Matjhabeng Local Municipality

Local Economic Development Strategy 2019

Final Report

HARMONY

URBAN-ECON
Development Economists

ORPODI

DOCUMENT INFORMATION

Document title:	MATJHABENG LOCAL MUNICIPALITY LOCAL ECONOMIC DEVELOPMENT STRATEGY	
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LIST OF ABBREVIATIONS

Abbreviation	Description
$	United States Dollar
a.k.a.	also known as
AfCFTA	African Continental Free Trade Area
AMP	Agricultural Master Plan
BD	Blue Drop Rating
CRDP	Comprehensive Rural Development Programme
DAFF	Department of Agriculture, Forestry, and Fisheries
DETEA	Department of Economic Development, tourism and Environmental Affairs
DWS	Department of Water and Sanitation
EPIC	Economic Project Investment Committee
FSGDS	Free State Growth and Development Strategy
FSGES	Free State Green Economy Strategy
FSPSDF	Free State Provincial Spatial Development Framework
GVA	Gross Value Added
HH	Household
IBC	Informal Business Complex
IBC	Informal Business Complex
IDP	Lejweleputswa District Municipality Integrated Development Plan
IPAP	Industrial Policy Action Plan
LDM	Lejweleputswa District Municipality

Abbreviation	Description
LED	LED
LGDS	Lejweleputswa Growth and Development Strategy
MLM	Matjhabeng Local Municipality
NDP	National Development Plan
NSDP	National Spatial Development Perspective
NTSS	National tourism Sector Strategy
RDP	Rural Development Plan
RIDS	Regional Industrial Development Strategy
SEZ	Special Economic Zone

1 INTRODUCTION

The Matjhabeng Local Municipality (MLM) is committed to addressing poverty and unemployment, in part by encouraging local economic growth and development. To this effect, Harmony Gold Mining Company Limited (hereafter referred to as "Harmony"), a local MLM mining company, has appointed Urban-Econ Development Economists and Torpodi Development Consultants, on behalf of the MLM, to develop their Local Economic Development (LED) Strategy for 2019. The strategic update is necessary in order to reflect new economic realities and opportunities in the region.

The LED Strategy will serve as a framework for the promotion of economic growth and improved socio-economic outcomes in the MLM over a 10-year term. It will address the development of sector-based opportunities and the implementation of specific LED programmes and priority projects.

1.1 Purpose and Outputs of the MLM LED Strategy

The purpose of the MLM LED Strategy is to align the vision of MLM with that of President Ramaphosa's State of the Nation Address, 2019, where he stated, *"We will therefore be focusing greater attention on expanding exports. In line with the jobs summit commitments, we will focus on the export of manufactured goods and trade in services such as business process outsourcing and the remote delivery of medical services" (SoNA, 2019).*

The MLM LED Strategy aims to investigate the various options and opportunities available to broaden the economic base in the MLM. This information is then strategically packaged to create an environment conducive to economic growth and investment; to facilitate business development; and to create sustainable job opportunities. The desired outputs of the LED Strategy are summarised as follows

- **Align LED with Pres. Ramaphosa's vision of industrializing the RSA economy**
- Stimulate economic growth and diversification, especially in labour intensive, high growth and sustainable industries.
- Retain existing industries and small businesses; actively recruit new investment; and encourage entrepreneurship within the local community.
- Strengthen partnerships between established industry and new market entrants in order to enhance local supply chains; and encourage skills transfer.
- Reduce unemployment and poverty through the creation of sustainable job opportunities.
- Encourage greater integration between Welkom and the regions' townships and rural communities.
- Coordinate LED with the wider development interventions occurring in the Municipality.

1.2 Report Summary

The MLM LED Strategy is a comprehensive document providing a holistic view of the Municipality; and a framework for addressing the opportunities and challenges therein. The document is divided into six sections, each of which is summarised below:

Section 1: Introduction

The introduction provides background information for the strategy, including a definition of LED and the role of a Municipal LED Strategy in achieving LED objectives.

Section 2: Evaluation Framework

The policy review is designed to ensure that recommendations put forth in the MLM LED Strategy are aligned to the existing policy framework. to achieve this, relevant policies and strategies at the national, provincial and municipal level are identified, summarised and assessed to determine their specific implications for LED.

Section 3: The MLM in 2019

The purpose of this section is to provide a clear picture of the MLM in 2019, in order to identify development needs; challenges and opportunities. The Municipal Profile addresses each of the following issues:

- Geographic context, including location, accessibility and proximity to large urban centres.
- Demographics, including population size, composition, growth rate and migration.
- Socio-economic issues, including housing, service delivery and education.
- Economic analysis, comprising of production and employment profiles.
- Poverty indicators, such as income levels and the proportion of indigent households.

Section 4: Economic Infrastructure Analysis

This section analysis the current condition of the infrastructure and the development required for the infrastructure to support economic growth in MLM

Section 5: Development Potential Analysis

The opportunity analysis of each economic sector expands on the analyses of section 3. Each sector is observed to assess economic growth, employment and potential development opportunities.

Section 6: Strategic Development Framework

This section identifies five development pillars on which LED should focus on, based on the opportunities identified in the previous sector. An extensive project portfolio is included for additional interventions.

Section 7: Implementation Plan

The implementation plan outlines the key interventions required to implement high-impact projects, as well as the identification of prioritised projects and critical success factors.

Section 8: Priority Projects Pre-feasibility

The final section of the MLM LED Strategy includes a pre-feasibility study of five priority projects. These studies identify the unique attributes and requirements of each intervention.

1.3 Defining 'Local Economic Development'

LED is defined as the process in which local governments and/or community-based groups manage their existing resources and enter into partnership arrangements with the private sector, to create new jobs and stimulate economic activity in an economic area (Zaaijer and Sara, 1993, 129).

As a program, LED is intended to maximise the economic potential of local municipalities increased local economic growth, employment creation and development initiatives within the context of sustainable development.

Throughout South Africa, local municipalities experience similar issues such as unemployment, poverty, crime, inequality and various other shortcomings. LEDs can provide support to municipalities in terms of servicing the basic human needs and growing the role it has on the local economy.

The realities of implementing LED plans efficiently and effectively in municipalities includes aspects such as urbanization, technological advances and globalization that are on a rapid scale and affects local business environments required to support SMMEs in a quest to remain competitive.

These aspects can affect the economies of cities and towns as a hostile business environment affects the ability to contribute to the GDP. LEDs can result in efficient and effective municipalities through the following activities:

- Training and capacity building initiatives; as well as targeted investment to boost potential growth sectors, for example tourism, knowledge industries, pro-localism procurement and servicing policies.
- Simplify regulations and by-laws to stimulate, rather than hinder, economic development. Place marketing to attract tourists and, importantly, potential investors. Defining the municipality as an economic player in the local economy with considerable clout and leverage capability (Du Plessis & Thomas, 2007:21).

- Enable the local authority to provide more and better services and facilities with the focus on human resource potential and opportunities for development.
- Promoting linkages between developed and under-developed areas; and building of new institutions for sustainable economic development.
- Developing low skills of and converting it into skills which can be used to advance the interests of the municipalities. This stage personally develops individuals whilst simultaneously fostering economic development.
- Build up economic capacity of a local area to improve its economic future and quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.
- Provide support for small and medium business through the provision of training and support mechanisms and creating optimal infrastructure, like SMME incubators.
- Create jobs and new employment opportunities; increase income levels and enable people to pay for services.

1.3.1 Institutional arrangements for LEDs

Institutions are important in the economic development process because they provide a framework for rules to ensure rational and optimum decision making. In addition, they are instrumental to ensure stability and certainty for stakeholders (North, 2003). These attributes are also applicable for LED institutions.

LED institutional arrangements refer to organizations, structures and networks that are directly or indirectly involved in the implementation of LED. These institutions serve as mechanisms through which LED strategies are coordinated, managed, implemented, as well as monitored and evaluated (DPLG, 2000).

LED institutional arrangements serve three primary purposes. First, they form a basis through which successful resource management is ensured. Second, these institutions provide a platform for various LED stakeholders to articulate their interests, share information, bargain, and take collective decisions. Finally, LED institutional arrangements are essential to reduce uncertainty in the implementation of LED. Identification of pertinent LED stakeholders and the clarification their respective role is imperative to ensure successful implementation of LED efforts (North, 1990; Dinar & Kemper, 2005).

It could be argued that LED institutional arrangements are essential because economic growth and development cannot take place in a political and legal institutional vacuum (North, 2003). In order to enhance the effectiveness of LED institutions, it is advisable to conceptualize their design within broader socio-economic and socio-political frameworks within which these initiatives unfold. This implies that LED institutional arrangements should take into cognizance various legislative and policy imperatives to bolster their relevance and legitimacy (Eaton, Meijerink & Bijman 2008).

The purpose of the LED Strategy is to investigate the various options and opportunities available to broaden the economic base in the MLM. This information is strategically packaged to create an environment conducive to economic growth and investment; to facilitate business development; and to create sustainable job opportunities. The desired outputs of the LED Strategy are summarised as follows

- Stimulate economic growth and diversification, especially in labour intensive, high growth and sustainable industries.
- Retain existing industries and small businesses; actively recruit new investment; and encourage entrepreneurship within the local community.
- Strengthen partnerships between established industry and new market entrants in order to enhance local supply chains; and encourage skills transfer.
- Reduce unemployment and poverty through the creation of sustainable job opportunities.
- Encourage greater integration between Welkom and the regions' townships and rural communities.
- Coordinate LED with the wider development interventions occurring in the Municipality.

1.3.2 CoGTA Framework

According to CoGTA, LED is an approach towards economic development which allows and encourages different stakeholders to work together to achieve sustainable economic growth and development, thereby bringing economic benefits and improved quality of livelihood for all residents in a local municipal area. In accordance with the 2017 CoGTA conference, LED the framework remains a strategic coordination, planning and implementation guide that provides and enhances a commonly shared understanding of LED in South Africa. The Framework aims to merge existing national economic development programmes and divert attention on the implementation in local development.

Due to challenges identified in the implementation of the 2006 Framework, a LED Strategic Implementation Plan needs to be beyond providing proposals; guidance and approaches. The Implementation Plan will account relevant stakeholders to specific, time bound and resourced actions to improve LED Outcomes. **Government tiers** places emphasis on integrated and well-coordinated approach across the three government spheres. This coordination is the primary mandate of national and provincial CoGTA. The ideal role-player to implement policies, strategies and programmes within this proposed coordination would be relevant departments, within each respective departmental mandate.

Sector departments can benefit in dual with IDP processes as various programmes would be articulated spatially CoGTA plays a pivotal role in the coordination role. Emphasis is on the provision of technical and financial support to Local Municipalities. Local Municipalities do not possess the capacity to implement national priorities. CoGTA's LED framework approaches comprises of the following:

LED is Territorial - LED focuses on the uniqueness of each area.; the people and institutions in that area as well as the different sectors of an area.

LED is Stakeholder Driven and comprises of a consultative, collaborative ranging from government, private sector, traditional leaders, academic institutions, community organisations, etc

LED is a process - Which sets clear strategies and alignment of plans. Depending on which entity, this is done through stakeholder engagement, resource mobilisation and governance processes, systems, and structures.

LED is multidisciplinary - LED is at the core of economic development, this includes but not limited to infrastructure development, social and community development, Environmental and natural resource interface, Spatial planning as well as economic development.

LED is outcomes based and focuses on attaining a set of objectives. This includes various outcomes such as increasing Gross Value Added, increasing the local revenue base, employment skills outcomes, investment attraction/retention /expansion or Infrastructure outcomes.

LED is a strategy and includes various elements such as Inner city, small towns or township regeneration; development of industrial parks; investment and business retention expansion strategies as well as regional development.

1.3.3 The Municipal structure and LED Stakeholders

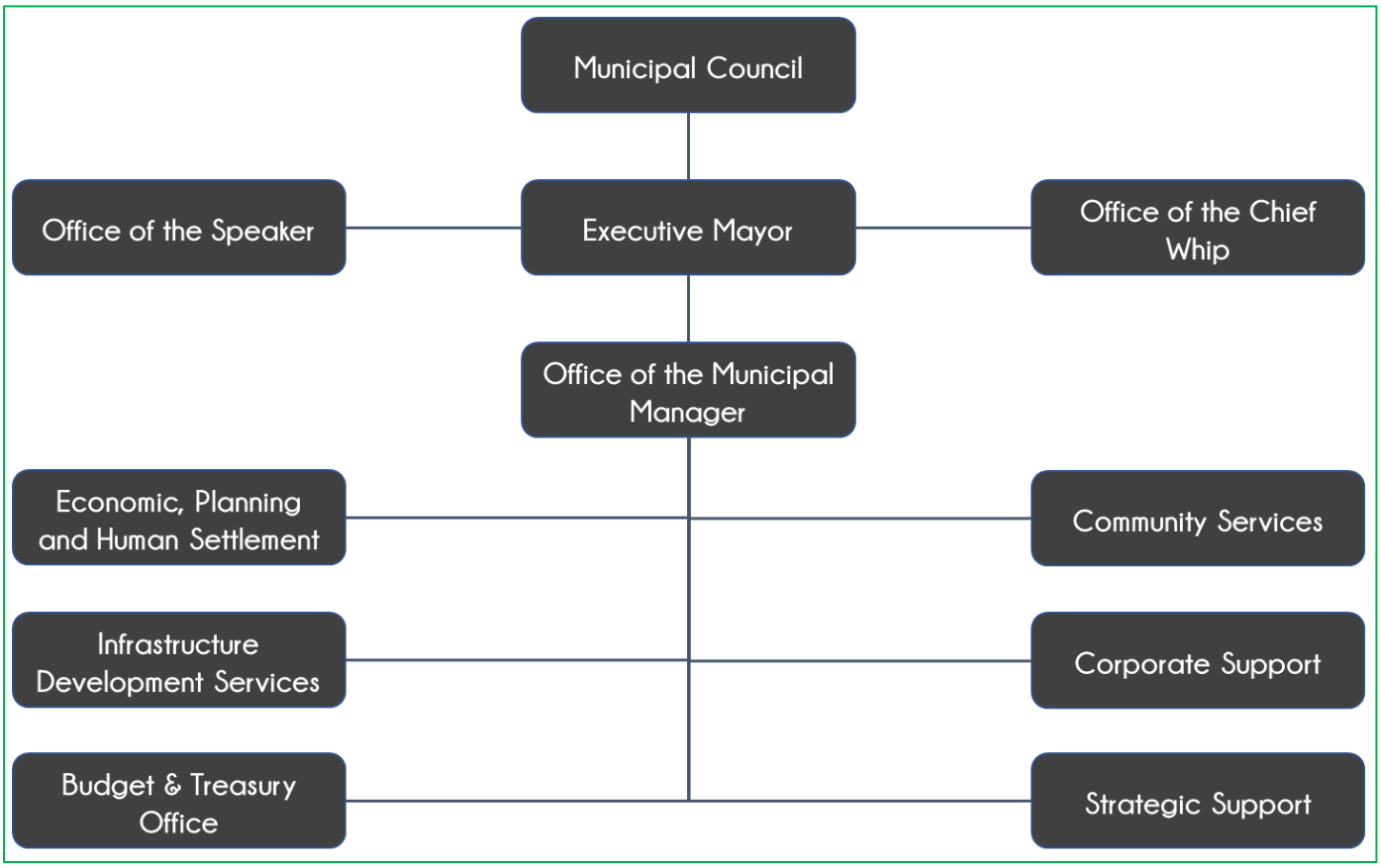
There are several stakeholders involved in shaping the economy of MLM. As part of planning, each stakeholder has an important role, with the end goal of improving their contribution to the attainment of the objectives of this strategy. Some of the main stakeholders in the MLM include the government agencies, businesses, communities, LED department, etc.

According to the Swinburn et al. (2003), LED stakeholders refers to individuals, businesses, organisations or groups in the public, private and Non-governmental organizations (NGO) with interest in implementing LED initiatives. The rationale behind involvement of multiple stakeholders in the LED processes is primarily to increase the credibility, equity, transparency, and finally buy-in.

Secondly, an inclusive approach to LED implementation is recommended because it promotes better understanding of the socio-economic needs of the beneficiaries. Thirdly, it enhances efficiency in the implementation of LED due the ability of stakeholders to mobilise their own resources to support the process.

The effective and efficient functioning of the municipality will depend on a number of factors, including the organisational structure of the institution. Figure 1 illustrates the organisational structure of a municipality, and the linkages between the different roles.

Figure 1: Organisational structure of a municipality

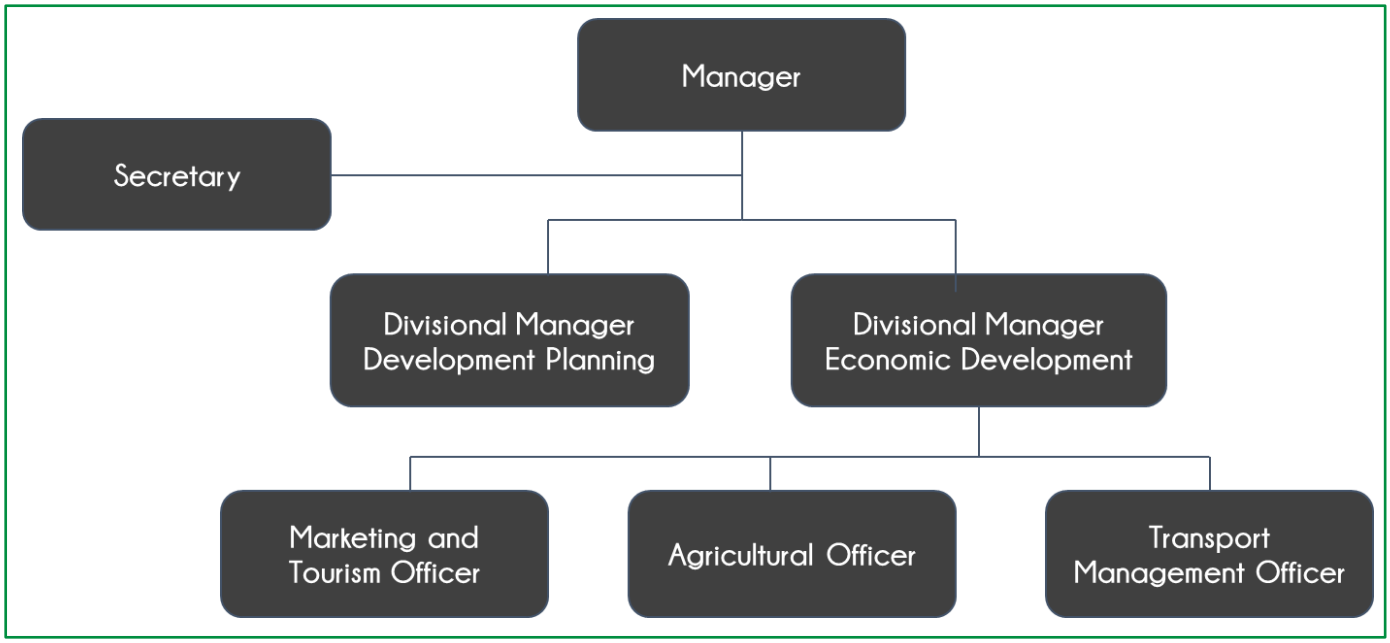


- **Municipal Council** - A municipal council has several different responsibilities. These include establishing he laws and policies, providing financial oversight, planning the budget, and hiring the municipal manager. It is also responsible for ensuring that the municipal administration fulfils its duties to the community.
- **Office of the Mayor** - The mayor is elected by the Municipal council to co-ordinate the work of the Municipality. The Mayor is the political head of the municipality and is expected to provide the required leadership necessary to keep the municipality moving in the proper direction.
- **Office of the Speaker** - The speaker's role in a municipality is key to ensuring oversight, accountability, integrity, discipline of office, and the efficient running of council meetings.
- **Office of the Municipal Manager** - Responsible for the establishment and maintenance of a strategic management system for the municipality to ensure the achievement of the municipality`s strategic objectives and its developmental and service delivery obligations.
- **Office of the Chief Whip** - Established to create synergy and maintain discipline among Councillors from various political parties, and to ensure coordination and accountability of the service delivery process.
- **Economic. Planning and Human Settlement** - Responsible for Integrated Development Planning and LED, performance management, and development planning and integration.
- **Budget and Treasury Office** - Responsible for expenditure, income and budget functions of the municipality.
- **Social Development and Community Services** - Responsible for protection services, fire and disaster management, integrated human settlement, parks and recreation and library services.

- **Infrastructure Development Services** - Responsible for roads, refuse sites and cleaning, civil works, electrical engineering, water quality and control, building control and infrastructure maintenance.
- **Corporate Services** - Chiefly responsible for secretariat and customer care, property and amenity services, legal services, human resource management and Information and Communications Technologies (ICT).
- **Executive support** - Responsible for putting systems in place to maximize customers' satisfaction with the municipal's services.

Each municipality has its own stakeholder consultation arrangements around LED. However, according to SALGA, it is ideal that the LED section should be placed directly under a Manager's office, and staff should therefore report to the Manager directly. Figure 2 shows the planning and economic development directorate.

Figure 2: Economic, Planning and Human Settlements



- **Manager-** Responsible for the development portfolio which includes LED, communications, performance management, spatial development planning, the integrated development plan (IDP) and the role of a municipality in aspects of formulating and implementing various policies and strategies.
- **Secretary**- The secretary performs general administration duties and any other duties assigned by the manager.
- **Divisional Manager (Development Planning)**- Responsible for co-ordination and preparation of policies and programs that will contribute to social and economic upliftment.
- **Divisional Manager (Economic Development)**- Responsible for advancing the practice and state of economic development as a key element of public policy formulation at all levels of government;
- **Marketing and tourism Officer**- Responsible for developing and managing all marketing, advertising, promotional and publicity activities carried out in the tourism sector.
- **Agricultural Officer**- Responsible for providing technical expertise related to the operations in the agriculture sector.
- **Transport Management Officer**- Responsible for ensuring efficiency in road infrastructure planning and delivery as well as improved service delivery capacity within the roads sector.

1.3.4 LED Support structures

The purpose of a LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is important that the public, businesses and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. Table 1 illustrates organisations which can provide support.

Table 1: Support structures

Organisation	Description
Black Business Supplier Development Programme (BBSDP)	BBSDP provides grants to small, black-owned enterprises. It aims to improve sustainability and competitiveness of majority black-owned enterprises and thereby integrate them into the mainstream economy.
Department of Trade & Industry (DTI)	The DTI provides financial support to qualifying companies in various sectors of the economy.
Employment Creation Fund (ECF)	The ECF supports projects and programmes that have a positive impact on employment creation, skills development and capacity building, developing the 'green economy,' developing the agriculture and agro-processing value-chain, technology diffusion and commercialisation, public employment creation, rural development and the business environment.
Municipal Infrastructure Grant (MIG)	MIG aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting.
National Youth Rural Service Corps Programme (NYRSCP)	NYRSCP aims to enhance skills development by providing unemployed youth in the rural areas with opportunities to work in their communities and to be trained to provide the necessary services for local socio-economic development.
Neighbourhood Development Grant Program (NDGP)	NDGP provides a conditional grant to municipalities to stimulate and accelerate investment in poor, underserved residential neighbourhoods.
Operation Phakisa	An NDP initiative designed to fast-track the implementation of solutions on critical development issues.
Public Arts Development Programmes (PADP)	A government initiative that looks to strengthen and grow the arts, culture and heritage sector.
Small Enterprise Development Agency (SEDA)	SEDA's mission is to develop, support and promote small enterprises throughout the country
Tourism Enterprise Support Programme (TESP)	Programme's aim is to encourage and facilitate the growth of tourism facilities
Youth Economic Participation	Aims to coordinate the efforts of State-Owned Companies (SOC) under the Department of Public Enterprises towards maximising their inputs towards youth economic empowerment.
Youth Build	A community based National Youth Service programme that offers volunteers a comprehensive programme that integrates academic achievement, work experience, social action, leadership development, and personal transformation in a single project.

2 EVALUATION FRAMEWORK

The policy review provides a summary of all strategic documents guiding development in the MLM, including policies and strategies from national, provincial, district and local government. The purpose of this review is to ensure that the MLM LED Strategy is aligned to the existing policy framework; and to identify any implications for development in the region.

2.1 National Development Strategies

The South African government is committed to addressing poverty and inequality by achieving accelerated and equitable economic growth. to this effect, the government has issued a range of policies and strategies, the following of which are relevant to LED in the MLM.

2.1.1 National Development Plan

The National Development Plan (NDP) was presented by the **National Planning Commission** in 2011 and addresses the Commissions mandate to *'take a broad, cross-cutting, independent and critical view of South Africa, to help define the South Africa we seek to achieve in 20 years' time and to map out a path to achieve those objectives'*. The NDP has since been adopted by government with the intention that its directives will inform strategic decision making throughout South Africa.

The strategic framework for the NDP is based on the following 12 development priorities:

- Promote an inclusive and labour absorbing economy.
- Increase capital spending, specifically on infrastructure.
- Transition to a low-carbon economy.
- Create an inclusive and integrated rural economy.
- Reverse apartheid constraints through spatial planning.
- Improve the quality of education, training, and innovation.
- Invest in quality healthcare for all South Africans.
- Develop a robust social security system.
- Build safer communities and reduce crime.
- Reform the public sector.
- Fight corruption in government.
- Transform society and unite the country.

IMPLICATIONS

- The NDP guides decision making in all spheres of government. Thus, the directives provided in the NDP must be integrated into the MLM LED Strategy, including an emphasis on labour absorption, investment in infrastructure and green industry, and the development of an inclusive rural economy.

Through the implementation of strategic guidelines and interventions outlined in the NDP, it is anticipated that South Africa will achieve the goal of eliminating poverty and reducing inequality by 2030.

2.1.2 National Spatial Development Framework (NSDF) 2018

The mandate of the NSDF is to address Chapter 8 of the NDP which calls for preparation of the national spatial development framework. The purpose of the NSDF, in terms of economic development, is to combine information gathered by the three levels of government: national, provincial and municipal, in directing spatial planning processes. The NSDF sets out to outline specific arrangements for prioritising, mobilising, sequencing and implementing private and public infrastructure in the areas identified for priority spatial structuring.

The NSDF has set informative and directive National Spatial Outcomes to be achieved by 2050: achieve the national development objectives of the NDP; and

IMPLICATIONS

- The NSDF is aimed at identifying spatial trends, which will aid location opportunities for LED in the MLM. Areas of poverty, under-employment, and poor service delivery are illustrated, and thus the NSDF must be utilised for strategic planning to uplift priority regions.

bring about the desired National Spatial Development Pattern and the National Spatial Development Vision. The National Spatial Outcomes are:

- A network of consolidated, transformed and well connected national urban nodes, regional development anchors, and development corridors that enable South Africa to derive maximum transformative benefit from urbanisation, urban living and inclusive economic development
- National corridors of opportunity enable sustainable and transformative national development, urbanisation, urban consolidation, mutually beneficial urban and rural linkages, and ecological management

2.1.3 The New Growth Path

The New Growth Path's focus is to create decent work opportunities, reduce inequality and end poverty in South Africa. National Government aims to achieve this by the restructuring of the South African economy to achieve labour absorption and accelerated economic growth. National Government is committed to achieving these objectives by:

- Identifying areas where **employment creation** is possible on a large scale as a result of substantial changes in conditions in South Africa and globally.
- Developing a policy package to facilitate employment creation in these areas, through:
- A comprehensive drive to **enhance competitiveness** and social equity;
- Systemic changes to **mobilise domestic investment** around certain activities; and
- Strong social dialogue to encourage growth in employment-creating activities.

IMPLICATIONS

- The New Growth Path is predicated on the importance of resource prioritisation and stakeholder engagement. It is therefore important that these priorities inform recommendations and guidelines provided in the MLM LED Strategy.

2.1.4 Industrial Policy Action Plan X (IPAP) (2018/19 – 2020/21)

The IPAP is an annual series of industrial strategies aimed at promoting diversification beyond the current reliance on traditional commodities and non-tradable services. The purpose of the IPAP is to expand value-added sectors, promote labour absorbing industries, increase economic participation by historically disadvantaged individuals, and expand into regional markets.

The tenth iteration of IPAP was issued in 2018 and addresses the challenges, opportunities and policy changes that have occurred in the previous year. The document is specifically concerned with promoting the following industries, identified as having long-term growth potential:

- Metal fabrication, capital and rail transport equipment.
- Clothing, textiles, leather, footwear, and crafts.
- Agro processing.
- Plastics, pharmaceuticals, chemicals and cosmetics.
- Automotive components and vehicles.
- Forestry, paper, pulp and furniture.
- Minerals beneficiation
- Green industries
- Business process services
- Aerospace and Defence
- Electro-technical Industries
- Marine Manufacturing & Associated Services

IMPLICATIONS

- The MLM has a relatively strong manufacturing sector with identified potential for growth. This potential may be realised through the adoption and implementation of strategic directives presented in the IPAP X. Additionally, by aligning the MLM LED Strategy to the IPAP X, the MLM will ensure coordinated development and enhance the prospect of attracting public finance and support.

It is envisioned that a collective commitment between Government, labour, business and civil society, will enable the rejuvenation of these and other productive industries, providing meaningful employment, attracting investment and achieving accelerated economic growth.

2.1.5 Special Economic Zone (SEZ) Act No. 16 of 2014.

The SEZ Act was signed by the president of South Africa on 27 January 2014, with the aim of creating zones for the promotion of industrial development in South Africa. The SEZ Act allows for various developmental incentives to attract investors . The SEZ Act provides for the designation, promotion, development, operation and management of SEZs; the establishment of the SEZ Advisory Board; the establishment of a the SEZ Fund; the regulation of application, issuing, suspension, withdrawal and transfer of SEZ operator permits; and the functions of SEZ operators.

IMPLICATIONS

- The SEZ Act allows for the development of a Special Economic Zone in MLM.
- The SEZ will attract large investors to the Municipility, which will stimulate economic growth

- The objectives of the Act are to:
- Determine SEZ Policy and Strategy;
- Establish an SEZ Advisory Board and SEZ Fund;
- Ensure proper designation, operation, promotion, development and management of SEZs;
- Enact regulatory measures and incentives for SEZs in order to attract domestic investment as well as Foreign Direct Investment (FDI); and
- To establish a one-stop-shop to deliver government services within the zone.

2.1.6 Comprehensive Rural Development Programme

The Comprehensive Rural Development Programme (CRDP) is based on the national priority to fight poverty, hunger, unemployment and lack of development in rural areas. The Strategy is premised on three development phases:

- **Phase One** - prioritises meeting the basic needs of rural residents.
- **Phase Two** – development is driven by large-scale infrastructure development.
- **Phase Three** - emergence of rural industrial and financial-credit sectors driven by small, medium and macro-enterprises and village markets.

The common thread among the three phases of the CRDP is the development of agriculture. to this effect Government has pledged over R2.6 billion in conditional grants to provinces over the medium term. This will be used for agricultural infrastructure, training, advisory services and marketing, and for upgrading agricultural colleges.

Government also supports the provision of agricultural implements and inputs to support emerging farmers, including equipment, seeds and fertiliser. There is also a commitment to increase the accessibility of agriculture loans accessible and ensure quality extension services.

IMPLICATIONS

- The CRDP provides recommendations and opportunities for LED in rural areas. This includes an emphasis on service delivery, farmer support, infrastructure investment and improved access to finance. These recommendations will be incorporated into the MLM LED Strategy, especially with regards to economic growth in rural areas.

2.1.7 The National Framework for Led by COGTA

The 2014-2019 LED Framework outlines the context for LED in South Africa; sets out a conceptual structure intended to serve as a guiding document for development of a comprehensive strategic implementation framework. It provides a sense of South Africa's core local development priorities, key principles and priority focus areas over the next five years, and it proposes an implementation approach. The Framework further articulates principles that underpin all future programmes, projects and activities relating to LED in the country, and provides a single policy point of reference for LED for all stakeholders, directly or indirectly involved in LED.

- The Framework focuses of five core LED pillars:
- Building a diverse economic base
- Developing learning and skilful economies
- Developing inclusive economies
- Enterprise development and support
- Economic governance

Local Governments must lead local development initiatives; whilst the provincial government must increase its capacity to support local government; and the national government must provide a coherent, consistent and robust policy framework and increase the resource base to do this.

IMPLICATIONS

- The MLM must align LED to the National Framework to ensure that a focused approach is taken by all levels of government to develop local and national skills, enterprises, industries and economies. Successful implimentation of programmes will result in economic growth, job creation and a higher standard of living for local residents.

2.2 Provincial Development Strategies

The MLM is situated in Free State and, as such, is expected to adhere to the policies and strategies set forth by the Free State Provincial Government. The following is a summary of the Provincial strategies with relevance to economic, spatial and social development in the MLM. The guidelines and recommendations put forth in these documents will be integrated into the MLM LED Strategy in order to provide an aligned and implementable development framework.

2.2.1 Free State Growth and Development Strategy

The 2005-2014 Free State Growth and Development Strategy (FSGDS) is founded on the vision *"A unified prosperous Free State which fulfils the needs of all its people"*. Four priority areas of intervention have been identified by the province. These priority areas are primarily based on the social, economic and developmental needs of the province, namely;

- Economic Development and Employment Creation;
- Social and Human Development;
- Justice and Crime Prevention;
- Efficient Administration and Good Governance.

For each of the five strategic pillars the FSGDS also identifies important targets, which will guide decision making in the province. The following is a summary of the strategic targets with particular relevance to LED:

IMPLICATIONS

- The MLM LED Strategy will also pursue the objective of accelerated and inclusive growth while prioritising green industry, job creation, skills development, rural poverty alleviation and small business development.

- Reduce unemployment by half through new jobs, skills development, assistance to small businesses, opportunities for self-employment and sustainable community livelihoods.
- Reduce poverty by half through economic development, comprehensive social security, land reform and improved household and community assets.
- Provide the skills required by the economy, build capacity and provide resources across society to encourage self-employment with an education system that is geared to productive work, good citizenship and a caring society.

Ensure that all South Africans, including the poor and those at risk - children, the youth, women, the aged, and people with disabilities – are fully able to exercise their constitutional rights and enjoy the full dignity of freedom.

2.2.2 Free State Provincial Spatial Development Framework - 2014

The Free State Provincial Spatial Development Framework (FSPSDF) is considered a fundamental element of the Free State Provinces comprehensive development plan. The Free State PSDF is a provincial spatial and strategic planning policy that responds to and complies with, in particular, the National Development Plan (NDP) Vision 2030.

The FSPSDF is based on the following developmental pillars

- **Biophysical, social, economic and technical sustainability of all land-use programmes and projects** through managing human use of the biosphere and its resources; enhancing the integrity of the environment as an imperative for long-term sustainability; incorporating biodiversity into the management of all biological resources; supporting conservation initiatives in the private sector; ensuring spatial sustainability; and facilitate efficient use of all forms of capital available to the free state.
- **Integrated spatial planning and land-use management** through appropriate demarcation of administrative units; innovative spatial planning that provides for a structure of interrelated cores; corridors and matrices; adaptive management; building human capacity and ability; and efficient information management.

IMPLICATIONS

- The FSSDF proposes a holistic approach to spatial development that encompasses the Provinces major urban centres as well as secondary, tertiary and peripheral nodes. Recommendations for developing these peri-urban and rural areas include:
- 1. Prioritise development along key roads and corridors
- 2. Integrate the rural and urban economies
- 3. Restrict the sprawl of urban low-density housing into the rural periphery
- 4. Protect and advance the agriculture industry

2.2.3 Free State Green Economy Strategy - 2014

This green economy strategy for Free State Province (FSGES) was developed in alignment with the Free State Provincial Growth and Development Strategy. The development process was spearheaded by the Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA).

The objective was to develop a green economy strategy to assist the province to:

- Improve environmental quality and economic growth;
- Develop green industries and energy efficiency;
- Expand productive capacity and service delivery;
- Adopt sustainable consumption and production processes;
- Improve policy making, permitting, monitoring and enforcement on Green Economy Initiatives/Programmes;
- Create decent green jobs and build capacity of relevant personnel from DESTEA, municipalities and other relevant stakeholders.

IMPLICATIONS

- The FSGES's focus is to create a sustainable and healthy environment for future generations and industries. It promotes ethical and efficient utilisation of available resources, while creating jobs.
- MLM would be impacted through the adoption of green practices as it moves from previously dirty industrial practices, such as mining, to cleaner industries through the use of new technologies and management.

2.3 Municipal Development Strategies

The development of an effective and integrated LED Strategy requires a clear understanding of the development priorities and interventions of relevant Municipal authorities. These directives are put forth in various development strategies which provide a framework for economic growth, spatial development and poverty alleviation.

The purpose of this sub-section is to summarise key development strategies in the District and Local Municipalities and identify implications for LED in the MLM. This information will be used in the identification of LED opportunities, projects and interventions.

2.3.1 Lejweleputswa Growth and Development Strategy – 2007/08

The Lejweleputswa Growth and Development Strategy (LGDS) is a holistic document designed to guide decision making on development, while also accommodating short- and medium-term adaptations.

The development objectives of the Lejweleputswa Growth and Development Strategy are to assist the municipality to:

- Stimulate economic development.
- Develop and enhance the infrastructure for economic growth and social development.
- Poverty alleviation through human and social development.
- Ensure a safe and secure environment for all the people of the province.
- Promote effective and efficient governance and administration.

The Free State province identified the 11 areas that need to be addressed.

- to achieve an annual economic growth rate at least equal to the national average economic growth rate.
- to reduce unemployment from 38.9% to 20%.
- to reduce the number of households living in poverty by 5% per annum.
- to improve the functional literacy rate from 69.2% to 85%.
- to reduce the mortality for children under five years to 65 per 1000 live births.
- to reduce the obstetrical maternal mortality rate from 65,5 to 20,06 per 100 000 women in the reproductive age group.
- to stabilize the prevalence rate of HIV and AIDS and reverse their spread.
- to provide shelter for all the people of the province.
- to provide free basic services to all households.
- to reduce the crime rate by at least 7% per annum.
- to provide adequate infrastructure for economic growth and development.

IMPLICATIONS

- The Lejweleputswa Growth and Development Strategy (LGDS) identifies numerous focus areas, many of which are applicable to LED in the MLM. This includes an emphasis on 'Reinventing the Economy' through the implementation of LED principles such as diversification, innovation and skills development.
- The information and directives presented in the LGDS will be used to assist in developing strategic pillars, integrated programmes and priority projects for the Matjhabeng LED Strategy.

2.3.2 Lejweleputswa District Municipality Integrated Development Plan (IDP) (2017-2022)

The 2017-2022 LDM IDP is the annual review of the five-year Integrated Development Plan adopted in 2017. The IDP is based on the Lejweleputswa Growth and Development Strategy and therefore advances the framework, including the prioritisation of LED with the following strategic objectives:

- Providing sound financial management
- Providing excellent, vibrant public participation and high quality local municipal support programmes maintaining good working relations in the spirit of co-operative governance
- Enhancing high staff morale, productivity and motivation

IMPLICATIONS

- The Matjhabeng LED Strategy will advance the objectives of LED at the local government level. This includes the promotion of selected flagship projects and the design and implementation of strategically aligned interventions.

2.3.3 Lejweleputswa District Rural Development Plan (RDP) - 2016

After several years of democracy, numerous people in rural communities still live under undesirable conditions such as poverty, inequality, unemployment, and poor access to economic opportunities. The Department of Rural Development and Land Reform (DRDLR) remains committed in addressing the above-mentioned socio-economic challenges. It is expected that the rural development plan will increase government investment in agricultural activities within rural communities. Rural development is very essential in achieving a well-developed agriculture sector. The DRDP aligns with the New Growth Path (NGP), National Development Plan (NDP) and Industrial Policy Action Plan (IPAP).

The RDP aims at addressing the triple challenge (poverty, inequality, and unemployment) faced by rural communities of South Africa by deriving a workable plan that entails a constant rural development that improves the livelihood of the people in rural areas. Moreover, the plan is guided by the NDP, NGP, IPAP, APAP and other policies supporting rural development.

Table 2 provides a list of the key drivers for Lejweleputswa.

Table 2: Key Drivers of Lejweleputswa

Lejweleputswa District Municipality	
Driver 1	Farming – sustainable agrarian reform, with a thriving small and large farming sector.
Driver 2	Food security - improved access to diverse and services and improved rural services to support sustainable livelihoods.
Driver 3	Infrastructure and service – improved rural services to support sustainable livelihoods.
Driver 4	Jobs and skills – improved employment opportunities and economic livelihood.
Driver 5	Institutions and inclusive growth - enabling institutional environment for sustainable improved growth.

Source: District Rural Development Plan

2.3.4 Matjhabeng Local Municipality IDP (2017-2022)

The MLM IDP was compiled following consultation with stakeholders in government, civil society and the private sector. The document includes a situational analysis of the Municipality which allows the identification of 'Key Performance Areas'. The third Key Performance Area identified in the MLM IDP concerns LED and Job Creation

The IDP also provides the following specific objectives for LED Strategy development:

- Ensuring access to basic services for all residents;
- Developing and sustaining spatial, natural and built environments;
- Providing integrated and sustainable human settlements;
- Addressing the challenges of poverty, unemployment and social inequality;
- Fostering a safe, secure and healthy environment for employees and communities;
- Developing a prosperous and diverse economy;
- Accelerating service delivery through the acquisition and retention of competent and efficient human capital;
- Ensuring sound financial management and viability.

IMPLICATIONS

- The LED priorities and projects identified in the MLM IDP will be integrated into the Matjhabeng LED Strategy. This will ensure that projects receive the necessary support, in terms of budgeting processes and coordinated implementation.

3 THE MLM IN 2019

The MLM is located in the Free State Province in South Africa's central region. In contrast to the Province's urban areas, however, the Municipality is largely rural, boasting strong mining and several small and mid-size settlements. These unique characteristics provide the municipality with an opportunity to integrate rural and urban planning to achieve accelerated and diversified growth.

The purpose of this section is to provide a detailed profile of the MLM in 2019. This profile offers an introduction into the geographical context of the region, including its location and accessibility. The MLM profile also addresses a range of socio-economic indicators including demographic trends, housing and service delivery, education and skills development, and economic output and employment. The information and analysis presented below will inform decision making around LED and assist with the identification of development programmes and interventions.

3.1 Geographic Context

MLM is part of the Lejweleputswa District Municipality (LDM), one of five district municipalities within the Free State and is located in the mid-northern part of the Free State Province. LDM is bordered by the other district municipalities namely, Fezile Dabi District Municipality, Mangaung Metropolitan Municipality, Xhariep District Municipality and Frances Baard District Municipality. Lejweleputswa District Municipality consist of five local municipalities (with the major towns), namely:

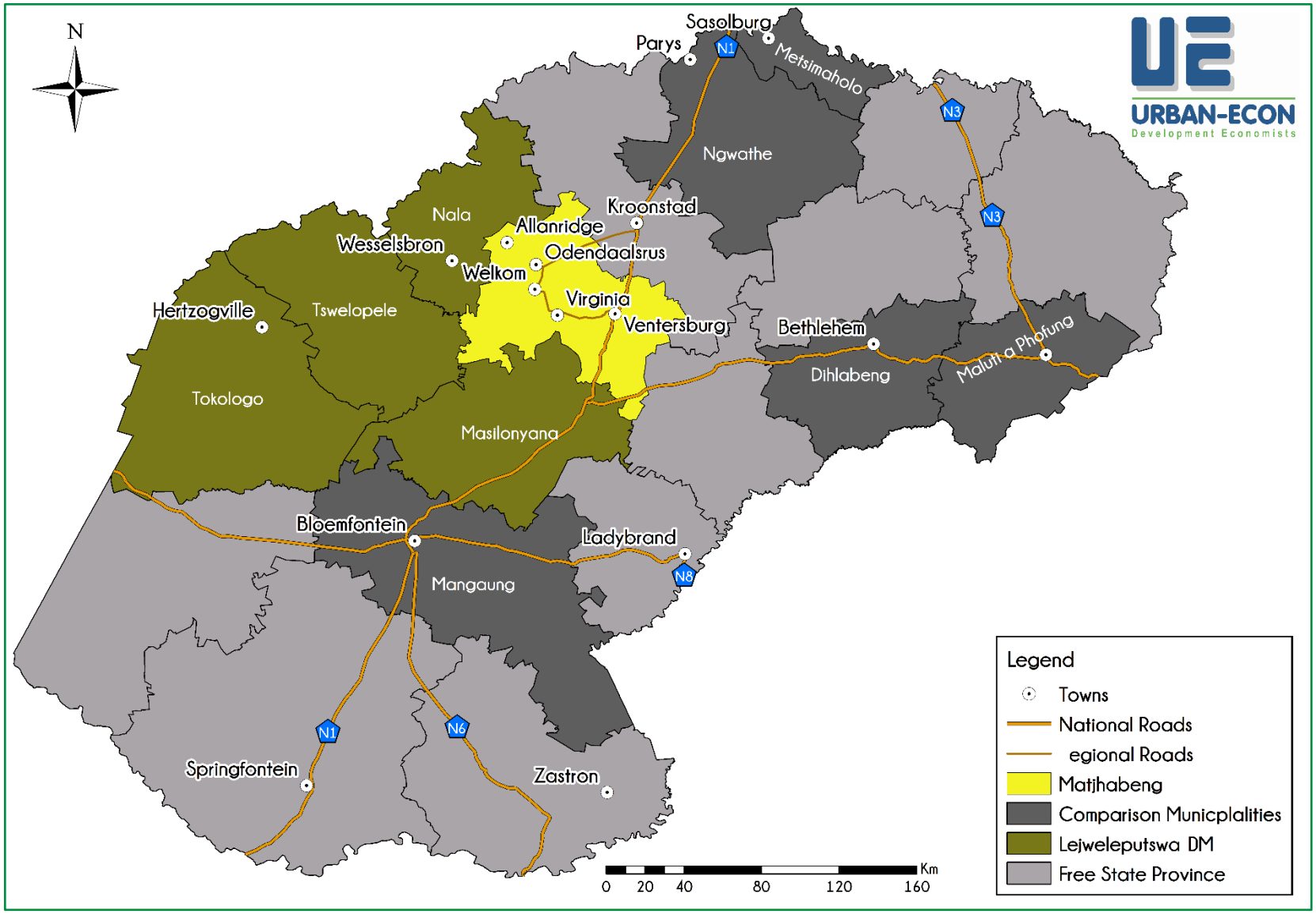
- Masilonyana Local Municipality (Theunissen)
- MLM (Welkom)
- Nala Local Municipality (Bothaville)
- Tokologo Local Municipality (Dealesville)
- Tswelopele Local Municipality (Hoopstad)

The MLM is largely rural, with urban concentrations located around Welkom. Historically, Welkom officially came into being on 15 April 1947, six years after the first mining lease in the area was awarded to the St Helena Gold Mining Company and was proclaimed a town on 23 July 1948. The major economic driver in the region is gold mining, hence the area is known as the Gold Fields. The Matjhabeng District Municipal is a category B municipality, with an area that covers more than 515 546 ha and the N1 and N5 national roads intersect the municipality.

As seen in Map 1, the surrounding municipalities will be utilised for socio- and economic comparisons, in order to benchmark the current economic performance of Matjhabeng in the Free State context. The five comparison regions include Mangaung Metropolitan Municipality, as well as Metsimaholo, Ngwathe, Dihlabeng and Maluti-A-Phofung local municipalities, which make up the wider region of this study.

The MLM is situated approximately 250km from Gauteng and 150km from Mangaung MM. The proximity to these large economic regions may offer Matjhabeng a competitive advantage as the labour costs of production is lower than these regions, therefore the opportunity of penetrating these markets should be pursued. The cluster of Virginia, Welkom, Odendaalsrus and Allanridge enables companies to select suitable locations to maximise profit through selecting the ideal location.

Map 1: Study Areas



Source: Urban-Econ GIS Mapping

3.2 Demographic Profile

The demographics of a region affects economic, social and spatial development by dictating the demand for employment, infrastructure and services. This sub-section offers a demographic profile of the MLM compared to the wider region. This profile includes information on population growth, density, composition, migration and household trends.

3.2.1 Population Growth

This section focuses on details of population dynamics within the MLM. This includes the total population and growth rate, population density, total number of households, age and gender structure of this population, and migration. Population refers to the total number of people living within a specific area. Population growth rate has to do with the change in the size of a population, which can be either positive or negative over a period.

Table 3 indicates the projection for the total population and population growth rate from 2008 to 2030. MLM's population grew at an annual growth rate of 5% between 2008 and 2018 and is expected to grow- by 2.3% and 2.2% from 2020 to 2025 and from 2025 to 2030 respectively. Comparatively, all geographic regions, including South Africa, experienced a decline in the population growth rate for the period 2025-2030.

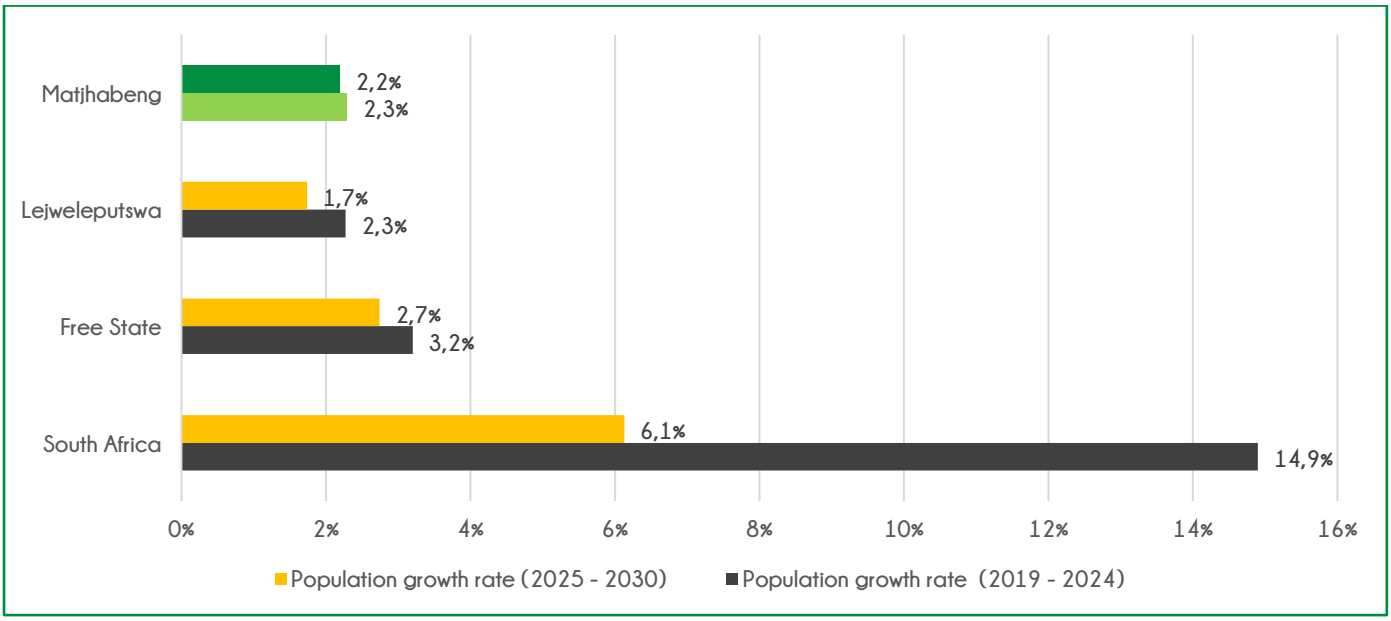
Table 3: Population total and Population growth rate: 2009 - 2030

Area	Total Population		Growth Rate	Total Population		Growth Rate	Total Population		Growth Rate
	2009	2019	2008 - 2018	2020	2024	2019 - 2025	2025	2030	2025 - 2030
South Africa	49 176 550	57 725 606	17%	49 928 233	58 669 595	14.9%	63 434 676	67 579 205	6.1%
Free State	2 770 303	2 954 348	7%	2 95 6442	305 4058	3.2%	3 072 325	3 158 716	2.7%
Lejweleputswa	636 995	664 592	4%	664 818	680 260	2.3%	682 670	694 778	1.7%
Matjhabeng	**408 253**	**427 770**	**5%**	**430 313**	**440 408**	**2.3%**	**442 111**	**452 010**	**2.2%**

Source: (Quantec, 2019)

Figure 3 graphically display population growth rates for South Africa; Free State province, Lejweleputswa District Municipality and MLM. During the 2019-2030 period. The figure illustrates that Matjhabeng's growth rate is closely identical in the growth rate from 2009 to 2019.

Figure 3: Population growth rate



Source: (Quantec, 2019)

3.2.2 Population Density

Population density refers to the number of people per land area (square kilometre) and indicates the average number of people who occupy a certain piece of land. Table 4 and Map 2 illustrates the population density for South Africa; Free State, Lejweleputswa District and its Local Municipalities.

This could be as a result of being a mining town. People from neighbouring towns, and even neighbouring countries often move to Matjhabeng in search of employment as industrial growth offers employment opportunities and acts as a great magnet to attract people, particularly from the neighbouring areas.

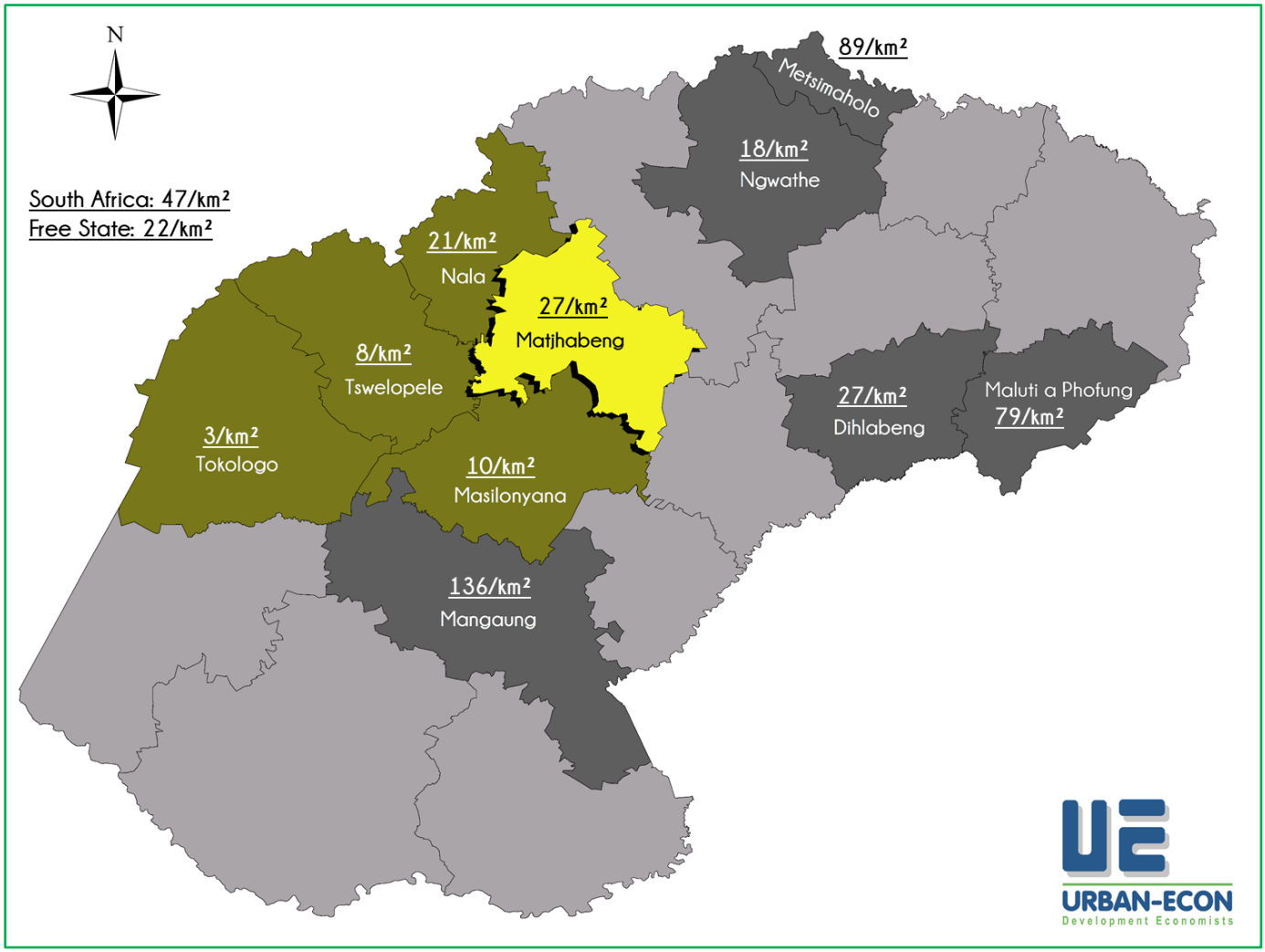
For the whole of Free State, the population density changed from 21 persons per km² in 2008 to about 22 in 2018. Metsimaholo and Mangaung are the two regions which had the highest percentage change. These two regions also had the highest density for both the 2008 and 2018 period. The high population density in these two regions can be alluded due to rapid urbanisation as Mangaung is a Metropolitan Municipality, and Metsimaholo comprises of the Vaal area, which is situated in the economic hub of the country, Gauteng.

Table 4: Population density and percentage change

Geography	Percentage change
	2008 - 2018
South Africa	14.8%
Free State	6%
Lejweleputswa	5%
Matjhabeng	**6%**
Dihlabeng	6.41%
Maluti a Phofung	-0.01%
Ngwathe	3.89%
Metsimaholo	11.65%
Mangaung	12.92%

Source: (Quantec, 2019)

Map 2: Population density - 2019



Source: (Quantec, 2019)

3.2.3 Household Dynamics

According to Stats SA, a household is regarded as a group of persons who live together and provide themselves jointly with food or other essentials for living, or a single person who lives alone. Average size of households is a valuable indicator of human settlements and the extent to which municipalities can respond to challenges. Table 5 illustrates that the average household size of people living in Matjhabeng has always been lower than that of the province. In 2009, the average household size of population in Matjhabeng was 3.3% compared with that of the province which was at 3.7% for the same period.

Table 5: total population, number of households and average household size, 2009 - 2019 period

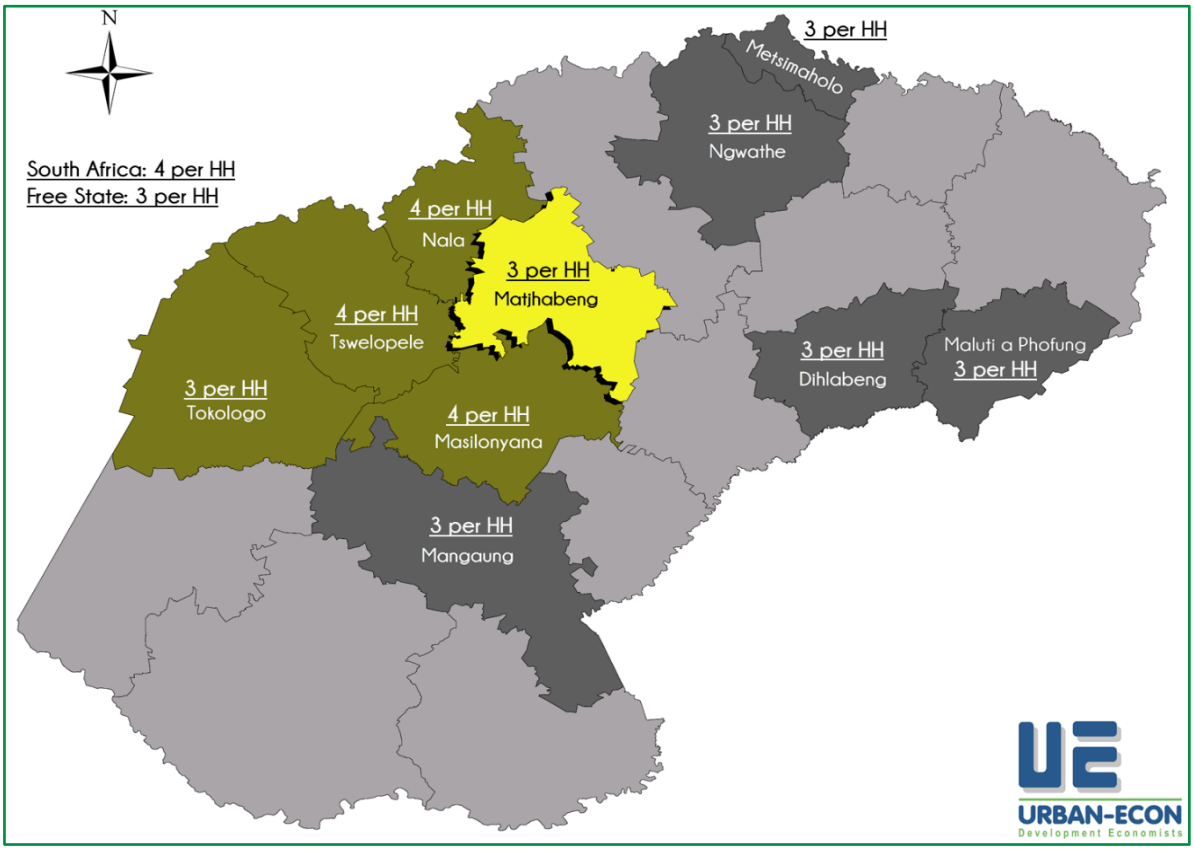
Geography	Households		Average Household Size	
	2009	2019	2009	2019
South Africa	13 469 507	16 442 534	3.7	3.7
Free State	799 498	882 334	3.5	3.4
Lejweleputswa	185 326	194 992	3.4	3.4
Matjhabeng	**123 928**	**131 204**	**3.3**	**3.3**

Source: (Quantec, 2019)

The situation is somewhat the same 10 years later with Matjhabeng at 3.27% whereas the provincial figures was 3.56%. These declines could be interpreted to mean that young adults move out of their parents' homes to establish own homes and households. Households comprising of 2 people or less is regarded as small and households with over 5 people is considered large. Matjhabeng average household size is 3.27 and can be considered as a relatively medium average household size.

Map 3 below illustrates the average household size of South Africa; Free State; Lejweleputswa District Municipality and MLM. In all these regions, average household size has increase from 2009 to 2019. Matjhabeng has a lower average household size in comparison to the district municipality, the province as well as the country.

Map 3: Household Sizes



Source: (Quantec, 2019)

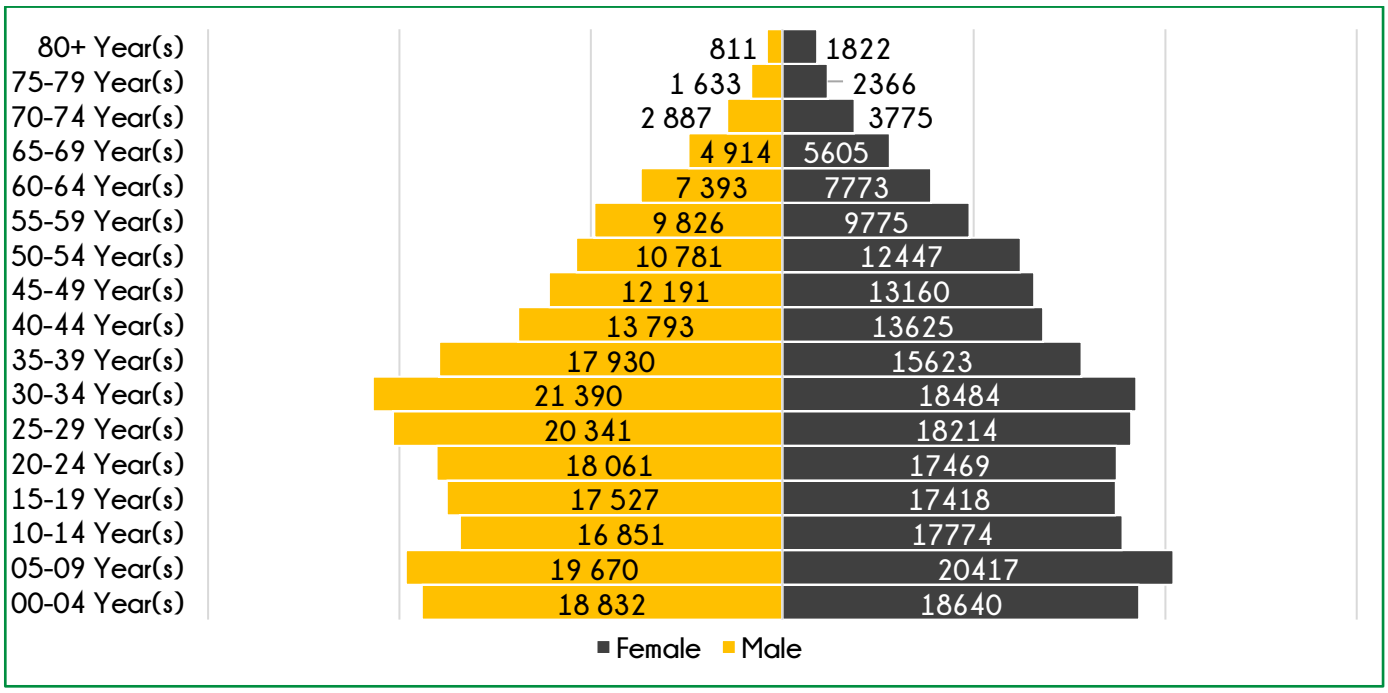
3.2.4 Age and Gender Composition

The age composition of a population has a considerable impact on socio-economic development in a study area. It is indicative of the size of the labour force, worker migration and the demands for health care and other social services.

Figure 4 demonstrates the age and gender composition by showing the proportions of males and females in each age group. The sum of both age-gender groups in the pyramid equals 100% of the population. This includes those younger than the working age (0-14 years), the youth (15-34 years), relatively elderly (34-64 years) and the elderly (over 65 years of age).

MLM population's largest age groups are the working age youth, (15 and 34 years) and adults (35 to 64 years). 34% of females and 33% of males fall within the adult group, whereas 33% of females and 36% of males are considered to be youth. These age groups form part of the working age groups between the ages of 15-64 and comprised around 67% of the population in 2019. Both sexes have large numbers around the ages of between 18 and 34 in 2019. This age group is young and innovative, which means that the provision of employment to youth in Matjhabeng is crucial and the region has potential to grow economically due to its young population.

Figure 4: Age and Gender Composition - 2019



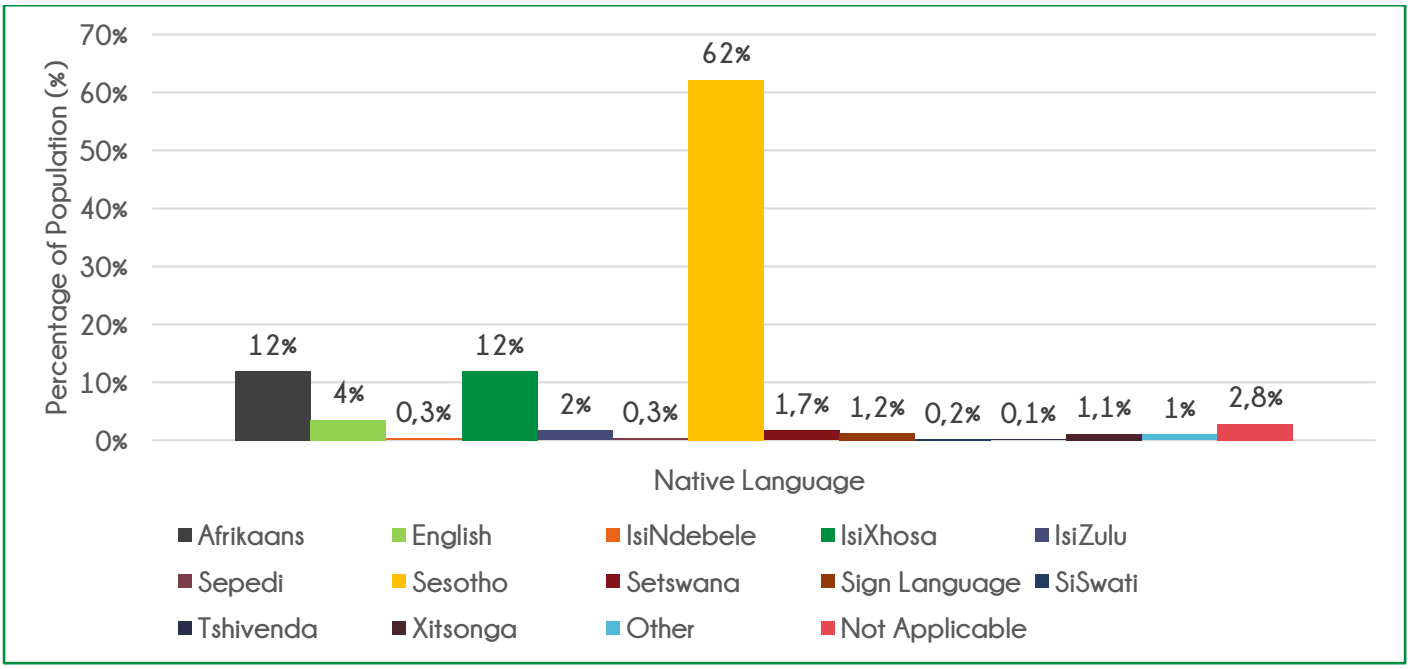
Source: Quantec 2019

3.2.5 Language Composition

Language is the pride of Matjhabeng as the name "Matjhabeng" is a Sesotho word meaning "where nations meet". It is derived from the migrant labour system where people from various countries like Lesotho, Mozambique, etc. meet to work in the mines of the Goldfields. Language is an important element for economic growth, as the communication among employers/employees, lecturers/students, company/client and social networks is more effective when both communicators are correctly understood.

As Figure 5 illustrates, Sesotho is the most prominent language spoken in MLM, with approximately 62% of the population communicating as such. Conversely, the conventional medium of instruction, English, is spoken as a first language, by only 3.5%. Afrikaans and IsiXhosa are both the spoken language of 11.9% of the population.

Figure 5: Language Composition: Native Speaking - 2019



Source: StatsSA, 2011

It is important to understand the culture of the population when developing an economy. The large Sesotho speaking population in MLM indicates that the predominant culture in the region is *Basotho*. The large *Basotho* population also shows that the majority of the residents understand the lifestyles and traditions of each other, thus communities can be strengthened through correctly designed initiatives.

The figure also illustrates a common challenge for South Africa, with 11 official languages, as the majority of the population are not fluent in English, the language that most study material is published in. Education and clear instructions in the workplace are imperative in order to improve economic growth through education and efficient production, therefore programmes must be developed to cater for the Sotho speaking population, in addition to the current English materials.

3.2.6 Migration

The movement of people from one area to another across administrative borders is known as migration. In South Africa, the spatial, social and economic landscape has been historically shaped by migration. This includes the southward movement of Bantu speaking people into what later became South Africa; the 'great trek' of Afrikaans farmers north from the Cape region; and the forced relocation of communities at the hands of the Apartheid administration.

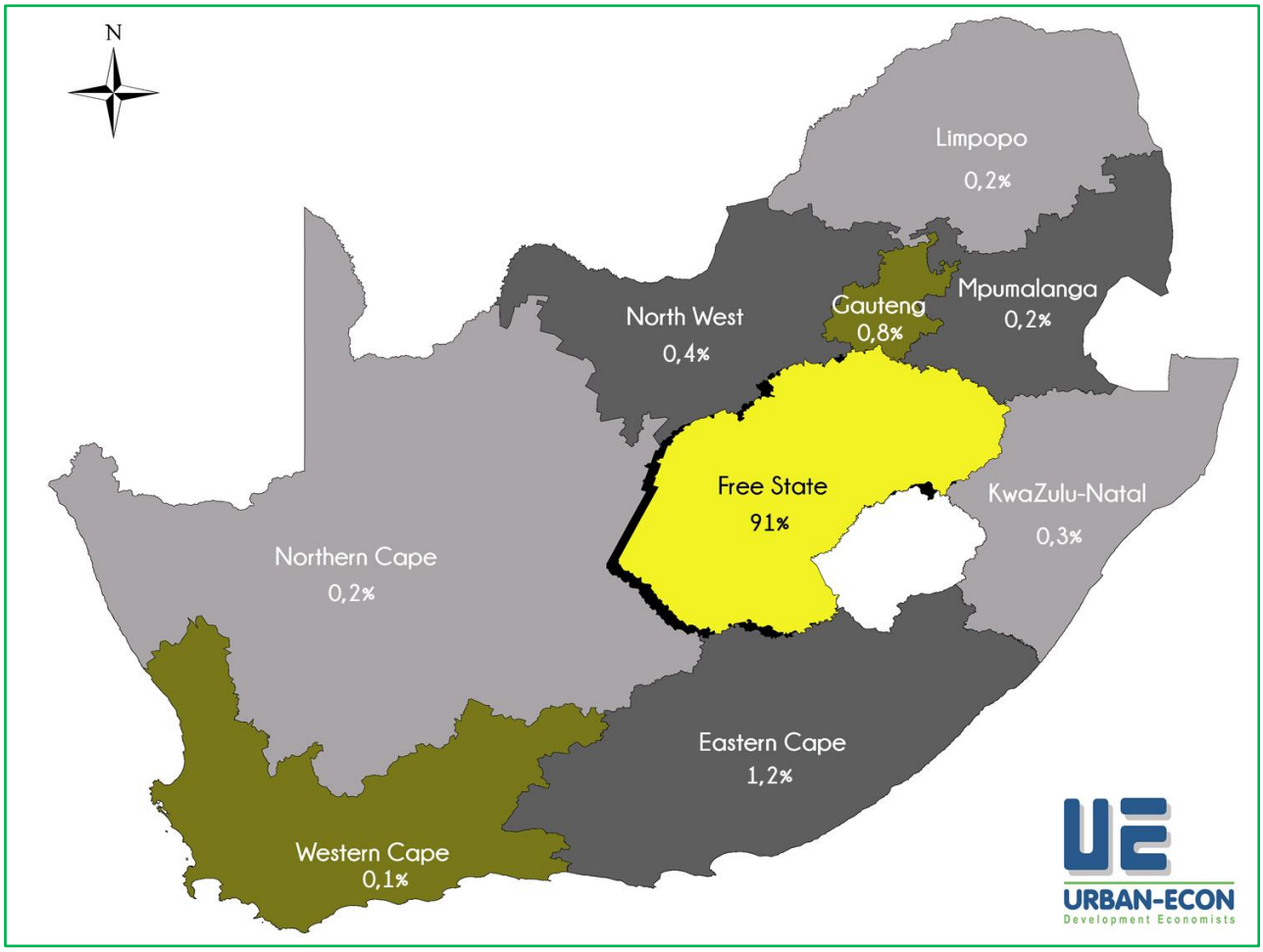
Table 6: MLM Residents' Previous Home Province

Previous Province	Free State	Lejweleputswa	Matjhabeng
Western Cape	5 295	830	605
Eastern Cape	15 950	5 299	4 684
Northern Cape	8 967	1 468	626
Free State	253 3543	577 372	369 979
KwaZulu-Natal	11 603	1 396	1 148
North West	10 115	3 266	1 724
Gauteng	31 591	4 540	3 287
Mpumalanga	5 378	918	706
Limpopo	5 666	1 071	821
Total	2 745 590	627 627	40 6461

Source: (Quantec, 2019)

As seen in Map 4, the inbound migration figures, from the migrants' previous provinces, for the Free State, Lejweleputswa and Matjhabeng are compared. Matjhabeng received the most migrants from the Eastern Cape (1.15%), followed by Gauteng (0.81%) and North-West (0.42%) provinces. In comparison to the district, a higher percentage of migrants from Eastern Cape (0.84%) and North-West (0.52%). The total number of residents from their region of origin is seen in Table 6.

Map 4: Migration to Matjhabeng



Source: (Quantec, 2019)

Most migrants from these provinces travel to the municipality in search of employment on the mines as an oversupply of labour in those parts of the country force men and women to seek employment away from their homes. In-bound migration often adds to the challenges of service delivery and crime, as municipalities require more inputs to service the growing population, as well as crime rates increasing as an oversupply of local workers leads some frustrated jobseekers into stealing for survival.

Due to the nature of illegal immigration, no official data has been kept in order to identify the level of immigrants in Matjhabeng. A large proportion of illegal miners, called Zama Zamas, originate from bordering countries, such as Mozambique, Lesotho and Zimbabwe, who relocated to the Goldfields in search of the remaining gold left behind after the closure of mines. These Zama Zamas consist of violent syndicates that commit crimes against the local residents (Angela Kariuki, 2015[1]).

3.3 Educational Achievements and Outcomes

The level of educational achievement in a study area is an important indicator of standard of living, with educated individuals typically occupying higher paying and more dignified employment positions. The education and skills level within a study area also dictates the availability of skilled labour and thus influences economic growth, private sector investment and the degree of entrepreneurialism. Matjhabeng consists of 163 schools made up from primary (103), secondary (36) and combined (24) schools.

3.3.1 Matric Pass Rate

The quality of education in a study area can be determined, in part, by the matric pass rate among high school students. The matric pass rate for all schools in South Africa is provided by the Department of Basic Education in their annual 'School Performance

[1] http://aidc.org.za/go-zama-zama-mining/

Report (2018). Table 7 shows a comparison between the proportions of learners who wrote the National Senior Certificate Exam and passed in 2009 and 2018 in the province, district and municipality.

In 2018, the MLM schools achieved an average matric pass rate of 92%. This is higher than the average pass rate for Lejweleputswa (86%), Free State (87,5%) and South Africa for the same year. It shows that Matjhabeng achieved a higher pass rate than that of the wider region's average of 89%. When comparing 2018 to 2009, the municipality achieved the same results, owing to the consistent above-average level of schooling.

Table 7: Matric Pass Rates: 2009 - 2018

	South Africa		Free State		Lejwelephutswa		Matjhabeng	
Year	2009	2018	2009	2018	2009	2018	2009	2018
Matric Pass Rate	60%	78%	69%	88%	92%	86%	**92%**	**92%**

Source: Report of the 2009 and 2018 National Senior Certificate Examination; DOBE (2009 and 2018)

As seen in Table 8, the MLM has an above average pass rate in 2019, in comparison to the wider region. Only Dihlabeng and Ngwathe achieved higher results. The lowest achiever in the wider region was Mangaung, with a pass rate of 87%. Compared to the rest of South Africa, the matric pass rate in the Free State schools exceed that of the national average.

Table 8: Matric Pass Rates: Wider Region- 2018

	Matjhabeng	Dihlabeng	Maluti-A-Phofung	Ngwathe	Metsimaholo	Mangaung
Matric Pass Rate	**92%**	95%	92%	93%	90%	87%

Source: Report of the 2009 and 2018 National Senior Certificate Examination; DOBE (2009 and 2018)

The results presented above hold several implications for development in the MLM. It may be assumed that the rate of unemployment and poverty will be connected to the rate of matriculants among youth from the LM. It is therefore necessary to intervene, where possible, in education and skills development within these areas to increase the pass rate, while also addressing the need for low skilled job creation

3.3.2 Highest Level of Education

The highest level of education achieved by residents in of the MLM, compared to the Lejweleputswa DM and Free State Province, is illustrated in Table 9. The table shows that, in 2019, 7% of the population has no schooling, lower than the district and provincial percentage of 9%. 6% of the population have completed either matric or tertiary education, which is on par with the province and higher than the district. This is attributed to improvements in legislation and education provision for black, rural South Africans.

Table 9: Highest Level of Education: 2009 - 2018

Year	Free State		Lejweleputswa		Matjhabeng	
	2009	2018	2009	2018	2009	2018
No Schooling	10%	9%	9%	9%	**8%**	**7%**
Less Than Grade 7	42%	40%	44%	41%	**41%**	**39%**
Less Than Grade 12	30%	32%	30%	32%	**33%**	**36%**
Grade 12 / Matric	1%	2%	1%	1%	**2%**	**2%**
More than Grade 12	4%	4%	3%	3%	**4%**	**4%**

(Source: Quantec, 2019)

Table 9 also illustrates the large proportion of the population that has some schooling, although never completed secondary school. Although the statistics are on par with the wider region, greater attention should be given to increasing the number of matriculants, as all South African children are now legally required to attend school. Compared to 2009, the MLM has not improved on the proportion of scholars who complete grade 12, nor those that continue to tertiary education, although, the municipality has a similar growth trend to the district and province.

The implications to the lack of significant improvement in education, in terms of economic development, is that the majority of the population are unable to pursue high-earning employment due to their lack of skills and qualifications. This directly impacts the fair

distribution of wealth, as most workers are unemployable for middle- and upper-management; and high-skilled professions, thus are destined to perform low-skilled, low waged labour. An improvement in education among the population will improve the distribution of wealth.

3.3.3 Education Relative to Other Areas

The skills level within a study area is best illustrated in comparison to the wider region, which competes for investment and skilled workers. Table 10 compares the highest level of education of residents in the MLM to those in the wider regions in 2019. MLM has the lowest proportion of residents with no schooling in the study region. Although the residents with grade 12 is low, it is consistent with that of the wider region. These figures indicate that the Free State, as a whole, should pay more attention to the education of scholars, as economic development, and industrialisation, depends on the skill levels, and education, of the workforce

Table 10: Highest Level of Education: 2019

	Matjhabeng	Dihlabeng	Maluti a Phofung	Ngwathe	Metsimaholo
No Schooling	**7%**	10%	10%	10%	8%
Less Than Grade 7	**39%**	39%	40%	43%	34%
Less Than Grade 12	**36%**	32%	33%	31%	36%
Grade 12 / Matric	**2%**	2%	2%	1%	3%
More than Grade 12	**4%**	5%	3%	3%	5%
N/A	**13%**	13%	12%	12%	14%

(Source: Quantec, 2019)

3.4 Housing and Basic Services

The status of housing and basic service delivery in a municipality or study area is a key indicator of socio-economic welfare. There is a strong correlation between inadequate housing and insufficient service delivery on the one hand and poverty, unemployment and inequality on the other. Additionally, lack of housing and basic services is related to poor governance, protest action and weak social cohesion.

The right to adequate housing is enshrined in Section 26 of the South African Constitution and supported by a range of housing related policy and legislation. Additionally, the Basic Services policy, adopted in 2001, guarantees the right to a minimum level of free basic services including electricity, water, sanitation and refuse removal.

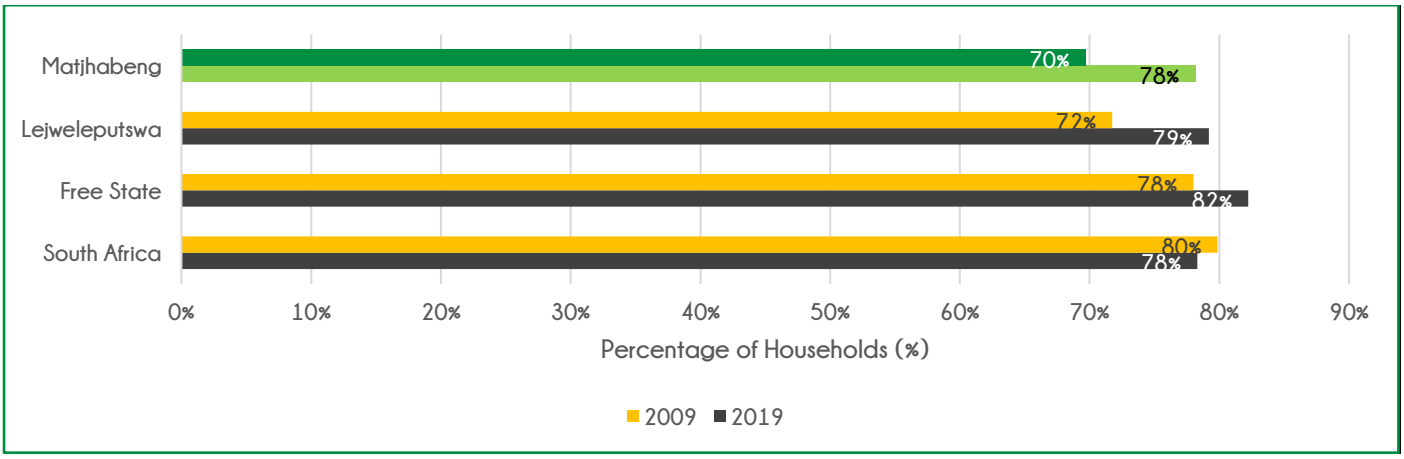
The purpose of this section is to determine to what extent the right to housing and basic service delivery is extended to residents of the MLM compared to the Lejweleputswa DM, the Free State Province and the country. This is determined by analysing and comparing South African Census data from 2011 and Quantec data from 2019.

3.4.1 Types of Housing

The type of housing available in a study area is illustrative of the socio-economic conditions faced by a population. In areas where most households live in formal dwelling (either homes or apartments), the level of income and quality of life is assumed to be relatively high. Contrarily, a significant number of informal dwellings or 'shacks' is indicative of low-income levels, lack of basic services and poor quality of life. Finally, areas with a significant number of traditional dwellings tend to be rural and often remote.

The access to formal housing available in the MLM, Lejweleputswa DM, Free State Province and South Africa, is illustrated in Figure 6. This figure shows that over three quarters (78%) of households in the MLM lived in formal detached housing in 2019, When compared to 2009, 8% more of the municipality's residents live in free-standing housing, implying a relatively high improvement in the access to formal housing and service delivery.

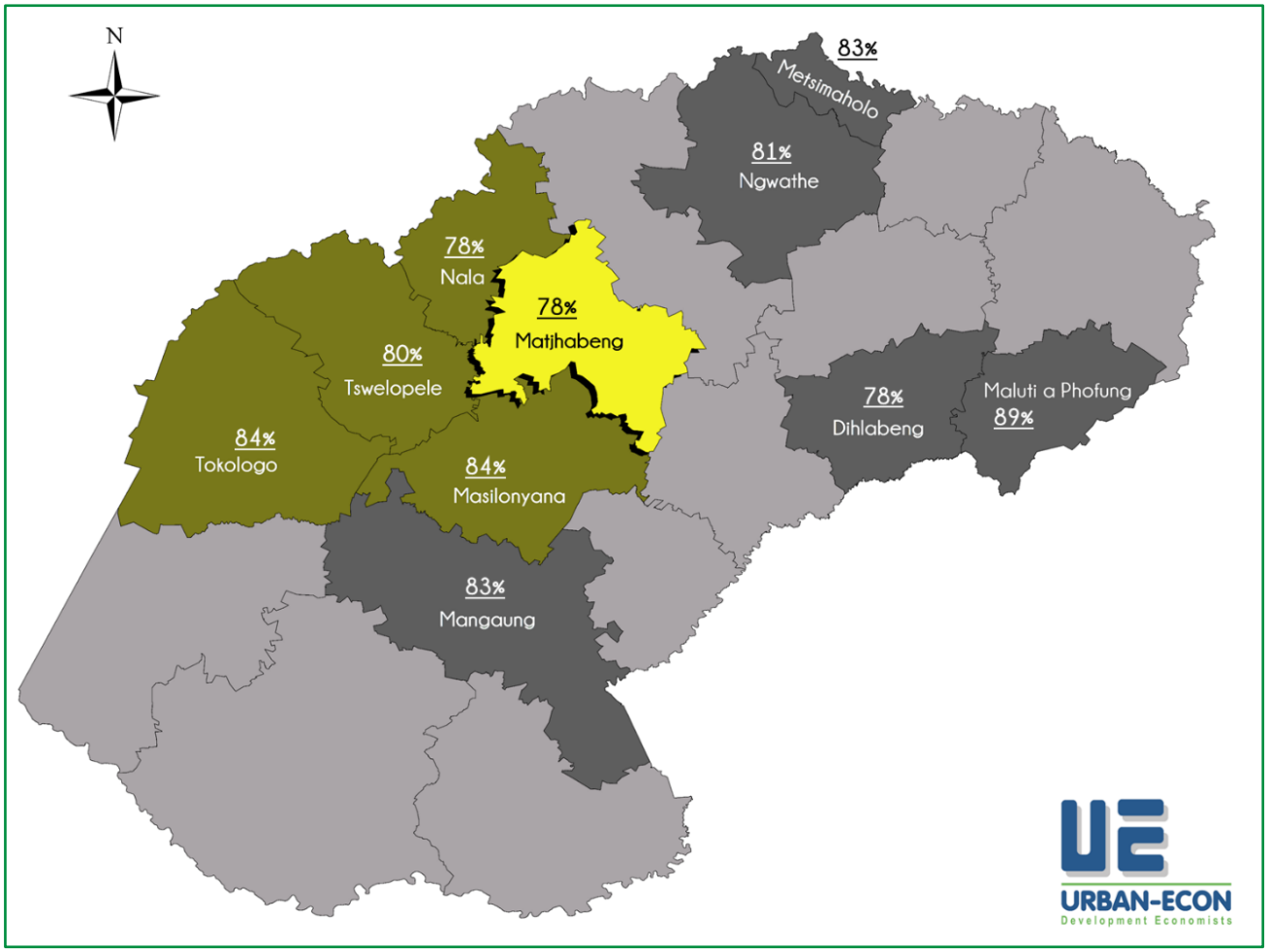
Figure 6: Access to Formal Housing: 2009 – 2019



(Source: Quantec, 2019)

Figure 6 also indicates that access to formal housing in the MLM is similar to that of Lejweleputswa DM and South Africa in 2019, which is an improvement from 2009, when Matjhabeng was 8% worse off than the country as a whole, but lower than that of the Free State Province. In 2019, 15% of households live in informal dwellings or shacks, which is similar to the provincial and district trend since 2009. The improvement of the municipal access to formal housing in the province is indicative of the government's efforts to transform townships into formal urban areas.

Map 5: Access to Formal Housing: Wider Region 2019



Source: (Quantec, 2019)

In order to assess the access to formal housing, relative to the Province, Map 5 indicates the proportion of dwellings in the wider study region. The average proportion of households living in free standing houses is 78%, and 15% for informal dwellings. The proportion of free-standing housing in MLM is almost equal to the average of the wider region, but the proportion of informal dwellings is 4% higher, indicating that the municipality has higher levels of poverty in comparison.

The state of housing delivery in Matjhabeng is poor, as the backlog to housing delivery amounts to 12 000 (MLM IPD 2017 – 2022). A large proportion of the area east of Welkom has a lower development premium, although this area is largely rural. For the 2018/19 financial year, the Department was planning to allocate R1.07 billion to the Human Settlements Development Grant; The Department was planning to deliver 12 834 sites, 4 605 units, 2 950 current title deeds and 15 835 backlog title deeds.

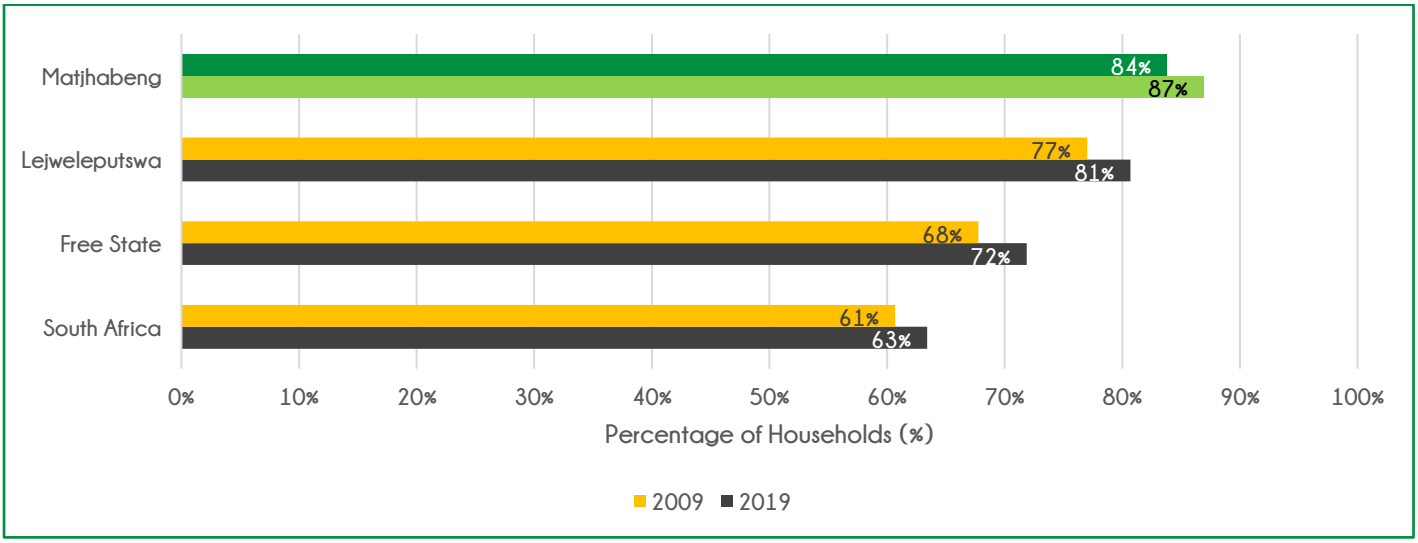
The standard of living of the workforce will have an impact on their productivity. The high level of informal settlements means that 15% of the households have added challenges, which affect their ability to improve their economic position in society. Informal housing is less secure from vandals and thieves; less resistant to weather conditions; and have fewer convenient amenities for those dwelling in them than that of free-standing housing. As such, the poorer population take longer to cook food, prepare for work and live healthy lifestyles compared to those in formal dwellings. Unsecure housing also means that these households' valuable belongings are more prone to theft, which requires them to use the little money they earn to replace basic possessions.

3.4.2 Refuse Removal

The final aspect of service delivery guaranteed in the Basic Services Policy of 2001 is the provision of refuse removal by a municipal authority or other entity. In the absence of regular refuse removal, communities are faced with severe sanitation challenges, resulting in poor living conditions and the increased probability of disease. Figure 7 compares refuse removal services in the MLM to the Lejweleputswa DM, Free State Province and South Africa between 2009 - 2019.

It shows that the proportion of households in the MLM to receive refuse removal at least once a week in MLM amounted to 87%, higher than the District proportion of 81%, the Provincial Proportion of 72%, and the national proportion of 63%, equating to approximately 118 663 local households with regular removal services. As a whole, the proportion of the residents of the province with access to regular refuse removal has improved from 2009 to 2019.

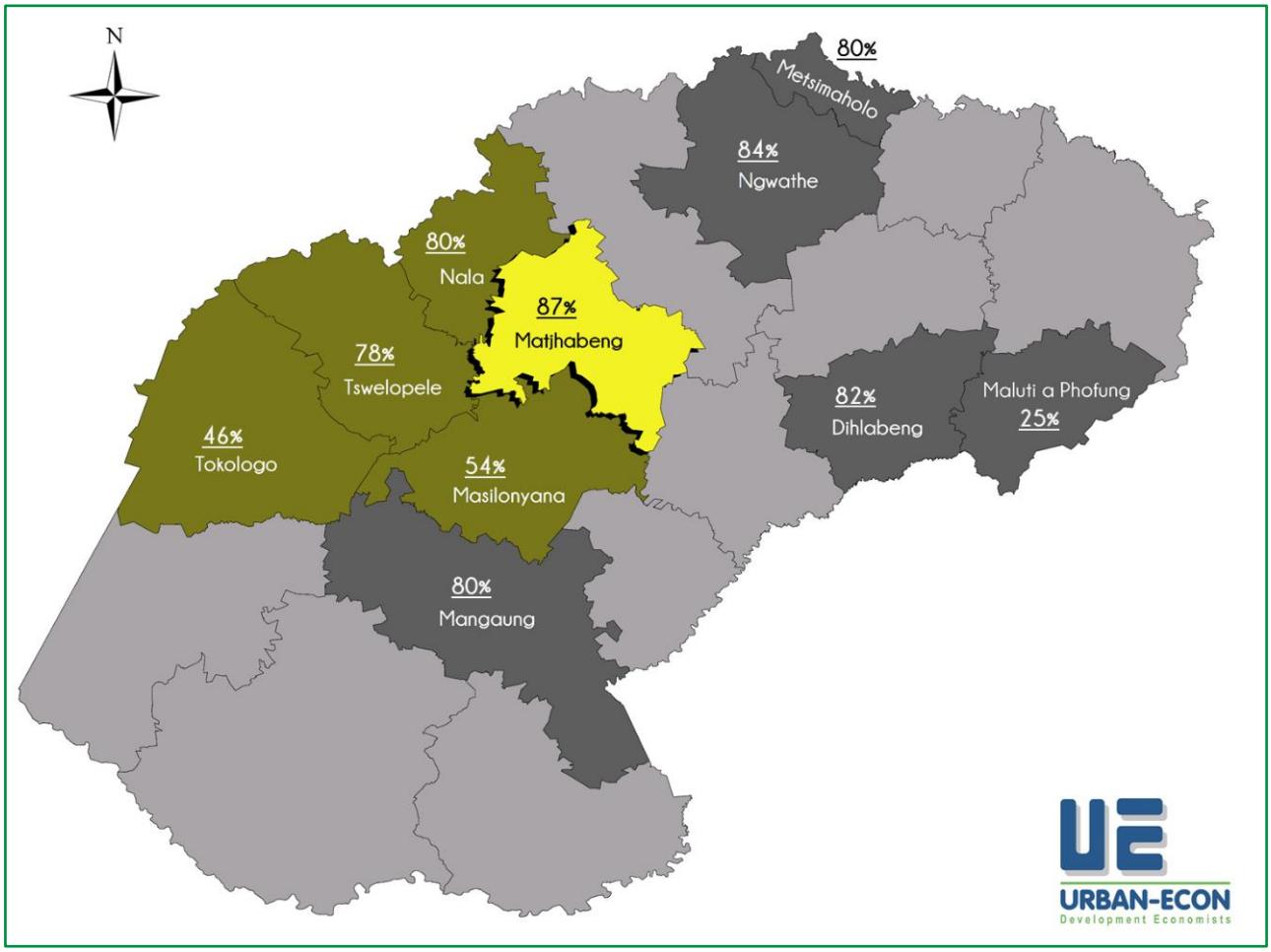
Figure 7: Access to Refuse Removal: 2009 – 2019



(Source: Quantec, 2019)

As seen in Figure 7, MLM has the highest proportion of households with access to refuse removal by a local authority at least once a week, which is 14% higher than the wider region's average of 73%. MLM also has the lowest dependence on other methods of refuse removal, indicating that the municipality is the potential to be a benchmark for access to refuse removal in the Free State. An important condition to the success of refuse removal is the quality of service delivery. Map 6 illustrates the comparison of the MLM's access to refuse removal to the wider region.

Map 6: Access to Refuse Removal: 2019



Source: (Quantec, 2019)

The minimum standards for refuse removal are currently not legislated by government, however there are guidelines to assist municipalities with improving removal services and to ensure that refuse is dumped in a demarcated location with adequate facilities. Policies and guidelines have also been developed to reduce the amount of refuse that ends up in municipal dumps by introducing improved recycling facilities and programmes. It is important that the MLM adhere to these guidelines in an effort to ensure improved service delivery.

The payment of refuse removal services is received through monthly municipal rates and taxes charged to households. The stated Constitutional right to basic services for households has resulted in a proportion of the population who receive services for free, as they are unable to afford to pay their utility bills, including refuse removal and waste management.

The impact on the economy is that the amount of funds required to improve the refuse removal services is obtained from the paying population. Another challenge is that the quality of services decreases as the relevant departmental authorities reduce their staff and equipment due to the lack of funds to satisfy the demand. Lastly, the mismanagement of public funds causes significant economic stagnation, which effects service delivery.

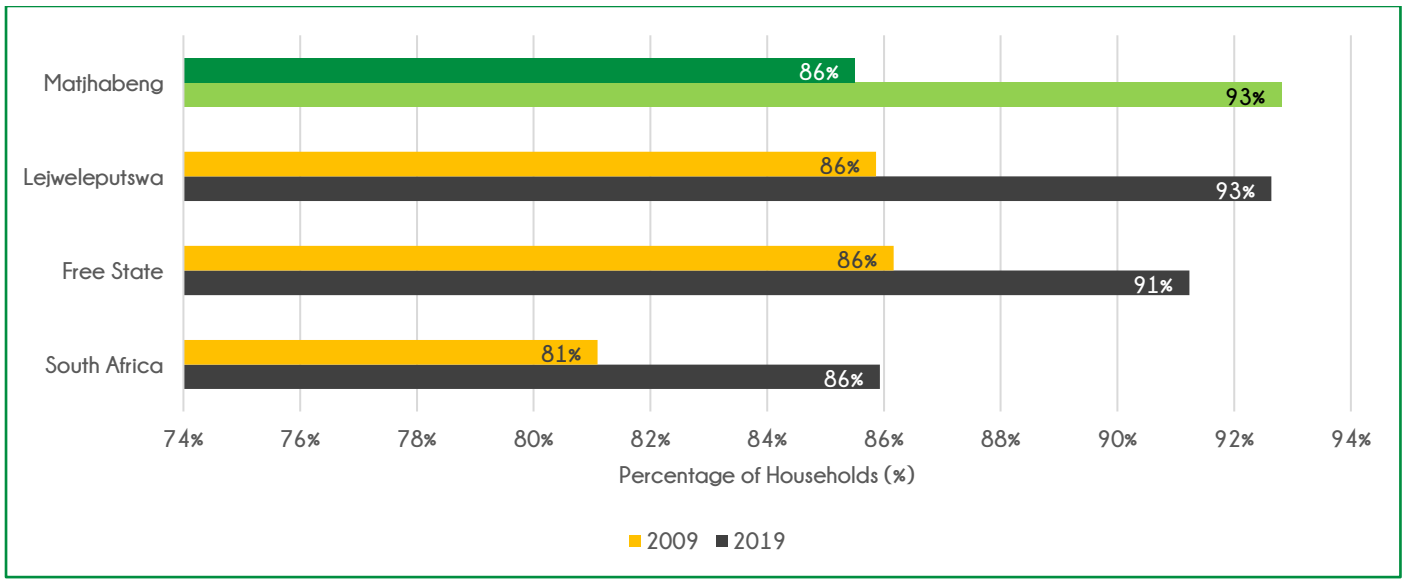
3.4.3 Access to Electricity

Household access to electricity is an important determinant of socio-economic welfare, with most non-electrified households typically living in poverty. Households with access to electricity are able to reallocate their time away from the collection of wood and other lighting materials; they are less likely to suffer health complications from smoke and chemical inhalation; access to media and other communication is greater resulting in a better informed population; and students living in the home are better equipped to perform well in school.

The Basic Services Policy adopted by government in 2001 addresses the right of all households, particularly those living in poor areas, to access a minimum amount of free basic electricity. This implies that distribution networks must be extended to ensure that all households are able to access the electricity grid.

Figure 8 illustrates access to electricity in the MLM compared to the Lejweleputswa DM, Free State Province and South Africa in 2019. For the purpose of this study, a household is considered as having access to electricity if it uses electricity as its primary energy source for lighting. As the figure indicates, the population of MLM's access to electricity has increase by 6% between 2009 and 2019, a result of continued effort by the municipality to expand the electricity grid to reach a larger portion of the population.

Figure 8: Access to Electricity for Lighting: 2009 – 2019



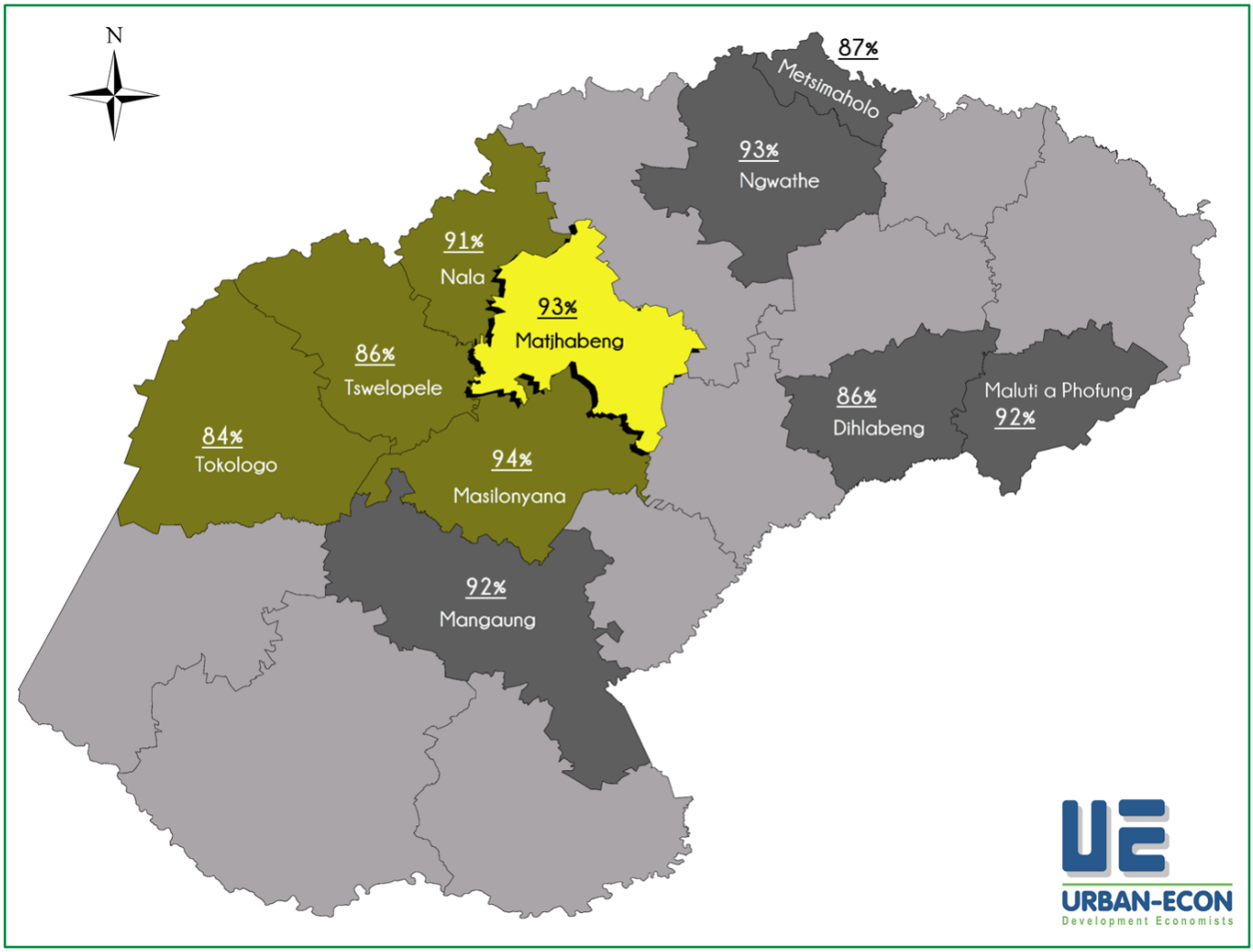
(Source: Quantec, 2019)

As illustrated in Figure 8, access to electricity in the MLM is comparable to that of the Lejweleputswa DM, Free State Province and South Africa. In 2019, approximately 9 out of every 10 households in the MLM have access to electricity for lighting their home. This implies that electricity provision is not a major constraint for socio-economic development in the study area.

Additionally, the MLM has made notable progress in terms of electricity access with approximately 19 699 more households connected to electricity in 2019 than in 2009, increasing access from 86% to 93%. This progress is comparative to the District, Provincial and National level, indicating a similar amount of infrastructure investment and utilities coordination within the MLM.

When comparing the MLM to the wider region, it is clear, from Map 7, that the local households have better access to electricity than the average household's access of 90,5%. As such, access to electricity for economic growth is greater than in the other municipalities. It is important to note that, although there is sufficient access to electricity in the MLM, the users of the utility must be able to pay for the electricity that is consumed in order to relieve the burden on the municipality and Eskom.

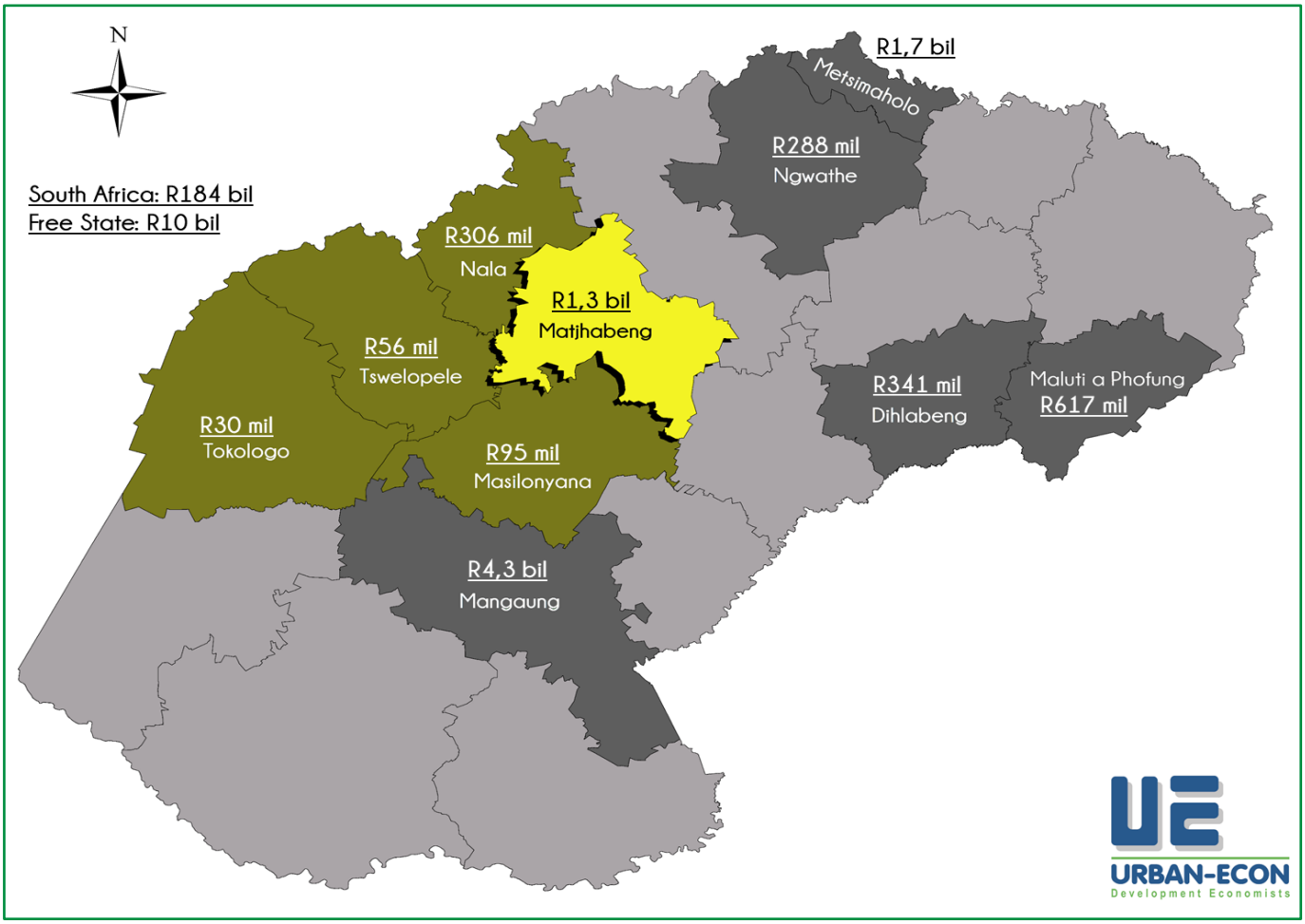
Map 7: Access to Electricity: 2019



(Source: Quantec, 2019)

Although a large percentage of households had sufficient access to electricity, many challenges are still faced by the municipality that hinder appropriate service delivery. In total, the Free State municipalities owe Eskom, the national electricity supplier, approximately R5 billion. As seen in Map 8, Matjhabeng owed Eskom R1,8 billion, in 2019, which is only trumped by Maluti-A-Phofung.

Map 8: Amount Owed to Eskom, 2019



(Source: Quantec, 2019)

This debt is caused, in part, by the local households' inability to pay their usage fees. As it is the constitutional right of all citizens to have access to basic services, this debt may continue to increase. The economic impact is that the municipality will not have sufficient cashflow to improve basic services and to invest in projects to uplift the population, resulting in costly load-shedding which halts productivity, education, health services and general service delivery.

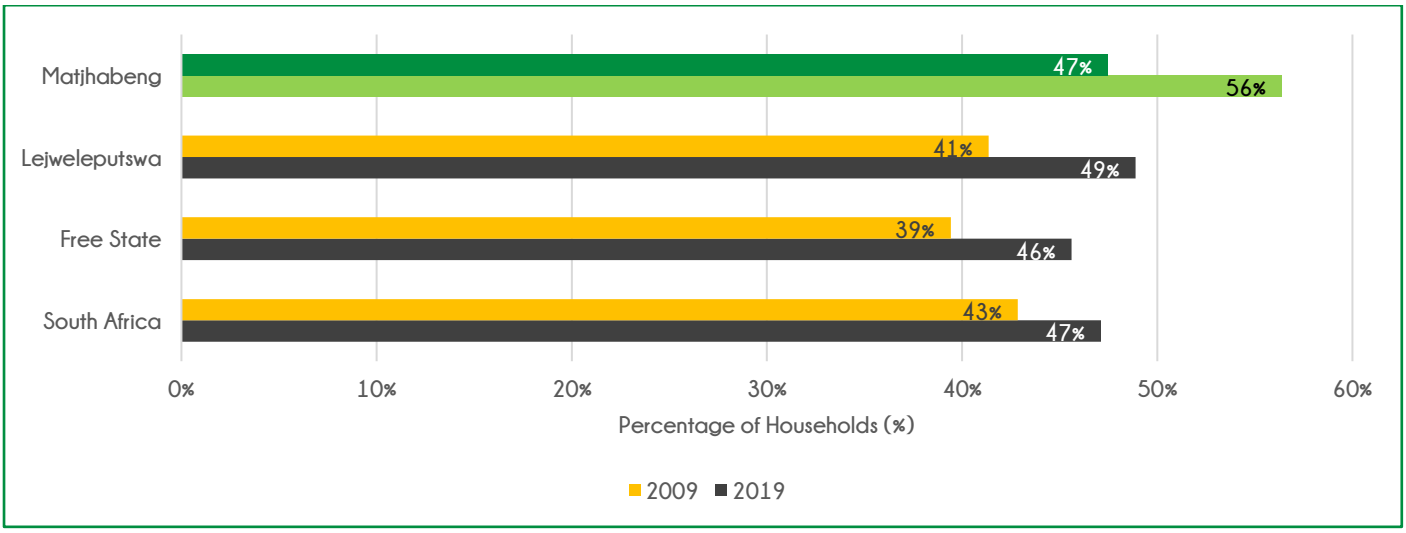
3.4.4 Access to Running Water

In South Africa, alongside the right to sufficient food, health care and social security, the Constitution guarantees access to 'sufficient water'. This guarantee is translated by the Department of Water Affairs and Forestry (DWAF) into specific water regulations which form part of the Basic Services Policy adopted in 2001. These regulations set a minimum standard of 25 potable litres of water per person per day available within 200 metres of every household.

The South African Census, conducted in 2011, along with 2019 Quantec data, indicates whether residents of the MLM have been afforded the right to clean drinking water and to what extent water accessibility has improved over time. This information is provided in Figure 9, including comparisons with the Lejweleputswa DM, Free State Province and South Africa between 2009 and 2019.

The figure illustrates that residents of the MLM have more secure access to drinking water than in the Lejweleputswa DM and Free State Province, while being on par with the rest of the country. In 2019, 56% of MLM households have a water tap in their home, compared to 49% of those in the Lejweleputswa DM and 46% of households in Free State. This represents an increase of 8% since 2009, owing to the development of water infrastructure in the municipality.

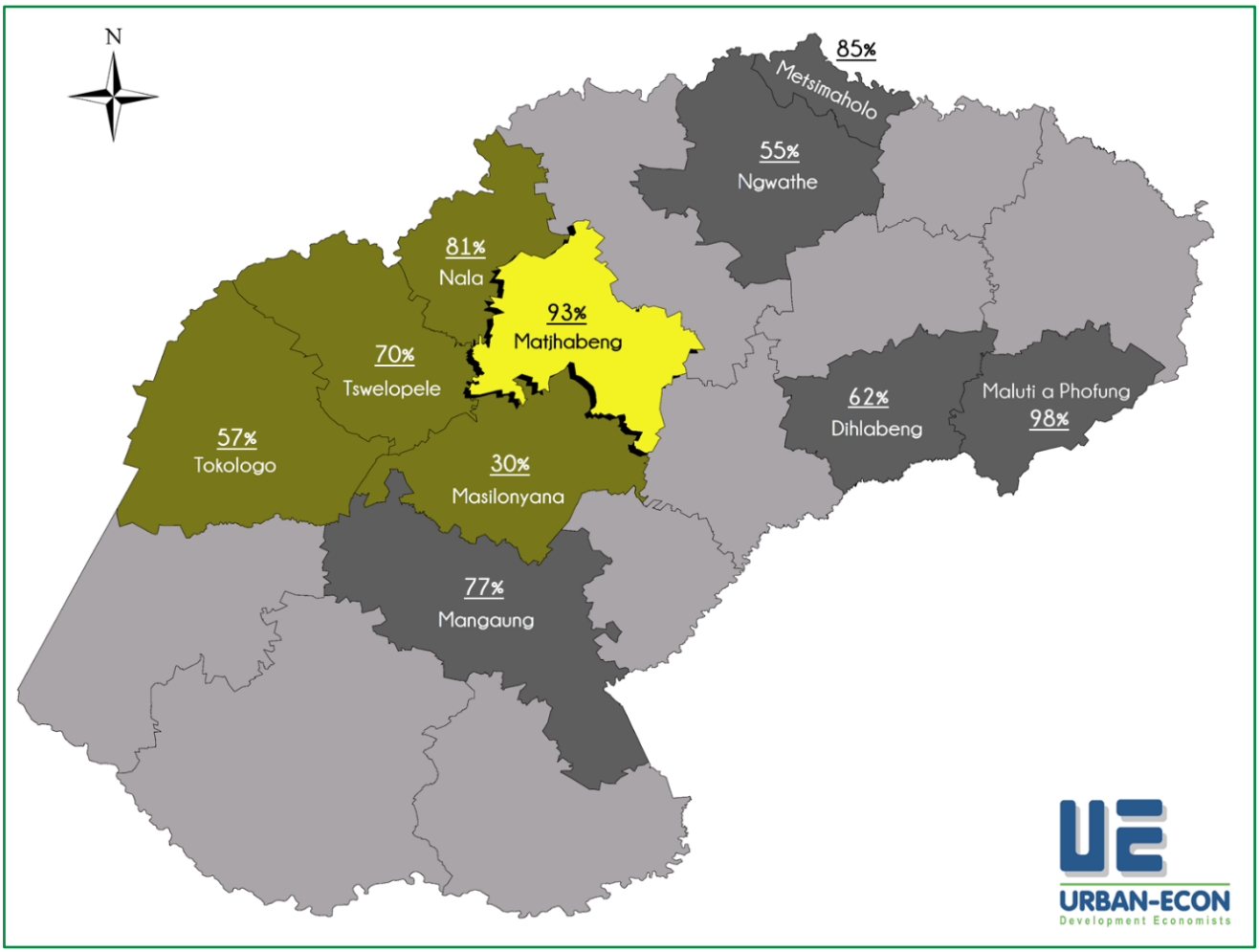
Figure 9: Access to Household Running Water: 2009 – 2019



(Source: Quantec, 2019)

Access to sufficient water is a right as enshrined in the Constitution. However, it cannot be said that this right is realised if the quality of that water poses health risks for human consumption. This is the basis from which the incentive-based regulation Blue Drop (BD) Certification Programme was developed in 2008. The BD allows service providers manage and regulate water quality management according to standards and legislation.

Map 9: Blue Drop Rating - 2017

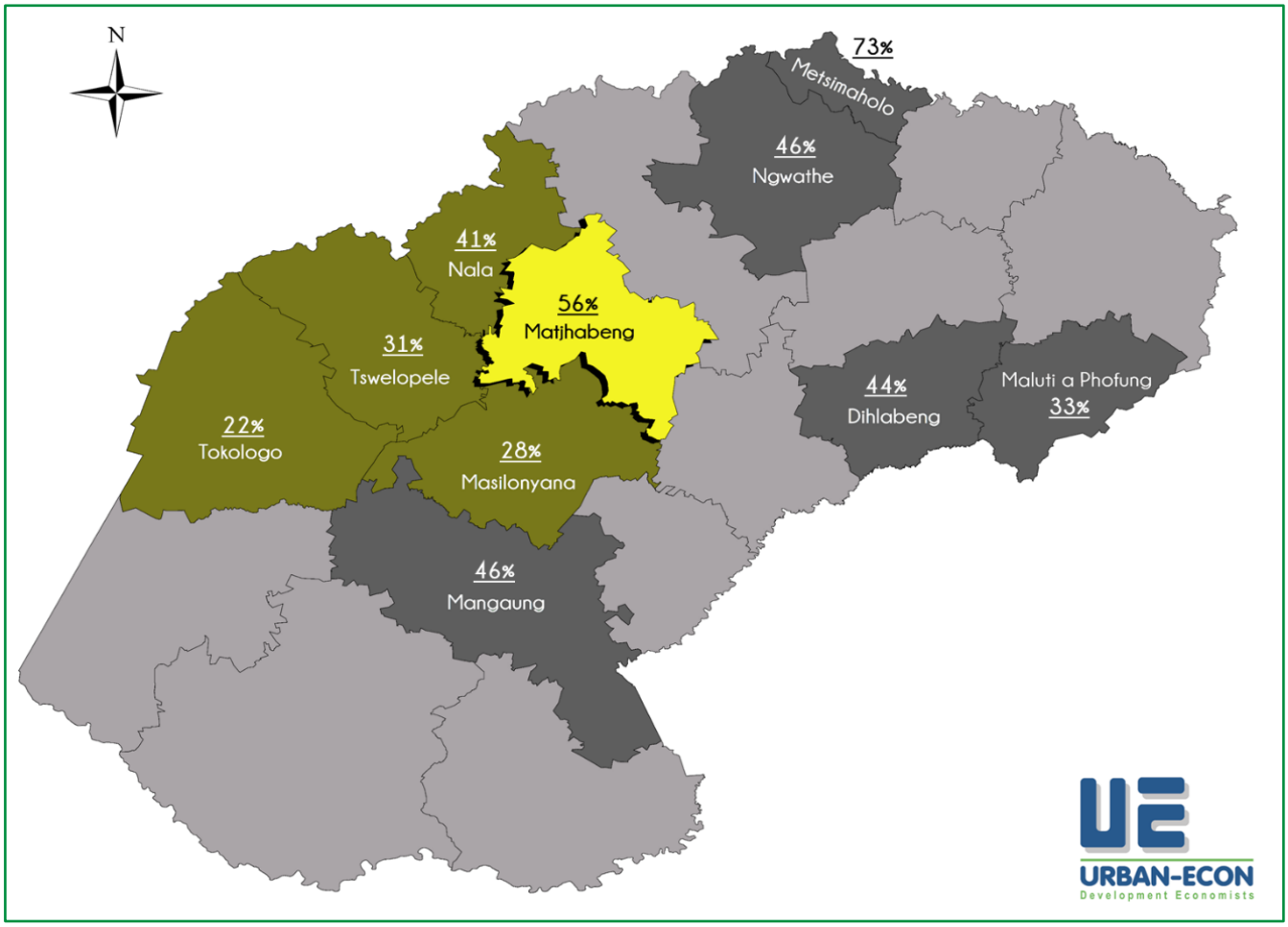


(Source: Quantec, 2019)

As seen in Map 9, Matjhabeng has a BD of 93%, which is higher than the average municipality rating. Compared to the wider region, only Maluti-A-Phofung LM has a higher BD of 98%, due to the pristine mountain water sources.

As seen in Map 10, the average households with piped water inside their houses, in the wider region is approximately 50%, while 41% of the households have at least one running tap on their property. In comparison, the MLM households have above average access to water, although Metsimaholo LM has 17% greater access to piped water than the MLM, indicating that the economic position of Metsimaholo LM households is currently greater.

Map 10: Access to Running Water - Wider Region: 2019



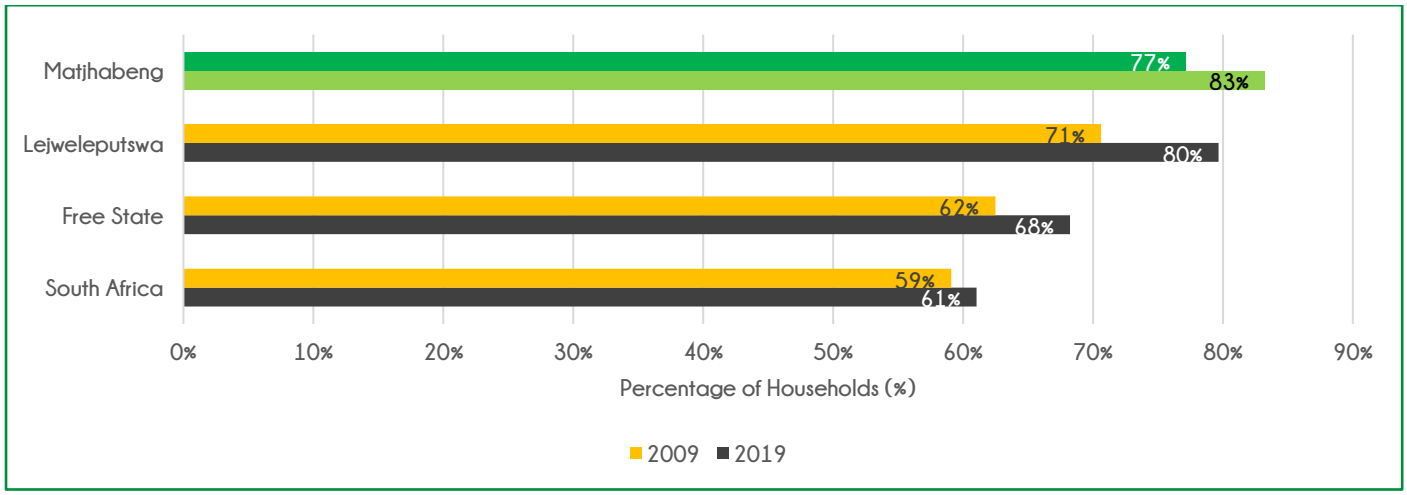
(Source: Quantec, 2019)

3.4.5 Access to Sanitation

The Basic Services Policy of 2001 also guarantees access to a minimum level of sanitation which is defined as households having access to, at minimum, a ventilated pit latrine, also known as a VIP toilet. This standard of service delivery is deemed necessary to ensure human dignity and prevent the spread of disease.

Figure 10 illustrates the level of access to sanitation in the MLM, compared to the Lejweleputswa DM, Free State Province and South Africa between 2009 and 2019. It shows that a greater proportion of households in the MLM have access to a flush toilet (83%) than in the Lejweleputswa DM (80%) and the Free State Province (68%). Compared to 2009, the municipality has recorded a marked improvement, which will have a positive impact on the hygiene of the residents, reducing the risk of illnesses, and the cost of government funded health services, granted that the quality of sanitation services is sufficient.

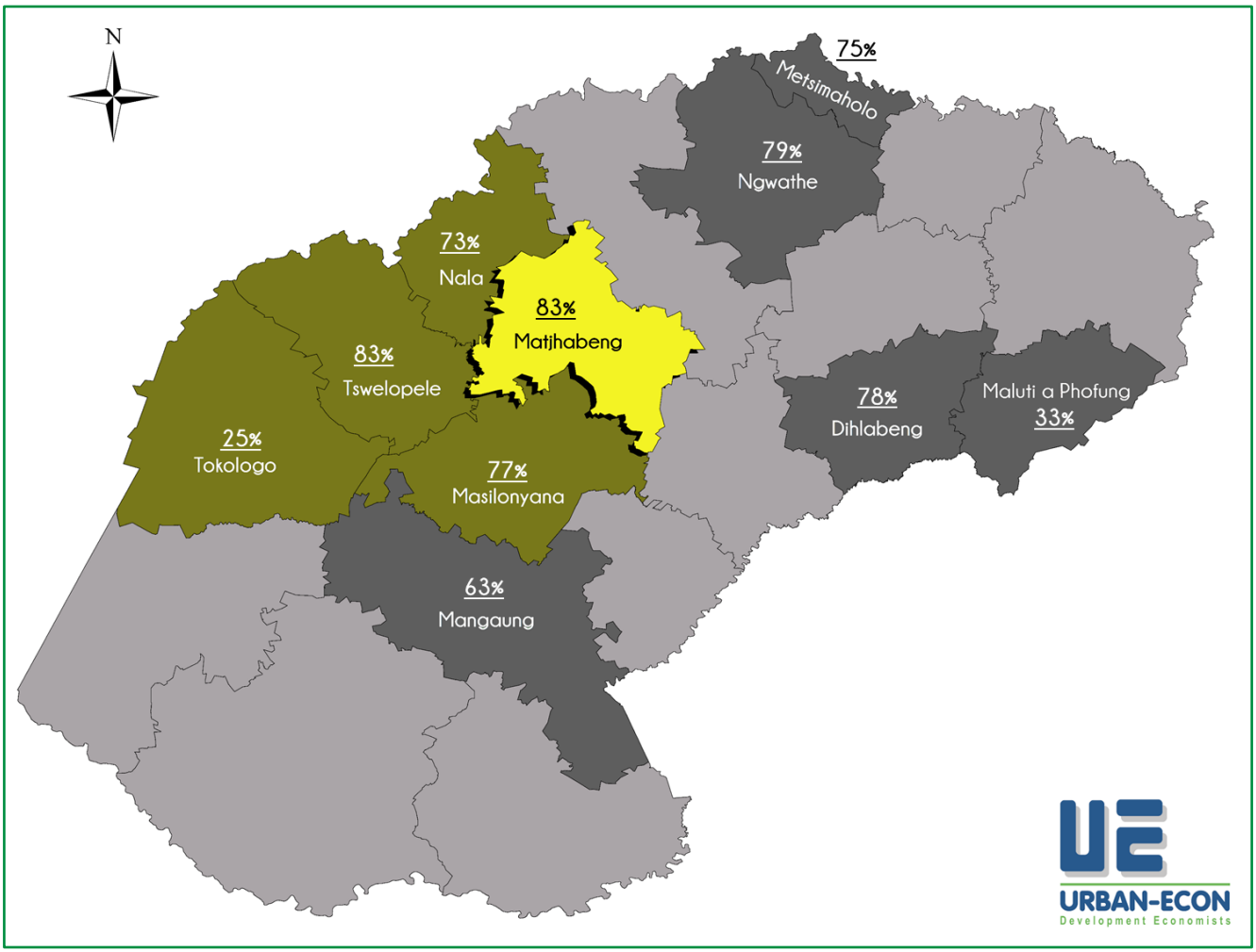
Figure 10: Access to Flushing toilets 2009 – 2019



(Source: Quantec, 2019)

The average access to flushing toilets in the wider region is 68%, while the average dependence on VIP toilets is 24%. Map 11 shows that the MLM has the highest access to flushing toilets of the other municipalities, and the joint lowest dependence on VIP toilets, the minimum level of sanitation, which shows that the Municipality has the potential for higher levels of hygiene, thus lower levels of diseases, when compared to the other regions.

Map 11: Access to Sanitation: 2019



(Source: Quantec, 2019)

The Green Drop certification program is an initiative by the Department of Water and Sanitation (DWS) to ensure that their operations for service delivery are improved. This main feature of the Green Drop is the impact of wastewater disposal in which municipalities expel waste into water bodies. A municipality requires a rating of more than 90% to be considered excellent.

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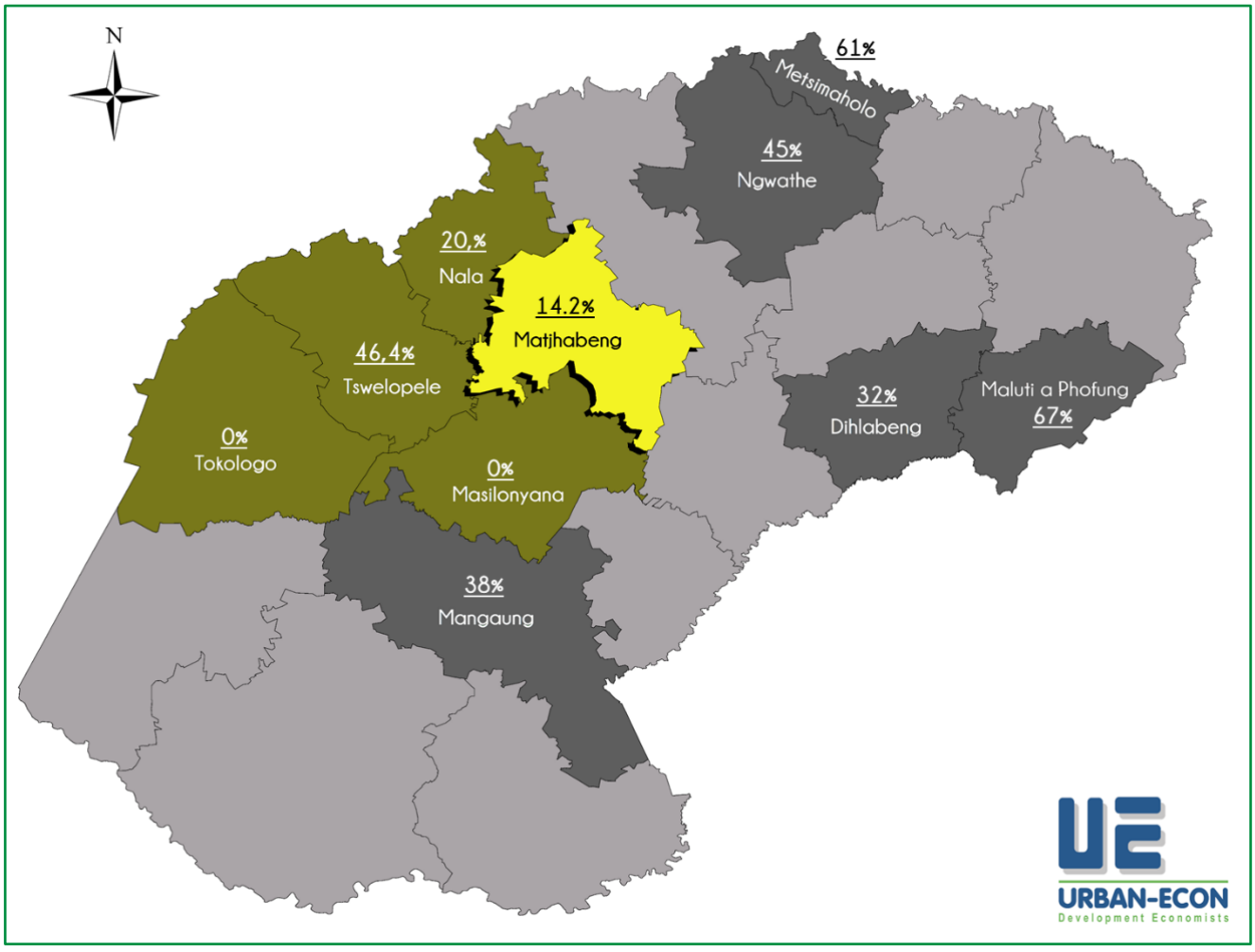
Map 12: Green Drop Rating - 2019

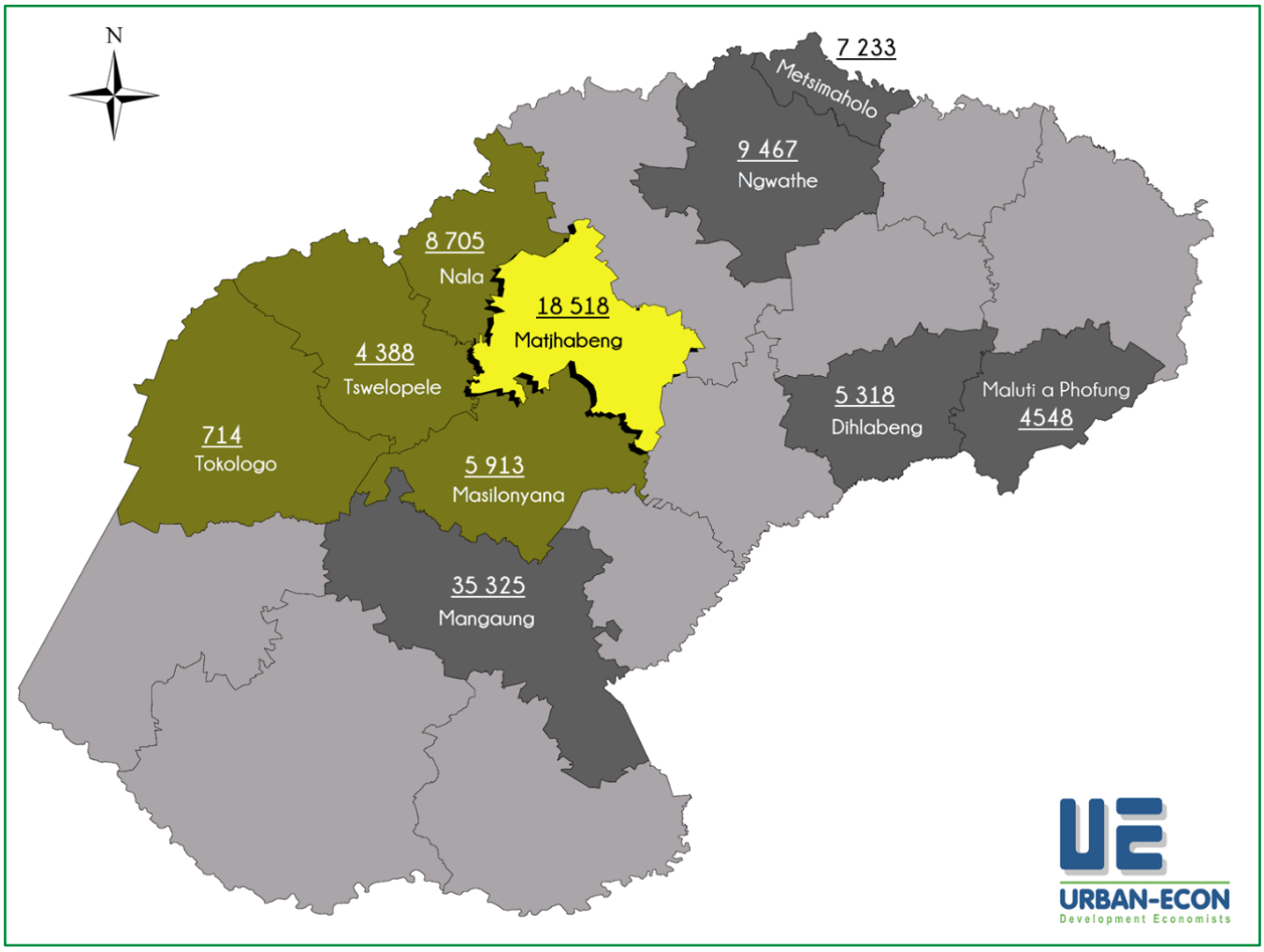


(Source: Quantec, 2019)

3.4.6 Access to Free Services

Every citizen in South Africa has a constitutional right to basic services. As a result, a proportion of the population under the poverty line receives free services. As seen in Map 13, the MLM includes 18 518 households that receive services for free, which is the second highest amount in the Free State, as Mangaung Metropolitan Municipality is ranked the highest. In the past three years, Matjhabeng wasted R187 million, most of it (R182 million) spent on interest on debts to Eskom. The rest related to penalties and interest owed to the SA Revenue Service and other creditors.

Map 13: Number of Households with Free Access to Basic Services - 2017



(Source: Quantec, 2019)

3.5 Income and Poverty

The level of household income in a study area is an important indicator of socio-economic wellbeing. It also illustrates the purchasing power within a local population and thus the viability of retail and other businesses. Finally, income levels are used to measure poverty and determine areas requiring significant social welfare investment. The purpose of this sub-section is to provide an overview and comparison of income and poverty levels in the MLM. This information will be utilised to gauge the demand for and extent of LED necessary in the region. It may also assist the Municipality in determining the expected number of indigent households, which qualify for free basic services from the Municipality.

3.5.1 Household Income

Household income is the clearest indicator of socio-economic welfare in a study area. The total income for a household includes salaries and wages, social grants, revenue on investments, gifts and all other income sources received from all household members. The average level of household income in a study area is determined by analysing the number of households in each income category and determining the median income level.

In the MLM, the average household income in 2019 was R7 618 per month. This is compared to an average monthly household income of R5 180 in the Lejweleputswa DM, R7 857 in the Province, and R10 596 nationally, this indicates that the workforce has a lower standard of living than in the rest of the country, as the level of local income is low, as seen in Table 11.

Table 11: Monthly Household Income: 2019

From	South Africa	Free State	Lejweleputswa	Matjhabeng
No Income	15%	12%	11%	**16%**
R1 - R2041	29%	35%	46%	**30%**
R2042 - R8164	32%	34%	30%	**34%**
R8165 - R32 657	17%	14%	10%	**16%**
more than R32658	7%	4%	2%	**4%**
Weighted Average HH Income per Month	R10 596	R7 857	R5 180	R7 618

(Source: Quantec, 2019)

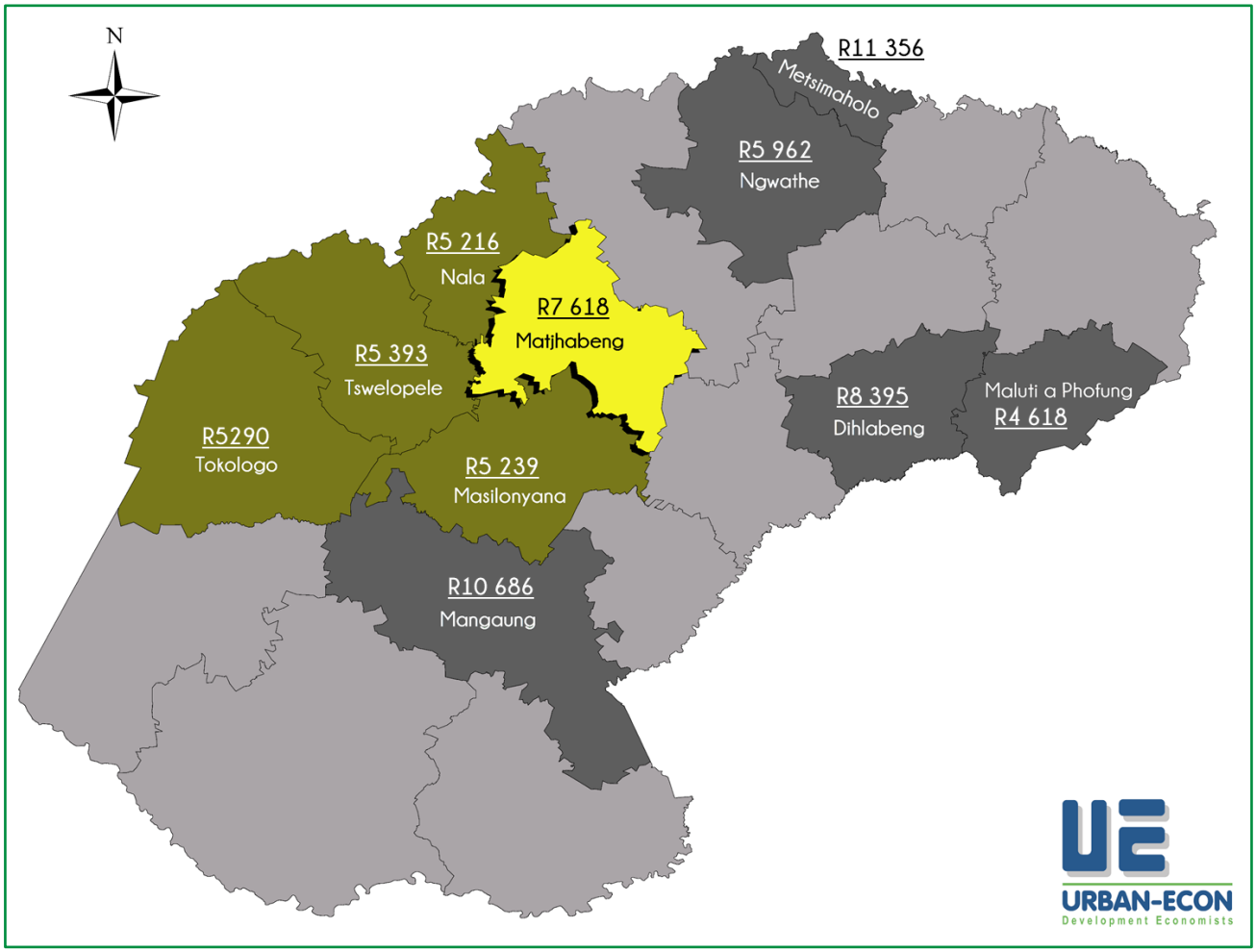
As seen in Table 11, household income in a study area can also be illustrated according to the proportion of households in each income bracket. This provides a more comprehensive view of income levels and allows for an understanding of local inequality ad poverty. The table illustrates the percentage of households in each income bracket in the MLM, Lejweleputswa DM and Free State Province and South Africa in 2019.

Table 11 illustrates that in the MLM in 2019, approximately 46% of households reported earnings of less than R2041 to no income, which is less than the national minimum wage of R20 per hour, or approximately R3 500 per month for an 8-hr workday. This is highly problematic in terms of its impact on poverty levels, as it indicates that the proportion of no-income households is noticeably higher in the MLM than in the Lejweleputswa DM (11%) and Free State Province (12%).

Approximately 80% of the municipality's households earn less than R8 164 per month. Additionally, research indicates that the number of households who report earning no income is often exaggerated. This is attributed to the fact that some Census respondents are not properly informed or do not adequately understand what constitutes income (i.e.: do not include social grants in their income portfolio).

Table 11 also indicates that inequality in the MLM is less pronounced than in the Lejweleputswa DM and in particular the Free State Province. This conclusion is based on the lower percentage of MLM households in the low- and high-income brackets and much greater proportion of households in the lower-middle income brackets compared to the District and Province. This holds significant socio-economic implications with more equal regions typically having greater social cohesion, less crime and lower levels of poverty.

Map 14: Household Income – Wider Region: 2019

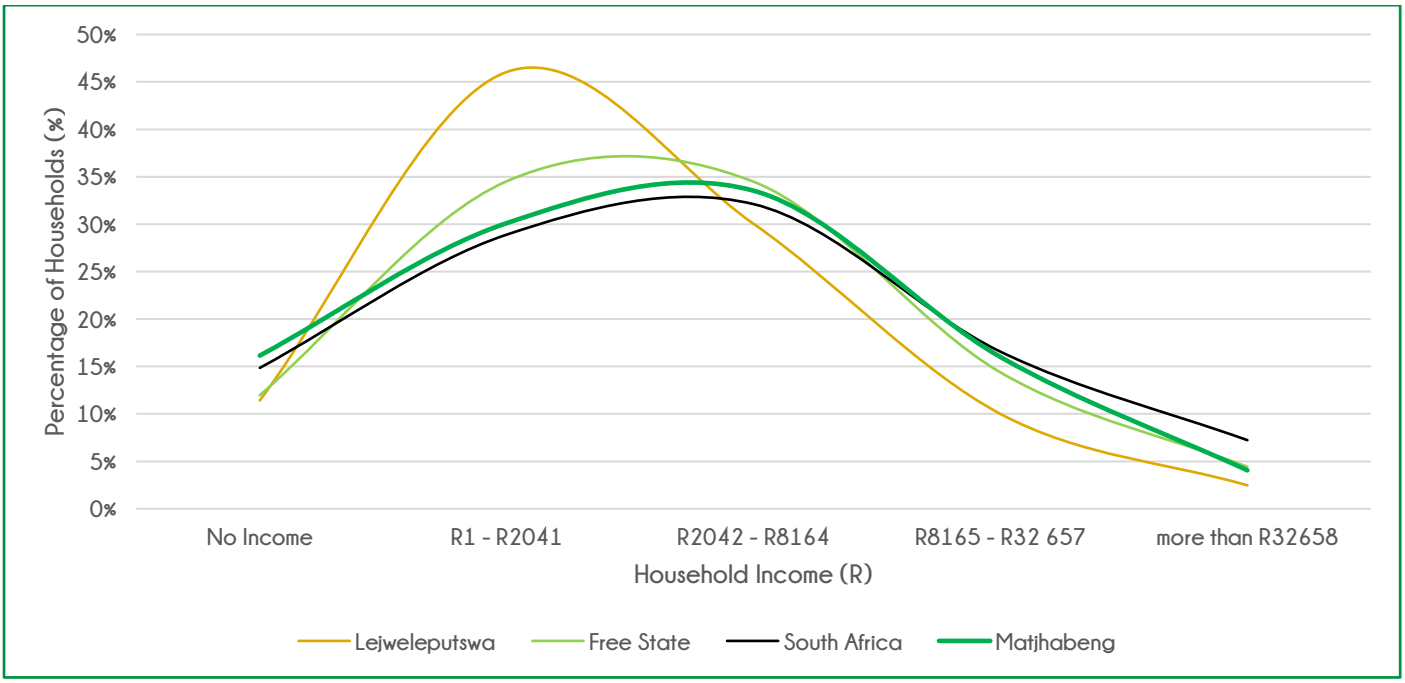


(Source: Quantec, 2019)

Map 14 indicates the average household income level in the MLM compared to the wider region in 2019. It shows that the average monthly income of households in the MLM is 9% higher than the average household income in the wider study region. This indicates that, of the selected municipalities, Matjhabeng households only earn the fourth highest average income per month, despite having the second largest economy in the province, while Metsimaholo households earn the highest income, which is due to the close proximity of Metsimaholo to Gauteng's large markets and the main location of the Sasol petroleum plant.

The 2019 household income distributions of the municipality, district, province and country are illustrated in Figure 11. A flatter curve indicates that the distribution is more even than that of comparative curves. MLM's income distribution curve shows that the proportion of households that earn between R1 and R8 164 is lower than that of the district and province, and similar to the country. The percentage of households earning between R8 165 to R35 657 is higher than the district and province. A notable observation is that the proportion of non-income earners is higher than in the wider region.

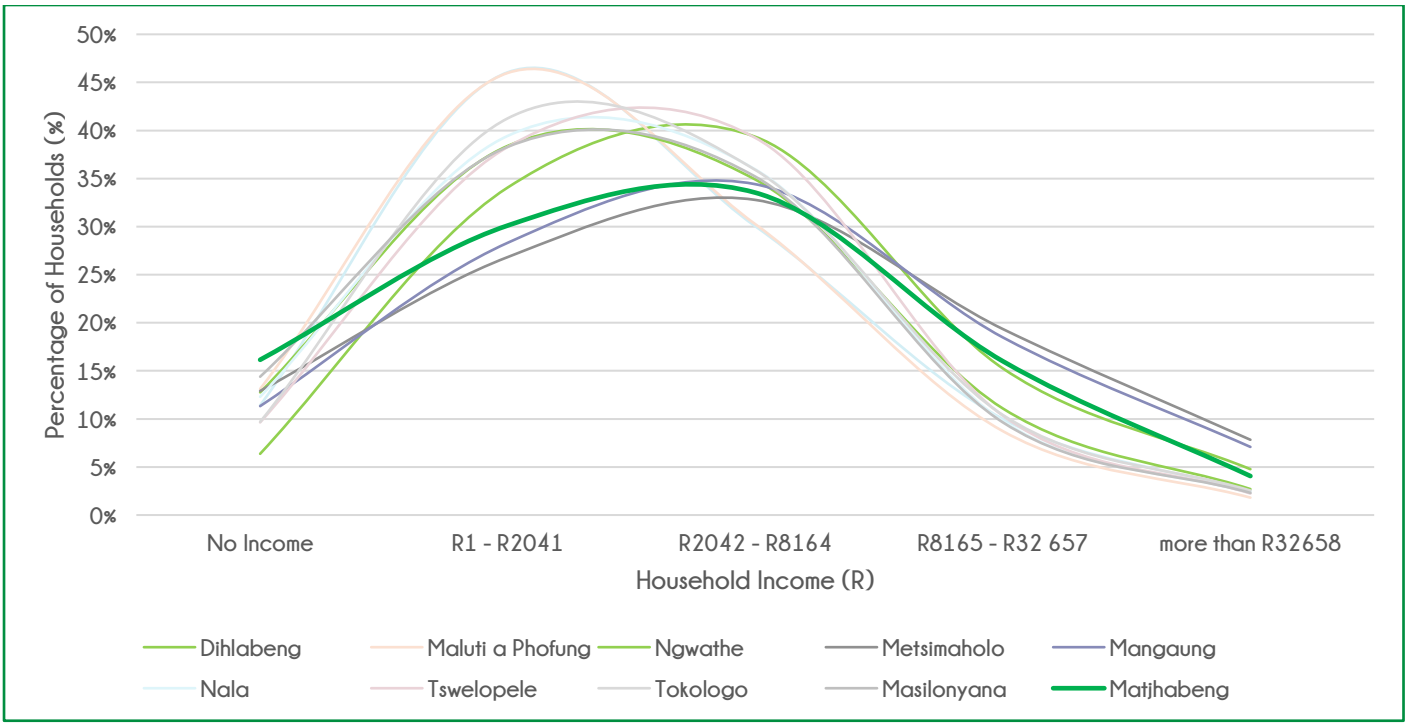
Figure 11: Income Distribution – 2019



(Source: Quantec, 2019)

As seen in Figure 12, in comparison to the wider region, the MLM has a lower proportion of households who earn between R1 – R8 16 than all the municipalities, except Metsimaholo and Mangaung, and a higher proportion that earn higher than R8165, which indicates that a larger proportion of the MLM's households have a higher standard of living than most of the wider region. The opposite is also true about the proportion of households who earn no income, which is indicative of a surplus of workers in an economy, The economic impact of these is that a larger proportion of grants are required, than in any of the other municipalities, to cater for the services and needs of these poor households

Figure 12: Income Distribution - Wider Region – 2019



(Source: Quantec, 2019)

3.5.2 Indigent Households

The Department of Provincial and Local Government (DPLG) has produced a document entitled the National Framework for Municipal Indigent Policies. This framework defines the term 'indigent' as someone 'lacking the necessities of life'. This is interpreted by the South African Constitution as the necessities required for an individual to survive including:

1. Sufficient water
2. Basic sanitation
3. Refuse removal in denser settlements
4. Environmental health
5. Basic energy
6. Health care
7. Housing
8. Food and clothing

The DPLG also assists with determining whether households should be categorised as 'indigent' and therefore qualify for free basic services (see section 3.3. for more information). According to the DPLG, indigent households fall within a municipality-determined income range, which includes those earning less than between R1500 to R2000 per month, depending on the cost of living in the municipality. Table 12 indicates the number and proportion of households in the MLM that earn less than R2041 per month, which is the closest income bracket to the approximate indigent income level.

It also compares the proportion of households in this bracket to the Lejweleputswa DM and Free State Province. 46% of total households in the MLM earned less than R2041 per month in 2019, compared to 57% in the Lejweleputswa DM and 46% in the entire Province. Approximately 60 205 households in Matjhabeng may be considered indigent.

Table 12: Indigent Households: 2019

From	To	South Africa	Free State	Lejweleputswa	Matjhabeng
No Income	R2041	44%	46%	57%	**46%**

(Source: Quantec, 2019)

3.6 Economy and Employment

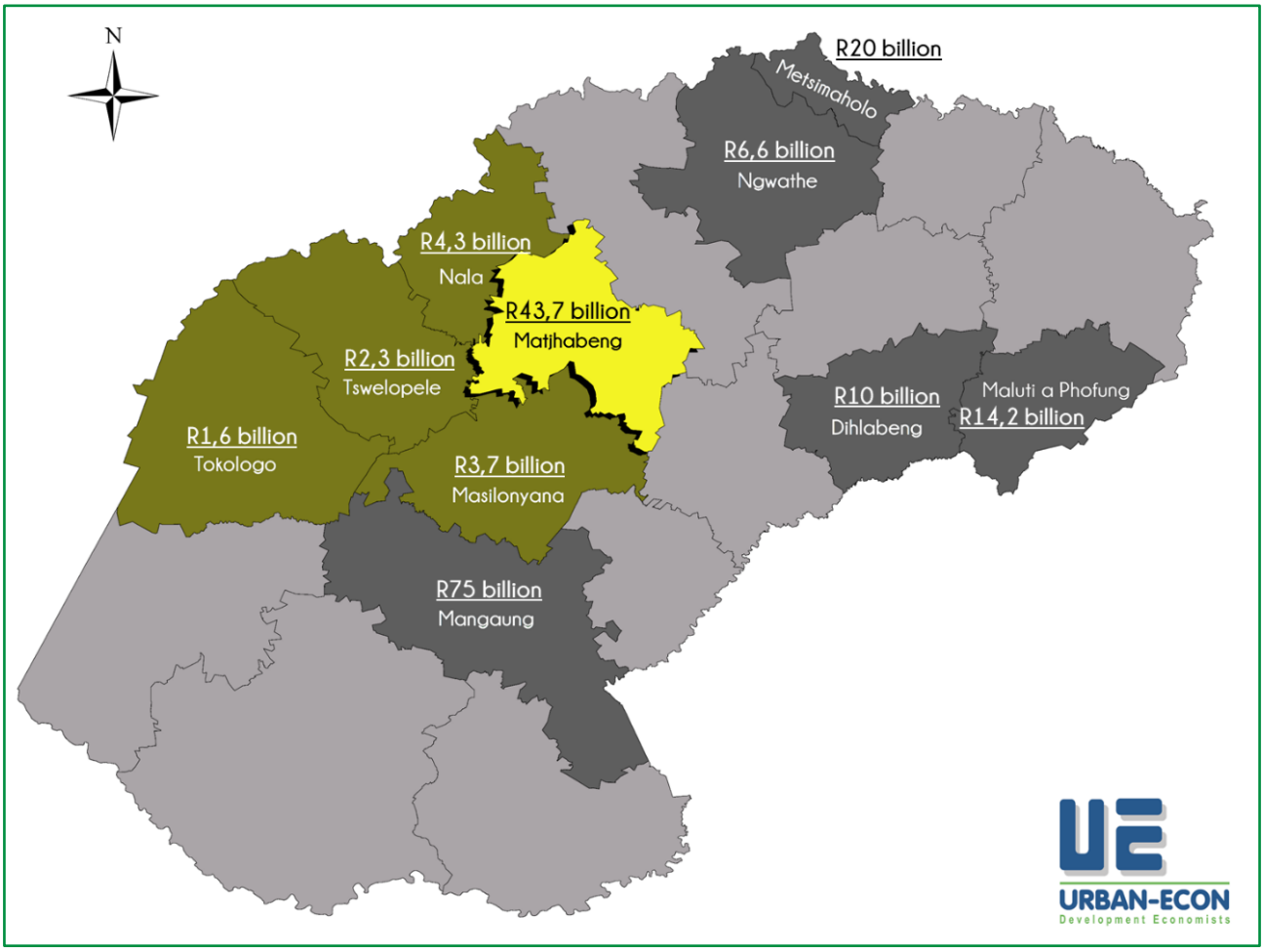
The primary objective of LED is to accelerate growth and generate employment opportunities. In order to achieve this, it is necessary for the economy to become more productive, competitive and diversified. This requires increased levels of investment in order to create an enabling economic environment and the provision of support for key industries.

The purpose of this section is to provide an overview of the MLM economy and employment situation. This overview will enable the identification of key industries and opportunities to be examined in further detail later in this report. The overview also provides a baseline against which to measure economic outcomes and improvements.

3.6.1 Production Profile

Gross Value Added (GVA) is the total value added to goods and services, through each stage of improvement, for a given sector or industry and therefore measures that sectors economic contribution. The MLM is located within the Gold Fields gold mining region, which is the key driver of economic production in the municipality, thus is the largest contributor to GVA in the region. Production from the MLM economy is the second largest in the Free State, as seen in Map 15, therefore it is relatively important in comparison to the wider economy. MLM is ranked second in the Free State Province, behind Mangaung MM (R75 billion), and well head of Metsimaholo (R20 billion) in third place.

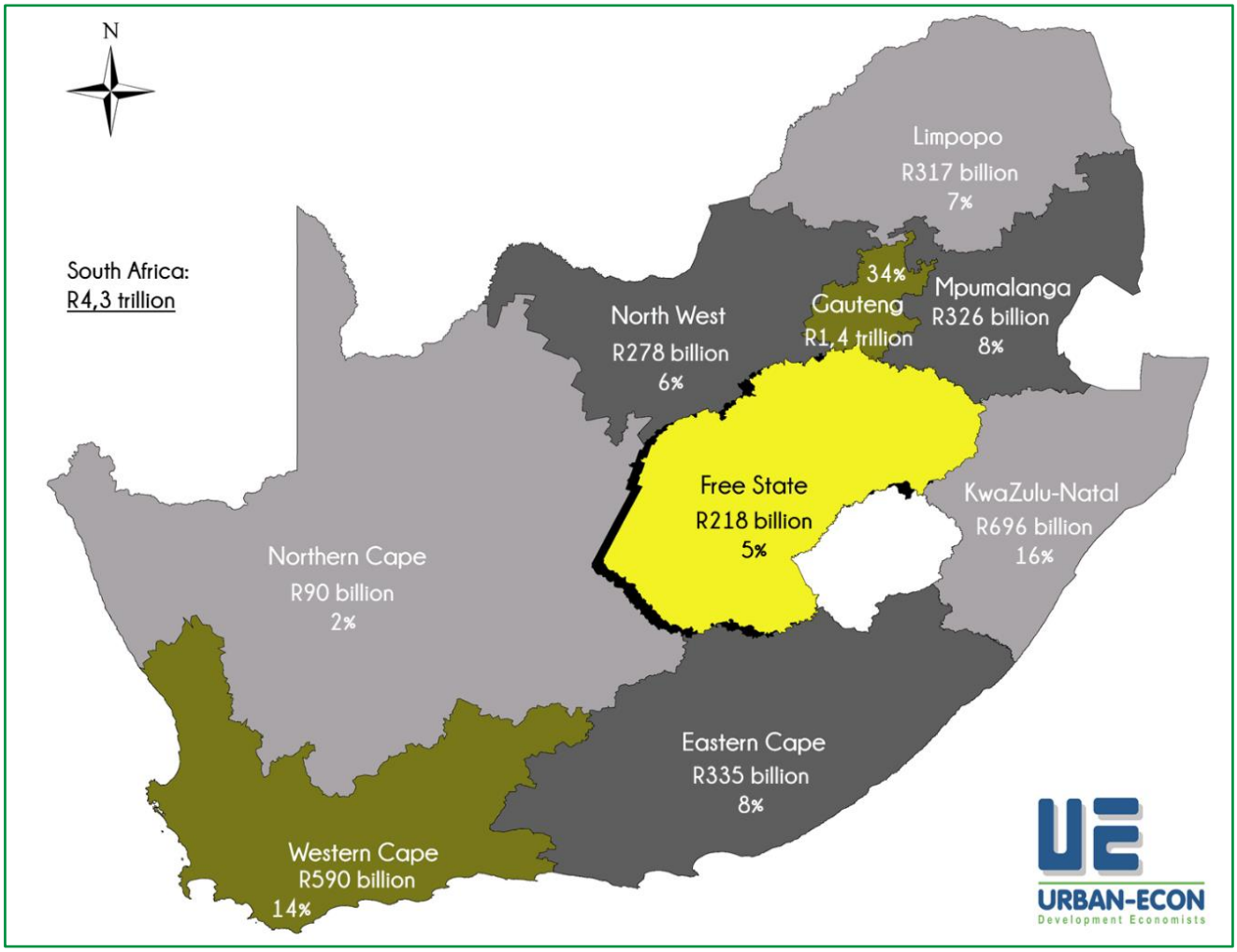
Map 15: GVA output - Wider Region 2018



(Source: Quantec, 2019)

The MLM economy produced approximately R43,7 billion in total output (GVA) in 2018. Assuming an average annual growth rate of 0.2% between 2008 - 2018, it is estimated that the MLM economy will produce R44,6 billion in total output in 2019. The leading sector, mining, contributes to approximately 38% of the municipal GVA. In terms of national output, the Free State province is ranked eight out of the nine regions, which indicates that the available resources aren't being utilised as efficiently as in most parts of the country. The province produced R218 billion in 2018, approximately R1,2 trillion behind Gauteng Province, as seen in Map 16.

Map 16: GVA output (R) and Growth (%) – 2018



(Source: Quantec, 2019)

Although based in the underperforming Free State province, Matjhabeng's industries place the municipality among the top 20 municipalities. As seen in Table 13, the municipality was ranked 16th out of the 234 national municipalities. The highest ranked municipality was the City of Johannesburg, with an annual income of R582 billion, almost 7,8 times higher than MLM. Mangaung MM was ranked ninth, with an income of R75 billion produced.

Table 13: RSA Local Municipality GVA Rankings – 2018

Ranking	Municipality (Local/Metro)	R (millions)
1	City of Johannesburg	R582 611
2	City of Cape town	R423 336
3	City of Tshwane	R390 389
4	eThekwini	R380 811
5	Ekurhuleni	R348 659
6	Nelson Mandela Bay	R126 439
7	Rustenburg	R90 540
8	Emalahleni	R76 164
9	Mangaung	R74 890
10	Buffalo City	R65 297
11	The Msunduzi	R57 678
12	Polokwane	R56 021

Ranking	Municipality (Local/Metro)	R (millions)
13	Emfuleni	R54 295
14	Mbombela	R48 623
15	Madibeng	R45 649
16	**Matjhabeng**	**R43 661**
17	Govan Mbeki	R42 747
18	Mogale City	R41 379
19	Thabazimbi	R39 034
20	Steve Tshwete	R38 759

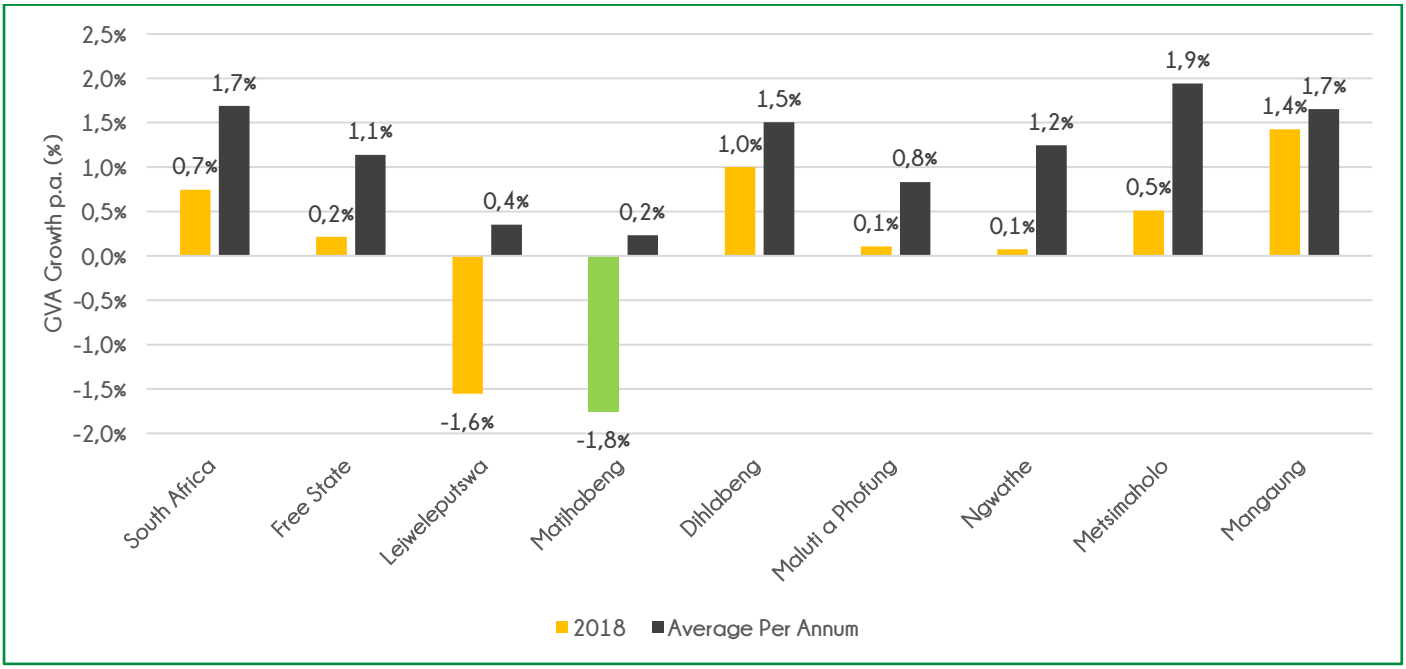
(Source: Quantec, 2019)

3.6.2 Economic Growth

Economic growth is measured at **real** GVA, referring to a comparison of output at current prices to a base year's quantities, in this case, 2011. Economic growth is one of the most important indicators of local livelihood, as it is the primary driver of business development, investment and job creation. The MLM experienced a **negative** economic growth rate of 1,8% from 2017 to 2018, the last year for which data was available at the local municipality level.

The level of real economic growth can also be equated as an average over time, to minimise the impression of short-term fluctuations. In the MLM, the average economic growth rate over the decade from 2008 to 2018 was 0,2% per annum. Figure 13 illustrates economic growth in 2018 and the average rate from 2008 to 2018. It shows that the economic growth in the MLM was lower than the other economic centres in the Free State. It also shows that average economic growth is lower in the MLM than in the district, province and country's growth.

Figure 13: Economic Growth: 2008 - 2018

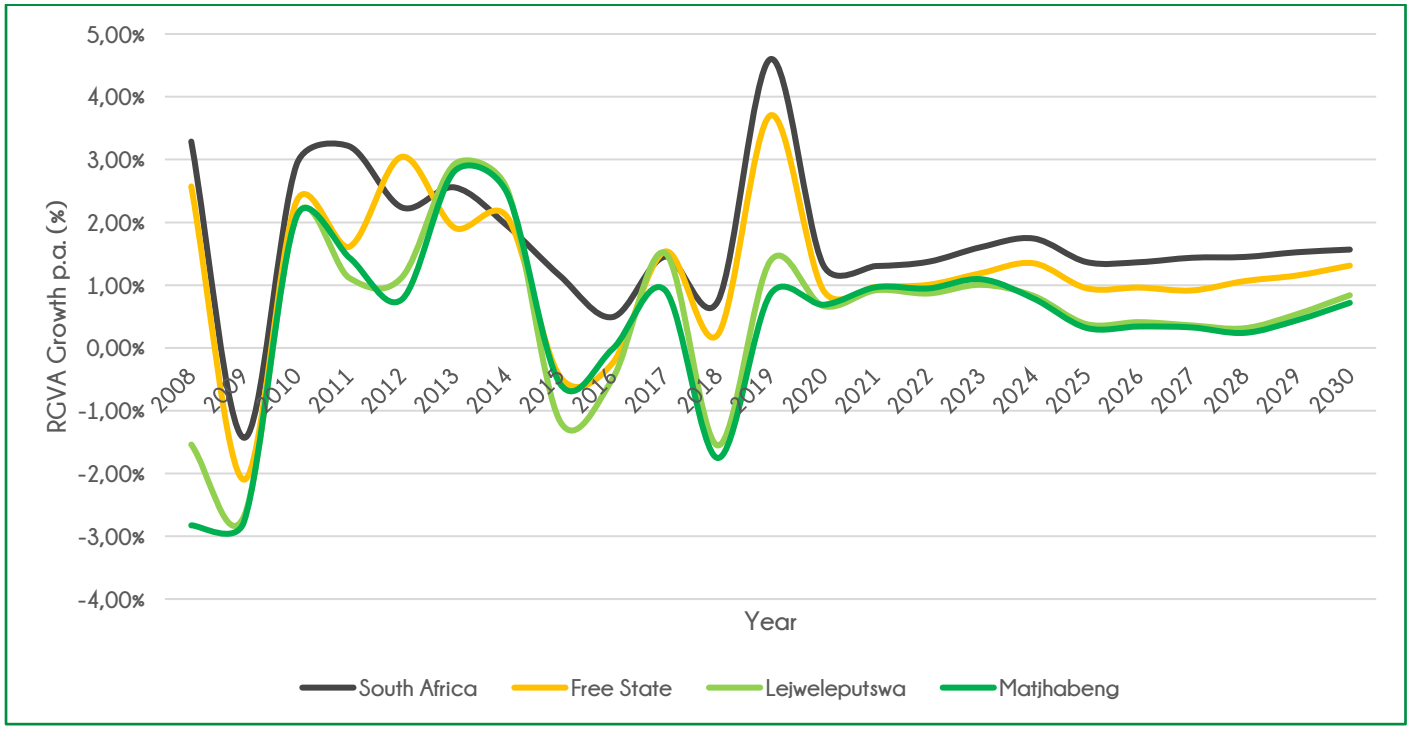


(Source: Quantec, 2019)

Figure 14 illustrates the negative growth that occurred in 2008; 2009; 2015 and 2018 in MLM. The economy experienced slow growth in production of all national economic regions between 2008 and 2018. The global economic recession, that triggered by financial crisis in the United States and Europe that began in 2007, influenced economic growth between 2008 and 2009; the drought experienced in 2014 to 2016 influenced the recession in that period; and the downgrading to junk status by Standard

and Poor in 2017 (Mail & Guardian, 2017[2]) influenced foreign investor confidence which continues to plague growth prospects in the South African economy. Using a moving point average from historic growth, at the current trajectory, the MLM is projected to grow at a similar rate as the District, but at a slower rate than the rest of the Province and the rest of South Africa.

Figure 14: Provincial, District and Municipal Economic Growth (Real GVA): 2009 - 2030



(Source: Quantec, 2019)

The South African economy, including the Free State and its municipal economies, recovered relatively well from the economic crisis, except for Lejweleputswa and its municipalities, due to the reduction of mining activities after 2008. Three years before the crisis, the mining sector's output increase at an average of 30%, and until 2018, the average growth rate only amounted to 0.2%. The reduced mining sector had a negative effect of all subsidiary industries, which should trigger the local economy to stimulate other industries to reduce the local dependence on mining, such as manufacturing, trade and finance industries.

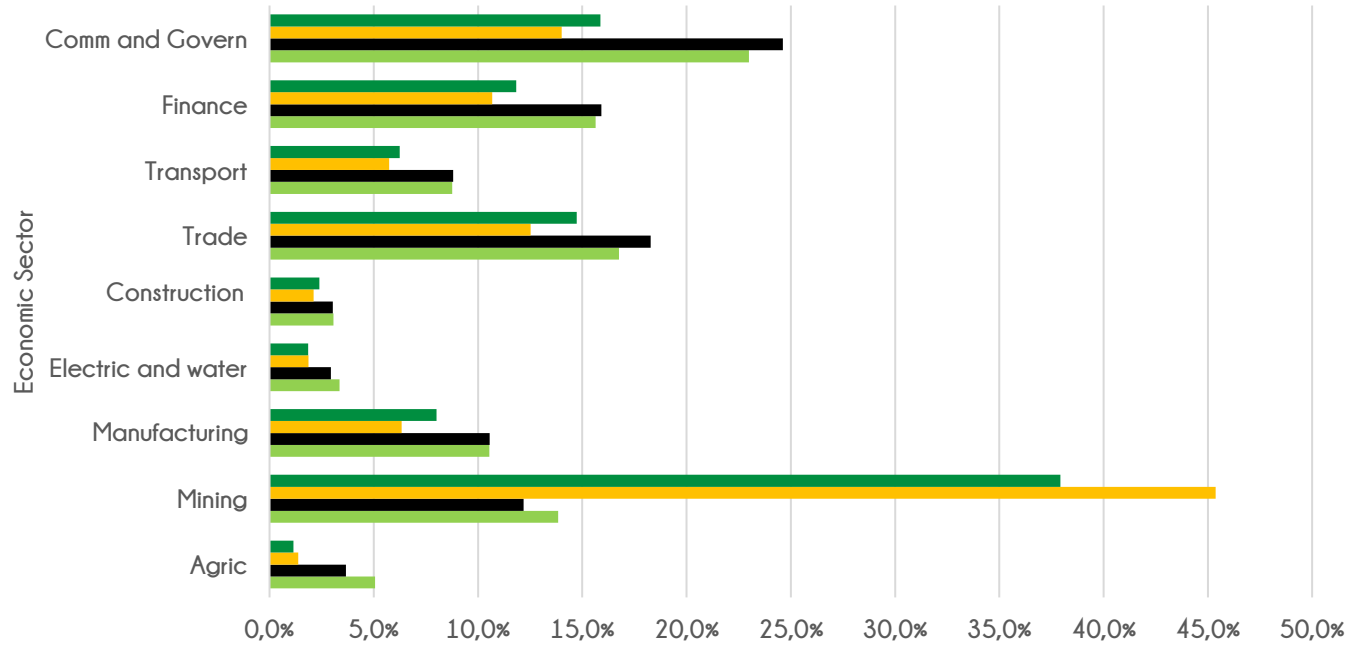
3.6.3 Composition of the Economy

The composition of an economy refers to the relative level of output from each of the ten economic sectors. Understanding economic composition in a study area is important for several reasons. Firstly, it allows for the identification of key industries, where economic growth and employment creation is likely to occur. Secondly, the economic composition of a region is a clear indication of the demand for diversification into new industries.

Figure 15 illustrates the composition of the MLM economy compared to the province according to 2019 data. It shows that the MLM economy is relatively diversified with three key production sectors, mining (37,9%), government (15,9%) and trade (14,7%). These sectors also support output in other industries including construction (2,4%), manufacturing (8%) and transportation (6,2%). Notably, despite the rural nature of the region the agriculture sector accounts for only 1,1% of output.

[2] https://mg.co.za/article/2017-11-25-global-credit-ratings-agency-has-downgraded-south-africa-to-junk-status

Figure 15: FS vs Matjhabeng Sectoral Composition: 2009 - 2019



	Agric	Mining	Manufact	Electric and water	Construct	Trade	Transport	Finance	Comm and Govern
Matjhabeng - 2019	1,1%	37,9%	8,0%	1,9%	2,4%	14,7%	6,2%	11,8%	15,9%
Matjhabeng - 2009	1,4%	45,4%	6,3%	1,9%	2,1%	12,5%	5,7%	10,7%	14,0%
Free State - 2019	3,7%	12,2%	10,6%	2,9%	3,0%	18,3%	8,8%	15,9%	24,6%
Free State - 2009	5,1%	13,8%	10,5%	3,4%	3,1%	16,8%	8,8%	15,6%	23,0%

(Source: Quantec, 2019)

In comparison to the province, the MLM has strong productive industries, including trade, mining and manufacturing. These industries are extremely important for driving economic growth and development in the entire economy. The MLM economy also has a relatively large financial sector, which is important for the facilitation of business development in all industries.

3.6.4 Employment Profile

The MLM has a labour force consists of an official unemployment rate of 34%. Table 14 provides a comparative labour profile for the MLM relative to the wider economy between 2009 and 2019. It shows that unemployment in the MLM is similar to the average for the Lejweleputswa DM (35%) and the Free State (35%), and lower than the national rate, with an approximate 10% increase over the past ten years. This implies that although job creation is a top priority for the MLM, the unemployment situation is severe, as in other areas of the Province.

Table 14 also illustrates the number of non-economically active people in each economy. It shows that the MLM has approximately 97 276 non-economically active people, almost 10 000 more than in 2009, including students, mothers, discouraged workers and others not currently looking for employment.

Table 14: Employment Profile: 2009 – 2019

Geographic Area		South Africa	Free State	Lejweleputswa	Matjhabeng
Unemployment. Rate	2009	23%	23%	21%	21%
	2019	40%	35%	35%	34%
Not Economically Active	2009	13 829 026	712 017	145 036	87 601
	2019	14 750 988	743 230	160 448	97 276
Working Age Pop	2009	32 652 624	1 770 707	407 459	269 970
	2019	36 806 037	1 859 667	429 471	285 950
Labour Force Participation Rate	2009	58%	60%	64%	68%
	2019	65%	65%	68%	71%
Youth Unemployment Rate (15 – 24)	2009	44%	46%	47%	48%
	2019	49%	50%	50%	53%

(Source: StatsSA & Quantec, 2019)

The change in employment and unemployment over time is also an important indicator of trends in a local economy. In the MLM, the unemployment rate has increased from 21% in 2009 to 34% in 2019. This rise in unemployment is despite numerous efforts at the national, provincial and local level to increase job creation. Youth unemployment has risen by 34% from 2009 to 2019. This is similar to that that of the district, province and country.

Rising unemployment in the MLM is not however unique to the local economy, with nearly all regions in South Africa suffering from steadily increasing unemployment levels. This reality underscores the importance of identifying viable projects and interventions that will create significant employment in the short term and medium term, while also providing opportunities for sustainable growth and development.

The **Labour Force** includes those in the working age population (15 to 64 years old) who are employed or unemployed.

The **Unemployment Rate** is the percentage of the labour force that is unemployed.

The **Non-Economically Active** includes those in the working age population who are not employed or looking for looking employment.

3.6.5 Youth Unemployment

Youth Unemployment refers to the workforce, aged between 15 and 24, who have been actively seeking employment but have yet to find a job. The challenge for youth entering a job market with high unemployment rates, as seen in the previous subsection, is that the youth have seldom obtained the necessary experience to perform the work, which gives older, more experienced workers the upper hand for the few jobs available.

As viewed in sections 3.3 and 3.6.4, the correlation between the youth unemployment rate and the level of education indicates that a large proportion of the workforce is uneducated. The impact of this phenomena is that a significant number of youths have not received adequate skills and education to enter the highly competitive job-market.

The MLM should address the sever high school dropout rates in order to curb the extreme poverty experienced by youths. An approach to correct the youth unemployment in MLM is to promote entrepreneurship in schools and colleges, in order to ease the reliance of the workforce for employment on the local businesses.

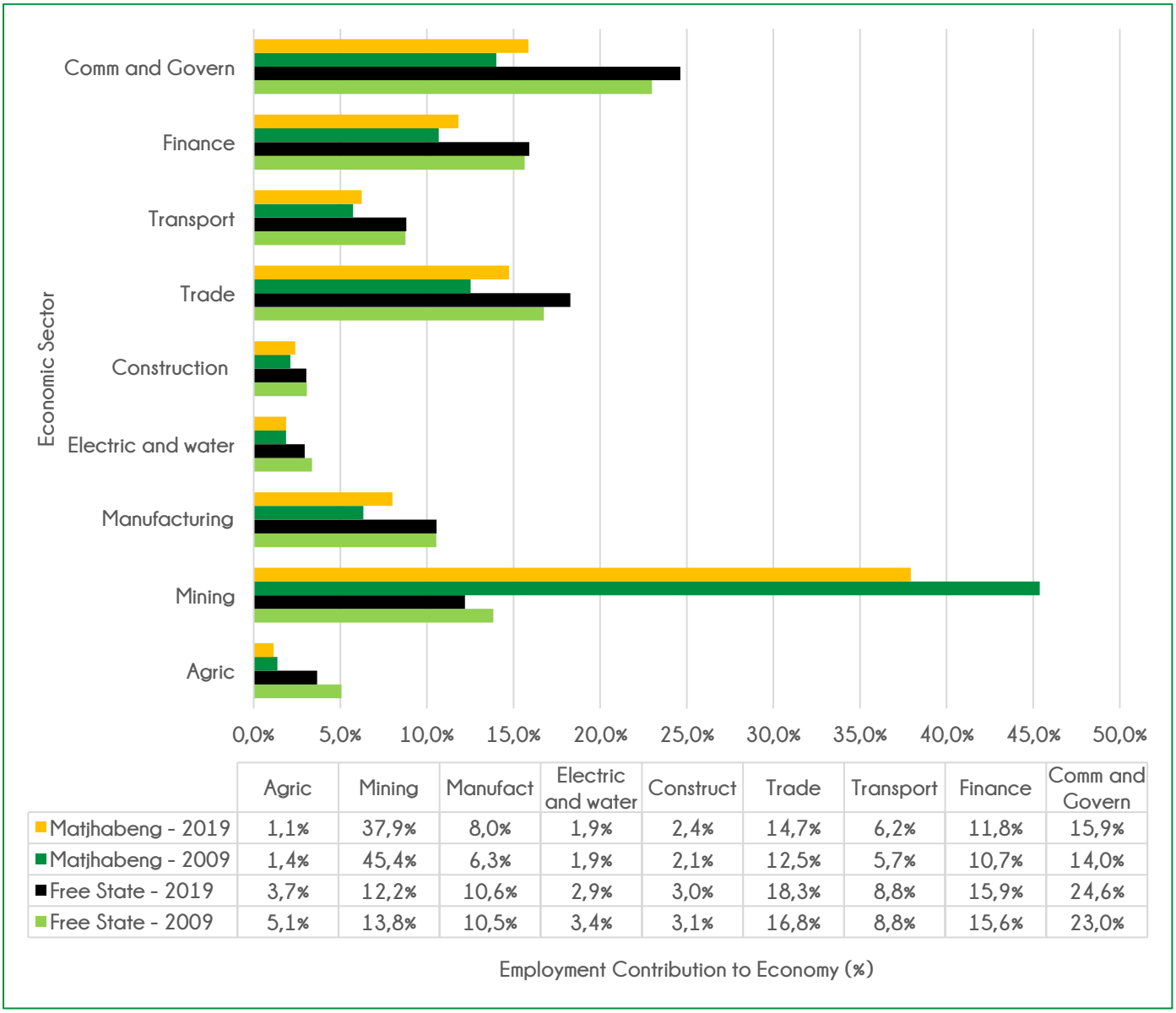
3.6.6 Employment Distribution

The employment distribution in an economy refers to the proportional level of employment in each economic sector. This information allows for the identification of key sectors and labour absorptive industries as well as determining the need for employment diversification. Employment in the MLM is relatively concentrated, compared to the distribution of output. The key employment industries in are mining and quarrying (37.9%) and government (15.9%), as seen in Figure 16.

The high level of employment in the government sector is consistent in the rural Free State. As the MLM is largely based on mining, employment in this industry far exceeds that of the sector in the rest of the Free State. Another important employer is the trade sector (14%), which typically provides well-paying job opportunities and has a strong multiplier effect on employment throughout

the economy. These industries are identified as having the potential to absorb local labour and thus will be emphasised throughout the MLM LED Strategy.

Figure 16: Sectoral Employment Distribution: Matjhabeng vs FS: 2009 - 2019



	Agric	Mining	Manufact	Electric and water	Construct	Trade	Transport	Finance	Comm and Govern
Matjhabeng - 2019	1,1%	37,9%	8,0%	1,9%	2,4%	14,7%	6,2%	11,8%	15,9%
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Free State - 2009	5,1%	13,8%	10,5%	3,4%	3,1%	16,8%	8,8%	15,6%	23,0%

(Source: Quantec, 2019)

When compared to the Free State employment distribution of 2019, the largest employer was the public sector (24.6%, followed by the trade (18.3%) and finance (15.9%) sectors. MLM's public, finance, transport, trade and manufacturing sectors' employment distribution have increased between 2009 and 2019, a similar trend to the province, due to the reduction of mining sector employment, and improved economic sector diversification.

3.7 SWOT Analysis

The information gathered in the previous sections have indicated the strengths, weaknesses, opportunities and treats (SWOT). The SWOT analysis will be utilised in the following sections of the report to identify development opportunities and critical success factors. Strengths refers to positive possessed attributes and weaknesses refer to negative possessed attributes. Opportunities are external factors that have potential positive impacts on the MLM, and threats are external negative impact factors that are out of the MLM's control.

3.7.1 Strengths

3.7.1.1 Demographics

- Matjhabeng's population is expected to grow by 10 095 over the next five years. By 2030, the population is forecast to be 452 010, a gain of 4.8% from 2019
- Matjhabeng's population growth **increased in line** with its population density and, together with rural-urban migration, it can lead to a **higher urban agglomeration**. This is important for achieving sustained growth because large urban areas generally lead to innovation and increase economies of scale.
- MLM population's largest age groups are the working age youth, (15 and 34 years). A younger-aged population is an attraction to firms seeking a younger workforce and potential future workforce

3.7.1.2 Housing and basic services

Municipalities are often measured by the degree to which they deliver on a set of basic services which includes water, sanitation, housing, and transport/roads and solid waste/cleansing. MLM's service provision yielded in the following improvements over the past 10 years:

- Compared to 85% in 2009, Matjhabeng population that has access to running water in 2019 has improved to 92%
- Population that has access to flushing toilets has improved to 83% 2019,
- Municipal services have improved as 87% of the population has their refuse removed by a local authority weekly, compared to 84% in 2009
- In 2019, 9% more of Matjhabeng's households occupy free standing housing than in 2009, which increased from 66% to 75%.
- Access to electricity has improved as there are 9 out of every 10 households in the MLM have **access to electricity** in their homes.

3.7.1.3 Economy and employment

- **Trade sector contributes 19.1%** to the GVA. It has an important role in Matjhabeng's economy in the provision of job opportunities. It also has a **strong multiplier effect on employment** throughout the economy. Trade industries are identified as having the potential to absorb local labour.
- MLM has other strong productive industries, besides just trade and mining. These industries include manufacturing and finance extremely important for driving economic growth and development in the entire economy. The MLM economy also has a relatively large finance sector, which is important for the facilitation of business development in all industries.

3.7.1.4 Income and poverty

- There is **greater proportion** of households in the lower-middle income brackets compared to the District and Province. This holds significant **socio-economic implications** with more equal regions having greater social cohesion, less crime and lower levels of poverty.

3.7.2 Weaknesses

3.7.2.1 Demographics

- A comparison of household size between the 2009 and 2019 shows that the average household size became much smaller. The consequence was that the declining population was offset by an increased demand for services as the number of households increased.
- Matjhabeng's population growth rates between 2019 and 2030 are projected to be slower than the national and provincial averages, showing a potential for declining economic influence and slower economic growth in the area.
- Child headed households pose as a serious challenge. Some of these challenges include circumstances that results in greater economic vulnerability and inadequate access to basic services.

3.7.2.2 Housing and Basic Services

- **Lack of access to adequate housing-** 15 % of the households in Matjhabeng live in informal settlements. This group of people do not have any basic municipal services and had placed themselves in around informal settlements to ease up the congestion they had initially lived in. They face various challenges, which affect their ability to improve their economic position in society.
- **Poor state of the roads**- the roads in the townships area are in a bad state and have become inaccessible when it rains. Most often, poorer residents commute longer distances and times, and often use public transport modes that are currently not optimally integrated.
- **Lack of decent sanitation** and functional sewer network. In both formal and informal settlements, pipes burst constantly and are often repaired after a lengthy period. These sewers have faeces in them which negatively affect the health of the community.
- **Lack of access to healthcare services** – Long queues, poor services, and long waiting times have become characteristic of public healthcare facilities. Although current personnel work under difficult conditions, many complaints continue to be received about lack of commitment and enthusiasm to serve.
- The informal settlements, such as Mmamahabane, have high populations, low formal properties, few registered properties and low incomes. Another critical issue within informal settlements relates to risk of fire and flooding; the higher the density of the settlements and poorer the quality of building materials the greater the risk
- Municipalities that experience service delivery challenges and community protests are characterised by, among other things, the lack of capacity to plan, deliver, operate and maintain infrastructure. F
- Poor road conditions and recurring potholes, poor road markings and signage and storm-water drainage problems are other infrastructure challenges that require attention, and that make people frustrated and angry.

3.7.2.3 Economy and employment

- **Unemployment**- there are clear levels of unemployment in the area, with many residents living off social grants. This places a greater burden on the municipality at large, as well residents that are currently employed.
- **Wasteful expenditure**- improper expenditure may constitute corruption, theft and or fraud. Matjhabeng wasted R187m of which R182m was spent on interest on debts to Eskom. The rest related to penalties and interest owed to the SA Revenue Service and other creditors.
- The local market is limited, and often dominated by one or a few established enterprises. Shoppers in many small towns use public or private transport to shop in larger towns, causing a leakage of purchasing power.
- A growing number of foreign immigrants are usurping the spaza sector who tend to provide good service (long opening hours, good supply of products), but they seem to undercut the local BBBEE traders, who are being driven out of the sector. This impressionistic view needs to be verified by research.

- The manufacturing base in small towns is typically limited, so that workers tend to have few opportunities for training and acquiring technical skills. People have limited experience in working in large organisations, and therefore lack an effective business network.
- The decline in the mining industry had serious impacts on other sectors of the economy. Manufacturing, for example, declined by two per cent per annum due to the drop-in demand from the mining houses. The impacts are also evident in the declining economic growth rates for Construction and Electricity.
- Although with limited success, the MLM has over the years sought to encourage non-mining business development. The issue of redundant and unused mine infrastructure emerges hefty, resulting in a build-up of hopes and expectations for jobs and other economic prospects.

3.7.2.4 Income and poverty

- **Inequality** - Approximately 69% of the households in the municipality earn less than R2 041, meaning that these households would be considered **indigent as they are below the poverty li**ne.
- Although a national issue as well, it can be emphasised that **government's empowerment policies** has not benefited the presently disadvantaged. Most of the benefits of these policies have accrued to people who are already well-advanced on **the socio-economic ladders** but doing little to benefit those **the poor, the unemployed and the unskilled**.
- Many people who borrow from loan sharks spend this funding on consumption, and not investment. This contributes to local poverty.
- Approximately 16% of households reported earning no income. This is highly problematic in terms of its impact on poverty levels. Another concern is the fact that proportion of no-income households is higher in the MLM than in the Lejweleputswa DM (11%) and Free State Province (12%).

3.7.2.5 Educational Achievements and Outcomes

- **Education standards**- The level of educational achievement in a study area is an important indicator of standard of living. MLM has not improved on the proportion of scholars who complete grade 12.

3.7.3 Opportunities

3.7.3.1 Demographics

- Growth of population equates to **increased purchases and trade**, which in turn leads to increased tax revenue. MLM can capitalise on this. The **availability of labour** is another positive feature, as increased population growth could lead to an increase in labour force.
- As the economy grows the **retail sector will automatically grow** in order to supply the increased demand for goods and services which an economically empowered population requires.

3.7.3.2 Housing and basic services

- MLM **can take advantage** of the Back to Basics Programme introduced by CoGTA. This programme is aimed making municipalities functional in the provision of reliable water and energy supply, road maintenance, refuse removal, maintenance of streetlights and other services.
- **Improving health services** - More healthcare practitioners need to be recruited, trained, and retained. Scarce skills need to be rewarded and incentives could attract health workers. A culture of monitoring and evaluation with outcomes-based goals should be implemented to reduce **infant mortality, improve life expectancy**, and **educate the public** on general health issues, disease prevention and management.
- The **improvement of the municipal roads' infrastructure and signage** both in formal urban areas and informal settlements. Truck drivers that work overnight in towns of the MLM should be regarded as possible opportunities for entrepreneurs. Truck stop facilities at existing or new gas stations, drive through food outlets, and other facilities for truck drivers could provide cash injections into the municipality.

- Changing transport patterns can have a major significance. The deregulation of routes and rates can create a disadvantage for shippers from smaller communities using railroads. But this may lead to the improvement in trucking services, which will benefit different routes. The rapid rise in the petrol price in South Africa may change transport systems in future, and make rail transport more profitable, which will benefit railway towns. Consequently, transport policy should be designed in conjunction with the impact on small towns.

3.7.3.3 Educational Achievements and Outcomes

- Training workshops for teachers during school holidays and improving support for under-performing schools could be implemented to improve education standards. A **culture of reading** also needs to be developed with equipped libraries.
- MLM cannot afford an increase in the **high school dropouts' rates**. An **investment in education** is an investment in the future. Individuals can only use the opportunities provided by economic growth if they are equipped with the **necessary skills and knowledge** to do so.
- **Decrease youth unemployment** by ensuring learners have access to quality education that allows them to increase their potential to utilise existing opportunities and create new opportunities. Most graduates struggle to get jobs because of lack of experience. It's therefore important to create the bridge between **education, skills, and experience**.
- One of the most effective methods of ensuring skills transfers under these circumstances is through the **implementation of a youth wage subsidy** with skills transfers as a specific requirement. Other effective ways of doing this is through government internship programmes, particularly in technical departments.
- It is important that **entrepreneurship gets prioritised**. This must begin at school level. The informal economy in the Matjhabeng has proved to be an important way to tackle poverty and put food on tables in thousands of households every day. Informal employment mostly consists of street hawkers with low levels of education, people that used personal savings to start their businesses and, in some case, borrowed start-up capital from their friends or families.

3.7.3.4 Economy and employment

- Matjhabeng has the potential to become a **future hub for economic growth** in the province. The municipality is centrally situated, has a population that is hungry for opportunities, and has a few academic tertiary institutions and colleges.
- The **mining infrastructure and skills could be joined** in other industries such as agro-processing. Matjhabeng has the potential to become a hub for engineering products and offer skills for mining and diggings in other parts of the country.
- **Increase tourism potential**- MLM is currently not too **tourism friendly**. Many tourists are put off by dirty streets, crime, and by poor municipal services and infrastructure. **tourism entrepreneurship** should be encouraged and supported and become an integral part of the municipality.

3.7.4 Threats

3.7.4.1 Demographics

- Larger population growth and population densities **do not guarantee success**. There might be situations where the number of people exceed the number of resources and opportunities available to cater for a larger population growth and density.
- Matjhabeng's population growth rates between 2019 and 2030 are slower than the national and provincial averages. This indicates a potential for declining economic influence and slower economic growth.
- The average population density for MLM is low, at 27 persons per hectare. One of Matjhabeng's challenges is to transform its spatial and social legacy into a more integrated and compact area, with mixed-use zoning areas that bring residents closer to work and offer opportunities to break down the social barriers. Matjhabeng receives a lot In-bound migration. This often adds to the challenges of service delivery and crime, as municipalities require more inputs to service the growing population.

3.7.4.2 Housing and Basic Services

- **Access to water**- Currently, there are no municipalities in the Free State who have achieved a Green Drop Certificate. Significant economic impact will be the cost to eradicate the potential hygiene dangers in the region. This will amount to a large amount of capital investment, which must be sourced from taxes, thus reducing the disposable income of income-earners.
- The **road infrastructure condition** is deteriorating at rapid pace and very little maintenance is done due to a lack of funding.
- Matjhabeng like most towns, **experience problems** with the management of their waste disposal sites and to meet the requirements of the department of Water Affairs.

3.7.4.3 Educational Achievements and Outcomes

- **Education**- 4% of the population have completed either matric or tertiary education. This means that Matjhabeng has a large population that are **unable to access opportunities** that higher learning presents. There is less secure employment prospects and less earning potential for majority of people from Matjhabeng with a schooling level less than matric.
- **High school dropouts** Most graduates struggle to get jobs because of lack of experience. It's therefore important to create the bridge between **education, skills, and experience**.

3.7.4.4 Economy and Employment

- Matjhabeng's economy heavily **depends on the mining sector**- Matjhabeng's economy has not yet diversified. Vast majority of the region's manufacturing sector was linked to mining.
- **Decline in mining sector**- Mining sector constitutes 37.9% of Matjhabeng's economy. The loss of jobs in this sector has led to staggering consequences for the municipality. Businesses closed, commercial rents dropped, and house prices decreased in value.
- Currently **illegal miners**, called Zama Zama's, many of whom are foreigners, are a **major source of crime** in the area. This needs to be addressed. **Security forces will have to be deployed to clean** up the areas that are currently targets of crimes that range from illegal mining, murders, kidnapping, rape, and prostitution.
- The **rise of youth unemployment** by 34% from 2009 to 2019 is a concern. The youth is generally full of ideas and are innovative. **Lack of employment opportunities** will lead to young people moving from Matjhabeng to other areas in search of job opportunities.
- Migration of the youth will result in **loss of skills** for the MLM. Frustrations of unemployment amongst the youth can lead to desperate acts such as committing crime as a means of survival.
- **Municipality debt to Eskom**- The economic impact of this debt is that the municipality will not have enough cashflow to improve basic services and to invest in projects to uplift the population. This results in costly load-shedding which halts productivity, education, health services and general service delivery.

3.7.4.5 Income and poverty

- The economic reality is that in many instances, two household incomes are necessary to provide sustainable disposable income. This creates the need to ensure that this study leads to interventions that include employment and income-earning opportunities for women, as the mining sector is gender bias.
- Most people don't have any other sources of income and live off social grants. This places a greater burden on the municipality at large.

3.8 Summary – Status Quo

Demographic Profile

- The population of MLM was 427 770 residents in 2019, with an annual population growth of 2,2% p.a. It is projected that the population of MLM will rise to 452 010 by 2030.

- The population density of MLM was 22 people per km2 in 2019.
- The average household size was 3,3 members per household, with 131 204 households in total.
- 67% of the workforce consisted of the working age youth, (15 and 34 years) and adults (35 to 64 years). 34% of females and 33% of males fall within the adult group, whereas 33% of females and 36% of males are considered to be youth.
- The most common home language in MLM is Sesotho, with 62% of the residents reporting the language as their native language.

Educational Achievements and Outcomes

- The matric pass rate for the scholars who wrote the grade 12 exams in 2018 was 92%
- Only 6% of the MLM workforce have achieve matric or a tertiary qualification, while 7% have no schooling.

Housing and Basic Services

- 78% of the population have access to formal housing
- 87% of the MLM households have access to regular refuse removal
- In 2019, 93% of the households have access to electricity for lighting, although MML owes Eskom R1,3 billion.
- The MLM had a Blue drop rating of 93% with only 56% of the households having access to running water in their homes or yards.
- 83% of the households have access to flushing toilet, although the MLM only has a Green drop rating of 14%.
- 18518 of the MLM household have access to free services.

Income and Poverty

- 46% of the MLM households are indigent, indicating a large percentage of the populations living in poverty

Economy and Employment

- The MLM economy produced approximately R43,7 billion in total output (GVA) in 2018, experiencing real economic recession of 1,8% between 2008 and 2018.
- The mining sector produces the highest income and employs the most workers in the MLM, followed by government, trade and finance sectors.
- The unemployment rate of the MLM was 34%, with a 31% unemployment among the youth, aged 15 – 34 years

4 ECONOMIC INFRASTRUCTURE ANALYSIS

4.1 Introduction

Effective management of municipal infrastructure is central to municipalities providing an acceptable standard of services to the community. Infrastructure impacts on the quality of our living environment and opportunities to prosper. Key themes of the latest generation of legislation introduced in this country relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction and transparent processes;
- priority development of minimum basic services for all; and
- the provision financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation – for the above objectives to be achieved, the IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from several sections of the municipality, including infrastructure, community services, financial, planning, and corporate services.

4.1.1 Planning and Prioritization

As municipalities pursue the eradication of backlogs in basic services, concerns are emerging over the deterioration of existing infrastructure and the sustainability of the new infrastructure being built. The problem is worsened when revenues are under pressure due to either large indigent populations, poor debt collection performance, or both.

The IDP establishes a 5-year program of projects using a process that is implementation-orientated and based on stakeholder consultation. One of the main challenges in managing infrastructure is to balance the competing demands for infrastructure construction, operations and maintenance, and renewal within each service, as well as across the various municipal services.

For the IDP to be effective in addressing these issues, it needs to be informed by holistic and relevant information with a longer-term vision, say 10 to 20 years. Accordingly, strategic and tactical planning processes in municipalities need to be strengthened, supported by staged improvements to management practices and organisational capacity that will translate to perceptible improvements to service delivery. These interventions need to be structured to take account of the financial, skills and capacity constraints that exist at many municipalities.

4.1.2 Summary of Assets Management at Matjhabeng;

- Inadequate data in terms of infrastructure operation and maintenance.
- Inadequate infrastructure capability due to operating conditions
- Inadequately designed infrastructure that is not coping with growing demand
- Infrastructure obsolescence which requires continuous renewal and replacements.
- Poor maintenance practice
- Critical Skills shortage
- Vacant critical positions
- Power cuts

- Reliability of bulk infrastructure
- Quality of bulk infrastructure
- Capacity of bulk infrastructure

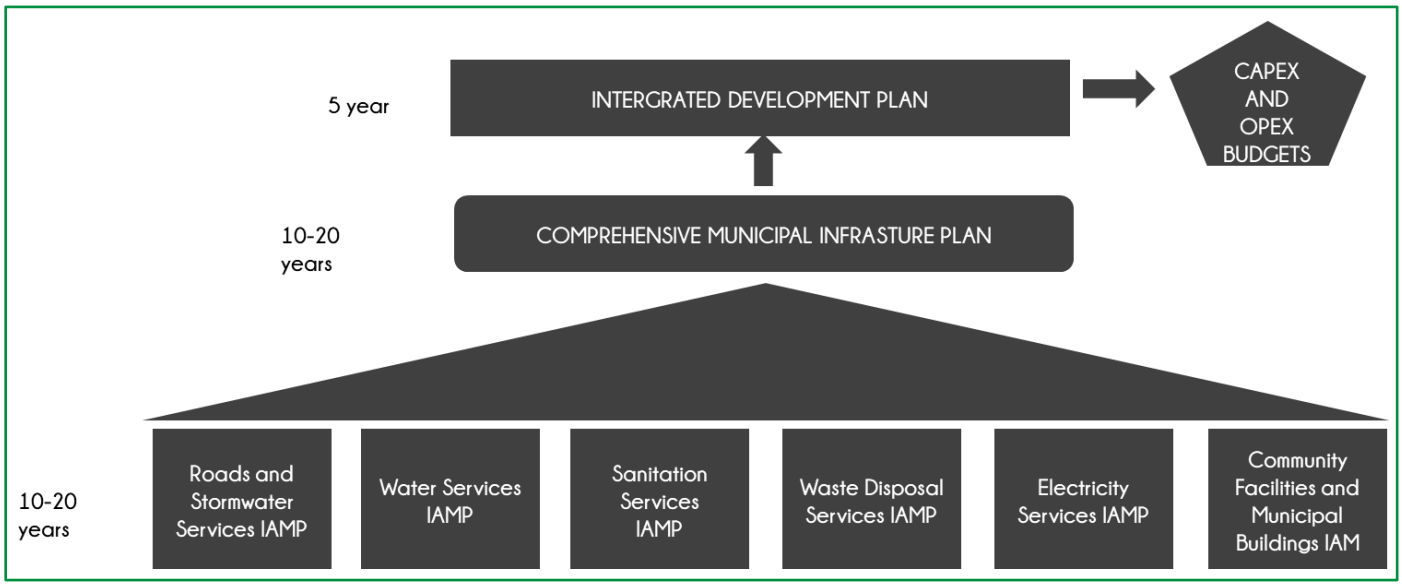
4.1.3 Strategic Objectives of Asset Management

The leadership of a municipality needs to make tough decisions on service delivery priorities, enforcement tactics, and tolerance to risk in shaping its vision. This process will be informed by political objectives, legal compliance, and community consultation. The challenge to officials is to effectively communicate relevant and holistic information to the decision-makers to inform this process.

Asset management planning provides a sound framework within which these decisions can take place. The asset management objective is often stated as *"to provide affordable levels of service that have been agreed with customers in the most cost-effective way for present and future customers*". Most people understand that asset management is the link between strategic and operational planning.

The Municipality needs to develop a Comprehensive Municipal Infrastructure Plan (CMIP) that integrates plans covering all municipal infrastructure. Figure 17 illustrates how the CMIP provides the infrastructure inputs for the IDP. Matjhabeng Municipality does not have Service Sector Plans, which must be corrected urgently.

Figure 17: Comprehensive Municipal Infrastructure Plans

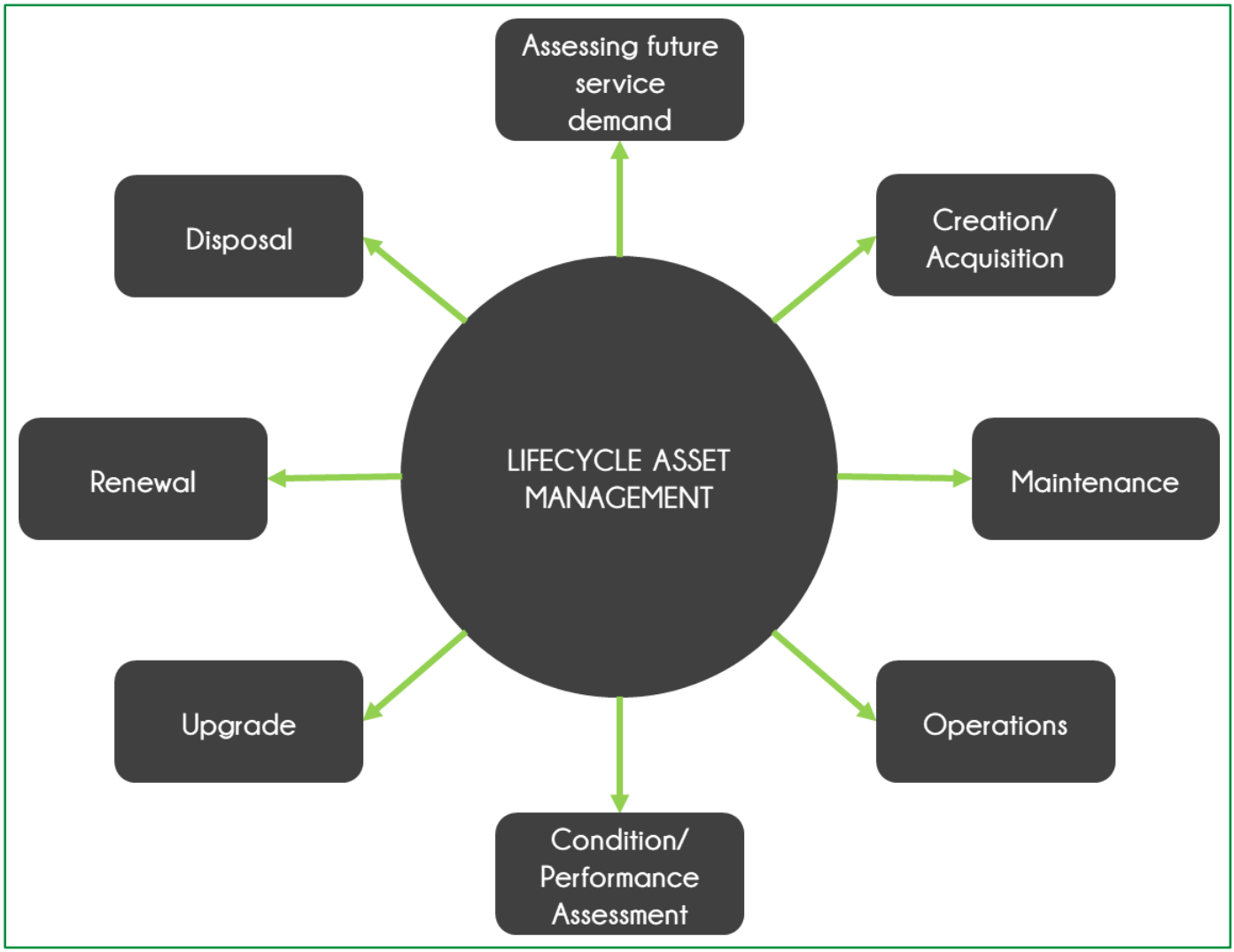


The preparation of these plans will enable municipalities to:

- rank projects and determine budgets based on a holistic view of local needs and priorities;
- assess optimum funding arrangements; and
- demonstrate their ability to effectively manage and maintain infrastructure investments.

Figure 18 below shows the range of activities encompassed in 'lifecycle asset management'. The asset manager is concerned with planning activities around the asset lifecycle such as forecasting future level of service and demand needs, analysing the gap between current capability of the assets and that needed to meet future demands, and developing a works programme to close that gap.

Figure 18: Lifecycle Asset Management



Lifecycle decision making means:

- That municipalities have strategies for managing assets across the lifecycle, i.e., not constructing them and then ignoring them until they catastrophically fail.
- That the lifecycle strategies consider critical assets and risk management, so that risks are identified, and steps are taken to manage these to minimise risk exposure over the asset lifecycle.
- That decisions are made on when to create, replace and upgrade assets considering the lowest lifecycle cost of the asset, not just the cheapest construction cost.

4.1.4 Over-arching Legislation

There is a suite of local government legislation and sector specific regulations that Municipalities must comply with. Figure 19 lists Acts of Parliament that Municipalities must comply with whereas Table 1 lists Sector specific legislation.

Figure 19: Local Government Specific Legislation

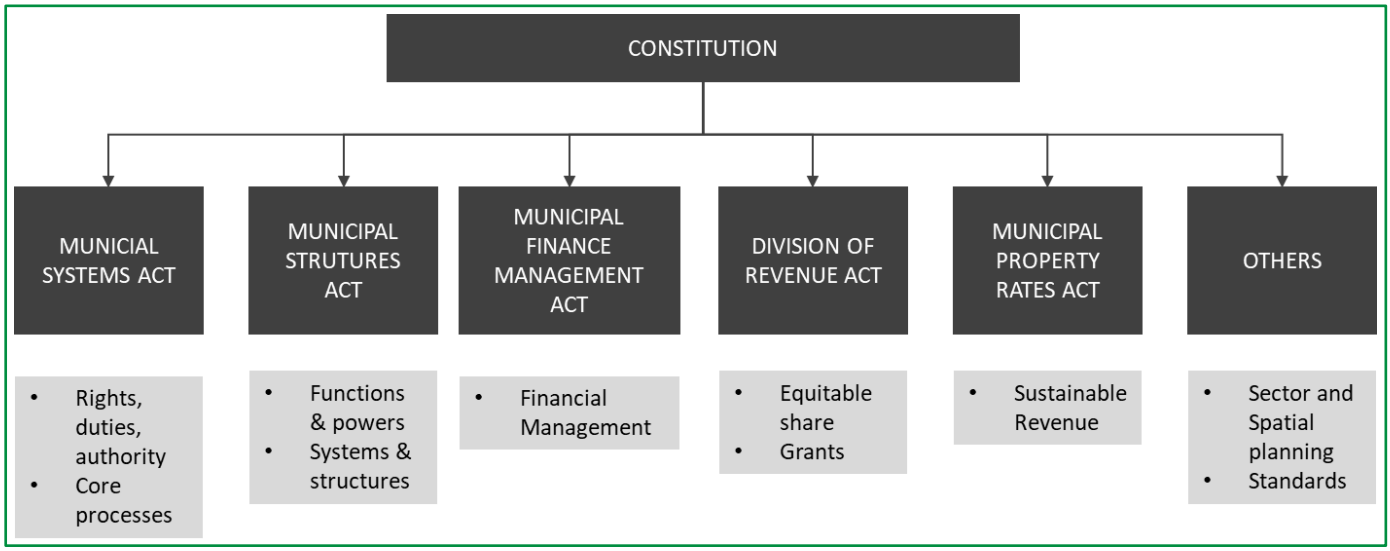


Table 15: Sector Specific Legislation

Sector	Legislation
Water and Sanitation	Water Services Act, 1997 (Act No. 108 of 1997)
	National Water Act, 1998 (Act No. 108 of 1998)
Electricity	Electricity Act, 1987 (Act No. 41 of 1987)
	Electricity Distribution Industry Restructuring Bill, 2003
Roads and Storm- water	National Land Transport Transition Act, 2000 (Act No. 22 of 2000)
	Urban Transport Act, 1977 (Act No. 78 of 1977)
Waste Management	National Environmental Management Act, 1998 (Act No. 107 of 1998)
	Environment Conservation Act, 1989 (Act No. 73 of 1989)

4.1.5 Total Asset Management Process

The total Asset Management Process illustrated in Figure 20 below and it shows how the Strategic Plans of the Municipality can be translated to Tactical Plans and cascaded to Operational Plans in order meet the customers' expectations guided by the legislative requirements.

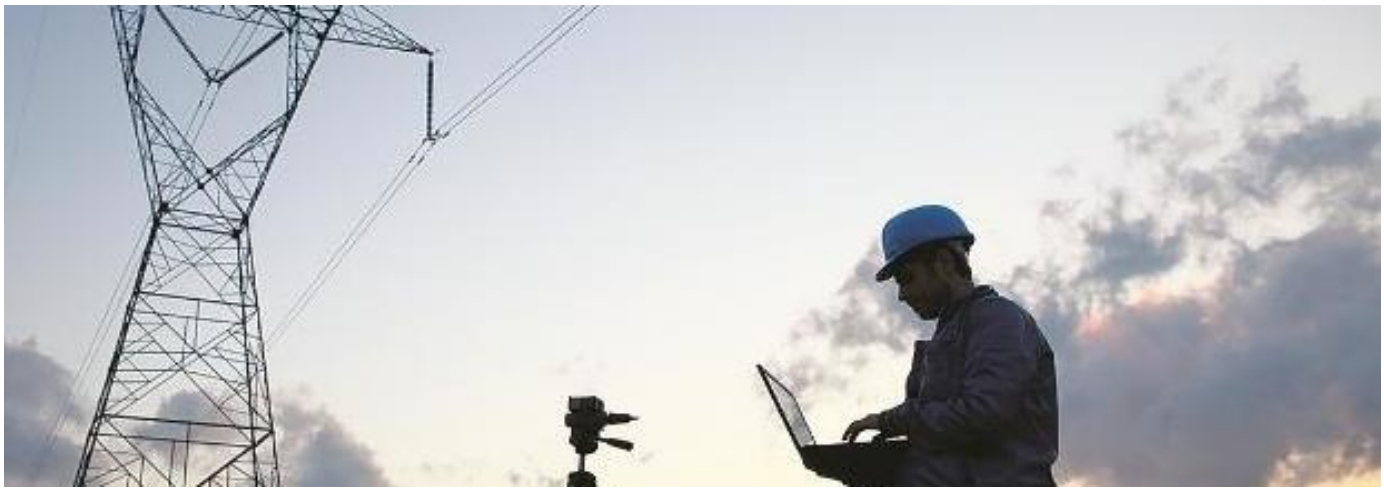
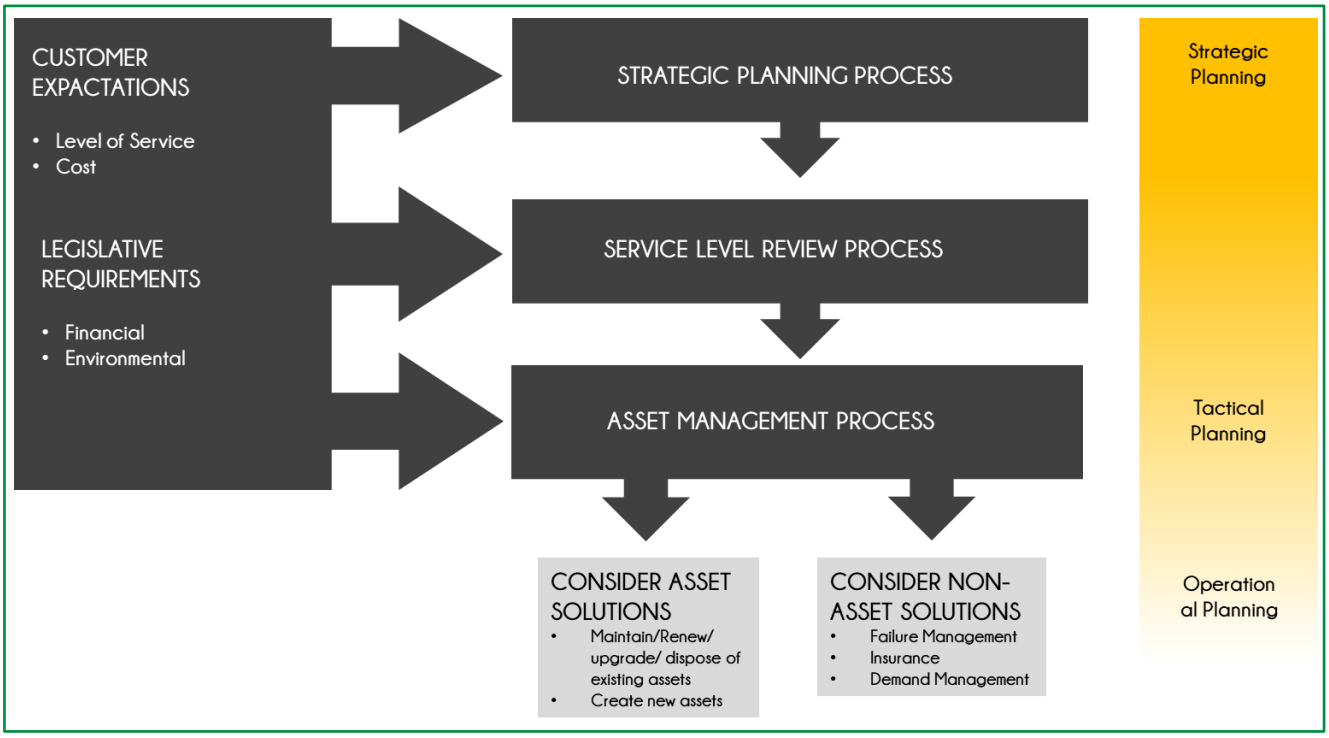


Figure 20: total Asset Management Process



The available data and information show that Matjhabeng stops at Strategic Planning level and does not possess Tactical and Operational Plans. This makes it quite challenging to adequately assess the effectiveness of the maintenance and operations of assets.

By the default the Municipality has adopted an operate until failure asset management strategy where they are increasingly waiting for infrastructure to fail before acting. There are active asset surveillance and non-intrusive testing that happens to proactively manage the assets.

This can be observed by the number of sewer lines that keep failing, roads that are riddled with potholes with sub-sections that are caving in, flash floods that occur during torrential rainfalls and wastewater treatment plants that are non-serviceable.

4.2 Technical Skills Gap Analysis

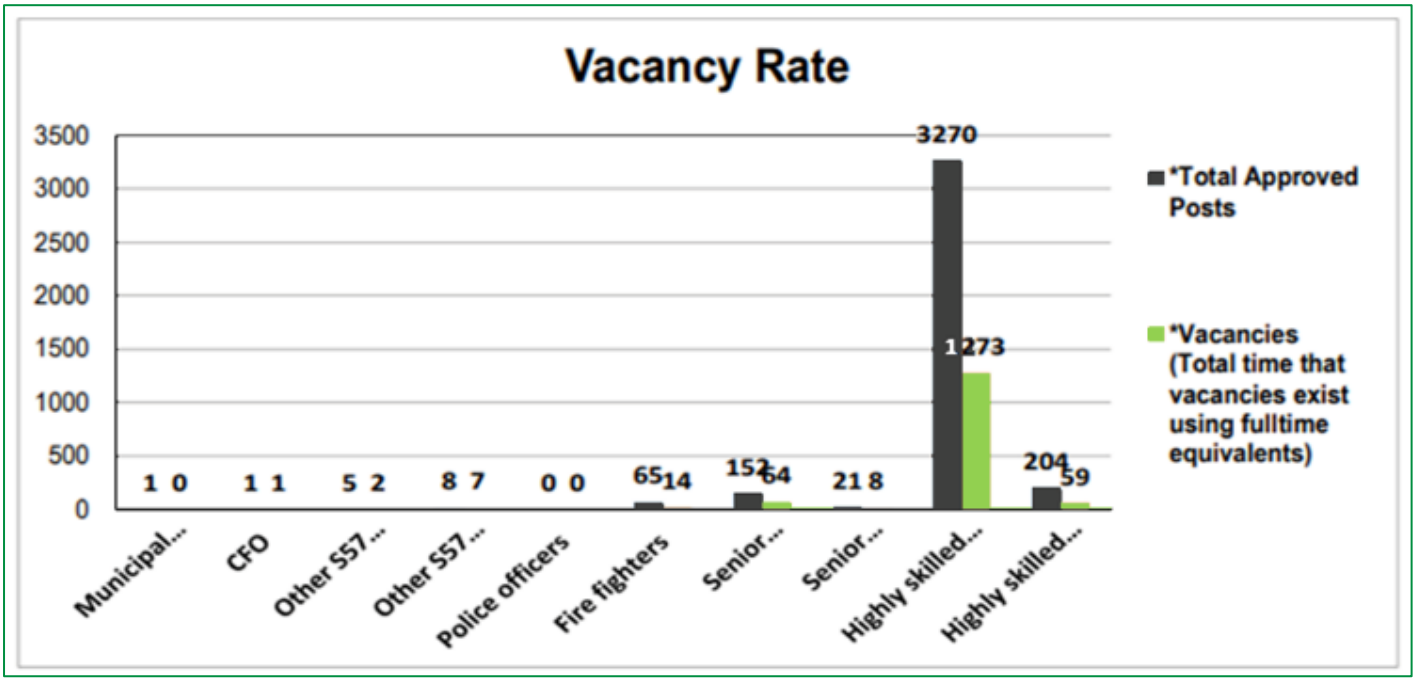
The Municipality has a chronic shortage of skilled workers, has a high technical stuff turnover and vacancy rate that hovers around 2/3 as shown in Table 16 and Figure 21. This chronic shortage of technical stuff has a dire consequence for the health of Economic Infrastructure.

Table 16: Vacancies in the Infrastructure Asset Management Division

	Employees Year -1	Approved Posts	Employees Year 0	Vacancies No.	Vacancies %
Demand, Water and Effluent Water	404	333	140	193	58%
Purification Services	153	158	64	94	59%
Electricity Services	178	178	85	93	52%
Waste Management, Waste Disposal and Other Services	495	495	414	81	16%
Housing	33	31	18	13	42%
Roads Stormwater and Buildings	321	321	168	153	48%
Infrastructure	246	421	211	210	50%
Strategic Support Services	42	46	17	29	63%

Source: Municipal Annual Report 2017/2018

Figure 21: Vacancy rate



4.3 Urgent Intervention Strategies

Table 17: Roles and Responsibilities for Comprehensive Infrastructure Planning

Element	Requirements	Comment
IAM Policy	Council to adopt within 2 years	Commit to an implementation approach that is in line with the capacity of the municipality
IAM Strategy	Optional as a separate document	to be done when IAM practices are mature
IAMP's	IAMP for all sectors adopted by Council within 1 year (or IAMP scope covered in Sector Plan e.g. WSDP). Update every 2 years.	Try one IAMP first then expand to other sectors.
CMIP	First CMIP adopted by Council within 2 years. CMIPs summarise key information and strategic issues across all sectors (consistent with information indicated in the sector IAMPs). Update annually	All IAMPs need to be completed first, even at high level CMIP needs to be brief and in format that is understandable to non-technical people.

4.4 Situational Analysis

4.4.1 Methodology

The method of conducting conditional assessment involves collection of data from facilities design manuals and original drawings, collation of maintenance records over the service life of infrastructure being assessed – including records of upgrades and part refurbishments since installation, plant performance records, as well as onsite visit to conduct physical (i.e. visual) inspection and assessment.

The critical part of the study is to assess whether the existing infrastructure, major component assemblies and equipment are either running at design capacity, or below design capacity, determine utilization level (current and future projection), and whether the networks are not meeting demand, and have very low pressure and design/operational anomalies in certain areas. Frequency of equipment failures and equipment downtime (i.e. mean-time between failures – MTBT), and the time it takes to bring the networks back into operation/start-up (i.e. mean-time to repair – MTTR) also need to be determined.

4.4.2 Water Infrastructure

The Water and Sanitation department is the Water Services Authority (WSA) for Matjhabeng Municipality and Sedibeng Water is the water service provider in terms of the same Act. Sections 12 and 13 of the Water Services Act (Act No. 108 of 1997) place a duty on each Water Services Authority to prepare and maintain a Water Services Development Plan (WSDP) every 5 years and update it annually.

This sector plan should be based on audited information and integrate technical planning with social, institutional, financial and environmental planning, as well as aligning capital expenditure with operational and maintenance requirements. The Municipality currently does not have an updated WSDP, hence does not comply with the Water Services Act.

Thus, the municipality is exposed to a number of challenges ranging from planning, coordination, financing, execution and reporting for water services. The locality and capacity of the reservoirs within MLM is as follows:

- Allanridge/Nyakallong: Sedibeng Water has one (1) reservoir in Allanridge with a capacity of 29 mega-litre (ML) and a tower of 1 Ml. There are no capacity problems. Water supply to Nyakallong town is provided by the municipality.
- Welkom/Thabong: This urban concentration is supplied by the Sedibeng Water reservoirs of which there are seven (7) in total. The capacity of the reservoirs is 1 x 120 Ml, 1 x 90 Ml and 5 x 35 Ml. Water capacities is available for new developments.
- Hennenman/Phomolong: The reservoirs are provided and serviced by Sedibeng Water with capacities of 2.2 Ml and 0.68 Ml respectively. No capacity problems are experienced.
- Virginia/Meloding: This area is supplied by Sedibeng Water and comprise of one (1) 90 Ml reservoir (Dirksburg). No capacity problems are experienced.
- There is also a water works at Virginia which is managed by Sedibeng Water. This works obtains a quota from the Allemanskraal dam for a period of 3 months after which the water is then channelled from the Dirksburg reservoir to the water works. At this water works there is also a storage facility of 10 Ml.
- Ventersburg/Mmamahabane: This reservoir is managed by Sedibeng Water and has a capacity of 5 Ml which is sufficient for the provision of water.
- Upgrading is required at some of the networks to increase capacity to the urban areas. This process is currently being dealt with by Sedibeng Water.
- Mines: Sedibeng Water has also 2 x 20ml reservoirs which is located at Leeubult. These reservoirs provide water to Beatrix, Oryx and Joel Mines.

Rural Areas: There is no potable water to the rural areas. Water extraction is conducted by way of boreholes. From the above assessment it is evident that there are no capacity problems about the provision of water to proposed development areas.

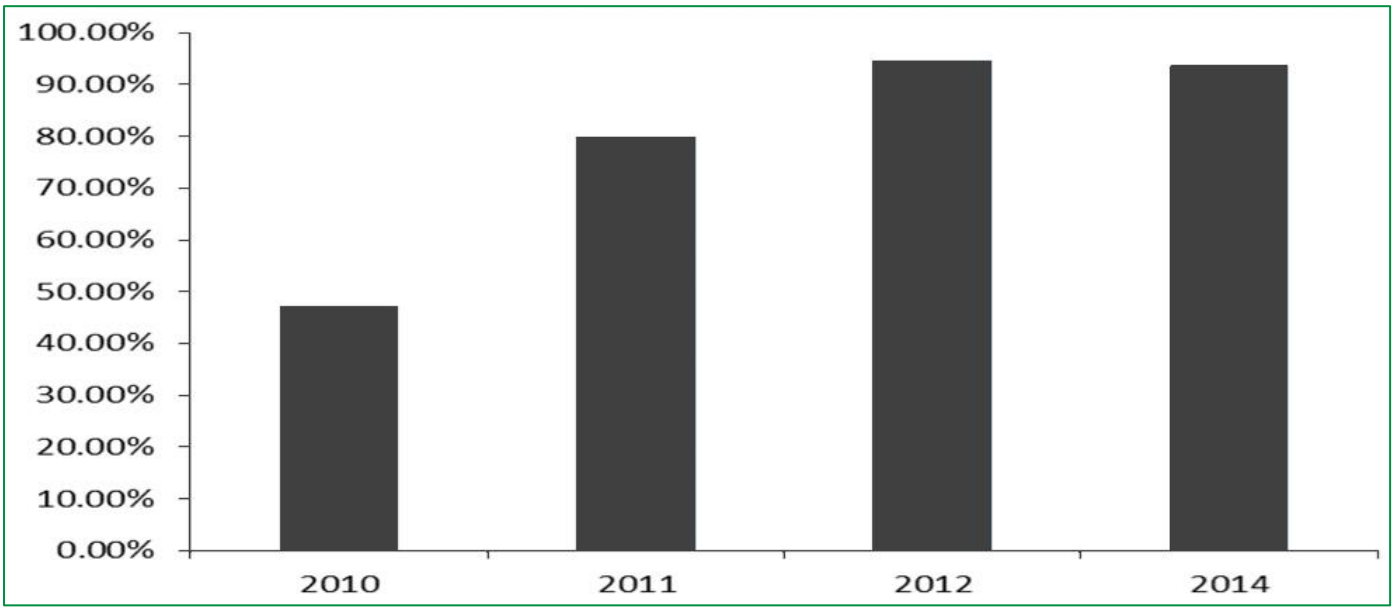
4.4.3 Water treatment services

As explained above, the Sedibeng Water Authority is the supplier of the water to MLM. The provision of water to the respective urban areas is supported by both Sedibeng Water Authority and MLM through a well-established internal and external reticulation system.

The Blue Drop certification process is a monitoring and evaluation programme development by the Department of Water and Sanitation, to determine the performance of municipalities in treating water to acceptable standards. In recent years, MLM has achieved a performance log position of number one within the Free State province. Also, the (MLM, 2014/2015) states that over the years the quality of water provided to consumers of MLM has greatly improved.

The Blue Drop score results show this improvement of the MLM as increased from 47.30 in 2010 to 93.60% in 2014, as seen in Figure 22. The overall Blue Drop score is notably 94.72 % for 2014 (Department of Water Affairs, 2013a) – which suggests that excellent quality of drinking water is being produced in the municipality.

Figure 22: Blue Drop scores from 2010-2014, as a percentage achieved



However, no further Blue Drop reports have been made available post 2014. Because of capacity constraints the Department of Water and Sanitation has reduced monitoring at a national level, to those treatment facilities which are non-compliant. Furthermore, the performance of these non-compliant treatment facilities has not been made publicly available. It is therefore not possible to understand the status of quality of water treatment in the municipality.

4.4.4 Wastewater Treatment Services

The water network on MLM networks comprise of 6 distinct systems:

4.4.4.1 Welkom - Thabong

Water distribution and sanitation system, with a wastewater treatment installed capacity of 12 Mℓ/day (average wet weather capacity), operational capacity of 7.7 Mℓ/day (average dry weather capacity), and hydraulic capacity of 18 Mℓ/day (actual, based on 24hr flow) at the Thabong wastewater treatment works (WWTW) – with activated sludge as the main process and 0,003 tons/day of dry sludge produced and disposed of in a landfill as solid waste. Current Green Drop Status Score is 77,3%.

Current state and immediate refurbishment need **of Thabong WWTP:**

- sections of plant currently vandalized, electrical infrastructure especially. Pumps used as spares in other plants - pipelines getting intruded on a weekly basis. Project to provide solution to these immediately - with eat least 2 alternatives provided
- e.g. electrical fencing to prevent cable theft, installation of sensors on pipeline leading to WWTPs plus rapid response security at sensor detection instances, surveillance cameras with motion sensors to be installed at plant perimeter. This applies to almost all plants. Good fencing similar to Allanridge plant in Nyakallong a consideration
- refurbishment cost estimate is R40mil for the above refurbishments – Rough Order of Magnitude, at 30% to 50% accuracy
- Replacement initiative: drying beds for sludge required, if not included in upgrade - cost estimate is R15mil - Rough Order of Magnitude, at 30% to 50% accuracy. Dried sludge can be used as manure and can also be a source of income to the municipality (sold by the municipality to farmers, currently some farmers pick up this manure/dried sludge 'for free' from other WWTP within the municipality, and possibly get to resell it).
- New builds or Greenfields infrastructure required: new project to upgrade plant from 12ML/day capacity to 42ML/day capacity is currently at planning stage, estimated at R50mil (refer to IDP)
- Summary: Plant operational, vandalism of infrastructure a serious impediment. Upgrade from 12ML/day to 42ML/day processing capacity planned and at feasibility stage.

4.4.4.2 Theronia

Waste water treatment plant with installed capacity of 27 Mℓ/day (average wet weather capacity), operational capacity of 9.7 Mℓ/day (average dry weather capacity), and hydraulic capacity of 40 Mℓ/day (estimates, based on 24hr flow) at the Theronia wastewater treatment works (WWTW) – with biofilter as the main process and no dry sludge produced nor treated so as to be disposed of in a landfill as solid waste. Current Green Drop Status Score is 49.8%.

Current state and immediate refurbishment need of Theronia WWTP:

- Plant infrastructure non-operational and dilapidated. Only manual screening exists, Upgrade of infrastructure that's required has a cost estimate of cost estimate is R60mil - Rough Order of Magnitude, at 30% to 50% accuracy.
- The Theronia wastewater treatment plant exists in vintage form (paper form, historic state) only, not operational since - waste water is not treated, and is flowing to dams as is! This plant is in a worst and non-functional state amongst the 7 WWTPs assessed so far.

4.4.4.3 Odendaalsrus

Waste Water Treatment Plant – with installed capacity of 6 Mℓ/day (average wet weather capacity), operational capacity of 2.2 Mℓ/day (average dry weather capacity), and hydraulic capacity of 9 Mℓ/day (actual, based on 24hr flow) at the Odendaalsrus wastewater treatment works (WWTW) – with biofilter as the main process and no dry sludge produced nor treated so as to be disposed of in a landfill as solid waste. Current Green Drop Status Score is 64.6%.

Current state and immediate refurbishment need of Odendaalsrus WWTP:

- Degraded pipelines from pump stations, vandalized infrastructure (theft).
- Plant not processing any wastewater currently due to broken/stolen spool piece from Hospital-Park area. Untreated wastewater running into storm water channel.
- Non-operational infrastructure (WWTP) is hard to assess as to the state of its equipment and plant condition, as an assumption cannot be made that the WWTP is functional.
- The estimated minimum required budget for refurbishment is R30mil - - Rough Order of Magnitude, at 30% to 50% accuracy
- Plant not in operation during assessment

4.4.4.4 Welkom - Witpan

Water distribution and sanitation system, with a wastewater treatment installed capacity of 13 Mℓ/day (average wet weather capacity), operational capacity of 10.9 Mℓ/day (average dry weather capacity), and hydraulic capacity of 19 Mℓ/day (estimated, based on 24hr flow) at the Witpan wastewater treatment works (WWTW) – with activated sludge as the main process, no sludge (i.e. 0.000 tons/day) is produced nor disposed of. Current Green Drop Status Score is reflected as NMR.

Current state and immediate refurbishment need of Witpan WWTP:

- Welkom area has high level of infrastructure usage.
- Immediate infrastructure upgrade / expansion required has a cost estimate of R15mil – R25mil, Rough Order of Magnitude, at 30% to 50% accuracy.
- New screen is required, spare pumps required, second screen required, chlorination section required. Plant site looks like a construction site with water spilling all over the site grounds – the plant requires paving and green-plants to be irrigated - no irrigation infrastructure seen/ nor available. Sludge belt-press is functional – (what's the difference with sludge that's sent to or coming from drying beds).
- Dried sludge must be sold and not issued freely.
- Cost estimate of replacements or new/spare equipment listed above is R20mil – Rough Order of Magnitude, at 30% to 50% accuracy.

- In summary: the plant is operational, but key equipment is required – spares required. Plant looks like a construction site, requires major paving and planting of grass and trees, etc. - including irrigation system.

4.4.4.5 Kutloanong

The outfall works at Kutloanong needs to be refurbished to improve capacity.

4.4.4.6 Allanridge/Nyakallong

These urban areas share an outfall works which need to be upgraded to improve capacity.

4.4.4.7 Hennenman/Phomolong

Both the Hennenman and Phomolong outfall works needs to be refurbished.

4.4.4.8 Ventersburg/Mmamahabane

The Ventersburg urban concentration is serviced by oxidation ponds, whereas the Mmamahabane outfall works is dysfunctional. There is a need to integrate the 2 (two) systems into 1 (one) properly constructed outfall works. This will be very important in view of the abattoir within the area which dispatches hazardous effluent into the works.

4.4.4.9 Virginia/Meloding

There is currently a 24 Ml outfall works which service both the areas. The current capacity is at 17 Ml, although only 50% of the plant is in operation. This plant needs to be refurbished.

4.4.4.10 Major Findings

- There are frequent outages on WWTPs because of breakages on pipelines that transfer effluent to inlets of WWTPs – which leads to spillage or rerouting of untreated effluent into rainwater catchments/channels (i.e. pipeline breakages by 'Zama Zamas')
- There are also frequent leaks on pipelines due to high degradation (i.e. erosion and corrosion) on concrete pipes – mainly caused by acidity of effluent and gaseous fluid being transferred by pipelines
- Planned periodic inspection of pipelines (i.e. wall thickness measurements) is not conducted and not planned for, thus preventative maintenance strategy of pipelines is not in place as the condition of pipelines is not known. Only reactive maintenance of pipelines is conducted, which causes long outage periods on WWTPs when unplanned maintenance is being resourced for and executed – if reactive maintenance / repair on pipelines is done at all (e.g. Odendaalsrus WWTP downtime of more than 1 year as untreated effluent is not reaching the treatment plant, due to breakage of pipeline upstream of WWTP and untreated effluent leaking into rainwater catchment channels).

4.4.5 Roads and Transport

4.4.5.1 Overview

MLM has a comprehensive Road network comprising of Municipal, provincial and national roads. The network has a well-structured hierarchy, the challenge however, is to ensure maximum accessibility of goods, services and destination points to all residents of the Municipality largely by linking land use and transport.

This is to enable people and goods to be moved more efficiently and promote greater integration and accessibility. The elements of the transport system are described below:

MLM has a good National and Provincial Road Network enabling accessibility from the neighbouring Local Municipalities and mobility between its urban area's towns.

4.4.5.2 National Road Network Connectivity

National level connectivity is facilitated through the N1 route which traverses the Municipality in a south westerly direction being the Primary distributor between Johannesburg and Mangaung, the route further Provides accessibility to the urban areas and other Regions through the Provincial Arterials

The Rail Network passing the Municipality provides a link to the Western Cape, KwaZulu- Natal and Eastern Cape Provinces

MLM does not have a commercial airport connecting it with other provinces; the closest airport is approximately 170 Km from Matjhabeng, the Bram Fisher International Airport Bloemfontein Airport providing accessibility to Western Cape, Kwazulu-Natal, Gauteng and the Eastern Cape.

4.4.5.3 Regional Connectivity

The regional level connectivity within MLM is solely through road connectivity, with a spinal network feeding of the N1 corridor as has been mentioned above.

There are key regional routes providing connectivity from the N1 and mobility between the towns, these key linkages include:

- The R70, is a primary and regional distributor connecting with the N1 running in a south easterly direction passing through Ventersburg, Heinemann and Riebeeckstad providing mobility to these towns.
- The R34 provides an alternative route between Bloemhof, Hoopstad and Wesselsbron, through Odendaalsrus/Welkom to link to R30.
- The R73 provides a link to R70 and R34 connecting to various towns namely (Riebeeckstad, Welkom, which R30 also connect M4).
- The R30 is an effective north/south link between Klerksdorp through Bothaville, Allanridge, Odendaalsrus, Welkom, Theunissen, Brandfort to Mangaung these movements are listed from North to South.
- The R710 links Bultfontein which is to the south west of the local municipality linking R700 and the M4.

This is evidence that MLM is well connected by National and Provincial Roads and provides a high accessibility of the municipal area. The regional linkages provide effective mobility and accessibility to Matjhabeng with its neighboring local municipalities and the national road network.

4.4.5.4 Tax Transport

Taxi operations in the metropolitan area vary considerably in nature, depending on the area or type of service being provided, and can generally be categorised into the following types of services:

Minibus taxi's operating between places of residence and work opportunities

This type of service is recognised as the conventional 16-seater minibus taxi service, with vehicles generally being in fair condition and commuters being transported mainly between the low to middle income residential areas and places where work opportunities exist.

Over the past three years, minibus taxi operations have changed from the conventional "rank-to-rank" method of operation where transfers occurred at central ranks. Now, because passengers are reluctant to transfer, most services are direct and very little transferring occurs. This has resulted in a proliferation of informal peak-hour ranking areas, where minibus taxis queue on sidewalks or in the road reserve during the evening peak period.

4.4.5.5 Rail Transport

The municipality has well established rail network. The main national line from Johannesburg to the Eastern Cape province passes through the municipality, with two stations, namely Virginia and Hennenman. This provide access to transport service to people and good within the national network. The passengers are using daily service by PRASA between Gauteng and Easter Cape provinces.

Within MLM, there is no commuter rail network system between urban areas. According to PRASA, the Free State is among provinces that present numerous challenges due to the existing public transport coverage being low, bus services are often infrequent and dispersed settlement patterns make it hard to build the volumes to support heavy rail services.

A rejuvenation of the existing long-distance passenger rail corridors has been recommended to make them more attractive and which will influence and promote economic activity at specific locations along routes. There is also line linking the North West

province from Allanridge at west, passing through Welkom and joining main national line at east of Virginia. This line was predominantly used for gain carriages as passed at network of silos along Free State maize belt.

The municipality is also owning extensive railway siding which service the mining industry; however, this infrastructure is under-utilized in recent times. A rejuvenation of the existing long-distance passenger rail corridors has been recommended to make them more attractive and which will influence and promote economic activity at specific locations along routes.

4.4.5.6 Non-Motorised Transport

Based on on-site observations and discussions with local people, the community relies heavily on non-motorised transport (NMT) as one their main mode of transport to work. People were observed walking and cycling to various places of work.

There is currently no NMT infrastructure throughout the municipality. Cyclists cycle in the road because the shoulders are not paved. This is dangerous because motorists travel at high- speeds. Sidewalks and pedestrian crossings are provided along particular in historical advantaged areas, but no cycle facilities are provided.

4.4.5.7 Opportunities

The key spatial imperatives and opportunities that support a more connected municipality include:

- promoting global connectivity of the road network hierarchy
- address connectivity challenges in certain corridors which will also unlock economic potential
- ensures that future development contributes to connectivity rather than reducing connectivity by ensuring that future growth and needs are forecasted and addressed unlock economic potential areas.

4.4.6 Electricity and Energy

The mines and the townships are supplied with electricity by Eskom whereas the towns are supplied by the Municipality. Electricity metering in the township is done through prepaid meters whereas in towns it is done through the conventional meters. Although conventional meters are subjected to a higher tariff, the risk of non-payment lies with the municipality as well as the recovery costs are incurred by the municipality. The network comprises of 870 sub-stations and 93 switching stations which deals with incoming lines.

ESKOM owns the electricity transmission system whereas the municipality is responsible for the 22kV distribution network as well as low voltage reticulation. A number of switch plants are aging and not reliable and they pose a serious risk of failure, particularly during abnormal frequent switching due to Eskom's load shedding. Many opportunities to strengthen the network have been identified, however the majority of projects remain unfunded and in the planning phase. These projects have to progress in order to stimulate and ensure economic growth by providing energy security, business and employment opportunities.

Table 18: Electricity capacity vs usage in Matjhabeng (2013)

Area	Allocation MW (Notified Maximum Demand)	Usage (April 2013)
Flamingo	3.5	2,2
Hennenman	6	6,2
Odendaalsrus	9	5,7
Riebeeckstad	14	8,5
Ventersburg	1,2	0,9
Virginia North	8	3,7
Virginia town Bulk	14	8,1
Welkom Bulk	30	25,6
Welkom Park	20	12,6
Welkom town	15	10,2
Allanridge	2	1,1
Whites	0,315	0

As seen in Table 18, Except for Hennenman, which exceeds its allocation, all the other areas are well below the electrical allocation from Eskom. Although capacity is available, the Municipality is faced with the following problems: The existing electrical infrastructure is outdated, and urgent maintenance is required; and cable theft is on the increase. In a few months since the start of the 2018/19 financial year, a total of 137 incidents occurred. This is almost one incident every two days.

The Municipality need to develop and Energy Resource Plan which will address diversification of energy supply and facilitate the introduction of renewable energy sector. The plan must also address mitigation of carbon emissions and the associated carbon tax.

4.4.7 Solid Waste

Currently there are four permitted municipal landfill sites in the MLM area, one transfer station in Virginia and four additional privately-owned landfill sites that are operated by the mines. The private landfill sites are not regulated by the municipality; however it is required that the municipality, at a minimum, compile a registry of these sites and confirm that Industry Waste Management Plans are in place for all major industries within its area of jurisdiction.

The landfill sites are spread as follows;

- Odendaalsrus,
- south of Thabong, Hennenman and
- Allanridge
- A transfer station is located at Virginia.
- Refuse from Ventersburg is being moved by trucks to the Hennenman landfill site.

No capacity problems are experienced at the respective landfill sites. Although all the sites have licence numbers, documents are only available for the Welkom/Thabong site. The respective mining houses have established their own landfill sites which are located at:

- Oryx Mine
- Beatrix Mine
- Free Gold Mine
- Joel Gold Mine
- St Helena
- Unisel Gold Mine

No information could be obtained whether these sites are still operational or whether it is licensed.

The Municipality renders refuse removal for all proclaimed townships, un-proclaimed townships and to some farms through its Solid Waste Management Division. The Division has its main office in Welkom as well as Eastern and Western regional offices. The refuse removal service covers over 96% of the households, however, it has become erratic in recent times.

4.5 Critical Challenges Infrastructure and Service Division

The following four areas require focus as they constitute as risks to the business:

(a) Financial viability:

- Collection ratio and willingness to pay for services;
- Metering and billing;
- Ensuring full cost recovery and acceptability of the tariffs by the consumers;
- Reduction in unaccounted for water;
- High financial requirements;
- High cost of doing business, and
- High debt due to non-payment.

(b) Customer satisfaction:

- Meeting Service Charter standards;
- Improved Provision in accordance with the set desired target levels of basic services to Informal Settlements and Backyarders;
- Availability of services for infrastructure expansion;
- Appropriate service standards and level of service;
- Providing a targeted improved level of service, and
- Provision of affordable service.

c) Water Resource and Demand Management:

- Achieve water demand targets through intensified WDM strategy;
- Development of additional water sources;
- Treated effluent re-use and its acceptance, and
- Provision of adequate infrastructure to meet City development/growth needs.

(d) Employee development (internal):

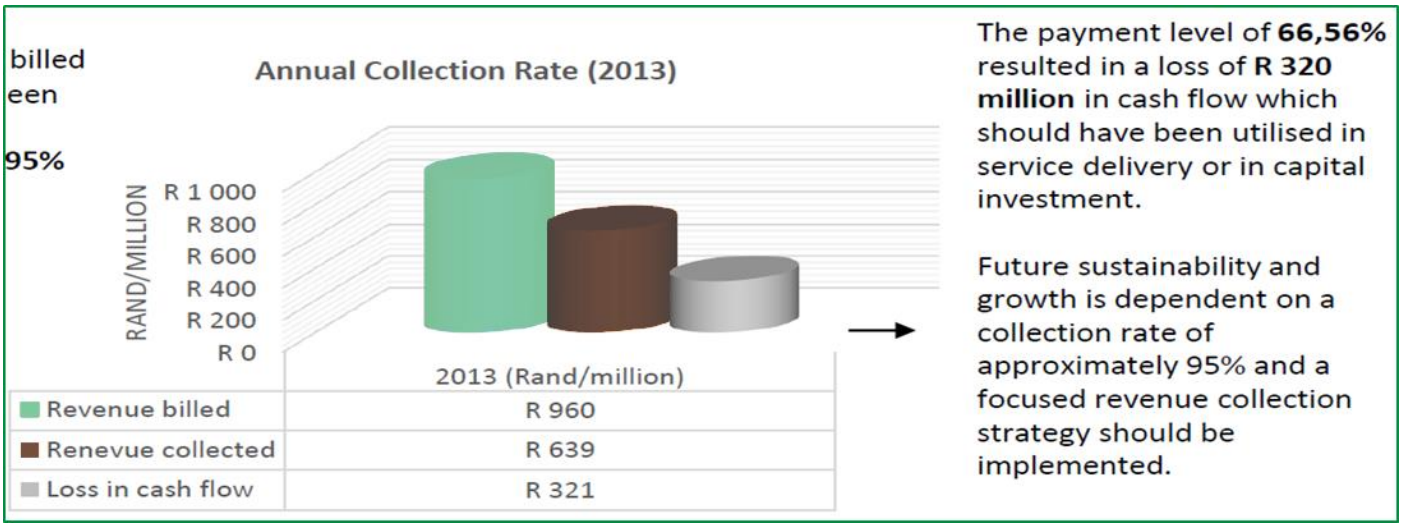
- Establish effective institutional arrangement;
- Sufficient staff resourcing, skills retention and development, and
- Increasing productivity, efficiency and effectiveness in the operations of the business.

(e) Operational Optimisation:

- ISO 9000 certification;
- Processes re-engineering and right-sizing of the department.

4.6 Revenue and Expenditure Analysis

Data indicates that the Municipality collects only up to 66% of the service delivery bill from residents. This results in a loss of over R320M in cashflow. The provision of debt impairment for the 2018/19 financial year equates to R 142 million based on the average collection rate of 60% for services and 90% for property rates. The Municipality needs to focus efforts on to recovery revenue for services rendered as the current model is not sustainable.



The published audited financial statements indicate that the costs incurred for purchasing bulk services, Electricity and Water, to be **R 921 million** whereas the associated revenue is **R1,2bn**. However, the Municipality has a huge backlog in terms of payments owing Sedibeng Water **R2bn** and Eskom **R1,8bn**. The municipality entered into a payment arrangement with its bulk service providers of which the proposed terms of payment were capitalized in the bulk purchases.

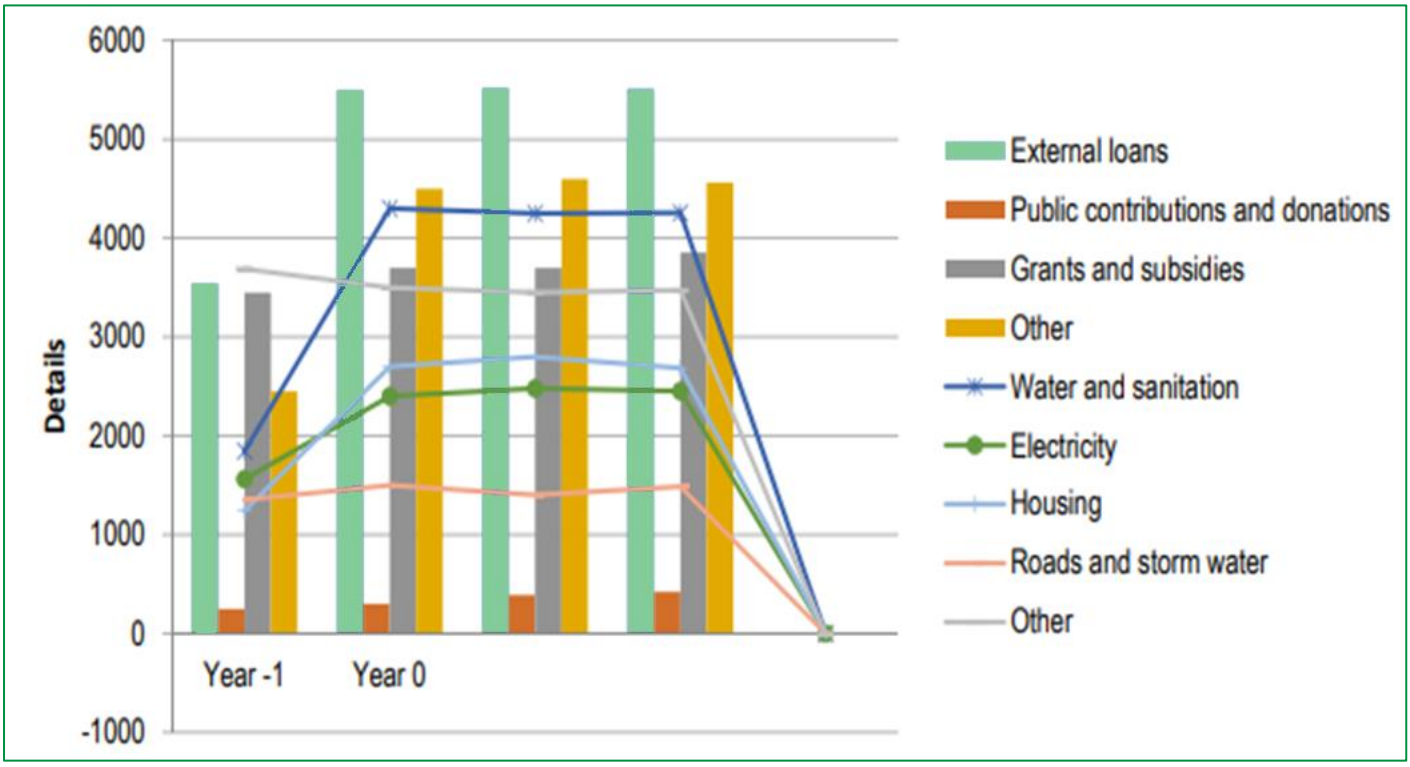
The Municipality incurred finance charges of R 133 million for the 2018/19 financial year due to outstanding debts. The biggest infrastructure costs are in Water and Sanitation, Housing, Electricity and Roads and Stormwater respectively. Matjhabeng spent over R122M for the 2018/19 financial year on maintenance related inventory which just over 10% of the bulk purchase costs. This an anomaly and is a big indicator of collapsing infrastructure.

Capital Expenditure

The Capital Budget for the 2018/19 financial year is R 163 million. The sources of funds for the capital budget are as follow:

- Municipal Infrastructure Grant R 128 million
- Water Services Infrastructure Grant R 26 million
- Integrated National Electrification Programme R 8 million

The capital projects are funded from grants. The main source of funding are grants such as the Municipal Infrastructure grant. The capital budget is funded by grants and own funding. The municipality's capital replacement reserve must reflect the accumulated provision of internally generated funds designated to replace aging assets. The operating expenditure is funded form operating income which consist of assessment rates, trading services, grant income and other income e.g. rental income and fines.



4.6.1 Capital Investment Framework

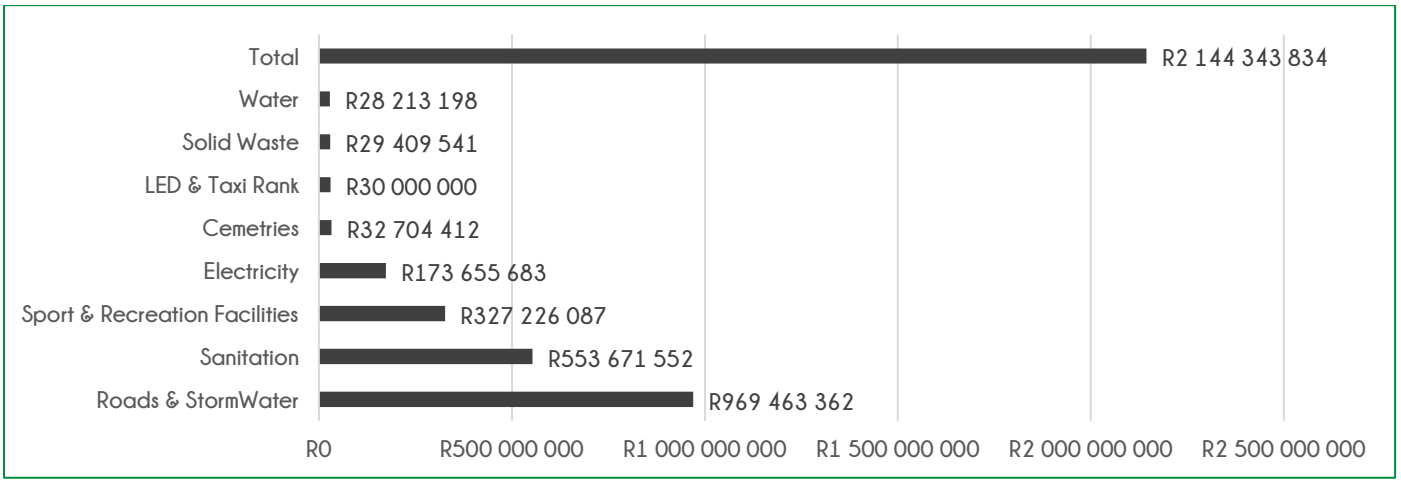
The Capital Infrastructure Investment Framework (CIIF) is the means through which capital projects are identified and prioritised for implementation in the following financial year and medium-term period (3 years). The objectives of the CIIF are to:

- Contribute towards the eradication of service delivery backlogs, especially in poor and marginalised areas by prioritising projects in these locations;
- Ensure the improved management of the existing infrastructure, with more attention given to road and street lighting maintenance.
- Improve service delivery through infrastructure and services that are planned, delivered, and managed in an objective and structured manner;
- Direct future public and private investment, by aligning capital budget requirements of departments as defined in the IDP sector plans.
- Make a positive impact towards improving the local economy. to this extent, the municipality intends to spend 70% of the capital budget here below to and among local businesses.

4.6.1.1 Funded CAPEX

This category refers to Projects that have been approved and there is Capital available to execute them. These projects are in various stages of implementation, some are implemented by the municipality whereas othes are executed by other government entities. Full details are contained in the 2018/19 IDP.

Figure 23: Funded CAPEX for the next 3 years



The Capital Budget for the next 3 years is R 2,1 billion and it is constituted as follows;

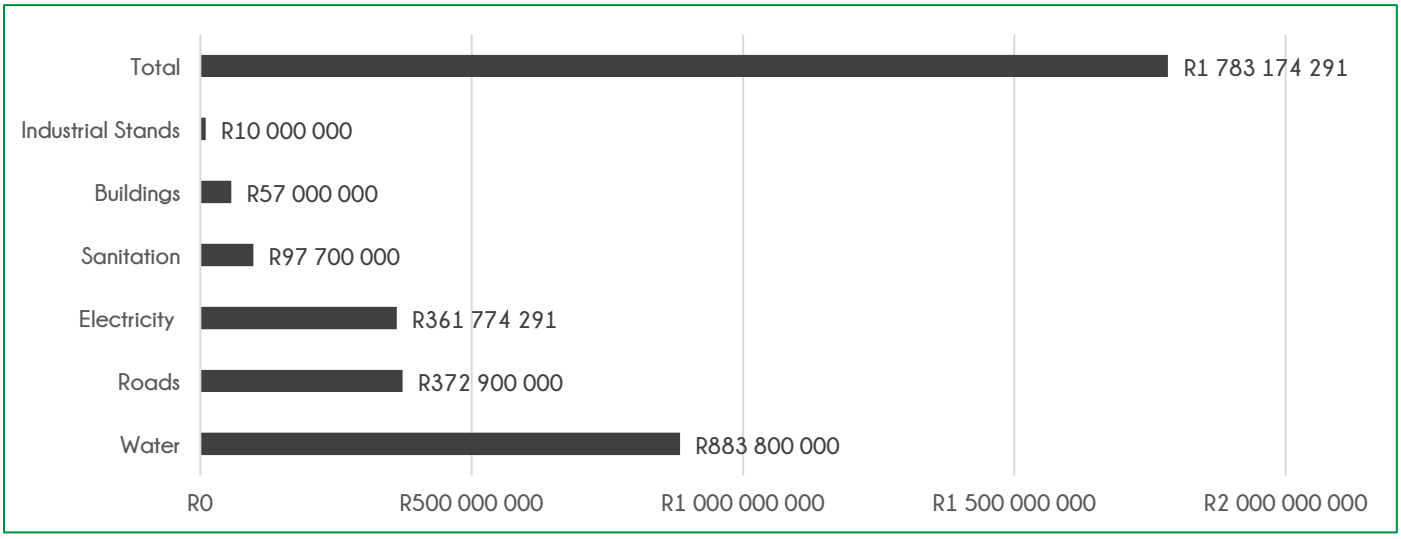
- Municipal Infrastructure Grant R 316 million
- Water Services Infrastructure Grant R 113 million
- Integrated National Electrification Programme R 39 million
- Regional Bulk Infrastructure Grant R113 million
- Eskom R173 million

Figure 7 shows that the bulk of the funds will be deployed towards Roads and Stormwater Infrastructure followed by Sanitation. The third highest allocation is towards Sport and Recreation Facilities ahead of Electricity and Portable water. This is not inline with the priorities as identified and pronounced by the council.

4.6.1.2 Unfunded CAPEX

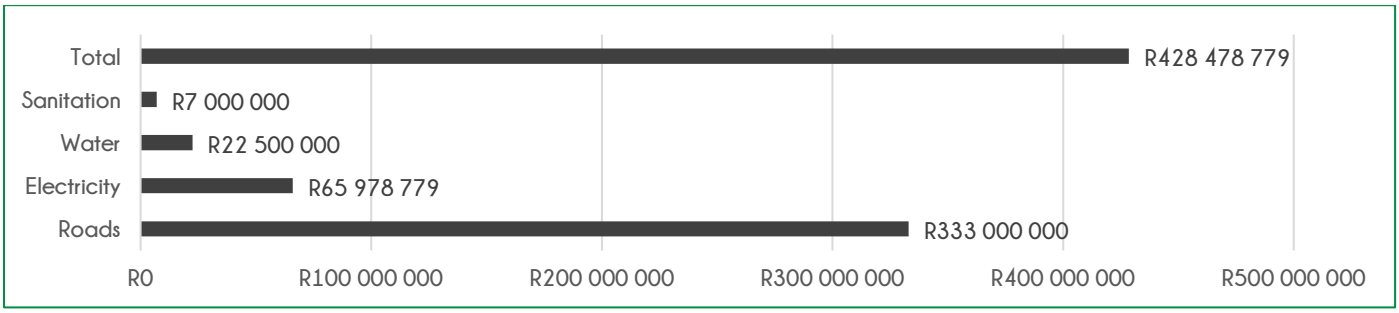
This category refers to Projects that have been identified but there is no Capital available to execute them. These projects are in the planning phase and mostly to be executed by the municipality. Full details are contained in the 2018/19 IDP.

Figure 24: Unfunded CAPEX Projects



The total estimated costs for these Projects is R1,7 billion with the highest allocation being to Portable Water, Roads and Electricity respectively.

Figure 25: Maintenance Budget



The budget illustrates a serious backlog in terms of maintenance of infrastructure. The bulk of the Sanitation Budget is to fix sewer lines that have collapsed and wastewater treatment plant that are either dysfunctional or overloaded. Inability of the WWTP results in back pressure on the sewer lines. Failure of sewer lines results in contamination of the soil and clean water sources with serious health consequences for the residents of Matjhabeng and the Lejweleputswa Region. Whereas the bulk of the Water Budget is for Replacement of worn-out galvanised steel pipes in Matjhabeng towns and replacement of Asbestos water pipelines.

4.6.1.3 Immediate Challenges to be addressed

- Severe shortage in the Infrastructure division – recruit suitable qualified and experience stuff.
- Land invasions, illegal settlement, housing backlogs and incomplete housing projects.
- Service delivery and infrastructure backlogs in the townships and rural areas, particularly paved roads and storm water systems.
- Inadequate funding for key service delivery projects and programmes
- Ineffective refuse and waste collection service
- Aging electricity and bulk water infrastructure which results in losses.
- Reduction in water at the source and declining dam levels due to climate change.
- Poor maintenance of service delivery infrastructure
- Poor planning of capital projects which results in cost overruns.
- Inadequate public transport system.

5 DEVELOPMENT POTENTIAL ANALYSIS

The purpose of this section is to identify economic development opportunities in the MLM through an investigation into the major economic sectors identified in section 3. The sector opportunity analysis will focus on economic growth, employment levels and employment by skill analysis, including potential developmental projects and recommendations. Thereafter, an economic infrastructure analysis will be included to identify the condition of infrastructure required for economic development in the LM.

The opportunity analysis of the main economic sectors will enable accurate guidance for a way forward for LED. The major economic sectors that will be analysed are the mining, manufacturing, trade, finance and business services; electricity and gas and community and government sectors, as these have been identified as the most significant sectors in section 3.6.3 and section 3.6.6.

The agriculture sector is included as farming is vital for local food security and rural job creation. The opportunity analysis will be based on identified economic growth, employment levels and employment skill level trends per major economic sector. The employment levels, as per StatsSA QLFS Report, dealt with in this section are as follows:

- **Skilled employment** comprises of professional, semi-professional and technical occupations; managerial, executive and administrative occupations; and certain transport occupations, e.g. pilot navigator;
- **Semi-skilled employment** comprises clerical occupations; sales occupations; transport, delivery and communications occupations; services occupations; farmer, farm manager; artisan, apprentice and related occupations; production foreman, production supervisor;
- **Low skilled employment** comprises of elementary workers; domestic workers; all occupations not elsewhere classified.

5.1 Mining Sector

The mining sector, a part of the primary sector, has been the major economic driver in Matjhabeng since the 1960s, when Welkom and the surrounding area experienced a gold rush, attracting large numbers of miners and subsidiary industries. The local municipality's industries have been dependent on the success of the local mines. Historically, a large proportion of the population has been employed by the mines, as the operations of the mines are labour intensive.

In 2018, two of the stalwarts of gold mining in MLM: AngloGold Ashanti and Gold Fields, had sold or closed most of the mines in their MLM portfolios, to focus on producing cheaper gold through the acquisition of mines and prospecting of new gold seems in foreign countries, such as Australia, Peru and Ghana[3]. The majority of legal mines in MLM are operated by Harmony and ARM/Harmony.

The trend of large mining businesses searching for investments in foreign countries is a result of the higher costs of extracting quality gold from the MLM. According to Gavin Hartford, a labour sociologist, the reason mines are still operating is that the increase in the cost of electricity, which has inflated by approximately 300% between 2013 and 2017, has increased the price of gold, thus slowing the sales of available reserves[4]. It is stated that, in the current economy, large scale mining is not sustainable.

A serious challenge of the mining sector is the presence of illegal miners, known as Zama Zamas, who consists mainly of foreigners from Lesotho, Zimbabwe and Mozambique, and destroy public water infrastructure in order to process gold dust from ore, and a number of these miners commit violent crimes against the local residents (Mayor Nkosinjani Speelman, 2018[5]). An analysis of the Matjhabeng mining sector will indicate the future prospects of local economic growth and the need to diversify the local economic focus, as well as identify development opportunities.

[3] https://www.businesslive.co.za/bd/companies/mining/2018-04-09-mining-stalwarts-back-out-of-sa/

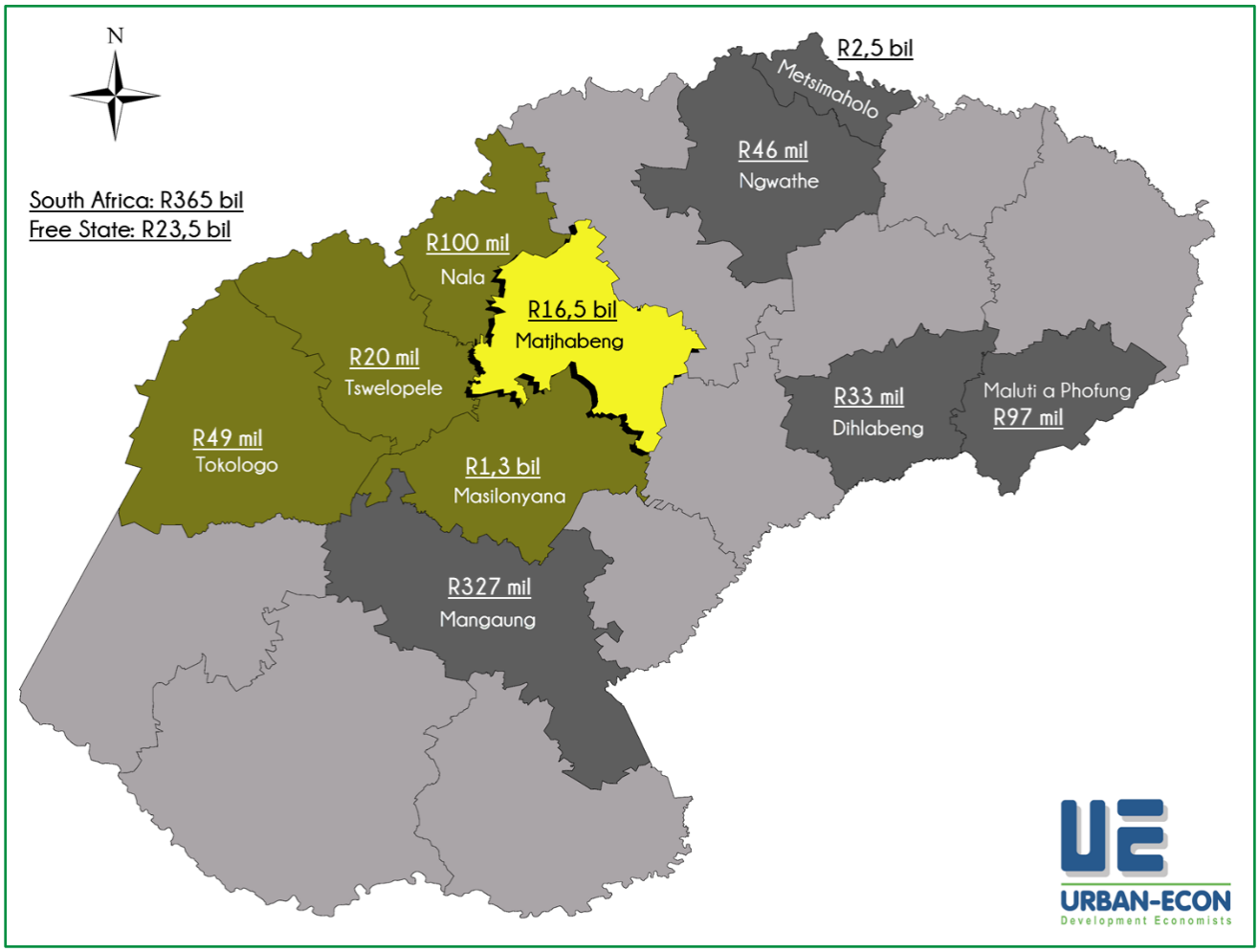
[4] https://www.fin24.com/Companies/Mining/sa-gold-mines-are-on-the-brink-of-death-20170630

[55] http://www.sabcnews.com/sabcnews/zama-zamas-leave-f-state-municipality-damages-worth-millions/

5.1.1 Economic Growth

Economic growth in MLM's mining sector has a significant impact on the economy, as mining is, and has historically been, the major economic driver in the region. In total, the mining sector contributed approximately R16,5 billion in revenue to GVA, as seen in Map 17. In comparison to the wider study region, Matjhabeng has the largest mining sector in the province, as the nearest comparative municipality is Metsimaholo LM with R2,5 billion. The MLM produced 70% of the Free State mining sector's GVA in 2019. The large GVA confirms the importance of mining in the LM.

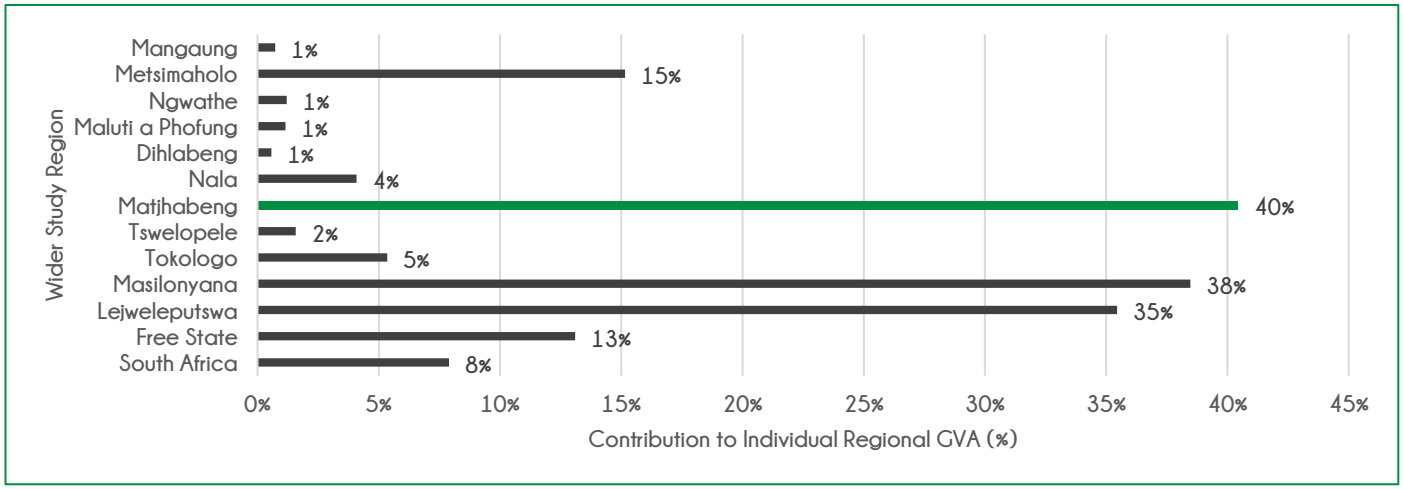
Map 17: Mining Sector's GVA Current Contribution - 2019



Source: Quantec, 2019

In term of sectoral contribution to total municipal GVA, Matjhabeng's mining sector contributes 40% to the LM's total output, the largest proportion when compared to the wider region, as seen in Figure 26, further confirming the municipality's dependence on mining. When compared to the larger municipalities in the Free State, Mangaung and Dihlabeng's mining sectors each contribute approximately 1% to their economies, indicating no significant dependence on the sector, whereas Metsimaholo's mining sector contributes 15%. The total South African mining sector contributes only 8% to national GVA, therefore indicating that other industries should be stimulated in MLM to align of National and provincial trends.

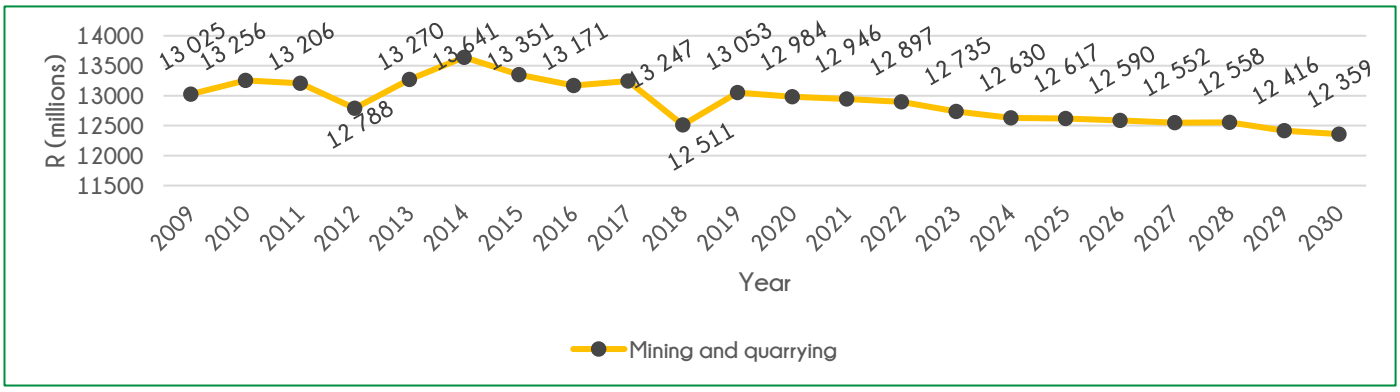
Figure 26: Mining Sector's Contribution to total Regional GVA - 2019



Source: Quantec, 2019

Economic growth can be projected using historical data by analysing trends to estimate the future position of the sector. to calculate real economic growth, and to avoid distortions caused by inflation, production quantities are valued at 2011 prices, to determine the sustainability of the local mines. As illustrated in Figure 27, the mining sector's economic performance has been in decline between 2014 and 2019. It is projected that, until 2030, the mining sector will decline by 1,2% per annum to R12 billion, in real terms.

Figure 27 MLM Mining Sector's Real GVA Growth at 2011 prices (2009 - 2019)



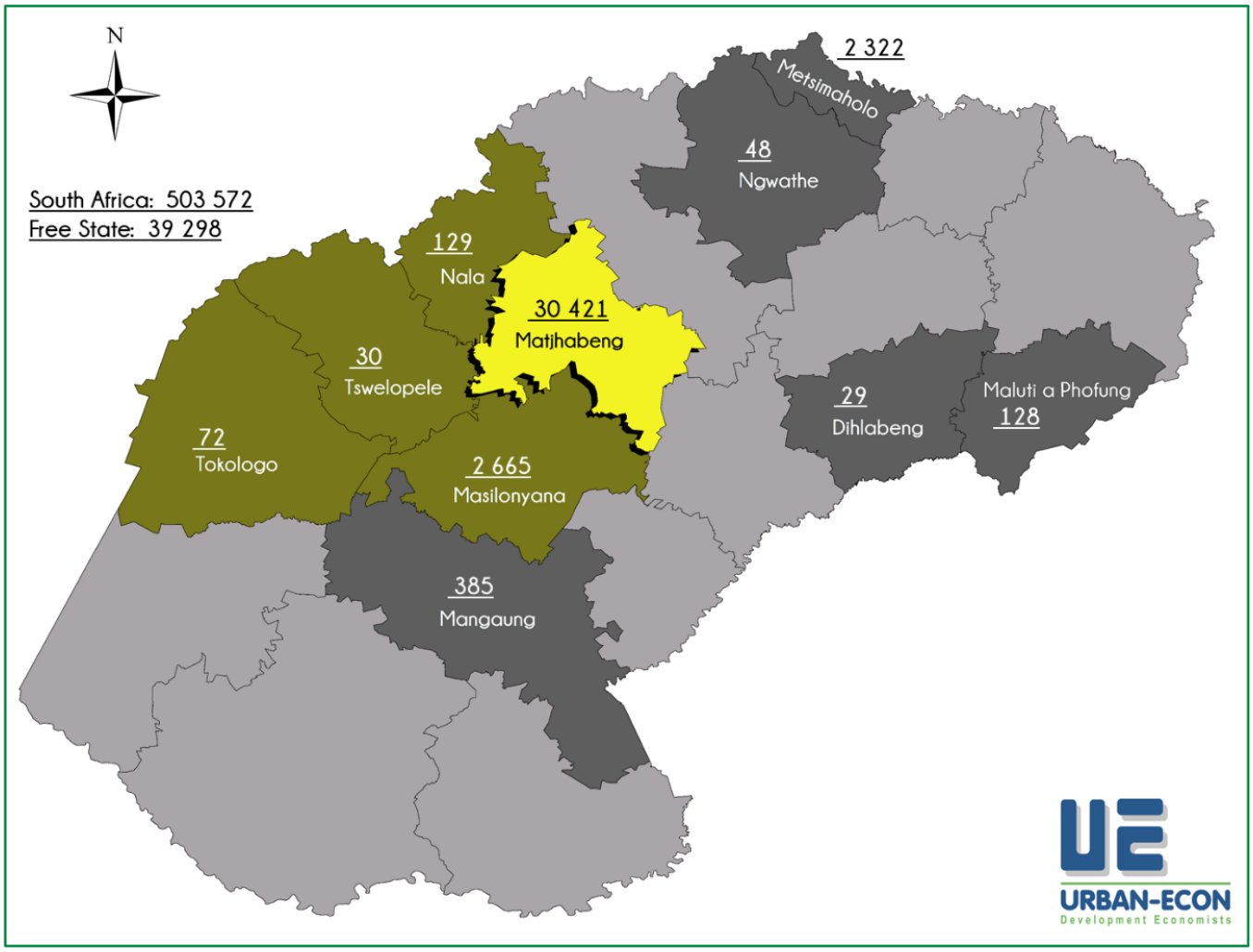
Source: Quantec, 2019

The mining industry started to decline in the 1980, when the easily accessible gold seams were exhausted and mining the remaining gold became too costly to extract, and continued to decline until 2019, and is projected to continue to decline in the future. When compared to the annual population growth of 2,2% during the same period, as seen in section 3.2.1, the impact of the sector's decline is much higher as there will be more households and residents that require income for survival, therefore alternative industries must be stimulated to replace the dependence.

5.1.2 Employment

Mining is a large-scale, labour-intensive industry, requiring semi- and low-skilled workers, which offers high levels of employment during the growth and maturity periods of the mine's lifespan. As of 2019, approximately 30 400 workers were employed by the mining sector in MLM, as seen in Map 18. Matjhabeng is the most significant employer of miners in the Free State, employing 77% of the provincial mining sector workforce.

Map 18: Number of Mining Sector's Employees - 2019



Source: Quantec, 2019

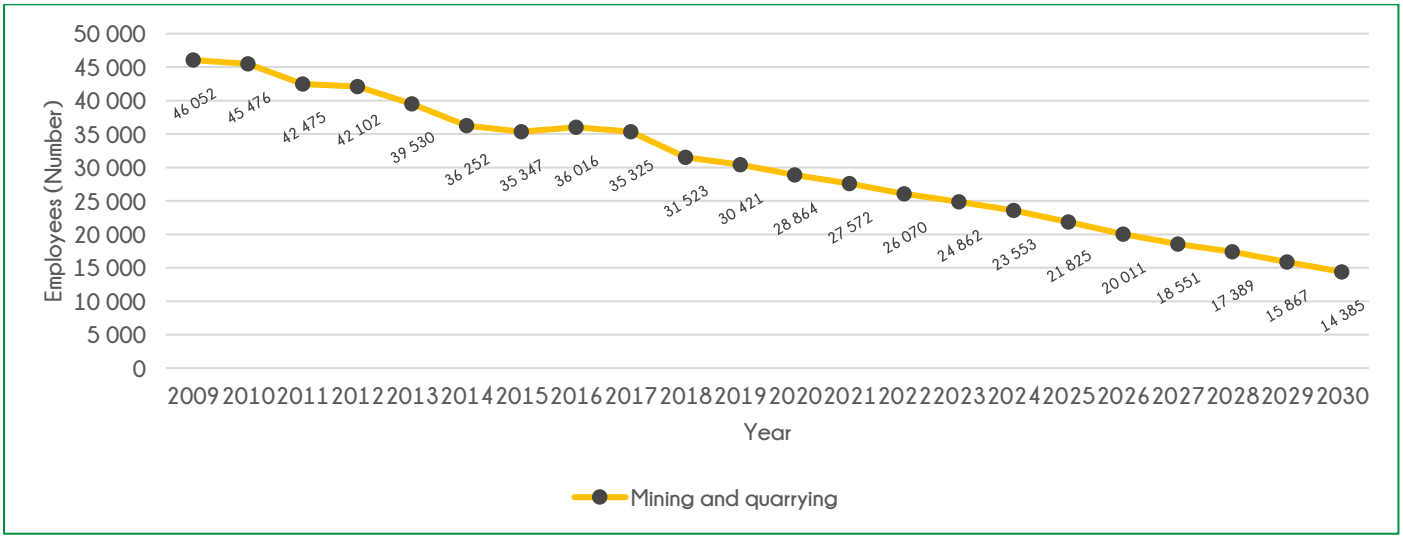
As seen in Figure 28, MLM's mining sector employs the largest proportion of its working population (21,6%) than any other municipality in the wider study region, followed by Masilonyana (15,2%). Compared to the national and provincial indicators, South Africa's mining sector employs 3,1%, while the Free State employs 4,6% of the workforce, thus indicating the concentrated mining industries to the MLM.

Figure 28: Mining Sector's Contribution to total Regional Employment - 2019

Source: Quantec, 2019

The mining sector has declined between 2009 and 2019, as confirmed in the previous section. As a result of this decline, the MLM's mining sector's employment has decreased from approximately 46 000 employees in 2009 to 30 000 in 2019, a decrease of 27%, and job losses of approximately 16 000 workers in the 10-year period.

Figure 29: MLM Mining Sector's Employment Projection (2009 - 2030)



Source: Quantec, 2019

As seen in Figure 29, at the current trajectory, the mining sector will employ approximately 14 400 workers, or almost half of the 2019 workforce. As mining is a pillar of economic activity and employment, the large decline has a significant impact on local household income and economic wellbeing.

5.1.3 Employment by Skill

Human resources are one of the most important factors of production in labour-intensive industries, as the competencies and skills required to carry out operational activities must be possessed by the local workforce in order to promote productivity and efficiency. The analysis of the skill level of employment by the mining sector will give an indication of the skills utilised and required by the sector.

Table 19: MLM Mining Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	-4%
Formal sector: Semi-Skilled	-4%
Formal sector: Low Skilled	-2%
Informal	-5%

As seen in Table 20, MLM's mining sector employed fewer skilled and semi-skilled workers in 2019, than in 2009, as the sector requires fewer professionals, such as engineers, and support staff during the declining stage of the mines. The decrease in number of all employees in the formal and informal sectors is a result of the exhaustion of gold reserves in MLM.

Table 20: Mining Sector's Employment by Skill (2009 - 2019)

Employment by Skill	South Africa					Free State					Matjhabeng				
	2009		2019		Monthly Ave Income	2009		2019		Monthly Ave Income	2009		2019		Monthly Ave Income
	Number	%	Number	%		Number	%	Number	%		Number	%	Number	%	
Formal sector: Skilled	42822	8%	38 828	8%	R62 987	3055	5%	1 956	5%	R75 896	2 569	6%	1 534	5%	R79 840
Formal sector: Semi-Skilled	359 249	65%	332 019	66%	R25 538	32 961	59%	22 337	57%	R32 191	26 354	57%	16 681	55%	R34 413
Formal sector: Low Skilled	89723	16%	84 589	17%	R18 319	16 906	30%	13 191	34%	R20 393	14 448	31%	10 929	36%	R20 861
Informal	64 819	12%	48 136	10%	R34 491	3 345	6%	1 814	5%	R20 944	2 681	6%	1 278	4%	R15 386

Source: Quantec, 2019

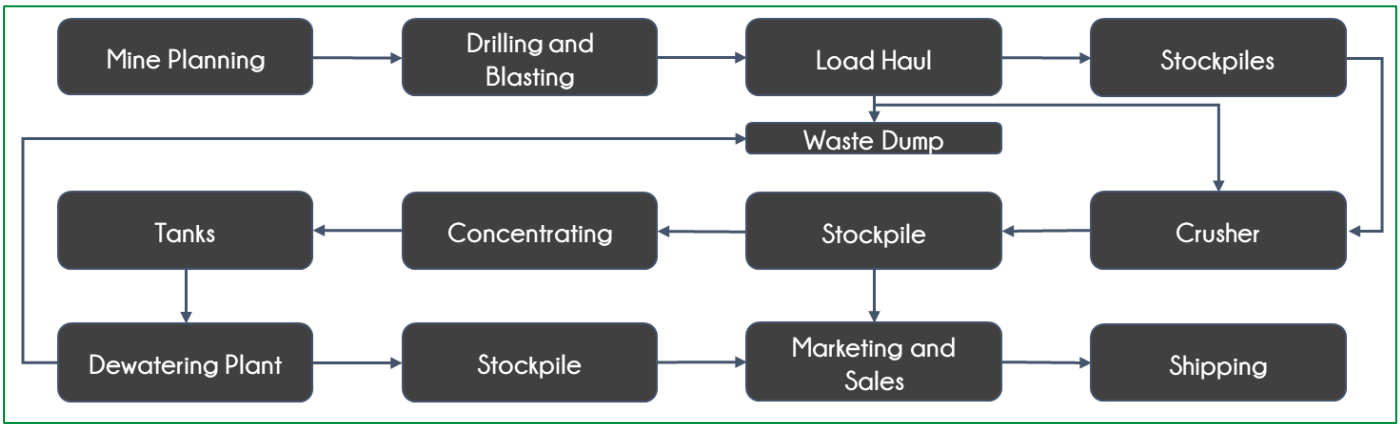
The trend is consistent when compared to the district and provincial indicators, as MLM's mining sector has a significant impact on the provincial sector due to the large scale of mining in the LM. Nationally, the number of all skill-level employees has fallen, although a higher proportion of semi-skilled and low-skilled workers were employed in 2019 than in 2009, as these employees are required for operational activities. Throughout the wider study region, the informal sector employees' percentage has decrease. This may indicate that these workers were either employed by the formal sector, that they transferred to other sectors, such as manufacturing, or that they became discouraged and halted operations.

5.1.4 Mining and Quarrying Sector Value Chain

The mining and quarrying sector consists of a network of roleplayer who enable the sector to produce income. Each roleplayer adds monetary value to the goods produced in the sector, which is therefore the source of income. Mining activities first go through a planning process, as seen in Figure 30, before any resources are allocated towards extraction of raw materials.

Waste materials, called tailings, are dumped at designated sites, and valuable marerials are hauled to crushers and stockpiled for future crushing. Quarried marerials, such as sand, are shipped after crushed materials are stockpiled. Other minerals, such as gold, are processed further to extract the valuable elements from the ore. Thereafter, the valuable materials are dehydrated and skockpiled for sale and shipping.

Figure 30: Mining and Quarrying Value Chain



Source: WorldPress, 2010[6]

The analysis of the value chain will indicate where in the process development opportunities may exist. Each step may either be operated by a single entity, or a number of entities within the same industry, as mines may outsource marketing, sales and shipping to local businesses. Potential economic development opportunities in the industry will be identified in the following sector.

5.1.5 Potential Developmental Opportunities

The decline of the mining sector in Matjhabeng is due to the exhaustion of local mainstream minerals, such as gold and silver, and the limitations imposed on new mining operations brought upon through legislation. Development initiatives are therefore required in order to uplift the local mining sector, in terms of GVA and employment. The development opportunities can be categorised as follows in Table 21:

Table 21: Mining Developmental Opportunities

Opportunity	Description
Prospect the MLM for potential mining opportunities	The reported presence of coal to the south of Welkom should be prospected as a possible opportunity. According to African Carbon Energy, there are two minable coal seams that could satisfy the requirements of a UDG PowerStation for approximately 10 years[7].
Develop Mining By-products	The mining of minerals results in waste materials removed from the earth, along with the valuable materials, that are dumped with the purpose of being discarded once the mines have ceased mining activities. The waste is referred to as tailings. Tailings consist of various mineral qualities, depending on the rock mined in the area. Tailings from mining may be utilised in the production of construction materials, windowpanes, windscreens for motor vehicles and crockery

[6] https://agusdaniel.files.wordpress.com/2010/03/value-chain-view.jpg

[7] https://www.africary.com/theunissen-project/the-coal-resource/

5.1.6 Availability of Support

The development of the mining sector will depend on the support of relevant stakeholders. Table 22 lists the local private and public stakeholders who may aid the above-mentioned programs.

Table 22: Mining Sector Available Support

Organisation	Description
Department of Agriculture and Rural Development (DARD)	The purpose of DARD is to support agricultural activities in South Africa. DARD possesses the expertise to plant crops, that may be utilised in the production of Biofuels.
Department of Trade and Industry (DTI)	DTI offers a range of incentive schemes, loans and grants for businesses.
Department of Mineral Resources	The Department of Mineral Resources supports the mining sector throughout the mining process, from regulating the mining sector to planning for sustainable mining practices, with the purpose of maintaining the mining sector's competitiveness in the global markets.
Harmony	Harmony is a major mining company in Matjhabeng and invests large amounts of money into the development of the local economy, a thus may be an important investor in new mining projects.
National Treasury	The Neighbourhood Development Partnership Grant's principal focus is not limited to facilities themselves, but how the investment both addresses a need and contributes to the economic and social development prospects of a node or neighbourhood.

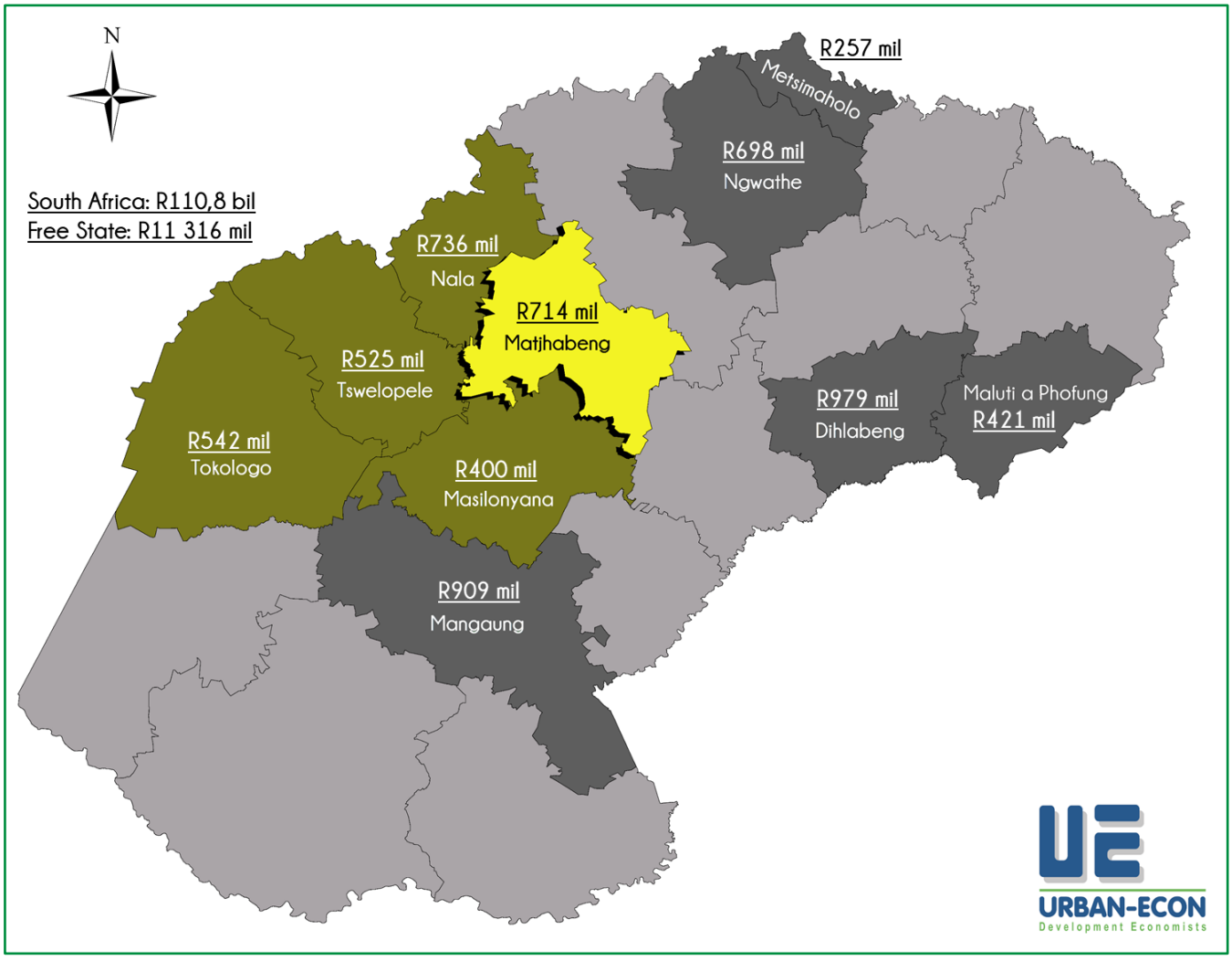
5.2 Agriculture Sector

The agriculture sector is important for economic growth and stability, as it is primarily responsible for food security in the economy. The standard of living of the population is impacted by the quantity and quality of food products produced by farmers in South Africa. Local farming is important to MLM as quality farms in close proximity are responsible for commodities, such as dairy, vegetables and fruit, with short shelf-lives. The agriculture sector also provides employment for a large portion of the rural workforce. The most common agricultural commodities produced in MLM include livestock, such as cattle, sheep goats and poultry; and crops, such as maize, sunflower and teff grass.

5.2.1 Economic Growth

The South African agriculture sector contributed approximately R110,8 billion to the total national GVA in 2019, as seen in Map 19. The agriculture sector in MLM contributed approximately 6% of the total provincial GVA. The municipality's agriculture sector is the fourth largest producer of primary agricultural products in the wider study region of the Free State, with Nala LM's sector marginally larger. MLM's farmers produced approximately R714 million in 2019.

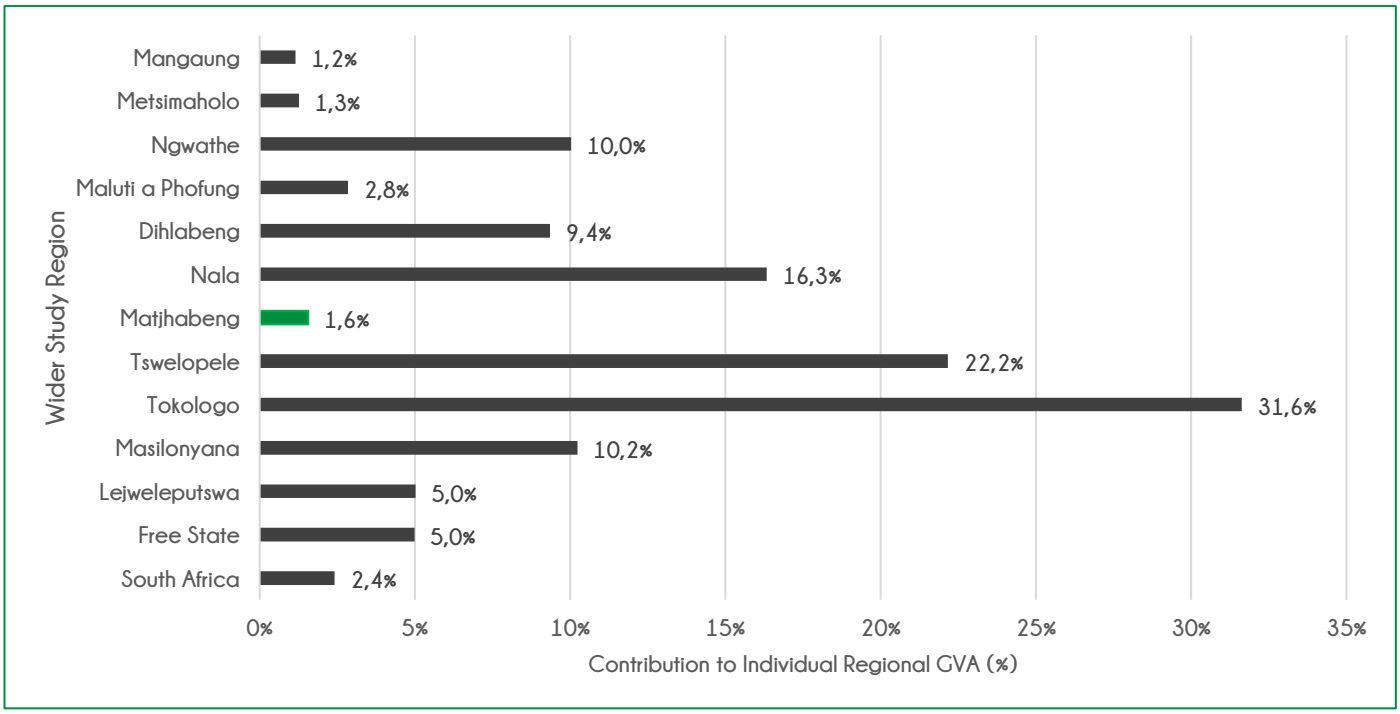
Map 19: Agriculture Sector's GVA Contribution - 2019



Source: Quantec, 2019

The scale of the agriculture sector of each region is measured by calculating the proportion of the sector's GVA output in comparison to each study region's total GVA output, as seen in Figure 31. Within the wider study region, MLM has a comparatively small agriculture sector in relation to its total economy. MLM, Mangaung MM and Metsimaholo LM each fall within the 1% to 2% range, which constitutes the smallest sectors in the region. The sectors that contribute the largest portion towards GVA are Tokologo LM, Tswelopele LM and Nala LM, as these municipalities are largely rural in nature.

Figure 31: Agriculture sector's Contribution to total Regional GVA - 2019

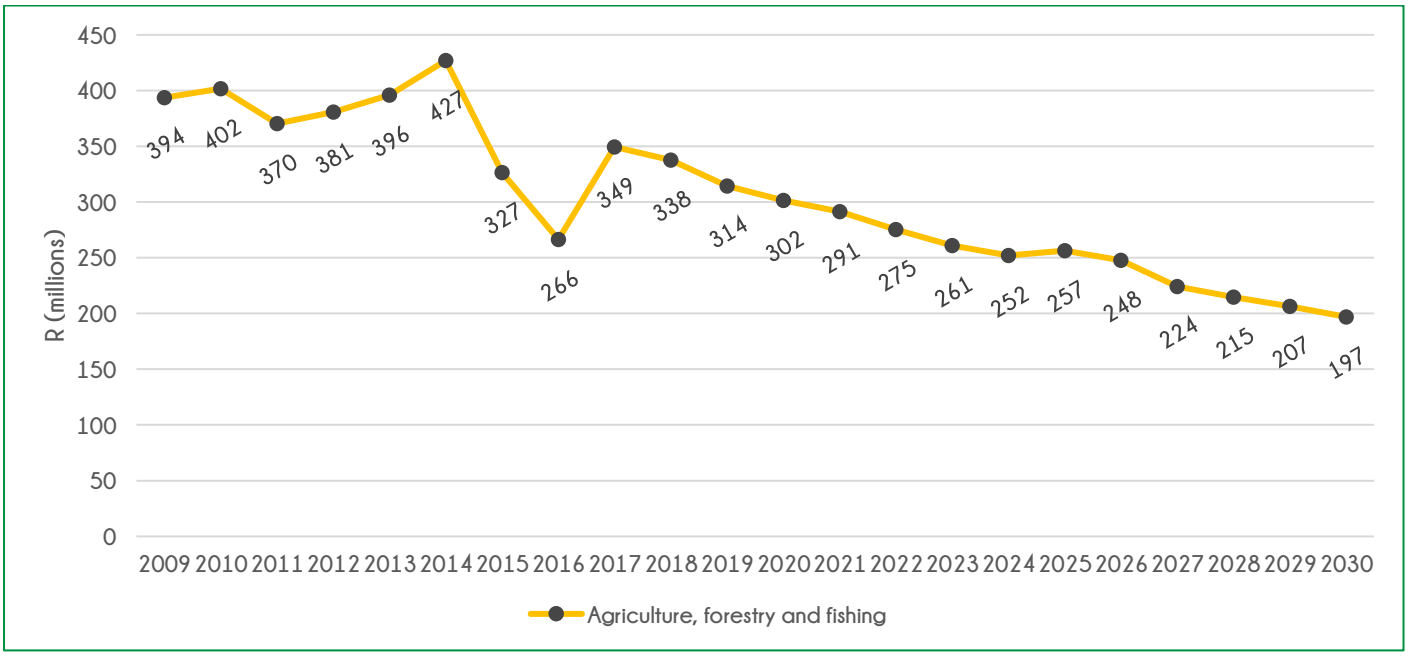


Source: Quantec, 2019

The economic growth of the agriculture sector is vital for the success of future generations, as farming plays an important role in providing food and agricultural by-products to an ever-growing population. It is important that the agriculture sector grows annually to meet the demands of the markets. In order to determine output growth, while ignoring the distorting effects of inflation, annual output qualities are valued at 2011 pieces to observe real production growth.

The MLM's agriculture sector has experienced an overall decline in output between 2009 and 2019, as seen in Figure 32, as real output decreased from R394 million in 2009 to R314 million in 2019. the reduction of output may be attributed to the national drought of 2014 – 2016, as output increased in 2017. The sector is projected to decline further between 2019 and 2030, from R314 million to R197 million, a 37% decrease over the period.

Figure 32: MLM Agricultural GVA Growth - 2009 - 2019

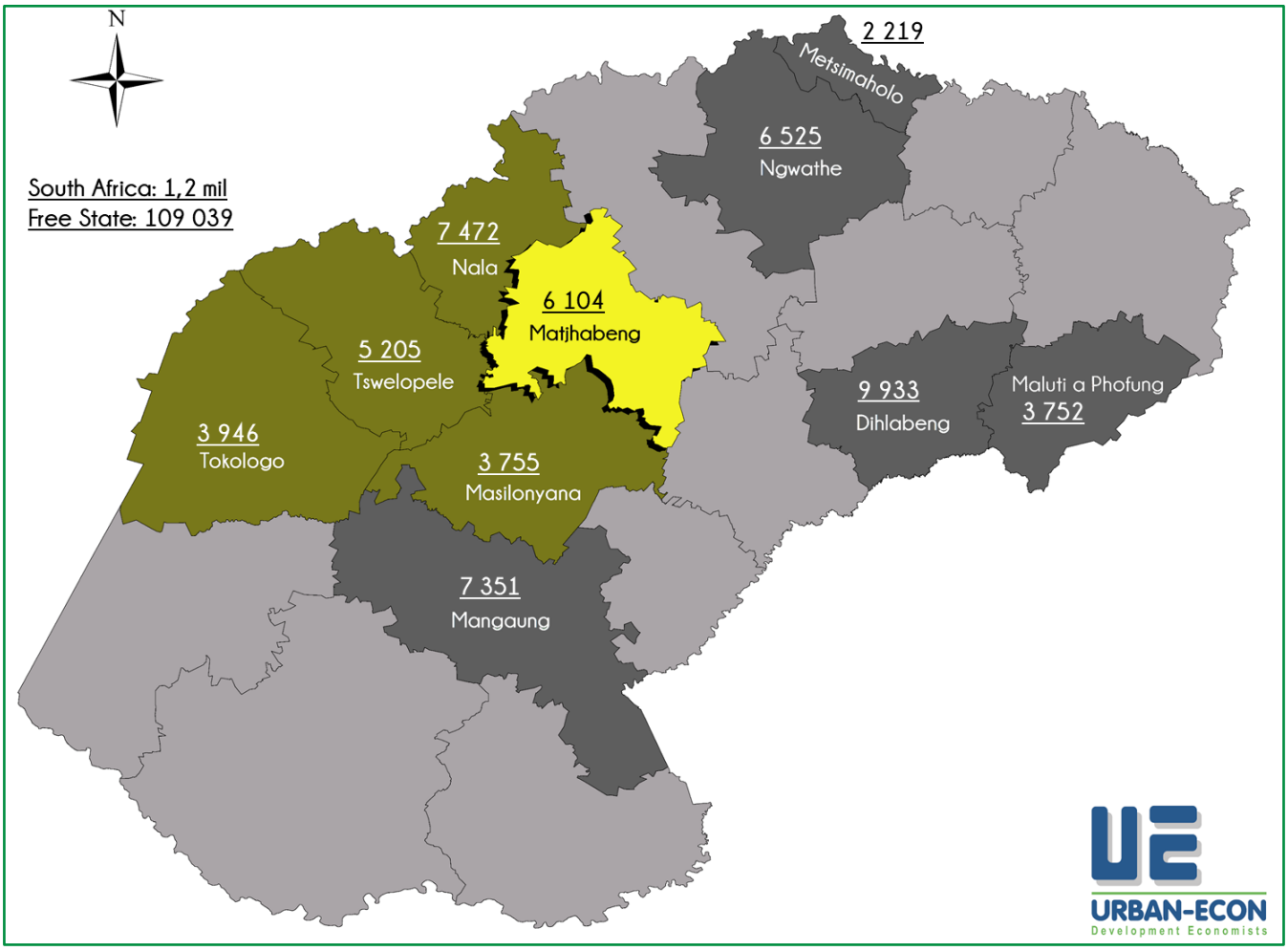


Source: Quantec, 2019

5.2.2 Employment

The agriculture sector is a valuable employer to the rural workforce as most rural communities are based large distances form concentrated urban industries. The MLM agriculture sector employed approximately 6 100 workers in 2019, as seen in Map 20. MLM's agriculture sector employs the fifth largest workforce in the wider study region and contributes approximately 5,5% towards agricultural employment in the Free State. The largest agricultural employing municipality is Dihlabeng LM, with an estimated workforce of 9 933 workers.

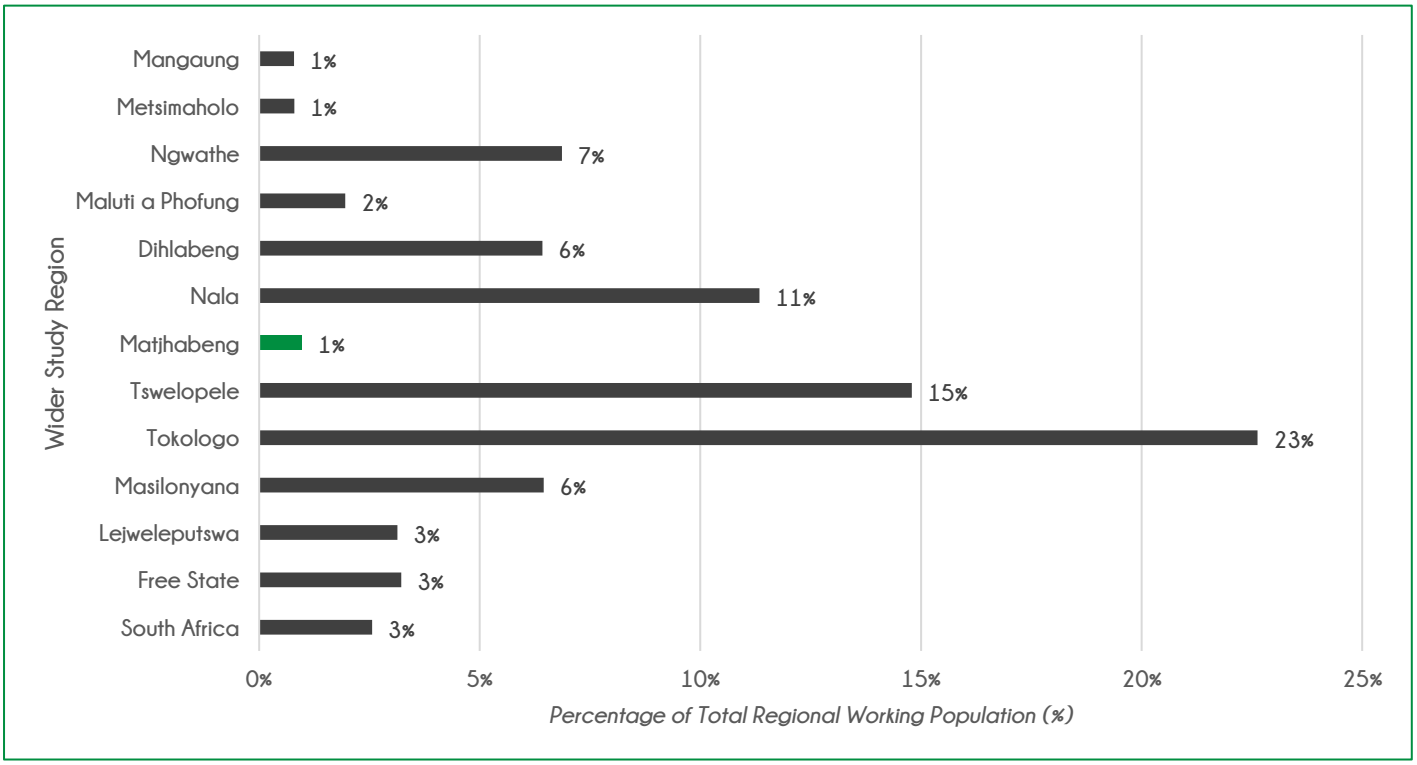
Map 20: Number of Agriculture Sector's Employees - 2019



Source: Quantec, 2019

The MLM's agriculture sector employs one of the lowest proportions of its municipal workforce than all the other municipalities in the wider study region, as seen in Figure 33. Comparatively, both the district, provincial and national averages are higher, owing to the largely urban nature of MLM. 23% of Tokologo LM's working population is employed by the agriculture sector, the highest in the wider study region.

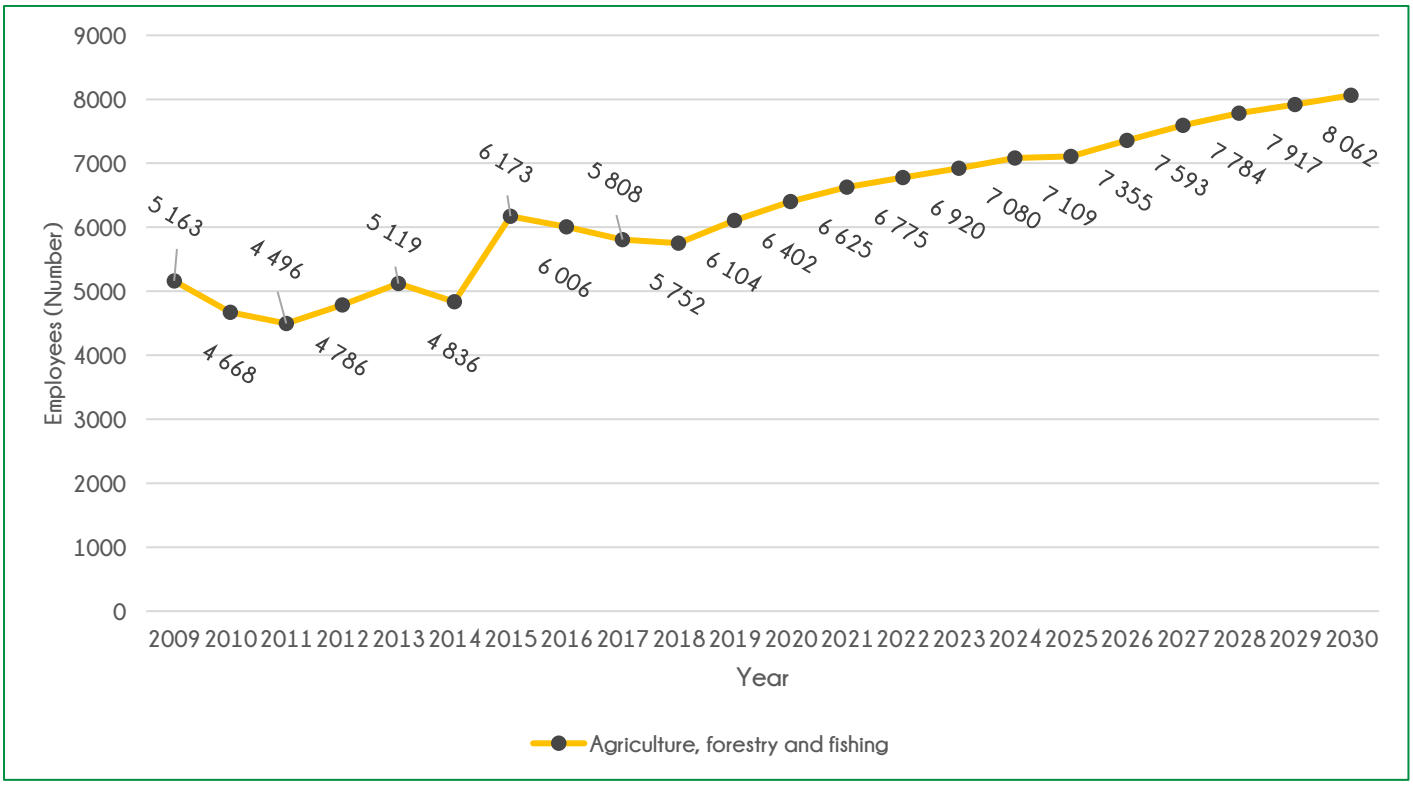
Figure 33: Agriculture Sector's Contribution to total Regional Employment - 2019



Source: Quantec, 2019

Figure 34 illustrates the historic trend of agricultural employment in MLM, as well as the projected growth in employment until 2030. The agricultural workforce has increased from approximately 5163, in 2009, to 6 104, in 2019, owing to an average annual increase of 1,8%. It is projected that, by 2030, 8 062 workers will be employed by the agriculture sector in MLM.

Figure 34: MLM Agriculture Sector's Employment Projection (2009 - 2019)



Source: Quantec, 2019

5.2.3 Employment by Skill

The growth in employment of the agriculture sector indicates that future employment opportunities exists, and therefore developing the required skills effectively is essential for the growth of the sector. As seen in Table 24, the number of employees in the formal sector has increased between 2009 and 2019, specifically for semi-skilled and low-skilled workers. The number of informal farm workers has declined however, indicating that the agriculture sector has made small gains in formalising the informal sector. These trends are consistent throughout the district, province and country.

Table 23: MLM Agriculture Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	6%
Formal sector: Semi-Skilled	2%
Formal sector: Low Skilled	3%
Informal	-0,4%

Table 24: Agriculture Sector's Employment by Skill (2009 - 2019)

Employment by Skill	South Africa					Free State					Matjhabeng				
	2009		2019		Monthly Ave Income	2009		2019		Monthly Ave Income	2019		2019		Monthly Ave Income
	Number	%	Number	%		Number	%	Number	%		Number	%	Number	%	
Formal sector: Skilled	34 085	3%	47 889	3%	R11 165	1 706	3%	2 366	3%	R11 003	123	3%	196	3%	R9 948
Formal sector: Semi-Skilled	276 154	27%	349 384	29%	R3 513	30 741	31%	36 527	33%	R3 349	1 891	37%	2 304	38%	R3 278
Formal sector: Low Skilled	404 422	39%	498 967	41%	R1 697	37 307	38%	44 009	40%	R1 506	1 745	34%	2 252	37%	R2 001
Informal	324 346	31%	308 422	26%	R420	28 946	29%	26 135	24%	R393	1 404	27%	1 352	22%	R533

Source: Quantec, 2019

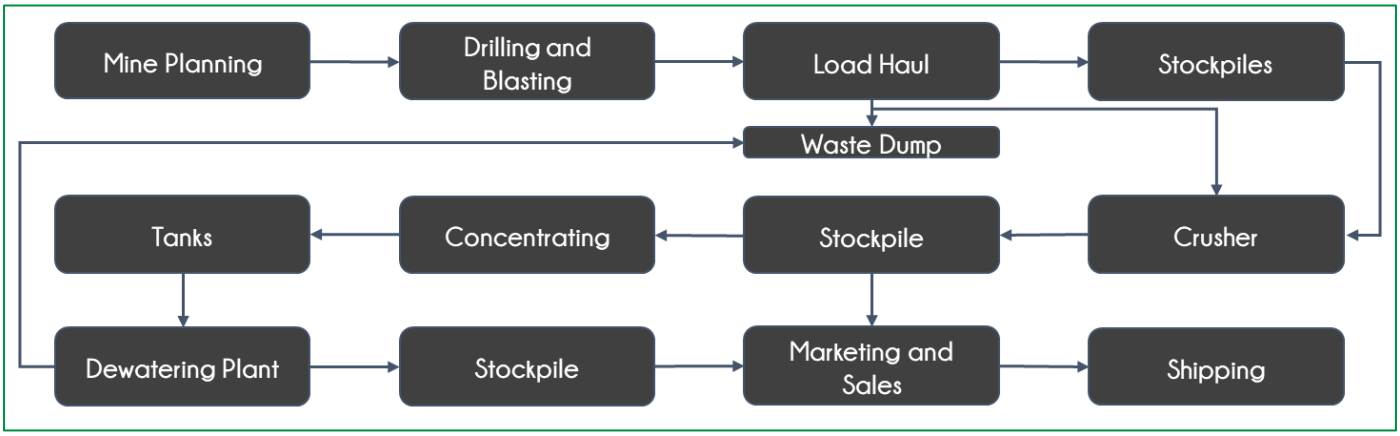
The largest proportion of skill-level employment in the MLM agriculture sector are the semi-skilled and skilled workers, who consist of administrators, sales occupations; transport, delivery occupations; services occupations; farmers, farm manager; production foremen, production supervisor and general labourers. These skills are operational level requirement, and thus essential for the success of the sector. The development of qualified employees in the LM should be prioritised for the production of quality goods, and to ensure food security in the LM.

5.2.4 Agriculture Sector Value Chain

The agriculture sector value chain consists of all role-players involved in providing food security to the population, as well as agricultural goods produced from by-products, such as leather from cattle. The agricultural sector requires inputs from primary, secondary and tertiary sector organisations to ensure success, as seen in Figure 35.

The primary activities in the industry are performed by farmers who utilise inputs from suppliers and transform them into raw commodities. Thereafter, the valuable commodities are sold to agro-processors for transformation into consumer goods. These goods are sold to retailers, or exported, to be sold at consumer markets.

Figure 35: Agriculture Sector Value Chain



Source: The Value Chain Approach to Economic Development and Poverty Reduction

The value chain illustrates a variety of roles that could be exploited for the development of economic activity in the agriculture sector. Apart from farming, product research, financing and supplying inputs are upstream opportunities that requires participants. Downstream activities, specifically agro-processing, may offer labour-intensive opportunities for job creation, as well as promote secondary activities in the Municipality.

5.2.5 Potential Developmental Opportunities

The agriculture sector is responsible for food security in the MLM. As seen in the previous subsection, the real growth of the sector has declined over the past 10 years, even though employment has increased. In order to improve the growth potential of the sector, development opportunities must be identified to improve the productivity of the agricultural workforce. As seen in Table 25, the following development initiatives should be considered:

Table 25: Agriculture Developmental Opportunities

Opportunity	Description
Resource Amalgamation	Resource amalgamation refers to the voluntary cooperation of farmers, public departments and private industry stakeholders to combine all available resources to develop sustainable industries. As farming is capital intensive, combining the resources of all the stakeholders gives the farmers access to a variety of equipment, inputs and marketing channels. An advantage to amalgamating resources is that more substantial investments can be made into the development of the agricultural industry while the risks are shared.
Develop the Skills of the Agriculture Sector's Workforce	Skills development refers to the improvement of agricultural producers' abilities to produce quality outputs. A gap exists between the skilled and unskilled farm workers in the industry, as the process of skills transfer from the commercial farmers to emerging farmers has been ineffective. Projects are required to empower farmers with improved methods practically.
Mentorship Programmes	An on-the-job mentorship refers to mentees performing operational activities on the mentor's farm to gain first-hand experience on a commercial farm. With the direct guidance of the mentor, skills-gaps can be identified, and measures formulated to correct and improve the mentee's competencies. On-the-job training may cover a variety of responsibilities

5.2.6 Availability of Support

The development of the agriculture sector will depend on the support of relevant stakeholders. Table 26 lists the local private and public stakeholders who may aid the above-mentioned programs.

Table 26: Agriculture Sector Available Support

Organisation	Description
Department of Agriculture and Rural Development (DARD)	The purpose of DARD is to support agricultural activities in South Africa. DARD possesses the expertise to plant crops, raise livestock, and develop agroprocessing plants, that may be utilised in the production of food and by-products.
Department of Trade and Industry (DTI)	DTI offers a range of incentive schemes, loans and grants for businesses.
The Land Bank	The Land Bank provides financial services to the commercial farming sector and agri-business and to make available new, appropriately designed financial products that would facilitate access to finance by new entrants to agriculture from historically disadvantaged backgrounds.
National Empowerment Fund (NEF)	Anticipate future funding and investments necessary for supporting SMMEs and individuals that were previously disadvantaged to establish their businesses.
National Youth Development Agency (NYDA)	Provides enterprise funds for young entrepreneurs and aims to assist them in starting a business or growing an existing one.
Isivande Women's Fund	An exclusive fund that aims to accelerate black economic empowerment by providing more affordable, usable and responsive financial support than those currently available.
Small Enterprise Finance Agency (SEFA)	Provide loans directly to SMMEs and co-operatives operating in all sectors of the economy.
South African Small, Medium Enterprise Fund (SA SME)	Provides much-needed capital, as well as business support and mentorship in equal measure for SMMEs.
Development Bank of Southern Africa	The type of tourism investment supported by the DBSA includes attractions, facilities and services, transport, supportive services and enabling infrastructure.
Community Public Private Partnerships Programme (CPPP)	The CPPP Programme is a national programme that was launched to facilitate commercial linkages between resource-rich rural communities and private sector investors. The programme is committed to unlocking the economic value of state or community-owned land and, in so doing, revitalising rural economies, reducing poverty, increasing community empowerment and promoting sustainable resource use in some of the country's poorest regions.
National Treasury	The Neighbourhood Development Partnership Grant's principal focus is not limited to facilities themselves, but how the investment both addresses a need and contributes to the economic and social development prospects of a node or neighbourhood.

5.3 Manufacturing Sector

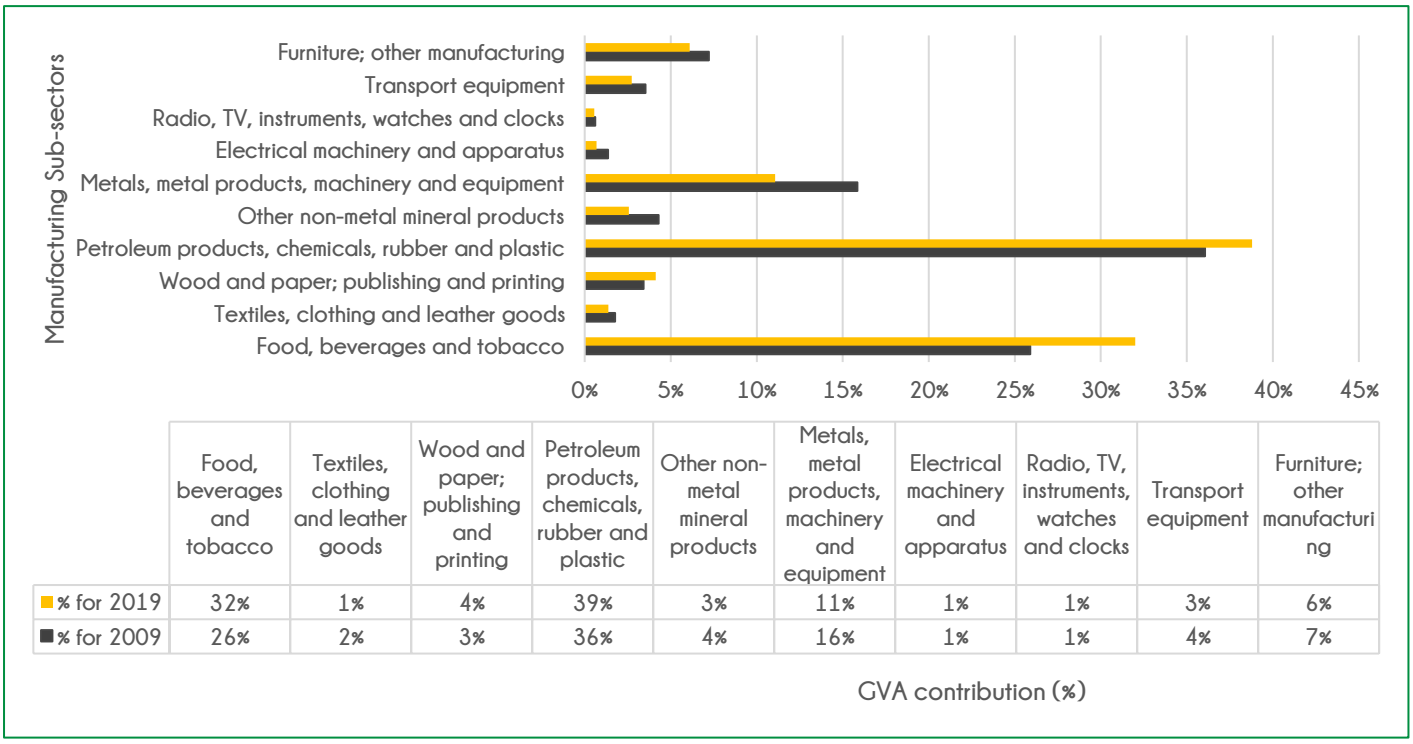
Manufacturing, the largest secondary economic sector in Matjhabeng, involves industries aimed at transforming raw materials and intermediary goods into final consumption goods. The sector is valuable for job creation when labour-intensive industries are stimulated. The manufacturing sector can be divided into the following subsectors:

- Food, beverages and tobacco
- Textiles, clothing and leather goods
- Wood and paper; publishing and printing
- Petroleum products, chemicals, rubber and plastic
- Other non-metal mineral products
- Metals, metal products, machinery and equipment
- Electrical machinery and apparatus
- Radio, TV, instruments, watches and clocks
- Transport equipment
- Furniture; other manufacturing

Manufacturing in the MLM includes participants in the production all the above-mentioned subsectors, as seen in Figure 36. The largest producer of manufactured goods, in 2019, was the Petroleum, chemicals, rubber and plastic products sector, followed by the Food, beverage and tobacco processors (including agroprocessing). As mining has declined in the MLM, the production of metal and machinery products have declined. During the 10-year period.

As the figure illustrates, the subsectors that experienced the highest growth, in terms of the contribution to manufacturing GVA, between 2009 and 2019, were the Petroleum and Food industries, with the Wood, paper, publishing and printing industry also experiencing growth.

Figure 36: Composition of the Manufacturing Industry (2009 - 2019)



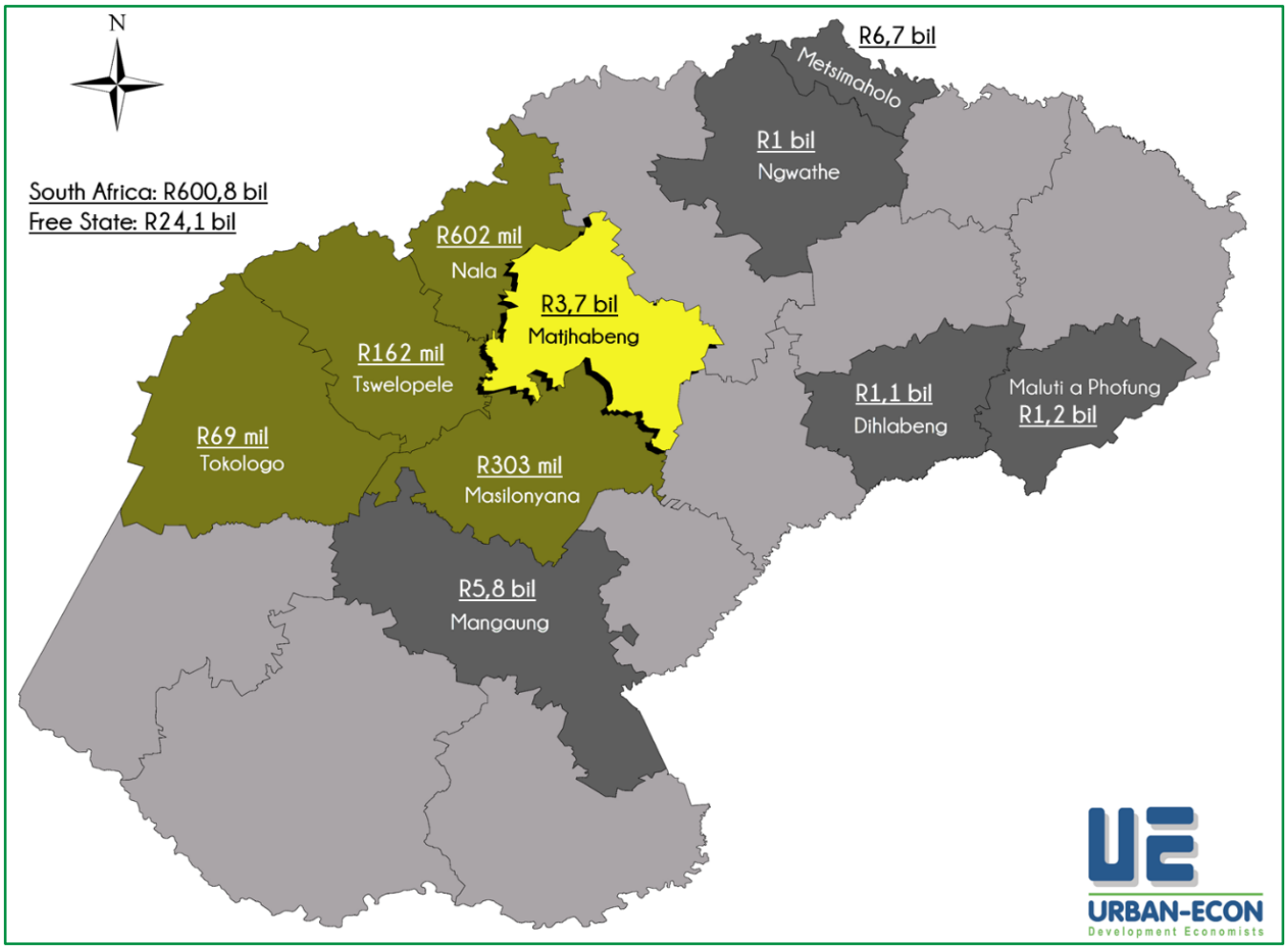
	Food, beverages and tobacco	Textiles, clothing and leather goods	Wood and paper; publishing and printing	Petroleum products, chemicals, rubber and plastic	Other non-metal mineral products	Metals, metal products, machinery and equipment	Electrical machinery and apparatus	Radio, TV, instruments, watches and clocks	Transport equipment	Furniture; other manufacturing
% for 2019	32%	1%	4%	39%	3%	11%	1%	1%	3%	6%
% for 2009	26%	2%	3%	36%	4%	16%	1%	1%	4%	7%

Source: Quantec, 2019

5.3.1 Economic Growth

The MLM's manufacturing sector contributed approximately R3,7 billion in income in 2019, as seen Map 21. MLM contributed an estimated 15% of the provincial manufacturing GVA, the third highest, after Metsimaholo (R6,7 billion) and Mangaung (R5,8 billion). In comparison to the Lejweleputswa DM, Matjhabeng was unrivalled in total manufacturing output. The MLM government should attempt to stimulate manufacturing in the LM, as manufacturing offers labour-intensive job creation and export opportunities.

Map 21: Manufacturing Sector's GVA Contribution - 2019

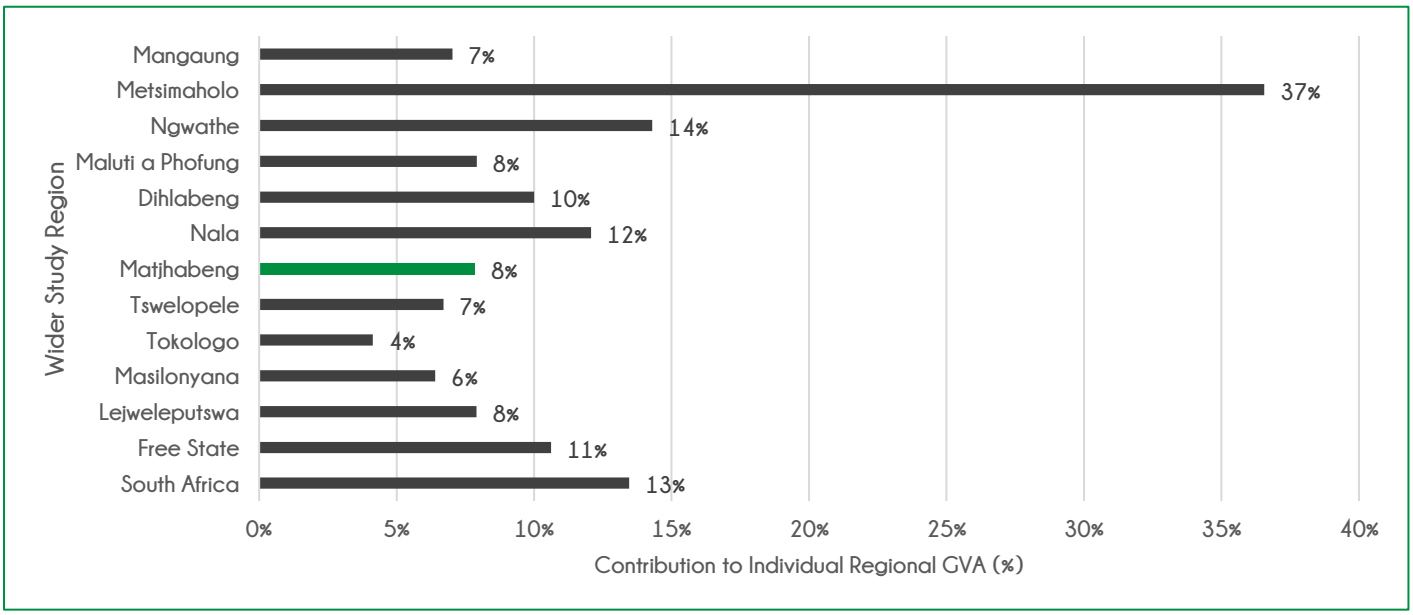


Source: Quantec, 2019

MLM's manufacturing sector is historically linked to the mining sector and therefore needs to be diversified in order to independently grow in future. The manufacturing industry in Matjhabeng contributed 8% of the annual municipal output in 2019, as seen in Figure 37. In comparison to the provincial manufacturing sector, the MLM manufactures 3% less than the 11% average of the Free State. The largest manufacturing sector in the wider study region is Metsimaholo LM, who's manufacturing industry produces mainly petroleum products, and contributes 37% to the municipal output.

In comparison to municipalities with smaller populations, Metsimaholo, Ngwathe LM (14%), Nala (12%), and Dihlabeng (10%) have larger manufacturing sectors in comparison to their total individual GVAs. This indicates that these municipalities process more of their natural resources, which results in job creation and local economic growth.

Figure 37: Manufacturing Sector's Contribution to total Regional GVA - 2019



Source: Quantec, 2019

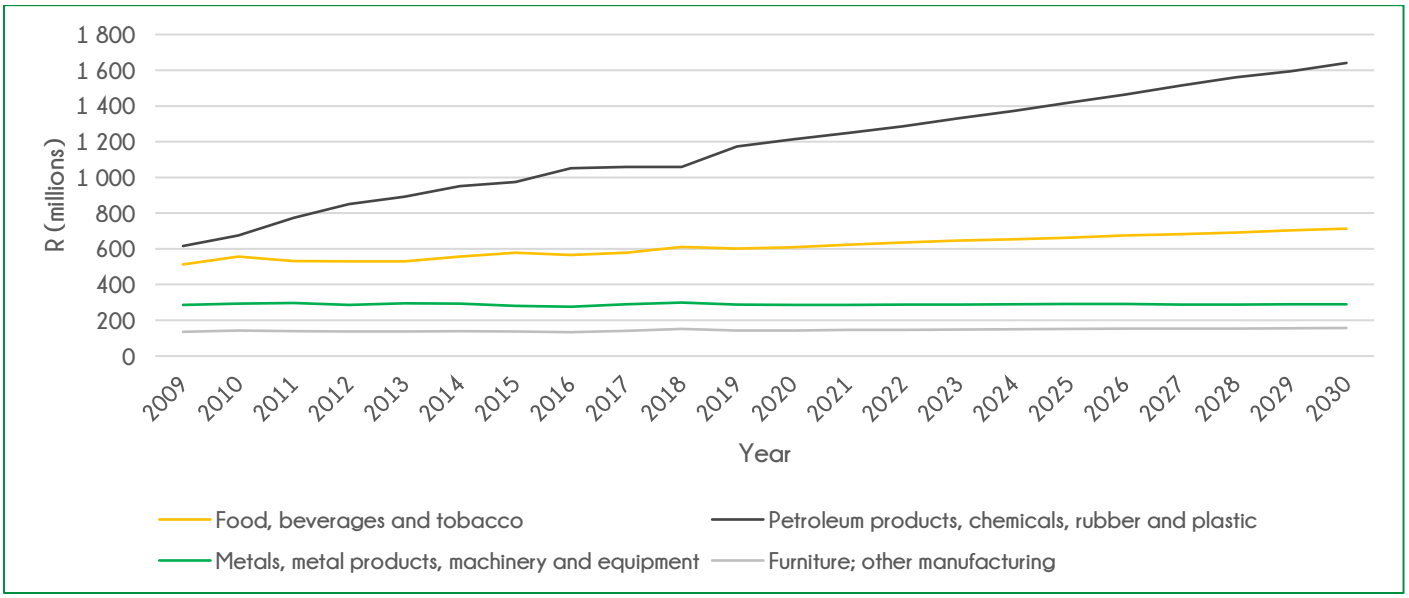
The manufacturing sector in MLM has experienced real growth between 2009 and 2019, as the municipality has increased production from approximately R 1,8 billion to R2,5 billion, at constant 2011 prices. As illustrated in Figure 38, this indicates an opportunity for future prospects, as it is projected that the manufacturing sector will produce approximately R3,2 billion in 2030, with an approximate real annual growth of 1,7%, resulting in production higher than 20% of 2019, in terms of real growth.

Figure 38: MLM Manufacturing RGVA Growth (2009 - 2019)

Source: Quantec, 2019

The manufacturing sector is a vast economic sector and consists of various industries. The purpose of analysing these industries is to categorize the composition of manufacturing in the MLM in ordered to identify opportunities within the sector. The largest manufacturing subsector in 2019 was the Petroleum, chemicals, rubber and plastic products industries (39%), followed by the Food and beverage industry (32%),which includes agroprocessing; and the Metal products industries (11%), as seen in Figure 39. The smallest manufacturing industries include electrical, clothing, transportation, wood and furniture products.

Figure 39: MLM Manufacturing Subsector RGVA Growth – 2009 - 2030



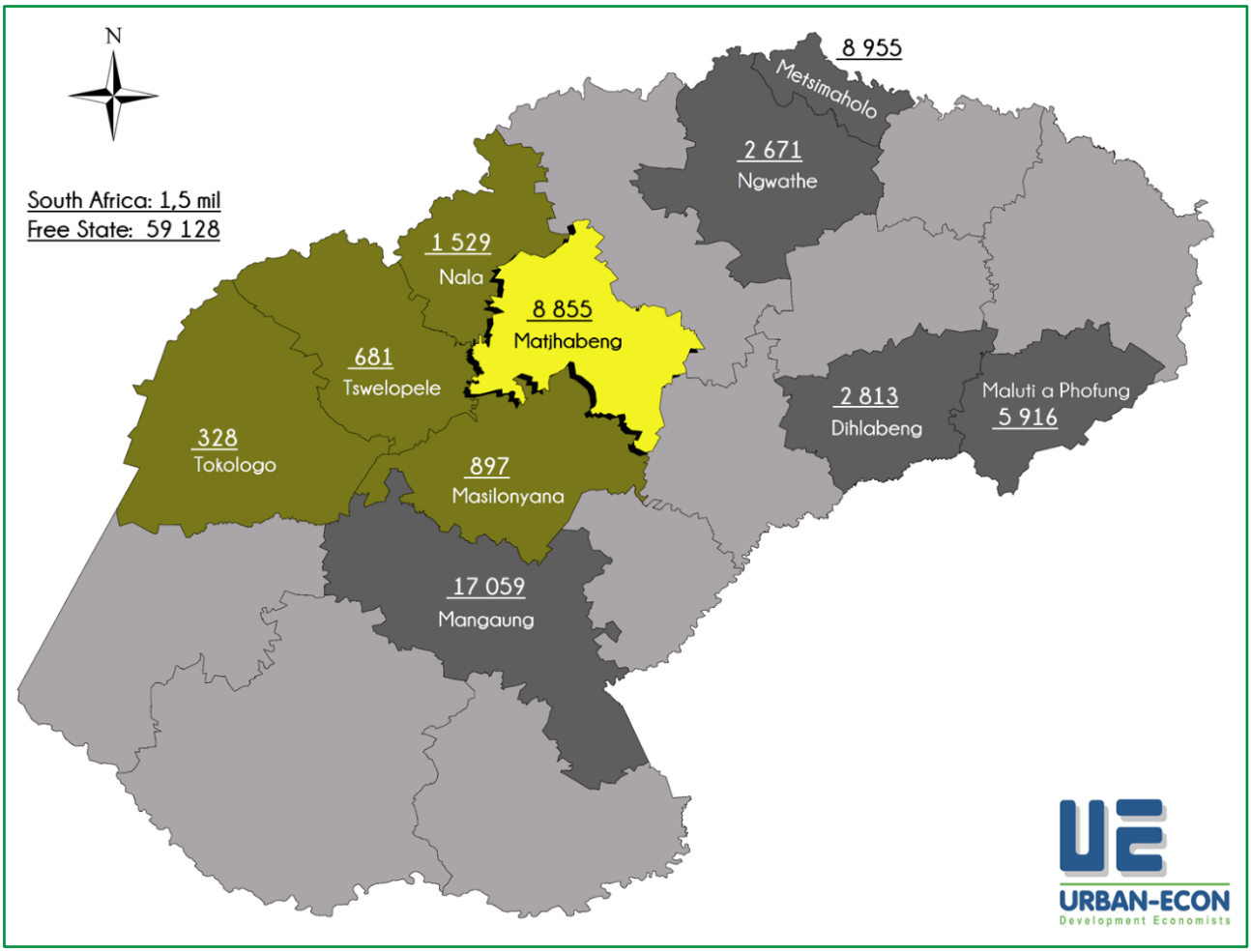
Source: Quantec, 2019

As seen in Figure 39, the growth of the petroleum and food processing industries are projected to increase until 2030, while as other manufacturing industries are projected to remain largely unchanged. The rising growth of the petroleum, chemicals, rubber and plastic products industry is owed to the growing population that requires fuel for transportation and synthetic products, such as plastic goods. The large food processing industry indicates that agro-processing and beverage production opportunities exist in the Municipality, therefore agro-processing should be encouraged through funding and incentive schemes.

5.3.2 Employment

The MLM manufacturing sector employed approximately 8 855 workers in 2019, as seen in Map 22, about half of Mangaung MM, with approximately 17 000 workers, and similar to Metsimaholo LM with 8 955 employees. MLM employs approximately 15% of the provincial manufacturing staff, and 72% of the Lejweleputswa manufacturing workforce. MLM employs more staff than that of all the other municipalities in the wider study region.

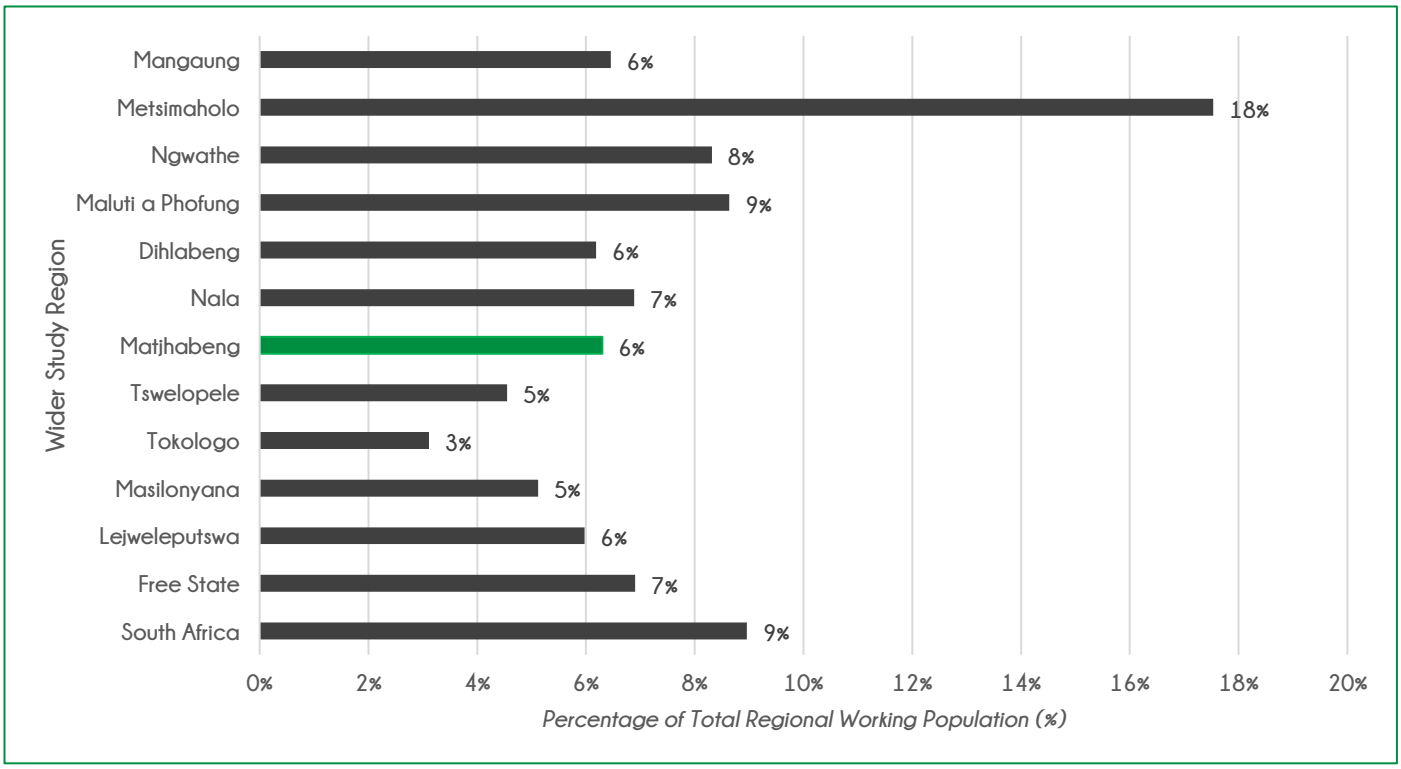
Map 22: Number of Manufacturing Sector's Employees - 2019



Source: Quantec, 2019

The MLM's manufacturing sector employs 6% of the total municipal workforce, which is similar to the provincial average but 3% lower than the national average, as seen in Figure 40. Within the wider study region, 18% of Metsimaholo LM's workforce is employed by the manufacturing sector, the highest of all municipalities analysed. A higher proportion of both Ngwathe and Maluti-A-Phofung LMs' workforces are employed by the manufacturing sector.

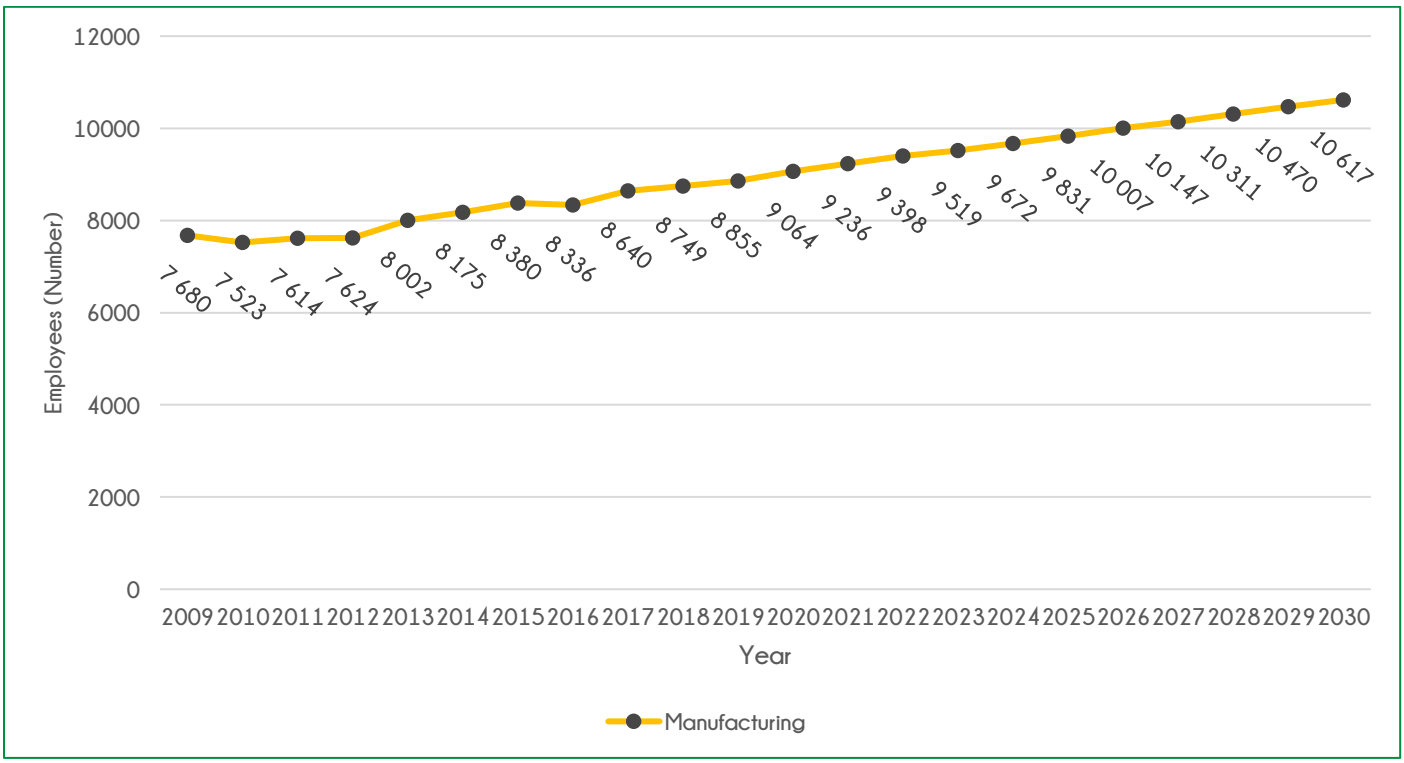
Figure 40: Manufacturing Sector's Contribution to total Regional Employment – 2019



Source: Quantec, 2019

Employment in the MLM has increased at an average annual rate of 1,5% between 2009 and 2019. In 2009, approximately 7 680 workers were employed, whereas 8 855 were employed in 2019. It is projected that 10 617 workers will be employed by the sector in 2030, as seen in Figure 41.

Figure 41: MLM Manufacturing Sector's Employment Projection (2009 - 2019)



Source: Quantec, 2019

5.3.3 Employment by Skill

The manufacturing sector, as a secondary sector, requires the skills necessary to develop products and transform raw materials and intermediary good into finished goods. As seen in Table 28, the manufacturing industry requires a higher proportion of skilled workers, such as professional, semi-professional and technical staff, such as engineers and designers, managerial, executive and administrative employees than the primary sectors of mining and agriculture. Almost half of the manufacturing employees in MLM are semi-skilled, and 22% are low-skilled. Between 2009 and 2019, informal sector employment has reduced in number, as these workers find work in the expanding formal sector.

Table 27: MLM Manufacturing Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	2%
Formal sector: Semi-Skilled	1%
Formal sector: Low Skilled	4%
Informal	-0,3%

When comparing to the wider region, these trends are consistent in Lejweleputswa, Free State and South Africa, although MLM employs a lower proportion of skilled, and a higher proportion of low-skilled, workers than the national average. In order to increase the skill levels in the LM, the local manufacturing sector should consider importing skills for other parts of South Africa. These skilled workers can transfer necessary skills to low-skilled workers, which in turn will increase innovation, efficiency and economic growth in the sector.

Table 28: Manufacturing Sector's Employment by Skill (2009 - 2019)

Employment by Skill	South Africa					Free State					Matjhabeng				
	2009		2019		Monthly Ave Income	2009		2019		Monthly Ave Income	2009		2019		Monthly Ave Income
	Number	%	Number	%		Number	%	Number	%		Number	%	Number	%	
Formal sector: Skilled	219 357	14%	22 6667	15%	R44 946	6 183	10%	6 975	12%	R46 137	891	12%	1 098	12%	R38 674
Formal sector: Semi-Skilled	737 434	47%	711 822	48%	R21 116	28 097	46%	28 266	48%	R20 748	3 543	46%	4 033	46%	R21 149
Formal sector: Low Skilled	254 580	16%	254 457	17%	R17 989	8 747	14%	9 573	16%	R18 414	1 449	19%	1 981	22%	R21 051
Informal	353 684	23%	278 968	19%	R8 950	18 530	30%	14 313	24%	R8 423	1 797	23%	1 743	20%	R8 173

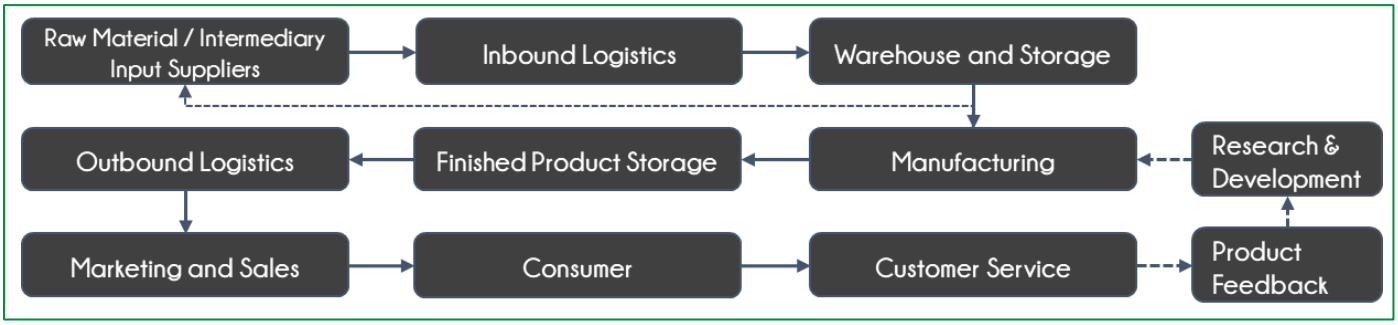
Source: Quantec, 2019

5.3.4 Manufacturing Sector Value Chain

The manufacturing sector consists of organisations that transform raw materials, and un-finished goods, into finished goods for consumption. As seen in the introduction of section 5.3, the sector can be categorised into 10 sub-sectors. Therefore, the simplified value chain has been developed in order to understand the industry and identify opportunities within the value-adding activities, as seen in Figure 42.

The value chain begins with the upstream activities of raw material suppliers and logistics service providers. These role-players provide the inputs required for transformation through the manufacturing process. Upstream activities, such as storage, logistics and sales provide a channel for product to reach the end consumer. The feedback from customer services is received and products are re-engineered to satisfy consumer demands.

Figure 42: Manufacturing Sector Value Chain



Source: Daniel J. Meckstroth, Ph.D[8]

The value chain indicates a variety of opportunities within the industry including all 10 subsector manufacturing processes. An example of an improved value chain would include improvement to logistics and product engineering role-players, from the tertiary sector, that may offer improved product quality to end-users through designing desirable products and delivering undamaged good on time. The potential opportunities will be discussed in the following subsection.

5.3.5 Potential Developmental Opportunities

The manufacturing sector offers labour-intensive opportunities that the MLM may promote to create high levels of employment to the local population. The manufacturing sector consists of 10 subsectors, each with a variety of opportunities. The main opportunities will be discussed in Table 29.

Table 29 Manufacturing Developmental Opportunities

Opportunity	Description
Align Agroprocessing with Agri parks	The local Farmer Support Units (FPSU) will be located in Odendaalsrus. The FPSU will be equipped with mechanisation equipment, training facilities, logistical capabilities and extension offices for officials to engage with the farmers. The FPSU aims to avail resources to farmers who don't have capital available to acquire essential inputs, such as tractors, implements, feed, seeds and transportation.
Develop the Agroprocessing Industry	Agroprocessors include abattoirs, dairies, soup factories, beverage producers and fresh fruit and vegetable packagers. Agroprocessing is a labour-intensive industry that requires a large number of workers to prepare agricultural inputs for consumption. The promotion of processing locally produced commodities will result in the development of the entire value chain in the Municipality, thus ensuring that lower quantities of food products are imported from other regions, which results in cash outflows from the local economy.
Introduce a Science Park to the Welkom CUT Campus	The Central University of Technology (CUT), with campuses in Bloemfontein and Welkom, is a technical tertiary education institution that has established a Product Development Technology Station (PDTS) at the Bloemfontein campus. The aim of the PDTS is to aid entrepreneurs with the development of new and existing products, through detailed engineering[9].

[8] https://www.nist.gov/sites/default/files/documents/mep/data/TheManufacturingValueChain.pdf

[9] https://www.cut.ac.za/pdts

Opportunity	Description
	The PDTS utilises the engineering expertise of the CUT, as well as the Centre for Rapid Prototyping and Manufacturing (CRPM), which specialises in prototyping new products through 3D printing. The PDTS is funded by the Technology Innovation Agency (TIA). The Welkom campus of the CUT should invest in the introduction of a local PDTS in order to aid businesses in the Municipality with the development of manufactured goods. The technology employed by the PDTS can be utilised to model products more affordably, through the use of computer 3d modelling programmes, which will reduce the time and errors during the prototyping process.
Special Economic Zone (SEZ)	A large challenge for manufacturers in the MLM is the distance from the larger markets of the national metros, in comparison to manufacturers in those metros. Expertise are difficult to attract, and transports costs are higher, therefore the manufacturing sector must find creative methods to overcome the barriers to become relevant in the industry. The development of an SEZ, where industrial complexes are constructed to accommodate complimentary factories should be considered. The SEZ will house producers of required materials for other businesses, thus reducing the costs of transportation of inputs. The SEZ will attract expertise and investors from outside the Municipality are these organisations offer information sharing, collaboration and shared innovation.
Develop the Mining Equipment Manufacturing Industry	The manufacturing sector may take advantage of the opportunity to produce capital goods, such as mining trucks and drills. The local production of these items can be sold to mines located in the vicinity, nationally or exported to developing mine, such as those located in central Africa. The variety of tools and equipment utilised by mines around the world offers many opportunities for low- and semi-skilled mineworkers to transfer their acquired skills from mining to the manufacturing sector. These workers would be able to aid in the development of products, as well as partake in the labour-intensive production and assembly of the goods.
Develop Recycling Plants	The large population of Matjhabeng, especially Welkom, producer significant amounts of waste each year that the municipality is inefficiently disposing of, as seen in section 3.4.2, due to man-power and funding. A solution to the challenge of managing waste in to develop recycling factories to collect, sort, process and sell recyclable materials.
Develop Clothing and textile Factories	Clothing and textile factories produce items made from fabrics, which involve intensive manual labour. The industry is less dependent on proximity to consumer markets than that of other industries, such as the food and beverage industry, as fabrics have a long shelf-life, thus can be stored, transported and exported to markets. The constant change in customer tastes, fashions and seasons offers an opportunity for new styles of clothing to be manufactured. The large workforce in MLM is an ideal resource for clothing and textile production.
Introduce New Biofuel Developments	The mining sector should invest in the development of non-mining economic activities during the downscaling of mineral mining activities in order to reduce the impact on the local economy[10]. In order to minimize the loss of jobs, the mine could invest in utilising unused mining land for the production of agricultural products, such as biofuels. Biofuels are made from the plants, such as maize, and is therefore a renewable source of energy. Bio-fuel production requires large amounts of land to cultivate crops, and therefore offers the mining sector an opportunity to rehabilitate mining land in an economically desirable manner.
Import Skills and Implement On-the-job training	The population of MLM consists of a large number of uneducated workers, as seen in 3.3.2. The lack of skills in the Municipality can be overcome by importing the required skills from outside the municipality, with the aim of introducing new development initiatives and skills transfers. Skills are required to design products, manufacturing processes, management protocols and develop the necessary infrastructure. These skills can be transferred to local workers through programmes where members of the local community are included in the development, implementation and operational process of manufacturing.

[10] https://mg.co.za/article/2015-10-09-00-non-mining-activities-need-to-be-promoted-to-mitigate-impact-of-minerals-downscaling

5.3.6 Availability of Support

The development of the manufacturing sector will depend on the support of relevant stakeholders. Table 30 lists the local private and public stakeholders who may aid the above-mentioned programs.

Table 30: Manufacturing Sector Available Support

Organisation	Description
Small Enterprise Development Agency (SEDA)	The Small Enterprise Development Agency (Seda)s an agency of the Department of Small Business Development. It is mandated to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government.
Department of Small Business Development (DSBD)	The mandate of the DSBD to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability.
Technology Innovation Agency (TIA)	The TIA's focus is on technology development; from proof of concept to the pre commercialisation. to achieve this, TIA established the following funds: The Seed Fund, the Technology Development Fund and the Commercialisation Support Fund.
Department of Science and Technology	The Department of Science and Technology aims to provide leadership, an enabling environment, and resources for science, technology and innovation in support of South Africa's development.
Industrial Development Agency (IDC)	The IDC funds industries, such as agro-processing & agriculture; chemical products & pharmaceuticals, basic & speciality chemicals, clothing & textiles, heavy manufacturing, light manufacturing, media and audio visuals, machinery & equipment, new industries, automotive & transport equipment, industrial infrastructure and basic metals and mining
Department of Trade and Industry (DTI)	DTI offers a range of incentive schemes, loans and grants for businesses.
National Empowerment Fund (NEF)	Anticipate future funding and investments necessary for supporting SMMEs and individuals that were previously disadvantaged to establish their businesses.
National Youth Development Agency (NYDA)	Provides enterprise funds for young entrepreneurs and aims to assist them in starting a business or growing an existing one.
Isivande Women's Fund	An exclusive fund that aims to accelerate black economic empowerment by providing more affordable, usable and responsive financial support than those currently available.
Small Enterprise Finance Agency (SEFA)	Provide loans directly to SMMEs and co-operatives operating in all sectors of the economy.
South African Small, Medium Enterprise Fund (SA SME)	Provides much-needed capital, as well as business support and mentorship in equal measure for SMMEs.
Community Public Private Partnerships Programme (CPPP)	The CPPP Programme is a national programme that was launched to facilitate commercial linkages between resource-rich rural communities and private sector investors. The programme is committed to unlocking the economic value of state or community-owned land and, in so doing, revitalising rural economies, reducing poverty, increasing community empowerment and promoting sustainable resource use in some of the country's poorest regions.
National Treasury	The Neighbourhood Development Partnership Grant's principal focus is not limited to facilities themselves, but how the investment both addresses a need and contributes to the economic and social development prospects of a node or neighbourhood.

5.4 Trade Sector

Trade falls under the tertiary sector of the economy, and consists of wholesale, retail, accommodation and catering traders. Traders sell final goods to markets for consumption and/or utilisation. Wholesalers typically sell goods to small retail outlets and the retailers sell to the general public. Accommodation services are provided by businesses, such as hotels, guesthouses and camping sites; and catering services range from weddings to large conference suppliers.

A survey of the local formal and informal businesses was conducted during May 2019 to assess the status quo of the trade sector. The following subsectors will convey the results of the surveys.

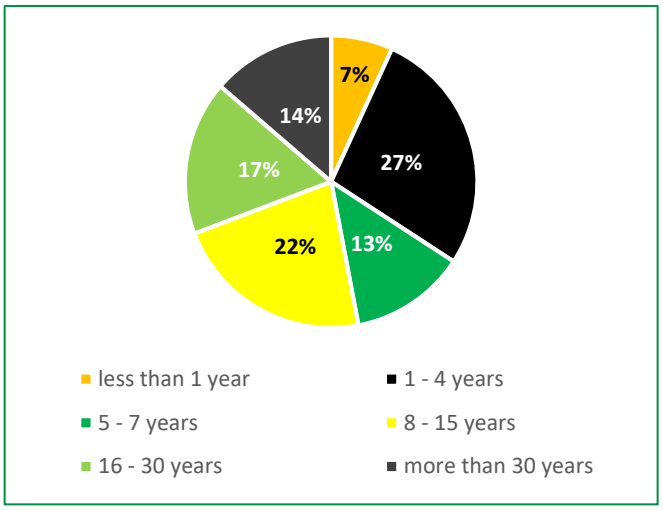
5.4.1 Formal and Informal Business Survey

- Urban-Econ Development Economists and Torpodi Development Consultants surveyed over 232 businesses in the MLM, in both the formal and informal sector. The survey conducted is a representative of all industries. There were more formal respondents than informal respondents. For both the formal and informal sector, majority of the businesses operate in the trade sector. In the formal sector, 78% of businesses operate in the trade sector, whilst 100% of the informal sector, comprises of the trade sector.
- According to the Brand South Africa, the trade sector includes retailers in specialised food, beverages, tobacco, pharmaceutical and medical goods, cosmetics and toiletries, general dealers, textiles, clothing, footwear, leather goods, household furniture, appliances and equipment, hardware, paint and glass, as well as various other dealers in miscellaneous goods. The successes of this sector should be enhanced and encouraged through regulation at both local and provincial levels of government as well as through training and other support to allow these entrepreneurs to enter the formal economy.
- To grow the small business and retail market, MLM must create opportunities for individuals to become entrepreneurs, and for informal entrepreneurs to enter the formal economy. As a sector develops, there will be more advantages to companies within that sector and to the wider economy, such as economies of scale, knowledge transfer, and workforce skill development. It is important not to rely too heavily on any one sector - a diversified economy is stronger and more resilient in the long term.
- Three different sectors, Mining, Manufacturing and the Finance, insurance, real estate and the business sector are comprising of the same proportion 3.70%. Most businesses (77%) have been operating for a period of 5 years or more. This suggest that there is a case of customer loyalty which is attached to these businesses; good businesses practices in place and a good geographical area. These factors play a role in the duration that businesses are operating, as well as the success/failure that yields from business activities.

5.4.1.1 Formal Business Survey

The small business and retail profile are based on survey data collected from the MLM in 2019. The formal business survey addressed several key components including business characteristics, location and challenges, market linkages, historic and future trends, and business confidence. In total, over 200 business owners participated in the survey from the MLM.

Figure 43: Years of business

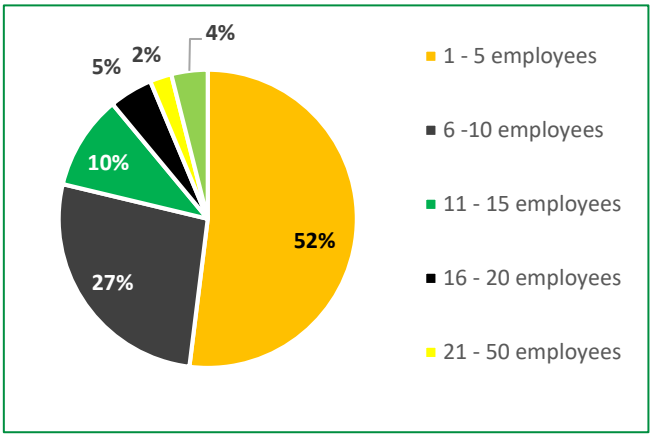


The formal business survey included participants from all economic sectors. The most widely represented sector was trade which constituted 78% of respondents and included grocers, restaurants, gift shop, pharmacies and those selling household wares.

The findings are illustrated in Figure 43, which shows that 34% of respondents had operated in the area for less than five years, 17% for more than 15 years and 13% for more than three decades. This implies that the small business and retail sector has developed over time and is relatively well established. Additionally, the fact that there are many new businesses illustrates a reasonably high level of confidence in the local economy.

The small business and retail sector in MLM is confined mainly only to micro and very small enterprises. Figure 44 illustrates that 52% of respondents hired full time employees between 1 and 5. This indicates that most of the businesses are relatively small. This also highlights the importance of small and retail businesses in providing household income and employment.

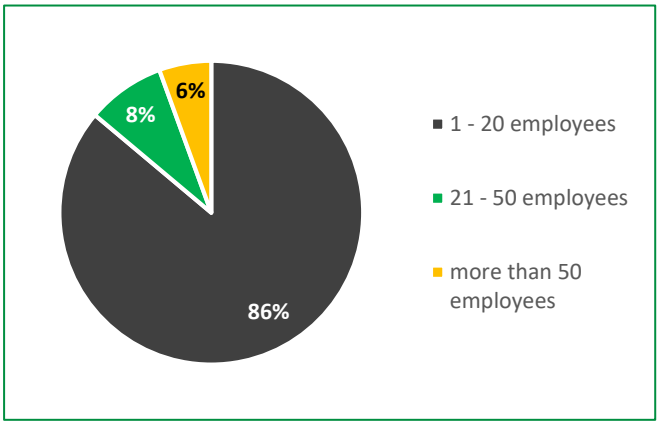
Figure 44: Full time employees



Part-time employees are those who, whether by personal choice or due to employment conditions beyond their control, work fewer hours than the regular, full-time staff of a business over the course of a year. Many small business owners rely on a blend of full and part-time employees to attend to basic operational needs, although some industries rely more heavily on one type or another. Retail sectors, for instance, utilise large percentages of part-time employees, while the work force of many manufacturers and service providers tends to be primarily composed of full-time employees.

As seen in Figure 45, majority of businesses employed 86% of part-time employees between 1 and 20. Costs are generally lower in terms of direct monetary compensation. Part timers are often willing to learn new tasks and responsibilities

Figure 45: Part-time employees



Returns to education is generally expected to be higher in the formal sector than in the informal sector. This is also expected to lead to positive wage differentials between the formal and informal sectors as higher education levels correlates with higher wages. Small or even negative differentials is generally associated with lower education levels such as some secondary education, primary education and in some cases, no education.

As seen in Table 31, 55% of the of respondents have completed secondary education. Completion of secondary education, which is referred to as matric, is often the standard level of education that most businesses require employees to have. The proportion of employees' level of education which is below the level of completed secondary education is 32% in total. This proportion comprises of employees that have some secondary education (16%), primary education (11%) and no education (5%).

Table 31: Level of education for current employees

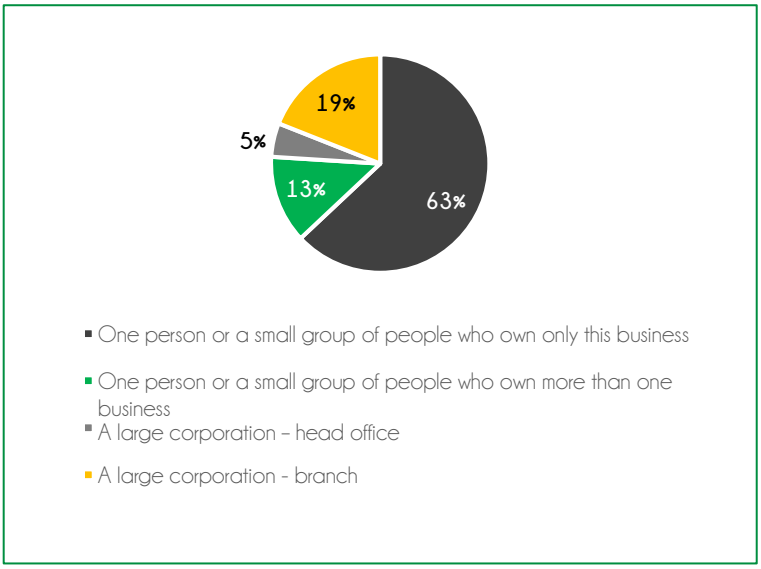
Level of education	Number of Employees	%
No Education	111	5%
Primary Education	246	11%
Some Secondary Education	351	16%
Complete Secondary Education	1200	55%
Tertiary Education	242	11%
Post-Graduate Education	39	2%
	2189	**100%**

One of the first decisions that a business must make is how it will be structured. The selection of a suitable form of ownership organisation is an important entrepreneurial decision because it influences the success and growth of a business. It also determines the decision of profits and some of the risks associated with business.

As seen in Figure 46, 63% of businesses' ownership is by one person or a small group of people that own this type of business. Due to their size and scale of operations, these types of businesses are referred to as small and medium businesses. The nature of such businesses is characterised the following:

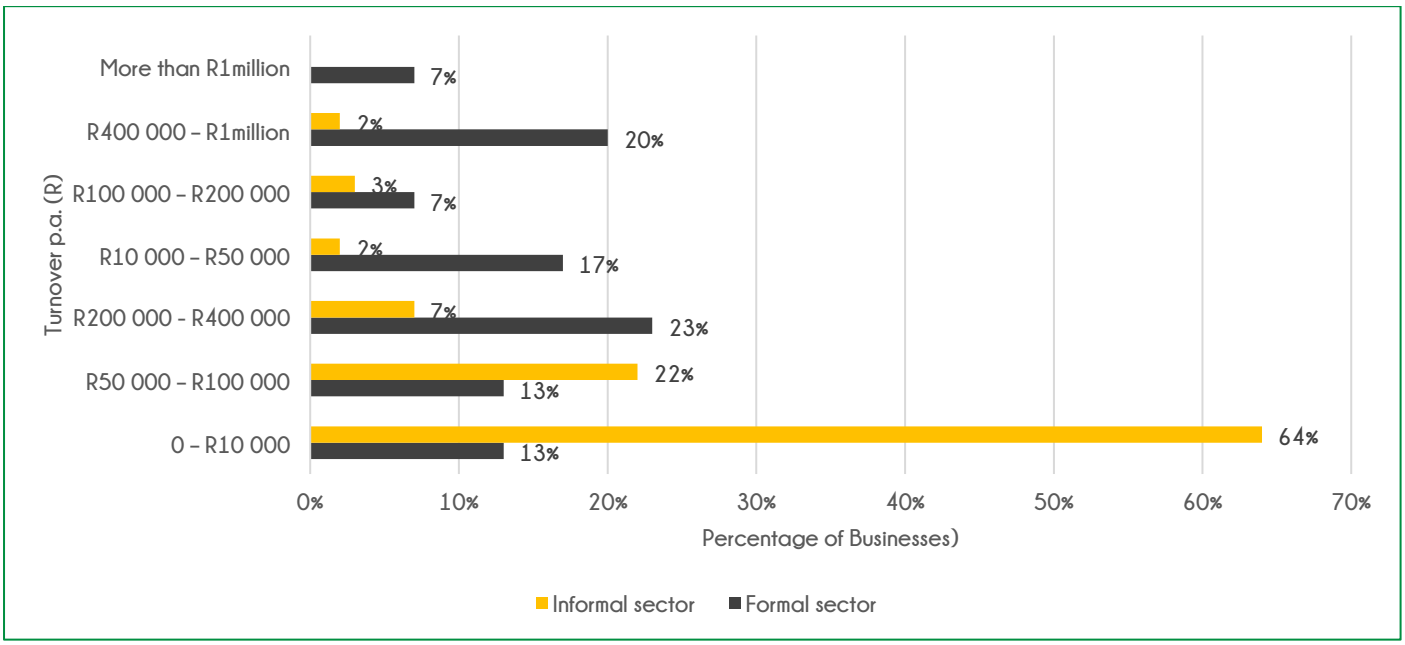
- easy and inexpensive to create;
- associated with flexibility and control
- there are a few government regulations involved.

Figure 46: Nature of business ownership



The formal business survey also assessed the size of small and retail enterprise according to monthly turnover. Figure 47 illustrate that more than half (64%) of respondents generate a monthly turnover of R0 to R10 000. This indicates a low level of business development and economic activities. The small business and retail indicate some strength as findings illustrated that 20% of respondents generate a monthly income between R400 000 and R1 million.

Figure 47: Monthly turnover of businesses



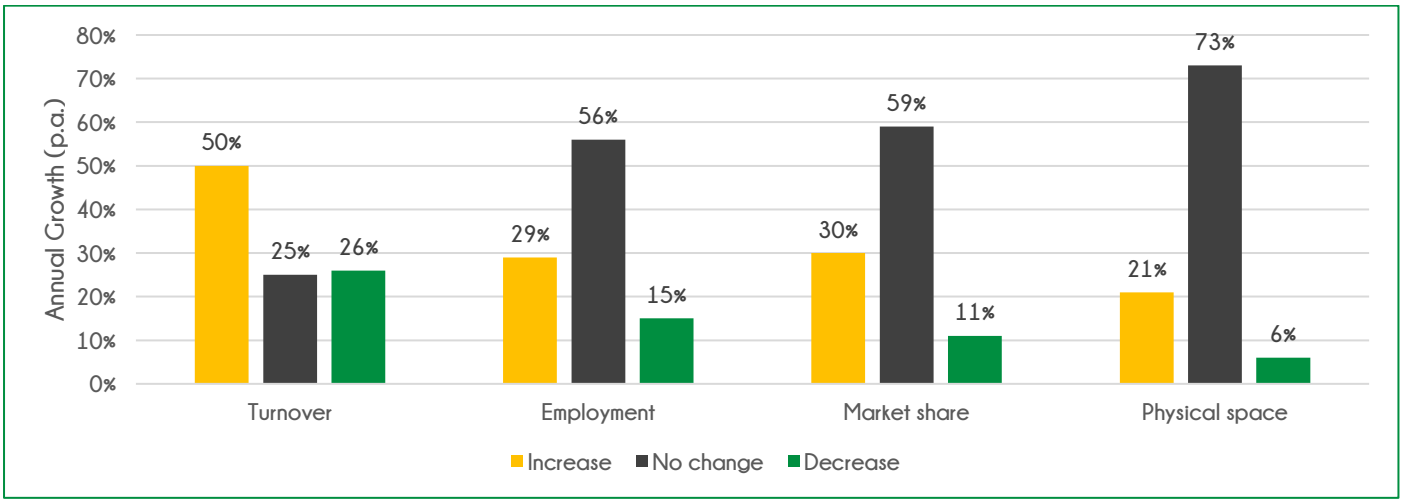
Source: Matjhabeng Survey Database, 2019

The delivery of reliable and affordable services including water, electricity, sewage, refuse removal and local roads/streets was also considered in the formal business survey. Over 60% respondents reported that that the provision of electricity and water services were **delivered reliably**, reiterating the service delivery achievements of the Municipality. There was however greater concern over sewage and local streets/roads. Approximately only **36% and 38%** feel that the provision of these services is reliable. Only 50% of the electricity supply is considered sufficient to **expand** the business practice. This is a concern that will affect the efficiency of businesses and the level at which products/services of businesses are delivered.

The final set of questions in the MLM formal business survey addressed historical and projected trends among the local business community. The first question asked respondents to report on changes to their business over the previous three years according to four main indicators; turnover, employment, market share and physical size. Figure 48 presents the survey findings, illustrating the relatively high fluctuation in business turnover compared to other indicators.

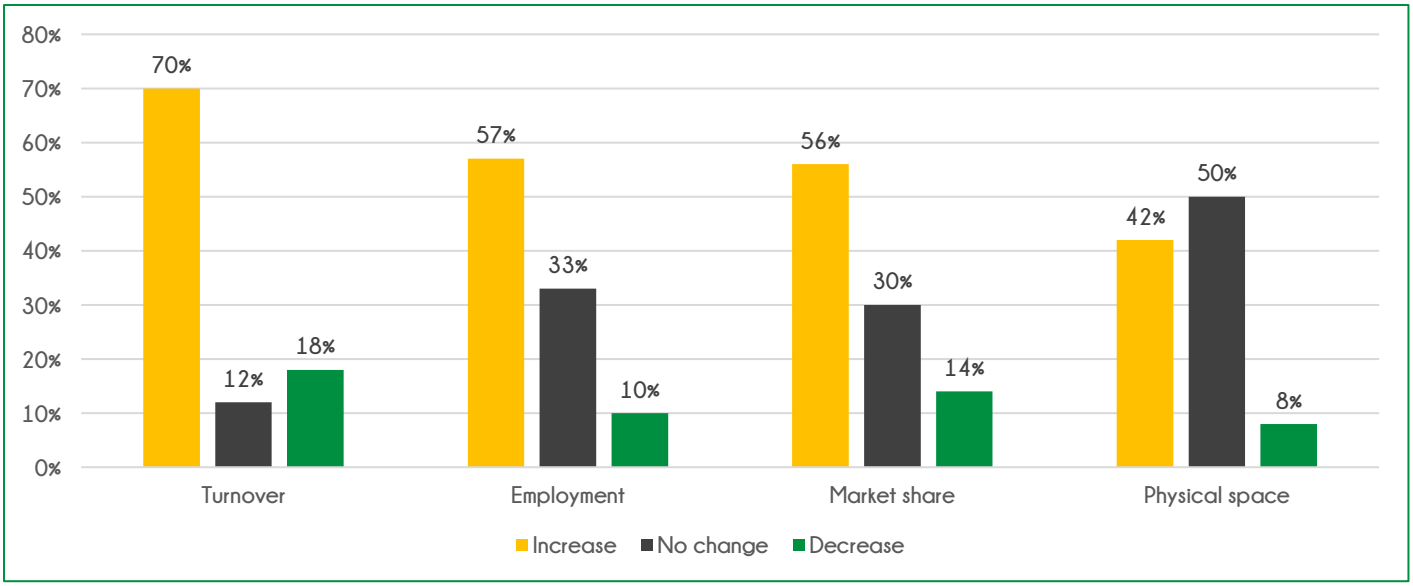
Over the past 3 years, most businesses in the formal sector experienced the greatest fluctuation in turnover, with the distribution between no change and a decline separated by just 1%. Other indicators reported an increase in employment, market share and physical space. These findings indicate growth in small business and retail and suggests that there is potential for further development.

Figure 48: Formal business growth



The survey also asked respondents o their expectations over the next twelve months for the indicators of turnover, employment, market share and physical space. Figure 49 illustrates that most responses were positive with 70% anticipating an increase in turnover, 57% in employment, 56% in market share. The respondents, however, were not too positive about the prospects of physical size as 50% anticipate that the physical size will remain the same.

Figure 49: Formal business expectations



Source: Matjhabeng Survey Database, 2019

In terms of legislative red tape, over 93% of businesses rendered **legislative red tape as** a hindrance to growth prospects. Ease of business entry and efficient regulation enforcement as red tape legislation to higher rates of corruption and a large informal economy

5.4.1.2 Informal Business Survey

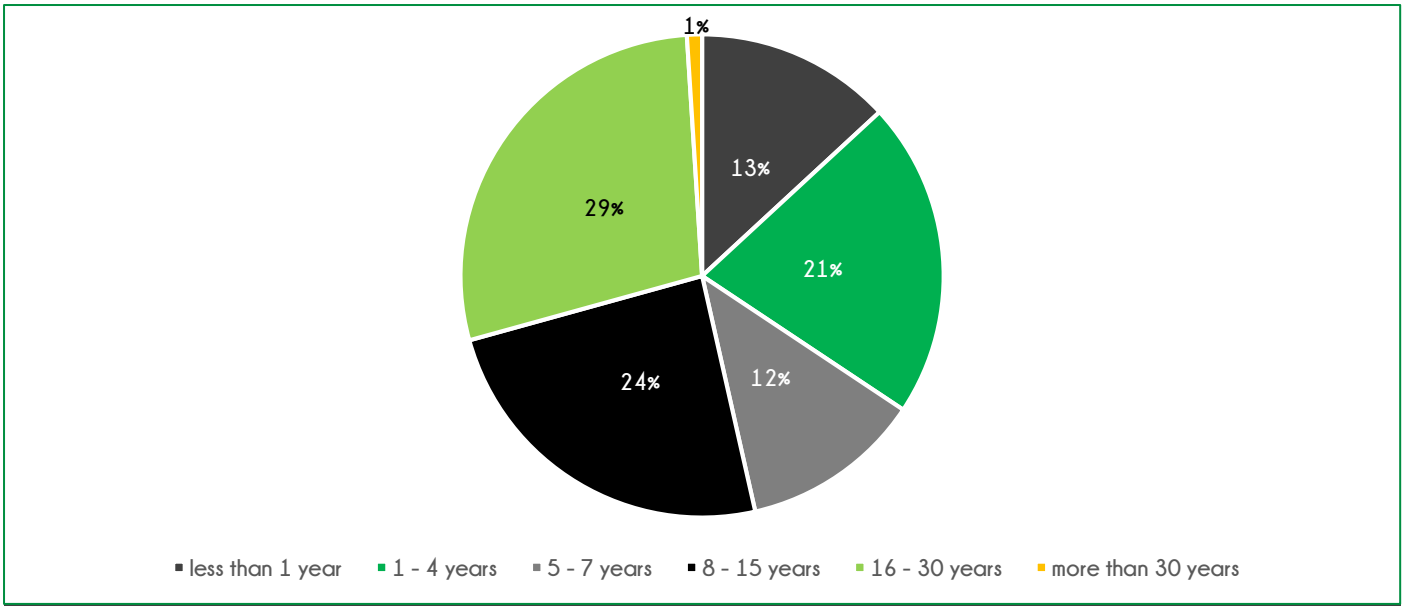
There were 97 respondents that participated in the informal business survey. Most traders in the informal sector have the basic tools to run their businesses. In order to enhance their businesses, adequate shelter and electricity and water supply is essential, including amenities such as toilets. Earnings from business are usually too little and inconsistent to rely on. The other challenge is the perception that too many businesses sell the same product within the same area of operation, the traders rely heavily on passing trade for the generation of sales of their products.

The market for the informal sector is often people who are marginalised, unemployed, poor, and unwell. Goods tend to be sold on credit and cheaply. It is important that entrepreneurship is emphasised. This must begin at school level if necessary. The informal economy (the economy outside of state control e.g. taxation and GDP calculations) in the MLM and the Free State at large has proved to be an important buffer for poverty and puts food on tables in thousands of households every day. There is a wide range of occupations in the informal sector, including hawkers, spaza shops, fast foods, sangomas, hairdressers, illustrating the diversity of the sector.

The three main products and/or services that businesses have to offer in the informal sector were diverse: Within the durable goods sector, furniture and household appliances were the most sold goods. Semi-durable goods mainly consisted of clothing and footwear. In the non-durable goods sector, food, beverages and tobaccos were the most sold goods**.** The highest services rendered were the miscellaneous services.

As seen in Figure 50, almost a third (29%) of the businesses in the Matjhabeng M's informal sector have been operating for less than a year. This shows that there is motivation to start up and establish businesses. The costs of doing businesses is low and barriers to entry in this sector is not restricted, which makes it relatively easy to enter this type of business.

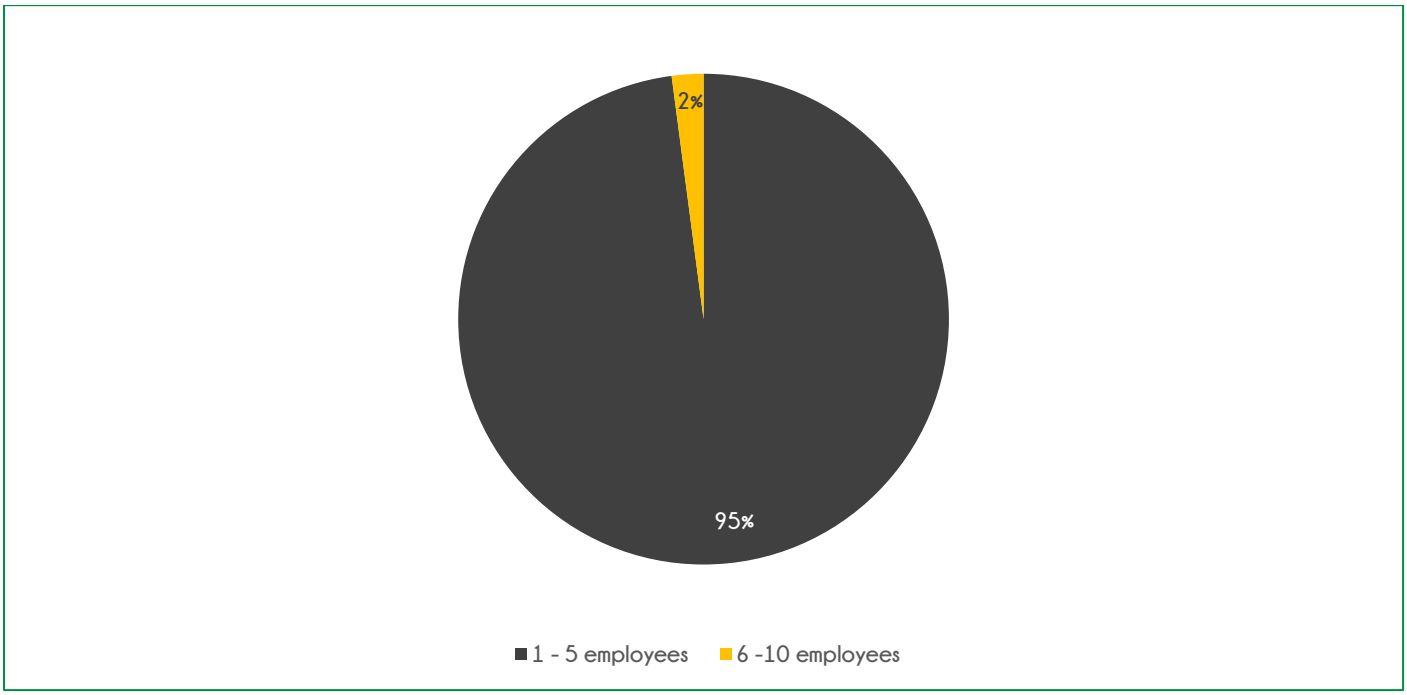
Figure 50: Years of business in informal sector



Source: Matjhabeng Survey Database, 2019

The level of employment in the informal sector is much lower than among formal enterprises. This is expected as the informal economy mainly comprises of people that are carrying out operations that does not require multiple employees, for example hawkers. As seen in Figure 51, the majority of businesses comprises of employees between 1 and 5. In most cases, these businesses are owned by a 1 person, or a partnership of 2 to 3 people.

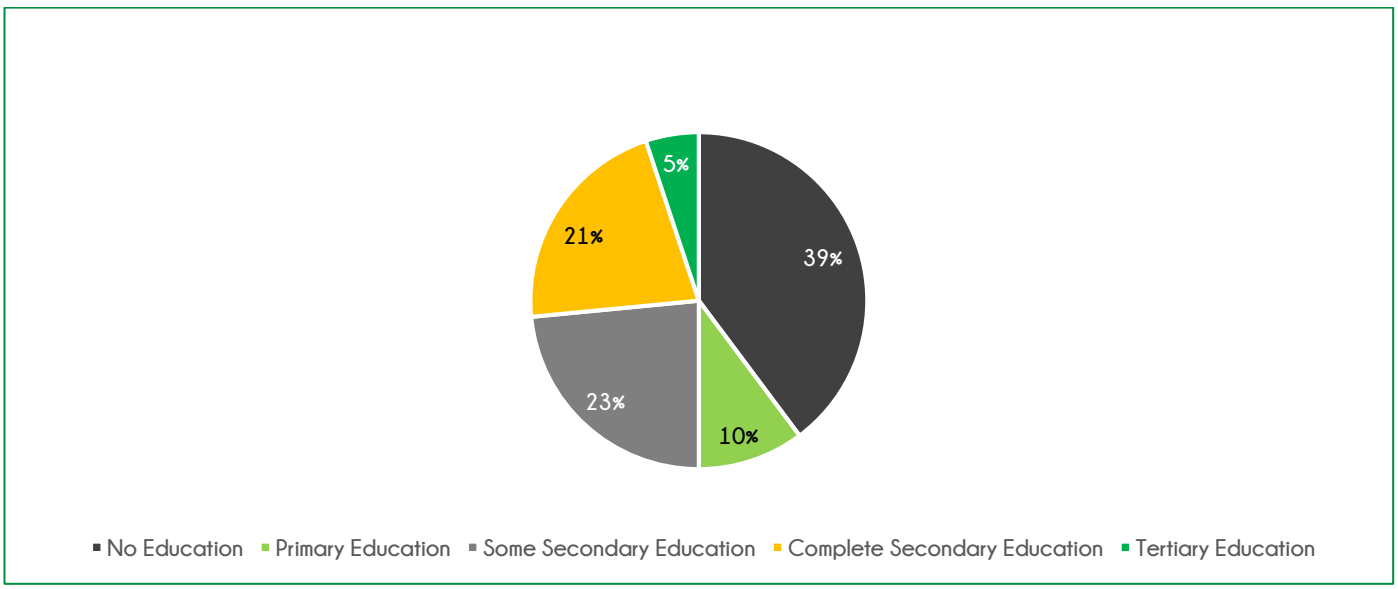
Figure 51: The number of employees in the informal sector- full time and part time



Source: Matjhabeng Survey Database, 2019

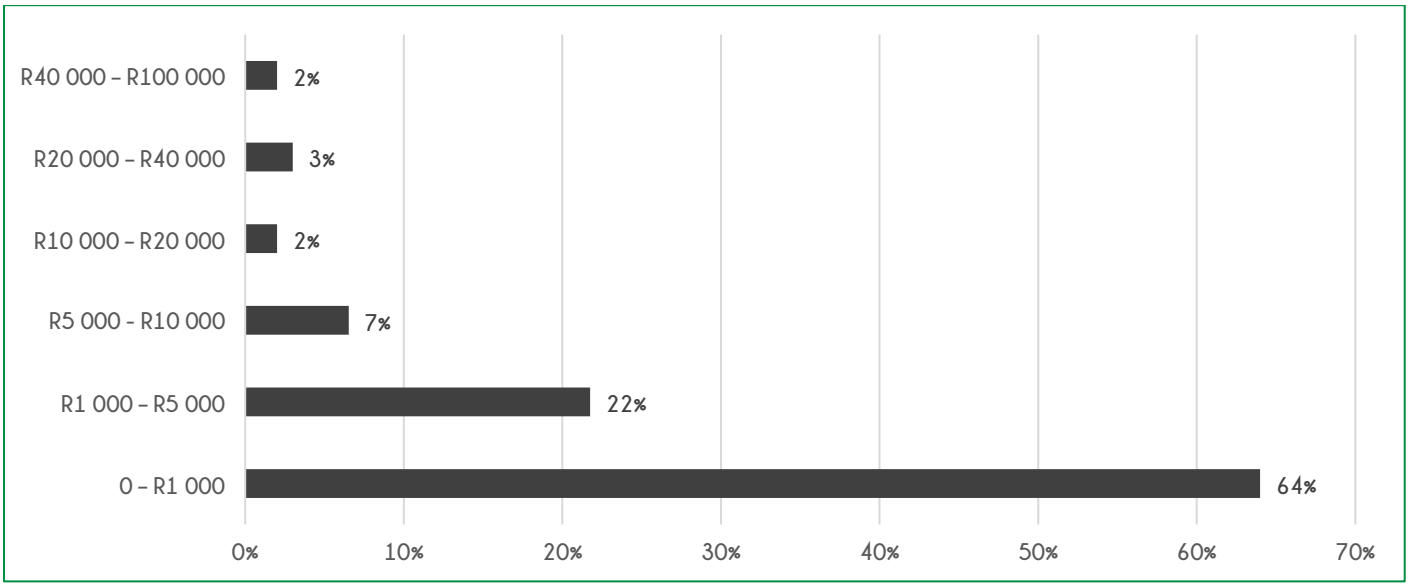
Employees in the informal sector are likely to be associated with lower levels of education. The less literate workforce who couldn't find enough work possibilities in the formal sector searches for employment possibilities in the informal sector. As seen in Figure 52, more than a third (39%) of people in the informal sector have not attained any education.

Figure 52: Levels of education in the informal sector



The businesses that seems to generate the highest monthly turnovers are taverns and shebeens, followed by taxi drivers. The traders that make by far the lowest earnings are the street hawkers, with most of their earnings collected on a daily basis. As with other businesses in the informal sector the rate of income is cyclical, peaking over weekends and month ends.

Figure 53: Monthly turnover of informal businesses



Source: Matjhabeng Survey Database, 2019

5.4.1.2.1 Development opportunities

Where new economic development ideas for the informal sector are being directed, local municipality has a role to play in promoting them to the local community and a broader audience according to the nature of the plan. MLM can introduce the following development opportunities.

- The MLM needs to establish a unit to register traders and facilitate growth and awareness-raising. This can be achieved by identifying sites, offering training and facilitating development. This can be established through an informal sector policy.
- Changes to business licensing procedures, or the launch of a new business support centre, for example, need to be communicated to small and micro business owners in the city. In terms of distance, business support centres should be visible, accessible, and welcoming to clients.
- Include incentives for formalisation, like business development courses, and better access to credit. There is a problem in inadequate coordination amongst a variety of agencies interacting with and supposedly supporting the development of the informal sector. While the introduction of IDPs and LED strategies may provide assistance, there will be a need for coordinated action across the MLM.
- MLM can assist the MLM by expanding the informal sector market, improving facilities and profits, assisting access to finances, business advice and training, creating an enabling environment and improving coordination between support agencies.
- Simplify business licensing processes and establish business licensing and operating fees that are affordable and appropriate to the size and scale of the business.
- Open a cashpoint in a local area- people tend to spend cash near to where they withdraw it. This can also be supported by promoting cooperative banks that invest local savings in local projects. This will encourage local spending rather than purchasing services from outside providers
- Develop a clear, consistent plan for promoting formalisation in order to improve business outcomes, public health and safety, while minimising corruption and police harassment.
- Provide market space for farmers or local craftspeople. Undertaking a successful marketing campaign demands determining desired results, assessing target markets, developing a set of marketing actions and, measuring the success of the marketing initiative.

The Centre for Business Dynamics at the University of the Free State has indicated that entrepreneurs experience more job satisfaction, challenge, pride and remuneration than managers of big companies. It is expected that 80% of white-collar jobs will

vanish or change totally or unrecognizably in the USA within the next 15 years and 70% of school seniors indicated that they wanted to own their own business. This appears to be a worldwide trend that South Africa will have to follow.

5.4.1.2.2 Availability of support

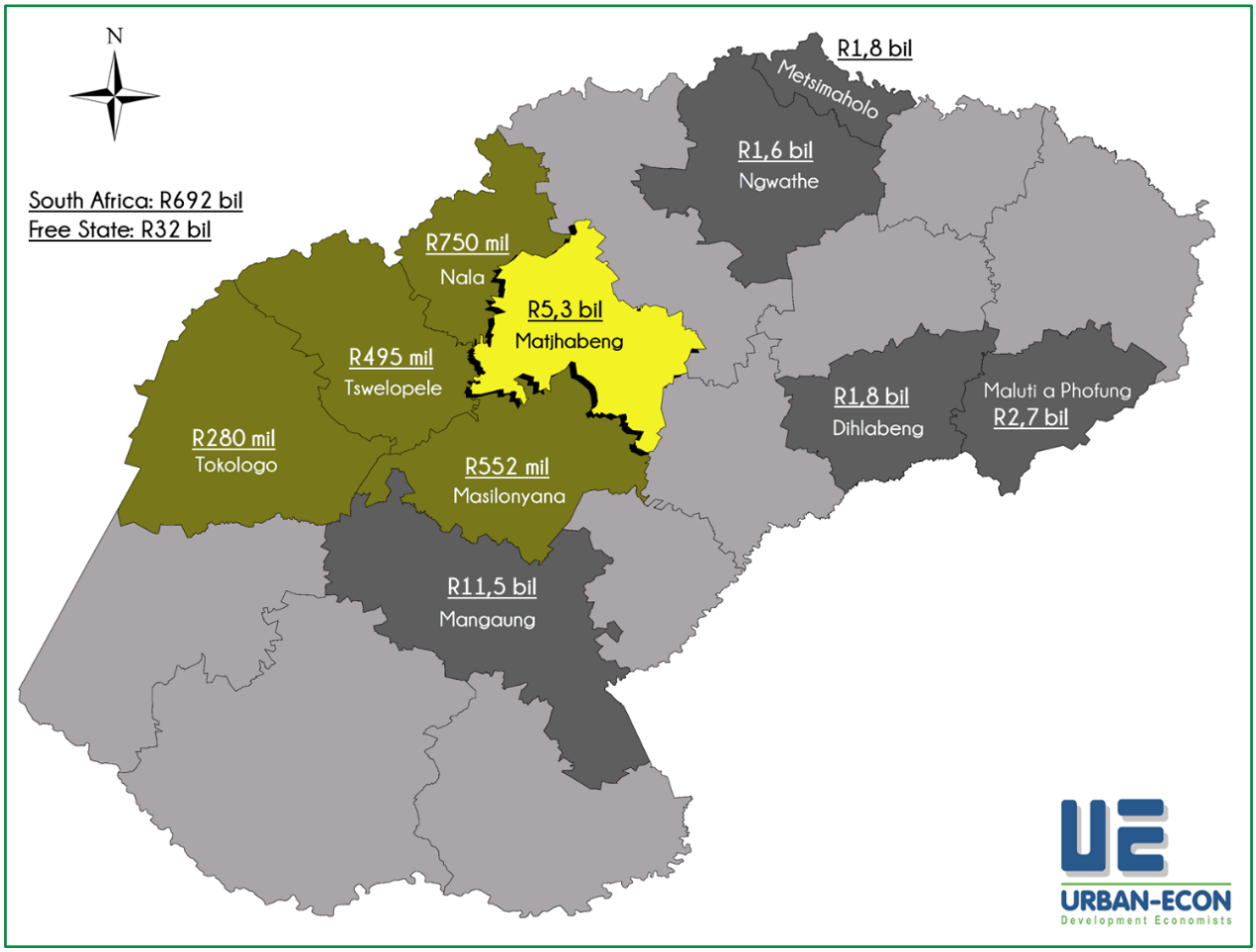
Table 32: Trade Sector Availability of Support

Programme / Organisation	Summary of Key Objectives
Department of Labour (DoL)	DoL's core mandate is to publish and regulate labour practices and activities across the South African labour force. They see LED as a poverty alleviation strategy. With regards to LED initiatives the Department of Labour is responsible for Skills Development, guided by the Skills Development Act 55 of 1995 and amended in 2003. Amongst others, the Skills Development Act aims to develop the skills of the South African workforce and to promote self-employment
Department of Trade and Industry (DTI)	The core role of the DTI is to assist emerging small businesses to market their products, ensuring that the products are in line with trade regulations. The Department is also actively involved in projects that promote trade and investment as well as expanding businesses. The DTI also assists in the facilitation of linking people in the SMME sector to related service providers.
Department of Agriculture (DoA)	The FSDoA is also involved with the Expanded Public Works Programme (EPWP). This programme stipulates that people must be skilled, training opportunities should be made available, that temporary jobs are created, and the projects initiated must be in line with poverty alleviation strategies.
Small Business Development	The Minister of Small Business Development delivered an address at the Youth Empowerment Day held at Odendaalsrus in the MLM. The event was geared towards creating a platform for economic dialogue between various stakeholders, transferring of business skills, facilitating in the establishment of Co-operatives and enhancing mentorship and business after care services.

5.4.2 Economic Growth

The trade sector in Matjhabeng is the second largest of its kind in the Free State, as seen in Map 23, due to its direct correlation to the size of the local population, as seen in section 3.2. The MLM produced an estimated R5,3 billion in GVA for 2019, almost half of Mangaung (R11,5 billion) and almost twice as much as Maluti-A-Phofung LM (R2,7 billion). The MLM contributed an estimated 16,5% of the provincial trade in the same year.

Map 23: Trade Sector's GVA Contribution - 2019



Source: Quantec, 2019

As seen in Figure 54, the trade industry in Matjhabeng contributed an estimated 14% towards the total municipal GVA in 2019, 4% lower than the provincial average of 18%, and 1% lower than the national average. In comparison to the wider study region, only Metsimaholo's trader contributed a smaller proportion (11%). The municipality with the highest proportional trade sector was Tswelopele LM with 29%, followed by six municipalities above 20%. The lower proportion of the trade sector, in comparison to the total Matjhabeng economy, can be attributed to the mining sector's significant economic contribution, and therefore the 14% of the trade sector may not be a true reflection of the importance of the sector's importance to the LM's economy.

Figure 54: Trade Sector's Contribution to total Regional GVA - 2019

Source: Quantec, 2019

As seen in Figure 55, between 2009 and 2019, the real economic growth in MLM, based on 2011 prices to exclude the effects of inflation, has increased from R 3,5 billion to R4,6 billion, with a 2,9% average annual increase over the period. Assuming the historic trend continues, it is projected that the sector will increase production to R5,4 billion by 2030, in real terms. When comparing the economic growth of the sector to the 2,2% population growth of the LM in section 3.2.1, the trade sector is expected to grow at a higher rate, therefore indicating that the growth of the sector is favourable.

Figure 55: MLM Trade Sector's RGVA Growth (2009 - 2019)

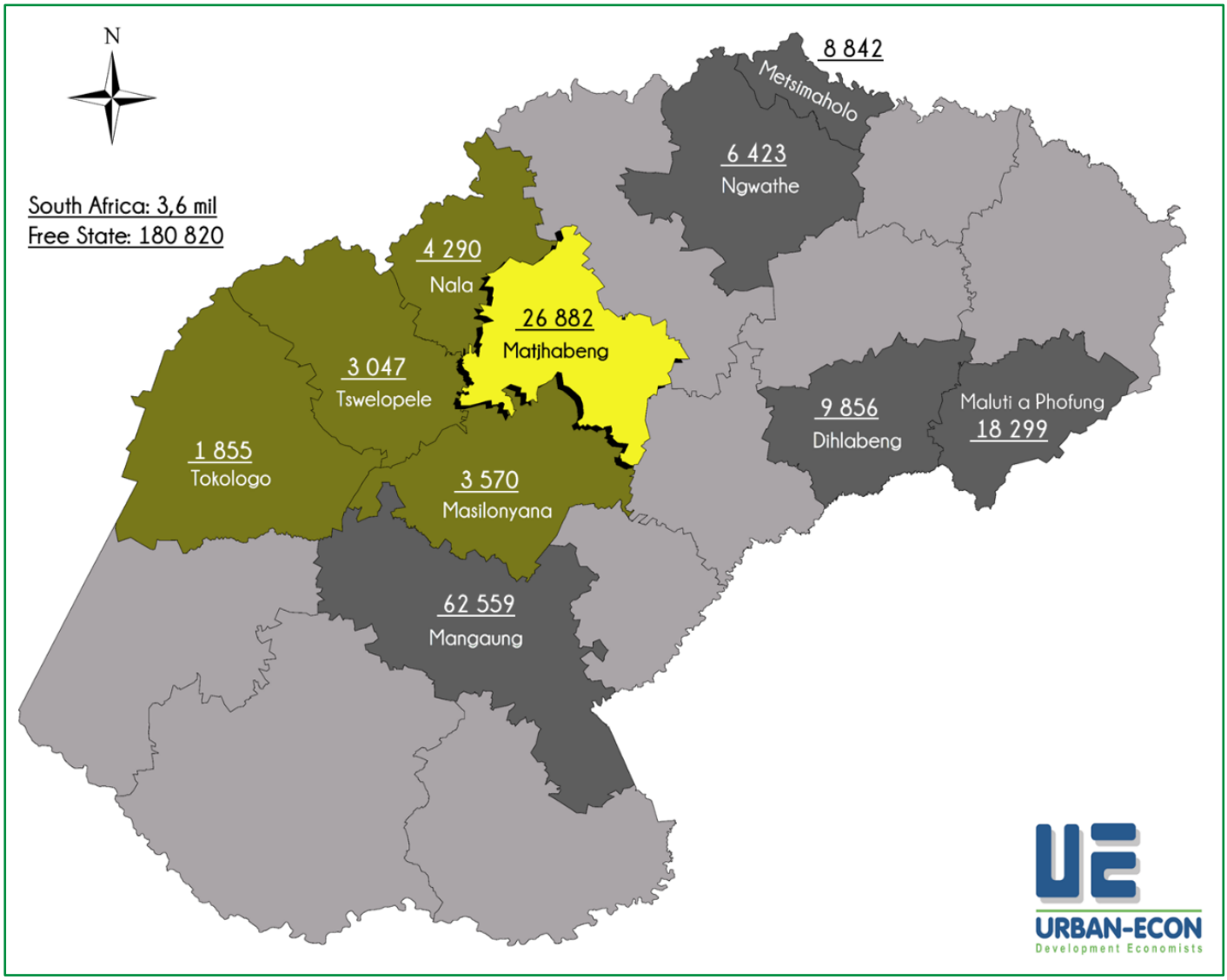
Source: Quantec, 2019

5.4.3 Employment

The trade sector is the second largest private employment sector in MLM, as seen in section 3.6.6., behind the mining sector by approximately 4%, therefore indicating the importance of the sector in terms of employment. In 2019, approximately 26 880 workers were employed by the various businesses within the trade sector, as seen in Map 24, most notably the wholesale and retail industries.

The MLM's trade sector is responsible for the employment of approximately 15% of the provincial trade workforce, although the municipality employs less than half of Mangaung's trade workforce of approximately 62 560. The level of employment in the trade sector is relative to the size of the population, and as Matjhabeng has the second largest population in the Free State, the employment levels are proportional throughout the study region.

Map 24: Number of Trade Sector's Employees - 2019



Source: Quantec, 2019

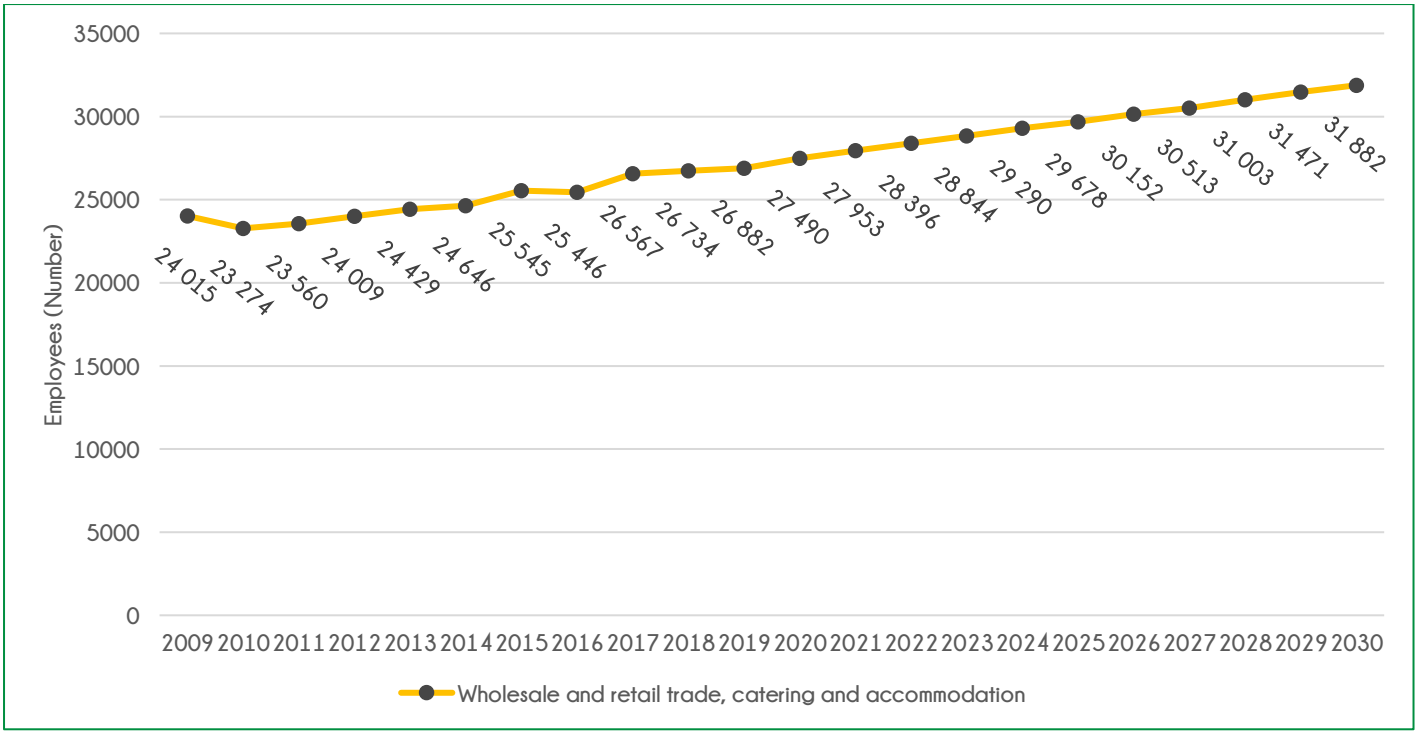
The trade sector employs roughly the same proportion (20%) of the workforce in each of the wider study regions, with the exception of Metsimaholo (17%), Mangaung (24%) and Maluti-A-Phofung (27%), as seen in Figure 56. MLM's trade industries employ approximately 19% of the workforce, 2% less than the provincial average of 21%, and 3% lower than the national average of 22%. As can be surmised that, for each region's population in the Free State, the trade sector offers approximately 20% of the available jobs, to satisfy the human resources demands for servicing local consumers.

Figure 56: Trade Sector's Contribution to total Regional Employment - 2019

Source: Quantec, 2019

Figure 57 shows the growth of trade sector employment between 2009 and 2030, which amounts to an estimated average annual growth rate of 1,8%. The number of employees rose from approximately 24 015 to 26 882 between 2009 and 2019 and is projected to increase to 31 882 by 2030. When comparing the growth of employment to the annual population growth rate of 2,2% in section 3.2.1, the sector has a lower rate of annual employment growth and will need to be stimulated in order to create more employment opportunities.

Figure 57: MLM Trade Sector's Employment Projection (2009 - 2019)



Source: Quantec, 2019

5.4.4 Employment by Skill

The trade sector in MLM employed approximately 26 800 workers in 2019, as seen in the previous section. The skill-levels required for the formal sector's employees has increased between 2009 and 2019, and informal employment has decreased, as seen in Table 34. The skilled and unskilled employment make up 47% of the sector's workforce, and 15% are low-skilled, indicating that the trade sector requires more semi- skill staff to perform operation tasks. The relatively large informal employment figures suggest that many unsuccessful jobseekers turn to the informal sectors as a source of income.

In comparison to the wider study region, a similar trend occurs at a district, provincial and national level, although the increase in the employment of low-skilled workers in MLM was higher than that of the province and country between 2009 and 2030. During the same period, the increase in semi-skilled workers in the province and country was higher than that of MLM. The large informal employment market suggests that informal businesses are an important part of the fabric of the local economy, and therefore initiatives, such as mentorship programmes by formal sector stakeholders, should be developed to improve the skill levels of these employees.

Table 33: MLM Trade Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	4%
Formal sector: Semi-Skilled	2%
Formal sector: Low Skilled	2%
Informal	-0,4%

Table 34: Trade Sector's Employment by Skill (2009 - 2019)

Employment by Skill	South Africa					Free State					Matjhabeng				
	2009		2019		Monthly Average	2009		2019		Monthly Average	2009		2019		Monthly Average
	Number	%	Number	%		Number	%	Number	%		Number	%	Number	%	
Formal sector: Skilled	355 909	12%	512 912	14%	R16 526	13 413	8%	19 013	11%	R14 229	2 367	10%	3 389	13%	R12 868
Formal sector: Semi-Skilled	997 606	33%	133 3593	37%	R8 763	48 268	29%	59 815	33%	R7 729	7 694	32%	9 146	34%	R8 295
Formal sector: Low Skilled	321 503	11%	397 736	11%	R6 806	16 286	10%	18 786	10%	R6 275	3 128	13%	3 902	15%	R7 461
Informal	1 375 657	45%	1 403 915	38%	R1 494	86 936	53%	83 205	46%	R1 335	10 826	45%	10 445	39%	R1 292

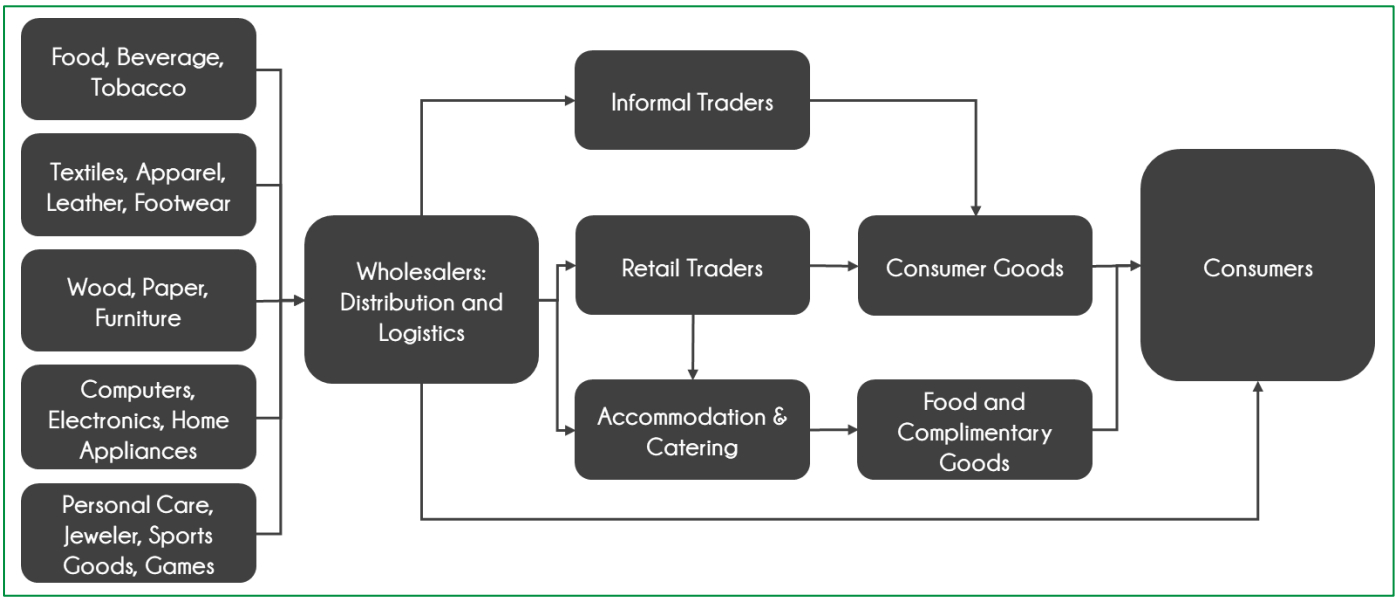
Source: Quantec, 2019

5.4.5 Trade Sector Value Chain

The trade sector includes goods traders and hospitality businesses. In terms of the trade sector value chain, the major traders include wholesalers and retailers; and the hospitality role players include accommodation providers, such as hotels and guesthouses, and caterers. The trade sector is an important channel for consumers to gain access to manufactured goods.

As seen in Figure 58, the manufactured finished goods are purchased by wholesalers whole distribute products directly to retailers, accommodation providers, caterers and consumers, typically in bulk. Retailers provide consumer goods directly to customers, at a smaller scale. Accommodation and catering businesses also purchase inputs from the retail traders, in smaller quantities than wholesalers, and utilise these inputs to provide hospitality services directly to consumers.

Figure 58: Trade Sector Value Chain



Source: Best Environmental Management Practice, 2015

The complexity of the trade sector value chain illustrates that a variety of opportunities may be identified, depending on the entrepreneurs' creativity, ambition and risk appetite. Wholesale is more capital intensive, in comparison to the retail industry, as wholesalers hold large quantities of inventories for sale, but offers higher returns due to the volume of goods traded. The hospitality industry offers development opportunities, in terms of hosting travellers, visitors, and catering for functions. Development opportunities will be discussed in the following subsector.

5.4.6 Potential Developmental Opportunities

The trade sector consists of a large informal component, which indicates the need for development in order to aid the sector to absorb these role-players into the formal markets. The support of traders in Matjhabeng will encourage traders to expand their operations, employ more workers, and operate businesses in line with ethical business practices

Table 35: Trade Sector Development Opportunities

Opportunity	Description
Introduce Informal Business Complexes (IBC)	The significant presence of informal traders in MLM, which consists mainly of street vendors, indicates that sufficient infrastructure will aid in the improvement of local trade offerings, therefor attract new potential clients. The development of Informal Business Complexes (IBC) in the various towns of Matjhabeng will provide official spaces for street vendors to sell goods to the general public. Simple steel structures can be erected in neat aisles where vendors can display their items for customers to view. These complexes will provide exposure to vendors as potential customers peruse the vendor stalls. These official complexes also ensure continuity for vendors who pay rent to utilise the stalls.
Encourage Mentorship and	The development of the trade industry in MLM should include the emerging businesses that include small and informal businesses. Small and informal businesses typically operate in isolation, therefor

Opportunity	Description
Networking Programmes	receive very little support in terms of market information and purchasing discount. Therefore, the local business forums should be approached to aid these businesses develop business network. The advantages of creating business networks is that these stakeholders can: ➢ form forums to discuss investment opportunities and market trends ➢ negotiate business deals ➢ join business partnerships ➢ make bulk purchases together to benefit from discounts
Encourage Small Business Development	Government has prioritised entrepreneurship and the advancement of Small, Medium and Micro-sized Enterprises (SMMEs) as the catalyst to achieving economic growth and development. With the assistance of other government departments and institutions, the dti takes the lead in implementing SMME-related policies, to ensure that adequate financial and non-financial assistance is provided to the sector, for its long-term prosperity and that of the country as a whole. Skills development is essential for the improvement of businesses. Small trade businesses employ mostly low-and semi-skilled workers, highlighting the need for skills development within the sector. Improved skills would result in more effective and efficient business practices, including management and operational activities. Small business development is a mandate of The Small Enterprise Development Agencies (Seda), agencies of the Department of Small Business Development.

5.4.7 Availability of Support

The development of the trade sector will depend on the support of relevant stakeholders. Table 36 lists the local private and public stakeholders who may aid the above-mentioned programs.

Table 36: Trade Sector Available Support

Organisation	Description
Small Enterprise Development Agency (SEDA)	The Small Enterprise Development Agency (Seda)s an agency of the Department of Small Business Development. It is mandated to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government.
Department of Small Business Development (DSBD)	The mandate of the DSBD to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability.
Department of Science and Technology	The Department of Science and Technology aims to provide leadership, an enabling environment, and resources for science, technology and innovation in support of South Africa's development.
Industrial Development Agency (IDC)	The IDC funds industries, such as agro-processing & agriculture; chemical products & pharmaceuticals, basic & speciality chemicals, clothing & textiles, heavy manufacturing, light manufacturing, media and audio visuals, machinery & equipment, new industries, automotive & transport equipment, industrial infrastructure and basic metals and mining
Department of Trade and Industry (DTI)	DTI offers a range of incentive schemes, loans and grants for businesses.
Wholesale and Retail Skills Development for Economic Growth (WRSETA)	The mission of WRSETA is to develop a capable, competent, skilled, and professional workforce to transform the Wholesale and Retail Sector
National Empowerment Fund (NEF)	Anticipate future funding and investments necessary for supporting SMMEs and individuals that were previously disadvantaged to establish their businesses.
National Youth Development Agency (NYDA)	Provides enterprise funds for young entrepreneurs and aims to assist them in starting a business or growing an existing one.
Free State Goldfields Chamber of Business (FSGCB)	The FSGCB is a chamber of local businesses with the mandate to be a positive link between business and statutory organizations; utilise our unlimited resources, through SACCI & AHI; enhance and encourage business in the Goldfields; promote and encourage positive publicity about the Goldfields; maintain and promote high ethical standards in the business sector

Organisation	Description
Isivande Women's Fund	An exclusive fund that aims to accelerate black economic empowerment by providing more affordable, usable and responsive financial support than those currently available.
Small Enterprise Finance Agency (SEFA)	Provide loans directly to SMMEs and co-operatives operating in all sectors of the economy.
South African Small, Medium Enterprise Fund (SA SME)	Provides much-needed capital, as well as business support and mentorship in equal measure for SMMEs.
Community Public Private Partnerships Programme (CPPP)	The CPPP Programme is a national programme that was launched to facilitate commercial linkages between resource-rich rural communities and private sector investors. The programme is committed to unlocking the economic value of state or community-owned land and, in so doing, revitalising rural economies, reducing poverty, increasing community empowerment and promoting sustainable resource use in some of the country's poorest regions.
National Treasury	The Neighbourhood Development Partnership Grant's principal focus is not limited to facilities themselves, but how the investment both addresses a need and contributes to the economic and social development prospects of a node or neighbourhood. Capital grants are also allocated for tourism precincts and heritage, cultural, social, and traditional amenities and precincts.

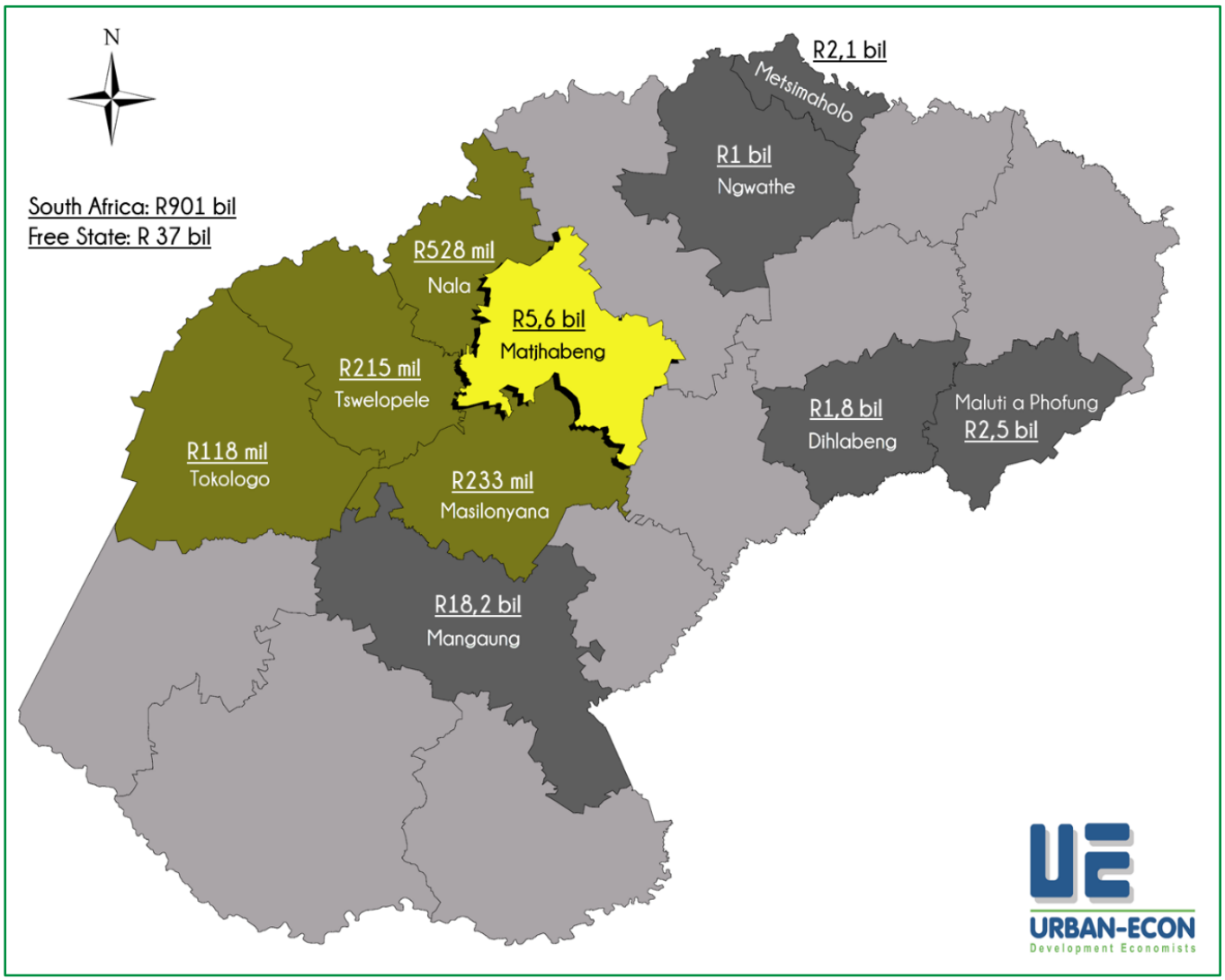
5.5 Finance and Professional Business Services Sector

The Finance and Professional Business Services sector, hereafter referred to as the "Finance Sector", includes services aimed at handling funds; improving the financial position of businesses through finance and management services; and business services. These services are categorised as tertiary sector industries and are an important part of aiding businesses to achieve goals and targets.

5.5.1 Economic Growth

The finance sector in Matjhabeng, as seen in section 3.6.3, was the third highest private-sector contributor to the MLM's 2019 GVA, with only the mining and trade sectors contributing more towards output. As seen in Map 25, MLM's finance sector produced R5,6 billion, placing the LM second, behind Mangaung MM (R18,2 billion), in the wider study region. MLM contributed an estimated 15% towards the provincial finance sector, while Mangaung MM contributed approximately 50%.

Map 25: Finance Sector's GVA Contribution - 2019

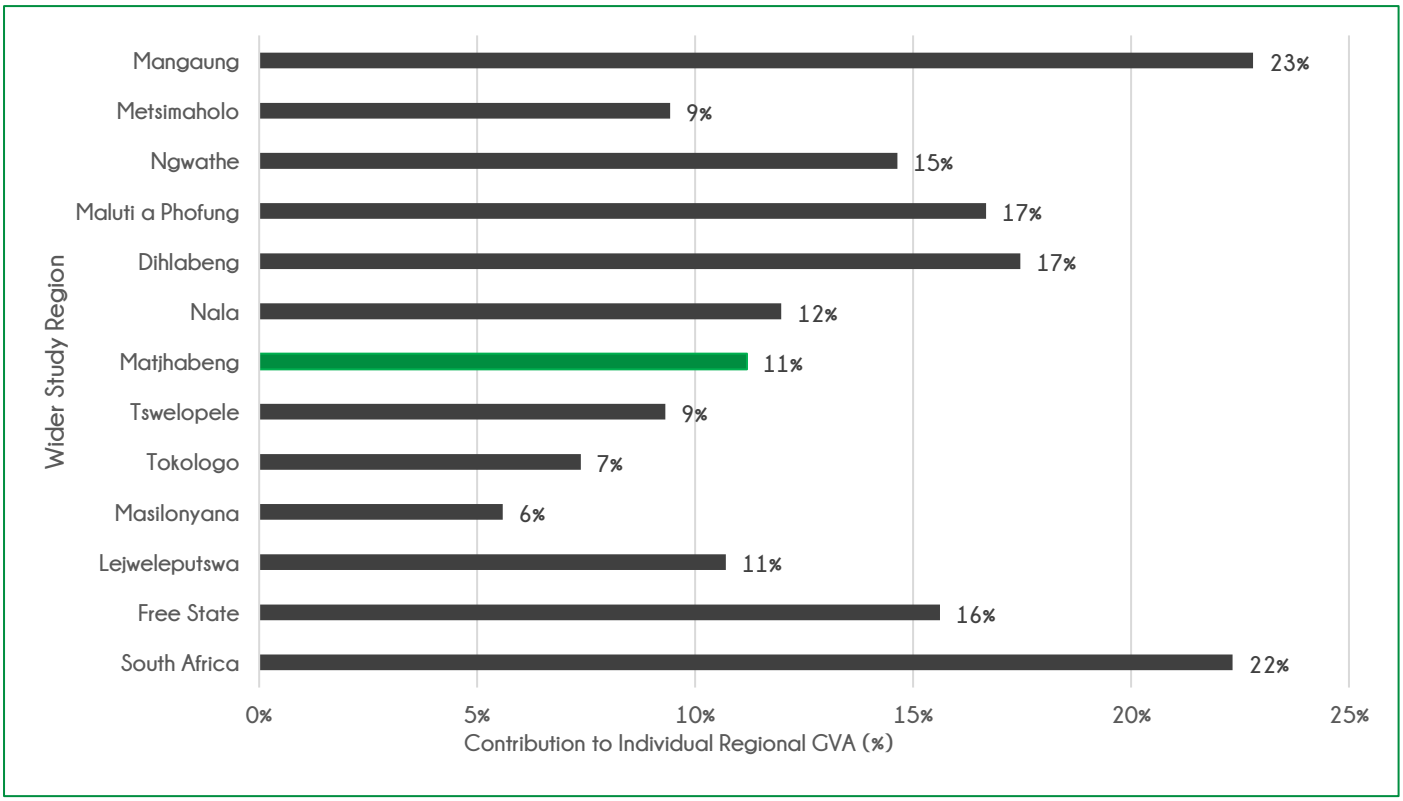


Source: Quantec, 2019

he finance sector contributed approximately 11% of the LM's 2019 GVA, as seen in Figure 59, 5% lower than the provincial average (16%) and 11% lower than the national average on 22%. Mangaung, Dihlabeng, Maluti-A-Phofung, Ngwathe and Nala municipalities each have a higher contribution to their individually economies than MLM.

Mangaung MM's finance sector contributes 23% of the MM's total GVA, as Bloemfontein, the capital city of the Free State, is a hub for many financial and professional institutions. In comparison to the provincial and national finance sectors, the Lejweleputswa local municipalities, including Matjhabeng, are comparatively smaller.

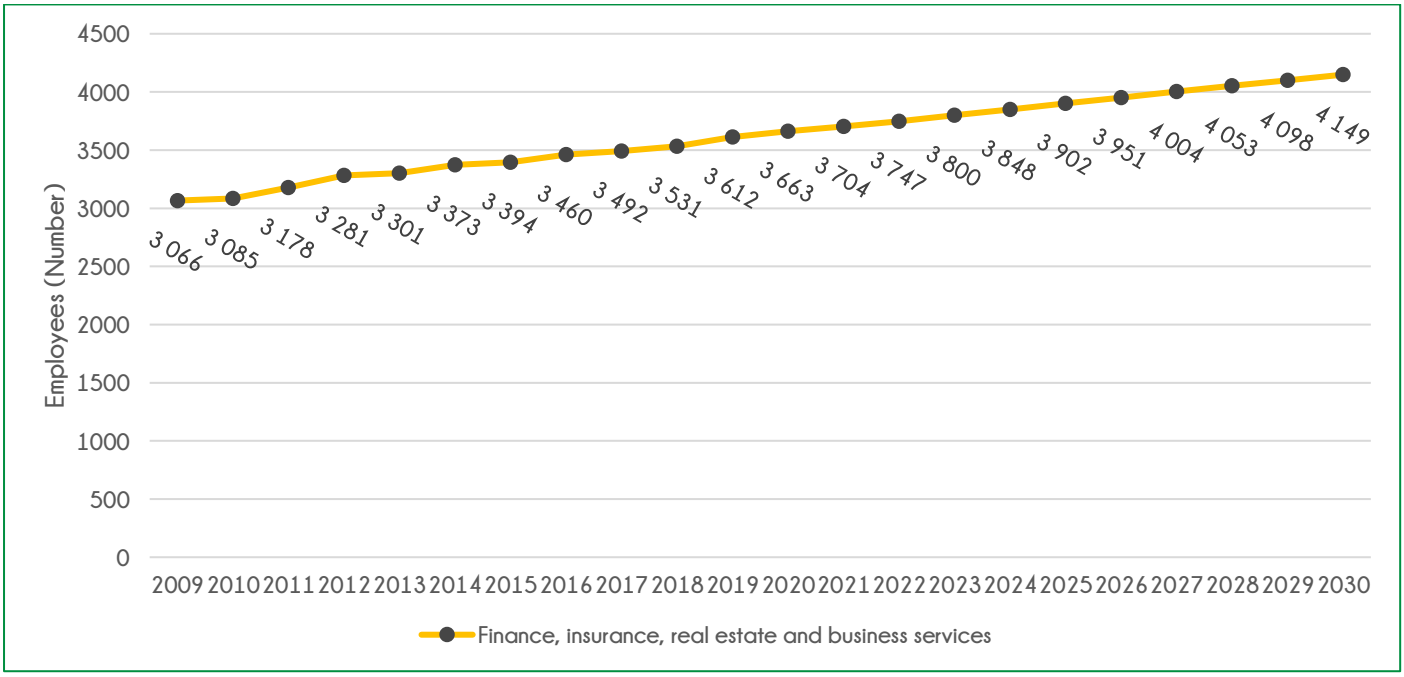
Figure 59: Finance Sector's Contribution to total Regional GVA - 2019



TSource: Quantec, 2019

The finance sector has grown at a real average annual rate of approximately 1,8% between 2009 and 2019, as seen in Figure 60. The value of production, at 2011 constant prices, has increased from an estimated R3 billion to R3,6 billion in the same period. At the historic trend, it is projected that the financial sector will increase by a total of 14% from 2019 to 2030.

Figure 60: MLM Trade Sector's RGVA Growth (2009 - 2019)

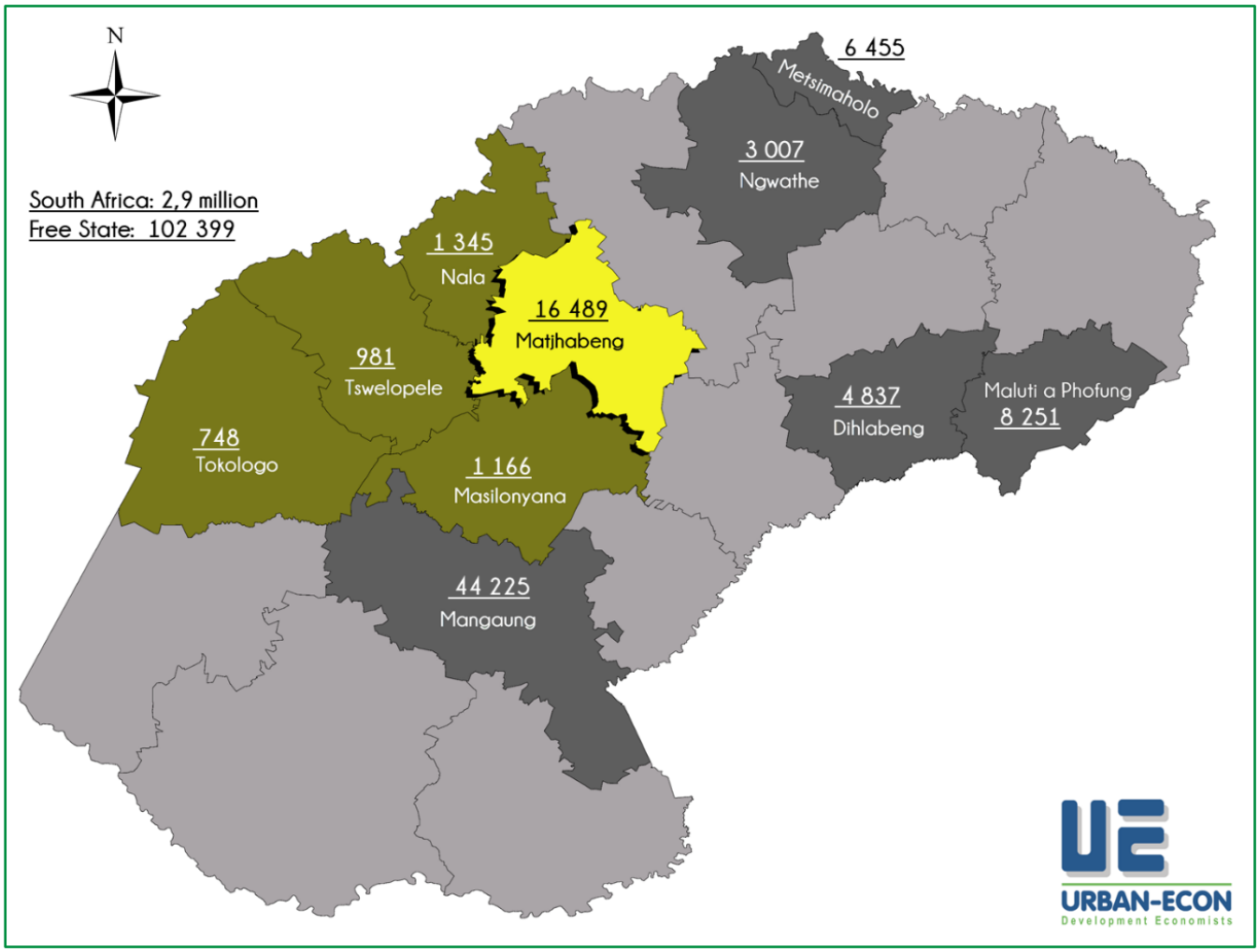


Source: Quantec, 2019

5.5.2 Employment

The financial sector, as seen in section 3.6.6, is the third largest private employment sector in the MLM for 2019, while employing approximately 16 500 employees, as seen in Map 26. The MLM financial sector employs an estimated 16% of the provincial financial sector employees, which indicates that the sector is the second largest employer in the wider study region, behind Mangaung, which employs 43% of the provincial financial sector workforce.

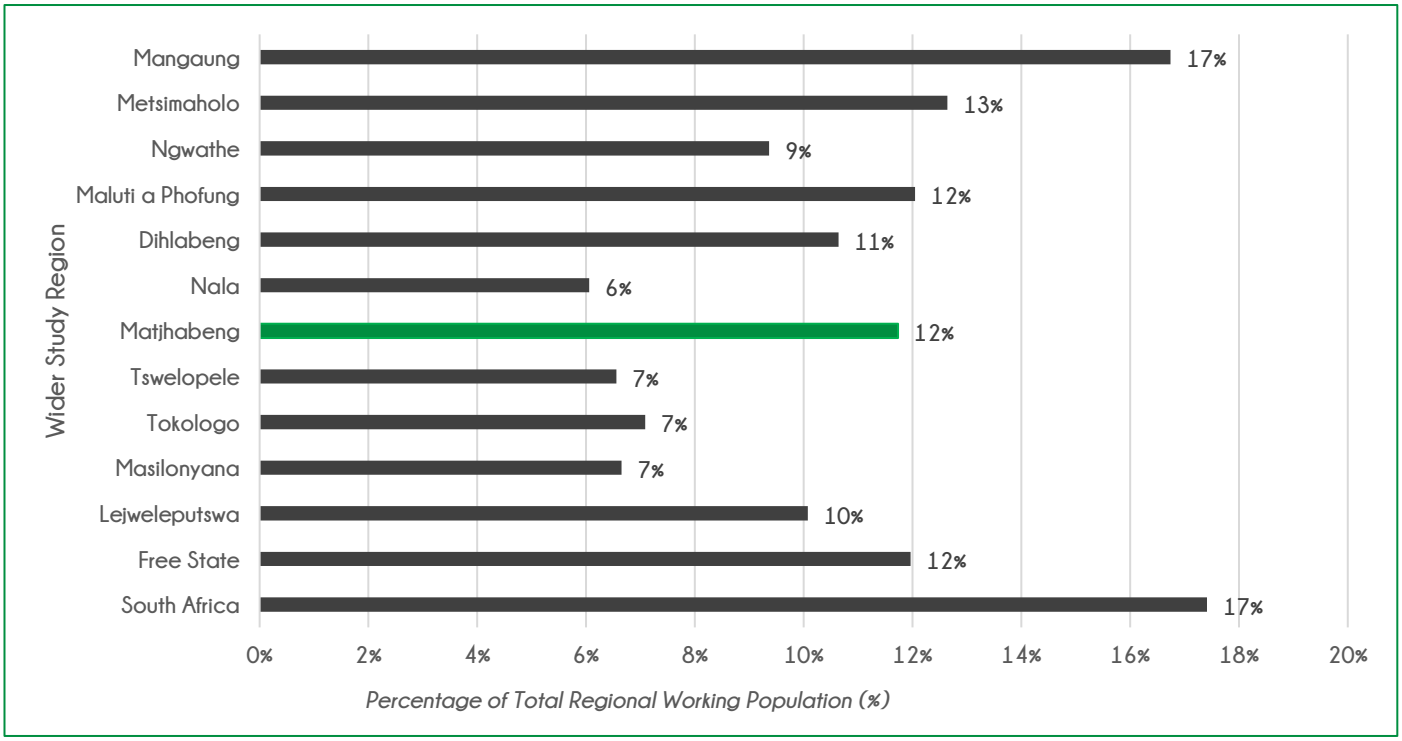
Map 26: Number of Finance Sector's Employees - 2019



Source: Quantec, 2019

The MLM's financial sector employs approximately 12% of the working population, as seen in Figure 61, in comparison to the wider study region, the MLM's employment is 2% above the district average, equal to the provincial average but 5% below the national average. The leading financial sector employer is Mangaung MM, with 17% of the working population employed by the financial sector, 5% higher than MLM. An upliftment of the local economy will directly impact the financial sector, as new and/or expanding businesses require finances to fund ventures, and business services, such as security and insurance.

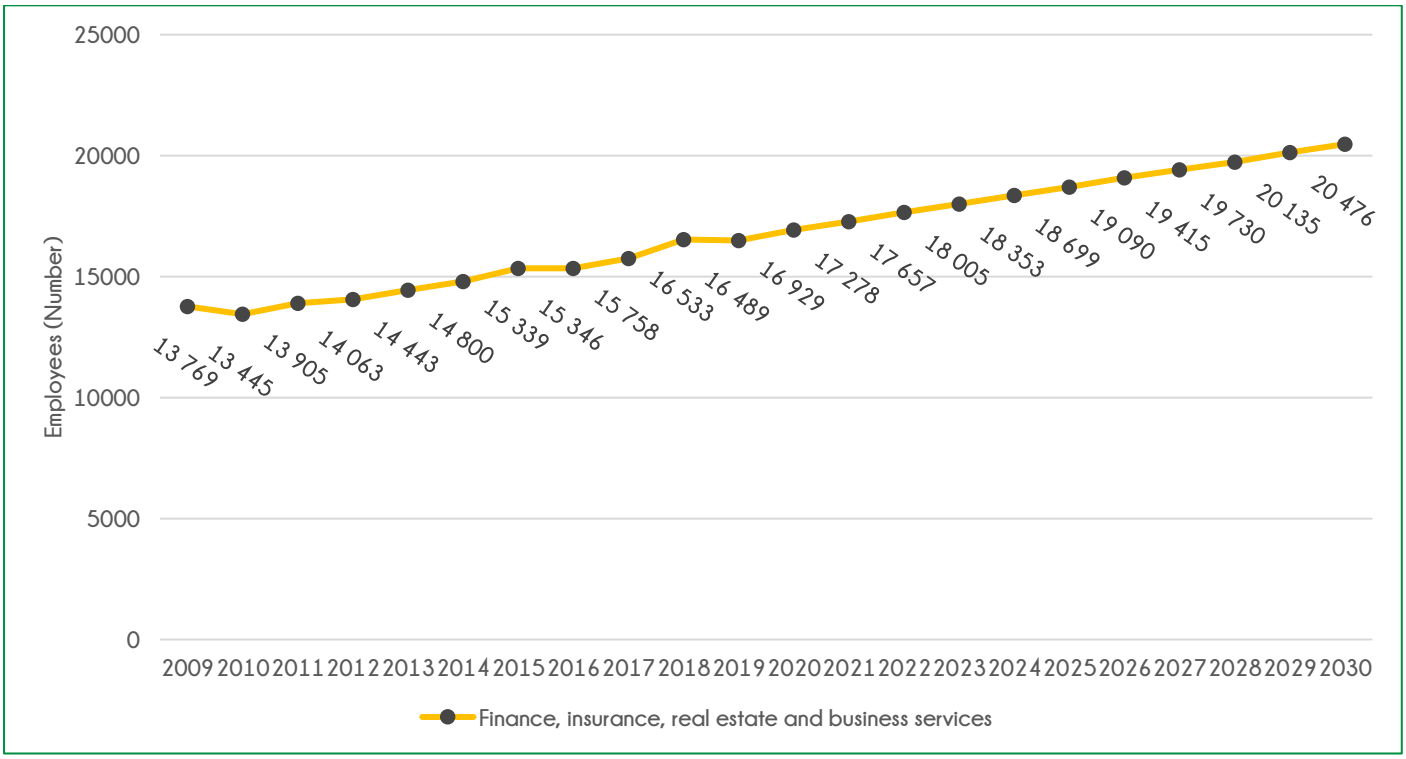
Figure 61: Finance Sector's Contribution to total Regional Employment - 2019



Source: Quantec, 2019

The employment of workers in the financial sector has increased by an annual average of approximately 2% between 2009 and 2019, as seen in Figure 62, increasing from 13 769 to 16 489. It is projected that the financial industry will employ 20 476 workers by 2030.

Figure 62: MLM Finance Sector's Employment Projection (2009 - 2019)



Source: Quantec, 2019

5.5.3 Employment by Skill

The finance and business service sectors employ one of the highest proportions of skilled and semi-skilled workers in MLM, which includes professionals, such as accountants, financial consultants, engineers, lawyers, administrators, artisans, sales and transportation employees. The sector, as seen in Table 38, had a workforce that comprised of skilled (21%), semi-skilled (40%), low-skilled (19%), and informal (21%) in 2019. Between 2009 and 2019, the proportion of skilled and low-skilled workers increased, and the semi-skilled and informal workers decreased.

Table 37: MLM Finance Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	5%
Formal sector: Semi-Skilled	1%
Formal sector: Low Skilled	4%
Informal	0,2%

When compared to the national averages, the proportion and number of informal workers has decreased over the same period, and the proportion of semi-skilled employees was unaffected. The provincial proportion of semi-skilled employees in the financial sector has increased, therefore MLM's financial sector employees comparatively fewer semi-skilled workers.

Table 38: Finance Sector's Employment by Skill (2009 - 2019)

Employment by Skill	South Africa					Free State					Matjhabeng				
	2009		2019		Monthly Average	2009		2019		Monthly Average	2009		2019		Monthly Average
	Number	%	Number	%		Number	%	Number	%		Number	%	Number	%	
Formal sector: Skilled	525 530	23%	760 628	27%	R22 736	14 623	16%	19 679	19%	R19 499	2 349	17%	3 438	21%	R15 029
Formal sector: Semi-Skilled	1 010 563	43%	1 234 001	43%	R10 022	37 874	41%	42 762	42%	R9 078	5 879	43%	6 561	40%	R9 019
Formal sector: Low Skilled	293 492	13%	365 526	13%	R4 774	13 066	14%	15 706	15%	R4 522	2 237	16%	3 108	19%	R5 469
Informal	502 515	22%	500 594	17%	R3 906	25 851	28%	24 252	24%	R3 190	3 304	24%	3 381	21%	R3 146

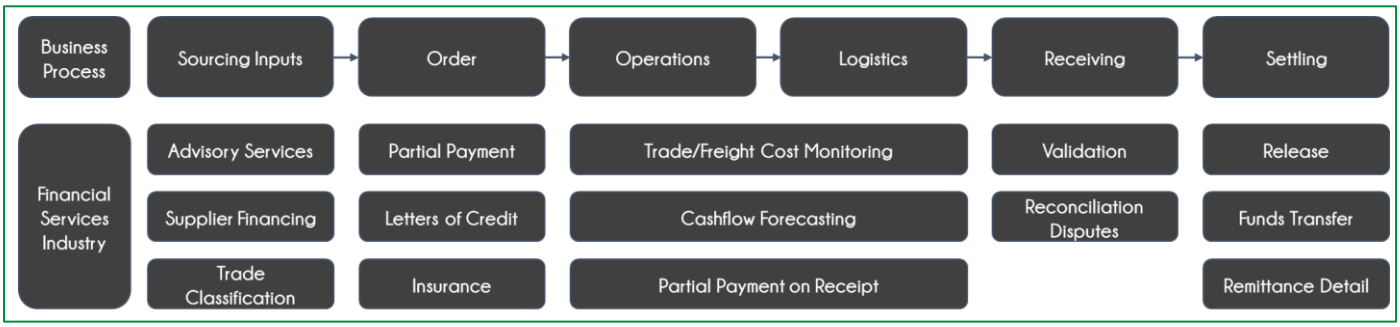
Source: Quantec, 2019

5.5.4 Financial Sector Value Chain

The role-players in the Finance and Business Services Sector add value through assisting with financing, financial advice, financial management and dispute reconciliation support services. The role-players offer their services for a fee, thus adding additional value to goods and services. Role-players include banks, development consultants, insurers, lawyers and accountants.

Figure 63 illustrates where in the business process financial and business service are utilised. In order to start operations, funding is obtained to purchase inputs, which are utilised in operations. Finances are used to pay deposits for orders. During operations and distribution, financial management is required to monitor costs, forecast cashflows and control payments. Financial and legal services are utilised in the reconciliation of disputes, and the settling of accounts.

Figure 63: Financial Sector Value Chain



Source: The Financial Services Industry, 2019[11]

Financial and business services can promote economic growth through advisory services and accurate feasibility forecasting; therefore, the sector is an important support service for all businesses of any size. The development opportunities in the sector will be discussed in the following subsection.

5.5.5 Availability of Collaboration and Support

The development of the finance sector will depend on collaboration and the support of relevant stakeholders. Table 39 lists the local private and public stakeholders who may aid businesses with financial and business management.

Table 39: Finance Sector Available Support

Organisation	Description
ABSA Bank	➢ ABSA is a national bank that supports businesses by providing cash control and business advisory services, as well as funding through loans.
First National Bank (FNB)	➢ FNB is a national bank that supports businesses by providing cash control and business advisory services, as well as funding through loans.
Standard Bank	➢ Standard Bank is a national bank that supports businesses by providing cash control and business advisory services, as well as funding through loans.
Nedbank	➢ Nedbank is a national bank that supports businesses by providing cash control and business advisory services, as well as funding through loans.
Price Waterhouse Cooper (PWC)	➢ PWC is an international accounting firm that specialises in auditing, accounting control, financial management and business advisory services.
National Treasury	➢ The Neighbourhood Development Partnership Grant's principal focus is not limited to facilities themselves, but how the investment both addresses a need and contributes to the economic and social development prospects of a node or neighbourhood. ➢ Capital grants are also allocated for tourism precincts and heritage, cultural, social, and traditional amenities and precincts.
Department of Trade and Industry (the dti)	➢ The dti promotes economic development and Black Economic Empowerment. This is achieved through a number of Industrial Development Initiatives.
National Empowerment Fund (NEF)	➢ The National Empowerment Fund promotes black economic participation. The Empowerment Fund provides business loans from R250 000 to R75 million across all industry sectors.

[11] https://www.edibasics.com/edi-by-industry/the-financial-services-industry/

Organisation	Description
Industrial Development Corporation (IDC)	➢ The IDC founded in 1940 is a state-owned finance institution. It functions as a means to generate balanced and sustainable growth in Africa. The IDC funds start-ups and existing businesses up to a maximum of R1 billion.
Small Enterprise Finance Agency (SEFA)	➢ Small Enterprise Finance Agency was established in 2012 as a result of a merger of South African Micro Apex Fund, Khula Enterprise Finance Ltd and the small business activities of IDC. ➢ SEFA prides itself on the mandate to foster establishment, survival and growth of SMMEs. They also aim to contribute to poverty alleviation and job creation. SEFA provides loans from R50 000 to R5 million to SMMEs and co-operatives.
Isivande Women's Fund	➢ The Isivande Women's Fund aims to stimulate black economic empowerment. The fund originally targeted at women but then opened its doors for all black persons in South Africa. ➢ The Isivande Women's Fund specialises in start-up funding, business expansion, rehabilitation as well as financing. The IWF is managed by the IDC and provides funding from R30 000 to R2 million.

5.6 Transportation, Storage and Communication Sector

This section will elaborate on the Transportation, Storage and Communication Sector in terms of its economic growth, employment, value chain, developmental opportunities and the availability of support. The Transportation, Storage and Communication sector is responsible for moving goods, services and people, while logistics refers to the management of this resource flow. The sector includes activities related to providing passenger or freight transport, by rail, road, water or air and includes supporting activities such as the operation of railway stations, terminal and parking facilities, cargo handling and storage, traffic control activities, navigation and pilotage activities. [12]

This sector is required for sustainable economic growth, while the main function is to close the gap between the place of production and the place of consumption. In South Africa this sector and its logistics are developed differently than in other industrialised countries, due to the economic production in the country's core, such as Gauteng, rather than in its coastal areas.

5.6.1 Economic Growth

Economic growth results in a rise of real GDP, effectively referring to a rise in national income, national output and total expenditure. Economic growth enables advanced living standards and greater consumption of products and services. The Transportation, Storage and Communication sector contributes substantially to the GVA of the country.

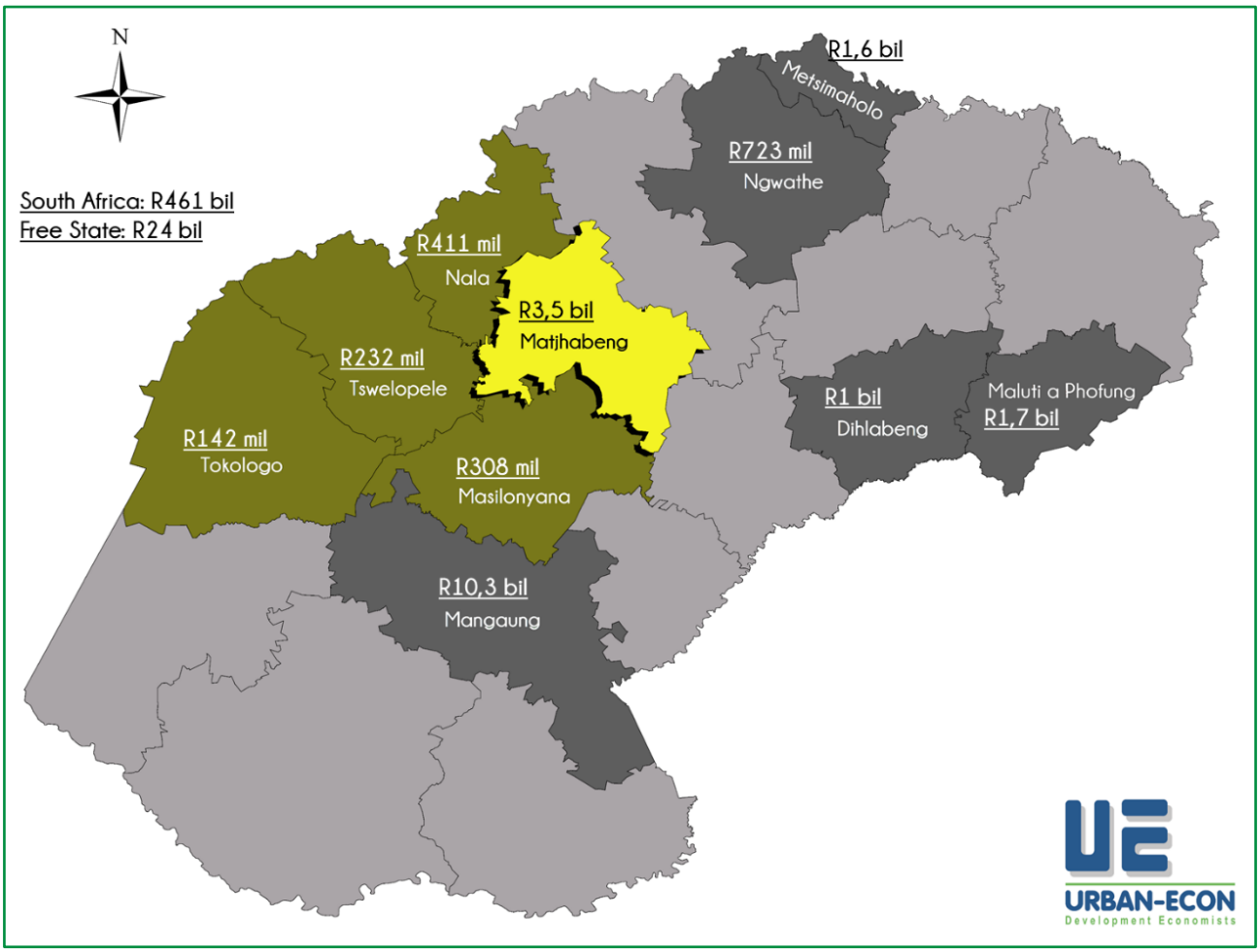
The sector forms the backbone of the economy, as it enhances the productivity of various sectors in the economy. In this sector, the productivity indicators are required to differentiate between the performance of the system that includes travel time and costs compared to administration performance (such as pothole repairs, traffic signals and accidents)[13]. Map 27 below illustrates the GVA contribution of the Transportation, Storage and Communication sector to provide a better understanding of the impact this sector has on the overall economy of the country.

The sector is divided into land, water and air transport, along with transportation services. All of these classes are essential to productivity; however, it is land transport that has the larger impact on the productivity of the area (moreover the country).

Map 27: Transportation, Storage and Communication Sector's GVA Contribution - 2019

[12] *Top Business Portfolio, 2007. Available from: http://kzntopbusiness.co.za/site/transport-storage-and-communication-awards. Accessed on: 07/08/2019*

[13] *Cork Gully, 2013. Available from: https://www.corkgully.com/files/7013/6389/1514/Sector_report_-_Mar_2013.pdf. Accessed on: 07/08/2019*



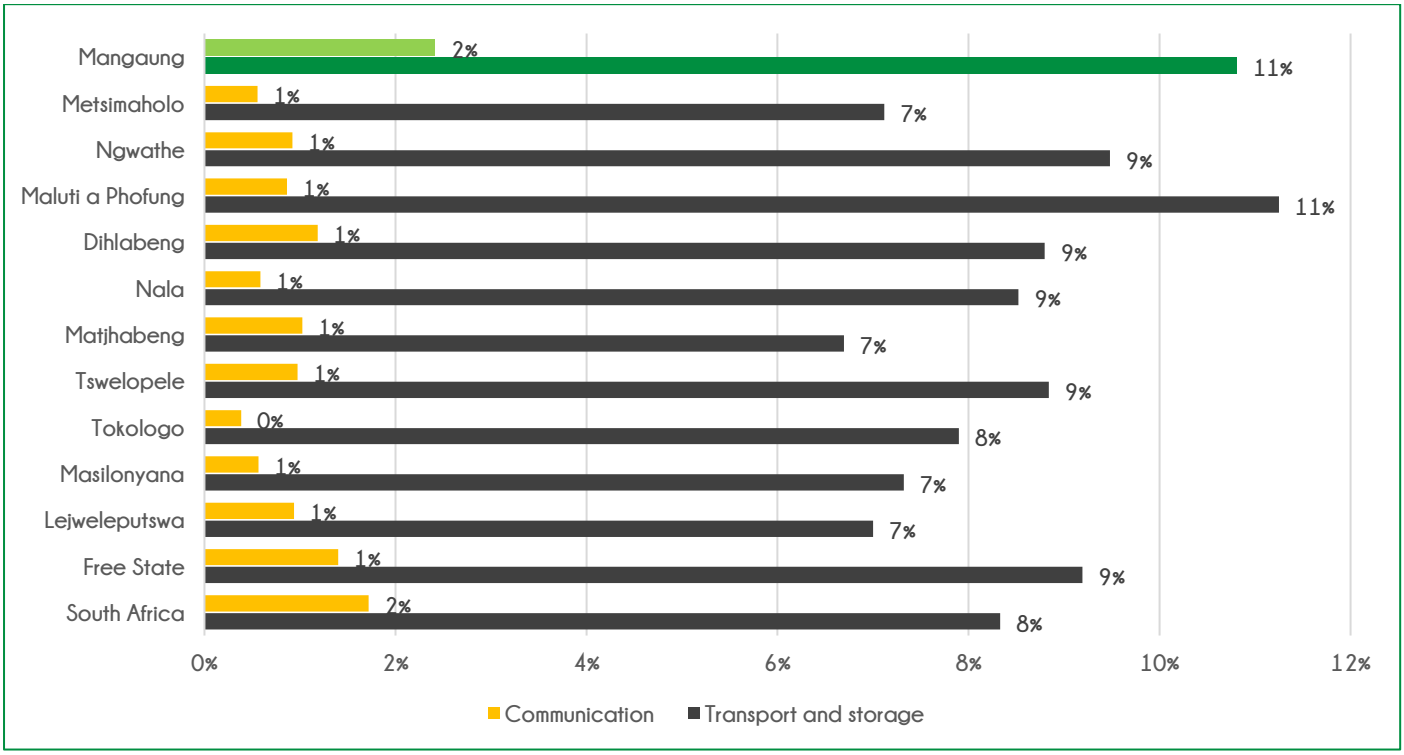
Source: Quantec, 2019

As depicted form the map above, the Transportation, Storage and Communication sector contributed approximately R461 billion to the total GVA of the country in 2019. Nala Local Municipality contributed the second most to GVA with R411 million. The significant GVA contribution of Matjhabeng LM differentiates largely from those of its surrounding local municipalities, with a contribution of R3.5 billion towards the national GVA of 2019. The GVA contribution of Matjhabeng LM compose of 76,2% of the total GVA contribution of Lejweleputswa District Municipality. The fact that the economic hub of the district is located in Matjhabeng LM (Welkom) contributes to this due to the economic activity taking place in the town. The significant presence and contribution of the Transportation, Storage and Communication sector to the GVA has a positive economic impact on the area.

An efficient transport system is mainly driven by the nature of interventions by the Department of Transport in facilitating access to more affordable and reliable modes of transport for those in peri-urban areas, small towns and rural areas. If these interventions have the ability to improve mobility, it will have a direct impact on the productivity of all sectors. Matjhabeng LM's Transportation, Storage and Communication sector recorded a growth in its GVA contribution from 2018 to 2019, with 2018 recording approximately R3,2 billion contribution.

Growth in the Transport, Storage and Communication sector closely correlates with general economic growth. When economic growth is recorded, more goods are delivered as businesses build up inventories of goods and services to sell which directly benefits this sector. In contrast, when an economic downturn occurs, businesses limits the growth of the sector. Due to the strong performance of Matjhabeng LM's GVA contribution, it is essential to compare it to the surrounding municipalities to measure the area's performance. Figure 64 below illustrates the surrounding areas' GVA contribution in terms of the Transport, Storage and Communication sector, along with its total contribution to South Africa's GVA.

Figure 64: Transportation, Storage and Communication sector's Contribution to total Regional GVA – 2019

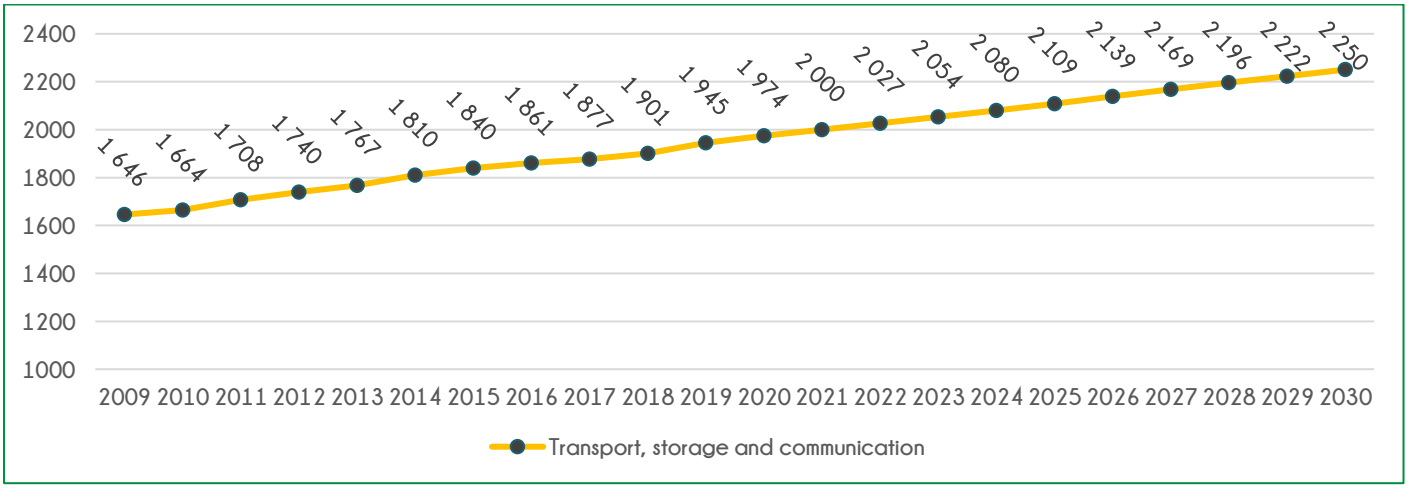


Source: Quantec, 2019

As observed from the figure above, the Transport and Storage sector's GVA contribution is separated from the Communication sector due to the data utilised for these statistics. The GVA contribution of each region is measured similarly to the other sector's GVA scale, as previously discussed. Considering Matjhabeng LM's GVA contribution towards the other regions displayed in the figure above, it is clear that Matjhabeng's Transport and Storage sector recorded a 7% GVA contribution compared to other areas such as Maluti-A-Phofung LM, Mangaung, Dlhlabeng LM, etc.

Figure 65 below illustrates Matjhabeng Local Municipality's GVA growth in terms of the Transportation, Storage and Communication sector over the last ten years. The growth of the GVA contribution from this sector is evident from the graph and remained consistent in the data recorded for 2009 to 2019. This growth period indicates the stability of the Transport, Storage and Communication sector in the local area and the consistent GVA contribution it providing to the economic growth of the area.

Figure 65: MLM Transportation, Storage and Communication Sector GVA Growth - 2009 - 2019



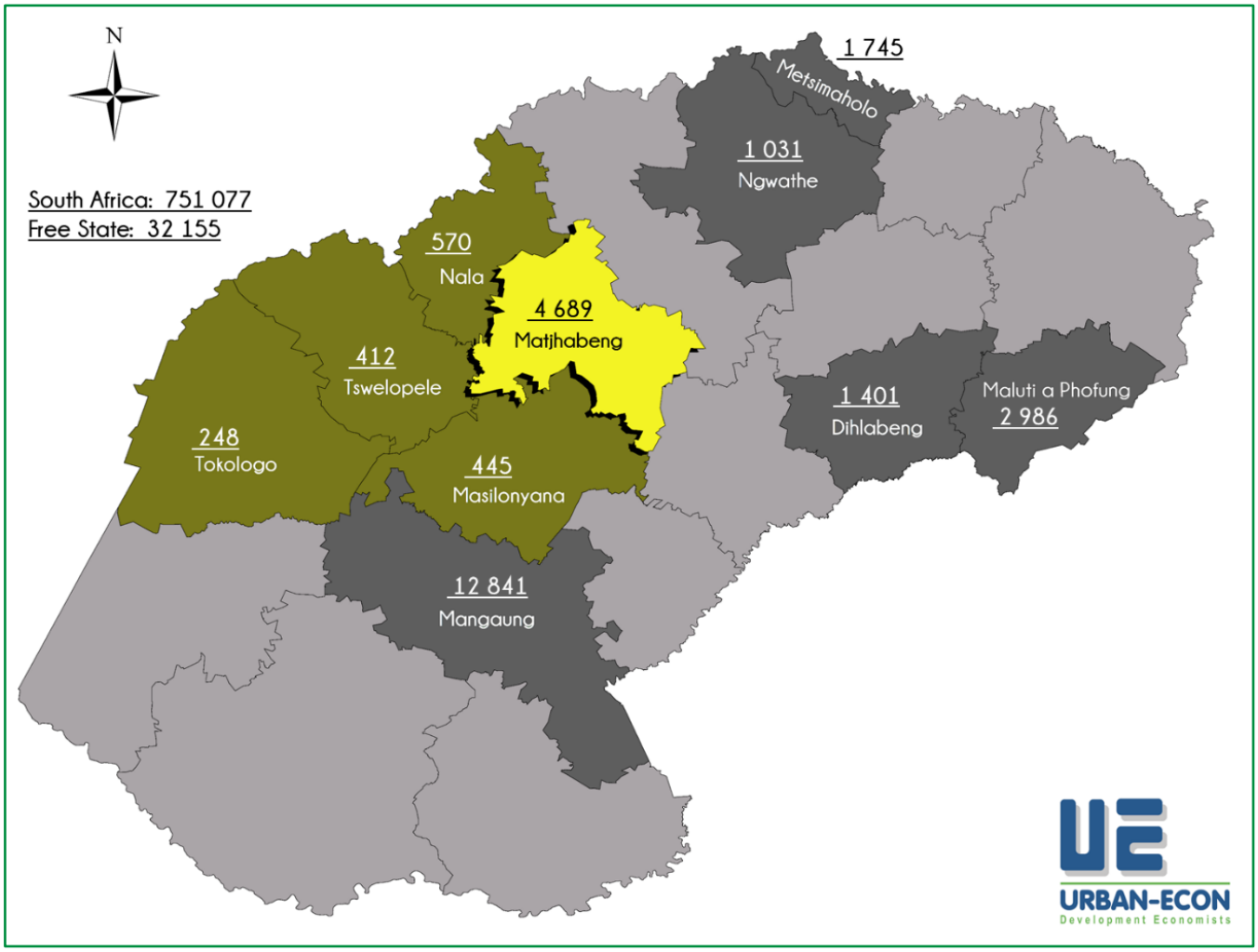
Source: Quantec, 2019

5.6.2 Employment

The employment level of any area is essential for its economic growth. There is a concern in South Africa in terms of the unemployment rate that reached 29% in the second quarter of 2019. Unemployment hinders the sustainable growth of the economy, while having a direct impact on the livelihood of the local community. However, it is known that the Transportation, Storage and Communication sector receive opportunities due to the boom in infrastructure development, new technologies, differentiating telecommunications, mechanising supply chains and economic growth. Additionally, the demand for sustainable development and upliftment of previously disadvantaged individuals, creates an increase in the opportunities posed to the sector which ultimately leads to increased employment opportunities. The map illustrated below indicates the employment contribution the sector makes in the MLM area.

Depicted from the map above, it is evident that MLM contributes significantly to employment within the Transportation, Storage and Communication sector. The remaining Lejweleputswa region shows a minimum contribution to the employment within this sector; however, this is due to the dominant economic activity within the MLM area. Welkom is the economic hub of the area and the same trend can be seen in Mangaung, that includes Bloemfontein. Ultimately, MLM recorded 4 689 employees in the transportation, storage and communication sector during 2019, as seen in Map 28.

Map 28: Number of Transportation, Storage and Communication Sector's Employees – 2019

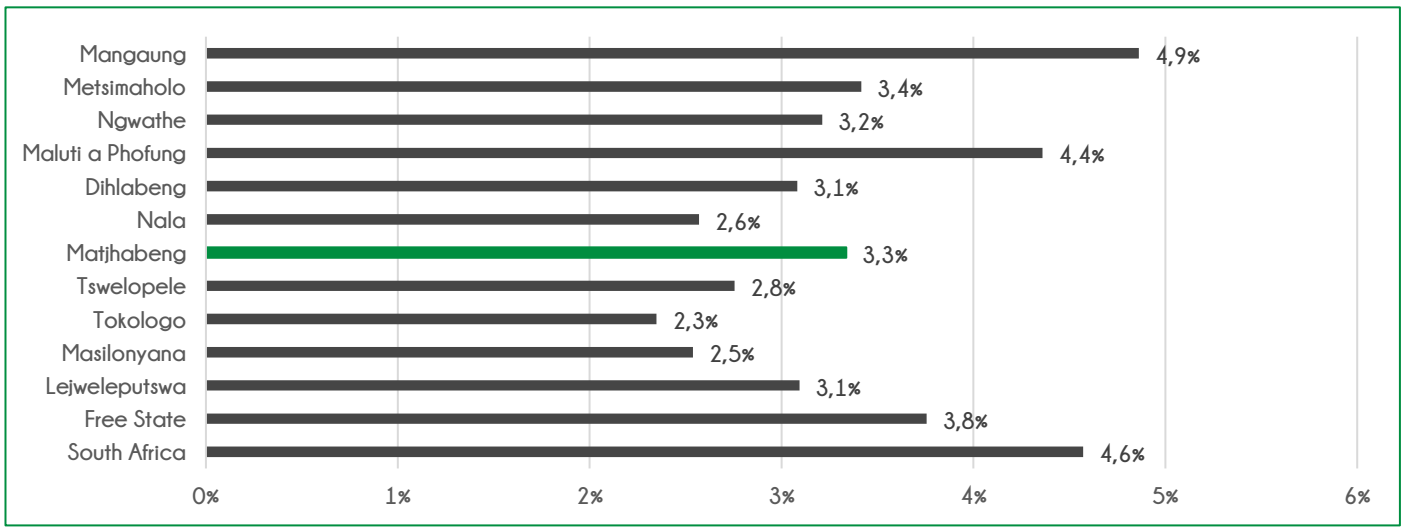


Source: Quantec, 2019

As seen in Figure 66: Transportation, Storage and Communication Sector's Contribution to total Regional Employment – 2019, the Mangaung region employs the largest proportion of employment in this sector, followed by Maluti-A-Phofung Local Municipality. In comparison to other areas, Matjhabeng Local Municipality shows strong performance of employment in the Transportation, Storage and Communication sector. However, the contribution of both provincial and national employment in the sector

compared to MLM recorded higher employment numbers. Figure 67 below illustrates the employment projection of MLM for the time period of 2009 to 2030.

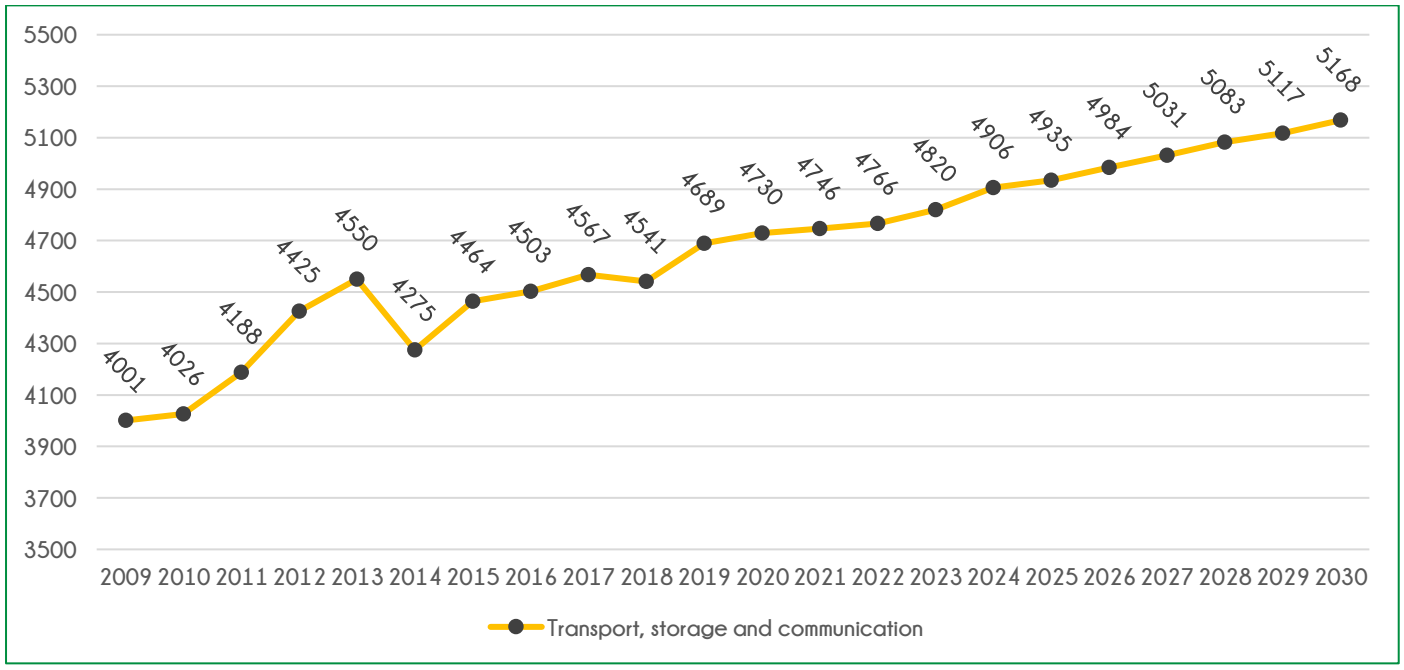
Figure 66: Transportation, Storage and Communication Sector's Contribution to total Regional Employment – 2019



Source: Quantec, 2019

Projections of employment is important for the economy of the relevant area as it estimates the changes in occupational employment over an allocated period of time resulting from industry growth and technological changes. Projections considers the future creation of employment opportunities, in this case in MLM's Transportation, Storage and Communication sector. The figure below illustrates a ten-year employment projection for the MLM.

Figure 67: MLM Transportation, Storage and Communication Sector's Employment Projection (2009 - 2030)



Source: Quantec, 2019

Evident from the projection graph above, it is clear that employment in the Transportation, Storage and Communication sector projects growth in the ten-year future of MLM. In 2018, the sector's employment recorded a decline that projected to recover again in 2019 from 4541 to 4689 employees in the sector. The employment opportunities in the sector will vary according to the current and future demand of goods and services.

5.6.3 Employment by Skill

It is essential for the sustainable operations of an area's economy to comprise of a competent workforce with adequate skills to implement into two different sectors and industries of the area[14]. If the sector projects future growth, as stated above, it is crucial to ensure skill development is implemented to sustainably operate the sector with the necessary capabilities. Table 40 indicates the growth rate for the employment by skill in the MLM area. It is evident from the table the informal workforce of the sector has increased at a higher rate than the formal sector, which indicates that a higher portion of displaced formal sector workers are relying in the informal sector to produce income. The table below illustrates the skill level of the workforce in Matjhabeng Local Municipality over a period of ten years.

Table 40: Matjhabeng LM Transportation, Storage and Communication Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	1%
Formal sector: Semi-Skilled	1%
Formal sector: Low Skilled	0%
Informal	3%

Table 41: Transportation, Storage and Communication Sector's Employment by Skill (2009 - 2019)

Employment by Skill	South Africa					Free State					Matjhabeng				
	2009		2019		Average Growth %	2009		2019		Average Growth %	2009		2019		Average Growth %
	Number	%	Number	%		Number	%	Number	%		Number	%	Number	%	
Employment, formal sector: Skilled (Number)	86 099	15%	121 505	16%	2%	2 361	8%	2 987	9%	0%	340	8%	473	10%	1%
Employment, formal sector: Semi-Skilled (Number)	226 637	39%	316 286	42%	2%	10 682	38%	13 452	42%	1%	1 633	41%	1 947	42%	0%
Employment, formal sector: Low Skilled (Number)	50 843	9%	73 410	10%	2%	2 035	7%	2 732	8%	1%	344	9%	584	12%	3%
Employment: Informal (Number)	213 027	37%	239 876	32%	1%	12 737	46%	12 984	40%	0%	1 684	42%	1 686	36%	0%

Source: Quantec, 2019

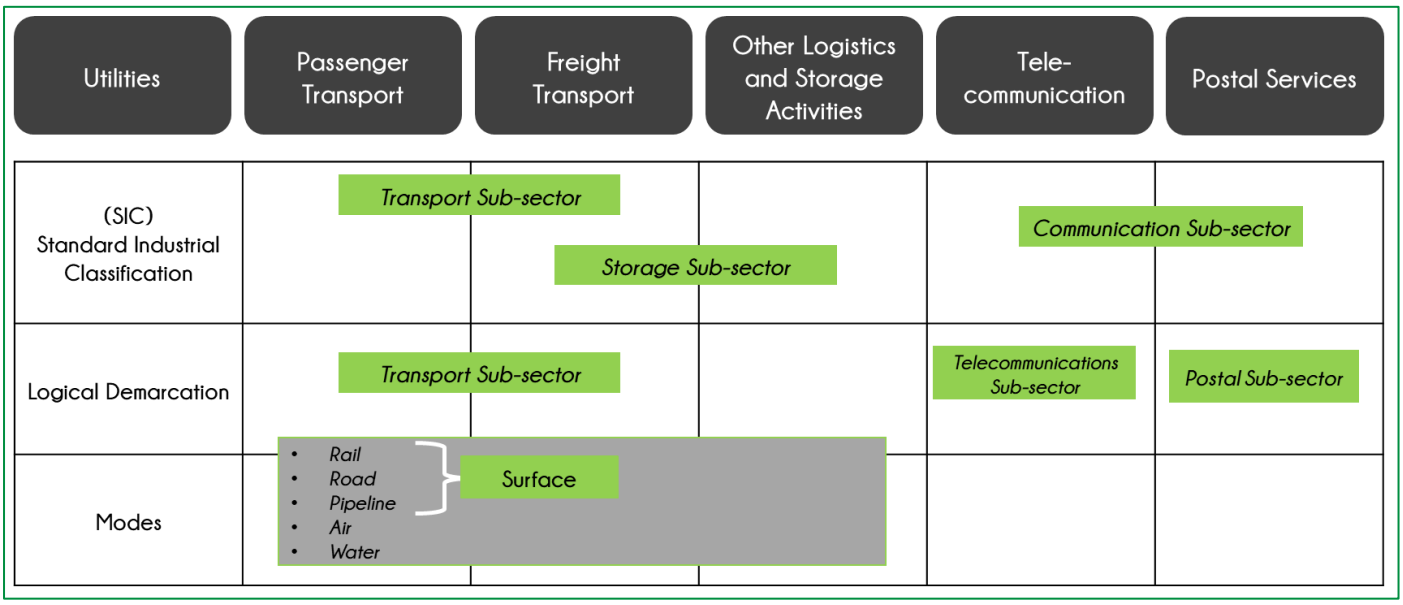
The smallest proportion of skill-level employment recorded was formal sector employees who are adequately skilled. However, 42% of the employees working in the Transportation, Storage and Communication sector recorded a skill-level of semi-skilled, which still reflects this workforces' capabilities. The second largest skill-level proportion are employees working in the informal sector. Additionally, it is evident from the table that this trend follows through from provincial to national level. There is thus a demand for skilled employees, however semi-skilled employees compose of the abilities to efficiently operate in the sector and therefore enhance the success and growth thereof. The skills of the workforce influence the time management, productivity, service delivery and quality of products which directly influences the performance of businesses within the sector.

[14] The Skills Portal, 2019. Available from: https://www.skillsportal.co.za/content/importance-training-why-skills-development-matters-sa

5.6.4 Transportation, Storage and Communication Sector Value Chain

Due to the sector consisting of three sub-sectors, the value chain for the industry is multifaceted. A value chain is a model or process that indicates the range of activities required to effectively create a product or deliver a service. The Transportation, Storage and Communication sector primarily focus on service delivery which is essential for the sustainability and growth of this sector. Figure 68 below illustrates a general value chain for the Transportation, Storage and Communication sector.[15]

Figure 68: Transportation, Storage and Communication Sector Value Chain



Source: Stellenbosch University, 2008

As seen in the figure above, the Transportation, Storage and Communication sector consist of numerous role-players within its value chain due to the variety of sub-sectors involved. All the role-players in the value chain should ensure to adequately fulfil their allocated responsibilities in the value chain. This will ensure effective management and development of the sector. Each of the above-mentioned sub-sectors comprise of various operation requirements and role-players in order to function efficiently. Collaboration amongst these role-players are essential for the sustainability of the sector.

5.6.5 Potential Developmental Opportunities

In order for any sector and/or sub-sector to function sustainably, it is crucial to continuously develop interventions and development opportunities to grow the sector while enhancing economic activity in an area. Development opportunities does not only drive the growth of a sector but in addition increase employment opportunities for the local community. The table below elaborates on identified developmental opportunities in the Transportation, Storage and Communication Sector of the Matjhabeng Local Municipality. [16]

[15] Transportation, Storage and Communication Sector Studies, 2008.

[16] World Economic Forum, 2018. Available from: https://www.weforum.org/agenda/2018/03/transport-commute-systems-government-simsystem/

Table 42: Development Opportunities for the Transportation, Storage and Communication Sector

Opportunity	Description
Skills Development	Skills development in the Transportation, Storage and Communication is essential for the future growth of the sector. The current skills-level of the sector is mainly semi-skilled and informal employees which validates the need for adequate training. These training interventions should focus on all three sub-sectors respectively to ensure efficient productivity and operations. Training can compose of short theoretical courses to update employees on technological developments and time management, where alternative training can focus on monitoring and evaluating the current productivity of employees. The monitoring and evaluation of employees' productivity will assist and enhance the quality and time management of employees. Skills development should not primarily focus on once-off training, but rather continuous training. Skills development benefits both the business and the employees as it creates the opportunity to improve capacity, rationalise labour and drive to exploit opportunities in a spatially challenged economy.[17]
Infrastructure Development and Maintenance	It is important for the productivity and accessibility of the sector to ensure that infrastructure is developed in the Matjhabeng area that can ease the access of transportation to and from storage facilities and allocated locations. Overall, the MLM has well established road and transportation infrastructure, however the maintenance of the infrastructure became a challenge throughout the years. The maintenance of roads and transportation infrastructure are essential for the productivity of the sector and the quality of service delivery. It is thus important to upgrade (if required) and continuously maintain road infrastructure. The development of new road infrastructure for the future growth of the area's sector is important in terms of market expansion. New routes and new delivery locations will ensure growth in the sector and create employment opportunities over a wider geographical area. All new road infrastructure development must consider the layout of roads and related infrastructure as it influences productivity (time) and safety of the employees.
Public-Private Partnerships	The transportation, storage and communication sector, similar to all other sectors, must prioritise collaborative public-private partnerships. Due to the nature of the sector, access to large amounts of land and space to build facilities (for long-term purposes) are expensive. The maintenance and operations to keep this sector active is expensive and with the increase in petrol prices and other factors, challenges for this sector may lead to serious concerns in future. As a result, it is important that the private and public sector role-players in the MLM collaborate to establish an effective partnership in order to stimulate the growth and success of this sector. The partnerships must aim to promote interoperability between the different active modes of transport to avoid potential uncoordinated investments, assets, standards, guidelines and technologies. Ultimately, the collaboration must be guided by the following principles to effectively guide the government, private sector leaders and role-players to overcome current and limit future challenges: *User-coordinated:* The partnership between the public and private sector will aim to meet the collective needs of active businesses and individuals in the sector. *Adaptable:* The partnership will adapt according to the challenges and needs of the sector, as well as improvements in technological methods to ease everyday operations. *Establish Standards and Protocols:* The private sector will play a role in creating standards and protocols for the creation of data exchanges to include the public sector collaboratively. *Public-private Collaboration:* The government must act as a convener to promote and enhance collaboration amongst public and private sector. This collaboration will enable partnerships to operate effectively across all transportation types, geographies and activities. *Participation and Value:* Maintaining the ability for the private sector to obtain value from the products and services they deliver and the intellectual property they compose of, will encourage broad-based participation in the sector. *Well-coordinated Governance:* The public sector (including MLM) must aim to reduce complexity on an institutional level and promote focussed models that will facilitate agile coordination amongst all spheres of the government and private sector.

[17] Transportation, Storage and Communication Sector Studies, 2008.

Opportunity	Description
	Funding and Financial Support: It is important that the government (and local municipality) ensure that adequate funding is allocated to the sector, while private financial institutions should aim to support financing applications within the sector. Additionally, the private sector can utilise expertise to ensure funding is allocated and implemented efficiently. *Monitoring and Evaluation:* The partnership must focus on establishing standardized performance indicators to measure the partnership's impact on the sector's accessibility, growth, sustainability, safety, efficiency and integration. *Learning and Improvement:* The public-private partnership of the sector must aim to frequently share knowledge of best practices and ways of improvement. *Scaling and Growth:* Resource amalgamation and collaboration amongst key private and public sector role-players will result in fundamental decision making for the growth of the sector. Considering the above-mentioned, it is important for the sustainability of the sector to ensure strong PPPs in the MLM are established and maintained. Well-structured PPPs can assist the public sector in developing adequate infrastructure for the sector while having private sector expertise and approval for the effective functioning of the sector.

Source: Urban-Econ, 2019

5.6.6 Availability of Support

Table 43: Transportation, Storage and Communication Sector Available Support

Organisation	Description
Department of Transport	The department focus on leading the development of efficient integrated transport systems by creating a framework of sustainable policies and regulations, and implementable models to support government strategies for economic, social and international development.
Free State Department of Police, Roads and Transport	The department supports the sector by contributing towards the creation of a prosperous province through the facilitation of the provision of sustainable community safety, mobility and road infrastructure. The department achieves this by monitoring and evaluating police service delivery, promoting integrated crime prevention initiatives and ensuring road safety with integrated transport systems and networks.
Free State Lengau Testing and Traffic Centre	The centre, also known as the traffic department, provides services to residents and businesses in terms of vehicle licenses, renewal of existing licences, etc.
Free State Department of Public Works and Infrastructure	The department is responsible for the coordination, provision and promotion of infrastructure and the sound management of assets. The core functions of the department include the design, construction and maintenance of social and economic infrastructure, management of provincial government owned property, facilitation of rented property (for example storage locations), etc.
Free State Development Corporation	The FDC provides funding opportunities to various manufacturing and service providing business that includes transport and logistics.
Industrial Development Corporation	The IDC provides funding to various sectors and industries, including transportation. Their aim is to assist in the creation of a competitive local automotive and transportation industry that manufactures a significant portion of relevant equipment in South Africa for both domestic and export markets.
South African Network for Women in Transport	The initiative was established as an umbrella body to serve as a strategic vehicle to engage business and government on challenges that affects women development in the transport sector. The organisation serves as a link between women and public resources to strengthen women's enterprises.
South African Development Community Project Preparation and Development Facility (SADC PPDF)	The aim of the PPDF is to assist SADC to address the implementation of the Regional Infrastructure Development Master Plan which promotes and contribute to enhancing regional economic integration in the SADC area. The PPDF will finance preparation of projects in various sectors including transport (road, bridges, air, shipping, rail, ports, and border posts) and telecommunications.
SANRAL	South African National Road Agency Limited's main purpose is to finance, improve, manage and maintain the national road network in South Africa.

Organisation	Description
Department of Trade and Industry	The department focus on promoting long-term industrialisation and diversification, while expanding production in value-added sectors by placing emphasis on labour-absorbing production and services sectors. They further assist in increasing the participation of historically disadvantaged individuals in the economy and the intervention in the identified clusters; Metals Fabrication (including transport equipment), Automotives and Components (medium and heavy vehicles), and Nuclear.
National Transport Forum	The forum was established in 2007 and plays an integral role in the transport community of South Africa. The forum engages on all levels of industry role-players including previously disadvantaged individuals who did not initially compose of the opportunity and engagement amongst top industry role players.
Transport Education Training Authority (TETA)	The Transport Education Training Authority prioritises research, SMME support, green economy, artisan development, access to institutions of higher education, rural development, career guidance, leadership development and training.
Department of Telecommunications and Postal Services (DTPS)	The department's main purpose is to build an enabling and sustainable world-class information and communication technologies environment.

5.7 Construction Sector

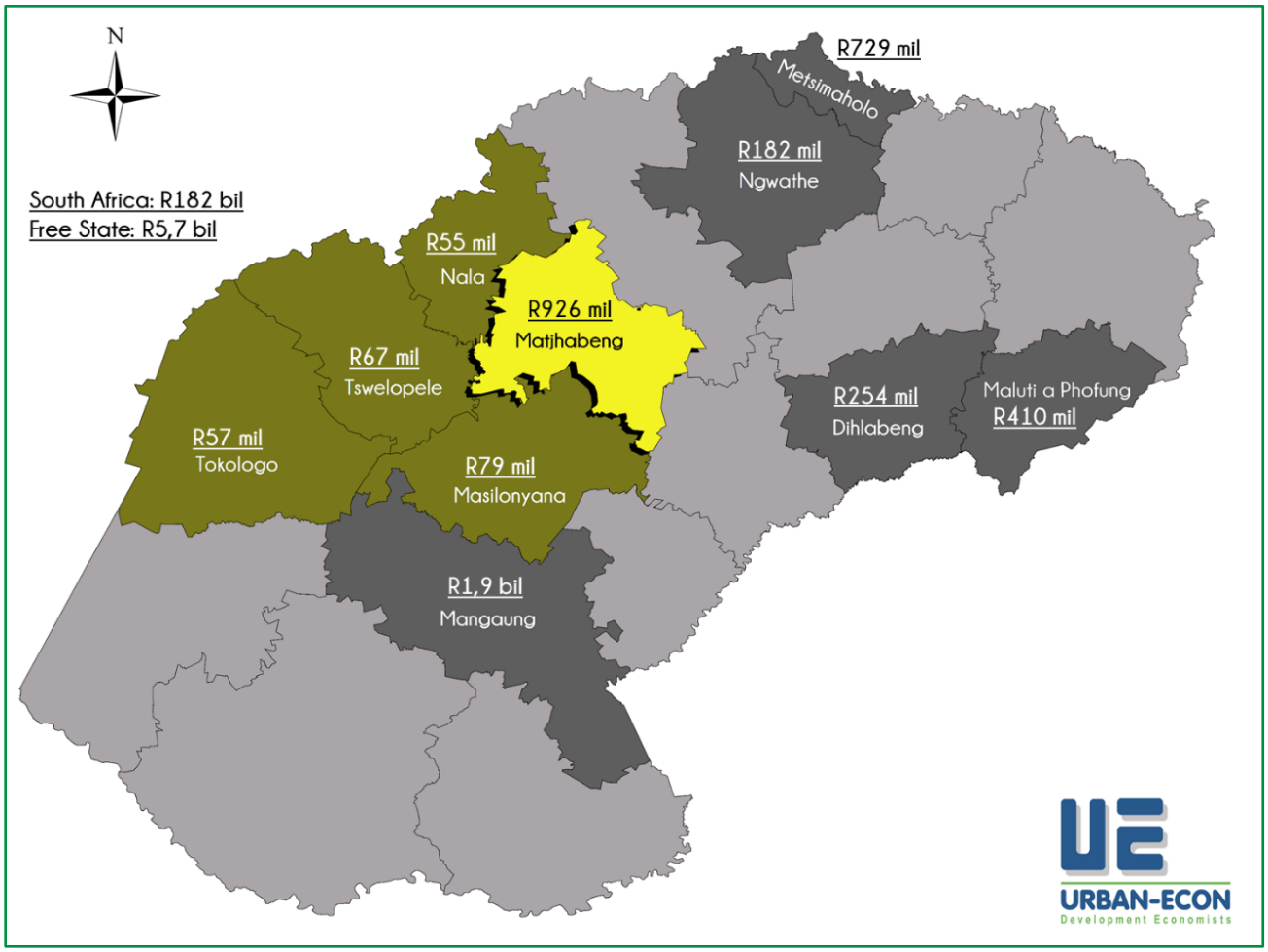
Construction is considered an important contributor to employment and growth in the Matjhabeng LM. The construction sector includes, but is not limited to Private Construction Projects, Tenders within the building sector, Main Contractors, Sub-Contractors and Tradesmen. The performance of State-Owned Enterprises (SOEs) also has an impact on the construction industry, particularly the civil construction. Due to the closure of mines in the Matjhabeng LM, the construction sector subsequently didn't deliver on its expected growth. Weak market conditions and a lack of government and private investment resulted in construction companies not meeting its potential.

The common risks identified by construction companies include monitoring and compliance with the B-BBEE codes; health, safety and environmental sustainability; industrial action; liquidity risk; talent management and staff retention; growth expansion and operational performance; the macro-economic environment; tender risk; and compliance with legislation and regulation (SA Construction 4th edition).

5.7.1 Economic Growth

Economic growth in the Matjhabeng LM's construction sector has a significant impact on the economy. In total, the construction sector contributed approximately R5,7 billion in revenue to GVA, as seen in Map 29. In comparison to the wider study region, Matjhabeng has the largest construction sector in the Lejweleputswa district, and the 2nd largest in the province. The Matjhabeng LM's construction sector is worth almost a billion rand. This figure indicates the importance of construction in the LM and the significant role it plays in the Matjhabeng LM.

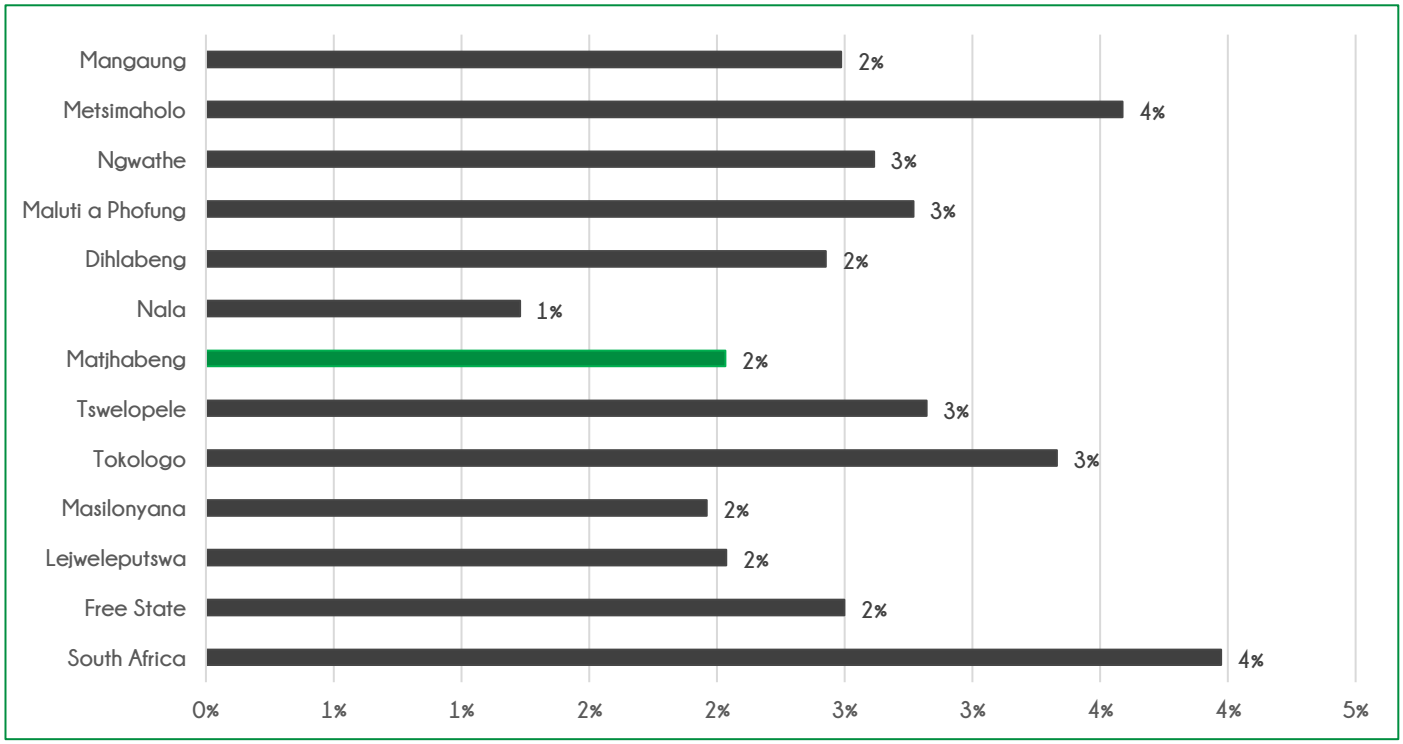
Map 29: Construction Sector's GVA Current Contribution - 2019



Source: Quantec, 2019

In terms of sectoral contribution to the total municipal GVA, Figure 69 illustrates that Matjhabeng's construction sector contributes 2% to the LM's total output. This is in proportion to the Lejweleputswa DM, as well as the Free State province. In comparison to other municipalities in the Free State, Mangaung and Dihlabeng's construction sectors each contribute approximately 2% to their economies, indicating no significant dependence on the sector, whereas Metsimaholo's construction sector contributes 4%, the highest contributing municipality in the province. The total South African construction sector contributes only 4% to national GVA, therefore indicating that the construction sector should be stimulated in Matjhabeng LM to align of National trends.

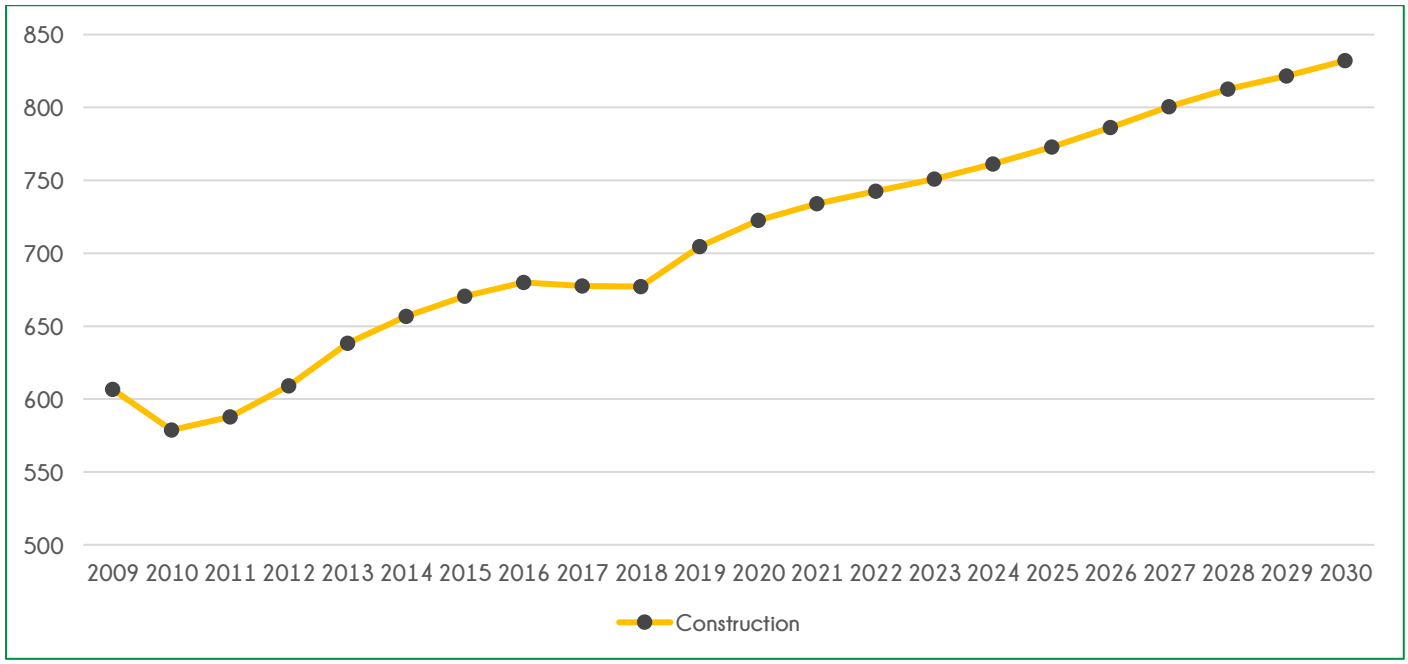
Figure 69: Construction Sector's Contribution to total Regional GVA – 2019



Source: Quantec, 2019

Economic growth can be projected using historical data by analysing trends to estimate the future position of the sector. to calculate real economic growth, and to avoid distortions caused by inflation, production quantities are valued at 2011 prices, to determine the sustainability of the local businesses. As illustrated in Figure 70, the construction sector's economic performance has been rising between 2010 and 2019, the only time there was a decline between 2009 and 2010. It is projected that, until 2030, the construction sector will rise by 9,1% per annum to R832 million, in real terms.

Figure 70: MLM Construction Sector's Real GVA Growth at 2011 prices (2009 - 2019)



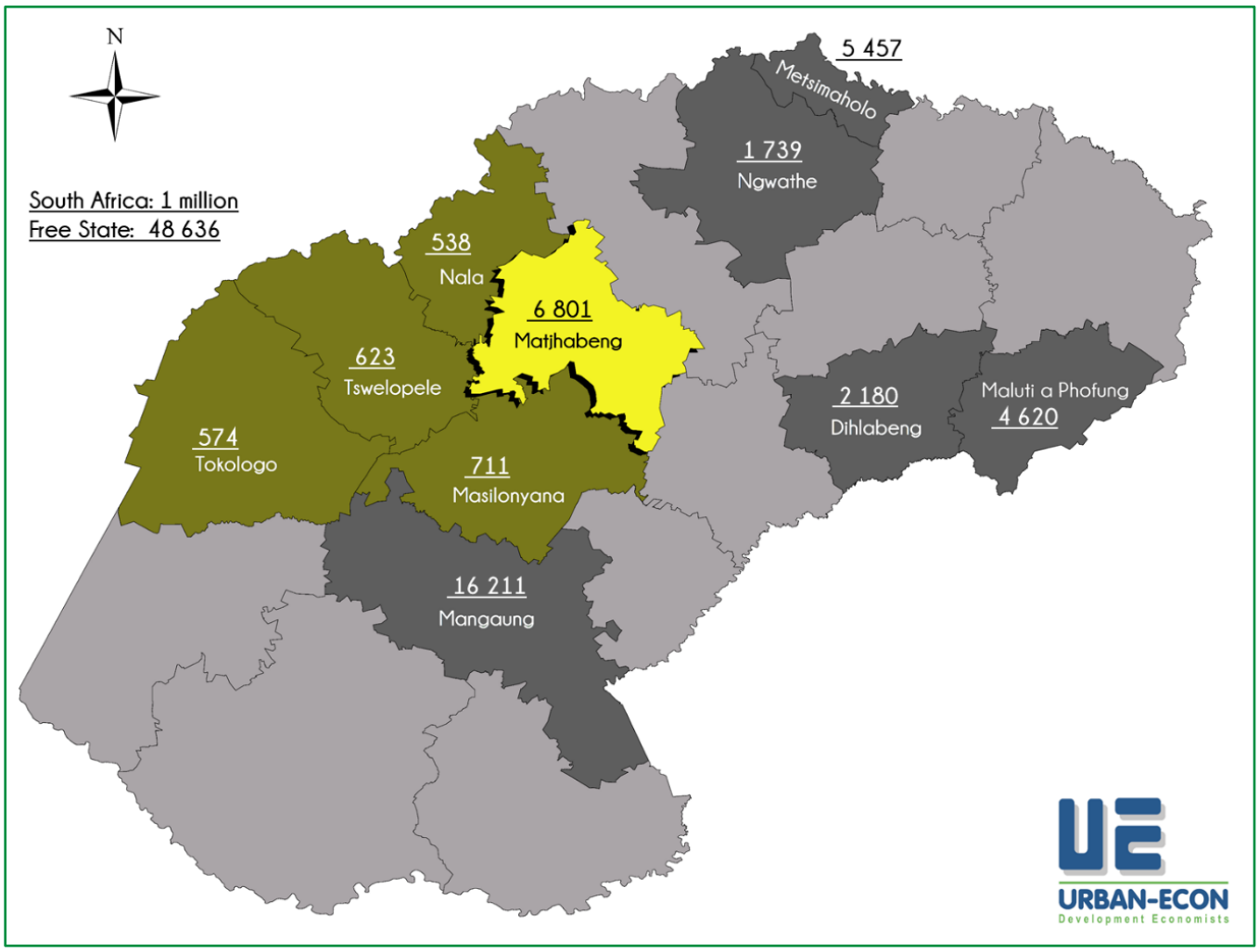
Source: Quantec, 2019

5.7.2 Employment

Construction employment is present in both the formal and informal sector. General employment in the construction sector comprises of civil engineering; building contributing, site preparation and renting of construction equipment with operators.

As of 2019, approximately 6801 workers were employed by the construction sector in Matjhabeng LM, as illustrated in Map 30. Matjhabeng is the 2nd most significant employer of construction workers in the Free State and employs 14% of the provincial construction sector workforce.

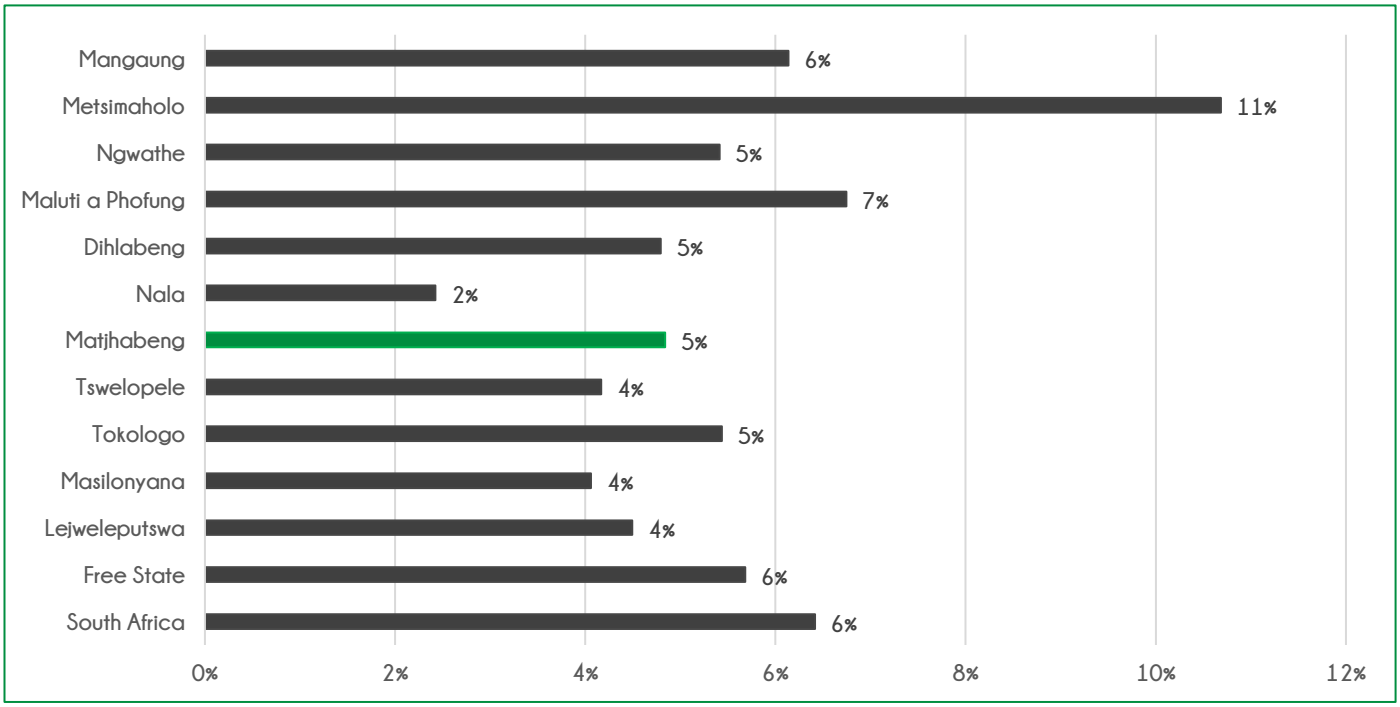
Map 30: Number of Construction Sector's Employees - 2019



Source: Quantec, 2019

As seen in Figure 71, Matjhabeng LM's mining sector employs 5% of its working population, and has a higher proportion than the Lejweleputswa DM. Compared to the national and provincial indicators, South Africa's construction sector employs 6%, while the Free State employs 6% of the workforce.

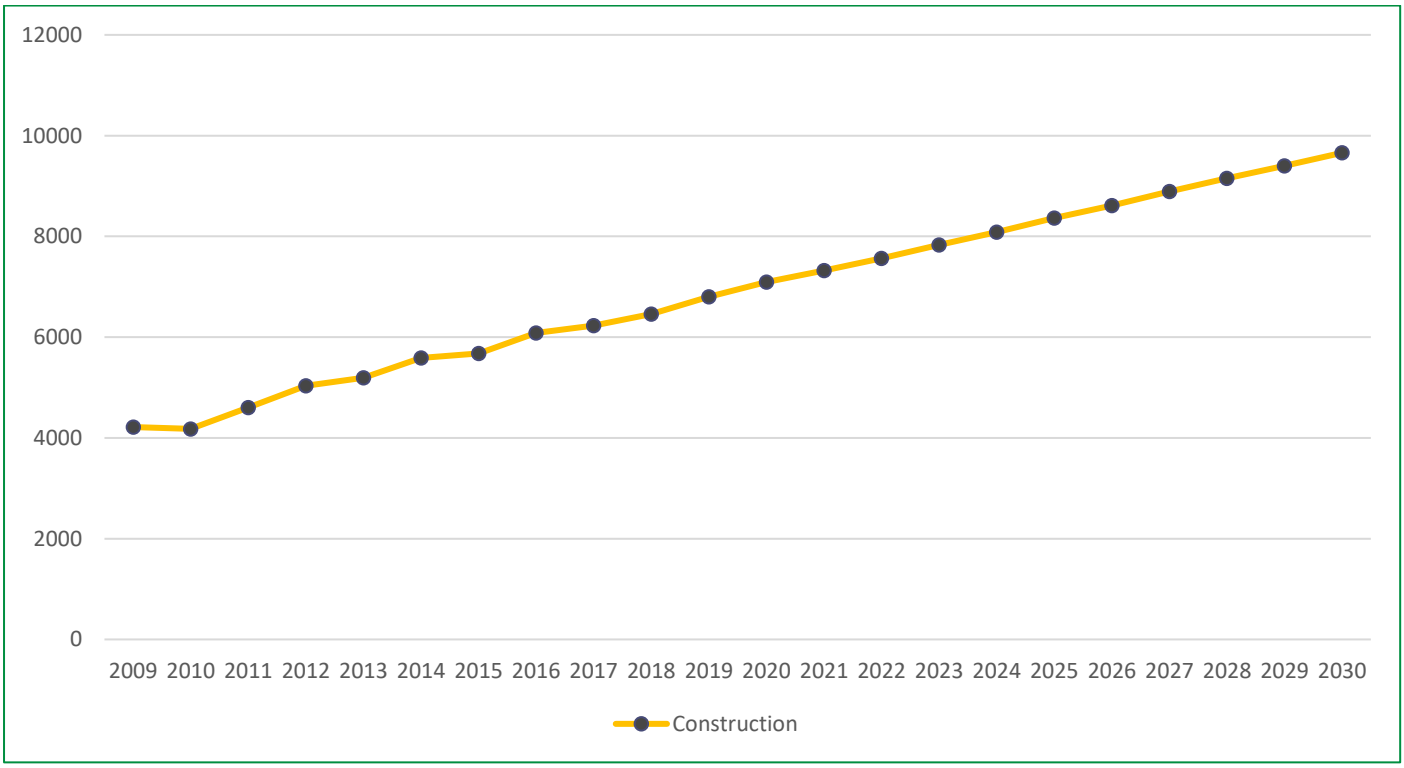
Figure 71: Construction Sector's Contribution to total Regional Employment – 2019



Source: Quantec, 2019

The construction sector has risen between 2009 and 2019. As a result of this rise, the Matjhabeng LM's construction sector's employment has increased from approximately 4218 employees in 2009 to 6801 in 2019, an increase of 34%, and job creation of approximately 2583 workers in the 10-year period. As illustrated in Figure 72, the construction sector is projected to create more jobs between 2019 and 2030, at an average of 8325 jobs created per annum.

Figure 72: MLM Construction Sector's Employment Projection (2009 - 2030)



Source: Quantec, 2019

5.7.3 Employment by Skill

Construction is an industry that is in prosperity phase in the Matjhabeng LM and is on course to experience the most positive prospects in the next decade, provided it has the necessary skills available to meet the demands on the industry.

As seen in Table 45, Matjhabeng LM's construction sector's majority of workers employed in are semi-skilled (46%) and informal workers (32%). All employment skills experienced a positive average growth percentage from 2009 to 2019, with the formal sector experiencing the highest average growth percentage between the four employment skills levels.

Table 44: Matjhabeng LM Construction Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	6%
Formal sector: Semi-Skilled	4%
Formal sector: Low Skilled	5%
Informal	4%

Table 45: Construction Sector's Employment by Skill (2009 - 2019)

Employment by Skill	South Africa					Free State					Matjhabeng				
	2009		2019		Average Growth %	2009		2019		Average Growth %	2009		2019		Average Growth %
Formal sector: Skilled	52 976	8%	88 685	8%	5%	1 724	5%	2 811	6%	5%	288	7%	502	7%	6%
Formal sector: Semi-Skilled	298 978	43%	458 308	43%	4%	13 392	41%	20 015	41%	4%	1 966	47%	3 110	46%	4%
Formal sector: Low Skilled	90 410	13%	125 333	12%	3%	4 076	12%	5 724	12%	3%	632	15%	1 036	15%	5%
Informal	252 001	36%	381 409	36%	4%	13 430	41%	20 086	41%	4%	1 332	32%	2 153	32%	4%

Source: Quantec, 2019

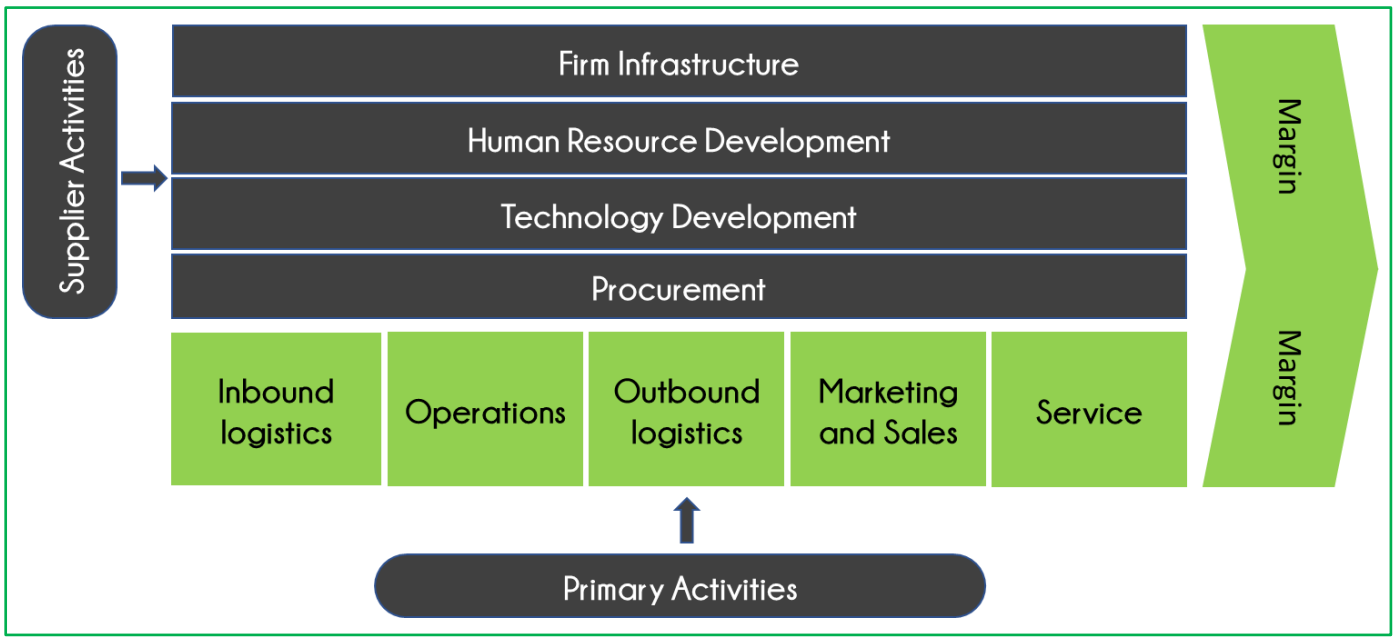
Skilled labour in the construction sector includes the provision of professional services such as planning, architecture and design, quantity surveying, project planning and management. Occupations in the consulting engineering sector include managers, professionals, technicians and associate professionals and clerical support workers. Semi-skilled and low skilled employment comprise of occupations such trade workers, plant and machine operators and assemblers, and elementary occupation. The two employment skills accounts for 61% of the total construction workforce in 2019. The number of informal workers as a proportion of all construction workers is growing. These informal workers comprise of unregistered and unprotected individuals and small enterprises that supply labour and contribute in other ways to the output of the construction sector (Wells, 2007)

5.7.4 Construction Sector Value Chain

The construction supply chain is simply a network of firms that agreed to work together in order to realise objectives relative to construction projects (Beer & Noria 2000, Eddie et al. 2001). The application of supply chain management to the construction industry only began after the turn of the 21st century because the concept was previously concentrated in a handful of industry sectors such as consumer good retailing, computer assembling and manufacturing (Albaloushi & Skitmore 2008. However, as the concept became more popular, it was embraced in other industries such as real estate, education, recreation, health to tangible aspects of construction, business services, finance, mining, agriculture forestry and fisheries and many more (Gilgor & Holcomb Peat & Anna 2007).

As seen in Figure 73, construction projects differ by location, and vary by type, from buildings to engineering projects to large-scale infrastructure, and they are directed by local conditions, purpose, regulations, codes and resources that evolve with time.

Figure 73 Construction Value Chain



Source: WorldPress, 2010[18]

5.7.5 Potential Developmental Opportunities

To ensure growth within the construction sector, it is important that construction companies and the relevant stakeholders take the initiative and be proactive in the quest to ensure development and creation of opportunities take place within the sector. The sector, and the country at large is evolving with industrialisation at the focal point. It is therefore crucial that the workforce, both in production and behind-the-scenes have the right skills and intuition to invent and develop new technologies. This will benefit from the construction industry and the country at large. The local construction sector will show great potential for the future if given the right tools and foundation (Breckenridge. 2009).

Table 46: Construction Developmental Opportunities

Opportunity	Description
Gross Fixed Capital Formation in Construction (GFCFC)	➢ Provides an analysis which includes investment by General Government, Public Corporations and the Private Sector on the following: civil construction; non-residential buildings and residential buildings.
Guidelines for Community Participation	➢ Reduces site instability during construction by providing upfront social facilitation during the project feasibility and planning phase.
Township Revitalisation Programme	➢ Expanded Public Works Programme (EPWP) infrastructure flagship in the Free State which will be implemented in 23 townships, through the infrastructure enhancement allocation of R127 million.
National Youth Service Programmes	➢ An effort to skill contractors and capitate emerging contractors so that they can be able to compete independently in the construction industry.
Standard for Developing Skills	➢ CIDB's initiative which deals with the provision of different types of workplace skills development opportunities which culminate in or lead to the following: a part qualification; a national qualification; a professional registration and/or structured work internship resulting in qualification to undertake a trade test.
Standard for Indirect Targeting	➢ Through the Construction Works Contracts, CIDB established a contract participation goal (CPG) relating to the engagement joint-venture partners or subcontractors that are also to beneficiaries of enterprise development support from the main contractor.

5.7.6 Availability of Support

Table 47: Construction Sector Available Support

Organisation	Description
Building Industries Federation of South Africa (BIFSA)	BIFSA is the national coordinating body representing the building industry. BIFSA's membership is made up of 13 regional Building Industries Associations (BIAs) and Master Building Associations (MBAs). These associations represent the interests of approximately 5000 companies.
Construction Industry Development Board (CIDB)	The CIDB is a statutory body responsible for leading growth, reform and development of the industry.
Department of Public Works (DPW)	The DPW is responsible for providing accommodation and property management services to all the other ministries of the South African government. It is also responsible for promoting the national Expanded Public Works Programme and for encouraging the transformation of the construction and property industries in South Africa.
Department of Trade and Industry (DTI)	The DTI plays a role in the regional growth prospects of the construction industry. Trade in construction is divided broadly between consulting engineers and construction companies, while architectural services are typically constrained by the need for site visits and a detailed understanding of building codes.
Housing Development Agency (HDA)	The HDA is a national public development agency that promotes sustainable communities by making well-located land and buildings available for the development of human settlements. In addition, the HDA provides project delivery support services to organs of state at local, provincial and national levels.
National Treasury	National Treasury is responsible for managing South Africa's national government finances. The National Treasury had been identified as the main strategic partner of the CIDB in fostering transformation in the industry.
Price Waterhouse Coopers (PWC)	PWC is an auditing company which serves as a prominent analyst of the construction sector.
The South African Council for Project and Construction	The SACPCMP was established to regulate Construction Management and Construction Project Management Professionals to protect the public.

Organisation	Description
Management Professions (SACPCMP)	
Work Dynamics	Work Dynamics is an agency that assisted it with the Organisational Re-design within the construction industry.

5.8 Electricity and Gas Sector

Electricity and gas are vital to South African households, businesses and municipalities. For most households in the MLM, electricity is the principal source of energy. Businesses also make use of electricity to undertake and initiate production, to communicate, and for various other uses. Electricity is processed through three stages: generation, transmission and distribution. Gas is processed through the manufacturing and distribution of gaseous fuels.

The provision of electricity to households and businesses can be a major source of revenue, which can also generate surpluses that can be used to fund other municipal functions. According to Business Tech, MLM is one of the six municipalities in the province that are listed as twenty defaulting municipalities to Eskom. MLM has approximately 49 000 Eskom customers and owes the utility R1.8 billion in electricity bills.

Electricity demand continues to rise in MLM in recent years and has outstripped the available supply infrastructure to the point of rolling blackouts. The economic impact of this municipal debt to Eskom is that the municipality will not have enough cashflow to improve basic services and to invest in projects to uplift the population. This results in costly load-shedding which halts productivity, education, health services and general service delivery.

Throughout the MLM, electricity is regarded as a modern tool to supply energy in households as it allows more efficient energy use than other sources of energy such coal, wood and paraffin. A source of income and access to electrical appliances for cooking are among the determinants of low-income householders' electricity consumption. There is effective use of electricity, although residents incur expenses when accessing selling points. Proper management and safeguarding of such entities should be a priority in MLM.

Correlation between electricity and economic development exists, as electricity's importance and role on people's lives is regarded as critical. High electricity consumption is correlated with higher development and human welfare development through its functionality. Loss of electricity and water through illegal mining activities has regressed the functionality of the municipality.

MLM has had several challenges regarding electricity services, and its association with Eskom. The consequences of load shedding in the MLM will result in a dire effect on the municipality at large. Lack of provision in electricity can halt the municipality through the following ways: no petrol to run generators, banks will not be able to operate, businesses will be forced to close, security of property and assets will be at risk and possibly even non-existent.

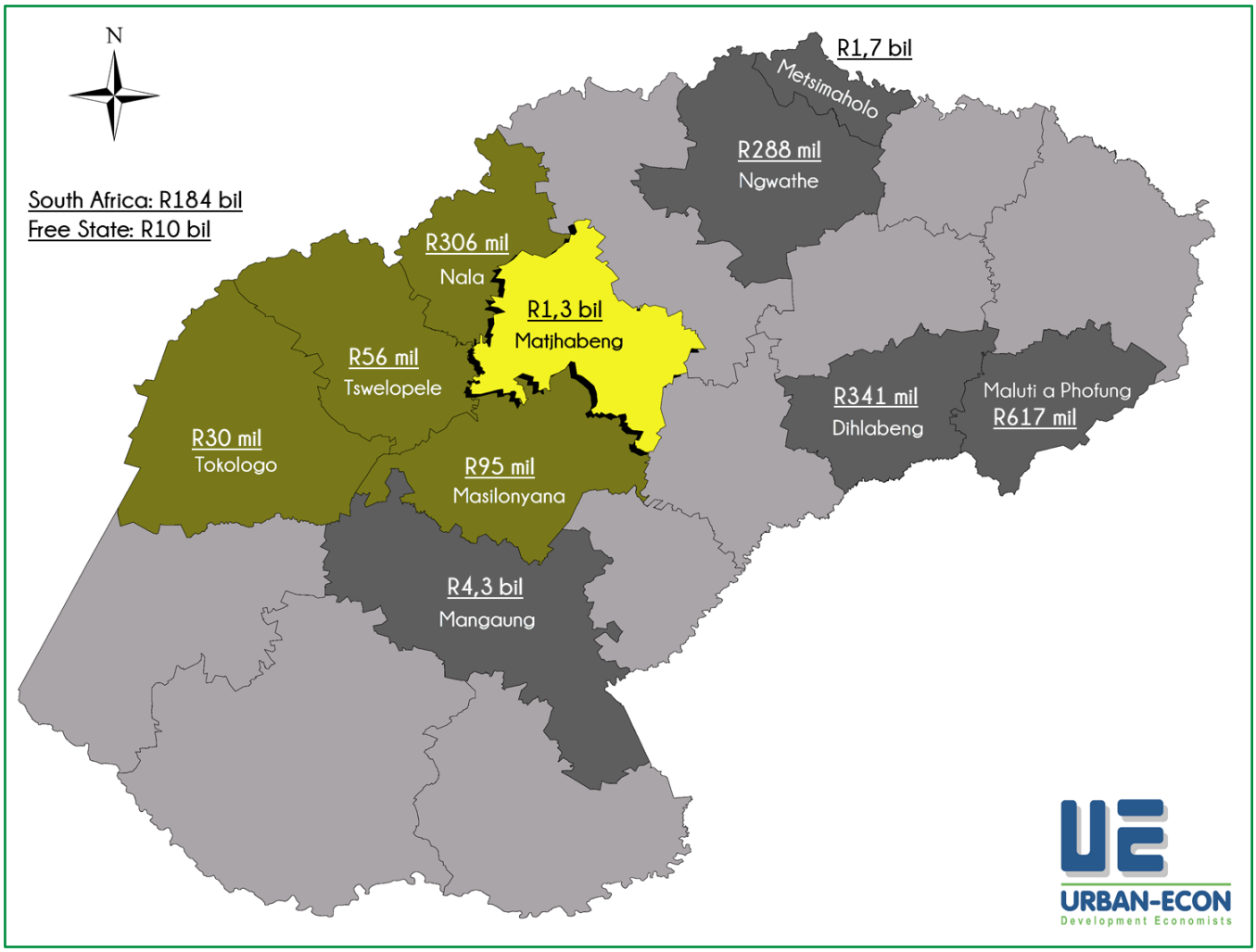
The situation in MLM has resulted in households and businesses that made their payments promptly, being affected by rolling blackouts as well. There are several reasons which can be listed for blackouts and inefficient electricity provision in the MLM. These include lack of sufficient capacity to collect payments and disconnect services of households and businesses that are able to pay their electricity costs but are not making any payments.

Poor financial planning along with inadequate business conceded in a quick rise in the MLM's debt. A failure by MLM to disconnect the electricity connections of residents that have not made payments has led to a negative impact on revenue generation. The situation escalated with inadequate collection of rates and taxes, which led to further financial instability. Ageing equipment and infrastructure led to an unreliability in the provision of electricity as the costs of repair and maintenance amounts to high figures. In most of townships in the MLM, pre-paid meters and light poles are jemmied to a point where residents steal electricity freely. This process, according to Eskom is referred to as a technical loss.

5.8.1 Economic Growth

The MLM's electricity and gas sector contributed approximately R1,3 billion in income for the period of 2019, as seen in Map 28. MLM contributed an estimated 12.86% of the provincial electricity and gas GVA, the third highest after Metsimaholo (R1,7 billion) and Mangaung (R4,3 billion). In comparison to the Lejweleputswa district, Matjhabeng contributed the most with an estimate of 72% of the total GVA.

Map 31: Electricity and Gas Sector's GVA Contribution - 2019



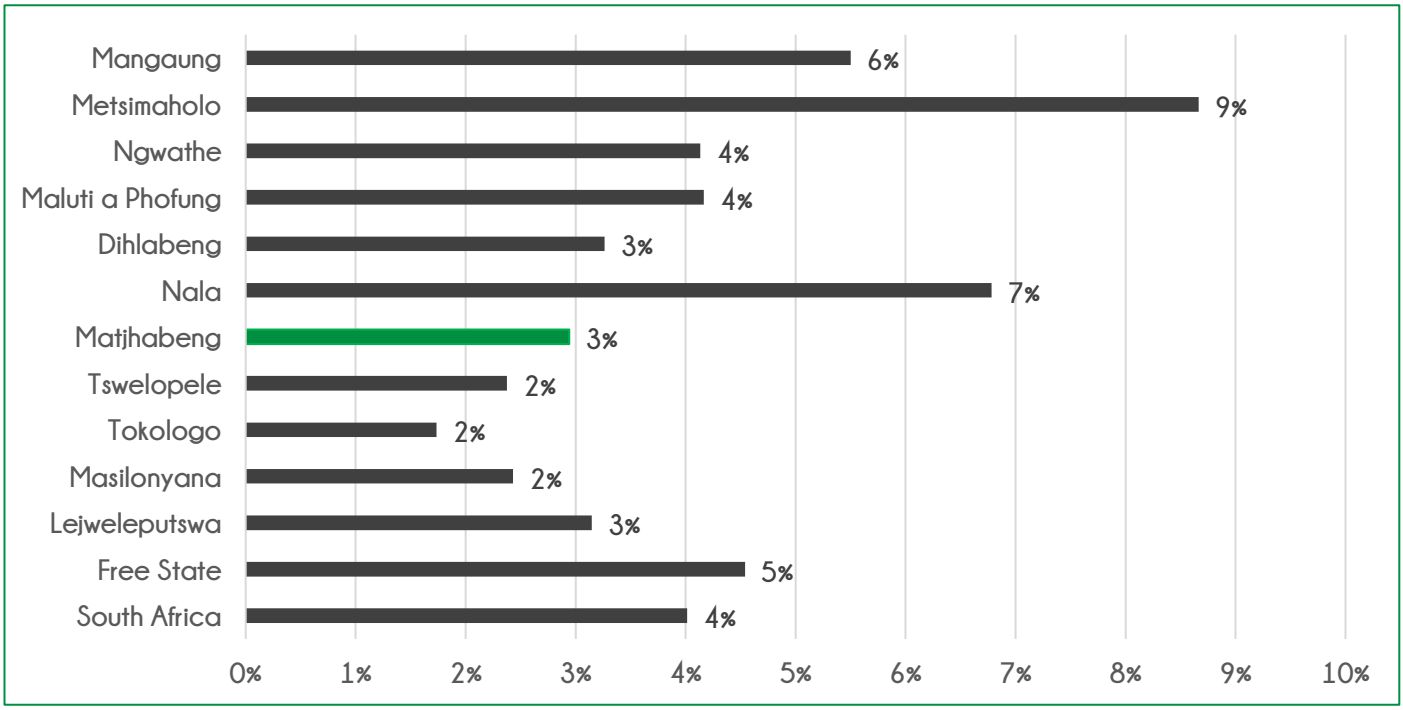
Source: Quantec, 2019

Figure 74 illustrates that the electricity and gas industry in Matjhabeng contributed an estimated 3% towards the total municipal GVA in 2019. This proportion was 1% lower than the provincial average of 5% and 2% lower than national average at 4%.

In comparison to the wider study region, MLM is in par with the district average of 3%. There are three other local municipalities which contributed less than MLM with an average of 2%. These three LMs: Tswelopele, Tokologo and Masilonyana are all situated in the Lejweleputswa District Municipality.

Economic growth in the electricity and gas sector is likely to decrease. According to Eskom, the Free State province is the biggest defaulter when it comes to paying its Eskom bills. MLM., along with Maluti a Phofung LM and Ngwathe LM owe Eskom R1.815 billion, R2.809 billion and R940 million respectively.

Figure 74: Electricity and Gas Sector's Contribution to Regional GVA

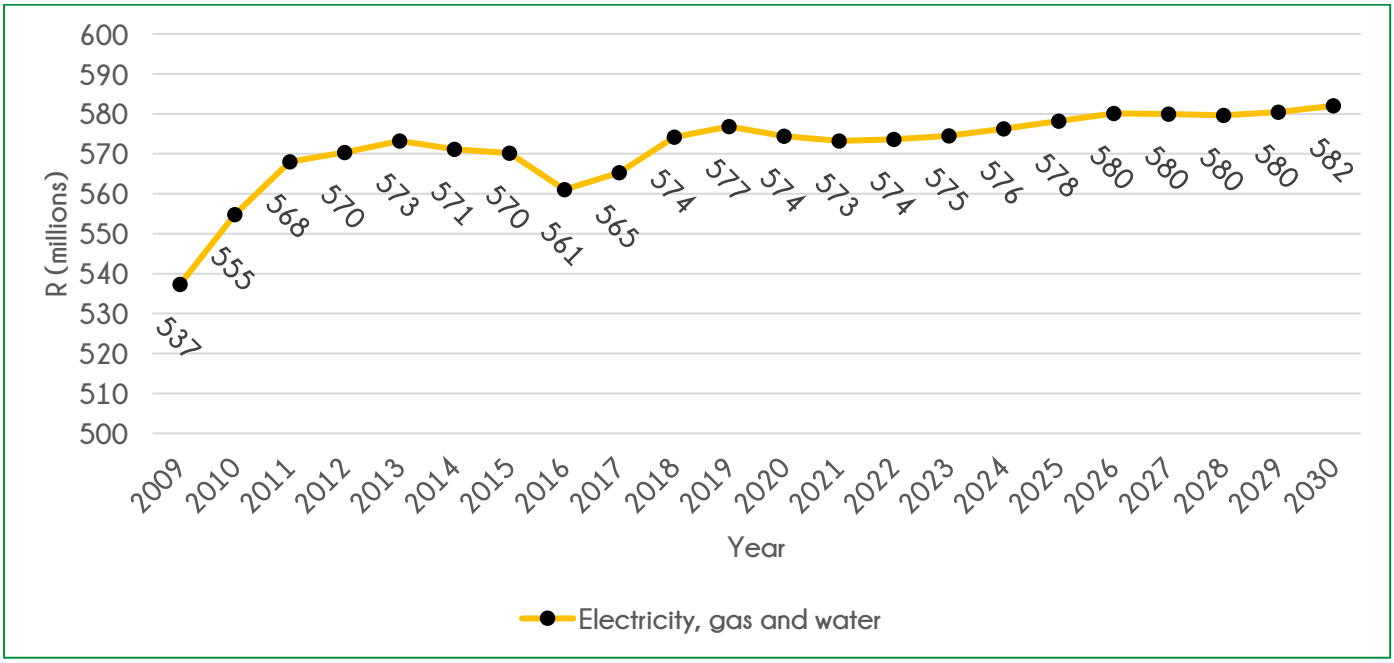


Source: Quantec, 2019

As seen in Figure 75 2009 and 2019, electricity and gas sector's real economic growth in MLM, which was based on constant 2011 prices 2011, increased by R40 million from approximately R 537 million to R577 million. It is projected that the electricity and gas sector's revenue will be approximately R582 million in 2030, indicating a 0.45% real growth annually.

Matjhabeng uses a great deal of energy for every rand of value added. This presents benefits in economic growth through economic development as it will manifest in improved health and employment. However, there are drawbacks, largely because those living in most of the electrified households cannot afford to buy enough electricity to generate enough revenue for the MLM. This means that money collected from revenue won't be enough to cover costs involved in the production and provision of electricity.

Figure 75: MLM's Electricity and Gas Growth - 2009 - 2030



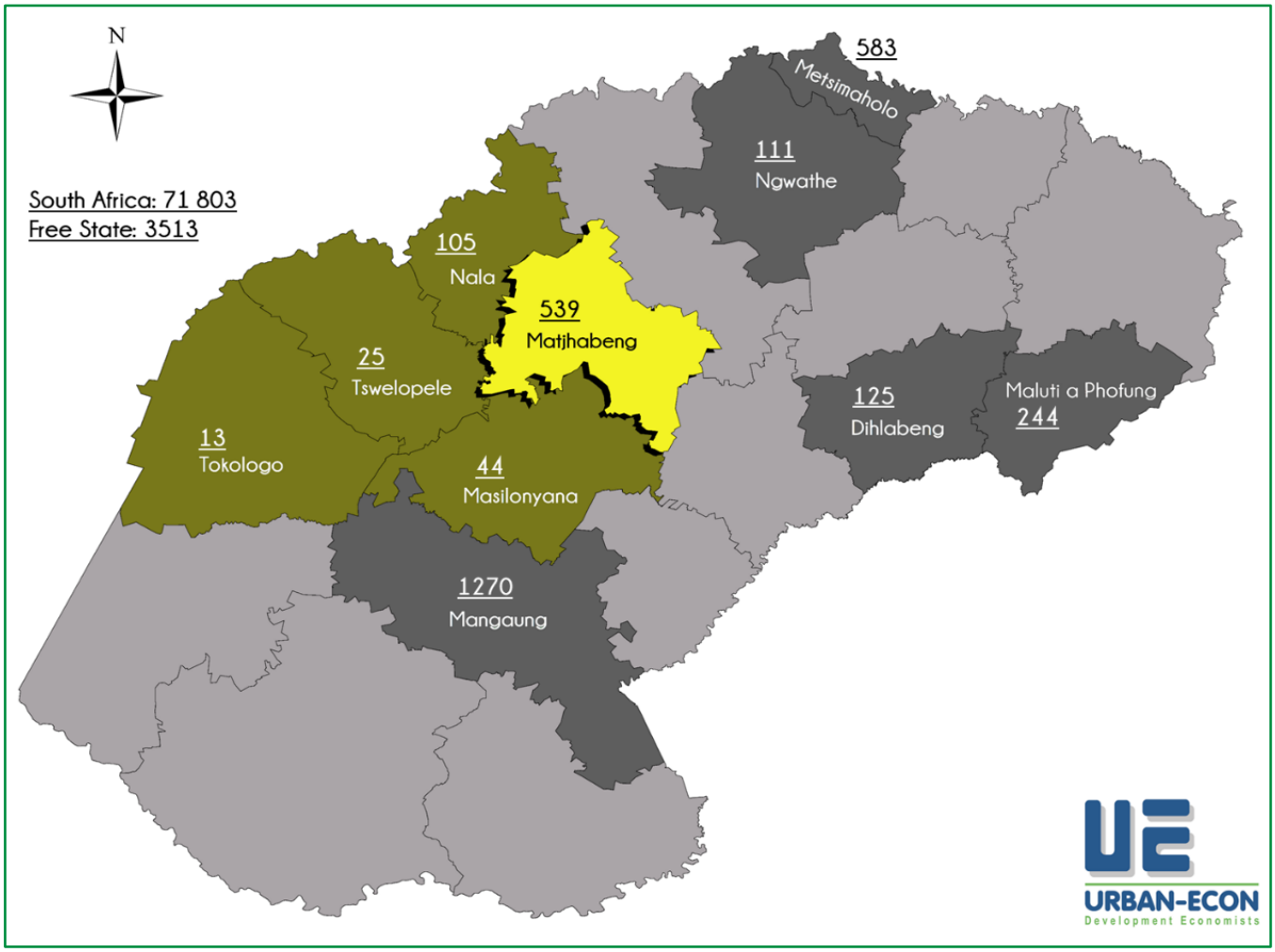
Source: Quantec, 2019

5.8.2 Employment

The electricity and gas sector employed a total of 539 in 2019 compared to 463 people in 2009. This sector is forecasted to employ a total of 603 in the year 2030. This is expected to be a growth of 10.6 % increase in the number of jobs created in this sector.

As seen in Map 32, the electricity and gas sector was the smallest employment sector in MLM in 2019.This means that the electricity and gas sector the least significant labour market as it employed 0.22% of the MLM';'s sectoral working population. Electricity demand continues to rise and in recent years outstripped the availability supply infrastructure, resulting in rolling blackouts. Electricity and gas sector had an 0.8% average growth in employment over the past 5 years.

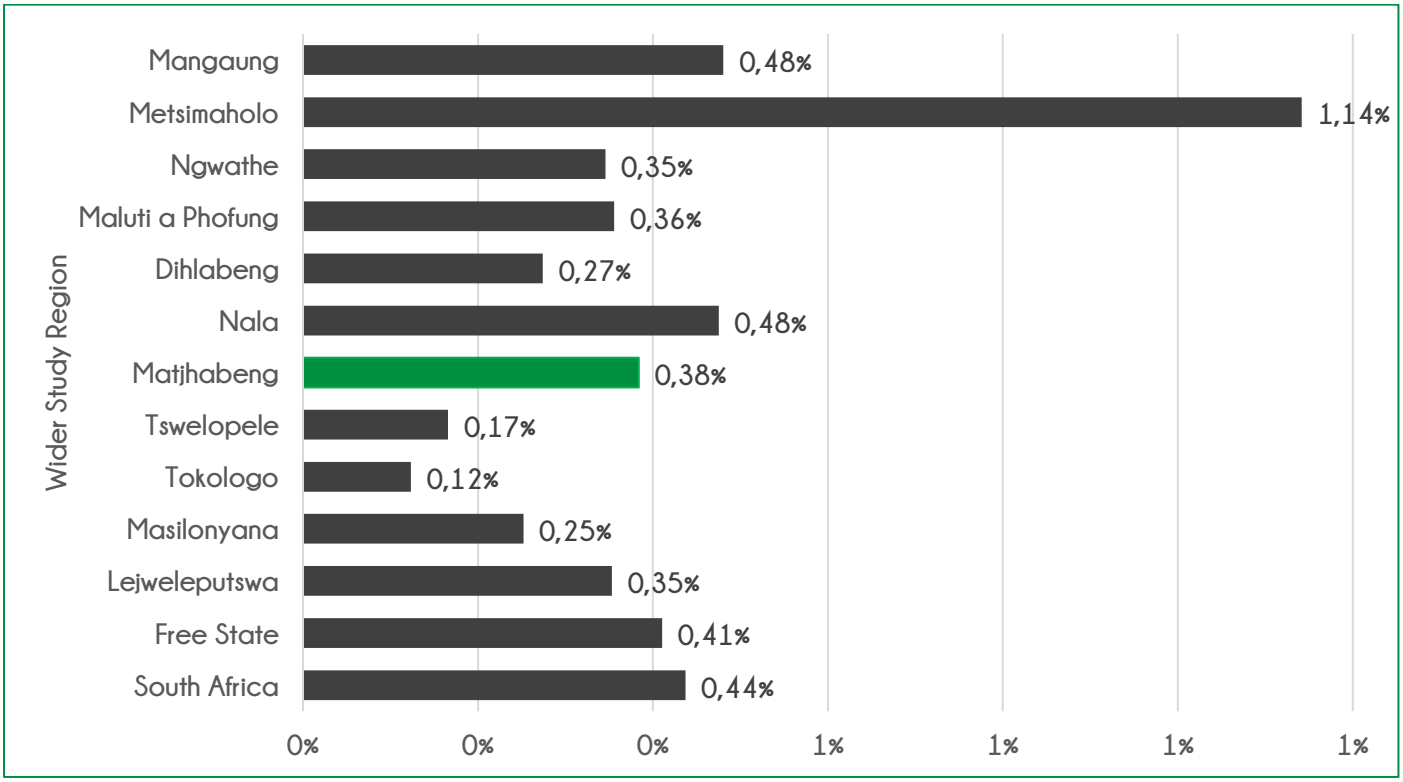
Map 32: Number of Electricity and Gas Sector's employees



Source: Quantec, 2019

As shown in Figure 76, the electricity and gas sector are volatile in the proportion of its contribution towards the workforce. This is in every geographical area, from local municipalities to provincial averages and the national average. Metsimaholo LM is the only municipality which has contributed at least 1%.

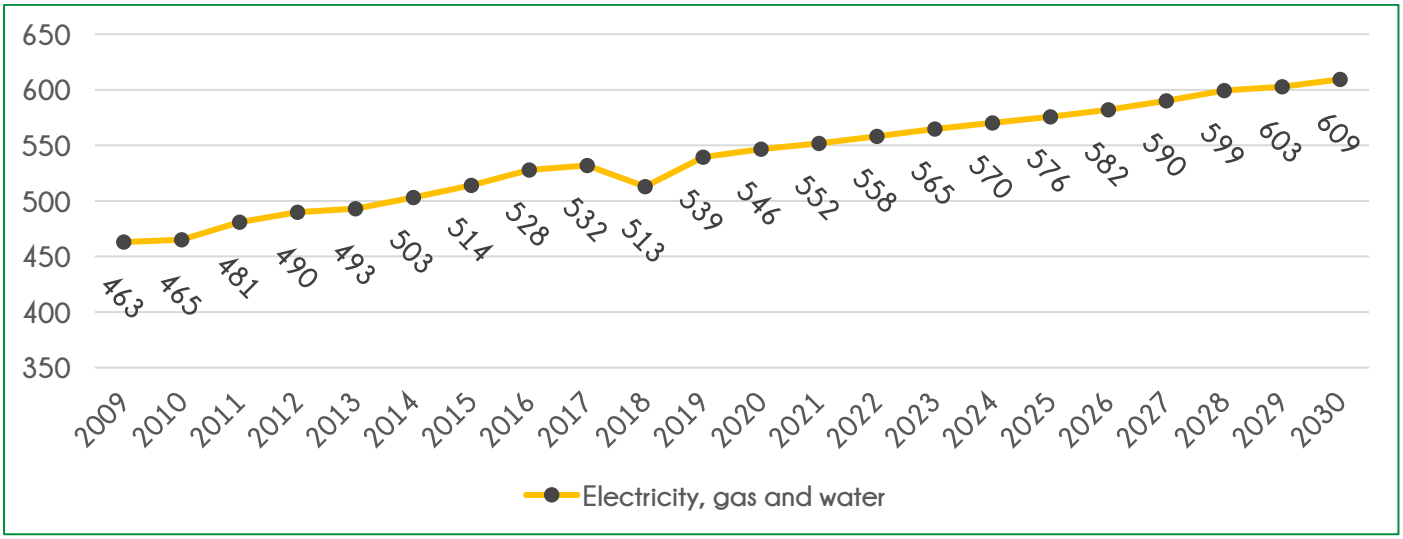
Figure 76: Electricity and Gas Sector Contribution to total Regional Employment



Source: Quantec, 2019

Figure 77 below shows the growth of electricity and gas sector employment between 2009 and 2030, which amounts to an estimated average annual growth rate of 6.95%. The number of employees rose from approximately 463 to 539 between 2009 and 2019 and is projected to increase to 609 by 2030. The average of annual growth in employment from 2019 to 2030 is 6.96%, which suggests that more employment opportunities will be created in this sector

Figure 77: Electricity and gas employment growth - (2009 - 2030)



Source: Quantec, 2019

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5.8.3 Employment by Skill

The electricity and gas sectors employed one of the highest proportions of skilled and semi-skilled workers in MLM. The sector, as seen in Table 48, had a workforce that comprised of skilled (15%), semi-skilled (51%), low-skilled (23%), and informal (11%) in 2019. Between 2009 and 2019, the proportion of skilled, semi-skilled workers and informal workers decreased, and the low-skilled workers increased.

When compared to the national; provincial and district averages ss shown in Table 49, the proportion and number of informal workers, skilled as well as semi-skilled workers has decreased over the same period. Only the low-skilled employees' group was unaffected., as it increased in both numbers and proportions

Table 48: MLM Electricity and Gas Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 - 2019 (%)
Formal sector: Skilled	0%
Formal sector: Semi-Skilled	0%
Formal sector: Low Skilled	3%
Informal	0%

Source: Quantec, 2019

Table 49: Electricity and Gas Sector's Employment by Skill (2009 - 2019)

Employment	South Africa				Free State				Lejweleputswa				Matjhabeng			
	2009		2019		2009		2019		2009		2019		2009		2019	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Formal sector: Skilled	11987	19%	13866	19%	532	15%	551	16%	105	15%	112	15%	73	16%	82	15%
Formal sector: Semi-Skilled	34614	54%	39915	56%	1875	54%	1921	55%	356	52%	363	50%	242	52%	273	51%
Formal sector: Low Skilled	9178	14%	10033	14%	592	17%	642	18%	122	18%	160	22%	86	19%	123	23%
Informal	8606	13%	7989	11%	480	14%	399	11%	104	15%	91	13%	62	13%	61	11%

Source: Quantec, 2019

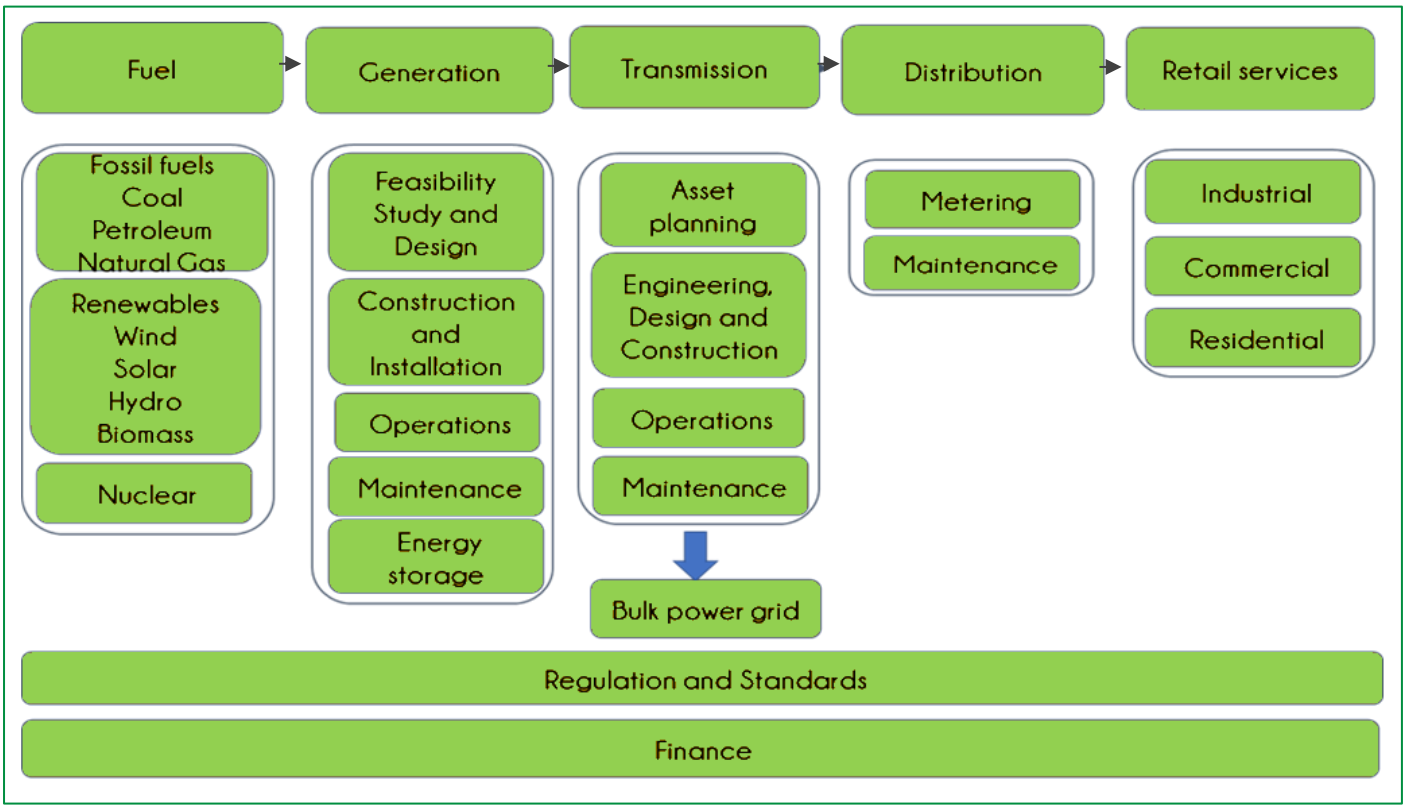
5.8.4 Electricity Value Chain

Electricity value chain is the concept of how electricity flows from generation through the network all the way to the customer's disposal. Electricity value chain deals with the generation, transmission, distribution of power from its initial processes to the different retail service stages.

As seen in Figure 78, the electricity energy value chain includes all activities necessary for the production, distribution and consumption of electrical energy. There are five major segments: fuel procurement, electricity generation, transmission, distribution and the retail services.

The value chain illustrates a variety of roles that could be exploited for the development of economic activity in the electricity and gas sector. Demand grows for electrical energy across different municipalities. MLM must evaluate how to increase the different value chain stages and how to more effectively and efficiently distribute available electricity within the value chain capacities. MLM can specialise in just one or more stages of the value chain by eliminating inefficiencies with the aim of reducing the various costs involved.

Figure 78: Electricity and Gas Value Chain



*Source: https://www.researchgate.net/publication/287958310_*

5.8.5 Potential Developmental Initiatives

Adequate access to electricity not only helps in an economics spectrum but through improvement in basic development and possible advancement in a geographic area. Electricity demand continues to rise and in recent years has outstripped the available supply infrastructure to the point of continuing blackouts. In the MLM. Loss of electricity for businesses result in less productivity, retrenchments and loss of investor confidence. Strategies that can be pursued to improve the current situation, and ultimately development in the MLM include the following.

Opportunity	Description
Maintain electricity supply to satisfy municipal demand	MLM and Eskom should work together and introduce and maintain programmes to equalise electricity supply and demand. These programmes should be reviewed to improve effectiveness of the industry. The sale of electricity will need to be reviewed and closely monitored to measure progress.
to address the challenge of its electricity supply	MLM would need to acquire a substantial investment over the next few years to enable the building of appropriate generation capacity for future years. This will need to be complemented by initiatives on the demand side to bring down existing energy consumption levels whilst maintaining long-term sustainable levels of consumption. Alternative sources of energy, such as solar panels can be considered.
Increase the number of pre-paid electricity selling points	The shortages of pre-paid electricity vouchers led to a few selling points being permanently shut following social ills such as vandalism and other damages. Many of the selling points are situated outside the Matjhabeng residential area. This means that householders are obliged to travel a considerable distance to purchase electricity. MLM and Eskom should re-establish convenient, safe selling points for pre-paid electricity.
Risk management	Valuable time and money must be directed daily to rectify problems caused by the theft of copper cables. Replacing wooden pylons urgently can reduce the frequent theft of copper cables.
Encourage private sector participation in the industry	This will promote competition in the sector and will give consumers the right of choice of electricity supplier. The competition created by the energy generation industry will give the new generation organisation incentive to reach efficiency, while enabling IPPs to enter the market with greater ease. Funding for privatisation should be sourced from capital markets where shares are sold on the Johannesburg Stock Exchange (JSE) to private investors. The benefit of this approach is that in the long term, capital and interest does not have to be repaid, only the shareholders' annual dividends (Economic Policy Paper, National Treasury, 2019).

5.8.6 The Availability of Support

Table 50: Electricity and Gas Sector Availability of Support

Organisation	Description
COGTA	MLM is part of the 42 municipalities that are currently supported by COGTA with revenue enhancement strategy under the Simplified Revenue Plan (SRP)
Department of Energy (DOE)	DOE is in the process of reviewing the electricity pricing policy, this will clarify and provide a policy direction on this matter.
Eskom	Collaborating with Eskom will help ensure that municipal tariffs are cost reflective
Inter-Ministerial Task Team (IMTT)	The IMTT has established an Advisory Panel to provide advice and legal clarity on the constitutional authority for electricity reticulation.
NERSA	NERSA currently implementing Geographic Information System (GIS) to review and update Schedule 1 (list of supply areas) of electricity distribution licenses for Municipalities and Eskom. NERSA's assistance will also assist MLM to apply for Time of use and seasonal tariffs. This will ensure that the tariffs are not flat but follow the Eskom seasonal tariffs

5.9 Public Sector

The public sector includes the economic activities of the three levels of government; education (private); health and social work (private); other community, social and personal services. The MLM LED structures, as discussed in section 1.3.3, have been designed to ensure the MLM has the capacity to deliver the required services for economic development, therefore the standard of governance will determine the effectiveness of these structures. Matjhabeng is widely considered as one of the most mismanaged municipalities in the country, as the municipality owe Eskom and the water board over R3,3 billion, according to the MEC for Finance, Gadija Brown.

As a basis, the financial performance of the MLM must be analysed in order to understand the trends of government income and expenditure (cashflows), the financial position of the MLM, as well as the wasteful expenditure of the MLM, The financial statements of MLM from 2014 to 2018, as audited by the Auditor General, can be seen in Table 51. As seen in the table, the financial position of the MLM has declined at an annual average of 25% between 2014 and 2018, and the cash/cash equivalents have decreased at an annual average of approximately 41% during the same period. Total unauthorised, irregular and wasteful expenditure amounted to R1,4 billion in 2018.

Table 51: MLM Financial Statements (2014 - 2018)

Line Item	2017/18	2016/17	2015/16	2014/15	2013/14
Financial Position					
Total current assets	R1 349 673 000	R1 235 262 000	R951 208 000	R1 060 975 000	R850 367 000
Total non-current assets	R5 379 940 000	R5 425 938 000	R5 272 061 000	R5 289 047 000	R5 949 151 000
Total current liabilities	R4 757 967 000	R3 811 586 000	R2 866 822 000	R2 222 752 000	R1 646 014 000
Total noncurrent liabilities	R484 527 000	R487 705 000	R444 259 000	R399 917 000	R370 992 000
Community wealth/Equity	**R1 487 120 000**	**R2 361 910 000**	**R2 912 188 000**	**R3 727 352 000**	**R4 782 511 000**
Cash Flows					
Net cash from (used) operating	R182 621 000	R156 902 000	R96 076 000	R157 166 000	R454 514 000
Net cash from (used) investing	-R167 734 000	-R159 530 000	-R74 278 000	-R146 295 000	-R429 995 000
Net cash from (used) financing	-R12 536 000	-R11 164 000	-R12 849 000	-R13 296 000	-R32 511 000
Cash/cash equivalents at the year end	-R2 524 000	-R4 875 000	R8 917 000	-R33 000	R2 371 000
Unauthorised, Irregular, Fruitless & Wasteful Expenditure					
Unauthorised expenditure	R873 125 000	R1 031 092 000	R700 591 000	R443 304 000	R453 240 000
Irregular expenditure	R376 686 000	R326 990 000	R305 670 000	R226 054 000	R85 126 000
Fruitless & wasteful expenditure	R169 189 000	R186 865 000	R146 679 000	R151 822 000	R103 398 000
Total	R1 419 000 000	R1 544 947 000	R1 152 940 000	R821 180 000	R641 764 000
SOURCE	*Audited Outcome - C1 2019 Q2*	*Audited Outcome - A1 2018*	*Audited Outcome - A1 2018*	*Audited Outcome - A1 2017*	*Audited Outcome - A1 2017*

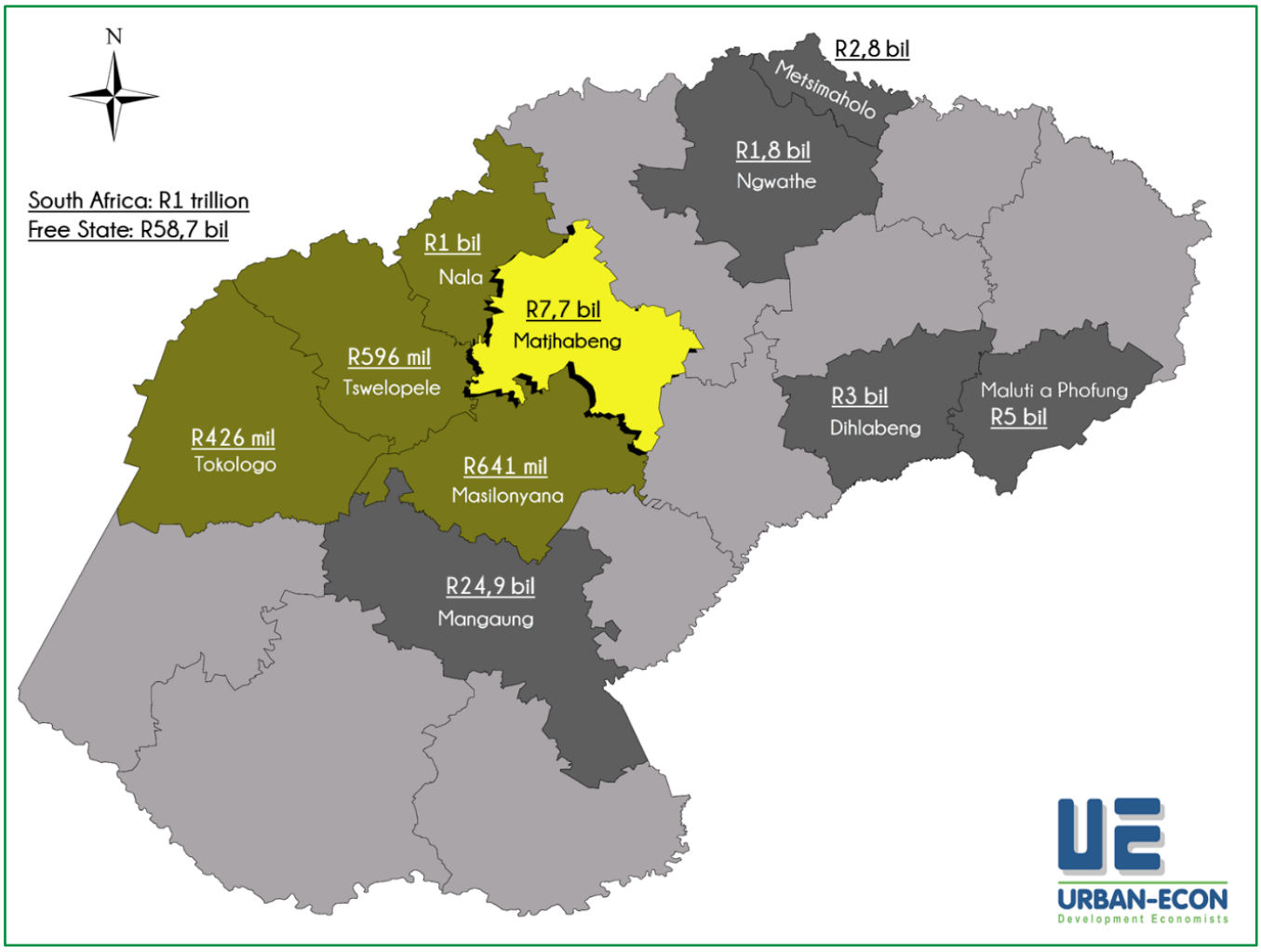
Source: Auditor General Annual Report, PFMA, 2018

5.9.1 Economic Growth

The income collected by the public sector is aimed at funding public goods and services in the local, provincial and national government level, both public and private The public sector in MLM received an estimated R7,7 billion in income during 2019, as seen in Map 33, earned mainly through taxes levied on businesses and individuals and utilities, such as water and electricity. The LM earns approximately 11% of the total public sector GVA.

When comparing the LM to the wider study region, MLM earns the second highest sectoral income in the province, a mere 30% of the income earned in Mangaung MM. Maluti-A-Phofung LM and Dihlabeng LM each received approximately R3 billion and R5 billion respectively. In comparison to the district, Matjhabeng earns significantly higher income than the other local municipalities, earning an estimated 7,7 time the income of Nala LM.

Map 33: Public Sector's GVA Contribution - 2019

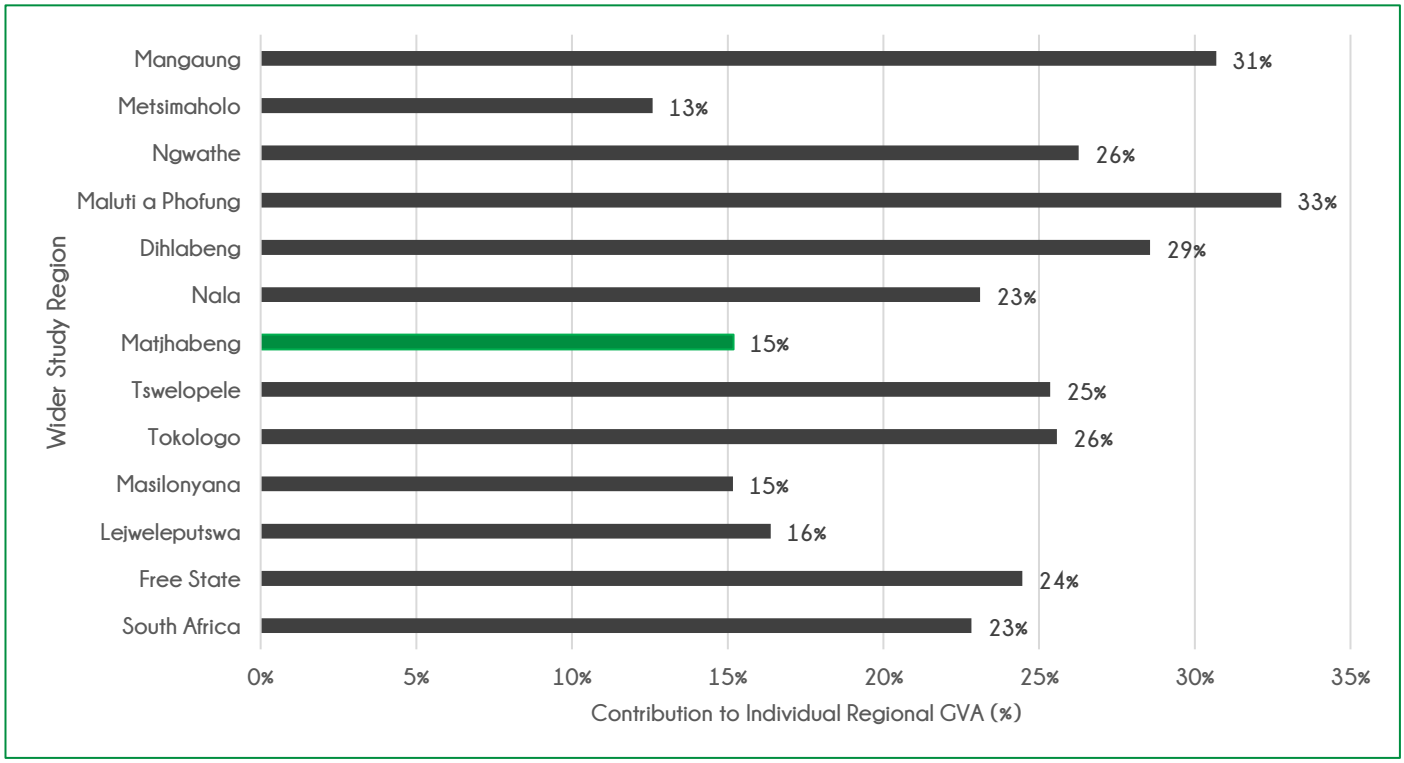


Source: Quantec, 2019

The public sector in MLM earned approximately 15% of the LM's total GVA in 2019, as seen in Figure 79, 9% lower than the provincial percentage of 24%. This is due to the fact that local residence forfeit payment for utilities, such as electricity, water and refuse removal. When compared to the wider region, Matjhabeng had one of the lowest proportions of income collected in 2019, as only Metismaholo collected proportionally less revenue. The highest proportional income was received by Maluti-A-Phofung LM and Mangaung MM.

The lack of payment of basic services have a negative impact on the cashflow of the LM. It is imperative that the municipality outsource bill collecting to an external service provider, such as electricity retailer Centlec in Bloemfontein.

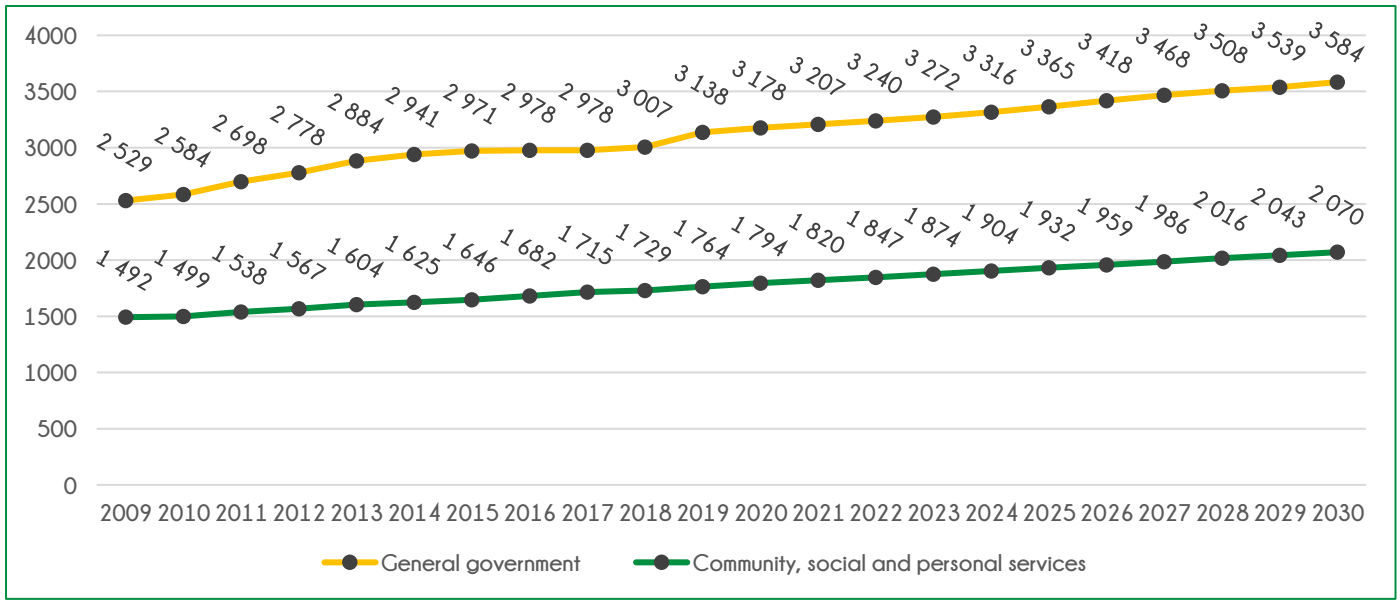
Figure 79: Public Sector's Contribution to total Regional GVA - 2019



Source: Quantec, 2019

The historic data of the public sector in MLM suggests that the revenue of the sector is projected to increase until 2030, as seen in Figure 80. The general government sector's annual income, based on 2011 prices to ignore the effects of inflation, has increased at an average rate of 2,4% between 2009 and 2019, from R,5 billion to R3,1 billion. It is projected that the trend will continue until the general government earns 14% more in 2030. The community, social and personal services sector is projected to increase at a lower rate than the general government sector, as the general population cannot afford the additional cost of services, such as private health and education. The community, social and personal services sector has increased at an average annual rate of 1,8% between 200 and 2019 and is projected to increase to approximately R2 billion in 2030, based on real annual growth.

Figure 80: MLM Government and Communication Sector's GVA Growth (2009 - 2019)



Source: Quantec, 2019

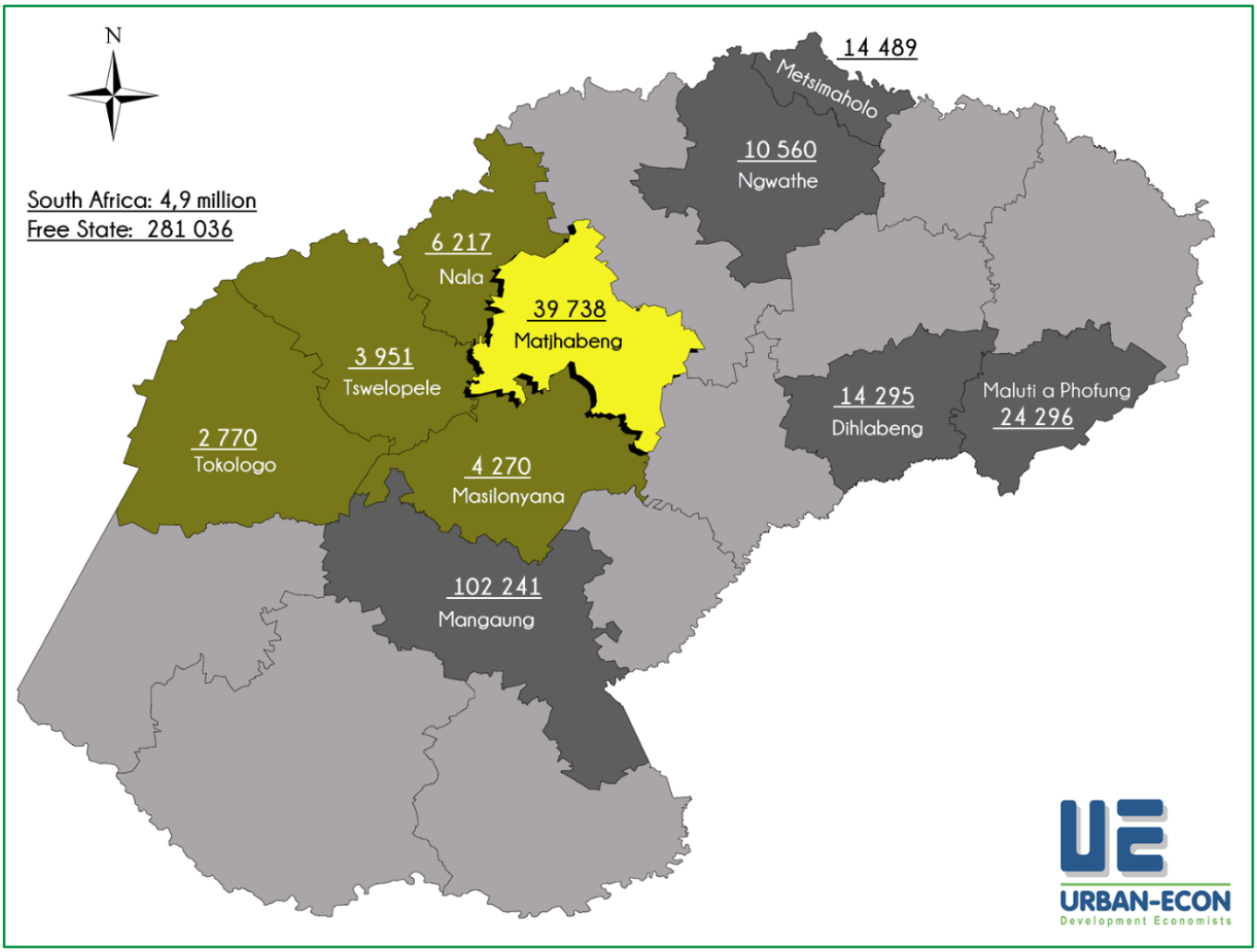
5.9.2 Employment

The public sector was the largest employment sector in Matjhabeng for 2019, as indicated in section 3.6.6, replacing the declining mining sector as the most significant labour market. In 2019, an estimated 39 738 workers were employed by the public sector, as illustrated in Map 34, the highest number of employees in comparison to the local municipalities of the Lejweleputswa DM.

Matjhabeng's public employed 14% of the provincial sectoral working population. In comparison to the wider study region, only Mangaung MM employs a larger public workforce, employing 36% of the provincial sectoral workforce. It has been reported that a number of Matjhabeng's government workers receive their salaries late as a result of negative cashflows in the LM treasury.

According to Municipal Money.com, Matjhabeng had a negative cashflow of R4,8 million in 2017, a sign of financial mismanagement from the LM. President Ramaphosa has reduced his Cabinet, after the 2019 National Elections, with the intention to reduce the number of government departments, thus reduce government expenditure, thus the number of government employees should decrease in the long term, if his plans are executed.

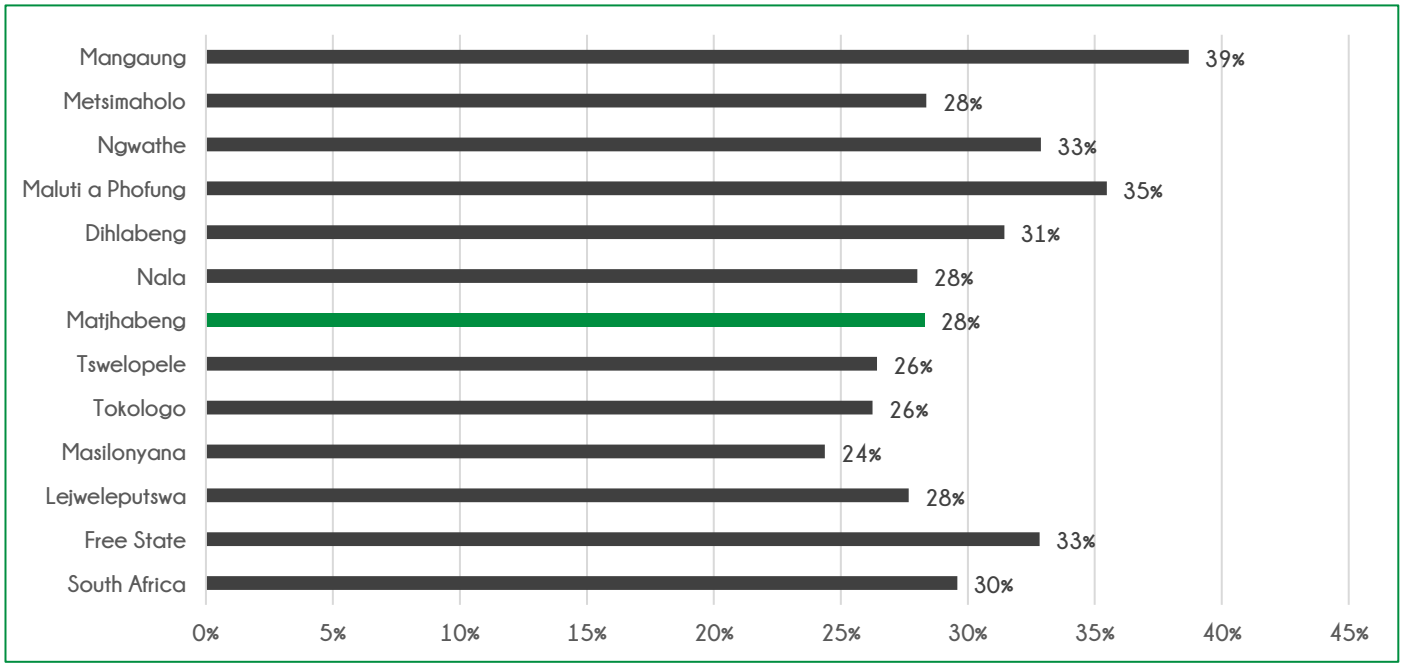
Map 34: Number of Public Sector's Employees - 2019



Source: Quantec, 2019

Approximately 28% of the MLM's working population consists of public employees, which falls short of the provincial average, of 33%, and the national average of 30%, as indicated in Figure 81. Mangaung MM working population consists of an estimated 11% more workers from the sector, as the majority of the provincial and metropolitan departmental head offices are based in Bloemfontein. In comparison to local municipalities in the wider study region, the MLM's public sector workforce is proportionally similar, except for Maluti-A-Phofung LM, that employs 35% of the working population, and is currently under administration.

Figure 81: Public Sector's Contribution to total Regional Employment – 2019

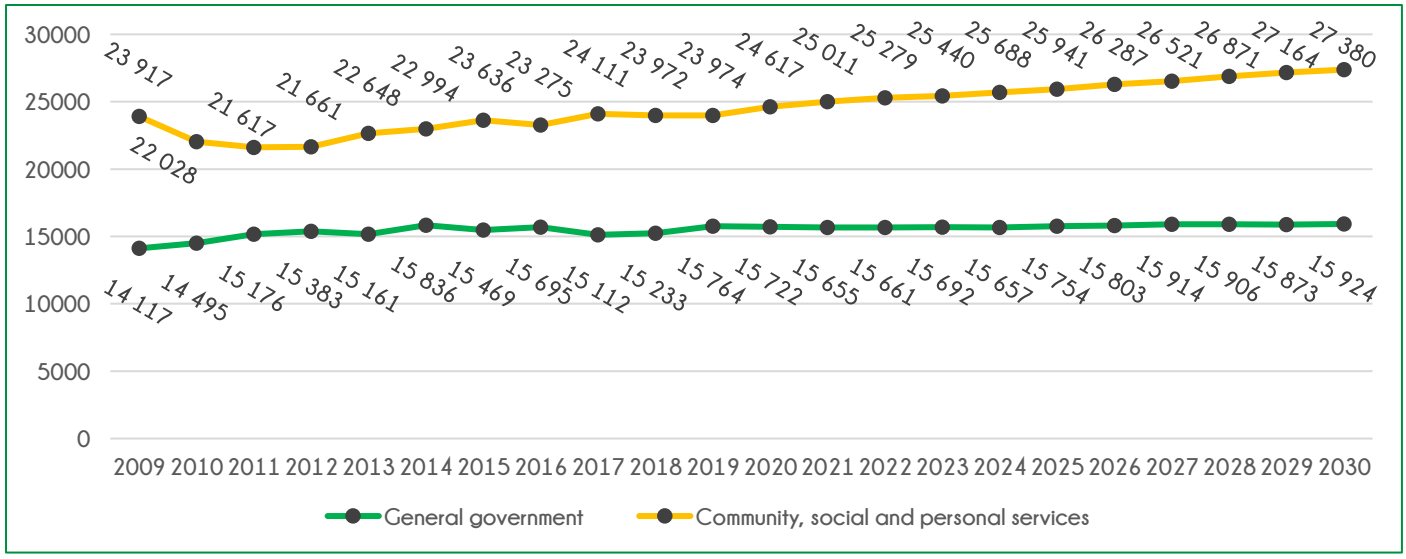


Source: Quantec, 2019

The number of employees in the general government sector has increased from 23 917 workers in 2009 to 23 917 in 2019, as seen in Figure 82, due to the decrease in the employment of workers after the Global Economic Crisis that affect South Africa after 2009. Employment numbers in the sector began to recover from 2011, as the economy started to recover, and government employed more staff. Since 2011, general government employment increased by an estimated 1% per annum.

At the historic annual rate of employment growth between 2009 and 2019, it is projected that, by 2030, the general government will employ approximately 27 380 employees. As stated previously, President Ramaphosa's drive to reduce the number of government departments to reduce government spending may influence the magnitude of government employment growth.

Figure 82: MLM Public Sector's Employment Projection (2009 - 2019)



Source: Quantec, 2019

As seen in the figure above, the community, social and personal services sector's employment is projected to grow at an average rate of less than 1%, as may be observed by the positive and negative growth between 2009 and 2019. The reason for the low growth of this sector is that private services are closely linked to the strength of the economy. When the economy experiences low growth, as in Matjhabeng, fewer people are able to afford these services, thus low, or no, annual growth occurs.

5.9.3 Employment by Skill

The skill levels of the MLM's government and community employees has a large impact on the government's ability to provide efficient service delivery. As is seen in Table 53, the largest proportion of public workers in the LM are unskilled formal workers (26%), followed by skilled workers (26%) and semi-skilled workers (21%). I

Table 52: MLM Public Sector Employment by Skill Growth Rate - 2009 - 2019

Employment by Skill	Growth Rate 2009 – 2019 (%)
Formal sector: Skilled	2%
Formal sector: Semi-Skilled	1%
Formal sector: Low Skilled	0%
Informal	-1,6%

In comparison to the country, the LM employs a larger proportion of unskilled workers and a lower proportion of skilled and semi-skilled workers, which places Matjhabeng in a similar position to the province. As a result, it can be concluded that the poor service delivery and poor financial management of the public sector in the province, and Matjhabeng, may be due to the lack of competencies of the public workforce. Training and development efforts should be accelerated in order to address these shortages of skills in this sector.

Table 53: Public Sector's Employment by Skill (2009 - 2019)

Employment	South Africa					Free State					Matjhabeng				
	2009		2019		Monthly Average	2009		2019		Monthly Average	2009		2019		Monthly Average
	Number	%	Number	%		Number	%	Number	%		Number	%	Number	%	
Formal sector: Skilled	115 4450	26%	1 439 709	30%	R28 596	61 365	22%	72 440	26%	R27 617	8 714	23%	10 179	26%	R23 464
Formal sector: Semi-Skilled	911 418	21%	1 077 868	22%	R20 118	55 264	20%	61 671	22%	R19 937	7 306	19%	8 220	21%	R18 512
Formal sector: Low Skilled	1 418 524	32%	1 564 422	32%	R6 755	97 708	36%	98 681	35%	R6 484	13 771	36%	14 444	36%	R7 756
Informal	880 376	20%	779 444	16%	R628	58 841	22%	48 244	17%	R570	8 243	22%	6 895	17%	R562

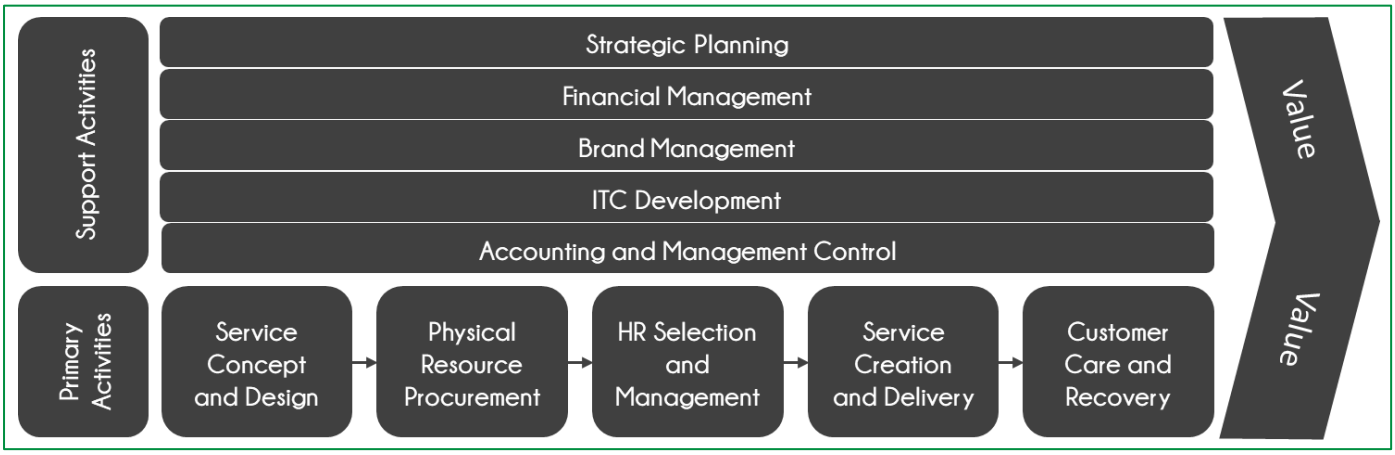
Source: Quantec, 2019

5.9.4 Public Sector Value Chain

The purpose of government is to formulate legislation for the benefit of the nation's citizens. The process of legislation starts at national level and is then filtered through provincial governments, district municipalities and to local municipalities.

As seen in Figure 83, the primary and support activities of the public sector are aimed at adding value to the population of the residents. As such, any failure of these activities results in maladministration of public resources and poor service delivery. The public sector value chain can be utilised to identify development opportunities in the public sector.

Figure 83: Public Sector Value Chain



Source: Heintzman and Marson, 2003[19]

5.9.5 The Potential Developmental Initiatives

The role of the public sector is to assist economic growth through regulation, initiating development projects and linking businesses with financial institutions. An opportunity to improve the service delivery provided by the public sector will aid the private sector by improving the ease of doing business in the Municipality and abroad.

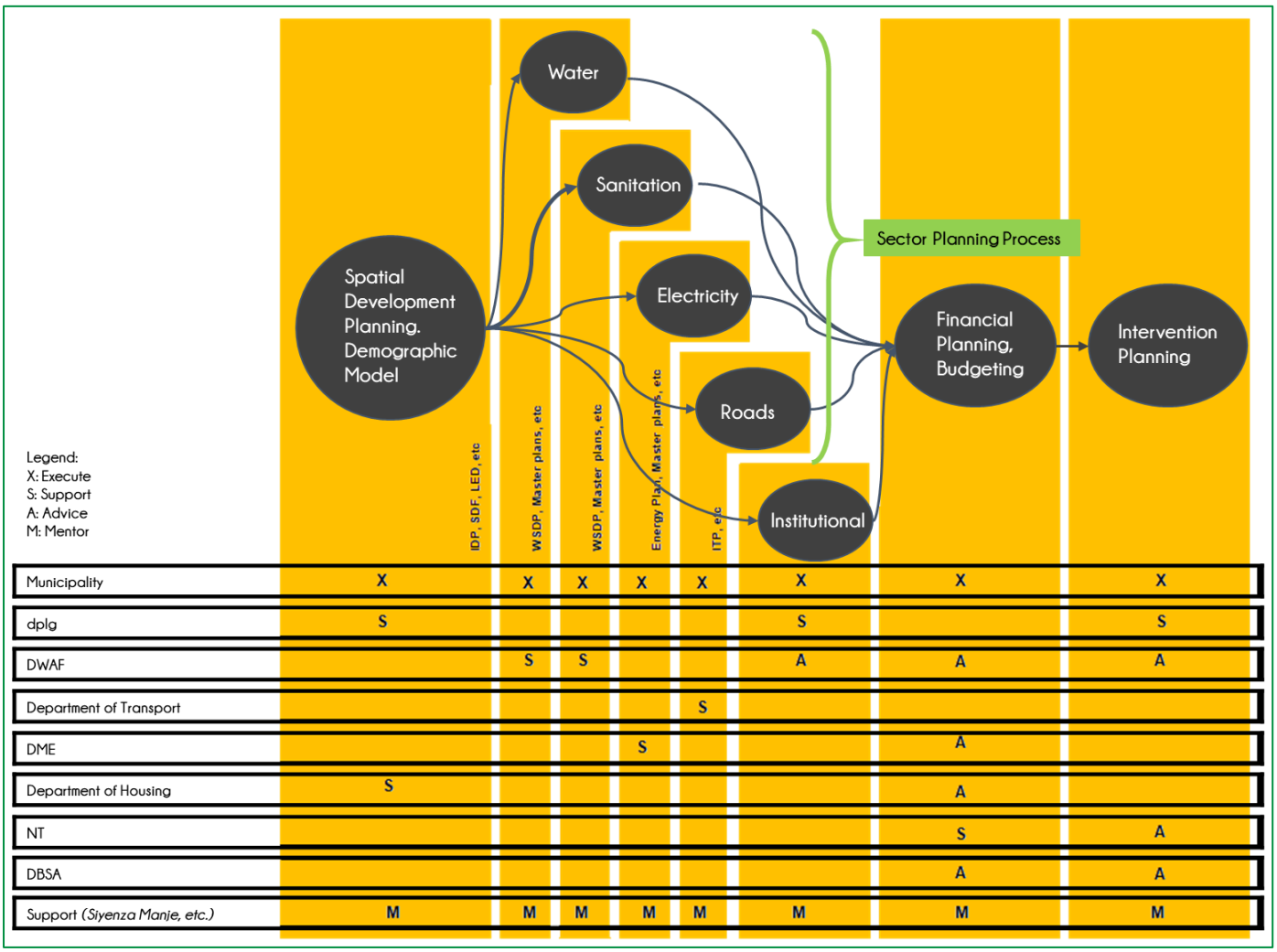
Opportunity	Description
Partner with CUT to develop public workers' education programmes	The skills and competencies of the public sector will directly impact the quality of services provide to the population. Therefore, tertiary education institutions should be approached in order to assist in the training of public servants. The CUT's Welkom campus is ideally located to accommodate students in MLM. The municipal departments and the CUT should collaborate to develop programmes to improve the education levels of public servants, which cater for the time constraints of the workforce.
Develop Service Sector Plans	The MLM has a lack of tactical and operational plans that make service delivery efficiency difficult to measure. Service sector plans must be developed and updated regularly in order to communicate strategic objectives, clear service delivery processes and measurable benchmarks. A culture of lifestyle asset management, as discussed in section 4.1.3, must be cultivated in the Municipality to ensure that all public employees serve their role effectively and ethically.
Address high employee turnover rates and under employment	The public sector has experienced high levels of technical highly skilled employee turnover, as discussed in section 4.2. The challenges that the municipality faces often causes public staff to become discouraged and seek new challenges that have a higher perceived impact. Installing a culture of excellence, in all levels of the public sector, will improve the effectiveness of service delivery, thus attracting highly skilled employees to the municipality.
Prepare and Maintain A Water Services Development Plan (WSDP)	The Municipality currently does not have an updated Water Services Development Plan (WSDP), hence does not comply with the Water Services Act. Thus, the municipality is exposed to a number of challenges ranging from planning, coordination, financing, execution and reporting for water services. The development of an WSPD must occur every 5 Years and be updated annually to comply with the legislation.

[19] http://stics.mruni.eu/wp-content/uploads/2014/08/STICS_2014_2_42-49.pdf

5.9.6 Availability of Support

The development of the public sector will depend on collaboration and the support of relevant stakeholders. Figure 84 illustrates the roles and responsibilities of the public stakeholders in terms of service delivery. The roles are categorised as execute, support, advice and mentor.

Figure 84 Public Sector Service Delivery Responsibility



5.10 Tourism Industry

Tourism is identified as a key driver of economic growth in South Africa. The sector is not an industry in the traditional sense due to the intangible nature of it being based on the status and behaviour of the consumer. Tourism is significantly growing on a global scale while the economic independence between countries increases[20]. Thus, it is becoming essential that a common language must be establish through which tourism statistics can be defined and measured. Due to the lack of availability of tourism data, especially on a local level, an overview will be provided in terms of the tourism sector and its development.

5.10.1 Current Reality

Various initiatives are established in the tourism sector of South Africa, its different regions and local municipalities to ensure the sustainable development of the tourism sector. The National Tourism Sector Strategy (NTSS) seeks to make international and domestic marketing of tourism more effective, facilitate ease of travel, improve visitor experience, increase management efficiency within destinations and spread the benefits of tourism to its citizens by inclusiveness of all individuals in the value chain. The effective implementation hereof will stimulate growth in the industry which will result in further and future development of the country and its economy.

The tourism industry has a direct impact on the economy of South Africa. A total of 28.2 million overnight trips were taken in South Africa during 2018, where 17.7 million of these trips were taken by South Africans (domestic tourists) and 10.5 million by international tourists. The direct tourism revenue, better known as foreign and domestic direct spend, recorded R108.9 billion, which showed an increase of 5.5% compared to 2017. The World Travel and Tourism Council estimates that the economic impact of tourism (identified and measured through the total GDP contribution of tourism) dropped by -1.9%, resulting in a total of R425 billion.

This decline suggests that investors and major role-players in the tourism sector paused generating progressive economic activities. Furthermore, tourism contributed 9.2% towards the employment of the total South African labour force. This contributes to the real economic and social transformation for South Africa, particularly as government, businesses and social partners are collaborating to accelerate economic growth and employment. An increase in employment opportunities provides South African citizens with improved living conditions and the opportunity to enhance skills development to strengthen the competency of the labour force. Ultimately, South Africa continuously play an important role in the development of tourism in Africa. In conjunction with this bilateral cooperation agreements were signed with Zambia, Malawi and Senegal, while South Africa and Namibia have jointly provided training to a group of tourist guides that composed of knowledge on the history and culture of both countries during the 2018 period.

The Free State Province's, for the scope of this project, tourism performance of 2018 is important to consider when planning any developmental opportunities to ensure that the capital invested in the province's tourism sector will not only contribute to the growth of the sector, but also be sustainable and guaranteed value for investment. During 2018, the international arrivals to the Free State Province increased by 6.9% to a total of 1.3 million. An overall increase of arrivals from most source markets were recorded, excluding Mozambique, Zimbabwe and Namibia.

On a domestic level, the Free State as a source province increased by 67.5% to approximately more than 688 000. This statistic was the highest ever recorded in the past three years. The growth in the domestic tourism market shows the increasing demand for travel in South Africa. Due to the growth in the domestic and international tourism market, development opportunities will be stimulated in the province that will contribute to economic growth.

The Lejweleputswa District Municipality (LDM) has valued tourism as a drawcard to the region and boasts a variety of attractions and activities to both the domestic and international tourism market.[21] Currently, the district comprises of untapped potential that requires drive, opportunities and cooperation to be realised. Furthermore, the tourism sector needs upliftment in terms of empowerment for the community. Collaborations and partnerships in this regard are crucial. Cooperation from all spheres of government, in conjunction with the private sector, will steer the district towards becoming a competitive tourism destination. Increasing tourist arrivals, length of stay and tourist expenditure will contribute to the continual transformation of the economy by

[20] SAT Annual Performance Report, 2019

[21] Lejweleputswa Tourism Strategy, 2018

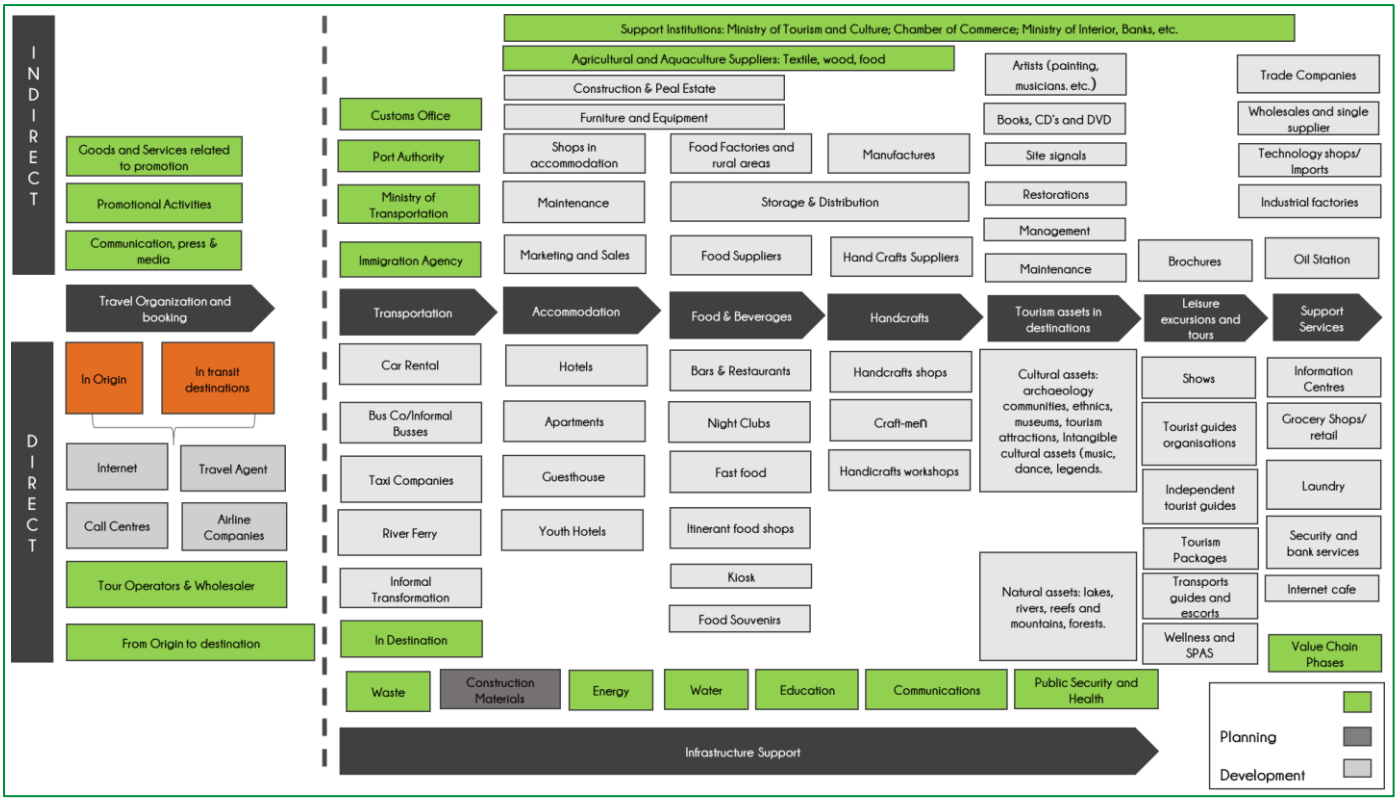
creating opportunities for entrepreneurs to participate and establish themselves within the tourism sector. The economy, local tourism businesses, as well as local communities, will all benefit from such a revenue injection which will rise opportunities for future development and growth in the region.

Welkom being the economic hub of the region, was identified as the most visited area in the region during 2017, followed by Virginia.[22]Thus, it will be recommended that the Matjhabeng area should be provided with continuous development opportunities due to its tourism performance and potential. For development purposes, the Lejweleputswa Tourism Strategy of 2018 identified main opportunities for future development and aligned these opportunities with the guidelines provided by the National Tourism Sector Strategy (NTSS). The area's potential and tourism supply provide possible investors with an opportunity for future development and economic growth.

5.10.2 Tourism Value Chain

Tourism is a complex sector which involves a wide range of stakeholders, role-players and businesses collaborating at different levels to provide a service for individuals or a group of tourists travelling away from their place of residence for either leisure business or Visiting Friends and Relatives (VFR) purposes. The value chain below illustrates the value chain for the tourism sector as developed by the National Tourism Sector Strategy. Direct and indirect activities of tourism is illustrated respectively and represents the linkages between various role-players in the section to maximise the development potential of the tourism sector.

Figure 85: Tourism Value Chain



5.10.3 Potential Development Opportunities

Tourism is a complex sector with numerous factors influencing its success. Due to the intangible product offering nature of the sector, it is important to keep up with market trends and visitor behaviour and thus develop a destination according to the relevant demand to ensure sustainable growth and maximum economic impact and benefits. The table below identifies possible development opportunities for the tourism sector in the Matjhabeng Local Municipality.

[22] South African Tourism, 2018

Table 54: Development Opportunities for the Tourism Sector in MLM

Opportunity	Description
1. Effective Collaboration with Relevant Sectors	Due to the intangible nature of tourism, the sector depends on various other sectors, either directly or indirectly. Thus, it is important for the local tourism sector of MLM to have a collaborative linkage with relevant sectors influenced by tourism activities. Agricultural and mining activities are dominant in the region, while natural resources are widely available throughout. Agritourism can therefore assist in enhancing the demand for local produce, boost regional marketing efforts and create value-added and marketing opportunities to stimulate economic activity. For example, farmers can increase their exposure by forming networks with existing tourism establishments and encourage the use of local and fresh produce. Additionally, the mining industry can get involved by including tourist activities in functioning sites and learn modern production technologies, as well as in post-industrial sites where the production is over, but there are still tangible traces of it. These initiatives also create opportunities for local communities, as unemployed members living in mining towns can be hired and their knowledge of the mining industry applied to assist with tourism activities (i.e. tour guides, facilitate workshops, etc.).
2. Upgrading and Maintenance of Tourism Offerings	Tourists visiting an area creates a demand for adequate public facilities located in and around tourism attractions and destinations. It is important for the MLM to stay updated with the operations and state of attractions to ensure that visitor experiences are fulfilled, and repeat visits encouraged. The growth and state of tourism facilities influence the ultimate tourism experience of tourists visiting the area. In a country where numerous competitive destinations exist, it is important that attraction sites, accommodation facilities and restaurants are well- maintained and upgraded according to the requirements of the target market to ensure sustainable growth of the local tourism sector. This development opportunity includes the erection of adequate signage throughout the local area to ease the accessibility of tourists traveling. The development of new tourism facilities and the maintenance of existing facilities attracts more tourists. The higher demand for a destination the greater the opportunity of employment and economic benefits.
3. Diversify Tourism Offerings	Diversification in tourism offers varied and customised experiences, quality products, flexibility in the planning and development of a destination and competitiveness. Furthermore, the establishment of diversified tourism offerings will intrigue a broader target market and attract more business to the local area. MLM compose of a variety of nature-based offerings, cultural and heritage offerings and adventure and sport facilities. It is important to establish products and offerings that is unique to the area and its characteristics in order to differentiate from surrounding destinations and receive maximum benefits. The MLM area can focus on mining and agriculture in order to establish new and different activities and offerings. Due to socio-demographic trends, particularly aging populations, climate change, migration, changes in social values, society and consumer perceptions in the nature of resources, have forced tourism to adapt to new market demands. It is this important to analyse the risk prior to the diversification of tourism product offerings to ensure the new offerings is not solely dependent on trends, but rather on sustainability. It is important for the tourism sector to stay ahead of current and prospective trends to provide a solid basis from which tourism planning can take place. Taking advantage of such opportunities will only unlock further growth and increase the effectiveness of the tourism sector.
4. Modernised Marketing Initiatives	As discussed above, tourist behaviour is ever-changing. The modernised tourist is more informed and with technology labelled as the fourth industrial revolution, it is important that destinations are flexible when it comes to marketing techniques and initiatives. Tourism destination marketing needs to be trendy, appealing, interesting and informative and it is important that MLM make adequate use of internet marketing that includes an efficient website and the possibility of a cellular application devoted to

Opportunity	Description
	market the local area and its tourism offerings. Internet marketing reach a wide variety of markets that include international and domestic tourists. It is thus important for the sustainability of the Matjhabeng tourism sector to use effective and modernised marketing techniques to ensure maximum tourism growth and benefits that will ultimately enhance tourisms' contribution to economic growth. Marketing is an effective development tool for all industries, especially the tourism sector. It is important to consider, especially with tourism destination development, that word-of-mouth among tourists is the most effective marketing method for any destination. Thus, it is vital to ensure memorable visitor experiences. An opportunity exists within the area to utilise efficient marketing methods in order to put the area and its tourism offerings "on the map". With the unlimited technological channels available to tourists, more opportunities exist for destinations to market tourism offerings. [23] It is important the local municipality assists tourism facilities in effective marketing approaches on a domestic and international level.

5.10.4 Availability of Support

It is imperative that the provincial and regional public sector support the local municipality and encourage that all stakeholders contribute to ensure the success of future and current tourism development. The table below lists and elaborate on the tourism sector support available for MLM.

Organisation	Description
Lejweleputswa District Municipality (LDM)	The district municipality's tourism unit focusses on the following responsibilities: • Facilitating and coordinating tourism awareness campaigns in the district • Tourism training on how to start and grow a tourism business • Tourism products (B&B, guesthouses, tour operator development and promotions) • Facilitating the quality assurance and/or grading of establishments • Facilitate and support tourism community projects in all municipalities • Promotion and marketing the LDM
Free State Gambling, Liquor and Tourism Authority (FSGLTA)	The entity focusses on ensuring the effective and efficient marketing of tourism, promotion of tourism and development of sustainable tourism within the Free State Province. Furthermore, they aim to establish adequate marketing initiatives covering provincial geographic spread and seasonality, effective utilisation of media platforms and hosting of events to promote the province as a tourist destination of choice.
Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA)	The main focus of the department is to champion economic activities in the Free State Province to ensure that the governmental programmes make a difference in the livelihood of the areas' communities.
Matjhabeng Publicity Association	The website serves as a marketing platform for all businesses established in the Matjhabeng Local Municipality.
Department of Trade and Industry	The department provides support services and funding to various sectors in South Africa.
Cooperative Governance and Traditional Affairs (CoGTA)	The institution focusses on being a functional and developmental local government system that delivers on constitutional and legislative mandates within the system of cooperative governance.

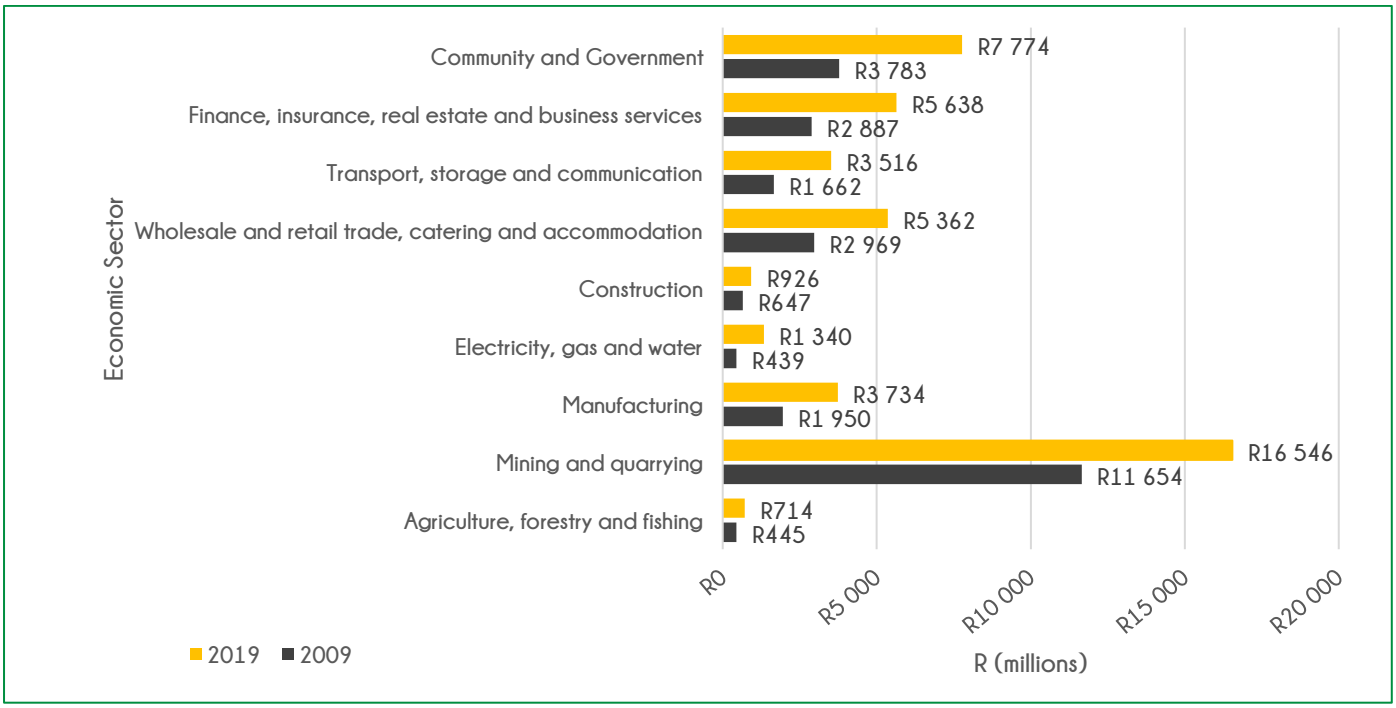
[23] Lejweleputswa Tourism Strategy, 2018

Organisation	Description
National Department of Tourism	The department aims to increase investment in the national tourism sector, while increasing inbound tourism, and establish a culture of tourism amongst South Africans. Furthermore, the department focus on increasing the sector's contribution to employment creation and economic growth.
Tourism Grading Council of South Africa	The council specialises in the grading of various accommodation establishments in South Africa to ensure tourists receive quality service delivery and memorable experiences whilst visiting South Africa.
National Empowerment Fund (NEF)	The NEF is a driver and thought leader in promoting and facilitating black economic participation. The institution does this by providing financials and non-financial support to black-owned and managed businesses and by promoting a culture of savings and investments among black people.
National Youth Development Agency (NYDA)	The role of the NYDA is to ensure the priority promotion of youth development in government departments, private sector and community programmes. The organisation empowers and support youth to become entrepreneurs in order to contribute to new employment opportunities.
Small Enterprise Finance Agency (SEFA)	The agency focusses on the provision of financial support through approving SMMEs and co-operatives, as stated in the National Business Act of 1996.
South African Tourism Services Association (SATSA)	SATSA is a non-profit and member driven association that represent the region's tourism private sector that includes; accommodation establishments, airlines, attractions, coach operations, conference organisers, marketing organisations, tour operators and vehicle hire companies to ensure quality service delivery in the sector and efficient assistance in the private sector.
Federated Hospitality Association of South Africa (FEDHASA)	Accommodation establishments' direct linkage to the tourism sector justifies the relevance of this association. FEDHASA is recognised by government as the official representative of the hospitality industry of South Africa with industry support towards hotels, restaurants, conference centres, caterers, self-catering accommodation, home hosting establishments (B&Bs and guest houses), clubs, taverns, shebeens, suppliers and trainers, consultants and service providers in the hospitality industry.
Tourism Incentive Programme (TIP)	The programme, launched by NDT, influences the development of tourism through the reimbursable cash grants that aims to support the development of tourism enterprises and stimulate job creation, black economic empowerment and increase the geographic spread of tourism investment.
Development Bank of Southern Africa (DBSA)	The bank focusses on advancing the development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions in various sectors.
National Development Agency (NDA)	The agency of the government has the responsibility of contributing towards the eradication of poverty in South Africa and its causes. The NDA focusses to empower and enhance the capacity of the civil society sector.
Tourism Enterprise Partnership (TEP)	TEP offers effective support, guidance and assistance to South-Africans small and medium tourism businesses, facilitating their growth, development and sustainability to become internationally competitive.

5.11 Summary – Opportunity Analysis

The opportunity analysis of the MLM economy has highlighted the economic growth, employment, employment by skill, value chains, potential development initiatives and availability of support for the economic sectors. The composition of the economic sectors is illustrated in Figure 86, which highlights each sector's contribution to the MLM economy. Thereafter, the highlights of each economic sector will be summarised.

Figure 86 Contribution to current GVA of MLM Economic Sectors (2019)



Source: Quantec, 2019

5.11.1.1 Mining Sector

- The mining sector contributed a GVA of R16,5 billion, the highest of all economic sectors, constituting 40% of the economy. The mining sector has experienced a decline of 1,2%, in real terms, between 2009 and 2019
- Approximately 30 400 workers were employed by the mining sector, which employs 22% of working population.
- The sector employs the following number of skilled workers:
- Formal sector: Skilled 1 534
- Formal sector: Semi-Skilled 16 681
- Formal sector: Low Skilled 10 929
- Informal 1 278
- The following development opportunities have been identified:
  - Prospect the MLM for potential mining opportunities
  - Develop Mining By-products

5.11.1.2 Agriculture Sector

- The agricultural sector produced R714 million in 2019, a 37% decrease between 2009 and 2019.
- The sector only contributed 1,6% of the MLM's GVA, the lowest of all the economic sectors
- Agricultural entities employed approximately 6 100 workers in 2019, which employs 1% of the workforce

- The sector employs the following number of skilled workers:
- Formal sector: Skilled 196
- Formal sector: Semi-Skilled 2 304
- Formal sector: Low Skilled 2 252
- Informal 1 352
- The following development opportunities have been identified:
  - Resource Amalgamation
  - Develop the Skills of the Agriculture Sector's Workforce
  - Mentorship Programmes

5.11.1.3 Manufacturing Sector

- The manufacturing industry in Matjhabeng contributed 8% local economy, with R3,7 billion in income in 2019
- The approximate real annual growth of 1,7% has been achieved between 2009 and 2019.
- The sector employed approximately 8 855 workers, constituting 6% of the MLM working population.
- The sector employs the following number of skilled workers:
- Formal sector: Skilled 1 098
- Formal sector: Semi-Skilled 4 033
- Formal sector: Low Skilled: 1 981
- Informal 1 743
- The following development opportunities have been identified:
  - Align Agroprocessing with Agri parks
  - Develop the Agroprocessing Industry
  - Introduce the Product Development Technology Station to the Welkom CUT Campus
  - Introduce Special Economic Zone (SEZ)
  - Develop the Mining Equipment Manufacturing Industry
  - Develop Recycling Plants
  - Develop Clothing and textile Factories
  - Introduce New Biofuel Developments
  - Import Skills and Implement On the job training

5.11.1.4 Trade Sector

- The trade sector produced an estimated R5,3 billion in GVA for 2019, with a 2,9% average annual increase between 2009 and 2019, contributing 14% of the MLM GVA.
- Approximately 26 880 workers were employed, which amounted to 19% of the working population.
- Trade sector employment increased at an annual growth rate of 1,8%.
- The sector employs the following number of skilled workers:
- Formal sector: Skilled 3 389

- Formal sector: Semi-Skilled 9 146
- Formal sector: Low Skilled 3 902
- Informal 10 445
- The following development opportunities have been identified:
  - Introduce Informal Business Complexes (IBC)
  - Encourage Mentorship and Networking Programmes
  - Encourage Small Business Development

5.11.1.5 Finance Sector

- The financial sector produced R5,6 billion, approximately 11% of the LM's 2019 GVA, with a real average annual rate of approximately 1,8%
- MLM's financial sector employs approximately 12% of the working population, which amounts to approximately 16 500 employees, with an annual average increase of approximately 2%
- The sector employs the following number of skilled workers:
- Formal sector: Skilled 3 438
- Formal sector: Semi-Skilled 6 561
- Formal sector: Low Skilled 3 108
- Informal 3 381

5.11.1.6 Transportation, Storage and Communication Sector

- The Transportation, Storage and Communication Sector produced approximately R3,5 billion in income for 2019, contributing 13% to the MLM's total GVA, with approximately 1,8% growth between 2009 and 2019 annually.
- The sector employed approximately 4689 workers were employed, 3,3% of the MLM's working population, increasing at a rate of 1,4% per annum.
- The sector employs the following number of skilled workers:
- Formal sector: Skilled, 473
- Formal sector: Semi-Skilled 1633
- Formal sector: Low Skilled 344
- Informal 1686
- The following development opportunities have been identified:
  - Skills Development
  - Infrastructure Development and Maintenance
  - Public-Private Partnerships

5.11.1.7 Construction Sector

- The construction sector produced approximately R956 million in income for 2019, contributing 2% to the MLM's total GVA, with approximately 9,1% growth between 2009 and 2019.
- The sector employed approximately 6801 workers were employed, 5% of the MLM's working population, increasing at a rate of 3,4% per annum.
- The sector employs the following number of skilled workers:

- Formal sector: Skilled, 502
- Formal sector: Semi-Skilled 3 110
- Formal sector: Low Skilled 1 036
- Informal 2 153.
- The following development opportunities have been identified:
  - Gross Fixed Capital Formation in Construction (GFCFC)
  - Guidelines for Community Participation
  - Township Revitalisation Programme
  - National Youth Service Programmes
  - Standard for Developing Skills
  - Standard for Indirect Targeting

5.11.1.8 Electricity Sector

- The electricity sector earned approximately R1,3 billion in income, an estimated 3% towards the total municipal GVA, indicating a 0.45% real growth rate annually between 2009 and 2019.
- The sector employed a total of 539 employees, only 0,38% of the working population, with an estimated average annual growth rate of 6.95%.
- The sector employs the following number of skilled workers:
- Formal sector: Skilled 73
- Formal sector: Semi-Skilled 242
- Formal sector: Low Skilled 86
- Informal 62
- The following development opportunities have been identified:
  - Maintain electricity supply to satisfy municipal demand
  - to address the challenge of its electricity supply
  - Increase the number of pre-paid electricity selling points
  - Risk management
  - Encourage private sector participation in the industry

5.11.1.9 Public Sector

- The public sector earned approximately R7,7 billion in income, an estimated 31% towards the total municipal GVA, indicating a 1,8% real growth rate annually between 2009 and 2019.
- The sector employed a total of 39 3738 employees, 28% of the working population, with an estimated average annual growth rate of 1%.
- The sector employs the following number of skilled workers:
  - Formal sector: Skilled 10 179
  - Formal sector: Semi-Skilled 8 220
  - Formal sector: Low Skilled 14 444

- Informal 6 895

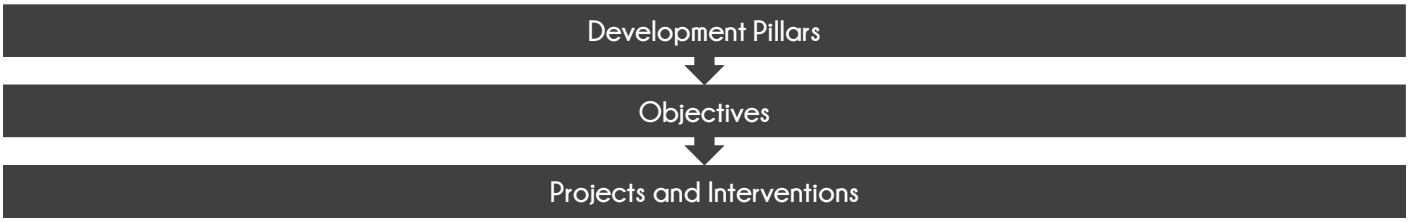
➢ The following development opportunities have been identified:

- Partner with CUT to develop public workers' education programmes
- Develop Service Sector Plans
- Address high employee turnover rates and under employment
- Prepare and Maintain A Water Services Development Plan (WSDP)

The analysis of the economic sectors in MLM has highlighted a wide variety of development opportunities that will require a more focused approach to development, as the range of opportunities may cause funds and efforts to be spread thinly. In the following section, a strategic development framework will be formulised, based on five pillars, to narrow the opportunities to high-impact projects.

6 STRATEGIC DEVELOPMENT FRAMEWORK

The purpose of this section is to formulate the strategic framework that will guide LED in the MLM. This framework seeks to advance the development pillars presented in the previous section. It is structured to provide a logical flow from the development pillars and objectives of each pillar, to the projects and interventions which will enable the realisation of LED.



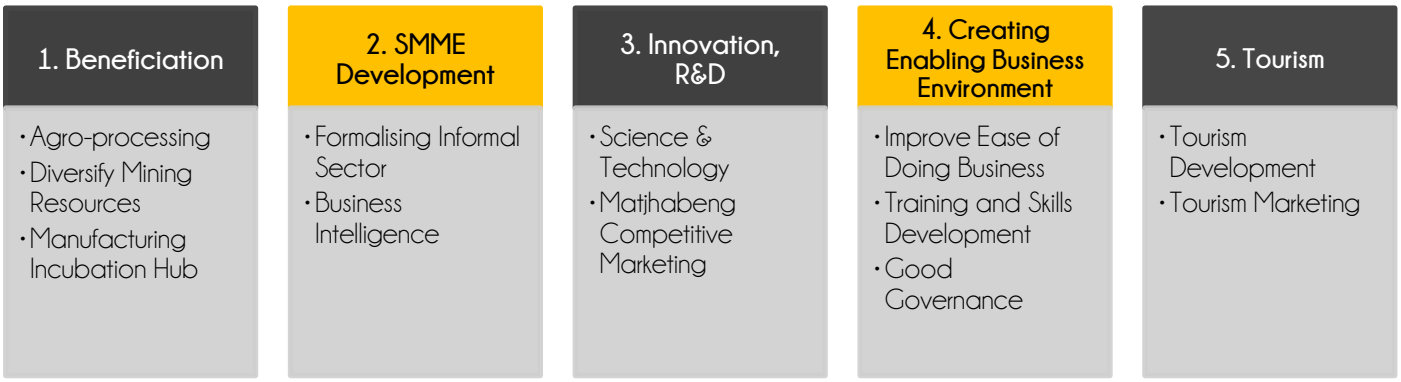
VISION

The MLM aims to develop a globally competitive economy through the collaborative diversification of the mining, manufacturing, trade and finance sectors.

6.1 Development Pillars, Objectives and Projects.

Development pillars of Strategic Development are an influential tool for defining the Sustainable Development problem. The four pillars are complemented by different objectives, Manufacturing, SMME Development, Innovation, R&D as well as Creating an Enabling Business Environment If any one pillar is not utilised, the system is unsustainable. The four pillars are shown in the Figure 87 below:

Figure 87 Development Pillars and Objectives



The development pillars refer to the focus areas of development that the development framework will be based on in the MLM. As seen in Table 55, each pillar is accompanied by objectives used to direct interventions for economic development and each objective will include projects aimed at achieving the objective.

Table 55 Development Pillars

No.	Pillars	Objectives	Projects
1	Beneficiation	Agro-processing	Aquaculture
			Poultry Value Chain Development
		Diversify Mining Resources	Jewellery Manufacturing
			Recycling Plant
			Steel Manufacturing
			Petroleum Refinery
		Manufacturing Incubation Hub	Special Economic Zone (SEZ)
2	SMME Development	Formalising Informal Sector	Informal Business Complex (IBC)
		Business Intelligence	Linkages to funding support
			BP development
			Economic and Small Business Development
			Establish business support centres
3	Innovation, R&D	Science & Technology	Science park
			Science Bursaries
			ICT Infrastructure
			Digital Economy
		International Markets	Consulting Africa
			Cargo Airport
			"Buy South Africa" programme
4	Creating Enabling Business Environment	Improve Ease of Doing Business	Simplify Business Registration
			Create Accessible Local Business Database
		Training and skills development	Skills Incubation Hub
			Skills audit
			Job Centre/Skills bank
		Good Governance	Develop Sector Plans
			Economic Project Investment Committee (EPIC)
			Land Parcel Audit
5	Tourism	Tourism Development	Sand River Route
			Film Incubation Hub
		Tourism Marketing	Travel Guide
			Phakisa Raceway

6.2 Pillar I: Beneficiation

Beneficiation is an important basis for economic growth as it refers to the local transformation of locally produced raw inputs from the primary sector. As the manufacturing sector may consist of labour-intensive industries, the sector must become a focus point for economic development in the MLM. According to the New Growth Path (2010), manufacturing has been prioritized as one of the 5 key growth focus areas. calls for re-industrialisation in the South African economy based on improving performance through innovation, skills development and reduced input costs in the economy. The following objectives to economic growth will be accompanied by proposed development projects.

6.2.1 Objective 1: Agro-processing

Agro-processing falls within the secondary sector of the agricultural value chain. This industry involves the transformation of raw agricultural commodities into packaged consumer products. Developing the agro-processing industry will create a market for the municipal primary sector farmers, as well as aid in the improvement of food security in the Municipality.

Potential Projects

- Hatchery
- Chicken Abattoirs
- Aquaculture Farm
- Welkom Fresh Produce Market

The Agricultural Policy Action Plan 2015 – 2019 (APAP) prioritises food security as one of the essential building blocks of economic growth and social wellbeing, thus the secondary sector must be developed to provide higher quality goods to the public. The promotion of agro-processing can be executed through providing funding to relevant businesses, in the form of grants, loans or tax incentives.

The quality of processed goods must be measured according to the South African Bureau of Standards (SABS) and each commodity's regulatory body, such as SAPoultry for poultry. The improvement of goods are a result of extensive research and development, where organisations experiment with alternative technique to improve the characteristics of products. This will result in competitive products.

The MLM must therefore promote agroprocessors by improving the Ease of Doing Business and aid the processors in obtaining offtake agreements with suppliers and retailers in order to ensure that the value chain is linked via local stakeholders

6.2.2 Objective 2: Diversify Mining Resources

The declining in the mining sector has resulted in large numbers of unemployed semi-skilled and low-skilled mine workers. A solution to create relevant employment for these workers is to promote manufacturing industries that utilise similar skills as are found in the mining sectors, as well as other manufacturing industries that require low-skilled workers.

Transferable Mining Sector Skills

- Management
- Bookkeeping
- Administration
- Welding
- Forklift operation
- Machine operation
- Metal smelting

The effect of the mining sector on Matjhabeng's economy has resulted in industrial business ceasing operations and leaving large warehouses and industrial infrastructure unused. The stimulation of labour-intensive manufacturing industries can revitalise these facilities, as well as offering readily available locations to house factories in industrially zones regions.

Manufacturing products require extensive research and development, as competitive goods must be produced in order to promote sustainable businesses. The MLM must promote innovation through partnering with the Central University of Technology's Product Development Technology Station (PDTS) to assist manufacturers develop products. Large-scale manufacturing is capital-intensive, therefore the Municipality must link producers to the relevant funding institutions, such as the dti, commercial banks and the National Empowerment Fund (NEF).

Potential Projects

- Jewellery Manufacturing
- Recycling Plant
- Steel Manufacturing
- Petroleum refinery

Skills training will be a critical success factor, as the workforce's transfer from mining to manufacturing with be an adjustment, therefore Manufacturing, Engineering and Related Services SETA (MerSETA) must be consulted to develop training programmes to ease the transition.

6.2.3 Objective 3: Manufacturing Incubation Hub

The SEZ Programme is an initiative from the National Government, brought on by the developments in national economic policies and strategies, such as the National Industrial Policy Framework, and the New Growth Path, as well as developments in the global economic environment, such as the formation of BRICS.

The SEZ Policy provides a clear framework for the development, operations and management of SEZs. According to Cogta, the existing SEZs in South Africa have attracted over R16,8 billion, as of 4 April 2019 [24].

Existing Industrial Development Zones (IDZs) in South Africa

- Atlantis SEZ
- Nkomazi SEZ
- Coega IDZ
- Richards Bay IDZ
- East London IDZ
- Saldanha Bay IDZ
- Dube TradePort
- Maluti - A- Phofung SEZ
- OR Tambo SEZ
- Musina/ Makhado SEZ

Special Economic Zones may be sector-specific or multi-product and the following categories of SEZs have been defined as per the SEZ Act No. 16 of 2014:

- **Industrial Development Zone** means a purpose-built industrial estate that leverages domestic and foreign fixed direct investment in value-added and export-oriented manufacturing industries and services;
- **Free Port** means a duty-free area adjacent to a port of entry where imported goods may be unloaded for value-adding activities within the Special Economic Zone for storage, repackaging or processing, subject to customs import procedures;
- **Free Trade Zone** means a duty-free area offering storage and distribution facilities for value-adding activities within the Special Economic Zone for subsequent export;
- **Sector Development Zone** means a zone focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market.

The Purpose of SEZs:

Potential Project

- SEZ Feasibility and Economic Impact Assessment

- Expand the strategic industrialisation focus to cover diverse regional development needs and context;
- Provide a clear, predictable and systemic planning framework for the development of a wider array of SEZs to support industrial policy objectives, the IPAP and the NGP;
- Clarify and strengthen governance arrangements, expand the range and quality of support measure beyond provision of infrastructure; and
- Provide a framework for a predictable financing framework to enable long term planning

[24] http://www.cogta.gov.za/?p=6548

6.3 Pillar I: SMME Development

The National Government has prioritised entrepreneurship and the advancement of Small, Medium and Micro-sized Enterprises (SMMEs) as the catalyst to achieving economic growth and development. The dti has been mandated to ensure that adequate financial and non-financial assistance is provided to the sector, for its long-term prosperity and that of the country as a whole.

The trade sector in MLM is the second largest private contributor to the Municipal GVA, as seen in section 3.6.3, therefore small business development is vital to the growth of the economy, the access to consumer goods and to the creation of employment. As seen in section 5.4.4, 39% of the workforce of the trade sector are informal workers/business owners. Therefore, the municipality should aim to develop both formal and informal businesses.

Table 56 Challenges faced by the emerging sector

Challenges faced by the emerging sector	
Finance	➢ Access to credit ➢ Poor financial management ➢ Access to trade finance (specialist trade enhancing options) ➢ Inability to access to available supportive grants (e.g. SEDA
Production	➢ Inconsistent and poor economies of scale or quality ➢ Poor product fit (producing what market wants, when & where, profitably) ➢ High input costs & limited bargaining power ➢ Limited knowledge/ use of technology ➢ Poor production scheduling for contract supply ➢ No Integrated Management Plan (resulting in thus duplication and inefficiencies) ➢ Poor production and harvesting mechanisation
Infrastructure	➢ Lack/ limited infrastructure ➢ Lack of production equipment (out-dated & poorly maintained) ➢ Poor product beneficiation & access to such opportunities ➢ Lacking/poor telecommunications infrastructure ➢ Poor pan-industrial communication – logistics, producers, in-put suppliers, markets and local structures (e.g. local or provincial development forums)
Market Access	➢ Lack of appropriate transport ➢ Poor market intelligence & in-market relationships ➢ Poor pricing, affecting profitability ➢ Distance to markets ➢ Poor product diversification and market stratification ➢ Poor vertical integration into supply chain ➢ Poor supply chain management to reduce transactional costs (costs of doing business) ➢ Poor product branding in product offering and service
Information, support & regulations	➢ Limited access to information ➢ Poor access to institutional support (e.g. association databases) ➢ Under-capitalisation & under-staffed (preventing access real & valuable support systems & mechanisms) ➢ Red tape & regulatory constraints ➢ Lacking knowledge of support mechanisms ➢ Very poor systems (recordkeeping, ledgers, reports, logs, ledgers and flow sheets) ➢ Poor linked systems of monitoring and evaluation – poor accountability and re-strategizing ➢ Inconsistent technical support – farmers days, study groups, in-service training and mentoring coaching ➢ Poor strategic interventions – strategic and technical partnerships
Skills	➢ Limited skills (technical & business management) ➢ Limited access to appropriate training ➢ Poor specialisation ➢ Little multi-skilling to ensure sustainability & capacity ➢ Poor internships or incubation programs to ensure well skilled and experienced line-functionaries

6.3.1 Objective 1: Formalising Informal Sector

The size of the informal trading sector is significant, therefore the opportunity to develop these traders to commercially competitive businesses will enable the economy to absorb a higher number of low-skilled and semi-skills workers as the number of formal businesses will increase.

Potential Project

- Informal Business Complex (IBC)

The fact that 39% of the trade sector employees are informal indicates that the entrepreneurial spirit is present in the Municipality as a whole, therefore the Municipality must encourage private and public organisations, such as Small Enterprise Development Agency (SEDA), to accelerate efforts to develop informal traders.

Informal businesses consist typically of spaza shops, shebeens, hair salons, clothing manufacturers, food vendors and others, that struggle to gain access to market access opportunities, finance, inadequate business infrastructure and information and regulatory measures. Therefore, a formalised approach must be pursued in order to expose the informal traders to formalised practices.

6.3.2 Objective 2: Business Intelligence

The competitive nature of trade markets causes the landscape to change and evolve at a high rate, which causes some businesses to fail due to the lack of current, relevant information about the markets. The success of the MLM's formal and informal businesses relies on the availability of information on local pricing, product specifications, new innovations and global trends.

Potential Project

- Linkages to funding support
- Business Plan Development
- Economic and Small Business Development
- Establish business support centres

The municipality must approach business development agencies to aid in the upliftment of all local businesses. In 2004, the Small Enterprise Development Agency (Seda) was established to be a non-financial business support service aimed at developing small enterprises and promoting entrepreneurship. The Seda trains entrepreneurs to:

- Market their business effectively;
- Understand the importance of building a reputable business profile as a marketing tool; and
- Maintain financial records and develop their business plans.

6.4 Pillar III: Innovation, R&D

The progression of MLM into competitive markets will require a large drive from both the private and public sector to develop new products and services. Markets constantly change as new innovative products emerge and consumer tastes and preferences evolve, therefore, in order to remain competitive, producers of goods and services must regularly improve their product offerings.

The Municipality should encourage innovation, research and development through the introduction of development specialist centres that assist entrepreneurs with designing products and improving operational processes with the latest available technology. Product development may consist of improving quality and product specifications, while operational process design may consist of improving production machinery to reduce costs or increase production volumes.

There are a number of opportunities where the Municipality's private and public stakeholders can innovate in order to attract investors to the region, which include creating a science and technology centre dedicated to the development of production goods, services and processes; and a collaborative effort from all stakeholders to rebrand Matjhabeng's economy as more than just a mining region by promoting alternative sectors, such as manufacturing and trade.

6.4.1 Objective 1: Science & Technology

Since the Second World War in the 1940's, the world of science and technology caused product and service offering to develop at the fastest rate than any other time in the history of mankind. The modern approach to development products, services, systems and communication is predominantly designed using computer modelling software, where rapid prototype development can be achieved using affordable methods.

Potential Project

- Science Park
- Science Bursaries
- ICT Infrastructure
- Digital Economy

The MLM has the advantage of the Welkom Campus of the Central University of Technology (CUT), that in conjunction with the Bloemfontein Campus, can introduce the rapid prototyping expertise of the Product Development Technology Station, where the CUT uses advanced 3D modelling and printing technology to construct complicated product prototype more affordably than conventional methods.

The increase in product development in the Municipality will result in the increased capacity of local manufacturers to compete with technologically advanced markets, such as China and the United States of America. The introduction of a Science Park will be able to attract foreign experts, who will bring valuable knowledge to the Municipality, which can be transferred to the local population. A Science Park will add to the appeal of the Municipality, thus aiding in the rebranding of Matjhabeng as an attractive investment option.

6.4.2 Objective 2: International Markets

During the State of the Nation Address (SONA), president Ramaphosa stated that, in order to stimulate economic growth, new and larger markets must be identified for businesses to grow and employ a larger workforce. The National Government signed an agreement to establish the African Continental Free Trade Area (AfCFTA), which will create an African Market worth over $3.3 trillion.

Potential Project

- "Buy South Africa" programme.
- Consulting Africa
- Cargo Airport

The AfCFTA creates an opportunity for the MLM to market the various economic sectors in the Municipality, which can highlight the expertise, products and service offerings to a wider market. By marketing industries, Matjhabeng can rebrand the Municipality as more than a mining region, with local agricultural, manufacturing, trade and finance investment opportunities, as well as promoting the skills for foreign consultations, such as mining, manufacturing and technological innovation.

6.5 Pillar IV: Creating Enabling Environment

An environment where businesses experience fewer trade barriers will attract and encourage investors and entrepreneurs to start businesses in the Municipality. An enabling environment is where businesses face reduced regulation and are able to freely enter and exit the markets, trade goods and services uninhibited and have access to the same information as competitors. The goal of LED in Matjhabeng should be to create an environment where government set standards and legislation, while not inhibiting reasonable business activities.

The time constraints of over-regulation often carry financial costs that emerging business cannot afford, thus stunting SMME growth. An example of over-regulation is that South African labour law often protects inefficient workers from taking accountability for poor performance, which is a deterrent for investors to undertake manufacturing businesses, as the cost of releasing employees are high[25]. The Municipality must therefore address the issues surrounding business investments and human resource challenges to attract companies that can change the economic landscape.

The Municipality can create an enabling environment by improving the ease of doing business creating a more inclusive economic development forum for all local businesses, improving the workforce performance through training, development and accountability

[25] Northern Cape Trade and Investment Strategy: Business Survey, 2018 (Urban Econ)

measures; and good governance through the improvement of regulatory services. The development opportunities will be discussed as follows

6.5.1 Objective 1: Ease of Doing Business

According to the World Bank[26], South Africa is ranked 82nd in terms of ease of doing business, and only fifth on the African continent. The reason for the poor ranking is due to excessive regulation and "red-tape" in terms of business legislation, poor government administrative efficiency and the lack of knowledge made available to businesses.

Potential Project

- Simplify Business Registration
- Create Accessible Local Business Database

South Africa is ranked at number 134th for starting a business, 143rd for trading across borders and 115th in enforcing contracts[27]. The poor rating of South African's ease of doing business severely hampers entrepreneurship in a global market. At a municipal level, the MLM must enforce measures to monitor and improve public service inefficiencies and create an environment where all businesses have networking capabilities to gain access to information, markets and funding.

6.5.2 Objective 2: Training and skills development

The skills and competencies of the workforce in MLM will have a direct impact on the LED. As society consists of various personalities, each with their own strengths, these must be developed as essential resources for social and economic wellbeing. An economy requires entrepreneurs, managers, support staff and labourers, each as vital to the economy as the others, thus these traits should be nurtured to gain maximum economic advantage from the local human resource base.

Potential Project

- Skills Incubation Hub
- Skills Audit
- Job Centre/Skills bank

Training and development initiatives that are custom designed for the local culture will aid in the identification of talent, development of employable skills, and ensure that the number of displaced workers is reduced. In order to assess training and development requirements, a skills audit is required, which will involve the participation of local businesses, the working population and the unemployed workforce.

The knowledge of required skills in the Municipality will need initiatives to re-develop the skills of the workforce, thus a skills incubation bud should be developed where the unemployed workforce's skills are developed to satisfy the local demand for labour. Projects must be designed to fit the culture of the population, which is mainly Sesotho, as identified in section 3.2.5.

Additional initiatives will be required to bridge the gap between the workforce and the local business, in order to aid businesses, identify suitable employees, and for unemployed workers to have access to employment opportunities. The United Kingdom and Canada each have centres where jobs are posted to a central database, with job requirements, employer contact details and easy application options for workers to apply, namely Job Centre and Job Bank, respectively.

6.5.3 Objective 3: Good Governance

MLM is widely considered as one of the poorest governed municipalities in South Africa, due, in part to the lack of funds to service a growing population, but also the neglect of developing and updating strategic plans for future economic growth. As stated in section 4.1.3, no current Strategic Sector Plans have been developed by the LM in order to direct and measure the efficiency of government interventions.

Potential Project

- Develop Sector Plans
- Land Parcel Audit
- Project Evaluation Committee

Strategic sector plans enable the different government departments to have a common goal and to minimise the occurrence of operating in isolation. The efficiency of departments working in unison can only be achieved if strategic visions and goals are communicated through legislation and accessible documentation. A challenge for development often occurs when government departments lack the necessary information of which land parcels are zoned for development, as

[26] https://www.doingbusiness.org/en/rankings

[27] https://www.doingbusiness.org/en/data/exploreeconomies/south-africa#

well as which land is allocated to the various departments for development. The latest information available regarding spatial development in the MLM is the Spatial Development Framework compiled in 2013, which is currently outdated by six years.

6.6 Pillar V: Tourism

Tourism is not a sector on its own (as classified by the SIC), but forms part of other sectors especially the trade, transport and finance sectors. However, due to its increasing importance as an income and employment creator in South Africa, it is believed that this industry should be discussed separately form the other sectors.

The Matjhabeng Local Municipality has an underdeveloped tourism industry although it is rich in natural beauty, heritage, mining and agricultural offerings. However, there is identified potential to increase tourism in the area both in terms of visitor numbers and spending, with the added benefit of creating business and employment opportunities. The following is an overview of identified tourism opportunities and related LED projects.

6.6.1 Objective 1: Tourism Development

Tourism development is important to the MLM as the industry is underdeveloped in the municipality. The region host a number of unique features that may be developed for tourism, such as mines, agriculture, ecology and the potential film industry. The aim of developing tourism is to attract holidaymakers and business travellers to invest into the MLM's economy as a whole.

Potential Project

- Sand River Route
- Film Incubation Hub

The tourism industry has an impact on the broader economy, as tourist spend money on accommodation, catering, retail stores, souvenirs and recreational activities. The above-mentioned services require inputs from suppliers, as well as distribution service providers, therefore the broader economy will benefit from an increase in tourism. The Sand River Route must be developed to attract leisure tourists, the largest tourist group, to the MLM.

The MLM has the potential to develop a film incubation hub from filmmakers to utilise the vast amount of unused land to produce various media. The wide range of physical attributes of the MLM, from farmlands, mining infrastructure, rives, commercial regions, motor racing circuits and schools offers an opportunity for film companies to produce a variety of scenes in a relatively small region. Feature film can cost millions of Rands to produce, which will impact the MLM economy if those funds are spent in the MLM.

6.6.2 Objective 2: Tourism Marketing

Tourism marketing is an important aspect of tourism development, as it creates exposure to potential tourists in and outside the borders of the MLM. The aim of marketing is to create demand through the awareness of attractive options and services in the MLM's tourism industry. The MLM can invest in a variety of marketing channels.

Potential Project

- Travel Guide
- Phakisa Raceway

The development of travel guides for distribution to the general public will form a sound basis to communicate the tourism offering in the MLM. A collection of categorised attractions may entice travellers to select MLM as their preferred destination. The guides can be displayed in airports, tourism information centres, petrol stations and at bus stops. It is important to present MLM's tourism industry through relevant channels to reach the appropriate audience.

Welkom is home to the international motor racing circuit, Phakisa Raceway, which has hosted the African leg of the MotoGP, the premier-class motorcycle championship, from 1999 to 2004. The race brought thousands of spectators from across the globe. The revitalisation of the track, as well as hosting the event in future, will create maximum international exposure to the MLM, as well as reopen economic benefits to the broader economy.

6.7 Project Portfolio

The LED Framework *(Section 5)* presented potential projects and interventions for each identified economic opportunity in the MLM. The project portfolio brings these interventions together, in order to enable the identification of priority projects.

Table 57: Project Portfolio

Economic Sector	Projects	Project Number
Agricultural Sector	Agri-Forum: Identify problems and synergy in the agri-sector by all local stakeholders	1
Agricultural Sector	Aquaculture-develop aquaculture along Sand River	2
Agricultural Sector	Assist agri processing and value adding projects and initiatives	3
Agricultural Sector	Boma facility for game: Fencing.	4
Agricultural Sector	Broiler production: to establish a Broiler.	5
Agricultural Sector	Business plan per farm identified: Acquire Strategically Located Land; to improve rural economy; to improve access to affordable basic foods.	6
Agricultural Sector	Capacity building for farmers (land reform beneficiaries): to ensure access to training facilities; to train people on agricultural business skills; and to provide demand-oriented skills development programmes.	7
Agricultural Sector	Develop the Skills of the Agriculture Sector's Workforce	8
Agricultural Sector	Development assistance service for emerging farmers	9
Agricultural Sector	Development of a Hatchery: to establish a Hatchery.	10
Agricultural Sector	Development of Greenhouse & Hydroponic houses for smart crop cultivation: to sustain water resource management; to develop rural enterprises.	11
Agricultural Sector	Eco –tourism: to promote tourism marketing; and to introduce pro-poor tourism.	12
Agricultural Sector	Establish Distribution Hub: Agri-Park Extension Service Programme; to improve rural economy; to encourage sustainable informal sector businesses and their inclusion in the local economy; and to fast track the proposed Wesselsbron Agri-Hub development concept.	13
Agricultural Sector	Establishment of a livestock auction centre	14
Agricultural Sector	Feedlots for livestock to Establish a Feedlot.	15
Agricultural Sector	Holding pens: Establishing holding pens.	16
Agricultural Sector	Incubators: to establish an Incubator.	17
Agricultural Sector	Land acquisition of high potential land for commonage development	18
Agricultural Sector	Land: Make high potential land available for urban agriculture	19
Agricultural Sector	Livestock handling Facilities: to Establish a Livestock handling facilities; and Fencing.	20
Agricultural Sector	Livestock production: Acquire Strategically Located Land; and Fencing	21
Agricultural Sector	Mentorship Programmes	22
Agricultural Sector	Mining Rehabilitation Plan for Agricultural and Sustainable Human Settlements: to augment economic activities in Welkom and surrounding mining towns; to improve access to Schools; to provide water in local communities; to construct sewer in local communities; and to increase mineral beneficiation and empower local communities.	23
Agricultural Sector	Mobile Agricultural Power Solutions (Maps): to improve rural economy; to improve access to affordable basic foods; and: to train people on agricultural business skills.	24
Agricultural Sector	Net house project: Establishment of emerging farmers in a private company	25
Agricultural Sector	Promote bulk infrastructure expansion for urban agriculture/purified effluent water	26
Agricultural Sector	Promote the production of high value agri-products with potential beneficiation	27
Agricultural Sector	Promotion of Land Reform Programmes/acquire agri-land	28
Agricultural Sector	Provision and maintenance of commonage infrastructure	29
Agricultural Sector	Resource Amalgamation	30

Economic Sector	Projects	Project Number
Agricultural Sector	Risk Management: to train people on agricultural business skills; and to provide demand-oriented skills development programmes; and Improved access towards ICT infrastructure.	31
Agricultural Sector	Seeding's: Agri-Park Extension Service Programme; to implement an alien invasive clearing programme.	32
Agricultural Sector	Status Quo Analysis: Acquire Strategically Located Land; to improve rural economy.	33
Agricultural Sector	to establish a Battery.	34
Energy Sector	Electricity for farmers: to provide electricity in local communities.	35
Energy Sector	Encourage private sector participation in the industry-	36
Energy Sector	Increase the number of pre-paid electricity selling points-	37
Energy Sector	Maintain electricity supply to satisfy municipal demand-Matjhabeng LM and Eskom should work together and introduce and maintain programmes to equalise electricity supply and demand.	38
Energy Sector	Risk management-Valuable time and money must be directed daily to rectify problems caused by the theft of copper cables. Replacing wooden pylons urgently can reduce the frequent theft of copper cables.	39
Energy Sector	to address the challenge of its electricity supply-Matjhabeng LM would need to acquire a substantial investment over the next few years to enable the building of appropriate generation capacity for future years.	40
Financial and Business Services Sector	Digital Economy-Embrace the challenges brought about by the Fourth Industrial Revolution; Boost provincial competitiveness for innovative solutions and strengthen economic growth through ICT	41
Financial and Business Services Sector	Encouragement and support of cooperatives: to provide demand-oriented skills development programmes.	42
Financial and Business Services Sector	Establish business support centres: to provide comprehensive rural skills audit and local business linkages.	43
Financial and Business Services Sector	ICT Infrastructure: Improved access towards ICT infrastructure.	44
Financial and Business Services Sector	Linkages to funding support-Creating networks/linkages between business and funding opportunities	45
Financial and Business Services Sector	Science Bursaries-provide bursaries for students of the Product Development Technology Station (PDTS)	46
Financial and Business Services Sector	Tabalaza Pitching Programme-Promote entrepreneurship as a platform for SMMEs owned by young people to pitch and showcase products to potential supporters and investors	47
Informal Sector Development	Regulation m- Policy and Uniform trading regulations for Matjhabeng-	48
Land, Infrastructure and Other Attributes	Annual spatial inventory and sectoral needs/trend analysis regarding land requirements	49
Land, Infrastructure and Other Attributes	Development and redevelopment of urban development and investment nodes e.g. CBD development strategy; Thabong business nodes; Bronville CBD area	50
Land, Infrastructure and Other Attributes	Selective marketing of land with a high potential for development for all sectors	51
Manufacturing Sector	"Buy South Africa" programme-President Ramaphosa's marketing drive into Africa	52
Manufacturing Sector	Agri parks Alignment-align agroprocessing to Odendaalsrus FPSU (Poultry)	53
Manufacturing Sector	Bio-Fuel production: to attract business and industry growth development; and to encourage sustainable informal sector businesses and their inclusion in the local economy; and to improve rural economy.	54

Economic Sector	Projects	Project Number
Manufacturing Sector	Chicken Abattoir-Abattoirs to process FPSU and local farmer's poultry	55
Manufacturing Sector	Creation and servicing of industrial land in all units	56
Manufacturing Sector	Develop Clothing and textile Factories	57
Manufacturing Sector	Develop Hennenman/Ventersburg into Industrial/Logistic HUB	58
Manufacturing Sector	Develop the Agroprocessing Industry	59
Manufacturing Sector	Develop the Mining Equipment Manufacturing Industry	60
Manufacturing Sector	Development and purchasing of local and mobile abattoirs: Abattoirs.	61
Manufacturing Sector	Development of a dehydration facility: to attract business and industry growth development; to encourage sustainable informal sector businesses and their inclusion in the local economy; and to improve rural economy.	62
Manufacturing Sector	Development of a Packaging Plant: to create labour intensive jobs; to attract business and industry growth development; and to improve rural economy.	63
Manufacturing Sector	Development of a tannery for leather products: Tannery and Taxidermy.	64
Manufacturing Sector	Development of canning facilities: to attract business and industry growth development; to encourage sustainable informal sector businesses and their inclusion in the local economy; and to improve rural economy.	65
Manufacturing Sector	Development of local and mobile bakeries: to train people on agricultural business skills; to ensure access to training facilities; to improve access to affordable basic foods; and to train and develop entrepreneurial skills.	66
Manufacturing Sector	Establish a dry / wet milling plant for grain processing (flour milling, chicken feed production: to create labour intensive jobs; to attract business and industry growth development; and to improve rural economy.	67
Manufacturing Sector	Establishment of a cold pressing plant for oil production: to attract business and industry growth development; to encourage sustainable informal sector businesses and their inclusion in the local economy; and: to improve rural economy.	68
Manufacturing Sector	Establishment of a washing / sorting facility: to create labour intensive jobs; to attract business and industry growth development; and: to improve rural economy.	69
Manufacturing Sector	Establishment of cold storage facilities: to attract business and industry growth development; to encourage sustainable informal sector businesses and their inclusion in the local economy; and to improve rural economy.	70
Manufacturing Sector	Establishment of new industrial hives and incubator centres for small entrepreneurs in all units of Matjhabeng -	71
Manufacturing Sector	Facilitation/Marketing of partnerships e.g. PPP's, BEE etc.	72
Manufacturing Sector	Import Skills and Implement On the job training	73
Manufacturing Sector	Introduce New Biofuel Developments	74
Manufacturing Sector	Introduce the Product Development Technology Station to the Welkom CUT Campus	75
Manufacturing Sector	Jewellery Manufacturing	76
Manufacturing Sector	Juice extraction infrastructure: to attract business and industry growth development; to encourage sustainable informal sector businesses and their inclusion in the local economy; and to improve rural economy.	77
Manufacturing Sector	Manufacture of agricultural pesticides: to implement an alien invasive clearing programme.: to implement a community based natural resource management programme; and	78
Manufacturing Sector	Manufacturing and Industrialization Programme - Second phase of this programme, which will focus on upgrading and refurbishing factories,	79
Manufacturing Sector	Manufacturing of general agricultural equipment: to attract business and industry growth development; to encourage sustainable informal sector businesses and their inclusion in the local economy; and to improve rural economy.	80

Economic Sector	Projects	Project Number
Manufacturing Sector	MAP-SEZ Investment Promotion-There are 18 potential investors with an estimated investment value of R 2.6 billion which will be realised in the next five years; Additional to the agricultural park, the following sectors will also feature at the SEZs: Automotive, Pharmaceuticals, ICT, Food Processing, Logistics, Aqua-culture and General Processing	81
Manufacturing Sector	Milk processing (powder milk & cheese): to attract business and industry growth development; and to encourage sustainable informal sector businesses and their inclusion in the local economy; and to improve rural economy.	82
Manufacturing Sector	One to one marketing – high potential companies / institutions – generic industries and mass-produced goods	83
Manufacturing Sector	Petroleum Refinery-Transfer mining skills to manufacturing	84
Manufacturing Sector	Recycling Plant-Transfer mining skills to manufacturing	85
Manufacturing Sector	SEZ / Manufacturing Incubation Hub-	86
Manufacturing Sector	Steel Manufacturing-Transfer mining skills to manufacturing	87
Manufacturing Sector	to support the beneficiation of raw materials, jewellery manufacturing-	88
Mining Sector	Consulting Africa-going into Africa with knowledge, products, skills etc. look at countries that focusses on gold mining in Africa	89
Mining Sector	Develop Mining By-products	90
Mining Sector	Liaise with mining groups/ facilitate the development of small mining projects-	91
Mining Sector	Mining Strategy: to expand and encourage sustainable mining and agricultural activities; to increase mineral beneficiation and empower local communities; to reinforce the development of a mining supplier park; and to develop Mining BEE Charter to facilitate new business growth in the mining sector.	92
Mining Sector	Prospect the Matjhabeng LM for potential mining opportunities-to assess the feasibility of alternative mineral mining the Municipality	93
Procurement	Develop a co-ordinated procurement programme in Matjhabeng	94
Public Sector	ABET Centres & Other training facilities: to provide comprehensive rural skills audit and local business linkages; and to improve quality of education.	95
Public Sector	Address high employee turnover rates and under employment-	96
Public Sector	Automation and modernisation of government services-Digitalisation of Government Business Service: Introduce a Mobile App that will assist SMMEs to obtain information regarding different funding models; Introduce digital training centres at municipalities to create digitally enabled communities; Dismantle Cyber Security by reducing the risk of fraud and protection of sensitive data as people transact online	97
Public Sector	BP development-SMME start-up challenges, look at Noupoort Proposal pages 20 - 23	98
Public Sector	Collection points: to prioritise road developments and upgrades on collection distribution routes.	99
Public Sector	Construction of new roads: to contain and consolidate development within a defined nodal boundary; and to promote transit orientated development along major public transport corridors and appropriately managing land uses.	100
Public Sector	Create Accessible Local Business Database-a database with all local businesses to enable ease of communication and exposure	101
Public Sector	Develop a targeted programme to support rural enterprises: to establish rural economic development forum; and to develop rural enterprises.	102
Public Sector	Develop Sector Plans-revitalisation of neglected commercial areas	103
Public Sector	Distribution points: to prioritise road developments and upgrades on collection distribution routes.	104

Economic Sector	Projects	Project Number
Public Sector	Economic and Small Business Development-Promote trade and investment through SMME development as well as support, and economic research; Introduce special interventions like special economic zones, reviving local industrial parks, business centres, digital hubs as well as township and village enterprises	105
Public Sector	Economic Development Forum/Agency-Peer Assessment Investment Agency	106
Public Sector	Emergency / Development Fund-	107
Public Sector	Encourage Mentorship and Networking Programmes-	108
Public Sector	Entrepreneurial Support: Provide an entrepreneurial support service; Implement a co-ordinated after care service for micro entrepreneurs-	109
Public Sector	Establishment of a co-ordinated marketing brochure for local business	110
Public Sector	Free State tourism Master Plan-Identify a competitive edge to ensure that tourism is a significant economic player; DESTEA aims to actively engage more with the tourism Sector (through The tourism round table colloquiums for 2019/2020) and improve communication, coordination and alignment between private sector and government	111
Public Sector	HIV/Aids Programme: Develop a comprehensive HIV/AIDS programme	112
Public Sector	Horseshoe CBD Revitalisation-revitalisation of neglected commercial areas	113
Public Sector	Human Resource Development Strategy: Market the concept of Matjhabeng as training and support centre; Facilitate and implement training programmes in all sectors	114
Public Sector	Import Skills and Implement On the job training	115
Public Sector	Job Centre/Skills bank: track skills development; Schools skills/career advice; Bridge between school and CUT courses; Skills development and Entrepreneurial	116
Public Sector	Labour Activation Programme (LAP) -Theoretical and practical experiential training in building, civil construction (paving), welding and mixed farming	117
Public Sector	Land Parcel Audit-	118
Public Sector	Linking of roads with major corridors: to provide a full range of transportation services along development corridors.	119
Public Sector	Maintenance of existing roads: to contain and consolidate development within a defined nodal boundary; and to promote transit orientated development along major public transport corridors and appropriately managing land uses.	120
Public Sector	Marketing of The Training Capacity of Matjhabeng: Co-ordinated marketing of the training profile/capacity of Matjhabeng-	121
Public Sector	Matjhabeng Rebranding Drive-rebranding Welkom within different economic offerings, instead of just gold mining	122
Public Sector	Mentorship Programmes	123
Public Sector	Mining Houses / Skills and Labour Plans Create an interaction forum and procedure to assist mining houses with the development of their SLP plans, also in alignment with the Matjhabeng IDP process	124
Public Sector	Opportunity Identification: Identify projects with high development opportunity	125
Public Sector	Partner with CUT to develop public workers' education programmes	126
Public Sector	Partnerships with Youth: Identify projects for youth involvement and partnerships	127
Public Sector	Phakisa Raceway-Revitalise and commercialise Phakisa to establish it as the most sort-after motor racecourse on the African continent and beyond; Create a new business model that will generate significant revenue for the Province and Matjhabeng LM and create significant jobs in Lejweleputswa.	128
Public Sector	Place and Product Marketing: To promote and/or market the benefits and investment/development potential of Matjhabeng	129
Public Sector	Prepare and Maintain A Water Services Development Plan (WSDP)-	130
Public Sector	Economic Project Investment Committee (EPIC) - A committee of public and private stakeholders established to review and direct project investment expenditure in MLM	131

Economic Sector	Projects	Project Number
Public Sector	Promotion of Support Partnerships with Development Agencies in Economic Development: UOFS; SEDA; DTI; IDC; FDC; Development Bank; Government Departments	132
Public Sector	Revitalisation of Mining Towns: Minimise the impact of the declining mining sector and ensure that existing mining potential is harnessed; Support and extend the life of existing mines and create new mining opportunities; DESTEA has committed to create a fund to assist aspiring small-scale miners to acquire mining permits	133
Public Sector	Revitalisation of the township and Rural Economy-Address the challenges faced by townships and rural economy from commercial developments like big malls and Spaza shops mostly owned by non-South Africans	134
Public Sector	Science park	135
Public Sector	Simplify Business Registration-improve and monitor business registration efficiency - minimize red-tape	136
Public Sector	Skills audit	137
Public Sector	Skills Incubation Hub-training of specific skills/qualifications etc. that local businesses require	138
Public Sector	Small, Medium and Micro Enterprises Support-Introduce innovative measures in dealing with high unemployment, especially amongst the youth; Full implementation and mass scale usage of state procurement expenditure to optimally support enterprise development	139
Public Sector	Stakeholder Forum Establishment: Establish a Training and Support Forum for Matjhabeng-	140
Public Sector	Streamline Permit Application Processes-enabling environment for short-term and long-term permits	141
Public Sector	Strengthening of Development Framework: Align the development focus: Creation of a development interaction Forum in Matjhabeng	142
Public Sector	Strengthening of Development Framework: Alignment with all Government Departments, initiatives and policies	143
Public Sector	Strengthening of Development Framework: Inventory and alignment of development agencies in Matjhabeng	144
Research	Agriculture: Development of an Agricultural development and implementation strategy for Matjhabeng including the potential of agri-beneficiation	145
Research	Capacitating Municipal LED Department	146
Research	Establishment of a business data base	147
Research	Minerals and Energy Sector: Compilation of a profile report with potential opportunities in the mining sector	148
Research	Training: Coordinated strategy development including needs analysis regarding the PDI's, emerging entrepreneurs and unemployed, potential contribution of stakeholders and available funding	149
Rural Development	Establishment of a rural development plan for Matjhabeng	150
Rural Development	Facilitate entrepreneurial development projects in rural areas	151
SMME Development	Business Development Assistance: Implement and strengthen the support service for business establishment and development	152
SMME Development	Development Incentives: To develop an affordable incentive scheme for Matjhabeng which will attract potential investors in all sectors, and which will also make provision for SMME development and investment promotion	153
SMME Development	Establishment of Business/Community Participation Forums/Integrated Vision: establishment of business sector forums for: Business/industrial sector; tourism sector; Informal Sector; CBD Development; Projects	154

Economic Sector	Projects	Project Number
SMME Development	Identify SMME's: Create an SMME data base	155
SMME Development	Image Building and Promotion of Matjhabeng As Growth Area: Development of an interactive Web site	156
SMME Development	Promotion of Partnership Projects/BBEE/PPP's: Initiate high potential development projects	157
Tourism	Agri-tourism: to promote tourism marketing; and to introduce pro-poor tourism.	158
Tourism	Create an events calendar	159
Tourism	Develop a tourism product inventory and develop "tourism packages" and branding for each product e.g. gold jewellery	160
Tourism	Development of specific tourist routes: to develop existing and new/dormant tourism attractions sites.	161
Tourism	Eco –tourism: to promote tourism marketing; and to introduce pro-poor tourism.	162
Tourism	Establishment of a birding route	163
Tourism	Marketing Matjhabeng as tourism destination/ Implement a brand roll-out program: to establish mining tourism opportunities in Matjhabeng; training of mining tourism guides for mining tourism; establishment of tourism signage in Matjhabeng; to promote tourism awareness and education	164
Tourism	Mining tourism: to expand and encourage sustainable mining and agricultural activities; to promote tourism marketing; to develop a multifunctional tourist centre; and to encourage sustainable informal sector businesses and their inclusion in the local economy.	165
Tourism	Participate in National and international tourism exhibitions	166
Tourism	Participate in operating a central information office for tourists and visitors	167
Tourism	Promote Agri-tourism	168
Tourism	Promote Annual Cultural Events	169
Tourism	Promote exhibitions, conferences and events	170
Tourism	Redeveloping the Welkom show grounds as an event and tourism destination	171
Tourism	Re-establish the Doornpan game reserve as municipal property	172
Tourism	Sport: Assist sport facility development with high potential for development –golf estates, multi-purpose stadiums	173
Tourism	Sport: Create an inventory of sport activities in Matjhabeng-	174
Tourism	Sport: Initiate sport events and promote sport marketing and events	175
Tourism	Sport: Support the development and utilisation of the Phakisa raceway, peripheral activity development etc.	176
Tourism	Support the development of the local leisure and entertainment industry (restaurants, casino, cinemas etc): to augment economic activities in Welkom and surrounding mining towns; to improve access to Schools; to provide water in local communities; to construct sewer in local communities; and: to increase mineral beneficiation and empower local communities.	177
Tourism	To develop municipal assets into sustainable tourism destination	178
Tourism	Tourism centre & Market Strategy: to develop a multifunctional tourist centre.	179
Tourism	Tourism: Development of a tourism potential, impact and implementation strategy for Matjhabeng	180
Trade Sector	Encourage Mentorship and Networking Programmes-	181
Trade Sector	Encourage Small Business Development-	182
Trade Sector	Establishment of local fresh produce markets: to improve rural economy; to improve access to affordable basic foods; to contain and consolidate development within a defined nodal boundary; and: to encourage sustainable informal sector businesses and their inclusion in the local economy.	183

Economic Sector	Projects	Project Number
Trade Sector	Informal Business Complex (IBC)-Formal permanent "flea market" type of establishment	184
Trade Sector	Trade and Investment Promotion -Implementation of export promotion mandate with technologies that identifies products and markets with realistic export potential, as well as opportunities for export diversification; The technology introduced (TRADE-DSM), relies on global demand-based approach to determine export opportunities for exporters from the Free State; Investment Prospectus will be introduced- Local enterprises will be exposed to investors in a form of business to business matchmaking sessions, to exhibit their products and service offerings	185
Transport, Storage and Communication Sector	Cargo Airport-	186
Transport, Storage and Communication Sector	Feasibility study, marketing and upgrading of the Welkom airport to intensify the use and status of the airport	187
Transport, Storage and Communication Sector	Film Incubation Hub-	188
Transport, Storage and Communication Sector	Logistical facilities: to promote transit orientated development along major public transport corridors and appropriately managing land uses; and to fast track the proposed Wesselsbron Agri-Hub.	189
Transport, Storage and Communication Sector	Road maintenance: ensure constant upgrading of all main access roads to Matjhabeng, rural access roads and main arteries	190
Transport, Storage and Communication Sector	SMME tour operators: to develop SMME support systems and policy; and to train and develop entrepreneurial skills.	191
Transport, Storage and Communication Sector	Storage facilities for locally produced crops: Establish storage facilities.	192
Transport, Storage and Communication Sector	Tourism Forum: to promote tourism marketing.	193
Transport, Storage and Communication Sector	Upgrading and declaration of R30 as toll road by Minister of Transport	194

6.8 Summary – Strategic Development Framework

The strategic development framework is based on pillars that each have unique outcomes. These outcomes are intended to maximise economic impact in MLM. The framework focuses on aligning LED with the vision of the SoNA 2019 where industrialisation

was highlighted as a high impact development focus for South Africa. The five pillars, and the accompanying outcomes and projects, are as follows:

Pillar I: Beneficiation

- **Agro-processing** – Develop aquaculture, chicken abattoirs and a hatchery
- **Diversify Mining Resources** - Promote jewellery manufacturing, recycling plants, steel manufacturing and a petroleum refinery
- **Manufacturing Incubation Hub** – Introduce a Special Economic Zone (SEZ)

Pillar II: SMME Development

- **Formalising Informal Sector** – Develop an Informal Business Complex (IBC)
- **Business Intelligence** – Create linkages to funding support, business plan development, economic and small business development and establish business support centres

Pillar III: Innovation, Research and Development

- **Science & Technology** – Develop a Science Park, offer science bursaries, develop ICT infrastructure and promote a digital economy
- **International Markets** – Consulting Africa, cargo airport and "Buy South Africa" programme

Pillar IV: Creating Enabling Environment

- **Improve Ease of Doing Business** - Simplify business registration, industrial property investment incentive and create accessible local business database
- **Training and skills development** - Skills incubation hub, skills audit and job centre/skills bank
- **Good Governance** - Develop sector plans and conduct a land parcel audit

Pillar V: Tourism Development

- **Tourism Development** - Sand River Route and Film Incubation Hub
- **Tourism Marketing** - Travel Guide and Phakisa Raceway

The proposed projects from this section will require an investigation into the which have the highest economic impact potential. In the next section, the factors that influence implementation are identified, an industry-standard prioritisation model is utilised to evaluate the projects and the top five projects will eb prioritised.

7 IMPLEMENTATION PLAN

The Implementation Plan is a key component of the LED Strategy. It ensures that the programmes, projects and recommendations made in the strategy are effectively planned and implemented according to defined budgets and timeframes while maximising the local economic impact of these interventions.

The Implementation Plan for the MLM LED Strategy is divided into two key components:

1. **Identifying key interventions and priority projects** by identifying efforts required to facilitate LED and assessing the entire project portfolio.

2. **Facilitating implementation** through an implementation framework, project information and guidelines.

7.1 Key Interventions

The effective execution of LED projects requires implementation of several key interventions that lay the framework for development. These interventions are designed to achieve the following:

- Effective communication of LED opportunities, support services and other information.
- Collaboration between key stakeholders in government and the private sector.
- Access to funding and other resources necessary for project development.

The interventions summarized in this sub-section are based on widely accepted LED practices, require little or no funding, and are necessary for project implementation. It is therefore recommended that these interventions be implemented as early as possible.

7.1.1 Create a Network for Disseminating Information

The MLM LED Strategy offers a range of recommendations for boosting local businesses, supporting entrepreneurs and facilitating economic growth. These interventions are only viable however if the intended beneficiaries are made aware of them. It is therefore crucial that the MLM establish a network for disseminating information on LED.

The information network should inform relevant stakeholders about the following:

- General LED opportunities and identified growth industries.
- Specific LED projects and interventions, and their implementation timeframe.
- Opportunities for LED participation and engagement.
- Support mechanisms for training and business development.
- Incentives for industrial investment and business establishment.
- Potential partnership opportunities with established industry.
- Contact details for relevant LED officials and agents.
- Contact details for other stakeholders in the LED process.

The effectiveness of the proposed LED information network depends on the regularity and accuracy of information provided. It also depends on the channels used to disseminate information, which may include the following:

- Meetings of the proposed Matjhabeng LED Forum
- MLM websites
- Welkom Chamber of Business
- Community halls and facilities
- Local newspapers and other media

- Monthly newsletter distributed to local businesses
- Matjhabeng LED Facebook page, Twitter account or other social media
- Farmers' cooperative (information on agriculture projects)

7.1.2 Establish the Matjhabeng LED Forum

The creation of an LED Forum is crucial for the effective planning, design and implementation of projects and interventions. An LED Forum is a platform for private sector, local residents and government to share information, pool resources and solve problems relating to the implementation of LED projects. The forum should seek to encourage dialogue among LED stakeholders, particularly between local government and the private sector. Moreover, the forum contributes to finding solutions to particular development challenges.

The Matjhabeng LED Forum will be tasked with achieving the following objectives:

- Ensure the integration of LED initiatives into the Matjhabeng Integrated Development Plan (IDP).
- Assist with disseminating information on LED interventions and available support.
- Provide inputs into the design and implementation of identified LED projects.
- Relay specific challenges to the Municipality as they arise and seek to address these challenges through a collaborative process.
- Leverage access to funding for LED implementation from government and the private sector.
- Enhance local awareness and support for LED interventions.
- Facilitate partnership development between the public and private sector and between established and emerging businesses within the private sector.

It is recommended that the Matjhabeng LED Forum be established immediately (2019) in order to address key challenges and take advantage of current opportunities in the local economy. Establishment of the Forum can be facilitated by calling a community meeting to determine the core members and develop a specific mandate. It is recommended that subsequent meetings are held monthly or bi-monthly to discuss key interventions, while smaller units within the forum will meet more regularly to facilitate the implementation of specific interventions.

The Matjhabeng LED Forum also has an important role to play in engendering greater collaboration between different groups in society. This includes collaboration between big industry and small business; between stakeholders in Welkom, Odendaalsrus, Allanridge and Virginia; and between local government and the business community. This collaboration will not only have an important impact on future economic development in the region it may also facilitate greater social cohesion, which in turn will advance socio-economic outcomes.

The LED forum will include representatives from government, civil society and the private sector including:

1. The MLM LED Unit
2. Welkom LED Unit and sector departments
3. Government sector departments
4. South African Local Government Association (SALGA)
5. Welkom Chamber of Business
6. Local industry
7. Small business owners
8. tourism operators
9. Central University of Technology and other training providers

10. Farmer's cooperative (Senwes)

11. Community based organisations and NGOs

7.1.3 Lobby for LED Resources

The MLM LED Strategy recommends implementation of a range of projects, including large-scale multi-million-rand ventures and other smaller cost-effective interventions. However, despite this diversity, there is a common need for resources, both in terms of finance and institutional capacity. It is therefore imperative that the Matjhabeng LED Unit lobby for resources from local, district and provincial government, as well as the private sector.

The most important mechanism for achieving municipal support is to ensure that priority LED projects are included in the IDP and allocated a sufficient implementation budget. The MLM can also leverage support through the following two transformations which are expected to enhance the resources available for LED:

7.1.4 Promote Current Investment Schemes

The MLM LED Department must create a higher level of awareness of the current investment incentives offered by the public departments, and as such, may be utilised in tandem with other incentives. The FDA has published a list of the current economic incentive schemes, as seen in Table 58

Table 58 Current Investment Schemes

Incentive Scheme	Description	Responsible Entity
Small, Micro- and Medium-sized Enterprises (SMME) Development Incentives		
BBSDP - Black Business Supplier Development Programme	BBSDP provides a grant to a maximum of R1,000,000 (R800,000 maximum for tools, machinery and equipment and R200,000 maximum for eligible enterprises to improve their corporate governance, management, marketing, productivity and use of modern technology).	Department of Small Business Development
CIS - Co-operative Incentive Scheme	The Co-operative Incentive Scheme (CIS) is a 90:10 matching cash grant for registered primary co-operatives (a primary co-operative consists of five or more members who are historically disadvantaged individuals). The CIS is an incentive for co-operative enterprises in the emerging economy to acquire competitive business development services, and the maximum grant that can be offered to one co-operative entity under the scheme is R350,000.	Department of Small Business Development
ISP - Incubation Support Programme	The ISP encourages partnerships whereby big businesses assist SMMEs with skills transfer, enterprise development, supplier development and marketing opportunities.	thedti
THRIP - The Technology and Human Resources for Industry Programme	On a cost-sharing basis with industry, THRIP supports science, engineering and technology research collaborations focused on addressing the technology needs of participating firms and encouraging the development and mobility of research personnel and students among participating organisations.	Funded : thedti Managed: National Research Foundation (NRF)
Industrial Development-Related Incentives		
MCEP - Manufacturing Competitiveness Enhancement Programme	It will provide enhanced manufacturing support aimed at encouraging manufacturers to upgrade their production facilities in a manner that sustains employment and maximises value-addition in the short to medium term. The MCEP comprises two sub-programmes: The Production Incentive (PI) and the Industrial Financing Loan Facilities which will be managed by the dti and the Industrial Development Corporation respectively.	Department of Trade and Industry Industrial Development Corporation
STP - Seda Technology Programme	The three business incubators of the dti, the Technology Advisory Centre (TAC), the technology-transfer activities of the Technology for Women in Business (TWIB) programme and the support	SEDA

Incentive Scheme	Description	Responsible Entity
	programmes for small enterprises of the South African Quality Institute were merged into a single programme - the SEDA Technology Programme (STP).	
SPII - Support Programme for Industrial Innovation	The SPII is designed to promote technology development in industry in South Africa through the provision of financial assistance for the development of innovative products and/or processes during the development phase	Industrial Development Corporation (IDC)
SSAS - Sector-Specific Assistance Scheme	The SSAS is a reimbursable 80:20 cost-sharing grant offering financial support to export councils, joint action groups and industry associations. The scheme comprises two sub-programmes, namely Generic Funding and Project Funding for Emerging Exporters (PFEE). The aim of the SSAS is aligned to the dti's overall objectives in several respects, as indicated below.	Department of Trade and Industry
PI - Production Incentive	Under the PI, applicants can use the full benefit as either an upgrade grant facility or an interest subsidy facility, or a combination of both. Eligible enterprises include clothing manufacturers, textile manufacturers, Cut, Make and Trim (CMT) operators, Footwear manufacturers, Leather goods manufacturers, and Leather processors (specifically for leather goods and footwear industries).	Department of Trade and Industry
FIG - Foreign Investment Grant	The FIG compensates qualifying foreign investors for costs incurred in moving qualifying new machinery and equipment (vehicles excluded) from abroad to the Republic of South Africa.	Department of Trade and Industry
CTCIP - Textile Competitiveness Improvement Programme	The CTCIP aims to build capacity among clothing and textile manufacturers and in other areas of the apparel value chain in South Africa to enable them to effectively supply their customers and compete on a global scale. Such competitiveness encompasses issues of cost, quality, flexibility, reliability, adaptability and the capability to innovate.	Department of Trade and Industry
CPFP - Capital Projects Feasibility Programme	The CPFP is a cost-sharing programme that contributes to the cost of feasibility studies likely to lead to projects outside South Africa that will increase local exports and stimulate the market for South African capital goods and services.	Department of Trade and Industry
GBS - Global Business Services Incentive (Replaced BPS on 1 January 2019)	The primary objective of the incentive is to create employment in South Africa through servicing offshore activities. The secondary objectives of the programme are to: ➢ Create employment opportunities for the youth (age 18-34 years); and ➢ Contribute to the country's export revenue from offshoring services.	Department of Trade and Industry
EMIA - Export Marketing and Investment Assistance	The dti assists South African exporters by organising National Pavilions to showcase local products at international trade exhibitions. The EMIA scheme bears costs for space rental, the construction and maintenance of stands, electricity and water charges, as well as freight charges, up to a maximum of three cubic metres or two tonnes per exhibitor. Also included are assistance with International Trade Exhibitions, Group Outward-Selling Missions and Group Outward-Investment Missions.	Department of Trade and Industry
CIP - Critical Infrastructure Programme	The CIP is a cost-sharing cash grant for projects designed to improve critical infrastructure in South Africa. The grant covers qualifying development costs from a minimum of 10% to a maximum of 30% towards the total development costs of qualifying infrastructure.	Department of Trade and Industry

Incentive Scheme	Description	Responsible Entity
	It is made available to approved Eligible Enterprise upon the completion of the infrastructure project concerned. Infrastructure for which funds are required is deemed to be 'critical': if the investment would not take place without the said infrastructure or the said investment would not operate optimally.	
Film & Television Incentive	The South African Government offers a package of incentives to promote its film production and postproduction industry, which includes the Foreign Film and Television Production and Post-Production Incentive and the South African Film and Television Production and Co-Production Incentive. The Foreign Film and Television Production and Post-Production Incentive aim to attract foreign-based film productions to shoot on location in South Africa and conduct post-production activities in the country. The South African Film and Television Production and Co-Production incentive aims to assist local film producers in the production of local content.	Department of Trade and Industry
AIS - Automotive Investment Scheme	The AIS is an incentive designed to grow and develop the automotive sector through investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain. Eligible Enterprises include Light motor vehicle manufacturers that have achieved or can demonstrate that they will achieve a minimum of 50 000 annual units of production per plant, within a period of three years; or Component or deemed component manufacturers that are part of the Original Equipment Manufacturer (OEM) supply chain and will achieve at least 25% of a total entity turnover of R10 million by the end of the first full year of commercial production as part of a light motor vehicle manufacturer supply chain, locally and/or internationally.	Department of Trade and Industry

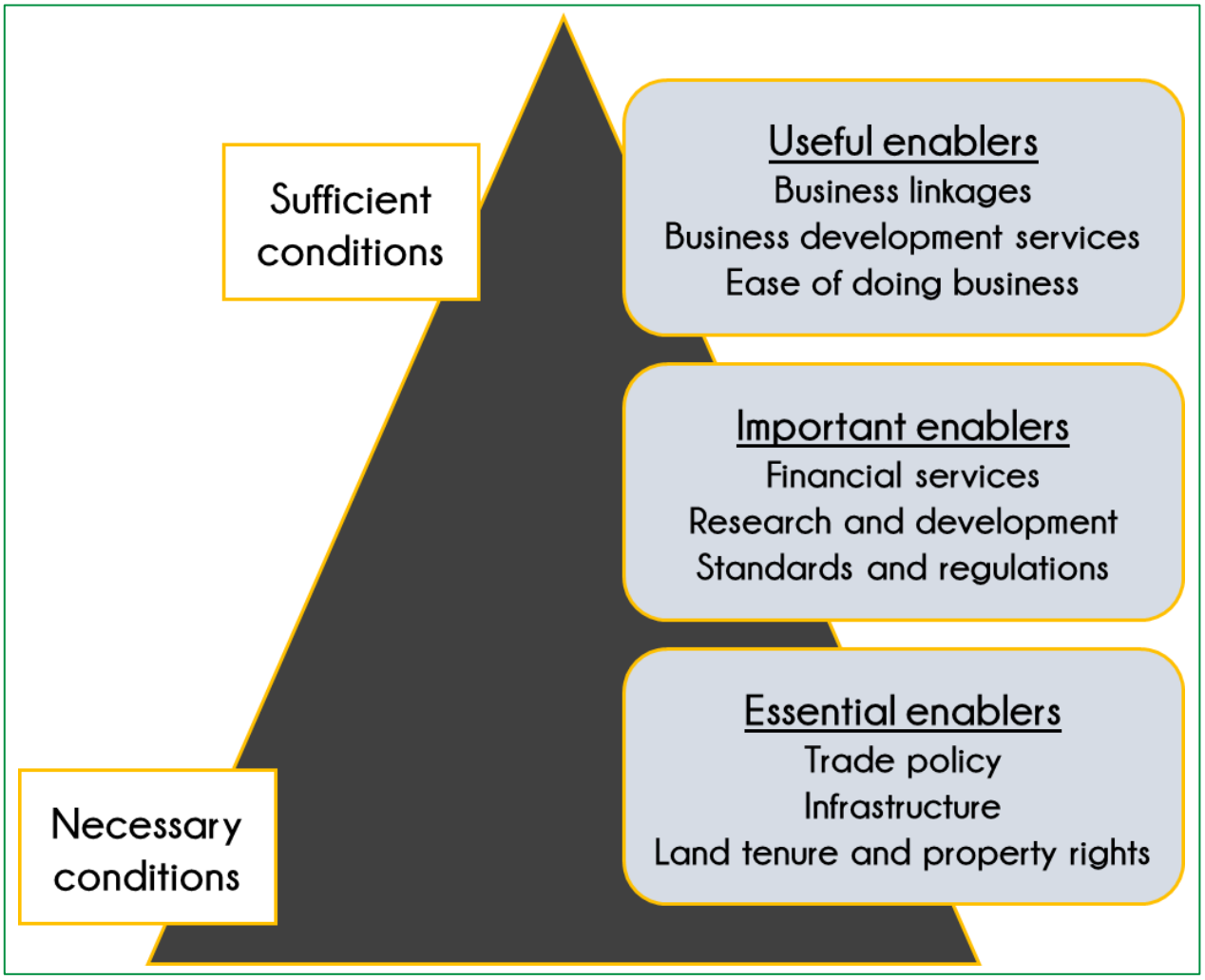
Source: FDA, 2019[28]

[28] https://www.fdc.co.za/index.php/doing-busines-in-sa/sa-incentives

7.1.5 Project Implementation Enablers

The success of projects depends on conditions that enable the implementation of initiatives. These conditions are either categorised as necessary or sufficient to the implementation of projects. Enablers determine the feasibility and sustainability of interventions. These enablers can be categorised as a hierarchy, as either essential, important or useful, as seen in Figure 88. Essential Enablers include the availability of land, infrastructure and legislation. Important enablers include funding, development and standards. Useful enablers include linkages for business operations and the environment in which the business operates. The selection criteria of projects should therefore satisfy all three types of enablers.

Figure 88 Hierarchy of Project Implementation Enablers



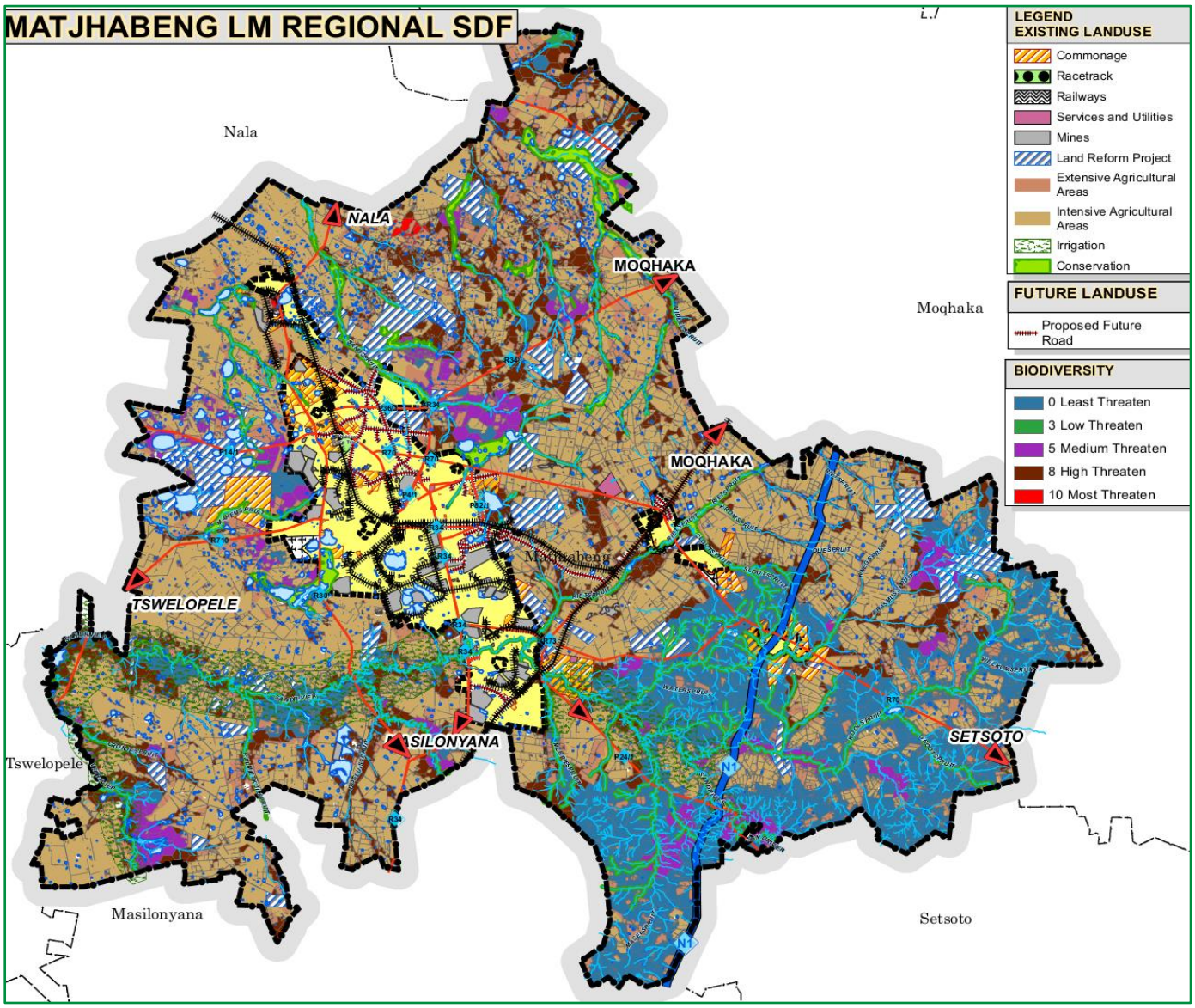
Source: Comparative Appraisals of Enabling Environments, FAO, 2009

7.1.5.1 Essential enablers

Land tenure and property rights - The availability of land for the development of projects is an essential enabler to the success of the project. Only land that has been allocated for the development of industries may be considered during project planning, therefore the MLM Spatial Development Framework (SDF) must be consulted to identify adequately zoned land. In the cases where new development opportunities arise, the MLM LED Department should lobby for the rezoning of such land.

The Matjhabeng SDF has last been update in 2013, and therefore changes in the land use since 2013 can be expected, although the SDF will be utilised as a reference point for potential developmental property. The Matjhabeng SDF published maps that illustrated the municipality as a whole, as seen in Map 35, as well as individual maps for Allanridge, Hennenman, Odendaalsrus, Ventersburg and Welkom, which may be viewed in the annexures and may be consulted for the identification of proposed future development projects.

Map 35 MLM Regional SDF, 2013



Source: MLM SDF, 2019

Infrastructure – the presence, or new development, of infrastructure at the chosen site will determine the success of new projects. Infrastructure, such as transport routes, communication, basic municipal services and buildings must therefore be sufficient for the given project.

Trade Policies – legislation must be in place to ensure that specific projects may be implemented. The projects must therefore consider the existence of current policies and ensure that they comply.

7.1.5.2 Important enablers

Standards and regulations - most businesses and project will be subject to legislative standards and regulations. These regulations are formulated to ensure fair co-existence between businesses and the population, therefore the implementation of projects must consider the limitations of legislation

Research and development – the development of goods and services, as well as research into market trends and tastes, are important as the feasibility of projects rely on the income, or benefit, of the end user. The success of a project relies entirely on the demand for it.

Financial services – sourcing funding for projects is one of the most vital aspect of implementing projects. The cost of acquiring land, developing infrastructure and conducting research and development can be sourced from either savings/retained earnings, financial loans or grants.

7.1.5.3 Useful enablers

Ease of doing business – the municipality must ensure that new and existing businesses have fewer restrictions in order to conduct business and trade efficiently.

Business development services – business development consultants are a useful channel to transfer skills and competencies to a large number of businesses. Business development services include business plan development, market research, financial management and investment projections and human resource training and management.

Business linkages – improving business linkages reduces the chance of new and existing businesses operating in isolation. The introduction of initiates to improve business networks will improve the ease of doing business through business linkages.

7.2 Prioritisation Model

Projects identified in the LED Strategic Framework are evaluated using an industry-accepted prioritisation model, as seen in Table 59. The model evaluates the projects' potential according to the following three primary indicators:

1. Strategic Importance of Project
2. Economic Impact of Project
3. Feasibility of the Project.
4. SMME Development and Skills Development

The prioritisation model was developed specifically for the MLM LED Strategy. Therefore, each indicator in the model and its weighted importance reflects the objectives of the strategy and the specific needs and priorities of the region.

Table 59: Project Prioritisation Model

Assessment Criteria	Overall Rating	Indicator	Rating
1. Strategic Importance of Project	20%	➢ Competitive Reinforcement	25%
		➢ Links	25%
		➢ Alignment with goals	50%
2. Economic Impact of Project	35%	➢ Job creation	40%
		➢ Long-term Sustainability	40%
		➢ Income Stimulation	20%
3. Feasibility of the Project	30%	➢ Risk	25%
		➢ Competition	20%
		➢ Entrance Barriers	10%
		➢ Project Management	35%
		➢ Demand for product / service	30%
		➢ Capex (ROI)	15%
4. SMME & Skills Development	15%	➢ Opportunities for new businesses	65%
		➢ Skills development	35%

Source: ProductPLan, 2019[29]

The 121 projects presented in the project portfolio were evaluated using the prioritisation model. Each project was given a score from 1 to 5 for every indicator, with 1 implying that the project will in no way achieve or address the stated objective/indicator and 5 indicating that the project has the potential to fully satisfy the objective/indicator. The outcome of this exercise allowed for the ranking of LED projects.

[29] https://www.productplan.com/prioritization-matrix-example/

7.3 Priority Projects

This sub-section focusses on illustrating the findings of applying the prioritisation model on the listed projects for the identified pillars. It indicates the scoring shown as a percentage out of 100 to clearly illustrate the hierarchy ranking in accordance with the prioritisation criteria indicated in Table 59. The ranking provides the project hierarchy for implementation to unlock LED opportunities. The 196 projects were prioritised and the 32 projects with the highest scores were aligned with the pillars and illustrate in the table below. Most of these projects will need collaboration efforts from other entities from both private and public sector, these aspects will be addressed under the implementation plan.

Table 60: Prioritised Projects Hierarchy Ranking

No.	Pillars	Objectives	Projects	Score	Priority Ranking
1	Beneficiation	Agro-processing	Aquaculture	68,6	24
			Poultry Value Chain Development	73,9	16
		Diversify Mining Resources	Jewellery Manufacturing	74,4	**15**
			Recycling Plant	74,8	**14**
			Steel Manufacturing	64,5	31
			Petroleum Refinery	72,9	17
		Manufacturing Incubation Hub	Special Economic Zone (SEZ)	**91,7**	**2**
2	SMME Development	Formalising Informal Sector	Informal Business Complex (IBC)	**81,9**	**5**
		Business Intelligence	Linkages to funding support	71,8	18
			BP development	71,6	19
			Economic and Small Business Development	80,9	**7**
			Establish business support centres	68,5	25
3	Innovation, R&D	Science & Technology	Science park	**87,9**	**4**
			Science Bursaries	77,3	**10**
			ICT Infrastructure	79,5	**9**
			Digital Economy	71,4	20
		International Markets	Consulting Africa	58,9	32
			Cargo Airport	81,4	**6**
			"Buy South Africa" programme	**93,7**	**1**
4	Creating Enabling Business Environment	Improve Ease of Doing Business	Simplify Business Registration	69,9	22
			Create Accessible Local Business Database	68,1	26
		Training and skills development	Skills Incubation Hub	67,2	28
			Skills audit	77,3	**11**
			Job Centre/Skills bank	80,6	**8**
		Good Governance	Develop Sector Plans	75,3	**13**
			Economic Project Investment Committee (EPIC)	**90,2**	**3**
			Land Parcel Audit	67,3	27
5	Tourism	Tourism Development	Sand River Route	70,0	21
			Film Incubation Hub	65,1	30
		Tourism Marketing	Travel Guide	66,1	29
			Phakisa Raceway	69,0	23

The evaluation of identified LED projects, according to the prioritisation model, allowed for the identification of 5 priority projects, ranked according to their total score, as seen in Table 46. It is recommended that the MLM place emphasis on the implementation of these 5 projects in collaboration with the Matjhabeng LED Unit.

The Matjhabeng LED Unit is also advised to review the projects not prioritised for implementation and identify any interventions which may be closely aligned to Municipal priorities. Additionally, as new projects and interventions are identified, they may be subjected to the prioritisation model and integrated into the development plan as required.

Table 61: Priority LED Projects

Rank	Project Number	Project Overview	Description
1	52	"Buy South Africa" Support Programme	A programme aimed at increasing the demand for locally produced goods, both in domestic and African Continental Free Trade Area markets
2	86	SEZ / Manufacturing Incubation Hub	A specialised manufacturing hub designed to attract investors through infrastructure development, financial assistance and business support services.
3	131	Economic Project Investment Committee (EPIC)	A committee of public and private stakeholders established to review and direct project investment expenditure in MLM
4	135	Science park	An innovative centre aimed at assisting producers with rapid prototyping and product development, partnering with the CUT's PDTS.
5	184	Informal Business Complex (IBC)	Formalised trading centres for informal traders in each of the MLM towns

7.4 Project Lifecycle

The project lifecycle refers to the five stages that a project should ideally pass through in order to ensure effective implementation. It is derived from the National Empowerment Fund (NEF) Annual Report (2012) and adapted to align with the current strategy, as seen in Figure 89.

Phase 1- Project Scoping: Investment is made in the development of project ideas and options are identified for making the project economically and technically feasible.

Phase 2- Pre-Feasibility Study: The pre-feasibility study assesses the approaches identified in the scoping phase, identifying fatal flaws and reducing the project to a single concept. This concept is then developed in more detail to verify and qualify assumptions, ascertain viability and define key risks and possible mitigating factors.

Phase 3 – Bankable Feasibility Study: The primary objective of the bankable feasibility study is to assess the projects financial needs and feasibility and develop a business plan. This business plan will then be used to source project funding.

Phase 4 – Financial Closure: All necessary capital is raised for the project as determined by the bankable feasibility study. Depending on the nature of the project this capital may come from public or private sources. Once capital is raised the project has reached 'financial close'.

Phase 5 – Construction and Handover: At this stage the project manager/team must manage the construction of the project to ensure that it is executed according to plan and budget. Once finalised and tested the project is handed over to the operating agent

Figure 89: Project Life Cycle

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7.5 Implementation Plan

The above sections have provided an overview of the current situation within the MLM. Section 1.3.1 has provided some insight on ideal arrangements for institutional structures in order to improve the levels of project implementation. This Section aims to provide detailed steps for the implementation of the LED Strategy as well as outlining some implementation guidelines for the identified Drivers. This Section is concluded by providing a potential monitoring and evaluation strategy.

7.5.1 Implementation Process

When LED projects are to be initiated and implemented on a practical level, five core activities have to be identified. It should be noted that these core activities are inter-connected and are not separated from each other.

Activity One: Identification refers to those activities pertaining to the identification of potential projects and opportunities that can be developed in the local economy. This is the first practical step to LED. The generation of new ideas and opportunities can be brought about through the establishment of committees, consultation of local communities and brainstorming sessions. Assessment of the initiatives in terms of a SWOT analysis should also be included. It is recommended that the initial step of idea generation and on-going project/opportunity identification be undertaken by the Municipality. Local authorities are well informed about the local inherent dynamics of their communities and are aware of all the local role-players such as chiefs and local businessmen.

Activity Two: Defining the approach refers to the process of specifically defining the project and implies the actual formulation of business plans. Apart from the actual project design and refinement, the role that the Municipality can play to assist local entrepreneurs also falls into this category and includes activities such as the provision of the necessary infrastructure, ensuring and enabling institutional environment, etc.

Activity Three: The Marketing phase consists of two main components, namely place marketing as well as the marketing of the specific products/services produced by the respective projects. The provision of appropriate mechanisms by the Municipality to market the region is critically important to the successful attraction of investors to the area. Linked to this is the need for the provision of adequate exposure of local businesses, to the services provided by the region.

Activity Four: Development funding entails the acquiring of finances for implementation and development of projects. It also entails the facilitating efforts of the local authority through the provision of support in the application for funding as well as matching potential investors and funding sources.

Activity Five: The implementation phase entails the culmination of the preceding activities resulting in the identified opportunities being implemented into action. Assistance during the initial stages of implementation is critical and measures to assist entrepreneurs include the provision of support activities, the formation of partnerships as well as mentoring activities (skills development).

7.5.2 Implementation Plan Layout

Table 62 below provides the Implementation Plan for the MLM LED Strategy.

Table 62 Implementation Plan

Deliverable	Actions	Responsibility	Time Frames
Strategic Integration			
Obtain support for contents of this document	Communicate the document to relevant stakeholders, including the Office of the Mayor and Councillors	➢ DESTEA (LED Department)	On-going
Institutional Development			
Establish an LED Forum	1. Establish an LED Forum within the MLM. 2. Regular meetings must be held with relevant stakeholders on how to improve LED in the area.	➢ DESTEA (LED Department)	Immediate
Optimise current staff capacity	1. Fill vacant positions 2. Identify appropriate LED Training and Capacity Building programmes for various staff members	➢ DESTEA (LED Department)	On-going
Ensure that the Council have a clear understanding of LED, their role in LED and the importance of implementing LED effectively	Identify potential LED Training Programmes to ensure the Council will have an understanding of the following: 1. LED Background and Concepts 2. Their role in LED 3. Importance of LED	➢ DESTEA (LED Department)	On-going
Establish good intergovernmental relationships with other departments	1. All government spheres and departments have responsibility to ensure that projects are not duplicated, and the good IGR practises are implemented. 2. The general manger of each department need to provide overview of current projects (in order to ensure that overlapping projects can be identified) 3. In the case of overlapping projects task teams need to be established to ensure that all departments involved provide inputs	➢ DESTEA (LED Department)	On-going
LED Stakeholder Engagement	4. Establishment and strengthening of Strategic Partnerships. 5. LED Business Breakfasts 6. Networking Sessions	➢ DESTEA (LED Department)	On-going

Deliverable	Actions	Responsibility	Time Frames
Establish and strengthen partnerships with stakeholders to attract investment and promote development within the area	7. Identify existing partnerships with various stakeholders and review the effectiveness of the partnership 8. Determine mechanisms to improve partnership effectiveness (formalising the partnership, better outline role of partnership, etc.) 9. Approach various stakeholders to formalise partnerships. In conjunction with identified stakeholders outline various roles and responsibilities for each of the stakeholders 10. Promote/implement various investment opportunities in conjunction with partnerships	➢ DESTEA (LED Department) ➢ LED Forum	On-going
SMME and Business Support			
Skills development and training	1. Conduct a skills audit 2. Identify skills gaps within key economic sectors (skills audit) 1. Ensure training programmes provided are relevant and accredited 2. Facilitate training programmes available 3. Provide training and support for leadership and management development 4. Implement mentorship programmes for SME's 5. Establish a Skills Training Centre	➢ DESTEA (LED Department)	On-going
Form Business Support Unit	1. Link local SMEs as service providers by generating a SME Database 2. Source funding for emerging businesses 3. Identify available land and ensure that it is serviced and zoned correctly; and allow equal access to this land for local communities.	➢ DESTEA (LED Department) ➢ LED Forum	Immediate
Assignment of Project Teams			
Assign responsibilities for each prioritised project (refer to Section 7.3) in order to ensure that each project has a leader/driver who is accountable for the preparation of that project	1. Determine whether the project is public or private sector project. 2. Private Sector projects would require a coordinating body represented by the MLM and/or the LED Forum. 3. The following steps are generic steps to be followed for Public and Private Sector Projects i. Determine which of the projects can be driven by members of the Department of Economic Development, other Municipal departments, or LED Forum members ii. Assign a driver to each project, based on their skills, spare iii. capacity and level of authority	➢ LED Forum	On-going
Project Preparation			
Prepare each project for implementation, using the generic steps outlined in Annexure A	1. Provide each project leader with a copy of the generic guidelines for project preparation 2. Connect public sector project leaders with suitable resources, manuals, consultants, industry experts and planners to fulfil each step of the project preparation process. 3. Private sector project leaders would further also need to connect with the coordinating body represented by the MLM and/or LED Forum	➢ DESTEA (LED Department) ➢ Project Leaders ➢ LED Forum	On-going

Deliverable	Actions	Responsibility	Time Frames
Market the package of investment opportunities and strategically approach potential financiers and/or partners for the various projects	. Approve the package of investment opportunities developed each project leader/team 5. Identify desirable sources of funding and investors 6. Approach and negotiate with funders/investors to commit to each project 7. Private sector would be contracted to consultants by the MLM	➢ DESTEA (LED Department) ➢ Project Leaders ➢ LED Forum	On-going
Quality of Life Improvement			
Overcome backlogs in service delivery	1. Planning, measuring and servicing of erven.	➢ DESTEA (LED Department)	On-going
Implement opportunities for bulk infrastructure development	1. Identify infrastructure gaps within key economic sectors 2. Build, upgrade and maintain infrastructure addressing the needs of the industry	➢ DESTEA (LED Department)	Immediate
Monitoring and Evaluation			
Review the success of the newly capacitated structures after a period of one year	1. Review the performance of the LED Committee, LED Forum and Project leaders 2. Review staff capacity 3. Determine strengths and weaknesses in the new approach and identify mechanisms to enhance performance	➢ DESTEA (LED Department)	1-year
Review success of project implementation	1. Review status of projects 2. Determine if projects are on track or not (if not indicate why)	➢ DESTEA (LED Department) ➢ LED Forum	After implementation
Review and update LED Strategy on a regular basis.	The LED Strategy is an evolving document that changes with the economy and the environment. It will need to be updated regularly to ensure optimal use of resources, an enhanced enabling environment, and to take advantage of new opportunities.	➢ DESTEA (LED Department)	Every 5 years

7.5.3 Monitoring and Evaluation

Monitoring and Evaluation (M&E) should be considered during each step of both the LED strategy and project implementation process and not as a specific "add-on" conducted only at the end of the process.

Monitoring is a continuous process of collecting information using key performance measures (or indicators) to gauge the process or project. Monitoring identifies successes or failures as early as possible. Evaluation is the process that "uses the information from monitoring to analyse the process, programmes and projects to determine if there are opportunities for changes to the strategy, programmes and projects." Evaluation, like monitoring, should promote learning in the implementation stage of a LED strategy, evaluation is used to determine if the actions are meeting the strategic objectives, efficiently, effectively and/or at all."

M & E should be used to:

- Enhance learning and capacity building throughout all steps of the LED
- to empower the participants to do a better job
- to help promote implementation partnerships as partners work through the process together
- Inform decision making on project implementation
- Analyse the current situation
- Identify problems and find solutions
- Discover and patterns
- The monitoring trends program should regularly collect data on the performance measures that are indicators for the original objectives

Monitoring ensures that limited resources for economic development can be put to "'best use'" and that negative or unintended impacts can be identified and minimised. One way to formalise M&E is identifying performance indicators. Performance indicators can be identified for each Driver, as well as on a project-by-project basis.

Project objectives should be formulated in such as away so as to quantify measurable outputs and targets (deliverables). This is made easier by identifying a specific and appropriate purpose, location and role-players for the project; anticipated (and realistic) impacts (jobs created, GGP growth, return on investment ratios and so forth), and by assigning time-frames for the various stages of implementation (each with its own tangible set of outcomes).

7.6 Critical Success Factors

The finding in this report indicates that, in order for the MLM to initiate economic growth, as opposed to the decline experience between 2016 and 2018, the manufacturing sector must be stimulated. The skills possessed by miners, such as operating machinery, could be transferred to manufacturing processes with training, therefore jobs can be created. The MLM LED Department has the mandate to promote and stimulate the economy through the implementation of economic projects.

Economic development, however, require a larger effort from various government departments to ensure that the infrastructure and ease of doing business is sufficient to attract new investors to the municipality. These efforts are considered critical to the success of MLM, and are as follows:

- Transform the MLM governments' focus for economic development from primary production to manufacturing
- Develop sector plans to obtain measurable service performance standards
- Improve the level of education in youth and adults to increase the efficiency and employability of the workforce.
- Eliminate the violent illegal mining networks that threaten the safety of the local population.
- Improve the Green Drop rating for the quality of sanitation
- Improve the management of public funds to eradicate the large-scale wasteful expenditure, e.g. the wasteful expenditure of MLM would repay the debt to Eskom.
- Devise a strategy to repay the R1,3 billion to Eskom to free cashflow for development projects.
- The MLM must improve the enforcement of by-laws on economic matters

8 PRIOIRTY PROJECT PRE-FEASABILITY

The aim of this section is to outline the main aspects of implementing the five priority projects identified in the previous section. A pre-feasibility study will be completed for each project to access to requirements for each project.

NOTE: this section is only supplementary to the implementation plan, and each project will be subject to a full feasibility study.

8.1 Project 1: "Buy South Africa" Support Programme

In President Ramaphosa's 2019 State of the Nation Address (SoNA), the importance of South African manufactured goods and services, in comparison to foreign producers, was outlined. During his speech, the president stressed the need to increase the demand for domestically produced goods, under the guise of the "Buy South Africa" Support Programme. The aim of the incubation programme is to support small South African goods producers with physical space, infrastructure and shared services, access to specialised knowledge, market linkages, training in the use of new technologies and access to finance.

The "Buy South Africa" Support Programme is also linked to foreign markets. The establishment of the African Continental Free Trade Area (AfCFTA) will give South African producers access to countries with a combined GDP of approximately $2,2 trillion, according to World Bank GDP data. The AfCFTA agreement, signed by July 2019 by 27 African Union (AU) countries who submitted their ratification instruments, as seen in Table 63, aims to remove 90% of import tariffs on goods and services within the area in five years. The remaining AU countries, except for Eritrea, signed the agreement but have yet to submit their ratification instruments. The AfCFTA will come into effect on 1 July 2020.

Table 63 AfCFTA Ratified Countries - July 2019

Ratified Countries (as of July 2019)				
South Africa	Kenya	Rwanda	eSwatini (former Swaziland)	
Congo Republic	Djibouti	Guinea	São Tomé and Príncipe	
Mauritania	Namibia	Ghana	Côte d'Ivoire (Ivory Coast	
Senegal	Togo	Egypt	Niger	Chad
Sierra Leone	Saharawi Republic	Zimbabwe	Ethiopia	The Gambia
Gabon	Burkina Faso	Mali	Uganda	Equatorial Guinea

Source: Tralac (Trade Law Centre)[30]

The support of national, provincial and municipal governments will be required to enable economic growth by developing sufficient economic infrastructure, creating sustainable business linkages and providing sound business support to South African producers. The main approach to the programme, in terms of primary LED activities, includes developing economic infrastructure, sourcing funds and supporting the local goods and services producers with the necessary market information, including the identification of demanded goods within targeted foreign and domestic markets.

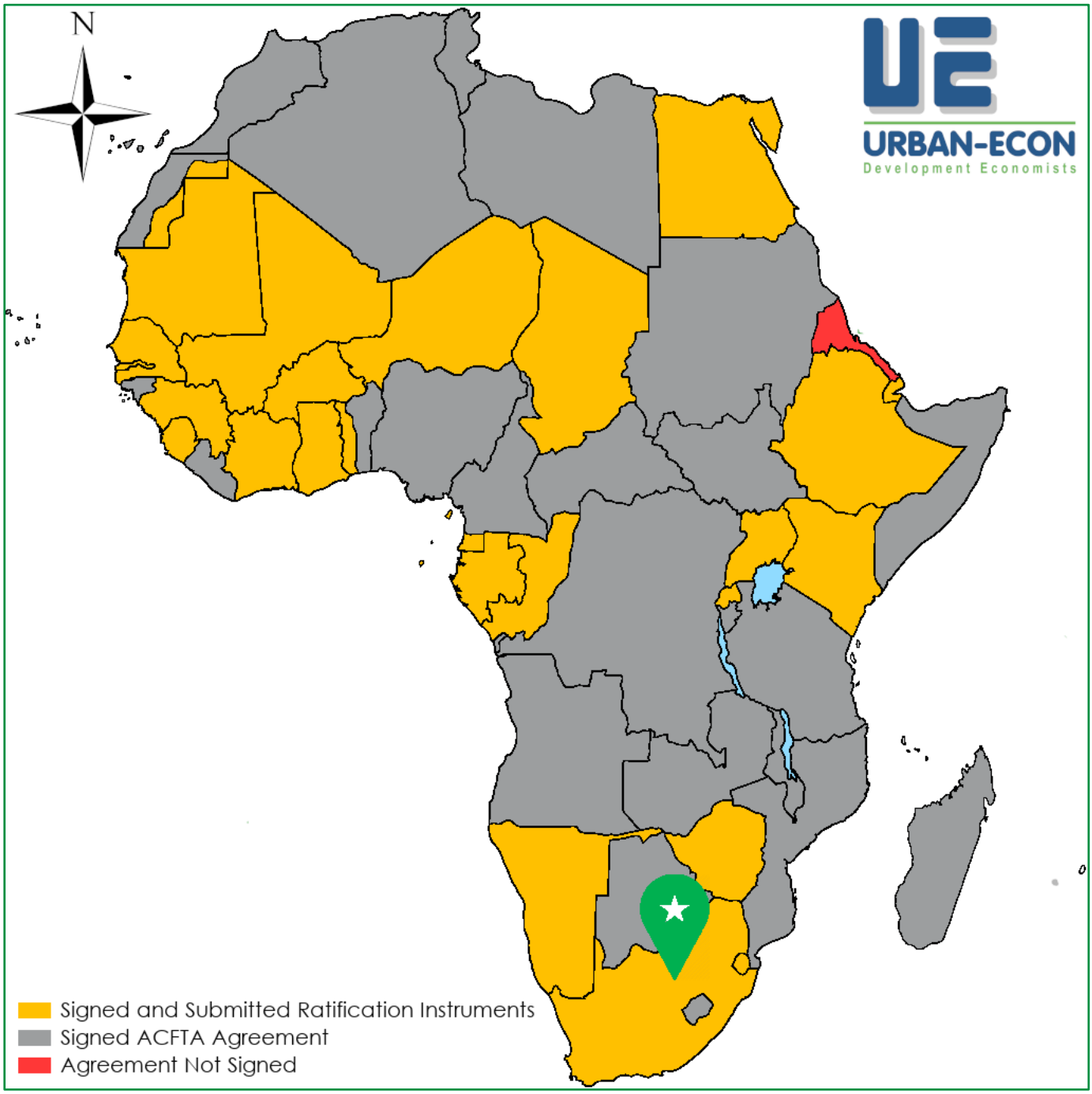
8.1.1 Geographic Analysis

The spatial analysis of the market region will assist the MLM in identifying linkages to foreign consumers. The AfCFTA spans the entire African continent, therefore it is important to identify the locations of each of the participating countries. The analysis will illustrate the location of both coastal and landlocked countries, therefore indicating which distribution channels may be utilised to serve those countries.

[30] https://www.tralac.org/resources/by-region/cfta.html

As Map 36 illustrates, the AfCFTA consists of 27 AU countries that have submitted their ratification instruments, 1 country that has not signed the trade agreement, and the remaining AU countries that have signed the agreement but have yet to submit their ratification instruments, as of 7 July, 2019. The ratified countries, as well as those who have signed the agreement and submit their ratification instruments by July 2020, will partake in the AfCFTA in future.

Map 36 African Continental Free Trade Area (AfCFTA)



Source: Tutwa Consulting Group, 2019 [31]

[31] http://www.tutwaconsulting.com/african-continental-free-trade-agreement-afcfta-status-update-for-business-stakeholders-and-the-private-sector/

8.1.1.1 Potential Markets

The AfCFTA countries that have signed the agreement offer potentially large new markets for MLM producers to enter. All countries in the world would either be classified as net importers, when imports exceed exports, or net exporters, when exports exceed imports. An analysis of the countries' foreign trade activities, along with the level of per capita GVA of the given economies, will lay the foundation for identifying which countries to target as potential markets, as well as which countries will compete most for those markets.

In terms of determining the size of the AfCFTA countries' economies, the GVA data from the World Bank shows that Nigeria has the largest economy, followed by South Africa, as seen in Table 64, although South Africa has the fifth largest economy per capita, while Nigeria ranks 12th. The largest economy, per capita, was Mauritius, followed by Equatorial Guinea. The country that experienced the highest economic growth between 2008 and 2018 was Zimbabwe (23%), as the political climate stabilised and investors returned after the economic crisis experienced between 2003 and 2009.

South Africa was both the largest importer and exporter in 2018, followed by Nigeria, which recorded the highest balance of payments. The country with the lowest balance of payments for 2018 was Algeria, which indicates that the country is reliant on imported goods, which in turn shows that a market opportunity exists in countries that import goods and services.

Table 64 African Continental Free Trade Area (AfCFTA) Import/Export Analysis, 2018

Country	Distance from MLM (Welkom to capital city by shortest main road route)	GVA ($)	GVA - Average Annual Growth Rate (%)	GVA - per Capita ($)	Import $	Export $	Balance of Trade (BOT)	Category
Nigeria	7 200 km	$393 115 524 876	4%	$2 028	$52 651 869 010	$65 666 096 861	$13 014 227 850	Net Exporter
South Africa	*N/A*	$327 916 912 153	2%	$6 340	$99 103 060 058	$103 869 167 589	$4 766 107 531	Net Exporter
Egypt	9 000km	$231 265 682 231	3%	$2 549	$22 516 333 000	$21 727 767 000	-$788 566 000	Net Importer
Algeria	11 000 km	$161 832 084 312	3%	$4 279	$56 169 903 652	$43 076 410 515	-$13 093 493 137	Net Importer
Angola	3500 km	$143 603 426 306	11%	$3 432	$31 586 960 691	$44 114 503 368	$12 527 542 677	Net Exporter
Morocco	11 500 km	$103 994 630 358	3%	$3 238	$57 831 580 742	$45 362 823 750	-$12 468 756 992	Net Importer
Ethiopia	5 700km	$75 974 913 671	15%	$772	$19 184 733 655	$6 235 229 067	-$12 949 504 588	Net Importer
Kenya	4 100 km	$72 212 733 908	12%	$1 711	$19 085 783 027	$10 439 798 899	-$8 645 984 127	Net Importer
Ghana	7 800	$54 766 486 855	12%	$2 202	$22 648 980 830	$20 801 085 643	-$1 847 895 187	Net Importer
Tanzania	3 500 km	$52 423 158 772	10%	$1 051	$8 756 894 075	$8 008 263 458	-$748 630 617	Net Importer
Libya	11 500 km	$48 320 000 000	11%	$7 235	$28 020 955 438	$29 178 725 888	$1 157 770 451	Net Exporter
Congo, Dem. Rep.	4 300 km	$44 892 195 125	16%	$562	$17 635 815 460	$15 877 982 606	-$1 757 832 854	Net Importer
Cameroon	6 00 km	$35 347 023 255	5%	$1 527	$8 766 960 497	$6 379 068 657	-$2 387 891 840	Net Importer
Tunisia	11 400 km	$34 834 951 189	-1%	$3 447	$23 561 658 122	$18 094 369 350	-$5 467 288 771	Net Importer

Sudan	7 800 km	$34 049 480 527	-3%	$977	$5 043 382 728	$4 186 806 713	-$856 576 015	Net Importer
Cote d'Ivoire	8 500 km	$29 719 823 000	7%	$1 716	$11 819 633 781	$12 824 122 431	$1 004 488 651	Net Exporter
Zimbabwe	1 400 km	$27 918 983 931	23%	$2 147	$7 909 000 000	$7 106 594 571	-$802 405 429	Net Importer
Uganda	4 300 km	$25 186 635 285	5%	$643	$7 780 669 140	$5 349 653 266	-$2 431 015 873	Net Importer
Zambia	1 900 km	$24 830 934 873	7%	$1 540	$10 216 905 806	$9 999 332 925	-$217 572 880	Net Importer
Senegal	11 000 km	$21 635 519 462	5%	$1 522	$7 504 704 045	$4 598 102 920	-$2 906 601 124	Net Importer
Botswana	450 km	$16 910 502 785	9%	$8 259	$6 942 269 982	$7 326 358 930	$384 088 948	Net Exporter
Mali	9 200 km	$16 294 715 049	8%	$901	$5 925 464 731	$3 536 676 644	-$2 388 788 087	Net Importer
Gabon	5 500 km	$13 907 130 726	2%	$8 030	$3 699 620 085	$7 480 074 431	$3 780 454 345	Net Exporter
Namibia	1 500 km	$13 499 377 635	7%	$5 931	$6 324 886 248	$5 088 882 893	-$1 236 003 355	Net Importer
Mozambique	800 km	$13 053 561 981	3%	$490	$11 069 100 265	$5 885 747 133	-$5 183 353 131	Net Importer
Mauritius	3 200 km[32]	$12 483 556 509	5%	$11 239	$7 705 808 855	$5 782 686 595	-$1 923 122 259	Net Importer
Burkina Faso	8 300 km	$12 368 716 029	6%	$731	$3 247 582 094	$3 202 290 579	-$45 291 515	Net Importer
Equatorial Guinea	5 600 km	$12 147 934 340	-2%	$10 174	$4 939 845 764	$7 066 305 038	$2 126 459 274	Net Exporter
Madagascar	2 300 km[32]	$11 383 246 982	4%	$461	$5 634 484 295	$4 952 089 357	-$682 394 938	Net Importer
Congo, Rep.	4 300 km	$11 260 000 000	2%	$2 148	$5 670 695 162	$8 182 172 506	$2 511 477 344	Net Exporter
Chad	7 000 km	$9 651 358 903	1%	$730	$3 960 553 834	$3 379 062 441	-$581 491 393	Net Importer
Benin	7 500 km	$9 180 981 633	5%	$902	$4 577 704 315	$3 665 382 142	-$912 322 173	Net Importer
Guinea	10 000 km	$8 895 607 668	4%	$885	$5 945 773 965	$4 708 748 038	-$1 237 025 927	Net Importer
Rwanda	4 000 km	$8 849 446 008	8%	$773	$2 993 903 411	$1 666 361 005	-$1 327 542 405	Net Importer
Niger	8 000 km	$8 240 867 991	7%	$412	$2 676 556 187	$1 349 803 749	-$1 326 752 439	Net Importer
Somalia	5 300 km	$7 840 000 000	3%	$499	$4 923 843 993	$1 203 967 525	-$3 719 876 468	Net Importer
Malawi	2 200 km	$6 825 187 077	2%	$389	$2 128 515 522	$1 886 571 952	-$241 943 570	Net Importer
Mauritania	10 500 km	$4 650 582 466	4%	$1 219	$4 050 912 992	$2 167 498 547	-$1 883 414 445	Net Importer
Eswatini	600 km	$4 171 649 717	2%	$4 140	$2 670 280 370	$2 233 246 786	-$437 033 584	Net Importer
Sierra Leone	10 000 km	$3 698 979 420	6%	$523	$1 796 266 882	$974 210 448	-$822 056 434	Net Importer
Togo	7 600 km	$3 595 749 586	5%	$672	$2 266 152 738	$1 584 671 461	-$681 481 277	Net Importer
Burundi	3 700 km	$3 507 860 329	12%	$275	$459 504 327	$171 717 459	-$287 786 868	Net Importer

[32] Island, distance measured by straight line

Liberia	9 500 km	$3 250 000 000	1%	$674	$3 079 000 000	$849 000 000	-$2 230 000 000	Net Importer
South Sudan	5 000 km	$3 070 000 000	-4%	$17	$63 949 218	$48 203 738	-$15 745 480	Net Importer
Lesotho	211 km	$2 545 216 022	5%	$1 324	$94 698 636	$76 501 738	-$18 196 898	Net Importer
Central African Republic	6 200 km	$2 388 755 475	2%	$510	$706 048 803	$410 067 558	-$295 981 245	Net Importer
Cabo Verde	7 200 km[32]	$1 690 840 938	1%	$3 654	$1 345 742 902	$970 799 915	-$374 942 987	Net Importer
Djibouti	6 400 km	$1 652 685 707	7%	$2 050	$1 369 885 392	$631 369 230	-$738 516 161	Net Importer
Guinea-Bissau	11 000 km	$1 384 112 568	7%	$778	$473 248 832	$369 432 111	-$103 816 721	Net Importer
Gambia, The	11 000 km	$1 378 116 436	6%	$712	$586 789 465	$338 494 019	-$248 295 446	Net Importer
Seychelles	4 000 km[32]	$1 303 413 981	8%	$16 434	$1 623 298 147	$1 384 001 511	-$239 296 636	Net Importer
Comoros	2 500 km[32]	$1 200 000 000	3%	$1 445	$345 384 153	$141 145 829	-$204 238 323	Net Importer
Sao Tome and Principe	3 800 km[32]	$400 690 195	13%	$2 001	$34 320 000	$6 430 000	-$27 890 000	Net Importer
Sahrawi Republic	11 000 km	No available data						
TOTAL		**$2 176 521 944 246**			**$627 127 875 318**	**$571 615 876 788**		

Source: Google Earth & World Bank, 2019

8.1.2 Project Model

8.1.2.1 Project Requirements

Many countries in Africa produce the same products, often agricultural and other basic commodities, so they don't necessarily need their neighbours' exports, as the level of competition in these markets is high. When these countries require machinery or more sophisticated products, they tend to import from non-African countries. The opportunity for MLM to produce these products should be explored.

Although the MLM is not responsible for the production and distribution of manufactured goods, the public sector is responsible to create an enabling environment to attract investors and to promote foreign trade. President Ramaphosa stated in the SoNA, 2019, that the government must focus on outcomes to support the development of industries in South Africa. Table 65 outlines the stated outcomes, as well as possible enabling interventions

Table 65: "Buy South Africa" Enabling Interventions

Outcome	Enabling Interventions
Physical Space	➢ Special Economic Zone (SEZ) ➢ Industrial Parks
Infrastructure and Shared Services	➢ Value Chain Development ➢ Distribution Channel Development ➢ MLM LED Coordination ➢ Economic Infrastructural Development
Access to Specialised Knowledge	➢ Industry Expert Consulting ➢ Product Development Feasibility Study
Training in The Use of New Technologies	➢ Training Programs ➢ Research and Development Support
Market Linkages	➢ Export Support ➢ Logistics Support ➢ Stakeholder Networking
Access to Finance	➢ Private Financial Institutions ➢ Public Funds

Source: adapted from SoNA, 2019

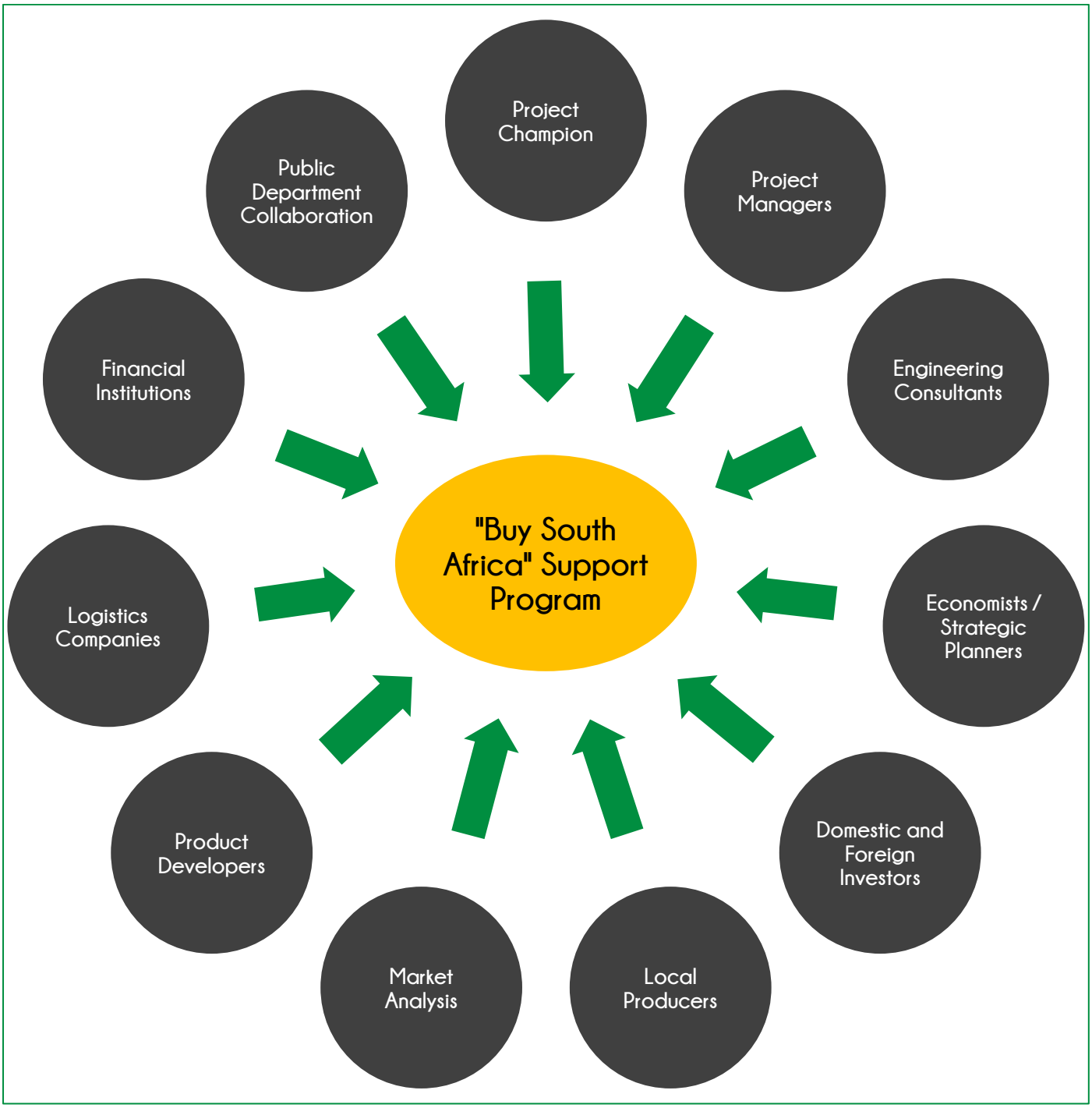
The MLM must act as a catalyst to transforming the MLM economy from a declining mining-sector dependent economy to a more diverse economy. This can be accomplished through such interventions as development of feasibility studies, development strategies, infrastructural development, market information and improving the local business sector's access to investment funding.

In terms of supporting the "Buy South Africa" program, the MLM should aid the local producers of goods and services with information regarding domestic and export distribution channels, regions in AfCFTA where locally produced goods and services have the highest demand and profitability, and the development of the infrastructure required to maximise productivity in MLM.

8.1.3 Support Requirements

The implementation and coordination of the "Buy South Africa" support program will require the collective inputs of many stakeholders, thus ensuring the business environment is conducive to the development of local industries. The success of the project will depend on the coordination of a variety of support resources, as seen in Figure 90. The coordinated effort of the economic community has the potential to improve the welfare of both local businesses and the standard of living for the MLM population.

Figure 90: MLM "Buy South Africa" Support Requirements



8.1.3.1 Potential Role-players

The development and implementation of an environment conducive to the production and distribution of goods and services involves a number of active role players. The collective efforts of both private and public stakeholders will enable new and existing local producers to enter domestic and foreign markets. The potential role players are categorised into 3 groups, namely Project Champion, Funding Institutions and Entities.

Program Champions – The project should be headed by DESTEA, as it falls within the jurisdiction of local economic development. DESTEA would be responsible for assembling all the relevant role players, as well as coordinate the strategic element of aligning plans and policies to take advantage of the new AfCFTA markets.

Funding Institutions – The development of the various sectors and industries relevant to the export of goods and services will require large capital outlays, therefore funding institutions will play a vital role in the success of the program. The funders include both private and public financial institutions and public fund, as seen in Table 66.

Table 66: Funding Institutions

Financial Institutions	
Department of Trade and Industry (DTI)	ABSA Bank
South African Small, Medium Enterprise Fund (SA SME)	First National Bank (FNB)
Harmony	Standard Bank
National Treasury	Nedbank
The Land Bank	Small Enterprise Finance Agency (SEFA)
National Empowerment Fund (NEF)	Department of Trade and Industry (the dti)
National Youth Development Agency (NYDA)	Industrial Development Corporation (IDC)
Isivande Women's Fund	COGTA
Development Bank of Southern Africa	Sibanye Still-water

Entities – In order to develop the economic sectors of MLM, a variety of entities will be required to add value to local businesses. These entities offer support in terms of funding, training, business development and market information. Table 67 lists the entities that should be involved in the driving of the "Buy South Africa" support program.

Table 67 Entities

Entity	
Cooperative Governance and Traditional Affairs (CoGTA)	Harmony
Department of Agriculture and Rural Development (DARD)	Industrial Development Agency (IDC)
Department of Mineral Resources	Inter-Ministerial Task Team (IMTT)
Department of Science and Technology	National Treasury
Department of Small Business Development (DSBD)	National Youth Development Agency (NYDA)
Department of Trade and Industry (the dti)	NERSA
Eskom	Small Enterprise Development Agency (SEDA)
Free State Goldfields Chamber of Business (FSGCB)	Small Enterprise Finance Agency (SEFA)
Wholesale and Retail Skills Development for Economic Growth (WRSETA)	South African Small, Medium Enterprise Fund (SA SME)
Technology Innovation Agency (TIA)	Sibanye Stillwater

8.1.4 Conclusion

The "Buy South Africa" program is an initiative from the president of South Africa, President Ramaphosa, that emphasises increasing demand for locally produced goods and specialised services. In conjunction with the ne African Continental Free Trade area that comes into effect in July 2020, a market of approximately $2,2 trillion GVA is created for MLM producers. The exploitation of this market will have a large effect on the local economy, as larger quantities of produce can be manufactured and exported.

The larger scale of local production will result in an increase of low- and semi-skilled employment, as labour-intensive production processes will require a larger number of workers. The combined efforts of the MLM stakeholders will create an environment where businesses thrive, and the standard of living will increase.

8.2 Project 2: SEZ / Manufacturing Incubation Hub

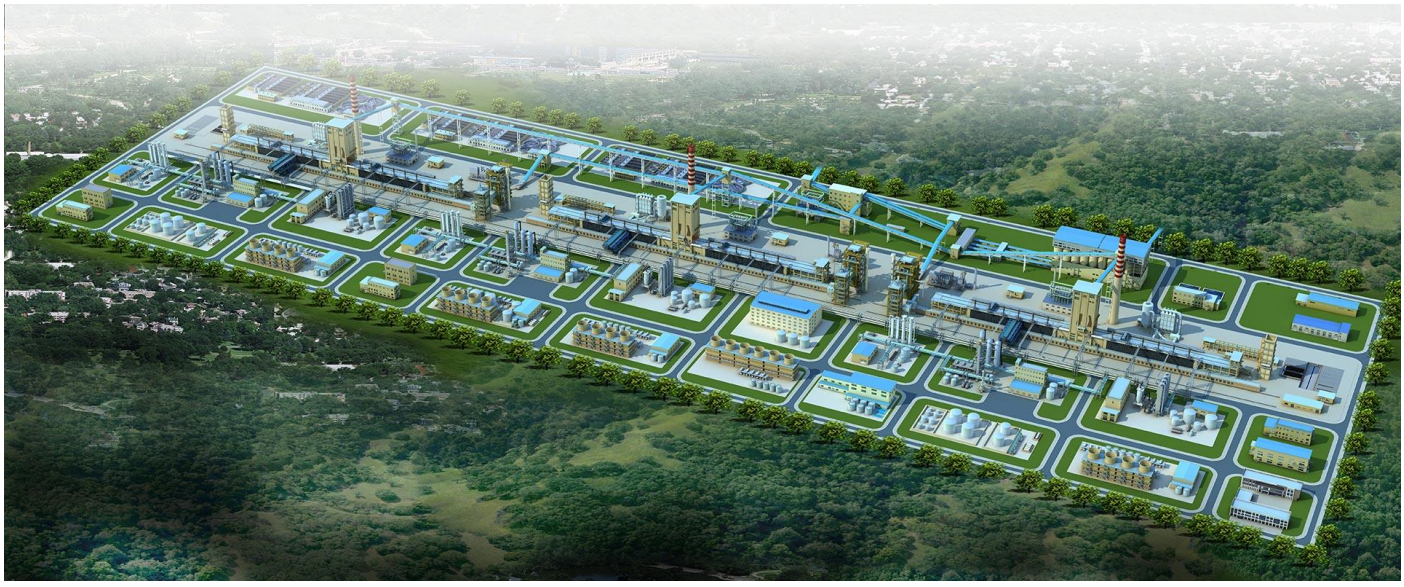
Special Economic Zones (SEZs), are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country. The 2014/15 - 2016/17 Industrial Policy Action Plan (IPAP) identifies SEZs as key contributors to economic development. They are growth engines towards government's strategic objectives of industrialisation, regional development and employment creation.

These zones were developed with the aim to increase industrial growth. There are currently ten IDZ/SEZs in South Africa, namely: Coega IDZ; Richards Bay IDZ; East London IDZ; Saldanha Bay IDZ; Dube Trade Port; Atlantis SEZ; Nkomazi SEZ; Maluti - A-Phofung SEZ; OR Tambo SEZ; Musina/ Makhado SEZ

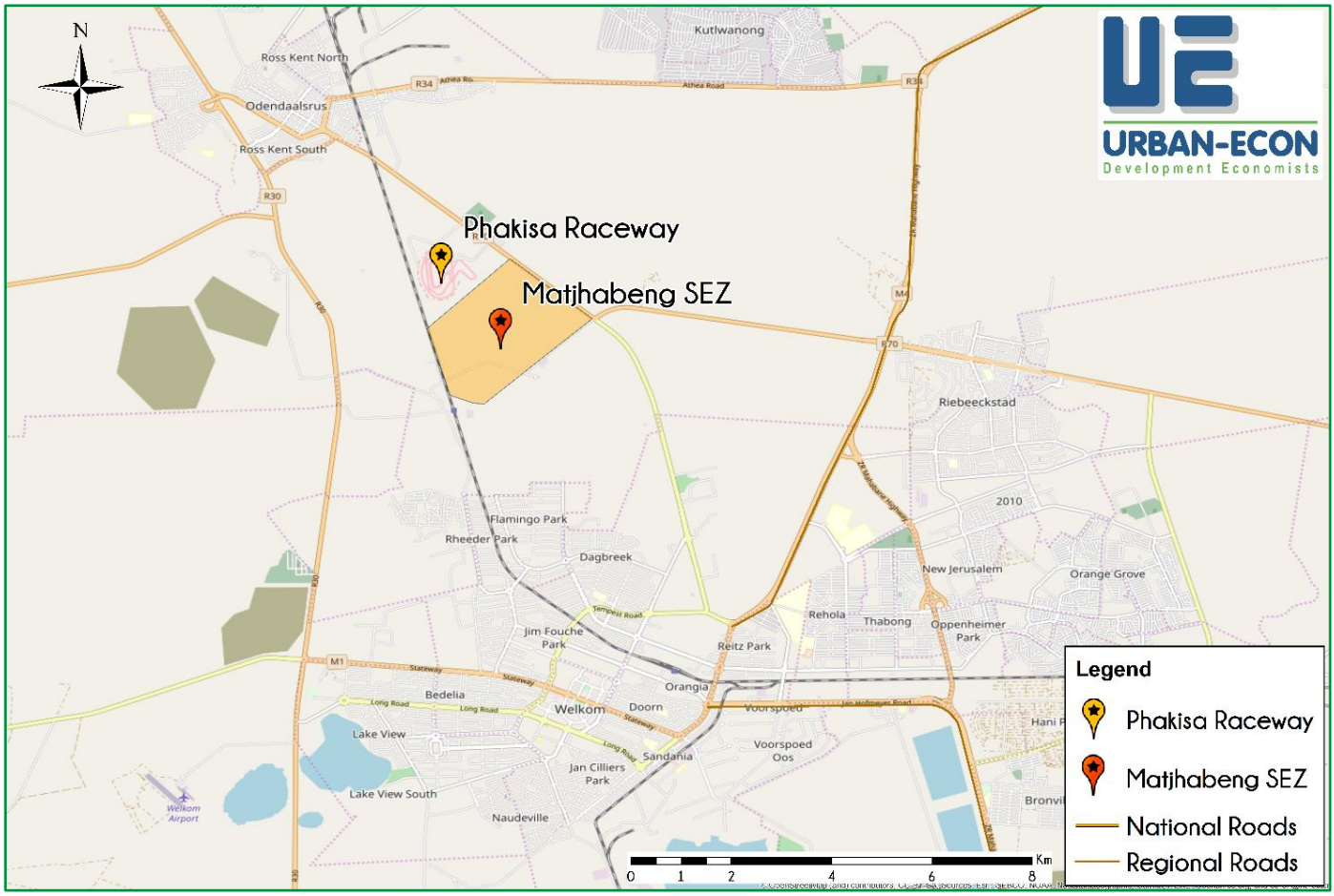
8.2.1 Location Analysis

The SEZ site will accommodate large industries and must therefore be large enough to construct warehouses, factories or industrial structures. The location of the SEZ should be selected to maximize the transport linkages and access to basic services while minimizing the need to expand the current infrastructure; as well as being in proximity to a large workforce. An analysis of SEZ/IDZ's in South Africa shows that SEZ's are approximately 400 – 600 ha in size.

According to the MLM Regional SDF, 2013, as seen in Map 45 in the Annexures, an agricultural property, Hester's Rust, is located to the south of the world-renowned Phakisa Raceway. The proposed site is located approximately 8km north of Welkom and 5 km south of Odendaalsrus. As seen in Map 37, the property is approximately 450 ha and is accessed by road, via the R70 and by a connecting railway line on the western border.



Map 37: Proposed SEZ Location



Source: ArcMap, 2019

8.2.2 Project Model

8.2.2.1 SEZ Benefits Structure

The SEZ is an industrial zone that offers tax, development and employment incentives. The benefits for businesses investing in SEZ's are that they are able to operate at reduced costs, thus creating an attractive opportunity for both national and foreign investors. A number of incentives will be available to ensure SEZs growth, revenue generation, creation of jobs, attraction of Foreign Direct Investment (FDI) and international competitiveness. These SEZ incentives include:

- **Employment Incentive** - Businesses and Operators operating within a Special Economic Zone may be eligible for tax relief, including the employment tax incentive subject to requirements contained in the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013).

- **Building Allowance** - Businesses and Operators operating within a Special Economic Zone may be eligible for tax relief, including the building allowance, subject to requirements contained in the Income Tax Act.

- **Preferential 15% Corporate Tax** – Businesses that are located in a Special Economic Zone may be eligible for tax relief, including the reduced rate of corporate income taxation. In addition to satisfying the requirements of the SEZ Act, further criteria for some of the available tax incentives are stipulated in the Income Tax Act, 1962.

- **Customs Controlled Area** - Businesses and Operators located within a customs-controlled area of a Special Economic Zone will be eligible for tax relief as per the Value-Added Tax Act, 1991, the Customs and Excise Act, 1964, the Customs Duty Act 2014 and the Customs Control Act, 2014.

- **12I Tax Allowance** - The 12I Tax Incentive is designed to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (i.e. expansions or upgrades of existing industrial projects). The new Potential industry/product / service offering incentive offers support for both capital investment and training.

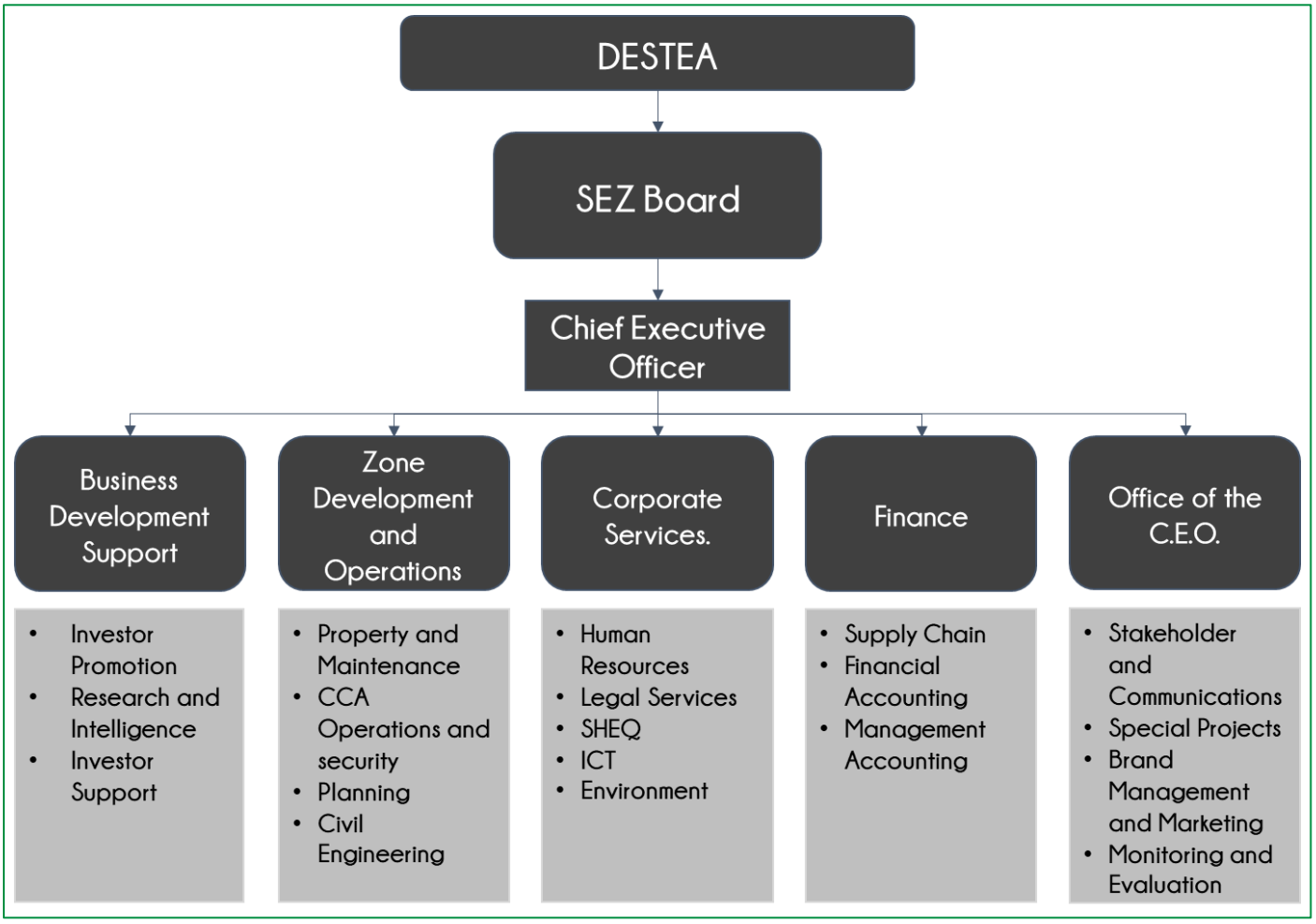
In order to create and retain sustainable and high impact SEZs with more predictable utility and asset life cycle cost as well as a stronger focus on renewable utility service, the SEZ team, also provides the following services;

- **Advice** on utility cost reduction and supply reliability improvement and maintenance SEZ funding framework and model development and;
- **Sectoral, value chain, technical and built environment assessment** of all SEZ fund applications;
- **SEZ funding** application processing and appraisal;
- Investor **Project Feasibility management** and **project due diligence** reviews;
- **PPP options** and guidelines;
- **Signposting** for non SEZ funding requirements;
- SEZ **project engineering** support;
- SEZ value for money audits and progress reporting on the **socio-economic impact** of SEZ funding.

8.2.2.2 Operational Structure

The SEZ will require an operational structure in order to plan and implement the project effectively. An analysis of the operational structures of similar SEZ/IDZ's in South Africa has resulted in a structure designed to direct and manage the development of infrastructure, day-to-day operations and decision-making. The ideal structure will include the involvement of DESTEA, a board of directors, a C.E.O. and five operational departments, as seen in Figure 91.

Figure 91: SEZ Operational Structure



Source: Richards Bay IDZ, 2019[33]

The main offices of the SEZ will be located within the town of Welkom. From these offices, all corporate, administrative and management activities will be performed. The SEZ office will manage business support; zone development and operations; corporate services; finance; stakeholder engagement, marketing; and monitoring and evaluation. The businesses located at the SEZ will be operated independently from the SEZ management.

According to the SEZ Act No. 16 of 2014, the following guidelines are given for the Membership of the Economic Zone Board

- The licensee must appoint not less than three and not more than ten persons with diverse skills, knowledge, experience and expertise relevant to Special Economic Zones, as members of the Board.
- At least one member of the Board of the Special Economic Zone referred to in sub -regulation (1) must be a representative of the national department responsible for trade and industries.
- The operator or representative of the Special Economic Zone operator, shall be an ex-officio member of the Board.

[33] https://www.rbidz.co.za/Pages/TheRBIDZCompany

- The chairperson of the Board shall be appointed by the licensee from one of the members of the Board.
- The composition of the Board must be broadly representative on the grounds of race/gender and geographical regional representation, experience and expertise.

8.2.3 Potential Role-players

The development and implementation of an environment conducive to the production and distribution of goods and services involves a number of active role players. The collective efforts of both private and public stakeholders will enable new and existing local producers to enter domestic and foreign markets. The potential role players are categorised into 3 groups, namely Project Champion, Funding and Entities.

8.2.3.1 Project Champions

The DESTEA will champion the SEZ, as it falls under Local Economic Development. DESTEA should lobby for the inclusion of an SEZ in MLM, as well as assemble a taskforce to drive the development of the project.

8.2.3.2 Special Economic Zone Fund

Given longer term funding constraints, the SEZ Act and the SEZ draft strategy encourages the private sector to play an active role in the South African Special Economic Zones Programme. The SEZ Act envisages public private partnerships in the development and operation of Special Economic Zones. This offers the potential for a number of different models involving assembly of land parcels with secure title and development rights by the government for lease to private zone development groups; build - operate- transfer approaches to onsite zone infrastructure and facilities with government guarantees and/or financial support; contracting private management for government owned zones or lease of government owned assets by a private operator.

A SEZ fund intends providing multi-year funding for SEZ infrastructure and related operator performance improvement initiatives aimed at accelerating growth of manufacturing and internationally traded service operations, to be located within the designated zones. The primary objective is to provide capital towards bulk and related infrastructure that leverages investment from third parties, through foreign and local direct investment in both the operations of such enterprises and the infrastructure required. A secondary focus is to provide limited operator and investor project financial and advisory support to affirm the feasibility of such projects and for work that will measurably improve the efficiency and effectiveness of SEZs to improve the competitiveness and sustainability of SEZ's and their supply chains.

This industrial infrastructure is expected to leverage FDI and private investment and achieve increased exports of value added products; measurable improvement in levels of localisation and related value chains; increased beneficiation of mineral and agricultural resources; increased flow of foreign direct investment; increased job opportunities; and creation of industrial hubs, clusters and value chains in underdeveloped areas.

The SEZ Fund will be available for pre and post designation to:

- Applicants that are currently operating an IDZ with a valid operator permit, subject to confirmation that an investor that requires infrastructure support has been signed and the investment is in line with the programme objectives;
- Applicants in the process of setting up an SEZ subject to submission of a comprehensive business/concept proposal determining clear socio-economic benefits;
- Applicants that are Licensees in terms of Chapter 5 of the SEZ Act;
- SEZ operators in terms of the SEZ Act and;
- A registered entity in South Africa in terms of the Companies Act.

Upon meeting the criteria, and once the application is approved by the Adjudication Committee for funding, the Deputy Director General: Incentive Development and Administrative Division enters into a funding agreement with the applicant followed by on-going monitoring and impact analysis.

8.2.3.3 Entities

The following entities are potential role-players in the SEZ.

Table 68: Potential SEZ Role-players

Entity	
COGTA	Free State Goldfields Chamber of Business (FSGCB)
Department of Agriculture and Rural Development (DARD)	Harmony
Department of Energy (DOE)	Industrial Development Agency (IDC)
Department of Mineral Resources	Inter-Ministerial Task Team (IMTT)
Department of Science and Technology	Isivande Women's Fund
Department of Trade and Industry (the dti)	National Empowerment Fund (NEF)
Development Bank of Southern Africa	National Treasury
Eskom	National Youth Development Agency (NYDA)
Free State Goldfields Chamber of Business (FSGCB)	NERSA
Technology Innovation Agency (TIA)	Sibanye Still-water

8.2.4 Conclusion

The development of an SEZ will attract large investment through industrial businesses in a similar way that other SEZ have served their economies. The SEZ companies will strengthen local value chains, which means that the local business will both supply upstream input and downstream distribution and sales function. According to the Coega IDZ, more than 120 000[34] jobs have been created through its programmes, and as such, a similar expectation can be made for the Matjhabeng SEZ.

The SEZ will impact the MLM economy as the increase in business activities would give rise to subsidiary industries, which would therefore increase the level of output and income in the MLM. Opportunities for agricultural and mineral beneficiation at the SEZ would strengthen the MLM value-chain and reduce the large quantities of raw resources being processed in other regions.

[34] https://www.news.co.za/article/25049/coega-enriches-the-lives-of-eastern-cape-residents

8.3 Project 3: Science park

The Science Park is an innovative technology incubation centre in which entrepreneurs are able to consult engineering experts in the designing and prototyping phase of product and service development. The Central University of Technology in Welkom will house a rapid prototyping technology centre which offers Computer Aided Design (CAD) design and 3D printing capabilities to accelerate the development process of products.

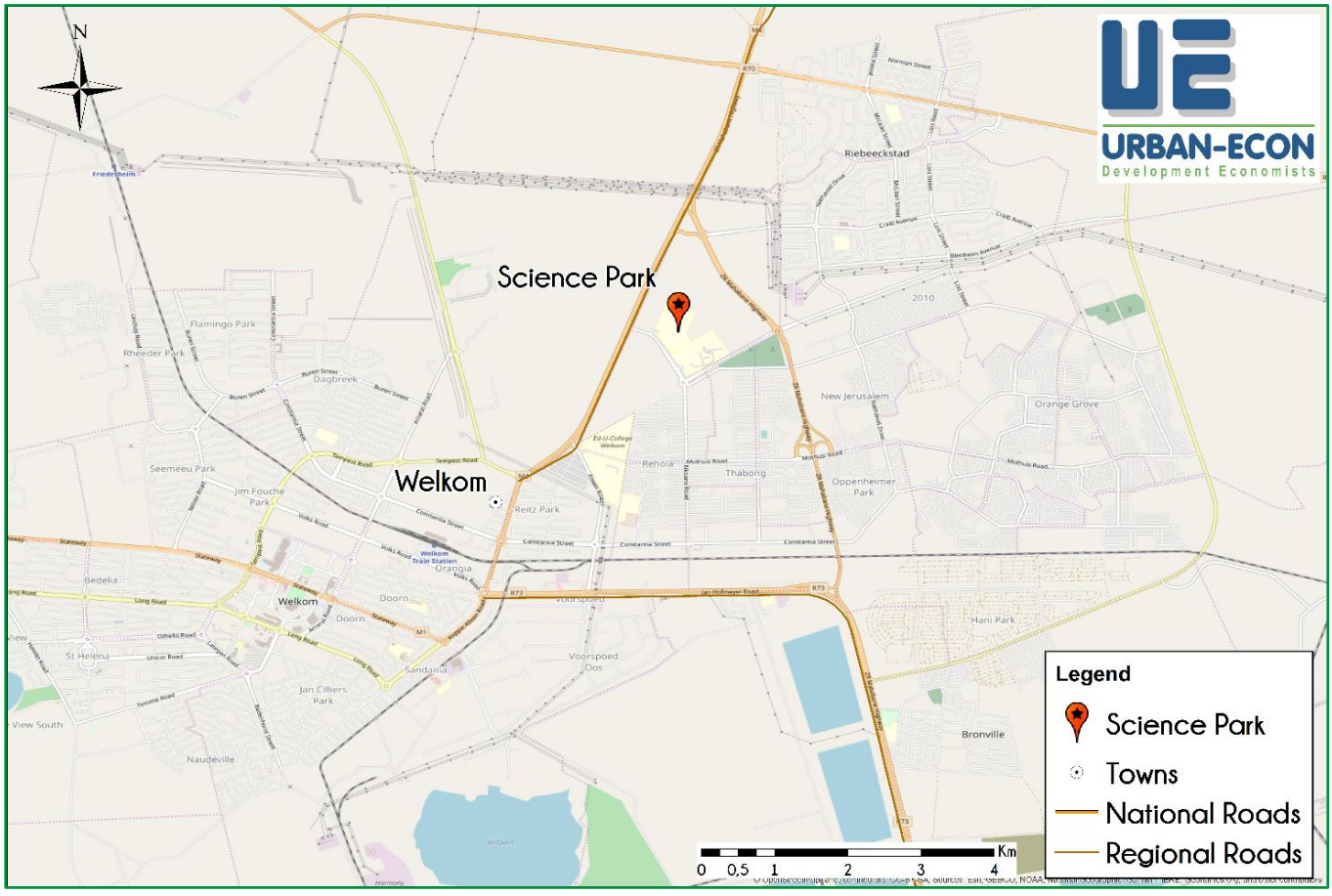
The Science Park is a concept based on the premise that innovation and research and development of production goods and services are required to increase the competitiveness of MLM's manufacturing industries, as well as to stimulate new businesses and products offerings. The successful PDTS at the Bloemfontein CUT campus functions along with the Centre for Rapid Prototyping and Manufacturing (CRPM) and Fabrication Laboratory (FabLab) to bridge the gap between product ideas and final product prototypes.

The Science Park will be fitted with industrial 3D printers, CNC machines, metal-work tools and equipment and state-of-the-art computer hardware and software. The resident engineers will consult entrepreneurs in all industries related to manufacturing, such as mining, auto-motive, textile and clothing, and agro-processing. The services the Science Park may offer are to design production equipment, goods prototypes and provide training for engineering students.

8.3.1 Locational Analysis

The integration of the Science Park with the CUT will require the site to be located within the university campus, if land is available for development. The Welkom campus of the Central University of Technology, as seen in Map 38, is located to the north-eastern border of the Bongani Regional Hospital, between Welkom and Riebeeckstad. The CUT Campus currently has a large portion of undeveloped land in which the Science Park may be constructed. The central location of the campus, with regards to the MLM, allows equal access to the surrounding MLM towns.

Map 38 - Science Park Location – CUT Welkom Campus



Source: Google Earth

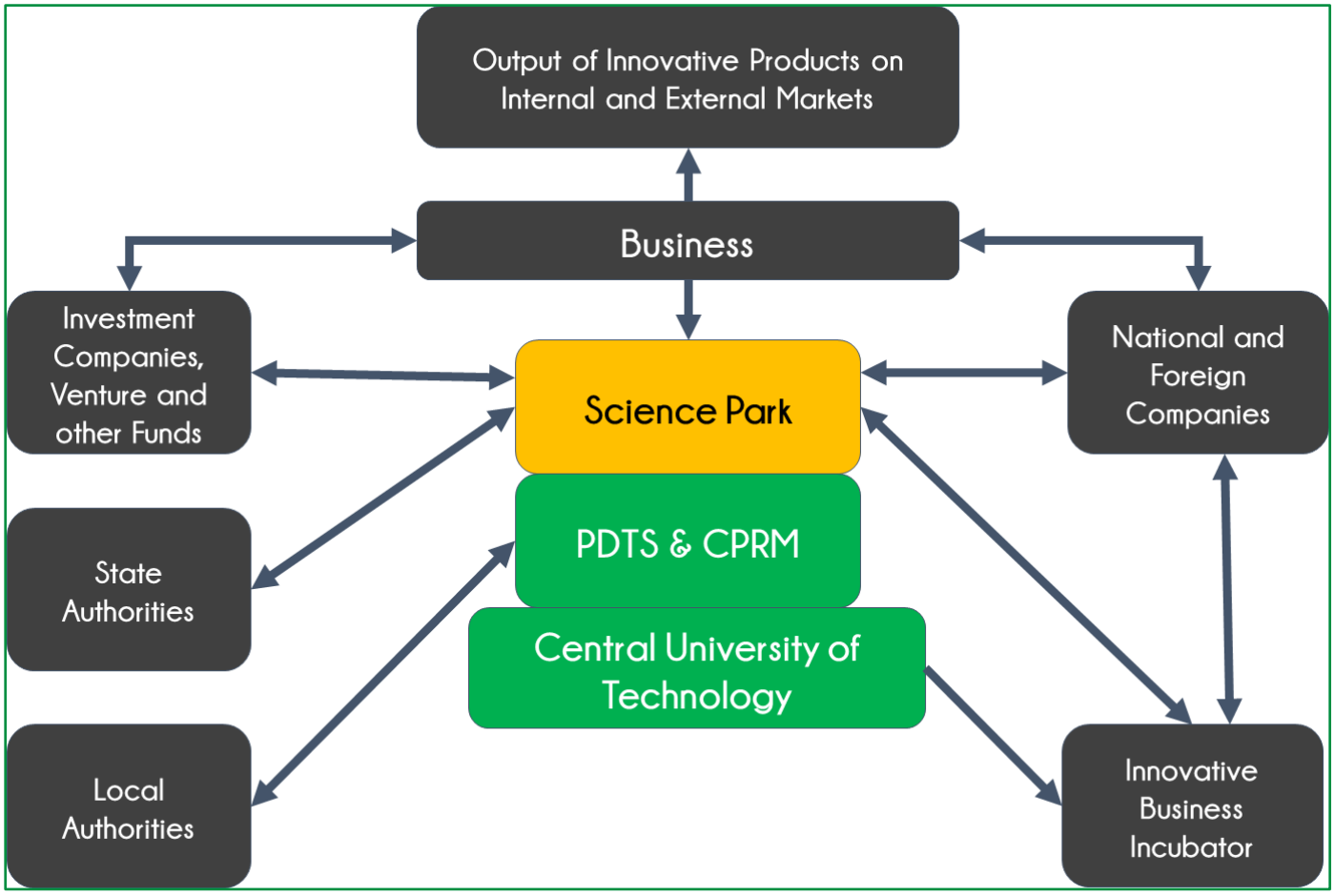
8.3.2 Project Model

The inclusion of a science park at Welkom's CUT campus would offer new opportunities for the university to exploit. In addition to offering students access to prototyping expertise and infrastructure, the science park will support local economic development through the design and development of production goods and services that may be sold both locally and abroad. This section aims to identify the key considerations of the Science Park project.

8.3.2.1 Operational Structure

The Science Park exists mainly to assist local producers in the research and development stage of product design, although production process design is a potential additional service. The Science Park would be directly connected to the CUT's CRPM and the PDTS departments, therefore all networking and collaboration with external stakeholders would be centred around the CUT, as Figure 92 illustrates.

Figure 92: Organizational structure of the Science Park



Source: The International Visegrad Fund [35]

The primary function of the Science Park would be to aid national and foreign businesses in developing innovative outputs through an innovative business incubator. The innovative designs would be used by local manufacturers to attract investment from external companies, venture capitalists and financial institutions. The Science Park would be required to comply with national legislation and client service standards, and the CUT would correspond with local authorities.

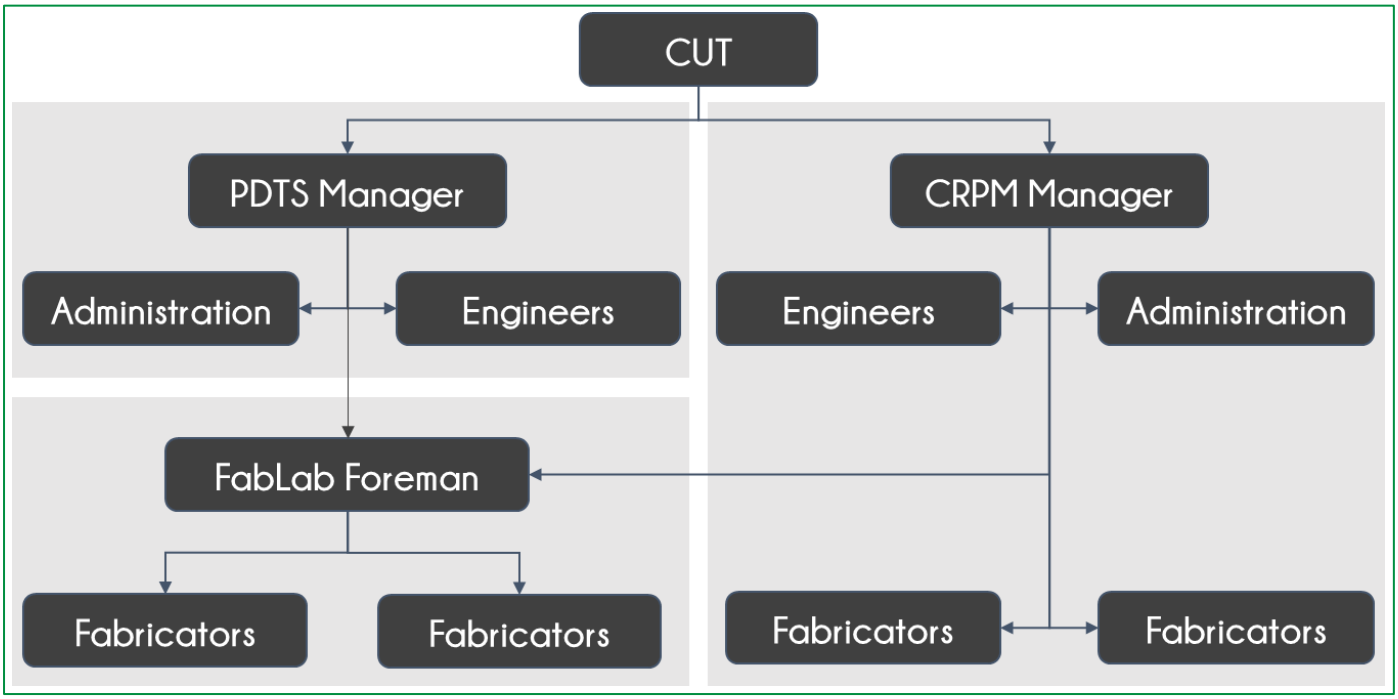
8.3.2.2 Human Resources

The Science Park will consist of 3 departments, namely the CRPM, PDTS and the FabLab, and will focus on mechanical engineering. The CPRM will be responsible for rapid prototyping, thus will require the skills of engineers with an aptitude for 3D printing and CAD

[35] http://www.innovative.uzhnu.edu.ua/en/site-news-en/49-organizational-structure-of-the-science-park-uzhnu

modelling. The PDTS will focus on the development of new products and will therefore require mechanical engineers and metal fabricators. The FabLab will aid clients who require CNC machines to cut two dimensional parts to construct 3D models, such as architectural models, therefore engineers from both the CRPM and PDTS are required, as well as fabricators, as seen in Figure 93.

Figure 93: Science Park Human Resource Structure



8.3.3 Potential Role-players

The development and implementation of an environment conducive to the production and distribution of goods and services involves a number of active role players. The collective efforts of both private and public stakeholders will enable new and existing local producers to enter domestic and foreign markets. The potential role players are categorised into 3 groups, namely Project Champion, Funding Institutions and Entities.

8.3.3.1 Champions

The Central University of Technology should champion the Science Park, as it falls under the engineering training field. The Inclusion of the Science Park will increase the likelihood of an engineering department being established on the campus.

8.3.3.2 Funding

The development of the Science Park will require large capital outlays; therefore, funding institutions will play a vital role in the success of the program. The funders include both private and public financial institutions and public fund, as seen in Table 69. The following financial institutions are available to support various clients of the Science Park.

Table 69: Science Park Financial Institutions

Financial Institutions	
Department of Trade and Industry (DTI)	ABSA Bank
South African Small, Medium Enterprise Fund (SA SME)	First National Bank (FNB)
Harmony	Standard Bank
National Treasury	Nedbank
The Land Bank	Sibanye Still-water
National Empowerment Fund (NEF)	Department of Trade and Industry (the dti)
National Youth Development Agency (NYDA)	Industrial Development Corporation (IDC)

Financial Institutions	
Isivande Women's Fund	COGTA
Small Enterprise Finance Agency (SEFA)	Development Bank of Southern Africa

8.3.3.3 Entities

In order to develop the Science Park, a variety of entities will be required to add value by supporting local businesses. These entities offer support in terms of funding, training, business development and market information. Table 70 lists the entities that should be involved in the Science Park project.

Table 70: Potential Science Park Role-players

Entity	
Industrial Development Agency (IDC)	National Youth Development Agency (NYDA)
Department of Science and Technology	Technology Innovation Agency (TIA)
Department of Small Business Development (DSBD)	Small Enterprise Development Agency (SEDA)
Department of Trade and Industry (the dti)	

8.3.4 Conclusion

The Science Park is a project intended to assist local producers design and develop new products through the use of innovative technology and engineering. The project will be located at the CUT Welkom campus, and will consist of a PDTS, a CRPM and a FabLab.

The Science Park will stimulate economic development in MLM as manufacturers will have the opportunity to develop goods and production processes more efficiently, thus creating an enabling manufacturing environment. The invention of new products will require new manufacturing processes, thus indirectly creating job opportunities.

8.4 Project 4: Informal Business Complex (IBC)

An Informal Business Complex (IBC) is a marketspace designated to informal traders by the MLM. The development of IBC's in the various towns of Matjhabeng will provide official spaces for street vendors to sell goods to the general public. The IBC's should be erected adjacent to busy taxi ranks and bus stations, where large number of pedestrians gather, thus exposing informal businesses to clientele.

The significant presence of informal traders in Matjhabeng LM, which consists mainly of street vendors, indicates that the development of infrastructure will aid in the improvement of local trade offerings, therefore attracting new potential clients. The IBC will serve as a regulated marketspace where informal businesses may trade within a regulated zone, thus enabling the MLM to semi-formalise sections of the informal sector.

Simple steel structures can be erected in neat aisles where vendors can display their items for customers to view and purchase. These complexes will provide exposure to vendors as potential customers peruse the vendor stalls. These official complexes also ensure continuity for vendors who pay rent to utilise the stalls. The MLM LED Department may utilise these IBC's to develop local entrepreneurs through mentorship and training.

8.4.1 Project Model

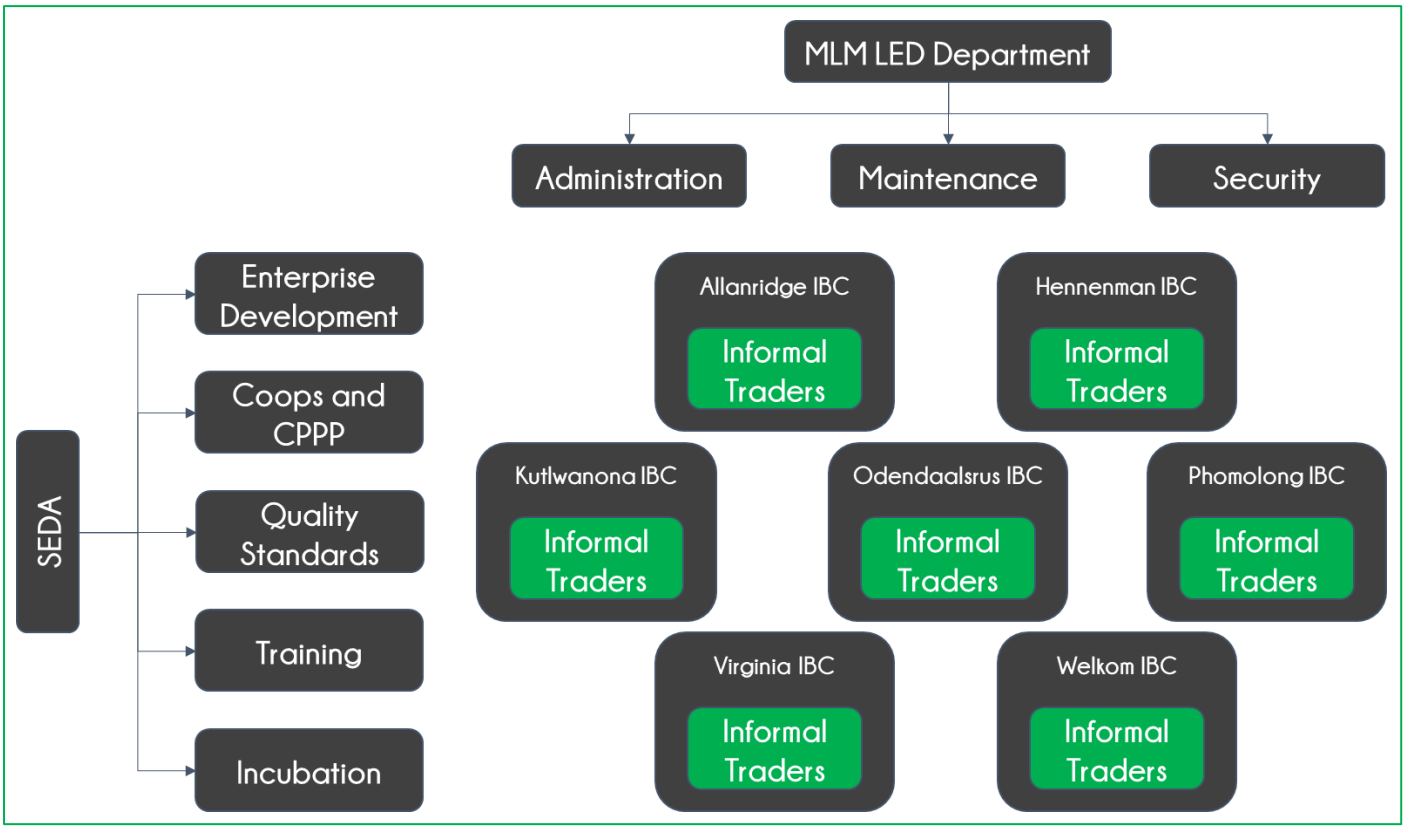
8.4.1.1 Operational Structure

The operational structure of the IBC is designed in such a manner to provide a functional space for informal traders to conduct business, as well as to create a small business development environment. The IBC will consist of a variety of informal traders,

arranged in organised aisles to create a formalised trading environment for both traders and customers. These traders will each pay a small fee to utilise the IBC, thus ensuring income for the IBC.

The IBC's will collectively be operated by an organisational structure headed by the MLM LED Department. A project manager must be selected to ensure efficient support to the IBC's, in terms of administration, maintenance and security. Members from the MLM LED Department will control and monitor the usage of the IBC, collect fees from traders and ensure that maintenance and repairs of the property are regularly performed

Figure 94: Informal Business Complex (IBC) Organisational Structure



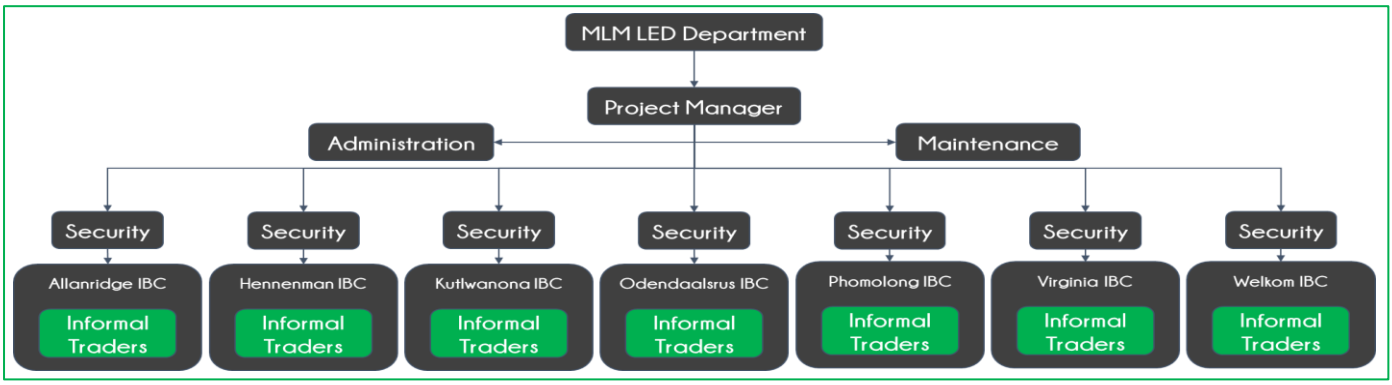
As the project has a development element, the involvement of the Small Enterprise Development Agency (SEDA) will be required. The IBC may be utilised as a trading incubation hub, where a condition of utilising the facility will be to participate in small business development programs offered by SEDA. As seen in Figure 94, SEDA offers Enterprise Development; cooperative development; promotes quality standards, strengthen technology commercialisation through incubation; and skills training

8.4.1.2 Human Resources

The IBC's in MLM will operate in a parallel structure that is managed by a centralised human resource structure. The purpose of this human resource structure is to minimise the costs incurred by employing redundant workers.

The IBC's human resource structure, as seen in Figure 95, has a project manager, appointed by MLM LED Department, to manage the operations of the project. The manager will be supported by an administration department and a maintenance team. These functions may be sourced from current MLM departments or through the employment of employees. Each IBC will require the presence of security officials in order to unlock the facility every day, maintain order at the complexes, as well act as a liaison between MLM LED Department and the informal traders.

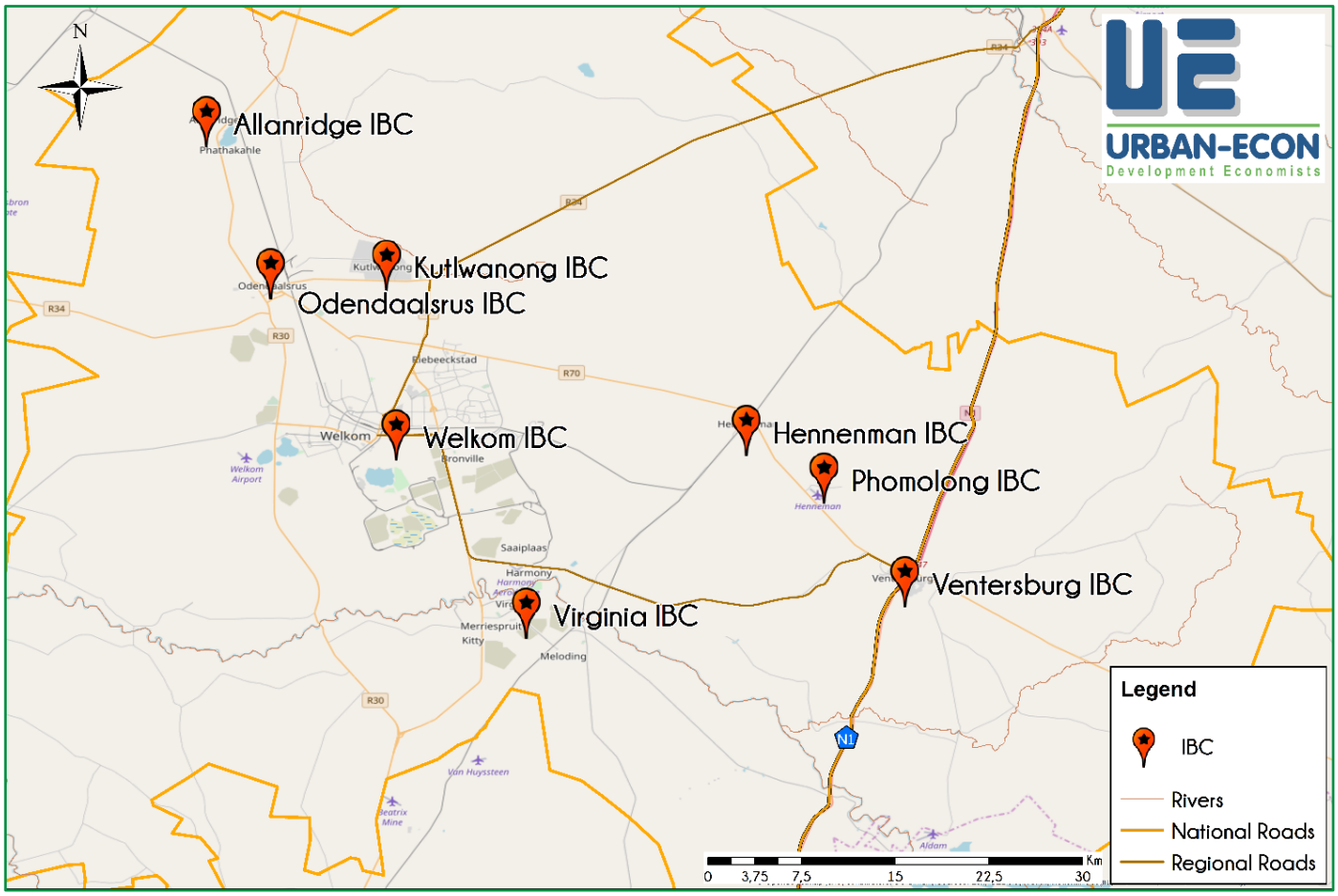
Figure 95: IBC Human Resource Structure



8.4.2 Geographic Analysis

The IBC's in MLM should be allocated to all of the towns to ensure that economic development occurs throughout the municipality. As seen in Map 39, it is suggested that IBC's be constructed in Welkom, Phomolong, Kutlwanong, Allanridge, Virginia, Hennenman, Ventersburg and Odendaalsrus. A total of at least eight IBC will be sufficient to offer informal trader the same benefits in the MLM.

Map 39: Location of MLM Informal Business Complexes



8.4.3 Potential Role-players

The development and implementation of an environment conducive to the production and distribution of goods and services involves a number of active role players. The collective efforts of both private and public stakeholders will enable new and existing local producers to enter domestic and foreign markets. The potential role players are categorised into 3 groups, namely Project Champion, Funding Institutions and Entities.

8.4.3.1 Champions

The DESTEA will champion the IBC's, as it falls under Local Economic Development. DESTEA should assemble a taskforce to drive the development of the project.

8.4.3.2 Funding

The development of the IBC's will require large capital outlays; therefore, funding institutions will play a vital role in the success of the program. The funders include both private and public financial institutions and public fund, as seen in Table 71. The following financial institutions are available to support IBC's.

Table 71: IBC's Financial Institutions

Financial Institutions	
Department of Trade and Industry (DTI)	ABSA Bank
South African Small, Medium Enterprise Fund (SA SME)	First National Bank (FNB)
Harmony	Standard Bank
National Treasury	Nedbank
The Land Bank	Sibanye Stillwater
National Empowerment Fund (NEF)	Department of Trade and Industry (the dti)
National Youth Development Agency (NYDA)	Industrial Development Corporation (IDC)
Isivande Women's Fund	COGTA
Small Enterprise Finance Agency (SEFA)	Development Bank of Southern Africa

8.4.3.2.1 Entities

The following entities will have potential roles in the development of the IBC's:

Entity	
Community Public Private Partnerships Programme (CPPP)	Small Enterprise Development Agency (SEDA)
Department of Small Business Development (DSBD)	Small Enterprise Finance Agency (SEFA)
Department of Trade and Industry (the dti)	South African Small, Medium Enterprise Fund (SA SME)
Development Bank of Southern Africa	Wholesale and Retail Skills Development for Economic Growth (WRSETA)
Free State Goldfields Chamber of Business (FSGCB)	National Youth Development Agency (NYDA)
Harmony	Sibanye Stillwater

8.4.4 Conclusion

The IBC project is an important initiative and it is aimed at improving the standards of the informal sector, while creating an incubator for new businesses. The project is founded upon creating an environment where informal trader can conduct business in a formal setting, thus transforming the trade sector to a more formalised industry.

As approximately 39% of trade employees are from the informal sector, the investment into uplifting those businesses will have an impact on the local economy. Strategically positioned IBC, such as adjacent to busy taxi ranks, will improve the exposure of informal traders who currently are located away from a large client base. As sales for the informal traders increase, savings can be utilised to invest in formalising their businesses.

The IBC can be used as a training hub where entities, such as SEDA, can work closely with business owners through mentorship and support programmes. This approach will improve the skills and knowledge of the informal workforce, thus improving their ability to obtain formalised employment.

8.5 Project 5: Economic Project Investment Committee (EPIC)

The Economic Project Investment Committee (EPIC) is a committee of private and public organisation representatives, with financial decision-making authority, with an interest in LED. The EPIC is mandated to ensure that economic development projects are

correctly vetted, sufficient funding is sourced, projects are monitored and evaluated in line with LED goals. Most departments have the same vision, and due to the reduction of departmental budgets, requires a collective effort to make an impact. The EPIC creates a platform to implement game-changing projects.

The EPIC should be established to improve the identification and implementation of economic projects to increase the impact of LED. The LED is not able to implement radical economic transformation without Inter-governmental Relations (IGR) and private buy-in as LED is seldom elevated as a priority function at government level. The EPIC can reduce the amount of wasteful expenditure through selecting projects selected by private and public experts and through strict monitoring of expenditure during the implementation phase of projects

The EPIC must consist of between eight to ten members, divided equally between private and public institution directors. The representatives from institutions must be authorised financial decision makers in order to reduce decision-making time, as well as enable the EPIC to allocate funds efficiently. Members must represent organisations with access to considerable capital and human resources

8.5.1 Project Model

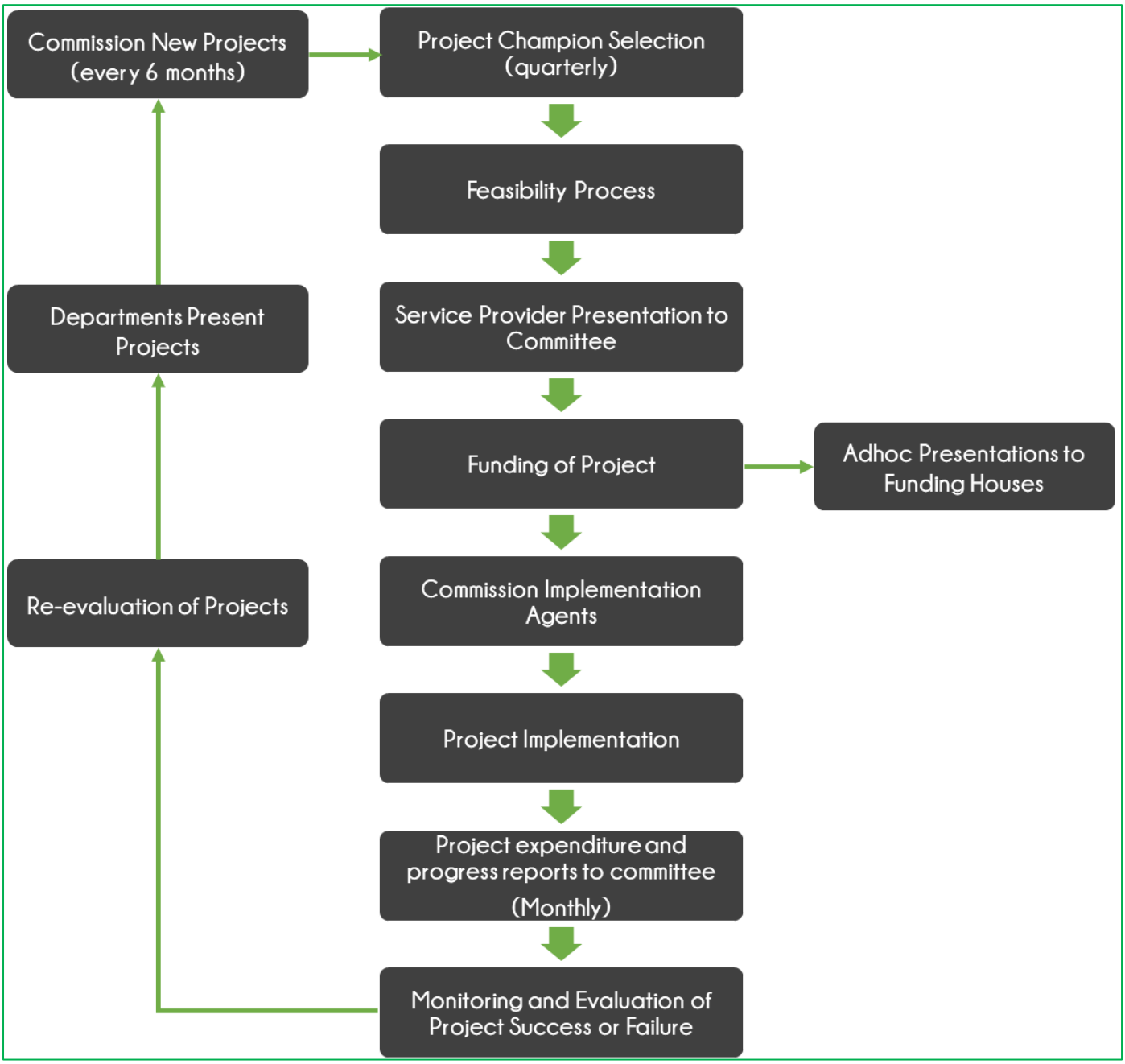
The creation of the EPIC would offer various organisations a platform to collaborate on economic development projects. In addition to improving the process of project implementation, the EPIC will create an environment of accountability towards project expenditure and project completion. The following subsection addresses the operational process of the EPIC.

8.5.1.1 Operational Process

The EPIC meetings would occur monthly, with specific functions focused on at quarterly and semi-annual intervals, as seen in Figure 96. The committee will focus on Prioritised Projects that have the highest LED impact first, thereafter organisations may present new projects for consideration. Projects are selected at quarterly meetings and a Project Champion must be selected from the private sector members, to ease the capacity of the public departments. Feasibility studies will be conducted be external service providers to relieve the added workload.

The feasibility and costs of the projects will be presented to the EPIC and funding will then be sourced for investment of the project. Funding houses will be invited to adhoc meeting to have project presented to them for investment. An implementation agent will be employed to develop the project, presenting progress and expenditure reports at monthly meetings to ensure project funds are not mismanaged. The EPIC will then monitor the success and failure of the projects, re-evaluate the project and then source new projects from departments every 6 months.

Figure 96: EPIC Operational Process



8.5.2 Potential Role-players

The EPIC will require the participation of both authorised decision makers at both private and public level, as well as financial institutions. There role-players will be responsible to ensure sound project implementation practice, as well as ensuring accountability for ethical implementation practises.

8.5.2.1 Champions

The MLM LED will champion the EPIC as the department in mandated to local economic development. The LED director will chair the meetings.

8.5.2.2 EPIC Members

The EPIC members must consist of directors of institutions with substantial resources to ensure the funds and human resources are available to successfully implement economic development projects. A maximum of 10 members from the private and public sectors must be authorised to make financial decisions at the monthly meetings. The list of EPIC members is seen in Table 72.

Table 72 EPIC Members

EPIC Members	
MLM LED	Lejwelephutswa Development Agency (LDA)
Harmony SLP	Youth Unemployment Forum
Sibanye Still-water SLP	COGTA
Free State Goldfields Chamber of Business	DESTEA
Small Enterprise Development Agency (SEDA)	Price Waterhouse Coopers (PWC)

8.5.2.3 Funding

The projects selected by the EPIC will require large capital outlays; therefore, funding institutions will play a vital role in the success of the program. The funders include both private and public financial institutions and public fund, as seen in Table 73. The following financial institutions are available to support various Investors of the project.

Table 73: EPIC Financial Institutions

Financial Institutions	
Department of Trade and Industry (DTI)	ABSA Bank
South African Small, Medium Enterprise Fund (SA SME)	First National Bank (FNB)
Harmony	Standard Bank
National Treasury	Nedbank
The Land Bank	Sibanye Still-water
National Empowerment Fund (NEF)	Department of Trade and Industry (the dti)
National Youth Development Agency (NYDA)	Industrial Development Corporation (IDC)
Isivande Women's Fund	COGTA
Small Enterprise Finance Agency (SEFA)	Development Bank of Southern Africa

8.5.3 Conclusion

The EPIC is a committee of up to 10 directors of both private and public organisations aimed at implementing projects with the highest potential impact on economic development. The EIPC will eliminate the tendency of departments and private organisations operating in silos be creating a platform for collaboration. The success of the EPIC will result in the creation of job opportunities, an increased standard of living and a reduction of poverty in MLM.

8.6 Cost Estimation Framework

8.6.1 Financial Arrangements for Infrastructure

8.6.1.1 Services Unit Costs

The starting point in dealing with financial arrangements is cost, both capital and on-going operating and maintenance costs. As mentioned, these costs need to be calculated for particular circumstances and may differ from area to area within a municipality. Infrastructure cost can vary significantly and for this reason this report has the functionality as a Guideline (as opposed to a Specification or Standard).

The main factors that impacts on unit costs are:

- **Topography:**

Physical features such as: Terrain (slope) – ranging from flat to mountainous and/or combinations thereof and existing physical features, e.g. natural, infrastructure.

- **Geology and Geotechnical considerations:**

Soil characteristics such as soil types – cohesive & non-cohesive, soil conditions – soft to hard, rock, and where applicable borrow pit/s & spoil/dump/disposal site/s and local/ in-situ materials.

- **Hydrology:**

Drainage characteristics, i.e. sub-surface & surface in terms of drainage and stormwater requirements and where applicable water sources and access.

- **Context/ Locality of the project:**

Aspects such as accessibility to site – rural (remoteness) or urban (built environment); working space; security; availability and accessibility of local resources; climate - rain, dust (dry, wind), season (hot, cold).

- **Environment:**

Environmental considerations: erosion control and rehabilitation measures; borrow pit/s & spoil/dump/disposal site/s; ecologically sensitive areas/s, traditional site/s, historical zones; protection of water, soils and vegetation.

- **Labour:**

Availability of local people (unskilled to skilled), local sub-contractors, and small emerging contractors.

- **Other aspects:**

Aspects such as distance to travel to site, transportation requirements, accredited or nonaccredited training requirements (including for EPWP); task/ production rates for LIC work items and published wage schedules; wage rate (unskilled/semi-skilled) varies anywhere between government gazettes and the Industry's minimum wage rates respectively – also varies per Province and whether in rural or urban context.

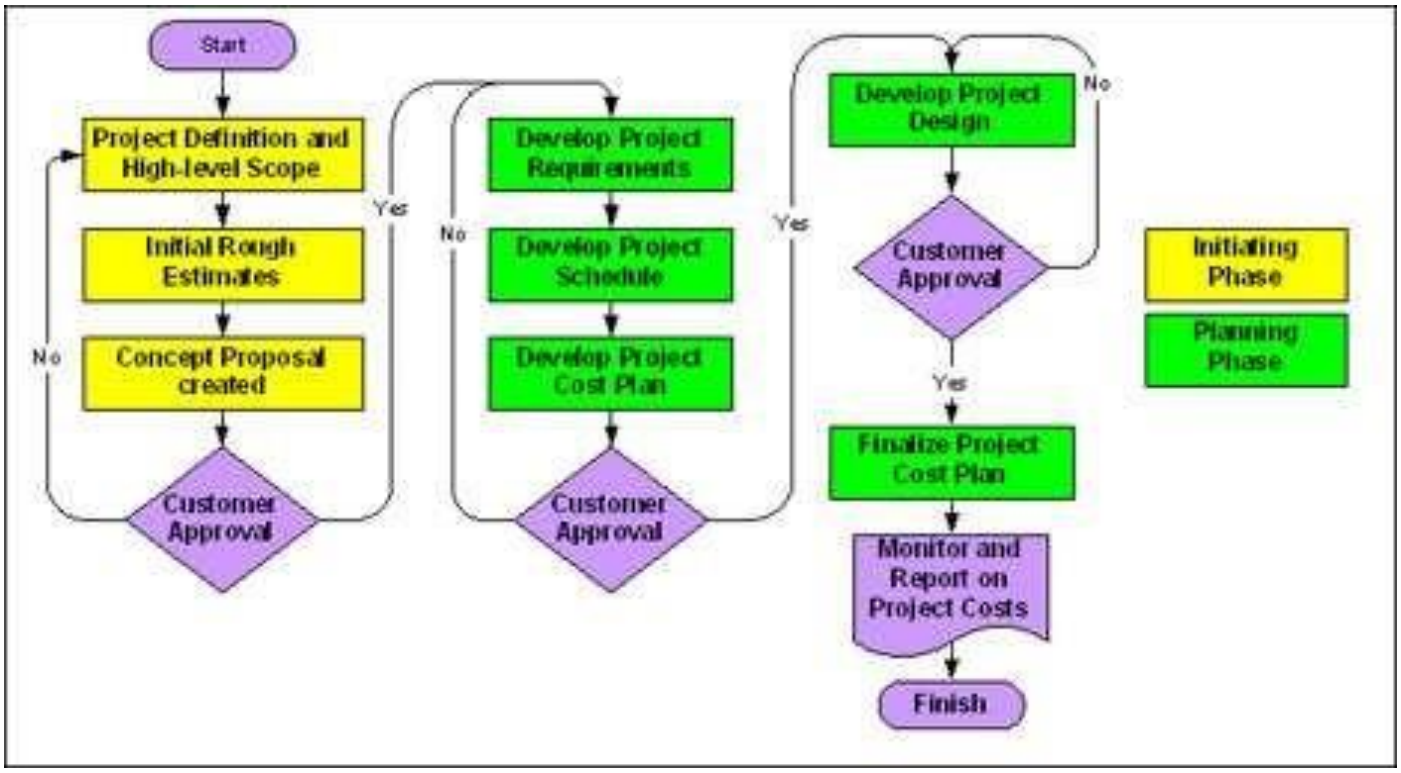
It therefore needs to be recognized and accepted that, in the case of both capital costs and monthly charges, there exist great variation in amounts at a National level, between different provinces and municipalities, and even within municipal boundaries - terrain changes (flat vs undulating), geotechnical variances (soft material vs rock excavations), and hydrology.

Cost benchmarks are often required for different purposes and at different levels of detail. They serve primarily as a reference or check for evaluation of conceptual project plans and project proposals. They can also be useful references for regional and national budgeting and strategic planning. However, such figures should not be used for detailed cost calculations in feasibility studies or business plans. For such purposes, site specific design information and material costs should be gathered and prepared.

8.6.1.2 Quantity Surveying/Cost Management

The comprehensive cost management services from project initiation to completion through all six stages of the project cycle as identified by The South African Council for the Quantity Surveying Profession, Tariff of Professional Fees, Quantity Surveying Profession Act 2000 (Act 49 of 2000), which is summarised as follows:

Figure 97: Cost Estimation Process Flow in initiation phase



Stage 1

- Developing a clear project brief.
- Determining the procurement policy for the project.
- Advising on other professional consultants and services required.
- Advising on economic factors affecting the project.
- Advising on appropriate financial design criteria.
- Providing necessary information within the agreed scope of the project to the other professional consultants.

Stage 2

- Establishing a documentation programme with the principal consultant and other professional consultants.
- Reviewing and evaluating design concepts and advising on viability in conjunction with the other professional consultants.
- Preparing preliminary and elemental or equivalent estimates of construction cost.
- Assisting the client in preparing a financial viability report.
- Auditing space allocation against the initial brief.
- Providing services for which the following deliverables are applicable:
  - Preliminary estimates of construction cost
  - Elemental or equivalent estimates of construction cost

- Space allocation audit for the project.

Stage 3

- Reviewing the documentation programme with the principal consultant and other professional consultants.
- Reviewing and evaluating design and outline specifications, as well as exercising cost control in conjunction with the other professional consultants
- Preparing detailed estimates of construction cost.
- Assisting the client in reviewing the financial viability report.
- Commenting on space and accommodation allowances and preparing an area schedule.
- Providing services for which the following deliverables are applicable:
- Detailed estimates of construction cost
- Area schedule.

Stage 4

- Assisting the principal consultant in the formulation of the procurement strategy for contractors, sub-contractors and suppliers.
- Reviewing working drawings for compliance with the approved budget of construction cost and/or financial viability.
- Preparing documentation for both principal and subcontract procurement.
- Assisting the principal consultant with calling of tenders and/or negotiation of prices.
- Assisting with financial evaluation of tenders.
- Assisting with preparation of contract documentation for signature.
- Providing services for which the following deliverables are applicable:
- Budget of construction cost
- Tender documentation
- Financial evaluation of tenders • Priced contract documentation.

Stage 5

- Preparing schedules of predicted cash flow.
- Preparing proactive estimates for proposed variations for client decision making.
- Adjudicating and resolving financial claims by contractors.
- Assisting in the resolution of contractual claims by contractors.
- Establishing and maintaining a financial control system.
- Preparing valuations for payment certificates to be issued by the principal agent.
- Preparing final accounts for the works on a progressive basis.
- Providing services for which the following deliverables are applicable:
- Schedules of predicted cash flow
- Estimates for proposed variations
- Financial control reports

- Valuations for payment certificates • Progressive and draft final accounts.

Stage 6

- Preparing valuations for payment certificates to be issued by the principal agent.
- Concluding final accounts.
- Providing services for which the following deliverables are applicable: • Valuations for payment certificate
- Final accounts.

8.6.1.3 Facilities Breakdown Structure:

The biggest cost estimation inputs are;

1. Facilities breakdown structure
2. Work breakdown structure

Biggest cost drivers are;

1. Furnishing materials
2. Project materials and alternatives

8.6.2 Approximate Inclusive Building Cost Rates

8.6.2.1 Building Cost Rates

This section provides a list of approximate inclusive building cost rates for various building types in South Africa.

Rates are current to 1 July 2019, and therefore represent the average expected building cost rates for 2019. It must be emphasised that these rates are indicative only, and should be used circumspectly, as they are dependent upon a number of assumptions. See inclusive rate estimates herein.

The area of the building expressed in square metres is equivalent to the construction area where appropriate, as defined in Method for Measuring Floor Areas in Buildings, Second Edition (effective from 7 November 2007), published by the South African Property Owners' Association (SAPOA).

8.6.2.2 Regional Variations

Construction costs normally vary between the different provinces of South Africa. Costs in parts of the Western Cape and KwaZulu-Natal, specifically upper class residential, for example, are generally significantly higher than Gauteng due to the demand for this type of accommodation. Rates have, however, been based on data received from Gauteng, where possible. Be mindful that cost differences between provinces at a given point in time are not constant and may vary over time due to differences in supply and demand or other factors.

8.6.2.3 Building Rates

Rates include the cost of appropriate building services, e.g. air-conditioning, but exclude costs of site infrastructure development, parking, any future escalation, loss of interest, professional fees and value-added tax (VAT).

8.6.2.3.1 Offices Rate per m² (excl. VAT)

- Low-rise office park development with standard specification R 8,000 – R 9,800
- Low-rise prestigious office park development R 10,300 – R 15,300
- High-rise tower block with standard specification R 11,500 – R 15,300
- High-rise prestigious tower block R 15,300 – R 19,200

Office rates exclude parking and include appropriate tenant allowances incorporating carpets, wallpaper, louvre drapes, partitions, lighting, air-conditioning and electrical reticulation.

8.6.2.3.2 Parking Rate per m² (excl. VAT)

- Parking on grade, including integral landscaping R 500 – R 600
- Structured parking R 3,900 – R 4,200
- Parking in semi-basement R 4,200 – R 5,800
- Parking in basement R 4,500 – R 7,000

8.6.2.3.3 Retail Rate per m² (excl. VAT)

- Local convenience centres (Not exceeding 5,000m²) R 7,900 – R 10,300
- Neighbourhood centres (5,000 – 12,000m²) R 8,500 – R 10,900
- Community centres (12,000 – 25,000m²) R 9,300 – R 12,000
- Minor regional centres (25,000 – 50,000m²) R 10,300 – R 12,700
- Regional centres (50,000 – 100,000m²) R 10,900 – R 13,200
- Super regional centres (exceeding 100,000m²) R 11,500 – R 14,900

Super regional centres and regional centres are generally inward trading with internal malls, whereas convenience, neighbourhood and community centres are generally outward trading with no internal malls.

Retail rates include the cost of tenant requirements and specifications of national chain stores.

Retail costs vary considerably depending on the tenant mix and sizing of the various stores.

8.6.2.3.4 Industrial Rate per m² (excl. VAT)

Industrial warehouse, including office and change facilities within structure area (architect/engineer designed):

- Steel frame, steel cladding and roof sheeting (light-duty) R 3,900 – R 5,800
- Steel frame, brickwork to ceiling, steel cladding above and roof sheeting (heavy-duty) R 4,500 – R 6,500
- Administration offices, ablution and change room block R 7,400 – R 9,400
- Cold storage facilities) R 13,800 – R 19,600

8.6.2.3.5 Residential Rate per site (excl. VAT

- Site services to low-cost housing stand (250 - 350m²) R 50,000 – R 80,000
- **RDP Housing** R 2,000 – R 2,300
- Low-cost housing R 3,000 – R 5,200
- Simple low-rise apartment block Duplex townhouse R 7,300 – R 10,100
  - Economic R 7,300 – R 10,400
  - Prestige apartment block R 13,900 – R 21,500

Private dwelling houses:

  - Economic R 5,200

- Standard R 6,500
- Middle-class R 7,900
- Luxury R 11,200
- Exclusive R 17,600
- Exceptional ('super luxury') R 27,000 – R 56,000

Outbuildings R 3,700 – R 5,300

- Carport (shaded)
  - single R 4,400
  - double R 8,600
- Carport (covered)
  - single R 7,000
  - double R 12,800

Swimming pool

- Not exceeding 50 kl R 93,000
- Exceeding 50 kl and not exceeding 100 kl R 86,900 – R 153,000

Tennis court

- Standard R 380,000 – R 517,000
- Floodlit R 457,000 – R 650,000

8.6.2.3.6 Hotels Rate per key (excl. VAT)

- Budget R 620,000 – R 1,000,000
- Mid-scale (3 Star) R 1,000,000 – R 1,500,000
- Upper scale (4 Star) R 1,500,000 – R 2,100,000
- Luxury (5 Star) R 2,100,000 – R 3,000,000

Hotel rates include allowances for furniture, fittings and equipment (FF&E).

8.6.2.3.7 Studios Rate per m² (excl. VAT)

Studios

- dancing, art exhibitions, etc. R 13,800 – R 19,600

8.6.2.3.8 Conference centres Rate per m² (excl. VAT)

- Conference centre to international standards R 25,000 – R 32,000

8.6.2.3.9 Retirement centres Rate per m² (excl. VAT)

Dwelling houses

- Middle-class R 8,200
- Luxury R 11,500

Apartment block

- Middle-class R 8,400
- Luxury R 13,000

Community centre

- Middle-class R 11,000
- Luxury R 16,100
- Frail care R 13,000

8.6.2.3.10 Schools Rate per m² (excl. VAT)

- Primary school R 6,500 – R 7,500
- Secondary school R 7,800 – R 8,300

8.6.2.3.11 Hospitals Rate per m² (excl. VAT)

- District hospital R 26,900

Hospital rates exclude allowances for furniture, fittings and equipment (FF&E).

8.6.2.3.12 Stadiums Rate per seat (excl. VAT)

- Stadium to PSL standards R 34,000 – R 52,000
- Stadium to FIFA standards R78,000 – R 103,000

Rate per pitch (excl. VAT)

- Stadium pitch to FIFA standards R 22,000,000 – R 26,000,000

8.6.2.3.13 Prisons Rate per inmate (excl. VAT)

- 1,000 inmate prison R 582,000 – R 619,000 500
- inmate prison R 619,000 – R 693,000
- High/maximum security prison R 924,000 – R 1,238,000

8.6.2.3.14 Infrastructure airport development costs

Rates exclude any future escalation, loss of interest, professional fees, VAT and ACSA direct costs.

Apron stands (incl. associated Rate per m² (excl. VAT) infrastructure)

- Code F Stand (85m long x 80m wide = 6,800m²) R 5,100
- Code E Stand (80m long x 65m wide = 5,200m²) R 5,400
- Code C Stand (56m long x 40m wide = 2,240m²) R 6,800

Taxi lanes (incl. associated Rate per m (excl. VAT) infrastructure)

- Code F taxi lane (101m wide) R 169,000
- Code E taxi lane (85m wide) R 143,000
- Code C taxi lane (49m wide) R 83,000

Service roads Rate per m (excl. VAT)

- Service road (10m wide) R 17,000
- Dual carriage service road (15m wide) R 22,000

Taxi ways (incl. associated Rate per m (excl. VAT) infrastructure)

- Code F taxi way (70m wide) R 121,000

Runways (incl. associated Rate per m (excl. VAT) infrastructure)

- Code F runway (3,885m long x 60m wide = 233,100m²) R 281,000

Parking (excluding bulk Rate per bay (excl. VAT) earthworks)

- Structured parking R 186,000
- Basement parking R 283,000

Perimeter fencing / Rate per m (excl. VAT) Security gates

- Perimeter walls with perimeter intrusion detection (PIDS) R 8,600 Rate per no.
- Security gate R 16, 200
- Super security gate R 48,500

Terminal & other buildings Rate per m² (excl. VAT)

(excl. bulk earthworks, external site & services works)

- Terminal building (excl. terminal building baggage & X-ray) R 28,700
- Pier terminal building

(excl. telescopic air bridges, seating & aircraft docking system) R 30,100

- Telescopic air bridges R 11,000,000

- Aircraft docking system R 1,620,000

8.6.2.3.15 Building services

The following rates are for building services (mechanical and electrical), which are applicable to typical building types in the categories indicated. Rates are dependent on various factors related to the design of the building and the requirements of the system.

In particular, the design, and therefore the cost of air-conditioning, can vary significantly depending on the orientation, shading, extent and type of glazing, external wall and roof construction.

Electrical installation Rate per m² (excl. VAT)

- Offices
  - Standard installation R 575 – R 800
  - Sophisticated installation R 800 – R 1,050
  - UPS, substations, standby generators to office buildings R 375 – R 525
- Residential R 525 – R 800
- Shopping centres R 800 – R 1,050
- Hotels R 900 – R1,200
- Hospitals R 1,250 – R 1,700

Electronic installation Rate per m² (excl. VAT)

- Offices
  - Standard installation R 375 – R 525
  - Sophisticated installation R 525 – R 750
- Residential R 325 – R 500
- Shopping centres R 750 – R 950
- Hotels R 700 – R 900
- Hospitals R 750 – R 950

Electronic installation includes access control, CCTV, public address, fire detection, data installation, WiFi, CATV, PABX (Private Automatic Branch Exchange) and Building Management System (BMS).

Fire protection installation Rate per m² (excl. VAT)

- Offices
  - Sprinkler system, including hydrants and hose reels
  - (Excluding void sprinklers) R 275 – R 375

Air-conditioning installation Rate per m² (excl. VAT)

• Ventilation to parking/service areas	R 425 – R 575
• Offices	
o Console units	R 800 – R 1,000
o Console/split units	R 950 – R 1,400
o Package units	R 1,275 – R 1,900
o Central plant	R 1,850 – R 2,900
o Variable refrigerant flow (VRF)	R 1,700 – R 2,900
• Residential - split units	R 950 – R 1,500

Shopping centres

• Split units	R 1,050 – R 1,500
• Package units	R 1,275 – R 1,900
• Evaporative cooling	R 800 – R1,175

Hotels – public areas	R 1,850 – R 2,900
• Hospitals central plant	R 2,400 – R 3,750

Hotels Rate per key (excl. VAT)

• Console units	R 20,000 – R 27,500
• Split units	R 27,500 – R 42,000
• Central plant	R 63,000 – R 90,000

Rate per theatre (excl. VAT)

Hospitals

• operating theatres	R 525,000 – R 850,000

8.6.2.4 Considerations

Below is tables extracted from the IDC books on SEZs, of chief importance is the realisation that cost estimates for SEZ development are not a linear function of the footprint of the SEZ but are affected by the area, topography, type of soil, availability of natural resources, labour, raw materials, the type of industry catered for etc. The land is also developed piece meal in order to reduce the Capital Cost burden and to use revenue generated to fund further development.

Table 13: Summary of output KPI's for designated and operational SEZs

Name of SEZ	Year of designation	Total size (ha)	No. of operational investors	Value of operational investment (Rm)	Total direct employment created	Land allocation to date (Ha)	Revenue (Rm)	Exports (Rm)
Coega (Eastern Cape)	2001	9003 (SEZ) + 256 (NMLP)	42	6.2 billion	8 210	388	275.3	363m
East London (Eastern Cape)	2002	462	28	8 billion	3 645	7.9	720.7	3.2bn
Richards Bay (KwaZulu-Natal)	2002	383	2	320 million	93	5.5	2.89	-
Dube TradePort (KwaZulu-Natal)	2016	302.9	16	1.3 billion	432	54.5	117.5	470m
TOTAL		10 406	**88**	**15.5 billion**	**12 380**	455	1115	4.1bn

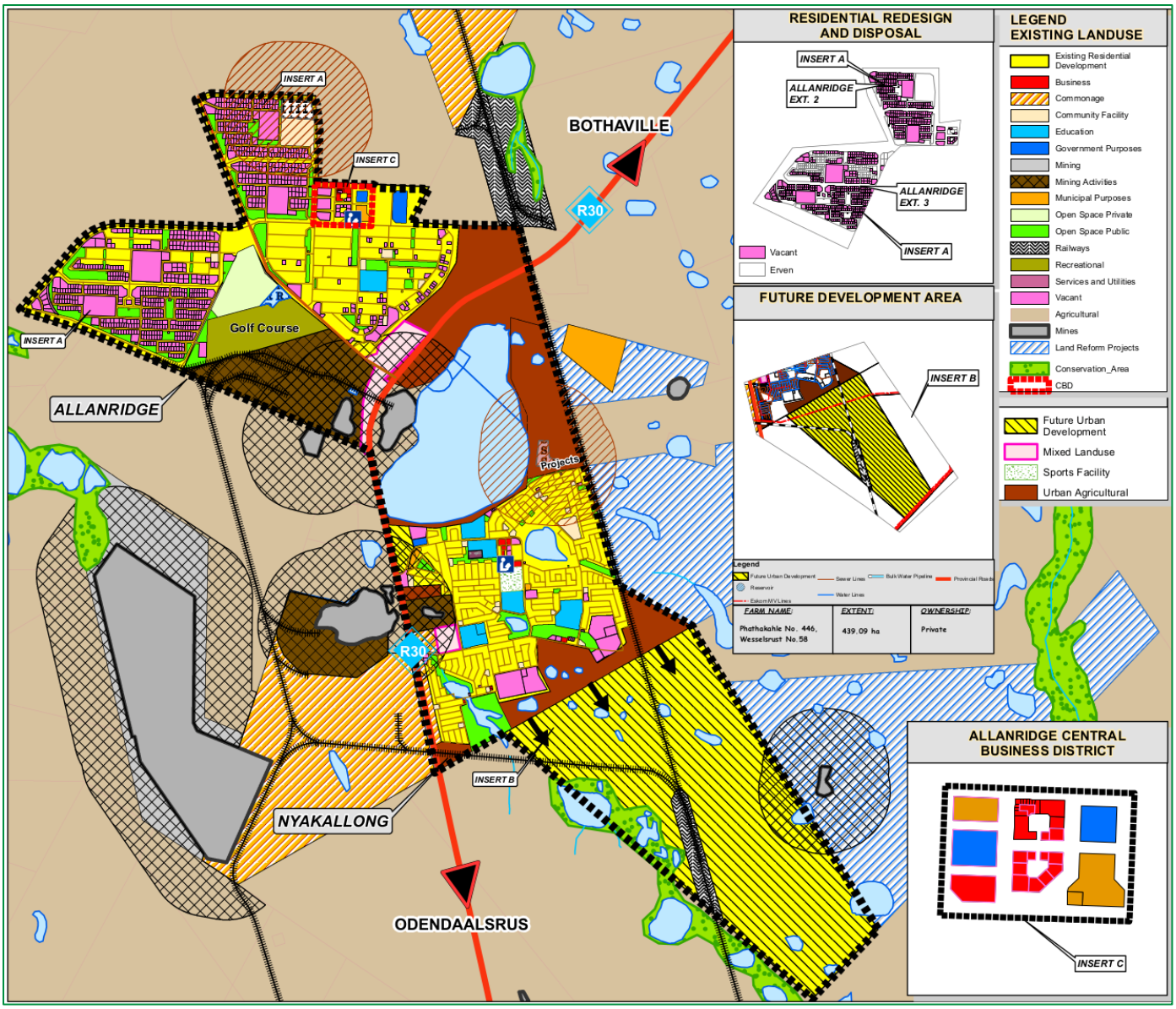
Table 16: Funds distributed to designated SEZs since inception of the SEZ Fund in 2013/2014

SEZ	Feasibility studies	Bulk infrastructure	Top structure	Skills development	Total (R)
Coega	1,800,000	409,548,932	1,039,765,696		1,451,114,628
East London		9,744,521	868,616,319		**878,360,840**
Richards Bay	84,872,560	445,777,959			**530,650,519**
Dube TradePort		200,498,093			**200,498,093**
Saldanha Bay		741,857,900		4,494,881	**746,352,781**
OR Tambo		208,707,694	270,898,520		**479,606,214**
Maluti-a-Phofung		294,332,481	47,989,567		**342,322,048**
TOTAL (R)	**86,672,560**	**2,310,467,580**	**2,227,270,102**	**4,494,881**	**4,628,905,123**

ANNEXURES

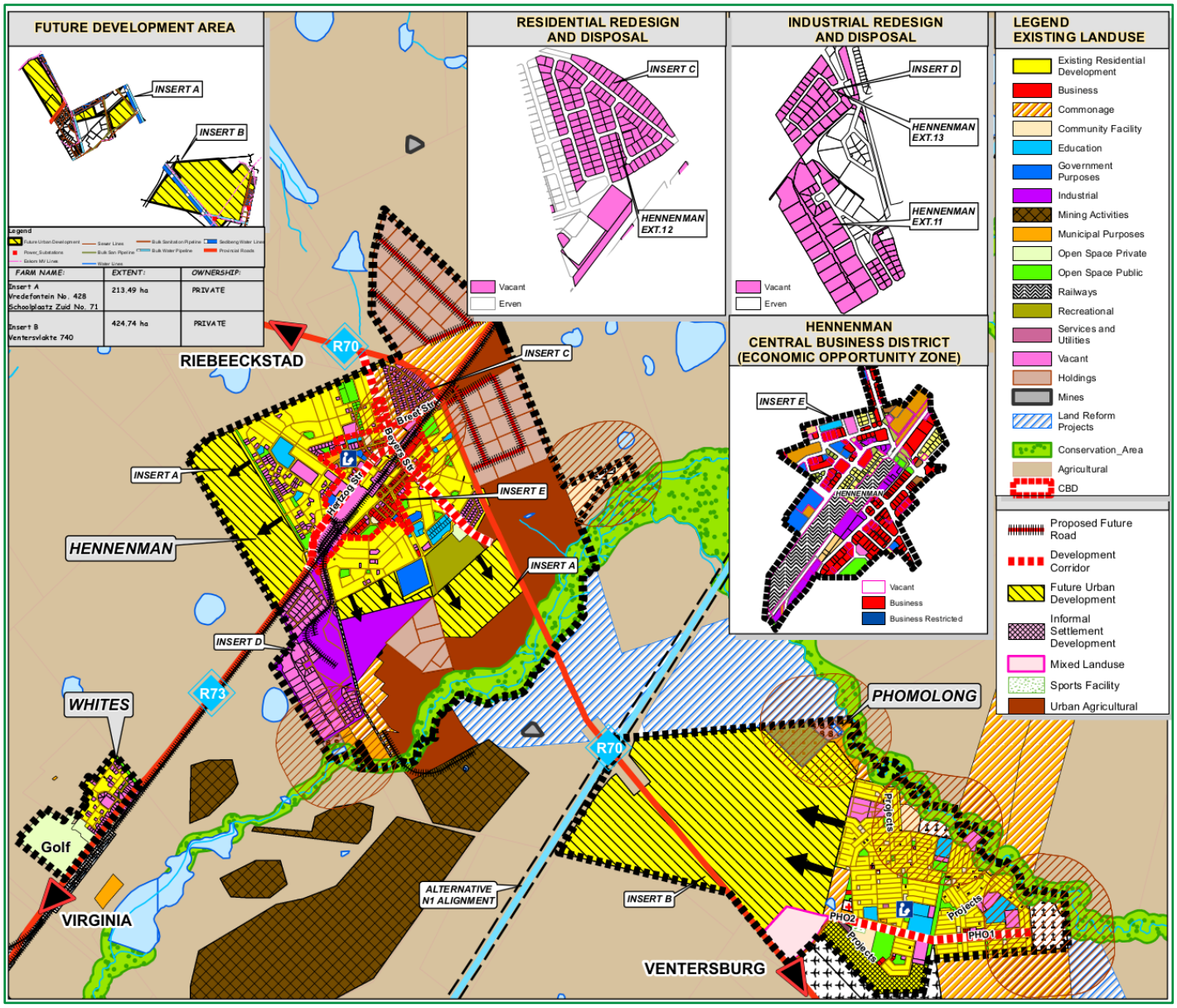
Annexure A: Spatial Development Framework

Map 40 Allanridge SDF, 2013



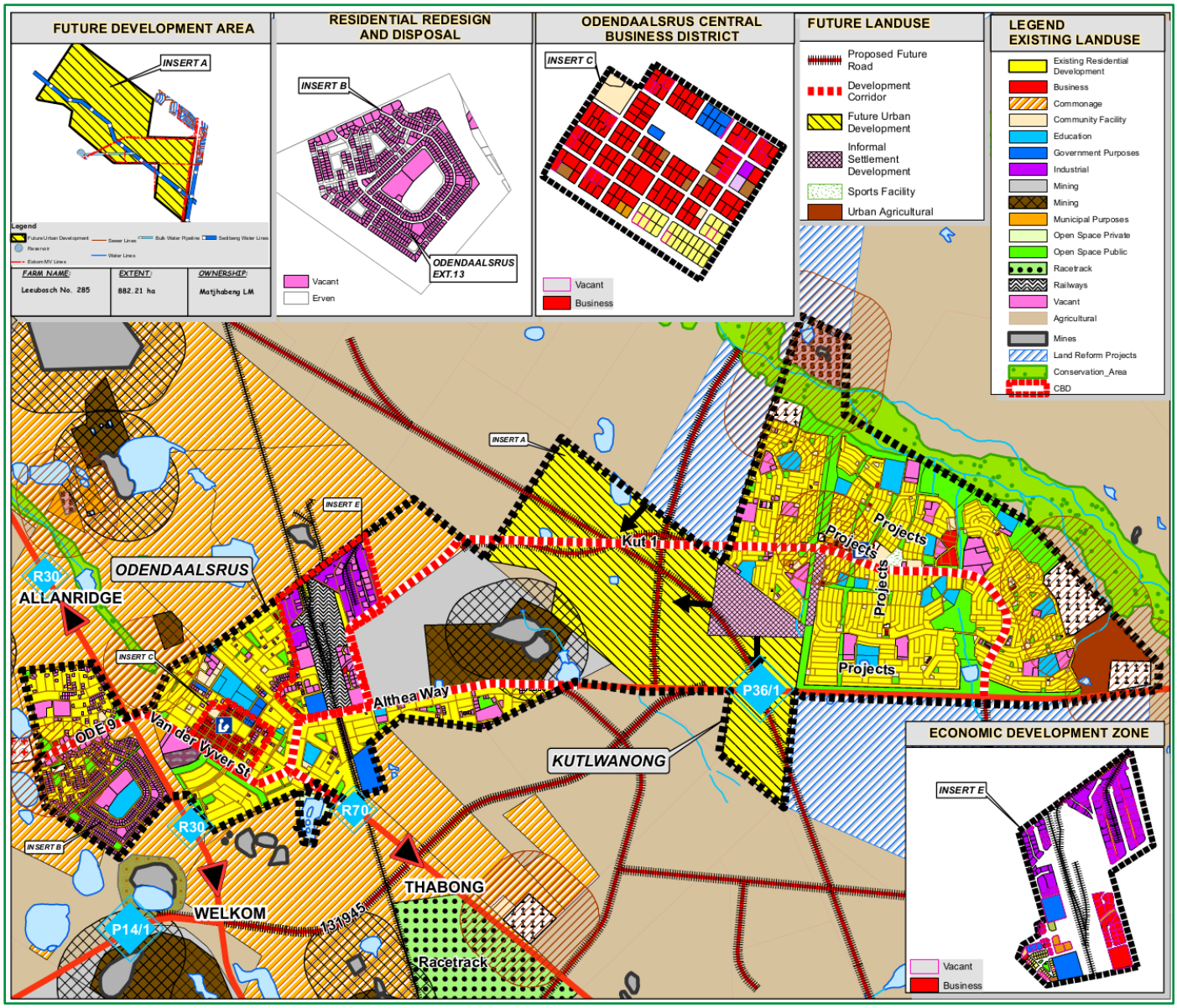
Source: MLM SDF, 2019

Map 41 Hennenman/Phomolong SDF, 2013



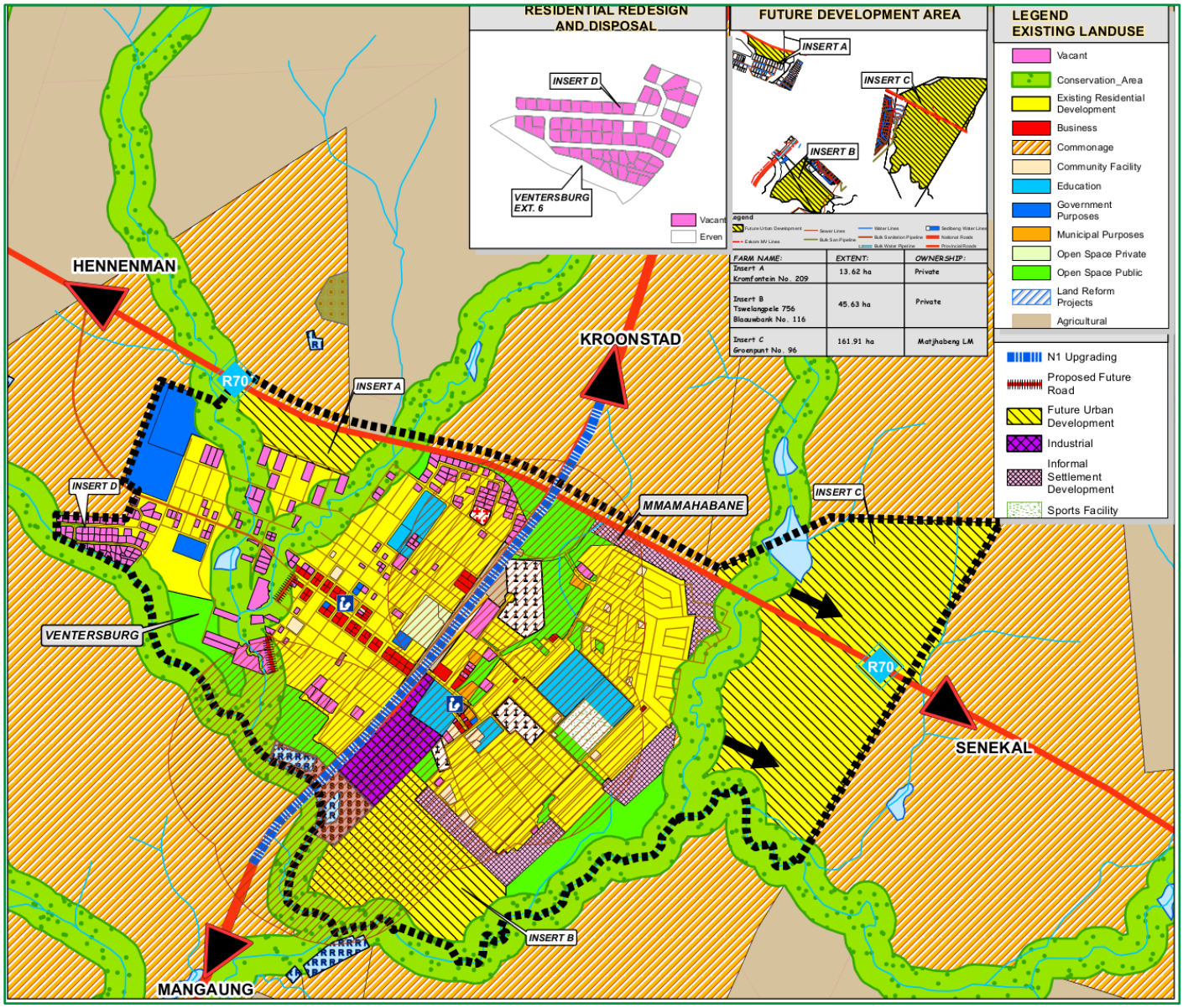
Source: MLM SDF, 2019

Map 42 Odendaalsrus SDF, 2013



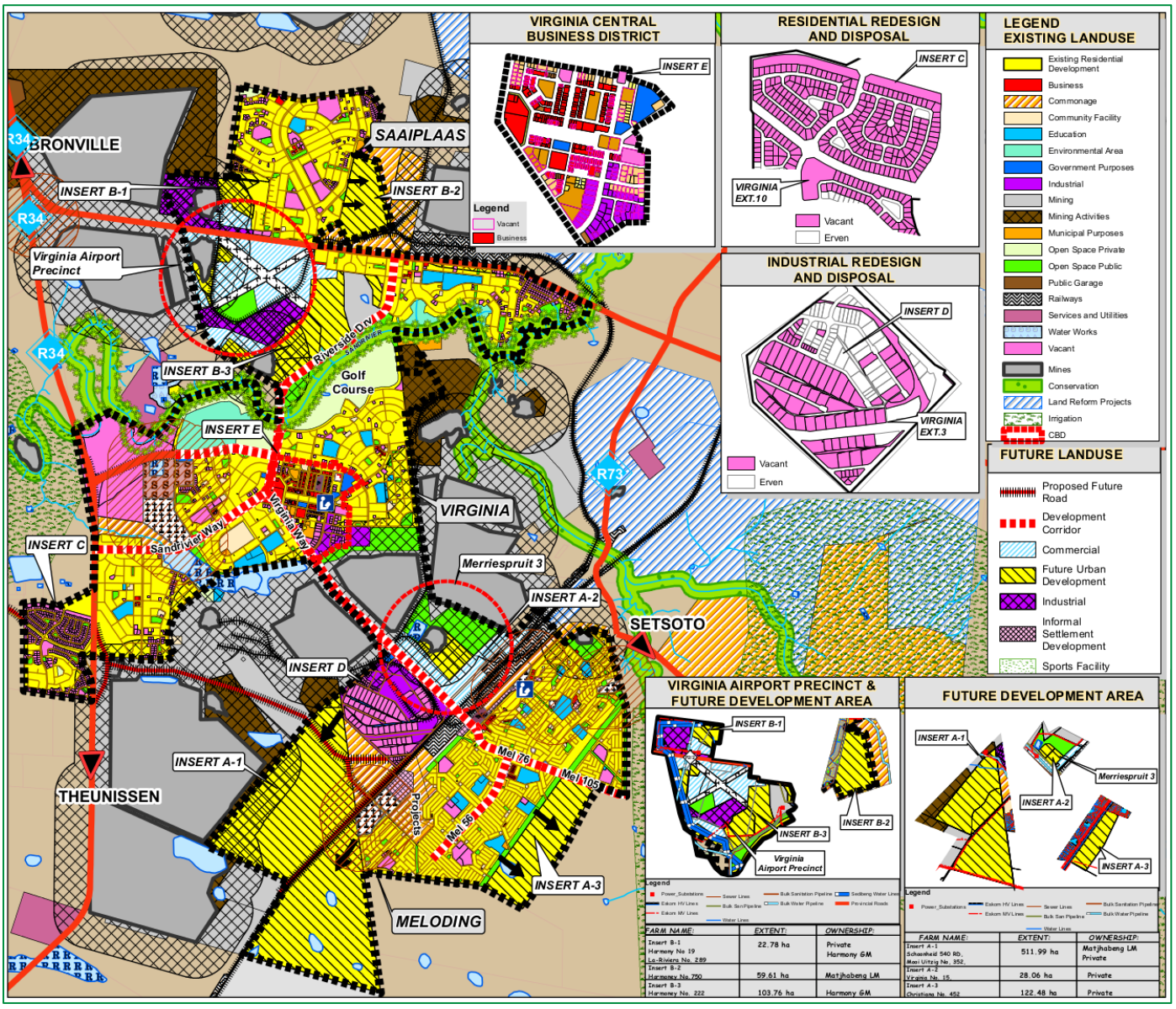
Source: MLM SDF, 2019

Map 43 Ventersburg SDF, 2013



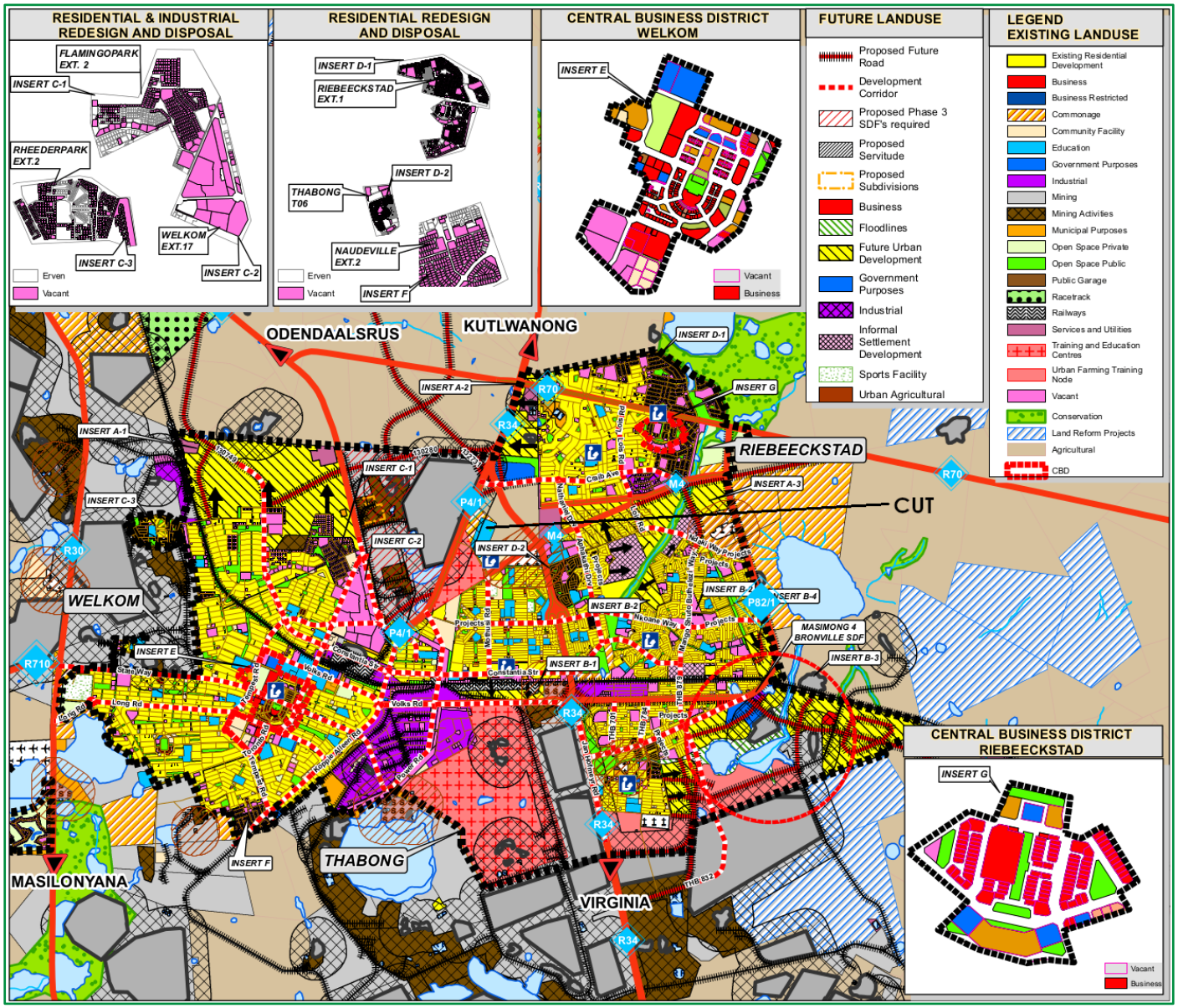
Source: MLM SDF, 2019

Map 44 Virginia SDF, 2013



Source: MLM SDF, 2019

Map 45 Welkom SDF, 2013



Source: MLM SDF, 2019

Annexure B: Stake Holder Consultation Report

Mr. Wynand Myburgh presented the MLM LED Strategy to the Matjhabeng Mayoral Lekgotla on 19 September 2019.

Table 74: Key Stakeholder Consultation List

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
Key Economic Stakeholder Consultations								
2	Chaney Bloem	POSTNET	065339330 Email: chaneyb@postnet.co.za		Transport, storage and communication	Interview	Lack of development & Support a specially for youth	High need of support especially for youth
3	Kesentseng Mokoena	DRDLF	051 448 4504 / 083 732 3435 Email: Kesentseng.Mokoena@drdlr.gov.za		General government	Interview	Obtaining land development applications approval when wishing to change land use rights for business purposes	Non-cooperation from municipalities in complying with the precepts of the Spatial Planning and Land Use Management Act Poor governance at municipal level Lack of intergovernmental alignment in long term spatial planning and capital expenditure
4	Thami Ncobe	LDA	0824436302 Email: nogabet@freetrans.gov.za		General government	Interview	Lack of funding Budgeting constraints	At times, funding takes a while. This affects the speed at which service is delivered to communities.
5	Ramagale Ntsuku	DESTEA	082 862 5732 Email: Ramagalen@gmail.com		General government	Interview	Three spheres of government do not talk to each other in implementation of some projects	Takes too long to have some basic things done

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
6	Dihlare Phandiwe	HDA	0514090233 Email: Lipalesa.Thaanyane@thehda.co.za		General government	Interview	Initiatives and partnerships with other entities to advance economic development	he lengths of new processes is always a challenge
7	V Muller	Land Bank	056 216 6200 Email: edwmuller@landbank.co.za		Agriculture	Interview	Slow response/poor communication from Municipality	Enable farmers to finance land, equipment, improve assets and obtain production credit
8	Stive Nkgadima	MBF	0763832663 Email:	Trade and Industry Advisor	Mining	Interview		
9	Eugene Molebedi	NAFCOC	079 098 7609		Trade	Interview		
10	Cllr Theko Mogoje	Nala LM	0711095404 Email: ntsibolane@nala.co.za	IDP and LED Manager	General government	Interview		
11	Willington Mahlwane	LMC	0733880835 Email: w.mahloane@gmail.com		General government	Interview	There are no good communication platforms present. Ans there is Political interference	Establishment of a council that will deal with its all issues and concerns.
12	Tshediso Makhetha	Ofentse Hr Solutions	0826271682 Email: Tshediso.ackton@gmail.com		Finance, insurance, real estate and business services	Interview	It's tough for small businesses to compete with well established businesses	
13	S Nhlapo	Rural Development	057 357 1734 / 082 827 0684		General government	Interview	There are room/opportunities for	Purification of water in agriculture needs to

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
			Email: sandile.nhlapo@drdlr.gov.za				growth. Land reform can be utilised by small businesses.	be addressed. Migration, especially in informal settlements affects growth prospects of the agriculture industry.
14	Babalwa	SALGA	0514471760 Email: cmaseko@salga.org.za		General government	Interview		
15	France Malemela	SANCA	0635695782 Email: godreig@telkomsa.net		Community, social and personal services	Interview	Lack of funding. No stability in this sector. Lack of transportation, particularly in fieldwork.	Initiatives carried out in this sector benefits the community and brings positive changes.
17	Ramosie Bakoena	SANCO	072 783 7012 Email: ramosiebakoena@gmailcom		Community, social and personal services	Interview	No role players to help and offer support. Over reliance on government	Empowerment of skills, especially to the unemployed youth.
18	Lee Martins	Sars	051 506 3296 086 515 0935 Email: LMartins@sars.gov.za	Office Manager	Finance, insurance, real estate and business services	Interview	There is not enough education to assist the small businesses to keep their finance and tax affairs up to date. The small businesses do not have the right information to be able to obtain funding needed to start their businesses.	The government should establish research division that will enable people who would like to start a business the opportunity to be able to see if the product, services or goods are needed and where in South Africa it will be needed. Information and knowledge are what is needed to empower the small business.

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
19	Thenjiwe Mbashe	Seda	0514113831 Email: tmbashe@seda.org.za		General Government	Interview	Most local entrepreneurs requiring funding without details plans	Facilitation between stakeholders and local entrepreneurs need to be improved
20	Maweni Maduna	Sedibeng Water	0836785530 Email: mmaduna@sedibengwater.co.za	PA to Campus Director	Electricity, gas and water	Interview	Lack of financial management	Empower workers; learners and students in water purification and general activities
21	Mathabo Lebitsa	Wetland Program	0726074362 Email: mlebitsa@environment.gova.za	Business Service	Electricity, gas and water	Interview	Concerned about delays in budget	
22	Lilly Moabi	BMF	Lilly.mo@yahoo.com/ moabinelly@gmail.com 082 450 7254 / 057 353 1418			Email /Telephone Call	Incorrect contact details	
23	Moojane Mofokeng	National Development Agency (Strictly Cooperative	moojanem@nda.org.za Cell :082 824 1360 / 051 430 2024			Email /Telephone Call	Incorrect contact details	
24	M Mbongo	Department of Agriculture and Rural Development	mbongom@agric.fs.gov.za			Email /Telephone Call	Incorrect contact details	
25	Boitumelo Dithebe	Nyda	boitumelo.dithebe@nyda.gov.za Tel: 051 411 9450	PA To Manager		Email /Telephone Call	Incorrect contact details	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
26	Qiso Xaka	Department of Justice	Qxaka@jastice.gov.za 087062281			Email /Telephone Call	Incorrect contact details	
27	Makhotso Seekoei	Cathsseta	Makhotss@cathsseta.org.za 084 522 9096			Email /Telephone Call	Incorrect contact details	
28	Dick Nkonoane (Dr)	Central University of Technology	jnkonoane@cut.ac.za 0579103500			Email /Telephone Call	Incorrect contact details	
29	G. Nyokong	CIDB	gloryn@cidb.co.za 078 803 5435			Email /Telephone Call	Incorrect contact details	
30	M Mahloko	Department of Labour	057 391 0220 / 076 981 0278			Email /Telephone Call	Incorrect contact details	
31	L. Eybers	Business Support Centre	linda.eybers@fspremier.gov.za Tel: 051 403 3589			Email /Telephone Call	No response	
32	Christine Prinsloo	Cogta	chistinep@gogta.fs.gov.za 051 405 5719			Email /Telephone Call	No response	
33	Kabelo Selaocwe	Department of Public Works	Selaocwe.kabelo@dpw.gov.za 0823856300 / 514087326			Email /Telephone Call	No response	
34	Thabang Selemela	DESTEA	tselemela@destea.gov.za 082 449 4690 / 051 400 9407			Email /Telephone Call	No response	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
35	Nocell Collins	Environment Affairs (Biodiversity)	collinsn@detea.fs.gov.za 0514004775			Email /Telephone Call	No response	
36	Danie Schoeman	Rural Development	Danie.Schoeman@drdlr.gov.za 0828562741			Email /Telephone Call	No response	
37	Tshepiso Masiloane	National Development Agency (Strictly Cooperative	Cell :082 825 0737	Branch Manager: Lejweleputswa District		Email /Telephone Call	No response	
38	George Tshabalala	Dep. Sport, Arts, Culture and Recreation	georgep@sacrfs.gov.za 0825299857			Email /Telephone Call	No response	
39	S. Petse	MDA	wdc@tiscali.co.za 057 392 2743	Tourism Marketing: Research Officer		Email /Telephone Call	No response	
40	Glynes Webourne	Cut	gwelbour@cut.ac.za			Email /Telephone Call	No response	
41	K. Kuwiti	Department of Mineral Resource (DMR)	Sellwane.Mokwene@dmr.gov.za			Email /Telephone Call	No response	
42	M J Maikgosho	Department of Social Development	Palesa.Matete@socdev.fs.gov.za 057 916 8759 / 0616064197			Email /Telephone Call	No response	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
43	Sellwane Mokwene	DMR	Sellwane.mokwene@dmr.gov.za 0573911327			Email /Telephone Call	No response	
44	Lephai Maunatlala	Dws (SWSS)	maunatlanal@dws.gov.za 0838542898			Email /Telephone Call	No response	
45	Monde Walaza	Environment Affairs (Environment)	walazam@detea.fs.gov.za 083 740 5625 /			Email /Telephone Call	No response	
46	Sindiswe Motshabi	Eskom	thwalaps@eskom.co.za 0761093039			Email /Telephone Call	No response	
47	Oagile Lebese	FDC	wagy@fdc.co.za 0573575412 / 079 480 1880			Email /Telephone Call	No response	
48	Freddy Dingane	FGF (Chamber of Commerce)	president@fschamber.co.za 0829546913			Email /Telephone Call	No response	
49	Reon Yssel	FGF Chamber of Business	office@fschamber.co.za 057 352 7211			Email /Telephone Call	No response	
50	A. Lombaardt	First National Bank	alombaardt@fnb.co.za 057 352 4291			Email /Telephone Call	No response	
51	Surika Duplessis	Goldfields Casino	surika.duplessi@tsogosun.com 057 391 5706 / 082 780 6637			Email /Telephone Call	No response	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
52	Tabitha Kgosimore	Goldfields FET	Tabitha@gfc.edu.net 073 054 3760			Email /Telephone Call	No response	
53	Jimmy Masetsa	Goldfields FET	jimmy@goldfieldsfet.edu.za 0718538405			Email /Telephone Call	No response	
54	Johan Terblanche	Goudveld Fire Protection Ass.	johanrusmysiel@gmail.com 0820543160			Email /Telephone Call	No response	
55	Lebohang Shabe	Harmony Gold	lebohang.shabe@harmony.co.za 0739009011			Email /Telephone Call	Client	
56	Sabelo Mgotywa	Harmony Gold Mine	Sabelo.mgotywa@hanony.co.za 0836782557			Email /Telephone Call	No response	
57	Cllr N Speelman	Matjhabeng Municipality	Nkosinjani.speelman@matjhabeng.co.za 0710120495			Email /Telephone Call	No response	
58		Nedbank	Tel: 056 916 4809			Email /Telephone Call	No response	
59	Mr. Theys	Sedibeng Water	ntheys@sedibengwater.co.za 056 515 0200	Unit Manager Commodity		Email /Telephone Call	No response	
60	Rubin Thoso	Senatla Constriction	rubinthoso@telkomsa.net 0827719412			Email /Telephone Call	No response	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
61	Arthur Holland	Sibanye Gold	Arthur.holland@sibanyegold.co.za 011 278 9730	SLPSME Dev		Email /Telephone Call	No response	
62	Hilda Moabi	Sibanye Gold	hilda.moabi@sibanyegoold.co.za 071 348 5900 / 057 733 8212	Supt: Sust. Dev		Email /Telephone Call	No response	
63	Stephen Molelekoa	Sibanye Gold	Stephen.molelekoa@sibanyegold.co.za 057 733 8576			Email /Telephone Call	No response	
64	Zinnia Vent	Sibanye Gold	Zinnia.VanGent@sibanyegold.co.za 057 212 5789			Email /Telephone Call	No response	
65	Hilda Moabi	Sibanye Stillwater	Hilda.moabi@sibanyestillwater.co.za 0713485900			Email /Telephone Call	No response	
66	General Molale	South African Police (Welkom Cluster)	Welkom-saps@saps.gov.za 0795099644	EPWP: Enterprise Development		Email /Telephone Call	No response	
67	Shanell Makwena	Standard Bank	Shanell.makwena@standardbank.co.za 057 391 5392			Email /Telephone Call	No response	
68	Tladi Selele	Tetra4	tladis@tetra4.com 0795401974			Email /Telephone Call	No response	
69	Abraham Venter	Tiger Brands	Abraham.venter@tigerbrands.com 082 561 5434	BMF Chairperson		Email /Telephone Call	No response	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
70	Frans Matsholo	Tswelopele Municipality	mayor@tswolopele.org 0730235396			Email /Telephone Call	No response	
71	Earnest Chwane	Voice of The Voiceless	pmhlaping@gmail.com 0738531798 / 0825974818 / 0738194809	Chairperson		Email /Telephone Call	No response	
72	Ntombenhle Hlengwa	Water and Sanitation	hlengwan@dws.gov.za 0825561352			Email /Telephone Call	No response	
73	Motlatsi Makhasane	Working on Climate	Motlatsi.makhasane@workingonclimate.co.za			Email /Telephone Call	No response	
74	Cllr S Ngangelizwe	Lejweleputswa Municipality	mayor@lejwe.co.za 0828822402			Email /Telephone Call	No response	
75	Daddy Matolo	Lejweleputswa Municipality (IDP)	daddy@lejwe.co.za 0723974065	Acting Director: Tourism Development & Support		Email /Telephone Call	No response	
76	Mangi Ramabenyane	Agriculture	mangir@fs.agric.za 0829070544			Email /Telephone Call	Not interested in participating on the survey	
77	Eddie Scott	Fs Cogta (SPLUMA)	eddie@fscogta.gov.za/ rosalien@fscogta.gov.za 0514076818/ 051 407 6846			Email /Telephone Call	Not interested in participating on the survey	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
78	Wagi Lebese	Free State Development Cooperation	receptwelkom@fdc.co.za/wagi@fdc.co.za 0794801880			Email /Telephone Call	Not interested in participating on the survey	
79	Deon Mnothoza	Absa	082 253 5824 / 573917550			Email /Telephone Call	Not interested in participating on the survey	
80	Lorinda Volschenk	Seda	lvolschenk@seda.org.za 057 952 1870 / 083 449 4811	Regional Manager FS /NC		Email /Telephone Call	Not interested in participating on the survey	
81	Ntombi Mhlambi	GCIS	ntombi@gcis.gov.za 0823474899			Email /Telephone Call	Not interested in participating on the survey	
82	Thami Skele	Lejweleputswa Development Agency	thamiskele@lejwe.co.za 0573233094			Email /Telephone Call	Number does not exist	
83	Motlatsi Makhetha	Lejweleputswa District Municipality	mlmakhetha@yahoo.com			Email /Telephone Call	Unavailable	
84	Carol Tladi	Human Settlement	Carol.tladi@fshs.gov.za 0788022895			Email /Telephone Call	Unavailable	
85	Anton Jones	Water and Sanitation	jonesa@dws.gov.za 0832792936	Branch Operations Engagement Team Member Education		Email /Telephone Call	Unavailable	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
86	Edgar Kgaile	FDC	edgar@fdc.co.za 051 400 0800 / 083 543 0199			Email /Telephone Call	Unavailable	
87	Sibusiso Msibi	Department of Health (District)	msibisbu@gmail.com 0 649056006			Email /Telephone Call	Unavailable	
88	Tsheliso Lerumo	FSGLTA	lerumot@fsglta.gov.za 051 4040 300.			Email /Telephone Call	Unavailable	
89	Lebohang Seane	FSGLTA	seanel@fsglta.gov.za Tel: 051 4040 300.			Email /Telephone Call	Unavailable	
90	C. Slabber	NHBRC	chriss@nhbrc.org.za/ fionam@nhbrc.org.za 051 448 7955/6	Executive Director Local Economic Development		Email /Telephone Call	Unavailable	
91	Anneline Nobela	CIPC	anobela@cipc.gov.za 012 394 3977			Email /Telephone Call	Unavailable	
92	George Madiba	Department of Agriculture	dc18pa@agric.fs.gov.za /madiba.george@gmail.com Tel: 057 916 6723 / 072 217 7569			Email /Telephone Call	Voicemail	
93	Monyake Mothekhe	Fs Cogta (IDP& Led)	monyake@fscogta.co.za 0829695777			Email /Telephone Call	Voicemail	

No.	Stakeholder	Institution	Contact Details	Designation	Economic Sector	Communication Method	Response	Key Response
94	Motlalentwa Selogile	Fs Cogta (SPLUMA)	motlalentwa@fscogta.gov.za 0727070704	Branch Manager		Email /Telephone Call	Voicemail	
95	April Tsolo	Kamello Empire	taoleapril@gmail.com 083 954 0572			Email /Telephone Call	Voicemail	
96	Thato Letsaba	Land Claims Commission	Thato.letsaba@drdlr.gov.za 0798760503			Email /Telephone Call	Voicemail	
97	Alan Goestsch	Matjhabeng Rates Payers Ass.	matjhabengratepayers@vodamail.co.za 0573522933	Acting General Manager: Tourism Marketing		Email /Telephone Call	Voicemail	
98	Best Mnyamane	NFS Lejwe Trust	bmonyamane@yahoo.com 0732049800			Email /Telephone Call	Voicemail	
99	Fanie Minie	Rural Development	stephanus.minnie@drdlr.gov.za 0828270644	District Manager		Email /Telephone Call	Voicemail	
100	Stuart Denoon-Stevens	University of Free State	denoonstevenssp@ufs.ac.za 0730351024			Email /Telephone Call	Voicemail	

Key Business Survey Findings

Table 75 Question: In which economic sector does your business operate?

Number of Business	Formal Business	Informal Business	Total
Agriculture	1	0	1
Mining	5	0	5
Manufacturing	5	0	5
Electricity, gas and water	3	0	3
Construction	0	0	0
Trade	**105**	**96**	**201**
Transport, storage and communication	1	0	1
Finance, insurance, real estate and business services	5	0	5
Community, social and personal services	9	0	9
General government	1	0	1
Total	**135**	**96**	**231**

Table 76 Question: How long has the business been established here?

Years in Business	Formal Business	Informal Business	Total
less than 1 year	8	12	20
1 - 4 years	32	19	51

Years in Business	Formal Business	Informal Business	Total
5 - 7 years	15	11	26
8 - 15 years	26	22	48
16 - 30 years	20	25	45
more than 30 years	16	1	17
Total	**117**	**90**	**207**

Table 77 Question: How many people are employed by this business?

	Formal Business	Informal Business	Total
	Full-time Employees		
1 - 5 employees	66	94	160
6 -10 employees	34	2	36
11 - 15 employees	13		13
16 - 20 employees	6		6
21 - 50 employees	3		3
more than 50 employees	5		5
Total	**127**	**96**	**223**

Table 78 Question: The level of education of current employees. (Specify the number of employees in each group).

Level of unemployment	Formal Business		Informal Business		Total	
	Number of Employees	%	Number of Employees	%		
No Education	111	5%	60	39%	171	7%
Primary Education	246	11%	16	10%	262	11%
Some Secondary Education	351	16%	35	23%	386	16%
Complete Secondary Education	1200	55%	33	21%	1233	53%
Tertiary Education	242	11%	8	5%	250	11%
Post-Graduate Education	39	2%	2	1%	41	2%
Total	**2189**	**100%**	**154**	**100%**	**2343**	**100%**

Table 79 Question: What are the 3main products and/or services the business offer?

	Formal Business		Informal Business		Total	
Durable goods: Total	Number	%	Number	%		
Durable goods: Furniture, household appliances, etc	34	13%	10	7%	44	11%
Durable goods: Personal transport equipment	0	0%	6	4%	6	1%
Durable goods: Computers and related equipment	9	3%	9	6%	18	4%
Durable goods: Other durable goods	15	6%	0	0%	15	4%
Semi-Durable goods: Total						
Clothing and footwear	40	15%	16	10%	56	14%
Household textiles, furnishings, glassware, etc	9	3%	5	3%	14	3%
Motor car tyres, parts and accessories	19	7%	0	0%	19	5%
Recreational and entertainment goods	1	0%	0	0%	1	0%
Miscellaneous goods	7	3%	0	0%	7	2%
Non-durable goods: Total						
Food, beverages and tobacco	57	22%	71	46%	128	31%
Household fuel and power	2	1%	0	0%	2	0%
Household consumer goods	6	2%	5	3%	11	3%
Medical and pharmaceutical products	5	2%	0	0%	5	1%
Recreational and entertainment goods	1	0%	1	1%	2	0%

Services: Total						
Rent	1	0%	0	0%	1	0%
Household services, including domestic servants	11	4%	5	3%	16	4%
Medical services	1	0%	1	1%	2	0%
Transport and communication services	7	3%	3	2%	10	2%
Recreational, entertainment and educational services	13	5%	3	2%	16	4%
Miscellaneous services	23	9%	18	12%	41	10%

Table 80 Question: What is the monthly turnover of the business?

	Formal Business			Informal Business	
Range (R)	Number	%	Range (R)	Number	%
0 – R10 000	15	13%		59	64%
R50 000 – R100 000	14	13%		20	22%
R200 000 - R400 000	26	23%		6	7%
R10 000 – R50 000	19	17%		2	2%
R100 000 – R200 000	8	7%		3	3%
R400 000 – R1million	22	20%		2	2%
More than R1million	8	7%		0	0%
Total	**112**	**100%**		**92**	**100%**

Table 81 Question: Do any investment opportunities exist in the following areas for the economic sector?

	Formal Business		Informal Business		Total Responses
	Yes	%	No	%	
In the same District	10	11%	82	89%	**92**
In other firms in the same value chain	7	8%	80	92%	**87**
In the same sector	7	8%	83	92%	**90**

Table 82 Question: Does legislative red tape serve as a hinderance to your growth prospects?

	Formal Business		Informal Business		Total	
	Number	%	Number	%		
Yes	9	7%	13	19%	22	12%
No	112	93%	57	81%	169	88%
Total	121		70		191	