

BLACKHEATH INDUSTRIA BUSINESS RETENTION AND EXPANSION

BLACKHEATH CID AGM 3 NOVEMBER 2021



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COLLABORATE | ENABLE | PROMOTE



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

INTRODUCTION

The overall goal of the BR&E programme in the Blackheath Industrial area is to **help local business** become **more competitive** and by doing so **retain existing employment** opportunities and **create sustainable new jobs**. This is the second time that the programme is being implemented in Blackheath Industria, the first being in 2014.

The **short-term objectives** of the programme are to:

- Identify local business needs and priorities
- Respond to immediate business concerns
- Demonstrate community support for local business
- Enhance the profile of business in Blackheath Industria
- Seek new ideas for economic and employment growth
- Develop consensus around action plans for business growth

The **long term objectives** are to:

- Enhance the competitiveness of local business
- Identify opportunities for business growth and creation of new businesses
- Create a broad based partnership to sustain long-term economic development
- Establish and implement strategic action plans for economic development
- Create new jobs through the growth of local businesses



THE BLACKHEATH INDUSTRIA BR&E PARTNERSHIP

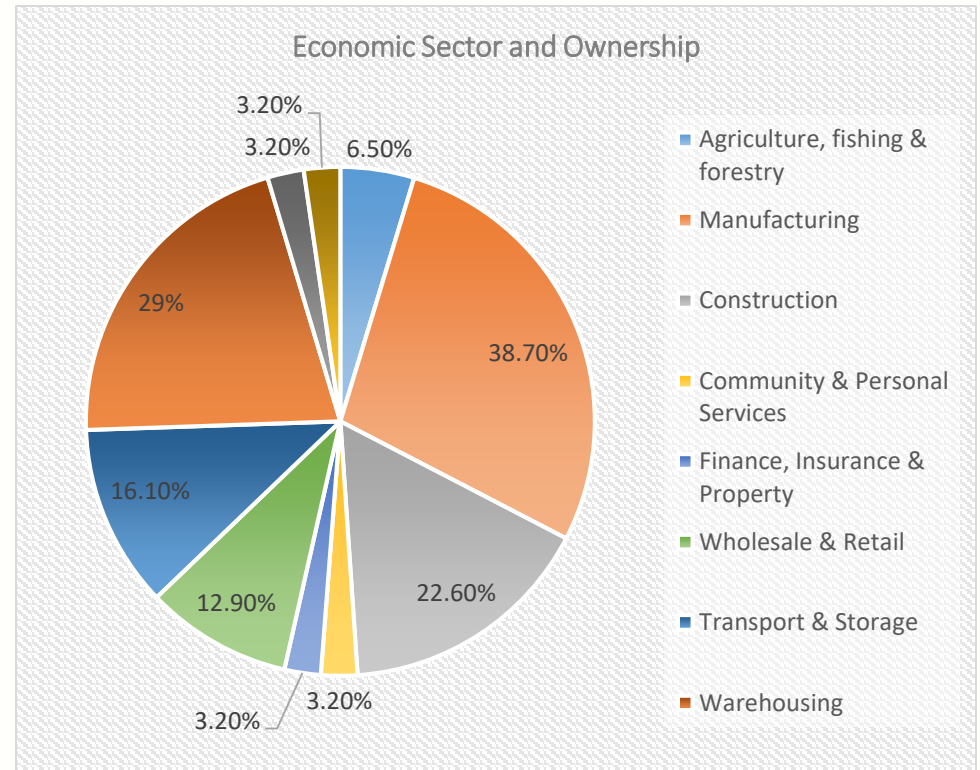
A number of engagements were held with the Blackheath Industria City Improvement District (BCID) Manager and members of the Board. The process started with a briefing to the Board on the 01st April 2021 and the development of a survey questionnaire. The survey went live on the 16th April and closed on the 28th May 2021, after being extended from the initial closing date of the 30th April 2021.

The survey was circulated to **125 businesses** and **32 responses** were received. The margin of error is 12.63%, which is just outside the desirable margin of error of 10% at a 90% confidence level, but a review of the outcomes suggests that the issues raised are consistent with the general view of the issues facing the area.



ECONOMIC SECTOR, OWNERSHIP & AGE OF BUSINESSES

- Blackheath Industria is dominated by businesses classified as being in the **manufacturing** sector (**38.7%**). **29%** are classified as **warehouses** and **22.6%** as **construction**.
- **72%** of firms are **locally owned**. Of the remaining businesses **37.5%** indicated that they were a **branch** of an **international company**, **37.5%** indicated that they were a **branch** of a **national branch** and **25%** indicated they were a **provincial company branch**.
- **47%** of businesses have operated in Blackheath Industria for **more than 20 yrs.**, while **none** have operated for **less than 1 yr.**



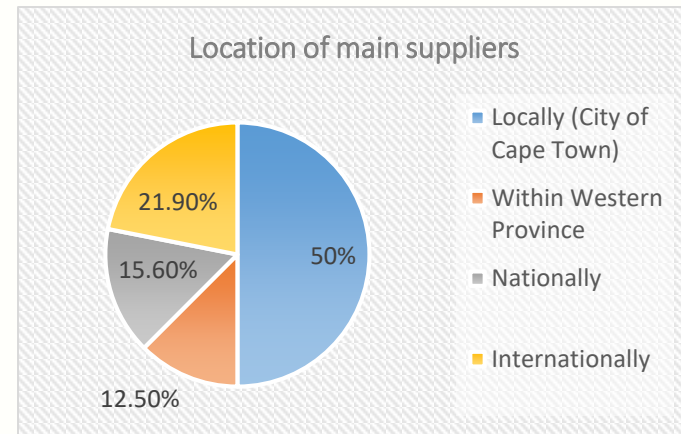
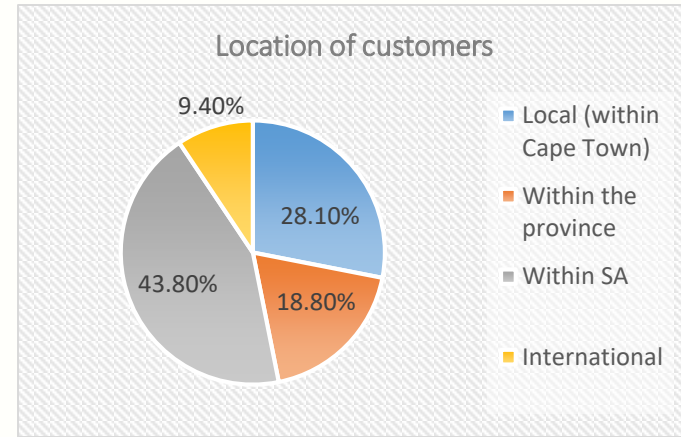
LOCATION OF CUSTOMERS AND SUPPLIERS

Location of costumers

- The **domestic market outside** of the **Western Cape** is the primary source of customers for **43.8%** of respondents, while **28.1%** indicated that their primary market is **local (i.e. within Cape Town)**, and **18.8%** has the **Western Cape** as their primary market.
- The **international market** is the primary source of customers for **9.4%** of respondents.

Location of main suppliers

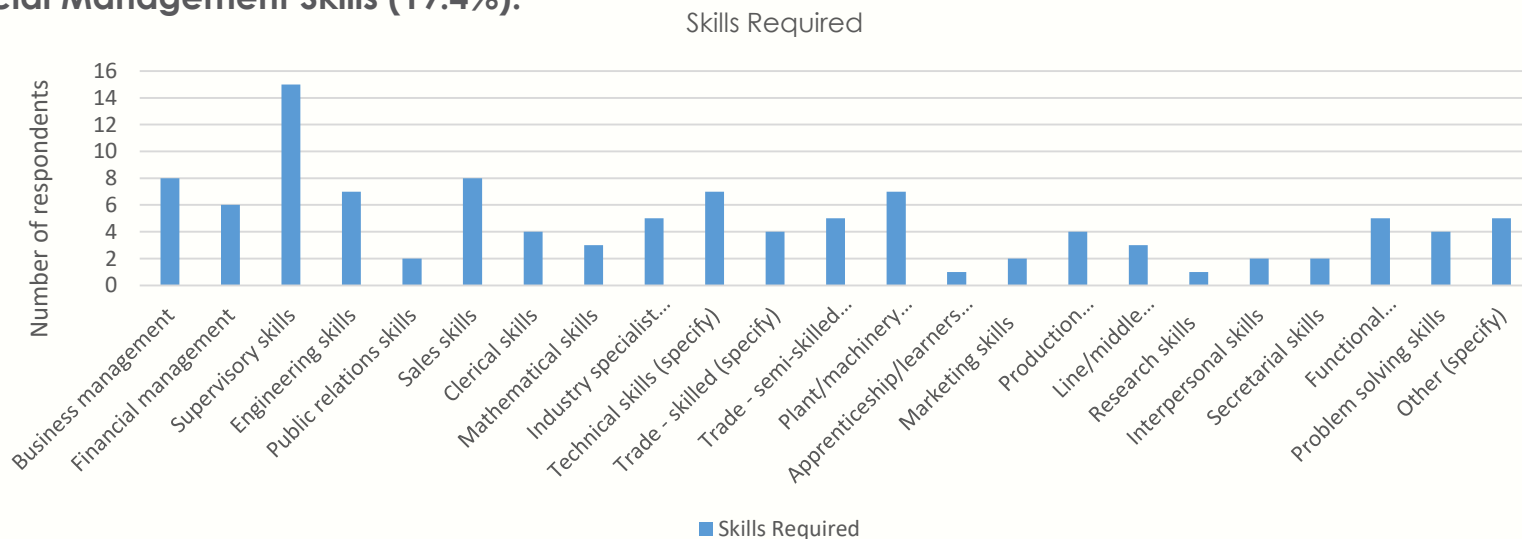
- **50%** of respondents indicated that their **main suppliers** are located **locally** (within **Cape Town**). **12.5%** sourced their inputs from within the **Western Cape**. **15.6%** source them **Nationally** and **21.9%**, **Internationally**.



EMPLOYMENT PATTERNS AND SKILLS DEMAND

- Total staff employed by firms surveyed is **3336 people**.
- The majority of employees **89.6%** are employed in **full time positions**, with **70,3%** of employees being **male** and **22.3%** being youth.
- In terms of skills required, **Supervisory skills (48.4%)**, **Business Management** and **Sales skills (25.8%)** are in high demand.
- Other skills in short supply included: **Engineering (22.6%)**, **Technical (22.6%)**, **Plant/Machine Operators (22.6%)** and **Financial Management Skills (19.4%)**.

Total employment provided for by the respondents	Male	Female	Total	Youth between n ages 18-35
Full time	2123	867	2990	602
Part time	64	30	94	39
Casual / contractor	157	95	252	103
TOTAL	2344	992	3336	744



SOURCE OF STAFF

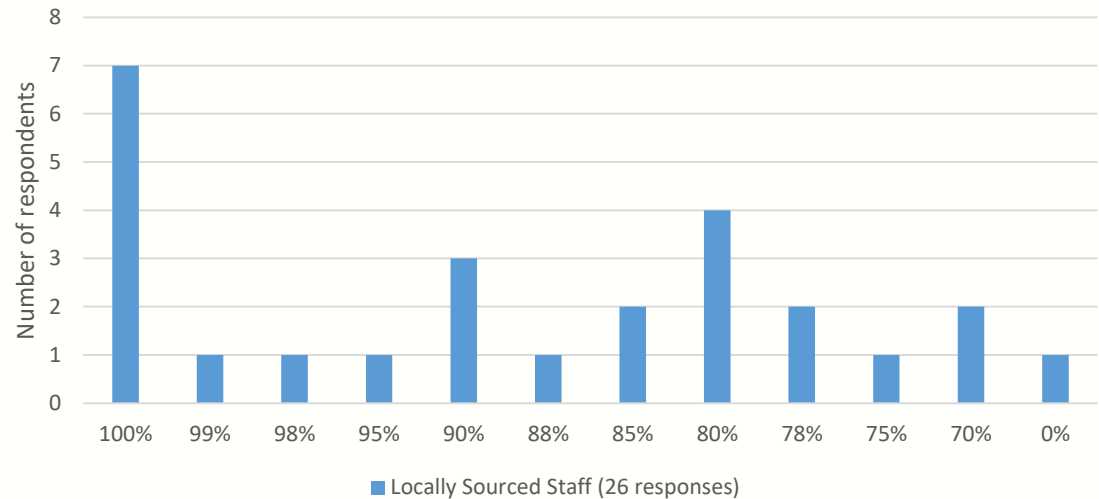
Source of staff

- **65.5%** of firms indicated that they had **no difficulty recruiting skills locally** (within 25km radius from Blackheath Industria).
- Amongst the most **difficult skills to recruit locally** are:
 - Suitable qualified **electricians**;
 - **Forklift drivers**;
 - MHE drivers - especially for reach trucks (for **warehouses**);
 - **Wirers**;
 - Qualified **bakers** in the science of baking; and
 - Good qualified **artisans**.

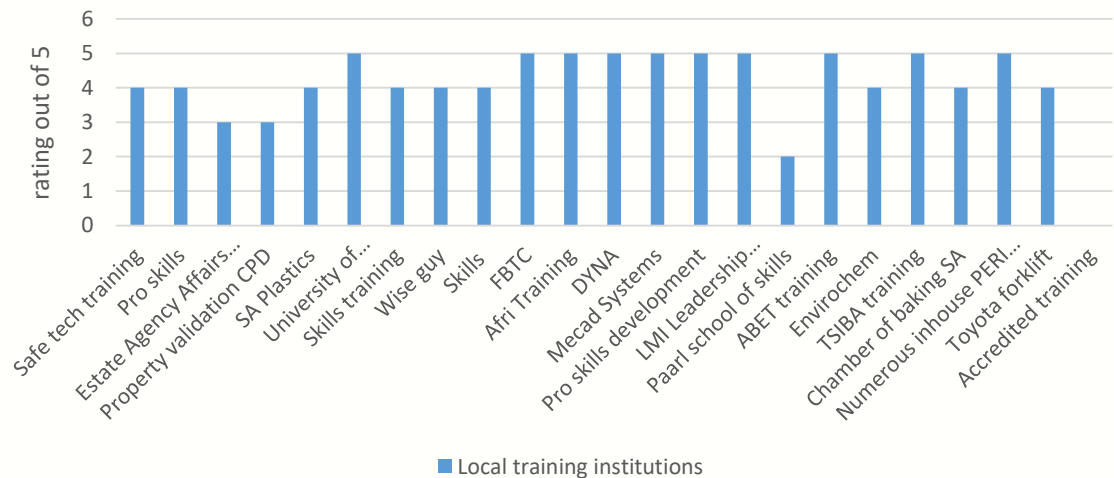
Training Institutions

- The majority of respondents to this questions scored the **local training institutions** with which they engaged **3/5 and higher**. Those **scoring 5/5** were USB, FBTC, Afri Training, DYNA, Mecad Systems, Pro-Skill Development, LMI Leadership Training, ABET training and TSIBA Training College.

Locally Sourced Staff (26 responses)



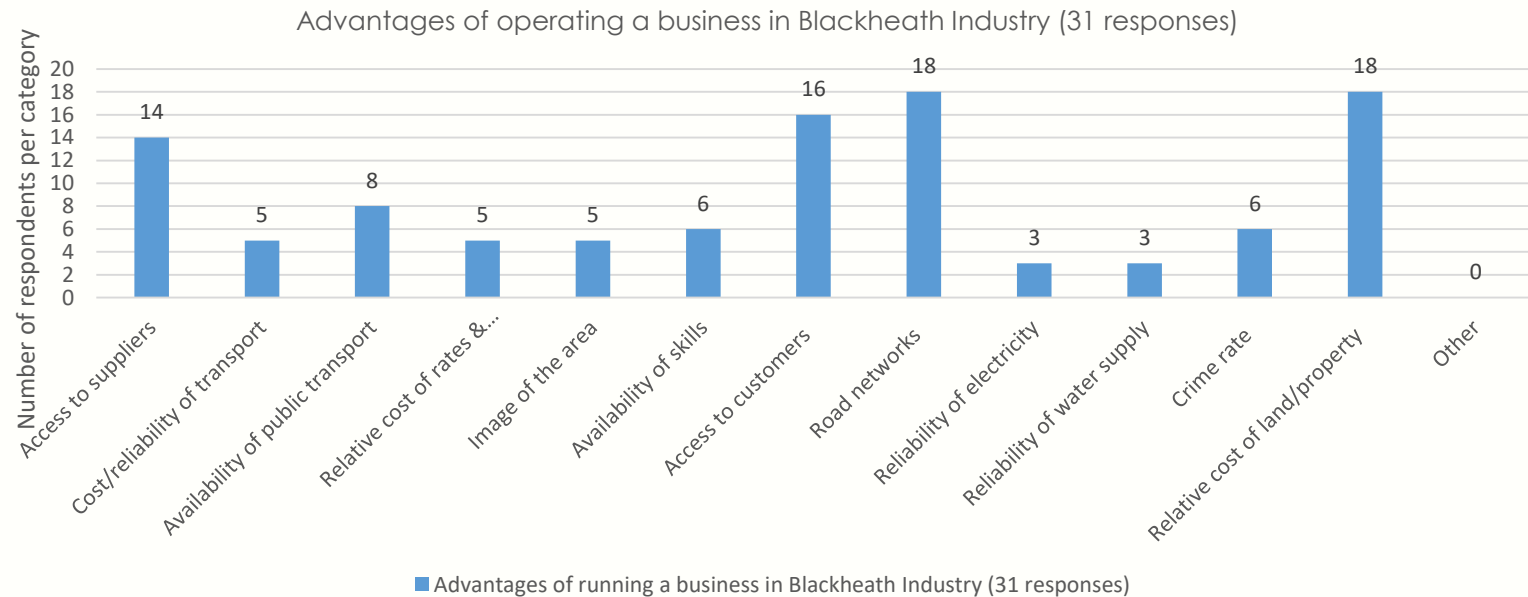
Training Institutions (12 responses)



ADVANTAGES OF LOCATING IN BLACKHEATH INDUSTRIA

The top five locational **advantages** of the Blackheath Industrial area is:

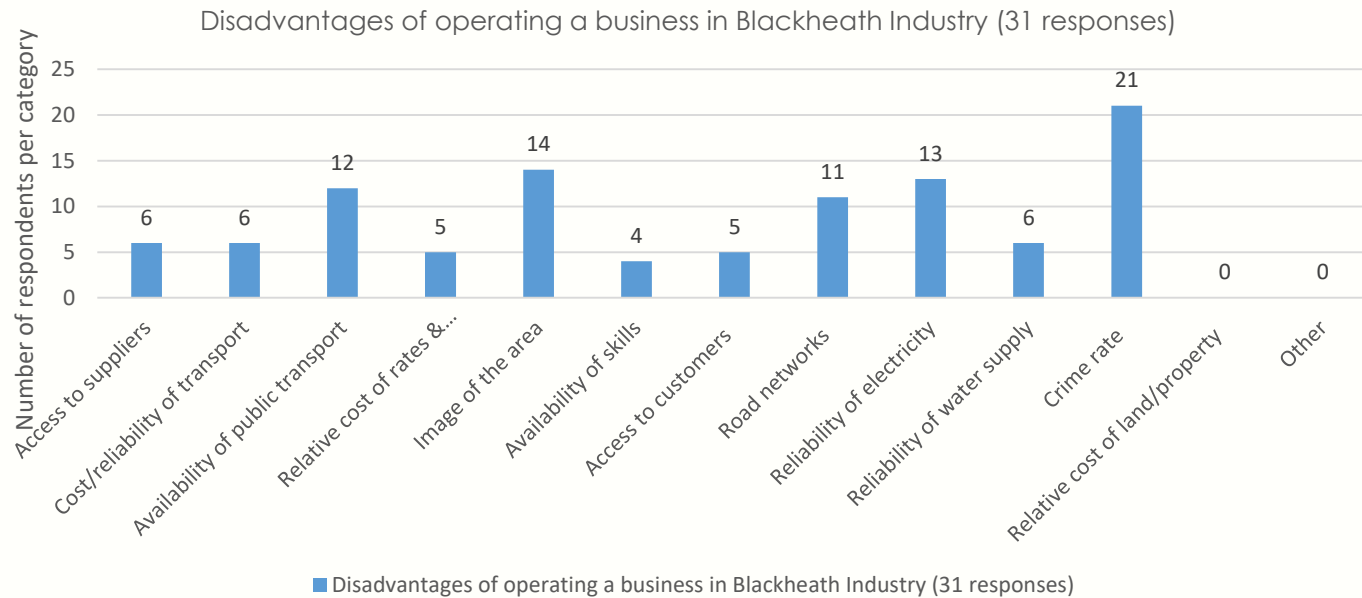
- Relative cost of land/property (56.3%);
- Road networks (56.3%);
- Access to customers (50%);
- Access to suppliers (43.8%); and
- Availability of public transport (25%).



DISADVANTAGES OF LOCATING IN BLACKHEATH INDUSTRIA

The top five locational **disadvantages** of the Blackheath Industrial area is:

- Crime rate (65.6%);
- Image of the area (43.8%);
- Reliability of electricity (40.6%);
- Availability of public transport (37.5%); and
- Road networks (34.4%).



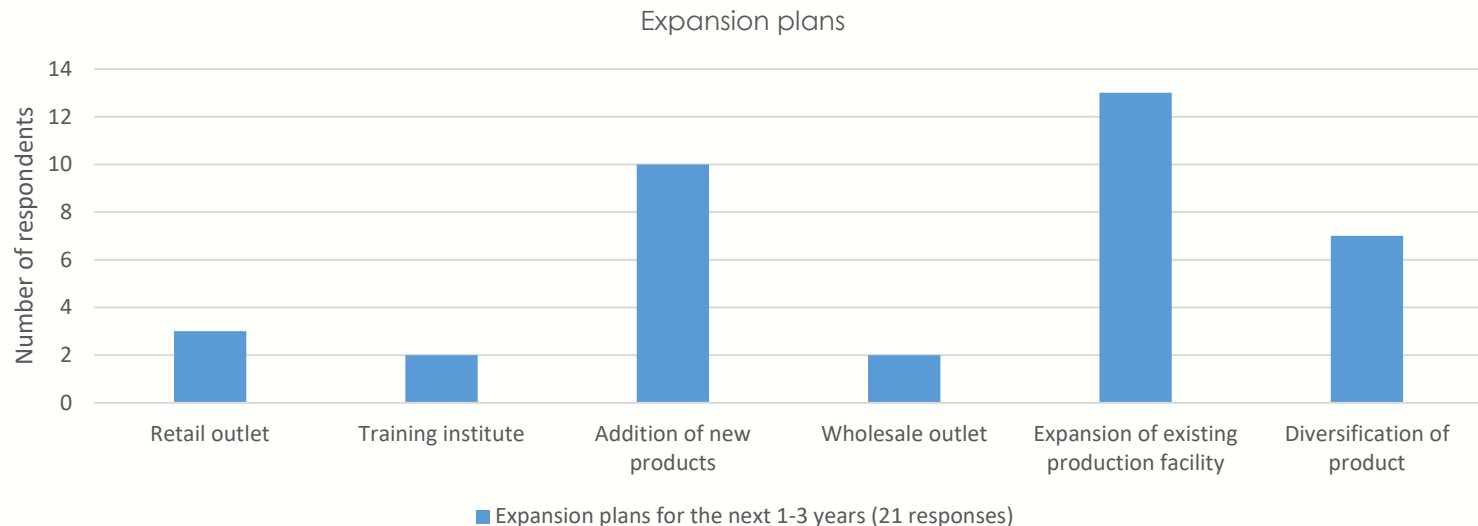
FUTURE PLANS

69% of respondents indicated that **they plan to expand their current operation within the next 1 - 3 years.**

They plan to do so in the following manner:

- Expanding their **existing production facility (61.9%);**
- Adding **new product ranges (47.6%);** and
- **Diversifying** their existing product range **(33.3%).**

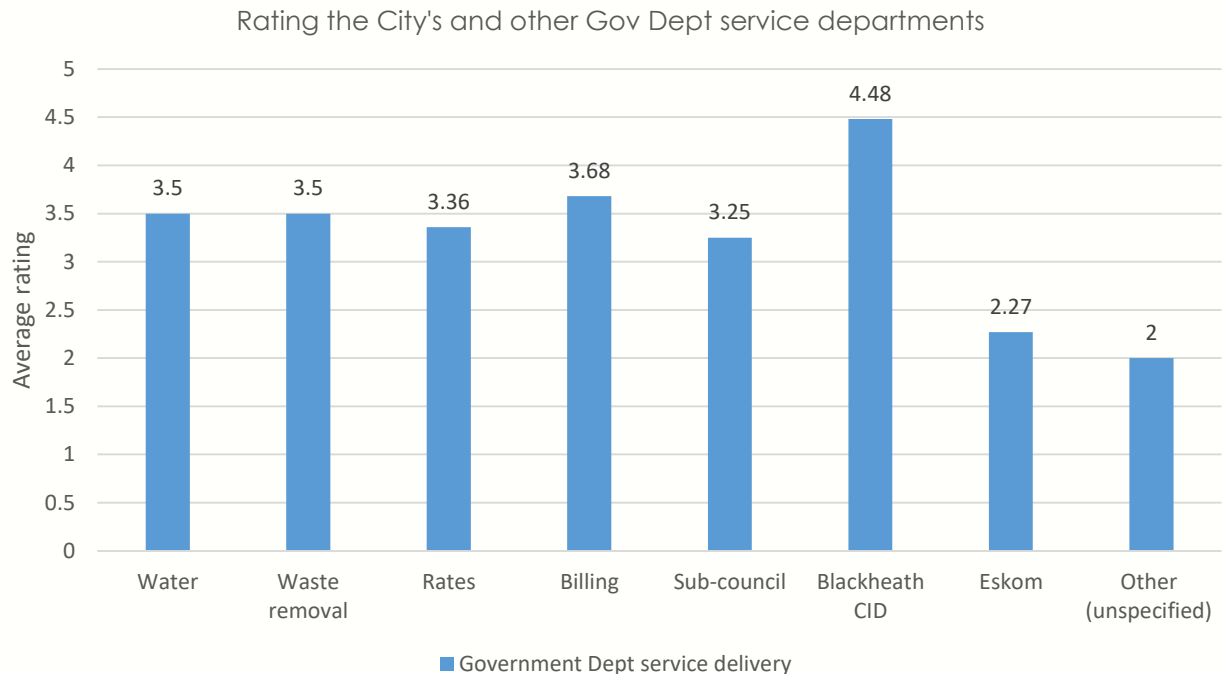
80% of respondents are planning to expand their operation **within Blackheath Industria.**



RATE THE CITY'S AND OTHER GOVERNMENT DEPARTMENT'S SERVICE DELIVERY

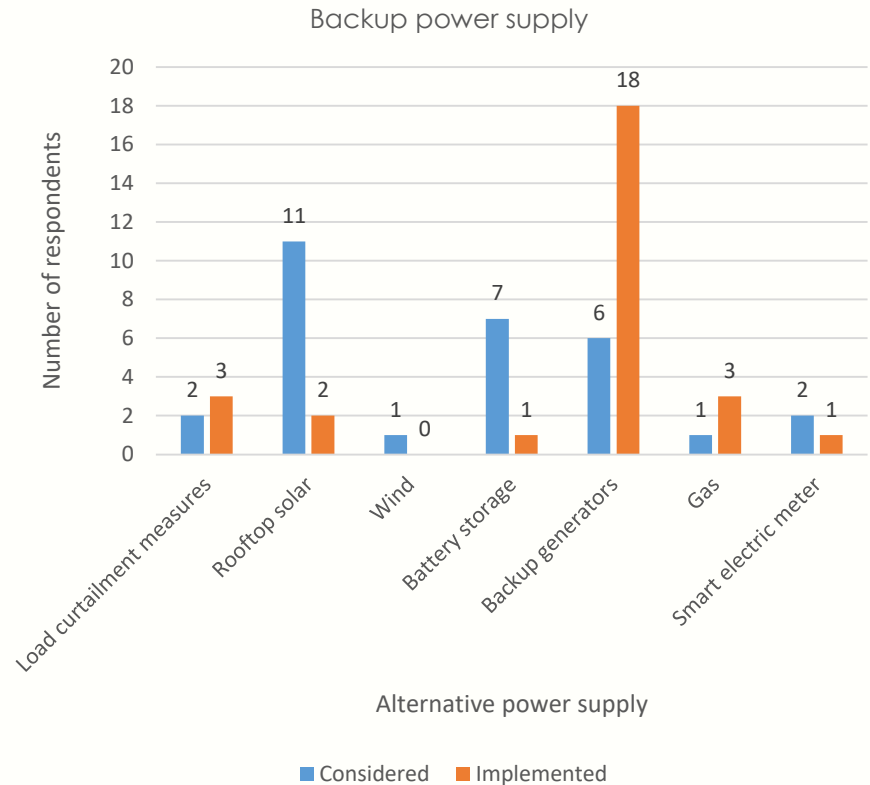
Respondents rated their experience with the City of Cape Town service departments in the last 12 months as follows:

(Scale of 1 to 5, where 1= Terrible service and unresponsive to customers' needs and 5=Highly effective service and highly responsive to customer's needs).



THE IMPACT OF LOAD SHEDDING

- Load shedding has **impacted** the business operations of firms in various ways including:
 - Reduced production;
 - Excessive waste;
 - Damage to machinery and electronics;
 - Reduced profits due the need to invest in load shedding mitigation measures
- Some firms have delayed or reduced their planned **future investment** programme due to load shedding, while other have completely cancelled future investment plans.
- The **scaling back of investment** is due to the uncertainty of the supply of electricity and the need to invest in mitigation measures to secure existing production which diverts funds away from more productive investment.
- **Popular measures considered** and in many cases implemented to mitigate the impact of load shedding include back-up generators, roof top solar and battery storage.

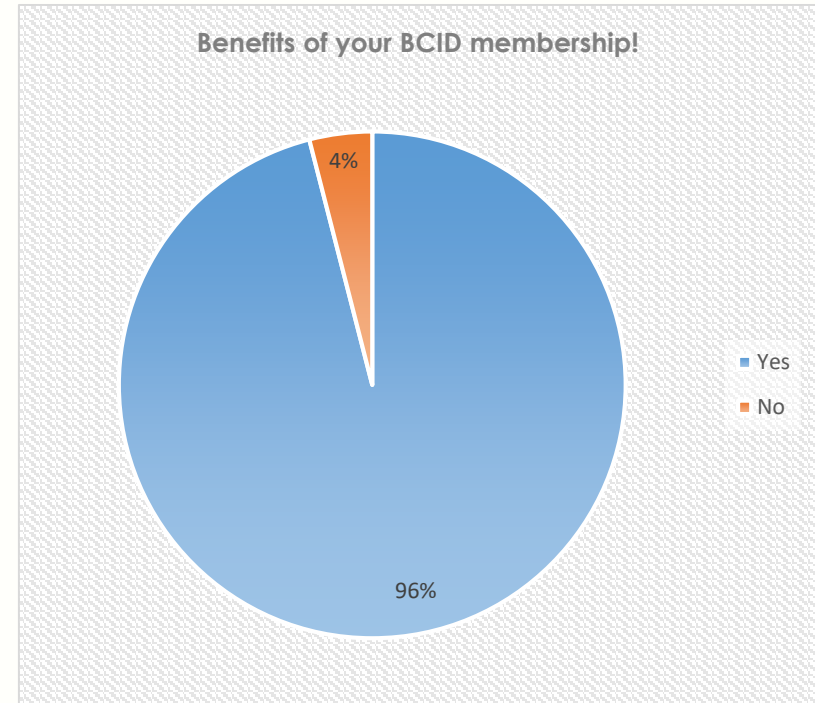


DIRECT/INDIRECT BENEFIT OF THE CID MEMBERSHIP

96% (30/31) respondents indicated that they **receive** some form of **benefit** from their CID membership.

Some of the responses:

- Yes, **problem solving**;
- Yes, we know who to contact for **action**;
- Yes for sure, **cleaner** and **safer** business environment to do business in. The face of the area improved a lot;
- Yes, it is a **great platform** through which we can have our issues heard;
- Yes they keep Blackheath **clean and safe** and add to **property value**;
- Yes **Infrastructure development** and cleaning;



11 respondents indicated that they would like to be contacted by the CID Manager



RECOMMENDATIONS

After reviewing the findings of the survey, the task team identified 3 sets of recommendations that can be address through joint action of the local business community, the BCID and the City of Cape Town:

- **Recommendation 1: Lighting and safety**
- **Recommendation 2: Truck parking**
- **Recommendation 3: Functioning and safety of key intersections**
 - **Stellenbosch Arterial intersection – safety and upgrade**
 - **Buttskop road railway crossing – monitor the proposed upgrade of the railway intersection.**



THANK YOU

FOR MORE INFORMATION
CONTACT

GERSCHWIN WILLIAMS

gerschwin.Williams@capetown.gov.za

078 673 3997



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