

# Limpopo Province

Thabazimbi Local Municipality



## Investment and Marketing Strategy

Date: 29 October 2010

Developed by:



management solutions  
A Mabu Investments Holding Company

Tel: 0115328646

eMail: mabu@mmssa.co.za



## Table of Contents

1. List of Tables .....	6
2. List of Figures .....	6
3. Abbreviations .....	7
5. Executive Summary .....	9
5.1. Overview .....	9
5.2. International Economic Linkages .....	9
5.3. National Economic Mismatch .....	10
5.4. Limpopo Province versus Northwest Province .....	10
5.5. Curving a niche .....	11
5.6. Strategy Objectives .....	12
5.7. Strategy Development Approach .....	12
5.8. Investment Roadmap .....	12
5.9. Opportunities in Thabazimbi .....	13
5.10. Investment Strategy .....	14
5.11. Investment Incentives .....	15
5.12. Marketing Strategy .....	15
5.13. Ten Reasons why you should invest in Thabazimbi .....	16
5.14. Implementation Plan .....	16
5.15. Conclusion .....	16
6. Introduction .....	18
6.1. A growth Opportunity .....	18
6.2. Why Investment Strategy? The Rationale .....	19
6.3. Recipe for Success .....	19
7. The Project .....	22
7.1. Project Description .....	22
7.2. Project Objectives .....	22
7.2.1. Overall Objective .....	22
7.2.2. Project Specific Objectives .....	22
7.3. Project Scope and Process Flow .....	23
7.4. Project Execution Methodology .....	24
7.5. Expected Key Results Areas .....	24
7.6. Target Beneficiaries .....	25

## Thabazimbi Investment And Marketing Strategy

8. About Thabazimbi.....	28
8.1. Overview.....	28
8.2. Location of Thabazimbi.....	28
8.3. Thabazimbi Town.....	33
8.3.1. An tourism attraction point.....	33
8.3.2. Potential for Mining Museum .....	33
8.4. Population Dynamics .....	33
8.4.1. Importance Of Population Dynamic Study .....	33
8.4.2. Population Size .....	34
8.5. Climate .....	35
8.6. Topography.....	35
8.7. Hydrology.....	35
9. Statutory Requirements .....	37
9.1. Relationship between IMS and IDP .....	37
9.1.1. Preamble.....	37
9.1.2. Integration framework.....	37
9.1.3. Linkage with IDP planning and continuous improvement.....	38
9.2. Sustainable Development .....	39
9.2.1. Overview .....	39
9.2.2. A Thabazimbi Sustainable Development Approach .....	39
9.2.3. Energy efficiency .....	40
9.2.4. Carbon Credits .....	41
9.3. Spatial Development Framework .....	41
9.3.1. Overview .....	41
9.3.2. Objectives of the Spatial Development Framework .....	43
9.3.3. Economic Corridors.....	43
9.3.4. Main Economic Corridors .....	43
9.3.5. Municipal Nodes and corridor .....	44
9.3.6. Development Corridors.....	45
9.3.7. Development Nodes .....	45
9.3.8. Railway.....	46
9.3.9. Integrated Land Use Planning .....	46
9.4. Environmental Impact .....	46
9.4.1. Policy Context .....	46
9.4.2. Legislation and Policy Framework of Air Pollution .....	50

## Thabazimbi Investment And Marketing Strategy

9.4.3. Strategies .....	50
10. Economic Overview.....	54
10.1. World Economic Overview .....	54
10.2. World economy perspective .....	54
10.2.1. A strengthening global economy is battered by financial shocks.....	54
10.3. Impact of the Economic Crunch and Recovery Trends.....	59
10.4. Key Markets showed a tremendous growth.....	60
10.5. Other Market Highlights .....	60
10.6. Daily Volatility of DJ World Index .....	61
10.7. World Economic Linkage with Thabazimbi.....	61
10.8. International Economic Drivers and the Local Economy of Thabazimbi .....	62
10.9. South Africa Economy.....	62
10.9.1. Overview.....	62
10.9.2. Economic growth .....	63
10.9.3. National Economic Mismatch.....	64
10.10. Limpopo Province versus Northwest Province.....	64
10.11. Domestic Provincial Economic Drivers and the Local Economy of Thabazimbi ..	65
10.12. Ease of doing Business in Thabazimbi.....	66
11. The Investment Strategy Framework.....	68
11.1. Overview.....	68
11.2. Principles/goals of the IMS.....	68
11.3. Curving a niche.....	69
11.4. Road map for creating a nascent economy .....	70
11.5. Investment opportunities .....	71
11.5.1. Tourism.....	71
11.5.2. Tourism Investment Project .....	79
11.5.3. Support Infrastructure .....	83
11.5.4. Mining.....	83
11.5.5. Mining Operations in Thabazimbi.....	84
11.5.6. Agriculture Investment Opportunities .....	101
12. Trade Partners .....	117
12.1. Overview.....	117
12.2. Recommendations .....	117
13. Possible Funders or Investors .....	118
14. Incentives.....	120

## Thabazimbi Investment And Marketing Strategy

14.1. Thabazimbi Incentives .....	120
14.1.1. Overview.....	120
14.1.2. Retention and Expansion of existing businesses/investments.....	120
14.1.3. Local Investment Framework .....	121
14.2. National Government Incentives .....	122
14.2.1. Introduction .....	122
14.2.2. Small and Medium Enterprise Development Programme (SMEDP) .....	122
14.2.3. Incentives For Manufacturing Start-Ups.....	123
14.2.4. Strategic Investment Projects .....	123
14.2.5. The Enterprise Investment Programme.....	124
14.2.6. Other Investment Incentive Schemes.....	125
14.2.7. Export Marketing & Investment Assistance Scheme (EMIA) .....	127
14.2.8. Large Industrial Investments .....	127
15. Marketing Strategy .....	130
15.1. Overview.....	130
15.2. Marketing Plan.....	130
15.3. Market Plan Target Audience.....	131
15.4. Institutional Arrangement. ....	132
15.5. Investment Packaging and Branding (Websites, DVDs, Brochures etc).....	133
15.5.1. Overview.....	133
15.5.2. Investment Packaging.....	133
15.5.3. Investment Branding .....	134
15.5.4. Investment Distribution. ....	134
15.6. Economic Development Agency. ....	135
15.6.1. Introducing TEDA .....	135
15.7. Recommendation.....	136
16. Funding Model.....	136
16.1. Overview.....	136
16.2. Venture Projects/New Project .....	137
16.3. Takeover or Acquisition.....	137
17. Implementation Plan.....	139
18. Conclusion .....	141
19. References.....	142

### Appendix A: Implementation Plan

## 1.List of Tables

Table 1: Sustainable Development Dimensions Elements.....	39
Table 2: Economic growth and alignment roadmap.....	70

## 2.List of Figures

Figure 1: Methodology Investment and Marketing Strategy development.....	24
Figure 2: Location Thabazimbi in Africa and South Africa. ....	31
Figure 3: Location of Thabazimbi in Limpopo Province. ....	32
Figure 4: Population Dynamics and Projections. ....	34
Figure 5: Sustainable Development Model.....	40
Figure 6: An Over arching function of Integrated Environmental Management.....	51
Figure 7: Global GDP growth. ....	55
Figure 8: World Recent Economic Indicators.....	56
Figure 9: Recent Financial Market developments.....	58
Figure 10: Real GDP Growth Rates, 2008-2009. ....	59
Figure 11: Equity-Market Capitalization, 2002 - 2009 (by Region).....	60
Figure 12: Daily Volatility of DJ World Index, January 1997 - April 2010. ....	61
Figure 13: Macroeconomic outcomes and projections 2007-2011.....	63
Figure 14: GDP and CPI Inflation foerecasts.....	64
Figure 15: The economic growth and alignment strategy. ....	71
Figure 16: Mining contribution to the South Africa's economy. ....	84
Figure 17: South Africa . a very rich geological heritage.....	86
Figure 18: High Net Worth Individual Passion Investment.....	93
Figure 19: Agriculture Industry Life Cycle.....	104
Figure 20: The red meat industry structure.....	106
Figure 21: Global HNWI wealth pools. ....	132

### 3. Abbreviations

Acronym	Full Description
IMS	Investment and Marketing Strategy
DWEA	Department of Water and Environmental Affairs
DTI	Department of Trade and Investment
LIBSA	Limpopo Business Support Agency
LIMDEV	Limpopo Development Enterprise
MOU	Memorandum of Understanding
TIL	Trade and Investment Limpopo
LED	Local Economic Development
IDP	Integrated Development Plan
DoA	Department of Agriculture
DMR	Department of Mineral Resources
IDC	Industrial Development Corporation
DBSA	Development Bank of South Africa
NEF	National Empowerment Fund
LTGA	Limpopo Tomato Grower Association
PSC	Project Steering Committee
TOR	Terms of Reference
TEDA	Thabazimbi Economic Development Agency

**4.**

## **Executive Summary**



## **5.Executive Summary**

### **5.1. Overview**

South Africa has been for a long-standing time, confronted with the bequest of underdevelopment and poverty. Hence, to alleviate our society from these developmental surfeits, there is a necessity for articulate value-add intervention strategies to be inundated to exterminate the prevailing socio-economic developmental barricades. It is therefore a *raison d'être* for Thabazimbi Local Municipality to embark on development of an Investment and Marketing Strategy, which is pillared on the existing economic opportunities (as depicted and derived, to some extent, from the Local Economic Development Strategy) and the developmental service delivery obligations as pronounced in the Integrated Development Plan adopted by the Council, within the legislative framework of the Local Government: Municipal Systems Act No. 32 of 2000.

The primary purpose of the Investment and Marketing Strategy (IMS) is to reinforce the requirement of Local Government White Paper of 2000, on establishing a transformational and developmental local government that focuses of un-rooting cogent mechanism that strive to institute an enabling environment that improves the quality of lives of the communities within the Thabazimbi municipal jurisdiction. The IMS is a credible contrivance that zooms in the current investments opportunities, derives economic value trajectory, setup investment opportunity value unleashing mechanism, and ensure promotion of investment opportunities to local and foreign investors. The envisaged outcome is to have a storming of investors into the municipality, developing economic investment opportunities within the framework and context of the National Economic Policy, incorporating a Local Empowerment and Preferential Empowerment Perspectives, Broad Based Black Economic Empowerment and upholding to and maintaining all spheres of Sustainable Development (Economic, Environment and Social) multiple requirements.

Through the above enunciated economic intercession, Thabazimbi Local Municipality catapult itself to clasp the opportunities bestowed by the nascent economy, after a global crisis that created financial hubbubs across the global economies. Thabazimbi therefore seizes the resurging and blossoming economic opportunity and announce an investment destination for investors. This way Thabazimbi can counter acutely to the flagging macroeconomic trends, in particular unemployment and consumer confidences, to induce and accelerate the vision better living for all by positioning investment opportunity within the municipality along with the current National and Global economic resurgence.

### **5.2. International Economic Linkages**

Thabazimbi's economy is dominated by the looming export mining sector joint with an internationally exposed tourism economic sector. This makes Thabazimbi Economy to be directly affected by the International economic developments than many local economies in South Africa. The export demand from USA, Europe, China and Middle East dictates the Thabazimbi economy drift since most of the exports are Dollar or Euro based depending on the consuming economy. The growth of the Thabazimbi Municipality economy is dependable on International Economic behavior. The current global economic crisis has had adverse effects on various economic, both developing (China, India and the Middle East) and developed economics (USA, Europe, and Japan). These economies are recovering at various recovery-rates and hence, create economic growth crisis on the Thabazimbi economy, both on the Tourism and Mining Sectors. The mining economic sector, which supports the Stainless Steel, Carbon Steel, and the Auto-catalytic Industry, is facing difficulties in the U.S. as the automobile industry is declining. This will have downbeat implications on the international demand for iron and steel. However, a growing demand for Jewelry across the globe will see an increased demand for Platinum group metals (Platinum, Palladium and Rhodium).

### 5.3. National Economic Mismatch

Having mentioned that the Thabazimbi economy is pillared on mining and tourism, this creates an economic sectoral mismatch between the local economy of Thabazimbi and the national economy of South Africa as a whole. The consequence of this situation is that Thabazimbi will not benefit from the general growth support from the two commercial drivers of development at national level (Construction and Trade sectors). Meaning that local economic benefit from National Economic growth will be marginal and these economic drivers are not dominant in Thabazimbi.

This is based on the undeniable fact that the economy of South Africa is pillared on Construction, Trade (including tourism), Finance and Community Services sectors as the key drivers for growth and employment creation in the country. Key sectors such as Agriculture and Mining that are dominant sectoral players in the Thabazimbi local economy have seen significant contraction of employment. The number of commercial farmers in South Africa has declined by 20% in six years. On the other hand, uncertainty on the Mining Law has created hindrance on the flow of foreign investors and this can create further contraction and slowed mining sector development.

The namely Finance and Trade other than from the property sub-sector within the Finance sector and tourism activities that are generally reported as part of the Trade Sector. Thabazimbi could benefit from the broad national destination image of South Africa as far as tourism is concerned, provided generally that national weaknesses and threats in the sector are adequately managed.

### 5.4. Limpopo Province versus Northwest Province

Major international mining operations contribute to 20% of Limpopo's economy, making mining the primary driver of economic activity after government services (Which can be discounted as a credible and sustainable economic driver going forward into the medium term). The two main economic drivers represent the major employers within the province. Substantial mineral reserves include platinum group metals, diamonds, coal, chrome, iron ore and copper. Mittal Steel mines coking coal for its blast furnaces and sells the lower

grade coal. Mittal also source Iron Ore from the mammoth Iron Ore Resources of Kumba to Saldanah Steel Plant in Western Cape, therefore linking the Thabazimbi economy to International Stainless Steel and Iron Ore requirements.

Limpopo is also one of South Africa's richest agricultural areas. Abundant orchards of subtropical fruit and nuts form the basis of a thriving agri-industrial sector. Extensive tea and coffee estates are found in the Lowveld. Other notable cash crops include vegetables, cotton and tobacco. Like the rest of the country, there has been significant narrowing in Agriculture. Hence the Province is prioritizing stabilization of the agricultural sector to create added value in this economic sector. Other key priorities include;

1. Leveraging of maximal local community developmental dividend off modern sector development in particularly Mining, Agriculture and Trade (Tourism);
2. Beneficiation of local commodities where competitively feasible;

The location and the real economic influences are more likely to be influenced by developments in its neighboring province, i.e. Northwest Province, than they are to be shaped by remote developments in Limpopo Province. This is due to the proximity of the municipality to North West Province, i.e. Thabazimbi lies on the border of the Province, an economic belt wherein economic activities are concentrated on.

### **5.5. Curving a niche**

In view of conflicting multiple economic constituents across the Thabazimbi, Limpopo Province, National Economy and World Economy, the municipality necessitate to curve a niche by ensuring that, through the Investment and Marketing Strategy, it reinforces economic drivers so that the municipality economy can benefits from the Provincial, National and World economic developments. A spread on the World Economy, across the USA, Europe, Middle East and Asia, minimizes an economic subsiding risk, but exposes the Thabazimbi economy to multiple economies with distinct currencies. This goal requires a drastic infusion of economic activities across economic sectors that are key drivers Nationally and Provincially to benefit from growth of these economies. While this drive is long-term, it can result in economic stability that can offset National and Provincial misalignment. It is also crucial to create a widespread linkage to global economies to minimize subsiding risks due to divergent economic performances.

While the aforementioned said strategies set a corridor to our ultimate objective, the municipality could as mid-term, align its economic drivers with that of the province. Noting the happenstance of economic drivers in North West and Limpopo in Mining, Thabazimbi can harvest dual benefits as it is positioned in-between these economies. A Project Based approach is crucial to ensure that the IMS is effectual in achieving the economic growth intents. The IMS therefore, outlines key and anchor investment projects that the municipality

should promote to instil in situ sustainable development that is superimposed and interweave homogeneously on local, nationally and international economic key drivers.

### **5.6. Strategy Objectives**

The purpose of the Investment and Marketing Strategy is to induce a coherent plan for development of the prevailing investment opportunities through promotion of the same to potential investors. The envisaged outcome is inflated local Gross Domestic Products, creation of business opportunities to local entrepreneurs, and creation of sustainable direct and indirect jobs. In South Africa, Foreign Direct Investment has been a key instrument to unleash value within various the economic sectors. The primary focus of the Strategy will be to ensure that Thabazimbi attracts investors, couple them with local developers to ensure local detainment of value through Broad Based Black Economic Empowerment models.

### **5.7. Strategy Development Approach**

A nouveau approach has been adopted in the execution of the project. A project development based approach with be the vertebrae of economic development, coupled with a blend capacity building and preferential empowerment. The approach included identification, evaluation and promotion of Broader Economic Investments Opportunities and prioritization of Investment Opportunities within the municipality ranging across all economic sectors and in particular, the Thabazimbi economic growth drivers, i.e. Mining, Agriculture and Tourism. Incentives for investment, which are primarily adapted from the Department of Trade and Investment, have been outlined, coupled with local incentives and wider commercial support that the municipality can offer to investors supporting projects within the municipality. International Trading Partners were identified to create a market for commodities developed within the municipality. A packaging and branding model was then assembled, enabling generation of a Thabazimbi Investment Brand, i.e. the key and hot investment attractions about Thabazimbi. The marketing strategy, which is aimed at ensuring promotion strategy for the Thabazimbi Investment Brand, was developed. The targeted investors were identified, in line with monetary and investment trends globally. Distribution channels, which will leverage the effective promotion of the Thabazimbi investment globally, were identified. In addition to this, proper investment promotion structures were recommended; this included institutional arrangement and establishment of Thabazimbi Economic Development Agency to pioneer the wider investment and trade promotion within the municipality.

### **5.8. Investment Roadmap**

To comprehend and accomplish the envisaged outcome of the Investment and Marketing Strategy, an Investment Road Map was drawn. This Road Map outlined all the key aspects

that Thabazimbi should amass to create an enabling environment for investment. This commenced from identification of investment opportunities (value creation mechanism), incentive models, infrastructure requirement, skills, municipal support required, economic empowerment methods (to pin value locally in the municipality) and marketing mechanisms. This approach has enabled the municipality to ascend into an epoch wherein it is ready, to bestow investors pertinent supports, create an attractive investment destination and the mechanism to unlock and capture economic value within the municipality while maintaining legislative and policy requirements. This way, the role of government and business are well enunciated.

### **5.9. Opportunities in Thabazimbi**

Thabazimbi local economy has direct connectivity with the international economy; it also forms an integral part of the domestic South African economy that contributes to defining its strategic economic context. Key characteristics of the domestic economy must therefore also inform how economic development strategy for Thabazimbi is being shaped, especially having noted economic mismatch between the domestic economy and the Thabazimbi economy.

Thabazimbi municipality has demonstrated to be one of the prominent economic hub within the country. The municipality has got strong potential in the primary commodity sector, i.e. agriculture and mining. The mining and mineral sector is depicting tremendous growth and will continue to do so. Given the potential to grasp opportunities in the mineral development value chain, in particular beneficiation, opportunities within this sector is therefore paramount. The mining sector has got huge potential to absorb lot of skills within the municipality. There is also a need to establish mining opportunities in the small scale mining sector. Thabazimbi believes however, that through partnership with relevant stakeholders (Investors, Trade Partners, Stakeholders, etc), we can leverage our society to tap into this major sector of the economy.

The strength on tourism within the municipality is significant, with strong international linkage. The municipality has developed as an Eco Tourism and especially hunting mecca in South Africa. Thabazimbi comprises of diverse game farms, hiking trails, bird watching, varied accommodation options and several other tourism activities. Our municipality is well equipped with assortment of holiday and tourist accommodation available, ranging from B&B accommodation to lodges, chalets, guest houses and backpackers. One of the earth-shattering tourism areas is the Marekele National Park north-east of the town and situated in the heart of the magnificent Waterberg Mountains. This magnificent park is characterized by divergent extravagant mountain landscapes, hills and valleys, as well as an imposing variety of wildlife. Thabazimbi is absolutely one of the country's most sought tourism attraction point wherein tourists can be granted harmonious moment.

Agriculture has also proven, in addition to mining and agriculture, to be a strong economic sector in our municipality. Agricultural commodities produced include wheat, beans and maize. The rich soil within our municipality and availability of water resources will bestow investors an enabling environment for agricultural development. There is a need however, to grow and sustain this sector by exploring feed materials, explore agro-processing and other opportunities such as game farming and commodities production farming.

To leverage our economic sectors, we have credible road network systems and rail way line to mobilize transportation processes. Our proximity to Johannesburg, Pretoria and the airport also support economic activities. Power infrastructure is receiving expansion from power parastatal to avail sufficient power. On the other hand, the water service providers are instilling expansion projects to meet the water demand.

### **5.10. Investment Strategy**

In view of the existing mining, agriculture and tourism opportunities, the municipality recognizes huge potential that can be unleashed to create economic value for the people of Thabazimbi. The investment strategy focuses on the following seven investment scorching pillars;

1. Evaluation of the World Economic State, in view of our dependence on the Foreign Investment and the recent economic crunch that shuttered the world. The analysis cascaded to South African Economy (which is a mother set to Thabazimbi), to view macroeconomic outlook, fiscal policy and current local socio-economic risks (Legislative, skills, technology, politics, etc).
2. Developing a matrix of investment opportunities with emphasis on downstream and upstream processing. The beneficiation of commodities locally within the municipality to leverage the value creation endeavors and thus kindling macroeconomic aspects within the municipality is crucial. Development of eco-tourism is key in stimulating tourism potential in the municipality.
3. Identification of investors and trade partners (countries) to assist in developing a nascent economic climate in the municipality.
4. Partnership with various specialist stakeholders (IDC, Universities, Technikons, Private Sector, Research Institutions, Economic Development Agencies, Trade and Investment Limpopo) to assist in identifying and facilitating downstream and upstream opportunities within various economic sectors, including input clusters opportunities.
5. Development of local incentives and support program to assist investors and project developers to scale prevailing multiple constituents requirements for project development within the area of jurisdiction. The Business Support Programme should forge to create an enabling investment environment making Thabazimbi a preferred investment destination.

6. Institutional arrangement to ready the municipality to handle the demanding investment identification, facilitation, and planning process wherein the investors and developers can trust and work with municipal resources to facilitate investment projects locally. This will also include alignment of the investment development activities within the Integrated Development Plan and the Municipality Budget to ensure sufficient support. Establishment of economic sector specific forums is key.
7. Development of Entrepreneurial Skills within the municipality that enable local entrepreneurs to acquire the relevant skills required to develop sustainable businesses within or linked to major economic sectors. This is a key to creation of more and sustainable jobs.
8. Development of a Thabazimbi Economic Development Agency (TEDA) as a gateway to investment into the municipality. This will be coupled with the establishment/utilization of the economic development forum as instruments to facilitate investment. TEDA will also play a significant role in branding, promotion and marketing of the investment opportunities in the municipality.
9. Promote and uphold Broad Based Black Economic Empowerment through establishment of Local Partnership Model, Private Public Partnership, Preferential Procurement, and Preferential Recruitment as engines to ascertain satisfactory local value locking.

### **5.11. Investment Incentives**

Thabazimbi will, through the Department of Trade and Industry, enable investors access to an array of investment incentives. In addition to this, Thabazimbi will have preferential rates to municipal services, land acquisition support, community involvement, and commercial support (i.e. facilitation of some key statutory requirement where the municipality can add value). Hence the municipality will induct project developers and investors on all pre-requirements and jointly walk the journey to project success while maintaining developmental requirements for the people of Thabazimbi Local Municipality.

### **5.12. Marketing Strategy**

The marketing strategy assesses processes that must be inculcated to promote investment opportunities to investors and project developers. The development starts with branding of the Thabazimbi Investment Brand Model, Packaging and Promotion of opportunities. Distribution channels were established, locally and internationally. Marketing programmes such as investment road shows, investment Imbizos and investment media marketing are cornerstone to promotion of investment opportunities in the municipality. The development of TEDA is fundamental to the implementation of the investment and marketing strategy as this will be a dedicated agency, established through proper statutory framework to serve as the investment entry point.

### **5.13. Ten Reasons why you should invest in Thabazimbi**

To cultivate interest of the potential investors and potential project developers in the municipality, we have developed the ten reasons why Thabazimbi is an investment destination;

1. Proximity to Africa's economic hub and access to Africa's markets;
2. Cogent infrastructure to support project development;
3. A plethora of investment opportunities with some of the sectors already developed;
4. Peaceful area with friendly people;
5. Government policies that ensure political and economic stability;
6. Competitive investment incentives;
7. Skilled and semi-skilled labour force;
8. Resurging economic climate;
9. Proper Telecommunication Networks
10. Transparent and fair trading.

### **5.14. Implementation Plan**

An implementation plan has been developed, with credible milestones will advocate the implementation of the Investment and Marketing Strategy. These activities will be integrated seamlessly with the municipal IDP and Budget, adopted by Council to ensure that there is accountability infused in the development of investment trajectories within the municipality. While it is noted that these processes are continuous, there need to be annual review of the strategy to ensure alignment with economic dynamics, new developments, legislative change and political regime or leadership change to maintain consistency and alignment.

### **5.15. Conclusion**

Thabazimbi is indubitably endowed with resources that can be explored and economic value be unleashed. The value unlocking mechanism will require institutional arrangement and vigilant implementation of the recommendations made in the strategy document, aligning the activities with IDP and Budget to acquire support from Council and instill accountability. The focus on local beneficiation, partnership model and preferential empowerment are cornerstone to value creation. Moreover, the promotion of the identified investment opportunities is key to value creation; hence, the municipality should invest resources in facilitating exposure of investment opportunities. This way, Thabazimbi can create a developmental and transformational local government that creates better living equitable to all the people of Thabazimbi, therefore surpassing underdevelopment, poverty and confronting HIV/Aids endemic.



# Introduction

## 6.Introduction

### 6.1. A growth Opportunity

Thabazimbi has identified, in few months post exasperating world-shuttering global economic crisis, identified development of Investment and Marketing Strategy with nouveau strategic approaches as a device to strengthen the economic climate within the municipality. The fundamental compel is to review investment opportunities within the municipality and appreciate further development of Natural Resources embedded within the municipality. This is done with a lucid objective of creating socio-economic benefits for the people of Thabazimbi. In quintessence, create a developmental trajectory to eradicate the frontiers of poverty and underdevelopment. Thabazimbi Local Municipality is therefore compiling this Investment and Marketing Strategy as a service delivery response by instilling mechanism to promote sustainable economic developments and a device to magnetize investors. The opportunity analysis identified and octopus of downstream and upstream opportunities for development within the Thabazimbi Local Municipality economy, which ranges from investment projects in the agricultural, mining and tourism sectors.

The nouveau approach is based on the fact that, most economic developments within the country and in the municipality, has marginalized local empowerment of the Thabazimbi people. As such, impoverished condition continue to prevail which therefore, suppresses the potential of our people to improve socio-economically in all dimensions. The municipality aims to promote investment opportunities, through Foreign Investors invitation, coupled with Local Partnership Model. The latter is an unbending commitment that will be force with total resolute to pin as much value locally. This will be done through a blend and balance of local recruitment, local procurement, and partnering with local entrepreneurs. Thabazimbi aspire to empower local entrepreneurs; to be in a position to discern and identify business opportunities, furthermore capacitate them to seize unflinching commercial tenacities to scale projects development exigent requirements. It is through creation of an array of locally owned businesses, through entrepreneurial development (on core and major economic sectors) and development input clusters to these major sectors, that the municipality can accelerate job creation.

Thabazimbi Local Municipality is endowed with enormous resources, ranging from mining, agriculture, tourism and other untapped resources. The municipality has assessed economic opportunities through the Local Economic Development Strategy wherein the municipality has evaluated these resources to identify investment opportunities. An Investment Strategy identifies investment model required to develop investment opportunities in the municipality. The Marketing Strategy will enable the municipality to determine mechanisms that needs to be implemented to promote opportunities to the potent investors. The Marketing Strategy should be able to reach domestic and globally investors. Furthermore, the overall Strategy will ensure that there is skills development and that local ownership is encouraged through

proper Broad Based Black Economic Development and Empowerment policies on a broader extent.

The trade and investment mandate has been a custodian, from National and Province perspective, a responsibility of the Provincial Government's Department of Economic Development and Tourism (LEDET) through a parastatal, Trade and Investment Limpopo, and the National Government's Department of trade and Industry. The Waterberg District Municipality has established an economic development agency to promote investment in the district. Hence, the Investment and Marketing strategy will, take cognizance of these structures and ensure that the implementation plan derived from this project allows integration and alignment with the intention so these structures. The Department of Trade and Industry has made more emphasis on local beneficiation and promotion of manufacturing, these key initiatives are grounded in this strategy and as a National policy, the municipality necessitates to give effect and use ensure development through currently established investment channels.

### **6.2. Why Investment Strategy? The Rationale.**

There is a number of enormous investment made already in Thabazimbi municipality, this include Mining Development: development of Iron ore mine by Kumba Resources, Anglo American development of Platinum, PPC cement developments, Northam and other developments such as chrome mining and recovery plants. The tourism sector has witnessed an exodus of hospitality developments and the establishment of Marakele Park, while the farming of soya, wheat and corn has gained momentum. As such, these developments indicate the latent value that is still untapped in the municipality. The municipality has developed the Local Economic Development Strategy that out-roots these opportunities. The aim of the Local Economic Development Strategy is to find strategic means of improving the local economy through infusion of value adding measures. The investment strategy zooms into investment opportunities and finds curve a niche to generate added value for the benefits of the Thabazimbi citizens.

### **6.3. Recipe for Success**

For the Investment and Marketing Strategy to have successful impact on the socio-economic aspects of Thabazimbi, the following success matrix should be satisfied internally by the municipality;

- a. The Investment and Marketing Strategy activities should be part of an Integrated Development Plan and Budget and be adopted by Council to leverage strategic support.
- b. The activities should also be linked within relevant directorate scorecards to ensure accountability on milestones assigned to the strategic programmes.

## **Thabazimbi Investment And Marketing Strategy**

Without this strategic component, the Investment and Marketing Strategy turns into a moribund.

- c. Institutional arrangement and Capacity building should be budgeted for and be adopted by council. This is very crucial to ensure that there are sufficient financial resources to kindle investment development and promotion.
- d. The Investment and Marketing Strategy should, together with the LED Strategy receive the sanction of annual reviewing to maintain relevance and alignment with revised IDP and economic objectives.

The abovementioned success criteria are pillars to the success of implementation of the strategy, which is the most important aspects of the whole strategy road map, to be able to see the economic benefits of having the strategy developed. The return on investment is long term, but the low hanging fruits can be picked as the economic road journey is being undertaken. Hence, it is crucial to make the strategy an annually updated document to counter dynamics and hence bringing in additional economic parameters that must be managed to remain competitive and value adding.

# The Project

## **7.The Project**

### **7.1. Project Description**

The Investment and Marketing Strategy Project involved a detailed assessment of Thabazimbi economic opportunities and generation of an investment strategy based on the findings. The analysis was done on key economic sectors and other corresponding economic opportunities. The rationale was pillared on the fact that Thabazimbi Local Municipality is endowed with enormous resources, ranging from mining, agriculture and tourism. The strategy for maximizing investments in various matrixes of the opportunities will was then developed. The Marketing Strategy will enable the municipality to determine promotion of investment opportunities to potent investors. The Marketing Strategy was structured to enable reach to investors locally and globally. Focus will also be bestowed to local entrepreneurship develop to ensure that the profits made from the established business benefits local society through preferential empowerment initiatives. The development of the Strategy was anchored on the existing Local Economic Development Strategy and the Integrated Development Plan of the municipality. The implementation with realistic milestone was developed to guide the directorate on plans that necessitate to be put into placer to accelerate the economic developmental strategic intents of the municipality.

### **7.2. Project Objectives**

#### **7.2.1. Overall Objective**

The primary objective of this project was to develop a Investment and Marketing Strategy to improve the socio-economic indicators within Thabazimbi Local Municipality.

#### **7.2.2. Project Specific Objectives**

The project specific objectives were set as follows;

- Out-root key investment opportunities within the municipality.
- Maximize Investment opportunities by creation value-add processes and captive projects.

- Find mechanisms to Promote and Expose Investment to investors and entrepreneurs.
- Eradicate Poverty and underdevelopment levels by creating jobs and business opportunities.
- Develop a Implementation Plan, credible enough to realise the developmental objectives of the IMS.

### **7.3. Project Scope and Process Flow**

The scope of the project incorporated the following;

1. Identification, Evaluation and Assessment of Broader Economic Investments Opportunities and prioritization of Investment Opportunities with the municipality ranging across all economic sectors and in particular Mining, Agriculture and Tourism.
2. Defining key and potential Investors Matrix and Stakeholders. Investors include local and international investors, including investments companies, groups and consortium. Stakeholders includes Department of Trade and Industry, District Municipality, Provincial Department of Economic Development and Tourism, etc
3. Projects Funding Model, defining potential debt equity or debt financing institutions and equity funders. Incorporation of local citizens to leverage empowerment.
4. Incentive Model: definition of a Model to hypnotize investors into the municipality. Services, incentives, and other key investment enabling instruments that the municipality can offer.
5. Investment Strategy: development of an Investment strategy based on completion above tasks.
6. Marketing Strategy: A marketing Strategy to have investors aware of opportunities within the municipality.
7. An Integrated Marketing and Investment Strategy: Integration of all key components developed.

8. Implementation Plan: development of a plan to realize the Strategy Intent.
9. Monitoring and Evaluation Plan: Establishment of a yardstick to measure the extent to which the strategy is being implemented, to determine the successes, failures, progresses etc.

## 7.4. Project Execution Methodology

The project adapted the following methodology framework;



Figure 1: Methodology Investment and Marketing Strategy development.

## 7.5. Expected Key Results Areas

Development of a Marketing and Investment Strategy to stimulate investment on a broader scale within the municipality:

1. Identification of key and cogent investment opportunities;
2. Assessment and Evaluation of plausibility of various investment opportunities and definition of a priority and value add framework;
3. Defining incentive opportunity matrix locally, provincially and Nationally to lure investors (both International and Local);



4. Definition of Stakeholder Model and the corresponding Participation Framework . Funders, Partners, Land Owners, Power Utilities, Water Authorities, Technology Partners, etc;
5. Development of an Investment Strategy with emphasis on Local Empowerment, BEE, Local Procurement, Local Recruitment, Local Ownership;
6. Development of a Marketing Strategy to reach local and foreign Investors; and
7. Implementation Plan Measurement, Monitoring and Reporting Framework.

### 7.6. Target Beneficiaries

The purpose of the strategy is to maximize and promote the investment opportunities with the envisaged outcome of improving socio-economic within the Thabazimbi Local Municipality. Ultimately, the municipality would like to see the people of Thabazimbi benefiting from this endeavor. This can only be achieved through preferential empowerment on a broader basis. It is for this sole reason that Thabazimbi Local Municipality is undertaking development of the Investment and Marketing Strategy, there is a need to improve the local economy, in turn inducing sustainable job creation and business opportunities, with priority granted to the local citizens of the municipality. The preferential empowerment model will encapsulate the following pillars;

1. **Preferential recruitment of labor:** preference should be given to local citizens of Thabazimbi Municipality to ensure that the lives of the marginalized are improved through job creation.
2. **Preferential Procurement:** this will involve large percent of procurement budget of companies investing locally being directed to local entrepreneurs and means to generate local wealth and create more jobs.
3. **Partnering:** Local partnering with local entrepreneurs as a response to the requirements of Black Economic Empowerment policies within the country, to ensure that there is a satisfactory level of black and local ownership, control and executive management by previously disadvantaged individuals. This should be further enhanced to ensure that women, youth and disabled are given the chance to participate in the major stream of economy.
4. **Corporate and Social Investment:** The Corporate and Social Investment programmes will also be utilized as tools to uplift the living conditions in the marginalized areas, where in socio-issues such as Infrastructure (water, roads, schools, etc), Sports, education, health, HIV and Aids and sports will be developed by the investing companies.

The empowerment model should yield a balanced empowerment perspective, wherein women, disabled and youth are granted the opportunity to benefit from the preferential empowerment models. Hence, the municipality will encourage all investment within the municipality to respond to this economic development call and ensure that there is compliance in this regard.



## About Thabazimbi

## **8.About Thabazimbi**

### **8.1. Overview**

The Thabazimbi Municipal area is second largest municipality in the Waterberg District Municipality, i.e. 985 460.76 hectares in extent or 19,9% of total district area. Thabazimbi Municipality is located in the South-western part of the Limpopo Province and has Botswana as its international neighbors. Thabazimbi is known as "Mountain of iron" which is the Tswana name for this peaceful productive town, referring to the highly lucrative iron ore reef first discovered in the Municipality in 1919. The Municipality has Marakele National Park, which is a subsidiary of National Parks Board, and in the same standard as the Kruger National Park and Mapungube. The game lodges scattered around the area helps to promote the issue of environmental sustainability. It was mined since the 1930s when iron and steel production started. The town was proclaimed in 1953. Today Iscor Steelworks in Tshwane still draw much of their raw material from Thabazimbi Kumba Resources (Iron Ore mine). Apart from Iron Ore the Thabazimbi Municipality is surrounded by Platinum producing areas such as: Northam Platinum mine, Anglo, i.e. Amandelbult and Swartklip mines. Other minerals produced in the area include Andalusite, which is mined by Rhino Mine and limestone for the production of cement by Pretoria Portland Cement (PPC). Boundaries of Thabazimbi Municipality include areas such as: Thabazimbi, Northam, Leeupoort, Rooiberg and Dwaalboom. The Municipal area falls within the Waterberg District Municipal area, very peaceful place to live in and a malaria free Municipality.

### **8.2. Location of Thabazimbi**

Thabazimbi local municipality is situated within the heart of Limpopo province in the bottom part of Waterberg district municipality. The municipality has been named after the popular town named Thabazimbi. The Thabazimbi Municipality is located in the western part of the Limpopo Province. Neighboring Municipalities include Lephalale Municipality towards the north, Modimolle Municipality towards the east and Bela-Bela Municipality towards the south-east. The Northwest and Gauteng Provinces border the Municipality on the south and Botswana borders the Municipality on the western boundary. Thabazimbi municipality is located within a belt of mining reserves (Platinum, Iron, Chrome, Limestone etc) and within Bushveld region filled strong eco-tourism potential. The location of the municipality gives it proximity to Johannesburg, an economic hub, and closer to Botswana borders granting it

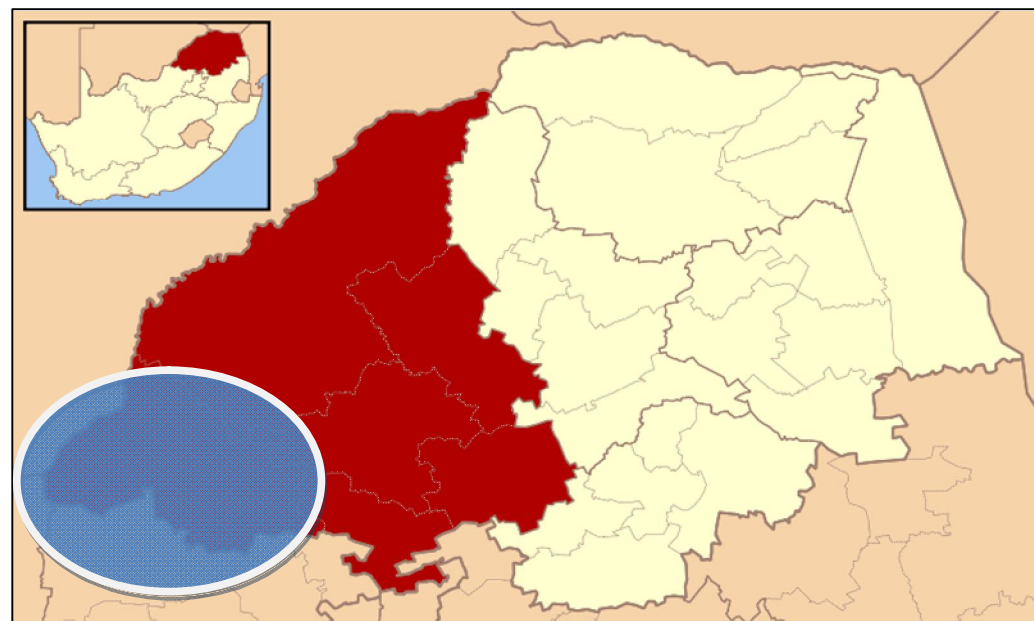
## **Thabazimbi Investment And Marketing Strategy**

access to African markets. The closeness to North West Province also sanctions the municipality the benefits of North West economic growth prospects, given the phenomenal concentration of platinum and chrome opportunities in the proximity.





**Figure 2:** Location Thabazimbi in Africa and South Africa.



### Thabazimbi Investment And Marketing Strategy



Figure 3: Location of Thabazimbi in Limpopo Province.



## **8.3. Thabazimbi Town**

### **8.3.1. An tourism attraction point**

The Thabazimbi town is an icon of tourism attraction, given its unprecedented mining history. The evolution of mining since 1919 by J.H. Williams, giving rise to the discovery of phenomenally lucrative iron ore reefs in the area and hence the establishment of a town. The increasing iron ore mining activities led to development of the town. The mine boasts one of the largest mining shafts in Africa. More than 2 million tons of ore are mined every year and hauled by train to Mittal's iron and steel works. The railway line from Rustenburg reached the area in the 1930s and full scale iron and steel production began. The town was proclaimed in 1953. Kumba Iron Ore, previously Kumba Resources, is now the principal operator of the iron ore mine. These rugged mountains looming from bush-covered plains are the spectacular setting for the mine and the town that has grown around it and are good tourism attraction point in view of the ruggedness.

### **8.3.2. Potential for Mining Museum**

The surfeit of mining history attached to the town can sanction the development of a Mining Museum to grant tourists an experience of the long-standing mining development history. This could be coupled with development of monuments across the rugged mountains with access roads and thus creating a tourism milieu.

## **8.4. Population Dynamics**

### **8.4.1. Importance Of Population Dynamic Study.**

There is a direct relation between population growth and economic develop. In developing investment opportunities, the population dynamics are critical as they define current and future quantum of the beneficiaries (the people of Thabazimbi). Population growth is comprised of three different factors: Fertility, mortality, and migration.

The following quotation allows us to determine the importance, or the relationship between the economy and population dynamics;

We are living in an unusual era in demographic history. For thousands of years, world population grew at a snail's pace, so slowly, in fact, that it took over 1 million years for population to reach 1 billion - and that was 200 years ago. But the pace quickened, and in a relatively short span of 120 years the population doubled to 2 billion. The third billion took only 35 years to arrive, and the fourth, 15. Presently world population exceeds 5 billion, and demographers do not forecast a levelling until the end of the next century at somewhat over 10 billion. (Kelley 1988).

The answer to why the relation between population and economic growth deserves attention is contained in the quotation above. An increase in the number of people of this size has potential large effects on many aspect of human lives, such as social structures, markets,

## Thabazimbi Investment And Marketing Strategy

the environment, education, and employment, to name but a few. Furthermore, the bulk of this rapid population growth is, and will be, occurring in the developing countries. In 1990 an estimated 76.9 per cent of the world's population lived in developing countries and this share is expected to rise to 83.2 per cent by the year 2025 (Merrick 1994).

The relation between population and economic development is therefore a potential important factor in the developing countries' future.

### 8.4.2. Population Size

The table below depicts the population size within the municipality per location. The projections made above for the estimated households and population figures until 2027 are summarized as follow in the tables below. These figures were also included in the Thabazimbi Local Municipality Integrated Spatial Development Framework, which was accepted by council in July 2008.

Node/Area	Approx. number of existing households (Rounded)	Total existing population (Rounded)	2010		2015		2020		2027	
	2008	2008	Population (Rounded)	No. of Households (Rounded)	Population (Rounded)	No. of Households (Rounded)	Population (Rounded)	No. of Households (Rounded)	Population (Rounded)	No. of Households (Rounded)
Northam	4000	15600	17550	4500	19500	5000	22230	5700	25506	6540
Wildebeeslaagte	150	480	490	160	520	170	550	180	580	190
De Put	50	160	170	60	180	60	190	60	200	70
Contractors	600	600	730	730	730	730	730	730	730	730
<b>Total</b>	<b>4800</b>	<b>16840</b>	<b>18940</b>	<b>5450</b>	<b>20930</b>	<b>5960</b>	<b>23700</b>	<b>6670</b>	<b>27016</b>	<b>7530</b>

Node/Area	Approx. number of existing households (Rounded)	Total existing population (Rounded)	2010		2015		2020		2027	
	2008	2008	pop rounded	hh rounded	pop rounded	hh rounded	pop rounded	hh rounded	pop rounded	hh rounded
Thabazimbi	2450	9070	9260	2510	9730	2630	10230	2770	10960	2970
Regorogile	2750	13480	13760	2810	14460	2960	15190	3100	16290	3330
Kwagqavlake	70	230	240	80	250	80	260	90	280	90
Spitskop	70	230	240	80	250	80	260	90	280	90
Private Resorts	20	70	80	30	80	30	80	30	90	30
Contractors *2 & *3	300	300	300	300	300	300	300	300	300	300
<b>Sub-total</b>	<b>5660</b>	<b>23380</b>	<b>23880</b>	<b>5810</b>	<b>25070</b>	<b>6080</b>	<b>26320</b>	<b>6380</b>	<b>28200</b>	<b>6810</b>

Figure 4: Population Dynamics and Projections.

Various factors impact on the calculation of population growth rates and influence estimates made by demographers. The most important factors are the impact of HIV/AIDS, migration (also illegal immigration to areas in the Province), etc. Unpredictable and changing circumstances necessitate the frequent revision of both macro spatial planning, as well as municipal integrated development planning. The calculation of growth rates for future population estimates for areas may change more drastically in years to come due to factors such as HIV/Aids and migration.

The implications of the increase in population for the development of the local municipality are very important. Additional social facilities and municipal infrastructure will be needed to accommodate the expected increase in population and an increase in population also necessitates the upgrading of existing social facilities and infrastructure.

## 8.5. Climate

The temperature and rainfall are important climatological parameters in sustaining the physical environment and plays a significant role in determining the biotic environment of a specific area. Temperature and precipitation data are included for a better understanding and interpretation of the natural environment of Thabazimbi Municipal area.

## 8.6. Topography

Thabazimbi is located in the Waterberg District which derives its name from the Waterberg Mountains, given by the indigenous people of the area due to the many water streams flowing down the mountain slopes. The Thabazimbi is generally a mountainous area, particularly towards the central to eastern side of the municipal area. The various mountain ranges include the Rooiberg Mountains, Boshoffs Mountain, Sandriviers Mountain, Kransberg Mountain, Witfonteinrant, Berg van Winde, Elandsberge, etc. The eastern mountain ranges form part of the Waterberg Mountain range forming a central mountain plateau. It is linked to the Sebetiela Mountains in the south-eastern part of the Waterberg District, which in turn is linked to the Great Escarpment of the Drakensberg Mountain range by the Strydpoort Mountains.

## 8.7. Hydrology

The primary catchments areas are the Crocodile River (west) and Marico River. The catchment areas of the main rivers that flow through the Thabazimbi Municipal area include the following sub-catchments:

- Lower Crocodile River;
- Crocodile River downstream of the Vaalkop-, Rooikoppies- and Klipvoor Dam including the Matlabas River;

The Thabazimbi municipality area is situated in the Lower Crocodile Water sub-management area. The Lower Crocodile River has two large tributaries, namely the Sand River and the Bier Spruit which join the Crocodile River west of the town of Thabazimbi. Irrigation is the dominant water demand in this sub-area.

# Statutory Requirements

## **9. Statutory Requirements**

### **9.1. Relationship between IMS and IDP**

#### **9.1.1. Preamble**

The Local Government: Municipal Systems Act, Act No. 32 of 2000, requires that every municipality prepare an Integrated Development Plan and that this plan is reviewed annually in accordance with an assessment of its performance measurements in terms of Section 41 of the same Act.

The Investment and Marketing Strategy encompasses investment promotion and development programmes and plans which have been developed through a detailed analysis of investment opportunities depicted within the local economic development strategy in the quest to meet national and provincial policy obligations with respect to local economic development service delivery requirements. The proposed programmes and projects have linked to financial model to determine the financial investment required to stimulate credible transport systems within the municipality.

The planning process of the municipality involves development of a credible IDP listing service delivery priorities and objectives, out of which service delivery projects emanates. The budget to execute these programmes and plans are aligned with the IDP. The IDP will therefore embrace programmes and projects (to promote accountability) listed in the IMS to effectively respond economic development requirements.

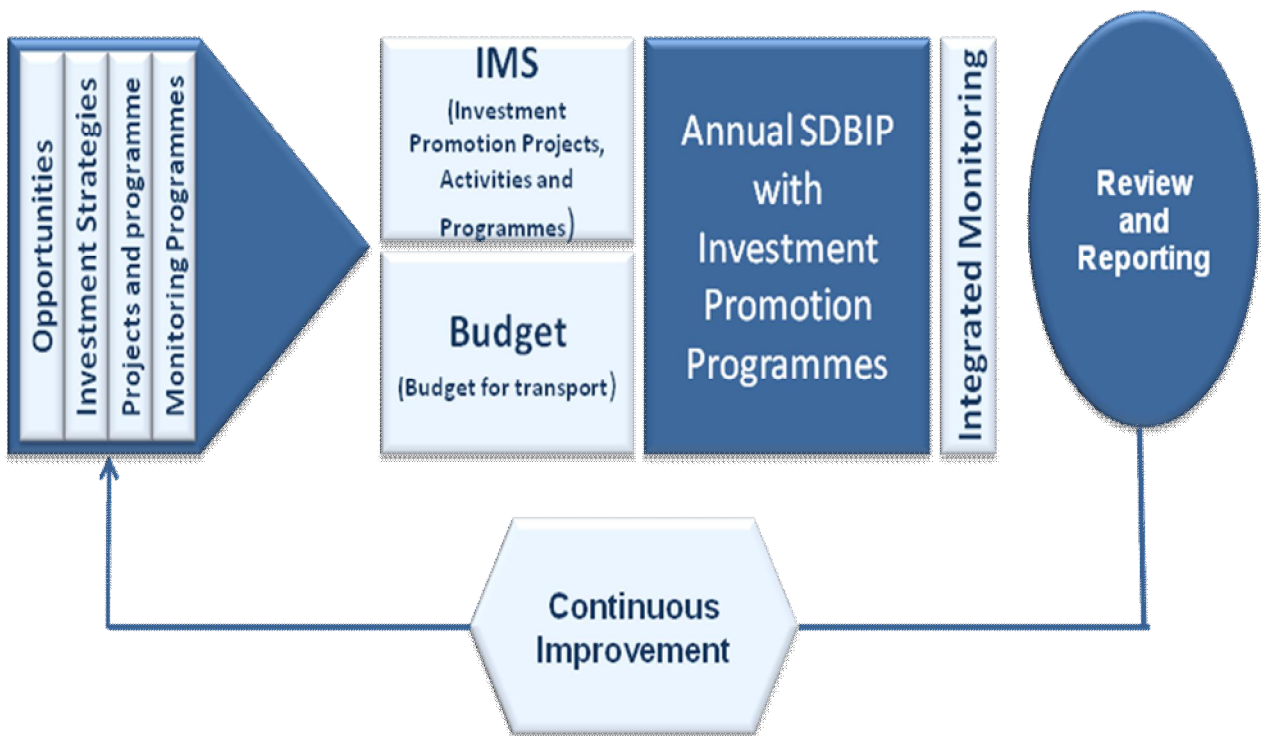
Development of IMS will therefore be aligned with the Integrated Development Plan of the municipality. Hence, the IMS process will be positioned to yield value adding input into the IDP process plan. The inputs obtained from the public participation during the IDP processes will be instrumental in reviewing the IMS for the following year. Furthermore, the projects and programmes identified will be inculcated within the IDP Project framework to ensure that environmental aspects are addressed through the municipality IDP and that are embedded in the SDBIP and the Budget of the municipality.

#### **9.1.2. Integration framework**

## Thabazimbi Investment And Marketing Strategy



### 9.1.3. Linkage with IDP planning and continuous improvement



## 9.2. Sustainable Development

### 9.2.1. Overview

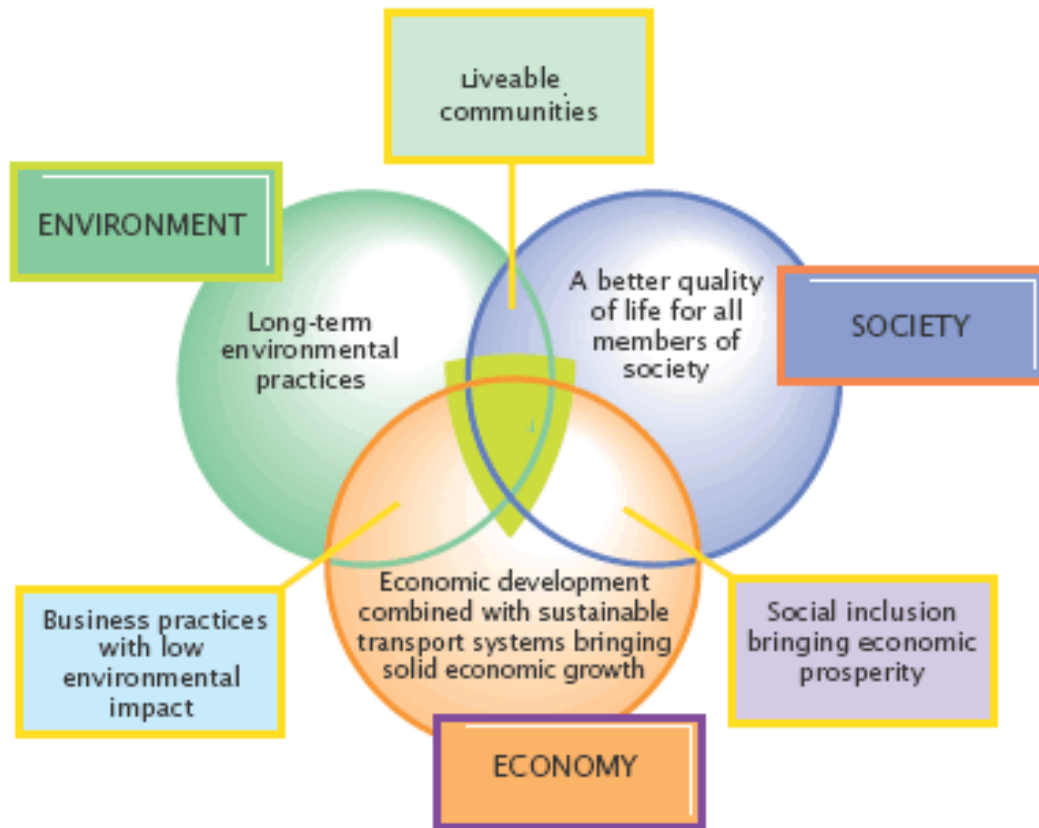
**Sustainable development** is a pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come. The economy exists entirely within society, because all parts of the human economy require interaction among people. Society in turn, exists entirely within the biophysical system. Although human activity is re-shaping the environment at an ever-increasing rate, society and its economic systems can never exist independent of the biophysical environment. Sustainable Development is core to economic development to ensure that there is a balance between the environment, social aspects and economic development. In other words, if a developer erect a project in the municipality, it is highly imperative to balance the three dimensions of sustainable development. The table below shows key elements within each sustainable development dimension that the municipality should take note of;

Dimension	Key Elements	
Environment	Minimize air pollution, protection of species, protection of heritage, water lands, etc	Balanced and Sustainable Development
Social	Corporate social and investment. Community upliftment, improvement of lives, HIV/Aids, Education, Recreation, etc	
Economic	Sustainable Job creation, business opportunities, Economic development.	

**Table 1: Sustainable Development Dimensions Elements.**

### 9.2.2. A Thabazimbi Sustainable Development Approach

When attracting investors to develop projects within the municipality, Thabazimbi should encourage developments to meet the sustainable development objectives as shown on the model below. This way, economic development can occur without hampering ecological and social aspects within the communities.



**Source:** Adapted from Ralph Hall, Introducing the Concept of Sustainable Transport to the U.S. DOT through the Reauthorization of TEA-21

**Figure 5: Sustainable Development Model.**

The figure above demonstrates the fact that the municipality should ensure that the businesses (Economy) developed within the municipality, should have proper Environmental assessment Impact (Environment) to create livable and communities, hence the business practices must be accompanied with low environmental impact. Furthermore the businesses developed should create sustainable jobs and business opportunities to induce a better quality of life for all members of the society (Society).

### **9.2.3. Energy efficiency**

South Africa has experienced power supply crisis over the past two years and there are expectation of power shortages in view of fast growing economy and surpassing the speed at which Eskom, the power parastatal can provide sufficient power. The emergence of Medupi Power Station , which is just over 100 km from Thabazimbi local municipality, will assist in the balancing of power supply requirements. The power station is to be commissioned mid 2012. Project developments within the municipality should heed the power dynamics and understand from the Eskom the lead-times to get power supply. This



notion applies to mega consumers, i.e. over 20 MVA. It is therefore very imperative, for the municipality to advise investors to incorporate energy efficiency or saving mechanisms in their factories to receive buy-in from Eskom. Within sustainable development framework, it is crucial for developers to incorporate the said mechanism, this can involve pre-heating, co-generation and some form of renewable energy incorporation such as biogas, solar heating, wind etc.

### **9.2.4. Carbon Credits**

As from 2005, the Kyoto protocol mechanism has been adopted for CO<sub>2</sub> trading by all the countries within the European Union under its European Trading Scheme with the European Commission as its validating authority. From 2008, European Union participants must link with the other developed countries that ratified Annex I of the protocol, and trade the six most significant anthropogenic greenhouse gases (Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur hexafluoride (SF<sub>6</sub>). In the United States, which has not ratified Kyoto, and Australia, whose ratification came into force in March 2008, similar schemes are being considered.

Carbon credits are the key component of national and international emissions trading schemes that have been implemented to mitigate global warming. They provide a way to reduce greenhouse effect emissions on an industrial scale by capping total annual emissions and letting the market assign a monetary value to any shortfall through trading. Credits can be exchanged between businesses or bought and sold in international markets at the prevailing market price. Credits can be used to finance carbon reduction schemes between trading partners and around the world.

In view of the above, it should be noted, that the municipality can assist project with, provision of leads to carbon credit market through government links in particular within Department of trade and industry. Companies can gain additional revenue by instilling Clean Development Mechanisms and therefore trading carbon credits in the market. Hence, the municipality should through their Strategic Environmental Assessment or the Environmental Management Sector Plan, encourage the projects developers to inculcate clean development mechanism therefore creating opportunities to reduce environmental harm and therefore benefitting from carbon credit trading.

## **9.3. Spatial Development Framework**

### **9.3.1. Overview**

There is a elementary requirement to define a framework that correlates economic hubs/nodes development and land use and planning. Hence, the relevance of spatial development planning in the investment strategy is discussed in this chapter.

Section 26 of the Municipal System Act 32 of 2000 requires that the Integrated Development Plan should include the spatial development framework which must include the provision of

basic guidelines for a land use management system for the municipality. The Spatial development framework is a legally binding document for all land use development and is therefore an integral part of the IDP, it therefore should represent spatial image of the IDP to depict land development plans and progress of the same. The Spatial Development Framework (SDF) focuses on development of residential, industrial, commercial, open spaces, and conservation areas. The SDF will also depicts an extent to which the development within the municipality being managed to ensure sustainable development economically, ecologically and socially so.

The Spatial Development Framework is the high-level plan of reference for planning of all transport systems, consisting of the major roads, public transport, pedestrian routes and interchange locations.

The Spatial Development Framework has the following elements;

1. **Supporting an efficient movement system:** Important aspects for the logistics of raw materials and products for the businesses established within the municipality. Investors are keen to know the availability and conditions of roads within the municipality and how they interlink with main roads. Another key is the availability of other movement modes such as rail and how road and rail link.
2. **Ensure strong viable nodes:** economic are hot spots requiring proper development. New project development should be done within the vicinities of nodal points to create strong economic hubs. The clustering of industrial, business and residential areas should be done to ensure proper integration with long-term growth taken into consideration.
3. **Create sustainable neighbourhoods:** the preferential empowerment model is crucial as it will ensure that there is local employment through sustainable jobs, GDP growth and business opportunities..
4. **Support environmental management:** the project should comply with National Environmental Management Act, respond to Climate Change challenges and ensure clean development mechanism.
5. **Corridor development:** if properly planned with the SDF, new investment opportunities, including their input cluster prospects, and the resultant business opportunities such as recreational, hospitality etc, can be properly planned across the corridor with infrastructure such as road, telecommunications, and storm control well established.
6. **Delineating and managing an Urban Development Boundary:** The development of projects within the municipality will migrate lots of citizens from poverty to medium and high earnings class. This will require supporting lifestyle structure such as proper estates, proper health care facilities, schools, retail malls and recreational centres. This development will also exert pressure on infrastructure development such as sewerage systems, water reticulation system, power and other key municipal services.

The elements above are critical when selecting areas for erection of projects. The nature of business, depending on the environmental impact and the size of the plant or the economic sector, will be positioned in different areas within the municipality as guided by the Spatial Development Framework.

### 9.3.2. Objectives of the Spatial Development Framework

The objectives of the Spatial Development Framework are to address the following priority spatial development issues:

Objective	Strategy
Avoid spatial fragmentation	Encourage a well-structured, efficient and sustainable municipality.
Avoid rapid and unmanaged urbanisation	Encourage adequate land services for urbanising (existing and new) communities at higher densities.
Avoid uncoordinated spatial development	Encourage environmentally sustainable and spatial coordinated sectoral practices.
Avoid depletion of natural resources	Encourage managed use of natural resources and agricultural land.

Thabazimbi municipality recognizes the fact that all land development plans and strategies have to be reviewed and implemented from an economic development perspective to ensure more spatially integrated and compact settlements.

### 9.3.3. Economic Corridors

Investors and project developers are keen to understand the key corridors and nodal points within the municipality. This knowledge is crucial as it assist the investors to choice an appropriate location or proximity to developed or developing corridors.

### 9.3.4. Main Economic Corridors

## Thabazimbi Investment And Marketing Strategy

The existing main arterial roads will remain the primary movement corridors for the distribution of traffic within the municipal area. These roads are improved to enhance access to the various development areas in the wider municipal area. A traffic network is therefore established throughout the area that will focus on both public and private transport while accommodating different modes of transport. Within urban areas the needs of pedestrian and cyclists should also be addressed. The Thabazimbi and Northam areas being the primary towns in the municipal area can in future develop as distribution centres, particularly to the adjacent farming communities. It will however be necessary to investigate the upgrading of some of the transport infrastructure to improve the comparative advantage of the area.

### 9.3.5. Municipal Nodes and corridor

The SDF of Thabazimbi acknowledges all the existing nodes in its area of jurisdiction. The following existing nodes have been identified:

- a. Thabazimbi: CBD, Pick and Pay Centre, Benathie Centre, as well as the neighbourhood centres of Delta-centre, Melkkan and the Regorogile business node.
- b. Northam: CBD, new business complex in Extension 6.
- c. Rooiberg: Business area in the crossing of Rooi Ivoor Street and Maroela Street.
- d. Leeupoort: Business area at the entrance with guesthouse/chalet complex and a caravan park with a social hall, swimming pool, Jacuzzi and kiosk, inside Leeupoort. Proposed business area on the farm Weihoek in proposed Leeupoort Vakansiedorp Extension 10.

These existing development nodes will remain important draw cards for development in the future. All CBDs will remain high density and high intensity commercial nodes with office development concentrated around it.

There are some main arterials that function as prominent links between main nodes within the municipal area or with main towns in neighbouring municipalities. These roads are referred to as municipal development corridors. The following corridors are listed:

Road	Description
P16/2	<ul style="list-style-type: none"><li>• Rustenburg-Thabazimbi-Lephalale: Link with the</li></ul>

## Thabazimbi Investment And Marketing Strategy

	P84/1 situated in the Lephalale Local Municipality. Main route to the Botswana border (Stockpoort). Major residential nodes and Mines are concentrated and adjacent and in close proximity to this route. Link to the North West Province
P110/1	<ul style="list-style-type: none"> <li>•</li> <li>• <b>Thabazimbi-Brits(Madibeng):</b> Access route to the North West Province (Brits/Madibeng)</li> </ul>
P20-1	<ul style="list-style-type: none"> <li>•</li> <li>• <b>Thabazimbi-Bela Bela:</b> Link between Thabazimbi and Bela-Bela. High volume of tourism activities on this route. High volume of heavy truck traffic due to bulk haulage of cement, mining timber and ore.</li> </ul>

### 9.3.6. Development Corridors

The main development corridor is the road between Growth Point 1(Thabazimbi) and Growth Point 2 (Northam) that will be developed as a **Development** Corridor which will serve as a spine for the Municipal area. **Commercial** industrial, residential uses and also small scale farming, **practices** could be encouraged along Road P16-2 between Growth Point 1.

### 9.3.7. Development Nodes

Thabazimbi has identified new nodes at the major intersections, both in the rural and urban areas. This way the municipality encourages investment in marginalized areas. In Thabazimbi, a newly approved Thabazimbi Extension 29 has been proposed that a new development node will be developed at the intersection of the Van Der Byl Street extension and the Steenbok Street extension. The node will comprise of shopping complex, office node, retirement area and clinic with surrounding high density residential development.

Other development nodes that have been proposed in the Thabazimbi area are along road D1485 by the expansion of the business area from Pick and Pay centre towards the area where Eland Street meets with road D1485, as well as along the road to Lephalale P16-2. Township establishment applications that include business rights on these portions of farmland are underway.

It is proposed that the main entry road into Thabazimbi (D1485) should be utilised more optimally and commercial and light industrial activities could therefore be supported along this route on entering the township and along the road to Lephalale (P16-2). The development along side these routes should contribute to enhance the first impressions of the Thabazimbi area. The areas are ideal for alternative uses like commercial activities and light industrial activities.

In Northam a new development is proposed in the proposed Northam Extension 8 which is a large scale residential township. The development node will be located adjacent to Road 1235 to Brits and Koedoeskop which is a main arterial and will promote the access and visibility of this node.

### **9.3.8. Railway**

Businesses rely on proper transport systems for transportation of goods (raw material and products). Availability of rail network in Thabazimbi leverages development of Industrial Projects as it provides a reliable and cost effective transportation. The existing railway line between Northam, Thabazimbi and Lephalale primarily serves as an industrial line for local mines. The possibility of dual use for commuter travelling will be investigated. Of utmost importance is the improvement of safety around the railway link - particularly safe pedestrian crossings over the railway line in Thabazimbi town.

### **9.3.9. Integrated Land Use Planning**

Thabazimbi has adopted a Spatial Development Framework which forms a basis for land planning and spatial development in a sustainable manner. It should be noted that the development Investment and Marketing Strategy influence the reviewing of the Spatial Development Plan. The IMS project prospects will discern newer development aspects on establishing improved transport systems, roads networks and infrastructure to improve connectivity of nodal and sub-nodal points within the municipality. Thus the IMS will leverage the Spatial Development Framework to recognise the need to plan for efficient transport access and to maximise the use of resources so as to achieve sustainability.

## **9.4. Environmental Impact**

### **9.4.1. Policy Context**

In February 2005 the National Environmental Management: Air Quality Act, 39 of 2004, was promulgated. This Act requires the National Minister to establish a national framework for achieving the objects of this act, which must include:

## Thabazimbi Investment And Marketing Strategy

- (1) Environmental management must place people and their needs at the forefront of its concern, and serve their physical, psychological, developmental, cultural and social interests equitably.
- (2) Development must be socially, environmentally and economically sustainable.
- (3) (a) Sustainable development requires the consideration of all relevant factors including the following:
  - (i) That the disturbance of ecosystems and loss of biological diversity are avoided, or, where they cannot be altogether avoided, are minimised and remedied;
  - (ii) that pollution and degradation of the environment are avoided, or, where they cannot be altogether avoided, are minimised and remedied;
  - (iii) that the disturbance of landscapes and sites that constitute the nation's cultural heritage is avoided, or where it cannot be altogether avoided, is minimised and remedied;
  - (iv) that waste is avoided, or where it cannot be altogether avoided, minimised and reused or recycled where possible and otherwise disposed of in a responsible manner;
  - (v) that the use and exploitation of non-renewable natural resources is responsible and equitable, and takes into account the consequences of the depletion of the resource;
  - (vi) that the development, use and exploitation of renewable resources and the ecosystems of which they are part do not exceed the level beyond which their integrity is jeopardised;
  - (vii) that a risk-averse and cautious approach is applied, which takes into account the limits of current knowledge about the consequences of decisions and actions; and

## **Thabazimbi Investment And Marketing Strategy**

- (viii) that negative impacts on the environment and on people's environmental rights be anticipated and prevented, and where they cannot be altogether prevented, are minimised and remedied.
- (b) Environmental management must be integrated, acknowledging that all elements of the environment are linked and interrelated, and it must take into account the effects of decisions on all aspects of the environment and all people in the environment by pursuing the selection of the best practicable environmental option.
- (c) Environmental justice must be pursued so that adverse environmental impacts shall not be distributed in such a manner as to unfairly discriminate against any person, particularly vulnerable and disadvantaged persons.
- (d) Equitable access to environmental resources, benefits and services to meet basic human needs and ensure human wellbeing must be pursued and special measures may be taken to ensure access thereto by categories of persons disadvantaged by unfair discrimination.
- (e) Responsibility for the environmental health and safety consequences of a policy, programme, project, product, process, service or activity exists throughout its life cycle.
- (f) The participation of all interested and affected parties in environmental governance must be promoted, and all people must have the opportunity to develop the understanding, skills and capacity necessary for achieving equitable and effective participation, and participation by vulnerable and disadvantaged persons must be ensured.
- (g) Decisions must take into account the interests, needs and values of all interested and affected parties, and this includes recognising all forms of knowledge, including traditional and ordinary knowledge.
- (h) Community wellbeing and empowerment must be promoted through environmental education, the raising of environmental awareness, the sharing of knowledge and experience and other appropriate means.



## **Thabazimbi Investment And Marketing Strategy**

- (i) The social, economic and environmental impacts of activities, including disadvantages and benefits, must be considered, assessed and evaluated, and decisions must be appropriate in the light of such consideration and assessment.
- (j) The right of workers to refuse work that is harmful to human health or the environment and to be informed of dangers must be respected and protected.
- (k) Decisions must be taken in an open and transparent manner, and access to information must be provided in accordance with the law.
- (l) There must be intergovernmental coordination and harmonisation of policies, legislation and actions relating to the environment.
- (m) Actual or potential conflicts of interest between organs of state should be resolved through conflict resolution procedures.
- (n) Global and international responsibilities relating to the environment must be discharged in the national interest.
- (o) The environment is held in public trust for the people, the beneficial use of environmental resources must serve the public interest and the environment must be protected as the people's common heritage.
- (p) The costs of remedying pollution, environmental degradation and consequent adverse health effects and of preventing, controlling or minimising further pollution, environmental damage or adverse health effects must be paid for by those responsible for harming the environment.
- (q) The vital role of women and youth in environmental management and development must be recognised and their full participation therein must be promoted.

## Thabazimbi Investment And Marketing Strategy

- (r) Sensitive, vulnerable, highly dynamic or stressed ecosystems, such as coastal shores, estuaries, wetlands, and similar systems require specific attention in management and planning procedures, especially where they are subject to significant human resource usage and development pressure.

### 9.4.2. Legislation and Policy Framework of Air Pollution

CLIMATE CHANGE	
Laws	Ensure adequate funding for the establishment of the national air quality monitoring system, and air quality management plans at local level
Disaster Management Act 57 of 2002 National Environmental Management: Air Quality Act 39 of 2004	Adopt revised air quality limits and standards.
Policies	Institute awareness campaign about health and safety risks of using coal and wood for cooking and heating
Climate Change Response Strategy (2004)	Extend and implement use of cleaner air technology
Disaster Management White Paper (1999)	Implement Strategy for the Control of Exhaust Emissions and integrate policing with vehicle roadworthiness
National Disaster Management Framework	
Energy Efficiency Strategy	Establish appropriate climate change adaptation strategies linked to national development initiatives and integrated into Provincial Growth and Development Strategies and Integrated Development Plans.
Renewable Energy Strategy (2004)	
Cleaner Production Strategy (2005)	Invest in clean coal production technologies capable of sequestering and/or reusing CO <sup>2</sup>
Integrated Clean Household Energy Strategy (2003)	Reduce energy demand and incentivize sustainable energy generation, and fund new generation and transmission capacity
Implementation Strategy for the Control of Exhaust Emissions from Road-going Vehicles in South Africa National Action Programme to Combat Land Degradation and Rural Poverty (2004)	Establish regulatory framework, including economic instruments to stimulate renewable energy generation, cleaner technology and energy efficiency

### 9.4.3. Strategies

#### 9.4.3.1. Environmental Management Plan

## Thabazimbi Investment And Marketing Strategy

In these eras, wherein, global warming, air pollution and nature conservation, coupled with environmental protection are alarming issues, business development require to undergo stringent environmental impact assessment. Environmental considerations have become an integral part of developmental thinking and decision making in South Africa. It is imperative that local municipalities have access to efficient environmental information to allow for strategic and project level developmental planning. In view of the latter the IDP Process proposes the formulation of an Integrated Environmental Programme (IEP) as a sector plan requirement in terms of the IDP Process Guidepacks. Each local council is thus required to formulate an IEP and thus ensure that environmental considerations are truly integrated with the outcomes of the IDP process.

Thabazimbi local municipality will respond to the requirement of the NEMA on sustainable development by implementation of the Environmental Management Plan, and further ensuring that proper EIA are undertaken. Hence, sustainable developmental planning is instrumental to creating a nascent economy without disturbing ecological balances. Figure below illustrates the over arching function of Integrated Environmental Management (IEM). As is clearly visible from the table, IEM acts as the collective term for different environmental management tools. All the environmental management instruments under the banner of IEM are indicated in their respective category below.

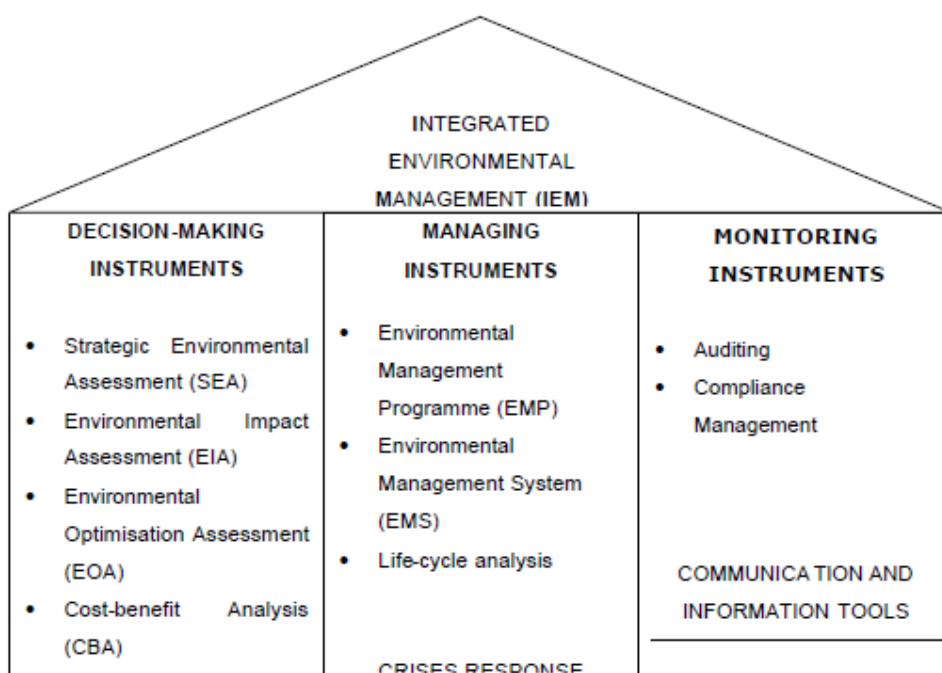


Figure 6: An Over arching function of Integrated Environmental Management.

### 9.4.3.2. Strategic Environmental Assessment

As a precondition for development that is consistent with the conservation of the nature tourism potential of Thabazimbi a Strategic Environmental Assessment (SEA) should

### **Thabazimbi Investment And Marketing Strategy**

provide the framework guiding all development planning in the Thabazimbi area. Furthermore, for eco-tourism development a rigid regime of environmental impact assessment within the context of the SEA recommended above be implemented with active local oversight over the exercise of their duty of care by landowners in terms of Section 28 of the National Environmental Management Act, 1998 (Act 107 of 1998)(NEMA) and other applicable environmental legislation. Exploitation of Thabazimbi's indicated tourism market niches requires the maintenance of high levels of environmental integrity.

Strategic Environmental Assessment (SEA) is the process by which environmental considerations are required to be fully integrated into the preparation and adoption of plans and programmes. The objective of the SEA process is to provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of specified plans and programmes with a view to promoting sustainable development.

The mining industry is associated with extensive and adverse land and vegetation disturbances, noise, sound, and air pollution. The SEA can be useful tool in creating a framework to manage minimization of the severe impacts of mining developments. Rehabilitation of mines becomes an alarming issue which can have beyond mine life threats if proper work is not performed.

# Economic Overview

## **10. Economic Overview**

### **10.1. World Economic Overview**

Now that the rationale behind development of the IMS strategy and related aspects have been discussed, inter alia, linkage between the Investment and Marketing Strategy with IDP, LED, SDF and sustainable development. The prospective investment opportunities need to be explored to out-root the investment priority areas to lure investors to spend their investment within Thabazimbi. Thabazimbi commodity and tourism based economy, has strong linkage to global market forces, hence, a world economic overview is examined to determine the market conditions and how acceptable is the market to new business development, especially after economic crisis. It should be noted that market forces globally are drivers to investment outlook. Investors look at the market forces in deciding whether to invest in a particular economic sector, its location and the timing is very essential. Having recovered from the economic crunch, investors are meticulous when deciding on investment. Thabazimbi therefore needs to comprehend macro-economic indicators trends locally and across the globe to be in a position to pioneer and focus development through invitation of apposite investors and to provide the required support accordingly with the understating of the prospects of various economic opportunities.

Noting that the economy of South Africa is predominantly Foreign Investment driven, subsequent sections examine the behavior of the foreign market and how plausible will it be to get investors to tap into our local investment portfolio.

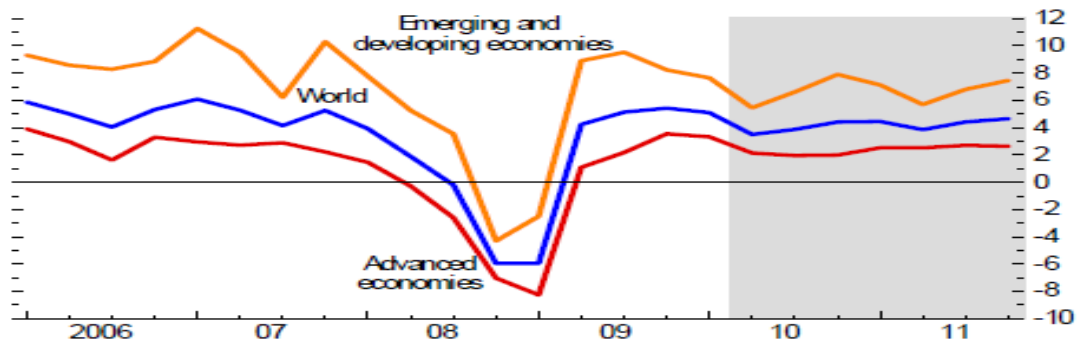
### **10.2. World economy perspective**

#### **10.2.1. A strengthening global economy is battered by financial shocks.**

World growth is projected at about 4½ percent in 2010 and 4¼ percent in 2011. Relative to the April 2010 World Economic Outlook (WEO), this represents an upward revision of about ½ percentage point in 2010, reflecting stronger activity during the first half of the year. The forecast for 2011 is unchanged (See figure 6 below).

### Global GDP Growth

(Percent; quarter-over-quarter, annualized)



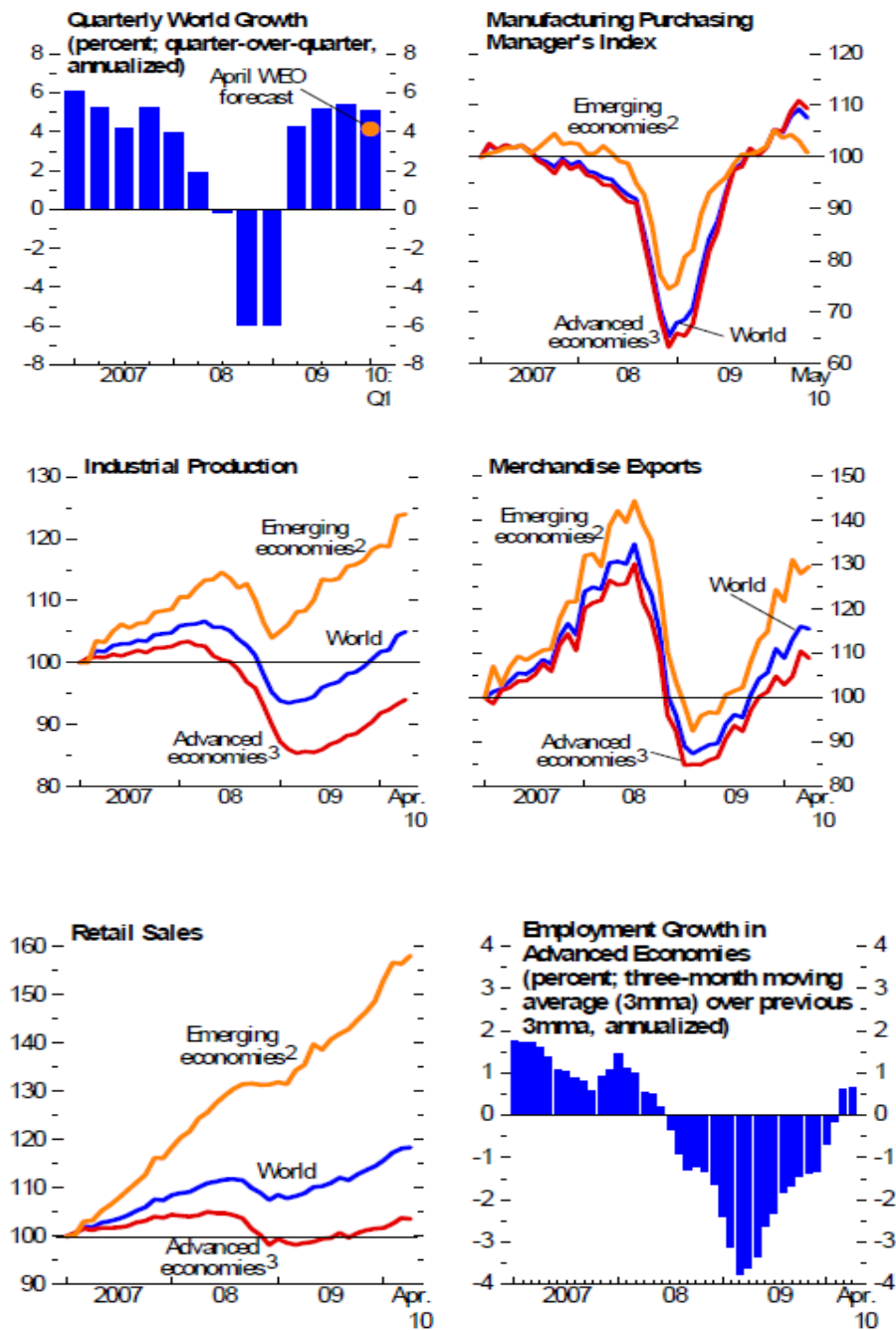
Source: IMF staff estimates.

Figure 7: Global GDP growth.

The world economy expanded at an annualized rate of over 5 percent during the first quarter of 2010. The economic growth is good for a foreign depend economy like Thabazimbi. This was better than expected in the April 2010 World Economic Overview, mostly due to robust growth in Asia. More broadly, there were encouraging signs of growth in private demand. Global indicators of real economic activity were strong through April and stabilized at a high level in May. Industrial production and trade posted double-digit growth, consumer confidence continued to improve, and employment growth resumed in advanced economies (see figure 7). Overall, macroeconomic developments during much of the spring confirmed expectations of a modest but steady recovery in most advanced economies and strong growth in many emerging and developing economies.

### Recent Economic Indicators<sup>1</sup>

(Index; January 2007 = 100; unless noted otherwise)



Sources: Haver Analytics; and IMF staff calculations.

<sup>1</sup>Not all economies are included in the regional aggregations. For some economies, monthly data are interpolated from quarterly series.

<sup>2</sup>Argentina, Brazil, Bulgaria, Chile, China, Colombia, Estonia, Hungary, India, Indonesia, Latvia, Lithuania, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Romania, Russia, South Africa, Thailand, Turkey, Ukraine, and Venezuela.

<sup>3</sup>Australia, Canada, Czech Republic, Denmark, euro area, Hong Kong SAR, Israel, Japan, Korea, New Zealand, Norway, Singapore, Sweden, Switzerland, Taiwan Province of China, United Kingdom, and United States.

Figure 8: World Recent Economic Indicators.

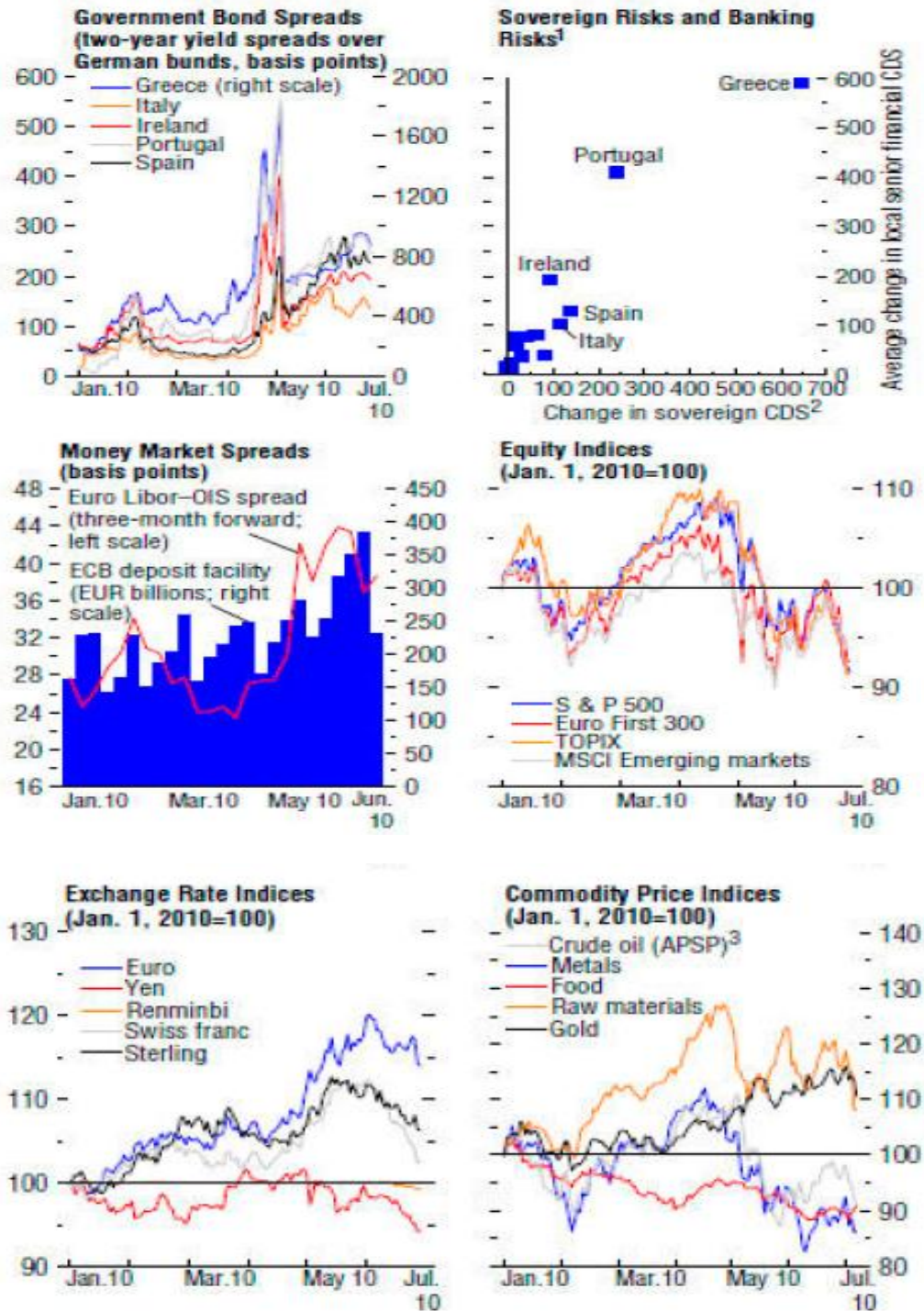


### **Thabazimbi Investment And Marketing Strategy**

Concern over sovereign risk spilled over to banking sectors in Europe. Funding pressure reemerged and spread through interbank markets, fed also by uncertainty about policy responses. At the same time, questions about sustainability of the strength of the global recovery surfaced. As risk appetite waned and markets scaled back expectations for future growth, assets in other regions, including emerging markets, also experienced substantial sell-offs. This spilled over into sharp movements in currency, equity, and commodity markets (see Figure 8 below). In principle, the renewed financial turbulence could spill over to the real economy through several channels, involving changes in domestic and external demand and in relative exchange curtailed by heightened uncertainty about financial sector exposure to sovereign risk as well as increased funding costs, notably in Europe.

Moreover, lower consumer and business confidence could suppress private consumption and investment. Fiscal consolidation could also dampen domestic demand. To the extent that higher risk premiums were accompanied by depreciation of the euro, the latter would boost net exports and mitigate the overall negative effect on growth in Europe. However, the negative growth spillovers to other countries and regions could be substantial because of financial and trade linkages. Lower risk appetite could initially reduce capital flows to emerging and developing economies. But relatively more robust growth prospects and low public debt could eventually result in higher capital flows, as some emerging market economies become a more attractive investment destination than some advanced economies

## Recent Financial Market Developments



Sources: Bloomberg Financial Markets; Datastream; and IMF staff calculations.

<sup>1</sup>October 2009–June 2010.

<sup>2</sup>CDS = credit default swap rates.

<sup>3</sup>APSP = average petroleum spot price.

Figure 9: Recent Financial Market developments.

### 10.3. Impact of the Economic Crunch and Recovery Trends

1. World gross domestic product (GDP) contracted 2% in 2009, as the effects of the global financial crisis worked their way deeply into the fundamentals of the global economy. Europe was hit hardest, with GDP shrinking by 4.1% in Western Europe and by 3.7% in Eastern Europe. In Asia-Pacific excluding Japan, however, there was positive GDP growth of 4.5%. GDP also expanded by 1.4% in the Middle East and North Africa (see figure below.).

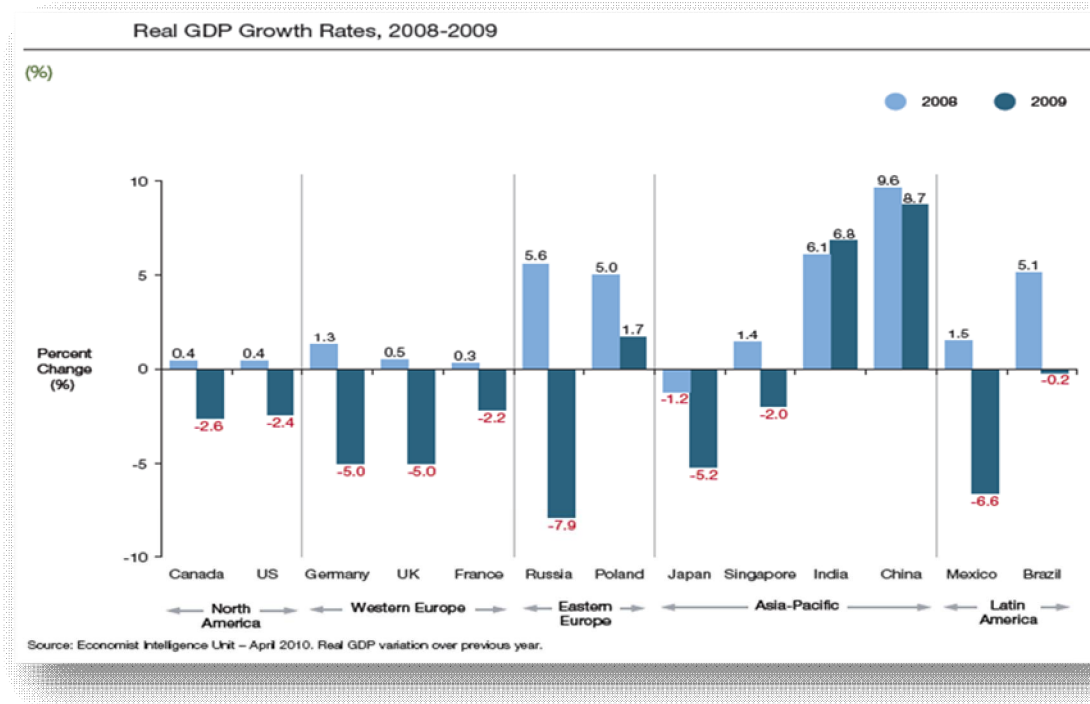


Figure 10: Real GDP Growth Rates, 2008-2009.

2. Governments around the world stepped up efforts to stimulate economic recovery and support the financial system. Governments implemented a wide array of measures to try and keep their economies from sliding into recession as financial conditions remained challenging. Those efforts included fiscal stimulus by many nations, but most sizably by the U.S. and China.
3. Key drivers of wealth experienced strong gains. Many of the world's stock markets recovered, and global market capitalization grew to US\$47.9 trillion in 2009 from US\$32.6 trillion in 2008, up nearly 47%.
4. Commodities prices dropped early in the year, but rebounded sharply to end the year up nearly 19%. Hedge funds were also able to recoup many of their 2008 losses.
5. The global economic recovery remains nascent. World GDP growth is likely to be positive in 2010-11 and is expected to be led by Asia-Pacific excluding Japan.

However, sustained economic recovery is contingent upon the timely withdrawal of government stimulus along with the return of growth in private consumption.

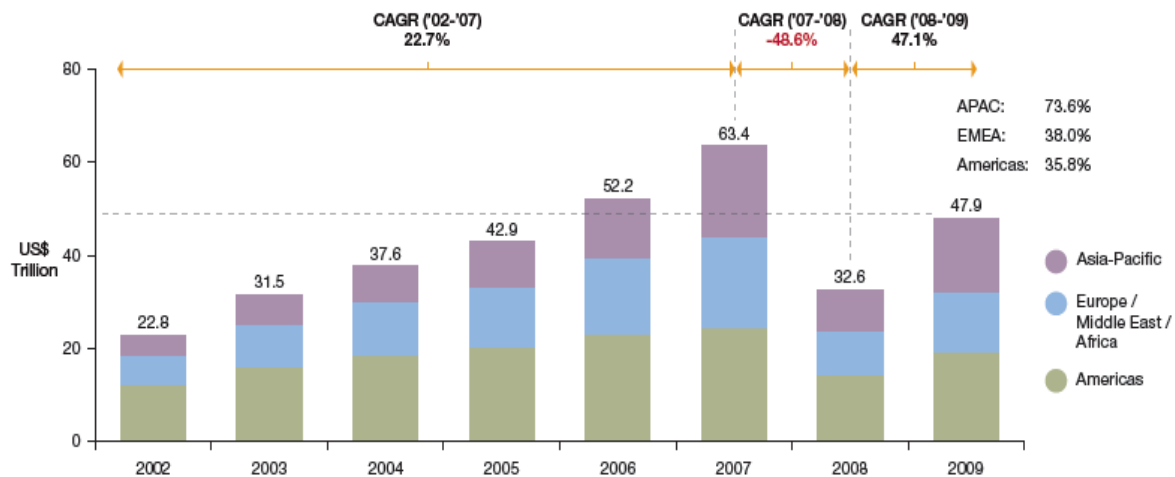
## 10.4. Key Markets showed a tremendous growth

Strong gains were evident in 2009 in many aspects of market performance, another key driver of wealth. Major asset classes (equities, fixed income, real estate and alternative investments) all rebounded after severe losses in 2008. Commodities also posted substantial gains, while the performance of currencies remained heavily tied to underlying economic performance.

Global equity-market capitalization rose nearly 47.1% in 2009 to reach US\$47.9 trillion (see Figure below). Global equity markets had collapsed in 2008, when capitalization sank 48.6%, and dropped close to 2003 levels. In 2009, however, equity markets rebounded strongly, after an initial dip in Q1 2009, to end the year above 2005 levels. Global equity-market capitalization rose 47.1% to stand at US\$47.9 trillion by the end of the year<sup>22</sup>. Short-term investors cashed in on the attractive investment opportunities in equities by taking advantage of the consistent upward trend across indices. Market capitalization increased across all regions, but was led by Asia-Pacific and Latin America. The strongest growth was seen in the BRIC (Brazil, Russia, India and China) nations, where market capitalization more than doubled.

Equity-Market Capitalization, 2002-2009 (by Region)

(US\$ Trillion)



Source: World Federation of Exchanges, March 2010

Figure 11: Equity-Market Capitalization, 2002 - 2009 (by Region).

## 10.5. Other Market Highlights

1. Equity-market volatility plunged from record highs in 2008, but remains high.
2. Global real estate turned positive.
3. Hedge funds recouped many of their 2008 losses.

## Thabazimbi Investment And Marketing Strategy

4. The US dollar remained volatile during the year.
5. Commodities posted strong gains in 2009, but could not wipe out 2008 losses.
6. Oil prices ended 2009 at US\$79.4/barrel, a gain of 78.0% on the year<sup>35</sup>.
7. Gold prices soared in 2009, fuelled by broad investor demand.

### 10.6. Daily Volatility of DJ World Index

Equity-market volatility plunged from record highs in 2008, but remains high. The rapid meltdown in equities in 2008 occurred amid record levels of volatility, but that volatility plunged in 2009, and has continued to drop in 2010. The daily volatility of the DJ World Index (A stock market index is a method of measuring a section of the stock market.) had sunk to 1.30% by end-2009 from 2.48% at the beginning of the year and 2.56% at its peak in mid-September 2008 (see Figure 7). In early-2010, volatility declined further as crisis fears continued to fade, though as per mid-April, volatility levels still remained above those seen during the Asian financial crisis and after the September 11th terrorist attacks in the U.S.

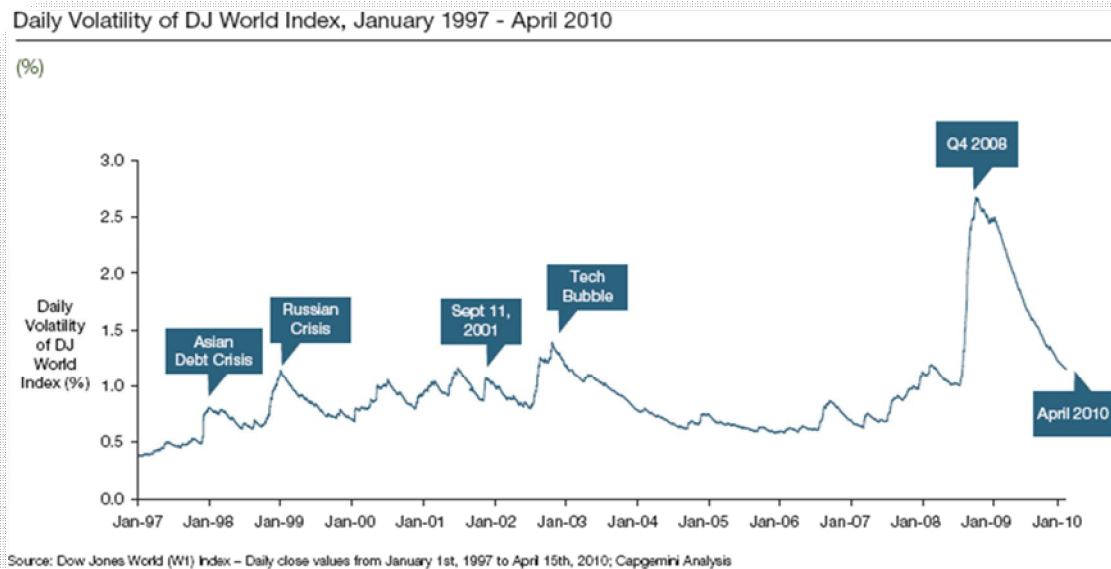


Figure 12: Daily Volatility of DJ World Index, January 1997 - April 2010.

### 10.7. World Economic Linkage with Thabazimbi

Thabazimbi's economy is dominated by the looming export mining sector joint with an internationally exposed tourism economic sector. This makes Thabazimbi Economy to be directly affected by the International economic developments than many local economies in South Africa. The export demand from USA, Europe, China and Middle East dictates the Thabazimbi economy drift since most of the exports are Dollar or Euro based depending on the consuming economy. The growth of the Thabazimbi Municipality economy is dependable on International Economic behavior. The current global economic crisis has had adverse effects on various economic, both developing (China, India and the Middle East) and developed economics (USA, Europe, and Japan). These economies are recovering at

various recovery-rates and hence, create economic growth crisis on the Thabazimbi economy, both on the Tourism and Mining Sectors. The mining economic sector, which supports the Stainless Steel, Carbon Steel, and the Auto-catalytic Industry, is facing difficulties in the U.S. as the automobile industry is declining. This will have downbeat implications on the international demand for iron and steel. However, a growing demand for Jewelry across the globe will see an increased demand for Platinum group metals (Platinum, Palladium and Rhodium).

### **10.8. International Economic Drivers and the Local Economy of Thabazimbi**

Key sectoral drivers of the local economy of Thabazimbi are the minerals sector and tourism. Whilst the local economy does produce traditional agricultural products, most particularly livestock products, it cannot be regarded as a strongly agriculturally-based local economy. Its capacity to expand its agricultural production in an arid area will, given projected developments and competing claims for water in the catchments that serve it most likely be curtailed into the long term by water constraints. It is unlikely therefore to be able significantly to increase its conventional crop production in response to rising world food demand. In addition, two of its main drivers, namely mining and tourism, stand to be directly affected well into the medium term by adverse international developments most particularly in the United States and to a lesser extent in the Euro zone countries. By virtue of its direct exposure in particular to the international commodity markets (most notably the market for Platinum Group Metals) and to international tourism (more than 50% of international tourists to Thabazimbi come from the United States) the local economy is more directly exposed to international economic developments than many other local economies in South Africa.

The Thabazimbi economy does indeed display indications of having achieved the right mix of economic activities to the extent that its most patent economic potential has already been captured and it already is playing to its resource strengths in terms of its mineral wealth and its natural resource endowments. It is however significantly deficient in its institutional capacity at various levels, in respect of the backward and forward linkages of key local economic sectors into the local community and in the knowledge and skills base of its general labour force which arguably is not globally competitive.

### **10.9. South Africa Economy**

#### **10.9.1. Overview**

South Africa is the economic powerhouse of Africa, leading the continent in industrial output and mineral production and generating a large proportion of Africa's electricity. The country has abundant natural resources, well-developed financial, legal, communications, energy and transport sectors, a stock exchange ranked among the top 20 in the world, and a



## Thabazimbi Investment And Marketing Strategy

modern infrastructure supporting efficient distribution of goods throughout the southern African region.

South Africa has a world-class and progressive legal framework. Legislation governing commerce, labour and maritime issues is particularly well developed, and laws on competition policy, copyright, patents, trademarks and disputes conform to international norms and conventions.

The country's financial systems are sophisticated and robust. The banking regulations rank with the best in the world, and the sector has long been rated among the top 10 globally.

Not only is South Africa itself an important emerging economy, it is also the gateway to other African markets. The country plays a significant role in supplying energy, relief aid, transport, communications and investment on the continent. Its well-developed road and rail links provide the platform and infrastructure for ground transportation deep into Africa.

Macroeconomic outcomes and projections 2007-11					
	2007	2008	2009	2010	2011
Percentage changes, volume					
Private consumption	5.5	2.4	-3.1	2.3	5.5
Government consumption	4.7	4.9	4.7	3.6	3.4
Gross fixed investment	14.2	11.7	2.3	3.0	8.9
Final domestic demand	6.9	4.6	-0.6	2.7	5.8
Stockbuilding <sup>1</sup>	-0.4	-1.3	-1.3	1.3	0.1
Total domestic demand	6.4	3.3	-1.8	4.0	5.9
Exports of goods and services	5.9	2.4	-19.5	8.9	6.1
Imports of goods and services	9.0	1.4	-17.4	10.9	9.2
Net exports <sup>1</sup>	-1.2	0.2	0.1	-0.9	-1.1
GDP at market prices	5.5	3.7	-1.8	3.3	5.0
<b>Memorandum items</b>					
Inflation	7.1	11.0	7.1	5.3	5.2
Employment growth	0.4	1.8	-3.6	1.2	2.3
Unemployment rate	22.3	22.9	24.0	24.5	24.0
Current account balance (USD billion)	-20.5	-20.1	-11.2	-17.6	-22.0
Current account balance <sup>2</sup>	-7.2	-7.1	-4.0	-4.9	-5.5
Consolidated government budget <sup>3</sup>	1.7	-1.0	-6.7	-6.1	-4.7
Household disposable income growth	5.5	2.4	-2.8	3.0	4.5
Household net saving ratio	-0.8	-0.8	-0.4	0.0	-0.3

1. Contributions to changes in real GDP  
2. As a percentage of GDP.  
3. As a percentage of GDP. Data refer to fiscal years starting in April.

Source: OECD Economic Outlook 87 Database, Statistics South Africa, SARB Database and OECD estimates.

**Figure 13: Macroeconomic outcomes and projections 2007-2011.**

### 10.9.2. Economic growth

South Africa's economy has been in an upward phase of the business cycle since September 1999 - the longest period of economic expansion in the country's recorded history. During this upswing (working on data for the period up to the fourth quarter of 2007), the country's annual economic growth rate has averaged over 4%. In the decade prior to 1994, economic growth averaged less than 1% a year.

South Africa's real gross domestic product (GDP) rose by 3.7% in 2002, 3.1% in 2003, 4.9% in 2004, 5% in 2005, 5.4% in 2006 - the highest since 1981 - and 5.1% in 2007. In the fourth quarter of 2007, South Africa recorded its 33rd quarter of uninterrupted expansion in real GDP since September 1999.

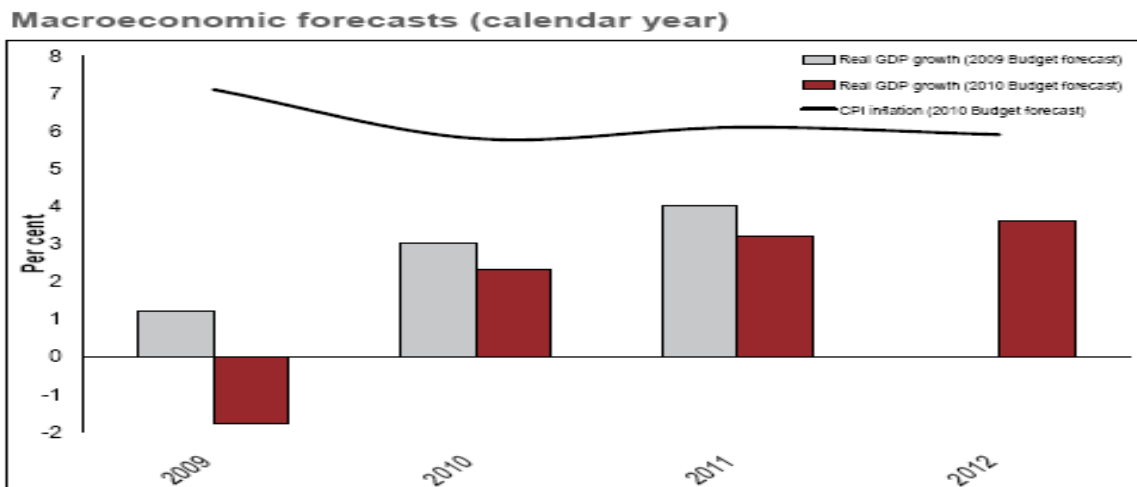


Figure 14: GDP and CPI Inflation forecasts.

### 10.9.3. National Economic Mismatch

Having mentioned that the Thabazimbi economy is pillared on mining and tourism, this creates an economic sectoral mismatch between the local economy of Thabazimbi and the national economy of South Africa as a whole. The consequence of this situation is that Thabazimbi will not benefit from the general growth support from the two commercial drivers of development at national level (Construction and Trade sectors). Meaning that local economic benefit from National Economic growth will be marginal and these economic drivers are not dominant in Thabazimbi.

This is based on the undeniable fact that the economy of South Africa is pillared on Construction, Trade (including tourism), Finance and Community Services sectors as the key drivers for growth and employment creation in the country. Key sectors such as Agriculture and Mining that are dominant sectoral players in the Thabazimbi local economy have seen significant contraction of employment. The number of commercial farmers in South Africa has declined by 20% in six years. On the other hand, uncertainty on the Mining Law has created hindrance on the flow of foreign investors and this can create further contraction and slowed mining sector development.

The namely Finance and Trade other than from the property sub-sector within the Finance sector and tourism activities that are generally reported as part of the Trade Sector. Thabazimbi could benefit from the broad national destination image of South Africa as far as tourism is concerned, provided generally that national weaknesses and threats in the sector are adequately managed.

## 10.10. Limpopo Province versus Northwest Province

Major international mining operations contribute to 20% of Limpopo's economy, making mining the primary driver of economic activity after government services (Which can be discounted as a credible and sustainable economic driver going forward into the medium term). The two main economic drivers represent the major employers within the province. Substantial mineral reserves include platinum group metals, diamonds, coal, chrome, iron ore and copper. Mittal Steel mines coking coal for its blast furnaces and sells the lower grade coal. Mittal also source Iron Ore from the mammoth Iron Ore Resources of Kumba to



## **Thabazimbi Investment And Marketing Strategy**

Saldanah Steel Plant in Western Cape, therefore linking the Thabazimbi economy to International Stainless Steel and Iron Ore requirements.

Limpopo is also one of South Africa's richest agricultural areas. Abundant orchards of subtropical fruit and nuts form the basis of a thriving agri-industrial sector. Extensive tea and coffee estates are found in the Lowveld. Other notable cash crops include vegetables, cotton and tobacco. Like the rest of the country, there has been significant narrowing in Agriculture. Hence the Province is prioritizing stabilization of the agricultural sector to create added value in this economic sector. Other key priorities include;

3. Leveraging of maximal local community developmental dividend off modern sector development in particularly Mining, Agriculture and Trade (Tourism);
4. Beneficiation of local commodities where competitively feasible;

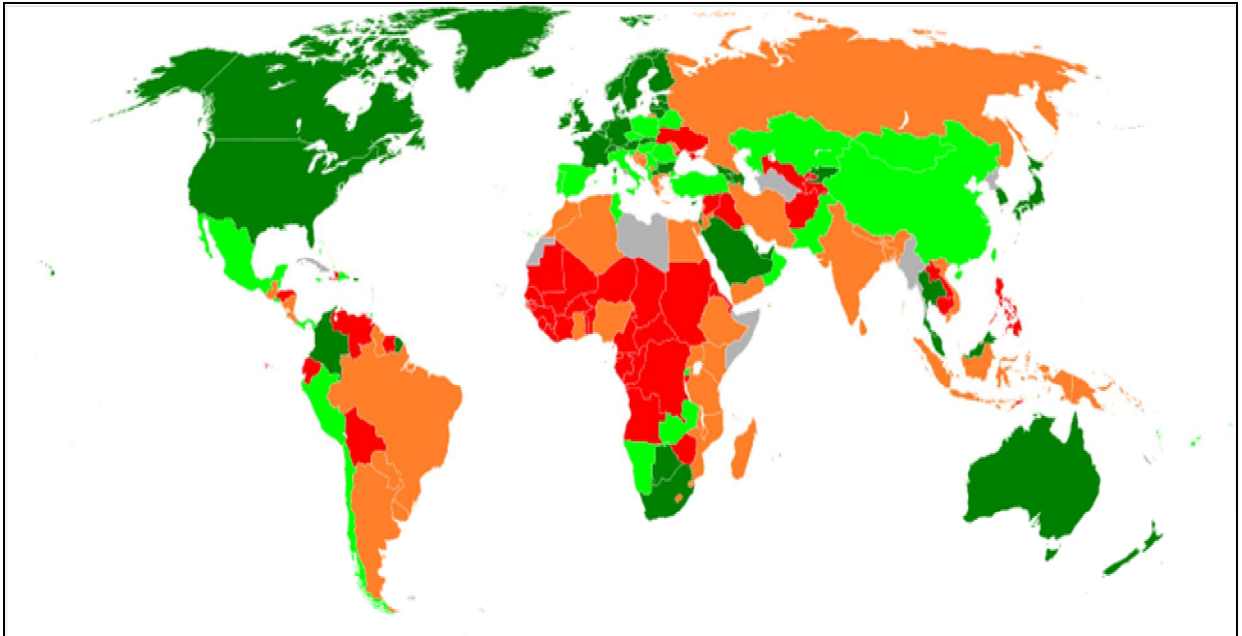
The location and the real economic influences are more likely to be influenced by developments in its neighboring province, i.e. Northwest Province, than they are to be shaped by remote developments in Limpopo Province. This is due to the proximity of the municipality to North West Province, i.e. Thabazimbi lies on the border of the Province, an economic belt wherein economic activities are concentrated on.

### **10.11. Domestic Provincial Economic Drivers and the Local Economy of Thabazimbi**

It is a feature of local and regional economies that they generally do not recognise or respond significantly to jurisdictional influences that are not able to exercise real economic governance and power. This is true in the case of the prospective influence of the provincial economy of Limpopo on the local economic activity within Thabazimbi. In reality, given its location on the southern fringe of the Limpopo province the local economy of Thabazimbi has stronger economic linkages with Northwest Province and Gauteng to the south and southeast than it does with the rest of Limpopo collectively. Whilst it falls within the administrative jurisdiction of Limpopo Province, its fortunes are more likely to be shared and influence by the neighbouring areas of Northwest province than by Limpopo. Section 2 will reflect the fact that much of the labour force recruited by the mines in Thabazimbi comes from Northwest Province. Key new developments in the platinum sector in the Western limb of the Bushveld Igneous Complex are associated with the Pilanesburg area of the Northwest Province. The major regional competition to Thabazimbi in key tourism subsectors including hunting and eco-tourism is likely to be provided by Northwest Province. Sun City already provides a regional epicentre of theme tourism that has placed the southern Bushveld within reach of Gauteng and ~~on~~ the map+so to speak. Pilanesburg also provides the closest and most accessible international airport to Thabazimbi, two thirds closer than Polokwane. Key water resources are shared with Northwest Province. Key real local drivers of local economic development in Thabazimbi are therefore more likely to be influenced by developments in immediate environs, including the neighbouring areas of the Northwest Province, than they are to be shaped by Limpopo Province.

## 10.12. Ease of doing Business in Thabazimbi.

The diagram below demonstrates the ease of doing business in different countries around the world. The Dark Green color depicts higher level of easiness for business development. Thabazimbi Local Municipality, within the country of South Africa, demonstrates excellent levels of doing business, making it a favorable investments destination. Thabazimbi Municipality lies within the country of South Africa, hence, with the country having higher index of Easy of doing business, Thabazimbi therefore have higher index for Ease of doing business, therefore depicting a conducive environment for investors to explore investment opportunities.



# Investment Strategy

## **11. The Investment Strategy Framework**

### **11.1. Overview**

The Investment Strategy Framework will assess the investment opportunities and outlines plausible business developments that can be established to generate economic growth within the municipality. At the end of the day, a list of projects will be generated to bestow investors an directory of projects which can be explored for investment and development in the municipality. These projects require to be packaged, and a Marketing Strategy be developed to kindle apposite promotion. Opportunities are explored in various economic sectors that are prone to improve economic climate in the municipality and input cluster opportunities are also analyzed to maximize potential opportunities. While a holistic approach is being taken, more emphasis is given to local manufacturing and beneficiation of raw material to respond acutely to corresponding National Initiatives and Policy requirements.

### **11.2. Principles/goals of the IMS**

In order to cultivate required outputs of the Investment and Marketing Strategy, a set of principles are defined to ensure that the intention of the strategy is well understood and that the impact can be measured to tell whether the strategy is ultimately achieving the envisaged outcomes or not.

1. Equity . the investment opportunities will be accessible and local potential entrepreneurs will be granted opportunities to tap into major economic sectors. The municipality will ensure that information is accessible to all members of Thabazimbi and that investors can have access in this regard.
2. Transformation and formalisation . the municipality will encourage a system wherein emerging opportunities are increasingly be owned and managed by historically disadvantaged persons and further see the formalisation of local businesses. Local ownership, in terms of equity will be promoted within the Board Based Black Economic Empowerment.
3. Efficiency . the strategy serves to instil business that operate sustainably (to generate sustainable jobs), with plausible healthy cash flow models and long-term lifetime to grant the municipality economic growth benefits.

## Thabazimbi Investment And Marketing Strategy

4. Sustainability . the economic development initiatives must support ongoing reductions in environmental degradation and promote nature conservation. This should be combines with the drive to continuously develop our communities to improve and sustain better lives.

### 11.3. Curving a niche

In view of conflicting multiple economic constituents across the Thabazimbi, Limpopo Province, National Economy and World Economy, the municipality necessitate to curve a niche by ensuring that, through the Investment and Marketing Strategy, it reinforces economic drivers so that the municipality economy can benefits from the Provincial, National and World economic developments. A spread on the World Economy, across the USA, Europe, Middle East and Asia, minimizes an economic subsidizing risk, but exposes the Thabazimbi economy to multiple economies with distinct currencies. This goal requires a drastic infusion of economic activities across economic sectors that are key drivers Nationally and Provincially to benefit from growth of these economies. While this drive is long-term, it can result in economic stability that can offset National and Provincial misalignment. It is also crucial to create a widespread linkage to global economies to minimize subsidizing risks due to divergent economic performances.

While the aforementioned said strategies set a corridor to our ultimate objective, the municipality could as mid-term, align its economic drivers with that of the province. Noting the happenstance of economic drivers in North West and Limpopo in Mining, Thabazimbi can harvest dual benefits as it is positioned in-between these economies. A Project Based approach is crucial to ensure that the IMS is effectual in achieving the economic growth intents. Therefore, through the IMS, Thabazimbi Economy should adapt the following growth shape;

Short-Term (Low Hanging Fruits)	Mid-Term	Long-term
Grow Agriculture Economic Sector by focusing in immediate opportunities such as Meat Processing. Align with Provincial Economic Strategy.	Stabilize the Agriculture Sector by strengthening the whole Value Chain, from Animal Food Supply, Agri-Processing and Product Manufacturing. Explore National and Sub-Saharan Market linkages. Engage international Trade Partners.	Create National Market Linkages, strengthen Sub-Saharan Markets and allow entry into International markets. However, this requires sound and reliable market with cogent supply and on-par quality products.
Leverage local entrepreneurs to tap into Mining through preferential empowerment on core and input cluster opportunities. Identify and promote a matrix of mining	Establish locally owned mining and beneficiation industries with a bulge of value locked within the municipality. Align with the Provincial and National	Maximize value by exploring and expanding on Local Beneficiation and Manufacturing. Align with the National Beneficiation Strategy and explore global

### Thabazimbi Investment And Marketing Strategy

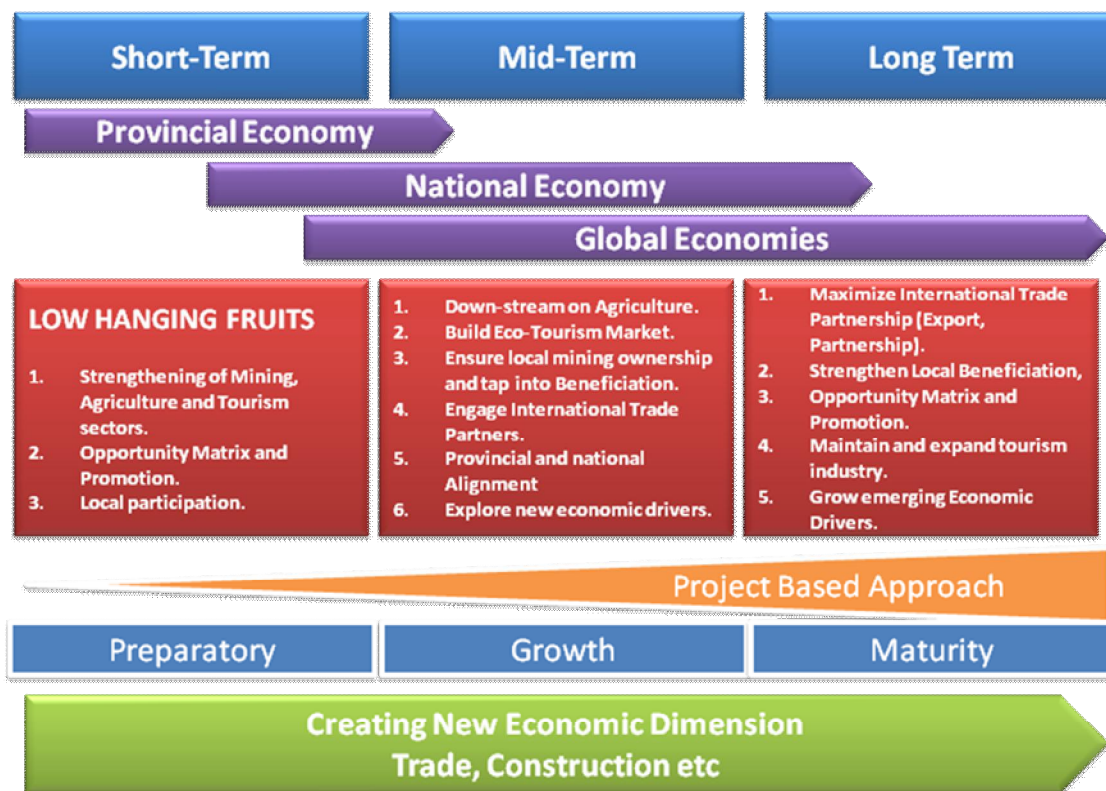
and beneficiation opportunities through relevant strategies to kindle local participation.	Beneficiation Strategy.	markets.
Out-root tourism opportunities and create an environment to enable locals to tapping into eco-Tourism Opportunities through partnership with foreign investors or local government incentives.	Integrate local opportunities with Provincial Government economic development endeavours. Explore how the local economy can maximize global benefits. Engage international Trade Partners. Develop eco-tourism and other tourism opportunities. Explore new economic drivers.	Create more National and more diversified international linkage to minimise risk, with emphasis on linkage with Global markets. Matured tourism industry. Grow emerging Economic Drivers.

**Table 2: Economic growth and alignment roadmap.**

#### 11.4. Road map for creating a nascent economy

A model below shows a strategic Road Map required to be implemented to ensure growth of local economy in alignment with the Provincial, National and Global economies. The economic growth and alignment strategy is based on execution of investment coupled with local capacity building to enable locals to grasp blossoming economic opportunities. the Road Map Shows short, mid and long-term strategies and activities that must be implemented to achieve the ultimate goals. The model is shown below;

## Thabazimbi Investment And Marketing Strategy



**Figure 15: The economic growth and alignment strategy.**

The IMS therefore, outlines key and anchor investment projects that the municipality should promote to instil in situ sustainable development that is superimposed and interweave homogeneously on local, nationally and international economic key drivers.

## 11.5. Investment opportunities

### 11.5.1. Tourism

#### 11.5.1.1. Overview

The tourism sector in South Africa is rebounding in 2010 following a slow down caused by the economic crisis. The World Travel & Tourism Council issued a very positive outlook for the sector that said it would contribute over 9% of the region's growth domestic product (GDP) over the next decade. Many investment opportunities have been identified as a result of concerted efforts to promote tourism, including building of new hotels, expanding existing tourist facilities and deploying tourism infrastructure. South Africa's huge natural resources, strong growth in the equities market and relatively high GDP growth are some of the reasons attracting investors to the continent, which is now the destination for foreign companies looking for new markets to expand.

South Africa continent is already popular with tourists and tourism investors and South Africa's successful hosting of the 2010 World Cup is expected to phenomenally alter the landscape for tourism, particularly in southern Africa. UK-based consultants Grant Thornton predict that thanks to the World Cup there will be an extra 1.5 million overseas visitors in the region between now and 2015. In order to change negative perceptions and encourage further foreign direct investment, South Africa have been very keen to improve regulatory and legal frameworks. TradeInvestAfrica has showcased tourism investment opportunities in Africa that have the potential to be very lucrative. These include development of hotels and other tourist facilities, hospitality training, tourist transportation and related infrastructure sectors. Thabazimbi offers an offshore panoramic view flavor and it is an area wherein investors, who crave for a non-city flair. It is therefore crucial for the municipality to promote an array of tourism facilities to intriguing tourists in the area.

Nature-based tourism provides the most promise for the development of the tourism cluster in Thabazimbi going forward into the medium term. Tourism development has gained momentum in Thabazimbi Local Municipality with an affluence of tourism facilities and activities. The municipality is relatively close to the major centers and airports allowing tolerable interchange distances between transport modes. The weak link in the Tourism sector chain is firstly lack of exposure to the international market, and consolidation of activities to leverage value. It is also eminent that there is lack participation from local citizens in this sector. Thabazimbi is has strong potential in view of its location in the Bushveld Region within an area that is endowed with a diversity of fauna and flora species. The area has been proven to be liberated from ailments such as malaria. The Bushveld Regions (Waterberg) are seen as one of the most popular tourist destinations, at this point in time.

### 11.5.1.2. Tourism realities in Thabazimbi

The significant short-medium term realities of Thabazimbi that serve to define the local tourism environment are as follows:

#### **Weak Points:**

1. Lack of formal institutional structure within the cluster inhibiting integrated cluster-wide effort. Whilst tourism has become an increasing focus of attention on the part of many private landowners and operators, the local tourism cluster is not formally structured and hence is not collectively particularly well placed to fully exploit the tourism potential that Thabazimbi offers. This tends to have been reflected in the performance of tourism-related activities as drivers of economic growth and employment in Thabazimbi relative to their performance in other parts of the Limpopo province in particular;
2. Aging and at times inadequate service infrastructure. In particular the offensive smells at times in the vicinity of the entrance to the town of Thabazimbi and the state of the Rooikuitspruit watercourse through the town are not conducive to a positive tourist environment.
3. The visible residue of mining activity in the form of disturbance to the environment and mine waste and tailings particularly at the main entrance to Thabazimbi town



## Thabazimbi Investment And Marketing Strategy

from the south, and representing the main access point to the town from the tourist markets of metropolitan Gauteng;

### Strengths:

1. A predominantly rural environment of which 40% has been given over to game with a significant portion enjoying exemption in terms of the provincial game ordinances. These properties represent a variety of levels of visitor accommodation ranging from extremely rudimentary (hunting) camps on mixed game-livestock farming operations to sophisticated lodge accommodation on farms dedicated to game and eco-tourism. An as yet indeterminate number of these farms are owned as proprietary private recreational farms by absentee landlords. The farms in the Thabazimbi area have significant carrying capacity of key bushveld fauna and flora. Mining and other cropping and horticultural activities represent only a small percentage of the land use in terms of the areas they occupy. Mining activities in particular are generally concentrated in the immediate environs of Thabazimbi town and in the south-south-west of the area;
2. The Marakele National Park located within a generally ecologically sensitive area that is exceptionally rich floristically and has particularly high conservation value. It lies to the north-east of Thabazimbi on the edge of the area delineated as the central bushveld biodiversity hotspot<sup>1</sup> and has significant potential for expansion as envisaged by SANParks;<sup>1</sup>
3. Additional eco-tourism facilities such as the Thabazimbi-Tholo Eco-Park, Atherstone Nature Reserve, Ben Alberts Nature Reserve, and Marakele National Park as well as conservation areas on mine properties in the Amandelbult area;
4. A level of cultural diversity that is in large part the cumulative result of in-migration over the years particularly in search of employment within the local mining sector and to a lesser extent within the local agricultural sector;
5. An established destination for domestic recreational hunters particularly, though not exclusively from Gauteng, and for trophy hunters mainly from the United States;
6. An established reputation as a destination for birdwatchers particularly in the summer months;
7. The image of a mining town that clings to both Thabazimbi Town itself and to Northam, the two main population concentrations in the area; and,
8. Competition as a tourist attraction from Sun City (100 km from Thabazimbi and closer to the Gauteng metropole) and the Pilanesburg area to the south (including the Pilanesberg National Park . 55 000ha in extent but half the intended expanded size of the Marakele National Park in Thabazimbi). Sun City and Pilanesberg have been effectively marketed and established as a tourist destination over the years.

### 11.5.1.3. Biosphere

#### 11.5.1.3.1. Overview

---

<sup>1</sup> South African National Biodiversity Institute (SANBI)

## Thabazimbi Investment And Marketing Strategy

Situated in the magnificent Waterberg Mountain Range of Limpopo, Thabazimbi Municipality is the ideal getaway where the weary traveller can relax and revel in the great natural beauty of the bushveld savannah and its rich wildlife heritage. The Mountains stretch along more than 5 000 km<sup>2</sup> of spectacular vistas and scenic valleys - the ideal destination off the beaten tourism track.

The area is steeped in a history and some artefacts found here date back to Stone Age times. The area is a mosaic of culture and tradition as is reflected by the different rural tribes such as the Bapedi, Tswana and Basotho, while the Voortrekkers also left their distinctive mark on the area.

Commercial agriculture is an integral part of the area, and cattle ranching and maize farming are regional institutions - the water-rich valleys of the Limpopo River on the Botswana border provide sweet bushveld grazing. Otherwise, the bushveld landscape, interspersed with sandstone buttresses and baobab, Marula and fever trees, supports a number of towns that make up one of the country's fastest-growing industrial and agricultural districts. The Bushveld is one of the most mineralised regions in the world and numerous towns form part of the Bushveld Igneous Complex - 50,000km<sup>2</sup> treasure trove yielding massive amounts of minerals such as vanadium, platinum, nickel and chromium.

Thabazimbi Municipality therefore offers the tourist a bit of both worlds - an infrastructure of excellent facilities and modern conveniences found in the many game reserves and conservation areas, coupled with the opportunity to experience the African wilderness in its pristine state.

### 11.5.1.3.2. Business Opportunities offered by the Biosphere

The intriguing Biosphere of Thabazimbi, which lies in the widely known Bushveld, possesses immense potential for investment for our local entrepreneurs and international investors. It is crucial that a partnership model be developed to ensure that there is local ownership of business developed. The BioSphere possesses the following business opportunities;

**Game Farming:** A variety of game within the biosphere, offer a spectrum of game farming, biltong production, game meat processing and trophy hunting. Proper business proposition needs to be established with a strong understanding of the market. The Biltong market is very prominent and participation of our business entrepreneurs in this market might create added value locally.

**Hospitality:** Accommodation facilities within the Bushveld of the Biosphere, within the scenic and panoramic mountain views, surrounded by savanna species and wildlife, creates a glimmering panache for the tourists. Hence, the developers should strive to develop world-best and state-of-the-art facilities to decoy tourists to the Bushveld, by offering them scintillating accommodation and hospitality facilities. Development of Conference facilities would attract potential business customers to hold seminars, conferences, etc given the bushveld intriguing finesse.

## **Thabazimbi Investment And Marketing Strategy**

**Eco-Tourism Estates:** Tourists from cities and foreign countries, prefer to have non-city panache to areas that will offer wild-life flair, the Bushveld offers exactly that. Hence, development of estates within the bushveld can attract lot of buyers who aspire to have holiday homes or off-shore holidays.

**Recreational facilities:** Establishment of recreational facilities will supplement development of hospitality and accommodation facilities.

**Market Development:** A fruit and art and craft market should be developed along the main corridors and nodal points within the municipality to promote arts and craft commodities to investors as they arrive or cross through the municipality.

### **11.5.1.4. Accommodation Facilities**

Thabazimbi is flooded with variety of accommodation facilities to grant visitors peaceful home far away from their home. Accommodation facilities in the Thabazimbi area provide a wonderful base from which to explore this fascinating region. From B&B's, rustic bushveld camps to luxury lodges, Thabazimbi can cater for every need local and foreign. There is need to establish information portal to serve as information distribution channel. The centralized portal such as tourism reservation websites. The tourism information portal which collates information about local hospitality information and allows advertisement of these facilities to the outside world will expose these facilities to an array of incoming tourists.

### **11.5.1.5. Marakele National Park**

The Marakele National Park (MNP) is the main tourist attraction in the Municipal area. Further development and enlargement of the Marakele National Park should be promoted and eco tourism alongside the park and in other areas in the municipal area should be promoted. The Marakele National Park has its main gate situated 12 km away from Thabazimbi town. This in itself creates specific potential for the Park and the surrounding area as a tourism development node. Recent property development alongside the Park is characterised by eco-orientated rural residential estates that attracts many investors from Gauteng. These developments together with the Park collectively creates the need for further tourism development as people visiting the Park and these development have a need to explore and spend leisure time in the area.

Strategic and Primary Tourism Development nodes have been identified and all forms of eco-tourism should be promoted in these nodes. The Strategic Tourism Development node indicates a wider area in the Municipality where eco-related land uses already occur. This node includes the Marakele National Park, mountain ranges, game reserves as well as private tourist developments such as game lodges, eco-estates, etc. where nature conservation is of highest priority. The Primary Tourism Development nodes refer to the areas around tourism corridors that could be developed for tourist related uses such as eco-estates/country estates, guest lodges, game farms, etc.

**11.5.1.6. Develop a nature reserve belt.**

The municipality has a number of good nature reserves located and has the potential to develop more of these reserves also exists. It is suggested that all of these reserves be integrated by linking them into a nature reserve belt. Packages could be developed to incorporate visits to all of the reserves in the district. This project entails the development of new nature reserves, as well as upgrading existing reserves by developing lodges or other forms of accommodation facilities as well as attractions at each of them.

**11.5.1.7. Tourism Centers**

**Objective**

The municipality should consider, through the Limpopo Tourism Board, establish the Tourism centre which will serve as a world-class one-stop tourist centre for foreign and local tourists through various professionally run services and facilities such as the tourist information counters, E-portal facilities, Culture Show Activities, handicraft center and etc.

**Functions of the Tourism Centre**

- To promote tourism-related activities organized by the municipality as well as state-run activities through the tourist information counters, tourism websites, printed materials and the electronic board.
- To plan, implement and manage programmes including cultural and tourism-related events through shows, exhibitions, briefings and demonstrations to attract local and foreign tourists.
- To provide the space and infrastructure together with technical assistance for art and culture proponents.

**11.5.1.8. Hunting**

The Thabazimbi Bushveld is a well known Hunting Mecca with a high concentration of hunting farms in the area and ample hunting opportunities to be enjoyed by both local and international hunters. Species that are hunted include various antelope, carnivores and as well as game birds. Thabazimbi offers bow, rifle and handgun hunting and takes place throughout the year, but due to the summer heat and rains, the most popular period is in the cooler winter months from end-April to August. Besides the thrill of the hunt, hunters enjoy the remote and unspoilt areas in which the game farms are located. The wider municipal area is furthermore a well-known hunting (professional and amateur) and private game reserve area. It attracts a large number of tourists to the area. The Municipality should therefore actively market the area as a primary eco-tourist destination.

**11.5.1.9. Nature-based tourism**

Nature-based tourism comprises three elements, namely:

## Thabazimbi Investment And Marketing Strategy

- a) **Meat or “biltong” hunting:** The size of this market is significant. It is estimated that based upon the preference profile of typical South Africa biltong hunters what Thabazimbi offers could appeal to 35% of the domestic biltong hunting market comprising a market spend in the order of R 850 millions annually.

The biltong hunting market however, to the extent that it is associated with less sophisticated facilities, less intensive development of hunting properties and lower service intensity in terms of catering, hospitality, etc. can on a per hunter basis be expected to offer lower potential development dividends in terms of rural job creation than other nature-based tourism options. The sheer size of the market however is significant. Biltong hunting and conventional livestock farming on the same land are not necessarily mutually exclusive;

- b) **Trophy hunting:** Trophy hunting is an essentially focused activity involving foreign hunters. It is highly selective and from a game management viewpoint needs to be complemented by game cropping and/or biltong hunting. The market is more limited than that for trophy hunting but the implications in terms of higher income per hunter and associated higher levels of service and sophistication of capital facilities are significant. Trophy hunting appeal of an area can be enhanced by consolidation of smaller land holdings into larger conservancies for the purpose of ecological management and the creation of a true natural experience

- c) **Eco-tourism:**

### Overview

Ecotourism is one of the fastest growing sub sector of the tourism industry. In an effort to be more ecologically aware and hoping to help save the earth's natural resources, more and more people are participating in ecotourism and travelling to far away destinations. The increased tendency of people visiting the area lies particularly in the recent move towards eco-tourism activities and venues. Eco tourism is the specific form of tourism where the activities are focused on the natural resources, e.g. wild life, scenic areas, etc. tourism has been identified as one of the economic pillars in the Limpopo Province. To achieve economic growth in the tourism field it must be ensured that the tourist destinations are well planned and protected.

### Benefits of ecotourism

As we travel ecotourism offers us ways to see places we'd never see, in ways we'd never think. But what about the host communities themselves? If money is spent wisely, here are some of the benefits of ecotourism they will reap:

- money will go back into the community.
- endangered habitats and biodiversity will be conserved.
- people, both local and visitors, will become more aware of the surrounding environmental wealth.
- providing employment will ensure fewer people leave for the cities.

## **Thabazimbi Investment And Marketing Strategy**

- poor countries often sell their primary resources to survive - water, trees, minerals, wildlife... so ecotourism provides them with a decent alternative source of income.
- provide financial incentives that encourage local people to protect their environment.

### **11.5.1.10. Leisure & lifestyle property development in the country side**

South Africa has been experiencing a tremendous growth in the property market prior to the worldwide recession, both in the residential as well as in the more exclusive leisure & lifestyle property markets. The South African property market, and particularly leisure & lifestyle estates, provides the potential investor with a very lucrative investment. The investor gains access to reasonably affordable properties (measured against international standards) within unique natural surroundings, with security of tenure, as well as well-organised management structures and security within such developments. Although high priced real estate transactions involving mostly foreign buyers have been highlighted in the media, it is not only foreigners that invest in the South African leisure & lifestyle property market. High-income local buyers, typically professionals and corporate executives, contribute significantly towards the upper real estate market.

The ever increasing supply of leisure and lifestyle estates has also made it accessible to a larger segment of the buyers' market. It is official - for South African city dwellers it has become a lifestyle trend to own a second property somewhere out of the city. People in Cape Town look at nearby small coastal villages, or wine farms and other locations inland, people in Durban have their eyes on the north coast or the Midlands, while the people in Gauteng buy into the many game & nature related properties, as well as golf estates in the countryside. The interest in any specific development is linked to its location (proximity to the city, or proximity to a major tourism attraction like a game park) and thereafter to its concept (for example being part of a premier golf estate) and other selling points, such as free roaming game, special natural features such as mountains or rivers, etc. The ever-increasing number of country estate developments has resulted in developers searching for and finding new and interesting locations on an ongoing basis. Fresh and unique developing concepts, e.g. eco estates, equestrian developments, wine farm estates, trout estates etc. are being thought out, developed and marketed to a market that has not only slowed down considerably but that has also become very selective.

### **11.5.1.11. Country Estates in the Waterberg & Bushveld Regions**

The Waterberg & Bushveld regions remained reasonably unexploited until as recent as 5 years ago when leisure developments started to boom with a number of prominent golf estates and numerous game and nature estates around Thabazimbi. According to media publications during early-2006, this region has now become the next preferred inland destination. This sentiment was echoed in a recent interview with property experts on the program Property Insight on The Home Channel where the Limpopo Province, together with North-West Province, were named as the two property hot spots in South Africa (the Waterberg & Bushveld regions represent the western border of the Limpopo Province, adjacent to the North-West Province). Expanding mining activities and a growing eco tourism sector are the main factors that contribute towards the popularity of both the North-West Province and the Limpopo Province as investment nodes. The iron and platinum mining activities south west of Thabazimbi, the new Matimba power station in Lephalale as well as the growing number of eco tourists flocking to the Waterberg and Bushveld areas are pushing the demand for both residential and leisure housing. With National Parks' plans to

## **Thabazimbi Investment And Marketing Strategy**

develop Marakele National Park, situated just outside Thabazimbi, into one of the prominent wilderness destinations in South Africa, ideal potential exists to convert surrounding agricultural farms into leisure developments such as wildlife and eco tourism conservancies or eco estates. These types of developments supplement the game reserves and together they strengthen the tourism sector of an area, similar to what has happened around the Kruger National Park.

### **11.5.1.12. Golf-Estates**

South Africans are mad about golf. And South Africa has accommodation on reputable golf estates across the country - there is an obvious appeal to living with the greens in your back yard, or front, whichever the case may be.

### **11.5.1.13. Other opportunities**

Other economic opportunities that exist in this economic sector include;

- a) Supply of inventory/stock supplies to the hospitality industry such as detergents, food, chemicals, services, etc. this can be linked with other economic sectors such as manufacturing and agriculture. Hence, input cluster to tourism can help alleviate lot of local businesses.
- b) Biosphere  
re: The Biosphere is embedded with opportunities ranging from game farming, accommodation and hospitality facilities, hunting, birds watching and meat processing.

## **11.5.2. Tourism Investment Project**

The analysis above depicts that Thabazimbi, located within the Waterberg Bushveld, endowed with tourist attraction key nodes such as Marakele, has a potential for development of eco-tourism and other tourism related projects. This is pillared by growing industrial mining activities bring-in more citizens to work locally, and flocking tourists requiring leisure and residential eco-estates.

In order to facilitate the objective of investment promotion within the municipality, a set of plausible projects is generated below. The list below shows tourism projects that have the aptitude to generate added value from economic point of view. More focus on projects that can generate sustainable jobs and strengthen input cluster to have multi-dimensional economic benefits.

## Tourism Projects

Project Name		Description		
Eco-Tourism				
Country Estate	Thabazimbi/Northam	Development of country estate with residential and eco-tourism features. And influx of mining middle class and upper class will serve well this market.		
Golf Course/Estate	Thabazimbi/Northam	Development of country estate with golf-course, residential and eco-tourism features. And influx of mining middle class and upper class will serve well this market.		
Marekele Toursim	Eco-	With National Parks' plans to develop Marakele National Park, situated just outside Thabazimbi, into one of the prominent wilderness destinations in South Africa, ideal potential exists to convert surrounding agricultural farms into leisure developments such as wildlife and eco tourism conservancies or eco estates.		
Middle-Class Estates	Thabazimbi	Establishment of classy, but middle class estates with affordable rentals to accommodate most employees from mines and manufacturing business in Thabazimbi.		
Middle-Class Estate	Northam	Establishment of classy, but middle class estates with affordable rentals to accommodate most employees from mines and manufacturing business in Northam.		
Tourism				
Game Reserve		Vertical integration of game with ecological management and tourism has the estimated potential capacity to sustain direct local employment of up to 9 employees/1000ha estimated up to in the order of 4500 to 5000 jobs in total for Thabazimbi		
Game Farms	Hunting	Procuring of farms by interested investors to develop Game Hunting farms coupled or linked with game meat processing facilities.		
A local hunting museum		A Hunting Museum possibly be established in association with the proposed Cultural Centre since the practice of hunting is a part of all local cultural traditions		
Biltong Hunting		Biltong hunting by domestic hunters particularly from Gauteng. In order to gain maximum development leverage from this activity in terms of rural jobs and incomes it would be necessary to shift the market focus to the more sophisticated client by offering a more comprehensive package of services than at present		
Trophy Hunting		Trophy hunting with appeal to the U.S. and European markets but with expanding possibilities in the emerging countries of the Far East. Particularly with the consolidation of smaller land holdings into more extensive wilderness+conservancies		
Conference Centre		Residential conferencing to accommodate up to a maximum of		



### Thabazimbi Investment And Marketing Strategy

	approximately 40 persons.		
Cultural Centre	A Thabazimbi Cultural Centre to represent the history and cultural practices of major local cultures represented within the Thabazimbi community.		
Cultural Museum	Can be linked or coupled with the cultural centre.		
Ecological Centre	An ecology centre is developed in association with the Marakele National Park as the epicentre of eco-tourism in Thabazimbi and an important eco-tourism focus in the bushveld context. Such a centre could be established in Thabazimbi town for town visitors		
Mining Museum	A historical mining development creates an epoch to establish a Mining Museum, which could attract a lot of tourists, including local citizens.		
Caravan park and recreational amenities facilities	A caravan park with recreational amenities to serve the domestic tourism market		
Fitness Centre/Fitness Centre	A sound fitness centre in Thabazimbi and Northam in view of a high quantum of industrial middle and upper class employes. This can be erected in Thabazimbin and Northam.		
Thabazimbi airport	The upgrading of the Thabazimbi airport to serve as alternative point of entry to Thabazimbi with appropriate tourist reception facilities initially for domestic transfers is supported.		

The following institutional projects should be put into place to support the above listed investment opportunities to take off the ground. These projects require to be developed by the municipality, hence, should be adopted as part of projects in the IDP and be financed through the municipality Budget.

Project Name	Description	Approach Strategy
Tourism Centre	A tourism centre will become a central point to aid influx of tourist of tourism attraction, with tourism guides, maps and can be coupled with Tourism Museum.	The municipality should assess viability, with the assistance of Tourism and Parks Board in the Province. Costs implications and possible cost-recovery plan should be in plan. The study on tourist traffic is best driver to development of this endeavour.
Tourism Bureau	The Tourism Bureau can be couple with the Tourism Centre.	The Bureau can be established, together with the Tourism centre with the assistance of Tourism and Parks Board.
Tourism Portal	A tourism portal, which can be managed by the Tourism	Engagement of IT specialists to assess viability. The study on tourist traffic is best

### Thabazimbi Investment And Marketing Strategy

	Centre, is a critical Information Portal to enable tourist to find tourist attraction points and other apposite information required during touring such as currencies, banks, hospitals, security, important contacts etc.	driver to development of this endeavour.
Tourism Indaba	In view of the plethora of tourism activities and the potential thereof, a Tourism Indaba will promote the tourism attractiveness of the municipality and will invoke more investors and developers to eye opportunities in tourism.	The municipality should consider hosting of this event annually through involvement of various stakeholders such as LEDET, Parks and Tourism Board and local tourism service providers.
Tourism Association	The Thabazimbi Community Tourism Association is a largely proprietary initiative and is under-resourced for the purpose. However, in the absence of alternative local institutional arrangements for tourism promotion and development it has played an important role.	Tourism Association should be established by involving key tourism players and thus shaping the tourism future and enabling the coming of new entrance especially women, youth, disabled from marginalized society.
Capacity Building	Tourism skills development capacity building and training be undertaken in Thabazimbi to provide focused, contextual and demand-driven training in key tourism-related skills primarily to serve the local tourism industry but also that are portable and enable competent persons to compete in a wider labour market.	<p>A Lodge School focused on the operation of game lodge facilities.</p> <p>Other hospitality training specifically in the operation of hospitality establishments such a bed-and-breakfast operations and guest house accommodation.</p> <p>Other locally appropriate tourism skills as listed above including:</p> <p>Nature conservation and game management; Professional hunting and tracking; Trophy field preparation and taxidermy; Game meat handling and processing; and Tour guiding.</p>
Tourism Strategy	A dedicated Tourism development strategy, can assist the municipality in reinforcing tourism development with focus on Eco-tourism.	Allocation of funds for development in line with the LED Strategy and IDP.

### **11.5.3. Support Infrastructure**

Priority attention be accorded the following to sustain the main tourism road links between Thabazimbi and its tourism focus markets:

- a) Maintenance and upgrading with passing lanes of road (R510 / P16-2) between Northam and Thabazimbi;
- b) Maintenance and upgrading with passing lanes of road (R510 / P16-2) between Northam and Thabazimbi;
- c) Upgrading of the R510 intersection in Thabazimbi;
- d) Maintenance and upgrading of road D1649 providing access via Dwaalboom to the Border Post with Botswana at Derdepoort; and
- e) The upgrading the road link between Northam and Dwaalboom and on to the Derdepoort Border Post.

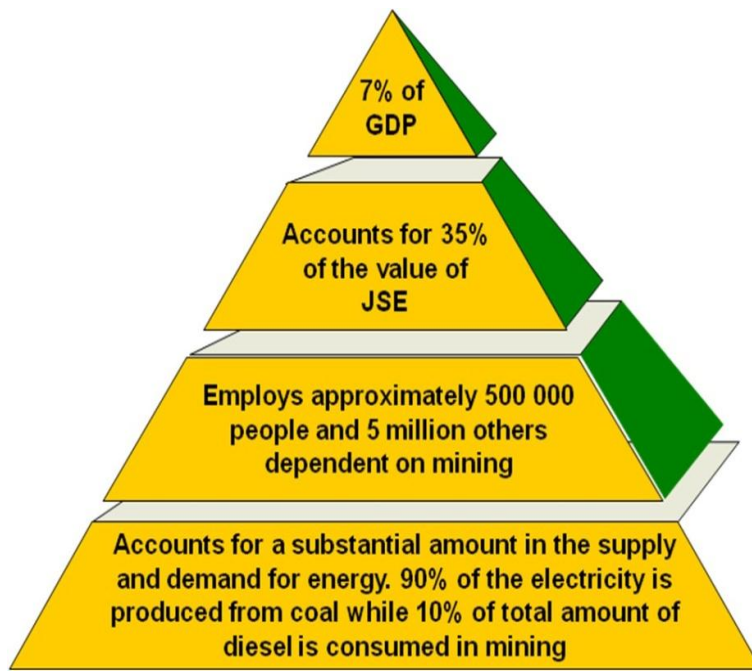
The upgrading of the Thabazimbi airport to serve as alternative point of entry to Thabazimbi with appropriate tourist reception facilities initially for domestic transfers is supported.

### **11.5.4. Mining**

#### **11.5.4.1. South African Mining Industry.**

The country of South Africa embodies and supplies to more than 101 countries, world most mineral resources. Mining is South Africa's largest industry in the primary economic sector, followed by agriculture. Mining and Mineral Extraction portray a momentous purpose in the cultivation of the economic climate of South Africa. The rail, road, and communications network was developed to service the country's mining industry. The mining sector in the country contributes 7 % of the GDP with total employee level of approx 500 000 with recent significant contraction in this field. Mineral exports generated \$21.6 billion in 2009 that was approximately 30% of the country's total foreign exchange receipts.

The South African mining industry played a critical role in the transformation of the country's economy from a predominantly agricultural base to a modern industrial economy. A pictorial view of mining contribution to the South Africa's economy is shown figure 1 below.



Source: SA Chamber of Mines

Figure 16: Mining contribution to the South Africa's economy.

#### 11.5.4.2. Mining in Thabazimbi

The geology in Thabazimbi Local Municipality has some of the richest mineral deposits in the world. North of the Magaliesberg the geology is largely dominated by the Bushveld Igneous Complex. Formations in this complex are extremely rich in minerals and a number of mines have been developed in the area as a result. Platinum, chrome and vanadium mining in particular, are taking place at a large scale. Mining of andalusite is also depicting a tremendous state in the municipality. Extensive mining activities occur mainly in a circular belt around the perimeter of the Bushveld Igneous Complex. These mines are mainly focused on the platinum group of metals which are in great demand on the world market at the moment, as well as granite mining.

#### 11.5.5. Mining Operations in Thabazimbi

The following operations are currently in the municipality areas;

## Thabazimbi Investment And Marketing Strategy

GROUP	COMPANY	MINE
Anglo Platinum	Rustenburg Platinum Mine	Union Section
Anglo Platinum	Rustenburg Mines	Amandelbult Section
Northam Platinum Limited	Northam Platinum Mine Limited	Northam Platinum Mine
Kumba Resources	Thabazimbi Iron Ore Mine	Thabazimbi Mine
		Rooiberg Mine Tin
		B Mine (Tin)
		C Mine (Tin)
PPC		Dwaalboom Palygorskite
	Samrec PTY LTD.	Rhino Andalusite Mine
	Sand	Coetzee Sandwerke • Paul Landgoed Hugo PTY LTD.

### 11.5.5.1. Small Scale Mining Perspective

The investment required to establish mining projects is immense. This creates entrance barriers to the industry if the developers do not get a credible investor. However, there are opportunities in developing capital shallow projects within the industry. The small scale mining can involve mining of surface commodities such as limestone, granite, quartz, etc, wherein the technology is inexpensive. Another possibility is recovery of commodities for tailing streams or dumps of large-scale mines. This is very common in Platinum industry, where the by-product of chrome. This opportunity should be explored to instill community benefit from the current mining or mineral processing operation.

### 11.5.5.2. Instilling Value Chain Model

Within the context of Mining Charter, Mineral and Petroleum Resources Development Act of 2002 (MPRDA) and the applicable legislative, there is a need to discern mining and mineral extraction technologies and processes that can captivate economic growth in diversity. The key to this process is to identify and explore, in addition to new and current mining activities, processes beyond mineral mining in the value chain. The value chain model defines opportunities that can be derived from commodity mining, to beneficiation to final product manufacturing. The municipality should encourage beyond mining, i.e. local processing

## Thabazimbi Investment And Marketing Strategy

(beneficiation and foundry industry) the commodities within the municipality to retain and maximize value derived from processes in the value chain. This way the municipality can ensure that there are no financial leaks due to exporting of ores and concentrates for further process outside the municipality area. The rand per ton of the commodity increases down the value chain and as such this device is imperative for economic development.

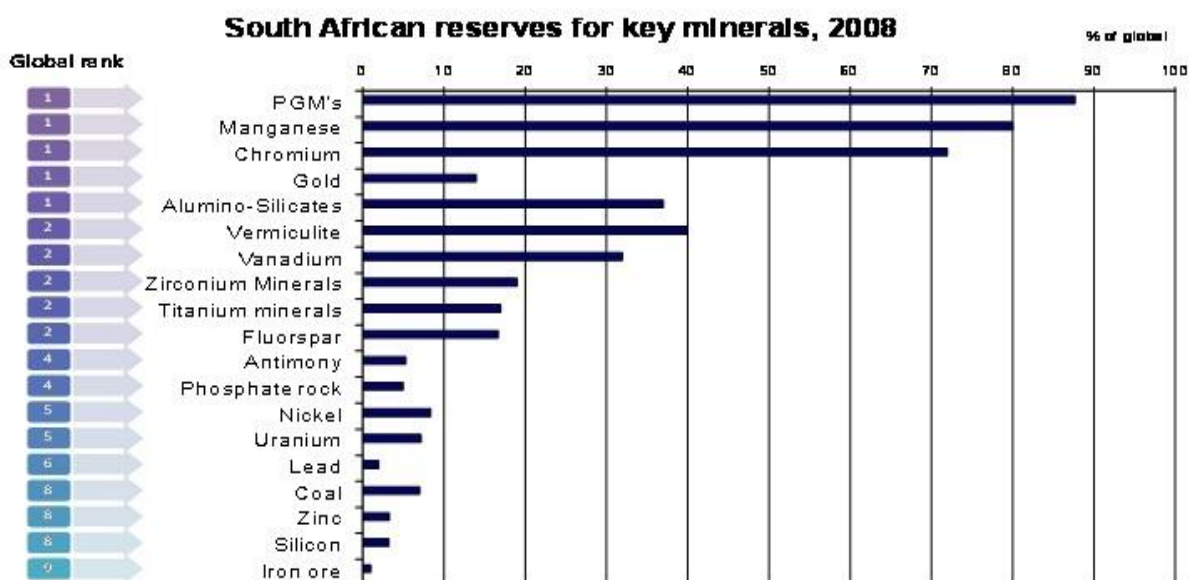
In view of the above, the study should aim to develop credible value chain model that assists the municipality in identifying and diversifying key Economic Development opportunities. The value chain model should be reinforced within the Mining and Mineral strategy which will give effect to the Integrated Development Plan of the municipality. The value chain model should be comprehensive and feasible to implement to leverage the municipality to realize its Economic Development objectives within given timeframes and with relevant processes and procedures.

### 11.5.5.3. South Africa's Mineral Industry Strengths

South Africa is recognised as global centre for mining excellence due to the abundant deposits of platinum, vanadium, chrome, manganese and gold. South Africa holds 80% of global manganese reserves, 72% of chrome, 88% of platinum-group metals (PGMs), 40% of gold and 27% of vanadium (See figure 15 below).

This over 100 years period, the industry has developed into a technologically advanced mining industry, with sophisticated related and supporting industries cluster and created excellent enabling infrastructure network.

**Figure 17: South Africa – a very rich geological heritage.**



Source: CoM, DMR, USGS

#### 11.5.5.4. SA regulatory framework - modern and investor friendly regulatory regime

The MPRDA (Minerals and Petroleum Resources Development Act) become effective from 1 May 2004. This regime change the face of the industry as South African Government become the custodian of all minerals in the state, allowing everyone access to the exploitation of the minerals.

##### **Salient feature of the South African Mining regime:**

When developing a mine project, the developer required to identify a farm(s) with potential mineral reserve. Upon proving financial viability, environmental plans and prospecting plan to the department, a prospecting right is issued. Prospecting rights is issued for 5 years, with 3 year renewal allowance, the prospecting rights owner has an exclusive right to apply for and to be granted the mining right;

- a) Mining rights is granted for a maximum of 30 years, renewable for an indefinite number of further periods
- b) Mining Charter sets a framework, targets and timetable for effecting the entry of Historically Disadvantaged South Africans (HDSAs) into the mining industry
- c) 26% HDSA equity participation within 10 years (2014)
- d) 40% black managers within 5 years (2009), 10% women participation within 5 years
- e) BEE procurement, Beneficiation, Social Plan and rural upliftment.

#### 11.5.5.5. Key Issues in Mining

The following are critical success factors for the positive engagement of the mining sector with the local community:

- a) Joint determination of social development priorities and joint social development planning. Particularly where private sector social responsibility is concerned this is most often driven by a range of parochial priorities and concerns rather than by community-wide imperatives and priorities. This can result in the loss of development synergy and the diffusion of significant development effort that otherwise could be jointly employed in pursuit of key socio-economic development thrusts and priorities in the local community;
- b) Management of the pollution risk of mining to public health and to surface and groundwater resources with effective public oversight;
- c) Management of the impact particularly of underground mining on local groundwater resources with effective public oversight. The sustained supply of groundwater is already regarded as problematic in the Thabazimbi area<sup>2</sup>;

---

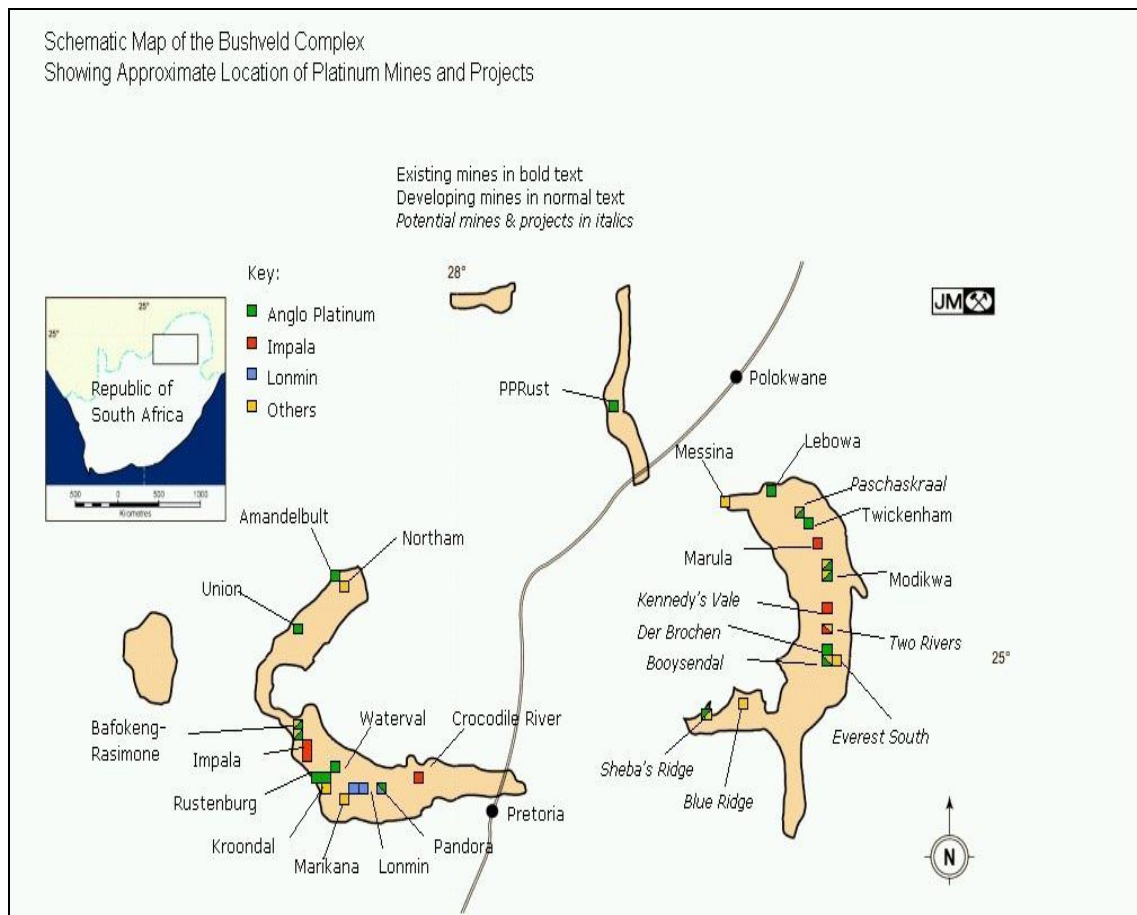
<sup>2</sup> Thabazimbi Local Municipality Thabazimbi - Northam: Services Desk-Top Study (Africon (2007)

## Thabazimbi Investment And Marketing Strategy

- d) Management of the impact of mine labour practices on the local host community;
- e) Management of the impact of mining sector logistics/ supply chain activities on the local economy;
- f) Management of the optimal use of extensive mine property surplus to present requirements for ventures that can create opportunity, jobs and incomes for local people. These could involve eco-tourism and ecological education on the land areas under conservation as such activities would most closely accord with the proposed development thrust of Thabazimbi towards increasing emphasis in the eco-tourism sector.

### 11.5.5.6. Platinum Opportunities

The Map below shows the Platinum reserves in the country. The west limb protrudes in the Thabazimbi Local Municipality and therefore, bestowing the municipality a plethora Platinum Group Metals reserves. The PGM group is associated with Chrome, a useful commodity in the stainless steel manufacturing and chemical industry.





#### **11.5.5.6.1. About Platinum**

Platinum is both an essential and precious metal and is part of the six member family of platinum group metals (PGMs) which also includes palladium, rhodium, iridium, osmium, and ruthenium. These metals are known for their purity, high melting points and ability to stay stable at high temperatures. In addition to their oxidation and reduction properties, they are also extremely resistant to corrosion.

Currently platinum is utilized in a number of industrial processes, technologies and commercial applications. Its unique chemical and physical properties, make platinum an excellent raw material, catalyst or ingredient for manufacturing processes. Consumer and industrial items made with platinum and other PGMs include such items as flat panel monitors, glass fibre, medical tools, computer hard drives, nylon and razors, among others.

Automotive catalytic converter applications are the largest current users of PGMs and this demand is growing. These devices treat the exhaust before it leaves your car, reducing pollutants. As more jurisdictions around the world implement higher clean air standards, the demand for platinum from automobile makers is expected to increase as well, although some manufacturers have begun to turn to lower-cost palladium for this function.

Interestingly, though, the higher demand for diesel-powered vehicles due to increasing energy costs is expected to fuel still more demand for platinum. New auto catalyst requirements in the medium and heavy-duty truck markets are expected to offset the substitution for palladium in automobile manufacture.

Platinum, of course, retains its status in the high-prestige jewelry markets. This use accounts for about 20% of all platinum production at this point, with excellent demand in newer markets like China, Japan and India.

#### **11.5.5.6.2. Platinum Uses**

Platinum is primarily an industrial metal. It is a critical material for many industries and is considered a ~~major~~ strategic metal by the US Government as a military resource. It is estimated that about 20% of the products purchased by modern consumers either contain platinum or use it in production. Total demand for platinum falls into eight broad categories:

1. Automotive . used in catalytic converters, spark plugs, and sensors.
2. Jewelry . as a substitute for gold.
3. Chemical processing . also as a general catalyst
4. Electrical/electronics . for high-temperature and non-corrosive wires and contacts.
5. Glass . dies and process technology.
6. Petroleum refining . as a catalyst for crude oil cracking
7. Dental/Medical . equipment and reconstructive
8. Investment . bullion and coins

**Automotive:** Automotive demand for platinum consumes a large share of platinum production. Platinum is the active element in catalytic converters that convert unburned hydrocarbons into carbon dioxide and water vapor. Other automotive uses include oxygen and ozone sensors for antipollution subsystems. Recently, platinum is being used as an electrode material in long-life spark plugs. Being one of the largest consumers of the metal, platinum demand is highly correlated to automotive industry cycle, and therefore price.

**Jewelry:** Platinum has become a very popular choice for modern jewelry, displacing significant gold demand. Its hardness and durability allows it to be used in purer form for secure stone settings. It is much superior to silver because of its resistance to oxidation and discoloration. Its rich hue and reflectivity enhances the brilliance of precious stones. Platinum is hypoallergenic which makes it the best jewelry choice for people who suffer reactions from other metals or 14k (alloyed) gold.

Platinum jewelry has been particularly popular with Asian consumers. Many Asians feel that platinum has a more pleasing contrast with the Asian skin color than other metals. Other ethnic groups have started to purchase platinum for similar reasons. Platinum also seems to have a marketing advantage to gold or silver. Products and awards with the "Platinum" designation are typically considered superior those labeled "Gold" or "Silver". This gives platinum jewelry items additional prestige.

**Chemical Processing:** Platinum is used as a catalytic agent in processing of nitric acid, fertilizers, synthetic fibers, and a variety of other materials. In catalytic processes, the catalyst material is not consumed and can be recycled for future use. This makes chemical demand for platinum quite volatile. Platinum is essential in many of these processes and there are few satisfactory substitutes.

**Electronics:** New uses for platinum in electronics are coming at a fast pace. Traditionally, platinum has been used in thermocouple devices that measure temperature with high accuracy. Newer thin film optical and temperature-sensing systems use platinum silicide compounds in a variety of products. Platinum is also employed in wires and electrical contacts for use in corrosive or high-voltage environments. Platinum is a component in magnetic coatings for high-density hard disk drives and some of the newer optical storage systems.

**Glass:** Platinum dies are extensively used in glass production. Its hardness and high melting point make it ideal for this difficult high-temperature process. Much platinum is used in fiberglass production. The recent introduction of glass fiber communications technology is a new driver for platinum demand. Although the fiber-optic market is now in a cyclical recession, it is expected to recover along with the associated platinum demand. Glass production is a relatively small component of total demand, but represents a high growth area.

**Petroleum:** This is another use for the catalytic properties of platinum. The petroleum industry uses the metal in a mesh or gauze form in crude oil refining. Platinum use in petroleum refining follows global demand for refined crude oil products. Other technologies exist to perform crude oil separation but catalytic processes using platinum and palladium are much more environmentally friendly.

### **11.5.5.6.3. Platinum Mining**

The Mining of Platinum Group Metals (Platinum, Rhodium, Palladium) has been dominated by large players (Anglo American Platinum, Northam Platinum) with Junior Mining companies (Platmin) also tapping into the stream. Given the complexity of the mining process and the steep investment required, most developers are reluctant to tap into this investment stream. However, amassing of right mining and financing partners can leverage kindling of these projects. These projects will require further geological assessment on the western limb to evaluate availability of further Platinum reserves in the ground. While most of the resource might be very deep compared to the currently mines reserves, technological innovations and market demand might justify steep investment into these reserves. The developer will have to identify possible reserves through Geological Science and thereafter, approach the Department of Mineral Resources to apply for Prospecting Rights. Upon prospecting the Mining Rights can be applied for, allowing the developer to establish an operation to fully extract the Platinum commodities from the ground. This will necessitate expensive technology, skill and funds to ensure that the project is viable and sustainable. Mining process have always been labour intensive and as such this will generate lot of jobs, business opportunities and hence will have considerable effect to the GDP. These projects, to undertake a feasibility study might range from R 20 to R 40 million over a period of three to five years. The development of a mine can cost over R 200 million and in some cases, for a underground mine, the cost can rocket up. It is for these reasons that, the investment bowl is much wider, allowing a stream of investors and therefore spreading the business risk.

### **11.5.5.6.4. Chrome Recovery**

During the extraction of platinum, Chrome is generated as by-products and sits within the Platinum process tailings. As such, a concentrating plant can be erected to recover the chrome lying in the platinum tailings. This process is less costly compared to the set-up of an underground chrome mine and the chrome produced from the concentrating plant is equally suitable for ferrochrome smelting operation. Hence, by establishing this plant, the developer can produce chromite concentrate which can be exported to the market as chemical grade or metallurgical chrome. However, the government is depreciating the process of exporting chrome ore and as such, it is advisable to link the product with a long-term off-take, i.e. smelter operation. Current chrome recovery plants have been erected, for example at Northam Platinum and Union Mines, these facilities are profitable and hence good investment opportunities. While the Capital cost can also be sizeable, i.e. R 50 million to R 150 million, developers should have unflinching tenacity and be stalwart to raise funds and get required skills to tackle the project.

#### **11.5.5.6.5. Platinum Group Metals Beneficiation processes**

There are technologies to beneficiate and smelt Platinum Group Metals. The feasibility of acquiring Platinum ore from junior miners (who pay premium for smelting at Anglo, Lonmin, Northam Platinum and Impala) for smelting can be explored. Beneficiation and smelting is a complex process that requires the understanding of Platinum metallurgy. The Conroast Technology (developed by Mintek) can be evaluated for smelting of PGMs for the junior platinum mining companies.

During each separation stage of the process, there is an increase in the concentration of PGMs . about 30:1 in the concentrator, about 10:1 in the furnace, about 3:1 in the converter, and about 200:1 in the base-metals refinery. PGM recovery is typically about 85% in the concentration stage, 95 to 98% in smelting, and 99% in refining. By far the greatest loss of PGMs occurs during crushing, grinding, and flotation, and research into these operations could prove very rewarding, as could the development of new processes that remove some of the constraints on the various concentration stages.

#### **11.5.5.6.6. Platinum Jewelry**

Platinum is a precious metal and very rare which is why it is considered a prestige option. Providing your budget can afford it and you like its color it is more desirable than gold and silver and will also require less maintenance. It is heavier than other metals but some prefer the weightier feeling. Platinum jewelry will not fade in color.

Platinum has become a very popular choice for modern jewellery, displacing significant gold demand. Its hardness and durability allows it to be used in purer form for secure stone settings. It is much superior to silver because of its resistance to oxidation and discoloration. Its rich hue and reflectivity enhances the brilliance of precious stones. Platinum is hypoallergenic which makes it the best jewellery choice for people who suffer reactions from other metals or 14k (alloyed) gold. Platinum also seems to have a marketing advantage over gold or silver. Products and awards with the %Platinum+ designation are typically considered superior those labelled %Gold+ or %Silver+. This gives platinum jewellery items additional prestige.

South Africa has seen new entrants in this market, e.g. African Romance in diamond. The same model can be adapted to the platinum jewelry. Although the technology for cutting and polishing is international, these skills can be imported to ensure that jewelry plant locally without having to export these commodities and importing them as final jewelry. Jewelry is bought mostly by High Net Worth Individuals, in view of the value and price. The figure below shows an increase in investments on jewelry. There is an increase from 22 % to 23 % of the High Net Worth Individual allocation to passion investment in jewelry.

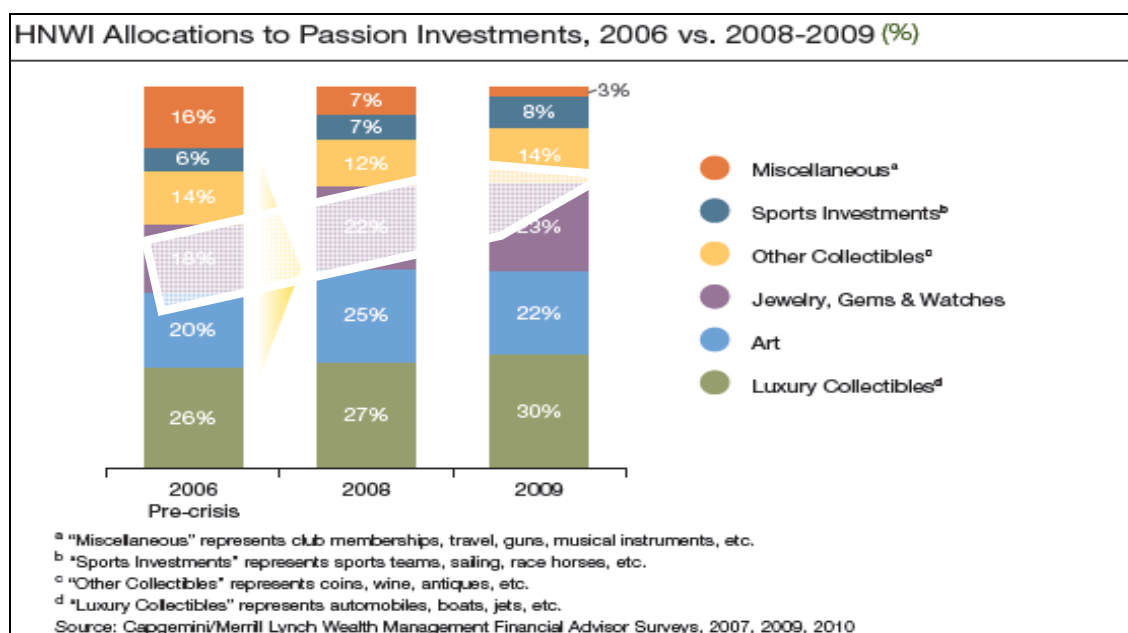


Figure 18: High Net Worth Individual Passion Investment.

#### 11.5.5.6.7. Autocatalytic Manufacturing

A **catalytic converter** (colloquially, "cat" or "catcon") is a device used to reduce the toxicity of emissions from an internal combustion engine. The catalyst itself is most often a precious metal. Platinum is the most active catalyst and is widely used. It is not suitable for all applications, however, because of unwanted additional reactions and/or cost. Palladium and rhodium are two other precious metals used. Platinum and rhodium are used as a reduction catalyst, while platinum and palladium are used as an oxidization catalyst. Cerium, iron, manganese and nickel are also used, although each has its own limitations.

In view of the above, there are opportunities for development of an autocatalytic convertor manufacturing plant and these processes can be erected close to the source to ensure competitiveness. A market should be established with the car manufacturing companies to establish possibility off-take contracts.

#### 11.5.5.6.8. Electrolytic Cells Manufacturing

The World drive on renewable energy, based on the Global Warming quandary, dictates development of more renewable energy options to counteract the cataclysmic effect of emissions in the atmosphere. The Department of Science and Technology and Anglo American Platinum have embarked on research and possible fuel cell commercialization. This step grants developers, providers they establish cogent business to tap into these markets and develop fuel cells manufacturing plants in view of the nascent renewable energy epochs. It should be acknowledged that this field is still under massive research work and large scale commercialization still requires a lot of test-work. Thabazimbi municipality, within the Republic of South Africa lacks strong legislature as far as renewable energy is concerned, as such, this is a future investment than current.

#### 11.5.5.7. Chrome Opportunities

##### 11.5.5.7.1. Overview

World resources are estimated to be greater than 12 billion tons of shipping-grade chromite, sufficient to meet demand for centuries. In the region of 95% of the world's chromium resources are concentrated in Southern Africa and Kazakhstan.

South Africa is the world's largest producer of ferrochrome. The country holds about 70% of the world's total chrome reserves, mostly located in the Bushveld Igneous Complex (BIC) ores, and produces 75% of the world's ferrochrome. India and Kazakhstan are other major producers.

Chromite is mined primarily from the UG2, and LG and MG chromitite seams of which the UG2 also contains significant amounts of PGE's. Thus several platinum mines produce chromite as a by product. There are several primary chrome mines, specifically maintained to provide chromite feed to the developing ferrochrome industry. Most of South Africa's chrome mines are developed along the Eastern BIC, in the Steelpoort Valley. South Africa produced an estimated 9,600,000 t of chromium ore in 2009

##### 11.5.5.7.2. Chrome Uses

Chromium has found a wide range of applications, mainly due to its hardness and resistance to corrosion. It is also known for its remarkable magnetic property. It is mainly used in the manufacture of [stainless steel](#), along with nickel, as it prevents corrosion and discoloration of steel. Today, chromium is a very important alloying material for steel.

Acidic chromate or dichromate solutions are also used for surface coating. This is usually done with the help of electroplating technique, in which a thin layer of chromium is usually deposited on the surface of metals. However, for imparting wear resistance quality, a thick layer is required to be deposited.

Salts of chromium are used for their toxic properties in preserving wood from decay and damage caused by fungi, insects, termites, etc. Chromium (III) salts are also used in leather tanning. The high melting point and resistance to heat makes chromite and chromium oxide an ideal refractory material. They have found applications in blast furnaces, cement kilns and metal casting. Besides, many compounds of chromium are also used as catalysts. Chromium (IV) oxide is used to produce magnetic tapes, which are used in audio tapes and cassettes.

Chromium is also used as a pigment. Chrome yellow, made of lead chromate was widely used as a pigment in the past, but due to environmental issues, its use has significantly declined as it contains lead, which is a toxic material. Other pigments of chromium include chrome red, chrome oxide green and chrome green, which is a mixture of chrome yellow and Prussian blue. Chromium oxide is used for imparting greenish color to glass. Besides, emeralds also owe their green tint to the effect of chromium. Chromium oxide is also used in manufacturing synthetic rubies.

#### **11.5.5.7.3. Chrome Mining**

Thabazimbi Local Municipality is embodied with Chrome reserves which can be explored to determine availability and feasibility of mining further chrome reserves. Most of the chrome is locked together with the Platinum reserves described in the Platinum recovery process. Chrome mine is less complex compared to Platinum. Depending on the depth of the Chrome, an open cast mine can be developed. Conventionally, open casts mine are built as the Capital Investment is shallower than that of underground mine. Once the open cast mine is operating, it breeds cogent liquidity to kindle development of underground mine. The ore generated is crushed and screened depending on the buyer requirements. The fine chrome is fed through a concentrate to improve the grade. Both lumpy products and fines can be fed into a ferrochrome smelter; this chrome is called the metallurgical grade. Alternatively, the chrome can be supplied to Chrome Chemical Plants as Chemical grades. In South Africa, the Chrome is exported to China, Germany and other countries for chemical and ferrochrome industry.

#### **11.5.5.7.4. Chrome Beneficiation**

Chrome ore or concentrate is used mainly in the production of Ferrochrome, which is used in the stainless steel to improve its corrosion resistance properties. The demand for stainless steel is enjoying steady growth and this setting a trend for ferrochrome demand. Development of a small scale and large scale ferrochrome facility has huge potential in the municipality given the current chrome mining and chrome recovery from Platinum Producers. A ferrochrome plant is energy intensive and requires very steep financial injection, which, through potent investors, can be setup provided the right technology and raw materials can be sourced. While chrome producers gets more value on exporting ore than supplying it to a local producer, the Ferrochrome Producer will need to propose deal sweeteners to chrome miners, i.e. equity in the smelter with long-term supply agreement on discounted price to make the ferrochrome business competitive. It should be noted that the Ferrochrome market lies in the Northern Hemisphere and most of the Stainless Steel producers are located in Germany, Japan, USA, Italy, China, Korea and Taiwan, as such, good relationship need to be established to ensure that there are off-taker for the product produced.

#### **11.5.5.7.5. Chrome Chemicals**

Chrome Chemicals can be produced from the chrome ore mined locally. The process, though capital intensive, does not require lot of power. However, there are stern environmental considerations that need to be addressed. the developer require to offer local chrome producers competitive process compared to international export price, unless if the suppliers have long-term contracts and that they can partake in the equity of the chemical plant to recover the discount on ore from the value generated from the value add (chemical plant).

### **11.5.5.8. Limestone**

Limestone deposits very eminent in Thabazimbi Local Municipality. As noted in the preceding sections, PPC is busy operating a viable cement plant in Thabazimbi. In addition, Firestone has partnered with Chinese investors and local developers to establish a plant to produce 2 million tons of cement in Brits, a town in the outskirts of Thabazimbi local municipality. Limestone on its own can be used as a fluxing agent in the production ferroalloys, PGMs, glass and cement manufacturing industry.

#### **11.5.5.8.1. Limestone Mining**

Limestone can be mined and traded as raw material without undergoing expensive or complicated beneficiation processes. The deposits are usually very shallow and can easily be mined as open cast through cheaper mining processes. However, the quality of the product is very crucial and various consuming industries will dictate particular quality. Upon assessment of available resources through geological information available for Thabazimbi, developers can be easily set up open cast mining with the objective of supplying to the abovementioned consuming industry depending on product specification and production capacity. However, the developer should heed local beneficiation of the ore to explore downstream opportunities.

#### **11.5.5.8.2. Cement industry**

Cement is a vital commodity in our life, manufacturing cement from limestone is a simple process with no complex technologies. The technology is well comprehended and skills can be amassed from the industry. The capital cost is quite steep and can vary from R 1billion to 3 billion depending on the capacity of the plant. A proper feasibility study requires to be done to establish bankable study which can be utilized for fund raising through equity and debt partners. Taking note that cement market is very competitive, the developer should focus on quality and proper branding to ensure that they capture a significant market share.

#### **11.5.5.8.3. Glass manufacturing**

Limestone is a key constituent for manufacturing glass. While limestone is not the major constituent, it plays a pivotal role. Quartz is the main reagent and access to quartz reserves is feasible. A growing glass market can be explored to determine the possibility of establishing glass manufacturing plant. However, this monopolized market might pose tough entry barriers and hence, industry demand/supply, technology and market outlook research necessitate to be undertaken to clear the uncertainties also taking note of the current expansion by the monopoly (Consol Glass).



### 11.5.5.9. Iron Opportunities

#### 11.5.5.9.1. Overview

Alloyed with other metals, iron is the most widely used of all metallic elements. The way in which it is alloyed determines the uses to which the final product is put. Steel, for example, is a general term used to describe iron alloyed with carbon and, in some cases, with other elements. The American Iron and Steel Institute recognizes 27 standard types of steel. Three of these are designated as carbon steels that may contain, in addition to carbon, small amounts of phosphorus and/or sulfur. Another 20 types of steel are made of iron alloyed with one or more of the following elements: chromium, manganese, molybdenum, nickel, silicon, and vanadium. Finally, four types of stainless and heat-resisting steels contain some combination of chromium, nickel, and manganese alloyed with iron.

Steel is widely used in many types of construction. It has at least six times the strength of **concrete**, another traditional building material, and about three times the strength of special forms of high-strength concrete. A combination of these two materials, reinforced concrete, is one of the strongest of all building materials available to architects. The strength of steel has made possible some remarkable feats of construction, including very tall buildings (skyscrapers) and **bridges** with very wide spans. It has also been used in the manufacture of **automobile** bodies, ship hulls, and heavy machinery and machine parts.

#### 11.5.5.9.2. Iron Mining

Thabazimbi Local Municipality is embodied with iron reserves which can be further explored to determine availability and feasibility of mining further chrome reserves. Depending on the depth of the reserves, an open cast mine can be developed. Conventionally, open casts mine are built as the Capital Investment is shallower than that of underground mine. Once the open cast mine is operating, it breeds cogent liquidity to kindle development of underground mine. The ore generated is crushed, screened and concentrated through a concentrating plant. Iron ore can be supplied to export or local market for steel manufacturing.

#### 11.5.5.9.3. Iron Beneficiation

Iron, when smelted at high temperature and mixed with other constituents such as manganese and chrome, can be transformed into carbon steel or stainless steel. While steel manufacturing is a megaproject requiring immense capital investment and dedicated raw material supply, in particular iron ore in higher quantum, development of this project will require a bankable feasibility study assessing key issues such as power, market, location, product type etc. The government of South Africa would prefer setting up of steel manufacturing plant in South Africa given the current monopoly on steel price.

Thabazimbi, being the source of immense amount of iron, is an ideal location for assessment of a steel plant provided other key commercial variables are satisfied. One concern is the cost of setting up a plant locally versus the setting up in the northern

## Thabazimbi Investment And Marketing Strategy

hemisphere, where the steel market lies. Secondly, if one were to establish a plant locally, analyst prefers onshore plant establishment versus inland plant establishment. The whole supply chain, from ore, manufacturing, product handling and transportation to the final consumer is a determining factor for the best location the plant. More importantly, the consumers of steel needs to buy into the concept, the consumption of steel is largely in the northern hemisphere and only large capacity producer, more that 500 000 tons of melt capacity survive in the market, in view of the current international competition.

### 11.5.5.9.4. Other Opportunities

- Andalusite is a critical ingredient in the manufacturing of refractory bricks for furnace ovens. Mining of this commodity is usually open cast and more exploration can be undertaken to assess availability of reserves to kindle development of a mine.

### Mining Project List

Project Name	Description		
Platinum			
Platinum Mining	Exploration of more reserves on the western belt might results in further deposit discern on platinum. There is opportunity for investors to buy into emerging/junior platinum companies. Through cash investment/BEE funding raising to kindle exploration and further development.		
Platinum Recovery	Platinum can be recovered from dumps of chrome through recovery plants. Opportunities occur mainly in chrome mining dumps.		
Platinum Smelting and Refinery	New and efficient technologies have been discerned to smelt platinum from low grade reserves. Junior mining will be affirmative to this option as they are bound by the monopoly of bigger smelting players such as Lonmin, Anglo Platinum and Northam Platinum.		
Jewellery Market	A booming jewellery market, in view of Platinum reserves can serve as a strong market for Thabazimbi. String security		
Electrolysis	The need for renewable energy drives a market for manufacturing of Electrolytic Cells. This can be done in collaboration with Department of Science and Technology.		
Auto-Catalyst	Development of a Auto-Catalyst Industry in Thabazimbi/Northam based on the Platinum, Palladium and Rhodium can create strong economic benefits for the local citizens. A booming car market drives the needs for Auto-Catalysts.		
Chrome			
Chrome Mining	Chrome mining opportunities exists in Thabazimbi. However,		

### Thabazimbi Investment And Marketing Strategy

	requires geological analysis to determine the quantum, quality and location of reserves. The depth of the reserve will further determine the feasibility of establishing a mine.		
Chrome Recovery	Chrome recovery can be done of the Platinum dumps of the Platinum Producers due to the fact that chrome and platinum occurs together. A chrome recovery plant has proven to be a viable mineral recovery process.		
Chrome Smelting	The availability of chrome and chrome in the dumps creates an opportunity to establish a ferrochrome smelter. This can be done on a small scale or larger scale. The ferrochrome is key in the stainless manufacturing to make stainless (corrosion resistant).		
Chrome Chemicals	Majority of chrome exported overseas is used for chemical manufacturing. There is a potential to establish a chrome chemical plant with market locally and internationally.		
<b>Limestone</b>			
Limestone Mining	Limestone mining is one of the economic mining processes. Most reserves occur on the surface, making mining less costly and the processing required is very minimal. Hence, exploration of reserves can create economic benefits to investors and local communities.		
Cement Production	Development of Cement Plant with Limestone mines providing feedstock to the Plant. The high capital cost might require financial partner. A proper market analysis to determine the supply/demand and there are new entrants in the market.		
Burnt Limestone	Burnt lime is used in the manufacturing of ferrous alloys and steel manufacturing. Limestone from the mines can be sourced and proceed through high-temperature processes and the product be channelled to smelting industry.		
<b>Iron</b>			
Iron Mining	Exploration of more reserves on the western belt might results in further deposit discern on iron ore. There is opportunity for investors to buy into emerging/junior iron mining companies. Through cash investment/BEE funding raising to kindle exploration and further development.		
Steel Manufacturing	Though the investment is quite steep, and that key issues such as logistics, infrastructure and reliable ore supplied are critical, steel or stainless steel plant can be explored in Thabazimbi in view of the iron ore opportunities.		
<b>Andalusite</b>			
Andalusite Mining	Andalusite is a critical ingredient in the manufacturing of refractory bricks for furnace ovens. Mining of this commodity is usually open cast and more exploration can be undertaken to assess availability of reserves to kindle development of a mine,		

## Thabazimbi Investment And Marketing Strategy

--	--	--	--

The following institutional projects should be put into place to support the above listed investment opportunities to take off the ground. These projects require to be developed by the municipality, hence, should be adopted as part of projects in the IDP and be financed through the municipality Budget.

Project Name	Description	Approach Strategy
Mining Development Strategy	A dedicated Mining and Mineral Development strategy can assist the municipality in kindling small scale mining, BEE mining opportunities, beneficiation and creation of foundry industries.	A joint Mining Sector Development Plan be formulated and adopted for the Thabazimbi area that is inclusive of all stakeholders in the local mining cluster of activities and that is informed by and explicitly addresses local social and economic development imperatives.
Capacity Building	It is crucial to engage officials on training on key mining aspects such as the following; Small Scale Mining Beneficiation Foundry Industry Mining Charter and BBBEE	

### 11.5.5.10. Input Cluster Opportunities

The following can be explored as mining input cluster opportunities;

#### **Mining Supply Hub;**

The mining industry cannot operate unless there is a strong supply of equipments, tools and key material for mobilizing the mining operation. Establishment of a centralized warehouse that will house mining tools and equipment that are critical for mining and mineral extraction processes can create a sustainable supply chain for the local mining and manufacturing industry. The hub can be equipped with mining supply and services on-line goods and services directory. The hub has potential to create a lot of sustainable jobs such as administrative, clerical, quality control, inventory management, and labor related jobs.

#### **Supply and Services**

Having noted the immense Capital Investment in Mining development, the immediate implication is the services and supply of goods and materials that are required during construction of this Megaprojects. Massive procurement is associated with development of these projects and as such, this bestow local entrepreneurs opportunities to tap into services

and supply business opportunities. With the right credentials or accreditation, the service providers locally can benefit on a greater scale on the opportunities and further given the Preferential Procurement based on BEE and locality. Services in this space include the following;

- Security services
- Cleaning services
- Equipment supply
- Supply of consumables
- Professional services

### **11.5.5.11. Infrastructure Development**

Whilst the mining sector is in many respects more self-sufficient than many other sectors, nevertheless it is dependent for its operation upon a number of municipal and other services, not least water, roads, effluent disposal and sewerage and electricity. The ongoing viability of existing mining operations and the prospects of new ones depend upon access to these services.

Innovative solutions be pursued in terms of the full range of options provided for in the Local Government: Municipal Systems Act, 2000 for the co-funding and management of key economic service infrastructure provision critically affecting the local operation and future expansion of the local mining cluster.

1. Pipeline upgrades (Rhino Mine; Amandelbult)
2. Treated effluent pipeline (Northam-New Union)
3. New waste water treatment works (Northam and Thabazimbi) and new outfall sewer (Northam)
4. Road upgrades (R510/P16-2: Northam-Thabazimbi; R510/P16-2: Thabazimbi . Lephalale; R510 intersection: Thabazimbi)
5. Thabazimbi municipal streets and storm water drainage
6. Electrical infrastructure . installation of substations (Spitzkop, Amandelbult, Phoko)

### **11.5.6. Agriculture Investment Opportunities**

#### **11.5.6.1. Overview**

South Africa is divided into a number of farming regions according to climate, natural vegetation, soil type and farming practices. Agricultural activities range from intensive crop production and mixed farming in winter rainfall and high summer rainfall areas to cattle ranching in the bushveld and sheep farming in more arid regions.

1. Field crops and horticulture
2. Livestock farming

South Africa has a dual agricultural economy, with both well-developed commercial farming and more subsistence-based production in the deep rural areas. The biodiversity in South Africa favours the cultivation of a highly diverse range of agricultural products, from deciduous, citrus and subtropical fruit to grain, wool, cut flowers, livestock and game. Agricultural activities range from intensive crop production and mixed farming in winter rainfall and high summer rainfall areas to cattle ranching in the bushveld and sheep farming in the arid regions. Maize is most widely grown, followed by wheat, oats, sugar cane and sunflowers. Thabazimbi is located in the bushveld region, therefore having potential for cattle farming and production of beef products and farming of feed materials.

While 13% of South Africa's land can be used for crop production, only 22% of this is high-potential arable land. The most important limiting factor is the availability of water. Rainfall is distributed unevenly across the country, with some areas prone to drought. Almost 50% of South Africa's water is used for agriculture, with about 1.3-million hectares under irrigation. Today, South Africa is not only self-sufficient in virtually all major agricultural products, but is also a net food exporter. Farming remains vitally important to the economy and development of the southern African region.

### 11.5.6.2. Exports

South Africa is among the world's top five exporters of avocados, grapefruit, tangerines, plums, pears, table grapes and ostrich products. Farming contributes some 8% to the country's total exports. The largest export groups are wine, citrus, sugar, grapes, maize, fruit juice, wool, and deciduous fruit such as apples, pears, peaches and apricots. Other important export products are avocados, dairy products, flowers, food preparations, hides and skins, meat, non-alcoholic beverages, pineapples, preserved fruit and nuts, sugar, and wines.

A number of high-growth niche markets are emerging, such as herbal beverages and luxury seafoods.

### 11.5.6.3. Competitive advantages

South African agriculture and agribusiness have a number of competitive advantages, making the country both an important trading partner and a viable investment destination.

- **World-class infrastructure:** South Africa has three deep-water ports, three international airports, a network of roads and railways, well-developed cold chain facilities, and a sophisticated financial sector.
- **Counter-seasonality to Europe:** South Africa's counter-seasonality to Europe, the country's primary export market for horticultural and floricultural products, is a major competitive advantage. South Africa is the closest major southern hemisphere producer of horticultural and floricultural products to Europe, and has significantly shorter shipping times than its rivals.
- **Biodiversity:** South Africa's diversity of climates - tropical, subtropical and desert - allows for a vast and varied array of agricultural products.
- **Competitive input costs:** While South Africa boasts infrastructure comparable to first-world countries, its cost structures remain highly favourable. Electricity is still relatively inexpensive, and labour rates are also competitive.
- **Trade agreements:** South Africa's agriculture and agribusiness sector are benefiting from increased market access to its key trading partners, the EU and the US, as well as to sub-Saharan countries, through a number of trade agreements.

#### 11.5.6.4. The agriculture Prospects in Thabazimbi

##### 11.5.6.4.1. Highlights

- The long-term viability of game versus cattle farming should be assessed.
- The meat processing factory and de-bushing of areas could provide a number of job opportunities.
- As part of the IDP process the basis for a GIS system has already been compiled which will include all farms in the area. A complete database of farmers and farming activities can be included in this system.
- Products from hunting operations in the area can be processed further e.g. skins, horns, etc.
- The potential exists to expand this sector in terms of introducing new technological practices such as Organic farming, Biotechnology, Hydroponics and Water harvesting techniques.
- The ultimate goal of agricultural ventures should be to establish labour intensive, farming practices with quality that is fit for the export market.
- These technology ventures could imply linkages with other sectors such as manufacturing (agro-processing) which are vital for the diversification and growth of the local economy.
- Some of the potential ventures identified in this sector include:
  - Organic food and vegetarian niche products.
  - Essential oil extraction from herbal and indigenous plants.
  - Organic drought tolerant crops.
  - Growing of crops and herbs through hydroponics.
  - Expansion of the meat and exotic meat market for export and local markets.
  - Goat Farming . they are hardy and therefore ideally suited for the local circumstances.
  - Game Farming: Hunting and game ranches (eco-tourism) make a substantial contribution to the GVA and GGP and a becoming increasingly popular.

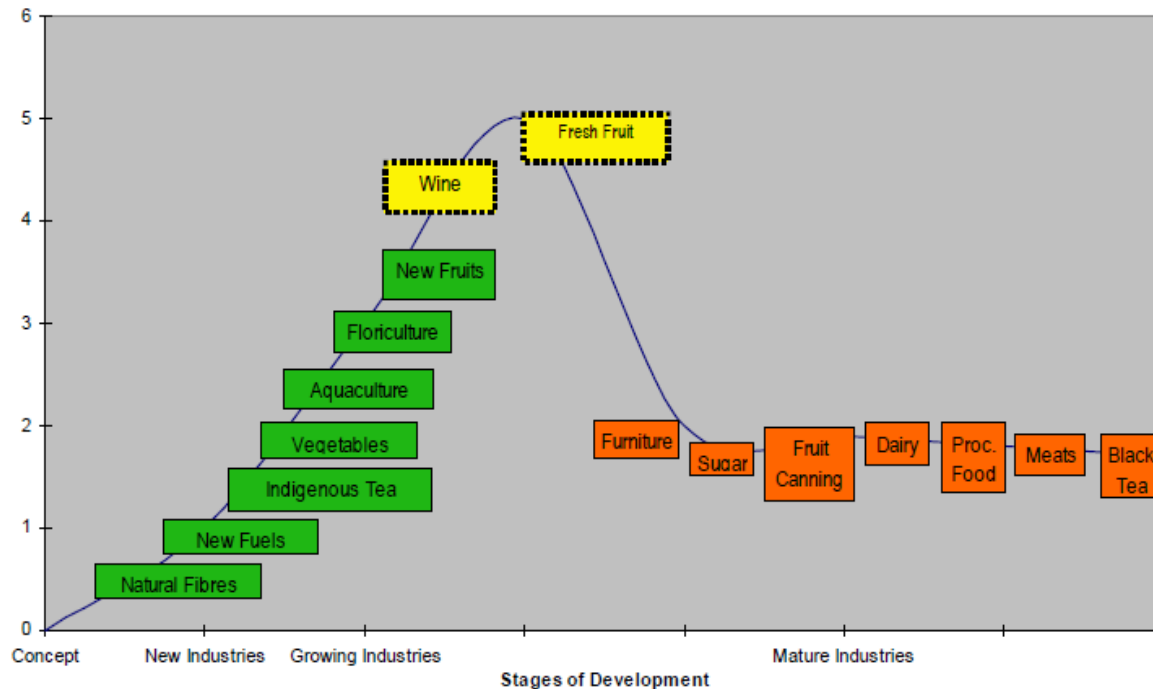
#### 11.5.6.5. Agriculture Opportunities

As mentioned in the preceding sections, Thabazimbi has lot of potential for Agriculture economic sector development. Crop farming and Animal farming have been very nascent in the municipality. The farm land across the river systems such as Crocodile River and the Lengoepe Kgamanyane River close to Atherstone Reserve are viewed as high potential agricultural land. However, the key to development in this sector is local beneficiation of the produced commodities. The municipality should minimize exporting of raw agricultural commodities and carve a niche for establishment of agro-processing plants locally. This should be coupled with credible municipal support structures and incentives to ensure that it is more enabling to do beneficiation plants than to produce commodities than exporting them out of the municipality jurisdiction. Development of agro-processing, abattoirs, fruits

## Thabazimbi Investment And Marketing Strategy

manufacturing and the like, would create added value in creating jobs, business opportunities and local GDP contribution.

The strategic is to empower local entrepreneurs in partnership with potential investors to establish value add agricultural markets by tapping in competitive markets. The diagram below shows Agriculture Industry Life Cycle depicting new and developed markets that can be explored to generate economic value in Thabazimbi,



**Figure 19: Agriculture Industry Life Cycle.**

### 11.5.6.6. Livestock Farming

#### 11.5.6.6.1. Capitalization on the Local Livestock Red Meat

The demand for red meat has risen, due to the rising incomes in the developing economies. This trend will lead to a shift in diet from grains to meat and dairy products. It is estimated that in China alone consumption of meat has risen from an average of 20kg/person to 50kg/person since 1985. The development of Game meat is also increasingly consumed throughout the world again finding favour as a protein source. In terms of grain to meat conversion beef production is the most grain-intensive (7 kg of grain/kg of beef) followed by pork (4 kg of grain/kg of pork) and poultry (2 kg of grain/kg of pork). This suggests the need generally for close coordination and integration of field crop production of livestock feeds and livestock production activities.



## **Thabazimbi Investment And Marketing Strategy**

The development of red and white meat clusters is a key thrust of the Limpopo PGDS. This provincial thrust is consistent with the established capacity of the Thabazimbi local agricultural economy which into the medium, others things being equal, is potentially placed to engage in the entire value chain from feed crop production to livestock and through to the production and packaging of animal products. Most particularly it has the established capacity to diversify livestock production into the production of goats and game.

Currently the downstream activities in the beef production chain in South Africa are concentrated in the hands of a few larger players serving the main metropolitan markets such as Gauteng where processed product is also absorbed by national retailing systems. There are approximately 12 large (more than 20 000 live animal capacity) feedlots currently operating in South Africa, with fewer in Namibia, Botswana and Zimbabwe. At any moment, there are approximately 420 000 head of cattle in the South African feedlots, operating at the rate of three cycles per annum. Much of the meat purchased from chain supermarkets in rural areas has followed this circuitous route from primary rural producer, to centralised metropolitan processor and back to rural consumer. Upstream primary producing areas in the value chain such as Thabazimbi therefore essentially produce animals (%weaners+) for downstream beneficiation with consequent loss of associated benefits for the primary producing area. This suggests potential local opportunity for development of a more closely integrated local red meat cluster in order to capture local economic benefit through increased local beneficiation activities as well as through an element of import substitution of finished product, although this element is likely to be limited by the relatively less concentrated nature and size of rural markets.

South Africa is an importer of beef (62,500 tons), mutton (37,000 tons) and pork (22,000 tons). Beef is mainly imported from SACU countries (Namibia, Botswana, Swaziland and Lesotho) and also from Argentina, Paraguay, Australia, Zimbabwe, Brazil, Uruguay and New Zealand. South Africa is a net importer of lower grade meat, mostly for the processing sector, while it exports some higher grade cuts to specific niche world markets to realise above-average rate of returns. South Africa exports beef mainly to Angola, Germany, Great Britain, Greece, Lebanon, Mozambique, Norway, Reunion and Swaziland.

### **11.5.6.6.2. Meat Processing and Distribution**

The consumption of chicken meat is on the increase in South Africa and is bigger than the total consumption of red meat; a trend that is likely to continue. The red meat industry remains one of the most important agricultural sub-sectors in South Africa, but has come under increasing pressure in the period following deregulation. This is mainly due to;

1. declining per capita demand for red meat,
2. increased competition from overseas producers, Southern African Development Community (SADC) countries, Namibia and Botswana, and
3. institutional challenges.

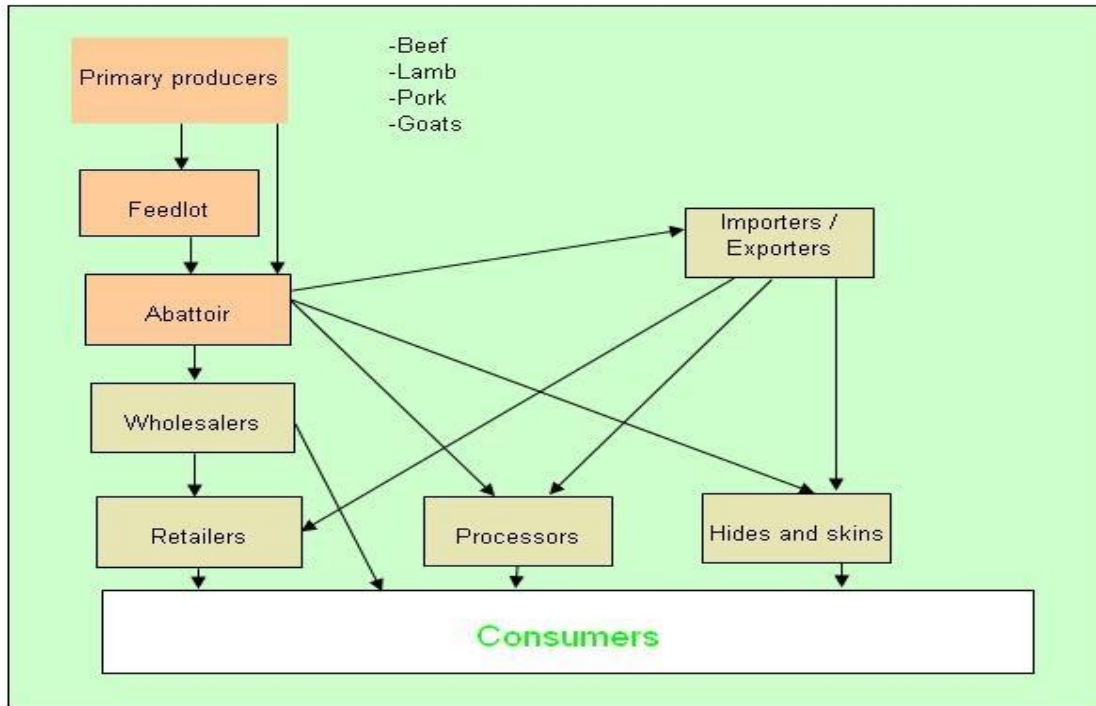
Almost 60% of cattle in South Africa are finished for slaughter in feedlots (confined areas with watering and feeding facilities where livestock are fed grains and concentrates to produce consistent meat quality). The other 40% of beef cattle are raised on natural grassland. The abattoir is a key transformation area in the South African meat supply chain.

## Thabazimbi Investment And Marketing Strategy

The abattoir industry is responsible for the conversion of livestock to meat or carcasses. Processing plants or meat manufacturers consist generally of two types of production cycles;

- the canned meat and/or the fresh meat cycle. The cuts have to be under constant cooling, and therefore the loading takes place in an area that is totally sealed off to ensure the products do not come in contact with hot air. All frozen products are kept at a temperature of  $-18^{\circ}\text{C}$ . If the cold chain is interrupted, the shelf life of products is significantly reduced.

**The red meat industry structure**



**Figure 20: The red meat industry structure.**

There are three areas of opportunities within the red meat cluster as shown below:

1. Production of animal feed;
2. Livestock production; and
3. Processing of meat and other animal products.

Livestock is the largest agricultural sector in South Africa, with a population of some 13.8-million cattle and 28.8-million sheep. Stock breeders concentrate on the development of breeds that are well adapted to diverse climatic and environmental conditions. There are opportunities for local entrepreneurs, partnering with international or National Investors to kindle this market.

### 11.5.6.7. Animal Feeds

Thabazimbi currently produces relatively small volumes of silage maize and animal fodder, primarily under dryland conditions. Thabazimbi also accounts for an estimated 76% of the

## **Thabazimbi Investment And Marketing Strategy**

total production of grain sorghum of the Limpopo province under irrigation and only 1,7% under dryland conditions. In addition to its other uses sorghum is a higher-value animal feed grain. In the case of Soya, also a basis for livestock feed (%ilcake+) the corresponding production under irrigation and in dryland conditions respectively are 97% and 89%.

It is recommended that the economics of local small-scale animal feed production integrated with commercial livestock production in a Thabazimbi red meat sub-cluster be investigated, particularly as a model for emergent farmers on land along the Crocodile River restored to land reform beneficiaries. Large-Scale production of Animal Feed is no advisable as the Livestock Production and Secondary Beneficiation still needs to develop. Moreover, the commercial animal feeds industry in South Africa is highly concentrated. It is also relatively capital-intensive and specialized, posing significant barriers to entry and requiring significant scale economies

### **11.5.6.7.1. Beef Production:**

#### **Dedicated beef ranching:**

Animal (%weaner+) production for export out of the Thabazimbi area for processing elsewhere. This is the predominant current model; and Local vertical integration with (local) downstream feedlot and processing options;

1. That increased local dividends from beef production be achieved for Thabazimbi through increased local beneficiation and a reduction in the export of unprocessed beef cattle;
2. That the optimal beef cattle production system for Thabazimbi be investigated with a view to increased local beneficiation and specifically in the context of local production circumstances, the evolving requirements of the market and the requirements of environmental integrity. Specifically that the relative merits and applicability of the following beef production systems in local circumstances be determined:
  1. Conventional intensive feedlot production;
  2. Intensive and semi-intensive organic feeding to exploit niche export market opportunities; and
  3. Semi %free range+ or pasture-fed inorganic production systems where nitrogen supplementation alone is applied where necessary;

#### **Game:**

1. That a Safari/Game Industry/Game Farming and Hunting Cluster be constituted for Thabazimbi;
2. That the incorporation of the game component into livestock farming models in Thabazimbi, including those in place for land restored under the Land Reform Programme be actively encouraged;

## **Thabazimbi Investment And Marketing Strategy**

3. That associated high-value activities based on the farming of game such as eco-tourism and **bona fide** commercial hunting as well as commercial game production for meat and other commercial game products be encouraged as a means of reversing job and income losses in the rural sector; and
4. That consideration is given to the incorporation of commercial game farming into local livestock farming models including those applicable for land restored under the Land Reform Programme as an addition option providing potential for specialised downstream local processing of game meat and other game products as well as vertical integration with higher value tourism activities.

### **Mixed farming of game and beef:**

Integration of commercial game farming into the livestock farming model. This can increase by up to 20% the sustainable stocking rate on agricultural land;

Game-related options within this model are as follows:

1. Live game sales. This currently takes place in response to market demand that is likely to tail off into the medium term as the restocking objectives of reserves and rehabilitated game areas are achieved;
2. Commercial game cropping associated with downstream local beneficiation, and in particular the establishment of a game abattoir and game meat processing facilities;
3. Biltong hunting. Due to the presence of domestic stock in mixed farming areas their appeal for trophy hunting and eco-tourism would be compromised;

### **Dedicated Game Farming:**

The conversion of farming systems from conventional livestock production with or without game to dedicated game farming though financially attractive can lead to significant loss of employment in rural areas unless it is offset by downstream local beneficiation of game and game products, ongoing ecological management that absorbs labour, and higher value tourism activities. The variants of approach available to Thabazimbi are the following:

1. Commercial game farming with local downstream beneficiation of game meat and other products;
2. Game farming integrated with selected game-related tourism. These could involve the following activities:
  - Live game sales
  - Trophy hunting;
  - Biltong hunting;
  - Commercial utilisation of excess game for downstream beneficiation;
  - Other non-consumptive nature-based tourism. Hunting activity can limit other non-consumptive options;
3. Non-Consumptive Options where game farming is associated with:
  - Eco-tourism;
  - Live game sales; and
  - Non-hunting commercial utilisation (cropping) of excess game for downstream beneficiation.

### **Goats:**

## **Thabazimbi Investment And Marketing Strategy**

- That the relative ecological and economic implications of goat farming as a component of the livestock farming model be investigated for Thabazimbi in relation to other mutually exclusive livestock farming options such as game.

### **11.5.6.8. Animal Production**

#### **Non-Game**

Thabazimbi contributes inordinately little to the aggregate production of animal products in Limpopo, considering the relative size and potential of its livestock sub-sector. As far as could be determined there is one commercial abattoir in Thabazimbi with independent cold chain support and with a slaughter capacity of 140 cattle and 100 pigs daily. The abattoir currently functions at approximately 50% capacity, with a perceived lack of local slaughter stock. A district abattoir does exist in Lephalale. Live animals are exported from Thabazimbi by local livestock producers. In the process the local economy is denied the financial and socio-economic dividends of local downstream beneficiation.

#### **Game**

There is a significant market for game meat packaged in palatable form with recipes. Game meat can be used to make biltong, cold meats, pâtés and sausages, and for a variety of other culinary uses. As far as could be determined the only specialised game meat processing facilities in South Africa are to be found in the Eastern Cape and Oudtshoorn in the Western Cape.

Studies suggest that given the incorporation of game into the basic livestock farming model the establishment of a district game abattoir and processing facility are feasible provided that it has the support of local landowners.<sup>3</sup> The operation of such a facility and the game harvesting that accompanies it are not necessarily in competition with ecotourism in game areas, nor do they necessarily exclude meat or trophy hunting but can be complementary to it. Thabazimbi appears potentially to be a compelling candidate for the location of such a game abattoir facility.

Other potential downstream activities also attend development of primary game farming and cropping activities. As far as could be determined there are two taxidermists in the Thabazimbi area serving the local hunting industry. These do not do specialist tanning of elephant hides, etc but do ~~do~~ <sup>do</sup> skin+preparation of game skins. There is no significant local curio manufacturing activity based on the processing of game products other than the taxidermy operations referred to above.

#### **Dairy farming**

Dairy is produced throughout South Africa, with most farms in the eastern and northern Free State, North West, the KwaZulu-Natal Midlands, the Eastern and Western Cape, Gauteng

---

<sup>3</sup> A Feasibility Assessment for the Development of the Game Meat Sector in the Waterberg District of Limpopo Province, South Africa Afrivet Business Management (2007)

and the southern parts of Mpumalanga. The four major dairy breeds in South Africa are the Holstein, Jersey, Guernsey and Ayrshire. The dairy industry is important to South Africa's job market, with over 4 000 milk producers employing about 60 000 farmworkers and indirectly providing jobs to some 40 000 people.

### **Beef farming**

South Africa produces 85% of its meat requirements, with 15% imported from Namibia, Botswana, Swaziland, Australia, New Zealand and the EU. Local demand generally outstrips production, even though there are untapped reserves in the communal farming areas.

Cattle ranches are found mainly in the Eastern Cape, parts of the Free State and KwaZulu-Natal, Limpopo and the Northern Cape. Popular beef breeds include the indigenous Afrikaner and Nguni and locally developed Bonsmara and Drakensberger. European and American breeds such as Charolais, Hereford, Angus, Simmentaler, Sussex, Brahman and Santa Gertrudis are maintained as pure breeds or used in cross-breeding.

### **Sheep and goat farming**

South African sheep farming is concentrated in the Northern and Eastern Cape, Western Cape, Free State and Mpumalanga, with Ermelo in Mpumalanga being one of the largest wool-producing districts. About 50% of the country's sheep are fine-woolled Merinos. Other breeds include the locally developed Afrino, a woolled mutton breed adapted to arid conditions, the South African Mutton Merino, the Dohne and the Merino Landrace. South Africa's mutton is produced from the Dorper - a highly productive and locally developed mutton breed for arid regions - and the woolled Merino.

Karakul sheep are farmed in the more arid areas. The indigenous meat-producing Boer goat accounts for about 30% of all commercial goats. The Angora goat is used for mohair production.

### **Poultry and pig farming**

South Africa's poultry and pig farms are more intensive than the extensive sheep and cattle production, and are found near the metropolitan areas of Gauteng, Durban, Pietermaritzburg, Cape Town and Port Elizabeth. The predominant pig breeds are the South African Landrace, the Large White, the Duroc and the Pietrain.

South Africa's annual poultry meat production is around 960 000 tons. Broiler production contributes about 80% to total poultry meat production, with the rest made up of mature chicken slaughter (culls), small-scale and backyard poultry production, ducks, geese, turkeys and other specialised white meat products. South Africa accounts for around 65% of world sales of ostrich products - leather, meat and feathers.

#### **11.5.6.9. Transport in the meat industry**

Transport in the meat industry is entirely by road, using vehicles of appropriate configurations for the cargo carried. Cattle are transported in open carriers, pigs tend be transported on flat-bed, gate-sided, open vehicles, and sheep are transported in purpose-made, triple-deck, livestock carriers. When livestock are ready for the market, the animals are transported from the producer (farmer) or feedlots to the abattoir. Once slaughtered, meat is stored in refrigerated cold stores and the carcasses are transported from the abattoir

in refrigerated vehicles for distribution to butcheries, wholesalers and retailers, and by direct delivery to hotels, restaurants and other hospitality establishments.

Based on the production figures for cattle, an estimated 2,4 million cattle 5,2 million sheep and 2 million pigs were transported to various abattoirs in South Africa to be slaughtered, which amounts to in excess of 900,000 tons on the road network. If one includes the imports of beef, mutton and pork, approximately 1 million tons of red meat is being transported to various markets within South Africa.

The supermarkets also play an important role in the distribution of beef products to the countrywide consumer market. Although insulated, the vehicles used are not permitted to travel on gravel roads for fear of contaminating the product, which will amount to huge losses.

### **11.5.6.10.Crop Farming**

#### **11.5.6.10.1. Overview**

The is vast possibilities and opportunities in crop farming, as mentioned, maize, wheat and soya beans are leading agricultural commodities in the municipality. Farming in these commodities might create a trajectory to supply concentration in view of eminent competition that will be resultant in this regard. If these commodities are explored, beneficiation would be a good input model to ensure that the is downstream processing of local produced commodities. Hence, it is crucial that farmers introduce new commodities in the agricultural sector. However, proper base work requires to be established to make sure that the commodities and affinitive to the climate and soil conditions within the municipality. Most importantly the amount of water required, as some of the commodities demand lot of water Compared to others. This is an area wherein Organic Farming can be applied as a device to improve and ensure sustainability on the commodities farmed.

#### **11.5.6.10.2. Opportunities**

Field cropping stands to contribute to the local agricultural economy in the following ways:

1. Through the production particularly under irrigation of animal feed in support of the local livestock industry;
2. Through the production particularly under irrigation of higher value food and alternative energy crops such as maize and Soya. Both maize and Soya also have alternative applications respectively in the production of ethanol and bio-diesel; and
3. In the longer term through the possible dryland cropping of hardy, drought resistant cultivars.

#### **11.5.6.10.3. Soya**

South Africa produces in the order of 190 000 tonnes of Soya beans annually, of which in the order of 10 000 tonnes (5%) are produced in Thabazimbi. The Thabazimbi area (specifically Koedoeskop) is the focus of Soya bean production in the Limpopo Province accounting for in the order of 75% of provincial production. 60 000 to 65 000 tonnes of national production are processed for human consumption, and the remainder is used for the production of animal feed (oil cake), mainly in large plants in the metropolitan areas. Soya bean oil is however a high value extract with applications in the production of bio-fuels. Thabazimbi's production of Soya currently therefore accounts for the equivalent of approximately 15% of national production for human consumption. All summer crops, including Soya, require water supply during reproduction stages which normally fall between January and March. However, soybeans at certain stages have a higher resistance to drought for example than maize.

#### **11.5.6.10.4. Other Dryland Crops**

Given the high risk nature of dryland agriculture in Thabazimbi its dryland potential with conventional field crops is at present relatively limited. However, some potential for providing local socio-economic dividends from dryland production of drought resistant crop varieties exists with the increasing international interest in new crop varieties. Such a crop for example as the Bambara bean (*Vigna subterranea*) is a versatile leguminous food source in the groundnut family currently grown by subsistence farmers elsewhere in Africa and able to survive in harsh conditions.<sup>4</sup> Commercial food processing of this bean has potential to open up new markets. Particularly the canned product has market potential especially in urban areas in Africa. A canning operation has existed in Zimbabwe producing in the order of 50 000 cans annually into a growing market.

#### **11.5.6.10.5. Field Crops and Horticulture Opportunities**

**Grain and oilseeds:** Sorghum is cultivated in the drier parts of summer rainfall areas such as Mpumalanga, the Free State, Limpopo, North West and Gauteng. Other opportunities includes sunflower seed, groundnuts and wheat.

##### **Farming in oilseeds for oil extraction**

Approximately 19% of foreign demand for agricultural products is due to the demand for various cooking oils including avocado, macadamia, palm, sunflower seed oil, and a host of other speciality, health oils.

A cooking oil manufacturing plant can be explored from the oilseeds plantation. The by-products of cooking oil production, i.e. oilseed cake may be used to manufacture animal fodder, which accounts for 1% of the total demand for agriculture products from South Africa, as expressed in the Trade bulletins.

---

<sup>4</sup> The Bambara Groundnut network (2008)



## Thabazimbi Investment And Marketing Strategy

**Fruit:** Deciduous fruit, Citrus (produced in the irrigation areas) and Pineapples. Other subtropical crops - avocados, mangoes, bananas, litchis, guavas, pawpaws, granadillas, and macadamia and pecan nuts . (are produced in the subtropical coastal areas).

**Fruit Processing:** Fruit processing is key to creating added value by producing products such as juices, jams, dry fruits, canned fruits, etc. factories established can create jobs for local communities.

**Vegetables:** These includes potato crop (is grown in the high-lying areas), Tomatoes, Onions , Cabbage etc.

**Cotton:** Cotton is cultivated in Mpumalanga, Limpopo, Northern Cape, KwaZulu-Natal and North West. It constitutes about 74% of natural fibre and 42% of all fibre processed in South Africa. Cotton is grown under irrigation as well as in dryland conditions. Seventy-five percent of local production is harvested by hand.

**Tobacco:** Oriental tobacco grown in the Western and Eastern Cape. There are more than 1 000 growers in the country, producing some 34-million kilograms every year on about 24 000ha of land.

**Ornamental plants and cut flowers:** Ornamental plants are produced throughout South Africa, but production for export is concentrated in the central parts of Limpopo, Mpumalanga and Gauteng province. The crop includes nursery plants, cut flowers and pot plants. The country's most important plant export products are gladioli, proteas, bulbs, chrysanthemum cuttings and roses. Amaryllis bulbs are a lucrative export product to the US.

The fynbos industry is being transformed from wild harvesting to cultivation, with an array of cultivars planted. Further fynbos species have potential for development as crops, provided the necessary research funding can be secured. Dried flowers form an important component of the fynbos industry. A large variety of proteas, cone bushes and other products are well established in the marketplace.

**Production of indigenous medicinal plants:** Human beings have been utilising plants for basic preventive and curative health care since time began and it is estimated that over 9 000 plants have known medicinal applications in a variety of cultures and countries.

The demand for medicinal plant-based raw material is growing at between 15% and 25% per annum and the World Health Organisation (WHO) forecasts that the demand for medicinal plants is likely to increase from around \$14-billion in 2004 to \$5-trillion dollars in 2050, which indicates that the outlook for the industry is good.

**Hydroponic Vegetables Project:** The project aims to establish an intensive farm producing high quality fresh produce in greenhouses and open fields. The project intends to also produce chicken products for local consumption as well as the export market. The project can start with the production of long life tomatoes, colored peppers and cucumbers in tunnels and later on will pursue the production of flowers and selective vegetables in the open. The whole production will be done under tunnels.

## Animal Feed Projects

Project Name	Description		
<b>Animal Feed</b>			
Small Scale Production of grain sorghum . NB: possible growth prospects when livestock market develops.	Small Scale Production of grain sorghum for Animal feed. This can be combined with other feed stocks for animals such as silage maize and animal fodder. Integration with Animal Production will generate added value. The commercial animal feeds industry in South Africa is highly concentrated. It is also relatively capital-intensive and specialised, posing significant barriers to entry and requiring significant scale economies. However, in the face of increasing transport costs and elevated fuel prices local animal feed production on a smaller opportunistic scale may be feasible. Good model for the for vertical integration with livestock production particularly in areas along the Crocodile River restored to land reform beneficiaries in terms of the Land Reform Programme.		

## Animal Production and Meat Processing

Project Name	Description		
<b>Livestock Production</b>			
Red Meat Production And Processing and Associated Livestock Products	Local vertical integration with (local) downstream feedlot and processing options (Abattoirs). Development of more beef production and increased local beneficiation and a reduction in the export of unprocessed beef cattle. the following beef production systems in local circumstances be determined:  Conventional intensive feedlot production; Intensive and semi-intensive organic feeding; and Semi <del>free</del> range+or pasture-fed inorganic production systems.		
Game Farming -	Development of a Safari/Game Industry/Game Farming and Hunting to produce more game stock. (Explore game stock suck as buffalos, gemsboks, impalas, etc).		
Game Farming - Beneficiation	Develop high-value activities based on the farming of game such as eco-tourism and authentic commercial hunting as well as commercial game production for meat and other commercial game products be developed.		
<b>Mixed farming of game and beef</b>	Integration of commercial game farming into the livestock farming model. Develop business to do live game sales. Both Livestock and Game stock can have downstream local beneficiation, and in particular the establishment of a game abattoir and game meat processing facilities, including Biltong		

### Thabazimbi Investment And Marketing Strategy

	hunting.		
<b>Dedicated Game Farming</b>	Develop business to do live game sales. This currently takes place in response to market demand. This can be blended with downstream local beneficiation, and in particular the establishment of a game abattoir and game meat processing facilities, including Biltong hunting.		
<b>Goat Farming</b>	Development of Goat livestock coupled with meat processing and associated final products for local, SADC and international markets.		
<b>Sheep Farming</b>	Production of breeds such as the locally developed Afrino, a woolled mutton breed adapted to arid conditions, the South African Mutton Merino, the Dohne and the Merino Landrace. Mutton breeds such as Dorper - a highly productive and locally developed mutton breed for arid regions - and the woolled Merino.		
<b>Poultry and Pig Farming</b>	Production of Poultry (Broiler production, ostrich, ducks, geese, turkeys and other specialized white meat products) and Pig livestock, including meat processing (with manufacturing plants).		
<b>Dairy farming</b>	Development of dairy farms with right breeds and equipments to produce a range of dairy products.		

### Crop Farming Projects

Project Name	Description		
<b>Crop Farming</b>			
Farming of Alternative Energy Crops	Farming of maize and Soya for food, biofuel and ethanol production.		
Genetically unmodified Soya	Production of for genetically unmodified Soya.		
Crop Farming (Other key commodities)	Farming of commodities such as sunflower, potato, tomatoes, etc to diversify the crop market in Thabazimbi (Fruits and Vegetables).		
Soya bean processing plant	The plant uses of Soya to produce animal feed and Soya bean oil, part of which is used to manufacture Soya bio-diesel and pharmaceutical glycerine.		
cooking oil manufacturing plant	A cooking oil manufacturing plant can be explored from the oilseeds plantation. The by-products of cooking oil production, i.e. oilseed cake may be used to manufacture animal fodder.		
Fruit Processing Plant (Canning, Juice, Drying etc)	Fruit processing is key to creating added value by producing products such as juices, jams, dry fruits, canned fruits, etc. factories established can create jobs for local communities.		
Cotton Farming and Processing	Establishment of cotton farm with cotton processing plant.		

### Thabazimbi Investment And Marketing Strategy

Ornamental plants and cut flowers	Establishment of Ornamental plants and cut flowers. The crop includes nursery plants, cut flowers and pot plants. The country's most important plant export products are gladioli, proteas, bulbs, chrysanthemum cuttings and roses.		
Production of indigenous medicinal plants	Production of Production of indigenous medicinal plants for the Pharmaceutical industry.		
Hydroponic Vegetables Project	The project aims to establish an intensive farm producing high quality fresh produce in greenhouses and open fields. The project intends to also produce chicken products for local consumption as well as the export market. The project can start with the production of long life tomatoes, colored peppers and cucumbers in tunnels and later on will pursue the production of flowers and selective vegetables in the open. The whole production will be done under tunnels.		

The following institutional projects should be put into place to support the above listed investment opportunities to take off the ground. These projects require to be developed by the municipality, hence, should be adopted as part of projects in the IDP and be financed through the municipality Budget.

Project Name	Description	Approach Strategy
Agriculture Development Strategy	A dedicated Agriculture Development strategy can assist the municipality in kindling agriculture opportunities within the municipality.	A Agriculture Development strategy be formulated and adopted for the Thabazimbi area that is inclusive of all stakeholders in the local agriculture cluster of activities and that is informed by and explicitly addresses local social and economic development imperatives.
Capacity Building	It is crucial to engage officials on training on key agriculture development aspects.	
Thabazimbi Emergent Farmersq Association	A Thabazimbi Emergent Farmersq Association be constituted for Thabazimbi and affiliated to existing farming stakeholder collectives at Limpopo provincial and national level.	

## **12. Trade Partners**

### **12.1. Overview**

Production of commodities within various key sectors, in particular, mining, agriculture and tourism, can realise tremendous growth provided the municipality opens strategic trading channels with developing and developed economies. The municipality should identify trade partners. In this case countries around the world that can allow cross-trading of commodities from various economic sector. The immediate benefit of establishing trade partners is the fact that commodities within current economic drivers in Thabazimbi can be strengthened, while it also creates an opportunity to growth emerging sectors within Thabazimbi by captivating on developed economic sectors in the trading country.

Trading countries can be identified through links that have already been established by the Trade and Investment Limpopo. This way the municipality citizens on countries wherein there have established economic linkages with the Province. The municipality should establish communication links with authorities and activate trade mission. Given the financial resource demand to undertake the trade mission, proper discussion should be made before embarking of the travels to ensure that there is value for money on this mission. This implies that proper programmes and possibilities should be properly assessed to establish potential for value.

The government has currently signed trade agreement with countries like China, Zimbabwe, Syria etc. The Limpopo Government on the other hand has signed training agreement with Zimbabwe and are exploring opportunities in Netherlands, Russia and Germany. These countries are therefore recommended as starting points for establishment of trade missions or bilateral agreements. The relationship created will also benefit the two partners in learning from each other, amongst others, on other issues such as governance, economic or service delivery best practices.

### **12.2. Recommendations**

It is therefore recommended that the Local Development and Planning Directorate pioneer discussions with the Trade and Investment Limpopo, Department of Trade and Industry, and other key stakeholders to kindle establishment of potential trade countries for various economic sectors. Through trade mission, the municipality also creates an opportunity to discern potential investors within the trading countries and therefore forms a strong component of the marketing strategy.

### **13. Possible Funders or Investors**

Promotion of key investment opportunities targets potential investors across the globe. Investors include local investors who might be willing to invest onshore. Investors can be individuals or investments companies, groups and consortium. It should be noted that the municipality can also explore Public Private Partnerships in developing other key project wherein the municipality might want to have a level of influence or control. Developmental banks such as Industrial Development Bank (IDC), Development Bank of South Africa (DBSA) and Land Bank also can be engaged in most of the projects to explore possibility of funding by establishing a proper governance model on identified projects. Stakeholders includes Department of Trade and Industry, District Municipality, Provincial Department of Economic Development and Tourism, Limdev, Tourism and Parks, Libsa and Trade and Investment Limpopo can also be instrumental in building an array of target investors and funders who will be willing to explore investment opportunities presented by the municipality.

# Incentives

## **14. Incentives**

### **14.1. Thabazimbi Incentives**

#### **14.1.1. Overview**

Investors and projects developers always look for investment opportunities in areas where it is easy to do business. This involves one of the following;

- Economic climate,
- Political stability,
- Ease of trade and transparency,
- Power and water costs,
- Availability of infrastructure, etc,

Most of these aspects above may not be influenced by the municipality. For example, the price of power is beyond the municipality influence circle. However, the municipality is prepared to establish a business enabling environment for investment. The municipality will bestow investors pertinent supports enabling them to receive proper assistance as they establish or partake in business within the municipality. From short-term perspective, the municipality could establish, within its current structure, a Business Development Office. The Business Development Office can be central to inducting and walking the development establishment path with project developers and investors. The office could assist on establishing land access and acquisition issues, power, water and other business setup requirements such as community participation and facilitation of statutory approvals such as EIAs and Land Development approvals. Long-term, the municipality should consider establishment of a credible Economic Development Agency. The agency's sole purpose will be promotion of the investment opportunities and will enable focus on investment and marketing and hence fast-track the developmental objectives of Thabazimbi municipality.

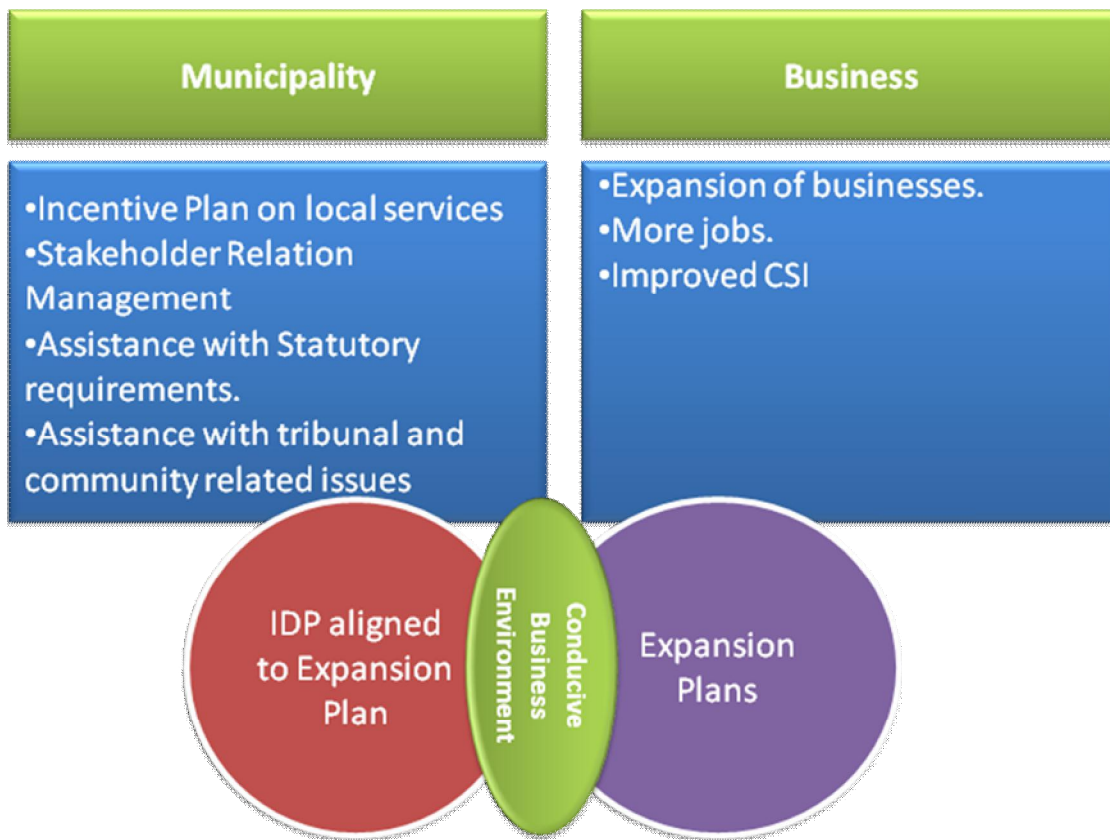
The table below depicts how the municipality can create an enabling environment for investors through provision of Business Development Support and local investment incentives.

#### **14.1.2. Retention and Expansion of existing businesses/investments**

It is crucial that municipality device means of enabling current investors and businesses to continue doing business in the municipality. Furthermore, the current business should be motivated to ensure expansion of their facilities within the municipality. One of the key recipe for this is creating a cogent is to establish a credible Incentive Model for the local business on the services that the municipality provides. The IDP should also be aligned to the expansion plans of the local businesses to ensure alignment of municipality service delivery model with the business plans. Another aspects which is crucial is for the municipality to assist the business with statutory requirements, tribunal and community related aspects including the crucial corporate and social investment aspect.



## Thabazimbi Investment And Marketing Strategy



### 14.1.3. Local Investment Framework

The following framework depicts how the municipality can tackle enabling of business development through various support mechanisms.

Business Establishment Assistance	Local Incentives
<ul style="list-style-type: none"> <li>• Linkage with key business development stakeholders.</li> <li>• Community participation and involvement.</li> <li>• BEE Structuring.</li> <li>• Facilitation of Land Acquisition, Municipal Land Approvals and linkage with appropriate Land departments.</li> <li>• Facilitation of EIA and linkage with relevant departments.</li> <li>• Linkage with local and potential partners or role players.</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated Provision of services.</li> <li>• Softening of tariffs for businesses demonstrating good merits on job creation, local beneficiation/manufacturing, sustainable development and empowering project.</li> <li>• Rebates structures for environmental friendly technology/beneficiation.</li> </ul>

In addition to the above, the municipality should ensure that the following are established;

- Development and maintenance of main corridors and key roads.

- Development of Waste Water Treatment Plants.
- Establishment or ensuring that there is sufficient power and water capacity to handle economic growth.

## **14.2. National Government Incentives**

### **14.2.1. Introduction**

The South African government, understandably enough after decades of international isolation, is very keen to encourage foreign direct investment (FDI) into South Africa, and offers a range of taxation and other incentives in order to entice international (and in some cases domestic) investors. Here we will be looking at some of the major initiatives set up by the new regime: Industrial Development Zones (IDZ) and the Small and Medium Enterprise Development Programme (SMEDP), and a range of incentives offered for manufacturing start-ups. The Enterprise Investment Programme was launched by the government in July 2008, to provide sector-specific financing in order to encourage growth in key areas.

### **14.2.2. Small and Medium Enterprise Development Programme (SMEDP)**

The SMEDP is a programme designed to generate employment, and create opportunities for the introduction of new and advanced skills to South Africa, as well as to encourage foreign investment in the country. One of the programmes it offers provides incentives for those planning to expand existing South African based enterprises, or to start new projects in a range of sectors, including manufacturing, tourism, business services, information and communications, technology, and high value agricultural projects.

Eligible projects can claim an annual tax free cash grant of up to 10% of the qualifying investment cost, paid over two or three years if a labour usage criteria is met. The rates for assistance are as follows:

- First R5 million (\$630,000 approx) investment 10% per annum
- Next R10 million (\$1.26m approx) investment 6% per annum
- Next R15 million (\$1.89m approx) investment 4% per annum
- Next R20 million (\$2.52m approx) investment 3% per annum
- Next R25 million (\$3.15m approx) investment 2% per annum
- Next R25 million investment 1% per annum

Another incentive, offered to businesses with approved training programmes, is the Skills Support Programme, which can be accessed simultaneously with any other investment or competitiveness programmes. The SSP offers a three-year grant to the value of up to 50% of the cost of training new staff as the result of an expansion or new project. It also offers a capital grant for training equipment and course materials.

The government is also very keen to stimulate domestic investment, as it believes that this is the key to foreign investment, as international investors, to a certain degree, follow the sentiment and mood of their domestic counterparts. To this end, a number of Spatial Development initiatives (SDIs or 'Investment Corridors') have been set in place to establish conditions that will be attractive to both domestic and international investors. SDIs have tended to be established outside the major industrial centres, and offer private/public partnerships designed to encourage economic growth, and create jobs in areas such as tourism and agriculture. However, the incentives offered to investors in these initiatives are 'soft' incentives, for example links with local suppliers, red tape reduction, etc, and as such will probably appeal more to domestic enterprises than international investors.

### 14.2.3. Incentives For Manufacturing Start-Ups

A company which incorporated on or after October 1, 1996 contemplating carrying on a manufacturing project as its sole business, may be awarded a tax holiday, up to a maximum of six years, if the project meets certain conditions. The project may consist of one or more of three components, namely a spatial component, an industry component and a human resource component.

The company must apply to the Regional Industrial Development Board for the approval of its project before it will be granted the tax holiday status. Such status consisting of a zero rate being applied to taxable income.

For each component certified by the board, the company will be entitled to the tax holiday status for two consecutive years. The tax holiday status will commence in the first year in which the company has a taxable income and will lapse ten years after the project was approved.

### 14.2.4. Strategic Investment Projects

The Strategic Investment Project program offers a tax allowance of up to 100 percent (a maximum allowance of R600 million (app. \$100 million) per project) on the cost of buildings, plant and machinery, for strategic investments of at least R50 million (app. \$85 million).

Although there was a delay in implementing the scheme, the trade and industry department announced in April 2002 that the R3-billion Strategic Investment Projects (SIP) incentive scheme had come on stream after finalising the criteria for the evaluation of projects. The incentive was broadly welcomed by investment analysts and consultants.

The Department of Trade and Industry said at the time: "The incentive represents an innovative step by government to attract private sector investment in profitable and wealth-creating entities into SA, from both local and foreign entrepreneurs. The SIP will support industrial projects investing at least R50m in qualifying industrial assets. These projects are expected to increase production within the SA industry and have a potential for long-term sustainability."

The SIP incentive programme provides tax credits equal to between 50% and 100% of the cost of qualifying projects, with a points system being used to assess the value of individual projects.

The SIP incentive is accessible to industrial projects participating within the following sectors:

- Manufacturing of products: all listed manufacturing activities excluding tobacco and tobacco related products;
- Computer and computer related activities: hardware consultancy, software consultancy and supply, data processing (excluding standard secretarial services), and database activities;
- Research and development activities: research and experimental development on natural sciences and engineering

The proposed project should:

- Comprise investment in new qualifying assets equal to or exceeding R50 million;
- Increase annual production of the relevant industry sector within South Africa;

## **Thabazimbi Investment And Marketing Strategy**

- Not substantially displace products or jobs in the relevant sectors;
- Demonstrate long term commercial viability;
- Promote employment and production in the same economic sector in which the project is to be established;
- Not concurrently be benefiting from certain other schemes as per the relevant legislation.

### **14.2.5. The Enterprise Investment Programme**

The Enterprise Investment Programme was launched by the government in July 2008, to provide sector-specific financing in order to encourage growth in key areas.

The scheme currently operates under two sub-programmes . the Manufacturing Investment Programme (MIP) and the Tourism Support Programme (TSP . though further sub-programmes are expected to be added in the future to address the needs of other specific sectors.

The EIP works through an investment grant of between 15% and 30% towards qualifying investment in plant, machinery and equipment and customised vehicles required for establishing new or expanding existing production facilities or upgrading production capability in existing clothing and textiles operations.

The MIP is designed to stimulate investment into the manufacturing and related services sectors as part of the government's efforts to create further employment and ensure sustained growth within the industry.

The programme aims to encourage further investment into the industry by providing a grant of up to 30% towards qualifying investment below R200m in plant, machinery and equipment and commercial vehicles required for establishing new and expansions of existing operations.

Although the MIP can be accessed by a range of sectors in the manufacturing industry, the government is focusing on four key sectors that it has identified as having the most potential for achieving its growth objectives: Metal fabrication, Capital and Transport equipment; Automotive and components; Chemicals, plastic fabrication and pharmaceuticals; and Furniture sectors.

The aim of the TSP is to specifically promote sustainable job creation outside of the traditional tourism destinations of Durban, Cape Town and Johannesburg, as well as encouraging greater transformation in the sector.

The government has chosen to support the tourism sector as it remains vital to the South African economy, contributing close to R100bn to GDP, and has relatively low entry barriers providing real potential to grow the SMME segment.

Whilst many SMMEs have entered the tourism sector, particularly ahead of 2010, most remain small and do not expand into medium sized businesses, thereby limiting their job creation capacity.

The TSP offers a grant of up to 30% of qualifying capital investment by enterprises investing below R200m, provided the enterprises are located outside the three established tourism areas.

The grant can be used by applicants as part of their equity contribution when approaching third party partners and may also be used to access further loans from banks.

### **14.2.6. Other Investment Incentive Schemes**

The South African government has introduced a number of other schemes designed to encourage investment in certain industries, including:

#### **14.2.6.1. Critical Infrastructure Programme (CIP)**

This programme provides subsidised support for economic infrastructure required for committed productive investments, including new or expanding existing projects. It also assists companies with a top-up grant, with funding ranging from 10% to 30% of the qualifying development costs.

The scheme aims to:

- Improve the competitiveness of South African industries;
- Achieve economic growth and create employment;
- Support the development of industrial activities that have strategic economic advantage for South Africa;
- Achieve a geographical spread of economic activities within South Africa and prioritise rural and economically depressed areas.

Private sector enterprises, private /public partnerships, industrial development project operators, strategic Investment programme applications and investors in strategic economic projects may apply for assistance under the scheme. The following qualifying costs may be claimed for:

- Costs incurred directly in the installation, construction and erection of infrastructure;
- Remuneration costs incurred by the applicant for payment of employees undertaking project work;
- Costs of materials directly consumed during the installation, construction and erection of the infrastructure;
- Cost of new capital items, e.g. test equipment.

#### **14.2.6.2. Technology and Human Resources For Industry Programme (THRIP)**

The Technology and Human Resources for Industry Programme (THRIP) is a partnership programme, which challenges companies to match government funding for innovative research and development in South Africa. Managed by the National Research Foundation (NRF) on behalf of the Department of Trade and Industry (the dti), THRIP focuses on projects that specifically promote and facilitate scientific research, technology development and technology diffusion, or any combination of these.

All projects funded by THRIP must include human resource development, but the choice of technological focus is left to the industrial participants and their partners. The industry and the dti share the costs . and therefore the risk . of developing commercial technology on a R2 to R1 basis (industry: the dti). the dti's support may be doubled if a project supports certain THRIP priorities.

Funding takes place in the following ways:

## **Thabazimbi Investment And Marketing Strategy**

- Firms and THRIP invest jointly in research projects where project leaders are on the academic staff of South African Higher Education Institutions (HEIs)
- THRIP matches investment by industry in projects where researchers/experts from Science, Engineering and Technology Institutions (SETIs) serve as project leaders and students are trained through the projects
- Technology Innovation Promotion through the Transfer Of People (TIPTOP) schemes promote the mobility of researchers and students between the industrial participants, HEIs, and SETIs involved in joint projects. Four TIPTOP schemes are available, namely:
  - The exchange of researchers and technology managers between HEIs, SETIs and industry.
  - The placement of SET graduates in firms, while they are working towards a higher degree on a joint research project.
  - The placement of SET graduates in small, medium and micro enterprises (SMMEs).
  - The placement of SET skilled company employees within HEIs or SETIs.

### **14.2.6.3. Support Programme for Industrial Innovation (SPII)**

The programme, administered by the Industrial Development Corporation of South Africa, promotes technology development in the manufacturing and IT industry through innovation of new products and processes. All private sector firms and commercialised state owned companies, which incur direct costs in the development of innovative new products/processes qualify for the funding.

The SPII is focussed specifically on the phase that begins at the conclusion of basic research (at the stage of proof of concept) and ends at the point where a pre-production prototype has been produced.

Support is provided in the form of product process development, a matching scheme and a Partnership Scheme:

- Product process development: Financial assistance is provided for small, very small and micro enterprises in the form of a grant of between 65% and 85% of the qualifying cost incurred during the technical development stage with a maximum grant amount of half a million Rand (R500,000) per project. For enterprises with more than 25% black shareholding, the grant is 65%, for enterprises with between 25% and 50% black shareholding, the grant amount is 75%, and for enterprises with black shareholding of more than 50%, the grant amount is 85%.
- Matching scheme: This is a conditional grant that is repaid by means of levy sales. Financial assistance is provided to SMEs with more than 200 employees, a turnover of more than R51 million, and assets less than R19 million, in the form of a grant of up to 50% of the qualifying cost incurred during the technical development stage up to a maximum grant amount of one and a half million Rand (R1,500,000) per project.
- Partnership scheme: Financial assistance is provided in the form of a conditionally repayable grant of 50% of the qualifying cost incurred during development activity, with a minimum grant amount of one and a half million Rand (R1,500,000) per project, repayable on successful commercialisation of the project. In considering support for a project under SPII, there should be a clear indication of the causality (additionality) that will follow from the support.

#### **14.2.6.4. National Industrial Participation Programme – NIPP**

The programme seeks to leverage economic benefits and support the development of South African industry through government procurement. The programme is targeted at the South African industries, enterprises, and suppliers of goods and services to government/ parastatals, where the imported content of goods and services equals to or exceeds US\$10 million. The primary customer of NIPP is the South African industry that benefits through the NIPP business plans which, when implemented generate new or additional business activities through one or more of the following: investment, export opportunities, job creation, increased local sales, SMME and BEE promotion, research and development and technology transfer. The secondary customer of the NIPP is the foreign supplier who benefits from the programme through increased participation in the South African economy. In the case of foreign customers, the imported content of the purchase or lease contract for goods and services must equal to or exceed US\$10 million to qualify for participation. In the case of South African industries, participation is dependent on enterprise capability to satisfy the requirements of both the programme and the foreign supplier.

#### **14.2.7. Export Marketing & Investment Assistance Scheme (EMIA)**

The EMIA Scheme partially compensates exporters and investors for costs incurred in respect of activities aimed at developing export markets, and assists with the facilitation of investments into South Africa. Any assistance provided under the EMIA Scheme is at the discretion of the CEO of Trade and Investment South Africa (TISA).

Eligible applicants for the scheme are:

- South African based manufacturers of products including small, medium-sized and micro enterprises (SMMEs), previously disadvantaged individuals (PDIs) and other businesses
- South African export trading houses
- South African commission agents representing at least three SMMEs or previously disadvantaged individuals (PDI)-owned businesses; and
- South African export councils, industry associations and joint action groups representing at least five South African entities.

Entities/divisions/subsidiaries forming part of a group, joint venture or partnership will qualify for EMIA assistance at the discretion of the EMIA Scheme.

#### **14.2.8. Large Industrial Investments**

In March 2009, the South African Treasury released for public comment draft regulations relating to tax incentives, as announced by Minister of Finance Trevor Manuel in the 2008 budget, in support of the government's industrial policy strategy.

The draft regulations define the pre-requirements for an industrial policy project to qualify for the tax incentives and the point scoring system applicable to brownfield and greenfield projects. Prerequisites include energy efficiency, skills development and investment size requirements.

Under the proposed points system, an industrial policy project will achieve ~~6~~ qualifying status+ if it achieves at least five out of a total of 10 points and a ~~6~~ preferred status+ if it achieves at least eight out of a total of 10 points. Qualifying status projects may deduct from their taxable income an additional 35% of the costs of the investment in manufacturing assets, up to a maximum of R550m (USD54m). Preferred status projects may deduct an additional 55% of

### **Thabazimbi Investment And Marketing Strategy**

the cost of the investment in manufacturing assets, up to a maximum of R900m. An additional training allowance of R36,000 per employee may be deducted from taxable income. The maximum total additional training allowance per project is R20m in the case of a qualifying project and R30m in the case of a preferred project.

To qualify for the incentives, investment projects must also adhere to minimum standards of energy efficiency and spend at least 2% of their total wage bill on training and skills development. There is a R200m ceiling on greenfield investments, and a R30m limit on brownfield investments (or the lesser of R200m or 25% of the value of existing assets).



# Marketing Strategy

## **15. Marketing Strategy**

### **15.1. Overview**

Now that the investment opportunities have been identified and an investment strategy has been outlined, it is crucial that a marketing strategy be established to allow an alleyway for exposing the investment to the right audience. In this case the investors and local developers are the target audience. Within the context of local development, it is crucial to create an enabling environment wherein local entrepreneurs/project developers participate in the main stream of the economy,. This way we ensure that value does not leak within our economic web and therefore, we pronounce local retaining of value to ensure that there is wealth creation for the people of Thabazimbi Local Municipality.

The Marketing Strategy will be flaccid without a credible Incentive Plan. While it is quite clear that the Department of Trade and Industry is a champion of trade and investment and as such, they embody and command a wide range of investment incentive across the country within all economic sectors. The municipality therefore is contained within the National Framework. However, the municipality can offer some localized incentive to stimulate investor attraction mechanisms within Thabazimbi. It should be noted that other municipalities are also establishing Strategies to lure investors and as such this pose competition. The municipality has therefore the task of creating a pulling effect to investors into Thabazimbi.

Within the Marketing Strategy, there is a need to invoke institutional arrangement to ensure that there are capable and dedicated resources to facilitate investment process. The role of these resources will be primarily to engage with potential investors, project developers, partners and stakeholders (both government and non-government). While the LED Managers is responsible for this task, it might be crucial to bring in additional resources to assist in view of a diverse economic sectors that might require constant commitment to ensure that the is value generated at the end of the day. Alternatively, an independent Agency can be established within the municipality as parastatals for the municipality to facilitate investments.

### **15.2. Marketing Plan**

The Marketing Plan serves to create activities that must be undertaken by the municipality to access the investor, project developers and entrepreneurs. The plan outlines the methods, responsible person and the approach strategies that must be employed to ensure that the process is effective. To ensure that the Marketing Plan is as effective as possible, we develop a set of Marketing Programmes that will be employed by the municipality. The section below outlines some of the value adding programs that can be employed to yield added value;

1. Institutional Arrangement.
2. Investment Packaging and Branding (Websites, DVDs, Brochures etc).

3. Investment Distribution.
4. Investment Events.
5. Investment Networks.
6. Economic Development Agency.

### **15.3. Market Plan Target Audience**

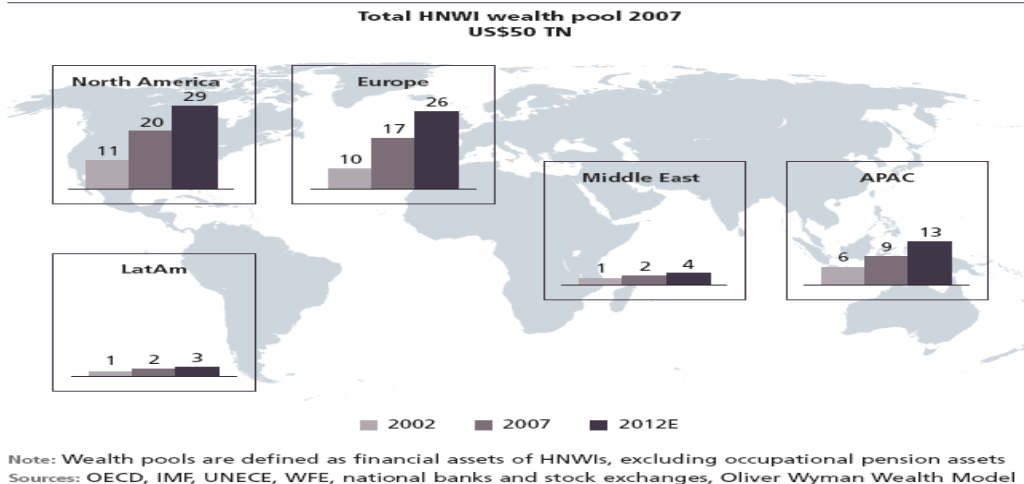
It is of utmost importance to comprehend the intended audience for the Investment Opportunities identified. In so doing, it makes it easy for the municipality to focus on the key recipients of the investment opportunities and be able to ensure value derivation. While it is acknowledged that most investors are foreign, this implies that majority of the investors might be international. So, the distribution channels for the identified opportunities might need to be directed to reach international investors. This requires meticulous selection of investment distribution channels, noting the diversity of investment opportunities, each distribution channel need to be investor specific to wipe away ambiguity in the marketing plan.

The graph below shows high net worth individual wealth flows around the globe, depicting the trend in investment. This illustration is very crucial as it shows where the wealth and the monetary path are. In this way, it assist in determining targets foreign investors. Below is an illustration of global High Net Worth Individual (HNWI) wealth pools. These groups of people are typically successful families or individuals who have investable assets of more that R 50 million rands. They are possible investors as they invest their money across the world through private equity funds, wealth management companies or privately through offshore investments arrangements.

With more people becoming wealthy and wealth concentration increasing, the Private Banking industry has been soaring. The potential pool of investable HNWI assets grew by 11% annually over the past five years, reaching US\$50 TN in 2007 globally, as displayed in Exhibit 1. Given the underlying market dynamics, we expect growth to moderate over the next five years, with global wealth pools reaching US\$75 TN in 2012. This implies a CAGR of 9%. However, increases in AuM levels will be unevenly distributed. The pace of growth will remain high in APAC and the Middle East at 9% and 12% p.a., respectively, whilst the US is likely to experience a slowdown to 8% CAGR.

## Thabazimbi Investment And Marketing Strategy

Global HNWI wealth pools, including onshore and offshore assets (2002-2012E, US\$TN using fixed 2007 exchange rates)



**Figure 21: Global HNWI wealth pools.**

Most HNWI are located in North America and Europe and considerable number in Australia, Korea and Hong Kong. As such, if an investment opportunity has to be sold, the target investors should be in these areas with wealthy individuals who are typical private investors who will partake in potent investment opportunities. The marketing plan should however, while giving more emphasis on the areas of high potential, undermines the few HNWI that are local and might also partake in the investment opportunities. Hence, there should be a considerable level of local distribution of investment opportunities. China is known to be a developing economy that is scanning for opportunities and have strongly demonstrated interested in investing in South Africa and hence, the municipality should capitalize on this opportunity as a formal bilateral agreement has been signed between South Africa and China.

### 15.4. Institutional Arrangement.

The municipality currently comprises of a Senior Local Development Manager, who is, amongst other issues, responsible for investment uplift in the municipality. There is a need for LED Officers, with at least one focusing on issues of Investment and Investment Marketing in the municipality. The roles of this officer will primarily entail stakeholder engagement, promotion of investment, negotiations with investors and project developers, and instillation of economic policy requirements such as BBBEE, environmental management, social and labour planning, community participation and other critical components. The employment of this resource will require few things to be put into place. Firstly the organogram should be updated and be approved by council to ensure that the resources can be placed as recommended. Secondly, the budget for remuneration of the resource should be allocated and adopted as the Budget gets adopted. The employed resource requires to have sound economic and investment knowledge, with strong negotiations and presentations skills to be able to scale the job requirements. Very importantly so, there should be some level of capacity building to ensure that the resource is

well equipped to tackle developmental requirements through investment and business development within the municipality. The use of Local Economic Development Forum is also fundamental in facilitating economic development initiative in the right directions. It should be heeded that this institutional arrangement can be transcended by establishment of an Economic Development Agency. The establishment and composition of this is described in sections below. Other initiatives such as Chamber of Commerce or the Industrial Network can be explored to facilitate economic development endeavours.

### **15.5. Investment Packaging and Branding (Websites, DVDs, Brochures etc).**

#### **15.5.1. Overview**

Investment Packaging and Branding plays a pivotal role in promotion of local investment opportunities. The investment opportunities should be packaged in a demeanour that is comprehensive to the developer or investor. This approach enables the investor or the developer to screen investment opportunities in the municipality and activate desired investments. There are a number of ways of achieving this; firstly, the investment opportunities need to be packaged in a captivating format to draw in recipient attention. Packaging can be done by Investment Officer with the assistance of graphic experts to generate a saleable product. This can be Investment DVDs, Brochures, advertisements, Website or a newsletter. Thabazimbi Municipality has to this date developed an investment and brochure for investment, which can be utilized as essential devices to lure investors. These marketing materials should be updated dynamically to give investor fresh information regarding economic opportunity and the economic market is reasonably dynamic. The investment Packaging and Branding mode is shown below;

#### **15.5.2. Investment Packaging**

When packaging the investment to the investor or the developer, the following should be outlined;

- DVDs can send solid message to the investor or project developers.
- Flyers have proven to be not the best tools for marketing and normally they get thrown around.
- Booklets, like DVDs are kept in archives and libraries and are often read by interested parties.
- The packaging should have enthralling aesthetics and be eye-catching to spellbind the reader to scan the contents of the package.
- The package should explicitly outline investment opportunities so that it is to pick up well performing or potent investment opportunities in the municipality.
- It is crucial to also, unequivocally outline the incentives that will be bestowed to the investor if they invest in the municipality.

## **Thabazimbi Investment And Marketing Strategy**

- Reliable and conversant contact persons and their direct details should be accoutrements to the package to enable direct access to responsible resources that will swiftly assist investors or developers as they dig for more investment opportunity information.
- The language used must be common and the acceptable to targeted investors, hence, interviews, extract should be in standard parlance to eradicate misunderstanding that might cause interest seepage.
- The marketing material should be lengthy, costing the municipality and making the readability an uphill process.
- The opportunities identified should be well defined, depicting the investment value, job creation impact, current resources making resources potent and level of incentive that the municipality is granting to the investor.

### **15.5.3. Investment Branding**

The branding team should ensure that the brand depicts Thabazimbi ownership to ensure that investor utilize the municipality as a gate way to investment. There is a need to establish the Thabazimbi uniqueness compared to other competitors. The uniqueness will isolate Thabazimbi as a unique investment destination with a plethora of investment and enabling environment endowed with cogent resources and prevailing incentive opportunities that the municipality inimitably bestows to investors. This way the municipality can dictate certain developmental obligations while bequeathing investors business development incentive. The municipality could also ensue that local communities are empowered and that the project development satisfies the required Charter.

### **15.5.4. Investment Distribution.**

The investment Packaging and Branding alone is not sufficient to kindle the captivation of investors in the municipality. There is a need to erect information distribution channels to enable investment information to reach the appropriate and potential investors. As such, this section dissects proper channels that should be used to achieve the desired goal. It should be noted it will cost the municipality to open these channels to operation; however, the return on investment can be exponential if proper methods are applied in the process. This cost should be adopted within the budget adoption process, meaning that the investment promotion activities should planned to be part of the Integrated Development Planning to ensure alignment with other municipal strategy and planning activities. This arrangement will enable the municipality to set investment goals and targets, measure and monitor progress against targets within investment promotion in the municipality. This model of accountability is fundamental to getting work done and ensuring that there is return on investment and that consequently, the citizens of the municipality's life improves on broader scale within the framework of the National Economic Policy.

This requires communicating investment opportunities in the form of the following;

### **Events:**

The municipality could consider hosting of Annual Investment Promotion Functions such as Investment Indaba, Investment Road Shows. Some of these Road Shows could be done in countries with potential investors such as China, USA or Europe. This should be done in line with conferences that take place in these countries where the municipality can request an exhibition space for demonstration of investment opportunities. Alternatively, the municipality could establish bilateral agreements with international municipalities to exchange investment opportunity opportunities. Another opportunity is to exploit on countries wherein the country has signed bilateral agreements. This includes China, Zimbabwe and others. The municipality can organize information exchange and functions to share investment opportunities. Most of these activities should be done in conjunction with Limpopo Trade and Investment Limpopo in view of the skills and resources that they might assist the municipality with.

### **Media:**

Media is viewed as one of the most effective methods to distribute information. However, the nature of audience the municipality is targeting on the investment opportunities determines the type of media that should be utilized. Preferably, the most effective medium will be investment websites such as Trade and Investment Limpopo, Trade Investment Africa/South Africa and the municipality's own websites. The Limpopo Province publications, especially those from Department of Economic Development and Tourism and the Trade and Investment Limpopo publication can be the best media to market the investment opportunities.

## **15.6. Economic Development Agency.**

### **15.6.1. Introducing TEDA**

The establishment of a Thabazimbi Economic Development Agency is crucial to the accomplishment of sustainable economic development within the municipality. TEDA will be very instrumental to promotion of investment opportunities in the municipality. The agency will also ensure dedicated efforts on identified projects and will serve as a one-stop investment shop for Thabazimbi Local Municipality. TEDA will provide the same kind of service at the provincial level that the Department of Trade and Industry and Trade and Investment Limpopo does at the national level. TEDA will provide, within Thabazimbi Municipality, discerning of investment opportunities, establish key markets, promote investment opportunities, supporting and facilitation of projects and promoting trade partnership. EDA will have growth and development of our local economies as a top priority. The agency will ensure implementation of the economic hubs project aimed at redesigning the local economies and positioning government as a catalyst for development - putting up infrastructure to support local economic development and private sector participation.

What TEDA can offer;

- Pre-Business Startup and advice;

## **Thabazimbi Investment And Marketing Strategy**

- Business Planning;
- Creating Conducive Environment;
- Support local government to develop and implement local economic development plans;
- Conduct research on economic trends;
- Provide relevant information and data through the quarterly bulletin;
- Sourcing Local and International Investments/Trade Partners and Identifying and Introducing Potential Partners;
- Key Market Issues;
- Related Legislation such as Immigration, permits, foreign exchange, customers and excise advices;
- Access to incentives;
- Hosting of Inward and Outward missions; and
- Packaging of investment projects.

### **15.7. Recommendation**

That the municipality establishes TEDA as a subsidiary of Thabazimbi Local Municipality to pioneer development of Trade and Investment within the municipality.

## **16. Funding Model**

### **16.1. Overview**

In the current economic situation, affected by the financial crisis, the financing of many projects become more difficult. There are many modes of project financing, each with its own characteristics and scope of use. The choice of financing models to expand sources of funding, so that investment diversification, and improve investment efficiency.

Despite the economic crisis going on throughout the world, funding model can be established to get a Borrower the capital needed and increasing the net worth of the company within a few months. Most credible models will use a combination of debt and equity. We all know how difficult it is for new companies to obtain seed, first round, and second round capital. Equity capital is almost impossible to acquire, unless the project developers strategy is so credible to convince most equity funders. Venture capital takes control away from the founders and some venture capitalists can have unrealistic terms for the average deal. The bottom line is that new companies seeking capital have a much more difficult time raising capital and this can take a lot of time-time-time that should be used towards executing the business plan.

The municipality, through can play a role in advising project developers locally, or those partnering with international investors, on methodologies to acquire equity funding into through business ventures. This model can be used to empower local partners and some of the foreign investors who might want additional funds for the projects through borrowing of local funds.



## 16.2. Venture Projects/New Project

A new project typically involves a green field opportunity wherein an idea, with potential to generate economic value, is being explored. The risk in this type of venture is enormous and usually financiers, being the development bank, private equity funders or equity partners, will require a credible pre-feasibility done by a competent person to ensure that all the basic aspects such as supply and buying contracts (even if is Letter of Intents) are in place, and that financial model is available. Furthermore the market outlook must be done to demonstrate the supply/demand deficits/oversupply to indicate whether it will be proper to enter the market or not or to indicate the proper time for market entry.

**Venture capital** (also known as **VC** or **Venture**) is a type of private equity capital typically provided to early-stage, high-potential, growth companies in the interest of generating a return through an eventual realization event such as an IPO or trade sale of the company. Venture capital investments are generally made as cash in exchange for shares in the invested company. Venture capital typically comes from institutional investors and high net worth individuals and is pooled together by dedicated investment firms.

## 16.3. Takeover or Acquisition

Takeover or acquisition, whether for a full value of the company or partial, requires a meticulous due diligence performed by experts. The business must be in a healthy financial state or having potential to recover from financial distress if proper business elements are reengineered. This might be poor leadership/management, process inefficiency or embattled strategy. Acquisition, unlike New Venture, requires massive liquid cash up front to pay for the shares of the current shareholders at the share valued price for that financial year or as per due diligence outcome.

The type of financial required is normally loan finance from the bank, provided the outcome of the due diligence evaluation is positive. Alternatively, if the opportunity is credible enough, private equity finance can be arranged to fund the takeover or the acquisition. Usually the transaction is handled with the advisory services of a financial advisor or in case of large transactions; an investment bank can be utilized at a fee and or commission fee. Therefore, a blend of equity and debt funding will be employed in this type of investments.

# Implementation Plan

## **17. Implementation Plan**

To kindle the recommendation of the IMS, a punchy implementation plan is drafted for the municipality to set into action. See Appendix A.

# Conclusion

## 18. Conclusion

In the unbending pursuit of curving a niche for a sustainable economy, wherein the citizens of Thabazimbi can have access to sustainable jobs, business opportunities and therefore attain improved lifestyles, the municipality has developed an investment and marketing strategy. This strategy, which is based on the Local Economic Development Strategy, serves to punch out key investment opportunity within Thabazimbi. The main objective is to outline feasible and value-adding projects that the municipality should focus on to improve the local economy.

Thabazimbi is indubitably endowed with resources that can be explored and economic value be unleashed. The value unlocking mechanism will require institutional arrangement and vigilant implementation of the recommendations made in the strategy document, aligning the activities with IDP and Budget to acquire support from Council and instill accountability. The focus on local beneficiation, partnership model and preferential empowerment are cornerstone to value creation. Moreover, the promotion of the identified investment opportunities is key to value creation; hence, the municipality should invest resources in facilitating exposure of investment opportunities. This way, Thabazimbi can create a developmental and transformational local government that creates better living equitable to all the people of Thabazimbi, therefore surpassing underdevelopment, poverty and confronting HIV/Aids endemic.

## 19. References

1. Thabazimbi Local Municipality Local Economic Development Strategy 2009.
2. Thabazimbi Business Investment Booklet 2009.
3. Population and Economic Growth, Claus Chr. Pörtner, June 1996
4. World Wealth Report 2010.
5. World Economic Outlook 2010., IMF.

**Appendix A: Implementation Plan**