

PART 1 : Overview of the Municipality

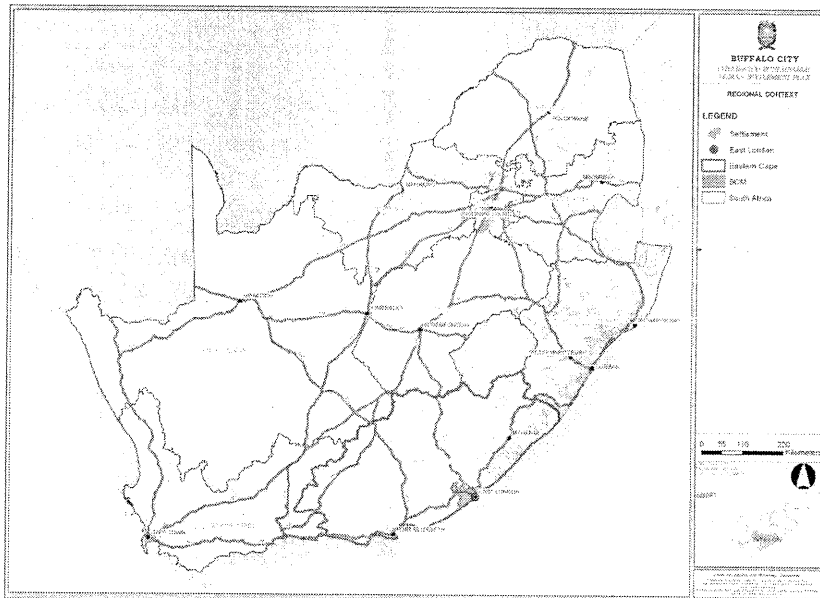
1. Buffalo City Metropolitan Municipality Profile

1.1 Locational Description

Buffalo City Metropolitan Municipality is situated relatively centrally in the Eastern Cape Province, which is bounded to the south-east by the long coastline along the Indian Ocean.

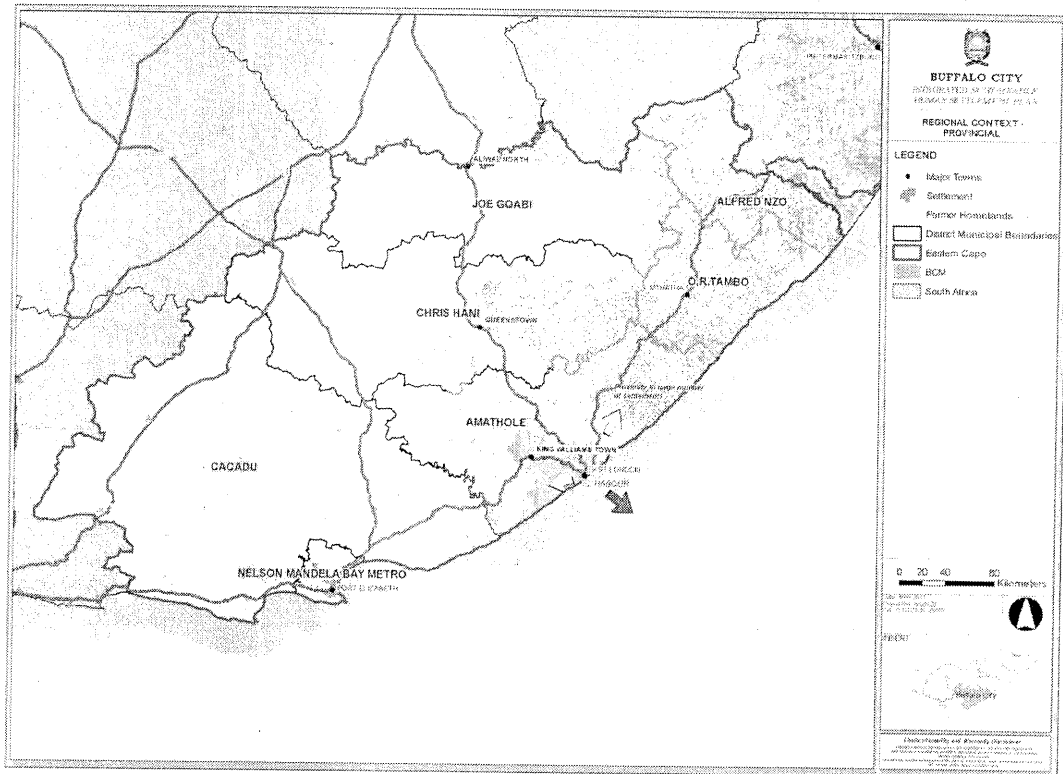
The Eastern Cape Province is the second largest province in land area in South Africa, and covers some 169,580 square kilometres, which is 13, 9% of South Africa's total land area. The province has the third largest population of South Africa's Provinces, approximately 6, 4 million people (Census 2001), which is 14,1% of South Africa's people. The province is generally seen as one of the two poorest in South Africa. There are two major urban conurbations within the Province, Nelson Mandela Bay Metropolitan and Buffalo City Metropolitan Municipality.

Figure 1 : BCMM Locality in South Africa



Source: Municipal Demarcation Board

Figure 2 : BCMM location in the province and region



Source: Municipal Demarcation Board

Buffalo City is the key urban centre of the eastern part of the Eastern Cape. It consists of a corridor of urban areas, stretching from the “port city” of East London to the east, through to Mdantsane and reaching Dimbaza in the west. East London is the primary node, whilst the King Williams Town (KWT) area is the secondary node. It also contains a wide band of rural areas on either side of the urban corridor. Buffalo City’s land area is approximately 2,515 km², with 68km of coastline.

Both King William’s Town (KWT) and East London have important functions. KWT functions as a Regional Service Centre and together with Bhisho, is the Provincial Administrative Hub and contains the seat of the Provincial Government of the Eastern Cape Province, whilst East London is the dominant economic hub.

In view of the dominance of the East London Core Area the KWT/Bhisho Regeneration process requires budgetary emphasis for implementing the projects that the LSDF identifies..

Buffalo City is broadly characterised by three main identifiable land use patterns.

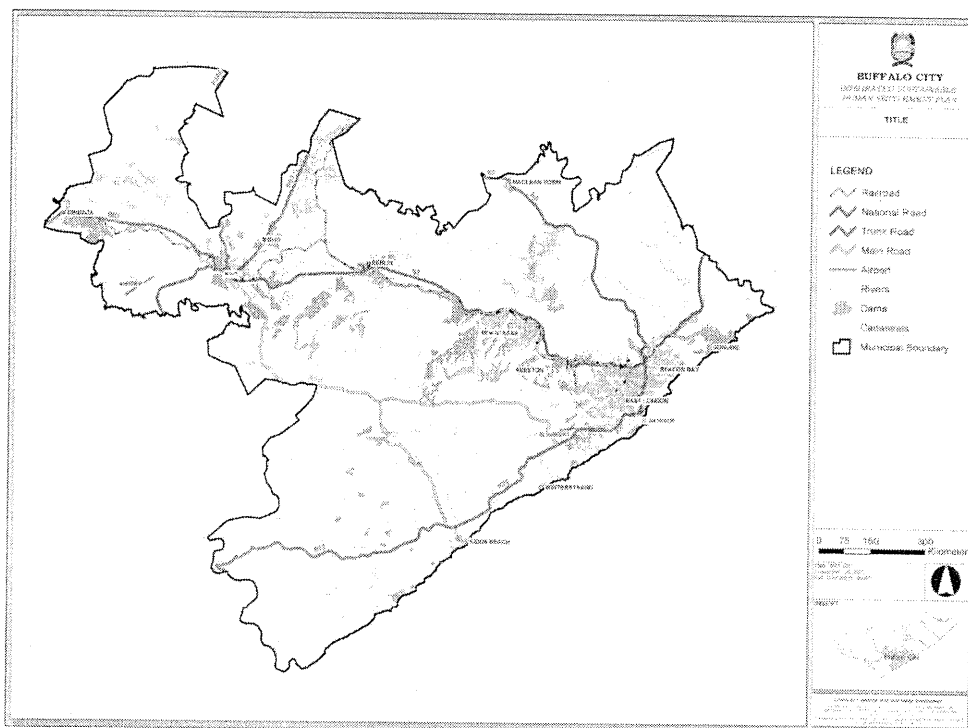
The first is the dominant urban axis of East London – Mdantsane–KWT–Dimbaza, which dominates the industrial and service sector centres and attracts people from throughout the greater Amathole region in search of work and better access to urban service and facilities.

The second is the area comprising the fringe peri-urban and rural settlement areas, which, whilst remaining under the influence of the urban axis, is distinct in character and land use

patterns. These include the Newlands settlements, those settlements that previously fell within the former Ciskei Bantustans, and the Ncera settlements located west of East London.

Thirdly, the commercial farming areas form a distinctive type of area. These areas are dominant in the north-eastern and south-western (coastal) sectors of the Municipality and are characterized by extensive land uses, with certain areas making use of intensive farming (irrigation-based).

Figure 3 : BCMM Urban and rural settlements



Source: Municipal Demarcation Board

1.1.2 Economic, Social, Demographic Context : Major Shifts and Challenges

1.1.2.1 Demographic Context.

The Community Survey conducted in October 2007 by Statistics South Africa, estimates the total population of Buffalo City to be 724 306, a marked growth from the 2001 census which put it at 701 895. However, the last two official censuses for the BCMM population were broken down as follows:

Table 1: Population 2001 & 1996 (Census)

Area	2001	1996
KWT & Surrounds	184,246	183,934
East London Area	204,862	187,120
Mdantsane Area	168,284	176,483
Rural South	63,967	62,530

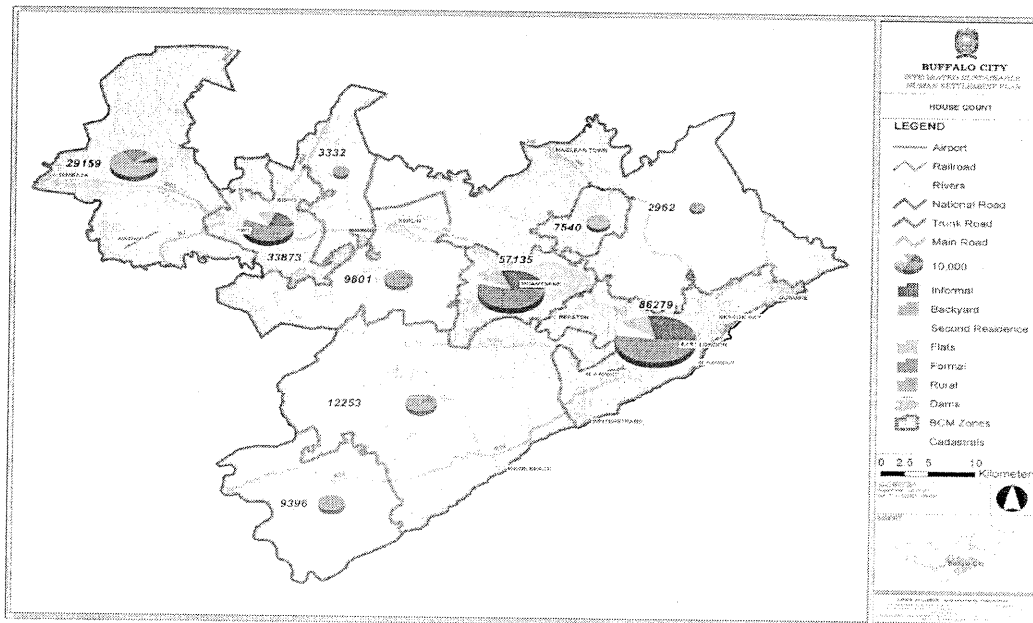
Rural North	80,536	76,881
Total	701,895	686,948

1.1.2.2 Current & Projected Future Population¹

The following points are highlighted with regard to the resident population in Buffalo City: -

- ✓ Based on growth projections by Rhodes University, the current population for Buffalo City Metropolitan Municipality is estimated at some 1,020,000 people.
- ✓ Growth projections to the year 2020, taking into account the anticipated impact of HIV/AIDS, indicate an estimated total population of some 1,290,000 people.
- ✓ There has been an average annual increase of 1.49%. It must be noted that an increase in the number of dwelling units does not necessarily equate to a correlated increase in population as recent surveys have shown a trend for households to “split”, whereby large families will occupy several small informal structures (either attached to a formal dwelling or in a separate locality) as the children of the household get older and require more personal space.
- ✓ This results in lower occupancy rates per unit, which in turn equates to an increase in demand for housing. Such demand, however, does not necessarily indicate a commensurate growth in population thus putting pressure on the need for accommodation and hence infrastructure.

Figure 4 : Housing typology



¹ Work undertaken for the Buffalo City Metropolitan Municipality by the Rhodes University's Population Research Unit (PRU, 1999/2000).

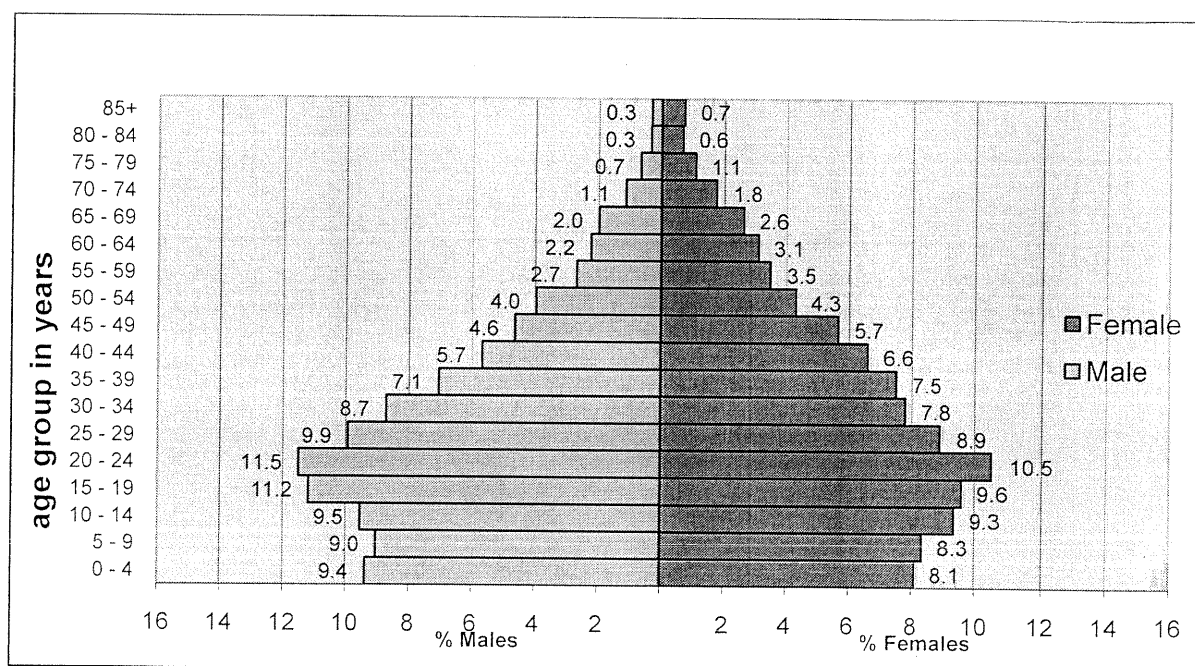
- ✓ The projections represent a potential growth over a 15 to 20-year period of some 270,000 people, which has consequences for the spatial requirements for development (especially housing and associated social facilities).

1.1.2.3 Demographic Profile & Socio-Economic Aspects²

The demographic and socio-economic profile of the residents of Buffalo City indicates the following: -

- ✓ Some 41% of the population is aged 19 or below whilst 52% of the population is aged between 20 and 59 years of age. This relatively youthful profile of the population suggests ongoing pressure to provide not only the physical facilities required (housing, schooling and training facilities etc.) but also highlights the need to increase the rate of job creation in the local economy. The large cohort of youth coming through has implications for local economy and hence need for funding for economic development programmes.
- ✓ The relative preponderance of females in the economically active age cohorts indicates that the area remains a net exporter of male labour to other economic centres in the country, albeit at a lower rate than is characteristic of other parts of the Eastern Cape. This indicates that, relatively, within the Eastern Cape Buffalo City remains an area where people seek opportunities in the formal and informal economies.

Figure 5 : % Males and Females per age group

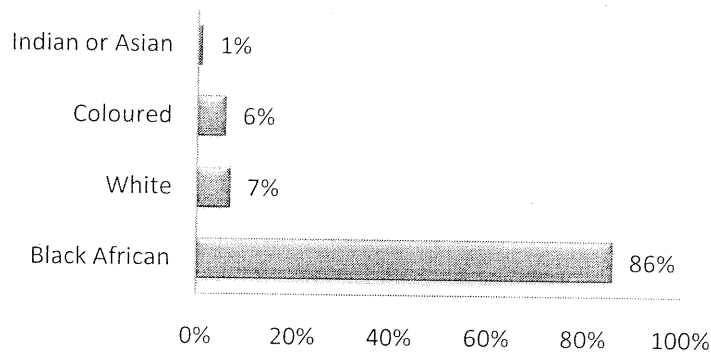


- ✓ This is typically the shape of a developing community with a broad base indicating high birth rates, but with a definite decrease in number of births in recent years. (Community Survey 2007)

² Based on the results of the 1996 Census, updated in parts by the Demographic Information Bureau (DIB, 2001).

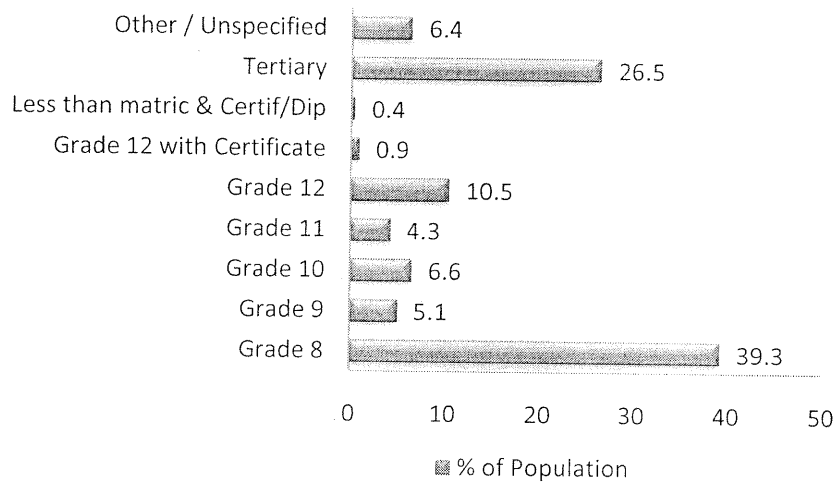
- ✓ The population groups in Buffalo City comprise of the following i.e. 86 % is from the predominantly Black African group with White and Coloured groups at 7% and 6% respectively. The Indian or Asian group only represents 1% of the population.

Figure 6 : Population Groups



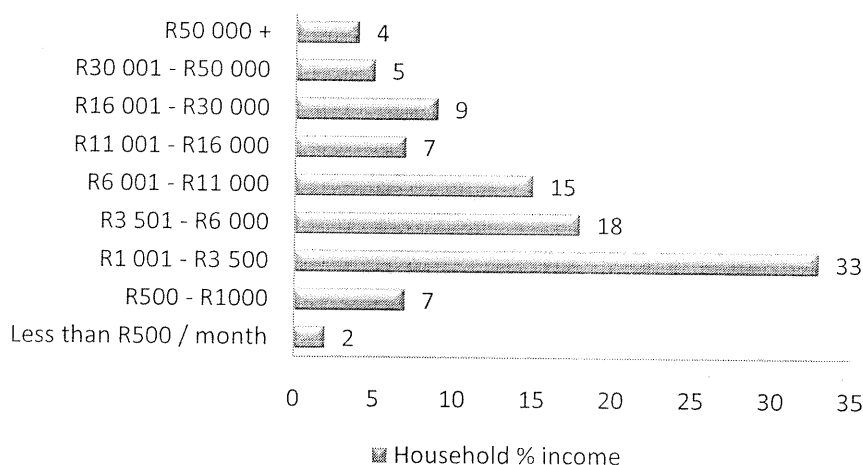
- ✓ Almost 40% of the total population for BCMM falls into the category of reaching grade 8 or less in terms of education. Those who completed high school make up 26,5% of the population, while those with tertiary education also make up 26,5% of the population. Most people with tertiary education are likely to be from the urban centres, particularly East London. (ECSECC estimates for 2009)

Figure 7 : Education levels



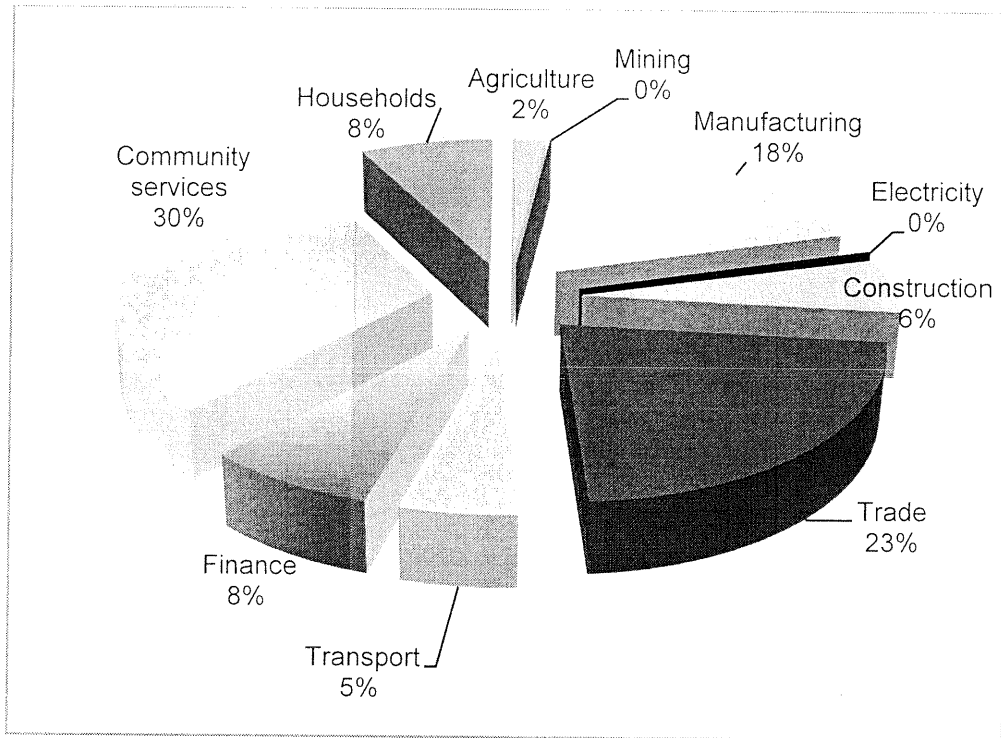
- ✓ The rate of unemployment in Buffalo City, at an estimated 24,3%, is lower than the Eastern Cape Provincial average of 31.3%. (ECSECC, 2009)
- ✓ However, the relative affluence of the majority of Buffalo City residents remains low, with only some 36% of the households in the area earning more than R1,500 per month.

Figure 8 : Income per Household



- ✓ The above chart gives an indication of income distribution within the municipality. Half of the population earn between one and six thousand rand per month. This makes up the majority of the low earners in the municipality. Ten percent of those who work earn less than one thousand rand per month. Only 18% of the population earns more than sixteen thousand rand per month.
- ✓ This indicates that disposable income is at a premium in Buffalo City, and generally speaking, levels of affordability of residents is low, which has an impact on the diversification of the economy and, more particularly for the Spatial Development Framework, has implications for the forms of spatial development that are best suited to facilitating an improvement in the majority of residents' socio-economic circumstances.
- ✓ Circulatory Migration and rapid uncontrolled urbanization has implications for housing tenure options types in the sense that not everybody residing in the metro will be requiring permanent ownership accommodation, but some people might only be needing access to a rental unit during the working week before returning to their permanent peri-urban and rural villages for the weekend.
- ✓ As illustrated below, the community services sector employed about 30% of the employed in BCMM. This is followed by trade, 22 % and manufacturing 19%. It is interesting to note that the finance sector, the largest sector by size, employs only 8% of those employed in BCMM. It is also interesting to note that a new sector emerges when we look at employment figures in the form of the households sector.
- ✓ This sector refers to employment around households and currently accounts for 8% of all jobs in BCMM. Construction accounts for about 6% of the total jobs, agriculture employs 2% of the employed.

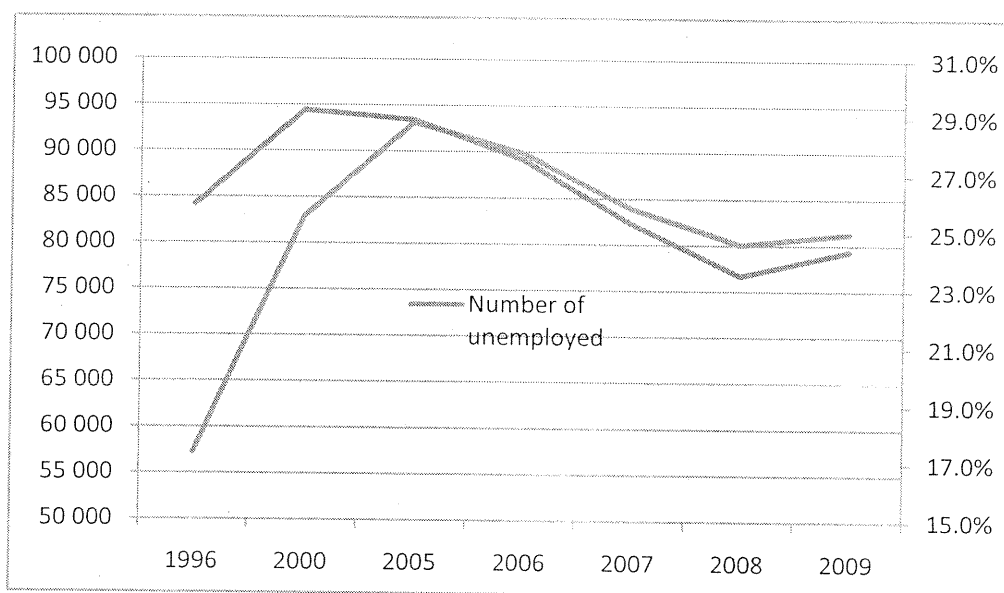
Figure 9 : Labour Market



Source : ECSECC , 2010

- ✓ The community services sector continued to employ people, even during the recession as there was an increase in the number of people employed. However, the sectors that rely on industry (trade, manufacturing and transport and construction) all shed jobs between 2008 and 2009.
- ✓ The number of people employed in Buffalo City shrank from 267,332 to 261,882 jobs, representing a loss of 5400 jobs. The impact of the job losses is much more if consideration is given to the fact that employed people often have families to support and the loss of a job can have disastrous consequences.
- ✓ After a period of decline from 2005, the unemployment rate at Buffalo City started to trend upwards especially during the period 2008 and 2009. This can be attributed to the recession which led to the loss of 5400 jobs as alluded to earlier. The number of unemployed people also increased accordingly to 82 000 during the period under discussion. With the expected recovery that is expected during 2010, the figures are expected to look much better. The unemployment rate of 24 percent at BCMM is much better than the 31 percent that was experienced across the province in 2009. The national unemployment rate averaged 23.8 percent in 2009

Figure 10 : Unemployment rate in Buffalo City 1996 to 2009



Source : ECSECC, 2010

- ✓ The Human Development Index (HDI) is an indicator which measures development. It measures life expectancy, literacy and income of a particular district. It is measured on a scale of 0 to 1 and an HDI should preferably be above 0.50 to represent an acceptable level of development. Buffalo City has a higher level of HDI than the Amathole District, the Eastern Cape and National HDI. This can be explained by the presence of good education facilities within the area, a growing economy as well as good health facilities. The HDI has improved from 0.58 to 0.60 between 1996 and 2009.

Table 2 : HDI from 1996 to 2009

Year	National	Eastern Cape	Amathole District	BCMM
1996	0.56	0.49	0.50	0.58
2000	0.57	0.50	0.51	0.60
2006	0.58	0.51	0.53	0.61
2007	0.58	0.51	0.53	0.61
2008	0.56	0.49	0.51	0.60

Source: ECSECC , 2010

- ✓ The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where one household earns all the income and other households earn nothing). In practice the coefficient is likely to vary from approximately 0, 25 to 0, 70. The figures for Buffalo City as illustrated in table 3 below indicate that inequality has been increasing in

Buffalo City from 1996 even though this has slackened between 2008 and 2009. Comparisons with the Amathole District, the Eastern Cape and the rest of South Africa indicate that inequality is a countrywide problem.

Table 3 : Gini Coefficient

Year	National	Eastern Cape	Amathole District	Buffalo City MM
1996	0.62	0.62	0.60	0.59
2000	0.65	0.65	0.64	0.63
2006	0.67	0.66	0.66	0.65
2007	0.66	0.66	0.66	0.65
2008	0.66	0.66	0.65	0.65
2009	0.65	0.65	0.64	0.64

Source: ECSECC Data, 2010

1.1.2.4 Local Economy

Buffalo City is classified nationally as having “medium potential” and is therefore not seen to be a national development priority, with Coega and Nelson Mandela Metro receiving priority in terms of the allocation of national infrastructure funding. This situation exists partly because of a lack of national understanding regarding the critical importance of Buffalo City in servicing a broader regional and rural economy which contains about 4 million people. The success of the Buffalo City and regional economy cannot be separated. Refer to Figure 1.

The City acknowledges that low economic growth and a high rate of unemployment are still prevalent and present a major challenge. This further translates to relatively high levels of poverty which is widespread within the City.

Historically, levels of development in the Buffalo City area have been negatively affected both by its comparatively distant location in relation to the major centres of economic activity in South Africa (Johannesburg, Cape Town and Durban) and by the previous socio-political and economic impact of policies.

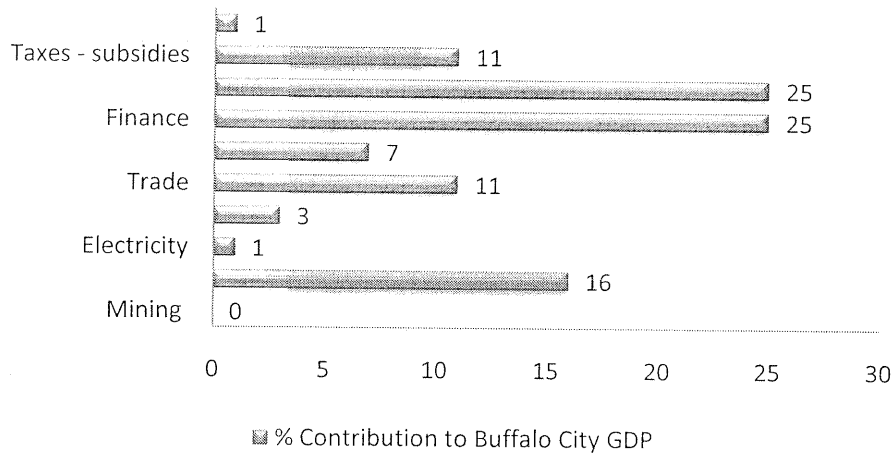
Consequently, while it is home to some 1,020,000 people, the majority of these are disadvantaged by their impoverished circumstances and low levels of skills. Disposable income, too, is scarce in Buffalo City as a whole and there is a consequent need to focus on overcoming the legacy of under-development affecting its people and the local economy.

This legacy of uneven and relatively low economic growth in Buffalo City has resulted in, and compounded the consequences of, a land use and settlement pattern that is characteristically fragmented and predominantly of a low density.

The following features are noted: -

- ✓ The Gross Value Added by the region is R30 billion (ECSECC, 2010)
- ✓ The Gross Domestic Product by the Region is R34 billion (ECSECC, 2010)

Figure 10 : % Contribution to Buffalo City GDP



- ✓ There is a concentration of economic activity in centres such as the East London and King William's Town Central Business Districts, and in areas such as Vincent and Beacon Bay (Regional Shopping Centres).