

Matjhabeng Local Municipality



Local Economic Development Strategy 2019 Draft Status Quo Report





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LIST OF ABBREVIATIONS

| Abbreviation | Description |
|--------------|---|
| AMP | Agricultural Master Plan |
| CRDP | Comprehensive Rural Development Programme |
| DAFF | Department of Agriculture, Forestry, and Fisheries |
| DETEA | Department of Economic Development, Tourism and Environmental Affairs |
| FSCDS | Free State Growth and Development Strategy |
| FSGES | Free State Green Economy Strategy |
| FSPSDF | Free State Provincial Spatial Development Framework |
| IDP | Lejweleputswa District Municipality Integrated Development Plan |
| IPAP | Industrial Policy Action Plan |
| LDM | Lejweleputswa District Municipality |
| LED | Local Economic Development |
| LGDS | Lejweleputswa Growth and Development Strategy |
| MLM | Matjhabeng Local Municipality |
| NDP | National Development Plan |



| Abbreviation | Description |
|--------------|--|
| NSDP | National Spatial Development Perspective |
| NTSS | National Tourism Sector Strategy |
| RDP | Rural Development Plan |
| RIDS | Regional Industrial Development Strategy |
| GVA | Gross Value Added |
| a.k.a. | also known as |
| BD | Blue Drop Rating |
| DWS | Department of Water and Sanitation |
| HH | Household |





SECTION 1. INTRODUCTION

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

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

1.1. Defining ‘Local Economic Development’

LED aims to produce high standards of living; improve the quality of life; alleviate poverty; create additional-and better job opportunities; advance skills; and build for sustained development in the future. LED is not a wish list but rather a practical understanding of what the local area does well and what it has to offer; what its weaknesses are; where gaps occur; as well as where threats and opportunities exist considering the wants and needs of the local area.

The characteristics of an LED are as follows:

- Attraction of both outward and inward investment;
- Investment in both hard and soft infrastructure;
- Making the business environment more conducive to business;
- A participatory approach to LED;
- Public Private Partnerships (PPPs); and
- A move towards community-based LED.

The following aspects need to be considered in this regard:

- An interpretation of the socio-economic situation and indicators suggests that the most significant challenge facing government and its partners in growth and development is the reduction of poverty.
- Poverty alleviation needs to be addressed as an integral part of the regional economic development strategy, due to high levels of unemployment and poverty.
- Economic development programmes and project implementation needs to be consolidated and integrated with a strategic developmental approach aimed at sustainable local economic development.
- Various research documents, policies and strategies for the study area have been compiled; and as such; data collation should be aimed at adding value and to use the existing knowledge base to focus the work, i.e. a vital issue approach will be followed.
- The local community needs to be mobilised and included in an informative, participative, parallel process to the analysis and strategy formulation.
- The economic enabling environment needs specific intervention to ensure that adequate and appropriate services and infrastructure planning and provision can be complementary to new investment.
- The involvement and participation of stakeholders needs to be encouraged through participative stakeholder mobilisation techniques and innovative LED approaches.



- Capacity building and empowerment of key stakeholders and role players involved in all forms of local development to effectively facilitate social growth and economic development will be an underlying rationale of the LED Strategy.
- The focus of the LED support will be to facilitate the establishment of channels and mechanisms to ensure that economic development reaches the true beneficiaries.
- The internal co-operation and coherence for increased external competitiveness, as well as to ensure economic activities in various parts of the area, complement each other need to be facilitated.

LED is an approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in an improvement in the quality of life for all in the local community.

1.1. Purpose and Outputs of the Matjhabeng LED Strategy

The purpose of the Local Economic Development Strategy is to investigate the various options and **opportunities** available to broaden the economic base in the Matjhabeng LM. This information is then strategically packaged to create an environment conducive to economic growth and investment; to facilitate business development; and to create sustainable job opportunities.

The desired outputs of the LED Strategy are summarised as follows

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

1.2. Report Summary

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

Section 1: Introduction

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

Section 2: Evaluation Framework

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

Section 3: The Matjhabeng LM in 2019



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

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

SECTION 2. EVALUATION FRAMEWORK

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

2.1. National Development Strategies

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

2.1.1. National Development Plan

The National Development Plan (NDP) was presented by the **National Planning Commission** in 2011 and addresses the Commissions mandate to ‘take a broad, cross-cutting, independent and critical view of South Africa, to help define

the South Africa we seek to achieve in 20 years’ time and to map out a path to achieve those objectives’. The NDP has since been adopted by government with the intention that its directives will inform strategic decision making throughout South Africa.

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

- Promote an inclusive and labour absorbing economy.
- Increase capital spending, specifically on infrastructure.
- Transition to a low-carbon economy.
- Create an inclusive and integrated rural economy.
- Reverse apartheid constraints through spatial planning. making in all spheres of
- Improve the quality of education, training, and innovation. government. Thus, the directives
- Invest in quality healthcare for all South Africans. provided in the NDP must be
- Develop a robust social security system. integratedLED Strategy, into the includingMatjhabengan
- Build safer communities and reduce crime. emphasis on labour absorption, investment in infrastructure and
- Fight corruption in government. green industry, and the development of an inclusive
- Transform society and unite the country. rural economy.



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

2.1.2. National Spatial Development Framework (NSDF) 2018

The mandate of the NSDF is to address Chapter 8 of the NDP for preparation of the national spatial development

which calls

framework. The purpose of the NSDF, in terms of economic

• The NSDF is aimed at identifying spatial

location development, is to combine information gathered by the three opportunities for LED in the Matjhabeng levels of government: national, provincial and municipal, in directing LM. Areas of poverty, underspatial planning processes. The NSDF sets out to outline specific employment, and poor service delivery are illustrated, and thus the NSDF mat arrangements for prioritising, mobilising, sequencing and be utilised for stratic planning to uplift implementing private and public infrastructure in the areas identified priority regions. for priority spatial structuring.

trends, which will aid

LM. Areas

The NSDF has set informative and directive National Spatial Outcomes to be achieved by 2050: achieve the national development objectives of the NDP; and bring about the desired National Spatial Development Pattern and the National Spatial Development Vision. The National Spatial Outcomes are:

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

2.1.3. The New Growth Path

The New Growth Path's focus is to create decent work

opportunities, reduce inequality and end poverty in South Africa.

Government aims to achieve this by the restructuring of the South •The New Growth Path is predicated on

African economy to achieve labour absorption and accelerated the importance of resource prioritisation

economic growth. Government is committed to achieving these and stakeholder engagement.

It is therefore important that these priorities objectives by: inform recommendations and guidelines

1. Identifying areas where **employment creation** is possible provided in the Matjhabeng LED

Strateg

y. on a large scale as a result of substantial changes in conditions in South Africa and globally.

2. Developing a policy package to facilitate employment creation in these areas, through:

a. A comprehensive drive to **enhance competitiveness** and social equity;

b. Systemic changes to **mobilise domestic investment** around certain activities; and



- c. Strong social dialogue to encourage growth in employment-creating activities.

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

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

The tenth iteration of IPAP was issued in 2018 and addresses the challenges, opportunities and policy changes that have occurred in the previous year. The document is specifically concerned with promoting the following industries,

identified as having long-term growth potential:

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

IMPLICATIONS

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



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

2.1.5. Comprehensive Rural Development Programme

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

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

The common thread among the three phases of the CRDP is the

development of agriculture. To this effect Government has pledged over R2.6 billion in conditional grants to provinces over the medium term. This will be used for agricultural infrastructure, training, advisory recommendations and opportunities for LED in rural areas. This includes services and marketing, and for upgrading agricultural colleges. emphasis on service delivery, farmer

Government also supports the provision of agricultural implements and support, infrastructure investment and

improved access to finance. These inputs to support emerging farmers, including equipment, seeds and recommendations will be fertiliser. There is also a commitment to increase the accessibility of incorporated into the Matjhabeng agriculture loans accessible and ensure quality extension services. LED Strategy, especially with regards to economic growth in rural areas.

2.1.6. The National Framework for Led by Cogta

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

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

Local Governments must lead local development initiatives; whilst the provincial government must

increase its capacity to support local government; and the national government must provide a coherent, consistent and robust policy framework and increase the resource base to do this.

•The Matjhabeng LM must align LED to the National Framework to ensure that a focused approach is



taken by all levels of government to develop local and national skills, enterprises, industries and economies. Successful implementation of programmes will result

in economic growth, job creation and a higher standard of living for local residents.

2.2. Provincial Development Strategies

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

2.2.1. Free State Growth and Development Strategy

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

- Economic Development and Employment Creation;
- Social and Human Development;
- Justice and Crime Prevention; •The Matjhabeng LED Strategy will also
- Efficient Administration and Good Governance. pursue the objective of accelerated and inclusive growth while prioritising

For each of the five strategic pillars the FSGDS also identifies green industry, job creation, skills development, rural poverty alleviation important targets, which will guide decision making in the province. and small business development.

The following is a summary of the strategic targets with particular relevance to LED:

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

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

2.2.2. Free State Provincial Spatial Development Framework - 2014

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



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

provides for a structure of interrelated cores; corridors and matrices; adaptive management; building human capacity and ability; and efficient information management.

2.2.3. Free State Green Economy Strategy - 2014

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

The objective was to develop a green economy strategy to assist

the province to:

- Improve environmental quality and economic growth; •The FSGES's focus is to create a sustainable and healthy environment for
- Develop green industries and energy efficiency; future generations and industries. It promotes ethical and efficient utilisation
- Expand productive capacity and service delivery; of available resources, while creating jobs.
- Adopt sustainable consumption and production processes; •MLM would be impacted through the
- Improve policy making, permitting, monitoring and enforcement adoption of green practices as it moves from previously dirty industrial
- on Green Economy Initiatives/Programmes;

IMPLICATIONS

practices, such as mining, to cleaner



- Create decent green jobs and build capacity of relevant industries through the use of new technologies and management. personnel from DETEA, municipalities and other relevant stakeholders.

2.3. Municipal Development Strategies

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

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

2.3.1. Lejweleputswa Growth and Development Strategy – 2007/08

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

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

- Stimulate economic development.
- Develop and enhance the infrastructure for economic growth and social development.
- Poverty alleviation through human and social development.
- Ensure a safe and secure environment for all the people of the province.
- Promote effective and efficient governance and administration. ○ The Free State province identified the 11 areas that need to be addressed.
 - 1) To achieve an annual economic growth rate at least equal to the •The Lejweleputswa Growth and national average economic growth rate. Development Strategy (LGDS) identifies numerous focus areas,
 - 2) To reduce unemployment from 38.9% to 20%. many of which are applicable to
 - 3) To reduce the number of households living in poverty by 5% per LED in the MLM. This includes an annum. emphasis on ‘Reinventing the
 - 4) To improve the functional literacy rate from 69.2% to 85%. Economy’ through the implementation of LED principles
 - 5) To reduce the mortality for children under five years to 65 per 1000 such as diversification, innovation live births. and skills development.
 - 6) To reduce the obstetrical maternal mortality rate from 65,5 to 20,06 •The information and directives presented in the LGDS will be per 100 000 women in the reproductive age group. used to assist in developing 7) To stabilise the prevalence rate of HIV and AIDS and reverse their strategic pillars, integrated spread. programmes and priority projects
 - 8) To provide shelter for all the people of the province. for the Matjhabeng LED Strategy.
 - 9) To provide free basic services to all households.
 - 10) To reduce the crime rate by at least 7% per annum.
 - 11) To provide adequate infrastructure for economic growth and development.



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

The 2017-2022 LDM IDP is the annual review of the five-year

Integrated Development Plan adopted in 2017. The IDP is based on the Lejweleputswa Growth and Development Strategy and

therefore advances the framework, including the prioritisation of LED advance the objectives of LED at the with the following strategic objectives: local government level. This includes the promotion of selected flagship

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

IMPLICATIONS

- The Matjhabeng LED Strategy will

2.3.3. Lejweleputswa District Rural Development Plan (RDP) - 2016

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

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

Table 1 provides a list of the key drivers for Lejweleputswa.

Table 1 Key Drivers of Lejweleputswa

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



(Source: District Rural Development Plan)

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

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

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

IMPLICATIONS

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



2.3.4. Matjhabeng Local Municipality IDP (2017-2022)

LED and Job Creation



SECTION 3. THE MATJHABENG LM IN 2019

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

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

3.1. Geographic Context

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

1. Masilonyana Local Municipality (Theunissen)
2. **Matjhabeng Local Municipality (Welkom)**
3. Nala Local Municipality (Bothaville)
4. Tokologo Local Municipality (Dealesville)
5. Tswelopele Local Municipality (Hoopstad)

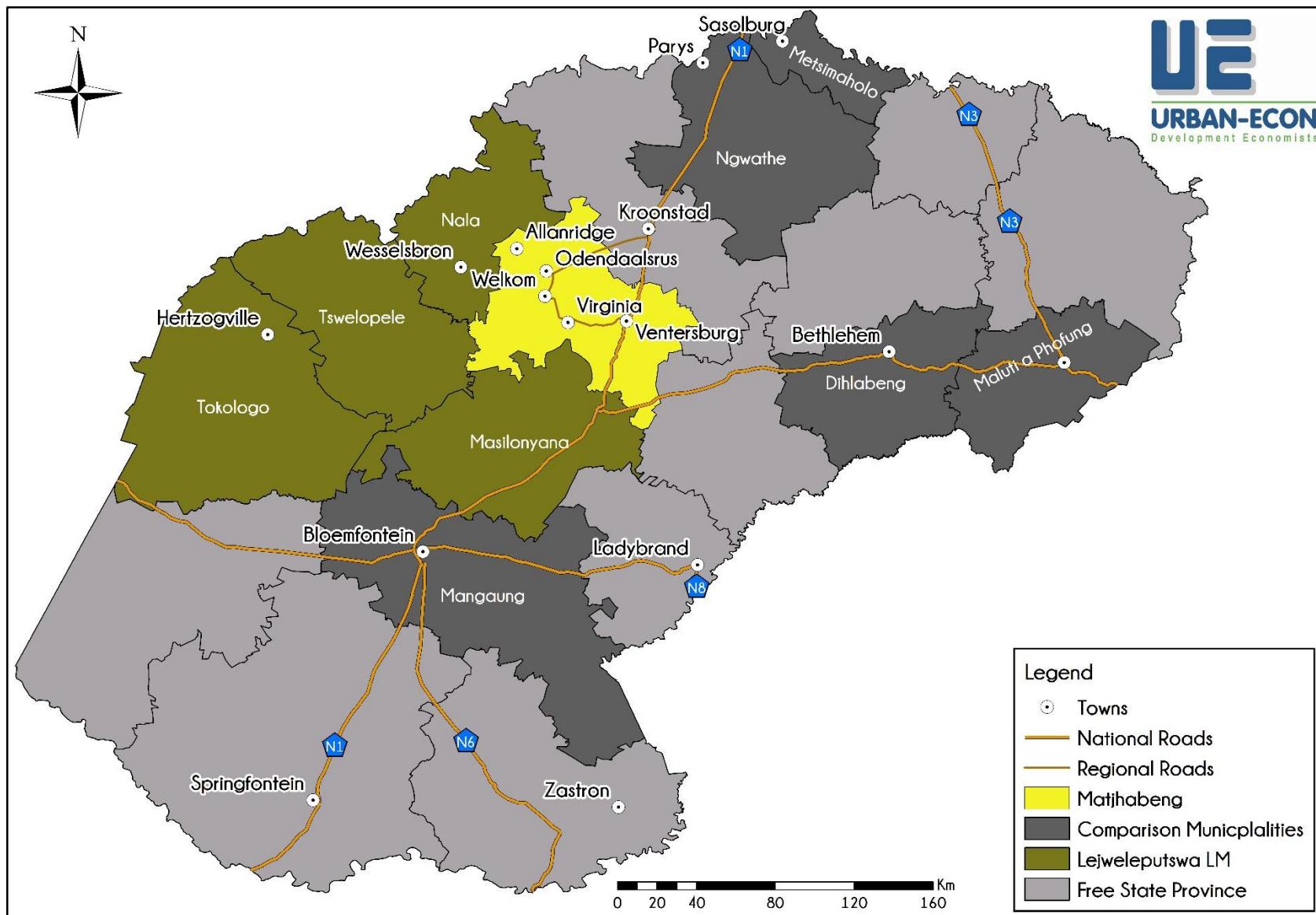
The Matjhabeng LM is largely rural, with urban concentrations located around Welkom. Historically, Welkom officially came into being on 15 April 1947, six years after the first mining lease in the area was awarded to the St Helena Gold Mining Company and was proclaimed a town on 23 July 1948. The major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

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





Map 1 Study Areas



Source: Urban -Econ GIS Mapping



3.2. Demographic Profile

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

3.2.1. Population Growth

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



Table 1 indicates the projection for the total population and population growth rate from 2019 to 2030. Matjhabeng Local Municipality is expected to grow by 2.3% and 2.2% from 2020 to 2025 and from 2025 to 2030 respectively. Comparatively, all geographic regions, including South Africa, experienced a decline in the population growth rate for the period 2025-2030.

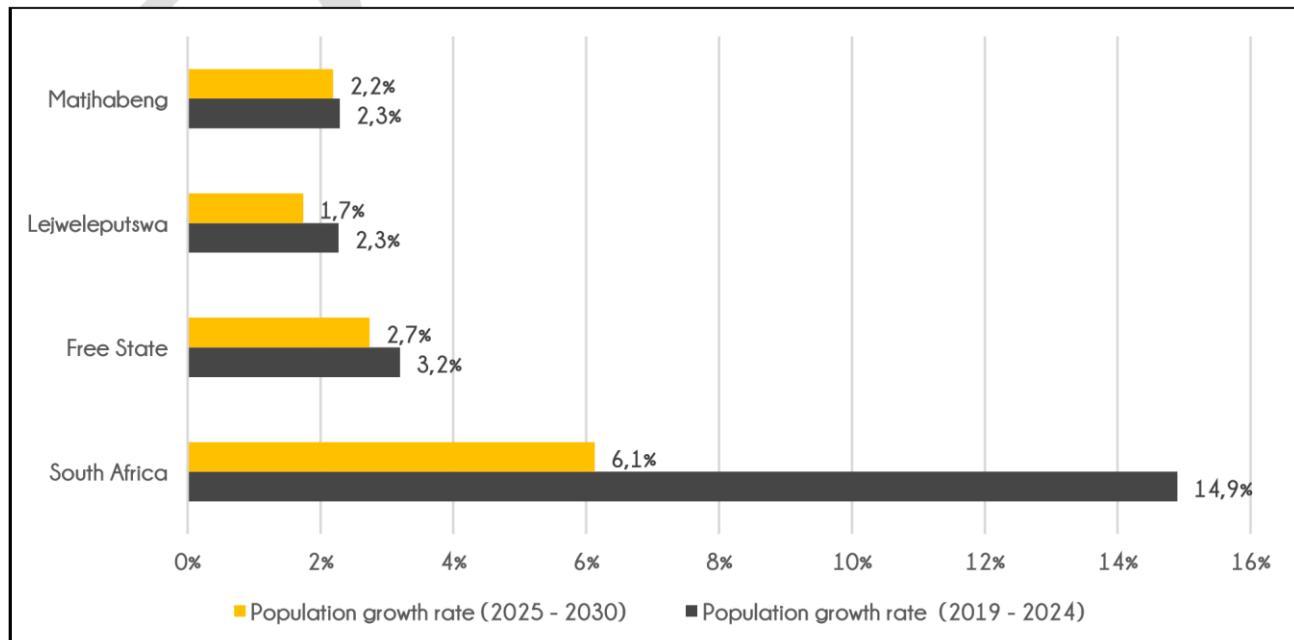
Table 2 Population total and Population growth rate

| Area | Total population | | Population growth rate (2019 - 2024) | Total population | | Population growth rate (2025 - 2030) |
|---------------|------------------|------------|---|------------------|------------|---|
| | 2019 | 2024 | | 2025 | 2030 | |
| South Africa | 49 928 233 | 58 669 595 | 14.9% | 63 434 676 | 67 579 205 | 6.1% |
| Free State | 2 95 6442 | 305 4058 | 3.2% | 3 072 325 | 3 158 716 | 2.7% |
| Lejweleputswa | 664 818 | 680 260 | 2.3% | 682 670 | 694 778 | 1.7% |
| Matjhabeng | 430 313 | 440 408 | 2.3% | 442 111 | 452 010 | 2.2% |

Source: (Quantec, 2019)

Figure 1 below graphically display population growth rates for South Africa; Free State province, Lejweleputswa District Municipality and Matjhabeng LM. During the 2019-2030 period. The figure illustrates that Matjhabeng's growth rate is closely identical in the growth rate from 2009 to 2019.

Figure 1 Population growth rate



period.

Source: (Quantec, 2019)



3.2.2. Population Density

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

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

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

Map 2 Population density - 2019

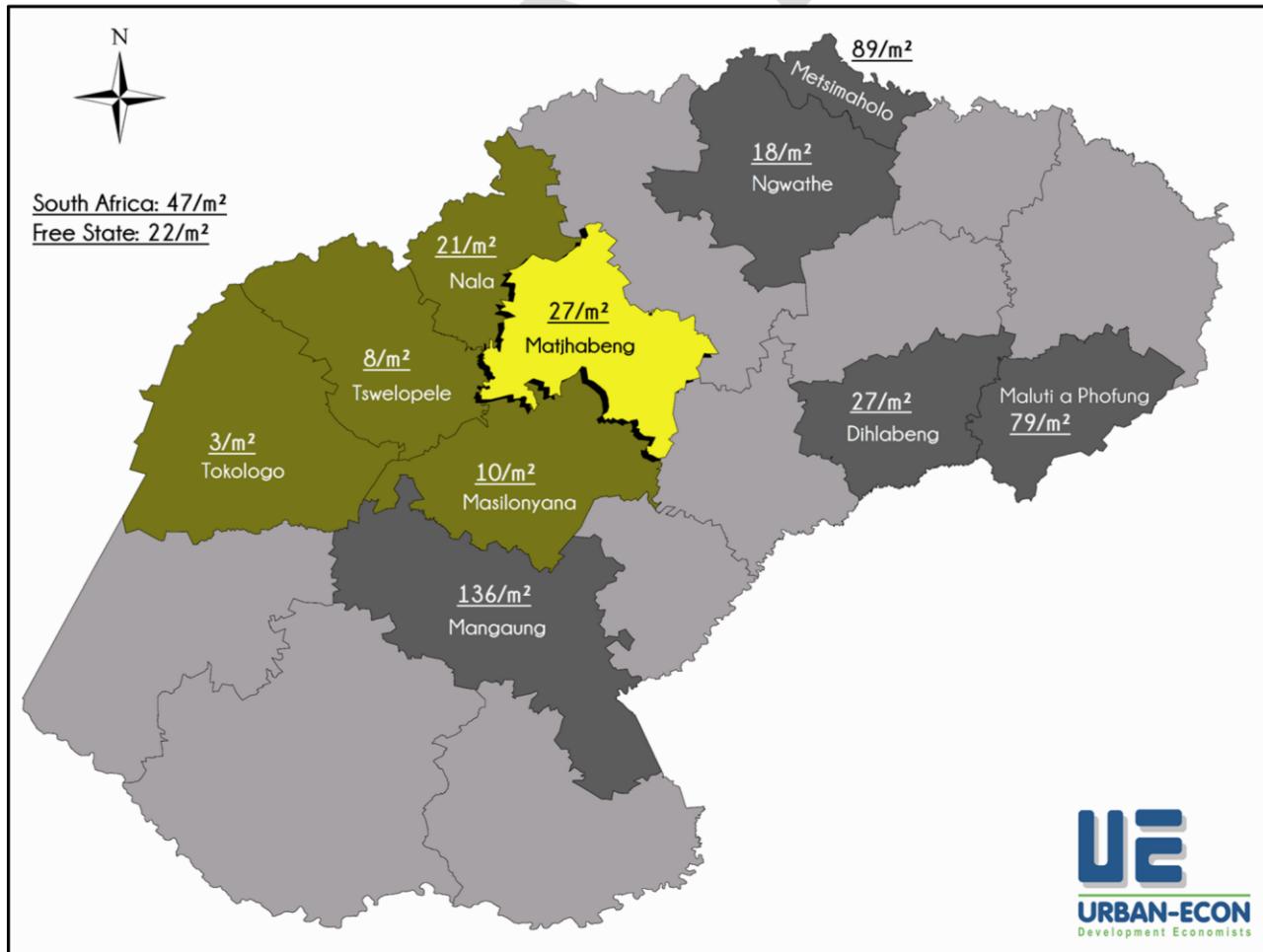


Table 3 Population density and percentage change

| Geography | Percentage change |
|------------------|-------------------|
| | 2008 - 2018 |
| South Africa | 14.80% |
| Free State | 6% |
| Lejweleputswa | 5% |
| Matjhabeng | 6% |
| Dihlabeng | 6.41% |
| Maluti a Phofung | -0.01% |
| Ngwathe | 3.89% |
| Metsimaholo | 11.65% |
| Mangaung | 12.92% |



Source: (Quan tec, 2019)

3.2.3. Household Dynamics

According to Stats SA, a household is regarded as a group of persons who live together and provide themselves jointly with food or other essentials for living, or a single person who lives alone. Average size of households is a valuable indicator of human settlements and the extent to which municipalities can respond to challenges. Table 4 illustrates that the average household size of people living in Matjhabeng has always been lower than that of the province. In 2009, the average household size o



f population in Matjhabeng was 3.31% compared with that of the province which was at 3.7% for the same period.

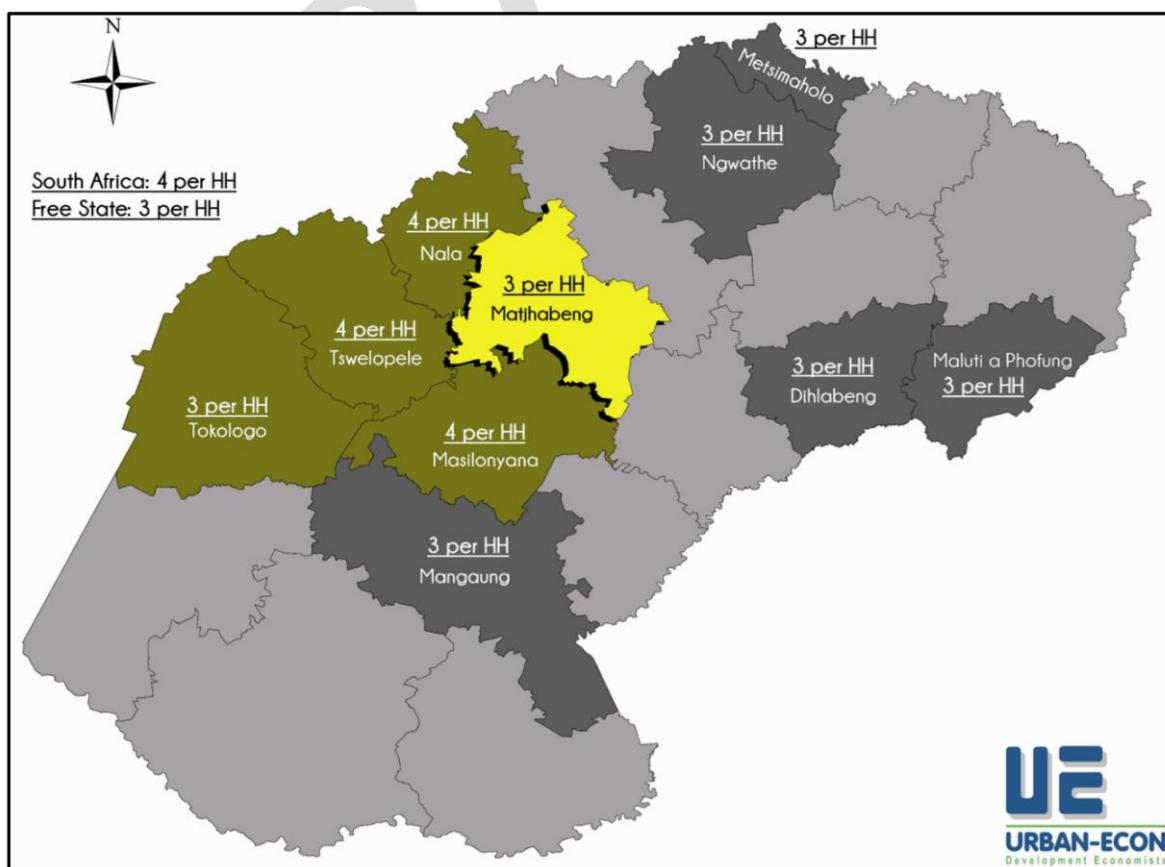
The situation is somewhat the same 10 years later with Matjhabeng at 3.27% whereas the provincial figures was 3.56%. These declines could be interpreted to mean that young adults move out of their parents' homes to establish own homes and households. Households comprising of 2 people or less is regarded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

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

Source: (Quantec, 2019)

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

Map 3 Household Sizes



UE
URBAN-ECON
Development Economists

Source: (Quantec, 2019)

Table 4 Total population, number of households and average household size, 2009 - 2019 period



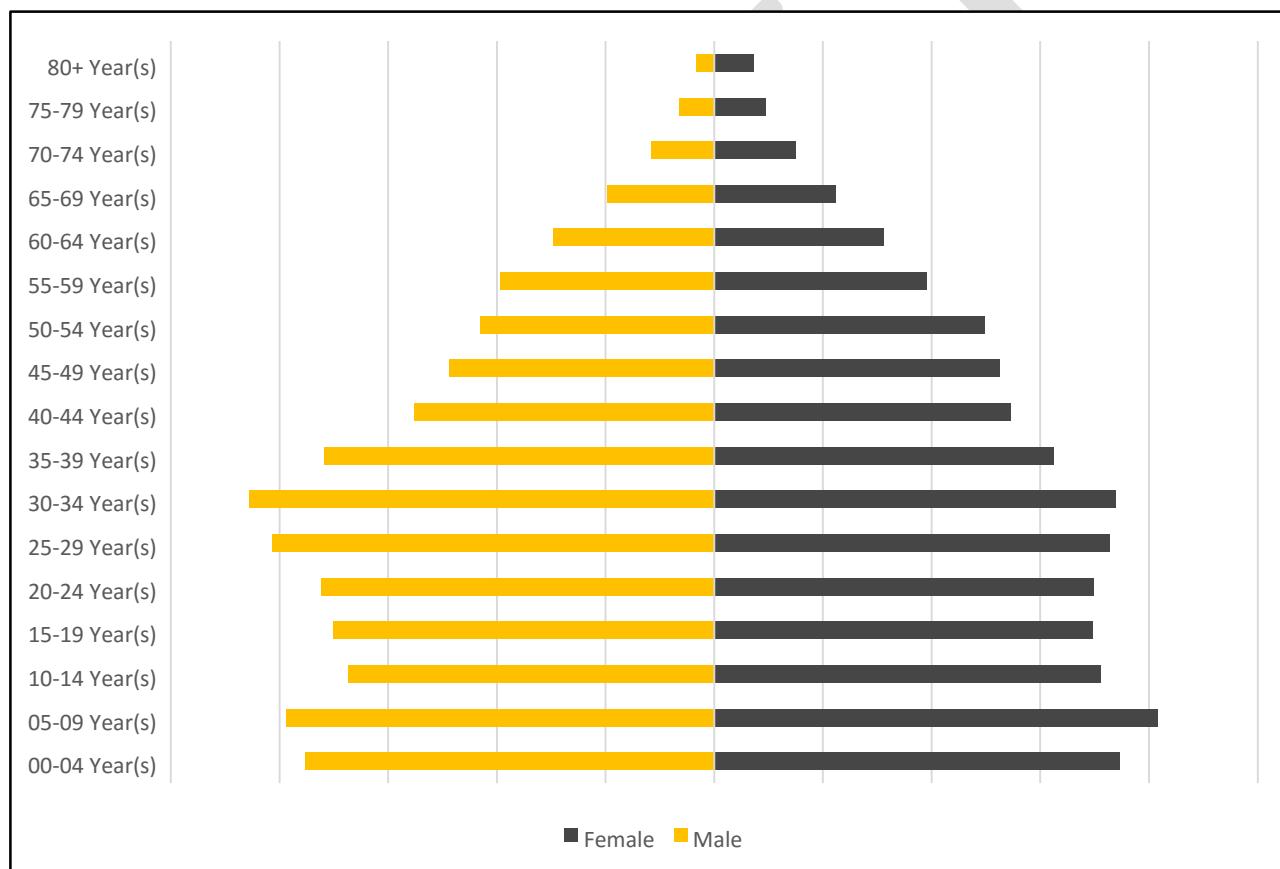
3.2.4. Age and Gender Composition

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

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

Matjhabeng LM population's largest age groups are the working age youth, (15 and 34 years) and adults (35 to 64 years). 34% of females and 33% of males fall within the adult group, whereas 33% of females and 36% of males are considered to be youth. These age groups form part of the working age groups between the ages of 15-64 and comprised around 677 of the population in 2019. Both sexes have large numbers around the ages of between 18 and 34 in 2019. This age group is young and innovative, which means that the provision of employment to youth in Matjhabeng is crucial and the region has potential to grow economically due to its young population.

Figure 2 Age and Gender Composition- 2019



Source: Quantec 2019

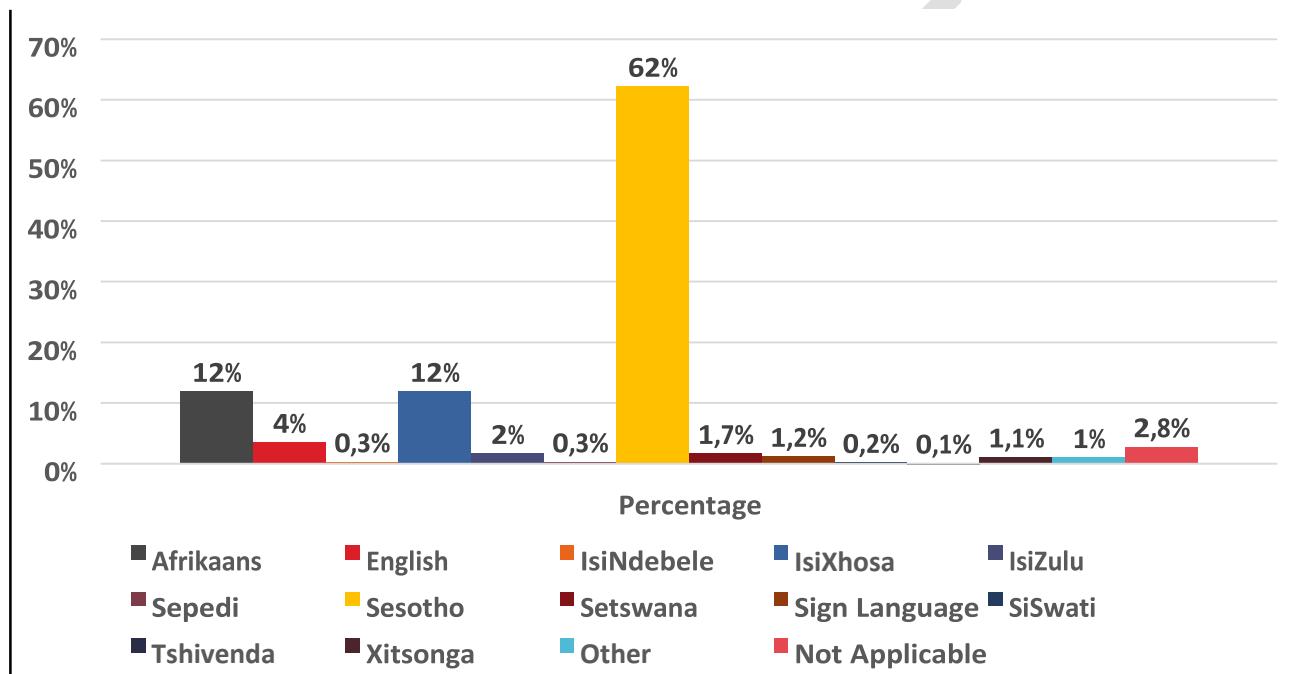


3.2.5. Language Composition

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

As Figure 3 illustrates, Sesotho is the most prominent language spoken in Matjhabeng LM, with approximately 62% of the population communicating as such. Conversely, the conventional medium of instruction, English, is spoken, as a first language, by only 3.5%. Afrikaans and IsiXhosa are both the spoken language of 11.9% of the population.

Figure 3 Language Composition: 2019



Source: StatsSA, 2011

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

3.2.6. Migration



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





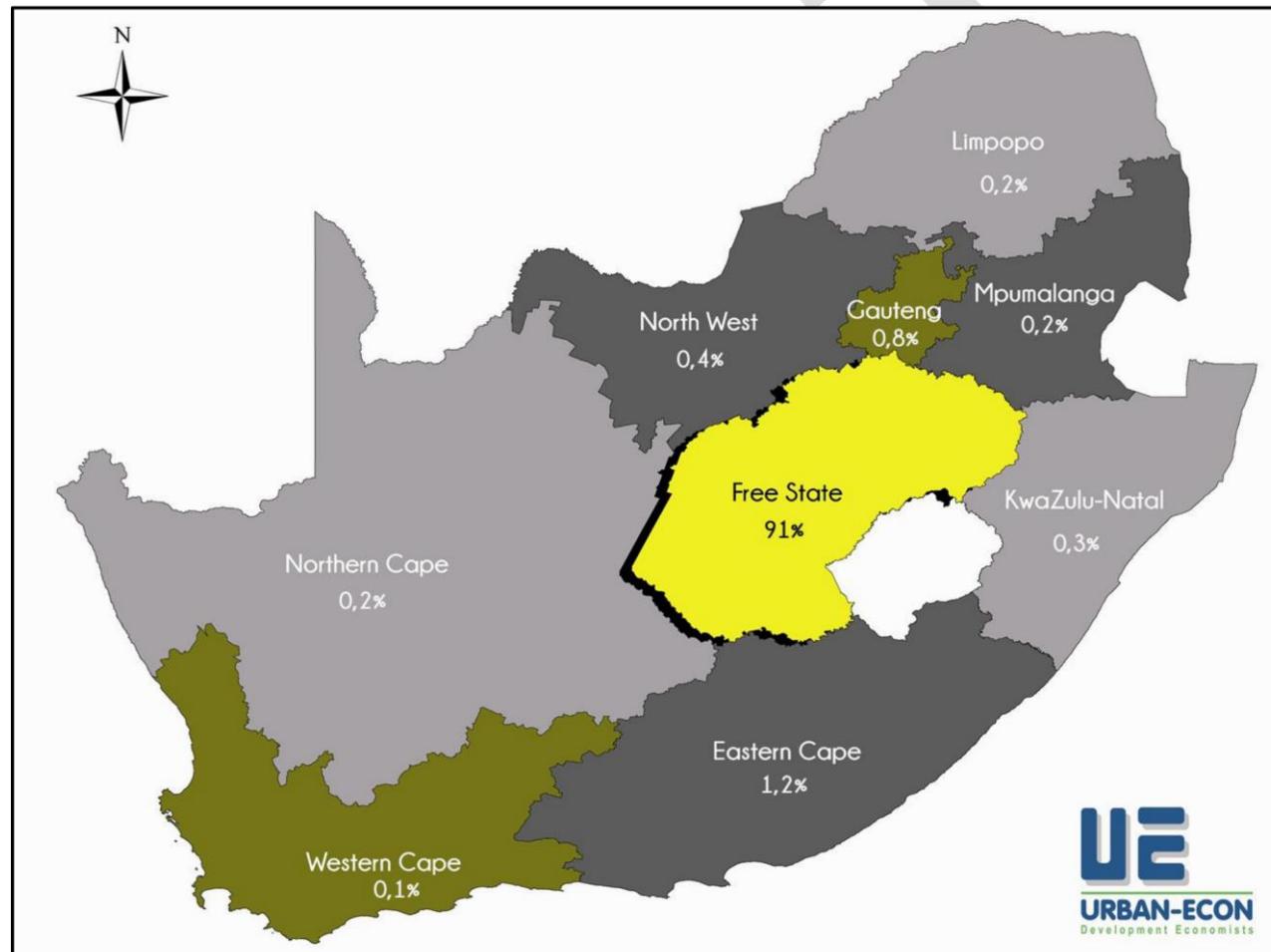
As seen in Map 4, the inbound migration figures, from the migrants' previous provinces, for the Free State, Lejweleputswa and Matjhabeng are compared. Matjhabeng received the most migrants from the Eastern Cape (1.15%), followed by Gauteng (0.81%) and North-West (0.42%) provinces. In comparison to the district, a higher percentage of migrants from Eastern Cape (0.84%) and North-West (0.52%). The total number of residents from their region of origin is seen in Table 5.

Table 5 MLM Residents' Previous Home Province

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

Source: (Quan tec, 2019)

Map 4 Migration to Matjhabeng



Source: (Quan tec, 2019)

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



3.3. Educational Achievements and Outcomes

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

3.3.1. Matric Pass Rate

The quality of education in a study area can be determined, in part, by the matric pass rate among high school students.

The matric pass rate for all schools in South Africa is provided by the Department of Basic Education in their annual 'School Performance Report (2018). Table 6 shows a comparison between the proportions of learners who wrote the National Senior Certificate Exam and passed in 2009 and 2018 in the province, district and municipality.

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

Table 6 Matric Pass Rates: 2009 - 2018

| | South Africa | Free State | Lejweleputswa | Matjhabeng |
|------|--------------|------------|---------------|------------|
| 2009 | 60% | 69% | 92% | 92% |
| 2018 | 78% | 88% | 86% | 92% |

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

As seen in Table 7, the Matjhabeng LM has an above average pass rate in 2019, in comparison to the wider region. Only Dihlabeng and Ngwathe achieved higher results. The lowest achiever in the wider region was Mangaung, with a pass rate of 87%. Compared to the rest of South Africa, the matric pass rate in the Free State schools exceed that of the national average.

Table 7 Matric Pass Rates: Wider Region - 2018

| Pass Rate | South Africa | Free State | Lejweleputswa | Matjhabeng | Dihlabeng | Ngwathe | Mangaung |
|-----------|--------------|------------|---------------|------------|-----------|---------|----------|
| 92% | 95% | 92% | 93% | 90% | 87% | | |

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

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

3.3.2. Highest Level of Education

The highest level of education achieved by residents in of the Matjhabeng LM, compared to the Lejweleputswa DM and Free State Province, is illustrated in Table 8. The table shows that, in 2019, 7% of the



population has no schooling, lower than the district and provincial percentage of 9%. 6% of the population have completed either matric or tertiary education, which is on par with the province and higher than the district. This is attributed to improvements in legislation and education provision for black, rural South Africans

Table 8 Highest Level of Education: 2009 - 2018

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

(Source: Quantec, 2019)

Table 8 also illustrates the large proportion of the population that has some schooling, although never completed secondary school. Although the statistics are on par with the wider region, greater attention should be given to increasing the number of matriculants, as all South African children are now legally required to attend school. Compared to 2009, the Matjhabeng LM has not improved on the proportion of scholars who complete grade 12, nor those that continue to tertiary education, although, the municipality has a similar growth trend to the district and province.

The implications to the lack of significant improvement in education, in terms of economic development, is that the majority of the population are unable to pursue high-earning employment due to their lack of skills and qualifications. This directly impacts the fair distribution of wealth, as most workers are unemployable for middle- and upper-management; and high-skilled professions, thus are destined to perform low-skilled, low-waged labour. An improvement in education among the population will improve the distribution of wealth.

3.3.3. Education Relative to Other Areas

The skills level within a study area is best illustrated in comparison to the wider region, which competes for investment and skilled workers. Table 9 compares the highest level of education of residents in the Matjhabeng LM to those in the wider regions in 2019. Matjhabeng LM has the lowest proportion of residents with no schooling in the study region. Although the residents with grade 12 is low, it is consistent with that of the wider region. These figures indicate that the

Free State, as a whole, should pay more attention to the education of scholars, as economic development, and industrialisation, depends on the skill levels, and education, of the workforce

Table 9 Highest Level of Education: 2019

| | | Matjhabeng | | | | |
|--------------------|-----|------------|-----|-----|-----|--|
| No Schooling | 7% | 10% | 10% | 10% | 8% | |
| Less Than Grade 7 | 39% | 39% | 40% | 43% | 34% | |
| Less Than Grade 12 | 36% | 32% | 33% | 31% | 36% | |





| | | | | |
|------------|-----|-----|-----|-----|
| 2% | 2% | 2% | 1% | 3% |
| 4% | 5% | 3% | 3% | 5% |
| 13% | 13% | 12% | 12% | 14% |

(Source: Quantec, 2019)

3.4. Economy and Employment

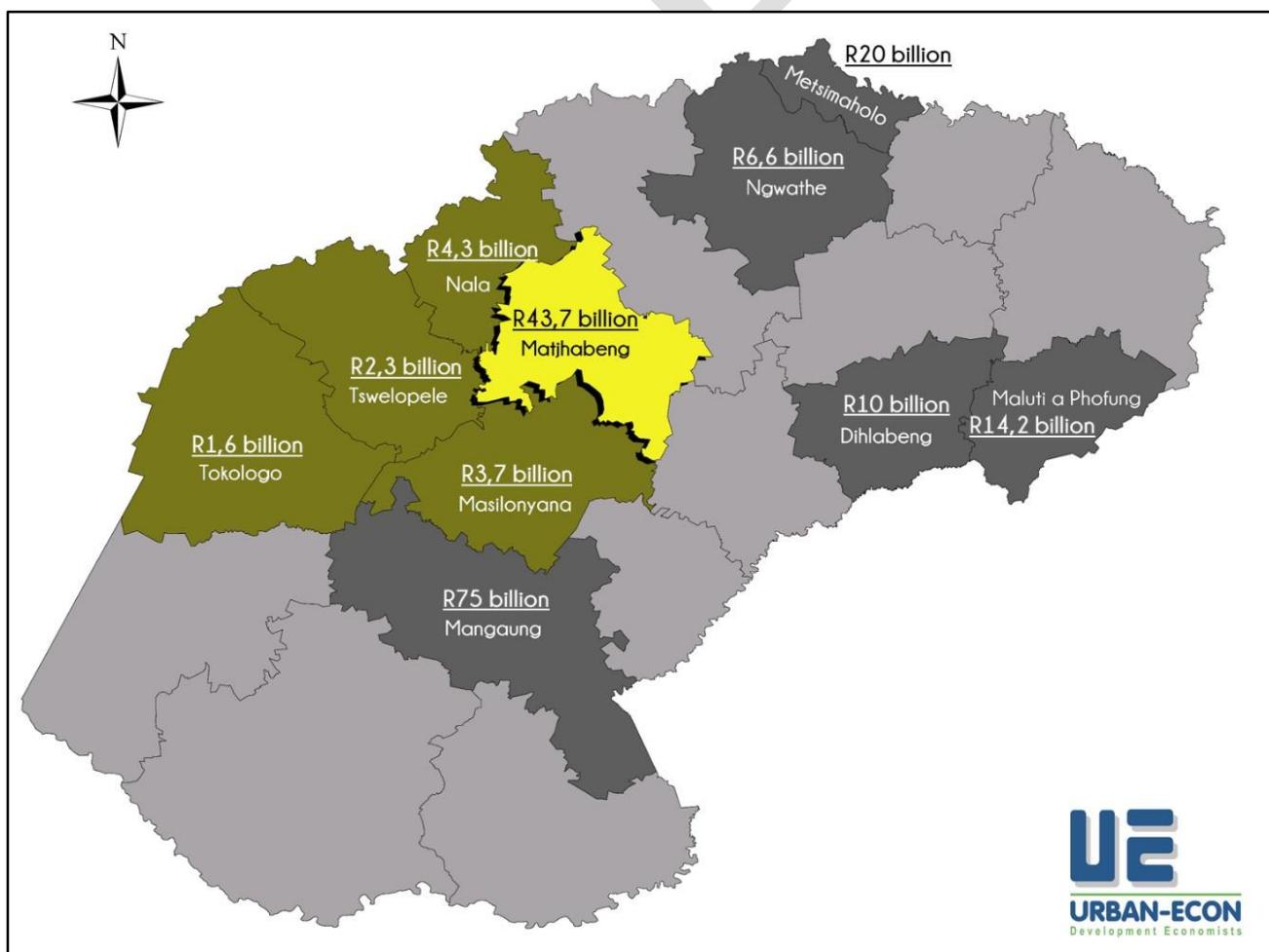
The primary objective of LED is to accelerate growth and generate employment opportunities. In order to achieve this, it is necessary for the economy to become more productive, competitive and diversified. This requires increased levels of investment in order to create an enabling economic environment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

The purpose of this section is to provide an overview of the Matjhabeng LM economy and employment situation. This overview will enable the identification of key industries and opportunities to be examined in further detail later in this report. The overview also provides a baseline against which to measure economic outcomes and improvements. **3.4.1. Production Profile**



Gross Value Added (GVA) is the total value added to goods and services, through each stage of improvement, for a given sector or industry and therefore measures that sectors economic contribution. The Matjhabeng LM is located within the Gold Fields gold mining region, which is the key driver of economic production in the municipality, thus is the largest contributor to GVA in the region. Production from the Matjhabeng LM economy is the second largest in the Free State, as seen in Map 2, therefore it is relatively important in comparison to the wider economy. Matjhabeng LM is ranked second in the Free State Province, behind Mangaung MM (R75 billion), and well ahead of Metsimaholo (R20 billion) in third place.

Map 5 GVA output - Wider Region 2018

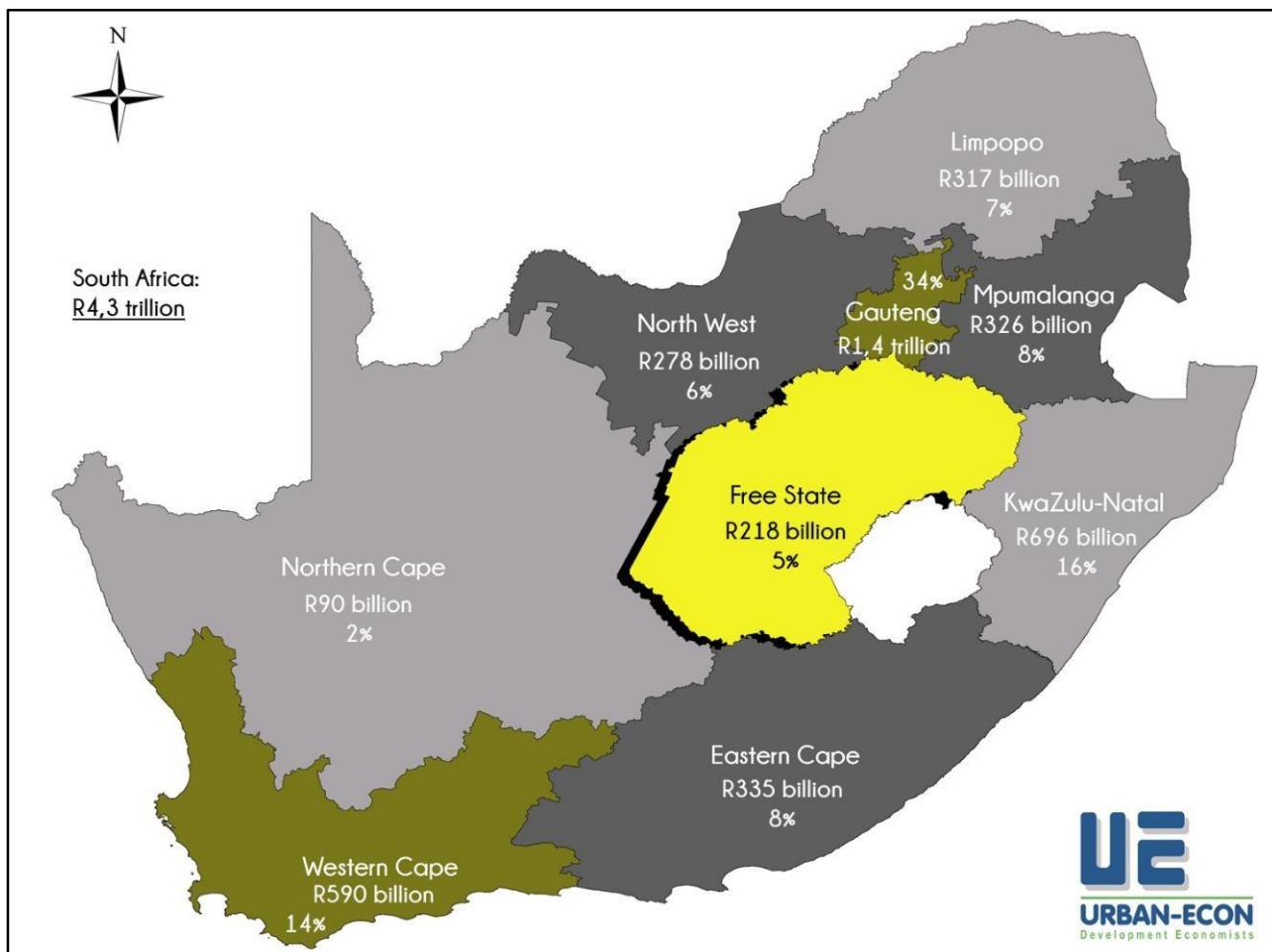


(Source : Quantec, 2019)



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

Map 6 GVA output (R) and Growth (%) - 2018



(Source: Quantec, 2019)

Although based in the underperforming Free State province, Matjhabeng's industries place the municipality among the top 20 municipalities. As seen in Table 10, the municipality was ranked 16th out of the 234 national municipalities. The highest ranked municipality was the City of Johannesburg, with an annual income of R582 billion, almost 7,8 times higher than Matjhabeng LM. Mangaung MM was ranked ninth, with an income of R75 billion produced.

Table 10 RSA Local Municipality GVA Rankings 2018

| Ranking | Municipality (Local/Metro) | R (millions) |
|---------|----------------------------|--------------|
| 1 | City of Johannesburg | R582 611 |
| 2 | City of Cape Town | R423 336 |
| 3 | City of Tshwane | R390 389 |
| 4 | eThekweni | R380 811 |



| | | |
|-----------|--------------------|----------------|
| 5 | Ekurhuleni | R348 659 |
| 6 | Nelson Mandela Bay | R126 439 |
| 7 | Rustenburg | R90 540 |
| 8 | Emalahleni | R76 164 |
| 9 | Mangaung | R74 890 |
| 10 | Buffalo City | R65 297 |
| 11 | The Msunduzi | R57 678 |

country. The province produced R218 billion in 2018, approximately R1,2 trillion behind Gauteng Province, as seen in Map 6.

| | | |
|----|-------------------|----------------|
| 12 | Polokwane | R56 021 |
| 13 | Emfuleni | R54 295 |
| 14 | Mbombela | R48 623 |
| 15 | Madibeng | R45 649 |
| 16 | Matjhabeng | R43 661 |
| 17 | Govan Mbeki | R42 747 |
| 18 | Mogale City | R41 379 |
| 19 | Thabazimbi | R39 034 |
| 20 | Steve Tshwete | R38 759 |

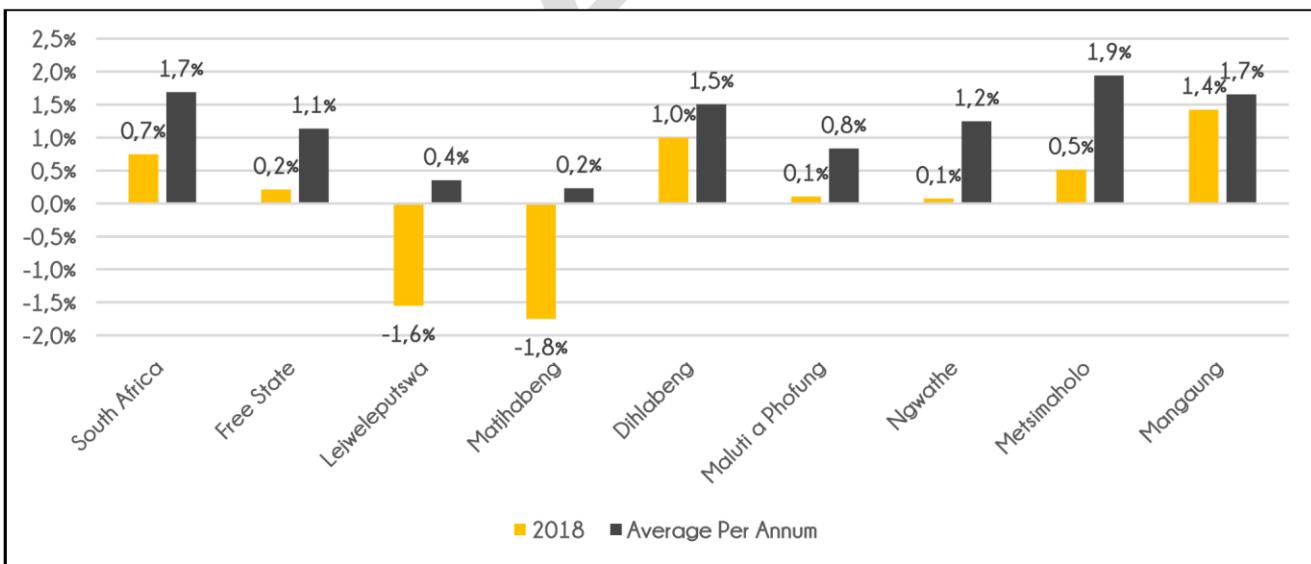
(Source: Quantec, 2019)

3.4.2. Economic Growth

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

The level of real economic growth can also be equated as an average over time, to minimise the impression of short-term fluctuations. In the Matjhabeng LM, the average economic growth rate over the decade from 2008 to 2018 was 0,2% per annum. Figure 4 illustrates economic growth in 2018 and the average rate from 2008 to 2018. It shows that the economic growth in the Matjhabeng LM was lower than the other economic centres in the Free State. It also shows that average economic growth is lower in the Matjhabeng LM than in the district, province and country's growth.

Figure 4 Economic Growth: 2008 - 2018



(Source: Quantec, 2019)

Figure 5 illustrates the negative growth that occurred in 2008; 2009; 2015 and 2018 in Matjhabeng LM. The economy experienced slow growth in production of all national economic regions between 2008 and 2018. The global economic recession, that triggered by financial crisis in the United States and Europe that began in 2007, influenced economic growth between 2008 and 2009; the drought experienced in 2014 to 2016



influenced the recession in that period; and the downgrading to junk status by Standard and Poor in 2017 (Mail & Guardian, 2017¹) influenced foreign investor confidence which continues to plague growth prospects in the South African economy. Using a moving point average from historic growth, at the current trajectory, the Matjhabeng LM is projected to grow at a similar rate as the District, but at a slower rate than the rest of the Province and the rest of South Africa.

Figure 5 Provincial, District and Municipal Economic Growth (Real GVA): 2009 - 2030



(Source: Quantec, 2019)

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

3.4.3. Composition of the Economy

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

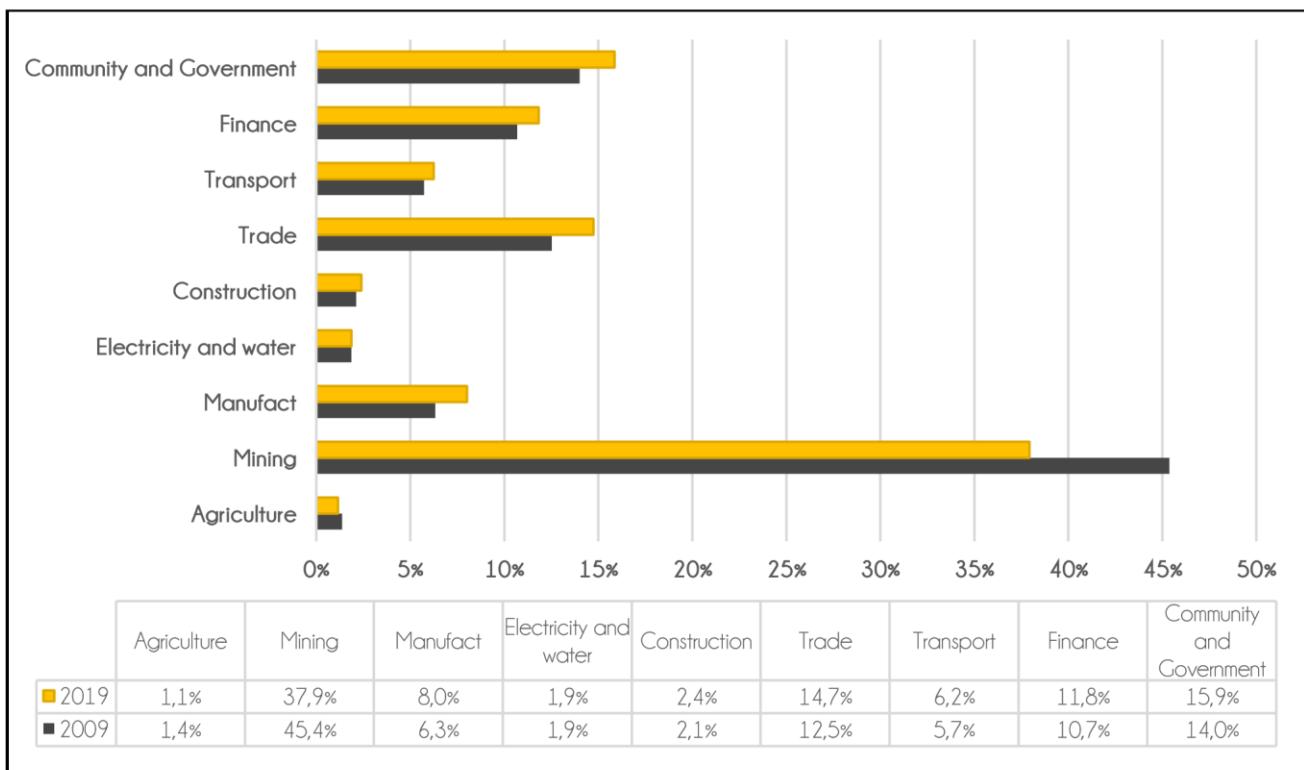
Figure 6 illustrates the composition of the Matjhabeng LM economy compared to the wider region according to 2018 data. It shows that the Matjhabeng LM economy is relatively diversified with three key production sectors, mining (37,9%), government (15,9%) and trade (14,7%). These sectors also support output in other industries including construction (2,4%), manufacturing (8%) and transportation (6,2%). Notably, despite the rural nature of the region the agriculture sector accounts for only 1,1% of output.

¹ <https://mg.co.za/article/2017-11-25-global-credit-ratings-agency-has-downgraded-south-africa-to-junk-status>





Figure 6 Matjhabeng Sectoral Composition: 2009 - 2019



(Source: Quantec, 2019)

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

3.4.4. Employment Profile

The Matjhabeng LM has a labour force consists of an official unemployment rate of 34%. Table 11 provides a comparative labour profile for the Matjhabeng LM relative to the wider economy between 2009 and 2019. It shows that unemployment in the Matjhabeng LM is similar to the average for the Lejweleputswa DM (35%) and the Free State (35%), and lower than the national rate, with an approximate 10% increase over the past ten years. This implies that although job creation is a top priority for the Matjhabeng LM, the unemployment situation is severe, as in other areas of the Province.

Table 11 also illustrates the number of non-economically active people in each economy. It shows that the Matjhabeng LM has approximately

97 276 non-economically active people, almost 10 000 more than in 2009, including students, mothers, discouraged workers and others not currently looking for employment.

Table 11 Employment Profile: 2009 – 2019

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

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

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



| Geographic Area | | South Africa | Free State | Lejweleputswa | Matjhabeng |
|---------------------------------|------|--------------|------------|---------------|------------|
| Unemployment Rate | 2009 | 23% | 23% | 21% | 21% |
| | 2019 | 40% | 35% | 35% | 34% |
| Not Economically Active | 2009 | 13 829 026 | 712 017 | 145 036 | 87 601 |
| | 2019 | 14 750 988 | 743 230 | 160 448 | 97 276 |
| Working Age Pop | 2009 | 32 652 624 | 1 770 707 | 407 459 | 269 970 |
| | 2019 | 36 806 037 | 1 859 667 | 429 471 | 285 950 |
| Labour Force Participation Rate | 2009 | 58% | 60% | 64% | 68% |
| | 2019 | 65% | 65% | 68% | 71% |
| Youth Unemployment Rate | 2009 | 18% | 20% | 21% | 23% |
| | 2019 | 26% | 27% | 28% | 31% |

(Source: StatsSA & Quantec, 2019)

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

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

3.4.5. Employment Distribution

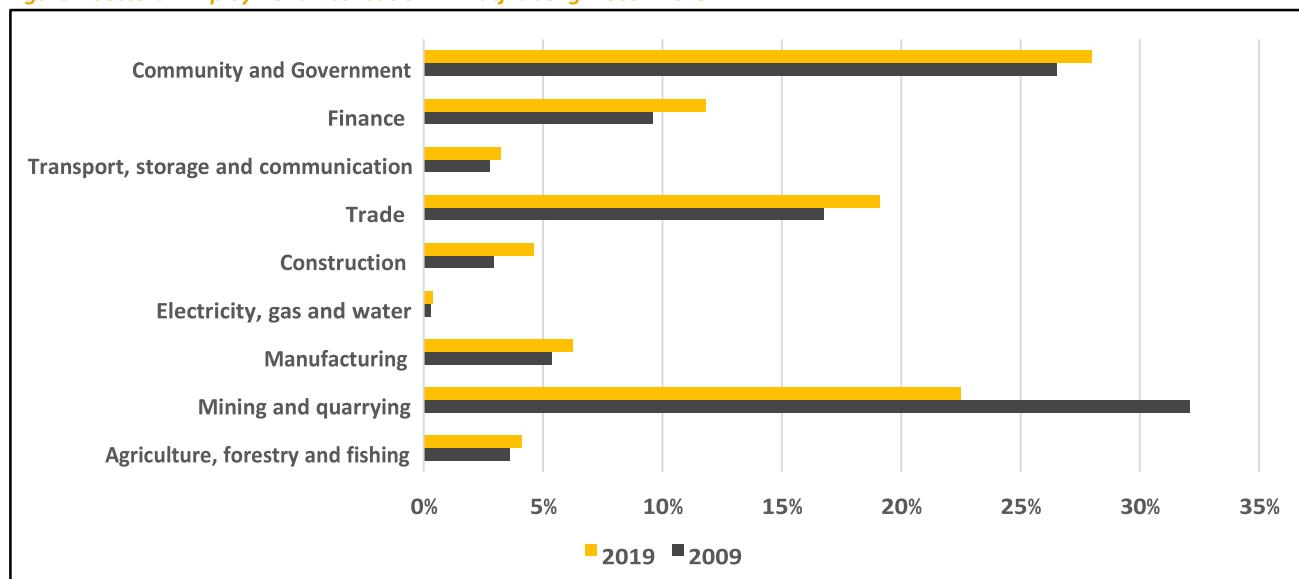
The employment distribution in an economy refers to the proportional level of employment in each economic sector. This information allows for the identification of key sectors and labour absorptive industries as well as determining the need for employment diversification. Employment in the Matjhabeng LM is relatively concentrated, compared to the distribution of output. The key employment industries are mining and quarrying (23%) and government (28%), as seen in Figure 7.

The high level of employment in the government sector is consistent in the rural Free State. As the Matjhabeng LM is largely based on mining, employment in this industry far exceeds that of the sector in the rest of the Free State. Another important employer is the trade sector (19,1%), which typically provides well-paying job opportunities and has a strong multiplier effect on employment throughout the economy. These industries are identified as having the potential to absorb local labour and thus will be emphasised throughout the Matjhabeng LM LED Strategy.





Figure 7 Sectoral Employment Distribution in Matjhabeng: 2009 - 2019



(Source: Quantec, 2019)

3.5. Income and Poverty

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

3.5.1. Household Income

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

In the Matjhabeng LM, the average household income in 2019 was R7 618 per month. This is compared to an average monthly household income of R5 180 in the Lejweleputswa DM, R7 857 in the Province, and R10 596 nationally, this indicates that the workforce has a lower standard of living than in the rest of the country, as the level of local income is low, as seen in Table 12.

Table 12 Monthly Household Income: 2019

| From | South Africa | Free State | Lejweleputswa | Matjhabeng |
|------------------|--------------|------------|---------------|------------|
| No Income | 15% | 12% | 11% | 16% |
| R1 - R2041 | 29% | 35% | 46% | 30% |
| R2042 - R8164 | 32% | 34% | 30% | 34% |
| R8165 - R32 657 | 17% | 14% | 10% | 16% |
| more than R32658 | 7% | 4% | 2% | 4% |



| Weighted Average HH Income per Month | R10 596 | R7 857 | R5 180 | R7 618 |
|--------------------------------------|---------|--------|--------|--------|
|--------------------------------------|---------|--------|--------|--------|

(Source: Quantec, 2019)

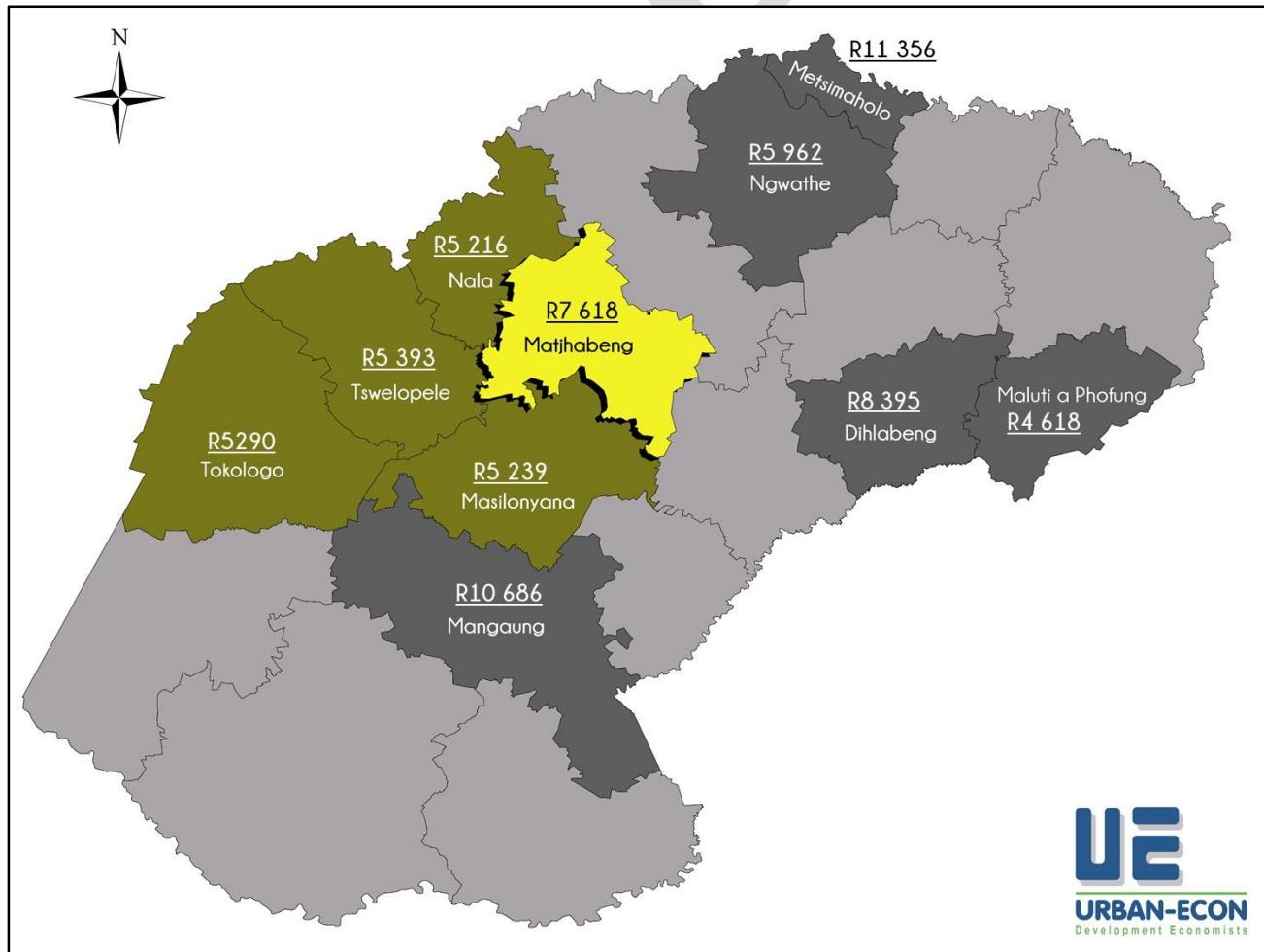
As seen in Table 12, household income in a study area can also be illustrated according to the proportion of households in each income bracket. This provides a more comprehensive view of income levels and allows for an understanding of local inequality and poverty. The table illustrates the percentage of households in each income bracket in the Matjhabeng LM, Lejweleputswa DM and Free State Province and South Africa in 2019.

Table 12 illustrates that in the Matjhabeng LM in 2019, approximately 16% of households reported earning no income. This is highly problematic in terms of its impact on poverty levels, as it indicates that the proportion of no-income households is noticeably higher in the Matjhabeng LM than in the Lejweleputswa DM (11%) and Free State Province (12%). Approximately 80% of the municipality's households earn less than R8 164 per month. Additionally, research indicates that the number of households who report earning no income is often exaggerated. This is attributed to the fact that some Census respondents are not properly informed or do not adequately understand what constitutes income (



Table 12 also indicates that inequality in the Matjhabeng LM is less pronounced than in the Lejweleputswa DM and in particular the Free State Province. This conclusion is based on the lower percentage of Matjhabeng LM households in the low- and high-income brackets and much greater proportion of households in the lower -middle income brackets compared to the District and Province. This holds significant socio-economic implications with more equal regions typically having greater social cohesion, less crime and lower levels of poverty.

Map 7 Household Income – Wider Region: 2019



(Source: Quantec, 2019)

i.e.: do not include social grants in their income portfolio).

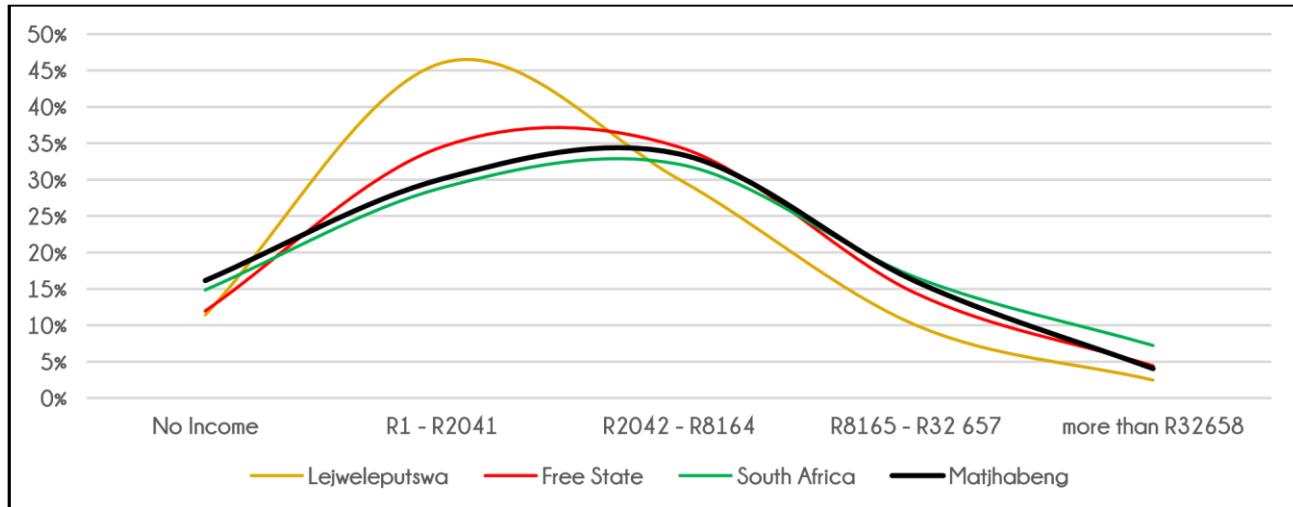
Map 7 indicates the average household income level in the Matjhabeng LM compared to the wider region in 2019. It shows that the average monthly income of households in the Matjhabeng LM is 9% higher than the average household income in the wider study region. This indicates that, of the selected municipalities, Matjhabeng households only earn the fourth highest average income per month, despite having the second largest economy in the province, while Metsimaholo households earn the highest income, which is due to the close proximity of Metsimaholo to Gauteng's large markets and the main location of the Sasol petroleum plant.

The 2019 household income distributions of the municipality, district, province and country are illustrated in Figure 8. A flatter curve indicates that the distribution is more even than that of comparative curves. Matjhabeng LM's income distribution curve shows that the proportion of households that earn between R1



and R8 164 is lower than that of the district and province, and similar to the country. The percentage of households earning between R8 165 to R35 657 is higher than the district and province. A notable observation is that the proportion of non-income earners is higher than in the wider region.

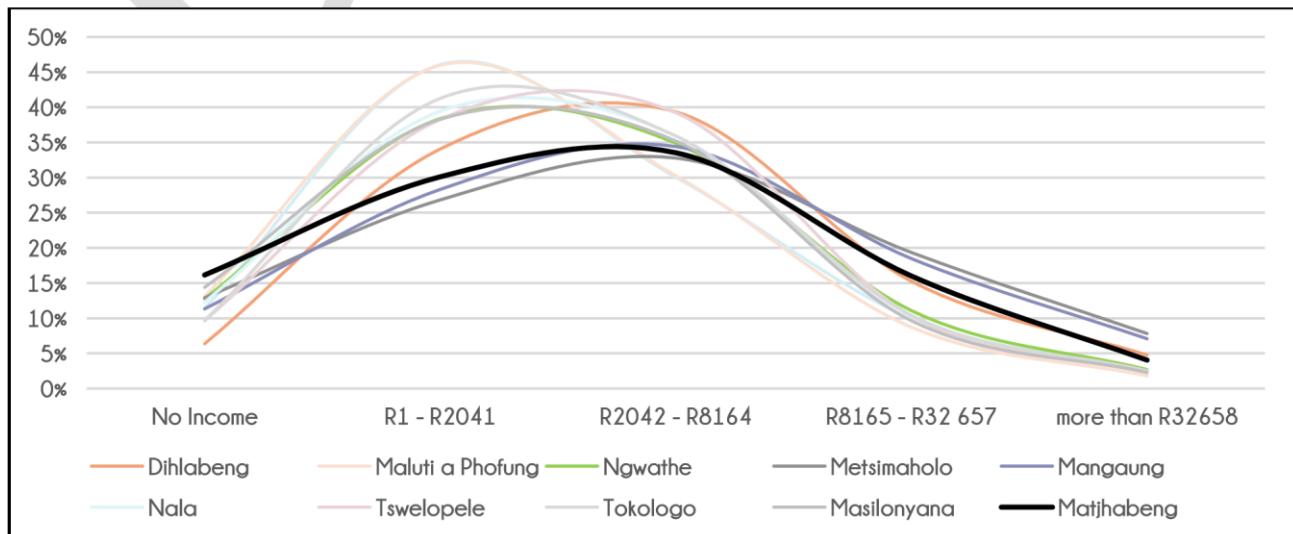
Figure 8: Income Distribution – 2019



(Source: Quantec, 2019)

As seen in Figure 9, in comparison to the wider region, the Matjhabeng LM has a lower proportion of households who earn between R1 – R8 16 than all the municipalities, except Metsimaholo and Mangaung, and a higher proportion that earn higher than R8165, which indicates that a larger proportion of the Matjhabeng LM's households have a higher standard of living than most of the wider region. The opposite is also true about the proportion of households who earn no income, which is indicative of a surplus of workers in an economy. The economic impact of these is that a larger proportion of grants are required, than in any of the other municipalities, to cater for the services and needs of these poor households.

Figure 9 Income Distribution - Wider Region – 2019



(Source: Quantec, 2019)

3.5.2. Indigent Households

The Department of Provincial and Local Government (DPLG) has produced a document entitled the National Framework for Municipal Indigent Policies. This framework defines the term ‘indigent’ as someone ‘lacking



the necessities of life'. This is interpreted by the South African Constitution as the necessities required for an individual to survive including:

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

The DPLC also assists with determining whether households should be categorised as 'indigent' and therefore qualify for free basic services (see section 3.3. for more information). According to the DPLC, indigent households fall within a municipality-determined income range, which includes those earning less than between R1500 to R2000 per month, depending on the cost of living in the municipality. Table 13 indicates the number and proportion of households in the Matjhabeng LM that earn less than R2041 per month, which is the closest income bracket to the approximate indigent income level.

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

Table 13 Indigent Households: 2019

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

(Source: Quantec, 2019)





3.6. Housing and Basic Services

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

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

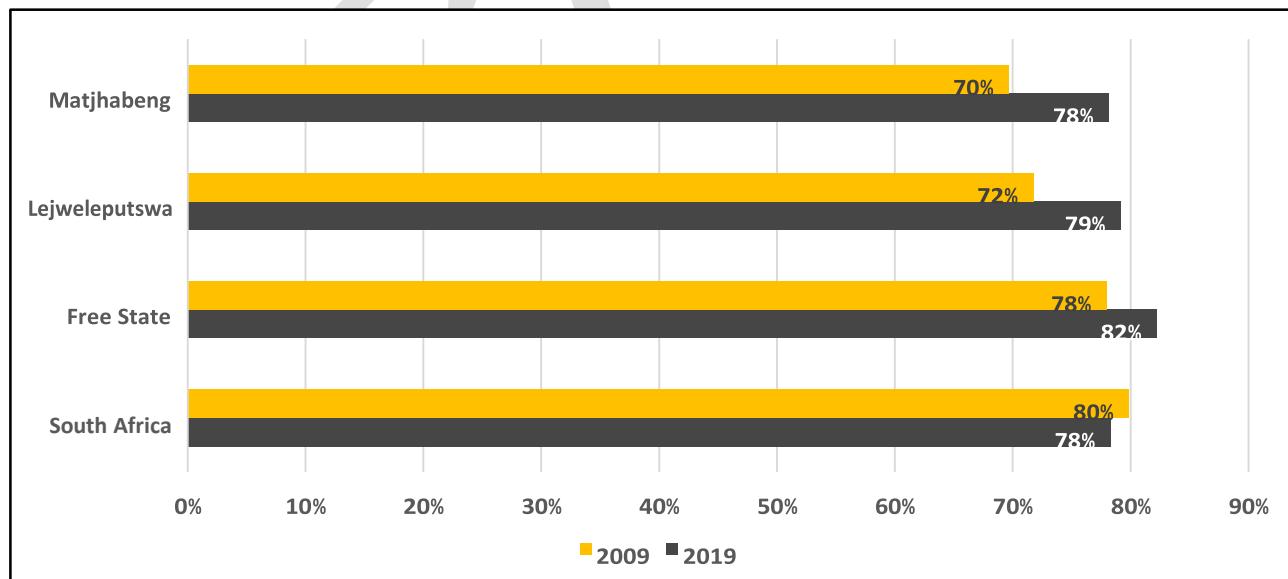
The purpose of this section is to determine to what extent the right to housing and basic service delivery is extended to residents of the Matjhabeng LM compared to the Lejweleputswa DM, the Free State Province and the country. This is determined by analysing and comparing South African Census data from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

3.6.1. Types of Housing

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

The access to formal housing available in the Matjhabeng LM, Lejweleputswa DM, Free State Province and South Africa, is illustrated in Figure 10. This figure shows that over three quarters (78%) of households in the Matjhabeng LM lived in formal detached housing in 2019. When compared to 2009, 8% more of the municipality's residents live in free -standing housing, implying a relatively high improvement in the access to formal housing and service delivery.

Figure 10 Access to Formal Housing 2009 – 2019



(Source: Quantec, 2019)

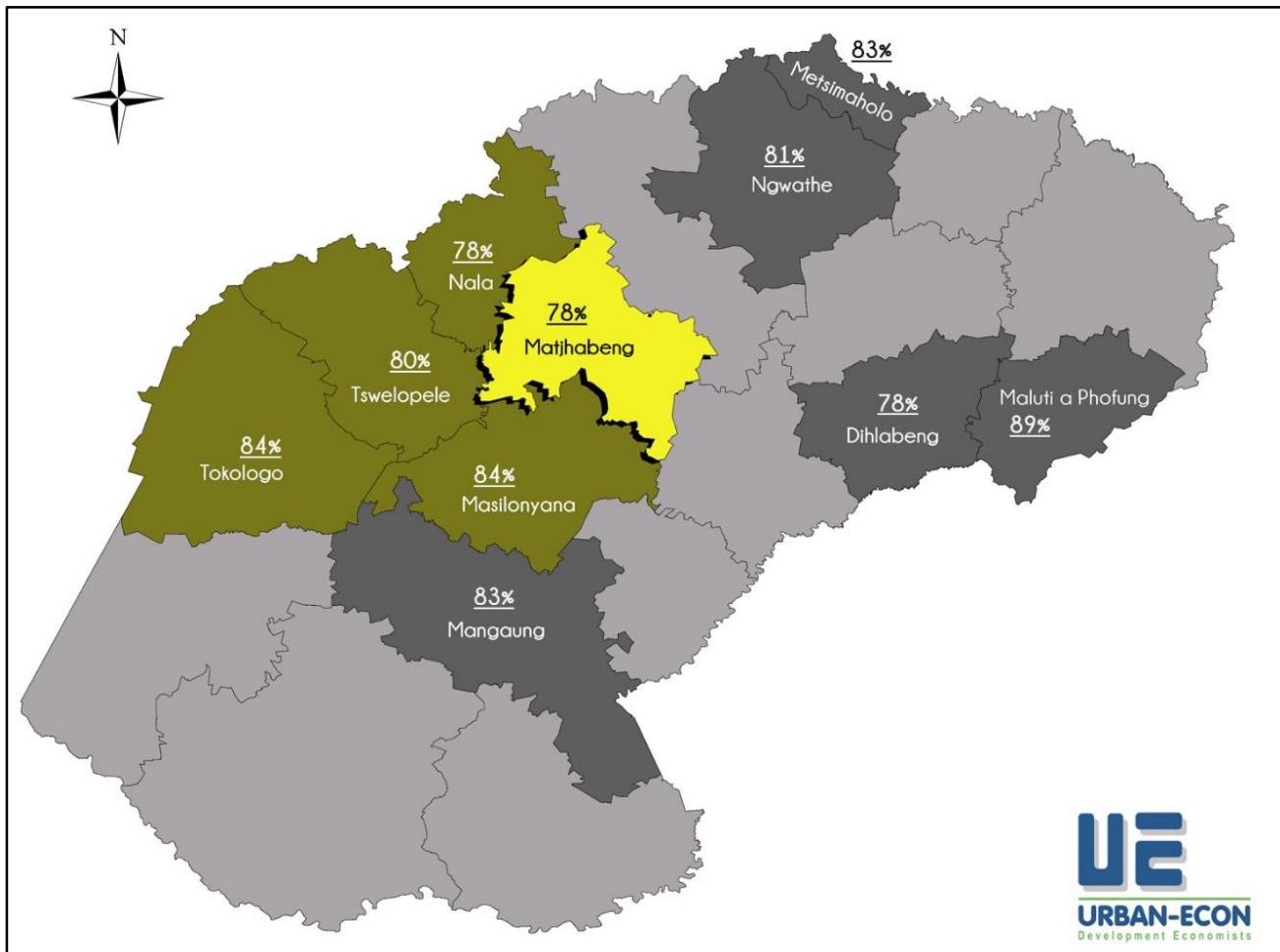
Figure 10 also indicates that access to formal housing in the Matjhabeng LM is similar to that of Lejweleputswa DM and South Africa in 2019, which is an improvement from 2009, when Matjhabeng was 8% worse off than



the country as a whole, but lower than that of the Free State Province. In 2019, 15% of households live in informal dwellings or shacks, which is again similar to the provincial and district trend since 2009. The improvement of the municipal access to formal housing in the province is indicative of the government's efforts to transform townships into formal urban areas.



8 Access to Formal Housing Wider Region 2019



Source: (Quantec, 2019)

In order to assess the access to formal housing, relative to the Province, Map 8 indicates the proportion of dwellings in the wider study region. The average proportion of households living in free standing houses is 78%, and 15% for informal dwellings. The proportion of free-standing housing in Matjhabeng LM is almost equal to the average of the wider region, but the proportion of informal dwellings is 4% higher, indicating that the municipality has higher levels of poverty in comparison.

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

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



Map

valuable belongings are more prone to theft, which requires them to use the little money they earn to replace basic possessions.

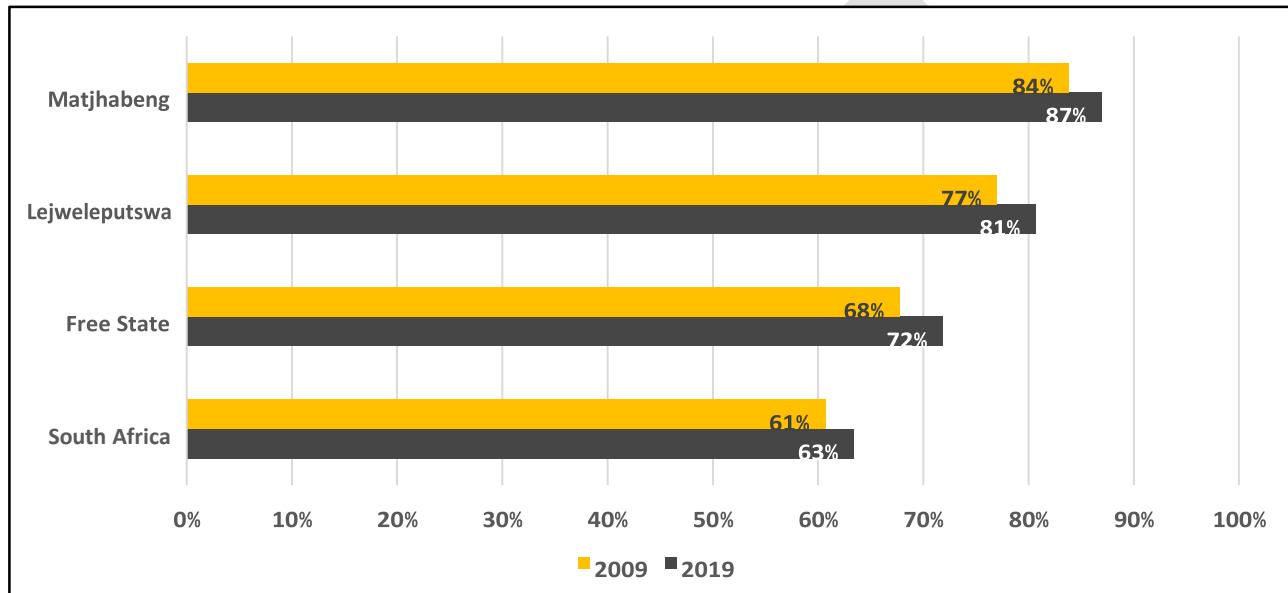
3.6.2. Refuse Removal

The final aspect of service delivery guaranteed in the Basic Services Policy of 2001 is the provision of refuse removal by a municipal authority or other entity. In the absence of regular refuse removal, communities are faced with severe sanitation challenges, resulting in poor living conditions and the increased probability of disease. Figure 11 compares refuse removal services in the Matjhabeng LM to the Lejweleputswa DM, Free State Province and South Africa between 2009 - 2019.



It shows that the proportion of households in the Matjhabeng LM to receive refuse removal at least once a week in Matjhabeng LM amounted to 87%, higher than the District proportion of 81%, the Provincial

Figure 11 Access to Refuse Removal: 2009–2019



(Source: Quantec, 2019)

As seen in Figure 11, Matjhabeng LM has the highest proportion of households with access to refuse removal by a local authority at least once a week, which is 14% higher than the wider region's average of 73%. Matjhabeng LM also has the lowest dependence on other methods of refuse removal, indicating that the municipality is the potential to be a benchmark for access to refuse removal in the Free State. An important condition to the success of refuse removal is the quality of service delivery.

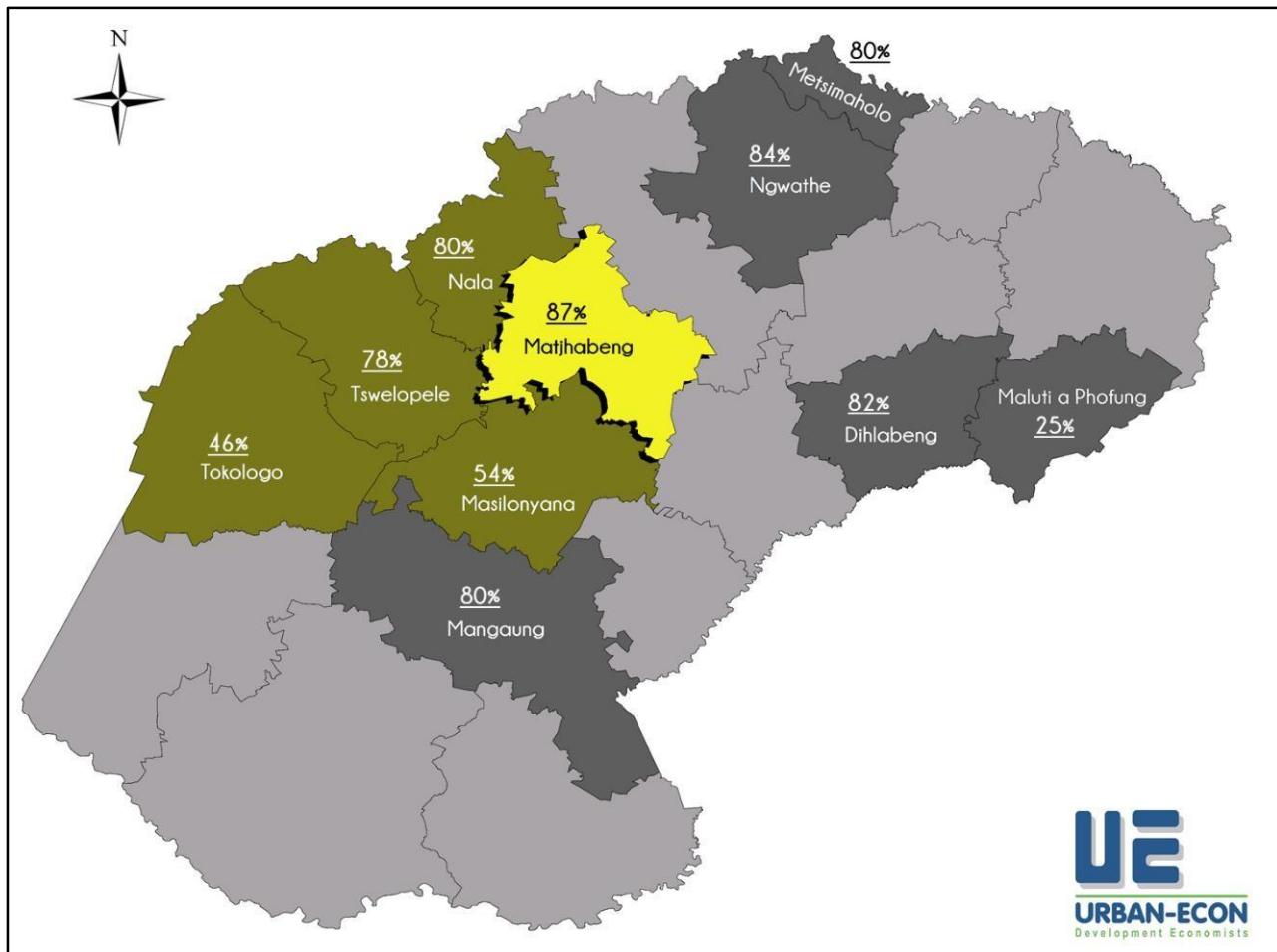


Proportion of 72%, and the national proportion of 63%, equating to approximately 118 663 local households with regular removal services. As a whole, the proportion of the residents of the province with access to regular refuse removal has improved from 2009 to 2019.



Map

9 Access to Refuse Removal: 2019



Source: (Quan tec, 2019)

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

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

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

3.6.3. Access to Electricity

Household access to electricity is an important determinant of socio-economic welfare, with most non-electrified households typically living in poverty. Households with access to electricity are able to reallocate their time away from the collection of wood and other lighting materials; they are less likely to suffer health



complications from smoke and chemical inhalation; access to media and other communication is greater resulting in a better informed population; and students living in the home are better equipped to perform well in school.

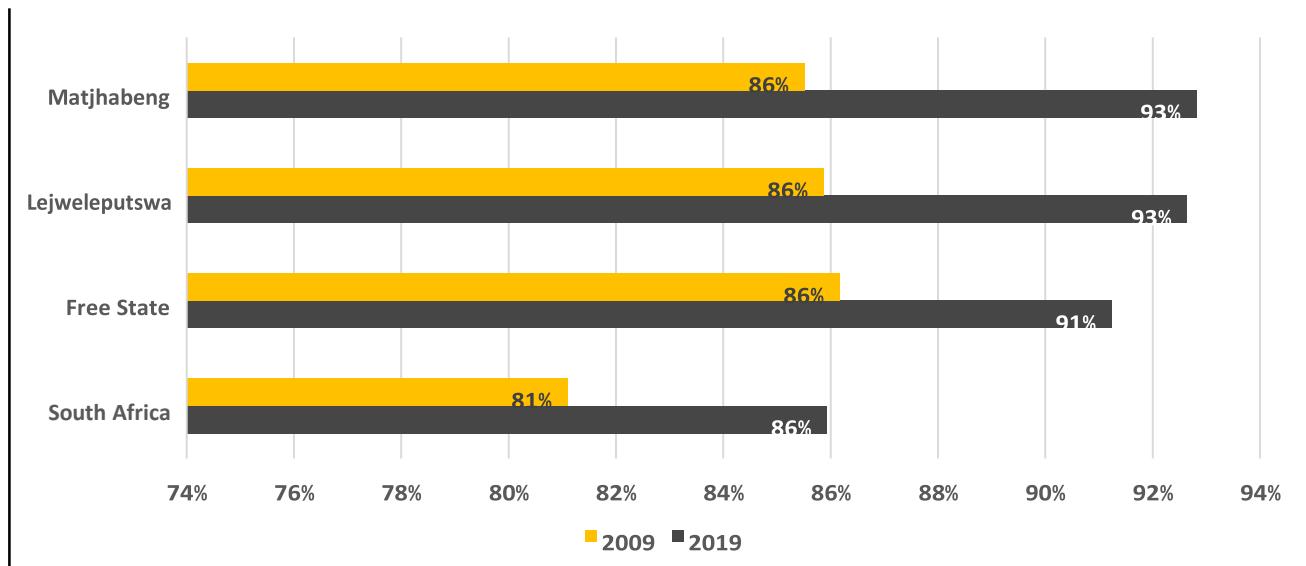
The Basic Services Policy adopted by government in 2001 addresses the right of all households, particularly those living in poor areas, to access a minimum amount of free basic electricity. This implies that distribution networks must be extended to ensure that all households are able to access the electricity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

Figure 12 illustrates access to electricity in the Matjhabeng LM compared to the Lejweleputswa DM, Free State Province and South Africa in 2019. For the purpose of this study, a household is considered as having access to electricity if it uses electricity as its primary energy source for lighting. As the figure indicates, the population of Matjhabeng LM's access to electricity has increased by 6% between 2009 and 2019, a result of continued effort by the municipality to expand the electricity grid to reach a larger portion of the population.



Map

Figure 12 Access to Electricity for Lighting: 2009 – 2019



(Source: Quantec, 2019)

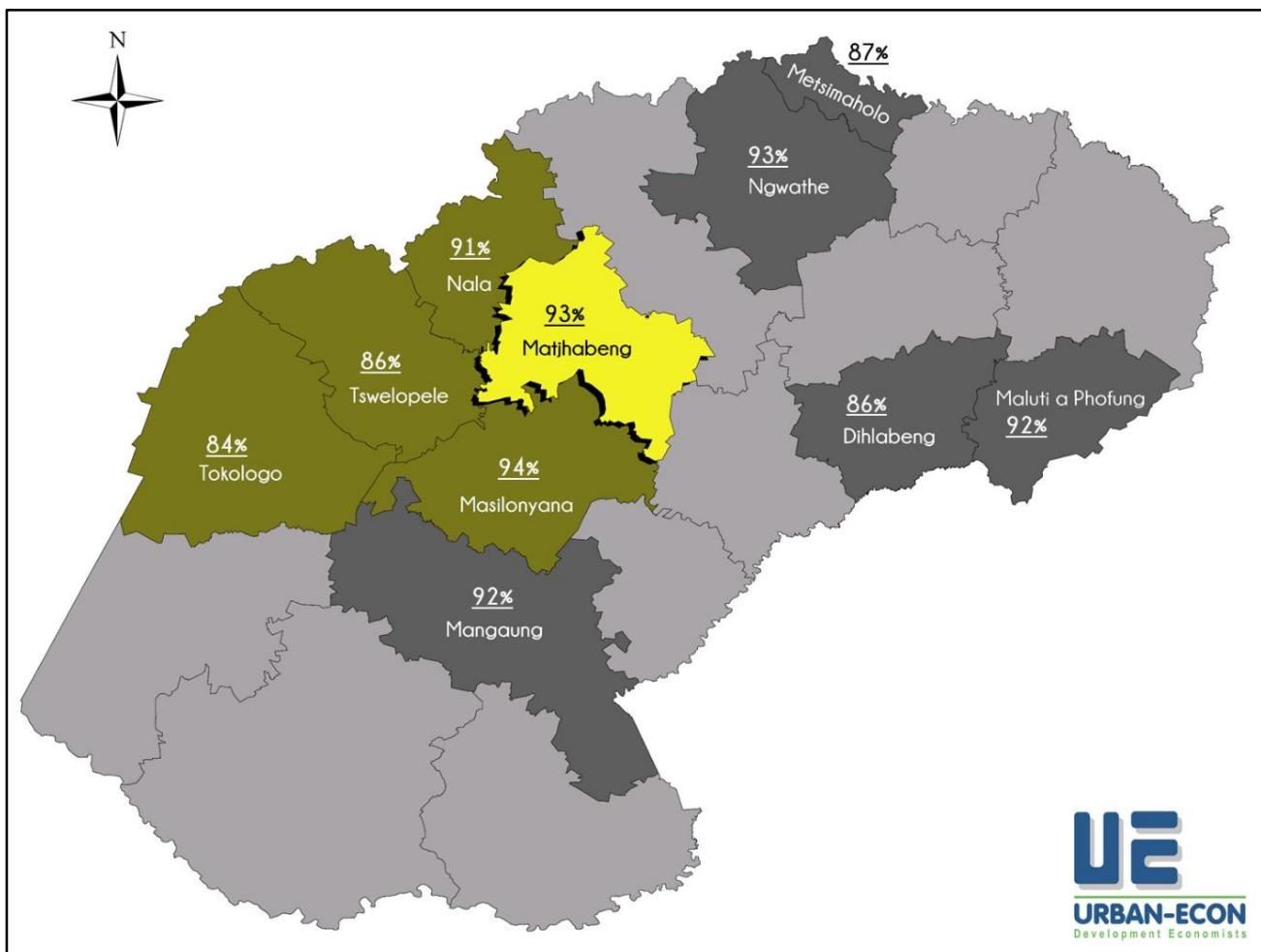
As illustrated in Figure 12, access to electricity in the Matjhabeng LM is comparable to that of the Lejweleputswa DM, Free State Province and South Africa. In 2019, approximately 9 out of every 10 households in the Matjhabeng LM have access to electricity for lighting their home. This implies that electricity provision is not a major constraint for socio - economic development in the study area.

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





10 Access to Electricity: 2019



(Source: Quantec, 2019)

When comparing the Matjhabeng LM to the wider region, it is clear, from Map 10, that the local households have better access to electricity than the average household's access of 90,5%. As such, access to electricity for economic growth is greater than in the other municipalities. It is important to note that, although there is sufficient access to electricity in the Matjhabeng LM, the users of the utility must be able to pay for the electricity that is consumed in order to relieve the burden on the municipality, and Eskom.

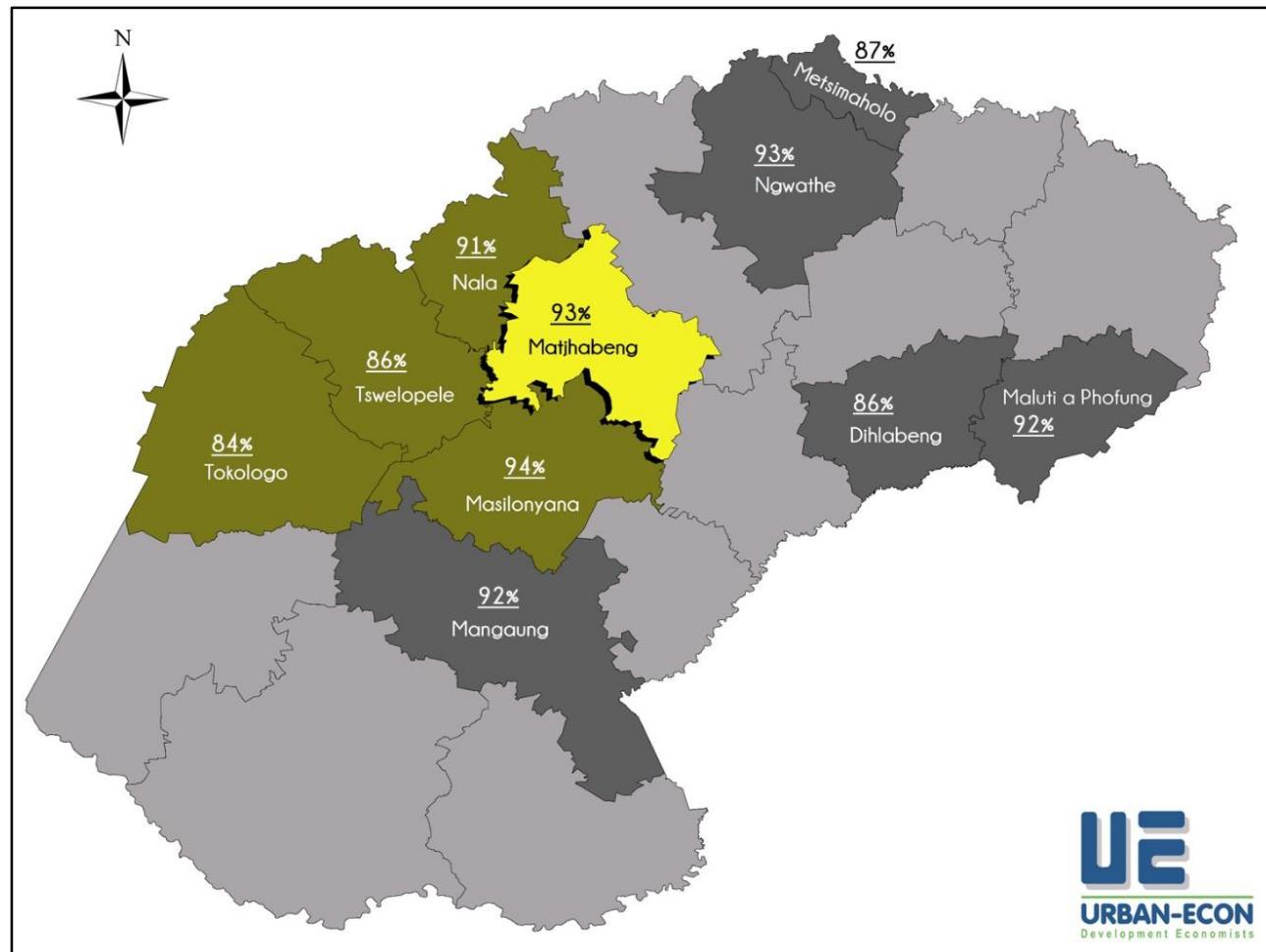
Although a large percentage of households had sufficient access to electricity, many challenges are still faced by the municipality that hinder appropriate service delivery. In total, the Free State municipalities owe Eskom, the national electricity supplier, approximately R5 billion. As seen in Map 11, Matjhabeng owed Eskom R1,8 billion, in 2019, which is only trumped by Maluti-A-Phofung.





Map

Map 11: Amount Owed to Eskom, 2019



(Source: Quantec, 2019)

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

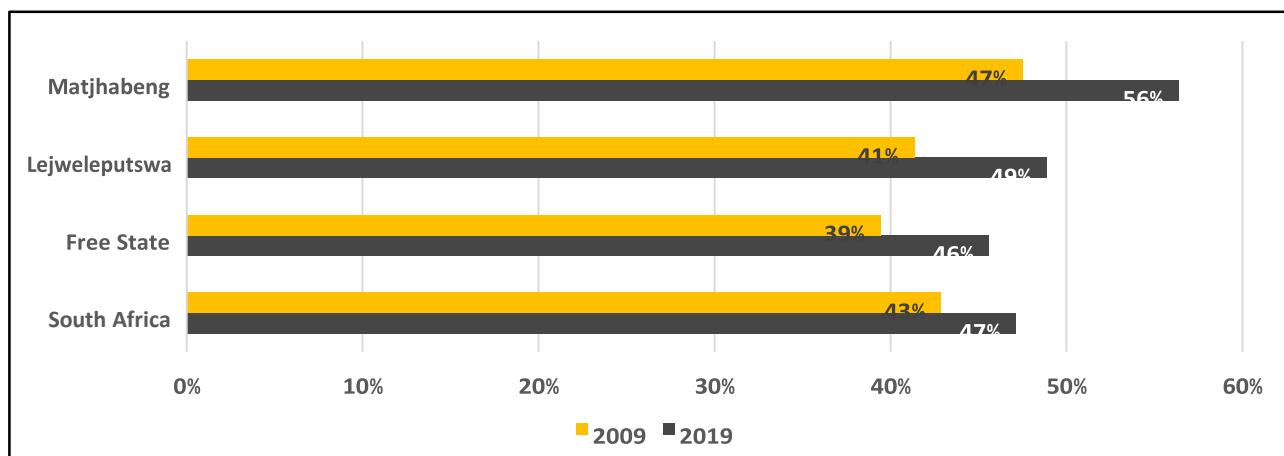
3.6.4. Access to Running Water

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

The South African Census, conducted in 2011, along with 2019 Quantec data, indicates whether residents of the Matjhabeng LM have been afforded the right to clean drinking water and to what extent water accessibility has improved over time. This information is provided in Figure 13, including comparisons with the Lejweleputswa DM, Free State Province and South Africa between 2009 and 2019.

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

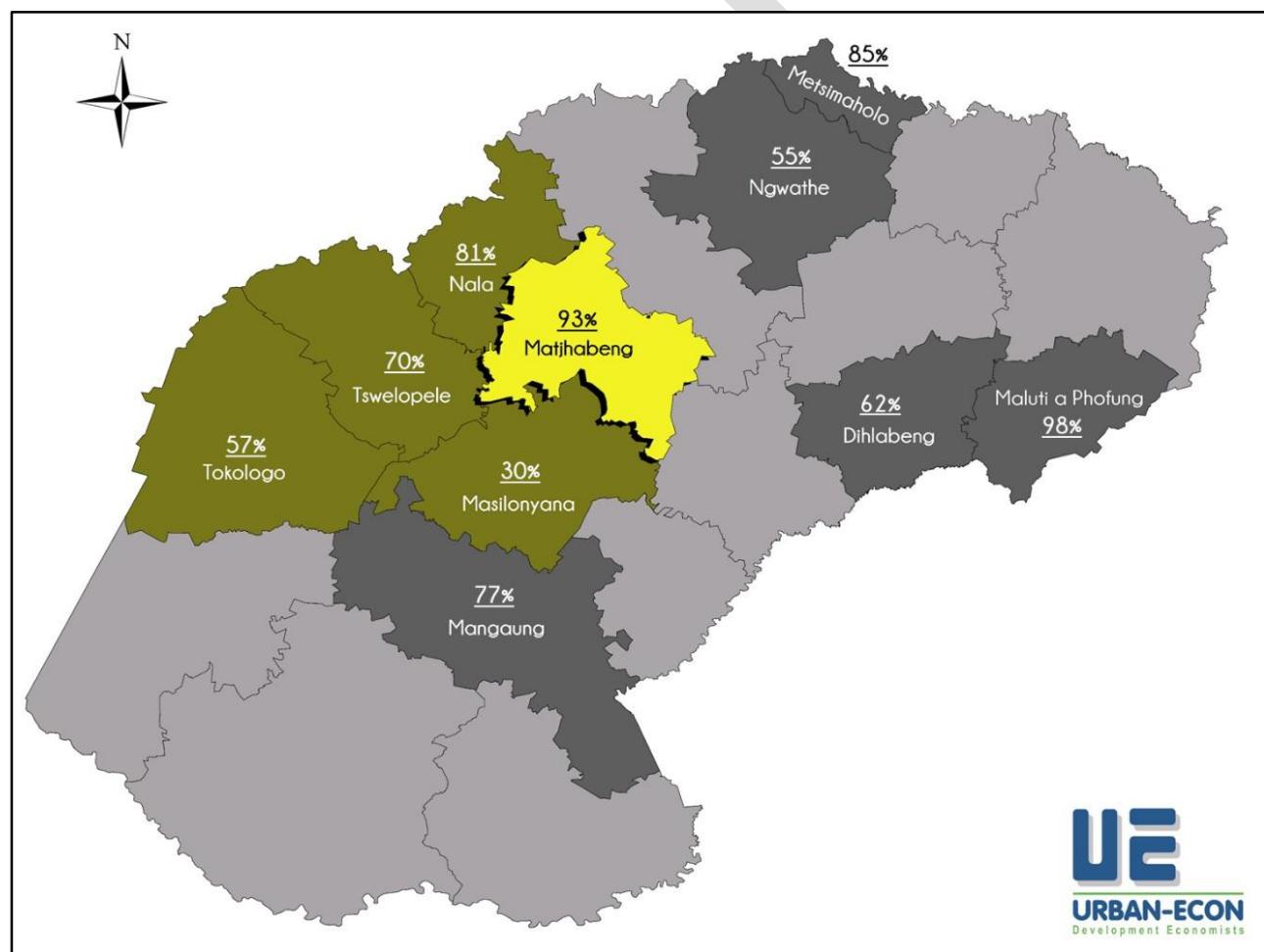
Figure 13 Access to Household Running Water: 2009 – 2019



(Source: Quantec, 2019)

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

Map 12: Blue Drop Rating- 2017



(Source: Quantec, 2019)

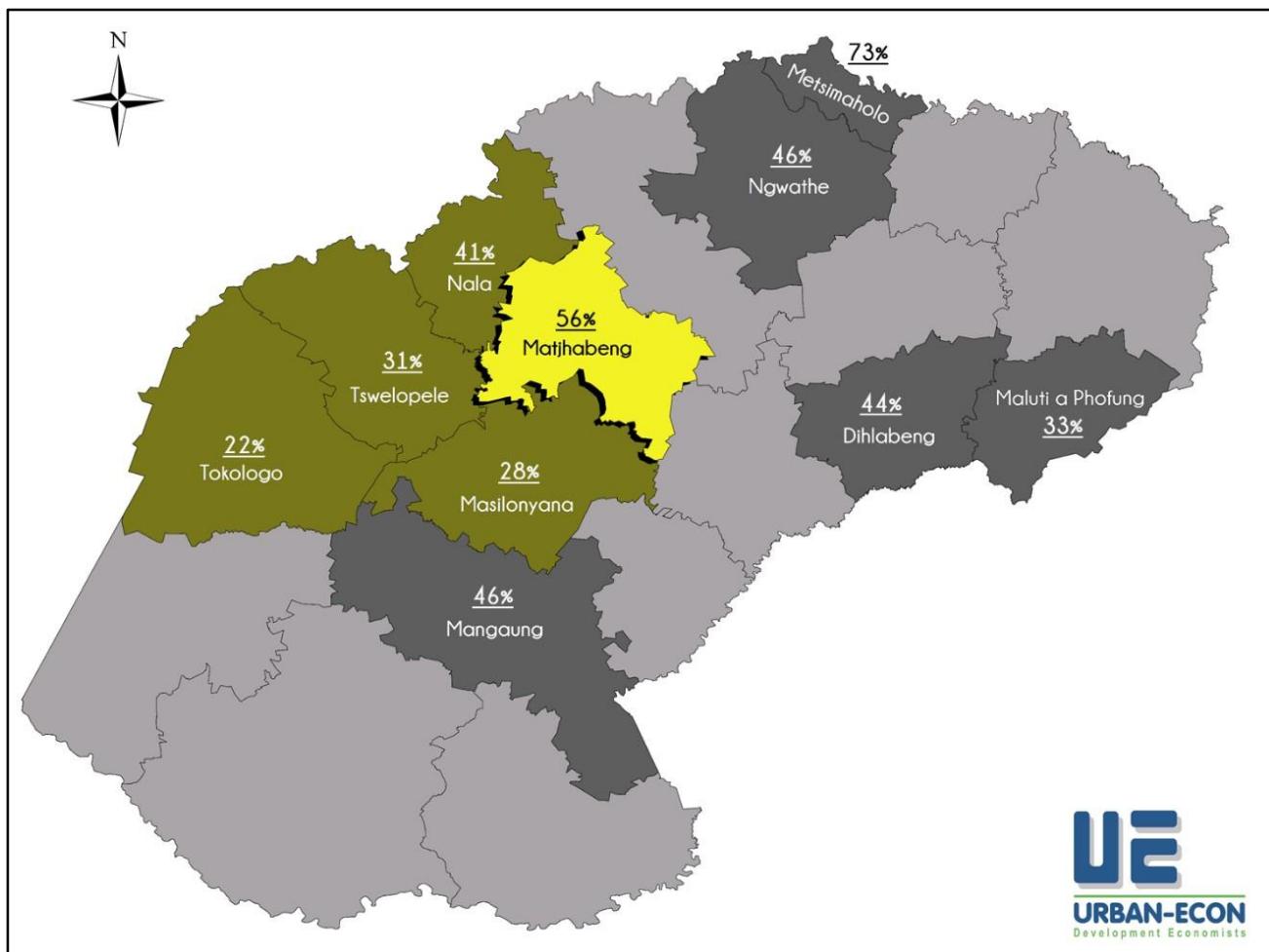


As seen in Map 12, Matjhabeng has a BD of 93%, which is higher than the average municipality rating. Compared to the wider region, only Maluti-A-Phofung LM has a higher BD of 98%, due to the pristine mountain water sources.

As seen in Map 13, the average households with piped water inside their houses, in the wider region is approximately 50%, while 41% of the households have at least one running tap on their property. In comparison, the Matjhabeng LM households have above average access to water, although Metsimaholo LM has 17% greater access to piped water than the Matjhabeng LM, indicating that the economic position of Metsimaholo LM households is currently greater.



Map 13 Access to Running Water - Wider Region: 2019



3.6.5. Access to Sanitation

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

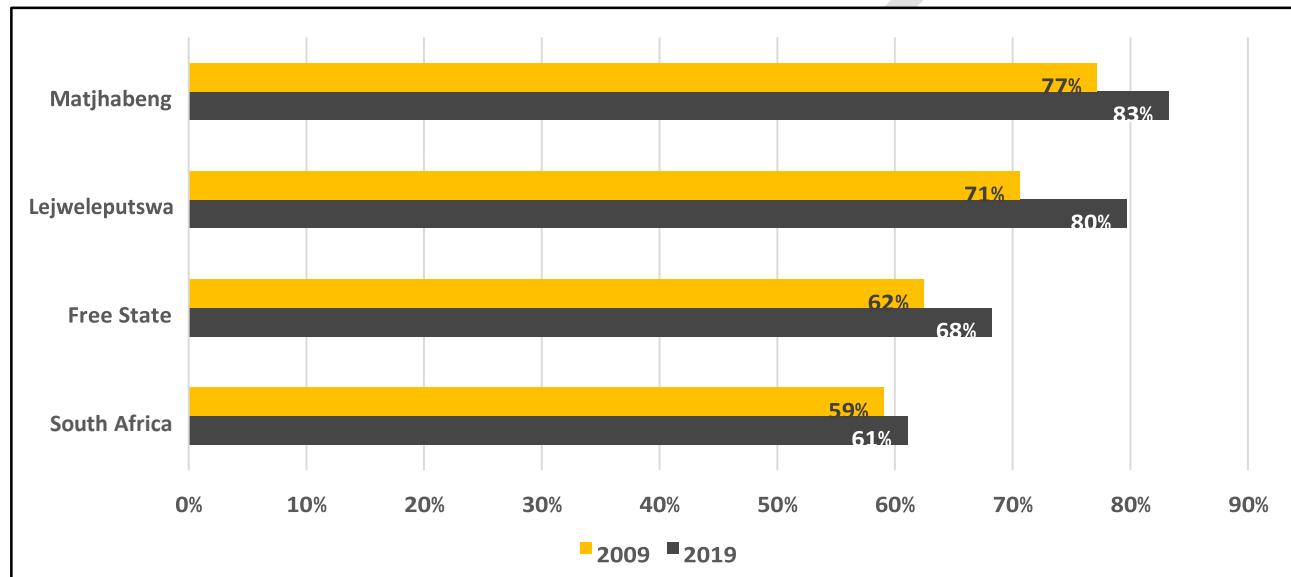
Figure 14 illustrates the level of access to sanitation in the Matjhabeng LM, compared to the Lejweleputswa DM, Free



State Province and South Africa between 2009 and 2019. It shows that a greater proportion of households in the

Matjhabeng LM have access to a flush toilet (83%) than in the Lejweleputswa DM (80%) and the Free State Province (68%) as a whole. Compared to 2009, the municipality has recorded a marked improvement, which will have a positive impact on the hygiene of the residents, reducing the risk of illnesses, and the cost of government funded health services, granted that the quality of sanitation services is sufficient.

Figure 14 Access to Flushing Toilets 2009 – 2019



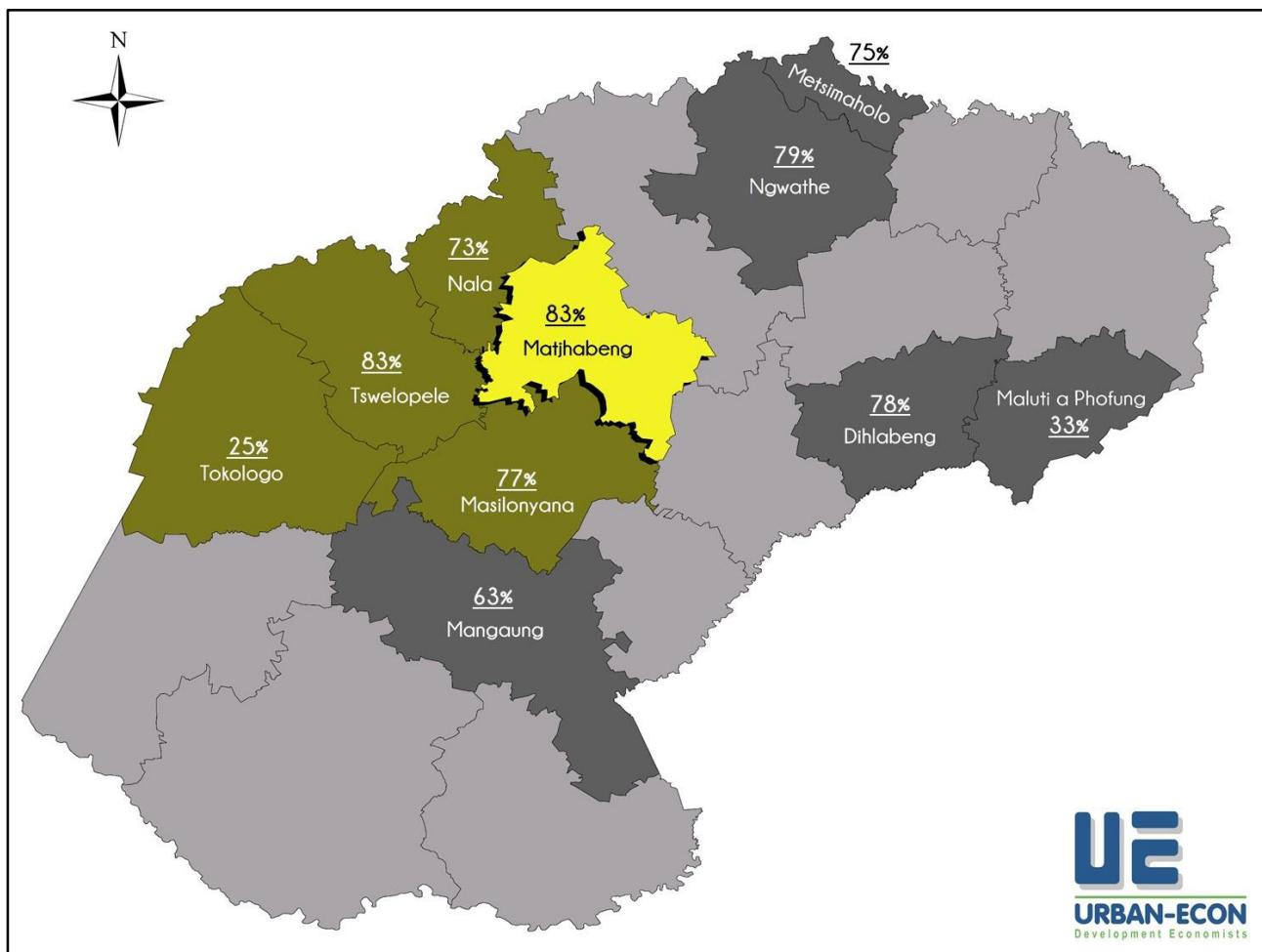
(Source: Quantec, 2019)

The average access to flushing toilets in the wider region is 68%, while the average dependence on VIP toilets is 24%. Map 14 shows that the Matjhabeng LM has the highest access to flushing toilets of the other municipalities, and the joint lowest dependence on VIP toilets, the minimum level of sanitation, which shows that municipality has the potential for higher levels of hygiene, thus lower levels of diseases, when compared to the other regions.





Map 14 Access to Sanitation: 2019



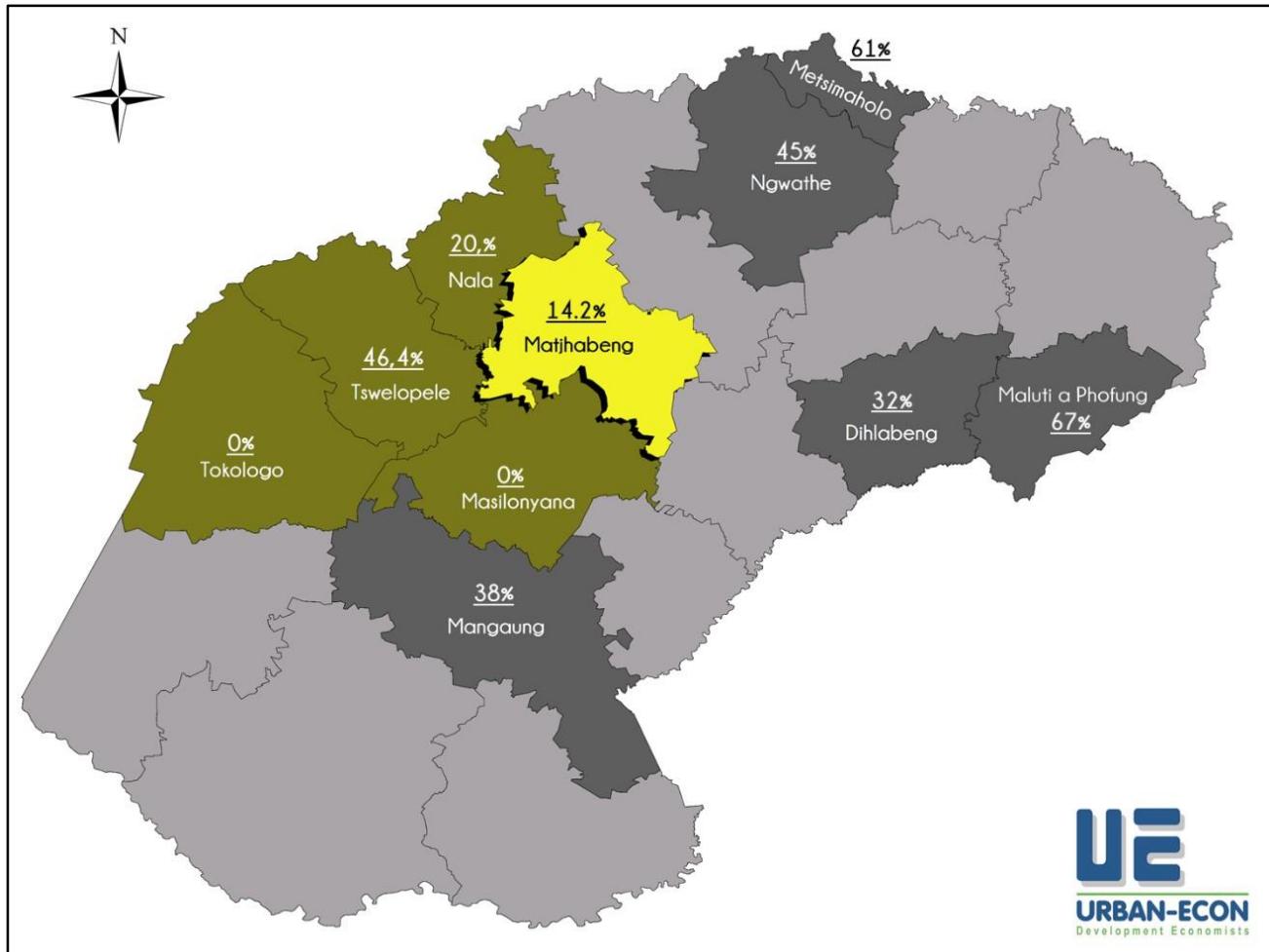
(Source: Quantec, 2019)

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



The Green Drop certification program is an initiative by the Department of Water and Sanitation (DWS) to ensure that their operations for service delivery are improved. This main feature of the Green Drop is the impact of wastewater disposal in which municipalities into water bodies. A municipality requires a rating of more than 90% to be considered excellent. Currently, there are no municipalities in the Free State who have achieved a Green Drop Certificate. As seen in Map 15, the Matjhabeng LM has a rating of 14,2% which is lower than the average rating of the wider region. This has a significant economic impact as the cost to eradicate the potential hygiene dangers in the region will amount to a large amount of capital investment, which must be sourced from taxes, thus reducing the disposable income of income earners.

Map 15: Green Drop Rating- 2019



(Source: Quantec, 2019)

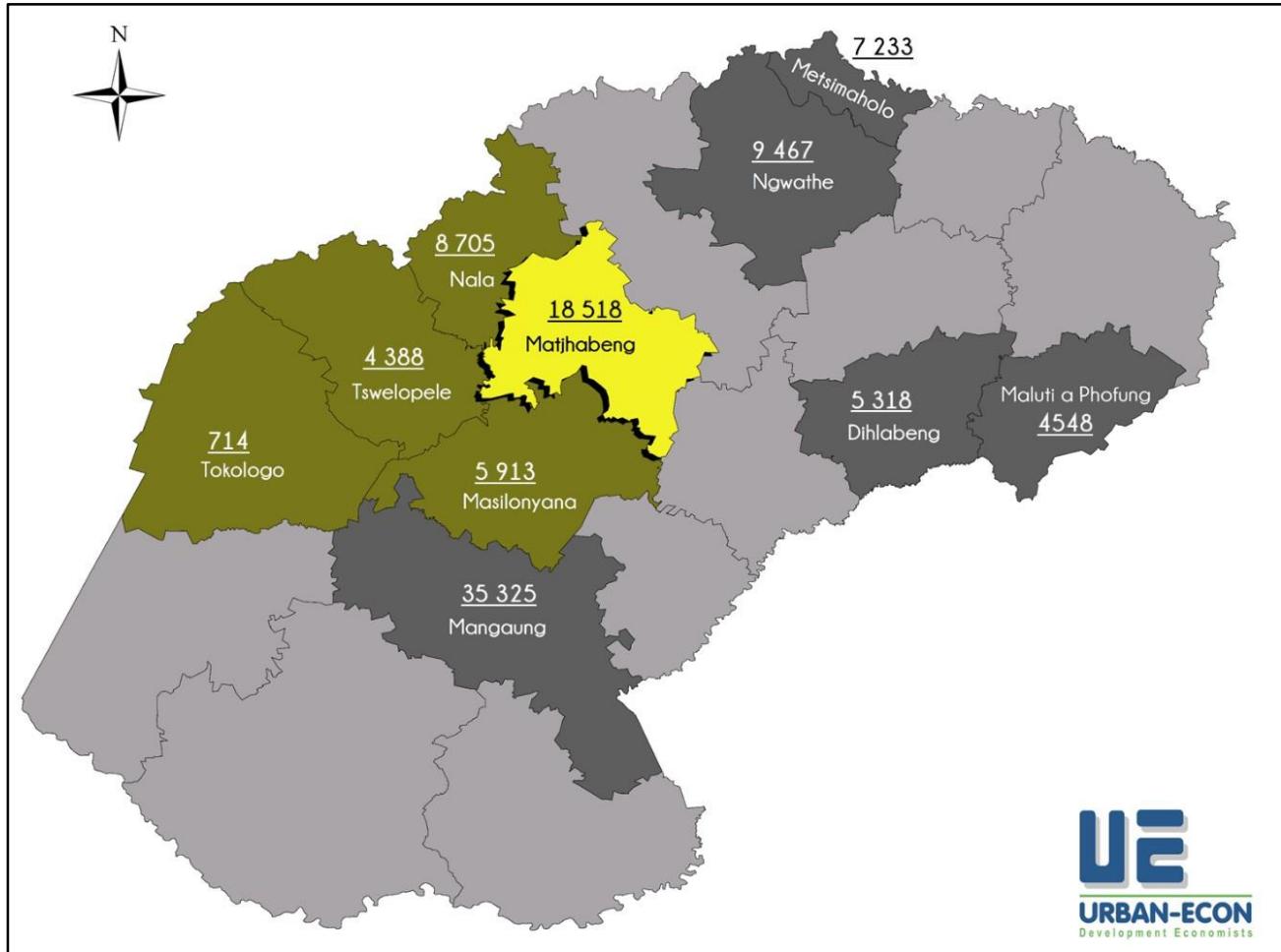


3.6.6. Access to Free Services

Every citizen in South Africa has a constitutional right to basic services as. As a result, a proportion of the population under the poverty line receives free services. As seen in Map 16, the Matjhabeng LM includes 18



518 households that receive services for free, which is the second highest amount in the Free State, as Mangaung Metropolitan Municipality is ranked the highest. In the past three years, Matjhabeng wasted R187m, most of it (R182m) spent on interest on debts to Eskom. The rest related to penalties and interest owed to the SA Revenue Service and other creditors. [Map 16 Number of Households with Free Access to Basic Services - 2017](#)



(Source: Quantec, 2019)

3.7. Conclusion

The list of the key observation of the Status Quo subsection is as follows:

Demographic Profile

- Matjhabeng Local Municipality is expected to grow by 2.19% from 2019 to 2030.
- In 2018, an average of 82 people per kilometre square were living in Matjhabeng.
- The average household size of people living in Matjhabeng has always been lower than that of the province.
- Sesotho is the most prominent language spoken in Matjhabeng LM, with approximately 62% of the population communicating as such.
- Matjhabeng LM population's largest age groups are the working age youth, (15 and 34 years) and adults (35 to 64 years).
- Matjhabeng receives the most migrants from the Eastern Cape (1.15%), followed by Gauteng (0.81%) and NorthWest (0.42%) provinces.



Housing and Basic Services

- In 2019, 9% more of Matjhabeng's households occupy free standing housing than in 2009, which increased from 66% to 75%.
- In the same period, the proportion of the population that lives in informal dwellings decreased from 24% to 19%, marking an improvement in the standard of living of low- to non-income earners
- Compared to the wider region, in 2019, Matjhabeng's access to housing is on par with that of other municipalities. ○ 93% of the Matjhabeng population has access to electricity, a 7% increase from 2009 to 2019, which has followed the trend of the Lejweleputswa DM, Free State Province and South Africa.
- Matjhabeng has one of the highest proportions of population with access to electricity in the wider Free State region in 2019.
- 92% of the Matjhabeng population has access to running water, either in their yards or inside their houses in 2019, an improvement on the 2009 proportion of 85%.
- 83% of the population has access to flushing toilets, in 2019, which has increased from 77% in 2009.
- 87% of the population has their refuse removed by a local authority weekly, compared to 84% in 2009, which rates as the highest of the municipalities in the wider study region.

Educational Achievements and Outcomes

- The grade 12 pass rate in Matjhabeng remained at 92% between 2009 and 2019, which is higher than both the district and the provincial aggregates.
- In 2019, 6% of the population had either passed grade 12, and/or continued to tertiary education, during 2009 to 2019, which is on par with the provincial and district.
- The proportion of the population with some schooling increased from 74%, in 2009, to 75% in 2019.

Economy and Employment

- The Matjhabeng LM's economy produce an income of approximately R31.1 billion in 2018, at an average growth rate of 0,2% per annum, with an estimated income of R31.3 billion projected for 2019.
- The economic growth of Matjhabeng between 2017 and 2018 was -1,8%, the lowest for the wider study region.
- The largest contributor to GVA in Matjhabeng, for 2019, is the mining and quarrying sector (39.9%), followed by trade (14.7%) and finance (11.8%) sectors
- The Matjhabeng LM has a workforce of approximately 114 864 people, with an unemployment rate of 34% in 2019.
- The youth unemployment rate was 31% in 2019, an increase from 23% in 2009.
- In 2019, the Matjhabeng community and government sector was the largest employer of workers (28%), followed by mining and quarrying (23%) and trade (19.1%).

Income and Poverty

- The average income for the Matjhabeng households was R7 618 in 2019, the lowest of all the other municipalities in the wider region.
- Approximately 46% of the households in the municipality earn less than R2 041, meaning that these households would be considered indigent, or under the poverty line.
- Compared to the wider region, the Matjhabeng LM has the highest proportion of households earning less than R2 041.