

Case Study Gariep Dam

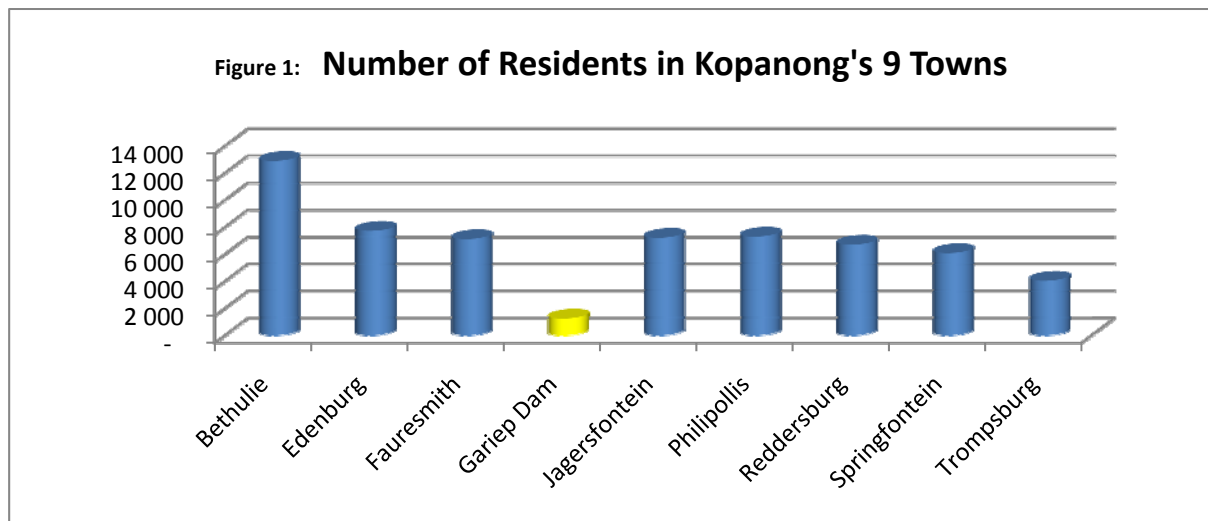
by Johannes Wessels

The town Gariep Dam that grew out of the original construction site when the Gariep Dam (then known as the Verwoerd Dam) is part of the Kopanong Local Municipality that has its seat in Trompsburg.

An analysis of the situation of Gariep Dam in the context of the Kopanong Local Municipality, highlights the fact that a focus on local municipalities obscure the situation at small town level and that there is urgent need to capture and publicise data at town levels before integrating that into the larger picture. It also highlights the fact that it is wrong to assume that local authorities would take care of their best performing and high potential towns. It was quite a struggle to obtain the following information from the local municipality and it was only after direct requests from the DCoG, that the information was availed¹.

Johannes Wessels of Rural Urban Integration Consultants (Ruicon) recently completed an EU-funded assignment through ARS-Progetti on **Small Town Regeneration**. He discovered that local municipalities do not necessarily look at the interests of all the small towns in their jurisdiction. In this Case Study he focuses on the Kopanong Local Municipality and the smallest town in that municipality, namely Gariep Dam. People interested in obtaining a copy of the main report, can contact him at jowes@intekom.co.za

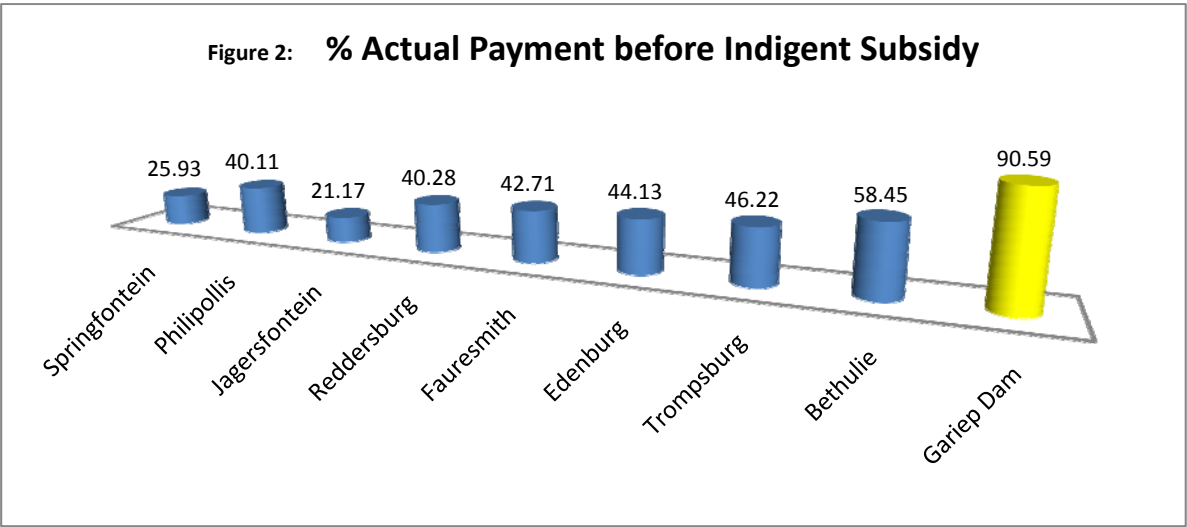
In the Kopanong Local Municipality of nine small towns, Gariep Dam has the smallest number of residents.



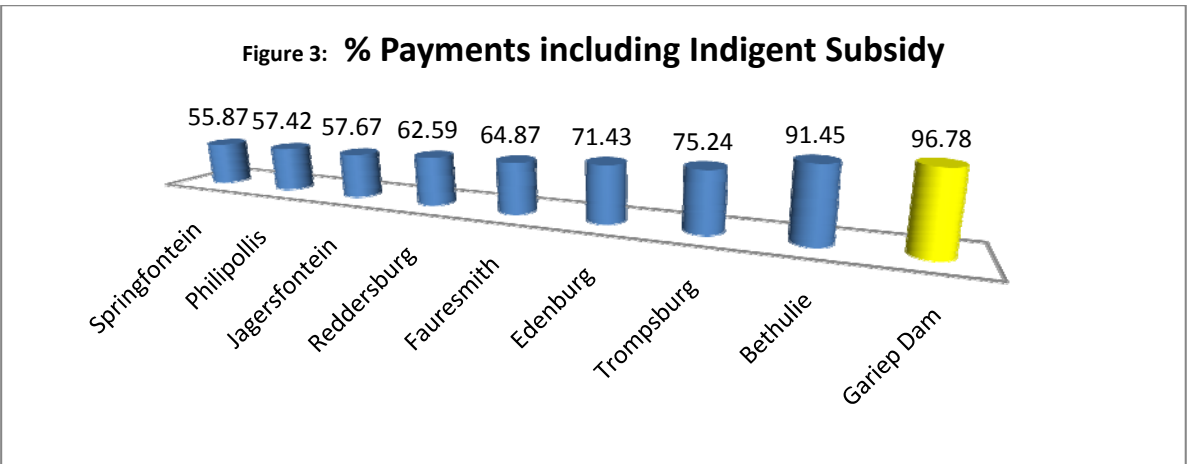
¹

Ruicon is thankful to Mr Japie Stayne of the Kopanong Local Municipality who provided the information after DCoG had requested the Municipal Manager that the information should be availed. However, the information about the number of households serviced with metered water per town, as well as the average number of accounts sent out monthly in each of the towns and the average number of payments (the percentages indicate percentage of payments compared to value of invoices issued) received, as well as the breakdown per town between value of residential properties and commercial properties, were not available and the information was the same percentage for all the towns in the local municipality. If such data is not readily available at local municipal level, the municipality is not capable of making sufficiently informed decisions.

Figure 2 indicates that Gariep Dam has the highest percentage payment for rates and service charges (prior to taking the indigent subsidy into consideration).

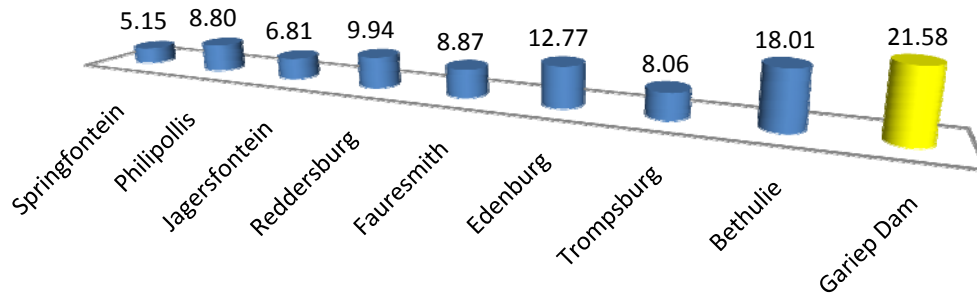


Even with the indigent subsidy counted in, the percentage payment of Gariep Dam remains the highest (Figure 3).



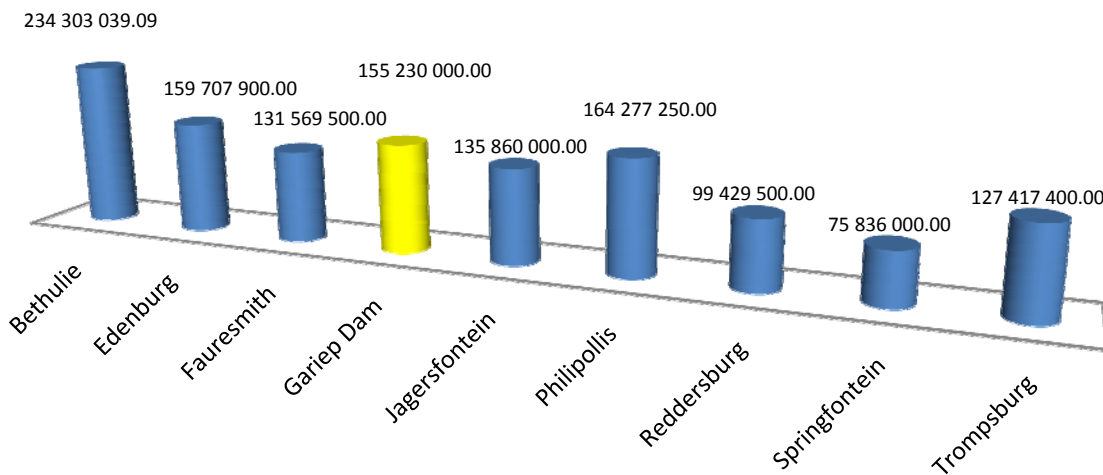
It could be argued that the percentage payment is of no real importance, given the small component of overall number of residents. However, Figure 4 indicates that Gariep Dam provides the largest contribution percentage wise of all locations in the Kopanong Local Municipality.

Figure 4: % Contribution to Kopanong TLC Local Revenue



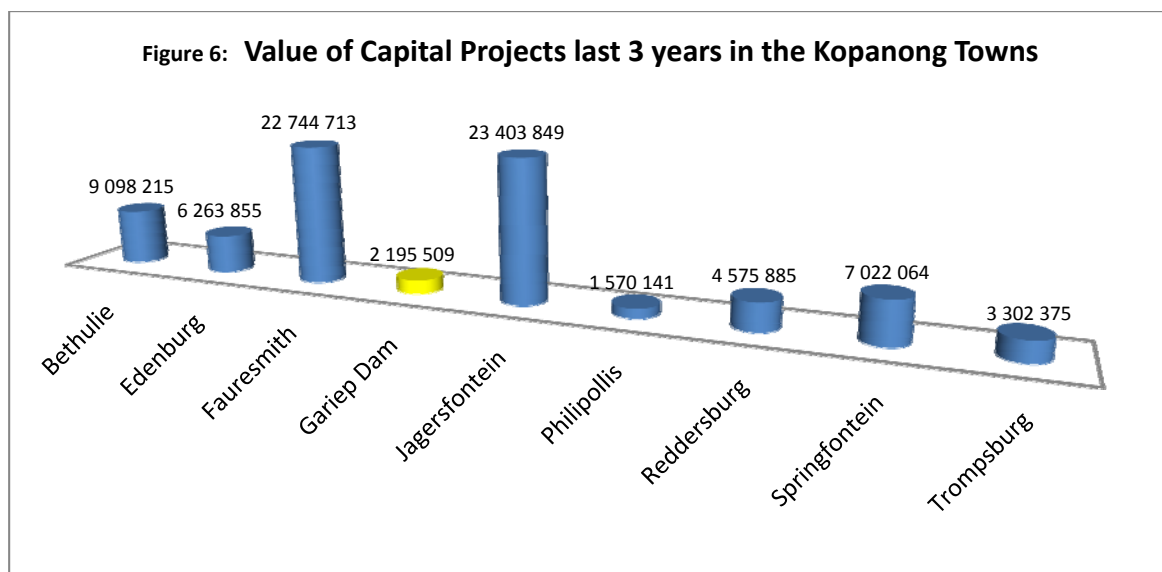
It could be argued that the payment by two large private sector players (the Hotel and the Resort) is responsible for this situation and that certainly is a major factor, but not the only reason. The valuation roll of the Kopanong Municipality is indicative that the properties in Gariep Dam are not the highest in value in the Kopanong Local Municipality (Figure 5).

Figure 5: Value of Valuation Roll in the 9 Towns in Kopanong



It clearly shows that Bethulie, Edenburg and Phillipolis have property values higher than the property values of Gariep Dam. However, they contribute substantially less Gariep Dam.

But the Kopanong Local Municipality is not really assisting or nurturing Gariep Dam: over the last three years only 2.74% of capital project expenditure took place in Gariep Dam (Figure 6).



Considering that Gariep Dam Transitional Local Authority (prior to the incorporation into Kopanong Local Municipality) had paid a town planner and land surveyor to do township establishment for additional residential sites and installed 70% of the infrastructure for nine sites with majestic vistas of the southern Free State landscape, but that since the formation of Kopanong Local Municipality the municipality never voted funds to complete the infrastructure of the nine sites. Not only would the Kopanong Local Municipality have benefited financially from voting such funds (the sales of these fully serviced sites would have brought in substantially more than the funds required to complete the infrastructure), but it could have added nine higher income households as both ratepayers and active citizen households in the local community.

Conclusions

The Kopanong Local Municipality is clearly not strategic in assessing the potential of their income streams.

There is little, if any, appreciation in the Kopanong Local Municipality for the importance of the Gariep Dam community and the municipality's lack of investment to strengthen the infrastructure and economic base of Gariep Dam boils down to milking the cow without providing it any fodder. It is a textbook example of killing the goose that lays the golden eggs.

The lack of readily available data at town level clearly indicates that a local municipality is ill-prepared to take properly informed and strategic decisions.

This case study indicates that it should not be taken for granted that local municipalities (that should be the custodians of the towns in their domain) are indeed acting in the interest of all the towns in their area. The political weight (Gariep Dam and Philippolis both form a ward and therefore carry little weight in the council) outweighs sound economic decision-making. The fact that the Council could in 10 years not find the funds to complete the infrastructure of 9 residential sites that they could have recovered with substantial yield (since the old Gariep Dam TLC had paid for most of the services as well as township establishment) and have added to the income stream of the municipality as a whole whilst also enhancing the livelihood of a small community, is indicative of short

sightedness. It would not have siphoned off any funding from expanding infrastructure to the informal settlements in a Trompsburg or Reddersburg.

The question arise whether this is the result merely of short-sightedness at Council and Administrative level, or whether this short-sightedness of local potential is in fact strengthened by the very nature of the municipal structure.