

**Competitive Regions in South Africa: A study of regional  
planning in the iLembe District in the Province of KwaZulu-  
Natal**

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## Abstract

Globally, regional planning is widely used in different scales of national, regional, metropolitan and economic spatial planning and is increasingly seen as essential for supporting the economic development and competitiveness of nations in an era of globalisation. This study focuses on regional planning in South Africa since democracy and assesses the extent to which it has succeeded in meeting the challenges of economic growth and sustainable development. Whilst the South African space economy is considered to be relatively diverse, long term structural weaknesses persist. Poverty, inequality and unemployment continue to be serious challenges for the country and spatial planners, despite major expenditure on socio-economic infrastructure by the state since 1994 to close the generation gap between the apartheid and post-apartheid period. The study analyses regional planning as mandated by the Constitution of the Republic of South Africa and the role of the local state in planning to meet these challenges. In order to do this, it is necessary to identify how regional planning is understood and acted upon by government, business and stakeholders, so as to support growth and competitiveness of the regional economy and assist in national policy deployment at local level. In this context, the relationship between planning, public management and policy deployment to improve policy coherence and policy outcomes and impacts at a local level, is explored.

A significant aspect of spatial planning is the state's relationship to the *Production of Space* as articulated by Lefebvre. This aspect is explored by analysing the changes in spatial planning policy in South Africa since 1994 and the global economic context. The researcher argues that the current spatial planning architecture is compliance and process driven, resulting in limited ability to engage with economic competitiveness and emerging new capital formations. The research investigates regional planning in South Africa, using the case of the iLembe District Municipality in the Province of KwaZulu-Natal. This site has been chosen as it is representative of many district and local municipalities in South Africa. iLembe is a fast-growing region, yet faces serious socio-economic challenges, including infrastructure delivery, poverty, inequality and unemployment, especially in rural small towns and incorporating the former apartheid

Homeland, the Ingonyama Trust area. This is explored using the lens of social constructivism and synthetic theory, using Laclau and Mouffe's discourse analysis. This is a qualitative study and includes face-to-face interviews using an open-ended interview schedule administered by the researcher and documentary analysis of the current practices of planning and associated policies as the key research instruments. The contribution of this study is to propose a place-based framework for regional planning in South Africa that will contribute to national and provincial policy and resource deployment at a local scale towards achieving sustainable growth and development. This could allow regions to gain competitive advantage through collaboration of planning authorities and stakeholders, leading to better planning outcomes and assisting in closing the generation gap in the space economy. Arising out of the research findings, recommendations are made for institutional reform and a place-based planning framework for district level planning.

## **Declaration**

A number of people have contributed directly or indirectly to the thesis. However, the arguments that have been advanced in the thesis are my own. I declare that unless otherwise indicated in the text, the thesis is my own original work and has not been submitted to any other university. Where I have used another author's work, I have referenced it as per the referencing guidelines of the Durban University of Technology.

G.M. Lincoln

Date: 28 April 2020

## **Preface and Acknowledgements**

In the course of doing this research, significant events have taken place globally and in South Africa. At an international level, the election of centre right and conservative governments such as in the United States, Britain and in parts of Europe and Brazil, has significantly altered international relations, trade and multi-lateral institutions such as the rules-based World Trade Organisation and the unfolding US trade and tariff negotiations with China. This is in response to what is perceived as the overreach of current globalisation effects on local economies and the big question of who controls the penetration of IT and by implication, big data, globally. Similarly, the unfolding of BREXIT on Britain and the EU integration project, will bring about shifts in global trade brought on by globalisation, a model built on loosening the controls on capitalism and the construction of global supply chains.

This shift in the geo-political landscape has seen political parties' unwillingness to pursue orthodox policies of budget discipline and liberalising capital flows, in the context of a pending global economic recession. For developing countries, the Washington Consensus model has been unable to address issues of underdevelopment and has reopened the option of finding local solutions and reasserting the role of the nation state. China on the other hand, is increasingly flexing its muscle through infrastructure projects such as the 'Belt and Road' initiative that aims to extend China's reach to different parts of the world through boosting trade, infrastructure connectivity and stimulating economic growth in the world.

However, for all nations, the overarching concern is the climate crisis that cannot be contained within national borders and its effects such as extreme weather events, migrations, the global refugee crisis and food security concerns that face all nations.

These events are noteworthy for South Africa, as its markets are closely tied to all three geographic regions through long-standing historical, socio-economic, trading and political relations and more recently with China through the BRICS geo-political and economic relationship. Furthermore, South Africa's commitment to multi-lateral

institutions and position on the African continent are significant. Domestic events in South Africa include *inter alia*, the unfolding of state capture proceedings, a change in ANC leadership, local government elections that saw significant losses for the ANC, continued crises in local government and service delivery and the ongoing crises in state owned enterprises. The deepening economic crisis and negative economic growth forecasts, with growing unemployment and poverty are the domestic setting for the thesis.

My research interest in regional planning spans the pre and post democratic period, particularly with regard to the unfolding macro-economic policies and interface with spatial planning, as planners grapple with transformation and a developmental state modality. In other parts of the world, regional planning has been on the ascendancy as an instrument for socio-economic development, whilst in South Africa it has waned. Thus understanding why and exploring if there is a better way to build social and economic resilience of communities in the long term, is my research concern.

A number of people have helped me along this journey and in particular I would like to mention and thank:

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Researching this thesis involved meeting many new people from different sections of government and society – from the Office of the Presidency, national and provincial departments, district and local municipalities, the private sector and local community members from the iLembe District. I am grateful to all those who enabled me to take this journey. In particular, those who were interviewed for the case study and gave so generously of their knowledge and time. Engagements with business and stakeholders in iLembe and Isithebe on a waste beneficiation project provided a forum for developing a better understanding of the challenges in the district and province.

I am appreciative to Nikki Watkins who undertook the task of editing, formatting, organising and laying out the thesis. Maps were provided by Joe Kitching from the Department of Town and Regional Planning GIS unit in the most helpful way. I have received collegial support and friendship from staff members, in particular I would like to thank Theresa Gordon and Robynne Hansmann for being the constant force to help me conclude. To the many family and friends who have continually expressed support about progress, thank you. My mother, Janine Lincoln, for love and attention and being the force that you are. My brother Nicholas Lincoln shared his knowledge about agriculture with enthusiasm and generosity. I particularly want to thank Liz Sparg, David Mayson, Jenny and Andrew Trench, Rasigan Maharajh, Antonia Gialerakis, Karen Hurt, Busisiwa Mbopha, Hayley Cassim, Thabani Shezi and Liesel Beires. Lastly, to Tom and Lucinda Bates for the peacefulness of *Inversanda* – I am grateful.

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## **List of Acronyms**

AI	Artificial Intelligence
ANC	African National Congress
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
COGTA	Cooperative Governance & Traditional Affairs
COSATU	Congress of South African Trade Unions
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DTI	Department of Trade and Industry
DTP	Dube Trade Port
4IR	Fourth Industrial Revolution
FOSAD	Forum of South African Directors-General
GATT	General Agreement on Tariffs and Trade
GEAR	Growth, Employment and Redistribution plan
HSRC	Human Sciences Research Council
ICT	Information and Communications Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Planning
IDRSDP	iLembe Districts Regional Spatial Development Plan
IDZ	Industrial Development Zones
IFDC	Ithala Finance Development Corporation
IGR (IGRF)	Inter-Governmental Relations (Framework)

ILO	International Labour Organisation
IMF	International Monetary Fund
IRSDP	iLembe Regional Spatial Development Plan
IUDF	Integrated Urban Development Framework
KSIA	King Shaka International Airport
KZN	KwaZulu-Natal
LED	Local Economic Development
MEC	Minerals Energy Complex
MFMA	Municipal Management Finance Act
MIG	Municipal Infrastructure Grant
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NEG	New Economic Geography
NEPAD	National Economic Programme for Africa's Development
NERSA	National Energy Regulator of South Africa
NDP	National Development Plan
NPM	New Public Management
PGDS	Provincial Growth and Development Strategy
POPS	Points of Policy
R&D	Research & Development
REDA	Regional Economic Development Authority
RIDS	Regional Industrial Development Strategy
SADC	Southern African Development Community
SALGA	South African Local Government Association

SAMAC	South African Macadamia Growers Association
SANRAL	South African National Roads Agency Limited
SDF (MSDF; NSDF)	Spatial Development Framework (Municipal/National)
SDG	Sustainable Development Goals
SDI	Spatial Development Initiatives
SeCO	Secretariat for Economic Affairs
SEZ	Special Economic Zones
SMME	Small, Medium and Micro-sized Enterprises
SOE	State Owned Enterprise
SSA	Statistics South Africa
SWOT	Strengths, Weaknesses, Opportunities and Threats
UKZN	University of KwaZulu-Natal
WTO	World Trade Organisation
WWW	World Wide Web

# CHAPTER ONE

## Introduction

### 1.1 Introduction

This is a study on regional planning in South Africa since the formation of democracy in 1994. Globally, regional planning is widely used in different scales of national, regional, metropolitan and economic spatial planning and is increasingly seen as essential for supporting the economic development and competitiveness of nations in an era of globalisation and post globalisation (Storper 1997: 126; Porter 1998: 78; Amin 1999: 375; Dawkins 2003: 132; Brenner and Wachsmuth 2012: 178,450; Castells 2014: 6). This study focuses on regional planning in South Africa since democracy and assesses the extent to which it has succeeded in meeting the challenges of growth, sustainability and economic justice and development. Whilst the South African space economy is considered to be relatively diverse, long term structural weaknesses persist (Padayachee 2006: 110; Marais 2011: 123). Poverty, inequality and unemployment continue to be serious challenges for the country and spatial planners, despite major expenditure on socio-economic infrastructure by the state since 1994 to close the generation gap between the apartheid and post-apartheid period (Marais 2011: 203).

The study will analyse regional planning as mandated by the Constitution of the Republic of South Africa and the role of the local state in planning to meet these challenges. In order to do this, it will be necessary to identify how regional planning is understood and acted upon by government, business and stakeholders, so as to support growth and competitiveness of the regional economy and assist in national policy deployment at local level. Unlike previous work that has addressed spatial planning transformation since 1994, here the focus is on regional planning as a sphere of spatial planning *per se*. A case study using discourse analysis and the lens of place-based planning is adopted, in which primary interviews with key role players, primary

and secondary data is used. Secondly, the planning architecture and instruments for regional planning internationally and in South Africa, are analysed. Thirdly, a regional planning framework for place-based application is put forward as a contribution to planning practices in South Africa. In this introductory chapter, the background to the study, the problem statement, research questions and objectives of the research are described, as well as a brief description of the proceeding chapters of the study.

## **1.2 Background**

Spatial planning and changing patterns of economic activity and development are influenced by related disciplines in the built and natural environment, resulting in the fertilisation of theory and methods amongst planners, public administration, economists, geographers and sociologists (Markusen 2003: 702; Fainstein and Campbell 2012: 5). Two primary approaches about planning and development frame this research context. The first relates to the mainstream neo-classical view where development is associated with economic concerns such as growth, income and employment (Todaro and Smith 2009: 15) and local prosperity and wellbeing dependent on the sustained increases in employment, income and productivity linked to the performance of firms both local and global (Storper and Scott 1995: 523).

The other is rooted in the critique of mainstream neo-classical economics as a result of the unequal experiences of development for people, often indicated through low living standards and increasing poverty between different places and is expressed spatially (Sen 1999). This alternative view of development is rooted in a normative and social and economic justice framework that seeks to address the needs of people that include *inter alia*, social inclusion, gender equity, reducing inequalities, achieving redistribution outcomes, spatial justice and sustainable development outcomes. The role of the modern state is to pursue inclusive government and governance, recognising the role of actors and their actions, in enhancing economic performance and quality of life for communities in their regions (Klosterman 1978: 38; Geddes and Newman 1999; Jessop 2002: 459; Markusen 2003: 711; Pike, Rodríguez-Pose and Tomaney 2007: 1262; Fainstein and Campbell 2012: 12). Regional planning supports the efforts

of the state, as it is concerned with the methods used to influence the future distribution of planned activities in space through co-ordination of sectoral policies and interventions associated with the distribution of economic development between regions (Glasson and Marshall 2007: 4).

The field of planning is defined as a way of thinking about, identifying and acting on economic and social problems as they occur in space and at different scales. As such, it is concerned with the deployment of national development policies, processes of decision-making, resource distribution and management, economic development programmes and community involvement, for the objective of achieving balanced human development and modernising a country's economy (Friedmann 1963a: 168-169; Hall 1992: 65). The planning of space is shaped by human activities and includes *inter alia*, a hierarchy of human settlements and a system of economic nodes and differential functional linkages, such as services, social activities and transport (Plane 2007: 15). Regional planning is concerned with economic issues such as growth, income and employment and increasingly in a globalised world, competitiveness (Turok 2004: 1070; Pike, Rodríguez-Pose and Tomaney 2007: 1254; Huggins *et al.* 2014: 4). Regional planning is widely used by governments to support national, regional, metropolitan and economic spatial planning (Storper 1997: 126; Amin 1999: 375; Porter 2000: 16; Turok 2004: 1071; Jones and Murphy 2011: 372; Storper 2011: 3-4). These concerns are central to this study in deliberating on how regional planning can contribute to economic and sustainable development outcomes for improving the welfare of citizens.

### **1.3 Regional economies in a global context**

Regional planning approaches and definitions are complex and contested and linked to what local and regional development is *for* and what it is designed to *achieve* (Pike, Rodríguez-Pose and Tomaney 2007: 1254; 2014: 23). The initial use and meaning of 'regional planning' was a response to the global economic depression of the 1930s. Hall (1992: 63) says it "*refers specifically to economic planning with a view to the development of regions which, for one reason or another, are suffering serious*

*economic problems, as demonstrated by indices such as high unemployment or low incomes in relation to the rest of the nation*". These types of regions are referred to in the literature as 'problem regions', 'lagging regions', 'less favoured regions' and 'underperforming regions' (Pike, Rodríguez-Pose and Tomaney 2007: 1262). From the later part of the twentieth century to the present, many contested development ideas and choices have influenced regions in the world within the dominant paradigm of capitalism. These include modernisation theory in the 1970s and 1980s and the macro economic framework of Keynesian economics, the neoliberal Washington Consensus of the 1980s and the current concerns relating to environmental and sustainable development (Markusen 2003; Scott and Storper 2007).

Theories relating to regional economic development and policies since the 1980s, have changed significantly and have been influenced by the information revolution, data driven technologies and onset of automation resulting in the restructuring of manufacturing activities from Fordism to more flexible production systems. This has impacted on markets globally, supported knowledge-driven economies leading to innovation, changing labour markets, the refining of sectoral supply chains and rapid changes to the modern state (Storper 1997: 268; Scott and Storper 2007: 199). These events have supported the emergence of contemporary regional theories that include competitive regionalism (Porter 1998b: 78; Harrison 2010: 18), cluster and innovation regionalism (Porter 2000: 78; Hospers and Beugelsdijk 2002b: 381; Ketels 2013: 270), territorial regionalism, cooperative regionalism and redistributive regionalism (Brenner 2003: 16; Kübler 2005: 24). The acknowledgement of the role of regions and places to attract investment and contribute to growth and development, has raised the stakes of competitive regional planning in recent years.

In the case of Europe, these have been a core concern of the European Union since its formation in 1993, and its constituent states as reflected in the European Commission's European Regional Development Funding programmes and more recent RIS3 regional strategy (Valdaliso and Wilson 2015: 218-219). In the United States and Canada, the role of the knowledge economy has had limited impact in improving standards of living in a context of erosion to competitiveness. Emerging economies like the BRIC

(Brazil, Russia, India and China), are considered to be highly reliant on low-cost labour intensive manufacturing and are not considered to be long-term frontrunners for sustainable development. In other parts of the Asia-Pacific region, economic structure, population size, quality of human capital and domestic and foreign investment portfolios are considered to be key factors in competitiveness and growth. Middle Eastern regions and economies continue to exploit their oil and gas reserves, whilst some regions that have less reserves have begun to diversify with respect to technology and increase in knowledge resources (Huggins *et al.* 2014: 4-6). Developing and export led economies like South Africa, have not been untouched by the processes of change under contemporary capitalism. Most developing countries are considered to be less competitive, requiring regional leadership, access to regional knowledge resources, venture capital and collaboration, amongst others.

Todes and Turok (2015: 19) provide a useful framework to analyse development interventions namely, spatial rebalancing, space neutral and place-based. In the spatial rebalancing frame, traditional views in which supply driven investment in infrastructure, largely driven by the state and seen as a way of narrowing the gap between well performing economic areas and lagging regions in which economic convergence, is promoted. In the space neutral or “space blind” perspective, the New Economic Geography (Krugman 1998, 2010) and endogenous growth theories (human capital and innovation) emphasise agglomeration economies, distance and the role of cities. New regional spaces and descriptors such as city regions, cross border regions and metropolitan regions are promoted, in which maximum growth though improving efficiency for more equitable outcomes is expected. The third emerging theory is a result of responses associated with globalisation impacts, *inter alia* economic reconfiguration, the influences of digital processes on production, supply chains and consumption under contemporary capitalism, the push to innovation and learning nations, the transforming role of the modern state and greater decentralisation to the local state, requiring different ways of conceptualising regions. Hence the emergence of place-based concepts in which the importance of local context and particular growth experience, exogenous and endogenous influences, institutions, networking and collaboration, flexible specialisation, territorial competitive and comparative

advantage – seen as the core of economic development and success – and spatial inequalities which invoke redistributive concerns, are considered (Barca, McCann and Rodríguez-Pose 2012; OECD 2015c; Rodríguez-Pose and Wilkie 2017).

A second concern of the research relates to planning, politics and the state and the related policy management, public administration and institutional and governance arrangements, as they relate to regional spatial planning. Low (1991: 20-22) argues that planners should have an integrated political perspective of planning and the state, especially for planning practice within the public administrative environment. Dunn, cited in Cloete and de Coning (2011: 8), defines policy as “*an applied social science discipline which has multiple methods of inquiry and arguments to produce and transform policy – relevant information that may be used in political settings to resolve policy problems*”. Whilst the field of research is focused on regional spatial planning, a part of the study will focus on policy studies and use policy content analysis theory as defined by Hodgewood and Gunn’s typology of public policy making, referred to in Cloete and de Coning (2011: 8-9). The purpose is to establish the way in which specifically, regional planning is applied at local government scale. Local government in the modern state context is regarded as being the third sphere of government in which legal, geographic, economic, administrative and social dimensions are expressed (Reddy and Vries 2015: 35).

#### **1.4 Regional planning in South Africa**

In the case of South Africa, regional planning during apartheid (1949-1994), was an effective planning instrument in establishing the political economy of separate development and resulting spatial fabric, notwithstanding its skewed and morally reprehensible objectives. Apartheid spatial planning in the establishment of the Homeland system is well documented. These include de-concentration points and low wage industrial areas, often in rural and peri-urban areas of the country (Dewar, Todes and Watson 1986: 112; Wellings and Black 1986: 3; Rogerson 1998: 189; Wittenberg 2003: 21; Rogerson 2010: 13; Todes and Turok 2018). This planning system reinforced racial capitalism through linkages to an industrial strategy that supported

the traditional mineral energy complex (MEC) (Fine and Rustonjee 1996: 71). Its effects have resulted in enduring structural deficits in relation to the inequalities of spatial and human development challenges South Africa currently face and set the context for transformation of post-apartheid South Africa.

A common concern currently expressed in many parts of the developing world and South Africa in particular, is that development and economic policies are not working or are not having the desired impact in relation to government spend. In the case of South Africa, this is partly attributed to the scale of the transformative economic and social agenda and political restructuring in a post democratic context. Another reason lies in the complex legislative and governance arrangements and weak capacity, which renders development policies ineffectual. The result is growing inequalities, spatially, economically and socially, compounded by increasing unemployment and resultant poverty in 25 years of democratic governance. More recently the enquiry into corruption and its reach into all spaces of society is currently underway. How to tackle spatial inequalities and uneven development continue to be concerns for territories, nations, regions, cities and municipalities. The discourses about which development path to take are contested: about ideas, approaches and the complex global challenges including the enduring global recession since 2008, climate change crisis and challenges amongst others, that face territories. Furthermore, it is generally argued that relationships between the state, markets and people, as well as educational and research institutions, are important considerations in shaping regional planning (Jessop 2002; Valdaliso and Wilson 2015).

This research examines the evolving spatial planning architecture in relation to regional planning and economic development in post-apartheid South Africa from 1994 to the present. Over the last 25 years in South Africa, there has been a somewhat confusing and uncoordinated application of regional planning at government level (Oranje 2010: 66; Rogerson 2010: 13). These include the early Spatial Development Initiatives from 1995, the associated industrial development zones, the National Spatial Development Perspective in 2003, the draft Regional Industrial Development Strategy (RIDS) in 2006, the introduction of Industrial Development Zones (IDZs),

Rural Development Strategy 2010, the Industrial Policy Action Plan (IPAP) 2010, amongst others (Oranje and Merrifield 2010: 36-39; Rogerson 2014: 207-208). Furthermore, proposed new developments around the energy supply mix for South Africa, such as the continued use of fossil fuels, biomass energy, wind and solar options, fracking in the Eastern Cape for gas and proposed nuclear power, raises questions about where these plants will be located and how regions are planned. More recently, some attempts at introducing new regionalism have been alluded to at city scale, such as the Gauteng City Region and rethinking regional development (Turok 2010: 501-502). Increasingly, the Provincial Growth and Development strategies of the nine provinces in South Africa refer to competitiveness in the context of education, innovation, human resources and industrial development. Other instances of engagement with competitive and new regionalism discourses include how provinces and cities are “branding” themselves, using concepts such as “gateways”, “learning cities”, “smart cities”, “my city, our future”, for example.

In 2010 the National Planning Commission was established to develop a comprehensive plan to tackle the continuing structural disparities in the South African space economy and triple burden of increasing inequality, structural unemployment and poverty (South Africa 2011: 1-2). Growth centres are located in the core areas, such as Gauteng, Durban and Cape Town, whilst the rural periphery and outer periphery continue to decline, thus reinforcing spatial and social inequalities. The result is continued slow economic growth and development and compromised equitable outcomes. One of the salient features of structural unemployment is an expression of both market and government failure to achieve employment targets within the current political economy, despite a decade of democratic informed policy making. This implies that spatial planning has been slow to respond to these challenges and in the main been a policy taker rather than a proactive policy maker. It can be argued that one of the key contributors to the current scenario is the possible disarticulation between both national and provincial policy frameworks, as well as the focus on economic development and growth in such policy frameworks (Kaplan 2013: 5).

It will be argued, with supporting evidence, that a problem with the current planning architecture is its compliance driven processes, resulting in a slowness to engage with the realities and demands of economic development, competitiveness and rapidly changing capital formations, driven largely by ICT and the 4IR. The focus will be on exploring the comparative and competitive advantage of regions, testing the current practices of planning and finding ways of improving spatial planning. It will be argued that in recent years there has been an absence of focus on regional planning in South Africa and that the current planning instruments will be enhanced through the inclusion of regional planning as mandated by the Constitution.

This research will explore the current economic development path, regional economic strategies and institutional arrangements in South Africa in the case of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Ndwedwe, Mandeni and Maphumulo, in the Province of KwaZulu-Natal. Analysis of national spatial and economic policies, the provincial economic strategy instruments – the KwaZulu-Natal Provincial Growth and Development Strategy (PGDS), the proposed economic district planning initiatives in KwaZulu-Natal, the Integrated Development Plans (IDPs), economic plans and Spatial Development Plans of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, will be looked at. The purpose is to understand what successful economic growth and development may mean for stakeholders in iLembe District Municipality and associated Local Municipalities, to interpret this in the context of current regional theory.

The study will build on the existing body of literature relating to regional development, competitive theory, institutional capacity, the knowledge economy and sustainable development, using a frame of place-based planning and consider its applicability to the South African context. It is expected that the research will develop a place-based framework whereby regional planning can be the point of policy integration in practice, to support competitive and sustainable regions in South Africa. This research could potentially contribute towards our knowledge, and implementation of spatial

intervention strategies, in tackling the socio-economic challenges of poverty, inequality and unemployment.

### **1.5 Statement of the problem**

Post-apartheid transformation in South Africa is driven by the conscious effort to build a democratic, non-racial and non-sexist future and is guided by an inclusive Constitution and Bill of Rights (South Africa 1996: 1243). Spatial planning has been advanced as a state-led transformation tool for the space economy and has been largely undertaken through legislative reform. The spatial planning framework in South Africa is derived from the Constitution (South Africa 1996: 36-38) listed in Schedule 4 Part A, provincial planning listed in Part A of Schedule 5 and municipal planning listed in Part B of Schedule 4. It is also recognised that there are overlapping functions between the different spheres of government. Despite the massive changes that have occurred in national policy and the planning system in South Africa since 1994, numerous challenges of spatial inequality persist, including different local level planning practices and regulations. Regional planning and development are perhaps the least developed of all the planning instruments and is allocated to provinces in terms of Schedule 5.

In part, regional planning has been substituted with newly demarcated political and administrative boundaries defined by the Local Government Municipal Government Demarcation Act of 1998, the Municipal Structures Act of 1998 and the Local Government Municipal Systems Act of 2000 and others, with defined responsibilities (Berrisford 2011: 254). The South African Constitution mandates local government to provide equitable and efficient services, build local democracy, promote social and economic development, collect revenues, ensure safe and healthy environments and create sustainable systems of local government. Recent assessment of local government performance identified that many local government structures have not been sufficiently resourced by way of skills and necessary systems to function as entities and are not able to fully engage within their mandate (South Africa 2009: 53). In addition, the main impetus driving the demarcation processes appears to be political,

rather than criteria based on economic potential, socio-economic issues, revenue collection and other considerations.

With the introduction of the Municipal Structures Act of 1998 and the Local Government Municipal Systems Act of 2000 (South Africa, Department of Cooperative Governance and Traditional Affairs 2000), the major impact has been the incremental overhaul of the planning system and the establishment of a “wall-to-wall” local government system. The intention is to bring local government and associated services to communities, who under apartheid, have never experienced the potential benefits of local government. However, the redistributive supply driven approach of government to meet the basic needs of the poor, have placed greater burden on local municipalities to deliver. The government system is complex with a total of 28 ministries at national government level and a decentralised system of government comprising of nine provinces, eight metropolitan municipalities, 44 district municipalities and 226 local municipalities (<http://www.demarcation.org.za/>), to service a population of 54,9 million (Statistics South Africa 2017a).

The key built environment functions of housing, transport, land management, energy, environmental planning, economic planning and development, land reform, amongst others, cut across different departments and spheres of government. In addition, the planning regulatory system has been in a period of constant reform since 1994. Achieving co-ordination, integration and alignment between departments presents a challenge. An intergovernmental system to achieve maximum impact on government investment in a given locale was introduced through the Municipal Finance Management Act of 2003 and the Intergovernmental Relations Framework Act of 2005. Despite these interventions, achieving the objectives of co-ordination for sustainable development outcomes, remains elusive (Turok 2010: 513).

Apart from the restructuring challenges, the funding of decentralised local government has also undergone transition and is currently undertaken through the National Treasury as mandated by the Constitution and Intergovernmental Fiscal Relations Act of 1997. Provinces and municipalities are funded through a complex system of grants

and a provincial equitable share formula as determined by the Fiscal and Finance Commission (Wittenberg 2003: 39-41; South Africa 2014c: 22-23). This was seen as a necessary intervention as many of the newly created municipalities did not have the administrative structures or the necessary tax base from which to operate as municipal entities. Furthermore, recent national policy interventions impact on provincial and municipal planning in terms of alignment and meeting development targets linked to reducing poverty, unemployment and inequality. They *inter alia* include:

- The 2007 National Industrial Development Framework, administered by the National Treasury to facilitate economic diversification, labour absorbing industrialisation and developing a knowledge based economy;
- The New Growth Path (2010), supported by the IPAP (2012/2020) which argues for the re-industrialisation of the South African economy and a focus on the green economy and 2010 Rural Development Strategy;
- National governments R1 trillion infrastructure spend through the Presidential Infrastructure Coordinating Commission;
- The National Development Plan Vision for 2030, which argues for a developmental state and a more inclusive and dynamic economy in which the benefits are shared more equally;
- National Transport Plan, Integrated Energy Plan and 2011 Integrated Resource Plan: 2010-2030;
- 2014/15 Built Environment Performance Plan (National Treasury);
- The Spatial Land Use Management Act of 2013 (SPLUMA), which aims to spatially transform cities and towns in South Africa, to provide a framework for spatial planning and land use management and monitor, co-ordinate, evaluate and review spatial planning outputs such as Integrated Development Plans, Spatial Development Frameworks, amongst others;
- The draft 2018 National Spatial Development Framework (NSDF).

The aforementioned policy and legislation interventions raises questions relating to spatial planning at different scales and how implementation of these policies will be realised in the absence of a national spatial plan as well as regional, sub regional and

local planning and delivery instruments. In particular, an important concern is whether the current planning architecture can meet the 5% growth target, as proposed by the National Development Plan. Turok (2010: 267) suggests that “*the contribution of regional and local authorities to the developmental state have been somewhat neglected*” and the National Development Plan acknowledges the weakness of spatial planning and the lack of a national spatial framework (South Africa 2011: 244). The impact renders spatial planning playing “catch up” in the built environment, rather than as a proactive instrument determining infrastructure requirements. The key purpose of planning is to provide ethical, fair, just and sustainable solutions in the built environment and the spatial economy. These solutions in the context of a disjuncture between national, provincial and local planning authorities is particularly challenging for planners, in addition to an evolving spatial planning architecture.

Despite the state-led interventions and legislative reforms outlined above, 25 years into democracy the South African space economy continues to display stark disparities expressed as the triple burden of poverty, inequality and unemployment. Government’s response has been to increase spending through R1 trillion spend on infrastructure (Commission 2012), the National Development Plan Vision 2030 and various economic development policies, in a context of declining competitiveness of South Africa’s regions (for example mining and sugar) and new challenges (for example energy and food security).

It will be argued that regional planning could lend itself to more collaborative efforts by planning authorities in specific localities as a mechanism to plan, target and deliver resources, close the generation gap in the space economy and allow regions to gain a competitive advantage. Furthermore, it will be argued that regional planning could serve as a proactive instrument rather than localised descriptive and compliance planning frameworks currently undertaken. The NDP is largely silent on regions and the national framework is weak from a spatial point of view. Regional planning using a place-based approach has the potential to be points of policy integration in practice and provide the necessary confidence for the private sector to invest, create new capital

and support the comparative advantages of places for long term sustainable development.

## **1.6 Research aim**

This study aims to investigate how a regional planning framework can be used by the local state to support spatial planning in South Africa in meeting the challenges of competitiveness, economic growth and development, in order to tackle the continuing poverty, unemployment and inequality in our society. This is analysed by focusing on regional planning in the iLembe District Municipality, KwaZulu-Natal.

## **1.7 Research objectives**

This section outlines the objectives of the research based on the background to the research problem and the statement of the problem concerning the lack of a national and local regional planning approach in South Africa, in which the comparative advantages and choices around the type of socio-economic activity are developed. This will be through the case study of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe in the KwaZulu-Natal Province. These objectives are based on the evidence that regional planning both locally and globally, are influenced by a range of factors that include historical context, physical and natural resources, political, economic and social factors and an increasingly fragile world in which sustainable development outcomes are required.

### **1.7.1 Main objective**

The main objective of this research is to develop a regional territorial planning framework to enable the local state and stakeholders to utilise its resources, competencies and capabilities optimally, to produce goods and services in a productive and sustainable way and to support the quality of life that its people want. This is analysed by focusing on regional planning in the iLembe District Municipality and

associate Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, in the Province of KwaZulu-Natal.

### **1.7.2 Sub-objectives**

- 1) To assess and evaluate regional planning interventions through analysis of the current planning architecture, national policies, the KwaZulu-Natal provincial economic strategies and the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe IDPs, economic strategies, spatial frameworks and the extent to which the targets of development as set up in the various policies have been met.
- 2) To assess the evolution of regional planning in South Africa in general and in KwaZulu-Natal in particular, to assess how regional planning is currently understood and acted upon by government, business and other stakeholders.
- 3) To develop empirical techniques for assessing place-based regional planning and its associated mechanisms to serve as an effective framework for local and national spatial planning in South Africa and support the National Development Plan 2030 Vision. This will be applied to the case study to demonstrate its application and to test the premise of the study.
- 4) To analyse how regional planning as mandated by the Constitution of the Republic of South Africa, can support economic growth and development, competitiveness and assist in national policy deployment at local level.
- 5) To develop a framework in which regional planning as part of policy integration, could lead to comparative and competitive advantage and the development of downstream industries, innovation, a knowledge economy and strengthening the regional economy.
- 6) To expose existing practices and extend existing knowledge of regional planning knowledge about competitiveness, planning theory and spatial planning practice in South Africa.

## **1.8 Research questions**

### **1.8.1 Main research question**

What role can regional planning play in developing the potential of regions to support national growth and equitable outcomes in South Africa and what regional planning framework can support this?

#### **1.8.1.1 Sub-questions**

- 1) What are the key theories, structuring concepts and trends that explain the theory of regional planning and what are the inter-related themes?
- 2) What are the international trends and practices in regional planning, what are the best practices and how can these examples inform the South African context?
- 3) What is the role of government in regional economic development in South Africa, to what extent is regional planning defined in policy and what are the mechanisms for implementation at local level?
- 4) What are the key regional planning and developmental challenges at a local level and how should these be addressed in South Africa?
- 5) How is local comparative advantage and competitiveness addressed in regional spatial planning in South Africa?
- 6) Are the current governance, multi-sector stakeholder collaboration and planning processes and structures adequate to respond to local development needs?
- 7) How can regional planning and governance be improved for government to fulfil its constitutional mandate in relation to regional planning?

## **1.9 Research methodology**

This section briefly outlines the methodology of this research study and provides the approach used to meet the main and sub-objectives of the research. An elaboration of the research method is provided in more detail in Chapter Three. As indicated above,

the objective of the study is to develop a regional planning framework to enable the local state and stakeholders to utilise its resources, competencies and capabilities optimally, to produce goods and services in a productive and sustainable way and to support the quality of life that its people, territorially defined, want. There are three sub-objectives of the research. The first is to assess the current economic and spatial policy landscape in South Africa. The second is to develop empirical techniques for applying place-based regional planning through the case study in the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe in the Province of KwaZulu-Natal. Finally, to develop a framework to guide sustainable regional planning and to make recommendations arising out of the research findings.

### **1.9.1 Research design**

Research design relates to the techniques used by the researcher in order to assist in the organisation of the research process. Babbie and Mouton (2001: 104) suggest that research design must consist of the following elements: a statement of the research problem and questions to be asked; research design or type that will be used in the study; the research methods to be used; data collection processing and analysis of data; and the documenting of the research findings. Whilst there are many design classifications, none are considered to be superior. This study used a qualitative research design, using a case study.

The empirical analysis used Laclau and Mouffe's (Jørgensen and Phillips 2002: 24) discourse theory tools for empirical analysis. The researcher used qualitative instruments and multiple sources of evidence. Research questions were explored through textual analysis and examination of documents, in-depth face-to-face interviews administered by the researcher and collected in the field, using a structured interview schedule. These were conducted with key stakeholders in spatial and economic planning at national, provincial and local municipalities, private sector spatial planning practitioners and the business sector representing organised business

and agriculture in the case study area, in order to compile and develop a narrative to establish potential answers to the research questions.

### **1.9.2 Population/target population**

In this research study, the unit of analysis is a case study of the iLembe District Municipality and the four Local Municipalities of KwaDukuza, Ndwedwe, Maphumulo and Mandeni, which together constitute the jurisdictional study area. The study is representative of government organisations and institutions associated with national policy deployment and planning at local government level and is a typical example of a post-apartheid district municipality. Case study research is well established in the social sciences (Gerring 2009: 39; Yin 2009: 47) and in spatial planning it is generally used as a methodology to illustrate issues of a complex nature (Flyvbjerg 1998: 3-8; 2006: 221).

The iLembe District Municipality has been chosen as the study area as it represents a fast growing region, yet demonstrates a high degree of inequality and poverty especially in the former apartheid Homeland areas and current Ingonyama Trust areas (iLembe District Municipality 2014: 13). The study area represents the circumstances and conditions that have been outlined in the research problem and potential solutions that the research aims to achieve. A qualitative examination of the economic, social, political and institutional context in which planning operates is undertaken. The research is expected to provide an analytic account of how regional planning could be used in the case of South Africa, using the lens of place-based planning.

### **1.9.3 Sampling method**

As outlined in the research proposal, South Africa has undertaken fundamental spatial restructuring of local government systems and boundaries. This translates into nine provinces, eight metropolitan municipalities, 44 district municipalities and 226 local municipalities. In case study research, a single case design supports a holistic analysis of the case to be studied (Creswell 2013a: 100). The case of iLembe represents a

typical example of the changes being experienced at a district municipal level across South Africa, especially in relation to spatial planning and the policy and regulatory environment. The ministries responsible for policy, spatial planning and industrial development at national and provincial level and relevant stakeholders including organised business, organised community organisations and private planning practitioners, is the population. Association with the iLembe District Municipality, the four Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, was facilitated through the KwaZulu-Natal Provincial Office of Cooperative Governance and Traditional Affairs and the Mayors of the five entities.

Purposeful sampling was used to identify key actors in the national, provincial and local space associated with understanding policy and decision-making impacting on regional planning, who could provide insights, detailed data and have both the experience relating to the research study concerns and the case context. The use of a semi-structured interview schedule (Appendix A) was to gain insight into the knowledge and understanding of the planning mandate in relation to regional planning in South Africa by planning practitioners at a local scale. The sample of planners from the provincial, district and local municipalities, as well as the private sector planning practitioners from KwaZulu-Natal, are considered representative of the planning capacity in district municipalities, whereby district municipality organograms have identified at least one specialist spatial planner. In the case of Maphumulo and Ndwedwe Local Municipalities, the planning functions are carried out through Shared Services<sup>i</sup> and the planner responsible for these areas was interviewed. The limited resources available to undertake the field research and practical costs of fieldwork and time, were also considered and prevented the researcher from interviewing some key role players. The researcher relied instead on publicly available policy and planning documents. The survey method was synchronic, dealing with a cohort study of planners currently in practice. The focus of both interview techniques was on their discourse relating to regional planning and competitiveness and policy deployment in the context of the development challenges outlined by the research context.

#### **1.9.4 Measuring instrument**

Data collection for this study include: qualitative interviews using an interview schedule, reviewing of documents and visual materials as elaborated below.

##### **1.9.4.1 Interviews**

Primary data for this research was obtained using semi-structured face-to-face interviews. The interviews targeted different stakeholders and planners responsible for the implementation of policy and planning, relevant to the research. The semi-structured face-to-face interviews were based on 24 key stakeholders in spatial and economic planning. These included interviews with members of staff from the Office of the Presidency, the Finance and Fiscal Commission, the Demarcation Board, the South African Local Government Association and Department of Co-operative Governance and Traditional Affairs, qualified planners from national, provincial and local government, private planning practitioners and stakeholders from non-government agencies. The researcher conducted the face-to-face interviews with the participants on site, in a format that supported the views and opinions of the participants to emerge. The interviews were captured using audiotaping and interview notes, which were then transcribed. The interviews were conducted between July 2016 and November 2018. Gatekeeper permission from the Department of Co-operative Governance and Traditional Affairs (COGTA) (KwaZulu-Natal) and the municipal managers of the iLembe District Municipality, KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities was obtained to carry out the interviews (Appendices B-D).

##### **1.9.4.2 Document review**

The document analysis for this research set the context for the case study and assisted the researcher with the tools with which to develop a framework for regional planning. These included public documents, statistical information and planning documents as set out in Table 3.2, in Chapter Three. Textual analysis of the above documents were

conducted to compile and develop a narrative to establish potential answers to the research questions. The use of synthetic theory and critical discourse supported the analysis. The documents were reviewed to understand and locate the planning frameworks and development decisions taken by the entities within the iLembe District. Ten of the documents focused on broad based visions, integrated development planning and sector initiatives associated with the mandated responsibilities of the district and local municipalities. These included strategic plans, spatial and sector plans (spatial, environmental, housing, services, education), local economic development, budgets and risk management strategies. Three of the documents represent the iLembe District economic development strategy, in which existing and proposed projects are outlined. Two of the documents address the economic and competitive sectors in the district and local municipalities.

#### **1.9.4.3 Visual material**

The use of geographic information systems (GIS) provides planners with useful tools for analysis to support spatially referenced data. In this study, maps and data relating to spatial planning were used in the study, both as a visual aid and for regional analysis and land use. The primary purpose was to support the analysis and synthesis of the research.

#### **1.9.5 Data analysis and interpretation**

The data that was collected from the interviews supported the detailed description of the research setting. Narrative and discourse analysis was used to identify discourses articulated by the respondents, the meanings that emerged from the interviews, identification of the nodal points of the discourses, differences in meanings and the taken for granted meanings (Jørgensen and Phillips 2002: 165-166). Creswell (2013b: 185-190) suggests ways of dealing with qualitative data analysis using the following steps: 1) organising and preparing the data for analysis; 2) reading through all the data first to obtain a general sense of the information and overall meaning; 3) beginning detailed analysis with detailed coding; 4) using coding to generate descriptions or

themes to build layers of complex analysis; 5) advancing how the themes will be represented in the narrative; and 6) interpreting the data. Questionnaire coding and analysing of interview transcripts, texts and field notes, were conducted manually using coding and qualitative data analysis based on the research questions and interview questions.

#### **1.9.6 Delimitations/scope**

The study investigates regional planning in South Africa from 1994 to the present. It uses the planning instruments and inter-related policies to define and delineate regional planning as mandated by the Constitution of the Republic of South Africa, to support economic growth and development, competitiveness and national policy deployment at the local level. The study uses the case of the iLembe District Municipality and the four Local Municipalities of KwaDukuza, Ndwedwe, Maphumulo and Mandeni, which together constitute the jurisdictional study area.

#### **1.9.7 Validity and reliability/trustworthiness (qualitative research)**

Validity in qualitative research relates to what standards the research being undertaken must meet in order to qualify as academic research and requires documentation of processes and employed strategies that support the accuracy of findings (Jørgensen and Phillips 2002: 171-173; Creswell 2013b: 190-193). Validity includes triangulation of data, checking of accuracy of data, that data presentation should not be selective, immersion in the field and identification of bias, amongst others. Reliability is normally used in quantitative research and relates to how reliable a test measure is in repeated observations of the same phenomenon (Mouton and Babbie 2001: 119). Validity and reliability for the study was provided through the following: interviews, triangulation of data (the use of multiple sources); cross checking of transcripts; ensuring consistency in the coding of data; themes and case analysis were referred to interviewees for accuracy of findings; the inclusion of negative or differing views to ensure representation of the data and the use of multiple literature from planning theories and policy documents.

### **1.9.8 Anonymity and confidentiality**

Anonymity and confidentiality in social science research are closely associated with ethical considerations. For this research, the interviews and questionnaires did not require the revealing of personal data. All names and addresses were removed from the questionnaires and both interview transcripts and questionnaires were allocated a unique reference number for purposes of recording. After the mandatory five-year storage period, the electronic data will be deleted from all devices and any hard copies will be shredded.

### **1.9.9 Ethical considerations**

The ethical requirements of the Durban University of Technology have been observed through the rules regulating post graduate research in higher education. Secondary research using the work of other scholars is supported by referencing. Permission from the relevant government departments was provided. All interviews were conducted with voluntary consent and their confidentiality will be ensured through the personal undertaking of the researcher and the use of questionnaire coding.

### **1.10 Limitations**

The study area represents the circumstances and conditions that have been outlined in the research problem and potential solutions that the research aims to achieve. A qualitative examination of the economic, social, political and institutional context in which planning operates was undertaken. The research is not expected to reveal generalisable regional planning outcomes that can be universally applied. This is because regional planning is dependent on context, including the following: the institutional and regional context; particular planning identity; and culture and traditions as has been suggested. It is rather expected to contribute to the regional planning literature and practices and provide an analytic account of how place-based regional planning could be used in the case of South Africa.

## **1.11 Definition of key terms**

### **1.11.1 Framework**

The Oxford Dictionary refers to framework as “a structure underlying a system, concept, or text” and The Free Dictionary, as “a set of assumptions, concepts, values and practices that constitute a way of viewing reality”. For the purposes of this research, framework refers to the policy structure that supports governments’ co-ordinated activities in which concepts, values and practices that relate to spatial and economic planning are viewed. It also underlies the aspects taken into account in the formulation of a regional planning framework for this study.

### **1.11.2 Regional planning**

The term regional planning is complex and contested and underpinned by various theoretical and paradigmatic approaches. Traditional mainstream views include economic concerns such as growth, income and employment, in which local prosperity and well-being are dependent on the sustained increases in employment, income and productivity of an area. Alternative views are rooted in a normative and socially orientated framework that addresses *inter alia* social inclusion, environmental, political and cultural matters, gender, wellbeing, reducing inequalities, achieving redistributive outcomes, inclusive governance, equity and recognises the role of actors and actions in regional development. Governments generally view regional planning as a jurisdictional, geographic and administrative unit that deals with land use, infrastructure and settlement and growth over a larger area than a city, in which regional planning is undertaken. For this research, regional planning refers to progress of the economy in relation to industries and employment, factors of production, flows of services, exchange of goods and services and their particular spatial impact. Important factors that define the differences between settlements are the natural assets of a region (energy, raw materials), location (relative ease of access and communication) and spatially related human activities (Nagle 2000; Turok 2004; Pike, Rodríguez-Pose and Tomaney 2007; Kitchin and Thrift 2009: 4657). The differences

between regions and socio-economic roles are expressed as natural advantage, competitive advantage and comparative advantage, differentiation and heterogeneity.

### 1.11.3 Regional competitiveness

Whilst competitiveness is a key concept in regional economic planning, definitions and ideas continue to be debated, with the key differing point relating to whether “firms” and not “places” compete for resources and markets. Furthermore, measuring competitiveness of regions promoted through institutions such as the World Economic Forum’s *World Competitiveness Report* (2015b) are contested by neoclassical and neo-Marxist political economy paradigms. Regional competitiveness generally refers to the presences of existing conditions (*inter alia* assets, human capital and skills, innovative capacity, business environment), that allow firms to compete in markets where surplus value is generated and accumulated, in a particular region. Storper (1995: 286); (Storper 1997) suggests that regional competitiveness is therefore the ability of a particular region to attract and maintain firms with stable or rising market shares in a particular activity and improved standards of living for those who participate in it. Given that all places are not the same, do not necessarily have existing assets and cannot compete equally with other places, Krugman (2010) and others argue, that competitiveness should be viewed in relation to a region’s ability to attract employment prospects and wages and a return on wages. For countries in the Global South, competitiveness has traditionally been analysed through concepts of growth poles from which economic growth would trickle down and resultant counter analysis of uneven development. The neo-Marxist school argues for relational approaches in which “*the spatial analysis of co constitutive relations among actors, institutional structures, material resources, investment decisions, production processes and better understanding of the relational spaces of competitiveness through case study analysis*”, allows for new and alternative possibilities of understanding for competitiveness to emerge (Massey 2004: 118; Kitchin and Thrift 2009: Vol 2: 232). For this research, the relational meaning of competitiveness is explored for the purposes of finding solutions to local challenges.

#### **1.11.4 Place-based planning**

It is an approach that emphasises endogenous processes, agglomeration economics and importance of institutions and governance, in which local actors and actions influence the economic development planning and long term sustainability of an area. Characteristics of a place-based approach include those attributes that enhance and build on the comparative advantage of an area, its human and natural assets, social, cultural and institutional capabilities. The quality, capacity, regulatory environment, leadership and adaptive learning capability are also emphasised (Barca, McCann and Rodríguez-Pose 2012: 136; OECD 2015c: 208; Valdaliso and Wilson 2015: 113; Todes and Turok 2018: 6). In addition there is “*public policy focus on revitalising local economies through the generation of new technologies and commercialisation and production thereof, improving effectiveness of supply chains, public and private sectors, civil society, building social capital and collaborative efforts and co-operative competition*” (Nalebuff and Brandenburger 1997b: 20-30). Local context is considered complex in which flows of capital, labour, resources and raw materials, sector markets, competitive and comparative advantage of local economies and value chains amplify the need to support economic competitiveness.

#### **1.11.5 Sustainable development**

Understanding the socio-economic relationship between humans and nature and between people, has become a key concept associated with sustainable development. Hopwood, Mellor and O'Brien (2005: 39) suggest that this understanding has foregrounded the awareness of the global links between environmental problems, socio-economic conditions about poverty and inequality and resultant challenges for future development choices. Sustainable development philosophies originate from the 1970s, *The Ecologist's Blueprint for Survival* (Allen *et al.* 1972: 1-43) and the Brundtland Commission in 1987, which defined the now widely accepted definition of sustainable development as “*development which meets the needs of the present without compromising the ability of future generations of meeting their own needs*” (Brundtland *et al.* 1987: 27).

In 1992, The Earth Summit established sustainability as the most important policy for the 21<sup>st</sup> century and out of which the Rio Declaration and Agenda 21 emerged as “*the new philosophy, in which principles of futurity, equity, global environmentalism and biodiversity must guide decision-making*” (Andrew 1995: 109). A normative concept to guide future action, sustainability is often referred to as the “triple bottom line” which considers environmental quality, economic prosperity, equity, social justice, well-being and governance (Parker and Doak 2012: 34-39; Yigitcanlar and Kamruzzaman 2015: 14679; Fioramonti 2017: 13). The United Nations 2030 Agenda for Sustainable Development declares that extreme poverty, environmental degradation and climate change should be advanced through implementing the 17 Sustainable Development Goals (SDGs) adopted in Paris in 2016 (United Nations General Assembly 2015) and subsequent agreements.

More recently, social scientists such as Braidotti (2013: 6), suggest that a post-human focus on sustainability should include actions that produce the social world, both human agency and non-human and inanimate and that “*social inquiry should not privilege humans in relation to the rest of the natural and social environment*” (Fox and Alldred 2016: 3). Braidotti (2013: 14-15) refers to post-human as an engagement with other living things and the wider environment that includes “*scientific and technological advances, ecological and social sustainability and the multiple challenges of globalisation*”. This signifies a relational and contextual logic in the analysis of the physical, biological and material world that is being studied.

## 1.12 Thesis structure

The thesis is divided into eight chapters as is briefly outlined below.

Chapter One	<b>Introduction:</b> This chapter outlined the problem statement, research objectives, aims and research question, including research methodology, ethical issues and research structure for the study.
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Chapter Two	<b>Conceptual and Theoretical Framework:</b> This chapter outlines the key concepts, models and regional planning theories associated with regional planning. It outlines the key literature and current discourses on regional planning and suggests a useful framework for analysing regional planning namely, space balancing, space neutral and place-based. Arising from the analysis, the place-based framework for analysing the case study is proposed.
Chapter Three	<b>Research Methodology and Design:</b> This chapter outlines the research method and design for the study. It outlines the qualitative instruments used in the case study and describes the method of discourse analysis using a place-based approach.
Chapter Four	<b>The South African Economy and Policy Debates – Storylines from the Past to the Present:</b> This chapter outlines the context for change in a democratic South Africa from 1994. The historical political economy foregrounds the policies adopted in a post democratic context, including the impact of neoliberal choices made on the state and markets in relation to regional planning are highlighted. The chapter finds that fragmented spatial policy and a passive approach to regional planning is evident from 1994. The chapter concludes with a brief overview of the South African economy from 1994 to the present.
Chapter Five	<b>South African Regional Planning, Policy, Legislation and Practice: 1994-2019:</b> This chapter outlines the development of regional planning in South Africa from 1994, in which the socio-economic, legislative and political transformation challenges have helped shape the relations of production between the state, its material structures, policy discourses, economic and social constructs within society and spatial planning. This evolving spatial planning architecture, policy and legislation is analysed at national, provincial and local government

level, in which the notions on a competitive economy are articulated. The competing interests between the forces of transformation and post neoliberalism reflects the capital accumulation juncture, the substantive nature of government practices, class forces, informality and multiple interest groups that make up South African society currently. The chapter concludes that the policies pursued have thus far failed to alter the status quo and imposed structural limitations on the economy. A place-based regional planning framework is proposed that emphasises the need for a localised appreciation of ‘place’ within a broader context of resources and competitiveness for long-term sustainable economic development.

Chapter Six	<p><b>Case Study: Contextual analysis of the iLembe District Municipality and the KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities:</b> The chapter outlines the legislative context, policy strategies and planning practices of the Province of KwaZulu-Natal, iLembe District and associated Local Municipalities from 1994 to 2019, the period analysed for the study. The case study is considered to be a good example of a typical district municipality in South Africa undergoing transformation and highlights many of the structural elements that continue to challenge local government, such as spatial distortions, limited fiscal and jurisdictional powers, amongst others. The chapter supports the main research objective to develop a regional planning framework to enable the local state to utilise its resources, competencies and capabilities in a productive and sustainable way. The local political economy is analysed, along with relevant document review, planning frameworks and interview analysis. The analysis identifies that the local economy of iLembe has undergone major changes in which both growth and decline and poverty and inequality have increased. It outlines some of the key challenges in which fragmentation in local government, the</p>
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disarticulation of policy and implementation are prevalent and the sustainability of the current local government system is questioned. The chapter concludes using the lens of a place-based analysis and outlines the endogenous and comparative advantages present in the region that could form the basis of a regional planning strategy to achieve articulation.

Chapter  
Seven      **Analysis and Findings – Place-based planning in the iLembe District and KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities:** This chapter explores the main objective of this research, to develop a place-based planning framework for the local state and stakeholders. The analysis explores the sub-research question of *how* regional planning and governance can be improved for government to fulfil its constitutional mandate in relation to regional planning. The chapter begins with an analysis of the developmental state and implications for place-based planning. Gramsci’s concept of *interregnum* is applied to analyse the contradictions in local government and examples from the case study are used to highlight this impasse.

The second section discusses the interview outcomes with spatial planners, in combination with the document analysis from the case study. The discussion revolves around the key themes relating to the research questions and the respective local municipalities perceived comparative advantages. The third section investigates the key elements of place-based planning and argues how this approach could be used in the case of the iLembe District and associated Local Municipalities to strengthen the local economy. The chapter concludes with recommendations for pragmatic, structural institutional reforms for a governance system to support a regional institutional framework that is collaborative and empowered to exercise leadership at a local

level. Finally, recommendations for developing the comparative advantages present in the study are suggested.

**Chapter Eight Conclusion and Recommendations:** Chapter Eight concludes by drawing together the key arguments of policy and the current planning architecture in relation to regional planning through the lens of the case study of the iLembe District and associated Local Municipalities. The main argument is that the current spatial planning framework is cumbersome, has been rendered near incapable of delivering a professional and technically competent civil service in many local municipalities in South Africa, is compliance driven and instead is browbeaten by rent-seeking political interest. Many of the planning documents reveal a high degree of duplication in short term planning frames that encumber the prospect of longer term strategic regional planning and economic development. Notwithstanding these structural constraints, the researcher has argued that structural reform is required to achieve coherence and integration of the planning system. The recommendations argue for a more nuanced approach that a place-based institutional and reformed planning framework could provide for a territorially driven sustainable regional plan that meets the social and economic development objectives for the area. Recommendations for future research are suggested in which the interface between current planning and place-based policies and the practical application thereof, are deliberated.

### 1.13 Summary

This chapter has outlined the research study. It has provided a background to the complex problem of regional planning for the purpose of socio-economic development in the case of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe in the Province of KwaZulu-Natal in South Africa and the world in general. The main argument is to support the use of

a place-based planning theoretical method to regional planning in which sustainable economic, social and environmental outcomes can be achieved in South Africa and in the case of iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, in particular. This is the concern of the proceeding chapters.

The next chapter focuses on the literature review and the conceptual and theoretical frameworks that allowed the researcher to understand the complex and multi-faceted aspects and trends associated with regional planning concepts and practices and to then apply it to the case study.

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<sup>i</sup> Shared Services in local government is a model widely used in many parts of the world such as Australia and Canada where ongoing reforms to local government are in play. In South Africa the concept was established in local government from 2006 as part of a strategy to support and assist where scarce skills and resources and the devolution of powers to newly established Local Municipalities are required. These included the areas of spatial planning and land use management and controls, administration and development of information managements systems and GIS, performance management and financial management. Since 2001 the number of interventions to support local government include the Consolidated Municipal Infrastructure Programme (2001), Project Consolidate (2004), Municipal Infrastructure Grant (2005), Siyenza Mange Programme (2006) Local Government Strategic Agenda (2007-2011), Local Government Turnaround Strategy (2009) and Back to Basics (2014), South African Local Government Association. 2015. *15 Year Review of Local Government*. Pretoria: SALGA.

## **CHAPTER TWO**

### **Literature Review, Conceptual And Theoretical Frameworks**

#### **2.1 Introduction**

The purpose of this chapter is to develop a conceptual framework to understand the complex and multi-faceted aspects and trends associated with regional planning concepts and practices, to support the theoretical basis for this study and to develop analytical concepts for the research. In as much as regions are different, so too are the competing and interdisciplinary conceptual and theoretical frames. For this study, this includes regional planning, public policy analysis and deployment through the scales of national, provincial and local government. All regions are different, although they may have things in common, such as the earth, variance in their productive capacity and settlement patterns associated with economic, social life and administrative and political activities. The term ‘regional planning’ refers to the functional interdependence of an area over which economic, political, land use and administrative authority is exercised and in which complex social relations are mediated. It is interconnected with the term ‘regional development’ in which the improvement in the wealth and living conditions of citizens are experienced through increased progress in productivity, employment and incomes and ultimately, leading to sustained well-being and environmental conditions.

This chapter is divided into four sections. The first introduces the inter-disciplinary literature associated with regional planning. The second establishes conceptual principles associated with regional planning, namely natural regions, economic regions and political regions. The third section identifies planning models and associated theories. Lastly, a theoretical framework analysing regions, using the concepts of spatial targeting, space neutral and place-based, is put forward. These concepts and interrelated theories will be explored to construct a synthetic theory of regional planning appropriate to the context, and to analyse complex forces that shape regions and their governance, identified through place-based planning instruments.

Synthetic theory in this study is applied using the Hegelian (Redding 2018) model of analysis of the thesis, antithesis and synthesis. This is through the analysis of empirical evidence, identifying various parts and arriving at a new understanding of the problem, based on how the various parts interact with each other through dialectics and analysis.

The literature review is divided into two areas to advance a conceptual framework and support the research aims and objectives. The first relates to literature concerned with democracy, space and the role of planning and the second to spatial planning at a regional scale. Regional and urban planners located in South Africa and elsewhere in the global South, are faced with challenges relating to existing spatial development models, paradigms and dominant Western discourses. This is partly due to complex development and spatial issues faced by countries like South Africa on the one hand, and the search for appropriate planning responses to such conditions and building new practices on the other.

This research is based on theory and practice that directly influences the everyday work of spatial planners responsible for analysing, conceptualising, implementing and managing of planning at different scales to understand and interpret “*the collective generation of meaning as shaped by conventions of language and other social processes*” (Schwandt 1994: 119). It serves as a framework for analysis of spatial planning and regional planning in particular. The influential work of Karl Mannheim (1936) laid the foundation for normative and democratic spatial planning (Fainstein and Campbell 2012: 161). The modern state is the arena in which multiple players including government, markets and the governed, contest diverse and multiple policy narratives. For planning, this means that conflict, politics and power are key elements associated with spatial planning. For this research, several theorists concerned with these concepts are relevant. The seminal work of Henri Lefebvre on the *Production of Space* (Lefebvre 1992: 26), demonstrates how space in contemporary capitalist society is constructed through multiple connections and relations, where space is not passive, but rather actively produced through power relations, contestation, negotiation and conflict and that it has both material and symbolic representations. The second is Michel Foucault (Foucault 1982b: 790), whose analysis of the state and government

explores the connections between knowledge, ideas and beliefs about the economy, society and morality that are then translated into government strategies, policies and programmes in which discipline and governmentality associated with human conduct is through the willing participation of the public. The third theorist Antonio Gramsci, (Gramsci 1971; Riley 2011: 3), relates the ideas of hegemony and democracy in a conceptual framework that supports the discourse analysis of regional planning and state policy deployment in South Africa used in this study, using the lens of organic crises of accumulation, interregnums and conjunctural moments that brings about a change to the social relations of production and materialism, and that are shaped by increasingly complex forces and the consequences thereof.

All three theorists emphasise socially constructed reality and power relations, key ontological concerns of social constructionism in supporting critical research. The aim of critical research, according to Jørgensen and Phillips, (2002: 2) is *“to investigate and analyse power relations in society and to formulate normative perspectives from which a critique of such relations can be made with an eye to the possibilities of social change”*. Essentially, the critical approach aims to emancipate human beings from the condition of alienation and dependence. The relevance of critical research to this study is to provide analytical insights to contested meanings of regional planning, to understand the material organisation of space and related power relations (location choice, economic activities, institutional arrangements, public goods etc.) and to draw on the views of a range of stakeholders in this process. The critical interest is for the purpose of bringing about democratic social change *through* planning.

A considerable volume of literature already exists in the field of regional planning and economic development and span disciplines in the built and natural environments, resulting in a cross fertilisation of theory and methods amongst spatial planners, economists, economic and human geographers, sociologists, environmentalists, politics, public management and others (Markusen 2003: 702; Fainstein and Campbell 2012: 3). There is also no single definition of regional planning. Definitions and meanings depend on the context – institutional and legal, particular planning cultures and traditions and identity (Friedmann 1963b, 2001; Scott and Storper 2007; Hillier

and Healey 2008; Healey and Upton 2010; Paasi 2012). Further definitions include “*the methods used ... to influence the future distribution of activities in space*” (CEC 1997b: 24 cited in Glasson and Marshall (2007: 4), whilst other definitions of spatial planning suggest that it is co-ordination of spatial impacts of other sectoral policies, interventions associated with distribution of economic development between regions as a result of market failures and land use regulations (ibid.: 24). Planners are primarily concerned with spatially defined units at different scales (rural, urban, regional, trans-regional) that constitute the object of planning, as a “conscious human activity” for the purpose of producing better planned places for all citizens (Hall 1992: 5; Campbell and Fainstein 2003: 28).

The relationship between planning methods and outcomes at different scales is therefore of concern and involves interrogation of a number of elements. Planning theorists suggest these include: the context of place, which part of the world is being referred to, particular history, stage of development, institutional and political contexts, the relationship between the economic base, social structure (class, gender, intersectionality, ethnicity), government and policy and the mediation of contested power relations. This is referred to in Lefebvre’s seminal work on the *Production of Space* (Hall 1992: 63; Lefebvre 1992: 26; Friedmann 1998: 249; 2001: 398; Fainstein and Campbell 2012: 12). Whilst these factors articulate at different scales – local, regional, sub-regional, national, international – the purposes of planning are grounded in goals of social justice, equity, inclusiveness and sustainability (ibid.). Guba (1990: 17) defines planners world view as “*a basic set of beliefs that guide action*” thereby reinforcing a normative framework. The use of social constructivism and materialism supports the research objective of understanding planning discourses in South Africa, particularly in relation to regions and regional planning.

Regional planning is given meaning by three inter-related concepts. The first is the natural (raw materials, natural assets, physical features, water resources, climate and location) and human (capacity and skills, culture) endowments of an area. The second is the economic functions and production processes that are derived from an area’s endowments, including *inter alia* investment, labour force capacity and economic

sectors. The third relates to political and administrative functions of regions that give expression to a local form of government. In developing the conceptual and theoretical frame, the language used in the regional planning field is underpinned by competing paradigms that have shaped discourses, use and dominant themes in the field. For example, many of the models used in regional planning have roots in economic and geographical concepts and language, from both neo-classical, technical, neo-Marxist, political economy, materialism and new materialism and have come to be accepted in regional planning usage. That is not to say that these conventions are uncontested, but rather, that deriving a theoretical frame for analysing regional planning is multifaceted and addresses complex interactions that span the natural and social environment and what lies in between. The following section explores these frames in order to identify meaning for the study of regional planning in the context of South Africa.

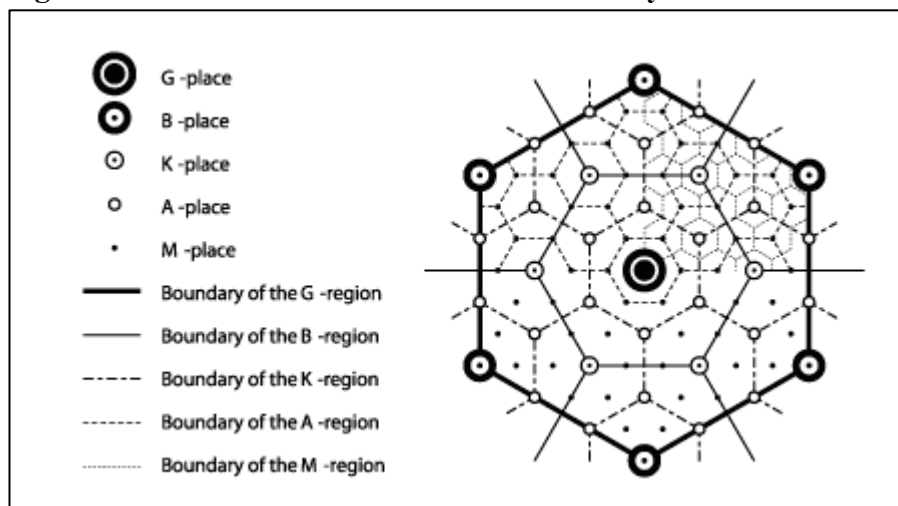
## **2.2 Regional planning concepts**

The study of and concern with defining regions has a long history dating from the earliest known recording of geography in China in 481-221 BC (Yee 1994: 37), through to the modern era, in particular from the 1920s and post-World War Two onwards. It has been a subject of empirical and critical analysis from both positivist and humanist fields (Peet and Thrift 2003: 6). From a positivist perspective, a region refers to a delineated or administrative territorial area, usually a sub-ordinate part of a larger scale as the unit of analysis. Regional representation includes describing and interpretation, landscape and physical features and methods of cartography and classification. Early territorial and regional development was dominated by agricultural production, hence the importance of climate, natural resources aspects such as water and soil conditions and labour supply. The concern of early regional planners and geographers thus related to cartographic regions and their representations. This evolved further during the quantitative revolution from the 1950s where the delineation of administrative areas allowed for methods of data gathering and statistical methods and in which geographically bounded statistical information was collected relating to people and economy and was defined as functional areas in which human related activities were measured. The onset of the information

revolution, microchip and technology associated with land surveying and mapping in visualisation and geographic information systems (GIS) and techniques and the rise of Big Data and Artificial Intelligence (AI), has invigorated this area of work in which vast volumes of geo-referenced information are integrated and manipulated, using modelling and analysis that can be tailored to specific user needs.

The post-World War Two era brought changes in transport technology and industrial processes, and new concerns such as space, distance and location resulted in technical and quantitative techniques and approaches, statistical analyses and models that have shaped regional planning practices. These include the works of Christaller (1966) and modified by Lösch (1954) that developed central place theory, a spatial equilibrium theory based on an economic approach in which marketing, administration and transportation principles of central places were established and which continue to be organising principles for settlement and regional planning in many parts of the world. Their particular contribution included the principles of scale, function, threshold and linkages, in relation to the provision of social and economic services based on a hierarchical ordering principle, as show in Figure 2.1 below.

**Figure 2.1: Christaller and Central Place theory**



Source: Adapted by researcher from Moretti (2004)

From the 1970s to the present, a questioning of how regions are conceptualised, produced and reproduced in a context of rising inequalities, poverty and unemployment under capitalism, has seen the humanist and critical approaches

emerge, often referred to as a new regional approach. This has been in response to the way in which development was traditionally measured and compared, calculating gross national product – a measurement of the creation of wealth – and how incomes are accumulated and shared – often described as gross national income (Todaro and Smith 2015). Regional planners were focussed on the role of firms and industries, production processes, quality and skills of labour, technology and innovation associated with industrial processes and the role of the state in promoting industrial growth. The humanist approach through the work of Giddens (2013), Seers and Vaitos (1980) and Sen (1999), demonstrates a concern with social practices, in which regional planners extend their concerns to include the material conditions, production and reproduction of social and power relations and practices and the discourses through which people, communities and classes produce and reproduce their daily lives. This approach includes analysis of institutions, governance, networks, integrated systems and culture.

The regional planning literature is divided between models and theories of regional development, in which the key paradigms relating to early and contemporary models are associated with neoclassical theory, Marxist and political economy approaches, post-structuralism, new regional geography and post-modernism, that addresses the political foundations of market-led capitalist societies. This is useful as it also draws the distinction between positivist and humanist approaches in the field. It is also evident that there is overlap between the concepts used by the different perspectives. Whilst multiple disciplines define and categorise regions and ultimately identify the differences and complexity of place, regional planners are fundamentally concerned about places and the outcome of socio-economic processes and interventions in how they shape the fate of communities, cities, regions and nations. As mentioned, important factors that *inter alia* define the differences between settlements are the natural assets of a region (energy, raw materials), human potential and quality of labour supply, sectoral mix of economic activity, institutional aspects and location (relative ease of access and communication) (Nagle 2000; Turok 2004: 1078; Pike, Rodríguez-Pose and Tomaney 2007: 1260). The choices about what type of long term economic activity that should be developed for a region is a central question. Valdaliso

and Wilson (2015: 2) propose that territorial development strategies should be *“focused on shaping sustainable competitive advantages which draw upon their own unique resources, competencies and capabilities alongside intelligence on existing technological and market trends”*, suggesting the importance of existing conditions for sustainable development. The differences between regions and socio-economic roles are expressed as natural advantage, comparative advantage and competitive advantage, key themes that will be outlined below. A useful method to organising concepts and elements of regions include natural regions, economic regions and political regions. These three concepts are also described below. Thereafter, the various models associated with the neo-classical paradigm and theories of regional planning are discussed.

### **2.2.1 Natural regions and resource endowments**

Natural regions are defined by the physical and geographical attributes that they possess, *inter alia*, ecology, flora, fauna, hydrology, soil quality and raw materials. Not all regions have the same natural endowments, hence the physical attributes and natural and ecological conditions of a region may constrain the settlement patterns and activities of human populations. The economic activities of agriculture and city locations are dependent on the physical geography of a place such as relief, climatic conditions, water catchment, soil quality and bio-diversity. The increasing pressure of climate change on natural resources and their capacity to withstand such pressure, has raised the importance of natural and ecological regions and their connections to human activity and agency to address these concerns. This is evident in the literature on sustainable development, policies, government practices and spatial planning processes that support a holistic and inclusive approach (Glasson and Marshall 2007: 85). The most recent global agreement on climate change, the Sustainable Development Goals argues for an intergenerational approach inclusive of the economic, ecological, political and cultural relations. In order to succeed in such efforts, the state is arguably the best placed in implementing a sustainable development approach. This is primarily through strengthening local resilience and adaptive

capacity and ensuring that *inter alia* environmental risk assessments, mitigation and adaptation measures are established (United Nations General Assembly 2015: 23).

### **2.2.2 Economic planning, functional areas and relational approaches**

It is generally recognised in the literature that regional development is a complex phenomenon that refers to improvements in wealth, well-being and living conditions for populations residing in a particular area over a period, usually within the borders of a country. It is about growth in production, employment and the progressive increase in incomes of populations, in which measurable progress in social, political and environmental aspects within a society are experienced (Pike, Rodríguez-Pose and Tomaney 2007: 1263; Kitchin and Thrift 2009; Todaro and Smith 2015: 25). The term regional planning provides meaning in relation to the “where” – spatial aspects and the “how” – through numerous relational concepts associated with regional planning practices. These include spatial analysis of co-constitutive relations among interested parties, institutional structures, material resources, investment decisions, production processes, comparative advantage of an area, its human and natural assets, social, cultural and institutional capabilities, flows of capital, labour, resources and raw materials, sector markets and in which competitiveness arising out of successful local competition is experienced.

The term functional region refers to areas that extend beyond administrative boundaries and are characterised by spatially related human activities, such as settlement, commuting flows, labour markets and extent of economic activities. Functional areas are composed of heterogeneous units such as cities, towns and villages. In the contemporary context of city regions, the extent of functional reach is evident through connected networks of economic, social and territorial governance arrangements that impact on the physical and functional aspects of urban form (Neuman and Hull 2009). More recently, relational approaches to regional planning argue for a more critical understanding of the production of space and scale associated with *inter alia* the decisions taken by firms, production networks, mobility, migration and so forth (Storper and Scott 1995; Storper 1997; Massey 2004; Healey 2006; Paasi

2012). Within economic planning functions, key concepts that cut across paradigms and that are frequently used and considered to be the main drivers of spatial selectivity, include the concepts of agglomeration, differentiation, comparative and competitive advantage, endogenous development and heterogeneity. These are outlined below as they are key elements of the analytical framework for the study.

### **2.2.2.1 Agglomeration economies**

The concept of agglomeration related to regional planning was developed by Hoover (1937) in which a hierarchical typology of economic activity was established, relating to large-scale economies, localisation economies and urbanisation scale economies. Marshall (2009) added the distinction between internal and external scale economies to support analysis that distinguished between the functions internal to a firm and external economies in which access to communications, transport and infrastructure from which comparative advantage is derived. Agglomeration economies refer to regions that host a significant concentration of economic activities due to the clustering of firms, a result of proximity in which capital-intensive infrastructure, linkages, exchange of information, accumulation of knowledge and diffusion thereof occurs and in which local accumulation increases. They are referred to as: localisation economies where firms in the same industry locate in the same area; industrial complex economies and urbanisation economies, which is the location of firms in different industries and tend to be found in selected locations; and external economies or agglomeration economies. Location theory according to Alonso (1964) plays an important explanatory role about where economic and social activities are found and is linked to accessibility and availability of resources, factors of production and market potential.

Key aspects of agglomeration include infrastructure, communications, access to inputs and available markets in which economies of scale and economic growth are realised. Scott and Storper (2003: S194) outline three phenomena that intensify the effects of agglomeration. They are: *“1) the effects of backward and forward inter-linkages of firms in industrial systems; 2) the formation of dense local labour markets around multiple workplaces; and 3) the emergence of localised relational assets promoting*

*innovation effects*”. A recent World Bank Report (2008) highlights key aspects of agglomeration in the current globalisation conditions. These include firms that are dynamic and innovative, that have concentrations of specialised knowledge and are able to take advantage of scale economies. Furthermore, achieving advantage through agglomeration effects along cluster, sectoral and value chains, has been a key factor in the reorganisation of production functions under the present conditions of globalisation (Markusen 1996: 310). Recent developments in digital communications brought on by the World Wide Web (www) has fundamentally changed time and space reach, increased networking on a world-wide scale, linking industrial networks to locations that offer the best communication technology and networking services. Innovation, research and development (R&D) and product development associated with the www, supports the comparative advantage of places that have the best digital infrastructure platforms and associated support.

#### **2.2.2.2 Differences and differentiation**

The concept of difference in regional planning refers to aspects that consider natural differences, such as geographic features, climate and assets. So too, social categorisations and divisions such as ethnicity, gender, race, intersectionality and related signifiers of identity are considered as differences. Furthermore, differences in regional location, economic performance associated with labour markets, sectoral activity, endogenous conditions, settlement patterns and type and quality of government systems, policy choices and implementation thereof, may vary and influence the economic landscape of nations and between nations (Glasson and Marshall 2007: 84).

The concept of differentiation refers to what is done with those assets that bring about differentiation. Differentiation is considered necessary for economic development through the concepts of comparative advantage and competitiveness. Comparative advantage is a key principle developed by David Ricardo (1871) (cited in Chenery 1961) relating to international trade theory and adapted by neoliberal economists to regional planning theory. It is based on how the factor endowments of a region, that is

land, raw materials, capital and labour, are utilised to add value and advantage over other areas. It generally refers to regional specialisation of production in which the goods produced are made more cheaply than other areas and in which this comparative advantage leads to competitiveness.

The lineage of competitive theory sits with endogenous growth models and has been increasingly used in regional planning literature, by policy makers and governments since the 1980s, especially brought on by Porter (1990) and his influential work, *The Competitive Advantage of Nations*. Using the concept of a diamond, Porter identifies a model of competitiveness, in which the resources of capital and labour are utilised and productivity increased in relation to other areas. Porter (1990: 77) classifies four key attributes that combined, establishes the competitive advantage of nations. The first is the factor of production conditions, such as skilled labour, capital and infrastructure. The second is favourable domestic market demand conditions for products and services. The third is related and supporting supplier industries that are internationally competitive; the fourth relates to the firms strategy, structure and rivalry, underpinned by governance and management arrangements in which a competitive environment is able to thrive. Achieving competitiveness is a result of competition in which regions use resources in trying to be more successful than other regions. It is a state where regions, firms or an institution is in a position to attract the right kind of people and investments that will help to create further employment and wealth for an area. Porter (2000) further developed the idea of clusters, whereby key concentrations of certain industries that facilitate knowledge flows and ‘spillover’ effects into other areas. The experience of Silicone Valley and the Information Technology cluster is put forward as the example to follow.

The use of the term competitiveness in regional planning is not without shortcomings. Borrowed largely from the economics field and much used by regional planners, its use in the field is critiqued on a number of levels. Schoenberger (2004: 390-391) for example, highlights the importance of the epistemological domains and institutions associated with concepts (in this case economics and business) and how they influence the discursive analysis and strategies of other disciplines such as regional planning,

that “*constructs a particular understanding of reality and elicits actions and reactions appropriate to that understanding*”. As a result, she argues, the discourse of competitiveness has power beyond the ontological discipline in which it is used and may influence the way that we think about and action interventions, for example, the influence of government policy and strategies derived to support business and government activities.

Other criticisms of competitiveness include Lewis (in Kitchin and Thrift 2009: 226-227), Kitson, Martin and Tyler (2004: 996) and others. Lewis (ibid.) points to several contradictions in the way that competitiveness is characterised in regional planning, including difficulties in specifying the sources of geographical competitiveness and universal instruments for measuring and calculation and the indirect use of the term to give meaning to the application of concepts such as distance from markets. Furthermore, evaluation of a region’s competitiveness is usually retrospective, in which efficiency, productivity, profitability and associated spatial logics such as location and distance, amongst others, are analysed and used to benchmark, compare and rank a country’s performance.

Data collection and competitive analysis is often predetermined by administrative boundaries and may not match the economic reality and nuanced relationships such as monopoly capitalism, or bias of supply side government policy and resource measures and standardised one size fits all intervention instruments in anticipation of causal outcomes. Measuring the competitiveness of a firm in a particular place to the overall competitiveness of that region, questions what and how competitiveness is measured and whether the firm or the region, is the main element of concern in the process. Lastly, there is a recognition that advocating competitiveness does not happen in a political vacuum. As identified by Neo Marxists, power and interest mask the adverse effects of the capitalist relations of production in which accumulation and spatial effects result in uneven economic and social outcomes over territorial spaces.

Definitions of competitiveness continue to be challenged (Amin and Thrift 2000; Turok 2004; Boschma 2005; Garretsen and Martin 2010) and application to regional

and territorial cases even more so. However, there is some agreement that territorial competitiveness refers to the “*presence of conditions that both enable firms to compete in their chosen market and allow the value those firms generate to be captured*” (Valdaliso and Wilson 2015: 50). Storper and Scott (1995: 509) and others (Storper 1997; Brenner and Wachsmuth 2012; Jessop 2014), include that it must be consistent with the capacity of a region to “*attract and maintain firms with stable and rising market shares in activities whilst maintaining increasing standards of living for those who participate in it*”. This includes the assets of a region such as level of human capacity, innovative capacity and quality of local infrastructure. Hence the idea of competitiveness is place-based in which “*people, firms and other institutions all need the right environment to thrive*” (Valdaliso and Wilson 2015: 1). Importantly, these concerns are not just about the bottom line, but include the broader environmental conditions that shape national, regional and place-based interventions that have strategic intention.

Despite these shortcomings, the concept of competitiveness is widely used and applied in regional planning practice and continues to elicit debate. Major institutions such as the World Bank, World Economic Forum, OECD and others, actively promote the measurement of and competitiveness of places, such as the World Competitive Index of Regions, Global Competitive Report and others (Huggins *et al.* 2014: 18). In the European Union, the United States, OECD and some developing countries like South Africa, to overcome these shortcomings, especially those associated with socio-economic inequalities, it is suggested that social cohesion should form part of the conceptual analysis and evidence of competitiveness of regions (Kitson, Martin and Tyler 2004; Ketels 2013). Turok (2004: 1080) proposes that competitive advantage needs to be understood as historical and path dependent processes and part of much wider economic systems, networks and resource flows.

### **2.2.2.3 Endogenous development**

Endogenous theory and application to regional development follows two distinct periods. The first is located in the neoclassical perspective and the second in the new

economic geography and place-based planning approaches. Endogenous development was introduced as a strategy for regional development in both advanced capitalist economies and developing countries from the 1970s in response to failed modernisation policies of the 1950s. Key influences include the work of Schumpeter (1947) and Romer (1994). The theory argues that the source of economic performance and growth emanates from the role that production, distribution, knowledge, human capital formation and how that is used to increase productivity within an economy that are key drivers. More recently, the approach is strongly associated with new economic geography and place-based planning in an attempt to invigorate local regional planning strategies (Barca, McCann and Rodríguez-Pose 2012: 136).

These more recent developments of endogenous theory supports development from the bottom up in which local factors of production such as land, natural resources, labour and entrepreneurship, are enhanced and intentionally created through policy implementation and institutions at a local level (Adams, Alden and Harris 2006: 50; Atkinson and Zimmermann 2018: 15; Barca 2019: 89; Beer *et al.* 2019: 172). This type of intervention assists in creating an educated and skilled labour force, with access to technology and innovation developed within a region, in which the importance of human capital and R&D activities is emphasised and that could lead to new products, processes or solutions to problems. There is a recognition that economic growth should consider endogenous factors through internally generated investment resources. The support of small firms and focus on entrepreneurship and innovation was the precursor to local economic development (LED) strategies adopted from the 1990s. The development of the region is process orientated in which stages of growth culminating in trade, investment and new interactions with other regions is realised. Hence, this approach considers both endogenous and exogenous factors. Local regional characteristics such as culture, local demand patterns, economic structure and identity using an integrated approach are important factors to consider in deriving a strategy for development. So too are social and political factors in which the overall strategy for improvement of a particular area is supported by active participation and engagement with local civil society and economic stakeholders. In some of the literature this implies local regional development that is focused on the needs of the

local population and proposes administrative decentralisation from central government, and in which long term sustainable goals are set.

#### **2.2.2.4 Heterogeneity**

With an increasing interconnected world brought on by trade, communication and information technology, migration and globalisation, it is no longer possible to speak of homogeneity in relation to places, at whatever scale of analysis. The mobility and flows of international capital and labour and growing differences in labour conditions across space, are factors to be considered in analysing regions. A variety of forces influence and shape differences in places, such as race, gender, class, culture, ethnicity, intersectionality, and religion. In order to understand the foundations of spatial policy and regions as a subdivision of a country, the increasing diversity represented by these forces is seen in the complex and competing interests represented by places in which people carry out their daily lives. Lefebvre (1992: 250) refers to these as differences that are produced and those that are induced and are a result of social relations and lived experiences. Hence the interactions of institutions and their practices, political and social discourses, administration, education, services, amongst others, represents a significant shift in regional planning and humanist approach that must take into account spatial diversity and increasing heterogeneity of places.

#### **2.2.3 Political and public administrative functions**

Political regions are defined by particular context and place in which contemporary forces shape the political landscape at any particular time. For example, in the contemporary era, forces of globalisation and changes to spatial function of places has resulted in the European Union and other types of influential regional arrangements emerging. For instance, economic blocs in which regional strategic interests that are not necessarily contiguous in terms of boundaries, but represent political regional interest, such as BRIC (Brazil, Russia, India and China) and NAFTA (North American Free Trade Agreement), amongst others. For purposes of this study, whilst these exogenous forces have impact on regions, the scale is limited to regions internal to a

country. In this sense, political factors are central to regional policy making, decision-making and allocation of resources that have spatial effect and impact at regional and local scale. The building blocks of territories are administratively bounded – that is nations, regions, cities, municipalities – for the purpose of socio-economic development and to which resources are allocated for their ability to function.

The literature on political theory, planning and the state has a long history, from Thomas Hobbes, Max Weber, Karl Marx and others, in which current planning practice is derived. It is not possible to substantively deal with this aspect, but to identify important elements for my study. In particular, the context of democratic states in which policy deployment through administrative channels in which transformation of the space economy is the expected outcome. Low (1991: 280), Jessop (2002: 452-453) and others, refer to the relationship between planning, politics and the state in neoliberal market economies, based on the modern state and in which representative and participatory democracy is conducted. Representative democracy refers to citizen participation in exercising voting choices, usually at a national level. Participatory democracy refers to citizens being able to participate in local level governance structures in which policy is implemented and performance evaluated. Key elements of public administration include the management and implementation at all levels of governance of government decision-making, policy and legislative implementation. More recently, the implementation of monitoring and evaluation in which performance and outcomes relating to policy and fiscal spend are measured and accounted for in state organisations and institutions have become entrenched in government practices (Mouton and Babbie 2001: 337). The planners role in public administration is generally regarded as acting in the public interest in which public goods are mediated and protected in a sustainable way (Campbell and Marshall 2000: 341-342). Planning functions within administrative systems is concerned with the design and regulation associated with places, land uses and planning procedures. Furthermore, a distinction between technical competencies referred to as procedural planning (Faludi 1973), versus the normative concerns about social and economic injustices, power and equity, in which power relations and conflict over the production, distribution and

consumption of land associated with social and economic activities, is of key concern for planners (Friedmann 1998; Harvey 2010).

Having discussed the three interrelated elements of natural and human endowments, economic functions and production processes and political and administrative functions associated with regional planning, the next section addresses regional planning models and theories.

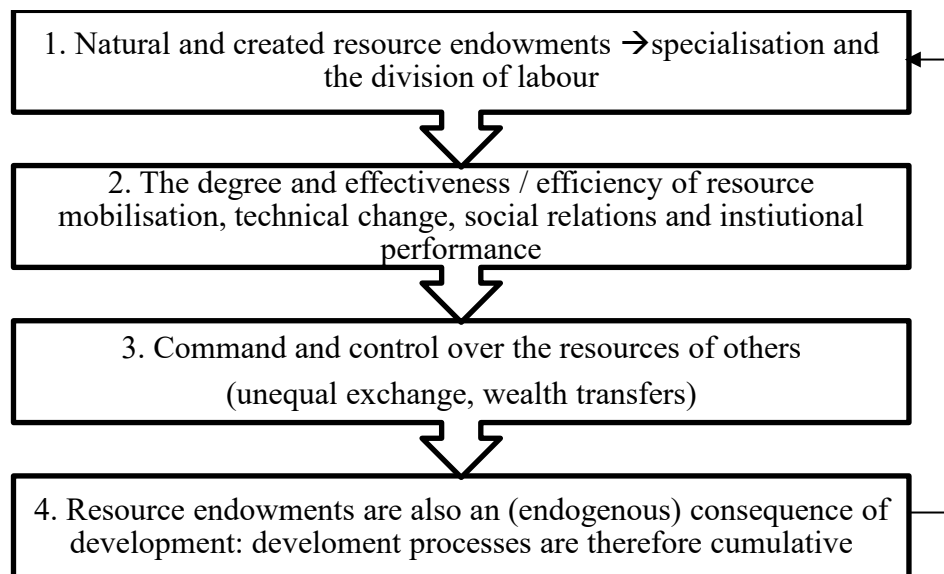
### **2.3 Regional planning models and theories**

What determines regional development are complex factors and the source of contributions to regional planning made by various theorists come from diverse areas and disciplines. Furthermore, over time there has been a considerable amount of fusing and inter-mixing of ideas and explanations that have influenced how we analyse regions in order to design interventions. Models in regional planning have attempted to develop universal and explanatory theories in which location and economic evolution can be explained and replicated and for the intention of improving future development outcomes. The purpose of including a discussion of regional planning models and related theories is to understand the main discourses and themes associated with regional planning and to set the frame for the case study. Dunford, (*cited in* (Kitchin and Thrift 2009: 193) provides a useful summary of the existing literature or regional development models in which an areas wealth and income based on four sets of factors impacting on an areas development, namely resources, technologies, social relations and how these are exploited to local advantage and cumulative causation are explained. These in turn deal with the way in which inequalities and disparities shape places and whether regional convergence (a result of diminishing factor costs) is occurring, or whether wider divergence (because of increasing variance) in development is experienced over time.

The framework reflects concerns since the rise of industrial development and modernisation of society, shown in Figure 2.2. These include the progress of the economy in relation to industries and employment, factors of production, flows of

services, exchange of goods and services and their particular spatial impact, whilst recognising that not all regions are the same, hence the concept of differentiation. Some display advanced development whilst others lag and stagnate, depending on what factors of production are present, such as natural resources, land, capital and labour, and the degree to which they have been exploited.

**Figure 2.2: Dunford's typology: Development, resources, technologies, social relations and cumulative causation**



Source: Self-generated by researcher and adapted from Dunford (Kitchin and Thrift 2009: 193)

### 2.3.1 Neoclassical regional models

In the twentieth century, neoclassical and Keynesian economics dominated and informed regional theory. The three key models that were developed assumed market efficiency mechanisms and include neoclassical aggregate growth models, regional development models and export orientated growth and trade models (Dawkins 2003: 133). In sum, theorists viewed the process of development as a series of successive stages of economic growth that countries needed to go through. It was primarily an economic theory applied to the development discourse for both developed and post-colonial countries in which the right quantity and mix of supply led instruments of savings, investments and foreign aid for aggregate growth to be realised. They are the Solow (1966) exogenous growth model, in which supply side investment and export-

based growth is promoted and Rostow's (1956) linear stages of growth model in which growth is explained as an evolutionary progression of a national economy's sectoral structure. For Rostow, the stages include movement from dominance in primary sector activity, to industrial manufacturing, to one based on tertiary and service sectors in which the proportion of activity within the stages increases to favour the other. For Solow, regional performance was dependent on growth in factor inputs and an area's resource endowments and increases in productivity aided by technical changes to the composition of capital. In both models, the notion of convergence in per capita outcome is expected.

The second type of neoclassical models are regional development models in which strategies to counter unbalanced regional growth are suggested. Hirschman (1958), Perroux (1950) and others argue, that polarised and lagging regions supported by inward capital flows and outward labour flows will result in equalisation effects in the long-run. The model is supported by ideas of backward and forward linkages between firms and industries. Backward linkages refer to the stimulation of suppliers to an established industry and its associated supply chains. Forward linkages refer to the added value chains in the production process of goods and services. Furthermore, the concepts of hierarchical diffusion in which the spread effects from urban to rural hinterlands and contagious diffusion in which the spread of innovation occurs because of horizontal accessibility, are promoted. The suggestion of this model is that growth effects in developed regions "trickle down" and will outweigh the polarisation effects through economic policies and developing strong networks of communication and transport. Strategies to deal with unbalanced growth include growth pole models, growth centres and industrial districts where external agglomeration economies are created through spatially targeted government investment (Fair 1955; Hunt 1989; Dawkins 2003; Todaro and Smith 2015).

The third model is the neoclassical factor endowment model put forward by Heckscher-Ohlin (Todaro and Smith 2015: 614) relating to factor endowments, specialisation and trade theory, in which free trade is promoted. They argue that countries will tend to specialise in producing commodities from factor endowments that are abundant in a

region (for example quality and quantity of labour, capital inputs), and that are exploited through their external relationships and connections. The model suggests that the economic impact on growth on trade patterns and resultant impact on the structure of national economies can be described through the variable proportions of endowments and productive factors. This model was advocated in early post-colonial policy deployment in developing countries to exploit labour and land intensive primary product exports. Criticism of this approach related to the lack of diversification and expansion of manufacturing share and to the Dependency theory critique of unequal exchange (Coetzee *et al.* 2004). In varying degrees, the models outlined above viewed regional economic performance as being dependent on growth in factor conditions (capital and labour) and increases in productivity and are a result of changes in technology, resulting in convergence in per capita income in a region.

Alternative models proposed by Friedmann (1966: 36) include the centre-periphery model where recognition of externally induced growth factors are considered as inhibiting factors and Myrdal's (1957) model of cumulative causation, a result of regions that are first to industrialise and cluster economic activities and thereby derive benefits. Myrdal argued that growth in developed regions would have "spread effects" as a result of diffusion and innovation into lagging regions. Comparative advantage that focuses on the core rather than diffusing into equalising effects, results in increasing inequalities between developed and underdeveloped areas. Both models recognise that growth may be externally induced.

Criticism of neo-classical models include that they do not consider social relations and institutional factors that could determine and shape regional development outcomes, such as externalities, market failures, uneven access to information, amongst others. Furthermore, the abstract formulation of the models is considered weak and unable to explain the differences in the growth experiences between regions. For developing countries, the models in particular ignore their unequal position in the international trade arena largely a result of their historical colonial and exploitative social and economic experiences, resulting in inequalities and increasing divisions within and between nations, regions and places. An alternative paradigm born of the experiences

of former colonies and the continued experience of unequal development and a critique of capitalism as a mode of production emerged in the 1960s. These include the theories of underdevelopment, dependency and unequal exchange put forward by Andre Gunder Frank (1969) and Immanuel Wallerstein's (1974) World Systems Theory (cited in Coetzee *et al.* 2004), spatial division of labour (Massey, 1984) and others, in which transformation of the existing social and economic relations is proposed.

The key components of critique of the critical paradigm is a response to failed post-Colonial experience of modernisation in many parts of the developing world. Central to the critique is that underdevelopment was primarily about less developed areas continued dependence on economically advanced and industrialised nations. Theorists recognised the internal conditions of former colonies and particular characteristics of sector dependence on exports of agriculture and mineral products at low values of exchange, in return for high added value of imported manufactured goods from industrialised countries. Export earnings were never sufficient to pay for imports resulting in a situation of unequal exchange (Coetzee *et al.* 2004; Kitchin and Thrift 2009). The net result were structural relationships of dependency, centre periphery, and class divisions both internal and externally induced within the underdeveloped areas of the world. In many instances, this corresponded with former colonies of Europe. In the case of South Africa for example, the continued dependency on the mineral energy complex (MEC) has compromised its ability to move decisively into other manufacturing value chains (Fine and Rustomjee 1996; Black and Gerwel 2014).

### **2.3.2 The political economy and materialism**

The political economy theorists draw on the Marxist view of economic determinism relating to the economic base in which capitalist social relations of production flourish, and the superstructure in which the social relations of reproduction of the capitalist system is maintained (Coetzee *et al.* 2004: 49), and an explanation of historical materialism and the continuous praxis of action and reflection. Resulting in uneven growth and spatial differentiation, the cause of this uneven growth is placed directly within the capitalist system and argues that development does not tend towards

divergence or convergence, but rather views the crises of capitalism as expressed as “episodic” in which restructuring of the economy occurs. The modern problems of underdevelopment are viewed in terms of the historical development of the capitalist mode of production. In the current context, regional exploitation is reflected in the relationships between developed capitalist regions and former colonial regions in which forms of colonial, commercial, imperialist and industrial and financial domination exist (Dawkins 2003: 145).

Two interweaving strands of the political economy approach are relevant to spatial planning. The first are the works of Harvey (1996), Castells (2011) and others, that focus on urban markets and regional context, in which the circuits of capital include the exchange of labour power and how this is used to produce goods and services, circulation, consumption and exchange of other products in urban and regional processes. Urbanisation or agglomeration economies and city form in advanced capitalist economies, are the result of the logic of profit accumulation in which developing infrastructure, organisations and institutions that support this transfer of profits is maximised. The role of politics and political institutions are considered important mechanisms for supporting the conditions whereby capital accumulation are able to flourish.

The second is regulation theory emanating from the French Regulation School and the work of Aglietta (1979, cited in Coetzee *et al.* 2004: 106-107). Regional political economists include Jessop (1990), Amin and Thrift (1995) and others, who investigate the way that capitalism reproduces itself despite the inherent conflicts and contradictions. The key concepts used are: the industrial paradigm at play, in which analysis on the regimes of accumulation and modes of social regulation are managed, and which together form a mode of development within an economy (Coetzee *et al.* 2004: 106-107). The regimes of accumulation include analysis of the circuits of capital (the movement of capital through phases of production, distribution and consumption), for example Fordism and Taylorism, and the mode of regulation, whereby norms and institutions operate to stabilise conflict in capitalist society. Both political economy

strands stress the importance of the historical development of the capitalist mode of production.

- **Post-modernism**

The unsettling of neo-classical metanarrative models emerged from the 1960s led by post-modernists and post-structuralists who argued for a rejection of grand theories about the discourses of modernism brought on by a ‘crisis of representation’ (Minca 2009: 363), especially in the disciplines that supported heterogeneity, pluralism and pragmatism as suggested by Lyotard (1979) referenced in (Coetzee *et al.* 2004: 24). How social reality is constructed and the mutual dependency between knowledge and power are highlighted. Key theoretical concerns of post-modern theorists from the 1980s focused on the spatial relations of representation, especially with the rapid changes brought on by the global political economy and the production of knowledge. Post-modernism laid the foundation for post-structuralism in which the discourses of power, language and representation amongst others, emerged.

- **Post-structuralism**

Post structuralism emerged from the 1960s with the work of Jacques Derrida and Michel Foucault (1982a, 1984) and others, that questioned materialism in the context of social organisation, social action and the linkages between languages, discourses and knowledge, power relations and resilience and the discursive practices within them. Post-structuralism called into question the binary relationships between the boundaries of enquiry in the social sciences. This included the deconstruction of spatial discourses, language, representational practices and how spaces are produced and reproduced through social meaning and the construction of that meaning and hence ‘unfixing’ long standing terminology and their meaning in the built and natural environment. For example terms such as community, citizen, nature, space, place, culture, borders, technology, sexuality and many more, take on new relational meanings (Woodward, Dixon and Jones III 2009: 404-407).

- **New materialism**

In the last twenty or so years and following on from materialist analysis, was the emergence of new materialism, a collective term used to describe a ‘turn to matter’ in which the insights from post-structuralists have been challenged (Fox and Alldred 2016: 3). These include: a rejection of fixity of the material world and refocus on a continuous, relational and uneven material world; that ‘nature’ and ‘culture’ should be treated as a continuum of materiality; and that agency extends beyond the actions of human actors to include the non-human and inanimate (2016: 2-3). The focus is on the material workings of power and social production (Coole and Frost 2010: 7-8) and how assemblages of the animate and inanimate produce the world. Arising out of this approach are the key concepts of *relational*, *assemblage*, *affect* and *micro politics*. These concepts are supported by a concern with social production rather than social construction (Braidotti 2013), exploring what matter does in a relational sense (Deleuze 1988 cited in Fox and Alldred 2015) and a view that human agency is not privileged over other living things and the wider environment (Barad 1996 cited in Fox and Alldred 2015).

More recently in the regional planning domain, a concern with territorial strategies and competitiveness as a result of persistent economic recessions, combined with effects of globalisation have surfaced. These include the following trends: manufacturing decline in advanced capitalist economies, a result of reorganising new global centres of production, distribution and consumption, the rise of the service sector, especially banking and financial services in industrialised economies, the mobility of capital and labour flows and increasing disparities in labour conditions across gender and ethnic lines (Storper and Scott 1995; Massey 2004; Storper 2011). Other contemporary challenges include technological growth and automation with *inter alia* 4IR, Internet of Things, robotics and many other innovation accelerators, and concerns with resultant job losses in certain sectors also referred to as technological unemployment. This has reinvigorated interest in strategic territorial planning at regional scale. Aided by Porter’s (1990, 2000) work on competitiveness and clusters and Krugman’s (1995, 2010) ‘new economic geography’ (NEG) relating to industrial clusters, the

incorporation of external scale economies and interregional trade, have been influential in the resurgence of interest in territorial spatial planning. Furthermore, the leading role by the European Union on the research and innovation strategies for smart specialisation known as the RIS3 (Valdaliso and Wilson 2015: 218) has permeated the discourses of development, and framed the neoliberal and policy frameworks of major regional blocs such as the European Union (Commission of the European Communities 1997) and international agencies such as the (OECD 2015a), the United Nations and its institutions, such as the World Bank (2008). In part, this was a response to studies on productivity gaps in the United States and the European Union. The findings included fragmented R&D along national lines and the tendency to emulate rather than create original innovation practices (Huggins *et al.* 2014). From the models and regional planning theories, various implementation practices have emerged, as well as alternative theories, some of which are detailed in the next section.

## **2.4 Regional planning theories and practice**

Definitions about regional planning are complex and continue to be contested; it is linked to what local and regional development is for and what it is designed to achieve (Pike, Rodríguez-Pose and Tomaney 2007; Pike 2014). As highlighted above, regional planning theory has emerged from various intellectual traditions and evolved into three broad paradigms. From the later part of the twentieth century to the present, many contested development ideas and choices have influenced regions in the world within the dominant paradigm of capitalism. These include modernisation theory in the 1970s and 1980s and the macro economic framework of Keynesian economics, the neoliberal Washington Consensus of the 1980s and the current concerns relating to environmental and sustainable development (Markusen 2003; Scott and Storper 2007). As already mentioned above, early influential works pertaining to regional planning include core-periphery approaches (John Friedman, Gunnar Myrdal), World Systems Theory (Immanuel Wallerstein), Dependency Theory (André Gunder Frank) and Growth Pole Theory (Francois Perroux, 1950). It is not the intention to relay the well-established theory narratives, but rather to foreground the context of the vast array of

theoretical approaches to regional planning and key conceptual tools, to help analyse regional planning interventions and practices for this research.

A useful framework developed by Todes and Turok (2018: 5-6), the (OECD 2009: 51) and adapted for this study, is put forward. The framework summarises the development epoch narratives and intended development outcomes as a result of particular input policies and implementation strategies. The key conceptual tools are spatial rebalancing, space neutral and place-based and are presented in summary in Table 2.1 below. These views correspond with particular philosophical views and paradigms and sometimes, competing views, periods of implementation of regional development models and practices of regional planning. The three periods span the 1930s – post-World War Two, post-colonial independence (modernisation – *space balancing*); the global restructuring of capital from the 1970s (new regionalism, new economic geography – *space neutral*) and the current post-modern period (endogenous growth and comparative advantage – *place-based*). The main objectives, strategies, focus, particular scale and context, tools and key actors in each of the eras are summarised and expanded on below.

**Table 2.1: Comparison of regional planning paradigms**

	<i>Space rebalancing</i> Traditional regional planning (1930s-1970s)	<i>Space Neutral</i> New regional policies 'territorial development' (1980- 2000s)	<i>Place-based</i> (Current)
<b>Objectives</b>	Balance national economies by compensating for disparities/ competitiveness	Increase regional development performance, improve connectivity between weaker and stronger economic areas, support competitiveness	Tapping underutilised potential in all regions for enhancing regional competitiveness, reduce persistent inefficiency and inequality / focus on growth and jobs
<b>Strategies</b>	Sector approach (primary, secondary and tertiary), promote lagging regions/ redistributive approach	Integrated development programmes and projects, promote all regions, access opportunities where they are available	Integrated development projects / maximise return on public investment / efficiency and social inclusion / identify unemployed resources and underutilised potential

<b>Geographic focus / target</b>	Political regions in a national economy, lagging regions	Economic and ecological regions / all regions / cities	Economic and ecological regions / all regions / functional economic areas
<b>Context</b>	National economy	International economies and local economies	“New” challenges: reshaping locational patterns of production, efficiency, innovation, technology, info and finance
<b>Tools</b>	Growth poles, free trade zones, export processing zones. Subsidies, incentives, state aids and regulation (supply side and demand-side interventions)	Assets, drivers of growth, soft and hard infrastructures, collaboration incentives, development agencies, co-operative governance, clusters	Long term development strategy / endogenous growth / strategies derived from contextual specificity / investment and other asset backed vehicles
<b>Actors</b>	National governments	Multiple levels of governments, private and civic actors, implementation agencies, collaboration	Different levels of government (decentralisation of power), networking and collaboration, role of governance and institutions

Source: Self-generated by researcher and adapted from OECD (2013, 2015c); Moonen and Clark (2013); Todes and Turok (2018); Clark, Dexter and Parnell (2007); Pike, Rodríguez-Pose and Tomaney (2007); (Scott and Storper 2007) and Pugalís and Gray (2016)

Todes and Turok (2018: 6) caution about some of the generalisations associated with the framework. The first is that there is no binary relationship between the concepts and there are variations and similarities between each concept. The second is that the scalar application of policy implementation may cut across the three approaches. Furthermore, the socio-economic specificities of territorial context may mitigate against blanket policy approaches.

#### 2.4.1 Space rebalancing

The experience of declining economies, lagging regions and a growing gap between regions in the 1930s and the era of the Great Depression, sets the backdrop for space rebalancing approaches as described by Hall (1992: 63) and others (Pike, Rodríguez-Pose and Tomaney 2007: 1255; 2017: 51). The modernisation paradigm influenced by the models outlined above included implementation instruments that were supported

by Keynesian economics and major post World War Two institutions such as the World Bank (WB), International Monetary Fund (IMF), International Labour Organisation (ILO) and others played a key role.

In the spatial rebalancing frame, traditional views in which supply driven investment in infrastructure, largely driven by the state and seen as a way of narrowing the gap between well performing economic areas and lagging regions in which economic convergence, are promoted. The first includes theories on whether convergence between regions takes place through capital accumulation, or divergence of per capita income occurs in regions over time. They include the work of Rostow's (1956) stages of growth, Friedmann and Alonso's core-periphery approaches and the role of innovation in regional development (1963b: 171), Growth Pole Theory (Perroux 1950: 94) that supports induced spatial development and Myrdal's (1957) seminal work on clustering of economic activities and cumulative causation. Rostow's stages of growth was particularly influential in that it demonstrated the experience of advanced capitalist societies and also corresponded with the condensed implementation of modernisation experience of the Asian economies post World War Two, referred to as the "flying geese" model and Asian Tigers. This model followed the stages of growth approach in which time-based planning frames with specific strategic sectoral focus were implemented and that modernised these economies in a relative condensed period, in comparison to the experience of Western economies. This is pertinent to South Africa in the current discourse of the developmental state and re-industrialisation strategy.

In the spatial rebalancing frame, the strategies employed were aimed at breaking the cycle of underdevelopment whereby insufficient savings lead to capital shortages resulting in low productivity and low real incomes. Strategies employed included central state-led investment projects, aimed at rebalancing inequalities and redistribution through the reallocation of finances between regions; in particular, spending in infrastructure to improve accessibility and competitiveness of regions. The use of growth pole strategies proposed by Perroux (1950), identified specific locals and sectors for investment and supported by a range of incentives, were widely used.

The idea of growth poles is that they are made up of firms, industries and sectors of the economy that have strong internal linkages and the potential for multiplier effects, are fast growing and display strong backward and forward linkages (Dewar, Todes and Watson 1986: 37). Other spatial strategies included deconcentration strategies that sought to counter and rebalance urban systems through investment in secondary and smaller towns using modernist principles. Examples of New Towns from the 1960s was a response to perceived “over heated urbanisation” and congestion in existing cities mainly in Britain, Europe and the United States and the ‘rebalancing’ of the urban system through the growth of secondary cities. Examples include Milton Keynes in Britain and Radburn in the United States. Many former colonies adopted similar approaches, for example in India, the New Town of Chandigarh and in South Africa, the New Town of Sasolburg.

Led by macro-economic Keynesianism, many of the tools included supply side subsidies, incentives and regulatory support with the intention of promoting long run economic convergence. Key tools included an attempt at the transfer of economic activities from existing economic areas and stimulating demand in depressed areas, in the hope of attracting foreign direct investment and creating labour absorbing industries in manufacturing and construction jobs, especially associated with infrastructure supply-led investment. The key actor and disburser of funds was national government and for developing countries who relied on external sources of funding, were a range of development agencies and actors.

The major critique of the spatial rebalancing approach is that the objectives of spreading the effects of investment and narrowing the gap in wealth between regions was not achieved. Secondly, the narrow sectoral approach was considered an imposed one that did not address local needs for economic growth and development and in which a branch from an existing urban based monopoly firm took advantage of incentives rather than supporting innovation, knowledge and upskilling being spread into an area. Very often the production process was an extension and maintenance of low skill jobs (Massey 1995; Massey, Allen and Sarre 1999), resulting in widening gaps in income and social welfare outcomes.

### **2.4.2 Space neutral**

In response to the economic crises of the 1970s and 1980s, brought on in part by a number of crises associated with accumulation under capitalism, the oil crisis of the 1980s and the impact of the formation of the European Union, renewed interest in regional planning in the form of new regionalism and Krugman's (1995) new economic geography (NEG) emerged. These theories have been shaped by the forces of globalisation, the restructuring of manufacturing activities from Fordism to more flexible production systems and resulting impacts on markets, knowledge driven economies leading to innovation, changing labour markets, the refining of sectoral supply chains and rapid changes to the modern state (Storper 1997), outlined above. Theories include competitive regionalism (McGuirk 2005; Harrison 2010), cluster and innovation regionalism (Porter 2000; Hospers and Beugelsdijk 2002a; Ketels 2013), territorial regionalism (Brenner 2003), cooperative regionalism (Kübler 2005) and redistributive regionalism (Orfield 1997; Katz 2000; Brenner 2002). The key focus of NEG was to increase the regional development performance of territories through promoting all regions through integrated development programmes and projects.

In the space neutral perspective, the geographic focus is all regions and metropolitan areas, in which agglomeration economies, distance and role of cities are emphasised. New regional spaces and descriptors such as city regions, cross border regions and metropolitan regions are promoted in which maximum growth though improving efficiency for more equitable outcomes is expected. It could be argued that the concerns identified in the NEG approach are not in themselves new concepts, as most are already in the theoretical domain of regional planning (Kitchin and Thrift 2009), especially relating to endogenous growth. However, the emphasis put forward by Krugman (1995) focussed on competitiveness and micro foundations of economic behaviour, in particular on agglomeration externalities, global competitiveness and international trade relations in response to new global conditions. Key shifts include major changes in the "production of space", global trade, the reconfiguration of systems of production and the construction of global supply chains under

contemporary capitalism, supported by multi-lateral institutions such as the World Trade Organisation (WTO).

Some of these characteristics associated with the new regionalism include the following:

- a. The information revolution driven by the Internet, the rise of the knowledge economy, the push to innovation and learning nations;
- b. The changing role of the modern state and greater decentralisation to the local state (Jessop 1994; Keating 1998; Jessop 2002; Keating and Loughlin 2013);
- c. The focus of public policy on attempts to revitalise local economies, for example through regional economic development agencies such as in the European Union, or local economic development strategies (LED), such as in South Africa;
- d. The promotion of innovation that includes not just the generation of new technology, the commercialisation and production thereof, but also an expanded definition inclusive of relational “*effectiveness of supply chains, public and private sectors, civil society, building social capital and collaborative efforts and co-operative co-opetition*” (Nalebuff and Brandenburger 1997a); and
- e. The role of the state and the private sector in new capital formation.

The onset of a space neutral approach was partly a response to the poor results of spatial targeting and supply driven approach and partly due to diminishing public resources to effect perceived continuation of unsustainable redistribution practices. The experience of footloose capital investment largely out of the control of government and the new tariff regime from General Agreement on Trade and Tariffs (GATT) to World Economic Forum conditions, ushered a new regime of trade arrangements. The World Bank (2008), supported by institutions such as the OECD and World Economic Forum, advocated a space neutral approach focussing on meeting the needs of households in relation to education, health, sanitation, clean water and energy – raising Amartya Sen’s “*capabilities to function*” and well-being approach in which access to opportunity is advanced (Sen 1999; Todaro and Smith 2015: 18). The underlying view of the space neutral approach was that people would move to where jobs are, thus reinforcing agglomeration economies associated with urbanisation and

economic reasoning of the NEG paradigm. This required an integrated approach on the part of governments in which investments in large-scale infrastructure such as transportation networks, housing provision and responsive planning and land use regulations, were made. The assumption was that urbanisation would aid industrialisation, markets and associated growth and in time reduce the poverty gap.

Whilst advocates of the space neutral approach recognised that not all places are the same and that economic growth is unbalanced, they argue that inclusive growth through government intervention is necessary; in particular, through the integration of leading and lagging regions by advocating regional growth policies that support access to universal public services. In effect the idea was that there would eventually be equalising effects leading to growth in infrastructure such as transport, communications and the economy in which labour is increasingly absorbed. For developing countries in particular, the view is that whilst places are not all the same and there are regional inequalities, with interventions in education, welfare and health, poverty and inequalities will decrease over time. Hence, a long-term view of people centred policies is required.

Several criticisms of the place neutral approach have been raised at a conceptual level. The first is the assumption of 'one size fits all' government policies, in the hope that they will have the same impact. There is also an assumption that governments have the same capacity to implement these policies, when the reality is that governments' abilities to implement are widely disproportionate (Wood and Valler 2004: 9; Bentley and Pugalis 2014: 288). The view that economic integration and convergence will happen over time is questioned, as there is little historic evidence to suggest equalising effects on all places. The empirical evidence suggests that core areas such as cities, continue to attract resources away from poorer areas, thus widening divisions (Amin, Massey and Thrift 2003; Massey 2004; Pike, Rodríguez-Pose and Tomaney 2014). A further issue is that the urbanisation and economic development experience of developing countries is very different to most capitalist economies, where informality in both settlement patterns and economic activity and where institutional capacity to roll out people centred strategies, face numerous obstacles. In summary, the space

neutral method is considered a blunt instrument in which a people centred approach has not had the desired impact of reducing inequalities.

### **2.4.3 Place-based regional planning**

The third emerging concept is a result of the uneven and poor outcomes of spatial targeting and space neutral approaches and two key experiences that impact on regions development outcomes. The first are the responses associated with advanced globalisation impacts. They include economic reconfiguration and the influences of digital processes and the Fourth Industrial Revolution on production, supply chains and consumption patterns under contemporary capitalism, the push to innovation and learning nations, the transforming role of the modern state and greater decentralisation to the local state, requiring different ways of conceptualising regional development. The second relates to differential experiences of spatial targeting and space neutral approaches, particularly for developing countries. In particular, the European Union and OECD and other international institutions have resuscitated the concepts of endogenous growth, human capital, knowledge based economies and the importance of institutions and the participation of stakeholder collaboration (Barca, McCann and Rodríguez-Pose 2012: 136; Clarke and Eyal 2013; OECD 2015c, 2015a; Valdaliso and Wilson 2015: 113; Todes and Turok 2018: 14).

Hence, the emergence of place-based concepts in which current regional planning discourses and interpretations, focus on the relationship between regions and the economic and social activities that take place in a specific geographic locale. The concepts include the following elements in no particular order of priority and need to be adjusted and utilised according to particular geographical context and local conditions. *Inter alia*, they include: knowledge-based learning economies and industrial clusters (Porter 1998a: 78); regional governance associated with competitiveness as articulated in new regionalism and new economic geography (Krugman 1998: 7-8); changing labour markets (Scott and Storper 2003: S193; Massey 2004: 114; Pike, Rodríguez-Pose and Tomaney 2007: 1262); regional identity and articulation between stakeholders such as private and public sector organisations,

governments, policy makers, labour and organised civil society, and institutions, governance and the importance of leadership (Amin 1999: 370; Wood and Valler 2004: 33; Paasi 2012: 1207; Rodríguez-Pose 2013: 1036). The objective is to tap underutilised potential in all regions to reduce inefficiency and inequality and focus on growth and jobs for enhancing local comparative advantage and regional competitiveness. Territorial cohesion, equity and sustainability represents the institutional turn in economics and policy implementation, where local context and strengthening of comparative advantages are at the centre of economic development in which functional economic and social areas can flourish.

Several key strategies associated with a place-based approach are suggested in the literature. They include those attributes that enhance and build on the comparative advantage of an area, its human and natural assets and social, cultural and institutional capabilities. The quality, capacity, regulatory environment, leadership and adaptive learning capability are also emphasised (Barca, McCann and Rodríguez-Pose 2012: 136; OECD 2015c: 208; Valdaliso and Wilson 2015: 113; Todes and Turok 2018: 6). The first recognises that place-based planning is about long term strategies derived from contextual specificity, highly tailored interventions, investment and other asset backed vehicles (Valdaliso and Wilson 2015; Pugalis and Gray 2016). Secondly, the endogenous growth model looks at local and regional expertise for co-production and specialisation of developing long-term development paths, where strategies are derived from analysis of local assets, capabilities and conditions particular to a place. The third is public policy that focuses on revitalising local economies through the generation of an integrated approach rather than a sectoral one; where new technologies and commercialisation and production thereof, improves effectiveness of supply chains, public and private sectors and civil society – and where the building of social capital, collaborative efforts and co-operative competition (Nalebuff and Brandenburger 1997b: 20-30) are able to emerge. This suggests a move away from narrow supply side and demand-side development instruments.

The key institutional arrangements and actors associated with place-based planning suggest adoption of coordinated multi-level governance models that support the

decentralisation of power and resources in which collaboration and partnership with local decision-makers in the design, implementation and monitoring development strategies are developed (Pugalis and Gray 2016: 187). The top down approach of national policy deployment and instruments such as monitoring and evaluation, are seen as ineffectual and unlikely to appreciate nuanced local development needs, as the national scale is considered too remote to be sufficiently responsive to local needs (Bentley and Pugalis 2014). Therefore, a model that empowers different levels of government, in which fiscal and policy deployment are established to better manage regional development is suggested (OECD 2015c: 214). The need for networking and collaborative governance is considered key, but there is also a recognition of existing and competing interests, power dynamics and the difficulties associated with mediating these differences. The governance approach suggests that institutions can bring together diverse role players, inclusive of individual and institutional actors from the public, private and social arena. This suggests a strong association to Habermas's (Biebricher 2007) discourses of power, the role of communicative action in deepening local democratic practices and a recognition of overt political action associated with regional planning.

There have been criticisms levelled at place-based planning approaches, one being the limited evidence to suggest the appropriateness of the model. This is especially the case for developing countries where many of the initial conditions such as innovation, good data, existing business and industry, innovation, communication and transport infrastructures, government capacity, fiscal and policy instruments, are weakly developed. However, many authors argue that place-based planning is an emerging practice that requires more research (Huggins *et al.* 2014; Valdaliso and Wilson 2015: 196; Pugalis and Gray 2016; Todes and Turok 2018: 16). Furthermore, whilst many of these themes are applicable to advanced capitalist economies and are not wholly applicable to the context of developing countries (Pike, Rodríguez-Pose and Tomaney 2014: 27), the researcher will argue that they are useful definitions and concepts for a country like South Africa attempting to modernise its own economy, where elements of contemporary industrial capitalism exist alongside deprivation and poverty. In this

context, regional planning should be the instrument for policy deployment and the engine for growth and development.

The gaps in the literature relate to developing countries, peripheral and poorer locations, who do not share the experiences of advanced capitalist economies. Regional planning is largely absent and situations prevail in which *inter alia*, complexity, heterogeneity, informality and alternative land arrangements exist side by side with private land ownership and where coherent formal markets are largely lacking – yet, this is where complex inter- and intra-government administrative systems co-exist with traditional systems. A limitation to the place-based approach in the context of developing countries is the experience of informality, potential around capital formation, spatial impact and the lack of focus on empowering of people. Additionally, in the absence of strong civil society institutions, there is the danger of “*neoliberal capture*” (Pugalis and Gray 2016: 193) of market mechanisms into public policy discourses, thus increasing the possibility for failed place-based development strategies.

The application of regional planning to the South African case is largely absent in recent literature and the concept of competitiveness is generally viewed negatively in the context of extremes of poverty and inequality on the one hand, and wealth on the other (Harrison and Todes 2001: 70; Todes 2004: 857-858; Scott and Storper 2007: 201; Rogerson 2010: 21-22; Turok 2010: 501-513; Todes 2011: 128; Pike, Rodríguez-Pose and Tomaney 2014: 22-28). This research will explore the relevance of regional planning to national growth and development plans in South Africa, using the theoretical framework of place-based planning. These themes collectively relate to the political economy of regions and continue to be influential in supporting current regional planning practices. They are important to this study as they lay the basis for spatial ordering at different scales, building a case for competitive regional planning and focusing on the relationship between regions and the economic and social activities that take place in a specific geographic locale.

For purposes of this research it is recognised that a complex government system, underdeveloped regional planning practices and extremes of poverty and wealth are experienced in one place, in this case, the iLembe District Municipality. Planning objectives in this scenario include the need to define the comparative economic advantages of the area, supporting territorial cohesion through addressing social and sustainability concerns, in which community empowerment and development of capital formation are key. This reinforces the role for greater local state autonomy over economic decisions and sustainable infrastructure provision, as well as creating expanded revenue opportunities for municipalities. More importantly, the challenge of breaking poverty and incorporating new economic actors into a transformed local economy is key.

## **2.5 Summary of regional planning concepts**

The characteristics ascribed to regions are given effect as a result of the natural and human endowments that are present, the associated economic activities and the political and administrative institutions and systems that are in place. The recognition that not all places are the same and that historical experiences, particular context and social relations have helped shape regions and has led to uneven development, has resulted in a number of theories and models that have been developed to address this. These can be broadly categorised into three approaches. The first are theories and models that are systems maintaining or supportive of the status quo as put forward by modernisation theorists, where an economic view of development in which various technical models relating to location, agglomeration and scale economies are put forward. This is seen in the space rebalancing approach in which market efficiency is promoted over human development. The second is a reformist approach in which it is recognized that there are increasing socio-economic challenges in society and that changes need to be made, but without a full change to the existing system. The problems in society are considered to be a result of imbalances and lack of access to information and knowledge, thus better access to resources and government reforms are key interventions. The result is tinkering with the system, using supply side measures and no real changes, as suggested in the space neutral approach. Lastly there

is the transformative approach supported by Marxist theory that argues that the root causes of societal problems are the existing exploitative economic and power structures in society that are not concerned with human well-being and argue that these need to be transformed. The transformative approach supports providing access to social equity, social justice and economic and political decision-making, amongst others. Elements of these principles are supported in the place-based approach, especially around the concepts of collaborative governance and endogenous development to support sustainable outcomes.

As has been shown, there is no singular or homogeneous view of what constitutes regional planning of or for localities, thus reinforcing the complexity associated with defining economic and social development in the context of contemporary capitalism at various spatial scales. All the paradigms mentioned have limitations as the phenomenon of regional development is strongly influenced by local variation to context, history and space. The most useful analysis that incorporates local and regional economies, types of relational connections and networks that determine economic performance and processes that involve all stakeholders to negotiate and define the kind of economic and social futures people want, is perhaps best explored through a place-based lens.

## **2.6 Conclusions**

In this chapter, the researcher has argued that regional planning and application thereof is complex and contested in terms of its meaning, approaches, and anticipated outcomes. Three organising concepts of natural and human endowments, economic functions and political and administrative functions, were put forward as key elements associated with regional planning. These were further explored in the various concepts, theories and models that provide the thesis and antithesis for understanding contested regional planning paradigms, in order to establish a synthetic approach using place-based planning for the study.

The following chapter outlines the research method used and the empirical methodology applied to the analysis of regional planning in the case study of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe in the Province of KwaZulu-Natal, using place-based planning analysis.

## **CHAPTER THREE**

### **Research Methodology**

#### **3.1 Introduction**

This chapter outlines the research method and techniques used for the study. Discourse analysis is explained and Laclau and Mouffe's (defined in Jørgensen and Phillips 2002) discourse theory is outlined. The application of critical discourse analysis, to spatial planning policy discourses of Richardson and Jensen (2003: 16) analytical discourse framework using "*language, practices and power rationalities*", is explained. The design and qualitative instruments used, data collection method, empirical data and analysis and validity for the study is elaborated on. Criteria for evaluating place-based development strategies for regional development used for the study and developed by Barca, McCann and Rodríguez-Pose (2012), Rodríguez-Pose and Wilkie (2017), the OECD (2015c) and adapted by the researcher to include appropriate criteria in the context of a developing country, is outlined. Finally, the scope, limitations and ethical considerations related to the study are defined.

#### **3.2 Methodology**

Research methodology according to Creswell (2013b: 15-20), is about the processes and techniques involved in the "*forms of data collection, analysis and interpretation that researchers propose for their studies*" and provides the steps taken in order to arrive at reliable and valid answers to meet the objectives. This research is located in the social sciences and is a qualitative empirical study about regional planning in South Africa. The overall objective of this research is to provide policy makers with a framework for regional planning to support sustainable development outcomes. A critical synthetic method for analysing concepts, theories, methods and techniques to understand the multifaceted aspects of regional planning is used. The synthetic method draws on the concept of thesis, antithesis and synthesis in order to guide policy and practice (Barnett-Page and Thomas 2009: 8-9). This is supported by discourse analysis

to explore the way in which regional planning is understood and acted on by those responsible for implementation, namely public policy makers and spatial planners in South Africa in order to investigate the research questions.

### **3.2.1 Discourse, context and qualitative research**

This section outlines the use of discourse analysis for this study. It begins with a general outline of discourse analysis and then identifies the discourse theory of Ernest Laclau and Chantelle Mouffe, using critical social constructionist research. The contribution of Michel Foucault on power, rationality and truth and Henri Lefebvre on the production of space to support the study, are outlined. In particular, the socio-spatial relations under capitalism that include the economic, political, social and cultural institutions and actors and agents are discussed. Thereafter, a discourse method using Richardson and Jenson's *discourse analytic approach* in the social science field and spatial planning is outlined.

The term discourse originates from linguistics in which passages of speech and writing are analysed. Discourse analysis is defined by Jørgensen and Phillips (2002: 4) as the analysis of "patterns" associated with the use of text, language, meanings, and multiple forms of knowledge which collectively produce a "multi-perspectival" understanding of the research problem. For van Dijk (1993: 258-259), the goal of discourse analysis is to provide detailed description, explanation and critique of the way in which discourses are used to influence "*socially shared knowledge, attitudes and ideologies*". The theoretical framework of this study, using discourse analysis, is linked to the socio-economic and spatial transformation processes underway in South Africa and is viewed through a regional planning lens. Socio-economic and spatial transformation in this context is understood as those characterised with post-apartheid, nation building in democratic South Africa, globalisation, regional development, urbanisation and a mixed economy in which capitalism is dominant. Hence the research question of what role regional planning can play in developing the potential of regions to support national growth and equitable outcomes in South Africa and what kind of regional

planning framework is required to support this, becomes a key ontological concern of the study.

Discourse analysis makes use of various forms of communication, language and forms of representation that are found through different mediums, resources and documents in relation to its use in society. As such, discourse analysis deals with multi-disciplinary theories across the humanities and social sciences (Wodak and Meyer 2001). van Dijk (cited in Wodak and Meyer 2001: 96) suggests that discourse analysis is a critical perspective focusing on “*social problems and the role of discourse in the production and reproduction of power, abuse or domination*” and must take into account the complex relationships between discourse structures and social structures through empirically grounded work. There are many approaches to discourse analysis from the application of language, discursive psychology and spatial planning, as well as different methods such as Fairclough’s (2001) critical discourse analysis and in spatial planning, the discourse analytic approach, amongst others. How discourse is defined and its use in research is complex, because it is used by various theoretical and methodological disciplines (Jørgensen and Phillips 2002: 1). In the social sciences, two broad fields are identified, the first is by linguists who use discourse to interrogate spoken and written text. The other is by social theorists who recognise the use of language and text for discursive analysis but take a broader view. In social theory, the work of Michel Foucault (1982a, 1984) on power and how it is produced through social practices and regimes of knowledge in which the rules relating to how knowledge is constituted, has been fundamental in shaping discourse theory, analysis and its use in empirical research.

The practical “doing” of discourse analysis in the field of spatial planning is relatively undeveloped. Gillian Rose and Gordon Waitt (cited by Berg in Kitchin and Thrift 2009: 218-219), suggests some key methodological matters that should be considered. The first is absorbing oneself in texts and objects of analysis, becoming familiar with the texts and identifying emerging themes. The second is to identify ‘regimes of truth’ in which discourse is seen to be valid and worthwhile, to uncover patterns of truth and ‘buried epistemologies’, of what is excluded in the discourse. The third is to identify

inconsistencies, contradictions and paradoxes that either reinforce or contest dominant meanings in a given discourse. The fourth is to identify ‘absent presences’, referring to those discourses that rely on silences for their power in which newly created subjects may erase others. For example, in the case of South Africa, the long and brutal history of settlement from colonialism in which land dispossession, the formation of racial capitalism under apartheid and the ongoing experience of poverty under the current dispensation, continues to subjugate people in which freedoms are not enjoyed equally. Lastly, identifying the social context in which the discourse is located so that the production of discourse is linked to the subject positions in which power and social relations are produced and reproduced.

This research uses the social science approach and its application to spatial theory in particular. Laclau and Mouffe (cited in Jørgensen and Phillips 2002) refer to the social and discursive construction of many competing discourses and draw their theory from the traditions of Marxism and structuralism. They fuse these into a poststructuralist theory to understand social processes, how meaning is created and how consciousness, using Gramsci’s construction of hegemony, is used to effect social transformations. Their work is particularly useful by providing a theoretical framework in which discursive practices and the possibilities for social transformation is explained. Their key theoretical concern as defined by Jørgensen and Phillips (2002: 6) is that *“discourse constructs the social world in meaning and that, owing to the fundamental instability of language, meaning can never be permanently fixed”*. Hence the concept of *discursive struggle* in which many discourses with different meanings struggle to achieve hegemony. Discourse for Laclau and Mouffe is not just about text. Discourse is material and thus entities such as the economy and institutions are parts of the discourse. For them, social phenomena are never complete, or total, hence the view that the society, identity and social conditions in which we find ourselves is in constant motion and change. Therefore, meaning is considered to be contingent on the bounded conventions associated with social phenomena, but which are also contested, thereby allowing for change.

Laclau and Mouffe use four key concepts that define their theoretical approach: discourses as moments, discourses as exclusion of other meanings in what they refer to as a field of discursivity, discourses as elements and closure (Jørgensen and Phillips 2002: 26-27). Using the analogy of a fishing net and its knots, discourse is defined as *moments* that are formed by nodal points. Nodal points are privileged signs around which other signs are ordered and in which they acquire their meaning from their relationships to other signs. The example of democracy as a nodal point in political discourse denotes its relationship to other signs such as “people”, “institutions” and “practices”. The second concept relates to what is *excluded*, or the field of discursivity, in which other meanings are excluded from the discourse in order to create unity of meaning. The recognition that discourses are always related and constituted by that which are outside of the discourse, raises the concept of *elements*. This refers to the signs whose meanings have not been fixed, have multiple potential meanings and in which the concept of discourse transforms these multiple meanings into a fixed meaning, thereby establishing *closure* in the meaning of signs.

How meaning is established and articulated through discourse raises the question of the privileged status of signs and their inter-relationships, how they are maintained, or changed, as well as how struggles over meaning between competing discourses in society are constituted and how they change. This is addressed through Laclau and Mouffe’s critique of Marxist historical materialism and Gramsci’s theory of hegemony. Whilst it is not the intention to reiterate Marxist theory, the basic elements relating to the argument on historical materialism are drawn out in relation to Laclau and Mouffe’s argument.

Marxist historical materialism is constituted of the base and superstructure in which the base is representative of the material conditions, the economy and ownership of the means of production and the superstructure represented by the state, judicial system, religion, media, education and ideological position in society. For Marx, the base determines the superstructure, hence the economy and materiality supporting that, determines what people say, do and how we think about society. In a capitalist society, class division is made up of the owners of the means of production, the capitalist class

and workers who sell their labour power. The surplus that is extracted from such a relationship is unequally distributed, thus creating conditions for class struggle. Such a system is maintained through the superstructure in which consciousness and ideology are appropriated by the capitalist class interest and legitimacy is maintained through false consciousness of the working class that is produced in the superstructure. Laclau and Mouffe suggest that it is not only about economic determinism and the base where political struggle takes place. They suggest the need for a political primacy in the superstructure where consciousness and political struggles are present (cited in Jørgensen and Phillips 2002: 36).

Laclau and Mouffe's concern is to interrogate how the consciousness of the working class can be transformed in the face of capitalist ideology that is determined at the economic base. The concept of hegemony is key in unlocking this conundrum. Using Gramsci's theory of hegemony, the link between the economy and the political is made. Gramsci applied the concept of hegemony to explain how consciousness is created and used to maintain the capitalist economic system, in which the production of 'meaning' in the superstructure is key in creating stabilisation, ideology and power relations in a society without having to use force. Gramsci refers to this as social consensus that masks people's real interest.

*"The "spontaneous" consent given by the great masses of the population to the general direction imposed on social life by the dominant fundamental group; this consent is "historically" caused by the prestige (and consequent confidence) which the dominant group enjoys because of its position and function in the world of production". (Gramsci 1971: 12)*

According to Gramsci, people's consciousness develops according to their material conditions experienced at the base, in which people's true interests and the divisions in society emerge. For Laclau and Mouffe, Gramsci's theory of hegemony opens a link between the economy and politics and with how meaning is created. They suggest a fusion of the base and superstructure into a single field by arguing that all groups (read classes), are created through discursive processes. Therefore, there is no objective class system, rather it is created through discursive practices. This is useful for this study

where the capitalist economic system, whilst dominant, exists with informality and traditional systems and where class and interests are blurred.

This allows a dialectic between the base and superstructure in which conditions in both spheres influence each other, hence the importance of political discourses. Political struggle emerges when different actors articulate new organisational forms of society, referred to by Laclau and Mouffe as “*sedimented discourse*” in which prior historical discourses can remerge. Sedimented discourse refers to objectivity associated with meaning and the historical processes associated with political struggles. On the question of power, Laclau and Mouffe follow Foucault’s analysis, where power produces the society. They argue “*that power and politics are two sides of the same coin, where power refers to the production of objects such as ‘society’ and ‘identity’, whilst politics refers to the always present contingency of these objects*” (cited in Jørgensen and Phillips 2002: 38), thereby establishing the link between consciousness, transformation and political practice. Power and knowledge results in a close association with discourse, in that it is power that creates knowledge, identity and group formations in society.

Henri Lefebvre’s (1992: 33) contribution to discourse on the production of space, social and power relations is represented by a conceptual triad. The first is *spatial practice* in which the production and reproduction of particular locations and their characteristics are practiced. The second is the *representations of space* tied to the relations of production “*and to the ‘order’ which those relations impose and hence to knowledge, to signs, to codes*”. The third part of the triad is the *representational spaces* that hold “*complex symbolisms, sometimes coded, sometimes not*”, that create the cultural sociology of space and material practices in society. This conceptual triad supports this study in analysing the dialectical relations of production and reproduction and symbolic meanings associated with representations and is elaborated on in the methods section below. For this study, the role of regional planning through policy discourses, administrative structures, resource utilisation and social relations are all contingent on how they are constituted, linked to discourse and space and acted on.

Having established the key elements of Laclau and Mouffe's discourse theory, a limitation is that they are not forthcoming on the method of doing discourse analysis. Spatial planners have developed methods appropriate to the field, especially in analysing socio-spatial relations. The next section outlines the framework and method for discourse analysis, using methods developed by Richardson and Jensen (Richardson 1996; Jensen 1997; Richardson and Jensen 2003) in the field of spatial planning.

### **3.2.2 Framework and method for discourse analysis of socio-spatial relations and policy**

The origins of discourse analysis in the field of regional planning and human geography and now widely used since the 1980s, as indicated above, originated from the work of Foucault (Cresswell cited in Kitchin and Thrift 2009: 211) and Lefebvre (1992). In particular, about the study of power and knowledge and how this is used to structure society and space in the former and in terms of the production of space through spatial practices, in the latter. Richardson and Jensen (2003: 8), using various theoretical sources, have developed a framework which they refer to as a 'cultural sociology of space'. They are concerned with how the spatial is 'constructed' in policy and planning discourses and articulate a framework which moves away from a purely text-oriented discourse analysis, in which "*the dialectical relations between material practices and symbolic meanings that social agents attach to their environments*" are formed. In this study, how spatial policy and regional planning in South Africa is being 'constructed' through institutions, practices and competing discourses, is the concern.

Whilst recognising that analysis of policy text may include how policy rationalities are articulated, the objectives and the institutional setting, Richardson and Jensen suggest that the conceptualisation of such a discourse does not necessarily make the connection between the text and the actual material place of, for example, competitive regions. In other words, the what, where and performative aspects, the materiality of constructed places, is needed. To bridge the gap between text as discourse and socio-spatial practices, they suggest a framework which they define as "*an entity of repeatable*

*linguistic articulations, socio-spatial material practices and power-rationality configurations*” in which Lefebvre’s *representations of space* are divided into three analytical areas: language, practice and power rationality (Richardson and Jensen 2003: 16). For them, the analytical framework focuses on:

*“... how a policy discourse is manifested and reproduced in policy languages and in policy practices, to try and understand the relations between power and rationality as a new discourse emerges in contested policy space and possibly attains hegemonic status” (Richardson and Jensen 2003: 16).*

Using these analytical concepts, the following example in Table 3.1 outlines how it is used for the study.

**Table 3.1: Proposed analytical framework**

<b>Analytical Concept</b>	<b>Language</b> – How actions, institutions, characteristics or relations are represented in policy documents and legislation, spatial knowledge and their spatial representations.	<b>Practice</b> – Analysis of key policy documents and their representations and implementation represented by strategies, discourses and institutional settings, actions and practices by social agents.	<b>Power and rationality</b> – Discourses represent spaces and places within particular power and rationality frames (for example urban/rural) and the values and social norms that govern social actions and in which acts of power govern “ <i>what sort of social actions are to be carried out and what are not</i> ”.
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Source: Self-generated and adapted by the researcher from Richardson and Jensen (2003: 17-19)

The use of discourse analysis for this study is to develop a rich and thick description of regional spatial planning in the case of the iLembe District Municipality, in order to understand what successful regional economic growth and development may mean for stakeholders and to interpret this in the context of current regional development theory. In summary, the researcher has used Foucault for analysis of the articulation of power and knowledge, Lefebvre for spatial practices associated with the production of space, Gramsci for hegemony and democracy, Laclau and Mouffe for discourse

theory and Richardson and Jenson for discourse methods in order to critically research spatial practices in South Africa in the context of regional planning. The next section addresses the research design for the study.

### 3.3 Research design

Research design relates to the techniques used by the researcher in order to assist in the organisation of the research process. Babbie and Mouton (2001: 104) suggest that research design must consist of the following elements: a statement of the research problem and questions to be asked; research design or type that will be used in the study; the research methods to be used; data collection processing and analysis of data; and the documenting of the research findings. Whilst there are many design classifications, none are considered to be superior. This study uses a qualitative research design, using a case study.

Creswell, citing Morse and Richards (2013a: 50-55), suggests that methodological convergence is useful for qualitative research in that *“the purposes, questions and methods of research are interconnected and interrelated so that the study appears as a cohesive whole rather than as isolated fragmented parts”*. Qualitative research makes use of interpretive theoretical frameworks about the world and supports complex and detailed understanding of issues (Guba and Lincoln 1994: 108; Creswell 2013a: 43-44). Creswell (2013a: 44) describes the process of qualitative research as *“the collection of data in a natural setting, sensitive to the people and places under study and data analysis that is both inductive and deductive and establishes patterns or themes”*. This research area on regional planning is complex, including multiple role players and texts and requires a detailed understanding of the issues. Complex reasoning through inductive and deductive logic is used. Creswell (2013b: 63; 2013a: 45) describes this as a *“bottom up”* approach of organising data and going back and forth between themes and data bases until *“a comprehensive set of themes have been established”*.

This logic is used throughout the research process in order to arrive at a holistic account of the complex picture of regional planning and to develop deeper understanding of the problems relating to spatial planning in South Africa. The empirical analysis uses Laclau and Mouffe's discourse theory and Richardson and Jensen's discourse analytic method in analysing socio-spatial relations between language, practice and power rationalities, to critically research spatial regional planning practices in South Africa. The research used qualitative instruments and multiple sources of evidence. Research questions were explored through analysis of various texts and examination of documents. In-depth, face-to-face interviews with key stakeholders in spatial and economic planning in national and provincial government departments responsible for national planning and funding and key stakeholders in KwaZulu-Natal, were conducted in the field by the researcher. This was complemented with interviews with private spatial planning practitioners and business and civil society representatives in KwaZulu-Natal, in order to compile and develop a narrative to establish potential answers to the research questions posed.

### **3.4 Population**

In social science research, unit of analysis refers to the object of study, or the "what or whom" is being studied (Mouton and Babbie 2001: 84). In this research study, the unit of analysis is a single case study of the iLembe District Municipality and the four Local Municipalities of KwaDukuza, Ndwedwe, Maphumulo and Mandeni, which together constitute the jurisdictional study area. The study is representative of government organisations and institutions associated with national policy deployment and planning at local government level and is a typical example of a post-apartheid municipality.

The study area is significant and interesting for several reasons. Firstly, it is a good example of a typical region in South Africa undergoing transformation, in which the socio-economic, political and institutional changes and associated struggles are evident, 25 years into democracy. The study area is a reflection of past and current settlement patterns. In the apartheid period, the study area was made up of

differentiated economic, social and racially defined areas. Namely, the Homeland area of Kwa Zulu, based on a customary system and settled by mainly Black people, small towns that represented the apartheid settlement patterns and that supported the dominant commercial agricultural sector and some larger coastal resort towns that were predominantly settled by White residents.

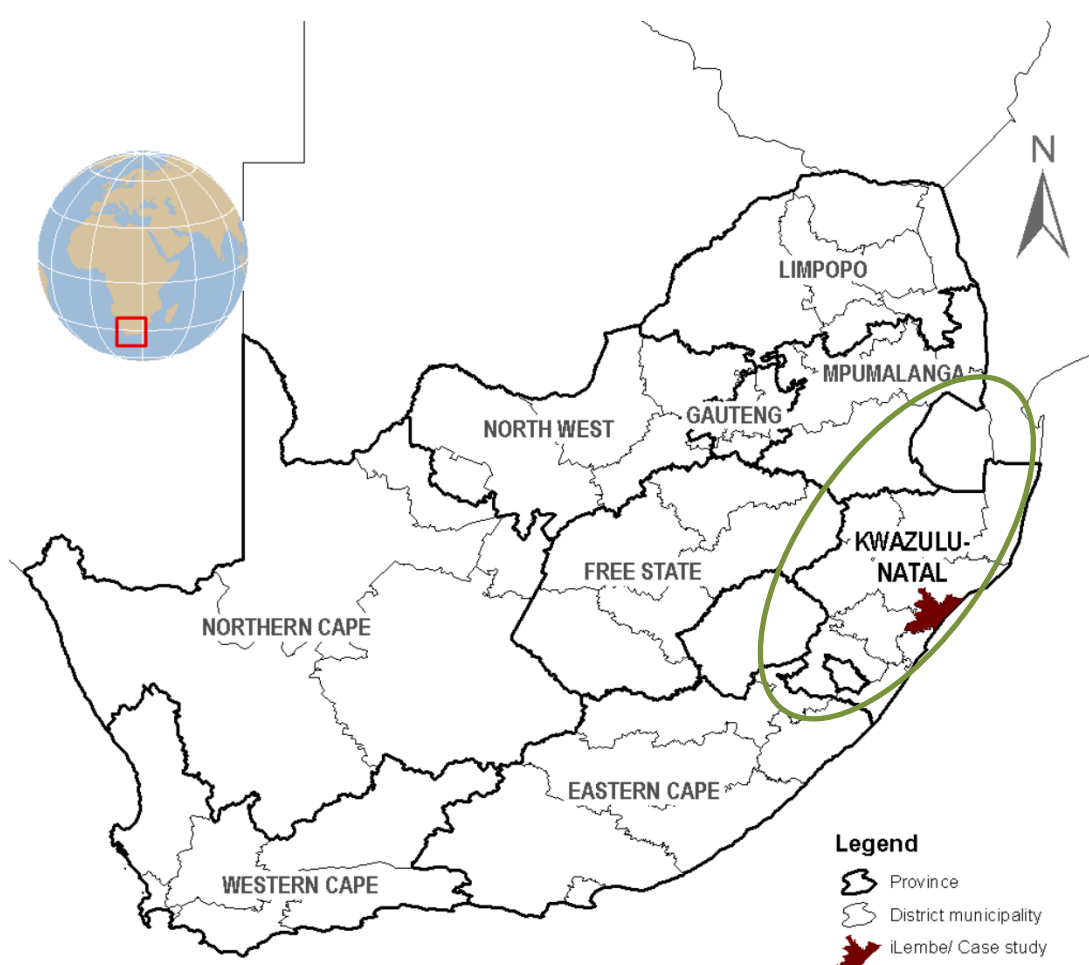
Secondly, it highlights many structural elements that continue to challenge local government in South Africa, especially those associated to enduring spatial inequalities typically related with exclusion and hardship linked to everyday life. This is complicated further by a complex government system and policy environment, an absence of jurisdictional independence at some levels of administration and limited fiscal powers to raise local taxes, with a high reliance on the Treasury for grant funding. Similarly, policy and legislation is largely driven from the centre.

Thirdly, it represents an opportunity for doing things differently, especially in a context of relatively rich comparative advantage associated with localisation of long-standing and well-established industries in the region, namely sugar, timber and tourism. New opportunities for smart sustainable development investment are evident, especially in the areas of the green economy, crop diversification in the agricultural sector, locational advantage and potential around multi-nodal logistics, the digital economy and opportunities in the fast-growing informal sector. The study area represents the circumstances and conditions that have been outlined in the research problem and potential solutions that the research aims to achieve.

A qualitative examination of the economic, social, political and institutional context in which planning operates was undertaken. It is not expected that the research will reveal generalisable regional planning outcomes that can be universally applied. This is because regional planning is dependent on context, including the following: the institutional and regional context; particular planning identity; legal frameworks; environmental and physical conditions; culture and traditions, as has been suggested. It is expected to expose existing practices, extend existing knowledge in regional planning and provide an analytic account of how regional planning could be used in

the case of South Africa. To achieve the objectives of this research, the study has used local and international secondary sources and primary data sources from the case study area for in-depth analysis. The case study area of the iLembe District and KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities is shown in relation to the locality map of South Africa in Figure 3.1 below.

**Figure 3.1: Locality map of South Africa and case study area showing provinces, districts, highlighting KwaZulu-Natal Province and case study area of iLembe district**



Source: Kitching 2017 (Department of Town and Regional Planning, using GIS)

### **3.5 Measuring instrument**

#### **3.5.1 Secondary data sources**

The secondary literature was consulted to develop a theory of regional planning based on the key elements of competitiveness, territorial cohesion, equity and sustainability through governance and management of geographically defined areas. Regional planning approaches are reflected as heterogeneous and with common elements that include territory that is regionally defined, that form part of sub-national administrative units and that require spatial planning. The literature reviewed was to establish and synthesise regional planning and public administration in which to establish a particular approach for the study. In the main, regional planning is located within the disciplines of social theory, geography, spatial planning, economic development and competitiveness and the sub text of public management and administration as government executes policy deployment and regional planning. Various text-books, journal articles and research dictionaries were referred to. Seminal books by Hall (1992), Kitchin and Thrift (2009), Scott (2002) and Valdaliso and Wilson (2015) were consulted. In particular the journal, *Regional Studies* and well known international scholars such as Amin, Massey and Thrift (2003), Porter (1998b), Krugman (1998); Storper (1997), Storper and Scott (1995) and Healey (2009, 2012) were consulted, as were local well known scholars such as Harrison, Todes and Watson (2007), Rogerson (1998); Marais (2011); Rogerson and Nel (2016); Rogerson (2018), Turok (1995, 2004), Todes and Turok (2018), Freund (2016, 2019) and Oranje (2010). The function of deriving regional planning strategies and techniques included the concepts of comparative and competitive advantage, endogenous growth, differentiation, heterogeneity, strategic planning, innovation and governance as outlined in the regional planning literature.

Governance and public administration in the developing world draw on literature both in planning and public administration. The work of Low (1991: 54;192) and Howlett (2009) is particularly insightful in relation to planning, administration and the local state, with a focus on planning as a political practice, in which assenting theory using

the work of Max Weber in defining the rationality and the state and dissenting theory, supported by neo-Marxism and political economy in which the philosophy of praxis, is advocated. In the area of public policy, administration and governance, reference to theories and concepts were derived from journals and books relating to planning theory and the state and public policy and administration. The significance of state theory for regional planning relates to structural settings and political agency and the everyday work of planners.

Karl Mannheim's (1936) work on democracy laid the supporting foundation for normative and democratic planning (Fainstein and Campbell 2012), in which the values of freedom and justice pertaining to the whole organisation of a society are articulated. The work of Michael Foucault, Antonio Gramsci (Jørgensen and Phillips 2002) and Henri Lefebvre (1992) on the discourses of power, hegemony and production of space respectively, are used to support the conceptual and theoretical paradigms. Foucault's analysis of the state and government explores the connections between knowledge, ideas and beliefs about the economy, society and morality that are then translated into government strategies, policies and programmes. Foucault highlights the tensions about political and administrative rationality, achieving consensus, managing conflict, the setting of ideals and negotiating the lived reality. Watson (2003) highlights the complex relationship between constitutionalism and the determination of rights and the regulation of power in society. Lefebvre (1992: 33) identifies a conceptual triad where spatial practices, representations of space and representational spaces is explained. This will be explored through a social constructionism paradigm in order to understand and interpret "*the collective generation of meaning as shaped by conventions of language and other social processes*" (Schwandt 1994: 119). The theorists emphasise socially constructed reality and power relations, key ontological concerns of social constructionism in supporting critical research.

The theory and application of aspects of endogenous growth, comparative and competitive advantage, innovation and governance draws on various text books and journal articles, as well as reports and case studies from both developed and developing

counties. In the context of a rapidly changing global world and concerns about regional competitiveness, recent influential work by Valdaliso and Wilson (2015) on global case studies from the European Union, Latin America and North America, global competitive benchmarking by Huggins *et al.* (2014) from the Regional Studies Association, the OECD (2015a) and the World Economic Forum (2015b), have been referred to. In particular, measurement of competitiveness, comparative benchmarking and development of indicators are addressed. The challenges for developing countries are explored through consulting literature on countries facing similar challenges from both the developing and developed world, such as other African countries and Latin America and the European Union. The application of regional planning in South Africa refers to literature relating to the apartheid history and post-apartheid spatial and economic planning policies. The purpose of applying both international and local examples is to support comparative analysis and understanding of regional planning application for the case.

In the empirical analysis of the case study of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe in the Province of KwaZulu-Natal, secondary data was referred to for assessing the planning and regional planning instruments used. Demographic and economic data was based on the 2001 and 2011 census data and 2016 Community Survey.

Data collection for this study includes: qualitative interviews, reviewing of documents and visual materials as elaborated below.

### **3.5.2 Document review**

In addition to the literature review outlined above, the document analysis for this research is to set the context for the case study and assist the researcher with the tools with which to develop a framework for regional planning. The discourse analysis pertaining to planning and policy reports include 11 national, one international report and 28 pertaining to the KwaZulu-Natal Province and the case study area. All are public documents, as listed in Table 3.2.

**Table 3.2: Review of relevant documents**

National policy documents	Provincial, District and Local Municipality documents
2007 National Industrial Development Framework, administered by the National Treasury	KwaZulu-Natal Provincial Government. 2016. Provincial-Economic Review and Outlook 2016/2017.
New Growth Path (2010), supported by the IPAP (2012)	KwaZulu-Natal Provincial Planning Commission. 2011. Provincial Growth and Development Strategy.
Presidential Infrastructure Coordinating Commission and related infrastructure plans	KwaZulu-Natal Department Of Economic Development. 2010. Provincial Spatial Economic Development Strategy: Development Of An Economic Cluster Programme of Action.
Financial and Fiscal Commission. 2014. Technical Report: Submission for the Division of Revenue 2015/2016 and associated reports.	KwaZulu-Natal Provincial Government. 2016. Provincial-Economic Review and Outlook 2016/2017.
Department of Trade and Industry. 2017. Industrial Policy Action Plan 2017-2020	KwaZulu-Natal Provincial Planning Commission (2018). 2035 Provincial Growth and Development Plan.
National Treasury. 2012. Towards a new Equitable Share Formula for Local Government. Discussion Document.	iLembe District Municipality. 2012. iLembe District Spatial Economic Development Strategy.
National Planning Commission. 2011. National Development Plan: Vision 2030.	iLembe District Municipality. Two Integrated Development Plans: 2014 - iLembe District Municipality Integrated Development Plan 2014/2015 Review, 2017 - iLembe District Municipality 2017-2022 Integrated Development Plan
2017, 2018 Division of Revenue Bill. National Treasury	iLembe District Municipality. 2015. iLembe District Growth And Development Plan.
Organization for Economic Co-operation and Development (OECD) 2015. Economic Surveys South Africa.	iLembe District Municipality. 2013. Regional Spatial Development Plan 2050 Consolidated Report - FINAL 2013 (1). Iyer Urban Design Studio.
2018. Draft: National Spatial Development Framework. Department of Rural Development and Land Reform.	Enterprise iLembe. 2015. iLembe Economic Intelligence Report 2013/2014.
	Enterprise iLembe. 2011. iLembe Economic Indicator and Intelligence Report - Q2 2011.
	iLembe District Municipality. 2016. iLembe Spatial Development Framework Review
	iLembe District Municipality.

	2016. iLembe Draft Framework Process Plan July 2016
	KwaDukuza Municipality. Three Integrated Development Plans: 2012 – 2017, 2014-2015 and 2017-2022
	KwaDukuza Municipality. 2015. Strategic Review And Assessment. Greater Compensation Area Conceptual and Development Framework Plan.
	KwaDukuza Municipality. 2016. KwaDukuza City Development Strategy. Phase 2 Status Quo. Draft Report.
	Mandeni Municipality. Three Integrated Development Plans: 2012-2017; 2014-2015 Review and 2017-2022 and 2017 SDF Review.
	Maphumulo Local Municipality. Two Integrated Development Plans: 2016-2017 and 2017-2022, and 2017 SDF Review.
	Ndwedwe Local Municipality. Two Ndwedwe Integrated Development Plans: 2012-2013 Review, 2018-2019 Review, and 2017 SDF Review.

Source: Self-generated by researcher

At a practical level, discourse methodology recognises that discourse analysis of all text is not possible, hence choices and selection of the discourses that are relevant for the study have been limited to those identified in the above table. The purpose of the textual analysis of the above documents was to compile and develop a narrative to establish potential answers to the research questions. The use of synthetic theory and critical discourse analysis will support the analysis.

### 3.5.3 Visual material

The use of geographic information systems (GIS) was used to analyse spatially referenced data. In this study, maps and data relating to spatial planning are used both as a visual aid and for regional and land use analysis. The primary purpose is to support the analysis and synthesis of the research in how place, land use and future

developments and their meanings are represented in the discourses of language, practices and power rationalities.

### **3.6 Administration of survey instrument**

#### **3.6.1 Primary data sources**

The discussion on regional planning and an understanding of the comparative and competitive advantage of local places was derived from the interviews undertaken by the researcher and in association with the iLembe District Municipality and Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, from 2016 to 2018. Primary data for this research was obtained using semi-structured face-to-face interviews using an interview schedule (see Appendix A) and targeted different stakeholders and planners responsible for the implementation of policy and planning, relevant to the research. The selection of who to interview, involved identifying key individuals in the national, provincial and local space associated with understanding policy and decision-making impacting on regional planning, and included 24 key stakeholders in spatial and economic planning located in government and non-government agencies.

Interviews with national and provincial government departments included the Office of the Presidency, Financial and Fiscal Commission, Demarcation Board, the South African Local Government Association (SALGA) and the national and KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs (COGTA) and national researchers based in the Centre for Scientific and Industrial Research (CSIR) and Human Sciences and Research Council (HSRC). The interviews with stakeholders from the iLembe District and associated Local Municipalities included those planners responsible for the formulation of the Integrated Development Plans and supporting spatial, strategic and economic plans. Civil society stakeholders identified as business, farmers (commercial and small scale), trade unions and community organisations were included, as they constitute an important stakeholder in the governance approach

identified in the Constitution of the Republic and local government systems and procedures.

The researcher conducted face-to-face interviews with the participants, on site in the respondent's respective workplaces, in a format that supported the emergence of the views and opinions of the participants. The interviews were captured using audiotaping and interview notes and then transcribed. The volume of transcribed interview text, field notes and secondary sources required constructing analytical boundaries to support the research objectives and are detailed in Chapter Six and Seven of the thesis. The interviews were complimented by field notes, site visits to the study area, and photographic recordings taken on site, relating to the study area. The documents were reviewed to understand and locate the planning frameworks and development decisions taken by the entities within the iLembe District.

The researcher's association with the iLembe District and Local Municipalities was facilitated and supported through the office of the Mayors and the KZ-N Provincial Department of COGTA. Gatekeeper permission to interview respondents from the Department of Co-operative Governance and Traditional Affairs (COGTA - KwaZulu-Natal), the municipal managers of iLembe District Municipality and the KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities were acquired by way of letters of support and letters of consent from those interviewed (see Appendices B-D).

#### **3.6.1.1 Sampling method: Selection of case study for primary data**

South Africa has undertaken fundamental spatial restructuring of local government systems and boundaries. This translates into nine provinces, eight metropolitan municipalities, 44 district municipalities and 213 local municipalities. In case study research, single case design supports a holistic analysis of the case to be studied (Creswell 2013a: 100). The case of iLembe represents a typical example of the changes experienced at a district municipal level across South Africa, especially in relation to spatial planning and the policy and regulatory environment. The population comprises the ministries responsible for policy, spatial planning and industrial development at

national and provincial level and relevant stakeholders including organised business, organised community organisations and private planning practitioners.

### **3.6.1.2 In-depth interviews**

A purposeful sampling method was used for this qualitative study. This method is described by Maxwell (2009: 235) as *“a strategy in which particular settings, persons or events are deliberately selected for the important information they can provide that cannot be gotten as well from other sources”*. Purposeful sampling was used to identify key actors that could provide insights, detailed data and have both the experience relating to the research study concerns and the case context. The target population for the in-depth interviews were the chairpersons and heads of department from national, provincial and the iLembe District Municipality and spatial planners responsible for planning in their respective Local Municipalities. The in-depth interview questionnaire was intended to gain insight into the knowledge and understanding of the planning mandate in relation to regional planning in South Africa by planning practitioners at a local scale. There are approximately 3000 spatial planners currently registered with the SA Council for Planners in South Africa, however, where they are currently employed is not readily available information.

The purposeful sample of the planners in the District and Local Municipalities located in the case study in KwaZulu-Natal, is considered to be representative of the planning capacity in the District and Local Municipalities, whereby the district municipality organogram has identified at least one specialist spatial planner. The practical costs of field work, limited resources and time were also considered and prevented the researcher from interviewing a broader range of key role players. The researcher relied instead on key policy documents for analysis. The survey method is synchronic, dealing with a cohort study of planners currently in practice. The focus of both interview techniques is on their discourse relating to regional planning and competitiveness and policy deployment in the context of the development challenges outlined by the research context.

### **3.7 Data analysis**

Discourses are communicated through different kinds of mediums, resources, documents, speeches, interviews and other forms. For this study, primary data about regional planning and regional planning practices was collected through open-ended interviews using an interview schedule. Another major source of discourse is public documents, legislation and policy. The sources of primary data and the method for doing the discourse analysis using Richardson and Jenson (2003) has been outlined in section 3.1.1 above. Place-based criteria for analysing regional planning through a combination of textual analysis and interviews was used for the study. These are further outlined below in Table 3.3.

#### **3.7.1 Interviews**

The data that was collected from the interviews is supported by the detailed description of the research setting. Narrative and discourse analysis is used to identify discourses articulated by the respondents, what meanings emerged from the interviews, identifying the nodal points of the discourses, differences in meanings and taken for granted meanings (Jørgensen and Phillips 2002: 165-166). In particular, the discourses relating to policy (the story line, public policy vocabulary, the epistemic understandings amongst key players), the hegemonic coalitions around the policy story line and the institutional practices in which public policy discourses are understood and acted on, are analysed. The general and specific themes that emerged from the interview data were drawn out to show what kind of identities, actions and circumstances are concealed, abstracted or foregrounded and represented in the knowledge, ideas and practices in a particular setting. Creswell's (2013b: 185-190) suggestion of how to deal with qualitative data analysis outlined in 1.9.5 above was utilised – organising and preparing the data for analysis; reading through all the data first to obtain a general sense of the information and overall meaning; beginning detailed analysis with detailed coding; using coding to generate description or themes to build layers of complex analysis; advancing how the themes will be represented in the narrative; and interpreting the data. The questionnaire coding and analysis of

interview transcripts, texts and field notes, were conducted manually and applied thematic coding based on the research questions.

### 3.7.2 Place-based criteria

The analytical framework of regional planning in South Africa follows critical discourse theory and analysis. The aim of critical research, Jørgensen and Phillips suggest, (Jørgensen and Phillips 2002: 2) is to “*investigate and analyse power relations in society and to formulate normative perspectives from which a critique of such relations can be made with an eye of the possibilities of social change*”. The purpose is to investigate the representation of South Africa’s identity in current economic growth and development policies and the relationship to spatial planning, in particular regional planning. The researcher will show that they reflect competing and sometimes conflicting world views that are strongly influenced by language and policy discourses of neoliberalism on the one hand and a desire to bring about social and economic change on the other (Black and Hasson 2012b; Bernstein 2014). Using a place-based lens, the following criteria outlined in Table 3.3 will be used to analyse regional planning.

**Table 3.3: Criteria for identifying place-based development strategies for the case study**

<b>Assessment of local conditions</b>	Derived from analysis of assets, capabilities and conditions particular to a place; “ <i>ability to compete in the global economy; relationship between needs and policies for inclusive growth and applicability across heterogeneous situations</i> ” (Rodríguez-Pose and Wilkie 2017: 153); capacity of local government – technical capacity / institutional arrangements. Modes of production (formal, traditional, informal), regimes of accumulation. Labour markets and migration.
<b>Adoption of coordinated multi-level governance</b>	Participation of local decision-makers in design, implementation and monitoring of development strategies; strategies and expenditure in dealing with infrastructure (existing bottlenecks and new).
<b>Local potential for comparative advantages</b>	Existing economic activities (specialisation and areas excelled in); stock and investment in human capital; natural resource assets, LED strategy; growth predisposition (favouring investment over subsidies); strategies to boost competitiveness of local firms, strategies to promote inward investment.

Source: Self-generated and adapted by the researcher from Barca, McCann and Rodríguez-Pose (2012); Rodríguez-Pose and Wilkie (2017); and Pugalis and Gray (2016)

For purposes of this research it is recognised that a complex government system, underdeveloped regional planning practices and extremes of poverty and wealth are experienced in one place, in this case, the iLembe District Municipality. The researcher argues that a local place-based approach looking at the comparative advantage of agriculture value chains and renewable resources as one example amongst others, could provide opportunity for a collaborative approach to develop regional identity and sustainable economic development. The key planning objectives, of the need to support comparative economic advantage, competitiveness, territorial cohesion, addressing social concerns and sustainability, in which community empowerment and development of capital formation are key, reinforces the role for greater local state autonomy over economic decisions and sustainable infrastructure provision, as well as creating expanded revenue opportunities for municipalities. More importantly, the challenge of breaking poverty and incorporating new economic actors into a transformed local economy is key.

### **3.8 Delimitations/scope**

The study investigates regional planning in South Africa from 1994 to the present. Mention of regional planning in its historical setting is referred to, to provide contextual and historical relevance. The study uses the available planning instruments and inter-related policies and legislation to define and delineate regional planning as mandated by the Constitution of the Republic of South Africa, to support economic growth and development, competitiveness and national policy deployment at the local level. The study uses the case of the iLembe District Municipality and the four Local Municipalities of KwaDukuza, Ndwedwe, Maphumulo and Mandeni, which together constitute the jurisdictional study area.

### **3.9 Validity and reliability/trustworthiness (qualitative research)**

Validity in qualitative research relates to what standards the research being undertaken must meet in order to qualify as academic research and requires documentation of processes and employed strategies that support the accuracy of findings (Jørgensen

and Phillips 2002: 171-173; Creswell 2013: 190-193). Validity approaches may include triangulation of data, checking of accuracy of data, that data presentation should not be selective, immersion in the field and identification of bias, amongst others. Reliability is normally used in quantitative research and relates to how reliable a test measure is in repeated observations of the same phenomenon (Mouton and Babbie 2001: 119). Whilst this definition does not apply to this qualitative study, the concept of reliability in this study is achieved through detailing the documentation and procedures used. Jørgensen and Phillips (2002: 173) suggest the following: the analysis should be solid, it should be comprehensive and it should be presented in a transparent way. The researcher has attempted to provide validity and reliability by becoming familiar with the texts used for the study. This included the following methods: interviews; triangulation of data (the use of multiple sources); cross checking of transcripts; ensuring that there is consistency in the coding of data; themes and case analysis were referred to interviewees for accuracy of the findings; the inclusion of negative or differing views to ensure representation of the data; and the use of multiple literature from planning theories and policy documents.

### **3.10 Ethical issues**

#### **3.10.1 Anonymity and confidentiality**

Anonymity and confidentiality in social science research are closely associated with ethical considerations. Anonymity relates to the protection of the respondents identity in the survey results and reporting of such in the writing of the research findings. Confidentiality refers to the researchers promise not to reveal information publicly that may identify the interviewee (Mouton and Babbie 2001: 520-523). For this research, the interviews and questionnaires did not require respondents to reveal personal data. All names and addresses were removed from the questionnaires and both interview transcripts and questionnaires were allocated a unique reference number for purposes of recording. After the mandatory five-year storage period, the electronic data will be deleted from all devices and any hard copies will be shredded.

### **3.10.2 Ethical considerations**

The ethical requirements of the Durban University of Technology have been observed through the rules regulating post graduate research in higher education. Secondary research using the work of other scholars is supported by referencing. Permission from the relevant government departments from which interview participants were drawn, was granted by way of gatekeeper letters. All interviews required voluntary consent of the participants, implying a willingness to participate in the research (Mouton and Babbie 2001: 521). The confidentiality of the participants was ensured through the personal undertaking of the researcher and the use of questionnaire coding.

### **3.11 Conclusion**

In summary, the study uses discourse analysis to show how regional planning is “constructed” in spatial planning policy discourses in South Africa in the iLembe District Municipality and the four Local Municipalities of KwaDukuza, Ndwedwe, Maphumulo and Mandeni, which together constitute the jurisdictional study area.. This is done using Laclau and Mouffe’s discourse theory and Richardson and Jensen’s discourse analytic method in conceptualising the sociology of space to analyse regional spatial policy discourses. Multiple texts, planning documents, primary interviews, plans, policy documents and the social and institutional setting are referred to in the analysis. Socio-spatial relations is given meaning in terms of the institutional context and through the practices of spatial planners and other agents and stakeholders. The discourse analytical approach looks at the relationship between language, space and power in answering the research questions posed for this study. The study investigates regional planning in South Africa from 1994 to the present. It uses the planning framework and inter-related policies to define and delineate regional planning as mandated by the Constitution of the Republic of South Africa, to support economic growth and development, competitiveness and national policy deployment at the local level. The next chapter outlines the context of spatial planning in South Africa since 1994, in which democratic dispensation and nation building has been a key concern.

## **CHAPTER FOUR**

### **The South African Economy And Policy Debates – Storylines From The Past To The Present**

#### **4.1 Introduction**

This chapter focuses on setting the context for democratic change in South Africa, led by the African National Congress government from 1994 and the role of regional planning therein. The historical political economy, socio-economic impact and policy choices made in a post democracy context is looked at. The contradictions emanating from a liberation movement agenda for transformation of the economy and society post 1994 to the adoption of orthodox and post neoliberalism and how they have influenced the performance of the economy and outcomes of policy deployment over the past 25 years is highlighted. Developing countries facing transitional institutional and government arrangements in response to deep structural conditions of inequality, poverty, unemployment and social deprivation, invoke questions about the relationships between the state, markets and people and how these shape and influence society and institutions. Moreover, the governance, planning and implementation of policy and development of regions is activated through a range of actors and instruments representing diverse interests.

The researcher argues that regional planning under apartheid was used to fundamentally shape the space economy in South Africa, but that in the present context the influence of regional planning has waned. This is due in part to the policy choices and post-apartheid administrative re-alignment of local government and the neglected area of regional planning in the post 1994 period in the context of Constitutional and legislative complexity. Other influencing factors include global economic and political conditions, the role of the markets, informality, material conditions on the ground and a weakening of the state. The researcher will argue that this has exacerbated the fragmentation in outcomes of socio-economic policy choices, where the intentions of

the liberation movement's transformation project is compromised through uneven implementation.

The first section of this chapter provides a brief historical account of regional and economic planning under the post-colonial Union and apartheid period in order to set the context of the social, material and power relations between markets, the state and society, with a focus of how this has influenced regional planning in South Africa. This is followed by an analysis of the post democratic policy choices that have shaped the reintegration of the South African economy into the world arena dominated by global capitalism, competitiveness and orthodox and post neoliberalism. The impact of neoliberal choices made on the state and markets in South Africa and the subsequent response of the state's policy choices and in particular to do with regional planning is highlighted. Many of the expectations outlined in the Freedom Charter<sup>ii</sup>, of service backlogs, land reform, decent jobs and greater economic freedoms, have been difficult to achieve in the context of this seismic shift to economic orthodoxy and global forces. Highlighted is the concern with competitiveness as a recurring theme that has shaped the policy pronouncements of government and legislation relating to the economy. A brief analysis of the ANC's five-yearly policy conference outcomes since democracy and its influence on national policy is included. The purpose is to demonstrate the theme of fragmented spatial policy implementation since democracy and the passive approach to regional planning in this time. The chapter concludes with a brief overview of the South African economy from 1994 to the present.

#### **4.2 Formative years: Decentralisation and ideological objectives - South African regional, economic and spatial planning context 1910-1994**

Recorded archaeological evidence of settlement in the Southern African region dates to some 200 000 years ago and until 1652, communal, hunter gatherers, agrarian activity, mining and metallurgy and trade were part of the economic practices of indigenous populations (Maylam 1995). European colonial settlement began in 1652 in the Cape under Dutch authority and the auspices of the Dutch East India Company, primarily as a trading station for fresh food and water for passing ships to the East and

later on for administration services and military protection, where agriculture was the dominant economic activity. Settlements were characterised by sparsely settled farms, kraal homesteads and small towns. Following a change in colonial administration under British authority in 1795, the expansion of European settlement into the interior and establishment of towns and urban areas had far-reaching settlement implications, such as establishing administrative, military, religious, business and trading presences on the sub-continent, as well as development of infrastructure of roads and railways (Fair 1982: 44).

The development of capitalism in South Africa gained momentum after the ‘discovery’<sup>iii</sup> of diamonds and gold in 1867 and 1886 respectively and revolutionised the political, spatial and economic character of the region. It involved significant foreign investment, rapid urbanisation, an influx of skilled foreign labour and growth of the industrial sector in the hinterland in support of mining related activities. This was as a result of the type of deep-level mining and requisite sophisticated machinery and equipment for such activities (Freund and Witt 2010: 6-7; Marais 2011: 8-10). Marais (2011: 8) argues that the ‘discovery’ of gold and diamonds transformed the South African territory for British colonists “*from a geopolitical asset (hence the focus on controlling coastal strips) into a potentially huge capital asset*”. By 1945, the development of the Pretoria, Witwatersrand and Vereeniging (PWV) metropolitan region as the dominant economic centre emerged. The concentration of transport infrastructure of ports and rail facilitated the growth of other cities such as Durban, Port Elizabeth and Cape Town to service the needs of mineral exports and supply of goods imported from overseas, in particular manufactured goods. This particular dominant spatial form has continued to shape present patterns of settlement and economic activities.

Similarly, high intensity capitalist agriculture developed rapidly to service the needs of growing urban centres and the mines and stimulated the production of food and agricultural supplies in different parts of South Africa. For example, maize on the Highveld, sugar in Natal (present day KwaZulu-Natal) and wheat in the south western Cape (Fair 1982: 50). From 1913 onwards, tenure was based on increasingly White-

owned large-scale farms engaged mainly in monoculture food production. From 1948, after the ascendancy of the National Party to political power, commercial farming was supported by the state through high levels of state subsidy, cheap credit, guaranteed markets, pricing controls through marketing boards, tariff protection and infrastructure facilities amongst others (Hall and Cousins 2018: 14). Both mining and commercial agriculture were highly reliant on a low wage regime, thus reinforcing the accumulation strategy that has shaped South Africa's political economy.

Regional planning under apartheid (1949-1994) was also a relatively effective planning instrument in establishing the political economy of separate development and spatial fabric, albeit with its twisted and morally reprehensible objectives and is well-documented. These included *inter alia*, the establishment of the Native Reserves under British colonial administration and later on the Homelands system under Grand Apartheid. Beginning with the Natives Land Act of 1913 and Natives Land and Trust Act of 1936, the 1923 Native (Urban Areas) Act, decentralisation and deconcentration growth points and associated low wage industrial areas, often located in rural and peri-urban areas in pursuit of racial capitalism<sup>iv</sup>, these policies ultimately shaped a skewed regional economy (Dewar, Todes and Watson 1986; Wellings and Black 1986; Glaser 1987; Rogerson 1998; Hart 2002; Wittenberg 2003; Rogerson and Rogerson 2010). Furthermore, the planning system under apartheid reinforced racial capitalism through linkages to an industrial strategy that Fine and Rustonjee (1996) suggest, supported the traditional MEC at the expense of industrial diversification. They argue that this is the result of particular relations between class forces, geographic location and natural resources, that developed a corporate structure that has facilitated capital transfer abroad. The social, economic and spatial expression of the apartheid system was one of inequality at every level of society and set the context for transformation challenges for post-apartheid South Africa.

Whilst this research study does not provide a detailed historical account of regional planning in South Africa, the researcher has argued that context matters. Accordingly, Table 4.1 below provides a summary of selective policies and practices that have influenced regional and economic planning in the period prior to 1994.

**Table 4.1: Select historical economic, legislation and spatial policy in South Africa from Union (1910) to Apartheid (1948-1994)**

Period	Policy and aims	Outcome
1913 Land Act and 1936 Consolidation Act	Land Acts established a migrant labour system to service mining and commercial agriculture and dependency on a wage economy for survival. Native and Taxation and Development Act, No 41 of 1922 poll / hut Tax: forms of local taxation that forced African people into waged economy.	80% of the population relocated to 13% of the land which introduced mode of political domination and practices that had racial and ethnic forms, wage dependency for economic survival, movement and job opportunity controlled through Pass Laws, growing structural poverty – 2 <sup>nd</sup> Carnegie Inquiry into poverty (Wilson and Ramphela 1989), collapse of subsistence agriculture in the reserves (Legassick and Wolpe 1976).
1922 Job reservation / “colour bar”	Up until 1951, legal colour bar in mines reserved skilled work for “White” miners under the Mines and Works Act of 1911. Industrial Conciliation Act No 11 of 1924 enacted job reservation and excluded Blacks from trade union participation and membership – repealed in 1937. 1951 Native Building Workers Act barred African workers from performing skilled work in “White” areas in cities and towns (Hepple 1963) and was reinforced well into apartheid era.	Legal implementation of racialized job reservation in the face of competition in the labour market guaranteeing White workers privileged positions in the workplace, reinforced customary job reservation and <i>status quo</i> of job hierarchy based on past practices, that allowed for unequal wages and living conditions.  Legassick (1974) argued that families who had access to Trust land entered the migrant labour market to earn cash and enabled the mining and agricultural capital to keep wages low.
1923	Native (Urban Areas) Act of 1923 defined Africans as “temporary” persons in towns, established the pass system and influx control into urban areas.	Settlement in urban areas were either in single sex compounds established for migrant workers, or mixed working-class areas and segregated areas. Segregation in urban areas was already well established before formal Group Areas were established under apartheid (Mabin and Smit 1997: 198-199).
1935	National Roads Act.	Established the road infrastructure backbone that has dominated logistics, economic activity and settlement patterns.
1940’s	State sponsored industrialisation under Smut’s government as part of import substitution strategy, supported by Industrial Development Corporation (IDC).	Model settlement villages established to support new industries e.g. textiles – frame Company and Good Hope Textiles.
1948	Apartheid introduced through National Party election victory.	Represented racial capitalism including new repressive legislation that regulated and reconfigured racial ideology and reproduced capitalist relations of production.

1950 Group Areas Act	<p>Segregation policies that involved the forced removal and relocation of Black South Africans (African, Coloured, Indian) into racially separate dormitory townships to service labour needs for industry and commerce.</p> <p>Systematic enforced exclusion linked to racial division from opportunities in labour markets and direct ownership of business and land, industrial and retail sites and access to credit.</p>	<p>Established the enduring physical and structural features of <i>fragmentation</i> of infrastructure and service provision, <i>separation</i> of people based on race, class and ethnicity and land uses, with resulting urban <i>sprawl</i> (Dewar and Uytenbogaardt 1991) and structural inefficiency of the urban system.</p>
1960	<p>Apartheid state-led border industrialisation policy / growth points with the intention to stem African urbanisation through location close to “Bantu territory”. Incentives included tax concessions, low interest loans, transport subsidies and tariff protection.</p> <p>Forced removals and farm evictions.</p>	<p>Construction of townships on Bantustan land adjacent to border industries, extent of industrial decentralisation was limited and did not limit the pace of African urbanisation.</p> <p>Over three million African rural and urban people were systematically disposed of their land and forcibly removed (Platzky and Walker 1985).</p> <p>Formation of large townships resembling urban scale densities in rural areas (e.g. Onverwacht – Free State; Ezakheni – Natal; Mdantsane - Cape).</p>
1967	<p>Physical Planning and Utilisation Resources Act, Act 88 of 1967 placed controls on industrial expansion in urban areas.</p>	<p>Restrictions placed on direct industrial employment of Africans in urban areas by placing controls on the extent of land released and proclaimed for industrial use.</p>
1975	<p>National Physical Development Plan: purpose was to arrange physical development according to specific development and political ideals (Drewes 2013: 23), proposal to divide the country into “38 planning regions”, four metropolitan areas, growth points and infrastructure proposed. Organised around nodal cores and urban areas, population distribution, infrastructure, natural resources and types of economic activity.</p> <p>Decentralisation Board established, growth points supported by proclaimed industrial points in lagging areas.</p>	<p>Tension between functional planning regions and political objectives of separate development and Homeland system.</p> <p>Unbalanced spatial proposals, many of which did not materialise, political rationale rather than economic.</p> <p>Slow economic growth and falling investment, rising joblessness, poorly educated workforce, skills shortages.</p>



		New residential areas located in what became known as “deconcentration” areas.
1991	<p>Revised Regional Industrial Development Programme: attempt at an integrated approach to industrial development using cluster concepts</p> <p>Use of establishment grants and incentives for industrial expansion on a regional basis.</p> <p>SPII (Support Programme of Industrial Innovation) and THRIP (Technology and Human Resources for Industrial Programme) introduced.</p>	<p>Industrial subsidies cut back, revised incentives linked to productivity rather than inputs.</p> <p>Capital intensive investment and jobless growth, South Africa’s “revealed” comparative advantage is based in capital-intensive sectors (Bell and Cattaneo 1997 cited in Black, Craig and Dunne 2017: 4).</p> <p>Apartheid policies lacked attention to education and skills development. Strong influence of corporate private sector interests and urban based captains of industry, to support urban consumption centres as future places for investment.</p>

Source: Self-generated by researcher

The information provided in Table 4.1 is by no means an exhaustive list of legislation and policies of this era, but rather those that have had key impacts and is used to reinforce the analysis of enduring structural challenges in how accumulation and state formation have been forged historically. The purpose is not to repeat the already rich and extensively documented history of the South African political space economy from colonialism to apartheid. The intention is to provide a backdrop of important debates and their insightfulness to the South African story that has etched racial segregation and dispossession onto the land and all aspects of life and kept African people out of skilled occupations in the economy and of the choice of where to live, work and play in the land of their birth.

The work of Martin Legassick and Harold Wolpe (Legassick 1974; Legassick and Wolpe 1976), have contributed to the concept of articulation of modes of production. Wolpe (1972) proposed that capitalist market relations in South Africa are a result of the articulation of primitive forms of accumulation through subsistence agriculture in the Reserves. The Reserves were established in the pre-apartheid period and the Natives Land Act of 1913 and released land added to in terms of the Native Trust and Land Act of 1936 and according to Wolpe, provided a subsidy in the form of cheap labour power in servicing mining and commercial agriculture outside the Reserves.

He argued that the collapse of subsistence agriculture was due to the plethora of repressive legislation and practices that reconfigured the conditions of reproduction of labour and that racial ideology in South Africa sustained and reproduced capitalist relations of production. Legassick's (1974) analysis suggested mining and agricultural capital kept wages low through the justification that families held land in Trust lands and entered the migrant labour market to earn cash. They were forced to do so by the various acts and local taxation that were imposed such as the Native and Taxation and Development Act, No 41 of 1922, amongst others (Magubane 1979: 83).

Colin Bundy's contribution (1972, 1979) on the rise and fall of the African peasantry in South Africa under colonial social relations from 1830 to the 1913 Land Act,

analysed the emergence of a vibrant African peasantry. The impact of mining and associated migrant labour system and location of rail and road infrastructure development, signified an end to African peasant agricultural production. He argued that the 1913 Land Act was in part, a response to the ‘discovery’ of minerals and ushered in the development of commercial capitalist agriculture to service the needs of growing urban areas. For the African peasantry, this signalled the demise of a peasant system of food production and reinforced dependency on a wage economy through the migrant labour system on mines and White commercial farms. Bundy argued that the Land Acts reinforced labour tenancy as a dominant relation of exploitation in agriculture and eventual subsistence economy and impoverishment of the Bantustan reserves through overcrowding, overgrazing and overpopulation. Magubane (1979: 84-85) argues that the 1936 Native Trust and Land Act signalled the death knell on the land struggle over three centuries, “*The White settlers had won. The victims of the conquest were dispossessed and reduced to permanent “hewers of wood and drawers of water”*”. In effect, African people went from landowners, into labour tenancy and eventually into waged labour with diminished access to land rights under apartheid.

Similarly, Laurine Platsky and Cherryl Walker (1985) have through the Surplus Peoples Project, systematically documented the policy of forced removals and displacement of millions of South Africans from the countryside and urban areas. They have recorded their stories in the wake of the Group Areas Act of 1950 that enforced segregation in settlement patterns based on race and ethnicity and the Bantu Homelands Constitution Act of 1971 that established self-governing territories. The social, economic and spatial effect laid the basis of settlement form and shape, that has structured settlement patterns that continue to distort and create challenges associated with spatial inequality and economic activity. Importantly, millions of Black people were systematically stripped of their economic assets, with enduring impacts of poverty, landlessness and growing inequalities, which set the scene for land reform and enduring conflicts over land that continue to the present day.

Doug Hindson's (1987) analysis of the evolution and use of pass and influx control during the apartheid period, provides a useful lens to the social division and reproduction of a differential and segmented labour market between commercial agricultural, mining and urban workers and their access to material conditions. In particular, he highlighted the way in which the 1923 Native (Urban Areas) Act and influx control and Pass laws were used to reinforce the dominant relations of production historically in different economic sectors and regions through the control over movement, access to housing and terms of employment. Furthermore, the crises of reproduction of a skilled labour force for industrial capital became acute by the 1960s and indicated the limitation of the Bantustan system and influx control, thus moving the reproduction crises to the countryside, including mounting poverty and unemployment.

Furthermore, from the turn of the twentieth century to 1994, spatial planning shaped the national space economy in three important ways. The first included the road infrastructure architecture through the National Roads Act of 1935 that has dominated and had lasting impact on the physical development, economic activity and settlement patterns in South Africa. Furthermore, the first Provincial Planning and Settlement Ordinances for the Provinces of Natal, Cape, Orange Free State and Transvaal established physical planning, regulatory plans and procedures in these Provinces (Oranje and Merrifield 2010: 31). For example, in the Natal Province, this was the Town Planning Ordinance (Natal) No. 27 of 1949. The second was the establishment of the Homeland system through the passing of the Bantu Homeland Constitution Act of 1971 that entrenched the apartheid system. The third was the passing of the Physical Planning Act of 1967, established to guide regional planning and target economic development in specific areas.

#### **4.2.1 Targeted inward investment strategies: The state and regional development from the 1940's – 1994 practices**

From the 1940s and post-Depression and World War Two period, the push towards industrialisation in South Africa extended the import substitution programme of the

1920s, the development of state owned enterprises and established the Industrial Development Corporation (IDC) (Todes and Turok 2015; Freund 2019: 18-19). The tensions between the needs of mining and industrial capital in particular around the accumulation crisis and growing international competition in the industrial sector, ushered in government initiated reforms such as the National Physical Planning and Utilisation Resources Act, Act 88 of 1967 and the National Physical Development Plan of 1975 (NPDP of 1975). The former was partly in response to the government's failure with incentives to attract development to border areas, which allowed the Minister of Planning to limit the establishment of industries in existing metropolitan areas. The latter was to provide incentives to White industrialists within Homelands and the setting up of "growth axes of development" targeted for metropolitan growth. For example, in the then Natal, the Durban – PWV and Richards Bay – PWV were identified as "growth axes" and Richards Bay as a new metropolitan area (Oranje and Merrifield 2010: 8). The strong hand of the state in guiding ethnically defined development in a spatial rebalancing approach for social engineering purposes, included containment of migration pressures and job creation in specific locales that ensured subjugation and separation.

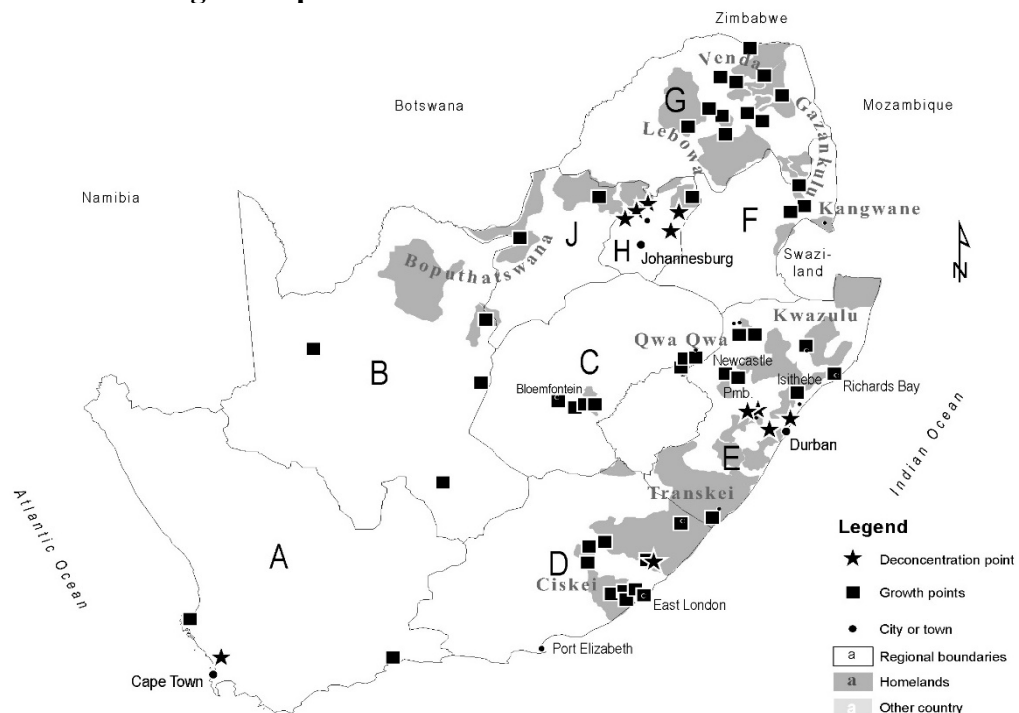
In 1968, with slow growth within the Homelands, White owned industries were permitted to establish business operations in selected growth points. In all, 24 were established and further support provided to 41 towns in and around the Homelands. The targeted growth points received support through a suit of government supply side instruments, *inter alia* subsidised rental space, cash grants, tax concessions and wage concessions amongst others (Dewar, Todes and Watson 1986; Wellings and Black 1986; Rogerson 1998). The focus was on establishing separate development and an artificial economic base focused on incentives, with little consideration for the inherent advantages of places. This was not unlike strategies adopted elsewhere in the world, notably around lagging regions in developing countries and emerging economies such as South Korea and Taiwan. Outcomes differed in relation to the degree of state investment, infrastructure, capacity and planning approach (Rogerson 1998; Evans and Heller 2013). In effect, between the 1940s to 1981, the state deployed decentralisation

strategies to support its ideological objectives, rather than the establishment of industries with multiplier effects and forward and backward linkages.

#### 4.2.1.1 Promoting the industrial sector: 1981 - 1991

As a result of the failure of the decentralisation strategy in less developed areas of South Africa, the 1982 Good Hope Plan, also known as the *Regional Development Strategy for Southern Africa* (South Africa 1982) and considered a continuation of the NPDP of 1967, established the framework for decentralisation and deconcentration strategies that targeted an integrated development approach. In effect, the planning criteria was based on homogeneity of places, established core areas in each of the regions, strategic considerations, with a focus on the industrial sector and wanting to incorporate a greater role for the private sector. The plan included nine ‘functional areas’ that cut across Bantustan and “White” areas (Regions A-J), shown in Figure 4.1 below.

**Figure 4.1: Development regions: A- J showing Homelands, deconcentration and decentralisation growth points**



Source: Kitching 2018 (Durban University of Technology Town Planning Department, using GIS)

The plan identified 49 industrial points, of which 29 were in the Homelands and 10 deconcentration points, supported by a basket of incentives. The nine functional areas formed planning and administrative units in which Regional Development Advisory Committees (RDACs) and a third tier of government through Regional Service Councils (RSCs) were established. The RSCs were funded through their own fiscal system, where local taxation on White business was used to cross-subsidise infrastructure in Black townships. Using the example of Region E (largely representative of present-day KwaZulu-Natal), regional planning was used to develop detailed sector and functional area plans. For example, the development of two ports (Durban and Richards Bay), the opening up of the hinterland, especially Newcastle and the development of infrastructure in areas of growth potential.

The outcome of the strategy on the political economy landscape have been captured in detailed studies, including TJD Fair on the NPDP of 1967 (1975; 1982), a study by Wellings and Black (1986) and the Development Bank of South Africa (1989). Their findings established that the financial burden on the state to maintain state assistance and incentives outweighed the ability to sustain ongoing interventions, or evidence to suggest industrial agglomeration, self-sustaining growth, significant job creation or the development of linkages to support continuation of this strategy. Two other important studies were by Alison Todes (1999; 2001) on industrial restructuring in the iron and steel, chemicals and clothing sectors in the town of Newcastle and Gillian Hart (2002; 2013), on her comparative study of the impact of globalisation on the towns of Ladysmith and Newcastle located in post-apartheid KwaZulu-Natal. The latter two studies by Todes and Hart demonstrated the richness of development over time in which the tensions between state policies, accumulation strategies and property relations, industrial strategy, migration, neoliberal capitalism and political dynamics, amongst others, help shape the future of local places. Lessons on the importance of local context and what Jessop (1982), cited in Hart (2002: 15) calls “*structural constraints and conjunctural possibilities*” make a case for consideration of the discourses of historical geographies, power relations and the range of relational processes and practices that impact on places.

In response to the key criticism of a lack of establishing lasting industrial bases in the development points, government revised its strategy and launched the “Regional Industrial Development Programme” in 1991 that transitioned into the post 1994 era. The objectives were more in line with international practices of the time, to market orientated and multi sectoral development, but with a continued bias towards manufacturing and growth objectives. An aspatial approach was adopted in which generous incentives were available across South Africa, including tax and employment incentives and establishment grants. In reality, the outcome of this approach encouraged investment in existing urban areas and secondary cities where agglomeration advantages existed and in what Pickles and Weiner (1991) referred to as “*a triumph for the interests of metropolitan capital*”.

Furthermore, a result of the incentives was capital-intensive investment rather than the hoped for labour intensive outcomes. Other impacts included job losses in the Homelands and growing urban migration patterns (Rogerson and McCarthy 1992: 40-41; Black and Gerwel 2014: 250) and with the eventual withdrawal of incentives post-apartheid, the industries struggled to survive. However as noted by Todes and Turok (2018: 17), significant infrastructure in the form of buildings, industrial sites and transport linkages and some successes with growth poles, notably in Isithebe and Newcastle with the support of local institutions such as the KZN-Finance Corporation (KFC) (now Ithala Development Finance Corporation Limited), have endured in the current context. Similarly, the Department of Trade and Industry (DTI) is reviving the former Homeland growth points as part of reformulating industrial strategy and Building Inclusive Growth to support job creation (South Africa 2017d).

#### **4.2.2 Structural fault lines: Deepening and multiple crises and conflicts, 1980-1994**

Towards the end of the 1980s, South Africa was in a deep structural crisis of accumulation, where the contradictory needs of mining and agriculture capital for cheap labour, versus the needs of industrial and corporate financial capital that required a skilled and expanding market for its products arose (Marais 2011: 37). Saul

and Gelb (1986), using a neo-Gramscian framework to analyse the limitations of racial capitalism, refer to this as an *organic crisis* in which the economic crises was also reflected in social and political formations and was of exceptional duration, thus requiring a necessary restructuring of the capitalist system in order to re-secure conditions for capital accumulation under post-apartheid conditions. This has been crucial in ushering in a period of neoliberal compromise in the economic reforms undertaken in a post 1994 democratic setting.

By the end of apartheid, the spatial expression of South Africa's regional economy comprised a dominant core, coastal sub-cores and well dispersed secondary towns. Browett (cited in Fair 1982), using Rostow's stages of growth theory<sup>v</sup>, showed the PWV complex as the dominant core, with sub-cores represented by the coastal cities of Cape Town, Durban and Port Elizabeth, the periphery by commercial agriculture and mining and the outer periphery represented by the Homelands in which subsistence agriculture and increasing poverty prevailed. Sectoral development in the PWV represented both mining capital and financial interests with a growing share of manufacturing, whilst the coastal cities had moderate manufacturing, but mainly concerned with exports, transport and logistics. The economy as a whole was described as "mixed" in which both the public and private sector held ownership of the productive sectors. Ownership and control was dominated by six conglomerates<sup>vi</sup> with simultaneous control of mining, manufacturing and financial sectors (Fine and Rustonjee 1996: 103; Marais 2011: 123-127).

In summary, the South African space economy prior to the transition to democracy, was dominated by the mineral energy complex as a system of accumulation (Fine and Rustonjee 1996: 91). It was largely export based and according to World Bank analysis, displayed a "*protected and distorted economy of the Latin American type, resulting from apartheid policies compounding an import substituting strategy*" (quoted in Black, Craig and Dunne 2017: 5). Key features of the economy included a relative decline in mining and agriculture and a manufacturing sector that was unsuccessful in being a job generator or becoming competitive, as many firms were dependent on state assisted support and subsidies for development. By the end of

apartheid, succinctly captured by Marais (2011: 66), the economic crisis was deep and required a new conjuncture<sup>vii</sup>.

*“The economic crisis differentially affected different sectors of capital. Attempts to stabilise the balance of payments in the late 1970s benefitted mining (the main export earner) at the expense of manufacturing, which was hard hit by rising wages and expensive working capital (caused by rising interest rates). The weakened currency favoured exporting sectors but made imports more expensive. As a result, bankruptcies in the manufacturing and commercial sectors grew, while the mining and finance sectors boomed. Finance capital went on merger and acquisition sprees as the casualties of the crisis were bought or bailed out, leading to even greater concentrations of ownership in the economy. The crisis, therefore, registered distinctly with different sectors of capital”.*

Marais’ analysis underlines the theory of historical materialism and economic crisis under capitalist social relations that reinforces the relationship between the state and capital that under periods of severe crisis as expressed above, require reform measures. A long history of protracted resistance through the armed struggle and liberation forces of the African National Congress (ANC), Pan African Congress, worker organisations led by the Congress of South African Trade Unions (COSATU)<sup>viii</sup> and civic movements under the umbrella of the United Democratic Front<sup>ix</sup> have been at the forefront of ending apartheid. The culmination of 350 or so years of resistance against colonialism and apartheid ended in 1994 when the ANC took power and began the long road to socio-economic transformation.

Faced with multiple crises, including that of political legitimacy and rising civil protests across South African society, the apartheid state was forced into political negotiations with liberation forces, led by the ANC amongst others. These events occurred in a moment when the global economy was in ascendancy, bringing challenges and intense competitive pressures, especially from economies in the East, who themselves had undergone recent industrial and manufacturing transformation. Moreover, the distortions of settlement patterns arising out of apartheid planning, backlogs in infrastructure and services, growing informality because of persistent and rising unemployment, lack of housing delivery and failed education and training

policies, presented a formidable challenge riddled with multiple forms of fragmentation for any democratic dispensation post 1994. Key amongst them included transforming the economy to achieve equity, reducing poverty and improving standards of living, as well as sustaining inclusive economic growth.

This section has provided a brief historical overview of regional and economic planning under the post-colonial and apartheid period to provide the context of the social, material and power relations between markets, the state and society and to identify the profound structural fragmentation established during this period, which remains stubbornly sustained in the contemporary era.

The next section looks at the trajectory for regional planning in South Africa post 1994, including key policy and legislative objectives to transform the South African political economy and related spatial and regional planning over the past 25 years. This has evolved into a complex storyline in which, unravelling the duplicated and multiple levels of government departments created under apartheid into a transformed system of democratic government for all its citizens, has been a key government objective. In Chapter Five, the researcher will argue that regional planning in practice is overlooked and has found some expression at a local government level through the Constitution, Municipal Systems Act and more recently, the Spatial Planning and Land Use Management Act, yet in which many historically informed and current contradictions are played out.

#### **4.3 Transformation and the promise of integration: Global drivers, multiple dualisms and contradictions since 1994**

This section will outline key challenges facing the new ANC led government in the context of global influences, waves of neoliberalism and resultant domestic compromises, versus local needs. A brief synopsis of the performance of the economy, the state, market and civil society responses is made, to identify the contradictory forces at play that lay the basis for change in the approach to regional planning that the researcher will argue for in Chapter Five.

### 4.3.1 Global drivers

One of key outcomes of the negotiated settlement in South Africa was the Government of National Unity, in which an uneasy co-governance relationship between former apartheid forces and those of the liberation movement ensued, in what Govan Mbeki termed the “*oppressor and the oppressed came together to chart the road to democratic South Africa*” (cited in Marais 2011: 69). This ensured a relatively peaceful transition into democracy, in which complex forces were at play, but also foreshadowed the major concessions made by the ANC in which the transformation agenda was compromised. These forces included what Hart (2002: 18) and Brenner (1998: 4) refer to as new forms of globally integrated capitalism, the historical shape and form of South Africa’s economy, the layers of power and articulation of interest in the policy debates of the time and the way that neoliberalism entered the South African terrain. In particular, neoliberal orthodoxy seeks to restructure state and society along market principles and has its roots in the liberal political theory of John Stuart Mills and John Rawls (Low 1991: 197) that emphasise the interface of individual behaviours with market forces and the state. In the context of globalisation, this has found expression in an array of reforms designed to advance market rules through a shifting state role, a low tax regime and unhindered access to markets and resources, that have facilitated policy-led neoliberal narratives.

Brenner, Peck and Theodore (2010: 329) refer to these reforms as the processes of regulatory restructuring under contemporary capitalism that they call “*neoliberalisation as variegated, geographically uneven and path dependent processes*”. They argue that all concepts relating to neoliberalism “*involve references to the tendential extension of market based competition and commodification processes into previously insulated realms of political-economic life*”, thus paving the way for political and administrative systems to facilitate capital accumulation through reforms and monetary and fiscal policies best suited for this accumulation to take place.

The key pillars of this framework was forged in the 1980s with the Washington Consensus (Padayachee 2006: 16) and is considered the first wave of neoliberalism. This established the new global regime that included the liberalisation of markets, privatisation of state assets and deregulation that allowed the ascendancy of financial markets in the pursuit of enhanced competitiveness of the economy on the world stage. The effect of this policy were cut backs in government spending, monetary and fiscal discipline, wage freezes, a reduction in corporate taxes and the phasing out of exchange controls which took effect from the 1980s. New forms of financial and market views arose, in which commodification of public goods and a focus on profit seeking dictated international forum discussions and agreements, but also exposed divisions between fractions of capital and share of profit. The material impact of these measures was felt most acutely by the vulnerable in society – children, the elderly, women and the unemployed. Trade liberalisation took shape through global institutions of the International Monetary Fund and World Bank and the General Agreement on Trade and Tariffs, later replaced by the WTO in 1995, in which tariff reductions to support competitiveness were the agreed outcome. It is in this arena of global capital's reconstitution that democratic transformation was underway in South Africa.

The recent history of this transition and turn to neoliberalism as established in Marais' (2011) seminal work *South Africa: Pushed to the Limit* and other authors, Padayachee (2006); Freund and Witt (2010); Hart (2013), demonstrate this impact on the political economy post democracy. Amongst the key outcomes have been reforms to government fiscal and monetary policy and management, in particular inflation targeting and dealing with the fiscal deficit brought on by the apartheid and current debt. Secondly, was the integration into the global economy through trade liberalisation and a labour regime that has perpetuated the racialised class relations of apartheid, thus keeping intact capital formation that favours conglomerates and international connections. A significant consequence has been the impact on labour markets and persistent structural unemployment (Black and Gerwel 2014: 241; Black, Craig and Dunne 2017: 2). Lastly, the dictates of transformation in which capital reform has deracialised ownership in the economy. The key effect was belt-tightening

associated with state responsibilities and advances for the market. The purpose in this section is not to repeat the arguments above, but to show what this has meant in relation to impacts on policy choices and government in relation to regional planning practice and local impacts.

As many authors have indicated, the hegemonic power of the ANC at this time, with an overwhelming electoral mandate, was a conjunctural opportunity for radical transformation of South African society. However, what has also been critiqued, is that the neoliberal capture of the ANC began long before their election victory in 1994 (Hart 2002; Padayachee 2006; Bassett 2008; Freund and Witt 2010; Marais 2011; Pearson, Pillay and Chipkin 2016a), primarily through the role of influential members of the Treasury, the Reserve Bank and growth of the elite Black middle class since 1994 because of empowerment policies<sup>x</sup>. Others, including Hart (2002: 17-18), Freund and Witt (2010: 386), Marais (2011) and Todes (2017: 130), argue that the tensions between the transformation objective of the liberation movement and the post-apartheid neoliberal compromise of an ANC-led democratic government, became subservient to market dominated growth. This has resulted in a diminished role of the state in society and an increasing reliance on the dictates of market forces.

There were also international pressures for both the state and capital to reintegrate into the global economy with membership of the WTO and international public listing of South African companies. This is an indication of the changing nature of capital to move offshore and engaging with globalisation more fully. Marais (2011: 134) refers to this as the neoliberal orthodoxy denoting more than the particular policy choices made, stating that *“it constitutes the contemporary form of global capitalist accumulation and involves the systematic use of state power to recompose the rule of capital in economic and social life”*. Marais (2011) argues that orthodox neoliberalism has shaped the recent past in South Africa and been especially impactful in spatial planning across scales. This is discussed in the next section.

### **4.3.2 Multiple dualisms**

Under conditions of neoliberal orthodoxy, key challenges for the South African economy were to improve efficiency to enhance global competitiveness for long-run growth. Under the economic strategy of decentralisation, the apartheid state used import substitution and a suit of incentives as a mechanism to support the industrialisation of the economy. Other sectors were also supported such as agriculture and mining, through incentives, tax relief, subsidised input costs and infrastructure (Wellings and Black 1986). In the case of agriculture, the Land Bank played a significant role in providing cheap loans and inducements. From 1994, the derived comparative advantage of these sectors changed dramatically. Black and Hasson (2012a: 5) show that between 1994-2004 major trade reforms through liberalisation and the regime of tariff reductions under the Uruguay round of the GATT and subsequent World Trade Organisation (WTO) regimes, particularly impacted on the domestic clothing, textile and agriculture sectors, affecting wheat and sugar in particular. The reduction in tariffs especially in manufacturing, included a drop in tariff lines and tariff bands, surcharges and quantitative controls which were gradually eliminated. New arrangements included the Free Trade Agreements with the EU and Southern African Development Community (SADC) in 1990 known as the Lomé agreement, which gave South African agricultural products preferential access to their markets albeit competing unequally with EU farmers who enjoyed substantial subsidies. Under conditions of reduced incentives, a protected labour regime and high input costs in manufacturing, Black (2011), Borat, Cassim and Hirsch (2014) and others, argue that South Africa's agriculture and manufacturing sectors have struggled to establish significant growth and to compete globally.

Both of these events are relevant to my case study, as the deconcentration point of Isithebe located in present day Mandeni Local Municipality, had major clothing and textile firms and large tracts of land in the case study area are under sugar production. In the case of the clothing and textile industry, unable to compete with cheap clothing imports from the East, firms in Isithebe closed down in this early period but have subsequently reopened as present conditions are currently more favourable. One

industrialist interviewed from Isithebe identified distance and negative quality control on clothing products from Chinese firms, as a major contributing factor in reopening cut and trim factories in South Africa. In the case of sugar, the local industry response, in particular the large scale conglomerates, was to diversify sugar into the SADC region and focus on land as an asset through property development (Tongaat Hulett 2016: 11). These intersecting storylines are discussed in more detail in the case study in Chapter Six. Under the conditions outlined above, South Africa's agricultural and manufacturing in particular, have struggled to establish significant growth to employ adaptation measures and compete globally. Global dumping prices in agricultural products have negatively impacted the sugar and domestic chicken industry (Speckman 2018: 4) and other perishables, and a drop in international demand for commodities has adversely impacted mining output. Input costs for manufacturing are highly dependent on imported machinery and the perception of high labour costs in this sector is considered uncompetitive.

South Africa's re-entry into the global economy occurred when the forces of neoliberalism were well under way in most parts of the world and under unfavorable domestic and international conditions. In short, major international institutions, such as the United Nations and World Trade Organisation and global conglomerates, influence key global drivers for regional planning and are tied into global production, logistics, supply chains and consumption networks. Couched in the discourses of deriving comparative advantages, governments and markets have been focused on the economic reconfiguration of production, supply chains and consumption patterns, developing innovation, technology and learning nations, with a focus on quality and skills of labour, associated with industrial processes in promoting industrial growth and able to take advantage of scale economies. According to Brenner and Wachsmuth (2012), Peck, Theodore and Brenner (2010) and others, the more recent waves of neoliberalism, sometimes referred to as *policy-led*, include language and concepts that normalise the narratives of new managerialism into government policy and behaviour.

For example New Public Management (NPM) has introduced corporate management principles into the public sector, especially where the centralisation of financial

controls are in place, government plans and personnel are performance based and managed through benchmarking events, which pervades all scales of governance (Harrison 2001; Peck, Theodore and Brenner 2010; Sager 2011). This is reinforced by the respective King Commission Reports (1994, 2002, 2009 and 2016) that provide international best practice guidelines on corporate governance for both the private and public sectors in South Africa.

Currently, policy-led neoliberal narratives in South Africa are managed by the Department responsible for Planning, Monitoring and Evaluation, housed in the Office of the Presidency and has since 2014 been concerned with monitoring the delivery performance of government in relation to policy and fiscal spend. The new policy framework aims to institutionalise and integrate planning and apply comprehensive monitoring and evaluation systems across all scales of government to track implementation of policy and priorities and resultant impacts and outcomes on citizens lives, using a results-based monitoring approach (Department of Planning Monitoring and Evaluation 2017: 27). However, the plethora of policy and legislation hoops and complex government systems suggest this has the hallmarks of being an overly bureaucratic and compliance driven outcome. This is discussed more fully in the next chapter where the discourses on policy-led frameworks are consistent with the language of development but discordant with the neoliberal language of efficiency and new managerialism.

Further challenges include the digital communications and the 4<sup>th</sup> industrial revolution (4IR) that has fundamentally changed time and space reach, increasing global networking, linking industrial networks to locations that offer the best communication technology and networking services and requiring different ways of conceptualising regional development. For developing countries, the ever-changing requirements are difficult to achieve, as has been shown above in the case of South Africa. A key argument foregrounding this discourse is the global competitiveness of regions, in parallel with the developmental socio-economic deficits created under apartheid.

### 4.3.3 Contradictions and contentious narratives about development

A recurring theme in the post 1994 period in South Africa has been that of a push for competitiveness through improving the productive and innovative economic performance of the national economy and growth in the global economy, particularly informed by competitive production practices and industrial location already discussed in Chapter Three. Provincial government and metropolitan local government are also concerned with constructing local competitiveness to compare their standing to that of others and to assist in deriving strategies at a local scale. At a global level, this concern is a reflection that regions are becoming increasingly important scales in which wealth and economic governance raise the productivity of firms and economic performance of places. However, regional competitiveness in the case of South Africa, as the researcher has argued, is largely inconsistent *apropos* these trends, where concerns with competitiveness are articulated mostly at national policy scale and in which the competing narratives have been between “growth first” versus the use of competitiveness as a redistribution strategy.

Whilst South Africa has had competition policies in place since 1955, the Regulation of Monopolistic Conditions Act No 24 of 1955 and later the Maintenance and Promotion of Competition Act No 96, Fine and Rustonjee (1996: 114 and 174) argue that they “*did not address the extent of concentration of ownership nor market share*” as an issue. Moreover, they aided in the consolidation of conglomerates and oligopolistic organisations of the productive sectors of the South African economy. More recently, the Competition Act of 1998 and Competition Commission was created to derive greater efficiency and establish conditions of fair play and mediate unfair practices in the economy. However, this did not prevent multinational players such as Walmart entering the South African economic space and negatively affecting local competition. South African firms continue to be highly monopolised and variable success with the Small, Medium and Micro-sized Enterprises (SMME) sector and a growing informal sector have contributed to slow economic transformation and the stark dualisms in the social and economic life of citizens. Furthermore, state-owned enterprises continue to monopolise key strategic areas in the economy and are largely

underperforming with increasing costs, bloated bureaucracy, poor service delivery and increased reporting of corruption (Bhorat *et al.* 2017).

Countries are also increasingly being subjected to competitive rankings and measures (The World Bank 2008; Huggins *et al.* 2014), in a manner that shapes the discourses about development that is often unsuitable in some settings and inconsistent with sustainable development objectives. For example, the World Economic Forum global competitive rating measures national competitiveness according to institutions, policies and factors that determine the level of productivity of a country in some 137 countries. In 2018, South Africa scored 61, down from 47 in 2007, indicating a significant slide in competitiveness and reflecting the above factors (World Economic Forum 2017: 34). The decline is in areas such as persistent low economic growth and high unemployment, the banking sector, technological readiness, ease of doing business, health and education, and low international demand for commodities, amongst others. Whilst recognising that this is a perception index, it does reflect the mood and appetite of capital at a particular point.

#### **4.4 The party and the state: Competing discourses, responses and practices**

Having set the scene in which the ANC came into power, this section looks at the relationship between the ANC and the state in tackling the transformation challenges. As already indicated, the global economy context and neoliberalism had eroded the powers of the state. By 2007 most western economies were already in the 4<sup>th</sup> industrial revolution, whilst the discourses in South Africa had lagged. The section illustrates the disjuncture between the transformation agenda on the one hand and the states perspective and relationship to capital that has compromised the party and weakened the state as an instrument for redistribution and meeting the needs of people.

Under neoliberal conditions, the form and nature of the state has changed from the classic Keynesian notions of highly centralised decision-making, correcting macro-scale market failures and implementing redistributive measures, managed through

monetary and fiscal controls. Increasingly, the neoliberal state through deregulation has seen places (mostly urban) taking much more responsibility as the free movement of capital has seen greater speculative market activity and inter-local competition. The net result is the local level of government taking on responsibilities not seen before and tensions between market interests versus redistribution, equity and wellbeing for citizens.

#### **4.4.1 Competing discourses 1: Transformation challenges since 1994**

On taking political power in 1994, the initial transformation priorities for the ANC led government was to address major redress and redistribution issues, using state resources and instruments for restructuring and tackling the socio-economic backlogs established under apartheid. Government developed an array of alliances and policies to stimulate inter-continental, continental and sub-regional, national, local and regional development that were linked to the political imperatives mapped out in successive five-year ANC Policy Conferences. These conferences coincide with election processes and five-year electoral mandates. The second arm of transformation initiated major legislative reforms and administrative and institutional restructuring in all levels of government and in all sectors. At least three periods of administrative reforms can be identified. The first was from 1994-2000 in which the Constitution and Bill of Rights (South Africa, Department of Justice and Constitutional Development 1996) was established in which the functions and responsibilities are outlined and guide all subsequent legislation. The system of local government and financing arrangements was established through the Municipal Systems Act of 2000 (South Africa, Department of Cooperative Governance and Traditional Affairs 2000), which institutionalised integrated development planning (IDPs at local level) and the Public Finance Management Act of 1999 that organised resource planning and concomitant processes.

The second phase from 2001-2008 established governance coordination through the Intergovernmental Framework Act of 2005, interdepartmental clusters and the Forum of South African Directors-General (FOSAD) and at a provincial level, the Provincial

Growth and Development Strategies (van Donk *et al.* 2008). The current phase began in 2009 with the establishment of the Ministry of National Planning and Monitoring and Evaluation and the adoption of the National Development Plan 2030 in which a long term perspective for planning and subsidiary short and medium plans are aligned.

South Africa has established international relations with most countries and membership to a number of bodies such as the United Nations, Non-Aligned Movement, the Brazil, Russia, India, China and South Africa (BRICS) partnership and World Trade Organisation, along with numerous multilateral and bilateral trade and other agreements. Table 4.2 outlines some of the significant inter-continental, continental, sub-regional and national scale associations, powers, policies and plans from 1994. South Africa shares borders with six countries and as indicated above, sub-regional arrangements are influenced by global institutions and agreements. In the case of the BRICS partnership and SADC, key concerns for partnerships include finance, trade and geopolitical influence, infrastructure co-ordination and social development concerns. The main policies and plans are included to show global and sub-regional integration. Many of the agreements arrived at have regional and local reach and will be looked at more closely in the case study. As an example, the recent change in Chinese legislation on the importation of 24 types of scrap including recycled plastic, has meant that Chinese firms located in Isithebe Industrial Business Park can no longer repatriate plastic waste as was done prior to 2018 (Brooks, Wang and Jambeck 2018). Likewise, the Paris Agreement on climate change and SDGs, have short- and long-term implications for South Africa's development choices. In recent policy, such as the Integrated Urban Development Framework (IUDF) (2016a) for example, alignment with Goal 11 of the SDG principles are incorporated, in particular "*Making cities and human settlements inclusive, safe, resilient and sustainable*" (United Nations General Assembly 2015).

**Table 4.2: South African governance architecture and associated powers and policies: From transnational to local tiers**

<i><b>Government tier</b></i>	<i><b>Powers</b></i>	<i><b>Main policies / plans</b></i>
<i><b>BRICS</b></i>	Multilateral geopolitical partnership made up of Brazil, Russia, India, China and South Africa that aims to advance co-operation and collaboration between member countries.	Establishment of New Development Bank in 2016.  Multilateral trade agreements.
<i><b>African Union (AU)</b></i>	Develop economic, social, environmental co-operation policies for member states. Aid and military intervention.	Economic and social environment concerns.  National Economic Programme for Africa's Development (NEPAD) – infrastructure co-ordination.
<i><b>Southern African Development Community (SADC)</b></i>	Intergovernmental organisation – 15 member states.  Develop economic, social, environmental co-operation policies for member states. Trade regulation agreements on customs and excise, common currency discussions.	27 legally binding protocols – defence, development free trade and movement of people.  Large transport infrastructure, establishment of corridors.  SADC Free Trade Area 2008 – Trade regulation agreements on customs and excise, common currency discussions.  2018 African Continental Free Trade Agreement
<i><b>South African Government National</b></i>	Development of all policy, monetary and fiscal policy, trade and tariff regime, economic regulation (Competition Board), agrarian reform and land management, defence, foreign policy, education and training, labour relations, energy, transport (airports, national roads, rail, ports and harbours), health and welfare, environmental affairs, treasury and tax collection, housing, regional planning and urban policy.	Reconstruction and Development Programme (1994); Growth Employment And Redistribution (1995); National Spatial Development Perspective (2006); New Growth Path (2010); National Development Plan (2012); Integrated Energy Plan (2011); Integrated Resource Plan: (2010-2030); Radical Economic Transformation (2017).
<i><b>Provincial Government (Province of KwaZulu-Natal)</b></i>	Administration and oversight of national funds to Local Municipalities, road and transport infrastructure (provincial infrastructure), bulk water, local economic development (LED) promotion.	Provincial Growth and Development Strategy (PGDS) / Provincial Growth and Development Plan (PGDP); Provincial Spatial Development Framework; Integrated Development Plans; Regional Spatial Development

	Provincial Planning Commission, Oversight of Spatial Planning and Land Use Management, 2013, Act 16 of 2013 (SPLUMA) at District / Local Municipal level.	Frameworks; Rural Development Plans (RDP); Integrated Urban Development Frameworks (IUDF); Spatial Development Plans (SDP); Performance Planning and Evaluation Sector plans (housing, education, infrastructure etc.).
<b>Metropolitan Government / City Regions</b>	Administration and implementation of SPLUMA and associated scheme regulations.  Metro Planning Tribunal.	Integrated Development Plan (IDP); Regional Spatial Development Framework 2050; Spatial Planning Land Use Management Act (SPLUMA); Municipal Spatial Development Frameworks (MSDF); Land Use management System (LUMS); Sector Plans: Local Economic Development Plan (LED); Environmental Management Framework; Risk Management Plan (RMP); Service Delivery Plan; Social services.
<b>District Municipality (iLembe District Municipality)</b>	Integrated planning, local economic development, bulk infrastructure supply (water and electricity).  Administration and implementation of SPLUMA and associated scheme regulations.  Planning Tribunal.	Integrated Development Plan (IDP); District Growth and Development Plan 2015; Regional Spatial Development Framework 2050; SPLUMA Municipal Spatial Development Frameworks (MSDF); Land Use management System (LUMS); Sector Plans: Local Economic Development Plan (LED); Environmental Management Framework; Risk Management Plan (RMP); Service Delivery Plan; Social services.
<b>Local Municipalities (KwaDukuza, Ndwedwe, Mandeni, Maphumulo)</b>	Integrated development planning, local area planning, disaster risk planning, service delivery, social welfare, housing, sports and recreation.  Administration and implementation of SPLUMA and associated scheme regulations.	Integrated Development Plan (IDP); SPLUMA; Land Use Management System (LUMS); SDF; Sector Plans

Source: Self-generated by researcher

#### 4.4.2 Competing discourses 2: The role of the party

The following Table 4.3 below outlines the main ANC Policy conferences and resulting government policy in relation to regional planning. The intention is to

demonstrate the absence of regional planning in the socio-economic narratives of the ruling party. Some authors have suggested that this is partly to do with the perceived abuse of regional planning instruments and ideological practices under apartheid (Bell 1997; Todes and Turok 2018). The consequence is that the government post 1994 has avoided explicit policies relating to regional planning, urbanisation and migration until recently.

**Table 4.3: ANC policy conferences: Key policy themes and conference resolutions and state-led regional planning narratives 1994-2018**

Conference date and ANC leader	Key policy direction	State policy and regional planning narratives	
<b>1994</b>  49 <sup>th</sup> National Conference held in Bloemfontein         President Nelson Mandela	Phase of national democratic revolution and election victory for the ANC, focus on transfer of power to the people and transformation of South African society, adoption of the Reconstruction and Development Programme.	Adopted the RDP with a special task team for establishment of a national industrial strategic framework to operate at National, Provincial and Local level.  Adopted land reform, rural housing and basic services (housing policy).  DFA Act 67 of 1995 – intended to introduce a progressive planning ethos and to speed up transformation projects such as RDP housing, but ultimately used as a procedure to speed up mainstream market-led projects.	<b>Policy Development</b>
<b>1997</b>  50 <sup>th</sup> National Conference	Development of ANC economic policy: sectoral economic issues, focus on competition, trade, industrial and labour market policy – move away from demand side to supply side measures, facilitate sector and cluster development and beneficiation.  Cabinet Investment Cluster established.	1997-1999 Spatial Development Initiatives (SDIs) – focused on areas with high potential for economic growth.  Trade and Industry: IDZs (logistics / export related activities) (problems included: poor quality jobs, weak local linkages, dependent on cheap subsidised input costs leading to supply side harvesters, difficulty in attracting diverse industries, lack of incentives).  1999 Public Finance Management Act introduced to support resource	<b>Legislative reform and the technocratic state</b>

<p>President Thabo Mbeki</p>	<p>Competition policy and Anti-Trust policy mooted.</p> <p>Agro-processing and beneficiation strategies supported.</p> <p>Presidential Job Summit called.</p>	<p>allocation and associated planning processes.</p> <p>Municipal Systems Act of 2002 institutionalised Integrated Development Planning (IDPs) at a local level.</p> <p>Integrated Infrastructure Plan adopted, aligned with Integrated Development Plans, Integrated Sustainable Rural Development Plan and Urban Renewal Plans</p> <p>Urban Renewal Programme and Integrated Sustainable Development and Rural Development Programme (2001).</p>	
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<p><b>2002</b></p> <p>51<sup>st</sup> National Conference held in Stellenbosch</p>	<p>Concern with social transformation, international relations (NEPAD), economic transformation (BEE), the state and governance, infrastructure development, peace and stability, targeted groups (vulnerable), building the ANC.</p> <p>Economic concerns: Agro-industry, transportation and logistics, local economic development.</p> <p>Introduction of “developmental state to act as driving force of transformation”.</p> <p>IDPs and alignment of budgets and cross border municipalities.</p> <p>National Democratic Revolution concerns with deracialising spaces through co-ordinated spend on infrastructure.</p> <p>Concern with competitive and comparative advantage for local development potential and to facilitate provision of basic needs.</p> <p>Key principle to support infrastructure development as primary driver of economic growth.</p>	<p>Integrated Sustainable Development and Rural Development Programme (2001) adopted but with little implementation.</p> <p>2006 Accelerated Shared Growth Initiative for SA (ASGISA) set the target of 6% economic growth for the country by 2010 through government expenditure on major infrastructural projects and increase the levels of formal employment in the formal economy.</p> <p>The ASGISA initiative builds on the principle on accelerated growth of the economy, reducing the gap between the first and second economies and ensuring social security to all who are eligible and halving poverty and unemployment by 2014.</p> <p><i>Developmental state</i> thrust through infrastructure investment.</p> <p>2003 National Spatial Development Perspective: Not formally adopted – perceived urban bias and pull to urban economics and agglomeration of economic activities and neglect of lagging rural areas.</p> <p>2006 National Spatial Development Plan adopted – spatial analysis and mapping of economic, social and spatial trends to guide government infrastructure spend.</p> <p>2006 Draft Regional Industrial Development Strategy – key concepts include growth nodes, corridors and Industrial Development Zones introduced.</p>	
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<p><b>2007</b></p> <p>52<sup>nd</sup> National Conference held in Polokwane</p> <p>President Jacob Zuma</p>	<p>Organisational renewal, social transformation, economic transformation, climate change, rural development, land reform and agrarian change transformation of state and governance, peace and stability, international relations, communications and the battle of ideas:</p> <p>On land and agriculture – discard market driven land reform and accelerate equitable distribution of land through redistribution target of 30%; on economic transformation – the “invisible hand of the market will not bring change”, the state must play strategic role in underdeveloped areas and directing private sector investment, foregrounding poverty, unemployment and inequality.</p> <p>Spatial legacies and marginalisation to be addressed through the developmental state and government wide economic planning.</p> <p>Pillars include accelerating shared economic growth, transforming the structure of production and ownership, developing a comprehensive rural development strategy and building the potential for sustainable livelihoods.</p> <p>Recognition of climate change and support for renewable energy.</p>	<p>2009 New Growth Path: State-led growth around five key drivers – public investment in infrastructure and energy; support economic sectors (agriculture and agro-processing, mining, manufacturing; support new economies (green and knowledge economy); social capital and public sector; spatial development opportunities in rural areas and broader region.</p> <p>2009 Green Paper on National Planning.</p> <p>2010 Establishment of National Planning Commission tasked with developing long term plan.</p> <p>2010 Comprehensive Rural Development Strategy with a key focus on food security, agro-parks and agro industries, renewable energy, implementation of Land Reform policy through targeted redistribution.</p> <p>Agrarian transformation included addressing system and patterns of ownership and control of land, livestock and cropping, an integrated programme of rural development, land reform and agrarian change (mobilising productive agriculture, rural tourism potential, reviving secondary towns, exploiting opportunities in mining and manufacturing).</p> <p>Instruments for tackling spatial legacies and infrastructure at local level: Urban Development Zones (2004), Neighbourhood Development Partnership Grant (2006).</p>	<p><b>Implementation inertia / the deep state</b></p>
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<p><b>2012</b></p> <p>53<sup>rd</sup> Conference held in Mangaung: Organisational Renewal</p>	<p>Radical economic and social transformation, legislation and governance, integrated co-operative governance as part of the developmental state, peace and stability and importance of international relations with BRICS momentum gaining traction.</p> <p>Poor economic performance and growing unemployment, especially amongst youth: Infrastructure programme drive with use of SOEs for public investment in energy, ports and railways.</p> <p>Natural resource exploitation through beneficiation and reindustrialisation to derive comparative advantages and stronger regional integration.</p> <p>Expansion of social wage payments.</p> <p>First discussions on long term “blue print” planning (p. 22 of Mangaung Conference Resolutions).</p>	<p>National Development Plan 2030 adopted.</p> <p>Chapter Eight addresses spatial planning in the language of competitive corridors to lagging regions and suggests the implementation of a National Spatial Development Framework.</p> <p>Integrated Urban Development Framework (2016) adopted, representing the first policy approach to urbanisation since 1994.</p> <p>2012 National Infrastructure Plan adopted – 18 Strategic Infrastructure Projects known as SIPS.</p> <p>2014 2 Ministries in the Presidency merged to form the Department of Planning, Monitoring and Evaluation to support evaluation of government spend in relation to improving outcomes.</p>	
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<p><b>2018</b></p> <p>54th National Policy Conference held in Johannesburg.</p> <p>The Year of OR Tambo: Let us Deepen Unity. Organisational Renewal and Organisational Design.</p> <p>President Cyril Ramaphosa</p>	<p>Transformation, unity, ethical and capable leadership, radical socio-economic transformation, high policy turnover since 1994 and failed implementation, corruption and land expropriation without compensation and importance of food security.</p> <p>Strong support for reindustrialisation, emphasis on localisation, beneficiation and building high added value chains.</p> <p>Slow progress of the developmental state acknowledged – support for government planning, implementation and performance through the establishment of the Department of Planning, Monitoring and Evaluation.</p> <p>Conference reinforced the IDP as the key planning tool for government.</p> <p>The “New Deal”, economic stimulus plan through ‘mega’ infrastructure fund.</p>	<p>Continuation of NGP (awaiting electoral mandate 2019 elections).</p> <p>Countrywide public hearings on changes to Section 25 of Constitution – expropriation of land without compensation, resulting in 2019 <i>Presidential Advisory Panel Report on Land Reform and Agriculture</i>.</p> <p>2019 District development model <i>Khawuleza</i> (to hurry up) launched to integrate service delivery under a single development plan per district municipality</p>	<p><b>New deal / stimulus package</b></p>
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Source: Self-generated by researcher using ANC Conference Resolutions sourced from ANC official website <http://www.anc.org.za> and other government policy documents

What the analysis of the Conference outcomes reveal is that while the ANC has engaged with interspersed narratives of spatial and relational development, this has not articulated into coherent regional planning as is the case elsewhere in the world. It is worth noting that in the 1990 Harare Workshop between the ANC, COSATU and business, the ANC and COSATU were supportive of industrial policies aimed at spatial transformation (Bell 1997). However, since then it has taken almost 25 years to recognise regional planning as an important level of state planning, albeit rooted in

complex socio-economic dynamics. This could also be a reflection of differing views within the party and contested outcomes.

The slow growth of the economy and triple challenges of poverty, inequality and unemployment resulted in the establishment of the National Planning Commission in 2009 with the task of developing a long term socio-economic plan to fundamentally lay the foundations for transformative change. The result was the NDP 2030, a reflection of the past, the present and future challenges. It projects the ideals of the Freedom Charter, the RDP and Constitutional dictates and identifies with six key principles. These are (South Africa 2011):

- Uniting all South Africans around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy and accountability;
- Bringing about faster economic growth, higher investment and greater labour absorption;
- Focusing on key capabilities of people and the state;
- Building a capable and developmental state; and
- Encouraging strong leadership throughout society to work together to solve problems.

A key recognition is that apartheid spatial planning has created sizeable deficits across the settlement and development spectrum and makes suggestions to dismantle and fundamentally change the space economy. This is discussed more fully in Chapter Five on spatial planning. However, a key driver for implementing this vision is the developmental state, sometimes referred to as the “democratic developmental state” in an effort to differentiate from the historically authoritarian state centred examples.

#### **4.4.3 Responses: The form of the developmental state**

Many authors (Freund and Witt 2010; Marais 2011; Saul 2014; Freund 2019), including the ANC and government, have pointed out that, with slow economic growth and poor sectoral performance, international economic downturns and growing unemployment, the state needs to respond differently to the challenges outlined in the developmental discourses in South Africa. The concept of the developmental state following similar experiences of other countries such as South Korea and Malaysia, was first mooted by the ANC in 1998 and formally adopted at the 2002 ANC Policy Conference. In these examples and lessons learned, the developmental state is supposed to be simpler, faster and better in what it does to bring about rapid and sustainable change in a country's economic and social circumstances and to transform the structural causes of underdevelopment (Evans and Heller 2013). This implies the state playing an active role in guiding economic development using the resources of the country to meet the needs of its people. It also implies being able to direct and support economic development through building a strong public service, creating an investor friendly environment, supporting small business development, using SOEs more effectively and driving strategic investment initiatives. It also requires keeping the domestic economy globally competitive.

After adoption of the developmental state concept in 2002 (Edigheji 2010), state-led intervention has been a key driver in economic development initiatives as identified in the above policies, but in which the above-mentioned policy complexity and low outputs raise questions. These relate to scalar spatial planning and realisation of policies in the absence of national, regional, sub-regional and local planning with supporting delivery instruments. Turok (2010: 267) suggests that *“the contribution of regional and local authorities to the developmental state have been somewhat neglected”* and the National Development Plan acknowledges the weakness of spatial planning and the lack of a national spatial framework (South Africa 2011).

Turok (2010: 499-500) argues three important features for a developmental state to be effective. The first is that the state must be capable of ‘planning ahead’ and making

long term strategic decisions, that it includes the analytical capacity to separate the cause of the problem from the symptoms and consequences, that it must have the organisational capacity to deal with issues of development and that it must be able to anticipate and minimise risks. Secondly, there must be ‘commitment and effort’ by government to promote change: it must consider the economic impacts of policy. For example, creating inclusive and efficient cities requires connected policies for housing, transport, land use and basic services to contain low density sprawl. In industry, it requires training, R&D spend, infrastructure and trade policy that is coordinated to maximise impact. For employment, it requires links between schools, training colleges, universities and job advisory services to ensure a smooth pathway to work. Thirdly, he argues that in developmental states that are democratic, different interests and actors are brought together to define ‘common purpose and direction’. This implies a model that is based on collaboration and partnership, that society has cohesive institutions and that this will improve productivity and achieve economies of scale.

Other critiques of the developmental state model include Malikane (cited in Plaatjies *et al.* 2016) and von Holdt (2010), who argue that in the case of South Africa, the model is largely misdirected and poorly articulated in policy and practice. Moreover, the size and shape of the state, the complexity and duplication in the planning system and a degree of confusion mirrored in the constant changes to policy direction, add to the criticism. The highly touted models of the Asian Tigers such as South Korea and Malaysia, or the current example of India, are strongly allied with the concept of political power associated with building the state. In the case of South Africa, Malikane (2016: 159) argues that it is not just technical capacity, or the right policy mix, or state-society relations that matter, as suggested by some authors. Rather it is the lack of a class based historical analysis, which renders policy to be largely neoclassical in character, paying lip service to radical economic transformation. His critique of the NDP suggests that the economic plan for the country does not “*express the alliance of class forces*”, especially at the level of economic transformation and industrialisation and that the NDP “*does not read like a plan of a developmental state*” (2016: 177) that supports indigenous accumulation at all levels.

Most developmental state models follow clear pathways in which class alliances are established to forge economic structural transformation and outcomes. In the case of South Africa, the establishment of the National Economic and Labour Council in 1995 could have played this role, but the opportunity was lost when the Growth Employment and Redistribution (GEAR) was introduced in the same year as government policy in an alliance with capital, thus reinforcing the neoliberal policy direction of government (Padayachee 2006; Freund and Witt 2010). In a study of the health sector in post 1994, von Holdt (2010) for example, suggests that there is a tension between the aspiration of constructing a “modern” state with an effective bureaucracy and a drive to assert African sovereignty in a continuing racially charged environment relating to government services. The requirements of an agile state that is responsive and willing to learn and focused on delivery seems a long way off. How the economy performs and the response of the state in the form of policy direction and resource allocation, defines critical moments in the context of regional planning. In this instance, the state has responded by defining itself as a developmental state, but in which leadership responses and the politics of the ruling party have diverged from the developmental project.

#### **4.4.4 Responses and practices: Dual tensions**

The relationship between the party and state and the articulation of socio-economic policy and legislation, demonstrates dual tensions and a hybrid approach to satisfying the needs of markets on the one hand and the political base on the other, colloquially referred to as “talk left, walk right” in South African parlance. Whilst the policy intentions of government are couched in the language of transformation, equity and social justice, the key compromise has been on how to reach agreement with capital in a democratic dispensation. In successive ANC policy Conference outcomes, this tension has played out in state spaces. Using an old apartheid idea, the establishment of a Black middle class for the purpose of new consumer markets through Black Economic Empowerment (BEE) and Broad-Based Black Economic Empowerment policies are actively pursued, whilst the poor have been increasingly contained through expanded social grants. The failed implementation of what are regarded as good

policies appears to be a core problem and a number of reasons for this has been well documented (Cargill 2010). They include *inter alia* poor leadership, capacity related issues including political deployments into technical jobs, and corruption. The net outcome is that state resources and well defined policies are not being used for the redistribution of capital, but rather capital accumulation for some. These discourses at a local level will be covered more fully in the case study.

Over this period the nature of the ANC has changed and so too has capital's response. After the demise of Mbeki came the undoing of the technocratic state and neoliberalism as a policy deployment tool. The rise of Zuma in the aftermath of legal battles linked to corruption charges, has led to what Matshiqi (2012) calls the 'deep state' and Vavi (2016), the 'predatory state', in which disjuncture between the state and capital have played out and the convergence of interests in society has waned. Zuma's appointment led to greater policy uncertainty and opened the door for narrow interest to emerge, in particular the erosion of the line between the party and the state. For example, the growth in the number of national ministries to 36 had allowed for and extended a system of patronage leading to increased corruption and a withering of democratic values (Matshiqi 2012: 9). Similarly, the highly concentrated capital formation of the past has continued to seek opportunities by squeezing out local SMMEs and extending their footprint in Africa, Europe and abroad as shown by Hall and Cousins (2018: 22) in the agricultural sector and sometimes through illicit financial flows as documented by Bhorat *et al.* (2017), rather than investing locally.

More recently, in response to some unsuccessful transformation outcomes over the past 25 years, the policy outcomes of ANC conferences since 2012 are couched in the rhetoric of "radical economic transformation" and "land redistribution without compensation" and are a reflection of failed policy implementation rather than ideological commitment to its past. The researcher argues the lack of regional policy and planning over the past 25 years has been a lost opportunity in developing a growth promoting structural policy package to facilitate transformation, where the current environment is not conducive to conventional regional planning.

#### **4.5 The South African economy from 1994**

The overall performance of the economy since 1994 has seen low growth and investment and a static to moderate growth in employment. The average GDP growth since the 1970s has been around 3, 3% and since 1994, GDP growth has not performed much better. The NDP, StatsSA economic and census data and more recent reports on South Africa's socio-economic performance, suggests a mixed bag in relation to the deepening of inequality and poverty (Parliament of the Republic of South Africa 2017; Sulla and Zikhali 2018). Strategies that support the redistributive efforts of government include transfer payments to the poor through fiscal policy such as the social wage, public works programmes and the equitable share of revenue to Local Municipalities.

It is estimated that government spends approximately 60% of its revenue on the social wage and that approximately 17 million people in South Africa have access to social support (South Africa 2017e). The main causes as already highlighted above are linked to poor access to job opportunities and rising unemployment and the poor performance of the economy. This has been in a period in which there has been political interference in the running of the bureaucracy, leadership wrangling in the ruling party, along with allegations of corruption that have substantially harmed the economy, policy confusion and serious capacity problems that have effected implementation (Bhorat *et al.* 2017).

Economic performance post 1994 shows that despite some successes, it has been insufficiently transformative nor had significant positive spatial effect. In part, the policy choices adopted by government and market response have contributed to the continuation of fragmented socio-economic outcomes. From 2009, spatial targeting supporting sectoral interest and agencies within government has been supply side driven, in response to declining employment in mining and manufacturing and overall contraction of the market. This has particularly been evident in the post 2008 global financial crisis and continuing recessionary environment. Supply side driven policies have seen high levels of state expenditure in social welfare grants to mitigate poverty, large-scale infrastructure projects and state aided industrialisation aimed at attracting private sector investment.

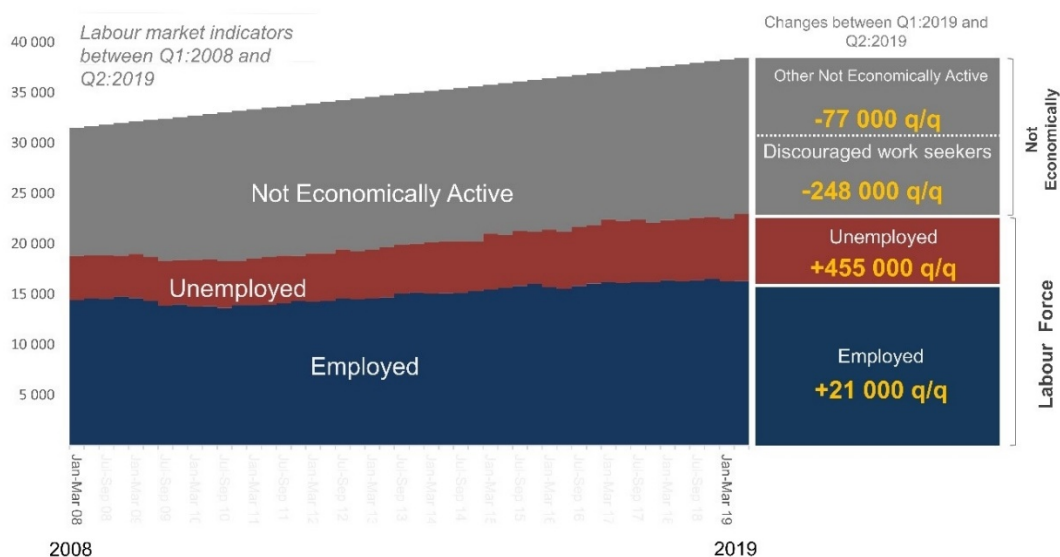
The structural problems pervading the South African economy show a contracting economy, declining manufacturing base, an economy that is heavily indebted and driven by consumerism, coupled with high unemployment rates in a climate of skills shortages. Industrial strategy in this context proposed through government's IPAP (South Africa 2014b) has largely been ineffectual (Bhorat, Cassim and Hirsch 2014: 15). In particular, South African manufacturing has not been able to compete globally, as Black (2011: 175) argues, relying on small markets, lower technical capacity and the restructuring of the sector operating on licenced technology and higher levels of foreign ownership. The effect, according to Black, Craig and Dunne (2017: 27), is that by 2017, the decline in manufacturing share of output and employment levels are a result of “*weak export performance, growing import competition and capital intensification*” in the manufacturing sector and not in the expected labour intensive products, thus exacerbating the unemployment rate of semi- and unskilled labour.

South Africa's budget in 2017 for example, was R1.56 trillion of which R1.4 trillion is accounted for by taxpayers, while the remaining R149 billion had to be borrowed (South Africa 2017e). Recently the country's credit rating was downgraded to a foreign currency rating of BB+, which is officially sub-investment grade. Despite this overall country credit rating to sub-investment grade, many of the metropolitan municipalities still have very good credit ratings. An example is the eThekweni municipality, which still has an A- credit rating. Economic growth in South Africa has been on a steady growth trajectory since 1994, but since 2008 has struggled between 1, 9% in 2013, to 1, 3% in 2017, and 1.1% in 2019. The NDP growth rate is set at 5% by 2030 and seems unlikely to be realised.

The most recent Quarterly Labour Survey of the second quarter in 2019 indicates an unemployment rate increase by 1,4%, bringing the unemployment rate to 29,0% and an increase of 455 000 people unemployed (Statistics South Africa 2019) as shown in Figure 4.2 below.

**Figure 4.2: Quarterly Labour Survey of the second quarter in 2019**

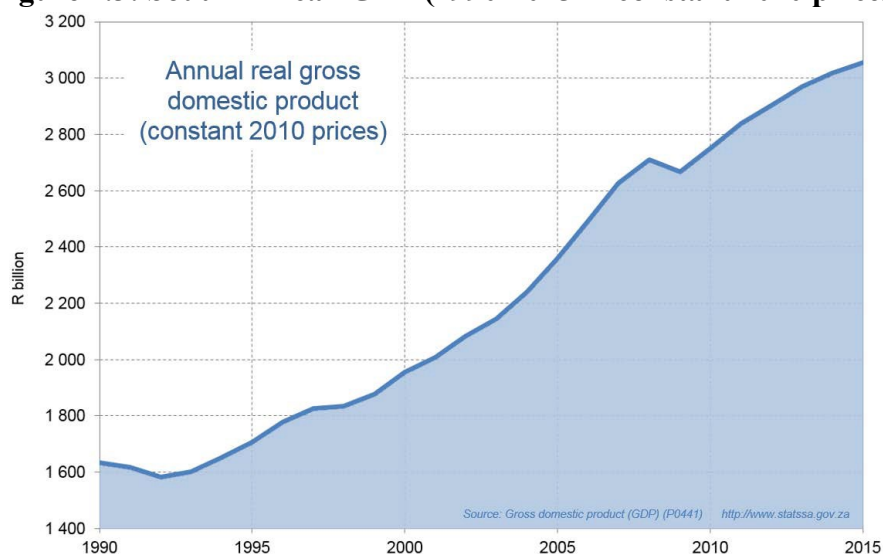
**The working - age population (15 – 64 years) increased by 150 000 people between Q1:2019 and Q2:2019**



Source: Statistics South Africa (2019)

The fiscal base is also shrinking with increased unemployment, with a ripple effect on the tax base of provinces and distribution pressure on the treasury. Despite this, GDP has nearly doubled from 1994 to 2015 as shown in Figure 4.3 below.

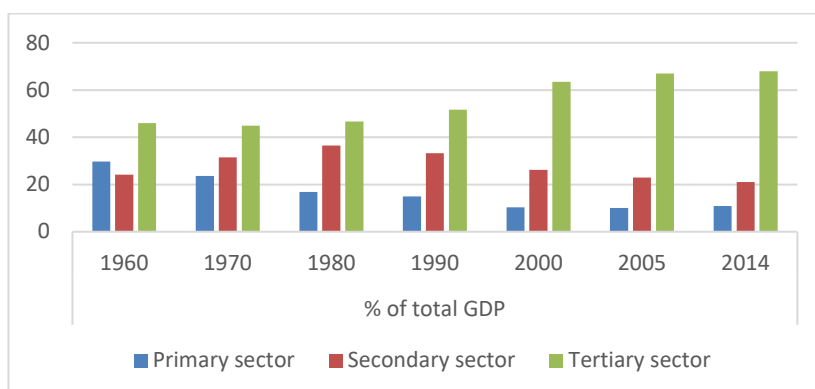
**Figure 4.3: South African GDP (1990-2015 in constant 2010 prices)**



Source: StatsSA (2019)

The share of GDP per sector shown in Figure 4.4 shows a drop in the mineral, energy and chemical complex, in which unprocessed commodities continue to lead export and foreign exchange earnings. The share of manufacturing has also declined, whilst the service sector continues to be the main contributor to the economy at 66% of GDP. In the case of industrial policy reform, the gradual elimination of price-distorting measures such as export subsidies and a shift to a productivity enhancing supply side framework such as the competitiveness fund and incentives for technology have had some effect.

**Figure 4.4: Changing structure of the South African economy 1960-2014**



Source: Self-generated by researcher and adapted using StatsSA and South African Reserve Bank data

According to the recent World Inequality Report (2018: 45) on poverty and inequality in South Africa, poverty levels were lower in 2015 than in 1994. Despite this progress, the inequalities are considered to be amongst the highest in the world with a Gini coefficient rating of 0, 63% in 2015<sup>xi</sup>. The slow rate of economic growth in recent years has influenced unemployment rates, resulting in increasing poverty between 2011 and 2015 and that continues to beset government's efforts. The recently announced stimulus package for economic recovery by President Ramaphosa, is further indication of continuing challenges and the need for state directed action. The package includes a R400 billion infrastructure spend focusing on schools, national roads, housing and water, stimulating the agriculture sector for Black farmers, investment in manufacturing and unlocking of value chains and changes to unnecessary visa requirements to stimulate tourism and lowering of data costs (Cronje 2018).

#### **4.6 Conclusion**

This chapter has argued that the transition into democracy has not wielded the development dividend for which ordinary South Africans struggled. The aforementioned analysis has shown that past policies created structural conditions in the political economy that have been enduring and created particular forms of fragmentation in the social relations of production, spaces of reproduction, institutions, and having class and racial impacts. These social relations have continued into democracy where the reality is a class that enjoys political and economic influence, but does not control the commanding heights of the economy. Secondly, whilst the democratic state has developed significant transformative and enabling policies, implementation is a key challenge and fragmentation of output has continued. Finally, the early policy context shows a strong bent to neoliberalism, in which the ANC party choices are reflected. Regional planning – about how places are constructed, created and reproduced through the interaction of social relations over time and space (Paasi and Metzger 2017: 23), has had little attention and traction in the economic policy discourses in South Africa until recently. The economic overview shows that the structure of the economy is still reliant on the mineral energy complex, that the

industrial sector is in decline and that whilst there is growth in the service sector, this is not in the high wage band. Unemployment remains critically high with one in four South Africans out of work.

The next chapter provides an analysis of the spatial planning architecture from 1994 to the present and inter-related policies supporting spatial planning.

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<sup>ii</sup> The Freedom Charter was adopted in 1953 to support demands for a democratic alternative to apartheid.

<sup>iii</sup> The mining of mineral resources began before the arrival of Europeans on the African continent with archaeological evidence dating the first millennium CE (Chirikure, S. et al 2017), hence the word “discovered” is a misnomer.

<sup>iv</sup> The term racial capitalism is used to distinguish the relations of production between capital and labour in which ownership of the means of production was exclusively held by white members of society.

<sup>v</sup> Rostow’s stages of growth theory assumes that developing countries should follow the development path of advanced industrial countries in which production systems and technology are diffused resulting in modernised societies along capitalist lines and institutions. The stages of growth are traditional societies, the preconditions for take-off, take off, the drive to maturity and the age of high mass consumption (cited in Fair, 1981: 7).

<sup>vi</sup> The six conglomerates were Anglo American, Sanlam, SA Mutual, Rembrandt, Anglo Vaal and Liberty Life who collectively controlled 82,5% of share ownership in the Johannesburg Stock Exchange (Fine and Rustumjee, 1981:103).

<sup>vii</sup> The term conjuncture is used by Marx to describe historical materialism and crises of accumulation. More recent scholars, Gramsci and Poulantzes and Hall and Massey (2010:57), describe conjuncture as “a period during which the different social, political economic and ideological contradictions that are at work in society come together to give it a specific and distinctive shape.” The point is that history moves from one conjuncture to another rather than being an evolutionary flow and for Hall conjuncture analysis includes describing a complex field of power and consent and their levels of expression in a deployed hegemonic format.

<sup>viii</sup> COSATU was established in 1985 through the amalgamation of a number of federations and sectors. At the height of apartheid struggle COSATU had a membership of over three million workers organised across all economic sectors, with significant influence in the liberation movement.

<sup>ix</sup> The United Democratic Front was established in 1983 as a broad opposition front, made up of approximately 565 affiliates, against the apartheid system. Composition was predominantly youth, student and civic organisation, mainly urban based and tended to project itself as representative of the “internal” ANC, or nationalist movement against apartheid.

<sup>x</sup> As part of strategies for restructuring ownership in the economy through black economic empowerment to increase market share of ownership for previously disadvantaged communities. Empowerment took on various forms, *inter alia*, affirmative action, control and ownership of assets, equity stakes and employment equity.

<sup>xi</sup> Gini coefficient is a measure of income inequality, using variables, time period and datasets to establish inequality, ranging from 0 to 1. 0 indicates a perfectly equal society and 1 represents an unequal society. It is a measure that is used by the World Bank in country assessments.

## **CHAPTER FIVE**

### **South African Regional Planning, Policy Legislation And Practice: 1994 – 2018**

#### **5.1 Introduction**

This chapter outlines the development of regional planning since democracy in South Africa in the context of transforming socio-economic, legislative and political spaces. In doing so, the relations of production of space between the state, its material structures, policy discourses, economic and social constructs within society and spatial planning, is explored. The focus is on the evolving planning architecture and legislation at national, provincial and local government level and recent legislation, the Spatial Planning and Land Use Management Act, Act No.16 of 2013 (SPLUMA) (South Africa 2013), which has along with the Constitution, reinforced regional planning as a provincial competency. It is argued that region building is constructed through the interplay of economic, political, material spatial quality, cultural elites and various narratives and the everyday practices of spatial planners and other development actors. Furthermore, the relationship between the national state and provincial political and administrative territory are concerns relating to governance and the politics of the modern state. The researcher will argue that the unfolding constitutional, legislative and policy context over the last 25 years is constrained by competing interests and power between forces supporting transformation and those of the post neoliberal regime. In effect this refers to the uneasy relationship of state and markets, capitalism and democracy in a post liberation setting (Nkondo cited in Plaatjies *et al.* 2016: 323). In this context, regional planning is a reflection of capital accumulation structures at particular junctures, including the substantive nature of government practices, class forces, informality and multiple interest groups that make up South African society. The emphasis of the discussion is about regional planning in South Africa from 1994 to the present.

In explaining regional development and strategies employed for any place, the idea that history matters and that development is not an event but a process, is well documented in the literature (Lefebvre 1992: 110; Harrison and Todes 2001: 66; Freund and Witt 2010: 4; Barca, McCann and Rodríguez-Pose 2012: 136; Valdalisio and Wilson 2015: 113). As suggested, previous public policies, interest groups and practices help shape the conditions in which economic sectors (agriculture, mining, manufacturing and processing, commerce and services and informality), the assets of a place and the capabilities and skills base are situated, in what Valdalisio and Wilson (2015: 113) refer to as “path dependent”. In the context of post democratic South Africa and the case of iLembe District Municipality and associated Local Municipalities, why this matters in particular relates to the deep structural conditions of poverty and inequality in a society grappling with the challenges of modernisation processes and radical transformation, in which the particular shape and form of capitalist development has enduring impact. Furthermore, 25 years of democratic institution building and extensive legislative reform has resulted in mixed outcomes in government capacity and effectiveness, especially felt at the local level. The recent adoption of the NDP (2012) and its vision for 2030, World Bank report (Sulla and Zikhali 2018) on *Overcoming Poverty and Inequality in South Africa* and recent Parliamentary review on required changes to legislation for accelerated change (Parliament of the Republic of South Africa 2017) attest to this.

The chapter first provides recent evidence relating to regional planning since democracy. The researcher will argue that regional planning as an instrument for spatial restructuring since 1994 is tied to government policy and interventions and that it is currently underdeveloped in practice. The dictates of local government restructuring has been at the forefront of transformation to remap and establish geographical and administrative entities that deracialise former apartheid spaces (Hart 2002; Harrison, Todes and Watson 2007; Oranje and Van Huyssteen 2007; van Donk *et al.* 2008; Schensul and Heller 2011a). Hence, the articulation between regional and economic planning continues to be underdeveloped, contributing to the ongoing structural challenges of socio-economic and spatial inequalities in South Africa.

This chapter begins with a brief synopsis of regional planning, post 1994 reforms to public administration and the realignment of local municipal boundaries and associated powers and responsibilities in which local planning functions are located. This is followed by a discussion of state-led socio-economic policy interventions in response to the structural challenges relating to poverty, inequality and unemployment since 1994 and changes to the spatial planning architecture and legislation. The recent implementation of national legislation, the SPLUMA and draft National Spatial Development Framework (NSDF) as envisioned in the National Development Plan is briefly analysed. Whilst recognising the latter is a work in progress, the essential elements of the plan have been widely established. Concluding remarks on the implications for regional planning are made. The researcher argues that the idea of comparative advantage of places, used to derive competitiveness in policy discourses, has largely ignored the specificities of places such as the pervasiveness of informality as a constituent of capital accumulation and concentrated on the mainstream economy instead. The result is a continuation of the *status quo* in which policy deployment has failed to alter the social relations of production and accumulation as envisaged in the transformation aspirations of the majority of South Africans and articulated in the Constitution of the Republic. Against this backdrop, the chapter concludes with an analysis of place-based regional planning as a proposed alternative to the structural limitations of the economy, and unlocking a region's potential.

## **5.2 Regional spatial planning post 1994-2018: Socio-economic challenges, policy development and legislative reform**

### **5.2.1 Socio-economic challenges**

In the third decade of democracy and economic development in South Africa (1994 to the present), the social and economic spatial divide persists. The spatial expression of the political economy has in the main remained intact leading to the exacerbation of the triple crises of structural unemployment, poverty and inequality, as identified in the National Development Plan (South Africa 2011: 1). The recent World Inequality Report identifies South Africa as one of the most unequal countries in the world in

relation to income, land ownership and socio-economic infrastructure (World Income Database 2018: 145). The public expression of poor service delivery *inter alia*, articulated in the voices of the urban and rural marginalised through growing protest action. As shown in Chapter Four, growth centres are in the core, such as in Gauteng, Durban and Cape Town, whilst the periphery and outer periphery continue to stagnate and decline. The economy is increasingly divided between a formal economy that is not job producing and a growing informal sector that contributes approximately R160 billion to the economy and an estimated 28% to GDP (SALGA 2016). The intended transformation of spatial planning has been slow to respond to these challenges and one of the key contributors to the current scenario is the perceived disarticulation of the policy frameworks driving economic development and growth (South Africa 2011; Kaplan 2013: 16; Malikane 2016: 172).

In this context of inequality and structural imbalances outlined in the previous section, several underlying themes are pertinent. The role of the state, form and relationship to markets and citizenry and how these influence and shape policies, their content and intent, government and governance and socio-economic rights of citizens, are important considerations in how space is produced. In the case of South Africa, the shift from a parliamentary form of state function under apartheid to a constitutional representative democracy, citizen's rights and interests are in part mediated and shaped through Chapter 9 institutions, as outlined in the Constitution. Chapter 9 institutions play an oversight role for civil society interest and provide the necessary checks and balances on government power and potential abuse. A significant theme is how the societal distribution of power is mediated through political, economic and social forces and how institutions are thereby influenced.

External forces such as trade, technology, migration, financial and information flows and climate change, amongst others, continue to exert influence on internal dynamics and effect the spaces of power and governance at a local level. In the case study of iLembe and associated Local Municipalities, the role of political parties, traditional leadership, civil society, the market and gender, all have significance in the current setting. Key reforms in line with orthodox neoliberalism that impact on spatial

planning include *inter alia* public sector and administration reorganisation, the remapping of Local Municipalities and associated administrative structures, the introduction of integrated planning as a management tool for municipalities and new financial, performance and accountability systems, elaborated on below. In this section a brief overview of the transitional arrangements relating to regional policy is outlined. This will be followed by analysis of the establishment of new municipalities and their administrative responsibilities, the emerging spatial architecture and state-led policies for regional and economic planning from 1994-2018.

### **5.2.2 Policy development: Transitional challenges, reform narratives and regional planning from 1994 to 2019**

In the South African democratic context, responses to regional planning initially held some promise, in that it was considered intrinsically important. Debates included an expanded view of regional planning in line with international practices at the time. These were influenced by developments in the EU, Brazil, China, the Asian Tigers and elsewhere, in which both state and market-led approaches are evident and in the developing world context is referred to as the ‘democratic developmental state’ discussed in Chapter Four. In the case of South Africa, Harrison and Todes (2001); Todes (2013), Black, Craig and Dunne (2017: 6-7) and others, argue that the initial regional policy approaches sought to provide continuity of past policies on the one hand and on the other, to bring in new principles to integrate spatial, social and economic development. For example, some assurance about regional planning was provided by the continuation of the Regional Industrial Development Programme through the DTI and the reforms associated with the Regional Services Councils and suggested NSDF proposed by the Reconstruction and Development Ministry in 1994.

The introduction of the Spatial Development Initiatives (SDIs) in 1999 using the concept of “corridors” further suggested an interest in investing in places with high growth potential, where large-scale transport infrastructure through supply side measures aided in connecting places with economic potential to act as a nodal integrator. In a detailed study on decentralisation under apartheid and in the early

stages of democracy in South Africa, Wittenberg (2003) has documented public policy in relation to decentralisation strategies exploring the types of regional governance institutions and financing mechanisms and the mediation between regional and local interests, in which fragmentation and regional and local financial crises have subsequently emerged. His conclusions indicate the need for strong local agency in relation to national policy.

At a Provincial level, several sub-regional plans were developed, such as in the case of KwaZulu-Natal with the Provincial Spatial Economic Development Strategy <sup>xii</sup>, as well as local economic development (LED) being assigned to local government level (van Donk *et al.* 2008; Rogerson and Nel 2016). However, these initiatives soon lost ground to other competing interests and regional planning was somewhat neglected over the years. In particular, was the concern of developing a local government system that would give effect to local democracy through administration, institutions and agency to support transformation and redistribution to redress the staggering material inequalities as a result of apartheid. The backlogs in services (infrastructure, housing, education, healthcare, etc.) formed the basis of the supply driven approach and numerical targeting in government policy in the early years of democracy. A further caveat relates to ministerial and administrative responsibility for regional and spatial planning. It currently sits between the Departments of Rural Development and Land Reform, Cooperative Governance and Traditional Affairs and the Presidency through the Department of Planning, Monitoring and Evaluation, with cross cutting responsibilities, discussed later in this chapter and the case study.

Whilst there are elements of regional plans at Provincial level through their respective PGDSs, these plans have been widely criticised and their effectiveness at a local level questioned. In particular, the basic problems of competencies, project timing, capacity and control are identified as key areas that still require attention and in which a degree of duplication between provincial, district and local municipal level has not been resolved. The researcher will return to these points more fully in the case study in Chapter Six on provincial planning.

In line with the adoption of orthodox neoliberalism outlined in Chapter Four, public sector reforms included adopting the NPM and new hybridised approaches that include new governance and accountability systems for government agency. NPM is referred to as the “*themes, styles and patterns of public service management*” that have recently come to the fore in some developing countries (Barzelay 2001; Naidoo 2015) in which the public sector has been reorganised to mimic business practices and methods of management, reporting and accounting. The hybridised approach uses a softer approach of governance that includes voluntary co-operation and institutional networks (Tomlinson and Harrison 2018: 1133). For planning, the major project of the democratic government has been the development of the local state and the remapping of South Africa through the amalgamation of racialised spaces and various processes that have effectively reorganised local state power and established new terrains of contestation. The key objective is to ensure that the apartheid spatial disjuncture between population, settlement and economic activity is dislodged and replaced with democratic local government, which benefits all South Africans. Furthermore, the transition into new local government along with new policy, political and administrative systems, structures, institutions, legislation and others occurred in a context of global economic uncertainty in the 1990s, slow domestic economic growth, growing unemployment and increasing inequality and poverty.

In this context, regional planning had largely fallen away as an instrument for growth and development by 1998. It was replaced with newly demarcated political and administrative boundaries defined by the Local Government Municipal Government Demarcation Act of 1998, the Municipal Structures Act of 1998 and put into effect through the Local Government Municipal Systems Act of 2000 (MSA) (South Africa, Department of Cooperative Governance and Traditional Affairs 2000), with defined responsibilities (Berrisford 2011: 252). The MSA mandates local government to undertake the general duties of a municipality and to provide for the delivery of basic services in meeting the needs of the community. This includes promoting development of the community through the sustainable delivery of services, to provide new and maintain existing infrastructure, to be accountable for decisions taken and to ensure sound financial management practices in line with relevant legislation.

### **5.2.3 Taking government to the people: Administrative and municipal legislative reforms, demarcation challenges from 1994 to the present**

From 1994, an evolving and complex planning architecture has dealt with enacting new laws, getting rid of residual apartheid spatial planning, the enactment of new by-laws and technical planning processes, informed by normative principles. Since 1994, the government has repealed over 2000 pieces of legislation passed between 1910-1993, found to be inconsistent with the values of democracy and the Constitution (Phakathi 2 February 2017). Of these 2000 pieces of legislation, many apartheid related planning laws with spatial impact were repealed (Berrisford 2011). However the structural spatial planning legacy and impact still remains, such as township and informal settlements with limited access to economic opportunities and long commuting distances between home and work, and layers of plans that still influence land uses and regulatory planning (Hansmann, Lincoln and Musvoto 2018: 26). In addition, amendments to numerous provincial and local municipal laws in line with the Constitution and new policies have been passed, to support the new administrative local government and planning architecture.

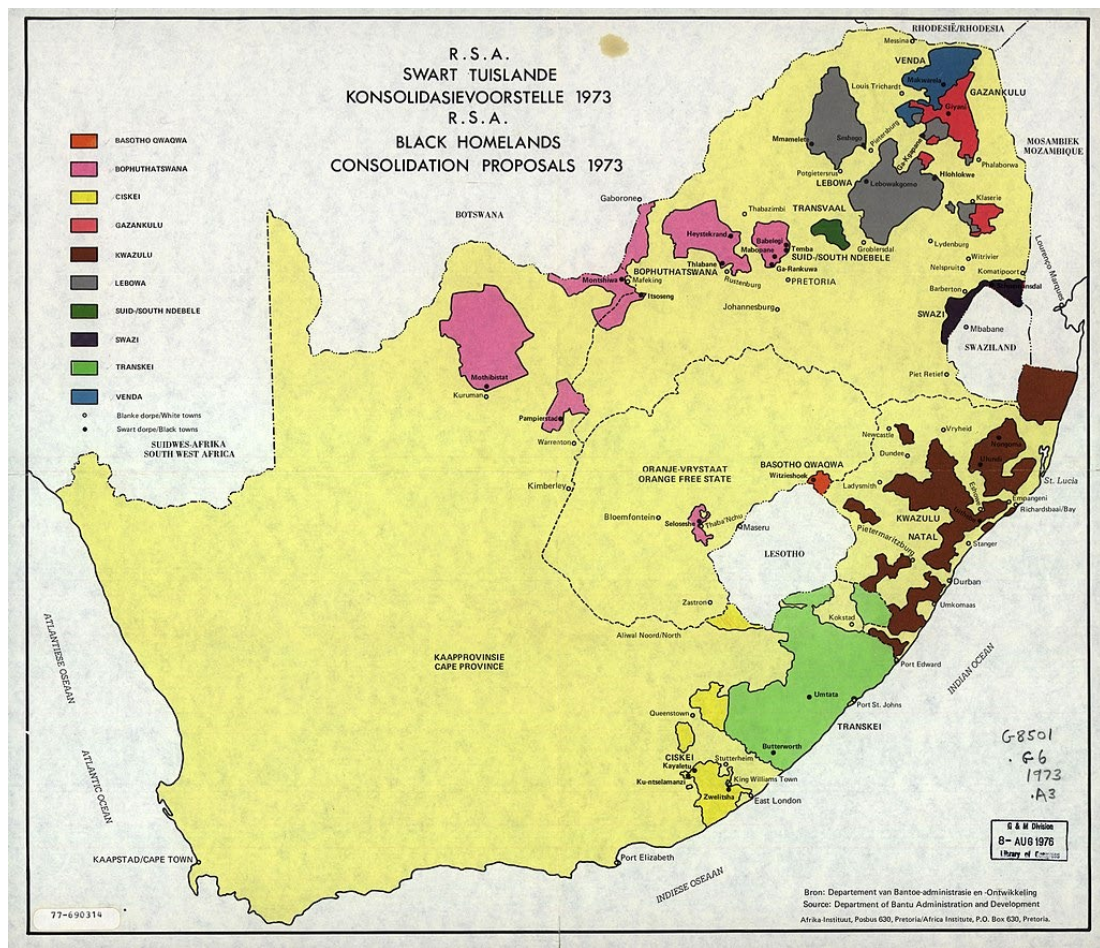
The maps below identify the administrative and political boundary changes that have taken place in the broader South African context, from pre-1994 to the present. Figures 5.1 and 5.2 identify the colonial and apartheid period in South Africa with the 1913 Land Act implication shown spatially. The Land Acts introduced the system of separate development under the Union of South Africa and eventually the Homeland system and demarcations and settlement footprint under apartheid South Africa in 1948.

**Figure 5.1: Union of South Africa outlining 1913 Land Act shown in green shading**



Source: <http://www.sahistory.org.za/topic/natives-land-act-1913> (Accessed 17 August 2018)

**Figure 5.2: Republic of South Africa (1948-1983) showing four Provinces, 10 Homelands and one self-governing territory 1948-1994**



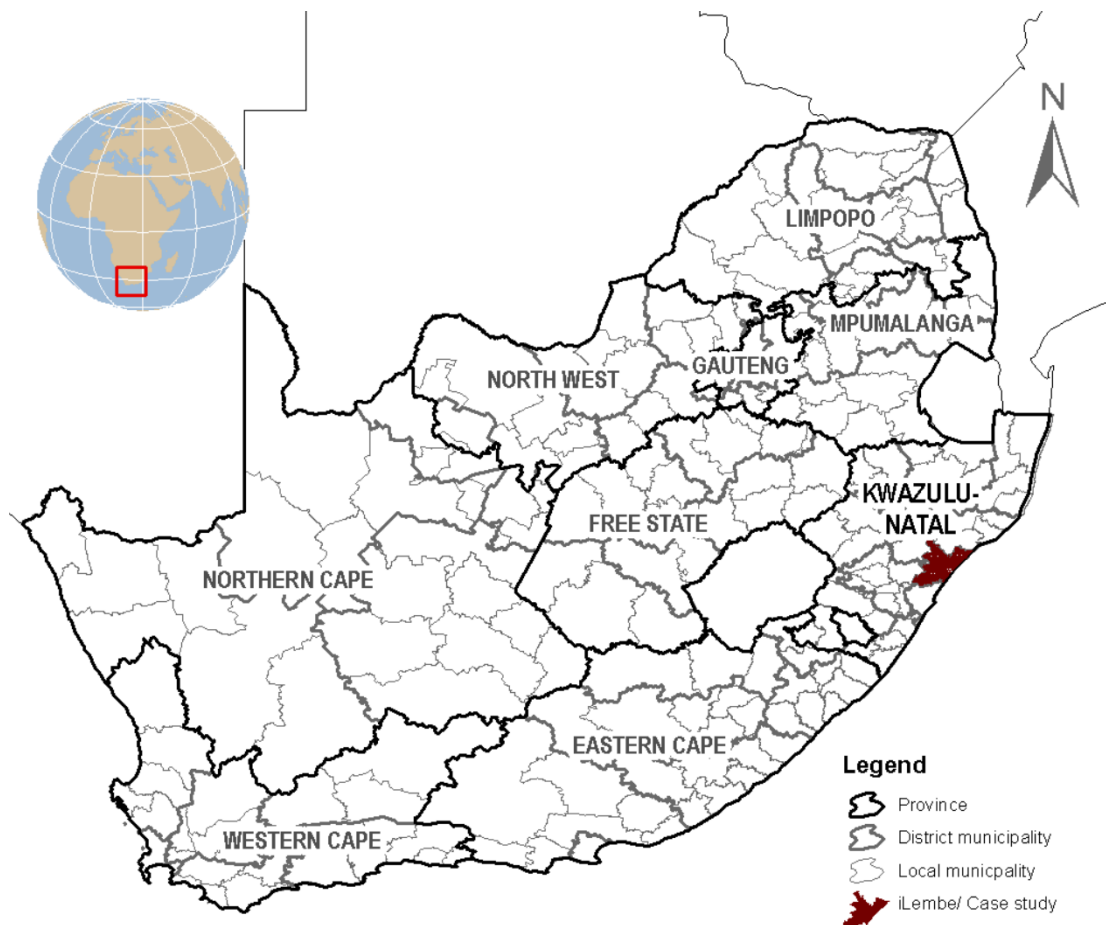
#### LEGEND

<span style="color: red;">■</span> BASOTHO QWAQWA	<span style="color: brown;">■</span> KWAZULU	<span style="color: green;">■</span> TRANSKEI
<span style="color: pink;">■</span> BOPHUTHATSWANA	<span style="color: grey;">■</span> LEBOWA	<span style="color: blue;">■</span> VENDA
<span style="color: yellow;">■</span> CISKEI	<span style="color: green;">■</span> SUID/SOUTH NDEBELE	○ Blanke dorpe / White towns
<span style="color: darkred;">■</span> GAZANKULU	<span style="color: black;">■</span> SWAZI	● Swart dorpe / Black towns

Source: <http://www.sahistory.org.za/topic/natives-land-act-1913> (Accessed 17 August 2018) and legend adapted by author for legibility

Figure 5.3 shows the post democratic administrative changes to the provincial, district and local municipal boundaries, in which the concept of ‘wall-to-wall’ local government to service communities has been introduced.

**Figure 5.3: Republic of South Africa (1994 - present): Provincial, district and local municipalities**



Source: Kitching 2017 (Department of Town and Regional Planning, using GIS)

In the context of past socio-economic injustices and inequalities, redress, redistribution and economic and social justice have framed all policy in democratic South Africa. The Constitution (South Africa 1996) defines that the purpose of spatial planning is to provide ethical, fair, just and sustainable solutions to the built environment. The Constitution mandates local government to provide equitable and efficient services, build local democracy, promote social and economic development, collect revenues, ensure safe and healthy environments and create sustainable local government systems by way of establishing “wall-to-wall” local government systems. The current spatial planning framework in South Africa is derived from the Constitution (South Africa

1996) and is listed in Schedule 4 Part A, provincial planning listed in Part A of Schedule 5 and “municipal planning” listed in Part B of Schedule 4 of the Constitution. This effectively divides South Africa into three spheres of government – national, provincial and district / local – with jurisdictional independence, but with the local sphere’s powers curtailed subject to national and provincial legislation. The overlapping functions between the different spheres of government is recognised and has not been fully resolved and intermittently emerges as a debate (van Donk *et al.* 2008; Berrisford 2011). Regional planning and development is perhaps the least developed of all the planning instruments and allocated to the Provincial sphere in terms of Schedule 4 as a functional area of concurrent national and provincial legislative competence.

To put into effect the new municipal structure, the Demarcation Board was established by the Local Government: Municipal Demarcation Act No. 27 of 1998 (South Africa 1998a). The Board began its work in 1999, tasked with the reconfiguration of the administrative and planning landscape. The initial recommendation of the Demarcation Board saw a shift from four provinces and 11 Homelands to nine new provinces, eight Metropolitan areas, 44 District municipalities and 226 Local Municipalities (<http://www.gov.za/>). This was reworked to 284 municipalities in 2000 and currently stands at 226 Local Municipalities to service a population of 56,52 million (Statistics South Africa 2017a). In addition, the main impetus driving the demarcation appears to be political rather than criteria based on the economic potential, socio-economic, revenue and other considerations. For example, the recent experience of iLembe Municipality in applying for the redetermination of municipal boundaries in 2012 to the Demarcation Board and indecisiveness of outcomes and current disputes relating to demarcation processes in Southern KwaZulu-Natal and Limpopo resulting in widespread protests (Phakgadi and Molefe 2019). Apropos the new provincial boundaries in Figure 5.3, some authors have commented on the similarities suggested in the 1992 Good Hope Plan in which the new Provincial boundaries match the nine development regions of the said plan (Hart 2002: 145; Oranje and Merrifield 2010: 35) referred to in Figure 4.1 in Chapter Four.

Simultaneously, from 1999 through the then Department of Constitutional Development responsible for the Local Government Transition Act of 1996, the introduction of “developmental local government” required all Local Municipalities to prepare the first round of integrated development plans (IDPs) with a review mechanism of five years, linked to local government electoral mandates. IDPs were initially seen as an instrument to get local government working, albeit strongly influenced by international discourses and neoliberal new managerial practices (Harrison 2006: 186). The IDPs included spatial information through land development objectives, financial plans and participatory frames. Since then, the IDPs across Local Municipalities have evolved and gone through five iterations. The case study’s five IDPs are reviewed in Chapter Six and will show some of the strengths and weaknesses of this process.

To restate the point, a complex government system has emerged in South Africa. At the apex, by 2017, 45 national departments provided policy guidance and administrative support to provincial and local government (<http://www.gov.za/>). The number of ministers under the Zuma administration was 36 and has subsequently been reduced to 28 national ministries under the Ramaphosa administration after the 2019 May elections, with the merging of departments with similar responsibilities (South Africa 2018a; Nicolson 2019).<sup>xiii</sup> To support integration, an intergovernmental system to achieve maximum impact on government investment in a given locale was introduced through the Municipal Finance Management Act 2003 and the Intergovernmental Relations Framework Act of 2005 (IGRFA), also signalling a commitment to fiscal management and monitoring and evaluation. The Medium Term Strategic Framework (MTSF) is government’s five-year electoral plan that provides a mandate to provinces, districts and local municipalities. Hence, a multilevel governance system with associated powers has emerged since 1994, as shown in Figure 5.4 below. From 2007, a monitoring and evaluation system was introduced in response to poor performance outcomes of local municipalities and increasing civil protests around service delivery. The responsibility was initially through the Office of the President and subsequently through the Department of Performance Monitoring and Evaluation established in 2011, to effect accountable and collaborative

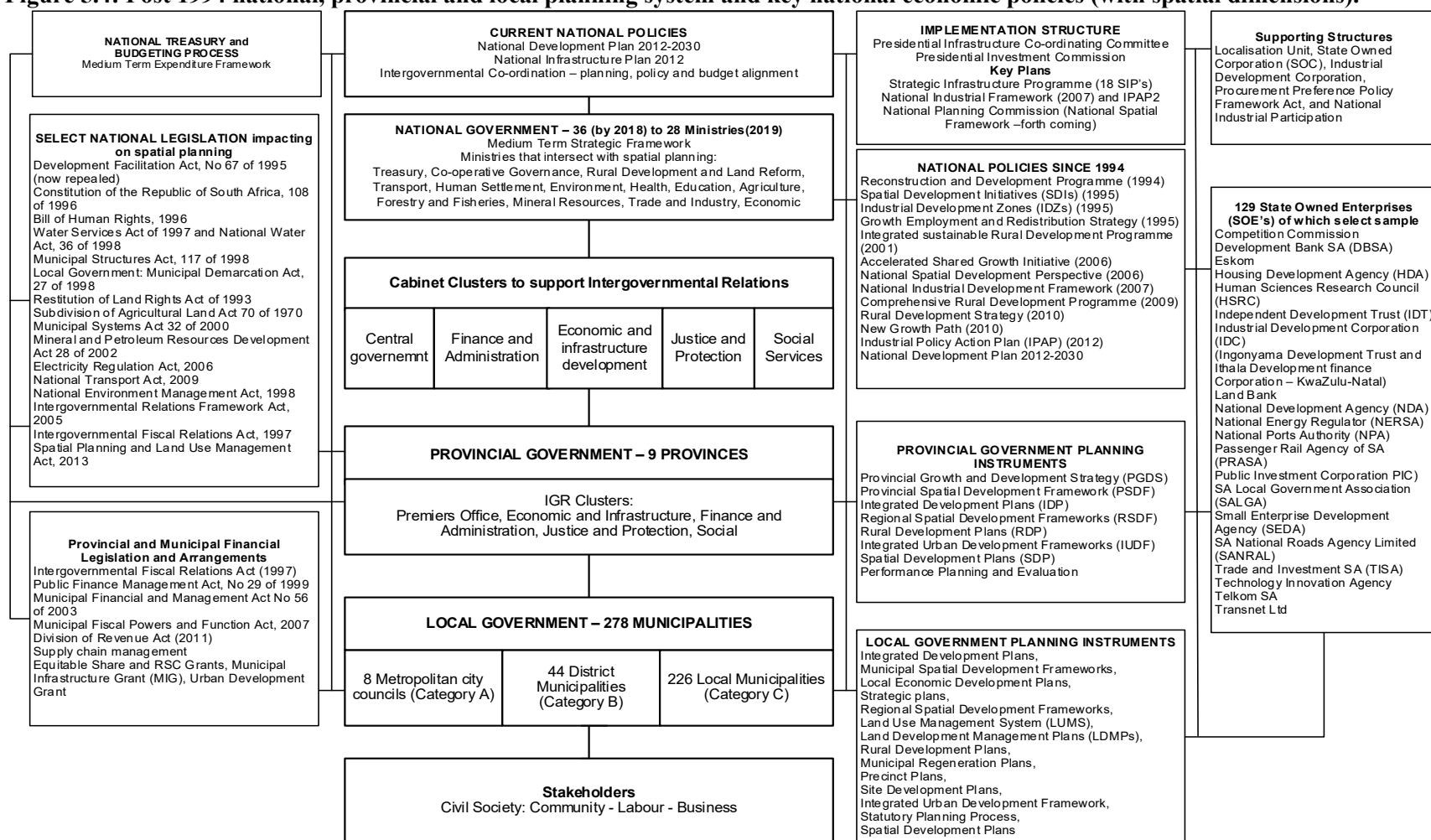
government practices across sector departments, focussing on policy and impact thereof (Abrahams 2015: 6; Abrahams 2017: 74). This office was recently renamed to include the function of planning, as the Department of Planning, Performance, Monitoring and Evaluation (2014). Figure 5.4 below identifies the post 1994 National, Provincial and Local government planning architecture and the key legislation, economic policies and institutions that impact on spatial planning, discussed more fully later in this chapter.

## **5.3 Funding, reform and the intergovernmental system**

### **5.3.1 Funding reform**

The financing system for local government administration began under the Regional Services Councils (RSCs) established in 1982 under the Good Hope Plan based on a fiscal system that collected local taxes from White business and used to cross subsidise infrastructure in Black townships (Wittenberg 2003). In the transitional period of local government from 1995 to 2000 with the implementation of the MSA, the equitable share system of revenue division to fund local authorities was established to replace the RSC funding system. This was and continues to be considered necessary, due to many insufficiently developed local municipal administrative structures and low revenue and tax bases from which to operate. Currently, provinces and municipalities are funded through a system of unconditional, conditional, recurrent and allocations in kind for special programme grants (South Africa 2017b) in order to support their developmental mandate to provide electricity, refuse removal, sanitation services and water.

**Figure 5.4: Post 1994 national, provincial and local planning system and key national economic policies (with spatial dimensions).**



Source: Self-generated by researcher and adapted by using various government documents, first published in a paper delivered at ISOCARP Conference in 2016 and amended

Funding of the newly established administrative system and decentralised local government in particular, has undergone complex transition in which a series of grants from nationally raised revenue is redistributed to the different spheres of government. The Constitution, the Intergovernmental Fiscal Relations Act of 1997 and the annual Division of Revenue Bill mandate the National Treasury to provide this support (Fiscal and Finance Commission 2013). There is a provincial unconditional equitable share grant based on population distribution in which basic services to poor households, institutional administrative support and community services are considered, as well as other conditional grants as determined by the Fiscal and Finance Commission (Wittenberg 2003; South Africa 2014c; Pearson, Pillay and Chipkin 2016b). Similarly, government's redistributive approach to meet the basic needs of the poor have placed a greater burden on local municipalities to deliver. However, as the researcher will show in the case study, many local government structures have been insufficiently resourced by way of skills and organisational systems to function as entities or have the necessary funding streams to act independently and thereby are not able to fully engage within their mandate.

The Public Finance Management Act No 1 of 1999 (South Africa 1999) (PFMA) and the Medium Term Expenditure Framework (MTEF) reviewed annually, but covering a three-year cycle, guide government and its entities (SOEs) decisions. The purpose is to support governments' constitutional mandate for service delivery at provincial and local government level, addressing the disparities of the past and allowing for relative predictability in local government expectations of national revenue share. Local municipalities in turn have the responsibility to make effective use of allocated grants in line with the set conditions. The MTEF is a multi-year budget framework and supports three year rolling expenditure plans for national and provincial departments based on department plans, linked to delivery and affordability and the PFMA provides a framework to design planning and budgeting.

### **5.3.2 Local government funding**

From 1994, the allocation of intergovernmental grant transfers to local government include unconditional, conditional, recurrent and allocations in kind for special programmes and enables municipalities to provide basic services to low income households. A further 14 conditional grants, six recurrent grants for urban municipalities and four allocations in kind for special programmes are provided to support local governments, and is summarised in Table 5.1. In Annexure 5 A, the summary allocation to local government in the 2017/2018; 2018/2019; 2019/2020 Division of Revenue Bill (2017b) is set out. Despite the support provided, a review undertaken by COGTA in 2014 indicated that one third of local municipalities are not performing their basic functions and poor service delivery, a lack of capacity and dysfunctional municipalities was widespread. This initiated the “Back to Basics” (2016c) programme led by COGTA in which the target was getting right the key basic functions of local government and creating a conducive environment for business to prosper, with variable success to date. Currently 18 local municipalities in KwaZulu-Natal do not have clean audits and are under administration. In South Africa as a whole, the Auditor General’s Report (Auditor General South Africa 2018) indicated that only 13% of local authorities are compliant and a further 31% are not financially viable, signalling a crisis in local government that has significant impact on secondary and small towns.

The share of the budget to national, provincial and local government is 65%, 31% and 4% respectively (South Africa 2017b). The lion’s share to national departments is to support sector department activities. The collection of taxes and revenue are essentially done at two levels of government – national and local. However, besides the well-established metropolitan areas in South Africa and some secondary towns, many local municipal areas do not have well established property markets, flourishing businesses and an adequate local tax base from which to raise sustainable revenue collection. Hence, the continued questioning of the sustainability of the current local government system (Atkinson 2008; Parliament of the Republic of South Africa 2017) discussed below.

**Table 5.1: Conditional, recurrent grants and allocations in kind for special programmes**

<b>A. Conditional Grant</b>	<b>B. Recurrent Grants (intended for urban municipalities)</b>
<b>Municipal Infrastructure Grant (MIG)</b> Consolidates grant money for a Local Municipality into a single consolidated grant for capital projects.	1. Urban Settlement Development Grant (Administered by the Department of Human settlement).
<b>Municipal Systems Improvement Grant</b> Assists Local Municipality to deliver on mandate through capacity building.	2. Integrated City Development Grant (Administered by Treasury and based on competitive bidding).
<b>Capacity Building Grant</b> Assist with developing management and budgeting skills in local government.	3. Municipal Demarcation Transition Grant (Administered by COGTA).
<b>Municipal Water Services Infrastructure Grant</b> Linked to service backlogs and to fast track clean water to communities.	4. Energy Efficiency and Demand Side Management Grant (Administered by National Treasury).
<b>Public Transport Infrastructure Grant</b> Through the Department of Transport.	5. Expanded Public Works Programme, Integrated Grant for Municipalities (Administered by Public Works).
<b>6. Neighbourhood Development Partnership Grant</b> Technical grant to develop community infrastructure.	6. Human Settlement Development Grant (Administered by the National Treasury and Department of Human Settlements, Provinces and respective Housing Development Agencies).
<b>7. National Electrification Programme Grant</b> To support indigent households.	<b>C. Allocations in Kind for Special Programmes</b>
<b>8. Regional Bulk Infrastructure Grant</b> To supply regional bulk water and sanitation infrastructure.	1. Integrated National Electrification Programme (Department of Energy / Eskom).
<b>9. Rural Household Infrastructure Grant</b> To provide sanitation services for rural households lacking in piped infrastructure.	2. Neighbourhood Development Partnership Grant (National Treasury).
<b>10. Rural Roads Assets Management Systems Grant</b>	3. Bucket eradication Programme Grant (Administered by Water and Sanitation).
<b>11. Municipal Disaster Recovery Grant</b>	4. Regional Infrastructure Grant (Administered by Water and Sanitation).
<b>12. Local Government Financial Management Grant</b>	
<b>13. Infrastructure Skills Development Grant</b>	
<b>14. Municipal Disaster Grant</b>	

Source: Generated by researcher adapted from South Africa (2017b)

The mandate of districts and local municipalities are set out in Chapter 7 of the Constitution of the Republic of South Africa, Act 108 of 1996 Sections 152 – 156 (South Africa, Department of Justice and Constitutional Development):

*“...to promote democratic and accountable local government; ensure the provision of services to communities in a sustainable manner; promote social and economic development; promote a safe and healthy environment; and encourage the involvement of communities and community organisations in the matters of local government”.*

The powers and functions of local municipalities allows them to raise own revenue through property rates and surcharges for services (*inter alia* electricity, sanitation, waste removal, the use of municipal facilities). Section 229 of the Constitution outline these powers and functions as:

**Table 5.2: Powers and functions of local municipalities in South Africa**

Air & Noise Pollution	Markets Stalls / Trade Areas
Beach and Amusement Facilities	Municipal Abattoirs
Billboards & Display of Advertisements in Public Places	Municipal Health Services
Building, Trading Regulations, Liquor & Public, Nuisance Control	Municipal Planning
Cemeteries, Funeral Parlours & Crematoria	Municipal Parks and Recreation
Child Care Facilities	Municipal Public Transport
Cleansing & Trade Areas	Municipal Public Works
Electricity Reticulation	Municipal Roads
Fencing and Fences	Pontoons, Ferries, Jetties, Piers & Harbours
Fire Fighting Services Licensing,	Pounds
Facilities for Accommodation, Care & Burial of Animals	Public, Nuisance Control Fire Fighting Services
Local Tourism	Public Places
Local Amenities	Refuse Removal, Refuse Dumps & Solid Waste
Local Sport Facilities	Storm Water Management
	Street Lighting
	Street Trading
	Storm Water Management
	Traffic and Parking

Source: Self-generated by researcher and adapted from South Africa (1996)

However, the reality is that many local municipalities do not enjoy autonomy primarily due to an absence of jurisdictional independence at some levels of administration, limited fiscal powers to raise local taxes and a high reliance on grant funding from the

National Treasury; in some cases, almost total reliance on this fiscal instrument. In some areas of jurisdiction, there is an absence of taxation and levies on land and services, particularly in the former Homeland areas and informal settlements (Rogerson and Nel 2016: 129). Similarly, policy and legislation are in the main, driven from the centre, but have local effect. Recent attempts at devolution of powers to raise local revenue streams have been enacted, however the impact has not yet been established. In the case of the iLembe District and associated Local Municipalities for example, the conditions of title associated with the Ingonyama Trust sterilises some 68% of land from potential revenue collection for the Local Municipalities.

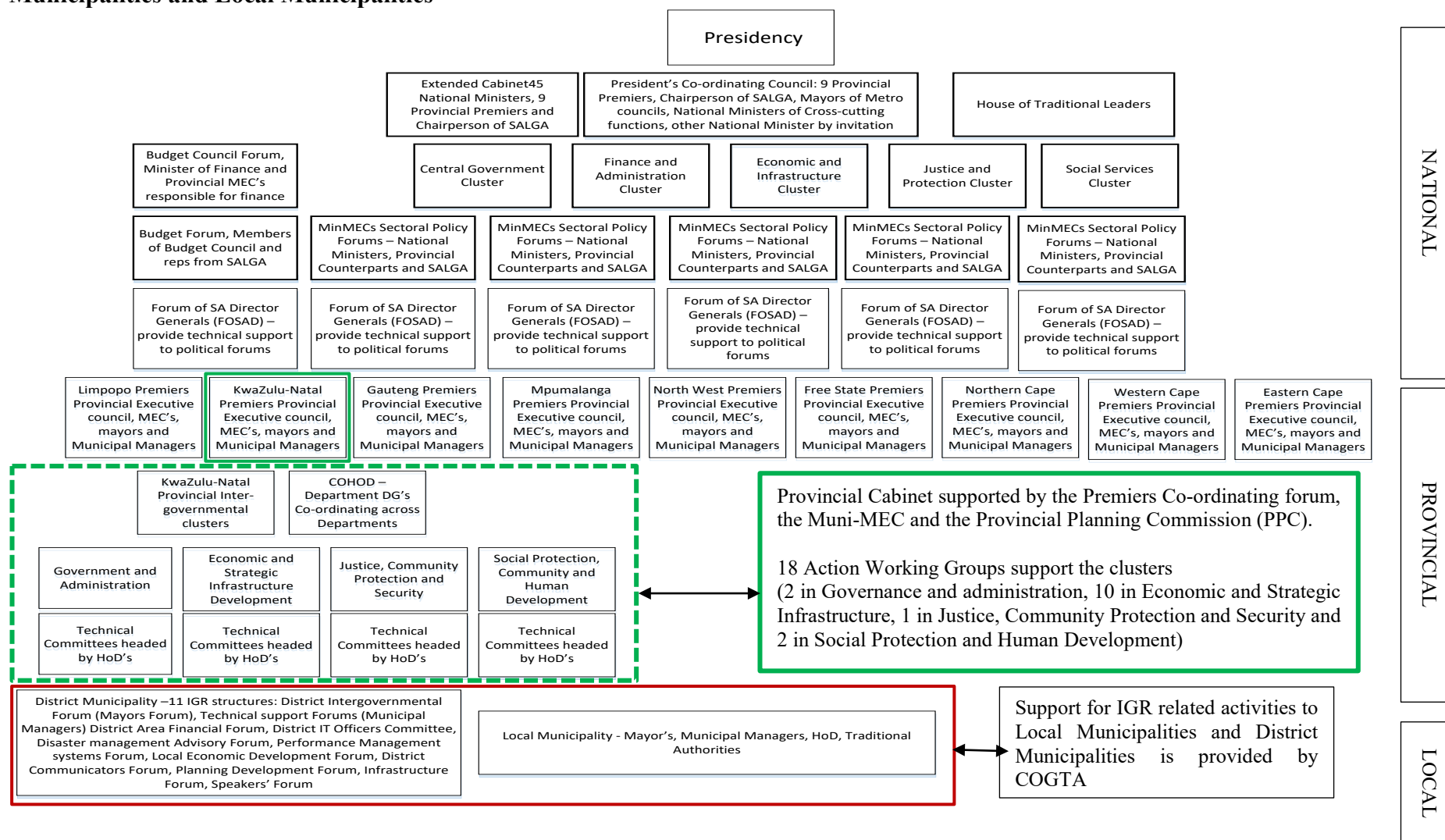
Furthermore, the scale of economic informality as a survival strategy of the formally unemployed, recently unemployed and never been employed populations in many local municipalities, presents particular challenges and dilemmas that are not easy to resolve and simultaneously represents a lost opportunity for managing potential local revenue streams. Few local municipalities have the instruments to manage informality and rely instead on a *laissez-faire* approach, or LED and SMME initiatives, yet still use outdated “hawking” bylaws to manage and control such activities. On the other hand, local municipalities continue to facilitate the unregulated taxi industry by providing road infrastructure and egresses and public spaces for taxi parking, washing of vehicles, etc. For many people, reliance on basic needs is provided through informality, including shelter; subsistence incomes; services such as water, energy, neighbourhood security; wastewater removal and transportation; and land release and assembly (Parnell *et al.* 2007: 264).

### **5.3.3 Intergovernmental system**

The IGRFA system made up of crosscutting ministries, clusters and technical committees, is complex and burdensome for the size and shape of the public administration system, population characteristics and market needs. To illustrate the point, at national level the IGRFA vertical and horizontal alignment structures support 21 committees; at provincial level using KwaZulu-Natal as an example, there are 11 and using the example of iLembe at a district level, there are 10 – indicating 42 IGRFA

structures across spheres of government, illustrated in Figure 5.5 below. Whilst there are spatial planning instruments at provincial, district and local municipal spheres, at national level these are lacking. Likewise, 129 SOEs mainly responsible for supply side infrastructure push, such as transport, energy and financing, represent state monopoly over key areas with little incentive for competitiveness, resulting in inefficiencies and high costs of doing business, especially for local municipalities dependent on bulk supply of services in a local context. The 2035 KwaZulu-Natal Provincial Growth and Development Strategy (2018: 148) for example, is self-critical of the poor functioning, co-ordination and loss of intended impact of IGRFA processes.

**Figure 5.5: Intergovernmental Co-ordination across spheres of government – National, Provincial, Metropolitan / District Municipalities and Local Municipalities**



Source: Self-generated by researcher and adapted by using various government documents and KwaZulu-Natal Provincial Planning Commission (2018)

The equitable share formula was also recently reviewed as it was considered to be lacking in coordination and cohesion in effectiveness of impact in planning and management of infrastructure (van Donk *et al.* 2008; Financial and Fiscal Commission 2014; South Africa 2014c; Division of Revenue Bill 2017). The National Treasury has increasingly played a co-ordinating role within the State, across government departments and entities, through the intergovernmental system and framework of “co-operative governance” across national, provincial and local government spheres (Harrison 2006: 200; Pearson, Pillay and Chipkin 2016b). In particular, this is one through budget and financial management reform measures devolved to Local Government, whilst maintaining a degree of centralised control.

A further disadvantage for ailing rural local municipalities is that the funding formula favours large metropolitan areas and secondary cities, in a context of diminishing and in some areas non-existent, local tax base. Many former Homeland areas that continue with traditional authority arrangements, include land held in trust where no systematic tax system or formal revenue collection system is in place. In places in South Africa where traditional systems co-exist with local government, a further system of grant funding to support traditional structures through the Provincial Government fiscus is in place. With the exception of the Royal Bafokeng located in North West Province with access to the largest platinum reserves and existing mining operations, most are reliant on the National Treasury.

In the case of KwaZulu-Natal, the structure of the Ingonyama Trust controls the landholding of the former Kwa-Zulu Homeland and was brought about as part of the complex negotiated settlement prior to the 1994 elections (Marais 2011: 75-76). Traditional authorities work through the House of Traditional Leaders, run a parallel structure to municipalities and are financed through the KZN Department of Co-operative Governance and Traditional Affairs (COGTA). The King is financed through the budget of the Office of the Premier (Auditor General Report). The Ingonyama Trust is able to generate its own revenue through leases, but this is not sufficient for the operations of traditional authorities. In the case of the Eastern Cape,

almost all of the land holding is held under traditional authority and continues to be the region in South Africa with the highest poverty indicators (Statistics South Africa 2016).

To expand on the dominance of national authority and limitations of local control, the competition between a post neoliberal agenda, traditional systems and democratic forces shapes the discourses. For example, a key question is the urban/rural debate and the larger agrarian reform agenda in a post democratic dispensation that has not been fully resolved through policy and legislation. This tension emerges in different ways, such as land reform, land redistribution without compensation, the role of traditional leadership and governance, contestation about the demarcation of boundaries, amongst others and is played out in local and national spaces. Under the Zuma administration (2007-2017) for example, traditional leadership was strengthened through the establishment of the Provincial Houses of Traditional Leaders set up in six Provinces, the formal recognition of traditional authorities and a National Department of Traditional Affairs established with provincial counterparts (Ainslie and Kepe 2016: 23). Furthermore, the proposed Traditional Courts Bill and the call by former President Zuma for traditional leaders to take a lead in claiming land under the Restitution Act, reinforced this leaning.<sup>xiv</sup>

In contrast, the Report of the High Level Panel for Parliament on key legislation requiring change led by former President Kgalema Motlanthe (Parliament of the Republic of South Africa 2017) and the more recent *Presidential Advisory Panel Report on Land Reform and Agriculture* (2019a) has made key recommendations for the curtailing of traditional authority and the strengthening and expanding of property rights, amongst others. In the case study area, the significant size of land under the Ingonyama Trust<sup>xv</sup> continues to challenge the constitutional rights of people living under traditional leadership, property rights and tenure security and the vulnerability of people under the administration of chiefs and trust land conditions, especially women.

As Mbhekesini Mavuso, quoted in the Daily Maverick said:

*“We don’t have land. We live in the chief’s back yard. We can be evicted any time. We are hoping for radical transformation this time. We know all our communities are captured. We are waiting for this so-called hard-fought freedom” (Vegter 2018).*

The recommendations of the High Level Panel on the weaknesses of the current land reform and property rights system of South Africa suggests new legislation is needed to manage the land reform process. They include amendments to existing Land Acts, as well as dealing decisively with the rights of South Africans that continue to live under servitude in traditional areas (South Africa 2017f). In sum, the above discussion has set the context of local government reform and highlighted the continuing challenges. The sustainability of a grant driven local government is questionable, but it is unlikely that the current system will change in the near future. Before addressing the supply side and demand driven measures supported through government policy, the next section briefly touches on the relational patterns of population, migration and settlement patterns of the recent past and influence on the political economy.

## **5.4 Population, migration and mobility: Settlement characteristics and dynamics**

### **5.4.1 Population, migration and mobility**

The recent history of population, migration and mobility in South Africa is shaped by colonialism and apartheid as discussed in Chapter Four and includes the migrations of slaves (1653-1802), Indian and Chinese indentured labour from 1860 and 1904 respectively and mineworkers to supplement cheap labour needs from other African countries such as Malawi, Mozambique and Lesotho. In a post democratic context, the failed Homeland policies coupled with dire economic and unemployment conditions, resulted in an inflow of migration into the established urban areas, in particular both internally and from other countries. According to the 2011 census, 75, 3% of migrants into South Africa are from Africa and mainly from the SADC countries (68%). Migration is a result of a number of causal effects, such as economic conditions, war, droughts and famine, political persecutions, amongst others. From the migration of

skilled and qualified people such as university graduates, engineers, entrepreneurs, professionals and scientists to unskilled workers in search of jobs, the effect of this migration and mobility has increasing impacts on cities and towns, especially in the case of low skilled sections of the population in search of economic opportunities. The large-scale migrations from rural areas into secondary towns and major cities have been recorded in successive census periods, 2006 and 2011 and is a key feature of growing urbanisation trends in South Africa (Turok, Scheba and Visagie 2017: 11; Statistics South Africa 2018: 15).

The current population of South Africa according to StatsSA's 2018 mid-year population estimates, stands at 57,725 million. Table 5.3 below reflects the population breakdown per province. The figures show a settlement pattern that is concentrated in Gauteng and KwaZulu-Natal with a combined population of approximately 45% of the country, highlighting where population pressures currently exist.

**Table 5.3: Mid-year population estimates by province - 2018**

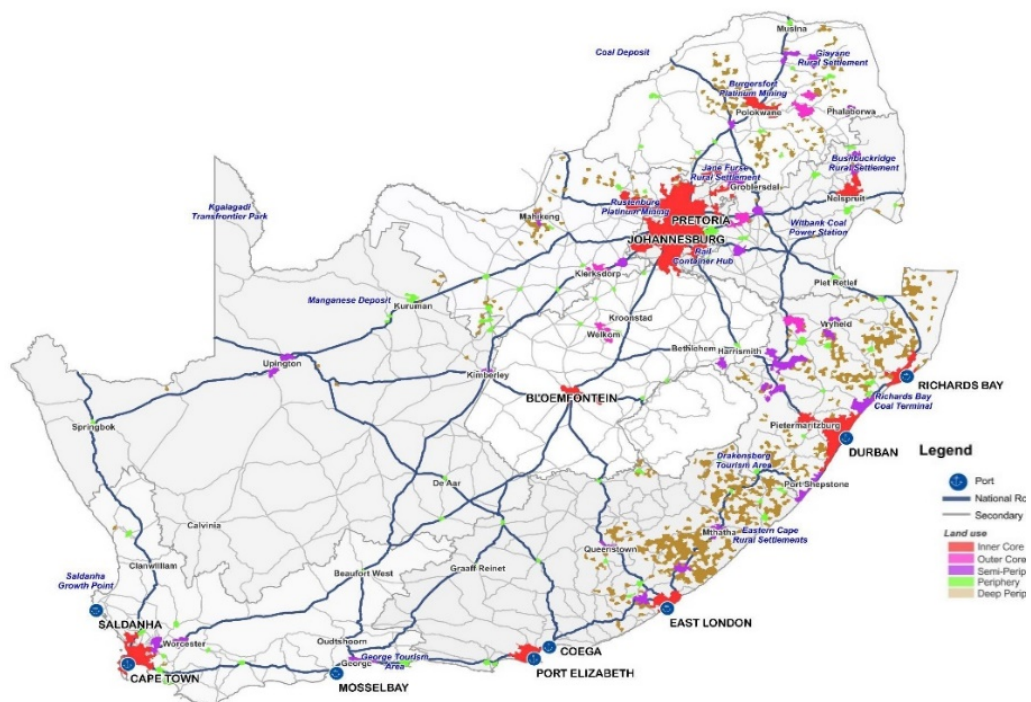
Province	Population estimate	% of total population
Eastern Cape	65,227,00	11,3
Free State	29,543,00	5,1
Gauteng	14,717,000	25,5
KwaZulu-Natal	11,384,700	19,7
Limpopo	57,973,00	10,0
Mpumalanga	45,239,00	7,8
Northern Cape	12,256,00	2,1
North West	39,790,00	6,9
Western Cape	66,211,00	11,5
<b>Total</b>	<b>57,725,600</b>	<b>100,0</b>

Source: Self-generated by researcher using Statistics South Africa (2018)

In the case of Gauteng, migration to the urban core is growing and is expressed as increasing urban pressure and in the case of KwaZulu-Natal, it is a more dispersed rural/urban settlement pattern. According to the UN Habitat 2010 State of African Cities Report and enunciated in current urban policy, it is expected that South Africa's population will grow to 75 million by 2050, reflecting an increasingly youthful and

urbanised population living in city regions and large secondary towns. Most of this settlement will be in the form of migration, both inter and international in-migration (UN-Habitat 2010). The bulk of settlement will be in existing cities, the eastern part of the country and the western coastal strip, mirroring current patterns of settlement as well as bio-regions suitable for large scale human settlement. Secondary cities and towns during the democratic period have continued to play a significant role in the space economy, albeit in various stages of growth, decline and recovery. Figure 5.6 shows the spatial concentration of population distribution using the settlement typology used in the IUDF.

**Figure 5.6: Population distribution between metro areas and secondary development nodes showing national and secondary road infrastructure**



Source: South Africa (2016e: 5)

### **5.4.2 Settlement characteristics and dynamics**

As noted in recent studies on post 1994 settlement characteristics (Harrison and Todes 2015a; Marais 2016; Rogerson and Nel 2016; South Africa 2016a), South Africa has a well-developed hierarchy of settlement types with metro cities, secondary cities, large towns and rural service centres. They are generally well connected by road networks and more recently less so by reliable rail.<sup>xvi</sup> However, as noted by all the authors, extremes of social inequalities and unequal access to socio-economic opportunities has seen growing migration to primary and secondary cities where opportunities for employment and livelihoods are perceived to be better. The growth of small and medium towns in the recent past is due to the rapid in-migration of farm workers. This is partly due to poor economic global conditions and demand for South African primary products and partly to do with labour dynamics and the recent minimum wage impact which is galvanising some commercial farming into fast tracking mechanisation at the expense of much needed labour intensive employment (Interview Respondent 7). It is also partly to do with migration of people from former Homelands towards smaller towns whilst retaining ties with their areas of origin (South Africa 2016a: 16).

The role of secondary and small towns in relation to the rural economy through primary and secondary activity, manufacturing and service sector, commodities and value chains, and implications for regional planning and policy have been highlighted in recent studies. In many cases the need to establish coherent regional planning and context is a recurrent theme in which the confines of “borders” (local, district or provincial) are seen as restrictive for regional planning to develop (Atkinson 2008: 6; Rogerson and Nel 2016). This discourse will be expanded in the case study. The next section will address the policies and spatial plans that have emerged since 1994. The discussion will highlight the contradictory nature of transformation and neoliberal practices and that the implementation of policies has been, and is uneven in achieving coherent planning outcomes.

## 5.5 State-led policies and regional spatial initiatives 1994-2018

As indicated national spatial planning has had a chequered account since 1994 and has influenced the slow emergence of a coherent regional planning approach in the third decade of democracy. This is partly due to the legacy of apartheid planning that has had negative racial, class, gender and prejudicial outcomes; and partly to do with the occupation of a new government coming to terms with the substantial reconstruction project where regional planning was not considered a priority. Government has tended to adopt a space neutral approach targeting social service backlogs, welfare grants and limited free public services (water and electricity). Less attention has been given to strategic regional and economic planning and Rogerson (2010) suggests there has been a somewhat confusing and uncoordinated application of regional planning at government level. The evolution of the planning system has been well documented (Harrison, Todes and Watson 2007; Pieterse 2007; Freund and Witt 2010; Oranje 2010; Oranje and Merrifield 2010; Oranje and Van Huyssteen 2011), supporting the view of complex governance arrangements.

Despite government interventions, the Homeland system and associated migrant labour system, the cornerstone of racial capitalism in apartheid South Africa, has proved to be difficult to dismantle. This is most evident in the areas of heightened inequality and poverty in which the structural features of apartheid are the last to be tackled (Oranje and Van Huyssteen 2011: 26; Rogerson and Nel 2016: 128). The importance of this characteristic speaks to the core of transformation and social relations of production for the case study, in which outstanding issues relating to *inter alia*, land arrangements, land reform, the role of traditional authorities and jurisdictional contestation, continues. Table 5.4 below is a reflection of evolving national policy and planning and whilst this takes place with growing disjointed economic strategy, the understanding of spatial planning, nevertheless, is becoming more coherent in understanding the complexities of different places in South Africa.

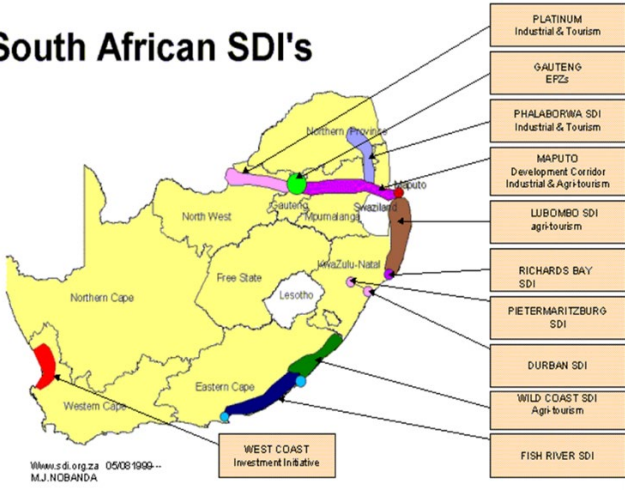
From 1994 a number of national economic plans with spatial implications have been undertaken to address apartheid legacy deficits, spatially rooted poverty and associated

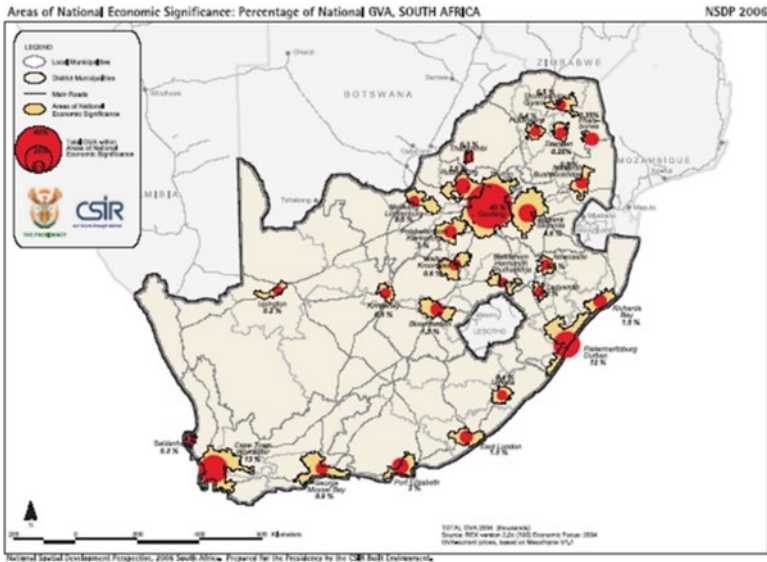
inequalities, whilst at the same time enabling investment and economic growth requirements. This has also been in a context of reductions in tariff protection post 1994 that has negatively exposed South Africa to global forces, as discussed in Chapter Four. Recent national policies include the New Growth Path (2010), supported by the IPAP, which argues for the re-industrialisation of the South African economy and a focus on the green economy. The 2007 National Industrial Development Framework, and subsequent 2017 Industrial Policy Action Plan, is administered by the National DTI to facilitate *inter alia*, economic diversification, labour absorbing industrialisation and developing a knowledge-based economy. Another initiative is government's R1Trillion infrastructure spend through the Presidential Infrastructure Coordinating Commission focussing mainly on energy and transport infrastructure.

The National Development Plan Vision for 2030, argues for a developmental state and a more inclusive and dynamic competitive economy in which the benefits are shared more equally, including an ambitious 5% growth rate and targeting reductions in unemployment from 36% to 6%. At the time of writing, the unveiling of the long awaited Draft National Spatial Development Framework (Republic of South Africa 2018) is in progress as envisaged in the NDP and in accordance with the provisions of the SPLUMA, which is discussed below. Table 5.4 summarises the national economic policies, plans and intended outcomes since 1995 to the present.

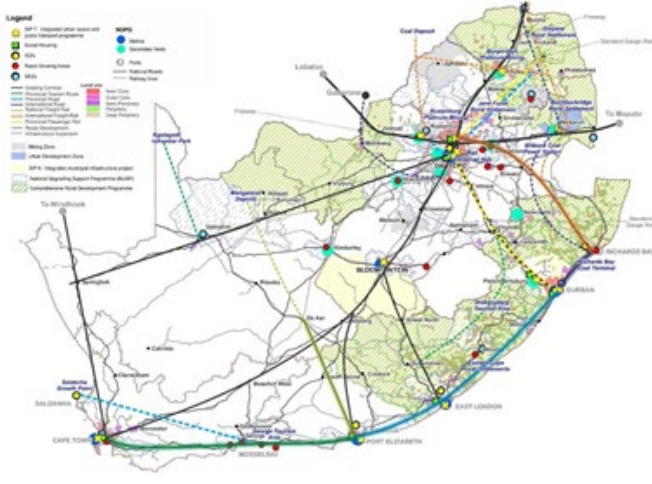
**Table 5.4: South African National spatial planning post 1994 - present, including instruments with spatial focus and supply side measures for spatial planning**

Applicable policies	Policy Intention
1994 Reconstruction and Development Plan	Create a dynamic and balanced economy and democratise the state and the economy. <b>Supply driven and redistributive focus</b> . The RDP did not deliver the desired economic growth and did not focus strongly enough on creating a new revenue base for the country.
1995 National Development Spatial Framework	Attempt to map government investment and <b>co-ordinate public spending</b> and infrastructure through the Office of the Reconstruction and Development Programme, but was not well received from sector and provincial departments.
1995 Development Facilitation Act	Introduced by the Department of Rural Development and Land Reform to fast track development applications facing bottlenecks for transformation projects. Represented a shift in planning from control to normative based principles, including substantive principles and norms to guide land development and introduced the concept of land development objectives. DFA was used more for standard development applications than its original intentions. Eventually removed from statute books as unconstitutional in City of Johannesburg Metropolitan Municipality v Gauteng Development Tribunal and Others (18 June 2010)
Restitution of Land Rights Act 22 of 1994	Administered by the Department of Land Affairs, the approach was an attempt at redress of 1913, 1936 Land Acts and Group Areas Act and forced removals and initiate changes to agrarian system. Land Reform underpinned by three pillars: Land Restitution Land Redistribution Land Tenure Reform Supported pro-poor model, Settlement and Land Acquisition Grant and later supported by Land Redistribution for Agricultural Development grant of between R20 000 - R100 000 and 'willing buyer / willing seller' model used in restitution approach.
1996 Growth, Employment and Redistribution Strategy (GEAR)	Located in the Office of the Minister of Finance: Privatisation and structural adjustment, reduction in government expenditure and shift to repaying debt of the apartheid regime and introduced neoliberal management practices in government focused on reducing fiscal deficits, lowering inflation and maintaining exchange rate stability, cutting government spending and introducing austerity measures.
1996-1999 Spatial Development Initiatives (SDI) and Industrial	Introduced by the Department of Trade and Industry, a short-term intervention to unlock local investment potential and to generate growth in regions through improving local infrastructure and promoting new investments. Eleven SDIs established – Using investment <b>corridors</b> as a

<p>Development Zones (IDZ) in 2000</p>	<p>means to link economic nodes with spread effects especially in areas of underutilised potential. Supported by introduction of four IDZs in Coega, East London, Richards Bay and OR Tambo International Airport, with intended state of the art world class infrastructure to attract export-based activities and job creation, but with limited impact in attracting new investors and long term jobs.</p> <p>IDZs were widely criticised for their ineffectual impact as a result of weak policy, poor governance and unsustainable funding arrangements (DTI 2013: 17).</p> <p><b>South African SDI's</b></p>  <p>The map shows the following SDIs:</p> <ul style="list-style-type: none"> <li>PLATINUM Industrial &amp; Tourism</li> <li>GAUTENG EPZs</li> <li>PHALABORWA SDI Industrial &amp; Tourism</li> <li>MAPUTO Development Corridor Industrial &amp; Agri-tourism</li> <li>LUBOMBO SDI agri-tourism</li> <li>RICHARDS BAY SDI</li> <li>PIETERMARITZBURG SDI</li> <li>DURBAN SDI</li> <li>WILD COAST SDI Agri-tourism</li> <li>FISH RIVER SDI</li> <li>WEST COAST Investment Initiative</li> </ul> <p>Other regions labeled on the map include Northern Cape, North West, Northern Province, Free State, Eastern Cape, Western Cape, and KwaZulu-Natal. A legend at the bottom left indicates 'www.sdi.org.za 05081999-- M.J. NOBANDA'.</p>
<p>2000 Local Economic Development</p>	<p>COGTA (National and Provincial) responsible for LED support in local government. Key objective: Promoting competitiveness in localities through attraction of inward investment; enhancement of growth, business retention strategies in cities; assisting small medium and micro (SMMEs) and supporting community development initiatives, enterprises and co-operatives.</p>
<p>2000 Integrated Sustainable Rural Development Strategy</p>	<p>Intended to develop infrastructure (housing, water, sanitation) in rural areas and integration with smaller towns, local government and local economic development through partnerships between public and private spending.</p>
<p>2006 Accelerated and Shared Growth Initiative for South Africa (ASGISA)</p>	<p>The stated aim was to reduce poverty by 2010, halve unemployment by 2014 from 28% to 14%. Key investment spend was in infrastructure and 2010 World Cup related opportunities. Implementation was reasonably successful but lacked political support at the time due to changes in leadership of the ruling party.</p>
<p>2003/2006 National Spatial Development Plan (NSDP)</p>	<p>Office of the President: A comprehensive spatial analysis and mapping of South Africa's <b>economic, social and spatial trends</b> to guide future discussions on infrastructure and government productive expenditure to achieve co-ordinated and integrated outcomes at all levels of government. The plan was criticised for being neoliberal, urban focused at the expense</p>

	<p>of rural areas and narrow in focus in relation to development and economic potential. The detailed information provided a useful backdrop for spatial information. For example, the map below shows the continuing dominance of the core and sub cores developed under the colonial and apartheid period in which areas of national economic significance are highlighted: % of National Gross Value Added (GVA).</p>  <p>Reference: NSDP (South Africa 2006)</p>
2006 Draft Regional Industrial Development Strategy	<p>Administered by the DTI: key interventions include: spend in areas of highest economic potential and target social development spending in high poverty areas. Key spatial concept: <b>growth nodes and corridors</b>.</p> <p>Industrial Development Zones (IDZs) introduced in limited areas.</p>
2009 New Growth Path	<p>Office of the President: State-led drive for job growth, revitalise rural development (especially former Homelands), five key drivers – boost public investment in <b>infrastructure</b> and energy; support main <b>economic sectors</b> (agriculture and agro-processing, mining, manufacturing; support <b>new economies</b> (green and knowledge economy); <b>social capital</b> and public sector; <b>spatial development</b> opportunities in rural areas and broader region.</p>
2010 Rural Development Strategy	<p>Administered by the Department of Rural Development: Key concerns are: <b>agrarian transformation</b> – system and patterns of ownership and control of land, livestock, cropping and community, an integrated programme of rural development, land reform and agrarian change (mobilising productive agriculture, rural tourism potential, reviving secondary towns, exploiting opportunities in mining and manufacturing), expanding the agricultural value chains.</p>

2011 National Development Plan: Vision 2030 (NDP)	<p>Underpinned by the Green Paper on National Strategic Planning 2009, the appointment of the National Planning Commission in 2010 and the final adoption of the NDP in 2012. Multiple development goals and objectives with 20 year time frame and 5% growth target set to be achieved by 2030 included: eradication of poverty, inequality reduced, employment increase from 13 million in 2010 to 24 million through improved economic policy coordination and implementation, an increase in per capita income to R120 000 and a million jobs created in the agricultural sector.</p> <p>Suggested national spatial schema for spatial targeting include <b>national competitiveness corridor, nodes of competitiveness, rural restructuring zones, resource critical regions, transnational development corridors and special intervention areas</b>. Requires national spatial fund, national data observatory and legislative reform.</p>
2012 National Infrastructure Plan	Administered by the National Department of Economic Development: Supports the New Growth Path and NDP – job creation, service delivery, tackling poverty and inequality (18 Strategic Infrastructure Projects (SIPS) – focussing on existing investment).
2014 / 2020 Industrial Policy Action Plan (IPAP)	<p>Administered by the DTI: <b>Special Economic Zones</b> (EPZ) legislated – geographically designed areas for targeted economic activities (manufacturing activities qualify for financial and other generous incentives and reduced corporate tax). Slow uptake by private sector.</p> <p>Focus on clusters, value adding manufacturing, export and labour intensive industries, industry rescue, automotive, clothing, textile and leather, green industries, agro-processing, amongst others. Revitalisation of former border industries. IPAP iterations are reviewed and updated.</p>
2014/15 Master Spatial Plan for Human Settlements	Administered by the Department of Human Settlement: Two main criteria for human settlement proposed – <b>integration and impact</b> . Spatial prioritisation in terms of investment areas, intervention areas and areas of deficiency (conditions of deprivation exist).
2011/ updated 2016 National Transport Master Plan	Administered by the Department of Transport: First comprehensively <b>planned multi-modal, integrated and sustainable</b> framework for providing transport, infrastructure and services in South Africa.

	 <p>Source: National Transport Master Plan 2050 mapping vision of national policies, spatial initiative and legislation relating to land use (South Africa 2016e: 11).</p>
2013 Spatial Planning and Land Use Management Act (SPLUMA)	Administered by the Department of Cooperative Government and Traditional Affairs: Introduced to provide a framework for spatial planning and land use management, mandates the preparation of a national spatial development framework, preparation for regional spatial development frameworks for purposes of guiding change and integration of the space economy and settlements requiring intergovernmental collaboration in their preparation and implementation.
2015 Integrated Urban Development Framework (IUDF)	Administered by the Department of Cooperative Governance and Traditional Affairs: Seen as ‘New Deal’ for cities and town, using growth model of <b>compact, connected and co-ordinated</b> , with key objective – spatial transformation. Focus on cities and towns with strategic goals of spatial integration, inclusion and access, sustainable economic growth and development and shared governance. Identifies nine policy levers to achieve the vision.
2014/15 Built Environment Performance Plan	Administered by National Treasury: Instrument from National Treasury to support <b>spatial coordination of multiple infrastructure grants</b> for metro municipalities for the purpose of creating integrated cities to achieve impact.
Integrated Energy Plan and 2011 Integrated Resource Plan: 2010-2030	Administered by the Department of Minerals and Energy: Provides a framework for energy mix and sustainable use of resources. Purpose is to secure sustainable provision of energy or socio-economic development.
2018 Draft National Development Framework (NSDF)	According to the Executive Summary of the draft, the NSDF “ <i>seeks to make a bold and decisive contribution to bringing about the peaceful, prosperous and truly transformed South Africa, as articulated in the Freedom Charter, the Reconstruction and Development Programme and the National Development Plan</i> ” through decisive, collaborative and

	targeted state action in the space economy. This is supported through a set of five spatial development frames to inform and direct all future infrastructure investment and spending. They encompass: Urban Regions, Cluster and Development Corridors; Productive Rural Regions and Rural Development Anchors; National Ecological Infrastructure System; National Connectivity Infrastructure Networks; and National Social Service Infrastructure System (2018b: 17-18).
Nine Provincial Growth and Development Strategies (PGDS)	<p>The PGDS is a provincial strategy to support the socio-economic and spatial development objectives of provincial government. It is supported by spatial information – the Provincial Spatial Development Framework, strategic goals and targets, strategic infrastructure development, spatial equity, governance, policy alignment and monitoring and evaluation instruments for holding provincial government accountable.</p> <p>In the case of KwaZulu-Natal, nodes and corridors, supported by infrastructure spend and catalytic projects are the key organising spatial principles for provincial, district and local municipalities’ government expenditure.</p>

Source: Self-generated by researcher and adapted from Oranje and Merrifield (2010) using various government documents. *Note: National Government Departments have undergone name changes, the latest term is used in this table.*

Analysis of these policies show a shift over the past 25 years. The period 1994 - 2008 was concerned with redistributive and restructuring mechanisms favouring new institutional arrangements, a focus on infrastructure and support for redress referred to as supply driven. The later period from 2009 onwards is about administrative and policy consolidation and concerned with growth-orientated objectives. The document discourses on the policy-led frameworks are also consistent in the development and neoliberal language of efficiency and new managerialism, where reference to regional planning is either limited or absent in the frames of analysis. Furthermore, in the absence of an adopted regional planning and policy framework since 1994, responses to development impulses were at best *ad hoc*. The larger policy discourses of the RDP and GEAR have had elements of regional planning including the Rural Development Framework, Urban Development Framework and the Spatial Development Initiatives in 1996.

The NSDP (2006) was the first real attempt at national spatial policy, but beset by rural/urban divide perceptions and emerging neoliberal critiques, insufficient implementation ensued (Oranje and Merrifield 2010). From 2009, spatial targeting supporting sectoral interests and agencies within government and largely driven by SOEs, have in the main been supply driven in response to declining employment in labour intensive manufacturing and mining and overall contraction of the market, particularly in the post 2008 global financial crisis and continuing recessionary environment. Hence, the high levels of state expenditure in social welfare grants to mitigate poverty, large-scale infrastructure projects – road, rail, airports, ports, water, sanitation – and state aided industrialisation aimed at attracting firms through various policies alluded to in Table 5.4. Furthermore, a reluctance to invest by business in an uncertain economic climate mitigates the states attempts at reindustrialising the economy through beneficiation and the IPAP programme of the Department of Trade and Industry.

The spatial effect has been a concentration of investment to urban areas of GVA and employment opportunities, slow economic growth in secondary cities and smaller towns and increasing urban poverty (South African Cities Network 2016). Former Homelands continue to be areas of social reproduction and concentrated areas of poverty, with high levels of unemployment, informality as a means of survival and other social shortfalls. Dependency on remittances, social grants and other social welfare payments continue and are unlikely to decline in the near future. In summary, the last two decades has seen the sectoral contraction of the spatial distribution of the economy. The next section addresses the supply side measures used by government from 1994.

#### **5.5.1 Government supply side measures for regional spatial planning in South Africa post 1994**

Analysis of the regional supply side implementation measures for promoting economic development on the part of the state, suggests a hybrid approach – either place specific (growth nodes, corridors, local economic development) or socially focused

expenditure. Table 5.5 below identifies recent policies that employ spatial targeting of investment by the state in industrial infrastructure and urban and rural investment.

**Table 5.5: Select government supply side measures for regional spatial planning**

Department of Trade and Industry	Urban Policies	Rural Policies
1994: SDIs (infrastructure)  2000: IDZs (logistics / export related activities) (problems included: poor quality jobs, weak local linkages, dependent on cheap subsidised input costs leading to supply side harvesters, difficulty in attracting diverse industries, lack of incentives – DTI, 2013)  2014: SEZs (clear policy and planning, better incentives, industrialisation drive, strengthen governance, targeted financing – <a href="http://www.dti.gov">www.dti.gov</a> )  2017 Industrial Policy Action Plan  2017 Industrial Park Revitalisation Programme (former growth points)	1994: Presidential Led Projects  2006: Urban Renewal Programme and Neighbourhood Development Partnership Grant  2004: Urban Development Zones  2016: Integrated Urban Development Framework	1994: Land reform, land restitution, tenure reform, rural housing, basic services  2001: Integrated Sustainable Development and Rural Development Programme  2010: Comprehensive Rural Development Programme and Rural Development Strategy – food security, agro-parks and agro-industries, renewable energy
<b>National Development Plan 2030 (NDP) and Draft National Spatial Development Framework (NSDF)</b>		

Source: Self-generated by researcher using various government documents

### 5.5.1.2 Infrastructure and industrial strategy

The spend on industrial infrastructure include the DTI 1994 Spatial Development Initiatives (SDIS-infrastructure), the introduction of Industrial Development Zones (IDZs) in 2000 focused on logistics and export related activities and the more recent 2014 Special Economic Zones (SEZs) in which clear policy and planning, better incentives, an industrialisation drive, strengthening of governance and targeted financing has been introduced ([www.dti.gov](http://www.dti.gov)). The current SEZ incentives include: preferential corporate tax of 15% (tax relief), building allowance, employment incentives, in customs controlled areas (eligible for tax relief –VAT, Customs and

Excise, Customs Duty and Customs Control), 121 tax incentives to support green fields investments (new industrial projects and unused manufacturing assets) and brown fields investments to support expansion of existing industrial projects. Currently, the SEZ is the only instrument available to target specific spatial areas in regions, and which if used appropriately and within a strategic framework, could stimulate regional supply chains. The recent pronouncements by government for an Economic Recovery Package, totalling some R43 billion, has increased the scope of supply side support, but analysts already suggest that the constraints to the economic structure have not been addressed. Einstein's insight "*Let's not pretend that things will change if we keep doing the same things*" seems appropriate. More recently, the Department of Trade and Industry has initiated the Industrial Park Revitalisation Programme in an attempt to renovate and resuscitate the neglected former growth points in support of governments reindustrialisation strategy (South Africa 2017d).

#### **5.5.1.3 Urban infrastructure investment**

At an urban level, the interventions in the absence of a clear urban policy framework for most of the last 25 years, has resulted in somewhat *ad hoc* approach to the most enduring structural effects of apartheid urban planning. These include the Urban Policies Presidential Lead Projects (1994), Urban Renewal Programme and Integrated Sustainable Development and Rural Development Programme (2001), Neighbourhood Development Partnership Grant (2006) and Urban Development Zones (2004). The long awaited 2016 Integrated Urban Development Framework has provided greater policy certainty and includes a long term view of the transformation of the national space economy and is passed off as a "New Deal" for South African cities and towns (South Africa 2016a: 7). The key objectives are "*a growth model of compact, connected and co-ordinated cities and town*" and introduces four strategic goals that include spatial integration, inclusion and access, sustainable and developmental growth and inclusive governance.

Key normative principles include cross cutting issues of rural and urban interdependency, urban resilience and urban safety, in which a hierarchy of settlement

patterns is acknowledged. However, there is continued uncertainty as to the classification of settlements typologies to be applied. The combination of classifications used in the IUDF include: the IUDF Spatial Considerations, SACN/CSIR Typologies and Municipal Infrastructure Investment Framework Classification; the interpretation used is suggested to be specific to local conditions, provided alignment with the said policy framework is adhered to (2016a: 26-27). Similarly the IUDF Implementation Plan 2016-2019 (2016b: 8) suggests that there should be “*institutionalised long term planning*” in which city regions, cross border development planning and regional development should be considered, but the areas of jurisdiction and powers are not defined.

Many of the normative principles outlined above are not new. They have framed the discourses around the restructuring of the apartheid city before 1994. However, the urgency of not having an urban policy has resulted in continued urban fragmentation and some changes to the apartheid city structure (Schensul and Heller 2011b; Musvoto, Lincoln and Hansmann 2016) such as more permeable boundaries and state investment in city centres to avoid ghettoisation. Whilst mobility of people has changed, the class character and spaces of informality continue as before, with high costs of transport and poor or no service delivery, the mainstream experience of many urban residents. Despite the ‘new deal’, this reality will continue into the near future for many South Africans.

#### **5.5.1.4 Rural development**

Similarly, agrarian reform is beset by rural policies that can be described as conflicting and sometimes contradictory in intended outcomes. These include land reform, rural housing, the provision of basic services, the Comprehensive Rural Development Programme and Rural Development Strategy (2010) which focuses on safeguarding food security, developing agro-parks and agro-industries and investing in renewable energy. Reform of the agricultural sector since democracy has not fundamentally changed the ownership landscape, nor the commercialised character of food production in South Africa (Hall and Cousins 2018: 15). The post 1994 land reform

policies have rested on three pillars to address the legacy of land dispossession. Land restitution is aimed at restoring land back to communities who were dispossessed of their land through the various Land Acts. Land redistribution is aimed at creating an equitable distribution of land for South Africans in the hope of establishing vibrant small-scale farming. Tenure reform is aimed at assisting the vulnerability of farm workers and the customary rights of residents from former Homeland reserves (South Africa 1994).

In this context, two intersecting issues of government supply side measures are evident. The first is that both economic planning and spatial planning cut across multiple ministries – currently 10 (Economic Development, Energy, Environmental Affairs, Finance, Human Settlements, Planning, Monitoring and Evaluation, Public Enterprises, Rural Development and Land Reform, Transport, Water and Sanitation), each with their own sector departments, and including SOEs such as the power utility Eskom, and development funding agencies such as the DBSA. This results in weak integration, implementation of policies, and deployment of resources. Secondly, the current administrative district and local municipal boundaries inhibit coherent regional planning from emerging. Whilst cross border arrangements for co-ordination do exist, their influence is ineffectual.

In the absence of coherent national planning in the recent past, uncoordinated responses to critical development issues ensue at various spheres of government. For example, choices relating to the energy supply mix such as proposed fracking, nuclear power and renewable energy, appear to be unplanned responses to urgent energy needs required for a 5% growth trajectory as set in the NDP. At provincial level, the Provincial Growth and Development Strategies identify competitiveness in areas such as education, innovation, human resources and industrial growth. Likewise, in the absence of an agreed urbanisation policy framework since 1994 and introduced only in 2016, recent efforts at introducing new regionalism at city scale include the Gauteng City Region initiative and increasingly the discourses of metropolitan councils include branding concepts such as “gateways”, “learning cities”, “smart cities” with each city, in the pursuit of its own investment. Development Agencies such as the Johannesburg

Development Agency, Enterprise iLembe<sup>xvii</sup> and the Department of Co-operative Government and Traditional Affairs (COGTA) Economic Development Agencies (EDAs) largely based on EU examples, have been established to drive economic development. Similarly, the SOEs that are meant to facilitate and cross-subsidise capital formation at local level tend to represent vested interest, operate in silos and are weakly linked to municipalities and their planning systems. Moreover, there are decisions at a national level that have negative local impact, such as South African National Roads Agency Limited's (SANRAL) tolling of roads that cut across local municipalities and the planning of major infrastructure spend that does not necessarily support local planning priorities.

Almost all the policies in Table 5.4 refer to spatial planning and occasionally to regional planning and all speak to the need to be competitive – yet its meaning is seldom articulated and almost never in spatial terms. More recently, the urgency of considering regions in spatial development planning to support the NDP has been expressed in various government forums (Department of Trade and Industry 2007; Department of Economic Development 2013) but to date there has been little tangible progress. The intersecting and sometimes competing legislation, jurisdictional concerns, government structures, supporting institutions, SOEs and plethora of cross cutting policies across spheres of government, demonstrate a complex government system. At a municipal level, this is complicated further by the inclusion of traditional authorities alongside democratic municipal institutions, as will be highlighted in the case study. A persistent weakness remains poor linkages between market requirements and supportive planning tools.

Atkinson (2008: 21), in a study on opening access in small and medium towns in South Africa, argues for a strategic approach in which regions are defined according to their economic characteristics and the potential of an area and not artificial government jurisdictions. In a comprehensive study on spatial planning in South Africa from the 1960s to the present by Todes and Turok (2018: 26), they suggest that spatial considerations need to factor more deliberately into economic and social policy and that South Africa has lacked a national spatial vision and policy framework that

addresses migration and urbanisation. Whilst acknowledging that the context of inequality in South Africa has focused state resources on marginalised communities through social grants and free public service, they also argue that the state needs to invest in leading areas to enhance competitiveness and improve the overall performance of the national economy by improving urban efficiencies and strengthening agglomeration economies, consistent with international practices. Their analysis over five decades of spatial planning interventions demonstrates an “*eclectic mix of spatial programmes and initiatives implemented across South Africa*” (2018: 26) and whilst there are some areas of success, the net result is an absence of systematic strategies to tackle structural spatial inequalities.

## **5.6 National spatial planning: Recent storylines**

At the time of writing, the momentum of developing the NSDF as envisaged in the NDP is underway, signalling implementation prospects of aligning scaler planning. In many instances that will mean retro fitting to existing municipal plans. “Region building” in this context signals a work in progress where spatial planning is becoming coherent. In the context of Provincial and Municipal level planning, the practice of retro fitting plans is not new. As a senior KZN Provincial employee interviewed explained, “*Retro fitting plans to comply with new legal requirements is not new. It is an ongoing practice in local government*” (Respondent 18).

This section looks at three recent events of national spatial planning emanating from the NDP, the SPLUMA and other influences. The first is the proposed national schema for spatial targeting from Chapter Eight of the NDP and that proposes a “*national spatial development framework*”. The second is the enactment of the SPLUMA and the third is the draft 2018 NSDF. Each of these plans builds on the existing spatial data and informs the latest draft NSDF.

### **5.6.1 The National Development Plan 2030**

The National Development Plan recognises that the space economy and spatial planning in the democratic period has not yielded positive spatial outcomes at the required pace for the vast majority of South Africans. It suggests that the roles and powers across the spheres of government and the planning system continues to be fragmented. This is seen particularly in the third wave of policy development from 2011 and the introduction of new legislation, the Spatial Planning and Land Use Management Act, No 16 of 2013 (SPLUMA), the Integrated Urban Development Framework (2016a) and in the increasing role of planning performance, monitoring and evaluation discussed above.

The NDP is a comprehensive plan that identifies key weaknesses (inequality, unemployment and poverty), challenges (including transforming physical space) ranging between the economic to social arenas and makes radical suggestions for transforming the inherited spatial, economic and social logics in South Africa. It is the culmination of a comprehensive and participatory approach in detailing the multiple and complex challenges facing the country and took some two years to develop. In sum, it sets targets for economic growth at 5%, creating 11 million jobs by 2030 and recognises the key impact of urban migration and role of cities for the economy. At an economic level, the plan calls for the development of a competitive economy – the plan in fact mentions this 88 times (South Africa 2011) yet its meaning is seldom defined nor articulated on how it will be achieved. Whilst the notion of competitiveness is largely associated with advanced capitalist economies, it is of no less concern for developing countries engaged with global markets and trade activities. The NDP articulates a strong position for developing the competitiveness of the economy, in which confronting the structural conditions are advanced, *inter alia* improving productivity, innovation and developing a knowledge economy.

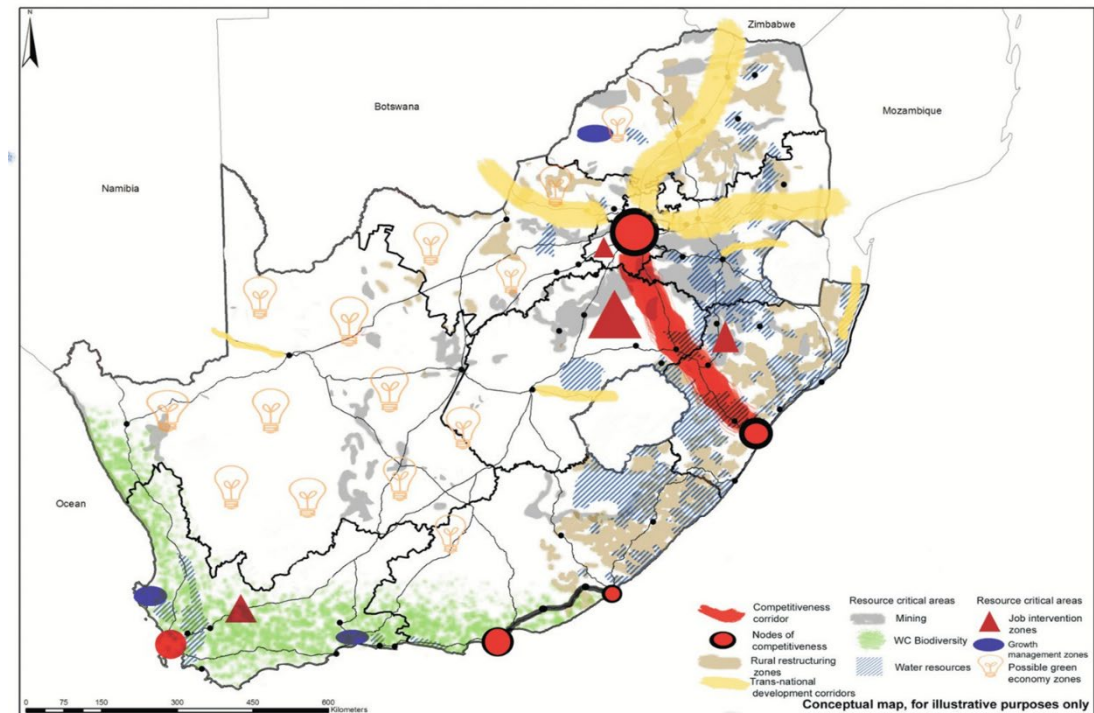
With an emphasis for efficient market policies, it is also a call to embrace social justice, empowerment and a balance between rights and responsibilities. This is taken further into Chapter Eight *Transforming Human Settlements and the National Space Economy*

(NDP), where a range of objectives for spatial targeting are put forward using the concept of competitiveness in the ordering principles. Figure 5.7 below identifies the proposed national schema for spatial targeting, a forerunner to the suggested *National Spatial Development Framework* to optimise, integrate and coordinate the economic impact of interventions in the national space economy (2011: 247).

The National Schema proposes six conceptual elements: a national competitiveness corridor, nodes of competitiveness, rural restructuring zones, resource-critical regions, transnational development corridors and special intervention areas requiring particular forms of state support (job intervention zones, growth management zones and green economy zones). The corridors and nodes of competitiveness are seen as the leading areas in which investment are considered necessary to improve and strengthen agglomeration economies and improve the overall performance on the national economy. The national dominance of the Gauteng city region and urban futures is acknowledged whilst recognising that rural restructuring zones require differential support.

The special intervention areas are generally fragile, experiencing decline, or growth and are considered to require focused administrative management support. Given the recent publishing of the 2018 Draft National Spatial Framework, the schema is reduced to a guide for subsequent policy and legislation that deal with specific Chapter Eight recommendations – settlement planning in the form of the IUDF, land use management in the SPLUMA and the NSDF respectively.

**Figure 5.7: NDP Proposed national schema for spatial targeting**



Source: South Africa (2011: 249-250)

### 5.6.2 The Spatial Planning and Land Use Management Act 2013 – Contested and layered discourses

The enactment of national legislation in 2015 relating to spatial planning and land use management at a local level through the SPLUMA, has initiated a new level of planning and the prospect for the resurgence of regional planning. Some of the key objectives of the Act is to “*ensure that spatial planning and land use management promotes social and economic inclusion, to redress the imbalances of the past and ensure that there is equity in the application of spatial planning and land use management systems*” (Laubscher *et al.* 2016: 5). The historic land-use management systems are considered confusing and inappropriate, given the large body of outdated national and provincial Acts. It is expected that the SPLUMA will provide for a uniform and comprehensive system of spatial planning and land use management for the country, in which the key development principle of ‘spatial justice, spatial sustainability, spatial resilience, efficiency and good governance and administration’

is applied to address and rectify apartheid spatial legacies. It is expected that the maturing of this Act through legal challenges, will remove some of the prevailing confusion and complexity and result in a more effective land use system for the Republic.

The principles for the planning system spelt out in Section 4 of the Act have far-reaching implications for spatial planning. They include, spatial development frameworks (SDFs) to be prepared and adopted in the three tiers of government; the development of principles, norms and standards to guide spatial planning, land use management and land use; the preparing of procedures and processes for the preparation, submission and consideration of land development applications and related processes. Furthermore, it is a requirement for district municipalities to have regional plans, establish Municipal Planning Tribunals and ensure that the function of planning and decision-making relating to development applications is undertaken.

The levels of spatial planning consist of municipal (local and district), provincial and national planning. The mandate is to compile spatial development plans and policies, including a national spatial development framework (NSDF); planning at a national sphere for efficient execution of its executive powers in relation to the development of land and change in land use; and making and reviewing policies and laws to implement national planning (South Africa 2013). The Act also makes provision for measures to monitor performance and provide support to other spheres of government in relation to planning. These are currently managed through the Ministry of Planning, Monitoring and Evaluation, using the instruments of socio-economic impact assessments, the National Evaluation System and Operation Phakisa, an approach to hasten governments delivery across departments.

The SPLUMA defines a region in relation to a regional spatial development framework as: *“a circumscribed geographical area characterised by distinctive economic, social, or natural features which may or may not correspond to the administrative boundary of a province or provinces or a municipality or municipalities”* (South Africa 2013: 12-14). This seems to propose that regions may be viewed as more functional and

relational than administratively bound. However, the planning practice and planning framework required of district and local municipalities suggests that this may be interpreted differently depending on factors such as capacity and functioning Provincial and District administrative IGRFA structures amongst others, suggesting some confusion of the planning system still prevails. Further clarity is still required on the concurrent functions of ‘regional planning and development’ and ‘urban and rural development’. In the foreseeable future, the concept of city regions, beyond that of Gauteng, will likely gain momentum in other urban contexts in South Africa.

The role of Provincial planning also requires clearer definition and would assist in removing barriers of duplication, confusion and inertia around the regional planning question. In the 15 year review of local government by SALGA (2015: 60 and 94) for example, duplication, shared powers and functions between spheres of government and areas of responsibility and a questioning of district level mandate for regional planning, amongst others, were highlighted as ongoing concerns. In the case of KwaZulu-Natal for example, local government response through the assistance of provincial government has been to establish Cross Border Alignment Committees to ensure the spatial logic and prescriptions of the current KwaZulu-Natal Provincial Growth and Development Strategy (2018) are adhered to according to the eight principles of development and spatial logic of corridors and nodes outlined in Tables 6.1 and 6.2 in Chapter Six.

### **5.6.3 The 2018 *Draft* National Spatial Development Framework – *A work in progress***

The advent of the draft NSDF is mandated by Section 5(3)(a) of the SPLUMA. The plan requirements include wide consultation and the inclusion of all policies and plans at national, provincial and local level for consideration. Sections 12, 13 and 14 of the SPLUMA guide the focus, purpose and content of the NSDF in order to effect development principles and norms, include relevant national policies, plans and legislation, provide for spatial coordination of all levels of relevant plans, ensure environmental and provide indicative patterns of land use in the country.

Whilst Cabinet has not yet adopted the framework at the time of this research, some relevant observations can be made.<sup>xviii</sup> The initial reading of the policy as proposed in the NSDF suggests a comprehensive review similar to the National Development Perspective of 2006 in which “*a high level national spatial diagnostic ... of challenges, trends, patterns and opportunities*” are presented.

The report covers three main areas. The first relate to the future scenarios and forces that will impact on change, including population growth and urbanisation, the youth dividend and climate change impacts and threats. The second identifies the patterns relating to people, places and the economy within the settlement continuum using the CSIRs settlement typology. The third addresses the supportive ecological, economic and social service infrastructure required for people to thrive. Like that of previous policies, the policy language positions the plan as promoting efficacy, justice, sustainability and resilience. The inclusion of environmental considerations and climate change impact on future settlement and agricultural output are important. The analysis of the economy, however, is in the main a reflection of updated existing conditions and the plan itself is a reflection of existing conditions with suggested spatial ordering as indicated in Figure 5.7 below.

The spatial development vision has four intentions, namely to provide high level spatial guidance to sector departments across spheres of government and role players, provide for transformation and development impact through spatial targeting, identifying national intervention areas and providing a timeframe to assess spatial outcomes (South Africa 2018b: 57). The Draft NSDF proposes five National Spatial Development Frames that should be used to inform future investment and development spend by both government and the private sector, using the concept of nodes and corridors and “anchors” and “connectors”. Interestingly, the concept of “region” is liberally used in the text and at different scales and its meaning is taken for granted and not defined.<sup>xix</sup>

The proposed spatial ordering of places define three strategic action areas, namely urban regions, national urban clusters and corridors, inter regional and national development corridors and suggest a continuation of what exists. The examples that are provided in each of the action areas recommend what should happen and what development could look like using a 30 year trajectory and spatial targeting. The plan is presented in five frames as indicated in Table 5.6 below and the spatial ordering is represented in Figure 5.7.

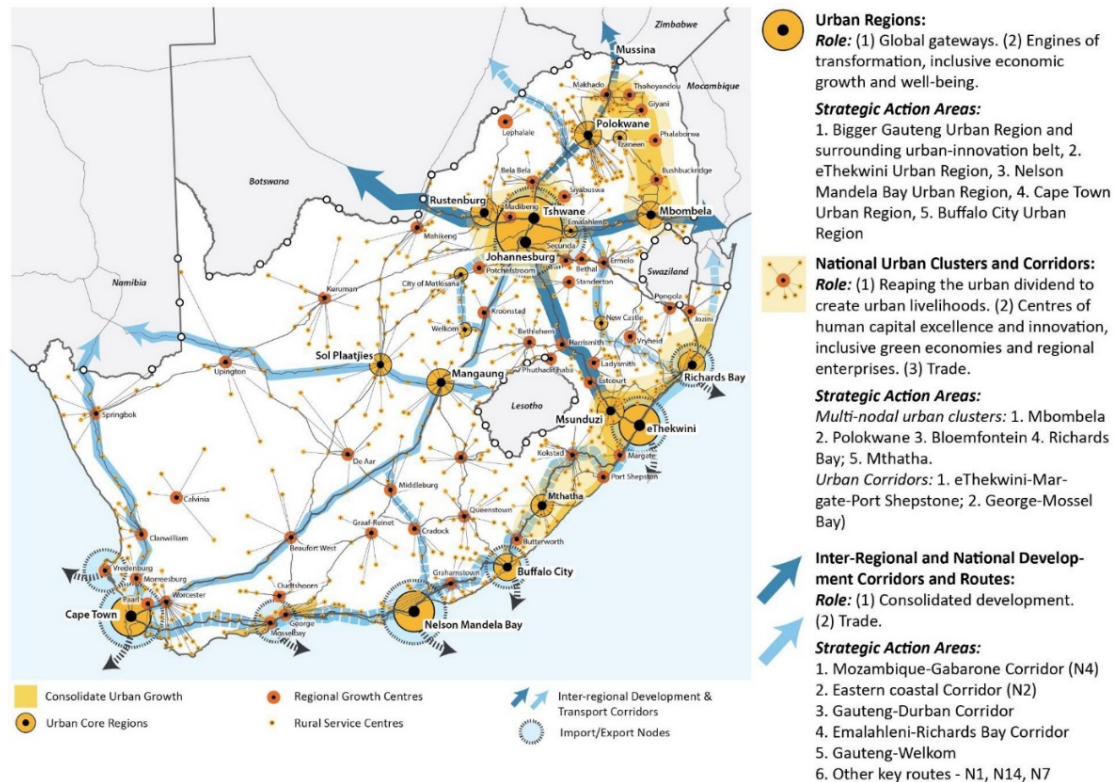
**Table 5.6: Desired national spatial development pattern (adapted from draft plan)**

<b>Frame One</b>	Urban Regions, Cluster and Development Corridors as engines of national transformation and economic growth
<b>Frame Two</b>	Productive Rural Regions and Regional Development Anchors as the foundation of national transformation
<b>Frame Three</b>	National Ecological Infrastructure System as enabler for a shared and sustainable resource foundation
<b>Frame Four</b>	National Connectivity and Economic Infrastructure Networks as enabler for a shared, sustainable and inclusive economy
<b>Frame Five</b>	National Social Service and Settlement Infrastructure Network in support of national well-being

Source: Self-generated and adapted by researcher from the Draft National Spatial Development Framework (Republic of South Africa 2018: 66)

A key element for implementation is couched in the language of alignment across sector departments, linked to the MTSF and MTEF and monitored through the DPME. The draft Framework represents an increasing spatial footprint for planning and opportunity for regional planning. However, how spatial planners and affected line departments respond will be critical. The plan remains largely descriptive with suggestion of the necessary socio-economic instruments lacking for altering the social relations of places that would lead to improving opportunities for people and transforming places.

**Figure 5.7: Proposed NSDF 2018 showing spatial ordering**



Source: Draft National Spatial Development Framework (Republic of South Africa 2018: 66) Note: Gaborone spelt incorrectly on the source map.

The researcher argues that the recent interventions outlined above still do not address the regional planning question and that the relationship between economic potential of places, sectoral policies and spatial planning continue to be weakly formulated. Similarly, the idealised settlement typology mismatch to real socio-economic issues endures where investment in the core is intensified and lagging areas and vulnerable communities are still at the bottom end of the development dividend, if at all. The focus of the policy-led frameworks are consistent with the language of development as outlined in the intended policy outcomes outlined in Table 5.4. However, they are underpinned by the neoliberal language of NPM, efficiency and the discourses of external agencies such as the World Bank and OECD and outcomes that are often far removed from lived reality of millions of people. Equally, in the context of uneven

institutional capabilities and differential infrastructure in many places in South Africa, implementation will be a continuing challenge.

In summary, several observations relating to spatial planning and effect thereof from policy and practices, suggests that the negative spatial disjuncture's under apartheid have not necessarily disappeared or been dismantled and that new forms of disarticulation are emerging (Schensul and Heller 2011a; Harrison and Todes 2015b; Musvoto, Lincoln and Hansmann 2016; Rogerson and Nel 2016). The changes to planning administration and function described above have highlighted the deep historical roots of places created by colonialism and apartheid, as well as understanding why certain places persistently have weak and limited economic bases. The supply driven approach by government has largely dealt with service backlogs and the demand instruments have not yielded the expected growth dividend. Economic activity continues to be concentrated in specific areas in which the agglomeration effects are concentrated in the traditional core and sub-cores, with the cumulative effect of labour pooling, forward and backward linkages, well developed supply chains and concentrations of technology access. Underperforming areas across South Africa continue to impose substantial cost to the national fiscus as a result of a low revenue base and high costs of providing public services.

In order to bring about more even growth, improved regional performance and potential for structural change and traditional forms of economic intervention as highlighted in the multitude of policies above, the analysis outlined in Chapter Four and above suggests that a different approach is needed in the face of continuing and serious conjunctural crises and that this may open up alternative opportunities. From a regional planning perspective, the objective of promoting growth in all regions and shifting away from a concentration on the core at the expense of other regions, provides such an opportunity. Whilst this notion is not new, in the case of South Africa, as has been argued, regional planning has been largely an unfulfilled mandate for reasons outlined above. Promoting growth in all regions where the comparative potential can be tapped into, should be seen as a potential growth instrument to avoid the continued acceleration of some regions becoming social problems.

Accommodating indigenous capital formation and how to exploit the potential advantages of a place and reduce constraints that may hinder or limit investment in economic development potential of places, is key. The next section makes a case for place-based regional planning as the push required to unlock a region's potential, which is explored in the case study.

### **5.7 Place-based planning – Local level opportunity**

The aforementioned economic and social analysis outlined suggests that in a national regional policy vacuum, a place-based regional economic development approach in South Africa is appropriate (Todes and Turok 2018: 9). Thus, it is evident that South Africa has a rich and evolving policy environment to tackle strategic economic transformation, but it has proven to be ineffectual in implementation in some instances and slow to have impact, if at all, in others. As indicated by Todes and Turok and others (2018: 21), the deep structural infrastructure deficit created by historical conditions, necessitated a state-led spatial rebalancing approach along with space neutral interventions to achieve economic growth and efficiency. Rodríguez-Pose and Wilkie (2017: 158-159) warn of the dangers of horizontal and vertical co-ordination failures in a multi-level governance system like South Africa, where dominance of one group over others can result in “sub-optimal” outcomes in place-based planning. In the case of South Africa the impact of national policy and co-ordination at local level is varied and nuanced, depending on a number of variables such as leadership and technical capacity, size and degree of power and influence of a place, amongst others.

Place-based analysis in the case of South Africa includes the work of Todes and Turok (2015, 2018) Rogerson (2014) and Rogerson and Nel (2016). Place-based planning, they argue, is nascent and should not be seen as the panacea for the current challenges faced by different places. A mix of space rebalancing, space neutral and place-based appropriate to the context is suggested. More specifically, they argue for spatial awareness associated with sector policies and interventions. The use of a place-based analysis in this study is to contribute to the development of this literature through an in-depth analysis of the iLembe District Municipality since 1994 to the present.

A review of legislation, policy, administrative structure and planning instruments suggest that there is a match with some of the requirements for a place-based approach. The study uses the criteria associated with place-based planning to explore possibilities and limitations of using this methodology in shaping governance, planning policy and practices to the iLembe case. The emphasis on contextually specific place assets and characteristics, institutional reform, multi-sector actor collaboration and the potential areas for economic development and growth, is explored. In particular, the long-standing sugar industry and linkages to biofuel energy are included, as well as the larger agricultural potential of the area in supporting comparative advantage strategies, opportunities for light industrial development and potential around new economic drivers such as IT presented by the locational advantage of broadband landing points in Mtunzini. This does not preclude the potential of other economic sectors but is used to highlight the inherent comparative economic advantage and potential that could be derived from utilising a place-based strategic approach.

To reiterate, characteristics of a place-based approach include those that enhance and build on the comparative advantage of an area, its human and natural assets and social, cultural and institutional capabilities. The quality, capacity, regulatory environment, leadership and adaptive learning capability are also emphasised (Barca, McCann and Rodríguez-Pose 2012: 136; Valdaliso and Wilson 2015: 113). In addition, there is public policy focus on revitalising local economies through the generation of new technologies and commercialisation and production thereof, improving effectiveness of supply chains, public and private sectors, civil society, building social capital, collaborative efforts and co-operative competition (Nalebuff and Brandenburger 1997b: 20-30). Table 5.7 identifies the place-based criteria that could be used for developing regional planning practice and used in the case study analysis.

**Table 5.7: Criteria for place-based regional planning strategies**

<b>1. Assessment of local conditions</b>	Derived from analysis of assets, capabilities and conditions particular to a place; <i>“ability to compete in the global economy; relationship between needs and policies for inclusive growth and applicability across heterogeneous situations”</i> (Rodríguez-Pose and Wilkie 2017: 153); capacity of local government / Technical capacity / coordination
	<ul style="list-style-type: none"> <li>-Policy drivers</li> <li>-Governance and institutions – national, provincial, local</li> <li>-Business environment</li> <li>-Economic and social indicators / human resources</li> <li>-Regulatory environment</li> <li>-Developed and applied sustainable practices in government, business and civil society</li> <li>-Integrated policy approach</li> </ul>
<b>2. Adoption of coordinated multi-level governance</b>	Participation of local decision-makers in design, implementation and monitoring of development strategies; Strategies and expenditure in dealing with infrastructure (existing bottlenecks and new)
	<ul style="list-style-type: none"> <li>-Strategic planning capability</li> <li>-Governance and multi sector collaboration and partnerships</li> <li>-Institutional thickness and capacity (Quadruple helix: relationship between the state, business, education and R&amp;D and people)</li> </ul>
<b>3. Local potential for comparative advantages</b>	Existing economic activities (specialisation and areas excelled in); stock and investment in human capital; natural resource assets, LED strategy; growth predisposition (favouring investment over subsidies); strategies to boost competitiveness of local firms, strategies to promote inward investment
	<p>New supply chain development and diversification of the economy:</p> <ul style="list-style-type: none"> <li>-Agriculture and agro-processing</li> <li>-Milling: biofuels – electricity, fuel, aviation fuel, new machine technology and processing plants</li> <li>-Transport and logistics: cars, public transport (buses) and government fleet, taxis, tractors, private trucking companies</li> <li>-Auto sector: auto conversions</li> <li>-Digital connections</li> <li>-Circulation of money locally contained</li> <li>-Open land market access and opportunities</li> <li>-Labour development</li> <li>-Appropriate technology transfer</li> <li>-New forms of local capital accumulation</li> <li>-Informal sector and strategies for inclusive development</li> </ul>
<b>Secure sustainable development and well-being</b>	

Source: Self-generated by researcher and adapted from Barca, McCann and Rodríguez-Pose (2012), Rodríguez-Pose and Wilkie (2017) and Pugalís and Gray (2016)

## 5.8 Conclusion

Chapter Four and Five have reflected on the historic and recent past in South Africa and identified key elements in which systematic land dispossession of African people in particular and apartheid policies have shaped South Africa's political economy. This has resulted in spatial distortions of settlement and economic activities, thus setting the scene for the challenges of reconstruction and development in a democratic setting and the subsequent reforms in policy and legislation. Many of the assumptions that the skewed nature of development in South Africa would be reversed under the new dispensation, have not materialised.

As argued in Chapter Four and this chapter, many analysts including Freund, Hart and Todes, argue that the tension between the transformative objectives of the liberation movements and the ANC in particular, to the neoliberal compromise on the democratic government, have impacted on this mixed outcome. In some of the high level interviews conducted for this research, the sentiment of a diversion from the national democratic revolution was expressed especially in relation to the role of the Treasury and debt financing versus that of the developmental state and transformation agenda as set out in policy frameworks (Respondents 4, 10 and 12).

The links to the current literature on competitive regions in which the comparative advantage of a place is realised is poorly articulated from a national to local context. The focus on backlogs and grants continues to dominate the expenditure patterns of Local municipalities and the political tensions surrounding development are a result of poor leadership and insufficiently developed stakeholder institutions. I have argued in this chapter that the comparative advantage of places need to be viewed differently if the current policy failure, expressed through poverty and unemployment in places, is to be reversed. In particular, the integration of informality into the local economy alongside the formal economy is key, using the levers of technology, entrepreneurship, educational and research institutions and innovative approaches to tackling local problems for mutual beneficial outcomes. Local municipalities have a major role in leveraging a greater agency and influence over development of a shared agenda for local areas.

This chapter has iterated the dominant discourses relating to regional planning and identified the discursive practices associated with the South African space economy. The policy discourses tend to reflect a consensus and flattened view amongst policy makers of what is to be done. This, it has been argued, is with idealised intention, thereby masking the real discursive practices that reflect the real politic at play. These include:

- The colonial and apartheid era inherited territorial uneven development and significant gaps in living standards in regions that continue to shape the South African spatial landscape, expressed in socio-economic inequalities and unemployment and poverty, despite a new planning architecture and major state expenditure on socio-economic infrastructure since 1994.
- Spatial planning that is shaped by complex institutional arrangements and within this, regional planning is weakly articulated.
- The discussion in this chapter emphasised the need for a localised appreciation of 'place' within the broader context of resources and competitiveness, for long-term sustainable economic development.

Whilst government policies and more recent pronouncements do acknowledge these concerns in the face of growing inequality, the deterioration of socio-economic conditions for the majority of South Africans, a stagnant economy and a growing local government failure to minimally meet their mandates without Treasury support, is the development conundrum facing the state. This raises the difficult task confronting both the making and implementation of policy and plans.

The next chapter will address the case study using a place-based method in which the comparative advantage of the study area is explored.

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<sup>xii</sup> The introduction of the Provincial Spatial Economic Development Strategy in the Province of KZN has always been justified along the lines of integrating spatial and economic planning through a regional approach. It is the only Province to have adopted this.

<sup>xiii</sup> The number of national ministries grew from 29 under Mbeki's administration to 36 and an additional 10 sub ministries such as Women and Children and Youth, under the Zuma administration and was largely seen as a means of extending political support and a patronage network. Whilst the Ramaphosa administration is attempting to downscale the number of ministries, five of the 26 ministries have two deputy ministers to assist in the portfolio.

<sup>xiv</sup> The Traditional Courts Bill was not passed, according to Steven Friedmann as "public pressure and divisions within the ruling party stopped the bill" (reported in Business Day <https://www.ru.ac.za/politicalinternationalstudies/stevenfriedman/latestnews/movestoempowerchiefsb-adfordemocracy.html>). In the case of the restitution law, this would effectively put power in the hands of the chiefs in the decisions around the allocation of land.

<sup>xv</sup> The Ingonyama Trust was established in 1994 as part of the negotiated settlement that guaranteed large parcels of land under the control of the Zulu King in KwaZulu-Natal and secured the interest of land holding under traditional authority and that of the first democratic election ns held in South Africa on the 27 March 1994. It is widely reported that this compromise helped avert a civil war in the region after almost 14 years of heightened tension between Inkhata and democratic formations closely aligned to the ANC.

<sup>xvi</sup> Recent acts of vandalism, protests and failure by the DoT to maintain aging infrastructure and upgrade the rail network for the 21<sup>st</sup> century has resulted in an unreliable service both in the transport of workers from townships to their work and the movement of goods across South Africa.

<sup>xvii</sup> Enterprise iLembe was established by the iLembe District Municipality in 2009 for the primary purpose to drive economic development and promote trade and investment.

<sup>xviii</sup> The researcher was an observer at the KZN launch of the draft NSDF in June 2018, attended by mainly Provincial, City officials, District and Municipal planners, SOE's, higher education and research institutions and sector departments such as agriculture. The meeting discussions were robust and challenged many of the assumptions of the organising principles where it was considered that the strategic interests of the Province were not represented and agricultural information incorrectly recorded, for example.

<sup>xix</sup> In the unveiling of the draft NSDF in KwaZulu-Natal in 2018, this was raised as a concern.

**Annexure 5 A: Summary allocation to local government in the 2018/2019; 2019/2020; 2020/2021 DoRA**

<b>Grant type</b>	<b>2017/2018 R thousands</b>	<b>2018/2019 R thousands</b>	<b>2019/2020 R thousands</b>
<b>A. Conditional Grant</b>			
<b>1. Municipal Infrastructure Grant (MIG)</b> Consolidates grant money for a local municipality into a single consolidated grant for capital projects	15,891,000	16,788,000	17,734,000
<b>2. Municipal Systems Improvement Grant (MSIG)</b> Assists local municipality to deliver on mandate through capacity building	84,349	103,249	115,116
<b>3. Capacity Building Grant</b> Assist with developing management and budgeting skills in local government	1,742,773	957,872	895,085
<b>4. Municipal Water Services Infrastructure Grant</b> Linked to service backlogs and to fast track clean water to communities	311,545	587,122	608,175
<b>5. Public Transport Infrastructure Grant (PTISG)</b> Through the Department of Transport	6,160,000	6,583,000	6,962,000
<b>6. Neighbourhood Development Partnership Grant (NDPG)</b> Technical grant to develop community infrastructure	663,000	702,000	741,000
<b>7. National Electrification Programme Grant</b> To support indigent households	1,946,246	2,087,048	2,204,477
<b>8. Regional Bulk Infrastructure Grant</b> To supply regional bulk water and sanitation infrastructure	3,478,829	2,806,279	2,931,443
<b>9. Rural Household Infrastructure Grant</b> To provide sanitation services for rural households lacking in piped infrastructure			
<b>10. Rural Roads Assets Management Systems Grant</b>	101,514	101,309	113,533
<b>11. Municipal Disaster Recovery Grant</b>	14,000		
<b>12. Local Government Financial Management Grant</b>	465,264	502,006	531,122
<b>13. Infrastructure Skills Development Grant</b>	130,471	140,774	148,939
<b>14. Municipal Disaster Grant</b>			
<b>B. Recurrent Grants (intended for urban municipalities)</b>			
<b>1. Urban Settlement Development Grant (USDG)</b> (administered by the Department of Human settlement)	11,382,000	11,956,000	12,631,000
<b>2. Integrated City Development Grant</b> (administered by Treasury and based on competitive bidding)	292,000	309,000	326,000
<b>3. Municipal Demarcation Transition Grant</b> (administered by COGTA)	297,422	111,856	

4. Energy Efficiency and Demand Side Management Grant (administered by National Treasury)	185,625	203,236	215,024
5. Expanded Public Works Programme, Integrated Grant for Municipalities (administered by Public Works)	663,991		
6. Human Settlement Development Grant (HSDG) (Administered by	19,969,00	21,115,00	22,388,00
<b>C. Allocations in Kind for Special Programmes</b>			
1. Integrated National Electrification Programme (Department of Energy / Eskom)	3,846,000	3,962,000	4,182,000
2. Neighbourhood Development Partnership Grant (National Treasury)	22,209	27,744	29,363
3. Bucket eradication Programme Grant (Administered by Water and Sanitation)	350,000		
4. Regional Bulk Infrastructure Grant (Administered by Water and Sanitation)	2,774,000	2,881,000	3,037,000
5. Water Services Infrastructure Grant	3,329,000	3,559,000	3,757,000
<b>D. Direct transfers:</b>			
Equitable share	52,568,706	57,012,141	61,731,845

Source: Adapted by researcher using South Africa (2017b)

## **CHAPTER SIX**

### **Contextual Analysis Of The iLembe District Municipality And The KwaDukuza, Mandeni, Maphumulo And Ndwedwe Local Municipalities: Socio-Economic Development Policies And Strategies**

#### **6.1 Introduction**

Chapter Five examined emerging regional planning practices in a post democratic South Africa and argued that a place-based approach may be more appropriate to unlocking a regions potential. This chapter focuses on the policy environment and strategies deployed for socio-economic development and competitiveness in the District Municipality of iLembe and four Local Municipalities (KwaDukuza, Ndwedwe, Mandeni and Maphumulo) from 1994 to the present. The case study is significant and interesting for several reasons. Firstly, it is a typical region in South Africa undergoing transformation, in which the socio-economic, political and institutional changes from the apartheid past and the struggles of an emerging democracy are evident 25 years into democracy. Secondly, it highlights many structural elements that continue to challenge local governments in South Africa, including a complex government system and policy environment, an absence of jurisdictional independence at some levels of administration and limited fiscal powers to raise local taxes, with a high reliance on the Treasury for grant funding and questionable sustainable local government.

Furthermore, the local state is beset by the effects of state capture, in particular in relation to SOEs (electricity, transport) and the alleged nefarious activities of some local bureaucrats. Similarly, policy and legislation is largely driven from the centre, where local autonomy over key areas of administration are lacking. Thirdly, it represents an opportunity for doing things differently, especially in a context of relatively rich comparative advantage associated with localisation of a long-standing and well-established industry in the region, namely sugar, as well as domestic tourism.

New opportunities for innovative sustainable development investment are evident with the digital economy, informality and innovation to current planning frameworks. This is in line with the transforming global economy driven in three key areas, namely new information and communication technologies, renewable energy in response to the potential catastrophic climate change impacts, also known as the just transition (Heffron and McCauley 2018: 74) and the reconfiguration of the world of work as old jobs are replaced by new ones. All three have unique opportunities to be exploited at the local level.

In the case study it is argued that attempts at regional planning using the provincial, district and sometimes city region concepts, have not worked in the case of South Africa and raises the question, *why not?* Furthermore, as discussed in Chapter Five, a disjointed national economic and industrial policy framework, including multiple ministries responsible for economic, transport and spatial planning, lend to the ongoing administrative load, confusion and morass faced by multiple stakeholders in the development and administrative setting at a local level.

This chapter supports the main research objective to develop a place-based regional planning framework to enable the local state to utilise its resources, competencies and capabilities optimally, to produce goods and services in a productive and sustainable way and to support the quality of life that its people want. This is analysed by focusing on regional planning in the iLembe District Municipality and associate Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, in the Province of KwaZulu-Natal. Analysis of the current planning architecture, national policies, the KwaZulu-Natal provincial economic strategies and the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe IDPs economic strategies and spatial frameworks and the extent to which the targets of development as set up in the various policies have been met. To avoid repetition of the district and local municipality's nomenclature the use of the iLembe District is used to collectively reference the entities, except where individual clarification is required.

The analysis includes the historical context, physical and natural resources, political, economic and social factors and an increasingly fragile world in which sustainable development outcomes are required. This is framed by the sub research questions:

- a. What is the role of government in regional economic development in South Africa; to what extent is regional planning defined in policy; and what are the mechanisms for implementation at local level?
- b. What are the key regional planning and developmental challenges at a local level and how should these be addressed in South Africa?
- c. How is local comparative advantage and competitiveness addressed in regional spatial planning in South Africa?

The chapter is structured in the following way. The first section sets the KwaZulu-Natal (KZN) Provincial relational context in which the iLembe District Municipality and KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities reside. With reference to the above research questions a - c on the role of government in regional economic development and mechanisms for implementation at a local level, legislative changes and characteristics of the case study area, the KwaZulu-Natal Provincial context and associated strategies and policy imperatives are outlined. The second section details the political economy of the case study area and explores the process of restructuring and reform in the iLembe District. Section three explores the planning frameworks, documents and interviews and provides a discussion on the interview outcomes. It shows that the iLembe region has undergone major changes in which some areas have experienced growth (KwaDukuza) and others decline (Ndwedwe and Maphumulo). Although there are signs of some improvement in terms of restructuring and reform since 1994, this has been limited, with many places and sectors now vulnerable to complex forces. The fourth section explores regional planning using the lens of place-based planning in the case of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe in the Province of KwaZulu-Natal to appreciate the

development challenges at a local level, including local comparative advantage and competitive opportunities that would form the basis of a regional planning strategy.

The case study is supported by document analysis relevant to the case study as outlined in Table 3.2 in Chapter Three, StatsSA 2001 and 2011 data and 24 structured interviews with various role players. The focused and in-depth interviews were conducted between July 2016 and January 2018. The documents reviewed to understand and locate the planning frameworks and development decisions taken by the entities within the iLembe District comprised: 10 documents focused on broad based visions, integrated development planning and sector initiatives associated with the mandated responsibilities of the District and Local Municipalities. This included strategic plans, spatial and sector plans (spatial, environmental, housing, services, education), local economic development, budgets and risk management strategies. Three of the documents represent the iLembe District economic development strategy, in which existing and proposed projects are outlined. Two of the documents address the economic and competitive sectors in the District and Local Municipalities. The remaining 11 documents relate to the relevant policy context – spatial, strategic and financial of the District and associated Local Municipalities.

The focus of the content analysis of the documents included four key areas:

1. The contextual analysis of the District and associated Local Municipalities and areas requiring intervention;
2. Analysis of the comparative advantage of these places and the recommendations emerging from the LED opportunities identified;
3. Available infrastructure, skills and local assets; and
4. The availability of an implementation plan, monitoring system and local reporting plan.

In addition, the planning practices in iLembe and associated Local Municipalities were analysed using three criteria associated with place-based planning, namely: institutional context and capabilities, multi-sector stakeholder collaboration and strategic planning capability and comparative advantage analysis.

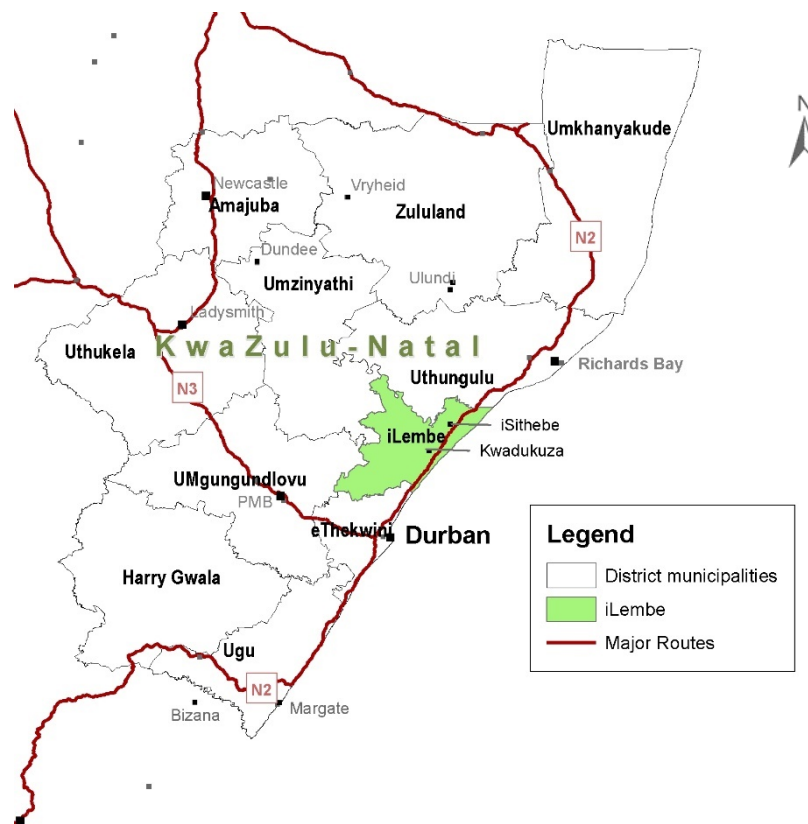
The findings suggest that the fragmentation in local government raises serious questions about the sustainability of the current system. New areas for integration and connectedness and possibilities for the existing political economy to shift are outlined, drawing out potential new forms of regional governance for local government's objectives of integrated and sustainable regional development. In particular, the possibility can be realised of using the digital economy as the integrator to support a connected local economy through place-based planning, to ensure conditions are in place for sectors to flourish and spread across the local economy to optimise the potential of multi-scalar place relations. The well-established but crisis laden sugar industry and future possibilities around IT, property development and informality are discussed.

## **6.2 KwaZulu-Natal: Provincial and regional setting – socio-economic context, policies, strategies and strategic spatial plans**

### **6.2.1 Provincial, regional and case study setting**

The historical context and emerging regional development setting of the case study area of iLembe is important, as this has a bearing on the shape and form of the capabilities of a region, including the type and state of sectoral activity, the assets of a place and stakeholder engagement. Attention to the economy, emerging political systems and impact of policy making since democracy some 25 years ago, is provided. Reference to the prior apartheid context is deliberated, as it has direct bearing on the ongoing structural challenges faced by the region. The maps in Figures 5.3 in Chapter Five depict the administrative and political boundary changes that have taken place in the broader South African and KwaZulu-Natal context, from pre-1994 to the present. The apartheid Kwa-Zulu Homeland shown in Figure 5.2 is significant to the region as a substantial portion of land and people operate under a dual system of governance and property relations that differ widely and significantly, as will be discussed below. This has bearing on the study as it constitutes just over 60% of the landholding in the District and in which the greatest levels of poverty are encountered (iLembe District Municipality 2017). The locality map of the study area is shown in Figure 6.1 below.

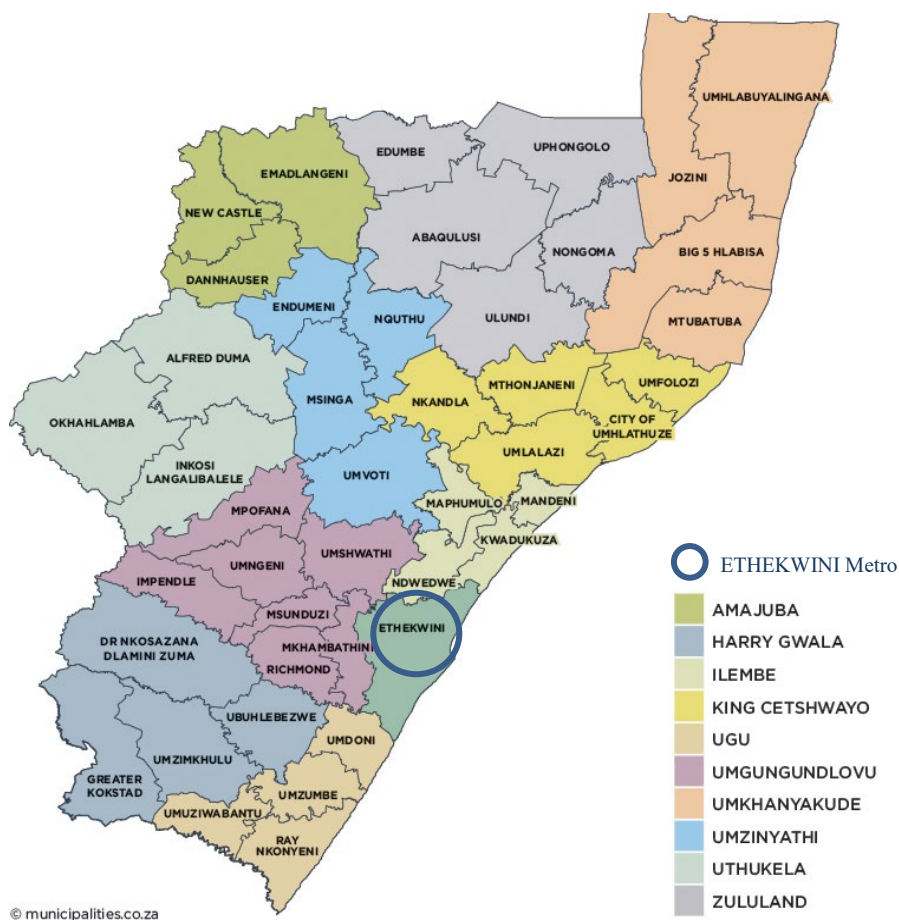
**Figure 6.1: Locality map of KwaZulu-Natal and study area**



Source: Kitching 2017 (Department of Town and Regional Planning, using GIS)

Figure 6.2 shows the post democratic administrative changes in the Province of KwaZulu-Natal through demarcation, including the eThekweni Metro, 10 district municipalities, 42 local municipalities, and Figure 6.3 shows the iLembe District, with the four Local Municipalities.

**Figure 6.2: Map of KwaZulu-Natal post 1994 showing one metro and 10 new district municipalities and 42 local municipalities**



Source: Adapted from <https://municipalities.co.za/provinces/view/4/kwazulu-natal> (Accessed 8 December 2018)

**Figure 6.3: iLembe District Municipality and associated Local Municipalities of KwaDukuza, Ndwedwe, Mandeni and Maphumulo**



Source: Kitching 2019 (Department of Town and Regional Planning, using GIS)

## **6.2.2 KwaZulu-Natal Province and iLembe case study area: Socio-economic context, policies and strategies, institutional reform and spatial plans 1994-2018**

### **6.2.2.1 Socio-economic context: Reform, policies and strategies**

The strategies for economic development over this period have co-evolved with several other events in South Africa. To reiterate, these include the stages of development of economic policy, the massive project of post-apartheid reform and concomitant policy making in the newly formed Provinces, districts and local municipalities. These changes were common to all municipalities in South Africa, however there were nuanced differences associated with iLembe that made it somewhat different. The KwaZulu-Natal Province itself had come out of a period of

low intensity war between the mass democratic movement on the one hand and Inkatha seen to be aligned to the then National Party apartheid government, on the other. After the first democratic elections in South Africa, whilst most of the provinces in South Africa enjoyed relative hegemony under ANC led administrations, in the case of KwaZulu-Natal, the ruling party was the Inkatha Freedom Party and the ANC played the role of opposition party. This changed after the 2004 Provincial and municipal elections in which the ANC gained ascendancy some 14 years into democracy.

Strategies for social and economic development include three distinct periods that largely coincide with the economic strategies applied to the Provinces and local government reforms. These can be classified as:

- **Reform strategies - the 1990s**

Reforms included a new Constitution and major changes to apartheid era legislation, reconstruction efforts and supply driven development defined as “backlogs” relating to social welfare services. Economic policy was largely informed by the previously referred to MEC (Fine and Rustonjee 1996) and some attempts at spatial correction through the Spatial Development Initiatives (SDI). The re-entry of South Africa into the global economy after the sanctions and disinvestment campaigns of the 1980s was particularly harsh in the context of the GATT agreement reached by South Africa in the Uruguay Round, a precursor to the World Economic Forum. In particular, was the reduction in tariff bands by the newly appointed Minister of Trade and Industry that far exceeded those demanded by the GATT, resulting in major job losses in the textile and clothing, leather and manufacturing sectors in the region (Marais 2011: 91-92). In the case study area where the Isithebe Industrial growth point accommodated many such companies, resultant job losses and factory closures ensued.

At a regional level, debates on the establishment of provincial economic development strategies and linkages to local government at provincial level, resulted in the first KwaZulu-Natal Provincial Growth and Development Strategy in 1996 and Provincial Spatial Growth and Development Strategy in 1997 (Province of KwaZulu-Natal 1997).

These plans eventually developed into one PGDS for the Province. The reasons for the two plans were a result of different MEC competencies (Department of Economic Affairs and Department of Local Government and Housing) and different views on the political economy and approach to development for the Province. The strategy developed then has remarkable resonance with ongoing strategies being pursued in KZN, including development corridors and nodes, linking of secondary cities, towns and regional centres by focusing on LED and agricultural linkages, the spatial ordering and hierarchy in the provision of public administrative and economic services and agro and tourism corridors.

- **Infrastructure led development – the 2000s**

Infrastructure led development through the developmental state modality, was mainly driven by large scale infrastructure (2010 World Cup stadiums and associated facilities) and some fiscal spend on backlogs relating to engineering services and housing. This was facilitated through the Accelerated Shared Growth Initiative (ASGISA), responding to the slow pace of economic growth and development and represented the “*state financed infrastructure spending spree*” of government prior to the 2010 World Cup (Marais 2011: 131). The international environment of pursuing trade agreements facilitated through the World Trade Organisation and regional trade agreements in a context of increasing global competition and deindustrialisation of the South African economy, resulted in unfavourable conditions for some sectors such as sugar and is pertinent to my case study (National Agricultural Marketing Council 2011: 10). Furthermore, a poorly defined industrial strategy in South Africa exposed sectors to global pressures and resultant closure of business and job losses, in particular to the vulnerable sectors of clothing and textiles and steel production. For local governments, there was little ability to influence investment outside of the parameters of these national discourses. Persistent unemployment and increasing poverty indicators signalled growing concerns with the economic model of GEAR, amidst criticism from labour and civil society of its neoliberal limitations (Padayachee 2006; Freund and Witt 2010; Marais 2011).

- **Long term strategic planning – from 2010**

Successive government policies and strategies since 1994 have failed to change the course of growing unemployment, inequality and poverty and has become the soundtrack for government intervention and fiscal spend. This has culminated in a long-term National Development Plan with a 30-year horizon, which supports integration of the regional economy in which concerns about infrastructure, commodity production, food production and expansion of horizontal and vertical supply chain linkages are made. There is a strong association with the agro-industrial sector and minerals and metals, as well as innovation, research and development through the Square Kilometre Array project, signalling a project by project approach rather than a bottom up place-based approach, made all the more complex through the delayed adoption of the National Spatial Development Framework.

In assessing these periods, at least four strategic objectives relating to: transformation and redress, economic growth and development, social welfare and wellbeing and environmental sustainability, emerge as the main concerns of government. Throughout the post 1994 period to the present, the key strategy relating to developmental local government in South Africa, relates to the Constitutional mandate to provide democratic and accountable local government through the provision of: sustainable services to all citizens, social and economic development, safe and healthy environments, encouragement of citizen participation and promoting the Bill of Rights (South Africa 2000). Albeit nuanced by local context and conditions and more importantly by what Harrison (2006) refers to as “*decentralised centralism*”, whereby local decisions are shaped by national guidelines, rules and procedures. The MSA for example, devolves increasing levels of responsibility for economic planning and development to local places, yet the transformative scale of economic restructuring is considerable, requiring national policy guidance, national regulatory approval in areas of jurisdictional competence (for example the conversion of agricultural land to other uses, human settlement masterplan and guidelines and EIA approvals to name a few) and National Treasury grant funding for local level activities.

In the case study's District and Local Municipalities IDPs, for example, one can broadly identify three types of strategic objectives that are common, relating to economic, social and environmental concerns. These include the need for redress and meeting service delivery backlogs, including housing, sanitation, education, health facilities and social services. Secondly, addressing the triple conditions of poverty, inequality and unemployment, has resulted in growing dependency on grants and a concern with growing the local economy, largely expressed through a LED strategy. The strategy tends to follow a suite of common sectors: growing existing small scale agriculture through agri-parks and guaranteed markets in the government sector (Schools Nutrition Programme, hospitals and prisons) supported by government departments food supply chain (rural development and land reform, education, correctional services); enhancing existing commercial agriculture; manufacturing and growing the service sector, especially tourism; and some indicate the need to enhance the ICT sector (iLembe District Municipality 2015). The third objective emphasises the environmental legislation and compliance requirements of all district and local municipalities in the country.

### **6.2.3 KwaZulu-Natal: Provincial policies, strategies and spatial planning for economic development**

The Province is one of nine in the country and is home to some 11 million people, the second most populous province in the country and the second largest economy, contributing 16% to the national GDP (KwaZulu-Natal Provincial Government 2016: 6). Almost 50% of the population are urbanised and this is considered a long-term dominant trend. 64% of KZN's rural population lived in "rural areas of densification" in 1996, a trend which appears to be continuing. Dense urban informal settlements tend to occupy any undefended urban space in metro and smaller centres but are concentrated in public spaces in and around the established townships where informal occupiers can access water and transport services. The migration patterns include step-wise migration; reverse flows; oscillating migration (double and even triple home ownership by the poor)<sup>xx</sup>; and intra-urban migration. The Province has one of the highest incidences of poverty and unemployment with high levels of grant dependency

– the share to KZN is some R17 billion a month (Province of KwaZulu-Natal 2016: 79; South Africa 2017b). The socio-economic context is furthermore exacerbated by the high incidence of HIV and AIDS which has severely impacted on the growth and development of the Province, as well as impacting on expenditure in the public health sector (Province of KwaZulu-Natal 2016).

Two key Provincial plans have driven the economic and spatial strategy in KZN since 1994: The Provincial Economic Growth and Development Strategy (PEGDS) (now PGDS) and the Provincial Spatial Development Framework. The later plan did not have legal status and was a legacy from the Region E Plan and Provincial Planning Commission, making it somewhat unique from other provinces in the country. Whilst these have been layered by a number of iterations since 1995, for the purpose of this chapter, the most recent documents are referred to.

- **KwaZulu-Natal 2035 Provincial Growth and Development Plan**

The first of the strategic plans is the KwaZulu-Natal 2035 PGDP (2018: 13) <sup>xxi</sup> where the main purpose of the plan is to:

*“... provide a sound platform for departmental, sectoral and stakeholder annual performance planning and therefore to guide resource allocation. In this transition from strategy to plan, the focus is on driving implementation in a co-ordinated and integrated manner, where progress can be measured against predetermined targets and where roles and responsibilities have been confirmed within established lines of accountability”. This implies a spatial targeting approach linked to the intergovernmental framework and implementation impact thereof”.*

The KwaZulu-Natal PGDP is underpinned by seven long term goals and 31 strategic objectives, outlined in Annexure 6 A. These long-term goals and strategies are consistent with the development discourses, concepts and language associated with neoliberalism and associated global institutions (OECD, World Bank, UNDP and Habitat). For example, the seven long term goals use concepts such as, *“inclusive economic growth, human resource development, human and community development,*

*infrastructure development, environmental sustainability, governance and policy and spatial equity*” (KwaZulu-Natal Provincial Planning Commission 2018: 15) – none of which are particularly objectionable. However, in reading the document, the ambiguities of how, why and what is missing from the strategy become more nuanced and the shortfalls of becoming a transformative plan, heightened. This was repeatedly indicated in the interviews with provincial, district and local municipality planners where a common response around implementation of scalar plans and strategies were identified as problematic.

As one interviewee suggested,

*“Having the district and various municipalities working together so that we have one common vision and alignment of plans would help. At the moment we do not have strong alignment and I would put that down to poor communication between the different entities”.*  
(Respondent 1)

And another senior planner indicated:

*“At least now there is a shift in the mind set to indicate that planning for a municipality may not be the best approach and may require breaking down municipal boundaries and planning for functional regions as opposed to being confined by administrative boundaries. I think that has been the shortcoming in our planning in South Africa up until now. We have been confined to looking at the beginning and end of planning within a municipal boundary and stopping there”.*  
(Respondent 3)

The above reflections signify a recognition of the institutional shortfalls by administrators and planning practitioners, that shared powers and mandates between the spheres of government do not always speak to the objectives of government mandates and that systemic failures place limitations on the scalar planning intention – in this case inclusive and integrated planning. This is further supported by SALGA’s 15 year review of local government (2015).

The 2018 KwaZulu-Natal PGDP identifies key sectors as drivers of economic growth in the province, namely, manufacturing (22%), finance, real estate and business

services (20%), wholesale, retail, catering and accommodation (15%), transport, storage and communications (14%) and the agricultural sector (including agri-processing) (4%) (KwaZulu-Natal Provincial Planning Commission 2018: 28). Key areas for increasing employment and value chain development are the agricultural sector and opportunities through land reform, the industrial sector, the tourism sector and lastly, the service sector (including government services). Expanding the four growth sectors of KZN's economy includes the review of the Provincial industrial development policy; the tourism development strategy for the Province; the Small Towns Rehabilitation Programme in which to create an environment where business services can operate and possibly attract passing traffic and tourists; partnerships with local businesses, including the possible rehabilitation of assets and incentives to do so, such as rebates on rates; public investment in road quality, public facilities, etc.; developing a KZN investment map; and business growth and retention strategies, especially as a result of the loss of head offices to other Provinces in the recent past.

- **KwaZulu-Natal Provincial Spatial Development Framework**

The second major plan is the KwaZulu-Natal Provincial Spatial Development Framework, which provides the spatial elements to achieving the goals and objectives of the PGDP. The KZN Provincial Spatial Economic Development Strategy is underpinned by the goal of sustainable development and nine spatial principles. These nine spatial principles listed in Table 6.1 are closely aligned to global normative planning principles associated with spatial planning and include:

**Table 6.1: KwaZulu-Natal Provincial Spatial Development Framework: nine spatial principles**

Sustainable communities	Economic potential	Environmental planning
Sustainable rural livelihoods	Spatial concentration and urban development	Local self sufficiency
Coordinated implementation	Accessibility	Balanced development

Source: Self-generated and adapted by researcher from KwaZulu-Natal Provincial Planning Commission (2018: 18)

The spatial plan is furthermore underpinned by four spatial planning variables to inform the Provincial Spatial Development Framework (SDF). These variable plans and their purpose are outlined in Table 6.2 below.

**Table 6.2: Spatial logic underpinning the Provincial KwaZulu-Natal SDF**

<b>Planning Variables</b>	<b>Purpose</b>
<b>Environmental Management Areas</b>	Critical biodiversity areas identified as areas of environmental significance to the sustainable development of the Province
<b>Priority Social Intervention Areas</b>	Social needs identified from high to low requiring government intervention and support
<b>Priority areas of Economic Activity and Potential</b>	Priority areas identified are based on the current lead economic sectors in the Province and potential competitive sectors as documented by the Metro and Districts in the Province
<b>Urban accessibility Index</b>	Accessibility to public and private sector services identified to improve accessibility and priority areas of intervention

Source: Self-generated and adapted by researcher from KwaZulu-Natal Provincial Planning Commission (2018: 19-25)

From the aforementioned analysis, the Provincial SDF uses the concept of nodes and activity corridors as the key organising principles for the plan and identifies key investment nodes and activity corridors spatially mapped out in Figure 6.4 below. In the 2018 PGDP, the word “corridor” has been let go from previous iterations but is still very much a part of the SDF, as well as the national concept of corridor investment, identified in the national SIPS programmes. The identification of nodes and corridors requires the lining up of resources and capacity in order to achieve the required intergovernmental alignment, coordination and integration for the various nodes and corridors shown in Table 6.3 and defined in the Provincial SDP in Figure 6.4 below.

**Table 6.3: Provincial Growth and Development Plan 2018 with key nodes and intended functions**

Node type	Intended function
<b>Primary Node</b>	eThekwini – an urban centre with high existing economic growth and potential for expansion, providing service to the national and provincial economy
<b>Secondary Nodes</b>	Richards Bay, Msunduzi, Newcastle and Port Shepstone – urban centres with good existing economic development and potential for growth and service to the regional economy
<b>Tertiary Nodes</b>	Nodes that provide service to the sub-regional economy and community needs – towns include Dundee, Estcourt, Hibberdene, Howick, Ixopo, Kokstad, KwaDukuza/Stanger, Ladysmith, Margate, Pongola, Scottburgh, Vryheid, Ulundi
<b>Quaternary Nodes</b>	Nodes that provide service to the local economy and community needs – some 31 towns such as Bergville, Greytown, Nkandla, Nongoma, uMzimkulu, Underberg
<b>Rural Service Centres</b>	RSCs serve as the lowest level of provincial nodes, established around existing traditional administration centres and other accessible rural points

Source: Self-generated and adapted by researcher from KwaZulu-Natal PGDP (2018: 26)

Investment in the corridors and nodes has been a priority for directing state expenditure and projects at a provincial and local municipal level and is evident in the expenditure patterns and grant related assistance from national treasury. This has been via national transfers through various forms of conditional and unconditional grants such as the municipal infrastructure grant (MIG), small town rehabilitation programme, urban renewal and integrated sustainable rural development grant and neighborhood development partnership grant, amongst others. The alignment of corridor and nodal projects to provincial spatial planning priorities and objectives is reflected in district and local IDPs – however uneven and in some cases with little local control. As one respondent put it:

*“Currently what COGTA is doing in the province is a N2 corridor plan looking at eThekwini, iLembe and UThungulu. Now one of the shortcomings of that process is that the plans that will come out of this do not have a legal status because it is not done in terms of any legislative process” (Respondent 2) (This comment was made before the implementation of the SPLUMA).*

**SPATIAL DEVELOPMENT FRAMEWORK 2016**

MPUMALANGA  
SWAZILAND  
FREE STATE  
LESOTHO  
EASTERN CAPE

PAUL PIETERSBURG  
LVRVHEID  
PONGOLA  
JOZINI  
MANGUZI  
MIBAZWANA  
UMKHANYARUDE  
NONGOMA  
HLABISA  
VILUHLUWE  
CAPE VIDAL  
CAPE ST. LUCIA  
MTUBATUBA  
NTAMBANANA  
KWAMBONAMBI  
EMPANGENI  
MTUNZINI  
ESHOWE  
MELMOTH  
NKRANDLA  
LULUNDI  
TUGELA FERRY  
UMZINYATHI  
DUNDEE  
DANNHAUSER  
NEWCASTLE  
UTRECHT  
AMADUBA  
LADYSMITH  
WINTERTON  
BERGVILLE  
UTHUKELA  
ESTCOURT  
WEENEN  
MOOI RIVER  
GREY TOWN  
NEW HANOVER  
MAPUMULO  
MANDINI  
STANGER  
LEMBE  
HOWICK  
PIETERMARITZBURG  
CATO RIDGE  
ETHEKWINI  
DURBAN  
AMANZIMTOTI  
SCOTTBURGH  
PENNINGTON  
HIBBERDENE  
PORT SHEPSTONE  
MARGATE  
UMTAMVUNA  
PORT EDWARD  
ROKSTAD  
UGU  
HARDING  
ST. FAITH'S  
UMZIMKULU  
KREIGHTON  
UNDERBERG  
IMPENDLE  
HARRY GWALA

INDIAN OCEAN

**LEGEND:**

- Place Names
- Rifsa Roads Classification**
  - 1
  - 2
  - 3
- KZN Water Areas
- Marine Park
- Corridors**
  - Primary
  - Secondary
  - Regional
- Nodes**
  - 1
  - 2
  - 3
  - 4
- Priority Intervention Areas
- Proposed WHS Buffer
- Protected Area
- Economic Value Adding Areas
- Landscape Corridors
- Economic Support Areas
- Protected Areas Expansion Strategy
- Agricultural Service Area
- Mandated Service Delivery

Inset map of South Africa showing KwaZulu-Natal in red.

The IDPs reviewed also indicated the continued reliance on national sector departments for funding and jurisdictional oversight and is a contributing factor to delayed delivery of infrastructure and planned municipal projects. For example, one of the interviewees (Respondent 2) identified the national public transport policy of the bus rapid transit system that was due to be rolled out by the National Department of Transport in the iLembe District and which was put on hold as a result of the said

Department's reprioritised spending. This delayed implementation has impacted at local level resulting in fragmented planning.

### **6.3 Restructuring in the iLembe District and Local Municipalities: institutional context and capabilities**

#### **6.3.1 Institutional and economic context: 1994 to the present**

In iLembe, the last 25 years is a bag of mixed fortunes. As previously indicated, in the post 1994 period, KwaZulu-Natal emerged from a low intensity civil war between Inkatha and ANC aligned liberation movements. The last-minute inclusion of Inkatha in the first democratic government elections in 1994 and resultant Government of National Unity, left the KwaZulu-Natal Province in a fragile state with mistrust between various players and heightened socio-economic and political contestation. The adoption of the Constitution in 1996 in which developmental local government as an autonomous sphere of government and in which the functions and responsibilities for co-operative governance between the spheres of government was established, ushered in a new period of institution building at a local level. In 1996, Transitional Local Councils were established across South Africa, along with the introduction of integrated development planning (IDP). In 2000, the Municipal Systems Act established for the first time, a wall-to-wall municipal system that transcended the apartheid construct and brought local government to areas previously denied this access to local government and potential benefits. The demarcation process was completed in 2003 and the first democratic local government elections held in 2003. For this study area, District Municipality DC29 known as iLembe was established and incorporated the Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, representing a mix of former territories that made up KwaZulu Homeland and the Town Boards of the former Natal Province.

In the case of iLembe, three distinct periods of development from the post 1994 period to the present are identifiable. They are the transitional period from 1994-2003, the

consolidation period from 2003-2009 and the maturing period from 2009 to the present, as indicated in Table 6.4 below.

**Table 6.4: Three periods of administrative development: iLembe District Municipality and KwaDukuza, Ndwedwe, Mandeni and Maphumulo Local Municipalities**

Period	Activities
<b>1. Transition: 1994-2003</b> 1994 -1996: Post Democratic Transitional Government (Government of National Unity)	1996 Transitional phase: new administration Inkatha led Provincial government / political uncertainty Establishment of King Shaka District Municipality
1996 – New Transitional Local Councils established 2000 – Municipal Systems Act, demarcation of new municipalities, impact and Implementation of Systems Act: Nine new Provinces, eight Metropolitan Councils, 44 District Municipalities and 257 Local Municipalities KwaZulu-Natal Provincial Spatial Economic Development Strategy	1 <sup>st</sup> democratic municipal elections held in December 2000 Establishment of: 1 <sup>st</sup> round of Integrated Development Plans, March 2001/2002 Establishment of new administrative systems – <i>developmental local government</i> Role of traditional leaders contested Local government political system – five-year electoral mandate Supply driven spatial targeting policies – infrastructure and service backlogs Funding: Treasury grants / Equitable share
<b>2. Consolidation: 2003-2009</b> 2006 – Change in political leadership from Inkatha provincial government to ANC led KZN Provincial Growth and Development Strategy (PGDS)	ANC led administration in two out of four Local Municipalities and district (district renamed iLembe District Municipality) and all four by 2011 local government elections 2003 iLembe District becomes Water Services Authority and Water Services Provider Major infrastructure push in services / housing / education – supply driven development National Spatial Development Perspective 2006 Inter-Governmental Relations Act 2005 Budget alignment and PMFA / MMFA impact Establishment of iLembe Economic Development Agency – 2006 Funding: Treasury grants / Equitable share
<b>3. Maturing: 2009 - present</b> Successive local governments implementation of IDPs focussing on “Back to Basics”, mixed economic strategies and new discourses on “radical economic transformation” from 2014	2012 – National Development Plan – Proposed National Schema 2013 – SPLUMA enacted – National spatial planning legislation applicable at local level, wall-to-wall schemes introduced across Local Municipalities including ITB territory. Came into effect in 2015 with

	standard set of bylaws and regulations set up by COGTA and adopted by Local Municipalities 2013 - iLembe establishes Water Services Authority Regional planning – Spatial Development Framework (SDF) Sector plans developed and incorporated in IDP's – water, housing, services, etc. 2013 iLembe Regional Spatial Development Plan (IRSDP) adopted – Guiding document with no jurisdictional mandate at the time. iLembe District Growth and Development Plan 2015 Funding: Treasury grants /own generated revenues /external loans (limited)
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Source: Self-generated by researcher using various source documents

- **Transition: 1994-2003**

In the 1990s the main objective of the iLembe District and four Local Municipalities was to dismantle the vestiges of apartheid and build a new society based on the Constitutional values and Bill of Rights, to restore dignity to all South Africans and Black African people in particular. The primary instrument was through building new local government administrative structures with powers and competencies as defined by the Constitution and ensuing legislation.

- **Consolidation: 2003-2009**

From 2003, the goal was consolidation of national policy objectives, in particular relating to socio-economic service delivery linked to local IDPs and aligned to national outcomes with Inter Governmental Relations impact. The national macro-economic policies of GEAR and the comprehensive National Spatial Development Framework provided the backdrop, as well as the KwaZulu-Natal PGDS. A focus on the formulaic approach of corridors and nodes cascading from a national, provincial and local context signalled a more focussed spatial targeting approach than previously, albeit lacking in effect. As one interviewee suggested,

*“The provincial spatial plans in KwaZulu-Natal or the Western Cape for example, builds on the principles of corridors and nodes for investment targeting, but instruments for evaluating investment and outcomes and how they can be monitored are lacking. The rest of the documents are filled with jargon. We are very good at that and then we put in people who we know are not really going to do anything to effectively implement the plan”. (Respondent 10)*

This raises the distinctions between public policy, strategy and implementation that should be aligned to a territorial strategy and resourced to achieve the stated objectives (Valdaliso and Wilson 2015: 76), as well as the critical issue of technical capacity within the government bureaucracy to achieve its stated policy and strategic objectives. This period also signalled local economic development (LED) strategies incorporated in local IDPs. Following from the KZN-PGDS, new economic strategies included agricultural co-operatives (chickens, piggery and vegetables,) to support the Schools Nutrition Programme, infrastructure led growth, agro-processing and hydroponics, vineyard establishment and winery, tourism and renewable energy, amongst others. The articulation of national departments charged with economic policy and instruments were largely unfelt at local level. Business strategy and interest was largely missing and collaborative building was within government rather than its people. Analysis of the first to fourth generation IDPs of the case study indicate that spatial planning and LED was disconnected. There was a lot reported on, but the discourses on project decisions were not in the general public domain but rather in the corridors of bureaucrats, the office of the mayor and select business circles. As indicated by a planner in local government,

*“How you plan to bring coherence within the different planning instruments and different levels of integration that is required to achieve your objectives and how is that going to be achieved in terms of our institutional targets and instruments, is not always clear. For example, whether LED projects at provincial and municipal level have been set up because of comparative advantage and if not, one needs to ask questions, what were the other reasons? Were they set up as rent seeking activities? How many projects are there, how many are live, how much money did this cost and what revenue was spent over a period and linked to project outcomes? These are questions that must be asked”. (Respondent 8)*

The sentiments expressed indicate that whilst the policy intention of LED has been well developed in South Africa, the governance measures are not necessarily present in a shared understanding amongst stakeholder, of the intention and purpose of the LED intervention and accountable and transparent reporting practices, as well as overstated outcomes, such as potential employment figures. Rogerson (2014: 215; 2018) suggests that LED implementation in South Africa continues to be top-down in some cases and performance indicators are varied, thus signalling that improvement in planning capacity and implementation of LED is still required.

- **Maturing: 2009 – present**

Whilst many plans were developed and a maturing of administration and systems are evident, the period from 2009 onwards signalled operational failure of local government in terms of service delivery and has tended to focus on “Back to Basics”, a policy directive emanating from the ANC and in response to increasing service delivery protests at local government level. The main purpose is to improve municipal services for the country's 278 municipalities and building capable local government institutions. The local government system is assessed quarterly and scored as either “functional”, “challenged” or “requiring intervention”.

For the iLembe District and associated Local Municipalities, from 2014-2016 the status score was iLembe and KwaDukuza, “functional”, Mandeni “challenged” and Maphumulo and Ndwedwe “requiring intervention” (Auditor General South Africa 2017), thus signalling administrative first aid for some municipalities that did not stand a chance under the conditions in which they were established in the first instance. For the iLembe District however, there are some areas in which locational advantage and property and retail investment has seen growth and opportunity, signalling a potential area of interest for investors and business. The initial rapid growth in the property market, slow infrastructure development response from the Local Municipality (KwaDukuza) and challenges identified therein, galvanised interest in developing the iLembe Regional Spatial Development Plan in 2013 to develop an overall 30-50 year

development trajectory (iLembe District Municipality 2013a). Analysis of this plan will be addressed below.

The three phases outlined above indicate the various influences associated with institution building over the last 25 years, in which vertical and horizontal government formations and institutions have had impact on local areas as indicated in policy development, spatial planning instruments and administrative layers. The electoral mandate for district and local level municipalities is five years. The first District Council in iLembe was established in 1996 known as a transitional authority and was named the King Shaka District Municipality. It was headed by the Inkatha Freedom Party, the nemesis of the ruling ANC party and represented a highly contentious period of transition in the province of KwaZulu-Natal. Established business interests (such as sugar, milling, paper, tourism, etc.) in the area, which were established in the apartheid era, continued their relationship with the IFP. For example, the projects initiated at the time included the establishment of Enterprise iLembe, funded by the IDC, for the purpose of generating local economic projects. Many of the legacy projects established in these early years are in various states of “limping along” to “non-existent” and viability without continued government support questionable, as reported on under 6.3.2 below. Since 2006, a majority ANC led government has headed the KZ-N Province and District. This has facilitated relative stability in the political and economic climate and supported national alignment to policy and development of planning and related activities.

In the main, this period has seen a lack of regional strategic planning, as new municipalities struggle to establish themselves administratively, lacking regional planning champions and required leadership. Studies conducted during this period by Harrison (2001, 2006), Harrison and Todes (2015b) and Oranje and Merrifield (2010), identified multiple influences on local government restructuring and planning. These included overseas external consultants and agencies in which policy convergence relating to NPM were influenced by neoliberal practices and corporatising government, whereby efficiency, performance management and measuring outcomes were considered key objectives. This, contrasted with progressive ideas about

governance, advocated by Third Way policies that were influential in South Africa at the time and which supported inclusive, democratic and participative practices, added complex layers to the mix in local government transformation. This also reflected the influence of activists from the mass democratic movement, many of whom took up positions in government and stamping a ‘bottom-up’ approach to local government invoking the Freedom Charter and RDP principles, outlined in the White Paper on Local Government (South Africa 1998b).

Much of the current analysis reveals limitations associated with local government performance and instruments used, such as the Integrated Development Plans in achieving modernised and efficient administrative outcomes and the skilled human resources required for such a decentralised local government system. This reflects the complexity of multilevel governance and policy layers – political, administrative and operative – identified by Magro and Nauwelaers (cited in Valdaliso and Wilson 2015: 80), as well as the difficulties of establishing an efficient and disciplined bureaucracy required of a developmental state paradigm.

Following on the above periodisation, Table 6.5 identifies the economic policy, main economic activities and governance arrangements from the 1950s to the present, as they apply to the iLembe District and in which the periods reflect space rebalancing, supply driven and space blind, spatial targeting and place-based, respectively, as discussed in Chapter Five. The information was taken from the source documents outlined in Annexure 6 B.

**Table 6.5: Economic policy and activity relating to iLembe District, from apartheid to present**

	<i>1950 – 1990s</i>	<i>1994 - 2009 Transition</i>	<i>2009 - Current</i>
<b>Context and challenges</b>	Apartheid – crises of legitimacy Political upheaval and contestation National policy on economic growth points and deconcentration points	Local government – establishment of new administration, funding through Equitable Share fiscal instrument; contested governance; Impact of HIV/AIDS – resources, education, costs in Local Municipalities; Local impact of GATT tariff reductions on local industries – sugar, clothing and textile	Contraction of the economy, de-industrialisation; Unemployment and growing inequality and poverty, high youth unemployment; Informality; Substance abuse; Sugar industry in crisis – tariff and lack of protection; 4 <sup>th</sup> Industrial Revolution; Climate change and sustainable development
<b>Main economic activity</b>	Commercial agriculture, forestry and mining, some tourism, subsistence farming in Homelands	Commercial agriculture, forestry and mining, some manufacturing, some tourism, LED strategy – Gijima projects, subsistence agriculture in Ingonyama Trust areas	Agriculture, forestry, agro-processing, mining, manufacturing, high end property development, tourism, LED, informal sector (23%); Subsistence economy; Social grants ( distributed to 69,8% of iLembe District population)
<b>Type of policy, government and business role</b>	Top-down, growth pole and containment; Homeland policy	Reconstruction and Development – Government of National Unity, consensus building, development of policy and legislation; National Spatial Development Initiatives (SDIs) RB/Durban SDI Corridor; GEAR – Fiscal control; 1 <sup>st</sup> generation Integrated Development Planning (IDPs) DTI – Tariff reductions and new World Trade Organisation regime	National Development Plan; New Growth Plan; Radical Economic Transformation; Industrial Policy Action Plan (2017); Provincial Growth and Development Strategy; IDP / SDF (4 iterations); iLembe Regional Spatial Development Plan adopted 2013; District Growth and Development Plan 2015; Cross-sector department policies / Consultative Spatial policy spread over several administrative domains; Swiss Government (State Secretariat for Economic Affairs (SECO) intervention in partnership with District and 4

			Local Municipalities on competitive analysis resulting in Vuthela iLembe LED project; CSIR – Waste Symbiosis strategy in partnership with KZN Provincial Department of Economic Development; At least 41 LED projects mooted through Enterprise iLembe / Agriculture and Rural Development / other Provincial government departments
	<b>Space rebalancing</b>	<b>Supply driven / space rebalancing</b>	<b>Space rebalancing / space blind / place-based</b>

Source: Self-generated by researcher using various source documents

The policy framework outlined in Table 5.2 from Chapter Five and Table 6.5 above, amplify two important elements of policy deployment. The first is the significant and influential roles of national and provincial government and difficulties faced by local places to forge economic development strategies appropriate to their context, thus reinforcing the co-ordination dangers and technical capacity deficits identified by Rodríguez-Pose and Wilkie (2017: 158-159). The second is that spatial and economic policy is spread over several policy domains in which co-ordination challenges have emerged and anticipated outcomes are not met. Seven of the interviewees raised these as obstacles to achieving the required outcomes for their respective Local Municipalities.

Respondent 1 for example, indicated the challenges of the local planning context and change in political leadership that sometimes impacted on local level planning processes and interpretation of functions.

*“The main issue related to all this framework planning is that you have to align with what is happening locally, with what is happening next door to you, to Province and then to National. To me it doesn’t make sense. Either you have one plan that indicates this is what will happen in the next five or 15 years and you don’t deviate from it. The reason I am mentioning this is because of the changes that are made after every electoral period. If politicians don’t like the plans*

*they say let's redo it and it doesn't take into account the continuity of planning processes". (Respondent 1)*

Another lamented the lack of national and regional planning, as well as some of the legal implications:

*"There is currently no national regional development plan to guide regional development planning, although I am aware that the NDP has proposed a national spatial development plan. Previously we had the NSDP developed in the Presidency with limited local impact. ... In the case of KZN we are fortunate that we have the PGDS and spatial implications are articulated in the plan. Whilst there is a gap national level, as a province we are better off than other provinces where their planning may not be at the same level. At least at a district and local level when we do the SDF's we have a reference point". (Respondent 2)*

And on the question of the lawful status of some of the planning activities,

*"For example Provincial COGTA is undertaking the N2 corridor plan including eThekweni, iLembe and uThungulu. Now one of the shortcomings of that process is that the plan that will emerge does not have legal status because it is not done in terms of any legislative process. And by the way, we argued that this is an opportune time to undertake a regional SDF". (Respondent 2)*

And yet another respondent commented on the need for consolidation of plans and the problems of duplication:

*"It would appear to me that some of these plans need to be consolidated in order to be effective. I believe that a regional plan should be a culmination of all the plans. You can't for example say that you are going to do a strategy at a district level when you have not gone through each of the four Local Municipalities that make up your district, it calls into question what is your strategy based on? The consolidation of plans would deal with the question of duplication. For example when all Local Municipalities vie for the same types of activities such as conference centres. As to whether integration is happening is another story and raises some very serious challenges around how IDPs and planning processes unfold in the four Local Municipalities and the district". (Respondent 3)*

The above four respondents reflect the mechanisms of government that continue to operate in silos despite the discourses of integration, alignment, coordination and development of transversal government systems in policy documents and legal frameworks, as well as a resistance to change in behaviours in line with these objectives.

Similarly, in the case of the NDP and 5% economic growth rate target, one respondent indicated that this does not feature in local level planning in a systematic and co-ordinated way.

*“In our planning of SDFs and IDPs, there is a section that speaks about the NDP, provincial policy and so on. But specifically when you talk about how do we at a local level achieve a 5% economic growth rate, I don’t think there is a concerted drive to say these are things we are introducing, or interventions that we want to make. We are not thinking about this in terms of infrastructure, electricity, water, sanitation, housing, business needs and other. We recognise the NDP as a plan that is overarching and that we are supposed to get guidance from, but we have not synthesised to the extent of what does that mean for us at a local level. We still continue with the projects we have been doing, but in terms of the line with the NDP, it is not always clear”. (Respondent 5)*

The above narratives collectively indicate that integrating and balancing development strategies that reflect on local socio-economic conditions requires more than improvements in local infrastructure and that robust socio-economic development strategies with investment and long term capacity are minimally required. Similarly, the strategies developed at regional level and link to public policy to achieve particular outcomes, are complex. Magro and Nauwelaers (in Valdaliso and Wilson 2015: 79-81) identify four dimensions of policy complexity that have influence on territorial strategy, competitiveness and coordination challenges. They are:

1. The widening and deepening of policy domains, for example innovation policy, S&T, SMME, LED, entrepreneurship, competition, industrialisation, internationalisation, amongst others, that bring increasing complexity to the policy making process;

2. Multi-level governance where a given place may be affected by decentralisation and devolution and policies administered at different levels;
3. Multi-layer context, political (government bodies responsible for policy definition and priority setting), administrative (responsible for policy implementation and management) and operational (the translation of policy into action by different actors, firms and investors); and
4. Policy mix context that is used in public policy literature. Howlett and others (Howlett 2009; Howlett, Ramesh and Perl 2009; Béland, Howlett and Mukherjee 2018) refer to tools used by government in response to specific problems using different instruments from different policies.

These dimensions of policy complexity, multi-level governance, administration and reporting systems, as well as the policy mix that local municipalities have to navigate, are evident in the case study and are expanded on in the analysis to follow.

### **6.3.2 Location and socio-economic context of the iLembe District Municipality and Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe**

#### **6.3.2.1 Location and socio-economic characteristics**

The iLembe District Municipality (DC 29) (hereafter referred to as the District) is located on the east coast of KwaZulu-Natal, to the north of the eThekweni Metro and south of the uThungulu District (refer to Figure 6.1) and is made up of four Local Municipalities, Mandeni, KwaDukuza, Ndwedwe and Maphumulo and has three medium sized towns, Ballito, Stanger<sup>xxii</sup> and Mandeni / Isithebe and some large scale settlements such as Groutville, Driefontein and Shaka's Head in KwaDukuza, Sundimbile and Darnell in Mandeni and Maphumulo and Ndwedwe (Refer to Figure 6.3 above). Smaller but significant towns include Shakaskraal, Umhlali, Maphumulo and Ndwedwe and the coastal town resorts of Salt Rock, Sheffield, Tinley Manor, Blythdale Beach, Princes Grant and Nonoti. Rural towns include Ntunjambili, KwaMxhosa and Otimati in Maphumulo and Kwadeda, Montebello and Umvoti in Ndwedwe. The settlement patterns in the four Local Municipalities vary significantly

and reflect the spatial patterns of the apartheid era and is discussed further in section 6.3.4 below.

The District is the smallest in KwaZulu-Natal in terms of land mass and population and is home to approximately 657,612 people, (about 0,1 % of the South African population). The District is growing at a rate of 1, 7%, with an age profile of 35, 5% under the age of 15, 61% (between the age of 16-64) is made up of the working age population and 8% are 65 and over. The gender breakdown is 52% female and 48% male. The unemployment rate is 31% and among the youth (aged 15-35) is 37%. Almost 40% of households earn no income, the majority of the population live on less than R500 per month and are grant dependent (iLembe District Municipality 2017: 10). The size of the informal sector is estimated at 23% against the national average of 30% (Statistics South Africa 2011; iLembe District Municipality 2014, 2017, 2018). Two of the local district municipalities have particularly severe unemployment challenges of over 80% in Ndwedwe and Maphumulo of which 58,4% is made up of youth unemployment (2018: 96).

The main town of Ballito is the commercial hub of the District and supports property development, tourism and related activities, retail, personal and government services. Stanger has historically supported agricultural related services, houses a regional hospital and currently is the administrative centre for government services. The town has seen some decline with the property growth in Ballito and shift in agri-services to other areas. Industrial development is concentrated in Mandeni / Isithebe, with some emerging activity along the R102 corridor in KwaDukuza. Mining is mainly linked to sand mining and agriculture dominated by sugar, tree plantations and growing macadamia and agri-processing activity. Services associated with commerce, finance, transport, community welfare and social and personal services are generally available in medium sized towns and include banks, real estate, insurance and farming related inputs and equipment. Access to IT services is highly variable with KwaDukuza and Mandeni being generally well covered. According to the latest iLembe District IDP (2018), the IT strategy is to roll out accessibility to public spaces such as schools, libraries and government services.

The public transport infrastructure is poorly developed and highly reliant on the significant role played by the informal taxi industry, both long and short haul and is important to the local economy in the absence of other formal transport linkages. It is not surprising that there is increasing competition in this sector, for what are seen as lucrative routes and that sometimes spills out into violent events referred to as ‘taxi wars’. It is also only recently (2017) that a formal taxi rank was allocated an appropriate site in the town of Ballito. Road linkages are fairly well developed along the coastal strip, and access to the main towns where local authority and government services are located, but the hinterland of Maphumulo, Mandeni and Ndwedwe areas are mainly serviced by gravel roads and some poorly accessed areas due to inaccessible terrain. The role of public transport infrastructure is highly dependent on the National Department of Transport and although a plan for the rollout of the BRT has been adopted, no funding has been forthcoming due to reprioritised national budgets (Interviewee 2).

For the District and Local Municipalities, one of the most important components of the tertiary sector are community and social services and personal services and accounts for about 14,32% of GVA output. The size of this sector is largely due to the scale of poverty and reliance on social welfare services that are located in the main towns of Maphumulo, Mandeni and Ndwedwe.

#### **6.3.2.2 Local economy overview of the iLembe District and Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe**

- **Local economic activities and locational advantages**

The economy of iLembe contributes some 3,28% of South Africa’s GDP (iLembe District Municipality 2017). Economic activity is dominated by agriculture, including monopoly, large-scale ranch style sugar farming, some mixed farming, small-scale food production and subsistence agriculture. Service industries tend to support farming related activities in nodal towns. The KwaDukuza area has seen growth in the high-end residential market largely due to the land release by Tongaat-Hulett (the single

largest private land owner in the District) and promotion of the KwaZulu-Natal north coast as a tourism destination. Retail activity in the form of regional shopping centres has followed in support of demand for residential infrastructure and growth in population towards the top-end market and part of the 2030 Tourism Plan for the region. Industrial and processing activity is concentrated in sugar and paper milling and Isithebe Industrial Park. Business activities include retail, trade, accommodation, finance and business services mainly located in KwaDukuza and Mandeni. The maps in Annexure 6 C show the location of the industrial nodes in Ballito and Shaka's Head where the footprint represents mainly warehousing and storage facilities, and Isithebe, which is by far the most developed industrial node.

The iLembe IDP 2017-2022 (iLembe District Municipality 2018) and many of the documents listed in Annexure 6 B, defines the District as well located between two of Africa's busiest ports, Durban and Richards Bay. The District is closely located to the King-Shaka International Airport (KSIA) and Dube Trade Port (DTP), on the primary KwaZulu-Natal Provincial economic development corridor and is well positioned in terms of local and international markets. The main economic activities are commercial farming (mainly sugar, some forestry and emerging mixed farming, macadamia, chicken, vegetables, hemp production, agro-processing) and associated sugar milling industry (Gledhow and Darnell mills), Mondi paper mill at Mandeni and Sappi at Gledhow, and seasonal tourism – domestic and international. The Isithebe Industrial Park, a former growth point during apartheid, has had mixed fortunes as an industrial location. Currently the Park is administered by the Ithala Finance Development Corporation (IFDC) and is home to some 222 companies ranging from manufacturing, furniture making, clothing, weaving, white goods production and some recycling activities (refer to Annexure 6 D for summary of firms) and employs close on 26,8% of the Mandeni Local Municipality workforce. The contribution of the Park to GDP in the Province is some 3.8%.

- **Economic indicators**

Table 6.6 indicates the GDP contribution per sector recorded in 2010 and the GVA 2010/11, in which manufacturing is the largest contributor, largely attributed to the Isithebe manufacturing hub and sugar and timber milling.

**Table 6.6: GDP and GVA contribution per sector: iLembe District Municipality**

Sector	GDP 2010	GVA 2010	GVA 2011
Manufacturing	35,10%	29.17%	18,8%
Personal and Government Services	15,33%	9.43%	14.32%
Agriculture, forestry and fisheries	13,24%	9.84%	4.47%
Wholesale and retail	12,48%	14.83%	15.91%
Financial services, real estate	11,69%	19.85%	18.37%
Transport, storage and communication	6,73%	7.21%	12.27%
Construction	2,80%	2.83%	4,21%
Electricity, gas and water	1,95%	0.93%	3.00%
Mining and quarrying	0,67%	0.83%	2.14%

Source: Self-generated and adapted by researcher from Enterprise iLembe (2011: 31-32); iLembe District Municipality (2018: 100)

In terms of GVA contribution to South Africa overall, iLembe and the four municipalities over the last 10 years has averaged at 3,1% against the KwaZulu-Natal GGP of 3,8% (iLembe District Municipality 2012: 13). In the statistical period 2001 and 2011, unemployment dropped in the four district municipalities from 34, 3% to 25% in KwaDukuza; 45, 1% to 28, 6% in Mandeni; 75, 9% to 49% in Maphumulo and 67, 8% to 48, 7% in Ndwedwe. The KwaDukuza and Mandeni Local Municipalities enjoyed rapid growth due to investment in property development and industrial incentives respectively. Employment take up in Maphumulo and Ndwedwe is attributed to the construction boom during this period. However, the most recent downturn in the economy since 2009 is resulting in contraction and higher unemployment in all sectors as indicated in the QES reports (Statistics South Africa 2017b). The largest contributor to employment in iLembe is the finance, real estate and business sector (13,28%), combined with wholesale, retail/trade, catering and accommodation (21,72%) they account for 35% of employment (iLembe District Municipality 2018: 113).

A serious problem highlighted by all IDPs reviewed is the lack of up to date reliable statistical data and dependence on StatsSA and private sector firms Quantec's Standardised Regional Data and IHS Global Insights (REX) data bases. A recent study by De Klerk (2012) on the use of reliable statistical data sources in South Africa indicated the flawed methodology used in the econometrics models used and the distortions that occur when applying national sector trends to the local level. Significant variance between the three statistical data bases available, StatsSA, Quantec and REX were reported when comparing different census year material.<sup>xxiii</sup> The context of poor data availability thus renders any planning and in particular regional planning problematic and inhibits appropriate development of strategies, a point that will be expanded on in Chapter Seven.

- **Land and barriers to growth**

Land holdings in the District present an interesting case. According to the IDP and latest (2016) Local Municipal valuation rolls, there are three main types of land holdings across the District – the Ingonyama Trust, private land and government. The majority of land (63%) is controlled by 45 traditional authorities, jointly owned by the State and Ingonyama Trust, 31% contributes to commercial farming and is under mainly privately owned sugar cane farms. Some of the land in the District is under land restitution and redistribution category in line with the Land Reform processes and is shown in Annexure 6 E. The main impact is in land holdings in the KwaDukuza and Ndwedwe Local Municipalities and some in Mandeni. The development implications of Trust land has been touched on in Chapter Four and impacts for the case study will be reflected on later in this chapter.

As a significant economic player in the region it is worth noting that Tongaat-Hulett is a major private land owner in iLembe and KwaZulu-Natal, primarily engaged in agricultural activity, milling operations (four sugar mills – one in the study area – Darnell) and release of land for high end residential development and owns some 121 530 ha (own and third party) (Tongaat Hulett 2016) across KwaZulu-Natal and some of which (+/- 2 648ha)<sup>xxiv</sup> falls in the iLembe District. Tongaat Hulett is not an

insignificant multinational player in the South African economy with their operations dating back to the mid-1980s and has been listed on the Johannesburg Stock Exchange from 1952. Their economic footprint extends beyond South Africa into Mozambique and Zimbabwe. In their latest Annual Report (2017), Tongaat Hulett had a balance sheet of some R18 billion in revenue, employed some 5 788 in their South African business and reported on annual value chain development relating to agriculture and agro-processing (1,5 million tons of sugar, 630 000 tons of maize converted to starch and glucose and supplier to a diverse industry dealing with a range of products), renewable energy options (electricity generation and ethanol production utilised at their mills) and land portfolio conversion (7 709ha of developable land). The monopolistic control of the release of land and land prices begs the question of their role as a pro-active development player or a patient land seller. The latter has the potential to constrain local municipalities who may have different development objectives.

More recently, the vulnerability of the sugar industry since 1994 as a result of global competition, global dumping prices that undercut local producers and poor tariff protection has been reported on and subject to numerous studies (National Agricultural Marketing Council 2011; South Africa 2014a; Dubb, Scoones and Woodhouse 2017; South African Sugar Association 2018). The key issues facing the sugar industry include a lack of domestic tariff protection for South African produced sugar and exposure to global competition and dumping prices, transformation challenges to the sector, institutional digging in and a lack of cohesion across interest groups in the sector. A further constraint is that the value chain of sugar has been insufficiently exploited. Annexure 6 F identifies the existing value chain of sugar in South Africa and Annexure 6 G some of the potential opportunities in the value chain. The drawbacks identified above are discussed below more fully in exploring new opportunities for iLembe.

- **Regulatory environment**

A Recent World Bank Report (2015) on *Doing Business in iLembe* using indicators that benchmark and measure the cost and complexity of regulatory processes, provides useful recommendations for improved local government procedural practices. Bi-annual iLembe Business Confidence Index Reports are produced by the iLembe Chamber of Commerce, Industry and Tourism Enterprise iLembe and provide local business and potential investors with information. Recent reviews (2015: 17-18; 2017: 4) have identified constraints to growth as: skills shortages and labour related issues, exacerbated by a skills drain out of the district to better opportunities elsewhere. Overtraded local markets in certain sectors, the need to diversify and impact of technology and workforce upskilling, as well as onerous administrative processes were identified as constraints to business.

In 2013, the United Nations Industrial Development Organisation, the Swiss Government through its State Secretariat for Economic Affairs (SECO) and the DTI, undertook a study on LED and value chain cluster development initiative (United Nations Industrial Development Organisation 2012). More recently (2017) the SECO has partnered with the iLembe District, two out of the four Local Municipalities, KwaDukuza and Mandeni, the iLembe Chamber, Provincial Department of Economic Development and Environmental Affairs and National Treasury on a five-year project to improve the economic outlook of iLembe, through the newly established institution Vuthela. The project has five key aims, namely developing a sustainable public finance management system; focussing on effective delivery and maintenance of infrastructure to secure investment and revenue; improving the administrative environment for private sector investment through capacity building; further development of value chains; and building improved partnerships and cooperation for LED through inclusive growth and resource efficiency (iLembe District Municipality 2018: 111).

- **Skills and local capacity constraints**

Besides KwaDukuza, the District displays low levels of educational attainment. According to the latest IDP (2017: 103), the number of people with no education has decreased, but the proportion of the population with matric has decreased from 26,6% in 2011 to 18,39% in 2016. The number of people with higher education qualifications has decreased from 3,5% in 2001, 3,1% in 2011 and 1,83% by 2016, aggravating the out-migration of skilled workers from the District. In 2018 the matric pass rate improved marginally, but the overall performance continued to be the worst in the Province (Abrahams 2019). This is of serious concern if the economic fortunes of the region are to be turned around through a place-based approach. No figures for R&D expenditure or patenting activity are available or evident in the District or recorded in any business index for the area. There is also low entrepreneurial uptake of Chamber initiatives in the local context, where employment by firms is preferred over risk-taking ventures as reported by the iLembe Chamber. In 2019, the iLembe Chamber of Commerce Industry & Tourism (2019) undertook for the first time, a Skills Needs Assessment in order to understand the constraints to current businesses and future investors and to assess the adequacy and relevance of current skills. The report confirmed the key skills deficits as technical, lack of experience and poor management skills.

### **6.3.3 Development challenges: Infrastructure, social welfare and services, and local economic development in iLembe District and Local Municipalities**

The key development challenge for the District and particularly pronounced in Maphumulo and Ndwedwe, is the high levels of unemployment and in particular, youth unemployment and the concomitant poverty, social problems and high levels of informality. In the fourth iterations of IDPs of the District and Local Municipalities 2017-2022, the shortfall in provision of social welfare, related services and human settlement backlogs were mentioned as continuing issues and quantified at an average shortfall of between 18 - 20% in areas such as healthcare provision, public libraries, quality of school buildings, piped water, electricity provision, human settlements,

amongst others. In stark contrast, the coastal corridor represents high end residential and service infrastructure in which an opulent lifestyle represents the sharpened paradoxes of wealth and poverty.

In sum, the District is largely uneven in development and has the following characteristics:

- An eastern corridor comprising well developed infrastructure and urban settlement in KwaDukuza /Stanger, the Dolphin Coast / Ballito, Shaka's Rock, Salt Rock and Umhlali.
- Informal settlements with limited facilities and services, largely representative of settlement patterns inherited from apartheid planning and newly emerging settlements on the periphery of new developments and in smaller towns within the iLembe District.
- The District is made up of 45 traditional authority areas under the control of traditional leaders with a land tenure system in which large parcels of land are controlled by the Ingonyama Trust Board. Many of these areas are characterised by lack of access to services and job opportunities. However, the presence of local government related services is clearly evident in the main towns including local municipal offices, and service centres with combined services such as the Thusong Service Centre that provides a one stop shop for a suite of services.
- Severe backlogs in infrastructure such as water, electricity and transport exist, impacting on current growth and development potential of the District.

Annexure 6 H is a pictorial representation of the study area, highlighting some of the issues identified above.

#### **6.3.3.1 Infrastructure and service backlogs**

The ongoing backlogs relating to municipal services is highlighted in Table 6.7. The figures indicate the adverse circumstance of coinciding legacy challenges and new generation infrastructure provisions such as IT and green energy, in a diverse setting of relative wealth on the eastern seaboard and a high degree of income inequality in

the inland areas of the District. This continues to play a discordant role in which the economic development potential is constantly in tension between the idea of transformation and the reality of deepening poverty and inequality on the ground. The available government services and shortfalls in infrastructure in the Local Municipalities are listed in Table 6.7. It is evident that steady progress is being made in reducing water and sanitation backlogs.

**Table 6.7: iLembe District and associated Local Municipality social services and infrastructure backlog 1994-2018**

<i>Sector</i>	<i>2011/2012</i>	<i>2016/2017</i>	<i>Shortfall as indicated in 2017-2022 IDPS</i>
<b><i>District</i></b>			
Electricity	71.4%	85.5%	14.5%
Piped Water	36 653	35 921	18.16% (Mainly Maphumulo and Ndwedwe) reported in 2018. (22,5% in 2015)
Sanitation	42 143	32 483	19% (Mainly Maphumulo and Ndwedwe) reported in 2018. (20,28% in 2015)
<b><i>Combined Local Municipalities</i></b>			
Housing	Shortfalls are stated as 55 419 housing units (excluding 2010 backlog)		
Roads	Maphumulo and Ndwedwe – 95% of road network is gravel		
Schools	Well distributed, but quality education, conditions of school buildings and long commuting distances are ongoing issues		
Health Facilities	Four regional hospitals, one private hospital (Ballito), 10 mobile clinics, 33 clinics, two community health centres – long commuting distances to facilities		
ICT Infrastructure	Underserved in Maphumulo and Ndwedwe, highest usage is cell phone for all		
Training Colleges and facilities	Umfolozi TVET College and satellite campuses, Ndwedwe – Elangeni College		
Safety and security services	Nine police stations (three in Mandeni, two in KwaDukuza, three in Ndwedwe and one in Maphumulo)		
SASA access points	One SASSA service office per Local Municipality and numerous outlets		
Branch offices of national and provincial government departments and parastatals	(Home Affairs / Health / SASA/ Licensing Office)		

Source: Self-generated by researcher using related IDP documents

### 6.3.3.2 Social welfare and government services

National Treasury budget transfers to local municipalities are mainly in the form of fiscal equalisation instruments, such as the equitable share based on population, or specific grants to deal with structural backlogs associated with infrastructure needs and service backlogs. In the context of iLembe's overall low income and tax base linked to high unemployment, the extent of this dependency is evident through the number of grant instruments collectively drawn on by the district and municipalities, as well as the percentage of the population dependent on grants and multiple incomes for survival, as outlined in Table 6.8 below. Local municipalities also have an indigent policy in place where free basic water (10 kilolitres per month) and free basic sewer services are provided. This is however dependent on citizens being aware of the policy and registering on the local municipalities database (Respondent 2).

**Table 6.8: Grant types accessed in the iLembe District and associated Local Municipalities for the 2017/18 financial year**

Grant Type	iLembe	KwaDukuza	Mandeni	Maphumulo	Ndwedwe	Total
Equitable share	419 734	131 541	134 192	75 284	118 243	878 994
Municipal Infrastructure Grant	196 126	62 478	41 709	43 249	43 691	348 549
Regional Bulk Infrastructure Grant	356 166	-	-	-	-	356 166
Water Services Infrastructure Grant	62 500	-	-	-	-	62 500
Rural roads Asset Management Systems Grant	2 266	-	-	-	-	2 266
Energy Efficiency and Demand Side Management Grant	6 000	-	-	-	-	6 000
Municipal Services Improvement Grant	182 186	-	-	-	-	1 636

Strategic Integrated Presidential Projects						
Urban Renewal and Integrated sustainable Rural Development Programme						
Neighbourhood Development Partnership Grant	-	200	200	-	50 000	50 400
Local Government Financial Management Grant	1 205	1 800	1 900	1 900	1 900	8 750
Integrated National Electrification Programme (Municipal) Grant	-	10 000	10 000	15 000	14 000	49 000
Integrated National Electrification Programme (Eskom) Grant	-	-	46 200	73 087	47 415	166 702
Extended Public Works Programme	1 000	1 565	2 285	1 529	1 768	8 147
	<b>iLembe</b>	<b>KwaDukuza</b>	<b>Mandeni</b>	<b>Maphumulo</b>	<b>Ndwedwe</b>	<b>Total</b>
No. of individual SASSA grant recipients and value	+/- 40% of households	No reporting	No reporting	No reporting	25 769	KZN 3 876 959 Value /month R3billion
In addition to grants, local municipalities have indigent policies and support – free basic water (10kl per month and free basic sewer services.						

Source: Self-generated by researcher using various documents from iLembe, KwaDukuza, Mandeni, Maphumulo and Ndwedwe Municipalities and Division of Revenue Bill 2017)

Furthermore, a significant proportion of the populations of Mandeni, Maphumulo and Ndwedwe, as much as 69,8% of households, are reliant on a range of social cash grants as part of government's pro-poor policy in eradicating poverty and reducing inequality and are considered to be part of a distributional system that supports social justice and validates human rights (Roy 2010). In particular, they provide households with income that supports second order effects such as sending children to school, improved nutrition and opening up opportunities for employment. Significantly, 3 876 952 out of the 17 3330 034 total national grants are distributed in KwaZulu-Natal (South Africa 2016d: 27) and at 23%, accounts for the largest provincial share of social grants and represents a R3 billion monthly social grant injection into the provincial economy (Province of KwaZulu-Natal 2016: 79).

However, analysis suggests that most of this cash is spent in medium and larger towns and in monopolistic trading enterprises, representing significant leakage from the local economy and into the coffers of multinationals such as Walmart, Boxer, Shoprite and the likes, facilitated by Local Municipalities. As one respondent (18) indicated:

*“For many Local Municipalities they want to attract this trend of malls. In many of the community workshops we attend they ask the question: ‘when is the mall coming?’ Residents want access to choice and consumerism. ... The big problem is the spend leaks out of the community, very little goes back to the community and most of the money is leaving for overseas, for example Walmart”.*

Structurally, this means that the local economy has not changed and the accumulation and expenditure patterns within the local economy have become characterised by consumption driven patterns and the productive aspects are increasingly neglected. Nevertheless, the social grant is a significant monthly cash injection into the local economy, in which opportunities in the value of grant expenditure can be captured locally in a circular economy strategy. This could be applied in the agricultural sector where the principles of agro-ecology and food sovereignty, a focus on local markets, decentralised local retail infrastructure and orientation of education to value and sustaining indigenous knowledge systems, are supported; as well as in the sustainability and waste sectors, where the unlocking of the social and economic

potential of local areas through ‘collection, reuse, reduce, recycle and recover’ is applied. Examples of the benefits of developing the local economy through cash payments and supporting local producers has been well documented in examples from India, Mexico, Brazil and elsewhere. Ballard (2013: 5) suggests that cash transfers assist in *“engendering long-term autonomy as well as help to meet short-term consumption needs”*.

### **6.3.3.3 LED interventions**

The extent of grant dependency in the District highlights some of the structural challenges associated with what Rogerson and Nel (2016: 137) refer to as “distressed areas” and in which LED and infrastructure led projects are the significant source of development grant finance in an area and for local employment opportunities. A key concern in choice of such projects, is largely left to development agencies and comparative advantage is not always clearly articulated. The limited LED strategies and projects reported on in the respective iLembe District and Local Municipalities IDPs over the last four iterations, indicate a number of projects with varying degrees of progress, some with limited success and others abandoned. In instances where the projects have collapsed, the range of reasons include maladministration, theft, vandalism, lack of technical support, questionable long term sustainability of projects without government capital injection, amongst others. Some of the projects as reported in the latest IDP (2018-2022) are currently being revived.

Since 2010 the projects include: the iLembe Vineyards and Winery project (12ha of vineyards in Mandeni and Maphumulo and winery at Collisheen – collapsed project); iLembe Open Farms and processing facilities project in the four Local Municipalities to support community co-operatives to supply vegetables through the Department of Education’s Schools Nutrition Programme in which 20 small scale farms are supported (mechanisation, chemicals, seedlings, technical support – facing supply chain and co-ordination of payment challenges to local farmers from sector departments); Agricultural Hydroponic Tunnels for high value crops (four sites per local municipality – collapsed project currently being revived) (iLembe District

Municipality 2012; Enterprise iLembe 2015; iLembe District Municipality 2017). The more recent IDPs and Reviews (2016 / 2017-2022) of the District include four additional areas: developing tourism routes and local tourism offerings; increasing manufacturing through incentives; the rollout of ICT platform and broadband project to increase accessibility; and the development of an integrated waste management plan for the District (iLembe District Municipality 2018: 211-217). Since 2003, the total expenditure on these projects has been approximately R60 247 000 as detailed in Annexure 6 I.<sup>xxv</sup>

What is important to unpack is the purpose and intention of such projects and if not to develop comparative advantage, what were the other reasons? None of the planners interviewed, nor a former employee of iLembe Enterprise indicated that the projects were driven to develop comparative advantage and grow the economy and begs the question of intention and possible rent seeking behaviour objectives. Most indicated that LED interventions were pro-poor measures for distressed areas. Many of the spatial planners interviewed for the study, indicated that LED projects were often imposed from outside (Province or elsewhere), that they did not necessarily know the status of the projects and that their role was to “*find the land for the project*” (Interviews 1-6), indicating breakdown in vertical co-ordination, where capacity for bottom-up initiative is frustrated.

As one respondent described,

*“LED in most instances are implementing smaller projects that we can describe as spatially targeted narrow interventions. You don’t get a longer term view in terms of what these projects are really meant to achieve. Although we are placed in a position where we could achieve that, it is linked to the issue that I have been raising about how local and district municipalities have been establishing economic entities as development agencies, but without the necessary strategic and financial tools for implementation”.*  
(Respondent 9)

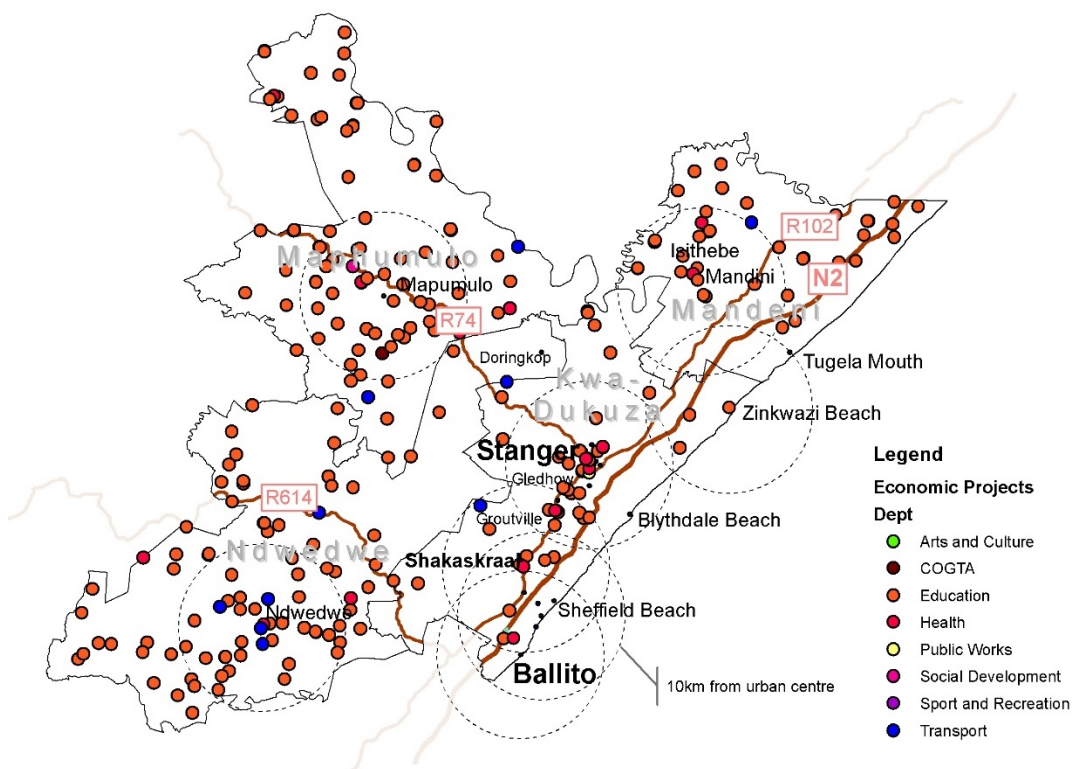
And another respondent commented on the management and long term sustainability of the abovementioned projects:

*“Some of the LED initiatives of Enterprise iLembe have not integrated with the regional plan. These capital investment projects, the agricultural hubs, King Shaka Tourism Route and so forth will not take us to being a competitor, it will not help to unpack our opportunities in terms of linkages. Many of the current projects are not functioning, for example the agri-farms collapsed and are currently being repaired. ... The plan looked good on paper but was short on implementation. In particular there was not proper management of the facilities, there were poorly developed business models, supply chains and market demand was not properly incorporated”. (Respondent 6)*

The LED interventions have so far resulted in a mixed bag of outcomes, as the long term sustainability and viability of projects continue to be a challenge for the District and development agency, Enterprise iLembe, echoing some of the issues raised below and identified by Lawrence and Rogerson (2018: 34). Site visits by the researcher in 2019 to three of the processing projects for example, indicated a state of dilapidation, also confirmed in news reports (Abrahams 2018). The straddling of a pro-poor and comparative advantage strategy for LED in the District is thus limping, constrained by local capacity, a strong reliance on external funding and professional support, which perpetuates unsustainable projects. In more recent iterations of the IDPs, the concept of “catalytic projects” has crept into the District and Local Municipalities discourses – borrowed in part from national and provincial government, that creates, in one respondents words, “*a wish list with no real local impact*” (Respondent 8). As indicated above, the Vuthela and SECO initiative may help support a strategic and collaborative approach and develop institutional capacity for LED in the future.

Figure 6.5 shows the various economic and social projects of the various sectoral Departments in the iLembe District and associated municipalities. Whilst most are social service orientated, this is an indication of state expenditure and local government presence in areas that have previously not benefitted from local government services.

**Figure 6.5: Economic projects per department in the iLembe District and associated Local Municipalities**



Source: Map constructed by Kitching 2019 (Department of Town and Regional Planning, using National Treasury Local Government data base 2017, and GIS)

#### **6.4 Spatial plans applicable to the iLembe District Municipality and Local Municipalities: Multiple sector plans and implementation challenges**

The spatial characteristics of the Local Municipalities include the following. KwaDukuza is largely urbanised with commercial agriculture and some traditional land holdings through the Ingonyama Trust. Mandeni Local Municipality has some urban areas and industrial activity alongside traditional areas and some agriculture. Both Maphumulo and Ndwedwe reflect mostly traditional settlements, engaging in subsistence farming. The distinction between the role and function of a district municipality and local municipalities are based on the Constitutional imperative and

the Systems Act that provides districts with powers relating to economic planning and coordination and bulk service delivery in the main, whilst local municipalities are responsible for local level spatial and sector planning. This does result in a high degree of duplication in spatial and sector plans, as well as reporting instruments and processes. Several of the planners interviewed for the study expressed frustration at this duplication between the district and local municipalities and resultant compliance outcomes. One of the interview respondents captured the collective sentiments:

*“Currently we all do IDPs and it’s like we are doing parallel work, we are supposed to submit on the same day. There is no strategic process in play that distinguishes the IDP of the District and of the local municipalities. ... For me this is a very frustrating aspect and because we are channelled into the compliance issues more than anything else and I’m talking at both a political and administrative level, this will lead to us not achieving the competitive advantage that we currently have as a region”. (Respondent 5)*

The compliance modality is a reflection of several constraints in local government, amongst them capacity to strategically engage in scalar planning and operationalise a territorial strategy, rendering planning instruments as linear, where only officials are involved. Similarly the ‘one size fits all’ modality supports a spatially blind approach to territorial development thus missing the context specificity of place (Rodríguez-Pose and Wilkie 2017; Todes and Turok 2018; Barca 2019).

Over the years, the District and four Local Municipalities have developed a suite of spatial plans required through the Systems and SPLUMA Acts in which to manage land use and planning related activities. These are outlined in Table 6.9. A total of 13 spatial plans and a further 15 sector plans guide development across the district. A further nine local municipal plans each support the respective IDPs.

**Table 6.9: Hierarchy of spatial plans and sector plans for the iLembe District and KwaDukuza, Mandeni, Maphumulo and Ndwedwe Municipalities using latest IDP and related documents**

<b>iLembe District and Local Municipalities Spatial Plans</b>	<b>Purpose</b>	<b>KwaDukuza</b>	<b>Mandeni</b>	<b>Maphumulo</b>	<b>Ndwedwe</b>
iLembe Regional Spatial Development Plan 2013 (IRSDP)	Blueprint for a sustainable region by 2050; Alignment between five pillars of IRSDP and six goals of the District Growth and Development Plan; Synchronised with Provincial goals and objectives	✓ 2017-2022 incorporated		✓ 2016 incorporated	✓ 2018/2019 incorporated
District Growth and Development Plan	Provides a framework for goals/strategic objectives and required interventions	✓ 2017-2022 incorporated	✓ 2017-2022 incorporated	✓ 2017-2022 incorporated	✓ 2018/2019 incorporated ✓ 2017-2022 incorporated
Integrated Development Plan (2017-2022) IDP	Five-year electoral mandate for District municipality	✓ 2017-2022	✓ 2016-2017 ✓ 2017-2022	✓ 2017-2022 ✓ 2017-2022	✓ 2018/2019 ✓ 2017-2022
Spatial Development Framework 2015 (SDF)	Provide direction for land use intention	✓ 2017-2022	✓ 2014 ✓ 2017-2022	✓ 2015 ✓ 2017-2022	✓ 2018/2019
Municipal Land Use Schemes	Detailed planning	✓ 2016	✓ 2016	✓ 2016	✓ 2016
Municipal bylaws (SPLUMA)	Regulations required in terms of SPLUMA Act – COGTA menu	✓ Municipal Tribunal established	✓ 2016	✓ 2016	✓ In progress

Sector Plans	Date	KwaDukuza	Mandeni	Maphumulo	Ndwedwe
Water Services Master Plan	2008			iLembe District Plan	
Water Supply and Sanitation Services Implementation Plan	2009		Storm Water Management Plan	iLembe District Plan	
Strategic Environmental Atlas	2010	Incorporated in IDP	Incorporated in IDP	Incorporated in IDP	Incorporated in IDP
Transport Infrastructure Plan	2010		Roads Master Plan 2014		
Risk Management Policy and Framework	2016	2016	2017	2017	2017
iLembe Spatial Economic Development Strategy	2012				
Water Services Delivery Plan	2012	iLembe District Plan	iLembe District Plan	iLembe District Plan	iLembe District Plan
Environmental Management Framework	2014	2008	✓ 2014 Reference to iLembe District Plan	Reference to iLembe District Plan	Reference to iLembe District Plan
Climate Change Responses	2017-2022	✓2013			
Disaster Risk Management Plan	2015	✓2015	✓ 2016	✓ 2017-2022	✓2017-2022
Local Economic Development Strategy	2015	✓Not adopted	✓ 2015	✓ 2016/2017	
ICT Strategy	2015	✓2016	✓2017		✓2018
Disaster Management Plan	2015		✓ 2016	✓ 2013	
District Growth and Development Plan	2016	Incorporated	Incorporated	Incorporated	Incorporated
Master Water and Sanitation Plan	2016	-	✓	-	-

<b>Additional Local Municipality sector plans</b>		<b>KwaDukuza</b>	<b>Mandeni</b>	<b>Maphumulo</b>	<b>Ndwedwe</b>
SMME and Informal Traders Management Development Strategy			✓ 2014	Draft policy 2017-2022 Reviewed, not yet approved	
Integrated Waste Management Plan		✓	✓ 2010 /2015	✓ Draft 2016/2017	✓2017
Housing Sector/ Human Settlements Plan		✓	✓ 2015	✓ 2017-2022 (Projects)	
Agriculture Sector Plan			✓ 2012		
Coastal Management Plan		✓ 2011	✓ 2014	N/A	N/A
Electricity Master Plan		✓ 2011	✓ 2012		
Roads and Strom Water Master Plan		✓ 2016	✓ 2011		
City Strategy		✓ 2015			
Tourism Strategy			✓2016	✓2016/2017	

Source: Self-generated by researcher using IDP documents from iLembe, KwaDukuza, Mandeni, Maphumulo and Ndwedwe (KwaDukuza Local Municipality 2012; Ndwedwe Local Municipality 2012; Mandeni Local Municipality 2015; Maphumulo Local Municipality 2016; iLembe District Municipality 2017: 122)

#### **6.4.1 Analysis of planning documents relating to the District and Local Municipalities**

Analysis of the various plans outlined in Table 6.9 indicate significant duplication, repetition, a degree of consistency and relatively good data on the formal economy and spatial analysis, but less so about the informal sector and economic impact of the said plans. The first two district plans – the iLembe Regional Spatial Development Plan and the District Growth and Development Plan do not have legislative status, yet are used to guide long term planning (30-year development vision) for the area and are influential across the four Local Municipalities latest IDPs (2017-2022). The plans are generally comprehensive in the traditional sense, they provide for co-ordinated

development of land use in the region and are well received by the District and Local Municipality planners, covering socio-economic and spatial analysis, as well as providing a view of spatial and economic growth for the District. The long term planning addresses rural linkages, bulk service infrastructure requirements for settlements that include the expansion of Ballito and Stanger in a city strategy, rural town development (Ndwedwe, Maphumulo and Bamshele), Driefontein development and infill in the existing areas of Gledhow, Groutville and other coastal towns.

The key economic projects include agri-hub development, co-generation projects with the sugar and timber industries, industrial development of Compensation Flats (complementing the KSIA airport), establishment of nature areas with tourism impact and attraction of major industries such as vehicle manufacturing (iLembe District Municipality 2013a). The limitations requiring attention to achieve the long term plans are identified as capacity, existing planning frameworks and regulations.

Both plans, however, suffer from a number of limitations and do need some mention as identified below.

- A surprising finding is that there is no evident primary research methodology used, where most of the information is derived from secondary data and extrapolated models. This method may be better suited to master planning approaches but less so in developing a regional plan;
- There is insufficient consideration to the drivers of regional development, namely people as the primary stakeholders of the area and organised institutions (community, business, labour, informal sector, women, youth) in developing the plans. Regional plans are in the main not considered to be technical plans, but rather ones that require collaboration amongst stakeholders that give them their identity and implementation buy in;
- Several of the dominant sectors are insufficiently dealt with – for example the sugar industry has been facing a sustained crisis since 1994. It is a major employer in the District, yet the treatment of this industry, the impact on small Black cane growers in particular and the future scenarios for this industry are hardly

mentioned. Similarly the challenges of a declining manufacturing sector faced with the 4<sup>th</sup> Industrial Revolution impacts, smart operations and adding value to ICT strategy which are the backbone for global competition, are absent. Many of the projects mooted in the District and Local Municipalities do not speak to budgets and are reliant on national funding timelines and priorities (e.g. transport infrastructure), reducing the plans to what Lefebvre (1992: 89-90) refers to as ‘spatial fetishism’ in which space is seen as ‘in itself’;<sup>xxvi</sup>

- The reference to the KSIA as an ‘aerotropolis’ in the making is misleading and built on a false premise. There are several elements to the concept of the aerotropolis that are missing and includes amongst others, a destination capability of over 100 destinations<sup>xxvii</sup>. What the airport does provide is infrastructure that gives capability to deal with three important airport related streams, namely tourism (requires an evaluation of products on offer and whether the District is a competitive destination), agriculture (that requires volumes, high value and is time critical) and lifestyle opportunity for business individuals and families who are located in KwaDukuza in particular and who have purchasing power to do so;
- The plans are largely silent on how to address the needs of the poor, especially with opportunities around innovation and sustainable issues, the circular economy and low hanging fruit opportunities, as well as on education and training and research and development opportunities. The plans assume that everything is equal;
- The plans do not address fundamental issues facing the District, such as addressing spatial inequalities and incorporating the informal economy. The SDF outlined in Figure 6.5, strengthens the coastal corridor and leaves the ITB areas relatively untouched, effectively leaving the apartheid construct of Homeland legacy largely intact, and in which spatial inequality is reinforced.
- Lastly, new potentials and comparative advantages are insufficiently outlined.

In summary, since the establishment of the District and associated entities, the suite of plans reiterate their strategic intent and focus, both short and long term, as well as sector plans. Much of the planning is linked to supply led backlog infrastructure. An emphasis on alignment with provincial and national plans is reiterated, reflecting

compliance requirements of the planning framework. However, most of the operational plans are linked to the five-year electoral mandate and acts as a reporting mechanism. This was considered problematic to many of the interview respondents in that planning has become dependent on political will, long term planning is given insufficient support and capacity gaps exist.

As one respondent put it and echoed by others that were interviewed:

*“When they (sic political leaders) come in, there are very few leaders that speak about a 2030 vision, in terms of where we want to go to in the future, they only talk about ‘my five-year term’ and in that time what will I deliver. This begs the question of the disarticulation between political interest and a continuing stream of administrative requirements. The political leadership will always drive, or dictate terms of the direction that we are taking. It requires very strong administration in order to be able to hold its ground in the longer-term development aspects. Many of the administrative heads are also bound by five-year terms, for example, the accounting officer has a five-year term. We really do need administrative heads who have an understanding of the long haul strategy”. (Respondent 8)*

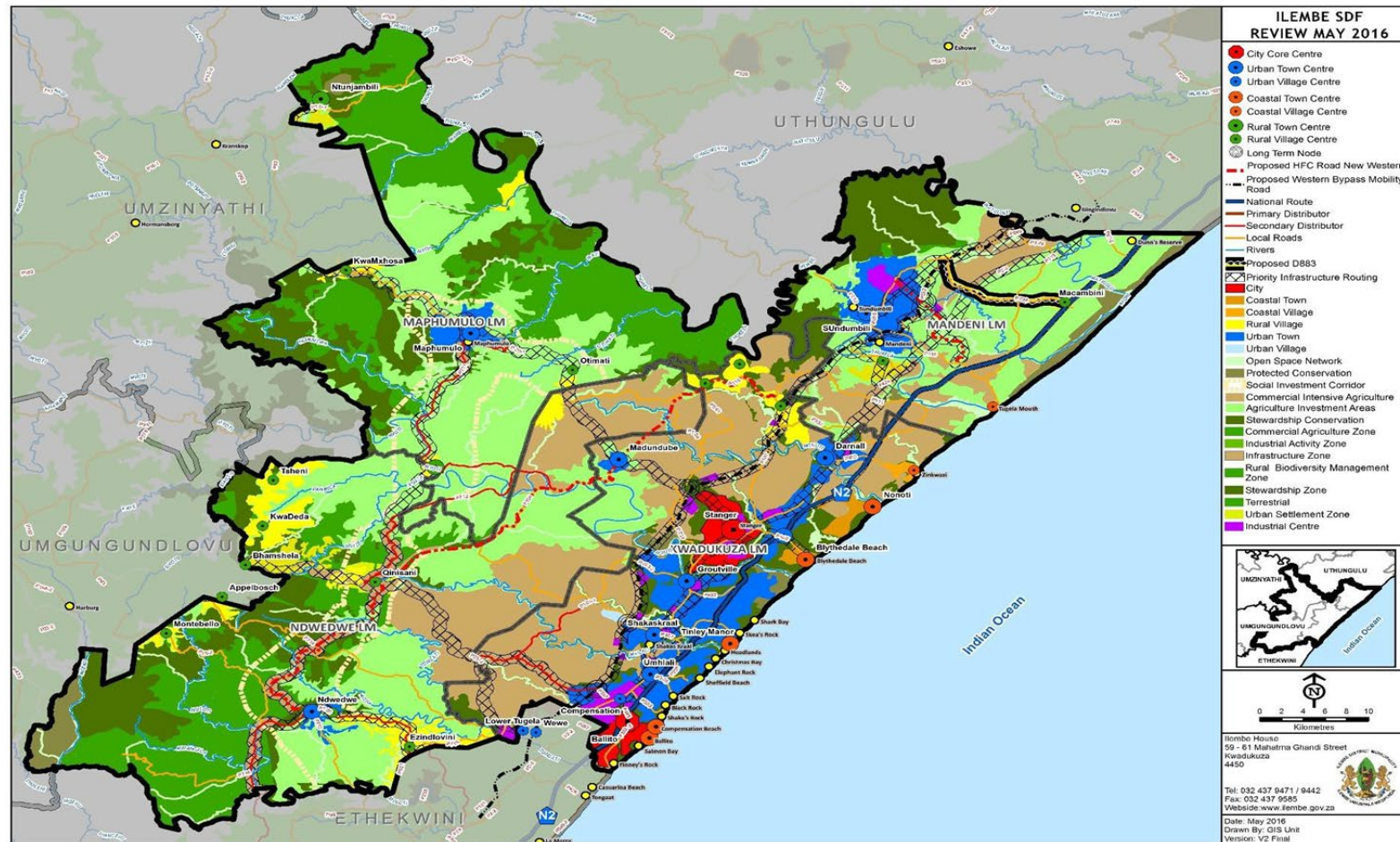
This is a reflection of two issues – how strategic territorial planning is viewed and developed at a political level and the limitations associated with the electoral mandates in the local government system. The weaknesses in the administrative capacity of the public service in the face of political power and interference in South Africa have been well documented (von Holdt 2010; Pearson, Pillay and Chipkin 2016a) and this growing practice of political interference in the administrative and technical working of local government, has now become the norm (Karriem and Hoskins 2016: 14). Both have the potential of limiting the intentions of plans at the level of timing, budgeting and implementation.

- **The iLembe spatial development framework – ongoing challenges**

From the above analysis, the strategic element envisaged in place-based planning is insufficiently developed. There is evidence of some comparative advantage analysis

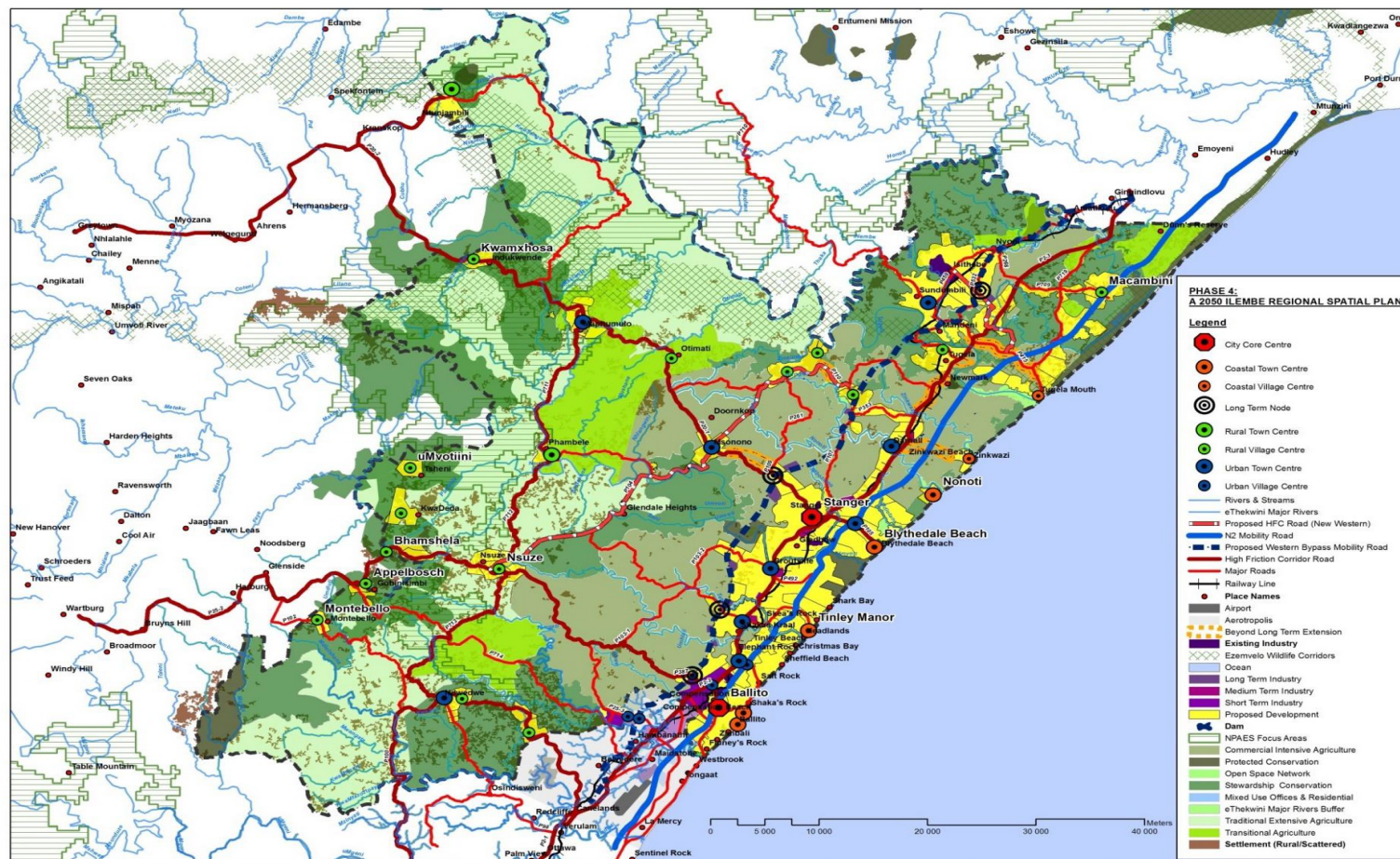
by the various Local Municipalities. This has been done by each Local Municipality and the focus is concentrated on the formal economy. There is a degree of “cross-border” alignment and since the implementation of the SPLUMA, has resulted in some strategic cross border planning as was confirmed during the interviews. The iLembe District SDF is shown in Figure 6.6 and the 2050 future plan shown in Figure 6.7 below, depicts the consolidation of the four municipalities spatial development direction currently and the future scenario in turn. A major drawback of these plans is that the planning evidence suggests a bias towards the KwaDukuza and Mandeni coastal municipalities and relative isolation of Maphumulo and Ndwedwe as lagging and subsistence based economies. There is also a bias in the economic strategy of the District in reinforcing traditional sectors as well as location and a lack of consideration for lagging areas and their underutilised potential, as has been discussed above. Potential integrators such as ICT, the informal economy and tackling unemployment are muted in the planning for these areas.

Figure 6.6: iLembe Spatial Development Framework 2015 / 2016



Source: Adapted from iLembe District Municipality (2016; 2017: 162)

Figure 6.7: Phase 4 - 2050 iLembe Regional Spatial Plan



Source: Adapted from the iLembe District Municipality (2018: 186)

- **Traditional authority and jurisdictional tensions**

A not surprising outcome of the analysis of the various IDPs is the silence on how to treat ITB areas outside of social welfare provisions such as schools and primary healthcare and some township establishment – they remain a large coloured area on the maps above with limited indicative land uses. The legacy question relating to ITB spaces in particular in the work of Wolpe (1972) on the migrant labour system, and Meer (1984) on the question of the triple oppression of women in the South African economy, relate to patterns of accumulation in the former Homelands based on the migrant labour system, both in mining and agriculture and where these settlement patterns persist. In her influential study on the ongoing crises in South Africa, Hart's (2013: 230) analysis reinforces *“the analytical and political importance of understanding place and the “local” not as bounded units, but nodal points of interconnection in socially produced space”* and in which she contends, the restructuring of local government in South Africa *“has become the key site of contradictions ... the impossible terrain of official efforts to manage poverty and deprivation in a racially inflected capitalist society marked by massive inequalities and increasingly precarious livelihoods for the large majority of the population”*.

- **Unemployment and migration**

In the current context of the ongoing decline of the mining sector, migrants return to rural areas, or secondary towns in search of work and in place of migrant remittances they now access grants and enter into a ‘wageless life’ (Denning 2010 cited in Hart 2013: 5). For those still looking for jobs, work is much more seasonal, for example in the construction sector in Ballito, or in other resort developments and in agriculture, a move away from ranch style farming to mixed farming and macadamias is also introducing mechanisation and a further loss in jobs (Interview 6). The relevance to the case study, is that the two Local Municipalities (Ndwedwe and Maphumulo) continue to have the same legacy social relations of production whilst the other two municipalities (KwaDukuza and Mandeni) are in a better position as articulated in Figures 6.5 and 6.6. Unless this form of survival, as migrant and grant dependent,

undergoes structural changes and opportunities for the productive sector in these areas are included, then the prospects for transformation in these particular local spaces will continue to be a challenge. The local economy has become increasingly characterised by the spatially uneven dynamics of global capitalism where consumption leakage out of the local economy to multinationals such as Walmart, Boxer and Shoprite, persist. As suggested above, strategies relating to the circular economy, inclusion of informality and development of locally based industries with local benefit, should be pursued.

#### **6.4.2 Governance and multi-sector collaboration**

The purpose of collaborative governance in the place-based literature is to facilitate the development of productive social capital through consultations, dialogue and participation with local stakeholders and to empower local economic actors. Furthermore, key elements associated with governance are to provide a broad and hands-on understanding of capabilities and constraints of a place through endogenous knowledge, have a multi-sectoral approach and encourage broader voices being articulated in developing the strategic territorial approach (Haines 2012; Bentley and Pugalis 2014; Valdaliso and Wilson 2015; Rodríguez-Pose and Wilkie 2017). The role of networking, collaboration and governance is emphasised as important procedural elements and practices, in which common strategic objectives and purposes are identified and acted on.

##### **6.4.2.1 Governance and multi-sector collaboration in the iLembe District and Local Municipalities**

Within the iLembe District and the four Local Municipalities there are a number of institutional organisations and structures that exist and provide support to government, business and communities as indicated in Table 6.10.

**Table 6.10: Governance and economic institutional relationships in iLembe District and Local Municipalities**

<b>Sector</b>	<b>Institutions</b>
<b><i>Government</i></b>	<i>National / International</i> Treasury, Trade and Industry, Minerals and Energy, Water Affairs, Forestry and Fisheries <i>International</i> – Swiss Government- SECO, Vuthela partnership <i>Provincial</i> Treasury, Auditor-General, COGTA, Economic Development, Tourism and Environmental Affairs, Education, Housing, Agriculture and Land Affairs, Amakhosi, House of Traditional Leaders and the Ingonyama Trust Board (ITB), IDP Forum, ward committees, community development workers
<b><i>Business</i></b>	iLembe Chamber of Commerce, Industry and Tourism Isithebe Business Cluster, KwaDukuza Business Forum, SA Sugar Association, Millers (Gledhow and Darnell), Farmers Associations, SA Development Association, Development Consultants, Taxi Association, SMMEs, Informal Traders Association
<b><i>Parastatal</i></b>	Enterprise iLembe, SASA (Social Grants), Ithala Finance Corporation, Industrial Development Corporation, Development Bank of SA (DBSA), Trade and Investment KZN (KZN Growth Fund Managers), Dube Trade Port (DTP), Small Enterprise Development Agency, Eskom, Ezemvelo KZN Wildlife, Ingonyama Trust and Traditional Authorities, Joint Co-Ordination Committee of Local Municipalities and Traditional Authorities, AgriSETA (Agricultural Sector Education and Training Authority)
<b><i>Research</i></b>	South African Sugarcane Research Institute, South African Bureau of Standards, KwaZulu-Natal University, Durban University of Technology
<b><i>Community</i></b>	Co-operatives, Stokvels, Ratepayers Associations, Faith Based organisations, NGOs, CBOs, NPOs, political parties, organised labour (SAMWU, FAWU, NEHAWU, NUMSA)

Source: Self-generated by researcher using IDP documents from iLembe, KwaDukuza, Mandeni, Maphumulo and Ndwedwe

The system of local government in South Africa claims to be about building communities in an inclusive, participative and integrated way, in which poverty alleviation is tackled. In the case study, there is evidence of “consultation” with communities and other organised stakeholders as statutorily mandated. But in the main, robust engagement has not resulted in strong governance and collaborative effort. Much of the consultation on spatial planning and economic strategy is reflected in government contemplation with other sector departments and insufficient wider and depth of engagement with the private sector and other social formations. This is confirmed in a number of the interviews with the local planners, who indicated that participation was lacking in direction, focus and strategic intention (Interviews 1-6).

Organised business respondents expressed the need for more robust inclusive engagement and a willingness for collaboration in areas of strategic policy making and supporting capacity for implementation.

Table 6.11 indicates the range of public participation processes reported by the District and Local Municipalities, indicating a limited engagement with the IDP process and very little if any reporting on the outcome of such engagements. In interviews conducted with planners, many commented that despite the legal requirement for participation, this has been lacking mainly due to financial resources and capacity and limited to public ward meetings because of the legal requirements, rather than the desired qualitative outcomes. Only the planner from KwaDukuza indicated that they experienced good, albeit limited participation and co-operation relating to the development of land use schemes, particularly as the realisation of increased land value associated with planning instruments like the schemes. The iLembe District Growth and Development Forum was recently established (2017) and acts as a consultative forum for the Growth and District Plan with a range of invited stakeholders. However the forum is still in its infancy and beset by differences of opinion on what its role and function should be (Respondent 2).

Official IDP and other listed municipal documentation refer to ‘lists of consultations’ and some indicate outcomes of meetings and summative assessments of community concerns, but there is little documented evidence of engagements with the business sector, trade unions, civic associations and other local actors. Similarly in the document narratives, governance is interpreted in a narrow frame in which traditional councils, councillors, ward committee, municipalities and provincial departments are considered to be the primary focus of engagement. What is indicated in the documentation are that types of participation and consultative processes are dependent on legal requirements, whilst also acknowledging that this area needs greater attention to include wider interest groups. The question of an in-active citizenry was also raised in interviews with planners, where issue based events seemed to be the indicator of participation, such as the recent 2015 drought. This would suggest that the purpose of

planning is poorly understood and developed within the District and has been insufficiently established as an instrument for development in the area.

**Table 6.11: Reported participatory processes and outcomes in four Local Municipalities and iLembe District Municipality**

<b>Municipality and meetings relating to IDP and other related municipal strategies</b>	<b>Ward Meetings and Traditional Councils</b>	<b>Rate payers / Business / Labour / CBO's</b>	<b>Other</b>
iLembe District	Attended 45 Local Municipality ward meetings (2016/17)	None reported on	
iLembe District Growth and Development Plan 2015 (Strategic Vision: 2050)		iLembe Chamber, Ingonyama Trust, HSRC (2014), Labour, Ratepayers Association, Taxi association	Enterprise iLembe
KwaDukuza Local Municipality	29 ward meetings - 2016/17 IDP review reflects on details of community needs for the 1 <sup>st</sup> time in IDP reporting – most issues identified are operational Local Municipality functions that are not being done Amakhosi – no detail of outcomes	iLembe Chamber, KwaDukuza Informal Traders Chamber, Millers, Farmers, Tourism Industry Players, SMME Forum	-
Mandeni Local Municipality	15 Ward 2016/17) Amakhosi	1 ratepayers / business	-
Maphumulo Local Municipality	7 Ward (2015/16) Amakhosi 2017 – 3 events combining 18 wards	-	-
Ndwedwe Local Municipality	10 Ward (2015/16) Amakhosi	-	-

Source: Self-generated by researcher using various documents from iLembe, KwaDukuza, Mandeni, Maphumulo and Ndwedwe municipalities

#### **6.4.2.2 Analysis of governance arrangements**

There is little evidence of active and organised labour, women and community based groups in the District, however, this is not to say that they are not present. There has been sporadic but ongoing industrial activity in Isithebe and community related protests elsewhere in the District reported in the press and has been issue-based rather than an expression of an organised workforce or social movement. In recent times the District has been prone to service delivery protests and violence around the lack of local job opportunities around specific projects (for example the recent shopping mall development in Ballito), but this seems to be organised along party political lines rather than emergent community activism, in some instances calling for the mayor's resignation (Bhengu 2019). The recent Municipal Profile of the iLembe District Municipality conducted by Kwa Zulu-Natal COGTA (COGTA-KZN 2017) supports this observation in which community feedback to wards is wanting. Of the 74 wards, only nine report back meetings were held and none were reported in KwaDukuza and Maphumulo Local Municipalities.

In traditional rural areas, there is scant indication of rural social movements making demands for better services, or that the development context has necessarily compelled government to enhance services, or be held accountable for rural development, besides the mandatory ward meetings. The beneficiaries of land reform and small scale farmers are also relatively subdued in comparison to organised commercial agriculture.

Evidence of cross border and wider engagements with and between role players in which common interest and collaboration can be fostered, is varied within the District and between the Local Municipalities. For example, respondents from KwaDukuza spoke about the need to engage with the eThekweni Metro (location and economic profile), but did not necessarily mention the neighbouring municipalities as easily connected, thereby increasing the isolation of Maphumulo and Ndwedwe Local Municipalities.

Similarly the economic agency Enterprise iLembe has a strong presence in KwaDukuza and Mandeni, but it is difficult to see its impact on other Local Municipalities – and in particular it is difficult to see the idea of the iLembe “economy”. Hence the concept of uneven development and inequality is perpetuated by what Massey (2004: 111) refers to as the constituted relations of production where labour and different classes in society are represented in the spatial structuring of those unequal relationships *“and which imply positions of dominance and subordination”* and *“a relationship between the periodisation of an economy and its regionalisation – its forms of uneven development”* (2004: 122). In the last 25 years it is clear that attempts at modernising and inducing development in lagging regions have faced difficulties as identified in the High Level Report on legislative reforms (South Africa 2017f) and there is little evidence at scale to suggest a reversal of this trend, unless a shift in paradigm occurs. Turok and Visagie (2018) and Habiyaemye and Turok (2019) suggests that there are useful lessons for South Africa and other countries facing such issues from economies like China that have used the economic surplus and knowledge generated in coastal cities through special economic zones (SEZs) and mobilised that to boost development in rural economics through collaborative efforts.

#### **6.4.3 Summary of regional plans and strategies**

The regional strategies for economic development and interventions undertaken since 1994 in the iLembe District and Local Municipalities, in which the different stages, various role players and policies have played out in the local space, is summarised in Table 6.12 below. The problems and challenges associated with a competitive economic policy that drives and positions the local economy for the 21<sup>st</sup> century are identified. The final section of this chapter analyses a place-based approach for the iLembe economy in which the value proposition for the local economy where the existing economic assets, new economic drivers and untapped comparative advantage are explored.

**Table 6.12: Integrated development plans and regional strategies for iLembe and Local Municipalities: 1994-2018**

	<i>1994-1998</i> <i>Transitional government (Inkhata)</i> <i>Backlogs and redress</i>	<i>1999 – 2008</i> <i>(ANC led) Local government</i> <i>restructuring and settling in –</i> <i>government policy deployment</i>	<i>2008-2019</i> <i>(ANC led) Growing Challenges for development and competitiveness</i>
<b>Strategic Goals</b>	<p>Periods of reform: fiscal prudence, trade reform and public sector reform to improve efficiency for global competitiveness and long run growth</p> <p>Transitional concerns/ reconstruction, supply driven – backlogs and redress in relation to apartheid injustices</p> <p>Policy development – role of GTZ at local government level and introduction of IDP's</p> <p>Democratic project – equity, redress, constitutionalism</p> <p>Reintegration into global economy</p> <p>King1 Report becomes the standard for corporate and public governance</p>	<p>Building local government - key political objective to bring local government to the people</p> <p>Convergence towards development outcomes envisaged in 2006 NSDP and integrated government, introduction of urban focused development, spatial ordering principles of corridors, nodes</p> <p>Target - high poverty, inequality and unemployment in policy frames to support pro-poor policy measures Strong reliance on fiscal transfers by the state, especially in lagging areas</p> <p>Spatially targeted efforts to stimulate economic development mainly spent on social programmes, healthcare, education, housing subsidies and basic services</p>	<p>Mission statements of District and Local Municipalities that underpin strategic intent: Key underlying problems continue to be triple challenges of <i>unemployment, poverty and growing inequality</i></p> <p><b>iLembe District:</b>  <i>“By 2027 iLembe District Municipality will be a World Class Destination, with excellent services and quality of life for its people.” (2012-2017 IDP)</i>  <i>“By 2030 iLembe District Municipality will be a sustainable people-centred economic hub providing excellent services and quality of life” (2017-2022 IDP)</i></p> <p><b>KwaDukuza LM:</b>  <i>“By 2030, KwaDukuza shall be a vibrant city competing in the global village economically, socially, politically and in a sustainable manner.”</i></p> <p><b>Mandeni LM:</b>  <i>“To be a reliable people centred and sustainable economic hub by 2030.”</i></p> <p><b>Maphumulo LM:</b>  <i>“To be a Catalyst for a Sustainable Socio-Economic Development for a Better Life for All.”</i></p> <p><b>Ndwedwe LM:</b>  <i>“A municipality of hope, dignity and prosperity.” (2012-2017)</i>  <i>“By 2030 the people of Ndwedwe will have a prosperous and vibrant economy, where their aspirations are met.” (2017-2022)</i>  Underpinned by the <b>KZN 2035 Provincial Growth and Development Plan (2018)</b> Building a Better Future Together</p>

			Mission statement: “By 2035 KwaZulu-Natal will be a prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the World.”
<b><i>Economic context, sectors, Policies, Problems/ challenges</i></b>	<p>Economic performance – low growth, low investment, moderate growth in employment.</p> <p>Trade reform-gradual import liberalisation, reduction in tariffs in manufacturing (textile and motor industry affected at local level)</p> <p>Industrial policy reforms – reduction in price distorting measures</p> <p>Key impact: job losses</p> <p>Key sectors: Commercial agriculture – sugar, timber</p> <p>Subsistence agriculture</p> <p>Services: banking, limited personal services (accounting/ legal), agri support</p> <p>Tourism – local destination and seasonal</p> <p>Manufacturing – deindustrialisation to other markets (Isithebe growth</p>	<p>Commercial Agriculture / land reform / investment in small scale farmers</p> <p>Growing global competition in sugar – expressed in unfavourable exchange rates, dumping of imported sugar undercutting domestic prices and hostile tariff regime conditions. Partiality offset by AGOA agreement with USA under Clinton/ Reagan administration</p> <p>Construction of new airport begins (King Shaka International Airport and Dube Trade Port)</p> <p>Tourism potential identified</p> <p>Manufacturing decline and limited to Isithebe growth point</p> <p>Fast growing coastal property boom led by Tongaat Hulett</p> <p>Growth in informality</p>	<p>Major employers – Manufacturing (Isithebe, sugar and paper milling, furniture and paper), Services (government and personal services, retail, tourism), Commercial Agriculture / agri-processing, Tourism (domestic and international)</p> <p>Crisis in sugar industry severe by 2019 with threat of mill closures and potential job losses</p> <p>Circular economy in renewable energy revolution, biofuels, co-generation, industrial symbiosis mooted for iLembe but insufficient take up and unresolved energy supply agreements with the National Energy Regulator of South Africa (NERSA)</p> <p>Economic crisis caused by Eskom electricity supply cuts and blackouts across the country since 2014 and intensified in 2019</p> <p>New information technology, 4IR and AI and new work areas emerging but poorly articulated at local level</p> <p>Triple challenges: unemployment, poverty, inequality. Grant dependency, sterilised land holdings – ITB</p> <p>LED, KZN Jobs Fund, SMME development</p> <p>Informality – settlement, mobility, economic activity- insufficiently developed government and economic response</p> <p>New airport development – strategic logistics and locational advantage opportunity, especially last flat land suitable for</p>

	point and loss of manufacturing jobs, clothing and textiles)		industrial development (Compensation Flats), agri processing – high volume, high value / time critical and linkages to major port, road, rail and air linkages
	Informality		
<b><i>Competitive policies and support for economic growth</i></b>	<p>Outdated Competition Act</p> <p>Major reforms mooted - Competition Act of 1998 introduced to create greater efficiency, major concerns included:</p> <ul style="list-style-type: none"> <li>- Concentration of ownership and control of the SA economy and past practices;</li> <li>- efficiency in market outcomes and global competitiveness; price competition and increasing consumer choice, support of SMME activity in the market</li> </ul>	<p>Competition Policy (Department of Economic Development)</p> <p>Competition Board established Responsible to oversee mergers and acquisitions</p> <p>High profile anti-monopoly cases – Tiger Brands (food), building industry (cement and steel) and staple foods such as bread</p>	<p>Strong reliance on central government policy direction at local level WB Competitive Rating (2015) situates low skills and educational attainment as key detractor for investment</p> <p>SECO value chain study identifies a number of shortfalls including low productivity levels, insufficient market access for SMME sector, non- compliance to standards and quality of products produced in the SME sector, low social compliance (health and safety, pesticides, fire prevention, industrial accidents, etc.), insufficient networks, non-standardised and low quality of products, shortage of technical skills and knowledge about products, development of dependency culture on government support</p> <p>Doing business in iLembe consecutive repots identifies the following continuing shortfalls – shortage of skills and employability of school leavers</p> <p>Intervention through National Treasury / SECO / Vuthela to improve iLembe business environment – 5 year project from 2018</p>
<b><i>Economic / industrial strategy</i></b>	<p>Spatial Development Initiatives – corridor development and infrastructure spend</p> <p>Commodity exports</p>	<p>Sector strategy:</p> <p>Manufacturing (automotive, textile, leather and footwear)</p> <p>Mining - beneficiation</p> <p>Services (banking, personal services, government...)</p>	<p>IDZ / EPZ (spatial targeting) – none in iLembe but 1 in Richards Bay and one in DTP</p> <p>Value chain propositions (SECO) include: vineyard cultivation and wine production, cut flowers, wood and furniture, open farms through cooperatives in Maphumulo and Ndwedwe and tunnel</p>

			farming in KwaDukuza and Mandeni, small scale sugar farming for small scale emerging Black farmers in KwaDukuza and Mandeni Re-industrialisation strategy / beneficiation – Isithebe through DTI Radical Agrarian Social and Economic Transformation (RASET) – led by Department of Agriculture
<b><i>Innovation</i></b>	LED / SMME	National Innovation policy Green economy	Broadband and ICT roll-out but poorly developed strategy for iLembe and Local Municipalities  Green economy and incubation hub
<b><i>Institutional context and local assets (People, innovation, physical infrastructure, institutions)</i></b>	Transitional local government authority  Enterprise iLembe  Services backlogs	Establishment of District Municipality and four Local Municipalities – Systems Act Enterprise iLembe to support LED Chamber of Commerce, Industry and Tourism  Service backlogs  Informality (taxi / commodities / services / settlements)	District Municipality and four Local Municipalities – SPLUMA and implementation and refinement of planning instruments  Policy coordination between Provincial government and District and Local Municipalities improving  Chamber of Commerce, Industry and Tourism  International agencies – SECO / Vuthela, trend towards a formalised, deliberate and proactive strategy to support government to perform better  Service backlogs  Informality (taxi / commodities / services / settlements) – Start of local policy development with regard to informality and trading
<b><i>Stakeholder Model</i></b>	Top down - Transitional local government, Ingonyama Trust Board established/ Traditional Authorities	Top down - Government, councillors and ward committees, IGR / ITB	Mix: top down / collaborative: attempt to increase cooperation, to support creation of SMME's and address the unemployment and poverty challenges
<b><i>Main actors</i></b>	Government / ITB	Government	Government, councillors and ward committees, IGR

<b><i>Forms of collaboration</i></b>	Traditional firms and sectors (Multinational – Tongaat Hulett, sugar industry, major employer and property player in the District space)	Chamber of Commerce, Industry and tourism, Tongaat Hulett / SASSA	Chamber of Commerce, Industry and tourism, Tongaat Hulett / SASSA, Community based organisations, taxi association, limited trade union activity
	Traditional	Some trade union activity	Social unrest and service delivery protests – still to see strong local voices
	Issue based	Firms, sectors, business associations, community – Mix of top down / collaboration	Education institutions – TVET / Universities / Research institutions still developing  Some trade union and labour representation  Firms, sectors, business associations, community

Source: Self-generated and adapted by researcher from Valdaliso and Wilson (2015), interviews, and use of various source documents referred to in Appendix 6 B

## **6.5 Place-based Economic Assets, Characteristics and Comparative Advantage of the iLembe District**

The economy of iLembe during these 25 years has been uneven over territory. This has largely been motivated by property development of what could be described as a property boom driven by Tongaat Hulett. Growth rates in the building and construction sector during this time reached some 8,09 % (iLembe District Municipality 2012: 15) and were directed mainly along the coastal area in KwaDukuza. At the same time, demand for infrastructure and services related to historical backlogs exacerbated the pressures on the newly formed and poorly equipped, local government administrations. This demand was largely private sector and high income driven, located in the coastal Local Municipalities (KwaDukuza), contrasting with increasing poverty, high levels of unemployment and growing inequality in Maphumulo and Ndwedwe, areas largely characterised by subsistence agriculture and some small-town related activities linked to government services. Industrial policy is largely lacking and confined in the main to the Mandeni Local Municipality where the former growth pole of Isithebe was established in the 1980s through the Ithala Development Finance Corporation<sup>xxviii</sup> and some industrial activity through sugar and paper milling.

Attempts at strategic planning for the District began in earnest in 2012, culminating in the 2015 District Growth and Development Strategy. Furthermore, the SECO LED report commissioned by the DTI in which the value chains with highest potential were identified included horticulture, wood processing and sugar (United Nations Industrial Development Organisation 2012: 21). The 2012 Economic Development Strategy outlined the key economic sectors of agriculture (leading industry), manufacturing, tourism, information and communication technology, the green economy and a city building strategy as a ‘high road’ scenario for future strategic direction to 2030 (iLembe District Municipality 2012: 20-27). The plans generally acknowledge that the eastern area is largely well developed, whilst Ndwedwe and Maphumulo are lagging in terms of infrastructure. Planners interviewed indicated that whilst their future planning projected for the 5% growth rate envisaged in the NDP, much of the hard infrastructure required was dependent on national departments and competition for

national budget allocations. In an interview with SALGA, the respondent confirmed that competition for national funding allocations was high and depended in large part on *“local capacity and ability to meet Treasury deadlines”*. (Respondent 12)

The long term visions outlined in the iLembe District Growth and Development Plan 2015 (iLembe District Municipality 2015) is generally a reiteration of the existing economic sectors and governments supply side measures for infrastructure and social welfare backlogs. Enterprise iLembe is the District’s development agency with the mandate to establish and collectively plan with key economic stakeholders, the economic development of the area. Analysis of the strategic focus areas identified in the plan suggest that the strategy is weakly articulated and fragmented with the foci on what already exists and there is little engagement in relation to the new economic drivers brought on by the digital economy and automation and the potential of the fourth utility for the region.

In sum, the strategy reinforces the disarticulation that exists in the District at a number of levels and difficulties associated with long term planning in a complex context. This complex context is dependent on multiple internal and external variables articulated in Table 6.12 above, together with the government and business climate for cooperation and collaboration, public policy deployment and effectiveness, legal and regulatory frameworks, the tackling of corruption surges and outbreaks of service delivery protests, engaging with high degrees of informality, unemployment and addressing the critical area of education and training deficit facing the District.

With this backdrop, the next section addresses potential areas for comparative advantage for the District and Local Municipalities that could be advanced for future sustainable regional transformation, using a place-based approach. As identified above, the local context is complex in which flows of capital, labour, resources and raw materials, sector markets, competitive and comparative advantage of local economies and value chains, amplify the need to support economic comparative advantage. The conceptual characteristics of a place-based approach (Pike, Rodríguez-Pose and Tomaney 2017: 152) identifies those attributes that enhance and build on the

comparative advantage of an area, its human and natural assets, social, cultural and institutional capabilities and promotes innovation for industries to grow and realise their economic potential and is represented by long term, multi sectoral and endogenous factors.

#### **6.5.1 The case for articulation and connectedness: Comparative advantage opportunities in the iLembe District Municipality**

There are diverse areas of comparative advantage evident in the case study area that could be developed, including the existing sectors of agriculture, tourism, manufacturing, informal sector development, the blue economy and more. The single most invoked comparative advantage in all the documents relating to the case study analysed for this research was the *locational advantage* of the District and associated Local Municipalities, which has been highlighted as the most prominent, yet has been poorly expanded on or developed in relation to the economy and even less so in terms of implementation. In particular, the KSIA airport and DTP and related activities requires significant analysis and strategic planning for this comparative advantage to be realised in tourism, business and industrial development.

The landholding of the area known as Compensation Flats in KwaDukuza and owned by Tongaat Hulett, is key to unlocking this potential and whilst an impact assessment has been conducted in the nine years since establishment of the KSIA, this strategic site and its future development remain untapped (Tongaath Hulett 2012, 2018). This can partly be attributed to the “*continuing low business confidence and high policy uncertainty*” articulated by the recent World Bank (2019: 107) report, in which slow recovery from the 2009 global recession, weak and declining growth, inflationary pressures, high debt burden and downgraded debt rating, alongside climate change events, have played a role. Similarly, turning the tourism industry from a peak four times a year destination to a booming 365 destination for both domestic and international product offerings, with attractive products and incentives, continues to be a challenge.

The researcher acknowledges that there are other comparative advantages that could be included, such as light manufacturing and airport related activities. For the purpose of this section however, exploring the comparative advantages present in the iLembe region is limited to addressing two key areas – the one relates to land based locational advantage and the other to the internet superhighway where access to broadband speed is key to repositioning the region for development and competitiveness, across sectors.

The first comparative advantage prospect looks at the long-standing sugar industry and in particular the opportunities presented around renewable energy and exploiting the by-product value chain of sugar. The second looks at the ICT sector and highlights the potential for new growth drivers to position iLembe for the 21<sup>st</sup> century challenges, Fourth Industrial Revolution, as well as the value adding role that ICT can play in the informal sector economy. In particular, the possibilities associated with broadband speed and fibre connectedness and related comparative advantages are explored. The two examples exploit the regional locational advantage and exogenous and endogenous influences in bringing potential structural economic changes to achieve just outcomes and well-being for people and the places where they live, work and play.

## **6.5.2 The sugar industry and opportunities**

### **6.5.2.1 Renewable energy and sustainable choices: Exploiting new value, smart tariffs and market innovations for a just transition**

The environmental challenges associated with climate change and increasing scarcity of natural resources such as water, have highlighted South Africa's vulnerability and greenhouse gas intensive economy that continues to rely on coal inputs for 70% of South Africa's energy supply (OECD 2015b: 22). The recent energy crisis in South Africa in which Eskom has been unable to provide a secure energy supply to the country, with resulting blackouts and disruption to people's livelihoods and to business, has reopened the debate about energy provision in South Africa and the future of this fragile state-owned entity. Recent pronouncements by the country's President in the 2019 State of the Nation address recommended the separation of

electricity generation, transmission and distribution, suggesting that this may go some way in enhancing competition in this sector, bringing in more players, especially in the sustainable energy space, reducing the cost of energy for users and possible new revenue streams for local authorities. Another factor is that the electricity sector across many jurisdictions globally, are moving away from a centralised electricity supply system to ones that are distributed and smart, improving planning processes, flexibility in operations and achieving the right mix of policies for a decentralised and mix in energy generation (Beires and Lincoln 2017: 1662). Similarly, whilst the traditional revenue from energy in municipalities is based on kilowatt hours sold, this will have to shift in the future to selling *energy services*, which includes the generation of energy from alternative sources, procurement, usage and contracting of energy provision. This highlights the need for a regional approach to secure resources for renewable energy projects, as these may not all be available within a District's boundary. Similarly the rise of "prosumers", where households become producers and consumers of their own energy, is on the increase and does need to be addressed at local scale.

Several studies on the sugar value chain and biofuel potential in South Africa have demonstrated the viability of developing this sector further (Richardson 2010; Dubb, Scoones and Woodhouse 2017; von Maltitz 2017). In a recent study on innovative resource development of bioenergy and biofuels, Beires and Lincoln (2017) make a strong case for developing new value chains in biomass energy for the region and indicate underutilised potential in the sugar sector in KwaZulu-Natal; iLembe in particular is considered ideally located with access to sugar fields and sugar refineries. However, since 2000 the sugar industry has been in decline, with sugarcane production decreasing from 23 million tons to 18 million tons per annum. This has been due to global competition, oversupply and declining processes and a growing awareness of negative health impacts associated with sugar – for example, the proposed local sugar tax. More recently, the dramatic drop in the Tongaat Hulett share price to R22.20 signalled further troubles for this sector (McLachlan 2019). Small-scale farmers have been the hardest hit from 29 000 to 14 000 growers. In the same period, mill capacity utilisation has dropped to less than 75% and 18 500 direct jobs have been lost (South African Sugar Association 2016). The haemorrhaging of this sector has also amplified

the lack of regional and local scalar responses to this decline and their ability to leverage pressure at national level and more appropriate responses at local level.

This trend will continue as long as the industry depends *only* on sugar revenue and limited by-products. It has become apparent that to arrest this decline, a change in product mix is urgently required. The production of electricity and ethanol have become vital markets for this local industry and would enable the extraction of the full value of the sugarcane stalk. This has become international best practice, with the likes of Brazil and India both having a very successful ethanol and renewable energy regime in place for their sugar industries. In Brazil for example, the state has incentivised and supported R&D development in value chain development and eventually assisted the sugar industry by mandating an escalating % of biofuel ethanol in gasoline fuel blending, thereby securing the sustainable future of this sector (Dubb, Scoones and Woodhouse 2017: 462-463).

Currently, the sugar mills in South Africa use co-generation to power on site operations. For mills to produce excess energy would require investment in the mills and a guaranteed tariff framework or a Purchasing Power Agreement to be in place. Annexure 6 F indicates the current value chain in the South African sugar space, where approximately 16 by-products and value are extracted mainly from sugar, confectionary, molasses, bagasse and some biofuel for running local mills and Annexure 6 G which shows the potential value chain of sugar in which 52 by-products could potentially be exploited.

A further caveat to the story is that whilst the sugar industry has a long history, is very well organised, supported by significant R&D (South African Sugar Association 2016) and developed along the lines of sugar production, as an industry the represented forces do not speak with a unified voice. There are fractured interests represented by monopoly capital (Tongaat Hulett and Illovo), millers, large commercial farmers, small cane growers – beneficiaries of land reform and emerging Black farmers in ITB areas, where the narrative of unfair tariffs and resultant sugar dumping, unfair competition on the Dollar Based Reference Price<sup>xxix</sup> international pricing system and

perceived lack of support from the Department of Trade and Industry in protecting the local industry, has been the chorus line.

In contrast, the transformation of the industry has been limited to redress and land reform, as opposed to the potential overhaul of the industry to benefit and grow the sectors value chain potential. For example, the strategic objective of government's Industrial Policy Action Plan (IPAP) is to diversify and move towards a knowledge based economy whilst overcoming the disadvantages faced by people and regions and furthermore is committed to the Sustainable Development Goals. Goal 7 is to "*ensure access to affordable, reliable and sustainable and modern energy for all*". Government is committed to reducing greenhouse gas emissions and the Integrated Resource Plan (2018) suggests that half of new generation capacity for energy should come from renewable energy – these are areas that should be explored in making the case for diversifying into the just transition for the energy space. However, McCall *et al.* (2019: 6) also argue that climate change mitigation in the above policy is not considered sufficiently in meeting the Paris Agreement targets in the required timeframes and opens the door for other options.

Although KZN controls 80% of the South African sugar industry, it is also not without national and sub-regional importance (Dubb, Scoones and Woodhouse 2017). Nationally, direct employment within the sugar industry is approximately 79 000 jobs, which represents a significant percentage of the total agricultural workforce in South Africa. Indirect employment is estimated at 350 000 jobs. It also contributes more than R2 billion annually to foreign exchange earnings and is the 6<sup>th</sup> largest agricultural product. In addition there are approximately 29 130 registered cane growers, with approximately one million people, more than 2% of South Africa's population, depending on the sugar industry for a living (South African Sugar Association 2016). It is therefore crucial that a solution for the sugarcane industry is found, with renewable energy and ethanol production being obvious choices. Given the current crisis in Eskom's ability to supply the country with reliable energy supply, the time is ripe in the energy space for competitive players, notwithstanding the position of NERSA (South Africa 2018c) and some governance barriers such as the MFMA that restricts

local government procurement of contractual agreements to three-five years, but where most energy projects would require longer term 20 year agreements for example.

#### **6.5.2.2 Bioenergy and electricity**

Given the above background, the South African Sugar Association (SASA) argues that if the sugar industry were to be given a proper market regime for the sale of their renewable energy, they could produce in the region of 1000-2000MW and create 34 106 jobs (South African Sugar Association 2016: 9). In the study by Beires and Lincoln (2017: 1666) the following innovation options are suggested:

- “1. Sugar mills could enter into 3-5 year agreements with the municipalities for part of the output at a set tariff. This can be done within the longer-term framework of both the municipalities and the sugar industry, jointly approaching National Treasury to invoke Section 33 of the MFMA which gives municipalities the exemption and allows for longer contracting periods for catalytic projects. This also provides the sugar industry an opportunity to collaborate across its value chain of growers and millers. There is an opportunity for the sugar industry either to contribute to co-generation through its mills, or alternatively in the form of biogas through its growers. Energy provision may therefore also be used as a catalyst to strengthen stakeholder engagement within the sugar industry and open up the industry to broader community resource ownership.*
- 2. Sugar mills could enter into offtake agreements with end user industrial customers directly. eThekwinini has a large industrial user base and iLembe has a growing user base who may be interested in procuring green power. In this arrangement the municipality could take on the role of pure grid operator and take a fixed grid charge fee for the usage of the grid, to wheel the power from the mills to the end customer.*
- 3. eThekwinini and iLembe (read Districts in KwaZulu-Natal) together with the industrial and commercial sectors could examine the option of developing an energy trading market. In this market energy generators can place their power capacity onto the market and a bidding system can be put in place for buyers to purchase the electricity. This would not be limited to biomass but could apply to all power*

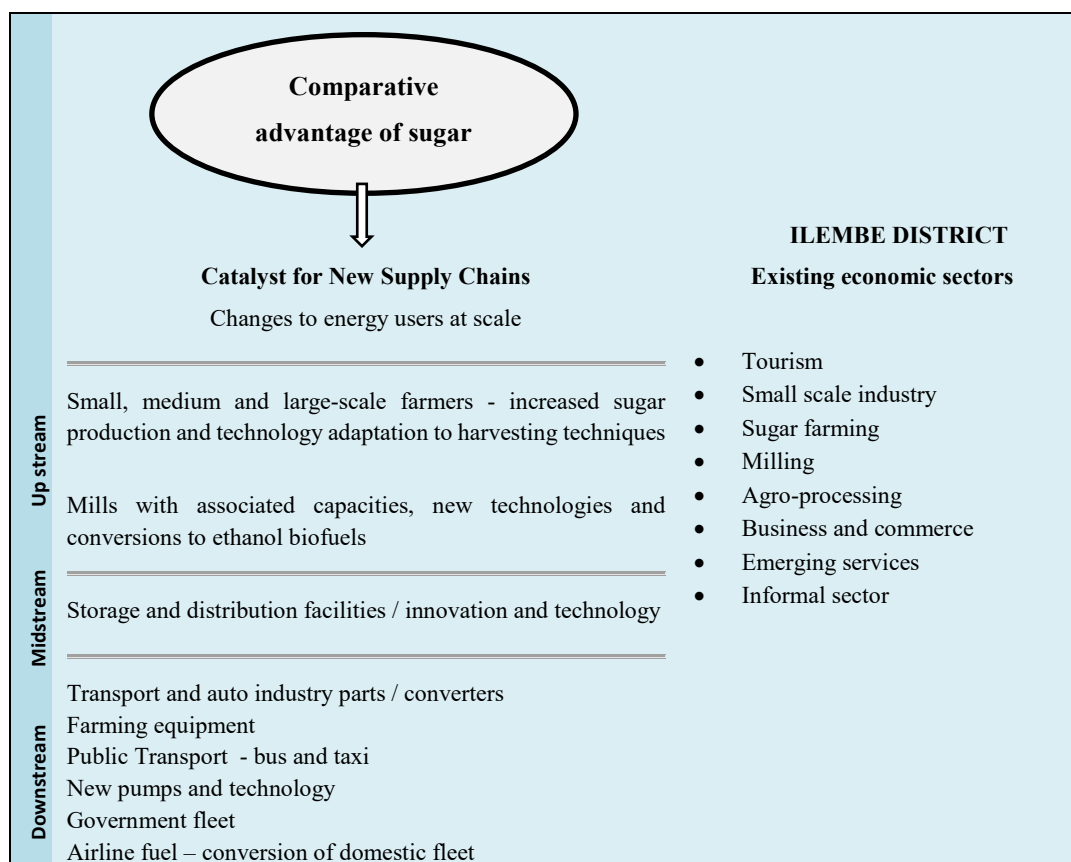
generation technologies. This approach has been followed on a much larger inter-country scale in Europe”.

These options present an opportunity for affordable energy supply particularly for the poor, who continue to experience significant backlogs. Whilst energy provision continues to be supply driven and based on sectoral rather than territorial dimensions, there is space for this to change and a significant opportunity is the potential to generate new income streams for local government whilst creating new employment based on sustainable industries. In particular, in areas where leakage is contained and potential for local accumulation stimulated.

#### **6.5.2.3 Biofuels**

There is also major potential if the local biofuels regime were also to be considered. The fastest route to implementation could be linked to the diversion of export sugar into liquid fuel ethanol production and the sustainable expansion of sugarcane production, especially in the lagging areas in iLembe and other districts in the Province. The sugar industry produces 600 000 to 1 million tons of surplus sugar and this could potentially be converted to 360 to 600 million litres of bioethanol. Furthermore, South Africa is not immune to the volatility in crude oil prices, including the per barrel price and exposure to exchange rates, as well as having reached maximum capacity in existing refineries (2017: 1668). The largest demand for liquid fuels in South Africa is the inland market which are supported by coastal refineries via pipelines. These factors provide further opportunities for developing new biofuel capacity in the fuel sector. The value chain potential for biofuels is identified in Figure 6.8 which shows the comparative advantages in biomass energy that could support the revitalisation of a dominant local industry into a competitive local market with agglomeration effects. The CSIR has also recently developed biodegradable plastics as opposed to fossil-based polymers in product lines such as moulded fibre plates and take away containers, paper and board products, toilet paper and cardboard.

**Figure 6.8: Comparative advantage of sugar industry and value chain potential in biomass energy**



Source: Self-generated by researcher and adapted from Beires and Lincoln (2017: 1670)

As suggested by the study conducted by Beires and Lincoln (2017) , the potential new revenue streams for municipalities, affordable energy provision for consumers and overall sustainable benefits to society and the poor in particular, could lead to development opportunities for the most vulnerable. The innovation suggested by the study is the unlocking of the biomass energy sector through establishing a local economic off take market both for electricity and biofuels. By creating the appropriate regional planning and legislative framework, it allows for the implementation of a tariff and economic regime that signals confidence in the biomass market and allows the owners of the biomass resources to invest in the necessary technological innovations to unlock the sector.

The innovation that this approach potentially brings is not only about the localisation of energy provision and new biofuel capacity, but the promotion and revival of the economic competitiveness of an entire region with potential agglomeration effects to facilitate development in other areas of the agriculture value chain as shown in Table 6.13 below. For small scale and subsistence farmers for example, this could bring refrigeration, affordable electricity, time saving activities that improve productivity and lead to changes in material living conditions and prospects for economic participation, either formal or informal. Similarly, the benefit of the fixed nature of the landholdings has the advantage of developing a locally based industry with local benefits, as well as the future research and innovation related to the industry for local municipalities, potential new revenue streams, employment opportunities and affordable energy provision for consumers, provides sustainable long term societal benefits.

**Table 6.13: Indicators for competitive developmental outcomes**

Indicator	Anticipated Outcome
New supply chain development Agriculture and agro-processing <i>Milling:</i> biofuels – electricity, fuel, aviation fuel New machine technology and processing plants <i>Transport and logistics:</i> cars, public transport (busses) and government fleet, taxis, tractors, private trucking companies Auto sector: auto conversions	Employment opportunities Increased skills and new skills opportunities Informal sector development Increased market size Technology absorption at firm level Improved collaboration with research institutions / universities / industry and communities in R&D Private sector investment
Digital connections	Community empowerment Development of co-ops Social enterprise New business networks Improved education outcomes Enhanced local entrepreneurship Private companies Banking services Improving market share of local enterprise and business

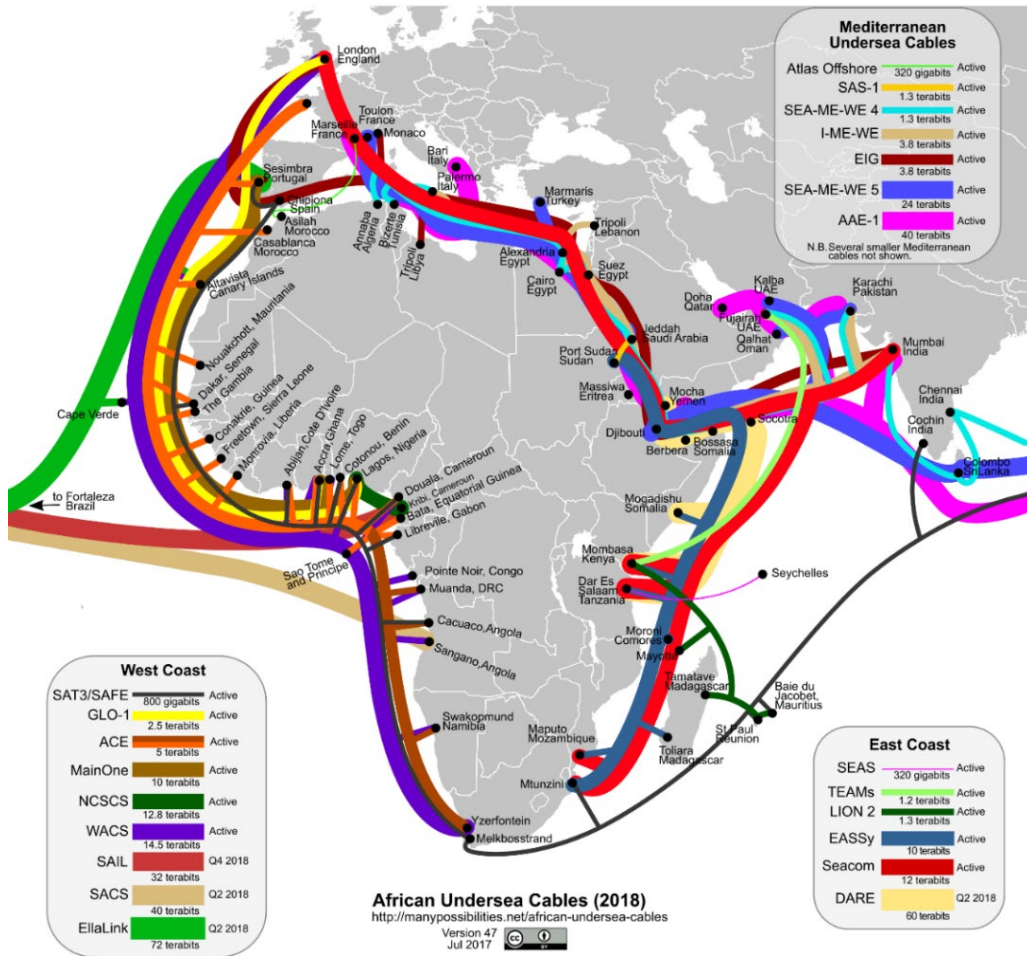
Development of sustainable practices across sectors	Circular economy and carbon points Waste recycling practices – cradle to grave Lowering of carbon footprint New jobs
Circulation of money locally contained	Improved local business activity environment Local accumulation and wealth creation stimulated Stimulation for local demand of product and services Reduction in inequality
Open land market access and opportunities	Diversification of land ownership Land ownership and title deeds reform (Communal land) Growth of small farmers New entrants into agriculture New entrepreneurial opportunities
Labour development	Improved skills, diversification of skills Improved productivity Increased employment
Appropriate technology transfer	Time saving Improved productivity Access to broadband / smart technology / www
New forms of local capital accumulation	Wealth creation and reduction in poverty and inequalities Bankable asset base developed and expanded for new market entrants Increased availability of financial services

Source: Self-generated by the researcher

### **6.5.3 Technology as disruptor and integrator: ICT, broadband connectivity to business, data and residential property development**

The ICT sector is viewed as the fourth utility and essential for engagement with the fourth industrial revolution (4IR) and development for both local government in the roll out of smart infrastructure, smart grids, business applications, smart homes and engagement with the Internet of Things amongst others. Currently, the iLembe District has an ICT plan for the roll out of broadband in public spaces. However, the plan has not realised the potential opportunities and value represented by the locational advantage of the undersea cable intercontinental landing spot located at Mtunzini, a short distance from the Mandeni coastal boundary as shown in Figure 6.9 below, as well as the capability of cables for Africa.

**Figure 6.9: Map of African undersea cables and capability**



Source: Adapted from <https://manypossibilities.net/african-undersea-cables/>

This provides a rare opportunity to develop digital connections and bandwidth speed to property development in particular and integrate the District into the 4IR in a significant way. The opportunities for lagging regions and integration of the informal economy, especially around production and distribution should also be explored. Some of the current global trends that are driving the 4IR in relation to broadband speeds and their significance to the locational advantage include:

- *Digital connections and real time broad band speeds:* 1 Gigabyte per second and above offering real time connections are considered the most advantageous for a range

of business, research and other applications. In the U.K. residential market for example, properties that have fast speed connections are able to realise values up to 10% above normal market values as an increasing number of buyers seek this capability;

- *Locational advantage of direct connection to undersea cables for Big Data firms:* Digital and software services such as data housing, storage, data analytics, new software and digital connections through Virtual Private Networks, Virtual Cross Networks and more importantly services such as co-location (out sourcing of ICT allowing companies to become more competitive around their core business) are key drivers in the 4IR. The top 10 global data companies are in search of locations that give them direct connection to undersea cable intercontinental landing spots as this provides the fastest connection intercontinentally. The 11 landing spots globally are currently being invested in. South Africa has the opportunity of three intercontinental landing spots, Mtunzini on the North Coast, Melkbostrand and Yzarfontein in the Western Cape – all of which have land availability; and

- *Size of global market users and bandwidth speed:* It is estimated that there are more than a 100 million people who currently only work on the Internet providing work to digital entrepreneurs, design professionals amongst others. Slow digital connections appear to be a global issue including in the U.S. market where communities have organised themselves to provide high speed fibre access (1 Gig per second) than established providers.

Challenges in the current South African ICT market space, include being constrained by old state entities and private telecom providers whilst government is transitioning towards 5G connections and attempting to lower data prices. This approach will no doubt see the broadening of connection access mainly via cell phone, but will not address the need for speed as a competitive advantage for companies relying on global data to drive growth. For example, a financial trader located at an intercontinental landing point and enjoying a 30 second advantage over traders at the JSE would certainly have strategic advantage. Currently, the fastest speeds in SA are between 10

megabytes per second to a 100 MBPS. To illustrate the point, with these current speeds it takes a few hours to download a 7.5 Gig movie, as opposed to 30 seconds if downloaded at 1 Gig speed. In international rankings of bandwidth speed, South Africa is ranked 76 out of 200 with Singapore and South Korea being amongst the top three (World Economic Forum 2016; Moyo 2018). The property sector also seems to lag behind 4IR developments regarding ICT, the Internet of Things and its impacts on the future of property developments.

In contrast to some of the metropolitan municipalities in South Africa, local municipalities are still challenged in embracing ICT as the fourth utility which offer solutions for better asset management and systems, more sustainable energy, water and waste systems at precinct and district scales. There is still considerable catch up to understand the shift from a market place ideology that places location at the centre, to the current digital market space which places *access to speed and services* at the centre. In terms of the data services market, the SOE Telkom, is the largest network (of fibre and copper) amongst other cellular providers. Telkom also has infrastructure ownership over two of the three cables including EASSY. There is only one carrier neutral data service provider in the private sector TERRACO – they are agnostic and link into all available cables. Thus, the competitive landscape in this sector is still muted and requires more players to reduce prices for consumers and cost of doing business.

Faster bandwidth speeds facilitate participation in the global market space in real time, thus opening up new opportunities. In the iLembe region for example, the ICT strategy is fairly limited to broad project ideas that include ICT hubs, school access and business parks (iLembe District Municipality 2015: 41-42). Potential new developments could include a new generation data centre providing a range of services to the broad economy such as colocation of IT services. The planning concept would need to include smart development in which connected offices, home offices, media and design centres are present. As indicated the potential market would be digital entrepreneurs currently estimated to be in the region of 109 million globally (Brandwatch 2019).

The commercial property market and large multinational companies would benefit from a high-speed fibre connection and would be the driver for better speeds and competitive prices. The South African property space has yet to see the benefits of high-speed fibre connections and virtual reality applications. This also shows that there is significant room for growth in this sector. The coastal high end residential property market in KwaDukuza currently enjoys lifestyle status both in the domestic and international market. Access to maximum broadband speed would boost this further. Commercial farmers are already using drone technology and smart applications for various agricultural practices (fertigation, crop spraying, irrigation) and for small scale farmers and the informal sector, this provides opportunities to access markets in smarter and more efficient ways. The opportunity for integration through the emerging socio-technological economic change that direct broadband access brings in opening access to this technology, using its locational advantage and broadband speed, has significant development potential for the region.

The information technology sector also has the potential to boost informal business and improve market access, as has been seen with mobile phone penetration and mobile money applications, both in South Africa and other African countries, most notably Kenya. Less developed is how technology can enable small enterprises in rural agricultural settings and informal sector agriculture to use ICT and co-ordinate with other businesses such as linkages with the taxi industry, to support logistics and backhaul movement of product to potential markets such as street traders, farm stalls, high street trade in small and secondary towns, creating the potential for employment opportunities and reducing poverty.

The barriers for the rural economy and informal sector associated with accessing markets is well documented from previous studies (Cichello and Rogan 2016; Cousins *et al.* 2018; Fourie 2018; Skinner and Rogan 2019) and in particular to what Skinner (2018: 412) refers to as the mix of “*repression, omission and ambiguity*” in informal sector policy since 1994. In the interviews conducted with the Local Municipality’s planners in the case study, most were uncertain about the informal sector, whilst acknowledging that it was an area requiring attention; the latest IDPs also indicate

‘work in progress’ on informal sector guidelines as indicated in Table 6.9 above. In recognition of the criticisms levelled at the lack of recognition of the informal economy in local government, the SALGA is currently formulating informal economy guidelines that should go some way in shifting the landscape in local municipal settings.

## **6.6 Conclusion**

As noted from the above discussions, the research is based on a review of the institutional, policy and legislative arrangements and documents as they relate to spatial planning of the iLembe District and associated Local Municipalities, as well as 24 detailed interviews with relevant stakeholders. This was analysed using territorial place-based planning criteria namely, analysis of existing conditions, local governance, planning, institutional arrangements, and locally developed economic development strategies. Two comparative advantage cases were looked at: the sugar industry in which bioenergy and electricity generation opportunities, as well as exploiting the value chain of sugar; and the possibilities that new generation ICT infrastructure could bring to the District as entry into the fourth industrial revolution and inclusion of the informal economy are considered. It is argued that in order to achieve sustainable regional transformation for the iLembe District, the current status quo represented as disarticulation, requires significant change and disruption to the way in which the local economy is viewed and supported. Consistent with the research findings on place-based planning to date (Todes and Turok 2015; Pugalis and Gray 2016; Rodríguez-Pose and Wilkie 2017), the application of a place-based approach to the iLembe District Municipality is a mixed bag.

An overarching finding is the contradictions relating to state power – the central state wields undue power over local spaces, yet the system of local government represents an opportunity for local control. The overwhelming planning compliance, reliance on national policy, the planning of national decisions in local places and the continuation of untransformed local spaces attest to this. The process of restructuring over the past 25 years is complex and contingent, where there is no silver bullet. The effects of the

ongoing restructuring and policy deployment has had severe impact on people and places, with narrow economic bases in particular. Whilst the local state, in this case the District, is empowered legislatively, financially and is in the process of institution building, it is largely compliance driven and administratively bound and subject to the widening and deepening of policy from central government.

A place-based approach requires that the potentially destructive competition practices between places is replaced by functional regional planning relationships that reinforce widespread collaborative practices and move beyond the restriction of administrative boundaries. The public sector holds significant power and authority in order to achieve this.

Chapter Seven explores the dynamics from the case study and interrogates a value proposition for a place-based planning collaborative model for the iLembe District and associated Local Municipalities.

## Annexure 6 A: Province of KwaZulu-Natal – strategic goals and objectives (2016)

Long term strategic goals	Strategic Objectives	
1 Inclusive economic growth	Develop and promote the agricultural potential of KZN	1
	Enhance sectoral development through trade, investment and business retention	2
	Enhance spatial economic development	3
	Improve the efficiency, innovation and variety of government-led job creation programmes	4
	Promote SMME and entrepreneurship development	5
	Enhance the Knowledge economy	6
2 Human resource development	Improve early childhood development, primary and secondary education	7
	Support skills development to economic growth	8
	Enhance youth and adult skills development and life-long learning	9
3 Human and community development	Eradicate poverty and improve social welfare services	10
	Enhance health of community and citizens	11
	Safeguard and enhance sustainable livelihoods and food security	12
	Promote sustainable human settlements	13
	Enhance safety and security	14
	Advance social cohesion and social capital	15
	Promote youth, gender and disability advocacy and the advancement of women	16
4 Infrastructure development	Development of seaports and airports	17
	Develop road and rail networks	18
	Develop ICT infrastructure	19
	Ensure availability and sustainable management of water and sanitation for all	20
	Ensure access to affordable, reliable sustainable and modern energy for all	21
	Enhance KZN waste management capacity	22
5 Environmental sustainability	Enhance resilience of ecosystem services	23
	Expand the application of green technologies	24
	Adapt and respond to climate change	25
6 Governance and policy	Strengthen policy, strategy, coordination and IGR	26
	Build government capacity	27
	Eradicate fraud and corruption	28
	Promote participative, facilitative and accountable governance	29
7 Spatial equity	Enhance the resilience of new and existing cities, town and rural nodes, ensuring equitable access to resources, social and economic opportunities	30
	Ensure integrated land management use across the Province, ensuring equitable access to goods and services, attracting social and financial investment	31

Source: Self-generated and adapted by researcher from KwaZulu-Natal Provincial Planning Commission (2018: 15)

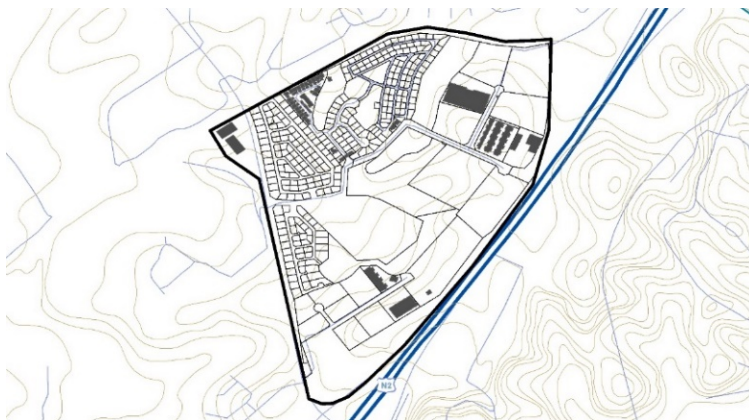
## Annexure 6 B: Review of relevant documents for the case study

iLembe District Municipality. 2012. <i>iLembe District Spatial Economic Development Strategy</i> .	KwaZulu-Natal Provincial Government. 2016. <i>Provincial-Economic Review and Outlook 2016/2017</i> .
iLembe District Municipality. 2014. <i>iLembe District Municipality Integrated Development Plan 2014/2015 Review</i> .	KwaZulu-Natal Provincial Planning Commission. 2011. <i>Provincial Growth and Development Strategy</i> .
iLembe District Municipality. 2015. <i>iLembe District Growth and Development Plan</i> .	Mandeni Municipality. 2015. <i>Integrated Development Plan 2012-2017, 2014-2015 Review and 2018-2022 IDP</i> .
iLembe District Municipality. 2013. <i>iLembe Regional Spatial Development Plan 2050 Consolidated Report - FINAL (6)</i> . Iyer Urban Design Studio.	Maphumulo Local Municipality. 2016. <i>Maphumulo Integrated Development Plan 2016 – 2017 and 2018-2022</i> .
Enterprise iLembe. 2015. <i>iLembe Economic Intelligence Report 2013/2014</i> .	KwaZulu-Natal Department of Economic Development. 2010. <i>Provincial Spatial Economic Development Strategy: Development of An Economic Cluster Programme of Action</i> .
Enterprise iLembe. 2011. <i>iLembe Economic Indicator and Intelligence Report - Q2 2011</i> .	KwaZulu-Natal Provincial Government. 2016. <i>Provincial-Economic Review and Outlook 2016/2017</i> .
iLembe District Municipality. 2016. <i>iLembe Spatial Development Framework Review</i>	KwaZulu-Natal Provincial Planning Commission (2018) <i>2035 Provincial Growth and Development Plan</i> .
iLembe District Municipality. 2016. <i>iLembe Draft Framework Process Plan July 2016</i>	Ndwedwe Local Municipality. 2012. <i>Ndwedwe IDP Review 2012-2013 and 2018-2022 IDP</i> .
iLembe District Municipality. 2017. <i>iLembe District Municipality 2017-22 Integrated Development Plan</i> . (and previous 3 IDP's)	OECD. 2015. <i>OECD Economic Surveys South Africa</i> (Survey). Organization for Economic Co-operation and Development.
KwaDukuza Municipality. 2015. <i>Strategic Review and Assessment. Greater Compensation Area Conceptual and Development Framework Plan</i> .	National Planning Commission. 2011. <i>National Development Plan: Vision 2030</i> .
Financial and Fiscal Commission. 2014. Technical Report: Submission for the Division of Revenue 2015/2016 and various other associated reports.	KwaDukuza Municipality. 2016. <i>KwaDukuza City Development Strategy. Phase 2 Status Quo. Draft Report</i> .
Department of Trade and Industry. 2017. <i>Industrial Policy Action Plan 2017-2020</i>	National Treasury. 2012. <i>Towards a new Equitable Share Formula for Local Government. Discussion Document</i> .
South Africa (2016c) <i>Local Government Back to Basics Strategy</i> .	Republic of South Africa. 2017. <i>Division of Revenue Bill</i> .

Source: Self-generated by researcher

## **Annexure 6 C: Industrial nodes in KwaDukuza and Mandeni Local Municipalities showing industrial uptake and footprint**

KwaDukuza Local Municipality: Ballito West industrial node



KwaDukuza Local Municipality: Shaka's Head industrial node



Mandeni Local Municipality: Isithebe Industrial Park



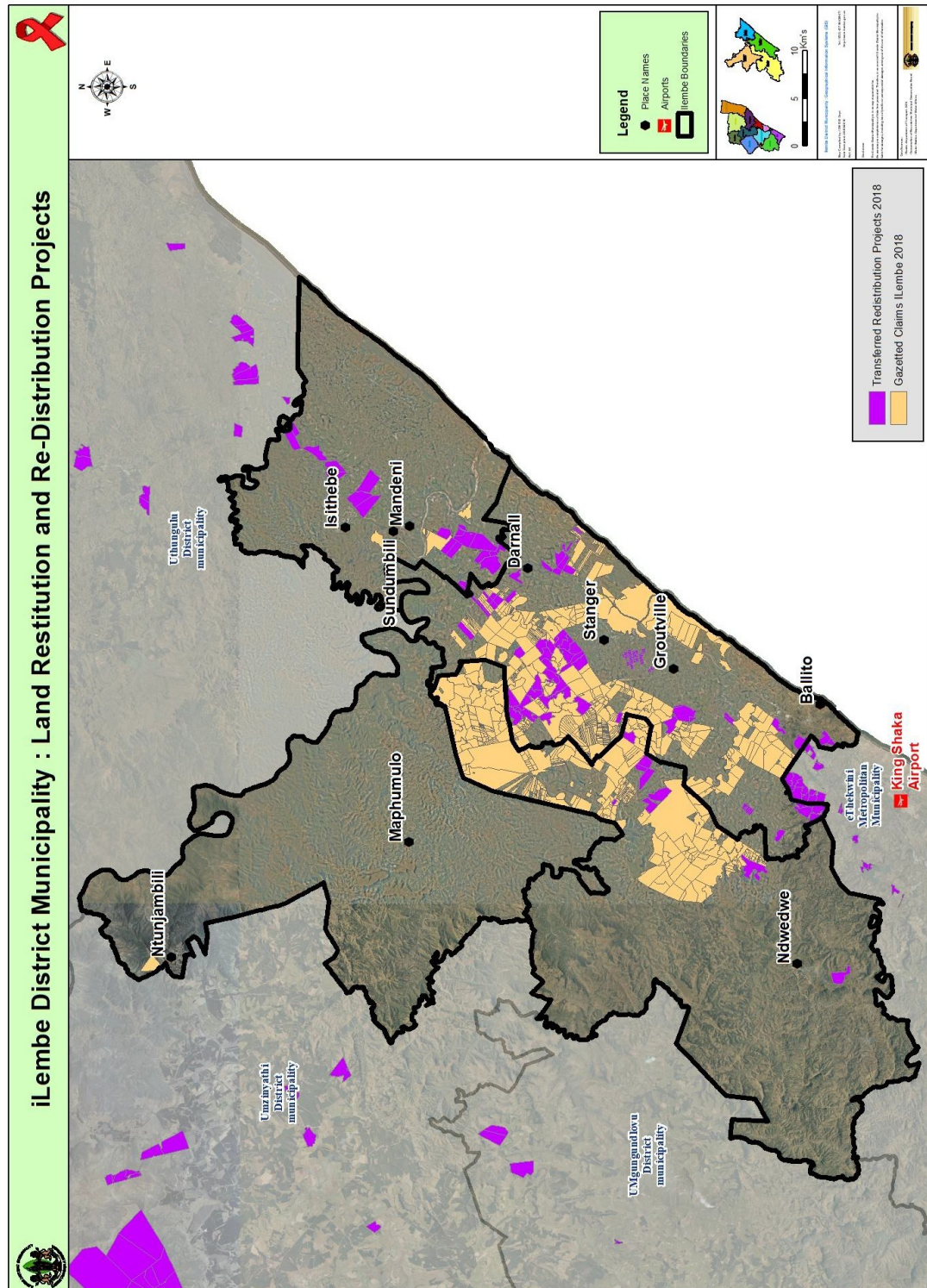
Source: Maps constructed by Kitching, 2019. Department of Town and Regional Planning, using GIS data. (Maps not to scale.)

**Annexure 6 D: Firms by sector located in the Isithebe Industrial Park**

Sector	Number of firms
Food and beverages	4
Textiles / clothing /spinning and weaving	38
Wood / furniture and white goods	10
Paper / printing	7
Chemicals / rubber	7
Plastics	17
Iron and steel	1
Metal products	3
Machinery / electrical	22
Motor vehicle parts / repairs	5
Recycling	7
Training	1
Services	8
Construction and related services	3
Boat building	1
Warehousing and logistics	4

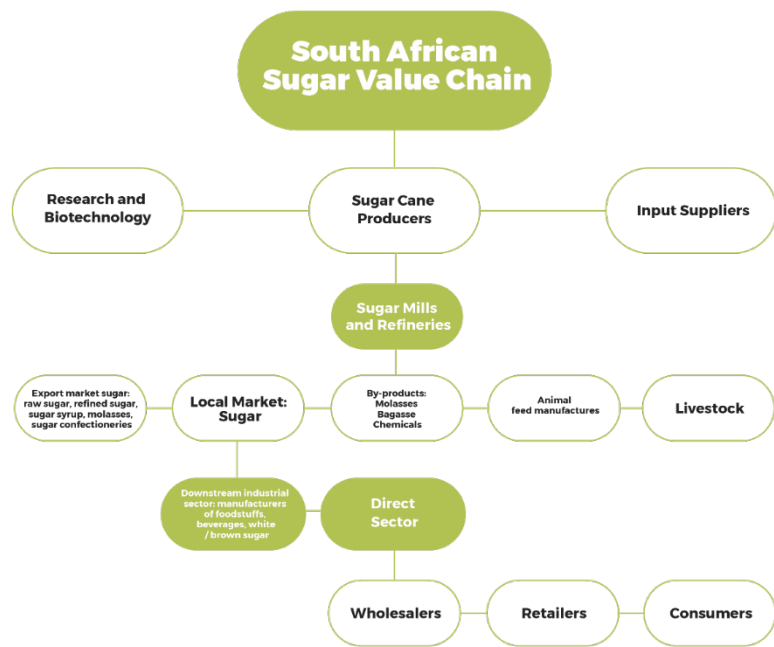
Source: Self-generated and adapted by researcher from iLembe Chamber of Commerce, Industry and Tourism

# **Annexure 6 E: Map showing land restitution and redistribution status in iLembe District**



Source: Adapted from iLembe District Municipality (2018: 38) IDP

**Annexure 6 F: Current value chain of sugar cane in South Africa (16 by-products) vs full sugar value chain as per Chen and Chou (1993) (52 by products)**



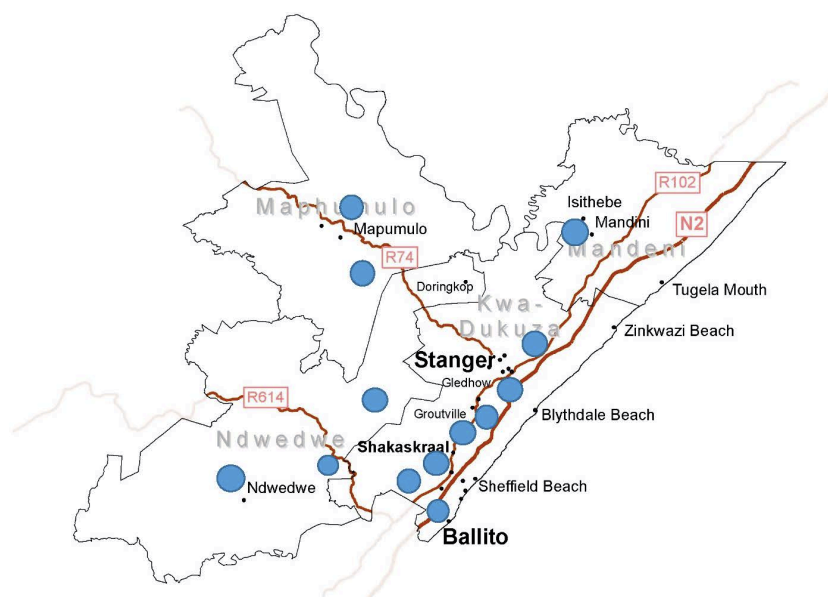
Source: Self-generated by researcher

# Annexure 6 G: Sugar value chain as per Chen and Chou (1993) (52 by products)

<b>Cane tops and leaves</b>	<b>Sugar Cane</b>	<b>Bagasse</b>	Utilisation as fuel	<i>Electricity Charcoal Briquettes Methane and Producer Gas</i>
<b>Flue Gasses</b>			Fibrous Products	<i>Pulp and Paper Paper board and Cardboard Fibre Board Particle board Moulded Board Cement Bagasse Board</i>
<b>Filtermud</b> - Fertiliser - Animal feed - Wax and Fats			Miscellaneous	<i>Furfural and Derivatives Alpha cellulose Carboxymethyl Cellulose Xylitol Diacetyl Plastics Ethanol Annonin Poultry litter and mulch Bagasse concrete Soil amendment Animal feed</i>
<b>Furnace Ash</b>		<b>Sugar</b>		
<b>Protein from cane juice</b>		<b>Molasses</b>	Direct Utilisation	<i>Exportation Fertilizer Dehydrated molasses Animal feed</i>
			Distilling industry	<i>Rum Ethyl Alcohol Rectified spirits Anhydrous alcohol Alcohol derivatives</i>
			Others: fermentation industries	<i>Vinegar and Acetic acids Acetone-Butanol Citric Acid Lactic Acid Glycerol Yeast Single cell protein</i>
			Miscellaneous	<i>Aconitic Acid Monosodium glutamate Dextran L-Lysine Xanthan Gum I Taconic acid Linoleic acid</i>

Source: Self-generated by researcher and adapted from Chen and Chou (1993)

**Annexure 6 H: Locality map of iLembe District and Local Municipalities and pictorial representation of study area**



Typical rural housing in Maphumulo



Typical high end residential housing in  
Ballito



Typical rural school



Private school - Ballito



High street Maphumulo



High street Mandeni / Isithebe



Ndwedwe: shopping centre and multinational presence (Walmart)



High street Ndwedwe



Ballito: Main Street with shopping centres



Ndwedwe: Informal sector services



Darnell sugar mill



Sappi paper and Gledhow sugar mills



N2 Highway between Umhlali and Stanger  
– incomplete infrastructure in 4 years



Typical peri-urban settlement – R102



KwaDukuza: Compensation Flats



iLembe LED project: abandoned winery  
vats at Collisheen



R102 KwaDukuza: dysfunctional waste  
services



Mandeni: Typical rural settlement



Mandeni: Isithebe Industrial Park



Mandeni: Isithebe Industrial Park,  
abandoned factory



Mandeni : Isithebe Industrial Park



KwaDukuza : Warehousing along R102



Mandeni: Informal housing and pit latrines adjacent to Isithebe Industrial Park



Ndwedwe : Typical dense rural housing



Ndwedwe: Examples of high end residential infrastructure in traditional ITB area





KwaDukuza: Commercial sugar cane farming



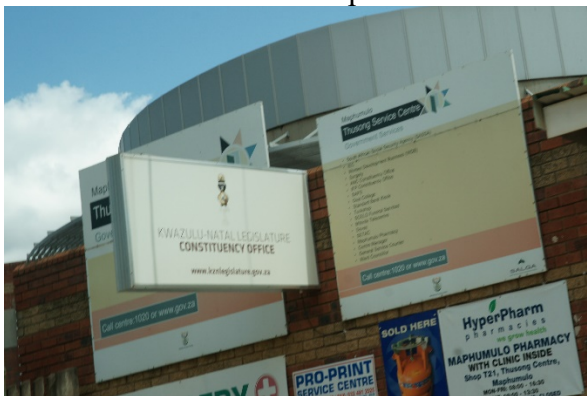
KwaDukuza: Conversion from sugar to macadamia plantations



KwaDukuza: Avon peaking power plant to supplement Eskom power needs through diesel fuelled plant



Ndwedwe : Government services – typical presence in all Local Municipalities



Maphumulo: Thusong Service Centre



Ndwedwe: Local municipal offices

Source: Photographs taken by researcher

## Annexure 6 I: Enterprise iLembe LED projects and expenditure since inception

LED Project	Date	Budget	Funding Source
<i>iLembe Vineyards and Winery</i> “1787” Wine / Villard Blanc crop 12 ha planted in Mandeni and Maphumulo	2009 2011 / 2012 2018	No reporting 8 442 000 238 085	DCOGTA / IDC
<i>Agri-processing hydroponic tunnels</i> Eight identified /one per Local Municipality for production of high value crops	2013/2012 2018	5 885 000 1 744 178	DCOGTA
<i>Processing Facility to support Schools Nutrition Programme</i> Clean, sort, package and store vegetables and distribute to 409 schools in the district	2013 2018 2017-2022	9 055 559 18 217 000	DCOGTA/ Agriculture
<i>iLembe Open Farm Support</i> Support community co- operatives through Department of Education National Schools Nutrition Programme 20 farms supported (mechanisation, chemicals and fertilisers, seeds, seedlings and technical support in the 4 Local Municipalities	2013 2018	1 600 000 2 824 178	iLembe
Bio diesel /Maringa cooperatives	2013 2018	6 457 000	DCOGTA/ Agriculture
Broadband Master Plan	2013 2017	2 369 000 1 000 000	DCOGTA
King Shaka Tourism Route	2017 2018	400 000 500 000	IDC
<i>ILembe Pack house</i> To support Schools Nutrition Programme	2018	500 000	IDC
<i>Tourism Precinct Feasibility Study</i>	2017	245 000	Enterprise iLembe
<i>Renewable Energy Feasibility Study</i>	2017	370 000	IDC
<i>Chicken and Poultry farms</i>	2017	400 000	Enterprise iLembe
<b>Total spend from 2011</b>		<b>60 247 000</b>	

Source: Self-generated by researcher using various case study IDP documents

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<sup>xx</sup> A study by Robinson and Lincoln (2008) on sustainable human settlements in KZ-N identified access to multiple housing types that could include a combination of rural homestead, family RDP urban township house either in secondary or dense urban setting, informal housing and is often dependent on work opportunities.

<sup>xxi</sup> The 2035 PGDP is a combination of the revised KwaZulu-Natal PGDS 2011 and 2016

<sup>xxii</sup> The town of Stanger and the KwaDukuza Local Municipality share the name ‘KwaDukuza’ as a result of an official name change from Stanger to KwaDukuza in 2006 after approval by the then Minister of Arts and Culture. The town is referred to as both Stanger and KwaDukuza by its residents. For the purpose of the thesis and clarity, when reference is made to the town, Stanger is used, and when referring to the local municipality, KwaDukuza is used.

<sup>xxiii</sup> A note on the reliability, availability and suitability of data for regional and economic policy making was raised by De Klerk’s (2012) study. The key agency for the collection and processing of national statistical data and the production of official statistics for the country is StatsSA. They are mandated to collect and process data and provide official statistics. The main sources of data available from StatsSa includes inter alia, demographic, health, vital statistics, national accounts, labour markets, employment, industry and trade, prices, public sector spending, private sector finances and transport ([www.statssa.gov.za](http://www.statssa.gov.za)). A reliable and consistent flow of data at a sub-national level has been historically problematic because of the time and resources intensive nature of data collection. In this vacuum, two private sector firms have developed sub-national data bases. The one is HIS Global Insights Regional Explorer (REX) and Quantec Research (Pty) Ltd Easy Data using Standardised Regional Data. The REX data base focuses on ten areas: demographic, development, infrastructure, labour, income and expenditure, economic (GVA-R), (GDP-R), international trade (from SARS), environment, weather and crime. Quantec developed integrated data bases covering macro and regional, socio-economic, industry and international trade data (RSA economic indicators, RSA standardised industry, RSA international trade and RSA regional indicators). de Klerk’s (2012:114) analysis compared the three data bases (REX, Quantec and Census) in different census periods and found considerable variation in reporting. This raises the question of the methodology used (econometrics modelling to show national sector trends) and distortions in applying to provincial and local conditions thus raising questions on the credibility of the data outcomes and their usefulness for regional planning analysis.

<sup>xxiv</sup> Gleaning land ownership has been fairly difficult to calculate as the information is inconsistent from documentation that includes Tongaat Hulett annual reports, land development portfolios and the iLembe Valuation Roll. From these documents, approximately 2 648ha is owned by Tongaat Hulett in iLembe. TH has also divested its land holdings in sugar farming, concentrating on sugar milling and its extensive land development portfolio across eThekwin and iLembe. Of some significance is that TH holds some 570ha of land known as Compensation Flats that straddles what has become known as the “airport region” or “aerotropolis region” covering both eThekwin and iLembe.

<sup>xxv</sup> Finding exact expenditure figures on LED projects in the IDP documents of the District and Local Municipalities in the reporting years of the IDP’s is difficult to pinpoint – hence the figures reported in the table may not be accurate.

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<sup>xxvi</sup> Lefebvre (1992:90) argues that the dominant tendency is to divide space into parts that sees space as a passive receptacle rather than being socially produced and in which conflict is present. He proposes a view in which spatial practice, representation of space and representational spaces, correspond to the perceived, conceived and lived dimensions of space respectively. It is worth quoting in full, Lefebvre's (365) view of conflicts and space: "For conflicts to be voiced, they must first be perceived and this without subscribing to representations of space as generally conceived. A *theory* is therefore called for, one which would transcend representational space on the one hand and representations of space on the other and which would be able properly to articulate contradictions (and in the first place the contradictions between these two aspects of representation). Socio-political contradictions are realised spatially. The contradictions of space thus make the contradictions of social relations operative. In other words, spatial contradictions 'express' conflicts between socio-political interests and forces; it is only *in* space that conflicts come effectively into play and in so doing they become contradictions *of* space."

<sup>xxvii</sup> In planning for the hierarchy of infrastructure for airports, each grade ranges from the lowest to highest and can only be referred to as a 'Hub' if over 100 destinations are reached.

<sup>xxviii</sup> The Ithala Development Finance Corporation was established during apartheid SA to support developments in the former Kwa-Zulu Bantustan. It is now a legislated SOE under the auspices of the KwaZulu-Natal legislature.

<sup>xxix</sup> The Dollar Based Reference Price is a tariff system based on the long term average world price for sugar and is set by the DTI. It has been a long standing area of contention between sugar producers that the DTI has not protected the local sugar industry from international competition.

## CHAPTER SEVEN

### **Analysis And Findings – A Proposed Framework for Place-Based Planning in the iLembe District and KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities**

#### **7.1 Introduction**

According to place-based planning, the regional “problem” in lagging areas is a result of a combination of factors including a lack of regional competitiveness, underutilised potential and recognises the importance of the geographical context of places, especially the social, cultural and institutional aspects. The purpose of a place-based approach is to reduce the persistent inequalities and inefficiencies in specific places through the mobilisation of strategies that are aimed at developing the endogenous assets of a place and developing local comparative advantage opportunities to stimulate competitiveness. This is achieved through a strategy of targeted inward investment, the improvement of local skills, mitigating the infrastructure bottlenecks through the development of new infrastructure and focusing on the governance and stakeholder coordination to achieve long term sustainable development and economic justice (Barca 2019: 85). The emphasis is on endogenous processes, agglomeration economies and importance of institutions and governance, in which local leaders and actors and their agency influence the economic development planning and long term sustainability of an area, sometimes referred to as the quadruple helix. Fundamental to this thesis is how new forms of accumulation and wealth in local places and for local people can be created and circulated, where people can live decent sustainable lives.

This chapter will support the main objective of this research which is to develop a place-based planning framework for the local state and stakeholders. The purpose is to utilise resources, competencies and capabilities optimally, to create conditions where goods and services are produced and consumed in a sustainable way that supports and improves the quality of life and well-being of people living in that area. Furthermore, the analysis reviews the sub research question of *how* regional planning

and governance can be improved for government to fulfil its constitutional mandate in relation to regional planning.

The chapter examines the findings from Chapter Six in more detail and proposes an institutional framework for place-based planning at a district level and potential for endogenous growth. The first section touches on the contemporary discussions relating to current state form that questions the South African developmental state model, discussed in Chapter Four, where policy deployment has been ineffectual in addressing the unemployment and growing inequalities of the day and the particular effect of that on the intersectional and multiple forms of difference of race, class and gender in South Africa. The disarticulation and failure to deliver on policy and plans has been partly attributed to alleged widespread state corruption, rent seeking behaviour by civil servants and business and a patronage system in which the looting of state coffers at all levels of government has resulted in the Zondo Commission of Enquiry into State Capture that began its work on August 20<sup>th</sup> 2019 (<https://www.sastatecapture.org.za/>).

The significant impact of state capture on the South African landscape and long shadow over local government in particular, raises significant challenges as outlined in the 2016 Public Protector Report (2016f) and recent studies by Bhorat *et al.* (2017) and von Holdt (2019). Hence, the challenge of identifying what type of local state is at play and whether this can be changed, is significant to the proposals made for this study, outlined in section three of this chapter.

The Commission has been presaged by the analysis of the state, variously described as the deep state, the predatory state or the captured state (South Africa 2016f), neopatrimonialism (Khan 2018), primitive accumulation (von Holdt 2019) and the shadow state (Bhorat *et al.* 2017). The purpose is not to cover this already well researched ground, but to analyse the impediments of “*trying to build a new society in the shell of the old*” (Graeber 2004: 82; Ince 2012), a term used by anarchist geographers to describe the struggles of building democratic institutions for a new society and awareness of the likely constraints to the recommendations put forward in this chapter.

The second section discusses the analysis from documentary sources pertaining to the case study, triangulated with key in-depth interviews with spatial planners and stakeholders from the iLembe District and KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities. The analysis is broken down into six key themes concerned with the research questions relating to regional planning, vertical and horizontal national policy influence, local capabilities, comparative advantage, governance arrangements and critical development challenges for the District and the Local Municipalities. The findings indicate the current context of disarticulation of institutions and processes, however, the potential for articulation and sustainable regional transformation is extant.

The third section investigates the key constituent elements of place-based planning and argues how a place-based planning approach could be used in the case of the iLembe District and associated Local Municipalities to strengthen the local economy. The arguments put forward on place-based planning are the basis for discussions in the final section of the chapter that propose an empirical and spatially informed strategic regional planning proposal for the study area.

## **7.2 The state, society and economy: The impasse of the democratic developmental state**

As this case study has shown, the recalibration of the state for transformative change since 1994 has faced multiple challenges, in which the sustainability of the current local government system in particular, is questioned – some of which include the sustainable financing of local government, capacity and technical skills deficit and poor institutional development capabilities for socio-economic development currently present in many local municipalities in South Africa. The most recent manifestation of this crisis relates to state capture and infiltration into all levels of government, invoking Gramsci's definition of "*wave of materialism*" and "*crisis of authority*", articulated in the following quote:

*"If the ruling class has lost its consensus, i.e. no longer leading but only dominant, exercising coercive force alone, this means precisely*

*that the great masses have become detached from their traditional ideologies and no longer believe what they used to believe previously, etc. The crisis constitutes precisely the fact that the old is dying and the new cannot be born; in this interregnum, a great variety of morbid symptoms appear". (Gramsci 1971: 276)*

Stahl (2019: 4), using Gramsci's concept *interregnum* to describe "periods of uncertainty, confusions and disagreements among the dominant elite" that may last for exceptional periods, is insightful given the analysis outlined in Chapter Six of weakened local government and the current South African crises. Building on the longstanding analyses by Saul and Gelb (1986) on the organic crisis, Marais (2011) on the post democratic political economy and Hart (2013) on passive revolution in the local government space in South Africa, Stahl's interpretation of *interregnum* is a useful addition to the debate. For Stahl's interregnum is linked to Gramsci's organic crisis where the political and ideological legitimacy of the ruling class is lost, thus revealing structural contradictions within the political structuration. In this perspective, the *interregnum* can be seen as the "political form of the organic crisis" (2019: 6) that reveals turbulence and instability as a natural state for capitalism to operate in, as are the long periods of crisis in between. Four main elements constitute the analytical concept of *interregnum* put forward by Stahl (2019: 11-12). They are: the absence of a stable consensus amongst the main class interests in society; the presence of competing economic strategies and competing projects backed by powerful interests; institutional continuity but decreased effectiveness of key institutions; and the realignment of social and political forces, in which "morbid symptoms" prevail.

In the case of South Africa, the interpretation of *interregnum* through these four elements is a useful addition to the analysis of describing the ongoing and unresolved crisis and in which the ruling party, with infighting and factionalism, is seemingly unable to provide political leadership and hegemony. The first element – the lack of stable consensus – is demonstrated in the significant loss of electoral votes for the ANC in both National and Local Government elections since 2005, dwindling business confidence and the withholding of investment in the domestic economy, a contracting

economy and increasing critical voices from civil society, labour and academia. The second – the presence of competing interests – is seen in the multiple political formations, including breakaway parties that challenge the dominance of the ANC, the weakening of the once powerful labour movement COSATU through co-optation and eventual marginalisation through breaking up into a now fractured labour movement and attacks and challenges to key institutions such as the National Treasury and organs of state, amongst others. These formations and challenges are backed by powerful forces, including big business and political interests.

The third – the decreased effectiveness of key institutions – is the spectacular failure to decelerate the triple realities of poverty, inequality and poverty and the near collapse of state institutions (SOEs) to deliver on strategic infrastructure, subsidise the input costs for firms and businesses and to provide the necessary policy and implementation certainty and support to drive the economy. Lastly – the realignment of social and political forces – take account of the “variety of morbid symptoms” that include the rise of the EFF, the upsurge in populist politics, increasingly violent disruptions to the institutions of democracy and growing lawlessness, amongst others. This is a demonstration of the decline in the authority of the State demonstrated in ongoing community protests, unabated gender based violence, taxi wars, attacks and looting of trucks carrying goods on the highways and other such acts.

This view of *interregnums* provides a lens in which to locate the unfolding contradictions in local government and where the effects on the everyday life of its citizens, are felt – either through lack of service delivery at multiple levels, a public service sector under financial stress, deterioration of physical infrastructure, or failed local economic development policies. Several authors’ analysis of the South African state, including Bill Freund, Hein Marais and Karl Von Holdt, are worth reviewing to elaborate on elements that are shaping the political economy and is supported by how it is manifest in the case study.

### 7.2.1 The developmental state contradiction

Bill Freund's (2019) recent analysis of twentieth century history in South Africa, traces the forging of the developmental state from 1910 to its disassembling in the 1980s and attempts at re-emergence in the current democratic period from 2002. His definition of the developmental state is worth reiterating given the currency of use and attempts at recent reconstitution under the current administration. He notes that it is one "*where close relations exist between a significant part of the capitalist class, sections of the state apparatus and key political figure*" and in which.

*"... a key defining element is agency, the existence of a state-formed body that transcends bureaucratic rules; in Weberian terms, this means bureaucratic rules plus charisma. Such agencies are capable of directing capital and defying the logic of market forces which may constrain structural transformation". (2019: 6)*

This implies a relationship between the state and business in a partnership for industrial transformation, including the role played by state owned enterprises and in the current context, juxtaposed by the requirements of digital technology, AI and data driven networks of the fourth industrial revolution.

Applying this definition of a developmental state to the current scenario, the birth of a constitutional democracy in 1994 promised economic, political and social freedom to all the people of South Africa. The state was seen as the central institution of authority to support and regulate society and structurally transform the socio-economic relationships of the past. The opportunities for building a future world, informed by the struggles of the past, faced particular transformation challenges which became explicit policy, driven by the central state as outlined in Chapter Five. Freund (2019: 220) suggests that under the Mbeki era, strong reference to the developmental state was founded on relatively good prices in minerals, but was more to do with the restructuring of capital into global markets, the privatisation of state assets (which included the foundational parastatals that formed the developmental state in South Africa in the twentieth century) and the subsequent emergence of a new Black middle class through BEE strategies. It was not, he suggests, built on a developmental state

with clear financing strategies, investments in new economic drivers and innovation, with a clear overall plan. An example is the slow uptake by the state to take on ICT connectivity as the fourth utility and realise its potential for transforming the economy, referred to in Chapter Six.

The developmental state premise was based on three key legislated areas, the expansion of the grant system to the poor, the de-racialisation of the economy through equity and affirmative action and the transformation of the ownership of the economy through Black Economic Empowerment (BEE). However, the pace of economic transformation and transfer of ownership to Black business and growth of the middle class in particular was seen to be slow. To offset these limitations, in 2011 the state introduced amongst others, the Broad-Based Black Economic Empowerment policy, Corporate Enterprise Development, Corporate Supplier Development and in 2014 the DTI introduced the 100 Black Industrialist Programme through its re-industrialisation programme in which local procurement and increased domestic production is targeted for investment (South Africa 2017d: 18). This essentially allowed preferential procurement contracts from the state to be secured to Black owned business especially through SOE processes and contracts, that has ushered in the period of “*state capture and the repurposing of state institutions*” (Bhorat *et al.* 2017: 10) and in which rent seeking conditions for the new elite have been optimised, hence the lack of a stable consensus. What the developmental state implementation post 1994 has ignored, is the participation of the poor in local governance, achieving public service objectives and increasing social and economic hegemony amongst citizens.

### **7.2.2 The role of capital**

Juxtaposed with developments in the state and neoliberal influences, the role of capital from 1994 has been to renew growth and restore profitability under the favourable conditions represented by neoliberalism and de-racialisation of the capitalist economy. The opportunities presented to conduct these activities for capital has been through legislated policies such as the above mentioned BEE equity participation, deregulation and allowing capital to internationalise operations or unbundle their firms to better

compete in the international economy. However, as Marais (2011), Bhorat *et al.* (2017) and von Holdt (2019) have shown, the BEE dividend yielded insufficient transformation to the economy alluded to above and has not been a catalyst for broader economic development. It has been mainly consumption driven and has failed to establish a large enough Black capitalist and middle class on the land or in manufacturing and industry and the rising middle class that has been established, has been unable to roll out its hegemonic role as defined by Gramsci (Gramsci 1971: 264-265). Ultimately, capital in South Africa has given up little to the benefit of the majority, in which competing interests proliferate. In effect, Cargill's (2010: 50) analysis of the implementation of BEE points to the failure of this type of social engineering, as a mechanism of creating a non-racial economy through Black ownership, procurement and enterprise development. She argues that achieving the objectives of BEE transformation of the ownership of economy has been compromised and is instead, redistributive and unproductive.

The key element of the developmental state – that of an alliance between the state and new Black owners of capital and the means of production as articulated by Freund (2019) and von Holdt (2019), has been largely absent in forging a developmental state agenda. Central to the developmental state are the state enterprises (SOEs) and entities who are meant to drive the objectives of the state. Instead, South Africans have witnessed the pillaging of these institutions for patronage and corrupt purposes. The objectives have not been based on developing new economic activity, productive capacity, accumulation strategies and growing the economy. Instead, von Holdt (2019: 7-8) suggests *“this empowerment elite remains small, economically weak and politically dependent on the ANC and compromised by the increase in inequality over the same period in which they were empowered”* and that by 2009, *“local government had become a source of intense struggles over access to tenders, budgets and jobs between different factions of the ANC in many towns and townships”*. Capital in this context has held back on investment, closing the space for growth. In this vacuum, intense competition for state tenders and resources has become the norm.

### **7.2.3 Capital and the local economy in iLembe – land, industry and property development**

In the case study area, the local economy is still largely a reflection of the past in terms of land ownership arrangements, economic activity and forms of accumulation, despite state targeted interventions in land reform, equity and redistributive instruments. There are examples of shifts in economic ownership and activities, albeit limited. Taking the main economic sectors in the area to illustrate the point, the example of land holdings in the sugar industry, property development and construction and manufacturing illustrate this shift.

### **7.2.4 Land redistribution**

The question of land redistribution in the study area is complex. As indicated, some 68% of land in the study area falls under the Ingonyama Trust (191 913 hectares out of 2 883 million hectares in KwaZulu-Natal (<https://www.ingonyamatrust.org.za/>)) and the remainder is shared between monopoly capital, large scale capitalist agriculture (sugar, macadamia, forestry), some small scale farming, state owned land and individual property ownership. In the sugar industry for example, Tongaat Hulett holds some 201 153 hectares of land in KwaZulu-Natal (Tongaath Hulett 2017: 5). Between Illovo Sugar and Tongaat Hulett, some 18 789 hectares (approximately 11, 18 % of Tongaat Hulett's South African land assets) in KwaZulu-Natal, have been transferred to 170 emerging small scale Black farmers through land reform. Outside of these two large landholders, there have been some positive state-led land reform redistribution outcomes. This includes attempts at developing small and medium sized small scale farmers in KwaZulu-Natal, who now have access to 22,3% of freehold land representing 74 600 hectares (South African Sugar Association 2016: 5).

However, the form and shape of both communal land holdings under the Ingonyama Trust, as well as in small-scale agriculture, continues to be a barrier to capital formation and accumulation for local populations. This is supported in a study by Cousins *et al.* (2018: 1074), in which the reproduction of classes of labour and their gendered composition in contemporary South Africa continue to be fragmented and in

which extreme unemployment and inequality, is the most deeply felt in rural contexts. Their study expanded on the intersecting lines of circular migration, social reproduction, dependence on social grants and property relations that fall outside of traditional market relations, but in which *“land is a vital component of social reproduction, even where its productive use is marginal or absent”* (2018: 1066). This manifests in particular, as large scale commercial farming renders small scale farming LED project interventions uncompetitive (Maringa and grape production and agri-processing funded LED projects in iLembe, for example) and where the working poor survive through insecure and scarce wage employment, or in insecure small scale informal economy activities. In addition, the productivity of land in large parts of ITB area is poor and in some cases, topography and landscape exclude agricultural exploitation.

A further caveat is, that access to ITB land has transitioned since 2007 from converting people’s land rights known as ‘permission to occupy’ into the current long term 40 year leases. This is considered to be a weaker form of tenure security and furthermore where rent is extracted by the ITB for residents to *“live on land that they effectively ‘own’”* (Centre for Law and Society 2015: 4). In the 2017 / 2018 ITB Annual Report, some R92 780 million of the R129 million revenue collected was derived from this rental revenue. However, there is no reporting of how this revenue collection benefitted the material well-being of communities living under the jurisdiction of the ITB.

A second factor in relation to ITB land and evident in the case study, is the development of large scale dormitory towns with little associated planning. As one of the provincial officials interviewed indicated,

*“All the traditional councils (in KZN) have to manage their own land and are responsible for land allocation ... there are some traditional councils with up to 50 000 people living in an area that has no town planning, infrastructure, commercial centre, or nodes or the normal things that towns have. Unless a Local Municipality has a good working relation with the Traditional Council there is very little planning taking place in these areas”. (Respondent 18)*

Similarly, on some of the ITB land spatially contiguous to local municipalities, such as in Mandeni and Ndwedwe, an observed trend and reported on in the interviews, is the establishment of a growing number of high end residential housing units, privately built and escaping the rigidities of planning regulations and local service and property rates and taxes. In the long run, both scenarios create enduring structural and costly planning challenges to retro fit according to the SPLUMA guidelines, for transformative planning in South Africa.

### **7.2.5 Industry**

The town of Mandeni has supported manufacturing activities associated with Sappi Tugela Milling and Mondi paper production and in Isithebe, the main manufacturing hub in iLembe, many of the 220 industries located there are long standing tenants who benefited from the border industry incentives of the past. More recently, they have benefitted from opportunistic locations for some questionable economic activities by international based firms, mainly trading in plastic and other waste for export purposes (Department of Town and Regional Planning 2019) and some new firms that enjoy the favourable rental and low service costs provided by the financial SOE institution, Ithala. There has been limited investment on the part of the state since 1994 in Isithebe, despite its approximate 41% manufacturing contribution to the Mandeni economy and 18,18% to the iLembe economy (iLembe District Municipality 2018: 114).

The more recent concern with the poor spatial economic outcomes of development and rising inequality across regions in South Africa, has spurred the re-emergence of industrial policy through the nine iterations of the IPAP since the adoption of the National Infrastructure Plan in 2007. In the case of Isithebe, the revival of the former growth points is supported by two programmes. The first is the Industrial Parks Revitalisation Programme that aims to upgrade the former industrial growth point parks in lagging regions, with the aim of promoting investment and job creation. The second is the Cluster Development Programme to support value chain development

between firms located in industrial parks to improve productivity and job creation (South Africa 2017d: 19).

In the case of iLembe, the study conducted by the SECO and commissioned by the DTI, identified the value chains with highest potential as horticulture, wood processing and sugar (United Nations Industrial Development Organisation 2012: 21). Whilst no new investments have been made in the area as a result of this study, the DTI and Provincial government have made commitments for investment as an industrial revitalisation and renewable energy hub respectively, but with little to show to date. A recent study undertaken on waste beneficiation in the Isithebe Industrial Park, has revealed a lacklustre approach by the DTI to support the area and is more on reporting lines than territorially embedded (Department of Town and Regional Planning 2019). This could also be attributed to relatively poor institutional arrangements. For example, the recently established Isithebe Cluster Board has a membership of 25 out of a potential of 222 companies, indicating a slow take up by business for representation that could also be an indication of weariness of unfilled promises from central and provincial government and a poor record of estate management, as well as unstable industrial relations (Interviewee 24). The recent sale announcement by Whirlpool of its South African operations has raised fears of further job losses (Dlamini 2019) and Metso, the international OEM mining company, has recently announced the closure of its foundry in Isithebe at the end of September 2019, affecting some 200 job losses (Castings South Africa 2019).

#### **7.2.6 Property development**

The opportunities created by the high-end residential property boom, retail and shopping malls and construction sector in KwaDukuza from the mid-1990s, have been controlled by Tongaat Hulett. The options open for economic transformation have been limited to BEE beneficiaries representing communities surrounding Tongaat Property developments and small scale farmers (Webb 2006), which has recently been in the spotlight as part of the apparently malfeasant practices previously mentioned. In the main, the high-end property market has benefitted only a few. The degree of

extremes is best explained in terms of the probability of a resident in Maphumulo's rural hinterland some 30km away, having visited neither the commercial nor residential developments available along the coastline of their district municipality.

In the construction sector too, there is little evidence of Black owned companies and involvement with the property boom in the KwaDukuza municipal area. Albeit a moot point, the significance of this is the potential economic transformation for profit sharing for resource investment in underdeveloped areas and the potential for the raising of local incomes. However, in the service sector there is some evidence of emerging small and medium enterprise activity such as agri-processing, waste management services, plumbing, electrical, building and contracting services and local tourism. Informality both in residential infrastructure and alternatives to public transport through the taxi industry, continue to play an important role in the local economy but its contribution is still underestimated and insufficiently incorporated in formal planning processes. For example, the provision of physical infrastructure to support commuter safety.

From the above summary analysis and in the current context of the failure of the local state to effect sufficient change in the local economy raises the question of whether reform of the local state is required and if so, what form that should take. The form, shape and sustainability of local government has been under scrutiny for some time by the Treasury (Financial and Fiscal Commission 2013a; South Africa 2014d; Auditor General South Africa 2018) and lead Department COGTA (South Africa 2009, 2016c), but it is unlikely that government would be receptive to radical recommendations for changes to local government structures or functions, as this has not happened to date. A further dynamic that continues to be unresolved in South Africa's local government system, are the traditional authority areas, dual jurisdictional responsibilities and political processes. This continues to be a source of conflict and tension for all parties. Nevertheless, the recommendations arising from this study suggest that a hybrid local government model and changes to governance arrangements could be a catalyst for implementing a place-based regional planning framework and that could assist dragging places out of the current quagmire. The next section summarises the research

findings arising out of the data analysis. This has informed the recommendations for place-based planning. These recommendations for local government reforms are discussed under Section 7.4.

### **7.3 Analysis and findings**

#### **7.3.1 Data and interview analysis of research themes**

The focus of the research and research questions posed, sought to analyse regional planning in South Africa in an attempt to understand the discourses relating to spatial planning practices and policy that make a case for developing a competitive economy. Regional competitiveness as defined by Storper (1995: 285) is the “*ability of an economy to maintain stable or increasing market share in an activity, while sustaining stable or increasing standards of living for those who participate in it*”. The emphasis was on the relationship between regions and the economic and social activities that take place in a specific geographic locale, in this case, the iLembe District and its associated Local Municipalities. The key objective explored in the research questions relate to what the problem is that spatial planning is trying to solve, in the case of the iLembe District and associated Local Municipalities; how this is represented and what the local instruments are that are being used to address the problems. The slowing and contracting economy, growing unemployment, poverty and inequality as documented in Chapter Five, the very serious and dangerous political economy of corruption and state capture that threatens all South Africans and the lack of strategic leadership, are the key planning problems that manifest in local areas as a breakdown of local government and service delivery. The respondents to the interview questions generally reflected these above concerns and identified the difficulties and limitations faced by local places and planners to use their agency to effect change.

The analysis of the questionnaire data related to the representative organisations from the study areas, including planners, business, business representatives and community organisations interviewed for the study. The research concern was to understand Lefebvre’s (1992: 33) *representations of space* in the analysis of policy language,

policy practice and power and rationality in the case study. To ensure consistency and comparability, a common set of thematic questions were used in the face-to-face in-depth interviews. The six research themes aligned with the research questions are the organising principles for presenting the summary of the main characteristics of the interview responses. The themes relate to:

1. *Context and driving forces* – Regional planning in relation to the South African space economy;
2. *Policy and concepts* – The influence of national policy, vertical and horizontal, to spatial planning at local level;
3. *Assessment of local conditions* – motivation, incentives, capabilities and barriers to development (firm population, innovation, research collaboration);
4. *Competitive concerns* – (comparative advantage analysis, policy and fiscal instruments, business environment);
5. *Institutional arrangements and processes* – Form and purpose of governance set up and respective roles; and
6. *Local responses* – Assessment of critical issues identified by interviewees and documents relating to key development challenges and approaches.

Each of the themes summarise the key findings arising out of the interviews including the relevant contextual document analysis outlined in Annexure 6 B from Chapter Six. The interviews with the District and Local Municipalities demonstrate that there are both barriers and opportunities in the following areas: regional planning as a constitutional undertaking and its relation to local planning contexts; the influence of vertical and horizontal policy application at local level; endogenous and competitive influences; and governance frameworks and assessment of key strategic influences in their respective local areas.

The overview of the main results, presented in Table 7.1 below, revealed that three of the entities have what can be described as *mixed characteristics* and two of the entities have *limited and weak characteristics*. The mixed characteristics indicate that there is potential to support a place-based approach but that it requires interventions that

respond to the ‘*how*’ to do place-based planning. There are significant institutions, diverse economic activities and opportunities to stimulate broadening of the economy and an emerging business leadership, even if still constrained by insufficient diverse representation. There is some alignment with the driving forces shaping the spatial planning and transformation agenda, but there are also shortfalls that are identified in the analysis below. The limited and weak characteristics indicate that there are serious structural limitations and deficits in all the characteristics looked at, requiring significant intervention and support in these Local Municipalities. The dual governance systems (local government and traditional authorities) play out in the political, economic, fiscal and planning spheres. In particular, these unresolved power dynamics impact local communities where livelihood activities are fragile and vulnerable.

The findings also have important implications for proposing interventions given the current predicaments of almost collapsed local government systems, highlighted in the most recent Auditor General Report (2019), in which 18 out of the 257 Municipalities countrywide received a clean audit, of which there was only one clean audit reported in KwaZulu-Natal – Okhahlamba Local Municipality. The main reasons given by the Auditor General for these accountability failures included: poor leadership and management; a lack of skills and competencies in financial reporting; and poor systems for financial review and monitoring – representing challenges for professionalism in the public sector. For example, district mayors and councillors, who should provide oversight responsibilities, are an example of barriers to such professionalism, who rather serve as rent seekers. Given that local government is the legal institution for delivery of services and local development, any proposal to tackle the development concerns of an area through a reconsideration of the local government architecture, would have to address these highlighted concerns.

**Table 7.1: Analysis of research themes, interviews and planning documents in relation to the iLembe District Municipality and KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities**

<b>Research Theme</b>	<b>iLembe District Municipality (Mixed characteristics)</b>	<b>KwaDukuza Local Municipality (Mixed characteristics)</b>	<b>Mandeni Local Municipality (Mixed characteristics)</b>	<b>Maphumulo* and Ndwedwe** Local Municipality (Limited and weak characteristics)</b>
<p>1. <i>Context and driving forces:</i></p> <p>Understanding of regional planning in relation to the South African space economy</p>	<p>SDF - Locational advantage between 2 ports, rail and airport articulated but insufficient detailed analysis</p> <p>City region concept introduced</p> <p>Limited power and governance arrangements to implement regional planning</p> <p>Key function is provision of bulk services and LED</p>	<p>SDF- Locational advantage between 2 ports and airport articulated but insufficient detailed analysis</p> <p>Did not indicate importance of regional planning</p> <p>City planning strategy and plans developed</p> <p>Compliance to regulatory environment</p> <p>Cross border planning - constraints and opportunities</p>	<p>SDF - Locational advantage between 2 ports and airport articulated but insufficient detailed analysis</p> <p>Existing industrial activity mooted as key regional advantage and contribution to GVA</p> <p>Compliance to regulatory environment</p>	<p>SDF (plan only) Locational advantage to airport articulated but insufficient detailed analysis</p> <p>Restricted by context of land arrangement and traditional authority system</p> <p>Traditional Authority and local government - dual administration and functions, limited assessment of regional planning</p> <p>Localised subsistence economy</p>
<p>2. <i>Policy and Concepts:</i></p> <p>The influence of national policy, vertical and horizontal, to spatial planning</p>	<p>Articulated in formal planning documents, but acknowledgement of continued silo effect and lack of integration at local level</p> <p>Key agencies: Treasury, Auditor General, COGTA, DTI, Provincial Government departments</p> <p>Key policy and strategic instrument for planning: IDP, SPLUMA requirements (land use) and monitoring and evaluation</p>	<p>Articulated in formal planning documents, but acknowledgement of continued silo effect and lack of integration at local level</p> <p>Key agencies: Treasury, Auditor General, COGTA, DTI, Provincial Government departments</p> <p>Key policy and strategic instrument for planning: IDP, SPLUMA requirements (land use) and monitoring and evaluation</p> <p>Differential policy capabilities</p>	<p>Articulated in formal planning documents, but acknowledgement of continued silo effect and lack of integration at local level</p> <p>Key agencies: Treasury, Auditor General, COGTA, DTI, Provincial Government departments</p> <p>Key policy and strategic instrument for planning: IDP, SPLUMA requirements (land use) and monitoring and evaluation</p> <p>Differential policy capabilities</p>	<p>Conflicted / dual systems -traditional authority and local government / limited national influence</p> <p>Limited reach</p> <p>High levels of dependency on National and Provincial fiscus</p> <p>SPLUMA requirements (land use) and monitoring and evaluation</p> <p>LED - recipients of projects</p> <p>Constraints of Traditional Authority and local government mix</p>

	LED – pro poor and government driven	Political priorities LED - recipients of projects	Political priorities LED - recipients of projects Constraints of Traditional Authority and local government mix	
3. <i>Assessment of local conditions</i>  Motivation, incentives, capabilities and barriers to development (firm population, innovation, research collaboration)	Narrow articulation of comparative advantages, insufficient attention to land issues, agricultural challenges and impact on jobs and local economy Little incentive and support for local supply chains, although recognised as important Innovative thinness Firm population – from multinational scale, small and medium sized enterprises to informal sector Resident TVET colleges and schools in Local Municipalities focusing on teaching and vocational training No funding directly allocated for research and innovation Inputs from international experts and external agencies / CSIR consultants Search for R&D partner identified	Focus on traditional economic activities Firm population – fast growing high end property development, lifestyle destination, retail activity, light industrial, SMMEs and informal sector Work with existing strengths Limited innovation Diversification potential identified / opportunity of Compensation Flats identified Resident TVET college and schools focusing on teaching and vocational training; private schools No funding directly allocated for research and innovation Emerging capabilities in strategy development Support from external agencies / consultants	Focus on traditional economic activities Firm population – key industrial base (220 companies ranging from milling, metals, plastics, clothing and textiles, brewing, production of white goods, furniture making), SMMEs and informal sector Work with existing strengths Limited innovation Diversification potential identified Resident TVET college and schools focusing on teaching and vocational training National government partnership in industrial growth point Fragmented institutional structures Emerging capability in strategy development	Organisational thinness across sectors Subsistence economy with limited potential for diversification and innovation Poor capability in development of strategy
4. <i>Competitive concerns:</i>	Moderate - No formal process to measure competitiveness Business Index developed (outside agency)	Moderate - Competitive concern at local planning level to attract new business (attractive local rates and	Moderate to weak - Competitive concern at local planning level to attract new business (attractive local rates and rebates) and efficiency of	None – 100% grant dependent Local Municipalities

(Comparative advantage analysis, policy and fiscal instruments, business environment)	World Bank Competitive Report Dependence on national government Inputs from international experts and outside agency support (Swiss government/ provincial government/ Vuthela development agency) to develop capable local government	rebates) and efficiency of plan approval processes for development Competition with adjacent eThekweni metropolitan municipality for investment identified Indication of insufficiently developed local competitive instruments Inputs from external agencies Some budget and financial autonomy as a result of healthy local tax base Portfolio of existing economic activities and property portfolio well developed Monopoly land owner relating to property development Lifestyle choices of coastal destination – international, interregional and local – airport proximity Multiple plans and regulatory environment – restrictive	plan approval processes for development Indication of insufficiently developed local competitive instruments Inputs from external agencies Some , but limited budget and financial autonomy Multiple plans and regulatory environment - restrictive	Multiple plans and regulatory environment / ITB processes - restrictive
<i>5. Institutional arrangements and processes:</i>	Institutional infrastructure – emerging intergovernmental cooperation Stakeholder involvement at ward level to meet compliance requirements	Uneven and inward - some stakeholder forums Stakeholder involvement at ward level to meet compliance requirements Leadership and capacity concerns	Uneven and inward - some stakeholder forums and limited engagement with business Weak cooperation and mistrust – episodic violent events and weak responses	Leadership capacity weak Weak stakeholder cooperation and not widespread Restricted stakeholder involvement to ward level and compliance requirements

Form and purpose of governance set up and respective roles	Developing culture of cooperation Confined / episodic collaborative practices rather than widespread and deep Emerging values, attitudes and routines to develop stakeholder environment for established and new actors to participate in a sustained governance arrangement	Emerging values, attitudes and routines to develop stakeholder environment for established and new actors to participate	Limited capacity for qualitative stakeholder engagement Leadership and capacity concerns Stakeholder involvement at ward level to meet compliance requirements Emerging values, attitudes and routines to develop stakeholder environment for established and new actors to participate Dual political system	Dual political, planning and land administration system
6. <i>Local responses:</i>  Assessment of critical issues relating to key development challenges and approaches	Unemployment and poor skills base of local population Lacking financial base for economic planning (reliance on LED strategy and project approach through development agency and external funding) Poor access to qualitative data for strategic planning Prioritisation challenge – menu approach Leadership shortfall	Unemployment and poor skills base of local population, weak labour market, Prioritisation challenge – menu approach Some reflection on strengths and characteristics, but narrow in focus Leadership shortfall	Unemployment and poor skills base of local population, weak labour market Prioritisation challenge – menu approach Some reflection on strengths and characteristics, but narrow in focus Limited revenue base Dual political system and subsequent impact on spatial planning - wall-to-wall scheme requirement vs ad hoc sprawling development Leadership shortfall	Unemployment and poor skills base of local population Revenue dependent on Treasury Prioritisation challenge – menu approach Dual political system and subsequent impact on spatial planning - wall-to-wall scheme requirement vs ad hoc sprawling development Leadership shortfall
<p>* Maphumulo and Ndwedwe have been grouped together as they share significantly similar thematic outcomes.</p> <p>** Document analysis and interview with Planners working in Shared Services in Ndwedwe and Maphumulo used in this analysis.</p>				

Source: Self-generated by researcher using various documents and interviews

This combination of findings outlined in Table 7.1 above provides some support for the conceptual premise that there is an opportunity for place-based planning to be the potential institutional mechanism to shape territorial development and social cohesion; address specific investment opportunities to support the areas comparative economic advantage; and develop new capital formation and sustainable accumulation practices in order to address the serious social and economic concerns present in the study area.

#### **7.3.1.1 Context and driving forces: Regional planning in the context of the South African space economy**

The first set of questions in this study sought to determine the level of interaction with and understanding of, regional planning in the democratic period under review and the influence of national policy, vertical and horizontal, to spatial planning at local level. The interviewees had, not surprisingly, limited interaction with strategic regional spatial planning as this was not reflected as a pressing priority and was considered to be weakly institutionalised, albeit within the jurisdiction of the District Municipality and recently designated through the SPLUMA.

What was indicated was the continued reliance on national government for policy direction and some policy mismatch at local level; whilst constitutionally mandated to carry out certain functions and activities, they also lacked capacity to intervene materially in any meaningful way. This was particularly related to the limited fiscal powers of the District and Local Municipalities and limited local tax revenue raising powers. Recent legislation to support local government powers in tax raising efforts was treated with some scepticism (except for KwaDukuza) and the potential revenue that could be generated for Local Municipalities on property rates, development controls and zoning related activities is still under-developed and requires attention. The ongoing dependency on central state funding was a not surprising concern and some cross scalar jurisdictional constraints on local planning was expressed. For example reliance on national or provincial Departments' budgetary allocations for infrastructure projects such as national and provincial roads did not always match the project timing of local planning priorities and planning objectives.

Similarly, the relevant SOEs such as SANRAL, Transnet, Broadband Infraco, the Industrial Development Corporation (IDC), Centre for Scientific and Industrial Research (CSIR), National Youth Development Fund, Land Bank, Development Bank of South Africa (DBSA) and others, have little presence despite these institutions being the key to unlocking financing opportunities for strategic investment in local areas and being the developmental arm of the state.

The duplication of plans, repetitiveness of procedures and short-term planning linked to political mandates and five-yearly election processes, was identified as disruptive and added to wasted opportunities for long term strategic planning. Whilst numerous institutions were identified in the District, their relevance and effectiveness were questioned by the respondents: in particular the required co-ordination and effort to bring together relatively thin networks where technical capacity, financial and human resources and stakeholder support are generally lacking.

A possible reason for this is that the planners interviewed expressed pressing priorities as dealing with continuing backlogs, meeting deadlines associated with multiple planning documents such as wall-to-wall scheme and land use management requirements, rather than a concern with funding applications and securing investments. Another possible reason is that the respondents did not see accessing the various funding sources as their function. Similarly, regional infrastructure such as roads, rail, ports and IT was viewed as out of their jurisdictional control and hence the interface between planning and strategic infrastructure was lacking, as was the investment approach to the region. This represents a key challenge for spatial planners skills set – to shift from regulatory planning to a development planning paradigm, where the spatial footprint of development is changing and the convergence of a number of elements come together. For example, in the planning of sites with smart technologies, sustainable and green infrastructure options, incentives for business growth and job creation and transport connectivity and links with the informal sector, amongst others.

Regional development has been limited with modest government investment and local incentives, mainly through central and provincial treasury funding, corridor development and some targeted nodes. The District and KwaDukuza have also received some external support for projects such as the Swiss funded Provincial LED Gijima project (from 2003), the Swiss funded SECO (2012) value chain project and the current Vuthela project (from 2018). The need for long term strategic planning for the District was recognised early in the 2000s as articulated in the interviews, with some initiative such as the KwaDukuza city development strategy and the 2013 iLembe Districts Regional Spatial Development Plan (IDRSDP) and potential impact of the KSIA and DTP in such close proximity to the two Local Municipalities of Ndwedwe and KwaDukuza.

However, the latter plan is constrained by the lack of a legislated framework for adopting a regional plan at District level. Since the inception of the SPLUMA in 2016, SDFs are now a requirement for District level planning and in the case of iLembe, the regional plan is used to inform long term planning processes. This head start in long term planning suggests a recognition of the potential benefits of regional planning at local level and anticipation of the long awaited SPLUMA enactment. Similarly, reference to the iLembe District Growth and Development Plan adopted in 2015, which outlines the long-term vision for the District, was evident in the most recent IDP iterations (2018-2021) referred to, but were referred to less so in the interviews. To reiterate, the IDRSDP plan itself has no legal standing and is considered a guiding document for the District and Local Municipalities. The plan proposes policies to promote economic development, but there is little evidence to date of the socio-economic returns envisaged.

These plans are generally a reiteration of the existing economic sectors and government's supply side measures for infrastructure and social welfare backlogs. Enterprise iLembe is the District's development agency with the mandate to collectively plan with key economic stakeholders, the economic development of the area. Some ventures into cross border planning (eThekweni in particular) are proving to be useful in reducing barriers to co-operation,<sup>xxx</sup> but has also seen investment

dissipate as a result of cross border tensions.<sup>xxxi</sup> The strategic focus areas identified in the plan focus on what already exists. In sum, the strategy reinforces the disarticulation that exists in the District at a number of levels and the difficulties associated with long term planning.

#### **7.3.1.2 Policy and concepts: The influence of national policy, vertical and horizontal, to spatial planning context at local level and competitive concerns**

The concern with the current income disparities, inequality and very high unemployment figures in South Africa looms large in all government policy, both vertical and horizontal and is the major spatially blind intervention made by the state, often resulting in a ‘one size fit all’ approach, rather than the tailoring of horizontal policy matched to the needs of specific places. In particular, the case study has highlighted the difficulties faced at a local level when national economic policy impacts are felt. For example, the steady de-industrialisation of the economy, particularly in Isithebe, and the sugar industry collapse are a case in point.

By and large, the interviewees reflected that horizontal interactions of government policy tended to follow a ‘one size fits all’ policy approach and the nuances of local needs and characteristics were considered as secondary, or at worst not considered at all. In the main, the multiple and changing development policies have resulted in policy fatigue, with a high degree of duplication and widening service gaps across multiple government levels. The influence of the national horizontal intergovernmental forums were seen as ineffectual and quite far removed from planners’ everyday activities. Thus, whilst the NDP and provincial plans outline the objectives of economic competitiveness, sustainability and social cohesion through balanced development using the concept of competitive corridors, nodes, rural and urban focused growth, compact development and resource conservation, this is often far removed from local experiences of the lack of development and local political processes in which highly fragmented spaces remains. Most importantly, the basket of instruments such as industrial incentives to support investment are no longer available

at provincial level through institutions like Ithala for example, but are centralised at national level through the DTI.

In the IDP, SDFs and related documents reviewed and confirmed in the interviews with spatial planners in the province and local municipalities, the reporting compliance follows a check list approach of national and provincial policy, with the influence of the recently enacted SPLUMA principles beginning to emerge, but in which standardisation of “alignment” is clearly evident resulting in a ‘one size fits all’ method. The case study highlighted the impact of national decisions at local level. For example the delay in clarity on energy policy mix such as the inclusion of biofuels, could potentially save the local sugar industry, especially for those emerging Black farmers that have recently invested in this sector. Recent reports that the independent Gledhow milling operators in Stanger are gearing up for the roll out of biofuels is however promising (Fourie 2019).

Similarly, the competency for regional planning is still vague and unresolved (van Wyk 2012), where for example, the iLembe Municipality regional plan (iLembe District Municipality 2013b) serves as a guiding document with no real power to effect change. However, whilst the power and formal authority to design a regional economic development plan are severely constrained, the opportunity also exists to disrupt and do things differently. Hence, the above plan does represent a step in the direction of establishing a longer term planning frame with wider impact and effect, than the five-year IDP constraints, for example.

On the matter of government coordination, nine interviewees from local government all indicated that junior staff were sent to IGR forums as representatives, but were not mandated to take decisions. Across the District and Local Municipalities, the IGR forums were viewed as ineffectual, mainly because leadership and senior municipal management did not participate in the forums. Instead, alternative structures such as “war rooms” to deal with disaster events, or emergencies such as service delivery protests, or more structural problems such as levels of poverty and unemployment, health and substance abuse, amongst others, were seen as more high profile with more

publicity attached. The combative terminology implies a militaristic command and control approach to developmental problems such as poverty, citizen participation, amongst others, where project management has failed, thus requiring another kind of intervention. This began during the Mbeki era with the ‘war on poverty’ campaign and in the case of KwaZulu-Natal, the war room effort referred to as Operation Sukuma Sake (Haricharan 2017: 14). The launching of the nation-wide local government Back to Basics drive in 2015 was also a clear indication of local government failure to carry out basic local government mandated functions (South Africa 2016c) and articulated in the IDP documents reviewed for the study. In the most recent IDPs reviewed (2019) reporting on the IGR is more positive and with leadership representation now more prominent.

#### **7.3.1.3 Assessment of local conditions (motivation, incentives, capabilities and barriers to development)**

The overall response to the assessment of local conditions reflected a good understanding of the status quo and challenges therein, especially in relation to the environmental assessment and management thereof, indicators of social development and backlogs in services. All of the most recent IDP reports included a SWOT analysis that reflected this. Overall, the content and situational analysis in the latest five IDPs and SDFs of iLembe and the four Local Municipalities reviewed have matured in standardised reporting, but they continue to be a limited strategy tool to facilitate economic growth and development. The LED interventions remain a reporting item that is pro-poor driven and not economically driven, thus limiting the potential for socio-economic development.

The influence of existing and vested interest was evident in the document repertories that favoured existing economic paths in the SMME and LED funded projects by government year in and year out with limited impact. The key focus of the LED in agriculture for example, relies on the budgets and programmes, such as agri-parks and agri-processing zones, of the national and provincial government Departments of Agriculture and Land Affairs, rather than the comparative advantage of local farmers

as potential producers of certified organic products and entry and supply into the domestic market economy through incentivised support. The IDPs do not identify roles and actors in LED, or articulate key strategic opportunities. In more recent interviews with the planners from the Local Municipalities, this has shifted with improved consultation, especially through an informal ‘planners forum’ that has been initiated at district level.

The basis for exploring the respondent’s assessment of local conditions and reflected in documents, was to appreciate the local state’s backing for regional competitiveness and whether local firms are able to realise value. Hence, the assets of the region including local business profiling, firm population and human resources available, innovation and research and quality of infrastructure development in the study area was looked at. The planning documents are generally lacking in a strategic assessment of their contribution to the local economy and what efforts are required on the part of local government in developing technological and knowledge infrastructure to provide the necessary and complimentary support for business growth. For example, the response to the long standing sugar industry crisis has been somewhat muted, perhaps a demonstration of the powerlessness of Local Municipalities to intervene. The net effect is the pressure of rising unemployment in the District.

#### **7.3.1.4 Competitive concerns (comparative advantage analysis, policy and fiscal instruments, business environment)**

This section of the questionnaire required respondents to provide information on the comparative advantage, productivity and competitiveness of the local economy to support business and the increasing wellbeing of its citizens. The reference to competitiveness of the region was considered in the context of national and provincial policy. Over the time period in which this study was carried out, the District and Local Municipalities have identified the need to promote economic development and competitive objectives, particularly in relation to their locational advantages and proximity to major infrastructure such as ports, airports, road, rail, the IDZs at Richards Bay and DTP and the recent property boom. However, decentralised local

government within its current mandate, has not addressed many of the underlying and inherited problems in the local economy. Thus the ability to engage with competitive concerns outside of these parameters have been severely constrained. In particular, high poverty and unemployment, especially youth unemployment, poor school leaving outcomes and increasing social challenges, low levels of innovation and entrepreneurial uptake are persistent. In the main, the fiscal instruments available to local government are taken up in addressing these developmental concerns, rather than establishing a competitive environment for industry and commerce. The link between spatial and economic planning is weak, despite the institutional establishment of the economic development agency, Enterprise iLembe, as the economic co-ordinating structure for the District.

A surprising omission in the interviews related to an articulation of the challenges associated with the land question and the economy in relation to agriculture, land use, ITB land, land reform, climate change, amongst others. The historical dominance of the sugar industry and the current crisis it is facing as a result of multiple intersecting events, including the competition from Swaziland as a result of the African Free Trade Agreement and undercutting of domestic prices, recent drought, the implementation of the sugar tax in 2018 and uncompetitive global price of export sugar, the potential closure of mills, job cuts and impact on secondary and small towns, are all serious concerns. Similarly, the change in production from sugar to macadamia trees by commercial farmers in the District and what this means for the local economy, including competition, research and development and potential growth and employment, was missing from the discourses. The uncertainty around land expropriation for farmers in particular and bearing on the local economy was strongly voiced as a concern by commercial farmers.

Issues relating to competitiveness were not particularly dominant in the interviews with public sector planners that could minimally identify the need to retain existing business and their market share. Other comparative drivers of competition such as capital stock, skills, management capabilities, innovation, the cost of doing business (labour, energy, transport costs) were also not mentioned. However, in interviews with

local business and farmers, these were cited as important concerns in which they felt the local government was insufficiently supportive.

It is only in the interview with the planner from the KwaDukuza Local Municipality that the need for the local municipality to develop strategies to enable a competitive environment for the economy and business was expressed. This included a competitive approach to land pricing, provision of economic and social services, the need to develop a business retention strategy that offered competitive rates, rebates and other incentives and being able to approve land and town planning applications in line with the SPLUMA 60 day provisions (Interview 1). Reference to the World Bank (2015) *Doing Business in iLembe* report and recent experience of the property boom and needing to build on the momentum of this growth, were clear indicators of needing to interface with competition. Outside of this initiative, there was subdued evidence at local government level, of engagement with developing indicators or pathways for a local competitive environment.

However, the Provincial Department of Economic Development and Tourism (2017a: 19-20) has had long standing initiatives in supporting the development of the Provinces' competitiveness through some 10 entities it is responsible for. These include trade and investment, tourism, the KZN Growth Fund (financing of infrastructure projects), the Ithala Development Finance Corporation, the DTP and Richard's Bay IDZs and research and training partnerships with the University of KwaZulu-Natal Graduate School of Business and Leadership since 2012 (<https://rledi.ukzn.ac.za>).

Competition between government entities was also cited in the interviews. For example, several interviewees mentioned that government entities compete for large national and provincial government projects, as well as private investment where local authorities have different approved policies relating to local taxes, rebates and incentives, which could lead to unfair advantage. The more established eThekweni Metropolitan Government, sharing a border with the KwaDukuza and Ndwedwe Local Municipalities was seen in this light and where the newer Local Municipalities were

competing in the same space, yet with unequal powers. This is described in the literature by Malecki (2004: 1102) as place or cross border competition between entities and levels of authority, that could lead to destructive competition between these different entities.

The recent SPLUMA regulatory requirements of wall-to-wall land use planning, has initiated cross border collaboration between the different municipal entities with a fair amount of trading to ensure alignment of plans. As indicated in the interviews, this has not been without tensions and power play between the municipal and other players. Examples of this is the failed demarcation application in 2012 by KwaDukuza for the inclusion of the KSIA into the Local Municipal boundary and resultant tensions with the eThekweni metro; the tensions between Local Municipalities and traditional authorities over the wall-to-wall schemes in which power over jurisdictional concerns emerge; and responsibilities for bulk infrastructure and planning when multiple local municipal boundaries intersect as is the case with KwaDukuza and eThekweni in the Wewe Driefontein development (South Africa 2018d: 77).

The potential drawdown of national government and SOE funding opportunities, especially through the DTI and Treasury instruments were not widely known by the planners interviewed for the study. A possible reason for this is that spatial planners did not express a view of the importance of regional or economic planning and instead the respective LED units were seen as being responsible for economic matters. The District, through Enterprise iLembe and KwaDukuza and Mandeni Local Municipalities, possibly because of their location, were more conscious of the various LED initiatives albeit recognising the limitations in relation to impacts and outcomes.

Besides KwaDukuza, where the economic impact of the property boom has had real and relational bearing, with 8,09 % growth rates in the building and construction sector (iLembe District Municipality 2012: 15) mainly in the coastal area in KwaDukuza, was a steep learning curve for the newly established local municipality and planners. Similarly, the development of the international airport since 2010, the strategic location of Compensation Flats for industrial development and the pressure for low

cost housing in the municipality, has shaped the priorities for the KwaDukuza municipality in particular and the Ndwedwe Local Municipality, in considering the agricultural potential in their area for export markets in “*new opportunities*” (Ndwedwe Local Municipality 2018: 124) with the DTP, but some nine years later with little headway.

A common pattern in the answers to comparative advantage was a reliance on broad priorities, building on existing sectors and emergence of some innovation in new economic areas, but generally poorly articulated. This could be a result of the positioning of local government planners as custodians of the public interest, using a distributive and social justice approach and the view of private sector needs as external to those interests. In some of the interviews with both the public and private sector, planners saw their respective roles as adversarial and were articulated as representing divergent interests. Furthermore, the poorly developed inclusive governance and stakeholder participation, much touted in policy documents, was difficult to see in practice and official records.

The structure of the regional economy is still reliant on the traditional market drivers of the area – the sugar industry (in decline and ready for diversification); timber and associated milling and packaging; upmarket property development promoting lifestyle; domestic tourism and a growing commercial sector; and an industrial estate reliant on dated technologies and few innovation or research orientated activities. The Isithebe Industrial Park has been largely neglected by the state in the recent past, which has potential to become a significant economic role player in the regional economy, with renewed interest by the DTI in the Industrial Park Revitalisation Programme. The general business culture is uneven across the region, but there are promising developments.

The iLembe Business Chamber of Commerce, Industry and Tourism, was established in 2010, representing some 205 companies in the study area (<http://www.ilembechamber.co.za/>), 30 of which are also members of the recently established Isithebe Business Cluster, representing some 30 manufacturing companies

out of the 220 or so firms located in the area.<sup>xxxii</sup> The Chamber publishes a biannual iLembe Business Confidence Index (2017: 4-5) which reflects business sentiment and activity using two market related indices of competition and market size. Recurrent responses from local business from the District and reinforced in the interviews, include skills shortages, 4IR, technology and agility of workforce to adapt, as well as poor international and national economic performance and domestic recessionary climate. More recently, the Chamber has included a *iLembe Skills Needs Assessment* (2019) to support business and educational providers to better comprehend the skills needs of the region and develop a strategy to mitigate against the identified skills deficits. This reflects a promising approach in developing partnerships between business, education and government, however it does require including organised labour.

The link between local business and planning concerns was not always clear in the documentation. Many of the existing firms located in the study area (SAPPI, Whirlpool and Associated Spinners, amongst others) are integrated with the global economy, with some multinational firm presence and market capitalisation representing some 3,28% GDP contribution to the regional economy. However, local government devolution in the study area has not been able to address many of the underlying problems in the economy – in particular, the persistent and high unemployment and youth unemployment, low levels of local innovation and entrepreneurial activity, poor school pass rates, low level of skills and indications of serious and persistent stark spatial differences between the coastal developments and commercial farming on the one hand and high levels of grant dependency in the hinterland.

Notably absent from many of the documents looked at for the case study and discussions with participants, are the *implications* of communication technology, R&D based innovation and 4IR for the region and developing a strategy around this. This could be attributed to the current paucity in density and degree of specialisation of economic players (number, variety of firms, industries, knowledge economies and support organisations) and the ability to attract sufficient new economic players in the current regional space. In summary, the organisational thickness is lacking and where

capable, knowledge and intermediary and support organisations, internal and external connectedness, patterns of innovation and co-operation and degree of openness to change is evident in some areas (for example in the sugar research and development sector) and is weak in others. Significantly, there is no evident strategy on targeting new enterprises, businesses or cooperatives into the economy, outside of government's LED projects. The Swiss funded, KZ-N Provincial Government and iLembe District Vuthela initiative to support the District and KwaDukuza and Mandeni Local Municipalities in developing capacity for LED development, does hold promise.

#### **7.3.1.5 Institutional arrangements and processes: Form and purpose of governance set up and respective roles**

This section of the questionnaire required respondents to provide information on the workings of the institutional arrangements in local government. The institutions of government are well established in terms of the Municipal Systems Act and was discussed in Chapter Four. However, the case study has highlighted the burden of a 'one size fits all' National policy and impact at local level. The formal competencies and power to design regional development institutions and strategies are severely constrained by autonomy challenges due to low levels of competency and financial endowments at a regional level, with the exception of the KwaDukuza Municipality.

Represented across the interviews, the governance arrangements are considered to be insufficiently developed and where organisation thickness is lacking. This is not to say that representative bodies and institutions and organisations are not there (business, civic, trade unions, ratepayers, etc.), or that participation in consultative events do not occur, but rather that some sectors are not well organised and their voices are marginal in the processes of governance.

The most common form of consultation for example, are government to government (IGRF, Planners Forum), ward based consultations and the advertising of plans for public comment through written submissions – both legal requirements in terms of the Municipal Systems Act. Organised business for example, indicated from a social

partnership perspective, that consultation was limited and inadequate given the extent and reach of business interest in the District.

*“The lack of institutional obligation to engage with the private sector... lack of qualitative input in the District’s planning activities in terms of how influential the contribution is and what is the eventual output in terms of how the planning processes is changed or manifests itself as a result of the business community contribution, I have my doubts. I think that sometimes it is about compliance rather than really engaging with what the interests are of the business community”. (Respondent 17)*

The limited levels of stakeholder participation does have a historical legacy where there is some open antagonism to labour unions for example and limited inclusive governance practices. Most of the Local Municipalities rely on external agencies and consultancies for the development of strategies, in which limited public participation processes is evident. There are no public documents available that outline the consultations undertaken, or a summary of outcomes with these encounters, thus the qualitative reporting on the outcome of these events and how public comment has influenced or changed plans is not known. This could be because of the reliance on consultant experts, both internal and international and the time and resource factors associated with these processes. This implies a pre-existing condition within the Local Municipalities in which skills, expertise and the knowledge required is lacking to carry out such functions. It may also imply that citizens’ views on the economy, environment or sustainable development are not informed by public debate and that local and political elites have become the ‘voice’ that advocate the agenda for and policies of, the area. This suggests an absence of genuine and open participation, accountable and empowered institutions in the study area and an ongoing challenge to establish legitimate representation with decision-making authority.

#### **7.3.1.6 Local responses: Assessment of critical issues identified by interviewees and documents relating to key development challenges and approaches**

The key local responses identified are not that surprising and a reflection of broader societal issues. In particular, unemployment and the socio-economic effects, the poor

skills base of the local population and increasing pressure brought on by migration on service and housing backlogs for the Local Municipalities and the lack of an independent financial base. The associated social problems such as a notable increase in substance abuse and rise in crime was also cited. The uncertainty in the macro policy environment, impact of insecure electricity supply, bulk service provision and slow economic growth were seen as major obstacles for the area.

The local economic development interventions for Local Municipalities was seen as removed from their jurisdictional control and lacking in strategic direction. Decisions on what kind of LED and for whom, has a legacy that has been difficult to shake and in which a menu approach on national projects is implemented, such as the National Department of Land Affairs agri-processing projects that are rolled out in local spaces. Pre-requisite criteria such as clean governance, a focus on service delivery, resource leveraging and shared development risks and targeted local competitiveness are largely absent. The Vuthela intervention is seen as an opportunity by all the government entities reporting in the latest IDPs, as an opportunity to be more strategic, but is viewed with some scepticism by other stakeholders given past experiences of failed government projects. An interesting observation reported by many of the interviewees was the perceived leadership shortfall across a number of sectors and its impact on local government effectiveness.

#### **7.4 Summary of findings**

Taken together, the insights from the interviews and document review of the current scenario in the iLembe District and associated Local Municipalities is a mixed bag. Firstly, whilst the local state, in this case the District, is empowered legislatively and is in the process of institution building, it is largely compliance driven, administratively bound, party politically driven and financially dependent on the national treasury. Secondly, there is evidence of uneven local economic voices, in which the dominant voice of monopolies and traditional business interests are asserted and those of emerging businesses and the informal sector are not sufficiently considered. This is ultimately a function of organisational strength. Thirdly,

stakeholder participation in local government is uneven and requires attention, where the weakest voices are missing, in particular rural women, children and the elderly. The fourth issue, is the unemployment and youth unemployment in particular, that requires urgent attention if the economic prospects are to be realised and not left to the planning documents of the iLembe District and Local Municipalities, of which there are many, to collect dust. The findings suggest that there is a leadership deficit and poor articulation of strategy in tackling the multiple development challenges in the region.

Evidence from the case study shows that there is potential for a place-based planning approach in which economic and social transformation can be effected. It requires locking in leadership, reskilling for a future place-based partnership which includes amendments to current planning frameworks for inclusive regional planning. The study demonstrates the suitability of place-based methodology for regional planning, albeit requiring changes to current governance practices for future strategic planning. The persistence in regional disparities and uneven development underscores the difficulties for promoting a place-based planning approach and does imply that areas will require special treatment by the state. The researcher argues that in order to work towards achieving sustainable regional transformation and well-being for the citizens that reside in the iLembe District, the current status quo, characterised by the disarticulation of the local state *and* represented in the four key findings outlined below, requires reorganisation.

#### **7.4.1 Finding 1**

The current institutional architecture of local government as a key site of organisation, practice and development that is closest to people, is not delivering on its development mandate and represents the main site of contradictions and a structural crisis of the local state. This is consistent with the research findings of detailed studies on local government in South Africa by Hart (2013), where post-apartheid contradictions are played out in local spaces, the Auditor General (2018) on the financial health of local government, Rogerson and Nel (2016) on the ineffective state of LED interventions in

many local spaces, lack of control over economic strategy, assessment of the duplicated plans and documents of the five entities and the Financial and Fiscal Commission (2019) findings on the dire conditions of local government revenue and financing. Institutional reform in the governance and administrative system are thus long overdue given the multiple studies and findings.

Whilst South Africa has a comprehensive approach to planning in cross cutting policy frameworks, the case study has shown that there is both vertical and horizontal public policy failure which is increasingly felt at the local level. This is partly due to duplication, capacity constraints, poorly resourced municipalities, a degree of co-dependency on national and provincial government, as well as external agents for technical support which leads to large scale disarticulation of the system and governance failure akin to market failures (Howlett 2009: 79). The progress that has been made in local government since 1994 in providing social amenities (schools, health, social welfare), infrastructure services (water, electricity, sewerage, waste removal) and meeting backlogs in housing, has been significant as reported in the IDPs of the entities. However, there is still much that has not been done, especially at an economic level, as indicated by the high unemployment levels and growing number of vulnerable and grant dependent citizens in the District.

The spatial restructuring of local government outside of the metropolitan areas that has occurred over the past 25 years has exposed the difficulty of overhauling the apartheid spatial planning legacy with its class, gender and racial overtones, including the ITB jurisdictional spaces. As shown in Chapter Six of the case study, the ownership of land and productive forces have by and large remained intact over the past 25 years, as has the vulnerability of the poor and increase in unemployment, evidenced by the growing number of the population dependent on social grants. However, whilst recognising that the process of restructuring takes place in complex ways and is shaped by local heterogeneous conditions including political, economic, cultural, ideological and social domains, these complex forces also vary over space and administratively bound places.

For example, small towns and economic sectors in the study area have been particularly vulnerable to these forces. The decline in mining and vulnerability of the agricultural sector and local businesses have been severely affected by ongoing capital restructuring, the persistent economic crisis since the 1980s and subsequent slow growth of the local economy. Local Municipalities have been increasingly susceptible and lack the financial and economic instruments to intervene. The sugar industry is a case in point, as is the unresolved question around land expropriation that prolongs the uncertainty for potential investors. Likewise, the former industrial decentralisation point Isithebe, continues to be vulnerable as central government indecision on how to treat these areas continues.

#### **7.4.2 Finding 2**

Opportunities for developing a strategic vision and regional identity, using a place-based territorial regional planning approach are constrained by a number of factors, however, opportunities to change this exist. The initial analysis of the institutional and operational aspects of the planning and related governmental system suggests gaps and challenges for place-based planning. These include:

- Local leadership deficits and poorly developed institutional capacity to facilitate and develop cross border planning, a degree of duplication in spatial planning and management related activities;
- Mechanisms for collaborative planning efforts are not effectively utilised to include a wide range of stakeholders around policies, organisations and actors, in particular the private sector and civil society;
- Lacking in a strategic approach in sustainable energy and resource use – in particular developing the comparative advantages of the region and having a long term view of investment in infrastructure, developing the appropriate skills, ideas and techniques to do more complex tasks;
- Bureaucratic resistance to adaptive learning in a rapidly changing environment in which the 4<sup>th</sup> industrial revolution will have impact down the line; and

- Contrasting status quo of Local Municipalities vs a district municipality, but in which common challenges of poverty, unemployment, in particular amongst the youth and a stagnant economy are evident.

### **7.4.3 Finding 3**

The opportunity for transformation and new capital formation for local business, the informal sector, represented as dualism, and new entrants around key sectors and developing new value chains in the local economy are present, but require a strategic approach that is supported by all role players in the local government and business space. The comparative advantage analysis in the examples, sugar and biofuel, IT and property development and opportunities for the informal sector detailed in Chapter Six, suggests significant opportunities for a bold strategic plan that could lead to greater regional integration, but is beset by jurisdictional scope (national vs local), local actors facing challenges of lengthy approval processes, technological readiness at local level, administrative and support services, availability of infrastructure and other services such as education and health care and funding risks. An untapped resource in the District is the growing number of skilled managers and business owners who reside in the upmarket residential estates in the District (Respondents 1 and 17) and they should be approached to participate and play a role in the local economy. This could potentially be a powerful resource in supporting the competitive development of the area.

The ability of the District and Local Municipalities to create an environment and the necessary conditions for local competitiveness for local firms to thrive, is also constrained by the complex context that the case study has highlighted. In particular around skills, the unresolved land issues, certainly around efficient delivery of services and infrastructure, quality of education to support productivity, quality of labour supply and employment, local innovation and research and development, where many of these are unevenly developed or established locally. Likewise, developing contextually appropriate competitive indicators in which developmental outcomes are tracked and assessed, as indicated in Chapter Six, Table 6.3 may be more relevant for

the specificities of place and shaping the development agenda of a regional economy undergoing transformation, rather than the indicators of competitiveness suggested by the World Economic Forum (World Economic Forum 2015a).

#### **7.4.4 Finding 4**

The current land arrangements across the commercial, private and communal land market must be reviewed if transformation, developing new forms of accumulation and buy-in for a growth and development trajectory of the local economy are to be achieved. The unresolved land reform and expropriation issues, as well as the traditional land arrangements do not provide the necessary certainty in which new forms of accumulation, investment and the well-being of citizens can thrive, especially in the rural areas of the District where social enterprise development has been insufficiently engaged with.

The recommendations of the *High Level Panel to Parliament* (2017) and *Presidential Advisory Panel on Land and Agriculture* (2019a) on land related issues also has reference, in particular on ways in which to turn the current land in traditional areas from subsistence livelihood into bankable and productive assets for individuals and families. Furthermore, the use and development of land is essential to support productivity. The dual governance arrangements between Local Municipalities and the ITB around revenue collection and service delivery are not sustainable.

In the planning and associated land management powers of local municipality, the potential of property rates, accrual of local taxes such as levies (on services) and charges (such as a tourism tax / business tax) as a sustainable revenue instrument, is still to be realised. The differences between rural based Local Municipalities in the context of former Homelands and others, has long been acknowledged as lacking capacity and potential revenue streams (Financial and Fiscal Commission 2013b) and a lack of formal planning processes such as development controls, a system of maintaining property records and the control of land allocation by traditional

authorities that falls outside of formal planning processes and challenges identified in implementing wall-to-wall schemes.

This research study confirms the recent review by the Financial and Fiscal Commission (2019: 40) on the *Repositioning of Local Government Public Finances*, in which the key reasons for challenges relating to revenue collection in Local Municipalities outlined, includes poor billing systems, lack of credit control, affordability and willingness to pay on the part of users and the role of traditional leadership and land allocations that are undocumented in Local Municipalities.

There was some mention by the planners interviewed, of new powers and legislation to support Local Municipalities to enact local regulations and at the time of the interviews, this was a work in progress. The Financial and Fiscal Commission Report (2019: 59) provides some direction for Local Municipalities and makes recommendations for supplementary revenue sources that include development charges, tourism levies, land value capture mechanisms and fire levies.

Arising out of these findings, the next section makes recommendations for institutional reform and introduces a place-based planning framework for district level planning. This is followed by a strategic regional planning proposal for the iLembe District and associated Local Municipalities.

## **7.5 Recommendation for a place-based model for district level regional planning**

### **7.5.1 Rationale**

The rationale for proposing structural reforms to the local government architecture is to secure active stakeholder participation, improve efficiencies (through rationalisation of functions and use of resources), develop cohesion and integration of the dualisms in the economy and the development of a viable institutional structure for regional collaboration with a focus on comparative and competitive advantages of the region.

Central to the structural reform objectives are the following:

1. The development of regional place-based leadership;
2. A new architecture for local government that is aimed at strengthening the core of Local Municipalities responsible for basic service delivery and project implementation; and
3. A move away from government talking to itself and towards a collaboration of stakeholders in developing an implementable and sustainable regional competitive agenda.

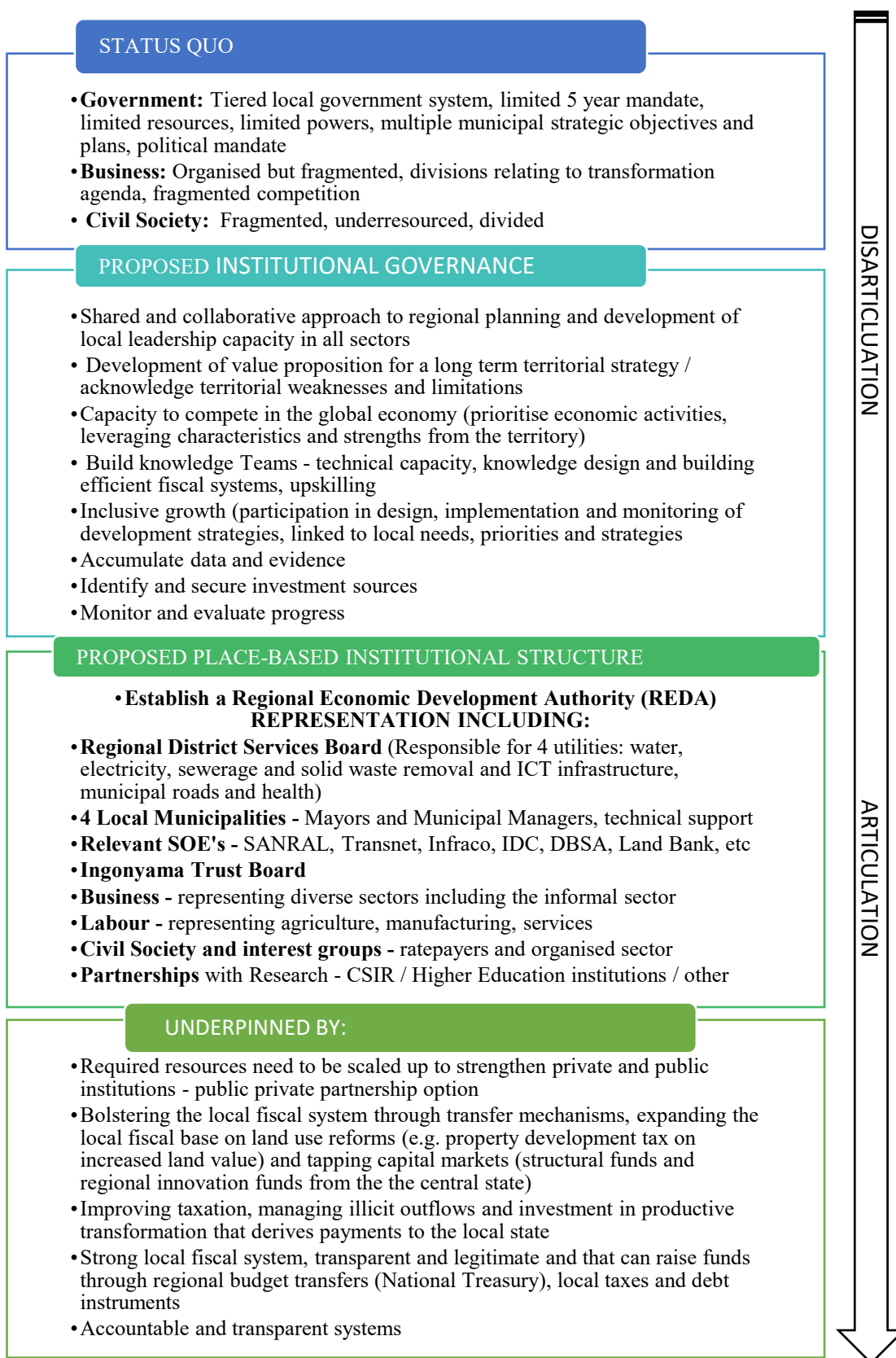
Whilst recognising that planning and administrative complexity is not unique to South Africa, opportunities for a place-based approach are clearly evident where the above analysis indicates a faltering local government system and where, for example, the potential benefits of a local industry (sugar production) facing challenges could be used as an opportunity to develop a win-win scenario with the potential to benefit numerous stakeholders. Prior studies in South Africa by Todes and Turok (2018), Lawrence and Rogerson (2018) and Rogerson and Nel (2016) on EDAs, have noted the importance of a place-based approach at local level. This study supports these findings and makes recommendations to amend and refocus the functions of district municipalities, introducing the concept of regional economic development agencies as the key institutional structure to drive strategic development and reinforcing an inclusive model for collaborative decision-making. The proposals are not intended to radically alter the local government system, as it is submitted that this would not be in the best interests of communities at this juncture. The pragmatic recommendations are made to assist in the articulation of effective local government into the future and empower local areas to engage in strategic planning to secure sustainable development outcomes.

The key recommendation of this study is to amend and refocus the current functions of the district municipal level system in South Africa, to introduce a (iLembe) Regional Economic Development Authority (iREDA) with widened scope to undertake effective place-based regional planning and to realign the utility functions and

responsibilities of the District. The purpose is to move away from the current rigidities and hierarchical structures of current government practices and move towards a more agile and adaptive system that can respond to challenges creatively and sanction the local leadership to achieve this. This proposal is in line with international practice such as in the EU, UK, Australia, South America and elsewhere (Barca, McCann and Rodríguez-Pose 2012; Rodríguez-Pose and Wilkie 2017; Lawrence and Rogerson 2018; Barca 2019), where place-based planning is practiced and the establishment of regional development agencies have been successfully implemented.

Figure 7.1 below proposes a model for institutional change and collaboration and a governance system in which the value proposition and territorial strategy for the region is developed, including building knowledge teams, strong coalitions, exploring funding mechanisms and setting up monitoring and evaluation systems at appropriate territorial scale. This is reinforced with criteria outlined in Table 7.2 below that could be used in a place-based model for the South African local government architecture.

**Figure 7.1: Proposed institutional change and collaboration model for place-based planning**



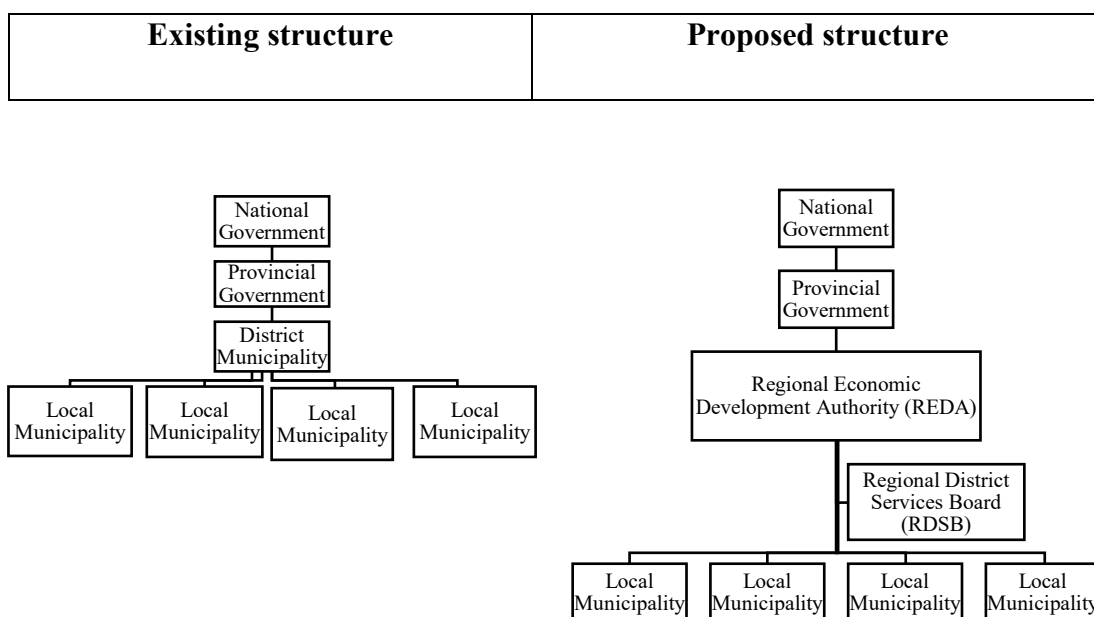
Source: Self-generated by researcher

As indicated in the study findings, the district level planning in economic development is ineffectual and the Enterprise iLembe model has failed to deliver on strategic development and the requisite leadership. It is proposed that the current district municipality be reorganised into two key areas of responsibility, where the political arm (mayor and councillors) is disbanded. The motivation for this recommendation is that the current value add of this structure has been questioned in terms of the resources consumed and value outcome (Auditor General South Africa 2018: 9) and the duplication of function in political structures at district and local municipal level. Whilst recognising that this may not be politically palatable, it will require careful negotiation and political leadership to achieve. Similarly, suggestions to reform the local government system and funding thereof are not new, as the crisis in local government deepens (South Africa 2009; Financial and Fiscal Commission 2012, 2013a; Auditor General South Africa 2018; Financial and Fiscal Commission 2019).

This proposal does suggest cost saving to the fiscus, addresses the duplication of functions and plans between Districts and Local Municipalities and suggests the redirection of funds into the REDA. This proposal will also require that the powers and functions of the district municipality as delineated in the Local Government Structures Act of 1998 and Municipal Systems Act of 2000 be amended.<sup>xxxiii</sup> The funding and resourcing of the proposed REDA would require scaling up, along with the strengthening of public and private institutions as indicated in Figure 7.1 and closer cooperation with SOEs such as SANRAL, Transnet, Broadband Infraco, IDC, DBSA, National Youth Development Agency and others. These are key institutions with whom the REDA will have to develop ongoing relationships, especially for the funding of infrastructure and opportunities at a local scale.

The proposed new local government structure would affect Category C municipalities as per the Municipal Systems Act and the proposed amended functions and responsibilities are shown in Figure 7. 2 below.

**Figure 7.2: Schematic of existing and proposed local government institutional structures with amended functions and responsibilities**



### Proposed Amended Functions and Responsibilities

Level	Institutional Structure	Responsibilities
District / Regional	Regional Economic Development Agency (REDA)	Value proposition and territorial strategy is developed, including building knowledge teams, strong coalitions, exploring funding mechanisms and setting up monitoring and evaluation systems in a collaborative institutional arrangement. Responsible for all relevant regional planning activities outlined in the SPLUMA Enterprise iLembe collapses into this Authority
	Regional District Services Board	Amended District Municipal Functions: To effectively deliver four utilities: Bulk water, electricity, sewerage and solid waste removal and IT infrastructure, including municipal roads and health facilities as set out in the power and functions in Chapter Five of the Local Government Structures Act
Local Municipalities	KwaDukuza / Mandeni / Ndwedwe / Maphumulo Local Municipalities	Local government functions and responsibilities as per Section 229 of the Constitution (outlined in Table 5.2), Local Government: Municipal Systems Act, No 32 of 2000 outlined in Chapter Three and the provisions in the SPLUMA.

Source: Self-generated by researcher

#### **7.5.1.1 Regional Economic Development Authority (REDA)**

In line with the rational outlined above, the first institutional change proposed is the establishment of the Regional Economic Development Authority (REDA) with the intention of developing a regional place-based leadership, that is aimed at strengthening the core of Local Municipalities responsible for basic service delivery and project implementation. It is also aimed towards a collaboration of stakeholders in developing an implementable regional competitive agenda, with the responsibility of strategic development and decision-making, implementation instruments and appropriate financial resources backing. The proposal does not suggest autonomy from the legislated reporting lines and government structures, but rather the empowerment of the REDA for decision-making and implementation responsibilities. For example, the case study has demonstrated the long standing crisis that the local economy has faced in the sugar industry and the ongoing problems in the Ithala run industrial estate, both dependent on a national ministry that has failed to intervene and in which the current economic agency has been powerless to resolve.

In Figure 7.1 the institutional governance, structure and functions of the REDA are supported by inclusive practices that build capacity and buy-in for the development vision for the region. Representation on the REDA should include: the RDSB, the four Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Mandeni represented by political heads (mayors) and municipal managers, the Ingonyama Trust Board, business, including the informal sector, labour across the economic sectors in the region, civil society and organised interest groups and partnerships with schools, research and higher education institutions, both public and private.

The governance responsibilities include a shared and collaborative approach to regional planning and development of local leadership capacity in all sectors and development of a long term territorial strategy as outlined in Table 7.2 below. The upskilling and building of knowledge teams – technical capacity, knowledge design and building efficient fiscal systems, co-operation and a climate of trust – is a fundamental requirement for the REDA to work.

**Table 7.2 Proposed criteria for strategic regional place-based planning**

<b>Assessment of local conditions</b>	<ul style="list-style-type: none"> <li>- Robust understanding of how the local economy operates – what are the unique aspects of the locality, how can this be strengthened for comparative advantage. Identifying the challenges reshaping locational patterns of production, efficiency, innovation, technology, AI and finance, strategies that boost the competitiveness of local firms and market development in targeted areas.</li> <li>- Assessment of underutilised potential for enhancing regional competitiveness, reduce persistent inefficiency and inequality / focus on growth and jobs.</li> <li>- Use / develop quality data for better informed policy making, GIS, StatsSA, Business data, household surveys</li> <li>- What financial, technical and other resource can the strategy draw on?</li> <li>- What are the endogenous assets that can be used to mobilise and attract investment? What are the strategies to target inward investment?</li> <li>- What are the strategies to improve local human resources skills of local population?</li> <li>- What are the local strengths, viable economic activities, growth opportunities?</li> <li>- What are the weaknesses and threats (technical and institutional)? What are the bottlenecks to infrastructure development – what can be done about it?</li> <li>- Interactions between institutions and consideration of the wider regional context – what needs to be strengthened, how will this be done, who will do it? Who should be driving development?</li> </ul>
<b>Local stakeholder participation and engagement</b>	<ul style="list-style-type: none"> <li>- An important point of departure is that the knowledge needed for exploiting growth potential of a place must be produced through purposeful collaboration involving local and external actors.</li> <li>- Purpose is to empower local economic actors and individuals and build social capital.</li> <li>- Provides insights into local capabilities and resources.</li> <li>- Encourages articulation of views, concerns, issues that creates the base of knowledge that informs the design of territorial specific economic development approach.</li> <li>- Importance of developing consensus, trust, resolve conflicts, mobilise resources, agreement on the provision of public goods – leads to buy in and payment for goods and services (avoid free rider problem).</li> <li>- Participants include representatives of different communities, levels of government, organised business, informal sector, organised community representatives, trade unions, amongst other identified agents</li> </ul>
<b>Delineation of aims, priorities and objectives</b>	<ul style="list-style-type: none"> <li>- Serves to unify and align priorities and actions and informs the establishment of priorities and objectives that are specific</li> <li>- Corresponds to strengths, opportunities, constraints and limitations linked to the priorities of stakeholders.</li> <li>- Informs policies and initiatives.</li> </ul>
<b>Selection of policies, projects and initiatives to develop a</b>	<ul style="list-style-type: none"> <li>- Should inform territorial economic development approach leading to integrated place-based development that identifies general and specific strategies (Reasoning for and what will be done).</li> <li>- Vertical priorities (exogenous factors – climate change, capital mobility, migration), economic and technology factors; Horizontal priorities and capabilities of a region.</li> </ul>

<b>long-term territorial strategy with the right policy mix and instruments</b>	<ul style="list-style-type: none"> <li>- Place-based interventions should include integrated policies that co-ordinate infrastructure provision, amenities, facilities and services, business development and promotion of innovation.</li> <li>- Should be long term development strategy where endogenous growth and strategies derived from contextual specificity with investment and other asset backed vehicles.</li> <li>- Should have a growth pre-disposition that favours investment over subsidies</li> </ul>
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Source: Self-generated by researcher using various source documents

The benefits of participatory practices and inclusion of stakeholders is well known in the development and place-based literature, following Arnstein's (1969) typology. It is a significant component of South African policy pronouncements albeit currently seen as misapplied in token consultative practices and compliance driven legislative requirements. The benefit that each of the stakeholders identified brings has the potential to empower, strengthen and endorse decision-making that is transparent and legitimate. Trade unions for example bring in large scale organisational and economic relationships through international and national confederations and networks, whilst civil society brings in a depth of understanding and appreciation of local places, concerns and opportunities that help shape the development discourses. The inclusion of government, business and the informal sector, provides opportunity for partnerships that reinforce the socio-economic development strategy and a regional economic agenda that addresses equally the integration of the dualism in the economy through the allocation of equitable resources and dedicated capacity.

- **Regional District Services Board (RDSB)**

The second institutional restructuring element is to refocus the existing district municipality and establish a Regional District Services Board (RDSB) responsible for the effective delivery of four utilities: bulk water supply, electricity, sewerage and solid waste removal, IT infrastructure and municipal roads and health services, along with the associated administrative, technical and planning functions. The motivation for this structure is that in the local economy a key concern of potential investors both local and international, has been the lack of certainty around bulk infrastructure provision. By empowering a dedicated authority to ensure and secure such services would provide the necessary certainty for potential investors and enable a systematic approach to tackle service backlogs and shortfalls in services for communities. Infrastructure provision in both the formal and informal economies should become the drivers of service delivery. New innovative approaches using e-governance platforms and technology must be developed with stakeholders to ensure payment for services and to enhance sustainability as recommended by the Financial and Fiscal Commission (2019), as well as the recommendations made below on social enterprise development.

Having laid out the proposed institutional reforms for place-based planning, the following section proposes a place-based economic strategy that could be considered. This is not a prescription for the District, but rather a set of strategic proposals to contribute to the development dialogue.

### **7.5.2 Strategic proposals for a place-based economic strategy**

The District's spatial location, proximity to the airport and capacity to compete in the global economy, provides a significant opportunity with the signing of the first African Union (2018) African Continental Free Trade Agreement with 44 of the 55 member states and the opening up of the African market space. A conundrum for most local authorities faced with similar development challenges as identified in the case study, are the mechanisms to attract investment, provide the necessary infrastructure and connectivity to attract firms and investment and improve the standard of living and well-being of the population it serves. The proposal for the District is based on five key pillars: locational advantage strategies and development of transport and ICT infrastructure; an industrial strategy that supports the establishment of a Special Economic Zone from Isithebe to Compensation Flats; support for existing and new emerging opportunities in agriculture, supported in the SEZ strategy; tourism; and strategies to tackle the dire underdeveloped rural areas through the social economy and enterprise development. This is followed by a schematic proposal for a regional strategic economic strategy outlined in Figure 7.3.

#### **7.5.2.1 Locational advantage and key strategic infrastructure**

The key physical infrastructure proposal is to establish a railway link between the two ports of Richards Bay and Durban Port via the Richards Bay IDZ, Isithebe Industrial Park, Compensation Flats and DTP. This would open up the logistics highway often spoken about and that would activate the economy and provide locational choice for businesses to support improved performance, productivity, the right pricing and costs, improving the labour market environment and supply thereof.

The second key infrastructure proposal is to develop IT Technology connectivity with four strategic points of presence (POPS) at Isithebe, Stanger, Ballito and Compensation Flats. This will allow users to connect to the Internet and service providers and to fast broadband speeds equivalent to 1 Gig and international standards ([www.webopedia.com](http://www.webopedia.com)). Points of presence are house servers, routers, network switches, multiplexes and other network interfaces located in a data centre. The purpose is to facilitate business and informal sector connectivity, interfacing with smart technologies and business applications to improve the business and domestic environment, as well as improve and integrate government services.

#### **7.5.2.2 Industrial strategy initiated by the REDA**

In the absence of other accessible spatial and industrial incentive instruments from central government, the proposal suggests using the existing mechanisms and legislation of the Special Economic Zone (SEZ) in declaring an SEZ in the study area, using public private partnerships and other financing vehicles, to support the reindustrialisation efforts of the state and to engage with the new driver of Industry 4.1. It is acknowledged that the critiques of SEZ (some of which were former IDZs) are pertinent in relation to poor return on government investment in the current designated eight SEZs in South Africa and it could be argued that the management and instruments used, as well as the recent economic climate, have not been conducive for success. In the case study for example, the current Isithebe Industrial Park houses close on 220 firms and supports some 22 000 jobs (BizCommunity 2016). It is considered to be a strategically important concentration of industrial manufacturers in the region. The businesses at the Park have been under significant pressure and the area is ripe for revitalisation. It is proposed that an SEZ designation that covers the area from Isithebe to Compensation Flats is established in order to access the available financial incentives and instruments for investment, as well as provide investor certainty.

In Isithebe, in addition to providing support to the existing industries through incentives for revitalisation, the focus of this EPZ should be on labour absorbing strategies to support industrial manufacturing and in line with the recommendations

on the comparative advantage study of sugar in Chapter Six, the development of ethanol and biofuel plant capability and the commercialisation and associated development of down and up-stream industries as indicated in Table 6.13 in Chapter Six. The latent opportunities of the circular economy, waste beneficiation and associated technologies could be enhanced to support and subsidise the training of engineering graduates for the development of the domestic economy and help diversify linkages across the region. Opportunities to include the informal sector and development of social capital assets in industrial and economic development planning and leveraging additional funding and resources would have a positive impact in the surrounding communities and local economy. Currently, the land in Isithebe is owned by the KZN Provincial government and managed through the Ithala Development Finance Corporation, providing both leased and privately owned industrial property, where servicing costs are considered to be competitive.

In Compensation Flats, it is proposed that the state provide investment opportunities to the private sector for privately owned land and diversified offerings to Isithebe, through a public private partnership arrangement with the current landowner, Tongaat Hulett. As previously mentioned, Compensation Flats represents a particularly strategic locational and physical landscape opportunity in that it is the last remaining largest segment of flat land in the Province that could be utilised for industrial development. The proposed investments should be focused on IT communication linked to airport related activities, smart technologies and innovation, with the establishment of a Research and Development Campus, with linkages to business and local and international universities for biotechnology, developing the potential for a macadamia research institute and associated activities (soil, quality of nuts, climate change, varieties, value chain development, etc.), not dissimilar to the South African Sugar Research Institute and as suggested in the strategies for agriculture outlined below.

### **7.5.2.3 Agriculture: Biofuels, macadamias and hemp**

The purpose is to support existing and new emerging opportunities, especially in the context of land reform and emerging small scale Black farmers who have become the new sugar frontier at a time when the sugar industry is in crisis, as well as to support new commercial ventures. In the sugar industry, the securing of an agreement for a biofuel regime as outlined in Chapter Six would facilitate biofuel production and development of a down and upstream value chain. It is proposed that the repurposing of the current mills be undertaken with the DTI through the reindustrialisation programme and the establishment of new processing facilities be located in Isithebe, along with value chain development in agro-processing and milling with biofuels. This would require initiating engineering research and development and collaboration with local and international universities and research institutes.

The growth of macadamia plantations is the fastest growing agricultural sector in the region and largely a response to the crisis in the sugar industry. South Africa is currently the largest producer of macadamia nuts producing some 55 000 tonnes of the 220 000 tonnes supplied worldwide and land under macadamia production is expected to double between 2019 and 2022 as sugar diversifies to cash crops and global demand for nuts increase (The Macadamia 2019). The industry is well organised under the South African Macadamia Growers Association (SAMAC), has six marketing arms and research and development with the University of Pretoria, Forestry And Agricultural Biotechnology Institute funded by SAMAC, the National Research Foundation in the macadamia protection programme in which integrated pest management systems are researched. Currently, macadamia farmers are applying smart technologies for precision farming such as drones, computer programmes, conducting weekly scouting of diseases and pests for control purposes, interfacing with field workers via apps and on-site visits and establishing trends using cell-phone apps that provides a supportive platform for business. Given the massive growth in this crop in KZN, there is a definite need to establish R&D in a variety of areas such as soil testing and sustainable and integrated pest and disease control. Some 80% of

macadamias produced are consumed as nuts and the potential to develop the value chain is untapped.

The potential for hemp production by small scale and commercial farmers, particularly in Mandeni, Maphumulo and Ndwedwe and development of the industry in upstream and downstream supply chains, has latent and untapped potential, yet to be fully developed in South Africa that would be beneficial to the regional economy. Hemp should be considered as a local content product into industrial application as per the DTI IPAP policy, where fibre, oil and hemp seed quality should be IOS benchmarked. The potential market for input material provides an opportunity for cash crop production where the turnaround time from seedling to factory gate is six months and has the potential to provide much needed cash relief to small scale farmers. Potential local markets for scaled up production include Unilever's powdered hemp line, local artisanal beer processing and other products, as well as car assembly plants such as Toyota for hemp fabrics in the automotive sector. The DTI industrialisation strategy (South Africa 2017c) requires local content and minimum thresholds of local production of locally made goods, including the value added to products, transfer knowledge and technical skills which is relevant to this potential market. Furthermore, this sector could benefit from the existing R27 billion annual subsidy into the motor industry (Ritchie 2019).

#### **7.5.2.4 Tourism strategy**

The tourism potential of the iLembe District and Local Municipalities are still untapped, such as resort tourism, both international and domestic charters and across income levels, with the objective of growing the current seasonal offerings into all year ones. The current choices could be expanded to include mid-price offerings and require an international game changer, particularly with global eco-brands such as Club Med. Interestingly in the current economic downturn, this has been the only brand that has survived the global economic recession because of the market offerings, branding and pricing. The existing golf courses in the District could be packaged for professional globally televised golf tournaments backed by sponsors in which the benefits to the

local hotel and hospitality sector, will have local economic impact. Similarly, developing the blue economy, through sustainable practices such as marine and coastal tourism, fishing, surfing, fish, oyster, mussel farming, dolphin and whale watching, diving, snorkelling and education and training, can be further developed.

The archaeological importance of Sibudu Caves in Ndwedwe has so far received insufficient attention given its cultural, historical and scientific significance as a Middle Stone age site dating back some 70 000 years. The 2015 submission by government to the UNESCO and supporting the proclamation of the area as a World Heritage Site needs to be championed. Expanding the current links with the Universities of Witwatersrand and UKZN and international archaeologists based in universities and research units, would support research and skills development and the presence of higher education institutions in the area. The artefacts being collected are currently being stored at UKZN (personal communication with archaeologist on site visit to the caves in 2018) and could potentially be a tourism product linked to a living museum and World Heritage Site and open up funding and investment opportunities.

#### **7.5.2.5 The social economy**

The REDA should focus on the distressed and underdeveloped areas of the District in Mandeni, Maphumulo and Ndwedwe through stimulating social enterprises that focuses on improving the local business environment, local accumulation strategies and wealth creation, stimulating and containing the local circulation of money to prevent leakage into the value chains of global retailers. The strategy should include stimulation for local demand of products and services that could lead to the reduction in inequality and improved wellbeing of communities through innovation, appropriate technologies, ICT and mobile technologies and apps that are applied horizontally to connect and transform systems of informal exchange into sustainable and efficient collaborative systems.

Examples to support the social economy include: renewable energy systems such as off grid micro grids, support of prosumers and local households, the sharing of peer-

to-peer and open sources, crowd funding initiatives and connecting through mobile technologies to exchange goods produced and sold in local markets. Another is the stimulation of the circular economy and sustainable reuse, restoring and recycling of products in small business in localised economies using artisanal and manufacturing skills. The intention is to find ways of circulating the flow of money in a local area multiple times through the purchasing of goods and services locally produced in the informal economy and small businesses. The purpose is to improve local business activity and “*transform informal exchange into an efficient driver of wellbeing and prosperity*” (Fioramonti 2017: 99). Using the example of local community currencies in the Fostering Local Wellbeing (FLOW) project, Figure 7.3 illustrates the concept.

**Figure 7.3: Community currency flow**

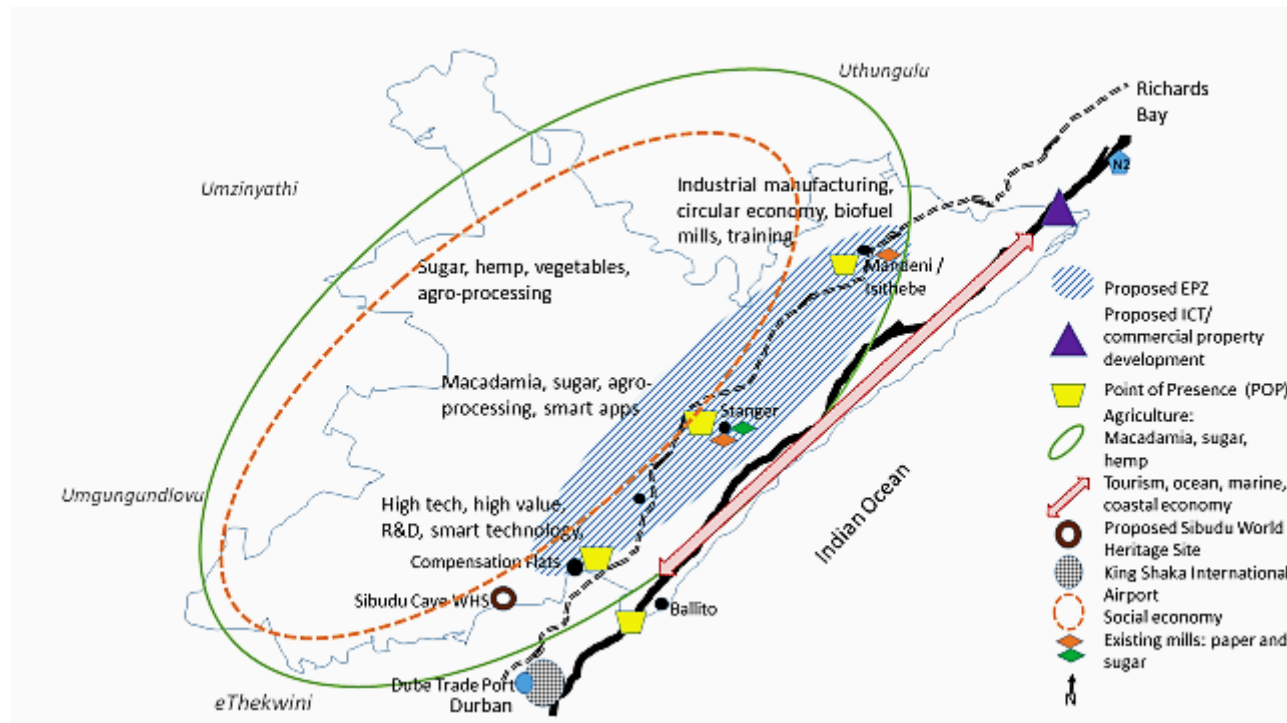


Source: Adapted by researcher from FLOW project <http://www.flowafrica.org> and Fioramonti (2017).

Opportunities also exist for the stimulation of social enterprises associated with government services in the circular economy. In particular with the opportunities in waste management and services to Local Municipalities in local areas, that could be a stimulus for skills, business development and more efficient service delivery that improves local business activity and the environment.

The schematic proposal for the above strategies is outlined in Figure 7.3. below.

**Figure 7.3 Schematic proposal for iLembe District strategic economic strategy**



1. Locational advantage and key strategic Infrastructure: Rail connectivity Points of Presence / increased broadband speed ICT and property development	2. Industrial strategy – 2 IDZ's Isithebe: (labour absorbing/ industrial manufacturing, ethanol and biofuel plant, circular economy, waste beneficiation and technology and training/ informal sector Compensation Flats: (ITC linked to airport related activities, R&D Campus, local / international collaboration/ biotechnology/tissue culture/ macadamia research institute /	3. Agriculture Commercial and small scale Diversification of products – sugar, macadamia, hemp Agri-processing Smart technologies and apps Informal sector	4. Tourism Resort tourism for international and domestic market / charters / 365 destination / mixed offerings / links golf course Blue economy oceans/marine/coastal Proposed World Heritage archaeological site	5. Social economy With a focus on distressed and underdeveloped areas of the District through stimulating social enterprises that focuses on improving the local business environment, local accumulation strategies and wealth creation for sustainable outcomes
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Source: Self-generated by researcher

## 7.6 Conclusion

This research has argued that regional planning and development is the least developed of all the planning instruments as allocated to provinces in terms of Schedule 5 of the Constitution. It has been substituted with newly demarcated political and administrative boundaries defined by the Local Government Municipal Government Demarcation Act of 1998, the Municipal Structures Act of 1998, the Local Government Municipal Systems Act of 2000 and the SPLUMA, that define a region in relation to a regional spatial development framework and suggest that regions may be viewed as more functional and relational than administratively bound. However, as the study has shown, the planning practice and planning framework required of district and local municipalities suggests that this may be interpreted differently depending on factors such as capacity and functioning provincial and district administrative IGRFA structures, amongst others. Clarity relating to the concurrent functions of 'regional planning and development' and 'urban and rural development' is still moot and the role of provincial planning in relation to regional planning still requires clarity.

The chapter began with an analysis of the current crisis in the state in its current form in relation to the developmental state model in South Africa, where it was argued that policy deployment has been ineffectual in addressing unemployment and growing inequalities and the widespread corruption and alleged state capture that is currently being investigated. Using Gramsci's concept of interregnum through Stahl's (2019: 11-12) interpretation to describe periods of crisis under capitalist social relations, four main elements were used to analyse the current crises and impact on South Africa. To reiterate, they are: the absence of a stable consensus amongst the main class interests in society; the presence of competing economic strategies and competing projects backed by powerful interests; institutional continuity but decreased effectiveness of key institutions; and the realignment of social and political forces, highlighted in the struggles of building democratic institutions for a new society.

The lack of implementation of regional development in the iLembe District and associated Local Municipalities was found to be a result of a combination of complex factors, which the study explored through a synthetic analysis of empirical data and evidence. The data analysis was divided into six key themes concerned with the research questions relating to regional planning, vertical and horizontal national policy influence, local capabilities, comparative advantage, governance arrangements and critical development challenges for the District and the Local Municipalities. The findings indicated disarticulation of institutions and processes, but that potential for articulation and sustainable regional transformation in governance and institutional reform is required to achieve scalable and sustainable development outcomes.

This chapter has looked at the main objective of this research, namely, to develop a place-based planning framework and empirical techniques for the local state and stakeholders in which resources, competencies and capabilities are utilised optimally and that supports and improves the resilience, quality of life and well-being of the people living in that area. The analysis also addressed the sub research question of *how* regional planning and governance can be improved and has suggested reform to the local government architecture at district level and an inclusive governance framework at district level.

The final section investigated the key constituent elements of place-based planning and argued how this could be used in the case of the iLembe District and associated local municipalities to restructure and strengthen the local economy. The framework proposed pragmatic reforms to the district level in demarcating clear functions to services through a services board and argued for an empowered regional economic development agency. The final section of the chapter proposed an empirical and spatially informed strategic regional plan for the study area that could be used to activate and contribute to discussions on strategic planning in the district.

A fundamental premise of place-based planning is that all areas have potential to develop their economic potential comparative advantage in a sustainable way. Given the deep spatial inequalities and the unevenness of local government capacity in the

study area, the submission by Todes and Turok (2018: 27) on support in areas that are weakest, is pertinent.

*“Special efforts may be required to build and maintain robust and accountable local and regional governments, with oversight and support from central government. This is necessary to make complex judgements about priorities, encourage experimentation and form partnerships with other organisations and actors”.*

As Chapter Five has shown, South Africa has also undergone significant experimentation with spatial planning models and policy frameworks that have had uneven success. The proposals presented in this research may not be applicable to all districts in South Africa, which suggests that flexibility in the governance arrangement is required to support the overarching principle of place-based planning: that people and their material relationship to what happens in places, matter.

The final chapter addresses the objectives of the study with regards to the assessment of regional planning post 1994. It also highlights the limitations and areas for further research, as well as the challenges inherent in planning. The study ends with recommendations and a conclusion.

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<sup>xxx</sup> For example, in the planning of the aerotropolis concept encompassing the KSIA and DTP precinct led by the Provincial Department of Economic Development Environmental Affairs and Tourism where the reach of the project crosses jurisdictional boundaries that include the Province, the eThekweni metro and the KwaDukuza and Ndwedwe Local Municipalities and the land holdings owned by Tongaat Hulett, has resulted in a common approach and view of how to manage future developments for the areas.

<sup>xxxi</sup> For example the Techno Park partnership initiative between the German government, Province and iLembe that could not resolve the location of the proposed Techno Park between the jurisdictional boundaries of eThekweni and KwaDukuza, resulting in the international investor moving on.

<sup>xxxii</sup> The Isithebe Business Cluster is an initiative of the local Isithebe business community that established this entity in consultation with the DTI for the purpose of revitalising the Park, which has since 1994 seen a steady decline in investment and park management. The Park is important because of the industrial output and employment it provides in the region – some 21 000 jobs (iLembe Chamber).

<sup>xxxiii</sup> As this is a proposal, the detailed amendments have not been included in this study. However the proposed realignment of functions would require significant amendments in disbanding the political arm of districts and introducing the proposed REDA and realigning the functions of the proposed Regional Services Authority.

## **CHAPTER EIGHT**

### **Recommendations and Conclusion**

#### **8.1 Introduction**

This study set out to investigate regional planning in the post 1994 period through an in-depth study of the iLembe District Municipality and associated Local Municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, also known as District DC 29, as mandated by the Constitution of the Republic of South Africa. The purpose was to investigate how a regional planning framework could be used by the local state to support spatial planning in South Africa in meeting the challenges of economic justice in reaching competitiveness, economic growth and development, in the face of poverty, unemployment and widening inequality in society. In doing so, the international discourses and current practices were referred to and in particular, the prevalence of the concept of place-based territorial development as a tool for deriving the competitiveness of regions and its appropriateness in the South African context was analysed. The purpose was to understand what successful economic growth and development may mean for stakeholders in iLembe District Municipality and associated Local Municipalities, to interpret this in the context of current regional theory and to support the development of a framework for regional planning.

Using a place-based lens, the lack of implementation of regional development in the iLembe District and associated Local Municipalities suggests that this is a result of a combination of factors which the study explored through a synthetic analysis of empirical evidence. Various components relating to the architecture of local government and the socio-economic context were identified, through which a new understanding of the problem was arrived at. The analysis of the complex forces that shape regions and their governance through exploring the interconnecting parts and how they relate to each other, has resulted in suggestions of how place-based planning could improve the regional outlook for the study area.

The thesis has argued that 25 years into democracy, the current planning architecture is compliance driven, has failed in many areas of the local government mandate and is struggling to engage with the socio-economic realities of competitiveness and emerging new capital formations. The chapters explored the historical comparative and competitive advantage of the economy in South Africa, in the context of the continued reliance on the Minerals Energy Complex and tested the current practices of regional planning in the post 1994 period. The researcher has argued that in recent years there has been an absence of focus in regional planning in South Africa and that the current planning instruments could be enhanced through the inclusion of place-based regional planning as mandated by the Constitution. Furthermore, stubborn legacies persist, especially in settlement patterns, inequality and the prevailing poor socio-economic conditions of the majority of citizens.

## **8.2 Objectives of the study: The assessment of regional territorial planning in South Africa post 1994**

### **8.2.1 Restructuring: Policy and regional planning and development**

The history of South Africa's economic development was considered in terms of external and internal influences. The researcher argued that the structural weaknesses of the economy and adoption of neoliberal macro-economic policies has continued to support the concentration of economic activity in finance, mining and minerals processing, commercial agriculture and support for the automotive cluster mainly concentrating in assembly and components. The broader impact has been the deindustrialisation of the economy and some difficulties by capital and government to adapt and diversify into the new economy. The unacceptably high unemployment figures of 26 out of every 100 South African eligible to work not being gainfully employed and low skills base on the one hand, contrasted with wealth, opportunity and high lifestyle, are the extremes of South African life. Strategies by both the state, to restructure ownership through BEE and capital's response have not resulted in the intended outcomes of addressing the structural weaknesses in the economy. Capital has restructured and internationalised their operations further, as in the case of Tongaat

Hulett in the study area for example and government's response has been to provide social welfare and a suite of subsidised basic services. In combination, this has perpetuated inadequate levels of accumulation in the economy considered necessary for growth and development.

The planning architecture and economic policies developed in South Africa from the 20<sup>th</sup> Century and into the 21<sup>st</sup>, were discussed in Chapter Four and Five. The later chapter outlined the complex context of government restructuring in a democratic setting, in which spatial planning is located. To sum up, the multiple policy frameworks and governmental processes that followed includes the brief encounter with the Reconstruction and Development Programme in 1994, replaced by the unilateral implementation of the GEAR in 1996 and the infrastructure led ASGISA in 2006. By 2002, the articulation of the democratic developmental state lacked implementation direction and an industrial policy that could invoke confidence for investors and agency on the part of state actors and established instead, a developmental welfarism that increased state expenditure on a grant system for the poor and unemployed across South Africa.

Whilst this has alleviated the dire socio-economic conditions of millions of South Africans, this is a far cry from the intended structural transformation agenda of pre-1994 led by social movements and the current class compromise ushered in with neoliberalism. The 2010 New Growth Path reiterated existing targeted government spending and adoption of the 2012 National Development Plan is described by Freund (2019: 220) as *"just a rather indigestible wish list of considerable length"* and the emerging NSDP as an overarching national spatial plan, has not yet been adopted. Similarly the newly elected Ramaphosa administration (2019) has launched a number of initiatives that include the "new dawn" economic stimulus plan and R400 billion Infrastructure Fund (Cronje 2018) and the most recent launch of Khawuleza (meaning to speed up) to fast track service delivery and economic development in local government (Mkhabela 2019) and has yet to be tested. The adoption of neoliberal macro-economic policies to date have contradicted the much-touted developmental state discourses in South Africa.

### **8.2.2 Assessment of regional planning in South Africa and case study findings**

The genesis of policy development in South Africa post 1994 was outlined, in which it was argued that regional planning has been the least developed planning instrument to date. The restructuring of local government and spatial planning policies of the democratic government aims to bring socio-economic development to people and places and break the structural legacies of apartheid spatial planning. However, in the process, government has not adopted regional economic planning and interventions required to address the structural weaknesses in the economy. The current SDFs can be considered as guiding frameworks to assist the tiers of government in decision-making about land use management and development (Laubscher *et al.* 2016: 117). But as has been argued, SDFs cannot be interpreted to be regional planning in its current form, as they lack authority and implementation mechanisms.

At a substantial level, Chapter Six examined the multiple policies, plans and strategies deployed in the case of the iLembe District and associated Local Municipalities. The chapter also demonstrated the complex social relations – explained by the stark contrasts and realities of the lived experiences for the residents of the District – of extreme wealth on the one hand and grant dependency and reliance on government services on the other; where inequalities have deepened and widened since democracy, but where absolute poverty levels have declined as a result of the social welfare interventions and suite of subsidies. This has marginally supported the livelihood strategies of the poor, yet reproduces underdevelopment and has been ineffectual in achieving sustainable development outcomes within the political economy of South Africa.

The socio-economic conditions of dire poverty and unemployment found in the largely rural areas, with both concentrated and scattered settlement patterns in Ndwedwe and Maphumulo Local Municipalities, have resulted in increasing urbanisation pressures on the eThekweni Metropolitan and Ndwedwe boundaries and secondary towns such as Stanger, Mandeni, Groutville, Shakaskraal and Shaka's Head. As the unemployed in particular, search for livelihood opportunities, the urbanisation trend in the country

is reinforced with its anticipated challenges (Harrison and Todes 2015b: 50; Todes 2017: 134; Turok and Visagie 2018). However, the ability of local authorities to manage this growing population inflow is compromised by increasing demand for housing, education and infrastructure. This perpetuates the infrastructure backlogs and resulting growth in informality, in which systemic failure of the formal planning system and service delivery is evident.

The new patterns of development since 1994 can be summarised as varying in the tensions that have emerged in the study area. On the one hand development has been largely dependent on the influence exerted by Tongaat Hulett as the major land owner in sugar and mill related activity and as a land developer and investor. Tongaat Hulett have released considerable land from its portfolio for high end coastal residential development, with little consideration of the low-income housing market. Along with other private sector developers, Tongaat Hulett has been able to exert considerable influence on the Local Municipalities of KwaDukuza and Mandeni, who themselves as newly formed Local Municipalities, have been largely unprepared for this growth with resultant bulk infrastructure challenges. On the other hand, there is a growing call by the local population, intent on socio-economic transformation and stake in the promised equitable development outcomes by the current ruling party, but in which sporadic and violent service delivery protests have occurred as a result of lack of such delivery.

The larger global influences on local economic activities exert further pressure as evidenced by the collapse of the sugar price and Tongaat Hulett's spectacular fall in share price in 2019 due to alleged nefarious firm activities and overstated value of land development projects (Businesslive 2019), investor uncertainty, low demand for industrial goods affecting business activity in Isithebe, with growing impact and effect on local employment. Tongaat Hulett for example is reportedly shedding some 5 000 jobs in the near future (Natal Mercury 2019) and has a debt of some R18 billion accrued through investments in capital projects in Mozambique, as well as facing cash flow issues in Zimbabwe in the context of economic collapse. As a Southern African company, they are therefore not tied to the export price of sugar alone, thus exposing

the risk of South Africa's continued dependency on export commodity markets. Similarly, South Africa has a domestic demand for approximately 1, 4 million tonnes of sugar, but since the start of the Southern African Customs Union, Common Market for Eastern and Southern Africa and African Free Trade agreement, Swaziland (recently renamed eSwatini), grown sugar has flooded into the South African market to some additional 1 million tonnes of surplus sugar (South Africa 2019b) further exacerbated the crisis in the sugar industry and the local economy of iLembe in particular.

### **8.2.3 Proposals to support economic growth and development, competitiveness and assist in national policy deployment at local level**

The analysis of the existing economic context and relational impact does represent the continuation of the old economy struggling to adapt to the drivers of the 4th Industrial Revolution and associated pressures such as an agile and adaptive state, being able to attract appropriate skills, to provide support for innovation, R&D development and reliable services such as energy, amongst others, that would signal certainty for business and encourage investment. As indicated in Chapter Six, disruption and development of new economic opportunities that support endogenous and comparative advantage for economic expansion and growth of new industries and economic activities in the case study are present and could be the catalyst for change in the region, but have so far been untapped. These were identified as the potential new value chain development out of biodiesel, ICT investment and new types of associated property development, diversification in agriculture and linkages to the informal economy that supports the circular economy and well-being of its citizens. The proposals are supported by the incentives basket offerings of the SEZ instrument of the DTI, currently the only regional investment mechanism accessible for strategic industrial expansion. Furthermore, whilst some of the proposed expansions are based on existing knowledge and skills in related industries such as sugar, others are linked to related diversification and new diversification processes, thus making use of existing and developing new knowledge systems and firm development.

As shown in this study, the process of reconstruction and restructuring of the local state in South Africa as a developmental arm of the nation state is complex and contingent and as an early adaptor to decentralised forms of local government, has faced many of the challenges and pitfalls some 25 years on. In particular, the local state as an instrument for delivery of basic services is compromised by revenue challenges, yet is still faced with the responsibility of historically generated backlogs and sticky structural economic challenges, where local policy autonomy is still limited. However, planning and administrative complexity are not unique to South Africa (Valdaliso and Wilson 2015: 169).

Furthermore, the decentralised local state has the dual responsibility of managing high levels of poverty, as well as being responsible for improving the environment for formal markets and business to operate, in which places can grow and prosper. In the case of South Africa, as Nel and Rogerson (2016: 137) have argued, the LED strategy must serve both socio-economic redress and economic development objectives, but more often than not is pro-poor driven and not economically driven, thus questionable in economic development objectives. The focus of LED in the case study has shown it is based on micro projects that are poorly resourced to leverage in private investment and that cannot in this form, have an impact on the regional economy. The LED projects are often poorly conceived, lack business management and planning instruments, are prone to rent seeking behaviour and bear little relation to the real economy and investments.

#### **8.2.4 Empirical techniques for assessing regional planning: The case for a place-based territorial planning framework and recommendations for structural reforms**

The results of this study are consistent with the research findings on place-based planning to date (Todes and Turok 2015; Pugalís and Gray 2016; Rodríguez-Pose and Wilkie 2017; Todes and Turok 2018). The study examined the government led responses to analysing space neutral, spatial targeting and place-based planning. The post 1994 period saw large scale targeted supply spending in apartheid housing and service deficits, at the expense of regional economic planning. Similarly, the new

planning architecture has supported the devolution of powers to Local Municipalities but without the requisite fiscal capability. Furthermore, the district municipality competencies for regional and economic planning has proved to be insignificant to have any effect on the regional economy. The institutional context is further compounded by contending with multiple structural dualisms.

In line with place-based planning research, the study has made recommendations for pragmatic reforms to the administrative structure and suggested a separation of powers between long term planning and the political outcomes of election cycles. The structural reforms proposed are intended to deepen democratic institutions and practices at local level that support discursive and participatory planning, developing social capital and the long-term development of endogenous comparative advantages for sustainable development outcomes. A place-based approach requires that functional regional planning relationships reinforce collaborative practices and development of social capital that move beyond the restriction of administrative boundaries. The public sector holds significant legislative power and authority to achieve this and as suggested in the research findings, the instrument is through collaboration. It is acknowledged that whilst the broad national macro issues assist in providing general confidence in the economy, micro interventions require collaboration between stakeholders to make implementation more efficient at a local level. The best scenario would be macro and micro synergy and complimentary structural reforms, however, this is idealistic in the current context as has been demonstrated in the thesis. In today's world, regions compete with each other and strongly organised regions can be effective in influencing macro policy outcomes.

The research findings indicate that the current local municipal planning environment is clearly not conducive to conventional planning, hence the motivation for structural reforms and new institutional drivers for strategic regional planning and economic development have been suggested. Regional planning using a place-based framework will require reforms that have been proposed to the district structure and functions and the forging of political consensus to achieve this. Hence the new institutional architecture that is proposed in Chapter Seven provides the mechanism for place-based

methodologies, partly because the current structures have been rendered dysfunctional – compliance, politically driven, lack of meaningful participation, poor quality and in some cases, non-delivery of public services, amongst others. Secondly, as the research has shown, places are complex relational spaces that require focused attention on the endogenous resources and comparative advantages that are present. This has been the primary motivation for planning to be done in a reconstituted institutional frame to support and strengthen the regional economy.

### **8.3 Limitations and areas for further research**

The discourses and policy influence of neoliberalism, competitiveness and advances in cognitive capitalism<sup>xxxiv</sup> continues to have major influence in regional planning and practices and poses a particular challenge for place-based planning in a developing country context like South Africa. The destructive tendencies of consumer driven capitalism in the race for competitiveness, as articulated in neoliberalism and the commodification of everything, has sharpened the ‘contradictions’ articulated by Gramsci, including the intersectionality of race, class and gender polarisation, despoliation of the natural environment, capital mobility and widening inequalities. Hence, the question of competitive regional planning in the case study remains largely unresolved given the structural conditions that have been outlined in the study. The widening inequalities and structure of the current economy make it challenging to speak about competitiveness in the context of dire underdevelopment and dual governance arrangements.

Whilst the concept of competition is intrinsically bound in the discourses of capitalist development and the behaviour of firms in increasing their market share, the research has shown that in order for regions to realise comparative advantage and subsequent competitiveness, a place-based regional approach is required to address planning concerns such as upgrading and broadening of the economic, institutional and social base to allow innovation and entrepreneurship to flourish (Amin 1999: 370). This approach extends the narrow view of competition and accumulation concerns to one that includes the environment, human capacity and well-being, put forward in this

thesis. However, much more work needs to be done to understand what the policy for competitiveness is in South Africa and its application at local level. This includes *inter alia*, concepts such as innovation, STEM (Science, Technology, Engineering and Mathematics), smart specialisation, clusters, as well as the regulatory and financial instruments and inputs available to local areas and what might alter the competitive conditions and performance of the local economy. The support for new ideas and transformation into commercial value, new processes and products, is key to unlocking the latent potential of the study area economy as has been suggested in the study.

An urgent area for future research is the assessment of the region's carbon footprint, in which is the estimated amount of greenhouse gas emissions during production, processing, retailing and consumption of goods in relation to industries, government and peoples' activities. The intention is to assist local policy makers, industries and individual households, in line with the requirements of the Intergovernmental Panel on Climate Change and related protocols, make the necessary interventions required to meet international targets and develop adaptation and mitigation options for the stakeholders in the District.

#### **8.4 Continuing challenges for planning**

For planning and planners, some key challenges remain. For example, the study proposes a place-based methodology where the relationships between equitable and sustainable growth and the new economic drivers of the knowledge, innovation and digital economy overlap. A primary concern for planners and policy makers is how to encourage growth and ensure the necessary conditions such as infrastructure, institutions and responsive local government, amongst others, are in place for this growth in the local economy. In planning terms, the spatial footprint of the digital economy is rapidly increasing both in the formal and informal economy spaces. As shown in the study, this requires creativity, sharing, co-ordination and cooperation and would require a review of planners' skills set from procedural planning compliance, to one that brings together the various elements to deliver suitable environments for such development and trigger greater value to land use. Hence, the convergence of a

number of elements for planning includes for example, developing incentives for business growth and job creation, investment in technology infrastructure and streamlining and integrating transport connectivity.

Planners also rely on good qualitative and quantitative data to inform decision-making. In this case, the dearth of up-to-date local socio-economic data is hampering the ability to adapt and respond to growth impulses. Further work needs to be done to develop internal capacity for data collection, encouraging local research and establishing relationships with universities and other research institutes, in order to better understand and respond appropriately. As indicated in the research, better data is required on entrepreneurial capacity, including the informal economy and knowledge and innovation capacity of the region, in order to better understand the endogenous conditions that exist. Technology offers planning innovative ways of doing planning. For example, digitisation and automation of planning systems that should improve procedural planning processes and approvals, achieve efficiencies in areas such as GIS mapping and being accessible to the public.<sup>xxxv</sup> Furthermore, improved participatory approaches using 3-D modelling and communication of plans to communities and 4-D printing in infrastructure provision and housing should be explored. This type of capacity requirement is also a challenge to educational institutions in supplying planning graduates with the appropriate cognitive skills set.

Further research is required in developing collaboration and governance practices to assist REDAs to develop leadership capabilities, generate networks and relationships and learn how to institutionalise development pathways for strategic planning. In particular, the link between public policy intention and implementation at local level, as well as broadening the public's understanding of policy, is necessary, if a collaborative approach is to be realised. This collaborative approach will only emerge out of a fundamental transformation of social relations on a wider front.

## **8.5 Recommendations and conclusion**

This thesis sought to understand what role regional planning could play in contributing to national growth, competitiveness and equitable development outcomes, through analysing the case of the iLembe District and associated Local Municipalities. It was found that district and local municipalities are Constitutionally stronger players, albeit facing serious predicaments, compared to regions that are weaker in relation to political and economic mandates. This thesis has contributed a nuanced and contextually sensitive approach to understanding local places, using discourse analysis and a place-based method. The study has sought to make a contribution to the understanding and practice of place-based planning in the context of local government crisis, sharpened spatial inequalities and a global and local declining economic and environmental outlook. It has provided a deeper insight into supporting a territorial development strategy that is context, place and path dependent and in which the collective social, economic and sustainable goals and aspirations of the people can be realised through praxis. The recommended structural reforms and introduction of the Regional Economic Development Agency (REDA) is to support national policy integration at local level, develop the comparative and competitive potential and strengthen the regional economy for inclusive practices. Hard governance choices have to be made over the delivery of infrastructure and sustainable development, if the requirements of a supportive, efficient and effective regional planning system is to be realised in South Africa.

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<sup>xxxiv</sup> Cognitive capitalism refers to the application of advanced cognitive skills associated with innovation, AI, data driven intelligent systems and technologies and related high order activities that are shaping the relations and mode of production under capitalism and that these conditions, as suggested by Moulier Boutang (2011), is influencing the transformation of capitalism.

<sup>xxxv</sup> Whist this is available in the metropolitan context where reliable internet services are available, in the case study, for two of the Local Municipalities this is done through shared services, is often not in working order, relies on outside expert support that is not embedded in the area.

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## APPENDICES

### Appendix A: Schedule of interview questions

**Guideline Questions for detailed interviews with chairpersons and heads of department from National, and Provincial Departments, Research Institutes:**

<b>Respondent Name / designation:</b>	<b>Venue:</b>
<b>Email:</b>	<b>Date and time:</b>
<b>Code:</b>	

Interviews will explore:

- Identification of regional planning initiatives related to competitiveness
- Understanding of the local state in relation to planning and developmental local government
- The relationship between spatial planning and economic growth
- Effectiveness of Integrated Development Plans and spatial economic impacts
- Awareness of resources available for economic and spatial development, accessing of such resources and relationship with other government department policies and strategies
- Local economic development and impacts
- Innovation practices, meanings, processes
- Local industry, manufacturing, sectoral supply chains

1. Have you considered regional planning in South Africa? If yes, what aspects? If no, why not?
2. How would you define regional planning?
3. Have you had any experience of regional economic planning in South Africa?
4. How is regional planning defined in policy frameworks and what are the mechanisms for implementation at a regional level?
5. What is the relationship between spatial and economic planning in South Africa?
6. In your experience, what are the current planning instruments and mechanisms to support the 5% economic growth target, as proposed by the National Development Plan?
7. What national framework should guide and enable the development of regional planning?

8. What defined criteria and incentives should inform the establishment of economic development and competitive regions?
9. What are the necessary requirements for stakeholder collaboration to achieve competitive and sustainable regions?

## Guideline Questions for detailed interviews with private sector stakeholders

<b>Respondent Name / designation:</b>	<b>Venue:</b>
<b>Email:</b>	<b>Date and time:</b>
<b>Code:</b>	

Interviews will explore:

- Identification of regional planning initiatives related to competitiveness
- Understanding of the local state in relation to planning and developmental local government
- The relationship between spatial planning and economic growth
- Effectiveness of Integrated Development Plans and spatial economic impacts
- Awareness of resources available for economic and spatial development, accessing of such resources and relationship with other government department policies and strategies
- Local economic development and impacts
- Innovation practices, meanings, processes
- Local industry, manufacturing, sectoral supply chains

1. Have you considered competitive issues?
2. How would you define competitiveness?
3. In your experience, what do you identify as the impediments to competitiveness for business?
4. What kind of support does business obtain from local government? If none, what would you expect? If there is support, how can it be improved?
5. Is your supply chain localised? If yes, explain. If no, why not?
6. What is your relationship with the municipality and how do you contribute to economic planning for the region? What further business opportunities should be promoted?
7. How easy is it to start a business in your municipality?
8. Is there available support to assist in starting a business? If so, explain.
9. Is this support widely known to the community?

10. What attracts business to your municipality?
11. What is your experience of working with the municipality and other stakeholders?
12. What new economic development opportunities exist for the region?
13. What role can regional planning play in developing the potential of regions to support national growth and more equitable outcomes in South Africa, and what regional planning policy framework can support this?
14. What would you identify as the necessary requirements for stakeholder collaboration to achieve competitive and sustainable regions?

### Guideline Questions for interviews with community stakeholders

<b>Respondent Name / designation:</b>	<b>Venue:</b>
<b>Email:</b>	<b>Date and time:</b>
<b>Code:</b>	

Interviews will explore:

- Awareness of resources available for economic and spatial development, accessing of such resources and relationship with other government department policies and strategies
- Local economic development and impacts
- Awareness of stakeholder engagement and collaboration to achieve competitive and sustainable regions

1. What is your experience of participation in the planning processes in your municipality?
2. What has been the level of consultation? Are you satisfied with this consultation process?
3. Are the outcomes of consultation reflected in the plans for the municipality?
4. What do you expect from your local authority and the planning system?
5. Have community expectations been met? If so, how? If not, what do you think the reasons are?
6. Does the municipality take the issues that communities raise seriously? Explain your answer.
7. Do you feel enough is done by the municipality about poverty, unemployment and inequality? Explain your answer.
8. Any other comments?

### Guideline Questions for detailed interviews with private practice planners

<b>Respondent Name / designation:</b>	<b>Venue:</b>
<b>Email:</b>	<b>Date and time:</b>
<b>Code:</b>	

Interviews will explore:

- Gaining insight into knowledge and understanding of the planning mandate in South Africa, and the key challenges for practitioners in the field;
- Understanding of how planners are engaging with national government policy discourses and application to planning practice;
- To what extent local planning is assessing characteristics of “competitiveness” in relation to spatial planning frameworks; and
- To gain insight on existing and potential spatial planning capacity constraints in relation to regional planning implementation.

1. Have you considered regional planning in South Africa? If yes, what aspects? If no, why not?
2. What do you want to tell me about regional planning, what has been your experience, observations, any further comment?
3. Is regional planning an important instrument in the planning system? If so, what value could it add to the planning system?
4. What is your relationship with municipalities and how does your firm contribute to economic planning for the region? Do you feel clients for whom you work own their plans?
5. What in your view makes regions competitive?

**Guideline Questions for detailed interviews with spatial planners in iLembe District Municipality, KwaDukuza, Ndwedwe, Maphumulo and Mandeni Local Municipalities**

<b>Respondent Name / designation:</b>	<b>Venue:</b>
<b>Email:</b>	<b>Date and time:</b>
<b>Code:</b>	

Interviews will explore:

- To assess the applicability of regional planning concepts to South Africa and the iLembe District Municipality and Local Municipalities in the context of local and global economic, social and environmental challenges,
- To identify effective strategies for addressing regional disparities in the SA space economy,
- Gaining insight into knowledge and understanding of the planning mandate in South Africa, and the key challenges for practitioners in the field;
- Understanding of how planners are engaging with national government policy discourses and application to planning practice;
- To what extent local planning is assessing characteristics of “competitiveness” in relation to spatial planning frameworks; and
- To gain insight on existing and potential spatial planning capacity constraints in relation to regional planning implementation;
- The role of national government is supporting local regional development;
- How can competitive regions be identified, established and incentivised in South Africa
- To gain insight into what should guide and enable the development of regional planning.

1. Have you considered regional planning in South Africa? If yes, what aspects? If no, why not?
2. What do you want to tell me about regional planning, what has been your experience, observations, any further comment? What in your view makes regions competitive?
3. What is the role of national government in supporting local regional development and what national framework should guide and enable the development of regional planning?

4. What core competencies and resources do you think municipalities require to achieve regional growth? Do these exist? If yes, what are they? If not, how do you think this will be achieved?
5. Does your district / local municipality have competitive sectors? What are they?
6. Does your district have an investment Plan? Does it target particular economic sectors? Why?
7. What do you think are the competitive strengths and weaknesses of your district?
8. What is your districts' relationship with other local authorities in working on competitive economic issues?
9. What attracts business to your municipality?
10. Who are the key investors in your municipality? Local? Foreign?
11. How does your municipality support business?
12. How does your municipality see its role in relation to 2 ports, airport and rail infrastructure in terms of advantages and disadvantages to promote investment building, competitive clusters, and the overall competitiveness of the Districts / Municipality?
13. Do the current planning frameworks encourage and enable new capital formation, new supply chains and new value chains?
14. Is the budget in the municipality used as an instrument for economic competitiveness? If so, how? If not, why not?
15. To what extent does the procurement of government goods and services promote local content?
16. What is your understanding of how local business operates in terms of their supply chains? Are they locally sourced / or from outside the region?
17. What anticipated changes do you see in markets, and how prepared is the municipality to respond to these changes?
18. What analytical techniques / tools does the municipality use to analyse the structure and performance of the regional economy?
19. What risk assessment and risk management tools are in place in your municipality to remain competitive?

## Appendix B: Letter of information and informed consent



### LETTER OF INFORMATION

**Title of the Research Study:** Competitive Regions in South Africa: A study of regional planning in the iLembe District in the Province of KwaZulu-Natal.

**Principal Investigator/s/researcher:** Gilberte Marie Lincoln (B.A.; M.T.R.P)

**Co-Investigator/s/supervisor/s:** Supervisor: Professor J. McCarthy (PhD); Co-Supervisor: Professor N. Dorasamy (PhD)

**Brief Introduction and Purpose of the Study:** This study will focus on regional planning in South Africa since democracy and assess the extent to which it has succeeded in meeting the challenges of economic growth and sustainable development. Whilst the South African space economy is considered to be relatively diverse, long term structural weaknesses persist (Padayachee 2006: 110; Marais 2011: 123). Poverty, inequality and unemployment continue to be serious challenges for the country and spatial planners, despite major expenditure on socio economic infrastructure by the state since 1994 to close the generation gap between the apartheid and post-apartheid period (Marais 2011: 203). The study will analyse regional planning as mandated by the Constitution of the Republic of South Africa and the role of the local state in planning to meet these challenges. In order to do this, it will be necessary to identify how regional planning is understood and acted upon by government, business and stakeholders so as to support growth and competitiveness of the regional economy and assist in national policy deployment at local level.

**Outline of the Procedures:** Permission from the relevant government Departments from which interview participants will be drawn from will be sought. Participation of stake holder groups will be sought through the relevant representative bodies. All interviews will require voluntary consent of the participants, implying a willingness to participate in the research. Initial contact with potential participants to be interviewed will be first telephoned. If they agree to be interviewed, a letter of information relating to the interview details will be sent to them, outlining the requirements. Interview appointments will be set up at the convenience of the participant and will be conducted

in their workplace. Each interview will be approximately 1 hour and will be recorded and supplemented with field notes.

**Risks or Discomforts to the Participant:** Not applicable.

**Benefits:** Submission of research paper to local and international conferences; submissions to accredited local and international journal on research findings; and distribution of research findings to relevant stakeholders.

**Reason/s why the Participant May Be Withdrawn from the Study:** Participation in the study is voluntary and there will be no adverse consequences for the participant should they choose to withdraw from the interview.

**Remuneration:** There will be no remuneration paid to participants for this study.

**Costs of the Study:** Costs of the study will be undertaken by the researcher and the participant is not expected to cover any costs towards the study.

**Confidentiality:** The interviews conducted will not require the revealing of personal data. Each interview will be allocated a unique reference number for purposes of recording. After the mandatory 5 year storage period, the electronic data will be deleted from all devices and any hard copies will be shredded.

**Research-related Injury:** Not applicable.

**Persons to Contact in the Event of Any Problems or Queries:**

Please contact the researcher, Gilberte Marie Lincoln (082 922 8678), my supervisor, Professor J. McCarthy (+27 0827795985 / [profmacc@mweb.co.za](mailto:profmacc@mweb.co.za)) or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the Director: Research and Post Graduate Support Professor S. Moyo on 031 373 2576 or [moyos@dut.ac.za](mailto:moyos@dut.ac.za).

**General:**

Potential participants must be assured that participation is voluntary and the approximate number of participants to be included should be disclosed. A copy of the information letter should be issued to participants. The information letter and consent form must be translated and provided in the primary spoken language of the research population e.g. isiZulu.



Department of Town and Regional Planning

PO Box 3314

Durban

4000

**LETTER OF INFORMATION AND INFORMED CONSENT  
COMPETITIVE REGIONS IN SOUTH AFRICA. A STUDY OF THE  
ILEMBE DISTRICT MUNICIPALITY IN THE PROVINCE OF KWAZULU-  
NATAL**

Dear Participant,

I am currently undertaking a research project in order to complete my Doctorate in Public Management and Administration at Durban University of Technology. The study aims to investigate spatial planning in South Africa; to assess the effectiveness of planning interventions in regions; to define and delineate regional planning as mandated by the Constitution of the Republic of South Africa, to support economic growth and development, competitiveness and assist in national policy deployment at local level. The study will question how and whether the current planning system is engaging with regional planning. It is proposed that regional planning could serve as an effective instrument for policy deployment to achieve sustainable growth and development and could allow regions to gain competitive advantage, and help planners, local government, business and communities better understand the production of the space economy.

Would you agree to participate in an interview for the study? It should take approximately 1 hour of your time. Participation is voluntary and you are free to refuse to participate at any time without giving reasons and without prejudice or adverse consequences. The information you give will only be used for research purposes and will be aggregated with other responses and only the overall or average information will be used. Your identity and individual answers will be kept totally confidential. If

any quotations are used, these will remain anonymous. Should you wish to discuss this further please feel free to contact me on the number below, or my supervisor Professor J. McCarthy by email [profmac@mweb.co.za](mailto:profmac@mweb.co.za) or co- supervisor Dr Nirmal Dorasamy, on [Nirmala@dut.ac.za](mailto:Nirmala@dut.ac.za) 031 373 6962.

By participating in the interview, you are confirming that the study has been adequately explained to you, so that you understand that you may withdraw from it at any time without giving reasons, and that you are taking part voluntarily.

Your assistance will be much appreciated,

Yours faithfully

Gill Lincoln

e-mail: [lincolng@dut.ac.za](mailto:lincolng@dut.ac.za)

+2731 3732220 (Direct)

Cell: 082 9228678

## Appendix C: Gatekeeper request example and letters of authority



Department of Town and Regional Planning

PO Box 3314

Durban

4000

15 December 2015

Head of Department

Co-operative Governance and Traditional Affairs KwaZulu-Natal

Private Bag X9078

Pietermaritzburg

3200

### **COMPETITIVE REGIONS IN SOUTH AFRICA. A STUDY OF THE ILEMBE DISTRICT MUNICIPALITY IN THE PROVINCE OF KWAZULU- NATAL**

Dear Ms Qhobosheane,

My name is Gill Lincoln and I am conducting a research study with Professor Jeff McCarthy (Supervisor) and Professor N. Dorasamy (Co-supervisor) in the Department of Public Management and Administration towards a PhD. at the Durban University of Technology. This means that I will be writing a thesis and publishing in at least one journal in order to satisfy this purpose.

I would like to request permission from your organisation as the regulatory stakeholder, and in an effort to achieve a collaborative output, to conduct this research project.

The aim of the research is to analyse spatial planning in South Africa in an attempt to assess the effectiveness of planning interventions in regions in meeting the challenges of economic growth and development and underdevelopment. In particular the role of the local state in driving planning to meet these challenges; to define and delineate

regional planning as mandated by the Constitution of the Republic of South Africa, so as to support economic growth and development as outlined in the National Development Plan, to identify areas of comparative advantage and competitiveness and assist in national policy deployment at a local level; and to contribute to the body of knowledge, theory and spatial planning practice in South Africa.

My focus will be on exploring comparative and competitive advantage of regions, testing the current practices of planning and finding ways of improving spatial planning at a regional scale. The potential benefit for the Province is that regional planning could lend itself to more collaborative efforts to close the generation gap in the space economy and allow regions to gain competitive advantage, as well as more effective policy deployment.

The participation of your organisation would require me to interview members of your staff that are involved with spatial planning. Respondents will be asked to participate voluntarily, and all responses will be totally confidential. They will be free to refuse to participate, or withdraw from participating, at any time, and will not be pressured in any way.

The study is likely to involve **audio taping during the interview.**

**It is estimated that the interview will last for approximately 45 – 60 minutes.**

**No financial reward is being offered for participation in this study.**

As the study is voluntary, participants are under no obligation to consent to this participation. However, if they do consent to participate, please be advised that information gained from the interview is likely to be analysed and used towards the study and / or some form of academic publication. However, anonymity of the participants will be ensured, besides a description of the planning context that South African planners operate. No person will be named or identified in any way.

If you would like to be informed of the research findings, you are welcome to **contact Gill Lincoln or email [lincolng@dut.ac.za](mailto:lincolng@dut.ac.za)**. For more information please contact myself or my supervisor Professor J. McCarthy by email [profmac@mweb.co.za](mailto:profmac@mweb.co.za) or co-supervisor Dr Nirmal Dorasamy, on [Nirmala@dut.ac.za](mailto:Nirmala@dut.ac.za) 031 373 6962.

Yours faithfully

Gill Lincoln

e-mail: [lincolng@dut.ac.za](mailto:lincolng@dut.ac.za)

+2731 3732220 (Direct)

Cell: 082 9228678

## Appendix D: Letters of consent



### ILEMBE DISTRICT MUNICIPALITY ILEMBE –UMASIPALA WESIFUNDA

Durban University of Technology  
Faculty of Management Sciences  
PO Box 1334  
Durban  
4001

**Attention: Ms Gill Lincoln (lincoln@dut.ac.za)**

Dear Gill Lincoln,

**RE: PERMISSION LETTER - DURBAN UNIVERSITY OF TECHNOLOGY - PHD RESEARCH ON Competitive Regions in South Africa: A study of regional planning in the Ilembe District in the Province of KwaZulu-Natal.**

We refer to your letter dated 15 December 2015.

In response to your letter introducing your research project on *Competitive Regions in South Africa: A study of regional planning in the Ilembe District in the Province of KwaZulu-Natal*, we acknowledge receipt of your request to support my staff being interviewed in the study.

The Office of the Municipal Manager has no objection to participate in the study as outlined in the DUT Institutional Ethics Research Committee documentation.

I have read and understood the attached statements and thereby give permission for the research to be conducted.

Yours faithfully

**MRS P.N GAMEDE  
MUNICIPAL MANAGER**

Ilembe House, 59/61 Mahatma Gandhi Street, KwaDukuza 4450, South Africa  
Tel: +27 32 437 9300 Fax: +27 32 437 9587  
P.O Box 1788, KwaDukuza 4450  
All correspondence to be addressed to the Municipal Manager



**KwaDukuza Municipality**  
**MUNICIPAL MANAGER'S DEPARTMENT**  
**Province of KwaZulu-Natal**

Enquiries Imobuzo Navrae	C. PEREIRA	Telephone Ucingo Telefoon	032 437 5015	Postal Address Isikhwama Seposi Pos Adres	P.O. Box 72 KwaDukuza 4450
Reference Inkomba Verwysing	DUT PHD RESEARCH	Fax iFeksi Faks	032 437 5098	Date Usuku Datum	2015-12-15

**TO:** Durban University of Technology  
Faculty of Management Sciences  
PO Box 1334  
Durban  
4001

Attention: Ms Gill Lincoln ([lincoln@gdut.ac.za](mailto:lincoln@gdut.ac.za))

Dear Gill Lincoln,

**PERMISSION LETTER - DURBAN UNIVERSITY OF TECHNOLOGY - PHD  
RESEARCH ON Competitive Regions in South Africa: A study of regional planning in  
the iLembe District in the Province of KwaZulu-Natal.**

We refer to your letter dated 15 December 2015.

In response to your letter introducing your research project on *Competitive Regions in South Africa: A study of regional planning in the iLembe District in the Province of KwaZulu-Natal*, we acknowledge receipt of your request to support my staff being interviewed in the study.

The Office of the Municipal Manager has no objection to participate in the study as outlined in the DUT Institutional Ethics Research Committee documentation.

I have read and understood the attached statements and thereby give permission for the research to be conducted.

Kind regards

**N.J. MDAKANE**  
**MUNICIPAL MANAGER.**

**"Committed to Service Delivery"**



**NDWEDWE LOCAL MUNICIPALITY  
UMASIPALA WASE NDWEDWE**

Private Bag X 503  
Ndwedwe 4342  
KwaZulu-Natal  
Republic of South Africa  
Tel 032 532 5030  
Fax 032 532 5032  
EMAIL [mm@ndwedwe.gov.za](mailto:mm@ndwedwe.gov.za)

Our Ref: MM/DUT/01/2016

Date: 27/01/2016

**PERMISSION LETTER FOR RESEARCH PROJECT ON Competitive Regions  
in South Africa: A study of Regional Planning in the iLembe District in the  
Province of KwaZulu-Natal**

Durban University of Technology  
Faculty of Management Sciences  
PO Box 1334  
Durban  
4001

Attention: Ms Gill Lincoln ([lincolng@dut.ac.za](mailto:lincolng@dut.ac.za))

Dear Gill Lincoln,

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I have read and understood the attached statements and thereby give permission for the research to be conducted.

Kinds Regards

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**T CIBANE  
MUNICIPAL MANAGER**

## Appendix E: Letters of Consent



### **Consent Form: Statement of Agreement to participate in the Research Study**

#### **COMPETITIVE REGIONS IN SOUTH AFRICA. A STUDY OF THE ILEMBE DISTRICT MUNICIPALITY IN THE PROVINCE OF KWAZULU-NATAL**

I hereby confirm that I have been informed by the researcher, Gill Lincoln, about the nature, conduct, benefits and risks of this study.

Research Ethics clearance Number: FREC 13/16

I agree to take part in the project specified in above. I have had the project explained to me, and I have read the attached letters, which I will keep for my records. I understand that by agreeing to take part means that:

I agree to be interviewed by the researcher	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
I agree to allow the interview to be audio-taped	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
I agree to complete the questionnaire	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

**And**

I understand that my participation is voluntary, that I can choose not to participate in part or all of the project, and that I can withdraw at any stage of the project without being penalised or disadvantage in any way.

**And**

I understand that I will be given a transcript of data concerning me for my approval before it is included in the write up of the research.

**And**

I understand that any information I provide is confidential, and that no information that could lead to the identification of any individual will be disclosed in any reports on the project, or to any other party.

**And/or**

I understand that data from the interview will be kept in a secure store and accessible to the research team. I also understand that the data will be destroyed after a 5 year period unless I consent to it being used in future research.

<b>Participants Name</b>	
<b>Contact Details</b>	
<b>Signature</b>	
<b>Date</b>	