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Abbreviations

ASGISA  –  Accelerated and Shared Growth Initiative for SA
Amakhosi  –  local traditional leaders or kings
DBSA  –  Development Bank of South Africa
DED  –  German Development Service
GTZ  –  German Technical Assistance
GVA  -  Gross Value Add
IDP  -  Integrated Development Plan
Kfw  –  German Development Bank
LED  –  Local Economic Development
MEGA  -  Mpumalanga Economic Growth Agency
MLL  –  Minimum Living Level
MP  -  Mpumalanga Province
MPGDS  –  Mpumalanga Growth and Development Strategy
MRDP  –  Mpumalanga Rural Development Programme
MPCC  -  Multi-Purpose Community Centre
NSDP  –  National Spatial Development Perspective
PACA  –  Participatory Appraisal of Competitive Advantage
SARS  -  South African Revenue Service
SDF  -  Spatial Development Framework
SEDA  -  Small Enterprise Development Agency
WSDP  -  Water Services Development Plan
1 Introduction

The Dr JS Moroka municipality\(^1\), in partnership with the Development Bank of South Africa (DBSA), German Technical Assistance (GTZ) and German Development Bank (KfW), is facilitating a process to design and implement a local economic development (LED) programme for the region. *Indego* Consulting has been appointed to provide technical assistance to the programme. Phase 1 has been focused on building stakeholder buy-in and undertaking a rapid assessment of the local economy and institutional environment. Phase 2 will be to deepen the analysis and implement the quick win, longer-term and catalytic projects identified in Phase 1.

This report will provide: a brief summary of the approach adopted towards LED; the alignment of the Dr JS Moroka LED programme with relevant national, provincial and district-level programmes; an overview of the LED process to date; an in-depth analysis of the local economy based on an analysis of secondary Quantec data; an extensive business survey of 803 firms; and the results of a PACA-adapted workshopping and interview process; and, a discussion on the various interventions identified through this analysis.

2 Understanding LED

LED is about local government, Amakhosi, communities and businesses coming together to find ways of improving their lives and their shared future. It is about everyone who has an interest in Dr JS Moroka – as a resident, worker, student, scholar, businessperson, relative, visitor – being committed to making it a better place. This is done through identifying areas where Dr JS Moroka has an advantage - such as being located between three provinces – and finding ways of using these advantages to the benefit of businesses and communities. It is also done through identifying constraints to community and business development and proactively addressing them. It is about finding the best opportunities and ways for businesses to grow and become competitive, whether it is in agriculture, manufacturing, tourism, transport, construction, mining or retail.

Local economic development is about many things, such as roads, water, communication, rail, skills, jobs, poverty and HIV/AIDS. It is also about the economy and how localities link into external markets, how local economic cycles can be strengthened, how opportunities can be made visible and how the gap between services provided by the municipality and the needs of local economic actors can be

\(^1\) Dr JS Moroka is located on the north-western part of the Mpumalanga province. It is bordered by the following municipalities:
- Tshwane Metropolitan Council on the West;
- Nokeng tsa Teamane and Thembisile on the South;
- Modimolle, Mookgopong and Bela-Bela on the North; and
- Greater Marble Hall and Greater Groblersdal on the East.
An LED programme influences the work of the whole municipality. It will help the municipality to decide where development must happen, how development must happen, what development should be given priority, and where additional money can be raised to assist the municipality. The business of the municipality is about providing the necessary infrastructure, services, and assistance to individuals, households and businesses so that they can improve their quality of life and competitiveness.

3 Alignment with national, provincial, district policies and programmes

The National Spatial Development Perspective (NSDP)
The rationale behind the NSDP is that government investment should focus on areas of high growth potential and that areas displaying no or little growth potential should be provided with the constitutionally mandated minimum levels of services. Investment should primarily be in the people through social transfers, human resource development and labour market information. Future settlement and economic development opportunities should be focused in activity corridors and nodes adjacent, or linked, to main growth centres.

Accelerated and Shared Growth Initiative for SA (ASGISA)
ASGISA identifies a series of interventions to ensure South Africa achieves the desired 6% growth rate set by former President Mbeki in 2006 in order to meet its social objectives. These interventions are classified into six categories: infrastructure investment, sector investment or industrial strategies, skills and education initiatives, second economy interventions, macro-economic issues, and public administration. Significant provincial infrastructure projects in Mpumalanga with relevance to the Nkangala district are the Moloto Corridor Rail project and the Maputo Development Corridor. The Moloto Rail Corridor is regarded as having the potential to improve regional linkages through the mostly dormant residential areas in the north west of the Nkangala district and encourage regional traffic to move through the area.

The Mpumalanga Growth and Development Strategy (MPGDS), 2007
The Mpumalanga Growth and Development Strategy (2007) classifies Dr JS Moroka as an area both of high levels of poverty concentration and one of combined poverty and economic activity. The applicable issues contained within the MPGDS for the Dr JS Moroka are as follows:

- A significant portion (29%) of the province’s population is concentrated in the District, specifically areas such as KwaMhlanga and Siyabuswa.

<table>
<thead>
<tr>
<th>NSDP Classification</th>
<th>Municipal Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>A High Levels of Economic Activity (Potential)</td>
<td>Delmas LM</td>
</tr>
<tr>
<td>B High Levels of poverty Concentration</td>
<td>Dr JS Moroka LM, Steve Tshwete LM, Emalahleni LM</td>
</tr>
<tr>
<td>D Environmentally Sensitive/Irreplaceable</td>
<td>In PGDS map</td>
</tr>
</tbody>
</table>

2 Table: Classification for Municipalities within the Nkangala District

3 Source: Dr JS Moroka SDF, August 2007
• Dr JS Moroka, Ekangala and Thembisile contribute nearly 80% of workers commuting daily to Gauteng.
• Significant concentrations of people living under the Minimum Living Level (MLL) coincide with the old apartheid proclaimed TBVC states. 66% of people within JS Moroka live under the MLL.
• The description of the towns of Siyabuswa and Marapyane is one of low levels of formal economic activity, high dependence on higher order settlements for specialised goods and services, and areas of high levels of public sector investment.

Mpumalanga Rural Development Programme (MRDP)
The MRDP was established in 2001 co-ordinated by the Office of the Premier and technically supported by the GTZ and the German Development Service (DED). The main objective of the programme is to contribute towards an ‘improvement of the social and economic situation of the rural poor’. The key concepts of the programme include: self-reliance, economic growth, sustainability, outreach by government services; capacity building; innovation; coping with HIV/Aids; and, stakeholder participation.

Implications of the National and Provincial Frameworks for Dr JS Moroka
Alignment of the above frameworks and Dr JS Moroka’s planning and development frameworks, such as the Spatial Development Framework (SDF), Integrated Development Plan (IDP) and LED programme, is through a shared approach that the municipality represents a large ‘services priority upgrading area’ and that spending should primarily be aimed at providing communities with minimum service levels and community infrastructure. Development spending should be focused along the proposed Moloto Rail Corridor, major road networks and the core urban functional area of Siyabuswa. Other activity nodes that should attract investment are Libangeni (Vaalbank), Marapyane and Bloedfontein. It is proposed that Multi-Purpose Community Centres (MPCCs) and Transit Orientated Developments are strategically located at nodes and proposed railway stations. There is also a commitment to the protection of valuable agricultural land located westwards of the Mkhombo Dam for commercial farming and agro-processing purposes. The rapid economic appraisal for the Dr JS Moroka municipality has highlighted the need for increased public sector investment in the area and for activities that link the area to broader markets or development corridors.

4 Overview of the DR JS Moroka LED process
The process followed to date in designing the Dr JS Moroka LED programme has been to:
• Introduce the programme to stakeholders through meetings held between August and September 2008;
• Collect and review documentation of district and local municipal plans and strategies;
• Conduct interviews with public sector officials in relevant national, provincial, district and local government departments in October 2008;
• Meet the Marble Hall Chamber of Business to explore possible agricultural linkages in October 2008;
• Conduct 10 mini-workshops based on an adapted PACA-methodology with the retail, construction, manufacturing, craft, agricultural and transportation sectors in November 2008 in the three Dr JS Moroka regions – Mdutjana, Mbibane and Mathanjana;
• Conduct a focus group workshop with the Siyabuswa Complex tenants in November 2008;
• Conduct an extensive ward-based business survey of 803 businesses by ward committee members trained by Indego;
• Conduct a Results Workshop where all participants of the mini-workshops were invited to a presentation of the findings and to both provide feedback and also identify priorities and quick wins;
• Facilitate a workshop with nationally-based project partners to generate input and commitment regarding projects identified in the adapted PACA-process; and
• Conduct individual interviews with large businesses located within Siyabuswa.

5 Summary of comparative advantages and disadvantages of Dr JS Moroka

A number of comparative advantages have emerged for Dr JS Moroka during the Phase 1 process of the LED programme. These are:

• **Location:** Dr JS Moroka municipality is located within the Mpumalanga province and borders both the Limpopo and Gauteng provinces.
• **Agricultural Potential:** There is land available for crop and livestock within some parts of Dr JS Moroka and positive initiatives have taken place such as the allocation of fruit trees and the provision of fencing to households by the Department of Agriculture.
• **Government Support:** Public perceptions, particularly in the Mdutjana sub-region, that the municipality communicates well with the community, the location of regional offices of government departments such as Agriculture within the municipality; and, the subsidised cost of public transport have been highlighted as positive aspects about Dr JS Moroka. In the mini-workshops a number of participants commented that the community feels empowered and looked after by their leaders.
• **Networking:** There are a large number of organisations active within Dr JS Moroka and some level of networking taking place.
• **Climate:** The hot and sunny climate of Dr JS Moroka is regarded as ideal for solar energy harvesting.

The disadvantages of being located within Dr JS Moroka have been identified as follows:

• **Poor service delivery:** There are serious service delivery challenges within the municipality, such as: a water shortage for both households and agriculture; inconsistent electricity supply; a lack of pavements and the poor condition of
rural roads; poor and inaccessible health services; a lack of a solid waste management system; the state of disrepair of schools; and, a RDP housing shortage in some rural villages.

- **Lack of business support**: All businesses complain of a lack of support such as financing, space and marketing assistance. Small agricultural producers argue that there is insufficient support for them in terms of equipment and fencing.

- **Constrained market**: The majority of Dr JS Moroka businesses have extremely localised markets and are not sufficiently competitive to expand these markets. It appears that firms are trapped within a vicious cycle whereby the low levels of demand and production increase the risks for businesses entering external markets and so the majority settle for selling locally.

- **Lack of skills**: The need to develop maths and science skills and build technical knowledge within Dr JS Moroka has been identified by communities.

- **Unreliable public transport**: A concern has been raised regarding the reliability of public transport as there are numerous complaints of buses breaking down and delays in taxi departures owing to the waiting periods required for taxis to fill up.

- **Unemployment and poverty**: There are high levels of unemployment and poverty in Dr JS Moroka increasing dependency ratios and contributing to issues of crime and poor health.

- **High crime levels**: Crime has emerged as a serious concern of communities throughout Dr JS Moroka.

- **Leakage**: Factors such as the dominance of national retailers and wholesalers in the market, the limited product availability locally, and that large numbers of the employed in Dr JS Moroka work within Gauteng, means that there is significant leakage from the local economy. This leakage is also evident in skills and human capacity as people are forced to seek employment outside of the region owing to the limited number of local jobs available.

A number of sub-regional differences have emerged within Dr JS Moroka amongst Mathanjana, Mbibane and Mdutjana that require highlighting. Mathanjana is the Eastern-most sub-region and it is characterised by the positive attributes of land availability and a historical legacy of quality education. It is also the area closest to Pretoria with strong linkages into the metropolitan area. The area supplies 67% of the labour to the Vergenoeg Mine. Specific challenges are a lack of RDP housing and a large number of public facilities standing empty and vandalised. Mbibane is the central sub-region with the Libangeni town as its largest node. It has a variety of specific challenges, such as: no business complex or local banks; a perceived lack of support and follow-up by the municipality; a poor quality of education at schools; and, a shortage of RDP housing. Mdutjana is the Western-most sub-region and contains the densest urban settlement in Dr JS Moroka - Siyabuswa. The specific challenges faced in this region are: a land shortage with land parcels being too small for production or households; a lack of protection of land and livestock; high transport
costs; and, no title deeds for land and property making it extremely difficult to raise loans.

6 Economic overview

The following economic overview of Dr JS Moroka is based on secondary Quantec data, an extensive business survey and the PACA-adapted process conducted within the municipality. It provides an in-depth understanding of the Dr JS Moroka local economy and forms the basis for the identification of critical economic turnaround interventions.

6.1 Population

Dr JS Moroka has a population of 246,900 people, which is the third largest population amongst the local municipalities in the district – Thembisile and Emalahleni have larger populations. The population of Dr JS Moroka is 20% and 6.9% of the total population of Nkangala and Mpumalanga respectively.

Figure 1 Total Population Figures for Mpumalanga Province and the Nkangala District

As the graph above reflects Dr JS Moroka is the only municipal area in the Nkangala district where there has been a population decrease between 1996 and 2007. The annual population growth rate between 1996 and 2007 has been -1.5%. This indicates out-migration with people moving, mainly to Gauteng, to find employment. It may also indicate slowed population growth as a result of HIV/AIDs within the municipality. According to the Department of Health’s HIV Prevalence Antenatal Survey (2006) the Nkangala district had a prevalence rate of 30% compared to the national average of 29%. It may be anticipated that the poorer and more rural municipalities of Dr JS Moroka and Thembisile have slightly higher prevalence rates than the district average.
6.2 Population by Group

Figure 2 Population by Population group in Mpumalanga and Dr JS Moroka Municipality

99.7% of the population in Dr JS Moroka is black. There has been an average annual negative growth rate of 1.14% in the black population within the municipality between 1996 and 2007. The number of whites living in Dr JS Moroka increased by 15.2% from fifty-one to two hundred and forty-one in the same period. This growth occurred mainly during the period 1997 – 2003 and has been slowing down in subsequent years. Whilst the coloured population decreased by an annual growth rate of -1.7%, the Asian population increased by an annual average of 5.6%. Interestingly the strongest growth in the Asian population took place between 1997 and 2001.
6.3 Population Density ⁴

The Dr JS Moroka Municipality has the highest average population density of the local municipalities within the Nkangala district and a much higher population density than the provincial average. Interestingly, it is the only local municipality that is experiencing a decline in population density from a high of 183.12 in 1996 to a low of 156.35 in 2007. The neighbouring Thembisile local municipality (MP 315) is experiencing a slight increase, most probably owing to its closer proximity to Gauteng, and the more urbanised Steve Tshwete (MP 313) local municipality is experiencing the strongest growth in population density.

6.4 Urbanisation Rate ⁵

⁴ No. of people per km²
⁵ % of people living in urban areas
Figure 4 Urbanisation Rate of the Mpumalanga Province and Local Municipalities within the Nkangala District

The red line in Figure 4 illustrates the threshold between rural and urban municipalities within the Nkangala district. The graph highlights the rural nature of the Dr JS Moroka and Thembisile municipalities and, therefore, distinguishes between the more urban and rural local municipalities in the district. This distinction will impact on the required nature of social and economic interventions. Dr JSM has a 15.5% urbanisation rate in 2007, which is a slight decrease from the 1996 rate of 16.7%. The Delmas (MP 311), Emalahleni (MP 312), Steve Tshwete (MP 313), and Emakhazeni local municipalities also have decreasing urbanisation rates. The Thembisile municipality (MP 315) is the only local municipality that has experienced a sharp increase in urbanisation from a rate of 3.1% in 1996 to 25.8% in 2007. This has pushed the district average up from 34.0% in 1996 to 37.8% in 2007.

6.5 Human Development Index

The 2007 HDI for Dr JS Moroka municipality is 0.48 compared to a provincial average of 0.54. The HDI has improved slightly from 0.43 in 1996, where the provincial average was 0.49. The provincial average includes the HDI’s of the black, white, coloured and Asian population groups, whereas Dr JS Moroka only has a black population grouping. The provincial HDI for the white population group was 0.88 in 2007 and 0.85 in 1996. The provincial HDI for the black population group was 0.43 in 1996 and 0.48, the same average for Dr JSM, in 2007.7

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6 Human Development Index: The HDI combines normalized measures of life expectancy, literacy, educational attainment, and GDP per capita. It is claimed as a standard means of measuring human development—a concept that, according to the United Nations Development Program (UNDP), refers to the process of widening the options of persons, giving them greater opportunities for education, health care, income, employment, etc. The closer the HDI is to 1 the higher the level of development.

7 Source: Quantec
6.6 Gini Coefficient

The average Gini coefficient for the Mpumalanga province was 0.68 compared to 0.61 in Dr JS Moroka. The average Gini coefficient for the black population group in Mpumalanga was 0.61 the same as that of Dr JS Moroka. Income inequalities within Mpumalanga province and the Dr JS Moroka have increased since 1996 from a base of 0.61 and 0.53 respectively.¹⁰

6.7 Percentage of people in Poverty

![Percentage People per Population Group Living in Poverty in Mpumalanga and Dr JS Moroka](image)

In 2007, 51.2% of people living in the Mpumalanga province were living in poverty. This is a slight increase from 50.4% in 1996. The percentage of people living in poverty has increased across all racial groups during this period, although the largest percentage (54.7%) of people living in poverty in the in 2007 is black. This is compared to 66.1% of people living in Dr JS Moroka living in poverty in 2007, and is a substantial increase from 55.2% in 1996.¹⁰

The annual per household income is R 62 061, which is comparable to a municipality such as the King Sabata Dalindyebo municipality, located in the poorest district in South Africa – OR Tambo district - where annual household income is R 62 584.

6.8 Accessibility

The Dr JS Moroka municipality is not strategically linked through major national and provincial road networks. The two major roads providing access to and within the

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¹⁰ A Gini Coefficient is a measure of income or wealth inequality defined as a ratio between 0 and 1. A low Gini Coefficient, closer to 0, indicates a more equitable society, whereas a high Gini Coefficient, closer to 1, indicates a more unequal society.

¹⁰ Source: Quantec
municipality are the east-west link road (R 573) and the north-south link road (R 568\textsuperscript{11}). The R 573 links the areas of Masobe-Phake, Mmametlhake, Norman, Nokaneng, Dihekeng, De Beersput, Bloedfontein, Matjesgroedkuil, Vrieskraal and Maganagobuswa. The R 568 links: Kammelpoort, Pietrskraal, Kameelrivier, Makometsane, Bloedfontein, Gamaria and Lenyaksane.

6.9 Functional Literacy and Skills Profile

Functional literacy is defined as an individual aged 20 years and above that has obtained a Grade 7. In the 2001 Stats SA Census the local municipalities within the Nkangala district performed in the following ranking:

1. Emakhazeni 58%
2. Steve Tshwete 57%
3. Emakhazeni 47%
4. Dr JS Moroka 45%
5. Delmas 44%
6. Thembisile 44%

The skills profile of the municipality is represented in the table below:

<table>
<thead>
<tr>
<th>Skills Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislator, senior officials &amp; managers</td>
<td>5.5%</td>
</tr>
<tr>
<td>Professionals</td>
<td>8.1%</td>
</tr>
<tr>
<td>Technicians and associate professionals</td>
<td>0.2%</td>
</tr>
<tr>
<td>Clerks</td>
<td>17.6%</td>
</tr>
<tr>
<td>Service workers; shop and market sales workers</td>
<td>18.7%</td>
</tr>
<tr>
<td>Skilled agricultural and fishery workers</td>
<td>3.0%</td>
</tr>
<tr>
<td>Craft and related trades workers</td>
<td>25.0%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 1: Skills Levels within Dr JS Moroka\textsuperscript{12}

There is a definite skills shortage in the professional and technical skills categories in Dr JS Moroka. There is potential in the clustering of skills associated with service industries, craft and artisanal skills and this is reflected in the kinds of economic activities taking place within the local economy.

\textsuperscript{11} Source: Dr JS Moroka SDF, August 2007
\textsuperscript{12} Source: Dr JS Moroka WSDP Socio-Economic Profile
6.10 Unemployment (expanded definition) by Gender

In 1996, the provincial expanded unemployment rate was 34.6% compared to 52.5% in the Dr JS Moroka municipality. 25.7% and 43.9% of males were unemployed in Mpumalanga and Dr JS Moroka respectively. This is compared to a 46.4% and 61.2% female unemployment rate. Of significant concern is that whilst there has only been a slight increase in the provincial averages of unemployment between 1996 and 2007 – to 27.2% of men and 46.6% of females – there has been a substantial increase in the unemployment of both men and women in Dr JS Moroka – 72.7% of men and 92.8% of females are now classified as unemployed in terms of the expanded definition. This substantiates the trend towards out-migration within Dr JS Moroka as people leave to seek employment elsewhere.
6.11 Employment Trends

Figure 7 Contribution by Dr JSM Moroka to Sector Employment within Mpumalanga

The Dr JS Moroka municipality contributed 1.6% and 1.4% respectively to provincial employment in 1996 and 2007.

Figure 8 Relative Contribution of Sectors to Employment in both the Formal and Informal Economies

Out of the total number of 13,929 jobs in Dr JS Moroka, the formal sector contributes 67% and the informal sector 33%. This is in contrast to the province where the formal sector contributes 76% and the informal sector 24% to employment.

Between 1996 and 2007 there was a slight increase in the number of jobs in the Dr JS Moroka formal (471 jobs) mainly in the community services sector. This increase
is insufficient to absorb the large numbers of new market entrants, such as school leavers and people who have been retrenched from other sectors, over the years, and therefore the aggregate unemployment level has increased. Community services are the major formal sector employer in Dr JS Moroka with its contribution rising from 45% in 1996 to 60.3% in 2007. This is indicative of a growing dependency on the public sector for employment. The second largest formal sector employer is that of households with a stable contribution of approximately 13%. Almost all formal sectors that have experienced a relative decline in contribution to employment between 1996 and 2007, such as: agriculture (9.5% - 8%), manufacturing (7.3% - 2.8%), trade (7% - 4.1%), transport (5.2% - 1.8%), electricity (1.8% - 1.7%) and finance (5.7% - 4.6%). Mining has remained stagnant at 0.2%. This decline in relative contribution is reflected in a matching decline in the real number of jobs created within each sector.

The structure of the informal employment economy is different to that of the formal sector. The largest employment contributor is trade increasing from 42.3% in 1996 to 47% in 2007. The second largest sector employer in the informal economy is community services at 30% and this is a significant increase from its 1996 contribution of 15.1%. This can probably be ascribed to government roll-out of EPWP early childhood development, home-based care and infrastructure programmes. The construction sector is also a significant contributor although its relative contribution has declined from 18.6% in 1996 to 16.2 % in 2007. Between 1996 and 2007 there has been a decline in the relative contribution of manufacturing to employment within the informal sector (12.5% - 8.3%), transport (8.2% - 4.6%) and a slight increase in the contribution of finance from 3.2% to 3.5%. Informal sectors that have expanded number of employees in real terms are construction, trade, finance and community services.

### 6.12 Relative Sectoral Contribution to Gross Value Add

The total Gross Value Add (GVA-R) for Dr JS Moroka in 2007, utilising constant 2000 prices, was R 747 695 000. The average annual growth rate in GVA-R between 1996 and 2007 is 0.2%, with a stronger growth rate of 3.4% in 2007. The relative contribution of formal economic sector is represented in Figure 9 below with community services contributing a hugely disproportionate 70% to GVA-R. Trade is the second largest sector at 9%, with finance, transport, agriculture, electricity and construction following sequentially. The GVA-R per capita at current prices is R 5 720-00 much lower than a locality such as Mthatha in the OR Tambo district where it is R 17 403-00.

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13 Gross Value Add is the value of goods and services produced in an area or sector of an economy.

14 Social and community services, in terms of the South African Standard Classification of all Economic Activities (SIC) of 1993, includes public administration and defense activities, activities of government, government departments and agencies; education, public and private; health and social work; sewage and refuse disposal, sanitation and similar activities; activities of membership organisations; recreational, cultural and sporting activities; washing and dry-cleaning of textiles and fur products, hairdressing and other beauty treatment, funeral and related activities.
The table 2 below provides data on the growth rate in each sector. Construction has been a driver of growth between 2001 and 2004. All other sectors have performed below the national growth rate. Despite this the positive growth in trade, transport and agriculture are encouraging. Of concern is the decline in government and community services, both of which have been identified as critical areas of investment in the NSDF and by participants in the process.

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>(1.5)</td>
<td>1.8</td>
<td>0.1</td>
</tr>
<tr>
<td>Mining</td>
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<td>Manufacturing</td>
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<td>1.1</td>
<td>1.8</td>
</tr>
<tr>
<td>Electricity</td>
<td>(6.2)</td>
<td>(2.8)</td>
<td>(4.5)</td>
</tr>
<tr>
<td>Construction</td>
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<td>Trade</td>
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<tr>
<td>Finance</td>
<td>(1.5)</td>
<td>1.1</td>
<td>(0.2)</td>
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<td>Community Services</td>
<td>(0.2)</td>
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<tr>
<td>Government Services</td>
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<td>(1.0)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Total</td>
<td>(0.7)</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

**Table 2: Growth Rate per Sectors in Dr JS Moroka**

15 Source: DR JS Moroka LED Plan, 2006
7 Profile of businesses

The results of an extensive survey of 803 businesses undertaken in the Dr JS Moroka municipality in November 2008 by trained ward committee members are presented in detail below and provide a broad overview of business activity within the municipality. This overview, together with the results of the PACA-exercise, unpack the factors underlying the performance of the local economy.

7.1 Business Activity Profile

![Business Activity](image)

Figure 10 Profile of Business Activity in Dr JS Moroka

There are a range of business activities taking place within Dr JS Moroka with a concentration of spaza/tuck shops (35%), artisans/contractors (9%), liquor outlets (9%), clothing manufacturers (7%), fruit and vegetable retail (6%), cooking of food (5%), child care (5%) and hair salons (4%). At less than 4% of the sample were other activities such as meat sellers, public phone providers, car mechanics, herbalists, taxi owners and photographic businesses. Individuals who indicated ‘other’ for activities are engaged in: printing, home-based care, car part supplies, bicycle repairs, scholar transport, driving school, shoe repairs, youth entertainment, selling of bed linen, dry cleaner, laying tables, cattle farming and car washing.
This profile is similar to what one might expect to find in any peri-urban area with the largest concentration focused on the retail sector, followed by those in the service sector. Of interest in Dr JS Moroka is the relatively large number of artisans.

7.2 Profile of Business Owners

Forty-four percent of business owners are women and 56% men in Dr JS Moroka. Most entrepreneurs are young people with fifty-one percent of business owners aged between 16 and 35. A further 27% are aged between 36 and 50 years and 18% of business owners are aged over 50. The age of 4% of business owners was not declared.

Figure 11 Age Profile of Businesses in Dr JS Moroka

The vast majority of business owners are African. Ninety-three percent of business owners surveyed were South African. The remaining 7% included people from other African countries namely Lesotho, Somalia and Zimbabwe and those from further afield from Bangladesh, Pakistan, India, China and even one person from Portugal.

7.3 Employment

Just over 65% of businesses within Dr JS Moroka indicate that they do employ people. The authors of this report are, however, not confident of this figure as many respondents seemed to confuse this question with a question around the size of their families and the number of people employed in the household. Based on the survey of the 803 businesses sampled, a total number of 1091 people were employed. Of the 488 businesses who indicated that they employ someone 280 indicated they employed family members. This accounts for 480 of the 1091 employees. Two hundred and eighty five businesses indicated they paid their employees with a total paid workforce of 663 or 60.7% of the stated employees. A total of 44% of employees are women and 17% children.
### 7.4 Place of work

#### Place of work analysis

- Owner's home: 54%
- Formal business premises: 15%
- Another person's home: 11%
- Footpath, street, pavement: 7%
- Small business centre: 4%
- Schools: 3%
- Market: 2%
- Taxi rank: 2%
- Other: 2%

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**Figure 12 Location of Businesses within Dr JS Moroka**

Sixty-five percent of businesses in Dr JS Moroka are operated from people’s homes, with most located in the owners' home (54%). Fifteen percent operate from a formal business premises, 7% operate from footpaths or pavements, 4% from small business centres, 3% from outside schools and 2% from markets, taxi ranks or other locations such as a church.

For 33% of these businesses a lack of a dedicated space to work from is a problem that inhibits business performance.

### 7.5 Business Income

#### Stated monthly income

- < R 500: 50%
- > R500 < R1000: 22%
- > R1000 < R2500: 13%
- > R2500 < R5000: 8%
- > R5000: 3%
- unknown: 4%

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**Figure 13 Business Income in Dr JS Moroka**

The vast majority of business in Dr JS Moroka is survivalist in nature with 50% generating a declared income of less than R 500 per month for the business owner.
Seventy-two percent of businesses generated an income for their business owner of less than R 1000 per month. Only 3% of businesses generate an income of more than R 5000 per month.

Questions around income levels are always tricky. The authors of this report are confident of the overall trends concluded from the data but note that in some instances business owners who claimed to earn less than R500 per month also claimed to be registered with SARS and a few were even registered for VAT.

The survivalist nature of businesses in Dr JS Moroka is reflected in the reasons for starting up a business. Fifty-five percent of businesses were started for the simple reason of survival and a further 26% of businesses were started because the owner was unemployed and needed an income. Just under 5% were started in response to a retrenchment.

Only 11.5% were started for entrepreneurial reasons. Seven percent stated that they started a business in response to a business opportunity and 4.5% that the owner started a business from a desire to be his/her own boss.

7.6 Formalisation of Businesses

Most businesses in Dr JS Moroka are informal. Just under a third of businesses (30%) claim to be formally registered as a business. Fifty-eight percent of businesses have bank accounts, 24% are registered with the South African Revenue Services (SARS) and 17% are registered for VAT.

7.7 Major Markets and Competition

Ninety-four percent of the market for Dr JS Moroka businesses is localised within the municipal boundaries. This excludes the public sector as a market. Forty-two percent of businesses target consumers in the rural villages within the municipality, 35% target consumers in the more urban economic nodes and 17% of businesses supply other businesses within Dr JS Moroka. Just 3% target government. The remaining 3% target markets in other geographic areas.

The perception of competitors is also highly localised. Fifty percent of businesses regard their major competitor as ‘other informal traders’ located locally, 34.5% established businesses located within Dr JS Moroka, 8% formal businesses within Mpumalanga, and 1.5% formal businesses in Gauteng. The remaining 6% regard their competitors as businesses in other towns, for example those in neighbouring Limpopo, Mpumalanga and Gauteng.

Inputs for businesses are largely sourced from firms in Pretoria or Johannesburg (54%) or locally from other businesses in Dr JS Moroka (27%). A few businesses source from the nearby town of Marble Hall (8%) or directly from local farmers, also largely based in Marble Hall (1.5%). Less than one percent source supplies from Thembisile, Nelspruit, Warmbaths, Nylstroom, Groblersdal, Hammanskraal, Belabela and Mokopane.
7.8 Factors that Inhibit Business Performance

Of the responses received in the survey the strongest factor inhibiting business growth is the lack of finances followed by crime. These two challenges are closely followed by the lack of: adequate public transport, business support, access to training, business space to work or sell from, access to basic infrastructure; and, the prohibitive cost of supplies. Other issues that are also negatively impacting on businesses are: the inability of small firms to compete with big business, poverty, the lack of equipment for businesses, the lack of regulation of the business sector and inadequate housing. Other factors which 5% or less of the sample highlighted as problems were the poor state of cleanliness of the area, the poor state of roads and pavements, the lack of entertainment facilities in the area, an absence of bursaries for young people to study further, the limited supply of food parcels and the need for more warehouses to store products.
7.9 Best Business Selling Times

The best selling times for business in Dr JS Moroka is paydays (23%), followed by weekends (22%), most probably as a result of the Gauteng commuters returning home and pension or all-pay days (20%). Thirteen percent regard December vacation as the best time to sell, again largely due to the expanded local market. Twelve percent reported good business all year around and 10% said school days were their best selling times.

7.10 Co-operation Amongst Businesses

Figure 16 Number of Firms Cooperating on Different Issues in Dr JS Moroka
Only 16% of business in Dr JS Moroka co-operate with other businesses. The bulk of the co-operation is around fighting crime (16%) and joint buying of supplies (15%). Ten percent of businesses transport and share production for orders, around 6% co-operate in lobbying government and accessing training and just under 6% collaborate in marketing. Technological change is the area businesses are least likely to co-operate around (4%).

7.11 Business Support

Only about 5% of businesses surveyed had received some kind of support in the past from government, the private sector or donors. Interestingly those that do receive support, tend to access the support of multiple agencies. Seda provides the most visible support with 5.1% of businesses having received support from the agency. Seda has supported a diversified cross section of businesses. Interestingly the second biggest source of support is from formal banks. They target the more formalised businesses all with bank accounts, most of who are registered legal entities and are registered with SARS.

This is followed by support from MEGA and Dr JS Moroka Municipality. The bulk of MEGA support targets those in the manufacturing or artisan trades. Those receiving support from Dr JS Moroka Municipality had in every instance received support from another agency as well. Other agencies providing support are informal leaders, the National Business Initiative (NBI), small business financing agencies, government departments including Social Development, Agriculture and Labour, the District, Seta’s, FET colleges or universities and donors.

![Figure 17 Business Support Provided by Institutions in Dr JS Moroka](image)
7.12 Support businesses require from the Municipality

When asked what the Dr JS Moroka Municipality could do to assist their businesses owners responded with a range of ideas. Top of the list was requests for individual business assistance to overcome obstacles such as sourcing equipment, accessing supplies, and addressing competition such as taxi competition from Gauteng. This was followed by a list of critical areas where businesses felt the municipality could play a role namely as a source of information, marketing, providing direct services to business and improving the broader environment. These are listed with some of the detail in the table below.

<table>
<thead>
<tr>
<th>Information</th>
<th>Provide information on credit laws and money lenders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Access to information on business support programmes, training and skills</td>
</tr>
<tr>
<td></td>
<td>Provide information on supplies</td>
</tr>
<tr>
<td>Marketing</td>
<td>Register local businesses on a database and develop a directory</td>
</tr>
<tr>
<td></td>
<td>Have a calendar of events that include municipal events, when circumcision schools are operating, etc to assist businesses identify opportunities</td>
</tr>
<tr>
<td></td>
<td>Hold events to profile local businesses and increase local advertising of businesses</td>
</tr>
<tr>
<td>Promote Co-operation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provide information on supplies</td>
</tr>
<tr>
<td></td>
<td>Have a calendar of events that include municipal events, when circumcision schools are operating, etc to assist businesses identify opportunities</td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change mindset of people to pay for services – start in middle-income areas</td>
</tr>
<tr>
<td></td>
<td>Assist business with finance through a loan or grant programme</td>
</tr>
<tr>
<td></td>
<td>Provide counselling services to reduce stress</td>
</tr>
<tr>
<td></td>
<td>Provide services to assist businesses with debt management</td>
</tr>
<tr>
<td></td>
<td>Assist businesses to get legal (e.g. Shebeens)</td>
</tr>
<tr>
<td>Improve the enabling environment</td>
<td>Make sure government opportunities are given to qualified people</td>
</tr>
<tr>
<td></td>
<td>Crime reduction</td>
</tr>
<tr>
<td></td>
<td>Regulate development, e.g. housing standards</td>
</tr>
</tbody>
</table>

Table 3: Critical Areas for Municipal Support to Local Businesses

7.13 Interventions to improve business

A number of suggestions were made in the survey as to what the municipality and government more broadly can do to improve investment and promote Dr JS Moroka Municipal area. They are listed in the table below in order of the frequency of response.

<table>
<thead>
<tr>
<th>Crime</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Control crime</td>
</tr>
<tr>
<td></td>
<td>Street lights</td>
</tr>
<tr>
<td></td>
<td>Improve security</td>
</tr>
<tr>
<td></td>
<td>Strengthen Community Policing Forums</td>
</tr>
<tr>
<td></td>
<td>Establish satellite police stations</td>
</tr>
<tr>
<td></td>
<td>Install Apollo lights so all can see the criminals</td>
</tr>
<tr>
<td></td>
<td>End bail for criminals</td>
</tr>
<tr>
<td></td>
<td>Monitor firms operating at pension and all pay payout points</td>
</tr>
<tr>
<td>Water</td>
<td>Improve water and sanitation</td>
</tr>
<tr>
<td></td>
<td>Solve the water problem</td>
</tr>
<tr>
<td>Electricity</td>
<td>Address the electricity problems</td>
</tr>
<tr>
<td>Waste</td>
<td>Improve lighting</td>
</tr>
<tr>
<td>------------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Waste management</td>
</tr>
<tr>
<td></td>
<td>Dumping site</td>
</tr>
<tr>
<td></td>
<td>Collect dustbins</td>
</tr>
<tr>
<td></td>
<td>Facilitate a resident cleaning campaign</td>
</tr>
<tr>
<td>Facilities</td>
<td>Improve facilities</td>
</tr>
<tr>
<td></td>
<td>Renovate buildings in the industrial park to attract investment</td>
</tr>
<tr>
<td></td>
<td>Create more sports facilities</td>
</tr>
<tr>
<td></td>
<td>Create places for children to play – parks, recreation centres etc</td>
</tr>
<tr>
<td></td>
<td>Public phones needed</td>
</tr>
<tr>
<td></td>
<td>Gymnasium</td>
</tr>
<tr>
<td>Create job opportunities</td>
<td>Create jobs through EPWP, municipal programmes, other government programmes to help people</td>
</tr>
<tr>
<td>Social services</td>
<td>Improve health care services</td>
</tr>
<tr>
<td></td>
<td>Attract a private hospital into Siyabuswa for the middle-income market</td>
</tr>
<tr>
<td></td>
<td>Develop 24/7 facilities</td>
</tr>
<tr>
<td></td>
<td>Ambulance service</td>
</tr>
<tr>
<td></td>
<td>Hospice</td>
</tr>
<tr>
<td></td>
<td>Build additional Clinics</td>
</tr>
<tr>
<td></td>
<td>Provide increased home-based care</td>
</tr>
<tr>
<td></td>
<td>Provide bursaries for people to study</td>
</tr>
<tr>
<td></td>
<td>Improve quality of education</td>
</tr>
<tr>
<td></td>
<td>Monitor educare facilities</td>
</tr>
<tr>
<td>Roads and storm water</td>
<td>Storm water drains</td>
</tr>
<tr>
<td></td>
<td>Improve the roads</td>
</tr>
<tr>
<td></td>
<td>Install speed bumps to reduce road accidents</td>
</tr>
<tr>
<td>Marketing</td>
<td>Promote tourism and market the area</td>
</tr>
<tr>
<td></td>
<td>Attract investment into the area</td>
</tr>
<tr>
<td></td>
<td>Attract bigger businesses</td>
</tr>
<tr>
<td></td>
<td>Develop tourism for 2010</td>
</tr>
<tr>
<td>Retail facilities</td>
<td>Attract restaurants, fast-food outlets &amp; entertainment options</td>
</tr>
<tr>
<td></td>
<td>Create shopping centres</td>
</tr>
<tr>
<td></td>
<td>Get a cinema</td>
</tr>
<tr>
<td>Youth</td>
<td>Develop a programme for young people</td>
</tr>
<tr>
<td>Training</td>
<td>Train nurses for a hospice</td>
</tr>
<tr>
<td></td>
<td>Provide bursaries for young people to study</td>
</tr>
<tr>
<td></td>
<td>Provide training in ECD</td>
</tr>
<tr>
<td></td>
<td>Business skills training</td>
</tr>
<tr>
<td>SMME support</td>
<td>Provide sites for businesses to operate from</td>
</tr>
<tr>
<td></td>
<td>Support SMMEs</td>
</tr>
<tr>
<td></td>
<td>Provide finance for businesses</td>
</tr>
<tr>
<td></td>
<td>Allow business people to lead business activities</td>
</tr>
<tr>
<td></td>
<td>Facilitate an exchange of business ideas</td>
</tr>
<tr>
<td></td>
<td>Create markets for businesses</td>
</tr>
<tr>
<td></td>
<td>Get big businesses to adopt and mentor emerging businesses</td>
</tr>
<tr>
<td></td>
<td>Release tenders for organisations to train in the communities</td>
</tr>
<tr>
<td>Housing</td>
<td>Provide RDP housing</td>
</tr>
<tr>
<td></td>
<td>Provide middle-class housing</td>
</tr>
<tr>
<td>Good governance</td>
<td>End corruption</td>
</tr>
<tr>
<td></td>
<td>Fire corrupt municipal workers</td>
</tr>
<tr>
<td></td>
<td>Ensure all posts are advertised and recruitment is transparent</td>
</tr>
<tr>
<td></td>
<td>Respect the law</td>
</tr>
<tr>
<td></td>
<td>Use white elephant buildings for social programmes – old age homes, orphanages etc</td>
</tr>
<tr>
<td>Communication</td>
<td>Improve communications between CDWs and Councillors</td>
</tr>
<tr>
<td></td>
<td>Improve community with the community</td>
</tr>
</tbody>
</table>
Volunteerism
Promote and encourage volunteerism
Encourage the slogan of Vukuzenzele

Table 4: Enabling Interventions required by Government in Dr JS Moroka

The PACA results shown in the sector overview below provide additional detail as what kinds of support has been provided and is required within the different sectors of the local economy.

8 Sector overview

The PACA-adapted process undertaken in Dr JS Moroka has provided a more detailed understanding of the functioning of businesses within specific sectors of the local economy. The 5-forces analytical tool was used to understand the competitiveness of firms, their supply chains and market access.

8.1 Agricultural sector

Many households in Dr JS Moroka are involved in some kind of agricultural activity. This is largely subsistence in nature explaining the small contribution of the sector (4%) to Gross Value Add in the local economy. The sector was in decline but picked up slightly between 2001 and 2004. In the 6 years between 1998 and 2004 the sector only grew at 0.1%. While no figures are available a further decline is anticipated since 2004 based on anecdotal evidence from local producers.

Although there is land available in Dr JS Moroka, the utilisation of this land for agriculture is complicated by scarcity of water for irrigation and land ownership issues. (See Fig 18 below)
The only major water body in the area is the Mkhombo Dam, although the water from this dam is fully required for the Weltevreden Water Purification Works. The Loskop and Rust De Winter dams are in the neighbouring municipal areas and water access would primarily need to happen through the trading of water allocation on a willing seller / willing buyer basis\(^\text{16}\).

The main kinds of agricultural activities underway in Dr JS Moroka are:

- Crop farming: potatoes, sweet potatoes, pumpkin, carrots, beetroot, spinach, onions, maize, tomatoes, cabbages, green beans, cotton, watermelon
- Livestock farming: chickens, pigs, cattle, goats

\(^{16}\) Source: Patrick Ntabeni, DWAF
The structure of the agricultural sector is illustrated by the pyramid diagram above. The majority of farmers are subsistence, selling between 10 and 15% of their production. The commercial farmers consist mainly of small projects and co-operatives. For example, in the Mdutjana sub-region alone, there are approximately 35 small projects and co-operatives and they tend to sell an average of 80% of their production. At the top of the pyramid are a handful of medium-sized locally-owned agricultural producers.

Whilst the small farmers within Dr JS Moroka have limited markets, such as neighbourhoods and villages, they tend to source supplies from much further afield. The only local suppliers for seeds, fertiliser, and equipment are based in Siyabuswa and include the local office of the Department of Agriculture. Marble Hall is a major source of supplies owing to the location of an OTK branch in the town. Pretoria is the only location for the sourcing of medicine for livestock farming and maize. Small farmers use local services such as the banks, post office and public and private transport providers.

The map below provides an overview of the sources of supply to Dr JS Moroka and the regional network of the agricultural sector. The map is based on information provided by local producers in the sector workshops as to where they source their supplies from:
Competition in the agricultural sector is perceived as being other small producers, the large commercial farmers in Marble Hall and Rust de Winter, neighbouring big farms and hatcheries, and large hawkers retailing fruit and vegetables. New entrants into the market are seen as the bakkies from outside the area that come into Dr JS Moroka on pension days.

The small, local farmers regard their competitive advantages as being able to offer fresh products at a reasonable price. They argue that they are price competitive as they have no transport costs. The advantages of their competitors are that: some offer credit; they provide a consistent supply; they come at weekends when the commuters are in Dr JS Moroka; and foreigners, such as Zimbabweans, offer different products to those that are available locally.
The agricultural sector is perhaps the best supported sector within Dr JS Moroka. Small farmers, co-operatives and projects have accessed a range of support programmes such as the:

- National Development Agency for project financing;
- SEDA for business plans;
- Tshwane University of Technology, Africa-Bio and ARC for technological advice;
- India’s Hand-in-Hand partnership programme with South Africa, the US Peace Corps, MEGA, the Umsobomvu Youth Fund and Jobs for Growth for co-operative support;
- Department of Agriculture for supplies, extension support and roll out of various programmes such as the current role out of the Masibuyele Emasimini programme.
- Department of Social Development for project support;
- Department of Labour for training; and the
- Land Bank.

The relatively poor performance of the sector raises concerns regarding the quality and consistency of the support to the farmers. For example, there is a widespread perception that agricultural extension officers are not committed and that the allocation of equipment by the DoA is not equitable. It also highlights the need to address other challenges within the sector such as access to land and water and the lack of linkages with the neighbouring Marble Hall commercial farmers.

### 8.1.1 Tourism and craft sector

Tourism has been identified as a driver of growth by the province. Almost 60% of visitors to the province are domestic, primarily from Gauteng. A popular visitor attraction is the Ndzundza Mabhoko Royal Kraal. The province has been divided into different tourism offerings namely the highlands meander, the panorama, the lowveld legopote, the grass and wetlands area, the cosmos country and, finally, the cultural heartland. The Dr JS Moroka municipality falls within the cultural heartland of the Mpumalanga province.

The historical and cultural heritage of Dr JS Moroka has huge potential to be packaged and marketed more strongly in order to boost the tourism industry. Historically, the Dr JS Moroka municipality formed part of both the Bophuthatswana and KwaNdebele homelands and was a ‘human dumping’ ground for victims of forced removals. There are two major language groups in the region – Tswana and Ndebele-speaking. Pedi speakers are a minority. There is also anti-apartheid struggle history especially for communities falling under the Mangope regime in Bophuthatswana and the 1985/86 Imbokodo revolt in the former KwaNdebele homeland. There are significant cultural heritage sites in the municipality that include ethnic art, royal tribal, religious and struggle history sites. The priority sites in the municipality are regarded as the:

- Tree in Siyabuswa (struggle history)
- Loding royal graves and cattle kraal
Ikageleng School, Marapyane

The location of Dr JS Moroka adjacent to the Thembisile municipality has advantages in that the cultural nodes in the Thembisile local municipality have the potential to attract tourists into the area. The Kgodwana Ndebele Village and Loopspruit winery are situated along the KwaMhlanga-Ekangala road and form the main cultural/tourism centre. Another cultural area is a proposed near the Klipfontein residential area to the north of KwaNdebele. This will link with the proposed tourism area on the eastern side of the Klipfontein-Kameelpoort road. Other proposed tourism areas are ay Sybrandskraal near Moloto, to the south of the Wolwenvenkop residential settlement near Verena, and at Die Bron/ Zithabiseni in the Mabusa Nature Reserve.  

![Pyramid Structure of the Arts and Crafts Industry within Dr JS Moroka]

There are a number of tourism businesses active within Dr JS Moroka within the craft sector represented by the pyramid diagram above. These comprise of a few internationally-known crafters such as Esther Mahlangu and Fransina Ndimande. Below them in the pyramid are approximately 50 registered beading co-operatives and a few formal wood crafters. There are a further approximately 50 unregistered beading co-operatives. The Sozama Ndebele Crafts and Dr JS Moroka Art, Craft and Tourism Information Centre are sites for collective production and marketing.

A number of guest houses have been established in Dr JS Moroka, such as: Sizivusile, the icon Esther Mahlangu Guest House, Mkholwane Lodge, 304 and Dikobole Guest House and the guesthouse of the arts and crafts Ndebele Foundation.

In the provincial strategy two catalytic projects are proposed. The first is a cultural arts and design centre in Thembisile which will bring tourists into the district and also offer an outlet for craft produce. The second is the creation of a mega-tourism destination through the consolidation of various smaller destinations into one consolidated product aimed at attracting the Gauteng weekend market. The reserves to be consolidated are the Loskop Dam Nature Reserve, the Mabusa Nature reserve,
the Mdala Nature Reserve, the Mkhombo Reserve and the SS Skosana nature reserve. This may offer opportunities to develop a conservation or eco tourism base.

At least five development areas have been identified for the Dr JS Moroka tourism sector: arts and crafts; accommodation; events; nature reserves; and adventure, such as cycling.

8.1.2 Manufacturing sector

The manufacturing sector contributes just 1% of GVA. The sector’s growth has fallen from 2.5% between 1998 and 2001 to 1.1% and is likely to have fallen further in the last four years. The decline in the manufacturing sector in Dr JS Moroka must be understood in the context of both the national challenges facing the sector and the on-going exit of firms who had located in the large Siyabuswa Industrial Park in the 1990s to access the incentives of the Regional Industrial Development Programme. Today most of the manufacturing activities are small and businesses struggle to pay rent. The decline in the formal manufacturing sector is evident in the vacancy rates within the MEGA-owned industrial parks.\textsuperscript{18}

There are a variety of goods being produced by small manufacturers in Dr JS Moroka and the main manufacturing activities are the production of:

- Steel products e.g. Gates, burglar proofing, window frames, security doors
- Metal products
- Cane work e.g. Chairs and tables
- Furniture
- Coffins
- Hair products
- Clothing
- Bricks
- Cement

\textsuperscript{18} MEGA owns the large and small industrial parks in Siyabuswa and the Libangeni, Wolwekraal, Weltevrede and Kameelrivier small industrial parks.
The structure of the manufacturing sector is one of a few large and medium-sized manufacturers located in the few formal industrial sites within the municipality. The vast majority of manufacturers are home-based often producing construction-related products such as steel goods and concrete; and, clothing.

Suppliers to the manufacturing sector are located locally, regionally and nationally. Producers linked to the construction sector source cement, steel and pipes from national hardware chains based in Siyabuswa. These products can also be sourced from Pretoria, Witbank and even KwaZulu-Natal. Clothing manufacturers source fabric from as far afield as the Eastern Cape, KwaZulu-Natal and Mozambique. Manufacturers utilise local services such as the banks, public and private transport, and the post office, but have to source insurance externally. Below is a map of the locational source of the various supplies into the Dr JS Moroka manufacturing sector.
Competition in the manufacturing sector is mainly from large retailers and manufacturers located outside of Dr JS Moroka. Firms also battle against cheaper Chinese imports that are flooding the region and mainly retailed by small foreign-owned firms. The recent opening of the new national-chain hardware store in Siyabuswa is regarded as a further threat to the survival of the local firms.

Local manufacturers compete through the following factors: training and experience; quality; designs and style; local market knowledge; government networks; traditional skills such as steel-making; promotions; and marketing. They regard their competitors’ advantages as: access to finance; linkages to government; price; updated equipment; access to working space; services; and, ability to meet industry standards e.g. SABS.
There is limited support provided to local manufacturers. The support agencies have been identified as the Department of Labour for training and MRTT, SEDA and Business Skills of SA for business support. Sector-specific challenges have been identified as increases in rentals and access to credit.

### 8.1.3 Retail Sector

The retail/trade sector within Dr JS Moroka is significant both within the formal and informal economies. The structure of the retail sector represented in the diagram below is one dominated at the top by the large national wholesalers, such as Metro Cash and Carry, and a few national retailers based mainly in the Siyabuswa shopping complex. Below this layer of national retailers is a layer of small, urban general dealers that are also located at the Siyabuswa shopping complex and other smaller shopping facilities based in the smaller economic nodes. This layer includes a number of small, foreign general dealers, about 25 small formal retailers within the Siyabuswa complex and other vehicle supply retailers. At the bottom of the pyramid are crowded about 120 small rural general dealers and Spaza shops and then hundreds of micro-retailers mainly operating from their homes.

![Figure 26 Pyramid Structure of the Retail Sector within Dr JS Moroka](image)

The performance of the retail sector varies substantially within the pyramid. Metro Cash and Carry has been located within the Siyabuswa industrial park for the past 8 years. Its current turnover is R 68.9 million, up from R 62 million in 2008. The increased turnover is attributed to price increases. The Metro Cash and Carry in Siyabuswa ranks in the top 10 performers in the northern region of the company. Cash Build has an annual turnover of approximately R 28 million. The majority of businesses at the bottom of the pyramid are survivalist in nature.
Suppliers to the retail sector in Dr JS Moroka are local, national and international. The Metro Cash and Carry and other national retailers supply SMMEs locally, but the small firms also source from areas such as KwaMhlanga, Marble Hall, Hammanskraal, Pretoria and Johannesburg. Large firm such as Metro Cash and Carry do not source locally. An exception is Cash Build which purchases bricks from local brick makers and contracts local transport operators with 2 – 8 ton trucks. Foreign-owned firms source from international importers and retail outlets such as China and Dragon City in Johannesburg. Small retailers utilise the services of local bookkeepers, although some report corruption and poor service, and the formal banks. They receive no business support from government.

Figure 27 Location and Nature of Competitors within the Dr JS Moroka Retail Sector

Competitors within the retail sector are perceived by small firms as being local, provincial and national retailers. The small firms and hawkers regard each other as competitors. The large firms, such as Metro Cash and Carry, dominate certain market segments such as franchises, government food parcels and individuals that do bulk buying for events, such as funerals and weddings. Cash Build claims to offer the lowest prices in the market based on weekly market surveys. It operates a seven-day week in order to capture the busy weekend market. New entrants into the market are seen as the new hardware store that opened up in Siyabuswa and the bakkies that come from outside Dr JS Moroka on pension days. There are also rumours that other national wholesalers, such as Cash and Carry, are considering opening branches in Dr JS Moroka owing to the ‘significant spending power’in the

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19 Small spaza shops within Dr JS Moroka comprise approximately 20% of the market of Metro Cash and Carry
20 Metro Cash & Carry indicated its willingness to source locally, e.g. cleaning materials and hair products
21 Cash Build would be willing to source from local welders, but would require the correct volumes and quality
22 Source: Interview Metro Cash & Carry
area. Indeed, Metro Cash and Carry is expanding its operations and will be opening a Liquor World in its existing premises in June 2009. The planned new Siyabuswa Mall within Dr JS Moroka is considered a positive development as it will attract new business and customers into the region. The high rentals offered in the Mall are seen as reducing the competitiveness of companies locating there.

Small, local retailers regard their competitive advantages as: low prices; good service and behaviour; product availability (lay-byes) and personal relations. The advantages of their competitors are the product variety and availability that they offer.

Retail-specific issues relate to: a lack of trust and co-operation amongst the retailers; a lack of knowledge regarding suppliers; and a lack of co-operation and shared learning between foreign and South Africa-owned businesses.

8.1.4 Construction sector

The construction sector contributes 3% to GVA. It has shown the most dramatic growth from a negative growth rate of -3.5% between 1998 and 2001 to a positive growth rate of 5.7% in the 2001 to 2004 period. It is anticipated that this growth has not been sustained in the last four years due to changes in the contractor grading by the Construction Industry Development Board (CIDB) that excluded the majority of existing operators through its focus on the financial capacity of the enterprise rather than the skills base.

There are now only two local medium-sized firms with Grading of 6 & 7 that are able to bid for government contracts of over R 30 000. This is a huge problem as 90% of the construction sector is reliant on government tenders. There are approximately 50 formal contractors with a Grading level of 1 & 2 and a further 500 active contractors with no grading whatsoever competing for the 10% construction household market or accessing government contracts through bribery and corruption. There are a further
1500 inactive contractors, many with technical know-how who are unable to operate due to the new CIDB requirements and are stuck at the bottom of the pyramid.

Besides the grading requirements of the CIDB, the construction industry players raised concerns regarding perceptions of corruption in accessing government contracts and the poor management of the Siyatentela EPWP roads programme.

### 8.1.5 Services sector

Given the concentration of poverty and the available skills set in the area the services sector is critical. Community services account for 70% of GVA. This can in part be explained by the homeland government history and the active roll out of community services by both KwaNdebele and Boputhatswana governments prior to 1994. Despite its importance both government and community services declined between 1998 and 2004.

There are a wide range of service activities happening within the Dr JS Moroka local economy, such as: scholar transport, donkey cart transport, hair salons, public telephones, funeral parlours, servicing of motor vehicles, car washing, home-base care and early childhood development (ECD). There appears to be a distinction between small formalised firms within the sector, some operating from formal business spaces, and numerous micro firms operating from homes and temporary facilities.
8.1.6 Public Transport sector

The transport sector contributes 5% of GVA in the local economy. Growth in the sector has been fairly consistent averaging around 3%. The public transport sector is significant given the dependence of the majority of residents of Dr JS Moroka on bus and taxi transport. With limited local formal jobs available most employed people travel to nearby Gauteng for work. A trip to Pretoria takes approximately 1 hour. On a daily basis approximately 24 PUTCO buses commute between the towns in Dr JS Moroka and Gauteng carrying an estimated 2529 workers into the Gauteng economy. There are also some people commuting to jobs in other Limpopo and Mpumalanga towns mainly in the agricultural, manufacturing and mining sectors.

Bus subsidies are a highly sensitive subject and changes have evoked real anger and violence and damage to property over the years. There are 640 registered taxis operating in Siyabuswa, but there are also a further 67 pirate taxis that ferry school children in unsafe vehicles on the poor rural roads. Finally, there are a handful of bicycles in the area which in part can be explained by the government bicycle programme that has been operating in the area. The terrain in Dr JS Moroka is well suited to cycling.

The goods transport industry is dominated by large national truckers that bring goods into Dr JS Moroka. The local construction industry stimulates some local demand for small trucker businesses but they are perceived to be expensive to use by local businesses – many of whom prefer to use public transport to transport goods.
Registered taxis regard their competitive advantages as the roadworthiness of their vehicles and their ability to deliver. Their main competitors are the pirate taxis who compete in terms of price.

8.1.7 Mining Sector

There are mining areas located on the north western part of Dr JS Moroka municipality (north of Terateng and the Mbangwane settlements). However, the main mining activities underway currently in Dr JS Moroka appear to be sand and stone mining by unregistered and unregulated miners. Many residents indicated that there is further mining potential in the area and investigations in this regard need to be made.

8.1.8 Finance Sector

The Standard Bank is the only one of the top four national banks to be located in Dr JS Moroka. The Siyabuswa branch out performs its Bronkhortspruit counterpart, despite it lacking large customers. The money flowing into Dr JS Moroka is primarily from Gauteng commuters and grant-related transactions.

The customer-base for the Siyabuswa branch is mainly individuals and small businesses. It has 875 small businesses on its books, mainly concentrated in the Siyabuswa town. Many of these businesses are battling, with a large number having opened bank accounts in anticipation of being awarded a tender. SMMEs tend to operate through personal accounts and use the transactional products of the bank as opposed to its business services. Standard Bank reported that the number of home loans issued by the Siyabuswa branch ‘exceeded expectations’, with R 400 000 being the average loan size. Most home loans are issued to teachers in the local schools. Standard Bank raised concerns with the low skills and literacy (including financial literacy) levels of SMMEs. Large retailers within Siyabuswa do
not bank at the local branch and the bank attributes this to its current design and lack of space and limited facilities.

The bank is currently located near Score adjacent to the Siyabuswa shopping complex. It plans to relocate to the new mall once it has been constructed. Interestingly, the bank manager argued that the proposed location of the new Mall within the Siyabuswa town is not ideal as it would be better placed on the R 511 towards Libangeni near some of the new middle-income housing developments.

Capitec opened a branch in Siyabuswa in 2003. Its major clients are individuals, mainly government employees. Capitec competes in the market based on lower banking charges and longer operating hours. Capitec has 3449 active clients in Dr JS Moroka. Their main loan products are personal short and long-term loans for household requirements such as furniture, school fees and funerals. Apparently the National Credit Act has limited the number of loans being issued.

8.2 Dr JSM Product Markets

Whilst the supply linkages of businesses extend far beyond the municipal boundaries, the majority of Dr JS Moroka businesses are constrained by localised markets. For example, in the Mathanjana region the predominant agricultural and manufacturing businesses that participated in the PACA process have extremely localised markets servicing local neighbourhoods. A similar pattern was found in the Mbibane region, except that the business activity is slightly more diversified and the retailers, service firms and manufacturers had slightly wider markets than localised neighbourhoods. The majority still operate within the municipal boundaries, overlapping slightly with those of the neighbouring Thembisile municipality, but a few
businesses go further afield. Herbalists reported selling to buyers in Swaziland and Maputo, and some crafters sold to buyers in Pretoria. Businesses within the Mdutjana region have the largest markets – although still generally restricted to the municipal boundaries or inclusive of Thembisile. The local manufacturers have developed markets in Sheshego, Polokwane, Bronkhorstspruit, Delmas, Newcastle, Standerton, Secunda and Johannesburg.

8.3 Dr JSM regional Linkages

There are some notable regional linkage differences among the sub-regions of Dr JS Moroka. The Mathanjana region in the south has strong linkages with Pretoria, Hammanskraal, Centurion, Johannesburg and Witbank owing to its proximity with Gauteng. The central Mbibane region has linkages into Gauteng and Mpumalanga through places such as Groblersdal, Marble Hall, Bronkhorstspruit, KwaMhlanga and Pretoria. The Mdutjana sub-region towards the east has strong linkages with Gauteng, Mpumalanga and Limpopo through the localities of Pretoria, Johannesburg, Marble Hall, Groblersdal, Bronkhorstspruit, Polokwane and Standerton. These regional differences are largely to do with location, but also reflect the historical division of the region between KwaNdebele and Bophutatswana.
9 Traditional Leaders
The institution of traditional leadership is still strong within Dr JS Moroka and issues such as the relationship between traditional leaders and local government remain pertinent. Critical concerns raised by the amaKgosi in the area were:

- Land invasions on tradition authority land by people claiming to have bought the land. This has resulted in large tracts of land standing vacant as the land disputes remain unresolved;
- A lack of respect for the amaKgosi worsened by the inability of the amaKgosi to provide the basic needs of communities; and
- The need for the municipality’s LED programme to address issues such as: agricultural support; access to national retailers; bursaries and training for the youth; social services; and, project finance.

10 Infrastructure\(^{23}\) and Services

10.1 Water Services
Dr JS Moroka has only one dam in its boundaries the Mkhombo Dam. This is owned and operated by DWAF. The water is fully subscribed to the Weltevreden Water Purification Works and used to supply drinking water to the Western Highveld region. It is unlikely to ever have capacity to address the non-residential water needs. While the dam is currently at satisfactory levels, the long-term prognosis is not good and the Western Highveld Region is already trying to source additional water from elsewhere, particularly the Loskop Dam.

The Loskop Dam is located near Middelburg in Mpumalanga. The water is used primarily for agricultural and business use and all the water is fully allocated. The Rust de Winter Dam has spare capacity but this is allocated primarily to agriculture and would require a legal process to access rights. Bulk water supply is, and will remain, a key issue for development in Dr JS Moroka.

Clean, sufficient and consistent water availability is the single largest servicing infrastructure need within Dr JS Moroka. There are serious water supply shortages in the Mdutjana and Mbibane areas. Vast areas in the west still rely on borehole water. The critical issues are the: provision of bulk water supply; vandalism and illegal connections, the upgrading of water supply where it exists; and upgrading of water reticulation system with an emphasis on the western area. The capital cost of addressing the water servicing needs is estimated at R150 million – far in excess of the municipality’s MTEF allocation.

The Dr JS Moroka municipality is the water services authority and for some senior managers this function remains the greatest challenge for the municipality. 70.9% of households in Dr JS Moroka have access to piped water (only 18% receive piped

\(^{23}\) Source: Dr JS Moroka SDF, August 2007
water in the dwelling) compared to a provincial average of 91%.\textsuperscript{24} According to the Water Services Manager the major challenges in water demand management are water wastage, water theft from tapping bulk lines, and non-payment. Currently, households pay a flat rate of R 17 per month, which is encouraging water wastage. There is a lack of consumer education within the municipality. Besides households, the municipality also supplies industry, schools, police stations, clinics and businesses at the same flat rate as households.

The municipality has embarked on a turn-around strategy within the water services function. For example, water quality in Siyabuswa has improved. Challenges being addressed are: intermittent water supply; bore-hole water quality as underground water is contaminated by pit latrines; water flow pressure and reliability of water supply; data for operations and maintenance; and customer support. Water quality in the towns has been improved. A specific challenge requiring attention is staff retention and attraction. It is a struggle to retain qualified staff owing to the salaries offered linked to the grading of the municipality. Grade 3 municipalities pay an engineer between R 110 000 and R 150 000 p.a. The Dr JS Moroka municipality pays an additional R 2000 per month as an allowance.

The Dr JS Moroka Water Purification Works supplies parts of Thembisile, Groblersdal and Marble Hall in terms of service level agreements signed in October 2008. Municipalities pay Dr JS Moroka R 3.26 per kilolitre. The Purification Works pumps 68 million litres per day and the current demand is 55 million litres.

76.4% of households were dependent on pit latrines within Dr JS Moroka in 2007, compared to 84.3% in 2001\textsuperscript{25}. This is compared to a provincial average of 46.7% in 2007. Critical issues in sanitation are the: provision of bulk sewer and water infrastructure; and the provision of sewer reticulation. Dr JS Moroka municipality allocated R 6 million to repair the Sewerage Treatment Works in Siyabuswa in 2008. The Libangeni sewerage treatment works is a simple oxidation plant that does not meet required water quality standards.

10.2 Roads and Transport Infrastructure & Traffic Management

The provincial Department of Roads and Transport is responsible for provincial and district roads and bus and taxi routes. The Dr JS Moroka municipality is responsible for town roads. The province has supported the municipality in the past through the secondment of staff and the provision of two new graders. Currently, there is a funding constraint for roads maintenance in the province and a reactive programme is being implemented. The provincial department manages an EPWP roads maintenance programme, called Siyatentela. Families are awarded 500 metres of road to maintain and given R 700 per month. Siyatentela is currently being implemented on road D2927 in Dr JS Moroka and there is scope to expand this programme.

\textsuperscript{24} Source: Community Survey, 2007, Statistics SA
\textsuperscript{25} Community Survey, 2007, Statistics South Africa
Transport infrastructure is a much needed catalyst for economic development in Dr JS Moroka. The road network is in a poor condition. There are tarred roads that link the larger settlements such as Siyabuswa and Libangeni and other settlements to the provincial road from Marble Hall to Tshwane. There is a significant backlog in rural roads construction.

The vast majority of commuters within the municipality rely on public transport in the form of buses, taxis, bicycles and donkey carts. The table below illustrates the mode of transport used by the residents of Dr JS Moroka:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>125411</td>
</tr>
<tr>
<td>On foot</td>
<td>97196</td>
</tr>
<tr>
<td>Bicycle</td>
<td>531</td>
</tr>
<tr>
<td>Motorcycle</td>
<td>181</td>
</tr>
<tr>
<td>Car as a driver</td>
<td>2242</td>
</tr>
<tr>
<td>Car passenger</td>
<td>2182</td>
</tr>
<tr>
<td>Minibus/taxi</td>
<td>5155</td>
</tr>
<tr>
<td>Bus</td>
<td>9962</td>
</tr>
<tr>
<td>Train</td>
<td>222</td>
</tr>
<tr>
<td>Other</td>
<td>226</td>
</tr>
</tbody>
</table>

**Table 5: Number of people using Different Modes of Transport**

The highest volume of traffic is between settlements and the Gauteng province, as well as other Mpumalanga economic centres such as Witbank, Middelburg, Marble Hall, KwaMhlanga, Kwaggafontein and Bronkhorstpruit.

There is a single north running freight rail line from Pretoria along the N1 that crosses through the Masobe area. PUTCO is the main transport service provider and bus shelters have been constructed along the bus routes, but are not adapted for the harsh climatic conditions. Twenty-four PUTCO buses leave Siyabuswa on a daily basis with commuters. Dr JS Moroka has a number of taxi facilities located in the larger settlements such as Siyabuswa, Vaalbank and Allemansdrift. Taxi shelters in smaller settlements either do not exist or are rudimentary facilities.

The management of traffic within Dr JS Moroka is complicated by: the poor state of the road infrastructure; the lack of road-side fencing resulting in cattle-related accidents; the lack of municipal powers to address the illegal taxi industry; a weak municipal revenue base for the traffic function as fines are paid to magistrates’ courts; the slow-pace of municipal procurement; and the difficulty of running a ‘military-style’ function such as traffic within a municipal institution.

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26 Source PUTCO
10.3 Electricity Supply

ESKOM is the electricity supply authority in Dr JS Moroka and supplies to approximately 90% of households. As a consequence, the percentage of households using electricity for lighting in Dr JS Moroka is higher than the district and provincial averages. The percentages using electricity for heating and cooking is much lower, most probably owing to affordability constraints and the reliance on other forms of energy. The table below illustrates the percentage of households accessing electricity for different usages within Dr JS Moroka:

<table>
<thead>
<tr>
<th></th>
<th>Electricity for lighting</th>
<th>Electricity for heating</th>
<th>Electricity for cooking</th>
</tr>
</thead>
</table>

Table 6: Percentage of Households using electricity; Census 2001 and CS 2007

The capacity of the system needs to be increased as there is inconsistent supply. Illegal connections remain a problem in the area, which contributes to frequent power failures. Street lighting is poor in some areas and requests for high mast lighting from communities are common.

10.4 Waste Management

Waste management is a serious problem within Dr JS Moroka. There is no refuse removal service or plan for such a service in the rural parts of the municipality. The dispersed rural settlement pattern makes service delivery both costly and difficult. A weak, and often unreliable, service is offered to the main towns of Siyabuswa, Marapyane and Waterval. Approximately 10% of households in the municipality benefit from this service and 189 institutional service points such as schools and businesses (of which 27 are charged waste levies). The municipality owns two tractors for waste removal, the one is meant to service urban households and the other informal dump sites. It also owns one registered landfill site near Libangeni which is at some distance from Siyabuswa – the most densely populated urban area generating the largest volume of waste. This has resulted in an irony whereby the municipality itself is dumping illegally within the Siyabuswa town. A “Status Quo Analysis of Waste Management” in Dr JS Moroka completed in September 2008 showed that less than 15% of the waste generated in Dr JS Moroka is currently collected by the municipality. Capacity constraints have been identified as the biggest stumbling block in terms of delivery of service, operation of landfill(s), monitoring of contractors, planning for waste management and regulation. The largest capacity constraint is budget as an increase in staff, resources and equipment cannot be met within existing budgetary allocations. The Status Quo analysis pointed out that “an ever-increasing budget deficit has resulted mainly due to the fact that not all of the customers’ services are being billed”. This is a cross cutting issue in

27 The permit was granted not only on the basis that it meets the minimum development criteria and standards but that it has to abide by the permit conditions through appropriate operations, maintenance and management. (Dr JS Moroka, Solid Waste Management Section 78 Assessment, September 2008)
respect of infrastructure is the lack of resources to maintain investments. Poor payment levels and a constrained budget have both exacerbated this problem.

10.5 Social Services

The dispersed settlement patterns exacerbates the challenge of providing sufficient neighbourhood level services. There are a total of 108 primary schools, 66 secondary schools and 8 tertiary schools in the municipal area. There are 38 clinics in Dr JS Moroka and one hospital in Siyabuswa. There are 6 sports and recreational facilities in Dr JS Moroka. The Siyabuswa Ga Phaahla Stadium is the only major facility, with the Kameelrivier, Vaalbank (although in a state of disrepair), Nokaneng and Lefisoane being secondary stadiums. The Loding soccer field is informal and in a poor condition. Figure 34 shows the breakdown of social services within the municipality. It is evident that the distribution of social services throughout the municipality is uneven. For example, the Matanjana region appears to lack clinics. There is no provincial hospital in the municipality. A social sector analysis will be required to assess whether Dr JS Moroka meets national service levels.

![Image of Social Facilities Map in Dr JS Moroka](WSDP)

A major concern raised during the PACA-process was a perception that the quality of social services, especially health and education, is deteriorating. This is a major problem as building human capacity is a fundamental and critical anti-poverty strategy for this municipality.
10.6 Housing

There is an estimated backlog of between 3000 and 5000 houses in Dr JS Moroka. This backlog includes middle-income housing backlogs from households that do not qualify for bank loans or housing subsidies. Destitute families live in shacks or mud houses in rural villages. RDP housing projects were initiated in Siyabuswa and Digwale in 2003. Five hundred and eighteen houses were completed in Siyabuswa and 505 of the planned 1000 houses in Digwale. There is a growing demand for housing owing to increasing rates of unemployment and growing dependency on the state to meet housing needs. The Dr JS Moroka Land and Housing Manager noted that there are many unfinished houses in the municipality owing to people losing jobs and income. Middle-income housing developments are visible in Dr JS Moroka financed through the formal banking sector and mainly representative of government employees. Some developments have been delayed owing to ongoing land ownership disputes. The municipality does not have a human settlement strategy at this point.

11 Spatial, Environment and Land Issues

The municipal area of Dr JS Moroka is approximately 140 819m². There are a total of 30 wards, 71 villages or settlements with Siyabuswa hosting the municipality head office. The main spatial structuring element within Dr JS Moroka is residential development. The residential growth areas are isolated from economic growth areas. The western side of the municipality has poor development patterns and proper development and planning processes are not followed, whilst on the eastern side proper planning processes are followed. Residential areas are dispersed and development is uncoordinated.\textsuperscript{28} The Mdala Nature Reserve is also regarded as a structuring element and is located on the southern tip of Dr JS Moroka along the Kameelpoort B – 115 Battalion complexes. The critical issue identified in the SDF for the development nodes of Dr JS Moroka is that they offer opportunities for establishing new areas for investment. The movement patterns and road network play important roles in sustaining these nodes. An integrated road network is regarded as a key catalyst for developing and sustaining economic activity within the nodes.

Settlement patterns within Dr JS Moroka vary from west to east with very low residential densities in the west and medium densities in the east. The dominant land use in all settlements is residential with associated support uses such as small scale retail (e.g. general dealers, filling stations, butcheries etc) and informal traders. In some settlements there is land allocated for grazing camps and crop farming. Social and sports facilities are not integrated into human settlements. Part of the reason for the lack of integration of settlements is there dormitory status and their lack of inter-connectivity.\textsuperscript{29} The highest concentration of people is located in Siyabuswa with some areas with moderate density such as Marapyane. Eighty-two percent of dwelling units is a brick house on an individual stand. The majority of

\textsuperscript{28} Dr JS Moroka SDF, August 2007
\textsuperscript{29} Dr JS Moroka SDF, August 2007
people in Dr JS Moroka occupy owned and fully paid houses/homes (68.8%); 25.8%
occupy rent-free homes; and 3.3% own houses which are not yet fully paid off. The
highest number of rent-free houses was registered in Weltevreden/ Mapoch (2 972),
followed by Matshiding (2 055), and Siyabuswa C (1 939).  

Lack of security of tenure is a major constraint to development. The lack of security
emerges as a result of unresolved land ownership issues under proclamation,
particularly in the rural areas, land claims affecting state-owned land and weak land
ownership records. For example, the Nkangala district’s Land Audit Report, March
2007 is limited to land claims and spatial development plans.

Six hundred and ninety nine land claims have been submitted within the Nkangala
district, of which 67 (on 23 individual properties) are in Dr JS Moroka. (See Figure 35
below) The entire central part of the Dr JS Moroka municipal area is under land
claims. There are a fairly large number of claims on the farm Allenmansdrift 162 JR
as well as De Beersput 152 JR, Kameelpoort 202 JR and Troya 151 JR. According to
the NDM Land Audit, the land claimed in the Thembisile and Dr JS Moroka
municipal areas are mainly associated with cattle and game farming, and some crop
farming. A fairly large portion of land under claim forms part of nature reserves. The
land claim affecting the Mdala Nature Reserve has been partially resolved with the
transfer of the land into a community Trust. However, it is understood that a counter
claim has subsequently been lodged and this has to be further investigated.

Figure 35 Source Nkangala District Land Audit report, March 2007

30 Census 2001  
31 Land Audit Final Report, NDM, March 2007
The bulk of the land within Dr JS Moroka is state-owned land and falls under proclamations 298 and R 188 of 1962 for towns and rural areas respectively. In such proclaimed areas a Deed of Grant Land Ownership is issued which gives landowners limited and conditional rights. A priority since 2000 the Department of Agriculture: Land Administration is to migrate these land rights into full title deeds. The greatest headway has been made in Siyabuswa as it has proved easier to sort out land under R 298 than R 188 proclamations. The Department of Land Affairs is the current owner of much of the land and it is a lengthy process to get the land released. The lack of clarity around land rights in Dr JS Moroka makes it extremely difficult for the municipality to extract Property Rates. The amaKgosi in Dr JS Moroka also have limited land rights in R 188 proclamation areas and are limited to ‘making recommendations’ regarding land-use.

The SDF and Land Audit have identified the following as significant economic nodes within Dr JS Moroka:

- Siyabuswa is a significant node that has the highest concentration of activities. Siyabuswa is an ‘evolving second order service centre’. The development of the node is proposed through the concentration of economic activities and social facilities.
- Vaalbank/Libangeni is characterised by the development of municipal offices, retail facilities and a transportation terminus.
- Marapyane is characterised by the development of retail and a transportation terminus. This node is regarded as significant owing to the mixed land use development taking place. Higher residential densities are proposed as a means to stimulate further development.
- Bloedfontein is at the intersection of the two major roads in Dr JS Moroka. It is regarded as presenting an opportunity to develop a regional node that will serve the community of the area and Marble Hall to the north.
- Masobe is regarded as having a natural growth pattern in that it is not attracting external residents and is characterised by a filling station, offices and a transportation terminus.
- Matjiesgoedkuil industrial node is insignificant but it is ‘one of the rare industrial nodes’ in Dr JS Moroka
- Wall A industrial node is on the border of Dr JS Moroka and the greater Groblersdal area. It is integrated with a technical college.

The narrow strip of land to the north of Dr JS Moroka is suitable for crop production as it forms part of the rich soils of the Springbokvlakte area.

The Land Audit recommends the extension and consolidation of various nature reserves and open spaces in the Thembisile and Dr JS Moroka municipalities in order to unlock the tourism potential of this region. It is proposed that the Loskop Dam Nature Reserve be extended westwards across the mountainous area to functionally link the Mabusa Nature Reserve and to the north towards the SS Skosana Nature Reserve. This system could eventually also be linked to the

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32 Siyabuswa and Libangeni are the only two formal townships in Dr JS Moroka
Mkombo Nature Reserve and the Madala Nature Reserve. If properly developed this belt of conservation areas can serve as a core area around which to develop a future eco-tourism and recreational precinct.

12 The Environment

The Dr JS Moroka municipal area is characterised by flat to gently sloping Bushveld / Savannah vegetation in the north and central parts, and a mountainous area to the south which forms the border of the Thembisile local municipality. Cultivated areas (permanent and temporary dry and irrigated land) cover less than 15% of the municipality. Urban areas cover 14% of the municipality. The Mkhombo and Madla nature reserves are the only reserves in the municipality.

There are a number of rivers in the municipal area with the Eland and Kameel being the most significant. Dr JS Moroka falls within the Middle Olifants Sub-Water Management Area, with the Mkhombo Dam being its most prominent dam.

Dr JS Moroka experiences a mean annual rainfall of 401 – 600 mm in the central and northern parts, and a fairly higher mean annual rainfall (600-800mm) in the southern parts. The mean annual temperature ranges between 29.1°C and 31°C. The mean minimal annual temperature ranges between 2.1°C and 6.0°C.

The western regions of the municipality are underlain by continuous coal development, which is part of the Ecca formation of the Karoo Sequence and consists of sedimentary rock such as Shale and Sandstone. This area has low mining potential. Superficial enrichment of Limestone occurs in the northern part of the municipality (at the Pienaars River Mine) which produces a medium-sized deposit. The central and southern regions are underlain by the Rooiberg/Pretoria and Waterberg Groups. The mineral potential of these areas is not very significant, except for very small deposits of Tin and Barytes in the south. (Note: Information outstanding on the mineral assessment for Dr JSM)

Dr JS Moroka has a high agricultural potential, owing to stable soil and geological conditions, that needs to be further explored. The State of the Environment Report has highlighted a number of critical issues in Dr JS Moroka:

- The ecosystem functioning of the Savannah Biome is being compromised owing to the inadequate protection of Dr JS Moroka
- The quality of water in the Rhenosterkop Dam/Reservoir is excellent and suitable for domestic use, as well as sustaining aquatic ecosystems. However, the water quality measured at the water treatment works (both treated and untreated) is unsuitable to sustain aquatic ecosystems; and
- Arsenic levels within the water exceed the aquatic ecosystem guidelines and should be addressed urgently.
13 Proposed Priority interventions

About 120 people drawn from a cross section of sectors and all three regions participated in the prioritisation exercise. The diagram below provides a summary of the priorities for both government and the private and community sectors. Community task teams have been established to drive the implementation process.

Obviously the prioritisation process was influenced by who attended the workshop. The team, however, felt confident that the priorities reflected the broad consensus across stakeholders. We would add two additional priorities to the list – the development of social services and the development of the area’s tourism brand and product offerings. These are aligned to the provincial GDS and Municipal IDP priorities.

![Figure 36 Results of the PACA Prioritisation Process in Dr JS Moroka](image)

Two other interventions not selected because not all the groups agreed but which the team felt could be included are the production of a business directory and the facilitation of a craft outlet on the Moloto Road.

The priority areas were then further divided into those projects that could be initiated immediately and those that required a longer term programme. In this process priority areas were also clustered to create coordinated project areas. For example, skills training was combined with employment intermediation. The brick factory was merged into a broader programme around cooperative support. Finally tourism was added as a priority intervention. Projects are being designed for each area. In this section of the report we brief detail each project. It begins with the three immediate priorities. The longer term projects follow.
13.1.1 Community clean-up

Overview of the issue

The second overarching priority was a community waste clean-up programme in the community. This was identified as the first immediate project.

Driving through the area one is struck by the large volumes of pollution lying along every street and the frequent sightings of informal dumps as depicted alongside. This is in stark contrast to the neat and clean household properties throughout the area.

A community clean-up was largely seen as a partnership amongst the private, community and public sectors. It was clear that a once-off clean-up event was impractical and unsustainable. The lack of a comprehensive and effective municipal waste management function meant that there would be no supporting infrastructure for a community clean-up event. It was decided to tap into existing resources through supporting the initiatives of local recyclers and then to tackle the broader problem waste management through a broader and ongoing ‘community clean-up campaign’. A small task team was set up to unpack the issue. The team set its sights on offering a winner for the cleanest village award at the end of 2009.

Activities include:

The community clean-up campaign initially was seen to offer a quick-win that could demonstrate results in a very short timeline and also mobilise large numbers of people over a longer period. This quick-win would take the form of a community awareness drama. The WITS School of Drama was approached to partner three community-based drama groups in Dr JS Moroka and develop a production that could be rolled-out at community halls and schools. The aim of the production was to create an awareness regarding the dangers of waste, the rights of citizens to a safe and healthy environment, and the responsibility of citizens to supporting community and municipal initiatives to address the waste problem. Approximately 16 WITS students and 40 youth from Dr JS Moroka have participated in the programme since March 2009. It has involved five weekend training sessions and the local drama groups have been exposed to new techniques in community drama. The script was developed through this process. The drama production will be evaluated by the municipality on the 6th May 2009 prior to being presented. The intention is to showcase local recyclers and encourages the community to support them.

The longer-term aspect of the campaign has involved approaching NAMPACK, Buyisa-e-Bag and MEGA to partner the municipality in the establishment of a central Buy-Back facility in Dr JS Moroka. This facility would be supported through decentralised collection points. A delegation from the potential project partners will visit Dr JS Moroka on the 6th and 7th May 2009 to establish the viability of such a project.

Finally, the campaign will include supporting the municipality in exploring other waste management alternatives through facilitating peer learning from other municipalities.
13.1.2 Anti-crime campaign

Overview of the issue
The second immediate priority area focused on addressing the crime. Peace, justice and security are fundamental for communities to become sustainable. The rising incidence of crime emerged as a major issue in every region. While residents acknowledged that crime might be lower than in the big cities, they all felt crime levels in the area had increased and current policing was inadequate. Some businesses felt they could identify the offenders but as the police did nothing they did not bother reporting incidents or people any more. Crime affects businesses, farmers and private individuals in the area. Despite acknowledging that an effective response will require cooperation and joint action from the public and private sectors, most felt the public sector needed to take the lead in addressing the issue. Eighteen percent of those who identified the issue as a priority felt the private sector could take the lead.

Opportunities for intervention include
A small task team that met to unpack the issue agreed that that there was a need to:

- Gather accurate statistics on crime in the area
- Mobilise civil society to act in support of the agencies of law enforcement
- Build trust between the community and the police. This relies on improving the way in which policies are experienced by communities and the quality of the services they receive.
- Proactively prevent crimes by initiating actions to reduce the risk of crime such as the erection of lighting on footpaths and in high incidence areas.

Activities:
A partnership with GTZ Peace and Development Programme has been forged to take forward the suggestions and a Peace and Development Programme is being planned for the area. The programme will be launched in the Siyabuswa area, the area most affected by crime. It will train young people as community peace workers and use this team to monitor activities, gather information and finally to recognise existing or potential conflict situations in their communities and to mediate and negotiate between all parties. A range of stakeholders have been identified as key to the project including the South African Police Service, community policing forums, various provincial departments and business.

The diagram below provides an overview of the planned services. In the initial phase the team will focus on patrols, a schools based programme and victim support.
The next few months have been dedicated to planning and setting up the programme. In May the team will be visiting another GTZ partner, Tshwane Municipality to see the programme in action and learn from a more experienced site how to set up the programme. This will be followed by a process of recruiting peace workers and then training these recruits. The field operations are planned to begin in July.

13.1.3 Employment intermediation

Overview of the issue
The third immediate priority area is to create centres where work seekers can register and link up with work opportunities and training. Dr JS Moroka has historically been a labour pool for Gauteng. This continues today with hundreds of buses commuting workers into the Tshwane metropolitan area daily. For those who are unemployed the cost of transport into the city is a barrier to entry into this labour market. Also several people are not employed optimally as they do not have the networks or skills to find better employment.

Recognising that Dr JS Moroka will continue to provide labour into surrounding areas an employment intermediation service aims to reduce the time spent looking for work and facilitate a better match between work seekers and employers. This initiative would need to be driven by the public sector and supported by the private sector.
Opportunities for intervention include:

To overcome the problems detailed above residents and businesses identified the need for an employment centre. This centre would link work seekers to either training or employment opportunities, link SMMEs to support services and provide career related information for young people.

The objectives of the project are:

- To reduce unemployment in the area through better matching work seekers with jobs
- To provide unemployed work seekers with training and work place experience to improve their chances of securing work
- To link SMMEs with support services and thereby improve their businesses
- To provide employment and career related information to both school leavers and work seekers
- To build social capital and networks in the area

It is envisaged that the programme will be launched in Siyabuswa, where the largest local business community is situated and gradually extended across all three regions of the municipality.

The diagram below provides a graphic illustration of the envisaged service.
Activities:
A proposal for the centre has been drafted and the team is currently trying to secure funding to open the first office. As soon as funding has been secured a visit from a sister organisation, offering similar services is planned.

13.1.4 Small farmer development

Overview of the issue
Moving onto the longer term projects the top priority there was an overwhelming agreement around the need to develop small farmers and this was identified as the number one priority for government to address and the fifth most important priority for the private and community sector to address.

About 75% of residents are involved in some kind of agricultural activity. Despite being the sector with the largest number and quantum of support services most small farmers are still subsistence farmers. About 60% of those involved in the sector are women. The implication being that an impact in this area would have a significant effect on the economy of Dr JS Moroka.
Key challenges facing the sector include:
- The commitment and quality of support received from agricultural extension officers
- The allocation of equipment
- Access to water
- Crime
- Fencing linked to securing crops against crime
- Access to land, especially in the Mdutjana area
- A lack of markets

Opportunities for intervention include:
The profile and challenges facing farmers in the area are not dissimilar to those facing farmers in other former homeland areas. In some of these areas there have been very successful small holder farming projects.

For example:
Between 500 and 1000 farmers participate in the Msinga Irrigation Scheme project in KZN. Land has been allocated by the chiefs to individual farmers who farm between 0.4 and 1.3 hectares of land of vegetables. This includes green mielies, tomato, butternut, green peppers, sweet potatoes, spinach, cabbage, beetroot, beans and peas. Many farmers work full time on the land. The produce is clustered and sold in bulk to markets in Durban, Pietermaritzburg, Ladysmith, Mooi River and Dundee. Most households participating in the scheme are producing at over 80% productivity and make a living off the land.

An opportunity exists to partner with established farmers in Marble Hall and/or the Department of Agriculture, to develop small scale farming clusters and involve farmers in producing 0.5-1 hectare of produce for the cluster while continuing to produce food for their household consumption purposes.

Next steps
- Identify suitable (in terms of weather, soil and market demand) crops around which clusters could be built
- Meet with the Amakgosi to secure support for the programme
- Meet with farmers to mobilise interest and support in the scheme
- Meet with all the support agencies to coordinate support for the clusters

13.1.5 September Tourism Event

Overview of the Issue
There is obvious potential for growth and development in the rural Dr JS Moroka municipality tourism sector. The municipality has primary tourism attractions in its natural environment and cultural heritage but lacks critical enablers such as quality economic infrastructure, sufficient tourism facilities and services, strong institutional arrangements and marketing. Six interventions have been identified during the community consultation process that will create a critical tourism product mass within Dr JS Moroka to stimulate the tourism industry. These are:
The development of the Mdala and Mkhombo Nature Reserves
- Arts and Crafts Development
- Cycling Routes
- Development of tourist accommodation
- A September Tourism Weekend Event
- Co-ordinated marketing

A tourism sector business plan has been developed and will be submitted for funding.

**Proposed Quick Win**

The suggested tourism sector ‘quick win’ is a *September Tourism Weekend Event*. The aim will be to use the event to mobilise tourism activity within Dr JS Moroka and to create awareness in the Gauteng, Mpumalanga and local tourism markets about the Dr JS Moroka tourism product. Various products will be show-cased such as: cultural painting; cultural bead work; cultural cuisine; local customs and ceremonies; local transport such as bicycles and donkey carts; cultural dances and rituals; story-telling; local horticulture and agriculture; history; local musicians and artists; and basic language courses. The idea would be to include the community in the planning and preparation of the event and during the preceding months will be to focus on product development to enhance the quality of the product offer. The intention is to have village and facility-based activities. Funding is urgently required for the event.

**13.1.6 Manufacturing retail links**

**Overview of the issue**

A striking feature of Dr JS Moroka is the number of small manufacturing businesses run from people’s homes. Sadly, most of these are survivalist in nature and have not been able to link into any of the major retail chains to sell their products. Residents felt a service that facilitated this link and the requisite training to support people once the link has been made would add real value. In order for such an initiative to work a cluster-based approach would be needed with several firms all producing similar products. This will ensure volumes and consistency of supply.

**Opportunities for intervention include:**

There are many ways to provide the required support. One option would be a service that identifies markets and provides training for such markets along the lines of the

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The Cape Craft & Design Institute (CCDI) was set up in 2001 to promote and grow craft as an economic sector in the Western Cape province of South Africa. A Section 21 not-for-profit company, the CCDI is a joint initiative of the Provincial Government of the Western Cape and the Cape Peninsula University of Technology. The CCDI has also been adopted by the dti as a model Craft Hub, to serve as a template for the establishment of other similar craft institutes in the other provinces of South Africa. The CCDI's seven programmes support crafters and network all players in the product-to-market chain. This includes craft retailers, national chains, marketing agents, exporters and service providers such as designers, product developers, skills trainers, business development practitioners and mentors. Government and other funders form a vital part of this effort to build relationships across sectors.
Cape Craft and Design Institute in the Western Cape. Another would be a co-operative that provided this service to members.

**Activities:**
Following a meeting with the South African Iron and Steel Institute and the South African International Steel Fabricators an initial project in the steel sector has been identified. The purpose of this project would be to source cheaper materials and upgrade the skills of steel businesses in the area through a cluster initiative.

### 13.1.7 Cooperative development

**Overview of the issue**
Following the active jobs for growth programme in the area there is a significant co-operative sector active in Dr JS Moroka. A full audit is being conducted by province however locals estimate there are over one hundred registered cooperatives. The main reason people in the area have joined a cooperative is to address the high levels of unemployment and poverty. Other reasons include: collective purchasing and marketing, sharing ideas and resources and scaling up businesses.

Key challenges facing cooperatives include a lack of capital, the lack of awareness around cooperatives, transport, the lack of institutional support and training for cooperatives and issues related to production.

**Opportunities for intervention and activities**
A partnership has been forged with a German cooperative organisation DGRV. The

<table>
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<tr>
<th>The Deutscher Genossenschafts- und Raiffeisenverband e. V. (DGRV – German Cooperative and Raiffeisen Confederation – reg. assoc.) is both the apex and auditing association of the German cooperative organisation. It promotes and supports co-operatives around the world. In South Africa the programme fosters local economic development through:</th>
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<tbody>
<tr>
<td>• strengthening partner cooperative organizations (sustainable co-operative systems and institution-building, organizational development);</td>
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<td>• promoting cooperative know-how transfer by training activities;</td>
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<td>• strengthening savings and credit cooperatives in rural areas;</td>
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<td>• introducing cooperative auditing systems; and</td>
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<tr>
<td>• advising national governments, banking supervision authorities and other public bodies on cooperative law, auditing</td>
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</table>

focus of this partnership will be on building the institutional strength of the cooperative movement in Dr JS Moroka. Key priorities for training include developing business plans and constitutions, financial management, leadership, conflict management, skills to manage a cooperative, meeting skills, communication systems and skills and membership development programmes.
14 Summary

The Dr JS Moroka LED Programme has gathered momentum through the projects and quick-wins identified during the PACA engagement process in November last year. The success of these projects is dependent on the ownership of the projects by both the municipality and the community and the strength of the partnerships forged with relevant stakeholders. The municipality needs to focus on building its institutional capability to manage and implement the projects that emerge through the programme and steer the programme strategically as it develops. The implementation of these projects will show visible results and build confidence in the programme.

However, in order to set Dr JS Moroka on a sustainable economic growth path there are critical blockages that need to be addressed. Many of these are outside the ambit of the municipality’s powers and functions and require provincial and national actors to take the lead. These blockages include:

- Unresolved land ownership issues;
- Water supply management;
- Quality of social services, such as education and health; and
- Road infrastructure.

Dr JS Moroka’s LED programme presents a unique opportunity for government to co-operatively focus on a model for unlocking rural development in South Africa.

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11. Stats SA, Community Survey 2001
## Appendix 1: Relevant National and Provincial Programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>Government Department &amp; Contact details</th>
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<tbody>
<tr>
<td><strong>Agriculture</strong></td>
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<tr>
<td>CASP</td>
<td>Victor Mtsweni, P Nchabaleng, Vermeulen, Nkhu</td>
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<td>Food Security</td>
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<td>Land Care</td>
<td>Masibuyele Emasimini</td>
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<td></td>
<td>Agricultural Development Corporation (MADC)</td>
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<td><strong>Tourism</strong></td>
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<td>Independent Development Trust</td>
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<td>DBSA</td>
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<td>Mpumalanga Economic Growth Agency</td>
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<td>DTI</td>
<td>Department of Environment and Tourism</td>
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<tr>
<td>Khula Enterprise</td>
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<tr>
<td><strong>Small Business Financing</strong></td>
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<td><strong>Development Financing</strong></td>
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<td>Industrial Development Corporation</td>
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