

## 2. CURRENT SITUATION ANALYSIS

This section presents an analysis of the current development situation within Matatiele Municipality. It provides background to the strategic framework and identifies development trends and patterns. It is based on information collected by means of stakeholder interviews, review of secondary data in the form of records and sector plans, IDP Forum meetings and IDP road shows. It concludes with a set of key development issues and development opportunities.

### 2.1 DEMOGRAPHIC PROFILE

#### 2.1.1 DISTRICT CONTEXT

A comparative demographical analysis demonstrate that Matatiele has the largest geographical size within Alfred Nzo District Municipality. The area also boasts with a slightly higher population density than the neighbouring Umzimvubu Local Municipality. However Matatiele has a rather lower density within the ANDM. Nevertheless this density of 59 people/ km<sup>2</sup> is higher than the provincial average of 41 people/ km<sup>2</sup> as well as the national average of 39 people/ km<sup>2</sup>.

TABLE 2: POPULATION ESTIMATES, DENSITY AND GVA: MATATIELE MUNICIPALITY, ALFRED NZO DISTRICT MUNICIPALITY, EASTERN CAPE PROVINCE AND SOUTH AFRICA

Area	Area Size (Km <sup>2</sup> )	Population Estimate for 2007	Population Density (persons per km <sup>2</sup> )	Gross Adding R000	Value (GVA)
South Africa	1,221,219	48,028,110	39.33	1,768,272,907	
Eastern Cape	168,966	6,527,745	41	137,456,510	
Alfred Nzo DM	6,858	479,395	70	1,142,483	
<b>Matatiele Municipality</b>	<b>4,352</b>	<b>258,758</b>	<b>59</b>	<b>519,984</b>	
Umzimvubu Municipality	2,506	220,636	88	622,496	

Source: Census 2007 and ANDM IDP 2010/ 11

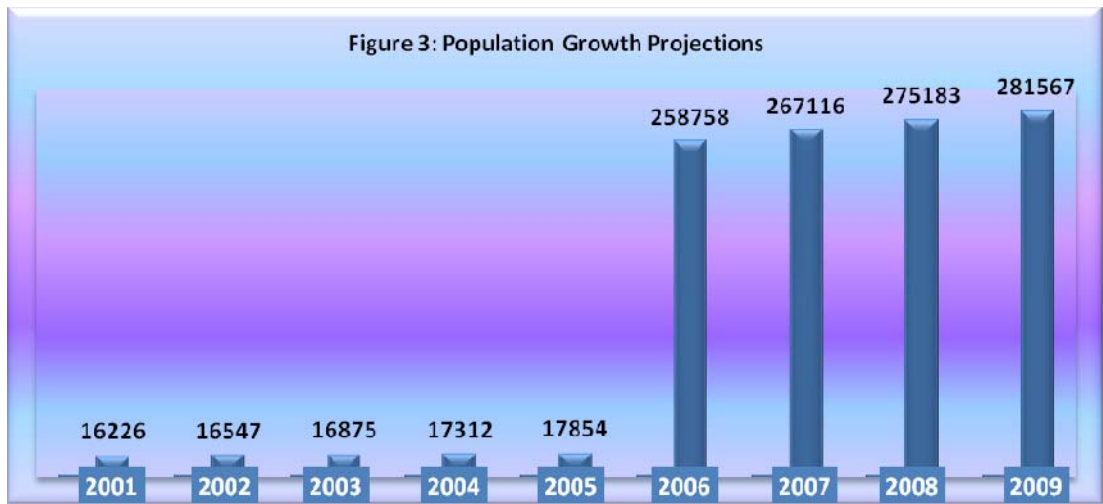
The Gross Value Added (GVA) produced and services rendered within Matatiele totalled R519,984 in 2007. This is slightly lower than Umzimvubu Municipality which had a GVA of R622,496. The sectors that contributed the most to this output were government services, trade and financial services. Output in the mining sector showed a declining trend from 1996 to 2007.

#### 2.1.2 POPULATION SIZE AND GROWTH PROJECTIONS

The total population of Matatiele is estimated to 258 758 people. The area accounts for 54% of the district population. The number of households is estimated at 54 208

households. 98% (53 241) is African and the majority of these resides in rural villages and formal townships around Matatiele, Maluti and Cedarville.

According to 2001 census (before the recent demarcation) Matatiele Local Municipality had a population of approximately sixteen thousand two hundred and twenty six (16 226) people with no wards. However, the recent demarcation had a colossal impact on the municipality with the resultant effect being a municipality with twenty four (24) wards.

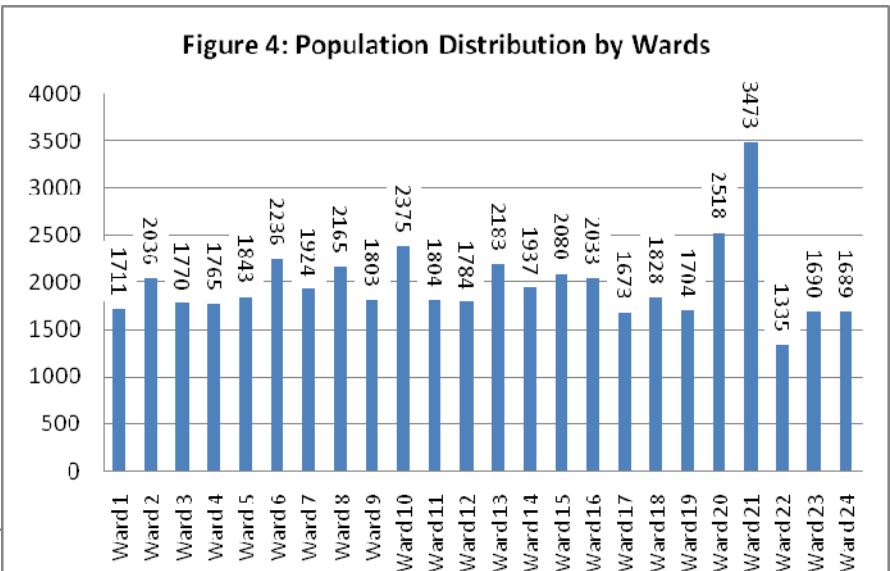


Source: Census 2001, 2007 and Matatiele LED Strategy

Figure 3 demonstrates the gigantic growth in population in the municipality as a consequence of the 1 March 2006 demarcations. According to adjusted tables based on this new demarcation, the total estimated population for Matatiele is 259000 people. From Figure 3, it is clear that the African race is the majority. To add, figure 2 suggests that the population grew more than tenfold as a result of the demarcation. This gigantic growth in population clearly suggests that the municipality is now faced with major challenges in all areas of service delivery.

### 2.1.3 POPULATION DISTRIBUTION

Population is spread unevenly amongst 24 municipal wards. The majority of the population is African and the majority of these resides in rural

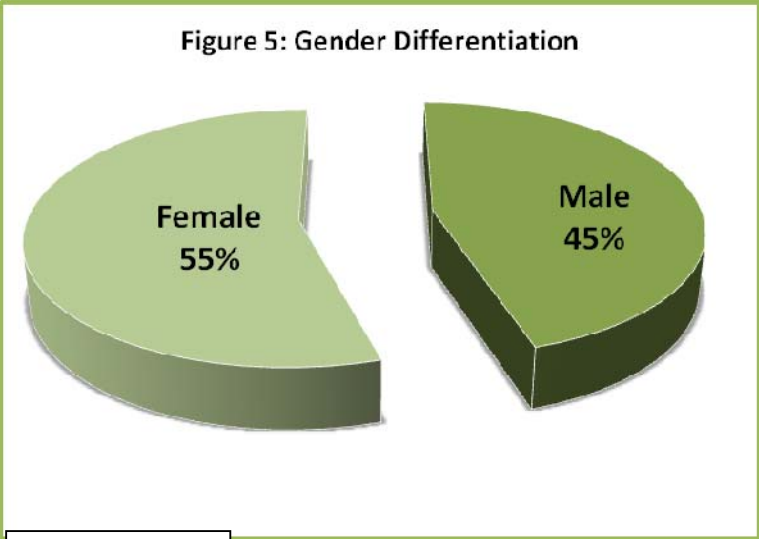


Source: Census 2007

villages and formal townships around Matatiele, Maluti and Cedarville. As evident from figure 4 above, the majority of the population reside within ward 21 which constitute of approximately 13 villages. The ward with the least population is ward 22 which accommodate 1 village.

2.1.4 GENDER DIFFERENTIATION

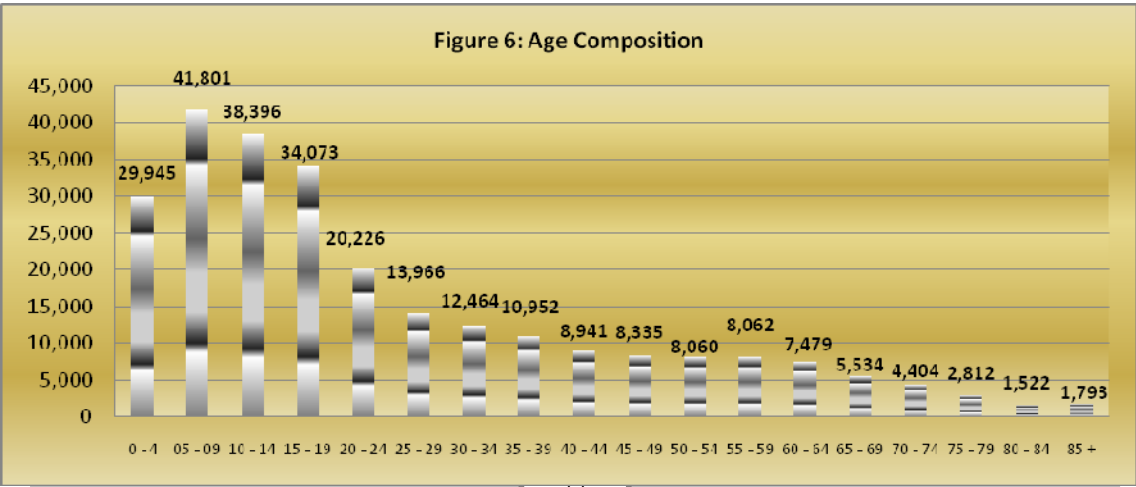
With reference to figure 5, Matatiele has a slight imbalance between the females and the males. The females outnumber the males such that they constitute 55% (141 790) of the population while the males amount to 45% (116 975) of the population.



Source: Census

Nevertheless this confirms with the national trends that a larger proportion of women are found in the dominant rural areas than men. This disparity in the proportion could well be attributed to the fact that the male counterpart still tend to leave the homestead in search of work. Therefore, how the municipality factors this gender split into their service delivery priorities, especially human settlement development, is of essence. How the population and the gender split changes as a result of the impact of the new manufacturing plant in the nearby Elundini municipality still remains to be seen. In addition to the above, it can also be suggested that there is a need for a developmental agenda that should pro – actively target women empowerment within Matatiele Municipal Area.

2.1.5 AGE COMPOSITION



The age composition or structure determines the kinds of economic activities within the locality. Different age groups have different economic needs and different spending patterns. According to the Census 2007, 64% of the population in Matatiele is younger than 25 years of age and only 6% are over 65 years of age.

This represents a significantly higher percentage of the young population than for Eastern Cape and South Africa. In Eastern Cape, 55% of the population is younger than 24 years old while nationally, 51.8% of the population are younger than 24 years old. The age profile shows a large proportion of the population being young people between 0-34 yrs old.

~~This trend in age composition obliges the government departments and the municipality to ensure that a large percentage of the budget is allocated to social development facilities in order to meet the needs of a youthful population and ensuring that people falling within this age acquire relevant skills and grow up to become responsible adults. The creation of more job opportunities should also be one of the key aspects of the developmental agenda by the municipality in partnership with the sector departments such as the Department of Education.~~

Source: Census 2007

## 2.2 SOCIO-ECONOMIC PROFILE

### 2.2.1 HIV AND AIDS

The number of individuals infected with HIV/AIDS continues to be major challenge for all spheres of government, and an attempt to stabilize the pandemic, is reflected in terms of budget allocations and programmes for implementation by the Department of Health. The estimated number of people living with HIV in Matatiele was 27,455 in 2009. A comparison of this figure estimated 2008 figure, which was 25,515, shows that the former exceeded the latter by 1,840. Thus, the estimated number of Matatiele residents living with HIV increased by 7.18% between 2008 and 2009. In addition, the estimated number of people who have died of HIV/AIDS related illnesses increased from 1,659 in 2008 to 1,811 in 2009. Table 3 shows the HIV/AIDS prevalence in Matatiele during the period 2002-2009.

Table 3: HIV/AIDS Prevalence in Matatiele (2002 – 2009)

Year	Total Population of Matatiele	Number of Residents Living with HIV	% of Population living with HIV	Number of AIDS Related Deaths in Matatiele	AIDS Related Deaths as a % of Matatiele Population
2002	209563	15199	7.25	797	0.38
2003	216609	17134	7.91	979	0.45
2004	223670	18918	8.46	1129	0.5

<b>2005</b>	230740	20608	8.93	1253	0.54
<b>2006</b>	237655	22237	9.36	1387	0.58
<b>2007</b>	245229	23963	9.77	1530	0.62
<b>2008</b>	252711	25615	10.14	1659	0.62
<b>2009</b>	262638	27455	10.45	1811	0.69

Source: Quantec research, 2009

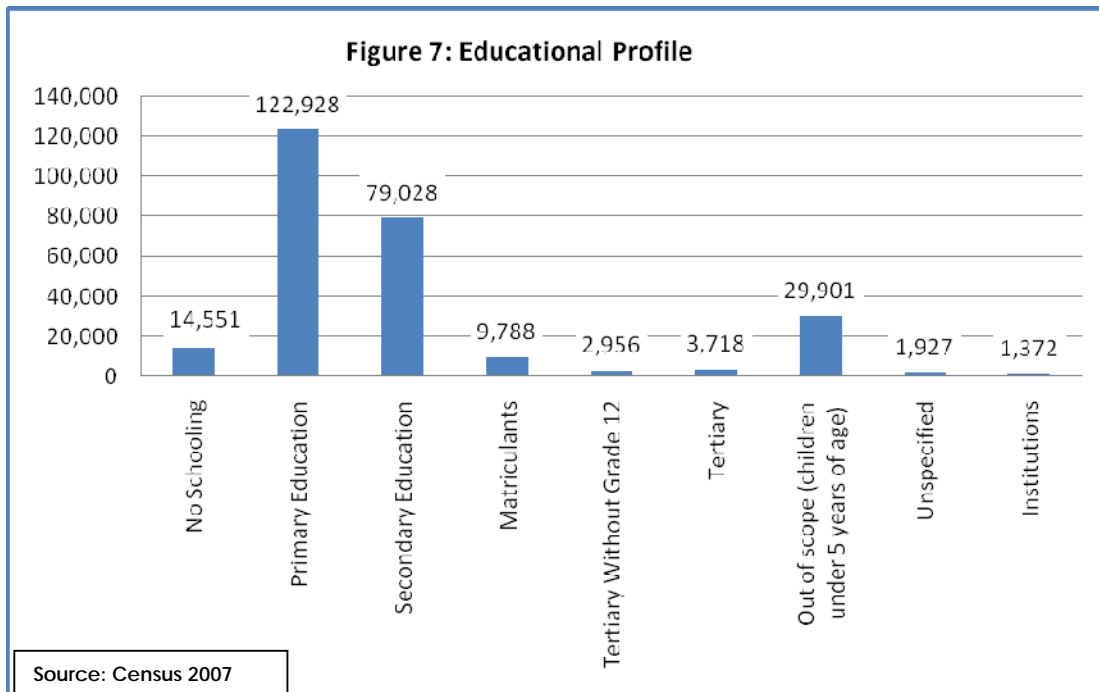
South Africa is one of the 17 countries that have adopted the Abidjan Declaration of 11997 to develop a response by municipal leaders to HIV and AIDS. The declaration recognizes that local government is the closest to the people and hence is responsible for addressing local problems. As such, its roles should include the following:

- Provide strong political leadership on the issue
- Create an openness to address issues such as stigma and discrimination
- Coordinate and bring together community centre multi sectoral actions
- Create effective partnerships between the government and civil society

At a national scale, the 2004 survey conducted by the National Department of Health indicates that 29.5% of women who visited antenatal clinics are HIV/AIDS infected.

### 2.2.2 EDUCATION PROFILE AND LITERACY LEVELS

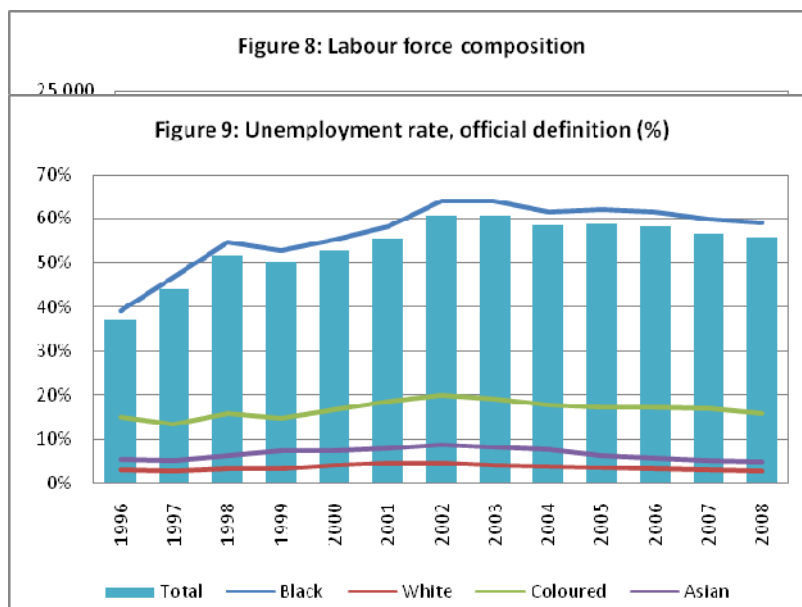
Literacy and education levels among the residents of Matatiele Local Municipality are generally allow. Assuming fully literate individuals are those who have completed primary school, it can be extrapolated that approximately 6.37% of the population of Matatiele that was at least 5 years old in 2007 was illiterate. This percentage is lower than the percentage for the Eastern Cape, where approximately 9.03% of the population is still not fully literate. Despite this fact, the percentage of Matatiele residents who have higher education is very low. While 0.39% of them had a Bachelors Degree during the same year, only 0.10% had a BTech. This implies that more efforts are needed to educate the residents of Matatiele.



Education plays a pivotal role on community development. It provides a set of basic skills for development, creativity and innovative abilities within individuals. The South African Constitution provides that everyone has a right to education, which includes Adult Basic Education. The education profile in Matatiele is an area of concern that should be addressed.

### 2.2.3 EMPLOYMENT PROFILE

The population which is economically active (labour force) in Matatiele Local Municipality increased from 15,579 in 1996 to 21,799 in 2008. However, most of the economically active population is unemployed. 62.2% (13,550) of the economically active population in 2008 comprises of those without employment. 30.6% (6,680) were those employed in the formal sector and just 7.2% (1,569) were those employed in the informal sector.



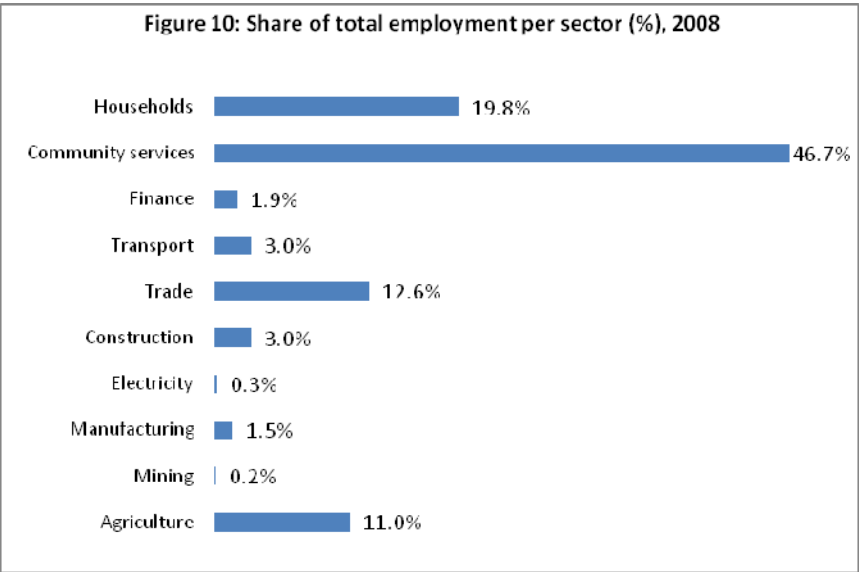
Unemployment is one of the key challenges facing Matatiele Municipality. The total unemployment rate, which indicates the percentage of the labour force that is unemployed grew by

an annual average of 53.9% between 1996 and 2008. In 1996, the rate of total unemployment was 37.3%. In 2001 the rate grew to 55.6% after which it declined to 55.7% in 2008 from what it was in previous years.

The number of unemployed people increased from 6,642 in 1996 to 11,089 in 2001. In 2008, the number of unemployed people declined to12, 124 (DBSA, 2010). The total number of people employed (formal and informal) in 2008 was 8,249 from 8,939 in 1996. In 2008, formal sector employment accounted for 81% (6,680) while the informal sector accounted for 19% (1,569) of total employment in the Municipality. Unemployment rate is highest among the Black African people who accounts for the majority of the total population, and resides in rural villages with marginal production potential. It is pleasing to note that the municipality managed to create 101 job opportunities through EPWP and 101 jobs through PPP during the 2010/ 11 financial year.

2.2.4 ECONOMICALLY ACTIVE POPULATION

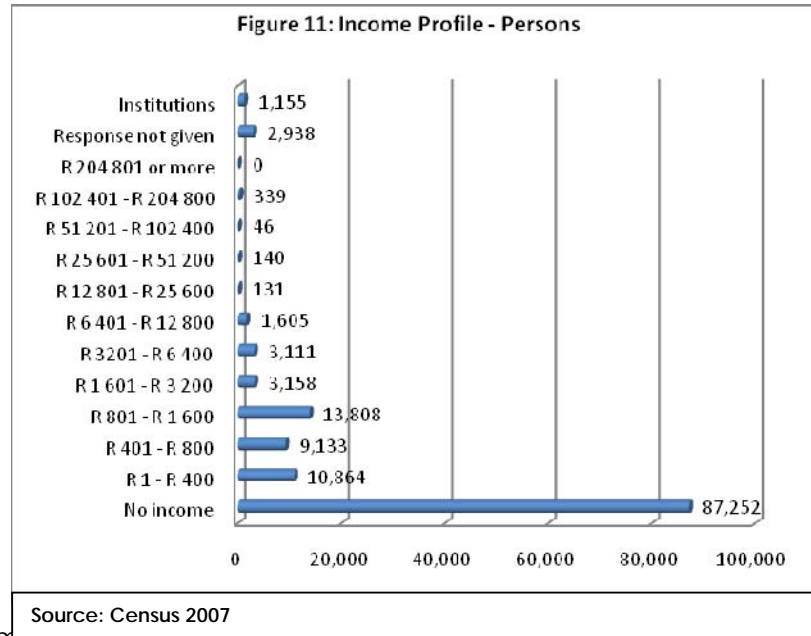
Figure 9 below indicate how each sector contributed to total employment (formal and informal) in 2008. The community services sector is the major contributor to employment in the Municipality with 46.7%.



Private household, trade and agriculture sectors are also making some contribution to employment with 19.8%, 12.6% and 11% respectively. The remaining sectors had low percentages ranging from 3% for transport and construction to 0.2% in mining. This was due to relatively low employment creation and absorption capacity in those sectors.

2.2.5 INCOME PROFILE

Another key socio-economic feature of Matatiele Municipality population is a relatively high rate of income poverty. Income levels drops significantly from R1600 per month suggesting a high dependence of social grants. Again, this suggests general lack of well-paying employment opportunities and investment in the area.



## 2.2.6 INDIGENT SUPPORT

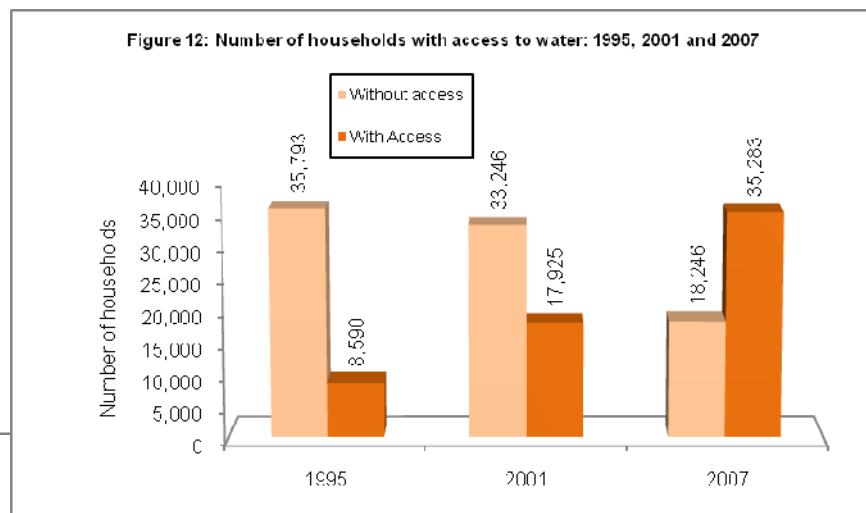
Increasing levels of absolute poverty have been recorded in the Eastern Cape and 74 % of the people of the Eastern Cape live below the poverty line of R800 or less a month. Poverty levels in the Alfred Nzo District are higher than the Provincial norm at 82.3 %. Poverty levels within Matatiele Local Municipality 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.

Matatiele Local Municipality is characterized 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 38.7%. This implies that the households that do not obtain any form of income can be considered as indigents who should be subsidized with some of the services.

## 2.3 ACCESS TO BASIC SERVICES

### 2.3.1 WATER

The Stats SA 2007 Community





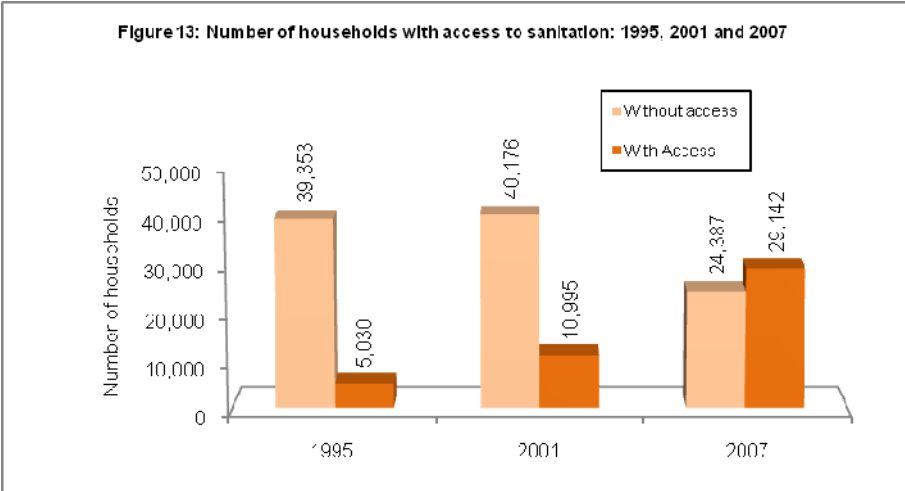
Survey Data undertaken suggest that Matatiele has made major strides in addressing service backlogs since 2006. However according to Alfred Nzo District Water Service Development Plan (ANDM WSDP), the backlog for households without access to water at RDP standard is higher (43469 Households) than the 2007 community survey findings.

The backlog of RDP standard water provision in Matatiele is therefore 64 %. 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. The District Municipality has identified this need and has commissioned a study to report on the implementation of a Rural Bulk Raw Water Supply Scheme for the area. Based on ANDM Water Services Development Plan the total capital budget to address the water backlogs is estimated at R260 814 000.

### 2.3.2 SANITATION

According to Stats SA 2007 community survey, there are approximately 24387 households without access to appropriate sanitation infrastructure within Matatiele. This figure is however very compared to the ANDM WSDP which estimated the sanitation backlog at 57662 households. The backlog of RDP standard sanitation is 85%. 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. Based on ANDM WSD the total

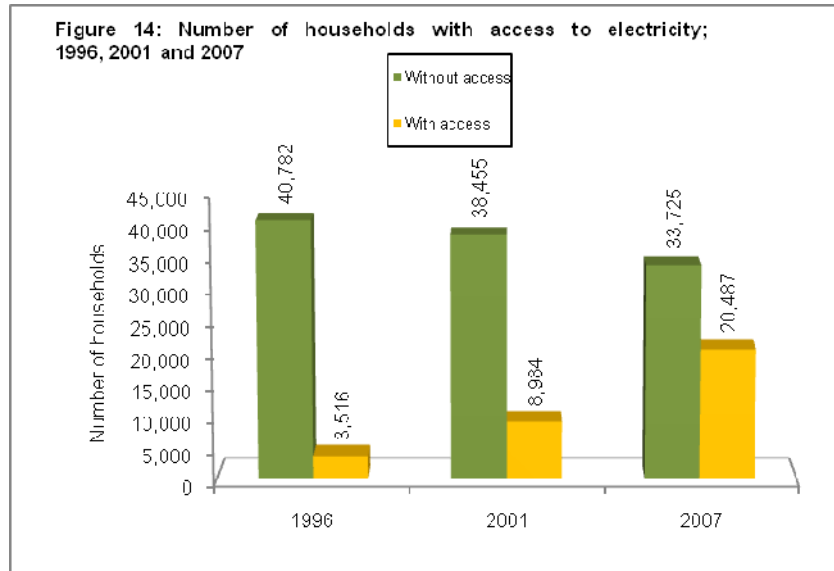


capital budget to address the sanitation backlog is estimated at R201 817 000.

### 2.3.3 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

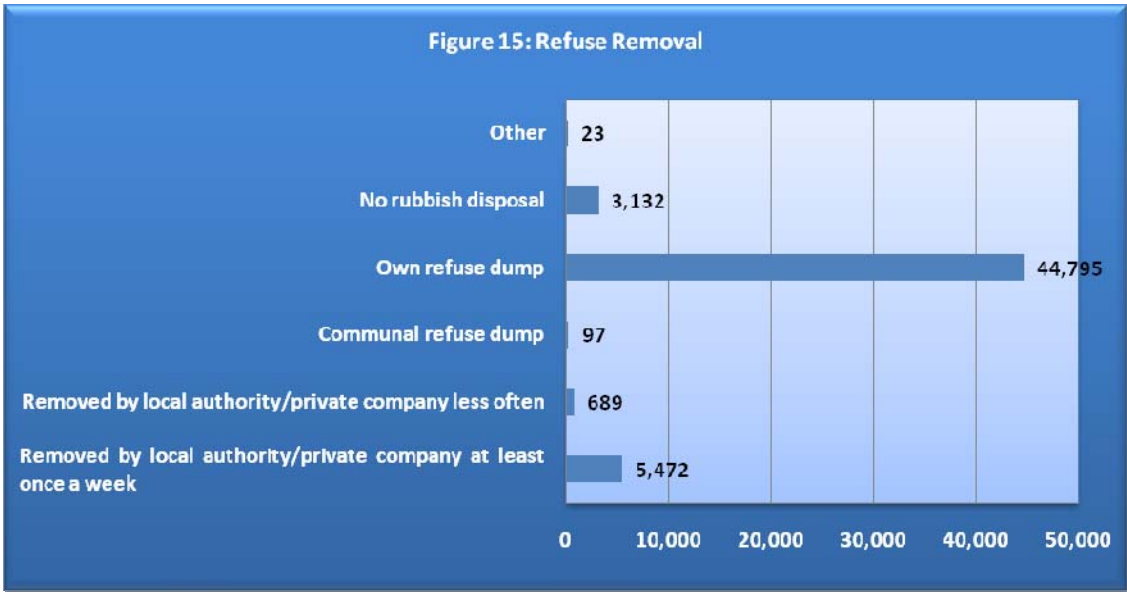


to ANDM by ESKOM, it is estimated that only 25 % of households in the District have access to electricity and that the backlog for the whole District is 75 % which translates to approximately 95 000 households.

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 lightning, 86 % for heating and 75 % for cooking. Areas for prioritised intervention include the Upgrade existing sub-station feeding Matatiele, investigate means for rural communities to access alternative free basic energy and facilitate to accelerate access to electricity and lobby for funding to address backlogs for the provision of universal energy in rural areas by 2012 (ESKOM/ DMF). The municipality has engaged DME for electrification of (ward 10 & 12) from 2010/2011 financial year. The project has been started and is progressing well.

#### 2.3.4 SOLID WASTE

According to the Statistics South Africa Community Survey 2007, only 10% 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.

MLM is also in the 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. Areas of prioritised intervention including licensing of the unlicensed site at Cedarville, implement the local Integrated Waste Management System. Obtain a copy of the District WMP, 

Source: Census

 tives, investigate the expansion of refuse removal services and facilities to prevent indiscriminate dumping in rural areas.

## 2.4 TRANSPORT INFRASTRUCTURE

### 2.4.1 ROAD NETWORK

At a broad level, Matatiele has a well established road system comprising of provincial, district and local access roads. This improves accessibility and connectivity at a regional scale and serves as an opportunity for corridor based development. R56 is the main provincial road linking KwaZulu-Natal and Eastern Cape through Matatiele. The other provincial roads that play an important role in terms of linkages include P612 which link the area with Lesotho. There are also provincial routes that play a significance role in terms of linking various parts internally within Matatiele. These routes are P607, P604, P649 and P605.

District Roads connects different settlements and provide access to public facilities. These district routes include D639, D641, D642, D660, D643 and D611. Local Access Roads which provides access within each settlement.

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#### 2.4.2 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; and
- 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 buses on various routes in Matatiele  
Scholar transport was operated by a number of schools in the Municipal area.

Areas of prioritised intervention include improving pedestrian signs, markings and off loading areas especially in the urban areas. Investigate traffic calming measures

within areas of high accidents, investigate provision of traffic lights, especially at major intersections and facilitate the provision of adequate public transport facilities especially for the disabled. Improve cooperation between public transport operators, the municipal authorities. Build and improve institutional capacity at Local and District Municipal level to manage transport planning and implementation. Create and update information in respect of the taxi registrar.

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#### 2.4.3 RAIL

Matatiele does not have an established public and goods rail transport system. However, a railway line runs through the area connecting the area with KwaZulu-Natal towns (Kokstad and beyond). It appears as though this transport service was discontinued some time ago.

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#### 2.4.4 AIR TRANSPORT

Matatiele does not have an established and operational air transport system. A small landing strip (airstrip) exists within both Matatiele and Cedarville. Both of these are currently in a bad condition and requires upgrading. The municipality has attempted to solicit support from the Department of Roads and Transport in order to upgrade these. The main issue that needs to be resolved are the land usage obstacles.

### 2.5 ACCESS TO COMMUNITY FACILITIES

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#### 2.5.1 HEALTH

Matatiele has one (1) District Hospital (Tayler Bequest Matatiele Hospital), two (2) TB Hospitals (Khotsong TB Hospital), Maluti Community Health Centre, 17 Clinics and 2 Mobile clinics. The application of the planning standards suggests that a population of 50 000 people needs to be provided with a hospital while 6000 people needs to be provided with a clinic. This therefore suggests that the area is supposed to be serviced by 5 hospitals and 43 clinics which suggest a backlog of 1 hospital and 19 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 these projects 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 5 km 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.

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### 2.5.2 EDUCATION

There are 189 schools within Matatiele Municipality (both primary schools and secondary schools). There are no existing tertiary education facilities within the Municipal Area. An application of planning standards for education facilities, suggest that 1 primary school per 600 households and 1 secondary school for every 1200 households. The backlogs in terms of both the primary schools and secondary schools can be determined based on these standards.

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### 2.5.3 CEMETERIES

According to the 2010/ 11 IDP, the 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. The areas of prioritised intervention include the identification of rural cemeteries (238 villages) which must be fenced and maintained. There is a need to look at options to expand current capacity or identify new site in Matatiele,

Cedarville and Maluti (LUMS and Environmental Impact Assessment where necessary) and investigate the provision of extended cemetery services to ensure that entire area has access to services.

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#### 2.5.4 SPORTS FACILITIES

The municipality comprises of mainly of the youthful population and this warrant that specific attention should be given to the development of sport and recreation facilities and initiatives. Currently there are only three (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.

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#### 2.5.5 OTHER SOCIAL SERVICES

The municipality currently has nine (9) community halls which are available for the use by the community. The condition of the majority of these facilities is fair. There are no standards applied in the development of these facilities. However a demand for further community halls may be existing as the majority of the settlements make use of the schools for meeting.

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### 2.6 PUBLIC SAFETY AND SECURITY

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#### 2.6.1 POLICE SERVICES

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. The areas prioritised intervention include lobbying for increased visibility of SAPS in Maluti and Matatiele towns, create awareness around police forums; and lobby for additional police stations of satellite police units.

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#### 2.6.2 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.

#### 2.7 HOUSING

Settlement Planning falls within the office of the General Manager: Community Services. The housing facilitator has been deployed from the Provincial Department of Human Settlement. The role that housing facilitator play to assists the municipality includes co-ordinating project administration and facilitating the implementation of projects. The backlog of housing is considered to be enormous in Matatiele. This backlog occurs mainly in the traditional areas as well as the informal housing settlements found in and around towns. A continuous flow of people from rural to urban areas – urbanization – has vast implications on the housing backlog. Housing delivery is hindered by red tape bureaucracy in accessing funds and there is a lack in the variety of alternatives when it comes to housing projects within housing policies. The erection of houses is also affected by expenses related to the delivery of materials because of the geographic location. The rate at which houses are built is relatively slow and the houses are prone to disaster.

Housing delivery is affected by issues such land invasion and non-conformity to approval standards. The provision of formal housing for low and middle income residents is a core function of provincial and national government, with local municipalities being spaces where implementation takes place. Within the urban areas, housing development is generally occurring, but within the rural or communal areas, the provision of housing has still not been addressed. When it comes to housing and housing delivery the Matatiele area stands to an advantage because the capacity in terms of skilled and qualified builders is available.

The IDP also reveals that the people are willing to be actively involved in housing programmes. It is predicted that with these advantages emerging building material suppliers may grow stronger and ultimately impact on the economic growth and job creation. Housing growth/subsidies by National Department of Housing and



Provincial Government present an opportunity to improve housing delivery through access of social grants. Public participation is an important component of housing delivery and fortunately as already mentioned above the people are generally willing to participate.

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#### 2.7.1 RURAL HOUSING DEMAND

Whereas the municipality has managed to develop few housing projects, the housing backlog is still enormous. This backlog occurs mainly in the traditional areas. In turn the municipality has a challenge of meeting the housing needs of these communities. Housing demands is defined as the number of households requiring formal housing. Traditional housing is perceived as an acceptable form of housing and the majority of the traditional population lives in this form of housing.

In the Tribal Areas traditional households usually include the clustering of a number of a number of thatched roofed huts lack basic infrastructure. Formal dwelling are houses with solid, usually concrete, top structure that are served with basic infrastructure. Informal dwelling are made from a variety of materials, are not structurally secure and have no basic infrastructure. Large portions of the people in the municipal area reside in traditional houses with formal and informal houses concentrated mainly in urban areas.

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#### 2.7.2 URBAN HOUSING DEMAND

The demand for housing for low, middle and higher income level in the towns of Matatiele, Cedarville and Maluti is considered as a critical issue and are subject to prevailing market economies. Reasons for the backlog may include the steady pace of urbanization that the municipality is experiencing. The housing need is calculated taking into account the estimates of people in informal and back yard dwellings, the municipal waiting list and the current rural housing needs. Naturally, since the municipality is mainly rural and has a high percentage of unemployment, the greater percentage of the housing need is for affordable housing units.

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#### 2.7.3 CURRENT AND PROPOSED HOUSING PROJECTS

To address the housing need and backlog in Matatiele a number of housing projects have been initiated in the Municipal area and these include the following:

Table 4: Current and Proposed Housing Projects

PROJECT NAME	LOCATION	STATUS
Harry Gwala RDP Housing Project – 583 units (urban expansion)	next to Matatiele CBD northwest direction	Contractor on-site (Implementation)
Maluti Peri-Urban Project – 1500	Maluti and	Beneficiary administration

units	Maritseng Village	stage
Caba/ Mdeni Rural Project – 900 units	Cabamdeni Village	Tender Stage (Initiation – 300 units)
Queen’s Mercy Rural Project – 900 units	Queensmercy Village	Planning Stage (Initiation – 300 units)
Mafube Rural Project – 900 units	Mafubi Village	Planning Stage (Initiation – 300 units)
Masekhala Rural Project – 500 units	Masakhala Village	Beneficiary Administration
Mvenyane Rural Project – 500 units	Mvenyane Village	Beneficiary Administration
Thaba-Chitjha Rural Project – 500 units	Thaba-Chitjha Village	Beneficiary Administration
<b>TOTAL NUMBER OF UNITS = 6 283 UNITS</b>		

#### 2.7.4 CHALLENGES

Based on an interview with the Matatiele Housing Unit on 11 October 2010, the following were the challenges that are currently being experienced in terms of housing delivery:-

Lack of clear communicating between Matatiele and the Department of Human Settlement;

Resistance to follow policies including the beneficiary requirement in terms of housing income group;

There hasn't been any middle income housing project planned within the area;

Infrastructure is a challenge but that is mainly at the level of reticulation;

Rural projects are given VIP which may pose environmental hazards;

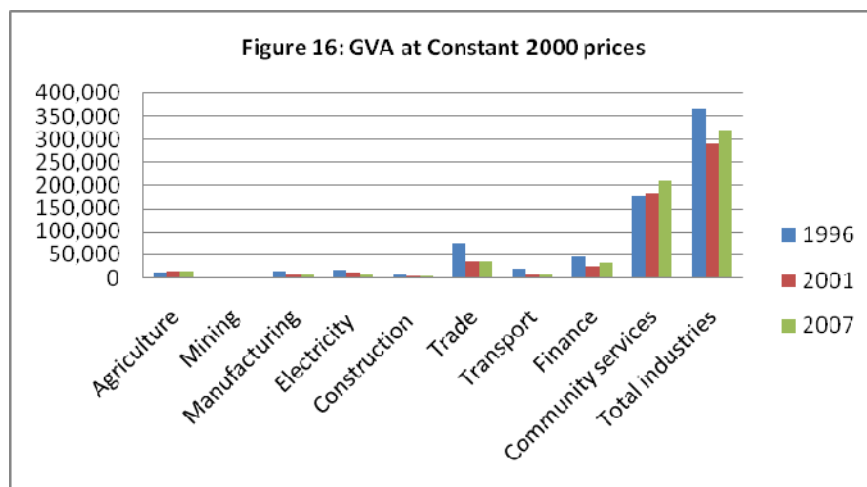
The rural projects are still new and have not proceeded at the desired pace; and

Land invasion which may require the revision of the general plan as well as land tenure upgrading.

## 2.8 ECONOMIC PROFILE

### 2.8.1 SIZE OF THE LOCAL ECONOMY

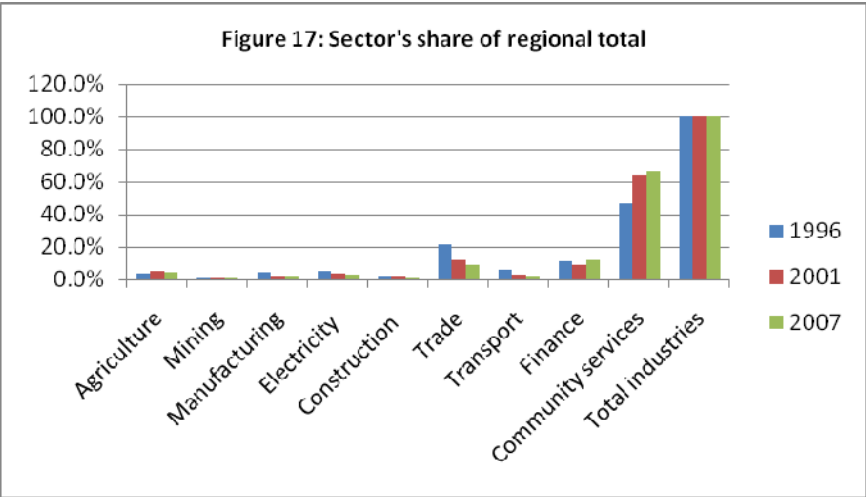
The real value of goods produced and services rendered totalled R365,158 in 1996; R289,899 in 2001 and R318,130 in 2007. The sectors that contributed the



most to this output were government services, trade and financial services. Output in the mining sector showed a declining trend from 1996 to 2007. However, this figure is lower than the estimated Gross Value Added (GVA) as predicted by Global Insight which estimated that a total of services and goods produced within Matatiele amounted to R519,984 in 2007. .

### 2.8.2 STRUCTURE OF THE LOCAL ECONOMY

The share of the community services sector to the local municipality's economy was the highest compared to other economic sectors at 46.7% in 1996; 63.7% in 2001 and 66.4%



in 2007. The trade sector became the second largest value contributor to the region's economy, contributing 21% in 1996; 11.9% in 2001 and 8.9% in 2007. The least contributor was the mining sector. The contribution of the local municipality to the district municipality's economy was 50.5% in 1996, decreasing to 43.8% in 2001 and 45.2% in 2007.

The dependency of the region on a small number of sectors increases its vulnerability to external factors. Drought, hailstorms, commodity price fluctuations, fires, etc. would negatively harm the agriculture sector, while activities such as labour strikes would adversely affect the government services sector.

### 2.8.3 SECTORAL ANALYSIS

The recently adopted Matatiele LED Strategy analysed the eight economic sectors which exists within Matatiele. This sub-section provides an overview of these sectors as they are considered important for current and future employment opportunities, economic growth and quality of live. It also attempts to describe the challenges facing them and opportunities to improve the contribution.

#### 2.8.3.1 AGRICULTURE

The most common farming activities in Matatiele are livestock and crop farming. The former is the dominant agricultural activity in this municipality. The main livestock

farming activities in this municipality are cattle farming, sheep farming and goat farming. The Department of Agriculture provides support for emerging livestock farming in the area through the Comprehensive Agricultural Support Programme (CASP). This programme targets emerging farmers who occupy private farms. Its support comes in the form of stock water-dams and boreholes, dipping tanks, shearing sheds, fencing, divisions of livestock camps and veterinary services. Poultry farming, fruit production bee farming are also common in certain parts of the municipality.

The good quality of Matatiele's soil and favourable rainfall conditions suggest that its agricultural sector has the potential to be more productive, efficient and competitive than it is at the moment. In view of the many opportunities and challenges facing emerging farmers in Matatiele, this sub-section devotes its attention to the discussion of emerging farming in the municipality. It is worth pointing out that emerging or semi-commercial farmers are previously disadvantaged farmers who aspire to increase their share of the commercial farming market.

**Cattle Farming** - Many emerging livestock farmers in urban Matatiele raise cattle on their farms mainly for their beef and their biggest customers, which they sell to local slaughter-houses, supermarkets and individuals. Some of them also sell their cattle to buyers from Durban, Howick and Pietermaritzburg in KwaZulu-Natal, and Port Elizabeth in the Eastern Cape through auctions organised by the Cedarville Farmers Association. A smaller number of them also sell their milk. Among their customers are local institutions such as crèches and individuals in both urban and rural areas. Cattle farming are also a popular economic activity in rural Matatiele. However, commercial cattle farming activities are very limited in these areas. There are a number of challenges that these farmers experience when trying to sell their cattle through these auctions. One of them is lack of ownership of selling facilities.

Since emerging Matatiele farmers do not own selling facilities, such as sale pens, they incur the costs of transporting their cattle to sales pens in Cedarville. Furthermore, since these sales pens are owned by the Cedarville Farmers Association, they are charged for keeping their cattle in them during auctions. In addition, they have to wait for the members of the Cedarville Farmers Association to sell their cows first during the auction sales. As a result, sometimes their cattle do not get sold because the buyers buy all the cattle that they want from the members of the association before their turn to sell theirs comes. In an effort to avoid paying for the transportation of these cattle back to their farms, they often end up settling for the next best solution, which is to sell them at low prices. In addition to these challenges, emerging cattle farmers in Matatiele generally face a number of difficulties that compromise the productivity of their cattle. They are:

- Lack of proper stock-handling facilities,
- Lack of dipping facilities for protecting cows against diseases,
- Need for bulls to improve certain types of breeds and perpetuate those that are not found in large numbers, such as the Nguni breed,
- Shortage of grazing land for some cattle including Nguni cattle,
- Need for a feedlot for cows that are raised for commercial purposes,
- Lack of modern milking parlour,
- Poor access to economic-enabling physical infrastructure, such as electricity, roads and water infrastructure, which hamper productivity,
- Limited understanding of modern farming methods and practices, which compromises the quality of the cattle raised in the municipal area, especially in the rural areas, and
- Overgrazing, which increase the risks of:
  - o Decreased grass or plant growth and reproduction,
  - o Declining land or soil productivity,
  - o Soil erosion, and
  - o Desertification.

Goat and Sheep Farming – are important economic activities among the emerging farmers of Matatiele. They sell live goats and sheep to consumers and slaughter houses in Matatiele and some of its surrounding areas, such as Mount Ayliff. Some of them farmers in the area also shear mohair/wool from the animals and sell them through brokers such as BKB Limited/Beperk to local manufacturers in Port Elizabeth and Durban and to those based in other countries. A number of emerging goat producers and goat producers organisations exist in the area. However, commercial goat product processing activities are very limited. Some of them were members of the Umzimvubu Goat Project, which collapsed recently. Through the project, the meat from the goats was processed into various meat products and sold to local hypermarkets, such as Shoprite and Spar. The meat and/or meat products were also sold in various parts of Matatiele, including its rural areas. They were also sold in Umzimvubu Local Municipality. Wool was also sheared from them and processed into fibre. It would then be sold to manufactures in China for further processing. Their skins were also processed into belts and shoes. Although many emerging goat producers in Matatiele would like to see a similar project started in Matatiele, it will be difficult to do so unless a number of challenges are first addressed. They include:

- Lack of machinery for meat and skin processing and for wool selection, grading and packing,
- Skill shortages,
- Shortage of land space for establishing a slaughter-house and processing plant(s), and
- A generally low demand for goat and sheep products.

Emerging goat and sheep producers in the area need to take advantage of the fact that no value is currently added to their farming activities by expanding them to include milk-processing. However, one of the biggest challenges that they are currently facing is that lack of modern milking facilities may compromise the quality of the milk that they may decide to produce. Available opportunities in livestock farming in Matatiele include:

Dairy production

Red meat production (beef, mutton and goat meat)

Other cattle, sheep and goat products (leather products, wool, mohair, etc.)

Crop Farming – These include maize, wheat, sorghum, beans, soya beans, canola, potatoes, butternut, green leafy vegetables (cabbage, spinach, turnip etc.), green, red and yellow pepper and sunflower. Many emerging farmers grow a variety various crops. They include grains (maize, wheat, and sorghum), highly perishable vegetables such as green, leafy vegetables (cabbage, spinach, turnip, etc.), other vegetables such as red, yellow and green pepper, as well as beans, potatoes, canola, butternut, sunflower sorghum beans, soya beans and hemp.

The markets for those who sell vegetables include local formal businesses, such as hypermarkets, including Shorprite and Pick n Pay, local vegetable vendors and vegetable traders from Lesotho. In addition, there are opportunities for them to supply of crops/vegetables to local orphanages, hospitals and some primary schools. The availability of of water resources in various parts of Matatiele, such as rivers, streams and wetlands, the good quality of its soil and rainfall render the area suitable for large-scale production of the above-mentioned crops. Despite this potential, Matatiele's agricultural crop sales have been ranked among the lowest in the country for many years. Among the challenges that emerging crop farmers experience are:

Lack of storage facilities for the preservation of crop products, especially maize:

Many rural farmers who produce excess maize are forced to sell it at prices lower than its market value because they do not have storage facilities to protect it against harsh weather conditions and some insects,

Lack of fuel (e.g. diesel) and/or electricity for the very few who own farming equipment

Absence of milling plants in areas where they are needed the most: Mafube, Belfort in Ward 16 are among the areas that can benefit greatly from milling facilities,

The existence of a vast area of under-utilised agricultural land under-utilised in many parts of the municipal area: Limited access to land to lack of title deeds and on-going land hamper crop production and productivity in this municipal area,

Many emerging farmers who have been granted permission to use land in the rural areas for growing crops do not have modern farming machinery such as tractors

and implements: As a result, they do not participate in most local projects, including those in the rural areas,  
Subsistence crop farming, especially in the rural areas,

Fruit Production – Matatiele’s fertile soil, particularly in the Ongeluksnek area, is good for a variety of fruits. There is good potential for large-scale production of a variety of fruits for commercial purposes. They include:

Apples,  
Citrus fruit, and  
Peaches

Honey Production – Matatiele also has the potential to benefit economically from bee farming. There are many bees living in the mountains that surround the municipal area, including those closest to the Matatiele town area. They are of three types. Several business people are already involved in the bee production business. However, the honey production sub-sector is hugely underdeveloped. For example, efforts have not yet been made to retain them, since they move from place to place. One way of doing this is to plant sunflowers where they are found in large numbers.

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#### 2.8.3.2 TOURISM

The abundant natural beauty that Matatiele has makes it an area of high tourism potential. Among its attractive features are its wide, open spaces, mountainous terrain, rivers, scenic botanic features, flora and fauna (biodiversity), wetlands, picnic spots, birds, including special bird species, and snowy winters. In addition, Matatiele is home to diverse cultures. These features provide opportunities for the growth or expansion of the following existing forms of tourism in the municipality:

Nature-based tourism: The municipality boasts several unspoiled environments with a diversity of naturally occurring attractions.

Cultural tourism: There are opportunities for the showcasing of the various cultures that exist in the municipality.

Agricultural tourism: A number of festivals, all of which are associated with farms and agriculture, have been held in the municipality. They include agricultural shows, pumpkin festivals, fruit festivals, flower festivals, bird watching trips, hikes and wagon rides. The development of the educational aspect of this form of tourism should be considered since it has the potential to attract more tourists.

Bird-watching/ Avitourism: Since bird-watching has become one of the fastest growing recreational activities that attract international tourists, it can be used for boosting the economic performance of the municipality. One of the conditions for the success of avi-tourism in this municipality is that habitat

protection and environmental education are incorporated into the strategic documents of the municipality.

Eco and Adventure Tourism: The area has the potential to become one of the most important econ-tourism and adventure travel tourist destinations in the country. Existing activities include rafting, hiking and 4X4 trips through the mountain passes that form the border between the municipality and the Southern districts of Lesotho. Qacha's Nek, Ramatselis Pass and Ongeluksnek provide access to Lesotho.

Winter Tourism: Since snow is often experienced in winter, the municipality may consider exploring the possibility of introducing skiing as one of the tourism activities in the municipal area,

The Rural Nature of Matatiele: The rural setting of Matatiele renders it suitable for the development of tourism that is nature based, utilises the environment as a key resource, and places people development at the core of the planned tourism enterprises

Matatiele's tourism sector faces a number of challenges. They include:

Poor tourism infrastructure along the R56 leading to the municipality. There is a general lack of services that most tourists may require, such as fuel, banking, restaurants, rest stops with the internet. Matatiele is the only place that comes close but is still lacking in some of the aspects.

There is also a general lack of outlets that cater for the foreign tourist market, including backpackers and adventure travellers.

Public transportation problems: Lack of public transportation in the Alfred Nzo District, including Matatiele, hampers tourism progress. In addition, there are no well-defined places for vehicles to stop and for tourists to get off and stretch their legs. Furthermore, the poor condition of many local roads discourages self-drive.

Lack of signage to encourage self-drive,

Land disputes, which have led to very slow allocation of land for development,

Generally poor infrastructure and lack of maintenance (roads, water, information, communications, shopping, quality of accommodation, etc),

Lack of knowledge or understanding of tourism opportunities and threats facing local people.

### 2.8.3.3 FORRESTRY

Matatiele Local Municipality is one of the municipalities in the province that have areas that are biophysically suitable for commercial forestry. The total number of community forestry plantations in Matatiele Municipality was 408 in 2007. While none of them were owned by private individuals, 400 were state owned. Only 8 were owned by local communities. In terms of percentages, while privately-owned plantations accounted by 0% of the total number of plantations in the municipality, 98.04% were owned by the state (i.e. the municipality). Those that were owned by local communities accounted for only 1.96% of the total number of plantations in the



municipality. Table 13 low is a tabular presentation of the distribution of Matatiele's forestry plantations by ownership in 2007. It also presents the same distributions for Alfred Nzo District and Umzimvubu.

Table 5: Breakdown of Forestry Plantations in Matatiele and Surrounding Areas (2007)

Ownership of Forestry Plantations in Alfred Nzo District in 2007						
Ownership	Matatiele		Umzimvubu		Total: Alfred Nzo	
	Total no. of Plantations in Matatiele	% of Total no. of Matatiele Plantations	Total no. of Plantations in Umzimvubu	% of Total no. of Umzimvubu Plantations	Total no. of Plantations in Alfred Nzo	% of Total No. of Alfred Nzo Plantations
Private	0	0	419	12.31	419	10.91
State	400	98.04	2182	64.1	3212	83.60
Community	8	1.96	203	5.96	211	5.49
Total	408	100	3434	100	3842	100

Source: Department of Water and Forestry, 2007

Being the main facilitator of development and owner of the majority of forestry plantations in the area, the government has an indispensable role to play in the development of the local forestry sector. This includes the facilitation of the process of converting of some of the plantations that it owns into commercial forestry plantations through:

- Speedy processing of applications for commercialisation of local natural forests and plantations,
- Expediting of the process of transferring forests and forestry plantations to private operators,
- Feasibility studies and environmental impact assessments, and
- The development of policies and by-laws.

Potential for Afforestation - Currently, none of Matatiele's 408 forestry plantations are used for commercial purposes. As a result, no formal processing of timber products takes place in the municipality. The 5 plantations that are currently in operation are woodland plantations. A total of 7 people are employed in these plantations. An assessment of the Eastern Cape's forestry potential done in 2007 identified 269,238 hectares within the Department of Water and Forestry's Water Management Area 12 (WMA 12) in Matatiele as having potential for commercial forestation<sup>21</sup>. About 6.80% of this land area was identified as having „Good“ potential for forestation. The remaining 250,928 hectares, or 93.20% of the total land area in question, was classified as having Moderate potential. Table 14 below is a tabular presentation of these data.

Table 6: Matatiele's Forestry Sector Potential, 2007

District Municipality	Local Municipality	Forestry Potential (hectares)			
		Good	Moderate	Total	15%
Alfred Nzo	Matatiele	18310	250928	269238	40386
	Umzimvubu	27746	131288	159035	23855
	<b>Sub Total</b>	<b>46056</b>	<b>382217</b>	<b>428273</b>	<b>64241</b>

Source: Department of Water and Forestry, 2007

The following is a list of forestry products that can be produced from the natural forests and forestry plantations in Matatiele Local Municipality.

#### Timber Products

- o Manufacture of furniture, poles (e.g. sign-posts), etc.
- o Manufacture of charcoal from timber waste products

#### Non-Timber Forest Products (closely related to natural forests and forestry plantations)

- o Beekeeping and honey production
- o Basket-making
- o Picking and packaging of edible plants
- o Ferns, foliage and flowers
- o Hiking trails
- o Medicinal plants
- o Picking and packaging of mushrooms

In response to the official recognition of Matatiele's forestry sector growth potential, a number of applications for the use of some forestry plantations in Matatiele for commercial purposes were approved by the provincial Department of Agriculture and Forestry in recent years. Plans are underway for implementation of forestry projects. In spite of many proposals for the commercialisation of some forestry plantations in the area being approved by the Municipality, there are concerns over the potential negative impact of some of them on the supply of water. Some of them are said to be located on some of the municipality's sources of water. Since some of the trees found near some of these areas are known to consume a lot of water, the likelihood that they will cause a reduction of the amount of water flowing to certain parts of the municipality is believed to be high<sup>23</sup>. If this happens, some of the development-oriented activities, such as agricultural and manufacturing processes might be negatively affected by water shortages. It is also believed that they will have a huge negative impact on the tourism potential of the municipal area since some tourist attractions, including fishing rivers, need a constant supply of water. Like many other forestry plantations, Matatiele's natural forests and forestry plantations face a number of threats, including: fire, disease, drought, strong winds, snow, trespassing by livestock, and vandalism.

#### 2.8.3.4 COMMERCE

Some progress has been made as far as developing the commerce sector of Matatiele. However, this industry is still far from being fully developed. Formal business in Matatiele consists mainly of retail and commercial farming businesses. As far as the former are concerned, supermarkets, clothing stores and spaza shops are the most common types of business in the rural areas of this municipality. It is important to note that many businesses people are members of sectorally-organised business co-operatives. Table 15 below lists some of the most common ones in the urban areas.

Table 7: Types of Entrepreneurs in Matatiele

Type of Business	Type of Business (cont)	Type of Business (cont.)
Retail (Take-away, liquor stores, wholesalers, bakeries, clothing stores, butcheries, etc.)	Catering businesses	Architects
Hair salons	Carpentry	Painting contractors
Petrol filling stations	Bed and Breakfast	News paper vendors
Cell phone shops	Internet cafes	Manufactures (cleaning detergents)
Repair services	Driving schools	Appliances repairs
Dress-makers	Pharmacies	Shoe repairs
Internet café/ printing/ copying, stationery	Tent hire	Car repair shops (mechanics, panel beaters, etc.)
Book stores	Tourism agents	Furniture shops
Photo studios	Video hire	Estate agents
Property leasing agents	Taverns	Funeral parlours
Jewellers	Spaza shops	Bed and Breakfasts/Guesthouses
Private Doctors/Surgeries	Butcheries	Hardware centres
Driving schools	Funeral parlors	Petrol filling stations

Source: Urban-Econ Matatiele Business Survey, August 2009

The area still faces the challenge of lack of formal shopping areas. While there are many informal businesses in the major centres of the municipality, which function as retail businesses, there is a shortage of retail services in the rural areas. Thus, many of the shopping needs of Matatiele communities have not yet been provided for and require attention. According to the Shopper Survey undertaken in Matatiele Town in August 2008, the majority of shoppers who reside in Matatiele and neighbouring areas do their shopping in Matatiele Town. Monthly groceries and daily, top-up items top the list of items they buy from this town.

While 83% of the respondents indicated that they buy monthly items from this town, 87% buy top-up items from it daily. The second most preferred shopping area is Kokstad, where clothing is the most preferred item, followed by shoes and furniture. The corresponding percentages are 40% for clothing, 39% for shoes and 30% for furniture. Very few of the respondents buy shopping items from Cedarville and Maluti. This result implies that the variety of goods and services sold in these towns is very limited. Table 16 is a tabular representation of this information.

Table 8: % Response to Place of Consumer Purchases (% of Respondents)

Shopping Items	Matatiele Town	Cedarville	Maluti	Kokstad	Durban	Pietermaritzburg	IXopo	Gauteng	Qumbu	Total
Monthly Grocery	83	1	2	10	1	0	1	1	0	100
Daily Top-up Groceries	87	1	3	6	0	0	1	1	0	100
Clothing	53	1	0	40	0	2	1	1	1	100
Shoes	38	1	1	39	17	3	0	1	0	100
Furniture	50	1	1	30	14	1	1	1	1	100
Take-away / Restaurant food	68	1	1	22	6	0	0	1	1	100
Gifts	73	1	3	16	2	1	0	1	1	100
Personal Care	71	1	0	21	5	0	0	1	0	100
Entertainment	48	2	0	41	6	0	0	2	1	100
Pharmacy	71	1	1	15	10	0	0	1	0	100
Bank	83	1	0	12	1	0	0	1	1	100
ATM	81	1	1	13	1	1	0	1	0	100
Cell phones	75	1	1	14	4	1	0	1	1	100
Special Goods	60	1	1	26	8	0	0	1	1	100
School Supplies	62	2	0	24	7	2	2	2	0	100

Source: Urban-Econ Shopper Survey, 2009

A number of businesses and/or business services are not found in Matatiele. They include:

Suppliers of agricultural inputs: Farmers buy supplies from other municipalities, such as Umvoti Local Municipality in KwaZulu-Natal;

A tourism information or support office: A tourism office is needed for the provision of assistance to tourists;

Stationery shops for the government sector: The government buys stationery from other municipalities;

Forex services: Since local banks do not offer forex services, international tourists have to travel to the other commercial centre for foreign (e.g. Durban and Johannesburg);

Although efforts by the Department of Trade and Industry to promote co-operatives throughout the country have received a positive response from many local business people, many co-operatives have not yet made a significant positive impact on economic development in the municipality. One of their biggest challenges is that they receive very limited support from the local municipality<sup>28</sup>. Table 17 lists the challenges that the representatives of the local businesses that were surveyed regarded impediments to the successful operations of their businesses.

Table 9: Challenges Experienced by local Businesses

Challenges	Percentage	Challenge	Percentage
Financial problems/Inadequate funding	11.32	Transport problems	3.77
Stiff Competition	13.21	Untrustworthy customers	4.72
Lack of customers/low demand	6.60	Untrustworthy staff	2.83
Lack of access to municipal services, especially water and electricity	8.49	Lack of security	2.83
Low profitability	4.72	High cost of living	1.89
Unskilled staff	1.89	Strikes in Matatiele	2.83
Shoplifting	5.66	No response	5.66
Lack of access to financial assistance (loans)	4.72	Irrelevant answers	5.66
Poor budgeting	3.77	No challenges	3.77
Suppliers too far away	5.66		
Total = 100%			

Source: Urban-Econ, Matatiele Business Survey, 2009

In addition to these challenges, who were interviewed in separate meetings believe that Chinese businesses and, to a lesser extent, some businesses owned by citizens of some African countries, have a negative impact on the growth of local businesses. In their view, the quality of Chinese products is mostly poor and often fake copies of some of the brands that they themselves sell. As a result, they sell them at cheaper prices. This lowers the demand for goods sold by local businesses and deprives them of the opportunity to grow.

Local entrepreneurs do not receive marketing assistance from the local municipality:

Trade fairs are yet to be organised in the municipality<sup>29</sup>,

Financial institutions are reluctant to lend local entrepreneurs money to start or expand businesses because of their lack of access to land: Many applications for land are generally not successful due to on-going land claims,

Some local business people are of the opinion that it usually takes a very long time for the local municipality to process applications for business plans.

Business in Rural Matatiele – The dominant businesses in the rural areas are spaza shops (general dealers), transport businesses, cultural and eco-tourism activities, small-scale agricultural production and wood processing. One of the major challenges that they face is that their generally low density in these areas and a dispersed business population undermine their ability to access and benefit from knowledge transfer, which can help them grow.

#### 2.8.3.5 CONSTRUCTION

The construction industry in Matatiele is very small. Construction activities include road construction and the building of houses. This industry has the potential to provide more job opportunities in the future, based on rapidly increasing fiscal allocations for public infrastructure:

Expansion of the EPWP (there needs to be a District (i.e. Alfred Nzo) EPWP Plan, with an M&E capability).

Increased house-building (human settlements) and retail infrastructure.

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#### 2.8.3.6 MANUFACTURING

Matatiele's manufacturing sector offers a number of services. Agri-processing is one of them. Current activities that fall under agri-processing include yoghurt-making and small scale dairy product production. Below is an overview of the opportunities and challenges facing the manufacturing sector. A number of opportunities exist in manufacturing. These include the processing of wool and mohair into warm clothing since Matatiele is characterised by extremely cold winters. Other products that can be produced include charcoal, which can be produced from waste timber produced in this municipal area.

Among the major challenges that the manufacturing industry in Matatiele is facing is the generally low skills level. In some instances, the quality of products have been found to be poor. This has not only lowered their demand, but also increased the cost of producing them. Another challenge is that there is a general lack of innovation. It has been discovered that instead of producing what is not available in the municipality, a considerable number of local manufacturers produce the same types of products. Examples include corrugated water tanks and Seshoeshoe garments. Another major challenge is limited access to land for the manufacturing firms, including wood processing firms, brick-making.

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#### 2.8.3.7 CO-OPERATIVES

In urban parts of Matatiele, such as Matatiele Town and surrounding areas, Cerdaville and Maluti, is heterogenic and ranges from street traders to mechanics. Since it falls outside the regulatory environment within which formal businesses operate, it poses a number of challenges. These include health problems and blocking of pavements and access to formal businesses nearby. These risks make it difficult for the government to offer sufficient support and protection to the local informal traders. There are many informal traders in the municipality who still operate in a dysfunctional uncoordinated environment that is characterised by lack of access to trading facilities, markets and other important commercial services.

Those who have been provided with shelter and other necessary facilities still face challenges, some of which have a huge significant impact on their businesses. They include the fact that the metal facilities that they have been provided with do not provide protection from bad weather and that their design does not offer adequate security. Some informal traders in major centres, such as Matatiele Town, trade at taxi ranks and other places that attract many people. There is also no programme in place to develop their skills. Given that the informal economy of Matatiele supports the livelihoods of many residents, there is a need for the municipality to provide more support in terms of more proper facilities to trade amongst other things.

#### 2.8.3.8 MINING

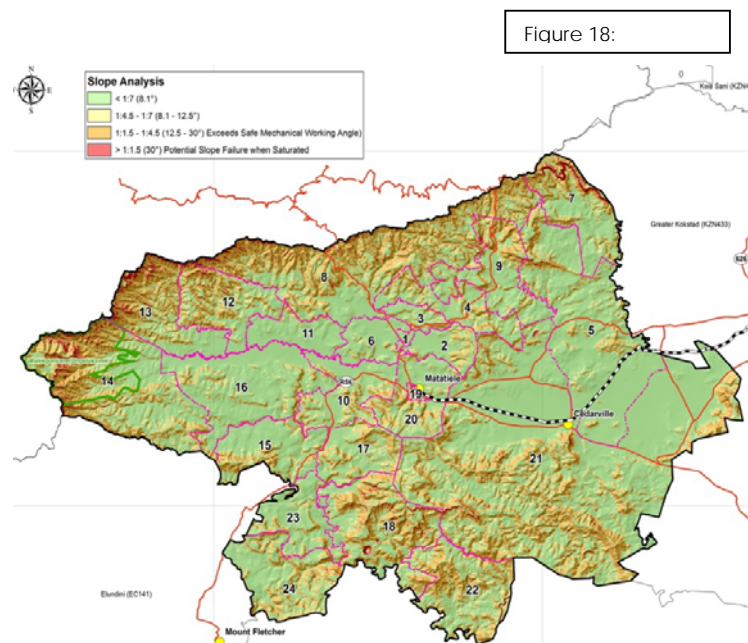
Little quarrying activity takes place in the municipality. However, the majority of operators, a significant number of them are not registered. The stone that is extracted is used in road construction projects and in building houses. There is a potential for exporting the stone to various parts of the country for building purposes. Since there is an abundance of river sand in the municipality, sand mining is a common activity in the municipality. Most of the sand obtained from the local river banks is exported to other municipalities for construction purposes. According to the Matatiele Municipality IDP Review (2008-2010), a number of environmental management areas and eco-tourism with the potential for diamond, coal and paraffin mining exist in Wards 8 and 24. Its recommendation in this regard is that detailed investigations into these potentials should be undertaken.

### 2.9 STRATEGIC ENVIRONMENTAL ASSESSMENT

#### 2.9.1 TOPOGRAPHY

Topography and slope within Matatiele Municipality varies from very steep gradients of 1:1,5 to a relatively gentle slope of less than 1:7 at the foothills of the mountain and river plains. Matatiele Municipality consists of two topographical regions, that is:

- a central plateau with relatively good soils and intermediate rainfall





supporting a mixed agriculture with a lower population density; and a high plateau leading up to the Drakensberg Mountains with relatively good soils, a high rainfall supporting a mixed agriculture with a lower population density.

Very steep terrain occurs mainly along the western boundary as an extension of the Drakensberg Range and also along the south-eastern boundary. The farming areas that surround Cedarville and Matatiele tend to have a much gentle gradient. This is considered beneficial for possible future expansion of these urban areas and consolidation of commercial agriculture. Some of the rural settlements are located in the hilltop areas which renders access and delivery of services a major challenge. On the other hand, steep slopes, incised river valleys and the plateau creates splendid scenery, and gives the area a comparative advantage in terms of tourism development.

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#### 2.9.2 SOIL

Matatiele Municipality is located on Karoo sediments, the south western portion on grey and reddish-brown Adelaide mud and sandstone, and in a north-westerly direction, followed by fine-grained Tarkastad sandstone and mudstone, coarse grained Molteno sandstone and by maroon, green or grey Elliot sediments. Later intrusions of dolerite are found throughout the municipal area. Matatiele IDP Review 2010/2011 Page 29 Alluvium is found along the Kinira and Tswereka rivers west of Matatiele and north of Cedarville. The soil types generally associated with these geological formations are:-

Sedimentary rock (Ecca mud and Sandstone),  
Dolerite, and  
Alluvium.

Sedimentary rock – is a shallow greyish brown and yellow-brown soils on partially weathered rock. They may have prominent bleached layers in the upper subsoil. The latter in particular are extremely erodible and should normally not be cultivated. Rock outcrops are common. Much of these soils in the study area is cultivated or was cultivated in the past. According to the Natural Resource Conservation Act and subsequent legislation pertaining to the Eastern Cape, most of the soil in this category should not be cultivated, while some soil forms, only if the slope is less than 12%. Soils on plateaus are sometimes deeper and sandier with neocutanic properties and may have water tables that are perched. Because of their position on the landscape they are less erodible. They are normally arable provided the slope is less than 12%

Dolerite – are reddish brown and dark brown soil normally develop on dolerite. Boulders and loose rock are often found. They vary considerably in depth and



usually form the high potential soils. They have a clay loam or clayey texture with moderately developed blocky structure that is fairly resistant to erosion, provided that they maintain their vegetation cover. Although the Natural Resource Conservation Act and other legislation will allow most of these soils to be cultivated up to a 20% slope, it is normally recommended that 12% be the upper limit.

Alluvial soils are widely found along the major rivers and on the broad valley floor between Matatiele to the east of Cedarville. They consist of sandy and loamy soils that are deep or moderately deep with a granular or poorly developed blocky structure. Because of the even slopes on which they occur, they may have perched water tables in the lower lying topographical units. Because of the even topography the rivers meander and much of the soils have wetland properties (grey matrix colours on the subsoil that is gleyed below 500mm). These are normally high potential soil if not waterlogged. Most of the irrigated land falls in this group.

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### 2.9.3 GEOLOGY

Matatiele Municipality is located on Karoo sediments, the south western portion on grey and reddish-brown Adelaide mud and sandstone, and in a north-westerly direction, followed by fine-grained Tarkastad sandstone and mudstone, coarse grained Molteno sandstone and by maroon, green or grey Elliot sediments. Later intrusions of dolerite are found throughout the municipal area. Matatiele IDP Review 2010/2011 states that Alluvium is found along the Kinira and Tswereka Rivers west of Matatiele and north of Cedarville.

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### 2.9.4 GRASSLANDS

The landcover within Matatiele is dominated by unimproved grasslands and degraded grasslands. 111,928 ha (25.7%) within the municipality is covered by degraded grasslands, which are generally associated with high levels of soil erosion and gullyng, and low livestock carrying capacities. Such degradation leads to siltation in water bodies, and general loss of ecosystem integrity within rivers and terrestrial areas. 56.1% of the municipality has retained its natural or near natural state (in other words unimproved grassland, water-bodies, wetlands etc). The concerning corollary is that 43.9% of the area is in a non-natural, transformed or degraded state (in other words urban/settlement areas, cultivated land, plantation and degraded grassland etc). This implies that a large proportion of the municipality has more or less lost its original ecosystem functioning and biodiversity status.

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### 2.9.5 SENSITIVE VEGETATION

Matatiele falls generally within the Sub-Escarpment Grassland Bioregion and the Drakensberg Grassland Bioregion. These bioregions are characterised by high

species richness and a high rate of species turnover (or variation) associated with changing gradients, altitude and environmental conditions. The main vegetation types change from Lesotho Highland Basalt Grassland at highest altitude, to Southern Drakensburg Highland Grasslands, East Griqualand Grassland and finally Drakensburg Foothill Moist Grasslands at lower altitudes. Within this pattern, Mabela Sandy Grasslands occur in two sections of alluvial/ saturated soils. East Griqualand (making up 57% of the area) and Mabela Sandy Grasslands (making up 10.8% of the area) are classified as vulnerable vegetation types in a national biodiversity context. Both these vegetation types are classified as “Hardly Protected” in terms of protection within declared reserves. In terms of Area Based Planning, ideally widespread development in endangered and vulnerbale areas should be avoided or conducted in an environmentally sensitive manner.

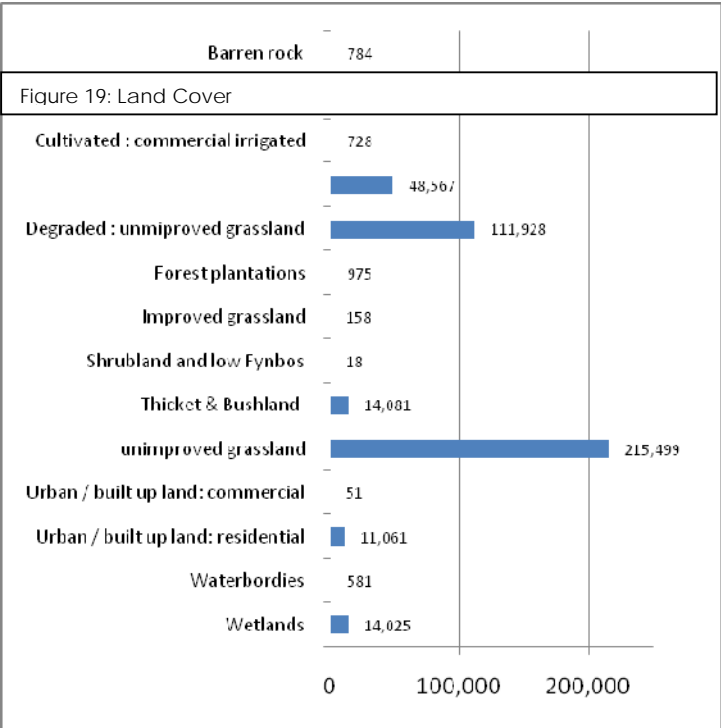
### 2.9.6 LAND COVER

Unimproved grasslands and degraded grasslands dominates the landscape in Matatiele Municipality. Degraded grasslands accounts for 111,928 ha (25.7%) and is generally associated with high levels of soil erosion, gulying, and low livestock carrying capacities. This creates conditions for siltation in water bodies, and general loss of ecosystem integrity within rivers and terrestrial areas. On the contrary, 56.1% of the municipality area remains unimproved.

This includes grassland, water-bodies, wetlands etc. It is however, concerning that 43.9% of the area is in a non-natural, transformed or degraded state (in other words urban/settlement areas, cultivated land, plantation and degraded grassland etc). This implies that a large proportion of the municipality has more or less lost its original ecosystem functioning and biodiversity status.

The majority of unimproved grassland is degraded. Significant impacts on the rural economy as productive land gradually becomes unproductive and fewer families are able to subsist on the land. The EMP identifies the following as indicators of this phenomenon:

Basal cover of the grasslands shrinks over time, exposing the soil to erosion forces, resulting



in extensive sheet erosion over large areas.  
 Loss of productive plant biomass as palatable, nutritious species is replaced by unpalatable, non-nutritious species.  
 Alien plants invade ecologically depressed grasslands.  
 Carrying capacity diminishes over time and quality and productivity of livestock deteriorates (lower calving rates, lower annual growth of individuals, lower wool returns).  
 Significant loss of plant diversity, especially of the palatable grasses and forbs (and presumable associated invertebrate and vertebrate species).  
 The reduced biomass associated with such over-grazing means that more pressure is placed on remaining grasslands and the process accelerates over time, leading to run-away erosion and further loss of plant material.  
 Changes in plant community structure from a diverse resilient composition to a vulnerable plant community composition unable to withstand climate change.

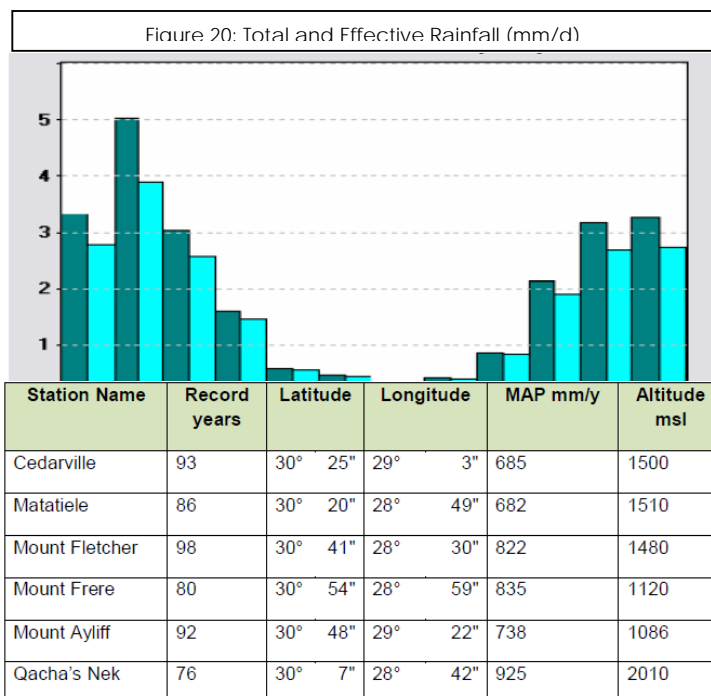
The following land uses taking place within Matatiele Municipality have a tremendous impact on the natural environment (ABP, June 2007):

Cultivation of crops.  
 Grazing which can be one of the least damaging of land uses IF stocking rates are adhered to, and rotational grazing is practiced.  
 The practice of annual burning to stimulate new green growth is prevalent because of the persistence of the stereotype that fires stimulate early growth.  
 Forestry adjacent to grasslands can sometimes increase local animal species diversity as it provides another habitat along the margin of the plantation and grassland interface.  
 Road construction is often the source of gully erosion due to creation of concentrated run-off from improperly designed road drainage systems.  
 The link between settlements and livestock concentrations, with heavy grazing and trampling in such areas, is a major threat to the health of groundcover in general

## 2.9.7 TEMPERATURE AND RAINFALL

The southern portion has a moderate climate with an average maximum in summer of 26°C which then falls to 1°C in mid winter. The average temperature at Matatiele is four degrees colder with an average maximum of 17°C in January which falls to 2°C in June.

Minimum



temperatures can fall well below zero.

The mountainous areas south of Matatiele and the border region in the north eastern parts can expect frost for more than 75 days. Snow at the latter is common. Average annual rainfall ranges from below 550 mm to more than 1 000 mm, which falls in a typical summer rainfall pattern that commences in October and continues through to April.

The highest rainfall is in February (refer to Figure 16). A rain shadow is experienced in the northern valley area south of Cedarville and Matatiele. This is also where the reliability of the rain is at its lowest and the chances of consistently high crop yields are lowest. Runoff is exceedingly high in most of the study area because of poor vegetation cover. This has increased the erodibility of the soil. The average rainfall of some monitoring stations in and around the study area is indicated in Table 10. A more comprehensive list can be found as an addendum.

## 2.10 INSTITUTIONAL/ ORGANISATIONAL PROFILE

### 2.10.1 ORGANISATIONAL STRUCTURE

Matatiele Local Municipality (EC441) is a Category B Municipality as determined by the Demarcation Board in terms of Section 4 of the Municipal Structures Act 1998. The Municipality functions under the Collective Executive system consisting of nine (9) Executive members of whom one is the Mayor. There are four women serving in the Executive Committee. The Council consists of 51 Councillors including the members of the Executive Committee. Of the 51 Councillors 24 are Ward elected Councillors. The Council has seven (7) portfolio-standing committees, with each member of EXCO serving as a portfolio councillor. The seven portfolios of the municipality are as follows:

- Corporate Services
- Local Economic Development
- Community Services
- Technical Services
- Budget and Finance
- SPU
- Standing

### 2.10.2 MUNICIPAL ADMINISTRATION

The municipality's organizational structure comprises of 336 positions which are divided into five departments excluding the office of the Municipal Manager. All the departments have the executive managers and middle managers. The municipal staff compliment can be briefly shown in table 10 below:

Table 11: Municipal staff compliment

LEVEL OF EMPLOYMENT	NUMBER OF EMPLOYEES	%
Executive Managers including the Municipal Manager	6	2
Middle Managers	20	9
Other Managers	23	10
Technical/Professional Staff	64	27
Other Staff (clerical, labourers, etc.)	117	51
<b>Total Staff = 230</b>		

LEVEL OF EMPLOYMENT	MANAGEMENT
Municipal Manager	1. Accounting Officer
Five (5) Executive Managers	2. Finance/ Budget and Treasury 3. Corporate Services 4. Economic Development and Planning 5. Community Services 6. Technical Services
Twenty (20) Middle Managers	1. Manager Development Plan 2. Manager LED 3. Manager SPU 4. Manager Public Participation, Petitions & Protocol 5. Manager IDP/PMS 6. Deputy Chief Financial Officer 7. Manager Budget Office 8. Manager Treasury Officer 9. Manager SCM 10. Manager Human Resources 11. Manager Admin Support 12. Manager Council Support 13. Manager Communications, IGR 14. Manager: PMU 15. Manager: Solid Waste 16. Manager: Operations & Maintenance 17. Manager: Electrical Unit 18. Chief Protection Officer 19. Operational Manager: Health 20. Housing Manager & Amenities

The core function departments:

<i>DIRECTORATE</i>	<i>FUNCTIONS</i>
<ul style="list-style-type: none"> <li>Corporate Services</li> </ul>	<ul style="list-style-type: none"> <li>General Administration (including Councilors affairs)</li> <li>Legal Support</li> <li>Secretarial Function (EXCO and Portfolio Agendas and minutes)</li> </ul>

<i><b>DIRECTORATE</b></i>	<i><b>FUNCTIONS</b></i>
	<ul style="list-style-type: none"> <li>• Administration Co- ordination</li> <li>• Organization and work study</li> <li>• Personnel Management Services</li> <li>• Staff transformation</li> <li>• Staff Training</li> <li>• Labour relations</li> <li>• Occupational Health and Safety co-ordination</li> </ul>
<ul style="list-style-type: none"> <li>• Community Services</li> </ul>	<ul style="list-style-type: none"> <li>• Health Services</li> <li>• Traffic Services</li> <li>• Public Safety and Security Services</li> <li>• Disaster Management</li> <li>• Fire Fighting</li> <li>• Sports, Parks and Recreation</li> <li>• Cemeteries and Cleansing Services</li> <li>• Community Facilities (Halls, pools, libraries and amenities)</li> <li>• Housing Development and administration</li> <li>• Urbanization and informal settlement clearance</li> </ul>
<ul style="list-style-type: none"> <li>• Budget and Treasury Office</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue and Debt Management</li> <li>• Procurement and stock management</li> <li>• Expenditure Management</li> <li>• Financial Administration and statistics</li> <li>• Internal audit</li> <li>• Budgets and Planning</li> <li>• Financial Information systems</li> </ul>
<ul style="list-style-type: none"> <li>• Economic Development and Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Local Economic Development and Tourism</li> <li>• Street Trading and Markets</li> <li>• Marketing</li> <li>• Building regulations</li> <li>• Billboards and the display of advertisements in public places</li> <li>• Town Planning</li> <li>• Geographical Information System (GIS) services</li> <li>• Land Development and Facilitation and Survey</li> </ul>
<ul style="list-style-type: none"> <li>• Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity provision</li> <li>• Roads and Storm water</li> <li>• Street Lighting</li> <li>• Technical support Services (mechanical workshop and – repairs and maintenance).</li> <li>• Engineering Services</li> </ul>
<ul style="list-style-type: none"> <li>• Office of the Municipal Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Head of Administration</li> <li>• Communications and Inter-Governmental Relations (IGR)</li> <li>• Public Relations</li> <li>• Internal Auditing</li> <li>• Integrated Development Planning and Performance Management System</li> <li>• Public Participation, Petitions &amp; Protocol</li> <li>• Outreach Programmes</li> </ul>

## 2.11 DEMOCRACY AND GOVERNANCE

### 2.11.1 COMMUNITY EDUCATION AND PARTICIPATION

Section 16 (1) of the Municipal Systems Act requires municipalities to develop a culture of municipal governance that compliments formal representative government with a system of participatory local government. As such, Matatiele

Municipality has adopted a ward committee system and established such structures in all 24 municipal wards. Each committee has members who represent diverse interests and serve as the main means for public participation in the IDP and municipal affairs generally. The municipality has adopted a policy to guide the operation and functioning of ward committees.

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#### 2.11.2 INTERACTION WITH COMMUNITY

Section 6(3) b of the Constitution stipulates that the municipality must take into account the language usage and the preference of their communities in communication. The White Paper on Local Government suggests mechanisms, which include forums, focused Research and focused stakeholder groups as communication tools. Transparency and reciprocal information flow are the tenets put forward by the government and transparency has been given more prominence through Acts such as the Promotion of Administrative Justice Act and the Access to Information Act.

### 3. KEY DEVELOPMENTAL ISSUES

Integrated development planning is not and cannot be a universal remedy for all problems facing the municipality and its people. As a result, one of the distinguishing features of integrated development planning is its focus on strategic areas of intervention and concern with interventions with a high impact using the limited resources available to the municipality. This focus is intended to achieve faster and appropriate delivery of services and create an enabling framework for social and economic development. Based on the assessment of the current situation, Matatiele Municipality has identified the following as key development issues.

#### 3.1 CHALLENGES FACING THE MATATIELE AREA

Matatiele IDP through a consultative process identified various challenges that need to be addressed in order to meet the needs of the voters and achieve sustainable development and the vision for the future development of the Matatiele area. These challenges were identified as follows;

Access to social facilities – is considered to be challenge. The existing police stations are considered to be inadequate and a need exists for satellite police stations. The health facilities are also said to be inadequate to cater for community needs and the Department of Land Affairs is reluctant to give land for the development of clinics. There is a shortage of sports and recreation facilities as well as other facilities such as banks, post offices. There are areas that may require satellite municipal and government offices. The educational facilities are considered to be inadequate particularly the technical skills centres and public schools. There is a major backlog with general maintenance of infrastructure and service delivery.

Improved safety and security – the low cost townships need street lights in order to minimize the occurrence of crime. Stock theft is considered to be very high. Community Policing Forums (CPFs) need to be established, an allowance needs to be made as compensation to the CPFs as a form of motivation.

General moral regeneration – is a need in the Matatiele municipal area. The level of alcohol consumption amongst the youth is attributed to the lack of entertainment centers.

Land and Housing – land ownership and access to land is a severe problem. Limited land use management and development control makes it difficult to prevent and control land invasion. Upgrading tenure security is important for this area, particularly providing more secure rights for people that already occupy land. A need for rural planning is noted. There is a shortage of housing within the urban areas and access to funding is a major problem for middle income housing. Settlements are mushrooming in an uncontrollable environment.



Local Economic Development and Tourism – Due to the high rate of unemployment in Matatiele, there is a need to attract private sector investment. The local resources are underutilized due to poor skills base. The business skills are required not only technical skills. The tourism potential not being harnessed (heritage) and no access to Markets. Matatiele does not have a Local Tourism Organisation. There is a need for an information centre at the entrance of Matatiele.

Environmental pressure – there are several environmental threats and limitations which if not addressed could contribute to decline in the supply of natural resources and livelihoods in the municipality. Key limitations include poor soil and highly erodible soils contributing to land degradation poor crop yield. In addition to that the harsh climatic conditions such as high temperature, heavy rainfall, and periodic strong winds which under favourable conditions could result in natural disasters such as floods and runaway bush fires. The highly rugged terrain can significantly reduce the development potential of the municipality. The management of wetlands is a critical issue.

Encroachment of settlements onto high potential agricultural land - Land capability of the Matatiele Municipality is significantly limited. Only an estimated 30% of the total land area of the municipality has land with minor limitations to agricultural production. The remaining 70% is either not arable or has severe limitations to agriculture. Unfortunately, the limited land for agriculture is decimated by extensive settlement and the associated uses. Currently, it appears that commercial agriculture is not a viable land use option for a development programme in most parts of the municipal area. Viable agricultural schemes have also proved to be difficult to implement in rural areas due to shortage of land.

Uncontrolled settlements – the sprawl of rural settlements and growth of informal settlement in commonage areas and around the rural service centres of Matatiele and Maluti is considered a critical issue affecting the municipal area. This phenomenon could be ascribed to the factors such as the collapse of the land administration system and the tendency for people to be opportunistic and move to highly accessible areas (such as along R56 corridor and road to Lesotho).

## 3.2 OPPORTUNITIES WITHIN THE MATATIELE AREA

### 3.2.1 HERITAGE AND ECO-TOURISM

The environment within Matatiele Municipality provides several opportunities for eco-tourism development provided these would be harnessed appropriately and utilised on a sustainable basis. The key environmental opportunities include:

The largely rural wilderness areas for the development of ecotourism and wilderness education