

Socio-Economic Specialist Report: Belmont Valley and Existing Grahamstown Golf Course Development

1. Introduction

According to the Final Environmental Scoping Report on the **PROPOSED RESIDENTIAL DEVELOPMENT AT THE EXISTING GOLF COURSE IN GRAHAMSTOWN**, as well as the Final Environmental Scoping Report on the **PROPOSED GOLF COURSE DEVELOPMENT AT BELMONT VALLEY, GRAHAMSTOWN**, various interested and affected parties (I & AP's) have raised comments related to the socio-economic impacts of the development (i.e. will residents be able to afford housing, is more housing required within Grahamstown, etc.). For this reason the developer has agreed to undertake a Socio-Economic Impact Assessment for the proposed development.

The report is structured as follows:

- A brief outline of the global socio-economic outlook;
- An examination of the South African socio-economic outlook and post-recession challenges; followed by a brief exposition of the socio-economic situation in the Eastern Cape;
- Against this background an analysis of the Cacadu District Municipality indicators, and a detailed examination of the baseline Makana local municipality socio-economic indicators.
- The report then analyses the Makana/Grahamstown socio-economic situation, focusing on the educational sector, especially Rhodes University as the main driver of the local economy, the need for the university to grow over the next few years, the impediments to the growth of the university, especially the shortage of affordable housing for middle-income first-time buyers. The report also considers structural impediments to the expansion of the housing sector, both state-driven-RDP housing as well as the middle-income housing, and that the proposed Belmont Housing Development and the proposed new Golf Course at Belmont Valley could contribute to the upgrading of the infrastructure in Grahamstown, for example the sewerage works.
- Finally the report looks at the potential for the two projects to create employment and contribute to community development and training in Grahamstown.

2. The global socio-economic outlook

The global socio-economic outlook can aptly be defined by one word: uncertainty. This uncertainty has led in 2011 going into 2012 to risk aversion on the part of investors. This risk aversion has been fuelled, according to Alexander Forbes (October 2011), by events such as the US political deadlock on raising the country's debt ceiling and more recently by Europe's "seemingly schizophrenic response to its sovereign debt crisis". The International Monetary Fund (IMF) described Global growth prospects in its twice-yearly 2012 World Economic Outlook (WEO) report as Document compiled by Prof.J.J.Roodt /Department of Sociology/Rhodes University

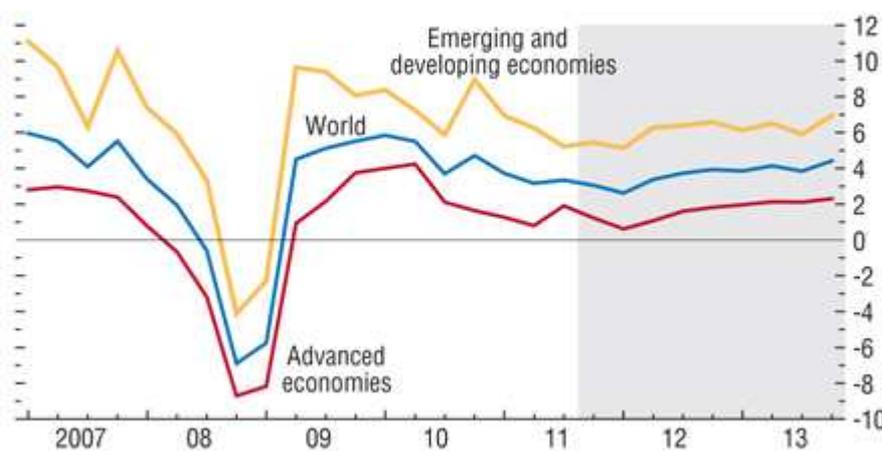
having dimmed and warned that risks have sharply escalated during the fourth quarter of 2011, as the euro area crisis entered a perilous new phase.

In spite of these troubles, there have been spikes - some would say mirages – with growth in the advanced economies experiencing brief rallies on the upside. The IMF argued that: “activity remained relatively robust throughout the third quarter (of 2011), with global GDP expanding at an annualized rate of 3½ per cent - only slightly worse than forecast in the September 2011 WEO., as consumers in the United States unexpectedly lowered their saving rates and business fixed investment stayed strong. The bounce back from the supply-chain disruptions caused by the March 2011 Japanese earthquake was also stronger than anticipated. Additionally, stabilizing oil prices helped support consumption”.

These developments, it is generally believed, are not expected to sustain significant momentum going forward.

In addition to these problems, moderated growth was also experienced by developing economies, including Brazil, Russia, India, China and South Africa (BRICS), as the pace of economic activity slowed towards the end of 2011 (ECSECC, 2011). This trend is borne out by the IMF in its 2012 World Economic Outlook report: “.... growth in emerging and developing economies slowed more than forecast, possibly due to a greater-than-expected effect of macroeconomic policy tightening or weaker underlying growth”.

Figure 1. Global GDP Growth
(Percent; quarter over quarter, annualized)



Source: IMF staff estimates.

3. The South African socio-economic outlook and post-recession challenges

Towards the end of 2011 the South African Reserve Bank's Monetary Policy Committee (MPC) declared that downside risks to the global economy had increased, and that emerging economies, such as South Africa were unlikely to emerge unscathed. This was confirmed by the Bank's own figures, which found that the pace of increase in the real gross domestic product decelerated to 1.3% in the second quarter of 2011, a disappointing performance compared to that of 4.8% attained in the first quarter of 2011 (See Figure 2). The poor performance of the South African economy in the second quarter of 2011 can mainly be attributed to a contraction in the primary and secondary sectors' real outputs.

Table 1: South Africa: selected economic indicators

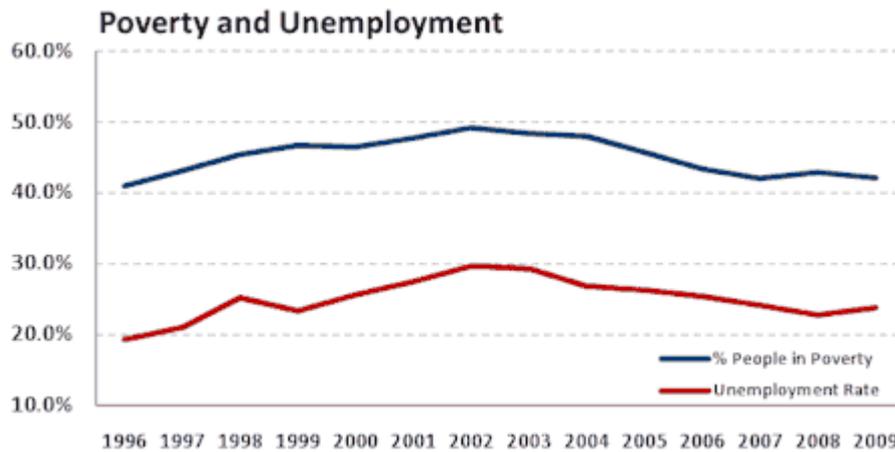
PI	YoY	May 2011	4.6	July 2011	5.3
PPI	YoY	May 2011	6.6	July 2011	8.9
Repo rate	Interest rate	Jun 2009	5.5	July 2011	5.5
Prime rate	Interest rate	Jun 2010	9.0	July 2011	9.0
Rand/USD	exchange rate	Jun 2011	6.8	July 2011	7.1
GDP	% QoQ	1Q2011	4.8	2 Q 2011	1.3
Unemployment	rate	1Q2011	25.0	2 Q 2011	25.7

ECSECC identifies three post-recession challenges for the South African economy: low economic growth, a high unemployment rate, and an increasing cost of living. Looking at the quarterly labour force survey released by Statistics South Africa, the number of unemployed rose by 174 000 resulting in an increase in the unemployment rate from 25.0% in the first quarter of 2011 to 25.7% in the second quarter of 2011, as is shown in Table 1.

The ECSECC report argues that a great concern is the number of discouraged work-seekers (2.2 million). Staggeringly, the number of people who gave up looking for jobs is equivalent to the entire population of Namibia. This high level of unemployment and the lack of perceived job prospects are especially worrying given the high cost of living measured by CPI headline inflation which will clearly impact more severely on those poor households where the breadwinners are unemployed.

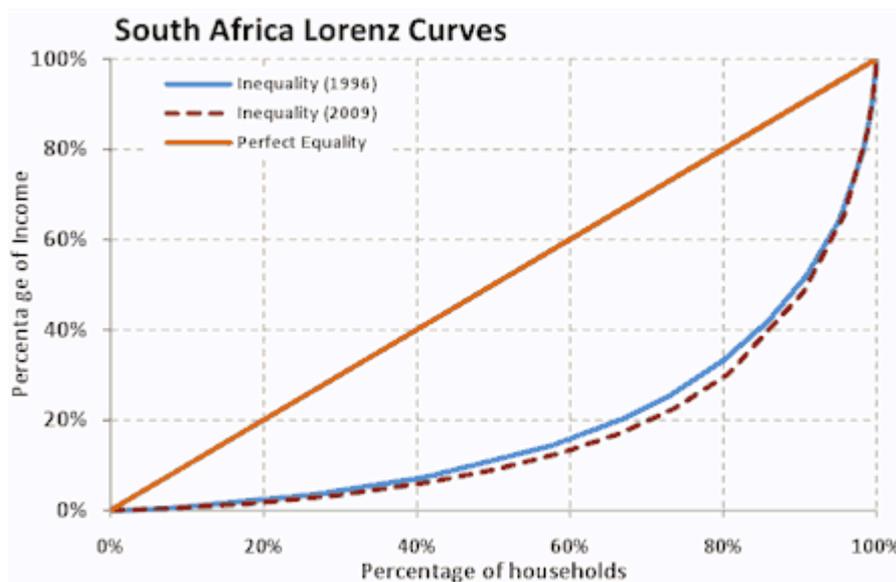
This link between unemployment and poverty is made by IHS Global Insight. They argue that there is a historic link between unemployment and poverty. The following chart depicts poverty and unemployment in South Africa over time, using the minimum living level as the benchmark for the poverty line.

Figure 2:



With regard to Inequality, IHS Global Insight points out that it has also remained stagnant over the period, as depicted in the set of Lorenz curves in Figure 3 below, as measured in 1996 and 2009. The area between the diagonal and the Lorenz curve depicts total inequality: “As the inequality increases, the Lorenz curve will move outward. At the very least, we can see that inequality has not improved, and at worst, at appears to have even deteriorated since 1996”.

Figure 3:



Although they are focussing on a narrow definition of poverty (income only), IHS Global Insight state that alternative views with differing poverty lines and definitions give a very similar picture and trend. They therefore are of the opinion that:

(a) The South African economic experience since 1996 has not been sufficient to alleviate poverty, or inequality, to any meaningful extent.

(b) Despite large government interventions, unemployment and poverty remain highly interlinked, with all indications that this will not change in the short, medium or long term.

They conclude that the employment situation needs to be improved. However, it needs to be improved to such an extent that only long term, substantial change to the microeconomic structure of the economy will be enough to see a change in poverty.

Headline consumer price inflation accelerated from a low 3.2% in September 2010 to 5.3% in July 2011, but this inflation rate still remains within the inflation target range of 3 to 6% determined by the South African Reserve Bank. The main drivers of the upward trend in consumer price inflation are fuel, food, electricity and transport. The persistence of post-recession challenges is an indication that policies implemented by Government should be reviewed.

On the positive side the South African President, Mr Jacob Zuma, committed government to a coordinated drive to improve South Africa's infrastructure in his State of the Nation address early in 2012. According to the South African Reserve Bank this commitment forms a key component of the strategy to raise the country's growth rate and reduce unemployment, which found expression in the National Budget tabled in February 2012: "Allocations to public-sector capital formation were raised, with due emphasis on the need for efficiency and prompt execution of capital projects, and on the imperative to restrain government's wage bill. Indications were that government revenue would be somewhat stronger in 2011/12 than the projections made in the October 2011 Medium Term Budget Policy Statement (MTBPS)".

The Bank argued that government would continue to support the economic recovery, following a countercyclical fiscal path within the context of fiscal sustainability. Deficits would be reduced gradually to ensure stabilisation of the national government debt ratio at prudent levels towards the end of the three-year planning period. The budget estimates provided for marginally smaller fiscal deficits than in earlier official projections. However, the ECSECC Quarterly Economic update points out that the post-recession economy in South Africa has taken an "M-Shape" that started with a slow recovery at 1.4% in 3Q2009 and rose to 4.8% in 1Q2010,

dropping to 2.7% in 3Q2010 and rising to 4.5% in 1Q2011, and it eventually slowed to 1.3% in 2Q2011. This shape is an indication that the economy is unable to sustain growth.

The Reserve Bank also reported that following a long period of stagnation, a marginal increase in real spending on residential buildings was recorded in the final quarter of 2011. Mortgage lending waned further in 2011 and was quite weak in the final quarter of the year, consistent with the subdued conditions in the real-estate market. This was mirrored in the poor performance of house prices in 2011 and early 2012, with the luxury segment of the market the most under siege.

4. The Eastern Cape socio-economic situation

The Eastern Cape economy reflected the general slowdown in the South African economy outlined above, from growth of 4.4% in 1Q2011 to 1.3% in 2Q2011. At the same time, according to ECSECC, the cost of living rose considerably, making the Eastern Cape headline inflation rate the highest in country. In addition, the slowdown of the Eastern Cape economy has been made worse by job losses:

In the second quarter of 2011 alone, 16 000 jobs were lost; 44 000 people were added to the list of unemployed; 14 000 people got discouraged from looking for jobs (for every person unemployed in the province, there were seven discouraged job-seekers); 28 000 people were added to the labour force and consequently, the unemployment rate rose to 28.9% in 2Q2011 compared to 26.9% in 1Q2011 (ECSECC, 2011).

Given the relationship between unemployment and poverty outlined above, the increase in unemployment has a direct impact on poverty levels in the province.

The Eastern Cape business confidence index for the manufacturing sector dropped to 34 in 2Q2011 from 78 in 1Q2011. Domestic sales volumes index (net balance) declined from 82 in 1Q2011 to 23 in 2Q2011. The annual average for South Africa as a whole for the BCI for 2011 was 100.4 compared to 100 in 2010 and 97.7 in 2009. In 2006, the BCI measured its best annual average of 119 since the BCI's commencement in 1985. The improvement in 2011 was benign following on the recovery in the BCI in 2010 after the business cycle trough was reached in August 2009 (South African Chamber of Commerce).

The Eastern Cape economy reflected that of the national economy, the seasonally adjusted real GDP at market prices for the second quarter of 2011 slowed by an annualised rate of 1.3% from 4.4% achieved in the first quarter of 2011. According to ECSECC this decline was mainly driven by poor performance in agriculture, mining and manufacturing activities which reflected negative growth (See Table 2).

Table 2	Eastern Cape			South Africa		
	4Q2010	1Q2011	2Q1011	Q2010	1Q2011	Q1011
Agriculture, forestry and fishing	6.0	(1.8)	(4.0)	12.5	(3.7)	(7.8)
Mining and quarrying	19.5	(4.5)	(4.7)	17.1	(4.0)	(4.2)
Manufacturing	4.1	4.4	(7.0)	4.1	4.5	(7.0)
Electricity and water	1.7	1.0	0.3	5.6	3.3	0.9
Construction	0.2	(0.0)	0.5	0.2	(0.0)	0.5
Wholesale & retail trade; hotels & restaurants	2.0	2.6	2.4	3.5	4.4	4.1
Transport and communication	3.3	2.9	3.3	4.2	3.6	4.1
Finance, real estate and business services	1.4	3.9	2.4	1.7	4.8	2.9
Community, social and other personal services	3.1	2.6	2.7	3.3	2.7	2.8
General government services	5.3	1.6	5.3	5.7	1.8	5.7
All industries at basic prices	3.2	4.6	1.1	4.5	4.6	1.0
Taxes less subsidies on products	4.2	3.1	3.3	4.5	3.4	3.6
GDP-R at market prices	3.3	4.4	1.3	4.5	4.5	1.3

Table 2: Percentage change in the seasonally adjusted quarterly GDP-R by industry in the Eastern Cape and in South Africa

Importantly for this report, in contrast to the slowdown in the real value added by the primary and secondary sectors, the tertiary sector experienced a noticeable expansion, causing the service sectors to be the largest contributors to the quarter-on-quarter growth of 1.3% in 2Q2011.

The National Planning Commission has pointed to the fact that “too few South Africans are employed”. The Eastern Cape labour market for the second quarter of 2011 reveals the following characteristics:

- Only two out of every ten people in the province are employed;
- The Eastern Cape labour force (people who are employed and unemployed) accounts for more than a quarter of the total population in the province;
- Three quarters of the labour force is employed; the labour force participation rate (the proportion of the working age population that is either employed or unemployed) is 44.2%; the labour absorption rate (the proportion of the working age population that is employed) is 31.4%; and

□ For every person unemployed in the province, there are seven discouraged job-seekers.

Table: Sectoral production and employment in the Eastern Cape economy

Production sector	Value of output (Rm)	% of total EC output	No. of Employees	% of total
Agriculture, hunting, forestry, fishing	2 063	3.6	70 470	13.2
Mining & quarrying	57	0.1	7 154	1.4
Manufacturing	14 783	25.8	97 035	18.1
Electricity, gas & water supply	874	1.7	5 598	1.0
Construction	1 892	3.3	43,635	8.1
Wholesale, retail trade & accommodation	9 339	16.3	83 818	15.7
Transport, storage & communication	5,501	9.6	32 851	6.1
Financial, insurance, real estate & business services	7 048	12.3	35 181	6.6
Community, social &	15 643	27.3	159 453	29.8

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personal
services

Total:	57 300	100.0	535 195	100.0
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(source: StatsSA)

5. Cacadu

As expected the situation in the Cacadu District Municipality does not significantly buck the national and provincial trend. Global Insight data which uses the Bureau for Market Research (BMR) standard of R893 for a single person household to R3314 for an eight person household suggests that the levels of poverty in Cacadu have increased significantly between 1996–2005. A staggering 74% of households are defined as poor, (poverty here is defined as households with an income of less than R1500 a month (MM IDP, 2007). (More than two-thirds of households thus qualify for indigency status and hence free basic services.)

Cacadu population

According to the Cacadu Spatial Development Framework (2009), the estimation of population numbers within the Cacadu District has been a contentious issue over the past number of years primarily due to “the generally held opinion that Census 2001 figures are flawed within the Cacadu District”. The Local Municipality most affected by the alleged flaw in the Census 2001 statistics is Makana. This arguably is supported by local knowledge of under enumeration and a broad survey undertaken by the CDM as part of its water and sanitation backlog study that estimated the population within Makana to be approximately double than that of the Census 2001 survey. The survey undertaken as part of the water and sanitation backlog study varied per Local Municipality however as stated before the most significant variation existed within the Makana Local Municipality. The huge difference in Makana is attributed to the amount of informal settlements that are being established as a result of general urbanisation and farm evictions. These numbers are a particular concern as they have a direct impact on funding allocations of Government Grant Funding.

The variation in figures for Makana is as follows:

Municipality Census (2001) 74 527

LM Survey (2005): 140 120

Global Insight (2007): 74 561

The fact is that the population numbers are in all likelihood understated within the Cacadu District (Cacadu SDI, 2009). The population of the District is estimated at 412 956 (Global Insight database, 2008). Since 1996, the population of the Cacadu District grew at an average annual growth rate of 1.1% per annum compared to the 0.3% population growth rate provincially and the 1.2% population growth rate nationally.

The Cacadu Human Development Index

The Human Development Index (HDI) is a mechanism in which to measure development by combining indicators of life expectancy, educational attainment and income into a composite human development index. As such the HDI can be used as a frame of reference for both social and economic development. In 2007, the Cacadu District's HDI (0.57) was marginally higher than the Provincial index of 0.53.

The Gini Coefficient

The Gini coefficient is a summary statistic on income inequality which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where one household earns all the income and other households earn nothing).

The coefficients for the Cacadu District indicate that the distribution of income in the District has worsened between 1996 and 2007 from 0,59 to 0,64.

Water Demand

Current water demand for Cacadu District is 33591 MI/year and predicted consumption in 5 years time will be 52 947 MI/year. This represents an increase of 57.6% within the Cacadu Region. For the Makana Municipality the present consumption is 8205 MI/year and the expected demand in 5 years time will be 14 228 MI/year.

Type of Dwelling

	2010	2011
Total	106,155	107,422
House or brick structure on a separate stand or yard	72,781	73,935
Traditional dwelling/hut/structure made of traditional		

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materials	9,800	9,676
Flat in a block of flats	1,969	1,970
Town/cluster/semi-detached house (simplex, duplex or triplex)	736	659
House/flat/room, in backyard	2,920	2,923
Informal dwelling/shack, in backyard	3,406	3,457
Informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement	10,805	10,986
Room/flatlet not in backyard but on a shared property	568	544
Other/unspecified/NA	3,170	3,273

ECSECC, 2012.

6. Makana and Grahamstown socio-economic analysis and indicators

Population

Based on various estimates, the Makana population stabilised and peaked in the late 1900s, and has been slowly declining until and including 2007. This means that it has shrunk by approximately 5.5% from 1995's 74 618. This is in line with the stabilization of the Cacadu district's and the Eastern Cape's provincial population around the same period, which have also marginally shrunk from their 1995 values. Despite the overall plateau in population growth, informal settlement populations increased. This may indicate migration from farms and areas in the Grahamstown periphery to the core, in the search for economic opportunities and improved service provision. This has been given as one of the main reasons for the varying figures for the population estimates for Makana, ie. a lack of real knowledge as to the extent of these informal settlements. As stated above in the section on population enumeration in the Cacadu as a whole the estimates for Makana vary to a great degree, as is shown below:

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Quantec Research 70 706 (2007)
 CDM 2009 SDF 74 561 (2007)
 Makana 2008 SDF 140 120 (2007)
 CDM IDP 2008 review 84 111 (2003)
 Makana IDP 2008 review 82 682 (2001)
 Makana IDP 2007-2012 75 302 (2001)

(Source: Quantec: 2007)

The figure for the total 2011 population is 74, 054 for Makana as a whole. The population by race groups is shown as follows:

Table Population estimates by race group: 2006-2011

Area	Population group	2006	2007	2008	2009	2010	2011
Makana Local Municipality	Total	75,429	74,785	74,099	74,019	74,085	74,054
	Black African	56,860	56,073	55,286	55,279	55,500	55,569
	Coloured	10,172	10,345	10,479	10,523	10,518	10,545
	Indian or Asian	520	532	545	551	555	561
	White	7,878	7,835	7,789	7,666	7,512	7,379

The greater Grahamstown area (including Rhini) accounts for approximately 81% of the municipality's population, with the other settlements located in the Makana area thus making marginal contributions to the total regional population. Makana has a population density of 16.1 people per square kilometer, which is high when compared to the district population density of 6.6 people per square kilometer. This indicates a high level of urbanization in the LM, which puts pressure on the municipality to provide essential services.

Makana: demographics total population by age group

	2006	2007	2008	2009	2010	2011
Age Group						
Total	75,429	74,785	74,099	74,019	74,085	74,054
00-04 Year(s)	6,554	6,632	6,571	6,386	6,104	5,887
05-09 Year(s)	5,939	5,753	5,666	5,706	5,796	5,852

10-14 Year(s)	6,912	6,522	6,114	5,791	5,536	5,236
15-19 Year(s)	8,717	8,428	8,134	7,998	7,895	7,770
20-24 Year(s)	8,694	8,814	8,921	9,052	9,167	9,292
25-29 Year(s)	7,129	7,279	7,422	7,598	7,754	7,923
30-34 Year(s)	6,255	6,252	6,242	6,306	6,414	6,493
35-39 Year(s)	4,747	4,871	5,021	5,192	5,344	5,509
40-44 Year(s)	4,105	3,977	3,887	3,876	3,922	3,930
45-49 Year(s)	4,062	4,005	3,935	3,868	3,805	3,739
50-54 Year(s)	3,463	3,495	3,522	3,553	3,567	3,592
55-59 Year(s)	2,420	2,347	2,274	2,262	2,278	2,276
60-64 Year(s)	2,030	2,003	1,996	2,020	2,051	2,078
65-69 Year(s)	2,015	2,071	2,098	2,081	2,070	2,056
70-74 Year(s)	1,022	1,019	1,016	1,026	1,028	1,035
75-79 Year(s)	675	620	577	575	599	606
80+ Year(s)	690	697	705	727	755	779

Sixty six percent of the population falls within the economically active age of 15-64, which leads to a healthy dependency ratio of 0.51. A dependency ratio of 0.51 means that every economically active person supports an average of 0.51 people, made up of youth and the elderly. This may be compared with the provincial dependency ratio of 1.81, which is much higher. The 15-34 age group constitutes 38.8% of the total population. This is a result of the Makana municipality hosting a range of education facilities including Rhodes University, which attract people within the 15-34 age group. The implication of this relatively young group is the need for housing that is both formal but affordable. This will be discussed more fully under both the section on housing and under the impact of the two interrelated developments, the proposed housing on the present golf course and the proposed new golf course in Belmont Valley.

Unemployment and Poverty

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As outlined above there is a strong linkage between the unemployment rate and the level of poverty. The poverty levels in Makana and Grahamstown are unacceptably high, sitting at 30,303 people or nearly 40% of the population (39.4%).

Makana: number of people unemployed/unemployment rate

2005	2006	2007	2008	2009	2010
32.6	32.6	32.5	32.0	32.5	32.9

Makana: Number of people in Poverty

2005	2006	2007	2008	2009	2010
32,224	30,826	30,115	31,162	29,994	30,303

ECCSECC, 2012.

Makana: Poverty rate

2005	2006	2007	2008	2009	2010
42.2%	40.3%	39.3%	40.7%	39.1%	39.4%

ECCSECC, 2012.

Human Development Index

United Nations Development Programme (UNDP) data showed that in 2007, South Africa's HDI rose again to 0.683. The annual 2009/10 South Africa Survey, published by the Institute in Johannesburg shows that the upward trend continued into 2010. The HDI is an index that combines measurements of life expectancy, literacy, educational attainment, and gross domestic product (GDP) per capita for countries worldwide. It is used as a standard means of measuring development. These figures are however disputed by the Eastern Cape Socio-Economic Consultative Council, which puts the figure for 2010 at 0.55 for South Africa as a whole. What is striking though, is the fact that the HDI in 2010 is the same as that of 1995.

The HDI for Makana (0.54) is lower than Cacadu District's HDI (0.57) is marginally higher than the Provincial index of 0.53.

Makana: Human Development Index

2005	2006	2007	2008	2009	2010
0.5794	0.5733	0.5691	0.5559	0.5569	0.5485

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ECSECC, 2012

Household income and expenditure

The table below shows the household income and expenditure for Makana:

Makana: Household income and expenditure

1. Current Prices (Rm)

2. Constant 2005 Prices (Rm)

Rand millions current prices

	2005	2006	2007	2008	2009	2010
Final consumption expenditure by households	1,494	1,626	1,756	1,906	1,969	2,079
Durable goods: Total	167	187	184	172	207	221
Durable goods: Furniture, household appliances, etc	25	28	30	29	32	34
Durable goods: Personal transport equipment	112	124	116	102	133	143
Durable goods: Recreational and entertainment goods	20	23	27	28	29	30
Durable goods: Other durable goods	10	11	12	13	13	14
Semi-durable goods: Total	129	143	152	160	167	176
Semi-durable goods: Clothing and footwear	69	75	81	86	89	94
Semi-durable goods: Household textiles, furnishings, glassware, etc	20	23	24	25	27	29
Semi-durable goods: Motor car tyres, parts and accessories	20	24	25	26	28	30

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Semi-durable goods: Recreational and entertainment goods	13	15	15	16	16	17
Semi-durable goods: Miscellaneous goods	6	6	7	7	7	7
Non-durable goods goods: Total	561	613	667	757	762	807
Non-durable goods: Food, beverages and tobacco	373	408	442	497	504	534
Non-durable goods: Household fuel and power	44	46	49	56	57	60
Non-durable goods: Household consumer goods	48	54	62	71	69	74
Non-durable goods: Medical and pharmaceutical products	30	32	33	36	38	40
Non-durable goods: Petroleum products	53	60	65	81	77	82
Non-durable goods: Recreational and entertainment goods	14	15	16	17	17	18
Services: Total	637	682	752	818	832	875
Services: Rent	167	188	212	239	244	262
Services: Household services, including domestic servants	40	41	44	50	49	51
Services: Medical services	92	97	104	114	117	123
Services: Transport and communication services	144	152	160	168	179	187
Services: Recreational, entertainment and educational services	59	62	64	68	70	72
Services: Miscellaneous services	135	143	167	179	173	180

ECSECC, 2012

Gini Coefficient

It will be remembered that the coefficients for the Cacadu District indicate that the distribution of income in the District has worsened between 1996 and 2007 from 0,59 to 0,64. The income inequality in Makana is higher than the Cacadu District as a

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whole in 2007 (0,67 as opposed to 0,64) and has not changed up to 2010, when it was still 0,67.

Makana: Gini Coefficient

2005	2006	2007	2008	2009	2010
0.6802	0.6807	0.6777	0.6758	0.6631	0.6744

ECSECC, 2012

Urbanisation rate

According to the Cacadu District Municipality, “urban growth in the towns of Cacadu has been driven the private sector in the form of retirement investment and tourism and by government through its investments in housing, improving the health and education systems and investing in infrastructure” as well as the roll out of social grants. Added to these pull factors, are the push factors off farms in the rural areas around Grahamstown due to increasing capital intensification (increased mechanisation) and the tendency towards changed labour recruitment practices (less reliance on on-farm labour and the contract/casual utilisation of farm labourers residing in town).

Makana: Urbanisation rate - percentage of people living in urban area: 2009

	Black	White	Coloured	Asian
	80.52%	91.53%	65.82%	100.00%

ECSECC, 2012

Type of Housing in Makana

		2005	2006	2007	2008	2009	2010
Makana Local Municipality	Total	17,312	17,149	16,970	17,651	17,718	17,784
TYPE OF DWELLING	House or brick structure on a separate stand or yard	9,470	9,322	9,160	9,710	9,754	9,798
	Traditional dwelling/hut/structure made of traditional materials	2,953	2,919	2,884	2,986	2,989	2,993

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Flat in a block of flats	648	629	608	643	639	635
Town/cluster/semi-detached house (simplex, duplex or triplex)	256	246	235	187	167	146
House/flat/room, in backyard	969	980	993	952	949	945
Informal dwelling/shack, in backyard	686	671	652	716	724	731
Informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement	1,849	1,914	1,985	1,963	2,001	2,040
Room/flatlet not in backyard but on a shared property	91	88	84	68	61	55
Other/unspecified/NA	390	380	369	426	434	442

ECSECC, 2012

Access to sanitation

According to MBB Consulting Engineers both the Belmont Valley and Mayfield Sewerage Treatment Works are currently exceed capacity. There are also flow restrictions being experienced in the bulk lines in the vicinity of Graeme College School and in the New Street Area. Future development will therefore be hampered unless these constraints are removed. According to the Makana Municipality it is anticipated that the Belmont Valley Sewerage Treatment Works will be upgrading by 2014. This has not yet been included in the IDP; however the IDP is currently under revision. The Municipality has sourced funds for the upstream requirements at the Water Works, but it is imperative that the downstream treatment of the waste be upgraded simultaneously. This has positive environmental implications for the future development of the Belmont Valley as well as the planned future growth and development of Grahamstown. Affordable housing schemes such as Mayfield will reap enormous benefits from this upgrade.

Izenzo has undertaken to source the capital required to fund this infrastructural upgrade on a 'Build, Operate, Transfer' model (cf.below) over a 20 year period with milestone delivery mechanisms in place to gauge the passage of the project. The quid pro quo would be the transfer and re-zoning of certain parcels of municipal land.

Makana: access to sanitation

	2005	2006	2007	2008	2009	2010
Total						

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	17,317	17,154	16,976	17,657	17,724	17,791
Flush or chemical toilet	6,095	6,031	5,967	6,297	6,339	6,380
Pit latrine	3,966	4,012	4,062	4,266	4,354	4,443
Bucket latrine	5,302	5,182	5,043	5,071	4,995	4,919
None of the above	1,946	1,921	1,897	2,025	2,041	2,056
Unspecified/Dummy	8	8	7	7	7	6

ECSECC, 2012

Makana: FORMAL AND INFORMAL EMPLOYMENT						
BY INDUSTRY						
Total employment (Formal and informal)						
	2005	2006	2007	2008	2009	2010
Total	22,880	22,699	22,011	21,441	20,406	18,893
Primary sector	4,347	3,529	2,742	2,077	1,409	122
Agriculture, forestry and fishing	4,344	3,526	2,739	2,073	1,405	120
Mining and quarrying	3	3	3	4	4	2
Secondary sector	2,498	2,676	2,487	2,139	1,824	2,306
Food, beverages and tobacco	175	168	159	151	142	147
Textiles, clothing and leather goods	128	120	115	98	85	103
Wood, paper, publishing and printing	52	52	50	47	41	52
Petroleum products, chemicals, rubber and plastic	11	11	11	11	10	10
Other non-metal mineral products	158	157	150	132	99	107
Metals, metal products, machinery and equipment	89	90	89	83	77	85
Electrical machinery and apparatus	25	25	24	24	21	21
Radio, TV, instruments, watches and clocks	7	6	6	5	5	6
Transport equipment	46	44	42	40	34	43
Furniture and other manufacturing	89	88	86	73	65	83
Electricity	63	60	55	46	34	53
Water	12	11	13	8	6	11
Construction	1,644	1,844	1,687	1,420	1,205	1,586

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Tertiary sector	16,035	16,494	16,782	17,225	17,174	16,464
Wholesale and retail trade	3,340	3,439	3,330	3,192	3,019	3,311
Catering and accommodation services	535	543	503	459	436	333
Transport and storage	359	356	352	377	368	343
Communication	71	68	64	63	63	51
Finance and insurance	267	269	263	275	273	252
Business services	1,497	1,652	1,791	1,973	1,924	1,938
Community, social and personal services	4,629	4,681	4,789	4,914	4,910	4,771
General government	5,339	5,486	5,690	5,972	6,182	5,465

ECSECC, 2012

Makana and Grahamstown's Economy

“Competitive edge” to a large extent relies on the quality of infrastructure and services. According to Ruiters (2010), Makana's main “economic products” are university students, private school learners, festivals, conferences, banking and public and legal services. Paralleling this elite-driven urban economy are private game farms in rural Makana that serve “high-end” tourists.

No other similar town in the EC has a university that attracts a large number of relatively well-off students. Importantly for this report, the educational institutions account for two-thirds of economic activity in Grahamstown (Hamer and Snowball 2008).

It is true to say that Makana does not compete with East London or PE in the manufacturing sector, as most major industry in the province is located in East London and Port Elizabeth. Makana Municipality has been rated fourth highest of all Eastern Cape municipalities in an Eastern Cape Composite Competitive index that tracks infrastructure, governance, economy and capacity (Thina Sinako 2009). Makana is top performer, after the Nelson Mandela Metro, on Resident Skills Capacity, and is the top performer, after Kou-Kamma, on Women's Economic Participation (Thina Sinako 2009: 18). Similarly, the Metro ranks second to Makana on the proportion of the population that has gained at least a matric.

The major urban part of Makana is made up of Grahamstown, where most of the economic activity pivots around the town's educational institutions (Rhodes University and other historically white elite private schools) and where 81% of the districts population resides. Historically Grahamstown also provided local farmers with supplies, but in recent times they have sourced these independently from Port Elizabeth which offers a wider range of goods and services (Ruiters, 2010).

Over the period 1995-2007, the Makana economy grew at a much slower pace compared to the Cacadu district and the Eastern Cape. There was thus a fall in the Makana area's contribution to district and provincial output (Makana Municipality, 2009). In the late 1980s Helliker et al estimated that only 25% of pre-tax income accrued to Africans who made up 78% of the local population (1987: 55). The distribution of wealth and economic power in Makana Municipality to a large extent still reflects the racial inequalities of the past, as well as, according to Ruiters, (2010) the extent to which historically privileged groups have continued to amass economic power in the post-apartheid context. Unemployment figures set out above reveal aspects of this inequality.

Rhodes University

As noted above, most of the economic activity pivots around the town's educational institutions. This is especially true of Rhodes University, the town's largest employer

and home to a student body of over 7000 students. Rhodes University educational services makes up 71% of the government sector's output in Makana, and approximately 21% of the sector's permanent employment. Of its workforce 26% are employed in academic instruction and research, 43% are employed in administrative support and 31% are employed in support service positions (Ruiters, 2010).

An institution-wide discussion on the most appropriate size and shape for Rhodes University got underway during 2006. Subsequent to this discussion and negotiations with the then Minister of Education, Ms Naledi Pandor, student numbers have continued to grow beyond enrolment plan predictions and pressure on the institution's – and the town's – infrastructure has begun to reach unacceptable levels. The agreement with the Department of Education (DoE) approved that the University would grow annually at between 2.5 and 3.0%, increasing to a maximum of about 6 500 students in 2010. The vast majority of these students would be full-time, and resident in Grahamstown.

According to Dr Saleem Badat, the Rhodes University Vice-Chancellor, with regard to size and shape, continuing to grow at an annual rate of 2% per year would have taken the university to approximately 8 000 students by 2013. However, actual figures initially grew beyond the 6500 student aimed for by 2010 but subsequently have grown more moderately, and it is clear that the projected figures for 2013 will be slightly under 8000. More recent predicted figures for 2011-2013 are 7 192 students in 2010 (instead of the planned 6 500), 7 390 students in 2011, 7 576 in 2012 and 7 645 in 2013, an overall growth of 2.2% over 2011-2013. Provision has been made for an intake of 1 500 first-time entering undergraduates during each of the next three years, meaning a very modest overall growth in undergraduate enrolments of just 0.1% - from 5 309 students in 2010 to 5 329 students in 2013. Much of the new enrolment growth in coming years is targeted at postgraduate level. Growth of 8.2% is planned to occur – an increase in postgraduate numbers from 1 840 in 2010 to 2 273 in 2013. If these targets are realized, postgraduate enrolments at Rhodes will increase from 26% in 2010 to 30% in 2013”.

In order to meet the demand placed on the university by this increase in student numbers, the university will have to increase its staff numbers considerably. Additional staff will also have to be recruited to replace an aging cohort of staff, a considerable number who are within a few years of retirement. There are indications that a total of 21% of academic staff will retire in the next ten to fifteen. According to the Rhodes University Human Resources Division, 46% of Professors, 24% of Associate Professors, and 24% of the senior lecturers will retire between now and 2015. The data suggests that staffing has not kept up with the increases in student numbers, and that there may be a need to provide additional staff in certain departments even if the university does not grow. In 1981 the university had 2589 students and 216 staff listed in the Rhodes Calendar (staff: student ratio of 1:11.9). In 2009 the university had 7005 students and 304 staff (staff: student ratio of 1:23).

Not only is the university expected to grow in terms of staff and students, but the university also aims to change the composition of its student body:

Notably, the size and shape strategy of the university over the next few years, in which undergraduate numbers will be kept largely constant and postgraduate numbers, will be grown”.

The impact of a greater number of post-graduate students is that they require a higher staff-to-student ratio as opposed to undergraduate students thus increasing the demand for academic staff even further; and more importantly, post-graduate students are more likely to require affordable accommodation outside of the university. As the VC, Dr Badat points out: “If these targets are realized, postgraduate enrolments at Rhodes will increase from 26% in 2010 to 30% in 2013”.

One of the problems that have been apparent within the University, since the advent of the size and shape debate began in earnest, is the problem of attracting young staff, especially black staff, to the university and Grahamstown more generally because of the lack of affordable housing. The Vice-Chancellor pointed to this problem recently: “We continue to attract outstanding and committed academics, though we also struggle to recruit new black academics. Here, we can draw some hope from our Mellon and Kresge next generation programmes, which have provided us some black and women academics of great potential and will hopefully continue to do so”. Another University official pointed out that “Quality of life is problematic, for example, with regard to housing”.

The reason for this problem is twofold. A lack of a coherent densification strategy on the part of local authorities, partly because unlike for example European countries, where there is an acceptance of the fact especially amongst young people that affordable housing means an apartment or a flat within an urban environment; in South Africa there is still a strong bias towards a free-standing house with a garden or its own land of some sort. A second reason is the dramatic rise in property prices that occurred around the world and in South Africa a few years ago. As Ruiters (2010) points out: “Another result of rapid growth is that it encourages speculators. The housing price boom since 2001-2006 excluded the lower middle-class and working class from buying homes and consequently social polarization worsened”. The increase in the number of Oppidans (students living off campus) has resulted in more parents, with city-level incomes far higher than those earned by Rhodes University academic staff, buying houses in Grahamstown. This has added to the speculative nature of Grahamstown’s property market while removing housing stock and rental property from the market, which would otherwise have been available to Grahamstown residents.

Alongside increased demand for housing, the Makana Municipality has been slow in releasing land for development, contributing to escalations in land and house prices.

It can thus be seen that the housing price boom did not only exclude lower middle-class and working class people from buying homes but also especially young first-time buyers from the middle class, people such as university lecturers, white-collar university admin staff, teachers from Grahamstown public and private schools, as well as state employees in the legal profession and the civil service. These people are trapped in a no-man’s land between the average private property in Grahamstown retailing at around R1,000,000 – R1,200,000 which they cannot afford

because of the deposit and bond repayments required exceeding the recommended 25% of their (in the case of couple, combined) income, and RDP housing for which they do not qualify due to falling outside of the cut-off point. With regard to housing and the eroded capacity of academics to purchase or rent, the cost of houses in Grahamstown has reportedly quadrupled since the early 1990s. This puts prices well above the reach of academic staff who do not already own property.

Formal and 'very' formal housing in South Africa

This shortage of formal housing or “very” formal housing is not unique to Grahamstown within the South African context. As Global Insight argues: “access to formal housing has been a much discussed topic in South Africa, with the state pouring considerable resources into the housing backlog in the last decade. Taking a look at the changes in formal housing over time, we do see a positive trend - although not across all sectors of housing access, and at a fairly slow pace”. They point out that between 1996 and 2009, an additional 4 million households (essentially, families and other communal living groups) have been formed in South Africa. The following chart shows the country's ability to meet the increased demand for formal housing created by these additional households.



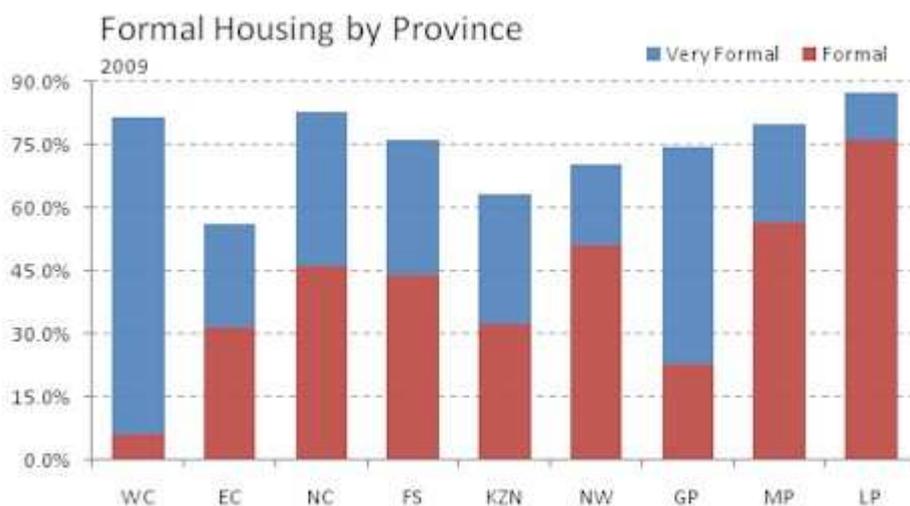
Source: Global Insight, 2010

In 1996, the percentage of households (families etc.) that had access to informal housing stood at around 34%, just over a third of the household population. By 2009, this had decreased somewhat to around 27%, just over a quarter of the population. Whilst this implies an increase in the access to formal house, an additional 3.5 mil households in fact, it has not resulted in higher access to 'Very Formal' housing. A very formal house is one in which the occupants have access to piped water and flush toilets within the dwelling. In fact, from 1996 to 2009, the percentage of

households with access to very formal housing remained almost constant at around 37% (Global Insight, 2010).

The following chart depicts the housing situation across the provinces in 2009. Interestingly, Limpopo province has the highest percentage of households occupying formal dwelling structures. However, very few of these structures are considered 'Very Formal'.

This is in contrast with the highly urban provinces of Gauteng and (especially) the Western Cape, where the trend is almost the complete opposite. In the Western Cape for example, the majority of formal dwelling units are also classed as 'Very Formal.' Overall, the Eastern Cape has the lowest percentage of households with access to formal housing - and even then, only just over half of are living in formal houses without running water or flush toilets within the dwelling.



The Residential Development on the Existing GGC and proposed new Golf Course development in the Belmont Valley

The Belmont Devco proposes undertaking a simultaneous land swap transaction with the Grahamstown Golf Club whereby ownership of the Belmont Golf Trail and Club House is transferred to the Grahamstown Golf Club, on completion of its construction. This will coincide with the transfer of the existing Grahamstown Golf Course site from the GGC to the Belmont Devco. Not only will this provide the current members of the Grahamstown Golf Club with a world-class 18-hole facility, but it will free up the current golf course property – a largely urban area north west of town – as an appropriate site for urban development in Grahamstown providing the Municipality further revenue generation opportunities.

The Residential Development on The Existing GGC

Document compiled by Prof.J.J.Roodt /Department of Sociology/Rhodes University

The proposed residential development which will be situated at the existing golf course in Grahamstown will be well-placed to meet the need for middle-range “very-formal” housing, as it is proposing to offer housing stock in the range of R750, 000.

The proposed development will consist of the following components:

- Approximately 850 erven;
- Three blocks of student accommodation with an average of approximately 216 bedrooms per block.
- A 25 000 m² shopping complex with parking bays.
- Road infrastructure (the main provincial road (R350) from Grahamstown to Bedford and Cradock runs adjacent to the western boundary of the site) and a second road traverses the proposed development site. These roads will be utilized as the main vehicular entrance and exit to the property. Internal roads will have to be constructed.
- The construction and/or upgrading of existing infrastructure such as electricity, water, sewerage and storm water.

The Belmont Final Scoping Report shows that the Cacadu SDF classified Grahamstown as Level 3, which involves the provision of adequate funding to strategically targeted development zones which have development potential; while the remaining nodes are classified as Level 1, ie. they fulfil basic human rights in the provision of basic services to both urban and rural areas, at a minimum level in terms of available resources. Due to Grahamstown’s rich historical background and high population growth (especially students) housing within the area is in high demand. In the Draft Makana Municipality SDF (2008) the housing backlog, increase in the housing demand and the total future housing demand is reflected below:

Table 3-1: Housing need within the Makana Municipal Area Settlement	Housing Backlog	Increase in households at 2012	Increase in households at 2020
Grahamstown	12000	500	2000
Alicedale	500	50	150
Riebeeck East	500	25	69
Rural	Unknown	26	80

From the above table it is clear that there is a need for housing developments within the greater Grahamstown area. The proposed development site falls within the urban edge and the residential component of the development is therefore considered to be in line with the current SDF.

Municipality	Major Towns & Settlements	Settlement Level	Approved Projects				Housing demand (short/medium term) (SDF / IDP)	Additional land requirements (ha) (SDF / IDP)
			No. of Projects	Houses Completed	Houses under Construction	Total		
Camdeboo	Aberdeen	1	2	716	29	745	400	14
	Graaf-Reinet	3	7	1131	1	1132	975	33
	Nieu Bethesda	2	-	-	-	-	400	9
TOTAL			9	1847	30	1877	1775	56
Blue Crane Route	Cookhouse	1	2	673	0	673	203	7
	Pearston	1	4	471	0	471	550	22
	Dorset East	2	3	1405	0	1405	1800	60
TOTAL			9	2549	0	2549	2653	89
Ikwezi	Jansenville	2	2	350	0	350	1000	30
	Klipplaat	1	2	456	212	668	425	20
	Waterford	1	-	-	-	-	150	30
TOTAL			4	806	212	1018	1575	80
Makana	Alicedale	1	-	-	-	-	450	15
	Grahamstown	3	13	5176	38	5214	12000	400
	Riebeeck-East	1	-	-	-	-	450	15
TOTAL			13	5176	38	5214	12900	430

According to the Cacadu District Municipality SDF (2007) it is not sustainable to provide all the services in all settlements irrespective of the size/population thereof. The provision of the various social and commercial services is therefore dependant on the population residing in the settlement. The smaller settlements will be provided with a reduced spectrum of social and commercial services while the larger settlements will be provided with a broader spectrum. It therefore makes sense to assume that as the population size increases the need for social and commercial services will also increase.

That the population will increase is borne out by the evidence presented above, namely the Makana SDF which states that Makana has a population density of 16.1 people per square kilometre, which is high when compared to the district population density of 6.6 people per square kilometre. This indicates a high level of urbanization in the LM, which puts pressure on the municipality to provide essential services. In addition the growth of the Rhodes University over the next few years in line with the agreement with the National Ministry of Education, will add to this demand. Therefore, the commercial component of the development is also in line with the SDF.

The proposed housing development on the site of the present golf course is in line with THE DEVELOPMENT FACILITATION ACT (DFA), 1995. According to the Cacadu Spatial Development Framework (2009) the principles of the Act provide the broad policy framework of National Government within which all provincial and local authorities have to conduct their day-to-day affairs. It is thus national policy in South Africa to promote compact, high-density cities and to correct historically distorted spatial patterns of settlements emanating from the past. It is also policy to promote a diverse combination of land uses where residential and employment opportunities are in close proximity, and to see to the establishment of viable communities. The Document compiled by Prof.J.J.Roodt /Department of Sociology/Rhodes University

fundamental principle is to promote sustainable development i.e. finding a balance between the Natural, Social and Economic Environment. This definition is also in line with the Local Agenda 21 Principles.

This is likely indicative of large government spending on RDP houses, without a focus on additional household infrastructure like water and sanitation. Furthermore, because these new RDP houses are handed over to recipients who are living in poverty, the possibility for future housing infrastructure improvements by the occupants themselves is either greatly hampered or outright impossible. Without an improvement in employment, alongside lower poverty levels, the barrier to 'Very Formal' housing is likely to remain out of reach for most South Africans.

Furthermore the development of the existing Grahamstown Golf Course site is envisaged to comprise a landscaped mixed-use residential development, including a retirement village and affordable housing. It is envisaged that the development of this portion will also involve contributions towards upgraded municipal bulk infrastructure to accommodate the new opportunities. This will also include the development of new roads, electrical, stormwater, sewer and water connections and the connection of these services to the existing municipal infrastructure.

In its motivating documents for acquiring the prime land, the Belmont Valley Company said it aimed to source its service providers locally; create 10 000 construction job opportunities during the five- to ten-year building phase, as well as between 750 to 1000 permanent jobs and to provide skills development in training programmes. It also sought to uplift disadvantaged people through the small-scale farming venture, and encourage sports tourism in the area.

PROPOSED GOLF COURSE DEVELOPMENT AT BELMONT VALLEY

An 18-hole golf course, the construction of which will be mostly on limited fallow lands;

- A club house;
- A driving range;
- Road infrastructure (an access road of approximately 1 km will have to be constructed from Belmont Valley Road (existing gravel road) that traverses the proposed development site to the proposed club house on a portion of the property south of the Bloukrans River); and
- The construction and/or upgrading of existing infrastructure such as electricity, water, sewerage and storm water.

According to the Makana Municipality SDF the considerable tourism potential of the region should be developed in an effort to broaden the tourism and recreation base of the region. Plans to extend these facilities should be encouraged as they serve both the development of tourism opportunities as well as the protection of natural assets. The existing golf course is not very scenic and the potential of it as a tourist attraction is therefore limited. Belmont Valley on the other hand provides this scenic

component. Furthermore, the proposed development of the golf course will be limited to fallow lands, leaving the natural vegetation intact.

This theme is pursued by Hamer and Snowball (2008) in their study entitled "TOURISM: A PILLAR OF LOCAL ECONOMIC DEVELOPMENT IN MAKANA MUNICIPALITY", where they argue that ecotourism draws a significant number of national and international tourists to the area, but few of them stay on to travel in the Makana region. For them this represents a missed opportunity. More efficient marketing and development of Makana tourism "trails", including the golf trail envisaged for the new golf course to be situated in Belmont valley, could be used to take advantage of the presence of these tourists. This is recognised by the developers who state in an information document that:

It is further envisioned that the proposed development of the Belmont Golf Course will increase Grahamstown's tourism appeal. The 18-hole golf trail will capitalise on the thriving Garden Route and Sunshine Coast golf tourism market and provide world-class recreational facilities for cultural and festival tourists to the town. It is anticipated that this will increase the overall time and money spent by tourists in Grahamstown.

Hamer and Snowball (2008) point out that a better understanding of how services and facilities are rated in Makana would assist in the development of strategies to encourage tourists to stay longer or see more while in Makana: "The constraints (absence of transport for large groups, lack of non-student related entertainment in Grahamstown, absence of hotels where large groups can be accommodated) act against the emergence of large-scale tourism in Makana". The proposed Belmont Golf Course is tailor-made to provide non-student related entertainment, comprising as it will a world class 18-hole golf trail, situated on 114 hectares of existing agricultural land in the picturesque Belmont Valley of Grahamstown.

The construction of the new golf course will create tourism opportunities (during the operational phase) as well as employment opportunities (both during the construction and operational phases of the project). Furthermore, the proposed land swap between Belmont Dev. Co. and the golf club will result in the supply of much needed housing opportunities to residents and students within the urban edge of Grahamstown.

Possible benefits of the development to the local community are many. As outlined above the development is expected to generate employment both during the construction and operational phases of the project. In addition, the Belmont Devco also undertakes to establish the Belmont Treasury Trust which will be used to provide upliftment to the local community through projects which will promote skills development and training, entrepreneurship training, sports development, agricultural development, as well as provide funding for promising secondary and tertiary education learners.

The trust will obtain funding in perpetuity through a mechanism whereby a percentage of all future sales that are concluded through this new development

proposal are diverted into the trust. The trust will be managed and audited to ensure that it is effective in carrying out its aim of upliftment.

The aims of the Trust are in line with the objectives of the Cacadu District Municipality strategy document entitled CACADU DISTRICT MUNICIPALITY: A PROPOSED THREE PRONGED STRATEGY FOR INCLUSIVE AND JOB RICH ECONOMIC GROWTH which states that "...immense untapped resources exist in the business and farming communities. Unemployment and a low local skills base do not serve the business community and is indeed a major growth and investment constraint. The experience of Johannesburg (The CJP and the JDA) and Cape Town (the CTP) is that the private sector is willing to invest in partnership initiatives that improve the urban environment. There are many examples of pro-active projects with the farming sector, a local example of which is the composting initiative in Sundays River Valley. Tapping into these resources will require a bold and pro-active approach that... is therefore (able) to utilise the institutional capacity of the District to leverage the available resources of government and unlock private sector resources.

Conclusion

This specialist socio-economic report has attempted to do is situate the proposed residential development at the existing golf course in Grahamstown, as well as the proposed golf course development at Belmont Valley, Grahamstown, within the global, national, provincial district and local socio-economic environment, so as to provide a context within which to evaluate the advantages and disadvantages of these interlinked projects.

It is clear that the outlook for the international economy is presently uncertain, and although the BRIC countries have fared marginally better over the last few years, over the last few quarters their economies have also slowed down. South Africa, the weakest and smallest of the BRIC economies has also fared the worst, with a huge increase in unemployment and poverty, and an infrastructure backlog that it is struggling to address. Various think-tanks and research institutions have argued that the South African government has to change its policies to address these problems, and recently President Jacob Zuma has promised massive investment in infrastructure to boost the economy and create employment.

The Eastern Cape as one of the poorest provinces in South Africa has been hard-hit by the global and national economic downturn with higher than national inflation rate and rise in its consumer price index. Especially daunting is not only the huge increase in unemployment but also those who have given up hope of finding employment. Both the Cacadu District and Makana Local municipality are microcosms of the provincial predicament as its socio-economic indices above indicate: high rates of urbanisation as rural areas become less able to provide employment and accommodation; high unemployment figures and rates, high inequality as expressed by the Gini co-efficient and concomitant poverty and a backlog in terms of formal housing and service provision.

The shortage of formal to "very formal" housing and the infrastructure bottleneck especially with regard to the processing of sewerage extends beyond the provision of RDP houses to low-income sector of the Grahamstown population. As the report has argued, the availability of affordable housing stock to middle-income first-time

buyers is proving to be a stumbling block to the on-going development of the Grahamstown economy.

As the main driver of the Grahamstown economy and its largest employer, Rhodes University, which has an agreement with the Ministry of Education to expand its student numbers, especially post-graduate students and as a result its teaching staff, is having problems attracting young staff because of the lack of availability of affordable housing in Grahamstown. The proposed development of a housing project on the site of the present golf course, which falls within the urban periphery and is within easy reach of the town centre, most of the model C and private schools, as well as the university, is aimed precisely at this middle-income group of home buyers looking for housing in the region of R750 000.

The proposed housing development can only go ahead on two conditions. The present golf course land must be made available to the developers and the golf course move to Belmont Valley, and the present infrastructure bottleneck, especially the upgrading of the sewerage works needs to be prioritised.

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