

CHAPTER 2: SITUATIONAL ANALYSIS

CHAPTER TWO: SITUATIONAL ANALYSIS

2.0 INTRODUCTION

This section takes stock of the existing situation across the operational terrain of the Matatiele Local Municipality.

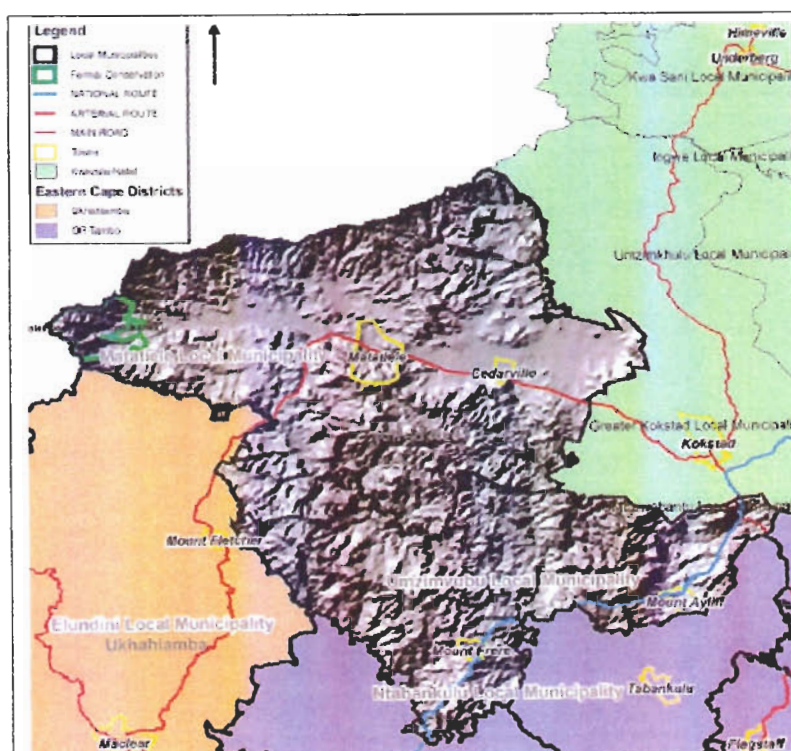
In structuring the work of this section, the following categories have been developed as the areas of analysis:

- Study Area Analysis
- Infrastructure Analysis
- Economic Analysis
- Social & Community Development Analysis
- Land Use & Housing Analysis
- Environmental Analysis
- Institutional & Financial Management
- Special Programmes

A SWOT Analysis was conducted for each of the areas of analysis.

2.1 STUDY AREA

On 1 March 2006, KZ5a3 was disestablished and EC05b3 established in terms of Proclamation Notice 1496, dated 28 November 2005.



Matatiele Local Municipality is situated within the Alfred Nzo District Municipality in the Northern part of the Eastern Cape adjoining Elundini Municipality to the South West, Greater Kokstad Municipality to the East – Umzimvubu Municipality to the South, and Lesotho to the North. The Matatiele Municipality consists of the following formal towns:

- Matatiele
- Cedarville; and
- Maluti.

2.2 ANALYSIS OF THE DEMOGRAPHICAL AND ECONOMICAL CHARACTERISTICS

Population

According to the 2007 Community Survey conducted by Statistics South Africa the total population of the Eastern Cape Province is 6, 527 746 people and the total population of the Alfred Nzo District is 479 395. The District population accounts for 7, 3% of the Provincial population. Matatiele Local Municipality has a total population of 258 758 which constitutes 54% of the total District population.

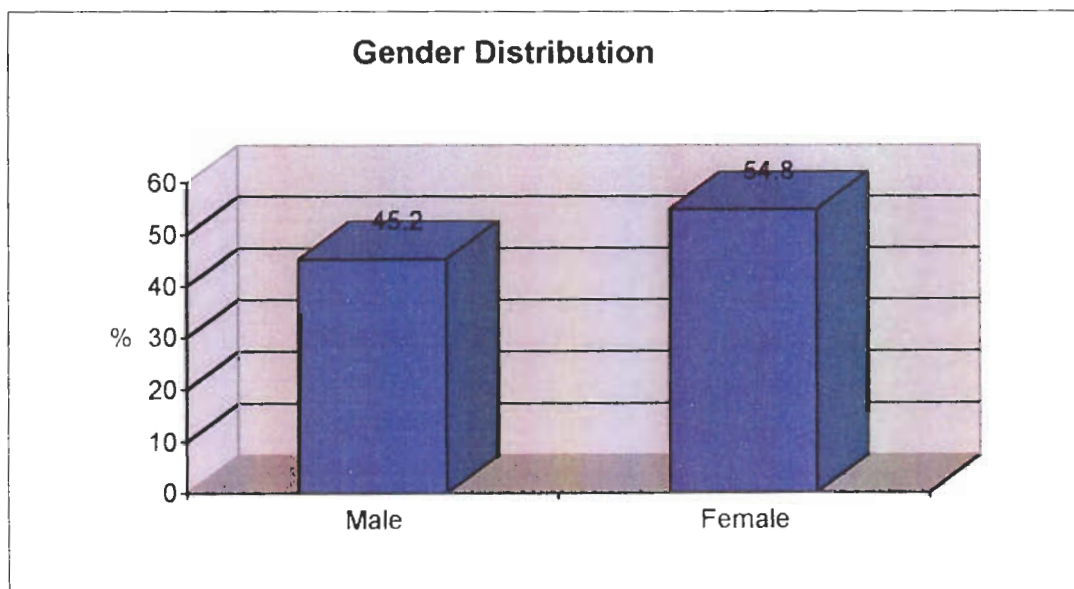
POPULATION DENSITY

The Matatiele Local Municipality has a low population density of 69 people per square kilometre. This is lower than the District average of 70 people per square kilometre.

GENDER DISTRIBUTION

The population of Matatiele Local Municipality is predominantly female. Females constitute 54.8% of the population and males 45.2%. Municipal planning does takes cognizance of the gender distribution in the Municipality and the Council has established a Women's Forum under the auspices of the Special Programmes Unit.

Gender Distribution



Source: Statistics South Africa: Community Survey 2007

AGE DISTRIBUTION

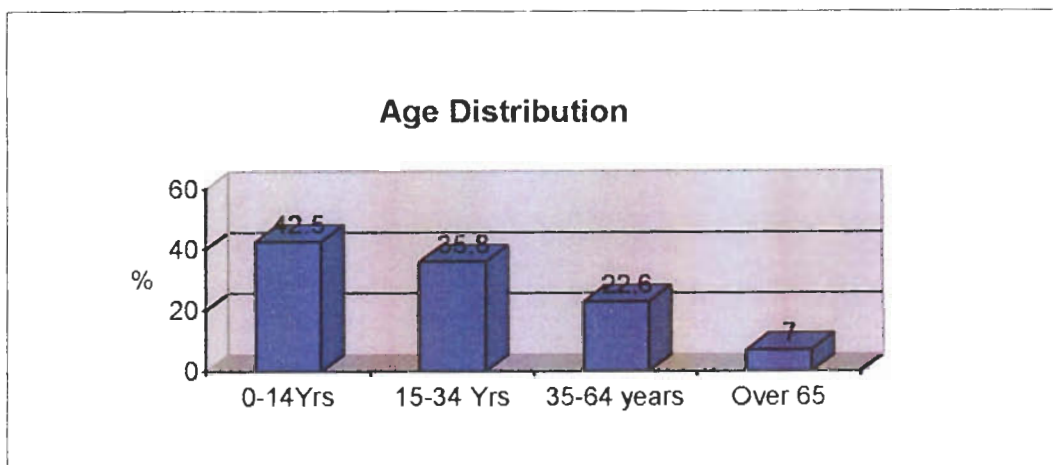
The population of Matatiele is predominantly a youthful one. 58.3% of the population is under the age of 35 years. 42, 5% of the population is between the ages of 0 and 14 years and dependent while the potentially economically active population (15 - 65 years) constitutes 58.4% of the population. The elderly constitute 7% of the local population.

This trend is reflected at District level where 74.1% of the population are under the age of 35 years. 42, 5% of the population is between the ages of 0 and 14 years and dependent while the potentially economically active population (15 - 65 years) constitutes 50% of the population. The elderly constitute 6.5 % of the District population.

The Provincial population demographic exhibits a similar trend with 69% of the population under the age of 35 years. 35.5% of the population are between the ages of 0 and 14 years and are considered to be dependent, while the potentially economically active population (15 - 65 years) constitutes 57.4% of the population. The elderly constitute 6.9% of the Provincial population.

The high proportion of dependent youth in the Municipality implies a higher burden on the economically active population. Given that a high percentage of the economically active population are not economically active this burden shifts to organs of state and places a higher burden on municipalities and government departments tasked with providing social assistance such as Social Development, Health etc. Municipal planning takes cognizance of the age distribution in the Municipality. The Council has established a Youth Council, a Youth Plan from 2007-2011 and an Elderly Forum under the auspices of the Special Programmes Unit. The Municipality also participates in the annual "Take a girl child to work day".

Age Distribution

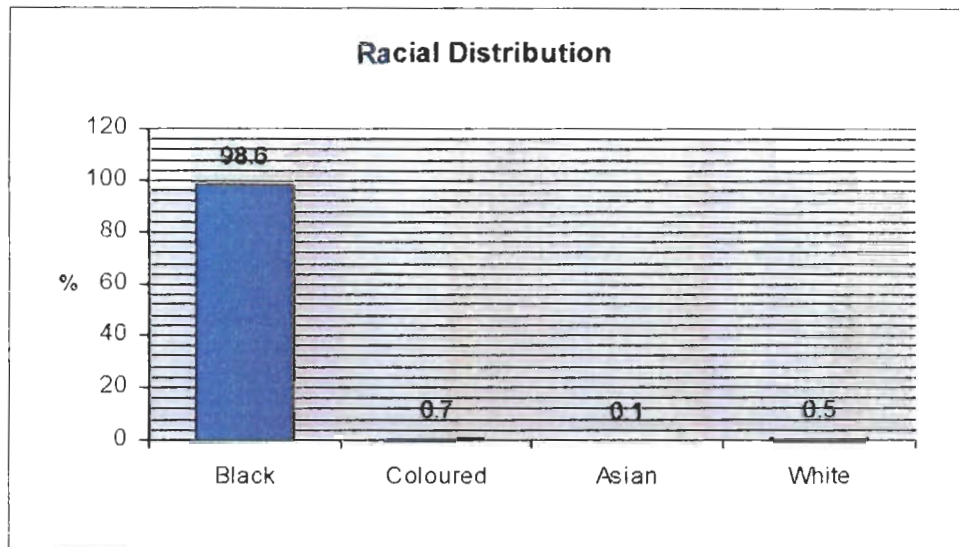


Source: Statistics South Africa: Community Survey 2007

RACIAL DISTRIBUTION

The population of Matatiele is predominantly African. African people constitute 98.6% of the population and other population groups the remaining 1.4%. This trend is reflected on District level where African people constitute 99.1% of the total population and the remaining population groups only 0.8% of the total population.

Racial Distribution

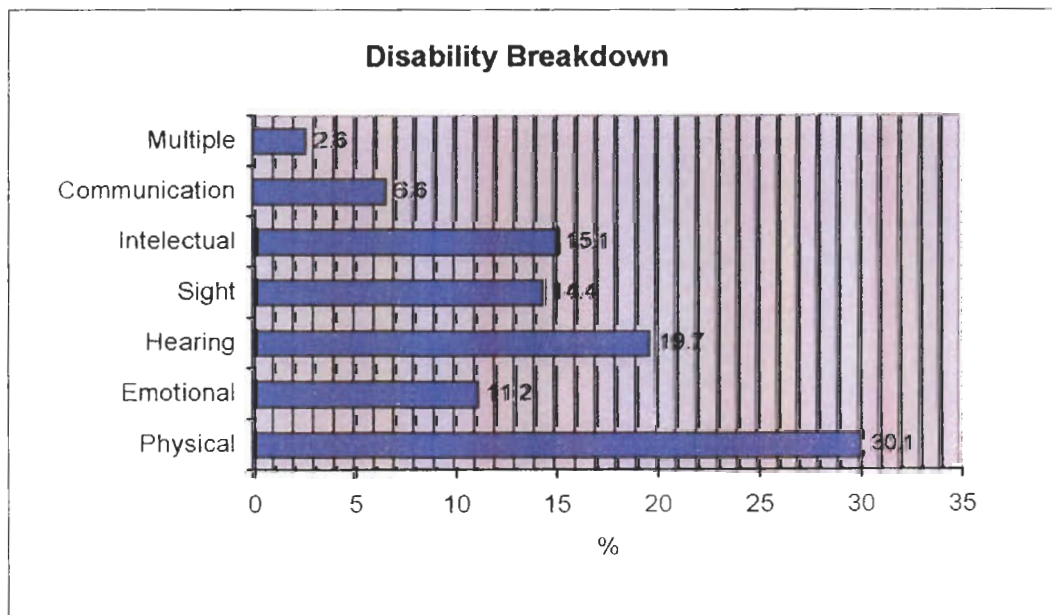


Source: Statistics South Africa: Community Survey 2007

DISABILITY PROFILE

There are a number of people in the Matatiele Local Municipality who have disabilities and 3.9% of the population suffers from some form of disability. A slightly higher percentage of the male population (52.1%) is afflicted by disabilities than the female population (47.9%). An analysis of the most predominant types of disability revealed that physical disabilities (30.1%) are the most common followed by hearing impairments (19.7). Only 2.6% of people with disabilities have multiple disabilities. Municipal planning does take cognizance of people with disabilities in the Municipality. The Council has established a Disability Forum under the auspices of the Special Programmes Unit.

Disability Breakdown



Source: Statistics South Africa: Community Survey 2007

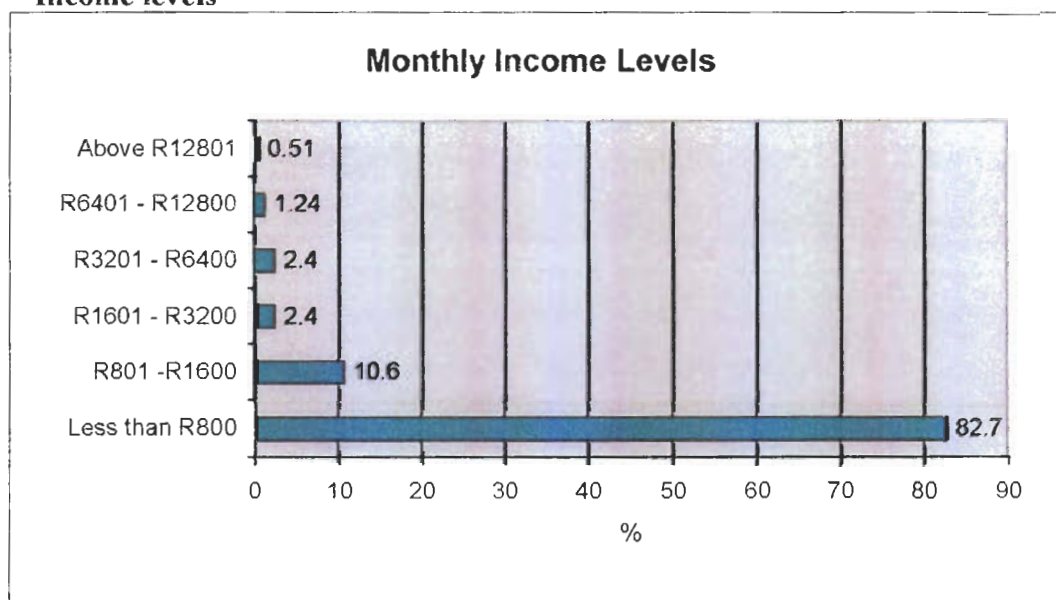
SOCIO ECONOMIC ANALYSIS

The Matatiele Local Municipality is characterised by poor socio economic conditions and low levels of development which is a common trend in the region.

INCOME LEVELS

Income levels within the Municipal area very low. 67.3% of the economically active population does not generate an income. Only 6.5% of the economically active population has an income of more than R1601.00 per month. Municipal planning needs to focus strongly on local economic development initiatives that will enable the community to generate an income.

Income levels



Source: Statistics South Africa: Community Survey 2007

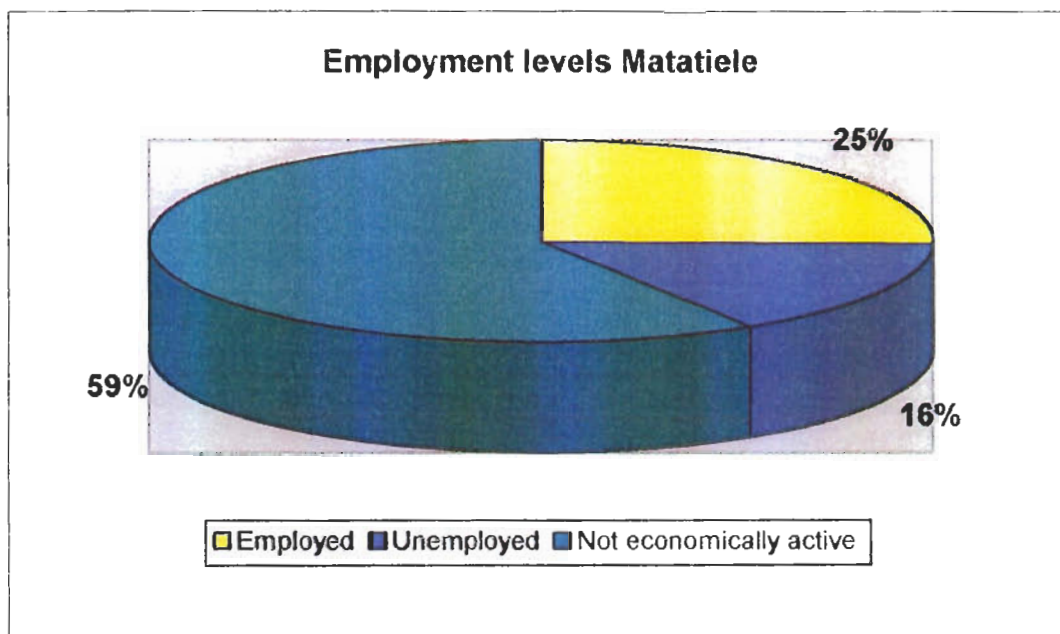
POVERTY LEVELS

Increasing levels of absolute poverty have been recorded in the Eastern Cape and 74% of the people of the Eastern Cape live below the poverty line of R800 or less a month. Poverty levels in the Alfred Nzo District are higher than the Provincial norm at 82.3%. Poverty levels within Matatiele Local Municipality are 82.7% which is higher than the Provincial norm but on a par with the District norm. High poverty levels imply a high dependency on social assistance in the form of grants. Municipal planning needs to focus strongly on poverty alleviation mechanisms.

EMPLOYMENT LEVELS AND TRENDS

The Matatiele Local Municipality is characterised by low levels of employment and a high percentage of people who are not economically active. This in turn accounts for the high poverty levels and low income levels. High unemployment rates impact negatively on municipalities as low affordability levels generally result in a poor payment rate for services. Matatiele Local Municipality's unemployment rate is estimated to be 74.8%.

Employment levels Matatiele Local Municipality



Source: Statistics South Africa: Community Survey 2007

The Eastern Cape Province derives income from three sectors namely:

- ⇒ The Primary sector made up by agriculture, forestry and fishing industry
- ⇒ The Secondary sector dominated by transport, construction food industry, and wholesale industry.
- ⇒ The Tertiary sector dominated by community and public sector services.

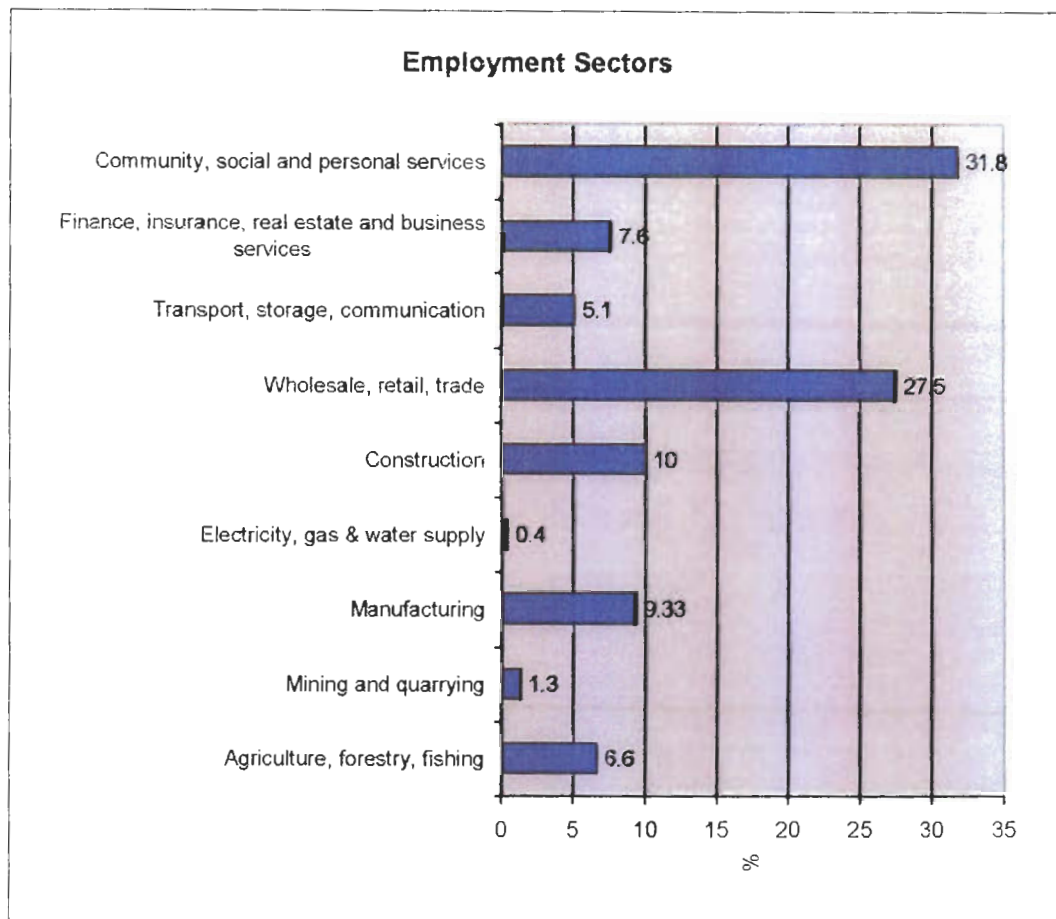
On Provincial and District level employment is dominated by the tertiary sector. Provincial and District trends are reflected in Matatiele Local Municipality where the public sector or community services accounts for the majority of specified jobs (31.8%). This sector is an unlikely base for employment expansion.

Wholesale and retail trade which are secondary activities constitute the second highest employment sector (27.5%), but it is doubtful whether this sector will expand significantly as commercial and business activities are confined to urban centres of Matatiele and to a smaller extent Cedarville. This limits the majority of the rural population from finding work in these sectors. Business activities in other areas are confined to rural supply stores and general dealers which do not contribute significantly to the employment levels in the district.

Primary activities namely agriculture, forestry and fishing only account for 6.6% of the jobs in the District, despite the fact that agriculture is the most dominant activity. It is

assumed that the subsistence nature of agriculture in the District is the reason why the sector does not reflect as a significant employment sector.

Employment Sectors



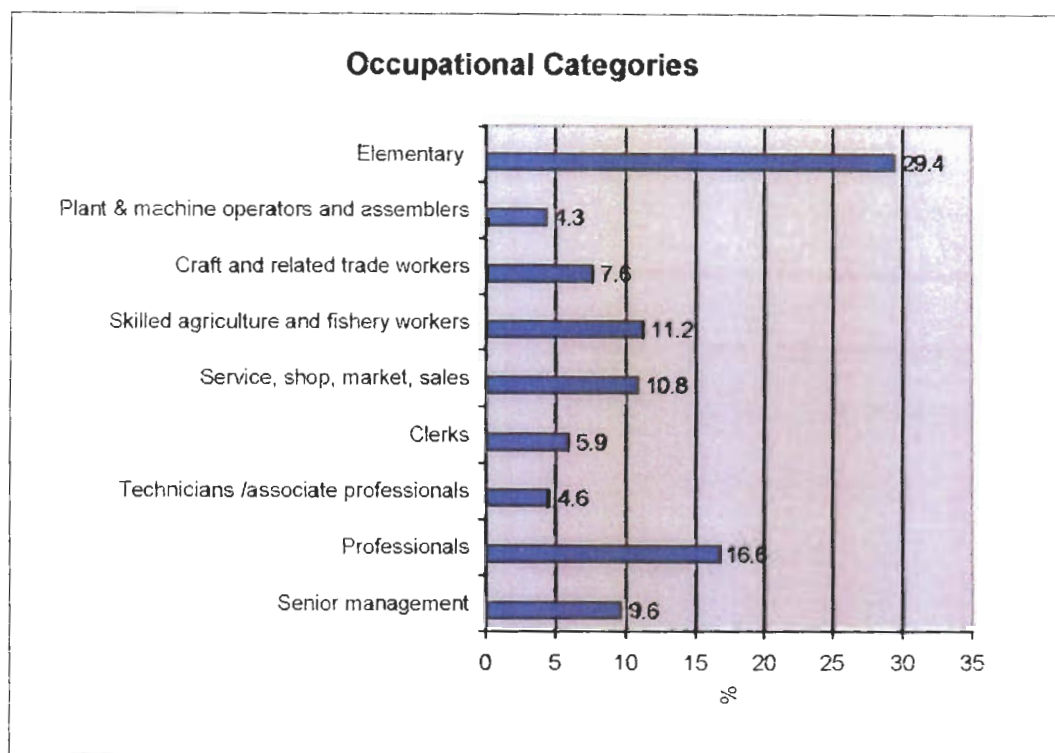
Source: Statistics South Africa: Community Survey 2007

The employment sector is dominated by elementary occupations (29.4%). Craft and related workers, service shop market and sales workers, and clerks jointly constitute 24.3% of the employment sector. Professionals, technicians and associate professionals and legislators /senior managers jointly constitute only 30.8 % of the employment sector.

This dominance of elementary and other low level occupations is testimony to the low skills base of the area. This is aggravated by an absence of tertiary educational institutions which contributes significantly to the low levels of graduates in the area. Consequently there is an acute shortage of skilled artisans, engineers, project managers, business management skills and technical skills in agriculture, tourism, forestry and environmental management.

The following table provides an overview of the occupational categories within Matatiele Local Municipality

Occupational Categories



Source: Statistics South Africa: Community Survey 2007

DEPENDENCY ON SOCIAL GRANTS

There is a high level of dependency on social grants. 80493 people or 31.3 % of the population are dependent on social grants which include the following;

- ⇒ Old age pension
- ⇒ Disability grants
- ⇒ Child support grants
- ⇒ Care dependency grants
- ⇒ Foster care grants
- ⇒ Grant in aid
- ⇒ Social relief

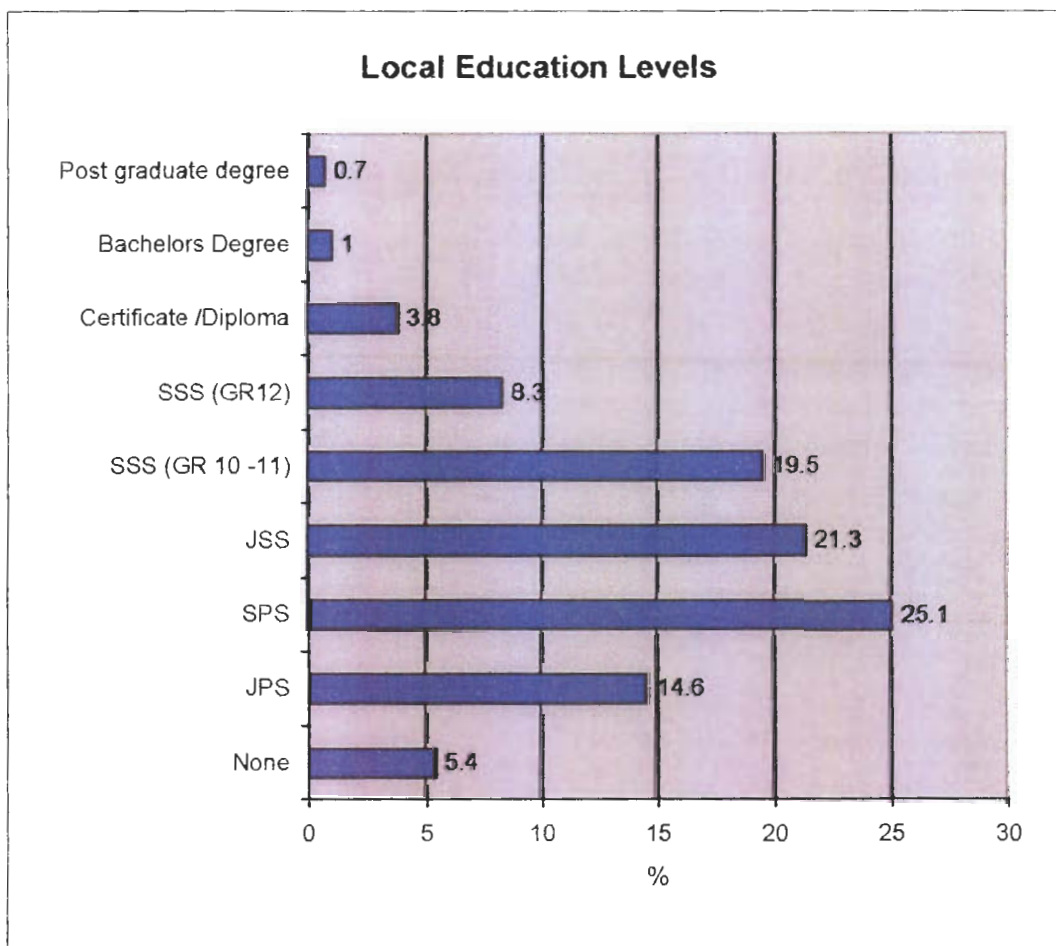
Child support grants and old age pensions respectively constitute 69% and 22.6% of the allocated grants. Only 1.3% of the population receives disability grants as compared to the 3.9% of the population who have a disability. Given the high poverty

levels, the Matatiele Municipality needs to facilitate a process to ensure that all potential beneficiaries of grants receive what they are entitled to.

EDUCATION

Matatiele Local Municipality is characterised by low education and literacy levels. 5.4% of the population has no education, while 39.7% has only some form of primary school education. Only 8.3% of the population has completed grade 12. Only 5.5 % of the population has attained any higher qualification. The following figure represents the highest levels of education attained by the population over 20 years of age as at 2007

Local Municipality Education Levels

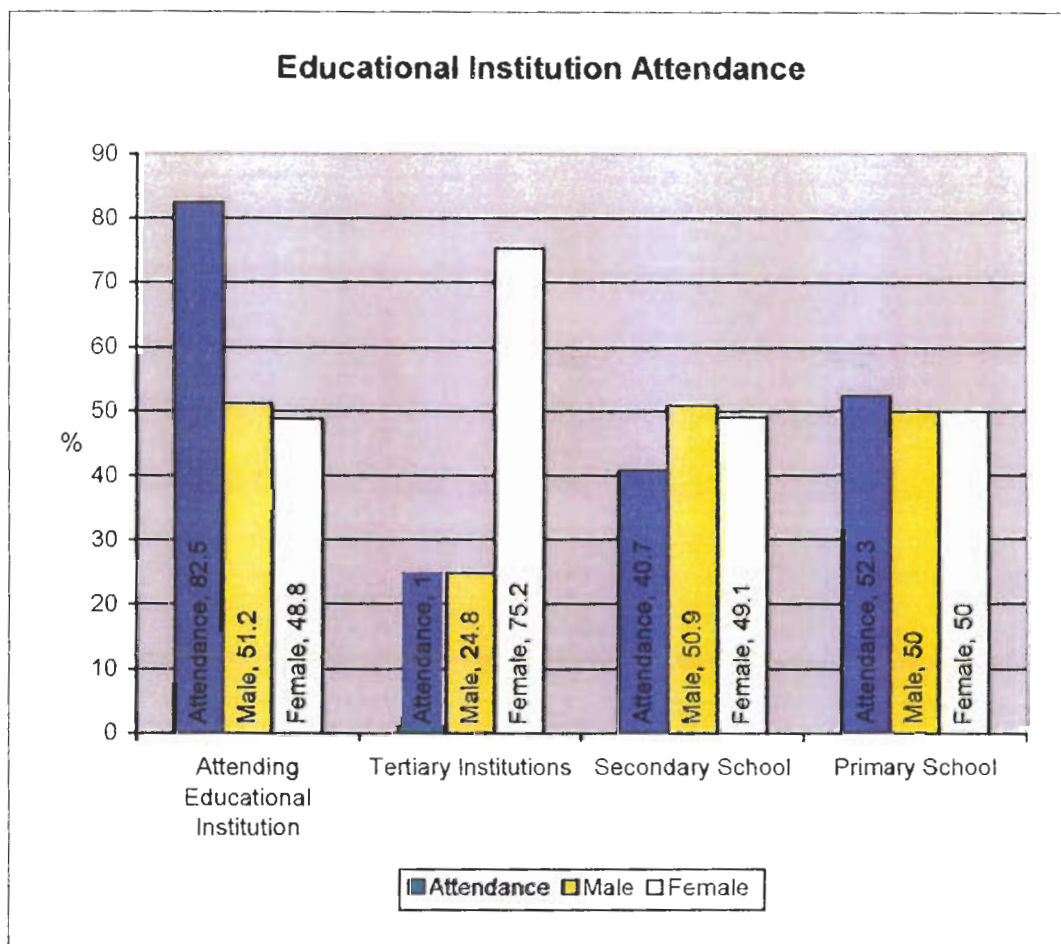


Source: Statistics South Africa: Community Survey 2007

The Statistics South Africa Community Survey of 2007 reveals that 82.5% of the Municipality's population between the ages of 5 and 24 years is attending some form of educational institution. Of these 40.7% are attending secondary school and 1% tertiary institutions. On school level there is a slight but consistent higher ratio of males in attendance than females, which in effect means that there may still be some

gender marginalization in terms of education on school level given that females constitute a higher percentage of the population. This trend changes noticeably on tertiary level where only 24% of the male population is attending tertiary institutions.

Educational Institution Attendance



The low skills and education levels as well as the shortage of critical skills within Matatiele warrant further analysis of the subject choice of secondary school learners. An analysis was done to establish what percentage of last years (2008) Grade 12's took mathematics and physical science as a subject. In terms of the new Outcomes Based Education (OBE) curriculum, learners are required to take either mathematics or mathematical literacy. Physical science is not compulsory but if taken must be taken with mathematics. According to the Department of Education Offices at Maluti, a total of 1681 learners were registered for Grade 12 throughout the District in 2008. A total of 1060 (63%) were registered for mathematics and the remaining learners (37%) were registered for mathematical literacy. 45.1% of learners were registered

for physical science¹. It appears that there is a concerted effort to encourage learners to take mathematics and physical science, but this is overshadowed by the appallingly low number of learners registered for grade 12. A comparison between the secondary school attendance figures from the Statistics South Africa Community Survey 2007 and the actual attendance figures reveal that less than 4% of secondary school learners are in Grade 12. It is too early to see the impact of the new curriculum on the education levels within the community, but it is hoped that it may contribute to improved education levels.

The Department of Education is responsible for Education services and is and is actively endeavouring to improve education facilities. Its priority areas include;

- ⇒ Eradication of mud structures
- ⇒ Schools that need fencing
- ⇒ Schools that need toilets
- ⇒ Schools that need major renovations
- ⇒ Schools that need water
- ⇒ Schools that need electricity

In the Matatiele Local Municipality area there are 235 educational facilities. Of these facilities there are 11 Junior Primary Schools, 59 Senior Primary Schools, 140 Junior Secondary Schools and 25 Senior Secondary Schools. In total, these educational facilities have 73 257 learners and 2 281 educators.

Although there appears to be an adequate number of primary education facilities in the district, there is a conspicuous lack of senior secondary schools with just over 10% percent of schools providing secondary level education. This is aggravated by poor access to these facilities. There are no tertiary education facilities which is a significant contributory factor to the low levels of graduates in the area and the low literacy and education levels in the area.

HEALTH

The Eastern Cape Department of Health is responsible for the provision of health services in the Municipal area. Health services incorporate awareness, prevention, curative and rehabilitative services.

¹ All results for 2008 are not out yet and this may impact on figures.

The following health care facilities exist in Matatiele;

- ⇒ 1 District Hospital (Tayler Bequest Matatiele Hospital)
- ⇒ 1 TB Hospital (Khotsong TB Hospital)
- ⇒ Maluti Community Health Centre
- ⇒ 17 Clinics
- ⇒ 2 Mobile clinics

Substantial inroads have been made in terms of the provision of health care facilities including;

- ⇒ The Khotsong TB Hospital has been upgraded to accommodate multi drug resistant (MDR) TB patients
- ⇒ The Maluti Community Health Centre which was constructed in 1978 is currently in process of being extended and renovated. Funding is provided on the Departments budget to continue with this project in the 2009/10 financial year
- ⇒ 12 of the clinics were originally mud structures which have been upgraded in the last few years.
- ⇒ There are an additional two clinics being built in Mparane and Madlangala.
- ⇒ All clinics are supported by Community Health workers and Clinic Committees and a number of clinic gardens have been established.

Other significant programmes of the Department include;

- ⇒ A ISRDP in the Maluti sub-district which aims to eradicate poverty in the Masupa and Madlangala areas together with other sector Departments
- ⇒ Saving Mothers Saving Babies Project
- ⇒ Integrated nutrition programme

There remain significant challenges in the provision of health services including;

- ⇒ The provision of facilities falls short of the Departments desired norms of providing all inhabitants of the municipality with access to at least a primary health care facility within a radius of 5Km that has the capacity to serve between 8000 -12000 people. This is largely attributable to the rural nature of the area.
- ⇒ All facilities are short staffed and the vacancy rate is on average 60%. This is attributable to a high staff turnover and a lack of suitable affordable accommodation for staff
- ⇒ The District Hospital has 200 beds, but no outpatient, casualty, trauma or

maternity sections.

- ⇒ Clinics are unable to render the full range of services at this stage and many are hampered by a lack of communication with no telecommunication network within the area.
- ⇒ Some clinics are underutilized and this is primarily attributable to the perception that the aim of clinics is to provide curative and not preventative services.

HIV /AIDS PREVALENCE

HIV/AIDS continues to pose a major challenge for the people of South Africa and the Eastern Cape. The HIV/AIDS prevalence in the Alfred Nzo District is estimated to be 26%.²

According to the Department of Health, the HIV/AIDS infection rate has stabilised in the District. HIV/AIDS nevertheless remains a challenge and the Department is actively concentrating on the management of antiretroviral treatment of infected people. There is a high level of TB in the region which is commonly associated with HIV/AIDS and the Department is also focusing its attention on the management of TB

Although the primary health care facilities offer HIV/AIDS testing and counselling services, there is a shortage of ARV treatment sites with Mount Ayliff Hospital being the closest site in the District.

Municipal planning must take cognisance of the needs of people infected and affected by HIV/AIDS. The Municipality has established a Local AIDS Council.

2.3 SPATIAL ANALYSIS

This paragraph provides an analysis of spatial and household data.

HOUSEHOLDS

According to the Statistics South Africa Community Survey 2007, there are 54208 households in Matatiele Local Municipality. According to a study conducted by the Alfred Nzo District Municipality to determine water and sanitation backlogs there are

² Source Macro Social Analysis – Eastern Cape Perspective

67954 households in Matatiele Local Municipality. The latter is deemed correct for purposes of this report.

SETTLEMENT PATTERNS

The Municipality is predominantly rural and the majority of the population reside in rural areas. The majority of land is covered by dispersed low density traditional settlements, with the exception of some areas in the North and North East of the Municipal area. There are three urban centres. The primary urban centre is Matatiele and secondary urban centres are Maluti and Cedarville.

TENURE AND LAND OWNERSHIP

According to the Statistics South Africa Community Survey 2007, 62.1% of the Matatiele population own their homes. This is just over par with the District norm of 60% and under par with the Provincial norm of 63%.

Although tenure challenges are less significant in Matatiele Local Municipality compared to the remaining areas of the District, the Municipality still faces potential challenges in terms of security of tenure as a result of the nature of the traditional settlements which constitute the majority of the district. Traditional settlements are primarily subject to traditional forms of tenure such as PTOs (Permission To Occupy Certificates), 99 year leases and quitrent arrangements. These provide little in the form of secure tenure as it is understood in urban centres, where ownership by title deed is the norm. However, the traditional laws and community structures ensure that each household that has recognized membership of the community has the right to obtain access to household and arable land. Widows do not lose their homes and arable lands upon the death of their husbands.

There is a high prevalence of rural community land claims which are being processed very slowly due to the complexity of the history and current socio-political relationships prevalent amongst land claimant groups. Another factor is that there is a dire shortage of alternative land near enough to claimant communities as almost all land has land right allocations in place, some of them of very long standing. The prevalence of land claims has a crippling effect on the development opportunities and economic opportunities in the District and hampers housing delivery. This is, in part, due to the Land Restitution legislation that makes it very difficult, if not impossible, to legally undertake developments on land under claim.

The Provincial Land Reform Office of the national Department of Land Affairs has recently completed the Area Based Planning Project that has identified the distribution of State Land, land under claim and other forms of tenure. This information will soon be available to the District and Local Municipalities for use in planning.

HOUSING DEVELOPMENT

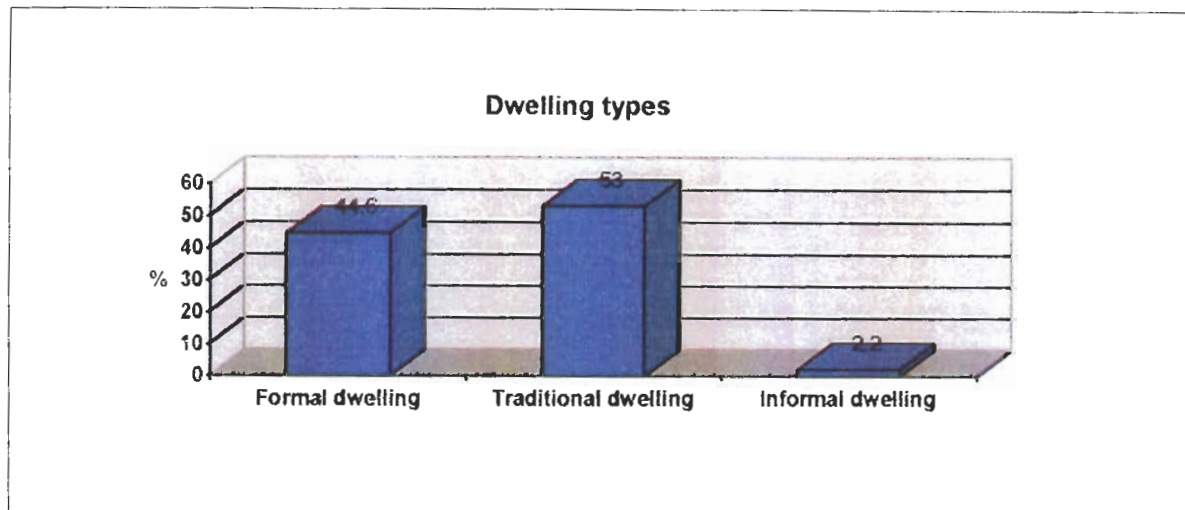
The majority of Matatiele's population reside in traditional dwellings that are made of traditional materials (53%). 44.6 % have formal dwellings such as a house, flat in block town house cluster. There appears to be a low prevalence of informal backyard and squatter community dwellings (2.2%)

The primary reason for this is that rural people have always been responsible for building their own homes and until recently, housing grants were not available to rural households. Rural communities have, through force of circumstances, become self sufficient in the matter of housing provision. Rural communities have indicated in some instances that they would prefer to have a grant to upgrade their existing dwellings, in which they have already invested resources, rather than have new, very small houses that are inadequate for their needs.

Other factors that are not taken into account by urban planners are:

- ⇒ Rural households preference for dispersed households with gardens, kraals and other household amenities not required by urban dwellers
- ⇒ Traditional homes are energy and resource efficient, as well as being environmentally friendly.
- ⇒ Traditional homesteads are structured to take into account cultural practices such as multi-generational families and polygamy.
- ⇒ Many urban dwellers retain rural homes in their villages of origin that provide accommodation for the extended family and dependents.

Dwelling types



The provision of formal housing for low and middle income residents is a core function of provincial and national government, with local municipalities being implementing agents.

There were two urban housing projects in the Matatiele Local Municipality over the past financial year.

- ⇒ The TO6 project was completed and closed in the 2008 financial year but has not been electrified.
- ⇒ The Harry Gwala project is in the process of completion and constitutes 583 housing units at various stages of completion. This project will roll over into the 2009-10 financial year

Three rural projects of 300 houses each are planned for the Matatiele rural areas in the 2009-10 financial year.

It can be deduced that there is a housing backlog based on the percentages of people still living in inadequate or poorly maintained traditional dwellings and informal settlements. There is also a need for rural housing grants, rather than rural housing projects as, in rural areas, people have houses, some of them very good houses, which do not need replacement.

2.4 BIOPHYSICAL ENVIRONMENTAL ANALYSIS

TOPOGRAPHY

The district is characterised by a deeply incised topography and comprises a plateau which falls within the Umzimvubu River Basin, which ranges from 800 to 1400 metres above sea level and a high plateau leading to the Drakensberg Mountains which ranges between 1500 and 2200 metres above sea level. The terrain is mountainous with steep valleys of the Tina, Kinira, Umzimvubu and Mzintlava Rivers. The northern areas below the escarpment have extensive palustrine wetlands (wetlands that are not connected to any river).

The topography poses a multitude of challenges to development as accessibility is limited and settlement has taken place in a dispersed fashion to take into account the landscape variables. Most rural villages are situated along ridges that fall away steeply on two sides into deep river valleys.

CLIMATE

Summer months are warm with winter months being cold with snow in high lying areas. The average minimum temperature ranges from 7 to 10 degrees centigrade in winter and 18 to 26 degrees centigrade in summer. The annual rainfall of the area is 633mm per annum. The area falls within the summer rainfall area (October to March). Matatiele experiences climatic extremes in the form of storms, tornadoes and floods which have resulted in have resulted in soil erosion and deep crevices.

GEOLOGY AND SOILS

In terms of a District study conducted by the Agricultural Research Council (ARC), soils are mostly red-yellow apedal freely drained soils. The duplex and dispersive soils found widely in this area are subject to severe erosion. The shales and mudstones have thin topsoil of very poor quality and with little nutritive value for the production of crops. The dolerite intrusions, characterised by their dark red soils, provide the best cropping lands due to their high levels of iron and other minerals.

The geology and soils of the District exhibit the following characteristics;

⇒ Cape Super Group

The succession of the Cape Super Group rocks allows the identification of three groups, namely the Witteberg Group – quartzites and subordinate

shales, the Bokkeveld Group – shales, flagstones and sandstones, and the Table Mountain Group – thick unfossilised grits with scattered pebbles.

⇒ Red, yellow and grey soils

The majority of soils occurring in the Alfred Nzo District are of about the same age, derived from similar parent material, and occur under similar climatic conditions but with different characteristics due to variation in relief and drainage. The area is characterized by red, yellow and grey shales with red and yellow ochres occurring concurrently. The red soils usually occur on the higher lying, well drained sites, the yellow soils with plinthic (mottles or iron concretions) subsoils on moderately well drained sites; the grey soils with plinthic subsoils on somewhat poorly drained, low lying sites; the dark coloured gleyed soils in poorly drained bottomland areas. In most areas the topsoils are very thin with the shales underlying them becoming exposed when erosion occurs.

⇒ Duplex and paraduplex soils

The widespread erosion found in the Alfred Nzo District is in large part due to the widespread occurrence of duplex and paraduplex soils. These are characterized by soils with topsoils that differ markedly from the subsoils in texture, structure and consistency, e.g. a relatively coarse-textured, soft, structure-less topsoil overlying relatively clayey, slowly permeable, strong structured subsoil. In duplex soils the topsoil always overlies the subsoil abruptly, whereas in paraduplex soils an abrupt transition between top soil and sub-soil is not present. The soil process taking place implies a downward movement of clay into the subsoils, causing colour variations and a higher clay content, manifested as prominent clay cutans.

Duplex soils are prone to erosion due to the weak structure of the soils that break down rapidly when exposed to the weather. Tracks formed by people, animals and sledges, ploughing on unsuitable soils and poorly designed road drainage systems are the three major ways in which duplex soils are opened up enabling rapid erosion to take place.

⇒ Weakly developed soils on rock (lithosols)

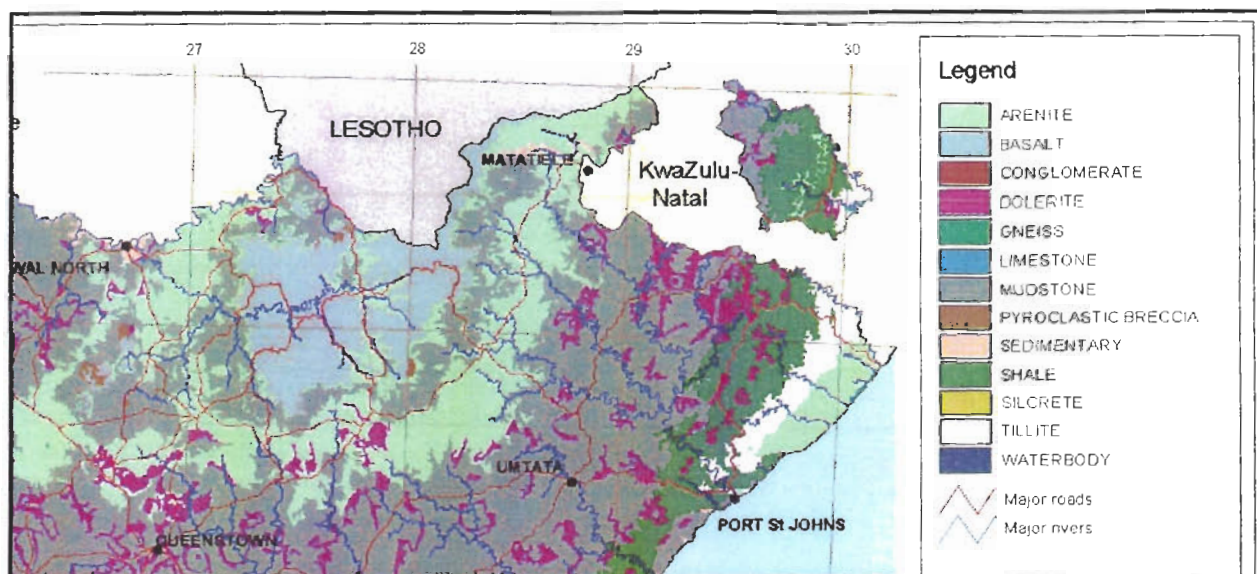
The dominant soils of this association exhibit a profile consisting of only topsoil overlying rock or weathered rock. They are therefore shallow and in

texture resemble the rock from which they have originated (e.g. shale yields loamy to clayey soils, and granite, sandstone and quartzite sandy soils). Dominant soil forms are Mispah, Glenrosa, Mayo and Swartland (where shale or granite are the parent material), or Cartref, Houwhoek, Groenkop and Jonkersberg (where sandstone or quartzite are the parent material)

⇒ Dolerite

There are numerous dolerite intrusions in the form of dikes and sheets. These contain large boulders that break down upon exposure into an iron rich red soil that is highly prone to water erosion. In terms of road construction, dolerite becomes extremely slippery when wet and may cause roads that are not properly constructed to become impassable during the wet.

Geological Map of Alfred Nzo District (including Matatiele)



VEGETATION

The rolling hills are characterized by grassland and patches of valley thicket and forest on the steep valley slopes and river valleys. Subtropical transitional thicket, traditionally known as valley bushveld, occurs on the steep sided river valley slopes. On the plateaus and mountain tops, the vegetation is predominantly grassland, specifically Eastern Cape Sourveld and Ngongoni veld types.

The vegetation types of the District are as follows;

⇒ Subtropical Thicket/Valley Bushveld

Thicket is a dense formation of evergreen and weakly deciduous shrubs and low trees (2–5m), often spiny and festooned with vines. It is often almost impenetrable, is generally not divided into strata, and has little herbaceous cover. Thicket has a rich flora, conservatively estimated at about 1 600 species, 20% of which are endemic to the Subtropical Thicket Biome (Vlok et al. 2003). Drier forms harbour a large biomass and diversity of succulents, including arborescent forms of *Aloe* and *Euphorbia*. A hallmark of thicket is the absence or low cover of grass. Consequently, unlike savannah, fire is not a component of the thicket disturbance regime, although thicket clumps in fire-prone matrices (thicket mosaics) are fire-affected (Trollope 1974, Manders et al. 1992, Cowling et al. 1997).

Vlok et al. (2003) assigned their thicket types to a Subtropical Thicket Biome, associated physiographically with the non-seasonal rainfall and largely frost-free zone between the Great Escarpment foothills and coast in southern and south eastern South Africa. The dense, intertwined and spiny nature of the tree and shrub communities prevents easy movement through the vegetation. Many species are deciduous during the winter but species like *Boscia albitrunca*, *Euclea crispa*, *E. schimperi* and *Olea europaea subsp. africana* remain evergreen. Acacia species such as *Acacia robusta*, *A. karroo*, *A. nilotica*, *A. tortilis*, *A. gerrardii* and *A. ataxacantha* are common. A major contributor to the problem of bush encroachment is *Acacia tortilis*, and this species forms dense thickets, particularly on abandoned lands at lower elevations.

The climax grasses are *Themeda triandra var. trachyspathea*, *Heteropogon contortus*, *Bothriochloa insculpta*, *Setaria incrassata* (the latter two on black clays) and *Cymbopogon plurinodis*. In the shade the dominant grasses are *Panicum maximum* and *P. deustum*. Subclimax grasses include *Eragrostis curvula*, *E. chloromelas*, and *Digitaria spp.* Species found in the severely overgrazed areas are *Aristida congesta*, *A. diffusa*, *Chloris virgata*, *Melinis repens*, *Traquus beteronianus* and *Urochloa mosambicensis*.

⇒ Southern Mistbelt Forest

Southern Mistbelt Forest patches are usually found in fire-shadow habitats on south and southeast facing slopes along the escarpment at altitudes spanning

850 - 1600 m (most patches are between 1000 -1400 m). , Podocarpus species (yellowwoods) are common, together with a number of other forest emergents. Trees that are commonly found in the bush clumps and forests include the following: *Trimeria grandifolia* (wild mulberry), *Combretum kraussii* (forest combretum), *Rapanea melanophloeos* (Cape beech), *Cryptocarya woodii* (Cape laurel), *Xymalos monospora* (lemonwood), *Halleria lucida* (tree fuschia), *Cussonia spicata* (cabbage tree), *Harpephyllum caffrum* (wild plum), *Apodytes dimidiata* (white pear), *Syzygium cordatum* (water berry). These forests are extremely rich in species, including a number of undergrowth forest grasses which, while remaining nutritious and palatable during the winter, but provide relatively little grazing due to their sparse growth habit.

This vegetation type is classified as least threatened. Some 8% is statutorily conserved (including forests under DWAF jurisdiction) in the Eastern Cape. About 5% has been transformed by plantations. Invasive aliens, uncontrolled harvesting of timber, poles and fire wood, over exploitation of non-timber forest products, and mismanagement of fire and burning regimes in surrounding grasslands are considered major threats.

⇒ Ngongoni Veld

Ngongoni Veld is found in the District at altitudes ranging from 400 - 900 m. This veld is sour. It will support animal growth only during the summer months, after which it loses quality and its acceptability to grazing animals. Today much of the vegetation of the Moist and Dry Ngongoni Veld has been disturbed and very little veld in this region remains in good condition as excessive grazing has converted much of the veld into a degenerate, *Aristida junciformis* ngongoni dominated community. In this state, its productive capacity is extremely low. Animals must search between the ngongoni tufts for acceptable forage from such species as *Eragrostis curvula* (weeping lovegrass), *Sporobolus africanus* (mtshiki) and *Hyparrhenia hirta* (common thatchgrass), none of which are particularly useful forage species, except in spring.

The Moist and Dry Coast Hinterland Ngongoni Veld lies inland and are characterized by rolling grass-covered hills, interspersed with patches of forest or bush clumps. Elevation ranges between 450 m and 900 m. At lower

elevations the grasslands are intersected by bushed river valleys, while at higher elevations they intrude into the valleys between ridges occupied by other vegetation types.

With poor grazing management veld is not invaded with ngongoni but rather becomes dominated by the "mtshiki" species. In this state the veld has a higher grazing capacity than degraded ngongoni veld. Less than 1% of this vegetation type is statutorily conserved and some 39% has been transformed by cultivation, plantations and urban development.

⇒ Drakensberg Foothill Moist Grassland

Drakensberg Foothill Moist Grassland is found on the higher lying areas in the District at altitudes ranging from 880 - 1860 m. Though currently classified as least threatened, only 2 to 3% is statutorily conserved and almost 20% is already transformed by cultivation, plantations and urban sprawl. Alien woody species including *Rubus*, *Acacia dealbata* and *Solanum mauritanum* may become invasive in places. This grassland owes its very existence to the regular fires which have apparently occurred here for many years. It seems that it is defoliation by fire, rather than by grazing, which has maintained these grasslands. In a pristine state these grasslands are dominated by *Themeda triandra* (redgrass), but are extremely sensitive to even a moderate grazing pressure.

Where veld, in either benchmark or degenerate condition, remains undefoliated for any length of time, tall forest margin grasses such as *Cymbopogon validus* (turpentine grass), *Miscanthus capensis* (East-coast broomgrass) and tall species of *Hyparrhenia* invade, together with forest precursor shrubs such as *Leucosidea sericea* (ouhout), *Buddleja salviifolia* (sagewood) and others, and autumn forbs (Berkeya species and others).

⇒ Coastal Hinterland Thornveld

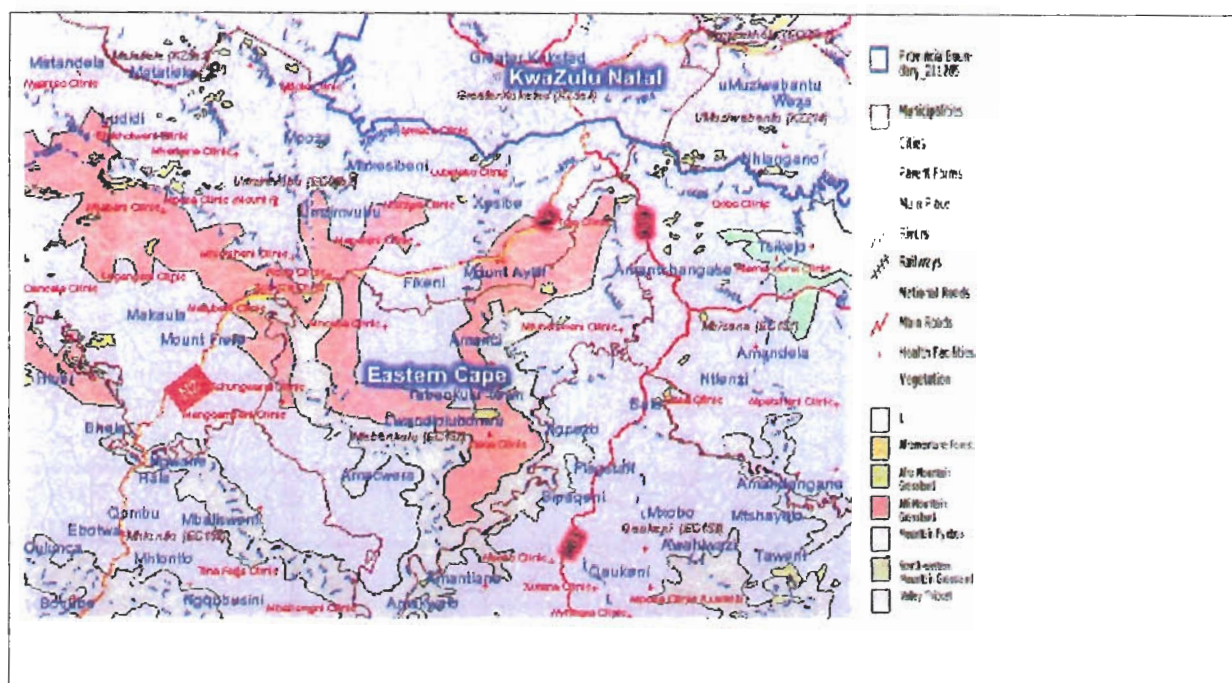
The Coast Hinterland Thornveld is found at the upper margins of river valleys, adjacent to grasslands and thicket and is a secondary veld dominated by Acacia species which have expanded into the Dry Ngongoni Veld from the valley vegetation. It occurs in the major river valleys. The Coast Hinterland Thornveld is a secondary veld which, before major disturbance occurred,

would have been an Acacia wooded grassland and woodland. The dominant vegetation patterns now are wooded grassland, woodland, bushed grassland and bushland thicket. The original woodland was dominated by Acacia sieberiana but much of it has been encroached by species such as Acacia karroo, A. nilotica, Ziziphus mucronata, Maytenus heterophylla, Brachylaena elliptica, Erythrina latissima, Cussonia spicata, Aloe candelabrum, Euphorbia ingens, Rhus pentheri, Grewia occidentalis and Ehretia rigida

⇒ Highland Sourveld

Highland Sourveld occupies the high lying foothills and eastern slopes of the Drakensberg range and also occurs in isolated high-lying plateau areas. The Highland Sourveld may be divided, according to rainfall, into moist and dry regions. Exact boundaries are difficult to delineate. The mean annual rainfall in the drier regions of the Highland Sourveld is approximately 150 mm less than that of the moist region. In the drier regions, rainfall is less reliable and the rains start later in the year. Subsequently, grass growth may be delayed until October, while in the moist regions grass growth normally commences during September. This results in a lower dry matter production, and therefore a lower grazing capacity, than the moister regions of the Highland Sourveld. The vegetation may be described as low, closed grassland, with the grasses seldom reaching a height in excess of 0.5 m. Fire has played a major role in maintaining the area as a grassland. Grazing also plays a role here, and it is through the interacting effects of fire and grazing that the Highland Sourveld remains a grassland suited to extensive livestock production. However, the incorrect use of fire, and poor grazing practices, often reduce the livestock production potential of the veld. Extensive forest patches in the Highland Sourveld are usually found on the moister south-facing slopes. Common trees in these forests include Podocarpus species (the yellowwoods), Olinia emarginata (mountain olinia), Diospyros whyteana (bladder nut), Calodendrum capense (Cape chestnut) and Celtis africana (white stinkwood) among others.

Vegetation Map of Alfred Nzo District (including Matatiele)



2.5. INFRASTRUCTURAL AND SERVICES

WATER AND SANITATION

The Alfred Nzo District Municipality is the Water Services Authority (WSA) for the Matatiele Local Municipality area of jurisdiction. The District Municipality has developed a WSDP that covers the 2008/2009 to 2012/2013 financial year which is updated annually.

A recent survey by the District Municipality aimed to establish RDP standard water and sanitation backlogs and the following table provides an indication of existing backlogs together with the estimated costs of achieving the desired standard.

Water and Sanitation backlogs

Description	Water Supply	Sanitation
Total number of households	67,954	
H/H served to RDP std	24485	10292
H/H to be served	43469	57662
Backlog (RDP standard)	36 %	15%

Cost per H/H	R 6, 000	R3, 500
Total Capital required	R260 814 000	R201 817 000

The backlog of RDP standard water provision in Matatiele is therefore 36% and the backlog of RDP standard sanitation is 15%.

Waterborne sanitation is only provided in urban areas. Toilets in rural areas comprise VIP latrines and the bucket system has been totally eradicated. The District Municipality has a rural sanitation programme in place and believes that sanitation targets for 2010 will be met.

Communities in rural areas are still highly dependent on undeveloped water sources and there remains a challenge in meeting the water demand, due to source identification.

ROADS AND STORMWATER

The provision and maintenance of roads covers the functional areas of the Department of Roads and Transport, the District Municipality and the Matatiele Local Municipality

The Department of Roads and Transport establishes and maintains National and Provincial roads. It also contributes to economic upliftment of the area through EPWP Programmes.

The Department has allocated R 8, 00 million for roads in Matatiele on its 2009/10 budget. During the 2008/09 financial year it also provided funding for a number of EPWP Programmes which provided work opportunities for 892 people of Matatiele.

The Primary access road which traverses the district is the R56 from Kokstad to Maclear. The condition of the R56 is poor. Other roads of importance are the roads that link the Matatiele area with Lesotho. These roads are particularly important for the development of agriculture and tourism in the area. Currently access to Lesotho is obtained through the Ongeluksnek, Quachasnek or Kholweni Border posts. All access roads to these Border Posts from the Matatiele area are gravel roads, which are not conducive to the economic development of the area.

The District Municipality is responsible for the maintenance of about 130 Km of rural access roads throughout the District. The maintenance of other access roads is performed by Matatiele Local Municipality who are responsible for maintaining roads within the Municipal area and ensuring that storm water is effectively managed

The Municipality does not have a roads infrastructure, storm water or pavement management system and maintenance is carried out as and when required.

PUBLIC TRANSPORT

Despite some investments in new roads and maintenance there remain local communities who are isolated and disconnected due to poor road infrastructure. This has significant consequences in terms of local economic development as well as service delivery, especially accessibility to emergency ambulance services.

Transport whether motorized or non-motorized faces many challenges within the Municipal area. These can be summarized as follows:

- ⇒ Poor conditions of roads
- ⇒ Inadequate pedestrian signs and markings and off loading areas especially within the few urban areas
- ⇒ Limited traffic calming measures within areas of high accidents
- ⇒ An absence of traffic lights, especially at major intersections
- ⇒ Unavailability of adequate public transport facilities especially for the disabled
- ⇒ Lack of cooperation between public transport operators and the municipal authorities
- ⇒ Lack of institutional capacity at Local and district Municipal level to manage transport planning and implementation
- ⇒ Outdated/non-existent information at the taxi registrar
- ⇒ Lack of pedestrian and non-motorized transport facilities

During the 2008/09 financial year, the Department of Roads and Transport did initiate some rural transport initiatives including

- ⇒ The Shova Kalula bicycle project which benefited a number of schools in the District
- ⇒ The AB 350 which established 16 busses on various routes in Matatiele
- ⇒ Scholar transport was operated by a number of schools in the Municipal area.

ELECTRICITY AND ENERGY

ESKOM is the licensed distributor of electricity in the majority of the municipal area with the exception of the town of Matatiele where Matatiele Local Municipality is the licensed distributor.

According to statistics provided to ANDM by ESKOM, it is estimated that only 25% of households in the District have access to electricity and that the backlog for the whole District is 75% which translates to approximately 95 000 households.

The electrification of housing by Matatiele Local Municipality is ongoing, but not at the desired pace, primarily because national demand for electricity has outstripped the available supply which is having a negative impact on meeting the set targets.

Consequently the Statistics South Africa Community Survey 2007 indicates that the community is heavily dependent on alternative energy sources with 62% of the community relying on an alternate source for lighting, 86% for heating and 75% for cooking.

TELECOMMUNICATION

According to the Statistics South Africa Community Survey 2007, only 30.1% of the population have a telephone or cellular phone, the latter being the most popular. The majority of the area has poor or no network coverage. Mountainous areas are particularly problematic. This lack of network was identified by the Department of Health as being a critical challenge which hampers the effective functioning off their clinics.

COMMUNITY SERVICES AND FACILITIES

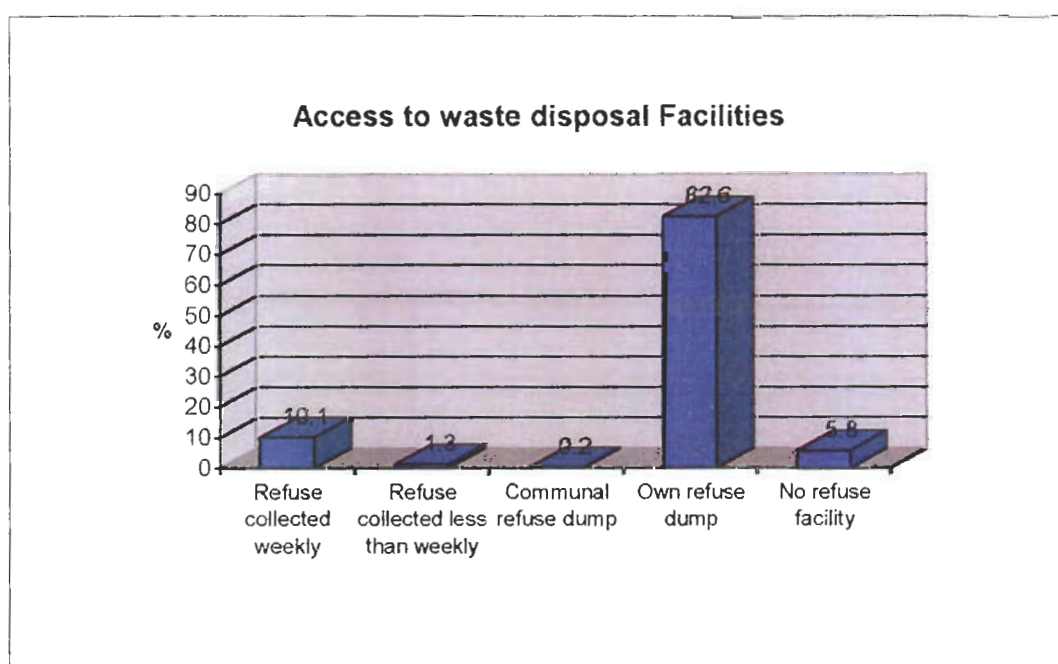
SOLID WASTE MANAGEMENT

According to the Statistics South Africa Community Survey 2007, only 10.1% of households in Matatiele have access to a weekly refuse removal service. 82% of households make use of their own refuse dumps which implies a high level of indiscriminate dumping and little regard for the impact on the environment.

The Matatiele Local Municipality is responsible for waste management in their area of jurisdiction. The Municipality collects household refuse from all three urban areas on a weekly basis, but provides no rural service.

A newly developed and licensed waste disposal site came into operation in Matatiele in 2008. This site has the capacity to accommodate all the waste from the urban areas for at least the next 15 years. There is also an unlicensed site in Cedarville which is not designed or operated according to DWAF's minimum requirements. Operation of the new site has been contracted out and the contract makes provision for the closure of old landfill sites.

Access to waste disposal Facilities



The Alfred Nzo District Municipality commissioned the development of an Integrated Waste Management Plan for the District in 2005 which aimed to resolve its waste related challenges. A critical limitation that occurred during this study was the revised demarcation of the municipal boundaries which resulted in the Matatiele / Cedarville area being excluded. This plan is currently being revised to include these areas and is due for completion in March 2009. MLM is also in process of introducing an integrated waste management system that includes a recycling component that will contribute to local economic development and cleaning of the environment.

DISASTER MANAGEMENT

The District Municipality is responsible for the provision of Disaster Management and Fire Services in the District. The Municipality has a Disaster Management plan in place to effectively manage disasters which stem primarily from natural causes (tornadoes, storms and winds etc). Services are rendered from the central disaster management centre in Mount Ayliff and a satellite centre in Maluti which serves the Matatiele Local Municipality.

PUBLIC, SOCIAL AND RECREATIONAL FACILITIES AND AMENITIES

The provision of sports and recreational facilities has been directly associated with the development of a healthy society and plays an important role in the development of our youth. The high levels of youth within the community warrant that specific attention be given to the development of sport and recreation initiatives by all Municipalities and the within the district and the Provincial Department of Arts, Culture, Sport and Recreation.

There are 3 formal sport stadiums with limited facilities in the urban areas which are in use by the community. All facilities are maintained as and when required, but require upgrading

There are approximately 9 Community halls within the Municipal area that are availed for use by the community. The condition of the majority of these facilities is fair.

Municipal cemeteries satisfy the existing service demand but there is urgent need to expand current capacity and ensure that all communities have access to adequate burial facilities. Cemeteries also need to be secured in order to ensure preservation of heritage and prevent vandalism of graves and tombstones

LIBRARY FACILITIES

Library services are a provincial competency that is frequently performed on an agency basis by local municipalities. Matatiele has two libraries; one in Maluti and one in Matatiele. The library in Maluti is an institutional library and is owned by the Department of Education. The library in Matatiele is a public library which is managed by the Matatiele Local Municipality in terms of a service level agreement with the Province. There is no library service in rural areas.

COMMUNITY SAFETY

In the past, crime prevention and by implication community safety was the exclusive domain of the SAPS. The 1996 Constitution introduced a fundamental change to the role played by municipalities in the management of crime and safety in South Africa, by requiring of them to provide a safe and healthy environment for the communities within their areas of jurisdiction. The South African Police Service Act as amended made provision for the establishment of municipal police services and community police forums and boards.

Crime has the potential to impact negatively on the local economic development of the Municipal area, and for this reason it is imperative that the Municipality play an active role in ensuring the safety of their community. As in all areas the Matatiele Municipal area is also affected by crime. An analysis of crime tendencies at the three urban police stations revealed that the following crimes are most common:

- ⇒ Assault (GBH)
- ⇒ Burglary at residential premises
- ⇒ Stock theft
- ⇒ Other theft
- ⇒ Shoplifting

It was also noted that crime incidents are highest in Maluti and lowest in Cedarville

2.6. ECONOMIC GROWTH AND DEVELOPMENT ANALYSIS

LOCAL ECONOMIC OVERVIEW

High unemployment and poverty levels in the Municipality result in low affordability levels which in turn manifest in low levels of investment, development and service delivery and underutilization of development opportunities. There is an urgent need for major new private sector investments to create jobs and improve livelihoods in area.

Matatiele has a limited and almost non-existent industrial economy and there is a high dependency on primary economic activities. The predominantly rural nature of the area limits commercial and business development. Business activities in rural areas are confined to rural supply stores and general dealers. Commercial and business development in the area is confined to the urban centres of Matatiele and to a smaller extent Cedarville. More substantial commercial and businesses activities

are restricted to Kokstad which falls within Kwazulu Natal which means that a substantial portion of the Matatiele Community's income is not even being reinvested into the Province.

Matatiele is well vested with natural resources which have significant economic potential including;

- ⇒ Agriculture (crop production, fruit production, livestock farming)
- ⇒ Tourism (nature reserves, arts, crafts, scenery, wildlife, wetlands, cultural heritage)
- ⇒ Fishing (dams and rivers)
- ⇒ Forestry and value chain additions
- ⇒ Water resources for development.
- ⇒ Small scale mining

Development in the Municipal area is limited as a result of backlogs in social and economic infrastructure. Although the natural resources of the area provide the basis for socio economic development, it is well-planned, prioritised and strategic infrastructure investments that will promote social development, and stimulate sustainable economic growth.

In terms of economic infrastructure development priority interventions include;

- ⇒ Upgrading airstrips at Matatiele and Cedarville
- ⇒ Revival of the district rail network from Matatiele to Franklin, Gauteng and Durban
- ⇒ Factory space
- ⇒ Trading and business premises
- ⇒ Tourism infrastructure
- ⇒ Irrigation and other farming infrastructure
- ⇒ Energy infrastructure
- ⇒ Telecommunications (fixed line and cellular) infrastructure

SECTORAL OVERVIEW

Based on existing economic activity, market opportunities and present resources, assets and skills bases the sectors offering the most significant potential include:

- ⇒ Agriculture (crop production, fruit production, livestock farming)
- ⇒ Forestry and value chain additions

- ⇒ Tourism (trout and other freshwater fishing, arts, crafts, scenery, wildlife, wetlands, cultural heritage)
- ⇒ SMME and Cooperative development
- ⇒ Small scale mining
- ⇒ Trade and Business Services

AGRICULTURE

Agriculture is the main economic activity in the Municipal area. Currently it is a limited base for economic expansion due to the fact that the majority of farming is traditional subsistence farming. There are some commercial farming activities in the Cedarville area.

The area has favourable conditions for the development of the agriculture sector and it is critical to assess the potential of this industry and devise methods of exploiting this untapped potential. Substantial input will be required in terms of education, training, management, marketing and the development of linkages.

The Department of Agriculture has the following programmes in the Municipal area;

- ⇒ Siyazondla Homestead Food Production (Green revolution)
- ⇒ Siyakhula Step Up Food production Programme
- ⇒ Massive Food programme
- ⇒ Mechanisation Conditional Grant Scheme
- ⇒ Mechanisation Conditional Loan Scheme
- ⇒ Eastern Cape Communal Soil Conservation Scheme
- ⇒ Land Care Programme
- ⇒ Soil Conservation Scheme
- ⇒ Comprehensive Agriculture Support Programme
- ⇒ Farmer Organisation Development
- ⇒ Eastern Cape Livestock Production Improvement
- ⇒ Livestock production Improvement Programme

Predominant agricultural activities in the area include livestock farming and crop farming.

LIVE STOCK FARMING

Adequate good quality grazing makes the area suitable to livestock farming and animal husbandry. Cattle, sheep and goat farming are the most predominant. Much of this farming is small scale and provides low incomes compared to commercial livestock farming elsewhere in the Province.

Livestock farming is being supported by the Provincial Department of Agriculture through its programmes. In rural areas livestock is culturally important and act as savings/investments rather than for cash income and one of the main challenges is to increase income from communal livestock farming.

CROP FARMING

Rainfall, soil quality and the availability of water resources make area suitable for agricultural production. Dry land farming is generally of a subsistence nature, and there are large tracts of uncultivated arable land. There is very good potential for maize, sorghum, wheat, sunflower, hemp, beans, vegetables (cabbages, potatoes, butternut, green pepper and spinach), and deciduous fruits (peaches & apples). In particular, the (titled) Ongeluksnek farms (north of Matatiele) are ideal for large-scale fruit and vegetable production.

FORESTRY

The National government ASGISA programme has identified forestry development as a key pillar to achieving the economic growth and development targets, and has prioritized forestry as a key sector for support across all tiers of government.

There are forestry plantations in the area and saw mills which can be developed to enhance their economic potential. The economic potential of value chain activities such as furniture making, wood chips, saw milling, timber board, charcoal, furniture, pulp and paper also needs to be exploited.

Forestry development in the Matatiele Local Municipality will be largely dependant on the utilisation of state land that is part of communal land. This land is vested with a multitude of land rights attached and a process of community consultation is essential when identifying potential forestry land. Due to the size of viable plantations, it is conceivable that a number of communities will be involved in the decision making. This can be complex and controversial, leading to conflicts between

different communities and different groups within a single community, especially when allocating benefits to accrue from new plantations.

Virgin agricultural land identified as suitable for forestry is also subject to an environmental impact scoping and assessment process under the NEMA legislation. It can take up to six months or longer to obtain a Record of Decision (ROD). The approval or issuing of forestry licences is the responsibility of the Department of Water Affairs & Forestry, in consultation with the Provincial Department of Agriculture and the Provincial Land Reform Office (PLRO) of the National Department of Land Affairs. This is usually a lengthy process and issuing of licences is still a major challenge within the Municipality.

TOURISM

Tourism activities in the Municipality are limited, despite the fact that there is abundant natural beauty and a diverse array of cultural groups which have strong potential for eco, adventure and cultural tourism.

Tourist attractions include;

- ⇒ Spectacular mountain scenery
- ⇒ Maluti Hiking Trails
- ⇒ Tshisa Hot Springs
- ⇒ Wetlands (wild horses and bird life)
- ⇒ Trout-fishing
- ⇒ Ongeluksnek Nature Reserve (136km² and uninhabited) in the north west of the District, bordering Lesotho

Accessibility to and information on tourist attractions is limited and the urban centres should ideally serve as tourism gateways and information centres in order to attract tourists to the local area. The tourism potential of the area also needs to be linked to other established tourism routes such as the coastal areas and Lesotho.

NATURE RESERVES

The Municipality is developing the two nature reserves within its area namely the Ongeluksnek Nature Reserve which borders Lesotho and the Wilfried Baur Nature reserve. Both these areas have been declared conservation areas and are of immense conservation interest and tourism potential. The areas are in process of

being fenced and development will include a gateway office complex which will serve as an information centre, chalets, camping facilities, and an environmental education centre. Activities that will be encouraged will include birding, game watching and fishing.

SMME DEVELOPMENT

The area has potential for the development of SMME's as evidenced by the Municipality receiving a number of applications for business sites.

Access to micro-credit remains a big challenge to cooperatives and SMMEs, but there are also a number of agencies that offer support to new and established SMME's including;

- ⇒ The Department of Trade & Industry (DTI); The Black Business Supplier Development Programme (BBSDP) 80:20 cost-sharing grant, offers support to black-owned enterprises in South Africa. DTI also offers a wide range of products and services comprising loans, and incentive grants that enable access to finance for small enterprises.
- ⇒ The Small Enterprise Development Agency (SEDA) which aims to support and promote co-operative enterprises, particularly those located in rural areas.
- ⇒ South African Micro-Finance Apex Fund (SAMAF)
- ⇒ Khula Enterprise Finance Limited
- ⇒ Thuso Mentorship Scheme
- ⇒ The National Empowerment Fund (NEF) which offers start-up, business growth, and rural- and community upliftment financing products
- ⇒ The Industrial Development Corporation (IDC) which provides sector focused financing products ranging from R1 million upwards

SMALL SCALE MINING

Small scale mining is presently restricted to sand mining and quarrying to supply the construction industry, but can be developed into a formalized industry. There are deposits of slate, sandstone, nickel and lime that need to be further explored.

TRADE AND BUSINESS SERVICES

Matatiele is commercially busy but requires well planned physical development to support the growth of the trade sector (formal and informal) and the tourism industry.

Local development initiatives and challenges

The Municipality is actively promoting local economic development and is in process of developing a Development Master Plan that will ensure that land can be availed for development which is suitable in terms of spatial and infrastructural development. The Matatiele Local Municipality does not have a LED strategy in place currently, but the Province has availed funds for the development of such a strategy within this financial year.

The Alfred Nzo District Municipality has established the Alfred Nzo Development Agency (ANDA) which is responsible for the implementation of local economic projects in the District in co-operation with the Local Municipalities. ANDA is a municipal entity established in terms of the Municipal Systems Act and is accountable to the District Municipality.

ANDA is implementing and supporting the following projects;

- ⇒ Agricultural projects including;
 - Cedarville Cash Crop Project
 - Gwebindlala Project
 - Khothlang Project
 - Phutabiditjaba Old Age project
 - Philiang Community Project
- ⇒ Tourism Development programmes including;
 - Ongeluksnek Eco Tourism
 - Tshisa Hot Springs
 - Mehlooding Hiking Trail
- ⇒ SMME development
- ⇒ Small scale mining

Projects are facing a number of challenges including continued funding, lack of sustainability and in fighting.

2.7. INSTITUTIONAL AND FINANCIAL ANALYSIS

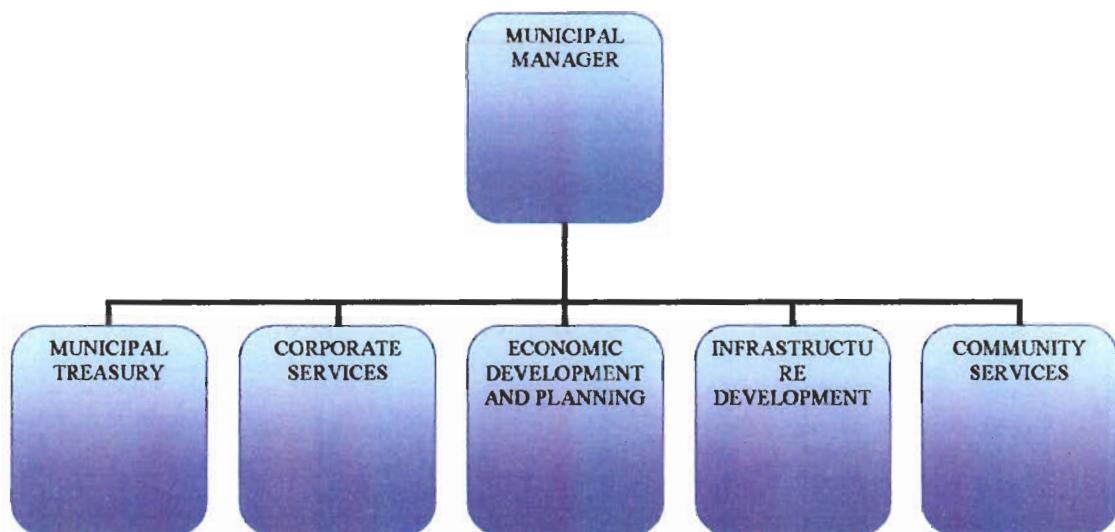
2.7.1. INSTITUTIONAL STRUCTURE OVERVIEW

The Municipality's organizational structure comprises 336 positions which are divided into the following Departments

- ⇒ Office of the Municipal Manager
- ⇒ Corporate Services
- ⇒ Infrastructure Development
- ⇒ Economic Development and planning
- ⇒ Community Services
- ⇒ Municipal Treasury

The organizational structure of the municipality is indicated on figure 13 below

Organisational Structure



The Municipality has a high vacancy rate, and 117 of the 336 positions are vacant which translates to a vacancy rate of 52.6%. Five of these vacancies are on management level which translates to a vacancy rate of 21% on levels 1 to 3.

Two of the Municipality's section 57 positions are vacant at this stage. A critical vacancy is that of the Municipal Manager. The CFO has been appointed acting

Municipal Manager in the interim. The other section 57 position that is vacant is the Manager Community Services which is a newly created position.

There are at least 51 vacancies that are critical at this stage, which have not been filled due to lack of funds. It is planned to fill most posts over the medium term expenditure framework period. The Municipality is severely short staffed due to a lack of funding and also faces challenges in recruiting and retaining staff due to its location.

OFFICE OF THE MUNICIPAL MANAGER

The office of the Municipal Manager has the following duties assigned to it;

- ⇒ Strategic management
- ⇒ Internal auditing
- ⇒ Special Programmes Unit.

CORPORATE SERVICES

The Key Performance areas of this Department are:

- ⇒ Municipal Transformation and Organisational Development
- ⇒ Good Governance

The General Manager Corporate Services is responsible for

- ⇒ Administration
- ⇒ Human Resource Management
- ⇒ Registry and Archives
- ⇒ Executive and Council Support
- ⇒ Labour Relations
- ⇒ Information Technology
- ⇒ Legal Services

INFRASTRUCTURE DEVELOPMENT

The General Manager Infrastructural Development is responsible for the development and maintenance of;

- ⇒ Roads
- ⇒ Storm Water
- ⇒ Community facilities and amenities
- ⇒ Electricity

⇒ Solid Waste Management and refuse removal

The Project Management Unit (PMU) is also assigned to this Department

ECONOMIC DEVELOPMENT AND PLANNING

The General Manager Economic and Development Planning is responsible for;

⇒ Local economic development with specific emphasis on tourism, agriculture and SMME's.

⇒ Development planning which includes integrated development planning, environmental conservation, town planning and building control.

COMMUNITY SERVICES

The General Manager Community Services is responsible for;

⇒ Protection Services which includes licensing, vehicle testing and traffic control.

⇒ Community Development which includes libraries, sport co-ordination, museums, housing coordination and community halls

MUNICIPAL TREASURY

The Chief Financial Officer is responsible for the Municipal Treasury which includes the management of Municipal assets & risks, revenue, the budget, the treasury function, internal financial control and financial reporting.

Key performance areas include

⇒ Developing the financial viability of the Municipality

⇒ Maximize the amount of Capital Budget spent on IDP related projects

A critical limitation in this Department at this stage is the absence of a Supply Chain Unit.

2.7.2. EMPLOYMENT EQUITY

The Municipalities employment equity plan is outdated and application has been made to the Province to provide funding for the revision thereof through the Technical Assistance Programme (TAP).

2.7.3. SKILLS DEVELOPMENT

The Municipality has developed a draft Workplace Skills Plan in accordance with the Skills Development Act. The plan aims to address the identified skills shortage within the municipality. A Skills Audit was also compiled to enable the Municipality to identify the skills gaps among employees. A training programme and an implementation plan were drafted and are being implemented.

2.7.4. PERFORMANCE MANAGEMENT

The Municipality does not have a Performance Management System in place. A service provider has been appointed to develop such a system.

2.7.5. INSTITUTIONAL POLICY DEVELOPMENT

A total of thirty-five administration and human resources policies have been developed and are being implemented

2.7.6. FINANCIAL VIABILITY

Matatiele Local Municipality is currently financially sustainable enough to meet all of its liabilities. Despite this the Municipality lacks financial resources and faces a multitude of financial challenges.

2.7.6.1. BUDGET

The Municipalities total budget for the 2008/09 financial year is R268 597 903.

INCOME ALLOCATIONS AND SOURCES

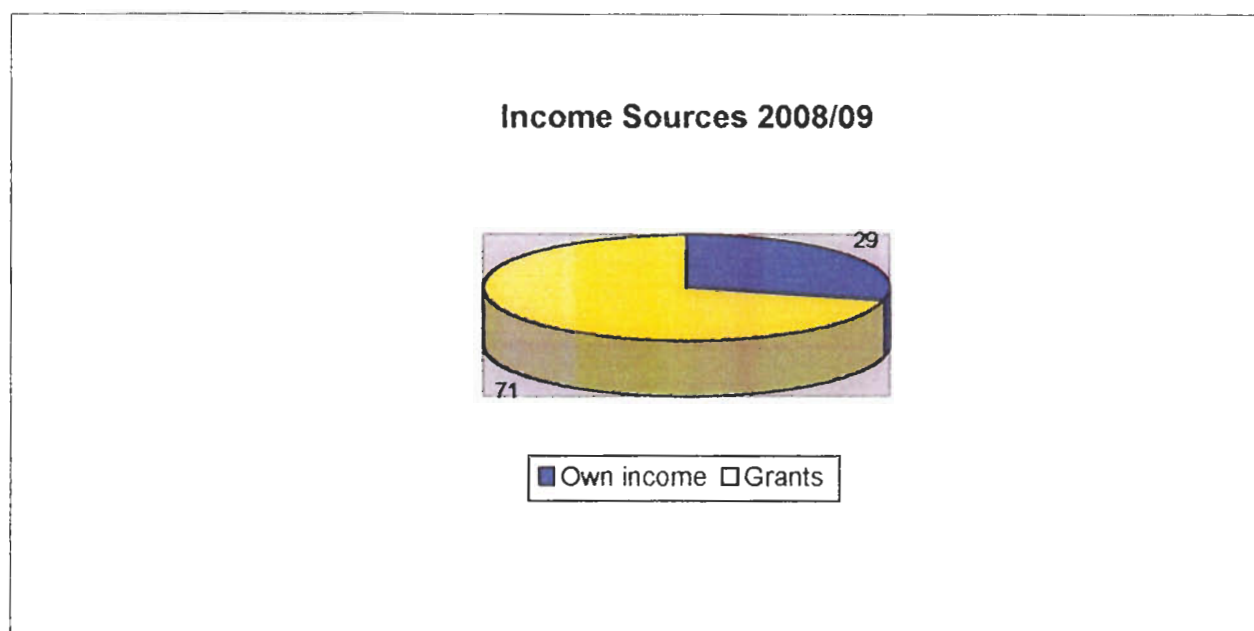
The Matatiele Local Municipality derives its income from two sources namely;

- ⇒ External income
 - Government Grants and subsidies
 - Capital Grants
- ⇒ Own income
 - Property rates
 - Service charges on electricity and refuse removal
 - Interest and dividends
 - Rental on facilities
 - Fines
 - Licenses and permits

The Municipality has a low income base and is heavily dependent on Government grants and subsidies and capital grants which constitute 71% of its 2008/09 budget. According to the budget forecast, external financing will constitute 72% of the 2009/10 and 2010/11 budgets. This trend exhibits little expectation that the Municipality will reduce its dependency on external financing

The following figure depicts the income sources for the 2008/09 financial year.

Figure 19 Income Sources 2008/09



BILLING AND PAYMENT RATES

Property rates and service charges on electricity and refuse removal constitute 8% and 13% of the Municipalities own income for the 2008/09 financial year. A total of 4000 households are billed each month of which 3000 are urban and 1000 rural.

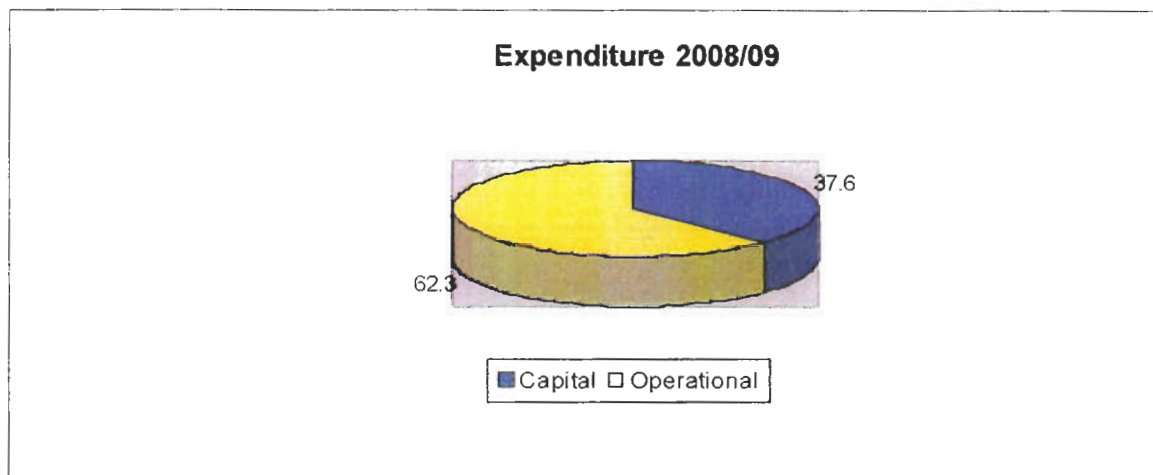
The Municipality does not have a recent valuation roll for the entire municipal area, and consequently its rates income is low.

Payment rates are poor and it is estimated that less than 7% of households are paying their monthly accounts. This is compounded by the high poverty levels and low affordability levels of the community.

2.7.6.2. EXPENDITURE ALLOCATIONS AND TRENDS

The capital and operational budgets constitute 37.6 % (R101 154 773) and 62.3% (R167 443130) of the 2008/09 budget respectively.

Figure 15: Expenditure



National treasury no longer prescribes a norm for salary expenditure and instead requires Municipalities to develop a personnel expenditure ratio that is based on the nature of its functions, organisational structure, labour intensity of its operations, extent to which labour intensive components of its operations are outsourced and the composition of non personnel components of its operational expenditure. The 2008/09 budget reflects that 26% of the operational budget was allocated to salary expenditure. This is well under the anticipated personnel expenditure for Local Municipalities in 2009/10³.

The Municipality is constantly striving to provide services to its community which requires substantial capital investment, especially in terms of infrastructural assets. In order to maintain service delivery it is imperative that these assets be maintained in proper working order which requires equitable investment in terms of maintenance and repair costs. According to the National Treasury Municipalities should be budgeting between 10% and 15% of their operating expenditure for repairs and

³ Local Government Budgets and Expenditure Review 2003/04 -2009/10:189

maintenance⁴. The 2008/09 budget reflects an allocation of 9% to repairs and maintenance which falls only slightly short of the recommended norm.

2.7.6.3. PROVISION OF FREE BASIC SERVICES

Provision is made on the budget for the provision of free basic water services from the equitable share. In terms of the Division of Revenue Bill 2008 Matatiele Municipality received an Equitable Share of R42 525 000, which is not adequate to deliver services to the area.

The Matatiele Local Municipality has adopted an indigent support policy which aims to assist the poorest of the poor by providing free basic electricity and refuse removal services. The policy includes indigents throughout the jurisdiction of the Municipality and there are currently 726 registered. Indigent clients must re-register every six months.

2.7.6.4. FINANCIAL REPORTING

Monthly financial reports are presented to the Municipal Council which reflects income and expenditure in accordance with the budget. Daily cash flow reports are produced to ensure sufficient available cash at hand. Annual Financial Statements in GAMAP format were compiled and submitted for the previous financial year.

2.7.6.5. FINANCIAL POLICY DEVELOPMENT

The municipality has a number of financial policies in place including;

- ⇒ A debt collection and credit control policy
- ⇒ Tariff policy
- ⇒ Rates policy
- ⇒ Indigent policy.
- ⇒ A supply chain management policy
- ⇒ Cash management policy
- ⇒ Investment policy

Internal financial controls, such as payment procedures, income receipts, charges, debt collections, etc have also been developed and are being implemented

⁴ Local Government Budgets and Expenditure Review 2003/04 -2009/10:33

2.8. GOVERNANCE ANALYSIS

POLITICAL STRUCTURE

The Matatiele Municipal Council has forty eight Councillors. The Municipality has a Collective Executive System, and the Executive Committee reports to the Council. There are six standing committees that have been established in terms of Section 79 of the Local Government Municipal Structures Act, (Act 117 of 1998) to serve the following portfolios;

- ⇒ Budget & Treasury
- ⇒ Corporate Services
- ⇒ Community Services
- ⇒ Economic, Planning and Development with a Tourism and Marketing subcommittee
- ⇒ Infrastructure Services
- ⇒ Special Programmes Unit

The mandate of the Standing Committees is to;

- ⇒ Develop and recommend strategy.
- ⇒ Develop and recommend by-laws
- ⇒ Ensure public participation in the development of policy, legislation, IDP and budget.
- ⇒ Monitor the implementation of Councils policies.

POWERS AND FUNCTIONS

In terms of section 84 (1) of the Municipal Systems Act, Matatiele Local Municipality is authorised to perform the following functions;

- ⇒ Air pollution
- ⇒ Building regulations
- ⇒ Child care facilities
- ⇒ Electricity reticulation
- ⇒ Local tourism
- ⇒ Municipal airports
- ⇒ Municipal planning
- ⇒ Municipal public transport
- ⇒ Storm water
- ⇒ Trading regulations

- ⇒ Billboards and the display of advertisements in public places
- ⇒ Cemeteries, funeral parlours and crematoria
- ⇒ Cleansing
- ⇒ Control of public nuisance
- ⇒ Control of undertakings that sell liquor to the public
- ⇒ Facilities for the accommodation, care and burial of animals
- ⇒ Fencing and fences
- ⇒ Licensing of dogs
- ⇒ Licensing and control of undertakings that sell food to the public
- ⇒ Local amenities
- ⇒ Local sports facilities
- ⇒ Markets
- ⇒ Municipal abattoirs
- ⇒ Municipal parks and recreation
- ⇒ Municipal roads
- ⇒ Noise pollution
- ⇒ Pounds
- ⇒ Public places
- ⇒ Refuse removal refuse dumps and solid waste management
- ⇒ Street lighting
- ⇒ Street trading
- ⇒ Traffic and parking

AUDIT

The Alfred Nzo District Municipality has established an Audit Committee for the District as a whole. Matatiele Local Municipality was one of the few municipalities in the Eastern Cape to receive an unqualified audit report for the 2007/08 financial year.

INTERGOVERNMENTAL RELATIONS

The Municipality participates in District IGR structures, even though they are not fully operational at this stage. These structures are composed of the Technical Task Group and District Mayors Forum. The IGR structures should be mainly utilized to solve problems affecting service delivery as well as shared priorities for development. This process is hampered by the inconsistency of member department's representation to the structures and the attendance of these fora by people who do not have decision making capacity and impact on budgeting processes. This

negatively affects integration. It should be noted though that there are departments which are committed to the process while others are never form part of the IGR structures. This then leads to disintegrated service delivery or undermines integrated development. IGR structures also do form part of processes that review spatial frameworks. Service level agreements are being entered into where services are to be provided collaboratively by different departments

COMMUNITY AND PUBLIC PARTICIPATION AND COMMUNICATION

The Municipality makes a concerted effort to promote community participation and convenes regular meetings in order to give the community the opportunity to express their views and needs

Ward Committees have been established in all 24 wards. Each Ward Committee consists of ten members and is paid a monthly stipend by the Municipality. Challenges which are being addressed are a lack of office accommodation and equipment.

2.9 SPECIAL PROGRAMMES ANALYSIS

Analytical issues for Special Programmes will be integrated into the contents of the respective fields to which they fit only the HIV / AIDS SWOT analysis.

HIV / AIDS SWOT Analysis

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> National and Provincial government have AIDS awareness campaign funds. There is generally good publicity on AIDS awareness and available protective measures (condom). 	<ul style="list-style-type: none"> Some medical workers still continue to discriminate and divulge information on the HIV/AIDS status of patients. Young people have not yet realised the seriousness of the AIDS scourge. Communities and families are still discriminating to those who have HIV/AIDS and testing for HIV/AIDS is still a problem.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Introduction of sex education at schools would impact positively on the campaign against AIDS. Greater co-operation with all government departments, municipalities and NGO'S and communities in general can improve the situation. 	<ul style="list-style-type: none"> Mythical beliefs from some quarters of the community that, if you rape a virgin you, would be cured of AIDS pose a great threat hence the spiraling child and women abuse. Life expectancy will drop significantly leaving a very bleak future. Poverty will increase because of the HIV/AIDS impact.