

**CAN RETIREMENT VILLAGES BE USED TO
STIMULATE THE ECONOMIC DEVELOPMENT
OF SMALL TOWNS?**

**Submitted by:
LINSEY HALL-JONES
(1997)**



Submitted in partial fulfilment of the requirements for the degree of Master of
Town and Regional Planning, University of Natal, Durban.

ABSTRACT

This dissertation looks at the possibility of using a development, like a retirement village, to stimulate the economic development of small towns. Following on from this, the question of whether or not a retirement village could be used as a model for Local Economic Development (LED) of small towns is also explored. The case study chosen, is that of the small town of Howick (situated in the Midlands of KwaZulu-Natal) and Amberfield Retirement Village which is located there.

The study examines the economic impact that Amberfield Retirement Village has had on the small town of Howick, as well as looking at the extent to which its success is locationally specific (and what implications this would have in terms of replicating the retirement village).

The findings of the study reveal that Amberfield Retirement Village has had a significant impact on Howick, especially in terms of the linkages it creates and the large injection of capital that it brought to the small town. The unique locational aspects and specificity of both Howick and Amberfield Retirement Village also form part of the findings of the study, and which affect the conclusion drawn in terms of the replicability of the retirement village. It is concluded that the retirement village could be used as a model for LED of other small towns, however, the location and the setting of the retirement village are all important.

ACKNOWLEDGEMENTS:

To all those who have been there for me over the past years, and especially over the last few months:

To my supervisor, Alison Todes – for all the help, patience and advice given so freely.

To Mr Chris Kruger and Mr Neville Markham for their time and help.

To Colin Scott and Neli Rodrigues for their help in overcoming the “Computer Crises”.

To Wayne, for his support, encouragement and unending faith in me.

And last but not least, my parents and family for their support (both moral and financial), patience, encouragement and help over the last 23 years, without which, this would not have been possible.

CHAPTER 1	1-7
1. INTRODUCTION	1
1.1 BACKGROUND TO THE DISSERTATION	2
1.2 THE PROBLEM STATEMENT	3
1.3 CHAPTER OUTLINE	6
CHAPTER 2	8-40
2. CONCEPTUAL FRAMEWORK	8
2.1 REGIONAL PLANNING	9
2.1.2 Introduction	9
2.1.3 Origins and Evaluation of Regional Planning	9
2.1.4 Development of Analytical Techniques	10
2.1.5 Traditional Growth Theories	10
2.1.6 Location Theory and Regional Economic Growth	12
2.1.7 Critique of Traditional Regional Planning	14
2.1.8 Current Approaches in Regional Planning	15
2.2 LOCAL ECONOMIC DEVELOPMENT (LED)	16
2.2.1 What is LED ?	16
2.2.2 Emergence of LED	17
2.2.3 Changing International Approaches to LED	18
2.2.4 LED Approaches in South Africa	19
2.2.5 LED and Small Towns	20
2.2.6 LED and the Tertiary Sector	21
2.2.7 LED and Tourism	22
2.2.8 Phases, Tasks and Strategies of LED	22
2.2.9 Critique of LED	27
2.3 ECONOMIC FRAMEWORK	27
2.3.1 Basis for Analysis	27
2.3.2 What is Economic Development?	28
2.3.3 Issues to be Addressed	29
2.3.4 Analytical Techniques	30
2.3.5 Manpower Forecasting	31
2.3.6 Economic Base Analysis	32
2.3.7 Base Multiplier Analysis	33
2.3.8 Input-Output Analysis	33
2.3.9 Linkages & Leakages	34
2.3.10 Locality and Local Specificity	36
2.4 RESEARCH METHODOLOGY	37
2.4.1 Introduction	37
2.4.2 Research Methods	37
2.4.3 Limitations	39
2.5 CONCLUSION	39

INDEX (continued)

CHAPTER 3	41-68
3. BACKGROUND	41
3.1 INTRODUCTION TO HOWICK	41
3.1.1 Location	41
3.1.2 History	44
3.1.3 Demographic Overview	46
3.1.4 Socio-economic Conditions	48
3.1.5 Economic Development	50
3.2 HOWICK IN ITS REGIONAL CONTEXT	56
3.2.1 Development in the Region	56
3.3 DEVELOPMENT IN HOWICK	60
3.4 AMBER FIELD RETIREMENT VILLAGE	65
3.4.1 Why a retirement Village ?	65
3.4.2 Amberfield's Facilities	66
3.5 CONCLUSION	68
CHAPTER 4	69-82
4. ANALYSIS AND FINDINGS	69
4.1 INTRODUCTION	69
4.2 ANALYSIS OF ECONOMIC IMPACT	69
4.2.1 Introduction	69
4.2.2 Employment	70
4.2.3 Spending Power	73
4.2.4 Linkages and Leakages	74
4.2.5 Conclusion	79
4.3 REPLICABILITY OF AMBERFIELD	79
4.3.1 Introduction	79
4.3.2 Location of Howick	79
4.3.3 Howick's Climate	80
4.3.4 Attraction of Amberfield	81
4.3.5 Conclusion	82
CHAPTER 5	83-88
5. CONCLUSION AND RECOMMENDATIONS	83
5.1 INTRODUCTION	83
5.2 AMBER FIELD'S ECONOMIC IMPACT ON HOWICK	83
5.2.1 Conclusion	85
5.3 REPLICABILITY OF AMBERFIELD	85
5.3.1 Replicability	86
5.3.2 A Model for LED?	87
5.3.3 Conclusion	88

INDEX (Continued)

<u>BIBLIOGRAPHY</u>	89-95
----------------------------------	-------

<u>APPENDICES</u>	96
--------------------------------	----

APPENDIX 1 :	97
MAP 1	
MAP 4	

APPENDIX 2 :	102
--------------------	-----

TABLES :

Table 1 : The Phases and tasks of the Local Development Planning Process	23
Table 2 : Composition of Howick Local Authority Area	46
Table 3 : Age Profile in Howick	48
Table 4 : Howick Local Authority Area Income Distribution	49
Table 5 : Literacy and Education Levels in Howick	49
Table 6 : GGP Contribution Per Sector	52
Table 7 : Growth Per Sector by Gross Geographic Product	54
Table 8 : Employment Per Sector	55
Table 9 : Building Plans Passed in Howick	63
Table 10 : Yearly Expenditure of Amberfield Body Corporate	76

DIAGRAMS :

Diagram 1 : Howick's Racial Breakdown	47
Diagram 2 : Locality : Midlands Meander	57

MAPS

Map 2 : Town Scale: Locality Diagram	43
Map 3 : Magisterial District: Lions River	45

CHAPTER 1

1. INTRODUCTION

Current approaches to regional planning, coupled with the wide variety of Local Economic Development (LED) strategies that have emerged, have provided planners with new and interesting ways of addressing and stimulating economic development.

There has, of late, been increasing interest shown in LED. In particular, there has been a move towards the tertiary sector, with the emphasis being placed on numerous different tourism strategies. This shift in focus from the once 'all-important' industrial and manufacturing sectors to the tertiary sector, widens the scope within which planners can work, and although there has been a lot of emphasis placed on tourism, the tertiary sector has (as yet) many undiscovered and under-explored opportunities.

Papers by David Dewar (1994 and 1995) on small towns in South Africa, have also increased the interest shown in small towns. Small towns form one part of a complex range of settlement patterns in South Africa (Dewar, 1995). He explains that there is very little literature dealing overtly with small towns in South Africa (Dewar, 1995). An important characteristic of small towns that is mentioned by Dewar (1995), is that the structure of the economy is simple with limited diversification, a factor which makes these towns economically vulnerable.

Given the vulnerability of the small town's economy, and the increasing interest in LED (especially linked to the service sector), it would be interesting to bring together these ideas and try to find a LED strategy that could stimulate the economies of small towns.

One other phenomenon that has been occurring lately, is the increase in the number of retirement villages being developed in and around small towns along the KwaZulu-Natal South Coast. This adds a further dimension to the proposed combination of LED and small towns.

This study takes all three aspects (LED, small towns, and retirement villages) and combines them to form a dual impact study. Part of the study examines the economic impact that a retirement village has on a small town, while the second part deals with whether or not a retirement village could be used as a model for LED of small towns.

1.1 BACKGROUND TO THE DISSERTATION

The late 1980's and early 1990's have seen a resurgence of regional planning. This resurgence and interest in regional planning has brought about a number of questions (and discussions) regarding, the role of regional planning, what regional plans should be doing, as well as looking at alternatives to regional planning (Harrison, 1994).

One very important and relevant concept that is brought up in some of the abovementioned discussions, is that of Local Economic Development (LED). LED can be seen as being linked to current thinking on regional planning, through the shift from top-down to a more bottom-up form of planning (Tomlinson, 1995). This shift has placed more importance and emphasis on the locality, which can be described as being individual urban areas (Nel, 1994).

LED has recently received a lot of attention in South Africa, especially with the formulation of the new Constitution and the Local Government Transition Act which clearly empowers the local authority to play a role in the economic and social development of the areas under their jurisdiction (Local Economic Development News, 1997). Local literature has been focusing, to an extent, on small towns and LED, and it is interesting to see the many possibilities and variations when implementing such strategies.

LED takes many different forms, and is also controlled by many different role players, which ultimately determines the nature of the projects implemented or followed. The most popular and well known forms of LED, in South Africa, are the examples that have been taken up by the metropolitan areas, like Durban's "Operation Jumpstart". There have however, also been successful examples of LED in the smaller towns, Stutterheim and Hertzog are two such examples (Nel, 1994).

There is also another phenomenon that has taken off in South Africa, and especially on the KwaZulu-Natal South Coast, and that is the development of retirement villages. Retirement villages are a specific form of housing for the aged, or people of a certain age group. This housing option caters mainly for the ageing, affluent white people. This is because of the skewed distribution of wealth in South Africa, and is not meant to be seen as excluding other races.

There has been a tendency for retirement villages to locate themselves in small towns, as there seems to be a preference (by the elderly) to live in smaller towns once they retire (thus, escaping the 'hustle and bustle' of the city).

Given the interest that has recently been shown in small towns and LED, and the lack of literature in terms of the economic impact that retirement villages have on small towns, it would be of interesting to base a study around these three concepts.

1.2 THE PROBLEM STATEMENT

As mentioned in a previous paragraph, the new Constitution and the Local Government Transition Act have given the local authorities a new area of responsibility as far as the development of their local economy is concerned. Thus, strategies to help stimulate local economies need to be developed in order for local authorities to fulfill their new role.

Emerging literature around small towns and the tertiary sector, have formed the basis for the study, and the hypothesis.

Small towns and their development has largely been focused around Growth Points and Industrial Deconcentration Programmes associated with regional planning from the 1960's, however, this focus has been changing and there is a new literature emerging on small town development. Small towns, according to Dewar (1995), form one part of a complex range of settlement patterns in South Africa and although he mentions that generalisations are both difficult and dangerous, there are some characteristics which, are certainly widespread and have important implications for development programmes. The characteristics can be summarised as follows:

- A dual demographic structure (with a declining group of whites and a rapidly-growing black population).
- High levels of poverty and unemployment.
- An ageing white population.
- High incidence of black female-headed households, with high dependency ratios.
- Low levels of literacy, education, and skills amongst the black population.
- Structure of the economy is simple with limited diversification and high economic vulnerability.
- Backward and forward linkages into the surrounding hinterland are generally weakly developed.
- Towns are highly fragmented on racial grounds.
- Dual economy (a formal, white-controlled economy and an informal, black-dominated one).
- Investment in utility and social services in the black areas has been neglected for decades.
- The internal fiscal bases of the towns are seriously insufficient to tackle investment shortfalls rapidly.

The above characteristics form part of an important debate that is currently occurring around ways of combatting the burgeoning fiscal crisis of small towns (Dewar, 1995). Small towns are also seen as having an important role to play in terms of the support they give to their rural hinterlands, and so, a strong economic base would benefit not only the town, but the areas surrounding the town as well. Nel (1994) mentions that small towns desperately require development and since externally sourced investment is unlikely, local development initiatives might be one of the few options open to small towns. In the same article, Nel (1994) talks about local development initiatives from abroad. He states that by the end of the 1980's, a form of regional planning appeared which was based in the host community and sought to improve local conditions and encourage that area's entrepreneurs. This was in preference to the 'smoke-stack chasing' of seeking investment by large external firms. Local development initiatives or local economic development (LED) (a term used in Britain) is explained as being, bottom-up, supply-side strategies which involve local authorities and local leaders (Nel, 1994). It has also been termed 'endogenous development'.

These local development initiatives (or LED) have been used in a number of declining or troubled small towns, and as Nel (1994) explains that while we must not set too much store on the potential which local development initiatives have to transform local economies, they appear to offer some form of

economic respite and hope to the most depressed areas.

In terms of LED in South Africa, there has recently been a lot of attention paid to initiatives that are tertiary sector based. Tourism based strategies are one example. Button and Pentecost (1993) describe in their article how over the last twenty years, there has been a significant upsurge in the importance of the service (or tertiary) sector. They also explain that service sector activities are, when compared to manufacturing industry, particularly mobile and flexible (Button and Pentecost, 1993).

In an article by Begg (1993), the author explains that services can contribute to economic development and job creation in a region in three main ways. Firstly, through 'exports' from the producing region. Tourism and 'information services' form part of this group, and are sold to households as well as to businesses and are tradeable between regions. The second contribution is through personal services delivered to the indigenous population. High incomes in a locality will induce more spending on services such as retailing, leisure or entertainment and generate jobs in these sectors. A third, less direct, means of job creation is via the impact of services on the appeal or competitiveness of a locality (Begg, 1993). In this way, the service sector can be portrayed as part of the economic infrastructure that fosters growth.

The study is located in the above emerging ideas on the tertiary sector and small towns, and how these two can be linked to provide small towns with a positive way of boosting their local economies. The case study that was chosen, is Howick, a small town located in the Midlands of KwaZulu-Natal. What is interesting about this small town is that it has attracted the development of not one, but two retirement villages. A retirement village can be classified as a tertiary (or service) sector activity. This means that it could be (as Begg puts it) part of the economic infrastructure that fosters growth (Begg, 1993). The first aim of the study is thus to look at the economic impact that the retirement village has had on the small town's economy. Linked to this, is the question of why the retirement village was located in the small town of Howick? The answer to this question opens up another part of the study, and that is, how the specificity of the location of Howick impacts on the location of the retirement village and whether or not the retirement village could be replicated and used as a model for LED of other small towns.

The hypothesis is ultimately the statement which the dissertation will test and recommendations will be drawn from the outcome of the analysis. The hypothesis that is to be tested, is as follows:

Amberfield Retirement Village has had a positive economic impact on Howick's economy, and can be used as a model for Local Economic Development (LED) of other small towns.

1.3 CHAPTER OUTLINE

There are four chapters proceeding the introduction:

Chapter Two: Conceptual Framework and Research Methodology

This chapter looks at local and international literature (as well as newly emerging literature) and debates surrounding regional planning, regional economic analysis, and Local Economic Development (LED). One of the central concerns of this dissertation is to establish a conceptual framework in order to ascertain whether or not Amberfield Retirement Village has had a positive economic impact on the small town of Howick.

Although the nature of this dissertation does not call for a statistical or mathematical model (in terms of the economic analysis), the examination of both international and local literature will help in sifting out the techniques (of analysis) that will be relevant to the study.

This chapter is divided into four main sections, the first part dealing with regional planning, the second part focusing on Local Economic Development (LED), the third part drawing together important aspects of economic analysis that will be used to determine whether Amberfield Retirement Village has had a positive impact on Howick's economy, as well as looking at the replicability of Amberfield in terms of Howick's location, uniqueness and specificity. The last section deals with the Research Methodology and outlines the different interviews and questions that were carried out in the research.

Chapter Three: Background

The first part of this chapter provides a background on the small town of Howick, dealing not only with the town itself, but its regional setting. The second part focuses on the retirement village of Amberfield that is located in Howick.

Chapter Four: Analysis and Findings

Having dealt with the background, the fourth chapter focuses on the two main objectives of the study, and is divided accordingly. The first part of the chapter concentrates on the economic analysis, in order to ascertain whether or not Amberfield Retirement Village has had a positive economic impact on Howick's economy. The second part of the chapter deals with the replicability of a retirement village like Amberfield, and whether or not other small towns could use it as a model for LED.

Chapter Five: Conclusion and Recommendations

This chapter aims to bring together all of the strands of the study and provide conclusions and recommendations regarding the analysis and findings.

CHAPTER 2

2. CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

This aim of this chapter is to both locate the study and to highlight the origins of concepts and techniques used to understand the study and the problem. There are three sub-sections in this chapter which all link together to provide a sound base for the study, followed by an outline of the research methods used.

The study is located in both regional planning and LED planning, and the result of combining the two, can be seen in the economic framework that is developed for the study. The links between regional planning and LED, can be seen in terms of the resurgence experienced by regional planning in the late 1980's and early 1990's. Globalisation and a changing international economic structure forced regional planning to shift from its traditional top-down approach to planning, to a bottom-up based approach. This shift, along with global forces, placed greater importance on the locality and local development initiatives. LED took this idea a step further and focused solely on sub-regional, bottom-up, community or local authority based economic development that became the responsibility of the locality.

Some of the more direct links between regional planning and LED are in the form of methods of analysis (or analytical techniques). LED tries to bring a more holistic approach to economic development, by combining quantitative and qualitative methods of analysis (where regional planning relied heavily on the quantitative methods). While qualitative methods of analysis are important, the quantitative methods used in regional economic analysis cannot be ignored (Harrison, nd).

So, apart from being connected in terms of the global shift towards a more localised form of development and planning, regional planning and LED are linked by the analytical techniques that are still in use today.

This chapter looks at both regional planning and LED and then combines the relevant quantitative and qualitative techniques from the two, to form an economic framework. This economic framework tries to take a balanced approach to economic analysis, and is then used in the analysis of the case study.

2.1 REGIONAL PLANNING

2.1.1 Introduction

Although there has been a lot of criticism of regional planning since the mid-1970's, and new forms of planning, at different levels or scales (like Local Economic Development) have emerged, there are still regional planning techniques and methods that are of use.

2.1.2 Origins and Evolution of Regional Planning

Regional planning is a form of planning that emerged initially prior to World War Two (in the advanced capitalist countries), partially in response to the dual problems of regional decline or depression in some areas, and rapid growth in others (Hall et al., 1973; Alden and Morgan, 1974, in Todes, 1993). Both regional growth and regional decline were seen as problems, with the question of city size (referring to whether or not there was an ideal city size, and if so, how to regulate and enforce this) also forming part of the basis of regional planning's origins.

Regional planning emerged out of the need to co-ordinate and control the development that was occurring at a specific point in time.

According to Todes (1993), planning at a regional scale was primarily a form of land use planning intended to guide development, but based on an understanding of the region. Regional economic development planning emerged largely as a response to the regionally specific economic decline experienced during the depression, and in the latter post-war era.

In the 1950's, solving regional problems that arose as a result of the depression and the decline in the older industrial areas (McCrone, 1969 in Todes, 1993) was the concern of regional planning.

The 1960's saw regional planning concentrating on the social effects of uneven development, rather than on economic growth. For example, according to Alden and Morgan (in Todes 1993), regional

planning was concerned with providing jobs, not for the purposes of economic growth but for social reasons. However, regional decline was not the only concern of regional planning. Urban growth and the question of city size has also always been part of the thinking behind regional planning. For example, Todes (1993) mentions that the 1937 Barlow Commission in Britain drew links between the problem of declining and depressed areas, and 'overgrowth' in the metropolitan areas. Todes goes on to explain that these two concerns led to a form of national spatial planning.

The 1960's and 1970's saw the concern with the size of cities being taken further. There was the belief that spatial balance could be achieved by decentralising industry. So, from the 1960's regional planning became tied to the concerns of economic growth, and to providing the spatial co-ordinates for national economic growth.

The late 1970's saw an enormous production of new work on geographically uneven development, and although theorists approached the explanation of uneven development in different ways, there was implicit agreement that 'regional problems' were endemic (Todes, 1993).

The late 1970's and early 1980's saw a shift in the First World to monetarism and numerous regional policies were abandoned. Regional planning began to be criticised for not having worked in practice. For example regional plans had been drawn up and had never been implemented.

In the late 1980's and early 1990's, there has been a resurgence of regional planning, in light of the need to co-ordinate regions, the need for more fully integrated policy packages, and because spatial and social processes need to be dealt with simultaneously. This resurgence can also be seen as being linked to the fact that there is a belief that regional planning can be used as a response to existing and emerging forms of uneven development. So, although traditional regional planning has been criticised, there is still the belief that there is a place for a revised form of regional planning, and what is more important in light of this study, is the continued use of the analytical techniques that were formulated.

2.1.3 Development of Analytical Techniques

Because of the time frame within which regional planning developed, industry and industrial location were central ideas. Analytical techniques were developed to enable planners to analyse the functioning of regions, which had been constructed (Alden and Morgan, 1974).

The techniques were developed in the 1960's when a more scientific approach to planning was developed. Some of the analytical techniques that were developed are as follows: Industrial location analysis; economic base analysis; regional multiplier analysis; input-output analysis; social accounting; gravity models; and social area analysis (Alden and Morgan, 1974). These techniques stemmed from the development of regional planning which was dominated by economic planning and analysis.

2.1.4 Traditional Growth Theories

After World War 2, regional planning was widely adopted by governments, and two concerns were recognised. There was concern with control and management of core city sizes, and there was concern about the periphery. Two major spheres of activity arose from these concerns, namely, inter-regional planning, and intra-regional planning. The former concerning itself with National scale planning that was dominated by economic development of all regions. The latter, was concerned with planning a region from within the region, in order to balance the distribution of activities within a region. Both of these approaches were traditionally top-down approaches (Dewar, 1994).

The approaches drew on a range of ideas and theories. One of them being 'Growth Pole' theory, which had a great influence on traditional regional planning. It was developed by Perroux, a French economist who was reacting against Neo-classical economics which was concerned with balance. Perroux believed that growth was always unbalanced, and that growth occurred when 'poles' (he meant clusters) of propulsive industry were set up. These propulsive industries would be creating backward and forward linkages. This idea was misinterpreted by planners who later forgot the central concept of propulsive industry, and took growth poles to mean urban centres (Dewar, Todes and Watson, 1986).

2.1.5 Location Theory and Regional Economic Growth

The late 1960's and early 1970's saw a tremendous growth in interest in location theory and the field of regional analysis, especially in America, and economists and geographers extended their analysis to apply to a wide range of problems, however, according to North (1973), very little work was done in using the principles of location to analyse the historical growth of regions, particularly in America.

Both location theory and the theory of regional economic growth described a typical sequence of stages through which regions move in the course of their development (North, 1973). It is believed that the origins of this traditional theory can be traced back to the experiences of Europe, where a market-orientated economy emerged only gradually from the predominantly local economies of the manorial system (North, 1973). The sequence can be described as a move from a self-sufficient subsistence economy, to a second stage with improvements in transport and an associated development of some trade and local specialisation. The third stage is characterised by an increase of interregional trade and a move through a secession of agricultural crops from extensive grazing to cereal production to fruit growing, and dairy farming. Moving on to the fourth stage, the increased population and diminishing returns in agriculture and other extractive industries, forced a region to industrialise (the introduction of so-called secondary industries like mining and manufacturing) and eventually move through various stages of industrialisation. The fifth and final stage of regional growth is reached when a region specialises in tertiary industries producing for export. The example given by North (1973), is of a region that exports capital, skilled personnel, and special services to less advanced regions. It is interesting to note that the role of transport, in the advancement through the successive stages, is seen as critical.

The problem with this 'sequence' of development, according to North (1973), is that when this sequence of stages is placed against the economic history of regions in America, two basic problems arise:

These stages bear little resemblance to the actual development of regions, as they fail to provide any insight into the causes of growth and change, and a theory of regional economic growth should clearly focus on the critical factors that impede development.

If a normative model of how regions should grow is needed, in order to analyse the causes of decay,

then this sequence of stages is of little use and is actually misleading in the emphasis it places on the need for industrialisation.

North (1973) describes how settlement in new regions (in America) and their subsequent growth were shaped by the search for and exploitation of goods in demand on world markets. The result was a kind of development very different from that implied by the theory of regional development in which regions gradually extended the market from a subsistence economy (North, 1973).

North (1973) believed that a basic starting point for reshaping views on regional economic growth, was based on the insights of Harold Innes, who was convinced of the crucial importance of exports in shaping new economies. The way in which a region grows, according to North (1973), is tied to the success of its export base. However, his argument was that there was no reason for all regions to industrialise to continue to grow, as a great deal of secondary and tertiary industry will develop automatically either because of locational advantages or as a passive reflection of growing income in the region resulting from the success of its exportable commodities.

The growth of exportable commodities, according to North (1973), can be linked to a number of important factors, namely, developments in transport (enabling a region to compete with other regions in the production of goods that were previously economically unfeasible because of high transfer costs), growth in income and demand in other regions and technology development, the role of the state and federal government (in creating social overhead benefits), and even the significance of war in promoting industries.

Some very important points are raised in the paper by North (1973). Firstly, for economists' purposes the concept of a region should be redefined to point out that the unifying cohesion to a region, over and beyond geographic similarities, is its development around a common export base, as it is this that makes a region economically unified and ties the area together. Secondly, the success of the export base is the determining factor in the rate of growth of region, thus, in order to understand this growth, the locational factors need to be considered. Thirdly, the export base has significant influence over the character of subsidiary industry, the distribution of population and patterns of urbanisation, the character of the labour force, the social and political attitudes of the region, and its sensitivity to

fluctuations of income and employment. Fourthly, the growth of regions has tended to be uneven. A given increase in demand for the region's exports results in a multiple effect on the region, including increased investment not only in the export industry but in all other kinds of economic activity as well. And lastly, as a region's income grows, indigenous savings will tend to spill over into new kinds of activities. At first, these activities satisfy local demand, but ultimately some of them will become export industries (North, 1973).

The final point raised (in the previous paragraph) by North (1973), has important implications for the study, as well as for the growth of small towns, as what North (1973) is pointing out, is that by improving the local economy, there is a greater chance that products for export will result (after local demand has been satisfied).

2.1.6 Critique of Traditional Regional Planning

A powerful critique of Traditional Regional Planning was launched in the mid-1970's. Growth poles were not having the desired effect, and regional inequalities were re-emerging and strengthening. Further, new dimensions of inequality were emerging. Empirical research showed that the growth poles were attracting branch firms that were being controlled from outside the region, and many of the firms relied on low skills and low wages and thus, their developmental effects were limited. In short, the process of development was not occurring as anticipated, and the traditional top-down government-engineered policies had failed to achieve meaningful national development objectives in certain localities (Simon, 1990 in Nel, 1994). Regional planning had not worked in practice: at the national level it did not create regional economic convergence over the long term, it did not create self-sustaining regional development, and frequently did not benefit the poor, even the plans had not been properly implemented (Todes, 1993). However, this does not mean that there was no successes at all, some of the concepts and analytical techniques that were developed under Traditional Regional Planning, have not been replaced and are still used in different forms of planning today.

In the critique of Traditional Regional Planning, debates were raised over the question of how development and regional development occurred and was understood. The issue of the development "of" rather than "in" places was also raised. This criticism can also be linked to the critique of purely

top-down approaches to traditional planning. The purely top-down approaches (and the development “in” places) failed to fully utilise local potential. This recognised failure brought about a shift to more bottom-up approaches to planning (Platzky, 1992b).

2.1.7 Current Approaches in Regional Planning

Over the decades, the focus on industry has lessened, due to the structural transformation of the global economy, and this has seen regional planning lose its original focus. However, the shift in the early 1980’s in the Third World countries to a more bottom-up, self reliant, poverty directed form of regional planning seems to have provided a new focus for regional planning.

Social aspects were previously ignored, and now there seems to be a need for regional planning to be more oriented towards community participation. However, this is also where new forms of planning are emerging, specifically to deal with and target more localised community oriented planning. One such approach or form of planning, is Local Economic Development (LED). LED emerged at the end of the 1980’s (in South Africa), and has been widely adopted, thus shifting interest away from regional planning. However, with regional planning finding a new focus (as mentioned in the previous paragraph), it tends to be much more consistent with LED. For example, as Roberts (1989) mentions, the shift away from traditional regional policy and the attraction of inward investment is today typified by the growing importance of policies which stress the role of indigenous economic development.

It is quite clear that if regional planning is again to be considered as a relevant and useful form of planning, it must continue to focus on the aspects that have become synonymous with LED (endogenous, bottom-up development). Internalising development and focusing more on local forms of development are essential approaches that regional planning must adopt.

Supporting the above sentiments regarding current approaches to regional planning and policy, Stohr (1989) compares the differences traditional characteristics and future requirements in regional policy. Stohr (1989) explains that the future requirements, in terms of the major orientation of regional policy, should be focused around qualitative flexibility (rather than quantitative growth associated with traditional regional planning), programmes (instead of projects), and service and intersectorial linkages

(as opposed to manufacturing). He also believes in mobilisation of indigenous regional resources, a decentralised, regional community based form, and “spontaneous” local resource mobilisation (Stohr, 1989).

The consistency that is beginning to emerge between current approaches to regional planning and LED will be more fully discussed in the following sub-section.

2.2 LOCAL ECONOMIC DEVELOPMENT (LED)

2.2.1 What is LED?

Local Economic Development or LED as it is known, has many different definitions, and it is a form of planning that is very varied and often means different things to different people in different situations.

LED refers to endogenous economic development where “local communities could be active shapers of their own destiny; local action could serve to regenerate the economy of a particular area” (Harrison, 1994:4 in Davis, 1997). Nel defines it as being “...based in the host community and sought to improve local conditions and encourage that area’s entrepreneurs” (Nel, 1994:364).

According to Davis (1997), this approach arose out of a specific historical context during which there was increased recognition given to localities as economic units. Some of the associated economic concerns are to create jobs, locate jobs in localities where they are needed, enhance the local tax base, and allow money to circulate within an area.

It is important to note that as well as being varied, LED is also a concept that is location specific. In other words, there is no simple LED strategy which is universally applicable (Office of the President, 1996). LED strategies have to be developed to suit a specific situation or area, and although it is possible to get ideas from past successful strategies, the emphasis must be placed on originality and ingenuity. The Office of the President (1996), suggests some approaches that should be followed when developing a LED strategy:

- identifying local comparative advantages;
- increasing the net number, quality and quantity of local jobs;
- maximising “spin-offs” from public investments and public works programmes;
- bringing more money into the community;
- keeping money circulating locally;
- identifying new market possibilities;
- understanding existing markets better;
- developing the skills of local people;
- finding new resources and new uses of resources;
- using existing resources more effectively.

The above approaches can also be used as sources of economic impact. This will be further explained in the sub-section on economic analysis.

One other very important aspect of LED, is the fact that it is a bottom-up approach. This means that development is a result of endogenous potential, rather than bringing in outside resources. Endogenous development is central to LED and it helps to emphasise the importance, and uniqueness of localities (Harrison, 1994).

2.2.2 Emergence of LED

Although there are records of local government efforts to reverse economic decline that date back to the turn of the century, and even similar efforts having been documented in East London, Port Elizabeth and on the Witwatersrand from the 1920’s to the 1940’s, LED only emerged as a professional discipline in the 1970’s in the USA and Europe, and has since spread throughout the world (Tomlinson, 1993).

LED emerged as a response to the great uncertainty in the global economy and the associated global spatial restructuring. This spatial restructuring and global economic crisis, had an effect on local economies that resulted in a new local politics emerging. The local communities and businesses were joining forces to face the decline, and more importantly, to try and secure limited investments. So, there was a rise of inter-urban competition that had its base in necessity. This fight for investment, especially

around industries, changed once the global crisis had subsided, and locality based competition turned its focus to consumption activities in the 1980's. Competition was now based on the image of the city, and image marketing became important (Harrison, 1994).

According to Roberts (1989), LED has become a major focus of attention in recent years for both policy makers and academics. This results partly from the failure of previous policy measures, such as traditional regional industrial policy, to alleviate the economic decline of many local communities. It also results in part, from an increasing awareness that local authorities have a significant part to play in the restructuring of their local economies.

2.2.3 Changing International Approaches to LED

In terms of international approaches to LED, initially, in Britain and the United States, local authorities actively promoted development through 'local boosterism' and the emphasis was on using the town as a magnet to attract industry from outside. According to the Urban Foundation (1994), policies to this 'traditional' approach included:

- Marketing the town or city through publicity brochures and newspaper advertising.
- Providing incentives to outside investors. For example, offering direct incentives to outside investors in the form of land, buildings and finance on favourable terms, as well as actively recruiting specific industries and companies to locate in a city ("smokestack chasing").

This first era of LED lost favour in Britain and the United States in the 1940's as national and regional policies attempted to control the distribution of industry from the centre (Urban Foundation, 1994).

It was not until the 1970's that local level planning and LED resurfaced. Global economic processes, like internationalisation and globalisation had an important role to play in the shift in policy approach to LED. Local cities and towns had to become more active protagonists in their economic future (Urban Foundation, 1994). Place marketing and endogenous development became important strategies. What is evident in the literature (mainly from the United States), regarding place marketing and other LED strategies, is that there is a great deal of negative competition between localities or cities. For example, there is no co-ordination between cities and thus, cities compete for investments.

Over the years, the approaches to LED are becoming more and more diverse. Harrison (1994) mentions that while LED has been accepted across the political spectrum there are significant differences in terms of strategy and approach. As explained, the traditional approaches involved attracting mobile industry to a locality through various concessions, however, the approaches have diversified greatly since.

The 1980's and 1990's have seen new attempts by cities to benefit from their specific local conditions, and promote development from within (as is evident from some of the abovementioned approaches developed by Tomlinson, 1994). These new attempts have taken many different forms. Enterprise boards, urban development corporations, privatisation, public-private sector partnerships, export processing zones, science and technology parks, and small-firm industrial districts are just some of the new international approaches to LED (Urban Foundation, 1994). There seems to be a move towards approaches based in the tertiary (or service) sector. For example, using tourism as a LED strategy has become very popular.

2.2.4 LED Approaches in South Africa

According to the Urban Foundation (1994), most strategies for LED implemented by local authorities have followed a largely traditional approach. This means that while recognising the importance of growing their local economies, the focus has largely been around attracting outside industries to areas. The Urban Foundation (1994), lists what is being promoted by the city councils:

- the locational advantages;
- access to infrastructure;
- availability of educational institutions;
- an attractive residential environment.

However, in new South African literature, the emphasis is beginning to change. The nature of strategies that are currently being suggested and documented, vary considerably. The new, local literature takes a very positive approach to the implementation of LED strategies, and there are a number of case studies that have shown positive results. For example, Stutterheim and Hertzog are just two examples of success stories in South Africa at present.

The Durban Metropolitan Area (DMA) and its LED Unit are also adopting new approaches to LED.

For example, approaches dealing with Small, Medium and Micro Enterprise (SMME) support, building capacity, encouraging investment and stimulating tourism are four of the approaches chosen (South Africa: Office of the President, 1996).

It is very encouraging to note that the rate at which new documents and 'resource kits' on LED are being produced, is great, and the interest in LED is also increasing rapidly. Hopefully this will have positive effects to show in the near future.

2.2.5 LED and Small Towns

According to Nel and McCarthy (1995), the most useful contributions, as far as literature is concerned, come from African, South American and South East Asian studies of the role of small towns in relation to their rural hinterlands. A lot of this literature takes a bottom-up approach to small town and rural hinterland economic planning. An interesting aspect, that fits well with this study, is that there is a strong emphasis on integrating small town and rural development in the context of mixed household income strategies. Nel and McCarthy (1995) explain that this means that the small town provides the locus for rural non-farm incomes, whilst the adjacent areas provide supplementary income from farming.

Also in terms of LED approaches in small towns, there is a substantial amount of international literature, however, the difference between the First and the Third World is very apparent. The international literature focuses on commercial agriculture and or tourism (particularly tourism). Although Nel and McCarthy (1995) explain that there are opportunities for the exploitation of both of the above sectors in a South African small town or rural context, the size and character of our tourism industry, and the imperatives in our agricultural sector, are rather different to the USA or Britain.

Finally, it is important to note that Nel and McCarthy (1995) document that LED is clearly occurring in a limited number of small, rural service centres and smaller towns. Hopefully this phenomenon will grow in the future.

2.2.6 LED and the Tertiary Sector

The tertiary sector (or service sector) is an under-explored sector that has great potential, especially in South Africa. The Organisation For Economic Co-Operation And Development (OECD, 1978), mentioned that few countries have given this sector much attention, even though it has expanded considerably over the decades, and has, in most countries, constituted a sector in the economy that equals or is larger than the manufacturing sector.

The report, based on statistics from eighteen countries, shows the significance of the service sector relative to the industrial sector, which in all cases, was larger than the industrial sector. This document shows that there has been a significant increase in the importance of the tertiary sector.

Tomlinson (1993), in a more recent article, uses the tertiary sector to explain that it has importance in the economies of major cities. He also explains that if the government increased the expenditure on community, social and personal service in Durban, the multiplier effects would be great. Cape Town's rapid growth of the commercial sector has been attributed to the Waterfront development, which suggests that Durban is not incorrect in thinking that tourism can be used to spur the local economy (Tomlinson, 1993).

In the same article, Tomlinson (1993) wants to know whether one can assume that the service sector's growth will continue? He uses an American example to illustrate the fact that the growth on which the service sector was based, is over. For example, he says that the demand for late-night and weekend services, such as shopping and meals, were increasingly required by women as they moved into the labour force, a process which is now complete. It is true that one should be careful about expecting an economic recovery led by the service sector, however, this does not mean that one should forget about the service sector and its potential within LED. It is also important to remember that South Africa is behind America in many aspects, and so it might still be possible to use the tertiary or service sector, but not to rely on it as a means of economic recovery for South Africa.

2.2.7 LED and Tourism

According to the World Tourism Organisation, an affiliate of the United Nations, tourism is the world's largest industry (Lundberg, 1995). Lundberg (1995) also mentions that it is a great job stimulator. Mathieson and Wall (1996) explain that tourism is a luxury, and is of major economic and social significance which has been recognised in both developed and developing countries. Mathieson and Wall (1996) also go on to explain that there is widespread optimism that tourism might be a powerful and beneficial agent of both economic and social change. These are some positive aspects of tourism.

On the other hand, Williams and Shaw (1991) mention that as tourism emerges from the shadows of economic policy to a centre-stage position, it has become imperative to evaluate its role in economic development. A number of debates have been raised as a result of the evaluation of tourism's role in economic development. For instance, de Kadt (1979) questions whether tourism actually is a "passport to development". Mathieson and Wall (1996) further explore this uncertainty by asking questions about whether the expenditures of the tourists benefit the residents of destination areas, whether tourism is encouraging prostitution, gambling and crime, and whether tourism rejuvenates the traditional arts and crafts of host cultures.

These debates and questions raised by various authors must be carefully considered when developing tourism strategies for towns, cities, regions or even countries. Given the emphasis placed on tourism as possible LED strategies, it is also important to choose the type of tourism strategy very carefully so that the right people and area benefit.

As has been mentioned several times, tourism has the potential to create jobs (which is one of the key objectives of LED), it also has the potential to develop an areas endogenous potential, which does make it a popular choice or basis for LED strategies.

2.2.8 Phases, Tasks and Strategies of LED

Vast amounts of literature are beginning to emerge on the subject of LED, and especially literature on guidelines that help with the implementation of LED strategies, and as with LED itself, there is no one

universally applicable or “right” process or guide to follow. The following table is one such example, of a process to follow when developing a LED strategy.

Table 1 : The Phases and tasks of the Local Development Planning Process

Phase I	Data gathering and analysis <ul style="list-style-type: none"> • Determining economic base • Assessing current employment structure • Evaluating employment needs • Examining opportunities for and constraints on economic development • Examining institutional capacity
Phase II	Selecting a local development strategy <ul style="list-style-type: none"> • Establishing goals and criteria • Determining possible courses of action • Developing a targeted strategy
Phase III	Selecting local development projects <ul style="list-style-type: none"> • Identifying possible projects • Assessing project viability <ul style="list-style-type: none"> -Community - Commercial -Location -Implementation
Phase IV	Building action plans <ul style="list-style-type: none"> • Preassessing project outcomes • Developing project inputs • Establishing financial alternatives • Identifying project structures
Phase V	Specifying project details <ul style="list-style-type: none"> • Conducting detailed feasibility studies • Preparing business plans • Developing, monitoring and evaluating program
Phase VI	Overall development plan preparation and implementation <ul style="list-style-type: none"> • Preparing project plan implementation schedule • Developing an overall development program • Targeting and marketing community assets • Marketing financial needs

Source: Blakely, 1994:66

From the above table, a number of important points arise. Firstly, Phase 2 revolves around selecting a local development strategy, and this is a very critical stage as there are many different strategies.

Eisenschitz and Gough (1993), identify four different broad categories of strategies:

• *Targeting types of firms*: this involves supporting small firms and firms that are starting-up by providing management advice, education, small loan funds and guarantee schemes, and provision of infrastructure.

• *Targeting inputs into production*: this includes improving infrastructure, improving environmental quality, improving levels of skills, supporting the development and dissemination of information technologies, and supplying finance to small and new firms.

• *Targeting sectors*: this involves a decision of whether to prop up distressed 'sunset' sectors, or support the newly emerging 'sunrise' sectors.

• *Targeting areas*: here again, there is a decision to be made regarding inward investment versus indigenous development. Indigenous development involves the development of locally based enterprise while inward investment involves investment by enterprise moving in from outside the locality (Harrison, 1994).

Apart from the broad categories of strategies, there are more specific strategies that can be implemented. However, before specific strategies can be decided on, it is important to establish who is going to be involved and take charge of (and even initiate) the strategy, or set of strategies, as this will ultimately be the deciding factor in terms of the which ones are chosen.

There are a number of different groupings (Davis, 1997), and although they will be discussed separately, it is becoming common for partnerships to be formed. Three such examples are:

- Local Business based.
- Local Authority based.
- Community based.

Local Business based: this grouping would have a private sector focus, and would aim towards business development (at various levels). Two specific strategies that would be used are: Urban Development Corporations (UDC's) and Privatisation (Davis, 1997).

Urban Development Corporations (UDC's), according to a report by the Urban Foundation (1994), allow the private sector to take the leading role in local development, and the intention behind UDC's was to encourage a more entrepreneurial approach to local development, rather than the bureaucratic style of local authorities with their emphasis on traditional planning and controls. Job opportunities, housing, and improved amenities and a better urban environment are three different kinds of benefits in local communities. However, the relatively limited focus of UDC's has seldom been sufficient to create momentum for social, economic and physical regeneration throughout a city (Urban Foundation, 1994).

Privatisation is commonly seen as the simple transfer of state-owned enterprises, to private hands (Urban Foundation, 1994). The global recession of the 1980's prompted greater attention to privatisation as a way of increasing government revenues, and improving the provision of services. Privatisation can offer numerous local benefits, for example, it can lead to the more effective, efficient and financially-viable delivery of services, as well as reducing the size of local government bureaucracies and represent serious revenue savings (Urban Foundation, 1994). The problems with privatisation are as follows: privatisation does not guarantee that services will be improved in disadvantaged areas, the cost of services can rise, it involves the loss of local government jobs (although this may be matched by job creation in the private sector), and importantly, the local authority must continue to play a role in maintaining good quality control among privatised services (Urban Foundation, 1994).

Local Authority based: this grouping could have a number of different foci, for example, the strategies could be local government driven and have either a business focus or a community focus. Loans for small businesses, setting up One-Stop-Centres, place marketing and SMME support, all of these are strategies that could be undertaken by local authorities that had a business focus. On the other hand, Local Enterprise Agencies (LEA's), which are dedicated to local employment creation, provision of

funding, information and education, and other strategies with a strong social objective would be those adopted by local authorities with a community focus.

The most popular approach to LED strategies of late, are public-private sector partnerships. The core of this approach consists of formal agreements and partnerships between city governments and the local private sector around development and economic growth (Urban Foundation, 1994). This type of partnership tends to lessen the risk to both sides of the partnership. There are a number of key themes in current debates around partnerships:

- Supporters argue that development strategies designed by public-private partnerships to improve the city's attractiveness are in the best interests of the city and its residents.
- Opponents argue that an improvement in the city's economic health and more job opportunities secures through the activities of partnerships do not necessarily benefit residents equally, or solve growing economic and social problems.
- Others draw attention to the importance of leadership and good governance in regenerating a local economy, and see partnerships as a mechanism to secure this from both the public and private sectors (Urban Foundation, 1994).

Community based: this grouping, as mentioned in a previous paragraph, can be part of the local authority based initiatives, however, they can also be taken on by the communities themselves. For example, even small initiatives or strategies like setting up a child minding service can help others go out and find work. However, community based strategies are usually reliant on outside funding. Community Development Corporations (CDC's) are an example of community based strategies.

Local Enterprise Boards are essentially development companies set up by local authorities to provide corporate investment for local job creation and industry. They were initially developed in Britain where the formation of enterprise boards was based on the notion that the incentives traditionally offered by local councils to industries was insufficient (Urban Foundation, 1994). Enterprise boards have however, had only limited success in restructuring local economies.

Although many of the strategies mentioned are from international approaches, it is encouraging to note that local strategies are being developed by the private sector, local, authorities, and even communities.

For example an Economic Unit or LED unit was set up within the Urban Strategy Department in Durban in 1994, and this unit now provides strategic advice to Council on economic growth and job creation strategies.

2.2.9 Critique of LED

According to Davis (1997), three of the criticisms levelled at LED are as follows:

- Creating discourse not jobs.
- Politics and partnerships.
- Changing image rather than reality.

The first of these criticisms deals with the fact that because LED is emerging as a dominant paradigm, there is a lot of discussion around the topic, but not much action or evidence that it is being carried out.

The second criticism highlights the fact that LED is dominated by politics and partnerships that come to represent the interests of dominant groups (Davis, 1997), which is defeating the very objectives that LED sets out.

The third criticism has a lot to do with the image or place marketing strategies that have been adopted mainly by cities in the past. For example, large 'glamour' projects such as waterfronts and convention centres have little or no linkages with the local economy, and while the image of the city may be very good, the local people are not on the receiving end.

2.3 ECONOMIC FRAMEWORK

2.3.1 Basis for Analysis

The framework that will be elaborated on in this section, will ultimately form the basis for the analysis of the research and data, collected from the questionnaires and interviews that will be administered in Howick and Amberfield.

The framework will be developed so as to establish whether Amberfield Retirement Village has had a positive economic impact on Howick's economy, as well as looking at whether or not it is possible to replicate Amberfield Retirement Village.

Before moving on to the issues to be addressed and the analytical techniques, it is important to clarify what is meant by economic development as this will help to clarify the economic aspect of the analysis.

2.3.2 What is Economic Development?

Meier (1995) mentions that the explanation that gains the widest approval is one that defines economic development as a process whereby the real per capita income of a country increases over a long period of time - subject to the stipulations that the number of people below an 'absolute poverty line' does not increase, and that the distribution of income does not become more unequal (Meier, 1995).

In the above explanation of economic development, a number of points need to be emphasised. For example, two very important aspects are, that it is a process, and that it occurs over a long period of time. Economic development involves something more than just economic growth, it requires change plus growth (Meier, 1995). In line with the growing importance of a more qualitative aspect to development and planning, Meier (1995), explains that there are essential qualitative dimensions in the development process that extend beyond the growth or expansion of an economy through a simple widening process. This qualitative difference is likely to appear not only in the improved performance of the factors of production and improved techniques of production, but in attitudes and values (Meier, 1995).

It can thus be stated that economic development is much more than the simple acquisition of industries. It may be defined as nothing less than the 'upward movement of the entire social system' (Myrdal, G., 1968 in Meier, 1995), or it can even be interpreted as the attainment of a number of 'ideals of modernisation', such as a rise in productivity, social and economic equalisation, modern knowledge, improved institutions and attitudes, and a rationally coordinated system of policy measures that can remove the host of undesirable conditions in the social system that have perpetuated a state of underdevelopment (C.E. Black, 1966 in Meier, 1995).

Another point that needs to be emphasised, is the time period. Development, and especially economic development, needs to be sustained over a long period of time so that it is not simply a short term rise. The important difference between initiating development and sustaining development is raised as an example to stress the importance of the 'long' time period.

Todaro (1977) has similar thoughts on development. He believes that the narrow definition of development (essentially economic development) in the 1950's and 1960's had to be redefined in terms of the reduction or elimination of poverty, inequality and unemployment within the context of a growing economy. Development is not only a question of economics or the simple quantitative measures of incomes, employment and inequality (Todaro, 1977).

2.3.3 Issues to be Addressed

According to Harrison (nd), in a paper entitled "Economic Analysis in Regional/Sub-Regional Planning", the following interrelated issues are among those that need to be explored when analysing a local economy. Some of these issues will be used to construct the background to Howick and its local economy, in the following chapter. The issues are as follows:

- The relationship between the local economy and the broader regional and national economy.
- The size and structure of the local economy (i.e. contribution of the various sectors to total employment and output).
- The relative performance of the local economy (i.e. the growth of the local economy compared with that of the region and South Africa as a whole).
- The relative performance of various sectors of the economy.
- The linkages between various sectors and industries within the local economy and interregional linkages (including communications, commodity and money flows).

- An evaluation of the strengths and weaknesses of the local economy (this would include an identification of economic potential within the sub-region/region).
- The identification of factors external to the region which will impact on local economic development.
- The identification of factors internal to the region/sub-region which will impact on local economic growth.
- The identification of trends which are likely to shape the directions in which the region/sub-region will develop.
- The identification of policies and investments which will have the greatest impact on the future economic development.

Some of the above issues will not be fully carried out (in a quantitative manner as the statistical data is lacking), however, some of the concepts, behind the calculations, will be used as the basis for the description of the study area. For example, when trying to establish the links that are created between Howick and its surrounding areas, the concepts behind linking the local economy to the broader regional and national economy will be used.

Some other aspects or issues, referred to in the previous sub-section of the chapter, that can be used as sources of economic impact will also be used when trying to determine the economic impact that Amberfield Retirement Village has had on Howick's economy. Increasing the net number, quality and quantity of local jobs, keeping money circulating locally, and identifying local comparative advantages were some of the approaches previously mentioned.

2.3.4 Analytical Techniques

The analytical techniques for this framework were used for quantitative analysis in regional economic analysis. These techniques have also been used in local economic analysis, with a tendency to include

qualitative techniques, and have a more 'balanced' overall analysis. It is important to note that there is no one agreed approach to methodology in regional economics.

It is important to mention at the outset that no one technique should be looked at in isolation, and thus, overall conclusions will not be able to be drawn without having studied the techniques and their findings in relation to the others.

2.3.5 Manpower Forecasting

The rate of growth of any regional economy will depend on two elements: firstly, the rate of growth of the level of employment; and secondly, the rate of growth of output per man (Alden and Morgan, 1974). Levels of income depend on the rate of economic growth, and so it was important for regional planners to be able to anticipate the changes in the level of output and employment. This phenomenon was further divided into two essential steps: forecasting the demand for labour; and forecasting the supply of labour.

This method was and is still used, to establish the relationship between number of jobs available and number of workers. This enabled regional planners to predict where there would be a surplus of labour (over and above the number of jobs available), and then plan accordingly and try and encourage the development of labour intensive developments where there was a surplus of labour. This forecasting was, and still is useful, however, it is not always possible or feasible to push developments (industrial or other) to places that might not necessarily be acceptable, merely because there is available labour. However, such great detail is not required for the purposes of the study on Howick, and so the first part of manpower forecasting will be used, namely: the growth in the level of employment. This aspect is probably the most central to the study, and will be relatively easy to establish. What is clear, when looking at various pieces of literature, is that the notion of employment creation is very important in terms of a local economy. This is especially true for small towns and their rural hinterlands, given that these areas were neglected, in the past, to favour the developing growth poles and the establishment of industry in these so-called growth points.

When dealing with small towns and their rural hinterlands, it is necessary to look at employment

creation in the following way. Small towns should be the focus of employment opportunities for those that cannot rely on farming (mainly due to lack of access to land), while the farming sector of the hinterland should still provide supplementary employment opportunities. It is also important to note that the farmers in the hinterland can provide the town with their produce and in this way, both the town and the hinterland should benefit.

Foley (1992) explains that policy-makers and evaluation studies are becoming increasingly interested in the type of job created by economic initiatives and the characteristics of those who obtain them. He goes on to explain that the purpose of these studies is usually to identify whether newly-created jobs might be suitable for the unemployed and or those from disadvantaged groups (Foley, 1992). However, he explains that guidelines as to what constitutes a suitable job and whether a 'suitable' job can be created are unclear (Foley, 1992).

When evaluating employment, the following questions should be asked: Are the jobs that are being created for women or for men?, are the jobs temporary, part-time or permanent?, are they low wage?, and very importantly, are they providing work for local people? The last question is a very relevant one and one which will have an impact on the economy of an area, as it is not in the best interests of a locality and its economy, for money to be leaking out. The sector in which the employment or jobs are created is also something to look at, as different sectors are characterised by different types of employment. For example, employment in the agricultural sector is generally low-skill and low-wage.

Employment generated directly in the tourism sector (tertiary sector), in hotels and restaurants, is generally shown to yield earnings at least as high as, and often higher than, those available in other sectors, especially agriculture (de Kadt, 1979). Locally, young people and women especially appear to benefit from tourism jobs (de Kadt, 1979).

2.3.6 Economic Base Analysis

Economic base analysis, according to Alden and Morgan (1974), is based on the hypothesis that the existence and growth of a region depends on the goods and services it produces locally and sells, or exports, beyond its borders. This analysis is applicable to both cities and regions, and while it can be

used to estimate regional multipliers, urban and regional economic base studies have been used in a descriptive way to improve understanding of how a community earns its living (Alden and Moragn, 1974).

This analysis takes the idea of employment creation one step further, and studies the basic sources of employment and income, and then provides an understanding of the source and level of employment. The economic base of a region consists of those activities which provide the basic employment and income on which the rest of the economy depends (Alden and Morgan, 1974).

There have been many criticisms made of the economic base analysis, and one such criticism is that there are serious difficulties in measuring the economic base (Isard in Alden and Morgan, 1974). The other main criticism is that it is difficult to distinguish between basic and service activities, and there are often activities that fall into more than one classification.

2.3.7 Base Multiplier Analysis

According to Harrison (nd), economic base analysis is underpinned by the idea that all economic activity in a region is classified as bearing part of either the 'basic' sector or the 'non-basic' sector. Basic activity comprises the portion of the economy whose product is exported from the region and non-basic activity serves only the local community. The growth of the region is dependent on the growth of the basic sector or export sector, as this is the sector that brings new money into the region.

If these assumptions are accepted then a multiplier can be calculated which will show the impact of an expansion in export activity on the regional economy. Harrison (nd) believes that the biggest problem is to determine which activities are basic and which are non-basic.

2.3.8 Input-Output Analysis

This model of analysis has to do with linkages. The definition of input-output analysis is as follows: The input-output table is a system of accounts which examines the linkages between different sectors of an economy as they combine to produce the regional product (Alden and Morgan, 1974). An input-output

analysis would provide an assessment of the impact for each sector of the economy of changes in particular sectors (Alden and Morgan, 1974).

This is a very important model for analysing the impact of a particular sector on the region. As Alden and Morgan (1974) put it, input-output analysis can provide a tool for predicting the likely impact of growth and decline in particular sectors on the rest of the economy, and the usefulness lies in changes occurring in individual sectors.

Input-output tables can be applied at various levels, for example, in South Africa, they have been used at National and Development Region level, whereas in Britain, they have been used at the local level in the Structure Planning Process (Harrison, nd).

This method has rather complex and large amounts of statistical data that needs to be analysed, and the actual analysis is expensive and time consuming. The actual calculations (that require large amounts of statistical data) will not be carried out for this particular study, as the data was not available, instead, the basic concept behind the calculations were useful and will be used to look at the retirement village in Howick, and to assess its impact on other businesses and shops in the area.

Alden and Morgan (1974), have an important contribution to make to the application of input-output analysis to single towns. They mention that the first major attempt to prepare an input-output table for a single town was in Britain. This model was prepared to help solve a long-standing dispute about the relative importance, to the town of St. Andrews, of its two staple industries, namely tourism and the university. The main conclusion of the St. Andrews study was that the university was nearly three times more beneficial to the town in pounds of household income generated per 100 pounds expenditure than tourism. The authors make the comment that it is surprising that the technique has not been extended to similar circumstances in other towns.

2.3.9 Linkages and Leakages

It is important to look at linkages and leakages, as these will have very important implications for the study, and will play a rather large part in the actual analysis.

Linkages can be divided into backward and forward linkages. Backward and forward linkages refer to the connections of firms with suppliers and customers respectively. The strengths of these links are important as they can contain stimuli to economic growth in a region.

Backward and forward linkages can be further explained in relation to industry. For example, industries with strong backward linkages stimulate investment in other industries set up to supply inputs to them. Strong local backward linkages have the potential to stimulate local job-creation. Meier (1995) explains backward linkages (or input-provision, or derived demand) as follows: every non-primary economic activity will induce attempts to supply through domestic production the inputs needed in that activity (Meier, 1995).

Industries with forward linkages tend to stimulate investment in industries using their output as input. Again, Meier (1995) explains forward linkages (or output-utilization) in a slightly different way. He believes that every activity that does not by its nature cater exclusively to final demands, will induce attempts to utilise its outputs as inputs in some new activity (Meier, 1995).

Meier (1995) goes on to explain that the lack of interdependence and linkage is of course one of the most typical characteristics of underdeveloped economies, and that agriculture in general, and subsistence agriculture in particular, are characterised by the scarcity of linkage effects. By definition, Meier (1995) explains that all primary production should exclude any substantial degree of backward linkage although the introduction of modern methods does with it considerable outside purchases of seeds, fertilizers, insecticides, and other current inputs, including machines and vehicles. Forward linkages are also weak in agriculture and mining, as a large proportion of agricultural output is destined directly for consumption or export (Meier, 1995).

The above comments fuel the case for inferiority of agriculture to manufacturing, which has been argued on grounds of comparative productivity (Meier, 1995), with agriculture lacking direct stimulus to the setting up of new activities through linkage effects.

In terms of linkages, it is very important to look at the contribution to growth (of the local economy) that is being made. In other words, a question that needs to be asked is, to what extent does the activity

(or industry or business) contribute to positive local developmental effects.

Often, when dealing with linkages, there is a tendency to overstate the amount of linkage between industries within an area and hence to understate the amount of leakage from the local economy (Smith and Morrison, 1974).

The concept of leakages is an important aspect that should not be ignored, especially when analysing a local economy. Examining leakages would be the opposite of looking at the linkages created. In other words, it would be necessary to determine how much money was leaking out of the local economy, through business conducted outside of the locality, for example, if a large construction firm working in a locality was buying all its materials from a supplier from outside of the area, then instead of creating a link with a local supplier, this would be seen as a leakage.

Linkages and leakages will be very important to look at in terms of the study, and the 'inputs and outputs' of the retirement village will be examined to discover what links it has with local business (and the local economy) and what leakages are occurring. Although industry is often the focus of studies looking at linkages and leakages, it is possible to look at a retirement village in these terms.

2.3.10 Locality and Local Specificity

Wilson (1995) mentions that scholarly research in urban and regional economic development has been heading towards a postmodern embrace of locality. She also explains that the literature on global economic restructuring, influenced by regulation theory, has produced a wealth of case studies that exemplify the importance of the local (Wilson, 1995). With the decreasing influence of the nation state, the importance of local initiative in economic development is increasing. The focus has been put on local civil society (from business coalitions to grassroots organisations) as was mentioned in the sub-section on LED strategies. Some LED strategies, like Industrial Districts, reinforce the importance and emphasis on endogenous development.

Wilson (1995) explains that the emerging literature is pointing to an endogenous approach, one that emphasises the unique factors of the spatial milieu in which the activity occurs, while at the same time

recognising the embeddedness in the larger structures. One important aspect of the new literature that is emerging, is the importance placed on non-economic values (human values), and so, there is a move towards combining both quantitative techniques and analysis with a more qualitative approach.

This embrace of more qualitative methods of analysis is important to the study, as a totally quantitative economic analysis would not help in answering some of the questions that are central to the study, for example, the question regarding the replicability of Amberfield Retirement Village can only be answered qualitatively as there is no statistical evidence that could prove this.

2.4 RESEARCH METHODOLOGY

2.4.1 Introduction

The approach that has been taken, that lies behind the methods to be used, is one of a combination of two approaches, namely, Positivism, and Interpretative Social Science. The combination of these two approaches, results in the use of both quantitative (from Positivism) and qualitative (from Interpretative Social Science) methods of analysis. The quantitative methods are useful in establishing indicators that will help to ascertain whether Amberfield has had a positive economic impact on Howick's economy. The qualitative methods are used when trying to establish people's thoughts and feelings.

2.4.2 Research Methods

Both primary and secondary sources were used in the research. The secondary sources that were used, were the standard books, journals, and planning documents, while the primary source material was made up of interviews conducted. There were four sets of interviews that were conducted in relation to the study (see Appendix 2).

The first set of interviews involved planners. A planner from the Pietermaritzburg based, Provincial Administration, who deals with development and planning in the Midlands (including Howick), as well as a representative from Howick's Transitional Local Council, were both interviewed in order to gain

background information regarding current and future development that is occurring in and around Howick. Background information on Howick in its regional setting was also attained.

The Developer of Amberfield and the General Manager of the Body Corporate of Amberfield were also interviewed, and were the second set of interviews to be conducted. They provided much insight into the background of Amberfield Retirement Village, as well as its inner workings, and some of the facts and figures that were necessary for the economic analysis. Both persons were asked about the linkages to Howick that were created by Amberfield, as well as any leakages. The Developer was asked about the jobs that were created in the development and construction phases, and the General Manager was questioned about the number and type of employment that was created by the retirement village itself.

Both of the above sets of interviews were in-depth, focused and semi-structured. This allowed the flexibility to explore issues which arose from the information obtained from the respondents. These interviews were vitally important to the study, as the information gathered, helped to fill many gaps, and also allowed for a sound qualitative understanding of the study area.

Structured interviews were also conducted with two other groups of people, namely, the residents of Amberfield Retirement Village, and the shop owners or businesses in Howick. Twenty-five households were interviewed in the retirement village. Given that a retirement village is for people over a certain age group, there were some couples interviewed, but there were also a lot of single people (whose spouse's had died) that were interviewed.

The interviews administered to the residents had a dual purpose. Firstly, information regarding the linkages created by Amberfield was obtained. This was done by asking the residents questions about where they did their shopping, what they purchased locally (in Howick) and what and where they purchased elsewhere, and how much they spent on shopping in Howick. The second purpose of the interviews was to ascertain how much the specificity and location of Howick impacted on the resident's choice of retirement village, and what made Amberfield Retirement Village attractive to them. Questions about what attracted them to Howick and Amberfield, what facilities were provided in Amberfield, as well as what would make them recommend Amberfield to others were asked.

The interviews with the businesses in Howick were designed to gain information regarding, once again, the linkages created. Questions about who their target market was, if they had noticed an increase in turn-over since the development of Amberfield Retirement Village, and whether or not they could directly link part of their trade to the retirement village, were asked. Twenty businesses were interviewed in Howick, and they included a wide range of different types of business. For example, the large businesses like the banks and supermarkets were interviewed, as well as the furniture stores, smaller retail businesses, chemists and an optometrist, restaurants, a petrol garage, and even a small business that was closing down.

2.4.3 Limitations

It was initially hoped that the interviews conducted with the residents of Amberfield would be a random sample of all the units at Amberfield Retirement Village, however, this was not possible. Given that Amberfield is a secure living environment with strict security control measures, it was not possible to randomly choose units. Instead, the interviews had to be conducted with those residents that were willing, and that had notified Amberfield's Main Centre. Thus, there was the possibility of a bias in the responses, however, what was very interesting to note, was the fact that there was hardly any variation in the responses. This lack of variability could be the result of the fact that the residents are from fairly similar socio-economic backgrounds.

2.4 CONCLUSION

The aim of this chapter has been to provide a sound conceptual framework that forms the basis to the study, and especially the analysis of the case study.

By looking at both regional planning and LED, it has become clear that there has been a definite move towards a more bottom-up, locality based form of planning as opposed to the top-down approaches that were favoured in the early regional planning era. It is also interesting to note the shift towards a combination of quantitative and qualitative methods of analysis and a concern and recognition of social aspects of planning and development.

By recognising a link between regional planning and LED it was possible to combine the relevant quantitative and qualitative methods of analysis to develop a more holistic economic framework.

The conceptual framework also provided a base upon which the research methodology was based, and the questions formed.

CHAPTER 3

3. BACKGROUND

The aim of this chapter is to provide a sound background to the case study. Both the small town of Howick, and its retirement village (Amberfield) will be discussed. The case study has to be looked at in terms of its regional context, as well as a more local context. This will help establish the local specificities and the importance of Howick's location in the study.

By looking at Amberfield Retirement Village, the local specificities will also be established. This has important implications in terms of whether or not Amberfield Retirement Village can be replicated and used as a model for LED of other small towns.

3.1 INTRODUCTION TO HOWICK

3.1.1 Location

Howick is a small town located approximately 30 kilometres northwest of Pietermaritzburg, adjacent to the N3 (which links Johannesburg and Durban), in the province of KwaZulu-Natal (see Map 1).

Sub-Regional Scale:

Howick is located north west of the Pietermaritzburg-Hilton complex and is linked to them by the N3 route and the R103 route. Howick is a satellite town of Pietermaritzburg and as such relies upon Pietermaritzburg for higher order goods, services and facilities not found in Howick. On a daily basis, residents of Howick Local Authority Area commute along the mentioned routes to places of work. Those working in Pietermaritzburg often use their lunch hours to do their shopping.

To the north west of Howick lies Mooi River which is a much smaller town serving the Mooi River district. Business linkages between Howick and Mooi River are relatively negligible, as are the linkages between Howick and Bulwer to the south west and Greytown to the north east.

Town Scale:

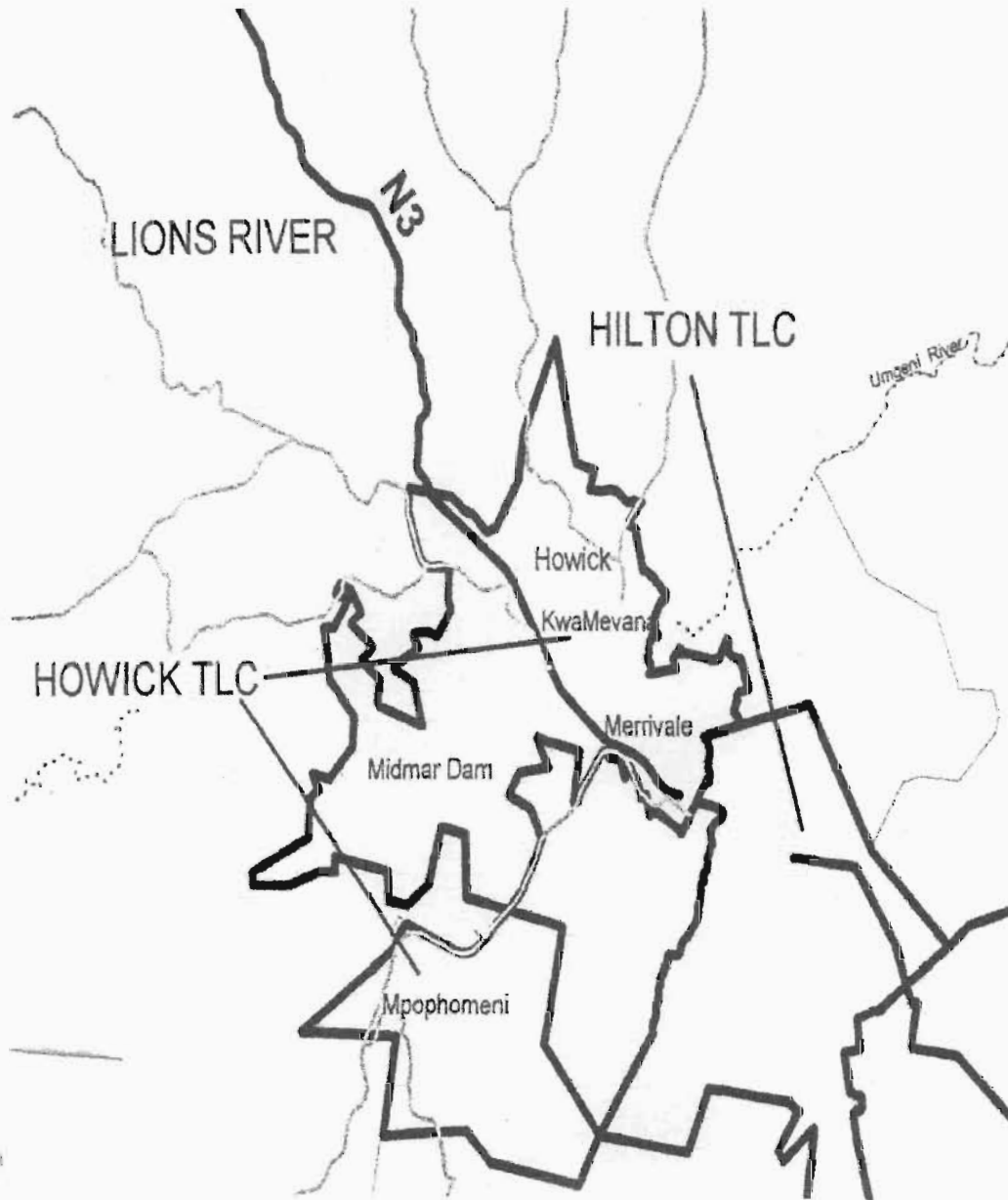
The Howick Local Authority Area is made up of two spatial entities. The first entity focuses on the town of Howick itself, and includes the residential areas of KwaMevane and Merrivale as well as the Midmar Dam complex. A belt of agricultural land surrounds and separates these settlements. The second entity incorporates the town of Mpophomeni, situated to the south of Howick (which was previously administered by the former KwaZulu Government Department of Works) (Howick Integrate Development Framework Plan, 1997).

Two prominent infrastructural features bisect Howick Local Authority Area. The first is the N3 National road which is the main transportation corridor linking the Durban-Pietermaritzburg complex with Johannesburg. This corridor is the economic life-blood of the Province, and to a lesser extent the country as well. The second feature is the Umgeni River which runs across the Local Authority Area from west to east. This river is the single most important water source serving the Durban-Pietermaritzburg urban industrial complex (Howick Integrated Development Framework Plan, 1997).

Of strategic importance to this complex is the Midmar Dam which lies within the administrative entity of the Howick Local Authority Area. Apart from the role it plays by storing water and regulating downstream flow to Albert Falls Dam and Inanda Dam, Midmar Dam is also a major regional tourist and recreational attraction, bringing many recreators on a weekly and seasonal basis. Another regional attraction, the Howick Falls, is situated on the Umgeni River, close to the Howick town centre, from where the river flows into the Umgeni Valley conservation area (Howick Integrate Development Framework Plan, 1997).

The town of Howick is the industrial and business heart of the Local Authority Area. It is supported by the residential areas of KwaMevane, Merrivale and Mpophomeni which have historically performed a dormitory role. The structure of settlement in the Howick Local Authority Area is disjointed which does not create a convenient environment for people, especially those of poor means, to live. Mpophomeni is relatively isolated in geographical terms. The effect of this isolation has been to limit commercial and business development potentials in Mpophomeni. It also obliges residents who have limited resources at their disposal to commute relatively long distances to work and shopping opportunities further afield (Howick Integrate Development Framework Plan, 1997).

SWK 1996



- LEGEND**
- Magisterial District Boundaries 1991
 - █ TLC Boundary
 - - - Rivers
 - Main Roads
 - Secondary Roads

Merrivale, by contrast, is situated along the R103 route linking Howick to Pietermaritzburg. Although it is relatively dislocated from Howick, Merrivale has experienced a modest amount of commercial development as a result of the passing traffic which uses the R103. Merrivale residents tend to have the means to own private transport which negates the distances that have to be travelled to places of work and shopping facilities. KwaMevane is situated within, and is surrounded by, Howick. As a result it is relatively well integrated into the town and enjoys relatively good access to Howick CBD.

3.1.2 History

The main road, between the coast and the former Transvaal, crossing at the Umgeni River created the impetus for the settlement of Howick. The location of Howick along the north-south route and its role as a dormitory town and service centre for the agricultural hinterland, contributed to its growth.

According to the Howick Integrated Development Framework Plan (Scott Wilson Kirkpatrick - SWK, 1997), the original crossing below the present day Midmar Dam wall was altered around 1850 to the top of the Nogqaza (Place of the Tall One) falls. On the basis of increased traffic through the new route, the government decided to purchase a portion of the Wesleyan Missionary Farms, owned by Rev James Archbell. The land was subdivided to accommodate the sale of 36 allotments. Shortly thereafter the proclaimed town, to the north of the falls, acquired the name of Howick after the then Secretary of State for the colonies, Lord Howick (SWK, 1997).

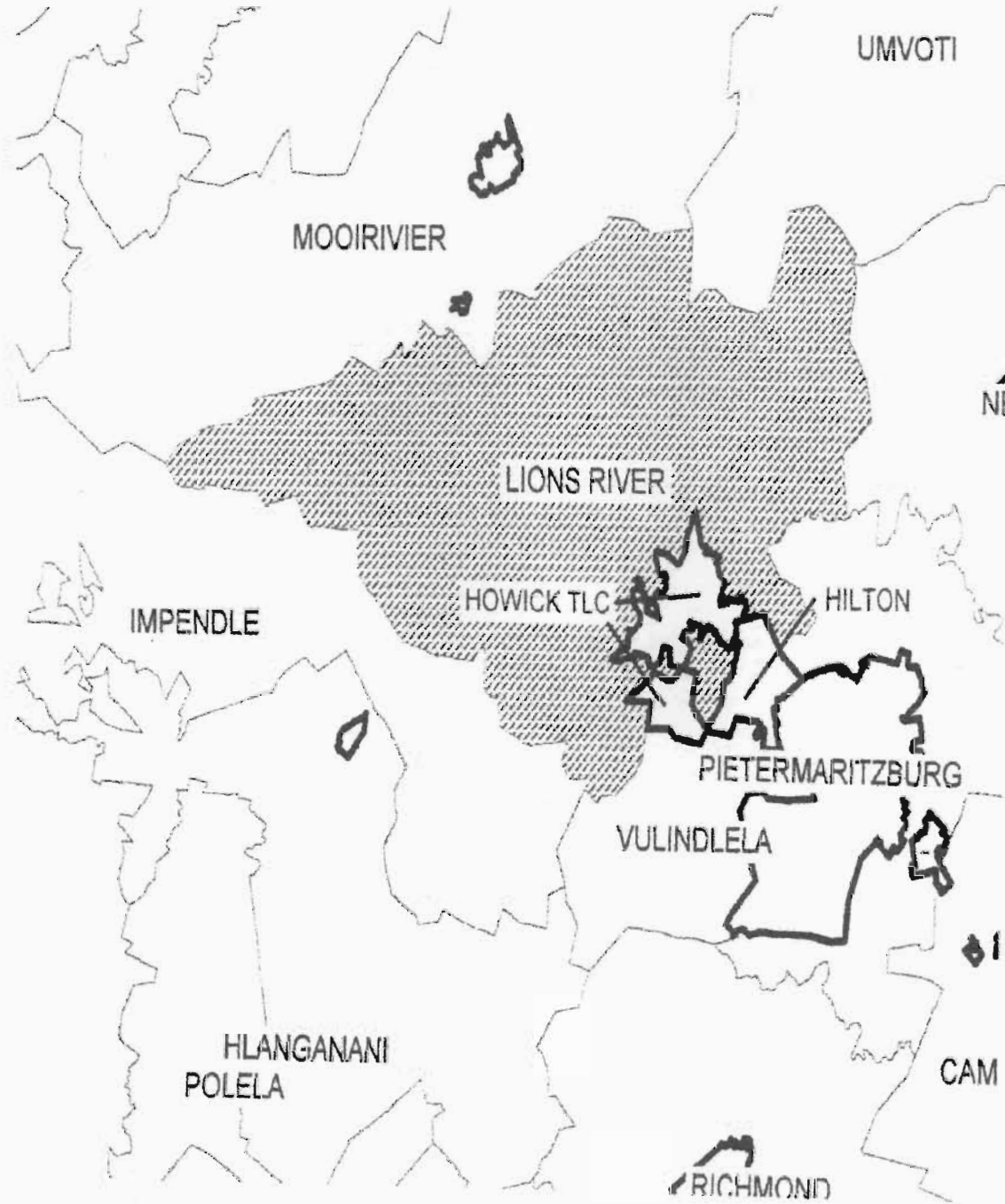
By the 1930's, Merrivale was developed some 5 kilometres away, and then a hundred years later, Howick West was developed for the Indian population, and KwaMevane was developed by the Borough of Howick in the late 1940's to accommodate police, teachers, and workers from Sarmcol (a tyre and rubber factory in Howick) and the Borough of Howick. In 1955 it was proclaimed a location, and in the 1960's, Unit A of Mpophomeni was established. It was not until the early 1990's that these areas were brought together collectively under the jurisdiction of the Howick Local Authority Area.

The town of Howick, KwaMevane and Merrivale lie within the Lions River magisterial district, while Mpophomeni lies within the Vulindlela district. Prior to the formation of the local authority, the town of Howick and Merrivale was administered by a local council as a borough, KwaMevane was administered as a Black Local Authority by the Provincial Administration, and similarly Mpophomeni




MAGISTERIAL DISTRICT: LIONS RIVER

MAP 3

SWK 1996



LEGEND

-  Magisterial District Boundaries 1991
-  TLC Boundary
-  Lions River Magisterial District

was administered by the KwaZulu Department of Works. Midmar Dam and its attendant settlement and services was previously administered as a Development Area by the Development And Services Board.

In terms of the new local and district government dispensation, the Howick Local Authority Area lies within the administrative entity of the Midlands Regional Council. The Midlands Regional Council extends from Msinga in the north to Mt Currie in the south and from Mooi River in the west to Camperdown in the east (SWK, 1997).

3.1.3 Demographic Overview

Population Distribution:

According to the Howick Integrated Development Framework (SWK, 1997), it cannot be said with complete accuracy how many people reside within the Howick Local Authority Area, and this is due to inaccuracies within the population census data and population shifts related to the rapid rate of urbanisation in the 1980's and the effects of political violence in the early 1990's. However, it is estimated that Howick, KwaMevane and Mpophomeni support a population of approximately 32 700 people, of whom 95% are classified as urbanised.

By examining Table 2 below, it is clear to note that the distribution of people in the Local Authority Area reflects the effects of historical racial settlement policies. The table shows that the majority of black people live in Mpophomeni, while the white people live in Howick, Merrivale, Greendale Park and 3% in the Lions River Rural Area. Howick West was originally developed for the Indian people, and Howick South and West for the Coloured people (SWK, 1997).

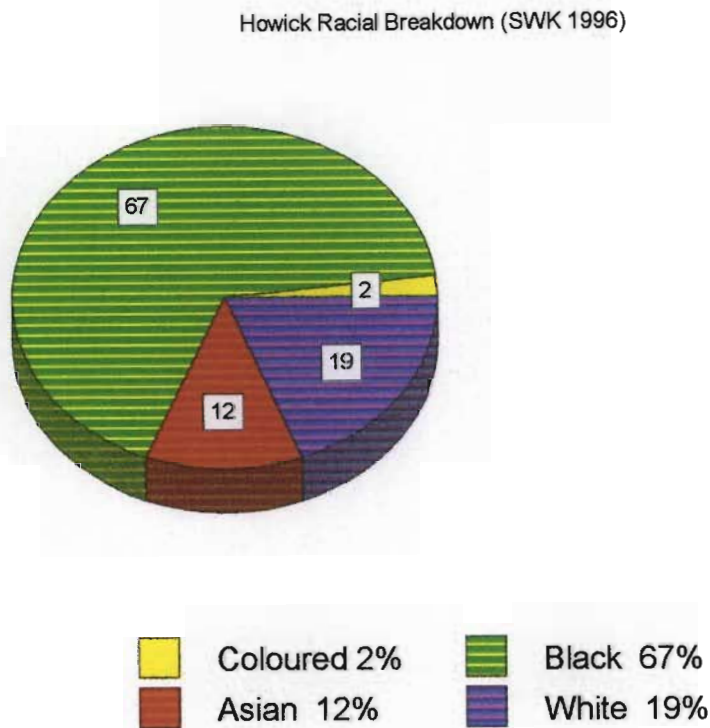
Table 2 : Composition of Howick Local Authority Area (1995)

AREA	BLACKS	%	ASIANS	%	COLOUREDS	%	WHITES	%	TOTAL
KwaMevane	1190	0.05	0	0 %	3	1 %	0	0 %	1193
Lions river l	953	4 %	56	1 %	17	3 %	203	3 %	1229
Mpophomeni	18362	83 %	0	0 %	0	0 %	0	0 %	18362
Vulindela Rural	392	2 %	0	0 %	0	0 %	0	0 %	392
Howick	1187	5 %	3732	99 %	574	97 %	6059	97 %	11532
TOTAL	22084	100 %	3788	100 %	594	100 %	6262	1	32728

Source: SWK, 1996

In terms of the racial breakdown of the Howick Local Authority Area: 67% of the population are Black; 19% are White; 12% are Asian; and the remaining 2% are Coloured (SWK, 1996).

Diagram 1: Howick's Racial Breakdown (SWK 1996).



Source: SWK, 1996

Population Growth:

The Howick Local Authority Area experienced rapid population growth between 1985 and 1996, at a similar rate to that of the Province as a whole. Figures to support this show that the population in the Howick Local Authority Area was 24 004 in 1985, and had grown to 32 729 in 1996. This is a growth rate of 2.86%, which is very similar to the overall growth rate in KwaZulu-Natal (2.84%) for that period (SWK, 1996). Most of this growth can be attributed to rural-urban migration.

Population Composition:

Table 3 illustrates the variations in age profiles between various areas in the Howick Local Authority Area, and it is clear that the profiles vary according to the socio-economic profile of the areas. For example, Mpophomeni, Vulindlela Rural Area, and KwaMevane show a higher proportion of people under school going age relative to the rest of the population.

Another interesting aspect is the relatively high proportion of people above 64 years of age in Howick (12% of the population), and this can be explained by the fact that Howick is well known as a retirement centre.

Table 3 : Age Profile in Howick (1995)

AREA	<6 YRS	6-17 YRS	18-64 YRS	> 65 YRS	TOTAL
KwaMevane	15%	26%	55%	4%	100%
Lions River Rural	9%	19%	69%	3%	100%
Mpophomeni	14%	27%	56%	3%	100%
Vulindela Rural	27%	28%	40%	5%	100%
Howick	8%	20%	60%	12%	100%
TOTAL	12%	24%	58%	6%	100%

Source: SWK, 1996.

3.1.4 Socio-economic Conditions

Income Distribution:

The table below (see Table 4) indicates a strong relationship between geographic location and socio-economic status. The distribution of income is a relative indicator of the levels of poverty and wealth in the area. People in Howick and the rural areas are relatively better off than the townships of Mpophomeni and KwaMevane. The highest proportion and number of people earning less than R600 (per month) in the Howick TLC Area live within Mpophomeni, while a greater proportion and number of people living in Howick earn more than R2 600 per month. The current distribution of wealth and poverty still reflects the historical effects of uneven access to economic opportunities.

Table 4 : Howick Local Authority Area Income Distribution (1996)

AREA	< R 600	R601 -	R1001 -	>R2601
KwaMevane	3%	3%	2%	0%
Lions River	3%	2%	4%	4%
Mpophomeni	74%	73%	50%	10%
Vulindela	1%	0%	1%	1%
Howick	19%	21%	43%	85%
TOTAL	100%	100%	100%	100%

Source: SWK, 1996.

Employment and Education:

Table 5 (see below) outlines the levels of education in relation to employment in the Howick TLC Area. Primary Education is used as an indicator of functional literacy. On this basis, and with the exception of Rural Vulindlela, around half the population is functionally literate. Education beyond this level drops rapidly to an average of 16% of the population with secondary level education, although Howick is marginally better off at 24%.

Table 5 : Literacy and Education Levels in Howick (1996)

AREA	Primary %	Secondary %	Employed %
KwaMevane	46%	7%	38%
Lions River	46%	14%	63%
Mpophomeni	48%	12%	37%
Vulindela	26%	1%	29%
Howick	49%	24%	37%
TOTAL	48%	16%	38%

Note: Percentages include those that have acquired the level of education specified.

Percentage Employed includes only those that are formally employed.

Source: SWK, 1996.

People involved in formal employment account for approximately 38% of the population of the TLC Area. The importance of agricultural employment is reflected in the relatively high employment levels of 63% in the rural component (Lions River) of the TLC Area. Within the traditional rural area (Vulindlela) formal employment drops to 28%. Mpophomeni, Howick and KwaMevane are much more closely tied to the urban employment sector and all share similar employment levels. According to the

Howick Integrated Development Framework Plan (SWK, 1996), the total employment of the Howick Local Authority Area is 9 557 (this figure will be useful in the analysis, where the number of employees at Amberfield Retirement Village will be related to the total employment figure). Again, it is important to note that Howick is a dormitory town. That is, for a variety of reasons, a significant number of people reside in Howick and commute on a daily basis to places of employment further afield, notably Pietermaritzburg.

3.1.5 Economic Development

This sub-section provides an overview of the economic resources, trends and prospects in the area.

Economic Production:

Data on economic production are only available at a magisterial district level. In 1991, Lions River contributed a relatively small proportion of the sub-regional and regional economies. Lions River accounted for 3.3% of the Midland's economic production and 0.49% of KwaZulu-Natal's economic production. This was significantly less than the contribution of the district in 1980, and reflects a decline in the value of economic production of 1.39% at a time when the Midlands economy was experiencing modest growth of 2.55% and the Province's economy was growing slowly at 1.71%.

The main reason for the Lions River's economic decline during the 1980's lay with the poor performance of the urban economic sector based in and around Howick. The 1980's saw a decline in manufacturing and a shrinkage in the government sector. Manufacturing decline can potentially be attributed to a combination of factors. One factor was economic recession in the macro economy which was exacerbated by violence and political instability in the Midlands. A second factor was the 1982 revision of the regional industrial development programme which rationalised the system of industrial incentives in a way that favoured deconcentration points, such as Pietermaritzburg. However, this did not have a big impact on Howick, as 'British Tyre and Rubber' (now Sarmcol) was the predominant industry, and had been for many years. At the same time as the traditionally important sectors were contracting, Howick experienced significant growth in the tourism sector, due in large part to Midmar Dam, the emergence of Bed and Breakfast establishments and local historical and natural

attractions like the Howick Falls. Tourism growth is reflected in the increase in trade, catering and accommodation sector of Lions River's economy.

Table 6 on the following page, indicates the economic structure of the Lions River Magisterial District as measured by the Gross Geographic Product (GGP) for each economic sector valued at 1985 constant prices. GGP is the measure of the value of goods and services produced and traded within a specific sector. Lions River's economy is not very diversified. Table 6 indicates that Manufacturing is the largest contributor to GGP, followed by Agriculture and the Government Sector. These three sectors make up 70% of the value of goods and services produced in Lions River. A number of urban-based activities make up the smaller sectors. These are Finance, Transport, Construction, Trade and Electricity, Gas and Water. This illustrates that Howick does not play a prominent role as a commercial and financial centre in the Midlands sub-region. This is because Howick's development as a commercial and financial centre has been stunted by the closeness of Pietermaritzburg.

The main sectors of the economy will be discussed in greater depth:

Manufacturing: The Chemical sub-sector makes the largest contribution to Manufacturing GGP, followed by the Food and Beverage sub-sector, which is understandable given Howick's role as a centre for processing agricultural outputs. There are a wide range of other activities which contribute smaller amounts to Manufacturing's GGP. These include the Wood and Furniture, and Paper and Printing sub-sectors which are obviously linked to the forestry industry. Clothing, Textiles and Footwear activities are also present. So too are industries dealing with the processing of Iron and Steel and Non-Ferrous Metals and Fabricated Metals. The manufacturing of Machinery, Electrical Machinery and Motor Vehicle components also occurs (SWK, 1996). *Agricultural Sector:* Howick is the largest urban settlement within the Lions River Magisterial District and it is not surprising that in an essentially rural based economy that Agriculture contributed approximately 24% of the Lions River GGP in 1993. Primary sector production, in the form of agriculture, contributes substantially, to the economy in terms of R26 million GGP annually in the district. The form of this production is based primarily on livestock, notably beef, dairy and sheep, and mixed farming with crop (maize, potatoes, soya) and fodder production (maize and kikuyu) also contributing to agricultural output. Although irrigation is used for fodder and vegetables, no major irrigation scheme exists in the area. Forestry is found in the moister parts of the district to a lesser extent (SWK, 1996).

Table 6 : GGP Contribution Per Sector

	1993 R'mill	%
Agriculture	26	24
Mining	0	0
Coal Mining	0	0
Other Mining	0	0
Electricity, Gas & Water	2	2
Construction	2	2
Trade	2	2
Transport	6	5
Finance	6	5
Community & Social Services	0	0
Government	19	17
Other	2	2
Manufacturing (Total)	32	29
Food	4	4
Textiles	1	1
Wearing Apparel	1	1
Footwear & Leather	1	1
Wood Products & Furniture	2	2
Paper & Printing	2	2
Industrial Chemicals	2	2
Other Chemicals	8	7
Rubber & Other Plastics	1	1
Non-Metallic Products	0	0
Basic Iron & Steel	1	1
Basic Non-Ferrous Metals	1	1
Fabricated Metals	1	1
Machinery & Equipment	1	1
Electrical Machinery	1	1
Motor Vehicles	1	1
Transport Equipment	0	0
Other Industry	4	2
Informal Sector	13	12
TOTAL	110	100

Source: SWK, 1996

An emergence of small scale agriculture, particularly in vegetables, is evident in the district. There is a trend towards intensive arable based agriculture on smaller farm sizes, and a move away from maize and fodder cropping. Economic viability and constraints in inflated land prices, overcapitalisation and high input costs place intensive pasture and livestock production in jeopardy (SWK, 1996).

Tertiary Sector: In addition to the manufacturing sector, the urban economic sector also supports a number of other activities. The Government Services Sector is the third largest contributor of GGP, although at approximately 19%, it accounts for less than manufacturing and agriculture. Community and social services, particularly those relating to health care have a negligible contribution to GGP.

The Howick Local Authority Area is the only formal urban centre in the district and therefore performs an important service function to the surrounding rural areas. Trade, Transport, Construction and Finance sectors collectively contribute approximately 8% of GGP. The relatively low proportion of tertiary sector contributions in Howick suggests that the proximity of Howick to Pietermaritzburg has limited Howick's growth as a retail, financial and service centre. The location of Howick on the Old Main Road, in close proximity to Midmar Dam, Howick Falls, Umgeni Park presents opportunities around the tourist and leisure trade that passes through the Midlands. On the basis of this, the area is able to support small scale tourist ventures (SWK, 1996).

Informal Sector: Attempts to quantify the monetary value of economic activity are fraught with difficulties. Within Mpophomeni, some of the informal sector activity that presently exists, occurs around small scale and micro enterprises. These are co-ordinated through the Mpophomeni Business Association. The majority of the affiliates are spaza shops, with recent attempts to expand the membership to include the taxi association and women's groups relating to the production and sale of foodstuffs and commodities (SWK, 1996).

Growth in Production:

The most recent and reliable figures for illustrating growth and change in the economy of Lions River are provided in Table 7 (on the following page). This table shows that between 1980 and 1991 Lions River underwent important changes which saw the Agriculture sector grow substantially, at a rate of

9.6% per annum. By contrast, Manufacturing declined significantly in the same period, due in most part to the national economic recession compounded by international trade sanctions and political conflict and labour unrest in the Midlands. The urban-based Trade, Construction, Transportation and Finance sectors all grew at moderate rates during this period, suggesting that Howick was consolidating its service role to the Lions River District (SWK, 1996).

Table 7 : Growth Per Dector by Gross Geographic Product

	1980 R'000	1991 R'000l	% Growth Rate
Agriculture	18545	52151	9.6
Mining	0	0	0
Electricity, Gas & Water	2390	1168	-6.3
Construction	5081	9509	5.9
Trade	8977	19566	7.3
Transport	9218	11556	2.1
Finance	9433	12277	2.4
Community & Social Services	42210	31986	-2.5
Manufacturing	109526	27764	-11.7
Total	205380	165977	-1.9

Source: SWK, 1996

Employment:

Table 8 (on the following page), indicates the employment base of Lions River District is concentrated into a small number of economic sectors. Agriculture accounted for 44% of total employment in 1993, which is considerably higher than agriculture's contribution to GGP (24%). This indicates that, while agriculture is an important employer of people, it is also a labour-absorbing sector.

The Community and Social Services sector, whose contribution towards GGP is negligible, is the second most important employment sector. Manufacturing, which is the largest producer of GGP, uses only 14% of Lions River's employed people. This indicates that, in its existing form, manufacturing is highly capital intensive. Transport, Trade, Construction and Finance which are mainly urban-based activities collectively utilise 13% of the employed workforce. This indicates that these activities are

relatively labour intensive because their contribution to GGP is proportionately less.

Table 8 : Employment Per Sector

	1993	%
Agriculture	8421	44
Mining	0	0
Coal Mining	0	0
Other Mining	0	0
Electricity, Gas & Water	113	1
Construction	449	2
Trade	1291	7
Transport	290	2
Finance	386	2
Community & Social Services	4475	23
Government	681	4
Other	320	2
Manufacturing	2671	14
TOTAL	19097	100

Source: SWK, 1996

One half (51%) of the economically active population (18 - 64 years) are not actively employed in formal occupations. This can be regarded as an indicator of the reliance upon informal sector and subsistence agricultural activities that result from the inability of the formal economy to meet the employment needs of the population of Howick.

Employment Growth:

Employment grew at a slow rate of 0.2% per annum between 1980 and 1991. Most of the growth is attributed to increases in the Agricultural sector which grew at 1.4%. It is interesting to note that Agricultural GGP grew at 9.6% per annum in the same period. This would indicate that much of the agricultural productivity that was achieved was based on capital intensive methods of production rather than on labour inputs (SWK, 1996).

Manufacturing employment declined at only -2.8% in comparison with a decline of 11.9% in GGP in

the same period. This indicates that industries using capital intensive methods of production were most affected by the recession in the 1980's. In comparison, industries using labour intensive production methods were relatively shielded by protectionist trade policies of the government at the time.

3.2 HOWICK IN ITS REGIONAL CONTEXT

It is very important when dealing with any locality, not to look at its constructed boundaries as all-important. The boundaries are indeed there for good reason, however, there is always a larger sphere of influence that needs to be considered, as it will have important implications for the area.

3.2.1 Development in the Region

In line with the Provincial Growth and Development Strategy, an Integrated Development Plan for the iNdllovu Region (and all other regions) has been drawn up. This aim of this plan (and other similar plans) is to outline the development that is occurring and what should ultimately be occurring in the region. This iNdllovu Report (SWK, 1997) outlines strategies for growth in the iNdllovu Region, for redistribution, as well as spatial strategies.

According to the iNdllovu Regional Council Report (SWK, 1997), the areal extent of the iNdllovu region is some 19 240 square kilometres. This is a vast area of which Howick is a small part.

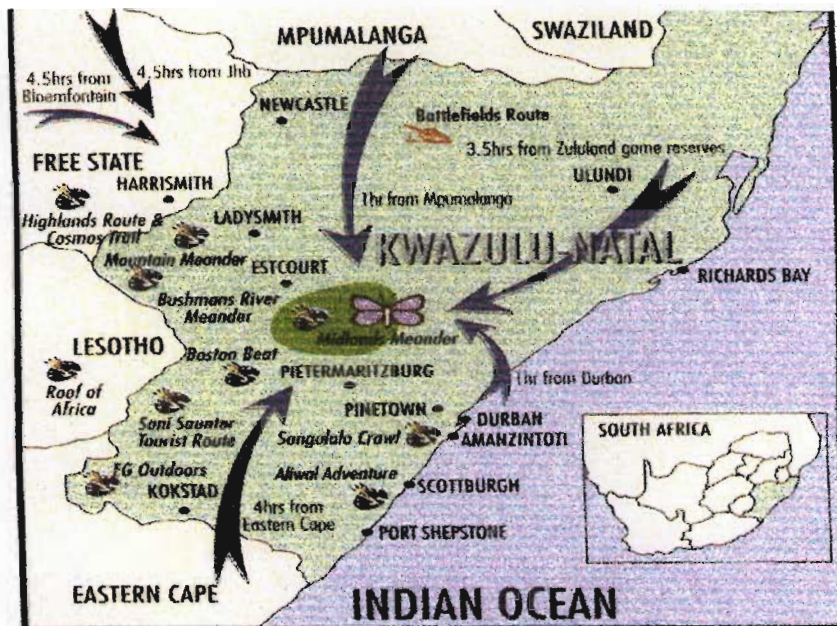
The strategies for growth and for redistribution outlined in the report make mention of the "jobless growth" that has been occurring in the iNdllovu region as a result of the capital intensification of production. The redistribution strategies are also aimed at supporting economic growth through gradual social reconstruction (in the delivery of services).

It is important at this stage to note that tourism has been seen as being labour intensive, and so, the emphasis on tourism (which falls into the service sector) could be very important for the region as well as for the study.

The emphasis on tourism is linked to the spatial strategies (to strengthen internal and external linkages through the development of nodes and corridors, as well as strategies for small town LED) outlined in the iNdllovu Regional Council Report (SWK, 1997), through the use of corridors.

The corridors dealt with in the report do not (apart from the primary N3 corridor running from Durban through Pietermaritzburg to Gauteng) have direct links to Howick, however, a number of reports have recently been done on smaller, more localised corridors. One example is the corridor that would link Ashburton to Midmar Dam. This would be tourist and recreation based, and would compliment the more well known Midlands Meander.

Diagram 2 : Locality : Midlands Meander



The Midlands Meander was started in 1985 by local artists, potters and weavers who joined forces to create an arts and crafts route. The aim of the route was to encourage the public to take to the country, and to give visitors a chance to see crafts-people at work and to buy directly from them. The Midlands Meander is situated between Hilton, a village just north of Pietermaritzburg and Hidcote, a farming hamlet outside Mooi River. It extends from Rietvlei and Curry's Post in the east, to the lush Dargle Valley and Fort Nottingham in the west.

One other corridor that has just recently been proposed, and that will also compliment the Midlands Meander, is that of the Howick-Mooi River corridor. This is a study that has recently been undertaken by Jeff McCarthy (1997), and it calls for the lush and productive Howick-Mooi River area of the Midlands to be developed as an “agro-tourism development corridor”. McCarthy (1997), said that the Howick-Mooi River corridor had suffered job losses in certain sectors (primarily industrial), but its economy had continued to grow on the basis of its agricultural and tourism strengths, which he found to be opposite to the norm.

The area has a high degree of accessibility along the main Durban-Johannesburg (N3) route, as well as a fine landscape and architectural qualities, rich soil and a good climate making the area between Howick and Mooi River particularly well placed in the competitive arena for investment for agriculture and tourism. McCarthy suggested that extensive urban development should be restricted to Mooi River and Howick itself, with the preservation and enhancement of the area’s rural village-like atmosphere remaining a priority elsewhere. This proposed corridor would have direct links and impacts on Howick, in terms of the tourists and visitor. For example, McCarthy (1997) mentioned that there would be a need to provide more accommodation for tourists and visitors in the form of hotels. The corridor would also mean that there were more people passing through the town of Howick, and this could have a positive impact for the businesses (restaurants, petrol stations, and other shops) in Howick.

On a more localised level, the Howick Integrated Development Framework Plan (SWK, 1997), outlines a preferred spatial strategy or scenario, for the Howick TLC Area, that highlights local nodes and corridors. In this particular scenario, compact growth and structuring around corridors and nodes is suggested. The localised corridors, (linking Mpophomeni and Howick along the Boston Road and stronger links between Merrivale and Howick, with the ultimate idea of having strong links between Mpophomeni, Merrivale, and Howick) all focus around the N3.

The strategies for small town LED focus around the “generic” characteristics about small towns and their hinterlands identified by David Dewar (1995) and which were discussed in the introduction to this study. The characteristics mentioned are fairly true of Howick, with:

- A dual demographic structure whereby the majority of the population is black, whose numbers are growing, but the economic core of the town is dominated by white interests, whose numbers

are declining.

- A high level of unemployment and a dependence on remittances, pensions and subsidies to access public services and household goods.
- An ageing white population who have lived in the town for a long period of time but show signs of moving out to retirement centres and with younger generations being absent for long periods.
- High levels of female headed households and high dependency ratios.
- Low levels of literacy, education and skills, especially among the black population.
- Economic vulnerability due to a simple economic base as it is largely service orientated.
- Weakly developed backward and forward linkages into the hinterland.
- Racially fragmented spatial structure.
- More rapid integration in terms of dual economy.
- Economic base: predominantly commercial and service sector with weak manufacturing sector.
- Lack of adequate investment in utility and social services in black areas.
- Internal fiscal base insufficient to tackle investment shortfalls.
- Deep political cleavages between white and black populations.
- Reactive investment actions.
- Institutionally and organisationally weak local authorities with a management culture geared towards maintaining the status quo.

The iNdlovu Integrated Development Plan (SWK, 1997) makes the important point that, the task of promoting the development of small towns can be undertaken by the local authority, central (or provincial) government, the private sector, a network of local authorities, an association of towns, tertiary educational institutions and Non-Governmental Organisations (NGO's) and Community Based Organisations (CBO's). However, at the local level, the development initiative is often seized by key local agencies acting in unison. It is also mentioned, in the iNdlovu Integrated Development Plan (SWK, 1997), that small town development is a long term and ongoing process and implementation strategies should focus on projects that are initiated locally; are individually designed to maximise potentials; are entrepreneurially based; meet local needs locally; add value to local resources; promote locally relevant skills and technologies; and priorities should be determined on the basis of the extent to which the project is likely to succeed.

The above suggestions, put forward in the iNdlovu Integrated Development Plan (SWK, 1997), will be useful in terms of the recommendations for the study, and whether or not a retirement village could be used as a model for LED of other small towns.

3.3 DEVELOPMENT IN HOWICK

The Howick Integrated Development Framework Plan (SWK, 1997) outlines a development vision for the Howick TLC Area. The development goals, objectives and outline strategy are set to guide future development (over a 20 year planning horizon) within the Howick TLC Area.

The development vision is divided into three sub-sections which are as follows:

- Howick's growing sub-regional sphere of influence.
- Improvement in social and economic well being.
- Efficient management of urban development.

Howick's growing sub-regional sphere of influence: It is possible to envisage that within the 20 year planning horizon, the Howick TLC Area could become an increasingly integral part of the economy of the Midlands. The town has already established itself as a service centre serving the surrounding agricultural economy and as a small manufacturing centre. The potential exists for Howick to progressively expand its economic role as it becomes more and more important to the tourist economy of the Midlands and the province as a whole. This could become a leading economic sector and could cause the town to retain, protect and enhance its unique qualities (such as the Howick Falls, Midmar Dam and the Midlands Meander) as a strategic environmental resource. The expansion of the tourist industries (with the proposed Howick-Mooi River corridor and the further development of the Midlands Meander) could also enable the town to combat the effects of economic decline and job loss in recent years (SWK, 1997).

Improvement in social and economic well-being: On the strength of its economic potentials, it is possible to envisage that the gap in socio-economic well being among residents of Howick TLC will be narrowed considerably. This could occur in response to two factors. The first factor will be the effect of meeting basic human needs through the delivery of infrastructure and skills. This will enable the

economically active population to become more productive and better prepared for the job market. The second fact will be the emergence of local economic opportunities in response to the growing tourist sector, and the subsequent growth of local markets as income from tourism is injected into the local economy. People engaging in small-scale self-employment activities will find that the viability of these activities will improve as the economy grows (SWK, 1997).

Efficient management of urban development: The people of the Howick TLC Area will increasingly see the tangible benefits of appropriate and properly planned social, economic and physical integration. This will enable residents to support a common social and economic development agenda. Better use of land for future development will have the effect of improving the cost effectiveness of infrastructure and service provision. The town will overcome the image of a segregated entity as new development fills the spaces left by past planning. On the basis of growing prosperity, owing to the eradication of poverty and the emergence of new economic opportunities, the ability of households to pay for services and infrastructure on a sustainable basis will increase in tandem with their capacity to consume such services. This will create the conditions for public confidence in the local authority's ability to govern and administer the Howick TLC Area. It will also give confidence to outside business investors and development funders who will inject money into the local economy to sustain development on an ongoing basis (Howick Integrated Development Framework Plan, SWK, 1997).

Several objectives to guide future development are also discussed in the Howick Integrated Development Framework Plan (SWK, 1997). Social, economic, infrastructure, spatial, environmental, and institutional development are all listed. In terms of the study, the economic development objectives are relevant, and will be briefly discussed.

Economic development: According to the Howick Integrated Development Framework Plan (SWK, 1997), economic indicators (dealt with at the beginning of this chapter) reveal high levels of joblessness and poverty within the Howick TLC Area. This is related in part to structural economic decline within the KwaZulu-Natal Midlands in the 1980's and early 1990's, and to the neglect of socio-economic development in areas where poverty levels are now high as a result. The importance of economic development is self-evident. Without incomes, households are unable to adequately feed themselves, acquire productive and life skills, travel or pay for services and housing which are necessary elements

of a productive economy.

In line with the iNdllovu Integrated Development Plan (SWK, 1997), the Howick Integrated Development Framework Plan (SWK, 1997), has set down guidelines for promoting local economic growth and development. The guidelines are based around three elements. The first two elements deal with industrial development and guidelines for developing Small, Micro, and Medium Enterprises (SMME's) respectively.

The third element revolves around tourism development guidelines, and is more relevant to this study given that it is an example of a tertiary sector LED strategy (which is what is being advocated by the study). The Howick TLC Area is naturally endowed with regionally important environmental resources that have already provided the basis for an emerging recreation and tourism industry. The importance of these resources cannot be underscored as the Midlands Integrated Development Plan and KwaZulu-Natal Growth and Development Strategy initiatives have both placed emphasis upon tourism as a leading sector. There are two ways in which the potential of recreation and tourism should be understood and built on, through building on conventional markets and again, to develop latent markets. The emphasis placed on tourism is very encouraging, as it is ultimately the tertiary sector that is being targeted, and this has important implications for the study.

In order to determine the type of development that is occurring in Howick, it will be necessary to look at: the current rezonings, the number and type of building plans passed, as well as the current development proposals.

Rezoning in Howick: Over the past five years (1991 - 1996), the most common rezoning applied for and granted was from Special Residential to Intermediate Residential. A total of approximately 12 sites (including some consolidations) were rezoned to this use. Intermediate Residential zoning prescribes a minimum lot size of 1 800sqm and generally consists of simplexes and duplexes. These units are proving to be popular among the older residents and also for security reasons.

Other rezoning included Agriculture to Retirement (2 sites), Special Residential to General Commercial (2 sites), Special Residential to Service Industry (1 site) and Special Residential to Special Zone 2 -

restricted to medical, paramedical and associated profession (1 site). And lastly, a handful of special consent for medium density housing (simplex).

The pattern of scheme amendments illustrates a trend towards residential diversification. It appears that the land use in most demand is simplex and duplex development and for Retirement Villages. Howick Local Authority Area has also advised that while there has been no significant demand for commercial sites, there has however been a rising demand for industrial land. This is evident from the increasing number of industrial sites being developed and sold at Extension 8 Merrivale.

Building Plans in Howick: Table 9 (below) illustrates the number of building plans passed and total value of development over the period 1991 to 1996. It is evident not only from the table below, but also by the number of rezoning applications granted, that simplex and duplex development is in much demand in Howick. These developments have tended to be concentrated in the areas north of the Howick CBD. Total value of buildings over the period was approximately R120.5 million. There appears to be a fairly consistent pattern with regard to the number of buildings developed during the period with no significant increase apart from 1993 when 189 buildings were developed.

Table 9 : Building Plans Passed in Howick

Year	New Buildings	Townhouses (Simplexes/Duplexes)	Industrial Buildings	Other	Total Buildings	Approx. Total Value (Million)
1991	43	104	4	2	153	R25
1992	37	121	7	-	165	R24
1993	52	127	10	-	189	R24,5
1994	28	95	7	-	130	R22
1995	65	77	13	-	155	R25
TOTAL	225	524	41	2	792	R120,5

Source: SWK, 1996

Development Proposals: Apart from the development that is proposed and set out in the various planning frameworks and plans (mentioned in the previous paragraphs), there are also other development proposals for the area. For example, the most well known proposal at this stage, are the plans to transform Midmar Dam into a premier leisure and recreational resort. The proposal, put

forward by a project management company, includes some of the following plans: upgrading and expanding the Midmar Historical Village into a commercial node with tourist accommodation, cafes, restaurants and places of entertainment; building some 120 homes on a site near the Historical Village; future proposals for a waterfront village (with between 20 000sq m and 30 000sq m of commercial space with up to 200 townhouses, apartments and flats); conference facilities and a sports centre; holiday chalets for up to 8 000 guests; a luxury hotel with 20 bedrooms on its own waterfront; two golf courses; and game parks and chalets (Sunday Tribune "Property", 1997). However, whether or not this huge development will take-off, is yet to be seen, and many people are doubtful that anything will come of the proposal, as it has been in the pipeline since late 1993.

Other developments that have occurred recently in Howick, include a small shopping centre (catering for the black trade) and taxi rank upgrade, as well as a golf course (Sakabula) which also has long term plans to include the course into a golfing estate with approximately 2 000 housing sites and mixed land use. This is known as the Celtiskloof Valley Project. The project was proposed in 1995 by a Howick based company (Celtiskloof Valley Estates (Pty) Ltd.). The area in question (Celtiskloof valley, south of Merrivale) falls outside of the Howick Local Authority Area boundary, however, if granted, approval would be conditional upon the incorporation of the site into the Local Authority Area and Town Planning Scheme.

An industrial corridor has also been proposed along the MR135 between Merrivale and Mpophomeni. A stone crushing plant has already established itself in the area. The proposed corridor would not only attempt to provide some form of linkage between the two physically isolated areas (Howick and Mpophomeni), but also provide much needed employment to residents of Mpophomeni. The corridor may also prove to be a catalyst for further development in the area.

There have also been a lot of applications for changing zoning in order to open Bed and Breakfast (B&B) establishments.

3.4 AMBERFIELD RETIREMENT VILLAGE

“A retirement village is more than a home. It is an environment where the ageing person can adjust himself to the losses caused by the Retirement years (status, authority, contribution, recognition etc.). The retirement village environment must therefore create a wide Spectrum of opportunities to enrich a new lifestyle that will allow the Personal growth of the resident”.

(Shave, N.E and Fox, N. P., 1992).

The above quotation is from a document entitled “Guidelines for the Establishment of Retirement Villages in Natal”, and these thoughts were probably foremost in the minds of the developers of Amberfield Retirement Village in Howick.

Amberfield is a retirement village that is situated on the boundary of Howick, overlooking the countryside (see Map 4). It is, according to the definition of a retirement village in the “Guidelines for the Establishment of Retirement Villages in Natal” (1996), a specific type of housing which caters mainly for ageing, affluent people of all race groups however, given the skewed distribution of income in South Africa, the majority of the population are excluded from Retirement Villages.

3.4.1 Why a retirement village?

Chris Kruger, a developer (Howal Homes Natal (Pty) Ltd.), who had been working in Howick for a number of years and had been part of building more than 1807 houses in the Howick area, began to notice a pattern in the residents and buyers of the approximately 120 simplexes that he was building. He noticed that approximately 90% of the people buying the simplexes in Howick, were retired, and realised the need for a retirement village in Howick.

Chris Kruger believed that a retirement village would do well in the small town, as Howick was well situated (located close to Pietermaritzburg and on the main route from Johannesburg to Durban), had a good climate, and elderly people felt more at ease in a smaller town.

So, after forming Amberfield (Pty) Ltd., the major shareholders being:

- Howal Homes (Natal) (Pty) Ltd. - Chris Kruger (The Builder)
- K. Culverwell - Accountant
- Norfolk Villa - Attorneys: A. Fisher & D. Lowe
- Lawrence Stretton - Architect
- Ian Taylor - Estate Agent,

and locating available land, the negotiations began in 1987. It took 2 years to get the approvals and for the zoning to be changed before the actual building could get underway.

The show units were completed by October 1989, and in May 1990 the first residents moved in. By the end of the first year only 17 units were occupied and although the first two years were relatively slow (as with most new developments), the occupancy rate soon picked up and the largest number of units occupied in any one year was in 1995 when 130 units were occupied within the year. The actual building of the retirement village was complete at the end of 1996, with the last few units being occupied in the beginning of 1997. So, from the time that the idea was formulated, it took just 10 years for Amberfield Retirement Village to be completed.

3.4.2 Amberfield's Facilities

Amberfield Retirement Village is an open spaced township (covering 31 hectares of land) that is under sectional title and is restricted to residents who are over 50 years of age. It is a privately run village that has a Controlling Body and a Body Corporate. The village consists of 400 units, which are mainly of the simplex type, single level, built in pairs (except for the smaller single bedrooms, which are built in blocks of 4 to 6 units), however, there are two large double storey units. The units are mainly two bedroomed, with bathroom (bath, shower, toilet), combined lounge and diningroom, open plan or closed-off kitchen, veranda and a garage, however, there are variations that are available. They all face north to give maximum benefit of the sun in winter and protection from the sun in summer with no west facing windows.

The village is secure, with electric fencing surrounding the area, as well as a central entrance (with electric gates) which is manned (24 hours a day) by trained security guards who monitor the comings

and goings of people (including visitors and domestic servants). Residents and staff have special access stickers and all other people have to sign a register to gain access. Domestic workers' names have to be sent in to the main centre, where a list is kept. Residents are also able to communicate with the security guards through an intercom system, which is installed in every unit.

There is also a garden service that takes care of the maintenance of the gardens, and a maintenance unit which takes care of re-sanding, varnishing and waterproofing the external doors to the units, touching up barge boards and fascias where necessary, repairing and repositioning the curbstones, repairing road signs, and seeing to the efficient operation of the electric gates.

As mentioned previously, there is a main centre, which houses the offices of administration staff, a hairdressing salon, a snooker room, the dining room and lounge, kitchen, and the frail care. Amberfield's Frail Care centre is arguably one of the finest privately operated frail care unit in the country. It consists of 34 rooms for permanent residents and 8 sick bay beds for patients requiring temporary care. Linked to the frail care, are the services of Medical Rescue International, which provides helicopter and ambulance services. "Cottage care" is yet another service provided by the frail care unit. This involves checking on patients who are recovering in their own units, as well as an emergency service that is linked to the internal telephone system. For instance, if a resident is in his/her unit and experiences some sort of medical emergency (falls and injures his/herself, is ill or merely requires medical assistance), then the resident need only take the telephone off the hook and leave it off for more than a minute, and it lights up an indicator (that indicates in which unit the problem is) in the frail care unit and a nurse is then sent down to the specific unit.

In terms of the services of the central kitchen, daily mid-day meals are prepared and served in the main dining room (at a minimal charge) for those who want, and it is also possible to get meals sent to units (meals-on-wheels). The main centre's dining room can be booked, by the residents, for private functions (birthdays, anniversaries and social club functions) for which the kitchen is willing to cater.

There was provision made for a laundry, however, there was no real desire on the part of the residents to utilise this facility, and so the room was turned into a snooker room. The developer then made available another room to compensate for the loss of the laundry, and this has recently been used for

the establishment of a bank agency (The Perm).

There is also a very active social club that has social events organised every day and members have also started a lift club that makes sure that those residents who do not have transport or are unable to drive, get to go to town and do their shopping. Within the social club there are smaller groups of people who make up sewing clubs, bridge clubs, and so on. There is also a newsletter (Amberfield Newslink) that is issued to the residents by the Trustees, in order to keep residents informed of the outcome of Trustees meetings, the social club's calendar of events and other interesting and relevant news.

Amberfield Retirement Village has been described as having a tremendous sense of community and belonging for the residents. It is clear that there was a great deal of thought and effort that went into the plans and the building of this very popular retirement village.

3.5 CONCLUSION

This chapter has set out to provide a background of both the small town of Howick, and its retirement village - Amberfield. This background information provides a base upon which the analysis (in the following chapter) can be carried out.

It is important to keep in mind the kind of development that has been proposed for the rest of the region (in the iNdllovu Integrated Development Framework, SWK 1997, as well as the Howick Integrated Development Framework Plan, SWK 1997), as this will have a definite impact on the study, in terms of the replicability of Amberfield Retirement Village.

CHAPTER 4

4. ANALYSIS AND FINDINGS

4.1 INTRODUCTION

The aim of this chapter is to use the information from the conceptual framework and the background to analyse the data and ultimately move closer to accepting or rejecting the proposed hypothesis.

This chapter will be divided into two sections. The first section will deal with the economic analysis, in order to ascertain whether or not Amberfield Retirement Village has had a positive economic impact on Howick's economy. This section will make use of the concepts discussed in the conceptual framework, together with the data collected from interviews and questionnaires. The second section will deal with the question of the replicability of Amberfield Retirement Village, and whether or not it could be used as a model for Local Economic Development (LED) of other small towns.

The information and data used in this chapter are a combination of the responses from both the interviews and questionnaires administered.

4.2 ANALYSIS OF ECONOMIC IMPACT

4.2.1 Introduction

As has been mentioned, the objective of this section of the chapter is to ascertain whether or not the retirement village of Amberfield has had a positive impact on the economy of Howick.

The section will be divided into a number sub-sectors dealing with different aspects of the economic analysis, and then a conclusion will be drawn at the end.

4.2.2 Employment

What is most evident in the conceptual framework, is the link between economic development and job (or employment) creation. Employment creation was a central objective of traditional regional planning, as well as LED planning. The phenomenon of “jobless-growth” has seemed to reinforce the importance of employment creation, and made it more important for this aspect of economic development to be emphasised in planning proposals and reports (like the iNdllovu Integrated Development Framework, the Howick Integrated Development Framework Plan, and the Provincial Growth and Development Strategy).

Employment creation or the provision of jobs (in Howick), related to Amberfield Retirement Village is somewhat more involved than merely examining the numbers of staff employed in Amberfield, and so, although it was stated in the Chairman’s Report of the Annual General Meeting of The Controlling Body of Amberfield (June, 1995), that Amberfield was probably the third largest employer in the Howick TLC Area, the impacts are more far reaching.

Following the background to Amberfield Retirement Village, it would be fitting to begin looking at employment in terms of the jobs created in its actual development. As was already mentioned in the ‘Background’ (in the previous chapter), Chris Kruger had been working in the Howick area for some time building houses and simplexes, and so when it came time for Amberfield to be built, the same basic team of builders and sub-contractors (working for Howal Homes Natal (Pty.) Ltd.) were employed (apart from the odd sub-contractor who thought that a retirement village in Howick would not work, and moved on to other work). However, because of the size of the project, the basic team was not enough, and other local labour had to be employed.

Chris Kruger of Howal Homes Natal (Pty) Ltd., could not give exact figures of the breakdown in numbers of the jobs provided in the building of Amberfield, however a basic breakdown is as follows: The management team consisted of the director (C.J Kruger), and four others. Then there were a number of sub-contractors, who all had their own team of workers. To further expand on this, there were 3 sets of bricklayers (each with a team of about 10), a carpenter (with a team of 6), a tiler (with a team of 6), a plumber (with a team of 6), 2 sets of painters (each with a team of 6), and then there were approximately 8 cleaning up staff. This comes to a total of 76 jobs (which were on a contract

basis, however, the contract was for the duration of the construction of the retirement village) , which does not include the temporary labour that was employed by the various 'team leaders' on a daily basis. Over and above these sub-contractors, there was an electrical sub-contractor, a kitchen specialist, an engineer (who dealt with the roads), and the carpet, window and cupboard specialists. All of these people had their own teams that worked with them, which does tend to make it difficult to give specific numbers of people that were employed directly by Howal Homes Natal (Pty) Ltd., or indirectly through the sub-contractors. It is estimated (by Chris Kruger) that a minimum of R15 million was paid out to sub-contractors alone over the 10-year period that it took to build Amberfield.

Trying to categorise the jobs is also difficult, however, because of the nature of the building trade it is possible to make a number of generalisations. The employment was predominantly permanent although some sub-contractors had casual or part-time labour. Apart from the women on the painters' teams, there were no other women employed. There was a lot of low wage labour, however, the rate of pay did vary quite considerably. The majority of the sub-contractors and their teams were from within the Howick TLC Area, however, the electrician was from Durban, and the Kitchen designer was from Pietermaritzburg, and then a few of the other sub-contractors lived in Pietermaritzburg but their team of workers was made up of locals.

It is also very important to note that because the builder (Howal Homes Natal (Pty) Ltd) was locally based and had been working in the area for some time the employment created was benefiting the locals, as it was not a big outside firm that came in with its own team to complete the development and then move out of the area and on to another project. Once Amberfield was completed, the whole team (including the sub-contractors) moved on to the development of the second retirement village in Howick, Amberglen. Amberglen is located on the boarder of Amberfield, and construction started at the beginning of 1997.

There was also another indirect impact that the construction of Amberfield had on employment for Howick. There was a great deal of work generated for the estate agents (with 400 units to sell). Ian Taylor (one of the developers of Amberfield (Pty) Ltd.), had the sole rights as estate agent for the development.

The other side to the employment created by Amberfield Retirement Village, is that which is more

directly related to the retirement village, in other words the number of people and the types of jobs provided by the establishment itself.

In 1995, it was stated in the Chairman's Report (Controlling Body of Amberfield: Annual General Meeting, June 1995), that Amberfield employed 76 persons on a full time basis, however, at that stage, nothing had been sub-contracted out. At present, there are 45 permanent employees. This number can be broken down into various sectors: 29 employed by frail care; 12 kitchen employees; 4 window cleaners; 5 maintenance staff; 4 administrative employees; and 1 gardener who takes care of the main centre's garden.

In frail care, there is a matron, a housekeeper, 8 sisters, 1 enrolled nurse, 15 attendants and 3 cleaners, all of who are women. These are, as mentioned, permanent positions. There is 'in-house' training for the 15 attendants.

In the kitchen, there is the caterer (who is in charge of the running of the kitchen) and 12 permanent staff. The kitchen provides three meals a day for frail care, as well as daily lunches for the administration staff and any residents who have booked.

There are also 4 window cleaners, 5 maintenance employees (who work on the exterior of the units and the roads), 4 administrative employees, and a gardener who looks after the main centre's gardens.

Apart from the staff mentioned above, there are also approximately 270 domestic workers who are employed in Amberfield by the residents. The rules in Amberfield do not allow for domestic servants to live on the property or in any part of the units, and for this reason, the domestic workers employed, are local people living within the Howick TLC Area who travel in to work each day. The majority of these workers are women. However, there are a few men who generally work in the gardens as opposed to in the units. Although these positions are permanent, they can be classified as low wage.

One other form of employment created by Amberfield, is the work that is contracted out. For example, the security and patrolling of the complex is sub-contracted out to a local security firm, as is the maintenance of the communal property sub-contracted out to a local garden service (costing approximately R120 000 per year). Frail care also sub-contracts the laundry out to a small laundry

business in Howick that is managed from home.

So, although there is a lot of low wage labour associated with Amberfield Retirement Village, it is labour that is aimed at the sector of the population (Black males and females) that is most in need of employment. It is also important that the jobs created are providing work for the local people, rather than outsiders who would take their earnings outside of the area.

It is also important to relate the employment (created by Amberfield Retirement Village) to the equivalent figures for the entire Howick Local Authority Area. As mentioned in the previous chapter ('Background'), the total employment of the Howick Local Authority Area is 9 557 (SWK, Perspective Report, 1996). In terms of direct employment provided at Amberfield Retirement Village, approximately 342 people are employed (including the 45 permanent staff, the 270 domestic workers, and approximately 27 employed through the security, garden service and the laundry service), which means that Amberfield provides 3.6% of the total employment. Indirectly, the percentage of the total is more considerable. For example, merely by adding to the 'direct' figure, the number of people employed in the construction of Amberfield (76 permanent, approximately 50 employed by the various sub-contractors, and 10 estate agents), the percentage of the total jumps to 5%. This increased figure has not yet taken into consideration the indirectly created employment in terms of casual or part-time workers, farmers (and their labourers) who deliver goods to Amberfield, Doctors who make 'house-calls', and so on.

It seems relevant to reiterate what was mentioned in the beginning of this sub-section, that Amberfield Retirement Village was probably the third largest employer in the Howick Local Authority Area (Chairman's Report of the Annual General Meeting of The Controlling Body of Amberfield, June 1995).

4.2.3 Spending Power

Moving on from the employment created in relation to Amberfield retirement Village, it is also important to try and discover the spending power of the residents at Amberfield and more importantly, whether that money is being spent in Howick or outside of the area.

Given the nature of the development (a retirement village), and the definition of a retirement village (mentioned in the background to Amberfield), it is important to reiterate the fact that a retirement village is a specific housing type for people over the age of fifty, and more importantly, it targets the upper income sector of all race groups, with units ranging in price from R45 000 (for a bedsitter) to R300 000 (for a two bedroom unit) when construction started and now from R95 000 to R450 000. From this statement, it is possible to deduce that the majority of residents at Amberfield Retirement Village fall into the upper income sector of the population. This means that there is likely to be a relatively high overall spending power in a development like Amberfield. Results from the questionnaire showed that 100% of those questioned, owned (as opposed to rented) their units.

When questioned about their average monthly expenditure in Howick alone, excluding their levy for Amberfield (which covers water) and their electricity and telephone, 40% said they spent between R400 - R700, and 60% spent between R700 - R1 000.

4.2.4 Linkages and Leakages

It was also ascertained from the questions (as above) that 90% did the majority of their shopping in Howick, and only went to areas outside of Howick (primarily Pietermaritzburg) for specific things. For example, people made special trips to Pietermaritzburg for some of the following reasons: going to see a lawyer or medical specialist; buying large appliances; buying parts for a car or having a car serviced; going to the hospital; buying clothes; and going to the movies. However, trips outside of Howick were only made (on average) once or twice a month, and then a whole day would be made of the 'outing' and a number of tasks would be combined. There was a general feeling (of the residents) that it was no longer safe or pleasant to go shopping in Pietermaritzburg, and there was no greater variation or selection of shops (compared to those in Howick) in other smaller centres like Hilton or Mooi River. This preference to shop in Howick has important implications in terms of the linkages that are created by the residents of Amberfield to the local shops. It is also interesting to note that while Howick has been seen as a dormitory town of Pietermaritzburg, and that people living in Howick travel to Pietermaritzburg to work (and shop in their lunch hours), in terms of the elderly population of Howick, Pietermaritzburg is less popular than one might think.

It is also important to look at the contribution that is made to Howick's economy in terms of the

increased rates base (directly resulting from the development of Amberfield Retirement Village). The rates generated from Amberfield Retirement Village every year was calculated as being in the region of R251 746.67. Over and above this figure, is the contribution in terms of electricity and water bills, as well as refuse removal for the residents of Amberfield and the establishment. It is important to relate the rates figure (generated by Amberfield Retirement Village) to the equivalent figures for Howick as a whole. The rates base for the entire Howick Local Authority Area was given as being R5 783 406.13 as at July 1997 (Rates Department, Howick Transitional Local Authority), which means that Amberfield Retirement Village makes up 4.4% of the total. This contribution to the rates base is fairly large, given that it is the contribution of one development. It is also important to note that there is also an indirect contribution being made to the rates base by Amberfield Retirement Village. In other words, the businesses that opened up as a result of the development of Amberfield, and ones reliant on the business that it provides (like the Doctors rooms, the garden service and the laundry service, to mention but a few), all pay rates that can be indirectly linked back to Amberfield Retirement Village.

It is interesting to note that in the Annual Financial Statements (Amberfield Body Corporate, 1995), a detailed account of all expenditure is given and this amounts to R1 995 533 paid out in one year, by Amberfield Body Corporate. However, what is even more interesting is the fact that the expenditure is all locally based, so that total payed out over a one year period is the amount of money that is being put back into the local economy by Amberfield Retirement Village (for the running of the establishment). This total also excludes the amount of money that is spent (locally) by the residents.

The expenditure, for a one year period, of the Amberfield Body Corporate (which comes to R1 995 533 in 1995) is broken down as follows (Body Corporate of Amberfield, 1995):
(See Table 10 on following page)

As mentioned before, the majority of the expenditure can be locally linked. It is only the Accountant (Culverwell & Co.) that is based in Pietermaritzburg.

In addition to looking at where the majority of the residents shopping is done, it is important to ascertain what local links are provided through the frail care and the kitchen. For example, as previously mentioned, frail care contracts out its laundry to a lady living in Howick who started up her own business (which is approximately R3 900 worth every month). There are also 3 chemists in Howick (two of which are affiliated) which supply the frail care with all their medicines. It is only the bulk medical supplies that are delivered from Pietermaritzburg. The doctors used by the people in frail care are also all local, and they do make calls to Amberfield on a regular basis.

The kitchen supplies are bought in Howick and in Pietermaritzburg, with approximately R30 000 being spent in Howick on a monthly basis. The fresh and perishable supplies are all bought in Howick, with the bulk wholesale goods being brought in from Pietermaritzburg. Many of the local farmers deliver directly to Amberfield. For example, eggs, milk and fresh vegetables are all delivered from the respective farms. There are also standing orders with the local supermarkets.

Chris Kruger (Howal Homes Natal (Pty) Ltd) also explained that in the construction of Amberfield, he tried to encourage as much local business support as possible, however, some of the building materials were just not available in Howick and had to be brought up from Pietermaritzburg or elsewhere, which gave regional suppliers like Corrobrick and Federated Timbers a boost.

Administering questionnaires to the businesses in Howick looked at the linkages that Amberfield creates from the opposite side, so-to-speak. The majority of those questioned felt that Howick was a much busier place since Amberfield was built, with the construction of a number of simplexes and duplexes (helping to make up the 189 buildings that were documented in the building plans and constructed in 1993) and this enabled many shops and businesses to expand. For example, Greg Cornell, owner of the Howick Falls Garage (BP) in the centre of Howick, explained that because of the increased trade, BP had agreed to upgrade the garage and, in addition, built an 'Express' Shop. Construction is due to get underway from the beginning of 1998. Greg Cornell could obviously not give any exact figures with regard to the use of his garage by residents of Amberfield, however, he said that he had definitely noticed an increase in trade to the elderly. Laurie Butlan, owner of one of the two affiliated chemists

in Howick, said that Amberfield had definitely had an impact and a direct link to the chemists and other medical facilities (Doctors rooms) in Howick. The increased trade and business enabled him to expand his small photo centre (previously located in the chemist itself) and open a separate shop, which he said was doing very well. He also explained that the elderly folk from Amberfield often took trips and brought in their holiday pictures to be developed. Other businesses that have been able to expand and upgrade are, First National Bank (moved to new bigger premises in 1997), Knowles - Pick `n Pay (expanded and now carries more stock), and a new medical centre.

It was also interesting to note that clothing shops (like Milady's) had been bringing in an older fashion range (in addition to their usual range) to attract the elderly buyers. Both supermarkets in the centre of Howick (Spar and Pick `n Pay) also mentioned that they were extremely busy on their pensioners day.

Out of all the businesses questioned, there was only one that was experiencing financial difficulty, and was due to close down, and that was Wayne's Sports World. They had been open since 1994 and felt that there was not enough local support of businesses in Howick, however, lack of support of a specialist sports store in a town with a high population of retired people is not surprising. However, one possible explanation was offered by Doug Moffatt (owner of Moffatt and Hulbert Optometrists in Howick), as he believed that when people retire, they become more careful with their money and are less inclined to spend it on things that are not essentials. This could explain the limited number of specialist shops in Howick as opposed to those selling everyday necessities.

It was not possible for the businesses questioned to give information regarding their turnover and whether or not it had increased since the development of Amberfield, however, most businesses mentioned that they did notice an increase in trade to elderly people.

The greatest direct link was that of the medical facilities. There was even talk of the newly built medical centre being expanded and turned into a private clinic or mini-hospital in the future (a 10 to 20 year period). However, there is a feeling that such an application would not be passed, as Howick is just too close to Pietermaritzburg and would result in the hospitals (in Pietermaritzburg) losing patients.

Other direct links include those that the increased numbers have in terms of electricity, water, and

telephone installment and monthly payments, not to mention the increased rates base.

4.2.5 Conclusion

This sub-section has dealt with the analysis of the economic impact that Amberfield Retirement Village has had on the small town of Howick, looking at employment, spending power and the linkages and leakages created by Amberfield. The summary of the findings will be dealt with in the following concluding chapter.

4.3 REPLICABILITY OF AMBERFIELD

4.3.1 Introduction

This part of the chapter will look at the specificity and locality of Howick and what role this played and still plays in terms of the location of Amberfield and whether or not it could be replicated in other small towns.

4.3.2 Location of Howick

As mentioned in the chapter on 'Background', Howick is located approximately 30 kilometers northwest of Pietermaritzburg. It is adjacent to the N3, which is the major route from Durban to Johannesburg and access onto and off this national route could not be easier, which makes traveling (to and from Howick) uncomplicated.

Howick's location, as advertised in the brochure on Amberfield, seems to be ideal, as it is approximately 20 minutes from Pietermaritzburg (at present, the capital of KwaZulu-Natal), just over an hour from Durban and the coast, an hour from the Drakensburg mountain resorts, and four and a quarter hours from Johannesburg. In addition to being so close to all of these places, the Howick TLC Area includes Midmar Dam, which is said to be one of the finest inland sailing waters in the province.

Many of the residents that participated in the questionnaires mentioned that the location of Howick

(and Amberfield) was what attracted them to Amberfield. For example, some said that their children lived on the Reef and when they came down to the coast for holidays, they had no excuse for not popping in to visit (with Howick being located adjacent to the N3). Others said that they liked the fact that it had a country atmosphere and was also near to Pietermaritzburg, the coast and the Drakensburg. Every respondent said that they preferred to live in small towns, nearer to the country.

One other reason why the respondents chose Amberfield in Howick, as opposed to another retirement village on the coast or in a larger town or city, was because they felt that coastal towns were more geared to holiday makers and got too crowded over these periods, and the larger towns were also too crowded and busy.

Another very attractive part of Howick's location, has to do with the uniqueness of the Midlands (in which Howick is located), and its Midlands Meander. As mentioned in the Background, the Midlands Meander is an enchanting arts and crafts route that was established in 1985 by the local artists, potters and weavers. This meander has become very popular and is now being advertised and encouraged as a domestic tourist destination. This attraction adds charm and more of a country feel to the surrounding areas, and has the opposite effect to the overcrowding that occurs on the coast (and from which the residents of Amberfield are trying to escape). Some of the residents mentioned that they felt privileged to be able to enjoy the Midlands Meander, which is right on their doorstep. Others said that it provided them with much entertainment and they liked taking their visitors and families on the Meander.

4.3.3 Howick's Climate

Apart from the ideal location, many of the residents questioned explained that Howick's climate also played a part in their decision to buy at Amberfield. The Howick TLC Area has an average summer temperature 24.9 degrees Celsius and an average summer rainfall of 1 005mm. The winters are dry and are mild to cold. Residents said that the coast was too hot and humid, and the Reef's climate was too extreme, however Howick seems to be in-between (in terms of location as well as climate). Doctors also agreed that Howick had a healthy climate, with the winters being cold enough to kill off bacteria and germs that thrive in warm humid climates (like the KwaZulu-Natal coast).

4.3.4 Attraction of Amberfield

When trying to ascertain whether or not a retirement village like Amberfield could be replicated in other small towns, and have a similar effect on that town's economy, it is important to discover what attracted people to Amberfield, and what would make them recommend it to others. This would help in compiling a set of features that would be essential to any retirement village.

When questioned, 100% of the residents said that they were happy living in Amberfield Retirement Village and that they would recommend it to others. There was one respondent who did mention that she would recommend Amberfield to others, however, she felt that it was only an option for those who were "fairly well-off". Some of the reasons that respondents would recommend the establishment to others are as follows: 40% made specific mention of the special community feeling that made them feel part of Amberfield. They further explained this by saying that the wonderful atmosphere in Amberfield was created by the residents. The social club is one of the results of the residents getting together to improve their community. They also explained that many of the residents live alone (after the death of their spouse) and the community feeling and friendship that is experienced in Amberfield makes sure that they are never alone or lonely. One resident remarked that, if people in Amberfield were lonely or bored, it was entirely their own fault. The residents are always willing to help one another where possible, and this has resulted in a wonderful community being formed in Amberfield.

Some other residents remarked on the good management and running of Amberfield, while others praised the Frail Care centre and the facilities that were provided (liked that of the MRI emergency services that were made available to them). There was a feeling that when people moved in to Amberfield they had every facility that they had considered to be important to be near when getting older. Security was another important aspect, according to a lot of the residents, and they were very happy with the strict control measures taken by the Body Corporate and that were enforced by the Security Company and their guards. For example, guards patrol the perimeter of the electric fence nightly, all visitors have to be signed in, intercoms connect every unit to the control room at the entrance that is manned 24 hours a day, and all domestic workers have to be made known to the guards and the Body Corporate, so that there can be strict control over the comings and goings of people (other than the residents) at Amberfield.

One couple, in their late 50's, explained that while they did not participate in the social club activities, or the social life associated with Amberfield, they were very happy living in Amberfield Retirement Village. They were comfortable with the fact that they could become involved in social activities when they wanted to.

4.3.5 Conclusion

This sub-section has dealt with the replicability of Amberfield Retirement Village by looking at the location of Howick, Howick's climate and the attraction of Amberfield. The conclusions drawn from this sub-section regarding the replicability of Amberfield and the possibility of using it as a model for LED of other small towns, will be dealt with in the following concluding chapter.

CHAPTER 5

5. CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The structure of the conclusion will follow that of the previous chapter. Firstly dealing with the question of whether or not Amberfield Retirement Village had a positive economic impact on Howick's economy, followed by the question of whether or not a retirement village like Amberfield could be replicated in other small towns. Recommendations in terms of whether Amberfield Retirement Village can be used as a model for Local Economic Development (LED) of other small towns, will also be put forward.

5.2 AMBERFIELD'S ECONOMIC IMPACT ON HOWICK'S ECONOMY

As was described in the conceptual framework, the measure and analysis of a region's (or sub-region's) economy is a rather complex and time consuming process, and even more so if the statistics are not available. However, as was mentioned, the objective of this study was not to do a purely economic analysis of Howick's economy, but to use the concepts behind the techniques of analysis to discover what impact the retirement village had on the small town's economy and whether this impact was positive or not.

Through the analysis, it became clear that the building and running of Amberfield Retirement Village had a definite effect on the employment in the Howick TLC Area. Mostly local labour was used in the construction phase, as well as in the running of Amberfield. The majority of the jobs created were low wage and on a contract basis, however, the contract was for the entire duration of the development of the retirement village which stretched over a 10 year period. It is also important to remember that the jobs were not merely created for the development of the retirement village, Howal Homes (Pty) Ltd

had been working in Howick, with the same team, for a number of years before the development of Amberfield. The jobs were also not made redundant on completion, they moved on with the developing company to the next development (Amberglen Retirement Village).

Howick acts as a kind of dormitory town for Pietermaritzburg, in that many of the economically active white population travel to Pietermaritzburg for their jobs, and so there is a need to create a local 'job-market' for those who cannot find jobs outside of the area, for one or other reason. It was also noted in the background chapter that farming and agriculture still plays a large role in the area as far as jobs are concerned, however, the establishment of Amberfield has made available numerous other permanent jobs, and this relieves the pressure on the agricultural sector to provide more jobs. By contributing approximately 5% (mentioned in the previous chapter) of the total number of people employed in the area, Amberfield Retirement Village has definitely had a positive impact on the economy of the area.

Amberfield Retirement Village is improving the local economy by providing jobs and vital linkages, and which could eventually have an effect on the growth of the economy as a whole (in terms of the basic or export sector). It is important to remember that by improving the local economy and meeting local demand first, there is a greater chance that products for export will result. So, Amberfield Retirement Village can be seen as providing an important base upon which to build.

Looking at the linkages and leakages created, formed a large part of the analysis of the case study. It is possible to conclude that Amberfield Retirement Village had (and still has) a very important and positive impact on the town of Howick in terms of the linkages that it created. Amberfield Retirement Village made Howick a busier town in terms of development and expansion. Businesses, with the increased trading, were able to upgrade and expand. The encouragement of supporting local businesses was a very positive aspect in the development of Amberfield.

The links provided by Amberfield itself are also very important and positive for Howick and its economy.

It is inevitable that there will be some leakage out of the local economy and Amberfield and Howick are no exceptions. There was leakage during the construction phase. This leakage occurred when

supplies were bought from outside of the Howick TLC Area (in Pietermaritzburg), when it was not possible to obtain the supplies locally. This type of leakage also occurred (and still occurs) in the running of Amberfield Retirement Village.

The linkages created far outweigh the leakages from the area, and in this respect it is possible to say that Amberfield has had a positive impact on the local economy.

5.2.1 Conclusion

Although there is not much statistical data or evidence that confirms or rejects the hypothesis that Amberfield Retirement Village has had a positive economic impact on Howick's economy, it is possible to conclude that the impact that Amberfield has had on Howick's economy has been a positive one. It is important to look not only at the quantitative data and analysis, but the qualitative aspect as well. The development of Amberfield Retirement Village has provided permanent jobs and vital local linkages for the local economy and people of Howick. This has helped to provide incomes to households, which in turn will enable them to adequately feed themselves, acquire life skills, pay for services and housing which are necessary elements of a productive economy. It has also played a role in the unintended marketing of the town which could have a future positive effect on the town and the area.

It was never expected that the retirement village would take over and become the dominant driving force behind the small town's economy, however it acts as a stimulus that will hopefully put the local economy in a better position to grow and develop.

Todaro (1977) believed that economic development was a process which took place over a long period of time. The development of Amberfield Retirement Village could be seen as being part of the process that will become more evident in years to come.

5.3 REPLICABILITY OF AMBERFIELD

In this part of the chapter, the replicability of Amberfield Retirement Village, as well as the question of whether it can be used as a model for LED of other small towns, will be discussed.

5.3.1 Replicability

There are two parts to the replicability of Amberfield, the first dealing with the replicability in the same town, and the second part dealing with the replicability in another location.

Firstly, as was mentioned in the beginning of the study, Howick has been the location choice of not one, but two retirement villages. Amberfield was the first, and is now complete, and the second (Amberglen) is now under way with construction having started at the beginning of 1997. The question that is posed, is whether Howick can support two retirement villages? Chris Kruger felt that there was the possibility that the town could support two retirement villages, however, it would take much longer to develop the second. Amberfield was completed (and sold out) within 10 years of its inception, Chris Kruger believes that Amberglen will take much longer than this.

In terms of supporting a second retirement village, it is important to note that given the nature of a retirement village and its residents, there is a relatively high re-sale of units and thus, prospective buyers would more than likely prefer to buy into a completed development rather than to live with the disturbance created during the development and construction. Chris Kruger explained that the average life expectancy of the people moving in to any retirement village is approximately 7 years (as people do not move into a retirement village immediately after retirement), and thus, it is a fact that there will be a number of re-sales on units (each month) due to the death of residents. This makes the likelihood of Amberglen taking longer to develop a reality. However, on a more positive note, Amberglen has a chance of surviving in Howick due to the fact that Howick is now known as a 'retirement' town, and it is using the good name and success of Amberfield to attract buyers.

In terms of replicating Amberfield in another small town, it can be concluded that the location and specificity of the town has the most important role to play. Howick and its location and specificity were the key factors behind the success of Amberfield, and thus, this aspect must not be played down, if anything it should be exaggerated.

The idea of a retirement village in Howick was born out of an identification of a specific need. This

means that the location of Howick as a 'retirement town' had already been decided upon by the elderly people that were choosing to buy houses and simplexes there, and it was only when the developer of those houses and simplexes took stock of the age group of the people buying, that the need was recognised.

5.3.2 A Model for LED?

The most important thing to remember when looking at this question, is the fact that Amberfield Retirement Village was not developed as a LED strategy for Howick, it was merely a development that was planned and executed as a business venture. However, its success and positive impact on the small town of Howick sets the stage for the possibility of this being used as a model for LED of other small towns.

In terms of the literature on LED and LED strategies, this venture would more than likely have to be a local business led or business based initiative. However, with the growing emphasis being placed on partnerships, it would possibly be better off being a combined effort by the local authority and the business sector. If the business or private sector and the local authority agreed to work together, then the local authority could make sure that the building plans were approved as quickly as possible, and the developer could make an effort to use local labour and resources. With the impact that Amberfield has had on creating jobs for the local people, it is also possible to make it a three way joint venture, involving business, the local authority, as well as the local community. There are tremendous possibilities in so far as local businesses could be set up and become the suppliers of the materials needed in the construction phase, as well as in the running of the establishment. An attempt could be made to increase the linkages and decrease the leakages.

With all the positive aspects mentioned, there is also a down-side to the development of a retirement village, and this was discovered in the analysis of the case study. A retirement village is solely for people who are 50 years or older, it has also been established that it caters for the upper income group of the population. This means that well-off retired people will make up the majority of the residents of a retirement village like Amberfield, and the comment that Doug Moffatt (of Moffatt and Hulbert Optometrists) made about elderly people not wanting to spend their money on anything other than

essentials, does put a damper on the amount or type of linkages that can be made. This was confirmed by looking at the number and type of businesses that operated (successfully) in Howick.

5.3.3 Conclusion

When trying to ascertain whether or not Amberfield Retirement Village could be replicated or not and whether it could be used as a model for LED of other small towns, the most important aspect to consider, is the location and specificity. Howick has a unique situation as was described in the analysis, it is close to a major centre (Pietermaritzburg), and is adjacent to the national route (N3), which makes it highly accessible. Adding to this, it is located in the Natal Midlands which has a pleasant country feel, as well as a healthy climate. There are so many factors that make Howick's location ideal for the development that has taken place.

Once again, it is also important when looking for locations for a retirement village (a specialised housing type) that a thorough investigation into the need for such a development be made, due to the fact that there is a limited demand for this type of housing option.

It is also important to remember that if a retirement village is to be used as a model for LED of other small towns, it should not be expected to turn the economy of the small town around and make the retirement village its driving force. A retirement village should be seen as being part of, or setting a base for the long process of economic development.

Given the right set of factors, location and partnership (in terms of LED), it is possible that a retirement village could be used as a model for LED of other small towns, and that it would become part of the long process of economic development.

BIBLIOGRAPHY

- Alden, J and Morgan, R. (1974) Regional Planning: A Comprehensive View, Leonard Hill Books, Bath.
- Begg, I. (1993) "The Service Sector in Regional Development", Regional Studies, Vol. 27.8, 817-825.
- Blakely, E.J. (1994) Planning Local Economic Development, Sage Publications, California.
- Body Corporate of Amberfield. (1995) Annual General Meeting: Chairman's Report.
- Body Corporate of Amberfield. (1995) Annual General Meeting: Annual Financial Statements.
- Bovaird, T. (1992) "Local Economic Development and the City", Urban Studies, Vol. 29, No. 3/4, 343-368.
- Brennan, J. (1997) "Midmar - A Water Wonderland", Sunday Tribune 'Property', April 6, 1997.
- Button, K and Pentecost, E. (1993) "Regional Service Sector Convergence", Regional Studies, Vol. 27.7, 623-636.
- Coleman, D and Nixon, F. (1986) Economics of Change in Less Developed Countries, Philip Allan Publishers Limited Campus 400, Hertfordshire.
- Cox, K.R. (1995) "Globalisation, Competition and the Politics of Local Economic Development", Urban Studies, Vol. 32, No. 2, 213-224.

Cumberland, J.H. (1973) Regional Development: Experiences and Prospects in the United States of America, Mouton & Co, Netherlands.

Davis, T.L. (1997) Local Economic Development and Rural Transformations: The Case of the Umbumbulu District in KwaZulu-Natal, Masters in Urban and Regional Planning Dissertation, University of Natal, Durban.

De Kadt, E. (1979) Tourism: Passport to Development?, Published for the World Bank and UNESCO, Oxford University Press, Washington.

Demaziere, C and Wilson, P (eds) (1995) Local Economic Development in Europe and the Americas, Mansell Publishing, New York.

Dewar, D., Todes, A and Watson, V. (1986) Regional Development and Settlement Policy: Premises and Prospects, Allen and Unwin, London.

Dewar, D. (1994) "Reconstructing the South African Countryside: The Small Towns", Development Southern Africa, Vol. 11, No. 3, 351-362.

Dewar, D. (1995) Small Towns in Development : Towards a South African Perspective, Report to the Development Bank of Southern Africa.

Eisenshitz, A and Gough, J. (1993) The Politics of Local Economic Policy, MacMillan Press, London.

Fair, T.J.D. (1982) South Africa: Spatial Framework for Development, Juta, Cape Town.

Foley, P. (1992) "Local Economic Policy and Job Creation: A Review of Evaluation Studies", Urban Studies, Vol. 29, Nos. 3/ 4, 557-598.

Fowler, F.J.(Jr) (1984) Survey Research Methods, Sage Publications, California.

Friedrich Erbert Stichtung Foundation. (1996) Local Economic Development in South Africa: Recent Developments and Strategies, Johannesburg.

Harrison, P. (1994) Local Economic Development, Paper Presented to the Gauteng Provincial Government.

Harrison, P. (nd) Economic Analysis in Regional/Sub-Regional Planning, Unpublished Manuscript.

Hickson, M and Oldham, G.W. (1992) Industrial Survey: A Report on the Structure, Location and Promotion of Industry in Pietermaritzburg, Report to the City of Pietermaritzburg.

Kammeier, H.D and Swan, P (eds) (1984) Equity with Growth? Planning Perspectives for Small Towns in Developing Countries, Asian Institute of Technology, Thailand.

KwaZulu-Natal Development and Planning Committee. (1996) The Provincial Growth and Development Strategy.

KwaZulu-Natal. (1997) Provincial Spatial Development Framework.

Lemon, A. (1973) "Retirement and its Effect on Small Towns", Town Planning Review, Vol. 44, 254-262.

Local Economic Development News. (1997) A Newsletter for South African Practitioners, Vol. 1, No. 4.

Local Economic Development News. (1997) A Newsletter for South African Practitioners, Vol. 1, No. 5.

Lundberg, D.E et al (1995) Tourism Economics, John Wiley & Sons, Inc., New York.

Massey, D.B and Batey, P.W.J (eds). (1977) Alternative Frameworks for Analysis, Pion Limited, London.

Mathieson, A and Wall, G. (1996) Tourism: Economic, Physical and Social Impacts, Longman Group Limited, England.

McCarthy, J. (1997) Howick-Mooi River Corridor Study, Final Report Prepared for KZN Department of Local Government and Housing.

Meier, G.M. (1995) Leading Issues in Economic Development, Oxford University Press, New York.

Nel, E. (1994) "Local Development Initiatives and Stutterheim", Development Southern Africa, Vol. 11, No. 3, 363-377.

Nel, E and McCarthy, J. (1995) Local Economic Development in Rural/Small Town Areas, Report to the RDP Local Economic Development Task Team.

Nel, E.L and Hill, T. (1996) "Rural Development in Hertzog, Eastern Cape: Successful Local Economic Development?", Development Southern Africa, Vol. 13, No. 6, 861-870.

North, D.C. (1973) "Location Theory and Regional Economic Growth", in Blunden, J et al (eds) (1973), Regional Analysis and Development, Harper & Row, London.

Organisation For Economic Co-Operation And Development (OECD) (1978) Regional Policies and The Service Sector, OECD, Paris.

Platzky, L. (1992b) Regional Development Planning in South Africa: A Critical Look at Historical Processes, Summary Report of a Conference Organised by the Development Action Group, University of the Western Cape.

Roberts, P. (1989) "Local Economic Development: Alternative Forms of Local and Regional Policy for the 1990's", in Albrechts, L et al (eds) (1989) Regional Policy at the Crossroads, Jessica Kingsley Publishers, London.

Robinson, J and Boldough, C. (1993) Operation Jumpstart: An Urban Growth Initiative in the Durban Functional Region, Unpublished Manuscript.

Rogerson, C.M. (1995) Local Authority Interventions to Promote Local Economic Development in South Africa, Report to the RDP Local Economic Development Task Team.

Scott Wilson Kirkpatrick (SWK). (1996) Howick Integrated Development Framework Plan: Perspective Report, Report to the Howick TLC.

Scott Wilson Kirkpatrick (SWK). (1997) Howick Integrated Development Framework Plan: Strategy Report, Report to the Howick TLC.

Scott Wilson Kirkpatrick (SWK). (1997) Outline Strategies for the Growth and Development of the iNdllovu Region, Final Draft Report to the iNdllovu Regional Council.

Shave, N.E and Fox, N. P. (1992) Guidelines for the Establishment of Retirement Villages in Natal, Natal Town and Regional Planning Commission: Supplementary Report, Vol. 39, Pietermaritzburg.

Simon, D (ed). (1990) Third World Regional Development: A Reappraisal, Paul Chapman Publishing Ltd., London.

Smith, P and Morrison, W.I. (1974) Simulating the Urban Economy: Experiments with Input-Output Techniques, Pion Limited, London.

South Africa, Office of the President. (1996) Taking the Lead: A Community Resource Kit for Local Economic Development, Development Planning Branch, Pretoria.

Stohr, W.B. (1989) "Regional Policy at the Crossroads: An Overview", in Albrechts, L et al (eds) (1989) Regional Policy at the Crossroads, Jessica Kingsley Publishers, London.

Todaro, R. (1977) Economic Development in the Third World: An Introduction to Problems and Policies in a Global Perspective, Longman, London.

Todes, A. (1993) "Regional Planning in South Africa: An Alternative Approach", South African Geographic Journal, Vol. 75, 22-28.

Tomlinson, R. (1993) "Urban Economic Development in South Africa", Development Southern Africa, Vol. 10, No. 3, 335-359.

Tomlinson, R. (1995) "Fordism, Flexible Specialisation and Explanations for Development Planning", Development Southern Africa, Vol. 12, No. 5, 701-712.

Urban Foundation. (1994) Local Economic Development: New Strategies and Practical Policies, An Executive Summary, Development Strategy and Policy Unit, Johannesburg.

Vanhove, N and Klaassen, L.H. (1987) Regional Policy: A European Approach, Avebury, England.

Williams, A.M and Shaw, G. (eds) (1991) Tourism and Economic Development: Western European Experiences, Belhaven Press, London.

Wilson, P.A. (1995) "Embracing Locality in Local Economic Development", Urban Studies, Vol. 32, No. 4-5, 645-658.

UNIVERSITY OF NATAL

CAN RETIREMENT VILLAGES
BE USED TO STIMULATE THE
ECONOMIC DEVELOPMENT
OF SMALL TOWNS ?

PREPARED BY :

LINSEY HALL-JONES

APPENDIX 2.4

BUSINESS INTERVIEW:

Like the residents interview, this interview was designed to prompt discussion and so basic questions were chosen to facilitate this.

When was the business established?

Why choose Howick to locate in?

Who would you say make up the majority of your customers?

Who is your target market?

Can you directly link part of your trade to Amberfield Retirement Village?

Has business improved since the development of Amberfield?

Do you think that the general spending power of the people in and around Howick has increased with the development of Amberfield?

APPENDIX 2.3

AMBERFIELD RESIDENTS INTERVIEW:

The questions were used to prompt further discussion with the residents.

Where did you reside before moving to Amberfield?

What attracted you to Amberfield and how did you hear about it?

Why did you choose Amberfield Retirement Village in Howick as opposed to another retirement village elsewhere? (For example: on the coast or in Pietermaritzburg)

Would you recommend Amberfield to others and why?

Do you own or rent your unit?

Do you employ a domestic servant and if so, do you share her with other residents?

Do you make use of the facilities provided in Amberfield, and if so, which ones?

Where do you prefer to do your shopping?

What do you purchase locally?

For what reasons (or to purchase what specifically) would you go outside of Howick, and where would you go?

How much, on average, do you spend on general shopping in Howick per month?

APPENDIX 2.2

INTERVIEW WITH GENERAL MANAGER OF AMBERFIELD BODY

CORPORATE: N. MARKHAM

Prompt Questions:

Is Amberfield under sectional title?

How many units are there?

What does Amberfield Retirement Village consist of?

What services does Amberfield provide for the residents?

How does it run as a unit?

How many people does Amberfield employ on a permanent basis, and what is the breakdown, type and rates of pay?

What does Amberfield sub-contract out locally and what other links to Howick are there?

How many domestic servants are employed by the residents of Amberfield?

Kitchen:

What is the breakdown of staff employed in the kitchen?

What meals are provided, and for whom, and is it well supported?

Where is the food bought from, if from outside the area, where and why?

What is the estimated monthly expenditure of goods, and how much of that is spent locally?

Frail Care:

What is the breakdown of staff employed in frail care?

How many rooms are available (permanent and temporary)?

Where do supplies get bought?

What services are contracted out?

What extra facilities are provided, if any?

APPENDIX 2.1

INTERVIEW WITH DEVELOPER: C.J. KRUGER

Prompt Questions:

When was the idea of Amberfield first decided on?

Who owned the land that it was built on, and who owns it now?

When was it completed, and when did the residents start moving in?

Why a retirement village?

Why in Howick?

What type of units were built?

What was the original price range of the units and has this increased?

What local labour and resources were used?

Where were supplies bought?

What happened to the labour once Amberfield was complete?

How many people were employed, and what kind of jobs were they?

Could it be reproduced in a different location?

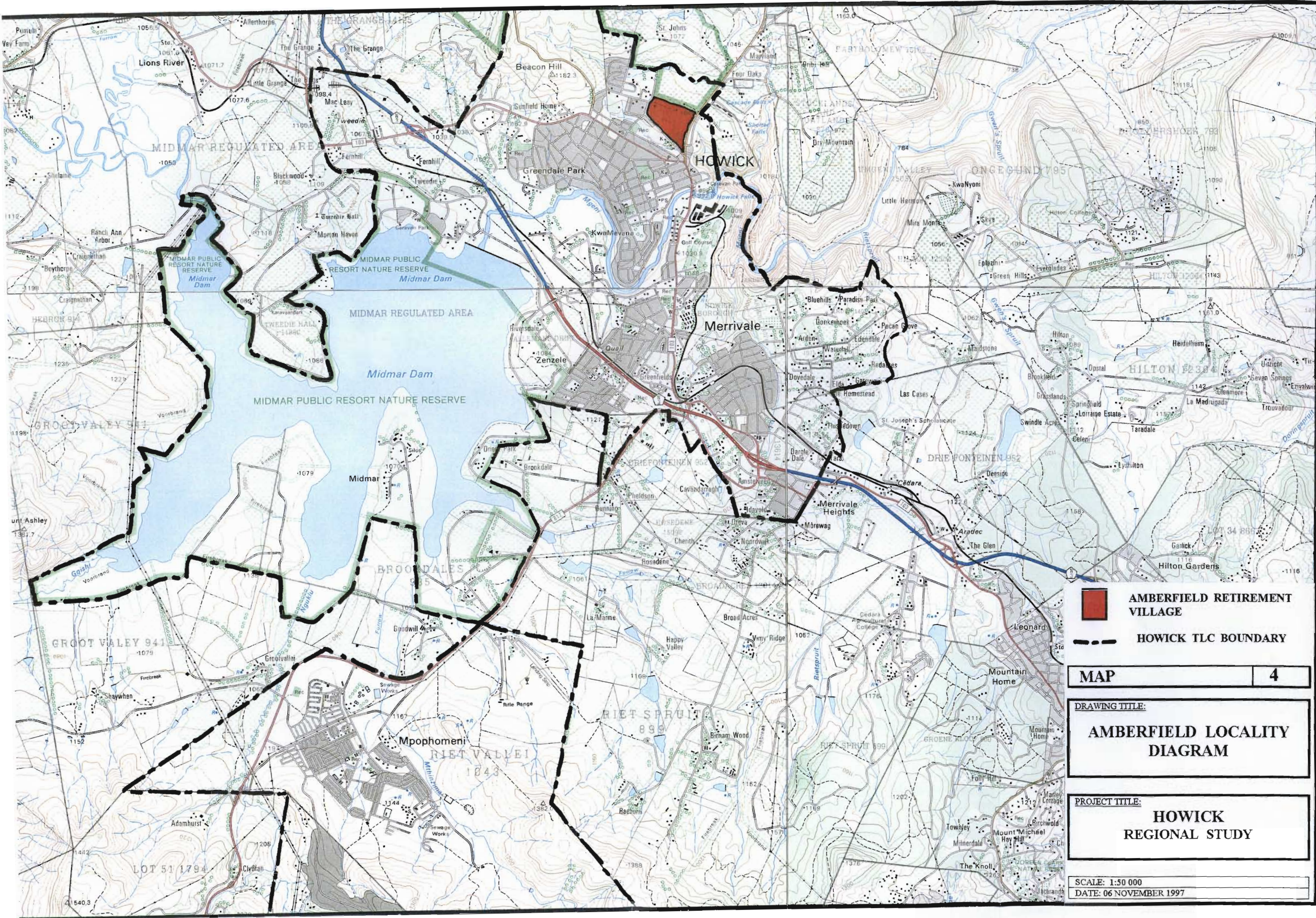
Has its location been part of its success?


Has it been beneficial to Howick's economy, and in what way?


Have you noticed specific changes in Howick, in terms of business?

What linkages has Amberfield produced?

Can Howick support two retirement villages?



 **AMBERFIELD RETIREMENT VILLAGE**

 **HOWICK TLC BOUNDARY**

MAP 4

DRAWING TITLE:
AMBERFIELD LOCALITY DIAGRAM

PROJECT TITLE:
HOWICK REGIONAL STUDY

SCALE: 1:50 000
 DATE: 06 NOVEMBER 1997

