ANNEXURE 2: SECTORAL ANALYSIS

This Annexure is aimed at examining the local economic situation of Lepelle-Nkumpi Local Municipality in terms of its outputs and employment generation. This section further analyses each of the key sectors that contribute to the local economy by providing an overview of the sector as well as highlighting the most important products produced within Lepelle-Nkumpi Local Municipality and existing development initiatives on provincial, district and local level.

This section explores the existing and potential economic linkages for each sector and identifies development potential for the municipality, seeking to identify specific projects that could contribute to the further development of each sector and the economy of the municipality holistically.

.1 AGRICULTURAL SECTOR

1.1 AGRICULTURAL SECTOR OVERVIEW

In order to understand the full extent of economic activities, these activities are divided into categories and sub-categories known as economic sectors and sub-sectors. In respect of agriculture, sub-categories include such activities as growing of crops; market gardening; horticulture, farming of animals and forestry, logging and related services. Horticulture and farming of animals are the key sub-categories that are the most important activities relating to the agricultural sector in Lepelle-Nkumpi Municipality and will therefore be discussed in more detail.

South Africa's agricultural sector is viewed as a dual economy, where the sector comprises of a well-developed commercial function on the one hand, while the rural areas are characterised by mainly subsistence farming.

According to the South African Yearbook 2011/2012, 8.5 million people depend (directly and indirectly) on the agricultural sector in the form of employment and income. With this in mind, the agricultural sector has been identified by the NGP as one of the economic sectors with great potential to create jobs. Targets for the agricultural sector by 2020 is to create job opportunities for 300 000 households and 145 000 jobs in agro-processing.

It is estimated that 12% of South Africa's surface can be used for crop production and 22% comprises of high-potential arable land and only about 1.5% of South Africa's agricultural land are under irrigation (South African Yearbook 2011/2012). Primary commercial agriculture contributes approximately 3% of South Africa's GDP and contributes about 7% towards formal employment. While the share of GDP contributed by the agricultural sector is declining, it remains an essential component of the country's economy.

The Table below gives a short summary of the economic indicators relating to the Agricultural sector in the municipality in relation to that of Capricorn District.

Table 1: Summary of agricultural economic indicators, 2011

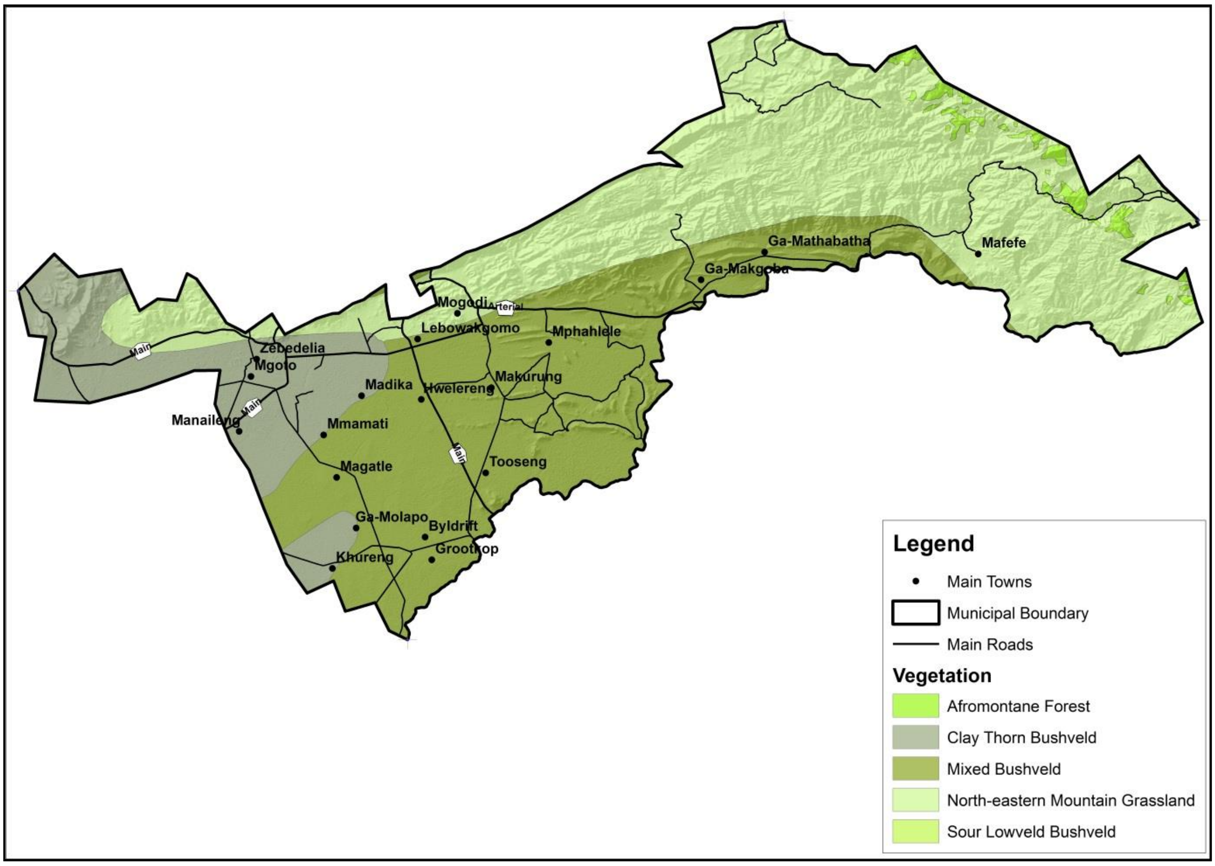
Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	2%	2%
GDP growth per annum	6%	9%
GDP contribution to sector in DM	N/a	12%
Share of employment	5%	3%
Employment growth per annum (formal & informal)	0.38%	1.06%
Employment contribution to sector in DM (formal & informal)	N/a	8%

Source: Quantec database 2011, Kayamandi calculations 2013

From the Table above it is clear that the Agricultural sector contributes 2% to the overall GDP generated by the municipality, constituting approximately the same proportion of the economy on a local level and District as a whole. Lepelle-Nkumpi contributes 12% to the agricultural sector in Capricorn District Municipality. The agricultural sector is not a large employer in the municipality, taking up almost 3% of the overall employment in the Municipality. The agricultural sector is however slightly increasing as an employment contributor at a faster rate compared to Capricorn District Municipality. The agricultural sector is also a quite significant employer on the District level, employing approximately 5% of its workforce.

Limpopo Province is also an area of diversified vegetation, which ranges between indigenous forests and plantations, to farming land and areas of unspoilt bush. The map below provides an indication of the vegetation distribution in Lepelle-Nkumpi Local Municipality.

Figure 1: Vegetation distribution in Lepelle-Nkumpi Local Municipality



Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

As is evident from the above Map, the natural vegetation in Lepelle-Nkumpi Municipality consists predominantly of the Savannah Biome (North eastern mountain grasslands and sour lowveld bushveld), which comprises of Mixed Lowveld Bushveld. The natural vegetation classification is set out in the table below to illustrate the percentage and area coverage of Lepelle-Nkumpi, as sourced from the Agricultural Strategy for Capricorn District Municipality.

Table 2: Biodiversity Classification for Lepelle-Nkumpi

Biome	Group	Area (km^2)	Percentage
Azonal Vegetation	Freshwater Wetlands	1.57	0.05%
Forests	Zonal & Intrazonal Forests	45.39	1%
Grassland Biome	Mesic Highveld Grassland Bioregion	610.35	18%
Savanna Biome	Central Bushveld Bioregion	2756	80%
	Lowveld Bioregion	50.65	1%
Total		**3463.96**	**100%**

Source: Agricultural Strategy for Capricorn District Municipality, 2009

The Savannah Biome is the largest Biome in southern Africa and occupies over a third of the area of South Africa. The Savannah Biome is comprised mainly of grass, with woody plants and trees scattered throughout. Some of the trees found in this biome include the Baobab tree, which also occurs in Lepelle-Nkumpi. Savannah vegetation is usually used for grazing, mainly for cattle or game. The northern half of the municipality is mostly covered by grassland. The dominant veld types of Sekhukhune Plains Bushveld and Springbokvlakte Thornveld render the veld suitable for extensive cattle farming and (given sufficient water) the production of cut flowers, vegetables, tobacco and deciduous fruit.

A very small area (1.31%) in the northern-eastern region of Lepelle-Nkumpi Local Municipality consisting of the Forest Biome, described as North-eastern Mountain Sourveld or Northern Mistbelt Forest. Although this type of vegetation is predominantly a grassland area, it is also classified as an Inland Tropical Forest or Intrazonal Forest, due to the patches of forest occurring in the sheltered ravines, gorges and valleys of the escarpment are evident. The main economic activities associated with this vegetation type are that of forestry, grazing and eco-tourism.

The most important factor limiting agricultural production and development in Lepelle-Nkumpi is the availability of water. This is also true for the Limpopo Province, which is located in the dry savannah sub-region. In general, the province experiences hot summers and mild winters, with the average annual rainfall in Limpopo ranging between 300-400 and 600 mm. The province also encompasses a wide range in respect of its topography, with its elevation varying between 600 m and 900 m above mean sea level. This gives rise to varied climatic characteristics throughout the region, which can be divided into four climatological regions (M'Marete, C.K):

- The arid far Northern
- The arid to semi-arid – the Northern
- The semi-arid – the Highveld
- The sub-humid – the Lowveld

An environmental analysis for Lepelle-Nkumpi Local Municipality was conducted in 2009 as part of the compilation of the Lepelle-Nkumpi Nkumpi Agricultural Hub strategy. The tables below set out the climatic elements and conditions.

Table 3: Climate summary statistics for Lepelle-Nkumpi Local Municipality

Climate						
Mean annual rainfall	453-474 mm					
Rainfall coefficient variation	30.78					
Mean monthly evaporation	121.91 mm					
Mean annual temperature	19.69°C					
Mean growth season days	111-123 days					
Growth season start	23 October					
Growth season end	24 February					
Average summer temperature	Min	15°C	Max	29°C	Avg.	23°C
Average winter temperatures	Min	6°C	Max	27°C	Avg.	20°C

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average rainfall (mm)	76	60	43	20	4	0	0	0	5	33	69	78
Average evaporation (mm)	154	133	135	110	95	81	83	103	124	139	145	154
Average min daily temperature (°C)	18	18	17	13	9	6	6	8	12	15	16	18
Average max daily temperature (°C)	29	29	28	27	24	22	22	24	27	28	28	29
Average mean daily temperature (°C)	24	24	22	20	17	14	14	16	20	21	22	23

Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

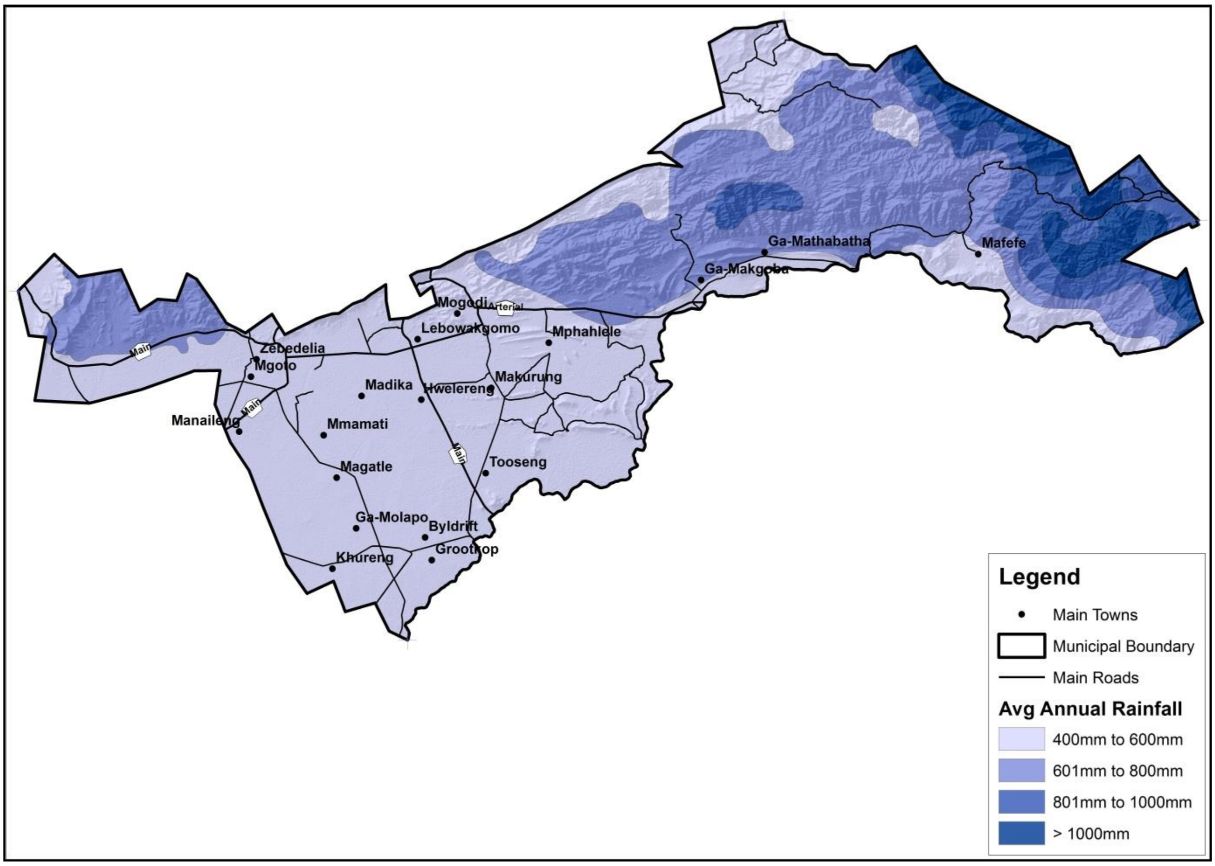
From the table, it is evident that the mean annual rainfall for Lepelle Nkumpi is between 453mm to 474mm with the rainfall coefficient variable at 30.78%. The rainfall coefficient variation indicates the rainfall variability. The higher the value, the more the rainfall varies from year to year. A 30.78% rainfall coefficient variation indicates that rainfall is rather stale from year to year. The mean annual temperature for Lepelle-Nkumpi Local Municipality is approximately 20°C with an average summer temperature of 23°C and average winter temperature of 20°C.

The below Maps provide an indication of the geographical distribution of rainfall, and temperature.

It is evident that the mean annual temperatures in the northern half of the municipality is slightly cooler with average temperatures ranging between minus 14 and 17 degrees Celsius compared to the south were average temperatures range between 19 to 20 degrees Celsius.

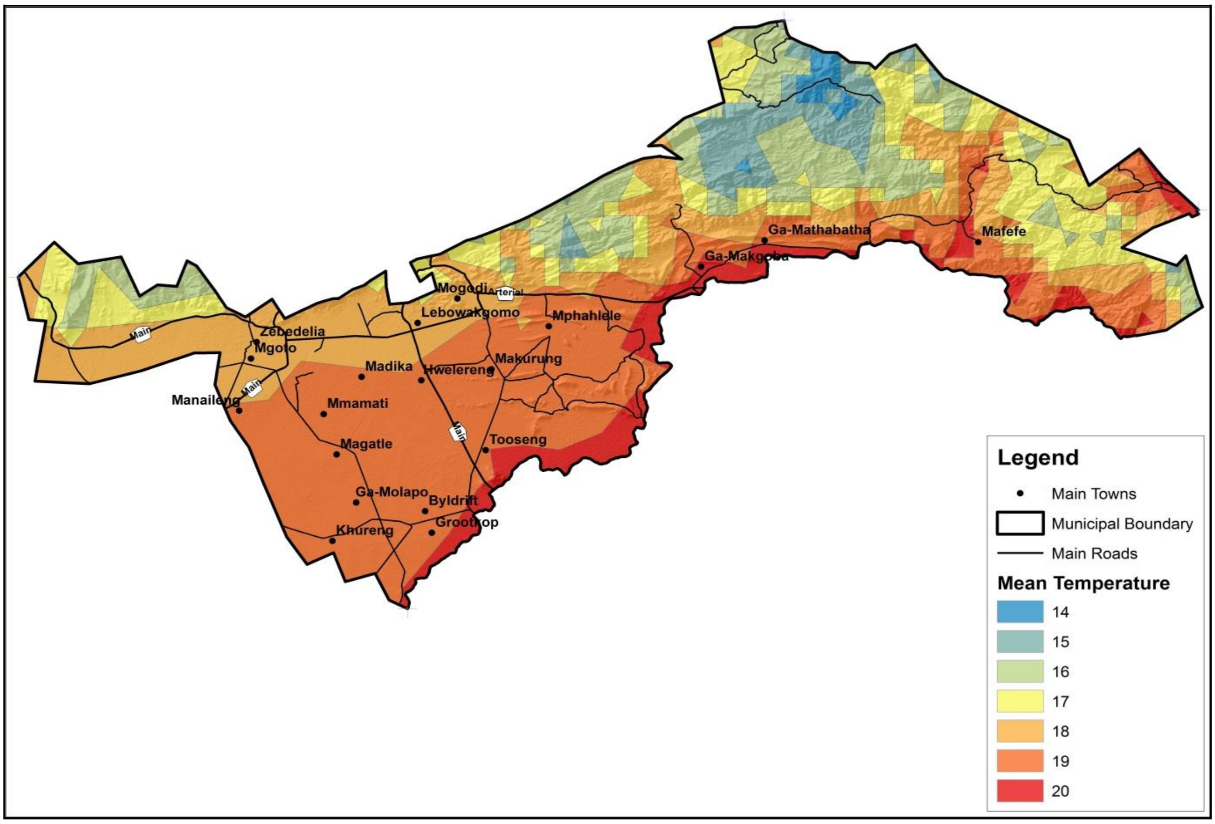
The average annual rainfall patterns also directly correspond to the temperature patterns, revealing that the northern half of the municipality has higher average rainfall patterns (between 800 and 1200mm) and thus greater potential for agricultural than the southern half with average annual rainfall patterns of between 400 and 600mm per annum.

Figure 2: Average annual rainfall for Lepelle-Nkumpi Local Municipality



Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

Figure 3: Mean temperature for Lepelle-Nkumpi Local Municipality



Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

There are also a number of irrigation regions in the Capricorn District namely the Polokwane South Region and the Mogwadi-Vivo Irrigation Region. These irrigation regions are highly suitable for the production of vegetables, tobacco, cotton and citrus. Four water schemes are also evident within Lepelle-Nkumpi Local Municipality:

Table 4: Water Schemes located within Lepelle-Nkumpi Local Municipality

Scheme name	Source of bulk water
Mathabatha Water Scheme	Groundwater
Mafefe Water Scheme	Groundwater
Mphahlele Regional Water Scheme	Olifants river and groundwater
Groothoek Regional Water Scheme	Olifants river and groundwater

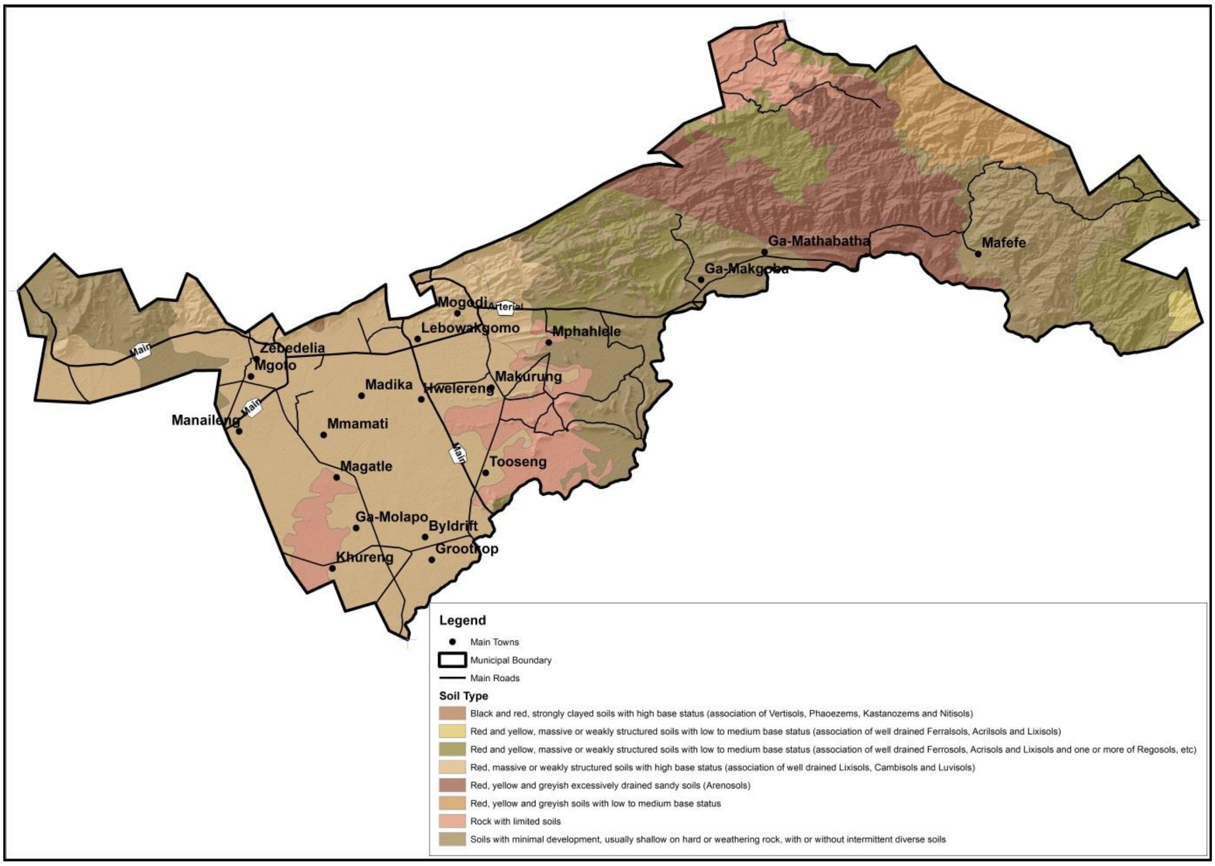
Source: Agricultural Strategy for Capricorn District Municipality, 2009

Apart from the rainfall patterns and the physical, topographical and climatic conditions of a location, a further key determinant of agricultural development potential in a region is that of its soil potential. Soil suitability can be divided into different classes, namely arable, marginal and non-arable land. Arable land is land that is fit for cultivation and is capable of being farmed productively. It is also the only land suitable for irrigation farming. Marginal land is areas of land that is less suitable for cultivation and usually has certain deficiencies in soil, topography, or drainage properties. Farming activities on marginal land involves greater risk, but could still be cultivated under proper management. Non-arable land comprises steep, rough, broken, rocky, badly eroded lands or lands with inadequate drainage which makes it unsuitable for cultivation. Odhiambo has identified five major soil groups in the Limpopo Province, which comprise:

- Dystrophic, red and yellow, well drained clayed soils
- Red, yellow and grey soils in caternary association
- Black and red clay soils
- Duplex and paraduplex soils
- Weakly developed soils on rock

The most common soil types in Lepelle-Nkumpi are indicated in the below Map.

Figure 5: Soil types for Lepelle-Nkumpi Local Municipality



Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

The northern half of the municipality is mostly comprised of non-soil classes which may be water-intake areas with restricted land use options. The southern half is mostly comprised of freely drained, structureless soils with favourable physical properties and may have restricted soil depth, excessive drainage, high erodibility and low natural fertility. To the south of Magatle, there are some Lithosols (shallow soils on hard/weathering rock) which may receive water runoff from associated rock and has restricted soil depth associated with the rockiness.

The total arable land in Limpopo Province is estimated at 2 359 147 hectares, with only 181 000 hectares being irrigated, representing only 7.7% of the total arable land (M'Marete). The reason for this is the scarcity of water.

In terms of the Capricorn District, soil suitability is captured in the Table below.

Table 6 Soil suitability for Capricorn District

Soil suitability	Hectares	Percentage
Arable	283 826	16.7
Marginal	909134	53.6
Non-arable	503 869	29.7
Total	1696 829	100%

Source: M'Marete, C.K

From the Table above, it is clear that almost half of the land in the District (48.5%) is marginal, making cultivation of the land difficult, with only 16.1% of land being capable of productive cultivation.

Variations in the different factors, such as climate, topography and soil potential give rise to different types of vegetation in different regions, and the range of factors in Limpopo has resulted in a very diverse range of vegetation across the Province. When all these factors are taken into consideration, land capability groups can be determined. For Limpopo Province, the land capability groups constitute the following proportions (Odhiambo): are 37.7% suitable for Arable farming, 50.1% suitable for grazing, and 12.2% suitable for wildlife.

Further studies into soil potential classify soil in terms of its soil capability, land capability and its erodibility. The soil capability is derived from factors such as its flooding and erosion hazard, soil depth and texture, drainage, its mechanical limitations and other soil properties. Taking all of this into account, an area of land is classed as either arable or non-arable. Land capability utilises the soil capabilities and further classifies soils into different classes by including climatic factors to produce a land capability class. These classes again divide areas of land into either arable or non-arable. Erodibility refers to the erosion hazard of soils and consists of three sub-criteria, namely slope gradient, water erodibility index, the combination of which allows soil types to be classified into 8 classes (Odhiambo). Through these classes, it is possible to determine which areas of land are fertile and possess the ability to sustain arable farming activities.

There are a number of plant options that could be considered for production in the Municipality and need to be explored further. Since most environmental factors that determine the habitat of specific crops can only be controlled or changed on a very small scale (or not at all) by the farmer, crops should be chosen that are adaptable to the environment (ARC, 2006 as in Ehlers, 1988).

The environmental analysis of the Lepelle-Nkumpi Agricultural Hub report lists suitable crops as identified by the Limpopo Department of Agriculture for Lepelle-Nkumpi Local Municipality. These crops were classified according to suitable and optimal areas (Ha) within the Local Municipality. These are set out in the table below:

Table 7: Suitable crop types for Lepelle-Nkumpi as identified by Limpopo Department of Agriculture, in order of importance

	Crop	Suitable land (Ha)	Optimal land (Ha)	Total land (Ha)
1.	Pastures	30091.10	152290.34	182381.44
2.	Sunflower	1284.38	46787.99	48072.37
3.	Groundnuts	42751.83	0.00	42751.83
4.	Dry beans	42751.38	0.00	42751.38
5.	Mango	27338.87	0.00	27338.87
6.	Canola	27063.64	0.00	27063.64
7.	Millet	23760.96	0.00	23760.96
8.	Maize	1376.12	18256.49	19632.61
9.	Potatoes	18256.49	0.00	18256.49
10.	Tobacco	15962.96	0.00	15962.96
11.	Citrus	0.00	14862.07	14862.07
12.	Tomatoes	8807.15	0.00	8807.15
13.	Wheat	7706.26	0.00	7706.26
14.	Pines	0.00	5137.51	5137.51
15.	Pecan nut	0.00	2293.53	2293.53
16.	Eucs	2018.31	0.00	2018.31
17.	Onions	1743.08	0.00	1743.08
18.	Bananas	0.00	1100.89	1100.89
19.	Avocado	275.22	0.00	275.22

Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

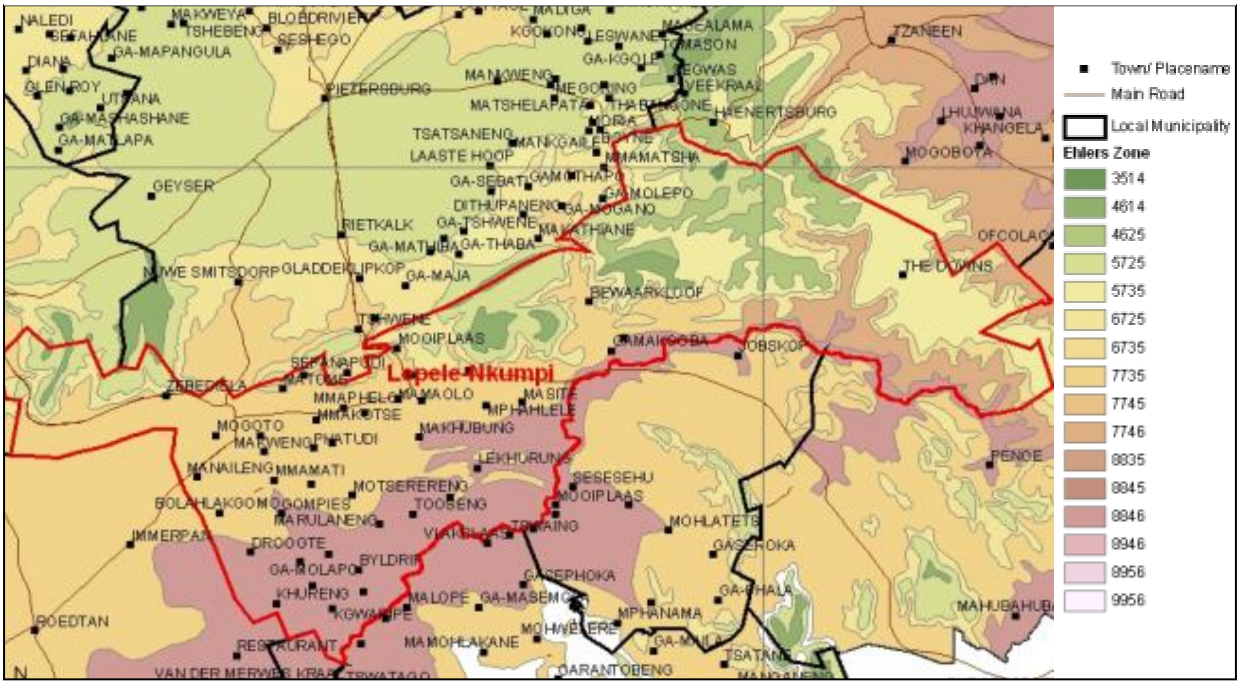
From the table above, it is evident that the crop type most suitable within Lepelle-Nkumpi Local Municipality is pastures which are essentially vegetation eaten as food by grazing animals such as cattle, goats and sheep. This is followed by sunflowers, groundnuts and dry beans. Avocados, litchis and Macadamias are listed as being the least suitable to be produced within Lepelle-Nkumpi Local Municipality.

Apart from the main crop types suitable for production within Lepelle-Nkumpi Local Municipality (as identified by the Limpopo Department of Agriculture) as revealed above, the possibility for other suitable crop species within Lepelle-Nkumpi exist. This is identified through the use of Ehlers zones, which have been developed to indicate where the soil type and the climatic conditions is of such a nature that certain products can be grown.

Ehlers zones contain lists of useful plants that are divided into zones according to their temperature requirements, separating potential crops that can be grown into summer and winter months.

Lepelle-Nkumpi Municipality is covered by seven Ehler Zones (see below Map), namely 8946, 7746, 6735, 5735, 4625, 3514, and 5725. The majority of the Municipality comprises 8946, 6735 and 5735 zones (as shown on the below Map). A full description of the optimal plant species per Ehlers Zone is presented in Annexure B.

Figure 6: Ehlers zones of Lepelle-Nkumpi Local Municipality



Source: Agricultural Research Council, 2006

The following Table provides a list of the optimal species to be farmed in Lepelle-Nkumpi.

Table 8: Suitable plant species in Lepelle-Nkumpi according to Ehlers zones

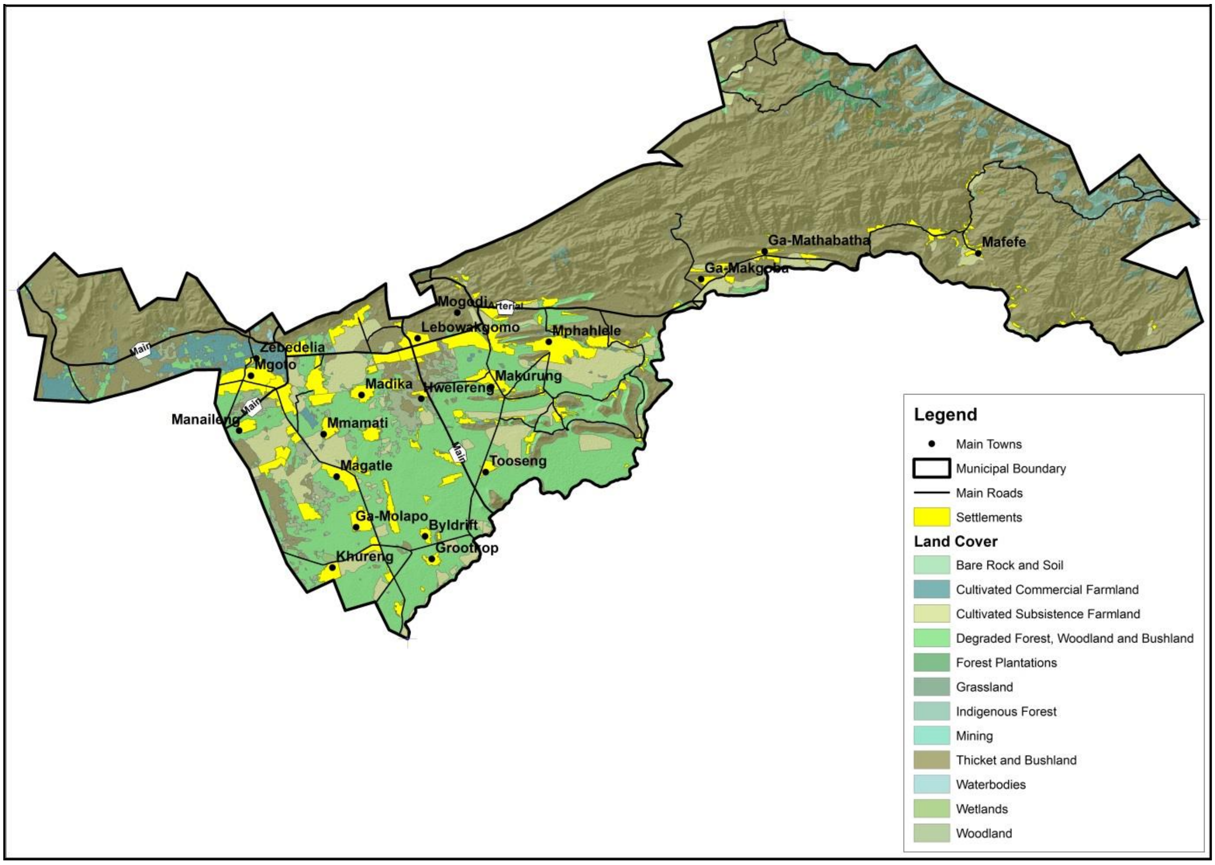
Apple	Cole; Cole-seed; (Canola)	Lentil	Rape Cole (Canola)
Apricot	Common / Runner Bean	Lettuce	Rapeseed (Canola Oil)
Arabica Coffee	Common Garden Pea	Llama	Red Pepper
Artichoke	Coriander	Luquat	Rice
Banana	Cotton	Maize	Rocket Salad
Barley	Cow Cabbage	Mango	Rye
Basil	Cumin	Mexican Hawthorn	Safflower
Beetroot	Dalmation Insect Flower	Millet	Skirret
Bengal Bean	Date Palm	Mountain Spinach	Soy Bean
Big Kidney Bean	Dill	New Zealand Spinach	Spinach
Bitter Melon	English Rhubarb	New Zeeland Hemp	Strawberry
Black Mustard	Field Mustard	Oats (Common)	Sugar Cane
Brinjal / Eggplant	Flax; Linseed (Fibre)	Old-man Saltbush	Summer Wheat
Broadbean	Gherkin, Musk-melon	Olive	Sunflower
Brown Mustard (Oil)	Grapes	Onion, Garlic	Sweet Anise
Brussels Sprouts	Ground Nut	Oyster Plant	Sweet Cherry
Buckweat	Guava	Parsley	Sweet Cicely / Cicle
Butter Bean	Headed Cabbage	Parsnip	Sweet Pepper
Carrot	hemp (fibre)	Pawpaw; Papaja	Sweet Potato
Cashew Nut	Horse Radish	Pineapple	Tea
Cassava	Hungarian Turnip	Plum	Tobacco (Turkish)

Caster-Oil Plant	Indian Beal	Potato	Tomato
Cauliflower	Indian Colze (Canola)	Pumpkin, Squash	Topinambur
Celery	Indian Millet	Purple Granadilla	Valencia
Chicory	Italian Broccoli	Pusa Hemp	Velvet Apple
Chinese cabbage	Japanese Plum	Radish	Winter Wheat
Chinese Kale	Japanese Radish	Rape	

Source: Agricultural Research Council, 2006

In terms of existing Agricultural activities in the municipality, the Map below gives an indication of the predominant land uses in the municipal area.

Figure 7: Land coverage for Lepelle-Nkumpi Local Municipality



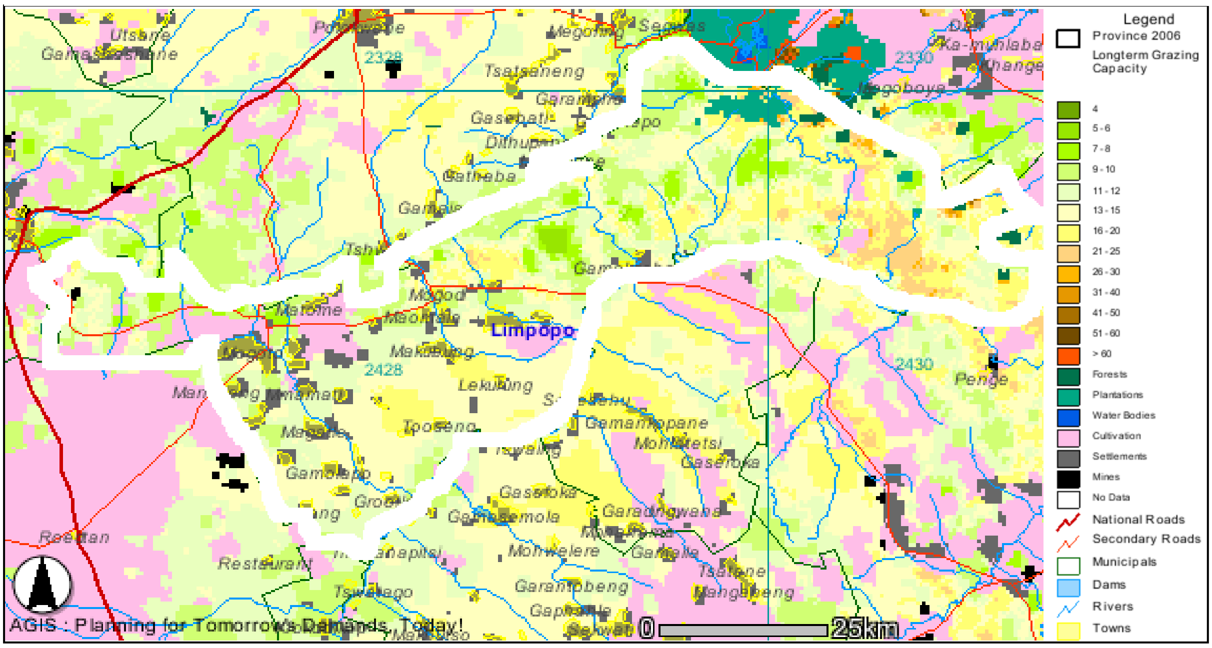
Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

From the map it can be observed that the majority of land within Lepelle-Nkumpi is agrarian or potential agrarian areas. However, only 12% of Lepelle-Nkumpi is under some form of cultivation. From this cultivated land, only 16% are farmed for commercial purposes. The area furthermore consists of mostly dryland systems, of which 78% is covered by woodlands. Approximately 23% of these woodlands are degraded, overgrazed, eroded and invaded by bush. Lepelle-Nkumpi have approximately 2 200 Ha of natural grasslands (Agricultural Strategy for Capricorn District Municipality, 2009).

The following Map provides an indication of the grazing capacity of Lepelle-Nkumpi Municipality.

The map also shows some of the cultivations surrounding Zebediela area (mostly citrus). There are also some plantations and isolated forests in the north-east.

Figure 8: Grazing capacity of Lepelle-Nkumpi Local Municipality



Source: Natural Resources Atlas

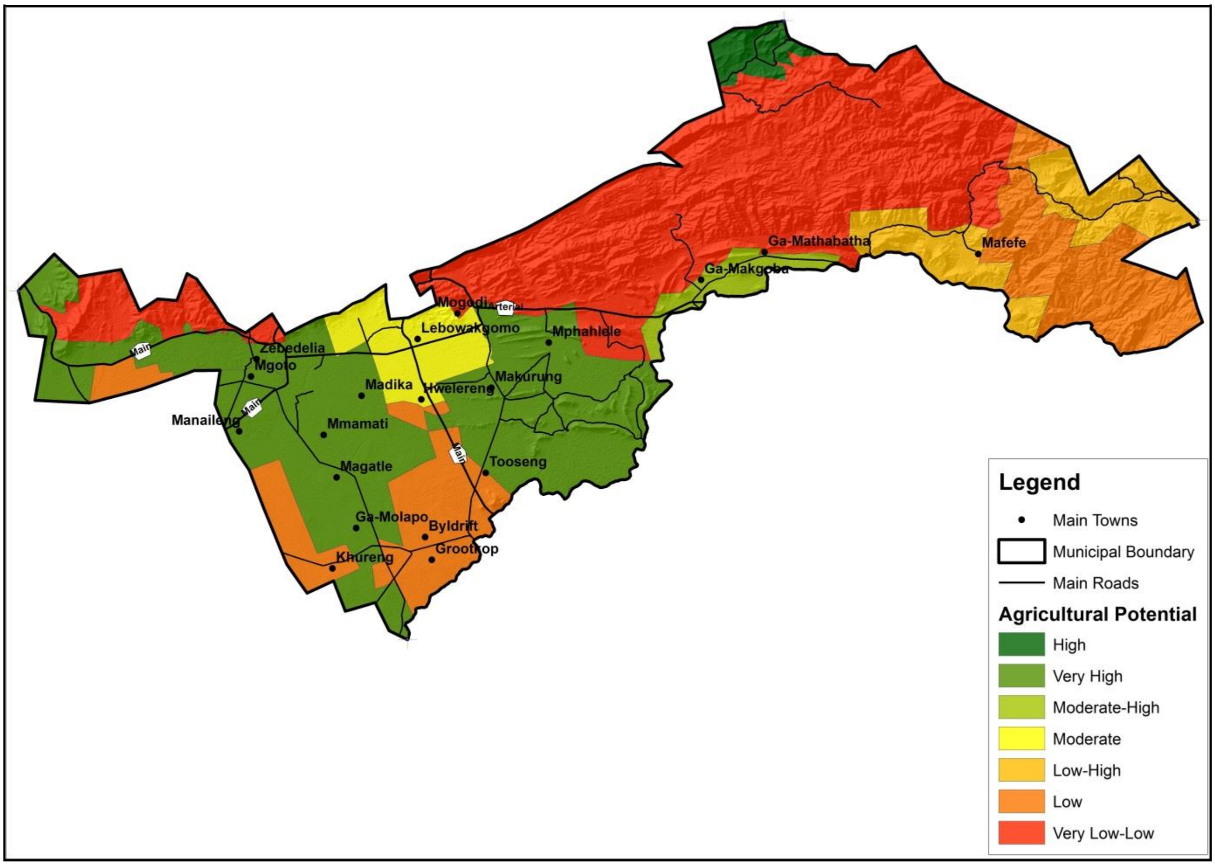
Limpopo Province has adopted the Employment, Growth and Development Plan (2009-2014) which is based on the previous Limpopo Growth and Development Strategy of 2004. Both of these plans seek to promote economic growth and development that is sustainable, focussing particularly on the sectors such as agriculture, mining, manufacturing and tourism. These sectors are considered to be the main drivers of Limpopo Province's economy which seem to display comparative advantages. This plan seek to promote subsistence and emerging farmers to be more sustainable and profitable while ensuring food security, as well as aligning farming systems with unique macro opportunities. All of these apply to Lepelle-Nkumpi as far as agriculture is concerned.

The Limpopo Agro Processing Strategy which was adopted by Limpopo Province in 2012, identifies five cluster development concepts. Of these five, the red meat cluster and more specifically the white meat cluster is applicable to the Lepelle-Nkumpi Local Municipality.

Development clusters are critical masses, spatially concentrated and of unusual competitive success in a particular field. They encompass an array of linked industries, from suppliers and providers of infrastructure to down-stream activities and service organisations. They also include training, research and governmental institutions. Competitive advantage within these clusters is driven not so much by the source and cost of inputs as by the productive use of inputs, which requires continuous innovation.

The following Map provides an indication of the agricultural potential within Lepelle-Nkumpi Local Municipality.

Figure 9: Agricultural potential within Lepelle-Nkumpi Local Municipality



Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

The value in Gross Farming Income (GFI) and volumes of various agricultural commodities produced in Capricorn district in 2007 are indicated in the below Table.

Table 9 Values and volumes of agricultural commodities in Capricorn District

Commodity	Planted/Produced (ha)	Production (tons)	GFI (R'000)
Potatoes	2 550	71 893	183 476
Tomatoes	115	4 319	14 206
Onions	359	10 194	18 466
Pumpkins	481	4 536	13 396
Citrus	257	5 087	9 292
Subtropical	244	1 413	6 799

Commodity	Planted/Produced (ha)	Production (tons)	GFI (R'000)
Deciduous	102	945	14 689
Nuts	127	216	2 959
Cultivated & wild flowers	-	-	14 642
Maize	6 939	23 126	58 996
Grain	920	2 413	7 462
Wheat	16	39	197
Sunflower seeds	4 020	6 405	26 431
Dry beans	68	79	554
Lucerne	319	1 973	1 489
Maize for silage	1 038	6 070	2 594
Tobacco	125	312	19 851
Animals & animal by-products	-	-	543 250
Poultry	-	-	233 708
Total			**1 172 457**

Source: Agricultural Strategy for Capricorn District Municipality, 2009

It is evident from the above information that animals and animal by-products are by far the most important commodity in the Capricorn District Municipality, with the production value for the year 2007 exceeding R500 million. This is followed by poultry (R233 million), potatoes (R183 million) maize (R59 million), sunflower seeds (R26 million) and tobacco at R20 million.

In Lepelle-Nkumpi there aren't many large commercial farmers in horticulture (except for Zebediela Citrus estate and Lombardi Grapes). Most of the horticulture farming activities in Lepelle-Nkumpi range from poverty alleviation (subsistence) to small-scale farming. Commercial farming is mostly in citrus production, oranges more specifically. There are also grape commercial activities done by the ARDC in Grootklip and Lombardi Company in Zebediela.

Citrus can be produced on a wide variety of soil types nevertheless soil moisture can also be a critical constraint in for citrus production. Thus, this brings in a number of factors, which can be hazardous when producing citrus, which include the climate of the area.

Citrus production is primarily focused on exports and is therefore highly exposed to competition. Maintaining a good (cost competitiveness) position, high fruit quality (which includes compliance with phytosanitary standards and keeping abreast with changes in world market trends.

Two of the largest citrus estates are located in the Limpopo province, Letaba and Zebediela Citrus Estate. The Zebediela Citrus Plantation which is located in Lepelle-Nkumpi Local Municipality in Zebediela totals 13 785 ha.

This farm has been reinstated to the Bjatladi Community and is currently producing citrus for mainly the international market. The Zebediela Citrus Plantation exports most of its produce and supplies the rest to local markets, there are no other activities involved with regards to the production of these oranges.

Figure 10: Zebediela Citrus Estate

Zebediela was established in 1917 by the American entrepreneur Issy Schlesinger. The 87 year-old property, which was the world's biggest citrus estate in its heyday, is once again exporting substantial quantities of oranges and lemons as its new managers reap the benefits of an ambitious rehabilitation programme. The local Bjatlhadi community, which has taken ownership of the estate following a successful land claim, has a 30% shareholding in the operating company. The remaining 15% share is held by a Workers' Trust.

In order to develop a horticulture cluster, it will involve the development of the fruit and vegetable potential of the Limpopo province. The cluster value-chain should be extended up-stream to include the local production of inputs for the growing of selected fruit and vegetable commodities, such as plant material production, nurseries, pesticides and fertilisers (including organic fertilizers). The value-chain down-stream includes processing, packaging and exporting industries. Additionally, Lepelle-Nkumpi has a very advantageous climate and land for the development of high-value organic food products. This could compliment the activities of the Tourism cluster.

Ideally, public sector interventions should be employed to further generate development opportunities. These interventions include the rehabilitation of irrigation schemes, the commercialisation of state farms, skills development for particularly emerging farmers and skills-transfer from existing commercial farmers through public-private partnerships.

The farming activities relating to vegetables, tomatoes and onions are mostly the poverty alleviation projects initiated by the provincial Department of Agriculture, the same applies to the activities around avocados, mangoes and peaches. In addition to the poverty alleviation projects planting, of horticulture is more of a 'backyard' or subsistence operation in Lepelle-Nkumpi Local Municipality. This refers to those households that plant fruit and vegetables, in order to survive.

Horticulture production is mainly comprised of the following products: tomato, cabbage, onion and pepper, deciduous fruit, subtropical fruit crops such as avocados and mangoes citrus fruit, vegetables (excluding potatoes), oranges and onions. Tomato is mainly farmed along the Olifant's river and around Dithabaneng, Fertilis and Grootfontein areas in Lepelle-Nkumpi. There is also subsistence and small-scale production of butternut, pumpkin, cabbages, onions and pepper mostly in Fertilis, Dithabaneng and Grootfontein. The crops mostly grown in the Zebediela, Seloane, Ledwaba, Mafefe and Mathabatha area are sorghum, maize and beans. They are mostly grown on a subsistence and small-scale level.

With regards to Livestock, the Census of Commercial Agriculture (2002) reveals that Limpopo only contributed approximately 6.4% to the farming income of South Africa, one of the lowest performing provinces in the country. This can possibly be attributed to the large rural areas, where livestock are mainly held for subsistence farming. Land used for grazing in the Province represents approximately 83.9% of the total farming area and cattle still remain the predominant species in the Province. Limpopo only takes up 0.8% of the number of sheep in South Africa (Department of Agriculture, 2005). However, Pigs are found predominantly in the Limpopo, North West and Western Cape provinces, with more than 300 000 being located in Limpopo, the largest share of South Africa's pig numbers.

According to the Agricultural Strategy for Capricorn District Municipality (2009), Lepelle-Nkumpi is suitable for both small and large stock. Small stock can be classified as goats, sheep and pigs, and large stock is classified as beef cattle. With regards to poultry, Lepelle-Nkumpi is suitable for broilers and layers.

The former PGDS as well as the current the Limpopo Agro Processing Strategy (2012) makes provision for a red and white meat cluster. The strategy seeks, through this cluster, to encourage current and emergent poultry and cattle production. The cluster also involves the utilisation of animal-feed production. Large portions of the province are also taken up by game farms and this appears to be a growing trend. Much like the horticulture cluster, public-private partnerships and skills development among emerging farmers should be encouraged.

This cluster should build on current and emergent cattle and poultry production, as well as animal-feed production, and should be expanded to incorporate under-utilised facilities such as state farms across the province. Up-stream development opportunities include sorghum production by emergent farmers (a major substitute for maize), as a strategy to raise the competitiveness of animal-feed and meat production in Limpopo.

Beef production has been identified on the northern boundary of Lepelle-Nkumpi. On the south-west of Lepelle-Nkumpi, which is in the areas around Magatle and Zebediela, there are broilers and egg layers, the same patches can also be identified on the western border (more to the Mokopane area) and north-western (towards Polokwane) border of the Lepelle-Nkumpi Local Municipality. On the western border of this area potential for sheep production has been noted. It is also evident that meat production in Lepelle-Nkumpi involves goats, cattle, sheep and poultry. Sheep farming occurs on a small scale basis mainly around Seleteng in Ga-Mphahlele.

Although there are livestock projects from the Department of Agriculture, the farming of cattle in Lepelle-Nkumpi Local Municipality is informal, where the cattle have no formal fencing or kraal and are used for subsistence, the same goes for sheep and goats.

Goat farming is more popular as there are more projects on goat farming than cattle and sheep in Zebediela, Mphahlele and Mafefe areas. Sheep farming occurs mainly in Thawagane and Seleteng, around Ga-Mphahlele. Pigs are also farmed on a small-scale in Mamaolo and Mphahlele.

There are also various poultry projects initiated by the Department of Agriculture around the Ga-Kekana, Mankweng, Magatle and Sekgopokgopong. These projects involve broiling and egg-laying. A Poultry abbatoir is located within Lebowakgomo, and Limpopo Department of Agriculture (LDA) in partnership with Limpopo Agribusiness Development Cooperation (LADAC) have installed new machines and industrial refrigerators to capacitate the existing poultry abattoir. The production capacity of the existing poultry abattoir has been double, creating an opportunity for broiler, hatchery and breeder farmers to work together, and further attract farmers within a 100km radius, ensuring an increase in Lepelle-Nkumpi Local Municipality's GDP as well as retaining these functions within the boundaries of the Local Municipality.

1.2 CURRENT DEVELOPMENT INITIATIVES AND PROJECTS IN THE AREA

Currently various agriculture development projects are being initiated. The main agriculture development initiatives within Lepelle-Nkumpi include projects by Limpopo Department of Agriculture (existing and proposed projects), Capricorn District Municipality (IDP) and Lepelle-Nkumpi (IDP). See table below.

Table 10: Agricultural projects as identified by the Lepelle-Nkumpi Local Municipality IDP, 2012/2013

Project	Location	Description
Grootklip Irrigation Scheme	Along Lepelle River (Grootklip Citrus & Grapes project)	Production of citrus and grapes
Lebowakgomo hydroponic	Lebowakgomo	Crop farming
Integrated Goat Farming	Ga-Mphahlele	Goat farming for the purpose of selling living livestock, goat meat and milk
Zebediela citrus juice	Zebediela	Processing of juice
Fresh produce market	Lebowakgomo	Vegetable market & distribution
Lepelle-Nkumpi Agricultural Marketing Project	Municipal wide	Mentoring & capacity building of emerging grain farmers
Bee-hive farming	Zebediela	Honey production
Chicken abattoir, broiler, chicken farming & processing	Lebowakgomo & Mphahlele	White meat production
Aquaculture	Nkumpi Dam	Fishing
Crop farming/poverty alleviation gardens	Motserereng, Sekgophokgophong, Makweng, Motantanyane, Makushwaneng, Mahlatjane	Agriculture
Revitalisation of irrigation schemes	Scheming, Tooseng, Malekapane, Makgoba, Maseleseleng, Mokgobolang, Mashadi, Ga-Mampa	Agriculture
Grazing land for livestock	Mogoto, Tooseng, Mamaolo, Mahlatjane	Livestock farming
Dipping facility	Malekapane, Tooseng	Livestock farming
Resuscitation of Lebowakgomo hydroponic	Lebowakgomo	Agriculture
Vegetable co-operatives	Tooseng	Crop farming
Dry land projects	Maseleseleng, Madikeleng, Makgolobeng	Agriculture

Source: Lepelle-Nkumpi Local Municipality IDP, 2012/2013

Table 11: Limpopo Department of Agriculture projects

Project	Location	Description
Deciduous fruit & vegetable project	Lepelle-Nkumpi LM	Supply and installation of 10ha drip irrigation system

Source: Capricorn District Municipality IDP, 2012/2013

1.3 PRODUCE AND PRODUCTS

As discussed above, the most prominent categories of agricultural production are made up of horticulture products (vegetables and fruit), and some livestock. In this respect, the most important products generated from Lepelle-Nkumpi Municipality are contained in the following Table, referring to its production levels. For the purpose of this Table, the municipality was broadly divided into geographical areas, comprising the northern half and the southern half.

Table 4.12 Products/services in Lepelle-Nkumpi Municipality

Production level	Products/Services	
	Southern Half	Northern Half
Commercial production	Oranges	
	Grapes	
Small scale production	Citrus	
	Deciduous fruit	
	Vegetables	Vegetables
	Maize	Maize
Subsistence farming	Vegetables	Vegetables
	Fruit	Cattle
	Cattle	Poultry
	Poultry	Maize
Development initiatives and projects	Revitalisation of irrigation schemes	Revitalisation of irrigation schemes
	Vegetables	Vegetables
	Poultry	
	Fish farming	
	Citrus and grapes	

As it can be seen from the above table the only commercial production that exists around Lepelle-Nkumpi is oranges which are mainly from the Zebediela Citrus Plantation and grapes from Lombardi.

Subsistence level of production includes all those projects initiated for survival of the community either by the community themselves, by the provincial Department of Agriculture or the local municipality. Vegetables, fruit, cattle, goats and chickens dominate this type of production.

1.4 BACKWARD AND FORWARD LINKAGES

Economic linkages refer to the impacts or links one sector has on other sectors of an economy. In this way, the backward linkages are the inputs into a sector, in other words the suppliers, while forward linkages are the outputs of a sector which is demanded by another industry.

The backward linkages of a sector are the inputs needed for that industry to function and include inputs such as the raw materials used, machinery etc. The agricultural sector in Lepelle-Nkumpi Local Municipality predominantly sources its inputs from larger centres of activity such as Polokwane, which is conveniently located in terms of its proximity and road network links. Other inputs such as chemicals and machinery are also sourced from Polokwane and Gauteng, particularly in relation to specialised machinery. Labour is sourced locally, as mainly elementary skills are required in the agriculture sector. Most commercial farmers provide on the job training for employees.

Forward linkages refer to the demand for products and services produced by a sector. In terms of the agricultural sector, the main horticulture products produced in Lepelle-Nkumpi Municipality are citrus. These products are mainly exported as raw products, without any further processing. Due to the lack of commercialisation an enormous amount of production of horticulture, livestock and crops from emerging or small-scale farmers are sold in its raw state. No agro-processing takes place in the region.

1.5 DEVELOPMENT POTENTIAL AND POTENTIAL PROJECTS

The development potential in the agricultural sector of Lepelle-Nkumpi Local Municipality is contained in the expansion of the production of existing products in the region. Products such as vegetables and citrus tend to have a longer cycle for production and involve larger capital set-up costs. These products also only naturally occur in the southern parts of the municipal area and would therefore not be viable development options for the northern areas of the municipality, which have drier climates. More potential for development therefore lies in products such as vegetables or livestock, which generally fare well in other areas of Limpopo. Further development potential in the agricultural sector is also seated in agro-processing, linked to the manufacturing sector, which is discussed separately in more detail. Potential projects that could allow for local economic development are contained in the Table below.

The potential for downstream beneficiation exists in the area, especially with regards to the processing of oranges as they are produced on a commercial scale. Oranges are currently transported or sold internationally and locally in their raw state. The processing of oranges is also directly linked to other market related activities such as packaging, marketing, transporting and distribution.

There are a number of chicken farms and abattoirs around Lepelle-Nkumpi Local Municipality. As there are various activities around chicken farming, a poultry industry can be created in Lepelle-Nkumpi Local Municipality.

An opportunity also exists in the expansion of livestock farming and the processing of dairy and meat. Goat milk products such as cheeses can potentially be produced as there is a growing market for such products.

There are several government-owned irrigation schemes that are operating considerably below potential. There is also extensive land and buildings for broiler farming that is not being utilized.

The table below depicts the development potential and potential projects of the agriculture sector in Lepelle-Nkumpi.

Table 13 Development potential and potential projects

Development potential	Potential projects
Development of Citrus cluster	Production of other citrus products such as lemons Packaging of the citrus Distribution of the citrus products Processing of citrus products Packaging of processed oranges Distribution of processed oranges Agro-processing Orange juice production
Grape beneficiation	Grape juice Packaging of grapes Distribution of grapes Production of raisins Production of vinegar
Animal Production: Red Meat and White Meat	Establishment of abattoirs Meat processing plants Packaging and marketing Dairy processing Poultry production & broilers Livestock farming

Development potential	Potential projects
	Agro-processing
Development of upstream beneficiation	Supplying of pesticides, feedlots machine parts
Horticultural Production	Fruit processing Vegetable processing Final product manufacturing Juice manufacturing Agro-processing Fresh produce market Vegetable co-operative
Honey Production	Liquid honey Creamed honey Honey vinegar Honey beer Comb honey Honey spread/paste
Aquaculture at Nkumpi Dam	Fish farming Farming of aquatic plants

Small-scale farming enterprises could also be expanded or established in respect of fruit and vegetable production and animal farming. Increased production by small-scale farmers could result in the expansion of its off-set market away from only the local markets. However, in terms of greater job creation and economic growth, development potential is largely seated in the further beneficiation of the existing agricultural products.

2 MINING SECTOR

2.1 MINING SECTOR OVERVIEW

Limpopo Province possesses large mineral reserves and provides the second biggest contribution the total GDP in the Mining sector, topped only by the North West Province. The mining industry is thus a valuable driver of the economy.

The Mining Industry is seen as one of the three pillars of the Limpopo economy and is therefore of strategic importance to the economic development of the Municipality. The lack of employment creation and linkages to other sectors within the communities in which the mines operate are major gaps in terms of making the mining sector a sustainable foundation for future development. However, the finite nature of the mineral resources, the mining sector is based upon, implies the need to create diversity in the local economies of areas that are dependent on the mining sector.

The geographic locations of the mineral deposits have a strong effect on determining the locations of economic activities within a local economy, as economic activities tend to cluster around mining activities. In order to develop a sustainable mining sector in it is vital for the locations of mineral zones to be identified and made known to prospectors and/or investors.

The below Table provides an indication of the economic indicators for the mining sector.

Table 14 Mining sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	4%	17%
GDP growth per annum	-1.12%	-1.08%
GDP contribution to sector in DM	N/a	56%
Share of employment	2%	8%
Employment growth per annum (formal & informal)	0.41%	0.42%
Employment contribution to sector in DM (formal & informal)	N/a	56.12%

Source: Quantec database 2011, Kayamandi calculations 2013

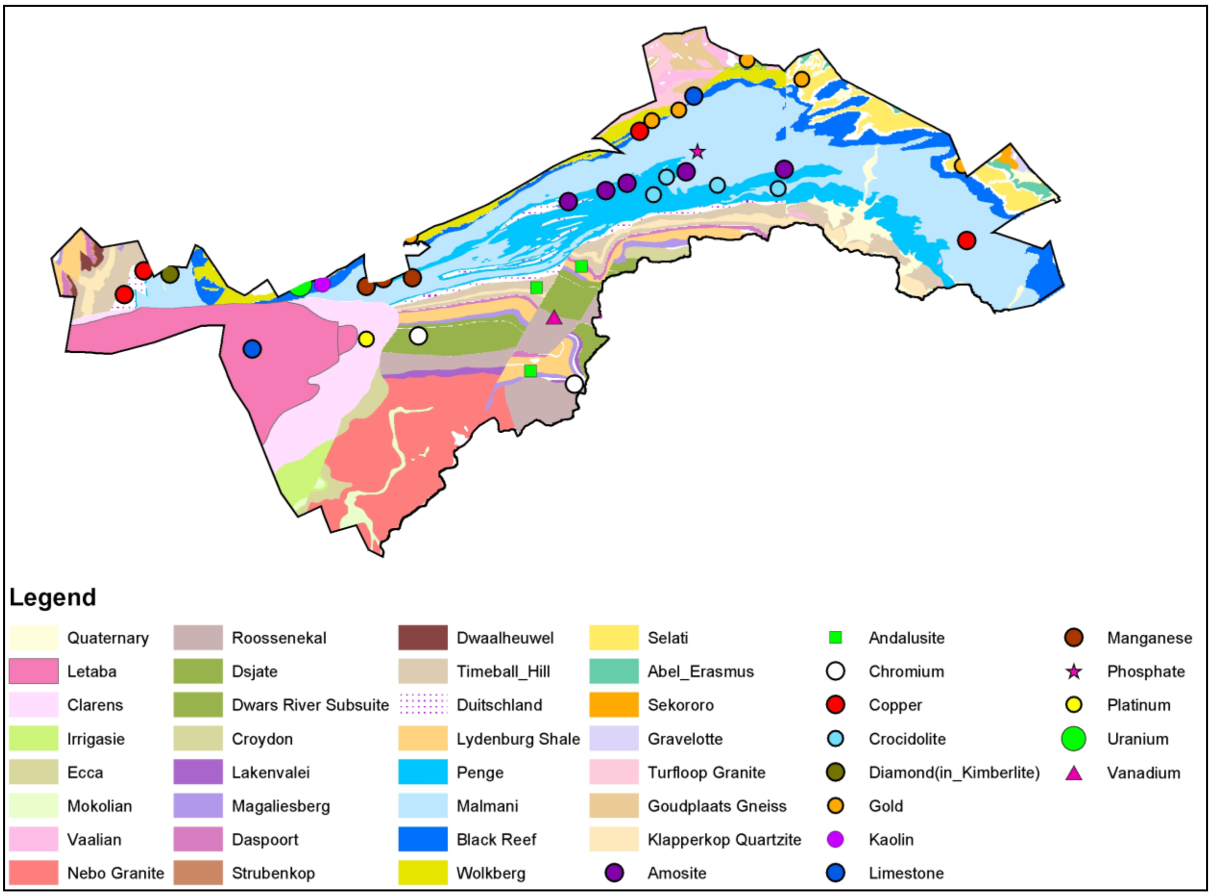
As is evident from the above Table, the mining sector in Lepelle-Nkumpi Local Municipality is responsible for nearly a quarter of the output. The mining sector is also far stronger in Lepelle-Nkumpi than in the District. The mining sector in Lepelle-Nkumpi Local Municipality and Capricorn District Municipality are seeing a decrease in the average annual growth rate with -1.08% and -1.12% respectively. The mining sector in Lepelle-Nkumpi is not a major contributor to employment and is responsible for 8% of the employment within the municipality and less than 2% of the employment in the District Municipality. The sectors share of employment has increased slightly with an average annual growth of 0.4%. The mining sector of Lepelle-Nkumpi contributes to nearly 56% of the mining sectors output in the District.

2.2 MINERAL RESOURCES AND PRODUCTS

The geological map covering the Lepelle-Nkumpi Local Municipality is shown below.

The Platinum mining cluster on the Dilokong Corridor that extends through the municipal area is a development priority for provincial government and creates a range of opportunities for local economic development and support.

Figure 11: Geology of Lepelle-Nkumpi Local Municipality



Source: Council for Geoscience

The oldest rocks in this municipality comprise Archaean granites, gneisses and greenstones represented by the Gravelotte Group greenstones and the ca. 2,9 Ga Goudplaats Gneiss, and the ca. 2,77 Ga Turfloop Granite. These rocks outcrop in the extreme northern and eastern parts.

The Archaean rocks together form the basement to the Transvaal Supergroup (2,6-2,1 Ga). The east-west trending Transvaal Supergroup host significant deposits of amosite and crocidolite in the Penge Formation (see map above). Manganese, copper, phosphate, gold, and andalusite also occur in the Transvaal Supergroup rock. Diamond has been mined in the far western part of the Lepelle-Nkumpi by Southern Era at the Klipspringer Diamond mine. Operations at this mine are suspended due to the strengthening South African rand.

The Transvaal Supergroup was later intruded by the 2, 05 Ga Bushveld Complex (BC). The BC is developed over the central portion of the southern sector of the municipal area (Fig. 1), with layering striking in an east-west direction. The mafic and ultramafic rocks (Rustenburg Layered Suite) of the BC are regionally divided from bottom to top into the Marginal (Shelter Norite Subsuite), Lower (Croydon Subsuite), Critical (Dwars River Subsuite), Main (Dsjate Subsuite) and Upper (Rossenkal Subsuite) Zones.

The BC host the largest known resources of platinum group elements (PGE`s) and chromium on Earth with significant deposits of vanadium and titanium (both associated with iron). Other commodities include copper, nickel, tin and fluorspar. In the Lepelle-Nkumpi municipality, the PGE`s are concentrated in layers known as the Merensky and UG2 Chromitite Reefs. The Messina Platinum mine situated in the northern portion of the eastern limb of the BC, currently exploits the PGE`s from the Merensky and the UG2 Chromitite Reefs.

The Merensky and the UG2 Chromitite Reefs in the Messina Platinum properties contains about 24.4 million ounces of platinum group metals across the 20 km strike length. Gold, copper, cobalt and nickel are produced as by-products from platinum mines in the BC. Vanadium is present in the titaniferous magnetite layers developed in the Upper Zone. These layers also constitute the main source of iron ore. In the Lepelle-Nkumpi municipality, the main magnetite layer is well developed west of Ga-Makopane and east of Mohlaletsi.

The acid and basic rocks of the BC (i.e. granite, norite and gabbronorite) can be mined as a dimension stone. Waste from dimension stone production can be crushed and used for road construction. The Karoo Supergroup represents the youngest formation in the municipality. This outcrops in the western part of the Lepelle-Nkumpi municipality.

Large resources of limestone occur in various geological settings in Lepelle-Nkumpi. Great thicknesses of dolomite and limestone represent a good potential source of aggregate and lime, as well as hosting small manganese and lead deposits in places. Other resources include lead, clay, asbestos, coal and clay.
Lead, barite and copper mineralisation is known within the sediments that form the Blouberg and Soutpansberg mountains and the potential exists for as yet undiscovered deposits of these metals in the areas surrounding Blouberg and Soutpansberg mountains.

Along the Motogodima, Lepelle and Nkumpi rivers, there are also more surficial deposits such as resources of sand and clay which are exploited illegally for the making of bricks and in local construction. These can also be further developed in order to create jobs and generate income.

2.3 MINING INITIATIVES IN LEPELLE-NKUMPI

There are three main forms of mining that are taking place in the Mining sector of the Lepelle-Nkumpi Municipality specifically: Surface, Opencast, and Underground Mining. Currently there are four major mining operations present within Lepelle-Nkumpi Local Municipality, of which only on operation are active. The table below gives a brief summary of the mining operations and their status:

Table 15: Mining operations and status in Lepelle-Nkumpi Local Municipality

Name	Ownership	Commodity	Operational status
Klipspringer Diamond Mine	Mwana Africa & Naka Diamond Mining	Diamonds	Care and maintenance
Baobab Mine	Lonmin Platinum, Messina Platinum Mines & Shanduka	Platinum	Care and maintenance
Lesego Platinum & Umbono	Lesego Platinum	Platinum	Prefeasibility
Hlogo Construction	Jodo Minerals	Sand	Operational

Figure 12: Mining operations located within Lepelle-Nkumpi Local Municipality

The following planned mining initiatives in Lepelle-Nkumpi Municipality have been identified in the Capricorn District IDP:

Table 16: Mining sector projects identified by Lepelle-Nkumpi Local Municipality IDP

Project	Location	Description
Rietvlei Stone Crusher	Ga-Seloane	Crushing of stone for civil, roads and building purposes. Rietvlei was found to no longer be viable.
Staanplaas Stone Crusher Feasibility	Staanplaas	Feasibility study of stone crushing for civil, roads and building purposes
Nkotokwane Stone Crushers	Nkotokwane	Stone crushing for civil, roads and building purposes
Cement Mine	Zebediela	Cement mining
Klipspringer Mine	Zebediela	Diamong mining
Slate Slabs	Mafefe, Mashadi	Slate slabs mining

Project	Location	Description
Boynton Mine	Mphahlele	Platinum mining
Lonmin Mine	Hwelereng	Platinum mining
China National Minerals	Mphahlele	Platinum mining
Lesego Mine	Mphahlele	Platinum mining
Aquarius Platinum Mining	Mphahlele	Platinum mining

Source: Lepelle-Nkumpi Local Municipality IDP, 2012/2013

Additionally, the following mining initiatives and activities have been noted within Lepelle-Nkumpi Local Municipality:

- Prospecting for granite in the Phoshiri village in Ga-Mphahlele
- Platinum prospecting in Ga-Kekana at Rivier village
- There is prospecting for chrome coal in Moletlane
- There is prospecting for gold in Mankweng
- Storm Manganese in Storm 370KS
- Wolkberg Gold in Mimosa 218KS
- Silica near the Strydpoort Mountains
- Springbok Flats Coalfields in Roedtan
- Feasibility at Boynton Platinum's Tameng mine
- Lebowakgomo gold mine prospecting at Leeukop
- Chrome prospecting in Ledwaba Tribal authority area along platinum mining belt of Dilokong Corridor
- Known reserves of slate in Mafefe, Malemong, Sekurwaneng, and Mathabatha

Illegal sand mining are evident throughout the municipality, especially along the Chunies River along Mamaolo. This illegal sand mining has devastating impacts on the environment such as erosion, flooding, disruption in the eco-system, loss of natural habitat and loss of fertile soil. The pictures below were taken of illegal sand mining operations within Lepelle-Nkumpi Local Municipality.

Figure 13: Illegal sand mining in Lepelle-Nkumpi Local Municipality

2.3 ECONOMIC LINKAGES

In general there is a lack of linkages in the Lepelle-Nkumpi Local Municipality within the mining sector.

Backward linkages refer to the supply of inputs required to practice the activity such as electronic equipment, uniforms, catering, roads, buildings etc. Most mining inputs are currently bought outside the municipality. The mining activities of an area can be increased by expanding the supply chain; upstream activities of the local population being included in the procurement activities of the operations.

Forward linkages refer to the consumers of the products of a specific sector. With regard to the mining sector, this refers to the value addition to the minerals produced. This is referred to as beneficiation mineral beneficiation can be defined as the process of adding value to raw materials at various stages of the production chain. The mining activities of an area can be increased by expanding the value chain. There are various opportunities especially, down-stream activities such as a refinery for the processing of the minerals and to the polishing of stones, jewellery making, glass production, pottery etc.

The rationale for beneficiation is that an area can maximise the rent it derives from the exploitation of its natural resource base and have it serve as a foundation for further economic development.

At Present there is a lack of both forward and backward linkages in the mining sector in the Lepelle-Nkumpi Local Municipality. The lack of linkages in the mining sector has led to the situation that the income earned from the mining sector is not retained and circulated within the community but rather spent outside the Lepelle-Nkumpi Local Municipality, thus curbing its revenue base.

2.4 DEVELOPMENT POTENTIAL

The platinum mining development in and around Lebowakgomo, the reopening of the Klipspringer diamond mine as well as sand and brick clay mining development in Zebediela could create opportunities for SMME's along the value chain. Access to these opportunities would require negotiations with mine management. There are also numerous opportunities along the platinum corridor towards the southern half of the municipality.

There is a strong likelihood that more minerals can be mined from the area in future. Given the mineral potential and resources of Lepelle-Nkumpi there is potential for the extraction of the minerals and the economic development that will accompany such operations.

Ancient rocks found in the mountains in the eastern part of the area are known to host flake granite, ironstone and marble, and other precious stones which may yet offer scope for further development.

Providing there is continued demand for both platinum group metals and chromite and the price of these commodities remains good, other platinum and chromite deposits are likely to be mined in the future, from rocks of the Bushveld Complex. Active exploration is in progress for PGE's, particularly north and south of Mokopane.

The basic intrusive rocks of the Bushveld Complex also have the potential to be quarried as dimension and monumental stone, where they outcrop and are joint free.

The potential also exists, particularly in the east of the province, for the exploitation of titaniferous and vanadiferous magnetites.

Furthermore, it has been noted by the mining role-players located within the Lepelle-Nkumpi Local Municipality that skillsets required by mining labourers to be employed by these mines, and existing skillsets that local residents comprise of, does not match. This brings about the opportunity to create a 'skills harvesting centre', or 'mining school' located at a central point to create a 'mining hub' or a 'mining supply park' where companies that supply goods and services to the mines can be located, as well as creating a platform for local partnerships. In this way, the majority of mining needs can be satisfied locally, retaining the mines' spending within local municipality and creating a great number of employment opportunities.

The Following table summarises the opportunities and potential projects that are possible in the Mining sector of the Lepelle-Nkumpi Local Municipality.

Table 17 Mining sector development opportunities and potential projects

Opportunities	Potential Projects
Untapped Mineral Resources	Large scale mining of Chrome, Gold, PGM, diamonds, and magnesite Small-scale mining of manganese, lead, clay, and coal
Demand for bricks and construction materials	Legal excavation of sand Expand current brick making Produce concrete Jewellery Making Gravel and stone crushing
Stone crushers	Civil, roads and other building material productions
Slate slab mining	Slate slab mining Roofing slates Slate tiles
Mine services	Subcontracting cleaning, catering and repairing of machinery services Supplying manufactured inputs to mines Overall manufacturing
Skills harvesting centre and mining supply park	Skills training Location of mining supply & support companies Warehousing Local manufacturing Delivery of services Guidelines and support for start-up companies

3 MANUFACTURING SECTOR

3.1 MANUFACTURING SECTOR OVERVIEW

Lepelle-Nkumpi Local Municipality's manufacturing sector's contribution towards GDP amounts to approximately R1 87 million, compared to Limpopo Province's manufacturing sector's contribution of approximately R5 305.9 million. This means that the manufacturing sector of Lepelle-Nkumpi Local Municipality's manufacturing sector only contributes to about 3.5% of the sector's GDP for the province (Quantec database 2011).

The Table below gives a brief summary of the Manufacturing sector's role in the economy of Lepelle-Nkumpi Municipality and Capricorn District.

Table 18 Summary of Manufacturing economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	3%	3%
GDP growth per annum	3.04%	8.13%
GDP contribution to sector in DM	N/a	14%
Share of employment	7%	7%
Employment growth per annum (formal & informal)	-0.28%	-0.31%
Employment contribution to sector in DM (formal & informal)	N/a	15.55%

Source: Quantec database 2011, Kayamandi calculations 2013

From the Table above it is evident that the Manufacturing sector only contributes approximately 3% to the overall output of the municipality, placing it among the second lowest sectors in terms of its contribution to the local economy. This sector contributed approximately 14% to the Capricorn District Municipality's manufacturing sectoral share, and only 0.48% towards Capricorn District Municipality's total economy. The annual GDP growth has remained to a great degree constant in this sector, the manufacturing sector declining by about 1% for Capricorn District Municipality and Lepelle-Nkumpi Local Municipality respectively. The manufacturing sectors share of employment is substantially higher than its share of output. Lepelle-Nkumpi contributed to approximately 7% of the employment in the municipality and 7% to the employment in the District. Furthermore, for every job generated in this sector in the municipality, no induced or multiplier effect exists.

Customised factories for meat and hide processing that are currently vacant in the Lebowakgomo Industrial Park create the opportunity to participate in cluster development for meat production. Such a cluster could incorporate broiler and cattle feed production, livestock farming, slaughtering, processing, packaging and marketing.

As discussed under the previous section, the municipality falls within the horticultural cluster identified by the previous PGDS, as well as under the red meat and white meat clusters as identified by the Limpopo Agro Processing Strategy. These clusters seek to extend the potential for forward and backward linkages in the value-chain, to include the local production of agricultural insets in fruit and vegetable production and red and white meat production.

In Lepelle-Nkumpi Municipality, insets should be focussed on existing agricultural products such as citrus, chickens, potatoes, tomatoes, and livestock which are large producers in the municipality, but could also be extended to include other produce markets. Insets relevant to the horticultural sector include the production of pesticides and fertilisers, as well as the establishment of nurseries for plant material production. Forward linkages are mainly related to agro-processing and the extension of manufacturing enterprises such as processing, packaging and exporting industries. A further opportunity for Lepelle-Nkumpi Local Municipality lies within the development of organic food products, especially in view of its favourable climate.

The few commercial manufacturing industries that exist in Lepelle-Nkumpi Local Municipality are mainly located in Lebowakgomo industrial area (which includes Habakuk Industrial Park). The Lebowakgomo industrial area has a vacancy rate of approximately 95%, greatly due to the fact that there is limited to no infrastructure and services available in the industrial area. The Lepelle-Nkumpi IDP (2012/2013) has identified the revitalisation of the industrial area which includes the upgrading of infrastructure. Currently the existing operations within this industrial area is limited to the Frawu Civils Stone Crusher and Concrete Project, window frame manufacturing, government functions and Telkom buildings and a number of automotive related activities such as panel beaters, mechanics and tire fitters. With the proposed upgrading and rehabilitation of the industrial area, other industrial and manufacturing activities will have incentive to relocate to the industrial area.

Figure 14: Activities present within the industrial area

A number of manufacturing activities which used to be located within the industrial area have failed or ceased production. The Basadi ba Bapedi project which was focussed on arts, crafts and skills training that produced products such as clay pots, beads and clothing items. The buildings that were utilised for these activities are still present and in good condition, which allows for the opportunity to revitalise these activities to retain value-adding and processing opportunities and subsequent capital.

Figure 15: Vacant buildings located within the industrial area

Within the industrial area, opportunities exist for processing linked to the mining industry such as metals, chemicals, textiles, safety clothing and footwear. Other mining-linked operations viable within Lepelle-Nkumpi are stone crushers and cement manufacturing from waste rock produced as a by-product of mining activities within the municipality. The mining sector has the potential to create a platform for the economic network of all the sectors.

High vacancy rates exist in the industrial park. The maps below indicate the occupied buildings, the potential developable stands as well as the unoccupied developed stands and industrial buildings.

Figure 16: Lebowakgomo industrial area, 2012

Source: Lebowakgomo LSDP, 2012

Figure 17: Vacancies within Lebowakgomo industrial area

Source: Lebowakgomo LSDP, 2012

According to the Lebowakgomo LSDP (2012), the stands numbered 1 to 16 as indicated in the map above, consist of unoccupied industrial buildings with potential to host an array of industrial and manufacturing activities. The total area of these stands cover approximately 35.8 Ha with the floor area of these industrial buildings covering a total area of approximately 250 312m^2.

Lack of finance is hindering the development of the manufacturing sector in Lepelle-Nkumpi as the capital required to start and maintain a manufacturing business is enormous. This further prohibits SMME's and other manufacturing companies in Lepelle-Nkumpi to increase their production and market themselves further than their local market. Additionally the lack of access to market prices of commodities leaves the manufacturing companies vulnerable to misinformation from local purchasers. As well access to information technology would help facilitate direct purchasing contracts between farmers and processors. Lack of finance also encourages informal establishments in this sector.

The industrial park is currently owned by the Limpopo Economic Development Agency (LEDA), which is the result of the amalgamation of TIL, LIMDEV, LIBSA and LADC. Discussions between LEDA and the Local Municipality have taken place to transfer ownership of the industrial park to Lepelle-Nkumpi Local Municipality, but to date the matter has not been resolved.

3.2 CURRENT DEVELOPMENT INITIATIVES AND PROJECTS

Several projects that focus on establishing manufacturing enterprises have been launched, or are still in the planning phases, by both the District Municipality and Lepelle-Nkumpi. These projects seek to involve the local communities.

A substantial amount of the businesses listed with LEDA (formerly LIBSA) are in the manufacturing sector. These businesses mostly deal with, clothing, beads and shoe manufacturing, pots, atchar and bread making. Most of these businesses are located in Lebowakgomo, followed by Ga-Mphahlele and other places such as Bodutlung in Ga-Mathabatha.

The initiatives and projects put forward by the Capricorn District Municipality and Lepelle-Nkumpi Local Municipality include the following.

Table 19 Capricorn District LED & Lepelle-Nkumpi IDP Manufacturing projects

Project	Location	Description
The establishment of Agro-Processing Clusters in Lepelle-Nkumpi Municipalities	Industrial Area	Agro-processing
Textile industry (cooperatives)	Lebowakgomo	Clothing Manufacturing
Sewing (cooperatives)	Sekgophokgophong	Clothing Manufacturing
Revitalisation of Industrial Area	Lebowakgomo Industrial Area	Infrastructure development and rehabilitation

Source: CDM LED 2008, LNLM IDP, 2012/2013

3.3 PRODUCE AND PRODUCTS

Manufacturing is dominated by the following industries:

- Manufacturing of agricultural products which includes:
    - The slaughtering of animals
    - Production, packaging and preservation of fresh meat
    - Preservation of fruit and vegetables through freezing, drying or canning
    - Production of flour
    - Production of oils from vegetables or animal fats
    - Bakeries
    - Dairy products production
    - Production and packaging of animal feed

  - Breweries
- Metals
- Bricks
- Traditional textiles, clothing and footwear
- Crushing of waste stones from mining activities

Small-scale manufacturing in Lepelle-Nkumpi Municipality is fairly limited, with little or no manufacturing activities taking place in many of the areas across the municipality. Small-scale activities produce products mainly for the communities in their immediate surrounds, although some activities have been able to attract customers from other wards. The main activities in respect of small-scale manufacturing relates to brick making, with some sewing and maize meal processing taking place for local community needs. Beadwork and furniture making are not particularly large or popular manufacturing industries, although opportunities do exist for these activities to expand as the tourism sector in the region grows.

The manufacturing sector in the Lepelle-Nkumpi primarily based on various forms of agro-processing, bakery, sorghum processing, brick manufacturing, maize milling and distribution. Although the number of businesses involved in manufacturing is declining as they are currently struggling to find a market for their products. As businesses of this nature tend to struggle to make profit, they employ a small number of people.

Manufacturing in Lepelle-Nkumpi Municipality mainly comprises the following:

Table 20 Manufacturing products in Lepelle-Nkumpi

Manufacturing level	Products
Commercial manufacturing	Sorghum processing
	Brick manufacturing
	Maize milling and distribution
	Bakery
Small-scale manufacturing	Beadwork
	Furniture making
	Brick making
	Pottery
	Maize meal processing
	Sewing

As seen from the table above, the levels of manufacturing identified in Lepelle-Nkumpi are commercial and small-scale manufacturing. Commercial Manufacturing is mainly dominated by brick manufacturing, maize milling and distribution, sorghum processing and wheat processing. These manufacturing activities occur in the northwest of the municipality around Lebowakgomo. Brick and clay manufacturing occurs more to the west of the municipality around the Zebediela area, with Zebidiela Bricks being the most prominent commercial manufacturer in the area, employing approximately 1200 local individuals.

The activities mentioned in the small scale manufacturing category occur all over Lepelle-Nkumpi although there's more furniture making activities on the eastern part of the municipality, around the areas in Mafefe.

3.4 ECONOMIC LINKAGES

Value addition exists within the Lepelle-Nkumpi manufacturing companies. The manufactured products are usually packaged and distributed by these companies. Small-scale manufacturers supply to the local market, with some reaching the tourism markets of the area.

The manufacturing sector in Lepelle-Nkumpi predominantly utilises inputs from the agricultural sector in the region and include crops such as wheat, maize and sorghum. Although some of these inputs are obtained from the Lepelle-Nkumpi Local Municipality, involving more locals can further expand this value chain.

Inputs for the brick and clay manufacturing include factors such as specialised machinery and the servicing of this machinery thereof. Specialised machinery is sourced from Gauteng and even exported from European countries.

The inputs for most of the small-scale manufacturing activities such as sewing, beading and furniture making are obtained from the local community but mainly from Polokwane.

3.5 DEVELOPMENT POTENTIAL

The processing of raw materials in mining and secondary activities emanating from processing of agriculture products in Lepelle-Nkumpi will contribute significantly in expanding the manufacturing sector within the municipality. The agglomeration of these activities will result in economies of scale and that would increase both economic development and employment opportunities.

Development of the manufacturing sector to provide essential consumer products using simple and affording technologies (e.g. chemicals (soaps, detergents, etc.) processed foods, etc.) will have a significant impact on the local economy through direct job creation.

An opportunity exists for food-processing, which produces canned fruits and vegetables, dried fruit, dairy products, baked goods, sugar, and meat and fish products. Given the abundance of fruit and vegetables produced in Lepelle-Nkumpi, there is potential for the development of fruit and vegetable processing industry.

Existing vegetable and fruit cooperatives exist, and the potential exist to expand these cooperatives, and create a central location for sorting, packaging and distribution of these vegetable products. This can be accompanied by a fresh fruit and vegetable market that will ensure that local businesses, especially informal traders, source their produce locally, and reduce the need to travel to Polokwane to buy fresh produce.

The showground located within Lebowakgomo was once a hive of activities for both commercial and emerging enterprises, but have unfortunately been lying unused for over a decade. Some small-scale farming education activities are hosted on the showground, but this premise has the potential to be revitalised to serve as the location for a distribution centre and fresh produce market.

Figure 18: Lebowakgomo Showground

Health and medicinal products such as herbal medicine, nutritional supplements and herbal tea can be produced by the Moringa tree within the Lepelle-Nkumpi Local Municipality. Mavis Mathabatha, resident of Lepelle-Nkumpi and the Department of Agriculture, Forestry and Fisheries (DAFF) female entrepreneur of the year for 2010, produces Moringa Leaf Powder which is considered to be a super food that meets many of the daily nutritional requirements. The opportunity exists to expand

Moringa Leaf Powder production and to produce other Moringa products such as teas, seeds, extracts, capsules and oils and other beauty products such as shampoos, conditioners, body wash, hair oil, lotions and lip balms.

Clothing manufacturing and textile weaving are important consumer industries. Though the textile and clothing industry is small, it can be well placed to tap the potential this industry contains. This is depicted by the dominance of the clothing and footwear in the retail and wholesale sector. The clothing industry predated local textile manufacturing in South Africa, clothing manufacturers rely mostly on imported textiles to produce a variety of clothing. The textile and clothing industry can use all the natural and human resources at its disposal to make Lepelle-Nkumpi the preferred domestic supplier of the locals and surrounding areas manufactured textiles and clothing. Furthermore, specialised clothing such as safety gear and overalls which are being consumed by the thousands each month by local mining operations, offers the opportunity to utilise local resources to manufacture these overalls.

Beadwork, furniture making, clay and brick manufacturing are not particularly large or popular manufacturing industries, although opportunities do exist for these activities to expand as the tourism sector in the region grows.

Customised factories for meat and hide processing that are currently vacant in the Lebowakgomo Industrial Park create the opportunity to participate in cluster development for meat production. Such a cluster could incorporate broiler and cattle feed production, livestock farming, slaughtering, processing, packaging and marketing. Limpopo Department of Agriculture (LDA) in partnership with Limpopo Agribusiness Development Cooperation (LADAC) have installed new machines and industrial refrigerators to capacitate the existing poultry abattoir. The production capacity of the existing poultry abattoir has been double, creating an opportunity for broiler, hatchery and breeder farmers to work together, and further attract farmers within a 100km radius, ensuring an increase in Lepelle-Nkumpi Local Municipality's GDP as well as retaining these functions within the boundaries of the Local Municipality.

In respect of existing small-scale industries and production, the skills of existing seamstress and sewers in the region could be utilised to create larger manufacturing industries for products such as traditional clothing. These products, together with beading and crafts manufactured from the available wood products, could be linked to the tourism industry. Zebedeila citrus estate could also be utilised to manufacture juices.

As will be discussed under section 4.7, a survey was conducted with local businesses to gain a greater insight into the retail and trade sector within Lepelle-Nkumpi Local Municipality. The survey results revealed that local businesses produce a considerable amount of waste, of which the majority consist of paper, cardboard and plastic. Approximately 94% of businesses indicated that they simply discard their waste, which gives rise to an opportunity for recycling projects and initiatives.

The following Table provides an indication of the development potential and potential manufacturing products in Lepelle-Nkumpi.

Table 21 Development potential in Lepelle-Nkumpi

Development Potential	Potential Projects
Food Processing	Fruit and vegetable packaging Fruit and vegetable processing Orange Juice manufacturing Processing of Dairy Products, e.g. goat milk Red and White Meat Processing Beer brewing Bakeries
Fresh produce distribution centre and market	Packaging Sorting Distribution Fresh produce market
Health and Beauty Products	Moringa Leaf Powder Moringa herbal tea Moringa oil Moringa capsules Moringa extract Moringa shampoo & conditioner Moringa body wash Moringa lotions and balms
Clay processing	Brick making
Stone crushing	Building materials
Textiles and clothing	Establishment of a large sewing plant Establishment of hide processing Beadwork Furniture making Mining overall manufacturing
Development of cultural activities	Arts and crafts manufacturing – wooden crafts, beadwork, jewellery Sewing of traditional clothing Sorghum beer brewing
Recycling initiative	Recycling Arts and crafts from recycled material

4 TRANSPORT SECTOR

4.1 TRANSPORT SECTOR OVERVIEW

The Transport sector is an important component of the national economy and is becoming more important, with the contribution of this sector to the national GDP reaching approximately 8% in 2011. Other key economic indicators for Capricorn District and Lepelle-Nkumpi Municipality are shown in the Table below.

Table 22 Transport sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	9%	6%
GDP growth per annum	1.85%	2.26%
GDP contribution to sector in DM	N/a	9%
Share of employment	3%	2%
Employment growth per annum (formal & informal)	-0.38%	-0.43%
Employment contribution to sector in DM (formal & informal)	N/a	12.07%

Source: Quantec database 2011, Kayamandi calculations 2013

The Transport sector contributes more than 9% to the sector overall in the Capricorn District Municipality, and generates almost 6% of the municipality's output. This places the Transport industry sixth as a contributor to the economy of Lepelle-Nkumpi Municipality. The transport sector only employs approximately 2% of its workforce. Although the transport sector showed positive growth in output per annum (2.26%), its employment generation has seen a negative growth (-0.43%). The creation of a job opportunity in this sector does not result in any further induced employment opportunities.

The Lepelle-Nkumpi Local Municipality IDP, 2012/2013 reports findings from the Integrated Transport Plan (ITP) for the Capricorn District Municipal Area. These findings along with the findings of the Capricorn District Municipality Travel Demand Management Study, 2010 are set out below to indicate the major transport modes within the Local Municipality.

Freight transport is an extremely important component, given its strong agricultural sector and the need for products to be transported to its markets elsewhere in the country, particularly that of Gauteng. Road cargo is almost exclusively utilised as the transport mode for agricultural, mining and manufactured goods, with major movements taking place along the N1 between Limpopo and

Gauteng, as well as other national and provincial routes. Road cargo is also the most important mode of transport for exports to the southern and central African countries. Moving South Africa identified three significant freight corridors through Limpopo, of which one is traverses Lepelle-Nkumpi, namely the R37 from Lydenburg to Polokwane, through Burgersfort and Lebowakgomo.

The general description of most roads in the CDM is in poor state of repair. The rural roads are poorly designed and not maintained with specific attention to storm water drainage. There is however significant freight transport due to mining activities in Lepelle-Nkumpi and adjacent municipal areas.

The various modes of **land transport** utilised within Lepelle-Nkumpi are set out below:

- Foot (86.79%)
- Bicycle (0.42%)
- Motorcycle (0.15%)
- Motor vehicle: Driver (2.41%)
- Motor vehicle: Passenger (3.17%)
- Minibus taxi (4.68%)
- Bus (2.14%)
- Train (0.24%)

Approximately 87% of the population of Lepelle-Nkumpi Local Municipality walk to their various destinations due to a lack of public transport or a lack of money to pay for public transport or private transport. Minibus taxis are the most popular form of motorised transport with almost 5% of commuters making use of taxis, while 2.1% of commuters make use of bus transport. Almost 6% of commuters use private vehicles as mode of transport, either as the driver or as a passenger. In Lepelle-Nkumpi, there exists a vast network of community tracks, trails, paths and footbridges, of unknown length. Responsibility for this community level infrastructure lies with the local population. Transport activities on this infrastructure take place mainly by foot and by non-motorized means of transport. Women and children often bear the burden of the transport load in terms of time and tonnage.

Figure 19: Local residents travelling by foot

Within Lepelle-Nkumpi there is one **taxi** association, the Burgersfort Lebowakgomo Taxi Association and 12 taxi ranks and five informal taxi ranks. Lepelle-Nkumpi transport services are mainly provided by the private sector which is dominated by taxi operators which are mainly used for such activities. Provision of transport services is often hampered by regulatory constraints (restricted market access, excessive taxation and legislative restrictions) and unsuitable market structures (lack of credit facilities and weak private sector).

Figure 4.20: Bus and taxi facilities located within Lebowakgomo

Bus services are operated by one parastatal organisation and other private companies contracted to the Provincial Department of Roads and Transport (e.g. Great North Transport, Bahwaduba Bus Service). These private operators receive ticket subsidies through the National/Provincial bus subsidisation system. The dominant travel pattern of passengers is “home to work” in the morning and return trip in the evening. On most routes the demand peaks during the morning forward trip and evening return trip. Of the 180 subsidised bus routes in the CDM, 19 routes are in the Lepelle-Nkumpi municipal area. Some buses depart as early as 3:40am. These factors question the standard of living for many people commuting long distances and motivate the correlation between Rural Development and Target Subsidies. The road conditions are generally very poor, especially in the rural areas. Poor road conditions are a significant factor on the operating life of the rolling stock (buses), operating costs, and level of service to the passenger.

The **rail infrastructure** of Limpopo is quite well developed and is mainly utilised for the transport of goods and minerals. This transport mode does, however, entail certain problems and constraints, particularly in relation to the transport of fresh produce for export and to the local markets. Rail commuter services are not provided within the province, although mainline passenger service is provided along the N1 road network towards Zimbabwe. No rail line is operating in the Lepelle-Nkumpi municipal area.

With regards to the road network and **national roads**, The National Roads Agency (NRA) is the custodian for the National Road Network. Several strategic roads are to be handed over from the Road Agency Limpopo (RAL) to the NRA. Only one such road in Lepelle-Nkumpi is relevant, namely the R37 from Burgersfort at Mpumulanga border up to Polokwane.

The **Provincial and District road network** is currently the responsibility of the Roads Agency Limpopo (RAL) and the Department of Public Works (Limpopo and Mpumalanga). The RAL is in the process of demarcating roads for transfer to the CDM. There is a map with the demarcated routes, but route descriptions are not completed yet, and the formal transfer of authority is not yet enacted.

Figure 21: National and Provincial Road Network

The Spatial Development Initiative (SDI) support corridor (roads) development initiatives. These roads will link up with other provincial roads and ultimately lead to border posts and the Maputo corridor. There is one sub-corridor relevant to Lepelle-Nkumpi, namely the Dilokong Sub-corridor. There are three important roads along this corridor, namely:

- Polokwane to Burgersfort (P33/1 and P33/2), via Mafefe;

- Flag Boshielo Dam through Lebowakgomo and Mafefe, linking the Sekhukhune district with the Phalaborwa and Kruger National Park areas; and
- Chuenespoort via Boyne to Mankweng.

These main transport corridors were identified by the Limpopo Department of Economic Development, Environment and Tourism and link important development growth points with each other. The purpose is to concentrate development along these routes and to enable the communities to benefit from such developments. The following other corridors exist throughout the Local Municipality:

- R37 between Polokwane and Burgersfort
- R579 between Chueniespoort and Jane Furse
- R519 between Kushke and Roedtan
- R518 between Mokopane and Lebowakgomo
- Moletlane to Magatle
- Hlahla to Mathabatha
- Other gravel roads needing maintenance

With regards to **air transport**, Lepelle-Nkumpi has no major airport in its area of jurisdiction.

Lebowakgomo has been the locus of development in recent years. Bad road conditions degenerate shortage of the transportation of formal busses and taxi terminals. Lebowakgomo's infrastructure—the local roads, tracks, footpaths, and bridges used to access farms, markets, water supplies, schools, and clinics—is often in poor condition for some or all of the year. In addition, transport services, both large-scale motorized means such as trucks, buses, pickups, and cars and smaller-scale intermediate means such as handcarts, bicycles, motorcycles, and animal-drawn carts are often inadequate and too expensive for rural inhabitants.

The reality in Lepelle-Nkumpi is a low transport density in low-income areas. Low population density is associated with low transport density, with few motorized vehicles and few intermediate means of transport. A vicious circle of insufficient transport, users, and services impedes development. Choice of transport services is severely limited by high costs and low profitability. People in rural areas, particularly women, are left with a heavy transport burden to meet their subsistence needs and are isolated from essential economic and social services.

Rural communities are a captive market for transport operators because they have no choice of service providers and no means of pressuring operators to change their practices or lower their prices. Thus the availability of more transport services will not only increase the mobility of the local community but also increase their bargaining power.

The roads are in bad condition especially in rural areas such as Mafefe, which are mountainous. Access roads within Lebowakgomo are not well maintained, hence a need for urgent attention.

Figure 22: Other modes of transport utilised in Lepelle-Nkumpi Local Municipality

4.2 EXISTING AND POTENTIAL INITIATIVES

The Capricorn District Municipality has also identified school going children who travel on foot for more than 5 km's to schools as a priority. Through the implementation of the subsidy bicycle project, needy school going children have access to affordable transport. Approximately 250 pupils have already benefited from this project in the District area.

The Capricorn District Municipality Travel Demand Management Study, 2010, the Capricorn District Municipality IDP, 2012/2013 and the Lepelle-Nkumpi Local Municipality IDP, 2012/2013 identifies the following projects to be implemented within Lepelle-Nkumpi Local Municipality.

Table 23: Transport sector projects identified within Lepelle-Nkumpi Local Municipality

Project	Location	Description
Public transport rural infrastructure planning	Lepelle-Nkumpi	Data collection of all rural roads
Sidewalk upgrading	Lebowakgomo	Sidewalk upgrading
Corridor public transport facilities	Lebowakgomo to Polokwane	Develop public transport facilities along the Lebowakgomo-Polokwane Corridor
Improve access to transport services	Lepelle-Nkumpi	Establish new bus ranks/routes
Bush shelters	Seleteng, Hweleshaneng, Bolopa/Maake, Bolatjane, Phalakwane	Provision of transport facilities
Upgrading of gravel	Lebowakgomo/Middelkop to	Upgrading gravel roads

Project	Location	Description
roads	Dithabaneng to Tooseng to Marulaneng	
Upgrading of gravel roads	Moletlane to Ga-Rakgwantha	Upgrading gravel roads
Reseal/rehabilitation	Zone A Lebowakgomo along Old Government Offices	Upgrading gravel roads
Mankele Road & Bridge	Mankele	Upgrade road and bridge

Source: Travel Demand Management Study, 2010, Capricorn District Municipality IDP, 2012/2013, Lepelle-Nkumpi Local Municipality IDP, 2012/2013

5 CONSTRUCTION SECTOR

5.1 CONSTRUCTION SECTOR OVERVIEW

The construction sector involves aspects such as site preparation, building of complete constructions or parts thereof; civil engineering, building installation, building completion, and renting of construction or demolition equipment with operators.

The key economic indicators of the construction sector for the Capricorn District Municipality and Lepelle-Nkumpi Local Municipality are shown in the Table below.

Table 24 Construction sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	4%	4%
GDP growth per annum	4.91%	10.31%
GDP contribution to sector in DM	N/a	17%
Share of employment	7%	9%
Employment growth per annum (formal & informal)	0.3%	0.4%
Employment contribution to sector in DM (formal & informal)	N/a	20.43%

Source: Quantec database 2011, Kayamandi calculations 2013

The Construction sector contributes only 4% to the sector overall in the Capricorn District Municipality and to Lepelle-Nkumpi Local Municipality's output. This places the construction industry under the three lowest contributors to the economy of Lepelle-Nkumpi Local Municipality. This sector is however a far more important contributor to employment and contributes to approximately 9% of the municipalities employment. Although the construction sector showed considerable growth in output (10.31%), its employment generation has seen a much slower growth rate (0.4%). The creation of a job opportunity in this sector does not result in any further induced employment opportunities.

The building and construction sector is at the forefront of the country's economic development as it is a sector that has the potential to employ a large number of people. The construction of low cost housing is a significant feature of the building and construction industry as it allows for the participation of new role players and fulfils one of the government's main priorities, the rollout of essential services to all of South Africa’s people.

Within the Capricorn District Municipality, the high average growth rate of the local Construction industry conceals the boom and bust cyclical nature of this activity. Construction has gone up considerably during the previous years. There has been an increase in (property development) construction of residential areas, and (real estate) motor dealership and hardware stores along the N1.

5.2 DEVELOPMENT POTENTIAL AND LINKAGES

In general backwards and forwards linkages between the construction sector and the other sectors in the Lepelle-Nkumpi local municipality exist, more specifically with the brick and clay manufacturing. There are possibilities for expanding both the backwards and forwards linkages within the construction sector. Backward linkages refer to the supply of inputs required for construction activities such as building materials, machinery, and labour. Most manufacturing inputs are currently bought inside the municipality, as they are produced in the Lepelle-Nkumpi Local Municipality.

Forward linkages refer to the expansion of the value chain of construction products such as roofing, painting and fencing. At present there is a lack of both forward and backward linkages in the construction sector in the Lepelle-Nkumpi Local Municipality.

Rural places are often the most places with a dire need for urbanisation, which comes with enormous construction opportunities. There is numerous road construction projects envisioned in the municipality (see previous sub-section) as well as numerous housing projects. According to the Capricorn District Municipality IDP (2012/2013), Lepelle-Nkumpi Local Municipality is experiencing a backlog of 8080 units. A very high percentage of households (92%) in the Local Municipal area are accommodated in formal dwellings despite the rural nature of the area and the fact that small settlements are scattered all over the municipal area.

The following table depicts some of the potential projects in the construction sector:

Table 25: Opportunities and projects in the construction sector

Opportunities	Potential Projects
Housing developments	Construction of new houses Upgrading of municipal infrastructure Construction skills transfer
Upgrading and development of infrastructure	Capacity building for youth Construction workers co-cooperatives Improving roads Installing fixtures Brick making

6 WHOLESALE, RETAIL AND TRADE SECTOR

6.1 WHOLESALE, RETAIL, AND TRADE SECTOR OVERVIEW

A further contributor to the economy of South Africa is the Wholesale, Retail, Trade, catering, and accommodation sector, which contributed more than 15% to the GDP of the country in 2004. This sector is also important to the Capricorn District, contributing almost 18% to the District's GDP and ranking among the top four sectors in terms of its GDP contribution to the municipality. See below Table.

Table 26 Retail and trade sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	12%	10%
GDP growth per annum	-0.58%	1.94%
GDP contribution to sector in DM	N/a	12%
Share of employment	23%	18%
Employment growth per annum (formal & informal)	-0.20%	-0.28%
Employment contribution to sector in DM (formal & informal)	N/a	12.58%

Source: Quantec database 2011, Kayamandi calculations 2013

The retail and trade sector is also an important contributor to the local economy of Lepelle-Nkumpi Municipality, with almost 10% of the local GDP output being generated by this sector, making it the fourth largest contributor to the municipality's economy. The growth of the trade sector in Lepelle-Nkumpi Local Municipality in terms of its output is approximately 2% per annum. Its employment share is far larger than its contribution to the municipality's output and is responsible for more than 18% of employment. The growth in employment has been negative -0.28% per annum.

The trade sector in Lepelle-Nkumpi Local Municipality is mainly confined to the retail component, in respect of both formal and informal trade activities. The formal trade activities are centred in the main town of Lebowakgomo at the Lebowakgomo industrial area and the Lebowakgomo shopping complex. Given the extensively rural nature of the remainder of the municipal area, the remainder of the municipality is served only by small retail shops, which are scattered throughout the villages. The limited trade activities found within Lepelle-Nkumpi Local Municipality do not sufficiently cater for the rural settlements and people generally have to travel to larger centres of activity, such as Polokwane.

6.2 BUSINESS PROFILE

In order to gain a better understanding of the local economic conditions as well as the type of businesses operating within Lepelle-Nkumpi Local Municipality – as well as to compare growth within the local economy, a survey of local businesses were conducted. The results of these surveys allow an in-depth look at local businesses and reveal the business climate in the municipality as well as reveal problems and opportunities perceived by local business owners.

A sample of 376 businesses within the Municipality were surveyed in different regions or clusters, based on larger population concentrations and Strategic Development Areas (SDA) as set out below.

Table 27: Number of businesses surveyed per SDA cluster

SDA cluster	Town/Village	Number of businesses surveyed
Lebowakgomo/Makotse	Lebowakgoma	121
	Ikgomo	2
	Mogodi	18
	Ga-Mphalele	32
Total		**173**
Mogoto/Magatle	Ga-Molapo/Magatle	18
	Ga-Mogotlane	18
	Ga-Rakgoatha	10
	Hlakano	1
	Magatle	32

SDA cluster	Town/Village	Number of businesses surveyed
	Makgopong	6
	Makushaneng	12
	Makweng	12
	Mathibela	1
	Mogoto	20
	Moletlane	19
	Rama	3
	Sehlabeng	7
	Sporong	1
	Zebediela	20
Total		**180**
Matabata/Mafefe	Ga-Mathabata	12
	Gasodoma	1
	Lekgwareng	4
	Mafefe	5
	Mahlatjane	1
Total		**23**
Grand Total		**376**

In order to ensure an accurate representation of the businesses located within Lepelle-Nkumpi Local Municipality, the total number of businesses surveyed was based on the observed ratio of businesses within each cluster. The same approach was followed to ensure a representation of all the types of businesses, i.e. formal and informal businesses.

The remainder of this section will reveal the survey findings according to the following themes:

- Business characteristics
- Business Linkages and trends
- Perceptions and challenges relating to the success of business
- General perceptions of the local economic environment

BUSINESS CHARACTERISTICS: SECTOR OVERVIEW

From the table below, it is clear that the majority of businesses located within the Lobowakgomo/Makotse cluster, Mathabatha/Mafefe cluster and the Mogoto/Magatle cluster that were surveyed, fall within the retail sector, followed by the food and beverage sector and the personal services sector.

Table 28: Percentage distribution of businesses within economic sub-sectors

Sector	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Retail	47%	57%	61%	54%
Wholesale	1%	0%	3%	2%
Food & beverage	22%	22%	16%	19%
Personal service	14%	17%	9%	12%
Business service	3%	0%	1%	2%
Social service	6%	0%	1%	3%
Construction	2%	0%	1%	1%
Motor maintenance	1%	4%	5%	3%
Banking	1%	0%	0%	0%
Manufacturing	3%	0%	2%	2%
Accommodation	1%	0%	0%	0%
Agriculture	0%	0%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

BUSINESS CHARACTERISTICS: BUSINESS TYPOLOGY

As illustrated by the table below, the majority of businesses are classified as a single business with no other branches located elsewhere. This is followed by businesses that are classified as main businesses or main branches of businesses with other branches located elsewhere. This information suggests that many businesses are SMME in nature and possibly informal, making them more vulnerable to negative externalities such as a general dip in the economy or large companies/industries closing down or moving out of Lepelle-Nkumpi Local Municipality, leaving local unemployed and without spending power.

The majority of these small and informal businesses, especially those located within Lebowakgomo, trade from informal structures, and are in dire need of upgrading (see images below).

Table 29: Business typology

Business Type	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Single business without branch business	78%	98%	91%	85%
Main business with branch business	13%	4%	4%	8%
Branch business with main business	9%	0%	5%	7%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

Figure 23: Types of small businesses located within Lepelle-Nkumpi Local Municipality

BUSINESS CHARACTERISTICS: EMPLOYMENT

From the 376 businesses that were surveyed, 1473 persons were employed permanently or on a full-time basis and 361 on a part-time or casual basis. This means that on average, each business employs approximately four employees on a permanent or full-time basis and only one on a part-time basis. This small value indicates that businesses are generally fairly small in nature.

The percentage distribution of employment for businesses located in the different clusters, are set out in the table below.

Table 30: Employment dynamics

Full-time employment	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
1 employee	38%	48%	27%	34%
2-3 employees	28%	48%	54%	42%
4-5 employees	16%	4%	11%	13%
6-10 employees	10%	0%	6%	7%
More than 10	8%	0%	3%	5%
Total	**100%**	**100%**	**100%**	**100%**
Average full-time employment				**4 Employees**
Part-time employment	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
None	72%	70%	79%	75%
1 employee	13%	17%	11%	12%
2-3 employees	9%	9%	6%	7%
4-5 employees	3%	4%	2%	3%
6-10 employees	2%	0%	1%	1%
More than 10	2%	0%	2%	2%
Total	**100%**	**100%**	**100%**	**100%**
Average part-time employment				**1 Employee**

Source: Kayamandi survey results & calculations

BUSINESS CHARACTERISTICS: NUMBER OF YEARS OPERATING WITHIN LEPELLE-NKUMPI LOCAL MUNICIPALITY

From the businesses surveyed, the average number of years that businesses have been operating within the Lepelle-Nkumpi Local Municipality is six years, with the business in operating for the longest period being seventy years. This highlights that most businesses were established in 2006 and have been able to sustain themselves even with the economic recession. This brings forth another dimension which highlights that businesses provide necessities rather than luxury goods and services. The other aspect is that perhaps businesses have not been able to increase their profits over the time period to remain afloat.

Table 31: Duration of operation within the Lepelle-Nkumpi Local Municipality

Number of years	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
0-1	40%	26%	29%	34%
2-3	20%	30%	19%	20%
4-6	15%	13%	14%	14%
7-10	12%	17%	14%	13%
11-15	6%	13%	8%	8%
15-20	2%	0%	5%	3%
more than 20	4%	0%	9%	6%
Total	**100%**	**100%**	**100%**	**100%**
Average duration of operation				**6 years**

Source: Kayamandi survey results & calculations

BUSINESS LINKAGES AND TRENDS: PERCENTAGE SPLIT OF INPUTS AND CLIENTS

As is illustrated by the tables below, 58% of businesses purchase their products in Lepelle-Nkumpi Local Municipality and areas surrounding the Local Municipality. If we consider that most of the businesses surveyed were retail, shops, restaurants, take-aways, taverns and personal services businesses, it suggests that these businesses are not diverse in the type of goods and services they sell, taking into consideration the small size of the wholesale trade sector in comparison to other districts in the Limpopo Province. It also highlights that small, local businesses have little trade connections with areas further outside of the municipality.

Table 32: Percentage split of inputs

Location	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Local Municipality	15%	1%	14%	**29%**
Around the Municipality	13%	1%	15%	**29%**
The rest of Limpopo Province	10%	2%	13%	**25%**

Location	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
The rest of South Africa	5%	0%	8%	**13%**
Imported	2%	0%	2%	**4%**
Total				**100%**

Source: Kayamandi survey results & calculations

The table below illustrates that 75% of businesses' clients form part of the local community, (of which 36% are passers-by/foot traffic) and their sales are supplied to the local market. Approximately 13% of businesses' clients come from, or sales are supplied to the rest of Limpopo Province. Only 8% of businesses have clients from or sales to the rest of the country and 4% of businesses have clients located in or sales to another country.

Again this highlights the small market for local businesses, mainly within the retail and trade sector, to sell their goods and services and the weak linkages and/or levels of communication with areas outside of the municipal boundaries. This aspect creates major limitations to the growth of a business, especially when local buying power diminishes. It also highlights that there are few or no authentic products manufactured in Lepelle-Nkumpi Local Municipality that would attract an external market.

Table 33: Percentage split of clients

Clients	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Passers-by	18%	2%	16%	**36%**
Other local residents & businesses	17%	3%	20%	**39%**
Clients located in the rest of Limpopo Province	8%	1%	4%	**13%**
Clients located in the rest of South Africa	5%	1%	2%	**8%**
Clients from other countries	2%	0%	2%	**4%**
Total				**100%**

Source: Kayamandi survey results & calculations

BUSINESS LINKAGES AND TRENDS: RESOURCE UTILISATION AND PRODUCTION CAPACITY

The table below illustrates that only 10% of the businesses located within Lepelle-Nkumpi Local Municipality utilise or produce products at 100% capacity. The average resource utilisation of production capacity for businesses located within Lepelle-Nkumpi is 63%. Therefore, the majority of businesses would like to and have the capacity to expand, but the demand for their products are not large enough. Besides the impact of the global recession, this low level of utilising the full capacity of businesses, could be due to the lack of natural resources to produce goods that are in high demand; the lack of entrepreneurial skills to develop new, creative and affordable products; and the rural location of Lepelle-Nkumpi Local Municipality which increases transport costs of locally manufacturing products, making them unattractive in competitive markets.

Table 34: Resource utilisation distribution

Resource utilisation	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
0-25%	9%	4%	48%	28%
25-50%	10%	48%	6%	10%
50-75%	21%	4%	8%	14%
75-99%	45%	26%	34%	39%
100%	15%	17%	3%	10%
Total	**100%**	**100%**	**100%**	**100%**
Average resource utilisation				**63%**

Source: Kayamandi survey results & calculations

BUSINESS LINKAGES AND TRENDS: HISTORICAL AND FUTURE TRENDS

The table and graph below depicts the growth of businesses over the last 5 years with regards to their turnover, employment and physical space.

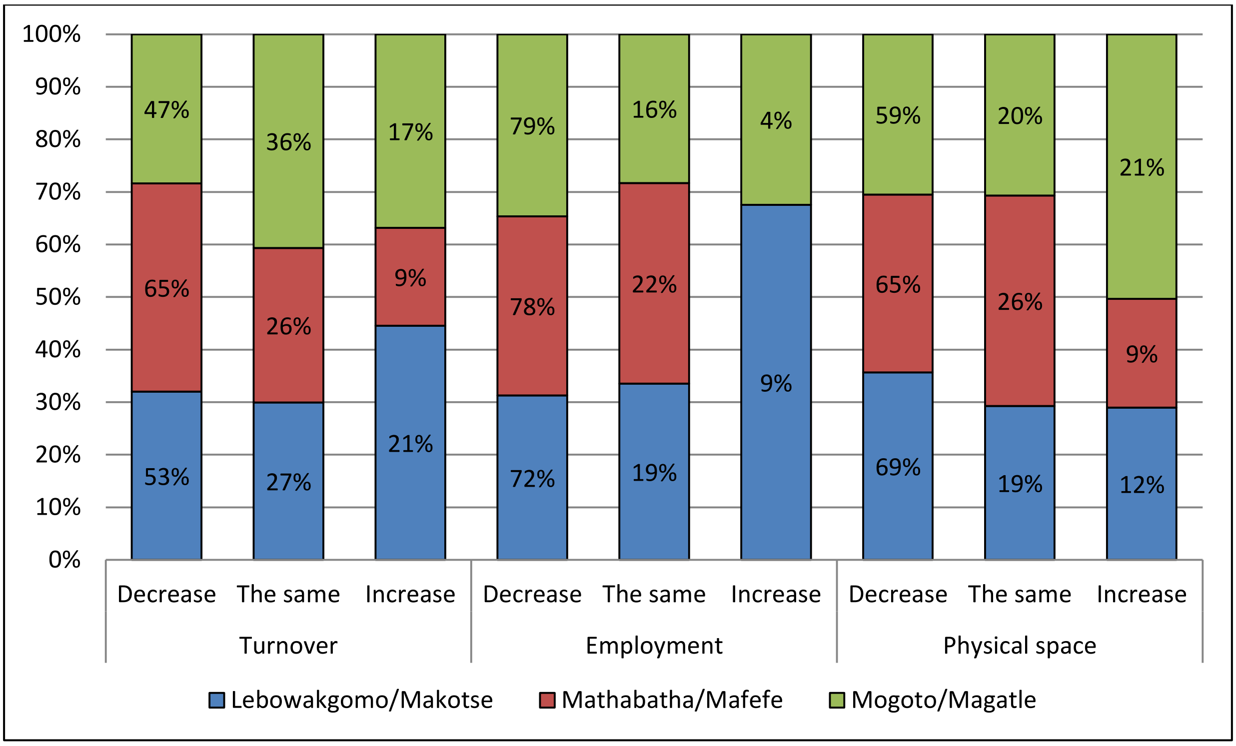
Table 35: Historical growth trends of businesses

Historical	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Turnover				
Decrease	53%	65%	47%	51%
The same	27%	26%	36%	31%
Increase	21%	9%	17%	18%
Total	**100%**	**100%**	**100%**	**100%**
Employment				
Decrease	72%	78%	79%	76%
The same	19%	22%	16%	18%
Increase	9%	0%	4%	6%
Total	**100%**	**100%**	**100%**	**100%**
Physical Space				

Historical	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Decrease	69%	65%	59%	64%
The same	19%	26%	20%	20%
Increase	12%	9%	21%	16%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

Graph 1: Historical growth trends for businesses



Source: Kayamandi survey results & calculations

The majority of businesses (51%) reported a decrease in turnover, a decrease in employment (76%) and a decrease in the physical space (64%) they occupy. This information suggests that businesses experienced little overall growth with major decreases in the three aspects mentioned below. This reiterates the above point made regarding the fact that most businesses have not closed down but have struggled somewhat over the past five years. This indicates that businesses in Lepelle-Nkumpi seem to have little opportunity for expansion.

According to businesses interviewed, the expected growth for the next 5 years with regards to turnover (40%) and physical space occupied (40%) is to increase. The majority of businesses did however indicate that an expected decrease will occur in terms of employment (47%). This result suggests that businesses are in general optimistic about the future of their businesses.

These results are showcased in the table and graph below.

Table 36: Anticipated future growth trends for businesses

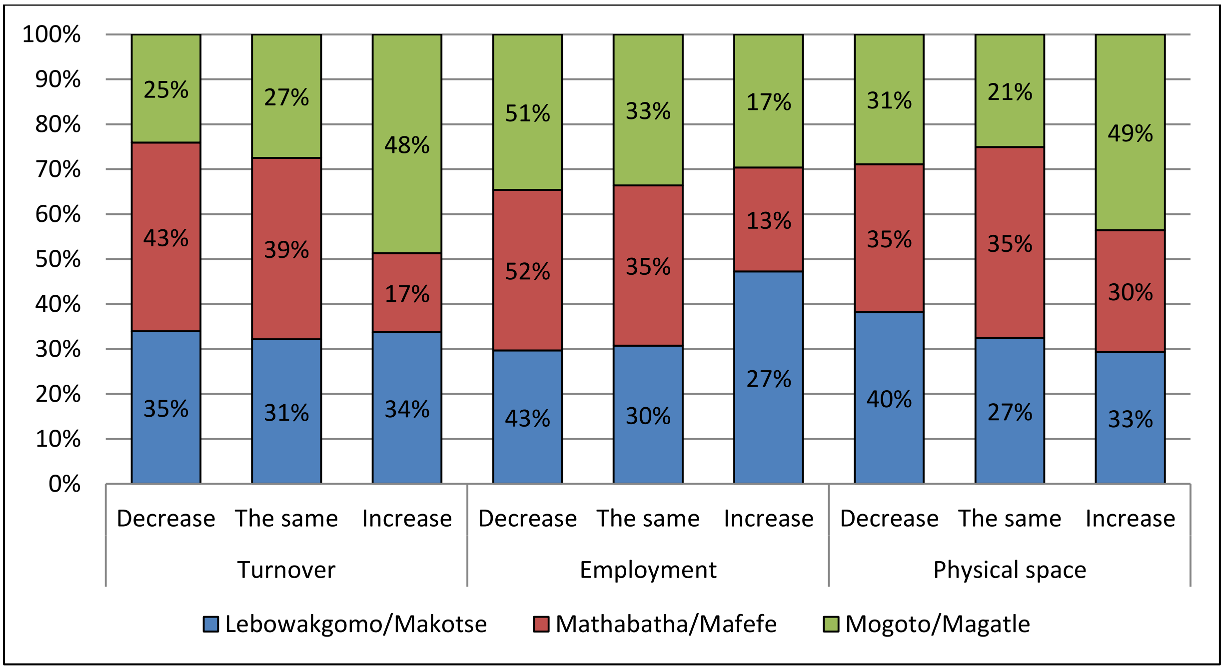
Future	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Turnover				
Decrease	35%	43%	25%	31%
The same	31%	39%	27%	30%
Increase	34%	17%	48%	40%
Total	**100%**	**100%**	**100%**	**100%**
Employment				
Decrease	43%	52%	51%	47%
The same	30%	35%	33%	32%
Increase	27%	13%	17%	21%
Total	**100%**	**100%**	**100%**	**100%**
Physical Space				
Decrease	40%	35%	31%	35%
The same	27%	35%	21%	24%
Increase	33%	30%	49%	40%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

BUSINESS LINKAGES AND TRENDS: DESIRE TO RELOCATE

From the table below, it is clear that the majority of businesses (94%) do not wish to relocate within the next 12 months. Although this is positive for Lepelle-Nkumpi to retain its economically active population and economic activity, these individuals and businesses do not have the incentive to grow, leaving the local economy fairly stagnant.

Graph 2: Anticipated future growth trends for businesses



Source: Kayamandi survey results & calculations

Table 37: Desire of businesses to relocate

Desire to relocate	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Yes	3%	4%	9%	6%
No	97%	96%	91%	94%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

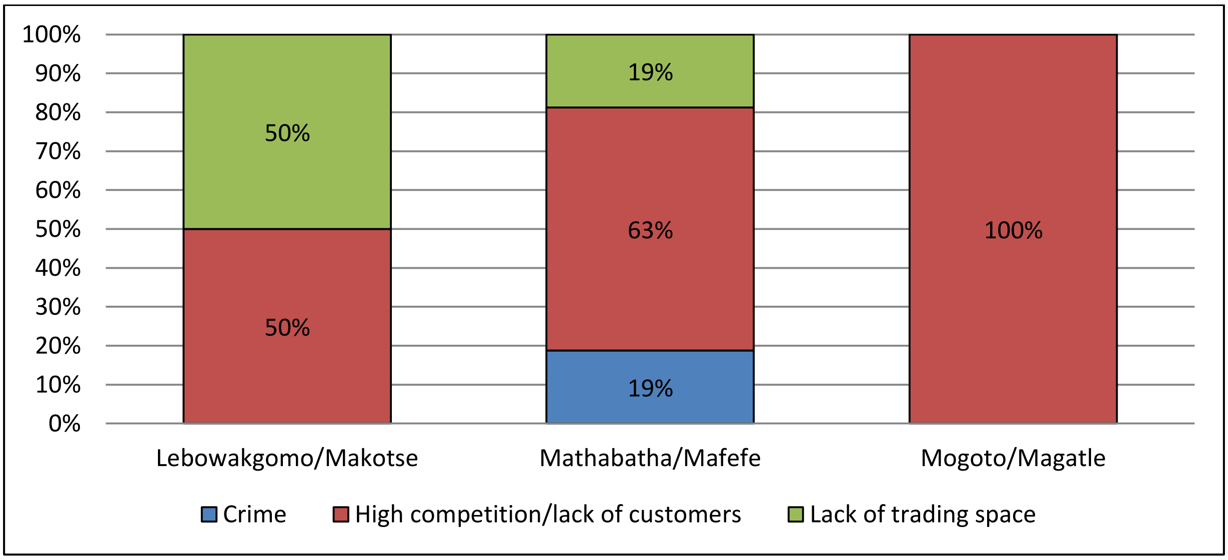
Of the businesses that indicated their intention to relocate within the next 12 months, gave the following reasons (as shown in the table and graph below) for their decision.

Table 38: Reasons for businesses to relocate

Reason for relocation	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Crime	0%	19%	0%	14%
High competition/lack of customers	50%	63%	100%	62%
Lack of trading space	50%	19%	0%	24%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

Graph 3: Reasons for businesses to relocate



Source: Kayamandi survey results & calculations

The majority of businesses wishing to relocate have indicated that high competition coupled with a lack of customers is the main reason for wanting to relocate. It is interesting to note that they only place where crime is an incentive to move, is found within the Mathabatha/Mafefe cluster, and that lack of trading space is not an incentive to move for businesses located in the Mogoto/Magatle cluster. These results suggest a weak local economy and market base.

These businesses that indicated that they wish to relocate identified preferred locations. These are set out in the table below:

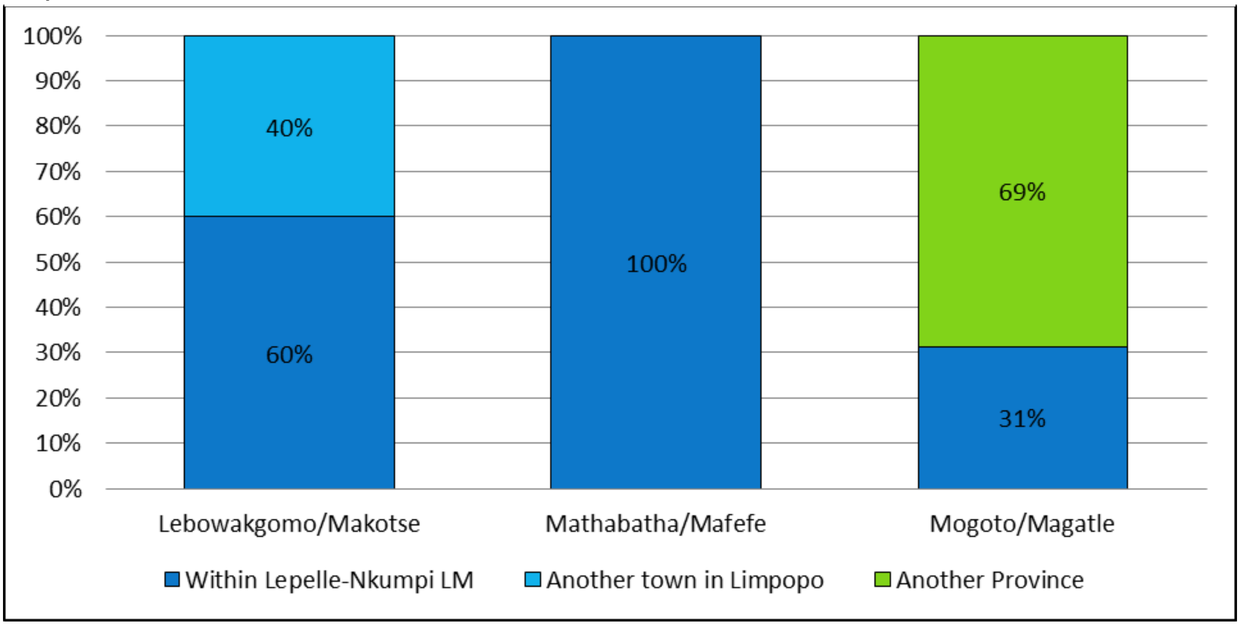
Table 39: Desired location for businesses to relocate to

Preferred location	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Within Lepelle-Nkumpi LM	60%	100%	31%	33%
Another town in Limpopo	40%	0%	0%	7%
Another Province	0%	0%	69%	59%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

From the below table and graph, it can be seen that businesses indicated that if they were to relocate 59% would move to another province and only 7% said they would relocate to another town within Limpopo Province. Interestingly, 33% of businesses who wish to relocate and all businesses from the Mathabatha/Mafefe cluster who wish to relocate would relocate to another area within Lepelle-Nkumpi Local Municipality. This could be for small businesses or hawker stalls that find their current location ineffective and can move to another area within Lepelle-Nkumpi. Businesses in the Mathabatha/Mafefe and Mogoto/Magatle clusters may also want to relocate to Lebowakgomo due to its central and economic stature in the municipality.

Graph 4: Desired location for businesses to relocate to



Source: Kayamandi survey results & calculations

BUSINESS LINKAGES AND TRENDS: WASTE MATERIALS AND UTILISATION

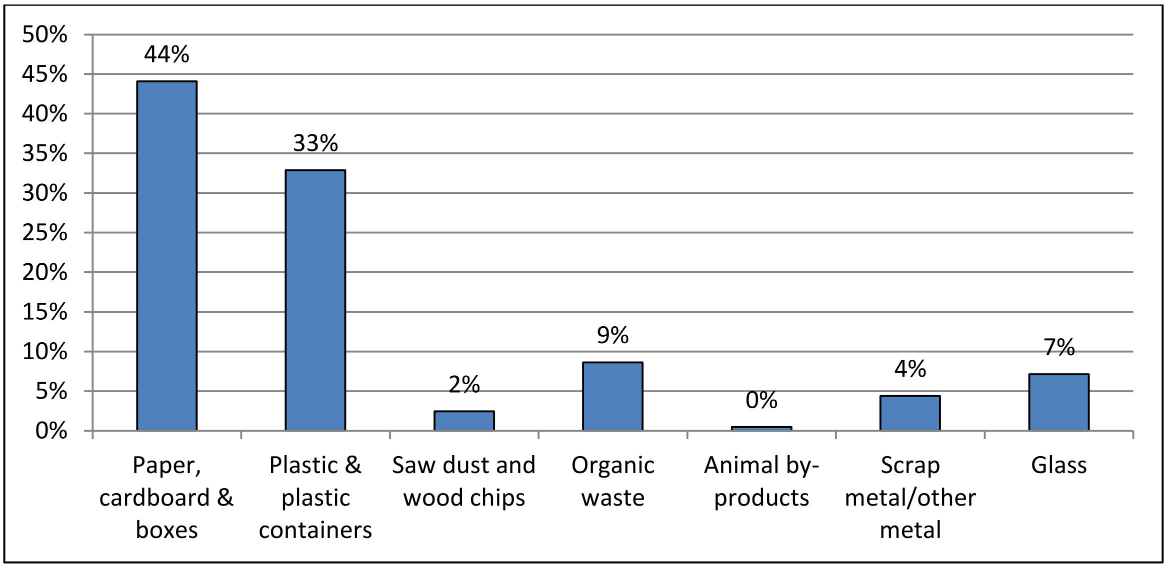
In order to establish the type of waste that is derived from businesses within Lepelle-Nkumpi and how the waste is utilised after disposal, the surveyors posed these questions to the respondents. The intention of the questions was to assist with identifying possible future LED projects related to waste recycling and the 'green' economy. The graph below shows that paper, cardboard and boxes (44%), plastic and plastic containers are the highest forms of waste disposed of by businesses.

Table 40: Percentage distribution of different waste materials from businesses surveyed

Waste materials	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Paper, cardboard & boxes	41%	34%	49%	44%
Plastic & plastic containers	28%	20%	40%	33%
Saw dust and wood chips	4%	2%	1%	2%
Organic waste	10%	20%	5%	9%
Animal by-products	0%	0%	1%	0%
Scrap metal/other metal	7%	2%	2%	4%
Glass	9%	22%	2%	7%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

Graph 1: Percentage distribution of different waste materials from businesses surveyed



Source: Kayamandi survey results & calculations

From the surveys it was identified that approximately 94% of waste is discarded or thrown away, followed by 2.1% of businesses that re-use or repurpose their waste, followed by 1.6% of businesses that sell their waste, 1.6% of businesses that recycle their waste. This indicates possible opportunities to develop projects that utilise waste that is simply disposed of.

Table 41: Percentage distribution of ways in which waste is disposed

Waste materials	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Discard	90%	96%	97%	94%
Sell	2%	0%	2%	2%
Re-use/repurpose	5%	0%	0%	2%
Recycle	2%	4%	1%	2%
Other	2%	0%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

PERCEPTIONS AND CHALLENGES: ATTITUDE REGARDING BUSINESS IN THE LOCAL MUNICIPALITY

With regard to the level of optimism that respondents have for doing business, slightly more people were negative (36%) towards doing business within the Local Municipality than those that were positive (34%). Approximately 30% of businesses that took part in the surveys were neutral about doing business within the Local Municipality. The results are set out in the table below.

Table 42: Level of optimism for doing business within Lepelle-Nkumpi Local Municipality

Attitude	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Negative	43%	48%	27%	36%
Neutral	28%	43%	30%	30%
Positive	28%	9%	43%	34%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

In understanding what businesses feel their level of profitability is compared to their competitors in Lepelle-Nkumpi Local Municipality and businesses located within the rest of Limpopo, the following results were given.

Table 43: Profitability compared to competitors

Profit compared to competitors in Lepelle-Nkumpi LM	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Worse	44%	48%	42%	43%
The same	28%	48%	36%	33%
Better	28%	4%	22%	23%
Total	**100%**	**100%**	**100%**	**100%**
Profit compared to competitors in Limpopo Province	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Worse	55%	65%	58%	57%
The same	25%	35%	30%	28%
Better	20%	0%	12%	15%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

In all three tables there is evidence that the majority of businesses perceive the levels of profitability as being worse than their competitors located within Lepelle-Nkumpi Local Municipality as well as competitors located within the rest of the Limpopo Province, indicating a degree of pessimism.

PERCEPTIONS AND CHALLENGES: PROBLEMS FACED BY LOCAL BUSINESSES

The table below depicts the top five problems that are faced by businesses in the Lepelle-Nkumpi Local Municipality. The biggest being crime, followed by a lack of clients, poor infrastructure (especially electricity and water), too much competition (due to generic products and businesses) and a lack of trading space/business premises.

Table 44: Top five problems identified by businesses

Problem	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Crime	38%	48%	48%	43%
Lack of clients	9%	5%	17%	12%
Poor infrastructure (electricity & water)	18%	24%	4%	12%
Too much competition/ generic products	7%	0%	10%	8%
Lack of trading space/premises	8%	5%	2%	5%

Source: Kayamandi survey results & calculations

When asked what could be done to resolve these problems the majority of respondents suggested creating policing forums and increase the police presence on the streets, job creation to ensure greater buying power amongst the local residents, upgrading of infrastructure, supplying sufficient formal trading space and lastly, access to loans and funding. These results (top five results) are set out in the table below.

Table 45: Possible solutions for problems identified by businesses

Possible solution	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Policing forums/greater police presence	28%	33%	45%	36%
Job creation	14%	10%	20%	16%
Upgrade infrastructure	14%	10%	3%	9%
Supply formal trading space	10%	10%	3%	7%
Assist with funding	5%	0%	6%	5%

Source: Kayamandi survey results & calculations

PERCEPTIONS AND CHALLENGES: FUTURE OUTLOOK

The following table highlights the result that 69% of businesses are neutral about the future, followed by 27% of businesses that are positive about the future and see themselves expanding in the near future. Only 5% of businesses indicated that they were negative about the future.

Table 46: General future outlook for businesses surveyed

Future outlook	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Positive	46%	35%	8%	27%
Neutral	51%	65%	86%	69%
Negative	3%	0%	6%	5%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

From the 27% of businesses that indicated that they were positive about the future, 31% indicated that they are positive due to an increase in clientele, support and demand, followed by 26% that indicated an increase in sales and profits, and 15% listed that their business is improving overall. Approximately 9% of businesses indicated that they are positive due to the fact that the economy is recovering. These and other results are revealed in the table below.

Table 47: Reasons for a positive future outlook

Positive outlook	Lebowakgomo/ Makotse	Mathabatha/ Mafefe	Mogoto/ Magatle	Total
Increased sales & profit	22%	0%	64%	26%
Increased clientele/support/demand	39%	0%	0%	31%
Little to no competition	5%	0%	0%	4%
Expansion/development of town/village	8%	0%	0%	6%
Optimal location	3%	13%	0%	3%
Economy is recovering	3%	63%	14%	9%
The business is improving overall	13%	25%	21%	15%
Other	9%	0%	0%	7%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

From Table 4.46 discussed earlier, it is clear that only 5% of businesses are negative about the future in term of the economy and business environment within Lepelle Nkumpi. From these 5% of businesses, 29% of businesses stated that they are negative due to a decrease in their sales and profit, and an increase in competition, respectively, followed by 18% that indicated that crime is the reason for being negative about the future. These and other results are set out in the table below.

Table 48: Reasons for a negative outlook

Negative outlook	Lebowakgomo/ Makotse	Mathabatha/ Mafefe	Mogoto/ Magatle	Total
Possibility of business being forcefully removed	17%	0%	0%	6%
Decrease in sales and profit	33%	0%	27%	29%
Decreased clientele/support/demand	33%	0%	0%	12%
Increased competition	0%	0%	45%	29%
Crime	0%	0%	27%	18%
No network coverage	17%	0%	0%	6%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

PERCEPTIONS AND CHALLENGES: REASONS FOR BUSINESSES LEAVING/CLOSING DOWN

The table below offers the top five results on what businesses think the reasons are for leaving Lepelle-Nkumpi Local Municipality or for closing down. The greatest reason for businesses leaving or closing down is believed to be due to a lack of customers due to the fact that local residents have limited buying power (28%), followed by crime (22%), lack of finance, profit and sales (21%), harsh competition (9%) and poor management skills of business owners.

Table 49: Top five reasons for businesses leaving Lepelle-Nkumpi Local Municipality or closing down

Reason for closing down	Lebowakgomo/ Makotse	Mathabatha/ Mafefe	Mogoto/ Magatle	Total
Lack of customers/limited buying power	25%	38%	30%	28%
Crime	21%	19%	23%	22%
Lack of finance/profit/sales	21%	6%	22%	21%
Too much competition	7%	0%	11%	9%
Poor management of business	12%	0%	7%	8%

Source: Kayamandi survey results & calculations

GENERAL PERCEPTIONS OF THE LOCAL ECONOMIC ENVIRONMENT: EFFECTIVENESS AND QUALITY OF SERVICES

The Tables and Graphs below is an illustration of how businesses perceive the effectiveness and quality of the following services delivered by the municipality. The results in Table 4.50 highlight that electricity, roads and storm water, refuse removal, water and sewerage systems of delivery are bad according to the businesses surveyed.

Table 50: Effectiveness of service delivery per service

Service rating	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Electricity				
Bad	53%	36%	54%	52%
Fair	29%	55%	44%	38%
Good	18%	9%	2%	10%
Total	**100%**	**100%**	**100%**	**100%**
Service rating	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Water and sewerage				
Bad	65%	74%	90%	76%
Fair	20%	26%	10%	17%
Good	14%	0%	0%	7%
Total	**100%**	**100%**	**100%**	**100%**
Service rating	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Roads and storm water				
Bad	82%	65%	95%	86%
Fair	15%	35%	5%	12%
Good	3%	0%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**
Service rating	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Refuse removal				
Bad	60%	70%	83%	70%
Fair	27%	30%	17%	23%
Good	13%	0%	0%	7%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

Graph 6: Effectiveness of service delivery

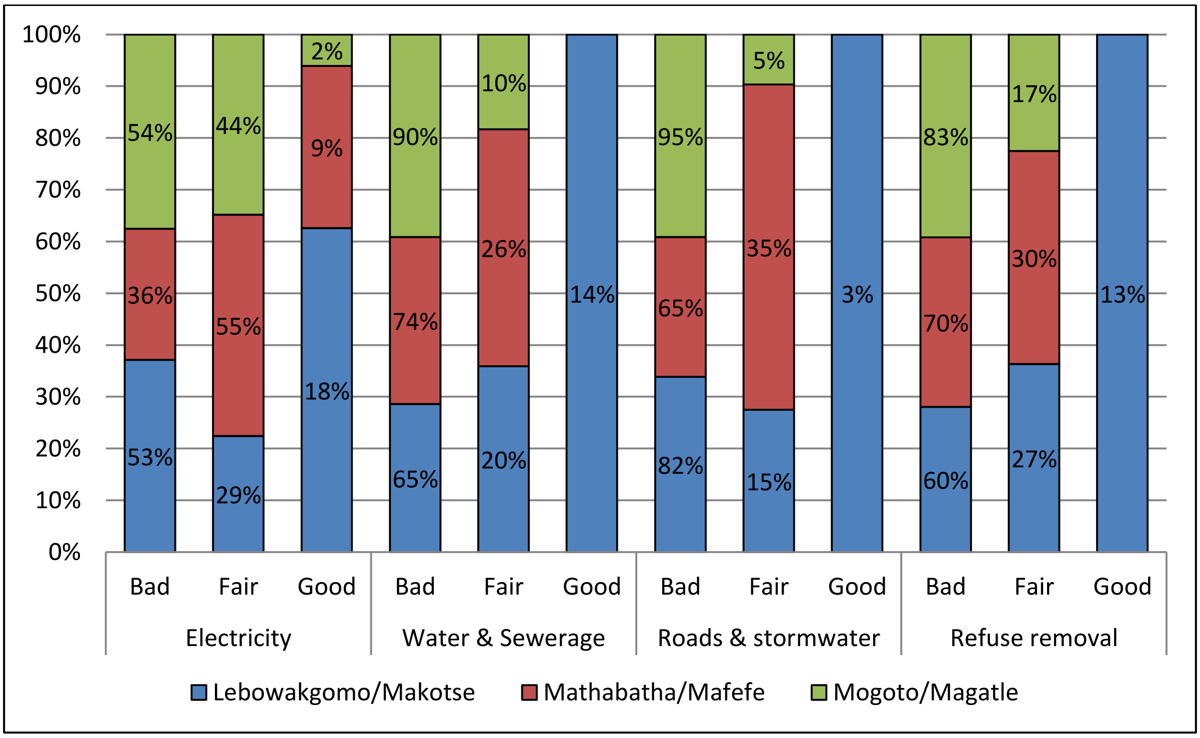


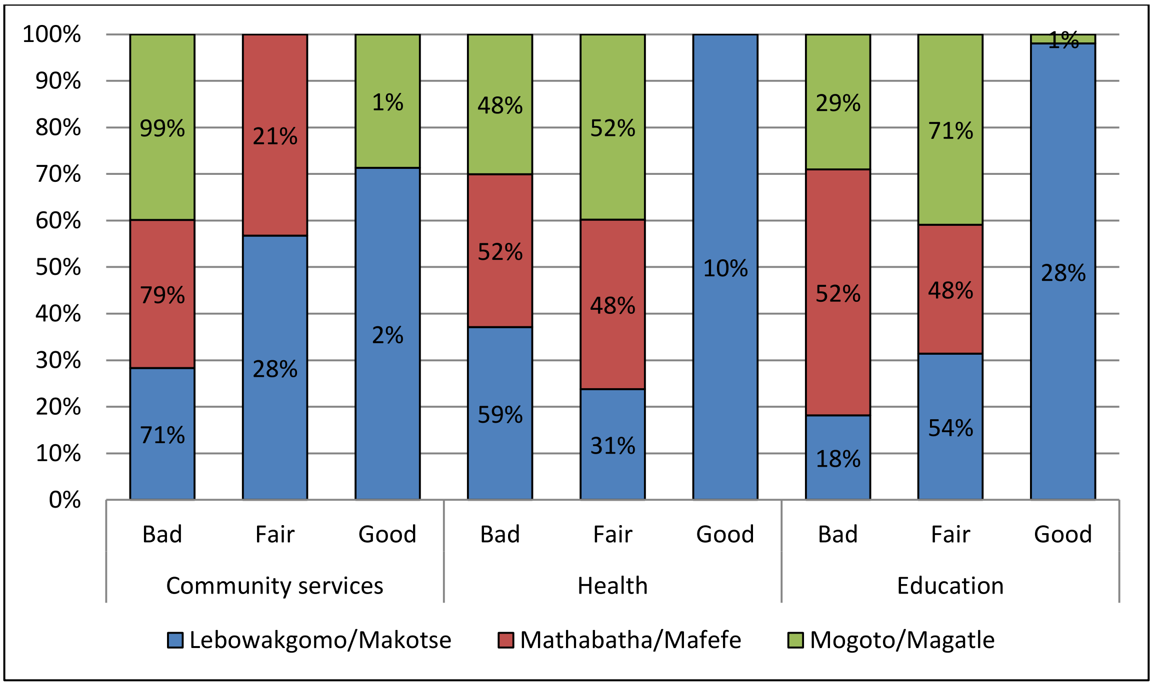
Table 51: Effectiveness of service delivery - community services, health and education

Service rating	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Community services				
Bad	71%	79%	99%	83%
Fair	28%	21%	0%	15%
Good	2%	0%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**
Service rating	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Health				
Bad	59%	52%	48%	53%
Fair	31%	48%	52%	42%
Good	10%	0%	0%	5%
Total	**100%**	**100%**	**100%**	**100%**
Service rating	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Education				
Fair	54%	48%	71%	62%
Good	28%	0%	1%	12%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

From the table above and the graph below, it is clear that businesses located within Lepelle-Nkumpi Local Municipality perceive the delivery of community services (such as libraries and community halls) and health (clinics and hospitals) as being bad, and education services (schools) as being fair.

Graph 7: Effectiveness of service delivery - community services, health and education



Source: Kayamandi survey results & calculations

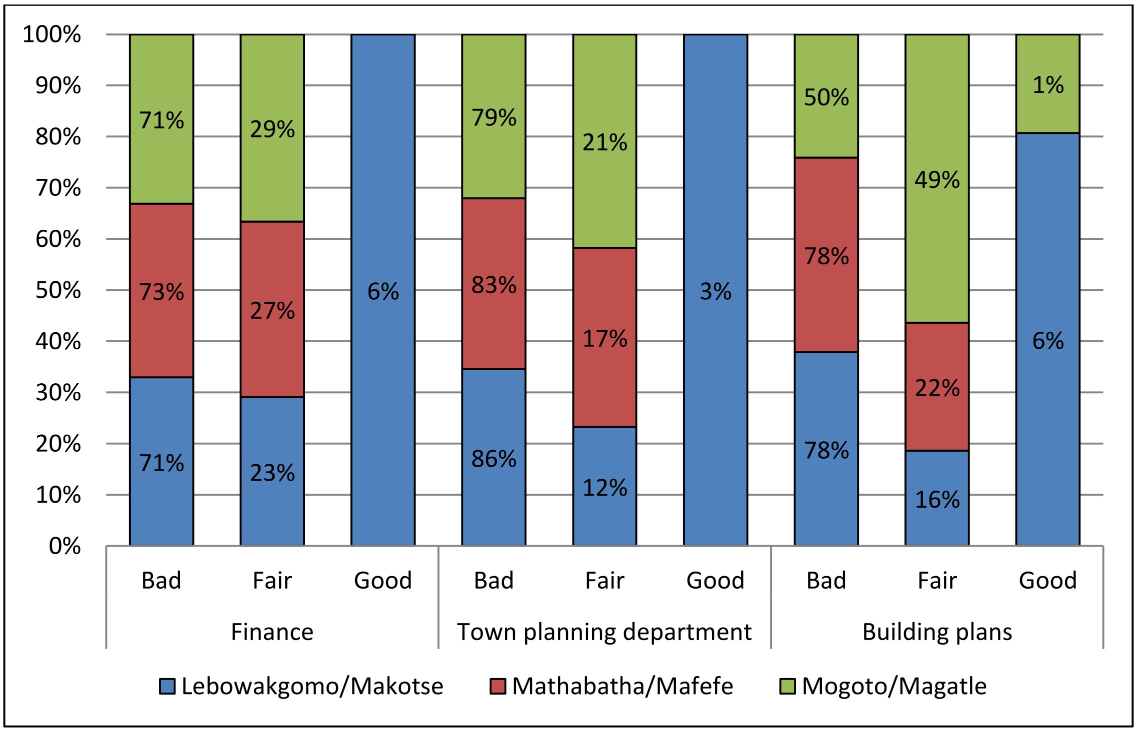
The table and graph below indicates that the majority of local businesses perceive financial services (accounts and payments), town planning services and the building office services offered by the Local Municipality, as being bad.

Table 52: Effectiveness of service delivery - finance, town planning and building plans

Service rating	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Finance				
Bad	71%	73%	71%	71%
Fair	23%	27%	29%	26%
Good	6%	0%	0%	3%
Total	**100%**	**100%**	**100%**	**100%**
Service rating	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Town planning department				
Bad	86%	83%	79%	83%
Fair	12%	17%	21%	16%
Good	3%	0%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**
Service rating	**Lebowakgomo/Makotse**	**Mathabatha/Mafefe**	**Mogoto/Magatle**	**Total**
Building plans				
Bad	78%	78%	50%	66%
Fair	16%	22%	49%	30%
Good	6%	0%	1%	4%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

Graph 8: Effectiveness of service delivery - finance, town planning and building plans



Source: Kayamandi survey results & calculations

To conclude, businesses were asked to rate the overall efficiency and effectiveness of Lepelle-Nkumpi Local Municipality, and as the above results would suggest, the majority of businesses considered the municipality to be poor and not very effective or efficient. These results are set out in the table below.

Table 53: Overall efficiency and effectiveness of Lepelle-Nkumpi Local Municipality

Overall rating of LM	Lebowakgomo/Makotse	Mathabatha/Mafefe	Mogoto/Magatle	Total
Very bad	49%	65%	14%	33%
Bad	24%	26%	33%	28%
Fair	19%	9%	42%	30%
Good	6%	0%	11%	8%
Excellent	2%	0%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**

Source: Kayamandi survey results & calculations

6.3 ECONOMIC LINKAGES

The inputs into the trade industry relate mainly to the products that are sold by traders. Formal traders, particularly those located in Lebowakgomo, are to a large extent part of chain shops, with products obtained mainly from Gauteng. Other smaller formal traders obtain the products they sell from wholesalers in activity centres such as Polokwane.

Informal trading is to a large extent focussed on agricultural produce, which is obtained from the local farmers and farmers in the surrounding municipalities. Other products sold by informal traders, particularly in respect of non-food products, are sourced from wholesalers in Polokwane.

The forward linkages of the trade sector are again the products which are sold to customers. In the rural areas, trading is undertaken on a small scale only, with products being sold to the public and very locally (i.e. to the surrounding communities). However, some informal businesses located on the main roads with the municipality are also to a limited extent able to capture some of the through traffic.

Larger businesses, which are mainly located in Lebowakgomo, also do not have a very large off-set market. However, as Lebowakgomo is one of the larger urban areas in the municipality, products are not only sold to the immediate surrounding population, but also attract people throughout the municipality. Very few retail products are sold outside of the municipal boundaries.

6.4 DEVELOPMENT POTENTIAL AND POTENTIAL PROJECTS

Growth in this sector is determined by disposable income, exports and tourism. Disposable income can be increased through job creation and exports to enable the municipality to produce at higher levels than the limitation of local consumption. Tourism is the third area of intervention to promote local economic development in the trade, accommodation and catering sector.

Being the seat of the provincial legislature, as well as host for all Sekhukhune District provincial sector departments as well as some Capricorn District departments, opportunities for retail and services business are vast.

Given the strong agricultural sector in the region and the fact that many of the agricultural inputs are sourced from outside the municipal boundaries, opportunities arise for the trade of these inputs. This includes inputs such as fertilisers, pesticides, machinery and seeds or seedlings. Many of these inputs are obtained from Polokwane nearby, but could be sold within the municipal area, which gives the advantage of being easier accessible and closer to the farming areas.

Traders in the municipality currently buy their stock from wholesalers in the larger activity centres such as Polokwane, as there is a shortage in wholesalers in the area. A limiting factor to the development of further wholesale activities of the municipal area is the proximity and easy access to the well-established trade sector in Polokwane, which would generate a high level of competition.

From the results of the business survey, it is clear that a number of small businesses and informal traders are not satisfied with their trading premises either because it is informal and inadequate, or because it is not located at an ideal location due to its informal nature. Serious consideration should be made to upgrade and formalise trading space for informal traders and other small businesses.

The survey results revealed that local businesses produce a considerable amount of waste, of which the majority consist of paper, cardboard and plastic. Approximately 94% of businesses indicated that they simply discard their waste, which gives rise to an opportunity for recycling projects and initiatives within the manufacturing sector.

Potential projects for the retail sector are shown in the Table below.

Table 54 Potential retail and trade projects

Development Potential	Potential Projects
Existing strong agricultural sector	Trade of seed, seedlings and fertilisers Trade of pesticides Trade of packaging materials Trade of specialised machinery
Formal sector - Wholesale & retail development	Expand retail sector Establishment of wholesale outlets
Informal sector	Development of informal trade strategy
Tourism related business	Development of arts and crafts markets Development of further accommodation facilities Development of conference facilities
Upgrading of informal trading facilities	Upgrading of trading facilities Clean-up of CBD Trading stalls

6.5 SUMMARY OF BUSINESS PROFILE

The business survey was aimed at capturing a representative sample of local businesses, with the results giving a good indication of the types of businesses in the municipality in terms of formal and informal businesses, the products sold and services provided by local businesses, as well as giving an overview of their clientele and the main suppliers.

The sample of local businesses represented formal and informal businesses, with 85% of respondents indicating that they were single businesses with no linkages to other branches to support their businesses. This is also reflected in the employment levels, which showed that more 34% were owner-run businesses without any other employees. Both these indicators are linked to the largely informal nature of local businesses surveyed in the municipality. Almost 55% of businesses surveyed do, however, provide employment for between 2 and 5 permanent members of staff. Business that indicated higher employment levels are mainly concentrated in larger and more urban centres of the municipality.

The majority of businesses surveyed fall within the retail sector (75%), many of which are related to the sale of fruit and vegetables. This is particularly true for the informal businesses. Other popular businesses include supermarkets, general dealers and the sale of food.

With regard to client sectors, the overwhelming majority of the businesses (75%) rely on the population in the surrounding areas. An alarming 42% of businesses source their products outside of the borders of Lepelle-Nkumpi Local Municipality.

Respondents indicated that the most important locational advantage is proximity to a main road, followed by the large client base. Both these aspects relate mainly to the informal market. Disadvantages in terms of where businesses find themselves, is a perceived lack of support from the municipality, as well as a lack of shelters to trade from.

The majority of local businesses surveyed indicated that turnover in the last 5 years had decreased (51%). Turnover sales for businesses in the municipality are for the largest part quite low. Regardless of the trends experienced over the past 5 years, local business owners remain optimistic about the future of their businesses, with the largest proportion of respondents expecting to see an increase in turnover and employment over the next 12 months.

The location of informal traders within Lebowakgomo is a concern to the business community, and a controversial issue. Upgrading of trading space for informal traders are direly needed and should be a priority to ensure a prosperous retail and trade sector within Lepelle-Nkumpi Local Municipality.

Figure 24: Informal trading premises located along the main street

7 TOURISM, RECREATION AND SPORT SECTOR

7.1 TOURISM, RECREATION AND SPORT SECTOR OVERVIEW

Tourism includes travel for a variety of reasons, including amongst others, leisure and recreation; business; education; health and healing; religious pilgrimages; sport; visiting friends and relatives; meetings and conferences. The most important market in respect of Lepelle-Nkumpi Municipality is the leisure and recreation market, as this is a sector that can be identified and influenced to visit specific products or destinations.

The Limpopo Province is renowned for its abundant wildlife, spectacular and contrasting scenery and wide open spaces, as well as a wealth of historical and cultural treasures, giving it the potential to develop into a major tourist destination. The importance of the tourism sector as one of the main drivers of the Province's economy is further evident from the inclusion of the Environmental and Natural Resources Development Programme contained in the in the LEGDP 2009-2014.

This programme covers all the districts of the Province, as it is considered that the whole province offers unique attractions. The forerunner to the LEGDP, the PGDS, identified tourism as a key industrial cluster. As such, 8 sub-clusters have been identified, which include special interests; the game industry value-chain; golf and game tours; biosphere such as Lowveld, Waterberg and Soutpansberg; family entertainment (resort, sport and picnic places); Polokwane business tourism; mountain adventure on escarpment and Tranfsrontier Parks.

Lepelle-Nkumpi Municipality offers unique opportunities for tourism development and should therefore expand its competitive advantage in certain aspects of the tourism industry in line with the tourism cluster.

The District is situated as a stopover between Gauteng and the Northern areas of Limpopo and between North Western areas and the Kruger National Park. It is a gateway to Botswana, Zimbabwe and Mozambique. The Capricorn District Municipalty area is richly endowed with natural assets and unique natural attributes. Capricorn District Municipality is currently a domestic and international tourism destination. A number of tourist attractions and resources already exist in Capricorn area, including a number of government owned reserves such as Blouberg, Moletjie, Bakone Malapa and Machaka, two registered Natural Heritage Sites namely Brackenhill and Goedehoop. The Makgabeng Rock Art and the ZCC pilgrimage to Moria on an annual basis, also ensure that people visit the area. Given the high rate of tourists' influx into the area, it is apparent that the demand is higher than supply.

Tourism opportunities in the Lepelle-Nkumpi Municipal Area are vast. The Zebediela Citrus is one of largest citrus farms in the Southern Hemisphere. The Wolkberg Wilderness Area consists of 40 000 hectares of almost pristine Afromontane grasslands, indigenous forests, spectacular mountain scenery and clean, running streams and rivers. It is the largest wilderness area readily available to the public of South Africa. The Downs and Lekgalameetse Nature Reserves are located adjacent to the Wolkberg Wilderness Area, while the Bewaarkloof Nature Reserve is located to the west of the Wolkberg Wilderness Area.

The hot climate makes Lepelle-Nkumpi a pleasant year-round holiday destination. During summer - that is in the months October to March - it is hot with brief afternoon showers, providing a cooling effect for evenings. In winter - from May to September - the mornings are crisp and the days are dry and sunny.

According to the South African Domestic Tourism Survey 2011, 876 000 day tourists and 12 192 000 overnight tourists visited Limpopo in 2010. The reasons for these visits to Limpopo Province are summarised in the table below.

Table 55: Reasons for visiting the Limpopo Province

Reason for visit	Percentage
Leisure/vacation/holiday	8.7%
Shopping (business)	0.1%
Shopping (personal)	0.3%
Sporting (spectator)	0.0%
Sporting (participant)	0.1%
Visiting friends or relatives	52.3%
Funeral	14.2%
Business/professional	0.9%
Business conference	0.1%
Study/educational trip	0.6%
Medical	0.5%
Wellness	0.0%
Religion	16.2%
Other	5.9%
Total	100%

Source: South African Domestic Tourism Survey, 2011

Visiting friends and relatives constituted 52%, followed by the religious trips which made up approximately 16%, attending a funeral contributed to approximately 14% and holiday and leisure contributed 8.7% to the trips made to the province. Tourist visiting Limpopo (for day trips and/or overnight trips), spent collectively approximately one billion eight hundred seven million rand (R1 807 273 000) during 2010 on accommodation, food and beverages, domestic transport, recreation and culture, shopping and other. This serves as proof that the tourism sector in Limpopo is lucrative, and that potential exist to harvest and nurture the tourism sector of Lepelle-Nkumpi Local Municipality to become more lucrative and profitable to boost the local economy.

The location of Lepelle Nkumpi municipality is an advantage as it forms part of the Dilokong Corridor, the African Ivory Route and is located in the most popular destination in Limpopo, Capricorn. It also forms part of the R37 Polokwane-Burgersfort corridor.

In Lepelle-Nkumpi tourism is an important economic sector with huge development potential and linkages to the surrounding areas and recognized routes such as the African Ivory Route, to say the least.

Rural tourism is characterised with natural and cultural resources, which in turn can be transformed or developed into tourism attractions that create jobs and generate income for the community of Lepelle-Nkumpi. Natural tourism attractions include geographic or other natural features such as parks and reserves, waterfalls, and other water catchments areas, caves, rock formations and other forms of unhampered natural beauty. Cultural Tourism includes acknowledging history, way of living and handcrafted products of the population.

In the process of developing new flows of visitors it will be important for Lepelle-Nkumpi Local Municipality, to be aware of what the “competitive” Municipalities may be doing in terms of tourist development and marketing, and to work closely with those Municipalities that could offer additional resources and support in terms of channelling increased or new flows along routes that would be mutually beneficial.

7.2 KEY TOURIST, RECREATION AND SPORT ATTRACTIONS AND PRODUCTS

There are a number attractions within Lepelle-Nkumpi Local Municipality, some of which are not only currently operating at full potential which could be utilised to ensure future opportunities for expansion or further development in Lepelle-Nkumpi Local Municipality. The key tourism attractions that are present in the municipality are briefly described below.

Tourism has been identified as one of the sectors in which the province enjoys a competitive advantage. Since the whole province offers unique tourism attractions, the following sub-clusters have been identified in Lepelle-Nkumpi:

- Special interest activities, such as Mapungubwe and Nyslvlei Birding
- The game industry value-chain
- Golf and game tours

- Biospheres, such as Waterberg, Soutpansberg and Lowveld
- Family entertainment (including resorts, sport and picnic places)
- Mountain adventure on escarpments, and
- Transfrontier Parks

Up-stream potential along the value-chain refers to the increased inputs required by tourist operators and facilities and down-stream potential, relates to the anticipated increase in spending by tourists on local goods and services, such as arts and crafts.

Currently there are limited **accommodation facilities** within Lepelle-Nkumpi. In Lebowakgomo, there are only two accommodation facilities in the form of guesthouses. These are:

- Masters Guesthouse (formerly Alpha Guesthouse)
- Ngwanesho Guesthouse (self-catering facilities are available)

Other self-catering accommodation and camping facilities that form part of the numerous **nature reserves** within Lepelle-Nkumpi Local Municipality are also evident. These nature reserves are:

- **Lekgaalameetse Nature Reserve**

  This nature reserve is located in Mafefe, towards the east of Lepelle-Nkumpi Local Municipality. The Lekgaalameetse Nature Reserve is 18 000 ha in area and offers game watching, 4x4 trails, picnic sites, hiking trails and conference facilities. The reserve can host 43 people in total with accommodation facilities in the form of 2-4 bed chalets, a group cabin or group camping facilities located next to the Makotse River.

  One of the strengths of this reserve is that it has a tarred road running through the reserve, which gives access for the Strydpoort Mountains. The target market for this reserve is family groups, backpackers, social groups and school day trips

Figure 25: Images of Lekgalameetse Nature Reserve

- **Wolkberg Wilderness Reserve**

The Wolkberg Wilderness Reserve is located towards the west of Lepelle-Nkumpi Local Municipality and was proclaimed a wilderness area in 1977. The Wolkberg's peak is approximately 2 127m above sea level and forms part of the Drakensberg and Strydpoort mountain ranges. This wilderness consist of 4 000 ha of almost pristine Afromontane grasslands, indigenous forests, spectacular mountain scenery and clean running streams and rivers. This mountainous wilderness is the habitat to an array of indigenous plant, bird and animal species.

Currently this reserve offers no accommodation or activities apart from sightseeing and hiking and picnicking to preserve the integrity of the natural ecosystems. This area must be preserved and retained in the face of possibly inappropriate tourism development which would require a suitable tourism development plan.

Figure 26: Wolkberg Wilderness Reserve

- **Bewaarkloof Nature Reserve**

The Bewaarkloof Nature Reserve is located towards the west of Lepelle-Nkumpi Local Municipality, adjacent to the Wolkberg Wilderness Reserve. The Bewaarkloof Nature Reserve were proclaimed a nature reserve in 1992 and hosts more than 146 animal species ranging from Aardvark to toads.

The Bewaarkloof Nature Reserve is rich in natural beauty, but is in dire need of intervention as in recent years illegal squatting and fence cutting has become more prominent, with existing infrastructure and the prosperous existence of animal species being threatened. This calls for the need to implement a suitable tourism plan.

Figure 27: Bewaarkloof Nature Reserve

- **Wolkberg Caves Nature Reserve**

  The Wolkberg Caves Nature Reserve is located in between the Bewaarkloof Nature Reserve and the Wolkberg Wilderness Reserve. The reserve is approximately 2728 ha and range between 812m to 1735m above sea level. The Wolkberg cave is is a beautiful dolomite cave which is said to rival the Congo Caves in terms of beauty.

  Tours into the caves are not open to public, but potential exist to create a cultural and historical tour as it has been documented that the caves provide a record of human development and holds historical significance regarding the clash between the 'Boers' and the Langa and Kekani tribes.

- **Thabina Nature Reserve**

  The Thabina Nature Reserve is located between the Lekgalameetse and Wolkberg Nature Reserves, approximately 30km from the Wolkberg Nature Reserve and 40km from Tzaneen. This reserve boasts as the largest wilderness area to be accessible to the public. It offers activities such as hiking, fishing, canoeing, mountain biking, game viewing, horse trails and photographic safaris. Currently a large portion of the nature reserve is under claims and portions of the reserve is currently utilised for the grazing of cattle.

  The Thabina Nature Reserve offers self-catering accommodation in the form of 4 thatched and canvas chalets (which can accommodate eight people in total), and camping facilities.

Figure 28: Thabina Nature Reserve

- **Mafefe Village Camp**

The Mafefe Village Camp is situated in the Mafefe Village, towards the east of Lepelle-Nkumpi Local Municipality. The Village Camp can only be reached with an off-road vehicle. The camp, which is under the ownership of Capricorn District Municipality, consist of a few self-catering chalets and a building which serves as a common/entertainment area. Currently this camp is not operational. Opportunities exist for revitalisation of this camp through marketing as Mafefe village forms part of the African Ivory Route and are situated very close to the Mafefe Miraculous Tree and the Mafefe Camp. Other activities in this area can be promoted such as 4x4 trails, hiking, sight-seeing and rafting.

Figure 29: Mafefe Village Camp

- **African Ivory Route (Mafefe Camp)**

The African Ivory Route is a world of breath-taking scenery and endless vistas of African bush where, to this day, large herds of elephants and other big game roam. Wild and untamed, it is part of the almost 4 million hectares of national provincial parks, private nature reserves and game farms stretching across Limpopo Province. The route extends over more than 1000 km in a giant arc through remote scenic wilderness areas and game reserves along the eastern, northern and western boundaries of the province. Extremely rugged in places, the route skirts or traverses four major mountain ranges: the Strydpoortberge in the south, the Waterberg in the northwest, and the Drakensberg and Lebombos in the east. The African Ivory Route has its origins in the legendary exploits of early ivory hunters and gold traders and is today an important ecotourism and 4X4 adventure destination popular with safari enthusiasts. Roads are rudimentary, but not all require off-road vehicles.

The Mafefe Camp (not to be confused with the Mafefe Village Camp) is situated in a isolated area in the northern Drakensberg and can only be accessed 4x4s. The access route to the camp runs along the Olifants River with beautiful views. The adventure and scenery are the biggest advantages of the Mafefe Camp. This camp offers hiking and historical nostalgia with the route where Louis Trichardt crossed the Drakensberg during the Groot Trek located close by. The Mafefe Camp consists of self-catering accommodation and can host 10 guests in the form of five units.

Figure 30: African Ivory Route and Mafefe Camp

Other attractions found in and around Lepelle-Nkumpi Local Municipality include the following:

- The Strydpoort Mountains located in the north eastern part of Lepelle-Nkumpi
- The Donkerkloof Caves (ruins) - ancient barrier walls at mouth are of historic importance
- Former Lebowa government offices were considered a masterpiece in the whole of Lebowa, they are of historic importance
- Wetlands
- Mafefe Miraculous Tree
- Unique butterflies – only type found in the world
- Rivers e.g. Mokgoroatlwaneng River in Seleteng
- Mountain climbing
- Chueniespoort

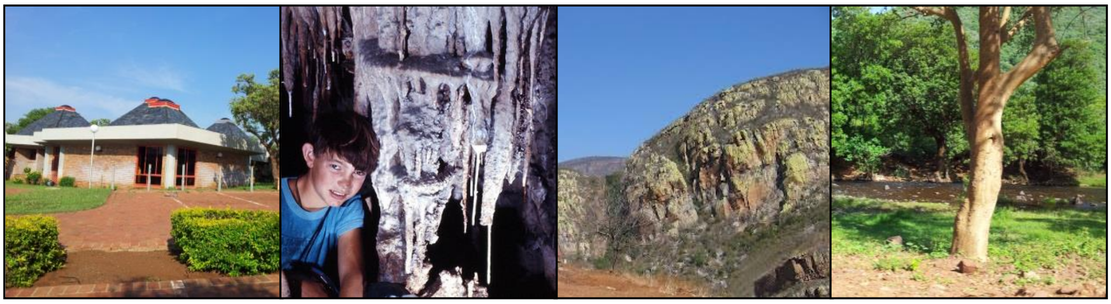


Figure 31: Tourist attractions located within Lepelle-Nkumpi Local Municipality

7.3 CURRENT TOURISM, RECREATION AND SPORT INITIATIVES

The Lepelle-Nkumpi Local Municipality IDP and the Capricorn District Municipality IDP identified the following projects and tourism initiatives planned in Lepelle-Nkumpi Local Municipality:

Table 56: Capricorn District and Lepelle-Nkumpi Local Municipality IDP identified tourism initiatives

Project	Location	Description
Provision of tourism information to the public	Lepelle-Nkumpi Local Municipality	Tourist attraction brochure
Bewaarskloof Conservancy	Strydpoort Mountains, Mahlatji, Donkerskloof	Develop a tourist destination
Protection and promotion of heritage sites	Lepelle-Nkumpi Local Municipality	Preservation of arts, culture and heritage
Mathabatha Arts Centre	Mashadi	Preservation of arts, culture and heritage
Mashadi Picnic Site	Mashadi	Develop a picnic site
Mahlatji Tourism Centre	Mathabatha	Develop a tourism centre
Hospitality facilities	Lebowakgomo and Mafefe	Develop accommodation and hospitality facilities
Mafefe Camp: African Ivory Route	Strydpoort Mountains	Community based tourism project
Zebediela Farm Stay and Caravan Park	Zebediela	Develop accommodation and other tourist facilities

Source: Capricorn District Municipality IDP, 2012/2013, Lepelle-Nkumpi Local Municipality IDP, 2012-2016

7.4 DEVELOPMENT POTENTIAL

The region of Capricorn stretches from the Ysterberg, all along the foothills of the lush Wolkberg, to the tropic of Capricorn in the north. The region's position makes it a perfect stopover between Gauteng and the northern areas of the province and between the country's northwestern areas and the world-renowned Kruger National Park. It is also in close proximity to the neighbouring countries of Botswana, Zimbabwe, Mozambique and Swaziland.

Not only is Lepelle-Nkumpi Local Municipality part of this tourism region, it is also highly rural and rich in culture thus, highly conducive to rural tourism development.

Zebediela which is part of Lepelle-Nkumpi hosts one of the largest citrus estates in the world the Zebediela Citrus estate and the other large citrus estate is in the neighbouring district Lepelle-Nkumpi. The large citrus production of these plantations can be developed into tourist attractions.

Figure 32: Zebidiela Citrus Estate

Mokgalakwena (meaning 'fierce crocodile') as referred to by the locals, the north-flowing river was mistakenly believed to be the Nile by a group of Voortrekkers, known as the Jerusalem gangers, who arrived here in 1886. Mokgalakwena runs through the eastern mountainous region of Lepelle-Nkumpi. There is currently no tourism activity occurring around this area and this holds promise for great tourism development.

The location of the Wolkberg, and Lekgalameetse nature reserves including Bewaarkloof conservation and caves proves viable and worth potential to be developed into one of the main tourism attractions of Lepelle-Nkumpi Local Municipality, and the Capricorn District Municipality as a whole. This nature conservation has the potential to play a vital role in the development of tourism in the Lepelle-Nkumpi area.

The process of uncovering sites, activities or resources that have future tourism potential should be on-going and would be hastened if a tourism awareness programme could be launched to alert local communities to the nature of the tourism industry and what needs and expectations various market sectors may have. This process would ensure that villagers look at their own natural and cultural environments in a different light and realise that places, activities, things and lifestyles etc., that may seem very routine and ordinary to themselves, may hold some attraction for general or special interest visitors, and could be developed into attractive, viable and sustainable new tourism products.

Recognising these opportunities will depend on the entrepreneurial spirit within the relevant communities and it will be a further function of the Local Municipality to assist new developers in preparing feasibility studies and business plans, and then assisting them to proceed through all the necessary steps towards a successful operation.

The old MEC residence is currently underutilised due to the relocation of MECs to new premises in Polokwane. These residences hold vast potential to be further developed and used as accommodation for delegates, business professionals and tourists.

Figure 33: MEC Residences

The Zebediela Golf Club is currently not open to the public, and not ideally maintained. The opportunity exists to revitalise the Golf Club to allow local residents and neighbouring communities to utilise the golf course and its existing facilities. Through proper care and marketing, other opportunities such as hosting functions and weddings could also be viable.

Figure 34: Zebediela Golf Club

Understanding the nature of significant trends in tourism demand both at a national and at an international level is important in understanding and addressing the key gaps in the supply of tourism facilities. The tourism industry in the 21st Century is expected to be characterised and dominated by the word “change”. These changes in tourism demand, habits and behaviour will be spurred by social, economic and environmental change, with the most dominant influencing factor likely to be technology. Some of the changes that the tourism industry is expected to grow through are noted below as being most relevant to the development scenario within Lepelle-Nkumpi Municipality.

- **Value for time and money:** The modern tourist places major importance on the “value” of both time and money and it has been noted that “time” is becoming the new “currency” of the 21st Century. This means that the tourist is looking to spend as little as possible of the time allocated to the holiday on non-productive travel, searching for information, or trying to find the desired attractions and products within a destination. Travel is obviously an integral part of tourism but the greater the distance the more the tourist expects to find at the other end. The need is very strong, therefore, to create ‘baskets’ of products within the end destination that offer a broad range of experiences and fully justify the time spent getting there.

The African Ivory Route and the nature reserves could become more interesting through proper interpretation (using technology) of the cultural and natural environment. Entry formalities need to be streamlined and interpretation (leaflets, maps etc.) should be offered as part of an entrance fee. This immediately gives a positive feeling of having received value for money. Local guides should be available to dispense information and accompany visitors on short walks. The Mafefe tourism centre and the now vacant Basedi Ba Pa Pedi should be revitalised. These need to meet with two very strong additional trends in today’s traveller – the need for entertainment and inspiration, and the need for the experience to have an educational or “subliminal” learning component. Both are critical where family tourism is concerned and there is an expectation that the younger members of the family group will not be bored and that they will learn something useful from their holiday.

In addition, there is much wider concern amongst most societies for environmental issues. The threats facing Planet Earth in terms of global warming and the impacts of human development on fragile and/or rare ecosystems, is stimulating travel to places where ecosystems are still intact but where they may, in the future, lose their natural integrity and appeal. Much the same applies to cultural environments. Curio shop needs to be stocked with locally produced items that have relevance to the area. Special guidance will be needed to help local crafters produce items of quality, appeal and relevance. While tourists do like to spend money, the products need to be of quality, easily transported and capable of evoking strong memories of the holiday or excursion.

Another significant trend in tourism is the need for active hikes, walks and mountain bike trips and these may be considered as an SMME opportunity. In addition, there is a growing aversion to the artificial cultural village and the trend is very definitely towards unstructured and authentic village walkabouts where normal customs and lifestyles may be observed and where there are opportunities to meet ordinary people doing ordinary everyday things. In some cases, these may have to be booked in advance, but technology, once again, can be used to spread information and to create forward reservations systems that link directly to village or site guides and local information 'call centres'.

- **Adventure and 'adrenaline' activities**: The demand for both 'soft' and 'hard' adventure is a world-wide phenomenon and few places more so than in South Africa. The most popular and easiest activity to cater for is mountain biking. This is followed by quad biking and other off-road 4X4 opportunities, but acceptable venues are not always as easy to find. Mountain biking does not always need to be linked to competitive racing, although an annual Mountain Bike Marathon would be an important short term economic tool as well as a longer term marketing tool. Guided mountain bike trails could include a cultural through various villages in the area. Other initiatives include mountain-trekking, caving, rock-climbing and rope work, river rafting, kayaking and orienteering. Some of these could be offered on both communal and private land within the area.

- **Special interest tourism related to nature**: Bird-watching is generally accepted as one of the fastest growing tourist activities in the world and its growth in those parts of South Africa where special birding routes have been developed is extremely beneficial to local tourism enterprises. A Limpopo Birding Route already covers the Soutpansberg, Capricorn and Letaba areas and the handbook describing this route has become a 'best seller' through one of South Africa's internet booksellers. On a smaller scale, there is growth in niche market sectors such as trees and plants (especially muti plants); butterflies (of which there is a unique specie in Lepelle-Nkumpi), reptiles and even frogs. Tourism linked to conservation provides not only new recreational outlets but also valuable learning opportunities and could have great relevance within local, rural communities and schools.

- **Information and Interpretation**: Today's traveller needs information that is easily accessible, visitor friendly, accurate, up-to-date, usable and useful. It has been found that almost 80% of North Americans and Europeans will access web-sites before making 'major purchases', and this includes travel. Web-based information needs to be supplemented by more personal contact with destination or product managers, as well as by practical information 'on the ground'. The demand for technology-based systems that will package information and make it available to prospective travellers, as well as those already travelling, is a major and inescapable trend in the tourism industry. A special E-Tourism (Electronic-Tourism) Platform for Limpopo has been set up and is expected to make major recommendations on how this Province can become a leader in the field. The initiative will focus on issues such as:

- Using 086 numbers to allow cell phone users to access call centres, as well as pre-recorded information on special events, interests and activities;
- Developing Android, Windows8, BlackBerry and iOS targeted applications to be used using smart phones and tablets to provide reference information on the natural and cultural sites and attractions;
- Increasing web-based information and allowing it to be down-loaded onto personal electronic systems;
- Using GPS technology to replace signposts and maps;
- Linking GPS and smart phone technology to 'information landmarks' at strategic points of interest; and
- Introducing 'smart phone tours' to supplement and complement personal guiding systems.

The relevance of this massive trend, as far as Lepelle-Nkumpi Municipality is concerned, lies in the need for the area to buy into whatever initiatives are taking place and to ensure that information is gathered and made readily available to website designers and others involved in packaging and presenting information. If commercialisation and merging of Lekgalameetse, Wolkberg and Bewaarkloof Nature reserves is to play its part in stimulating tourism, then it will need to go beyond the basic provision of local site-specific information and to be able to link tourists to information and reservations of other sites and products within the broader destination.

The key gaps in the provision of tourism facilities in Lepelle-Nkumpi include, inter alia:

- The merging and commercialisation of Lekgalameetse, Wolkberg and Bewaarkloof Nature Reserves is seen as the most critical requirement for the tourism sector so as to create some critical mass of opportunity and/or attraction. Only after these have been merged and commercialised could spin-off attractions be developed in other surrounding areas. Lekgalameetse, Wolkberg and Bewaarkloof Nature reserves, as the key destination within Lepelle-Nkumpi Municipality, needs a specific development plan which will produce a basket of products to entice more visitors, encourage them to stay longer, ensure that they spend more money and provide much higher levels of visitor satisfaction;
- Various adventure activities, especially mountain biking, should be investigated for state, communal and private lands
- Special interest markets such as bird-watching, plants and trees could be developed;

- There is a growing demand for authentic and unstructured cultural experiences and artificial 'cultural villages' must be avoided
- All tourism experiences require high elements of entertainment, education value and fun, at the same time always retaining the highest respect for the natural and cultural integrity of the host communities or areas
- Major emphasis must be placed on the provision of information. The future production of expensive, bulky, full colour brochures and guidebooks should be reviewed against the many electronic alternatives that are available and that the market is needing
- Local sites and activities must be packaged and made more easily available to visitors. The so-called 'basket' of experiences requires that each product in the basket is accessible, safe, clean and friendly and that all contribute something unique or special to the building of an attractive destination
- The cultural heritage, including the rich history of the people in the area, should become a more important feature of the tourism experiences. Today's tourists also do not want to feel remote and isolated from the experience of travel; they want to be part of it and to feel, hear, taste and smell the full diversity and richness of Africa
- Training that is appropriate or relevant to the growing tourism industry needs to be introduced;
- Accommodation and recreation facilities, including sports grounds, are an important stepping stone towards the bigger world of tourism. Not only are they needed to provide an improved quality of life for the many rural communities, but they engender an appreciation for the benefits of using leisure time more wisely and productively. This leads to the need to stay away from home overnight or on a short weekend break and finally contributes towards a more buoyant tourism economy.

The following Table also shows the locations, which have, potential to be developed into tourism attractions.

Table 57 Development potential of tourism sector

Location/ Site	Tourism Opportunities
Lekgalameetse reserve	Has potential to be developed into one of the seven biodiversity hot spots in South Africa.
Wolkberg reserve	Commercialisation of this reserve could develop it into one of the largest wilderness area readily available to the public of South Africa.
Thabina reserve	Link to the other reserves, Wolkberg, Lekalameetse and Bewaarkloof could optimise the nature experience that

Location/ Site	Tourism Opportunities
	this reserve can offer.
Bewaarkloof reserve	Link to the other reserves, Wolkberg, Lekalameetse and Thabina could optimise the nature experience that this reserve can offer.
Strydpoort mountains	This escarpment is located in the north-eastern parts of Lepelle-Nkumpi, next to the Lekgalameetse Conservancy linkage to the reserve
Donkerkloof Caves	Together with the Wolkberg reserve and caves can be developed into a historical attraction. They are reported to have been used by the locals during tribal wars.
The African Ivory Route	This route passes through the Mafefe area and should be linked to the nature reserves in the area, as well as the Mafefe Village Camp.
The Former Lebowa Government Offices	The former Lebowa homeland used these offices as the headquarters of the Lebowa homeland. These offices were considered a masterpiece during those times and could be further developed into a historical attraction.
Royal Houses	Most of the tribal areas in Lepelle-Nkumpi have potential to be developed into the pillars of cultural tourism in Lepelle-Nkumpi.
Zebediela Farm stay	The potential exists to develop farm stay accommodation linked to the large citrus estate in Zebediela.
Olifant's river gorge	Stunning scenery when viewed from the Lekgalameetse reserve.
Unique butterflies and wetlands	There is reportedly a unique butterfly specie situated in Lepelle-Nkumpi which has already attracted numerous tourists to the area. Increased marketing of this uniqueness would assist in attracting greater number of tourists.
Mafefe Miraculous tree	This tree exists in Mafefe and has been known to be a source of miracles. Reportedly, photographs of the tree cannot be taken and anyone whom takes a picture of the tree has always been left with flaws. This tree is also used for praying by a local 'cult'. The tree has some historical value as and may present an opportunity for historical and cultural tourism if marketed adequately.
Mafefe Village Camp	Accommodation facilities have been built in the Mafefe Village, but is not in operation at the moment. This Village Camp is situated in close proximity to the Miracle Tree, which creates potential to link them to ensure a unique experience.
MEC Residences	These residences hold vast potential to be further developed and used as accommodation for delegates, business professionals and tourists.
Construction of new stadium at Zebediela and Mphahlele	Zebediela and Mphahlele are home to numerous soccer, softball and other clubs who do not have adequate sporting facilities. The Tribal authorities has in cooperation with the municipality, already put aside land for such a venture.
Sporting fields for Lebowakgomo,	There is a need for sporting fields to accommodate the

Location/ Site	Tourism Opportunities
Mathibela & Mamaolo	many sporting activities in these urban/semi-urban areas. Only major games will take place in the stadia.
Upgrading of Lebowakgomo Stadium	The Lebowakgomo stadium is falling short of the required standard to host major events such as athletics, games and other activities.
Revitalisation of the Zebediela Golf Club	Currently the Zebediela Golf Club are not maintained or open to the public. Through revitalising the Golf Club, local residents and neighbouring communities can enjoy golfing and socialising.
Lebowakgomo Municipal swimming pool	Lebowakgomo is one of the hottest areas and in summer temperatures can easily reach around 40°C. Most of the sites here are too small even for affording residents. There is therefore a need to establish a municipal swimming pool to benefit the poor residents.
Renovation of old fire station into Disaster centre and community hall, sports centre and event centre	The municipality does not have a disaster centre. A suitable structure for such a function exists in the form of the old and disused fire station. This structure never actually worked for the purpose for which it was created since its inception some 15 to 20 years back, but served all along as military base. Due to its state of vandalism, the Capricorn district Municipality opted to build a new fire station next to the civic centre which is now fully functional. The station can be renovated to serve as a disaster centre, multi-purpose centre such as community hall-cum indoor/outdoor sports centre with tennis courts and soccer field, mini conference centre, training centre for emergency/fire personnel and with the spacious staff quarters being utilized as lodge or for accommodation for conference or training delegates.

It should be noted that tourism, however, does not just happen because there is a perceived desirable attraction or product. Substantial investments in planning, development, training, operations, marketing, etc. are needed. A base of resources with intrinsic tourism appeal is not sufficient on its own. Lepelle-Nkumpi Local Municipality currently is not situated in the right position, or within an established tourism destination or along a strong flow of visitors. Innovative and creative product development and the full dedication and commitment of all role-players and stakeholders will thus be essential in order for the tourism sector to reach its potential.

A short-term action on the part of the Municipality could be to publish a small guidebook and website to the attractions and the tourism products within the area. In terms of future potential, the provision of additional accommodation and other facilities is largely a private sector function and happens when an enterprising entrepreneur identifies a gap or niche in the supply chain, or an increased demand in the market place. In this respect, opportunities may exist as linkages with the nature reserves.

8 DEVELOPMENT CONSTRAINTS

Constraints identified by different role players in terms of barriers to the expansion and development of key economic sectors within Lepelle-Nkumpi Municipality include the following:

- **Land claims:** nearly half of the land contained within the boundaries of the municipality is currently the subject of land claims. The process of land claims is a lengthy one and has as yet not been resolved by the Land Claims Commission. This creates uncertainty with regard to existing commercial farmers and their ability to expand or employ more people, but also creates an uncertain climate that deters investment in the area.
- **Lack of funding or financial support and institutions:** large areas of land are registered in the name of the state and under the custodianship of traditional authorities. As such, small farmers are farming on communal land, to which they cannot get title deed, but only have permission to occupy. Farming on communal land precludes small farmers from obtaining financial support through commercial institutions such as banks, which prevents these farmers from expanding their farming enterprises or obtaining the necessary insets such as specialised machinery. Furthermore, access to funding, even for minor, necessary improvements to public and private sector products in the tourism industry, is extremely difficult to secure. Financial institutions are also lacking. This constrains the effective operation of local businesses, and also results in spending of money outside of the municipality, as residents conduct multi-purpose trips, combining trips to banking facilities with major shopping in the areas surrounding these financial institutions.
- **Proximity to Polokwane:** While the proximity of the larger activity centre of Polokwane is advantageous in some respects, it does somewhat constrain the development of the business and services sectors in the Municipality. Due to the good transport linkages, easy access and close proximity of Polokwane, large and well-established suppliers and support services are within easy reach of farmers and other industries in the Municipality, creating the perception that there is no further need for the development of these facilities locally.
- **Lack of skills:** The majority of the labour force in the Municipality has no, or very limited basic skills, necessitating on-the-job training. Training is particularly necessary in the further processing of fruit, vegetables and in the mining industry, which requires somewhat higher skills levels. The lack of these skills largely constrains the further development of manufacturing, and agro-processing and mining industries in the municipal area. Furthermore, subsistence and small-scale farmers lack the skills required to not only effectively produce their products (i.e. farming practices, disease, fertilisation etc.), but also

the business skills to develop their farming enterprises into viable, profitable and sustainable businesses. In this respect, there are particular gaps in terms of the transfer of skills and mentorship from successful business people to entrepreneurs and small business owners. Lack of skills in the tourism sector is also evident, and there is no practical support is given to emerging tourism entrepreneurs or SMMEs in terms of pre-feasibility, feasibility, business planning and management of tourism enterprises.

- **Access to markets:** Most of the small-scale farmers and manufacturers do not have access to the larger markets outside of the municipal area, or even their respective villages. This forces them to sell their products to the local communities and prevents the expansion of their businesses. Access to markets for small-scale farmers is further constrained by accessibility issues and the poor condition of roads in the remote rural areas.
- **Lack of water and other infrastructure:** A further constraining factor is the lack of water. Many of the small-scale farmers are located alongside perennial rivers, but a large proportion of farmers are located away from these rivers. The water supply is not sufficient in terms of irrigation and many small-scale farmers therefore rely on dry-land farming. Furthermore, the main agricultural products only naturally occur in the southern parts of the municipal area and agricultural production and expansion would therefore not be viable development options for the northern areas of the municipality, which have a drier climate. While the municipality presents such vast opportunities for local economic development, the challenge is the underdeveloped infrastructure which undermines the maximum exploitation of these opportunities by both local people and foreign investors. Lack of/poor infrastructure such as water, electricity, sanitation facilities, communication facilities and roads in most parts of the municipality prohibit development and growth of SMMEs in the area.
- **Lack of tourism infrastructure, marketing and awareness**: Lepelle-Nkumpi currently does not have large range of accommodation, conference or tourism facilities, which hampers the development of the tourism sector in the municipality. Lebowakgomo is somewhat remotely situated and does not have much to offer as a place to stop for refreshments or supplies. There is also currently no tourism strategy in place for the Municipality which can effectively identify projects and monitor its progress. The municipality is also effectively marketed as a tourism destination. There are also very low levels of awareness regarding the tourism industry amongst local communities, which results in communities not fully understanding the value of the tourism industry, not generally having a positive and friendly attitude towards visitors, and not being aware of what opportunities the industry presents in terms of SMME involvement.

The above summarises the main constraints (but not all constraints) hindering economic development in the Municipality. Apart from identifying development opportunities and projects to facilitate economic growth and job creation, these issues need to be addressed in order to ensure the successful implementation of an economic development strategy.

9 DEVELOPMENT OPPORTUNITIES

The following key development opportunities exist in the municipality:

- **Natural resource base:** Lepelle-Nkumpi has a natural resource base that consists of agricultural products. The development potential in the agricultural sector of the Municipality is contained in the expansion of the production of existing products in the region, particularly citrus, vegetables and livestock. In the northern parts of the municipality (which tends to have a drier climate) potential for development lies in livestock and game farming, which generally fare well in other areas of Limpopo. While land claims are associated with some level of uncertainty, the transfer of land to local communities could create opportunities for development of the land for farming enterprises, or for tourism-related enterprises such as conservancies, game farms, accommodation and other tourism activities. Furthermore, much of the land set aside for conservation could be developed with innovative tourism attractions, especially if the new land ownership regime will require that the land becomes more productive. There are several government-owned irrigation schemes that are operating considerably below potential. There is also extensive land and buildings for broiler farming that is not being utilised.
- **Agro-processing and cluster development:** Opportunities also exist in the Municipality, mainly in relation to the establishment of new industries, and expanding of existing enterprises, that are focussed on the beneficiation of the existing agricultural products. There are a considerable number of LED opportunities in Agri-Business projects that could contribute substantially to the economic development of the area. Apart from value-adding activities to these products, there are also opportunities for the development of handling plants such as washing and packaging of fruit and vegetables. Customised factories for meat and hide processing that are currently vacant in the Lebowakgomo Industrial Park create the opportunity to participate in cluster development for meat production. Such a cluster could incorporate broiler and cattle feed production, livestock farming, slaughtering, processing, packaging and marketing. The cluster development concept should also include specialist

skills training for local activity requirements and services to provide the necessary maintenance and support.

- **Mining and Manufacturing**: The processing of raw materials from mining will contribute significantly in expanding the manufacturing sector within the Municipality. The agglomeration of these activities will result in economies of scale and that would increase both economic development and employment opportunities. The platinum and diamond mining activities at Lebowakgomo and Zebediela could create opportunities for SMMEs. Negotiations with mine management would be required to unlock such opportunities. The Dilokong Platinum Corridor that extends through the municipal area is a development priority for provincial government and creates a range of opportunities for LED and support.
- **Existing skills**: Opportunities for development can also be found in existing local skills in the municipality. In this respect, it has been indicated that skills exist in beadwork and pottery. In some instances, raw materials such as clay can also be sourced locally. This creates opportunities for the development of co-operatives, as well as linkages with other sectors of the economy such as the tourism industry.
- **Retail and services**: Given the strong agricultural sector in the region opportunities arise for the trade of agricultural inputs. This includes inputs such as fertilisers, pesticides, machinery and seeds or seedlings. The development of the retail and services sectors should also be focussed on serving the needs of the local residents and business support should be provided to ensure the development of viable and sustainable businesses.
- **Tourism development**: Tourism opportunities in the Lepelle-Nkumpi Municipal Area are vast. The Zebediela Citrus is one of largest citrus farms in the Southern Hemisphere. The Wolkberg Wilderness Area consists of 40 000 hectares of almost pristine Afromontane grasslands, indigenous forests, spectacular mountain scenery and clean, running streams and rivers. It is the largest wilderness area readily available to the public of South Africa. The Downs and Lekgalameetse Nature Reserves are located adjacent to the Wolkberg Wilderness Area, while the Bewaarkloof Nature Reserve is located to the west of the Wolkberg Wilderness Area. The biggest opportunity for development in the tourism industry is based on these nature reserves. The effective packaging, commercialisation and merging thereof could generate the opportunity to establish the Municipality as a tourist destination. Opportunities also exist for the promotion of adventure tourism in the Strydpoort Mountains. Such activities could include mountain-biking, mountain-trekking, caving, rock-climbing and rope work etc.
- **Location**: When travelling from Polokwane to Burgersfort, one needs to drive through Lepelle-Nkumpi, making it ideally located for retail, mining support services, etc.