



MATLOSANA

City on the Move?



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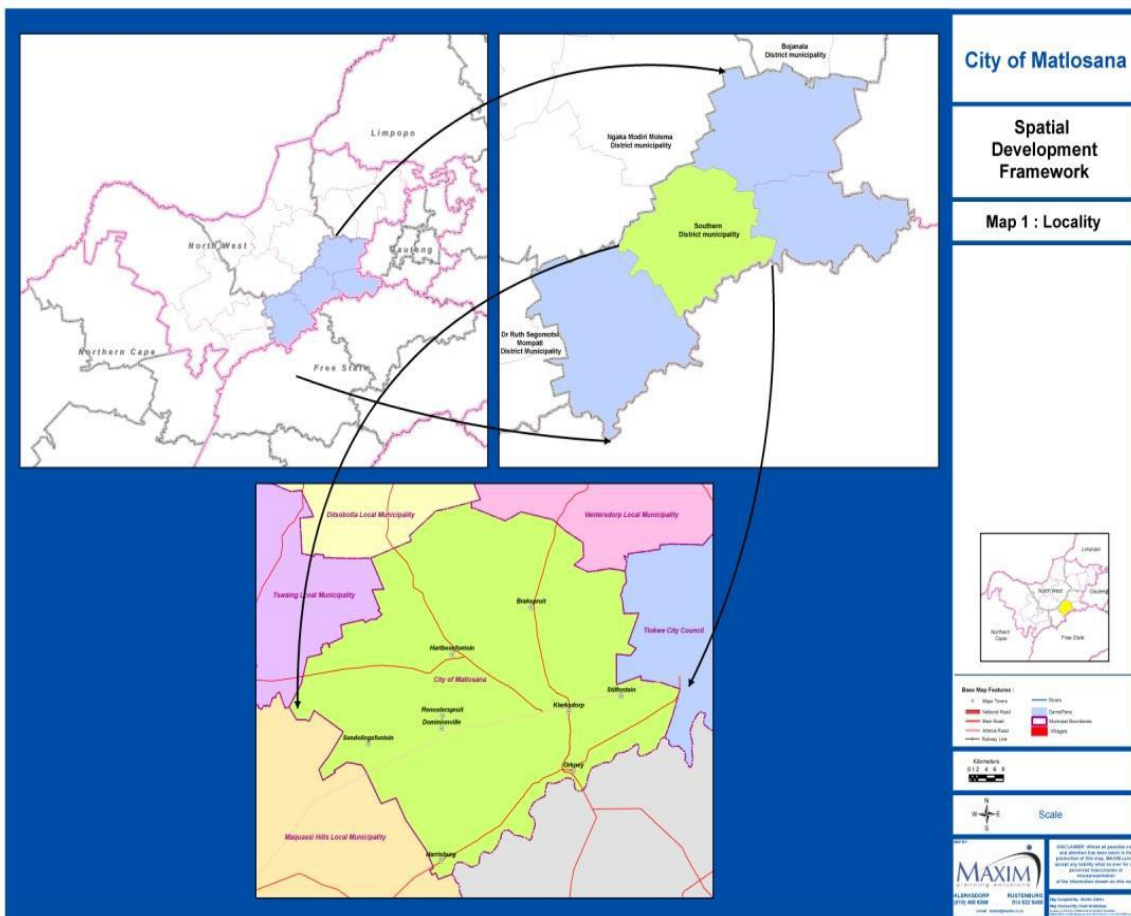
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1. Introduction

This report on the City of Matlosana is one of six case studies on intermediate cities in South Africa. The aim of the six case studies is to identify key trends in respect of intermediate or secondary cities in South Africa. The City of Matlosana is part of the Dr Kenneth Kaunda District Municipality in the North West Province. Figure 1 shows the position of the City of Matlosana Local Municipality in relation to the District Municipality and the surrounding municipalities. The City of Matlosana covers about 3625km² and is situated 164km south west of Johannesburg, on the N12 Treasure Corridor (SDI) linking the municipal area with the Gauteng province in the east and the Northern Cape in the south west. The City of Matlosana is also 120km south of Rustenburg and the platinum belt. Klerksdorp, Jouberton, Alabama, Manzilpark, Orkney, Kanana, Vaal Reefs, Stilfontein, Khuma, Tigane and Hartebeesfontein are all the areas that form part of the City of Matlosana Local Municipality.

Figure 1: Position of the City of Matlosana Local Municipality in relation to the rest of the Dr Kenneth Kaunda District Municipality¹



¹ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Framework Review 2013. City of Matlosana Local Municipality: Klerksdorp. p. 6.

This paper will highlight the following key points in terms of the development of the City of Matlosana as an intermediate city:

- Klerksdorp originally established and developed as a regional service centre between the gold mining areas in the Rand and the diamond mining fields in the Cape in the late 1800s. The paper makes the specific point that this historical role as regional / rural service centre has helped to mitigate the impact of mine downscaling since the early 1990s. Although Klerksdorp has always been the main economic hub of the greater municipal area, it has not specifically been involved in the mining activities but has still maintained the function of a regional service centre in terms of agricultural supplies, retail facilities, schools and medical services which stretches further than the boundaries of the Dr Kenneth Kaunda District Municipality into the North West Province and even Botswana. It is precisely this notion which has helped sustain the area in a period of considerable mining decline over the last twenty years.
- Since the early 1990s but more specifically since 2001, mining activities have downscaled drastically. This downscaling also led to nearly 75% of the original workforce in 1996 being retrenched by 2011. It seems as if significant percentages of these retrenchment packages have been reinvested in the area because the housing market has improved despite the decrease in employment. Entrepreneurial activities have also intensified due to compulsory self-employment advancements. The City of Matlosana case study can therefore be strongly linked to the research that has been completed in terms of mining downscaling² and closures³.
- The declining mining industry has resulted in the number of people living in poverty in the City of Matlosana almost doubling between 1996 and 2011. This is due to the fact that the municipal area is characterised by high unemployment levels (19.6%) – albeit the fact that this percentage is somewhat lower than the national average.
- Although the economic decline of the area is similar to that experienced in the Free State Goldfields the overall impact in Matlosana seems significantly less than in the Free State Goldfields. The rapid economic decline of the area has been buffered by (1) the regional service character of the area (2) a business focus which has expanded into Botswana (3) proximity to platinum belt (4) proximity to Gauteng (in fact some researchers view the areas as a spatial extension of Gauteng) and more specifically the West Rand.⁴
- Currently, the N12 Treasure Route puts Klerksdorp in the centre of new developments. Towards the west of the N12, developments comprise residential development, retail nodes and mixed land usages. This is where the new Rio Tusk Casino and shell garage (future truck inn) was developed as well as a Tower Mall to open at the end of 2013. The east of this corridor is earmarked for bulk services like a Regional Shopping Complex, Integrated Housing, IT Call Centre, and Integration with Township Rejuvenation Grant, Light Industry (Medical Supplies and Mining Supplies show potential). This development has also affected the decentralisation of business into the Northern suburbs of Klerksdorp and business activities along the N12. These

² Marais, L., 2013. The impact of mine downscaling in the Free State Goldfields. *Urban Forum*, 24, 503-521; Marais, L. & Cloete, J., 2013. Labour migration, settlement and mine closure in South Africa. *Geography*, 98(2), 77-84.

³ Marais, L. 2013. Resources policy and mine closure in South Africa: The case of Free State Goldfields. *Resources Policy*, 38: 363 – 372.

⁴ Harrison, P., 2013: Twenty year review of spatial planning in South Africa.

activities probably have two main implications. In the first place the emphasis on new trade space probably confirms the regional service role of the town. In fact the distance of influence has probably increased over the past 20 years. Secondly, the corridor development suggests the importance of the link with Gauteng.

- Like many other cities and towns in South Africa, old infrastructure is a matter of concern. The old infrastructure systems are already in need of drastic upgrades and continuous maintenance – this pressure will only increase, resulting in various challenges. At the same time the historic role related to mining has created significant problems for municipal management in the advent of mine downscaling and closure. One such an example is the inability of the municipality to institute an appropriate billing system.
- The notion of becoming a metropolitan area is high on the agenda of The City of Matlosana. The conceptual idea is to link up with Tlokwe and form a metro on the N12 corridor development.

The rest of this case study will therefore build on the above mentioned issues by firstly giving a background on how the City of Matlosana developed as a regional service centre and the influence that the mining sector had on this notion. Secondly the demographic changes should reflect the degree to which the mines influenced the population growth in the different towns of the municipality. Thirdly, the economic profile will analyse the decline in the mining sector and indicate how the City of Matlosana is slowly but surely diversifying the economic base. This includes the business overview of the area as well as the relationships between business and local government. The performance of the local government in terms of planning, local economic development, the supply of bulk services and finances are also scrutinised. Finally, a number of concluding comments, policy lessons and future risks/opportunities are highlighted.

2. Historical perspective

The history of the City of Matlosana can ideally be subdivided into four phases or featured manifestations.

PHASE 1: Development as a regional service centre

The first white inhabitants of Klerksdorp settled next to the Schoonspruit River (which flows through the town) on the farm Elandsheuwel. In 1837 a group of 12 Voortrekker families settled on the banks of the Schoonspruit which is today known as the 'Oudorp'. They established a town and later called it 'Clerqsdorp' after the first magistrate north of the Vaal River, Jacob De Clercq⁵.

The recurring theme of a service centre comes across throughout the history during various key events in history.

- Owing to the rapid development of the area after the discovery of gold, State President Kruger issued a proclamation on 21 August 1886, according to which Klerksdorp was declared as a town on 12 September 1888.

⁵ Gaffen, B. 2012. Klerksdorp Museum. Cultural Heritage info and educational use. Klerksdorp Museum: Klerksdorp.

- During the Second Boer War (1899-1902), heavy fighting occurred in the area, which also housed a large concentration camp. After the war Klerksdorp achieved municipal status in 1903 when Johannes Adriaan Nesor was elected the first mayor⁶.
- Klerksdorp was connected by rail to Krugersdorp on 3 August 1897 and to Kimberley in 1906.
- Various services, such as the hospital (1939), the water scheme (1940), electricity (1944), houses in Jouberton – the first black township (1949), municipal offices (1951) and the P.C. Pelsler airport (1964) were all established to develop the town into what it is today.
- In 1965 the municipal council applied to the administrator for eleven wards and not only nine. The reason for this was the positive growth that the town underwent at that stage. Klerksdorp grew extensively during the 1950s and 1960s and the council often argued that it, being the largest town in the area, could apply for city status⁷.

PHASE II: Gold mining

In 1885 gold was discovered in the Klerksdorp District by M.G. Jansen van Vuuren. Eventually, there were several small mines (Afrikander Lease, East and West Bonanza, Dominion Reefs and Ellaton) that successfully excavated gold but the depth that had to be mined and the quick excavation method was no longer effective enough to mine the gold on the surface. This almost caused a complete collapse of the mining industry with the result that Klerksdorp could have been a ghost town overnight.

In the early 1930s a new excavation process (using cyanide) was developed in Europe and this gave the gold mining industry new life. This method is still used today. The gold mining industry was therefore revived by large mining companies, such as the old Western Reefs (under the logo of the Anglo American Company) in 1932, causing the town to undergo an economic revival, which accelerated after World War II.

Orkney, on the Vaal River was proclaimed a mining town on 20 March 1940 but its history goes back to the gold rush days of the 19th century. One of the pioneer diggers drawn to the Western Transvaal by the gold discoveries of the late 1880s was Simon Fraser, whose claim was on the farm Witkoppies (white hills). Fraser hailed from the Orkney Island off the north coast of Scotland and called his mine Orkney, hence the name of the town.

Like Orkney, Stilfontein has a Scottish connection in its origins. Jack Scott who hailed from Strathmore, in Scotland, acquired a farm in these parts and called it Strathvaal. In 1888 he discovered the outcrop of a gold reef on this farm and named it Strathmore Reef. Upon Scott's death, his son Jack continued the search and acquired an option on the farm Stilfontein ('quiet spring') nearby⁸. In 1949 Stilfontein Gold Mining Company was registered and a town laid out. Production started in 1952. Four mines employed many of the inhabitants of the area –in Stilfontein, Hartebeesfontein, Zandpan and Buffelsfontein.

PHASE III: Decline in mining

⁶ Marx, R. (ed). 1987. Algemene geskiedenis: 1937 – 1987. *Klerksdorp groeiende reus 1837 -1987*. Klerksdorp.

⁷ Dunn, C.L. 1987. Plaaslike bestuur. . In Marx, R. (ed). *Klerksdorp groeiende reus 1837 -1987*. Klerksdorp.

⁸ Brown, A. 1987. Die geskiedenis van die Klerksdorpse myne. In Marx, R. (ed). *Klerksdorp groeiende reus 1837 -1987*. Klerksdorp.

There has been a massive decline in the mining economy as well as the employment rates between 1996 and 2011 in the Greater Klerksdorp area. The annual growth rate in the mining sector declined by 15% during this period. Employment in the mining sector decreased by 44% between 1996 and 2001, and another 23% by 2011. Currently only 6 out of the 28 developed shafts are operational in the area.

There have been several factors contributing to this decline in the mining sector in the area. The following should be mentioned very specifically:

- Continued resource depletion has meant that mining activities had to be performed at deeper levels. Deep mining has specific human resources implications (more accidents) and cost implications (not only for sinking shafts but also the electricity costs of maintaining deep mining). The reality is that at some point the mining activities become unviable as the risks and costs outweigh the income.
- The mining industry has changed considerably over the past twenty years. In essence what was a South African orientated industry has changed to become an international industry with significant international shareholding. In the processes peripheral mining functions (e.g. sports clubs) have lost their importance in the management of mining.
- Significant changes have occurred on the labour front. The industry changed from a low-wage and migrant labour system to a highly regulated labour system. Although much of the historic business case for gold mining was dependent on low wages it should also be accepted that the wage bill has become a dominant cost driver for many companies. The subsequent result is more emphasis on mechanisation.

PHASE IV: Attempts to diversify the economy and establish the area as the economic hub of the region

The Municipality was previously referred to as KOSH incorporating Klerksdorp, Orkney, Stilfontein and Hartebeesfontein. These towns each had their own municipality; they have now been incorporated into a single body. Therefore, the Klerksdorp Municipality officially changed to the City of Matlosana on 1 July 2005. The name Matlosana is said to mean 'People helping each other to move from one area to another'⁹. The defining slogan of the City of Matlosana is the 'City of People on the Move'. This is a play on words dating back to the forced removals during apartheid. This has now been changed to a more positive view to encourage the city 'to move - literally and economically'.¹⁰

This lends itself to the fact that there is "something for everyone" available in the City of Matlosana¹¹. Many of the smaller, mainly agricultural towns in the area purchase their main supplies from Klerksdorp. There are several amenities, including excellent schools, existing shopping malls and outstanding government as well as private hospitals and other medical facilities available.

The Isago @ N12 Treasure Route currently forms the main development axis in the City of Matlosana Municipality, and serves as a potential focus point for future industrial, commercial and tourism

⁹ City of Matlosana. 2013. City of Matlosana Draft IDP 2013 – 2014. City of Matlosana Local Municipality: Klerksdorp.

¹⁰ Interview with the Executive Mayor, City of Matlosana.

¹¹ Interview with Senwes

development^{12&13}. Therefore, to increase investments, Matlosana Municipality has demarcated the N12 corridor for commercial and industrial development. Although these attempts are valid and with some merit, the old reality relating to mining is that if there has not been a long term attempt to do just that, the chances of success are not extremely good.

3. Current status and planning

Despite the considerable economic decline the business sector, community and the municipal officials are generally positive about the future of the area. In the words of the mayor “We want to see the city move”.¹⁴ This section will be discussing changes between 1996 and 2011 in the demographics, the economy and the local government of the City of Matlosana in more detail.

3.1 Demographic and population change¹⁵

This section considers the demographic changes of the City of Matlosana in terms of 1996, 2001 and 2011. The report will specifically cover the population numbers and annual growth, according to population groups, as well as the age distribution in the various areas of the municipality. Figure 2 provides an overview of the growth in households and population between 1996 and 2001.

¹² City of Matlosana. 2011. 2011 – 2015 Integrated Development Plan (IDP) Review. City of Matlosana Local Municipality: Klerksdorp.

¹³ Interview with LED, DED and KKEDA

¹⁴ Interview with Executive Mayor, City of Matlosana.

¹⁵ Unless otherwise stipulated, the demographic statistics of the area was drawn from Statistics South Africa, Census data for 1996, 2001 and 2011.

Figure 2: Population and household growth for the City of Matlosana (1996 until 2011)¹⁶

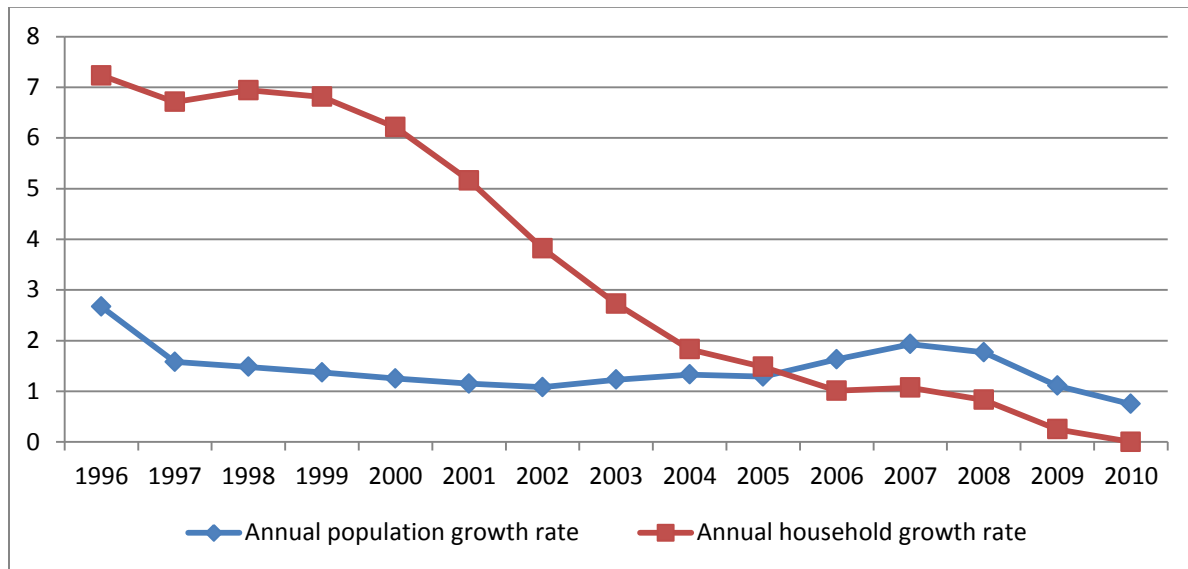


Figure 2 indicates that the population growth and household growth have declined over time. The average annual population growth between 1995 and 2010 is 1.45% and average annual household growth between 1995 and 2010 is 3.46%. The household growth has decreased over time and in 2010 the growth rate was at 0.0%. At this point (2010) population growth showed a slower decline and was at 0.75% per annum.

The total population of the City of Matlosana in 2011 was 398 676 of which 99% are urbanised (mining villages form part of the urban areas). The population of the local municipality makes up 57% of the total population of the Dr Kenneth Kaunda District Municipality and 11% of the North West Province. The largest population concentrations are situated in Jouberton (28.5%), Kanana (19.7%) and Khuma (11.5%) which represents 59.7% of the total population (see Figure 3 for an indication of the position of these places and Table 1 for an overview of population numbers).

Table 1: The total population and annual growth of various areas in the City of Matlosana Local Municipality (1996, 2001, and 2011)

	Total population			Annual growth		
	1996	2001	2011	1996-2001	2001-2011	1996-2011
North West (Province)	5150802	3669353	3509953	-6,6	-0,4	-2,5
DC40: Dr Kenneth Kaunda	552288	599666	695933	1,7	1,5	1,6

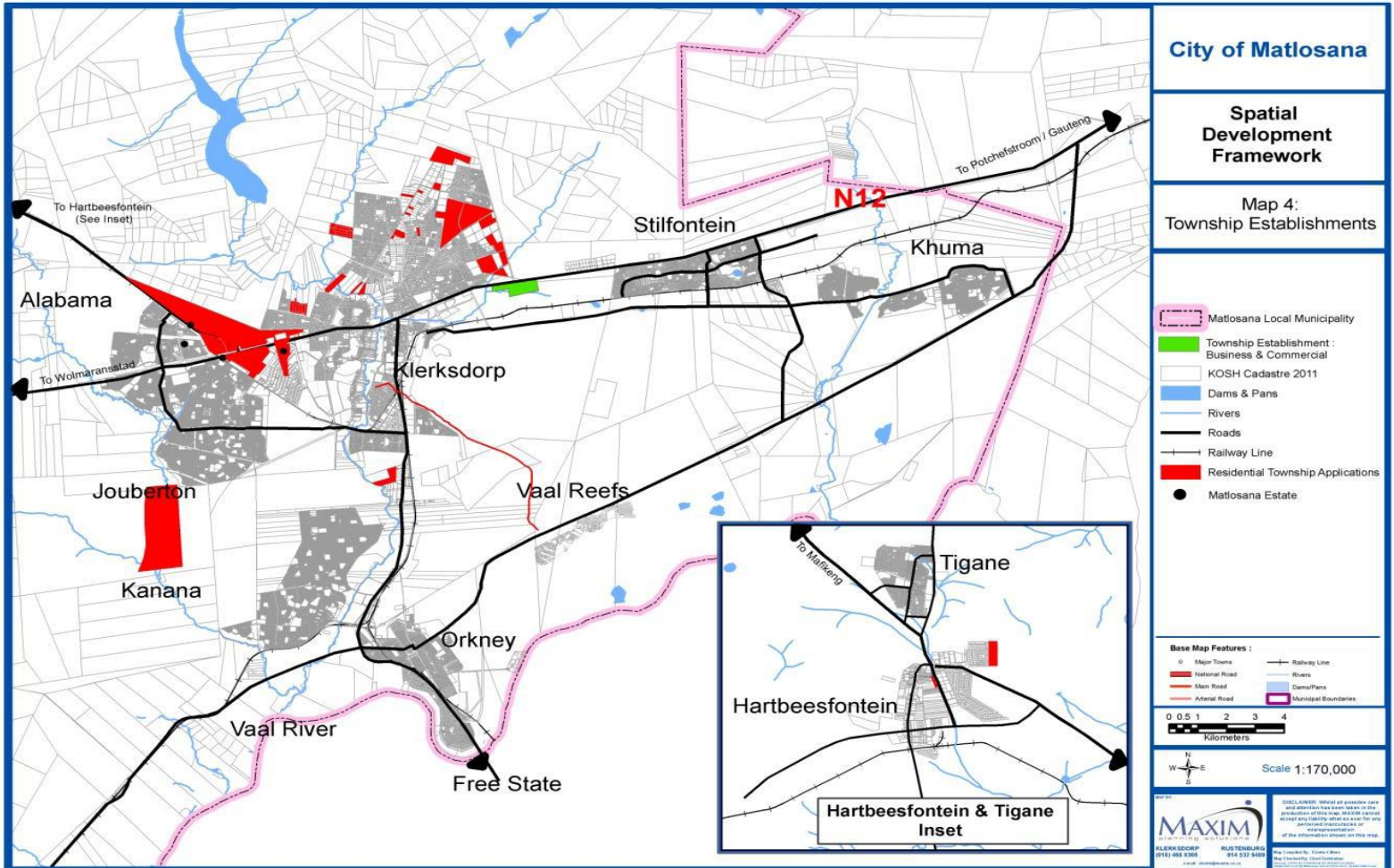
¹⁶ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Report, 2013. City of Matlosana: Klerksdorp.

NW403: City of Matlosana	335114	359203	398676	1,4	1,0	1,2
Hartebeesfontein	1249	1278	1467	0,5	1,4	1,1
Tigane	9103	12105	17141	5,9	3,5	4,3
Klerksdorp	48502	49487	57136	0,4	1,4	1,1
Alabama	7832	8750	17368	2,2	7,1	5,5
Manzil Park	1124	1257	1762	2,3	3,4	3,0
Jouberton	86176	104974	113666	4,0	0,8	1,9
Orkney	12369	15536	13435	4,7	-1,4	0,6
Kanana	53887	66936	78419	4,4	1,6	2,5
Vaal Reefs	25237	11339	11339	-14,8	0,0	-5,2
Stilfontein	13632	14707	17942	1,5	2,0	1,8
Khuma	40582	42966	45895	1,1	0,7	0,8

As indicated in Table 1 the North West Province had a negative population annual growth (-2.5) between 1996 and 2011. The change in population in the North West Province is due to changing boundaries by the demarcation board during 2005. The population growth of 1.2% in the City of Matlosana is in the main natural population growth. It is important to note that despite the considerable economic decline (see Section 3.3) there has not been an outflow of people in real numbers since the early 1990s. This is different from the situation in the Free State Goldfields where the population numbers dropped from nearly 500,000 in 1991 to approximately 380,000 in 2010¹⁷.

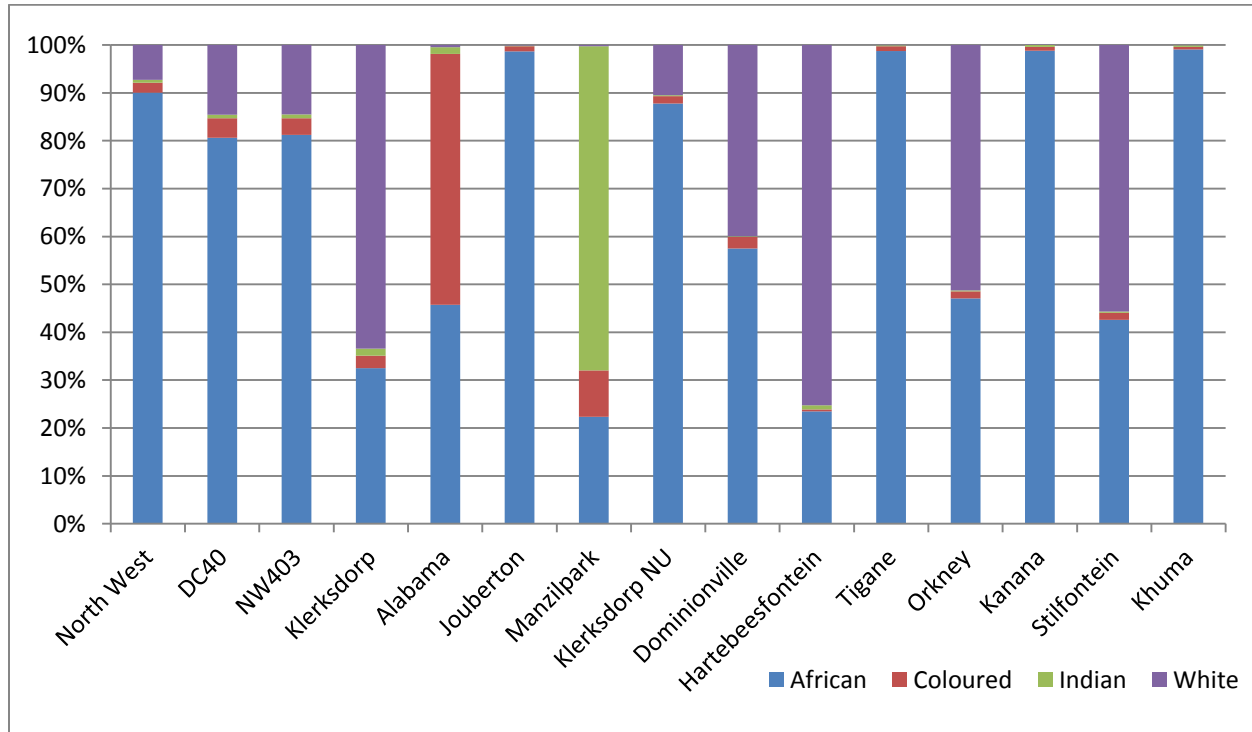
¹⁷ Marais, L. 2013. The impact of mine downscaling on the Free State Goldfields. Urban Forum, February 2013. DOI: 10.1007/s12132-013-9191-3

Figure 3: Map indicating the position of the towns in the City of Matlosana



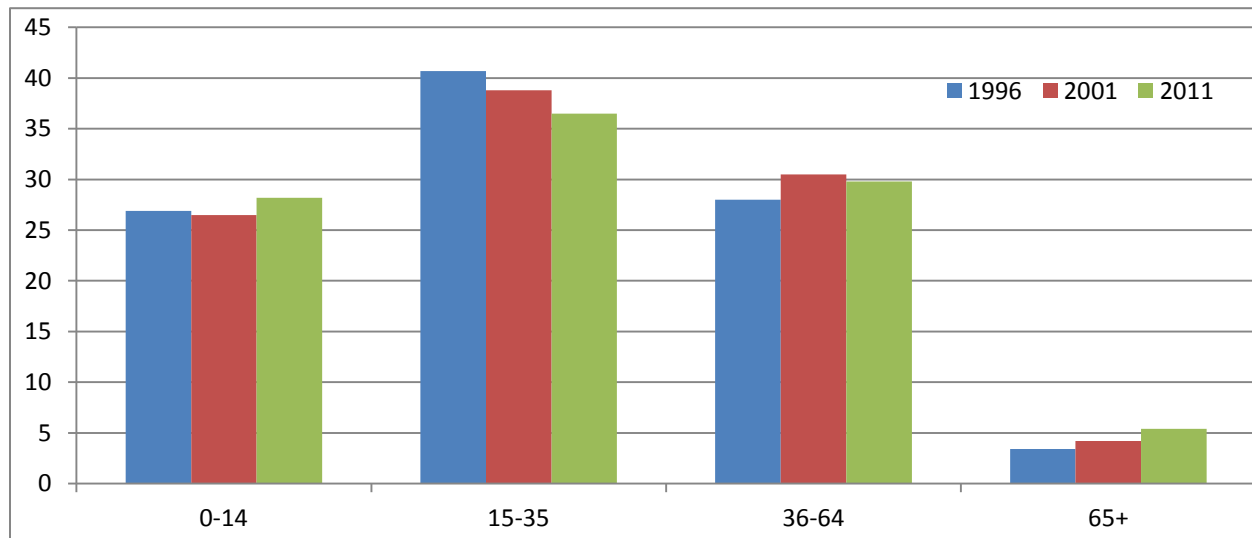
The areas that have grown the most between 1996 and 2011 were Alabama (5.5), Tigane (4.3) and Kanana (2.5). The reason for this growth in these areas specifically is because the housing projects in the past few years have concentrated on these areas where the land has been available. Municipal services have also been increased in these areas specifically. Furthermore, Vaal Reefs (-5.2) had a negative growth during this period due to the fact that it is primarily a mining village. Figure 4 provides a detailed overview of the proportional size of race groups to the populations of the main urban areas.

Figure 4: Population distribution of various areas that are part of the City of Matlosana in 2011



The majority of the population in the City of Matlosana in 2011 was Black African (89.8%). This figure increased by 10% since 1996 whereas the white population decreased slightly from 17.7% to 14.5%. It can clearly be seen from Figure 4 that Alabama is the traditionally coloured residential area and Manzilpark the traditionally Indian residential area. Hartebeesfontein and Klerksdorp (town) house the majority of the white population with surrounding African Black townships of Tigane and Jouberton respectively. Orkney and Stilfontein (the traditionally mining towns in the area) are very evenly distributed between white and African Black residents and represent significant levels of desegregation – in the main related to mine downscaling and decline (an aspect the report will return to later). Figure 5 provides an overview of the age distribution.

Figure 5: Age distribution in the City of Matlosana between 1996 and 2011



According to Figure 5, the majority of people are within the age group of 15 and 35 years of age, representing the young and upcoming market segment. A total of 66.3% of the population in the City of Matlosana are between the ages of 15 and 64 (the economically active market)¹⁸. The percentage of the dependent population (young and old) is 33.6%. These statistics have not changed much since 1996. When comparing these figures to that of Rustenburg, the percentages look very similar except for the fact that the economically active population in 2011 is slightly higher in Rustenburg (72,6%) than in the City of Matlosana because of the current boom in the Platinum mining sector in the Rustenburg area. The number of dependants is therefore also slightly less in 2011 in Rustenburg (27%). Furthermore, the total population in the Rustenburg area grew by almost 300 000 in the past 10 years, this gives an indication that the economically active population in the North West have been migrating to the Rustenburg area (which is also in the North West). There has been a considerable increase in the population older than 65 which might be an indication of some characteristic retirement after mine closure. At the same time this increase in the population older than 65 should also be viewed in association with a small proportional contribution of the population younger than 15. All in all this is indicative of an area losing some of its economically active population.

It seems as if most of the population living in the City of Matlosana were born in the North West (97.5%). This is a similar trend within the North West Province itself. Similarly, 90.1% of the population of the City of Matlosana also previously resided in the North West Province. Very similar migration patterns are visible from the Rustenburg region. A small percentage (11%) of the population living in Hartebeesfontein previously resided in the Western Cape and 5% from Gauteng. This might be the result of the mining activities outside the town. Likewise, in Stilfontein and Orkney (also mining towns) 5% of their populations previously resided in Gauteng and a further 5% in the Free State. It can therefore be concluded that approximately 10% of the population in mining towns previously came from other mining areas around the

¹⁸ Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p. 47.

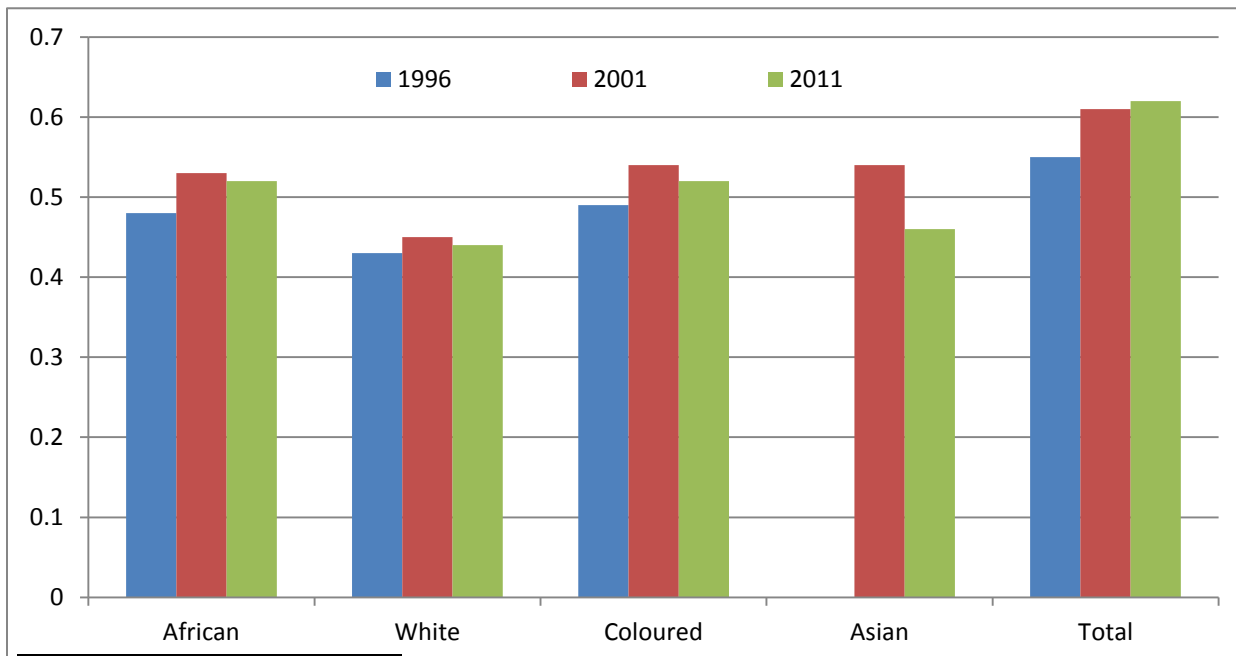
country. This migration trend between mining areas seems also to continue with anecdotal evidence that a small but significant percentage of the population is linked to the platinum belt.

3.2 Social issues

There is not really an active civil society in the City of Matlosana. In the main, the non-profit organisations are the typical “welfare” types of association either caring for the poor, disabled, aged or early childhood development entities. Like many parts of South Africa the number of people living in poverty has increased over the past 15 years. In 1996 the number of people living in poverty in the City of Matlosana was 118 865. This almost doubled to 212 892 in 2011. The majority of the population that is living in poverty are African (96%). The population of the City of Matlosana constituted a small minority of the North West population living in poverty (9.3% in 1996). These levels have increased to 13.8% in 2011¹⁹. In essence this is indicative of economic decline (due to mine downscaling) at a rate considerably more than the rest of the province. Indigent households in Matlosana receive 70 KWh free electricity and 60 litres of water on a 30 day period²⁰. The percentage of indigent households has increased sporadically from 31.14% of the households in the City of Matlosana in 2007/8 to 35% in 2009/10 and 41% in 2011/12²¹.

The Gini coefficient measures the extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution (see Figure 6).

Figure 6: Comparison of gini-coefficient of racial groups in Matlosana in 1996, 2001 and 2011



¹⁹ Regional Explorer, IHS Global Insight Data. 2013

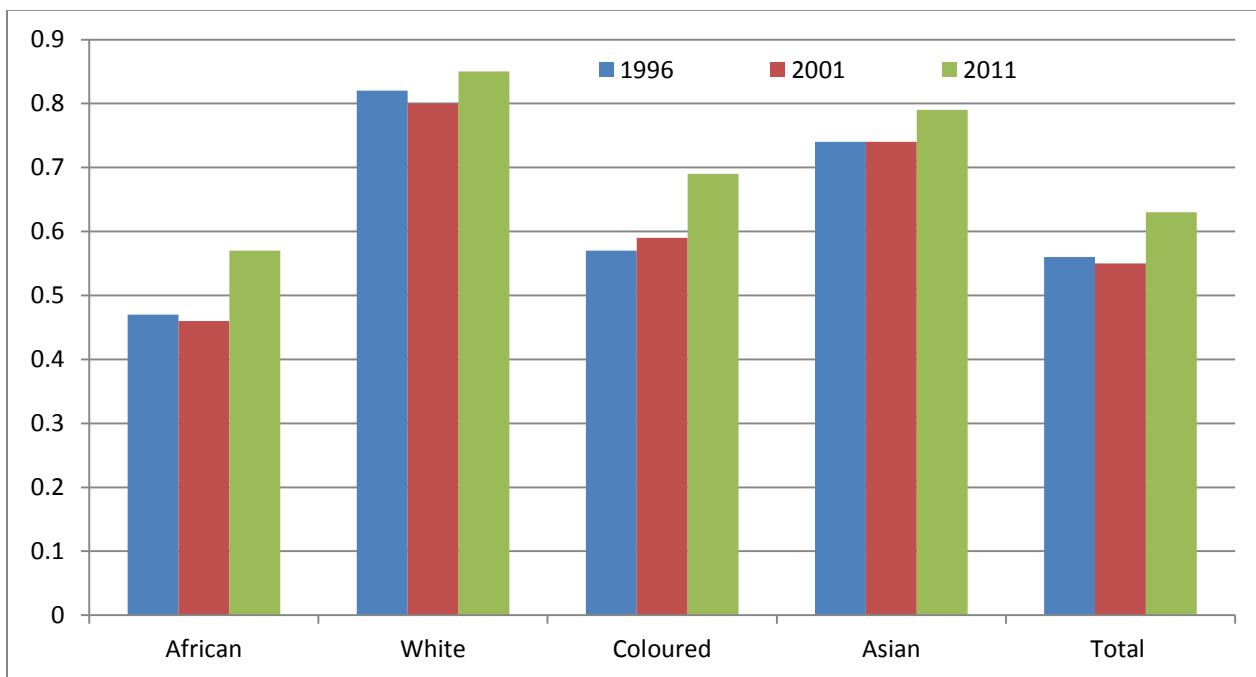
²⁰ City of Matlosana. 2011. City of Matlosana. 2011/12 Integrated Development Plan (IDP) Review. City of Matlosana Local Municipality: Klerksdorp.

²¹ City of Matlosana. 2012. City of Matlosana Annual Reports, 2007/8; 2008/9; 2009/10; 2010/11 and 2011/12. City of Matlosana Local Municipality: Klerksdorp.

As seen in Figure 6, this index for the entire population of the City of Matlosana hovers on 0.6 (0.55 in 1996 and 0.62 in 2011). Similar results can be seen for the gini coefficient of the North West Province as well as South Africa in 2011. The African population in Matlosana (0.52) has a higher index than the white population (0.44). In other wards the income distribution is high for the entire population and lower for the African population and lowest for the white population²².

Furthermore, the human development index (HDI) is a measure to rank the social and economic development of an entity according to life expectancy at birth, mean years of schooling, expected years of schooling and gross national income per capita. The HDI makes it possible to track changes and compare these changes in development levels over time.

Figure 7: Comparison of HDI of racial groups in Matlosana in 1996, 2001 and 2011

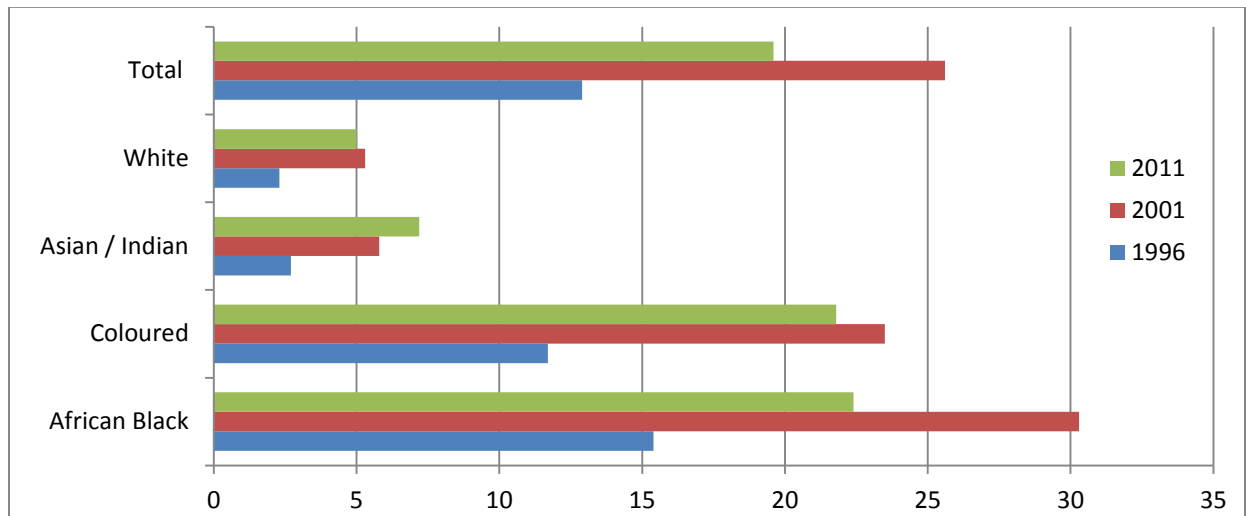


The national, North West Province and the City of Matlosana HDIs are similar. Figure 7 illustrates that the HDI for the African population in the City of Matlosana is the lowest (0.57) followed by the coloured population (0.69) and the Asian population (0.79). The white population has an HDI of 0.85²³. More importantly, it should be noted that despite the considerable economic decline, there has been a considerable increase in the overall HDI.

²² Regional Explorer, IHS Global Insight Data. 2013.

²³ Regional Explorer, IHS Global Insight Data. 2013.

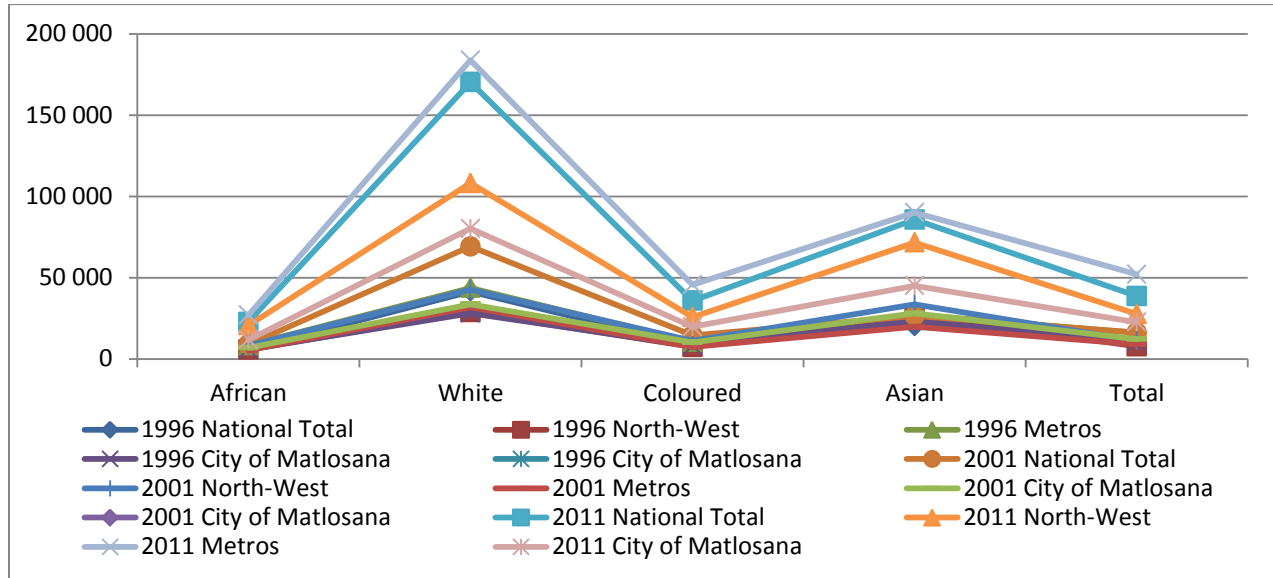
Figure 8: Unemployment status of City of Matlosana (1996, 2001, 2011 comparison)



The above figure concludes that the municipal area is characterised by high unemployment levels (19.6%). This is lower than the national average of 25% but higher than the North West Province (17.1%). The majority of people are employed within the elementary (14%), plant and machine operators (15.4%) and craft related trades workers (15.2%). There are also a large number of professionals (16%)²⁴. From Figure 8 it can be seen that the figures for 2011 are lower than those in 2001 but higher than in 1996. Thus, once again the figures suggest that despite an initial increase in unemployment between 1996 and 2001 the percentage has in fact declined between 2001 and 2011. The African Black (22.4%) and Coloured (21.8%) populations in the City of Matlosana in 2011 have higher levels of unemployment than the White (5%) or Asian (7.2%) population. The suburbs in the City of Matlosana that had the highest level of unemployment in 2011 are Kanana (28.1%), Khuma (29.5%) and Alabama (26%).

²⁴ Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p. 40.

Figure 9: Distribution of per capita income per population group in the City of Matlosana compared to South Africa and North West for 1996, 2001 and 2011²⁵



According to Figure 9 the people living in the metropolitan areas are the highest earners. The per capita income of the City of Matlosana is lower than the rest of South Africa as well as the North West Province. The pattern is not very different in 2011 to that of 1996 and 2001.

3.3 Economic analysis

The economy remains vulnerable due to its overreliance on the mining industry. Very few alternatives to mining have yet materialised and the growth in other sectors such as Trade or the Finance and Business Services has not been able to compensate for the job losses resulting from the downscaling of mining activities²⁶. “Of the 28 mining shafts in the area, only six are still in full production”²⁷. The area can therefore no longer depend on the mining sector to keep economic growth in place. The authorities at local and district municipal level, as well as the mines that are still operating (AngloGold Ashanti and Shiva Uranium)²⁸, have consequently started putting systems in place to develop the area towards becoming a service centre of trade for all the surrounding areas instead of remaining solely as a mining area.

The economic analysis of the City of Matlosana firstly illustrates the economic profile of Matlosana relative to the North West Province. Of course, further/additional analysis will focus somewhat on the mining economy.

²⁵ Regional Explorer, IHS Global Insight Data, 2013.

²⁶ Industrial Development Corporation (IDC). 2013. The importance of a conducive environment. Dr Kenneth Kaunda Economic Development Agency. SALGA LED Network.

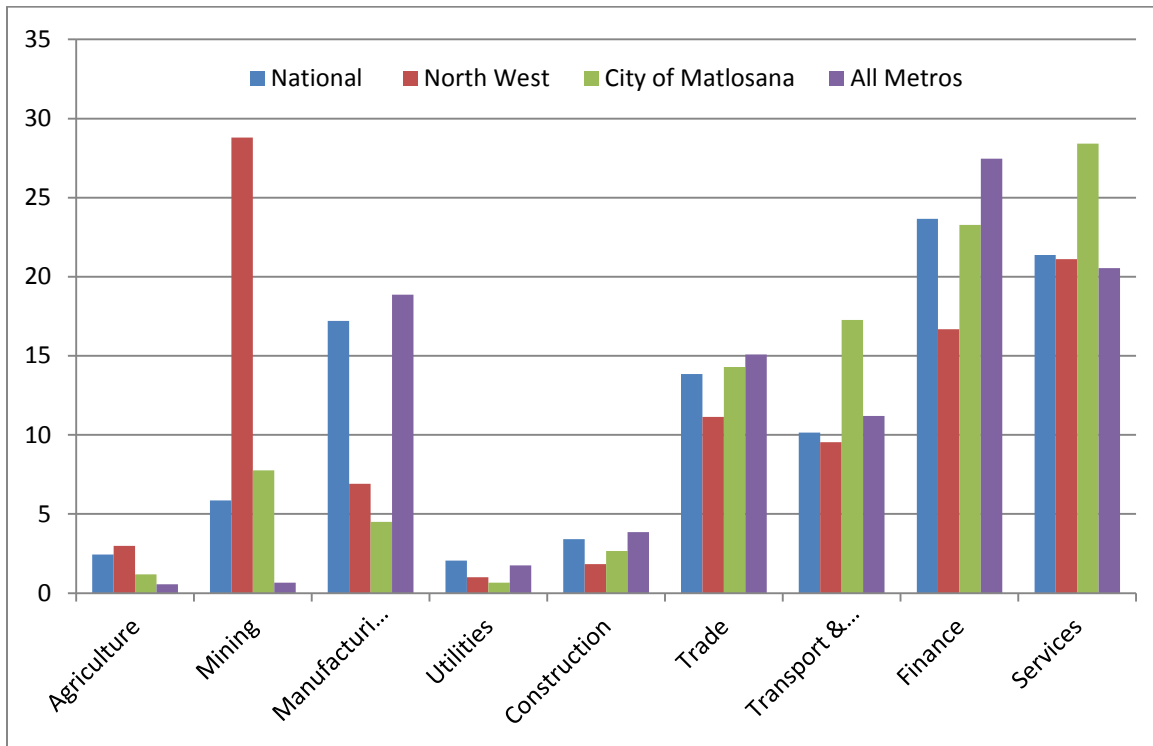
²⁷ Jacobs, D. 2013. Golden era comes to an end. *Klerksdorp Record*, 18 July 2013.

²⁸ Manzana, G. Will Matlosana become ghost town? *Klerksdorp Rekord*, 6 June 2013.

3.3.1 Economic profile

The City of Matlosana contributed to 43.8% of the Dr Kenneth Kaunda District economy which represents 27.9% of the North West Province²⁹. Figure 10 gives an indication of the major economic sectors according to the City of Matlosana, compared to the national, the North West Province and other metropolitan areas.

Figure 10: Relative contribution (%) of economic sectors in the City of Matlosana, North West Province, South Africa, and all metropolitan areas, 2011 (real values, GVA)³⁰



It is clear that mining plays an important role in the economy of the North West Province (28.79%) whereas the manufacturing sector (18.87%) features strongly in the metropolitan areas. The current (2011) main pillars of the local economy of the City of Matlosana are the services (28.11%), financial (27.47%), transport and communication (17.26%), retail (14.30%) and the mining (7.75%) sectors. The transport sector will possibly become more important as the N12 Route development occurs. This forms part of the alternative N1 Route between Gauteng and Cape Town as well as the main routes for exporting to Namibia and Botswana³¹.

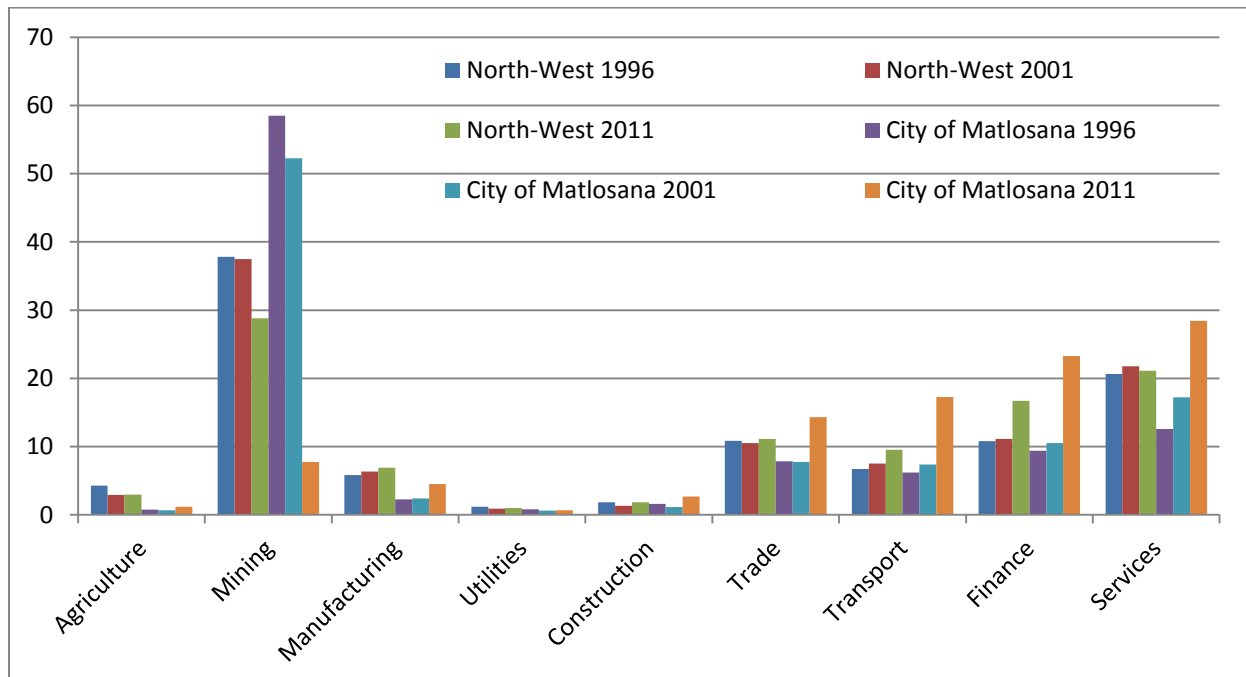
²⁹ Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p. 4.

³⁰ Unless otherwise stipulated, the economic data was sourced from Regional Explorer, IHS Global Insight Data, 2013.

³¹ Interview with LED, DED and KKEDA

Surprisingly, agriculture has contributed only minimally to the economy of the City of Matlosana. Although the head office of SenWes is located in the area, they do not necessarily operate primarily in the City of Matlosana but have expanded mostly in the adjacent areas, such as Wolmeranstad and Bothaville in the Free State and even as far as Botswana³². In the nearby vicinity of the mines, mining companies have bought out agricultural land.³³ Although this is primarily to minimise the risks associated with pollution of agricultural land by mining activities, large portions of this land have been rented back to farmers. There are a few small farms along the Schoonspruit that are under irrigation. Figure 11 further elaborates on the relative contribution that each economic sector has made between 1996 and 2011.

Figure 11: Change in the relative contribution of economic sectors in City of Matlosana and North West, 1996, 2001, 2011 (real values, GVA)



From the figure above, the mining sector’s economic contribution to the City of Matlosana has dropped dramatically from 58.48% in 1996 to only 7.75% in 2011. As noted earlier it is directly related to the risks associated with deep mining and the “depletion” of gold reserves. Even the share prices of the mining companies have declined drastically³⁴. In addition, the labour union problems and the events of Marikana in Rustenburg, have affected the current situation in gold mining. The contribution that the mining sector made in the North West Province also decreased from 37.8% in 1996 to 28.79% in 2011. This was not such a drastic drop for the province as a whole. In the North West Province, the other sectors have not changed in the contributions they make to the economy. The sectors that have shown growth in their proportional share in the economy of the City of Matlosana are the trade sector (from 7.87 to 14.30%), the

³² Interview with Senwes

³³ Interview with AgriSA (North West)

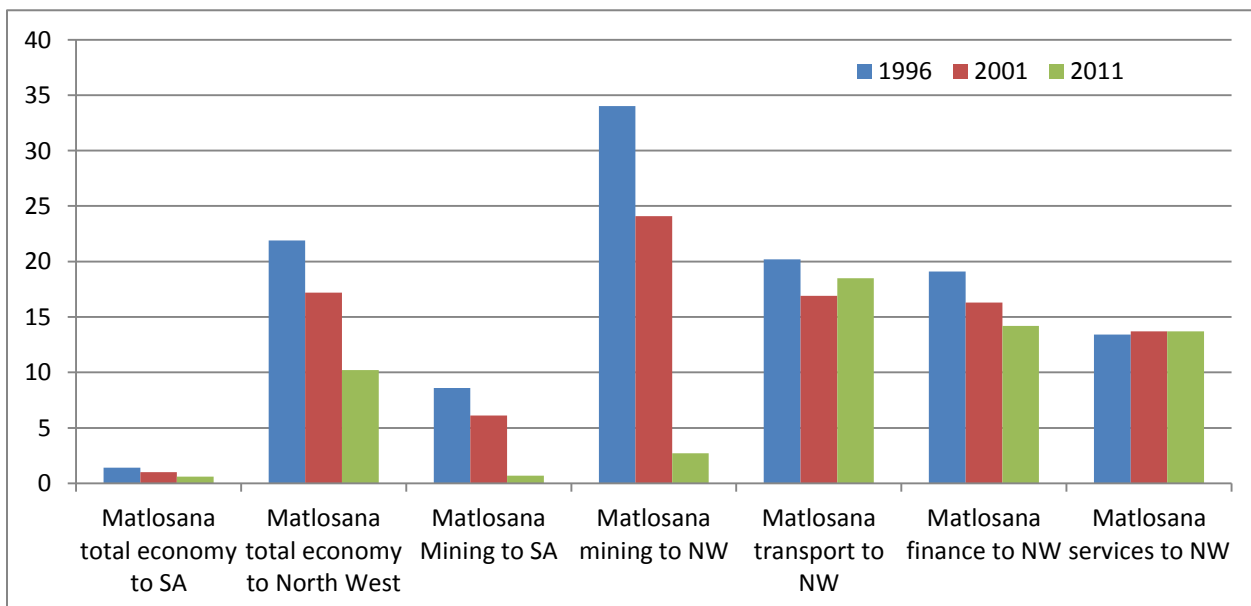
³⁴ Interview with Anglo Gold Ashanti

transport and communication sector (from 6.19 to 17.26%), the finance sector (from 9.40 to 23.27%) and lastly the services sector (from 12.59 to 28.41%). The demise of mining thus resulted in a more diversified economy with transport, finance and services sectors, proportionally, growing their share of the economy. In terms of the sectoral composition, the economic activity gives an indication of the level of diversification of a region and this can be measured by a tress index. It is evident that in 2008 (39.3) the local economy had become more diverse since 1998 (54.6). The closer this figure is to 100, the more dependent the area is on a single sector and is more vulnerable to climate conditions and commodity fluctuations³⁵. The increased diversification is thus a direct result of the demise of gold as the most important economic sector in area³⁶.

Anglo Gold Ashanti, which was one of the main gold producers in the area, has moved all their mining activity south of the Vaal River into the Free State Province. However, the City of Matlosana is the main place of residence for people working on the mines south of the Vaal River. The only major mining activity that is currently taking place within the City of Matlosana area is uranium mining (First Uranium and Uranium One) and gold mining (Pamodzi – not in operation³⁷). For both gold and uranium beneficiation tends to take place at the market. The only beneficiation that is currently taking place is the rehabilitation of the old mine dumps (rocks) and using the rocks for various types of construction.

Figure 12 further elaborates on the contribution of the City of Matlosana’s economy relative to the North West Province and South Africa.

Figure 12: GVA contribution of the City of Matlosana’s mining and other sectors and the total economy to the North West and South Africa, 1996, 2001 and 2011 (real values, GVA)³⁸



³⁵ Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p. 8.

³⁶ Interview with Maxim Planning Solutions

³⁷ Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p. 19.

³⁸ Regional Explorer, IHS Global Insight Data. 2013

The City of Matlosana currently contributes only 0.6% to the South African economy and 10.2% to that of the North West Province (see Figure 12). Similarly, the mining sector also contributes minimally to the total of the South African (0.7%) and North West (2.7%) mining economy. The City of Matlosana does however contribute to the North West economy in terms of the transport (18.5%), finance (14.2%) and the services (13.7%) sector.

The economic growth of the City of Matlosana can now be elaborated on compared to that of the North West Province, South Africa, and the Metropolitan areas. The local and district economies reflect similar growth trend patterns (see Table 2).

Table 2: Economic growth in The City of Matlosana by sector compared to growth in North West, SA metros and South Africa, 1996, 2001 and 2011 (constant 2005 figures, GVA)

	GVA 2005 constant figures (R 1000)			Annual rates of growth / decline		
	1996	2001	2011	1996-2001	2001-2011	1996-2011
Agriculture	115 720,00	79 607,00	111 185,00	-7,2	3,4	-0,3
Mining	8 552 846,00	6 074 988,00	728 510,00	-6,6	-19,1	-15,1
Manufacturing	334 098,00	281 966,00	423 020,00	-3,3	4,1	1,6
Construction	231 946,00	133 979,00	250 793,00	-10,4	6,5	0,5
Utilities	118 036,00	71 907,00	61 680,00	-9,4	-1,5	-4,2
Trade	1 151 518,00	899 957,00	1 343 574,00	-4,8	4,1	1,0
Transport	905 470,00	856 162,00	1 622 342,00	-1,1	6,6	4,0
Finance	1 373 983,00	1 222 088,00	2 187 098,00	-2,3	6,0	3,1
Services	1 840 695,00	2 003 134,00	2 669 593,00	1,7	2,9	2,5
Total	14 624 14,00	11 623 88,00	9 397 796,00	-4,5	-2,1	-2,9
North West	66 596 647,00	67 267 864,00	92 029 479,00	0,2	3,2	2,2
All Metros	595 946 896,00	708 520 914,00	1 051 872 917,00	3,5	4,0	3,9

SA	1 044 970 331,00	1 191 041 813,00	1 700 825 798,00	2,7	3,6	3,3
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A number of key notes should be made in respect of the above table:

- The table above specifies that the annual growth rate of the metros seem to have grown between 1996 and 2001 (3.5) and again between 2001 and 2011 (4.0).
- Although positive economic growth was also experienced in South Africa (3.3 between 2001 and 2011) and the North West Province (2.2 between 2001 and 2011), the City of Matlosana had a negative growth rate in this period (-2.9). Losing nearly 3% of an economy per year over a period of 15 years meant that the economy was 36% smaller in 2001 than in 1996.
- Note should also be taken of the fact that the initial decline of -6% between 1996 and 2001 was followed by a far more rapid decline of nearly 20% per annum between 2001 and 2011.
- The decline in mining of -15% per annum over the 15 year period is extraordinary.
- The initial decline in mining had an adverse effect on the local construction economy as mine downscaling meant that the companies immediately reduced construction related projects.
- Mine downscaling also resulted in negative growth rates for Utilities as it probably meant less reliance on water and energy.
- The first period of mining decline meant that all other sectors (with the exception of services) also experienced a considerable decline.
- However, during the second period of mining decline (even more rapid than the first period) the initial decline in the other sectors did not continue. Sectors such as manufacturing, Trade, Transport and Finance started to grow again.

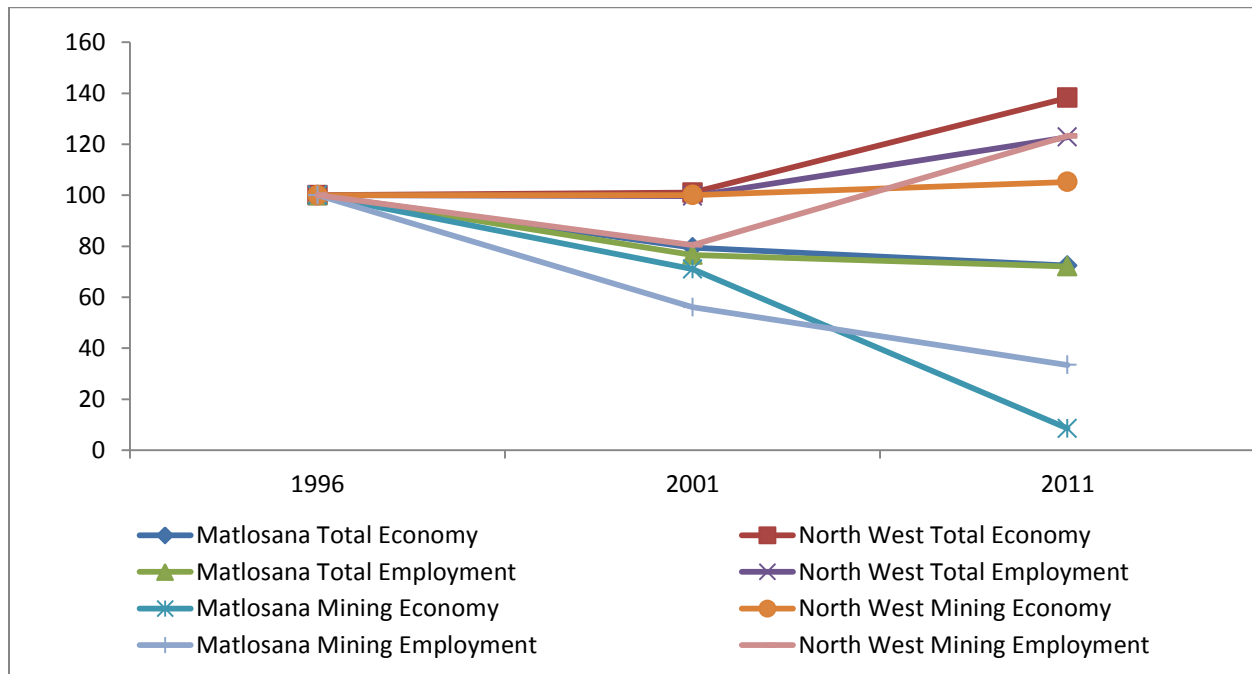
This new growth, despite an increasing level of gold mine decline, is significantly different from the examples of the Free State Goldfields where continued decline was reported for most sectors. It seems as if a number of factors have buffered further decline.

- It is likely that the long standing regional service role of the City of Matlosana has expanded over previous years. Private hospitals have, essentially, extended the rural service character of towns such as Klerksdorp. Initially there was only a large regional public hospital and a small mining hospital (Duff Scott). This was expanded by two new private hospitals (Anncron and Sunningdale) in the early 1990s. Another large private hospital (Wilmedpark) was built in the late 1990s. The mining hospital has recently also been privatised. The availability of private schools or high paying schools also play an important part in facilitating the expansion. Financial services, in turn, centralised from smaller urban units to Klerksdorp. Although these service are in the main not orientated towards the poor, their existence and location in Klerksdorp meant that they helped to expand the distance of influence of the town in the past 20 years.
- The second buffer is probably linked to employment in the platinum belt and the long term linkages with the west Rand. Although this is difficult to quantify, anecdotal evidence suggests that a small percentage of people might be working in the Rustenburg area (about 150km north) and residing in the City of Matlosana (this might indeed be based on weekly trips and not daily connections). The growing platinum production was probably also responsible in attracting some of the lower paid (in the main migrant workers) from the area.

- The fact that the City of Matlosana is seen within the 20 year review of spatial planning in South Africa as an extension of the West Rand has probably also helped to buffer the gold mine decline.
- Planning in respect of the N12 as alternative route between Johannesburg and Cape Town as well as with access to Botswana could have also played a role.

Figure 13 compares the decline of the economy and employment levels for the total economy and mining in the City of Matlosana and that of the North West. To make comparisons more appropriate, 1996 was taken as a base of 100% and growth and declines were determined from this point.

Figure 13: Comparing economic growth and job creation in the City of Matlosana across key sectors with North West, 1996, 2001 and 2011 (1996 figures were taken as 100%)



The following key notes should be mentioned:

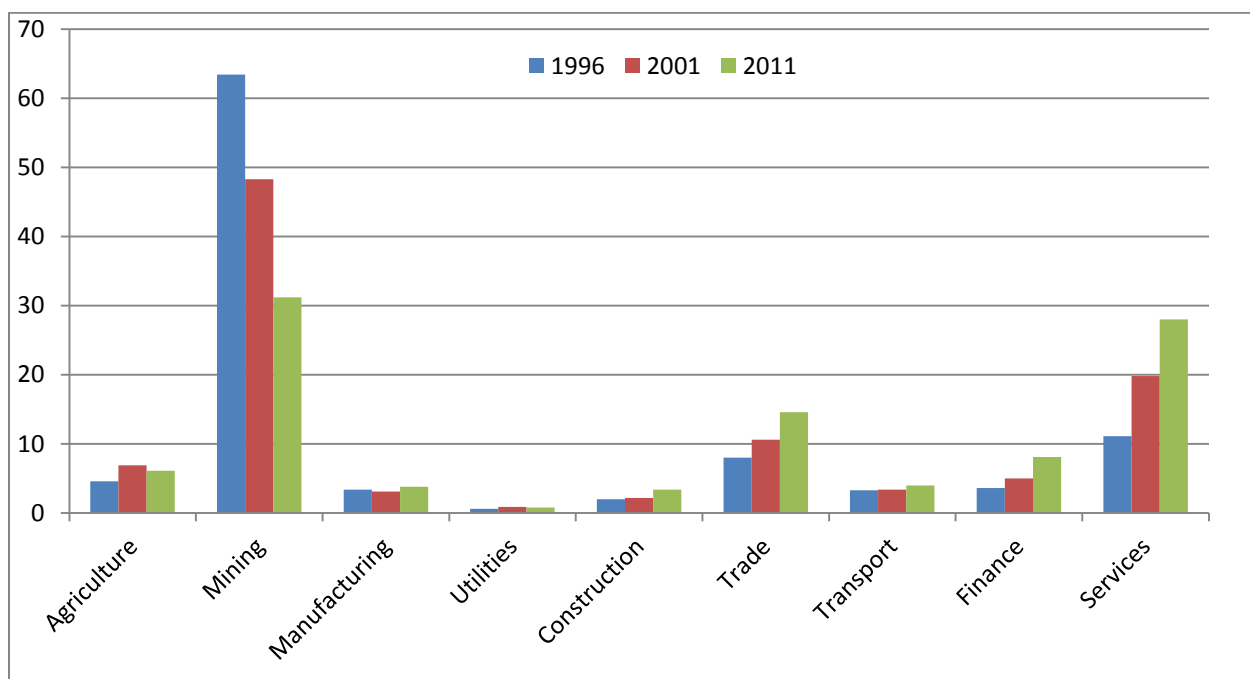
- When comparing economic growth and job creation in the City of Matlosana and the North West Province in Figure 13, the total economy of the North West stayed fairly constant between 1996 and 2001 but grew by 37% between 2001 and 2011. This growth is directly related to the growth in platinum mining in the province.
- The total employment also grew by 22% while mining as a sector grew by 5%.
- Mining employment grew by 43% between 2001 and 2011. Conversely, the total percentage of the economy and the employment in the City of Matlosana declined by 7 and 5% respectively.
- The mining sector employment in the City of Matlosana also decreased from 1996 to 2001 by 44% and even another 23% by 2011. The mining economy in the area also decreased gradually until 2001 (29%) but then took a drastic slide by 40.4% until 2011. The next figure presents the employment figures of various sectors in the City of Matlosana over several years. The reason for this is that in 2005 DRD Gold was declared insolvent and had extreme job losses. Again in 2009, Pamodzi Gold was declared bankrupt and the Aurora Empowerment Systems bought all

their assets with disastrous consequences³⁹. Furthermore, in July (and again in August 2013) Buffelsfontein closed down and was incorporated into the Village Main Reef mine which yet again, caused several job losses. This figure is predicted to drop even more drastically in the next few years because the mines in the area have started laying off workers sooner than the eight to ten years that was projected⁴⁰.

- Although these figures seem very dramatic, the scale of decline in employment in the mining sector has not been as drastic compared to that of the Goldfields where 180 000 employees decreased to 34 000 (500%) over 10 years⁴¹.
- The largest segment of the employed represents semi-and unskilled employees (46%) followed by skilled employees (29.8%). The market is also characterised by a small segment of skilled employees (9.3%) and a slightly larger group of unskilled employees (14.9%)⁴².

The focus now shifts to a comparison of the formal employment in the various sectors of the economy in the municipal area (see Figure 14).

Figure 14: Comparing the relatively formal employment of the various sectors of the economy in the City of Matlosana, 1996, 2001 and 2011



³⁹ Interview with Anglo Gold Ashanti

⁴⁰ Interview with Wesvaal Chamber

⁴¹ Marais, L. 2013. The impact of mine downscaling on the Free State Goldfields. Urban Forum, February 2013. DOI: 10.1007/s12132-013-9191-3

⁴² Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p. 12.

Figure 14 specifically indicates the steep decline in the mining sector’s formal employment. In 1996, 63.4% of the labour in the area was working in mining but this decreased drastically to 31.2% in 2011. The mining economy specifically focuses on gold and uranium ore (87.7% in 2011). Employment figures in the services sector, on the other hand increased from 11.1% in 1996 to 19.8% in 2001 and further to 28% in 2011. The service economy of the City of Matlosana is fairly equally distributed between the service subsectors. These service economy subsectors are as follows in 2011: Public Administration (27.67%); Education (31.8%); Health (19.8%) and other services (20.8%).

These services do not only attribute to the public sector but the private sector (especially medical services) also increasing the services offered in the area. The role of good, fee-paying schools (mainly old Model C schools) should also be recognised. There are four high schools with hostels in the area. In the two Afrikaans medium schools 90% (approximately 300 children) of the children in the hostels are from the surrounding agricultural community of the North West region that go home during the weekends. The construction sector has been struggling for years but is picking up because of the development taking place on the N12⁴³.

The next figure also reflects informal employment within the various sectors.

Figure 15: Comparing the relatively informal employment of the various sectors of the economy in the City of Matlosana, 1996, 2001 and 2011

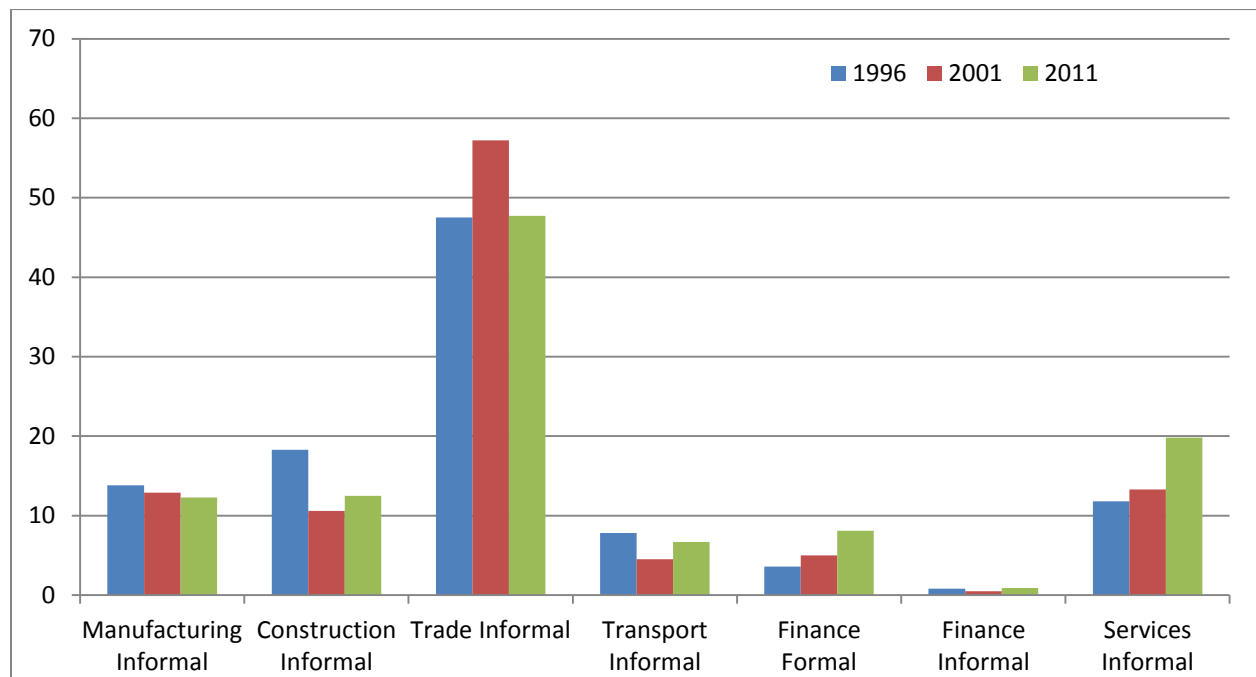


Figure 15 shows that the informal sector in the City of Matlosana is dominated by traders. Almost 50% of the informal sector comprised traders in 1996 and 2011. In 2001 these traders made up 57% of informal employment.

3.3.2 Business overview

⁴³ Interview with Wesvaal Chamber of Business

Property developments are important indicators of urban change, since they display areas where physical, capital employment and other opportunities are on the increase⁴⁴. Development in Klerksdorp has been dynamic over the past 20 years with the introduction of multi-national corporations (MNCs), domestic franchises and foreign traders within the city⁴⁵. The municipality often communicates with the foreign traders to address their problems and liaise with the local traders to facilitate the acceptance of all⁴⁶.

Apart from the mining companies, some of the large companies that operate nationally and in Africa⁴⁷ amongst others Kopano Bricks (clay mining and manufacture of clay bricks), Bond Industries (mining equipment export, sourcing and procurement)⁴⁸, OMV Crushers (rock crushing for building)⁴⁹, Continental Generators (sale and rental of generators and spares)⁵⁰, Senwes (co-op for agricultural sector)⁵¹, Cold Chain (distribution of frozen foods and food processing), MacSteel (value added steel processor of steel products)⁵² and Shield Safety Products (safety products and signs). The closure of the mines in the area will only affect a few of the businesses in the area because the mining companies do not depend on local suppliers but do bulk purchases from the companies in Johannesburg⁵³.

The CBD of Klerksdorp as well as the smaller CBDs of Stilfontein, Orkney and Hartebeesfontein have experienced a decline and the degradation of business and retail activities⁵⁴. Factors that have influenced these trends include issues such as the declining mining scenario, the development of decentralised shopping centres, crime, environmental degradation, littering and a lack of the proper maintenance of buildings. Furthermore, the development of the Mooi Rivier Mall in Potchefstroom is perceived to have impacted the local retail sector in Klerksdorp. The main retail activity has been decentralised to smaller nodes in the northern suburbs including Pick 'n Pay Hypermarket, Flamwood Walk and along the N12 throughout Klerksdorp, the Orkney CBD and smaller shopping areas in Stilfontein, Jouberton, Kanana

⁴⁴ Turok, I. 2001. Persistent polarisation post-apartheid? Progress towards urban integration in Cape Town. *Urban Studies*, 38(13):2349-2377.

⁴⁵ Jeeva, Z.A. 2010. Business dynamics in Klerksdorp and its influence on the spatial landscape 1995-2008. Dissertation Submitted for the Degree of Masters in Town and Regional Planning. M. Art et Science [Planning]. University of North West: Potchefstroom.

⁴⁶ Interview with LED, DED and KKEDA

⁴⁷ Interview with Wesvaal Chamber of Business

⁴⁸ www.bondequip.co.za

⁴⁹ www.omv.co.za

⁵⁰ www.continentalgenerators.co.za

⁵¹ www.senwes.co.za

⁵² www.macsteel.co.za

⁵³ Interview with Klerksdorp Sakekamer, AHI

⁵⁴ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Framework Review 2013. City of Matlosana Local Municipality: Klerksdorp. p. 68.

and Hartebeesfontein⁵⁵. A large number of business and retail activities exist on residential stands or on properties where the activity is in conflict with the legal zoning of properties. This trend is mainly due to the lack of proper land use management that can also imply a loss of revenue for the municipality⁵⁶. At the same time one should acknowledge that in an area of decline the land use regulations should be less strict and the municipality should rather see how they could accommodate the existing problems as opposed to finding legal ways of addressing it.

Some of the other constraints that influence this sector include: the lack of infrastructure; absence of skills development programmes; crime; need for beautifying of township areas; low private investor confidence; and insufficient finance for entrepreneurs.

Table 3 clearly indicates that low-order goods are found to be offered in low-income suburbs, while high-order goods are offered in high-income areas. Businesses along the corridors offer high-order goods, while businesses in the CBD offer more of both higher-order goods and lower-order goods. In recent years, the CBD has begun offering lower-order goods to cater for the mass markets and this, in turn, has transformed the business climate in the city.

Table 3: The composition of the different goods and services offered in the City of Matlosana⁵⁷

Location	Products on offer	Order of goods
CBD	Low-income clothing franchises / shops, furniture shops, African video shops, foreign and African take-aways, undertakers	High and low order goods
Malls	High-income franchises, shoe shops, restaurants, commercial banks and supermarkets	High and medium order goods

⁵⁵ Jeeva, Z.A. 2010. Business dynamics in Klerksdorp and its influence on the spatial landscape 1995-2008. Dissertation Submitted for the Degree of Masters in Town and Regional Planning. M. Art et Science [Planning]. University of North West: Potchefstroom.

⁵⁶ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Framework Review 2013. City of Matlosana Local Municipality: Klerksdorp. p. 68.

⁵⁷ Jeeva, Z.A. 2010. Business dynamics in Klerksdorp and its influence on the spatial landscape 1995-2008. Dissertation Submitted for the Degree of Masters in Town and Regional Planning. M. Art et Science [Planning]. University of North West: Potchefstroom. p. 122.

Northern Suburbs	Local boutiques, interior decorating shops, pubs, nightclubs, coffee shops, exclusive shoe shops, high order professional offices, restaurants, commercial banks, internet shops, gift shops, car wash facilities and higher- income local franchises	High to medium order goods
Southern Suburbs	Video shops, florist, local supermarkets, pizza shops, pawn shops, various gift shops and car wash facilities	Medium order goods
Western Suburbs	Neighbourhood cafés	Low order goods
Jouberton	Local supermarkets, banks, undertakers, butcheries, spaza shops	Low order goods
Corridors	MNCs, security companies, motorcar garages, petrol stations and real estate agents	High order goods

The business composition in the oriental plaza has also transformed, with many of the former Indian traders being replaced by foreigners who have opened low-order businesses in the vicinity. Retail and business facilities and infrastructure in the neighbourhoods of Jouberton, Kanana, Khuma, Tigane and Alabama are in a dilapidated state due to insufficient maintenance of the buildings as well as a lack of investment⁵⁸. Therefore, Jouberton has shown little commercial development over the past 20 years and

⁵⁸ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Framework Review 2013. City of Matlosana Local Municipality: Klerksdorp. p. 68.

offers only a limited range of high-order services, such as a commercial bank, the majority being low order goods.

Furthermore, the suburbs of Manzilpark and Alabama have displayed no commercial development, beyond the traditional low-order neighbourhood centre. The main reasons provided for spatial relocation of businesses range from a lack of space, lower rental, crime, a dirty environment, poor infrastructure and municipal services to the presence of informal traders.

The highest concentration of these traders could be found in the CBD, with a few random traders in the northern suburbs and transport corridors. The informal traders appear in an unorganised ad hoc fashion across the city and conduct commercial activities from informal locations that lack any form of basic infrastructure and services, such as running water, shelter and sewage, or garbage collection⁵⁹. In light of this, local government has implemented initiatives to formally accommodate this sector in rental stalls, in an 'approved' location within the CBD⁶⁰. However, these initiatives seem to be inadequate in terms of serving the needs of the informal traders, and many of them still choose to trade in an informal manner throughout the city. These traders are either survivalists or expansionists, with the products offered ranging from R0.20c to R6500. Their monthly income amounts to between R500 and R2501. Furthermore, there has not been any conflict reported between the foreigners and the locals in the area possibly because of the open relationship with all stakeholders within the local economy⁶¹.

Although people in the municipal area are positive about business, there is a high rate of business turnover because people starting up a business are skilled in their field of expertise but not necessarily in business operations. Thus, the business fails, not because they do not do good work but because they do not have business skills⁶².

Large companies especially have special projects with the schools in the area, as well as with the welfare organisations⁶³. Business therefore believes in investing in the area and strives to make it a better place for all. Even the newly established Rio Casino is aware of their social commitment by assisting micro businesses with start-up capital⁶⁴.

There are three prominent organised business groups operating in the City of Matlosana. Firstly, the Matlosana Development Forum (MDF), that has been trading for only a single year, lobbies and advocates for the improvement of economic and other developmental opportunities for Matlosana and its people⁶⁵. Therefore, they are still very small but drive projects such as the revival of agriculture (food

⁵⁹ Jeeva, Z.A. 2010. Business dynamics in Klerksdorp and its influence on the spatial landscape 1995-2008. Dissertation submitted for the Degree of Masters in Town and Regional Planning. (M. Art et Science [Planning]). University of the North West: Potchefstroom. p. 123.

⁶⁰ Interview with Director of City Macro Planning and Development, City of Matlosana

⁶¹ Interview with LED, DED and KKEDA.

⁶² Interview with Wevaal Chamber of Business

⁶³ Interview with Senwes

⁶⁴ Interview with City Macro Planning and Development, City of Matlosana

⁶⁵ Matlosana Development Forum. 2012. Constitution. Klerksdorp.

security), alternative energy and the golden economy (arts, crafts and culture)⁶⁶. The Matlosane Mining Supplier Development Agency (MMSDA) is a subsidiary of Matlosane Development Forum (MDF). With its membership made up of the Department of Mineral Resources (DMR) Mining Suppliers and the individual Mining Companies. The purpose of MMSDA is to accelerate progress in the empowerment of HDSA's in the mining industry, through increased access to industry procurement opportunities by the Facilitation of Accrediting suppliers to evaluate their BEE status; Developing black suppliers skills to meet industry's required standards; and Capacity building through direct support and partnership with developmental agencies⁶⁷.

Secondly, the Wesvaal Chamber of Business is associated with SACCI, has been operational in the community for 115 years and claims to be a business catalyst in Matlosana⁶⁸. Thirdly, the Klerksdorp Sakekamer, affiliated with AHI represents several professional business persons in the City of Matlosana covering all four towns.

Despite the considerable mine downscaling, the future prospects of business in the City of Matlosana look positive. Business opportunities are available with the building of the Tower Mall (N12 West) and Matlosana Mall (N12 East). It seems as if people are not as dependent on the mining sector as the sole provider of economic growth and employment⁶⁹. Examples in this regard are 12 different large building material suppliers⁷⁰ as well as 25 second hand motor vehicle sales dealerships. The tourism business entities (accommodation and restaurants) are also mushrooming and developing a good tourism base with high occupancy rates⁷¹.

Another aspiring subdivision that has potential to grow in the area is the medical sector⁷². The medical infrastructure is already available, with several private hospitals (Wilmed, Sunningdale, Anncron, and Duff Scott) serving the surrounding areas as well as a large regional public hospital (Tsepong Complex) and the Klerksdorp District Hospital. The cosmetic treatment and drug dispensary (Matlosana Medical Services) has not been hampered by the personnel of the mine being laid-off⁷³ and therefore has the

⁶⁶ Interview with Matlosana Development Forum.

⁶⁷ Matlosana Development Forum. 2012. The Matlosane Mining Supplier Development Agency (MMSDA). Matlosana Development Forum: Klerksdorp.

⁶⁸ Murphy, L. 2012. Chamber's Plans for the future. Wesvaal Chamber of Business Guide for Matlosana. Wesvaal Chamber of Business Klerksdorp.

⁶⁹ Interview with Senwes

⁷⁰ Faurie, J. 2013 Klerksdorp on the up and up. RealNet. Available online: http://www.realnet.co.za/news-item/p7012_Klerksdorp-on-the-up-and-up.aspx.

⁷¹ Interview with Tourism Association

⁷² Interview with Klerksdorp Sakekamer, AHI

⁷³ Interview with Wesvaal Chamber of Business

potential to be enhanced in an economic growth hub. There are also future plans in the pipeline to implement a training college for nurses linked to the regional hospital as an academic hospital⁷⁴.

During the Gold Mining conference in July 2013, the Deputy Minister of Mineral Resources Mr Godfrey Olifant engaged with the Mayor of Zhao Yan in China. This mining town in China wants to enter into a twinning agreement with Klerksdorp to share technical, mechanical and industrial expertise and revive mining activities in the country. The Chinese town also experienced a down turn in terms of mining activities and the economy of the town has subsequently been revived without depending on the mining sector⁷⁵. A delegation from China should be visiting the City of Matlosana in November 2013.

3.3.3 Business / local government relations

Often the relationship between business and local municipality looks good on paper when participative processes are mentioned but in reality the relationships are not always cordial between all of the stakeholders⁷⁶. In some cases, business has relationships with only certain individuals and not the City of Matlosana as an entity⁷⁷. There are several forums that have been developed and managed by the local economic development subdivision. However, stakeholders often claim that the co-operation and communication is one sided^{78 & 79}. These meetings that are held are often only an information-sharing session from the municipality and not truly a consultative platform⁸⁰.

The Matlosana Development Forum (MDF) often works in parallel to the municipality and not with the municipality to achieve a common goal. For example, as part of the Dr Kenneth Kaunda Development Agency projects, the City of Matlosana, as well as the mining companies are funding the development of an enterprise development centre⁸¹. The MDF is also striving towards this outcome on its own but not collaborating with the other parties. This particular dynamic improved when Eskom threatened to cut off the electricity to the town. All parties with business interests worked together to reach a solution and therefore better relationships developed. In the past, the business organisations wanted certain issues to be taken note of in the area and these requests were often ignored. The Wesvaal Chamber specifically, had a strategic partnership with the Dr Kenneth Kaunda District Municipality⁸². By liaising through the district municipality and after several meetings, a relationship is starting to fall into place with the local

⁷⁴ Interview with Director of City Macro Planning and Development, City of Matlosana

⁷⁵ City of Matlosana. 2013. Mining Forum Meeting. Council Chambers, City of Matlosana, Klerksdorp, 19 September 2013 @ 10:00.

⁷⁶ Interview with Matlosana Development Forum

⁷⁷ Interview with the Tourism Association

⁷⁸ Interview with LED, DED and KKEDA

⁷⁹ Interview with Taxi Association

⁸⁰ Interview with LED, DED and KKEDA

⁸¹ City of Matlosana. 2013. Mining Forum Meeting. Council Chamber, City of Matlosana Local Municipality, 19 September 2013 @ 10:00.

⁸² Interview with Wesvaal Business Chamber

municipality. The development of relationships between business and the local government is therefore only recent. Some of the large companies have established personal relationships with the municipal administrative staff and the executive mayor in order to approach the municipality with problems that they might have, such as sewage spills⁸³.

Numerous organised business associations strive towards an open relationship with the municipality. Rather than read reports of municipal challenges in the newspaper, these associations prefer to lend assistance wherever possible as advisors and business experts, acting as champions of the community⁸⁴. To them it often seems one-sided when they approach the municipality to offer assistance and believe that the municipality should reciprocate by approaching them for professional advice. The Klerksdorp Sakekamer (AHI) has even specifically established a relationship with the mayor to be able to act as an advisory committee for important decision making processes⁸⁵. At least these are signs that the relationship building is moving in the right direction with different stakeholders no longer referring to “them and us”, along with concerted efforts to assist each other.

While the Klerksdorp Sakekamer (AHI) and the Wesvaal Chamber of Commerce are also starting to build on a better relationship, working together to find solutions, there is little consensus between the different organised business groups. Often each party has its own agenda that it would like to present and as a result there is a lack of resolution to those problems affecting all⁸⁶.

Due to a similar pattern in the changing ownership of mine shafts and the changes in elected politicians in the local municipality, there has been difficulty in developing collaborative relationships between the mining sector and the local municipality. The various mines operating in the area do not co-operate or implement projects together. Each of the mining companies has its own vision and problems that it has to solve⁸⁷. AngloGold Ashanti often takes the leading role in partnerships when getting projects off the ground because they are the largest company operating presently. To them it is not only about compliance but also about obtaining a ‘social licence to mine’. This mine truly reaches out to the community in giving feedback on their projects to non-government organisations, the municipality as well as business in the area by hosting a special breakfast or lunch event. Anglo Gold Ashanti aspires to leave communities better off for having the company operate in the area. Therefore, they leverage partnerships with the municipality to stimulate and support local development in areas where they operate⁸⁸. However, despite the above-mentioned intention, there seems to be limited integration between the IDP and Social and Labour Plans. In fact, the mining contributions to the area could rather be seen as a form of Corporate Social Responsibility.

3.4 Municipal governance and management

⁸³ Interview with Tourism Association

⁸⁴ Interview with Wesvaal Business Chamber

⁸⁵ Interview with Klerksdorp Sakekamer, AHI

⁸⁶ Interview with Wesvaal Business Chamber

⁸⁷ Interview with AngloGold Ashanti

⁸⁸ Moloko, S.M. 2012. Developing and bettering our communities. Sustainable development projects 2012-2013. Anglo Gold Ashanti: South Africa. p. 6.

The City of Matlosana Local Municipality adopted Agenda 16 in 2006 which elucidates the Council's strategic directions and objectives to be achieved by 2016. The mission of the municipality is to be a well-run city through good governance, so as to place it amongst the five leading local municipalities in 2016. They strive to do this through economic growth and prosperity and quality municipal service delivery⁸⁹. In order to yield improved performance and service delivery, a new corporate strategy (Vision 2020) was also adopted in August 2013 with three core values which are integrity, dignity and performance. The Director of Strategic Planning, Monitoring and Control, Mary Ramorola, noted that the strategy aimed at improving key elements which include financial recovery, internal motivation, external stakeholder alignment, as well as leadership, management and supervision⁹⁰.

The City of Matlosana has an organizational structure which is aligned to the IDP and is reviewed from time to time to ensure operational effectiveness. All contractual obligations with Senior Managers lapsed from October 2011 towards March 2012. During two strategic development workshops in early 2012 an overhead organogram was developed in order to ensure forward movement of the municipality in achieving its vision. The overhead organogram introduced a revised macro restructuring of the municipality's directorates. The new directorates included Corporate Services, Finance, Municipal and Environmental Services, Civil Services and Human Settlements, Electrical and Mechanical Engineering, Macro City Planning and Development, and Strategic Planning, Monitoring and Control. The new Municipal Manager and Directors have been appointed and signed new 5 year Employment Contracts and annual Performance Agreements⁹¹.

Political and administrative components of Council maintain a sound working relationship by ensuring respect of procedures and protocols. The City Council as Legal entity relate to the other spheres of Government and Organized Local Government Bodies through the Intergovernmental Policy Framework. Communities as an Interest Group in Municipal Affairs participate through Public Participation Mechanisms and processes in the Decision Making Systems of Council⁹². It is interesting that the main administrative offices of the City of Matlosana Local Municipality are in Klerksdorp CBD. Certain aspects like the LED, value chain and procurement offices are in Stilfontein in the old municipal council offices. Lastly, the Dr Kenneth Kaunda District Municipality has its administrative offices in Orkney. Therefore, the administration is spread amongst the towns incorporated in the municipality. This therefore also makes services delivery a lot easier. Although, Klerksdorp, because it is the main economic hub of the municipality, incurs the essence of the development, essential services are evenly spread across the towns.

⁸⁹ City of Matlosana. 2013. City of Matlosana Draft IDP 2013 – 2014. City of Matlosana Local Municipality: Klerksdorp. p. 159.

⁹⁰ Magda. 2013. Council adopts new corporate strategy. *Klerksdorp Rekord*, 8 August 2013.

⁹¹ City of Matlosana. 2011. City of Matlosana Annual Report 2011/12. City of Matlosana Local Municipality: Klerksdorp.

⁹² City of Matlosana. 2011. City of Matlosana Annual Report 2011/12. City of Matlosana Local Municipality: Klerksdorp.

Despite the good intentions outlined above, the reality on the ground seems somewhat different. The previous council experienced several hiccups with the municipal manager⁹³. This civil case is still pending but an acting municipal manager took over operations. Furthermore, the number of vacant posts on the municipality's organogram is still a challenge and the total vacancies stood at 884 or 28% at the end of the financial year. There is often insufficient co-operation and co-ordination between directorates at the local municipality. Each of the directorates are only striving to achieve their own goals and not working as a team to collectively improve the City of Matlosana⁹⁴.

Challenges that the City of Matlosana experience are the lack of document management, poor project planning, poor ICT systems, and the lack of staff training. The billing system of the municipality affects the debt collection systems as well⁹⁵. The poor billing system can be traced back to the fact that historically the properties in the mining towns belonged to the mining houses and they paid the bills in bulk. As a consequence no proper billing system was required nor implemented. In order to address the current problems consultants have been employed to administer and maintain the billing system of the municipality⁹⁶. In this way the municipal staff can also be trained in the debt collection processes.

3.5 Overview of Integrated Development Planning (IDP)

The IDP Reviews of 2010/11, 2011 – 2015, 2012/13, as well as 2013/14 were scrutinised. Priority issues identified by the all the communities have always been in terms of storm water drainage, road maintenance, community halls, sport facilities and street and high-mast lighting. This list of priorities mentioned in the 2010/2011 IDP Review⁹⁷ only had a few new issues and the list has been eliminated slowly but surely in the 2013/14 IDP Review⁹⁸. The forward of the IDP written by the executive mayor then seems to be starting to become a reality: "what we design is what we shall implement. Our objective is to achieve what we have collectively set out to achieve as an expression of the political leadership to pilot the IDP through its stages; the passion of our technocrats to achieve our noble vision and the will and confidence of all our people in our system of government"⁹⁹.

The backlogs that have been reported include water, sanitation, roads, refuse removal and electricity. The refuse removal problem seems to have been addressed fairly quickly but the road improvement (especially in the township and the informal settlement areas) will still be a concern for several years to come. Table 4 below gives an indication of what the backlogs in 2008 until 2011 were in terms of water,

⁹³ Cilliers, S. 2010. Matlosana se raad skors bestuurder oor tenders. Beeld, 15 August 2010. p. 6.

⁹⁴ Interview with Maxim Planning Solutions.

⁹⁵ Interview with the Chief Financial Officer, City of Matlosana.

⁹⁶ Interview with the Executive Mayor, City of Matlosana.

⁹⁷ City of Matlosana. 2010. Integrated Development Plan 2010/11 review. City of Matlosana Local Municipality: Klerksdorp.

⁹⁸ City of Matlosana. 2013. Integrated Development Plan 2013/14 review. City of Matlosana Local Municipality: Klerksdorp.

⁹⁹ Khaue, M.K. 2013. Executive mayor's Forward. City of Matlosana. 2013/14 Integrated Development Plan (IDP) Review. City of Matlosana Local Municipality: Klerksdorp.

sanitation and electricity. There have been minimal service delivery protests in the City of Matlosana because the services are rendered efficiently when problems arise¹⁰⁰. There have been plans put in place to eradicate the backlogs that exist in terms of service delivery. These are also communicated with the communities through the ward committees.

The sanitation backlogs seem to be addressed every year especially in 2009/10 when the backlog was accomplished in double fold. The electricity backlog seems to be a problem every year, achieving only an average of 10% every year. This is due to the fact that there are not really the means available to upgrade the existing resources¹⁰¹.

¹⁰⁰ Interview with the Executive Mayor, City of Matlosana

¹⁰¹ Interview with Director of Electrical and Mechanical engineering, City of Matlosana

Table 4: Backlogs the City of Matlosana is facing regarding water, sanitation and electricity¹⁰²

	2008/9		2009/10		2010/11		2011/12
	<i>Backlogs</i>	<i>Achieved</i>	<i>Backlogs</i>	<i>Achieved</i>	<i>Backlogs</i>	<i>Achieved</i>	<i>Backlogs</i>
Water (6kl and 10kl per month)							
Number of households not receiving minimum standard of service	1398	26.8%	1023	100%	2350	42.6%	1845
% of households identified as backlogs / total households in municipality	1.29	0.35	0.86	0.86	0	0	
Sanitation							
Number of households not receiving minimum standard of service	600	33.3%	400	167%	530	98.9%	1065
% of households identified as backlogs / total households in municipality	0.55	0.18	0.34	0.56	0.015	0.01	
Electricity (70Kwh/month)							
Number of households not receiving minimum standard of service	4807	3.1%	8770	11.6%	8063	5.4%	0
% of households identified as backlogs / total households in municipality	4.44	0.14	7.39	0.86	4.8	0.26	

Several projects and programmes that were budgeted for in the 2012/13 financial year by the City of Matlosana are underway¹⁰³. Some of these projects or programmes to improve service delivery include bulk water supply, paving of taxi routes, new libraries and high-mast lights in the township areas. Through the Service Delivery Budget Implementation Plan (SDBIP) of 2013/14,¹⁰⁴ five (5) Key Performance Indicators (service delivery and infrastructure development; municipal institutional development and transformation; local economic development; municipal finance viability and management; and good

¹⁰² City of Matlosana. 2013. Integrated Development Plan (IDP) 2103/14 Review. City of Matlosana Local Municipality: Klerksdorp. p. 115.

¹⁰³ Magda. 2013. Council prioritises projects implementation. *Klerksdorp Rekord*, 27 June 2013.

¹⁰⁴ City of Matlosana. 2013. Service Delivery Budget Implementation Plan (SDBIP) of 2013/14, City of Matlosana Local Municipality: Klerksdorp.

governance and public participation) have been initiated with objectives and annual targets included. This plan is informed by the IDP and the Medium Term Revenue and Expenditure Framework (MTREF) budget. This is a means of linking the service delivery to budgetary control and performance monitoring. In 2012/13 an amount of R147million was appropriated for the development of infrastructure which represents 97% of the total capital budget. Roads¹⁰⁵ (R73 million) received the highest allocation, followed by water (R23,5 million) and sewerage (R21,8 million). The projects in implementation (allocated from the IDP) have been highlighted per ward but there are still several projects (17) that have been rolled over from the 2013/14 list as well as those projects that are MIG funded¹⁰⁶.

Most of the mining activities are concentrated in the area between Stilfontein, Orkney and Klerksdorp, as well as between Klerksdorp and Hartebeesfontein. These mines are mainly large scale gold and / or uranium mines operating under the following companies: Anglo-Gold Ashanti, Shiva Uranium and Village Main Reef (Tau Lekoa and Buffelsfontein)¹⁰⁷. Mining companies make use of the IDP (and inputs from the LED in the municipality) as a guide to determine the projects or programmes that should be included in their social and labour plans (SLP)¹⁰⁸. This was not the intention when the idea of the SLP was implemented. It was supposed to be a way of integrated planning between the local government and the mining sector so that these institutions could work together to develop the area. Currently, the SLP projects are sought from the unfunded projects that the City of Matlosana may have. Often these projects are ready for implementation and then either the council of the municipality is not in agreement as to whether the community will actually benefit from the intervention from the mine, or the Department of Mineral Resources (DMR) does not accept the project as community development mediation¹⁰⁹. The DMR does not really recognise enterprise development as an essential intervention of the mining company; whereas this would assist the community in the diversification of the area through entrepreneurship. The department rather supports educational projects and supplier development.

Key successes highlighted in the 2013/14 IDP Review¹¹⁰ were that the municipality provided the following:

- 100% urban households with access to basic water
- 73% rural households with access to basic water
- 99.96% urban households with access to basic sanitation
- 100% rural households with access to basic sanitation
- 98.2% of urban households with access to basic electricity

¹⁰⁵ Interview with the Executive Mayor, City of Matlosana

¹⁰⁶ City of Matlosana. 2013. Service Delivery Budget Implementation Plan (SDBIP) of 2013/14, City of Matlosana Local Municipality: Klerksdorp.

¹⁰⁷ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Framework Review 2013. City of Matlosana Local Municipality: Klerksdorp.

¹⁰⁸ Moloko, S.M. 2012. Developing and bettering our communities. Sustainable development projects 2012-2013. Anglo Gold Ashanti: South Africa. p. 6.

¹⁰⁹ Interview with AngloGold Ashanti

¹¹⁰ City of Matlosana. 2013. Integrated Development Plan (IDP) 2013/14 Review. City of Matlosana Local Municipality: Klerksdorp. p. 216.

- 1550 approved rural settlements (indigents) with free basic alternative energy
- 70% of registered rural settlements earning less than R2280 per month (indigents) with access to free basic services
- 100% of urban households with access to basic refuse removal
- Received a Blue Drop Award for drinking water quality
- Received an accepted score for Green Drop status for effluent water quality.
- Reduced water distribution losses of 6.75%

Most of the information has just been copied onto the review for the next year. When a new plan was implemented (like the spatial development framework or the economic profile) this was changed in the IDP. The only issue that has been done differently in this round of the IDP was that the Millennium Development Goals and the priorities were included¹¹¹. This then gives the municipality a clear indication of the deliverables that should be achieved.

The challenges that are still experienced in terms of service delivery are the ageing of infrastructure, limited funding, losses and illegal settlements and the mushrooming of informal settlements that cause a housing backlog¹¹² not unfamiliar to mining areas in decline¹¹³.

The IDP process follows the traditional public participation process. Meetings are arranged with the necessary steering committees as well as councillors, communities, community development workers and ward committees. Consultations are arranged with the provincial sector departments but the formal (even organised business) and informal business sectors are not directly approached or acknowledged at all in this process. Therefore, the IDP is an inward looking document trying to satisfy local communities through service delivery. It seems as if the Annual Reports produced every year is a much better reporting product with more recent and accurate information than the IDP. The focus is on ensuring that communities and wards are aware of projects and have inputs into their respective programmes. The IDP also assists in facilitating better local coordination in respect of municipal programmes.

As mentioned previously, not only does the business sector not have an opportunity to deliver input in the IDP process but the mining sector is not consulted in the planning process at all¹¹⁴. The LED manager is the only person that really liaises with the mining companies¹¹⁵. This therefore reflects the IDP still as a municipal master plan and not an area based plan to develop the intermediary city.

In conclusion, the IDP of the City of Matlosana does not really reflect the economic reality of highlighting the opportunities and especially the risk of the mining sector. It still seems as if they are catching up with the backlogs and spending most of the budget, as well as effort, on alleviating poverty and not on economic growth and future development towards a successful town (without the mining sector).

¹¹¹ Interview with the Director of Strategic Planning, Monitoring and Control

¹¹² Interview with Maxim Planning Solutions

¹¹³ Marais, L. & Venter, A., 2006. Hating the compound but... Mineworker housing needs in post-apartheid South Africa. *Africa Insight*, 36(1), pp. 53-62.

¹¹⁴ Interview with AngloGold Ashanti

¹¹⁵ Interview with the Director of Strategic Planning, Monitoring and Control

3.6 Overview of Local Economic Development (LED)

The Matlosana Growth and Development Strategy was approved by Council in August 2005. The Matlosana LED Strategy was also approved in September 2007 and revised in October 2012. These documents are aligned with the National and Provincial special frameworks, the North West Growth and Development Strategy as well as the District Growth and Development Strategy. The Economic Development Strategy seeks to improve the business environment within key economic nodes to encourage growth and further investment. It provides the framework for the identification and development of catalytic projects, which initiate development in key sectors and priority areas. The strategy encourages broad based black economic empowerment (BBBEE) through the municipal's procurement and tendering, as well as actively promoting small, medium and micro enterprises (SMME's), and facilitates their linkages to the City's mainstream economy in a synergistic way that supports the overall growth of the local economy¹¹⁶. There are five key performance areas that should be highlighted. LED would like to provide economically friendly municipal procedures and regulations, promote identified economic sectors, mainstream economic activity into the formal economy, facilitate a conducive environment for investment and facilitate the growth of co-operatives .

Although these strategies reveal the importance of LED and highlights what should be done to illicit the potential of the area, they do not really come across as strategies and plans with activities that can be implemented.

Still, the City of Matlosana does seem to take LED more seriously because there is a staff component of four people working towards building sustainable relationships with private investors and business.¹¹⁷ . There are several forums that have been established to allow for more communication between public and private entities. This includes a mining forum, a formal business forum as well as a trader's forum. In this way, the LED division of the municipality is starting to understand the private sector's needs¹¹⁸. The business sector is also beginning to realise and comprehend the mandates and processes of the municipality¹¹⁹.

Furthermore, the LED projects are aligned with those of the economic plans of the Dr Kenneth Kaunda District Municipality as well as the Dr Kenneth Kaunda District Economic Development Agency. These entities liaise regularly and support the plans, projects and investment opportunities of the City of Matlosana¹²⁰.

The Local Economic Development (LED) Strategy of the Dr Kenneth Kaunda District Municipality seeks to diversify the districts economy by gaining competitiveness in new areas of development. The strategy comprises six thrusts to tackle the challenges of the district's economy:

¹¹⁶ City of Matlosana. 2012. City of Matlosana 2011/12 Annual Report. City of Matlosana Local Municipality. City of Matlosana: Klerksdorp. p. 73.

¹¹⁷ Interview LED,DED and KKEDA

¹¹⁸ Interview with LED, DED and KKEDA

¹¹⁹ Interview with Wesvaal Business Chamber

¹²⁰ Interview with LED, DED and KKEDA

- **Thrust 1:** Agricultural Expansion and Diversification
- **Thrust 2:** Industrial Development
- **Thrust 3:** Development in Utilities and Construction
- **Thrust 4:** Development in Transport, Trade and Services
- **Thrust 5:** SMME Development and Support
- **Thrust 6:** Tourism development

During a swot analysis of the City of Matlosana, the Dr Kenneth Kaunda Economic Development Agency further noted that the projects implemented by the municipality are not high impact and will not be able to make a significant economic contribution to the area and therefore the agency has started planning 10 high impact projects (to the value of R10 billion) in the planning phase and will be implemented in the district within a period of 10 years (Triple 10)¹²¹. The planned projects for 2014 for the City of Matlosana include an SME Manufacturing / Industrial Park and a meat processing plant¹²².

Together, the three economic entities of the area are currently investing time and effort in the Investment North West Projects. Many of these projects are aligned with the N12 development to the east as well as the west. The beautifying of the N12 has also been realised by planting trees and flowers on the sidewalks¹²³. Some of these projects are referred to the Big Bank (Mega) projects¹²⁴ which are in the advanced stage of planning. These are the N12 East and West Development, a meat processing plant and an airport development¹²⁵. The planned projects also include Goudkoppie Heritage Hill Project, the Oppenheimer Stadium and the Archbishop Desmond Tutu Heritage Village¹²⁶. These plans are a way of diversifying the economy and therefore not dependent on the mining sector.

In conclusion, it seems as if the attempts to address the economic plight of the area are in the main in a planning phase. Furthermore, these attempts, as in all areas trying to address the long term implications of mining, were also started too late in the City of Matlosana.

¹²¹ Interview with LED, DED and KKEDA

¹²² Dr Kenneth Kaunda Economic Development Agency. 2013. Operational Plan (Performance indicators) July 2013 – June 2014. KKEDA: Klerksdorp.

¹²³ Interview with LED, DED and KKEDA

¹²⁴ Interview with Director of City Macro Planning and Development , City of Matlosana

¹²⁵ Interview with LED, DED and KKEDA

¹²⁶ City of Matlosana. 2009. City of Matlosana, 2009/10 Annual Report. City of Matlosana Local Municipality: Klerksdorp. p. iv.

3.7 Municipal finance

A number of serious concerns should be noted at the start of this discussion:

- The Municipality inherited financial challenges concerning debt to bulk suppliers of more than R92 million¹²⁷;
- There was a skills gap in the staff component of the financial directorate which was also not competent enough to deliver the necessary outcomes for an unqualified audit ; and
- This is starting to be addressed by the appointment of a Chief Financial Officer who is a qualified chartered accountant. The majority of the vacancies in this subdivision have been filled and the financial systems are more rigid so as to implement the audit recovery plan¹²⁸.

3.7.1 Auditor General's Report

The City of Matlosana received disclaimer audits for the past six years¹²⁹. The City of Matlosana addressed the auditor general's findings on predetermined objectives but did not improve their overall audit outcomes. In 2011/12 the City of Matlosana received 17 limitation awards worth R15.68 million and two prohibited awards made to councillors worth R7.08 million where the supplier did not declare their interest. Furthermore, there was an award made to a family member of the mayor that was not declared worth R0.3 million¹³⁰. The City of Matlosana improved in the unauthorised expenditure in 2011/12 (R154,8 million in 2010/11) but still incurred irregular expenditure in 2011/12. Fruitless and wasteful expenditures where penalties and interest incurred on late payments to suppliers increased compared to the previous years (R9,7 million)¹³¹.

The MEC for Local Government and Traditional Affairs Manketsi Tlhape approved a Section 139 (b) of the Constitution intervention. He appointed local government experts and financial professionals to assist in the running of the municipalities in the North West in terms of their administration affairs and financial obligations¹³². Paul Serote was appointed and is a registered chartered accountant and auditor who brings experience in the public and private sector in terms of finances¹³³. A Matlosana's Municipal Public Accounts Committee (MPAC) consisting of professionals made recommendations. These recommendations have been negotiated systematically and a recovery plan developed. One of the

¹²⁷ SA Local Government Research. 2013. Klerksdorp Municipal Manager faces perjury charge over Eskom debt. *The SA Local Government Briefing*. Additional November 2013.

¹²⁸ Interview with the Chief Financial Officer, City of Matlosana.

¹²⁹ Interview with Executive Mayor, City of Matlosana.

¹³⁰ Auditor General SA. 2012. General report on the audit outcomes of local government North West. AGSA: North West Province.

¹³¹ Auditor General SA. 2012. General report on the audit outcomes of local government North West. AGSA: North West Province.

¹³² Magda. 2013. Financial gurus take over Matlosana. *Klerksdorp Rekord*, 1 August 2013.

¹³³ Ranthla, T. 2013. Local experts appointed to run affairs in the municipalities. *The New Age*, 19 April 2013. p 11.

recommendations was to conduct an investigation into the fruitless and wasteful expenditure totalling R15.636 million and irregular expenditure of R397.7 million during the 2012/13 financial year¹³⁴. The recovery plan for the audit is being adhered to rigorously covering each of the problem areas¹³⁵. The implementation of this plan allows the City of Matlosana Local Municipality to know precisely what needs to be done, by whom and within what timeline. There has been a drastic turn around in terms of financial systems in the City of Matlosana. A concerted effort to manage unnecessary spending which is now minimal, has been implemented, systems of control of documentation are in place and budgetary regulations are being adhered to¹³⁶.

3.7.2 Income

To be able to operate successfully, the City of Matlosana needs to acquire enough income to be able to provide services to the population. As an intermediate city, the City of Matlosana generates a large enough revenue base to be able to compete against the metropolitan cities (see Figure 16). This revenue is not as big as what the large metropolitan areas like Johannesburg and Cape Town generate, but the City of Matlosana can compete and is better off than Mangaung, Msunduzi and Buffalo City with a total revenue base of R1, 51 million¹³⁷.

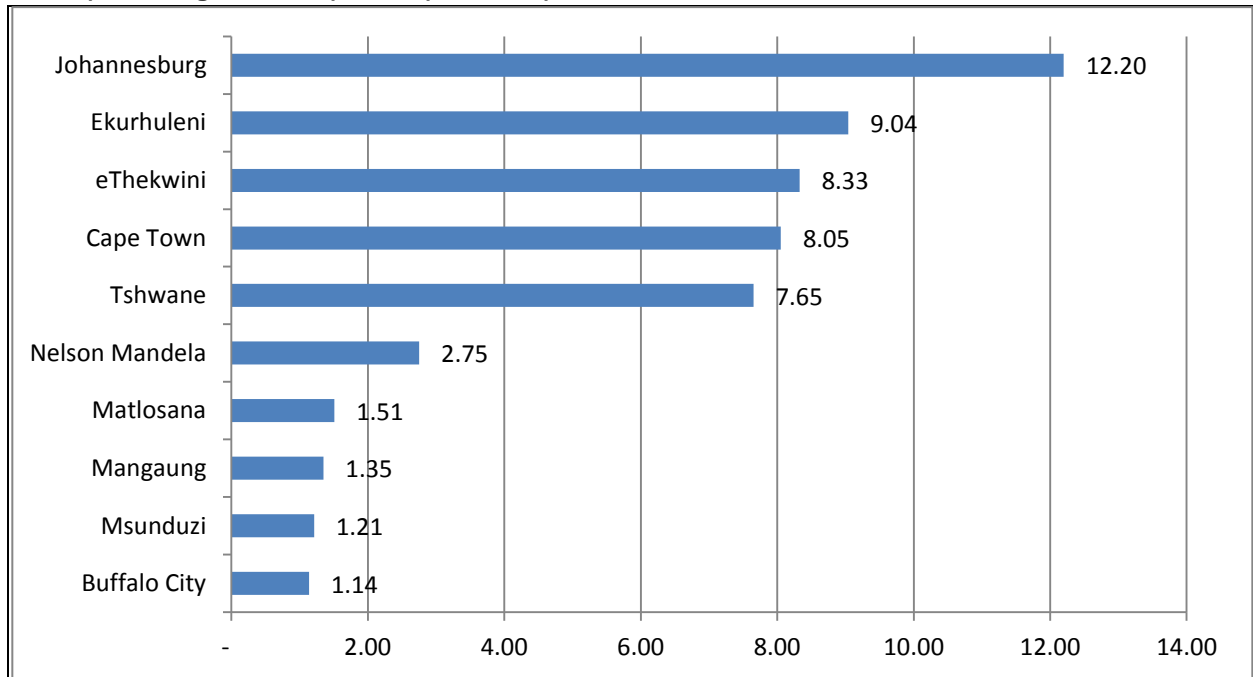
¹³⁴ SA Local Government Research. 2013. Klerksdorp Municipal Manager faces perjury charge over Eskom debt. *The SA Local Government Briefing*. Additional November 2013.

¹³⁵ Interview with the Chief Financial Officer, City of Matlosana.

¹³⁶ Interview with the Chief Financial Officer, City of Matlosana.

¹³⁷ City of Matlosana Local Municipality, 2013. Annual financial statements for the years ended June 2012

Figure 16: A comparison of municipal revenue for the City of Matlosana and the metropolitan areas (including Mzundizi), 2012 (Value Rb)^{138 139}



The total revenue for 2012 stood at R1,51 million¹⁴⁰. The revenue of the City of Matlosana in 2012 only changed by R40 million from the revenue that was generated in 2009 (R1,17 million)¹⁴¹. All metros and secondary cities, with the exception of the City of Matlosana have for the second consecutive year reported positive closing cash positions. The city had a negative cash position of R85 952000 for 0.7 months of operating expenditure in deficit¹⁴².

¹³⁸ The amount for Mangaung was estimated

¹³⁹ Information for Metropolitan areas from SACN, 2013 data; The City of Matlosana data from the City of Matlosana Local Municipality. 2013. Annual financial statements for the years ended June 2012.

¹⁴⁰ City of Matlosana Local Municipality, 2013. Annual financial statements for the years ended June 2012.

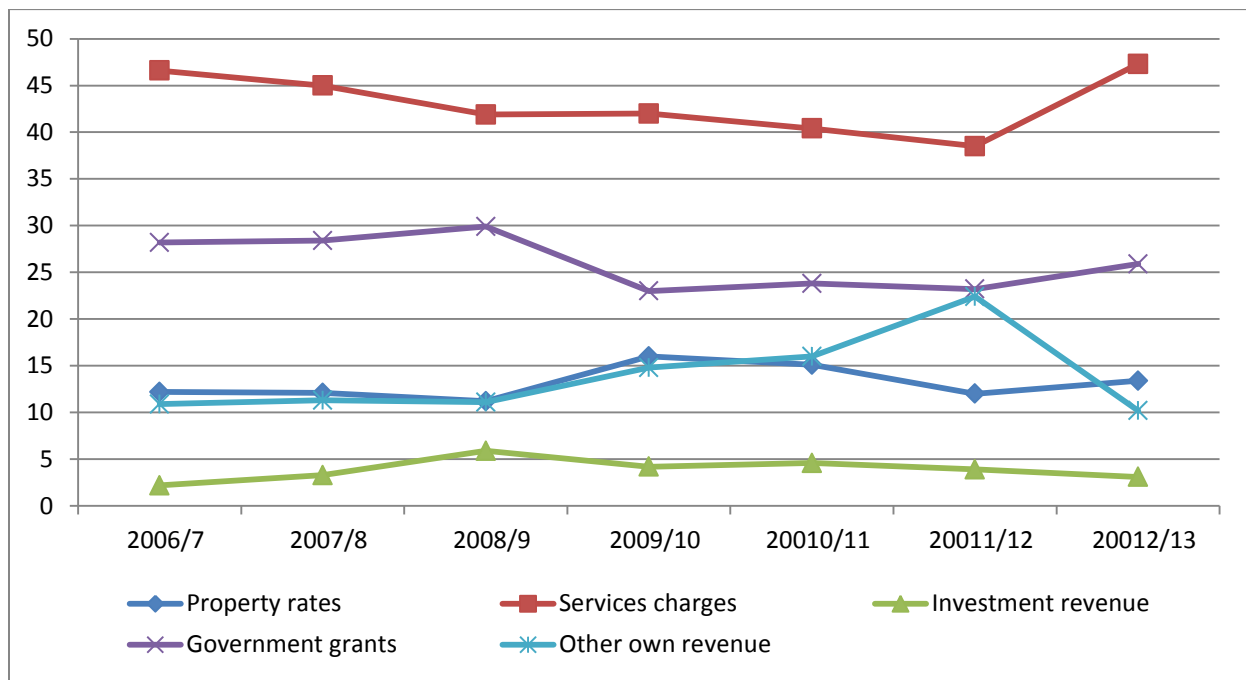
¹⁴¹ City of Matlosana Local Municipality, 2010. Annual financial statements for the years ended June 2010.

¹⁴² National Department of Treasury. 2012. The state of local government finances and financial management as at 30 June 2012. Chief Directorate: Local Government Budget Analysis. Department of Treasury: Pretoria. Available online:

http://mfma.treasury.gov.za/Media_Releases/The%20state%20of%20local%20government%20finances/Documents/00.%20State%20of%20LG%20finance%20Report%20combined%20-%202011-12%20-%2025%20Oct%202012_website.pdf.

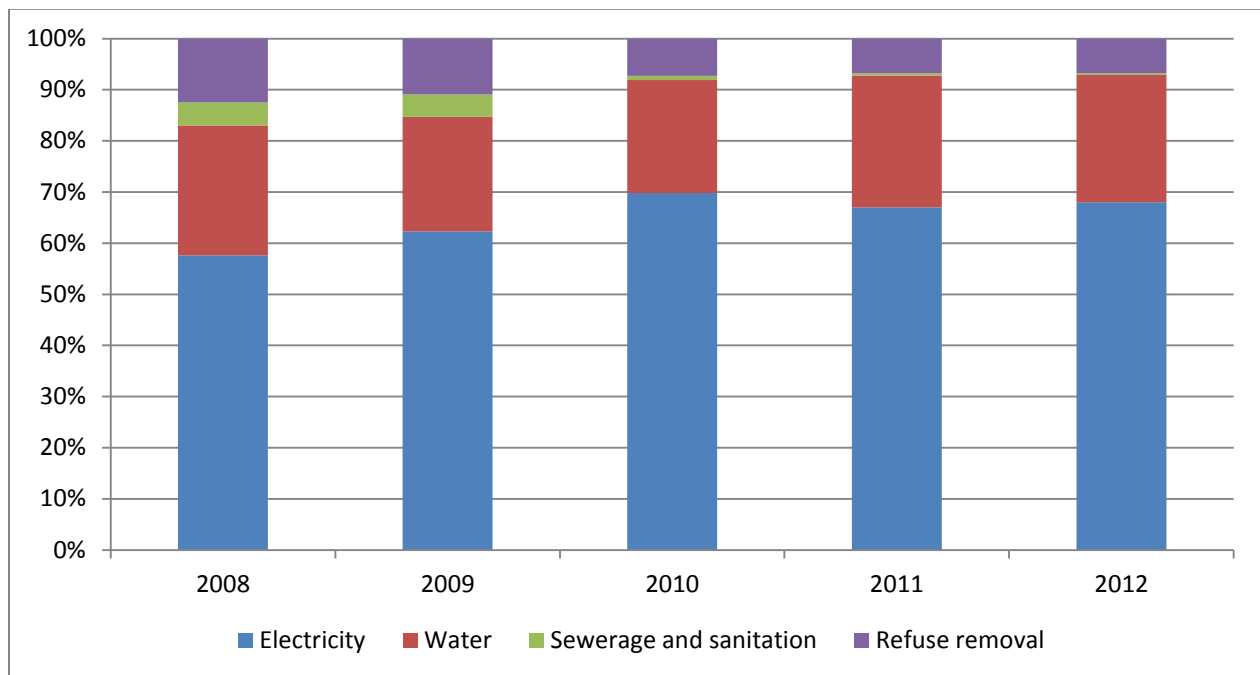
Figure 17 illustrates that the services charges of the City of Matlosana are the main source of income to the municipality. The Equitable Share of R172 771 264 that the City of Matlosana received in 2009 increased to R298 960 000 in 2012.

Figure 17: Proportional (%) share of service charges, property tax, Government grants and other revenues in the City of Matlosana, 2006/7 – 2012/13



The largest portion of this income in 2012 has been generated through services charges (47,3%) with government operating grants and subsidies (25, 9%) and property rates (13, 4%) following suit. Other revenues (10, 2%) include reconnection, commission, rentals and transfer of funds and reserves. The equitable share and the operating grants seem to be increasing gradually to where the amounts were in 2006/7 again. The proportion of revenue that the property tax generates has decreased since 2011/12. Annexure 1 provides a more detailed assessment of the income of the City of Matlosana over the past seven financial years.

Figure 18: Services charge income for the City of Matlosana, 2008 – 2011



The service charges are mainly made up of the sale of electricity varying between 57, 6% in 2008 and 68% in 2012 (See Annexure 3). This percentage will increase even more in 2013 with the increase of electricity service charges for the bulk services from Eskom. Nersa has approved¹⁴³ this increase and it was already implemented in April 2013. The projected increase would be 12%.

The increase in electricity charges will assist the municipality in no longer charging less money than what they pay for the bulk purchases from Eskom¹⁴⁴. In this way the City of Matlosana can perhaps make use of the money for maintenance and upgrades in the present systems. This should however be ring fenced so that the extra income is not distributed to other causes and not used to upgrade the services for large developments. Although the community has been complaining in terms of the service charges, the costs are not as high as that of the Tlokwe Municipality that is also part of the same district.

The large debt that the municipality still has to catch up on in terms of the bulk supply of services from Eskom will always affect the total revenue of the municipality¹⁴⁵.

¹⁴³ City of Matlosana. 2013. Public hearing for Municipalities applying for an average tariff increase above the guideline of 7%, 24 May 2013. Available online: [http://www.nersa.org.za/Admin/Document/Editor/file/Consultations/Electricity/Presentations/City%20%20of%20Matlosana%20Municipality\(2\).pdf](http://www.nersa.org.za/Admin/Document/Editor/file/Consultations/Electricity/Presentations/City%20%20of%20Matlosana%20Municipality(2).pdf)

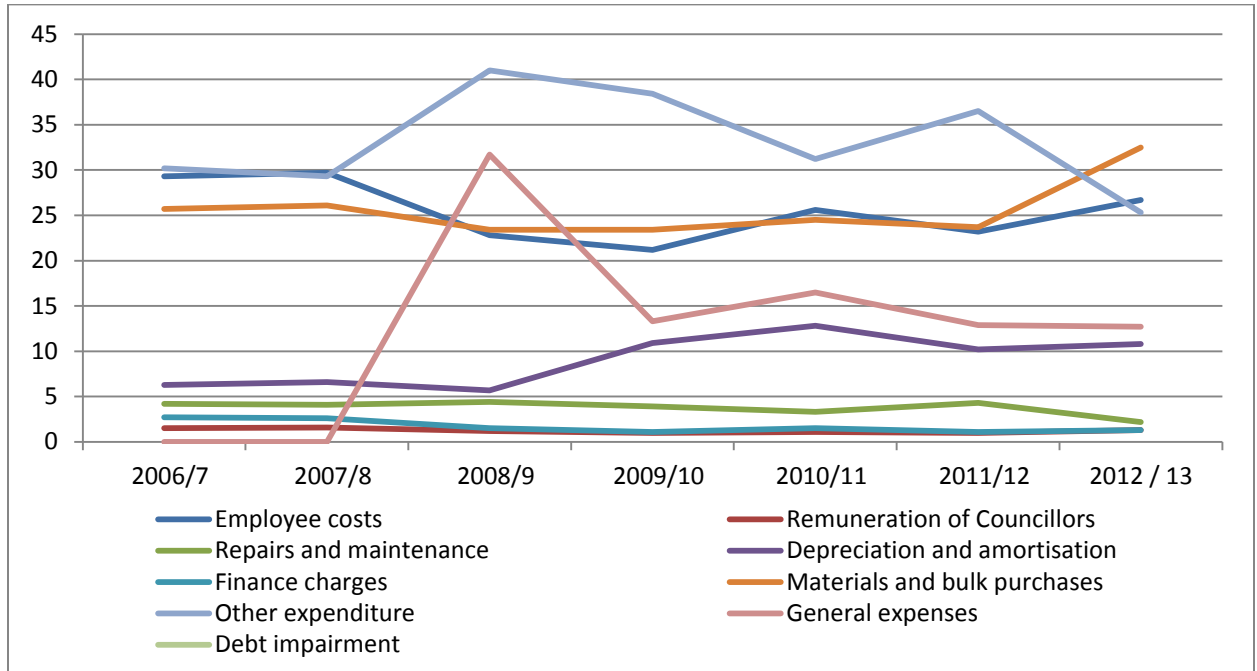
¹⁴⁴ Interview with the Chief Financial Officer, City of Matlosana Local Municipality.

¹⁴⁵ City of Matlosana. 2013. Public hearing for Municipalities applying for an average tariff increase above the guideline of 7%, 24 May 2013. Available online:

3.7.3 Expenditure

Expenditure for the 2011/2012 financial year stood at just over R1.46bn leaving the municipality with a deficit of R103m for the financial year.¹⁴⁶ Annexure 2 provides a detailed overview of the expenditure of City of Matlosana Local Municipality from 2006/7 until 2012/13.

Figure 19: Proportion (%) of the expenditures of the City of Matlosana Local Municipality (2006/7 until 2012/13)



From Figure 19 it is clear that other expenditures in the municipality have been higher than any of the expenditures. This has decreased since 2011/12. These expenditures include general expenses and debt impairment. The bulk purchase and the employee costs have increased in 2012/13.

3.8 Spatial planning

The City of Matlosana Local Municipality consists of the towns of Klerksdorp, Hartebeesfontein, Stilfontein and Orkney with the surrounding townships (see Figure 3) as well the rural areas surrounding the towns. The area covers approximately 3162 km². The population density is therefore 126 population / km². The highest population density occurs within the neighbourhoods of Jouberton, Kanana, Khuma and Tigane¹⁴⁷.

[http://www.nersa.org.za/Admin/Document/Editor/file/Consultations/Electricity/Presentations/City%20%20of%20Matlosana%20Municipality\(2\).pdf](http://www.nersa.org.za/Admin/Document/Editor/file/Consultations/Electricity/Presentations/City%20%20of%20Matlosana%20Municipality(2).pdf)

¹⁴⁶ City of Matlosana, 2013. Annual financial statements for the years ended June 2012.

¹⁴⁷ Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p.. 52.

When approaching any planning and development in South Africa, on the national level, the National Spatial Development Perspective (NSDP) has sought to encourage a more integrated national urban system by channelling future settlements and economic activities into activity corridors and nodes which are situated either adjacent or linked to the main growth centres. The spatial objectives of the Provincial Growth and Development Strategy (PGDS) correspond to those of the NSDP, with proposed settlements and economic developments being channelled into activity corridors and nodes along the main growth points. The spatial vision of the local level Integrated Development Plans (IDP), Spatial Development Framework (SDF) and the Land Use Management Scheme (LUMS) seek to integrate socio-economic and physical development in a sustainable manner by identifying various nodes and corridors within the urban area. Overall, all of the foregoing initiatives seek to formalise government's development vision of creating spatially-integrated and economically-sustainable cities.

In 1995, the spatial structure of Klerksdorp displayed evidence of apartheid spatial development trends. Most development appeared in a mono-zoning pattern. Commercial activities were concentrated within the vicinity of the CBD and the minute oriental plaza, while industrial activities could be found in the industrial area. The suburbs displayed a few neighbourhood centres located in a scattered manner. Seven years later, in 2002, development within Klerksdorp looked vastly different. Although the development trends of 1995 could still be found on the landscape, development in the northern (eastern) suburbs has clearly escalated and matured, while commercial development within the western suburbs, which were previously known as the 'non-white' suburbs of Jouberton, Alabama and Manzilpark, does not display development trends of equal intensity. Corridors that have been demarcated by the SDF as mixed-zone areas display clear commercial development trends.

The N12, which is also known as the Treasure Corridor running through Klerksdorp, has also begun displaying commercial development trends. The eastern development (direction of Potchefstroom) along this corridor appears to be more prominent than that along the western portion (direction of Wolmaransstad) of the corridor.

Figure 20: Aerial view of the Isago @ N12 development area



Klerksdorp is identified as a primary development node on the treasure corridor that should be exploited in order to strengthen developments from Johannesburg to Klerksdorp/ Potchefstroom and further along the N12¹⁴⁸. Klerksdorp has furthermore been identified as one of the priority investment areas¹⁴⁹ based on a comparison being drawn between needs and economic potential¹⁵⁰. Towards the west of the N12, developments comprise residential development, retail nodes and mixed land usages. This is where the new Rio Tusk Casino and shell garage (future truck inn) was developed as well as a Tower Mall to open at the end of 2013¹⁵¹. The east of this corridor is earmarked for bulk services like a Regional Shopping Complex, Integrated Housing, IT Call Centre, and Integration with Township Rejuvenation Grant, Light Industry (Medical Supplies and Mining Supplies show potential)¹⁵². The first phase of development has started by the establishment of a 63000 m² super regional mall¹⁵³. Construction started in April 2013 and opening of Matlosana Mall is planned for November 2014. Abacus Asset Management, the developer of Cape Town's CapeGate regional shopping precinct, Waterstone Village in Somerset West and Eikestad Mall in Stellenbosch, is managing the development and handling the leasing¹⁵⁴. Besides being a retail asset for the local community, 2 000 temporary jobs will be created during the construction phase and 1 500 permanent jobs once the mall opens¹⁵⁵. The black consortium (Isago @ N12 CEO Dr Martin Khunou,) is also planning on establishing 150 middle income affordable housing units in this area¹⁵⁶.

In addition to these trends, the most prominent forms of development have occurred along the main corridors (N12 and R30), as well as in designated mixed-development zones, such as Chris Hani Street, Buffeldoorn Avenue, Yusuf Dadoo Street, Central Avenue and Platan Avenue¹⁵⁷. Business activities in

¹⁴⁸ Jeeva, Z.I. 2010. Business dynamics in Klerksdorp and its influence on the spatial landscape 1995 – 2008. Unpublished Dissertation (M.Art.et Scien. Town and Regional Planning). North West University, Potchefstroom Campus.

¹⁴⁹Urban Dynamics. 2004. North West Spatial Development Framework. North West Provincial Government: Mafikeng.

¹⁵⁰City of Matlosana. 2008. City of Matlosana Spatial Development Framework. City of Matlosana Local Municipality: Klerksdorp. p. 46.

¹⁵¹ Interview with Director of City Macro Planning and Development, City of Matlosana

¹⁵² City of Matlosana. 2013. Local economic development strategy 2013. City of Matlosana: Klerksdorp.

¹⁵³ Interview with LED, DED and KKEDA

¹⁵⁴ Cokayne, R. 2013. Business report Redefine's R1.1bn mall to open in Klerksdorp. *Klerksdorp Rekord*, 19 September 2013.

¹⁵⁵ Magda. 2013. Get ready for a super mall. *Klerksdorp Rekord*, 20 September 2013.

¹⁵⁶ Kloppers, E. 2006. Huismark in Klerksdorp township vat flam. *Sake-Beeld*, 17 February 2006, pg. 25.

¹⁵⁷ Jeeva, Z.I. 2010. Business dynamics in Klerksdorp and its influence on the spatial landscape 1995 – 2008. Unpublished Thesis (M.Art.et Scien. Town and Regional Planning). North West University, Potchefstroom Campus.

these zones are restricted to office, office retail and commercial activities¹⁵⁸. These trends provide evidence as to what has been experienced in other South African cities as “new and powerful forces of fragmentation, represented by suburbanisation in the form of economic activity”¹⁵⁹ as well as what the Klerksdorp Revitalisation Strategy refers to as “capital flight to the suburbs”¹⁶⁰ which opposes the government’s objectives of a compact city.

Renewed confidence in Klerksdorp's property market is leading to new residential and commercial development. "There is a palpable sense that our market has reached a turning point and future prospects look bright"¹⁶¹. Currently there is healthy demand in the R800 000 to R1,4 million price range and developers are already targeting this market. At least “people working in surrounding towns are increasingly attracted by property in Klerksdorp because of excellent value for money”. For instance, a good home can be purchased in the City of Matlosana for R1,4m that would cost at least R2m in Potchefstroom. The double-lane road to Potchefstroom also adds significance because the 45km distance makes for an easy commute for local residents who work there.

Not only are mothballed developments being resumed, but new sites are under way. Entry-level prices start at around R450 000 for three-bedroom family homes with two bathrooms. Table 8 gives an indication of where the town lies on the national housing market ranking.

Table 5: National ranking and average valuation of a house in the town¹⁶²

	Klerksdorp	Orkney	Stilfontein	Hartebeesfontein	Potchefstroom
National Ranking	241	475	475	287	150
Average Valuation (R)	620539	391920	351672	548435	859171

It can clearly be seen that Klerksdorp is the leading town in terms of the housing market with an average valuation of R620 539. Hartebeesfontein surprisingly also has a reasonable average valuation. Orkney and Stilfontein have similar rankings and average valuations. As comparison, the Potchefstroom housing

¹⁵⁸City of Matlosana. 2008. City of Matlosana Spatial Development Framework. City of Matlosana Local Municipality: Klerksdorp. p. 59.

¹⁵⁹ Turok, I. 2001. Persistent polarisation post-apartheid? Progress towards urban integration in Cape Town. *Urban Studies*, 38(13):2349-2377.

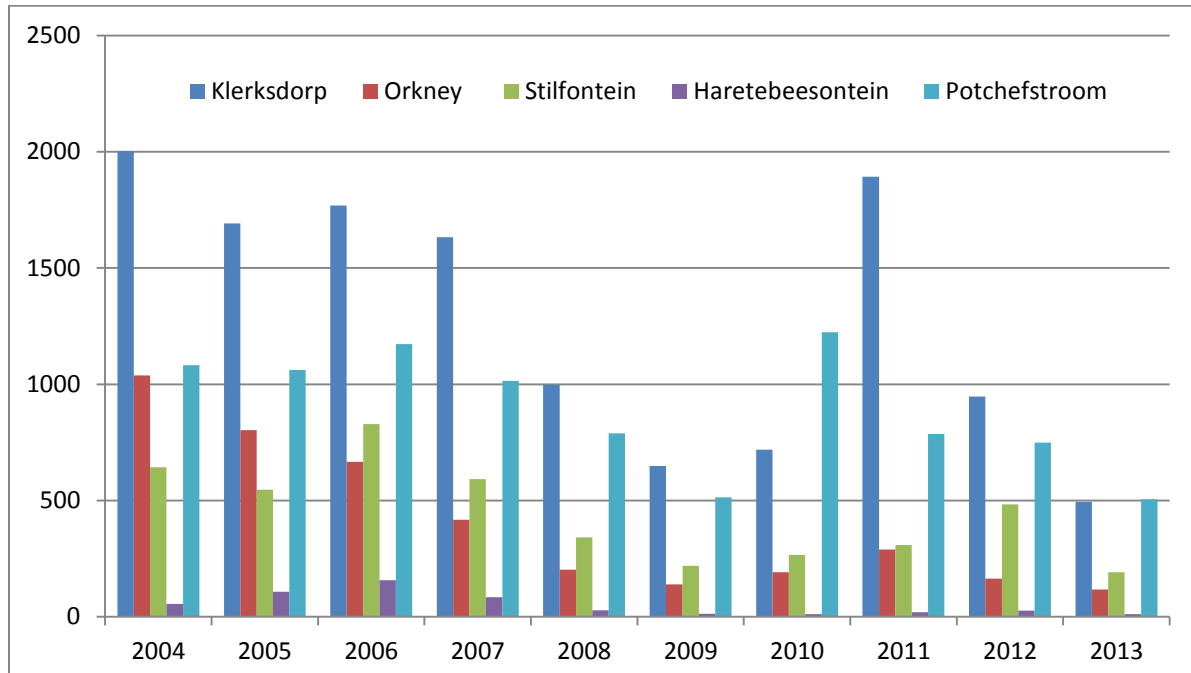
¹⁶⁰ Jeeva, Z,I. 2010. Business dynamics in Klerksdorp and its influence on the spatial landscape 1995 – 2008. Unpublished Dissertation (M.Art.et Scien. Town and Regional Planning). North West University, Potchefstroom Campus.

¹⁶¹ Faurie, J. 2013. Klerksdorp on the up and up. Real Net, 18 April 2013. Available online: http://www.realnet.co.za/news-item/p7012_Klerksdorp-on-the-up-and-up.aspx.

¹⁶² Lightstone Data, October 2013.

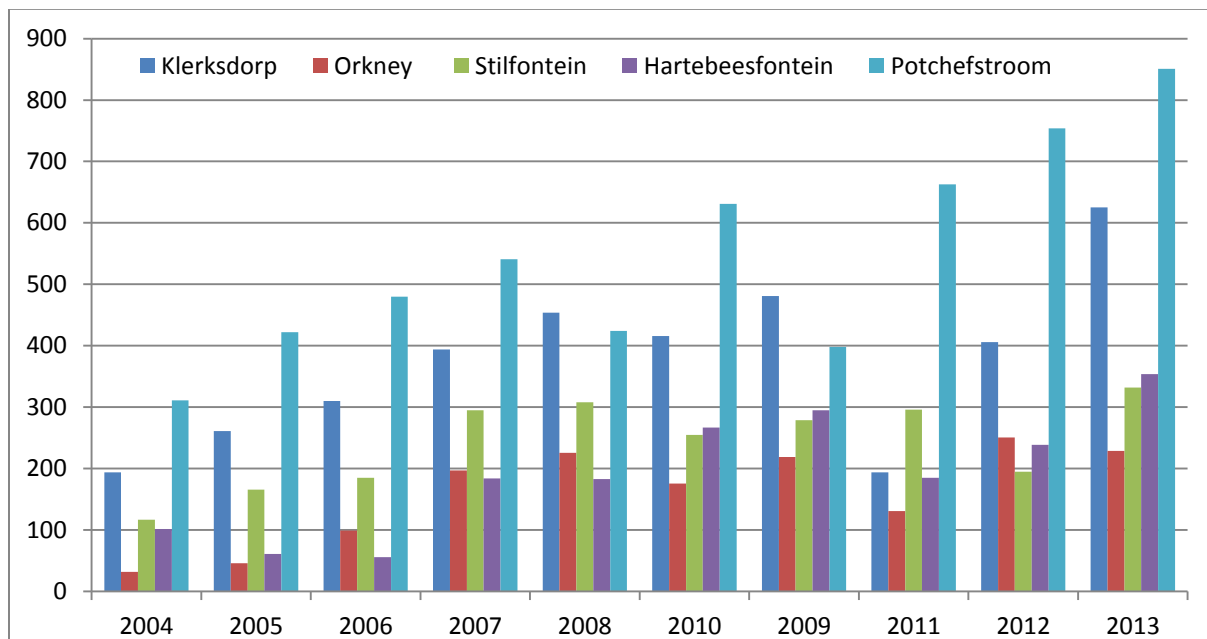
market is ranked a lot higher with higher market prices. Figure 21 and 22 further elaborates on number and average valuation of the sales of houses in the City of Matlosana over the past 10 years.

Figure 21: Number of sales of free standing houses in the City of Matlosana¹⁶³



¹⁶³ Lightstone Data, October 2013.

Figure 22: Average price (R'000) of a free standing house in the City of Matlosana¹⁶⁴



From Figures 21 and 22 it can clearly be distinguished that Klerksdorp has the highest number of house sales. In 2006/7 the National Credit Act No. 34 of 2005 was implemented and the effect of the housing sales can be highlighted. The confidence in the housing market in Klerksdorp was revived in 2011(1893 sales). Although all the towns took a slump, the housing market is picking up again reaching an average high of R625 000 in 2013. The housing prices are also increasing steadily once again. Many more houses are sold at higher prices in Stilfontein than in Orkney.

Although the mining closures have taken place, the mining houses in Stilfontein have given first time buyers (especially many of the African population) an opportunity to purchase a larger family home. The middle to upper class African population is also steadily finding accommodation in the previously white dominated areas. This phenomenon is widely spread across all the suburbs and towns in the municipal area. The housing market in the township areas has also started to boom with the average price of R80 000 in Kanana and R100 000 in Kanana¹⁶⁵.

3.9 Municipal services

¹⁶⁴ Lightstone Data, October 2013.

¹⁶⁵ Kloppers, E. 2006. Huismark in Klerksdorp township vat flam. *Sake-Beeld*, 17 February 2006, p. 25.

The next section will further elaborate on the municipal services of the City of Matlosana, specifically focusing on housing, water, sanitation and electricity.

3.9.1 Housing

In Annexure 4, it is visible that the RDP housing process has been doing well since 1996. The City of Matlosana (82.9%) has a larger percentage of people living in formal housing than what the North West Province (76.2%) does. This figure also drastically increased from 30.2% in 1996. Large masses (60-70%) of the households in the traditional black townships like Jouberton, Tigane, Kanana and Khuma lived in informal settlements in 1996. This has decreased in 2011, especially in Kanana that had the highest percentage in 2011 to only 25.5% .

The most recent Housing Sector Plan (HSP) of the Municipality (Review 2012) forms an integrated part of the IDP process and contains a housing analysis, strategy, projects and implementation, integration and alignment plans. The total housing needs in terms of the housing register of the municipality is 45 000 units spread across the municipal area¹⁶⁶.

There are currently 13295 informal structures in Jouberton, Kanana, Khuma, Tigane and Alabama of which 2626 informal houses will be replaced by formal structures in terms of the housing projects¹⁶⁷. In the 2011/12 IDP review a total of 2500 houses were needed in Jouberton, Tigane, Kanana, and Khuma¹⁶⁸. Several planned housing projects have been completed with 1200 of the houses already allocated. The municipality would like to eradicate this backlog by 2020.

Based on the following table there is a definite need for additional land in order to address the current and future expected housing needs in the City of Matlosana.

Table 6: Matlosana - expected housing needs (2011 – 2016)

	Jouberton	Kanana	Khuma	Tigane	Alabama	Rest of Matlosana	Total
Expected additional households (2011 – 2016)	1071	778	509	143	148	1441	4036
Expected land needs based on 5 year growth	89ha	64ha	42ha	12ha	12ha	120ha	339ha

¹⁶⁶ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Framework Review 2013. City of Matlosana Local Municipality: Klerksdorp. p. 63.

¹⁶⁷ Interview with Maxim Planning Solutions

¹⁶⁸ City of Matlosana. 2011. City of Matlosana. 2010/11 Integrated Development Plan (IDP) Review. City of Matlosana Local Municipality: Klerksdorp.

Needs based on waiting list	15000	11000	9000	7000	3500		45500
Stand land needs	1250ha	916ha	750ha	583ha	291ha		3790ha
Total needs (Waiting list +5years growth)	16071	11778	9509	7143	3648	1141	49290
Stands land	1339ha	980ha	792ha	595ha	304ha	120ha	413ha

An illegal settlement is situated on the intersection of R502 (Orkney-Potchefstroom Road) and S643 (Old Buffelsfontein-Stilfontein Road) which consists of 425 residential units. The settlement can be legalised only by means of a proper formalisation process¹⁶⁹.

There are large parts of the Khuma Township (near Stilfontein mining area) that have been established on dolomite areas because of the surrounding mines. Plans are being prepared to move 5000 residents successfully¹⁷⁰.

The housing backlog is going to increase when more of the mineworkers are laid off. More than 60% of the workers that are dismissed do not return to where they come from originally but stay on where they have worked¹⁷¹. These mine workers then move into the township areas in backyard facilities. This is definitely visible because the townships of the mining towns have grown drastically from 1996 until 2011. Owing to what has happened in Marikana, the president has set up a Special Presidential Package Intervention for Distressed Mining Communities¹⁷². The City of Matlosana has been selected as one of the eight towns where an intervention will mitigate the poor living conditions and socio-economic challenges of these mining areas. This project should be implemented in January 2014.

¹⁶⁹ Maxim Planning Solutions. 2013. DRAFT City of Matlosana Spatial Development Framework Review 2013. City of Matlosana Local Municipality: Klerksdorp p. 61.

¹⁷⁰ Interview with Executive Mayor, City of Matlosana

¹⁷¹ Interview LED,DED and KKEDA; Interview with Executive Mayor, City of Matlosana; City of Matlosana. 2013. Mining Forum Meeting. Council Chamber, City of Matlosana, Klerksdorp, 19 September 2013 @ 10:00.

¹⁷² City of Matlosana. 2013. Mining Forum Meeting. Council Chamber, City of Matlosana, Klerksdorp, 19 September 2013 @ 10:00.

3.9.2 Drinking and Waste Water

Midvaal Water Company is the water service provider for the supply of bulk water to the KOSH area (including the mines), whilst the City of Matlosana, the water service authority, is responsible for the retail and distribution thereof¹⁷³. The company has an operating capacity of 250 million litres of water a day. However, due to the downscaling of the mining sector the daily supply is now 130 million litres a day¹⁷⁴. Midvaal Water supplies 65% of the water source to the City of Matlosana and 35% to the mines and industries in the area¹⁷⁵. The reduced resource requirements is indeed an unintended positive outcome of mine downscaling.

In Annexure 5 it is clear that almost all households in the City of Matlosana (97.1%) have piped water to their dwellings. This is higher than in the North West Province (75%). In the majority of the suburbs the households have access to piped water in their own homes except for the non-urban areas of Klerksdorp where 27.6% of the households have public taps near their homes.

The City of Matlosana and Midvaal Water Company were jointly awarded the Blue Drop Certification Award by the Minister of Water Affairs in 2011 and 2012. The Blue Drop Certification assesses a wide range of factors to determine excellence in the management and distribution of potable water such as water safety planning; incident response management, process control, maintenance and management skills; credibility of sample analysis; drinking water quality compliance; assets management. The position of the City of Matlosana on the National log in terms of the Blue Drop was 15th and 21st 2011 and 2012 respectively with a Blue Drop score of 95.33¹⁷⁶.

Furthermore, in Annexure 6, the figures show that in the City of Matlosana the majority of households (96.4%) have access to flush or chemical sanitation. Only in Dominionville (59.5%) do a lower rate of households have access to flush toilets. A large number (39.1%) of the population in this area still make use of the pit system. It seems as though much effort has been adopted by the municipality to improve the 66% from 1996. The area that benefited the most in the last 16 years was Tigane (5% in 1996 to 92% in 2011). Even the non-urban area around Klerksdorp received ample sanitation services in terms of flush or chemical sanitation (26% in 1996 to 99.4% in 2011). The household access to flush or chemical toilets in the City of Matlosana is a lot higher than that of the North West Province (49.8%).

The Green Drop process measures and compares the results of the performance of Water Service Authorities and their Providers, and subsequently rewards (or penalises) the municipality upon evidence of their excellence (or failures) according to the minimum standards or requirements that have been defined. Wastewater risk abatement planning and implementation is part of this set of Green Drop criteria and is using the Cumulative Risk Ratios (CRR) to track progress on a year-to-year basis. This allows the Regulator to have insight into the treatment component of the municipal, private- and public wastewater

¹⁷³ City of Matlosana. 2013. City of Matlosana. 2013/14 Integrated Development Plan (IDP) Review. City of Matlosana Local Municipality: Klerksdorp.

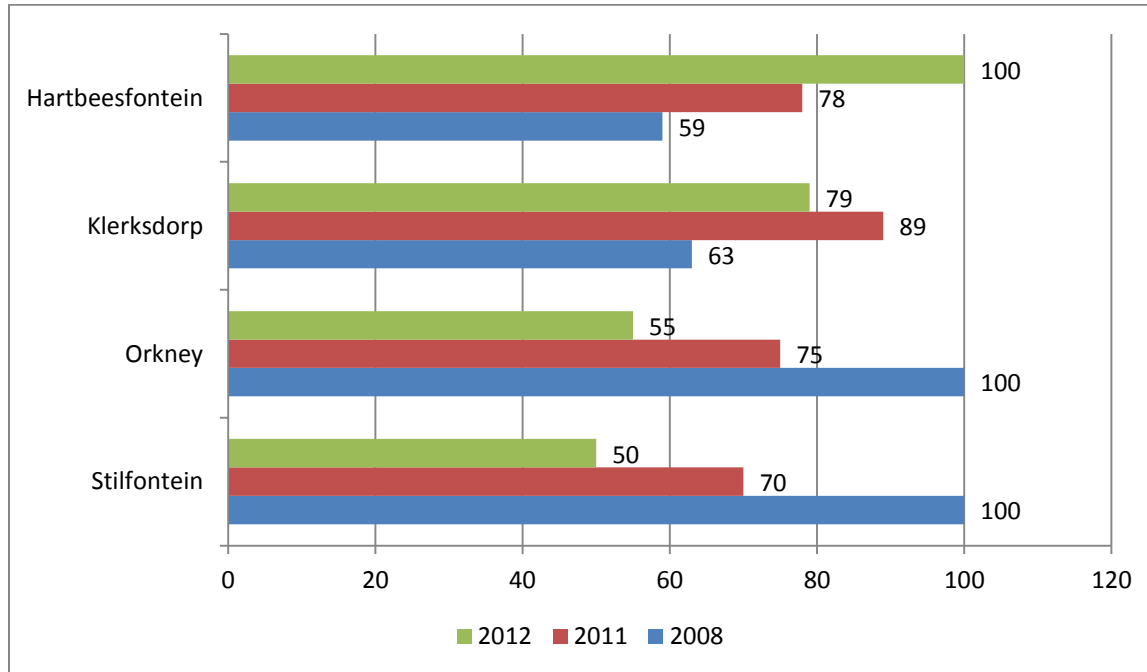
¹⁷⁴ Smith, A. 2012. Efficient operations results in unrivalled success for Midvaal Water Company. *Business Review*, 23 August 2012.

¹⁷⁵ Midvaal Water Company. 2012. Annual report 2012. Midvaal Water Company: Stilfontein.

¹⁷⁶ Department of Water Affairs and Forestry. 2012. Blue Drop Report, 2012. Department of Water Affairs: Pretoria.

treatment business. A CRR %deviation is used throughout the Report to indicate that variance of a CRR value before it reaches its maximum CRR value. The higher the CRR %deviation value, the closer the CRR risk is to the maximum value it can obtain. The City of Matlosana achieved a CRR/ CRR max %deviation of 57% for waste water management (Green Drop Certification)¹⁷⁷. Even though the CRR risk shows an improvement, effluent compliance has been problematic with all of the works and will require dedicated attention to resolve. Figure 23 indicates the risk trend per plant as CRR/CRRmax %.

Figure 23: Risk trend per plant as BRR/CBR max %



The figure above shows that Klerksdorp and Hartbeesfontein, showed an improvement on previous Green Drop effluent quality, but the other two plants show deterioration in compliance. All 4 WWTW are in the medium risk category¹⁷⁸. The table below gives more detail on each of the plants.

¹⁷⁷ Department of Water Affairs. 2012. 2012 Green Drop Progress Report. Department of Water Affairs South Africa: Pretoria.

¹⁷⁸ Department of Water Affairs. 2012. 2012 Green Drop Progress Report. Department of Water Affairs South Africa: Pretoria.

Table 7: Waste water plant details for towns in the City of Matlosana¹⁷⁹

Assessment area	KLERKSDORP	ORKNEY	STILFONTEIN	HARTEBEEFONTEIN
Technology	Activated sludge treatment and Aerobic Digestion	Activated sludge treatment and Aerobic Digestion	Activated sludge treatment and Aerobic Digestion	Activated sludge treatment and Aerobic Digestion
Design Capacity (Mega litres per day)	36	20	12.3	4.5
Operational % i.t.o Design capacity	69.4%	40.0%	48.8%	82.2%
Microbiological compliance	83%	81%	98%	91%
Chemical compliance	8%	54%	52%	48%
Physical compliance	73%	69%	67%	67%
Annual Average Effluent Quality Compliance	55%	68%	72%	68%
Wastewater risk rating (%CRR/ CBR max)	63%	54.5%	50.0%	58.8%
High risk area	Poor effluent quality compliance	Poor effluent quality compliance	Poor effluent quality compliance	Poor effluent quality compliance
Risk abatement process	Rough W ₂ RAP	Rough W ₂ RAP	Rough W ₂ RAP	Rough W ₂ RAP
Capital & Refurbishment	NI	R3mil to R1.9mil	NI	R4.1 mil

¹⁷⁹ Department of Water Affairs. 2012. 2012 Green Drop Progress Report. Department of Water Affairs South Africa: Pretoria.

expenditure in 2010/11				
Description of projects Expenditure		Upgrade Orkney Waste water: Outfall sewer line	Process monitoring being done, sample analysis data is being loaded on GDS	Increase capacity in Hartebeespoort WWTW

3.9.3 Electricity

Electricity supply is shared between the City of Matlosana and Eskom. Bulk supply points in Matlosana are divided into three regions with seven different points distributed throughout the region. These points carry a capacity of 190 Mva with a reserve capacity of 30 Mva. Distribution areas managed by Eskom by means of a distribution licence with the National Electricity Regulator (NER) are Kanana, Khuma and Tigane¹⁸⁰.

Annexure 7 gives an indication that the municipal service that the City of Matlosana really needs to pay urgent attention to is the access to electricity. Where several of the other services have a 95 to 98 % access to basic services, electricity access in the City of Matlosana is only 90.3%. This has at least increased from only 68% in 1996. Although these percentages are better than the average access to electricity in the North West (84%), only 65% of the households in Dominionville and 73.7% in Tigane have access to electricity in 2011. The non-urban areas around Klerksdorp also only have 57% access to electricity. It should also be noted that Eskom supplies the electricity directly to Tigane, Kanana and Khuma. These are the problem areas. At least many of the areas have an increased percentage of access to electricity compared to 1996. An example would be Jouberton where only 44.5% of the population had access to electricity, compared to 91.5% in 2011.

The backlog in basic electricity supply to all the communities is approximately 3500 households in Jouberton from the City of Matlosana as a service provider and 4500 households in the Eskom supply areas. Eskom planned to connect approximately 1800 households in 2013/14.

As in all other areas of South Africa, the City of Matlosana has a high rate (57%) of non-payment of services. Although many of the 105000 accounts are not paid, those that do pay cover 88% of the outstanding Eskom account of the City of Matlosana¹⁸¹. Operation Patella (Pay Up) was initiated in 2010-2011 to inform the public about the problems experienced due to the non-payment of municipal services of R964 million¹⁸². Forty percent of the electricity is lost due to theft; this figure should be 10%¹⁸³.

¹⁸⁰ City of Matlosana. 2013. City of Matlosana. 2013/14 Integrated Development Plan (IDP) Review. City of Matlosana Local Municipality: Klerksdorp.

¹⁸¹ Interview with Klerksdorp Sakekamer, AHI

¹⁸² City of Matlosana. 2013. 2012/13 Integrated Development Plan Review. City of Matlosana Local Municipality: Klerksdorp. p. 94.

Therefore communities should also be informed and made aware of the importance of the services they receive. The aim of the project is to encourage the public to pay for their municipal services, educate the community about the services they receive and the importance of payment, as well as to allow Debt Amnesty of 50% for those who are more than 90 days behind in payment. This project has been accepted by the residents and has assisted the financial position of the municipality. One of the other problems that can be highlighted is the copper theft in electrical cables. These cables are replaced by fibre cables as far as possible¹⁸⁴. This often affects business but generally no longer than a day of business is lost as the electrical teams respond quickly.

There is a concern that the infrastructure is old (some 60 years in operation) and upgrades are urgently necessary on many of the systems but there have been no plans put in place for replacements. With all the development taking place in terms of the N12 route there will be enormous pressure on the bulk supply. There is a substation being established for the new Matlosana Mall (30MVA) with the intention of using some of the supply for the residential and other industrial developments as well¹⁸⁵.

The City of Matlosana presented their plans to increase the tariffs of electricity to Nersa in 2011/12. The city experienced an R38m deficit due to less revenue generated than expenses to distribute electricity. In 2012/13, this increased to R42m. Further challenges presented were: the unstable electricity supply due to lack of maintenance and the lack of improvement of infrastructure; the inability to pay Eskom; electricity theft and tampering; as well as the non-payment for electricity usage by consumers (low collection).

This has led to the fact that Eskom recently issued a notice of disconnection to the City of Matlosana Municipality which was R91.8 million in arrears¹⁸⁶. A last minute agreement with Eskom was reached and R47 million of the debt was paid in March as the "first part of the agreement"¹⁸⁷¹⁸⁸. A stringent debt collection plan has now been implemented: to rectify the accounts systems, and to collect overdue debt and curb illegal users. Tariffs, with permission from Nersa, have now also been increased (by more than 7%) to be able to cover the necessary costs and allow for a surplus. If compared to the neighbouring Municipality of Tlokwe the municipal services tariffs are a lot higher¹⁸⁹. Infrastructure backlog, upgrades and maintenance from 2008/9 until 2011/12 can therefore be implemented with the R45m surplus¹⁹⁰.

¹⁸³ Interview with Executive Mayor, City of Matlosana

¹⁸⁴ Interview with Director of Electrical and Mechanical Services, City of Matlosana

¹⁸⁵ Interview with Director of Electrical and Mechanical Services, City of Matlosana

¹⁸⁶ Maphumulo, S. Eskom owed more than R1bn for electricity. *Star*, 13 March 2013. p.6.

¹⁸⁷ Maphumulo, S. Municipality strikes deal with Eskom. *Star*, 14 March 2013. p.6.

¹⁸⁸ SA Local Government Research. 2013. Klerksdorp Municipal Manager faces perjury charge over Eskom debt. *The SA Local Government Briefing*, Additional November 2013.

¹⁸⁹ Interview with the Chief Financial Officer, City of Matlosana

¹⁹⁰ City of Matlosana. 2013. Public hearing for Municipalities applying for an average tariff increase above the guideline of 7%, 24 May 2013. Available online:
[http://www.nersa.org.za/Admin/Document/Editor/file/Consultations/Electricity/Presentations/City%20%20of%20Matlosana%20Municipality\(2\).pdf](http://www.nersa.org.za/Admin/Document/Editor/file/Consultations/Electricity/Presentations/City%20%20of%20Matlosana%20Municipality(2).pdf)

The revenue from the bulk services has not been ring fenced in the municipality. Therefore bulk services from electricity are cross subsidising other divisions from the budget and not able to make use of the revenue for upgrades. The City of Matlosana does not specifically comply with the standards of Nersa that stipulate that 6% of the budget should be spent on maintenance and 8% should be used for refurbishments. This is not always the case in the City of Matlosana¹⁹¹ because only 4% is used instead of 6%.

4. Natural resources and the environment

The City of Matlosana Local Municipality adheres to the integrated environmental management. They focus on the environmental and sustainable development in the North West, the integrated waste management plan, air quality management plan and the environmental toolkit for IDPs.

Because the greater part of the City of Matlosana is being mined, the natural environment has been affected by the development of mine dumps that are not rehabilitated, slime dams and dolomitic areas. This is one of the major concerns for especially the township community of Stillfontein, Khuma. Large parts of this settlement have been developed on a dolomitic area. Plans are being made to successfully move 5000 residents¹⁹². This is of great concern for the City of Matlosana.

Many post-mining communities have to live with the environmental consequences of mine downscaling. The implications of mine downscaling include the fact that many of the environmental impacts remain and the ecological footprint continues despite downscaling. River systems, water quality, groundwater quality, dust generation and abandonment of land are important aspects that should be highlighted¹⁹³. This alludes to conflict between mining and agricultural land use. Mines have bought most of the surrounding land to decrease problems that they may experience in terms of acid underground mining water and farm land. This water can then cause agricultural risk in the future where livestock and crops are affected by the acid mine water.

¹⁹¹ Interview with Director of Electrical and Mechanical Services

¹⁹² Interview with Executive Mayor, City of Matlosana.

¹⁹³ Marais, L. 2013. The impact of mine downscaling on the Free State Goldfields. Urban Forum, February 2013. DOI: 10.1007/s12132-013-9191-3

5. Innovation, knowledge economy and human capital formation

The majority of the population in the City of Matlosana has at least obtained some secondary education. Figure 24 illustrates the comparison of the levels of education (1996, 2001 and 2011)

Figure 24: Education levels of the City of Matlosana (1996, 2001, 2011 compared)¹⁹⁴

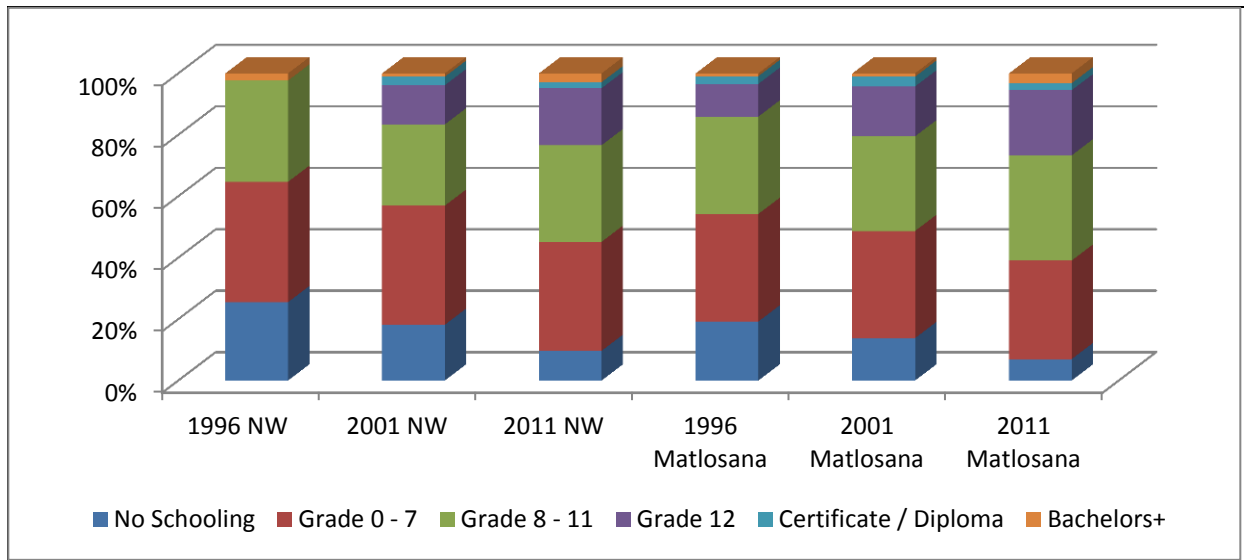
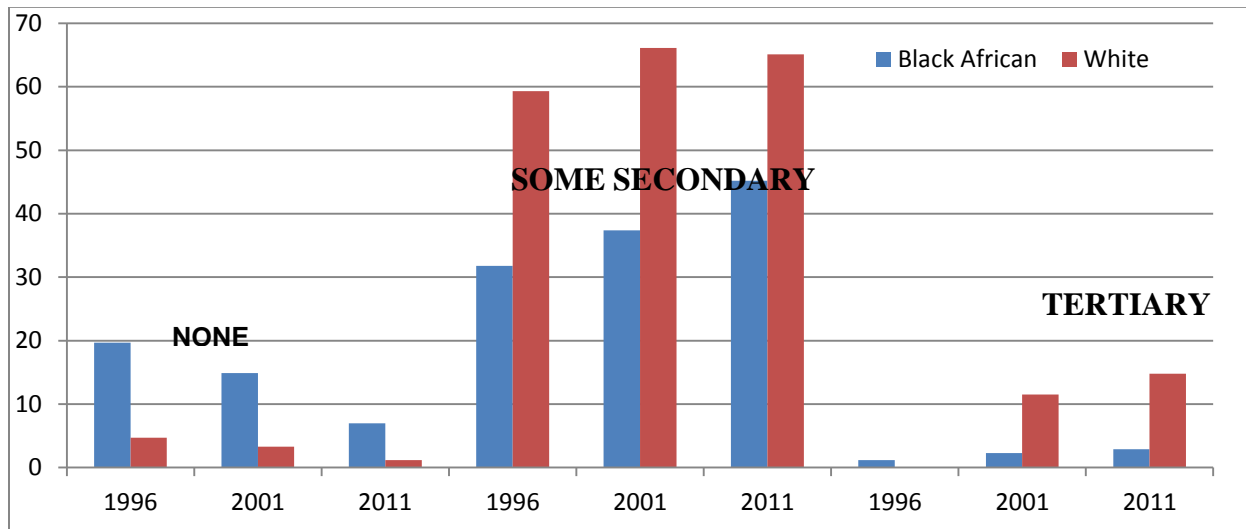


Figure 24 denotes that by 2011, almost half of the population in the City of Matlosana has obtained some secondary education (48.4%). This figure increased by 10% since 1996. It is slightly higher than the percentage of the population of the North West Province (43%) that has obtained some secondary education. Furthermore, 20% of this figure is Grade 12 students. In 2011, 4% of the population had also obtained tertiary education (Certificate, Diploma or Bachelor degrees). The local uneducated population (6.1%) is lower than the national average of 17.9%¹⁹⁵. Figure 25 further elaborates on the racial differences in education levels in the City of Matlosana.

¹⁹⁴ Statistics South Africa. 2013. Census 2011 data.

¹⁹⁵ Maxim Planning Solutions. 2012. Matlosana Socio-economic report. Maxim: Klerksdorp. p. 47.

Figure 25: Racial Education levels in the City of Matlosana (1996, 2001 and 2011 comparison)



In the figure above, it can clearly be seen that more (7% compared to 1.2%) of the African Black than the white population in the City of Matlosana are unschooled. The numbers have at least decreased since 1996 (9.7%). Overall more of the white population (65%) obtained some secondary education as well as tertiary education (14.8%) than the African Black population (45% and 3% respectively).

Although the Vaal Triangle Campus of the Vaal University of Technology has closed down completely and is not conducting any further operations, there have been talks with the City of Matlosana Council to initiate a Science and Technology campus for the North West University. Land has already been allocated and negotiations are in place. Provision has also been made for residences¹⁹⁶.

Because the North West University is in such close proximity to the area, students can commute either way for training. If any expertise is needed in the City of Matlosana, academics from the North West University are consulted. Specifically, a pro-bono office opened on the Potchefstroom campus of the North West University to assist local municipalities in the province with free advice on environmental management and to assist with the necessary impact studies necessary for implementation of projects¹⁹⁷. Many of the school leavers in the area also attend the North West University for tertiary education.

Furthermore, there are several tertiary colleges operating in the City of Matlosana region. The Vuselela FET College has five campuses in the North West province where the Centre for engineering studies is based in Jouberton, the Centre for Business Studies in Klerksdorp and the Matlosana Centre for Artisans and Learnerships near Stilfontein. Boston City Campus and Business College offers relevant courses that meet industry standards and develops specialists who are leading professionals in their field. Information technology and computers, management studies, financial accounting and bookkeeping as well as secretarial and office administration is offered at the MSC Business College in Klerksdorp. Lastly, Klerksdorp also has a nursing college.

¹⁹⁶ Interview with Director of City Macro Planning and Development, City of Matlosana.

¹⁹⁷ Wesvaal Chamber of Business. 2012. The Wesvaal Chamber's Business Guide for Matlosana. SACCI: Klerksdorp.

The educated population does not all necessarily want to settle in large cities and they are currently “bringing knowledge and skills back home”¹⁹⁸

5.1 Profile of existing research

There have been several pieces of academic research covering the Dr Kenneth Kaunda District as well as the City of Matlosana Local Municipalities. From the table below it is clear that most of the research was completed in 2012 and 2013 (20 and 17 research outputs respectively). There are also numerous outputs that have covered both these areas but were counted only as one output. Most of the research was managed and published by the North West University (due to its close proximity to the University) but there are a few reports and post graduate student studies covered by other universities such as the University of South Africa (UNISA) and the University of the Witwatersrand (WITS).

Table 8: Number of academic outputs for district and local municipality

Search	Level	2013	2012	2011	2010	2009	Before 2008
Kenneth Kaunda	Masters		2	4	2	1	
	Academic Article/ Academic Research Report	2	5		1	1	
Matlosana	PhD				1		
	Masters		3	5	4	1	3
	Academic Article/ Academic Research Report	4	10	8	2	2	5
TOTAL		6	20	17	10	5	8

The majority of the topics were from the Departments of Education, Development and Management as well as Town and Regional Planning. There was only a single PhD in 2010 that covered the region which was titled: *An empowerment programme for social work students regarding HIV and AIDS: adapted REds programme*¹⁹⁹.

¹⁹⁸ Interview with Tourism Association

¹⁹⁹ Malan, H. 2010. An empowerment programme for social work students regarding HIV and AIDS: adapted REds programme. Unpublished PhD Thesis in Social Work. North West University. Potchefstroom Campus.

A few broad categories can be summarised in terms of the research outputs that were completed. Firstly, education was a dominant theme with topics on the Integrated Quality Management System (IQMS), skills and training, school governance, discipline and capacity as well as the quality of teachers. Secondly, local spheres of governance were interesting to research with themes covering participatory governance in ward committees, municipal leadership and performance management as well as by elections and competitive bids. These can further be linked to the subject of the delivery of basic services, such as sanitation and the quality of water. Health was another focus of current research in terms of primary health care, tuberculosis, HIV and girls at risk, as well as the importance of physical fitness. Disaster risk management was extensively covered by researchers and students with reference to the police service, wild fires, capacity, community development and what is valuable to protect. Lastly, town planning and business were subjects that were investigated, such as regional shopping centres, the extension of the Alabama suburb, small and medium enterprises, business dynamics in Klerksdorp and the Labour Law courts.

In terms of the grey literature, the District Municipalities, the Local Municipality and all Census designated places were searched in Scholar Google. For the municipalities: only the name was used in the first search and the full title was used in a subsequent search. For the places: only the name was used in the first search and the name plus the name of the municipality was used in subsequent search. The number of hits for both searches is noted in the table below.

Table 9: Number of hits in searches in Google Scholar

North West	First search	Second search
<i>DC40: Dr Kenneth Kaunda</i>	4910	29
<i>NW403: City of Matlosana</i>	85	7
Hartebeestfontein	26	0
Tigane	242	3
Klerksdorp	3280	47
Orkney	49600	16
Kanana	1090	8
Stilfontein	546	17
Khuma	193	5
TOTAL	59987	133

6. Synthesis

The conclusion deals with the following main aspects:

- An overview of the national and regional importance of the City of Matlosana.
- Lessons from the case study
- Long term risks

National and regional importance of the City of Matlosana

Like many intermediate cities the case study alluded to a number of important national and regional considerations:

- The historical role in gold production as an earner of foreign revenue should be acknowledged. Although this has declined considerably over the past 20 years this cannot be ignored.
- Although the gold industry has long been built on low wages and migrant labour, it also seems as if it provided the basic skills for the growth of the platinum mining in the North West.
- There seems to be increasing linkages between businesses in the City of Matlosana and Botswana.
- The City of Matlosana plays an increasingly important role in respect of a regional services area. Not only has this role helped to mitigate some of the consequences of mining it also has expanded its physical distance of influence over the past 20 years. It is a noteworthy fact that private services have indeed played a significant role in this expansion of services.

Lessons learned from the case study

A number of important lessons should be noted from the case study (some may have more of a policy orientation than others):

- Similar to many areas, the City of Matlosana was ill prepared for mine downscaling. In fact, it was highly unexpected and continues to be largely ignored. For example, continued mine downscaling is not considered as a key strategic factor in the IDP.
- New mining legislation promulgated to ensure a larger degree of collaborative planning in the area at the beginning of the 2000s has had limited impact. The potential collaborative planning in terms of Social and Labour Plans and IDPs has been narrowed down to a project-by-project approach. Within this approach mining companies are on the whole happy to fund projects identified by the IDP where the municipality lacks funds. The municipality sees this as important as the right boxes can be ticked in respect of their strategic planning. The ultimate consequence is that no longer term collaborative planning takes place. Admittedly, this potential collaborative planning is far more difficult in a period of downscaling. Downscaling means that companies want to hold their cards close to their chests while it also leads to rapid change in ownership which does not support local partnership building. The subsequent result of all this is that some of the historical racial divide continues between mining companies (mainly white) and the municipality (mainly black) with limited trust and virtually no collaborative planning.
- The story of Matlosana also suggests that a national framework for the development of mining towns is urgently required. Such a framework should carefully consider the motivation for

settlement near mining, the development of infrastructure, mine downscaling and collaborative planning. In fact, this case study suggests that the historical linkage with Klerksdorp as a regional service centre has probably helped to mitigate the impact of mine downscaling. It is also unlikely that mining areas (either in decline or rapid growth) would have the local capacity to manage the rapid nature of change generated by mining activities. Such a national framework should consider the establishment of technical capacity to support local planning related to mining activity.

- Mine downscaling also has unintended positive outcomes. In this respect the reduced water and energy needs and the increasing levels of desegregation should be mentioned.
- Areas of economic decline also require different land-use regulations than areas of economic growth. This notion is not present in the current land-use planning regulations in the municipality. In fact, changed land-uses are seen as something which should be rectified to comply and not as a way to regenerate the locality.

Risks

Although the risk of mine downscaling has already struck the City of Matlosana

- There is evidence that more skilled people and a significant percentage of the economically active population has left the area. This holds a long term risk for the area and may undermine its potential of finding alternative economic opportunities.
- Obviously continued mine downscaling holds continued risk with the possibility that the area might indeed lose people in the long run.
- The area has increasingly been linked to what would happen in the platinum belt.
- The rural service nature of the city should be acknowledged and the private and public services related to this function should be considered as important in strategic planning and in the thinking about the future of the area. In this respect aging infrastructure along with the lack of appropriate maintenance and repairs could impact negatively on the ability of the city to play a regional service role.
- The city of Matlosana has not and will not miss out on the environmental risks associated with mining.

ANNEXURES

ANNEXURE 1: Revenue sources for the City of Matlosana Local Municipality R'000 (2006/7 – 2012/13)²⁰⁰

	2006 / 7	2007 / 8	2008 / 9	2009 / 10	2010 / 11	2011 / 12	2012 / 13
Operating Revenue	839 548	934 639	1 171 786	1 384 645	1 269 132	1 511 681	1 363 040
Property rates	102 553	113 044	130 748	222 191	191 285	181 286	183 246
Service charges	391 232	420 183	491 499	581 386	513 206	582 695	645 295
Investment revenue	18 115	30 499	68 792	58 211	58 725	58 725	42 848
Government grants	236 458	265 232	350 110	317 994	302 277	350 041	352 580
Other own revenue	91 190	105 681	130 637	204 863	203 639	338 934	139 071

²⁰⁰The figures for 2006/7 and 2007/8 were sourced from National Department of Treasury, 2012. The state of local government finances and financial management as at 30 June 2012. Chief Directorate: Local Government Budget Analysis. Department of Treasury: Pretoria. Available online:

http://mfma.treasury.gov.za/Media_Releases/The%20state%20of%20local%20government%20finances/Documents/00.%20State%20of%20LG%20finance%20Report%20combined%20-%202011-12%20-%2025%20Oct%202012_website.pdf.

The figures for 2009 and 2010 were sourced from the Annual Financial Statement for the year ending 30 June 2009. This was available within the Annual Report of the City of Matlosana 2009/10

The figures for 2011 and 2012 were sourced from the Annual Financial Statement for the year ending 30 June 2012. This was available within the Annual Report of the City of Matlosana 2012/13.

Annual Change (%)							
Property rates	(0,0)	(0,1)	0,3	(0,1)	(0,3)	0,1	
Service charges	(0,0)	(0,1)	0,0	(0,0)	(0,0)	0,2	
Investment revenue	0,3	0,4	(0,4)	0,1	(0,2)	(0,2)	
Government grants	0,0	0,1	(0,3)	0,0	(0,0)	0,1	
Other own revenue	0,0	(0,0)	0,2	0,1	0,3	(1,2)	
Share of Total Revenue (%)	100	100	100	100	100	100	100
Property rates	12,2	12,1	11,2	16,0	15,1	12,0	13,4
Service charges	46,6	45,0	41,9	42,0	40,4	38,5	47,3
Investment revenue	2,2	3,3	5,9	4,2	4,6	3,9	3,1
Government grants	28,2	28,4	29,9	23,0	23,8	23,2	25,9
Other own revenue	10,9	11,3	11,1	14,8	16,0	22,4	10,2

ANNEXURE 2: Overview of municipal expenditure for the City of Matlosana Local Municipality R'000(2006/7 – 2012/13)²⁰¹

	2006 / 7	2007 / 8	2008 / 9	2009 / 10	2010 / 11	2011 / 12	2012 / 13
Operating Expenditure	703 920	761 593	1 109 962	1 399 312	1 334 639	1 713 874	1 466 643
Employee costs	206 211	225 995	252 865	296 231	342 230	397 826	392 280
Remuneration of Councillors	10 813	12 272	13 469	14 463	14 462	16 747	18 523
Repairs and maintenance	29 763	30 872	48 692	54 866	44 115	73 950	31 637
Depreciation and amortisation	44 573	50 293	62 795	152 966	170 748	175 297	157 705
Finance charges	18 934	19 832	16 330	15 358	19 512	19 460	19 402
Materials and bulk purchases	180 876	198 928	260 186	327 423	327 423	405 844	476 253
Debt Impairment	-	-	154 100	208 466	221 725	303 541	130 597
General Expenses	-	-	362 524	186 299	220 298	220 298	185 615

²⁰¹ The figures for 2006/7 and 2007/8 were sourced from National Department of Treasury. 2012. The state of local government finances and financial management as at 30 June 2012. Chief Directorate: Local Government Budget Analysis. Department of Treasury: Pretoria. Available online:

http://mfma.treasury.gov.za/Media_Releases/The%20state%20of%20local%20government%20finances/Documents/00.%20State%20of%20LG%20finance%20Report%20combined%20-%202011-12%20-%2025%20Oct%202012_website.pdf.

The figures for 2009 and 2010 were sourced from the Annual Financial Statement for the year ending 30 June 2009. This was available within the Annual Report of the City of Matlosana 2009/10

The figures for 2011 and 2012 were sourced from the Annual Financial Statement for the year ending 30 June 2012. This was available within the Annual Report of the City of Matlosana 2012/13.

Other expenditure	212 750	223 401	-	143 240	-	100 911	54 631
Surplus/(Deficit)	135 628	173 046	61 824	(14 667)	(65 507)	(202 193)	(103 603)
Annual Change (%)							
Employee costs	0,1	0,1	0,1	0,1	0,1	(0,0)	
Remuneration of Councillors	0,1	0,1	0,1	(0,0)	0,1	0,1	
Repairs and maintenance	0,0	0,4	0,1	(0,2)	0,4	(1,3)	
Depreciation and amortisation	0,1	0,2	0,6	0,1	0,0	(0,1)	
Finance charges	0,0	(0,2)	(0,1)	0,2	(0,0)	(0,0)	
Materials and bulk purchases	0,1	0,2	0,2	-	0,2	0,1	
Debt Impairment	-	-	0,3	0,1	0,3	(1,3)	
General Expenses	-	-	(0,9)	0,2	-	(0,2)	
Other expenditure	0,0	-	-	-	-	(0,8)	
Share of Total Revenue (%)	100	100	100	100	100	100	100
Employee costs	29,3	29,7	21,8	21,2	24,6	23,2	26,7
Remuneration of Councillors	1,5	1,6	1,2	1,0	1,1	1,0	1,3

Repairs and maintenance	4,2	4,1	4,4	3,9	3,3	4,3	2,2
Depreciation and amortisation	6,3	6,6	3,7	10,9	12,8	10,2	10,8
Finance charges	2,7	2,6	1,5	1,1	1,5	1,1	1,3
Materials and bulk purchases	25,7	26,1	22,4	23,4	23,5	23,7	32,5
Debt Impairment	-	-	12,9	14,9	16,6	17,7	8,9
General Expenses	-	-	31,7	13,3	16,5	12,9	12,7
Other expenditure	30,2	29,3	-	10,2	-	5,9	3,7

ANNEXURE 3: Services charge income for the City of Matlosana, 2008 – 2011 (Rand)

	2008	2009	2010	2011	2012
Sale of electricity	283166644	362269211	358298674	390520615	438708631
Sale of water	125069043	130299556	113578053	150065275	160917924
Sewerage and sanitation charges	21896127	25301594	3940213	2206509	1676639
Refuse removal	61367585	63515537	37389941	39902920	43992069
Total service charges	491501407	581387907	513208891	582697330	645297275
Percentage(%) of total					
Sale of electricity	57,6	62,3	69,8	67,0	68,0
Sale of water	25,4	22,4	22,1	25,8	24,9
Sewerage and sanitation charges	4,5	4,4	0,8	0,4	0,3
Refuse removal	12,5	10,9	7,3	6,8	6,8
	100,0	100,0	100,0	100,0	100,0
Annual change (%)					
Sale of electricity					
Sale of water					
Sewerage and sanitation charges					
Refuse removal					

TOTAL NUMBERS	Formal			Traditional			Informal			Other			TOTAL		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
North West	855496	670030	809682	71826	49519	17531	233990	209479	226094	17670	48921	8708	117898 2	977949	106201 5
NW403	75924	61409	99867	3963	2174	737	45037	29781	18804	126617	18668	1035	251541	112032	120443
Dominionville		124	171		15	14		9	34			2	0	148	221
Hartbeesfontein	401	258	464	2	43		3	21	14	12		6	418	322	484
Tigane	471	1674	3547	31	15	32	1064	834	697	14	7	16	1580	2530	4292
Klerksdorp	13057	12826	18616	147	124	57	1607	214	190	202	1086	73	15013	14250	18936
Jouberton	7494	13739	24707	2	169	104	11313	12530	7209	167	683	623	18976	27121	32643
Alabama	1454	1606	4511	8	3	1	37	340	125	7	9	8	1506	1958	4645
Manzilpark	290	395	460		12		10	12	4				300	419	464
Klerksdorp NU	3018	2662	4622	798	1220	450	1416	441	865	112	2639	116	5344	6962	6053
Orkney	4018	3767	4699	9	43	8	77	86	73	14	1447	15	4118	5343	4795
Kanana	4669	7730	18583	125	197	24	7989	11732	6376	224	48	57	13007	19707	25040
Vaal Reefs	1476	1559		3	9		1	9		182	5621		1662	7198	0

Stilfontein	4774	4348	6537	31	27	8	191	54	96	66	48	8	5062	4477	6649
Khuma	3144	9084	10900	1	330	30	7098	3458	3113	224	30	111	10467	12902	14154
PERCENTAGES	Formal			Traditional			Informal			Other			TOTAL		
Area	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
North West	72,6	68,5	76,2	6,1	5,1	0,0	19,8	21,4	21,3	1,5	5,0	0,8	100	100	100
NW403	30,2	54,8	82,9	1,6	1,9	0,0	17,9	26,6	15,6	50,3	16,7	0,9	100	100	100
Dominionville		83,8	77,4		10,1	0,1		6,1	15,4		0,0	0,9	100	100	100
Hartbeesfontein	95,9	80,1	95,9	0,5	13,4	0,0	0,7	6,5	2,9	2,9	0,0	1,2	100	100	100
Tigane	29,8	66,2	82,6	2,0	0,6	0,0	67,3	33,0	16,2	0,9	0,3	0,4	100	100	100
Klerksdorp	87,0	90,0	98,3	1,0	0,9	0,0	10,7	1,5	1,0	1,3	7,6	0,4	100	100	100
Jouberton	39,5	50,7	75,7	0,0	0,6	0,0	59,6	46,2	22,1	0,9	2,5	1,9	100	100	100
Alabama	96,5	82,0	97,1	0,5	0,2	0,0	2,5	17,4	2,7	0,5	0,5	0,2	100	100	100
Manzilpark	96,7	94,3	99,1	0,0	2,9	0,0	3,3	2,9	0,9	0,0	0,0	0,0	100	100	100
Klerksdorp NU	56,5	38,2	76,4	14,9	17,5	0,1	26,5	6,3	14,3	2,1	37,9	1,9	100	100	100
Orkney	97,6	70,5	98,0	0,2	0,8	0,0	1,9	1,6	1,5	0,3	27,1	0,3	100	100	100
Kanana	35,9	39,2	74,2	1,0	1,0	0,0	61,4	59,5	25,5	1,7	0,2	0,2	100	100	100
Vaal Reefs	88,8	21,7		0,2	0,1		0,1	0,1		11,0	78,1		100	100	100
Stilfontein	94,3	97,1	98,3	0,6	0,6	0,0	3,8	1,2	1,4	1,3	1,1	0,1	100	100	100
Khuma	30,0	70,4	77,0	0,0	2,6	0,0	67,8	26,8	22,0	2,1	0,2	0,8	100	100	100

ANNEXURE 4: Type of dwelling in population of City of Matlosana (1996, 2001, 2011 comparison)

ANNEXURE 5: Water provision in the City of Matlosana (comparing 1996, 2001 and 2011)

	Piped inside dwelling			Public tap			TOTAL		
Area	1996	2001	2011	1996	2001	2011	1996	2001	2011
North West	714540	532127	736039	285148	316098	236853	999688	848225	972892
NW403	67052	95579	115650	7898	15159	3429	74950	110738	119079
Dominionville		100	120		48	22	0	148	142
Hartbeesfontein	409	267	468	4	55	11	413	322	479
Tigane	1439	2003	3831	102	500	254	1541	2503	4085
Klerksdorp	13701	13697	18730	1134	519	136	14835	14216	18866
Jouberton	18086	24781	32155	691	1621	260	18777	26402	32415
Alabama	1502	1925	4580		33	56	1502	1958	4636
Manzilpark	296	416	444			1	296	416	445
Klerksdorp NU	3611	4937	4066	66	1885	1571	3677	6822	5637
Orkney	4095	5233	4763	6	104	19	4101	5337	4782
Kanana	10559	12962	24726	2180	6642	240	12739	19604	24966
Vaal Reefs	1646	6869		3	323		1649	7192	0
Stilfontein	5028	4390	5998	11	84	561	5039	4474	6559

Khuma	6422	10115	13718	3672	2559	292	10094	12674	14010
North West	71,5	62,7	75,7	28,5	37,3	24,3	100	100	100
NW403	89,5	86,3	97,1	10,5	13,7	2,9	100	100	100
Dominionville		67,6	84,5		32,4	15,5	100	100	100
Hartbeesfontein	99,0	82,9	97,7	1,0	17,1	2,3	100	100	100
Tigane	93,4	80,0	93,8	6,6	20,0	6,2	100	100	100
Klerksdorp	92,4	96,3	99,3	7,6	3,7	0,7	100	100	100
Jouberton	96,3	93,9	99,2	3,7	6,1	0,8	100	100	100
Alabama	100,0	98,3	98,8	0,0	1,7	1,2	100	100	100
Manzilpark	100,0	100,0	99,8	0,0	0,0	0,2	100	100	100
Klerksdorp NU	98,2	72,4	72,1	1,8	27,6	27,9	100	100	100
Orkney	99,9	98,1	99,6	0,1	1,9	0,4	100	100	100
Kanana	82,9	66,1	99,0	17,1	33,9	1,0	100	100	100
Vaal Reefs	99,8	95,5		0,2	4,5		100	100	100
Stilfontein	99,8	98,1	91,4	0,2	1,9	8,6	100	100	100
Khuma	63,6	79,8	97,9	36,4	20,2	2,1	100	100	100

ANNEXURE 6: An overview of sanitation access in the City of Matlosana, (comparing 1996, 2001 and 2011)

	Flush/chemical			Pit			Bucket			TOTAL		
Area	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
North West	550654	371833	491128	512455	471687	483747	48687	41873	10647	1111796	885393	985522
NW403	48285	81820	113542	4008	2535	3017	20844	22244	1171	73137	106599	117730
Dominionville		103	122		15	80			3	0	118	205
Hartebeesfontein	405	258	440	4	40	11	1			410	298	451
Tigane	72	1634	3699	5	15	227	1374	600	90	1451	2249	4016
Klerksdorp	13294	13859	18746	348	136	76	1148	27	29	14790	14022	18851
Jouberton	11120	17342	31927	336	114	161	5548	8487	384	17004	25943	32472
Alabama	1502	1657	4504		3	85		237	11	1502	1897	4600
Manzilpark	300	416	441	1	3					301	419	441
Klerksdorp NU	1158	3584	18746	2910	1771	76	385	301	29	4453	5656	18851
Orkney	4032	5282	4760	52	6	22	1	3		4085	5291	4782
Kanana	5654	8365	24703	195	324	39	6409	9627	44	12258	18316	24786
Vaal Reefs	1650	7130			3					1650	7133	0
Stilfontein	4819	4426	5996	91	12	37			310	4910	4438	6343
Khuma	3968	10157	13705	30	102	12	5937	2360	183	9935	12619	13900
Percentage	Flush/chemical			Pit			Bucket			TOTAL		

Electricity

Gas/parallel

Candles

Other

TOTAL



North West	49,5	42,0	49,8	46,1	53,3	49,1	4,4	4,7	1,1	100	100	100
NW403	66,0	76,8	96,4	5,5	2,4	2,6	28,5	20,9	1,0	100	100	100
Dominionville		87,3	59,5		12,7	39,0		0,0	1,5	100	100	100
Hartbeesfontein	98,8	86,6	97,6	1,0	13,4	2,4	0,2	0,0	0,0	100	100	100
Tigane	5,0	72,7	92,1	0,3	0,7	5,7	94,7	26,7	2,2	100	100	100
Klerksdorp	89,9	98,8	99,4	2,4	1,0	0,4	7,8	0,2	0,2	100	100	100
Jouberton	65,4	66,8	98,3	2,0	0,4	0,5	32,6	32,7	1,2	100	100	100
Alabama	100,0	87,3	97,9	0,0	0,2	1,8	0,0	12,5	0,2	100	100	100
Manzilpark	99,7	99,3	100,0	0,3	0,7	0,0	0,0	0,0	0,0	100	100	100
Klerksdorp NU	26,0	63,4	99,4	65,3	31,3	0,4	8,6	5,3	0,2	100	100	100
Orkney	98,7	99,8	99,5	1,3	0,1	0,5	0,0	0,1	0,0	100	100	100
Kanana	46,1	45,7	99,7	1,6	1,8	0,2	52,3	52,6	0,2	100	100	100
Vaal Reefs	100,0	100,0		0,0	0,0		0,0	0,0		100	100	100
Stilfontein	98,1	99,7	94,5	1,9	0,3	0,6	0,0	0,0	4,9	100	100	100
Khuma	39,9	80,5	98,6	0,3	0,8	0,1	59,8	18,7	1,3	100	100	100

ANNEXURE 7: Access to energy fuel for lighting in the City of Matlosana (comparing 1996, 2001 and 2011)

Area	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
North West	6542 91	69652 7	892424	67031	29387	23435	447843	248498	140489	97	3536	5667	11692 62	977948	106201 5
NW403	5266 4	93946	108729	2500	2556	2263	22055	15323	8919	4	207	531	77223	112032	120442
Dominionville		103	145			35		45	39			2	0	148	221
Hartbeesfontein	402	4812	451	1	88	2	9	183	23		6	7	412	5089	483
Tigane	1265	1689	3164	42	45	115	260	793	980		3	34	1567	2530	4293
Klerksdorp	1316 5	13799	18605	206	42	63	1550	389	199	1	18	69	14922	14248	18936
Jouberton	8344	22455	29863	948	481	397	9470	4146	2228	2	39	155	18764	27121	32643
Alabama	1416	1838	4547	8	21	13	67	99	68			17	1491	1958	4645
Manzilpark	290	389	442	2		5	9	30	14			4	301	419	465
Klerksdorp NU	1660	4600	3471	339	123	425	3296	2211	2086		27	72	5295	6961	6054
Orkney	4028	5304	4765	4	9	4	77	27	20		3	6	4109	5343	4795
Kanana	9376	14505	22049	306	1244	861	3175	3897	2045		63	86	12857	19709	25041
Vaal Reefs	1651	7177						6			15		1651	7198	0
Stilfontein	4801	4385	6016	19	6	227	218	78	382		9	25	5038	4478	6650
Khuma	5835	9333	13163	577	344	107	4029	3204	830	1	21	53	10442	12902	14153
PERCENTAGE	Electricity			Gas/parallel			Candles			Other			TOTAL		
North West	56,0	71,2	84, 0	5,7	3,0	2, ,	38,3	25,4	1 3	0,0	0,4	,	100	100	1 0

Klerksdorp NU	31,4	66,1	57,3	6,4	1,8	7,0	62,2	31,8	34,5	0,0	0,4	1,2	100	100	0
Orkney	98,0	99,3	99,4	0,1	0,2	0,1	1,9	0,5	0,4	0,0	0,1	0,1	100	100	0
Kanana	72,9	73,6	88,1	2,4	6,3	3,4	24,7	19,8	8,2	0,0	0,3	0,3	100	100	0
Vaal Reefs	100,0	99,7		0,0	0,0		0,0	0,1		0,0	0,2		100	100	0
Stilfontein	95,3	97,9	90,5	0,4	0,1	3,4	4,3	1,7	5,7	0,0	0,2	0,4	100	100	0
Khuma	55,9	72,3	93,0	5,5	2,7	0,8	38,6	24,8	5,9	0,0	0,2	0,4	100	100	0

ANNEXURE 8: List of people consulted during the research

Person Consulted	Affiliation
Thabo Monama	Dr Kenneth Kaunda Development Agency
Melville Rampedi	DM: District Economic Development
Me.L.M. Ramorola	LM: Strategic Planning Monitoring and Control.
Alson Khuzwayo (AK) Mbekeni	LM: Deputy Director: Local economic Development
David Rannona	LM: Infrastructure - Electricity
Michael Kagiso Khaue	LM: Mayor
Sipho Mabuda	LM: Macro City Planning and Development.
Ronnie Mukondeleli	LM: Civil Services and Human Settlements
Molatlhegi Kgauwe	LM: Chief Financial Officer
Johan Oosthuizen	Matlosana Sakekamer (AHI)
Leigh Ann Murphy	Wesvaal Business Chamber
Charl Grobbellaar	Maxim Planning Solutions
Pieter Malan	SenWes
Johan Swanepoel	Agri-Noord Wes (Klerksdorp)
Bertus Kotze	Tourism Association - Protea Hotel
Vusi	Matlosana Development Forum
Thomas Maekane	Jouberton Taxi Operators
BertGaffen	Historian Klerksdorp Museum
Alan Wiggel	CEO : N12 Treasure Route
Jacques Wessels	Anglo Gold Ashanti
Kobus van Heerden	Anglo Gold Ashanti
Joseph Mtshali	Shiva Uranium



Jaco Faurie	Real Net Real Estate Agent
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