

Provincial Department of Planning, Local Government and Housing

POSITION PAPER: KARATARA – THE FUTURE IS NOW

APRIL 2002

1. Introduction

1. ODA was appointed to investigate the current situation in Karatara. This is the revised draft of the Report that was submitted to the Department of Planning, Local Government and Housing in August 2001. It is based on interviews and documents as outlined in the attached list as well as clarity given by all the members of the Karatara Steering Committee (chaired by the Chief Director: Local Government, Mr SP Naudé), through bi-lateral meetings held in April 2002.

2. Background

- 2.1. Karatara is located north of Sedgefield about 30 km from the town of Knysna. It is on top of the plateau, in a beautiful setting amidst agricultural land and forests. It consists of three non-contiguous urban settlements known as:
 - the Welsynsdorp,
 - the Bergvallei, and
 - the Bosbou Village (Bosdorp).¹
- 2.2. Karatara falls within the jurisdiction of both the Garden Route/Klein Karoo District Municipality and the new Knysna Municipality. However, this area had no local government status before the 5 December 2000 elections.
- 2.3. Each one of the three areas within Karatara has different histories and services.

¹ The terms Bosdorp and Bosbou Village are used interchangeably in Karatara documentation.

2.3.1. Welsynsdorp

2.3.1.1 The Welsynsdorp consists of 123 houses and 112 serviced sites. It was established in the 1940s and of the three settlements is both the oldest and largest. Township establishment has not been completed. Most of the houses are two-bed roomed with a number of three-bed roomed and a few four bed roomed structures. They are on relatively large plots of approximately 1000 m sq and are fully serviced. The perimeter road is tarred but the internal roads are gravel and there is a primary school, a church and what was once an old age home that is now being used as a community centre.

2.3.1.2 The population consists mostly of retired people from lower income groups. Currently many of the inhabitants are unemployed or rely on very low incomes. In a survey conducted a few years ago, inhabitants showed that they were passive about the future of their area but identified the need for employment opportunities and for the upgrading of their houses.

2.3.1.2 Historically the Welsynsdorp was a white group area and houses were leased to ex-forestry workers, disabled ex-civil servants and pensioners. Although it is still predominantly white, there are a number of coloured families living there. There is an Aksiekomitee that is exclusively white and includes people who live on farms surrounding the Welsynsdorp.

2.3.1.3 The Welsynsdorp is owned by the Provincial Government and has been financed predominantly by the Provincial Department of Social Services who pay the Garden Route/Klein Karoo District Municipality (District Municipality) for providing some municipal services. When the Department of Social Services shut down the Old Age home in Karatara in 1996 and removed its administrative capacity from the area, the District Municipality was forced to take over the rendering of services.

2.3.2 Bergvallei

2.3.2.1 Bergvallei consists of 10 houses about a kilometre to the west of the Welsynsdorp. Although these houses are also brick, they are on much smaller plots and were traditionally labourer cottages. These are serviced, owned and administrated the same as the Welsynsdorp. There has been no process of township establishment here.

2.3.3 Bosdorp

2.3.3.1 The Bosdorp is to the north east of the Welsynsdorp and consists of 53 houses, most of which are wooden and are in good condition. The plots are smaller than the Welsynsdorp but larger than the Bergvallei. The houses are serviced but there are often problems especially with the inadequate sewerage system. Traditionally this was a settlement for predominantly black and coloured forestry workers. The accommodation was conditional upon employment with the national Department of Forestry. Houses had to be vacated upon termination of employment. Coloured and black ex-forestry workers mostly occupy the houses now, but a few white families are also living there.

2.3.3.2 The Bosdorp land was originally the property of the national Department of Forestry and administered by Safcol (MTO Forestry). It was deproclaimed as forestry land and both the land and the houses have been vested nationally. The houses were promised to former forestry employees who live in them, provided that they were fully paid up for their services. The land is now owned by the national Department of Public Works and has been earmarked for a land reform project. The District Municipality provides some services that are reimbursed by the national Department of Public Works.

2.3.3.3 State land in the area was identified by the State Land Disposal Committee for future agricultural use by the land reform beneficiaries. It has been agreed in principle that this land, or a portion, could be made available to beneficiaries through future applications to the national Department of Land Affairs for grants for agricultural development.

3. Key issues emerging from Karatara

3.1 Confusion of governmental role players and responsibility

Two national Departments, three provincial Departments and two Municipalities are currently involved in Karatara. The national Departments are Land Affairs and Public Works. The provincial Departments are Social Services; Planning, Local Government and Housing and Transport and Public Works. The local authorities involved are the Knysna Municipality and the Garden Route/Klein Karoo District Municipality.

A key aspect of these role players' involvement is the lack of clarity on both their own and each others' functions and roles. As a result, a number of reports and business plans have been commissioned and circulated but no final decisions taken. Table 1 (See attached) summarises key roles in terms of past, present, and then some future possibilities.

The absence of a common understanding on the future of the area is a key stumbling block to progress. From the Table one can see that it has been extremely difficult for any single role player to take a decision in the absence of knowing who should finally take responsibility for development in and of that region. The December 2000 elections have brought some clarity to that issue and Knysna Municipality should take the lead now. However, for Knysna Municipality to take the lead in co-ordinating the regularisation and development of the area, the number of government role players needs to be reduced systematically, in line with appropriate roles for each Department and with principles of good governance.

Recommendation 1: Knysna Municipality should take the lead in co-ordinating all aspects of the development and regularisation of Karatara. In terms of Section 16 D (2) of the Establishment Notices the District Municipality will have to continue providing water, health, electrical and sewerage services to the same extent that they were delivered before 5 December 2000.

Recommendation 2: The number of Departments involved needs to be rationalised to facilitate proper co-ordination. A single provincial Department should be allocated responsibility to act as liaison between all national and provincial Departments as well as the District Municipality and the Knysna Municipality on Karatara matters.

3.2 Land Ownership

The land ownership issue remains complex. Province owns the land and houses in the Welsynsdorp and Bergvallei and the national Department of Public Works owns the land and houses in the Bosdorp. Approval was granted by the National Ministry of Public Works for transferring the land to the District Municipality for development but the District Municipality would not accept it; ostensibly for financial reasons.

Township establishment has partially taken place in the Welsynsdorp. Most of the land surrounding the settlements is state land except to the south and southwest of the Welsynsdorp where the land is private. A portion of the Welsynsdorp has been excised for a school.

	Karatara Welsynsdorp	Karatara Bosdorp	Bergvallei
Land portion references	<p>The land on which the Welsynsdorp is situated is portion 100 of farm 183 (East brook), which seems to be a subdivided portion of portion 1 of farm 183.</p> <p>There is one piece of land enclosed in portion 100/183, erf 12/183 that belongs to a school.</p> <p>The rest of 100/183 consists of 241 erven that carry residential zoning</p>	<p>The Bosdorp consists out of two cadastral units:</p> <p>a) A subdivided 17.1 ha portion of Van der Wattsbos called portion 1 of farm 513 (Van der Wattsbos).</p> <p>b) A small 2.3ha portion of 1/183. Although this small portion of land is situated in the far northern corner of East brook, it actually borders directly onto the south of the existing Bosdorp on 1/513</p>	<p>Bergvallei is wholly part of the western part of erf 1/183 (East brook) on land that is currently leased to a farmer.</p>
History of land transfers	<p>The 100/183 portion has a complex history of transfers. These can be summarized as follows:</p> <p>a) The land belonged to the Council for Development and Housing (White Own Affairs) until 1992.</p> <p>b) In 1992 the land seems to have reverted to the National Housing Board as the successor of previous housing entities. Ownership vested with the RSA.</p> <p>c) It was found that the land was used for welfare purposes and that this function is a Provincial Function in terms of Schedule 6 of the Constitution and was transferred to PGWC on 18 May</p>	<p>The land was released from use as state forestry land and approved for settlement.</p> <p>The Minister of Agriculture and Land Affairs designated the land for settlement on 23 March 2000 in terms of the Provision of Land and Assistance Act, 126 of 193.</p> <p>Land ownership was transferred to RSA on 7 December 1999.</p> <p>Approval was granted to transfer the land to the former South Cape District Council for housing development and township establishment, but the former</p>	<p>None – the land still belongs to the RSA and is leased to a commercial farmer.</p>

	2001.	SCDC did not take the ownership or the responsibility.	
Current Ownership	PGWC: under the control of the Provincial Department of Transport and Public Works: Chief Directorate Property Management.	RSA, with the National Department of Public Works being the responsible authority.	RSA, with the National Department of Public Works being the responsible authority.
Status of township establishment	A general plan for Subdivision has been prepared but no transfers have taken place. This means that the public spaces, roads and infrastructure have not yet been transferred to the local authority. The township establishment process is therefore incomplete.	<p>A layout plan has been prepared for the densification of the current 55 households on the two portions of land up to 272 erven.</p> <p>No township establishment has yet taken place and no development and infrastructure provision provided.</p> <p>Under the conditions applicable the Minister of Land Affairs must first approve a development plan before any settlement can take place.</p>	No initiatives
Recommended action			

The fact that different Departments own the land is not an insurmountable problem. There are several statutory means for transferring land between government bodies.

Recommendation 3: Ownership of all state land should be consolidated in the Knysna Municipality so as to facilitate planning, service provision and ultimately transfer.

3.3 Management and administration

Management and administration of these areas are in crisis and steps will have to be taken immediately to address the problem in both settlements. The provincial Department Social Services have administered the leasing of houses and collection of rents and service charges for the Welsynsdorp. The Department is adamant that as this is not its core function, it does not have the capacity to do this job and has exerted strong pressure on the provincial Department of Transport and Public Works' Chief Directorate: Property Management to take over this function. The latter advertised for a manager for the Welsynsdorp, but halted the appointment when it was conveyed that the District Municipality already employs such a manager and paid by Social Services.

Recommendation 4 Knysna Municipality should be contracted by agreement to collect rental and services charges on behalf of the Provincial Government (Property Management) in the Welsynsdorp as part of the regularisation and incorporation of the area into the municipal administrative and billing system.

The national Department of Public Works pays for services in the Bosbou village but there is no de facto administration. Services are repaired only when residents complain to the District Municipality that acts as the services agent. Residents in the Bosbou village expressed great anxiety that no one is collecting rent from them. They fear that at some point they will be asked to pay arrears and will not be able to afford back payments.

Recommendation 5: The administration and billing of the Bosbou village should be taken over by Knysna Municipality in terms of an agreement with the national Department of Public Works.

Recommendation 6: Knysna Municipality needs to be the single access authority through which residents pay and receives bills and relates any issue and concern, irrespective of the services authority actually rendering the service or the authority on whose behalf services are rendered. The complexity of the current situation should be addressed in a multi-lateral agreement between Knysna Municipality and responsible authorities and should not be transferred to residents, as is currently the case. Knysna Municipality should be compensated for rendering such a comprehensive administrative service by all the authorities on an agreed joint funding arrangement, until such time as the land and assets are transferred.

3.4 Financial arrangements

Government is subsidising these settlements heavily. The national Department of Public Works and the provincial Department of Social Services pay for services. In the last financial year ending 31 March 2001, the national Department of Public Works paid R189 487 for service maintenance and R104 080 for electricity in the Bosbou Village. No service charges or rates were collected from the Bosbou residents during this period, largely because it was not clear who should collect them and the fact that no billing administration exists for this area. Safcol (MTO Forestry) withdrew from the area after the land had been deproclaimed and ceased to contribute towards upkeep of the area or services and nothing firm was set in its place.

During the equivalent period the provincial Department of Social Services collected about R190 000 in rent from the Welsynsdorp residents. However, Social Services paid the District Municipality about R640 000 during the same period for roads, public spaces, water works, sewerage, electricity, refuse removal, swimming pool and the library in the Welsynsdorp.

The rates charged in the Welsynsdorp are highly individual. Most lessees pay 11 percent of their income in rent. In addition they pay R6 for sanitation, 40c per unit for water and 83c per unit for electricity. Former staff that administered the Welsynsdorp on behalf of Social Services and who was subsequently allocated houses there, pay 14 percent of their income in rent, R1.21 per unit for water, 14c per unit for electricity and R16.99 for sanitation. None of these tariffs align with those of the Knysna Municipality.

Recommendation 7: Tariffs in the whole of Karatara must, by law, be aligned with the tariff structure of the new Knysna Municipality, as well as the tariff structure of the District Municipality for services affected by section 84(3) Authorisations. It is recommended that tariffs be aligned from 1 July 2003. Residents should qualify for the normal indigent support package in terms of the Equitable Share Grant. Any shortfalls should, by agreement, be met by the responsible Departments for at least the MTEF period. Any phasing out of finance for shortfalls must be mutually agreed between the parties. It follows that residents in Karatara should qualify for free water and electricity as part of the normal municipal tariff structure.

Recommendation 8: All residents in Karatara should become liable to pay a household service charge in lieu of rates with immediate effect. This service charge must relate to service charges in the rest of the new Knysna Municipality to ensure horizontal equity. Any shortfalls collected from rentals and services charges should be covered by the current Departmental operating subsidies for the foreseeable future.

Both settlements share bulk water and sewage services. Over the last few years there has been insufficient investment in the service infrastructure and to maintain existing service levels, capital expenditure is needed. Estimates in this regard come from two business plans prepared by the same engineers and planners for different Departments regarding the Welsynsdorp and Bosbou village. Furthermore, it is important to note that both Karatara and Sedgefield are dependent on the Karatara River for water. This river has reached its consumption capacity. Any further urban growth in Karatara or Sedgefield

would thus impact severely on the cost of infrastructure provision and may have to be compared to the provision of services within the Knysna built-up area so as to link to existing bulk and reticulation infrastructure.

Recommendation 9: The cost of infrastructure provision in Karatara must be compared to the cost of providing the same infrastructure within the new Knysna Municipality where the bulk infrastructure capacity is better suited to urban development. It is neither equitable nor sustainable to provide services on demand in Karatara. It is critically important to ensure that the whole of the new Knysna Municipality assess future urban development within a regional perspective and to change the provision of land and housing opportunities according to a sustainable supply paradigm. The sustainability of the new Knysna Municipality will be determined by limiting the operating expenditure of services provision.

3.5 Tenure and community representation

The separate planning of two settlement programmes, adjacent to one another and differentiated only by race is highly problematic. As mentioned earlier there are residents' committees in both the Welsynsdorp and the Bosbou Village. There were a few joint meetings previously but they could not find common ground and have since run in parallel. Both committees are sceptical of the others' basis of representation. Given that both committees have members who are not resident in Karatara, their representivity is similar. The obvious difference is race but beyond that their objectives appear very similar – even if they cannot see it themselves. Central to both sets of residents is the desire for security of tenure, which is expressed as ownership of the houses in which they live.

The Welsynsdorp residents have expressed a desire to buy their houses at market value once the plot sizes have been reduced. There does not appear to be any consideration of the consequences of a real land market developing in the area. The Bosdorp residents have a more complicated set of problems. Safcol (MTO Forestry), who owned the houses prior to transferring them to the national Department of Public Works, (with a view to giving

them to the Land Reform project), expressed the desire that former workers who were residents should get first option on the houses. The condition laid down was that residents should not be in arrears. Exactly how value for both sets of houses will be determined is not clear but certainly there has been no consideration of consistency between the two processes. This has the potential for conflict especially considering the racial composition of the two main settlements.

Both sets of residents want “development” for the area that should include job creation. It does not appear that there has been any real effort to get these two communities to participate jointly in planning the future of this area. The reason for this could be that there has not been a single government role player taking responsibility for the future of the area.

Recommendation 10: The integrated development of Karatara will be premised on the integration of residents’ structures into a single body. The current divisive structures must be replaced by a new integrated structure with a fresh mandate from stakeholders. In small towns community representation are often driven by strong personalities that strongly protect their area of influence. Yet, such individuals often operate with undefined mandates and without clear reporting mechanisms to their constituencies. The Ward Councillor and other identifies politicians will have to play a leading role in uniting the factions into a single structure with clear terms of reference.

3.6 Impact of authorisations and the regularisation of service arrangements

Section 84(3) Authorisations effectively means that the District Municipality remains the accountable and responsible authority for water, sanitation, health and electricity insofar it’s provided these services before 5 December 2000. At the same time the District Municipality remains responsible for fire fighting services insofar it provided this service in rural areas in terms of section 18 Authorisations.

The principal authorities will remain the relevant Departments (unless township establishment takes place). These Departments will also remain responsible for funding and any accumulated deficits (until township establishment takes place).

Recommendation 11: It is recommended that all municipal services in Karatara be transferred to Knysna Municipality; with the exception of services in terms of 84(1) of the Municipal Structures Amendment Act that should by law be provided by the District Municipality. Knysna Municipality and the Garden Route/Klein Karoo District Municipality should thus become the successors of any services agreements or contracts between the previous district council and the relevant Departments. Also, all staff, equipment, plant, records and stock associated with services in Karatara should be transferred to the relevant authority from 1 July 2001, effective from 5 December 2000 as part of the municipal Establishment Notices for this area.

4. Discussion

- 4.1 All the role players interviewed expressed great relief that something was "finally being done about Karatara." Without exception there was openness to look at the future of the area differently and to co-operate.
- 4.2 When Knysna Municipality takes responsibility for Karatara it could go a long way towards breaking the existing stalemate and to solving some of the immediate problems around service delivery and differential tariffs. However, Knysna Municipality would need a great deal of support if it were to take over both settlements in Karatara and the process would need to be phased. In the short-term Knysna Municipality would need financial support to develop an overall services provision and development plan for Karatara. Crucial to this would be a full water study. Much groundwork has been done. It would not necessarily take long to have adequate information available that would enable the Knysna

Municipality to decide whether or not Karatara is the correct place for increased settlement, what possibilities there are for economic development and what is socially viable.

- 4.3 Funding and finance is a constant problem no matter which government department takes responsibility for the area. The Land Reform project can make very little progress in the absence of an additional budget for bulk service provision. This funding is not forthcoming at present. Without funding, the business plan for the Welsynsdorp cannot be implemented.
- 4.4 The Departments currently funding services would need to continue to do so and there could be some phased withdrawal of subsidies over, for example, a three-year period.
- 4.5 It is unlikely that any of the role players interviewed would have major objections to the above recommendations. In essence the government role players indicated a willingness to plan jointly a way forward as long as there was a clear end in sight. If there is resistance, it could come from the two residents' committees. Both are impatient to see their respective business plans implemented and another process of evaluation could be viewed negatively. However, if it was agreed up-front that no matter what the outcome of the initial investigation, tenure and housing issues would be dealt with, there is likely to be support for the process. If the first phase of assessment results in a decision not to encourage settlement at Karatara there is likely to be objection from the national Department of Land Affairs who has spent lots of money on planning and surveying the area. However, given the recent policy changes, there would probably be political support for a decision to abandon a project if based on solid evidence.

5. Next steps for Karatara

- 5.1 A Memorandum should be prepared for cabinet outlining the problem and a possible way forward.