

ECONOMIC PROFILE: TOKOLOGO LOCAL MUNICIPALITY

Mark Ingle

Centre for Development Support

Background paper for Free State Premier's study of SMMEs in the Free State

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1. Introduction

The sources from which this report is derived lead ultimately, either directly or indirectly, to Stats SA's 1996 and 2001 census reports. The Development Bank of Southern Africa's 2005 *Development Report* provided slightly more current data in some instances. The Tokologo and Lejweleputswa IDPs provided some information although it must be cautioned that these IDPs appear not to have been updated since 2003. Global Insight's REX database provided much of the hard economic data while most of the socio-economic data was drawn from the SA Demarcation Board's website. Recourse was also had to the monthly Local Government Briefing produced by Clive Keagan.

Although much of the information is somewhat dated, it has been placed within the provincial context to show its comparative performance.

According to the IDP, "Despite Tokologo's natural resources, abundant supply of labour and relatively well-developed infrastructure, the performance of the economy is cause for concern. The re-routing of the provincial road between Bloemfontein and Kimberly via Petrusburg damaged the depressed economies of Boshof and Dealesville severely. Several shops along the main road in both towns closed down".

2. Demographic profile

According to the Lejweleputswa IDP, Tokologo's population density is 3 per square km. It is the most sparsely populated municipality of all the Lejweleputswa Municipalities. About 57% of Tokologo's population can be classified as 'urban'.

Total population in 2001 was 32 457, which represented a 3.9% increase over the 1996 figure. Interestingly, this was the highest increase out of all the Free State municipalities (DBSA 2005:158). The number of households increased from 6619 in 1996 to 8963 in 2001 which is an increase of 35.4%. This is a phenomenal rate of household formation which requires explanation (the corresponding rate of household formation for the province as a whole was 20.9% over the 1996 to 2001 period). It yields an average household size of 3.6 in 2001 (the national value for 2005 was 3.7). The breakdown of household sizes by number of members is as follows:

Table 1: Household profile of Tokologo

Number of people per household	Number of households
One	1620
Two	1903
Three	1551
Four	1403
Five	987
Six	567
Seven	366
Eight	227
Nine	124
Ten and over	221

(Source: Demarcation Board)

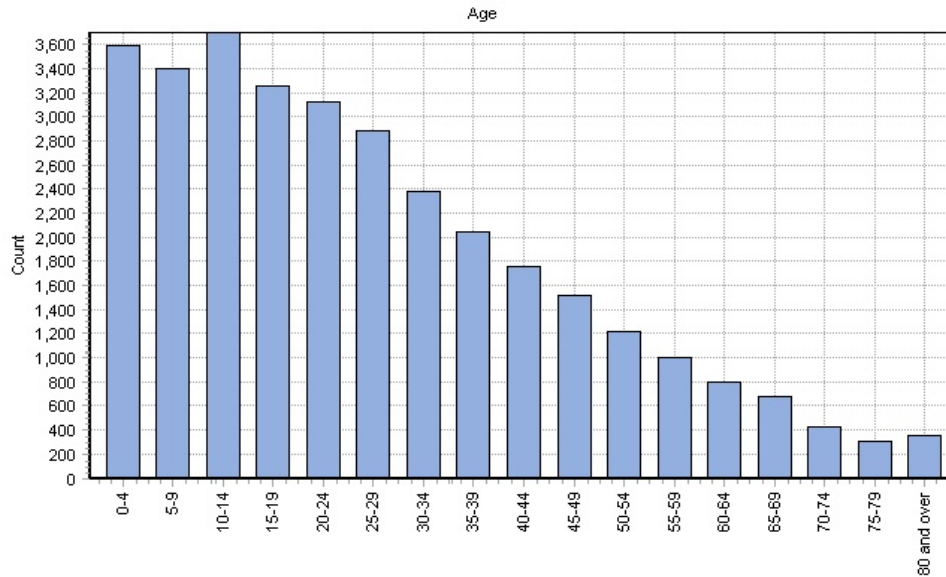
There are a large proportion of woman-headed households:

Table 2: Male and female-headed households in Tokologo

Male	6120
Female	2847

(Source: Demarcation Board)

Figure 1: Age breakdown of population in Tokologo



Source: Demarcation Board

The racial breakdown is as follows:

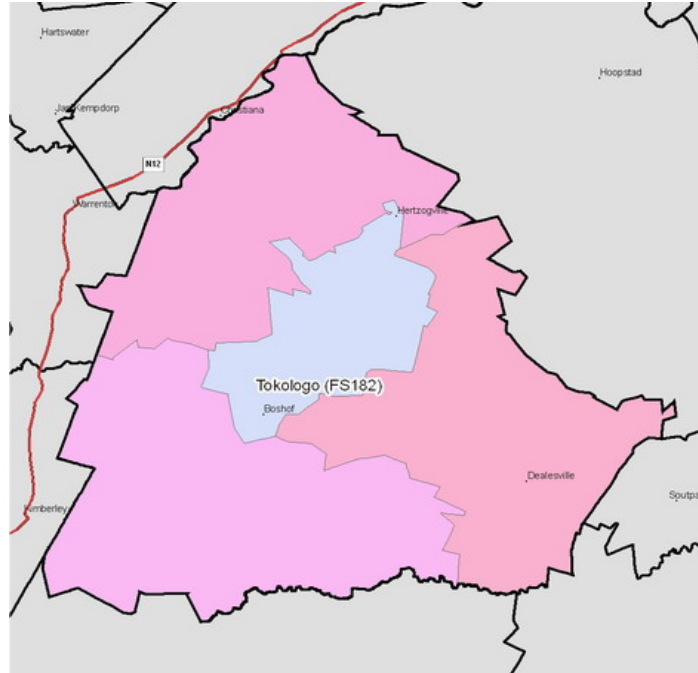
Table 3: Racial groups in Tokologo Municipality

Racial group	Number of people
Black African	27323
Coloured	2177
Indian or Asian	8
White	2946

Source: Demarcation Board

3. The geographical setting

Figure 1 below shows the map of Tokologo Local Municipality (TLM), in the Western Free State. Boshof (the capital town) is situated in the centre; Dealesville is further east, and Hertzogville is situated in the north of the municipal area.



Tokologo is located within Lejweleputswa District Municipality.

The TLM area covers 9326 sq km and consists of three former Transitional Local Councils, namely Boshof, Dealesville and Hertzogville, as well as a portion of a former Transitional Rural Council (Moddervaal) which contained approximately 1480 farms.

3.1 Boshof

Boshof/Seretse/Kareehof is the administrative seat of the Tokologo Local Municipality. The town is located approximately 124km to the west of Bloemfontein and 53km to the east of Kimberley, along the R64 (old Bloemfontein/Kimberley Road).

Most commercial and industrial activities are situated in Boshof itself and the CBD of Boshof can be broadly demarcated between Oranje, Fourie and Fontein streets. The business component of Seretse and Kareehof is weakly developed and consists mainly of lower order businesses such as corner shops and taverns.

Kareehof and Seretse are predominantly dormitory towns for the low income groups with very few economic activities, save for corner shops and informal traders. The major land uses in Boshof are summarized in the Table below

Table 4: Major land uses- Boshof

Land Use	Boshof	Seretse	Kareehof	Total
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Residential	587	1548	329	2459
Business	42	8	8	58
Public open space	6	13	4	23
Governmental	5	-	-	5
Industrial	18	-	-	18
Cemetery	1	1	1	3
Church	3	6	1	10
School	3	13	2	18
Creche	1	1	1	3
Clinic	2	1	-	3
Library	1	-	-	1
Community hall	1	-	-	1
Old Aged Home	1		1	2
Police station	1	-	-	1

Source: TLM: IDP 2002

Primary activities in Boshof are restricted to agriculture, which includes livestock farming, game farming and crop farming. Longstanding drought conditions have led to a decline in the agricultural sector's ability to absorb labour. The commercial sector mainly consists of service provision to the agricultural community in the rural hinterland. Businesses in Seretse and Kareehof are limited to corner shops. The 27 hunting farms in the Boshof district attract some tourism.

3.2 Dealesville

Dealesville/Tshwaraganang is a small town within the region. The town is located approximately 55km to the south east of Boshof and 69km to the west of Bloemfontein along the R64 (old Bloemfontein/Kimberley Road).

Dealesville is a service center to its local residents, providing only the most essential services. The economy in the rural area is focused on agriculture. Livestock farming and crop farming activities are most common in the area, although salt works on a small scale also exist at some of the numerous salt pans in the area.

Dealesville and Tshwaraganang are separated by vacant land. The surrounding area comprises irrigation and stock farms. Approximately 200ha of land was available for future development according to the IDP.

The town consists of two suburbs, namely Dealesville and Tshwaraganang, separated by vacant land, the surrounding area comprise irrigation and stock farms. The municipality owns relatively large portions of commonage land used for agricultural purposes.

Table 5: Major land uses: Dealesville

Land Use	Dealesville	Tshwaragagnang	Total
Residential	221	947	1 168

Business	24	7	31
Public open space	1	4	5
Governmental	3	-	3
Industrial	3	-	3
Cemetery	1	1	2
Church	2	4	6
School	-	-	3 (?)
Creche	-	-	2 (?)
Clinic	1	1	2
Library	-	1	1
Community hall	-	1	1
Old Aged Home	1	-	1
Police station	1	-	1
Post office	1	-	1

Source: Tokologo IDP, 2002

3.3 Hertzogville

Hertzogville/Malebogo is a small town within the region. The town is located approximately 140km to the north of Bloemfontein (???) and 93km to the north of Boshof town along the R59 (Road to Christiana).

The trade and service sector in Hertzogville is focused on providing for the basic needs of the local urban and surrounding farming community only. Growth in the retail and service industry is hampered by the fact that Hertzogville is not located along the major thoroughfares between large urban centers and therefore does not have any external source of revenue. The industrial sector in Hertzogville consists of the cooperative where agricultural products are processed, the abattoir and a few light industrial activities relating to vehicle maintenance and the agricultural sector. Tourism is limited to visitors to the municipality's Palmietpan Nature Reserve.

Hertzogville serves as a service center for the surrounding farming community. The CBD is situated in the area surrounded by Bornman, du Plessis, van Rensburg and School streets. The CBD is characterized by small retail businesses, banks and service oriented businesses.

Malebogo relies on the core business area found in Hertzogville as it does not have a strong business component of its own. Industrial sites are situated at the northernmost corner of Hertzogville. The co-operative is the most prominent of these light industries. An abattoir is situated at the eastern entrance to Hertzogville.

Table 6 : Major land uses- Hertzogville (TLM IDP: 2003)

Land Use	Hertzogville	Malebogo	Total
Residential	429	1461	1 890
Business	60	11	71
Public open space	1	1	2

Governmental	10	4	14
Industrial	13	-	13
Cemetery	1	1	2
Church	2	7	9
School	2	1	3
Creche	1	1	2
Clinic	-	1	1
Library	1	-	1
Community hall	1	-	1
Institution	3	13	16

Source: Tokologo IDP, 2002

4. Sectoral overview of economic output in Tokologo

Primary activities in Boshof are restricted to agriculture which includes livestock farming, game farming and crop farming. The commercial sector mainly consists of service provision to the agricultural community in the rural hinterland. Businesses in Seretse and Kareehof are limited to cornershops. Industrial activities in Boshof include an abattoir, two scrapyards, a bottling company, engineering works and steelworks. The town has limited tourism potential with only a few sites of interest, such as the Musuem, the Dutch Reformed Church, Meyer House, the grave of the Frenchman, the Bushman drawings and the prison.

The trade and service sector in Hertzogville is focused on providing for the basic needs of the local urban and surrounding farming community only. The industrial sector in Hertzogville consists of the co-operative where agricultural products are processed, the abattoir and a few light industrial activities relating to vehicle maintenance and the agricultural sector. Tourism is very limited.

Dealesville is a service center to its local residents, providing only the most essential services. The economy in the rural area is naturally focused on agriculture. Livestock farming and crop farming activities are most common in the area, although salt works on a small scale also exist at some of the numerous salt pans characterizing the area.

Overall GVA (Gross Value-Added) by sector for the 1996 to 2004 timeframe (in R-million) at constant 2000 prices was as follows:

Table 7: Gross Value Added (GVA), by sector, in Tokologo Municipality (1996-2004)

	1996	2001	2004
Sector			
Agriculture	R 47 million	R48 million	R50 million
Mining	R 7 million	R 7 million	R 7 million
Manufacturing	R 8 million	R 7 million	R 7 million
Electricity	R 2 million	R 1 million	R 1 million
Construction	R 4 million	R 2 million	R 3 million
Trade	R 13 million	R11 million	R 12 million

Transport	R 6 million	R 7 million	R 8 million
Finance	R 11 million	R 10 million	R 10 million
Community services	R 40 million	R 39 million	R41 million
TOTAL	R138 million	R 133 million	R 138 million

It is evident that the economy in terms of GVA is extremely stable but shows no growth. The basis of the local economy is Agriculture, followed by Community Services (mainly governmental services).

Although insignificant in the overall picture, Manufacturing exhibits a slow, steady decline which is the inverse of Transport where one finds a slow, steady increase. These two minor sectors (each at about 5% of the total economy).

The Development Bank's Report (2005) shows that the GVA of Tokologo Municipality, as well as its *per capita* GVA, are extremely low: "Real GVA for 2003 of R2 785 per capita is easily the lowest in the province – the next lowest being Phumelela at R3 528. Tokologo's Real *per capita* GVA actually *decreased* from 1996 when it stood at R2 979. The average growth in GVA between 1996 and 2003 stands at minus 0.5%. Nominal GVA for 2003 stood at R162-million which was extremely low being a little over half of the next lowest (Phumelela at R303-million) and a mere 0.3% of the provincial total of R53-billion".

4.1 Agriculture

Agriculture makes up a constant 36% of the Tokologo economy. There appears no compelling reason why this is likely to change in the near future.

Planned land reform projects for Tokologo listed in the 2002 IDP are shown in Table 5 below:

Table 8: Land reform projects in Tokologo LM

Town	Project Name	Project Details	Project Type	Grant
Dealesville	Mokoena (Portion 28/1840)	Cattle farming	State land	R92 477
Dealesville	Wesselsbron Trust	Mixed	LRAD	R480 000
Dealesville	Mokwena family farmers	Mixed	LRAD	R117 331

According to a study of commonage done by the HSRC in 2003 (Buso 2003) there are significant commonage holdings in Tokologo:

Table 9: Commonage land in Tokologo LM

Boshof	6327 ha
Hertzogville	2150 ha
Dealesville	1441 ha
Total	9918 ha

The commonage in Tokologo is used exclusively by township residents and ‘emerging’ farmers. Much of the fencing had been vandalised or appropriated. The municipality claimed to possess enforceable contracts, and payments from commonage users were used for maintenance and repairs. Noxious weeds were reported to be the biggest problem.

4.2 Mining

Mining presumably refers to the salt pans. The GVA at 5% of the total economy has remained constant from 1996 through 2004.

4.3 Manufacturing

Manufacturing accounts for about 5% of this static economy and is gradually declining.

4.4 Electricity

This sector remains constant and is of negligible importance.

4.5 Construction

Construction’s contribution to the GVA is miniscule at about 2%.

4.6 Trade

Trade makes up about 10% of the economy and is stagnant.

4.7 Transport

This sector is slowly increasing in importance and accounts for about 5% of the total economy.

4.8 Finance

At 7% of the economy, this sector is not exhibiting any discernable trend.

4.9 Community Services

At 30% of the economy this sector has proved remarkably table. This refers primarily to government services, such as local government, health services, education, and police.

4.10 Concluding comments

This is a stagnant economy, completely dominated by the agricultural and community services sectors which account for two-thirds of the total economic activity. A brief glance at the GDP figures for several other Free State municipalities reveals that Tokologo (Boshof) has in fact done well to consolidate its economy, compared to most other municipalities which have declined economically:

Table 10: Economic performance of Boshof in comparison with other Free State towns, 1996-2004

	1996	2001	2004
Boshof	155,435	149,046	155,067
Odendaalsrus	1,232,657	896,056	825,118
Virginia	1,429,280	1,115,614	1,030,099
Welkom	6,482,015	5,288,041	5,123,609
Bultfontein	264,449	265,614	283,428
Hennenman	311,055	258,059	248,479
Kroonstad	1,608,348	1,614,685	1,810,145
Theunissen	1,099,908	743,343	636,062
Ventersburg	56,735	57,584	63,327
Bethlehem	1,707,397	1,748,930	1,771,730
Harrismith	704,391	690,453	710,740
Winburg	190,918	209,593	207,374
Witsieshoek	1,760,749	1,786,514	1,930,478

5. Socio-economic indicators

The 2002 IDP highlighted some of the key developmental challenges:

“The municipality faces a mammoth task in dealing with housing shortages. An Integrated Housing Delivery Programme will be formulated by TLM to streamline the delivery of houses ... The provision of adequate sanitation in the urban areas is a municipal function and it is funded by the Department of Local Government and Housing, through CMIP as well as the District Municipality”.

5.1 Index of Multiple Deprivation

In 2001, the HSRC collaborated with Oxford University to compile a Provincial Index of Multiple Deprivation (PIMD) in the Free State where the unit of analysis was the municipal ward. The province has 291 wards. This was a relative ranking measuring deprivation by the following criteria:

- Income and Material Deprivation
- Employment
- Health
- Education
- Living Environment

Tokologo consists of four wards. In the overall rankings, these wards ranked 73; 95; 113 and 121 (yielding an average ranking of 100) on a scale where 1 represented most deprived and 291 least deprived.

Interestingly, when the aggregate score was broken down into the five criteria cited above, the following picture emerged:

Table 11: Deprivation in Tokologo wards, in relation to other Free State municipalities

	Income	Employment	Health	Education	Living environment
Ward 1	142	253	186	6	82
Ward 2	151	221	123	28	104
Ward 3	105	245	218	1	75
Ward 4	135	241	89	9	62

Bearing in mind that 1 = most deprived and 291 = least deprived, it can readily be seen that Tokologo's wards were average, as far as income and material deprivation was concerned. They compared **very favourably** insofar as employment was concerned. Their health situation was fairly mixed; their education performance was extremely poor; and its living environments were relatively poor.

5.2 Inequality

The following table shows the levels of inequality *within* each racial group, as well as for the overall population in Tokologo:

Table 12: Gini Co-efficients for Tokologo population

Year	Blacks	Whites	Coloureds	Overall
1996	0.45	0.56	0.36	0.60
2001	0.56	0.56	0.45	0.62
2004	0.61	0.56	0.48	0.64

The Gini-coefficients (where a value of 1 equals perfect inequality and a value of zero perfect equality) reflect a sharp and steady increase for the PDI element of the populace

over the 1996 to 2004 timeframe. Although the value for Whites remained static it can be seen that overall income inequality is steadily increasing.

5.3 Human Development Index (HDI)

The actual HDI values for Tokologo are as follows:

Table 13: HDI values in Tokologo

Year	Blacks	Whites	Coloureds	Overall
1996	0.32	0.82	0.36	0.42
2001	0.38	0.81	0.43	0.46
2004	0.38	0.80	0.42	0.46

It can readily be seen that there was a sharp HDI increase for the PDI element of the populace between 1996 and 2001 which had a corresponding effect on the overall values. These values stabilized over the 2001 to 2004 period. It should be noted that a value lower than 0.50 equates to *low* human development.

5.4 Infrastructure provision

Given the explosive growth in the number of households, significant progress was made with the delivery of infrastructural services to households:

Table 14: Service delivery in Tokologo, 1996-2001

	Households without adequate services: Percentages					
DBSA figures	Electricity	Water	Sanitation	Refuse	Telephones	Housing
1996	45.4	9.6	55.1	40.9	23.3	33.8
2001	26.4	4.7	67.9	46.1	23.5	21.8
IDP figures (2002)	36	30	75			

Sources: DBSA 2005:170; Tokologo IDP 2002

It must be pointed out that when the statistics for service provision used in the 2002 IDP (as supplied by the municipality) are compared with the DBSA figures, anomalies arise such that it is virtually impossible to reconcile the numbers (Table 13). This could be due to a variety of factors not the least of which is deliberate under/over reporting depending on the circumstances at the time. Also, due to rapidly changing circumstances, it is likely that the figures are always relatively out of date.

It is interesting to note how out of kilter the housing supply is with that of sanitation. In 1996, 4381 households were 'satisfactorily housed'. By 2001 this number had increased

by 2628 to 7009. In 1996 the number of households with adequate sanitation was recorded as 2972. By 2001 this number had *declined* to 2877 (an absolute decline of 95), notwithstanding the apparent delivery of an additional 2628 housing units. On the face of it, the deterioration in sanitation has in fact *outstripped* the supply of new housing.

The explanation for this anomaly may be at least partially accounted for by *definitional shifts* – specifically due to the confusion in the definition of “pit toilets” and “ventilated improved pit toilets (VIPs)”. VIPs are officially defined as adequate levels of sanitation, whereas pit toilets are not. When sanitation statistics are presented, it is often difficult to determine whether they refer to unimproved pit toilets or VIPs.

But there is also the issue of to what extent the occupation of a *housing unit* by multiple *households* constitutes *satisfactory access* to housing. Again, where understandings of this sort shift then longitudinal statistical analysis becomes virtually impossible.

The estimated housing backlog was stated in the 2002 IDP as standing at 5700 units although the actual number of informal houses was only put at 2282. These numbers were supplied by the municipality itself. This may imply that some of the formal houses are occupied by multiple households, and that some of these households need to secure access to their own house.

5.5 Literacy, skills and health

The literacy rate increased from 43.6% in 1996 to 46.3% in 2001. This compares very poorly with the rest of the Free State (2001 average 66.3%) and is in fact the lowest rate in the province (DBSA 2005:158).

Educational levels are as follows:

Table 15: Level of education in Tokologo: 2001

Level of education	Number of people
No schooling	5769
Some primary	4966
Complete primary	1266
Some secondary	3800
Std 10/Grade 12	2191
Higher	502

Source: Demarcation Board

The home language breakdown is as follows:

Table 16: Language profile of Tokologo, 2001

Afrikaans	6236
English	168

IsiNdebele	166
IsiXhosa	3732
IsiZulu	122
Sepedi	64
Sesotho	2584
Setswana	19289
SiSwati	44
Tshivenda	16
Xitsonga	20
Other	7

There are 8 clinics in Tokologo, as well as one mobile clinic for the rural areas.

5.6 Income and expenditure patterns

According to the 1996 census, 22.7% of households had an income of less than R2400 per annum.

The percentage of households with real income below R6 000 p.a. (at constant 1996 prices) decreased from 61.4% in 1996 to 58.4% in 2001. (The nominal value for 2001 would have been R8 300). This should be interpreted in the light of the 36% increase in the number of households during this period so the *actual* number of households involved increased from 4064 to 5234 (i.e. an increase of 29% which was somewhat below the HH formation rate) (DBSA 2005:164).

Table 17: Household income levels in Tokologo, 2001

Income level	Number of households
No income	1576
R1 - R4 800	1928
R4 801 - R 9 600	2357
R9 601 - R 19 200	1638
R19 201 - R 38 400	642
R38 401 - R 76 800	338
R76 801 - R153 600	238
R153601-R307200	95
R307201-R614400	55
R614401-R1228800	44
R1228801-R2457600	23
R2 457 601 , more	26
Not Applicable	8

Source: Demarcation Board

The average annual household incomes by race group have changed over the years as per the table below:

Table 18: Changes in annual household income, 1996-2004

	Annual household income, in Rands			
Year	Blacks	Whites	Coloureds	Average
1996	13,594	74,702	13,641	24,491
2001	19,982	89,420	18,450	30,582
2004	24,611	95,490	21,405	34,712

Although these figures have not been adjusted for inflation, it can readily be seen that, coming off a low base, there has been a massive increase in PDI household income, although rather less so for Coloureds than for Blacks. It is likely that social grants have been a significant contributor to this state of affairs. White household incomes, by contrast, are declining in real terms, most especially since 2001.

Personal income is as follows:

Table 19: Personal income in Tokologo, 2001

Level of income	Number of people
No income	20465
R1 - R400	5833
R401 - R800	3605
R801 - R1 600	978
R1 601 - R3 200	601
R3 201 - R6 400	449
R6 401 - R12 800	247
R12 801 - R25 600	89
R25 601 - R51 200	63
R51 201 - R102 400	60
R102401-R204800	28
R204 801 or more	32

Source: Demarcation Board

6. Employment

6.1 Economically active population

The economically active population is disaggregated as follows:

Table 20: Employment per economic sector in Tokologo, 2001

Economic sector	Number of employed people in Tokologo
Agric relate work	4439
Mining, Quarrying	258
Manufacturing	120
Electricity,gas,water	27

Construction	129
Wholesale,Retail	421
Transport, Communications	61
Business Services	137
Community Services	1529
Private Household	
Undetermined	23443

Source: Demarcation Board.

Professional status is shown in Table 21 below:

Table 21: Professional categories in Tokologo, 2001

Type of employment	Number of employees
Senior Officials	136
Professionals	126
Tech/Assoc Prof	245
Clerks	184
Service workers	345
Skilled agric work	1571
Other	371
Elementary occu-pations	4921
Occupations NEC	641
Plant Operators	466

Source: Demarcation Board.

The employment profile is as follows:

Table 21: Employment and unemployment in Tokologo, 2001

Employment status	Number of people
Employed	8743
Unemployed	3206
Not Economically Active	8195

Source: Demarcation Board.

In terms of the 'expanded definition' of unemployment the total figure given for 2004 was 3674, and consisted of 1187 males and 2487 females.

The number of economically active persons for 2004 is given as 11 847 by the REX database which is virtually unchanged from the total of 11 749 in the table above. The racial and gender breakdown of the 2004 figure is as follows:

Table 22: Economically active people in Tokologo 2001: Racial and gender breakdown

Black Male	5356
Black Female	4003
Subtotal	9359
White Male	988
White Female	562

Subtotal	1550
Coloured Male	558
Coloured Female	380
Subtotal	937
Total Male	6901
Total Female	4945
Total	11847

Source: Global Insight

More than half of the employed population is engaged in the farming sector and elementary jobs and this has consistently been the case since 1996.

The unemployment rate increased from 22.5% in 1996 to 27.0% in 2001 (DBSA 2005:164). This was a much lower increase than was reported for the rest of the province's municipalities and the 2001 figure of 27.0% is indeed the lowest figure for the province. Oddly enough, given the relatively high employment rate, the Real Gross Value-Added (GVA) for 2003 of R2 785 per capita is easily the lowest in the province – the next lowest being Phumelela at R3 528. Tokologo's Real GVA actually *decreased* from 1996 when it stood at R2 979. The average growth in GVA between 1996 and 2003 stands at 0.5%. Nominal GVA for 2003 stood at R162-million which was extremely low, being a little over half of the next lowest (Phumelela at R303-million) and a mere 0.3% of the provincial total of R53-billion.

6.2 Informal employment

Informal employment by sector for Tokologo is reported as follows:

Table 23: Informal employment by sector in Tokologo, 1996-2004

Year	Manu- facturing	Construction	Retail/Trade	Transport	Community Services	Finance	Total
1996	23	120	176	10	22	38	389
2001	41	121	407	15	32	74	690
2004	31	116	327	15	35	67	590

Source: Global Insight

It is doubtful that overmuch store should be placed on these figures. The increase between 1996 and 2001 probably reflects the general population influx as well as a less restrictive commercial environment. If by Transport is meant the taxi business then this has remained static between 2001 and 2004. It would be interesting to know whether this is due to monopolistic practices or whether it serves as a useful indicator of general economic stagnation. It is interesting to note how stable Construction has remained, compared to the volatility of the Retail/Trade numbers. The escalation in Finance between 1996 and 2001 could have had something to do with the cash loan sector although it is not clear to what degree this sector can justly be categorized as 'informal'.

7. Municipal performance

7.1 Municipal finance

The municipality's budgetary details are as follows:

Table 24: Municipal budgets, 2002-2005

CAPITAL BUDGET			
CAPITAL EXPENDITURE	2002/2003	2003/2004	2004/2005
Infrastructure (Land, Buildings, Roads, Water, Electricity, Sanitation, Refuse)	R 9 757 839	R6 786 470	R9 820 224
Community (Sports fields, Community Halls)	R 3 245 000	R5 600 000	0
Other assets	R 290 000	R 15 000	0
TOTAL CAPITAL EXPENDITURE	R13 292 839	R12 401 470	R9 820 224
OPERATING BUDGET			
EXPENDITURE (Electricity bulk purchases, salaries, repairs etc) Total: Net budgeted expenditure	R17 673 835	R19 365 798	R19 640 927
CAPITAL SOURCES OF FINANCE	R3 977 839	0	0
Grants and Subsidies - TOTAL	R12 592 839	0	0
OPERATING REVENUE	R17 677 750	R19 452 466	R20 771 530

Source: Demarcation Board

Table 24 below indicates a *per capita* spend of R1 000 by the municipality in 2003-4, which is much less than that of larger towns and cities:

Table 24: Operating and capital budgets for a sample of municipalities, 2001-02 to 2003-04

Municipality	Population 2001 ('000)	Total budget (R million)			Rand per capita	
		2001-02	2002-03	2003-04	2002-03	2003-04
Johannesburg	3 226	10 314	10 978	12 175	3 403	3 774
Buffalo City	702	1 261	1 320	1 511	1 880	2 152
Mangaung	645	1 065	1 297	1 497	2 011	2 321
Msunduzi	553	1 111	1 177	1 298	2 128	2 347
Musina	39	31	33	39	846	1 000
Tokologo	32	18	31	32	969	1 000

Source: Local Government Briefing, Sept 2004

According to an interview conducted with the Municipal Manager by the HSRC on 13 February 2003, the municipal staff complement stood at 153.

Tokologo is regarded as a low-capacity municipality, and the Free State department of local government has dispatched a municipal support team (MST) to assist it. R22 million was owed by the municipality's debtors.

In September 2005, the Tokologo Municipality (along with 11 other Free State municipalities) had been placed under Project Consolidate. It was also reported that: "An amount of R7.6-million has been allocated from the Provincial Infrastructure Fund to

four Project Consolidate municipalities (Phumelela, Tokologo, Moqhaka and Maluti A Phofung) for projects ranging from the upgrading of roads, stormwater and bulk water systems to the refurbishment of sewage plant and the installation of high-mast lig).hts” (*Local Government Briefing*, September 2005)

7.2 IDP objectives

The actual economic objectives in the 2002 IDP were itemized as per table x below:

Table 25: Municipal developmental priorities, 2002

Key Priority: Economic development	
OBJECTIVES	STRATEGIES
Key Performance Indicator: <i>Job creation</i>	
To reduce unemployment by 2% per annum, increase economic growth by 0,5% per annum and continuously create sustainable jobs.	Ensuring access to development finance Promoting SMMEs Exploiting natural resources and value-adding Agricultural development
Key Performance Indicator: <i>Tourism promotion</i>	
To attract visitors / tourists to the area and ensure that sites of interest and important events are marketed.	Establishing a cultural village Creating a website for Tokologo Local Municipality
Key Performance Indicator: <i>Poverty alleviation</i>	
To reduce the number of people living in absolute poverty by 5% annually	Accessing funding for social development, community based programmes and poverty alleviation
Key Performance Indicator: <i>Industrial and commercial development</i>	
To ensure that the industrial and commercial sectors are promoted	Exploring agricultural value-adding (peanut-butter factory), mineral development and value-adding.

By the time of the 2003 IDP Review, the economic development objectives and strategies had been somewhat refined, as shown in Table 26 below. It showed greater alignment with Departmental strategies:

Table 26: Municipal developmental priorities, 2003

Key Priority: Economic development	
OBJECTIVES	STRATEGIES
Key Performance Indicator: <i>Job creation</i>	
To reduce unemployment by 2% per annum, increase economic growth by 0,5% per annum and continuously create sustainable jobs.	Support emerging PDI farmers (see Dept Agric Strat Plan) Promoting SMME development (see DTEEA Strat Plan) Encourage youth involvement in Agriculture (see Dept Agric Strat Plan)
Key Performance Indicator: <i>Tourism promotion</i>	
To attract visitors / tourists to the area by 15 percent annually..	Establishing a cultural village (see Dept SACT Strat Plan) Improve signage Develop a marketing plan

Key Performance Indicator: <i>Poverty alleviation</i>	
To reduce the number of people living in absolute poverty by 5% annually	Accessing funding for social development, community based programmes and poverty alleviation
Key Performance Indicator: <i>Industrial and commercial development</i>	
“To explore value adding projects in agricultural and mineral products by 2006” (in effect the 2002 ‘strategy’ was made an ‘objective’)	Exploit the potential of raw materials and products in partnership with relevant departments. Establish and train BEE consortiums in value adding

Apart from the creation of a Tokologo website, mentioned in the above table, other economic development projects were:

- Ensuring access to development finance
- Organise an integrated economic development summit
- Upgrade game farms at Boshof and Hertzogville
- Develop and market Heritage sites
- Compile an indigent register
- Facilitate micro-enterprise support
- Phase in agri-processing and beneficiation programmes
- Market and develop Dealesville Salt Pan

As far as can be ascertained from the 2003 IDP Review document, the only funding that had been applied for to give effect to the envisaged projects was R50 000 for an investigation into the possibilities of small scale mining in Tokologo, and R1 700 for “attracting financing agencies” to Boshof.

The 2002 TLM IDP noted that the municipality has been dealt a further economic blow by the re-routing of the Bloemfontein-Kimberley road via Petrusburg. Hertzogville is also not located along a major thoroughfare between large urban centers.

The *Lejweleputswa District Municipality* has decided on the implementation of the following sector-specific strategies:

- **Agriculture:** Activities include preparing a commonage development and management plan including land acquisition, provision of infrastructure in support of agriculture, preparing a marketing strategy for agriculture, implementing product-specific projects, promotion of product beneficiation, encouragement of women and youth participation.
- **Tourism:** Activities listed are: identifying the market potential and establishing linkages with other economic development sectors, as well as identifying opportunities for SMMEs.
- **LED Initiatives / Business Development:** Major actions are: developing a marketing strategy for the municipality, promoting and developing local products for the local municipality, establishing training and support centers for SMMEs,

preparing a local industrial policy (including land acquisition, zoning and infrastructure provision) and introducing incentive schemes for manufacturing industries, maximizing job creation by applying labour intensive methods where possible.

- **SMME Development:** Empowering SMMEs with business management skills, product design, quality control, production engineering, accounting, marketing and in accessing capital and information.

Table 27 below lists district-level programmes which appear in the Lejweleputswa IDP:

Table 27: District Programmes

Initiatives	Purpose	Establishment
Local Business Service Centres (LBSC)	Provide advice on writing of business plans, feasibility studies, marketing plans, company profile, company registration, budget preparation, market surveys, general business matters.	Ideally one in every municipality. Roleplayers include Tokologo municipality. Lejweleputswa District municipality, FDC, National Government (NTSIKA)
Tender Advice Centres (TAC)	Provide tender awareness campaigns assist with completion of tender documents and project costing	As part of LBSCs or separate. Ntsika, provincial government, municipality, business chambers and NGOs
Manufacturing Advice Centre (MAC)	Advisory and information services to SMMEs in line with global standards (ISO 9000 and SABS accreditation)	NAMAC, provincial government, municipality.
Business Incubators	Technology Innovation Centres Virtual Incubators Sector Specific Incubators Science Parks	Matjhabeng Industrial park
Other forms of institutional Support	Business parks, training institutes, Entrepreneurial Development Centres	

The following projects have been earmarked for Tokologo:

Table 28: Projects earmarked for Tokologo:

Project	Funding Source	Cost Estimate
Provision of a technical skills training facility at Dealesville	Dept. Education Dept. Labour	R1 400 000 (Construction)
Small scale farming projects on commonage of towns	Dept. Land Affairs Dept. Agriculture	R2 250 000
Investigation into the possibilities of small scale mining in the Tokologo area	Tokologo municipality/ Private funding	R50 000 (initially)
Tourism promotion : Cultural village Website advertising game farms and events	Environmental Affairs & Tourism, Tokologo municipality	R15 000 000 R15 000
Industrial Development:		

Attracting investors to establish a peanut-butter factory	Dept. Trade & Industry, Public Enterprises, FDC, DBSA	R150 000
Attracting Financing Companies	Tokologo municipality	R5 000
Establish a Housing Support Centre with own brick-making entity	Dept. of Housing & Tokologo municipality	R75 000

In the IDP, the following capital projects (to be funded by CMIP) were recorded as being as follows:

Table 29: Capital projects in Tokologo, 2003-4

Tokologo LM	Project type	Code	Amount	Duration
<i>Boshof</i>	Water reticulation for 500 erven	MIPFS218/18	R840 000	2003 - 2004
<i>Boshof</i>	Construction of pavement layers and storm water	MIPFS218/23	R2 320 000	Not specified
<i>Dealesville</i>	Construction of a 1MI reservoir	MIPFS218/19	R1 578 947	Not specified
<i>Dealesville</i>	Sewerage reticulation and oxidation ponds	MIPFS218/22	R1 752 000	2004 - 2005
<i>Dealesville</i>	Bulk water supply	MIPFS218/26	R782 550	2004
<i>Hertzogville</i>	Oxidation ponds	MIPFS218/24	R2 150 000	2005
<i>Hertzogville</i>	Construction of water network for 300 erven	MIPFS218/21	R504 000	2003 - 2005

According to the Department of Local Government and Housing “Spatial Allocation Project” the proposed provision of houses for TLM in the 2002-2004 timeframe was as follows:

Table 30: Housing allocation: Tokologo

	Number of houses	Code	Amount	Duration
<i>Boshof</i>	50	F02110021	R1 311, 000	2002 - 2004
<i>Boshof</i>	50	F02110022	R1 311, 000	2002 - 2004
<i>Dealesville</i>	50	F02110025	R1 311, 000	2002 - 2004
<i>Hertzogville</i>	50	F02110039	R1 311, 000	2002 - 2004
<i>Hertzogville</i>	50	F02110051	R1 311, 000	2002 - 2004

The IDP identified the following LED projects:

Table 31: LED Initiatives by Tokologo Local Municipality

Project	Funding Source	Cost Estimate
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Provision of a technical skills training facility at Dealesville	Dept. Education Dept. Labour	R1 400 000 (Construction)
Small scale farming projects on commonage of towns	Dept. Land Affairs Dept. Agriculture	R2 250 000

Although the documentation is unclear, there appears to have been an LED project launched pertaining to salt lakes in Dealesville which had absorbed R1.355-million by 2004.

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