2021

Profiling Intermediate Cities in South Africa

RESEARCH SERIES ON INTERMEDIATE CITIES

South African CitiesNetwork

UNIVERSITY OF THE FREE STATE
UNIVERSITEIT VAN DIE VRYSTAAT
YUNIVESITHI YA FREISTATA
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Contents

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Acknowledgements

The South African Cities Network (SACN) released its first publication on intermediate cities back in 2012 and has been instrumental in the debates and policy discussions regarding the expansion of developments and focus on intermediate cities. Our growing dedication has resulted in this 6th series of research reports and is intended to address key institutional barriers to the growth and development of Intermediary Cities, their governance and economies.

The commitment, valued insights and important content direction from the local government practitioners, researchers, and interest groups has enabled the establishment of this programme and reports. Special thanks and appreciation to the amazing team from the University of the Free State for the dedication and commitment to producing excellent work.

Recognition and appreciation are also given to all participants, officials and stakeholders from across the different spheres of government, business and society who have provided data and other valued inputs for this report. Let's continue to establish an enabling environment to strengthen our intermediary cities and better the lives of all.

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Acronyms

DCoG	Department of Cooperative Governance and Traditional Affairs
DoE	Department of Energy
ELM	Emalahleni Local Municipality
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GVA	Gross Value Add
HDI	Human Development Index
ICM	Intermediate City Municipality
IDP	Integrated Development Plan
IUDF	Integrated Urban Development Framework
OECD	Organisation for Economic Cooperation and Development
SACN	South African Cities Network
Stats SA	Statistics South Africa

Figures

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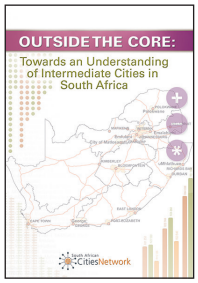
1 Introduction

In 2012, the South African Cities Network (SACN) released its first publication on intermediate cities, *Secondary Cities in South Africa: the start of a conversation*. Since then, the debates and policy discussions have expanded rapidly, and four main changes have occurred:

- The term "intermediate cities" replaced "secondary cities". Official government documents now refer to intermediate city municipalities (ICMs), as South Africa has wall-to-wall municipalities. In this report, the term ICM refers to a municipal area, not only to the urban built area.
- Municipalities identified as ICMs have increased from 21 to 39, which has resulted in the introduction of several subcategories.
- An ICM support programme is underway and is similar to the programme for metros, the City Support Programme. The World Bank initially supported the development of an ICM support programme.
- The Department of Cooperative Governance and Traditional Affairs (DCoG) introduced the Integrated Urban Development Grant (IUDF), which has the strategic goal "to support spatially aligned public infrastructure investment that will lead to functional and efficient urban spaces and ultimately unlock growth" (South Africa, 2020).

Following the first publication, the SACN published four further reports on ICMs:

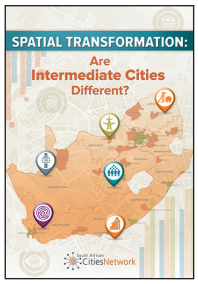


Outside the Core: Towards an understanding of intermediate cities in South Africa (SACN, 2014)

In 2014, the second report summarised the findings of six case studies of the City of Matlosana, eMalahleni, Emfuleni, George, Polokwane and the City of uMhlathuze (SACN, 2014). It also provided guidelines for categorising ICMs. The use of intermediate instead of secondary represented a shift in the policy environment to emphasise the functional role of these cities rather than their second-tier status.

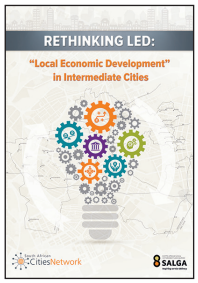
Hidden Urbanities: South Africa's displaced settlements 30 years after the abolition of influx control (SACN, 2016)

In 2016, the third report focused on the former township areas that the apartheid state used to channel urbanisation away from core urban areas (SACN, 2016). The case studies included Botshabelo (Mangaung), Mdantsane (Buffalo City), Seshego (Polokwane) and Winterveld (Tshwane). Although the report did not focus directly on ICMs, it did emphasise the importance of adopting a differentiated approach.



Spatial Transformation: Are Intermediate Cities Different? (SACN, 2017)

In 2017, the fourth report considered spatial transformation in 11 ICMs (Drakenstein, King Sabata Dalindyebo, Lephalale, Matjhabeng, Mbombela, Mahikeng, Msunduzi, Polokwane, Rustenburg, Sol Plaatje and Stellenbosch). It looked at the reality of economic vulnerability in spatial planning; the dominant roles of interest groups and power dynamics; poor planning, governance and finance capacity; and high dependence on mining (SACN, 2017).



Rethinking Doing "Local Economic Development" in Intermediate Cities (SACN, 2019)

The 2019 research report explored local economic development (LED) within intermediate cities, using a combination of desktop research, participatory action research (to garner the views and experience of municipal practitioners) and case studies of Mangaung, Rustenburg and Sol Plaatje. The study found that LED is an ambiguous concept that includes both pro-poor and pro-development economic development approaches. The study highlighted four institutional principles for LED and six strategic issues that ICMs can ascribe to reimagine local economic development.

Over the past eight years, a parallel body of academic work has developed, in part due to the work done by the SACN. Research into intermediate cities has looked at economic development (Marais et al., 2014; Marais & Nel, 2016), developmental/ planning concerns (Campbell et al., 2017; Marais et al., 2016), urbanisation (Marais & Cloete, 2017) and problems related to mining (Marais, 2013a; Marais, 2013b; Marais & Nel, 2016; Ntema et al., 2017; Marais et al., 2017). Several individual case studies have also appeared, and a book on space and planning in intermediate cities (Marais & Nel, 2019) was published in 2019.

ICMs are firmly established as a critical component of South Africa's government policy. After providing an overview of policy development and the changes in classification of ICMs in South Africa, the report analyses the socio-economic and institutional characteristics of the ICMs. Comparisons are made between the different classifications of ICMs and between ICMs and metropolitan areas, to highlight the different profiles of ICMs and the differences between ICMs and metropolitan municipalities,[1] with the aim of enabling the classification system to build on these differences. The report concludes with a summary of the findings and the implications thereof.

ICMs are firmly established as a critical component of South Africa's government policy

METHODS

The following databases were used to profile the ICMs in South Africa:

- StatsSA: Census data for 1996, 2001, 2011 and the community survey for 2016
- An extensive database from Global Insight
- Information obtained from audited financial statements

Where data is used from other sources, these are acknowledged in the report. The report focuses on understanding trends, as opposed to once-off data presentation, and emphasises the understanding of the data in its historical context where possible.

1 This distinction is important given the pressure to increase the number of metropolitan areas. ICMs and metropolitan areas are substantially different, and so the classification system should build on these differences and help ICMs to develop assets in this respect.

2 ICM Policy Development

2.1 The international context

Urban research tends to focus on large cities (Bell & Jayne, 2009; Friedman, 1986; Hall, 1966) and to neglect smaller or intermediate cities, with the result that their role is poorly understood (Bell & Jayne, 2006; Norman, 2013; Roberts, 2014). Research has examined "the relations and networks which develop between diverse cities and towns, or between the city and its various peripheries" (De Boeck et al., 2009: 34), while back in the 1980s, Rondinelli (1983) highlighted that secondary cities in developing countries perform essential economic and social functions and contribute substantially to national development. Over the past decade, there has been an increased emphasis on secondary or intermediate cities (Bolay & Rabinovich, 2004; Klaufus, 2010; OECD, 2012; Roberts, 2014). The World Bank (2010) European Union (Barca et al., 2012) and the OECD (2012) have recognised the importance of place-based development, particularly of non-core areas, and the role that intermediate cities can play in managing urbanisation.

Over the past decade, there has been an increased emphasis on secondary or intermediate cities

Intermediate cities were initially included in national policy strategies, which were formulated in response to "the failure of economic-growth policies during the 1950s and 1960s that sought to transplant modern, large-scale, export-oriented, capital-intensive industries in a few regional centres" (Rondinelli, 1983: 381). Effectively, governments tried to develop the economy and manage urbanisation in line with set objectives based on predetermined settlement structures and categories. Despite ambitious objectives, these national strategies had limited success, mainly because of the top-down approach, a lack of understanding or inappropriate analysis of the towns or regions they were supposed to benefit, inadequate coordination and resource limitations (Bolay & Rabinovich, 2004; Hardoy & Satterthwaite, 1986; Otiso, 2005).

In the mid-1980s, the development of decentralised planning influenced the thinking about intermediate cities (Bolay & Rabinovich, 2004). Governments started to shift planning and economic responsibility to autonomous local authorities, and cities had to take responsibility for their own futures by planning with local communities and local and international businesses. The decentralisation placed extra pressure on those places that depended on local enterprises. For intermediate cities, it was no easy assignment, as global markets come with risks.

> 'unstable markets are not without their dangers. Competition is fierce; one must adapt rapidly to changes in the international markets, and supply high quality 'products' to a very volatile market. These products include both manufactured goods and raw materials, but also the men and women who sell their labour under extremely precarious conditions'. (Bolay & Rabinovich, 2004: 411)

The lack of appropriate human resources and the dominance of multi-nationals complicated local planning, while the narrow tax bases of intermediate cities came under scrutiny (World Bank, 2009). Although the emphasis on decentralisation remains, a broader framework is needed that emphasises other aspects, including the following (Nel, 2018).

- Making available both flexible funding and flexible policy approaches.
- Distinguishing between funding for community infrastructure and funding for economic infrastructure.
- Unblocking national policy hindrances in respect of regions and regional cities, which would require (among other things) a thinktank able to assess all relevant new legislation.
- Preventing a silo mentality from developing among government workers.
- Developing a network of small and regional cities.
- Finding new growth opportunities within these small and regional cities.
- Using smaller cities to foster rural development.
- Focusing on specialised local industries that are nationally and, ideally, internationally competitive.
- Ensuring a vibrant and capable business sector.
- Prioritising workforce engagement and growth.
- Emphasising lifestyle attributes that increase the desirability of a city as a place in which to live.

2.2 The South African context

To reduce black urbanisation, the apartheid government introduced homeland development, influx control, growth point development and industrial de-concentration (for example, developing industries in Botshabelo and Mdantsane). As part of this deconcentrated development, several new towns that acted as intermediate cities developed. However, these policies were doomed to fail, and in the mid-1980s few growth points were showing significant success (Dewar et al., 1986).

By the early 1990s, the focus had shifted to looking at how secondary cities could help to address urbanisation and regional development. Two notable research projects were published.

- Van der Merwe (1992) identified 16 towns based on a "self-selection" methodology that used indicators, such as population size and growth, ethnic composition, age distribution, literacy and education levels, economic diversity and the size of the economically active population. The 16 towns were: Bloemfontein, East London, George, Grahamstown, Kimberley, Kroonstad, Ladysmith, Newcastle, Pietermaritzburg, Pietersburg, Potchefstroom, Secunda, Umtata, Welkom, Witbank and Worcester. Of these, five were proposed as the most suitable: Bloemfontein, East London-Mdantsane, Pietermaritzburg, Pietersburg-Seshego, and Witbank-Middelburg (which was seen as one urban complex at the time).
- The Urban Foundation (1994) examined 23 secondary cities that collectively contributed one-fifth of South Africa's economic output: East London, Ermelo, George, Grahamstown, Kimberley, King Williamstown, Klerksdorp (today City of Matlosana), Kroonstad, Ladysmith, Mmabatho, Nelspruit (today Mbombela), Newcastle, Paarl, Pietersburg (today Polokwane), Potchefstroom, Richards Bay (today uMhlathuze), Rustenburg, Secunda, Stellenbosch, Umtata (today Mtata), Witbank (today eMalahleni), Middelburg and Worcester.

For nearly two decades, little new research was done until the SACN's first secondary city research project (SACN, 2012), which used a quantitative and comparative approach to map 19 secondary cities in South Africa. Today, ICMs are an established element of South Africa's urban policy.

2.3 Classification of ICMs in South Africa

Developing a list of metros and secondary cities is contested across the world. Many countries use a combination of size, function and location, but often municipalities use only size to motivate for being classified as a second-tier city. What complicates the classification is that the criteria for function and location are not clear.

In South Africa, the legislation contains no official definition of ICMs. The Municipal Structures Act makes provision for three types of municipalities:

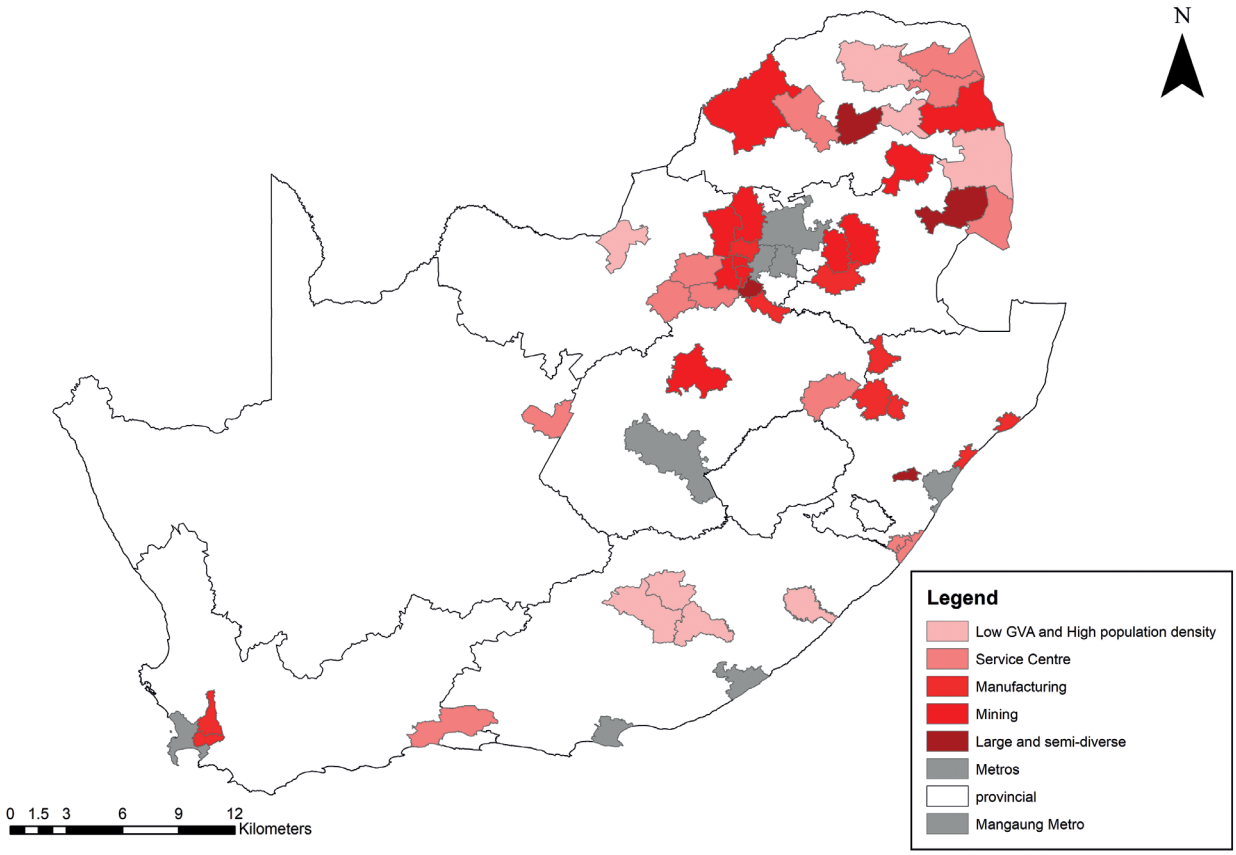
- Category A municipalities (also called metropolitan areas, but not in legislation), which are the large urban agglomerations. The 2001 municipal boundary demarcations identified six metros: Cape Town, Ekurhuleni, eThekwini, Johannesburg, Nelson Mandela Bay and Tshwane, to which were added (in 2011) Mangaung and Buffalo City. The inclusion of Mangaung and Buffalo City led to many other second-tier cities claiming that they wanted to become metros.
- Category B municipalities are local municipalities.
- Category C municipalities are district municipalities and typically consist of 3–5 local municipalities, but do not include metros.

Over the years, the notion of a differentiated approach has gained momentum and is embedded in the IUDF, which calls for its vision to be "interpreted and pursued in differentiated and locally relevant ways" (DCoG, 2016: 8). In practical terms, differentiation means that different methods should be followed to support different types of settlements associated with municipalities. National Treasury identified a subcategory (B1) comprising 21 ICMs, which expanded with the development of the ICM support programme to 39 ICMs and five subcategories: large and semi-diverse, mining, manufacturing, service centre, and low gross value added (GVA) and high population density ICMs (Table 1 and Figure 1). The expansion of the list was primarily motivated by population size.

Table 1: Classification of intermediate cities within the ICM support programme

Large and semi-diverse	Mining	Manufacturing	Service Centre	Low GVA and high population density
Emfuleni	Rustenburg	Mogale City	Matlosana	Bushbuck Ridge
Msundusi	Matjhabeng	Newcastle	Maluti-a-Phofung	Makhado
Mbombela	Emalahleni	Govan Mbeki	Nkomazi	Greater Tzaneen
Polokwane	Madibeng	uMhlathuze	Thulamela	Mahikeng
	Rand West	Drakenstein	Sol Plaatje	Enoch Mogijima
	Steve Tswete	KwaDukuza	Mogalakwena	King Sabata
	Merafong	Alfred Duma	JB Marks	
	Greater Tubatse/ Fetagoma	Metsimaholo	George	
	Ba-Phalaborwa	Stellenbosch	Greater Gijani	
	Lephalale		Ray Nkonyeni	

Figure 1: Location of the 39 ICMs in South Africa



This report uses the current list and its five sub-categories as a framework of analysis. However, the list is problematic for two reasons:

- The list was expanded primarily based on arguments related to population size. Focusing on population size allows for gerrymandering to comply with requirements associated with the population size.
- The use of a single indicator ignores the other two leading indicators – function and location – for identifying intermediate cities.

Granted, the lack of adequate indicators for local economic activity makes unambiguous decisions on local economic data difficult – most of the economic data at the local level in South Africa depends on assumptions and algorithms based on how the national economic profile distributes throughout the country. However, ignoring function and location as crucial attributes carries the risk of ignoring the economic vulnerability of ICMs when implementing strategies.

The list includes several municipalities that fall into the category of "service centres" or the odd category of "low GVA and high population density", which includes municipalities with the lowest population densities of all the categories. This report f that ICMs in these two categories have different attributes to the ICMs in the other three categories. Therefore, two elements of categorisation probably require attention: the strategic focus embedded in categorisation and the need for the categorisation to be open-ended and able to be changed over time.

3 Population

IN BRIEF

By 2021, over two-thirds (67%) of South Africa's population will live in either metros or ICMs:

40%

(about 24 million people) in metropolitan areas and

27%

(about 16 million people) in ICMs.

Population growth is slower in ICMs than in metros, but is also uneven. For example, mining ICMs collectively have the highest population growth of ICM categories, but certain mining ICMs have negative population growth.

Approximately

44%

of people living in ICMs, but just

5%

of people living in metros, reside on traditional land.

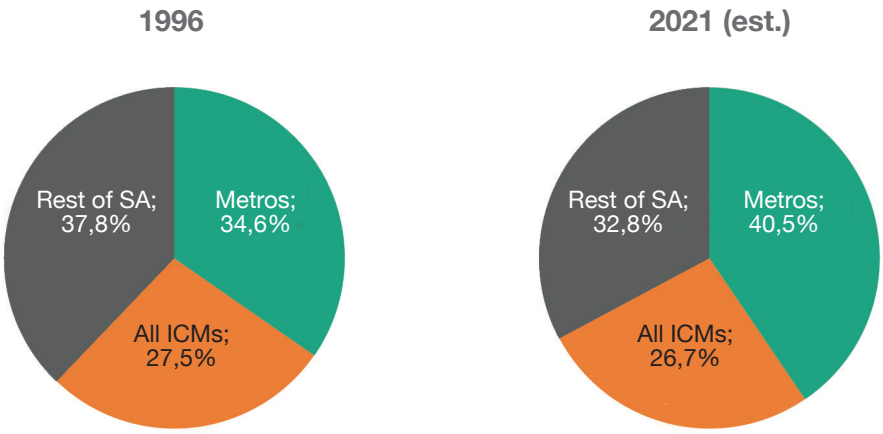
Therefore, ICMs have a specific responsibility to their rural hinterlands – they also have fewer international links than metros.

Population is the principal measure used for classifying cities.

3.1 Population growth

Between 1996 and 2021, population growth in metros substantially outstripped the population growth for ICMs and the rest of South Africa (Figure 2).

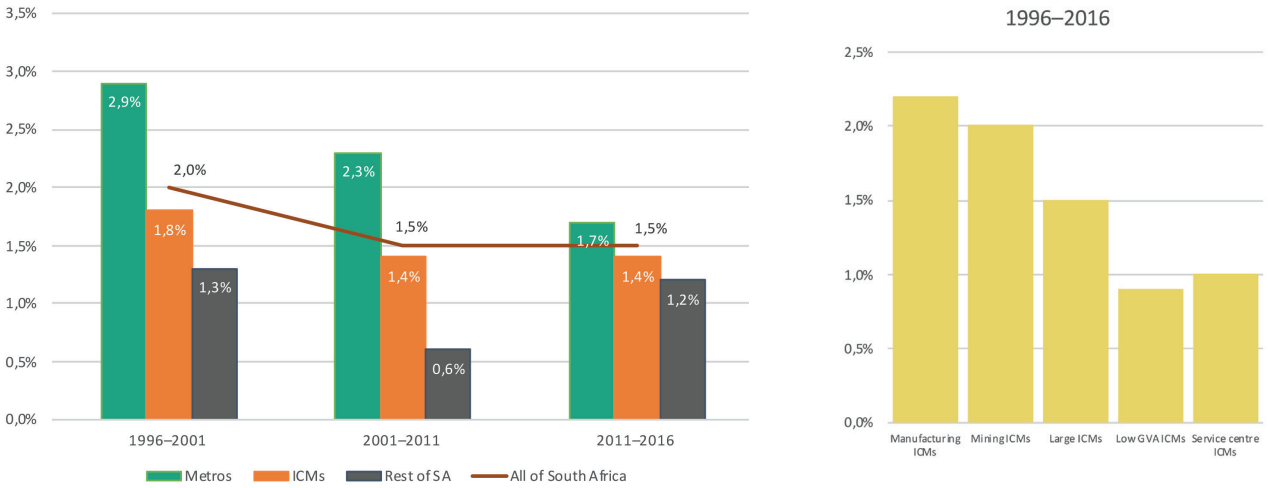
Figure 2: Population share (1996 and 2021)



Note: See Annexure A for the population numbers of each of the ICMs for 1996 and 2016 and the increase in the number of people over 30 years.

ICMs in South Africa saw their share of population drop slightly, from 27.5% to an estimated 26.7%, while metropolitan areas increased their share, from 34.6% to an estimated 40.5%. This suggests that most ICMs are growing substantially slower than the metros, Although this highlights the dominant role of metros in managing urbanisation, ICMs still provide opportunities to nearly 27% of South Africa's population. There can be little doubt that ICMs play a vital role in distributing South Africa's population in a natural way across the country's territory.

Figure 3: Population growth (1996–2016)



Note: See Annexure B for the population growth in each ICM between 1996 and 2016

Between 1996 and 2016, the population in metros grew by an average of 2.3% per year, while annual growth rates varied across the ICM categories, from 2.2% and 2.0% for manufacturing ICMs and mining ICMs (very close to the metros' average growth rate), to 1% or less in service centre and low GVA ICMs. The low growth rates for service centre and low GVA ICMs suggest that these ICMs are losing people to other areas through out-migration. The high growth rate in mining ICMs requires more attention, as the average is dragged down by Matjhabeng and Merafong City, which both saw their population decline by 0.5% per annum (see Annexure B).[2] Without these two ICMs, the average population growth rate would have been higher than that of metros. This population growth was the result of the growth in platinum and coal mining areas, as well of the decline in gold mining, which did not necessarily lead to a decline in population. Mining booms result in an influx of people, but in periods of mining busts, the same areas could experience the outflow of people, although in some cases mining decline has resulted in population growth. As the reality of the fourth industrial revolution increases, mining booms may change and become shorter but more intense.

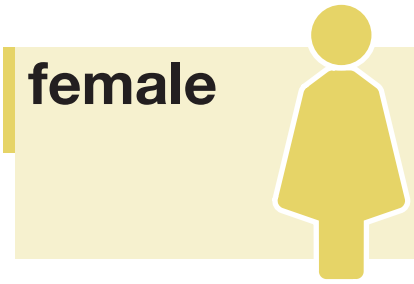
… in some cases mining decline has resulted in population growth

3.2 Demographics

An examination of the gender distribution of population shows that men are slightly more mobile than women (Figure 4). The percentage of females living in metropolitan municipalities and ICMs is slightly lower than the national average of 51%, and the mining ICMs have the lowest female representation (47.7%).

2 Enoch Mgijima appears to have a far higher population growth rate that other ICMs, but it should be noted that it was established in 2016 by merging Tsolwana, Inkwanca and Lukangji local municipalities.

Figure 4: Gender distribution of the population (1996 and 2016)



	1996	2016
Metros	50,8%	50,3%
Rest of SA	53,0%	52,1%
All ICMs	51,8%	50,8%
Large ICMs	54,3%	52,9%
Low GVA ICMs	54,3%	51,2%
Manufacturing ICMs 1996	50,9%	50,6%
Mining ICMs	47,7%	52,2%
Service centre ICMs	52,9%	52,2%

Metros	49,2%	49,7%
Rest of SA	47,0%	47,9%
All ICMs	51,8%	50,8%
Large ICMs	45,7%	47,1%
Low GVA ICMs	45,7%	48,8%
Manufacturing ICMs 1996	49,1%	49,4%
Mining ICMs	52,3%	47,8%
Service centre ICMs	47,1%	47,8%

Note: Annexure C gives the gender distribution for each settlement category in 1996, 2001, 2011 and 2016

As Figure 5 shows, in 1996, metros were home to a relatively low percentage of the African population, reflecting the impact of the apartheid government preventing migration to urban areas and the change post-1994. With the exception of manufacturing ICMs, Africans made up a higher share of the population in ICMs than nationally.

Figure 5: Distribution of population by population group (1996 and 2016)

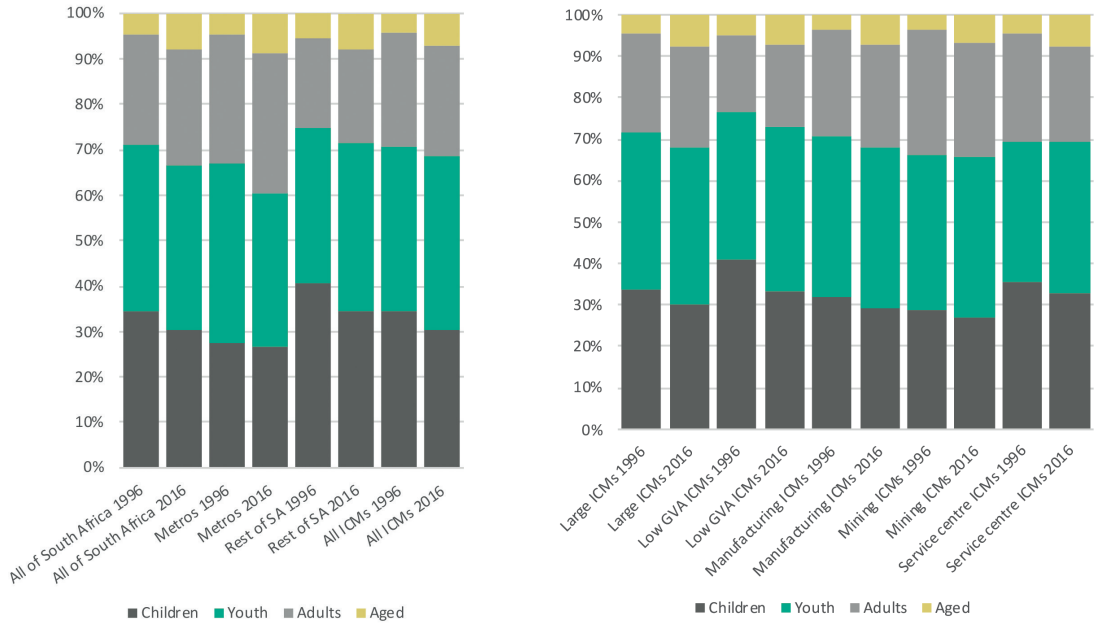
	All of South Africa 1996	All of South Africa 2016	Metros 1996	Metros 2016	Rest of SA 1996	Rest of SA 2016	All ICMs 1996	All ICMs 2016
African	77,4%	80,7%	61,6%	71,7%	85,9%	85,5%	85,5%	87,9%
Coloured	9,0%	8,7%	13,5%	11,1%	8,6%	9,8%	3,8%	4,0%
Indian	2,6%	2,5%	5,8%	4,8%	0,4%	0,4%	1,7%	1,6%
White	11,0%	8,1%	19,1%	12,3%	5,1%	4,3%	9,1%	6,5%

	Large ICMs 1996	Large ICMs 2016	Low GVA ICMs 1996	Low GVA ICMs 2016	Manufactur-ing ICMs 1996	Manufacturing ICMs 2016	Mining ICMs 1996	Mining ICMs 2016	Service centre ICMs 1996	Service centre ICMs 2016
African	85,0%	89,7%	97,4%	97,7%	69,6%	76,9%	85,4%	89,8%	86,4%	86,4%
Coloured	1,3%	1,4%	0,8%	0,8%	11,1%	9,8%	1,4%	1,4%	5,5%	6,5%
Indian	3,6%	3,1%	0,2%	0,3%	4,3%	3,4%	0,3%	0,4%	0,9%	0,9%
White	10,1%	5,8%	1,6%	1,2%	14,9%	9,9%	12,9%	8,4%	7,2%	6,2%

Note: Annexure D gives the distribution by population group for each settlement category in 1996, 2001, 2011 and 2016

South Africa's population is ageing, as Figure 6 shows, although the 2016 figures are probably an over-estimation of the "aged" category. This trend is less prounced in the ICMs, where the age distribution is similar to South Africa as a whole. Among the ICMs, the mining ICMs have the lowest percentage of old-age people and highest percentage of adults, which is a reflection of the migrant nature of the mining industry in South Africa.

Figure 6: Distribution of population by age (1996 and 2016)

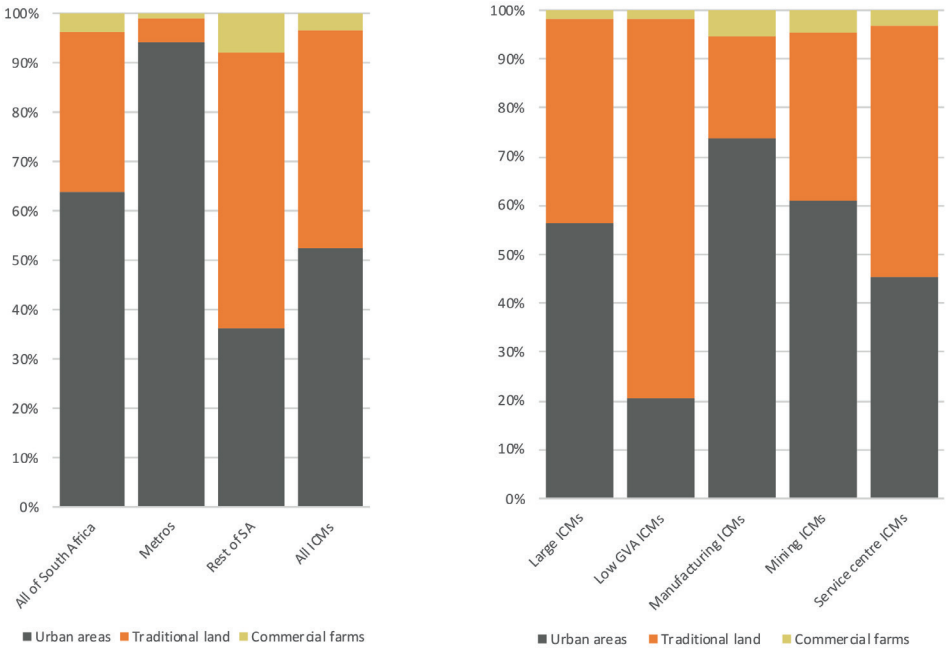


Note: Annexure E gives the age distribution by population group for each settlement category in 1996, 2001, 2011 and 2016

3.3 Population densities

Population densities vary according to the different settlement types, i.e. urban areas, traditional land and commerical farms. Figure 7 reflects a distinct feature of ICMs, which is that their rural population living on traditional land or commercial farms is relatively large compared to metros. This emphasises the importance of rural hinterlands and urban-rural linkages for ICMs.

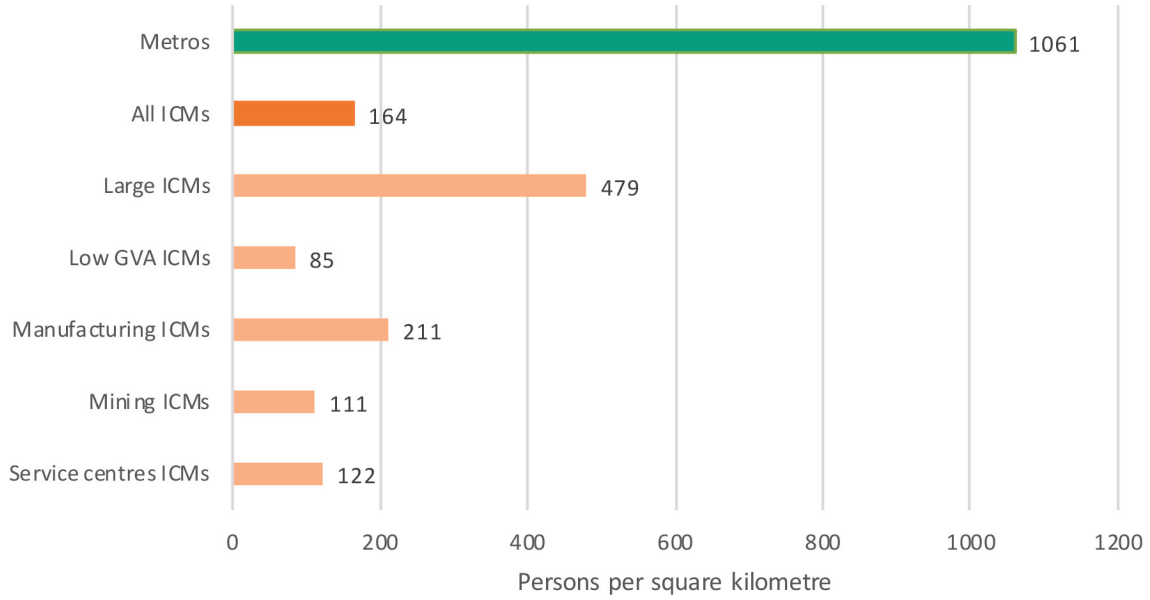
Figure 7: Population living in urban areas, on traditional land and on commercial farms (2016)



Note: See Annexure F for the percentage of population living in urban areas

Urban areas are characterised by high population densities (i.e. number of people per square kilometre) and agglomeration economies, which bring substantial benefits. Figure 8 compares the municipal densities across the different settlements – it should be noted that it was not possible to determine the densities for only the urban areas within municipalities.

Figure 8: Population densities per settlement category (2016)



Note: Annexure G provides an overview of the total density for each of the ICMs in 2016

Population densities are 6.5 times higher in metros than in ICMs. Among ICMs, the large ICMs have over double the population densities of other ICMs, while – ironically – the low GVA and high population density ICMs have the lowest population densities of all. Despite a considerable inflow of people into mining ICMs, the average densities of these municipalities remain low, at 111 people per square kilometre, which may reflect the dispersed locations of mining operations.

4 Economic and Development Profiles

IN BRIEF

Although metros have more robust economies, ICMs play an important economic role,

contributing about

28%

of South Africa's GVA.

Over three-quarters

(77%)

of employed people in South Africa live in metros and ICMs, of which a quarter

(24% or 3.2 million people)

are found in ICMs.

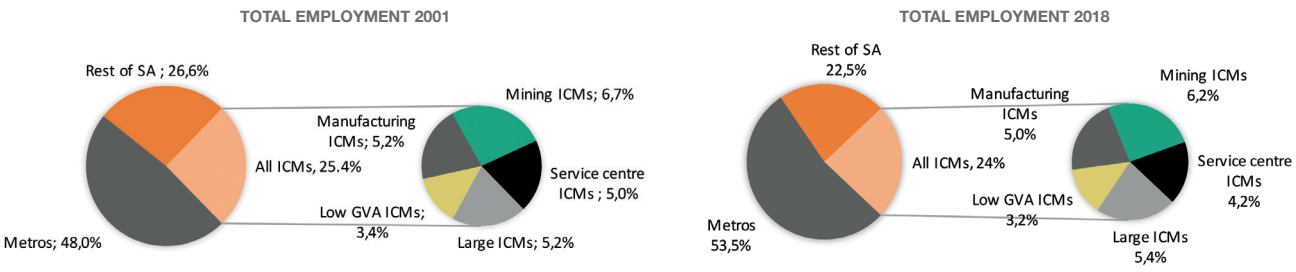
- **Over the past two decades, decentralised government services have benefitted ICMs.** In addition to specific economic functions, many ICMs have also become seats of government or provincial capitals, which has helped reduce their vulnerabilities. However, for some manufacturing and mining ICMs, their dependence on volatile global markets results in volatile growth rates.
- **Unemployment rates and poverty levels are higher and per capital incomes lower in ICMs than in metros.** Although generally, employment growth supported population growth in the ICMs, places that depend on gold mining (Merafong City, Rand West, and Matjhabeng) were less successful.
- **Gross domestic product (GDP) per capita has grown slowly in ICMs, mainly as a result of the substantial drop in mining ICMs.** Yet, despite this drop, mining ICMs have some of the lowest poverty levels among ICMs.
- **Between 1996 and 2018, the HDI in ICMs improved, but metros still have higher HDIs.** Metros have slightly higher levels of inequality compared to most ICMs, but household income levels in ICMs are about 35% lower than in metros.
- **Manufacturing ICMs have more diverse economies than metros, but the Tress index for ICMs overall is negatively affected by mining ICMs whose economies are the least diverse – and have become less diverse over the past two decades.**

Urban areas are essential for economic development because they benefit from agglomeration advantages. However, realising these advantages is more difficult for ICMs that for metros because their economies are vulnerable. Many rely on a single economic sector (e.g. mining) or a manufacturing subsector, and are dependent on global markets.

4.1 Employment

Metros and ICMs account for well over three-quarters (77%) of all jobs in South Africa. ICMs alone are home to 24% of all employed people and to 27% of the country's population. Between 2001 and 2018, the number of people employed in ICMs rose from approximately 2 536 565 to 3 184 181.

Figure 9: Total employment (2001 and 2018)



Note: Annexure H provides details new jobs created in each ICM (1996–2018)

The main difference between metros and ICMs is the sizes of the primary sector and tertiary sectors. The primary sector in metros contributes 3.5% of employment, compared to 18% in all ICMs, which include many mining cities (Figure 10). The employment share in the secondary sector is similar for metros and ICMs, but the ICM average does not do justice to the considerable unevenness across ICMs. For example, while the average may be 18%, the secondary sector accounts for just 11% of jobs in the low GVA ICMs but 25% in the manufacturing ICMs.

Figure 10: Employment share per broad sector (1996 and 2018)

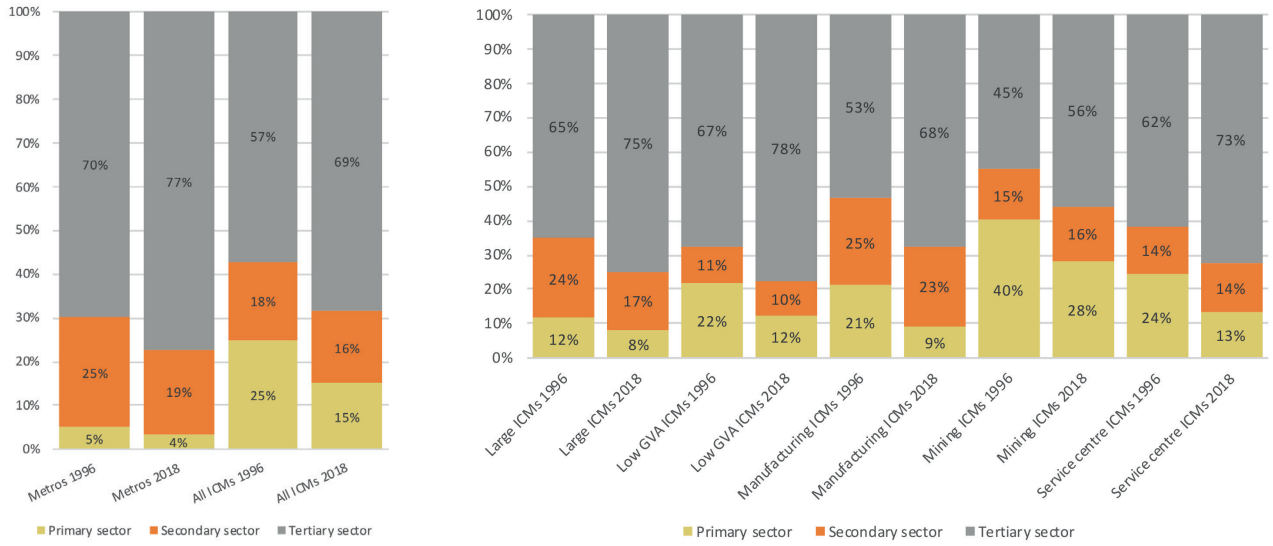
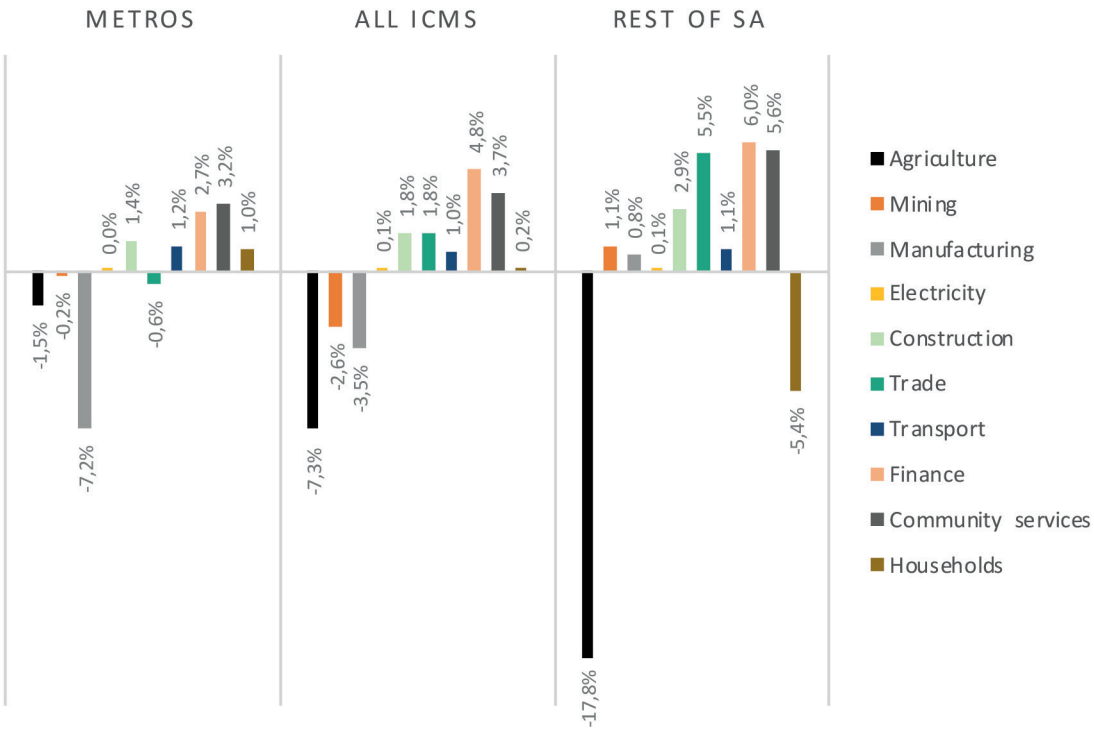


Figure 11: Change in employment per economic sector (2001–2018)



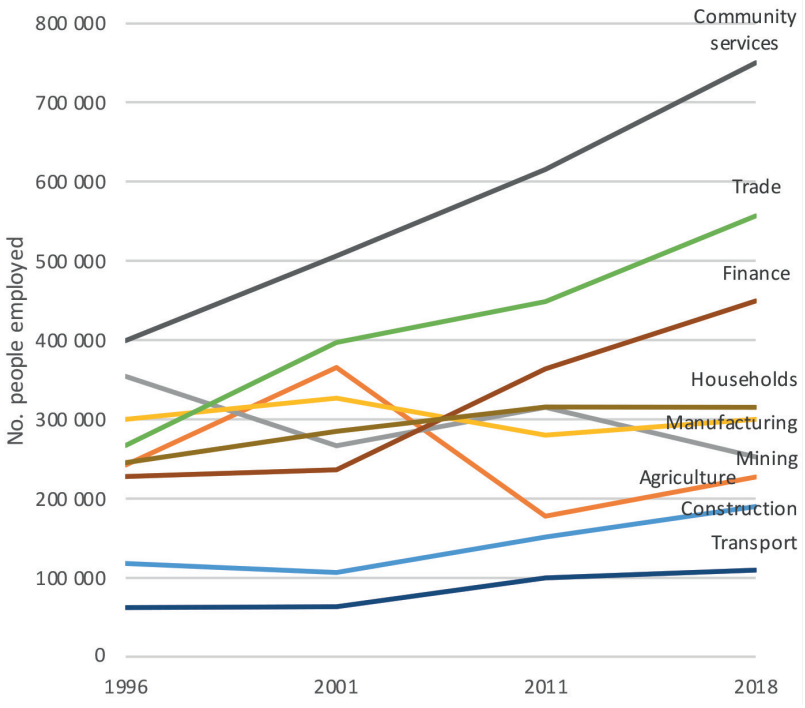
Note: Annexure I provides an overview of the employment in the formal sector in 2001 and 2018

Between 2001 and 2018, three sectors saw a decrease in their share of employment in ICMs:

- The agriculture sector's share of employment went from 14% to 7%, or a loss of 135 000 agricultural jobs. The sector saw a decline of 37% for ICMs compared to 9% in the metros. Contributing reasons include prolonged periods of drought, mechanisation and international competition for farmers. Lower employment in the rural hinterlands also has a negative effect on the regional service function of many ICMs.
- Although many ICMs depend on mining, this sector's share of employment declined from 10.1% o 7.9%, with mining ICMs experiencing a decline from 30.8% to 23.8%.
- The manufacturing sector decrease reflects the impact of South Africa opening up its markets to global goods from the early 1990s.

Between 2001 and 2018, three sectors increased their share of employment: trade, from 15.7% to 17.5%; finance, from 12.9% to 16.3%, and community services, from 19.9% to 23.6%. These trends reflect the general shift in employment in South Africa and the decentralisation of government functions. Some ICMs became provincial capitals (Mahikeng, Mbombela, Msunduzi, Polokwane, and Sol Plaatje), which contributed their attractiveness as locations for companies and assisted in maintaining their regional service function.

Figure 12: Employment per sector in ICMs (1996–2018)

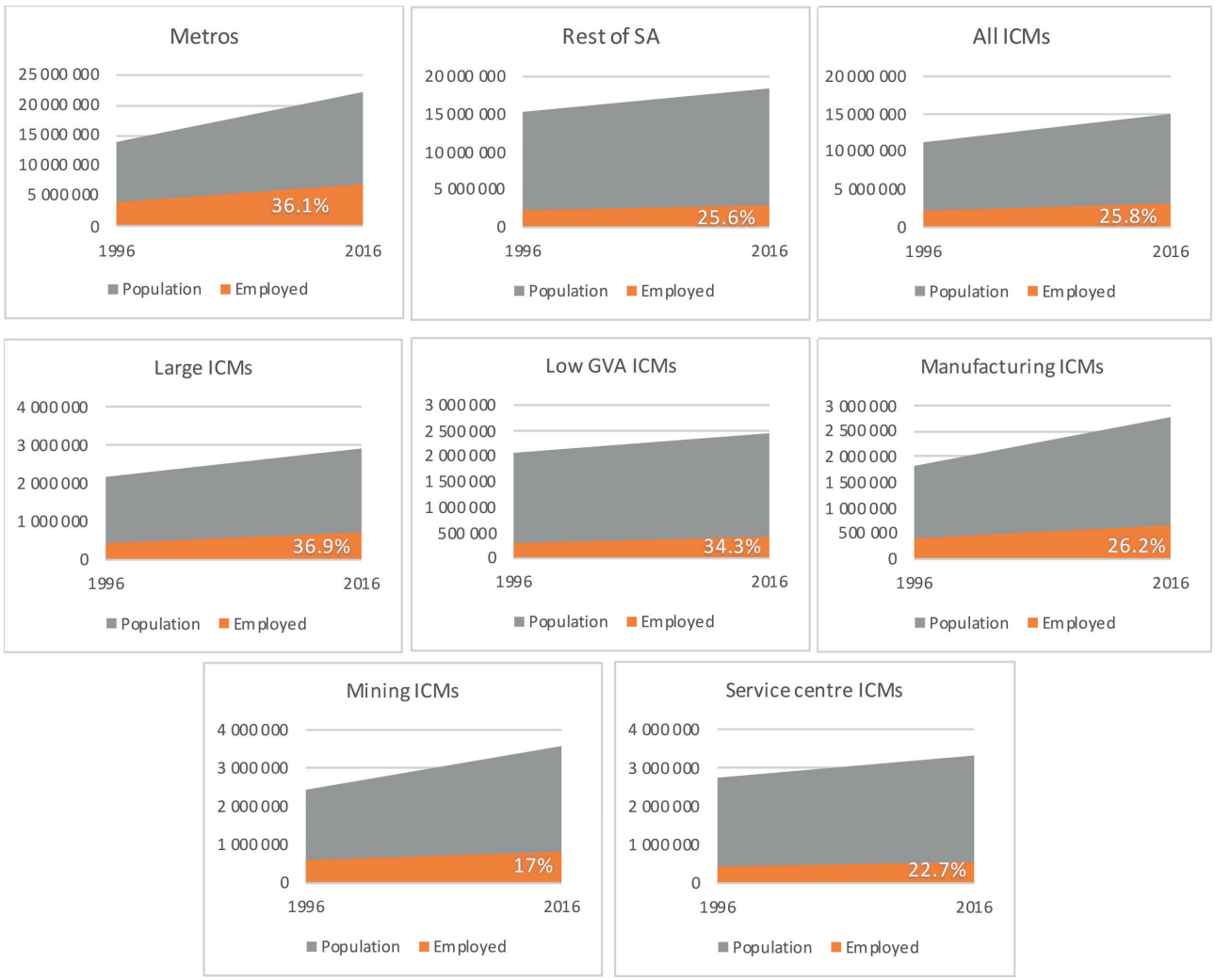


Between 1996 and 2018, three sectors (community services, trade and finance) experienced the highest increase in jobs (Figure 12), with the community services sector creating 350 000 more jobs, largely reflecting the increase in people employed in government and including teachers, nurses, social workers, and administrative staff. This was a result of certain ICMs becoming provincial capitals and an attractive location for trade and finance companies to base their district headquarters. Such cities generally provide suitable living environments, offering a wide range of services, such as private and public schools and hospitals.

- The increase in public service jobs helped counter the consequences of mine decline in certain cities. For example, the Free State provincial government located many decentralised jobs to Matjhabeng, while Sol Plaatje was declared the capital of the Northern Cape and the site of a new university.
- The increase in finance and trade employment is also closely associated with the regional service function of many ICMs, which have become important secondary spaces providing higher-order trade and financial services to a broader rural hinterland. Examples include Mahikeng, Mbombela and Polokwane.

Finally, Figure 13 looks at the extent to which ICMs were able to provide jobs to meet the demand arising from the influx of people.

Figure 13: Employment absorption rate (1996–2018)



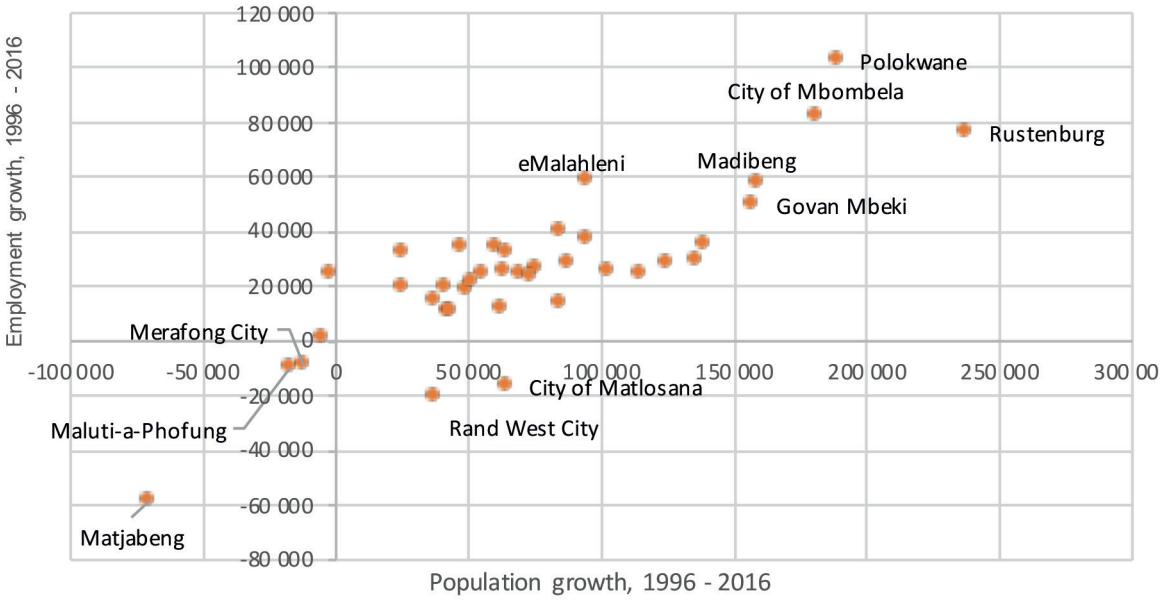
Note: Annexure J gives details of population versus people employed in 1996 and 2016

Metros provide 36.1% of newcomers with jobs, which is higher than all the ICMs whose collective employment absorption rate is 25%. However, this rate varies widely across the categories of ICMs: large ICMs are on par with metros, with an absorption rate of 36.9%, whereas the job market in mining ICMs absorbs just 17% of the newcomers.

… the job market in mining ICMs absorbs just 17% of the newcomers

Figure 14, which plots the relationship between the growth of the population and the growth of employment for all 39 ICMs, shows how employment growth has not kept up with the increase in population in most of the ICMs. Only one ICM – Mogalakwena – managed to create more new jobs than the increase in its population. A few other ICMs had a decline in jobs that was lower than the decline in their populations, implying that job growth outperformed population growth. The mining ICMs are found at the two opposite poles: Rustenburg, Emalahleni and Madibeng have high population and employment growth, whereas the gold mining areas of Matjhabeng and Rand West City have low employment and population growth.

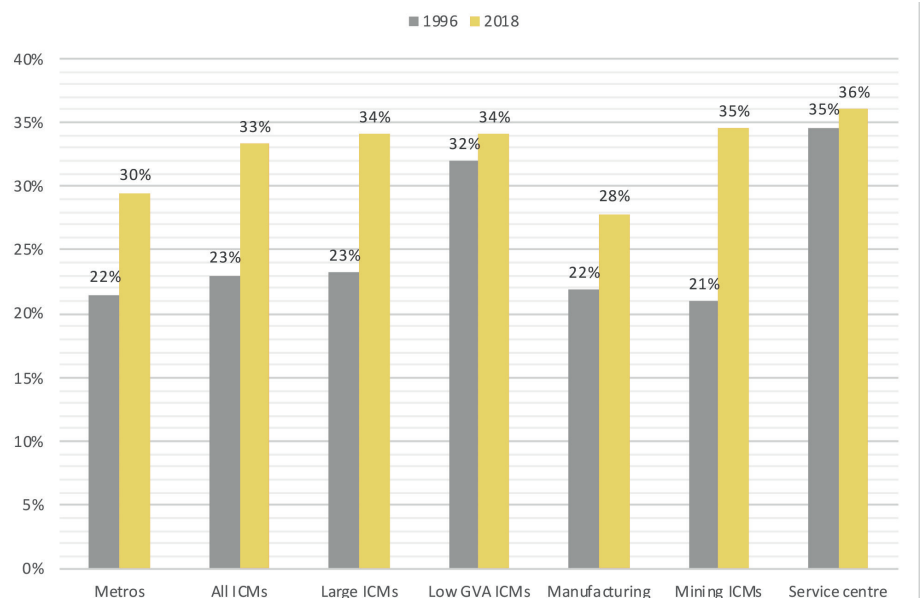
Figure 14: Population growth versus employment growth in ICMs in South Africa, 1996–2018



4.2 Unemployment

Figure 15 confirms the earlier findings about the ability of different cities to absorb newcomers into the job market. Although unemployment was higher in 2018 than in 1996 across all settlement categories, mining and manufacturing ICMs experienced the highest increase, while low GVA and service centre ICMs had the lowest increase in unemployment.

Figure 15: The unemployment rate by settlement category (1996 and 2018)

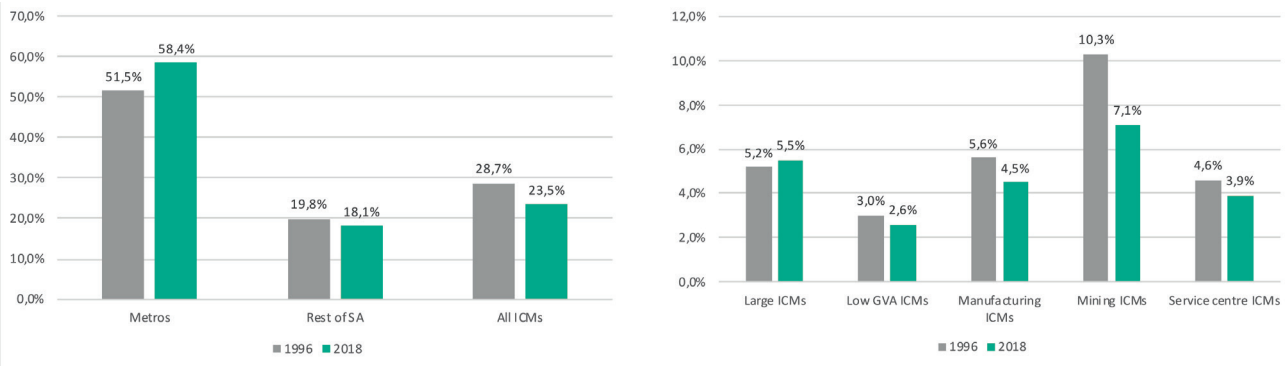


Note: The percentages are calculated based on averages per settlement category. Annexure K provides details of unemployed figures and percentages for 1996 and 2018, while Annexure L gives the number of unemployed people per ICM in 2018.

4.3 Economic contribution and growth

Figure 16 gives the change in GDP contribution for the different settlement categories between 1996 and 2018.

Figure 16: GDP contribution per settlement category (1996 and 2018)

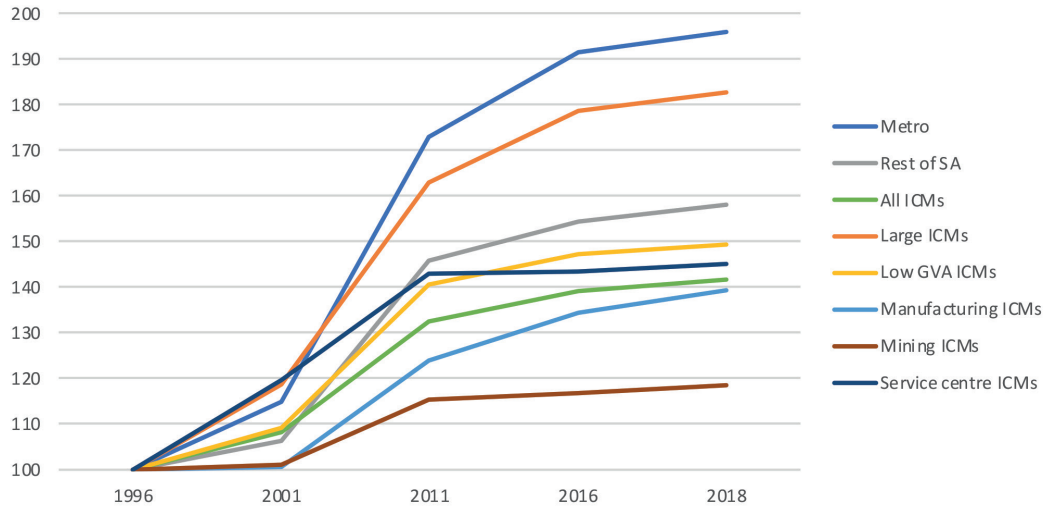


Note: 2010 constant price and X 1000. See Annexure M for details of GDP contribution for 1996, 2001, 2011 and 2018, and Annexure N for total GDP per ICM in 2018.

In 2018, metros contributed nearly 60% and ICMs contributed 23.5% of South Africa's GDP. Between 1996 and 2018, metros increased, while ICMs decreased their share of GDP, from 28.7% 23.5%. Large ICMs were the only ICMs to increase their share, from 5.2% to 5.5%.

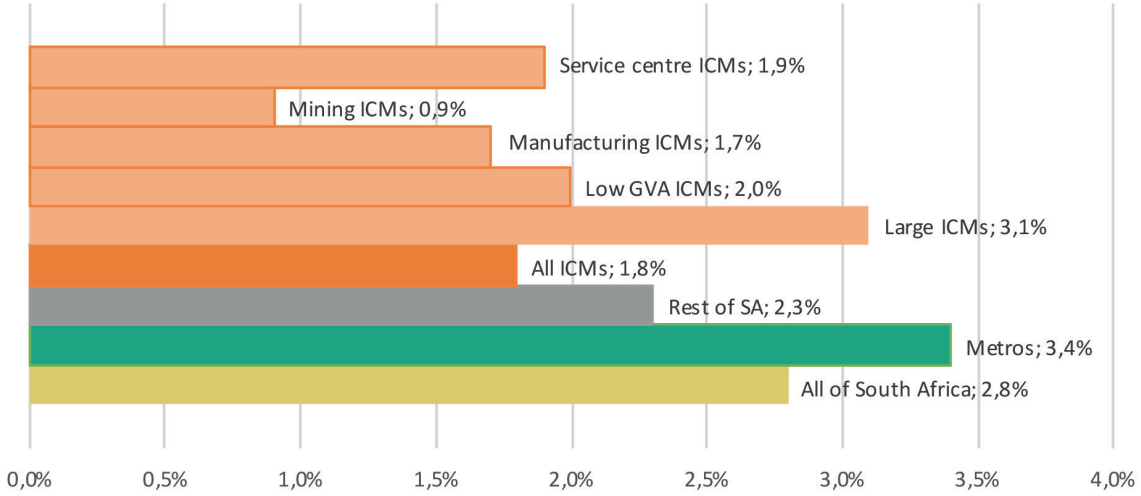
Figure 17 shows the growth as a percentage of the 1996 values, while Figure 18 shows the annual economic growth rates. The two figures illustrate how agglomeration often creates further agglomeration, resulting in higher growth. The metros and large ICMs dominate economic growth, and their economies were respectively 95% and 85% larger in 2018 compared to 1996. However, the economies of all ICMs combined were only 45% larger in 2018 than in 1996 because of the impact of mining ICMs whose economies were just 18% larger. For the other ICMs, their lower figures were the result of lower levels of economic density (agglomeration) and the inability to diversify their economies. These patterns are reflected in the employment patterns and growth rates discussed earlier.

Figure 17: Economic growth for ICMs and metros (1996–2018)



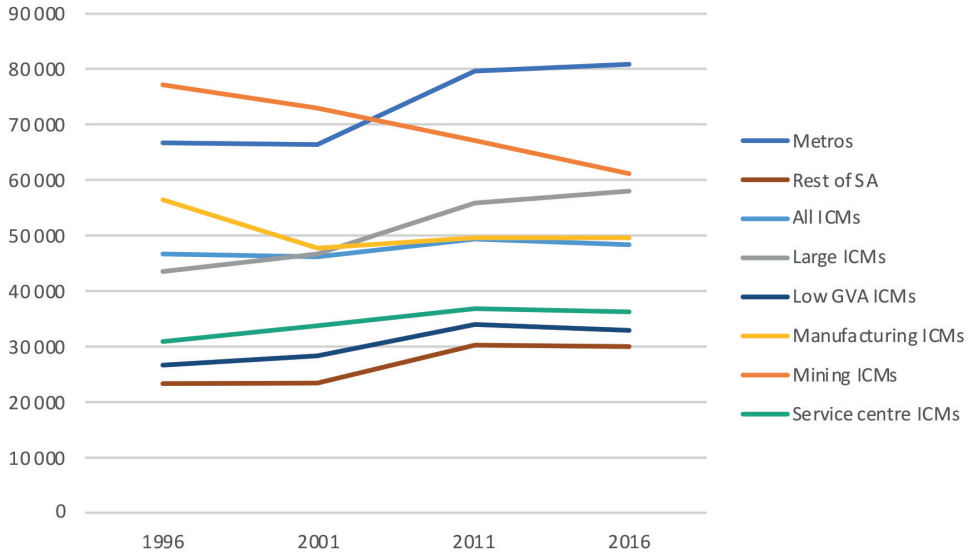
Note: 1996 figures taken as 100%. See Annexure O for the annual economic growth per ICM (1996–2018)

Figure 18: Annual economic growth by settlement type (1996–2018)



The annual economic growth rates confirm the economic vulnerability of most ICMs. Between 1996 and 2018, the economy of all ICMs combined grew by 1.8% per year, compared to 3.4% for metros. The most vulnerable are the mining ICMs and the manufacturing ICMs, where annual economic growth was less than 1% and 1.7% respectively. Manufacturing ICMs tend to depend on a single sector, which is often "old" economy such as steelmaking, making them vulnerable to changes in market demand. Figure 19 shows the GDP per capita for the different settlement types and, once again, the metros outperform the rest of South Africa.

Figure 19: GDP per capita for selected settlement types (1996–2016)



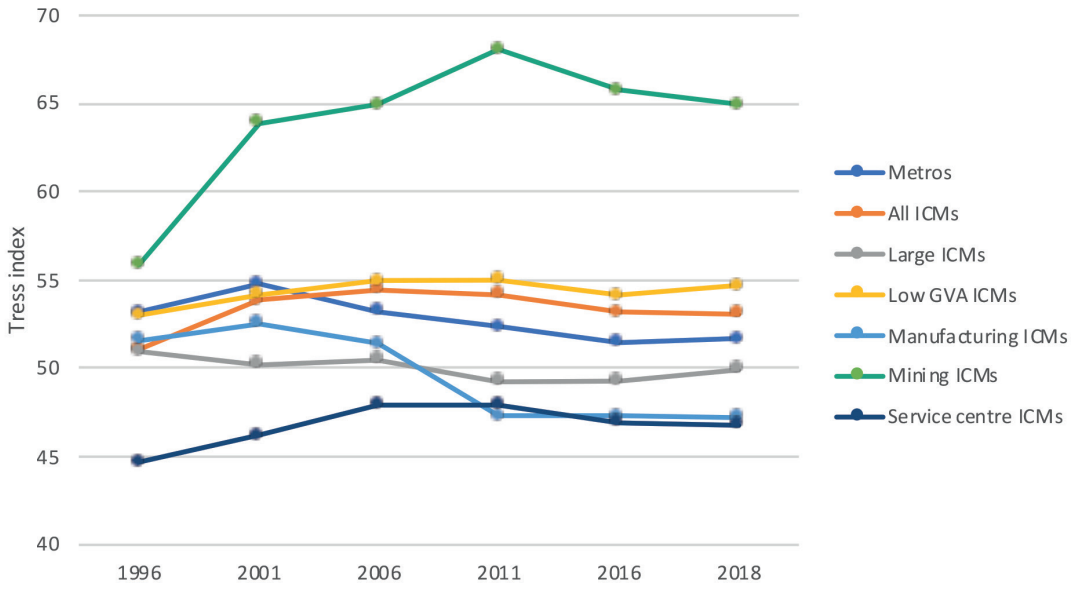
Note: See Annexure P for details of GDP per capita for each ICM

Between 1996 and 2016, GDP per capita increased from R66,686 to R80,895 in metros, and from R46,700 to R48,337 in all ICMs, which was higher than the rest of South Africa. Over the two decades, the per capita GDP in mining ICMs dropped markedly but remained higher than the average for ICMs. This decline is partially due to the slower growth in mining, but also because of migration to mining areas. Large ICMs saw an increase in their GDP per capita, mainly as a result of Polokwane and Mbombela becoming provincial capitals. Both cities also perform essential cross-border and trade functions. UMhlathuze benefitted from the high price of coal and, to a lesser degree, from the special economic zone that government established in Richards Bay (the Richards Bay Industrial Development Zone), while Emfuleni's proximity to the City of Johannesburg played a crucial role in its development.

4.4 Economic diversity

The Tress Index (Figure 20) provides insight into economic diversification, which is important for understanding the economic vulnerability of ICMs. A value of 0 means that all sectors contribute equally to the economy, whereas a value of 1 means that only one sector contributes to the economy. Therefore, the higher the value, the less diverse the economy, and vice versa.

Figure 20: Tress index by settlement type (1996–2018)



Note: Annexure Q provides an overview of the Tress Index for all ICMs.

Metros may have diversified their economies since 1996, their economies are not more diverse than those of certain categories of ICMs. Of all ICMs, large ICMs and service centres ICMs have the most diverse economies, which is probably because of their relatively large agricultural sector. Manufacturing ICMs have become more diverse because of the declining share of manufacturing in their economies and the increase in community services. In general, ICMs have become less diverse (from 51.07 to 53.08), which is due to the mining ICMs that have become increasingly dependent on mining. This highlights the difficulty that mining towns have in diversifying their economy.

Of all ICMs, large ICMs and service centres ICMs have the most diverse economies

4.5 Poverty levels

The data distinguishes between two sets of poverty indicators, as defined by Stats SA:

- The percentage of people living below the food poverty line
- The percentage of people below the lower poverty line

The food poverty line refers to the amount of money that an individual will need to afford the minimum daily calories a person needs to survive[3] and is commonly referred to as the "extreme" poverty line. The lower poverty line includes non-food items and refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the foot poverty line.

3 The threshold used by Stats SA is 2100, which is the United Nations' minimum daily consumption requirement in emergency situations. In April 2019 prices, the food poverty line was R561, while the lower poverty line was R810.

Table 2: Percentage of people living in poverty by settlement type (1996–2018)

Settlement categories	% of people below the food poverty line					% of people below the lower poverty line				
	1996	2001	2011	2016	2018	1996	2001	2011	2016	2018
Metros	17,1	20,5	14,3	20,3	21	39,3	41	25,8	32,7	33,4
Rest of SA	47,6	46,8	27,5	35,8	36,5	79,3	73,9	46	52,8	53,2
Large ICMs	30,7	32	19,9	26,4	27	59,2	57,1	34,6	41,3	41,7
Low GVA ICMs	47,2	49,1	29,8	35,9	35,8	80,2	76,8	49,2	53,6	53
Manufacturing ICMs	27,1	29	19,1	26,2	26,9	53,1	52,3	32,9	40	40,8
Mining ICMs	29,2	28,8	16,1	21,4	22	57,4	53,2	28,9	34,7	35,4
Service centre ICMs	36,6	37,8	23,4	32,1	32,8	65,9	62,9	39,6	48,5	48,9
All of South Africa	33,4	34,1	20,6	27,5	28,2	61,1	58,3	35,5	42,2	42,7

Note: cells shaded in red show above average for South Africa. See Annexures R and S for percentage of people living below the food poverty line and below the lower poverty line per ICM in 2018.

Table 2 reveals that the percentage of people living in poverty in the metros is considerably smaller than in the rest of South Africa, although the real numbers will be higher due to the higher population.

- In the ICMs, 28.5% of the people live below the food poverty line and 43.% below the lower poverty line. The percentage is higher in low GVA ICMs and regional services ICMs but lower in large ICMs, manufacturing ICMs and mining ICMs.
- The large agglomeration advantages of ICMs mean that their potential role in poverty alleviation and rural development should receive adequate attention.

In service centre and low GVA ICMs, many people living below the food poverty line probably reside on traditional land (refer Figure 7), in locations where there are few jobs, inadequate infrastructure and a lack of skills.

4.6 Human development index

The human development Index (HDI) provides a composite index of: life expectancy, education and per capita income (Figure 21). A figure closer to 100 indicates a higher HDI.

Figure 21: Human development index (1996 and 2018)

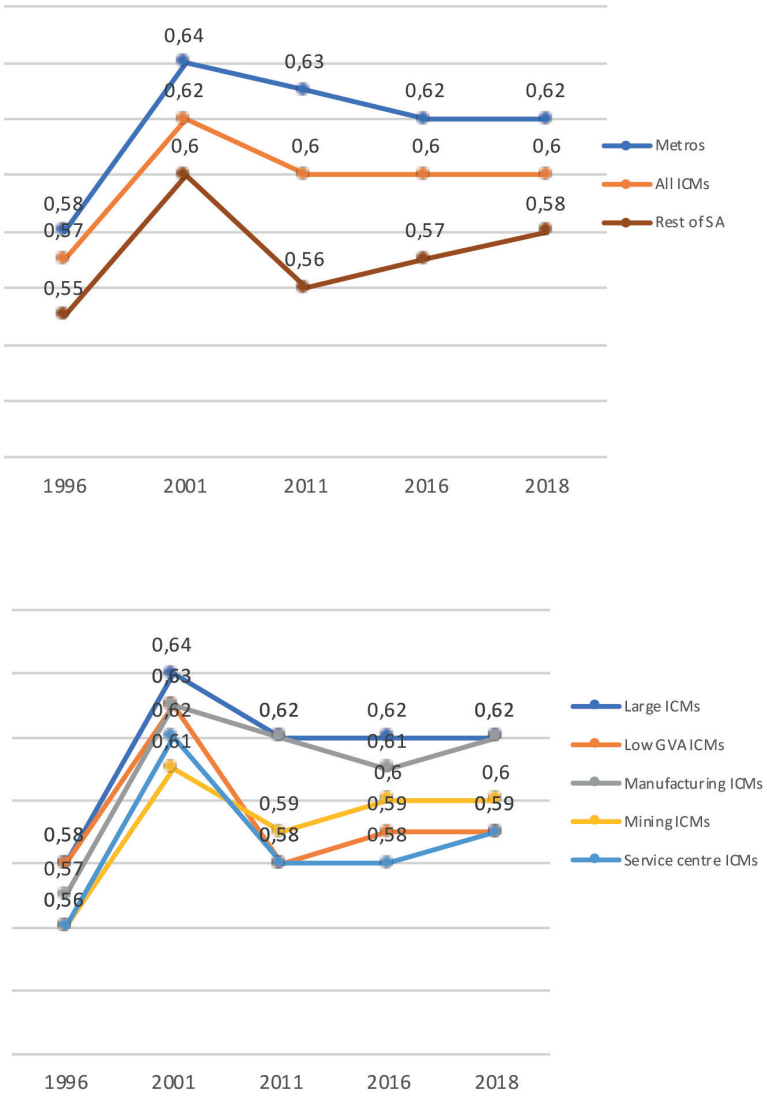
Note: See Annexure T for an overview of the HDIs per ICM

The HDI for all ICMs (0.64) was substantially lower than in the metros (0.70). However, between 1996 and 2018, the HDI for ICMs increased by 0.11, outstripping the metros whose HDI grew by 0.07. Overall, the reasons for this are not clear but may be partly related to the rural development role of ICMs.

4.7 Inequality

Analysts often describe South Africa as one of the most unequal countries in the world. Inequality is measured using the Gini coefficient – the closer the Gini coefficient is to one, the more unequal is the society. Figure 22 provides an overview of the changes in the Gini coefficient for the various settlement categories since 1996.

Figure 22: The Gini coefficient (1996–2018)



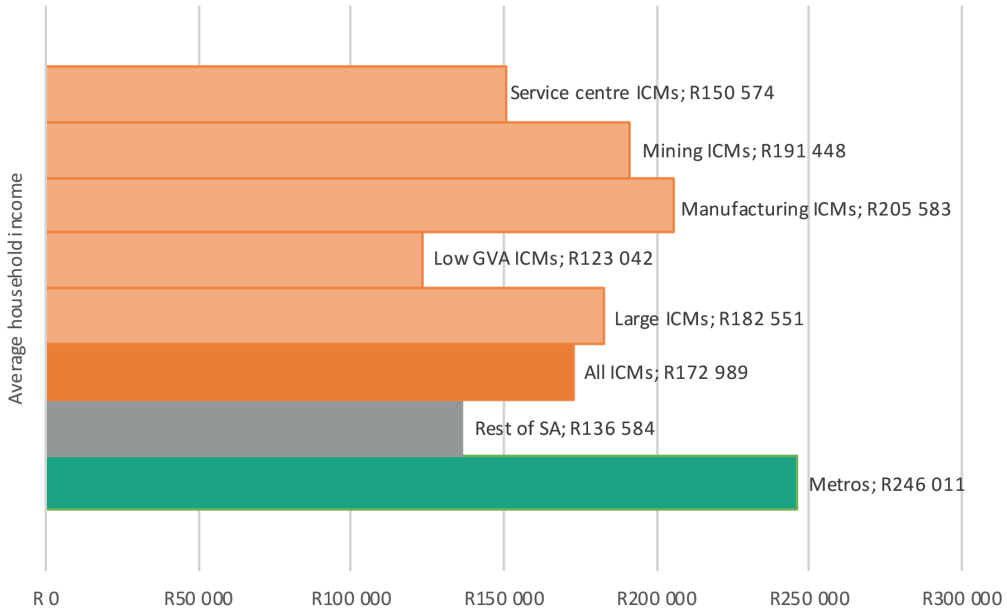
Note: Annexure U provides an overview of the 2018 Gini coefficient per ICM.

Figure 22 shows that inequalities have in general increased since 1996, although there are indications that the growth of inequality has slowed down. Metros and large ICMs have the highest inequalities (0.62), while low GVA ICMs (0.59) and service centre ICMs (0.59) have the lowest inequalities, which may indicate that the population is more equally poor, as these two categories have low HDIs.

4.8 Household income

Household income was calculated based on data provided by Global Insight. Although averages disguise the distribution of income, it provides some indication of income difference (Figure 23).

Figure 23: Average annual household income (2018)



Note: Annexure V provides the average annual household income for all ICMs.

Unsurprisingly, the highest average income is in the metros (R246,011), while average incomes in ICMs range from R123,042 in low GVA ICMs to R205,583 in manufacturing ICMs.

5 Housing and Infrastructure

IN BRIEF

Despite progress in providing housing, informal dwellings in metros and all ICMs grew by

55.4% and 45.23%

respectively between 1996 and 2016.

Mining ICMs stand out, as informal dwellings increased by 74% and now account for 22% of all households compared to 16.6% in metros.

Access to electricity is also mostly similar between the metros and the ICMs.

By 2016, fewer than

10%

of households in metros and all ICMs are without access to electricity – the exception again is mining ICMs where the percentage is 15%.

Both metros and all ICMs have significantly increased access to water and sanitation but are not all keeping up with the increasing number of households.

Access to water and sanitation is lower in ICMs that in metros, which is closely associated with the difficulties of servicing large swathes of land under traditional control, which is a feature of many ICMs.

The growth of informal settlements is often a reflection of high levels of migration and the inability of a local authority to deal with the influx of people, which can also be seen from access to services such as water and electricity.

5.1 Housing type

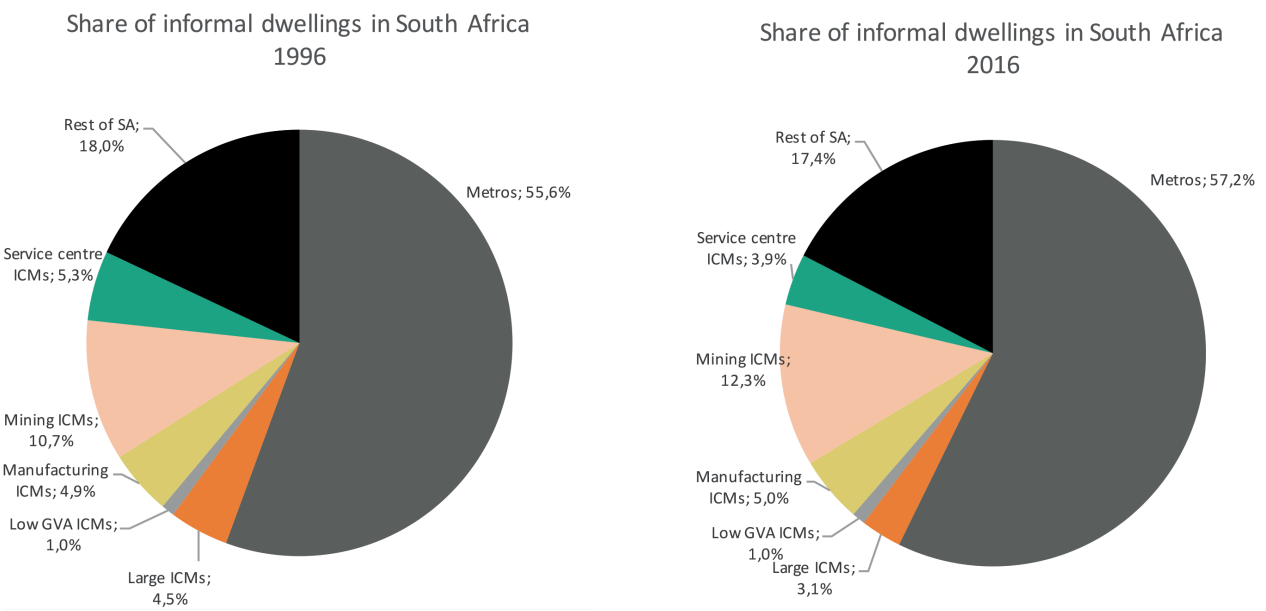
Over the past two decades, informal settlements have grown extensively across South Africa's urban areas, as Table 3 and Figure 24 highlight. Between 1996 and 2016, informal dwellings increased by 55.3% in metros and 45.3% in all ICMs. However, mining ICMs have seen an increase of 74% in the number of informal dwellings. The situation in these ICMs seems to be problematic, as nearly 22% of all dwellings are informal compared to 16.6% in metros and 12.3% in all ICMs.

Table 3: Informal dwellings per settlement type, 1996 and 2016

	1996		2016		Increase 1996–2016
Settlement category	**No.**	**% of total households**	**No.**	**% of total households**	
Metros	808 009	22,8%	1 255 127	16,6%	55,3%
All ICMs	383 386	16,1%	557 073	12,3%	45,3%
Large ICMs	65 282	13,7%	68 495	7,8%	4,9%
Low GVA ICMs	15 019	3,6%	21 517	3,3%	43,3%
Manufacturing ICMs	70 910	18,1%	110 413	13,5%	55,7%
Mining ICMs	155 763	28,9%	270 687	21,8%	73,8%
Service centre ICMs	76 412	13,6%	85 960	9,1%	12,5%
Rest of SA	261 620	8,6%	381 768	7,9%	45,9%
All of South Africa	1 453 015	18,9%	2 193 968	13,0%	51,0%

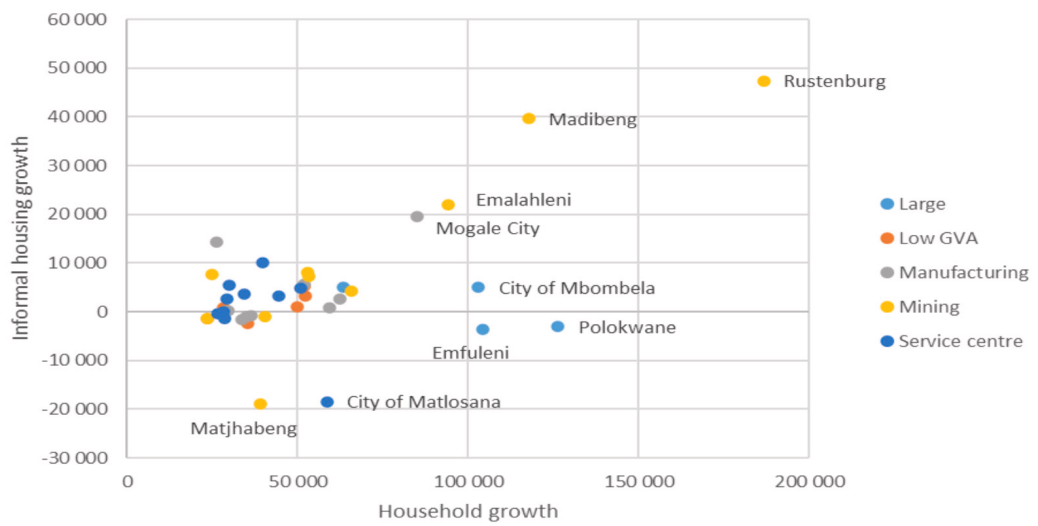
Note: cells shaded in red show the three highest percentages

Figure 24: Informal housing in South Africa (1996 and 2016)



To see how ICMs are managing their urbanisation, and specifically if increased urbanisation results in increased informal dwellings, Figure 25 compares the growth in informal dwelling with the growth in households for the period 1996–2016.

Figure 25: Household growth compared to growth of informal dwellings (1996–2016)



Note: Annexure W gives the number of informal houses per ICM in 2018

The growth in households has been higher than that of informal dwellings, which suggests that urban growth is the result of not only the influx of people but also the formation of new households. The number of households and informal settlements increased rapidly in some ICMs but declined in others – two ICMs saw a decrease of about 20 000 informal units (City of Matlosana and Matjhabeng). Most ICMs saw an increase of fewer than 5000 informal settlements, but six ICMs experienced an increase of more than 10 000 informal dwellings, with two experiencing a growth of more than 40 000.

5.2 Water access

Access to an in-door tap was used as an indicator of access to water (Table 4).

Table 4: Access to an indoor tap by settlement category (1996–2016)

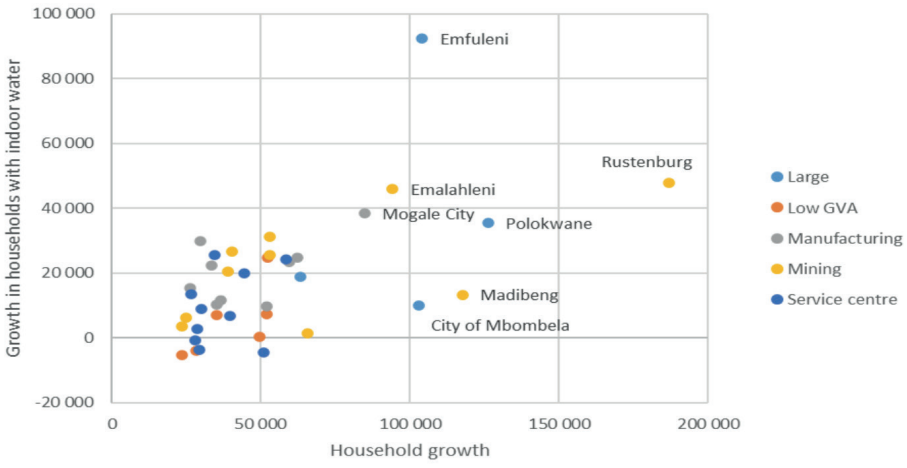
	1996		2016		Increase 1996–2016
Settlement category	**No.**	**% of total households**	**No.**	**% of total households**	
Metros	2 366 702	66,1%	4 725 638	62,4%	99,7%
All ICMs	924 132	38,3%	1 612 449	35,5%	74,5%
Large ICMs	219 042	45,4%	375 972	42,8%	71,6%
Low GVA ICMs	71 513	17,1%	101 792	15,4%	42,3%
Manufacturing ICMs	213 132	53,7%	398 979	48,9%	87,2%
Mining ICMs	233 183	42,8%	455 480	36,6%	95,3%
Service centre ICMs	187 262	32,9%	280 226	29,8%	49,6%
Rest of SA	686 022	22,4%	1 173 766	24,4%	71,1%

Note: cells shaded in red show the three highest percentages.

Between 1996 and 2016, metros more than doubled the number of households with access to water (from 2.37 to 4.73 million), an increase of almost 100%. For all ICMs, the increase was almost 75%, with mining ICMs performing the best (increasing by 95.3%) and low GVA ICMs performing the worse (increasing by just 42.3%). However, despite this success in service provision, during the same period the percentage of households with access to water decreased for metros (from 66.1% to 62.9%) and for all ICMs (from 38.3% to 21.5%), as a result of the growing urban population. Low GVA ICMs have the lowest percentage of households with access to an indoor tap: 15.4% in 2016, a slight decrease from 17.1% in 1996.

Figure 26 portrays the relationship between household growth and the growth in households with in-door water supply for the 39 ICMs.

Figure 26: Household growth compared to growth in households with access to indoor water (1996–2016)



Note: Annexure X provides an overview of the number of households with indoor water access per ICM in 2016.

Most ICMs made steady progress in providing access to water, although they have not kept up with the increase in number of households. Five ICMs (Makhado, Bushbuckridge, Thumela, Nkomazi, Greater Giyani) had fewer households with indoor water access in 2016 than in 1996.

5.3 Sanitation access

Access to a flush toilet is used as an indicator for access to sanitation (Table 5).

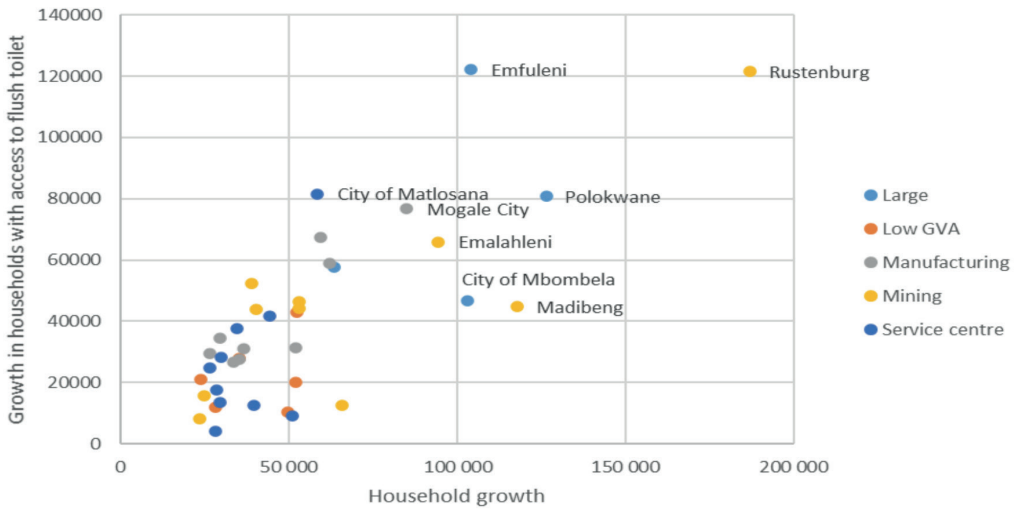
Table 5: Access to a flush toilet (1996 and 2016)

	1996		2016		Increase 1996–2016
Settlement category	**No.**	**% of total households**	**No.**	**% of total households**	
Metros	2 800 806	78,3%	6 642 326	87,8%	137,2%
All ICMs	1 008 732	41,8%	2 560 851	56,4%	153,9%
Large ICMs	229 571	47,6%	536 785	61,1%	133,8%
Low GVA ICMs	53 852	12,8%	188 173	28,5%	249,4%
Manufacturing ICMs	258 631	65,1%	642 612	78,7%	148,5%
Mining ICMs	276 946	50,8%	732 585	58,9%	164,5%
Service centre ICMs	189 732	33,3%	460 697	49,0%	142,8%
Rest of SA	743 316	24,2%	2 282 718	47,4%	207,1%

Note: cells shaded in red show the three highest percentages.

In 2016, many more households had access to a flush toilet in metros (87.8%) than in all ICMs (56.4%). However, between 1996 and 2016, the percentage increase was higher in ICMs (+154%) than in metros (+137%), which can be explained by the ICMs starting from a much lower base. In mining ICMs, despite the high percentage of informal settlements, the average access to a flush toilet (59%) is higher than the average for all ICMs. Low GVA ICMs had the highest increase in people with access to flush toilets, albeit from a small base and the overall percentage remains very low. The lower percentages for ICMs are associated with the high levels of land under traditional control and the difficulties associated with servicing such land. Figure 27 shows the relationship between household growth and the growth in households with access to a flush toilet.

Figure 27: Household growth compared to growth in households with access to a flush toilet (1996–2016)



Note: Annexure Y provides an overview of the numbers of households with access to flush toilets per ICM.

Generally, ICMs have been able to provide flush toilets to their inhabitants in line with the increases in the number of households. The improvement has been a significant achievement, but the extension of bulk services and the management of waste have not always followed (SACN, 2014; 2017).

5.4 Electricity access

For access to electricity, the indicator used was the number of households *without* access to electricity (Table 6).

Between 1996 and 2016, the number of households with access to electricity increased rapidly. In metros, only 7.9% of households did not have access to electricity in 2016, compared to 23% in 1996. In all ICMs, fewer than 10% of households remained without access to electricity in 2016, down from nearly 50% in 1996. ICMs. Over the two decades, low GVA and service centre ICMs made the most progress in providing access to electricity, while mining ICMs made the least progress. In 2016, large ICMs, low GVA ICMs and service centre ICMs all had a higher percentage of households with access to electricity than metros.

Table 6: Households without access to electricity (1996–2016)

	1996		2016		Decrease 1996–2016
Settlement category	**No.**	**% of total households**	**No.**	**% of total households**	
Metros	822 278	23,0%	598 986	7,9%	-27,2%
All ICMs	1 124 105	46,6%	410 785	9,1%	-63,5%
Large ICMs	183 716	38,1%	43 465	4,9%	-76,3%
Low GVA ICMs	276 136	65,8%	48 717	7,4%	-82,4%
Manufacturing ICMs	114 140	28,7%	65 522	8,0%	-42,6%
Mining ICMs	247 443	45,4%	188 060	15,1%	-24,0%
Service centre ICMs	302 670	53,2%	65 020	6,9%	-78,5%
Rest of SA	1 892 363	61,7%	682 500	14,2%	-63,9%

Note: Cells shaded in red show the three lowest percentages. See Annexure Z for the percentage of people per ICM with access to electricity

6 Municipal Finance

IN BRIEF

ICMs are more dependent on intergovernmental grants than metros, although they receive less funding than metros on a per capita basis.

ICMs have lower revenue than metros because of lower economic densities and activities, reflecting their economic vulnerability. Overall, municipal finances in ICMs are under pressure. On average metro collect three times more income per person than the ICMs for property tax, and nearly twice as much for electricity and water charges.

Concerns about municipal finance management are greater for ICMs than for metros because of the higher percentage of qualified outputs and levels of fruitless, unauthorised and unacceptable expenditure. However, it should be acknowledged that poor financial management is also present in some of the metros.

Metros and the different categories of ICMs have economies of varying sizes and structures, which reflect in their financials. Comparing ICM incomes with that of metro also show interesting results The average varies from 4% (low GVA ICMs) to 15% (large ICMs). The different size and structure of municipal economies are also evident when comparing municipal income per person with the average income per individual. In 2017/18, the average municipal income per person was more than twice as high in metros than in ICMs, i.e. R8585 compared to R4489.

Table 7: Agglomeration effect revealed through GDP and municipal income

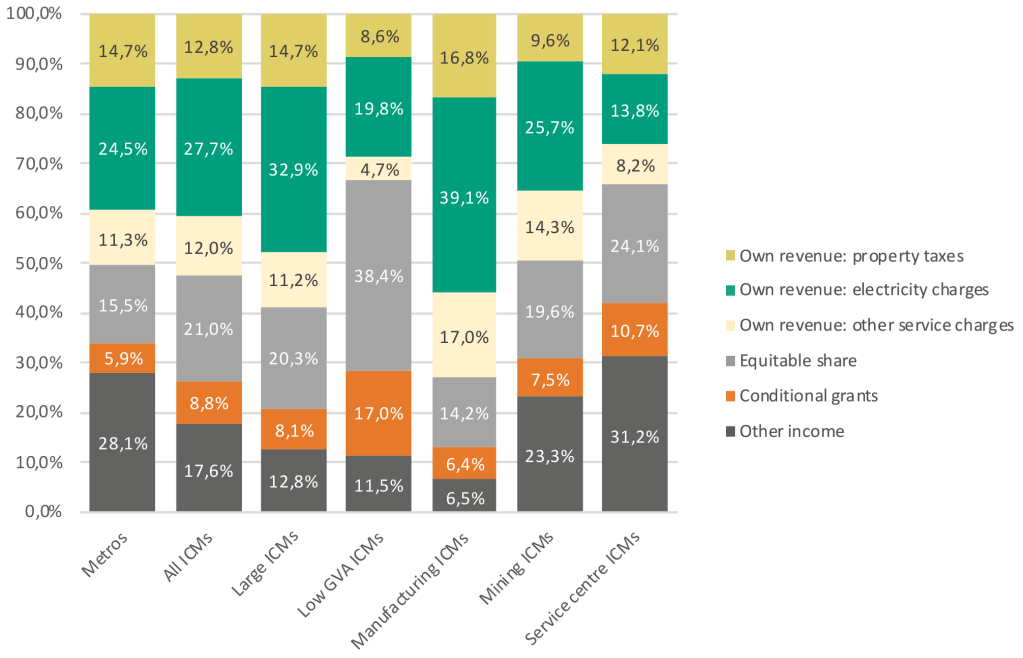
Average per settlement category	Metros	All ICMs	Large ICMs	Low GVA ICMs	Manufac-turing ICMs	Mining ICMs	Service centre ICMs
Total income	R26 027 million	R1 763 million	R3 812 million	R923 million	R1 815 million	R1 628 million	R1 484 million
Percentage of metro income		7%	15%	4%	7%	6%	6%
Municipal income as percentage of GVA	0.80%	1.28%	1.18%	1.46%	0.98%	1.66%	1.06%
Municipal income per person	R8 585	R4 489	R5 148	R2 207	R5 883	R4 240	R4 754
Individual income per person	R84 990	R59 113	R60 108	R37 596	R68 693	R72 440	R49 677

Source: Income per person is from Global Insight data, while municipal income per person is calculated from the municipal audited financial reports and Stats SA.

6.1 Municipal income

Three income streams are discussed: self-generated "own" income (including property taxes and revenue from electricity and other services), conditional infrastructure grants from various national or provincial departments, and the equitable share. Figure 28 shows the share of income from these sources, as well as other income.

Figure 28: Main municipal revenue sources (2017/18)



Note: Percentages based on average per category. Note: Property tax incomes for Johannesburg, Mangaung, Alfred Duma, Emalahleni, Rand West were not available, and all other calculations were adjusted accordingly. Electricity data was not available for Makhado, Bushbuckridge, Mahikeng, Alfred Duma, Lephalale, Ba-Phalaborwa, Greater Tubatse/Fetagomo, Emalahleni, Maluti-a-Phofung, Ray Nkonyeni, Greater Giyani and Thulamela, and all other calculations were adjusted accordingly. Water and sanitation data was not available for Makhado, Bushbuckridge, Mahikeng, Alfred Duma, Drakenstein, Lephalale, Ba-Phalaborwa, Greater Tubatse/Fetagomo, Emalahleni, Maluti-a-Phofung, Ray Nkonyeni, Greater Giyani and Thulamela, and all other calculations were adjusted accordingly. See Annexure AA for details of municipal revenue per ICM.

Property taxes account for 14.7% of metro income, but this figure is usually about 2% higher if Johannesburg, for which no data was available, is included. The average for ICMs was 12.8%, ranging from 16.8% for manufacturing ICMs and 14.7% for ICMs, to 9.6% for mining ICMs and 8.6% for low GVA ICMs. The comparative figure for 2009 for all ICMs, albeit with a much small sample, was 12.9%[4]. Despite reliability problems, the average figure shows that at least the percentage has not declined in almost a decade.

Service charges contribute a higher percentage of income for ICMs than for metros, with the exception of low GVA and service centre ICMs. Electricity charges represent about a quarter of the average income for metros (24.5%) and all ICMs (27.7%). However, within ICMs, manufacturing ICMs depend on electricity and other service charges for more than half (56.1%) their income. These high percentages are probably the result of providing electricity to many informal houses, which do not pay rates and taxes. Such a high dependency on electricity as a source of income is probably not viable in the long run. However, it should be noted that, although service charges appear to be the largest source of own revenue, much of this income is paid to Eskom or the water boards, and the substantial rise of the electricity prices is placing this source of revenue under pressure.

Such a high dependency on electricity as a source of income is probably not viable in the long run

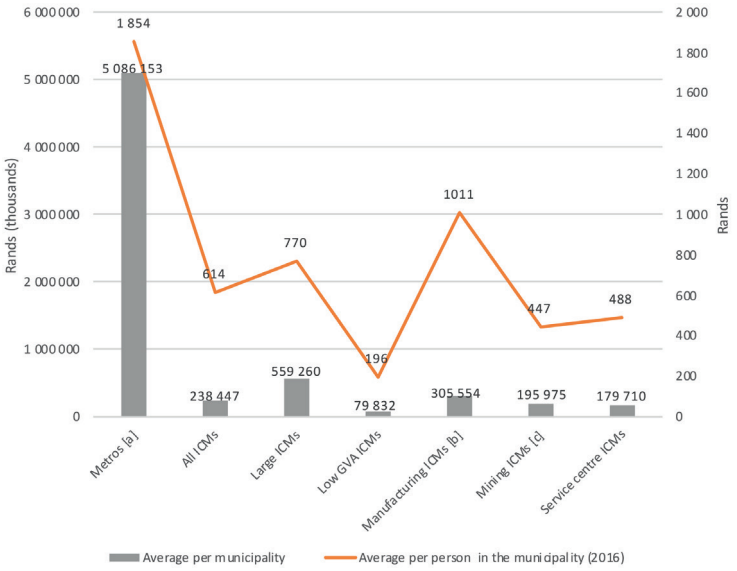
ICMs are more dependent than metros on grants from national governments, which is to be expected given their lower ability to raise own income. For all ICMs, the equitable share represents 22.1% of their income compared to 15.5% for metros. It represents almost 40% of the income for low GVA ICMs, which reflects their low revenue from services and property taxes and high dependency on government grants. Conditional grants account for almost 10% (9.3%) of all ICMs income, compared to 6% (5.9%) of metro income. Across ICMs, the pattern for conditional grants is similar to that of the equitable share: low GVA ICMs depend on conditional grants for 17% of their revenue compared to 7.9% for manufacturing ICMs and mining ICMs.

4 Only 16 ICMs had comparable information

6.2 Own revenue

As mentioned, own revenue sources include property taxes and service charges from electricity and other services, i.e. refuse, sanitation and water. Metros collect almost three times more property rates per person (R1854) than all the ICMs (R614), as Figure 29 illustrates. However, among ICMs, this varies from R196 (for low GVA ICMs) to R1011 (for manufacturing ICMs). Property rates represent 2.1% of the average per capita income for metros and 1.2% for ICMs.

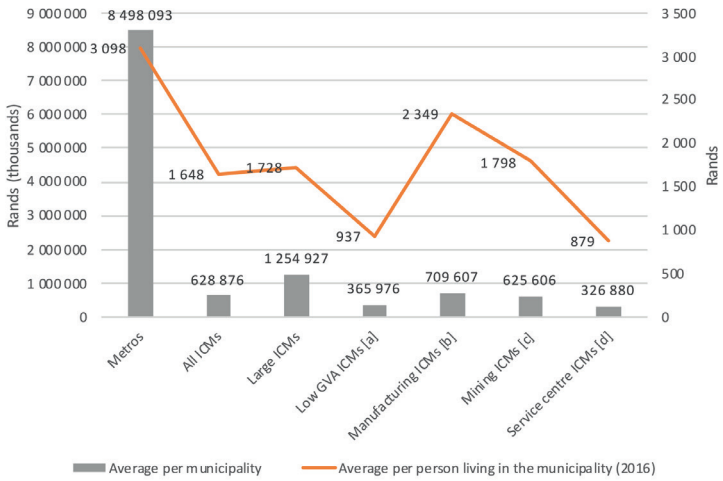
Figure 29: Average revenue from property rates and taxes per municipal category (2017/18)



Notes: [a] The property tax incomes for Johannesburg and Mangaung were not available, and all other calculations were adjusted accordingly; [b] The property tax incomes for Alfred Duma were not available, and all other calculations were adjusted accordingly; [c]The property tax incomes for Emalahleni and Rand West were not available, and all other calculations were adjusted accordingly. Annexure BB provides details of municipal income from property rates and taxes.

The difference between what metros and all the ICMs collect in electricity income per person is less than that of property taxes. Metros collect 1.9 times more than all the ICMs (Figure 30). This suggests that ICMs are better at collecting electricity charges than at raising property rates, which could be because they have more diverse and stable economies, lower per capita income, although municipal capacity could also play a role.

Figure 30: Average revenue from electricity per municipal category (2017/18)

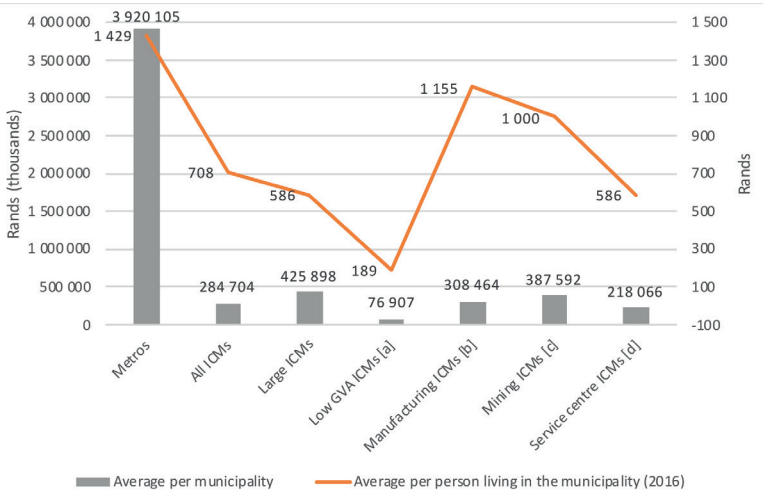


Note: [a] electricity data was not available for Makhado, Bushbuckridge and Mahikeng, and all other calculations were adjusted accordingly; [b] electricity data was not available for Alfred Duma, and all other calculations were adjusted accordingly; [c] electricity data was not available for Lephalale, Ba-Phalaborwa, Greater Tubatse/Fetagomo and Emalahleni, and all other calculations were adjusted accordingly; [d] electricity data was not available for Maluti-a-Phofung, Ray Nkonyeni, Greater Giyani and Thulamela, and all other calculations were adjusted accordingly. Annexure CC provides an overview of the revenue from electricity per ICM.

In 2017/18, the average income per person from electricity was R1648 for all the ICMs, with large ICMs (R1728), manufacturing ICMs (R2349) and mining ICMs (R1798) doing better than average. This suggests that municipal finance is more vulnerable to load shedding issues in ICMs than in metros.

The average per person income from other service charges collected by all ICMs is about 50% of that collected by metros (Figure 31). Of the ICMs, manufacturing ICMs and mining ICMs collect the most revenue from other service charges, at R1155 and R1000 per person respectively.

Figure 31: Average revenue from refuse, sanitation and water charges services per municipal category (2017/2018)

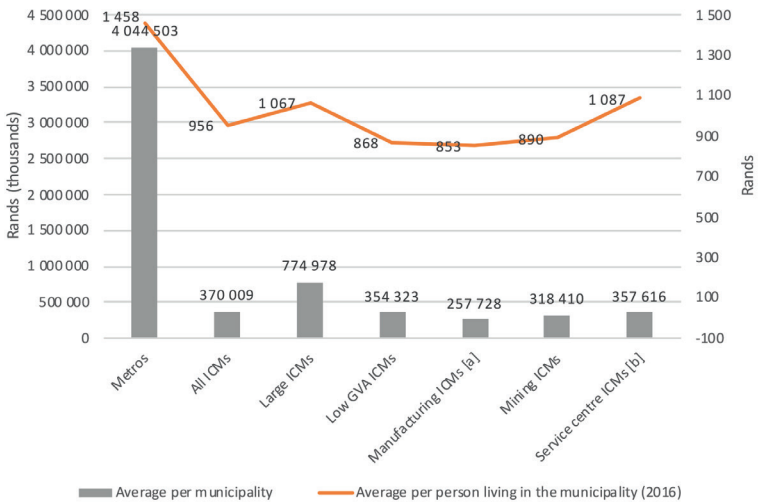


Note: [a] Data was not available for Makhado, Bushbuckridge and Mahikeng, and all other calculations were adjusted accordingly; [b] data was not available for Alfred Duma and Drakenstein, and all other calculations were adjusted accordingly; [c] data was not available for Lephalale, Ba-Phalaborwa, Greater Tubatse/Fetagomo and Emalahleni, and all other calculations were adjusted accordingly; [d] data was not available for Maluti-a-Phofung, Ray Nkonyeni, Greater Giyani and Thulamela. All other calculations were adjusted accordingly. Annexure DD profiles the revenue from water, sanitation and refuse services per ICM.

6.3 Equitable share

The national government distributes the equitable share as a non-conditional grant, which municipalities can use to provide basic services to poor households and to maintain basic administrative and governance capacity and municipal functions. The distribution formula takes into account a wide range of indicators but gives preference to size and future growth.

Figure 32: Average income from the equitable share per municipal category (2017/18)



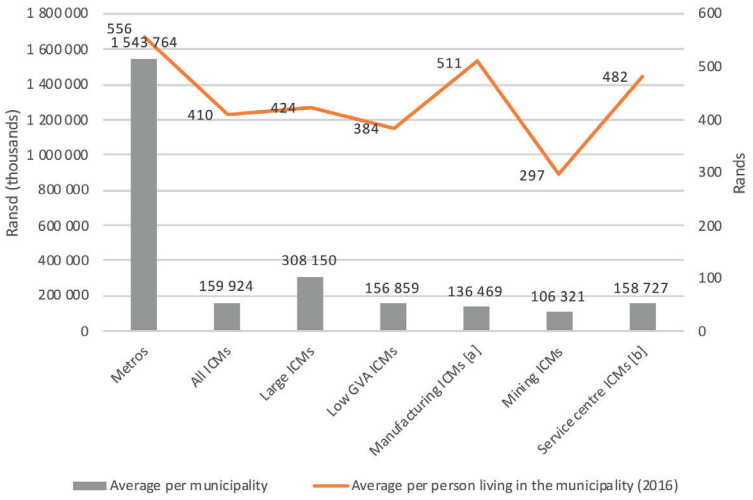
Note: [a] data was not available for Alfred Duma, and all other calculations were adjusted accordingly; []b] data was not available for Maluti-a-Phofung, and all other calculations were adjusted accordingly. Annexure EE profiles the equitable share per ICM.

The equitable share was substantially higher per person in the metros (R1458) than for ICMs (R956). This situation is probably appropriate, as the metros must manage higher levels of urbanisation. Large ICMs and service centre ICMs also had the highest per capita amounts compared to the other ICM categories.

6.4 Conditional grants

Conditional grants usually include infrastructure grants to the various municipalities. Although metros also receive the largest per capita amount for the conditional grants, the difference is much smaller than for the equitable share, being R556 for metros and R410 for ICMs. The average per capita figure is substantially lower (R297) for mining ICMs, which is the result of complicated reasons, and may be because mining ICMs are unable to spend the grants, or because mining settlements are dispersed and experience ongoing migration.

Figure 33: Average income from conditional grants per municipal category (2017/18)



Note: [a] data was not available for Alfred Duma, and all other calculations were adjusted accordingly; [b] data was not available for Maluti-a-Phofung, and all other calculations were adjusted accordingly. Annexure FF provides an overview of the conditional grants per ICM.

6.5 Expenditure on repairs and maintenance

According to National Treasury, municipalities should ideally spend about 8% of expenditure on repairs and maintenance. The average for all ICMs is 6.1%, which is slightly higher than the 5.7% for metros. Among ICMs, the lowest percentage spent on repairs and maintenance was by low GVA ICMs (3.1%) and service centres ICMs (4.8%).

Table 8: Expenditure on repairs and maintenance (2017/18)

	Metros [a]	All ICMs	ICMs: Large [b]	ICMs: Low GVA [c]	ICMs: Manufacturing [d]	ICMs: Mining [e]	ICMs: Service centres [f]
Repairs and maintenance	R7 779 million	R2 755 million	R460 million	R72 million	R1 117 million	R672 million	R433 million
Average per municipality	R1 111 million	R83 million	R230 million	R24 million	R159 million	R84 million	R54 million
Expenditure on repairs and maintenance as % of total expenditure	5.7%	6.1%	5.4%	3.1%	7.5%	6.5%	4.8%

Note: [a] data was not available for Ekhuruleni and Cape Town, and all other calculations were adjusted accordingly; [b] data was not available for Emfuleni and City of Mbombela, and all other calculations were adjusted accordingly; [c] data was not available for King Sebata Dalindyebo, Makhado and Bushbuckridge, and all other calculations were adjusted accordingly; [d] data was not available for Alfred Duma, and all other calculations were adjusted accordingly; [e] data was not available for Matjhabeng and Lephalale, and all other calculations were adjusted accordingly; [f] data was not available for Nkomazi, City of Matlosana and JB Marks, and all other calculations were adjusted accordingly

6.6 Quality of financial management

The quality of municipal management is assessed through audit results, i.e. fruitless, irregular, unauthorised and unacceptable expenditure recorded in the audited financial statements (Table 9) and unqualified audit outcomes (Figure 34), and the level of asset deficiency (Figure 35) and cash coverage (Figure 36).

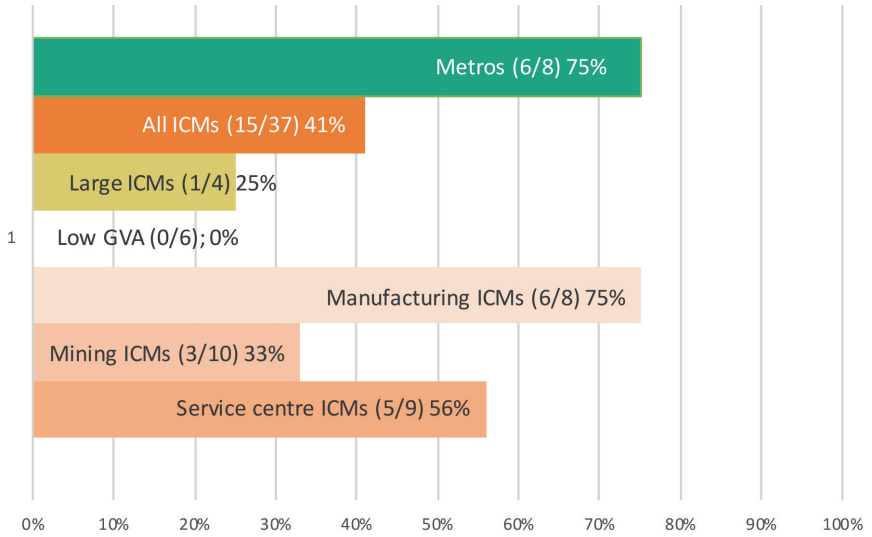
Table 9: Fruitless, irregular, unauthorised and unacceptable expenditure by settlement category (2017/18)

	Metros [a]	All ICMs	Large ICMs [b]	Low GVA ICMs	Manufacturing ICMs [c]	Mining ICMs [d]	Service centre ICMs [e]
Total fruitless expenditure	R17 962 million	R14 184 million	R1 444 million	R2 722 million	R2 007 million	R3 157 million	R4 853 million
Average per municipality	R2 566 million	R429 million	R722 million	R453 million	R250 million	R350 million	R606 million
Average per person living in the municipality (2016)	R839	R1 176	R967	R1 112	R831	R1 069	R1 762
Fruitless, irregular, unauthorised and unacceptable expenditure as % of total expenditure	8.9%	23.5%	9.3%	47.6%	13.5%	25.5%	40.7%

Note: [a] data was not available for Mangaung, and all other calculations were adjusted accordingly; [b] data was not available for Msunduzi and Emfuleni, and all other calculations were adjusted accordingly; [c] data was not available for Alfred Duma, and all other calculations were adjusted accordingly; [d] data was not available for Rustenburg, and all other calculations were adjusted accordingly; [e] data was not available for Maluti-a-Phofung and JB Marks, and all other calculations were adjusted accordingly

ICMs have higher unwanted expenditure per capita (R1176) than metros (R830). Fruitless, irregular, unauthorised and unacceptable expenditure accounted for 23.5% of expenditure in all ICMs, compared to 8.9% in metros. This evidence of poor financial management is the result of capacity constraints, poor governance and political turmoil in many ICMs. Almost half of all expenditure by the low GVA ICMs fell into this category, which may also explain why none of these ICMs received an unqualified audit (Figure 34). The audit outcomes for large ICMs and mining ICMs are disappointing, and it is unclear whether there are specific mining-related contexts that play a role in this regard. However, it should be noted that having an unqualified audit simply means that the municipality has reported accurately and transparently on all transactions – the municipality can have an unqualified audit but still have high irrregular expenditure (SACN, 2018).

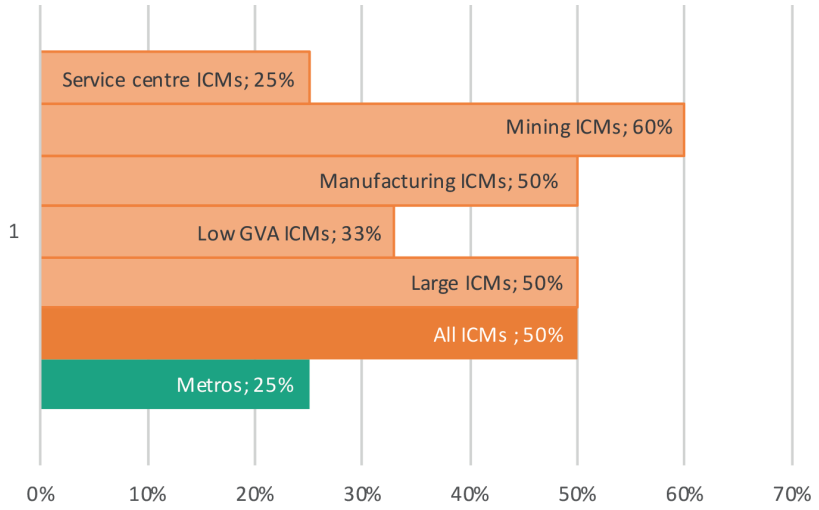
Figure 34: Municipalities with unqualified audit outcomes (2017/18)



Note: the numbers in brackets show the number out of total who received an unqualified audit

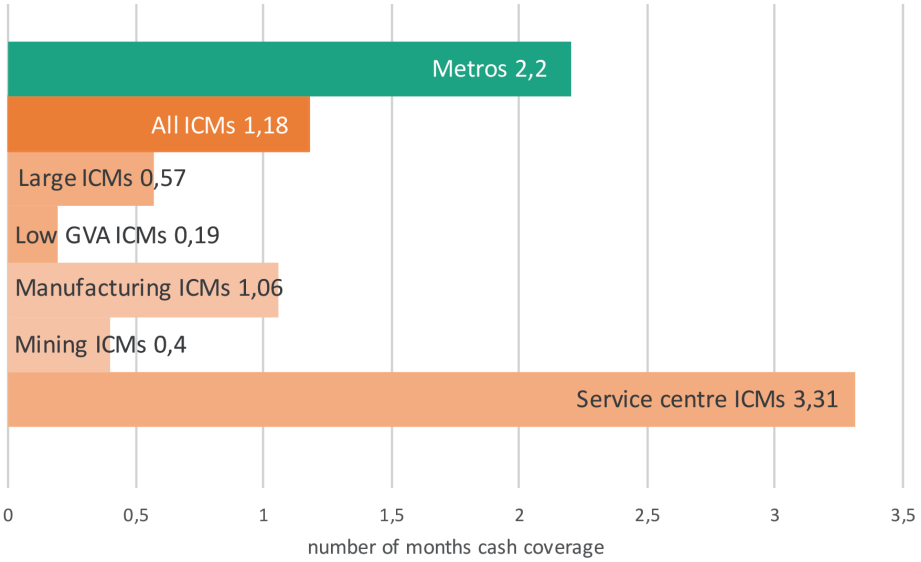
Figure 35 shows the percentage of municipalities within each category that experience asset deficiency, which means that their liabilities outstrip their assets. The consequence of asset deficiency in the private sector could be bankruptcy and in the public sector could be difficulty in accessing loans. Half of all ICMs and a quarter of metros experience asset deficiency. Of concern is that mining ICMs recorded the highest percentage (60%) suggesting that there is indeed a significant financial management problem in these ICMs.

Figure 35: Municipalities experiencing asset deficiency (2017/18)



Finally, cash flow is an essential aspect of liquidity and necessary for the operations of a municipality. National Treasury recommends one month of cash coverage for metros and three months for other municipalities (SACN, 2018). Cash coverage measures the length of time, in months, that a municipality could manage to pay for its day-to-day expenses using just its cash reserves.[5] Relying on its cash reserves to pay all short-term bills, metros can cover 2.2 months of their short-term bills, whereas all ICMs can cover only 1.18 months (Figure 36). Low GVA ICMs, mining ICMs and large ICMs have less than a month, whereas service centre ICMs have over three months of cash coverage.

Figure 36: Cash coverage at end of 2017/18



Although financial management problems are present across the spectrum of settlement categories discussed, above the metros are in general performing better than the ICMs. Mining and low GVA ICMs are the categories with the worst performances, and the specifics of these two categories require more detailed analysis.

5 www.municipalmoney.gov.za

6.7 Outstanding debt

Collecting debt from consumers remains a problem for local government. Large outstanding consumer debt might either point to an unwillingness to pay or to the municipality's inability to collect the debt. Table 10 provides an overview of the outstanding debt by settlement category. The highest per capita debt is prevalent in the metros (R3237). The per capita average for all ICMs was R2131 with the highest per capita average in large ICMs (R3644) followed by manufacturing ICMs (R2296). The lowest per capita amount was in the mining ICMs (R1432), reflecting the relatively high incomes in mining ICMs.

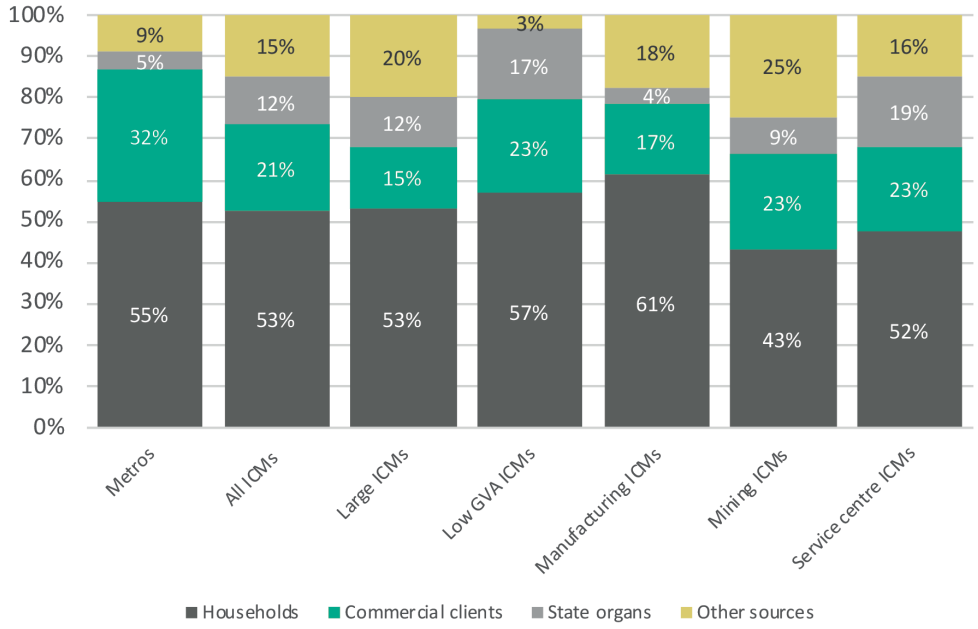
Table 10: Outstanding consumer debt (2017/18)

	Metros	All ICMs	Large ICMs	Low GVA ICMs	Manufacturing ICMs [a]	Mining ICMs	Service centre ICMs [b]
Outstanding debtors	R71 841 million	R29 243 million	R10 588 million	R4 010 million	R5 548 million	R5 126 million	R3 969 million
Average per municipality	R8 980 million	R835 million	R2 647 million	R668 million	R792 million	R512 million	R496 million
Average per person living in the municipality (2016)	R3 237	R2 131	R3 644	R1 638	R2 296	R1 432	R1 675

Note: [a] Data was not available for Alfred Duma and Metsimaholo, and all other calculations were adjusted accordingly; [b] data was not available for Maluti-a-Phofung and JB Marks, and all other calculations were adjusted accordingly. Annexure GG provides an overview of the outstanding debt per ICM.

Figure 37 points to the origin of this bad debt, which is from four sources: households, commercial clients, state organs and other sources. In metros and most categories of ICMs, households owe more than half of the outstanding debt. The exception is the mining ICMs category, where "other sources" are responsible for a third of their debt. This requires a more detailed assessment. A third (32%) of debt owed to metros is by commercial clients, compared to 14% in ICMs. Government debt represents a higher proportion in ICMs (12%) than in metros (4%), especially in low GVA (31%) and service centre ICMs (24%).

Figure 37: Municipal debt by source (2017/18)



6.8 Creditors

Outstanding creditors hold long-term risks for service delivery, as often the most significant portion of creditors are related to water and electricity purchases. Not paying Eskom or water boards could result in these creditors discontinuing the services. Table 11 provides an overview of the outstanding creditors per settlement category. The average per capita amount for creditors was the highest in the metros, at R2592, compared to R1355 for all ICMs. The financial management problems at the mining ICMs were again visible, as this category had the highest per capita amount for creditors of all ICMs (R2554) – the lowest per capita amount was for service centre ICMs (R713) and low GVA ICMs (R483), which is not surprising given their low own revenues compared to other ICMs (Figure 28).

Table 11: Total creditors amount per settlement category (2017/18)

	Metros [a]	All ICMs	Large ICMs	Low GVA ICMs	Manufacturing ICMs [b]	Mining ICMs	Service centre ICMs [c]
Total creditors	R55 502 million	R19 587 million	R5 004 million	R1 182 million	R2 043 million	R9 141 million	R2 214 million
Average per municipality	R7 928 million	R529 million	R1 251 million	R197 million	R255 million	R914 million	R246 million
Average per person living in the municipality (2016)	R2 592	R1 355	R1 722	R483	R846	R2 554	R713

Note: [a] data was not available for Mangaung, and all other calculations were adjusted accordingly; [b] data was not available for Alfred Duma, and all other calculations were adjusted accordingly; [c] data was not available for Maluiti-a-Phofung, and all other calculations were adjusted accordingly. Annexure GG provides an overview of the outstanding debt per ICM.

7 Conclusion

Many ICMs have developed naturally over decades and have played an essential role in distributing the population across South Africa's territory. ICMs also play a significant role in servicing the primary sector, regional access to government services, social services and trade. Compared to metros, ICMs have smaller populations, economies and municipal budgets.

7.1 Main findings

ICMs, the settlement hierarchy and definition

ICMs are an important part of South Africa's settlement hierarchy. They help spread the population more equally throughout the country and are essential contributors to economic growth and employment. Many ICMs also perform an essential regional service function, providing their large rural hinterlands with access to higher-order services and goods. The original definition of ICMs was narrow, resulting in a relatively small number of 19–21 ICMs. However, the development of a more inclusive definition means that the list has grown to 39 ICMs. While there may be good reasons for expanding the list, it has also had a negative impact on the main reason for categorisation, which was to enable a differentiated approach to ICMs. The increase in the number of municipalities identified as ICMs has blurred the economic purpose of categorisation and led to a focus on size, as opposed to a combination of size, function and location. One of the negative consequences of focusing on size is that role players use gerrymandering to manipulate size indicators.

The vulnerability of ICMs

Despite their important role, many ICMs are vulnerable economically because of their dependence on global markets and lack of economic diversity, with many depending on a single, often "old" economic sector. For example, mining ICMs are dependent on multinational organisations in their midst and affected by changes in global prices of resources, while other ICMs are locked in into old economies, such as steelmaking or textiles. Planning for this type of vulnerability at the local level is extremely difficult. For example, national government decisions to decrease import tariffs severely affected Emfuleni (steel) and Newcastle (clothing) – in contrast, Cape Town was also affected by the import tariff changes but was able to cope because of its more diversified economy. Polokwane, Sol Plaatje and the City of Mbombela have been growing because they became provincial capitals in the democratic dispensation, which helped attract investments. In the case of Mbombela and Sol Plaatje, being provincial capitals enabled them to attract investment for the development of new universities. And even some of the more diverse ICMs are vulnerable. For example, Mbombela's economy is dependent on tourism, while Polokwane benefited disproportionately from the economic collapse in Zimbabwe.

The case of mining ICMs

Mining ICMs are especially vulnerable due to their volatile growth rates, which fluctuate in response to international commodity prices. Between 1996 and 2018, mining ICMs experienced a decline in GDP per capita. South African gold mines struggle to compete internationally, mainly because of high extraction costs, and all the gold mining ICMs (Matjhabeng, City of Matlosana, Merafong City and Rand West City) have experienced shrinking economies over the past three decades. Other mining ICMs, such as Rustenburg (platinum) and Emalahleni (coal), are also at the tipping point. The platinum industry has shed substantial jobs, while the global pressure to comply with the Paris Agreement and the closure of old power stations might soon negatively affect Emalahleni. Mining ICMs are experiencing a double planning burden: high population growth and the likelihood or mine closure.

The complexity of land management systems

Although some metros contain traditional land areas, ICMs have to deal with the phenomenon on a substantially bigger scale. This has a direct link to low levels of infrastructure access (especially indoor water and flush sanitation) in ICMs. Addressing these complex land management systems is central to dealing with relevant land development issues in many ICMs.

Municipal financial challenges

ICMs have lower revenue sources than metros and are more dependent. Although they receive lower intergovernmental transfers per person than the metros, these grants represent a larger share of their budget compared to metros.

7.2 Implications

To metropolise or not?

Much of the debate around categorisation is about the status of a place and especially the possibility of becoming a metro. Metros do not form part of a district municipality and negotiate their budgets directly with National Treasury. In 2011, the Demarcation Board declared Mangaung and Buffalo City to be metros, which opened the door for more municipalities to seek metropolitan status. Similar to the expanding of the number of ICMs, creating metropolitan areas has also ocurred through gerrymandering (expanding the city's land area and population). The value of categorisation lies in creating differentiated policy approaches for the various categories. For metros, this is mainly about building gateways to international competitiveness, while for ICMs, it is about dealing and planning for their economic vulnerability. However, categorisation is not an end in itself but a way of receiving appropriate support. The current ICM Support Programme should help ICMs to receive appropriate responses from the government that will hopefully stop the need to aspire towards metropolitan status.

The need for long term planning

The economic vulnerability associated with ICMs requires long-term planning. The current five-year cycles of IDP planning are inadequate, despite the fact that spatial planning emphasises a 20-year time frame. In addition to planning for population growth, ICMs should also concentrate on planning for economic decline and shrinking populations, which ICMs such as Matlosana, Matjhabeng and Merafong City have all experienced. Mining ICMs in particular should plan for the decline and look for ways to diversify their economies. Planners should learn from the international literature about shrinking cities and valuing decline.

Building on the economic value of the rural hinterlands

Many ICMs focus on their international links in economic planning, but (as noted earlier), such links come with a high degree of vulnerability. The emphasis on international links also leads to ICMs ignoring their regional service functions. Many ICMs have higher-order goods, services, and large rural populations, but ignore these links in their economic and spatial planning. Building on their regional services function will reduce their eocnomic vulnerability. Specific examples include expanding trading spaces, supporting educational institutions with boarding facilities and expanding health services.

Building on ICMs for the district development model and rural development

The recent emphasis on a district development model has implications for ICMs, as many ICMs are already the economic core of their districts and provide goods and service to neighbouring rural areas. If conceptualised correctly, ICMs have an essential role to play in the district development model. They are also an important part of rural development, and so rural development strategies should all consider the value that ICMs contribute to the overall development of rural regions.

8 Coal's Dark Future

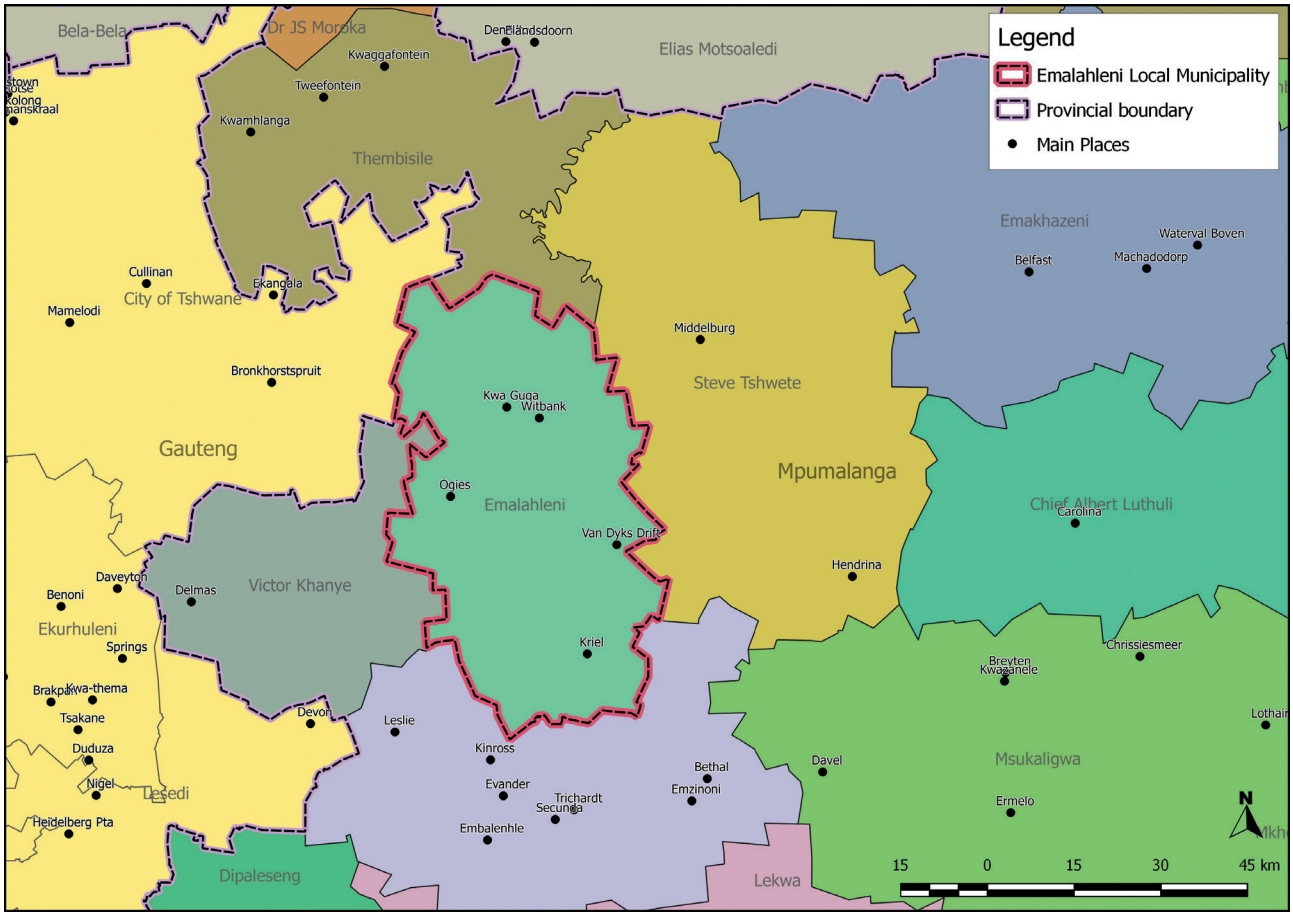
Emalahleni Case Study

8.1 Introduction

South Africa's economy was built on coal. Coal is not only a mining activity but also provides energy for the gold and other mining industries, is used by Sasol to produce synthetic fuel, and accounts for about 25% of South Africa's exports.[6] Emalahleni, meaning the "place of coal", lies at the heart of coal mining and electricity generation and is one of six municipalities in the Nkangala District Municipality in Mpumalanga. It resulted from the amalgamation of Witbank with various smaller settlements (eMalahleni, Kwa-Guqa, Ga-Nala, Kriel and Ogies). Witbank was established at the turn of the nineteenth century and was able to exploit coal mining after the construction of the railway line to Pretoria. The Doornpoort Dam, which was replaced by the Witbank Dam, solved the town's initial water supply problems and enabled its future growth. The presence of coal attracted power stations (in 1926, the first power station was erected, and the most recent is Kusile, which is still under construction) and iron and steel manufacturers. These in turn drew in other businesses, while the extension of railway line to Delagoa Bay (Maputo) railway line boosted coal exports. Among the pioneering industries were the Rand Carbide Corporation, SA Cyanamid, Highveld Steel and Afrox (Witbank News/Nuus, 2006).

6 http://www.statssa.gov.za/?p=4820

The city's location, lying along important transport routes (the N4 and N12 national roads and the railway between Gauteng and the harbours of Maputo and Richard Bay), plays an important role in its past and potential development. Between 1920 and 1938, the population grew from 2000 to 9500, and then more rapidly from the 1940s as the demand for coal and energy increased. By 1970, the population was about 37 500[7] and had more than quadrupled by 1996, to over 167 000; in 2016, Emalahleni had a population of 455 228 (Figure 38).



Source: Darren Nel.

Today, the future of coal – and Emalahleni – is uncertain, as a result of climate change commitments and problems at Eskom, South Africa's electricity utility. Coal provides about 77% of the country's primary energy needs, with mining, manufacturing and transport being the sectors that demand the most energy (Winkler, 2009). About two-thirds (62%) of coal production is used for electricity generation,[8] which contributes almost half (45%) of South Africa's greenhouse gas (GHG) emissions (Winkler & Zipplies, 2008). The demand for coal will inevitably reduce, as South Africa and other countries move away from coal-fired plants to alternative energy generation solutions, including renewable sources (particularly solar and wind energy).

Internationally, climate change agreements such as the Paris Agreement are affecting demand for fossil fuels and increasing the use of renewable energy sources (Nicholas & Buckley 2019; Scholz et al., 2017). South Africa is a signatory to the Paris Agreement and is moving, albeit rather erratically, towards renewable energy (DoE, 2017). At the same time, renewable energy is becoming cheaper than energy generated from fossil fuels (Burton et al., 2018; Scholtz et al., 2017). This makes it more likely that renewable energy alternatives will replace obsolete power plants, although the Chamber of Mines (2018) offers a different perspective, suggesting that South Africa can continue to produce coal-fuelled energy by using cleaner production processes that will limit carbon emissions, thereby retaining the demand for coal.

7 http://www.populstat.info/

8 http://www.energy.gov.za/files/coal_frame.html

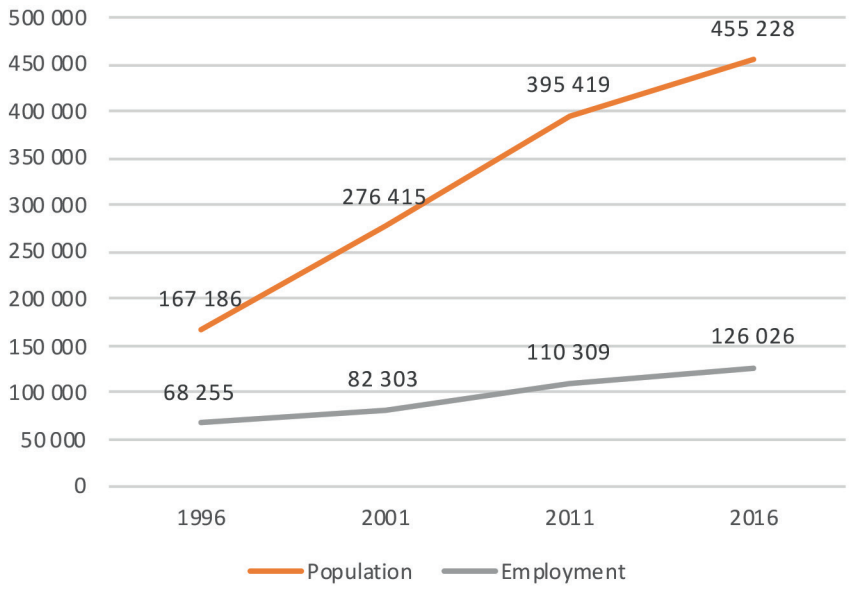
Another factor that will expedite the country's transition to renewable energy is the crisis at Eskom where a lack of investment in the power plants and serious corruption have resulted an inability to supply regular and sufficient electricity. Any problem relating to coal supply, or breakdown in the power plants results in reduced supply that is managed through load-shedding, where electricity supply is rotated between different areas. As a result, consumers are looking more and more at alternative energy options.

That change is coming is inevitable, and Emalahleni will need to transition to a low coal future. How the city handles the change will depend on the leadership provided by national, provincial and, above all, local government. This case study delves into the past, looking at the effects of rapid growth on the municipality, and into the future, examining the challenges ahead, given Emalahleni's dependency on coal and governance problems. It then explores four possible scenarios and highlights the implications for municipal governance.

8.2 Wealth and woes: The effects of rapid growth.

Between 1996 and 2016, Emalahleni experienced a growth in population and in employment. This growth has had some good consequences, but also many detrimental effects, such as the increasing number of informal settlements and mounting pressure on both engineering and social services. The seeds of Emalahleni's challenges lie in the demographic and service impact of this rapid growth, as well as the dependence on coal and the mismanagement of the municipality (Van Der Watt & Marais, forthcoming).

Figure 38: Population and employment growth (1996–2016)



Source: Stats SA (1996, 2001, 2011); Municipalities of South Africa[9]; Global Insight[10]

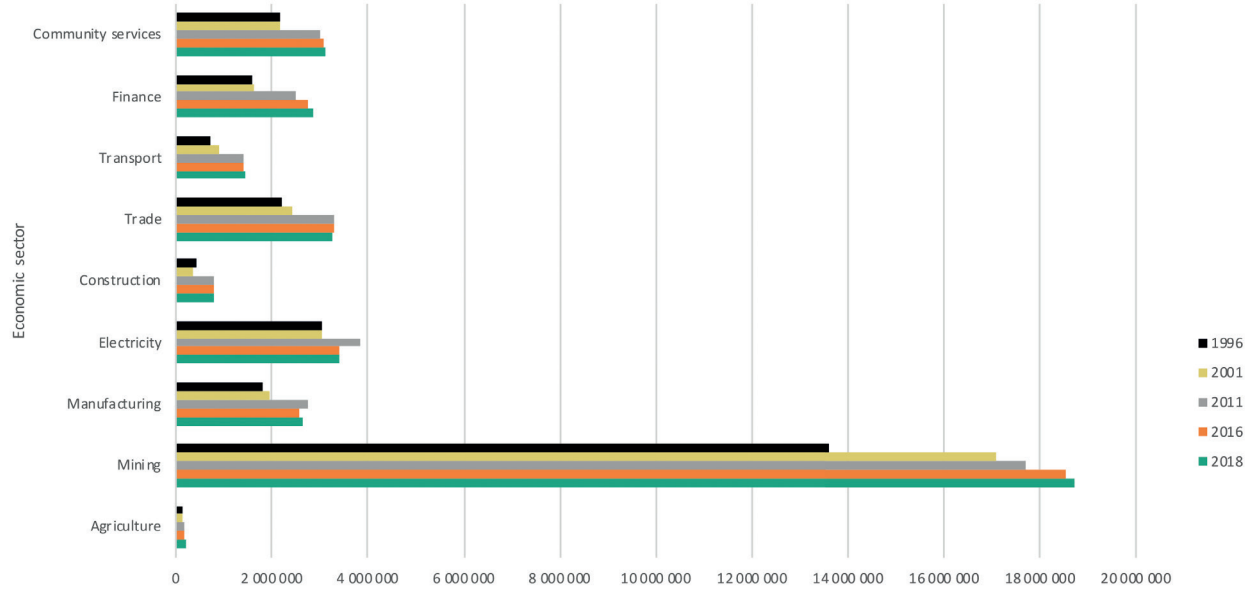
Economic growth

Since 1996, Emalahleni's economy has continued to grow, even through the global recession of 2008/9 and the associated reduced demand for commodities (Figures 39 and 40). Mining is the dominant economic sector in Emalahleni, which is home to over 20 collieries, many open cast pits, along with some underground mining operations. Major corporations include Anglo American, South 32, Exxaro, Sasol and Glencore. As Figure 39 shows, in 2018, mining's contributed R18.75-billion to the municipality's economy, more than all the other sectors combined (R17.69-billion). Together with electricity production (from coal-fired power plants), mining supports many other sectors, both directly (iron and steel manufacturing and electricity) and indirectly (trade).

9 https://municipalities.co.za/demographic/1157/emalahleni-local-municipality

10 Regional Explorer (Rex) database

Figure 39: Gross value add of economic sectors (1996–2018)

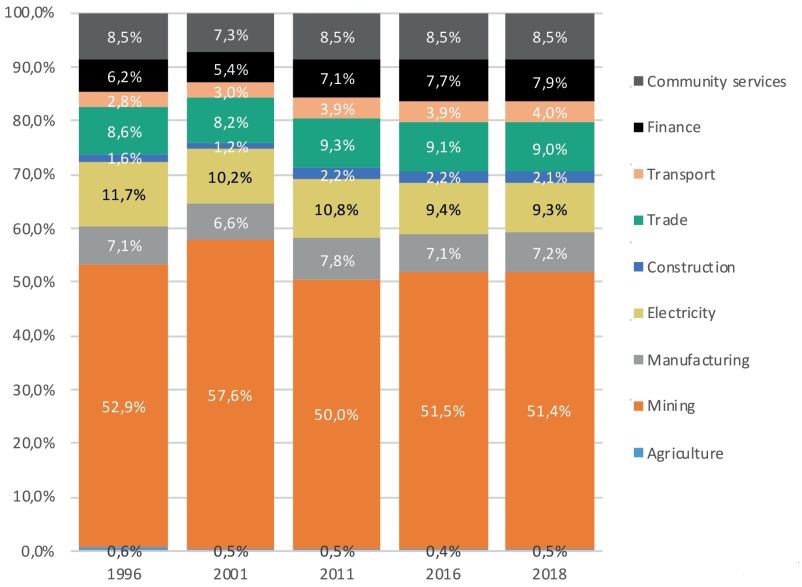


	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services
1996	151 030	13 616 890	1 822 523	3 025 990	418 545	2 216 003	715 767	1 598 697	2 188 076
2001	135 501	17 089 415	1 963 431	3 025 896	355 028	2 432 394	903 280	1 616 779	2 168 225
2011	163 824	17 716 116	2 764 705	3 834 648	780 783	3 281 595	1 392 008	2 506 973	3 000 163
2016	160 294	18 542 388	2 571 046	3 389 245	802 488	3 288 874	1 417 736	2 764 881	3 071 131
2018	196 978	18 709 819	2 629 990	3 396 253	778 705	3 276 475	1 440 582	2 863 051	3 108 554

Rands (thousands)

Source: Global Insight (2019)

Figure 40: Share of GVA per economic sector (1996–2018)

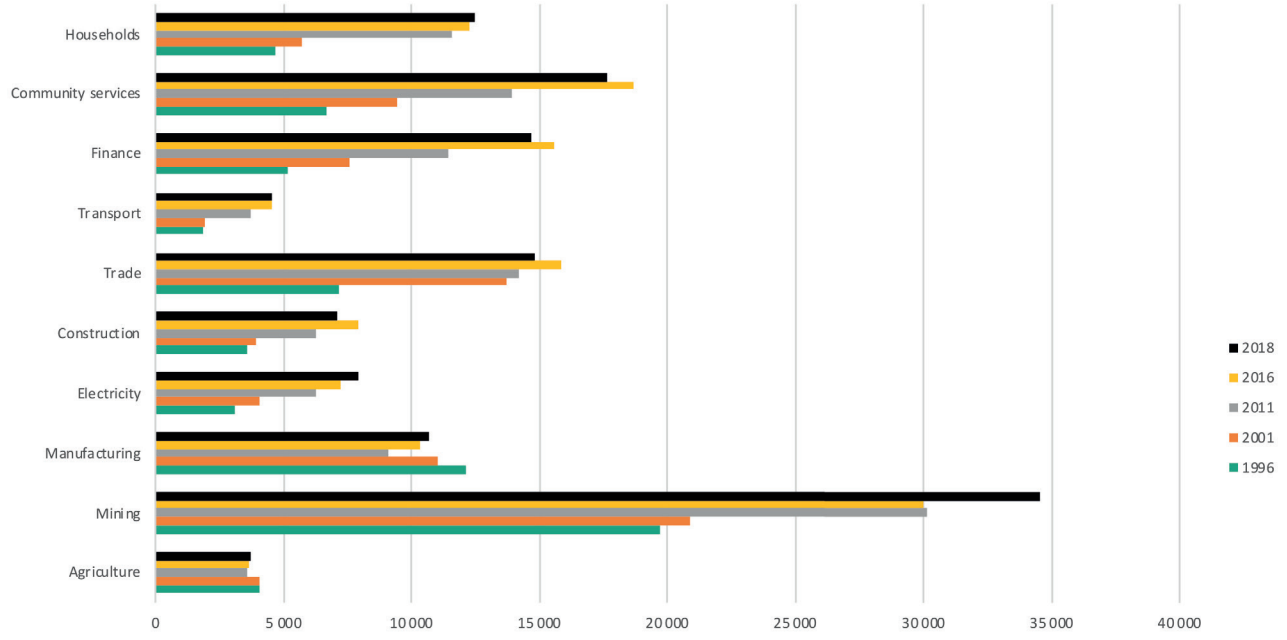


Source: Global Insight (2019)

As Figure 41 illustrates, mining dominates the employment figures, providing double the number of jobs as the next largest sector, community services. The construction of the Kusile power station contributed to both employment and population growth,[11] and is reflected in the doubling of jobs in the construction sector between 2001 and 2016. However, between 2016 and 2018, the number of jobs declined in the construction sector, as well as the trade, finance and community services sectors. During the same period, jobs in manufacturing increased, but the overall trend is downward, with the number of jobs in this sector decreasing by 10% between 1996 and 2016.

The construction of the Kusile power station contributed to both employment and population growth

Figure 41: Employment per sector (1996–2018)



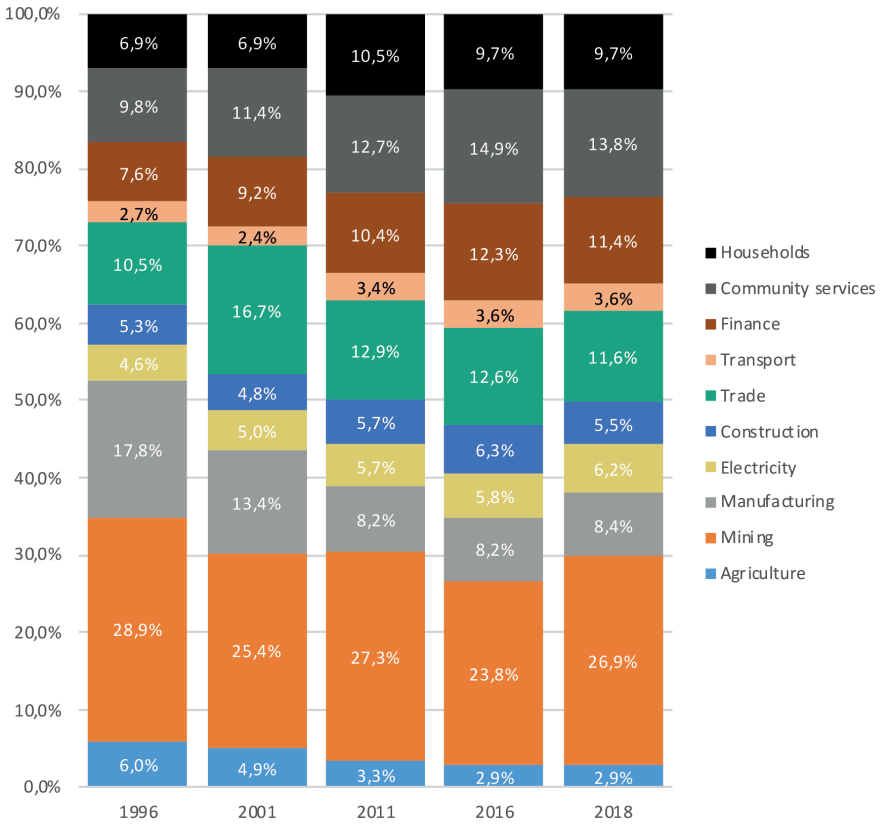
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services	Households
2018	3 690	34 530	10 720	7 928	7 111	14 855	4 575	14 669	17 665	12 480
2016	3 629	29 959	10 350	7 247	7 923	15 857	4 548	15 548	18 716	12 250
2011	3 600	30 131	9 085	6 244	6 255	14 218	3 757	11 448	13 956	11 614
2001	4 058	20 881	11 007	4 082	3 916	13 743	1 944	7 558	9 417	5 697
1996	4 071	19 707	12 139	3 132	3 608	7 201	1 839	5 191	6 660	4 707

Source: Global Insight (2019)

Mining may have increased the number of jobs, but between 1996 and 2018, its share of total employment decreased slightly, from 29% to 27%, whereas manufacturing's share of total employment dropped from 17.8% to 8.4% of total employment (Figure 42) Agriculture contributes very little to economy, despite Emalahleni lying within one of South Africa's most fertile agricultural regions with relatively high rainfall. It provides less than 1% of GVA (Figure 40) and employs only 3% of the workforce (Figure 42). Agriculture has been negatively affected by the growing mining activities and acid mine water in the area.

11 T. van Vuuren interview, 9 October 2013.

Figure 42: Share of employment per sector (1996–2016)



Source: Global Insight (2019)

Over the years, Emalahleni's economy has become less diverse and, therefore, more vulnerable, as illustrated by the Tress Index (Table 12). The Tress Index provides insight into economic diversification: a value of 1 means that only one sector contributes to the economy, and so the higher the value, the less diverse the economy.

Emalahleni's economy has become less diverse and, therefore, more vulnerable

Table 12: Tress Index (1996–2018)

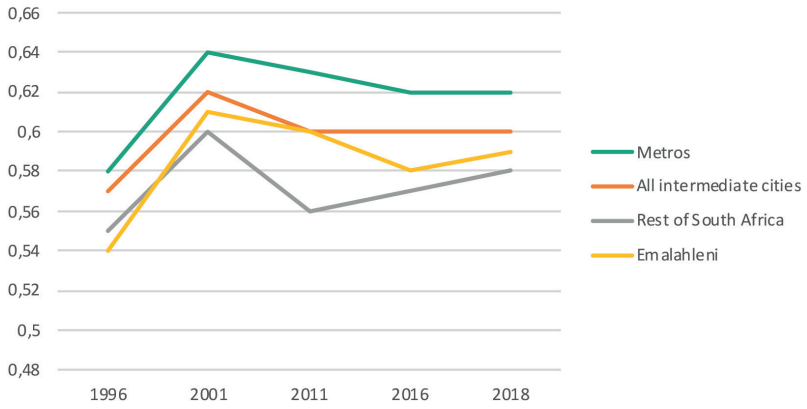
Year	Tress Index
1996	50,70
2001	60,03
2006	54,24
2011	62,98
2016	59,37
2018	60,41

Source: Global Insight (2019)

Poverty and unemployment

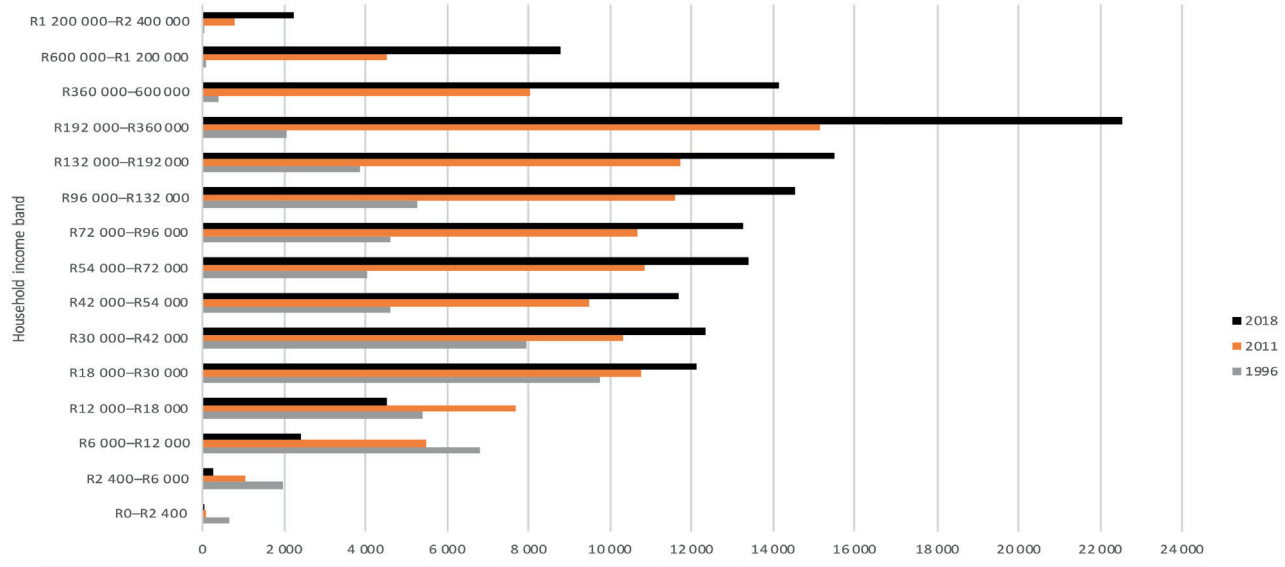
Like South Africa as a whole, since 1996 the gap between the poor and the wealth has widened in Emalahleni, as shown by the increase in the Gini co-efficient, from 0.54 to 0.59 (Figure 43).

Figure 43: Gini co-efficient (1996–2018)



Over the past three decades, household incomes increased (Figure 7), but the number of people living in poverty also increased (Figure 44).

Figure 44: Household income (1996, 2011, 2018)



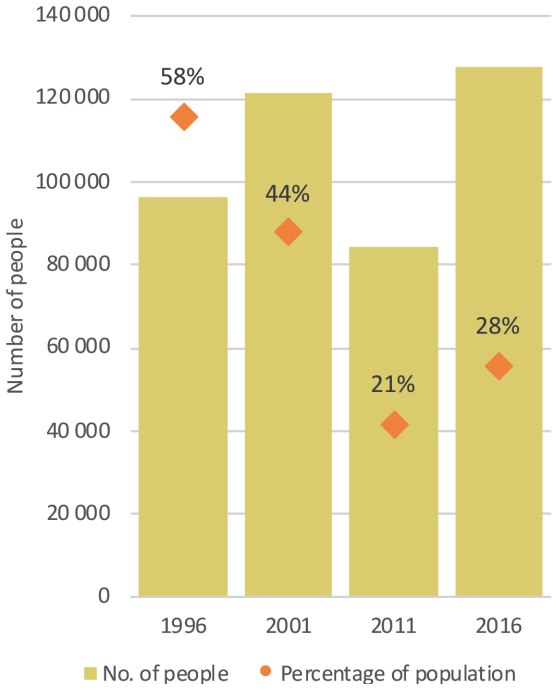
	R0–R2 400	R2 400–R6 000	R6 000–R12 000	R12 000–R18 000	R18 000–R30 000	R30 000–R42 000	R42 000–R54 000	R54 000–R72 000	R72 000–R96 000	R96 000–R132 000	R132 000–R192 000	R192 000–R360 000	R360 000–600 000	R600 000–R1 200 000	R1 200 000–R2 400 000
2018	14	255	2 405	4 542	12 139	12 362	11 664	13 406	13 263	14 554	15 509	22 526	14 129	8 797	2 253
2011	85	1 052	5 508	7 684	10 740	10 325	9 467	10 838	10 686	11 606	11 740	15 152	8 024	4 519	790
1996	679	1 959	6 792	5 380	9 770	7 968	4 590	4 022	4 620	5 287	3 869	2 068	403	105	26

Source: Stats SA (1996, 2001, 2011, 2019)

In Emalahleni, the annual income for most households is "between R9601 and R153 800 and with the majority earning between R38 201–R76 400" (ELM, 2018a: 40). As Figure 45 illustrates, households in the higher income brackets have increased, while households earning less than R3500 per month have declined. Between September 2012 and September 2017, the number of people dependent on social grants (particularly child support and old age grant) more than doubled, from "34 849 to 89 585 people" (ibid: 47). Similarly, although the percentage of people below the lower poverty line[12] has declined, the absolute number of persons in poverty has increased (Figure 45).

12 Stats SA distinguishes between people living below the food poverty line and people living below the lower poverty line. The food poverty line refers to the amount of money that an individual will need to afford the minimum daily calories a person needs to survive and is commonly referred to as the "extreme" poverty line. The lower poverty line includes non-food items and refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the foot poverty line.

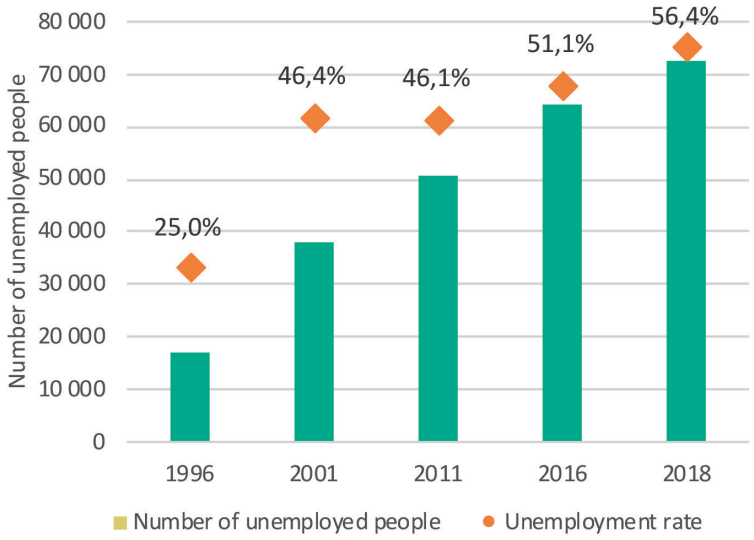
Figure 45: People living in poverty (1996, 2011, 2011, 2016)



Source: Stats SA (2019)

With growing employment and all the perceived opportunities for work, people migrated to the city in search of employment. However, the employment has not matched the population increase – between 1996 and 2018, the growth in population far exceeded the growth in jobs, resulting in a doubling of the unemployment rate (Figure 46). Unemployment has increased "particularly amongst youth and unskilled which might impact on issues of crime, prostitution, drug abuse" (ELM 2018a: 33). Other contributing factors to the unemployment figures include the mismatch between the skills required by the mining industry and those available in the labour force, and the rise in open cast mining, which now accounts for about half of all mining activities. Open cast mining is not only less labour-intensive than underground mines but also requires better skilled labour to operate the machinery.

Figure 46: Unemployment (1996–2018)

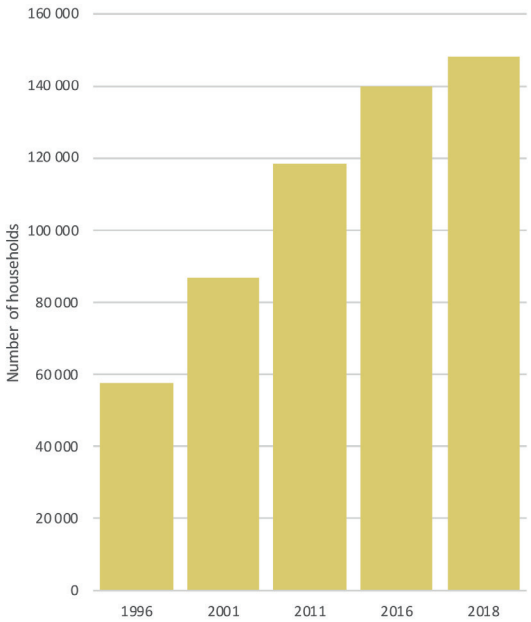


Source: Stats SA, 2019.

Demand for services and housing

The increase in population has been accompanied by a burgeoning in the number of households (Figure 47), accompanied by a growing demand for housing. The intense demand for housing had resulted in more informal settlements and more backyard rental units constructed illegally throughout the city, which have placed immense strain on the existing overburdened infrastructure.[13]

Figure 47: Number of households in Emalahleni (1996–2018)



Source: Stats SA (2019)

The increased demand on the municipality's water, sanitation, electricity and road infrastructure, combined with limited maintenance, has created serious problems (ELM, 2018a). In addition, high unemployment implies that households are unable (or unwilling) to pay for their basic services, thereby placing the onus on the municipality to provide services without any expectation of revenue. The financial cost to the municipality is substantial. For example, the supply of water to informal settlements costs about R800 000 per month, but these costs cannot be recouped from the users (ibid).

The strain on infrastructure is not new and was the case even back in 2013.[14] The problem is two fold: the infrastructure has not expanded to keep pace with the growing demand from residents and businesses, and the maintenance of existing infrastructure has been seriously neglected (Campbell et al., 2017).

Since 2013, the situation has not improved and may have deteriorated. Since 2017, the municipality has spent nothing on repairs and maintenance, and in 2015 and 2016 repairs and maintenance accounted for just 2.4% and 1.4% of the budget respectively.[15] The water, electricity and road networks are in a dismal state, and water cuts and electricity outages are common occurrences. The quality of the municipal water is so poor that many households, even those in informal settlements, prefer to buy bottled water for drinking, while the state of roads is so bad (which is blamed on the trucks transporting coal) that the emergency services are unable to respond timeously to incidents.

The municipality does not have the revenue to rectify the situation, as a result of poor revenue collection and credit control, illegal connections and strong resistance from the community to any attempts to recover payments for services rendered.[16] The municipality's debt collection ratio is only 75% of what it could (and should) collect for payment for services and property rates, which form the primary source of income for the municipality.[17] Furthermore, Emalahleni underspent its capital budget by more than 30% in 2015, 2016 and 2017, and then overspent it by 33.9% in 2018.

13 T. van Vuuren interview, 9 October 2013.

14 Interviews carried out in 2013 and 2017 with residents and businesses. A total of 42 interviews were conducted.

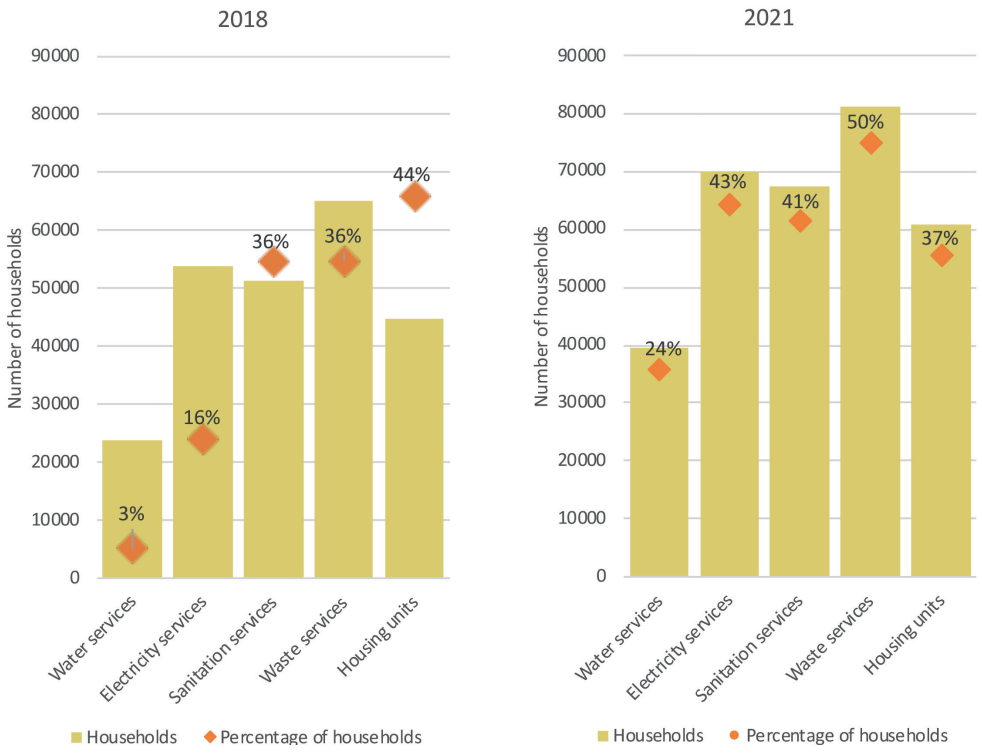
15 https://municipalmoney.gov.za/profiles/municipality-MP312-emalahleni/#performance

16 Personal communication, Councillor L. Ntshalintshali, 30 /11/2017

17 https://municipalities.co.za/demographic/1157/emalahleni-local-municipality; https://municipalmoney.gov.za/profiles/municipality-MP312-emalahleni/#performance

Unsurprisingly, the services backlog is mounting, and the municipality does not expect to make major inroads into the backlogs over the next few years (Figure 48).

Figure 48: Projected services backlogs (2018 and 2021)



Source: ELM (2018a)

Governance and service delivery

Governance issues have contributed to the dismal state of services. In 1999 and again in 2013, the municipality was placed under administration in terms of section 139 of the Constitution (Mbuli, 2014; Ledger & Rampedi, 2019). The *Save Emalahleni* action group won a court action against the Mpumalanga Provincial Executive,[18] forcing it to fulfil its constitutional responsibilities in respect of the dysfunctional municipality (Goldswain, 2018). As part of the court order, the provincial government had to request National Treasury to assist the municipality with a financial recovery plan. This was done, with frequent updates on progress (ELM, 2018b; 2019a; 2019b; 2019c; 2020). This state of affairs also highlights that governance issues are also present at national and provincial government level, as citizens should not have to resort to the courts in order to force any sphere of government to fulfil their mandate and intervene in the affairs of a municipality (Stevens, 2019).

The municipality has not recorded a clean audit since 2013/2014, although it managed to move from a disclaimer in past years to a qualified audit in 2017/18.[19] Between 2015 and 2017, fruitless and wasteful expenditure may have decreased, from 55% to 14.5%, but the municipality still ended the 2017/18 financial year with a R651-million deficit.[20] It also owes money to Eskom, to the sum of R3.3 billion in November 2019 (Goldswain, 2019), up from R1.6 billion in 2018 (Omarjee, 2018).

Between 2011/12 and 2017/18, employment costs more than doubled, from R325.8 million to R778. 8 million, but are still within the limits set by National Treasury. The controlled expenditure may well be explained by the many vacancies within the municipality that have not been filled. As Table 13 shows, as of November 2017, only three directorates have filled over 50% of their posts: corporate services (62%), financial services (52%) and development planning (53%). The technical services directorate responsible for water, electricity and roads has only filled 43% of positions, which clearly affects the municipality's ability to maintain and extend existing infrastructure to meet the growing backlogs. A year later, this situation had not changed (ELM, 2019a).

18 https://www.jcat.co.za/Publications/doc15715920181009133204.pdf

19 https://municipalities.co.za/demographic/1157/emalahleni-local-municipality; https://municipalmoney.gov.za/profiles/municipality-MP312-emalahleni/#performance

20 https://municipalities.co.za/demographic/1157/emalahleni-local-municipality

Table 13: Filled positions as of November 2017

Directorate	Total positions	Positions filled
Office of Municipal Manager	93	41 (44%)
Corporate Services	87	54 (62%)
Development Planning	174	92 (53%)
Environmental & Waste Management	645	274 (42%)
Community Services	762	305 (40%)
Financial Services	395	206 (52%)
Technical Services	1187	505 (43%)
Total	3343	1477 (44%)

Source: ELM (2018a: 126)

Faced with a lack of financial and human resource capacity to deliver services, the municipality is putting pressure on mining companies to assist in providing and maintaining infrastructure, particularly the roads. Mining companies do assist when major problems occur, such as when large transformers or major water pipes break. However, the research[21] found that communication between the mines and the municipality is formal, courteous and superficial. The lack of alignment of investment and planning between mining companies and the municipality is the result of various factors.

- Mining companies are unwilling, and often unable, to share their plans with the municipalities. In any case, such plans are determined by their head offices, which are not always located in South Africa.
- Mining companies have different needs and priorities to the municipality. For the municipality, the focus is on building, maintaining and repairing services, whereas for mining companies, the focus is on pleasing their shareholders and the Department of Mineral Resources (DMR), or on placating communities to ensure continued production.
- Mining companies are wary of contributing financially to a municipality with a long history of corruption and irregular expenditure and prefer to make in-kind contributions (e.g. repairs).
- Mining companies prefer to get involved in projects over which they have full control and that contribute to their Social and Labour Plan commitments, but these projects are seldom of high priority to the municipality, or even to local communities.

Local communities would also prefer the mines to be more actively involved in providing services. For instance, mines should contribute to staffing and maintenance, not simply provide the structures for clinics and community halls. The main demand from communities is for mines to provide employment, directly or indirectly, through subcontracting local small firms to provide goods and services. However, there is a mismatch in skills, between those required by the mines and those available in the community, while the poor quality of education in many local schools and the dismal conditions of many households serve to reproduce the low levels of education and skills.

… there is a mismatch in skills, between those required by the mines and those available in the community

Formal structures, such as ward committees, are in place to deal with demands from the community, but such demands more frequently take the form of protest action. The often-violent protests about the inferior quality of services (not) delivered, unemployment and the employment of "outsiders" (i.e. people not originally from Emalahleni/Mpumalanga) affect and concern both the municipality and mines, as they result in damage to infrastructure and sometimes interrupt mining production.

The many governance, financial and service delivery challenges facing the municipality are identified in the Financial Recovery Plan (ELM, 2019a), but nowhere does the plan mention the external risks facing the municipality, especially in a future not based on coal. Municipal officials[22] acknowledge the need to diversify the economy, but the focus is clearly on managing current crises. Yet the future of coal mining is precarious, and the industry faces risks of cost increases, energy security problems resulting in diminishing local demand, and questions around the continued demand for coal exports (Burton et al., 2018).

21 Researchers from the Urban and Regional Planning department of the UFS conducted semi-structured interviews from November 2017 to March 2018 with officials of the Emalahleni Local Municipality and community liaison officers from six mines in the region.

22 Personal communication: Director Development Planning, Ms N Fani and Local Economic Development Manager, Mr K Tefo, 29 November 2017.

8.3 Coal's dark future

Coal is no longer that "cheap and bountiful resource that can ensure security of supply for Eskom's power plants". Plant and mine closures are inevitable – the only question is when; indeed, "South Africa is already facing a coal transition" (Burton et al., 2018: 32). The black gold that powered the industrial revolution and industrialisation in South Africa is no longer valued, as the environmental and health impacts of coal mining, coal-fired power stations and climate change have become less acceptable globally. Various issues will determine the future of coal mining in Emalahleni.

A finite resource

Like most minerals, coal is a finite resource. As the coal is mined out, collieries in the Emalahleni region will begin to close[23] (DMR, 2014: 1). How fast mines will close will depend not only on the availability of coal, but also on profitability, the willingness of financial institutions to finance the coal industry, and the regulatory environment in respect of mining, carbon taxes and environmental aspects such as pollution and GHG emissions.

Falling demand for coal

Over the past 15 years, coal prices may have increased but output remained steady. However, demand is falling locally and internationally. In South Africa, load-shedding and increasing electricity prices have encouraged consumers to look to more energy efficient appliances and processes, and on-site energy options (Burton et al., 2018). Demand has declined from China and India (currently the main importer of South African coal), as these countries look to reduce its use of coal to meet climate change targets (Nicholas & Buckley, 2019). This means that South Africa's coal exports are likely to see increased competition for a smaller market that will affect prices and profitability (PWC, 2018).

Over the next decade, coal will continue to play a role in the generation of electricity, production of liquid fuels (at Sasol) and manufacturing (Burton et al., 2018), but Emalahleni and the surrounding areas could experience a significant decline in output (Strambo et al., 2019). The social and economic impact of any substantial decline in coal demand will be significant. It is estimated that if coal production declines by 0.5% annually, roughly half the jobs in the coal industry will be lost within 30 years (Chamber of Mines, 2018). Given Emalahleni's substantial dependence on coal, these losses would ripple through its economy and lead to business closures and higher unemployment. The social and political consequences of the loss of thousands of local jobs will be extensive (Strambo et al., 2019).

Labour and community instability

Labour and community unrest are already affecting the mining industry in Emalahleni. The fourth industrial revolution will accelerate mechanisation and the use of autonomous mining methods to improve productivity and limit reliance on fickle and expensive labour (Burton et al., 2018; Gumede, 2018). For Emalahleni, the loss of jobs, as a result of mechanisation or the closure of mines and power plants, may only exacerbate community protests, as the gap between the required and locally available skills widens, and poverty increases.

Environmental risks

Environmental problems created by coal and coal-based power generation include air, water (including acid mine drainage) and soil pollution, and underground (coal-seam) fires that affect the health of the population, particularly through respiratory diseases. Mine closures may improve the air quality but not other environmental problems, such as acid mine drainage (McCarthy, 2010) and coal seam fires (Pone et al., 2007) that will continue for many years to come. The environmental impacts of mining will continue to be felt for many years, as most mines are reluctant to fully close and rehabilitate the area (Bainton & Holcombe, 2018). The extensive open cast mine pits and undermining have limited urban development and will continue to affect agriculture in one of the country's highest rainfall areas (BFAP, 2012).

Social challenges

Social problems abound in Emalahleni. Linked to unemployment and poverty is the growth in informal settlements on the periphery of the scattered urban areas. However, the impact of "living out allowances"[24] on the growth of informal settlements cannot be discounted (Marais et al., 2018). Informal settlements and the numerous backyard shacks constitute much of the housing and services backlog facing the municipality. These low-income areas are places of despair with high levels of substance abuse, crime, child neglect and related social ills. Any contraction of the economic base and employment will only intensify such problems.

23 https://www.mineralscouncil.org.za/sa-mining/coal

24 One of the fringe benefits for white mineworkers was a housing allowance known as a living out allowance. Since the early 1990s, the unions have been vocal about securing living out allowances for the black workers as well. This meant that all mineworkers were able to choose their own housing.

THE HUMAN FACE OF RETRENCHMENTS

Yes, the signs were there: After 57 years, Highveld Steel, which had once been one of the 15th largest steel producers in the world, was in business rescue and had 600 employees in a training layoff scheme; there were rumours that a Chinese company would step in (Giokos, 2016; Goldswain, 2016; Steyn, 2018). But signs and rumours could not soften the blow of arriving at the plant on sunny morning, only to be told that the plant was closing that day and that "you are not going to get your salary at the end of the month. You are not going to get a pension".

The closure of Highveld Steel left no part of the Emalahleni community untouched. In addition to the approximately 1800 full-time permanent workers who found themselves unemployed and without retrenchment or severance packages, many sub-contractors and suppliers were not paid for services and goods already delivered. The loss of buying power of these thousands of households and suppliers led to the closure of small businesses. The housing market tumbled, and rates and taxes could not be paid to an already-struggling municipality.

Highveld Steel had a multigenerational workforce, with many workers following in the footsteps of their fathers and grandfathers, and so the closure was particularly devastating for these many families (Steyn, 2018). Normally, families support each other during financial crises, but this support system is annihilated when all in the family lose their jobs at the same time. Many who had worked all their lives as boiler makers and fitters found themselves without pensions, struggling to survive.

The most immediate effect of the closure was hunger, then the loss of medical aid, houses and cars. Schools were affected when parents started defaulting on their school fees, and staff and children left, as their partners or parents searched work elsewhere. Aid organisations stepped in to assist families, with one organisation providing food for 440 families for nine months, after which the families were again (and will remain) hungry. The psycho-social impact may be even more devastating, both on the retrenched workers and their families, with children speaking of suicide and domestic violence and alcoholism increasing. The closure of Highveld Steel made a lasting imprint on the minds and psyche of this community, and illustrates the vulnerability of – and devastation caused to – communities that depend on one significant role-player. The possibility of similar experiences in the mining industry and Eskom casts a long shadow.

8.4 Governance issues

The problems of local government are not new. They have been highlighted in many reports (for example, COGTA, 2009, The Presidency, 2014; Nel & Denoon-Stevens, 2015) and are reflected in the depressing 2017/18 municipal audit results (AGSA, 2019). Reasons for these outcomes include a lack of accountability, the limited capacity of leadership, ineffective internal control systems, vacancies in key positions and top management turnover that destabilises the administration, a lack of skills within the organisation, and the flagrant disregard of laws and regulations. The role of leadership in setting a high standard of ethical and transparent governance is critical, while the flouting of regulations and a lack of accountability of leadership (from councillors and top management) tend to permeate the entire organisation, leading to a breakdown of service delivery and any controls (ibid).

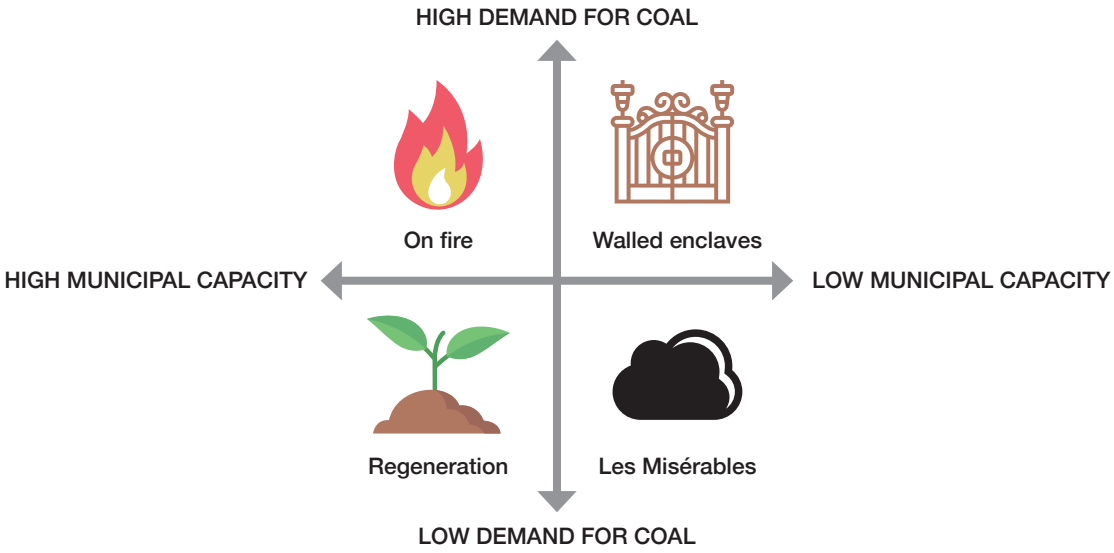
Emalahleni Municipality is one of the problematic municipalities and proves the point that "almost irreparable harm is done to a municipality that is permitted to remain in a state of operational and financial failure […] for any meaningful period of time." (Ledger &

Rampedi, 2019: 2). Over the past two decades, the municipality has been placed under administration *twice* and was recently obliged to prepare and implement a financial recovery plan. However, nothing has changed. This may be because the institutional culture has been contaminated by decades of corruption, incompetence or the inability to manage the rapid population and economic growth in a municipality that should have created wealth – not poverty – for residents and the municipality. Of equal concern is the ability of the ELM to manage a transition to low(er) coal-dependent future.

8.5 Possible scenarios for Emalahleni

The four scenarios (Figure 49) are founded in current realities and possible trajectories, and have been developed using various sources, including the Chamber of Mines (2018) Marais et al. (2018). Pallagst et al. (2015) and Weaver et al. (2018). The two drivers are demand for coal and capacity of the municipality. These scenarios are not detailed projections of the future, but are merely sketches intended to serve as a basis for discussion and further research. For this reason, they also depict the extremes and do not discuss the myriad of possible intermediate options.

Figure 49: Emalahleni scenarios



Scenario 1: On fire

This scenario assumes that demand for coal remains high and municipal capacity is high. In other words, mine production in Emalahleni stays at current levels or increases over the next 10 to 20 years, and greatly improved governance and capacity enable the municipality to provide and maintain its infrastructure and make inroads into existing backlogs. As a result:

- Employment remains at current levels or increases due to improved service delivery and greater confidence in the area.
- Increased confidence in the area attracts businesses, and new enterprises open.
- Environmental damage from mining in the area increases, but the municipality is able to institute regulatory measures to prevent or mitigate the impacts.
- Air pollution levels drop significantly if Eskom closes obsolete plants and increases electricity from renewable energy sources.
- With business booming, the in-migration of job-seekers continues and the population grows.
- This in-migration leads to new backlogs, but the municipality is able to provide infrastructure at a rate that more or less keeps up with the demand.
- Local communities are more content, as they receive reliable basic services and are actively involved in the municipal planning processes. This also means that they are aware of the impending transition from coal to other economic activities.
- Mines and the municipality undertake a concerted effort to train workers for the transition from coal and for the fourth industrial revolution.

The municipality is actively investigating transitions to an alternative economic base. This is taken into account when planning for additional housing and the extension of services. The benefits of the major routes to harbours and the scenic escarpment, as well as the proximity to Gauteng, are all factored into this planning.

Scenario 2: Walled enclaves

This scenario assumes that coal demand and production remain high, but the capacity of the municipality does not improve. As a result:

- The infrastructure continues to deteriorate, forcing those who can afford it to invest in alternative water and energy sources .
- High levels of discontent instigate further community unrest and frequent protests.
- The courteous and superficial communication between mines and municipality continues, but the mines are distrustful of the municipality and so only provide assistance in emergencies.
- Mines become increasingly self-reliant and increase security for all mining activities and infrastructure, to prevent destruction by rampaging mobs. To limit labour problems, mines introduce mechanisation and/or autonomous machines and so become increasingly isolated from the local community.
- Unemployment of low-skilled workers grows, as mines require fewer unskilled employees, and protests aimed at the municipality and mines escalate.
- As the level of unrest rises, businesses disinvest due to concerns for the safety of their employees and assets.
- Crime and social problems (e.g. poverty, ill health, child neglect and substance abuse) intensify.

In reaction to the growing level crime and lack of services, communities take matters into their own hands, with vigilante groups protecting their own neighbourhoods, fuelling high levels of inequality and social segregation based on the ability to secure services and assets. Emalahleni becomes a patchwork of fortresses around the mines, gated communities and deeply impoverished settlements.

Scenario 3: Les Misérables

This scenario assumes that the demand for coal drops (or the price drops, making coal production unprofitable for international companies), as a result of Eskom's collapse, commitments to climate change agreements, competition from countries whose coal is cheaper, and dwindling reserves. In addition, the financial recovery plan has not improved the municipality's capacity and its entrenched culture of unethical governance continues. As a result:

- The production of coal dwindles, as the least profitable mines close first, followed by the other mines.
- Mine closures mean more and more retrenchments, which trigger a cascade of job losses throughout the local economy, increasing the overall level of unemployment.
- The lack of local demand results in businesses closing, further increasing job losses and creating a vicious cycle of decline.
- Skilled people who are able to find employment elsewhere are the first to leave the area, while those with skills that are not in demand remain stuck in the city.
- Home-owners cannot sell their homes or service their bonds, so the demand for (and value of) property declines, leaving the banks sitting with worthless assets.
- The municipality is unable to obtain financing and continues to provide inadequate basic services, which leads to the intensifying of health and social problems, and more frequent and severe epidemics.

Mired in poverty, communities turn to protesting, which leads to riots and looting as desperately poor residents seek anything of value. The state steps in but is unable to revive the economy or rehabilitate the polluted and wasted environment. Emalahleni degenerates further, trapping those who cannot move into a black hole of misery.

Scenario 4: Regeneration

This scenario assumes that, although the demand of coal is low, the financial recovery plan has helped to create a culture of good governance within the municipality. As a result:

- The municipality is able to foresee, plan for and manage shrinkage, as coal production declines.
- Contingency plans are in place to deal with retrenchments, including training and re-skilling of workers, enabling them to find employment elsewhere or to start their own enterprises.
- The population increases more slowly and then gradually declines, which allows the municipality to catch up on the infrastructure backlogs and upgrade the bulk infrastructure.
- Improved institutional competence means that the municipality is able to encourage collaborative planning through effective communication with all stakeholders, collect revenue, provide social services, enforce regulations, including those that improve the physical environment, and spend its budget in line with its integrated development plan (IDP) and Spatial Development Framework.

- Wealthier and skilled citizens have confidence in the municipality and so stay and support the economy. Local employment is created through environmental upgrades and rehabilitation of areas devastated by mining.
- Renewable energy takes over from coal-powered energy generation, using land that is unfit for agriculture or urban development.

Although the economy contracts, many businesses remain to service population. The municipality, in partnership with other stakeholders, promotes tourism and other economic opportunities, based on the easy access from Gauteng to Emalahleni and links to tourist destinations and ports to the east. Improved public transport links to the Johannesburg and Tshwane business areas enable people to access high order services not available locally.

8.6 Governance implications

How Emalahleni deals with the transition, away from a mining-based economy, will depend to some extent on external factors, such as the speed of the transition and the external assistance to the municipality from national government. However, the most important factor will be the municipality's ability to govern and lead the transition. As discussed earlier, the municipality has a poor track record in governance, and will need to improve in four areas: the capability of the state, intergovernmental relations and an all-of-society approach, the political-administrative interface, and ethics, value and principles. Many of these issues are included in the municipality's financial recovery plan: planning for the governance systems and processes has been done, and systems are being put in place (ELM, 2020).

Capability of the state

The capability of the state refers to its ability to plan and implement those plans, administer its resources and manage the municipal area, including service provision. The municipality does develop plans, but these lack a long-range perspective, focusing only on the immediate crises, which will be exacerbated should coal mining decline rapidly. This myopic view is to some extent legislated, as the IDP has a five-year horizon linked to the term of the Municipal Council. What could be considered is to widen the definition of a "compliant" municipal plan to a 10–20 year horizon.

Emalahleni has been unable to manage its human, financial and infrastructure resources. Its inability to collect sufficient revenue has resulted in deficits, which are intensified by irregular and wasteful expenditure. In 2019, more than half the posts in the municipality remained vacant, which no doubt contributed to the dire state of the services infrastructure and the growing backlogs.

Cooperative governance and all-of-society approach

South Africa's intergovernmental system is based on cooperative governance, which requires partnership between the different spheres of government. This appears to be lacking in Emalahleni, as its citizens had to obtain a court order to compel the provincial government to do something about the service delivery and financial crises facing the municipality. That the municipality has been placed under administration twice in the space of ten years calls into question the diligence, commitment or capacity of the provincial government to monitor and effectively intervene. Furthermore, although Emalahleni has been identified as a mining city in distress, there appears to be little to no national or provincial government interventions to address the deteriorating bulk infrastructure and the growing backlogs of services and housing that predominantly affect the poor.

An all-of-society approach requires communication between the municipality and society and is essential for participatory strategic planning. However, communication is poor both with communities and with the mining and other industries, which deprives the municipality of critical information necessary for planning. In addition, inadequate communication may contribute to the many protests, while the municipality's failure to involve the wider community in planning and development may be linked to the lack of trust in the municipality, its politicians and officials.

Public integrity

The values and principles embodied in the constitution include professional ethics, accountability, integrity, trust, transparency and honesty (no corruption). The Emalahleni municipality's reputation is not aligned to these values. As mentioned above, distrust in the municipality is high, due to a history of corruption and limited accountability or integrity. To ensure more ethical behaviour by officials would require the professionalisation of the administration, while the accountability of councillors to the community would need to be enhanced to ensure integrity and honesty.

Political-administrative interface

Strong and ethical leadership is required, especially for a municipality facing as many problems as Emalahleni. Both the political leadership and top management of the administration need to work together and to have a clear understanding of their respective roles and responsibilities. There appears to be a good relationship between the senior officials and the executive mayor, along with a commitment to the mayor's priorities. Unlike many other intermediate cities, officials made no complaints about political interference.

8.7 Conclusion

Coal is a finite resource, and so coal mining in Emalahleni will inevitably stop one day. When that will happen will depend on several factors, including the coal reserves and mine profitability. Mine profitability is affected by the demand for and price of coal, as well as the costs and risks of mining, which are influenced by labour and the political, regulatory and social environment. Neither the municipality nor the mines have much influence over many of these factors. However, the municipality can influence how it manages the transition from coal (and coal-based power generation) to an alternative economic base. For this, the municipality will need to be trusted, competent and have sufficient resources to undertake the necessary research and planning towards the transition. It will have to dedicate resources to exploring realistic – not utopian – alternatives and then determine the steps that need to be taken now to achieve the transition.

Other essential factors include participatory planning, where citizens have a considerable level of control, political will, as well as sufficient resources and capacity to implement plans over several years and possibly more than one political term. In addition, provincial and national government will have to support and enable the transition, especially as the transition will affect several municipalities in the province. They also need to fulfil their constitutional mandates, to monitor and, where necessary, take decisive steps to assist local governments in trouble. Support could also include research into the development potential of other economic activities, re-skilling and upskilling of residents and assisting the many families who find themselves living in desperate circumstances.

Government must also acknowledge the limited lifespan and impermanence of mining resources and the reality of mine closures. Clear policy is needed to guide the development of infrastructure and housing/human settlements in mining regions that are facing an uncertain future. This requires improved intergovernmental relationships and greater transparency regarding the expectations of mining to absorb labour and generate income and foreign reserves and in decision-making that affects local areas. Integrated planning between sector and spheres of government is essential to avoid the negative scenarios sketched above. Urban shrinkage should be regarded as natural a part of the life-cycle of a mining region as is growth, (Pallagst et al., 2015) and should therefore be factored into the development of the urban areas that support the mine.

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9 Gold Lost its Shine

Matjhabeng Case Study

9.1 Introduction

Gold mining in South Africa started on the southern parts of the Witwatersrand, but several geologists believed that the same gold reefs were also present further south. In 1933, Allan Roberts received the first prospecting rights, near Odendaalsrus, and came within 120 metres of finding gold when the company for which he was prospecting ran out of funds. By 1939, two other companies had found gold reserves near Welkom, but the Second World War then stopped development. After the war, Anglo American took over the original prospecting companies and started to invest in developing the mines. Odendaalsrus was the first service centre or town in the area, but the town's decision-makers were unwilling to expand the town's boundaries to accommodate more mining. Therefore, Anglo American promoted the development of three new towns in the area: Welkom, Virginia and Allanridge. These towns grew to form part of the mining complex that also included Odendaalsrus, Hennenman and Theunissen. By the early 1990s, the Free State goldfields hosted about 500 000 people. Today, the original Free State goldfields consist of two municipalities: Matjhabeng and Masilonyana.

Back in the 1980s, the Free State goldfields produced nearly one-quarter of the gold in what was known as the free world. However, since then the economy of the area has declined by 2.6% per annum, and mining jobs have fallen, from about 180 000 in 1988 to about 20 000 in 2018. The first retrenchments of mineworkers occurred in 1991 and was the start of a dramatic economic collapse. Of the 44 shafts sunk in the area, less than eight are currently operational. Against this background, the paper analyses the town's economic transition and describes attempts by local roleplayers to move the economy away from mining.

Geographically, the paper focuses on Matjhabeng, although where relevant some data is also applicable to Masilonyana, which is to the south of Matjhabeng and has historically housed mineworkers at the Beatrix mine (today operated by Sibanye Gold). Matjhabeng includes Ventersburg, which initially fell outside the original gold mining enclave. The research included interviews with 10 key informants, a review of 52 newspaper articles on Matjhabeng, a literature review, as well as extensive data from Global Insight and Statistics South Africa (Stats SA).

9.2 The rise and fall of gold mining

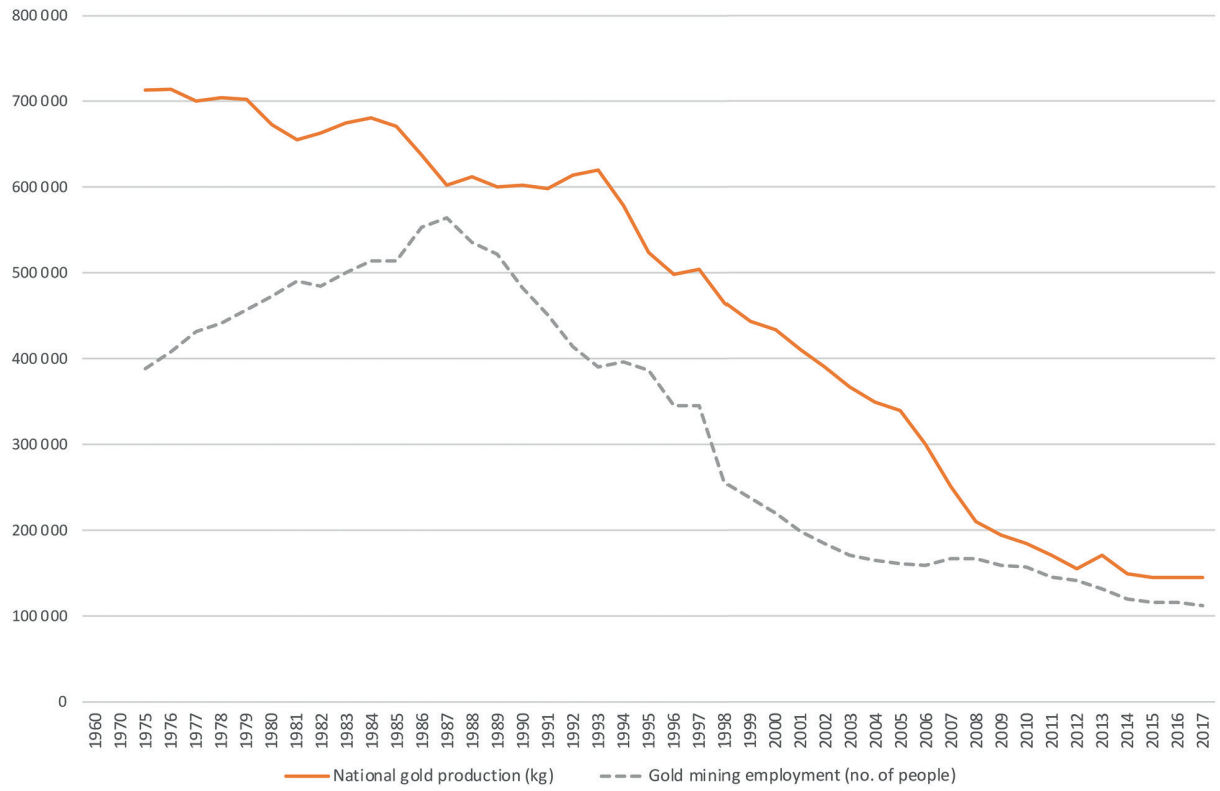
South Africa's non-agricultural economy was born out of the mining industry, which was founded following the discovery of diamonds and gold in the late 1800s. Although diamonds were essential to the economy, gold provided the most employment opportunities. Both gold and diamond mining developed rapidly despite being exposed to volatile global market forces. The original gold mining was on the Witwatersrand but soon expanded to the East Rand and then the West Rand. By 1946, two more gold mining areas had developed in what is today known as the City of Matlosana (Klerksdorp area) and Matjhabeng. After the Second World War, gold mines developed near Evander in Mpumalanga. These new post-war mining areas dominated gold production in South Africa, although mining continued in some of the original shafts on the Rand.

Although diamonds were essential to the economy, gold provided the most employment opportunities. Both gold and diamond mining developed rapidly despite being exposed to volatile global market forces

From 1975, gold production started to decline, while employment in gold mining reached its height in 1987. Between 1975 and 2017, mine production dropped from over 700 000 kgs to about 150 000 kgs, while between 1987 and 2017, employment in gold mines fell from 570 000 to about 110 000 jobs (Figure 51). Four main reasons contributed to the lower production and drop in employment (Crankshaw, 2002):

- As gold depleted, mines had to go deeper to reach the remaining gold. Deep mining increased the cost of mining operations and the risk of accidents. Although this created an opportunity to develop deep mining techniques, over the past decade rising electricity costs and load shedding have hampered deep mining.
- In the 1990s, after years of isolation, South African mining companies became multinational companies. Opening up to the world provided an opportunity to access global capital, but also meant that mining companies had to increasingly provide value for their shareholders. One of the consequences of this was that mining companies stopped investing in peripheral mining activities, such as housing and sports clubs, which had significant implications for local communities.
- Since the mid-1980s, there has been pressure on wages of mineworkers because of the unification of the labour force and general pressure to increase wages.
- Linked to the issues of deep mining and the unification of labour, mining companies were put under pressure to improve health and safety.

Figure 50: The fall of production and employment in gold mining in South Africa (1960–2017)



Source: Sesele (2019)

In addition to the economic reasons, understanding the decline also requires understanding the historical realities of mine labour in South Africa. A controlled migrant labour system dominated employment practices in the mining industry. The system introduced by colonial and apartheid governments ensured that the mining industry had an abundance of low-paid, mainly black, mineworkers. These mineworkers did not have access to citizen rights at the mining operations and had to travel between the mining areas and their rural homes (sometimes outside South Africa), based on their contracts with the mines.

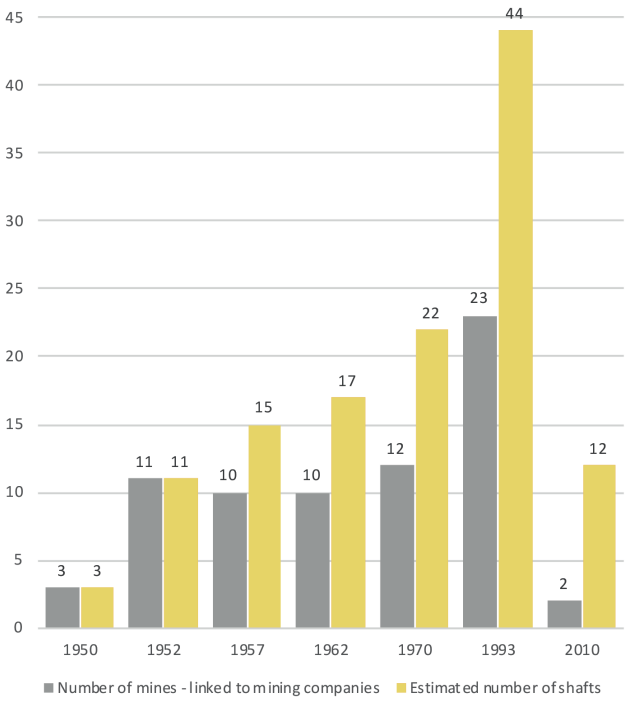
A dual housing system developed, based on race. White mineworkers primarily accessed company housing in the nearest town and were later able to buy their houses, when the mines started to privatise these units from the early 1990s. In contrast, black mineworkers were housed by the mines in single-sex compounds, although in the mid-1980s, a homeownership model for black mineworkers was developed, based on 20-year mortgage finance. However, as the gold mining industry started to slump from the early 1990s, the mining industry could not ensure the job security required for this long-term housing finance model (Tomlinson, 1997).

Today, the mining industry employs about 450 000 people, which is about the same as in the mid-1990s, meaning that mine employment has remained stable despite the steep decline in gold mining jobs. This is because of an increase in platinum, iron ore and coal mining jobs. The platinum industry provided most jobs to gold mineworkers, as (like gold) platinum is mined at deep levels and requires rock drillers as mining operators. This meant that mainly low-skilled workers were able to transit from the gold mines to platinum mines, when the gold industry shrunk.

The Free State Goldfields

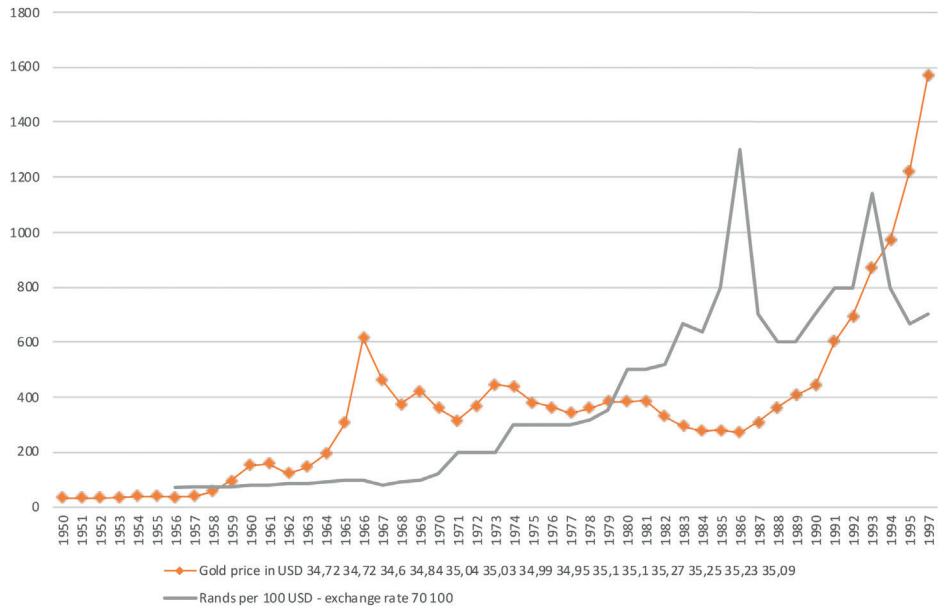
The initial development of shafts proceeded quickly after the first investments in the area. Figure 51 provides an overview of the number of shafts and mining companies involved in mining in the area.

Figure 51: Number of mining companies and shafts in the Free State goldfields (1951–2010)



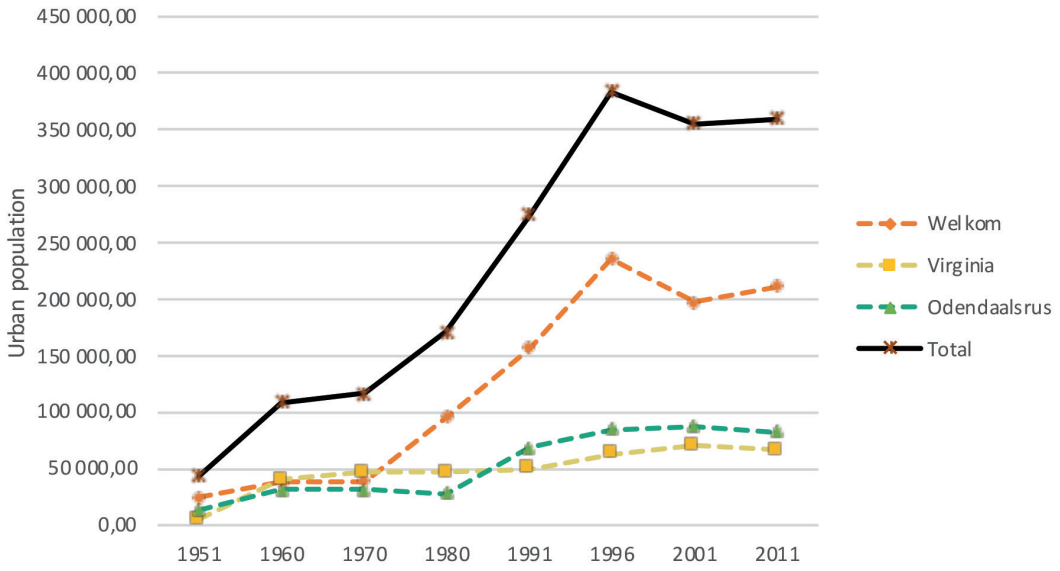
By 1970, the mining companies had sunk 22 shafts, including many that were marginal and that many companies considered closing. Then, in the mid-1970s, the USA left the gold standard, and the gold price rocketed. Within five years, the cost of gold had gone from US$50 to over US$600 per fine ounce (Figure 52). Marginal mines became profitable and, by 1993, mining companies had sunk another 22 shafts. However, by 2010 only 12 shafts remained operational in the area.

Figure 52: The changing price of gold and the rand/dollar exchange rate (1950–1997)



With gold mining growing considerably after the Second World War, the mining companies needed to find accommodation for their workforce but faced two issues: The council at Odendaalsrus was unwilling to make land available for the mines, and the Free State did not have any legislation in place to assist the mining companies in establishing towns for their workers. However, after reaching an agreement with the Orange Free State Provincial Government, Anglo-American started to develop the company town of Welkom in 1947. Virginia followed a few years later and, in the early 1960s, the mines established Allanridge. These towns all developed as company towns. Anglo-American employed a British town planner, Mr Backhouse, to plan the towns, which were based on garden city principles (neighbourhood shopping centres, wide roads and large parks). The development of the mines and the towns resulted in a massive influx of people to these newly established urban areas (Figure 53).

Figure 53: Urban population of the three main urban areas in the Free State goldfields (1951–2011)



These planning decisions from the 1950s – the Garden City planning framework and the decision to develop several new towns instead of one settlement – would make mine downscaling more difficult in the 1990s. The Garden City design, characterised with low densities, wide roads and large parks, created large long-term liabilities, with extensive infrastructure that had to be maintained by the municipality even during times of economic decline. The provincial government's decision to establish multiple towns meant that urban development spread further instead of developing a higher density area.

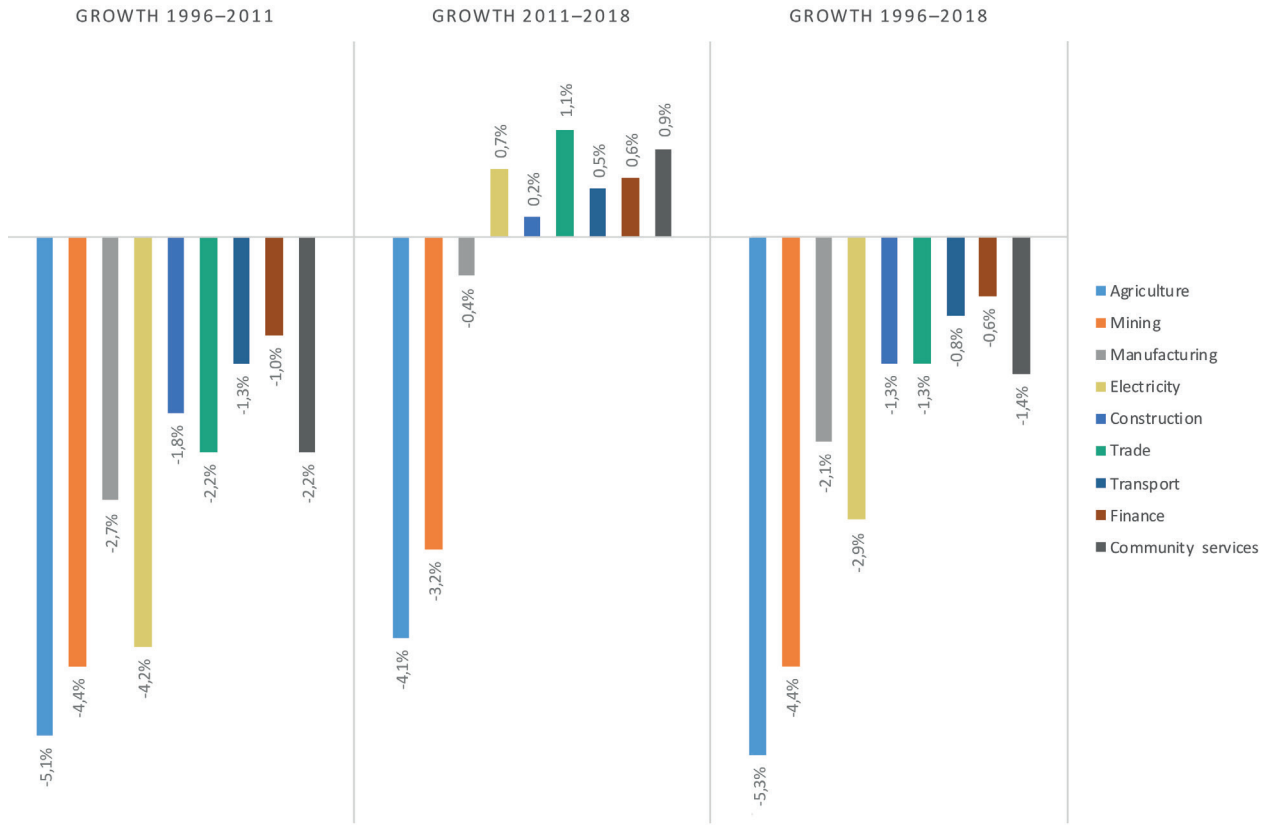
By the 1990s, the decline in gold mining was affecting the Free State, leading to increased unemployment and stopping the shift towards black homeownership, which had begun in the 1980s. Retrenched mineworkers were unable to keep up with their bond payments, and many houses were repossessed by the banks. By the mid-1990s, the banks had redlined Thabong (the former black township in Matjhabeng), i.e. banks provided no new mortgages in Thabong.

9.3 Matjhabeng

In 2018, Matjhabeng's economy was just 55% of its economy in 1996. Given the rapid decline between 1991 and 1996, it is probably safe to say that the current economy is about half the size it was in 1990 before the decline started. In 1996, mining contributed 61% of employment and 62% of GVA. By 2018, employment in mining dropped to 25%, but mining still contributed 45% to GVA. This reflects the mechanisation of the mining industry. Predictions from the industry are that mining will be phased out over the next 10 to 15 years (Denoon-Stevens, 2019).

Since 1996, the mining economy has shrunk by 4.4% per annum and the total economy by 3% per annum (Figure 54 and Table 14). Indeed, over the past two decades, all sectors have declined, but since 2011, some recovery was visible in electricity, trade, transport, finance and community services. Despite negative growth rates, trade, finance, transport and community services have increased their share of GVA.

Figure 54: Change in GVA per sector in Matjhabeng (1996, 2011, 2018)



Note: GVA in 2010 constant values X 1000

Table 14: GVA per sector in Matjhabeng (1996, 2011 and 2018)

Economic sector	1996		2011		2018	
	GVA	% total GVA	GVA	% total GVA	GVA	% total GVA
Agriculture	307 210	1.1%	139 366	0.8%	104 185	0.7%
Mining	17 511 492	61.7%	8 850 446	52.5%	7 054 753	45.7%
Manufacturing	790 173	2.8%	525 105	3.1%	511 962	3.3%
Electricity	367 197	1.3%	194 189	1.2%	203 830	1.3%
Construction	365 415	1.3%	276 568	1.6%	279 701	1.8%
Trade	3 058 698	10.8%	2 181 965	12.9%	2 351 991	15.2%
Transport	1 047 689	3.7%	865 539	5.1%	895 275	5.8%
Finance	2 159 422	7.6%	1 851 641	11.0%	1 928 800	12.5%
Community services	2 789 272	9.8%	1 988 877	11.8%	2 113 817	13.7%
Total industries	28 396 568	100.0%	16 873 697	100.0%	15 444 314	100.0%

Note: GVA in 2010 constant values X 1000

The employment figures confirm in no small degree the economic decline in the region and in Matjhabeng (Figure 55 and Table 15). Since 1987, the region has lost about 180 000 jobs, of which about 90% (160 000 jobs) were in the mining sector. In 1991, the first significant retrenchment took place, when Rand Mines' closed the Harmony mine, with the loss of 10 000 jobs (Marais, 2013a; Marais et al., 2017).

Figure 55: Change in employment per economic sector (1996–2018)

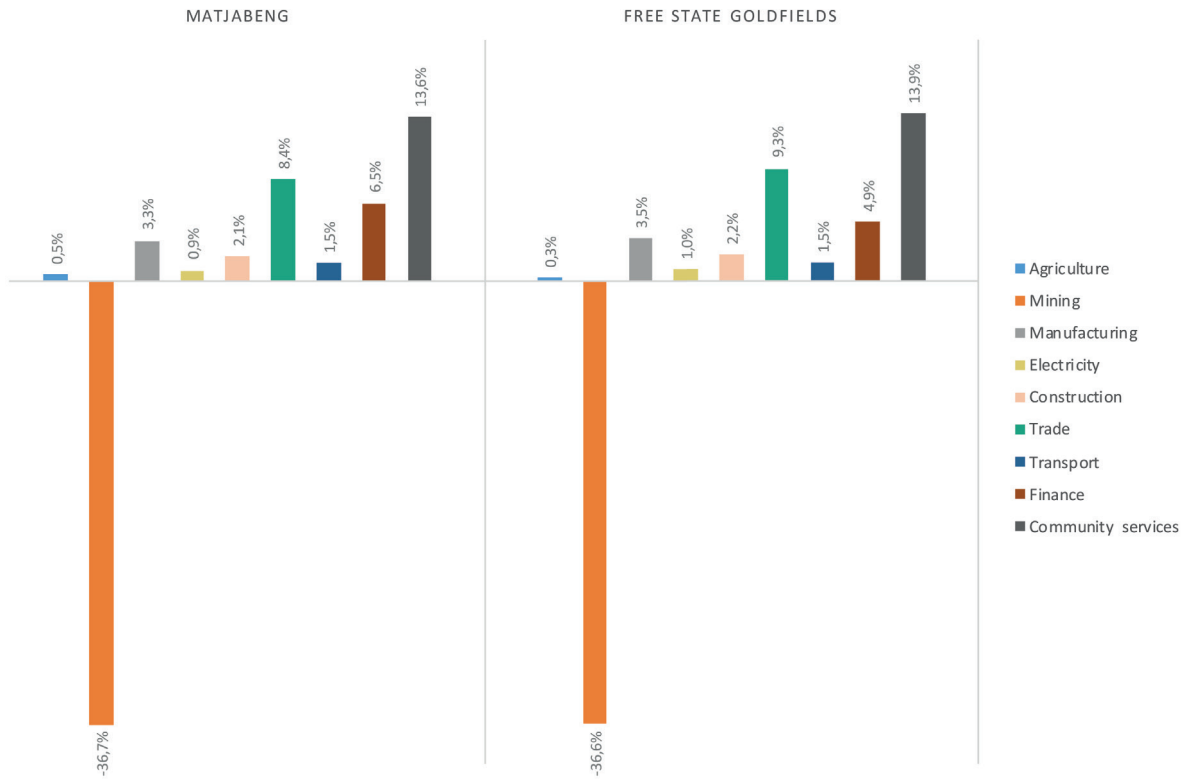


Table 15: Employment in the Free State goldfields (1980–2018) and Matjhabeng (1996–2018)

Economic sector		1980	1987	1996	2001	2011	2018
Agriculture	Free State goldfields	10 735	11 194	13 775	17 593	8 264	7 488
	Matjhabeng			9 377	13 084	6 020	5 436
Mining	Free State goldfields	154 343	184 634	97 374	43 144	26 069	20 369
	Matjhabeng			89 130	38 979	25 157	19 576
Manufacturing	Free State goldfields	7 679	10 105	5 896	7 497	6 168	6 031
	Matjhabeng			5 570	7 928	525	5 560
Electricity	Free State goldfields	501	743	531	419	543	1 107
	Matjhabeng			492	386	479	955
Construction	Free State goldfields	10 913	15 875	4 256	3 701	4 782	4 041
	Matjhabeng			3 837	3 259	4 325	3 653
Trade	Free State goldfields	14 107	17 587	11 667	19 028	15 699	13 911
	Matjhabeng			11 035	17 947	14 011	12 412
Transport	Free State goldfields	2 562	2 804	2 301	2 637	3 018	2 459
	Matjhabeng			2 122	1 081	2 800	2 277
Finance	Free State goldfields	2 007	2 519	9 106	9 979	11 370	8 830
	Matjhabeng			8 565	9 242	20 463	9 600
Community services	Free State goldfields	24 661	29 717	14 796	20 839	20 491	19 402
	Matjhabeng			13 407	19 217	18 741	17 692
Total	Free State goldfields	227 508	275 178	159 702	124 837	96 404	83 638
	Matjhabeng			143 535	111 123	92 521	77 161

Since 1987, most other economic sectors have also lost jobs but have on the whole remained fairly stable compared to the mining industry.

- Employment in **agriculture** has declined. Yet this sector is essential for the regional services function, as the urban areas depend on the purchasing power and investments in agriculture, and provide critical health and educational services.
- Although **manufacturing** has lost jobs since 1987, the pattern since 1996 is stable and some growth has occurred. While industrial sites in Virginia may be vacant and dilapidated, the industrial area in Welkom shows a fair degree of vibrant activity. This was confirmed by one of the business people interviewed who said that many companies are doing business well-beyond the boundaries of Matjhabeng, and cited the example of a mining engineering firm that manufactures products to supply across Africa.
- Although considerable shrinking has taken place since the heights of 1987, the **construction** sector has consolidated over the last two decades.
- Despite declining slightly since 2016, the **trade** sector has retained its employment levels. This is due to the development and expansion of Welkom's regional functional role over the past two decades, supported by its notable population, excellent trading facilities and boarding facilities at educational institutions (schools and university).
- The growth in employment in **finance** is probably because of the privatisation of mine housing in the 1990s.
- Despite an initial drop, employment in **community services** has grown since 1996, mostly as a result of the decentralisation of government business (probably at the expense of the neighbouring Moqhaka). The lower than average house prices also made Welkom an attractive location for many government officials.

The rapid deterioration of the economy in Matjhabeng has affected the municipality and had both social and economic consequences.

A municipality in distress

The economic deterioration has had an impact on municipal finance, which has been aggravated by poor governance and instability – politically and administratively – in the municipality. Between 2001 and 2011, the municipality had eight municipal managers and has had a further three since 2011. Some were acting in the position, which is further evidence of the governance problems and overall lack of leadership in the municipality. Since the establishment of the municipality, two out of the four mayors did not complete their four-year term (Dlodlo, 2010). Municipal managers have attracted stories about their incompetence (De Wet, 2010) and in one case was found to be in contempt of court (Van Rooyen, 2010). The media has reported on various claims of corruption and the suspension of municipal officials (some because of being whistle-blowers), but there is very little evidence of successful prosecution (Phillips, 2010a; De Wet, 2013; *Vrystaat Sake Bulletin*, 2013).

Given these governance issues, unsurprisingly, **municipal finances are in disarray**. The municipality has not had an unqualified audit opinion for over a decade, despite promises in this regard from the municipal manager (Bolowana, 2017), and in 2017/18 current liabilities (R4.7-billion) outstripped municipal assets by a ratio of 1:3.5. Between 2009 and 2017, the percentage of income derived from property taxes dropped from 22% to 18%, which in the past was blamed on non-payment by big business (Seekoei, 2014b; 2014d). Yet the problem is much more complex, with the main culprit appearing to be an inaccurate billing system (Van der Walt, 2018). One interviewee claimed that up to 40% of bills sent out by the municipality could be partially or fully incorrect, but it was impossible to verify this claim. The municipality has problems with both debtors and creditors, with the latest financial statements (for 2017/18) showing:

- The municipality's bad debt stood at R850-million, of which just over half originated from households.
- The municipality owed Eskom R1.8-billion and Sedibeng Water R2.2-billion.

The municipality's non-payment of service providers is not new. Over the years, Eskom and Sedibeng Water have threatened to cut off the supply of bulk electricity and water (*Business Day*, 2013; *Vrystaat Sake Bulletin*, 2013; Gericke, 2018b). In August 2014, a court order required the municipality to explain to the court every month how it will repay Eskom (Van Rooyen, 2014). In addition, some small business people have taken the municipality to court for outstanding debt (Van Rooyen, 2017).

The poor state of municipal finance has also resulted in the municipality being unable to pay for the pensions of its workers (Grobbelaar, 2018).

The decline of mining is linked to the poor state of municipal finance, as historically, mines paid large parts of the bills, often a few days in advance from the required payment date. However, over the last 20 years, more and more individuals have been transferred onto the municipal billing system, which has complicated the system (with the municipality being unable to deliver municipal bills to the right addresses), and meant that the municipality had to invest in debt control – something they did not have to do with the mines. The decline also contributed to the decreased revenue from property taxes.

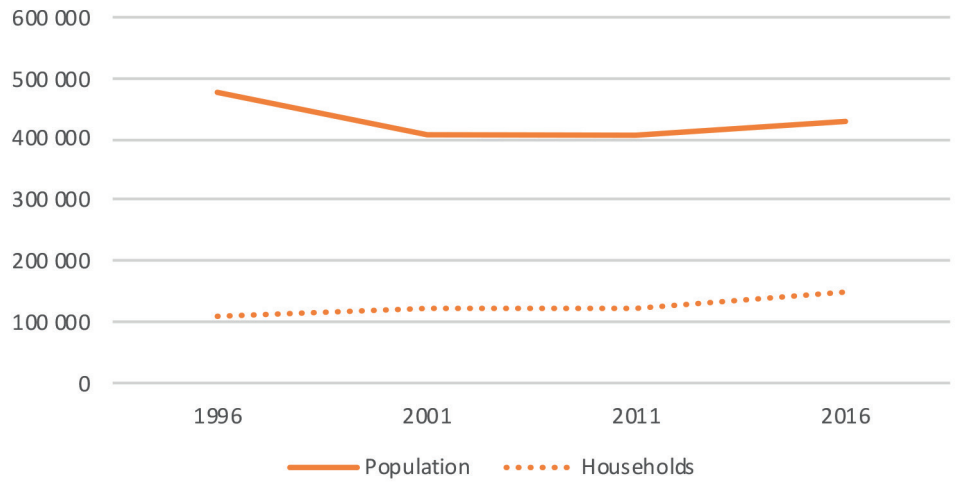
The result of poor governance and poor municipal finances can be seen in the state of **municipal infrastructure**, in particular the sewerage works. The problems with the sewerage works are not new. In 2009, the opposition in council took eight municipal managers (previous, current and acting managers) to court for contravening the Water Act by allowing raw sewerage to flow into rivers (Phillips, 2009b). Although the case was unsuccessful, it showed how desperate the situation had become and prompted the municipality to create an urgent plan to address the matter (Phillips, 2009d). However, the plan did not seem to make a difference, as numerous complaints surfaced again a year later (Phillips, 2010c). It is common to find raw sewerage in the township (Phillips, 2009c; Gericke, 2018a) and the Oppenheimer golf course (Phillips, 2009e), and yet a mayor has also denied that a problem existed (Dlodlo, 2010). By 2018, the sewer system had deteriorated so much that it would need repairs of R800-million (Magashule, 2018). The existing infrastructure is old and requires urgent upgrading[25], but it is unclear where the municipality will find the funds for such an upgrade. Adding to the problem is the increase in number of households, putting more pressure on the sewerage works and bulk infrastructure services.

Faced with all these problems, the municipality has been unable to deal with the impact of the economic decline or to find a way to revamp the local economy. The lack of appropriate sewerage works, the significant backlogs and the enormous debt are all stumbling blocks to finding a way out of Matjhabeng's economic doldrums.

Demand for land and infrastructure services

The irony is that Matjhabeng's population has decreased, but the need for land and infrastructure has increased. This is because two conflicting patterns have emerged from the deteriorating economy: a decline in population, but an increase in the number of households (Figure 56).

Figure 56: Growth in population and households in Matjhabeng (1996–2016)



Over two decades, from 1996 to 2016, Matjhabeng's population declined by about 3% per annum and then remained stable, with a slight increase towards 2016, while the number of households increased slowly but steadily. This contradiction, where household growth outstrips population growth (as households become smaller), reflects the national trend in South Africa. It is also a consequence of changes in the mining industry, with the transition, from compound housing to family housing and homeownership, that started in the late 1990s. As mines started to phase out compound living, more mineworkers had to find accommodation for themselves, and so the number of households in the area increased. In addition, mineworkers did not leave the area after being retrenched. Instead, they tried to find local housing and alternative employment, and reverted to settling in an informal house. By 1996, approximately 37% of the population of Matjhabeng were living in informal housing. Although by 2016, this percentage has declined to about 15%, it is still higher than the national average of 12.3%.

By 1996, approximately 37% of the population of Matjhabeng were living in informal housing

25 Interview with official in the IDP department

Impact on social fabric

In 2018, more than a quarter (26%) of people in Matjhabeng were living below the food poverty line, and in 2016, almost a fifth (18.4%) of Matjhabeng's population was unemployed, up from 7.5% in 1996. Between 1996 and 2018, about 55 000 people joined the ranks of the unemployed people in Matjhabeng, an increase of 66% (from 35 000 to nearly 90 000 unemployed people).

The decline of the mining industry has also had significant gender implications (Sesele, 2019). Historically women were excluded from employment in the mining industry, but policies changed, to include more women in the industry. However, this change happened when the industry was starting to decline and opportunities were dwindling. At the same time, many male mineworkers moved out of the area, shifting the gender balance further away from a male-dominated environment. As a result, women are carrying a double burden: they carry the weight of decline at the household level, but struggle to find jobs in a poor economic environment, made more difficult by their lack of historical employment records.

In particular, the closure of sports clubs has had a negative impact on the city's social fabric

As mentioned, the opening up of mines to international capital post-1994, combined with the economic decline, led to the mines discontinuing their extensive support of sports and social aspects in the area. In particular, the closure of sports clubs has had a negative impact on the city's social fabric.

Crime and illegal mining

Respondents from both the private and public sectors mentioned the problem of crime. Although some evidence shows that unlawful behaviour is deeply rooted in the struggles of households to make a living (Sesele, 2019), for most respondents, crime is associated with illegal mining activities in the area. Illicit miners have destroyed municipal infrastructure and stolen copper, which costs the municipality over R400 000 per month (Seekoei, 2014c; 2014d) According to a public official interviewed, the damage to the municipal sewerage infrastructure had been a direct result of the illegal mining industry, and the municipality loses 50% of the water through theft and illegal connections (Seekoei, 2014a).

For many years, illegal mining has been prominent in the area, but with the decline of the industry, illegal mining has become more organised and linked to an international network of organised crime. Illegal miners, known as Zama Zamas, go down the shafts of closed mines and mine the gold in an artisanal manner. The gold is then melted down and distributed by syndicates through the international network. The crime associated with Zama Zamas includes general break-ins, business crimes (robberies at shops) and the destruction of municipal infrastructure. The municipality's newly released local economic development (LED) strategy also identifies Zama Zamas as a major source of crime that needs to be addressed (MLM, 2019).

The Chamber of Business and the municipality have a partnership programme aimed at stopping crime, which appears to be working, as many of those interviewed said that crime had generally declined in the area and that Zama Zamas have now moved onto the West Rand. However, for some of the interviewees, clamping down on illegal miners has further contributed to economic stagnation in Matjhabeng. Further research is needed, to explore ways of balancing the economic value with the environment and occupational health concerns of these illegal miners.

Provincial politics

In South Africa, the drawing of municipal borders has resulted in unhappiness among certain communities. In Matjhabeng, two contradictory claims are present: some claim that Matjhabeng should become a metro, while some towns (e.g. Virginia) have asked the Municipal Demarcation Board to delink them from the municipality, as they are " tired of the bad service delivery of Matjhabeng" and believe that their towns get nothing, unlike Welkom. Furthermore, since before 1994, an economic and political rivalry has existed between the northern Free State (Matjhabeng/Welkom) and the Southern Free State (Mangaung/Bloemfontein), although over the last 10–15 years, this rivalry has declined. This is partly because Matjhabeng's rapidly declining economy has eroded the city's historical prominence in provincial politics.

9.4 Reversing the decline in Matjhabeng

Since Welkom was established, various attempts have been made to prevent a possible economic decline and diversify the economy. Two common threads emerge from the various attempts: implementation is difficult, while plans do not always include all possible partners.

From 1960 to 1990

In the 1960s, provincial and local governments sought to diversify the economy of the Free State goldfields, driven by the fear that "unless diversification occurs […], these towns are likely to stagnate and die when mining operations cease" (Page, 1969: 6), or ghost

towns would develop once the mines had depleted the gold reserves (Marais & Nel, 2016). The towns that developed had to be seen not as mining towns, but as normal urban development (Viljoen, 1963). The economic strategy was built on four pillars: mining, industry, commerce and agriculture, which included the development of the Sand River Irrigation scheme (Welkom Municipality, 1968). The focus on agriculture was in order to provide produce for the growing local market (Viljoen, 1963).

However, planning for a post-mining economy disappeared in the mid-1970s, when the US left the gold standard and the price of gold skyrocketed. With the high price of gold, new mines were able to open, marginal mines became profitable, and extensive wealth came to the town, albeit on the back of low wages and migrant labour and only for a small portion of people involved.

Towards the end of the 1980s, the likelihood of mine decline featured again, with the severe drop in gold price in 1989. This significant red light to the area was recognised in the 1989 Welkom structure plan, which emphasised the problem associated with a possible decline (Welkom Municipality, 1989), and the council understood the need to broaden the economic base of the area (Marais, 2013b). The 1989 structure plan may have represented the racial ideologies of apartheid but also considered urban structure, development status and growth potential holistically. However, it made simplistic assumptions about population growth (for example, predicting that by 2010, more than one million people would live in the area), mining expansion, urban development to the south of Welkom and industrial growth. The idea was to plan for a post-mining economy, but the focus on diversification meant that growth still formed the basis of the plan. The structure plan made specific recommendations that the municipality should undertake a separate study on diversification. Based on an extensive scenario development, two crucial recommendations were made:

The structure plan made specific recommendations that the municipality should undertake a separate study on diversification

- The economic diversification plan should focus on agriculture-related industries, motor components and gold jewellery, and included the strategy of assisting several industries to relocate to Welkom.
- The municipality should establish a development agency outside the ambit of government to drive the economic diversification process.

The 1990s and early 2000s

In 1991, the first mining retrenchments were unexpected, but the 1989 structural plan was in place, although it had been developed without the involvement of the mining sector (Marais, 2013b). In 1992, the municipality established the Free State Goldfield Development Centre (FSGDC), as a non-profit company, with directors from the private and public sectors (ibid). The centre was also a collaboration between the existing local authorities at the time (Welkom, Virginia, Odendaalsrus, Hennenman, Theunissen, and Allanridge). It had two objectives:

- To attract new, mostly manufacturing business to the area. Industries to be targeted included gold jewellery, agro-processing and tourism.
- To develop catalytic projects that would bring back confidence to the area, including Project Africa Gold with Spain and Germany(1992–1995), routing the main national road between Johannesburg and Cape Town (the N1) through the Free State goldfields region, and constructing a motor racing track.

Post-1994, the FSGDC came under pressure from the new dispensation, which found the predominantly white and male board to be unacceptable and did not like having an entity that operated outside the ambit of local government. Nevertheless, by 1998, the FSGDC introduced a new strategy that focused on:

- Agriculture: diversification of products and intensification of agro-processing
- Training and support centre
- Gold jewellery hub
- Mining tourism
- The Matjhabeng distribution hub, including an international cargo airport and the upgrading of the R30/34 to become the N1 route.

After some success in early 1990s, progress was affected by several factors: mines became less involved, the rapid change in mine ownership made continuity difficult and the existing market forces did not help the initiatives, while corruption was involved in some projects (Marais, 2013b). The most significant success was the development of the Phakisa motor racing track, which hosted five MotoGP international motorcycle races from 1998.

An evaluation of these economic development initiatives found that the achievements were extremely modest considering the job losses that had taken place and the mine downscaling, which was an international trend and not unique to the Free State goldfields region (Nel & Binns, 2002). The report's recommendations include:

- A much greater sense of purpose was required because decline was a major problem and required a combined effort from everybody involved.
- The national and provincial government should provide a far more concerted attempt to help the local area in dealing with decline.
- Consideration should be given to inputs from the private sector and community-based organisations.
- The region needed some catalyst projects.
- Single-sector localities such as the Free State goldfields should anticipate change and plan accordingly.

Unfortunately, over the last two decades, very few of these issues have been addressed, and so the recommendations remain valid.

Since the mid-2000s

In 2004, the municipality dissolved the FSGDC (as it was not in line with new municipal legislation) and replaced it with the Matjhabeng Marketing and Investment Company (MMIC). At the same time, the municipality established a Department of Economic Development and Spatial Planning, which created conflict as the MMIC and department had the same function. Most of the gains made under the FSGDC were lost: the jewellery and agricultural project did not continue, and the Phakisa raceway lost its international contracts.

The provincial government became less responsive to the plight of the area (Marais, 2013b) and pressure was mounting to have a development agency at the district level. As a consequence, in 2005, the district municipality established the Lejweleputswa Development Agency (LDA), which became competition to the MMIC. The LDA has made minimal progress, even after receiving a grant from the Industrial Development Corporation in 2010. According to its website, the LDA's objectives are to promote economic development, reduce poverty, create linkages between private and public sectors, facilitate access to finance for businesses, and diversify the industrial and commercial sectors.[26] Projects include a technology and innovation hub, a film studio, sunflower processing and hydroponics, but all the projects seem to be at a planning stage. There was no record of implementation, although the film studio is operating at a low level. Attempts to contact the LDA were also unsuccessful.

The LDA has made minimal progress, even after receiving a grant from the Industrial Development Corporation in 2010

Despite the objective of creating linkages between private and public sector, no representatives from the mines or private sector sit on the LDA board. And the private and public sectors operate on their own. For instance, in 2014, the mayor of Matjhabeng said that Matjhabeng is moving away from mining to agriculture, and "planning to boost tourism and employment in the green economy" (Bolowana, 2013), but during the same period,

Harmony commissioned a project to re-plan Matjhabeng without involving the municipality. Yet the consultants contracted for the project did not really engage with the business sector or the municipality, and the project died off when a new CEO took over.

The new LED strategy (2019)

In 2019, the municipality published a new LED strategy, which was developed by consultants and paid for by Harmony. Its vision is for Matjhabeng Local Municipality to develop a globally competitive economy through the collaborative diversification of the mining, manufacturing, trade and finance sectors. The strategy contains five pillars, each with a set of objectives, and a range of projects and interventions associated with each objective (Table 16).

26 http://lejwelda.org.za/

Table 16: Summary framework of the new LED strategy for Matjhabeng (2019)

Pillar	Objective	Projects
1. Beneficiation	Agro-processing	Aqua-culture
		Poultry value chain development
	Diversify mining resources	Jewellery manufacturing
		Recycling plant
		Steel manufacturing
		Petroleum refinery
	Manufacturing incubation hub	Specialised economic zone
2. SMME development	Formalise the informal sector	Informal business complex
	Business intelligence	Linkages to funding support
		BP development
		Economic and small business development
		Established business support centres
3. Innovation, R&D	Science and Technology	Science Park
		Science bursaries
		ICT infrastructure
		Digital economy
	International markets	Consulting Africa
		Cargo airport
		Buy South Africa campaign
4. Creating an enabling business environment	Improve ease of doing business	Simplify business regulation
		Create an accessible local business database
	Training and skills development	Skills incubation hub
		Skills audit
		Jobcentre/ skills bank
	Good governance	Develop sector plans
		The economic project investment committee
		Land parcel audit
5. Tourism	Tourism development	Sand river route
		Film incubation hub
	Tourism marketing	Travel guide
		Phakisa Raceway

Pillar 1: Beneficiation

Since the 1990s, strategic plans have included the notion of beneficiation, especially of agricultural products and gold. The LED strategy views the role of the municipality to be one of "improving the ease of doing business", helping to link the relevant stakeholders in the value chain. It talks about promoting innovation through partnerships with the Central University of the Free State's Welkom campus, reskilling mineworkers and establishing a special economic zone (SEZ).

Pillar 2: SMME development

SMME development is a national priority, and the trade sector needs to be expanded. The strategy proposes that the focus should be on formalising the informal enterprises, rather than providing an enabling environment in which both formal and informal businesses can operate. Businesses would be supported through working with SEDA, creating linkages with business funding, and developing business plans.

Pillar 3: Innovation, R&D

R&D is necessary in order to create new services and products in the global economy, and so "the municipality should encourage innovation, research and development through the introduction of development specialist centres that assist entrepreneurs with designing products and improving operational processes with the latest available technology" (MLM, 2019: 167). The strategy envisages the establishment of a science park, science business and ICT infrastructure, and focusing on international markets, using Consulting Africa and the Cargo Airport projects.

Pillar 4: Creating an enabling environment

The goal of LED in Matjhabeng should be to create "an environment where the government set standards and legislation, while not inhibiting reasonable business activities" (MLM, 2019: 168). The strategy identifies over-regulation as a significant problem for the South African economy, but is unclear as to what degree local regulation is a problem. The ease of doing business is discussed but without any specific reference to how this would impact current municipal functions or how to monitor it. The strategy speaks about the need for training and skills development and good governance, but does not indicate how the municipality will foster good governance.

Pillar 5: Tourism

The strategy recognises that tourism is under-developed despite the natural beauty of the area. The emphasis with this pillar is on tourism marketing that includes the revamping of the Phakisa race track.

Overall, the strategy provides a list of 193 projects and a priority list. The implementation plan emphasises a network for the dissemination of information, the establishment of an LED forum, lobbying for LED resources and a focus on project enablers. The implementation plan also identifies the Department of Economic, Small Business Development, Tourism and Environmental Affairs as being responsible for most of the projects.

9.5 Critical reflections on revamping the economy

The 2019 LED strategy is the municipality's latest attempt to revamp Matjhabeng's economy. These critical reflections acknowledge that the economy is often about sentiment and that one catalytic project can change sentiment. Matjhabeng needs such a project, which the provincial and national governments should support. However, the broad-brush approach of the strategy is inadequate for several reasons.

Institutionalisation of the strategy

The LED strategy was developed by consultants, which in itself is not the problem. However, the strategy does not appear to have been institutionalised within the municipality. It refers to an implementation plan but does not deal with how the municipality will implement the plan, i.e. what would be required from the municipality. The strategy fails to consider the municipality as an institution or to take into account the municipality's limitations, as the following examples illustrate.

- Creating an enabling environment and good governance is one of the strategy's pillars, which requires effective municipal management and regulations. Yet the strategy does not reflect on the municipal functions that have direct economic consequences, such as the speed at which the municipality provides clearance certificates, connects water to new business sites, and processes building plans and other land-related issues. In some cases, the municipality can take more than three years to approve a simple subdivision and consolidation. This results in developments not happening, or proceeding without authority.[27]
- The strategy proposes an SEZ as a simple mechanism to turn around the economy, quoting government policy and guidelines. However, no information is given about what would be needed for the SEZ to be viable (e.g. what would be the Matjhabeng SEZ's competitive advantage). Not all SEZs are successful, and the most viable and sustainable ones are usually located near a large economic agglomeration or at a port.
- The strategy does not address the limitations of the municipality's bulk and internal infrastructure services. As highlighted in Section 3.1, the municipality has problems with its sewerage system, bulk water supply and electricity capacity, which are compounded by the decline in the mining industry. Infrastructure maintenance is crucial for ensuring business viability, especially for smaller businesses. Therefore, unless these problems are resolved, even the best economic development plan written by the best consultants available will be impossible to implement.

27 Some respondents suggested that bribes were paid to ensure developments happened, but this could not be verified.

- The link between municipal finance and the strategy is absent. A good LED strategy needs a municipality that remains a going concern, whereas Matjhabeng is in huge trouble financially and does not have municipal finance systems that can help to monitor economic activity in the municipality.
- The strategy does not consider the mechanisms available to the municipality to support economic development, such as relaxing land regulations or special taxes. This would require a thorough assessment of current land regulation and by-laws, although given the poor state of municipal finances, it is improbable that taxes would be a suitable mechanism for economic development in Matjhabeng.
- The projects proposed in the strategy assume that either provincial and national government will provide the resources, as the municipality will not be able to contribute resources, apart from perhaps some municipal land. Yet provincial and national government are under no obligation to provide resources and, given the current economic climate in the country, are highly unlikely to be able to contribute.

By not considering the above issues, the LED strategy becomes an external product for which other people and other spheres of government are responsible, rather than part of the local governance of the economy.

Economic logic of the pillars

The pillars are not fundamentally wrong, but their economic logic is questionable.

- The first pillar focuses on beneficiation for agricultural and mining products based on the logic that very little beneficiation takes place and the assumption that a gap exists in the market. However, such a gap is very likely to have been filled, and the economic reality is far more complex. For example, in the jewellery industry, the market, not the location of the resource drives beneficiation. This is why beneficiation tends to take place near the market (Johannesburg or Antwerp). Challenging these existing market forces and power would require a far more nuanced approach and a focus on niche products and markets.
- The second pillar focuses on SMME development, which is crucial especially for economically deprived areas such as Welkom. However, while the strategy mentions the Seda, it does not acknowledge that Seda has a branch in Matjhabeng and makes no mention of the need for a partnership arrangement with Seda or other organisations involved in SMME development.
- The third pillar refers to innovation and R&D, although Matjhabeng has no history of innovation and R&D and no research-intensive universities or R&D companies. Therefore, substantial investments in R&D would be needed in Matjhabeng. While some small-scale local initiatives or niche markets could work, a much closer partnership is needed with the Central University of Technology (CUT), to help create different skillsets for the area.
- Across the different pillars, the strategy refers to the importance of skills development and retraining of people in sectors other than mining. However, what is missing is an attempt to engage with the existing skills system, such as the CUT campus and the TVET college.

Private sector involvement

Although the strategy pays lip service to public-private partnerships, it contains very little evidence of such a relationship or of a plan to build these connections. An MOU exists between the municipality and the Free State Goldfields Chamber of Commerce, but the chamber does not appear to have contributed to the LED strategy.[28] Although businesses interviewed said that the relationship between the municipality and the business community had improved, some complained that municipal officials do not honour the envisaged monthly meetings and that the mayor speaks to business people as if they are municipal officials.

According to at least one interviewee, over the last 10 years, the level of collaborative planning between the municipality and mines has deteriorated

The strategy makes no mention of the social and labour plans (SLPs), which were introduced by the Mineral and Petroleum Resources Development Act (MPRDA) to create collaborative planning between mining companies and local authorities. According to at least one interviewee, over the last 10 years, the level of collaborative planning between the municipality and mines has deteriorated. In Matjhabeng, the SLPs are centralised in the mayor's office and often relate to land and infrastructure issues, not to long-term economic concerns or the development of a post-mining economy.

28 Annexure B: Stake Holder Consultation Report: the chamber representatives did not respond to communications via email/phone.

Lack of planning for decline

The strategy reinforces the idea that mining towns should focus on economic diversification and growth, when the literature on shrinking cities suggests that planning for decline is of value. Dealing with decline involves managing a smaller town and reconnecting people to the environment. Matjhabeng would benefit from a holistic approach, which integrates planning for decline into an economic diversification process. The challenge is selling this idea to politicians who want to see Matjhabeng develop as a metro, although, like many other ICMs, Matjhabeng lacks the strategic urban management competencies required for metropolitan governance (which are also absent in some metros).

The strategy says nothing about how current mining legislation and practice create long-term liabilities that the municipality should avoid (Ntema, et al., 2017). By the early 1990s, the mines had already changed their housing policies and privatised most of their mine houses. This privatisation process has placed long-term maintenance and financial risks on the municipality. However, there are still about eight mining villages where the mines (Harmony in this case) own mining settlements and houses. The MPRDA requires mines to get approval from the Minister if they want to demolish these houses. Despite the lack of a housing market and the high cost of upgrading these units, the Department of Minerals and Energy (DME) insists that the mine cannot demolish these houses. Instead, a developed or the municipality must upgrade these units and the accompanying infrastructure. New developments will expand the bulk and internal infrastructure services of the municipality, but there is no guarantee that a developer will recover costs in the long run, as the housing market is very weak..

Regional services function

Despite emphasising trade, the strategy largely ignores the regional services function, which is a key aspect of intermediate cities and is driven by several factors that should be considered in a strategic plan:

- The market and higher-order services and goods, of which many are provided by Welkom due to its population size.
- The rural hinterland, as a prosperous agricultural environment, which increases the economic linkages between the urban area and the surrounding farms.
- Private and public education and health services, especially educational boarding facilities, which municipalities can assist by fast-tracking land-use applications.
- The quality and access of rural roads and feeder roads into the city, which are crucial for ensuring that rural-urban interaction takes place.

The strategic plan does not consider any of these regional services issues. It also does not acknowledge or build on the fact that Matjhabeng has become a common location for provincial and even national government departments. This momentum, begun by provincial government in the 2000s, should not be lost.

9.6 Governance implications

Matjhabeng provides evidence of poor governance and management fuelled by decline, which is ignored by the government spheres. As discussed earlier, the municipality has a poor track record of governance, which is examined across four aspects: the capability of the state, cooperative governance and all-of-society approach, public integrity and the political-administrative interface.

Capability of the state

The main problems at Matjhabeng are institutional but are aggravated by the economic decline. The municipality's finances and financial management are dismal, as shown by the lack of a clean audit in over 10 years. The municipality owes huge amounts to Eskom and Sedibeng Water, its two largest creditors, and has failed to collect outstanding debts from its residents and businesses. This is in part due to billing problems, with the municipality struggling to get bills to the right people and the correct addresses, which results in lower revenue. The transfer of mine housing stock to individuals has contributed to the problem, as instead of billing the mining company, the municipality has to bill many individuals. In addition, the economic decline means that fewer people can pay for their municipal services, while the municipality's financial situation means that it is unable to address the problems (and collapse) of basic services, such as water, sanitation and waste management.

The transfer of mine housing stock to individuals has contributed to the problem …

The municipality also has limited planning capacity, and standard municipal functions, such as approval of subdivisions, take longer than before. Municipal strategic and economic planning tends to focus on grand plans rather than more appropriate responses. For example, the latest LED plan mostly ignores Welkom's critical regional services function and the asset of having a CUT campus. This emphasis on developing grand plans, which rarely if ever involve other spheres of government or the private sector, diverts from the realities that the state should be dealing with.

Cooperative governance and all-of-society approach

Matjhabeng does not have strong relationships with the mines or other spheres of government. One of the consequences of the mining and economic decline has been an increase in mistrust, especially between the municipality and the mines, but also among the different spheres of government. The rapid changes in mine ownership have made creating long-term partnerships difficult. Historically, attempts to find a common approach across the government spheres to revitalising the economy of the area have failed. Instead, multiple stories of competition, non-responsiveness and political power-play are common, both within the local municipality and between the municipality and different spheres of government. Although the municipality's political leadership has a reasonably good relationship with the business community, it appears to be limited to working together on crime and service delivery issues, with little evidence of collaborative work.

Public integrity

The persistent, poor audit outcomes tell the story of a lack of accountability and an inability to create stability within the municipality, which has been made worse by the economic decline. Over the years, stories have appeared in the media about the incompetence of municipal managers, claims of corruption and the suspension of officials who were whistle-blowers. Despite allegations of corruption and incompetence, there is little evidence of successful prosecution.

Political-administrative interface

The high turnover of mayors and municipal managers over the past decade indicate poor political oversight and leadership. Since 2001, the municipality has had at 11 municipal managers and two out of four mayors who did not complete their four-year term of office. The political and administrative instability also reflects the long-standing rivalry between opposing camps in the Free State ANC. These problems have been made more visible by the rapid economic decline that resulted from mine closures.

9.7 Conclusion

This paper provides an overview of the economic changes and responses by various institutions to mine decline since the 1960s. Despite different strategies, the decline of the mining industry has resulted in job losses, unemployment, and poverty. The following lessons can be learned from the transition.

Recognise the problem

The real problem is that economic decline is due to mine decline. Matjhabeng is an example of the "resource curse"[29] at local level. When gold prices boomed in the mid-1970s, the government ignored the excellent plans for economic diversification from the 1960s. Consequently, attempts to deal with economic decline probably came too late and to some extent ignored the real problem. An economic downturn requires more than an attempt to revitalise the economy. It also requires helping the municipality to adjust to decline in terms of its infrastructure, land use, municipal finance, etc. ‘

Understand that a holistic approach is required

Mining is multi-faceted and complex, and so addressing its decline requires a holistic approach that goes beyond a focus on economy, to consider land-use, municipal finance and infrastructure. A crucial aspect is the building of trust the mines, the municipality, the business sector and communities. However, in Matjhabeng, the first retrenchments by the mines in 1991 came as a shock to local communities and the municipality, and resulted in further distrust between the different parties. Furthermore, the nature and scale of economic transition will require support from provincial and national government, although the sentiment from Matjhabeng that other spheres of government have neglected the area is valid.

Value and manage for decline

Municipal planning and governance structures see economic decline as negative or failure, and so localities develop grand plans to counter decline. Yet, except for Newcastle, few ICMs (and even metros) have managed to plan for economic change while managing decline. The reality of decline is disguised when the emphasis is on diversifying the economy and finding a way to create a post-mining economy. Yet decline can have value, as the international literature on shrinking cities highlights. For example, decline offers a way to change land use, revegetate urban areas and link people closer to the physical environment. South Africa can learn much from the international literature in this respect.

29 Resource curse is often used to explain the inability of countries to diversify their economies that are dominated by mining or to describe the social problems and corruption associated with mining.

Develop a long-term plan, not big ideas

A long-term planning framework is necessary in view of the nature and scale of mine decline. However, most plans (IDPs and SLPs) are for five years (the exception is the spatial development framework), while governments often talk about 100-day turnaround strategies (Phillips, 2009a). The problem is that these plans often do not take into account the management of decline. The DME uses the term "legacy projects", but most of these projects are about adding more infrastructure and expanding the land use, which is not what a declining area needs. Similarly, "big" plans, such as wanting to become a metro by expanding the municipal area, are also not helpful (Phillips, 2010b).

Dealing with and managing decline and economic transition is no easy task. The evidence in this case study shows the urgent need for strategic urban governance and more appropriate responses from various spheres of government.

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10
From Steel to Services

Newcastle Case Study

10.1 Introduction

In 1854, Newcastle was officially proclaimed the fourth settlement in Natal, and was named after the fifth Duke of Newcastle who was the British Colonial Secretary at the time. Before then, in the 1840s, the settlement was known as Post Halt Number 2 on military maps (Theal, 1919) because it was where the postal coach used to stop and rest the horses on the journey between Johannesburg and Durban. During the Anglo-Boer War, the town was a trading post and service point for agriculture, and today is an important stop of the world-famous Battlefield Route – Newcastle has the largest concentration of battlefields in South Africa. Even after the discovery of coal in 1865, Newcastle remained a slow-growing, small coal-mining and agricultural town in a relatively marginal region producing domestic goods (Todes, 1998). During the first half of the twentieth century, the availability of coal attracted heavy industry to the town. In 1924, the Union Steel Corporation (USCO) and SA Iron and Steel built the first steel plant, and in 1935, the South African Industrial Steel Corporation (Iscor) set up the African Metals Corporation (Amcor) in conjunction with USCO. Between 1945 and 1960, Amcor opened three furnaces and four new collieries. Yet these developments had a limited impact on the overall economy of Newcastle, which continued to be dominated by mining and community services. It was only towards the end of the 1960s that the town's economy started to boom.

The establishment of Iscor's South Works (in 1969) and the apartheid government's declaration of Newcastle as a growth point created the first boom. It was the start of a rollercoaster of decline and growth for Newcastle, which has left it in a constant vulnerable state (Todes, 1999). The town's initial growth was the result of the establishment of heavy industries, such as coal mining, as well as the iron and steel, chemical and rubber industries (Todes, 1998). From the 1970s, Newcastle developed rapidly and became a prominent urban centre in the region. Its manufacturing sector grew and diversified, as a result of the apartheid government's subsidies and incentives to attract foreign investors, in particular Taiwanese and Hong Kong textile manufacturers. With the end of apartheid, South Africa's economy began to open up and the democratic government phased out textile industry subsidies. Exposed to global competition, the manufacturing industry fluctuated, but other economic sectors grew.

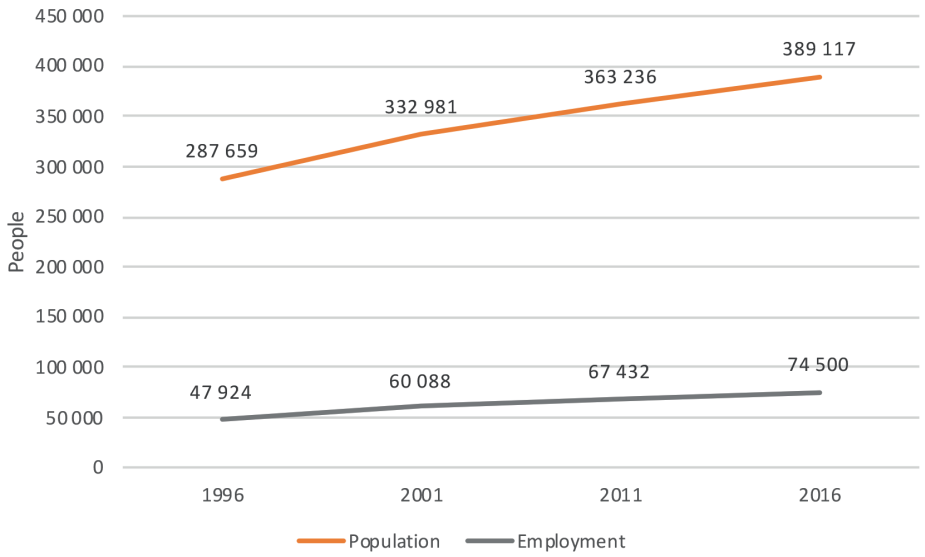
From the 1970s, Newcastle developed rapidly and became a prominent urban centre in the region

What makes Newcastle stand out from many other intermediate city municipalities (ICMs) is that for the past two decades, the town's economy has grown and diversified (Nkosi, 2015). However, since the late 2000s, sluggish (and at times negative) economic growth has been accompanied by poor governance at the municipality, which holds significant risk for Newcastle and its industry. This paper examines the changes in Newcastle's economy and employment since 1996 and then looks at how the manufacturing industry has changed over the last 50 years. After highlighting the positive and negative aspects of governance that have influenced economic development over the years, the paper explores the risks facing Newcastle and the governance implications.

10.2 Newcastle: An exception to the rule

Newcastle's development from the late 1960s was accompanied by a rapid increase in population, which rose from 17 554 in 1960 to approximately 350 000 in 1991 (Todes, 2001). Since 1991, the population growth has slowed, and in 2016 just under 390 000 people resided in the municipality (Figure 57). However, the growth in employment has not kept pace with the growth in population, as shown by the rising unemployment rate. Between 1996 and 2001, the unemployment rate rose from 26.4% to 37.3%, then decreased to 27% in 2010, since when it has steadily increased, reaching 34% in 2018.

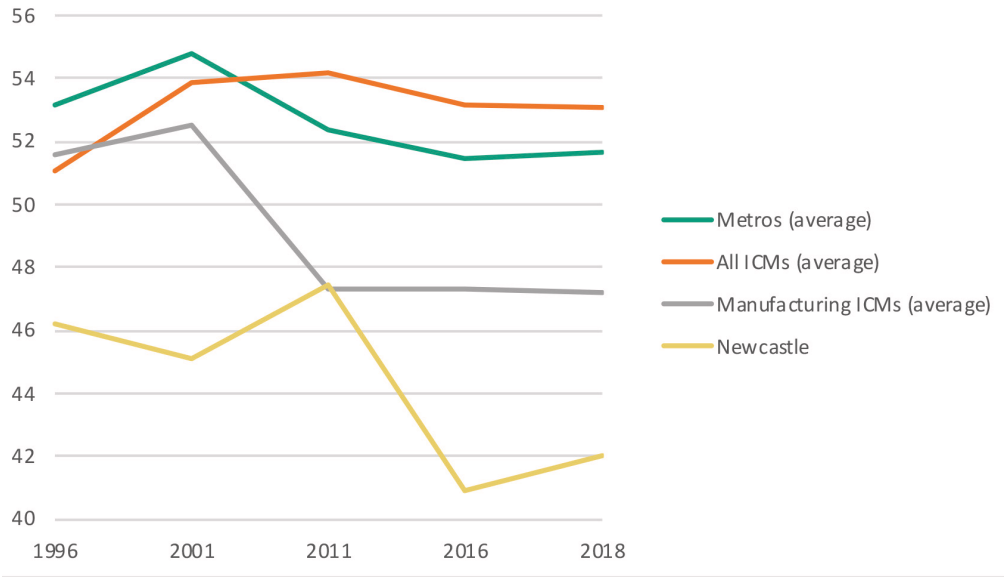
Figure 57: Population and employment growth (1996–2016)



Source: Global Insight (2019)

ICMs, especially those dependent on mining or a single manufacturing industry, often struggle to develop diversified economies. Newcastle appears to be an exception to the rule, as Figure 58 shows that Newcastle's economy is comparatively more diverse.

Figure 58: Tress index (1996 and 2018)

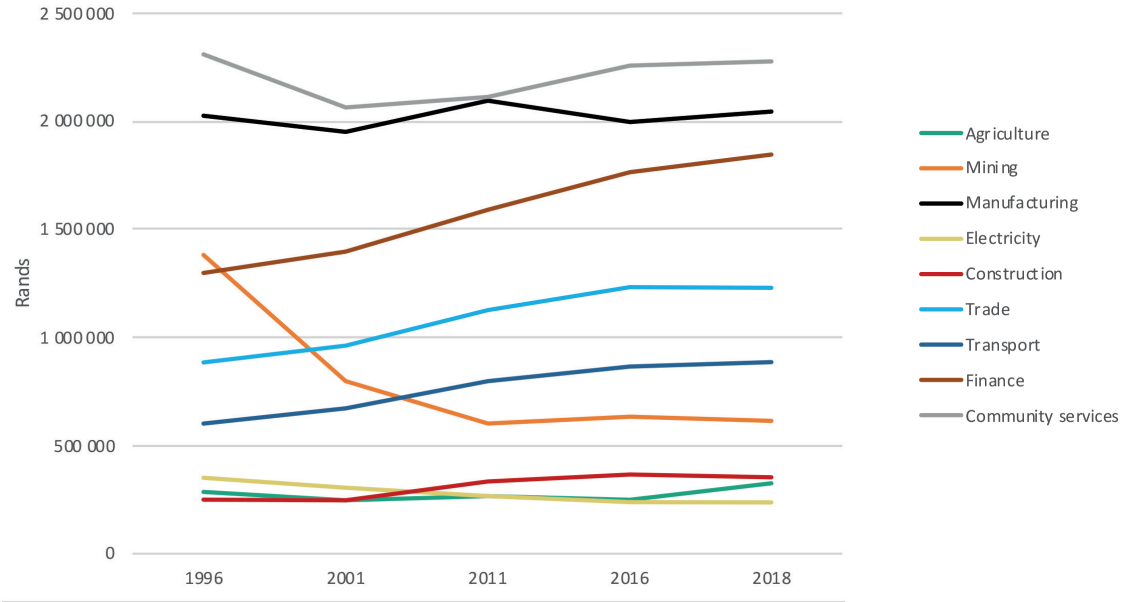


Note: The Tress Index provides insight into economic diversification: a value of 1 means that only one sector contributes to the economy, and so the lower the value, the more diverse the economy.

Economic growth by sector

Since 1996, the manufacturing sector has fluctuated but overall has stagnated, whereas the finance, trade and transport sectors have steadily grown, averaging 1.6% and 1.5% per annum respectively (Figure 59). This diversification in the town's economy is reflected in its Tress Index.

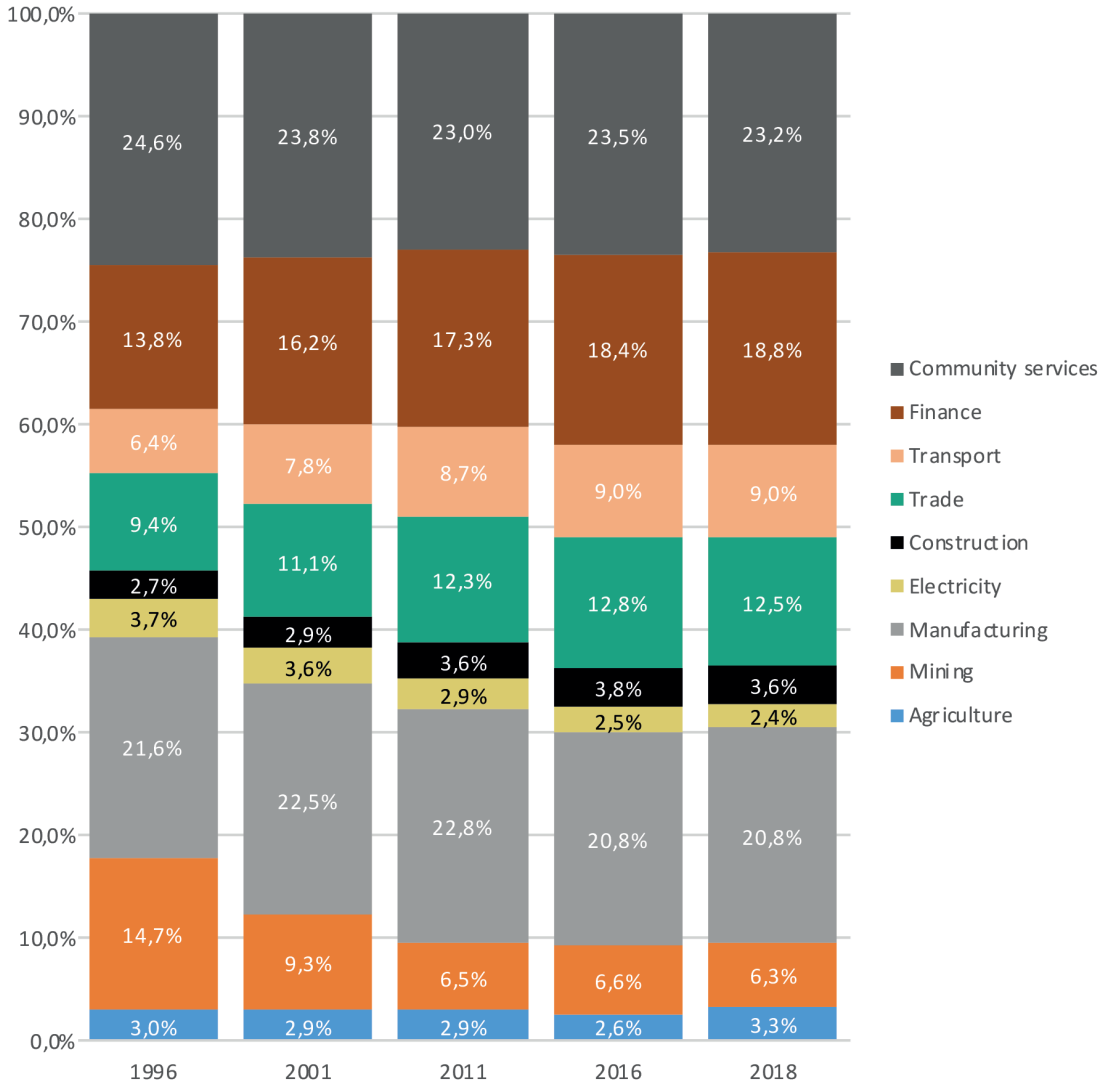
Figure 59: Trends in economic growth for economic sectors in Newcastle



The growth in service and retail activities, in particular in the finance and trade sectors, signals that Newcastle has expanded its regional services function. Today, Newcastle is the Northern KwaZulu-Natal's regional service centre. The transport and construction sectors have also grown steadily, albeit from significantly smaller bases. Figure 60 shows the changing economic profile since 1996. Community services, manufacturing, finance and trade are the mainstay of the local economy, accounting for 23%, 21%, 19% and 13% respectively of the economy. These percentages are comparable to the national averages for these sectors (23%, 14%, 22%, and 15%).

The transport and construction sectors have also grown steadily, albeit from significantly smaller bases.

Figure 60: Share of GVA per economic sector (1996–2018)

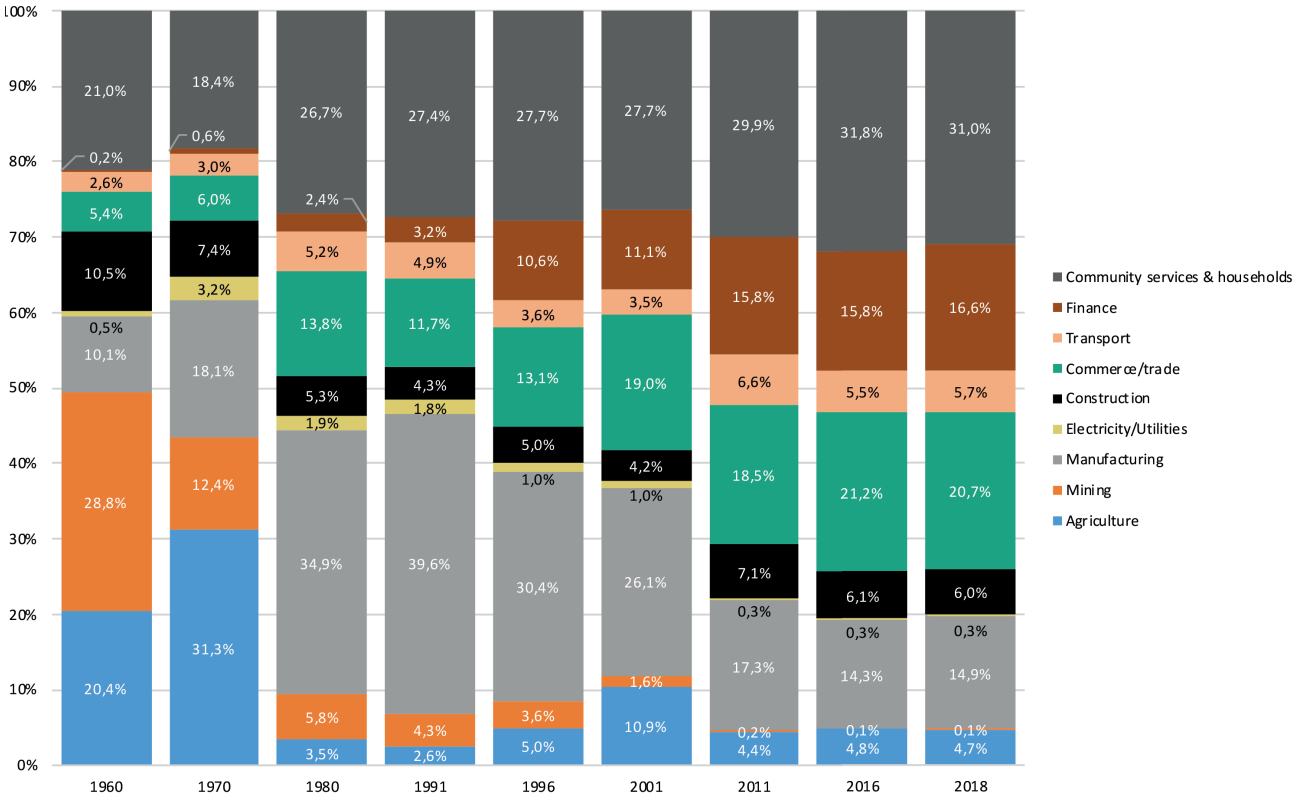


Source: Global Insight (2019), Todes (1997)

Employment and unemployment

The employment trends per sector reflect the changing economy in Newcastle, which over the years transformed from a predominantly primary, to a secondary and then tertiary sector economy (Figure 61). In 1960, the primary sector (agriculture and mining) accounted for almost half (49.1%) of formal employment. However, by 1980, its share had dropped to less than 10% (9.2%), whereas the secondary sector (manufacturing, electricity, and construction) employed 42.1% of people. Throughout the 1990s and early 2000s, manufacturing continued to be the sector that employed the most people, after which the community services and households sector grew to become the largest employer.

Figure 61: Employment trends by sector in Newcastle (1960–2018)

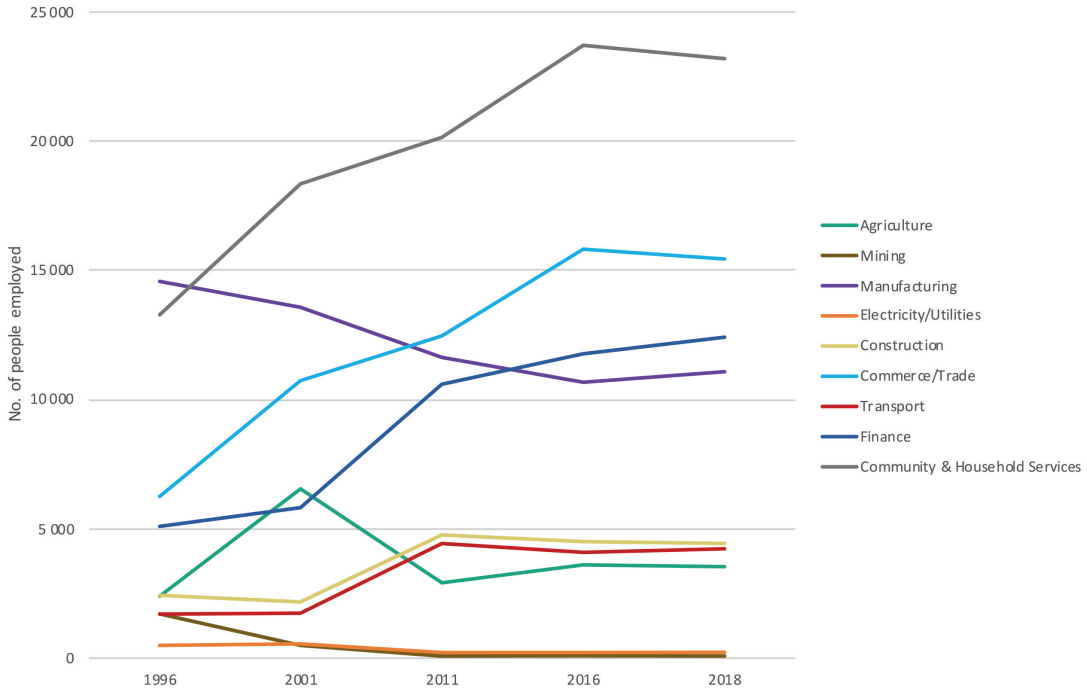


Source: Combined from Hawkins (2010); Todds, (1997) and Global Insight (2019)

Figure 62 shows clearly this shift to the tertiary sector. In 2018 the three sectors employing the largest share of people were: community services and households (31%), finance (16.6%) and commerce/trade (20.7%). Between 1996 and 2018, employment grew annually by 4.2% for trade, 4.1% for finance and 2.7% for community services. The changes in employment, moving to predominantly services, reflect the national trend, with the exception of the manufacturing sector. Between 1996 and 2018, formal employment in manufacturing grew slowly nationally but declined in Newcastle, by an average of 1.2% per annum. Despite this, employment in manufacturing still accounts for 15% of jobs in Newcastle, compared with 11% nationally.

The changes in employment, moving to predominantly services, reflect the national trend, with the exception of the manufacturing sector.

Figure 62: Employment figures per sector (1996–2018)



The growth of the tertiary sector validates the significance of Newcastle as a significant regional service centre (Robbins et al., 2004).

Human Development Index

The Human Development Index (HDI) emphasises that the focus on measuring development should not only be on economic indicators. The HDI is a summary measure of critical dimensions in human development: a long healthy life, being knowledgeable and have a decent standard of living.

Table 17: Human Development Index (1996 and 2018)

	1996	2018
Metros (average)	0.64	0.70
All ICMs (average)	0.53	0.64
Manufacturing ICMs (average)	0.58	0.66
Newcastle	0.53	0.60

Since 1996, like the rest of South Africa, Newcastle's HDI has increased steadily, from 0.53 to 0.60 in 2018. This is lower than the average figure for all ICMs and for manufacturing ICMs, and may be due to the transition from the primary to the secondary sector and tertiary sector. The current large share of the secondary sector also contributes to this reality. The higher HDI indicates a population with a higher lifespan, higher education levels and a higher per capita gross income.

10.3 The changing face of manufacturing

For the past 50 years, manufacturing has been a defining feature of Newcastle. Throughout this period, three manufacturing industries have shaped the town: steel and engineering, chemicals, and textiles and clothing.

Steel and engineering

In 1969, Iscor's decision to invest in a new steelmaking facility in Newcastle was based on the availability of coal and on the town's location. Newcastle was on the Durban–Johannesburg railway line and close to the Durban harbour, which Iscor needed for its export contract with Japan at the time. As other industries followed Iscor, by 1991 almost 150 new manufacturing firms were established

in Newcastle. Heavy engineering works, such as DCD Venco and Boschpick Engineering, supplied ancillary services – Venco had a significant contract with Iscor until 1984, when it diversified and started distributing throughout KwaZulu-Natal and the rest of South Africa (Todes, 1997). Light engineering firms and steel and metal-related companies included manufacturers of hydraulic equipment, stoves and cast-iron commodities, drain and stovepipes, doorframes and components for plant machinery (McDonald, 1996). By 1982, manufacturing accounted for 49% of Newcastle's GGP and employed 19 514 people, compared to 5023 people in 1970 (Robbins et al., 2004: 13). Over half of these jobs were at the steel giant Iscor.

The importance of Iscor's investment in Newcastle cannot be unstated. Iscor not only helped build Newcastle's economy but also literally built the town. Iscor was responsible for planning and building entire neighbourhoods. During the 1970s, the company built approximately 30 houses per week through its housing department and housing scheme[30] (Peens, 2012). New residents and Iscor workers moved to Newcastle, to live in houses built by Iscor and in neighbourhoods planned by Iscor, and they looked forward to a bright future (Todes, 2001). The Newcastle town council also invested heavily in roads, housing and related infrastructure, in response to Iscor's plans for further expansion of the steelworks. However, in 1989 the government privatised Iscor and the expansion plans were cancelled. At the time, Newcastle had over 600 vacant houses, 2000 serviced plots, and a shrinking industrial base (Hart, 2002: 146).

From the mid-1980s, the industrial base was changing, as South Africa felt the effects of international sanctions. The apartheid state's protectionist responses further reinforced some of the economic pressures.

New forms of restructuring occurred within the heavy and light industries (Todes, 1997), and with massive job losses followed the privatisation of Iscor, the housing market came under pressure. Between 1985 and 1996, steel production increased from 1 184 000Mt to 1 841 000Mt, but employment declined as a result of technological and productivity improvements: The manufacturing sector's share of employment declined from 75% in 1976 to 64% in 1985 and 30% in 1994 (ibid). By the early 1990s, the heavy industry in Newcastle was downscaling, affected by the economic recession, distance to the local market and changes at Iscor. It remained reliant on old equipment and low levels of technology and a relatively low-skilled workforce. Since 2002, the Iscor plant has changed hands twice, and is now part of a multi-national company.

Chemicals

The chemical industry initially developed in Newcastle because of the investment by Iscor and apartheid macro-planning. This initial investment laid the foundation for expansion in the post-apartheid period. In the 1970s and 1980s, the chemical industry developed around the Karbochem plant, which was established to produce synthetic rubber in order to reduce South Africa's dependence on imported rubber. In the 1990s, like the steel industry, the chemical industry rationalised to reposition itself towards global markets (Todes, 2001). As the initial investment in Karbochem was too significant to abandon, the company was unbundled into several smaller companies, as part of the restructuring process. The rationalisation of the industry also resulted in job losses, contributing to the rising unemployment discussed earlier.

> *Newcastle became the largest producer of chrome chemicals for international export in Africa*
> *(Tommey, 1992)*

The main industry players were the Karbochem synthetic rubber plant, the Natal Portland Cement cement plant, and the Lanxess Chrome Chemical Plant. In 2002, when the chrome chemical plant (a joint venture between Karbochem and German chemical manufacturing specialists Lanxess) came into operation, Newcastle became the largest producer of chrome chemicals for international export in Africa (Tommey, 1992). In 2012, the company invested €40 million to construct a new CO2 plant, and in 2014, a large part of the industrial area was named Newcastle Chemical Park and housed African Amines (Pty) Ltd, Karbochem (Pty) Ltd, KC Energy (Pty) Ltd, Lanxess (CISA) (Pty) Ltd, Newcastle Co-Generation (IPSA) and SA Calcium Carbide (Pty) Ltd. However, since then the Karbochem plant has closed, SA Calcium Carbide has been liquidated, and Lanxess is being sold (Naicker, 2019).

Clothing and textiles

In the mid-1980s, Newcastle town council developed a strategy to attract East Asian clothing firms, initially from Taiwan, China and Hong Kong (Todes, 1997). The municipal official responsible for local economic development learned Mandarin and visited China and Taiwan more than 35 times. For Asian industrialists, Newcastle was a "safe and peaceful place – a suburban haven" that offered low cost housing and industrial land, electricity and water and tax rebates (Todes, 1997: 190; Bhengu, 2006). Between 1987 and 1992, at least one Chinese company per month relocated to Newcastle.[31] The majority of the factories were cut, make and trim (CMT) ("mom-and-pop") operations (Coan, 2011b). With approximately 200 Chinese-owned textile and plastic manufacturers, Newcastle became a "node in a world-wide Taiwanese diaspora" and were important employers in the area (Hart, 1996: 14).

30 Interview with municipal official, Newcastle, 16 September 2019.

31 Interview with former municipal official, Newcastle, 17 September 2019.

In the 1990s, investment in the area slowed, as the post-apartheid clothing industrial policy shifted towards a capital-intensive, sophisticated end of the clothing market as opposed to the historical emphasis on low-wage and labour-intensive production. The national minimum wages in the clothing industry were also set on a regionally differentiated basis (Nattrass & Seeking, 2013). In 1997, South Africa broke off diplomatic relations with Taiwan, which prompted many investors to close their factories.[32] Other reasons for Taiwanese investors not wanting to continue investing in South Africa included crime, depreciation of the rand, the stringent labour regulations and language barriers (Nxumalo, 2001). Nevertheless, by the 2010s, Newcastle was home to a settled Chinese community (Nattrass & Seekings, 2013) – just off the main regional route R34 into the town stands a large welcoming monument in Chinese that symbolises the second home of the Chinese industrialists who have made Newcastle their second home (Xu, 2019).

Ultimately, the government will need to decide on the primary aim: "better jobs for a few or more jobs for all"
(Moolla, 2011: 14)

The Asian-owned firms provided diversified products to the domestic retail market, from informal, formal low-end and formal high-end retailers, and created 11 295 jobs (Robbins et al., 2004). The focus on the domestic market was in part because of challenges competing in the global market due to low productivity and the cost of materials and labour. Yet, although the local economic development (LED) strategies have always concentrated on Asian firms, domestic firms employ more people and operate differently (Todes, 1997). An ongoing debate is about working conditions, wages and the ability to compete globally. On the one side, the view is that "half a loaf is better than nothing" (Bhengu, 2006) and so the government should prioritise international investment and access to global markets above protecting workers. On the other side, some firms do not comply with minimum wages and other labour practices, which has led to the South African Clothing and Textile Workers Union (Sactwu) using the National Bargaining Council for the Clothing Manufacturing Industry (NBC) and the labour courts to force firms to comply or close non-compliant firms down (Nattrass & Seekings, 2013). In 2019, eight clothing factories closed following the department's compliance drive and "further major job losses are forecast in the clothing sector'(Naicker, 2019). Ultimately, the government will need to decide on the primary aim: "better jobs for a few or more jobs for all" (Moolla, 2011: 14). According to the latest spatial development framework (2017/2018–2021/2022), the textile industry contributes 8% to the GVA and 42% of total employment in manufacturing in Newcastle, and had added approximately 2000 new jobs in the previous six months (Newcastle Local Municipality, 2017).

10.4 Governing economic development and economic transitions

The story of Newcastle is one of how municipal government and governance can drive local economic development and transitions, and respond to changes both in the economy and as a result of national government decisions that affect local industries.

Apartheid beginnings

During apartheid, the foundation was laid for Newcastle to become an important urban centre in KwaZulu-Natal. However, decisions taken during this period also had problematic consequences. First, the government subsidies provided to support industrial development were not viable in the long run. In the 1980s, government incentivised Taiwanese and other foreign investors through the original Regional Industrial Development Programme (RIDP) (1982–1991), by compensating them for their wage costs. However, when the new RIDP (1992–1996) adopted an output-based approach, only self-sustainable industries were eligible for the subsidies, and investments from Taiwan and Hong Kong began to slow down (Xu, 2019). Second, the influx of Asian-run companies with different ways of working to local companies, led to labour problems when the new democratic dispensation introduced basic conditions of employment. Workers accused the industrialists of not complying with safety standards, employing illegal workers, having inadequate and unhygienic toilet facilities, and failing to register for or pay contributions to the unemployment insurance and workmen's compensation funds (Payne, 2011). Government has conducted raids at Chinese- and Taiwanese-owned factories in Newcastle. The leading cause of these disputes is a lack of clear and open communication between all parties, which include the government officials, trade unions, bargaining councils and the owners (West, 2010). The lack of English proficiency of the Chinese and Taiwanese industrialists led to difficulties in communicating with the employees, Department of Labour and the broader community, which contributed to these problems.

Growth in democratic times

With the arrival of democracy, South Africa opened up to the world – and to global competition – and phased out subsidies to industries. This was a risk for places such as Newcastle that had benefited from subsidies. Yet for nearly 20 years, Newcastle managed to retain its industries, as well as to grow and diversify its economy. Good governance underlies these achievements.

Between 1995 and 2019, the Newcastle council changed political hands several times: in 2000, the municipality changed from African National Congress (ANC) to Inkatha Freedom Party (IFP), and then in 2005 to an alliance between the IFP and the Democratic Alliance

32 Interview with former municipal official, Newcastle, 17 September 2019

(DA); since 2008, the municipality has been led by the ANC.[33] The collaboration between the DA and ANC underpinned the initial success (Philp, 2013b). In 2010, the municipality cut down on unnecessary expenditure, banning perks and wasteful costs, including publicly funded catering at meetings, courier fees, needless repairs and electronic meetings (ibid). The cuts allowed the town to boost its infrastructure budget, from R68-million to R172-million in a single month. Water treatment plants and reservoirs were upgraded, and the sewer treatment plants were expanded, which helped to relieve the demand for services from the increasing number of households.

In 2013, the Newcastle Municipality was awarded the national Govan Mbeki Excellence Award for the best-accredited municipality in the country (Mdletshe, 2013). The then mayor, Afzul Rehman, was also crowned as the best performing mayor in the province of KwaZulu-Natal. Mayor Afzul Rehman's simple recipe for a prosperous municipality was "Run your municipality like a business, invest in infrastructure, [and] work with all parties and all stakeholders for the sole purpose of improving the people's lives" (Philps, 2013a). The city slogan at the time was "One City, One Service" (Chagwe, 2013: 8). Service delivery protests were rare because the Newcastle Local Municipality was seen to be working hard to deliver services efficiently.

Post-2016 deterioration

After the 2016 local government elections, governance deteriorated and the collaborative approach disappeared. The new council contributed to the problems (Nsele, 2016), by making poor financial and administrative decisions, and communication was poor between the councillors and community members, which bred frustration (Madi, 2016). Staff turnover increased and crucial vacancies were not filled – since 2016, no permanent appointment has been made for the positions of municipal manager and chief financial officer.[34] The result is political instability and insecurity among the executive members in the municipality. The two departments that have suffered the most are infrastructure planning and local economic development. The former mayor (Afzul Rehman) blamed internal political infighting and administrative instabilities, not decisions he made previously (Mngadi, 2019). Yet it was under his watch that the municipality used its R350-million reserves to build a new municipal building rather than invest in infrastructure. Muazikayise Nkosi, Chairman of the Newcastle Business Chamber, notes that the municipality "failed because it did not bring development and […] built a 'Dubai' [the new municipal building] while people languish in shacks (Khoza, 2019).

Newcastle municipality has gone from having reserves of R350-million (in 2010) to having debts of R1.2-billion

As a result of poor governance and management, Newcastle municipality has gone from having reserves of R350-million (in 2010) to having debts of R1.2-billion.[35] The municipality is drowning in debt, needs to pay off a R500-million loan by 2026 (Mavuso, 2017) and "is in a crisis with budget cuts, no development".[36] The debt includes R200-million owed to Eskom that has accumulated since May 2017 (Kunene, 2019). The KwaZulu-Natal High Court ordered the municipality to pay Eskom a minimum of R30-million per month no later than the 15th of the month (Naicker, 2019). According to the Ratings Afrika's latest Municipal Financial Sustainability Index, Newcastle is now one of the worst municipalities in KwaZulu-Natal (Ndou, 2018). Financial constraints has resulted in projects being halted, such as the replacement of pit toilet project, which began in November 2018 (The Witness, 2019).

The increased debt meant that the municipality has had to find new sources of revenue, and so the decision was taken to increase the rates and taxes but without considering the local reality. In 2018, rates and taxes were increased by 100%, but these increases were unaffordable to business and homeowners in Newcastle (Douglas, 2019). In September 2019, the Newcastle community started to mobilise, with the aim of forcing the municipality to reconsider the property valuations and to reduce rates and tariffs (ibid). Eskom was threatening to cut off electricity to Newcastle after the municipality consistently defaulted on its debt repayments (Kunene, 2019). Such action by Eskom would "have a catastrophic effect not only on all the residents and businesses but on the whole economy of the town" (Regchand, 2019).

The Newcastle Business Forum (NBF) was formed, representing "55 of the town's largest factories and 70 medium sized business enterprises" (Naicker, 2019). Members include Newcastle Sakekamer, the KZN Youth Chamber of Commerce and Industry, the Newcastle Chinese Chamber of Commerce, the Newcastle Ratepayers Association, Afriforum, the Amajuba Farmers Association, Amajuba Business Chamber and the Business Network International. The NBF decided to follow the legal route, and property owners were encouraged to declare a formal dispute against the municipality and only pay their old property rate and a 6% increase.

The last period is one of poor governance that holds significant risk for Newcastle and its industry, especially in a time of slow and sometimes negative economic growth. Working together on solving problems in the town is essential but seems unlikely.

33 Interview with A. Lui of the Newcastle Chinese Chamber of Commerce and Industry, 11 November 2019.
34 ibid
35 ibid
36 Interview with municipal official, Newcastle, 16 September 2019.

10.5 Looking to the future

Over the years, government and business have sunk substantial capital into Newcastle. Compared to other ICMs, Newcastle has a substantial industrial base, but the downturn in South Africa's economy, compounded by poor governance, is likely to led to more decline in Newcastle. The Newcastle municipality will need to maintain its industrial base and at the same time manage decline.

The manufacturing sector

The post-1994 decision to lower import tariffs affected the steel and the textile industries. The impact on Newcastle was greater than on cities with more diverse economies, such as Cape Town. Despite this, manufacturing still represents an important economic sector, contributing 20% of GVA and about 15% of employment in 2018. But the clothing industry and steel industry continue to face challenges.

For the clothing industry, the main challenge is that neighbouring countries, such as Mozambique, Swaziland and Lesotho, have labour legislation that is less stringent than in South Africa, making it easier to trade (Coan, 2011a). In Newcastle, many clothing firms do not comply with the Basic Conditions of Employment Act (Nattrass & Seeking, 2013) and have been forced to close following a compliance drive by the Labour Department (Naicker, 2019). Labour disputes are common and, as a representative of the Newcastle Chamber of Commerce noted, "Unless the government is prepared to consider relaxing the labour laws, I don't see a bright future for us in the manufacturing sector, especially one that is labour intensive".[37] Neighbouring countries are also able to port cheaper fabrics from China and India because of the US African Growth and Opportunities Act (AGOA), which incentivises African countries to export to the US in return for duty-free benefits. AGOA categorises South Africa differently because it is more developed, and so manufacturers have to use a different grade of fabric to manufacture the exported garments (*Business Day*, 2011).

In Newcastle, many clothing firms do not comply with the Basic Conditions of Employment Act
(Nattrass & Seeking, 2013)

For the steel industry, South African manufacturers have lost their competitive edge because the nature of demand has changed globally. For example, plastics have replaced tin, while tins have become thinner over the past 30 years. In addition, the Iscor steel plant is owned by a multi-national and so is dependent on decisions made elsewhere in the world.

Political stability and good governance

The first two decades of democracy illustrate that good governance can create economic stability, but poor governance can place this in jeopardy in a matter of years – although weak economic conditions have also contributed. Good governance, as experienced in Newcastle, means working across political parties, cost-cutting measures and investing in infrastructure to create economic development. It does not mean approving the construction of a new municipal building and having political leaders who are caught up in court cases. The Newcastle example also points to the importance of having officials that fully understand the development of an industrial base and how to attract foreign investment.

The role of the national government

National government's micro-planning, which identified Newcastle as a growth point, was instrumental in creating an essential economic hub in the north of KwaZulu-Natal, even though the ideology of the apartheid state tainted the developments. Similarly subsidies to the textile industry helped the town to survive steel's decline and to create a more diversified manufacturing sector. However, national government's privatisation of Iscor and phasing out of subsidies for the textile industry contributed to a downturn in the town's economy. Yet since 1995, various forms of democratic local government have helped to maintain and grow the industrial base, while overall assistance from other spheres of government dwindled. In light of the current economic downturn and political instability, another response is perhaps required from the national government.

10.6 Governance implications

Newcastle provides a compelling case against which to assess governance. The town's initial growth originated from a national government initiative to create decentralised growth points (and to comply with apartheid intentions of ensuring segregation and preventing urbanisation). Post-apartheid, democratically elected councils governed with the main goal of developing the area's economy, and succeeded in maintaining and expanding the town's industrial base, despite the phasing out of apartheid subsidies. The council emphasised infrastructure development and attracting new business. Then, after the 2016 local government elections, Newcastle started to lose the benefits gained in the previous two decades.

37 Interview with A Lui of the Newcastle Chinese Chamber of Commerce and Industry, 11 November 2019.

Capability of the state

The evidence from Newcastle suggests that for more than two decades, since 1994, the local municipality was able to manage economic development thanks to good governance and having an LED champion who understood the global economy and the local context. However, from 2016, the institutional capability of the municipality has declined, especially in strategic planning. Staff turnover is high and many executive managerial positions remain unfilled or filled through temporary appointments. Key staff in the LED division retired and were not replaced with adequately qualified or experienced people. There also seems to be evidence of fear among the staff. The lack of capability is reflected in the municipality's poor financial management, which has seen a R350-million in reserves transform into R1.2-billion debt that the municipality cannot manage. In addition, municipal relations with external stakeholders have deteriorated. Newcastle's influential chamber of commerce has expressed concerns about the decisions of the council, especially the construction of a new municipal building and not paying Eskom, which are central to the municipality's financial problems. The potential for blackouts will have devastating consequences on local businesses, which has adapted to load shedding but not to total blackouts.

Newcastle is an example of how it takes years to build a capable state, but this can change quickly due to poor governance and political leadership. It suggests that the political/electoral system does not incentivise stability and growth, as decisions such as the one cited in this case study can be taken without fear of being punished through the electoral system, and that there is a lack of checks and balances in the local government system.

Cooperative governance and an all-of-society approach

National government played a prominent role in the initial development of Newcastle. This changed with democracy, when the local municipality played a crucial role in increasing and diversifying the town's industrial base. The municipality did not act alone but was supported by the provincial and national governments (in the upgrading of the industrial sites in Newcastle) and engaged actively with the private sector. This excellent communication ensured adequate management and prioritisation of budgets to support the local industry. After the 2016 elections, the new council did not build on these relationships. Instead, relationships with the private sector and civil society deteriorated. The municipality's communication is not as open as before, and various business and civil-society organisations are actively resisting, protesting against the poor municipal management and seeking to safeguard their investments.

Maybe the biggest contestation in the area is the application of minimum wages and conditions of work in Newcastle

Maybe the biggest contestation in the area is the application of minimum wages and conditions of work in Newcastle. However, there is an inherent conflict between national government policy and what would benefit Newcastle and businesses. Industrialists see these interventions by the national Department of Labour as counterproductive to economic development in the area, and yet the department has a mandate to ensure adequate working conditions. Perhaps an area-based approach could be the solution, together with more direct contact between the role players to comply with the legislative requirements.

Public integrity

Over the last few years, the municipal audit outcomes have deteriorated, raising serious questions about accountability in Newcastle. Furthermore, ethical concerns hang over the mayor and deputy mayor. A month after being inaugurated, the mayor, Dr Ntuthuko Mahlaba, was arrested for the alleged murder of the ANCYL's deputy chairperson in 2016 (*Saturday Independent*, 2019), while two weeks after his inauguration, the deputy mayor, Reuben Molelekoa, was arrested for reckless and negligent driving, and for driving under the influence of an intoxicating substance (*The Citizen*, 2019). Neither of these office bearers took leave while their cases were ongoing. In 2019, Mayor Mahlaba was acquitted (Khosa & Ardé, 2019).

Political-administrative interface

There is increasing evidence of political interference in the administrative tasks of municipal officials and apparent fear among municipal officials. The municipal manager and chief financial officer are both on temporary contracts – these positions have not had permanent appointees since 2016. In addition, staff turnover is high, and crucial executive managerial positions are either not filled or filled by incompetent and unqualified staff.

10.7 Conclusion

Since the late 1960s, Newcastle has gone through several restructurings. After initially developing as a result of national government interventions, Newcastle has managed to grow and diversify its economy on several occasions (Nkosi, 2015). Up until about 2016, the local authority fostered an environment conducive to economic growth, although local planning was not the primary reason for the development in the town.

For more than three decades, the industrial sector has dominated Newcastle's economy, but its contribution to the economy has declined. By the mid-1990s, the heavy (steels and metals) industry, which had been dominates the 1980s had been replace by textiles as the main employer. Since the late 1990s, Newcastle has also moved towards a more robust tertiary sector and weaker primary and secondary industry. This can be seen not only in the GVA and employment figures but also physically in the development of malls. The Amajuba Mall was built in 2004, followed by the BlackRock Casino in 2007 and more recently the Newcastle Mall in 2012. All of these have contributed to the regional service function of Newcastle.

Regional development requires an active role for the national government. In fact, despite the emphasis on local responses, the national government should play an essential role in strategic decision-making and helping to buffer local economic transitions. The response from Newcastle up to 2016 proves that a local government was able to deal effectively with economic development and diversification. The Newcastle case study demonstrates the vulnerability of the manufacturing industry to global competition and processes of boom and bust (Todes, 1997), as well as its vulnerability to poor governance.

State planning shaped the development of Newcastle, through regional policy and a variety of apartheid objectives (Todes, 2001). The impact was substantial, as infrastructure was developed, a labour market created near homeland areas and local political actors emerged. Throughout Newcastle's recent history, structural forces have provided the framework within which changes occurred. While it is impossible to predict the outcome of restructuring, which is influenced by the global economy and politics, Newcastle's economy is busy experiencing another transition. To manage this transition, Newcastle will require the cooperation of all stakeholders, as a piecemeal approach will not result in long-term sustainability and economy growth (McDonald, 1996). A more holistic approach should be taken, to grow both corporate and individual interests and all parts of the community, and efforts should combine public and private interventions. As a youth development worker points out, "Newcastle is an organised place, even with all the problems, it has a lot of potential".[38]

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11 Annexures

Annexure A: Population size (1996 and 2016)

ICM	1996	2016	Increase/decrease
LIM354 Polokwane	571 171	797 127	225 956
GT421 Emfuleni	597 285	733 445	136 160
MP326 City of Mbombela (incl Umjindi)	474 637	695 913	221 276
KZN225 Msunduzi	524 266	679 039	154 773
NW373 Rustenburg	311 787	626 522	314 735
MP325 Bushbuckridge	545 811	546 215	404
NW372 Madibeng	319 974	536 110	216 136
LIM343 Thulamela	533 757	497 237	-36 520
LIM476 Greater Tubatse/Fetakgomo	326 796	489 902	163 106
EC157 King Sabata Dalindyebo	396 312	488 349	92 037
MP312 Emalahleni	236 040	455 228	219 188
FS184 Matjhabeng	476 763	429 113	-47 650
NW403 City of Matlosana	334 346	417 282	82 936
LIM344 Makhado	455 597	416 728	-38 869
LIM333 Greater Tzaneen	342 551	416 146	73 595
MP324 Nkomazi	277 864	410 907	133 042
KZN282 City of uMhlathuze	269 599	410 465	140 865
KZN252 Newcastle	287 659	389 117	101 458
GT481 Mogale City	226 446	383 864	157 419
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	276 993	356 274	79 282
FS194 Maluti-a-Phofung	353 238	353 452	214
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	238 747	348 533	109 786
MP307 Govan Mbeki	209 626	340 091	130 465
LIM367 Mogalakwena	282 534	325 291	42 758
NW383 Mahikeng	242 146	314 394	72 248
WC023 Drakenstein	186 334	280 195	93 861
MP313 Steve Tshwete	135 335	278 749	143 414
KZN292 KwaDukuza	143 758	276 719	132 961
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	65 224	267 011	201 788
GT485 Rand West City (Randfontein/Westonaria)	223 303	265 887	42 584
LIM331 Greater Giyani	218 751	256 127	37 375
NC091 Sol Plaatje	205 103	255 041	49 938
NW405 JB Marks (Tlokwe/Ventersdorp)	156 728	243 527	86 799
WC044 George	120 148	208 237	88 089
GT484 Merafong City	209 727	188 843	-20 884
WC024 Stellenbosch	103 996	173 197	69 201
LIM334 Ba-Phalaborwa	109 741	168 937	59 195
FS204 Metsimaholo	106 912	163 564	56 652
LIM362 Lephalale	78 715	140 240	61 525

Annexure B: Population growth (1996–2016)

ICM	Population growth (%)
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	7.3
MP313 Steve Tshwete	3.7
NW373 Rustenburg	3.6
MP312 Emalahleni	3.3
KZN292 KwaDukuza	3.3
LIM362 Lephalale	2.9
WC044 George	2.8
GT481 Mogale City	2.7
NW372 Madibeng	2.6
WC024 Stellenbosch	2.6
MP307 Govan Mbeki	2.4
NW405 JB Marks (Tlokwe/Ventersdorp)	2.2
LIM334 Ba-Phalaborwa	2.2
FS204 Metsimaholo	2.1
KZN282 City of uMhlathuze	2.1
WC023 Drakenstein	2.1
LIM476 Greater Tubatse/Fetakgomo	2.0
MP324 Nkomazi	2.0
MP326 City of Mbombela (incl Umjindi)	1.9
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	1.9
LIM354 Polokwane	1.7
KZN252 Newcastle	1.5
NW383 Mahikeng	1.3
KZN225 Msunduzi	1.3
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	1.3
NW403 City of Matlosana	1.1
NC091 Sol Plaatje	1.1
EC157 King Sabata Dalindyebo	1.0
GT421 Emfuleni	1.0
LIM333 Greater Tzaneen	1.0
GT485 Rand West City (Randfontein/Westonaria)	0.9
LIM331 Greater Giyani	0.8
LIM367 Mogalakwena	0.7
MP325 Bushbuckridge	0.0
FS194 Maluti-a-Phofung	0.0
LIM343 Thulamela	-0.4
LIM344 Makhado	-0.4
GT484 Merafong City	-0.5
FS184 Matjhabeng	-0.5

Annexure C: Gender distribution of the population (1996, 2001, 2011, 2016)

Settlement category	1996		2001		2011		2016		Change (1996–2016)
	n	%	n	%	n	%	n	%	%
Metros: females	7 139 048	50.8	8 283 954	51.1	10 291 639	50.5	11 165 130	50.3	-0.5
Metros: male	6 913 020	49.2	7 932 103	48.9	10 104 593	49.5	11 031 570	49.7	+0.5
All ICMs: Female	5 858 877	51.8	6 696 366	52.2	7 542 498	51.7	7 872 316	50.8	-1.0
All ICMs: male	5 455 763	48.2	6 128 280	47.8	7 049 234	48.3	7 614 549	49.2	+1.0
Large ICMs: females	1131 630	52.2	1 256 640	52.4	1 424 700	51.7	1 489 009	51.2	-1.0
Large ICMs: males	1 035 728	47.8	1 139 943	47.6	1 331 612	48.3	1 316 514	48.8	+1.0
Low GVA ICMs: females	1 200 982	54.3	1 239 997	54.4	1 305 665	53.6	1 296 341	51.2	+2.1
Low GVA ICMs: males	1 012 331	45.7	1 040 386	45.6	1 130 920	46.4	1 238 034	48.8	+3.1
Manufacturing ICMs: females	885 746	50.9	1 063 787	51.3	1 259 894	50.8	1 402 947	50.6	-0.3
Manufacturing ICMs: males	852 871	49.1	1 011 623	48.7	1 222 603	49.2	1 370 538	49.4	+0.3
Mining ICMs: females	1 131 022	46.6	1 274 790	49.2	1 546 018	48.1	1 708 474	47.7	+1.1
Mining ICMs: males	1 297 158	53.4	1 315 375	50.8	1 667 144	51.9	1 871 057	52.3	-1.1
Service centre ICMs: females	1 440 144	52.9	1 877 795	52.2	2 125 255	52.8	2 168 213	52.2	-0.7
Service centre ICMs: males	1 281 073	47.1	1 720 509	47.8	1 897 646	47.2	1 982 418	47.8	+0.7
Rest of SA: females	8 064 761	53.0	8 405 417	53.3	8 747 632	52.1	9 368 982	52.1	-0.9
Rest of SA: males	7 152 105	47.0	7 373 657	46.7	8 034 964	47.9	8 601 107	47.9	+0.9
SA: females	21 062 685	51.9	23 385 737	52.2	26 581 769	51.3	28 406 428	51.0	-0.9
SA: males	19 520 887	48.1	21 434 040	47.8	25 188 791	48.7	27 247 226	49.0	+0.9

Annexure D: Population group distribution (1996, 2001, 2011, 2016)

Settlement category	1996		2001		2011		2016	
	n	%	n	%	n	%	n	%
Metros: African	8 536 627	61.6	10 607 092	65.4	14 060 607	69.5	15 925 706	71.7
Metros: Coloured	1 876 491	13.5	2 102 152	13	2 417 883	12	2 470 617	11.1
Metro: Indian	803 894	5.8	877 256	5.4	985 522	4.9	1 060 557	4.8
Metro: White	2 643 306	19.1	2 629 557	16.2	2 754 863	13.6	2 739 821	12.3
All ICMs: African	9 568 642	85.5	10 728 432	87.1	12 278 028	87	13 212 094	87.9
All ICMs: Coloured	423 518	3.8	466 263	3.8	567 586	4	597 312	4
All ICMs: Asian	187 026	1.7	179 290	1.5	215 296	1.5	234 901	1.6
All ICMs: White	1 014 604	9.1	939 342	7.6	1 049 355	7.4	978 710	6.5
Large ICMs: African	1 831 730	85	2 085 562	87	2 417 245	88	2 605 134	89.7
Large ICMs:Coloured	28 897	1.3	34 303	1.4	38 941	1.4	41 146	1.4
Large ICMs: Asian	77 501	3.6	75 939	3.2	77 321	2.8	90 390	3.1
Large ICMs: White	216 617	10.1	200 780	8.4	214 760	7.8	168 853	5.8
Low GVA ICMs: African	2 142 974	97.4	2 223 509	97.5	2 366 289	97.3	2 392 872	97.7
Low GVA ICMs: Coloured	18 615	0.8	19 608	0.9	22 456	0.9	19 795	0.8
Low GVA ICMs: Asian	3 932	0.2	4 511	0.2	8 579	0.4	7 102	0.3
Low GVA ICMs: White	35 512	1.6	32 756	1.4	35 680	1.5	29 075	1.2
Manufacturing ICMs: African	1 197 409	69.6	1 563 815	75.3	1 864 258	75.4	2 132 673	76.9
Manufacturing ICMs: Coloured	191 531	11.1	206 376	9.9	257 552	10.4	271 759	9.8
Manufacturing ICMs: Asian	74 166	4.3	74 057	3.6	81 865	3.3	93 121	3.4
Manufacturing ICMs: White	256 181	14.9	231 163	11.1	268 369	10.9	275 933	9.9
Mining ICMs: African	2 058 794	85.4	2 269 797	87.6	2 804 052	87.5	3 215 377	89.8
Mining ICMs: Coloured	34 803	1.4	37 660	1.5	50 262	1.6	49 385	1.4
Mining ICMs: Asian	7 958	0.3	6 950	0.3	18 184	0.6	14 894	0.4
Mining ICMs: White	310 345	12.9	275 759	10.6	330 381	10.3	299 874	8.4
Service centre ICMs: African	2 337 735	86.4	2 585 750	87	2 826 183	86.9	2 866 039	86.4
Service centre ICMs: Coloured	149 673	5.5	168 317	5.7	198 376	6.1	215 227	6.5
Service centre ICMs: Asian	23 470	0.9	17 833	0.6	29 347	0.9	29 395	0.9
Service centre ICMs: White	195 949	7.2	198 885	6.7	200 164	6.2	204 974	6.2
Rest of SA: African	13 022 361	85.9	14 080 642	86.4	14 662 303	85.4	15 753 803	85.5
Rest of SA: Coloured	1 300 437	8.6	1 426 090	8.8	1 629 932	9.5	1 801 598	9.8
Rest of SA: Asian	54 676	0.4	58 921	0.4	86 111	0.5	80 376	0.4
Rest of SA: White	776 787	5.1	724 741	4.4	782 620	4.6	798 161	4.3
SA: African	31 127 631	77.4	35 416 166	79	41 000 937	79.6	44 891 603	80.7
SA: Coloured	3 600 446	9	3 994 505	8.9	4 615 401	9	4 869 526	8.7
SA: Asian	1 045 596	2.6	1 115 467	2.5	1 286 930	2.5	1 375 834	2.5
SA: White	4 434 697	11	4 293 640	9.6	4 586 838	8.9	4 516 691	8.1

Annexure E: Age distribution of population (1996, 2001, 2011, 2016)

Settlement category	1996		2001		2011		2016	
	n	%	n	%	n	%	n	%
Metros: children	3 812 510	27.5	4 145 027	25.6	4 975 308	24.4	5 898 635	26.6
Metros: youth	5 502 739	39.6	6 502 264	40.1	8 162 266	40	7 513 075	33.8
Metro: adults	3 941 115	28.4	4 858 110	30	6 277 760	30.8	6 838 246	30.8
Metro: aged	624 503	4.5	710 656	4.4	980 899	4.8	1 946 743	8.8
All ICMs: children	3 907 549	34.3	4 082 222	33.2	4 231 618	29.9	4 550 370	30.3
All ICMs: youth	4 127 208	36.3	4 555 589	37	5 370 506	37.9	5 747 893	38.3
All ICMs: adults	2 857 446	25.1	3 108 092	25.2	3 838 730	27.1	3 646 796	24.3
All ICMs: aged	486 295	4.3	567 424	4.6	715 404	5.1	1 077 958	7.2
Large ICMs: children	725 874	33.9	756 014	31.5	781 525	28.4	871 459	30
Large ICMs: youth	809 107	37.8	912 211	38.1	1 071 645	38.9	1 100 416	37.9
Large ICMs: adults	507 854	23.7	617 123	25.8	764 102	27.7	717 073	24.7
Large ICMs: aged	96 218	4.5	111 235	4.6	139 039	5	216 575	7.5
Low GVA ICMs: children	897 947	41	874 902	38.4	827 740	34	821 195	33.5
Low GVA ICMs: youth	774 511	35.4	807 676	35.4	884 640	36.3	964 198	39.4
Low GVA ICMs: adults	405 146	18.5	474 817	20.8	582 284	23.9	491 005	20.1
Low GVA ICMs: aged	112 222	5.1	122 988	5.4	141 922	5.8	172 444	7
Manufacturing ICMs: children	548 008	32	639 809	30.8	709 831	28.6	807 798	29.1
Manufacturing ICMs: youth	664 553	38.8	797 910	38.4	969 691	39.1	1 076 840	38.8
Manufacturing ICMs: adults	438 651	25.6	557 650	26.9	695 162	28	693 204	25
Manufacturing ICMs: aged	63 327	3.7	80 042	3.9	107 813	4.3	195 643	7.1
Mining ICMs: children	713 719	28.9	763 984	29.5	864 395	26.9	966 805	27
Mining ICMs: youth	915 268	37.1	963 804	37.2	1 249 990	38.9	1 385 632	38.7
Mining ICMs: adults	754 050	30.6	764 909	29.5	961 587	29.9	992 491	27.7
Mining ICMs: aged	82 826	3.4	97 468	3.8	137 190	4.3	234 602	6.6
Service centre ICMs: children	1 022 002	35.6	1 047 513	35.3	1 048 127	32.1	1 083 113	32.7
Service centre ICMs: youth	963 769	33.6	1 073 988	36.2	1 194 541	36.6	1 220 805	36.8
Service centre ICMs: adults	751 745	26.2	693 592	23.3	835 595	25.6	753 022	22.7
Service centre ICMs: aged	131 702	4.6	155 692	5.2	189 439	5.8	258 694	7.8
Rest of SA: children	6 046 383	40.8	6 138 039	37.7	5 893 163	34.2	6 337 113	34.4
Rest of SA: youth	5 063 051	34.1	5 494 231	33.7	5 933 574	34.5	6 881 042	37.3
Rest of SA: adults	2 900 712	19.6	3 720 993	22.8	4 321 644	25.1	3 715 139	20.2
Rest of SA: aged	823 867	5.6	937 131	5.8	1 069 689	6.2	1 500 644	8.1
SA: children	13 766 443	34.3	14 365 288	32.1	15 100 089	29.2	16 786 118	30.2
SA: youth	14 692 998	36.6	16 552 084	36.9	19 466 346	37.6	20 142 009	36.2
SA: adults	9 699 274	24.2	11 687 195	26.1	14 438 134	27.9	14 200 181	25.5
SA: aged	1 934 664	4.8	2 215 211	4.9	2 765 991	5.3	4 525 346	8.1

Annexure F: Population living in urban areas (2016)

ICM	Percentage
GT421 Emfuleni	99.4
FS184 Matjhabeng	98.5
NC091 Sol Plaatje	98.3
FS204 Metsimaholo	98.2
MP307 Govan Mbeki	96.8
NW403 City of Matlosana	95.8
GT484 Merafong City	95.8
MP312 Emalahleni	95.6
WC044 George	95.2
GT481 Mogale City	94.2
GT485 Rand West City (Randfontein/Westonaria)	92.7
WC023 Drakenstein	91.9
WC024 Stellenbosch	91.0
MP313 Steve Tshwete	89.2
KZN292 KwaDukuza	86.8
NW405 JB Marks (Tlokwe/Ventersdorp)	83.9
KZN225 Msunduzi	73.9
KZN252 Newcastle	67.7
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	67.4
NW373 Rustenburg	65.7
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	38.2
FS194 Maluti-a-Phofung	37.5
EC157 King Sabata Dalindyebo	36.8
LIM362 Lephalale	35.2
LIM354 Polokwane	34.1
KZN282 City of uMhlathuze	33.3
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	27.8
NW372 Madibeng	27.8
LIM367 Mogalakwena	26.3
MP326 City of Mbombela (incl Umjindi)	18.9
NW383 Mahikeng	17.3
LIM343 Thulamela	15.4
LIM331 Greater Giyani	13.4
LIM333 Greater Tzaneen	9.4
LIM344 Makhado	8.5
LIM334 Ba-Phalaborwa	8.1
LIM476 Greater Tubatse/Fetakgomo	5.4
MP324 Nkomazi	5.0
MP325 Bushbuckridge	3.0

Annexure G: Population density (2016)

ICM	People per square km
KZN225 Msunduzi	904
GT421 Emfuleni	759
KZN292 KwaDukuza	376
KZN282 City of uMhlathuze	333
GT481 Mogale City	286
GT485 Rand West City (Randfontein/Westonaria)	238
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	234
KZN252 Newcastle	210
WC024 Stellenbosch	208
LIM343 Thulamela	188
NW373 Rustenburg	183
WC023 Drakenstein	182
MP312 Emalahleni	170
EC157 King Sabata Dalindyebo	162
LIM354 Polokwane	158
NW372 Madibeng	144
LIM333 Greater Tzaneen	144
NW403 City of Matlosana	116
GT484 Merafong City	116
MP307 Govan Mbeki	115
MP326 City of Mbombela (incl Umjindi)	97
FS204 Metsimaholo	95
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	95
NW383 Mahikeng	86
LIM476 Greater Tubatse/Fetakgomo	86
MP324 Nkomazi	86
FS194 Maluti-a-Phofung	81
NC091 Sol Plaatje	81
FS184 Matjhabeng	75
MP313 Steve Tshwete	70
LIM331 Greater Giyani	61
LIM344 Makhado	55
MP325 Bushbuckridge	53
LIM367 Mogalakwena	53
WC044 George	40
NW405 JB Marks (Tlokwe/Ventersdorp)	38
LIM334 Ba-Phalaborwa	23
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	20
LIM362 Lephalale	10

Annexure H: The growth in new jobs (1996 to 2018)

ICM	No. of new jobs
LIM354 Polokwane	110 277
MP326 City of Mbombela (incl Umjindi)	79 305
NW373 Rustenburg	74 539
KZN225 Msunduzi	60 810
MP312 Emalahleni	59 970
NW372 Madibeng	50 655
MP307 Govan Mbeki	40 787
MP313 Steve Tshwete	40 160
LIM344 Makhado	37 428
KZN282 City of uMhlathuze	36 829
LIM333 Greater Tzaneen	36 099
WC023 Drakenstein	35 208
LIM367 Mogalakwena	33 889
KZN292 KwaDukuza	30 443
LIM476 Greater Tubatse/Fetakgomo	27 972
KZN252 Newcastle	26 820
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	26 030
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	25 535
WC044 George	25 223
EC157 King Sabata Dalindyebo	24 430
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	24 173
WC024 Stellenbosch	24 068
MP324 Nkomazi	23 897
GT481 Mogale City	23 208
LIM334 Ba-Phalaborwa	21 180
LIM331 Greater Giyani	20 884
NW383 Mahikeng	20 362
GT421 Emfuleni	16 875
LIM362 Lephalale	16 610
LIM343 Thulamela	16 109
NC091 Sol Plaatje	13 649
FS204 Metsimaholo	12 870
NW405 JB Marks (Tlokwe/Ventersdorp)	12 128
MP325 Bushbuckridge	-798
GT484 Merafong City	-9 039
FS194 Maluti-a-Phofung	-9 613
NW403 City of Matlosana	-19 094
GT485 Rand West City (Randfontein/Westonaria)	-25 541
FS184 Matjhabeng	-66 098

Annexure I: Employment in the formal sector (2001 and 2018)

2001	Metro		All ICMs		Large ICMs		Low GVA ICMs		Manufacturing ICMs		Mining ICMs		Service centre ICMs		Rest of SA		SA	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Agriculture	192 632	4.0	365 431	14.4	53 612	10.4	71 235	20.7	88 807	17.2	61 233	9.2	90 544	18.2	871 793	32.9	1 429 856	14.3
Mining	56 081	1.2	266 651	10.5	5 987	1.2	3 225	0.9	21 389	4.1	204 923	30.8	31 126	6.3	84 368	3.2	407 099	4.1
Manufacturing	952 325	19.9	326 658	12.9	93 412	18.2	17 758	5.2	104 833	20.3	67 710	10.2	42 944	8.6	181 801	6.9	1 460 784	14.7
Electricity	26 344	0.6	24 330	1.0	5 562	1.1	3 402	1.0	3 424	0.7	7 894	1.2	4 049	0.8	14 417	0.5	65 090	0.7
Construction	212 079	4.4	106 402	4.2	22 132	4.3	16 162	4.7	22 647	4.4	23 213	3.5	22 248	4.5	90 375	3.4	408 856	4.1
Trade	912 100	19.1	397 650	15.7	96 913	18.9	49 622	14.4	78 855	15.3	92 492	13.9	79 768	16.0	290 502	11.0	1 600 252	16.1
Transport	208 406	4.4	62 718	2.5	15 003	2.9	7 799	2.3	15 956	3.1	12 710	1.9	11 250	2.3	50 513	1.9	321 637	3.2
Finance	996 304	20.8	236 562	9.3	66 264	12.9	26 308	7.7	57 256	11.1	48 272	7.3	38 463	7.7	147 259	5.6	1 380 126	13.8
Community services	839 328	17.6	504 955	19.9	106 664	20.7	106 138	30.9	80 047	15.5	91 254	13.7	120 852	24.3	492 935	18.6	1 837 217	18.4
Households	386 792	8.1	245 208	9.7	48 561	9.4	41 849	12.2	43 496	8.4	54 804	8.2	56 499	11.4	424 157	16.0	1 056 157	10.6
Total	4 782 390	100	2 536 565	100	514 109	100	343 497	100	516 710	100	664 505	100	497 744	100	2 648 120	100	9 967 075	100
2011	Metro		All ICMs		Large ICMs		Low GVA ICMs		Manufacturing ICMs		Mining ICMs		Service centre ICMs		Rest of SA		SA	
Agriculture	149 372	2.4	177 542	6.4	36 856	5.9	25 848	7.6	39 978	6.8	27 977	3.8	46 882	9.6	356 554	14.1	683 467	5.9
Mining	69 243	1.1	315 476	11.4	28 627	4.6	15 270	4.5	14 849	2.5	211 829	29.1	44 902	9.2	129 633	5.1	514 352	4.5
Manufacturing	887 649	14.3	279 928	10.1	77 507	12.4	15 068	4.4	90 703	15.3	59 543	8.2	37 107	7.6	215 722	8.5	1 383 299	12.0
Electricity	37 158	0.6	26 405	1.0	5 046	0.8	2 290	0.7	4 045	0.7	11 789	1.6	3 235	0.7	15 541	0.6	79 104	0.7
Construction	331 040	5.3	151 599	5.5	32 580	5.2	16 337	4.8	42 441	7.2	36 479	5.0	23 761	4.9	148 392	5.9	631 030	5.5
Trade	1 142 797	18.4	449 576	16.2	107 375	17.2	55 429	16.4	108 203	18.3	101 823	14.0	76 747	15.8	390 879	15.4	1 983 252	17.2
Transport	347 237	5.6	100 895	3.6	25 013	4.0	9 010	2.7	30 523	5.2	21 116	2.9	15 234	3.1	84 761	3.3	532 893	4.6
Finance	1 406 366	22.6	364 394	13.2	95 176	15.3	38 256	11.3	93 213	15.7	78 719	10.8	59 029	12.1	283 554	11.2	2 054 313	17.8
Community services	1 257 068	20.2	616 665	22.3	147 716	23.7	118 628	35.0	114 077	19.3	108 722	14.9	127 521	26.2	620 963	24.5	2 494 696	21.6
Households	592 524	9.5	285 323	10.3	67 447	10.8	42 526	12.6	54 019	9.1	69 330	9.5	52 001	10.7	288 667	11.4	1 166 514	10.1
Total	6 220 453	100	2 767 802	100	623 343	100	338 663	100	592 050	100	727 328	100	486 419	100	2 534 665	100	11 522 920	100
2018	Metro		All ICMs		Large ICMs		Low GVA ICMs		Manufacturing ICMs		Mining ICMs		Service centre ICMs		Rest of SA		SA	
Agriculture	176 249	2.5	227 154	7.1	42 421	5.9	39 734	9.3	48 626	7.3	36 992	4.5	59 381	10.6	449 981	15.1	853 384	6.4
Mining	71 472	1.0	252 380	7.9	15 706	2.2	12 279	2.9	14 460	2.2	194 611	23.8	15 325	2.7	128 670	4.3	452 522	3.4
Manufacturing	900 469	12.7	298 692	9.4	77 305	10.8	16 347	3.8	99 498	14.9	63 959	7.8	41 583	7.4	229 569	7.7	1 428 730	10.8
Electricity	39 723	0.6	34 891	1.1	6 334	0.9	2 729	0.6	4 830	0.7	16 178	2.0	4 819	0.9	18 933	0.6	93 547	0.7
Construction	411 805	5.8	189 756	6.0	37 801	5.3	23 507	5.5	47 555	7.1	49 086	6.0	31 806	5.7	187 874	6.3	789 435	6.0
Trade	1 309 369	18.5	556 902	17.5	130 689	18.3	77 894	18.2	125 673	18.8	122 284	15.0	100 363	18.0	491 312	16.5	2 357 583	17.8
Transport	394 722	5.6	109 407	3.4	27 439	3.8	9 570	2.2	32 419	4.9	23 130	2.8	16 849	3.0	89 564	3.0	593 694	4.5
Finance	1 667 938	23.5	449 446	14.1	116 464	16.3	53 438	12.5	106 158	15.9	98 928	12.1	74 459	13.3	344 213	11.6	2 461 596	18.6
Community services	1 469 014	20.7	750 370	23.6	185 464	26.0	143 111	33.5	131 196	19.7	135 816	16.6	154 782	27.7	721 898	24.3	2 941 282	22.2
Households	643 501	9.1	315 184	9.9	74 331	10.4	48 678	11.4	57 172	8.6	76 134	9.3	58 869	10.5	314 582	10.6	1 273 267	9.6
Total	7 084 263	100	3 184 181	100	713 955	100	427 286	100	667 587	100	817 119	100	558 235	100	2 976 596	100	13 245 040	100

Annexure J: Population versus people employed (1996 and 2016)

Settlement category	Population		Population increase: 1996-2016	People employed		Population increase: 1996-2016	Employment increase as % of population increase
	1996	2016		1996	2016		
Metros	14 052 067	22 196 700	8 144 633	4 018 312	6 959 969	2 941 658	36.1
All ICMs	11 175 719	15 023 017	3 847 299	2 185 940	3 178 694	992 754	25.8
Large ICMs	2 167 359	2 905 524	738 165	446 687	719 210	272 523	36.9
Low GVA ICMs	2 047 641	2 448 843	401 202	285 592	423 173	137 581	34.3
Manufacturing ICMs	1 811 322	2 773 486	962 163	411 324	663 305	251 981	26.2
Mining ICMs	2 428 180	3 579 530	1 151 350	626 711	822 181	195 470	17.0
Service centre ICMs	2 721 216	3 315 634	594 418	415 627	550 825	135 198	22.7
Rest of SA	15 355 787	18 433 937	3 078 150	2 154 895	2 943 007	788 112	25.6
SA	40 583 573	55 653 654	15 070 082	8 359 147	13 081 671	4 722 524	31.3

Annexure K: Growth in unemployment (1996–2018)

Settlement category	1996		2001		2011		2018		Annual growth 1996-2018
	n	%	N	%	n	%	n	%	
Metros	998 519	41.6	1 998 213	43.8	2 256 236	49.3	2 620 407	43.6	6.2
All ICMs	632 280	26.3	1 194 785	26.2	1 171 184	25.6	1 745 570	29.0	6.6
Large ICMs	135 372	5.6	252 978	5.5	238 750	5.2	395 572	6.6	6.9
Low GVA ICMs	103 957	4.3	174 054	3.8	158 776	3.5	220 641	3.7	4.8
Manufacturing ICMs	105 214	4.4	212 814	4.7	207 377	4.5	326 693	5.4	7.3
Mining ICMs	150 489	6.3	278 035	6.1	333 469	7.3	480 939	8.0	7.5
Service centre ICMs	137 249	5.7	276 905	6.1	232 812	5.1	321 725	5.4	5.5
Rest of SA	771 008	32.1	1 367 434	30.0	1 146 089	25.1	1 646 450	27.4	4.9
South Africa	2 401 808	100	4 560 433	100	4 573 509	100	6 012 427	100	5.9

Annexure L: The number of unemployed people (2018)

ICM	No. of people unemployed
GT421 Emfuleni	198 575
GT481 Mogale City	92 969
FS184 Matjhabeng	89 144
MP325 Bushbuckridge	83 781
GT485 Rand West City (Randfontein/Westonaria)	80 181
MP326 City of Mbombela (incl Umjindi)	78 008
MP312 Emalahleni	72 368
NW403 City of Matlosana	71 096
KZN225 Msunduzi	70 562
NW373 Rustenburg	67 851
NW372 Madibeng	58 362
LIM476 Greater Tubatse/Fetakgomo	49 882
LIM354 Polokwane	48 427
EC157 King Sabata Dalindyebo	47 199
FS194 Maluti-a-Phofung	45 498
MP324 Nkomazi	43 830
KZN282 City of uMhlathuze	41 412
KZN252 Newcastle	38 764
MP307 Govan Mbeki	35 444
NC091 Sol Plaatje	34 187
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	31 783
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	29 041
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	28 719
MP313 Steve Tshwete	27 000
WC023 Drakenstein	25 689
WC044 George	25 362
KZN292 KwaDukuza	23 420
LIM343 Thulamela	23 292
NW383 Mahikeng	22 359
LIM333 Greater Tzaneen	21 641
FS204 Metsimaholo	21 221
LIM367 Mogalakwena	20 910
GT484 Merafong City	19 180
NW405 JB Marks (Tlokwe/Ventersdorp)	17 198
LIM344 Makhado	16 622
WC024 Stellenbosch	15 991
LIM331 Greater Giyani	11 633
LIM334 Ba-Phalaborwa	11 470
LIM362 Lephalale	5 500

Annexure M: GDP contribution (1996, 2001, 2011, 2018)

Settlement category	1996		2001		2011		2018	
	GDP	%	GDP	%	GDP	%	GDP	%
Metros	937 072 666	51.5	1 076 981 563	53.2	1 620 825 089	57.1	1 835 674 489	58.4
All ICMs	522 579 695	28.7	564 709 269	27.9	693 528 753	24.4	740 224 211	23.5
Large ICMs	94 321 079	5.2	111 729 399	5.5	153 755 080	5.4	172 282 877	5.5
Low GVA ICMs	54 533 114	3.0	59 644 518	2.9	76 561 517	2.7	81 430 648	2.6
Manufacturing ICMs	102 260 438	5.6	103 131 957	5.1	126 852 329	4.5	142 462 437	4.5
Mining ICMs	187 417 088	10.3	189 465 724	9.4	216 048 156	7.6	222 113 154	7.1
Service centre ICMs	84 047 975	4.6	100 737 670	5.0	120 311 673	4.2	121 935 096	3.9
Rest of SA	359 780 878	19.8	383 078 849	18.9	523 903 284	18.5	568 640 451	18.1
South Africa	1 819 433 239	100	2 024 769 680	100	2 838 257 126	100	3 144 539 152	100

Note: 2010 constant price and X 1000.

Annexure N: Total GDP (2018)[a]

ICM	GDP (R)
MP326 City of Mbombela (incl Umjindi)	47 280 666
LIM354 Polokwane	42 880 608
MP312 Emalahleni	36 441 405
KZN225 Msunduzi	33 928 584
NW373 Rustenburg	33 403 153
NW372 Madibeng	32 999 161
GT421 Emfuleni	31 564 288
MP313 Steve Tshwete	28 854 576
MP307 Govan Mbeki	26 552 791
FS204 Metsimaholo	23 513 062
NW403 City of Matlosana	16 222 667
EC157 King Sabata Dalindyebo	15 961 856
NC091 Sol Plaatje	15 720 636
FS184 Matjhabeng	15 444 314
LIM333 Greater Tzaneen	14 579 850
WC023 Drakenstein	14 431 977
GT485 Rand West City (Randfontein/Westonaria)	14 039 510
LIM476 Greater Tubatse/Fetakgomo	13 720 341
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	13 594 219
NW383 Mahikeng	13 470 230
LIM334 Ba-Phalaborwa	13 251 753
GT481 Mogale City	13 239 882
NW405 JB Marks (Tlokwe/Ventersdorp)	12 192 932
KZN282 City of uMhlathuze	11 876 870
LIM344 Makhado	11 448 043
GT484 Merafong City	11 294 058
WC044 George	10 871 095
WC024 Stellenbosch	10 663 552
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	10 472 895
LIM343 Thulamela	10 050 841
KZN252 Newcastle	9 825 727
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	9 389 748
FS194 Maluti-a-Phofung	9 214 432
MP325 Bushbuckridge	8 871 636
LIM331 Greater Giyani	8 274 112
LIM362 Lephalale	7 719 215
LIM367 Mogalakwena	6 895 216
MP324 Nkomazi	6 417 435
KZN292 KwaDukuza	5 658 348

[a] 2010 constant price and X 10000

Annexure O: Annual economic growth (1996–2018)

ICM	Growth rate
NW372 Madibeng	4.6%
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	4.3%
LIM354 Polokwane	4.2%
MP326 City of Mbombela (incl Umjindi)	3.6%
FS204 Metsimaholo	3.6%
WC044 George	3.3%
NW405 JB Marks (Tlokwe/Ventersdorp)	3.3%
LIM476 Greater Tubatse/Fetakgomo	3.2%
LIM333 Greater Tzaneen	3.1%
WC024 Stellenbosch	2.8%
WC023 Drakenstein	2.8%
MP313 Steve Tshwete	2.6%
KZN225 Msunduzi	2.6%
LIM362 Lephalale	2.6%
LIM331 Greater Giyani	2.5%
LIM344 Makhado	2.5%
NW383 Mahikeng	2.1%
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	2.0%
NC091 Sol Plaatje	1.9%
LIM343 Thulamela	1.9%
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	1.8%
LIM367 Mogalakwena	1.7%
KZN292 KwaDukuza	1.5%
MP324 Nkomazi	1.5%
MP312 Emalahleni	1.4%
EC157 King Sabata Dalindyebo	1.4%
MP307 Govan Mbeki	0.8%
NW373 Rustenburg	0.7%
GT421 Emfuleni	0.7%
KZN282 City of uMhlathuze	0.5%
LIM334 Ba-Phalaborwa	0.4%
GT481 Mogale City	0.3%
FS194 Maluti-a-Phofung	0.3%
KZN252 Newcastle	0.2%
MP325 Bushbuckridge	0.0%
NW403 City of Matlosana	-0.6%
GT485 Rand West City (Randfontein/Westonaria)	-0.8%
FS184 Matjhabeng	-2.6%
GT484 Merafong City	-3.2%

Annexure P: Per capita GDP (2016)

ICM	Per capita GDP (R)
FS204 Metsimaholo	152 212
MP313 Steve Tshwete	108 769
MP307 Govan Mbeki	88 097
MP312 Emalahleni	83 691
LIM334 Ba-Phalaborwa	79 950
MP326 City of Mbombela (incl Umjindi)	73 769
NC091 Sol Plaatje	68 045
WC024 Stellenbosch	67 984
NW372 Madibeng	66 186
GT484 Merafong City	65 756
LIM354 Polokwane	58 816
GT485 Rand West City (Randfontein/Westonaria)	58 496
WC023 Drakenstein	56 500
LIM362 Lephalale	56 376
WC044 George	55 920
NW405 JB Marks (Tlokwe/Ventersdorp)	55 133
NW373 Rustenburg	53 214
KZN225 Msunduzi	52 890
NW383 Mahikeng	47 753
GT421 Emfuleni	46 953
NW403 City of Matlosana	44 293
FS184 Matjhabeng	42 621
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	40 643
GT481 Mogale City	38 921
LIM333 Greater Tzaneen	38 321
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	37 444
LIM331 Greater Giyani	35 609
EC157 King Sabata Dalindyebo	35 159
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	31 017
KZN282 City of uMhlathuze	30 765
LIM344 Makhado	29 688
FS194 Maluti-a-Phofung	28 821
LIM476 Greater Tubatse/Fetakgomo	28 652
KZN252 Newcastle	26 798
LIM367 Mogalakwena	23 872
LIM343 Thulamela	22 642
KZN292 KwaDukuza	21 930
MP325 Bushbuckridge	18 049
MP324 Nkomazi	17 756

Annexure Q: Tress Index (2018)

ICMs	Tress Index
LIM334 Ba-Phalaborwa	82.00
NW373 Rustenburg	81.83
LIM476 Greater Tubatse/Fetakgomo	78.39
LIM362 Lephalale	73.25
FS184 Matjhabeng	63.50
GT484 Merafong City	63.49
EC157 King Sabata Dalindyebo	62.78
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	61.51
MP307 Govan Mbeki	59.99
MP312 Emalahleni	59.37
GT485 Rand West City (Randfontein/Westonaria)	57.87
NW383 Mahikeng	57.45
LIM331 Greater Giyani	56.14
LIM354 Polokwane	54.32
FS204 Metsimaholo	53.57
NW403 City of Matlosana	53.17
GT421 Emfuleni	51.82
LIM343 Thulamela	50.90
FS194 Maluti-a-Phofung	50.68
MP313 Steve Tshwete	50.35
KZN292 KwaDukuza	49.34
LIM344 Makhado	49.04
NC091 Sol Plaatje	48.90
MP325 Bushbuckridge	48.70
WC024 Stellenbosch	48.17
LIM367 Mogalakwena	48.15
NW372 Madibeng	47.10
GT481 Mogale City	47.03
KZN225 Msunduzi	46.87
WC023 Drakenstein	46.50
LIM333 Greater Tzaneen	45.40
MP326 City of Mbombela (incl Umjindi)	44.10
WC044 George	43.59
KZN282 City of uMhlathuze	43.07
KZN252 Newcastle	42.01
NW405 JB Marks (Tlokwe/Ventersdorp)	41.92
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	39.77
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	36.10
MP324 Nkomazi	36.05

Annexure R: People living below the food poverty line (2018)

ICMs	Percentage
MP325 Bushbuckridge	43.7
MP324 Nkomazi	42.2
LIM331 Greater Giyani	40.9
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	39.0
EC157 King Sabata Dalindyebo	38.5
KZN252 Newcastle	38.3
LIM343 Thulamela	38.0
LIM344 Makhado	35.6
LIM476 Greater Tubatse/Fetakgomo	35.2
LIM367 Mogalakwena	34.4
LIM333 Greater Tzaneen	32.9
FS194 Maluti-a-Phofung	32.8
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	31.4
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	29.7
KZN282 City of uMhlathuze	28.7
KZN225 Msunduzi	28.2
LIM354 Polokwane	27.7
NW383 Mahikeng	26.8
FS184 Matjhabeng	26.2
LIM334 Ba-Phalaborwa	26.2
MP326 City of Mbombela (incl Umjindi)	25.8
NW403 City of Matlosana	25.2
NC091 Sol Plaatje	24.7
KZN292 KwaDukuza	24.2
GT421 Emfuleni	24.0
NW405 JB Marks (Tlokwe/Ventersdorp)	23.9
LIM362 Lephalale	23.4
FS204 Metsimaholo	22.5
NW372 Madibeng	20.2
GT485 Rand West City (Randfontein/Westonaria)	19.5
MP307 Govan Mbeki	19.2
GT481 Mogale City	18.6
WC044 George	18.4
WC024 Stellenbosch	18.0
WC023 Drakenstein	17.6
GT484 Merafong City	17.2
MP312 Emalahleni	16.8
NW373 Rustenburg	15.0
MP313 Steve Tshwete	14.6

Annexure S: People living below the lower poverty line (2018)

ICM	Percentage
MP325 Bushbuckridge	62.7
MP324 Nkomazi	60.9
LIM331 Greater Giyani	59.6
LIM343 Thulamela	56.1
EC157 King Sabata Dalindyebo	56.1
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	56.0
KZN252 Newcastle	54.6
LIM344 Makhado	53.8
LIM476 Greater Tubatse/Fetakgomo	52.2
LIM367 Mogalakwena	51.8
LIM333 Greater Tzaneen	50.7
FS194 Maluti-a-Phofung	50.6
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	48.7
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	44.8
LIM354 Polokwane	43.6
KZN282 City of uMhlathuze	42.5
KZN225 Msunduzi	42.2
NW383 Mahikeng	42.0
LIM334 Ba-Phalaborwa	41.2
FS184 Matjhabeng	41.2
MP326 City of Mbombela (incl Umjindi)	41.0
NW403 City of Matlosana	39.8
NC091 Sol Plaatje	38.8
KZN292 KwaDukuza	38.8
GT421 Emfuleni	38.1
LIM362 Lephalale	38.0
NW405 JB Marks (Tlokwe/Ventersdorp)	37.9
FS204 Metsimaholo	36.4
NW372 Madibeng	34.2
GT485 Rand West City (Randfontein/Westonaria)	32.4
WC044 George	31.1
GT481 Mogale City	30.8
MP307 Govan Mbeki	30.6
WC024 Stellenbosch	29.8
GT484 Merafong City	29.5
WC023 Drakenstein	29.1
MP312 Emalahleni	28.1
NW373 Rustenburg	26.2
MP313 Steve Tshwete	24.4

Annexure T: Human development index (2018)

ICM	HDI
WC023 Drakenstein	0.72
WC044 George	0.72
GT481 Mogale City	0.71
WC024 Stellenbosch	0.71
MP313 Steve Tshwete	0.69
NW373 Rustenburg	0.69
FS204 Metsimaholo	0.69
GT421 Emfuleni	0.68
GT485 Rand West City (Randfontein/Westonaria)	0.68
MP312 Emalahleni	0.68
NC091 Sol Plaatje	0.68
GT484 Merafong City	0.67
MP307 Govan Mbeki	0.66
NW372 Madibeng	0.66
NW405 JB Marks (Tlokwe/Ventersdorp)	0.66
KZN225 Msunduzi	0.66
LIM362 Lephalale	0.65
FS184 Matjhabeng	0.65
LIM354 Polokwane	0.65
KZN282 City of uMhlathuze	0.64
KZN292 KwaDukuza	0.64
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	0.64
NW403 City of Matlosana	0.64
LIM334 Ba-Phalaborwa	0.64
MP326 City of Mbombela (incl Umjindi)	0.63
NW383 Mahikeng	0.62
KZN252 Newcastle	0.60
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	0.60
LIM333 Greater Tzaneen	0.59
LIM476 Greater Tubatse/Fetakgomo	0.59
LIM367 Mogalakwena	0.59
LIM344 Makhado	0.58
FS194 Maluti-a-Phofung	0.58
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	0.58
LIM343 Thulamela	0.57
EC157 King Sabata Dalindyebo	0.57
LIM331 Greater Giyani	0.55
MP325 Bushbuckridge	0.54
MP324 Nkomazi	0.53

Annexure U: Gini coefficient (2018)

ICM	Gini coefficient
LIM354 Polokwane	0.66
EC157 King Sabata Dalindyebo	0.66
KZN282 City of uMhlathuze	0.65
LIM362 Lephalale	0.65
NW383 Mahikeng	0.65
LIM334 Ba-Phalaborwa	0.65
MP307 Govan Mbeki	0.64
KZN252 Newcastle	0.64
KZN225 Msunduzi	0.64
LIM344 Makhado	0.64
NW405 JB Marks (Tlokwe/Ventersdorp)	0.63
LIM331 Greater Giyani	0.63
GT421 Emfuleni	0.63
MP326 City of Mbombela (incl Umjindi)	0.63
WC024 Stellenbosch	0.63
FS204 Metsimaholo	0.63
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	0.63
LIM367 Mogalakwena	0.63
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	0.63
FS184 Matjhabeng	0.63
LIM333 Greater Tzaneen	0.62
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	0.62
KZN292 KwaDukuza	0.62
GT481 Mogale City	0.62
NC091 Sol Plaatje	0.62
FS194 Maluti-a-Phofung	0.62
LIM343 Thulamela	0.61
LIM476 Greater Tubatse/Fetakgomo	0.61
NW372 Madibeng	0.61
NW403 City of Matlosana	0.61
MP324 Nkomazi	0.61
MP325 Bushbuckridge	0.61
MP312 Emalahleni	0.61
MP313 Steve Tshwete	0.61
NW373 Rustenburg	0.60
WC044 George	0.60
GT485 Rand West City (Randfontein/Westonaria)	0.59
WC023 Drakenstein	0.59
GT484 Merafong City	0.57

Annexure V: Average annual household income (2018)

ICM	Household income (R)
WC023 Drakenstein	282 310
WC044 George	258 408
MP313 Steve Tshwete	247 161
WC024 Stellenbosch	239 458
FS204 Metsimaholo	235 547
GT481 Mogale City	232 962
NW405 JB Marks (Tlokwe/Ventersdorp)	221 294
NC091 Sol Plaatje	219 086
GT484 Merafong City	217 428
NW373 Rustenburg	214 822
KZN225 Msunduzi	212 780
MP307 Govan Mbeki	206 898
MP312 Emalahleni	206 596
GT485 Rand West City (Randfontein/Westonaria)	200 482
KZN282 City of uMhlathuze	199 873
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	194 362
GT421 Emfuleni	188 943
LIM362 Lephalale	185 906
NW372 Madibeng	185 117
KZN292 KwaDukuza	184 088
MP326 City of Mbombela (incl Umjindi)	176 284
LIM334 Ba-Phalaborwa	169 195
FS184 Matjhabeng	165 592
NW383 Mahikeng	163 997
NW403 City of Matlosana	163 454
LIM354 Polokwane	158 368
KZN252 Newcastle	155 402
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	140 024
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	135 491
LIM367 Mogalakwena	124 076
LIM476 Greater Tubatse/Fetakgomo	121 941
LIM344 Makhado	120 400
EC157 King Sabata Dalindyebo	120 305
LIM333 Greater Tzaneen	119 300
LIM343 Thulamela	104 615
MP324 Nkomazi	102 294
FS194 Maluti-a-Phofung	100 920
MP325 Bushbuckridge	98 715
LIM331 Greater Giyani	93 469

Annexure W: Informal dwellings (2016)

ICM	Informal dwellings
NW373 Rustenburg	76 062
NW372 Madibeng	67 450
MP312 Emalahleni	34 845
GT481 Mogale City	33 998
GT421 Emfuleni	31 091
GT485 Rand West City (Randfontein/Westonaria)	26 776
MP307 Govan Mbeki	22 212
FS184 Matjhabeng	22 004
WC024 Stellenbosch	17 829
KZN225 Msunduzi	15 103
FS194 Maluti-a-Phofung	15 058
MP326 City of Mbombela (incl Umjindi)	14 286
GT484 Merafong City	13 759
NW405 JB Marks (Tlokwe/Ventersdorp)	13 302
MP313 Steve Tshwete	12 480
NW403 City of Matlosana	11 974
KZN292 KwaDukuza	11 628
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	11 458
NC091 Sol Plaatje	9 829
WC044 George	9 261
LIM362 Lephalale	9 167
NW383 Mahikeng	8 663
LIM354 Polokwane	8 015
LIM476 Greater Tubatse/Fetakgomo	7 851
FS204 Metsimaholo	7 196
MP324 Nkomazi	6 684
WC023 Drakenstein	6 630
KZN252 Newcastle	5 803
LIM343 Thulamela	4 414
KZN282 City of uMhlathuze	4 345
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	3 982
LIM333 Greater Tzaneen	3 886
LIM367 Mogalakwena	2 662
LIM344 Makhado	2 330
EC157 King Sabata Dalindyebo	1 558
LIM331 Greater Giyani	1 319
MP325 Bushbuckridge	1 099
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	772
LIM334 Ba-Phalaborwa	294

Annexure X: Households with indoor water access (2016)

ICM	No. of households
GT421 Emfuleni	93 465
FS184 Matjhabeng	58 998
KZN225 Msunduzi	56 301
MP326 City of Mbombela (incl Umjindi)	41 962
NW403 City of Matlosana	41 874
MP312 Emalahleni	38 341
GT481 Mogale City	38 032
WC023 Drakenstein	30 707
NC091 Sol Plaatje	29 755
KZN252 Newcastle	29 041
LIM354 Polokwane	27 313
NW373 Rustenburg	27 035
GT485 Rand West City (Randfontein/Westonaria)	26 337
MP307 Govan Mbeki	25 316
GT484 Merafong City	22 847
KZN282 City of uMhlathuze	22 759
MP313 Steve Tshwete	22 644
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	20 213
WC024 Stellenbosch	19 472
WC044 George	19 337
NW372 Madibeng	17 583
NW405 JB Marks (Tlokwe/Ventersdorp)	17 423
NW383 Mahikeng	16 592
KZN292 KwaDukuza	16 193
FS204 Metsimaholo	16 128
FS194 Maluti-a-Phofung	15 658
MP325 Bushbuckridge	15 522
LIM343 Thulamela	15 515
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	15 483
LIM333 Greater Tzaneen	14 138
LIM344 Makhado	12 591
LIM334 Ba-Phalaborwa	11 443
EC157 King Sabata Dalindyebo	11 085
MP324 Nkomazi	10 255
LIM367 Mogalakwena	9 309
LIM331 Greater Giyani	7 923
LIM362 Lephalale	4 575
LIM476 Greater Tubatse/Fetakgomo	3 381
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	1 586

Annexure Y: Households with access to flush toilets (2016)

ICM	No. of households
GT421 Emfuleni	237 279
NW373 Rustenburg	154 804
GT481 Mogale City	130 830
NW403 City of Matlosana	129 654
FS184 Matjhabeng	126 748
KZN225 Msunduzi	118 219
MP312 Emalahleni	108 923
LIM354 Polokwane	104 140
MP307 Govan Mbeki	103 122
KZN282 City of uMhlathuze	82 357
GT485 Rand West City (Randfontein/Westonaria)	80 899
MP326 City of Mbombela (incl Umjindi)	77 146
GT484 Merafong City	71 341
MP313 Steve Tshwete	71 002
WC023 Drakenstein	70 551
NW372 Madibeng	64 571
KZN252 Newcastle	64 098
NW405 JB Marks (Tlokwe/Ventersdorp)	63 843
NC091 Sol Plaatje	63 388
WC044 George	59 842
WC024 Stellenbosch	51 286
KZN292 KwaDukuza	48 945
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	47 586
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	44 766
EC157 King Sabata Dalindyebo	44 066
FS204 Metsimaholo	43 837
FS194 Maluti-a-Phofung	40 662
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	33 892
NW383 Mahikeng	33 174
LIM367 Mogalakwena	26 110
MP325 Bushbuckridge	25 687
LIM362 Lephalale	21 084
LIM343 Thulamela	20 988
LIM333 Greater Tzaneen	20 960
LIM344 Makhado	19 519
LIM334 Ba-Phalaborwa	18 976
LIM476 Greater Tubatse/Fetakgomo	14 237
MP324 Nkomazi	13 141
LIM331 Greater Giyani	9 176

Annexure Z: Households with access to electricity (2016)

ICM	Percentage
KZN282 City of uMhlathuze	99%
LIM334 Ba-Phalaborwa	98%
WC044 George	98%
MP325 Bushbuckridge	97%
LIM343 Thulamela	96%
KZN225 Msunduzi	96%
LIM344 Makhado	96%
WC023 Drakenstein	96%
MP324 Nkomazi	95%
MP326 City of Mbombela (incl Umjindi)	95%
GT421 Emfuleni	95%
KZN252 Newcastle	95%
FS184 Matjhabeng	95%
KZN292 KwaDukuza	95%
LIM354 Polokwane	94%
NW403 City of Matlosana	94%
MP307 Govan Mbeki	94%
FS194 Maluti-a-Phofung	94%
LIM333 Greater Tzaneen	94%
WC024 Stellenbosch	93%
LIM331 Greater Giyani	92%
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	92%
NW383 Mahikeng	92%
LIM367 Mogalakwena	92%
NC091 Sol Plaatje	91%
MP313 Steve Tshwete	91%
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	89%
NW372 Madibeng	88%
NW405 JB Marks (Tlokwe/Ventersdorp)	87%
GT481 Mogale City	87%
GT484 Merafong City	87%
FS204 Metsimaholo	86%
EC157 King Sabata Dalindyebo	84%
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	84%
LIM476 Greater Tubatse/Fetakgomo	84%
NW373 Rustenburg	84%
LIM362 Lephalale	83%
GT485 Rand West City (Randfontein/Westonaria)	76%
MP312 Emalahleni	72%

Annexure AA: Size of municipal revenue per ICM (2017/18)

ICM	Revenue (R)
NW373 Rustenburg	10 432 884 907
GT421 Emfuleni	4 815 855 835
KZN225 Msunduzi	4 530 198 392
LIM354 Polokwane	3 726 053 512
LIM367 Mogalakwena	3 563 728 362
MP312 Emalahleni	2 976 363 940
KZN282 City of uMhlathuze	2 955 133 094
GT481 Mogale City	2 880 222 140
MP326 City of Mbombela (incl Umjindi)	2 177 820 059
NW372 Madibeng	1 940 916 696
NW403 City of Matlosana	1 886 574 181
WC044 George	1 844 280 802
WC023 Drakenstein	1 677 557 842
NC091 Sol Plaatje	1 657 110 414
KZN252 Newcastle	1 631 599 740
FS184 Matjhabeng	1 561 025 166
GT485 Rand West City (Randfontein/Westonaria)	1 556 305 706
WC024 Stellenbosch	1 513 095 776
KZN292 KwaDukuza	1 510 165 915
MP307 Govan Mbeki	1 468 989 092
MP313 Steve Tshwete	1 438 020 598
MP325 Bushbuckridge	1 366 779 328
NW405 JB Marks (Tlokwe/Ventersdorp)	1 195 448 525
MP324 Nkomazi	1 108 835 281
EC157 King Sabata Dalindyebo	1 092 916 922
LIM333 Greater Tzaneen	1 092 916 922
GT484 Merafong City	1 077 464 563
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	893 260 047
FS204 Metsimaholo	883 591 321
LIM344 Makhado	831 840 184
NW383 Mahikeng	650 567 439
LIM343 Thulamela	643 564 509
LIM476 Greater Tubatse/Fetakgomo	625 435 325
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	506 518 351
LIM362 Lephalale	502 029 589
LIM331 Greater Giyani	362 701 460
LIM334 Ba-Phalaborwa	316 348 490
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	Not available
FS194 Maluti-a-Phofung	Not available

Annexure BB: Amount of revenue from property tax (2017/18)

ICM	Revenue (R)
KZN225 Msunduzi	854 116 719
GT421 Emfuleni	710 597 371
GT481 Mogale City	498 821 027
KZN282 City of uMhlathuze	442 660 780
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	411 879 384
KZN292 KwaDukuza	392 441 164
NC091 Sol Plaatje	368 027 155
LIM354 Polokwane	360 161 268
MP313 Steve Tshwete	332 769 106
NW373 Rustenburg	321 322 660
MP326 City of Mbombela (incl Umjindi)	312 166 433
WC024 Stellenbosch	307 976 479
FS184 Matjhabeng	298 925 235
NW403 City of Matlosana	294 054 715
NW372 Madibeng	258 006 000
MP307 Govan Mbeki	242 043 334
WC023 Drakenstein	241 880 363
WC044 George	230 344 698
KZN252 Newcastle	217 734 684
NW383 Mahikeng	160 263 605
LIM476 Greater Tubatse/Fetakgomo	158 477 340
NW405 JB Marks (Tlokwe/Ventersdorp)	118 900 350
GT484 Merafong City	112 876 243
FS204 Metsimaholo	100 874 554
MP324 Nkomazi	83 082 971
EC157 King Sabata Dalindyebo	79 408 159
LIM333 Greater Tzaneen	79 408 159
LIM344 Makhado	59 977 283
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	56 600 215
LIM367 Mogalakwena	48 919 917
MP325 Bushbuckridge	43 332 767
LIM334 Ba-Phalaborwa	42 816 796
LIM362 Lephalale	42 608 317
LIM331 Greater Giyani	42 260 176
LIM343 Thulamela	19 917 176
GT485 Rand West City (Randfontein/Westonaria)	Not available
MP312 Emalahleni	Not available
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	Not available
FS194 Maluti-a-Phofung	Not available

Annexure CC: Municipal revenue from electricity sales (2017/18)

ICM	Revenue (R)
NW373 Rustenburg	2 040 377 507
KZN225 Msunduzi	1 925 668 606
GT421 Emfuleni	1 547 920 325
KZN282 City of uMhlathuze	1 281 889 919
WC023 Drakenstein	1 148 134 978
LIM354 Polokwane	900 175 540
GT481 Mogale City	863 775 566
KZN292 KwaDukuza	732 877 042
MP326 City of Mbombela (incl Umjindi)	645 944 570
WC044 George	588 685 287
FS184 Matjhabeng	531 532 070
MP313 Steve Tshwete	524 363 376
MP307 Govan Mbeki	510 355 167
KZN252 Newcastle	498 222 815
GT485 Rand West City (Randfontein/Westonaria)	479 330 073
WC024 Stellenbosch	445 586 245
EC157 King Sabata Dalindyebo	444 740 988
LIM333 Greater Tzaneen	444 740 988
NW372 Madibeng	437 439 116
NC091 Sol Plaatje	435 884 713
NW403 City of Matlosana	321 941 878
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	208 446 866
FS204 Metsimaholo	196 014 369
LIM367 Mogalakwena	186 985 329
GT484 Merafong City	166 590 343
MP324 Nkomazi	100 900 494
LIM344 Makhado	0
MP325 Bushbuckridge	0
NW383 Mahikeng	0
LIM334 Ba-Phalaborwa	0
LIM362 Lephalale	0
LIM476 Greater Tubatse/Fetakgomo	0
MP312 Emalahleni	0
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	0
LIM331 Greater Giyani	0
LIM343 Thulamela	0
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	Not available
FS194 Maluti-a-Phofung	Not available
NW405 JB Marks (Tlokwe/Ventersdorp)	Not available

Annexure DD: Municipal revenue from water, sanitation and refuse services (2017/18)

ICMs	Revenue (R)
GT421 Emfuleni	802 608 175
NW373 Rustenburg	714 529 833
GT481 Mogale City	592 587 770
FS184 Matjhabeng	566 256 448
KZN282 City of uMhlathuze	541 630 062
LIM354 Polokwane	451 767 645
MP307 Govan Mbeki	395 464 898
NW403 City of Matlosana	389 425 339
GT485 Rand West City (Randfontein/Westonaria)	365 718 540
KZN225 Msunduzi	327 598 667
KZN252 Newcastle	311 713 604
FS204 Metsimaholo	287 992 089
WC024 Stellenbosch	280 884 663
GT484 Merafong City	255 429 554
WC044 George	244 513 641
MP313 Steve Tshwete	214 653 014
NW372 Madibeng	208 963 492
NC091 Sol Plaatje	208 075 810
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	145 266 120
MP326 City of Mbombela (incl Umjindi)	121 615 702
NW383 Mahikeng	115 024 629
MP325 Bushbuckridge	76 063 385
LIM367 Mogalakwena	65 304 611
KZN292 KwaDukuza	57 437 378
MP324 Nkomazi	37 742 028
EC157 King Sabata Dalindyebo	28 361 846
LIM333 Greater Tzaneen	28 361 846
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	15 107 311
LIM344 Makhado	Not available
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	Not available
WC023 Drakenstein	Not available
LIM334 Ba-Phalaborwa	Not available
LIM362 Lephalale	Not available
LIM476 Greater Tubatse/Fetakgomo	Not available
MP312 Emalahleni	Not available
FS194 Maluti-a-Phofung	Not available
LIM331 Greater Giyani	Not available
LIM343 Thulamela	Not available
NW405 JB Marks (Tlokwe/Ventersdorp)	Not available

Annexure EE: Income from equitable share (2017/18)

ICM	Income (R)
MP326 City of Mbombela (incl Umjindi)	994 258 946
LIM354 Polokwane	939 879 358
MP325 Bushbuckridge	683 068 974
LIM367 Mogalakwena	669 542 256
GT421 Emfuleni	631 348 000
NW373 Rustenburg	627 677 321
NW372 Madibeng	569 142 000
KZN225 Msunduzi	534 424 026
MP324 Nkomazi	505 735 572
GT484 Merafong City	445 291 826
WC044 George	444 163 756
KZN252 Newcastle	442 058 414
FS184 Matjhabeng	399 296 615
LIM343 Thulamela	393 323 000
NW403 City of Matlosana	378 999 811
EC157 King Sabata Dalindyebo	375 504 241
LIM333 Greater Tzaneen	375 504 241
LIM476 Greater Tubatse/Fetakgomo	342 846 156
GT481 Mogale City	342 501 982
KZN282 City of uMhlathuze	321 424 452
LIM344 Makhado	291 717 482
MP307 Govan Mbeki	251 072 000
GT485 Rand West City (Randfontein/Westonaria)	248 824 890
FS204 Metsimaholo	244 552 336
LIM331 Greater Giyani	241 319 882
LIM362 Lephalale	213 568 902
NW383 Mahikeng	210 684 800
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	209 203 916
NW405 JB Marks (Tlokwe/Ventersdorp)	203 779 298
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	189 456 999
LIM334 Ba-Phalaborwa	176 257 455
NC091 Sol Plaatje	172 480 333
WC024 Stellenbosch	167 292 783
MP313 Steve Tshwete	161 198 688
WC023 Drakenstein	149 710 970
KZN292 KwaDukuza	143 207 603
MP312 Emalahleni	Not available
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	Not available
FS194 Maluti-a-Phofung	Not available

Annexure FF: Income from conditional grants (2017/18)

ICM	Income (R)
LIM354 Polokwane	546 274 637
NW373 Rustenburg	530 889 679
MP325 Bushbuckridge	511 749 405
KZN225 Msunduzi	393 920 683
LIM367 Mogalakwena	358 881 733
GT481 Mogale City	298 282 334
GT421 Emfuleni	292 404 224
MP324 Nkomazi	231 575 506
NW372 Madibeng	212 006 500
NC091 Sol Plaatje	203 032 732
GT485 Rand West City (Randfontein/Westonaria)	181 106 241
NW403 City of Matlosana	178 023 188
WC023 Drakenstein	168 116 889
FS184 Matjhabeng	165 216 000
WC044 George	156 605 735
KZN282 City of uMhlathuze	141 903 256
LIM344 Makhado	141 372 767
LIM343 Thulamela	121 159 000
KZN252 Newcastle	114 604 000
LIM331 Greater Giyani	102 650 780
EC157 King Sabata Dalindyebo	97 174 900
LIM333 Greater Tzaneen	97 174 900
LIM476 Greater Tubatse/Fetakgomo	86 448 523
KZN292 KwaDukuza	77 127 124
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	76 614 881
NW383 Mahikeng	75 337 174
WC024 Stellenbosch	70 406 095
MP307 Govan Mbeki	56 094 433
MP313 Steve Tshwete	52 763 562
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	18 343 648
MP326 City of Mbombela (incl Umjindi)	Not available
FS204 Metsimaholo	Not available
GT484 Merafong City	Not available
LIM334 Ba-Phalaborwa	Not available
LIM362 Lephalale	Not available
MP312 Emalahleni	Not available
NW405 JB Marks (Tlokwe/Ventersdorp)	Not available
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	Not available
FS194 Maluti-a-Phofung	Not available

Annexure GG: Total bad debt (2017/18)

ICM	Bad debt (R)
GT421 Emfuleni	6 297 535 939
KZN225 Msunduzi	2 920 075 860
NC091 Sol Plaatje	2 096 930 907
MP312 Emalahleni	1 853 076 539
GT481 Mogale City	1 446 008 203
MP325 Bushbuckridge	1 421 649 920
KZN252 Newcastle	1 327 452 925
MP307 Govan Mbeki	1 249 844 266
NW383 Mahikeng	1 207 375 118
LIM354 Polokwane	1 202 033 271
FS184 Matjhabeng	845 218 033
NW372 Madibeng	721 381 776
LIM367 Mogalakwena	659 857 778
NW373 Rustenburg	548 596 000
WC024 Stellenbosch	498 356 472
NW403 City of Matlosana	489 002 111
GT485 Rand West City (Randfontein/Westonaria)	486 853 597
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	447 247 499
LIM343 Thulamela	444 371 794
LIM333 Greater Tzaneen	426 306 196
WC023 Drakenstein	418 123 610
KZN282 City of uMhlathuze	398 452 364
LIM344 Makhado	281 822 256
LIM362 Lephalale	235 210 122
EC157 King Sabata Dalindyebo	225 622 857
KZN292 KwaDukuza	210 670 342
GT484 Merafong City	177 101 706
MP326 City of Mbombela (incl Umjindi)	169 027 853
LIM476 Greater Tubatse/Fetakgomo	138 788 818
MP313 Steve Tshwete	109 768 763
WC044 George	102 308 885
LIM331 Greater Giyani	94 775 487
MP324 Nkomazi	82 454 463
LIM334 Ba-Phalaborwa	10 449 534
FS204 Metsimaholo	0
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	n/a
FS194 Maluti-a-Phofung	n/a
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	n/a
NW405 JB Marks (Tlokwe/Ventersdorp)	n/a

Annexure HH: Total creditors (2017/18)

ICM	Amount
FS184 Matjhabeng	4 684 497 116
GT421 Emfuleni	2 747 606 356
KZN225 Msunduzi	1 027 310 891
MP307 Govan Mbeki	921 294 645
MP312 Emalahleni	904 850 933
FS194 Maluti-a-Phofung	904 850 933
NW403 City of Matlosana	904 850 933
NW373 Rustenburg	824 324 001
GT485 Rand West City (Randfontein/Westonaria)	647 822 909
MP326 City of Mbombela (incl Umjindi)	619 129 251
LIM354 Polokwane	610 435 013
NW383 Mahikeng	608 603 003
NW372 Madibeng	581 716 481
GT481 Mogale City	555 985 437
LIM334 Ba-Phalaborwa	534 446 810
MP325 Bushbuckridge	453 916 601
GT484 Merafong City	420 747 366
WC023 Drakenstein	352 841 277
LIM333 Greater Tzaneen	286 024 551
LIM476 Greater Tubatse/Fetakgomo	259 936 476
KZN292 KwaDukuza	213 800 449
MP313 Steve Tshwete	167 165 636
EC157 King Sabata Dalindyebo	166 492 116
LIM344 Makhado	144 805 920
MP324 Nkomazi	135 414 040
NW405 JB Marks (Tlokwe/Ventersdorp)	131 481 377
EC139 Enoch Mgijima (Tsolwana/Inkwanca/Lukanji)	131 231 292
LIM362 Lephalale	116 408 515
NC091 Sol Plaatje	98 840 081
LIM343 Thulamela	20 843 066
LIM367 Mogalakwena	18 496 360
FS204 Metsimaholo	0
KZN252 Newcastle	0
KZN282 City of uMhlathuze	0
WC024 Stellenbosch	0
LIM331 Greater Giyani	0
WC044 George	0
KZN238 Alfred Duma (Emnambithi/Ladysmith/Indaka)	n/a
KZN216 Ray Nkonyeni (Hibiscus Coast & Ezingoleni)	n/a

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