LOCAL ECONOMIC DEVELOPMENT STRATEGY
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EXECUTIVE SUMMARY

Greater Tubatse Municipality appointed Procurement Dynamics (Pty) Ltd (in collaboration with Glen Steyn & Associates) to undertake a Local Economic Development Strategy (LED) for the Municipality. The LED is a component of the Municipality’s overall strategic plan as outlined in the Integrated Development Planning process. The strategy provides the Municipality with guidelines to create and facilitate economic development, realise the underlying economic development potential, and encourage private sector investment and job creation.

The total population in the area is approximately 270 117. A very large proportion of the labour force in Tubatse Municipality is unemployed (73%) - based on an expanded unemployment definition) and 42.7% of the total households has no income. Development constraints in the Municipality include inter alia lack of education and skills, and lack of infrastructure. Furthermore, health services were also found to be lacking. Weak capacity within the municipality as well as absence of land tenure for investment in rural areas was also seen as development constraints. These constraints need to be addressed to ensure sustainable economic growth and development in Greater Tubatse.

The sector which contributed the most to the GGP in the local economy is the mining sector (34.1%) followed by government services (14.0%), finance and business services (13.2%), manufacturing (10.5%) and the trade & hospitality sector (10.2%).

In light of the key sectors identified in Greater Tubatse Municipality and the existing opportunities identified, the LED Strategy advocates four programmes for economic development. This comprises (1) Sector Development, (2) Economic Infrastructure Support, (3) Social Development, and (4) Institutional/Governance Reform.

These programmes have been identified during the process of consultations with various role players including government authorities, the community, and local businesses. The cluster development approach as articulated in the Provincial Growth and Development Strategy also served as a guideline.

These programmes are further supported by strategic thrusts and relevant projects. The projects that have been identified in the LED are aimed at economic development by ensuring that more job opportunities are created, skills development takes place and that opportunities are created for SMME development. Priority projects were identified based on the developmental goals identified below and the project prioritization methodology as articulated in Annexure 3.
The following table indicates the programmes along with strategic thrusts identified.

Table 1: GTM LED Strategy programmes & thrusts

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>THRUSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Sector Development</strong></td>
<td>1.1 Mining Cluster Development</td>
</tr>
<tr>
<td></td>
<td>1.2 Horticulture Cluster Development</td>
</tr>
<tr>
<td></td>
<td>1.3 Meat Cluster Development</td>
</tr>
<tr>
<td></td>
<td>1.4 Tourism Cluster Development</td>
</tr>
<tr>
<td></td>
<td>1.5 Nodal Development</td>
</tr>
<tr>
<td></td>
<td>1.6 Informal Sector Development</td>
</tr>
<tr>
<td><strong>2. Economic Infrastructure Support</strong></td>
<td>2.1 Roads &amp; Transport</td>
</tr>
<tr>
<td></td>
<td>2.2 Water</td>
</tr>
<tr>
<td></td>
<td>2.3 Electricity</td>
</tr>
<tr>
<td></td>
<td>2.4 Telecommunications</td>
</tr>
<tr>
<td></td>
<td>2.5 Infrastructure Investment Plan</td>
</tr>
<tr>
<td></td>
<td>2.6 Enterprise Development</td>
</tr>
<tr>
<td><strong>3. Social Development</strong></td>
<td>3.1 Education and Skills Development</td>
</tr>
<tr>
<td></td>
<td>3.2 Housing</td>
</tr>
<tr>
<td></td>
<td>3.3 Health</td>
</tr>
<tr>
<td><strong>4. Institutional/Governance Reform</strong></td>
<td>4.1 Regulatory Framework</td>
</tr>
<tr>
<td></td>
<td>4.2 Waste &amp; Environmental Management</td>
</tr>
<tr>
<td></td>
<td>4.3 Financial Management</td>
</tr>
<tr>
<td></td>
<td>4.4 LED Directorate Capacity Building</td>
</tr>
</tbody>
</table>

To ensure that the identified projects are implemented, a dedicated LED Directorate is proposed. The latter will be headed by the Director: LED and supported by Manager: LED and LED Coordinators/Officers specialising in Policy & Research, Skills Development, Tourism Development & Marketing, Agriculture & Cooperative Development and Trade & SMME Development & Support.

The establishment of an LED Forum would further aid the Municipality in the implementation of LED driven projects. The proposed mining, tourism, agriculture and trade & SMME working groups would serve as anchor sub structures within the Forum to coordinate and support LED initiatives.
SECTION 1: INTRODUCTION

Section 1 gives a broad orientation towards the purpose of the report, policy framework, and the methodology that was followed.

The following aspects are thus discussed in this section:
- Background to the study
- LED policy and legislative framework
- Methodology

1.1 BACKGROUND

Greater Tubatse Municipality appointed Procurement Dynamics (Pty) Ltd (in collaboration with Glen Steyn & Associates) to undertake a Local Economic Development Strategy (LED) for the Municipality.

The main purpose of this project is to develop an integrated LED strategy that is linked to relevant planning frameworks such as the IDP, the Limpopo Growth and Development Strategy, the Provincial Spatial Framework, the National Spatial Development Perspective and ASGISA. The strategy should further tackle a range of development challenges, including, among others:

- High level of poverty and unemployment in Greater Tubatse Municipality
- Business support services and inadequate entrepreneurial skills
- Collaboration between formal business sector and emerging business sector
- Limited private investment in the job-rich sectors despite significant business opportunities
- Creating opportunities for the marginalised
- Facilitating youth and women development
- Promoting and supporting rural development initiatives
- Urban renewal programmes.

The specific objectives of this project as stated in the terms of reference are:

- To develop an LED strategy that will:
  - Address the economic development objectives of the municipality through the identification and co-ordination of opportunities for development, and
  - Become the basis for the municipality to partner with other stakeholders (civic, business, NGOs, labour, etc) through formal LED forums representing all the identified stakeholders and other interested groups.
- Over and above the identified economic development issues, the LED strategy will also be an important basis for:-
1.2 LED POLICY AND LEGISLATIVE FRAMEWORK

Local economic development planning derives its focus from various government legislation and policy.

Section 152 of South African Constitution, requires municipalities to promote social and economic development. Section 153 of the Constitution mandates municipalities to structure and manage their administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community. Municipalities are expected to develop local economic development strategies as means of exploiting economic opportunities within their areas of jurisdiction. Municipal LED strategies are further aimed at creating an enabling environment for business creation, expansion and retention.

We also emphasize here the legislative directives that relate to coherence and alignment with planning frameworks of other spheres of government. For example, the Municipal Systems Act (32 of 2000) 24(1) states that ‘The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and organs of state so as to give effect to the principles of cooperative government contained in section 41 of the Constitution.’

Accordingly, there must be alignment between the Tubatse LED strategy with those of other neighbouring municipalities, the Sekhukhune 2025 Development Strategy and the Integrated Development Plans (IDPs), Medium-Term Revenue and Expenditure Framework (MTREF), the Limpopo Growth and Development Strategy, and the National Spatial Development Perspective (NSDP), among others.

1.3 METHODOLOGY

The strategy was formulated through a process that goes through 4 phases as described below:

Phase 1: Stakeholder mobilisation and baseline review
Phase 2: Development Potential Analysis
Phase 3: LED Strategy formulation
Phase 4: Implementation plan and institutional options
**Phase 1: Stakeholder mobilization and baseline review**

This stage involved mobilizing stakeholders from various sectors such as mining, agriculture, the trade sector and local community representatives.

The baseline review went beyond mere statistical data analysis primarily because reliable and useful information is not readily available at a disaggregate level of a local municipality. The outcome of the review was a clear picture of the economy of Tubatse, what the key drivers of growth are; how they can be supported; constraints to present and future growth of the key sectors; how the economic activity shapes the demographic profile of the area presently and into the future; what infrastructure exists and its adequacy for present and future economic activity. This culminated in a status quo report of the Municipality.

**Phase 2: Development potential analysis**

The purpose of this step was to identify the lead sectors for potential development, the business linkages, and analyse the need for cluster development and diversification into other sectors such as tourism.

**Phase 3: LED Strategy formulation**

The formulation of the strategy involved the consolidation of the baseline review and the potential analysis into a coherent framework that identifies what can and cannot be done; the phasing into stages the actions that must be taken to ensure growth and development.

This included functional programme per lead sector identified in previous phases and action plan towards addressing the identified development opportunities. The strategy will also have targets focused on unlocking the development potentials, exploiting comparative and competitive advantages.

**Phase 4: Implementation Plan and Institutional Options**

The aim of this step was to identify various funding sources, developing institutional structures for implementing the LED Strategy, as well as identifying various development initiatives, which would attract businesses and industries to the area. This step also describes the roles of the LED Directorate within the municipality and how to implement the LED with the aid of external resources.

1.4 STRUCTURE OF THE REPORT

The remaining structure of the report includes the following sections:

- **Section 2 – Baseline Review**
The baseline review provides a brief analysis of the socio-economic situation in Tubatse. The analysis covers issues such as economic and social indicators including contribution to GGP, education, employment, infrastructure, spatial, etc.

- **Section 3 – GTM Local Economic Development Strategy**

Key economic sectors in Tubatse are identified and development objectives are briefly outlined. Furthermore LED Strategy programmes are provided. Each programme is supported with thrusts and projects.

- **Section 4 – Implementation Plan and Institutional Arrangements**

This section provides guidelines with regards to the implementation of projects in Tubatse. Anchor projects are identified and then prioritized. Suggestions on strengthening the capacity to implement LED projects successfully in Tubatse are further articulated.
SECTION 2: BASELINE REVIEW

This section provides an analysis of the socio-economic situation in Greater Tubatse Municipality.

The following aspects are analysed:
- Social profile
- Economic profile
- Spatial analysis
- Infrastructure status
- Environmental conditions

2.1 SOCIAL PROFILE

It has been shown that the population of GTM is the largest and the fastest growing. Various sources of information have pointed to a possibility of immigration into Tubatse from neighbouring municipalities in search of opportunities in the mining sector.

Another trend was observed of migration within Tubatse from outlying areas to areas that are better served with infrastructure and access to services. This suggests that areas like Burgersfort are going to have to plan for a much faster growing population than the rest of the municipality. On the other hand, the rate of skills development was found to be lagging behind the needs of industry and the quality of education largely questionable.

Health services were also found to be lacking. This suggests a need for investment in social infrastructure alongside increased investment in economic infrastructure. There is a need of paying particular attention to the movement of people, and planning accordingly.

2.2 ECONOMIC PROFILE

Tubatse Municipality has significant mining and manufacturing (ferro-chrome smelting) sectors, but unemployment is still considerably above the provincial average. Information from media releases suggest that new mining developments that have already been announced could reduce unemployment from 73% (expanded unemployment rate definition) in 2001 to 44% in 2010.

Further reduction in the unemployment rate will depend on effective intervention by public sector institutions to facilitate economic sector diversification through competitive cluster value-chain development. This implies upstream development in the manufacturing and trade sectors to provide essential items in the mining supply chain by local entrepreneurs. It also implies side-stream
development in the form of construction and urban renewal. This approach is consistent with the Limpopo Growth and Development Strategy.

Constraints to cluster development include:

- Lack of infrastructure, with reference to water reticulation and availability, road conditions, electricity and sanitation.
- Land ownership limitations in former homeland areas and inappropriate land-use management.
- The shortage of skills, particularly in the local labour force and among unemployed people.
- Institutional capacity limitations in local government, with specific reference to economic development management capacity.

2.3 SPATIAL ANALYSIS

The main issues that have a direct or indirect impact on spatial development, or are a result of the current spatial development pattern in Greater Tubatse Municipal Area, are the following:

- Informal and marginal economic activities are normally not the first choice of participants, but are the result of limited options due to limited formal sector opportunities, education and capital;
- The natural resource base and economy of the Greater Tubatse Municipal Area is not yet fully developed and therefore cannot support the local population, forcing a large percentage of people in the economically active age cohorts to seek employment opportunities outside of the municipal area;
- The scarcity of arable land forces communities to cultivate steep slopes and other environmentally unsuitable areas, which increases the occurrence of erosion with the resultant loss of fertile soils;
- Rapid low density urban sprawl sterilises land that may have been used for agricultural and mining purposes;
- Buying power limitations in settlements discourage investment in trading outlets, which leads to a leakage of buying power;
- A second implication of the low levels of buying power is the inability of the community to pay taxes (e.g. property tax) for even the most basic level of services. This situation also weakens the financial viability of the local municipality and makes it difficult to provide the necessary social services and municipal infrastructure in the area;
- The majority of land in the municipal area is held in trust for communities. Traditional authorities have a major influence on the manner in which land is made available to individuals for settlement, as well as the use thereof for economic purposes (e.g. mining, agriculture, tourism, etc.). Most of these decisions are made on an ad hoc basis and usually without any consideration of the impact it may have on the spatial pattern and the rendering of cost-effective and efficient services to communities.
• There is no formal security of tenure in the rural areas.
• Land claims are a major factor influencing development in the area.

2.4 INFRASTRUCTURE STATUS

There is a significant backlog in economic infrastructure in Greater Tubatse. Of particular concern is the roads condition and access to water. In addition electrical and telecommunication connectivity is inadequate, particularly for residential use. This provides an investment opportunity for Tubatse, whose current infrastructure investment in respect of roads, water and waste, electricity and telecommunications is marginal.

Tubatse Municipality will need a single overarching plan for physical infrastructure that would provide the vehicle for sector expansions and development and integrated settlement.

2.5 THE ENVIRONMENT

There are three main factors that are likely to continue to pose an environmental threat in GTM namely: development, climate changes, and waste management.

The developments that are taking place are not without a cost to the environment. The development phase of mining and the production phase will pose serious threats to the environment unless well managed. The national regulations for the management of the environment, including water and air pollution seem adequate and all that is necessary is their enforcement.

The changes in the climate will undoubtedly affect the environment in an unimaginable way. Although most of GTM has only experienced between 1.6 to 1.7 degrees increase in the temperature, if past trends are expected to continue, this could lead to a rapid loss of water resources and other bio species. A further decline in the contribution of agriculture to GGP would result.
SECTION 3: GREATER TUBATSE LED STRATEGY

The purpose of this section is to provide the local economic framework which includes development programmes and associated projects, which are aimed at regenerating Greater Tubatse economy.

Opportunities for economic development in the area were identified through consultation, desktop studies and business interviews. These opportunities are categorized into projects to support each programme and thrust in this section.

This section focuses on the following aspects:

- Targeted development objectives
- Brief analysis of programme and projects

3.1 TARGETED DEVELOPMENT OBJECTIVES

3.1.1 Accelerated Economic Growth

The economy of Greater Tubatse depends highly on mining, government services, manufacturing, finance, trade, transport and communication sectors (see table below). The relative contribution of agriculture and construction is very low.

Mining contribution is both directly and indirectly through spin-offs or multiplier effects within the other economic sectors, for instance the increase in demand for housing and related infrastructure services for the mineworkers. This sector is expected to expand exponentially in the next five years. Thus, interventions have been articulated that should support acceleration of the development of this sector and its subsequent contribution to local economic growth.

Table 2: Sector GGP Contribution in Tubatse, 2005

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>GGP CONTRIBUTION</th>
<th>% CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining and Quarrying</td>
<td>R1 500 million</td>
<td>34.1</td>
</tr>
<tr>
<td>Government Services</td>
<td>R614 million</td>
<td>14.0</td>
</tr>
<tr>
<td>Finance, Real Estate and Business Services</td>
<td>R581 million</td>
<td>13.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>R460 million</td>
<td>10.5</td>
</tr>
<tr>
<td>Trade, Repairs, Hotels and Catering</td>
<td>R450 million</td>
<td>10.2</td>
</tr>
<tr>
<td>Transport, Storage and Communication</td>
<td>R310 million</td>
<td>7.0</td>
</tr>
<tr>
<td>Personal Services</td>
<td>R167 million</td>
<td>3.8</td>
</tr>
<tr>
<td>Water and Electricity</td>
<td>R114 million</td>
<td>2.6</td>
</tr>
<tr>
<td>Agriculture</td>
<td>R145 million</td>
<td>3.3</td>
</tr>
<tr>
<td>Construction</td>
<td>R57 million</td>
<td>1.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>R4 398 million</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Own calculations
Although agriculture seems to dominate most land use, most of the land that is under cultivation is used for subsistence purposes. Only a small percentage of the land is under commercial farming. Amongst others, the scarcity of water is the reason why agriculture is the least contributor to the GGP of the local economy. Moreover the status of land ownership and the fact that large percentage of the land in Tubatse is under land claims hampers the development of the agriculture sector.

Assessing the agriculture potential in the municipality could help unlock some of the factors that inhibit the full usage of the land. The horticulture and meat cluster development interventions proposed in this document can go a long way in securing the livelihoods of most of the rural poor and marginalised communities.

There is also the trade sector, which includes all kinds of retail businesses. This is, however, affected negatively by low employment levels, which impacts on the buying power of the people.

Tourism has a potential to boost the local economy but has not been fully exploited yet, and still needs coordination. Development potential interventions have been proposed in this study and if implemented successfully will assist in unlocking economic opportunities.

Besides the sectoral interventions, the LED Strategy advocates an integrated intervention mechanism that includes instruments such as skills development, infrastructure investments, enterprise development programmes, institutional reform, etc. to grow the economy of Tubatse.

Although desk-top analyses suggest that the Tubatse economy has grown at a rate of 4% in 2005, local observation suggests that is must be higher than the national average. In the absence of a local survey, it is therefore assumed that the current economic growth rate is 5%. The target for economic growth therefore becomes 6% per year from 2007 to 2009 and 6.5% from 2010 onwards.

3.1.2 Employment Creation

According to the census of 2001 (see table 3 below), there were 19,227 persons employed in Tubatse Municipality in that year and 30,678 persons who were actively looking for work but who could not find it. This means that according to the strict or official definition of unemployment, the unemployment rate in Tubatse in 2001 was 61%, compared to a similar 61% for Sekhukhune District as a whole and 36% in Limpopo.

In addition to the unemployed, there were 21,530 discouraged work seekers. These are people who would like to work, but no longer make any active effort to
find work, either as a result of previous disappointments or due the lack of resources to travel and apply for work.

The labour force according to the strict definition, excludes the discouraged work seekers. This number comes to 49,905 persons, which was 18.5% of the municipal population of 270,116 persons in 2001. The international rule of thumb regarding this relationship in developing areas is between 25% and 30%. The 18.5% relationship therefore seems artificially low.

When the discouraged work seekers are added, the expanded labour force is estimated as 71,435 persons, which is 26% of the population and exactly on the international norm. The expanded labour force is therefore considered to be a more accurate reflection of the actual labour supply situation in Tubatse Municipality.

According to the expanded definition, which includes discouraged work seekers, the unemployment situation is much worse at 73% in Tubatse, 72% in Sekhukhune and 49% in Limpopo.

Strict unemployment in Limpopo has improved slightly from 36% in 2001 to 30.1% in September 2005 (LFS). It is possible that the situation has also improved even more in Tubatse and the district unemployment rate is projected at between 54% and 57%, depending on the level of local recruitment. The issue of local unemployed persons being competent for the new jobs that are created is crucial in terms of local economic development. A level of up to 40% foreign labour is normal for mining companies in cases where local labour does not qualify in terms of job requirements or where local persons are unwilling to work underground. This issue is important not for the sake of promoting social tension within communities, but because it requires a particular focus in terms of skills development among unemployed persons.

The strict labour force in Tubatse is growing at a rate of approximately 650 persons per year (2002 -2014), whereas the expanded labour force is growing at 930 persons per year. These are the number of jobs that have to be created for the unemployment rate not to become worse according to the two different definitions. If a strict unemployment rate of 30% is to be achieved in 2014 (half of the 61% in 2001), then there should be 41,400 jobs in Tubatse Municipality by then (70% of 59,142). A growth rate of 1.3% is assumed for every year, based on population growth projections for the municipality that were commissioned from the Bureau for Market Research at UNISA. This implies 1700 new jobs every year from 2002 to 2014.

If the expanded (more realistic) definition is used, and a target of 36% is set for 2014 (half of 72%), then there should be 54,080 jobs in Tubatse Municipality by then (64% of 84,500). The expanded definition implies that 2,680 new jobs need to be created every year from 2002 to 2014.
Table 3: GTM Labour Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Unemployment</th>
<th>Strict Unemployment Rate</th>
<th>Labour Force</th>
<th>Critical Employment Rate</th>
<th>Target for Critical Employment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>19,227</td>
<td>30,678</td>
<td>61%</td>
<td>49,905</td>
<td>73%</td>
<td>36%</td>
</tr>
<tr>
<td>2001</td>
<td>21,530</td>
<td>71,435</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The magnitude of the job creation need indicates that significant interventions are required for any meaningful impact to be made on the current high level of unemployment.

3.1.3 Poverty Reduction

According to the Limpopo PGDS, Sekhukhune District (of which Greater Tubatse is part thereof) is one of the areas with the highest number of people in poverty. This is attributed to the fact that this district draws people from the rural areas in search of work. Migrant labour and job expectations are therefore distorting the poverty profile of the district. This is, however, alarmingly high and it has a significant bearing on the level of human development.

Distribution of income is highly skewed. It is evident from table below that a very large proportion of households in Tubatse Municipality (42.7%) has no income and has to rely on relatives for handouts. Only 27.4% of households earned above R9,600 per year in 2001, which was the poverty datum line at the time. This is consistent with the high level of unemployment and is also symptomatic of the sectoral economic structure of Tubatse Municipality.

Table 4: Income Distribution in Tubatse Municipality; 2001

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No income</td>
<td>23,997</td>
</tr>
<tr>
<td>R1 - R4 800</td>
<td>4,263</td>
</tr>
<tr>
<td>R4 801 - R9 600</td>
<td>12,540</td>
</tr>
<tr>
<td>R9 601 - R19 200</td>
<td>6,393</td>
</tr>
<tr>
<td>R19 201 - R38 400</td>
<td>4,624</td>
</tr>
<tr>
<td>R38 401 - R76 800</td>
<td>2,712</td>
</tr>
<tr>
<td>R76 801 - R153 600</td>
<td>1,090</td>
</tr>
<tr>
<td>R153 601 - R307 200</td>
<td>371</td>
</tr>
<tr>
<td>R307 201 - R614 400</td>
<td>108</td>
</tr>
<tr>
<td>R614 401 - R1 228 800</td>
<td>33</td>
</tr>
<tr>
<td>R1 228 801 - R2 457 600</td>
<td>79</td>
</tr>
<tr>
<td>R2 457 601 and more</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>56,229</td>
</tr>
</tbody>
</table>

Source: Stats SA; Census 2001
Considering that the majority of the people of the area are unemployed, unskilled or semi-skilled and still live in poverty, this poses significant socio-economic challenges. The demographic and economic profile of the area in the baseline review assessment suggested that urgent programmes of action against poverty are required. This would include, firstly, attainment of the above goals of growing the economy that can generate jobs. Secondly, identification and description of poverty pockets in the area for maximum impact of suggested interventions. Informal sector and enterprise development programmes, social development interventions such as targeted skills development, education and health and institutional interventions are advocated and successful implementation thereof would address poverty in Tubatse.

In this regard poverty is viewed here as a multi-dimensional phenomenon requiring more than simply an income-based solution.

### 3.2 LED STRATEGY BUILDING BLOCKS

#### 3.2.1 Sector development

The main objective of the proposed interventions under this programme is to encourage current and future sectoral expansion activities in the area and to develop an economic base, which could provide business and employment opportunities for the local community.

##### 3.2.1.1 Mining cluster development

There is a pipeline of mining development projects in Tubatse Municipality that could increase the current platinum mines from two to twelve by 2015 and that could double the capacity of the three ferro-chrome smelters.

The strategic thrust behind mining cluster development is to adopt the cluster value-chain development approach, as a vehicle to raise the international competitiveness and investment rating of the mining industry in Tubatse Municipality in order to accelerate sustainable job creation and economic growth and to reduce poverty.

Proposed targets include:

- Creation of 700 jobs per jobs for the local community;
- 20% local procurement within the mining supply chain by 2010;
- Increased percentage contribution to GGP from 34.1% to 50%;
- Accelerate economic growth from the current 5%\(^1\) to 6% between 2007 and 2009 and to 6.6% from 2010 onwards;

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\(^1\) Although desk-top analyses suggest that the Tubatse economy has grown at a rate of 4% in 2005, local observation suggests that is must be higher than the national average. In the absence of a local survey, it is therefore assumed that the current economic growth rate is 5%. The target for economic growth therefore becomes 6% per year from 2007 to 2009 and 6.5% from 2010 onwards.
• Growth in sectoral investment by 5% per annum; and
• Establishment of a dedicated Mining Cluster Working Group by July 2007.

Strategic interventions to achieve the abovementioned targets include:

• A Procurement/Business Development Support Plan linked to the proposed Steelpoort Mining Supply Park;
• Mining Skills Development to promote the recruitability of local labour;
• Facilitation of access to infrastructure for mining developments; and
• Formation of a Mining Cluster Working Group to combine and integrate public and private sector contributions to development and to align the interventions of various public development institutions for greater impact.

The action plan for business development support for local emerging entrepreneurs to successfully participate in the mining supply chain must include the identification of products and services; the identification and screening of entrepreneurs and the facilitation of appropriate support services to the screened entrepreneurs. These support services refer to training, access to finance and access to business premises. Training refers to business skills, as well as technical skills that are appropriate to the particular product or service that is being traded.

It is essential that the skills development initiatives for mining cluster development should be extended to illiterate unemployed persons. The adult basic education and training programme of the Limpopo Department of Education in Tubatse should be considerably expanded. Training of unemployed persons by the Department of Labour in Limpopo should include an option that is relevant to mining. A more functional relationship needs to be facilitated between the mining SETA (MQA) and employers in order to improve access to and the efficient application of skills development levies within Tubatse Municipality. Finally, Tubatse Municipality should facilitate the nomination of a local person, preferably from the mining industry, to serve on the Limpopo Skills Development Forum that is chaired by the Department of Labour.

Roads rehabilitation, water supply, energy usage and housing were identified as key infrastructural needs for the mines. However, given the limited local budgets it is proposed that Tubatse engage effectively with infrastructure implementing agencies and further consider the development of public-private partnerships, where possible.

Comprehensive action plans for business development support, skills development & infrastructure facilitation interventions are outlined in Phase 4 report.

The primary role of Tubatse Municipality is to establish a Mining Cluster Working Group whose purpose would be co-ordination of policy issues and integration of
operational issues among all stakeholders in support of accelerated mining development in Tubatse. These operational issues include infrastructure provision, spatial development, skills development and business development support for emerging entrepreneurs in the mining supply chain. The mandate of the proposed Working Group is discussed in detail in Phase 4 report.

The municipality should further consider a visit to the City of Sudbury in Northern Ontario, Canada in order to obtain first hand experience of international best practice with regard to mining cluster development.

3.2.1.2 Tourism cluster development

It is recommended that Tubatse Municipality should adopt two different strategies with regard to tourism cluster development. The first is to promote a small number of high-impact projects as identified in the Sekhukhune Tourism Development Strategy and the second is to promote small, local community tourism projects that can be financially sustainable.

Proposed targets include:

- Creation of 140 jobs per year for the local community;
- Increased percentage contribution to GGP to 8%;
- Accelerate economic growth from the current 5% to 6% between 2007 and 2009 and to 6.5% from 2010 onwards;
- Growth in sectoral investment by 5% per annum;
- Establishment of a dedicated Tourism Cluster Working Group by July 2007; and
- Establishment of one tourism flagship project every year between 2007 and 2010.

Strategic interventions to achieve these targets include:

- The development of the Tjate Heritage Project;
- Development of a mountain resort at Echo Caves;
- Development of a tourist route that would link Tjate and Echo caves with smaller tourist attractions throughout Tubatse and with tourist routes outside Sekhukhune; and
- Establishment of a tourism working group for Tubatse.

The proposed action plan for Tjate Heritage Project is that stakeholders (public and private) should be called together under the auspices of the Limpopo Heritage Resource Agency to facilitate the implementation of the Tjate Heritage Management Plan and to develop an economically viable model for the provision of infrastructure at this site.
The proposed action plan for the Echo Caves Mountain Resort is for Tubatse Municipality to arrange an exploratory discussion with the owners of the current facility at Echo Caves, with the Planning and Economic Development department of Sekhukhune District Municipality and with the Tourism Branch of the Limpopo Department of Economic Development, Environment and Tourism. The purpose of the exploratory discussion should be to establish the willingness of the current owner to participate in the development of an expanded mountain resort and escarpment adventure route as envisaged in the Sekhukhune District Tourism Development Strategy.

The Southern Drakensberg is a case study on sustainable and successful adventure tourism destination development from which Tubatse Municipality can learn from. Table mountain in Cape Town, Mount Kilimanjaro and The Blue Mountains near Sydney Australia, are also good examples to learn from. The evidence suggests that environmental impact has to be given particular attention.

The proposed action plan for Route Development is to appoint a suitable consultant to investigate, assess and recommend options for route development with Tjate Heritage Site and the Echo Caves Mountain Resort as two major anchor projects. Smaller tourist attractions, such as Mahubahube and Mankele (see previous planning documents), as well as other heritage sites, should be assessed from a feasibility point of view. The consultant should also prepare a management plan for the route in the event that a feasible route option can be developed. It is essential that the route should link with other tourist routes outside Tubatse Municipality.

A site visit to Kamoka Route (Sun Valley Tourism) should be considered, as it could be useful to assist Tubatse Municipality with the route development process. There are several other tourism route concepts to learn from. For example, Route 62 is probably the best case study of a successful route as a direct marketing drive for a particular geographical area.

3.2.1.3 Horticulture cluster development

The strategic thrust behind horticulture cluster development is to improve the competitiveness of this sub sector and to create opportunities for small emerging farmers.

Proposed targets include:

- Creation of 170 jobs per year for the local community
- 20% procurement within the horticulture supply chain from local entrepreneurs by 2010
- Increased percentage contribution to GGP from 3.3% to 5%;
- Accelerate economic growth from the current 5% to 6% between 2007 and 2009 and to 6.5% from 2010 onwards;
• Growth in sectoral investment by 5% per annum; and

The proposed strategic interventions to achieve these targets include:
• Mapping the local horticulture cluster value chain and identifying cluster opportunities for local enterprises;
• Establishment of a Horticulture Cluster Working Group mandated to combine and integrate public and private sector contributions to development and to align the interventions of various public development institutions for greater impact
• Integrating the progress that is made with horticulture cluster development in Tubatse with the local economic development plan for Sekhukhune District and with the Limpopo Growth and Development Strategy.

The action plan to map the horticulture value chain can be derived from the standard methodology for cluster development that is recommended in the PGDS. It requires the appointment of a competent consultant to undertake a study to map horticulture sub-sector value chain and to identify opportunities for local enterprises. Detailed study contents are outlined in Phase 4 report.

The action plan to form a horticulture work group is for Tubatse Municipality and the Tubatse Office of the Limpopo Department of Agriculture to invite all commodity groups in the municipal area to an information meeting where the cluster development process is explained and any information regarding the cluster mapping process is provided. The consultant for the horticulture mapping process should also be present. An interim working group should be elected or nominated after the information meeting. The task of the working group should be to deal pro-actively with the results of the cluster mapping process, that is promote the development of new opportunities, lobby for the removal of constraints, facilitate the provision of essential infrastructure and skills development programmes and build networks with other relevant organizations. The composition of the working group can change as the need arises and as the cluster development process gathers momentum.

The action plan for the integration of progress with regard to horticulture cluster development in Tubatse with that of Sekhukhune and for this to be reflected in the PGDS, is to request the Manager Planning and Economic Development at Sekhukhune District Municipality to participate in the horticulture cluster working group. This office will then be responsible for communication with the Office of the Premier regarding the PGDS.
3.2.1.4 Meat cluster development

The strategic thrust informing meat cluster development is improvement of the competitiveness of this sub sector and to creation of opportunities for small emerging farmers.

Proposed targets include:

- Creation of 170 jobs per year for the local community
- 20% procurement within the meat supply chain from local entrepreneurs by 2010
- Increased percentage contribution to GGP from 3.3% to 5%;
- Accelerate economic growth from the current 5% to 6% between 2007 and 2009 and to 6.5% from 2010 onwards;
- Growth in sectoral investment by 5% per annum; and

The proposed strategic interventions to achieve these targets are:

- Development of a Farmer Livestock Support Programme that focuses on cattle, goats and game production;
- Assessing the feasibility of a Feed Production Facility and Feedlots;
- Assessing the feasibility of a Meat Processing Centre/Abattoir

The main purpose of the livestock farmer support model should be to improve the productivity and competitiveness of cattle, goat and game farming in Tubatse Municipality. This requires exploration of farmer support models and establishment of a suitable combination of livestock farmer support activities that is appropriate for Tubatse.

The following five critical elements should be included in the model:

1) Balanced feed intake (hence the improved feed production referred to above)
2) Breeding cycle management (to improve effective reproduction)
3) Genetic improvement (to improve herd quality)
4) Water supply (to provide more drinking points for animals in communal areas)
5) Crime prevention (to remove the disincentive for livestock farming that arises from persistent livestock theft).

The proposed action plan for feed production and feedlots for each of these three, cattle, goats and game, is to assess the demand for feed and use of local raw materials (e.g. lucerne and sorghum) to produce feed for livestock requirements and commissioning a study that assesses the viability of a local feed production facility and feedlots.
Still further down the value chain the feasibility of a local abattoir should be considered. Meat packaging and distribution options should be assessed and marketing channels should be evaluated in conjunction with commercial cattle farmers in Tubatse.

Tubatse Municipality should play a role by mobilising appropriate development assistance for support to emerging livestock farmers and facilitating the formation of a Meat Cluster Working Group. The task of this working group should also be to deal pro-actively with the results of the livestock farmer support process, that is promote the development of new opportunities, lobby for the removal of constraints, facilitate the provision of essential infrastructure and skills development programmes and build networks with other relevant organizations.

3.2.1.5 Nodal development

The proposed objective is to adopt the spatial hierarchy as proposed in spatial frameworks at the provincial, Sekhukhune District and Tubatse Municipality levels in order to promote nodes where manufacturing value-added activities can occur and where commercial facilities will be available to retain purchasing power in the local economy. It is also essential that sustainable communities should be promoted at these selected nodes, in the sense that residential property rights, employment opportunities, essential urban infrastructure, shopping and recreational facilities should all be available within a functional local environment.

Family residential property development and the provision of suitable recreational facilities are particularly important to encourage the permanent settlement of employees with their families. Mining growth points have a tendency to attract single employees who leave their families behind and migrate on a weekly basis. This has inherent social challenges, but also keeps the proportion of earnings that is circulated in the local economy at a minimum. Congestion in Burgersfort must also be addressed. The central business district has become so dysfunctional due to its inability to cope with the demands of growth, that new investment is probably being discouraged.

The proposed targets include:

- Creation of 240 jobs per year for the local community;
- Accelerate economic growth from the current 5% to 6% between 2007 and 2009 and to 6.5% from 2010 onwards; and
- Growth in investment by 5% per annum.

The proposed strategy is to develop nodal development plans as per the provincial, district and local SDF frameworks' node priority/growth hierarchy and to appoint competent project managers to facilitate and co-ordinate the planning and implementation of all the infrastructure, residential, economic, social, spatial
and institutional aspects of development in the following nodes, particularly in the context of the cluster development proposals that have been made in this report.

Table 5: Higher Order Settlement Classification in Tubatse Municipality

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burgersfort</td>
<td>Provincial Growth Point (1st order)</td>
</tr>
<tr>
<td>Steelpoort</td>
<td>District Growth Point</td>
</tr>
<tr>
<td>Mecklenburg</td>
<td>Municipal Growth Point</td>
</tr>
<tr>
<td>Orighstad</td>
<td>Municipal Growth Point</td>
</tr>
<tr>
<td>Driekop</td>
<td>Municipal Growth Point</td>
</tr>
<tr>
<td>Batau-Praktiseer</td>
<td>Population Concentration (2nd order)</td>
</tr>
<tr>
<td>Ga Masha</td>
<td>Population Concentration (2nd order)</td>
</tr>
<tr>
<td>Kgautswana</td>
<td>Third order service point</td>
</tr>
<tr>
<td>Mophalema</td>
<td>Third order service point</td>
</tr>
<tr>
<td>Mampuru</td>
<td>Third order service point</td>
</tr>
<tr>
<td>Malokela</td>
<td>Third order service point</td>
</tr>
</tbody>
</table>

Source: Limpopo Spatial Rationale, 2002

The project managers should mobilize additional resources for this purpose through the nodal status of Sekhukhune District in terms of the Integrated and Sustainable Rural Development Strategy until all the standards for a provincial growth point are achieved as indicated in the Tubatse Spatial Development Framework.

A proper township establishment process has to be undertaken for the eight of the proposed nodes (excluding Burgersfort, Steelpoort and Orighstad). Township establishment processes should be done in terms of the relevant legislation to formalise the nodes for residential settlement and the business services that are associated with municipal growth points.

Considering the scarcity of land for economic and development purposes in the area, it is important that the municipality embark on a parallel process to design an effective land use management plan that should ensure that recommended interventions on nodal development are implemented successfully. This should be done in conjunction with current landowners (especially traditional leaders).

3.2.1.6 Informal sector development

The proposed development objective is to provide sustainable livelihood opportunities in the informal sector (second economy) for most of the people who cannot be accommodated in the formal sector (first economy).

The proposed targets are:

- Creation of 200 jobs per year for the local community;
- Increased percentage contribution to GGP to 20% per annum; and
• Accelerate economic growth from the current 5% to 6% between 2007 and 2009 and to 6.5% from 2009 onwards.

The proposed strategic intervention is to formulate and implement an informal sector development strategy in such a manner that every one of the 11 development nodes of Tubatse Municipality, as identified in the nodal development section above, has a designated informal activity operating area, with support services; and with opportunities for informal economy operators to make a successful transition to the formal economy.

3.2.2 Economic infrastructure support

Infrastructure development is identified in the IDP for Tubatse as a priority. Roads are vital for the transportation of goods, services, and local labour. While water infrastructure and resources constitute a primary means of production especially in agriculture and mining. Electricity is a means of production and enabler of economic activity in all sectors and there should be a reliable supply to ensure efficient production for business enterprises.

Proposed target include increased percentage of GGP spent on infrastructure by the public and private sectors to an average of between 8 and 10% per annum from 2007 until 2014.

3.2.2.1 Roads and Transport

The objective is to ensure good road access into and within the area as part of an economic strategy of upliftment and improvement.

Key interventions include (1) establishment of effective dialogue with Implementing Agencies such as Roads Agency Limpopo, SANRAL and the district municipality to ensure the prioritisation of the needs of GTM, (2) the development of an Integrated Road and Transport Plan to create linkages between road and other transport systems for Tubatse Municipality, and (3) consideration of rail infrastructure development as an alternative means of transportation, especially for freight.

In the short to medium term Tubatse Municipality should facilitate the upgrading of R37 (between Burgersfort and Polokwane) and R555 (between Burgersfort and Steelpoort). This should be a key priority for all economic infrastructure support interventions.

3.2.2.2 Water Supply

The objective is to provide uninterrupted water supply for residential and business use
Proposed options for addressing the water issue include improving efficiency of water usage, water transfer schemes, development of groundwater, recycling of treated sewage effluent for industrial use and re-allocation of water from other uses through trading. Options that are obviously not feasible should not be considered further, while implementation of the most suitable options will need to be fast-tracked to meet the rapidly increasing demands.

Environmental Impact Assessments (EIA) of the feasible options, including a socio-economic impact assessment would have to be undertaken and consultation with DWAF should be prioritised to fund and implement these options.

The municipality should therefore work closely with DWAF and the GSDM as the water services authority for prioritisation of the uses as informed by LED strategy priorities. Promotion of partnerships between the municipality and the Local Government, Water & Related Services Sector and Construction Education & Training Authorities should further serve to equip local community and enterprises with the necessary skills to participate in the proposed water supply projects.

3.2.2.3 Electrification

The proposed intervention serves to ensure that the Municipality provides reliable and economical electricity for both residential and industrial use.

Tubatse Municipality must work closely with ESKOM to ensure that they prioritise uses that will unlock economic potential and contribute positively to social development. Preliminary investigations show that ESKOM is confident that it will have sufficient electricity supply for both economic and social purposes. In addition to residential uses, the municipality must ensure that health facilities and schools are connected to the national grid as this has long-term positive spin-offs.

3.2.2.4 Telecommunication

The aim is to improve the connectivity of the local area. As the very basic, access to voice services is important and must be addressed immediately followed by broadband connectivity as part of the long-term strategy.

The recommended way forward is for the municipality to keep up to date with the process of awarding of Under Serviced Area License (USAL) as it should in the long run be a solution to the connectivity problems.

Proposed actions to be pursued include:

- Supporting ICT infrastructure development interventions;
- Bargain with Telkom, Neotel, GSM network operators for better coverage of the area and for better prices.
• Promote ICT based business opportunities in collaboration with public institutions such as the CSIR's Meraka Institute.
• Providing Multipurpose Community Information Centres that comprises internet, e-mail, telephones, etc.

3.2.2.5 Infrastructure Investment Plan

Infrastructure spending patterns in Tubatse are not always linked to or informed by local economic priorities. Whereas the large businesses, like the mines, can provide clear guidance with regard to their requirements such as water and the resulting decision to build De Hoop dam, the needs of the smaller businesses are not that visible. Therefore the infrastructure budgets need to be informed annually by the LED priorities of Tubatse Municipality.

It is proposed that the Municipality should invest in a detailed Infrastructure Investment Plan that would quantify the need for infrastructure, guided by this report and other frameworks. The proposed plan should conform to best practice for infrastructure investment and should support strategic thrusts as contained in other government programmes such as ASGISA, NSDP, GSDM LED Strategy and Limpopo GDS.

3.2.2.6 Enterprise development

The strategic thrust behind enterprise development in Tubatse is to formalise the organisation of informal and formal businesses in the municipality and to up-skill and improve the quality of offerings by local enterprises.

Proposed interventions include facilitation to the establishment of a formal trade/business association and development of a Supplier Development Programme (SDP) that is informed by local area issues. The aim of the SDP would be to up-skill and improve the quality of offerings by the local enterprises (especially for identified procurement opportunities in different sectoral clusters).

3.2.3 Social development

The proposed interventions serve to equip the local community with relevant education and training and to further improve their well being so that they can actively participate in the local economy.

3.2.3.1 Education and skills development

The proposed skills development intervention serve to encourage the municipality to produce trained and competent workforce to take advantage of opportunities derived from various sectors in the local economy.
The proposed strategic interventions include development of a Skills Development Strategy, consideration of an Employment & Skill Development Agency (ESDA) and youth and women empowerment development strategy.

The proposed course of action with regard to the Skills Development Strategy is to commission a study and to tap into underutilized resources that have been dedicated to the National Skills Development Strategy and to focus these resources on the project proposals that have been identified specifically for Greater Tubatse Municipality. This course of action should cover both the up-skilling of currently employed persons and appropriate training for unemployed persons.

This would require a closer collaboration with the relevant SETAs including, amongst others, the Mining Qualification Authority (MQA) Tourism and Hospitality SETA (THETA), Agricultural SETA (AgriSETA), Local Government SETA (LGSETA) and the Wholesale and Retail Education and Training Authority (WRSETA). Together with these SETAs, GTM and its local stakeholders should determine the training needs, and development mechanisms for meeting the training needs.

With regard to the proposed ESDA, the way forward is for Tubatse to prepare a pre-feasibility study together with the department of Labour so as to assess its developmental impact locally.

Youth and women empowerment is a priority issue in all government development policies as youth and women empowerment and youth development are critical to economic stability. The development of mentorship and support programmes that link the youth and women with skills to jobs or entrepreneurial support would serve as the way forward for Tubatse Municipality. Umsobomvu Youth Fund has established mentoring programmes countrywide and it should be the ideal institution to partner with in order to empower the local youth and women.

GTM must work closely with the Department of Education to ensure that educational problems are addressed holistically.

3.2.3.2 Housing

The purpose of the articulated housing intervention is to ensure that the local community is provided with proper housing. Secure housing is an IDP priority in the municipality as the housing backlogs are high and lack of access to land worsening.

It is proposed that Tubatse should develop a Housing Development Strategy to address the challenges faced by communities in particular at the entry level. Key to the strategy should be the resolution of the land issue to facilitate development. This would entail bringing landowners both private and public
around the table and getting their support for the strategy and showing how it is in their interest to release the land for development as failure to do so will lead to rapid increase of the informal sector

3.2.3.3 Health

The purpose of the advocated intervention is to encourage the municipality to ensure improved health services to the local population.

The recommended way forward is for the municipality to establish an effective dialogue with the provincial and the district health authorities with a view to jointly assessing local health facilities condition and recommending strategies to alleviate the challenges.

3.2.4 Institutional/governance

Dysfunctional and unclear regulations create high transaction costs for local businesses and possible investors. Municipalities need to support the local businesses and possible investors in creating an enabling environment for achieving their economic potential by offering a platform for businesses to have confidence in expanding and investing in Tubatse.

It is also important to address environmental requirements for the municipality. Development can have both positive and negative implications for the environment, a balance that needs management. Research shows that municipalities experiencing growth and development such as in Tubatse, face the challenges of the ‘brown’ issues agenda, such as air, soil, and waste pollution, noise, and traffic congestion. These have a direct and immediate effect on human health and safety, especially for the poor, and for business productivity.

Moreover, Greater Tubatse Municipality has limited financial resources. Yet this municipality is tasked with the provincial and district agenda of sustainably growing the local economy whilst improving the quality of life of its local population. It is therefore essential that the municipality should consider a sound local financial management plan that would support economic development.

3.2.4.1 Regulatory framework

The purpose of regulatory interventions is to ensure that there is administrative and regulatory flexibility to allow firms to adapt to relevant procedures and standards without incurring prohibitive costs.

The way forward is for Tubatse Municipality to undertake a local business enabling environment survey to identify and highlight policies and practices that hinder business development. The Municipality should further consult with other
government business regulatory organisations whose policies have an impact on the operations of local enterprises.

3.2.4.2 Waste Management Plan

The purpose of this institutional plan is to address pollution and possible threats to the environment.

The way forward is for the municipality to design a waste management plan. The purpose of such a plan would be to systematically formalise waste disposal in Tubatse, particularly at villages, so as to reduce environmental pollution. The plan should, among others, serve to identify highly affected areas and establish relevant sites for waste disposal at nodal points.

Furthermore, the community has to be educated on the use of sites through the use of, for example, an Environmental Awareness Campaign. Alternative methods of waste removal such as a community-based system should be considered. This has been proven to be a high impact initiative in that it enhances service delivery and create jobs at the same time.

3.2.4.3 Financial soundness and management

The aim is to grow the finances of the municipality and to develop the management of the municipality’s finances. The municipality is currently sustained through intergovernmental fiscal transfers and grants (comprising sixty five percent of budget revenue). There is a need for financial management capacity and information systems plan that will improve the tax base, through, for example, service fees (rates) and other charges for the area.

The proposed action plan is to commission a financial capacity building study for the municipality that will serve as guideline to mobilize and apply funds in an effective manner. The study should identify alternative means to finance capital projects from own revenue rather than reliance of the municipality upon grants.

Furthermore, creditworthiness is critical to support financial viability of the municipality, as it enables it to access market-based credit instruments to finance development. Due to the current situation of having a low revenue base the municipality would find it difficult to borrow in capital markets other than the public sector development finance institutions such as the DBSA. The municipality should consider inclusion of creditworthiness assessment in the proposed study to assist them with their status and develop an improvement strategy for the future.
3.2.4.4 LED Directorate capacity building

The purpose is to develop the capacity of Tubatse Municipality LED Unit in order to implement and coordinate the LED strategy successfully. Internally, a dedicated Local Economic Development Directorate (reporting directly to the Municipal Manager) and an Interdepartmental Forum (to enhance LED implementation and avoid duplication) are proposed.

Externally, a Local Economic Development Forum is advocated as a broader stakeholder forum with the aim of providing input on municipal policies, strategies, delivery processes and other strategic programmes. The LED Forum would be assisted by sector working groups in Mining, Trade & SMMEs, Tourism and Agriculture development.
 SECTION 4: IMPLEMENTATION PLAN AND INSTITUTIONAL OPTIONS

The purpose of this section is to map the implementation path and advocate prioritisation of key projects to unlock development potential in Tubatse. Furthermore this section identifies institutions that are necessary to support the implementation of Greater Tubatse Municipality LED Strategy. An overview of internal and external institutional options is provided and the mandates and responsibilities relevant to each institutional arrangement are defined.

4.1 IMPLEMENTATION AND PRIORITISATION

Implementation of this LED strategy urges the need to establish the proposed institutional drivers. These establishments need to be accompanied by a political ambition to ensure success. This ambition can be initiated and developed through the inclusion of all interested and affected parties, stakeholders and role players during the planning and implementation phases.

By including all of these, a political will, interest and communication are stimulated which, all together will contribute to the success of the strategy.

Another important aspect for successful implementation is to ensure that all involved take ownership of the programmes and projects. Without the taking of ownership of a programme and/or project, success cannot be seen at the end of the tunnel. It is also important to incorporate the monitoring and evaluation elements of the strategy into the performance management system of Greater Tubatse Municipality, to ensure accountability and responsibility for implementation.

The process below provides general preliminary actions that are required to start implementation of the LED Strategy.

1. Finalization of project action plans (as detailed in Phase 4 report) by the responsible institution/official(s)
2. Risk assessment of projects
3. Final choices of projects for implementation
4. Establishment of the coordinating and organizational bodies for implementation
5. Determining the role, reporting mechanisms and funding for the coordinating institution/official(s)
6. Setting up institutional mechanisms for implementation
7. Implementing the selected projects
8. Monitoring and evaluating implemented projects

The LED Strategy has identified projects that should be regarded as having highest priorities and should be addressed in the immediate future as depicted in the tables below. These projects have been identified as having the potential to have the largest immediate impact in the area and requires the involvement and facilitation from the Municipality to ensure increased economic development. The methodology used to prioritize the projects is comprehensively covered in Phase 3 report.

### Table 6: Social, Economic and Institutional impact of Sector Development Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Social</th>
<th>Economic</th>
<th>Institutional</th>
<th>Total</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Plan</td>
<td>80</td>
<td>100</td>
<td>85</td>
<td>265</td>
<td>Very High</td>
</tr>
<tr>
<td>Mining Skills Development Plan</td>
<td>100</td>
<td>80</td>
<td>30</td>
<td>210</td>
<td>High</td>
</tr>
<tr>
<td>Mining Infrastructure Support</td>
<td>100</td>
<td>95</td>
<td>85</td>
<td>280</td>
<td>Very High</td>
</tr>
<tr>
<td>Tjate Heritage</td>
<td>70</td>
<td>90</td>
<td>20</td>
<td>180</td>
<td>Medium</td>
</tr>
<tr>
<td>Echo Caves</td>
<td>70</td>
<td>90</td>
<td>20</td>
<td>180</td>
<td>Medium</td>
</tr>
<tr>
<td>Route development</td>
<td>70</td>
<td>90</td>
<td>20</td>
<td>180</td>
<td>Medium</td>
</tr>
<tr>
<td>Horticulture cluster mapping &amp; opportunities</td>
<td>70</td>
<td>100</td>
<td>20</td>
<td>190</td>
<td>Medium</td>
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<tr>
<td>Livestock FSP</td>
<td>70</td>
<td>100</td>
<td>30</td>
<td>200</td>
<td>High</td>
</tr>
<tr>
<td>Feed Production &amp; Feedlots</td>
<td>40</td>
<td>90</td>
<td>20</td>
<td>150</td>
<td>Medium</td>
</tr>
<tr>
<td>Meat processing centre/Abattoir</td>
<td>40</td>
<td>100</td>
<td>20</td>
<td>160</td>
<td>Medium</td>
</tr>
<tr>
<td>Urban Development Plans</td>
<td>70</td>
<td>100</td>
<td>65</td>
<td>235</td>
<td>High</td>
</tr>
<tr>
<td>Informal Sector Development Strategy</td>
<td>90</td>
<td>100</td>
<td>45</td>
<td>235</td>
<td>High</td>
</tr>
</tbody>
</table>

### Table 7: Social, Economic and Institutional impact of Economic Infrastructure Support Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Social</th>
<th>Economic</th>
<th>Institutional</th>
<th>Total</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Road and Transport Plan</td>
<td>30</td>
<td>90</td>
<td>100</td>
<td>220</td>
<td>High</td>
</tr>
<tr>
<td>Infrastructure Investment Plan</td>
<td>30</td>
<td>90</td>
<td>100</td>
<td>220</td>
<td>High</td>
</tr>
<tr>
<td>Dialogue with Implementing Agencies</td>
<td>30</td>
<td>90</td>
<td>100</td>
<td>220</td>
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</tr>
<tr>
<td>Water Resources Development</td>
<td>70</td>
<td>75</td>
<td>75</td>
<td>220</td>
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</tr>
<tr>
<td>Supplier Development Programme</td>
<td>100</td>
<td>90</td>
<td>45</td>
<td>235</td>
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<td>ICT Infrastructure strategy</td>
<td>100</td>
<td>85</td>
<td>20</td>
<td>205</td>
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</tr>
<tr>
<td>Trade/Business Association</td>
<td>30</td>
<td>20</td>
<td>20</td>
<td>70</td>
<td>Low</td>
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</table>

### Table 8: Social, Economic and Institutional impact of Social Development Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Social</th>
<th>Economic</th>
<th>Institutional</th>
<th>Total</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Development Strategy</td>
<td>80</td>
<td>50</td>
<td>85</td>
<td>215</td>
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</tr>
<tr>
<td>Job Placement Agency</td>
<td>80</td>
<td>30</td>
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<td>130</td>
<td>Medium</td>
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<tr>
<td>Youth and Women Empowerment Plan</td>
<td>80</td>
<td>50</td>
<td>20</td>
<td>150</td>
<td>Medium</td>
</tr>
<tr>
<td>Housing Development Strategy</td>
<td>30</td>
<td>30</td>
<td>100</td>
<td>160</td>
<td>Medium</td>
</tr>
<tr>
<td>Dialogue with Health Authorities</td>
<td>30</td>
<td>90</td>
<td>100</td>
<td>220</td>
<td>High</td>
</tr>
<tr>
<td>Dialogue with Education Authorities</td>
<td>30</td>
<td>90</td>
<td>100</td>
<td>220</td>
<td>High</td>
</tr>
</tbody>
</table>

### Table 9: Social, Economic and Institutional impact of Institutional/Governance Reform Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Social</th>
<th>Economic</th>
<th>Institutional</th>
<th>Total</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Enabling Environment</td>
<td>20</td>
<td>90</td>
<td>90</td>
<td>200</td>
<td>High</td>
</tr>
<tr>
<td>Waste Management Plan</td>
<td>50</td>
<td>20</td>
<td>100</td>
<td>170</td>
<td>Medium</td>
</tr>
</tbody>
</table>
4.2 INSTITUTIONAL OPTIONS

4.2.1 Internal Arrangements

4.2.1.1 LED Directorate

It is proposed that the LED Unit be a Directorate on its own, reporting directly to the Office of the Municipal Manager. More importantly, as a strategic Directorate, it requires a Head/Director, who will be able to represent economic development issues in management and in other related structures effectively. It requires someone who will effectively mobilise resources to implement the strategic objectives of the LED Strategy, and also to drive the economic vision of the municipality as a whole, without him/her being overloaded with non-LED related issues.

The Director will be supported by two (2) technical experts who will serve as Unit Managers in Policy and Research Unit and Enterprise Support Unit. The former Unit will be mandated to (1) manage, coordinate and monitor economic related policies, (2) coordinate and commission socio-economic research, (3) identify LED constraints and opportunities and mitigating strategies, and (4) coordinate the monitoring and evaluation framework of the LED department. Two (2) coordinated would be required to serve within this Unit. The duties and responsibilities of officials required to serve within this Unit are comprehensively described in Annexure 5.

The mandate of the Enterprise Support Unit would be to (1) facilitate and coordinate all municipal LED related projects, (2) facilitate growth of agricultural and cooperative development projects, trade and SMMEs development, mining projects, and tourism sector, and (3) skills development.

Four (4) Sector-specific Development Officers would be required to serve within the Enterprise Support Unit. The duties and responsibilities of officials required to serve within this Unit are comprehensively described in Annexure 5.

4.2.1.2 Interdepartmental relations

The LED Directorate should also work closely together with other departments to guarantee the alignment of efforts and to avoid duplication of work. For example, Land Development, which deals with Spatial Development Frameworks (SDFs); Strategic Support Service Department, which manages, oversee and monitor IDP as well as maintenance and coordination of the intergovernmental relations; as
well as Technical Service department, which provides procurement services, infrastructure development and service delivery.

4.2.2 External Arrangements

4.2.2.1 LED Forum

This will be a formal structure consisting of key stakeholders from the mining, tourism, agriculture, trade and SMMEs and representatives from the local community, Tubatse Municipality, Sekhukhune District Municipality and Limpopo Provincial Government.

The proposed Sector/Sub sector Cluster Working Groups would be part of this Forum. Central to the goals of the Forum would be working towards achieving the alignment of different policies and programmes of various stakeholders for successfully implementation of Greater Tubatse Municipality LED Strategy.

In a nutshell the Forum would:

- Function as broader stakeholder forum;
- Identify economic development bottlenecks hindering the development of GTM’s economy;
- Identify interventions to address those constraints;
- Provide relevant direction and assistance to sectoral working groups;
- Provide input on other municipal policies, strategies, and delivery processes, e.g. IDP, crime prevention plan, etc;
- Meet twice a year to discuss economic related problems;
- Serves as a growth coalition where matters hampering the local economy are discussed and resolutions sought.

The functions of the proposed working groups include:

- Serving as a stakeholder forum of the sector;
- Identifying and communicating issues hampering business development of each sector in the GTM;
- Identifying interventions to address those constraints;
- Consulting with the broader LED Forum;
- Developing and implementing the intervention strategies;
- Participating in the implementation of all by-laws;
- Establishing and maintaining partnerships to facilitate LED activities.

Members of the Mining Cluster Working Group should include:

- Departmental Managers for Local Economic Development and for Technical Services at Sekhukhune District Municipality,
• Head of Technical Services at Tubatse Municipality
• Representative of the Planning Division in the Office of the Premier in Limpopo,
• Mining directorate in the Limpopo Department of Economic Development, Environment and Tourism,
• Representative of the DME Provincial office in Limpopo,
• DWAF planning manager for Sekhukhune District,
• Department of Labour Employment and Skills Development Manager for Limpopo,
• Steelpoort Producers Forum,
• Sustainable Development Managers of all mines in Sekhukhune District,
• Representative of Eskom,
• Representative of Spoornet,
• Representative of the Roads Agency Limpopo,
• Representative of DBSA for Sekhukhune District,
• Representative of Trade and Investment Limpopo for the mining sector, and
• Representatives of business development support and finance institutions in Limpopo.

Members of the Agriculture Cluster Working Group should include:

• Department managers for Local Economic Development in GSDM and Tubatse
• Representative of Limpopo Department of Agriculture
• Representative of Greater Sekhukhune Department of Agriculture
• Representative of commercial farmers in Tubatse
• Representative of small emerging farmers in Tubatse
• Representative of Trade and Investment Limpopo for agriculture sector
• Representatives of business development support and finance institutions in Limpopo.

Members of the Tourism Cluster Working Group should include:

• Department managers for Local Economic Development in GSDM and Tubatse
• Representative of Limpopo Dept of Arts & Culture,
• EPWP Coordinator,
• Limpopo Heritage Resource Agency,
• Sekhukhune Royal House,
• Representative of Limpopo Tourism Parks Board,
• African Heritage Consultants,
• Bapedi Heritage Development,
• Representative of Limpopo Department of Economic Development, Environment and Tourism, and
• Representative of Trade and Investment Limpopo for tourism sector.
Members of the Trade & SMME Development Working Group should include:

- Representatives of business development support and finance institutions in Limpopo (e.g. LIBSA, SEDA, LIMDEV, etc.).
- Department managers for Local Economic Development in GSDM and Tubatse
- Representative of SMMEs in Tubatse

4.2.2.2 Intergovernmental relations

The facilitation of communication and cooperation between GTM and other spheres of government, particularly the district municipality is ineffective currently, and needs to be revived. The proposed LED Directorate has to work towards aligning its programmes to those of district, provincial and national government. In addition, sharing of information and expertise with other spheres of government should be advocated. It is advisable that Tubatse Municipality should commit itself to structures such as the District’s Intergovernmental Forum, LED Forum and other strategic forums.

4.3 RESPONSIBILITIES AND IMPLEMENTATION PARTNERS

The table below depicts the responsibilities and implementation partners of the proposed interventions as articulated in Greater Tubatse Municipality Local Economic Development Strategy.

<table>
<thead>
<tr>
<th>Programmes/Projects</th>
<th>Responsibility</th>
<th>Implementing Partner(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement/Business Development Support Plan</td>
<td>Head of LED Trade &amp; SMME Development &amp; Support Officer</td>
<td>Mining Cluster Working Group (Turfloop) DPLG International Business Development Experts</td>
</tr>
<tr>
<td>Skills Development</td>
<td>Head of LED Skills Development Officer</td>
<td>Mining Cluster Working Group</td>
</tr>
<tr>
<td>Infrastructure Support</td>
<td>Head of Technical Services</td>
<td>Mining Cluster Working Group</td>
</tr>
<tr>
<td>Tjate Heritage</td>
<td>Head of LED</td>
<td>Tourism Cluster Working Group</td>
</tr>
<tr>
<td>Echo Caves</td>
<td>Head of LED Tourism Development and Marketing Officer</td>
<td>Tourism Cluster Working Group</td>
</tr>
<tr>
<td>Route development</td>
<td>Head of LED Tourism Development and Marketing Officer</td>
<td>Tourism Cluster Working Group</td>
</tr>
<tr>
<td>Cluster Mapping &amp; Opportunities</td>
<td>Head of LED Agriculture and Cooperative Development Officer</td>
<td>Agriculture Cluster Working Group</td>
</tr>
<tr>
<td>Livestock FSP</td>
<td>Head of LED Agriculture and Cooperative Development Officer</td>
<td>Agriculture Cluster Working Group</td>
</tr>
<tr>
<td>Feed Production and Feedlots</td>
<td>Head of LED Agriculture and Cooperative Development Officer</td>
<td>Agriculture Cluster Working Group</td>
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### Economic Infrastructure Support

<table>
<thead>
<tr>
<th>Area</th>
<th>Lead Officer</th>
<th>Supporting Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dialogue with Implementing Agencies</td>
<td>Head of Technical Services</td>
<td>Representative of Limpopo Dept of Transport, SANRAL, Road Agency Limpopo, and GSDM</td>
</tr>
<tr>
<td>Integrated Road &amp; Transportation Plan</td>
<td>Head of Technical Services</td>
<td>Representative of Limpopo DoT, SANRAL, Road Agency Limpopo, GSDM</td>
</tr>
<tr>
<td>Water Sources</td>
<td>Head of Technical Services</td>
<td>Representative of DWAF, GSDM</td>
</tr>
<tr>
<td>Dialogue with ESKOM</td>
<td>Head of Technical Services</td>
<td>Representative of ESKOM, GSDM</td>
</tr>
<tr>
<td>ICT Infrastructure Strategy</td>
<td>Head of Technical Services</td>
<td>Representative of Limpopo Department of Communications, ICASA</td>
</tr>
<tr>
<td>Infrastructure Investment Plan</td>
<td>Head of Technical Services and LED</td>
<td>Representative of GSDM, DBSA</td>
</tr>
<tr>
<td>Business Association</td>
<td>Head of LED Trade and SMME Development &amp; Support Officer</td>
<td>Representatives of business development support and finance institutions in Limpopo (e.g. LIBSA, SEDA, LIMDEV, etc.).</td>
</tr>
<tr>
<td>Supplier Development Programme</td>
<td>Head of LED Trade and SMME Development &amp; Support Officer</td>
<td>Representatives of business development support and finance institutions in Limpopo (e.g. LIBSA, SEDA, LIMDEV, etc.).</td>
</tr>
</tbody>
</table>

### Social Development

<table>
<thead>
<tr>
<th>Area</th>
<th>Lead Officer</th>
<th>Supporting Team</th>
</tr>
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<tbody>
<tr>
<td>Skills Development Strategy</td>
<td>Head of LED Skills Development Officer</td>
<td>Representatives of provincial and district Department of Labour</td>
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<tr>
<td>Employment &amp; Skills Development Agency</td>
<td>Head of LED Skills Development Officer</td>
<td>Representatives of provincial and district Department of Labour</td>
</tr>
<tr>
<td>Youth and Women Empowerment</td>
<td>Head of LED Skills Development Officer</td>
<td>Representatives of provincial and district Department of Labour</td>
</tr>
<tr>
<td>Housing Development Strategy</td>
<td>Head of Technical Services and LED</td>
<td>Representatives of provincial and district DPLGH</td>
</tr>
<tr>
<td>Dialogue with Department of Health</td>
<td>Head of Technical Services and LED</td>
<td>Representatives of provincial and district Department of Health</td>
</tr>
<tr>
<td>Dialogue with Department of Education &amp; SETAs</td>
<td>Head of Technical Services and LED</td>
<td>Representatives of provincial and district Department of Education and SETAs</td>
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### Institutional/Governance

<table>
<thead>
<tr>
<th>Area</th>
<th>Lead Officer</th>
<th>Supporting Team</th>
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</thead>
<tbody>
<tr>
<td>Business Survey</td>
<td>Head of LED Trade and SMME Development &amp; Support Officer</td>
<td>Representatives of business development support and finance institutions in Limpopo (e.g. LIBSA, SEDA, LIMDEV, etc.).</td>
</tr>
<tr>
<td>Waste Management Plan</td>
<td>Head of Technical Services and LED</td>
<td>Representatives of Limpopo DEDET, DWAF</td>
</tr>
<tr>
<td>Financial Capacity Building Plan</td>
<td>Chief Financial Officer</td>
<td>Representative of the GSDM’s Department of Finance</td>
</tr>
<tr>
<td>LED Directorate Capacity Building</td>
<td>Municipal Manager, Head of ELD</td>
<td>Procurement Dynamics</td>
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Annexure: Sector Development Mapping
Report 1: Baseline Review
Report 2: Development Potential Analysis
Report 3: Formulating GTM LED Strategy
Report 4: Implementation Plan and Institutional Arrangements