

MERAFONG CITY LOCAL MUNICIPALITY

ECONOMIC TURNAROUND STRATEGY: “RE-IMAGINING MERAFONG VISION 2035”



JUNE 2024

VISION

“An economically sustainable, community oriented and safe city”

MISSION

“To create an enabling environment that is transparent and accountable to the community, by providing excellent, effective and efficient services”

TABLE OF CONTENTS

HEADING	PAGE
1. INTRODUCTION	3
2. MERAFOG CITY OVERVIEW	3
3. BACKGROUND	4
4. SWOT ANALYSIS	5
5. RE-IMAGINING MERAFOG: VISION 2035 – UNPACKING THE CONCEPTUAL APPROACH	5
6. INTO THE FUTURE – SIX PILLARS OF A RE-IMAGINED MERAFOG CITY	6
6.1. Pillar 1: Renewable Energy	7
6.2. Pillar 2: Tourism	9
6.3. Pillar 3: Agriculture	15
6.4. Pillar 4: High-valued wildlife estate	17
6.5. Pillar 5: Township Revitalisation	19
6.6. Pillar 6: CBD Rejuvenation	21
7. CONCLUDING REMARKS	22
8. Annexure A: Re-Imagining Merafong Vision 2035 Implementation Plan	23
9. Annexure B: Re-Imagining Merafong Vision 2035 Tracker	

1. INTRODUCTION

Merafong City Local Municipality has experienced negative economic growth for a pro-longed period. The municipality needed to develop, approve and implement an urgent economic turnaround strategy. The strategy should aim to facilitate the diversification of the economic baseline of the municipality. Diversification entails supporting the growth of the existing economic sectors in the municipality, as well as identifying and attracting new sectors and investments.

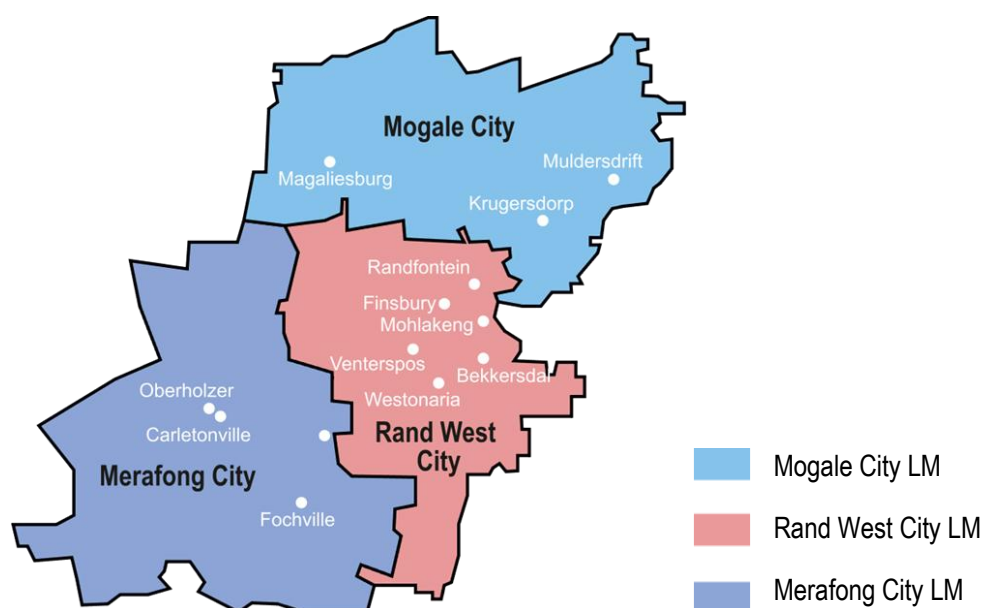
Re-imagining Merafong Vision 2035 was approved in 2023/2024 Financial Year as the municipality's Economic Turnaround Strategy. Vision is premised on the notion that the current economic profile and the projected economic outlook of the municipality need to be reviewed. The vision is premised on 6 (six) pillars which aim to facilitate the economic diversification of Merafong City's economy.

The six pillars that make up Re-imagining Merafong Vision 2035 are:

- Pillar 1: Renewable Energy
- Pillar 2: Tourism
- Pillar 3: Agriculture
- Pillar 4: High-valued Wildlife Real Estates
- Pillar 5: CBD Revitalization
- Pillar 6: Township Revitalization

2. MERAUFONG CITY OVERVIEW

The following map depicts the location of Merafong City Local Municipality within the West Rand District Municipal Area



Merafong City Local Municipality is situated in the western part of Gauteng Province, South Africa. It covers an area of approximately 1,011 square kilometers. The municipality is strategically located adjacent to the Northwest Province, enhancing its economic and social connectivity with neighboring regions. It is bounded by Randfontein and Westonaria municipalities to the east and north, while its western and southern boundaries adjoin various municipalities within the Northwest Province.

The Municipality plays a pivotal role in the greater Gauteng Province and the broader South African context. It forms part of the West Rand District Municipality, contributing to this region's economic,

industrial, and agricultural landscape. Merafong City's proximity to the urban centers of Johannesburg and Pretoria facilitates economic interactions and opportunities at a regional and global level, while its location at the border of Gauteng and Northwest Province fosters interprovincial trade and collaboration.

3. BACKGROUND

The economic profile of any area determines (to a large extent) its resource base and the level of development that it can sustain. The local demographic profile, population and economic variables determine the demand for infrastructure and services required to maintain long-term economic growth.

The Challenge

Merafong City Local Municipality had an average annual economic growth rate of -1.3% over the period 2020 – 2021. This growth pattern continues to persist. Mining dominates the local economy of the municipality (with annual contributions by the mining sector reaching 21.84% on average). The second largest economic sector in the municipality is the business services sector, which contributes up to 19.92% annually to Merafong City's local economy. All economic sectors have seen growth (although small) over the years, except for the mining sector. The mining sector is seeing significant declines, with many of the mines in Merafong City winding up operations. It is projected that most of the mine operations have 10-year lifespans remaining. Due to the significant decline of the dominant economic sector in Merafong City, the total GVA of the municipality is declining. The decline in the GVA has negative impacts on (among others) the socio-economic profile of the municipality.

MINING	BUSINESS SERVICES	SOCIAL SERVICES
Dominates the local economy of the municipality with annual contributions by the mining sector reaching 21.84% on average.	The second largest economic sector in the municipality, which contributes up to 19.92% annually to Merafong City's local economy.	The third dominant sector, which contributes 16.34% to the local economy.

4. SWOT ANALYSIS

<p>STRENGTHS</p> <ul style="list-style-type: none"> ▪ Land availability ▪ Location of municipality in the context of the Gauteng City Region ▪ Location of the municipality in the regional/provincial context ▪ Tourism opportunities ▪ Mineral resources ▪ Functional and habitable municipal buildings ▪ Positive inter-governmental and municipalities relationships ▪ Positive relationship with stakeholders ▪ Functioning council structures ▪ Indigent management programme ▪ Skilled people in executive management within the municipality 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> ▪ Non-alignment of programmes and plans across Municipalities (indigent, social development) ▪ Funding for Social Development, Health programmes given low priority ▪ Dependency on Grant Funding ▪ Inadequate shelter for vulnerable groups ▪ Land availability ▪ Location of municipality in the context of the Gauteng City Region ▪ Location of the municipality in the regional/provincial context ▪ Tourism opportunities ▪ Mineral resources ▪ Functional and habitable municipal buildings
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Renewable energy • Agriculture • Tourism/hospitality opportunities • High-valued residential property • New Financial Management systems in place • Recreational facilities • Job opportunities 	<p>THREATS</p> <ul style="list-style-type: none"> • Decline in mining activity • Dolomitic areas • Informal settlements • High unemployment • Increase in the number of indigent households • Funding • Retrenchments • Substance abuse • Crime • High migration of people • Teenage pregnancy • Increase in the number of orphans and child-headed households

5. RE-IMAGINING MERAUFONG: VISION 2035 - UNPACKING THE CONCEPTUAL APPROACH

An urgent 'economic rescue mission' is required to sustain economic activity in Merafong City and to attract new investments into the municipality. This rescue mission requires the diversification of the economic baseline of the municipality. Diversification entails supporting the growth of the existing economic sectors in the municipality, as well as identifying and attracting new sectors and investments.

The above requires re-thinking, re-conceptualising, and re-imagining the economic outlook of the municipality. The process of re-imagining the economic outlook requires challenging the norm and investing in creative solutions.

The concept of Re-imagining Merafong is premised on the notion that the current economic profile and the projected economic outlook of the municipality needs to be reviewed. The concept advocates for a

new packaging of the service and investment offering of the municipality at a local, regional and global scale.

The concept is premised on **6 pillars** which aim to facilitate sustainable economic growth in five sectors (namely renewable energy, tourism, agriculture, real estate and business services sectors). The 6 pillars are informed by an assessment of the current economic profile of the municipality as well as, by the type of economic interest that both the public and private sectors have shown in the municipality.

6. INTO THE FUTURE – SIX PILLARS OF A RE-IMAGINED MERAUFONG CITY

The geography, climate, location and investment potential of Merafong City Local Municipality lends itself to the promotion of these economic sectors as key drivers of the diversified future economy of the municipality. Therefore, Re-imagining Merafong Vision 2035 is anchored on renewable energy, tourism, agriculture, high-valued real estate and business services sectors in the municipality's urban centres and townships.



PILLAR 1: RENEWABLE ENERGY



Why:

Costs of energy production and distribution is increasing. Increasing demands for energy is placing significant pressure on the current electricity grid. Therefore, demand for alternative and renewable energy sources is increasing in the country. Gauteng province, particularly, is seeing higher than average demand for renewable energy. Merafong City has the ideal topography and radiation levels to support renewable energy investment.



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With the increasing costs of electricity production and distribution as well as, the increasing demands for electricity, government and the private sector are looking at investing in alternative, green and sustainable energy sources. Gauteng province (in particular) is seeing higher than average demand for renewable energy due to very high demands for electricity. Moreover, there is a global movement towards supporting and enabling green technologies and sustainable practices. The adoption of the Just Transition by the global community and the South African government has seen the growth in renewable energy investments and research into green, clean and sustainable practices in the energy production and agricultural sectors.

Due to the geography and high radiation levels in Merafong City, a number of renewable energy investors have earmarked the municipality for large-scale renewable energy projects. The proximity of Merafong City to major urban conurbations such as Johannesburg and Pretoria (which are currently seeing exponential growth in electricity demands), gives Merafong City a competitive advantage. The costs of transmitting power from areas in the Northern Cape, Eastern Cape and Western Cape (where significant investments have been made in renewable energy infrastructure) to the metropolitan areas in Gauteng Province is high.

Potential areas for renewable energy investments and infrastructure are mainly on farmland near the Carletonville as well as Fochville areas, although higher potential for renewable energy investments is identified to be around the Carletonville farmland. Public sector and private sector investment in renewable energy is noted in the latter area.

PILLAR 2: TOURISM



Tourism has, over the years, been one of the most resilient economic sectors both at national and global scale. Tourism has the potential to create many employment and business opportunities. Merafong City has tourism potential that needs to be properly packaged and profiled.

In the process of unlocking the tourism potential of Merafong City, the following four tourism sub-components are proposed:

(1)Global and Regional Tourism, (2)Adventure Tourism, (3)Heritage Tourism and (4)Arts, Culture and Sports Tourism.

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Tourism has, over the years, been one of the most resilient economic sectors. The introduction of lockdown restrictions during the Covid outbreak saw significant declines in tourism activity, however the tourism sector has been on an upward trajectory since the easing of those restrictions.

Interventions that municipalities can introduce to facilitate tourism activity often do not require substantial capital outlay. These interventions, however, require creativity (which is the key element of any re-imagination exercise).

Merafong City has tourism potential which has not been adequately tapped into and (in some cases) not properly showcased. The following are key elements that should inform the municipality's tourism strategies and interventions:

- The natural features in the municipality (geographical profile);

- The history of the municipality (economic history and heritage);
- The climate of the municipality and;
- The location of the municipality in relation to North West province, Free State Province, City of Johannesburg and neighbouring municipalities in the West Rand District.

In the process of unlocking the tourism potential of Merafong City, the following tourism sub-components are highlighted.

Sub-Component 1: Global and regional tourism

"Home to your next UNESCO World Heritage Site"

Why:

While Carletonville is home to the deepest mine in the world, there are no records of tourism activity that is drawn by this. Mponeng Mine is a significant 'draw card' for tourism activity into MCLM. A key action that the municipality needs to take is make a submission to UNESCO for the declaration of Mponeng Mine, in partnership with Harmony Gold, as the deepest mine in the world and a world heritage site.



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Sub-Component 2: Adventure tourism

"Your preferred short-leaf destination"

Why:

Brand SA, in partnership with various tourism agencies, has done significant work in promoting and encouraging local tourism.

The natural features, climate and location of Merafong City allows for the growth in adventure tourism.



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Sub-Component 3: Heritage Tourism

"A cultural melting pot"

Why:

Merafong City has a rich history which has been documented but not properly packaged as a place marketing strategy. The gold mining and political history of the municipality can be used as a 'draw card' into the municipality.

Heritage tourism promotion could increase the number of tourists in previously disadvantaged areas in Merafong City, which have a rich political history.

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Sub-Component 4: Arts, Culture and Sports Tourism

"A place of convergence"

Why:

Sports, arts, and culture facilitate social cohesion and can also generate income. While the income generated directly from hosting sports, arts, and culture events may not be significant, the economic spins of hosting such events are notable. The vehicular and foot traffic generated by such events creates demand for holiday accommodation, goods, and services.



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PILLAR 3: AGRICULTURE



Why:

Agriculture is pivotal for poverty reduction, economic growth, and food security. Over 70% of Southern Africa's rural population relies on it for livelihoods. Yet, underperformance in this sector hampers regional economic progress, including in Merafong. Nevertheless, the private sector recognizes the untapped potential in Merafong's agriculture. Several investors have expressed interest in developing agriculture projects in Merafong. Furthermore, Merafong City Municipality is identifying projects and sites for public and private sector agriculture investment.

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Agriculture can help reduce poverty, foster economic growth and improve food security. Research suggests that more than 70% of the rural population in Southern Africa depends on agriculture for their livelihoods, however, regional economic growth has been constrained by poor performance in the agriculture sector. The same can be said for Merafong City. The growth in the agriculture sector has been constrained by a number of factors which include, but are not limited to, inadequate farmer support; unclear strategies by the municipality on agriculture sector growth; as well as poor coordination of processes between the local municipality, district and provincial government.

Despite the above challenges, the private sector continues to see the untapped potential in Merafong City's agricultural sector. Several investors have submitted expressions of interest to the municipality to develop agriculture projects. Moreover, government (namely the West Rand District Municipality, Gauteng Department of Agriculture and Rural Development, Gauteng Department of Economic Development, Gauteng Growth and Development Agency, Gauteng Infrastructure Finance Agency and Land Bank) have significant investments in agriculture and agro processing across different parts of the municipality.

While potential for agriculture investment is on farmland around Carletonville and Khutsong, several private sector investments in agriculture have been noted in Wedela. The private sector investments are small but can be scaled.

PILLAR 4: HIGH-VALUED WILDLIFE REAL ESTATE



Why:

Merafong City's real estate market, while less active than neighbouring municipalities, is stable. Many of the real estate in Merafong is low to middle-income housing. Fochville has pockets of high-end residential areas, but the real estate doesn't cater to the affluent or to specific niche markets. Merafong needs to diversify its property market by offering housing options for all income brackets, leveraging its favourable geography, topography, and transport infrastructure. Merafong should facilitate the development of high-valued lifestyle housing options (focusing on wildlife estates).



The key factors that drive any real estate market are demographics, interest rates, the economy and government policies. Imbalances in these factors has a direct impact on real estate market activity.

While Merafong has a less active real estate market as compared to neighbouring municipalities such as City of Johannesburg Municipality and Mogale City Local Municipality, this market is fairly stable. Merafong's real estate market is, however, not too diverse. Most of the residential housing stock is low to middle income. Pockets of high-valued residential housing is found in Fochville, even though this housing typology does not cater to specific niche markets.

Merafong City, therefore, needs to offer housing opportunities to all segments of the population (including the affluent). The geography of the municipality; the existence of a landing strip; as well as the proximity of the municipality's key nodes (i.e. Carletonville and Fochville) to major arterials such as the N12 and N14 highways, as well as the R500 and R501 regional roads makes the municipality ideal for the development of high value lifestyle real estates and high value wild-life real estate.

PILLAR 5: TOWNSHIP REVITALIZATION



Why: The business and services sector in townships comprises both market services (such as trade, transport, financial operations, retail, accommodation and food services, and information and communication technology) and the non-market sector (government services). Approximately 80% of Gauteng's population resides in these townships. This historical spatial separation from business and employment hubs has significantly hindered township economies and the overall quality of life for residents. Township enterprises face the challenge of competing with large corporations, making it difficult for them to thrive. To achieve inclusive economic growth in Merafong, it is crucial to provide support to these township enterprises.

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The growth of renewable energy, tourism, agriculture and economic sectors needs to be supported by adequate real estate, business services (i.e. retail, commercial etc.) and community and social services (e.g. health care facilities, police stations, schools, community halls and public recreational spaces). Therefore, an inclusive economic growth strategy for Merafong City Local Municipality needs to not only support growth in real estate (especially high valued real estate) but it needs to support business services sectors in the municipality's previously disadvantaged communities (townships). Township revitalization requires both economic development and urban management interventions.

A re-imagined Merafong City supports SMMEs and businesses in townships. A re-imagined Merafong City appropriately regulates formal and informal trade in a manner that supports improvements of livelihoods in the municipality's townships. Vision 2035 supports inclusive economic growth across all geographical areas within the municipality.

The upgrade of public spaces and maintenance of infrastructure are, therefore, critical enablers for revitalization of township economies and overall improvements in the living conditions of township residents.

Areas targeted for township revitalization interventions by the municipality are Khutsong, Kokosi, Wedela, Blybank and Greenspark. Private sector interventions (mainly through Social and Labour Plan commitments) have been in the areas of Khutsong, Kokosi, Wedela and Blybank. Additional investments are, however, required.

PILLAR 5: CBD REJUVENATION



Why:

Business & services sector consists of:

- Market services sector (trade, transport, financial operations, retail, accommodation and food service activities, information and communication technology);
- Non-market sector (government services).

The two central business districts in Merafong (i.e. Carletonville and Fochville) are experiencing urban management challenges and urban decay. These are deterrents to investment attraction and present challenges to sustaining economic activity. The municipality is in the process of developing urban management interventions and facilitating the establishment of City Improvement Districts as tools to sustain economic activity and attract new investment into the two CBDs of Merafong.



As has been indicated under Pillar 5, the growth of the renewable energy, tourism, agriculture economic sectors needs to be supported by adequate real estate, business services (i.e. retail, commercial etc.) and community and social services (eg. health care facilities, police stations, schools, community halls and public recreational spaces). Therefore, an inclusive economic growth strategy for Merafong City Local Municipality needs to not only support growth in real estate (especially high valued real estate) but it needs to support business services sectors in the municipality's previously disadvantaged communities (townships) and urban centres (i.e. central business districts - CBDs). Similar to township revitalization, CBD rejuvenation requires both economic development and urban management interventions.

The municipality's CBD Rejuvenation approach includes the revival of economic and social activities in the municipality's urban centres of Carletonville and Fochville. The approach also includes strategies and approaches to retain existing businesses (whether big or small, whether formal or informal in nature) in the municipality's key CBDs. Supporting the growth in the municipality's business services sector requires the growth of the other key economic sectors of the municipality (i.e. renewable energy, mining, agriculture, tourism, manufacturing etc.). While the support of SMMEs remains an important aspect of the CBD rejuvenation pillar, the participation of SMMEs in all economic sectors (and, in turn, in all pillars of Vision 2035) is critically important. This will enable sustainable job creation, employment and business development across the municipality.

7. CONCLUDING REMARKS

The growing interest in renewable energy infrastructure investment in MCLM is the epitome of the Re-imagining Merafong conceptual approach. The former redefines (and in essence) re-imagines the energy production and redistribution model by merging local government with the private sector through public-private partnerships. The complex contractual arrangements that will yield positive results for government, private sector and the public (i.e. energy consumers) talks to the essence of Re-imagining Merafong Vision 2035's conceptual approach.

The potential exists for the creation of a diverse economy for Merafong City Local Municipality that is not reliant on one dominant sector. The interest shown by the public and private sectors in renewable energy, agriculture and tourism bear testimony to this. Unlocking Merafong City's economic potential requires proactivity and creativity (which are key elements of the Re-imagining Merafong Vision 2035).

If the "economic rescue mission" of Merafong City Local Municipality is to be fully realized, the traditional and conventional ways of doing business need to be dismantled. New ways that support the diversification of Merafong's economy and promote sustainable economic growth need to be embraced.

**** End****