



**Business Plan and Management Framework for the  
Vredendal North NDPG project of the Matzikama  
Municipality  
(2009-2011)**

**Consultative Draft Document**

**Report prepared for the NDPG Unit, National Treasury  
c/o of Matzikama Municipality**

**FINAL DRAFT (for comment)**

October 2010



## Value Proposition

**“The Matzikama Municipality is committed to make a concerted contribution to the development of the Vredendal North community through decisive interventions made possible through the NDPG Grant”**

## Preamble and Notice

This Business Plan and Management Framework forms the basis for the implementation of programmes and projects as key activity drivers of local economic development (LED) with a specific emphasis on Vredendal North in the Matzikama Municipal area. It forms part of the Integrated Development Planning process of the Matzikama Municipality and offers the building blocks for future economic development and growth in the community of Vredendal North.

The purpose of the document is to serve as a basis for discussion and ultimate acceptance of a way forward to successful implementation of proposed projects for Vredendal North. It should therefore not be seen as final, but as a flexible management plan with parameters and guideposts for implementation of local economic development initiatives in Vredendal North.

The scope of the document offers the Matzikama Municipality a platform to engage in the development and upliftment of the Vredendal North community through a basis of economic delivery, business development and community participation. The nature of the document is therefore aimed at the widest possible comprehension and stimulation for inputs.

Figures and estimates contained in this document have been obtained for the construction phase from indicative estimates provided by a QS, while expenditure figures are obtained from the research conducted by Umcebisi Advisers on similar project components. Figures that reflect estimates of the construction costs and customer expenditure may differ from time to time. The expenditure figures for the operational phase have not been audited and the figures provided as part of an indicative financial feasibility study reflecting the operations of the re-developed centre are used as the basis for assessment. The feasibility assessment is therefore based on forward looking information using current expectations that involve a number of business risks, uncertainties and other factors that could cause actual findings of this study to differ materially from expected results once the actual construction costs and revenues are determined and assessed.

***“Plan your work and work your plan. If you fail to plan, you plan to fail.”***

ANCIENT ENTREPRENEUR’S TRUTH

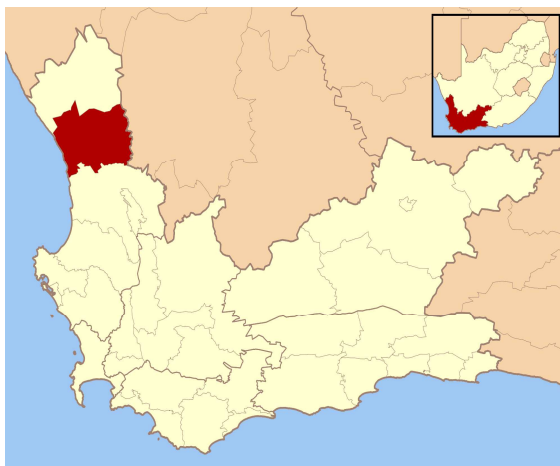
## Executive summary

### 1. Introduction

Matzikama Municipality (with the assistance of WEC Consult) applied for and were awarded a grant from National Treasury's Neighbourhood Development Programme Unit. These grants are awarded to projects that can clearly illustrate initiatives to stimulate and accelerate investment in poor, underserved residential neighbourhoods. The NDPG (Neighbourhood Development Partnership Grant) is driven by the notion that public investment and funding can be used creatively to attract private and community investment to unlock the social and economic potential within neglected townships and neighbourhoods. This in turn will contribute to South Africa's macro-economic performance and improve the quality of life among its citizens.

The NDP Grant provides funding in two parts. A percentage of the grant is for technical assistance in the research, design and costing of the various elements of the project. The remaining bulk of the grant is for capital financing and is only awarded to projects that have a distinct private sector element to support further funding opportunities from other parties.

Matzikama Municipality is responsible for the development management of this project. They are being assisted by a multi-disciplinary professional team who have prepared an Urban Renewal Framework Plan which will be described in detail in this document.



The location of Matzikama Municipality within the Western Province.



The towns and routes within the Matzikama Municipal area.

### 2. Objectives of the NDPG Intervention – Rationale

The rationale for the project is to establish an implementation structure and programme that identifies, addresses and supports the development needs of the Vredendal North Community through provision and facilitation of an effective, efficient and quality community project that offers public and private sector services in an integrated manner. The basis for achieving this mission encompasses the following:

- Facilitate the creation of sustainable jobs and empowerment through a high impact flagship project;
- Promote development that is aligned with core environment , social and economic principles in Vredendal North;

- Enhance the competitiveness of the Vredendal North economy;
- Provide meaningful support for the regeneration of Vredendal North as an under-developed area with the Vredendal town and Matzikama Municipality; and
- Support SMME development through mentoring and capacity building.

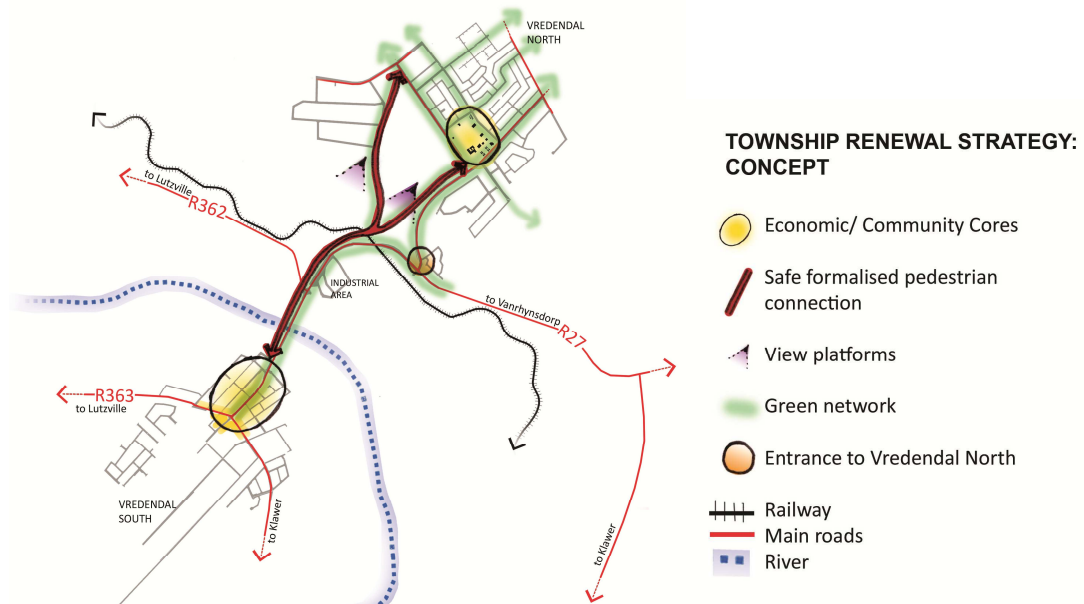
The vision for the Vredendal North Project is aligned with the IDP vision of the Municipality to create a “safe, peaceful and prosperous community” and encapsulates the following:

- To take an innovative, solutions-driven approach in addressing the economic and environmental issues that affect the residents of Vredendal North.
- To enable more equitable access to education, health care, child care, fresh foods, green space and economic opportunities that restore and renew.
- To establish a safe, vibrant and liveable public environment.
- To develop appropriate economically and environmentally relevant projects with the community of Vredendal North.

### 3. Concept

The concept developed from the dominant themes that arose out of the opportunities as identified in the contextual analysis.

- **Accessibility and connectivity**
  - A formal pedestrian link/connection with viewing/outlook platforms for a physical and visual connection to Vredendal South and the surrounding area.
  - A green network, including the establishment of urban parks, the upgrading and planting of street environments and the enhancing of the entrance to Vredendal North.
- **Economic opportunity**
  - job creation and access to local shopping opportunities
- **An uplifting and inspiring public realm**
  - An intersection point for the Vredendal North community to gather, entertain and engage in social activities, which in turn will facilitate neighbourhood integration and regeneration.
  - Attractive places of permanence that engenders community interaction.







## 4. Market Assessment

A market survey was conducted among residents in Vredendal North in order to obtain a perspective of the market and potential demand for the square development. The survey provided an opportunity to assess various factors related to the community and included the following nature and scope of questions:

- Housing characteristics, renting and owning, type of housing required, affordability of housing, interest in different housing options;
- Shopping habits, location of purchases;
- Awareness of facilities available in the community, accessibility, use and level of satisfaction related to the facilities, usage of facilities envisaged as part of the NDPG project, transport related issues;
- Socio-demographic and -economic information.

In order to obtain a sample which is representative, a more scientific approach is required. Probability-Proportionate-To-Size (PPS) sampling was applied to determine the precise quota of households to be sampled in different areas within the town of Vredendal. Following the determination of PPS quotas, Equal Probability Selection Methods (EPSEM) was used to sample individual households within each sub-area (enumeration) area, as well as achieve household substitution in the event of incomplete interviews and/or corrupted data. The key requirement here is to ensure that households have an equal probability of being selected from any location in the primary sampling unit. This approach provided the ability to extrapolate from the sample of households in that sampling unit to all other households in the sampling unit.

Household numbers in the different enumeration areas represented proportions of the areas in Vredendal. The interview was conducted with the head of the household. The sample represents 25% of the total number of households in Vredendal (see IDP document). The margin of error is estimated at  $\pm 3,1\%$  at a 95% confidence level.

The Community of Vredendal North does not have ease of or sufficient access to products and services that affect their daily lives. They generally have to walk long distances or take a mini-bus taxi to access the products and services required. The combination of project components are intended to address this need and more importantly offer an opportunity to develop and improve the status of the community by providing access to these necessary services.

## 5. Project Components

The location of the project site is based on its proximity to current public amenities, transport and pedestrian routes as well as investment opportunities on vacant land. Combinations of various components have been grouped around a central public space.

The commercial components are located along Bult Weg, which is the primary access and collector route of Vredendal North. The taxi interchange will be upgraded to accommodate the volumes of users (both current and future) and to provide sufficient shelter from the elements (sun, wind, rain).

The community amenities are located around the existing community centre and will expand onto and interface with the proposed public square. The new health facilities also form an interface with the public square and are easily accessed via Höer Skool Road.

Residential opportunities form the interface between the public square and the existing residential neighbourhoods. The placement, orientation, scale and form of the new buildings in relation to each





## 6. Indicative Project Costs & Timeframes

In order to implement the project together with its mix of components requires total capital expenditure of approximately R120.0 million, which includes grant funding, private sector equity and debt financing. The table below provides a breakdown of the capital expenditure requirements per project component.

A project plan for implementation is provided below with milestone timeframes.

- Short Term: 0 – 2 Years
- Medium Term: 2 – 5 Years
- Long Term: 5 – 10 Years

Project component	Existing/To be developed	Total Project Cost (Excl. VAT)	Proposed Time Frame	Funding source
Clinic / Day Hospital	To be developed	R13.673m	Long Term	Department of Health
Housing (Duplexes)	To be developed	R11.978m	Long Term	Private Developer
Flats	To be developed	R13.221m	Long Term	Private Developer
Mix – use (retail and flats)	To be developed	R11.639m	Long Term	Private Developer
Shopping Centre	To be developed	R21.696m	Medium Term	Private Developer and/or Municipality
Public Centre (Thusong – in 2 Phases)	To be developed	R34.013	Medium/Long Term	Municipal and/or NDPG and/or Department of Social Services
Post Office	To be developed	R0.678m	Long Term	Post Office (Agreement to be concluded)
Main Parks & Greening	To be developed	R2.825m	Medium Term	Municipal/NDPG
Ablution Facilities	To be developed	R0.339m	Medium Term	Private, part of shopping area
Sheltered Transport Interchanges	To be developed	R0.452m	Short Term	NDPG/Municipality
Pedestrian/Cycle Routes	To be developed	R2.712m	Short Term	NDPG
Multi-functional Public Square	To be developed	R6.215m	Medium Term	NDPG/Municipal Capital released from land sale
Beehives, inclusive of Crèche	Existing structure to be refurbished and fenced off	R0.565m	Short Term	NDPG/Municipal
ATM	To be developed	Unknown	Medium Term	Private Bank
<b>TOTAL ESTIMATED COST FOR DEVELOPMENT</b>		<b>R120.006m</b>		



Funding for the upgrading or development of the different components will be sourced from internal and external sources.

Internal sources will/may include:

- Capital contributions
- Funding released from land sale

Possible external sources will/may include:

- MIG funding
- NDPG Funding
- Provincial Health
- EPWP training funding
- Department of Labour funding
- External loans

## 7. Risk Assessment

The following table summarises the risks applicable to the project. The risk assessment is divided into two primary categories, i.e. internal risks (which should be controlled and managed by the project and market) and macro risks (which are less under the project's control).

Risk area	Probability of Occurrence	Potential impact	Calculated Risk (Probability x Impact)	Cause	Mitigating measures	Responsible Person
<b>Internal (project) risks</b>						
Technical limitations on achievability of results	3	10	30	Plan cannot be implemented as suggested	Re-evaluation of project feasibility and milestones	Municipality and Support Team
Adversity from private property owners that are apprehensive to conform to changes	6	5	30	Invasion of current practices and conformity to new dispensation, cheaper prices and more competition	Ensure inclusive approach Demonstrate benefit of involvement	Municipality and Support Team
Shortfalls on budget	5	8	40	Unforeseen additional expenses	Re-evaluation of project feasibility and milestones. An alternative is to supplement existing funds	Municipality and Support Team
Community adversity due to communication limitations	1	8	8	Involvement is reserved for a few members	Introduce community communication plan	Municipality and Support Team
<b>Market and Macro Environment risks</b>						
Market demand changes and behaviour	5	8	40	Poor understanding of community and customer behaviour	Market research and strong interaction with community	Municipality and Support Team





## **8. Exit & Review Strategy**

At the end of the engagement between the NDP Unit and the Municipality an exit and review process will be followed in order to establish management systems and the building of capacity if not already available within the Municipality.

This strategy will be developed throughout the project cycle of each individual project within the bigger intervention of this Urban Renewal process in Vredendal North.

The outputs required by the NDP Unit to evaluate the exit and review of these projects will be:

- An Exit and Review Report
- A Close-Out Report
- An Award Closure Sheet



## Glossary

<b>Integrated Development Plan</b>	Means the generation of strategies, proposals and guidelines, including development objectives and implementations plans by means of development planning
<b>Key Inputs</b>	Means key inputs as core requirements needed to achieve the stated outcome related to required results or is a consequence of the implementation of the development strategy, programmes or projects
<b>Key Outputs/Outcomes</b>	Means key outputs/outcomes related to results or is a consequence of the implementation of programmes intended to achieve the indicator measures specified at the start of a financial year
<b>Key Performance Indicators</b>	Means indicators that are determined at the beginning of the project and reflect directly on the key objectives [goals] of a the project as a basis for project management trade-off decisions during the course and at completion of the project
<b>Local Economic Development (LED)</b>	Means a strategy that is intended to harness the resources (capital, labour, raw materials and entrepreneurial talent) available in the area and utilise them in a manner which benefits the entire community of the region through the development of the regional economy
<b>Mission</b>	Means a statement of basic character i.e. what is the purpose of the activities/programme, for whom the activities are envisaged (e.g. types of businesses), and what are the broad business technical requirements the programme wishes to satisfy
<b>Small, medium and micro businesses</b>	Means businesses at different levels of enterprise development in terms of turnover, employee numbers, value of assets, business units, organisational structure, independence, owner involvement and multiple liability
<b>Vision</b>	Means a statement of desirable situation by a specific date or time period in the future. It provides an indication of what the initiatives should collectively achieve once the programme has run its course



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# **1. PURPOSE OF THE BUSINESS PLAN AND MANAGEMENT FRAMEWORK**

## **1.1 Introduction**

The economic development of the Vredendal area is a priority for the Matzikama Municipality and has been identified as a key initiative to support the implementation of various activities and actions associated with the IDP. Projects that focus on delivery and job creation and that have the potential to be sustainable, serve as catalysts for engaging in sustainable economic development.

The IDP forms an integral part of the economic, social and environmental development of the Matzikama region. It offers the direction needed to ensure sustainable economic growth and emphasises the objectives for local economic development within the locality. The IDP of the Matzikama Municipality forms the mechanism for the implementation of Vredendal North revitalisation initiative elaborated upon in this Business Plan and Management Framework. However, implementation is driven and directed by a vision, strategic and operational guidelines, time lines and programme activities coupled to project budgets. These management mechanisms are threaded together in a business plan that becomes the basis and guide for management decision-making by the Matzikama Municipality.

The Business Plan and Management Framework provides a mechanism which may be considered:

- as an effective tool to convey ideas and proposed plans to internal and external stakeholders;
- as the basis, or blueprint, for collectively managing the development projects and related initiatives; and
- as a measuring device, or yardstick, by which to gauge progress and evaluate performance.

## **1.2 Background Information**

Vredendal North is the well deserved recipient of a new urban renewal project. The community of Vredendal North, who up until now have had to do most of their shopping in Vredendal South, will soon have access to a revitalised CBD node.

Matzikama Municipality (with the assistance of WEC Consult) applied for and were awarded a grant from National Treasury's Neighbourhood Development Programme Unit. These grants are awarded to projects that can clearly illustrate initiatives to stimulate and accelerate investment in poor, underserved residential neighbourhoods. The NDPG (Neighbourhood Development Partnership Grant) is driven by the notion that public investment and funding can be used creatively to attract private and community investment to unlock the social and economic potential within neglected townships and neighbourhoods. This in turn will contribute to South Africa's macro-economic performance and improve the quality of life among its citizens.

The NDP Grant provides funding in two parts. A percentage of the grant is for technical assistance in the research, design and costing of the various elements of the project. The remaining bulk of the grant is for capital financing and is only awarded to projects that have a distinct private sector element to support further funding opportunities from other parties.

Matzikama Municipality is responsible for the development management of this project. They are being assisted by a multi-disciplinary professional team who have prepared an Urban Renewal Framework Plan which will be described in detail in this document. The Business Plan will then further be developed to include detail design, implementation, management and review.



Many factors led to the decision of the location of the project site. These included its proximity to current public amenities, transport and pedestrian routes as well as investment opportunities on vacant land. The analysis information that informed the design of the Development Framework for this project is discussed in Section 2 of this document.

### **1.3 Approach to the study**

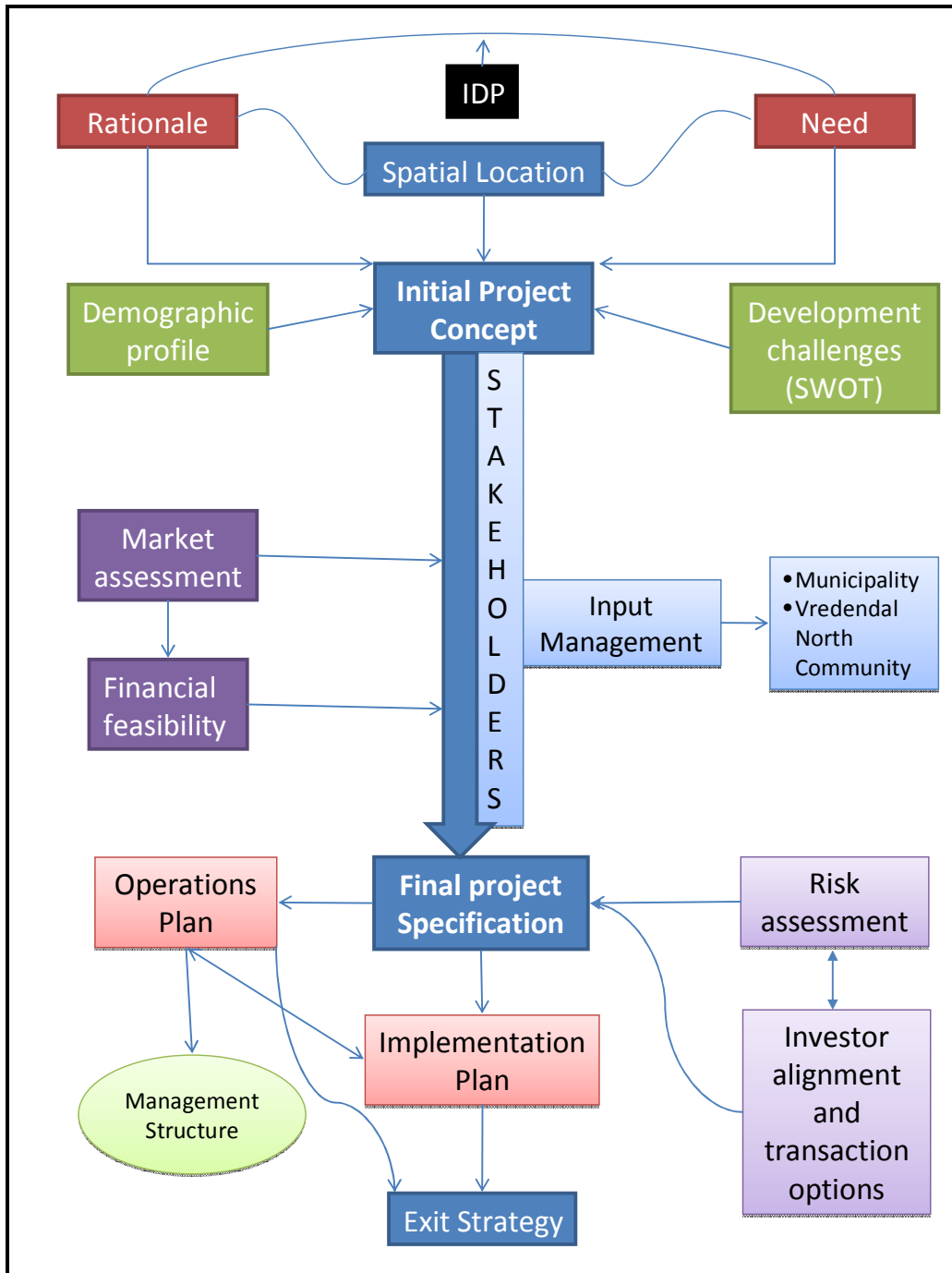
An illustration of the approach is provided in Figure 1. The Integrated Development Plan (IDP diagram for Vredendal North – Figure 2) forms the cornerstone and provides strategic direction for the Matzikama Municipality. In terms of the strategies for local economic development embodied in the IDP and the Local Economic Development Plan of the Matzikama Municipality, it was possible to identify a project that is not only aligned with the NDPG mandate, but also underpins the need and rationale for development in a location such as Vredendal North, hence the requirement to have an understanding of the spatial perspective of economic and community development.

The approach to the project necessitates the preparation of an initial project concept that is informed by the demographic profile of the area in which the project is located and the initial internal strengths and weaknesses related to possible development challenges of implementing the concept. Stakeholder engagement, management and ultimately the inputs from interested and affected parties is a prerequisite to develop a project concept that enjoys the full support and buy-in of all stakeholders, which include among others the Matzikama Municipality, the political and community leadership and the residents of the community living in Vredendal North, who ultimately are intended to benefit from the project.

Coupled to the input of stakeholders, a requirement also exists to assess and understand the markets and potential demand for the different project components. The financial feasibility of the project as a whole as well as each component must be assessed using realistic demand parameters. The design, through the analysis process, will be informed by the environmental, urban, social and economic situation of the area as well as an assessment of the needs of the Vredendal North community. The analysis will be conducted in a manner that instills investor confidence and offers a mix of components that integrates both social and commercial perspectives within an environment that is conducive for accessing and utilising the facilities for the good of the Vredendal North community.

The components of the approach described above should deliver a project concept that is implementable, manageable and creates the desired impact. At this stage it is important to establish the linkage of the different project components and the holistic perspective of the project to possible transaction options, assess the risks and offer an indication of mitigation measures where appropriate. In this manner it will be possible to create an appropriate climate to engage investors and illicit corporate social investment in a project that is underpinned by a strong emphasis on socio-economic upliftment.

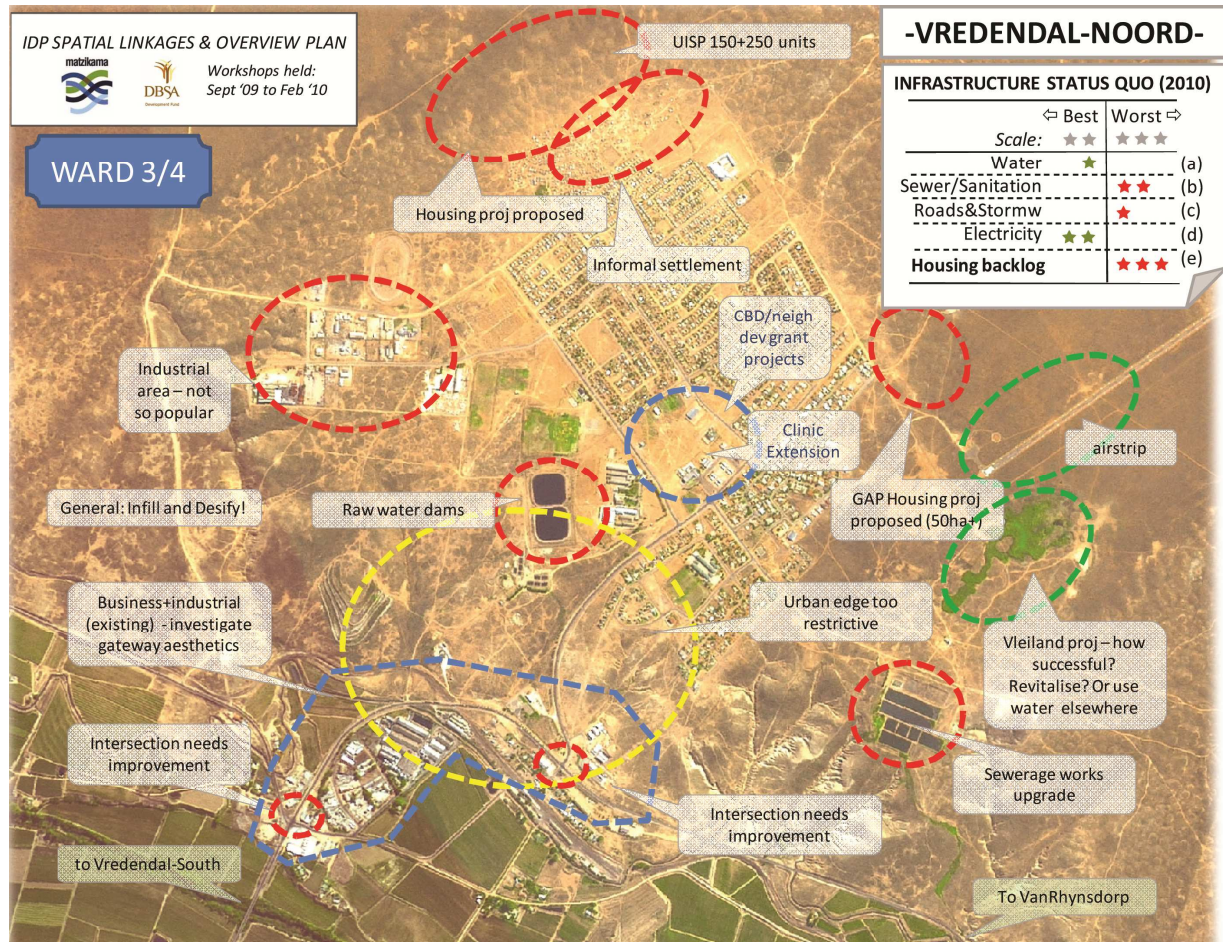
An implementation plan is required to role-out the project in an efficacious manner through an appropriate phasing strategy. The introduction of the required infrastructure and development of superstructure become the foundation of implementation. The latter will be determined by the appetite of the market and capital requirements to develop the project components. A need therefore exists to integrate, develop and manage a diverse number of components through an operations plan coupled to an appropriate management structure. The operational plan is structured in a manner that permits the community stakeholders to be empowered and obtain skills, which allow for the preparation of an exit strategy once clarity is obtained on the required outputs and targets that should be achieved prior to implementing the exit strategy.



**Figure 1:** An illustration of the approach used to develop the business plan for the project in Vredendal North.

Source: Multi-Purpose Business Solutions





**Figure 2:** Vredendal North IDP Spatial Linkages & Overview Plan

Source: Francois Wust

## 1.4 Project Vision

- To take an innovative, solutions-driven approach in addressing the economic and environmental issues that affect the residents of Vredendal North.
- To enable more equitable access to education, health care, child care, fresh foods, green space and economic opportunities that restore and renew.
- To establish a safe, vibrant and liveable public environment.
- To develop appropriate economically and environmentally relevant projects with the community of Vredendal North.



## 1.5 Role-players

A brief indication is provided in the following synopsis of key role-players in the development project

Role-Player	Association with the project
Matzikama Municipality	Project Development Managers
National Treasury - NDP Unit	Public Investor
WEC Consult – Consulting Engineers & Project Managers	Technical Assistance Consultants - Project Managers & Engineers
UDS Africa - Landscape Architects & Environmental Planners	Sub-Consultant to WEC Consult – Landscape Architect & Environmental Planner
Multi-Purpose Business Solutions	Sub-consultant to WEC Consult – Socio-Economic & Business Advisory Specialist
Ward Committees	Interested and affected parties
Community Leaders	Interested and affected parties
Vredendal Residents	Interested and affected parties

## 1.6 Support for the project

### 1.6.1 Council of Matzikama Municipality

After several meetings with the project team, the Council of Matzikama Municipality agreed to and endorsed the Concept Development Framework.

#### SENIOR OFFICIALS

Mr Dean O'Neill - MUNICIPAL MANAGER

Mr Lionel Phillips - MANAGER IDP

Mr Hannes Coetzee - DIRECTOR: ADMINISTRATION

Mr Kobus Bruwer - DIRECTOR: FINANCE AND INFORMATION SYSTEMS

Mr Jevon Pekeur - ACTING DIRECTOR: TECHNICAL SERVICES

Mr Jan Swartz - DIRECTOR: COMMUNITY SERVICES

#### MATZIKAMA MUNICIPALITY COUNCILLORS:

Mr Patric Bok - MAYOR

Mr Robert Jonck - DEPUTY MAYOR

Mr David Jenner - SPEAKER

Mr Gert van Wyk - MAYORAL COMMITTEE MEMBER

Mr Willem Loff

Ms Malie Cornelius

Ms Julia Kriel

Ms Rhenda Stephan

Mr Dennis Scholtz

Ms Lenie Januarie

Ms Sarina Beukes

Ms Maria Witbooi

Ms Delina Goedeman

Attached please find copies of the following:

- Council resolution approving the proposed subdivision plan.
- Article in local community paper giving broader information regarding the NDPG Grant
- Article in local paper informing community of proposed pedestrian link.



### 1.6.2 Endorsement of Vredendal North Community

Community leaders within Vredendal North were consulted at various stages during the process and have shown their support.

Community organisations were consulted in the past 12 months while the business plan was being compiled. On 8 August 2010 a community meeting was held where the proposed project was presented to the community of Vredendal North and more information was given to the community regarding the proposed pedestrian link to Vredendal South.

### 1.6.3 Other support

Private investors, Local Businesses, Local NGO's, Department of Arts and Culture.

Support was received from various other stakeholders and three potential public/ private sector projects that support the NDPG grant were identified:

- A potential new Shoprite on the South Western Corner of the Node Within Vredendal North – A meeting was held between Shoprite/Checkers and the Municipality. We are currently awaiting feedback regarding their intent for development.
- The municipality had talks with the provincial health department to erect a community health facility to replace the clinic currently housed within the Thusong Centre. This process is ongoing.
- A private developer obtained the development rights to a filling station on the link road into Vredendal North.

## 1.7 NDPG Project Methodology & Structure of the Business Plan

The Methodology Diagram represents the outputs/ deliverables and sequencing of each stage and the various disciplines that make up the team involved in developing this project. See Figure 3.

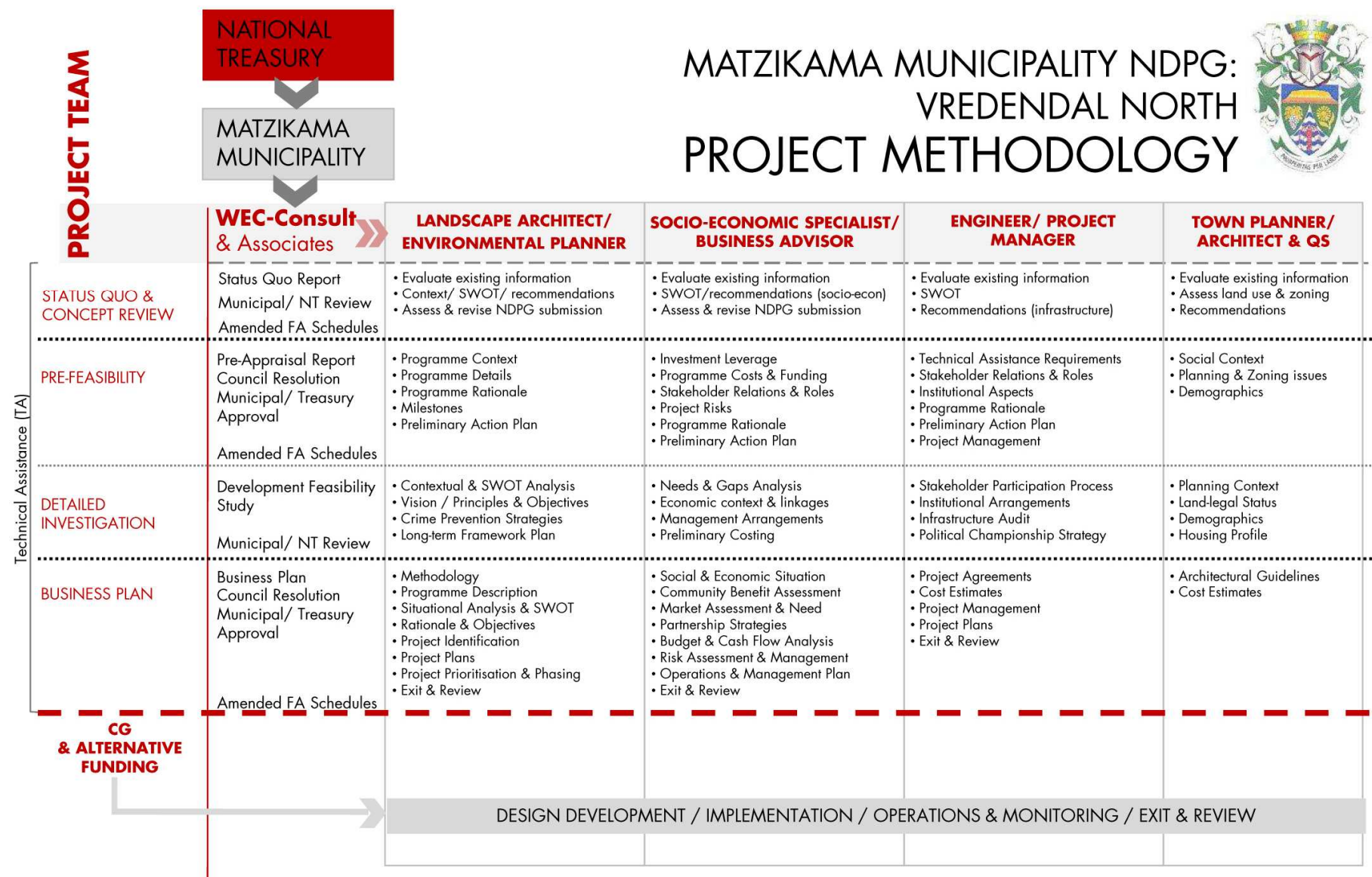
The Business Plan includes the following sections:

1. **Introduction and background:** includes a project description, identification of role-players in the process and support for the initiative from stakeholders.
2. **Situation analysis:** includes comprehensive analysis of the environment, urban and social situation of the area at a regional, local and precinct scale as well as an overview of the regional and local economy, a broad demographic profile, identification of key development challenges, which also includes an assessment of the strengths and weaknesses of the project, an overview of target markets and an internal and external stakeholder analysis.
3. **Rationale and objectives of the project:** includes the rationale and objectives for the project as well as description of benefits and costs associated with the project from a qualitative and quantitative (where appropriate) perspective.
4. **Project specification:** includes detail descriptions of the project components with a distinction between public and private sector foci and actions related to concept design, delivery, roles and responsibilities of team players, project agreements and budgets.



5. **Market assessment:** includes an assessment of the need and opportunity presented by the project, demand and market analysis and an assessment of complementary and competing initiatives in the micro (immediate), meso (intermediate) and macro (broader Vredendal) area.
6. **Financial feasibility of project components:** includes an assessment of the proposed business model, investment required, sources of funding and the feasibility of the project components individually and as a consolidated unit.
8. **Release Strategy and implementation plan:** includes preparation of a project implementation plan commitments from the Municipality, stakeholder management strategy, internal marketing requirements and an operational plan.
9. **Risk assessment:** involves identification and assessment of all risks in a quantified manner together with the specification of mitigation measures.
10. **Exit strategy:** includes the timeframes and envisaged outcomes that need to be achieved for implementing the exit strategy
11. **Developmental features of the project from a LED perspective:** includes a brief contextualisation of the project within the framework provided by government for local economic development.



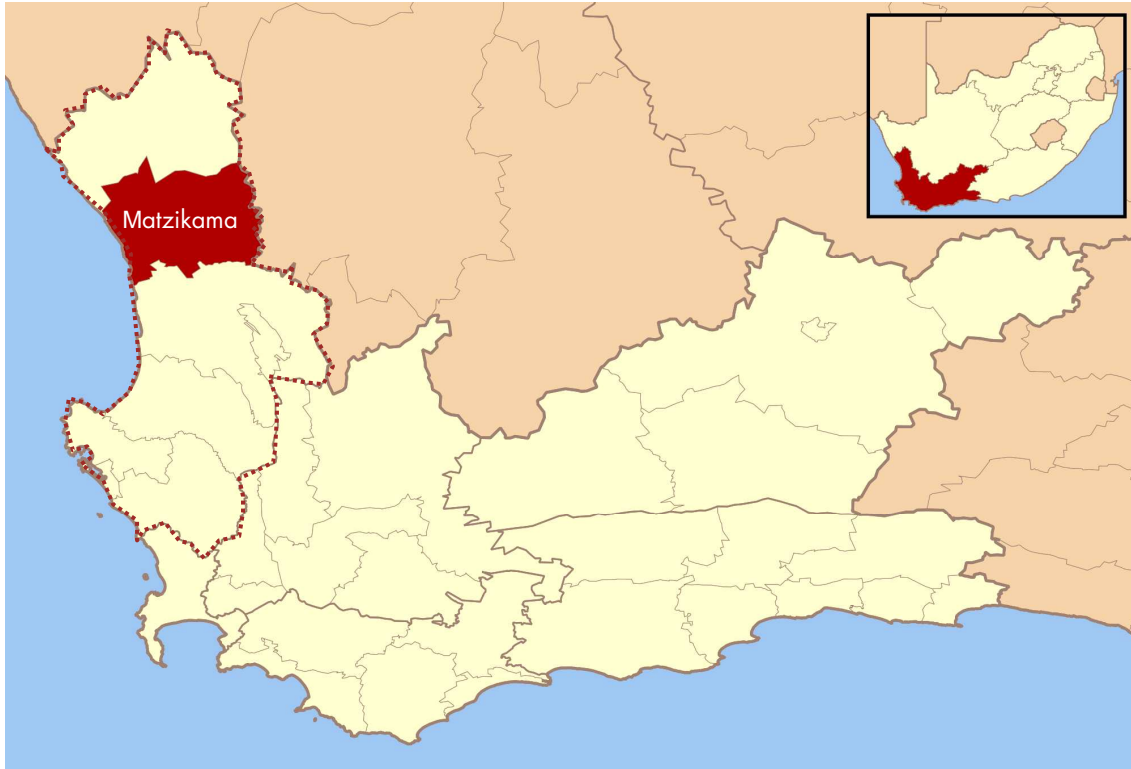


**Figure 3:** Project Methodology Diagram

## 2. CONTEXTUAL ANALYSIS

### 2.1 Spatial Location of the project

Matzikama Municipality is a local municipality within the West Coast District Municipality in the Western Cape. Vredendal, the largest and most centrally located town in the municipality, is the logical economic and administrative centre. The project is located in Vredendal North, a township situated 6km north of Vredendal town centre along the R27 to Klawer and Vanrhynsdorp.



**Figure 4:** Location of Matzikama & the West Coast District Municipality within the Western Province.

Source: Wikipedia (basemap)



**Figure 5:** Location of Matzikama Municipality within the West Coast District Municipality.

Source: Wikipedia

## 2.2 Regional Analysis (Matzikama Municipal Area)

The regional analysis is researched as background/ contextual information to the project and is therefore focused within the Matzikama Municipal boundaries.



**Figure 6:** Matzikama Municipal Area (Source: Matzikama SDF 2010)

### 2.2.1 Description of the natural environment

The Matzikama Municipal area is located within the greater Knersvlakte Region and has a sensitive coastal region. The Greater Cederberg Wilderness Area also forms part of the Matzikama Municipal Area. The Olifants River, one of the largest rivers on the West Coast, flows through this region and, together with the Knersvlakte and Cederberg Wilderness Region, forms a biodiversity corridor. Therefore development should promote the biodiversity of the area and not endanger it (Matzikama Municipality, 2008).

Matzikama is characterized by an arid environment but is served by a life-giving arterial namely the Olifants River. This river and its associated canal systems support a flourishing agricultural sector largely consisting of viniculture. The Matzikama region is known for its contrasting sandy plains, rugged mountains and some of the most diverse examples of succulent plant species in the world. See Figure 7.

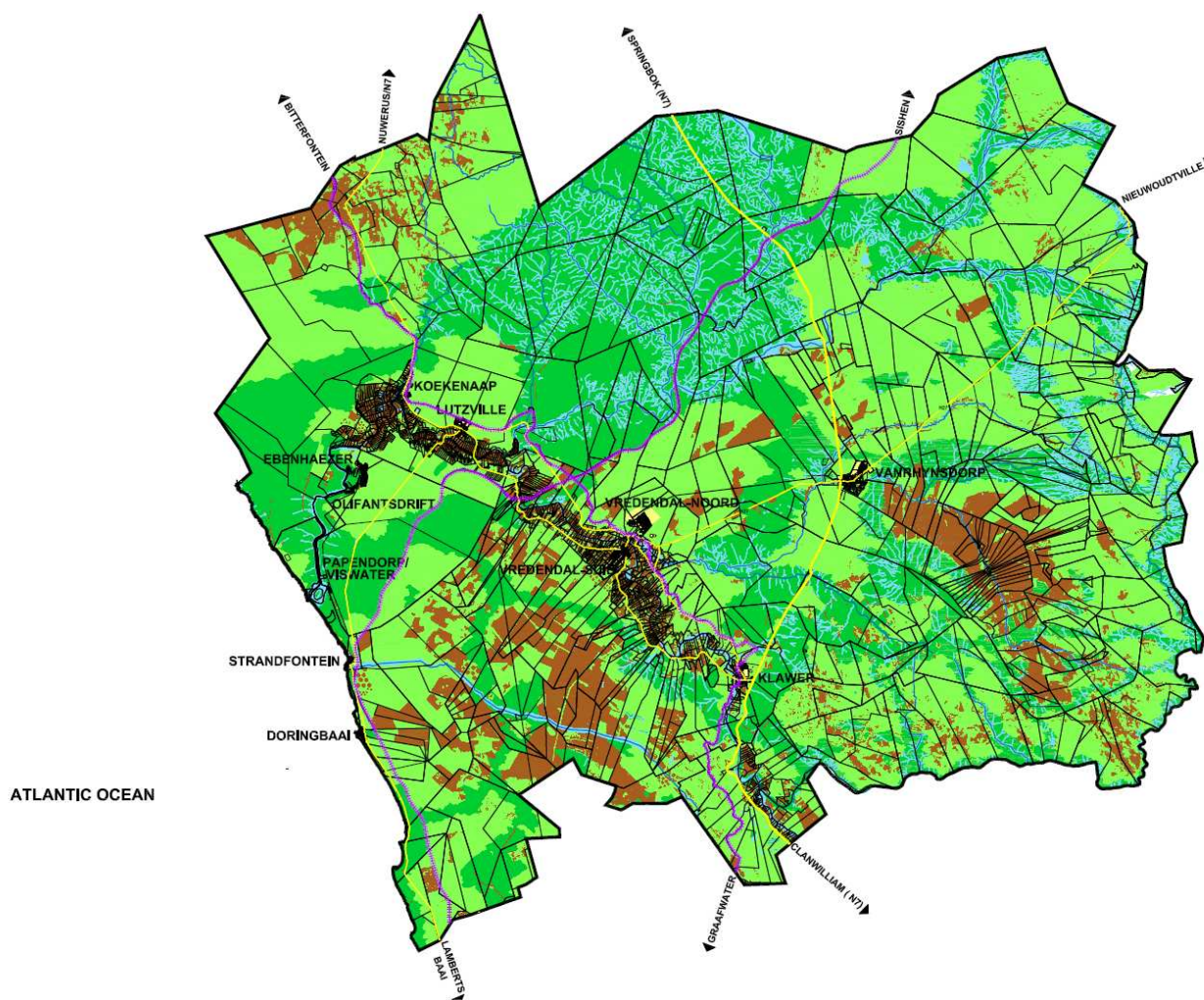


## The Knersvlakte

The Knersvlakte is a bioregion within the Succulent Karoo Biome. The area, comprising approximately 10 000 km<sup>2</sup>, is home to some 133 Red Data Book plant species. It is renowned for its rich flora of minute succulents associated with quartz fields. Other hard rock substrata such as shale, quartzite and limestone also support a biologically interesting and distinct flora.

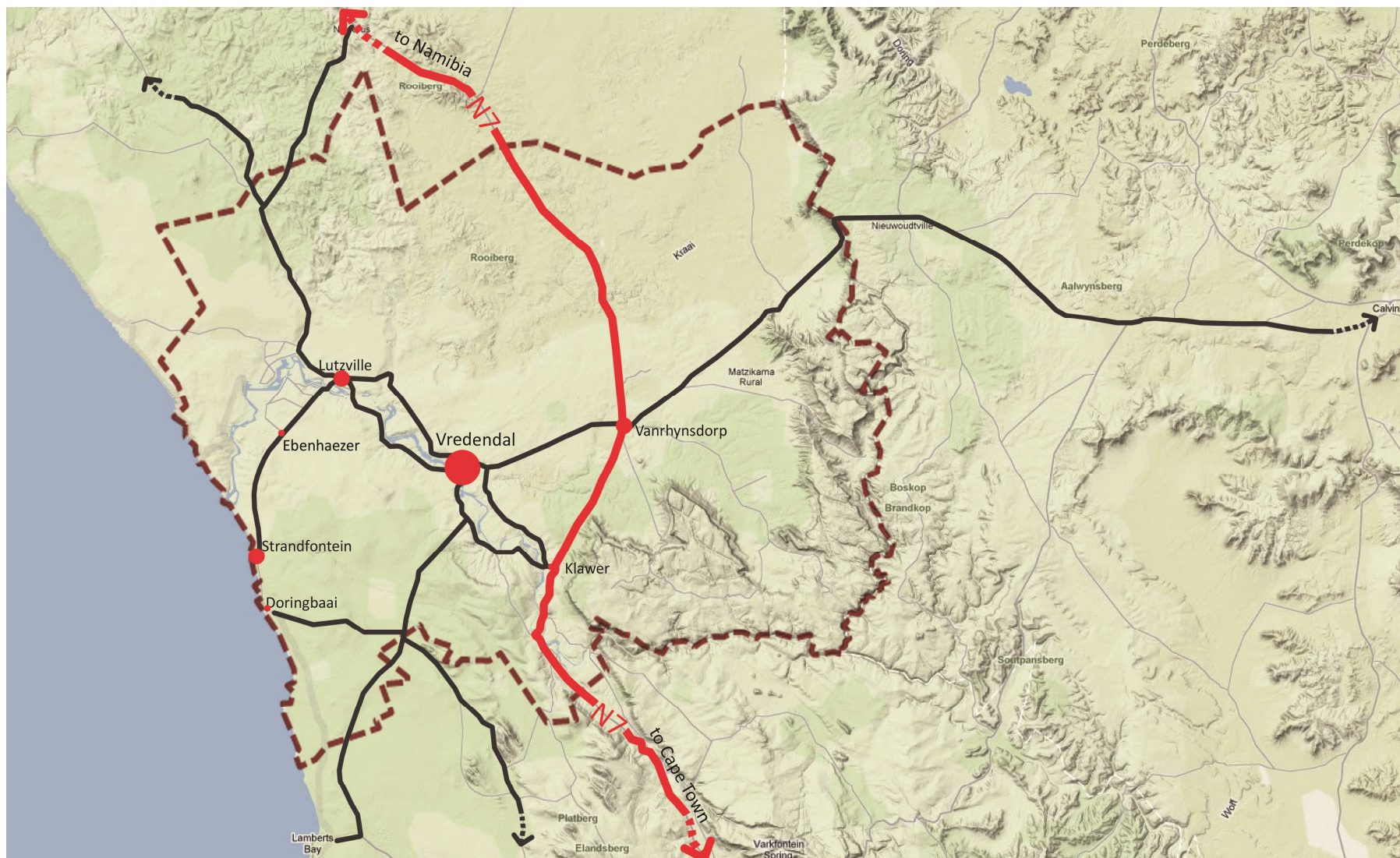
The Knersvlakte has long been recognized as a priority region for plant conservation. Both the provincial conservation authority (Western Cape Nature Conservation) and South African National Parks (SANP) have expressed interest in establishing a system of conservation areas in the region.

SPC CATEGORIES AS ADOPTED FROM WESTERN CAPE PSDF: GUIDELINES FOR RURAL LAND USE PLANNING & MANAGEMENT IKAPA ENVIROPLAN - MAY 2009 DRAFT 3			
Spatial Planning Category	Annotation		Critical Biodiversity Area Map Category Description
		Core 1	Formal Protected Areas and Critical Biodiversity Area (Terrestrial/Aquatic)
		Core 2	Ecological Support Area and Buffers
		Buffer	Other Natural areas
		Intensive Agriculture	No Natural area Remaining
		Settlement	No Natural area Remaining
* Critical Biodiversity Area based on Mapping produced by the Fine-Scale Biodiversity Planning Project, as part of Component 5.1 of Cape Action for People and the Environment (C.A.P.E.)			
* Source Cape Nature and BGIS			



**Figure 7:** Matzikama Spatial Planning Category Map – based on Critical Biodiversity Areas base mapping produced by the Fine Scale Biodiversity Project. (Source: Matzikama SDF 2010)





**Figure 8:** Map showing the towns and routes within the Matzikama Municipal area. The N7 is the primary access route linking the local municipalities within the West Coast District Municipality.



### **2.2.2 Accessibility of the area**

Matzikama Municipality comprises the following towns and villages: Vredendal, Klawer, Vanrhynsdorp, Lutzville, Koekenaap, Ebenhaeser, Papendorp, Doringbaai and Strandfontein (Figure 8).

The population of Matzikama is mainly concentrated along the Olifants River. Only the villages of Vanrhynsdorp, Doringbaai and Strandfontein are not linked to the river. Doringbaai and Strandfontein are coastal towns whilst Vanrhynsdorp is inland.

Vredendal is the largest and most centrally located town within the Matzikama area. It is accessed by the N7 via the R27 or the R363.

Vanrhynsdorp is located 300 km north of Cape Town on the N7 intersection to Namibia with Namakwari and West Coast Karoo tourism routes. The town is also the gateway to the Western Cape, Upington, Johannesburg, Namibia, Vredendal and the coastal towns.

Klawer is located 22 km south of Vanrhynsdorp on the CapeNamib tourism route and developed from a railway crossing between Cape Town and Bitterfontein.

Lutzville and Lutzville Wes are located 18 km west of Vredendal on the Olifantsriver wine route.

Koekenaap is located 56km west of Vanrhynsdorp on the West Coast Tourism Route. The Koekenaap Village functions as a low order residential settlement that houses local farm workers.

Doring Bay is located on the coastline 80km west of Vanrhynsdorp and 15km north of Lamberts Bay making it ideal for tourism and aquaculture development. Whilst Doring Bay currently functions as a residential settlement, the non-compliant transport network makes it difficult for residents to commute to a place of work outside Doring Bay.

Strandfontein has been a holiday resort and retirement village since inception. The town is located on the coastline 5km north of Doring Bay and 75km east of Vanrhynsdorp.

### **2.2.3 Settlement patterns**

Because the Matzikama area is predominantly arid, the population naturally settled along the banks of the Olifants River. Vredendal is the largest and most centrally located town in the area. Vanrhynsdorp, Klawer and Lutzville could be regarded as secondary towns. Ebenhaeser is a small mission town adjacent to the Olifants River Estuary, Papendorp is a very small settlement located at the mouth of the Olifants River. See Figure 8.

Vredendal dates as far back as 1732, when the first farm in the area was loaned to Pieter van Zyl. The Dutch Reformed Church village of Vredendal was planned in 1933.

The villages of Ebenhaeser and Papendorp developed from a mission station founded by the Rynse Church in 1831.

Koekenaap originally developed from the farm Roodeheuwel and was given a boost in 1923 when irrigation was made available to the farmers in the area.

Lutzville developed from a farm established in 1923 and is located 48 km west of Vanrhynsdorp on the West Coast Tourism Route. Vanrhynsdorp is the most southern and oldest (since 1661) town in Namaqualand.





#### 2.2.4 Matzikama basic services

**Refuse Removal:** All urban households within the boundary of the municipality have access to basic refuse removal. However, not all the towns within the municipal area have a dumping site. A regional dumping site has been planned for the municipality and the environmental approval for this site is still outstanding.

**Water:** All houses on municipal land have access to water on site. However, Klawer currently has a water problem (supply not adequate) which will be addressed in the near future with the introduction of bore holes and rising water lines connecting the bore holes to the raw water dam. Water supply to the other towns is not problematic and Matzikama Municipality, though situated within an arid area, does not have severe water supply problems due to the Olifants River and the two irrigation canals that flow past the towns from the Bulshoek dam.

**Sanitation:** The bucket system has been fully eradicated; all houses in urban areas have access to flush toilets. Some informal areas have communal toilet facilities, but Matzikama Municipality is in the process of upgrading these to on-site water borne sanitation. The upgrade of the Waste Water Treatment Works is a priority for the municipality and the WWTW's in Vanrhynsdorp have just been upgraded. The WWTW's in both Vredendal and Vredendal North are currently being upgraded within the 2010/2011 financial year.

**Streets and Storm Water:** The municipality provides an ongoing service in terms of resealing roads, cleaning of storm water lines and construction of sidewalks including curbstones. Matzikama Municipality supports sustainable job creation and has several EPWP initiatives registered to support the generation of work opportunities within the municipal borders.

#### 2.2.5 Matzikama economy

The value of the Matzikama local economy as measured by enterprise turnover is estimated at R1,4 billion for 2005/2006<sup>1</sup>. This figure represents 6,01% of the turnover generated by levy paying firms in the West Coast District region, 0,30% of total enterprise turnover in the Western Cape, and 0,04% of total enterprise turnover generated by levying paying businesses in South Africa (Statistics SA, 2006; West Coast District Municipality, 2007).

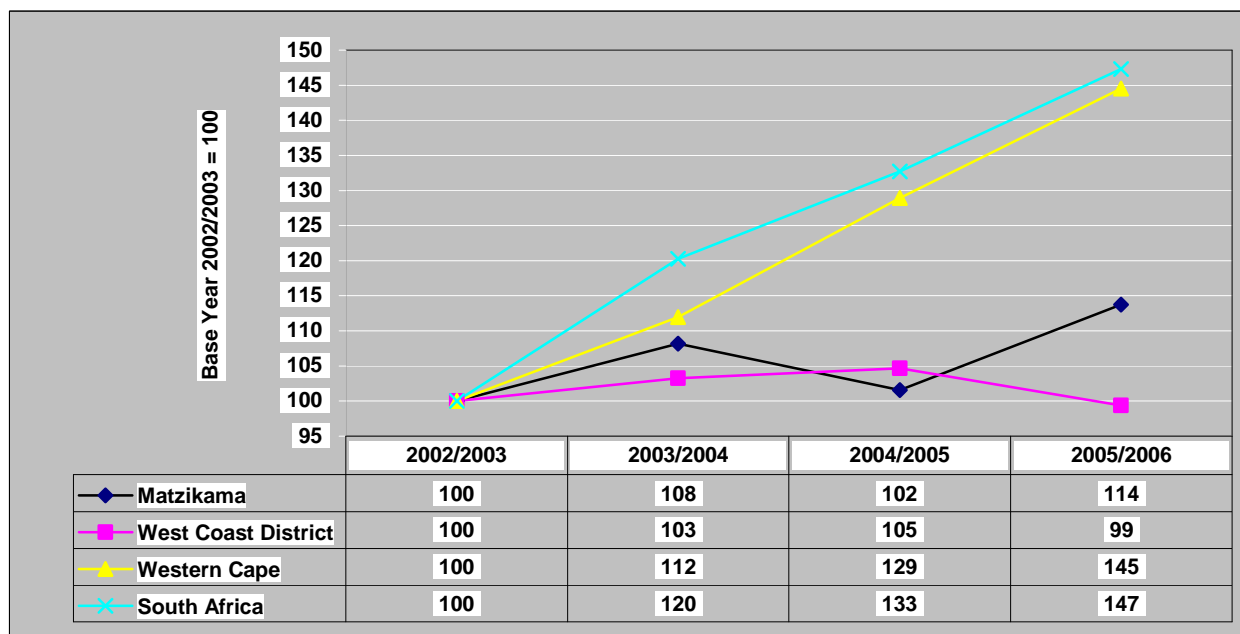
The Matzikama economy does not function in a vacuum, but forms part of the West Coast District economy, the Western Cape economy and the South African economy. In order to provide relative comparisons between the Matzikama, West Coast, Western Cape and South African economies, the turnover of enterprises operating in and those registered for RSC levies in the different jurisdictions are used as a proxy for total economic activity. A relative comparison of the growth in total enterprise turnover within the different regions for the period 2002/2003 to 2005/2006 is shown in Figure 9.

Although Figure 9 clearly indicates varying growth in the Matzikama economy from 2002/2003 to 2005/2006, it is arguably off a low base. The West Coast District economy has also shown signs of flat growth with a decline in turnover generated by firms from 2004/2005 to 2005/2006. Divergent growth in turnover was achieved in the Matzikama and West Coast District economy from 2004/2005 to 2005/2006. Growth in turnover among Western Cape firms has been somewhat slower when compared to South Africa.

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<sup>1</sup> This figure is based on levies payable by enterprises operating in the area under the jurisdiction of the Matzikama Municipality.

The Municipality's growth rate is the second lowest recorded for the 2004–2005 period within the West Coast District at 3,5 per cent, largely due to the slower performance in agriculture, which accounted for 18,5 per cent in 2005. The municipality contributed 14,4 per cent or R880,5 million to the West Coast District's R6,1 billion GDP and 0,6 per cent to the Province's GDP.



**Figure 9:** A relative comparison of the growth in total enterprise turnover within the different regions for the period 2002/2003 to 2005/2006

Base year: 2000/2001 = 100

Source: RSC level data provided by the West Coast District Municipality

The structure of Matzikama LM's economy was largely unchanged from 1995 to 2005. Only manufacturing, wholesale & retail trade, and transport & communication increased their share of contribution, jointly representing 51,6% of the total economic activity in 2005. Wholesale and retail trade increased in contribution from 14,6% in 1995 to 16,5 per cent in 2005. Manufacturing increased from a contribution of 11,1% to 14,3% during the same period under review.

Although agriculture, forestry and fishing is the most significant sector, it grew by only 2,1% in 2005. The wholesale and retail trade and finance and business services sectors underperformed, thus affecting the overall growth rate. By contrast, these sectors are fast growing sectors in the Province.

## 2.2.6 Demographic profile

The municipality is estimated to account for 18,4% or 60 419 of the West Coast District's population (327 548) in 2007. The Municipality has a median age of 28 years and a total dependency ratio of 0,5.

The municipality's population growth rate for 2001–2007 was estimated at 3,2%. The model predicts the municipality's population growth rate to decline to 2,3% for the period 2007–2015.

In 2007, the ASSA population projection model shows that children aged 0-14 years accounted for 27,5% of Matzikama LM's total population of 60 419. The average annual growth rate in the period

2005 to 2007 in this cohort is 1,7%, declining to a projected 1,4% in the period 2008 to 2015. The child dependency ratio for 2007 is approximately 0,5, means that for every child in the 0-14 years age group there is the support of 2 persons in the economically active population of 15-64 years. The youth (15-34 years) accounts for 32,8% or 19 829 of the total population.

The average annual growth rate of the aged (65 years or above) in the period 2005 to 2007 is 4,1%, however it is projected that the growth rate will increase to 4,3% in the period 2008 to 2015. The aged are expected to account for 6,5% of the total population in 2015 compared to the 5,5% in 2007.

The Matzikama LM population is closely balanced with 50,3% (30 401) representation of males and 49,7% (30 018) of females in 2007. This results in a male to female ratio to 1,01%. However, the population pyramid displays a notable imbalance between adult males (51,7%) and adult females (48,3%) in the 30-44 years age group. This could be attributed to an inflow of males from other areas for prospects of employment within the municipality.

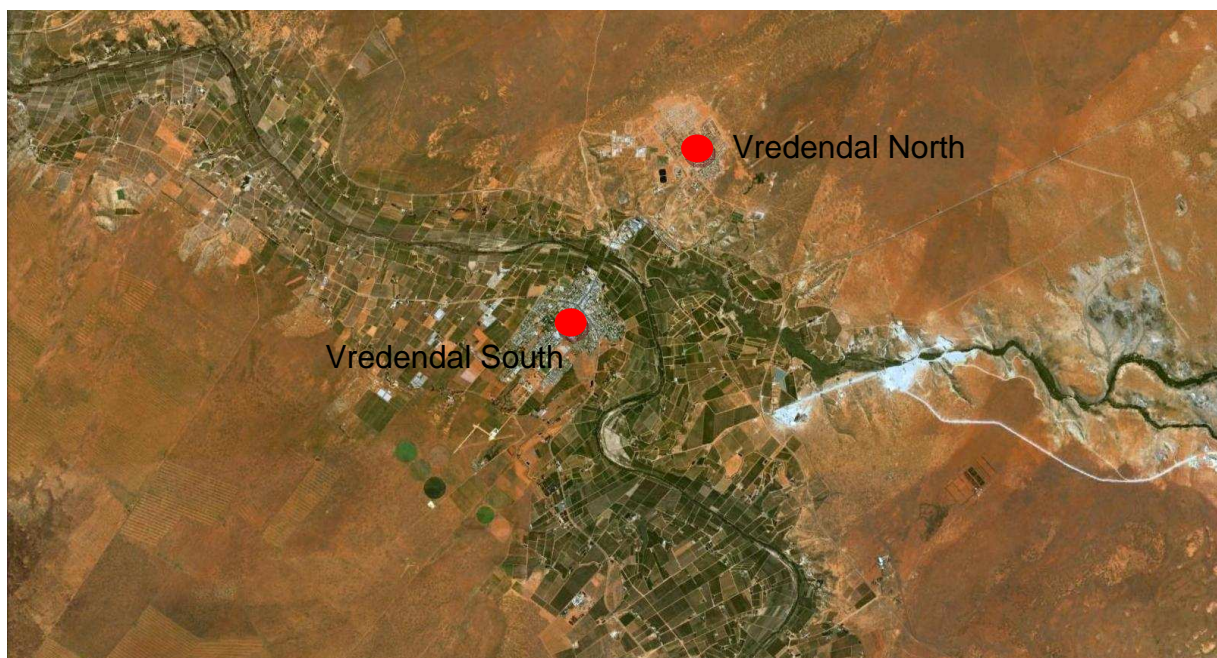
## 2.3 Local Area Contextual Analysis (Vredendal & Surrounds)

### 2.3.1 Local green environment

Vredendal, located on the banks of the Lower Olifants River, is the gateway to the Namaqualand. Irrigation schemes along the banks of the river allow for the cultivation of a wide variety of vegetables, and for a fast developing organic wine industry. See figure 11.

Renowned for its intricate irrigation scheme, the Olifants River allows for extensive agriculture and viticulture in the area. The valley is thus green and fertile and lies at the foothills of the Gifberg, Maskam and Koebee Mountains.

The southern section of the Cape Flower Route falls within the Olifants River Valley. Following good rains, Lutzville, Vredendal, Vanrhynsdorp, Klawer and Clanwilliam have an abundance of wild flowers from August to September.



**Figure 10:** Local natural environment

Source: Google Earth





**Figure 11**





**Figure 12**



### 2.3.2 Local water systems

See Figure 12.

Water is supplied to this area by two major supply systems, namely:

- The Olifants- and Doring River Catchment areas south of the Bulshoek dam. This supply is seasonal and fluctuates drastically between dry summer and wetter winter months. Severe flood peaks are generated when rainfall of high intensity is experienced.
- The Olifants river catchment area upstream of the Bulshoek dam. This system is mainly the lifeline of the area. Surface run-off from rain and snow is stored during the winter months in the Clanwilliam dam from where it is released in a controlled way in summer to feed the Bulshoek dam. The Bulshoek dam in turn is again used to feed a system of irrigation canals, one on the eastern- and one of the western bank of the Olifants River conveying irrigation to the farming communities downstream. This System also contributes to the bulk water available to the Municipality for purification.

#### Olifants River

This river feeds the intensive agricultural area in which Matzikama Municipality is situated. The Cederberg Mountains form the main catchment area for the Olifants River system - home to the richest variety of endemic fish species south of the Zambezi. These fish occur nowhere else except in the Olifants or its tributaries.

Unfortunately, it is also a river system under threat from human activities and infestation by alien species. Excessive extraction of water, excavations in the riverbed, damming, pesticide pollution, the presence of alien fish like bass, and infestation by invasive plants such as black wattle and blue gum have contributed to a dramatic decline in the quality of the riverine environment.

Degradation is so severe that the eight species of fish endemic to the Olifants River all face extinction. Fish inhabiting the lower, unprotected reaches of the Olifants River system are particularly at risk. These include the Clanwilliam yellowfish, three species of redfin minnow and two species of mountain catlets. The Conservancies are being used to improve the management of rivers on private land.

#### Associated water systems

A well-developed network of water systems, inclusive of pump stations, reservoirs and pipe networks exist within the municipality and are maintained at acceptable levels.

#### Vlei lands

A sensitive Vleiland area exists at the mouth of the Olifants River. Conservation measures are in place and the area is well known for its abundant bird life and its contribution as breeding ground for several fish species.

### 2.3.3 Local climate

Vredendal enjoys a temperate climate with cool summer nights due to it being located relatively close to the moderating effects of the Atlantic Ocean (approximately 25km). The town lies at 34m above sea level and has an average summer temperature of 27 degrees Celsius and winter temperature of 19 degrees Celsius in winter. An average of 11.2 daylight hours per day are experienced in January and 6.45 hours per day in June. A generally low rainfall (about 140ml per year) means that the area is reliant on the Clanwilliam Dam and its supporting irrigation canal system for water. The winter rainfall re-feeds the dams and the Olifants River so that there is enough water for irrigation in summer. Wind speeds are generally low throughout the year and humidity levels are usually at a comfortable point.





See Tables below for average climatic conditions for January, March, June and Sept 2009 and 2007.

Year	Month	Mean Temp (°C)	Max Temp (°C)	Min Temp (°C)	Mean Humidity (%)	Mean Wind Speed (Km/h)	Precipitation (mm)
2009	Jan	21.9	30.9	15.2	59.2	8.3	0.25
2009	March	23.3	34.9	15.3	49.7	7.2	0.25
2009	June	14.5	22.9	10.1	71.1	6.8	38.59
2009	Sept	15.6	26.1	9.3	60.9	7.1	3.04

Year	Month	Mean Temp (°C)	Max Temp (°C)	Min Temp (°C)	Mean Humidity (%)	Mean Wind Speed (Km/h)	Precipitation (mm)
2007	Jan	23.6	34.1	15.7	53.6	9.1	0.51
2007	March	21.7	33.3	13.9	54.5	7	3.55
2007	June	13.5	22.7	8.4	68.9	6.8	68.06
2007	August	15.6	25.6	8.7	60.3	6.4	0.25

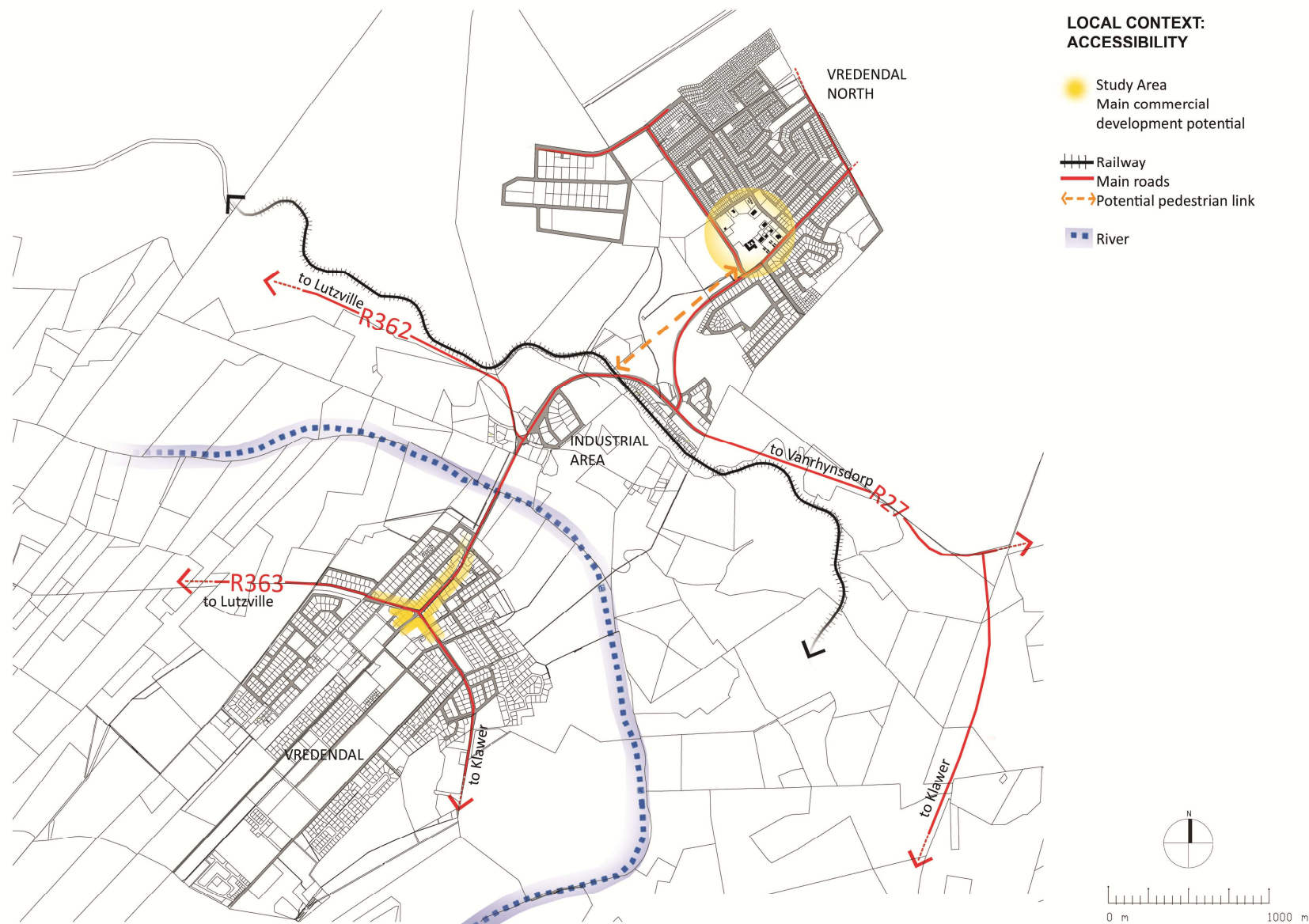
#### 2.3.4 Local accessibility

The town is located 24 km east of Vanrhynsdorp on the west coast tourism route. Vredendal is easily accessed via the R27 and R363. Being centrally located to Klawer, Van Rhynsdorp and Lutzville, logically makes it the economic core of the region. See Figure 13.

#### 2.3.5 History of Vredendal

The history of Vredendal dates as far back as 1732, when the first farm in the area was loaned to Pieter van Zyl. The town of Vredendal was established on this original farm called Vreedensdal. The name is thought to have come about when a war between a stock bartering expedition and the local Khoi finally ended in peace.

The establishment and growth of the modern day town of Vredendal can be attributed to the availability of water from the Olifants River and the associated irrigation canals. The original Dutch Reformed Church village of Vredendal was planned and officially recognised as a town in 1933.



**Figure 13**



## **2.4 Precinct Level Analysis (Vredendal North)**

### **2.4.1 Green systems**

Figure 14 illustrates the current green systems in Vredendal North. Adequate space has been set aside for public open space opportunities, but currently the parks, entrances and road verges are underdeveloped. A new irrigation network is in the process of being installed and when operational, will offer the opportunities for the greening of these public areas. The sport fields are well used and future plans for new fields and supporting irrigation systems are underway.

Various food garden opportunities have been initiated and are being implemented on an ongoing basis by NGO's such as Dorkas and Onse Kaia.

The vlei land, although manmade, has attracted various bird species and developed into an ecosystem that offers educational and recreational opportunities for the community.

### **2.4.2 Water systems**

The following water systems are in the surrounding area of the proposed nodal upgrade and are marked A – F on Figure 15.

**A - Water works**

The water purification works is situated next to the raw water storage dams, marked D, and water is purified here from where it is piped via a gravity fed pipe network to Vredendal South.

Water for Vredendal North is pumped to an elevated reservoir from where it is discharged into the water distribution system of Vredendal North.

**B - Sewerage works**

The Waste Water Treatment works (WWTW's) are currently in the process of being upgraded to ensure effluent of higher quality that is currently discharged into the vleiland as marked C on the following page

**C - Vlei land**

This artificial vleiland is fed by the effluent of the WWTW's and several species of birds do occur within this "reserve".

**D - Local dams**

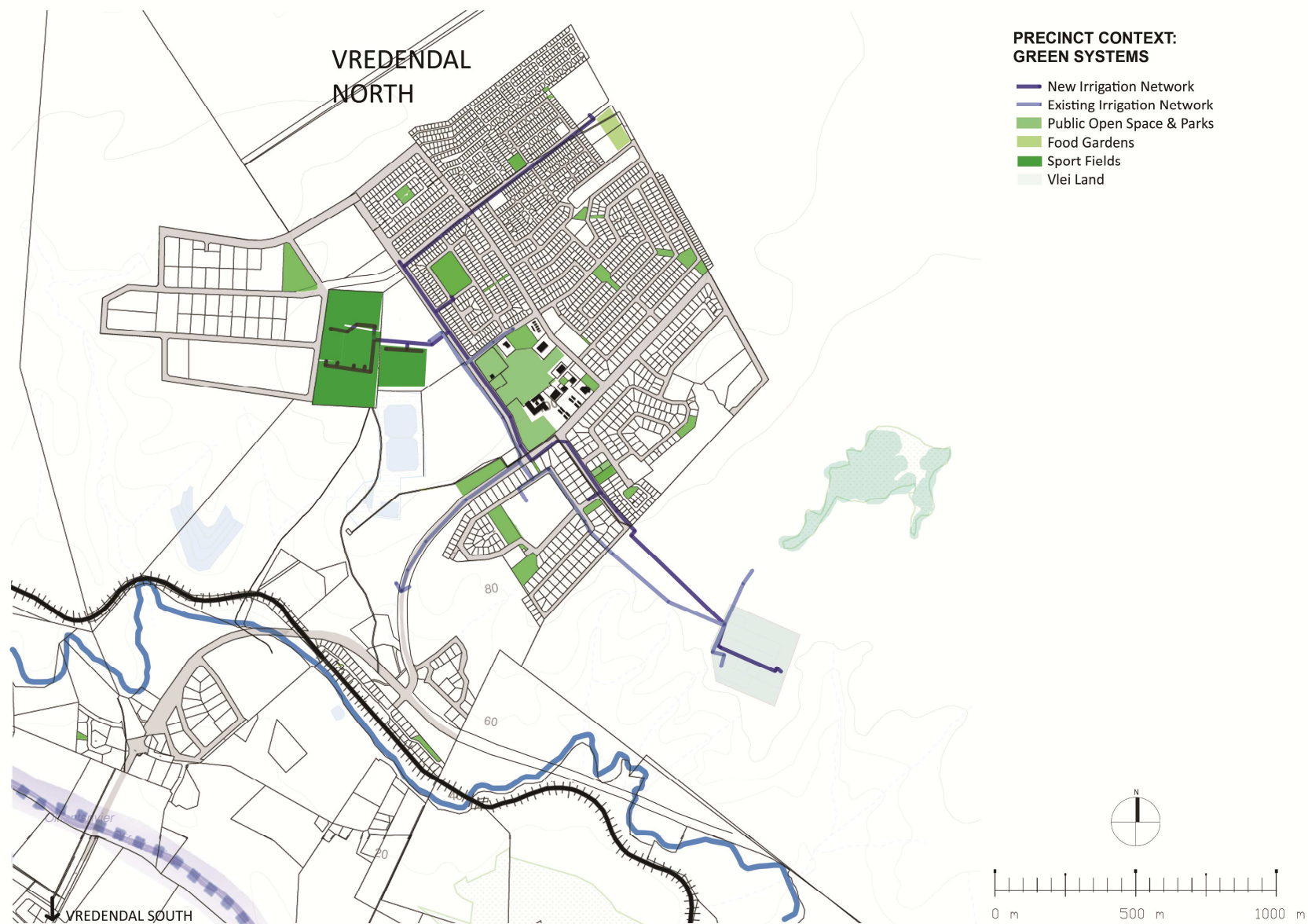
Two local dams, marked D, are used to store water to be purified. This water is pumped from the canal that is fed by the Bulshoek dam as previously mentioned.

**E - Stormwater**

Stormwater systems are constructed and consists of surface channels, pipe and portal culverts and associated infrastructure. Stormwater systems are well developed and have the required capacity to accommodate the extra run-off that will be created by the proposed infrastructure of the new projects.

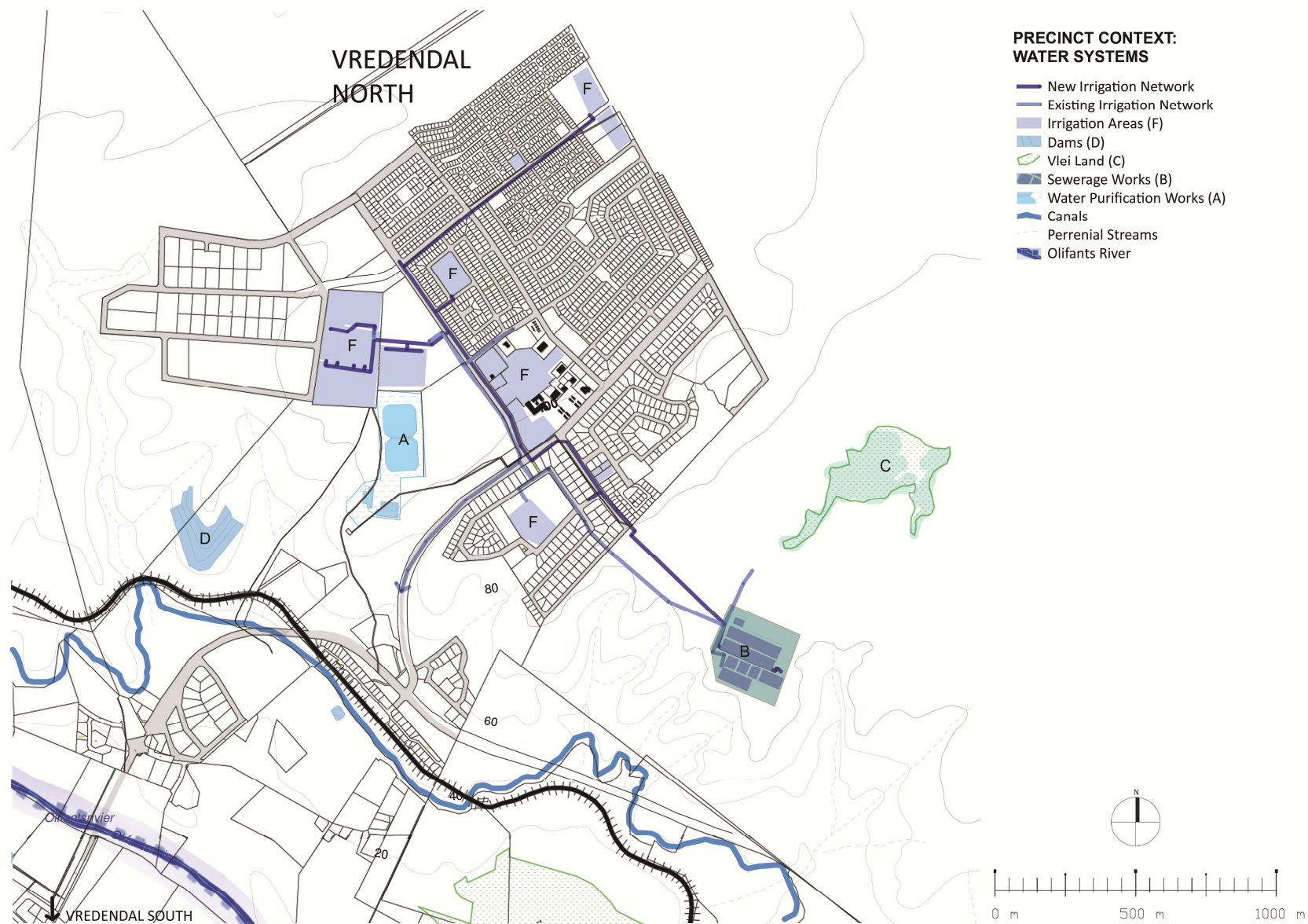
**F - New irrigation system**

This proposed system is currently being constructed and will ensure irrigation water to several draw off points within Vredendal North.



**Figure 14**





**Figure 15**

## 2.4.3 Movement systems

### 2.4.3.1 Road Hierarchy

See Figure 16.

#### Regional & Primary Roads (National and Regional Freeways)

Generally these are rural roads. Their function is to facilitate the regional distribution of traffic. These can be national or provincial roads and include freeways, expressways, dual carriageways and single carriageway main roads.

#### District Distributors or Minor Arterials (Collector Roads)

These roads form the link between the primary road network and roads within the residential and other land use areas. They distribute traffic between the various residential, commercial and industrial districts of the urban area. These roads are characterised by high traffic volumes, restricted access and moderate speeds. The major public transport movement is accommodated by these roads.

#### Local Distributors (Internal Roads)

These are local through routes, which distribute traffic within communities and link district distributors and access roads. Local bus services can be accommodated on these roads and therefore they should be open ended. Local distributors should accommodate traffic generated by between 400 and 1200 dwelling units.

#### Residential Access Roads

These roads provide direct access to property within a residential area. Access for motor vehicles is not the only function of these roads. The roads are also used for recreational purposes (running, cycling, walking etc).

### 2.4.3.2 Pedestrian movement and public transport

See Figure 17.

Pedestrian routes: there are no current formalised pedestrian routes that link Vredendal North to Vredendal South. The residents of Vredendal North use various informal footpaths that form as direct a line as possible to Vredendal South along the steep slope of the hill. There is also no formal/ paved area along the main access route to Vredendal North (Bult Weg).



One of the main informal footpaths cutting through the slope between Vredendal North and Vredendal South.



Pedestrians have no formal area to walk on alongside Bult Weg (the main access route) and into Vredendal South.

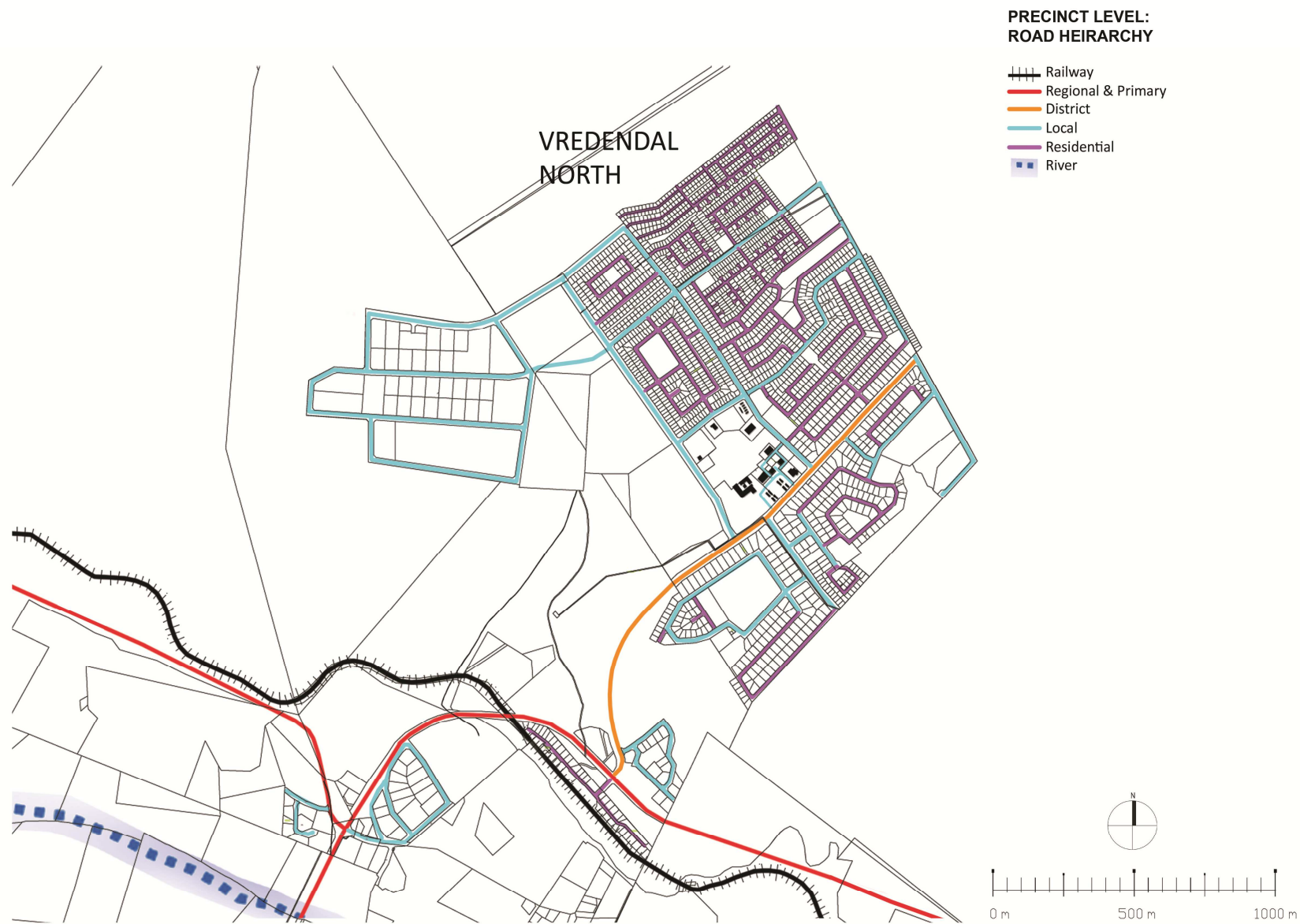
Public transport: Taxis are the only form of public transport between Vredendal North and Vredendal South. A one-way trip costs R7,00. The taxi pick up points are mostly unsheltered. A formal taxi rank was established in Vredendal North, but it is not used as it is not ideally located.



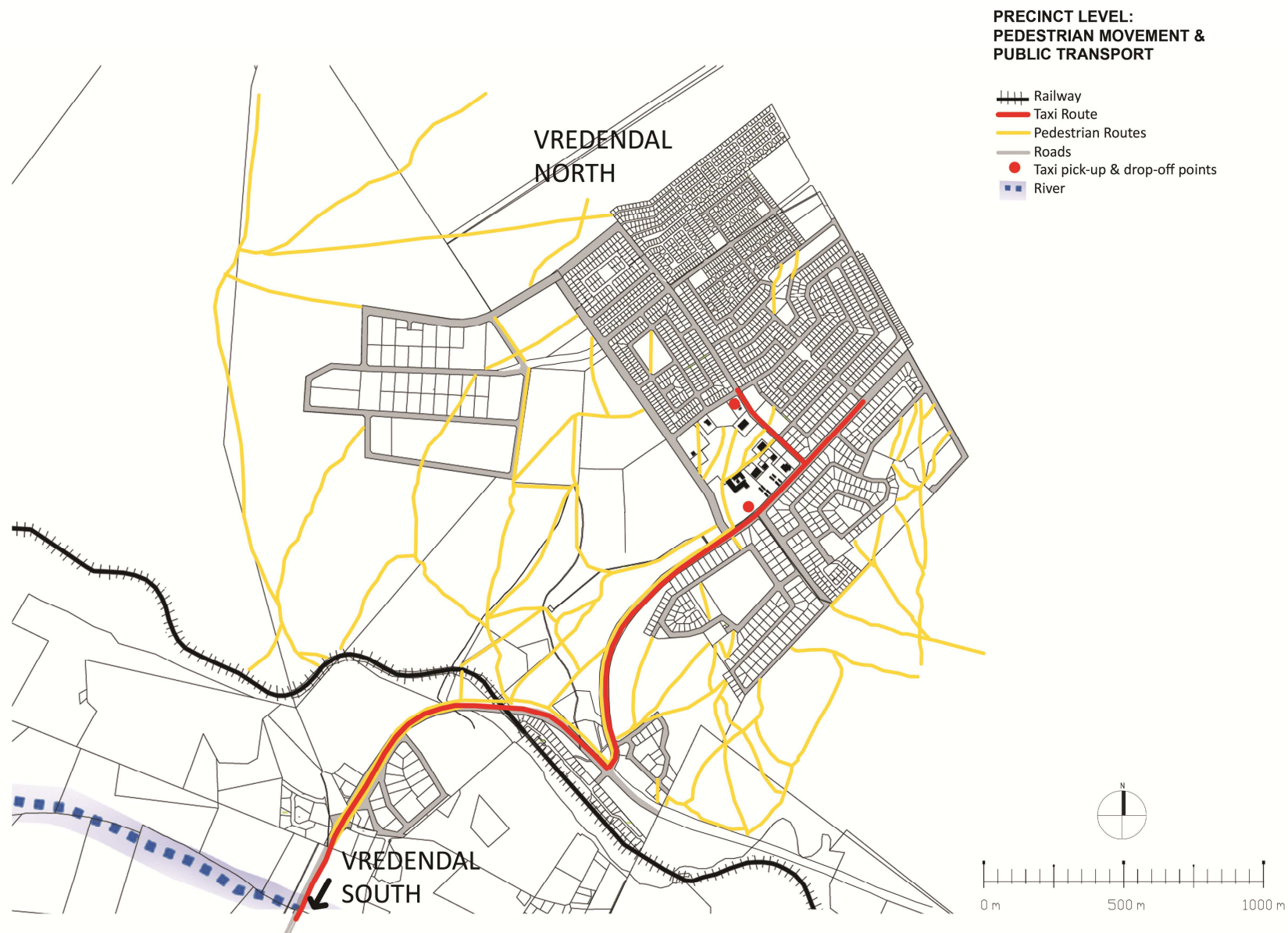


#### 2.4.3.3 **Walking distances and times**

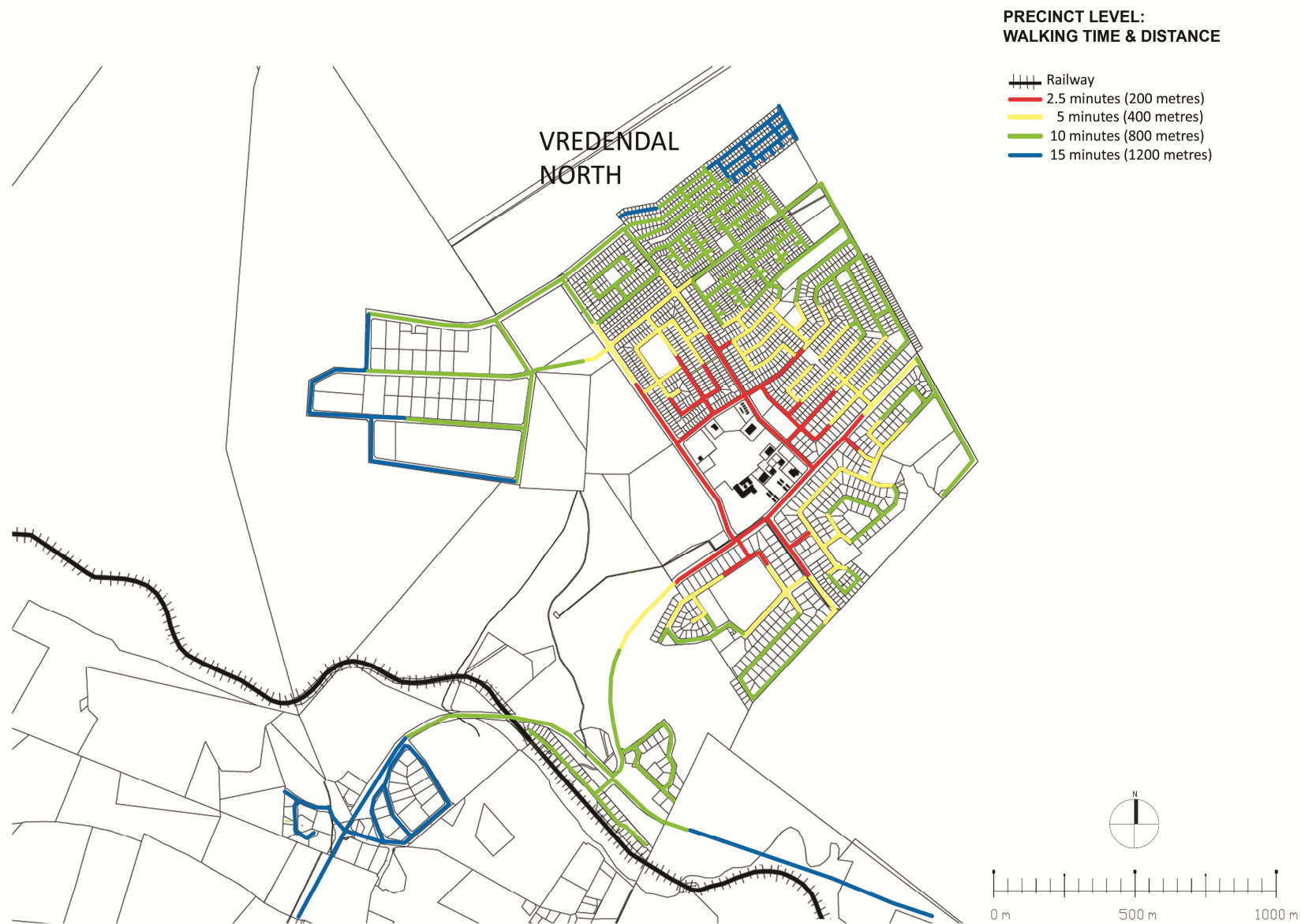
Figure 18 illustrates the various walking times according to distance. Walking distances are illustrated according to walking times from the CBD of Vredendal North (study area) outwards. It can be seen that currently the furthest suburb is a fifteen minute walk from the study area as is the entrance and industrial area of Vredendal South. The walk to Vredendal South is however more strenuous as the route is very steep and therefore takes more effort and more time than what is simply indicated in this diagram.



**Figure 16**



**Figure 17**



**Figure 18**





Photos illustrating the current level of quality and character of the various types of buildings, facilities and open space in the study area.



Left to right:

- Local Funeral Parlour
- Town Hall & Thusong Community Centre
- Home Affairs



Left to right:

- Beehives (LED initiative for small businesses).
- Beehives consist of 6 rental opportunities per building.
- Parking for the local Superette



Left to right:

- Unused taxi rank
- Church
- Open Space

#### **2.4.4 Urban form**

Vredendal North was planned in 1965 in a typical 'dormitory' town form in true apartheid fashion containing mainly residential land uses and some local facilities. The physical buffer between the two towns (North and South) is reinforced by various barriers (rail, river, regional road and topography). These segregationist devices make it very difficult to now (post-apartheid) physically integrate the two communities of Vredendal.

Vredendal North properties vary in density from low (east of Bult Weg Road) to medium high (west of Bult Weg). Residential properties consist only of single dwelling opportunities. Current public facilities and amenities are mostly grouped in the area opposite the high school and are bordered by the two main movement routes (Bult Weg and Hoërskool Weg).

##### **2.4.4.1 Social background and history**

###### Apartheid legacy

Eureka was the first coloured suburb in Vredendal South (established in 1950's). It was demolished in the 1980's and the residents were moved to the area now known as Vredendal North.

Vredendal North was planned in 1965. The first erven were set out in 1977. This area was originally named 'Die Bulte'. The name was changed to Vredendal North in 1986. The town was established over a period of fifteen years. About 600 sub-economical houses and 10 economical houses were built and rented to families over a phased period. The properties were eventually sold to the renters. The first phase was completed in 1985. "Squatters" from Vergenoeg, Die Rand and Rooiberg were moved to Vredendal North in 1988. The Community Centre (designed by architect J. Mans) was opened in 1985.

###### Timeline and development of the community committees

- 1953 - Camp Committee ("Kampkomitee") – advisory committee for the town managers. Role was to advise as to which families were allocated houses to rent in Eureka.
- 1961 – Camp Committee name changed to Advice Committee ("Advieskomitee").
- 1981 – A new Management Committee ("Bestuurskomitee") was appointed on request from the Department of Coloured Affairs.
- 1988 – The Committee won the 1<sup>st</sup> prize of R250 000 in a competition where the community of Vredendal North planted trees and developed a playground. It was decided that the upgrading and beautifying of the new suburb of Vredendal North would become an annual affair.
- 1993 – The Management Committee was dissolved and joined the Town Council to form a unified municipality.

##### **2.4.4.2 Sense of place**

Vredendal North has a strong sense of community, which is not reflected in the physical environment. The "heart" of the town, where the community centre and formal shops are located (the study area), consists of scattered facilities in a vast dusty plain. There are few established trees or greening in this area and in the majority of the town. Public spaces are underdeveloped and largely neglected.

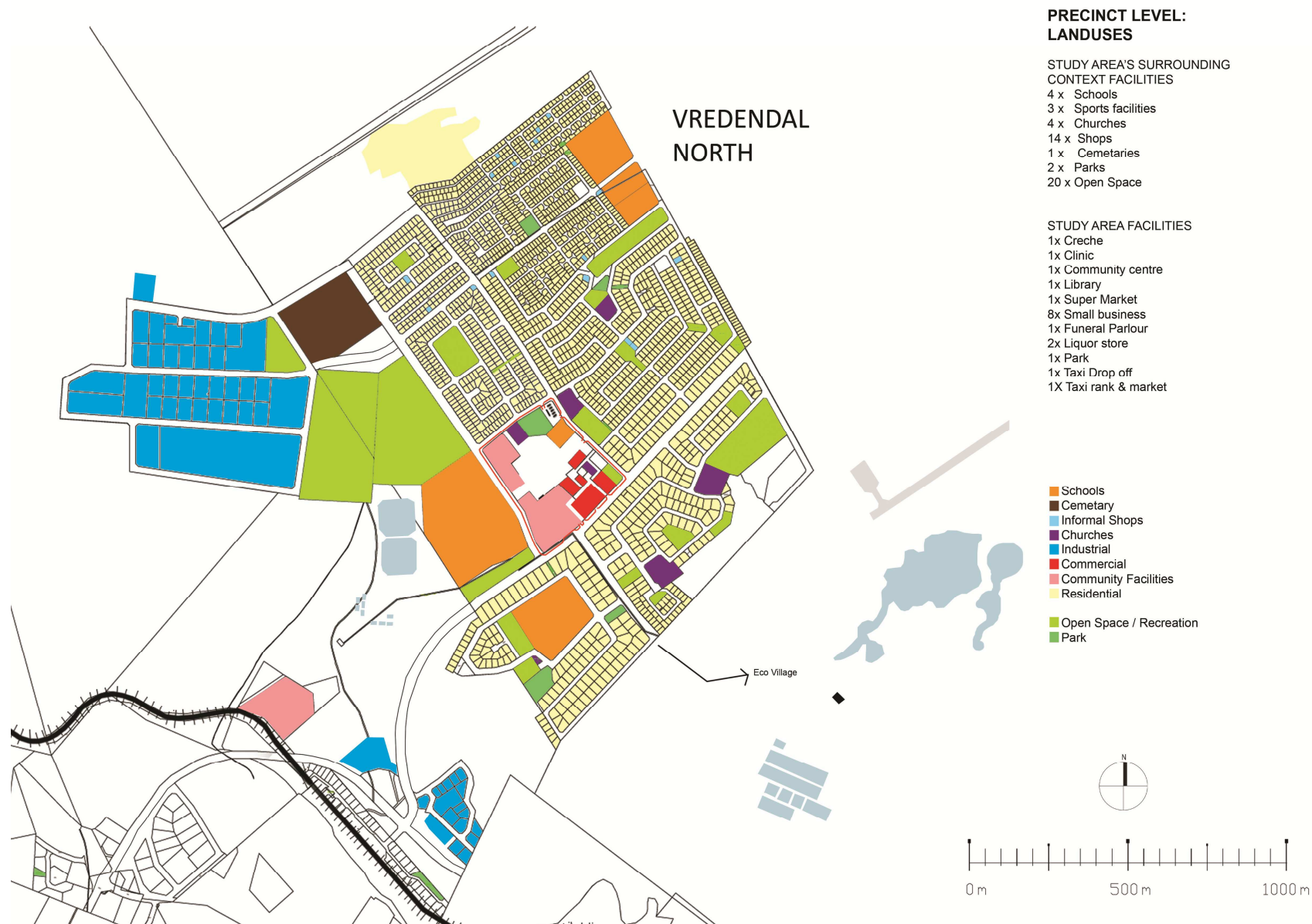




These aerial photographs illustrate the current quality of public open space and facilities available to the Vredendal North community at present.



A plan of the study area showing the existing facilities and amenities.



**Figure 19**



#### 2.4.5 Profile of economic and social facilities

All on-going economic activities in Vredendal North are geared towards serving the needs of the local population. The profile of economic activity suggests that a supermarket and eight small businesses serve the direct interests of the community and are located within the study area. In addition, two bottle stores are found in the study area together with a funeral parlour. In the greater Vredendal North area a further 14 shops of a diverse nature and scope are found. These shops are typically hair salons and cell phone shops. See Figure 19.

In terms of the community and social perspective, a crèche, a clinic, community centre and a library are located within the immediate study area. In terms of transport provision and facilities, a taxi rank and market, and a taxi drop off zone also form part of the study area facilities. In the greater Vredendal North, four schools, three sports facilities and four Churches serve the community. The figure overleaf provides a graphic illustration of the location of these facilities.

#### 2.4.6 Socio-demographic and –economic profile

The following socio-demographic profile of the study area is based on data from the 2001 National Population Census Survey. A summarised socio-demographic profile is presented in Table 1 for the 2001 census year.

**Table 1:** A socio-demographic profile of the study area based on the 2001 Census Survey

		<b>Vredendal North</b>	
<b>Population:</b>	Black African	1 126	12.56%
	Coloured	7 823	87.21%
	Asian	12	0.14%
	White	9	0.10%
	<b>Total</b>	8970	100.00%
<b>Gender:</b>	Male	4 377	48.80%
	Female	4 593	51.20%
	<b>Total</b>	8 970	100.00%
<b>Age classification:</b>	0-18	3 536	39.42%
	19-30	1 758	19.59%
	31-40	1 428	15.92%
	41-50	1 053	11.74%
	51-65	800	8.92%
	Over 65	395	4.40%
	<b>Total</b>	8 970	100.00%

**Source:** Adapted from Population Census Survey (Statistics SA, 2001)

An analysis of the study area population residing within the Vredendal North suggests 87,21% of the people are Coloured, while 12,56% are Black African. Slightly more than 51% are of female gender, while an analysis of the age population suggests that almost 40% of the population are younger than 19 years of age.





#### 2.4.6.1 Analysis of the study area population

The total population of the Vredendal North is estimated at 8 970 people in 2001 (adapted from Statistics SA, 2001). The population of Vredendal as measured in the 2001 census was 14 291 and covers the enumeration areas of 10109000 Vredendal Part1 SP, 10109001 Aiville Park, 10109002 Joe Slovo Park, 10109003 Vredendal, and 10111001 Vredendal North. Table 2 provides an indication of the population distribution between Vredendal North and the Vredendal per population group for 2001.

**Table 2:** Breakdown of the population by population group for the Vredendal and Vredendal North in 2001

Area	Black African	Coloured	Asian	White	Total
Population of Vredendal North	1 126	7 823	12	9	8 970
Population of Vredendal	1 320	10 009	24	2 939	14 291
Percentage contribution to Vredendal	85.33%	78.16%	51.25%	0.31%	62.77%

**Source:** Adapted from Statistics South Africa: Population Census 2001

The findings suggest that 62,77% of the total population residing in Vredendal (not Matzikama area) live in Vredendal North. The breakdown per population group suggests that 85,33% and 78,16% of Black Africans and Coloureds living in Vredendal reside in Vredendal North respectively.

A discussion of key socio-demographic profile characteristics (population, education and age levels) is provided in the following sections. The analysis of the study area that follows is based on data from the 2001 South African Census Survey.

#### 2.4.6.2 Analysis of education levels

An analysis of education levels in the Vredendal North area for 2001 is provided in Table 3. A general overview of the education levels suggests that 10,13% of the Vredendal North population did not indicate any schooling, while 70,82% had some level of education ranging from Grade 1 to 12 or a certificate/diploma with less than Grade 12. Only 4,43% of the Vredendal North population or one in about four to five persons indicated that they have a Certificate/Diploma with Grade 12 or a post-Matric qualification.

**Table 3:** An analysis of education levels for the Vredendal North population in 2001

Education category	Vredendal North	
No schooling	817	10.13%
Grade 1 - Grade 11	5621	69.72%
Grade 12/standard 10/form 5/matric/NTC III	1179	14.62%
Certificate/Diploma with less than Grade 12	88	1.10%
Certificate/Diploma with Grade 12	274	3.39%
Post-Matric qualification	84	1.04%
<b>Total</b>	<b>8063</b>	<b>100.00%</b>

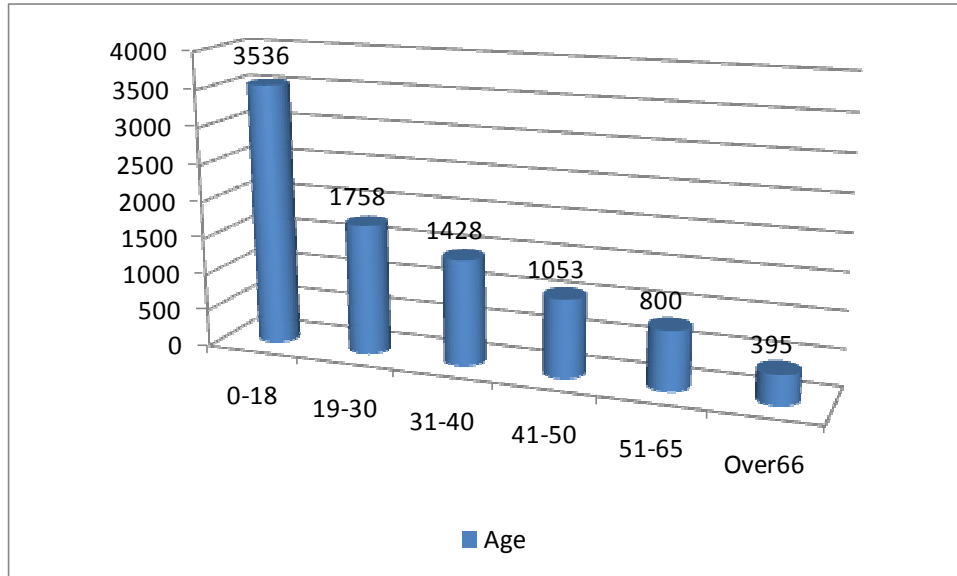
**Notes:** N/A are excluded

**Source:** Adapted from Statistics SA (2001)



#### 2.4.6.3 Analysis of age levels

An analysis of the age levels among residents of Vredendal North is intended to provide an indication of the population that could be considered economically active, i.e. persons between the ages of 19 and 65. The analysis that follows provides a broad indication of age categories for 2001. The findings are provided in Figure 20.



**Figure 20:** An assessment of age levels of residents in Vredendal North for 2001

**Source:** Compiled from data provided by Statistics SA (2001)

The illustration provided in Figure 20 indicates that 39,42% of the population are below 19 years of age. Our analysis also suggests that 56,17% of the Vredendal North population are of the working age category of between 19 and 65 years of age. The assessment indicates that every person who would normally be considered economically active (i.e. between 19 and 65 years of age) could support 1,28 persons that are not economically active. In practical terms, this implies that each 128 persons that have the potential to be economically active, could support 100 persons not normally considered economically active.

#### 2.4.7 Socio-economic characteristics of the population

##### 2.4.7.1 Analysis of annual household income levels

Table 4 provides a classification of the income ranges for households in Vredendal North. An analysis of annual household income for residents indicates that 7,43% of the households do not have an income. The analysis suggests that 34,82% of the households who declared an income, earn an annual income of R19 200 or less (excluding households with no income).

**Table 4:** Distribution of annual household income for Vredendal North in 2001

Income category	Within 1 km	
No income	169	7.43%
R1 - R4 800	56	2.46%
R4 801 - R 9 600	268	11.78%
R9 601 - R 19 200	408	17.95%
R19 201 – R 38 400	563	24.81%
R38 401 – R 76 800	424	18.69%
R76 801 – R153 600	228	10.04%
R153 601 - R307 200	127	5.61%
R307 201 - R614 400	14	0.59%
R614 401 - R1 228 800	8	0.36%
R1 228 801 – R2 457 600	6	0.27%
R2 457 601 and more	0	0.00%
<b>Grand Total</b>	2271	100.00%

Source: Adapted from Statistics SA (2001)

The findings suggest that 57,80% of households that declared an income and reside within 2 km of the site have an income of between R19 201 and R153 600 (excluding households that do not earn an income).

#### 2.4.7.2 Employment and skills level analysis

A perspective of employment among residents of Vredendal North is provided in Table 5 with specific reference to the number of employed, unemployed and not-economically active persons per population group. The latter refers to all the categories stated in Table, but excludes employed and unemployed persons.

**Table 5:** An assessment of employment by population group for 2001 based on specified radii from the Constantia Uitsig development

	Grand Total	Percentage
Employed	3129	50.45%
Unemployed	1120	18.05%
Scholar or student	595	9.59%
Home-maker or housewife	508	8.19%
Pensioner or retired person/to old to work	209	3.38%
Unable to work due to illness or disability	279	4.50%
Seasonal worker not working presently	60	0.97%
Does not choose to work	149	2.40%
Could not find work	154	2.48%
Grand Total	6203	100.00%

Source: Adapted from Statistics SA (2001)

Table 5 indicates that 50,45% of Vredendal North residents are employed, while 18,05% are unemployed. If the number of unemployed are increased to include those actively looking for work, i.e. the broad definition, the rate increases to 20,53%. An assessment of the dependency ratios for the zones is based on the premise that for each person who is employed, a factor of people is unemployed or economically inactive. The findings of the research indicate that the dependency ratio for the



population of Vredendal North is 1,02 employed persons could support one unemployed or economically inactive person.

### Skills levels by industry

A further assessment of employment levels among residents of Vredendal North is provided by economic sector. The findings presented in Table 6 and indicate the percentage employed per economic sector.

An analysis of the economically active population residing in Vredendal North suggests that 64,65% of employed persons work in the tertiary sector, while the figure for the secondary sector is 16,27%. The Community, social and personal services industry employs 23,73% of the total economically active population in Vredendal North, while the industry contributes 36,70% to the total employment generated in the tertiary sector. The Wholesale and retail trade sector with employment of 556 persons or 21,71% of the economically active population of Vredendal North also contributes significantly to employment in the tertiary sector. The construction industry that forms part of the secondary sector accounts for 4,85% of employment in Vredendal North and 29,80% of employment in the secondary sector. The primary sector of the economy provides employment for 19,09% of the Vredendal North economically active population.

**Table 6:** Classification of employment per economic sector in 2001 for Vredendal North

Sector	Grand Total	Percentage
Agriculture, hunting; forestry and fishing	332	12.38%
Mining and quarrying	180	6.70%
Manufacturing	257	9.57%
Electricity; gas and water supply	50	1.85%
Construction	130	4.85%
Wholesale and retail trade	556	20.71%
Transport; storage and communication	139	5.18%
Financial, insurance, real estate and business services	199	7.43%
Community, social and personal services	637	23.73%
Private Households	204	7.60%
Grand Total	2683	100.00%

**Note:** Excluded from the figures above are categories for Not adequately defined, Un-determined and Not Applicable

**Source:** Adapted from Census Survey Data, Statistics SA (2001)

### Employment by occupation

An assessment of employment by occupation and population group is provided in Table 7 for the specified concentric zones. The findings suggest that the primary occupations for economically active residents of Vredendal North is Mining; construction; manufacturing and transport labourer followed by Sales and services elementary occupations. Other occupations of note include Agricultural; fishery and related labour, Extraction and building trades workers and Office clerks.



**Table 7:** Classification of occupations for economically active residents of Vredendal North in 2001

Occupation type	Grand Total	Percentage
Legislators and senior officials	7	0.24%
Corporate managers	74	2.48%
General managers	46	1.54%
Physical, mathematical and engineering science professionals	36	1.22%
Life science and health professionals	18	0.59%
Teaching professionals	25	0.85%
Other professionals	59	1.98%
Natural and engineering science associate professionals	64	2.15%
Life science and health associate professionals	39	1.29%
Teaching associate professionals	111	3.72%
Other associate professionals	103	3.44%
Office clerks	252	8.44%
Customer service clerks	139	4.64%
Personal and protective services workers	193	6.46%
Models, salespersons and demonstrators	149	4.97%
Market-oriented skilled agricultural and fishery workers	60	2.02%
Subsistence agricultural and fishery workers	0	0.00%
Extraction and building trades workers	213	7.12%
Metal; machinery and related trades workers	71	2.36%
Handicraft, printing and related trades workers	6	0.21%
Other craft and related trades workers	39	1.30%
Stationary-plant and related operators	23	0.77%
Machine operators and assemblers	36	1.19%
Drivers and mobile-plant operators	125	4.16%
Sales and services elementary occupations	394	13.17%
Agricultural; fishery and related labourers	295	9.86%
Mining; construction; manufacturing and transport labourers	414	13.84%
Grand Total	2990	100.00%

**Source:** Adapted from Statistics SA (2001)

**Notes:** Totals exclude N/A and undetermined

## 2.5 Current SDF Planning for Vredendal North

The Spatial Development Framework for Matzikama aims to positively shape the way this municipality develops its space into the future. It includes the preparation of plans that will guide the physical development of the various towns within the municipal boundaries (where, what and when).

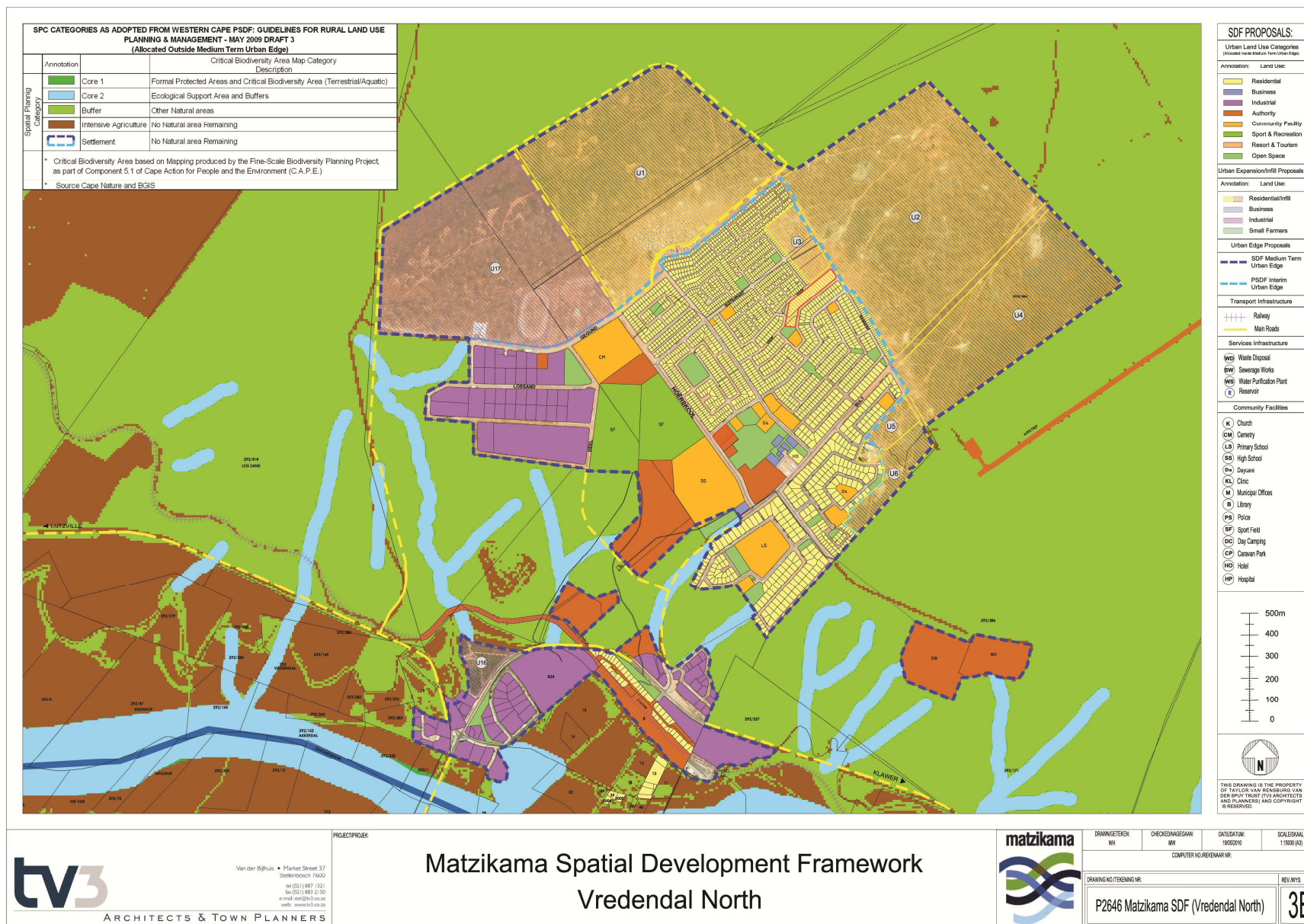
Spatial plans are used to assess applications submitted by property developers. They also guide changes in land-use rights and guide public investment in infrastructure.

The implementation of these plans relies on partnerships between the private sector, communities and other spheres of government.

The SDF is a useful and effective tool with which to manage and monitor growth and development in the area, and informs investors about what they are 'buying' and where development opportunities exist in the short and longer term.

Figure 21 is the current SDF for Vredendal North and illustrates the directions and extent of where this township will be developing in the near future.

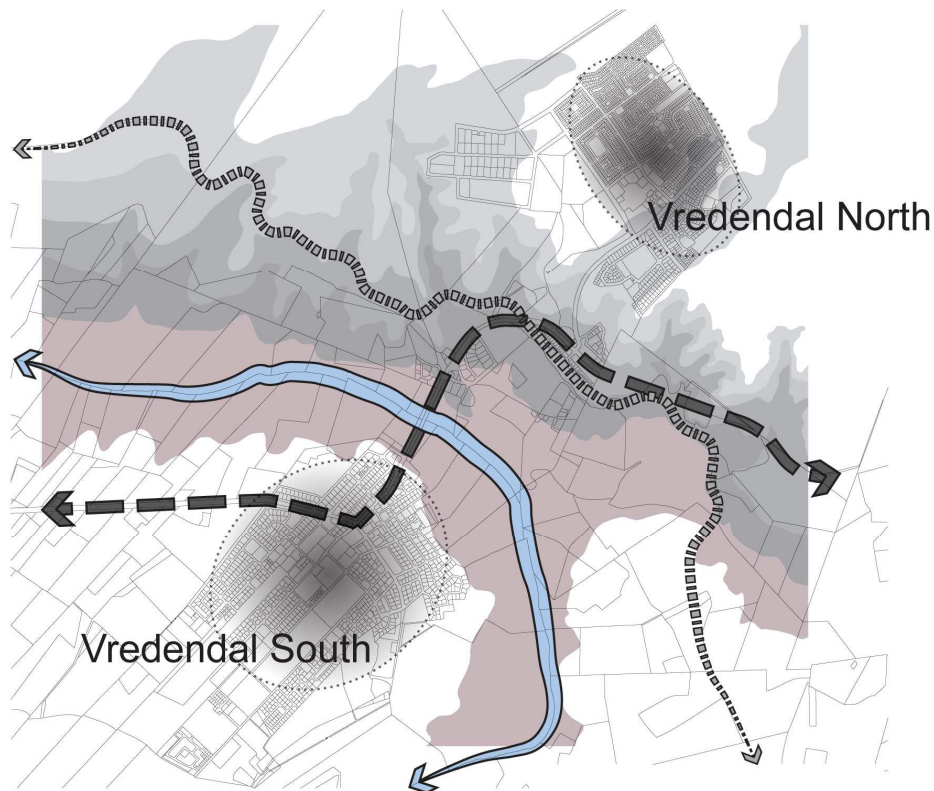




**Figure 21** (source: Matzikama SDF 2010)

## 2.6 Development Opportunities & Constraints

### 2.6.1 Constraints



- Barriers preventing integration through physical planning: river, regional roads, railway, steep slopes.
- Interventions are limited to the land available for developing a CBD in Vredendal North.
- The study area is not entirely centralised within Vredendal North and therefore some community members will need to cover a greater distance to access the development opportunities than others.
- Challenge of releasing funding from public and private sector investors.

The diagram below illustrates the various barriers that prevent physical integration of Vredendal North with Vredendal South: slope, railway, road and river.

### 2.6.2 Opportunities

- Strengthening of links to Vredendal South: pedestrian, visual connectivity, economic opportunities.
- Address issues of community safety through strategic intervention planning.
- Adequate access to water for greening opportunities.
- Availability of land connected to current facilities provides an opportunity to cluster community functions.

- Potential to develop a new economic centre within Vredendal North as opposed to all shopping opportunities being restricted to Vredendal South.
- Opportunity to create multi-functional vibrant public spaces that engender a sense of community pride/ ownership/ uniqueness.

The diagram below illustrates the opportunities of connecting the core areas of Vredendal North and South with a safe, well designed formal pedestrian system. It also shows the opportunity of enhancing the entrance to Vredendal North and developing a green network for Vredendal North.



## 2.7 Overview of target groups (beneficiaries)

The beneficiaries of the project are primarily the Vredendal North Community and the greater Vredendal area. The nature of the project offers a spatial economic distribution of business activity in areas that are generally denied the resources required to develop and grow. Also refer to sections 2.4.6 and 2.4.7.



## 2.8 Stakeholder analysis

The project has both internal and external stakeholders. Typical internal stakeholders for a project of this nature include, the community, business owners operating in the study area, the Matzikama Municipality. External stakeholders include potential funding/investment partners from outside the area, NDPG Unit National Treasury, West Coast District Municipality, Provincial Government of the Western Cape. Each of the stakeholders is briefly discussed in terms of the following:

- Nature of the stakeholder (ID and brief note);
- Scope of the stakeholder business/activity (describe);
- Association with the project (direct/indirect);
- Impact of the stakeholder on the project (high/medium/low).

Also refer to section 1.6.

### 2.8.1 Internal stakeholders

The following internal stakeholders are relevant to the project:

Name of stakeholder	Vredendal Community
Nature of stakeholder	Residents of Vredendal North
Scope of stakeholder	End users
Association with the project	Beneficiaries
Impact on the project	High

Name of stakeholder	Matzikama Municipality
Nature of stakeholder	Local Governing Body
Scope of stakeholder	Responsible for local government
Association with the project	Primary Public Investor & Project Manager
Impact on the project	High

Name of stakeholder	Small Business Owners
Nature of stakeholder	Entrepreneurs & Small business owners
Scope of stakeholder	Potential small enterprises in various spheres
Association with the project	Beneficiary of commercial rental space and support
Impact on the project	Medium

Name of stakeholder	Large Business Owners
Nature of stakeholder	Established/ Experienced Business Entities
Scope of stakeholder	Various large scale commercial endeavours
Association with the project	Large Private Investor
Impact on the project	High





## 2.8.2 External stakeholders

The following external stakeholders are relevant to the project:

Name of stakeholder	NDP Unit National Treasury
Nature of stakeholder	National Treasury's Neighbourhood Development Programme Unit
Scope of stakeholder	Project catalyst & enabler
Association with the project	Public Investor/ Manager
Impact on the project	High

Name of stakeholder	West Coast District Municipality
Nature of stakeholder	District Government
Scope of stakeholder	Governing on a district level
Association with the project	
Impact on the project	Med

Name of stakeholder	Western Cape Provincial Government
Nature of stakeholder	Provincial Government
Scope of stakeholder	Governing on a Provincial level
Association with the project	
Impact on the project	Low



### 3. RATIONALE AND OBJECTIVES OF THE PROJECT

The importance accorded local economic development by national government makes it imperative to introduce policies and strategies to support the development and growth of the local economy in the Matzikama area with specific reference to un- or under-developed areas such as Vredendal North. The Matzikama Municipality through its Council and Municipal Manager have recognised the need for a more direct focus on ensuring delivery and service provision of economic development programmes and projects in under-development areas within the Municipality. Prioritisation is now key and therefore the endorsement of the NDPG programme and achievement of its objectives are core to ensure community upliftment, development and the creation of sustainable living and lifestyle areas.

#### 3.1 Rationale for the project

The rationale for the project is to establish an implementation structure and programme that identifies, addresses and supports the development needs of the Vredendal North Community through provision and facilitation of an effective, efficient and quality community project that offers public and private sector services in an integrated manner. The basis for achieving this mission encompasses the following:

- Facilitate the creation of sustainable jobs and empowerment through a high impact flagship project;
- Promote development that is aligned with core environment , social and economic principles in Vredendal North;
- Enhance the competitiveness of the Vredendal North economy;
- Provide meaningful support for the regeneration of Vredendal North as an under-developed area with the Vredendal town and Matzikama Municipality; and
- Support SMME development through mentoring and capacity building.

The vision for the Vredendal North Project is aligned with the IDP vision of the Municipality to create a "safe, peaceful and prosperous community" and encapsulates the following:

The creation of a integrated development project that offers effective and focused services in the public and private domain so as to enhance business sustainability, create economic wealth, address unemployment and in so doing achieve the principles of the Matzikama Municipal IDP.

#### 3.2 Objectives

The Integrated development project aims to achieve the following broad-based objectives:

- To facilitate **Job Creation** in Vredendal North for the Vredendal North Community;
- To ensure that the needs of **Small Businesses** are adequately addressed;
- To promote the **Creation and Growth of Enterprises** owned and managed by small business entrepreneurs from Vredendal North that form part of the project;
- To facilitate the development of **Skills** among business owners and employees as a mechanism to enhance sustainable development and business practices for participating businesses;



- To foster **Productive Linkages** between businesses in the Matzikama Municipal area and the wider Western Cape, South African and even international economy;
- To provide for a **One-Stop Shop Delivery and Service System** for facilitation and coordination of public and private sector service requirements;
- To strengthen **pride and ownership** in the local community;
- To stimulate **accessibility and connectivity** within the Vredendal community through the design of quality public space and linking routes.
- To reduce opportunities for crime by planning self-sufficient and **well-managed facilities and public spaces** that offer natural surveillance opportunities.

### 3.3 Societal benefits and costs of the project

#### 3.3.1 Benefits of the project

##### 3.3.1.1 Quantitative benefits

Financial benefit to the economy of Vredendal North is to prevent leakages and retain income. The community of Vredendal North, who currently have to do most of their shopping (spending) in Vredendal South, will have access to a revitalised CBD node. This will provide the opportunity for them to spend their money locally whereby it will directly (through local businesses) and indirectly (through travel and other savings) benefit the community of Vredendal North.

Financial opportunities will be in the form of the following agglomerations:

1. New & upgraded Public Facilities:

Post Office, Public Phones, Ablution Facilities, sheltered Transport Interchanges and defined Pedestrian Routes, expanded and improved Thusong Centre, new and improved Clinic, new and improved Crèche, Multi-functional Public Square and Informal Trading setups.

2. Private Sector Investment Opportunities:

New Residential Typologies, Filling Station, Shopping Centre and Small Business Enterprises.

##### 3.3.1.2 Qualitative benefits and alignment with the IDP

The Vredendal North project is not implemented in isolation, but forms an integral part of broader guiding principles, (i.e. sustainable development, smart growth, land development, Agenda 21 and Batho Pele) that underpin the implementation of the project. In terms of these principles the Matzikama Municipality underscores the following key performance areas (Matzikama Municipality, IDP review, 2009, p.27):

- The provision of basic services to the best possible level;
- Human development to enable people to develop to their full potential;
- Economic development with full participation to all and with focus on both First and Second

These key performance areas should contribute to achieving the following:

- Reduction in unemployment;
- Increased economic and business opportunities; and
- Increase income for the local economy.



The key inputs and outputs required to achieve the abovementioned strategic objectives are universally applicable to all three performance objectives of the Municipality.

### **3.3.2 Costs of the project to the community**

This project could have the following potential costs to the community of Vredendal North, but these are far outweighed by the potential benefits:

- Loss of vacant municipal land; and
- Disruptions to the normal state of existence during the construction phases of the various projects.

## **3.4 SWOT Assessment**

### **3.4.1 Strengths**

- Employment opportunities and skills training during the construction phases
- Upliftment of the urban environment through the creation of vibrant public spaces
- Increased access to public facilities and a variety of shopping experiences
- The opportunity to link with existing infrastructure, services and public facilities
- Access to small business opportunities and assisted further education in business management
- Access to different spheres of housing typologies that are currently not available
- New and improved facilities for healthcare

### **3.4.2 Weaknesses**

- Potential for lack of ownership from the community before the project has had time to be fully developed
- The project is not entirely centralised within Vredendal North and therefore some community members will need to cover a greater distance to access the project than others

### **3.4.3 Opportunities**

- Investment opportunities: shopping centre, filling station, housing etc.
- Employment opportunities: during construction and implementation phases
- Public environment opportunities: urban renewal and revitalisation, vibrant public spaces

### **3.4.4 Threats**

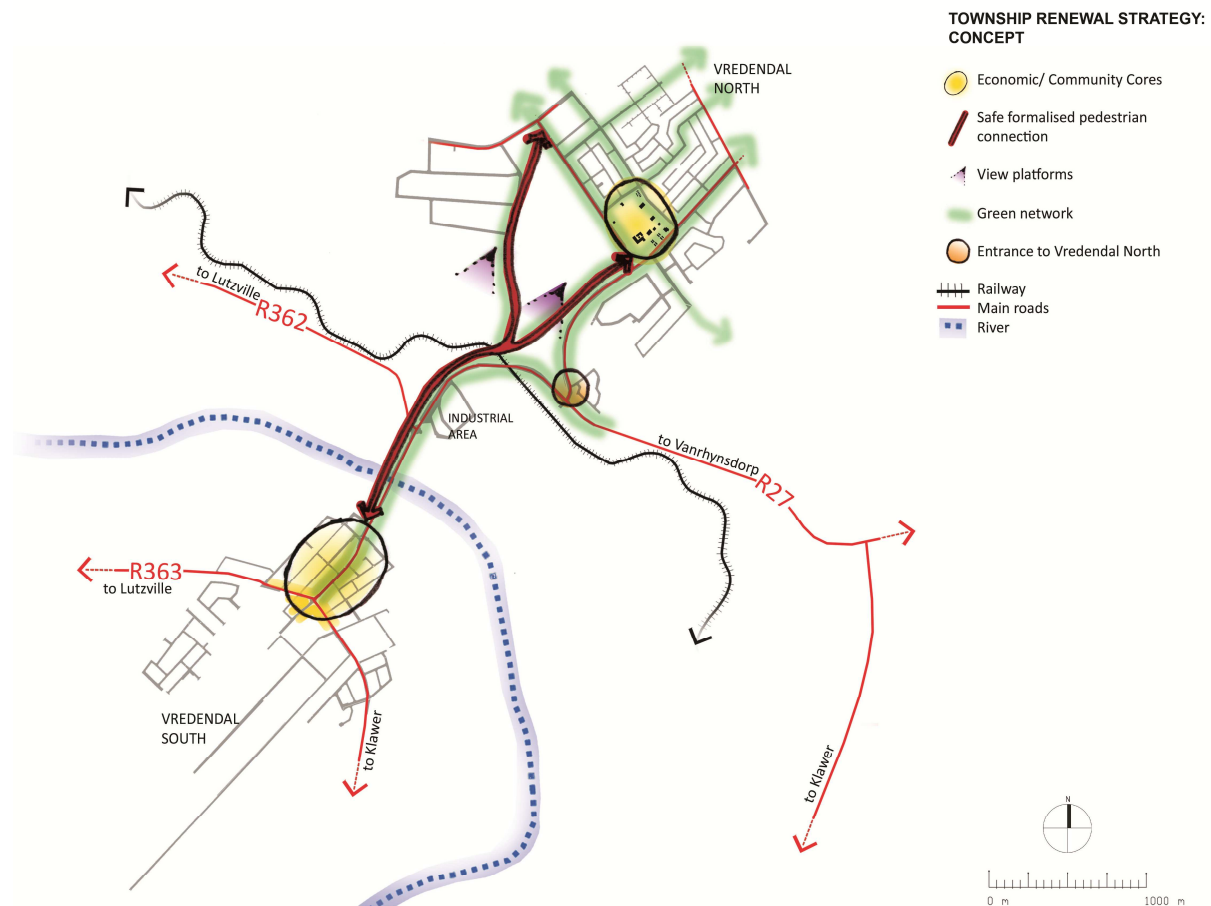
- Guidelines need to be enforced in order for the project to reach its full potential
- The sum is only as good as its parts and therefore relies on the other components to create the spaces. This may take some time.
- Poor management
- Financial risk (funding)



## 4. NDPG PROJECT

### 4.1 Vision

- To take an innovative, solutions-driven approach in addressing the economic and environmental issues that affect the residents of Vredendal North.
- To enable more equitable access to education, health care, child care, fresh foods, green space and economic opportunities that restore and renew.
- To establish a safe, vibrant and liveable public environment.
- To develop appropriate economically and environmentally relevant projects with the community of Vredendal North.



### 4.2 Concept

The concept developed from the dominant themes that arose out of the opportunities as identified in the contextual analysis.

- **Accessibility and connectivity**
  - A formal pedestrian link/connection with viewing/outlook platforms for a physical and visual connection to Vredendal South and the surrounding area.
  - A green network, including the establishment of urban parks, the upgrading and planting of street environments and the enhancing of the entrance to Vredendal North.

- **Economic opportunity**

- job creation and access to local shopping opportunities

- **An uplifting and inspiring public realm**

- An intersection point for the Vredendal North community to gather, entertain and engage in social activities, which in turn will facilitate neighbourhood integration and regeneration.
- Attractive places of permanence that engenders community interaction.



### 4.3 Vredendal North Township Renewal Strategy (TRS)

The diagram above illustrates the concept in more detail. The urban centre consists of a multi-functional public square surrounded by interfacing and supporting facilities and commercial and residential opportunities. The proposed urban core is located at the junction between public transportation interchanges, local markets and clusters of community facilities. These components are discussed in more detail below.



Diagram illustrating the design concept for the focus area: a combination of public amenities, facilities, residential and economic opportunities hold and interface onto the multi-functional public square.

#### 4.4 Project components

The location of the project site is based on its proximity to current public amenities, transport and pedestrian routes as well as investment opportunities on vacant land. Combinations of various components have been grouped around a central public space.

The commercial components are located along Bult Weg, which is the primary access and collector route of Vredendal North. The taxi interchange will be upgraded to accommodate the volumes of users (both current and future) and to provide sufficient shelter from the elements (sun, wind, rain).

The community amenities are located around the existing community centre and will expand onto and interface with the proposed public square. The new health facilities also form an interface with the public square and are easily accessed via Höer Skool Road.

Residential opportunities form the interface between the public square and the existing residential neighbourhoods. The placement, orientation, scale and form of the new buildings in relation to each other and the surrounding environment will create semi-public spaces and provide opportunities for natural surveillance of this community urban node.

The design of safe pedestrian and cyclist connections between Vredendal North and South will physically connect and, to a degree, integrate these two communities more effectively.

Detailed descriptions of the project components follow. See Figures 22 and 23.



#### **4.4.1 Pedestrian link**

After consulting with the community, the most desired direct pedestrian and cyclist route to Vredendal South will be finalised and formalised with paving, lighting and tree planting. Two main routes have already been identified.

#### **4.4.2 Green network**

Various public parks have been identified for either upgrading or establishing of play areas, seating, tree planting and lighting. These and existing green spaces (sport facilities, schools fields etc.) will be linked with a network of revitalised street environments including tree planting, paving, lighting etc.

#### **4.4.3 Public and social amenities**

Various amenities have been proposed. These include:

- extensions to the community centre
- a new clinic
- a crèche
- an upgraded taxi interchange
- a multi-purpose public square
- landscaping/greening of the area
- upgrading and landscaping of the town entrance (gateway zones)

The existing “beehives” are currently being renovated as an intermediate project in order to improve the environment and instil a sense of positivity in the community towards the future projects. In the interim, the crèche relocated out of the community centre and into a custom renovated space within the “beehives” to provide much needed space in the community centre for other community services.

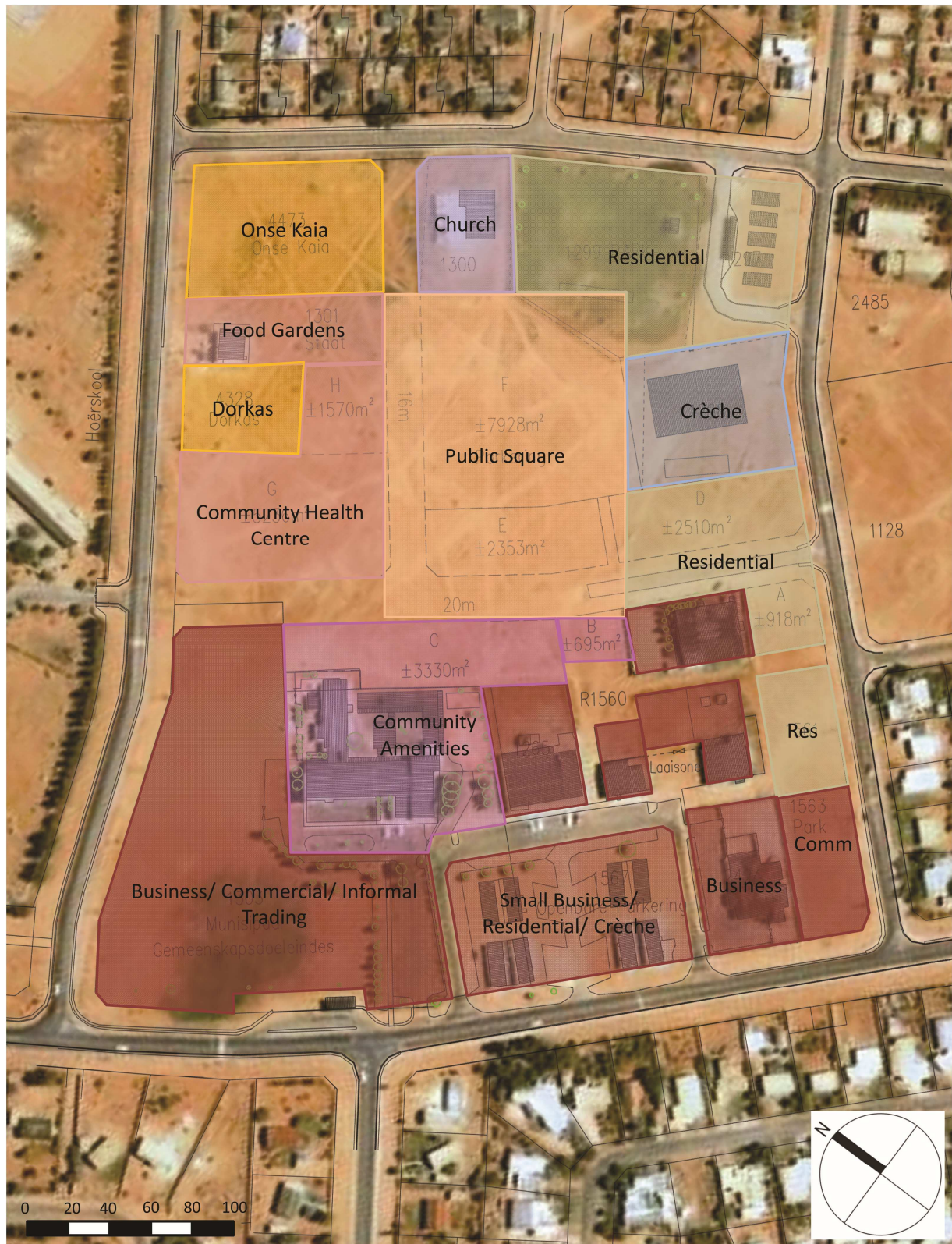
#### **4.4.4 External/ supporting economic investment opportunities**

The NDPG project offers a mix of investment (land development) opportunities, which range from commercial to residential and mixed-use. Market survey information and discussions with the community suggests that public facilities followed by commercial facilities are highlighted as a need by Vredendal North residents. Residential opportunities are considered secondary to both public sector and commercial facilities, but could create a sense of CBD living once facilities are established that address the key needs of residents.

An investment in the Vredendal North CBD offers opportunities for public private partnerships, which include various transaction options that are tailored to achieve the most appropriate outcome for the Municipality, the community and the private party (refer to Section 6.1).

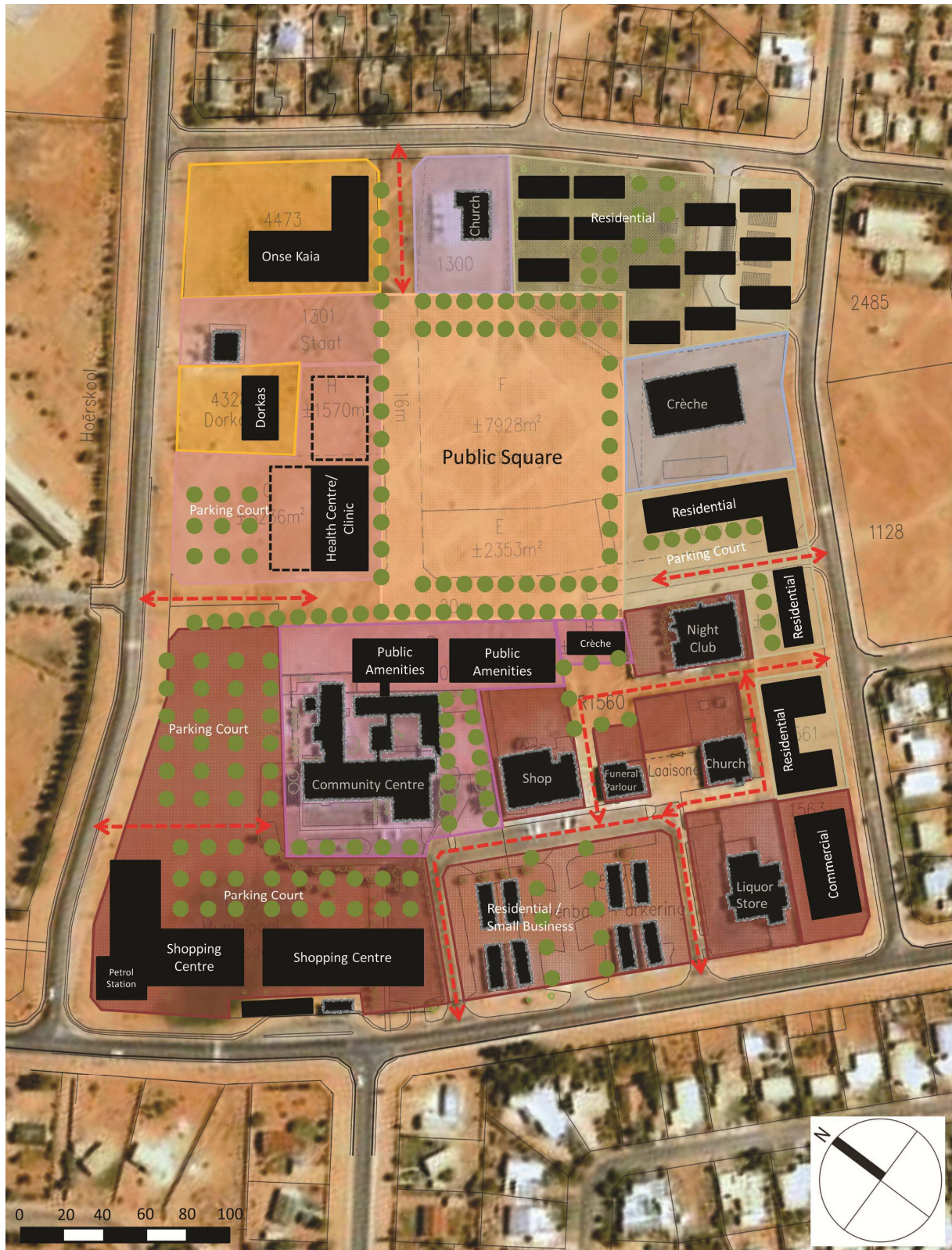
Now would seem an appropriate opportunity to investment in a scope of projects that would address the needs of residents and provide an opportunity for the development of a partnership with the Municipality and the Community.





**Figure 22:** Proposed land-use groupings around a central public square for the urban centre in Vredendal North.





**Figure 23:** Illustrates how the position, scale and form of buildings and their interfaces structure the spaces around them, thus playing a crucial role in the creation of quality public place making.



## 4.5 Detailed description of project components

### 4.5.1 Public Sector driven components

Component	Status	Reason
Post Office	New	Public necessity
Public Phones	New	Public necessity
Ablution Facilities	New	Public necessity
Sheltered Transport Interchanges	Moved and improved	current shelters are obsolete and do not provide much cover from the elements
Pedestrian Routes	New & Defined	Need for paved, safe and well lit routes
Thusong Service Centre	Expanded and improved	Needs more space to accommodate various community functions
Clinic	New and improved	Current space is too small and inflexible
Multi-functional Public Square	New	Need for a dynamic, multifunctional urban square to accommodate various needs
Informal Trading setups	New and Improved	Current trading facility is poorly located and designed.
Crèche	New and improved	Current location is limiting the Thusong Centre and is unsuitable for its use.

### 4.5.2 Private sector driven components

Component	Status	Reason
ATM	New	Community need to accommodate/support commercial components
Residential Typologies	New	Gap for different forms of housing at different levels of financial status. Also provides 24hr element to CBD
Shopping Centre	New	Commercial need/ gap in market
Small Business Enterprises	New and Improved	Commercial and community upliftment opportunity

## 4.6 Actions to achieve concept design

The table below indicates each objective together with an associated action and the envisaged output/outcome related to the action in order to develop the concept design.

Objective	Action	Outcome/Output
Achieve buy-in for the development concept	Liaise with the identified stakeholders/beneficiaries	<b>Outcome:</b> Achieve consensus among stakeholders <b>Output:</b> Written confirmation of agreement on the concept
Assess which facilities and amenities are available and whether they are sufficient or need expansion and/or new opportunities	Desktop study as well as ground testing	<b>Outcome:</b> Arrive at a potential list of new or expanded facilities/amenities <b>Output:</b> apply list to design



Assess community needs and desires to determine appropriate mix of facilities	Door to door survey within the community	<b>Outcome:</b> Realistic / accurate assessment of community desires <b>Output:</b> Written market assessment to be applied to the design
Analysis of the existing social, economic, environmental and urban factors to inform the design	Desktop and ground truthing studies to assess all background information and current physical conditions which influence the outcome of the design	<b>Outcome:</b> accurate and up to date base information to support the intervention proposals <b>Output:</b> Analysis report

## 4.7 Actions to achieve delivery of structures

The table below indicates each objective together with an associated action and the envisaged output/outcome related to the action in order to achieve delivery of structures.

Objective	Action	Outcome/Output
Achieve buy-in for the concept	Liaise with the identified stakeholders/beneficiaries	<b>Outcome:</b> Achieve consensus among stakeholders <b>Output:</b> Written confirmation of agreement on the concept
Attract investment from private investors <ul style="list-style-type: none"> <li>Retail</li> </ul>	Liaise with the interested stakeholders/investors	<b>Outcome:</b> Economic investment opportunities <b>Output:</b> Agreement for signing by investor & municipality
Attract investment from private investors <ul style="list-style-type: none"> <li>Housing</li> </ul>	Liaise with the identified stakeholders/investors	<b>Outcome:</b> Residential investment opportunities <b>Output:</b> Written agreement for signing.
Facilitate investment for Public Amenities – Municipal Funds <ul style="list-style-type: none"> <li>Thusong Centre</li> <li>Public Square</li> <li>Education, inclusive of crèche</li> </ul>	Liaise with: <ul style="list-style-type: none"> <li>Community Forums</li> <li>NGO's</li> <li>Councillors</li> <li>Youth Groups</li> </ul>	<b>Outcome:</b> Budgets committed to Public Amenities <b>Output:</b> Design and present the opportunities as per the needs of the community and "users" of the facilities.
Attract investment from Department of Health <ul style="list-style-type: none"> <li>Clinic/Day Hospital</li> </ul>	Ensure that talks between Matzikama Municipality and Department of Health proceed to ensure budgeting for and fast tracking of the proposed Clinic.	<b>Outcome:</b> Achieve consensus among stakeholders <b>Output:</b> Written agreement for signing and implementation plan for the proposed clinic.
Facilitate the development of Motorised and Non-Motorised Transport systems <ul style="list-style-type: none"> <li>Taxi Interchange</li> <li>Pedestrian Pathway</li> </ul>	Consult with Taxi industry and Community Forums regarding NMT and new Taxi facility.	<b>Outcome:</b> access to improved Motorised and Non-Motorised Transport systems <b>Output:</b> Construction of the Taxi Interchange and the new Pedestrian Pathways from Vredendal North to Vredendal South.





## 4.8 Actions related to implementation

The table below indicates each objective together with an associated action and the envisaged process related to the action in order to implement the various projects.

Objective	Action	Process
Crèche	Custom renovation	New crèche as part of the quick win project – Construction in progress - Estimated date of Completion, November 2010
Computer room	Custom renovation	New computer room – Estimated date of completion, November 2010
Pedestrian path	Design Complete	Construction to commence after approval of Business Plan (BP)
Public Square	Design concept complete	Detail design development to proceed after approval of BP
Rezoning of area	With land surveyor and planner	To proceed after approval of BP by NT.
Integrated housing	Project to be packaged	Prepare requests for proposals for Matzikama Municipality
Public Open space upgrade	Design in progress	To design and develop the parks and greening of the streets in Vredendal North
Clinic / Day Hospital	Ensuring a higher level of health service to the people of Vredendal North	Negotiations with Department of Health
Taxi Rank	Design and release funds	To proceed after approval of BP
Shopping Centre	Key investor required	Negotiations underway

## 4.9 Project Team roles and responsibilities

The table below provides an indication of the different team members, the role of each in the project and assigned responsibility. The team comprises officials of the Matzikama Municipality and professional and technical service providers.

Discipline	Role in the project	Responsibilities
Socio-Economic & Business Advising Specialist	Business development, financial assessments, capacity building & monitoring	Preparation of business plan, Preparation of financial assessment of project components, operation monitoring, capacity building, etc
Landscape Architect /Environmental Planner	Analysis, Concept through to Detail Design and Implementation	Analysis for design informants, Preparation of Concept Design, Packaging of projects with design guidelines, Detail Design, costing, Implementation – site supervision etc.
Project Manager	Facilitate the complete project in terms of the BP and finance available	Manage Professional team, budgets and plan construction processes. Liaise with municipality and possible investors to the project.



Municipal Facilitator	Facilitate the project in terms of municipal requirements	Project Manager deployed by Municipality to assist with the Management of the entire project.
Town Planner	Rezoning of Urban Node	Rezoning processes on instruction from Matzikama Municipality.
Engineer	Design of Engineering services	Design required engineering infrastructure where required and ensure the availability of bulk services.
EPWP implementing Agent/Construction supervisor	Ensure EPWP compliance during construction stage of project	EPWP compliance during construction

## 4.10 Project agreements

The nature and scope of the project requires various consultations with stakeholders and the requisite attention to the legislative requirements in order to achieve the objectives of the development initiative and ultimately uplift the Vredendal North Community that is intended to benefit from the project. The following agreements stated in the table below to support the development of the project are required or have been concluded between the parties:

Title of the agreement: As indicated on the cover page

Scope of the agreements: A brief description of the agreement and its intended objective

Status of the agreement: Concluded/In process/to be prepared

Date for concluding the agreement: Effective date/Envisaged date of signing

Title of agreement	Scope	Status	Date for concluding agreement
Land Release documentation	To ensure that the required processes are to be followed in terms of the MFMA and Municipal Systems Act (MSA)	In process	December 2010
Dev. Agreement – Retail	Agreement to ensure compliance with relevant legislation	In process	February 2011
Dev. Agreement – Housing	Agreement to ensure compliance with relevant legislation	Not commissioned, will start after approval of BP	April 2011
Service provision - Consulting Engineering	To provide relevant professional services	Concluded for Phase 1	December 2010
Service provision - Business Advisor	To provide relevant professional services	Concluded for Phase 1	December 2010
Service provision - Planner	To provide relevant professional services	Concluded for Phase 1	December 2010
Service provision - Landscape Architect	To provide relevant professional services	Concluded for Phase 1	December 2010



## **5. MARKET ASSESSMENT**

### **5.1 Need and opportunity presented by the project**

The Community of Vredendal North does not have ease of or sufficient access to products and services that affect their daily lives. They generally have to walk long distances or take a mini-bus taxi to access the products and services required. The mix of project components is intended to address this need and more importantly offer an opportunity to develop and improve the status of the community by providing access to necessary services and businesses on a daily basis.

However, it is also anticipated that complementary bunches of investment in local suppliers could be stimulated by the envisaged project, which in turn would result in an increase in local incomes and generate growth potential in both the local and provincial economy. These developments may cause demand to rise and stimulate investment in housing, education, health, transport and other required infrastructure.

### **5.2 Demand and market analysis and use of envisaged facilities**

A market survey was conducted among residents in Vredendal North in order to obtain a perspective of the market and potential demand for the square development. The survey provided an opportunity to assess various factors related to the community and included the following nature and scope of questions:

- Housing characteristics, renting and owning, type of housing required, affordability of housing, interest in different housing options;
- Shopping habits, location of purchases;
- Awareness of facilities available in the community, accessibility, use and level of satisfaction related to the facilities, usage of facilities envisaged as part of the NDPG project, transport related issues;
- Socio-demographic and -economic information.

In order to obtain a sample which is representative, a more scientific approach is required. Probability-Proportionate-To-Size (PPS) sampling was applied to determine the precise quota of households to be sampled in different areas within the town of Vredendal. Following the determination of PPS quotas, Equal Probability Selection Methods (EPSEM) was used to sample individual households within each sub-area (enumeration) area, as well as achieve household substitution in the event of incomplete interviews and/or corrupted data. The key requirement here is to ensure that households have an equal probability of being selected from any location in the primary sampling unit. This approach provided the ability to extrapolate from the sample of households in that sampling unit to all other households in the sampling unit.

Household numbers in the different enumeration areas represented proportions of the areas in Vredendal. The interview was conducted with the head of the household. The sample represents 25%% of the total number of households in Vredendal (see IDP document). The margin of error is estimated at  $\pm 3,1\%$  at a 95% confidence level. The outcomes of the survey relevant to the NDPG project are presented in the following sections.



## 5.2.1 Proposed Vredendal North CBD square components

### 5.2.1.1 Importance of components proposed for the square

Table 8 indicates the importance on a scale of 1 to 10 with 1 equating to not important and 10 indicating very important of the various components envisaged for the square development.

**Table 8: Importance of different components envisaged for the square development in the CBD of Vredendal North**

<b>Project component</b>	<b>1-2-3</b>	<b>4-5-6-7</b>	<b>8-9-10</b>	<b>n</b>
Health care centre/Day clinic	65 9.03%	224 31.11%	431 59.86%	720 100%
Park in the form of a public square (see description)	100 13.89%	296 41.11%	324 45.00%	720 100%
Recreation (socialising, etc.)	134 18.72%	334 46.65%	248 34.64%	716 100%
Residential housing (gap & flats)	97 13.57%	378 52.87%	240 33.57%	715 100%
Shopping and business centre	78 10.86%	288 40.11%	352 49.03%	718 100%
Crèche	92 12.80%	238 33.10%	389 54.10%	719 100%
Old age care facility	86 11.98%	230 32.03%	402 55.99%	718 100%
Filling station	122 16.97%	238 33.10%	359 49.93%	719 100%
Extension of facilities available in multipurpose (Thusong) Centre	123 17.25%	241 33.80%	349 48.95%	713 100%

**Note:** Importance is defined as follows: 1,2,3 = unimportant; 4,5,6,7 = important and 8,9,10 = very important

The findings presented in Table 8 suggest that for only two components, i.e. Recreation (socialising) and Residential Housing (gap and flats) respondents indicate a “middle of the road” importance thereof as opposed to all the other components where the respondents accord a high level of importance. The Health Care Centre/Day Clinic is the most important component followed by an Old Age Care Facility and a Crèche. A filling station together with the shopping and business centre are also considered as very important by respondents followed by the upgrading of the Thusong Centre to expand current facilities and accommodate new facilities.

Further analysis of the Shopping and Business Centre indicates that 49,03% of the respondents consider the facility as being very important while 40,11% believe a Shopping and Business Centre is important. In terms of support from residents for a Shopping and Business Centre, 99,01% highlighted their approval with the idea. Almost all the respondents (99,57%) indicated the need for a taxi rank as part of a Shopping and Business Centre.

It is possible to consider whether the monthly household income earned by residents influences the importance accorded to the various components envisaged for the square development in Vredendal North. Tables 19 and 20 offer an indication of the importance accorded to a Health Care Centre/Day Clinic and Residential housing (gap and flats) for different household income categories.





**Table 9: A cross tabulation of household income categories and the importance accorded the Health Care Centre/Day Clinic**

	<b>Health Care Centre/Day Clinic</b>	<b>R0- R3500</b>	<b>R3501-R7000</b>	<b>Above R7000</b>	<b>Row</b>
Count	Not Important	34	6	0	40
Column Percent		10.53%	8.82%	0.00%	
Row Percent		85.00%	15.00%	0.00%	
Total Percent		8.23%	1.45%	0.00%	9.69%
Count	Important	148	21	3	172
Column Percent		45.82%	30.88%	13.64%	
Row Percent		86.05%	12.21%	1.74%	
Total Percent		35.84%	5.08%	0.73%	41.65%
Count	Very Important	141	41	19	201
Column Percent		43.65%	60.29%	86.36%	
Row Percent		70.15%	20.40%	9.45%	
Total Percent		34.14%	9.93%	4.60%	48.67%
Count	All Groups	323	68	22	413
Total Percent		78.21%	16.46%	5.33%	

**Note:** Ratings 1,2,3 = not important; 4,5,6,7 = important and 8,9,10 are very important

The findings presented in Table 9 suggest that respondents that earn less than R3 500 per month represent 10,53% of households that indicated a Health Care Centre/Day Clinic as unimportant component of the square development, while 45,82% and 43,65% believe the facility is “important” and “very important” respectively.

Among those respondents that recorded a household income of less than R3 500 per month 86,05% indicated that the facility was very important, while 30,88% of those respondents that earn between R3 501 and R7 000 per month and 13,64% of respondents that earn more than R7 000 per month indicated the facility is important. Those respondents in the different income categories indicated that the facility is very important to 70,15%, 20,40% and 9,45% of people in the R0 – R3 500, R3 501 to R7 000 and above R7 000 household monthly income category respectively.

**Table 10: A cross tabulation of household income categories and the importance accorded the residential housing (gap and flats)**

	<b>Residential housing (gap and flats)</b>	<b>R0- R3500</b>	<b>R3501- R7000</b>	<b>Above R7000</b>	<b>Row</b>
Count	Not-important	38	7	2	47
Column Percent		11.76%	10.29%	9.09%	
Row Percent		80.85%	14.89%	4.26%	
Total Percent		9.20%	1.69%	0.48%	11.38%
Count	Important	184	32	9	225
Column Percent		56.97%	47.06%	40.91%	
Row Percent		81.78%	14.22%	4.00%	
Total Percent		44.55%	7.75%	2.18%	54.48%



Count	Very important	101	29	11	141
Column Percent		31.27%	42.65%	50.00%	
Row Percent		71.63%	20.57%	7.80%	
Total Percent		24.46%	7.02%	2.66%	34.14%
Count	All Groups	323	68	22	413
Total Percent		78.21%	16.46%	5.33%	

**Note:** Ratings 1,2,3 = not important; 4,5,6,7 = important and 8,9,10 are very important

The findings presented in Table 10 suggest that respondents that earn less than R3 500 per month represent 56,97% of respondents that indicated residential housing (gap and flats) as an important component of the square development, while 31,27% and 11,76% believe the facility is very important and not important respectively.

Among those respondents that recorded a household income of less than R3 500 per month 80,10% indicated that housing was important, while 14,22% of those respondents that earn between R3 501 and R7 000 per month and 4,00% of respondents that earn more than R7 000 per month indicated housing is important respectively. Those respondents in the different income categories indicated that the facility is very important to 71,63%, 20,57% and 7,80% of people in the R0 - R3 500, R3 501 to R7 000 and above R7 000 household monthly income category respectively.

Respondents were also requested to indicate the type of shops they would like to see as part of a shopping centre, while they were also asked about the actual usage of the shops. The findings are presented in Table 10 in descending order.

#### 5.2.1.2 Nature and scope of shopping centre shops and facilities

It appears from the results of the survey that 60% or more of respondents resident in Vredendal North would like to see shops that have the following nature of business, i.e.: bottle store, beauty salon (e.g. nails, beauty treatments, etc.), butchery, coffee shop, dry cleaners, home baked products "tuisnywerheid", café, hairdresser, restaurants, cellular shop and a video store. The findings are presented in Table 11.

**Table 11: Type of shopping facilities respondents would like to see in a shopping centre**

Type of facility/shop	n	Percentage
Bottle stores	556	88.25%
Beauty (e.g. nails, beauty treatments, etc.)	552	87.62%
Butchery	409	64.92%
Coffee shops	408	64.76%
Dry Cleaners	407	64.60%
Home baked products "Tuisnywerheid"	404	64.13%
Café	396	62.86%
Hairdressers	389	61.75%
Restaurants	384	60.95%
Cellular shops	383	60.79%
Video store	383	60.79%
Repair Services (e.g. shoe repairs)	372	59.05%



Trade-in (Cash Crusaders)	360	57.14%
Take aways	355	56.35%
Clothing stores (e.g. Jet, Truworhts, Foschini, Pep, Mr Price)	352	55.87%
General dealer	350	55.56%
Toy shop	344	54.60%
Supermarket	342	54.29%
Pharmacies	338	53.65%
Financial services (e.g. bank/ loans/ insurance)	335	53.17%
Furniture & Appliances (e.g. OK Furniture's, Russels, Lewis, Ellerines)	324	51.43%
Other	143	22.70%

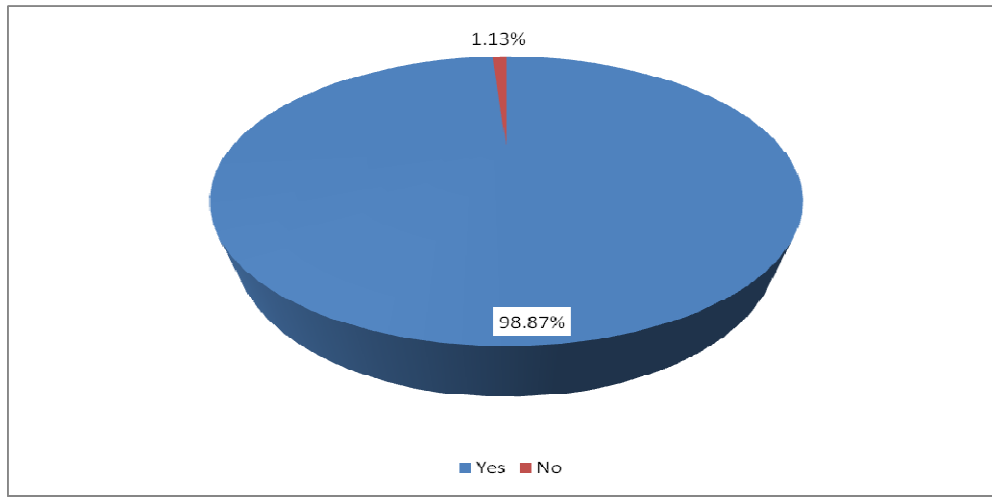
In relation to the previous question, respondents were also requested to indicate what shops/facilities they would actually use should they be included in the shopping mix of the centre. The findings are presented in Table 12.

Those facilities/shops that would be used by 60% of the respondents or more include the following: Clothing stores (e.g. Jet, Truworhts, Foschini, Pep, Mr Price), cellular shops, financial services (e.g. bank/ loans/ insurance), café, butchery, furniture and appliances (e.g. OK Furnitures, Russels, Lewis, Ellerines), pharmacy, supermarket, coffee shop, general dealer and take-aways.

**Table 12: Intended usage of the shops and facilities forming part of the square shopping centre**

<b><i>Shops and facilities</i></b>	<b><i>Use</i></b>	
	<b>N</b>	<b>Percentage</b>
Clothing stores (e.g. Jet, Truworhts, Foschini, Pep, Mr Price)	470	74.60%
Cellular shops	443	70.32%
Financial services (e.g. bank/ loans/ insurance)	440	69.84%
Café	436	69.21%
Butchery	430	68.25%
Furniture & Appliances (e.g. OK Furnitures, Russels, Lewis, Ellerines)	427	67.78%
Pharmacies	403	63.97%
Supermarket	393	62.38%
Coffee shops	388	61.59%
General dealer	386	61.27%
Take-aways	379	60.16%
Restaurants	368	58.41%
Repair Services (e.g. shoe repairs)	367	58.25%
Hairdressers	362	57.46%
Dry Cleaners	360	57.14%
Toy shop	355	56.35%
Trade-in (Cash Crusaders)	349	55.40%
Home made products "Tuisnywerheid"	303	48.10%
Video store	302	47.94%
Bottle stores	260	41.27%
Beauty (e.g. nails, beauty treatments, etc.)	217	34.44%
Other	115	18.25%

Respondents were also requested to indicate whether or not the components proposed for the square would improve their quality of life. The respondents (98,87%) overwhelmingly believe that the components envisaged for the square would improve their quality of life. The findings are illustrated in Figure 24.



**Figure 24: Improvement in the quality of life for residents of Vredendal North due to the proposed square development**

In terms of the perceived improvement in the quality of life among residents of Vredendal North, respondents were also asked to provide an indication of what would result in an improvement in the quality of life. The findings presented in Table 13 suggest that at an individual level walking less would have a significant impact followed by access to shops and facilities that would not have been available without the development of the square and its components.

The general improvement in the quality of community life is perceived to have the greatest impact from a community perspective followed by reduced transport costs. In contrast from an individual perspective, walking less is seen to be less of an issue at the community level than for an individual.

**Table 13: Factors that could improve the quality of life for individuals and the community**

<b>Quality of life improvement (effect)</b>	<b>Individual</b>	<b>Percentage</b>	<b>Community</b>	<b>Percentage</b>
	n		n	
Walk less	533	86.11%	377	60.90%
Improve access to shops and facilities generally not available	442	71.29%	434	70.11%
Reduce transport costs	438	70.76%	438	70.76%
Improve community life	359	58.47%	491	79.32%

### 5.3 Complementary and competing initiatives in the area

A distinction should be made between complementary and competing project initiatives in the immediate area and further afield. In order to facilitate the discussion a distinction is made between the micro, meso and macro area.





### 5.3.1 **Micro area**

Vredendal North is geographically separated from Vredendal south by the Olifants River and physically by a railway line and major road (N7). The micro area is defined as Vredendal North, which encompasses the area north of the N7 and Vredendal South. A small light industrial area (with Coca Cola and a granite manufacturing plants) to the west provides limited employment opportunities. Open spaces are currently undeveloped, with little greening throughout the township. An informal trading facility was previously provided but is not utilised due to a lack of ownership as well as its poor location. There is only one formal supermarket in Vredendal North with reasonably high prices as it currently has the monopoly. People who are less mobile (e.g. the elderly) have accounts at this shop as they struggle to get to Vredendal South. The rest of the community have to pay for transport or walk along informal routes to Vredendal South where there are a variety of shops. These routes are rough, unlit and potentially dangerous as they provide the opportunity for crime. Besides what can be accommodated at the limited clinic, more serious patients need to go to the hospital in Vredendal South. Due to limited space at the current Thusong Centre, a limited number of community facilities can be made available to the people of Vredendal North. It is more expensive to access and residents are curtailed in terms of time, especially those that work.

### 5.3.2 **Meso area**

The meso area is defined as the area between Vredendal North and the CBD of Vredendal town. This area is bordered by the N7 to the north and the Olifants River to the south. The area has an Industrial component and vineyards which lie in the floodplain. No competing projects are located in or are planned for the meso area as defined.

### 5.3.3 **Macro area**

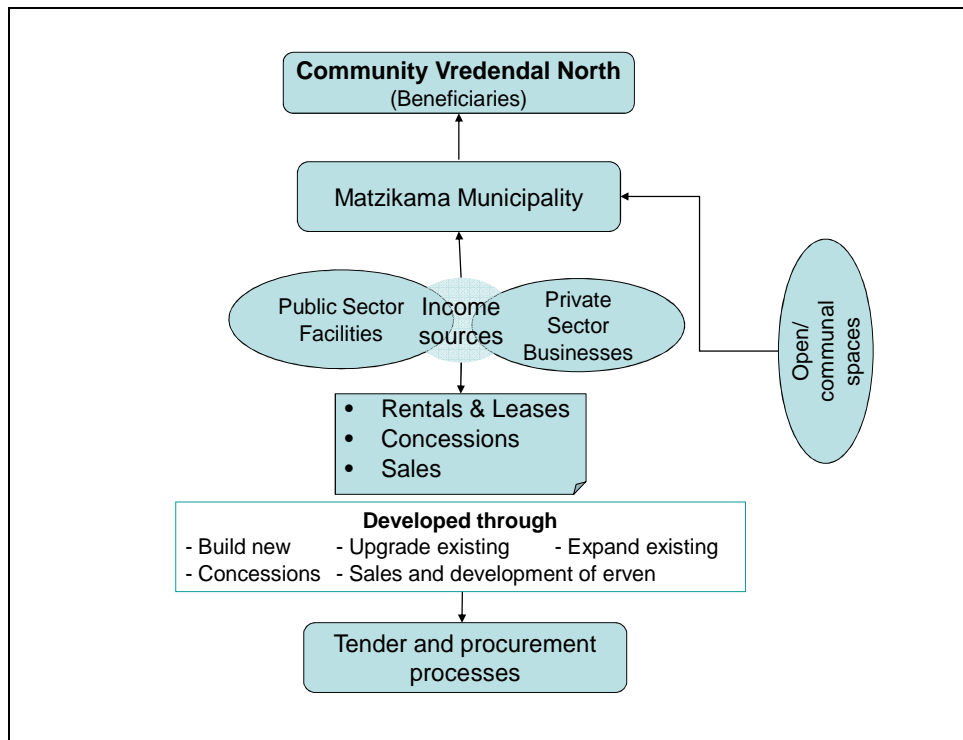
The macro area is defined as towns within close proximity to Vredendal such as Lutzville, Klawer and Koekenaap

This project in Vredendal North is unique in that a one-stop-shop is created to improve access that is not available to residents and communities of other towns in the area. No competing projects are located in or are planned for the macro area as defined.

## 6. FINANCIAL VIABILITY OF THE PROJECT

### 6.1 Business Model

The relatively complex integration of various project components necessitates an approach to the development of a business model that offers a management and operational mechanism that is sustainable and contributes over the long-term to the wellbeing of the Vredendal North Community. The anticipated business model for the project is illustrated in Figure 25.



**Figure 25:** An illustration of the business model for the development and operations of the proposed integrated public and private sector project in Vredendal North  
Source: Umcebisi Business Advisers, 2009

The premise of the business model is the establishment of a process to procure both public and private sector interest in the development of a mix of opportunities. In order to align the use of municipal property and the envisaged uses of the integrated public and private sector development components requires a competitive bidding process by the owner of the property, the Matzikama Municipality. Success can only be achieved through partnerships, which is the foundation on which the relationship between the Municipality and the Vredendal North Community is built.

Procurement could entail various transaction options and the income stream could entail the following:

- Lease/rental income is obtained from developed/upgraded or expanded facilities in the form of entering into rental agreements with prospective tenants.
- Concession opportunities, which provide an annuity income stream from offering properties for the development commercial opportunities over a long period of time. The benefit of this approach is the asset created on municipal land becomes a municipal asset after the concession period.
- Outright sale of properties subject to certain conditions could offer upfront income for the municipality and provide working capital for the project.



The development of the project components are inter-dispersed among properties in Vredendal North that are in private ownership. These properties are essentially used for commercial purposes. Due to the integrated nature of the development and the mix of public sector and private sector components, the Matzikama Municipality would obtain ancillary income and property rates from these commercial businesses.

It is envisaged to offer commercial opportunities such as the shopping centre and filling station as concession opportunities to potential investors/developers. Components that include small business development opportunities would be offered on tender to developers. These opportunities offer smaller developers the opportunity to invest and develop assets which may also benefit local persons through partnership agreements. Either public/community orientated facilities will be developed, or existing facilities will be expanded/ upgraded to offer an enhanced service to members of the Vredendal North Community. The tenants of these facilities will pay a rental fee to the Municipality.

The Municipality on open tender, subject to certain conditions, may sell portions of land that are considered less strategic. The nature and scope of these terms and conditions must ensure compatibility and integration with the larger concept of an integrated public and private sector hub and town square.

The business model is further elaborated upon in a discussion of the management and operational requirements from an organisation perspective in 7.6.

## 6.2 Indicative Costs of Components

In order to implement the project together with its mix of components requires total capital expenditure of approximately R120.0 million, which includes grant funding, private sector equity and debt financing. Table 14 provides a breakdown of the capital expenditure requirements per project component.

Table 14: A breakdown of the project components

<b>Project component</b>	<b>Existing/To be developed</b>	<b>Capital requirement</b>	<b>Professional Fees &amp; Disbursements (13%)</b>	<b>Total Project Cost (Excl. VAT)</b>	<b>Funding source</b>
Clinic / Day Hospital	To be developed	R12.100m	R1.573m	R13.673m	Department of Health
Housing (Duplexes)	To be developed	R10.600m	R1.378m	R11.978m	Private Developer
Flats	To be developed	R11.700m	R1.521m	R13.221m	Private Developer
Mix – use (retail and flats)	To be developed	R10.300m	R1.339	R11.639m	Private Developer
Shopping Centre	To be developed	R19.200m	R2.496m	R21.696m	Private Developer and/or Municipality
Public Centre (Thusong - 2 Phases)	To be developed	R30.100m	R3.913m	R34.013	Municipal and/or NDPG and/or Department of Social Services
Post Office	To be developed	R0.600m	R0.078m	R0.678m	Post Office (Agreement to be concluded)



Main Parks & Greening	To be developed	R2.500m	R0.325m	R2.825m	Municipal/NDPG
Ablution Facilities	To be developed	R0.300m	R0.039m	R0.339m	Private, part of shopping area
Sheltered Transport Interchanges	To be developed	R0.400m	R0.052	R0.452m	NDPG/Municipality
Pedestrian/Cycle Routes	To be developed	R2.400m	R0.312m	R2.712m	NDPG
Multi-functional Public Square	To be developed	R5.500m	R0.715m	R6.215m	NDPG/Municipal Capital released from land sale
Beehives, inclusive of Crèche	Existing structure to be refurbished and fenced off	R0.500m	R0.065m	R0.565m	NDPG/Municipal
ATM	To be developed	Unknown	Unknown	Unknown	Private Bank
<b>TOTAL ESTIMATED COST FOR DEVELOPMENT</b>		<b>R106.200m</b>	<b>R13.806m</b>	<b>R120.006m</b>	-

## 6.3 Sources of funding

Funding for the upgrading or development of the different components will be sourced from internal and external sources.

Internal sources will/may include:

- Capital contributions
- Funding released from land sale

Possible external sources will/may include:

- MIG funding
- NDPG Funding
- Provincial Health
- EPWP training funding
- Department of Labour funding
- External loans

### 6.3.1 Internal sources of funding

#### 6.3.1.1 Land provision

The land for the proposed urban renewal project will be made available by the municipality through applicable tender procedures as per the requirements of the Municipal Finance Management Act and Municipal Systems Act.

This process will start with the relevant sub-division processes after the approval of this Business plan.

The land will be made available as and when required.



### 6.3.2 External sources of funding

#### 6.3.2.1 NDPG Grant

The grant is from National Treasury's Neighbourhood Development Programme Unit. These grants are awarded to projects that can clearly illustrate initiatives to stimulate and accelerate investment in poor, underserved residential neighbourhoods. The NDPG (Neighbourhood Development Partnership Grant) is driven by the notion that public investment and funding can be used creatively to attract private and community investment to unlock the social and economic potential within neglected townships and neighbourhoods. This in turn will contribute to South Africa's macro-economic performance and improve quality of life among its citizens. The NDP Grant provides funding in two parts. A percentage (to the value of R2 000 000) of the grant is for technical assistance in the research, design and costing of the various elements of the project. The remaining bulk (to the value of R8 000 000) of the grant is for capital financing and is only awarded to projects that have a distinct private sector element to support further funding opportunities from other parties.

The National Treasury shall be entitled to suspend the operation of this Agreement by not disbursing Funds or to terminate this Agreement, in the event, and for so long as, the Municipality fails to comply with any provision of this Agreement after having given the Municipality 14 (fourteen) days written notice to comply, and the Municipality thereafter continuing to remain in default, in which latter event the full amount previously paid by the National Treasury shall be due, owing, and payable to the National Treasury by the Municipality, and the National Treasury reserves the right not to make further payments to Consultants and/or transfers of grant Funds to the Municipality. and the National Treasury reserves the right not to make further payments to Consultants and/or transfers of grant Funds to the Municipality.

The proposed draw down schedule (3A) will be used to show National Treasury the intended spending on this project.

#### 6.3.2.2 Equity contributions

Equity contributions are crucial to the success of this Urban Renewal Initiative. At this stage, the only secure funding is from the NDP Grant although it is envisaged that the following investors will come on-board:

- Department of Health
- Developer - Retail
- Developer – Housing
- Municipality

#### 6.3.2.3 Borrowings

The 2010 Division of Revenue Bill contains the following provision dealing with the use of conditional grant transfers as security for borrowing:

*"8(5) A municipality may only, after obtaining the approval of the National Treasury, pledge, offer as security or commit to a person or institution future conditional allocation transfers due to the municipality for the next financial year and the 2012/13 financial year, for the purpose of securing a loan or any other form of financial or other support from that person or institution."*

If this section is read together with section 48 of the MFMA it means that:

- A municipality may use future equitable share transfers as security for borrowing;
- A municipality may use conditional grant transfers due in the current financial year as security for bridging finance for projects that fall within the conditions of the relevant conditional grant; and

- A municipality may only use conditional grant transfers that may become due in the following two financial years as security for borrowing with the prior approval of the National Treasury.

The intention of this provision is to facilitate the implementation of capital projects financed by conditional transfers by allowing municipalities to use their indicative conditional allocations set out in the 2010 MTREF as security for bridging finance. Note that all the relevant procedures set out in Chapter 6 of the MFMA must still be followed in relation to these borrowings.

#### 6.3.2.4 Additional grants

Grants are made available to municipalities from national government for infrastructure projects.

Some of these grants are:

- The Consolidated Municipal Infrastructure Programme (MIG) available from the Department of Provincial and Local Government
- Neighbourhood Development Partnership Grant (NDPG)
- Public Transport Infrastructure and Systems Grant
- Municipal System Improvement Grant (MSIG)
- Integrated Housing and Human Settlement Grant
- Other ad-hoc grants
- EPWP training fund
- Department of Labour funding

## 6.4 Assessment of the financial feasibility and viability of the project

A comprehensive financial model was prepared for an assessment of the different components of the project on an individual and consolidated basis. The assessment is intended to provide an indicative indication of the project viability. An indication of the components envisaged on different land portions is presented below:

Project Component
Clinic (health centre)
Housing (duplexes)
Flats
Mix-use (retail and flats)
Neighbourhood shopping centre
Public Service centre

### 6.4.1 Assumptions

Each component envisaged for the project was assessed in terms of its maximum development potential on a specific area of the site. The latter infers accessing the Municipal Zoning Scheme and applying the development conditions to the nature and scope of the project. The typical zoning conditions refer to coverage, boundary distances, floor space ratios, parking requirements, etc.

Several of the projects could be considered social interventions, which would be subject to government grant allocations, e.g. clinic (health centre). The other components offer an opportunity to involve the private sector in the development of a project component either through the outright sale of the land or entering into a public-private-partnership with the Matzikama Municipality. At this stage no



infrastructure cost has been included in the financial assessment. A value has been assigned to each land portion earmarked for the project component. The latter will essentially be determined by the nature of the transaction.

A costing for each element of the project is based on estimates obtained from Quantity Surveyors as stated in the latest version of the Rode Report (2010:1). At this stage no provision is made for bulk services. However, services are available on the site and could be extended to feed newly constructed components. In addition, it may be necessary to upgrade existing bulk services or add additional services to accommodate new components of the mixed-use development. The latter will also be lead by the envisaged uptake of projects as part of the mix offered for development.

An indicative assessment of the construction costs is provided for each component together with a profit and loss assessment of the opportunity. A cash flow statement is also included and where applicable an assessment of the net present value associated with an anticipated return for the investor. In addition, several sell-out curve assumptions are made and different options (strategies) with regard to renting and selling (where applicable) are considered as well as potential developer profit.

A survey was conducted among residents of Vredendal as part of the market assessment for the project. The findings of the survey that are of relevance for the financial calculations are current rental levels and the ability of residents to afford the purchase price of housing units envisaged for a component of the development site.

A financing schedule was also prepared to illustrate an indicative mix of equity and debt financing. It also became apparent when assessing the financial feasibility of the project components that grant funding will be a requirement to ensure the viability of project components and achieve the required rate of return. A 10-year period is assumed for loan capital at a fixed interest rate for the period of 11,5%. Consolidated pro-forma financial statements were also prepared to reflect the combined financial position of all the components.

#### 6.4.2 Capital Expenditure scenario

A capital cost was determined for each component. Please note that bulk service costs and land values are not included in the capital cost of the project components. The following table provides an indication of the capital cost per component based on an indicative project concept.

<b>Project Component</b>	<b>Estimated Cost*</b>	<b>Capital</b>
<b>Clinic (heath centre)</b>	R12,1 million	
<b>Housing (duplexes)</b>	R10,6 million	
<b>Flats</b>	R11,7 million	
<b>Mix-use (retail and flats)</b>	R10,3 million	
<b>Shopping centre</b>	R19,2 million	
<b>Public Service centre (two phases)</b>	R30,1 million	

\*Excludes bulk service requirements, but includes the value of land parcels at current municipal valuations

It should be noted that at this stage it is not possible to indicate or prioritise the roll-out of the projects. The roll-out is subject to market conditions and specifically demand for the components from both developers and the residents of Vredendal North. For the purposes of the assessment, all the projects commence at the same time and become operational once the construction phase is complete. More detail on the roll-out and prioritisation of the different components will be considered. The latter will be



affected by market demand, investor sentiment and community requirements. The estimated total capital cost for the consolidated project (inclusive of all improvements and a land cost) is R93,9 million.

#### **6.4.3 Funding mix and financial requirements**

Due to the nature of the project, given the location, the financial means of locals, affordability level of households and the social requirement that underpin the premise of the project, a mix of funding options is required for the different components. In order to ensure a developers profit of between 25% and 30% and a positive net present value based on cash flow after tax, a mix of grant funding, debt and equity will be required to create viable projects and ensure the long-term feasibility. On a consolidated basis the estimated funding mix suggests 39% or R36,7 million of grant funding is required, 23% of R21,9 million of equity and R35,2 million of debt.

It should also be noted that included in the project mix are components that do not generate income (e.g. the proposed health centre) and the extension of the Thusong Service Centre (over two phases), where space in the latter is offered to tenants at below market rentals. The impact suggest that approximately R18,0 to R20,0 million is required in the form of a government grant or some other type of donation to ensure that these projects come to fruition.

#### **6.4.4 Pro-forma financial statements**

A set of pro-forma consolidated financial statements, which includes an income statement, balance sheet and cash flow statement is provided overleaf.





Matzikama Municipality NDPG Project Consolidated Pro-form Financial Statements										
INCOME STATEMENT										
	1	2	3	4	5	6	7	8	9	10
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	13 457 573	8 316 283	8 925 175	9 065 065	7 109 213	9 039 382	10 179 299	11 468 605	12 927 548	14 579 197
Investment income	-	2 244 512	2 337 489	2 489 322	2 681 001	2 916 599	3 249 579	3 655 131	4 144 129	4 728 957
Other Income - Government Grant	36 732 733	-	-	-	-	-	-	-	-	-
Expenses	8 569 044	4 200 246	4 311 538	3 985 207	1 881 280	2 129 406	2 299 781	2 486 144	2 690 241	2 914 031
Profit / (loss) before interest and tax	41 621 261	6 360 548	6 951 126	7 569 180	7 908 934	9 826 575	11 129 098	12 637 592	14 381 435	16 394 122
Interest expense	3 949 913	3 707 867	3 436 471	3 132 165	2 455 271	2 118 707	1 741 331	1 318 195	843 750	311 774
Profit / (loss) before tax	37 671 348	2 652 682	3 514 656	4 437 015	5 453 663	7 707 869	9 387 767	11 319 397	13 537 685	16 082 348
Taxation	262 812	1 103 069	984 104	1 242 364	1 527 026	2 158 203	2 628 575	3 169 431	3 790 552	4 503 057
Profit / (loss) after tax	37 408 536	1 549 613	2 530 552	3 194 651	3 926 638	5 549 666	6 759 192	8 149 966	9 747 133	11 579 291
BALANCE SHEET										
	1	2	3	4	5	6	7	8	9	10
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Shareholders Equity</b>										
Ordinary Share Equity	21 997 266	21 997 266	21 997 266	21 997 266	21 997 266	21 997 266	21 997 266	21 997 266	21 997 266	21 997 266
Retained earnings/(deficit)	37 408 536	38 958 148	41 488 701	44 683 351	48 609 989	54 159 654	60 918 847	69 068 812	78 815 946	90 395 236
<b>Total shareholders funds</b>	59 405 802	60 955 415	63 485 967	66 680 617	70 607 255	76 156 920	82 916 113	91 066 078	100 813 212	112 392 503
<b>Long-term debt</b>	33 246 943	31 008 796	28 499 253	25 685 404	19 820 462	16 708 325	13 218 812	9 306 164	4 919 070	-0
<b>Deferred tax ( Balance sheet)</b>	262 812	885 943	1 328 914	1 771 886	2 214 857	2 863 468	3 717 717	4 777 606	6 043 134	7 514 301
<b>Total Capital Employed</b>	92 915 557	92 850 153	93 314 134	94 137 907	92 642 574	95 728 713	99 852 642	105 149 848	111 775 415	119 906 803
<b>Non-current assets</b>										
Property, plant & equipment	64 216 463	63 277 464	62 338 466	61 399 468	60 460 470	74 209 978	73 270 980	72 331 982	71 392 984	70 453 985
<b>Net Current Assets</b>										
Working capital	-	-	-	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	-	-	-	-	-	-
Balance in bank account	28 699 095	29 572 689	30 975 668	32 738 439	32 182 104	21 518 735	26 581 662	32 817 866	40 382 432	49 452 818
<b>Employment of Capital (Net Assets Value)</b>	92 915 557	92 850 153	93 314 134	94 137 907	92 642 574	95 728 713	99 852 642	105 149 848	111 775 415	119 906 803
	-	-	-	-	-	-	-	-	-	-



CASH FLOW										
	1	2	3	4	5	6	7	8	9	10
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>										
Cash generated from/(utilised in) operations	5 827 526	5 055 035	5 552 636	6 018 856	6 166 931	7 848 974	8 818 517	9 921 459	11 176 305	12 604 164
Investment income	-	2 244 512	2 337 489	2 489 322	2 681 001	2 916 599	3 249 579	3 655 131	4 144 129	4 728 957
(Finance costs paid)	(3 949 913)	(3 707 867)	(3 436 471)	(3 132 165)	(2 455 271)	(2 118 707)	(1 741 331)	(1 318 195)	(843 750)	(311 774)
(Taxation paid)	-	(479 939)	(541 132)	(799 393)	(1 084 054)	(1 509 593)	(1 774 325)	(2 109 542)	(2 525 024)	(3 031 891)
(Dividends and dividends tax paid)	-	-	-	-	-	-	-	-	-	-
Net cash inflow / (outflow) from operating activities	1 877 614	3 111 741	3 912 522	4 576 621	5 308 607	7 137 274	8 552 440	10 148 853	11 951 660	13 989 456
Changes in working capital invested	-	-	-	-	-	-	-	-	-	-
<b>Net cash inflow (outflow) from operating activities</b>	<b>1 877 614</b>	<b>3 111 741</b>	<b>3 912 522</b>	<b>4 576 621</b>	<b>5 308 607</b>	<b>7 137 274</b>	<b>8 552 440</b>	<b>10 148 853</b>	<b>11 951 660</b>	<b>13 989 456</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>										
Proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-
Acquisition of property, plant & equipment	(65 155 461)	-	-	-	-	(14 688 507)	-	-	-	-
Net cash inflow (outflow) from investing activities	<b>(65 155 461)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14 688 507)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Proceeds from issue of share capital	21 997 266	-	-	-	-	-	-	-	-	-
Proceeds from Government Grant	36 732 733	-	-	-	-	-	-	-	-	-
Long-term loan raised	35 243 044	-	-	-	-	-	-	-	-	-
Capital repaid	(1 996 101)	(2 238 147)	(2 509 543)	(2 813 849)	(5 864 942)	(3 112 137)	(3 489 513)	(3 912 649)	(4 387 094)	(4 919 070)
Net cash inflow (outflow) from financing activities	<b>91 976 942</b>	<b>(2 238 147)</b>	<b>(2 509 543)</b>	<b>(2 813 849)</b>	<b>(5 864 942)</b>	<b>(3 112 137)</b>	<b>(3 489 513)</b>	<b>(3 912 649)</b>	<b>(4 387 094)</b>	<b>(4 919 070)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>										
Cash and cash equivalents - beginning of year	-	28 699 095	29 572 689	30 975 668	32 738 439	32 182 104	21 518 735	26 581 662	32 817 866	40 382 432
<b>CASH AND CASH EQUIVALENTS: END OF YEAR</b>	<b>28 699 095</b>	<b>29 572 689</b>	<b>30 975 668</b>	<b>32 738 439</b>	<b>32 182 104</b>	<b>21 518 735</b>	<b>26 581 662</b>	<b>32 817 866</b>	<b>40 382 432</b>	<b>49 452 818</b>
<b>Per balance sheet</b>										
Bank balances and cash	28 699 095	29 572 689	30 975 668	32 738 439	32 182 104	21 518 735	26 581 662	32 817 866	40 382 432	49 452 818
Balance check	-	-	-	-	-	-	-	-	-	-
STATEMENT OF CHANGES IN EQUITY										
	1	2	3	4	5	6	7	8	9	10
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retained income / (loss) at beginning of the year	-	37 408 536	38 958 148	41 488 701	44 683 351	48 609 989	54 159 654	60 918 847	69 068 812	78 815 946
Income / (loss) for the year	37 408 536	1 549 613	2 530 552	3 194 651	3 926 638	5 549 666	6 759 192	8 149 966	9 747 133	11 579 291
Retained income / (loss) at the end of the year	<b>37 408 536</b>	<b>38 958 148</b>	<b>41 488 701</b>	<b>44 683 351</b>	<b>48 609 989</b>	<b>54 159 654</b>	<b>60 918 847</b>	<b>69 068 812</b>	<b>78 815 946</b>	<b>90 395 236</b>
Interest Rate on invested funds	6%									



At this stage no operational cost analysis, which includes (i.e. replacement costs, maintenance expenses and management fees) have been allocated to the centralised operations of the project as envisaged through the adoption of the business model for the project. Additional costs will be included once a more strategic perspective is obtained on the roll-out of the project components, which is also likely to influence the cash flow.

Other schedules prepared as part of the financial assessment to produce a consolidated pro-forma financial assessment and which are annexed to the report as Appendix A, are as follows:

### **Financial Schedules**

#### **Accounting for Assets and tax implications**

#### **Financing schedule**

#### **Taxation schedule**

#### **Construction and profit/loss assessment**

#### **Component: Clinic**

#### **Component: Housing**

#### **Component: Flats**

#### **Component: Mixed-use – retail/flats**

#### **Component: Shopping centre**

#### **Component: Public and social services**

No provision is made for professional fees, loss of interest, preliminaries and general, escalations or contingencies. Therefore, the financial assessment must be considered indicative and is subject to change. A brief description of the financial outcomes for each component is provided below:

#### **6.4.4.1 Clinic (health centre)**

The following key assumptions were considered for an assessment of the viability for a health centre:

Size of erf:	<b>6 806 m<sup>2</sup></b>
Land Cost per m <sup>2</sup>	<b>R120 per m<sup>2</sup></b>
Coverage:	<b>30%</b>
Parking requirements:	<b>1 per 3 beds</b>
Construction cost per bed:	<b>R560 000</b>
Number of beds:	<b>20</b>
Cost of parking bay:	<b>R420 per m<sup>2</sup></b>
Land Cost	<b>R816 720</b>

The total cost of health centre is estimated at R12,0 million, which includes construction cost of R11,2 million, a land cost of R816 720 and parking bays to the value of R17 640. Funding is envisaged through a government grant that equates to the total cost.

#### **6.4.4.2 Housing component**

The following key assumptions were considered for an assessment of the viability for a housing component:

Size of erf:	<b>8 417 m<sup>2</sup></b>
Land Cost per m <sup>2</sup>	<b>R120 per m<sup>2</sup></b>
Density:	<b>30 du/ha (gross)</b>
Land Cost:	<b>R1 010 040</b>



Parking:	<b>2 bays per unit</b>
Size of parking bay:	<b>6 m<sup>2</sup></b>
Cost of parking bay:	<b>420 per m<sup>2</sup></b>
No of units:	<b>25</b>
Size of semi-detached duplexes:	<b>70 m<sup>2</sup></b>
Building cost per m <sup>2</sup> :	<b>5 400 per m<sup>2</sup></b>
Selling expenses:	<b>5% of turnover</b>
Funding ratios:	
Debt	<b>40%</b>
Grant	<b>40%</b>
Equity	<b>20%</b>
Strategy:	<b>Sell units own title</b>
Mark-up:	<b>30%</b>

The total cost of housing component is estimated at R10,6 million, which includes construction cost of R9,5 million, a land cost of R1,0 million and parking bays to the value of R42 422. Selling price per unit is estimated at R545 584 (excluding VAT). The yield over the period envisaged for sell-out is 18% while the cash flow margin for the project is estimated at 51%. A mix of funding is envisaged which includes accessing some grant funding, the introduction of equity and sourcing R4,2 million of debt funding.

#### 6.4.4.3 Flats component

The following key assumptions were considered for an assessment of the viability for the flats component:

Size of site:	<b>4 411 m<sup>2</sup></b>
Land Cost per m <sup>2</sup>	<b>R120 per m<sup>2</sup></b>
Land Cost:	<b>R529 320</b>
Maximum number of floors:	<b>3</b>
Parking bays required:	<b>1.5 per unit</b>
Building cost per m <sup>2</sup>	<b>5 200 per m<sup>2</sup></b>
Size of parking bay:	<b>6 m<sup>2</sup></b>
Cost per parking bay:	<b>R420 per m<sup>2</sup></b>
Number of Units:	<b>53</b>
Size of flat:	<b>40 m<sup>2</sup></b>
Strategy:	<b>RENTAL</b>
Rental income	
Rate per m <sup>2</sup> :	<b>30 (Household survey)</b>
Rentable area:	<b>40 m<sup>2</sup></b>
Developers' profit:	<b>30%</b>
Discount Rate:	<b>30%</b>
<b>Operating assumptions</b>	
Water & Electricity	
Water per unit per month	<b>R100</b>
Electricity per unit per month	<b>R300</b>
Security	
Minimum Basic Hourly Rate	<b>R16.45 per hour</b>
Salary per month:	<b>R4 080</b>
Guards required p.m.	<b>4</b>
Cleaning	
Cleaners required p.m.	<b>2</b>



Minimum Basic Hourly Rate	<b>R15 per hour</b>
Salary per month:	<b>R3 839</b>
Handyman	
Handymen required p.m.	<b>1</b>
Minimum Basic Hourly Rate	<b>R21.01 per hour</b>
Salary per month:	<b>R5 210</b>
Funding ratios:	
Debt	<b>20%</b>
Equity	<b>5%</b>
Grant	<b>75%</b>
Increase in rental rates per annum:	<b>15%</b>
Inflation:	<b>6.2%</b>
Useful life of investment property.	<b>50 years</b>

Note: Flats represent Investment Property (in accordance with IAS 40) and can be recognised either according to the Cost Model or the Fair Value Model. If the Cost Model is used depreciation must be calculated and impairment tests done annually, if the Fair Value Model is used property must be tested for impairment annually and necessary fair value adjustments should be made through the Income Statement.

The total cost of flats component is estimated at R11,7 million, which includes construction cost of R10,9 million, a land cost of R529 320 and parking bays to the value of R199 301. A rental strategy is envisaged. A positive NPV is obtained on the equity portion of the investment at a discount rate of 30%. The low rental levels per m<sup>2</sup> of R30 results determined from the household survey suggest a large need for grant funding of approximately R8,7 million. The mix of funding envisaged is 20% debt, 5% equity and 75% grant. Operational expenses are also included to cover the costs of water and electricity, security, repairs and maintenance, and cleaning services.

#### 6.4.4.4 Mixed-use component

The following key assumptions were considered for an assessment of the viability for the mixed-use component, which includes retail on the ground floor and flats above:

Size of erf:	<b>2048 m<sup>2</sup></b>
Maximum number of floors:	<b>2</b>
Land Cost per m <sup>2</sup>	<b>R220 per m<sup>2</sup></b>
Land Cost	<b>R450 560</b>
Ground floor:	<b>Retail</b>
Upper floor:	<b>Residential (Flats)</b>
Cost per parking bay:	<b>420 per m<sup>2</sup></b>
Size per parking bay:	<b>6 m<sup>2</sup></b>
Construction cost per m <sup>2</sup> :	<b>R5 200 per m<sup>2</sup></b>
Discount Rate	<b>30%</b>
Funding Ratios:	
Debt	<b>40%</b>
Grant	<b>55%</b>
Equity	<b>5%</b>
Inflation:	<b>6.2%</b>





### **Retail:**

Gross lettable space:	<b>850 m<sup>2</sup></b>
<b># Shops (adjust to GLA)</b>	<b>Size</b>
4	<b>100 m<sup>2</sup></b>
7	<b>50 m<sup>2</sup></b>
3	<b>20 m<sup>2</sup></b>
1	<b>39 m<sup>2</sup></b>
Strategy:	<b>Lettable space</b>
Rate per m <sup>2</sup> :	<b>R65 per m<sup>2</sup></b>

### **Flats:**

Space available:	<b>1024</b>
Allowances:	<b>20%</b>
Net space available for flats:	<b>819 m<sup>2</sup></b>
Size of flat:	<b>40</b>
No of units available:	<b>20</b>
Parking requirements (3 per flat)	<b>3</b>
Parking required:	<b>61</b>
Escalation:	<b>10%</b>
Rate per m <sup>2</sup>	<b>R30 per m<sup>2</sup></b>
Profit Margin (Developer's Return)	<b>30%</b>
Selling expenses:	<b>4% of turnover</b>
<b>Strategy:</b>	<b>RENT (20%)</b>
	<b>SALES (80%)</b>

### **Operating expenses**

Water & Electricity	
Water per unit per month	<b>R100</b>
Electricity per unit per month	<b>R300</b>
Security	
Minimum Basic Hourly Rate	<b>R16.45 per hour</b>
Salary per month:	<b>R4 080</b>
Guards required p.m.	<b>4</b>
Cleaning	
Cleaners required p.m.	<b>2</b>
Minimum Basic Hourly Rate	<b>R15 per hour</b>
Salary per month:	<b>R3 839</b>
Handyman	
Handymen required p.m.	<b>1</b>
Minimum Basic Hourly Rate	<b>R21.01 per hour</b>
Salary per month:	<b>R5 210</b>

The total cost of the mixed use component is estimated at R10,2 million, which includes construction cost of R9,5 million, a land cost of R450 560 and parking bays to the value of R261 919. A rental and sales strategy is envisaged for the flats with a division of 80% sales and 20% rental. The retail envisaged below is available on a lease basis. A positive NPV is obtained on the equity portion of the investment at a discount rate of 30%. The low rental levels per m<sup>2</sup> of R30 per m<sup>2</sup> results in a large need for grant funding of approximately R5,6 million. The mix of funding envisaged is 40% debt, 5% equity and 55% grant. Operational expenses are also included to cover the costs of water and electricity, security, repairs and maintenance and cleaning services.



#### 6.4.4.5 Neighbourhood shopping centre

The following key assumptions were considered for an assessment of the viability for the neighbourhood shopping centre:

Gross lettable area:	<b>R2 500 m<sup>2</sup></b>
Allowance:	<b>17%</b>
Building cost:	<b>R5 500 per m<sup>2</sup></b>
Parking requirements	<b>1 per 100m<sup>2</sup> of GLA</b>
Size of parking bay:	<b>6 m<sup>2</sup></b>
Cost of parking bay:	<b>R420 per m<sup>2</sup></b>
Discount rate	<b>20%</b>
Useful life of Investment Property:	<b>50 years</b>
Strategy:	<b>LEASE</b>
Variable Cost Δ	<b>10.00% of turnover</b>
Escalation:	<b>10% p.a.</b>
Funding Ratios:	
<i>Debt</i>	<b>65%</b>
<i>Grant</i>	<b>0%</b>
<i>Equity</i>	<b>35%</b>
Breakdown of Lease (GLA)	
Anchor (750 m <sup>2</sup> )	<b>R45 per m<sup>2</sup></b>
Other (1750 m <sup>2</sup> )	<b>R75 per m<sup>2</sup></b>
Exit Capitalisation Rate	<b>12.5%</b>

The total cost of the neighbourhood shopping centre is estimated at R19,2 million, which includes construction cost of R16,1 million, a land cost of R975 380 and parking bays to the value of R163 800. An anchor tenant is envisaged and the remainder of the shops will be line shops. The space for the anchor tenant is 750m<sup>2</sup> and the remaining line shops would occupy the remainder of the GLA. Rates per m<sup>2</sup> of R45 and R75 are envisaged for the anchor tenant and the line shops respectively. An equity investment of R6,7 million is envisaged and the remainder of the financing could be sourced through loans. The mix of funding envisaged is 65% debt and 35% equity. Variable costs included are estimated at 10% and a positive NPV is achieved based on a minimum return of 20%. . A taxi rank of R2,0 million is also envisaged as part of the shopping centre and is included in the capital cost.

#### 6.4.4.6 Public and social services component

The following key assumptions were considered for an assessment of the viability for the public and social services component:

Size of erf:	<b>10 644 m<sup>2</sup></b>
<b>Alternative (1):</b>	
Land Cost per m <sup>2</sup>	<b>R70 per m<sup>2</sup></b>
<b>Alternative (2):</b>	
Land Cost per m <sup>2</sup>	<b>R120 per m<sup>2</sup></b>
Parking requirements	<b>1 per 100m<sup>2</sup> GLA</b>
Parking bays required:	<b>22</b>
Cost per parking bay:	<b>R4 800 per bay</b>
Phase 1:	<b>50%</b>
Phase 2:	<b>50%</b>
Building cost per m <sup>2</sup> :	<b>R5 500 per m<sup>2</sup></b>



Gross Lettable Area:	<b>2 209 m<sup>2</sup> (Phase 1)</b> <b>2 209 m<sup>2</sup> (Phase 2)</b>
Variable Cost	<b>10.00% of turnover</b>
Funding Ratios:	
<i>Debt</i>	<b>40%</b>
<i>Grant</i>	<b>20%</b>
<i>Equity</i>	<b>40%</b>
Useful life of Investment Property:	<b>50 years</b>
Escalation in rent per annum:	<b>15%</b>
<b>Strategy:</b>	<b>RENT</b>
Rent per m <sup>2</sup> :	<b>40 per m<sup>2</sup> per month</b>

The total cost of the public and social component refers specifically to creating more space by expanding the existing Thusong Service Centre. The total capital cost of the project which divided into two phases is estimated at R30,1 million, which includes construction cost of R29,3 million, a land cost of R745 080 and parking bays to the value of R106 014. A rental strategy is envisaged at an initial rate of R40 per m<sup>2</sup>. The positioning of the project as a public and social focus necessitates funding other than equity and/or debt. A grant of R6,1 million is also required to cover the capital cost. The first phase could incur a capital cost of approximately R15,4 million.

**Note:** The assumptions presented above are a first round indicative indication of the possible financial outcomes. It is not the intention that all project components will be developed simultaneously. The assumptions are dynamic and require continuous updating. An update of the assumptions will be required once the projects are packaged as individual investment opportunities for the market.



## 7. RELEASE STRATEGY AND IMPLEMENTATION PROGRAMME

### 7.1 Key success factors of implementation

The key success factors for the implementation of the programme are as follows:

- Continued support from local community
- Continued support from local business
- Support from Provincial Health
- Support from Provincial Treasury
- On-going Municipal support
- Sustainable urban renewal through grant and other funding

### 7.2 Project Implementation Plan (development parcels)

A project plan for implementation is provided below with milestone timeframes.

- Short Term: 0 – 2 Years
- Medium Term: 2 – 5 Years
- Long Term: 5 – 10 Years

Project component	Existing/To be developed	Total Project Cost (Excl. VAT)	Proposed Time Frame	Funding source
Clinic / Day Hospital	To be developed	R13.673m	Long Term	Department of Health
Housing (Duplexes)	To be developed	R11.978m	Long Term	Private Developer
Flats	To be developed	R13.221m	Long Term	Private Developer
Mix – use (retail and flats)	To be developed	R11.639m	Long Term	Private Developer
Shopping Centre	To be developed	R21.696m	Medium Term	Private Developer and/or Municipality
Public Centre (Thusong – in 2 Phases)	To be developed	R34.013	Medium/Long Term	Municipal and/or NDPG and/or Department of Social Services
Post Office	To be developed	R0.678m	Long Term	Post Office (Agreement to be concluded)
Main Parks & Greening	To be developed	R2.825m	Medium Term	Municipal/NDPG
Ablution Facilities	To be developed	R0.339m	Medium Term	Private, part of shopping area
Sheltered Transport Interchanges	To be developed	R0.452m	Short Term	NDPG/Municipality
Pedestrian/Cycle Routes	To be developed	R2.712m	Short Term	NDPG
Multi-functional Public Square	To be developed	R6.215m	Medium Term	NDPG/Municipal Capital released from land sale



Beehives, inclusive of Crèche	Existing structure to be refurbished and fenced off	R0.565m	Short Term	NDPG/Municipal
ATM	To be developed	Unknown	Medium Term	Private Bank
<b>TOTAL ESTIMATED COST FOR DEVELOPMENT</b>		<b>R120.006m</b>		

### 7.3 IDP Budget commitments from the Matzikama Municipality

The Integrated Development Plan (IDP - Revision 2009-2010) of the Matzikama Municipality states The Council of the Matzikama Municipality in the preamble to the IDP states the following: *".....that unless we make economic development a priority we will not achieve our vision, which in turn will deprive our Communities from good quality service delivery, our ultimate objective"*.

The LED Strategy of the Matzikama Municipality states the following priorities that are aligned to the implementation of the Vredendal North Community revitalisation project:

- To fulfil our obligation in terms of supporting and facilitating Black Economic Empowerment it becomes crucial for the establishment of a "One Stop Development Shop" where the previously disadvantaged can receive support from inception to implementation and monitoring of a particular project.
- The establishment of industrial bodies is high up on our priorities and dialogue should be encouraged as to how can the various spheres of government play a role in helping with establishing and functioning of these organizations
- A land development plan for the Matzikama is essential if we want to expedite much needed economic development so, what becomes a priority for us is to produce a land development plan of all land in the Matzikama municipal area
- A workshop to debate and decide upon appropriate community ownership vehicles is essential for constructive and meaningful local economic development

The basis provided by implementing these priorities is underpinned by the desire of the Municipality to establish an environment that could facilitate direct investment in the Vredendal area that forms an integral part of the Western Cape hinterland. Economic development and direct investment have been identified as major contributors to the social well-being of the Matzikama and particular the Vredendal Community. The relationship between investment and the economic growth in the area is seen as a major source of employment.

### 7.4 Stakeholder management strategy

Stakeholder management is underpinned by appropriate communication and directing key information at various stakeholders. Therefore, success of the project over its development cycle will depend largely on the manner in which the activities, programmes and projects are communicated to potential beneficiaries and other interested stakeholders. The following aspects would form the rudiments of a communication strategy, which should be read together with the internal marketing activities stated in section 7.5 below:

- **Objectives**

- To orientate, generate awareness and gain positive attitudes among stakeholders;





- To inform regarding progress, benefits and use of services provided through the development;
- To activate initiatives and participation by potential beneficiaries and the broader Vredendal North community.
  
- **Target businesses and organisations**
  - Small and community-based businesses;
  - Key political and community role-players and organisations;
  - Business role-players and stakeholders (e.g. chamber of commerce, sakekammer);
  - Other business organisations.
  
- **Major types of messages**
  - Utilisation of land for development of sustainable economic opportunities associated with revitalisation of under-developed informal areas;
  - Enhance the skills and capacity of Vredendal North residents;
  - Attract appropriate investment specifically to under-developed areas; and
  - Delivery of economic development support as the cornerstones of the projects operations.
  
- **Organisation and implementation**
  - Public Relations Department of the Matzikama Municipality to assist with drafting publicity/press releases;
  - Co-ordination and industry liaison via LED/IDP Manager of the Matzikama Municipality;
  - Liaison with media via the Public Relations Department;
  - Introduction of control mechanisms and establish mechanisms for feedback.

## 7.5 Internal marketing

Stakeholder groups that represent the internal target markets of the project will become the focus of an internal marketing campaign. An essential focus of the marketing would be the public sector (i.e. the different community organisations and other NGOs operating in the Vredendal North area and small business stakeholders, specifically, but not excluding larger businesses in Vredendal that should also become aware of the project and the potential benefits they may derive by becoming involved in local economic and community development and/or forging links with smaller businesses.

The following types of internal marketing activities would be considered to convey information about the project to stakeholders and are not intended to be an exhaustive list:

- Personal face-face communications through forums and community business gatherings;
- Preparation of a simple and understandable booklet and brief summaries which highlight relevant information about the projects and the nature and scope of support offered through the programmes;
- Featured articles would be published in local media to exhibit the objectives of the Community upliftment and revitalisation initiative;
- A press release (when appropriate) would be formulated in conjunction with the Public Relations Officer of the Municipality and circulated among relevant media organisations and persons in the region; and



- Personalised communication (e.g. letters) will be addressed to key business and community leaders.

## **7.6 Operations plan**

### **7.6.1 Strategies and objectives**

The operational plan which address strategies and objectives is incorporated within this Business Plan and is developed to:

- Prepare the project to access funds in the market
- Use resources efficiently
- Clearly define capacity gaps and most critical resource requirements.
- Reduce risks where possible, and prepare contingency plans where necessary.
- Ensure the components of the project are unpacked in a manner that would achieve the desired outcome.

### **7.6.2 Organisational and Operational Structure**

The operations of the precinct with its mix of public and private sector components would be managed by the Matzikama Municipality. Essentially, the Corporate Services Department will oversee the compliance and requirements of all the components and will assume the role as a type of facilities management business. This may be outsourced, but control will remain with the Municipality. However, it is envisaged that the said department will assume responsibility for different tasks within the existing mandate of the Municipality, which shall include:

- Facilitation and management of investor interest
- Monitoring and evaluation
- Development applications
- Community/Public liaison

These tasks are aligned with the business model and structure described in Section 6.1 and will ensure as one of its main objectives, the spatial distribution of benefits.

### **7.6.3 Integration of tasks performed by Municipal departments**

Different departments of the Municipality would form an integrated whole to ensure achievement of the following:

- Perform internal marketing functions and liaise with ward councillors and ward committee members
- Prepare programme and project submissions for presentation to the Executive Committee
- Perform performance evaluations
- Facilitate and drive development initiatives
- Prepare budgets (capital and operational) for key aspects of the projects
- Perform external marketing function through liaison with investors, developers and businesses, public, other municipalities province, national and international government institutions in order to support and facilitate development applications



## **7.6.4 Monitoring and evaluation**

### **7.6.4.1 Key performance area (KPAs)**

The success of the development project and its envisaged activities will ultimately be evaluated on the basis of key performance indicators (KPAs). Notwithstanding, KPAs offer strategic direction which are coupled to Key Performance Indicators (KPIs) that offer strategic direction as measurable outputs for the various actions specified as part of the operational phase of the project. The following KPAs are based on the six envisaged project operational objectives.

- Enhance skills and capacity of locals through skills training and provision of facilities;
- Support of job creation;
- Develop business and trading opportunities;
- Create, market and manage economic investment opportunities; and
- Effectively monitor macro and micro activities associated with the project objectives.

### **7.6.4.2 Procedures for monitoring, reviewing and evaluation of operations**

Operations of the development and its tenants, residents, concessors, and users of the facilities are monitored, reviewed and evaluated as part of the assessment process by the Municipality. The success of the operations is measured by the KPAs and achieving realistic KPIs. However, continuous and periodic monitoring is required to ensure the achievement of milestones and the overall success of project operations. The following activities are geared towards achieving acceptable and ongoing monitoring standards:

- The Matzikama Municipality shall conduct regular field assessments of the project activities and give regular feedback to Mayoral Committee and Council.
- A strategic review within the first six months of each completed financial year shall be conducted, focusing on an assessment of the overall progress and achievement of the objectives of the project.
- An operational review of programmes and projects shall be conducted once every quarter for the purposes of internal evaluation.



## 8. RISK ASSESSMENT

The following table summarises the risks applicable to the project. The risk assessment is divided into two primary categories, i.e. internal risks (which should be controlled and managed by the project and market) and macro risks (which are less under the project's control).

Risk area	Probability of Occurrence (1-10)	Potential impact (1-10)	Calculated Risk (Probability x Impact)	Cause	Mitigating measures	Responsible Person
<b>Internal (project) risks</b>						
Technical limitations on achievability of results	3	10	30	Plan cannot be implemented as suggested	Re-evaluation of project feasibility and milestones	Municipality and Support Team
Adversity from private property owners that are apprehensive to conform to changes	6	5	30	Invasion of current practices and conformity to new dispensation, cheaper prices and more competition	Ensure inclusive approach Demonstrate benefit of involvement	Municipality and Support Team
Shortfalls on budget	5	8	40	Unforeseen additional expenses	Re-evaluation of project feasibility and milestones. An alternative is to supplement existing funds	Municipality and Support Team
Community adversity due to communication limitations	1	8	8	Involvement is reserved for a few members	Introduce community communication plan	Municipality and Support Team
<b>Market and Macro Environment risks</b>						
Market demand changes and behaviour	5	8	40	Poor understanding of community and customer behaviour	Market research and strong interaction with community	Municipality and Support Team

Our assessment of the project risks indicate a primary need to ensure that the internal financial risks are managed in an efficacious manner to avoid budget shortfalls and non-compliance with reporting procedures required from the Project Officer.

The market and macro environment risks entail changes in market (community) demand dynamics and behaviour. These risks will be proactively managed from the start of the construction phase to ensure a seamless transition from construction to operations.



## 9. EXIT & REVIEW STRATEGY

At the end of the engagement between the NDP Unit and the Municipality an exit and review process will be followed in order to establish management systems and the building of capacity if not already available within the Municipality.

This strategy will be developed throughout the project cycle of each individual project within the bigger intervention of this Urban Renewal process in Vredendal North.

The outputs required by the NDP Unit to evaluate the exit and review of these projects will be:

- An Exit and Review Report
- A Close-Out Report
- An Award Closure Sheet

### 9.1 Exit and Review Report

An Exit and Review Report, drafted by Matzikama Municipality, will be submitted to NDP once the Implementation Programme (indicated in this document) is fully implemented.

This will be done to ensure that the NDP Unit is informed that all outputs, as indicated in the Business Plan, have been achieved and that all projects have been finalised. It will also confirm the completion of the entire Business Plan and address the sustainability of the entire funded program in Vredendal North.

This Report will be populated from the Business Plan and the following will be addressed within this report relating to the projects as implemented by Matzikama Municipality.

- Programme Description
- Programme Completion
- Programme Evaluation
- Operations Plan
- Overall Assessment and Recommendations
- Compliance Requirements

### 9.2 Close-Out Report

Close-Out Reports will be compiled for each project that is implemented. This document will, as per the "Close-Out Report Template", confirm the finalization of the projects and address the following:

- Ensure the NDP that **project** completion was achieved.
- Confirm that the **project** has been finalized within planned budgets and timeframes.
- Confirm whether objectives were achieved.
- Outline any events of significance during the project.
- Confirm any unresolved disputes.
- Make suggestions for improvements.
- Confirm that the quality of work is acceptable.
- Confirm that the **project** history is available (updated project records).
- Hand-over/s in case of construction project components.





### 9.3 Award Closure Sheet

The "Award Closure Sheet" will terminate the legal relationship between Matzikama Municipality (inclusive of Financial and Contractual matters) indicating that all contractual obligations have been met. This one page document will be signed by both the NDP and the Municipality.

The table below indicates the timeframes in which the above reports will be delivered in order to comply with NDP regulations and requirements.

Document	Timeframe for Submission of Document
<b>Award Exit and Review Report:</b>	<i>3 months after final completion of the last project for the programme/s or township.</i>
<b>Project Close-Out Report Template:</b>	<i>30 days after final completion of the last project component that forms part of the project.</i>
<b>Award Closure Sheet:</b>	<i>6 weeks after the submission of the last Exit and Review Report.</i>



## 10. DEVELOPMENT FEATURES OF LED IMPLEMENTATION

Local government is pivotal to reshaping and strengthening local communities. The adoption of the project by the Matzikama Municipality together with the implementation of programmes marks the establishment of a new relationship between public institutions, different spheres of government and civil society in Vredendal.

The White Paper for Local Government defines “developmental Local Government as a local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives”. The IDP and local economic development initiatives are two of the developmental outcomes of both local and district municipalities.

The final outcomes of the project have the following development features as prioritized goals:

- Build capacity through job creation within the Matzikama regional economy and specifically Vredendal North;
- Promote the creation and growth of small enterprises owned and managed by entrepreneurs from within the Vredendal municipal area with specific reference to Vredendal North;
- Facilitate the development of skills to enable residents in Vredendal North to participate in business activity; and
- Enhance the stability of the Vredendal area on the basis of economic and business growth through local economic participation and investment.

*In 1998, President Thabo Mbeki introduced into public debate the notion of South Africa as being characterized by “two economies”. According to Government’s ten year review, the first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalised, unskilled economy, populated by the unemployed and those unemployable in the formal sector. Despite the impressive gains made in the first economy, the benefits of growth have yet to reach the second economy, and with the enormity of the challenges arising from the social transition, the second economy risks falling further behind if there is no decisive government intervention.*

*Source: DTI, UNIDO Competitiveness Conference, June 2004.*