

# **QUEENSTOWN: SOCIO-ECONOMIC PROFILE AND LED STRATEGY**

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## **1. INTRODUCTION**

The broad aim of this study is to gather strategic data on Queenstown which can be used to feed into development planning processes and inform strategic LED interventions such as demo projects.

The study was informed by five specific objectives:

- to provide a historical overview of development planning in Queenstown, with particular reference to the effects of apartheid planning;
- to provide a demographic profile of the Queenstown population focusing particularly on population size, racial profile, the gender composition, the age profile, the levels of education as well as household income;
- to provide an overview of the salient features of the Queenstown economy, in terms of employment patterns and labour market features, its human and natural resource endowment, and its economic infrastructure;
- to look at Queenstown's physical infrastructure, including water and sewerage, electrification, roads etc, and social infrastructure such as housing, schools, health care facilities, and other community facilities;
- to assess the network of development stakeholders, especially the TLC, government and others;
- to design an appropriate institutional framework for LED in Queenstown, and propose concrete strategies and recommendations on the way forward.

Research methods used consisted of documentary research and interviews.

Documentary research was the primary means of attaining demographic data on Queenstown, with use being made of the 1997 Draft structure Plan, the Palmer Development Group's/DBSA's Municipal Infrastructure Investment Guidelines for Queenstown (1998); the 1995 CSS's October Household Survey, and the DBSA's 1995 Statistical Macroeconomic Overview. Use was also made of a number of government and NGO planning and strategic documents, which addressed either the theme of LED generally or Queenstown more specifically.

In-depth interviews and focus group discussions were also held with various role-players and stakeholders in Queenstown, including the TLC, political parties, the SBDF, entrepreneurs from numerous SMMEs, hawkers and informal traders, formal businesses, consultants, and government representatives (especially from the Northern Region Department of Economic Affairs, Environment and Tourism).

## **2. QUEENSTOWN IN HISTORICAL PERSPECTIVE**

## **2.1 Before 1910 - the colonial era**

Most historical references to Queenstown suggest that the town was first established in the early 1850s when white settlers constructed dwellings on the banks of the Komani River due to the availability of fresh water and the suitability of the area for livestock farming (see DBSA, 1988). Queenstown was proclaimed as a colonial settlement area in 1853, and continued to grow steadily as a trade centre servicing the rural hinterland. In 1879 Queenstown was declared a municipality and in 1880 a railway link with East London was connected which confirmed Queenstown's status as a high order regional service centre. This was given further impetus with the building of the Bongola Dam in the early 1900s, which now gave Queenstown a formalised domestic water supply.

By 1910 Queenstown has developed into 'the regional centre of industry, commerce and education'. Industry included quarrying, brickmaking, building, wagon-making, milling, a butter factory, the bottling of aerated water, and a brewery (which marketed throughout South Africa) (DBSA, 1988). The town had good road and rail links with major centres and its agricultural hinterland, and had in place a municipality with strong institutional links to the Cape colonial administration. At the same time though, there had been absolutely no attempts to extend services and develop infrastructure for black communities which had settled around the town, in areas such as Esikidini and Mlungisi. These areas resembled 'slums' with overcrowding and no facilities or services such as reticulated water.

## **2.2 1910-1948 - the union of South Africa**

The key policy in the newly established Union of South Africa was the 'Native Reserve Policy' realised through the Natives Land Act of 1913, which basically reserved some 13% of South Africa's land area for the occupation by Africans, and the 1936 Native Trust and Land Act which effectively tightened the terms by which Africans were allowed to reside in white rural areas. The aim of these laws was to free up land for white occupation as well as to create reserves of cheap, unskilled labour for superexploitation by white farmers, miners and industrialists. The effect was the devastation of the agricultural economic base of African rural communities. Faced with overcrowding and declining yields, a constant stream of landless people migrated to nearby urban centres, in search of a livelihood.

Within Queenstown, most of these migrants and displaced rural dwellers settled in Mlungisi. But while significant infrastructural facilities and services were being provided for the white Queenstown population (including reticulated water, electricity, housing, sanitation, etc), little to no infrastructure and services were provided for the black townships such as Mlungisi.

## **2.3 1948-1994 - Apartheid**

The National Party after it came to power in 1948 set about formalising and institutionalising the policy of separate development. In particular its focus was on keeping Africans in the 'native reserves' (soon to be called 'bantustans') and out of the 'white' urban areas. This was achieved through influx control measures such as the Group Areas Act of 1950, the Prevention of Illegal Squatting Act of 1951, and the Urban Areas Amendment Act of 1952 (which made it a legal requirement for Africans living in urban areas to carry passes).

This had the effect of limiting opportunities for migrancy outside of the sub-region, resulting in even higher levels of influx into Mlungisi which continued to accommodate displaced people from the overcrowded and impoverished 'bantustans'. The forced resettlement of communities (mostly from white farming areas) on 'dumping sites' in the sub-region such as Zweledinga and Ntabatamba (in the former Ciskei) resulted in even further growth of Mlungisi. Compared to the 'dumping sites', Queenstown's township provided opportunities for survival, despite the lack of services and infrastructure. Indeed the logic of apartheid planning (wholeheartedly embraced by the Queenstown municipality) was such that housing, infrastructure and services were consciously not provided so as not to encourage African settlement in Mlungisi (and Queenstown). It was only in 1985 that the further development of Mlungisi was unfrozen and further residential dwellings developed.

Instead the apartheid government implemented a strategy of promoting residential growth within the 'bantustans'. The key focus of this urban resettlement policy within the sub-region was Whittlesea, with Sada being developed in 1963 for this very purpose. A decade later (in 1972) the Department of Co-operation and Development unveiled a plan to develop a township near Queenstown, but situated in the 'bantustan' of the Transkei. Construction of Ezibeleni began soon after, and over the next few years thousands of people were relocated there from Mlungisi. The complete relocation Mlungisi residents to Ezibeleni was halted with the proclamation in 1976 of the Transkei as an 'independent state', and Ezibeleni's incorporation into the Transkei.

Also important in the development of Queenstown was its declaration as a growth point in 1978. The essence of the industrial decentralisation strategy as it became known was to develop basic infrastructure at selected growth points (situated within 52km of a homeland) and offer incentives to interested investors. The particular incentives offered in a particular growth point were differentiated according to how attractive or otherwise and area was (see Dewar et al, 1984). Region D (of which Queenstown was a part) was accorded the highest development priority, and provided with some of the most 'attractive' incentives available. Among these were tax incentives, transport subsidies, rent subsidies, as well as the understanding that homeland governments would facilitate workplace relations conducive to the super-exploitation of employees. The rationale behind the industrial decentralisation strategy was threefold: (1) to provide opportunities for South African and foreign manufacturers to set up shop in a labour surplus environment where industrial peace was guaranteed; (2) to promote the sustainability of homeland populations in order to lessen the movement to urban metropolitan areas; and (3) to garner support for the homeland governments who were increasingly being targeted as part of the broader anti-apartheid resistance.

Within Queenstown, Ezibeleni (situated on the border of the former Transkei) was the key beneficiary of the industrial decentralisation strategy. At the height of the investment in Ezibeleni (around 1989), some 18 companies with an investment profile of just under R20 million, and employing some 1000 people (Transkei Industrial Survey, 1990). Most of these industries were in the wood and furniture sector, clothing and textiles, and in non-ferrous metals. Since 1989, however, there has been a steady closure of firms in Ezibeleni (approximately 3 to 4 each year up to 1995). Reasons for this include increasing trade union penetration after 1990 (placing limits on the extent to which employers could exploit workers) and the dismantling of the incentives (which had attracted the firms in the first place).

## **2.4 The legacies**

One hundred and fifty years of colonialism, separate development and apartheid have left their mark on Queenstown and surrounding areas. In a sense, Queenstown and surrounding hinterland are like a microcosm of South Africa. Let us briefly consider the key features of this micro-political economy.

### **2.4.1 A developed core and an impoverished rural periphery**

Queenstown has developed as the core service, administrative, educational, industrial, and commercial centre in the sub-region. Resources and infrastructural facilities and services which have flowed into the sub-region have been concentrated in Queenstown (albeit for the benefit of the white population only). Growth and development in Queenstown has been steady over the past century, although recent (post 1990) developments has seen a decline in industrial activity.

At the same time though, the rural areas in the surrounding 'bantustans' have got significantly poorer. Poverty is most extreme in the nearby 'dumping sites' of Zwebedinga and Ntabetamba (among others), although most rural villages in the broader sub-region are characterised by high levels of unemployment, landlessness, lack of water, and the absence of basic services and facilities.

### **2.4.2 Social inequality (on the basis of race)**

Within Queenstown itself, there are in fact two Queenstowns, one black and one white (or perhaps even three if we include the so-called 'coloured' areas whose quality of facilities and services lies somewhere between the two extremes). Historically the physical infrastructure (water, sewerage, roads etc) and social infrastructure (housing, schools, health facilities, sports facilities etc) for white residents in Queenstown has been very good, comparable with standards anywhere else in South Africa. Facilities and services for Mlungisi (where the majority of the black Queenstown population live) were hopelessly inadequate. Historical accounts of Mlungisi describe it as 'an overcrowded slum'. Indeed as suggested above (sub-section 2.3), in line with apartheid development planning, this was conscious so as not to encourage the influx of Africans from the impoverished rural hinterland.

### **2.4.3 Involuntary urban settlement patterns**

Urban settlement patterns for Africans in the sub-region have been shaped by the logic of apartheid development planning which artificially created towns and townships so as to encourage urbanisation and resettlement 'within the bantustans' (eg. Whittlesea and Ezibileni). Industrial development was then artificially kick-started (through incentives, trade union suppression etc) to provide jobs to encourage settlement. But the question in the post apartheid scenario is what do you do with these towns? Ezibileni is less of a problem because of its proximity to Queenstown (and inclusion in the Queenstown municipality). Whittlesea is more of a problem. Questions need to be raised as to whether it should continue to be an urbanisation focus and developed as a sub-regional service centre (with its own TLC etc), or whether it should be integrated into Queenstown.

#### **2.4.4 Underdeveloped institutional capacities**

Another significant consequence of apartheid development planning has been the extremely fragmented institutional framework which has governed development in the area. For a start, what is ostensibly one spatial economy - the subregion (the broader Queenstown-Whittlesea area) - has historically been governed by three separate administrations, South Africa, the Transkei and Ciskei. That this has impeded coherence and integration with respect to development planning, service delivery, and the institutional framework thereof is obvious.

In many cases (for example around LED and poverty alleviation), developing institutional capacity will by necessity first involve putting into place the appropriate institutional arrangements (organisations, structures, committees etc). It is only once these arrangements are in place that minimum capacity thresholds can be calculated, training needs identified, and capacity developed to threshold levels. Furthermore, institutional change may often be contested, especially when it involves transforming relations of power and patronage which have been in place for decades.

### **3. DEMOGRAPHIC CHARACTERISTICS**

Unfortunately, at the time of writing this report, the detailed findings of the 1996 national census had not yet been released. Unfortunately, the 1991 national census does not give a complete picture of Queenstown as Ezibileni (a township which comprises between 30 000 - 40 000 people) is excluded. What follows then are figures which are based on the Queenstown municipality's population figures for Queenstown (as contained in the 1997 Draft Structure Plan), as well as Vista University's figures (which are projections based on the 1991 Census). Use will also be made of the CSS's 1995 October Household Survey, Unisa's 1995 Socio-Economic Profile of South Africa's Nine Provinces, and the DBSA's 1995 Statistical Macroeconomic Review (which primarily uses CSS data such as the 1991 national census, the 1995 October Household Survey, together with its own secondary data).

#### **3.1 Queenstown sub-regional population size**

Given Queenstown's importance as an administrative, educational, industrial, commercial and service centre to a large sub-region consisting of a number of smaller rural towns, and numerous rural villages, it is important to quantify the size of this

sub-regional population. As is evident below, the size of this population is given as 427 500 (based on Vista University Data D 1995 and CSS 1995 figures, 1997 Draft Structure Plan), although today the population is likely to be in excess of half a million people.

<b>Role and Function</b>	<b>Settlement</b>	<b>Population (estimate)</b>
primary urban service centre	Queenstown TLC	75 000
secondary urban service centre	Sada/Whittlesea	53000
minor urban service centres	Sterkstroom, Cathcart, Lady Frere	5500 6000 3000
residential area peri-urban	Illinge	12 000
rural villages	150 villages	250 000
minor communities	commercial farms	23 000
<b>Total population</b>		<b>427 500</b>

### 3.2 Queenstown population size

What follows are estimates for the population size of the three residential areas that make up Queenstown. A number of contrasting figures are provided so as to illustrate just how contested (and unreliable) the population data for Queenstown really are.

<b>Residential area</b>	<b>Population (Vista University - 1995)</b>	<b>Population (TLCs figures -1997)</b>	<b>Population (Draft Structure Plan - 1997)</b>	<b>Population (Adjusted estimates -1998)</b>
Queenstown (town area)	17 765	19 528	18 332	14 999
Mlungisi	16 752	29 427	52 112	33 195
Ezibileni	39 073	56 363	46 064	32 530
<b>Total</b>	<b>73 590</b>	<b>105 318</b>	<b>116 508</b>	<b>80 724</b>

It is difficult to say which of the above figures are more correct. What is perhaps most disturbing about the above figures is not so much the contrasts given for total populations in Queenstown (although this in itself is worrying), but rather the differences in population sizes given for the different residential areas which comprise Queenstown. For example, the Vista University and TLC figures (which were provided for the 1997 Infrastructure Assessment for Towns in the Eastern Cape Province), both suggest that Ezibileni is considerably larger in population size compared to Mlungisi. This is indeed problematic when one considers that Mlungisi has more developed residential sites than Ezibileni (according to the latest Draft Structure Plan).

Accordingly the 1997 Draft Structure Plan calculates its population size for each of the residential areas from the number of developed residential sites and estimated

shacks in each area. Population size is then calculated on the basis of an estimated occupancy rate of 8 persons for developed residences in Mlungisi and Ezibileni, 5.5 persons for Queenstown town area, and 5 persons for the shack settlements. This method has merit, although clearly the household sizes for Mlungisi and Ezibileni are over-exaggerated. A more realistic projection based on a household size for Mlungisi and Ezibileni of 5 persons, and for Queenstown town area of 4.5 persons, would put the population size of Queenstown at 80 724.

### **3.2 Population growth rates**

Any projections of future population size of Queenstown must take into account the fact that the town is growing at an alarming rate. This is due both to natural population increase (of about 1% -1.5% per annum) and the influx of people from the rural areas surrounding Queenstown (of about 1.5% - 2% per annum). This means an annual population growth rate of between 2.5% - 3.5% per annum. This means that the Queenstown population will increase by nearly 30 000 over the next ten years.

What is significant about this population growth rate is that, over time, it is changing the demographic characteristics of Queenstown. The fact that natural population growth is higher among low-income groups, and that most of the residents who come to Queenstown from surrounding rural areas are poor, means that population growth will be significantly higher amongst the poor. This will have important consequences for development planning.

### **3.3 Population breakdown by race**

Due to the high influx of African residents from the impoverished areas surrounding Queenstown (as well as from higher levels of natural population growth) population growth levels are higher among African residents than for other so-called 'race groups'. Population figures for 1979 suggest that the white population made up 28% of Queenstown's population, and the African population only 64% (1997 Draft Structure Plan). The DBSA (1996: Eastern Cape Human Development Profile) gives the breakdown as 63% African, 0.4% Asian, 14.6% Coloured and 22% White. But these breakdowns are based on a population size of 49 140.

Clearly if we accept the number of developed residential sites as suggested by the TLC and Town and Regional Planners Setplan, then a very different picture emerges. Estimates based on these population projections suggest that the African population comprises some 80% of Queenstown's population, whites make up about 13%, the so-called 'coloured' population about 6%, and the 'Indian' population about 0.5%.

The point needs to be made though that the relevance of such labels lies in accounting for (historically determined) racial imbalances and inequalities which are prevalent in the community.

### **3.4 Population by gender**

The Vista University Data D Report suggests that Queenstown is made up of significantly higher numbers of females than males. The report estimates that approximately 45% of the population is male and 55% female.

The DBSA's Statistical Macroeconomic Overview confirms the fact that Queenstown is overrepresented by females. The DBSA figures show that while there are more males than females in the under 14 year age category, the opposite is true for both the 15-64 year category and the 65 years plus category (in which 64% are female). Reasons have to do with labour migrancy (absent men are simply not counted in surveys), and with the fact that women tend to live longer than men (men are far more likely to suffer trauma related deaths as well as deaths from occupational diseases and migrant-related illnesses like TB).

But despite men being fewer in the 15-64 year category, the DBSA's (1995) statistics suggests that the gender composition of the labour force in Queenstown was 53% male and 47% female. This reflects women's peripheral status in the formal sector labour market.

### 3.5 Population by age

The 1995 DBSA's Macrostatistical Overview provides a breakdown of the population by age group.

Age	Percentage
0 years - 5 years	12%
6 years - 14 years	21%
15 years - 64 years	62%
65 years +	5%

It is evident that a fairly high proportion (33%) of the Queenstown population are under the age of 14 years. This proportion is, however, considerably lower than for rural areas surrounding Queenstown (where the percentage of children under the age of 14 years is closer to 42%), or nearby towns such as Cofimvaba or Whittlesea where the youthful proportion of the population are nearer 50%.

### 3.6 Population by level of education

The 1997 Draft Structure Plan provides the following levels of education among the Queenstown population. This is reflected (with appropriate adjustments) in the following table:

Level of education	Percentage
< standard 2	24%
standard 3 -9	43.5%
standard 10	28.5%
standard 10 +	4%

It can be seen that some 24% of Queenstown's population have only attained standard 2 qualification or less. This means a literacy level of between 70%-75% (using the commonly used literacy threshold qualification of standard 4), although such standardised literacy indicators are extremely problematic. On the other end of the scale, less than one third of adults have matric. Although unacceptably low, these reflect educational levels which are pretty much on par with the rest of the province, and considerably higher than in surrounding towns and rural villages (particularly those in the former homelands).

### **3.6 Household income**

Unfortunately there have been no recent comprehensive studies of household income and expenditure in Queenstown. What follows are weighted averages calculated by the Palmer Development Group (1998) from information supplied by the town Treasurer.

<b>Income (monthly)</b>	<b>% distribution</b>
R 000 - R 800	50%
R 800 - R1500	24%
R 1500 - R 3500	14%
> R3500	12%

While the above figures are an estimation and might not represent a perfectly accurate picture, they do give some indication of the income categories into which most people fall. The proportion of people living below the 'minimum living level', varies according to the definition of the level. If one defines it as household income below R800/month (as defined by the Housing Board, for example) then 50% of Queenstown's households live below the minimum level. If however, we take a slightly higher (and more realistic) minimum living level of R1300, then it follows that slightly more than 60% of households live below the level.

These figures reveal low levels of affordability which have significant implications for cost-recovery oriented provision of services. But any projections as to future levels of income must be premised by a thorough examination of the Whittlesea economy, and its potential to create employment and generate and distribute wealth.

## **4. THE QUEENSTOWN ECONOMY - SALIENT FEATURES**

### **4.1 Unemployment in Queenstown**

The economically active population comprises all workers - employers, employees, the self employed, and the unemployed - in the formal and informal sectors. Besides the Northern Province (which has an unemployment rate of 47%), the Eastern Cape

has the next highest rate of 45.3% (Unisa, 1995). The national unemployment rate is calculated to be 32.6%, indicating the relatively high levels of unemployment (and by consequence poverty) in the province. Unemployment here refers to the expanded definition which includes people 15 years and older who, though unemployed, are available for work irrespective of whether they are taking active steps to find work. Definitions are important when it comes to counting people. The DBSA, for example, in its 1995 Eastern Cape Macroeconomic Survey, uses the narrow definition of unemployment. This definition includes people over the age of 15 years who are not in any type of employment, *but who are actively looking for a job* (have applied for jobs within a month of the survey). Such narrow definitions excludes those who have become disillusioned and given up looking for a job, or do so less often due to costs associated with finding a job (transport etc).

The Unisa statistics (1995) suggest that unemployment in the Eastern Cape is considerably higher in the rural areas (56.3% for rural and 32.4% for urban). It is also considerably higher amongst women, with the provincial unemployment rate being 50.4% for females and 40.2% for men. These figures are fairly close to those of the CSS's 1995 October Household Survey which put the unemployment rate at 53% for African females, and 42% for African men. The CSS data makes for interesting comparative analysis across racial groups in the province. For example, the unemployment rate for white males is only 5%, and that of white females 12%.

Nobody knows the precise unemployment rate in Queenstown. Once again it depends on whether one is using the expanded or narrow definition, and how accurate and rigorous the methods used to arrive at the figure. The DBSA (Eastern Cape: A Human Development Profile, 1995) gives the 1991 unemployment rate for Queenstown as 20%, with an additional 19% of the economically active population employed in the 'informal sector'. These figures are based on an economically active population of 17 252. Clearly this figure under-represents the true nature of unemployment in Queenstown. Where it is most accurate is in the number of formally employed people - presented as 10 362. Where it is most inaccurate is in the size of the potentially economically active population. Then, in 1991, it was probably around 35 000 which means that less than 30% of the potentially economically active population were formally employed. Secondly, the DBSA figures must be challenged in their (implicit) assumption that people involved in informal sector activities wouldn't rather be formally employed. Informal sector activities are often (although not always) a survival strategy rather than a preferred choice. The same problem exists with so-called 'homemakers' and 'unpaid family workers', who are not counted as unemployed but may well rather choose to work if such employment opportunities existed.

On an expanded definition, the size of the potentially economically active population today is more likely about 48 000. Realistically we can exclude about 35% as those being unable to work (eg. disabled persons) and those choosing not to work in formal employment (so called home-makers, students and the self-employed). This means a population of about 31 200 people willing and able to work in the formal sector. If we take an optimistic figure of 14 000 people formally employed in Queenstown, this means an unemployment rate of 56%.

### 4.1.2 Employment Patterns

The sectoral breakdown of the formally employed by economic sector is illustrated in the table below. Figures for 1980 and 1991 are provided so that an idea of emerging trends can be attained. Unfortunately, figures more recent than 1991 are not available.

<b>Economic Sector</b>	<b>1980 (%)</b>	<b>1991 (%)</b>
Agriculture, forestry and fishing	9.7	9.8
Mining and quarrying	0.6	0.1
Manufacturing	6.9	7.2
Electricity, water	0.6	0.4
Construction	5.0	4.5
Trade, catering	20.2	20.1
Transport, communications	12.5	6.9
Services	39.0	44.0
Finance,real estate	4.6	7.1

As is evident, trade and services make up the bulk of formal sector employment opportunities, accounting for almost two thirds of all formal jobs in Queenstown. If anything, both these sectors should have recently increased in relative significance as an employer. The service sector has expanded through an increased government profile, Queenstown being the administrative capital of the northern region of the province. Furthermore, there has been general expansion in both trade and services as a result of population growth, both in the town and the sub-region, resulting in a greater demand for goods and services. Their relative significance must also be seen against the decline in manufacturing due to the deinvestment of manufacturing industries drawn to Queendustria and Ezibileni by the industrial decentralisation incentives. Other sectors which have recently experienced growth are electricity and water, and construction, both as a result of the state-led infrastructure development programme. There has also been growth in the transport and communications sector, with the booming taxi industry and growth in the telecommunications sector.

Over and above those employed in the formal sector, it is estimated that there are an additional 5000 - 8000 people employed in the informal sector. Most of these are self-employed, although some employ one or two assistants. Most of these micro enterprises are in trade (eg. hawking, spaza shops, shebeens etc) and services (mechanics, electricians, childminders etc). Most of these micro enterprises are survivalist in nature, and generally have very few prospects for expansion and further job creation. With strategic intervention (targeted financial assistance and business training), however, a number of these micro enterprises could be turned into viable and sustainable small businesses which can generate employment opportunities. But becoming more formalised can often be seen as something of a trade off, and may not be perceived as desirable. While it may mean that it can become easier to qualify for financial assistance (and this is never guaranteed), at the same time there is the fear that regulation means more expenses (registration fees, taxes etc).

### 4.1.3 Future employment prospects

One of the key challenges facing Queenstown is its rapid population growth, calculated (in sub-section 3.2) to be at least 3% per annum. This is due both to natural population growth and the influx of people from Queenstown's impoverished rural hinterland. While the rapidly increasing population will no doubt create opportunities (notably in services and trade), it will at the same time put tremendous pressure on the local economy to create jobs. This is illustrated in the following table:

<b>Projection</b>	<b>Population (at 3% growth, includes both natural growth and influx from rural sub-region)</b>	<b>Potentially economically active population less those unavailable for work</b>	<b>Existing number of jobs</b>	<b>Job shortfall</b>
1998 (present)	80 000	32 000	14 000	18 000
2003 (5 year)	92 700	37 080	14 000	23 080
2008 (10 year)	107 380	42 950	14 000	28 950
2018 (20 year)	144 200	57 680	14 000	43 680

The above table illustrates that there is currently a job shortfall of 18 000 jobs in Queenstown. In order to achieve full employment by the year 2003, some 23 000 jobs have to be created. In other words, just to maintain current levels of employment (so as not to further increase the already unacceptably high levels of unemployment), an additional 5000 jobs need to be created over the following 5 years.

By the year 2008, the economically active population will have grown to about 43 000. This means a jobs shortfall of some 29 000 jobs, and means at least 10 000 employment opportunities need to be created just to maintain current levels of employment.

If no new jobs are created by the year 2018, Queenstown will have an unemployment rate of around 75% and a shortfall of some 43 500 jobs. In order to maintain current employment levels (with an unemployment rate of around 55%), there will need to be almost 16 000 new jobs created over the next 20 years.

#### **4.2 Gross Geographical Product at factor cost by economic sector**

<b>Economic sector</b>	<b>1980 (%)</b>	<b>1991 (%)</b>
Agriculture, forestry and fishing	5.5	3.8
Mining and quarrying	0.1	0.2
Manufacturing	8	13
Electricity, water	2.2	3.2
Construction	4.6	3.6
Trade, catering	21.7	31

Transport, communications	20	14.4
Services	23.5	17
Finance, real estate	14.2	13

The above table shows the importance of trade and services as the two key economic sectors in Queenstown, and the relatively insignificant role of manufacturing. The table further shows what kinds of trends have emerged, with trade increasing its importance as an income generator for Queenstown. While manufacturing can be seen to have increased in significance from 1980-1991, its relative contribution to the town's GGP will have decreased over the past few years with the closure of a number of industries in Ezibeleni and Queendustria. Likewise, sectors which have to do with infrastructure development such as water, electricity and construction will have increased in significance. Unfortunately, more up-to-date data is currently not available.

### **4.3 The Economic infrastructure**

Economic infrastructure is taken here to mean the natural, physical and human resource endowment which currently exists in Queenstown.

#### **4.3.1 Natural resources**

Queenstown is situated south of the foothills of the Stormberg Mountain range. The Draft 1997 Structure Plan describes Queenstown's physiographical and topographical features as 'average to below average'. The land around Queenstown is mountainous, semi-arid (with annual rainfall of 560 mm) with extreme climatic conditions regarding temperature fluctuation. The veld type in rural areas surrounding Queenstown is semi-arid Karoo-type vegetation which has low carrying capacity and deteriorates under heavy grazing.

Bulk water supply comes from the Bogola Dam (built almost 100 years ago by the Queenstown Municipality), and the Waterdown dam (near Whittlesea). It has recently become evident, however, that this water supply would by no means be able to serve the needs of the growing Queenstown population into the new millennium. Plans are now afoot to implement a scheme to supply Queenstown with water from the Xonxa Dam.

It is evident then, that Queenstown has no particular natural resources around which future economic development can be built. What it does have, however, is an ever-increasing sub-regional population which it will continue to service. While it is close enough to other major service centres such as East London and Umtata to benefit from commercial and marketing linkages, it is far enough away to enable it to service its own sub-regional population.

#### **4.3.2 Physical resources**

- **established transport infrastructure**

Queenstown's accessibility by road and rail transport is one of its key strengths. The town lies on the main road (the N6) between East London and Gauteng, which passes through Bloemfontein on the way. There is also an established road network linking Queenstown with other large towns in the region including Aliwal North (by the N6), Cradock (by the R61), Umtata (by the R61), Whittlesea (by the R67) and Elliot (by the R56). Queenstown also lies on the main rail linkage between East London and Bloemfontein, Johannesburg and Pretoria.

- **a flourishing central business district**

The central business district, which lies on the N6 which passes through Queenstown, offers a wide variety of between retail, commercial and professional services. These include retail shops (clothing stores, furniture stores, supermarkets, pharmacies, fresh produce stores, hardware stores, bottle stores etc); commercial services (hotels, restaurants, banks, filling stations); industrial services (automotive repairs, exhaust and tyre repairs); professional services (medical, legal, financial, engineering services); government services (provincial government regional offices, TLC and Stormberg District Council), transport services (bus and taxi facilities); and informal traders (kiosks and pedestrian walkways).

- **under-utilised industrial sites**

One of the legacies of the apartheid government's industrial decentralisation scheme are the vacant factories standing in Ezibileni and to a lesser extent in Queendustria. As a result, most of the industrial sites are being utilised for purposes other than for which they were built. Most, especially in Queendustria operate as storage or warehousing facilities rather than as productive enterprises. The downside of this is that employment levels are considerably lower (an average of between 15-20 people per site) than those where production is taking place. Educational institutions are also utilising vacant industrial buildings in Queendustria.

While the ECDA (into which the Transkei Development Corporation has been integrated) owns and rents most of the industrial sites, some companies have bought sites in Queendustria. Many have moved from Ezibileni to Queendustria complaining that the Ezibileni site is not well maintained and unsafe.

Together with the Southbourne industrial area to the south-east of the Queenstown's CBD, these industrial sites have enormous development potential. All three are served by railway sidings, and have direct (road and rail) transport linkages to a port in East London and markets in Gauteng, Bloemfontein and East London.

### **4.3.3 Human resources**

Almost one quarter of Queenstown's adult population has an educational level of standard two or below, while more than two thirds have not attained matric. This does not, however, mean that there are no skills in Queenstown. In fact due to its position as the Northern Region's administrative centre and the commercial service centre of a broad sub-region, Queenstown has a range and depth of skills which belie its size and demographic profile.

These include a range of professional skills (medical and nursing, legal, engineering, project management, planning, accounting, teaching etc), management skills (leadership, financial management, business management, organisational management, administrative, labour relations etc), and practical skills including those which are more skilled and semi-skilled in nature (white collar - clerical, bookkeeping and administrative skills, as well as those which are more blue collar in nature - machine operators, and artisan skills such as woodwork and carpentry, electrical, plumbing, bricklaying, welding etc). There are also a wide range of informal ‘survival skills’ which people have learned without the benefit of formal training, including those in trade (eg. hawking), business management (eg. running a spaza shop), services (gardening, radio repair, backyard mechanic etc).

## **5. THE PHYSICAL AND SOCIAL INFRASTRUCTURE**

### **5.1 Physical infrastructure**

#### **5.1.1 Service provision**

The following table illustrates the current level of service provision to formal developed erven in the three broad residential areas that comprise Queenstown.

<b>Services</b>	<b>Queenstown -town area</b>	<b>Ezibeleni</b>	<b>Mlungisi</b>
water	full reticulation with individually metered	about half of developed erven have	individual water connections, about

	water connections	individual connections, some with individual metered supply; the other half rely on communal standpipes	one quarter of which are metered
sewer	waterborne system	waterborne system	waterborne system
roads	access roads and local streets are tarred and in good condition	only access roads are tarred, all local streets are gravel generally in poor condition	access roads and most local streets are tarred and in fairly good condition
electricity	all developed erven are provided with full electrical connections	about one third of developed sites are provided with full electrical connections, while the rest have 'ready board' connections	about one quarter of developed erven have full electrical connections while the rest have 'ready board' connections
stormwater	all roads are provided with adequate stormwater drainage	stormwater drainage only on access roads, minimal drainage on local streets causing erosion of road surface	most roads provided with stormwater drainage - not much erosion of road surfaces

It is evident that engineering services are least adequate in Ezibeleni, especially with regards water (with half the households relying on communal standpipes) and roads (with most roads being gravel and in poor condition, with no proper stormwater drainage). It is important to note though, that the above table refers only to developed erven in Queenstown. There are some 2000 or so informal shacks in Mlungisi and another 2000 in Ezibeleni. These shack dwellers are not currently receiving services other than the provision of a small number of chemical toilets and a small number of communal taps (which only serve a small percentage of shack dwellers) (Palmer Development Group, 1998). There are also an additional 1000 or so informal dwellings in the backyards of developed erven in Mlungisi and Ezibeleni, whose access to services depends upon the benevolence of their landlords. The provision of basic services to these shack dwellers must be regarded as an urgent priority (the various options will be discussed in a following section on the TLC).

### 5.1.2 Bulk supply

Generally-speaking, Queenstown will be able to cope with the increased service demands resulting from backlogs and increased population growth, but will have to undertake considerable expenditures on bulk supplies to do so. This is especially the case with water where new bulk supplies will need to be tapped. One such option is the scheme to pipe water from the Xonxa Dam to Queenstown. It is expected the scheme will cost more than R50 million, with the government (DWAF) expected to bear the cost. There is also the need for more clear water storage capacity with at least

three new reservoirs needing to be built to service Mlungisi, Ezibeleni and Queenstown town area, although it is unclear whether it should be the TLC who should bear these costs (see 1997 Draft Structure Plan).

Besides these major investments in water supply, there will also need to be some upgrading in bulk electrical supply (the bulk supply to Mlungisi), and the outfall sewer that serves Mlungisi.

## 5.2 Social infrastructure

- **Housing**

The number of developed residential sites and estimated backlogs in each of the broad residential areas which make up Queenstown can be seen in the following table:

Area	Developed Residential Sites (1998)	Estimated Housing Backlog (1997)
Queenstown	3 333	
Mlungisi	5853	3000 units
Ezibeleni	4 508	2000 units

The current housing backlog is estimated by the municipality to be 5000 units. This is made up of people currently living in informal shack settlements (approximately 3000 in Mlungisi and 2000 in Ezibeleni). At the time there were, however, some 8000 names on the Queenstown housing waiting list. According to the 1997 Draft Structure Plan many of these were people from outside of Queenstown wanting to move to the town.

Presently though, the municipality is confident that these housing backlogs can be addressed. The Queenstown Mass Housing Project (which is being funded to the tune of some R45 million by the Department of Housing) is busy developing some 3329 residential erven for low-income housing in Mlungisi and Aloveale. At the same time, developments are also taking place to provide 2200 low-income sites just south of Ezibeleni.

Queenstown low-income housing projects have been heralded as an example of how provincial government, local government, community structures (such as SANCO) and developers can work together. But critics are less upbeat, particularly at the pace of delivery. This has led, for example, to two model showhouses being vandalised in Ezibeleni, and SANCO (Ezibeleni) and the TLC levelling criticism at each other as to who was to blame for delays in the construction of the planned 251 low-income houses (see Daily Dispatch, 21 July, 25 July 1998). Critics are also sceptical that delivery can meet demand. It is estimated that between 10 000 -12 000 low income units will need to be developed by 2007 to address backlogs and cope with the influx from the rural sub-region (see Draft 1997 Structure Plan). While the availability of land doesn't appear to be a problem, such targets are clearly optimistic and will require tremendous collaboration between government (the Provincial Housing Board, the TLC, community structures and developers).

The Draft Structure Plan (1997) suggests that there are sufficient medium-to-high income residential erven available to meet projected demands for the next 10 or so years. There are some 1400 erven available in the areas of Madiera Park, Westbourne, Laurie Dashwood Park, and Queensview Park.

- **Health**

Being the regional health service centre for the northern region of the province, Queenstown has a fairly well developed health infrastructure. These include a large regional referral hospital (the Frontier Hospital), a regional mental hospital (in Ezibileni), and a private hospital. There are in addition seven clinics (three in central Queenstown, two in Mlungisi and two in Ezibeleni) and a mobile clinic. Queenstown's main clinic, the Gardens Clinic, also houses the Aids Training, Information and Counselling Centre (which forms part of the Gardens Clinic).

This health infrastructure has no doubt greatly improved the health of the Queenstown population. Health personnel state that the improvement in people's health is noticeable, but at the same time point out that there are still many obstacles to overcome. One of the key impediments to improved health services in Queenstown is institutional fragmentation. The clinics and mental hospital in Ezibeleni (which fell in the former Transkei), for example, are still managed by the province, while the remainder (former CPA) are managed at the district level. Health practitioners are still awaiting a new Health Act which will promulgate the long overdue district health model.

Nursing sisters staffing the clinics in Queenstown complain of too many patients (focus group discussion, 25/11/98). Sisters complain of monthly patient/nursing sister ratios of more than 1000:1. Many of the patients, they argue, are from areas serviced by the former Transkei clinics, most of which are not functioning effectively with high levels of staff absenteeism, lack of equipment and medicine etc. As a result, Queenstown clinics have to soak up the overflow from the surrounding rural areas serviced by clinics managed at provincial level. Other constraints to improved health are the high levels of unemployment and poverty in Queenstown and surrounding villages. The incidence of poverty diseases such as TB have not been reduced despite the generally improved health infrastructure in the area (interview; district health information system manager). As mentioned in the Whittlesea study report, there is also a growing number of cases of nutritional diseases such as kwashiorkor and marasmus in rural villages in the sub-region.

- **Education**

For decades Queenstown has been the educational service centre of the northern region, and as a result has developed a fairly sophisticated educational infrastructure. There are, however, vast disparities with regards educational facilities in the Queenstown town area and those in Mlungisi and Ezibeleni.

Queenstown town area has five primary schools, five secondary schools, two private colleges and a technicon. Most (although by no means all) of the schools have good facilities, with libraries, sport facilities, computers, photocopy machines etc.

Ezibeleni has eight primary schools and five high schools, and one private college. Mlungisi has seven primary schools and five high schools. Generally-speaking the schools in these former townships do not have sufficient facilities, especially libraries, sports facilities and computers. Pupil:teacher ratios are also considerably higher than in Queenstown town area. But despite these disparities (which do need to be addressed), facilities are considerably better than the rural villages outside Queenstown.

- **community facilities**

Further disparities between the Queenstown town area and Mlungisi and Ezibeleni is evident with regards community facilities such as libraries, community halls, and sports and recreational facilities.

Queenstown town area has three libraries, four community halls, a post office, well kept parks and gardens, and a sports stadium. While Ezibeleni has a community hall and a post office, it has no library facilities and its sports stadium is in a state of disrepair. The situation in Mlungisi is slightly better having a library, a community hall, a post office and a sports field.

Of note is the recent decision by the Sport and Recreation Minister Steve Tshwete, in collaboration with the Eastern Cape's Department of Sport and Culture, to locate the Eastern Cape's indoor multi-purpose sports centre in Queenstown. The centre, which will cost some R4 million to develop, is part of a national project to build nine indoor sports arena, one in each province.

- **government facilities**

Queenstown town area hosts the regional offices of the provincial government, as well as the offices of the Stormsberg District Council and the Queenstown TLC and TRC. The area also has one magistrates court and a police station. Ezibeleni has a magistrates court, a police station, some municipal offices, and government workshop; while Mlungisi has a police station.

## **6. THE DEVELOPMENT NETWORK**

This section will look critically at the institutional infrastructure in Queenstown, and examine the role of the various stakeholders in local economic development and poverty alleviation.

## **6.1 The TLC - The need to address backlogs versus the need to generate revenue**

Under the leadership of mayor George Xoseni, who is currently serving his third successive term as mayor, the ANC-led Queenstown Transitional Local Council is widely regarded as competent and effective. Financial and administrative systems are in place, and the council has been heralded for its service delivery (even being honoured by provincial government for its housing delivery).

Perhaps worrying has been the debt which the TLC has steadily accrued (which is now in excess of R25 million). According to the Palmer Development Group, who recently undertook a Queenstown Municipal Infrastructure Investment study for the DBSA, reasons for the TLC's 'unhealthy financial situation' have to do with a high non-payment rate (calculated to be 28% of total accrued income) as a result of 'a culture of non-payment, and people having low affordability levels' (1998:8). Non-payment levels were calculated by the DBSA in 1997 to be between 50%-55% for refuse, water and sanitation, 36% for rates, and 20% for electricity.

Following this the TLC (in collaboration with the DBSA) have devised a twofold strategy:

(1) 'encourage' people to pay for their services - this strategy has been realised through the 'Drastic Action Plan' which was initiated at the beginning of 1998, and has seen 'thousands' of electricity and water cut-offs for non-payment and debt settlement.

(2) the planned downscaling of service levels - the recent DBSA study suggests that there is currently a 'service level mismatch' in Queenstown with 'many households being supplied with a level of service that they cannot afford the monthly costs of' (1998:20). This approach seeks to tie service levels more closely with affordability levels and proposes a downgrading of services to low-income households.

Questions need to be asked concerning the extent to which the Queenstown TLC can be cost-recovery oriented in a context where socio-economic backlogs (estimated at R55 million) and poverty are widespread. How does it generate revenue and is this income sufficient to redress backlogs and cover recurrent costs? Clearly government capital subsidies (housing of R17500, bulk and connector infrastructure of R3000, and the National Electricity Regulator subsidy of R1 931 for low-income households) are absolutely crucial for basic needs infrastructure development. Recurrent subsidies such as agency fees and inter-governmental grants amount to some 10% of the TLC's accrued income, and provide 7 200 households (who earn less than R1300/month) with a 45% rebate on service charges (interview: town clerk, 12/11/98). The phasing in of equitable share subsidies to replace inter-governmental grants, may actually increase the subsidy to poor households for R25 to R86 per month. However this will not translate into improved levels of services for the poor (as is soon to be reflected in the downscaling of service levels), but will be used to steadily reduce the TLC's accrued debt.

But even with these subsidies, the high proportion of low-income households (50% earning less than R800/month) imposes serious constraints on the ability of the TLC to finance recurrent costs. In order to cross-subsidise recurrent service costs of low-

income households, a higher proportion of costs will need to be borne by the high-income households and non-residential sector (commercial and industrial consumers). This will require some careful political manoeuvring by the TLC, given that both the non-residential sector and number of high-income households are fairly small and may well object to higher service charges. With regards the non-residential sector, the TLC will have to balance the need to retain (and entice) business interests in Queenstown (particularly in the context of stagnating real economic growth), against the need to generate revenue. Higher service charges levied against high-income households may prove a better option, but is sure to aggravate the increasingly strained relationship between the TLC and the (conservative) ratepayers association.

As far as capital costs go, the following table reflects Queenstown's 10 year infrastructure and investment framework proposed by the DBSA.

Item	Costs (R million)
Internal services (new)	94
Internal services (backlog)	43
Land (new households)	3
Land (backlog)	2
Bulk and connector (new)	18
Bulk and connector (backlog)	9
<b>TOTAL</b>	170
Government subsidies	123
Payments by high-income households	36
Borrowing	10

Source: DBSA/Palmer Development Group (1998:41)

The above table reflects both the dependence on government subsidies for the Queenstown capital investment programme, as well as the need to borrow (presumably from the DBSA or private bank). The programme is based on what the Palmer Development Group/DBSA call 'the compromise approach' - in effect a compromise between a 'minimalist approach' where everyone earning less than R3500 per month gets provided with an 'RDP level of service', and the current approach (of the TLC) in which high levels of service are provided to all households earning less than R3500,00 per month. The 'compromise approach' guarantees a minimum level of service, while offering higher levels of service to those who can afford them. Such an approach will do away with 'service level mismatch', provide low-income households with services which they can 'afford', and at the same time reduce levels of non-payment as well as service charges levied against high-income households to subsidise current levels of service to the poorer households.

In effect the change from the current approach to the 'compromise approach' will mean downgrading services from for example, house connections to metered yard taps, full water borne sanitation to simple waterborne (eg.small bore), 60 amp electricity to 5/8 amp, gravel and paved roads to graded roads, open channel lined stormwater to earth lined open channel, and kerbside waste removal to communal waste removal. Low-income households can be grateful for the 'the geological and socio-political conditions in Queenstown', the reasons given for not downscaling to

VIP latrines and communal standpipes (DBSA, 1998:14). In the words of town clerk AJ de Klerck, .....‘it’s like going back to the old days..... but that is the reality of the situation which we must accept’.

The DBSA/Palmer Development Group are convinced that given the Queenstown TLC’s financial predicament, it has no other option. Importantly though, such proposals still need to be subject to the appropriate consultative process (the IDP). Questions need to be asked, firstly, whether downgraded service levels (even with reduced charges) will result in higher levels of payment? Secondly, have alternative scenarios been adequately considered? Bond and Mncwabeni (1998:11), in their critical analysis of service provision in Stutterheim, suggest that more attention needs to be given to ‘demand side management’ - so that attention is not only focused only on ‘building supply-side capital projects (water works and other bulk infrastructure)...but attempts to better distribute those resources so that basic consumption norms are met and other socio-economic and ecological goals, especially conservation, are met’. The logic of such demand side management is that finances (which for example are being spent on bulk water supply) can be saved through conservation on the demand side, and can instead be used to provide improved (subsidised) levels of retail services (housing, water supply, electricity, roads etc) to the poor.

More thought also needs to be given to the wealth creation and job creation spin-offs of developmental interventions. While emerging contractors are being trained and used in the construction of RDP housing, more thought needs to be given to the socio-economic spin-offs of infrastructure development in Queenstown. Currently infrastructure development programmes are too ‘consultant -driven’ and consequently too ‘rands and cents’ - driven. More thought needs to be given to socio-economic spin-offs, especially for marginalised social groups such as women, the disabled, and the poor. Here we are not talking about temporary construction jobs (the current approach) but sustainable wealth creation strategies which use public sector infrastructure programmes as a nursery for a range of SMME development strategies (accompanied by the necessary financing, skills development, and business training). Such interventions will require the participation of a range of government departments and parastatals/public entities (TLC, Department of Housing and Local Government, Department of Economic Affairs, Environment and Tourism, Department of Public Works, Department of Water Affairs, the Stormberg District Council, a number of Development Finance Institutions (especially Khula and the ECDA), and a range of LED/SMME support and training agents (Tender Advice Centres, LBSCs etc).

## **6.2 Stormberg District Council - still to clarify its role in LED**

The Stormberg District Council (SDC) region comprises the 10 districts of Cacadu, Cathcart, Cradock, Cofimvaba, Hewu, Hofmeyer, Middleburg, Queenstown, Sterkstroom, and Tarkastad. The 1996 preliminary census figures give the population size of the SDC region as 745 600. While Queenstown is the largest centre and is the administrative headquarters of the District Council offices, it comprises just 9% of the total population of the Stormberg region.

The Stormberg District Council region is associated with massive infrastructural backlogs. This is reflected in the following table:

<b>Area</b>	<b>Households without electricity</b>	<b>Households without sanitation</b>	<b>Households without access to yard or communal taps</b>
Rural	98%	96%	45%
Urban	54%	31%	11%
Total	85%	76%	53%

Source: Stormberg District Council, 1998

The key role of the SDC in LED is around infrastructure provision, according to chairperson Mafuza Sigabi, 'in areas where the greatest need exists' (Daily Dispatch, 09 July 1998). In this regards, 'it was necessary to be biased towards rural areas where the greatest suffering exists'. Key projects include the provision of infrastructure (as part of the Department of Land Affairs' Land Reform Pilot Project) in Thornhill and Gwatyu; the purchase of four mobile clinics to provide health services in rural areas; water supply projects (pipe networks and windmills) in Glen Grey and Ntabethemba; housing in Ilinge, among others. The SDC is also active in economic infrastructure and supports such initiatives as community-based bakery, brickmaking, sewing, poultry, piggery and gardening projects in impoverished rural areas, and co-ordinates activities between relevant TRCs and government departments (such as Rural Local Government or Agriculture) in this regards. The budget of the SDC for infrastructural projects for 1998/99 was R4,6 million.

It is admirable that the SDC are providing physical and social infrastructure where the need is greatest (in the most impoverished rural areas). In this regards they are playing an important role in LED and poverty alleviation. But compared to TLCs such as Queenstown (which can generate revenue) and provincial government departments, their operating budgets are small and stretched to service a vast area, and backlogs are huge. Currently their role in a broader sub-regional LED strategy remains unclear. Clearly they are an important player, and can serve as an important point of co-ordination between levels of government. But problems of demarcation (the provincial government's northern regional boundaries incorporate districts in both the Stormberg and Drakensberg district councils) threaten to undermine collaboration between provincial government (regional offices) and district councils. Also, differences in focus and approach may also undermine collaboration between the SDC and, for example, DEAET. The SDC is generally more focused on rural areas and redistribution issues, while the northern region's DEAET's focuses more on wealth creation and urban centres with economic growth potential such as Queenstown. However, this doesn't mean DEAET and the SDC cannot work together around LED. The Northern Region Government Co-ordinating Committee is an important step in ensuring greater collaboration between the two.

### **6. 3 Government - some promising new developments**

Queenstown is the regional administrative centre of the Provincial Government of the Eastern Cape and is home to a number of regional offices (headed by regional

directors). Included are the departments of Agriculture, Land Affairs, Public Works, Health, Local Government and Housing, and Economic Affairs, Environment and Tourism. All are involved in LED and poverty alleviation (in one way or another). At the same time though, there is no informed and integrated strategy which co-ordinates the activities of the different departments.

Three recent developments promise to alleviate the problem of co-ordination around LED. The first is the Northern Region Government Co-ordinating Committee, an initiative of the northern region DEAET and chaired by the head of the region's SMME Desk, which draws representatives from all government departments represented in the region, as well as the Stormberg District Council. The idea behind the structure is to keep each other informed about one another's activities, particularly with regards LED activities.

The second is the Regional Directors Forum, at which all regional directors meet monthly to discuss issues of mutual concern, and facilitate co-ordination and avoid duplication in each others work. This structure is not working as well as it could, since directors are themselves often overstretched and do not have the time to report on the discussions of meetings to their line directorates.

The third development which will hopefully better co-ordinate the activities of government around LED is the Greater Queenstown Local Economic Development Initiative. Unfortunately there has been too much talk about this initiative for some time with nothing coming out of it, causing a number of parties to become disillusioned with the process. Problems causing its delay were the disintegration of the Queenstown LBSC, as well as disagreements over who should drive the process - DEAET or the Queenstown TLC (and by association the DBSA). If the Queenstown TLC were to drive the process, this might have very real implications around the issue of demarcation and the inclusion (or non-inclusion) of towns such as Burgersdorp, Cofimvaba, Cala, Molteno, and of course Whittlesea. This said, the regional office of DEAET appear to be serious about resuscitating the initiative, and are in the process of identifying relevant stakeholders who could contribute to developing strategies and accessing resources for LED. More thought, however, needs to be given to the role of the Stormsberg District Council in the LED strategy, particularly with regards co-ordination between provincial and local government (TLCs and TRCs).

#### **6.4 Civil society organisations - reflecting the need for organisational development**

As a major urban centre, Queenstown has a number of civil society organisations involved broadly in LED and poverty alleviation. The largest and most significant of these is the South African National Civic Organisation (SANCO), which organises in both Mlungisi and Ezibeleni. Unlike in Whittlesea for example, the political climate in Queenstown is harmonious with good relations between SANCO, the majority political party (the ANC), and the TLC. There have been instances where tensions have flared, notably over a housing project in Ezibeleni when SANCO and the TLC traded criticisms over who was to blame for the housing delay. Tensions have also escalated over the 'drastic action campaign' (to get residents to pay for services), but SANCO have come out in support of the TLC and promoted restraint among their

members. Critics point to local level ‘elite-pacting’ between the ANC, SANCO, and TLC (manifest for example in the recent appointment of the Mlungisi SANCO chair to Director of Finance in the Stormberg District Council). The proposed downgrading of services to meet levels of ‘affordability’ (see section 6.1) will no doubt be the litmus test for the TLC, ANC and SANCO alliance.

With regards matters more directly economic, there are a number of business organisations and associations in Queenstown, each representing discrete interests. These include the (white-dominated) Queenstown Chamber of Business (branch of SACOB), the (afrikaner) Afrikaanse Handelaars Instituut, the Queenstown Business Forum, and the Small Business Development Foundation (focusing on SMMEs), a hawker’s association, and until recently a black chamber of commerce (NAFCOC). As is evident, the Queenstown business community remain divided (on the grounds of race and ethnicity, size of enterprise etc). While such divisions in the business community are understandable, clearly they run counter to the successful articulation and implementation of an effective LED strategy for Queenstown. But at the same time, it may not be desirable to try to develop one consensus approach to business development. The needs of different business enterprises are somewhat divergent. What might be useful is for organisational development intervention to build three associations - one for informal traders/hawkers (which is already established), one for SMMEs (the Small Business Development Foundation), and one for larger enterprises (a chamber of business). In all instances, organisations must be oriented (or reoriented) to reflect the needs and interests of historically disadvantaged entrepreneurs.

Somewhat disconcerting is the fact that women are underrepresented in business organisations and political organisations in Queenstown. The role of women in entrepreneurial activities in Queenstown and surrounding rural villages tends to be confined to the informal sector, and to government-aided community development projects such as the Primary School Nutrition Programme, and Department of Health and Dept of Rural Local Government projects such as piggeries, bakeries, sewing projects etc. While such projects are important in that they provide sustenance in a context where few other economic opportunities exist, on their own they are not enough. The empowerment of women can only happen through an affirmative support programme that seeks to develop women’s organisational capacity (eg. through building capacity in organisations such as the Sandisele Women’s Organisation), and through targeted financial and business training support to ensure women attain control over a greater proportion of productive assets. The economic empowerment of women in Queenstown is something which can be taken up, for example, by the proposed Greater Queenstown LED Initiative.