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# Municipal Economic Review and Outlook





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# ACKNOWLEDGEMENTS

The successful completion of the 2023-24 Municipal Economic Review and Outlook (MERO) has been made possible through the collaborative efforts of a diverse group of individuals, each contributing their unique expertise to the publication. Our appreciation goes to the researchers, authors, coordinators, designers and editors - whose collective work has shaped the content of the 2023-24 MERO this year. This document stands as a testament to their hard work, relentless efforts and passion for quality research. To each individual who contributed to the 2023-24 MERO, your determination and unwavering dedication are greatly appreciated - thank you.

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# 2023-24 MERO FOREWORD

The Western Cape's distinct and incredible regions have buoyed its diversified economy, supporting job creation and economic recovery. Despite the many challenges the Province faces, its favourable economic trajectory perseveres, demonstrating its flexibility and agility to respond to shifting economic paradigms.

While urgent crises like the power emergency, ineffective logistics and transportation, slow economic growth, unemployment, poverty, and rising living expenses must be actively addressed, the Province also has a number of growth prospects that, when taken advantage of, have the potential to significantly boost the Western Cape economy.

The 2023-24 Municipal Economic Review and Outlook (MERO) provides valuable insights, enriching our understanding of the region's multifaceted dynamics stemming from an abundance of information contained in this impressive document.

The MERO provides critical information which will inform the Western Cape Government's and municipalities' next planning cycle, providing the ability to use the up-to-date data to address economic concerns and take advantage of numerous opportunities, especially within a constrained fiscal environment.

The economic intelligence informs municipal integrated development plans, spatial development frameworks, local economic development strategies and budgets, aiding evidence-based decision-making and the implementation of the Joint District and Metro approach to enable Province-wide socio-economic development.

To provide access to a wider range of socio-economic intelligence, the MERO is constantly sourcing fresh data. The innovations in the 2023-24 MERO include an examination of geographical tax data that offers economic information at the town level, trends in the real estate market, information on social grants, as well as migration and urbanisation. Deepening the spatial granularity of the MERO studies is achieved through the use of maps for data representation.

We trust that all users will find this publication most useful, giving a fresh approach to planning and policy development. We especially want to thank all the departments, agencies, municipalities, and the research and development team for their contributions to this cutting-edge publication.

**Ms Mireille Wenger Minister of Finance and Economic Opportunities** 

24 November 2023

# **ACRONYMS AND ABBREVIATIONS**

ACVV	Afrikaanse Christelike Vrouever
ASFR	Age-Specific Fertility Rate
BFAP	Bureau for Food and Agricultur
BPO	Business Process Outsourcing
CBD	Central Business District
CKD	Central Karoo District
COVID-19	Coronavirus
CPI	Consumer Price Index
CSIR	Council for Scientific and Indus
CTICC	Cape Town International Conve
CWD	Cape Winelands District
DOL	Department of Labour
DRIM	Directorate Research and Inform
DSD	Department of Social Developn
EME	Exempted Micro Enterprise
EU	European Union
FET	Further Education and Training
FLISP	Finance Linked Individual Subs
FNB	First National Bank
FPL	Food Poverty Line
FTE	Full-Time Equivalent
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GDPR	Gross Domestic Product Per Re
GFCF	Gross Fixed Capital Formation
GRD	Garden Route District
GWh	Gigawatt Hour
HDI	Human Development Index

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HSRC	Human Sciences Research Council
HUG	Help Us Grow
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IRDP	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
IT	Information Technology
KET	Karoo Eisteddfod Trust
KFC	Kentucky Fried Chicken
KWV	Koöperatieve Wijnbouwers Vereniging Van Suid-Afrika
LGSETA	Local Government Sector Education and Training Authority
MERO	Municipal Economic Review and Outlook
MFSI	Municipal Financial Sustainability Index
MICE	Meetings, Incentives, Conferences and Exhibitions
MOD	Mass participation; Opportunity and access; Development and growth (MOD) Programme
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MW	Megawatt
MYPE	Mid-Year Population Estimate
NASA	National Aeronautics and Space Administration
NDP	National Development Plan
NGO	Non-governmental Organisation
NPO	Non-profit Organisation
NSC	National Senior Certificate
OD	Overberg District
OPMII	Overview of Provincial and Municipal Infrastructure & Investment
PERO	Provincial Economic Review and Outlook
PFA	Priority Focus Area

PPPFR	Preferential Procurement Policy
PPU	Provincial Population Unit
PYEI	Presidential Youth Employment
QR	Quick Response
QSE	Qualifying Small Enterprise
RCL	Rainbow Chicken Limited
RDP	Reconstruction and Developme
SA	South Africa
SAB	South African Breweries
SANSA	South African National Space A
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security A
SMEC	Snowy Mountains Engineering (
SMME	Small, Medium and Micro Enterg
SSEG	Small-Scale Embedded Generat
TFG	The Foschini Group
TVET	Technical Vocational Education
UISP	Upgrading of Informal Settleme
UNDP	United Nations Development Pr
UNESCO	United Nations Educational, Sci
VAT	Value Added Tax
WCD	West Coast District
WCED	Western Cape Education Depar
WCSEB	Western Cape Supplier Evidenc
WHO	World Health Organization
WWF	World Wide Fund For Nature
YES	Youth Employment Service

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# BOOKLETS 2023-24 MERO





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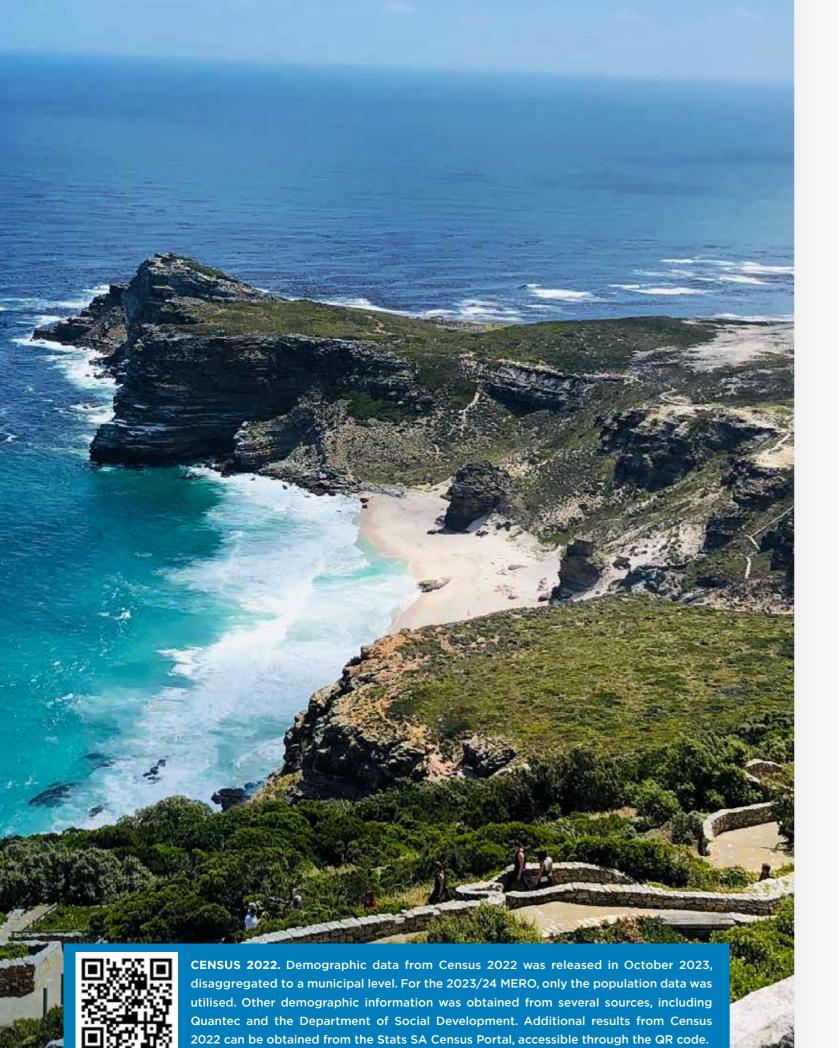
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# 1. INTRODUCTION AND BACKGROUND

# 1.1 INTRODUCTION

The mosaic that is the Western Cape encompasses the vibrant Cape Metro, internationally renowned as one of the world's premier cities, as well as the expansive vistas of the Karoo. The fynbos-clad peaks of the Overberg and the alluring coastlines of the Garden Route draw both domestic and international travellers. Agriculture is a defining feature of the Province, extending from the Olifants River along the West Coast, where wheat fields thrive, to the vineyards of the Cape Winelands and the apple and pear orchards of the Overberg. Against this backdrop, Local Government fosters an environment that propels communities and enterprises towards prosperity.

Through evidence-based decision-making, opportunities for growth and development can be unlocked. To this end, the Municipal Economic Review and Outlook (MERO) makes use of a variety of data sources to provide a detailed analysis of socio-economic trends in municipal areas of the Western Cape. It is hoped that this analysis will inform policy, planning and budget allocation at the Local Government level. The MERO is an accompanying document to the Provincial Economic Review and Outlook (PERO), which provides economic intelligence at the Provincial level.

The comprehensive economic overview presented in the MERO is disaggregated at the metro, District and municipal levels. National economic and employment data are sourced from Statistics South Africa (Stats SA), while data pertaining to gross domestic product for the various regions of the Western Cape (GDPR) and Provincial employment data are obtained from Quantec. The most recent available statistics are used to ensure an accurate assessment of trends. The publication uses regional GDPR data for 2012 to 2021, while figures for 2022 are estimated.

Data for the various socio-economic indicators is sourced from Provincial departments, namely Treasury, Health, Education, Infrastructure, Social Development and Local Government. Tourism data is sourced from Wesgro and S&P Global and crime data from the South African Police Service (SAPS). District and local municipalities have provided additional insights into recent local development by completing the annual Municipal Perception Survey.

Lastly, the review employs Spatial Tax Panel data developed by the National Treasury and the Human Sciences Research Council (HSRC), the first-ever use of data from this source in a MERO. The Spatial Tax Panel was developed as part of a project by the Cities Support Programme that is aimed at mining the administrative tax data available within the Secure Data Facility of the National Treasury. The MERO can now present town-level information related to full-time equivalent (FTE) employment and wages at a subsector level thanks to Spatial Tax Panel data. This adds substantial value to the analysis of overarching municipal trends presented by previous publications. In addition, the Western Cape Government has developed a dashboard to display economic, gender, equality and youth trends between 2014 and 2022. The dashboard can be accessed by scanning the QR code.

DATA DISCLAIMER. The South African Revenue Service (SARS) Spatial Tax Panel data only accounts for the activities of individuals and firms in the formal sector, and the spatial component is based on postal codes. The data excludes information concerning the informal sector and non-tax-registered firms. Furthermore, the data excludes individuals earning less than R2 000 per annum.



# **1.2 REPORT OUTLINE**

The 2023/24 MERO is structured as follows:

# SECTION A: MACROECONOMIC PERFORMANCE AND OUTLOOK

In the wake of COVID-19, it is evident that the contours of global economies have been reshaped by the pandemic. This transformation is not merely a product of the direct effects of COVID-19, but also of a complex interplay of forces that have rippled through nations and markets. Geopolitical tensions, economic fluctuations and environmental challenges have converged to create a landscape where uncertainty prevails. South Africa has not been spared these international impacts. This section discusses key elements that influenced the country's economy - and that of the Western Cape - in 2022 and the first guarter of 2023.

# SECTION B: ECONOMIC GROWTH AND JOBS

Given the rapid population growth in the Western Cape, promoting economic growth and facilitating job creation are of paramount importance. Chapters in this section therefore address the following:

### GDPR and employment

This section analyses the performance of the economy in 2022, with a particular focus on economic recovery post-2020. An in-depth review of FTE employment at a town level and a disaggregated sector level compared with what is presented for GDPR data generates a new understanding of economic intricacies at a municipal level. The assessment of town-level employment data also enables greater insight into the spatial dynamics of where citizens work and live. In addition, an economic outlook for 2023 and 2024 is provided in the District and municipal economy review.

### • International trade

Beyond the exchange of goods, international trade is an enabler of economic growth and attracting new investment. This section takes an in-depth look at historical trade trends and identifies the leading products imported to and exported from the District. Identification of the leading trading partners enables analyses of current and potential challenges to increasing exports and points to possible opportunities for trade.

### • Tourism

The Western Cape is a world-renowned tourism destination. Each of the five districts and the Cape Metro offers unique natural landscapes, diverse activities and a range of accommodation services - a combination that proves attractive to domestic and international tourists alike. The industry has the potential to transform the economic prospects and employment opportunities of the various districts. As such, trends for 2022 are reviewed to identify the key markets and opportunities.

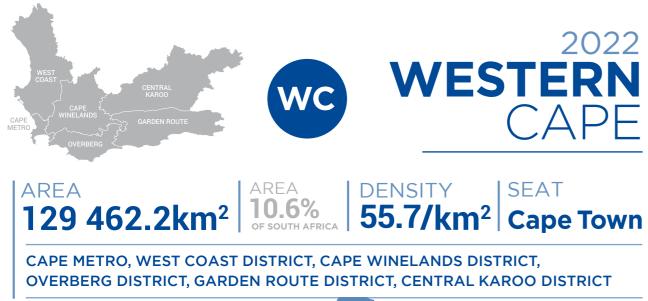
### Investment

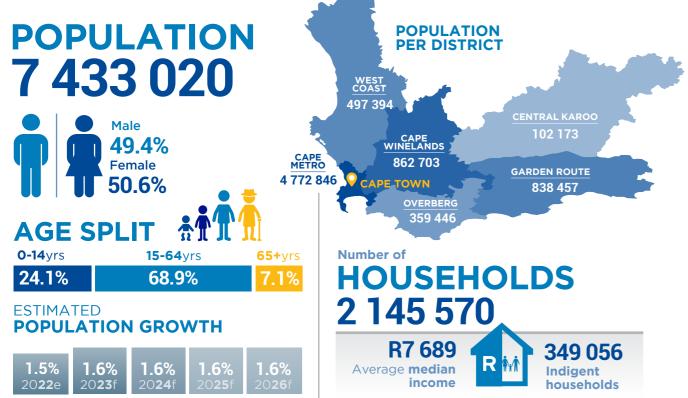
Public sector investment serves as a catalyst for private sector investment, nurturing communities and supporting sustainable development. This section reviews current and future public sector infrastructure budgets as well as spending on contractors in 2021/22. In addition, it provides a glimpse of private sector sentiments through an analysis of building plans passed and completed and of gross fixed capital formation (GFCF) trends.

# SECTION C: SAFETY AND WELLBEING

This section delves into the social trends that shape the identity of the District. Population dynamics, income, housing needs and essential services are reviewed to provide a detailed illustration of the socio-economic dynamics within the District and municipal areas, shedding light on social disparities. The section includes a nuanced examination of healthcare, education and crime metrics. Overall, it provides a comprehensive view of community wellbeing and future prospects, showing the interplay of social and economic undercurrents in the District.



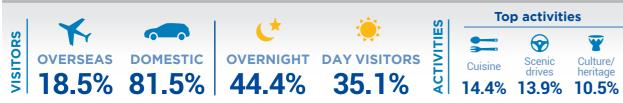




# **ACCESS TO SERVICES**



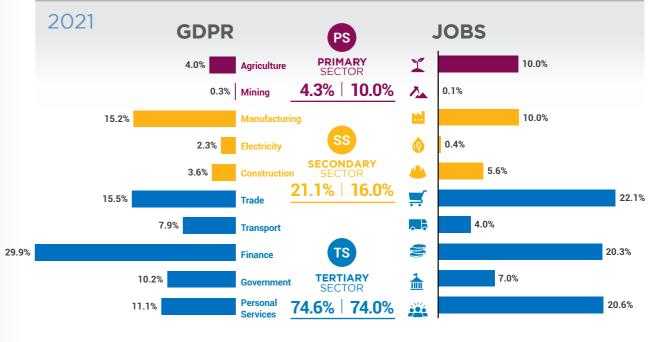
# TOURISM







# SECTORAL CONTRIBUTION



See reference list for sources





# 2022

5.9%



# MACROECONOMIC PERFORMANCE AND OUTLOOK

# **1. GLOBAL ECONOMIC** CONTEXT

The PERO provides an in-depth analysis of macroeconomic and socio-economic trends pertaining to the Western Cape and can be accessed through the QR code.

As the world emerged from the COVID-19 pandemic, Europe grappled with the intensifying Ukraine-Russia conflict. The reverberations of these events were felt along supply chains, resulting in a relentless uptick in inflation across the globe, with food and energy prices soaring to unprecedented highs in 2022.

While commodity prices eased in the first guarter of 2023, they look set to remain above the benchmarks established before the pandemic. The Ukraine conflict continues to impact oil and wheat prices. Should this geopolitical turmoil continue, it may further elevate food, fuel and fertiliser prices. Alongside these events, El Niño threatens to wreak havoc on global crop yields in 2023, affecting food security and pushing food prices to even higher levels.<sup>1</sup>

In a bid to tackle inflation, the world's central banks - including the Federal Reserve, the Bank of Canada, the Bank of England and the European Central Bank - hiked interest rates in 2022 and continued their strategic stance in 2023. As a result, global headline inflation, which hit 8.7 per cent in 2022, is predicted to decline to 5.2 per cent in 2024.

Amid these conditions, the International Monetary Fund downgraded global GDP growth projections from the 3.5 per cent estimated for 2022 to a more muted 3.0 per cent for 2023 and 2024.

Given the turbulence in Ukraine and the slower-than-expected recovery of the Chinese economy, uncertainty about trade persists. Furthermore, other variables - including inflation rate volatility and the unpredictable responses of financial markets to monetary policy changes - can impact GDP projections, leaving economies navigating uncharted waters in 2024 and beyond.

<sup>1</sup> (International Monetary Fund, 2023).



# 2. DEVELOPMENTS IN THE SOUTH **AFRICAN ECONOMY**

South Africa has not been sheltered from the push and pull of global economic currents, and the South African Reserve Bank (SARB) has aligned its response to inflation with that of its international counterparts. In the course of 2022, South Africa also found itself grappling with the dual challenge of floods in KwaZulu-Natal and persistent load-shedding, making this an arduous period for the country.

Amid this turbulence, South Africa's GDP increased by 0.4 per cent in the first quarter of 2023, predominantly buoyed by the finance and manufacturing sectors.

In the context of a slow recovery from the setbacks of 2020 and 2021, the labour market struggled with ongoing job losses and surging unemployment, which stood at 32.6 per cent in the second guarter of 2023. In addition, a surge in inflation mid-2022 saw food prices outpace the Consumer Price Index (CPI) for other goods. The relentless rise in petrol prices, together with the unyielding repo rate increase, chipped away at household purchasing power throughout 2022. Households were finally able to breathe a sigh of relief in July 2023 when inflation waned to 4.7 per cent. This development prompted the SARB to hold the reportate steady at 8.25 per cent, thereby concluding the interest rate hiking cycle initiated in November 2021. July 2023 marked a shift, with petrol prices falling as the South African rand gained ground against major international currencies.

These improvements notwithstanding, business confidence is faltering in 2023 in the face of ongoing load-shedding, escalating government debt and rising production costs. It is anticipated that the performance of the finance, transport and mining sectors will steadily improve as manufacturing, construction, trade and general government services strive to stay afloat.

**GDP** growth prospects remain subdued, with a modest increase of 0.4 per cent projected for 2023 and a rise of 1.0 per cent for 2024.<sup>2</sup>

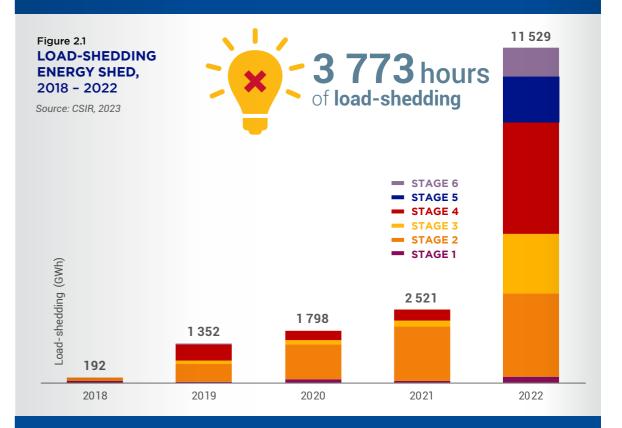
The prospect of continued load-shedding in 2023 affects businesses and households alike. The effect of the outages on the mining sector, a key player in the economy, is especially harmful, not least at a time that the sector is also affected by reduced commodity prices. South Africa's economic prospects going into 2024 are thus uncertain, with GDP growth expected to be subdued compared with expansion in other developing market economies.



<sup>2</sup> (South African Reserve Bank. 2023).

### THE SOUTH AFRICAN ENERGY CRISIS

Adequate access to electricity is at the heart of economic activity, especially for sectors such as mining and manufacturing, and is a basic necessity for South African households. However, 2022 was a year of substantial challenges in generating sufficient electricity to meet demand: 3 773 hours of load-shedding were recorded, which amounted to 11 529 gigawatt hours (GWh). The resultant knock-on effect was a drop in income for businesses and employees alike - negatively affecting business expansion, consumer expenditure and the economy as a whole. These trends have continued into 2023, with load-shedding occurring on most days.



Load-shedding severely curtailed productivity in 2022, affecting output and, ultimately, GDP. The SARB has estimated that load-shedding reduced GDP by between 0.7 and 3.2 percentage points. Other institutions<sup>3</sup> put the loss at between 0.4 and 4.2 percentage points.<sup>4</sup>

Ever reliant on coal, South Africa aims to increase power generation through the use of other energy sources, including nuclear energy, natural gas, solar energy and wind, as it decommissions its coal power stations over the next 10 to 30 years. Furthermore, even as they lack a reliable supply of power, South African households and businesses are paying considerably more for electricity, with prices having increased by 139.8 per cent since 2013. By comparison, the CPI increased by 56.0 per cent during the same period.

In an effort to be less reliant on Eskom, many households and businesses are investing in rooftop solar generation, battery storage solutions and diesel-operated generators, the latter being an unsustainable option given escalating fuel prices. Diesel is significantly more expensive than electricity. In an effort to keep their doors open, businesses have had to bear the brunt of rising operating costs and reduced profit margins.

# ( Eskom

<sup>&</sup>lt;sup>3</sup> These institutions include Absa, First National Bank, Investec, PwC South Africa and Intellidex. <sup>4</sup> (Janse van Rensburg & Morema, 2023).

# **3. DEVELOPMENTS IN THE WESTERN** CAPE ECONOMY

Less reliant on the mining and personal services sectors, and with a more finance-oriented economy than other provinces, the Western Cape increased its contribution to the South African economy by 0.1 of a percentage point in 2022, accounting for 14.3 per cent of GDP in this year. This uptick has been chiefly attributed to significant growth in the finance, trade and transport sectors.

Capitalising on global demand for South African produce and wines, the agriculture sector has expanded by an impressive 37.1 per cent over the past decade. Furthermore, the finance and personal services sectors grew by 27.5 per cent and 21.9 per cent respectively over the same period, indicative of the rapid urbanisation that has occurred in many parts of the Western Cape in recent years. Urbanisation, fuelled by semigration, has led to a hike in property prices and increased the demand for housing and other public services in the Province.

An estimated 2.3 per cent growth in GDPR in 2022 notwithstanding, the prospects for economic expansion within the Western Cape were limited during this year by load-shedding and logistical difficulties at the Port of Cape Town and with the national rail network.

On the employment front, the Western Cape made notable gains in 2022, with finance, personal services, manufacturing and trade being the principal catalysts of job creation. As a result, unemployment in the Province stood at 24.5 per cent in 2022 - a rate considerably lower than the 33.9 per cent unemployment in the country overall.

The first quarter of 2023 witnessed further job growth as the unemployment rate declined to 21.6 per cent, the lowest in the nation. Moreover, the Western Cape had the highest labour market absorption rate in South Africa in the first guarter of 2023: 53.6 per cent. Despite these gains, both Provincial and national labour markets face persistent challenges, including elevated unemployment among the youth and individuals with low levels of education. Joblessness has led to poverty within these groups and necessitated the provision of governmental support. Given the substantial youth demographic, addressing youth unemployment is of great importance.

The Western Cape recorded Greenfield investments worth R13.3 billion in 2022, resulting in the creation of 2 315 employment opportunities. International trade has provided further stimulation of the Provincial economy. The Western Cape has become a powerhouse in the export of fresh and processed food, with a substantial volume of grapes, oranges, apples, mandarins, pears and lemons being sent to countries such as the Netherlands, the United Arab Emirates, the United Kingdom, China and Russia in 2022.

However, amid the opportunities lie challenges that constrain farmers. These include escalating input and transport costs, suboptimal operations at the Port of Cape Town and disruptions in power supply. Stringent regulations aimed at combating the proliferation of the false codling moth and the spread of the citrus black spot in Europe may constitute additional obstacles for citrus growers.

Globally renowned for its superb wines, the Western Cape's viniculture sector contributes substantially to international trade, with wine ranking as the third most exported product in 2022. The sector has carved out a distinctive niche within the broader tourism spectrum that renders the Western Cape an exceptional destination for both domestic and international tourists. Slightly impacted by a global dip in wine consumption, exports observed a slight decline in 2022. Furthermore, the wine sector is contending with dwindling profitability, a trend that is putting the livelihoods of about 45 610 individuals working in primary production activities at risk.

The foremost international portal into the Province, Cape Town International Airport has registered growth in passenger numbers since 2020. In 2022, the number of domestic and international arrivals rose to 6.1 million and 2.2 million respectively. This marked a decrease in domestic arrivals relative to the figure for 2019 (8.1 million). International arrivals, however, showed near complete recovery from the hardship inflicted by COVID-19 (the number of international arrivals for 2019 was 2.4 million).<sup>5</sup> By April 2023, the number of international arrivals had fully rebounded to pre-pandemic levels while domestic arrivals were at 80.0 per cent of the 2019 total. This indicates that the outlook for the tourism sector in 2023 is promising.<sup>6</sup>

While the prospects for trade, tourism and investment in the Western Cape are good, the Province cannot be viewed in isolation from South Africa as a whole. As such, the poor outlook for national energy security and lack of business confidence in the country overall may compromise growth in the Western Cape.



<sup>&</sup>lt;sup>5</sup> (Airports Company South Africa, 2023)

(Wesaro, 2023).

using the Standardised Regional data from Quantec released in August 2023.

Against this background, the forecast for Provincial GDPR growth in 2023 is a modest 0.5 per cent, which is expected to reach 1.1 per cent in 2024.7

The GDPR forecast for the Western Cape is derived from the South African Reserve Bank (SARB) July 2023 national forecast

# ENERGY RESILIENCE IN THE WESTERN CAPE

Through the Energy Resilience Programme, the Western Cape Government aims to reduce the Province's reliance on Eskom for electricity.

### The Programme comprises six strategic intervention categories, namely:

- Disaster mitigation and management to minimise the impact of load-shedding.
- A Provincial Integrated Resource Plan to provide an evidence-based and cost-optimal series of energy options to enable planning and investment.
- A demand-side management programme to enable proper sizing and cost reductions regarding alternative energy systems along with negotiations about load-shedding buffering for the Province.
- A new energy generation programme to enable the generation, procurement and trading of low-carbon energy.
- A network development programme providing for the maintenance and expansion of the required grid infrastructure to enable the movement of energy.
- Increased investment in the energy sector.<sup>8</sup>

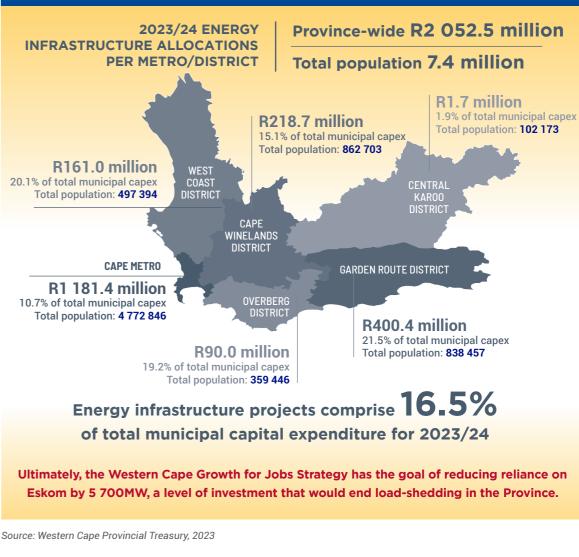
For the Western Cape Government to achieve the goal of an efficient, sustainable and affordable electricity supply, a considerable amount of public investment is required. The Cape Metro has allocated 10.7 per cent of the region's municipal capital expenditure towards energy infrastructure, while the Garden Route District (GRD) aims to spend 21.5 per cent of its municipal capital budget on energy infrastructure. Reliable electricity in the Cape Metro, the business capital of the Province, is of paramount importance in maintaining productivity.



ON A LARGER SCALE, the Western Cape, especially the Central Karoo District (CKD), is uniquely positioned to make use of both wind and solar energy to generate electricity. In 2022, 16 environmental authorisation applications were submitted for wind and solar developments in the Province, 13 of which are planned for the CKD.<sup>9</sup> If realised, these projects could contribute significantly to new economic opportunities.

<sup>8</sup> (Western Cape Government, 2023).

<sup>9</sup> (Department of Forestry, Fisheries and the Environment, 2023).



Along with investing in energy infrastructure projects, municipalities across the Western Cape are adopting small-scale embedded generation (SSEG) programmes.<sup>10</sup> In addition, wheeling is being piloted in the City of Cape Town as well as by the George Municipality.<sup>11</sup>

> By adopting SSEG programmes, municipalities can reduce their reliance on Eskom and move

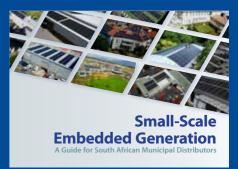
towards carbon neutrality - all while stimulating private sector investment in solar rooftop installations and thus job creation.

<sup>10</sup> (GreenCape, 2023). <sup>11</sup> (South African Local Government Association, 2023).

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# 2023/24 MTREF MUNICIPAL ENERGY INFRASTRUCTURE EXPENDITURE

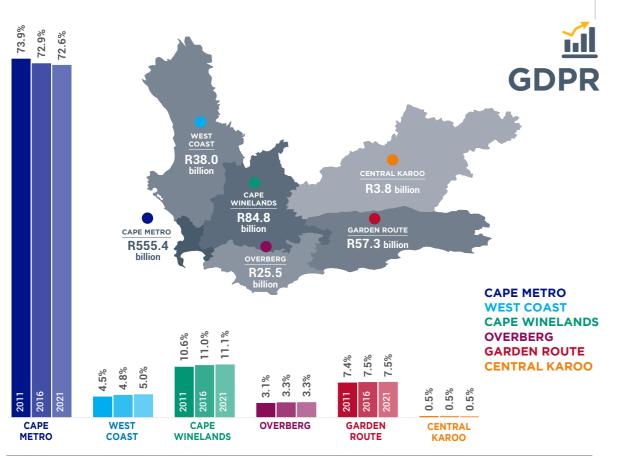
SSEG programmes allow consumers to generate their own electricity through solar rooftop installations, while feeding excess supply back into the grid.



Wheeling is the transportation of electricity from a supplier to a third party, through a network not owned, controlled or leased by either party.

# **3.1 REGIONAL GDPR AND EMPLOYMENT** PERFORMANCE



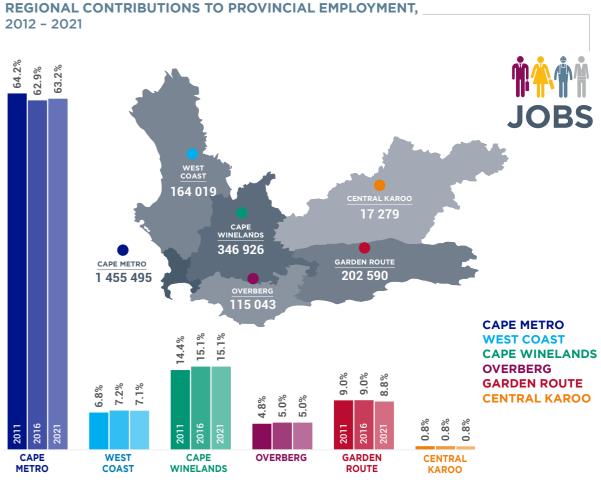


Source: Quantec research, 2023

With a GDPR of R555.4 billion in 2021, the Cape Metro dominated the economic landscape of the Western Cape during that year, contributing 72.6 per cent of Provincial GDPR and accounting for 63.2 per cent of employment in the Western Cape. The finance and general government sectors are foundational to the Cape Metro's economy, which features a concentration of capital-intensive industries that rely on skilled labour. By contrast, the districts tend to rely on labour-intensive forms of agriculture for employment, resulting in the employment contributions of these regions exceeding their GDPR contributions.

A noticeable shift has occurred over the past decade, with the Cape Metro's contribution to the Provincial economy decreasing and the contributions from most other districts - especially the West Coast District (WCD) and the Cape Winelands District (CWD) - increasing. The increase in the contributions from the WCD and CWD is largely as a result of the strong growth in the agriculture sectors of these two regions in recent years. The contributions of the CKD, which has a limited amount of economic activity, have seen little change.

Figure 3.2

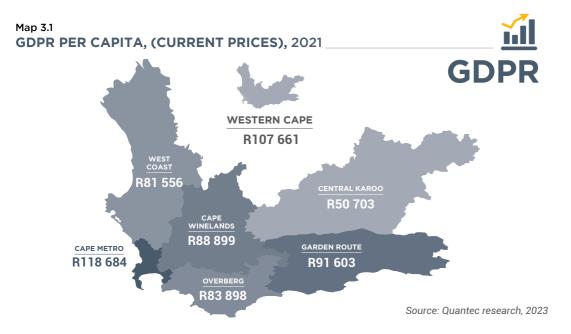


Source: Quantec research, 2023



# **GDPR PER CAPITA**

GDPR per capita is useful in assessing a population's economic wellbeing and living standards. It shows the average economic output generated per individual, thereby providing a valuable measure of the overall prosperity and quality of life across the Province. As an international service and trade hub, the Cape Metro area has the largest regional economy and the highest living standards in the Western Cape. While the GRD has the third-largest economy of the Province in terms of GDPR, it leads the districts with regard to living standards, followed closely in the rankings by the CWD. The population of the Western Cape is constantly expanding, fuelled by in-migration; however, the historical long-term economic growth trend has been declining, and GDPR per capita is thus also on a downward trend.



As much as GDPR per capita serves as a gauge of average living standards, it doesn't reflect how wealth is distributed within a population. The GRD has the highest income inequality in the Province, recording a Gini coefficient of 0.608 in 2022. This was primarily due to high levels of income inequality in the Bitou and Knysna municipal areas. By contrast, the CKD, where residents have a lower standard of living than the inhabitants of other districts, had a below-average level of income inequality in 2022.



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Figure 3.3 REGIONAL SECTORAL GDPR CONTRIBUTIONS TO PROVINCIAL GDPR, 2021 (%)								
GDPR								
GDPR	Agriculture, forestry & fishing	1.1%	1.1%	1.0%	0.3%	0.4%	0.1%	4.0%
	Mining & quarrying	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%
	Manufacturing	11.0%	1.0%	1.7%	0.5%	1.1%	0.0%	15.2%
	Electricity, gas & water	1.7%	0.1%	0.2%	0.1%	0.2%	0.0%	2.3%
	Construction	2.5%	0.2%	0.5%	0.2%	0.3%	0.0%	3.6%
Wholesale & retail	trade, catering & accommodation	11.0%	0.7%	1.9%	0.6%	1.2%	0.1%	15.5%
Tra	Transport, storage & communication		0.3%	0.8%	0.3%	0.6%	0.1%	7.9%
Finance, insuranc	Finance, insurance, real estate & business services		0.7%	2.7%	0.8%	2.3%	0.1%	29.9%
General government		7.6%	0.5%	1.1%	0.3%	0.7%	0.1%	10.2%
Community, social & personal services		8.2%	0.5%	1.2%	0.3%	0.8%	0.1%	11.1%
		•		· · · · ·				
	SECTORAL NT <sup>12</sup> CONTRIBUTIONS TO L EMPLOYMENT, 2021 (%)	CAPE METRO	WEST COAST	CAPE WINELANDS	OV ERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
REGIONAL S	T <sup>12</sup> CONTRIBUTIONS TO EMPLOYMENT, 2021 (%)							
REGIONAL S EMPLOYMEN PROVINCIAL	Agriculture, forestry & fishing	1.8%	2.7%	3.2%	1.1%	1.1%	0.2%	10.0%
REGIONAL S	Agriculture, forestry & fishing Mining & quarrying	1.8% 0.0%	2.7% 0.0%	3.2% 0.0%	1.1% 0.0%	1.1% 0.0%	0.2% 0.0%	10.0% 0.1%
REGIONAL S EMPLOYMEN PROVINCIAL	Agriculture, forestry & fishing Mining & quarrying Manufacturing	1.8% 0.0% 6.9%	2.7% 0.0% 0.7%	3.2% 0.0% 1.2%	1.1% 0.0% 0.4%	1.1% 0.0% 0.8%	0.2% 0.0% 0.0%	10.0% 0.1% 10.0%
REGIONAL S EMPLOYMEN PROVINCIAL	Agriculture, forestry & fishing Mining & quarrying Belectricity, gas & water	1.8% 0.0% 6.9% 0.2%	2.7% 0.0% 0.7% 0.0%	3.2% 0.0% 1.2% 0.0%	1.1% 0.0% 0.4% 0.0%	1.1% 0.0% 0.8% 0.0%	0.2% 0.0% 0.0% 0.0%	10.0% 0.1% 10.0% 0.4%
REGIONAL S EMPLOYMEN PROVINCIAL	Agriculture, forestry & fishing Mining & quarrying Manufacturing Electricity, gas & water Construction	1.8% 0.0% 6.9% 0.2% 3.7%	2.7% 0.0% 0.7% 0.0% 0.3%	3.2% 0.0% 1.2% 0.0% 0.8%	1.1% 0.0% 0.4% 0.0% 0.3%	1.1% 0.0% 0.8% 0.0% 0.5%	0.2% 0.0% 0.0% 0.0%	10.0% 0.1% 10.0% 0.4% 5.6%
REGIONAL S EMPLOYMEN PROVINCIAL JOBS	Agriculture, forestry & fishing Mining & quarrying Manufacturing Electricity, gas & water Construction trade, catering & accommodation	1.8% 0.0% 6.9% 0.2% 3.7% 14.4%	2.7% 0.0% 0.7% 0.0% 0.3% 1.2%	3.2% 0.0% 1.2% 0.0% 0.8% 3.2%	1.1% 0.0% 0.4% 0.0% 0.3% 1.1%	1.1% 0.0% 0.8% 0.0% 0.5% 2.1%	0.2% 0.0% 0.0% 0.0% 0.0%	10.0% 0.1% 10.0% 0.4% 5.6% 22.1%
REGIONAL S EMPLOYMEN PROVINCIAL JOBS Wholesale & retail	Agriculture, forestry & fishing Mining & quarrying Manufacturing Electricity, gas & water Construction trade, catering & accommodation ansport, storage & communication	1.8% 0.0% 6.9% 0.2% 3.7% 14.4% 2.9%	2.7% 0.0% 0.7% 0.0% 0.3% 1.2% 0.2%	3.2% 0.0% 1.2% 0.0% 0.8% 3.2% 0.5%	1.1% 0.0% 0.4% 0.0% 0.3% 1.1% 0.2%	1.1% 0.0% 0.8% 0.0% 0.5% 2.1% 0.3%	0.2% 0.0% 0.0% 0.0% 0.2% 0.0%	10.0% 0.1% 10.0% 0.4% 5.6% 22.1% 4.0%
REGIONAL S EMPLOYMEN PROVINCIAL JOBS Wholesale & retail	Agriculture, forestry & fishing Mining & quarrying Manufacturing Electricity, gas & water Construction trade, catering & accommodation ansport, storage & communication e, real estate & business services	1.8% 0.0% 6.9% 0.2% 3.7% 14.4% 2.9% 14.7%	2.7% 0.0% 0.7% 0.3% 1.2% 0.2% 0.7%	3.2% 0.0% 1.2% 0.0% 0.8% 3.2% 0.5% 2.4%	1.1% 0.0% 0.4% 0.0% 0.3% 1.1% 0.2% 0.9%	1.1% 0.0% 0.8% 0.0% 0.5% 2.1% 0.3% 1.7%	0.2% 0.0% 0.0% 0.0% 0.2% 0.0% 0.1%	10.0% 0.1% 10.0% 0.4% 5.6% 22.1% 4.0% 20.3%
REGIONAL S EMPLOYMEN PROVINCIAL JOBS Wholesale & retail Tra Finance, insuranc	Agriculture, forestry & fishing Mining & quarrying Manufacturing Electricity, gas & water Construction trade, catering & accommodation ansport, storage & communication	1.8% 0.0% 6.9% 0.2% 3.7% 14.4% 2.9%	2.7% 0.0% 0.7% 0.0% 0.3% 1.2% 0.2%	3.2% 0.0% 1.2% 0.0% 0.8% 3.2% 0.5%	1.1% 0.0% 0.4% 0.0% 0.3% 1.1% 0.2%	1.1% 0.0% 0.8% 0.0% 0.5% 2.1% 0.3%	0.2% 0.0% 0.0% 0.0% 0.2% 0.0%	10.0% 0.1% 10.0% 0.4% 5.6% 22.1% 4.0%

### Figu **RE** EM PR

The activities of the finance, trade, personal services and manufacturing sectors in the Cape Metro contribute substantially to Provincial GDPR and employment. This trade hub is known for its tech and business process outsourcing (BPO) industries. Key manufacturing industries include clothing, textiles, food and beverages, and electronics. The BPO industry is becoming an essential driver of job creation and an important means of attracting foreign investment to the Province, having created 3 257 new jobs in 2022. The Cape Metro area is also the epicentre of the Western Cape's promising film and media industry.

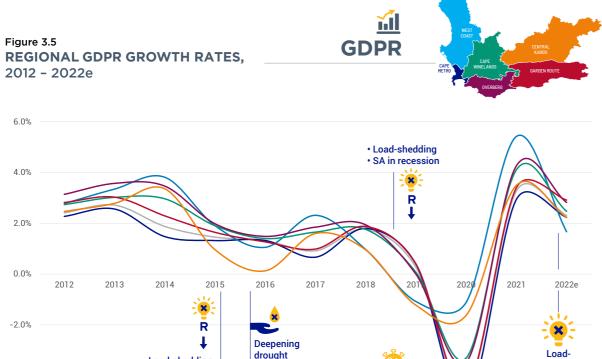
The growing urban centres of Paarl and Stellenbosch, in the CWD, are leading growth among regional areas through the trade, finance and personal services sectors. At the same time, the rising popularity of George as a tertiary service centre for the GRD means that it is also a growing contributor to the Provincial GDPR. Despite offering several opportunities for the mining and renewable energies industries, the sparsely populated CKD contributes the least to the Provincial economy and employment.

<sup>12</sup> Includes formal and informal employment.

Source: Quantec research, 2023

Thanks to the strong performance of the agriculture sector in 2021, GDPR in the districts witnessed a recovery in the course of this year from the lows induced by the COVID-19 pandemic, although the Cape Metro's GDPR lagged behind that of 2019. However, in 2022, the estimated 2.2 per cent GDPR growth in the Cape Metro surpassed that of 2019. The Cape Metro was the primary source of GDPR growth in the Western Cape in 2022 (accounting for 1.7 percentage points of the growth), while the CWD and GRD contributed 0.3 of a percentage point and 0.2 of a percentage point respectively.

Unfortunately, employment trends did not follow that of the GDPR. Although large-scale job gains were recorded in the Cape Metro, CWD and GRD in 2022, they did not make up for the severe losses recorded in 2020 and 2021.



shedding

1

COVID-19 pandemic

Source: Quantec research, 2023 (e denotes estimate)

-4.0%

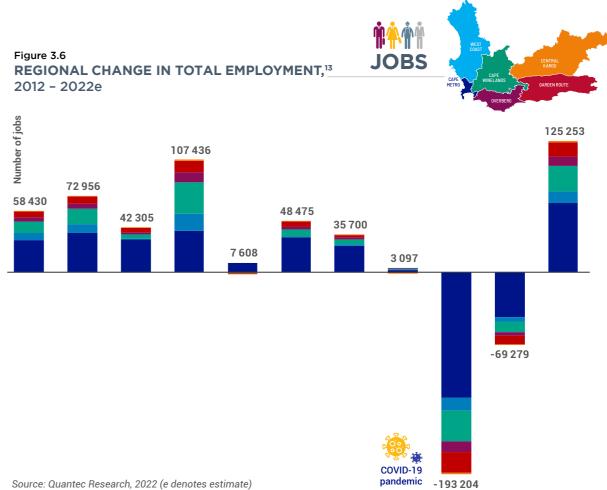
-6.0%

Load-shedding

Declines in tourism

Commodity prices ↓

2012 2013 2014 2015 201	6 2017 2018 2019 2020 2021 2022
Western Cape         2.4%         2.7%         1.9%         1.5%         1.3%	% 0.9% 1.8% 0.3% -4.6% 3.3% 2.3
Cape Metro 2.3% 2.6% 1.5% 1.3% 1.3%	% 0.7% 1.8% 0.4% -5.1% 2.9% 2.2
	% 2.3% 1.0% -1.1% -1.1% 5.4% 1.7
Cape Winelands 2.7% 3.0% 3.0% 1.9% 1.4%	% 1.7% 1.8% 0.1% -3.3% 4.1% 2.5
	% 1.8% 1.9% 0.0% -3.5% 4.3% 2.8
Garden Route 2.8% 3.0% 2.3% 1.6% 1.3%	% 1.0% 1.9% 0.4% -4.5% 3.4% 2.9
Central Karoo 2.5% 2.8% 3.4% 1.0% 0.1%	% 1.6% 1.0% -1.2% -1.6% 3.5% 2.2



Source: Quantec Research, 2022 (e denotes estimate)

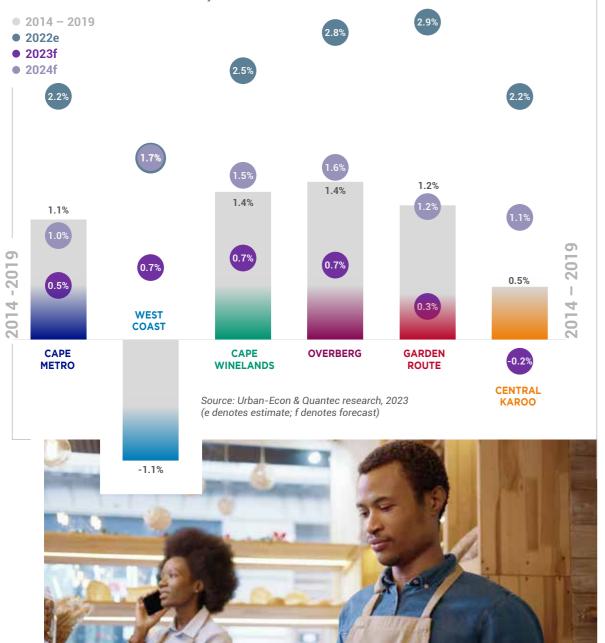
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Western Cape	58 430	72 956	42 305	107 436		48 475		3 097	-193 204	-69 279	125 253
Cape Metro	30 480	37 356	31 127	39 676	8 925	33 233	25 274	1 766	-119 943	-43 255	65 91 1
West Coast	6 811	8 359	706	16 247	-393	922	1 030	594	-12 186	-4 072	10 882
Cape Winelands	11 121	14 657	4 396	29 703	-97	7 027	4 924	1 255	-29 444	-9 863	24 944
Overberg	4 092	5 007	1 799	9 658	-160	2 678	1 860	238	-10 256	-3 755	8 999
Garden Route	5 499	7 043	4 210	10 791	-527	4 493	2 514	-707	-19 801	-7 824	13 514
Central Karoo	427	534	67	1 361	-140	122	98	-49	-1 574	-510	1 003



<sup>13</sup> Includes formal and informal employment estimates.

Despite the momentum gained in 2022, it is forecast that GDPR will slow across the districts in 2023, with growth in the CKD expected to contract by 0.2 per cent. GDPR will probably expand in 2024 if the effects of inflation, interest rate hikes and load-shedding on consumer and business confidence can be contained. If job growth coincides with the stabilisation of inflation, interest rate hikes and load-shedding, these GDPR gains can translate into improved living standards. The outlook for 2024, however, remains above the five-year average GDPR growth recorded before the COVID-19 pandemic for most regions.

### Figure 3.7 **REGIONAL GDPR FORECAST, 2023 - 2024**



# WESTERN CAPE GROWTH FOR JOBS STRATEGY

Over recent years, the Western Cape Government has identified the need for a strategy to increase the Provincial economic growth rate and, to the extent that growth continues to falter in South Africa, decouple the Province's growth trajectory from that of the rest of the country. This gave rise to the Western Cape Growth for Jobs Strategy, issued in 2023. The strategy has several important aspects:

- Clear principles are set out in a strategic framework that has guided thinking and decisions.
- Crucial priority focus areas (PFAs) shape decisions about the nature of the interventions needed to maximise impact.
- Key levers, enablers and accelerators facilitate the achievement of these goals.

The strategy's vision is for a Provincial economy that achieves breakout economic growth, resulting in sufficient employment and opportunity, and a sustainable, resilient, diverse and thriving economy one that generates confidence, hope and prosperity for all.

# **PRIORITY FOCUS AREAS FOR HORIZON 1 (UP TO 2026)**



The full Growth for Jobs Strategy can be viewed using the QR code:

Source: Western Cape Government, 2023

### This vision is further expressed through the goal that by 2035, the Western Cape will be a R1-trillion inclusive economy in real terms and growing between

4.0 per cent and 6.0 per cent annually. This will be achieved through enabling a competitive business environment in which growth is driven through businesses seizing opportunities.



Building on agriculture and agro-processing industries, the regions of the Western Cape are becoming more service-oriented. The finance, transport, personal services and trade sectors were among the most significant contributors to regional GDPR in 2022. Furthermore, the trade sector played an important role in creating employment, with 6 513 new formal full-time opportunities created for retail workers in non-specialised stores in 2022, most of which were in the Cape Metro area (99.8 per cent).

The agriculture sector is estimated to have stagnated or contracted across the Province in 2022. This was primarily due to a normalisation of trends, as the sector had recorded exceptional growth since 2020 because of high international commodity prices. Despite this, 5 950 new jobs were created in the perennial crop industry, mainly in pome and stone fruit farming in the CWD, bush fruit and nut farming in the Overberg District (OD) and citrus farming in the WCD.

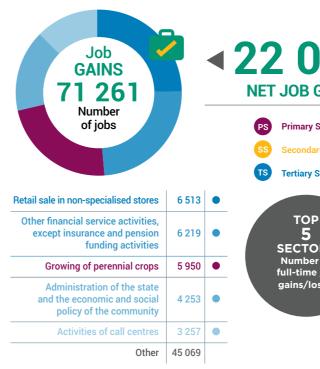
The WCD and OD manufacturing sectors also contributed to the positive GDPR performance of the two districts. Food and beverage manufacturing is becoming increasingly important to the economy of the WCD, with seafood processing, winemaking, grain processing and rooibos tea production adding value to primary agriculture and fishing sector activities.

Featuring rolling canola fields, fruit orchards and an extensive coastline, the OD has a manufacturing sector that is dominated by food production. However, strong growth in manufacturing industries such as printing, the production of motor vehicle parts and accessories, and the production of paper and plastic goods signals potential economic diversification and strengthening of the local agricultural value chain. The provision of goods for the transport industry and of the packaging which ensures that fresh and processed food from the OD can be distributed nationally as well as globally adds depth and resilience to the District's economy.

Figure 3.8 SECTORAL CONTRIBUTIONS TO REGIONAL GDP GROWTH, 2022e	CAPE METRO	WEST COAST	CAPE WINELANDS	OVERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
Total	2.2%	1.7%	2.5%	2.8%	2.9%	2.2%	2.3%
Agriculture, forestry & fishing	0.0%	-0.2%	-0.3%	-0.3%	-0.1%	-0.4%	-0.1%
Mining & quarrying	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing	-0.1%	0.2%	-0.3%	0.2%	0.1%	0.0%	-0.1%
Electricity, gas & water	-0.1%	-0.1%	0.0%	0.0%	-0.1%	-0.1%	-0.1%
Construction	-0.2%	-0.2%	-0.2%	-0.2%	-0.3%	-0.3%	-0.2%
Wholesale & retail trade, catering & accommodation	0.4%	0.4%	0.7%	0.7%	0.7%	0.6%	0.4%
Transport, storage & communication	0.8%	0.5%	0.8%	1.0%	0.9%	1.0%	0.8%
Finance, insurance, real estate & business services	1.0%	0.6%	1.3%	1.2%	1.5%	0.4%	1.1%
General government	0.0%	0.0%	0.0%	0.0%	-0.1%	0.2%	0.0%
Community, social & personal services	0.4%	0.4%	0.4%	0.4%	0.3%	0.7%	0.4%

Source: Quantec research. 2023 (e denotes estimate)

### Figure 3.9 TOP FIVE SECTORS FOR FORMAL EMPLOYM AND LOSSES, 2022



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

While certain industries saw employment creation in 2022, others continued to shed jobs, a trend emblematic of the general decline of the South African economy. Amid job losses, households are coming under pressure from rising food and fuel prices, and higher interest rates. The increasing cost of living has damaged the domestic tourism industry, resulting in 4 493 formal job losses in short-term accommodation activities in the Province (mostly in the Cape Metro, GRD and OD). Surprisingly, the CKD recorded an increase of 43 jobs in this industry, signalling the return of business travel through this District.



<sup>14</sup> Because of the in-depth data made available through SARS and the HSRC, this publication is able to present FTE employment data at a more disaggregated level than would be possible using only GDPR data, which is aggregated to a 10-sector level.

1ENT <sup>14</sup> GA	INS		
<b>58</b> GAINS Sector ry Sector Sector			Job LOSSES -49 203 Number of jobs
	٠	-4 660	Private security activities
DRS	•	-4 493	Short-term accommodation activities
r of job	•	-4 339	Insurance
osses	•	-2 735	Construction of buildings
	•	-2 025	Manufacturing of wearing apparel
		-32 976	Other

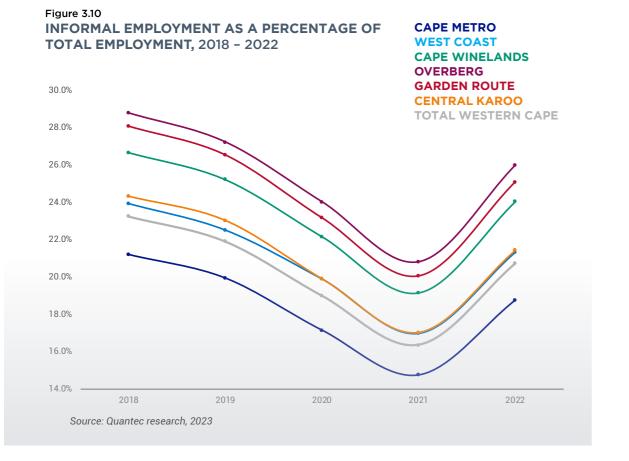
# **INFORMAL EMPLOYMENT<sup>15</sup>**

From spaza shop owners in the Cape Metro to the hairdresser operating from a Beaufort West home in the Central Karoo, the informal sector is pivotal in generating employment opportunities in the Province.

Typically, the informal economy creates jobs during economic downturns as those departing formal employment find jobs in the informal sector or become self-employed. However, the sector has not taken on this role in South Africa post-COVID, indicating that the informal economy is recovering from the pandemic at a slower pace than the formal economy.

In the Western Cape, the share of total employment originating in the informal sector has varied over time, declining from 23.3 per cent in 2018 to 16.4 per cent in 2021 as businesses dealt with the effects of COVID-19 restrictions. Encouragingly, a resurgence of informal employment was recorded in 2022, when the informal economy increased its contribution to overall employment to 20.7 per cent.

The trade sector, in particular, has a high proportion of informal jobs, accounting for 32.2 per cent of the informally employed. The construction industry also provides a significant number of informal employment opportunities, although this total has waned in recent years.



<sup>15</sup> Quantec obtains its employment information from South Africa's most authoritative labour data sources, namely the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS), both produced by Stats SA. The QES data is sourced from a subset of non-agricultural businesses and provides a quantification of formal employment (note that domestic staff are also excluded from this subset). The QLFS is based on household data and provides statistics for both formal and informal employment. To reconcile variations between the formal employment values derived from these datasets, Quantec adopts the QES formal employment figure, augmenting it with the figures for formal agricultural and domestic worker employment. The aggregate employment data gleaned from the QLFS is then utilised to determine informal employment, which is deduced as a residual. This remainder surpasses the QLFS-reported tally for employment because of the incorporation of small, medium and micro enterprises (SMMEs), a segment that the QES does not encompass.

### Figure 3.11 SECTORAL INFORMAL EMPLOYMENT CONTRIBUTION TO TOTAL EMPLOYMENT, 2022



CAPE METRO	WEST COAST	CAPE WINELANDS	OVERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
	10.00					
26.2%	18.8%	29.0%	28.5%	27.2%	24.6%	21.7%
26.4%	19.0%	29.2%	28.5%	27.3%	24.7%	21.6%
8.5%	9.3%	5.5%	12.8%	7.7%	6.6%	50.0%
20.4%	19.4%	15.5%	22.0%	25.4%	25.4%	29.6%
14.8%	13.5%	12.9%	18.1%	19.1%	20.1%	29.7%
11.4%	9.5%	12.1%	15.6%	14.9%	16.4%	21.3%
31.0%	31.4%	23.1%	28.5%	34.1%	33.9%	30.7%
20.0%	18.6%	16.7%	23.0%	25.7%	25.1%	20.6%
32.2%	30.7%	27.1%	35.1%	36.7%	38.2%	41.6%
28.7%	26.0%	30.2%	36.1%	37.0%	34.8%	36.8%
15.3%	14.0%	12.9%	18.4%	21.4%	19.5%	18.7%
15.6%	15.1%	11.6%	16.9%	19.6%	19.4%	9.2%

Tertiary sector Wholesale & retail trade, catering & accommodation Transport, storage & communication Finance, insurance, real estate & business services Community, social & personal services

Primary sector

Mining & guarrying

Secondary sector

Electricity, gas & water

Manufacturing

Construction

Agriculture, forestry & fishing

Source: Quantec research, 2023

In the CKD, where economic activity is primarily driven by the general government sector, employment hinges on the activities of small, medium and micro enterprises (SMMEs) more than in any other region. Such enterprises are fundamental to the region's prosperity, as compensation for those who are informally employed is typically lower than pay earned by their formal counterparts. This is especially true of the trade, construction and agriculture sectors.

Across the districts, employment in informal agriculture contributes substantially to the overall jobs total, especially in the WCD, CWD and OD. However, informal agricultural workers typically earn less than the minimum wage, meaning that informal agricultural employment, while essential, does not always enable workers to escape the poverty trap.

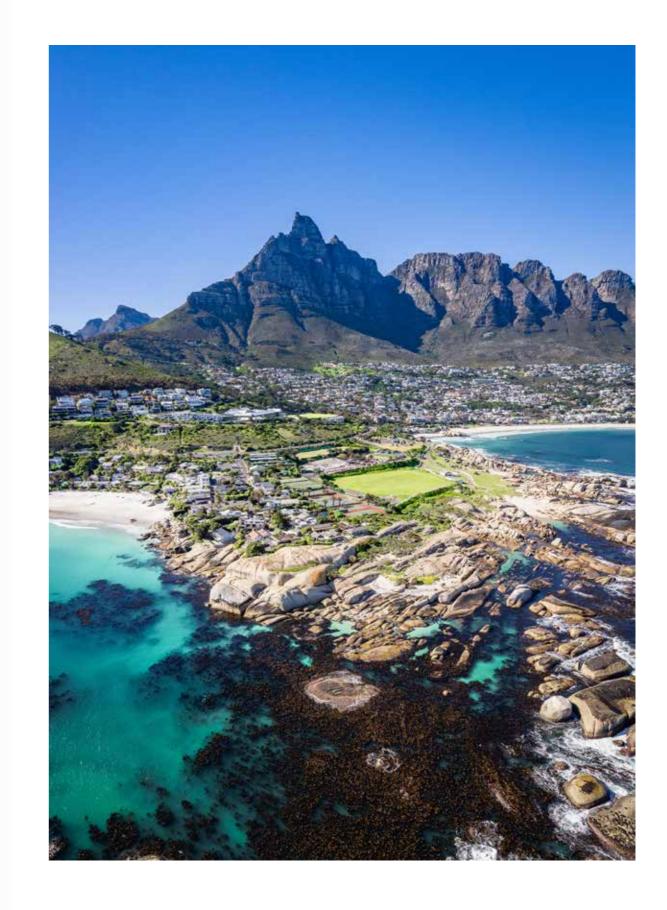


# **4. CONCLUDING REMARKS**

Post-COVID, the global economy continues to face challenges linked to the aftereffects of the pandemic, notably the disruption of supply chains. Russia's invasion of Ukraine has added to the stress on the economy, mainly through exacerbating food and fuel price inflation. Furthermore, additional geopolitical tensions and uncertainties linked to climate change are taking a toll on economic activity.

South Africa's economic journey is being influenced by these global dynamics, as the country is grappling with inflation, unemployment and energy security concerns. The economic evolution of the Western Cape is marked by a strategic shift towards a service-oriented economy prompted by the expansion of the finance, trade and transport sectors. Job creation and growth continue despite the numerous difficulties with which the Province is currently confronted, reflecting the Western Cape's adaptability in the face of changing economic paradigms.





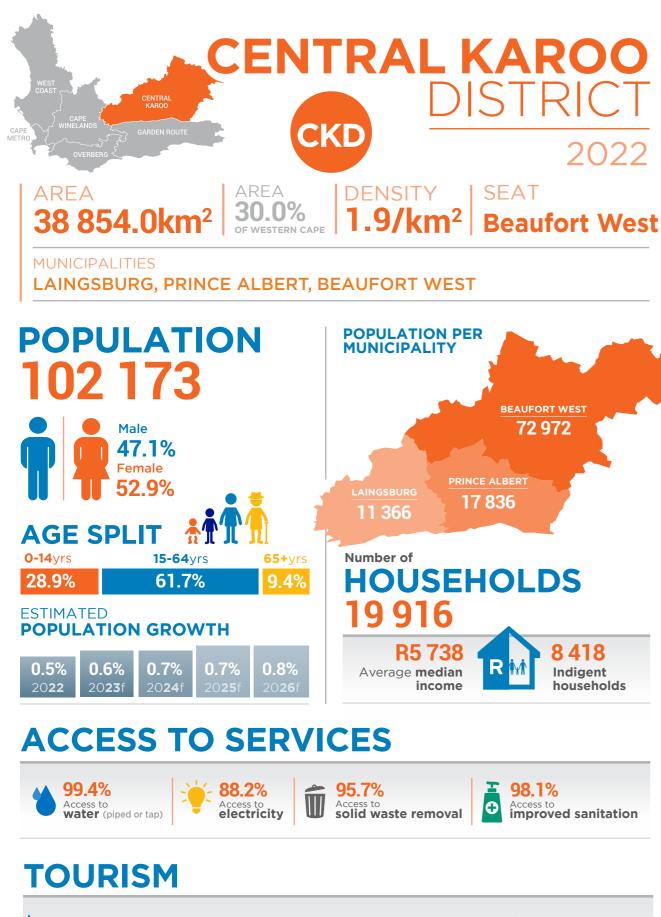


PRINCE ALBERT Laingsburg Prince Albert LAINGSBURG

# **CENTRAL KAROO** DISTRICT 38 854.0km<sup>2</sup>

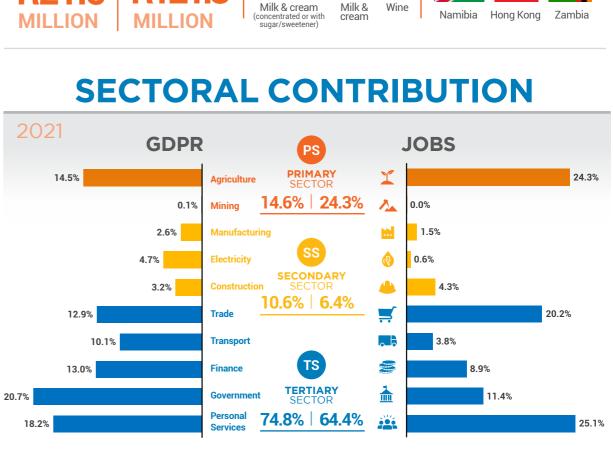
30.0% | OF WESTERN CAPE

**BEAUFORT WEST BEAUFORT WEST** 









See reference list for sources

# ECONOMIC GROWTH AND JOBS

# 1. INTRODUCTION

As the primary gateway to the Western Cape for both tourists and a variety of goods that are destined for export from the Cape Metro, the CKD is in striking contrast to the rest of the Province. While other districts offer fruit orchards, shorelines and mountains blanketed in fynbos, this arid area is characterised by sheep farming and windmills scattered across the landscape.

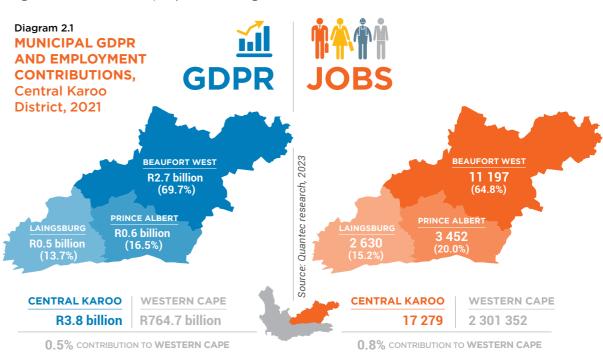
Municipal areas in the CKD include the hub of Beaufort West, historical Laingsburg and Prince Albert, which is an enclave for fruit and olive orchards. The town of Beaufort West is the heart of commercial activity in the District, while other urban areas of importance include Laingsburg and Prince Albert. The N1 traverses the CKD, connecting the Western Cape with the furthest stretches of the Northern Cape, the Free State, Gauteng and Limpopo.

The economy of the District encompasses a variety of sectors. Agriculture – principally sheep farming – plays a key role in the CKD. In addition, international trade, tourism, and private and public sector investments serve as catalysts for job creation and further the overall wellbeing of local communities.

# 2. REGIONAL GDPR AND EMPLOYMENT PERFORMANCE

# 2.1 Trends and GDPR forecast

The CKD is the largest District in the Province by area. Dry climatic conditions limit large-scale horticultural practices in the region, and available natural resources such as uranium and shale gas are currently not being extracted. The distance of the area from the major markets adds another layer of complexity to business operations in the CKD, resulting in a less diverse economy. This makes the District more vulnerable in instances where sectors that are prominent in the area (notably agriculture and tourism) experience exogenous shocks.



### Map 2.1 NUMBER OF BUSINESSES PER TOWN, 2022



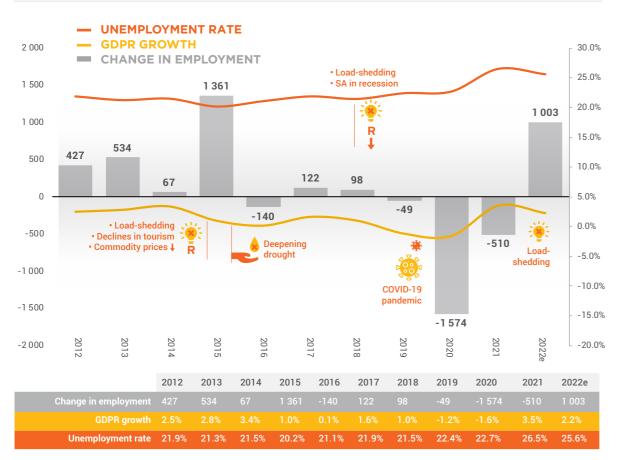
Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

National Roads
 Regional Roads
 CKD boundary

The sparsely populated CKD contributed only R3.8 billion (0.5 per cent) to the Provincial economy in 2021. That said, estimated growth in 2022 of 2.2 per cent marked a full recovery from the downturn of 2020 and brought welcome relief to struggling communities. Many residents returned to the job market, with the labour force participation rate increasing by 1.9 percentage points to reach 52.7 per cent. The 2022 labour force participation rate of the Western Cape stood at 64.9 per cent, however, highlighting the limited extent of economic activity in the District. In this context, it is perhaps unsurprising that a large number of CKD residents are economically inactive (47.3 per cent in 2022) and that working people have several dependants even as many residents look to the government for income support.

### Figure 2.1

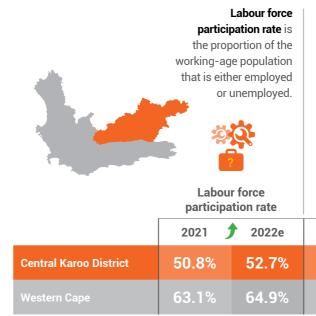




Source: Quantec research, 2023 (e denotes estimate)

Despite this, the favourable job market conditions in 2022 resulted in unemployment falling to 25.6 per cent (a 0.9 percentage point decrease) and, consequently, a marginal decline in the economically inactive population. The unemployment rate in the CKD is higher than that of the Province (24.5 per cent), highlighting the need for private sector investment to facilitate job creation in the District. Sectors that may offer economic opportunities include agro-processing, tourism, renewable energy and mining. The public sector can create an enabling environment for investments by improving infrastructure and ensuring efficient service delivery.

### Diagram 2.2 LABOUR PROFILE, Central Karoo District, 2021 - 2022e



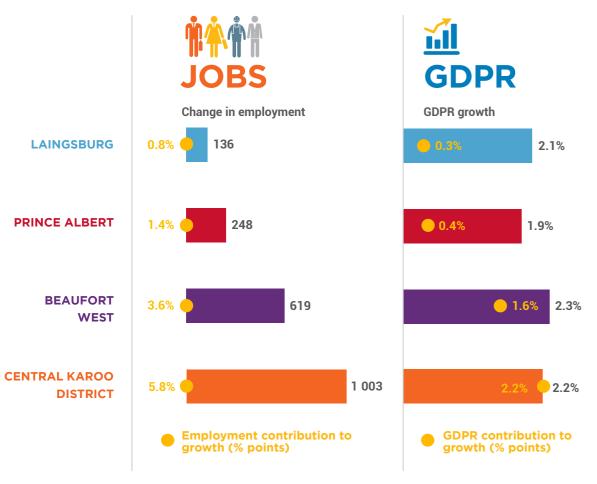
Sources: Quantec research, 2023 (e denotes estimate)

The upswing in employment ends a cycle of job losses that started in 2018. However, substantial economic growth will be required to regain or replace lost jobs. While there is some momentum concerning informal job creation, the number of formal jobs in the CKD declined by 132 in 2022. Trade, construction and transport are among the sectors where job growth has been especially slow. All three sectors are significantly influenced by consumer spending and private sector investment, which have been battered by high levels of food inflation, rising interest rates, exchange rate volatility and petrol price increases.



population absor the prop working-ag	bloyment-to- ratio (labour ption rate) is portion of the population is employed.	Not economically active refers to persons aged 15 to 64 years who were neither employed nor unemployed in the reference week.			
× Labour al rate (emplo population	osorption soment-to-	Not ecor active pro	nomically portion of e population		
2021	2022e	2021	2022e		
37.3%	39.2%	49.2%	47.3%		
47.3%	49.0%	36.9%	35.1%		

### Figure 2.2 MUNICIPAL CONTRIBUTIONS TO GDPR AND EMPLOYMENT GROWTH, Central Karoo District, 2022e



Source: Quantec research, 2023 (e denotes estimate)

As the epicentre of economic activity in the CKD, the Beaufort West municipal area led in GDPR and employment growth. The area accounted for 1.6 percentage points of the District GDPR growth estimated for 2022 and 3.6 percentage points of job growth (put at 5.8 per cent for the CKD overall). In 2021, the general government and personal services sectors were responsible for most economic activity in the District, collectively contributing 38.9 per cent of the GDPR of the CKD. Employment in public administration and defence activities accounted for the largest share of formal workers in 2022. This group comprised 2 243 Local Government, Provincial Government and National Government workers, as well as 440 people working in public order and safety activities.

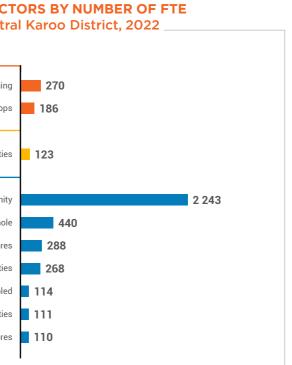


Figure 2.3TOP 10 SECJOBS, Cent
PS Primary Sector
Mixed farmi
Growing of perennial cro
SS Secondary Sector
Electrical, plumbing and other construction installation activiti
TS Tertiary Sector
Administration of the state and the economic and social policy of the commun
Provision of services to the community as a who
Retail of automotive fuel in specialised stor
Short-term accommodation activiti
Residential care activities for the elderly and disabl
Restaurants and mobile food service activiti
Retail sale in non-specialised stor

Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset) Human Sciences Research Council (producer and distributor), 2023

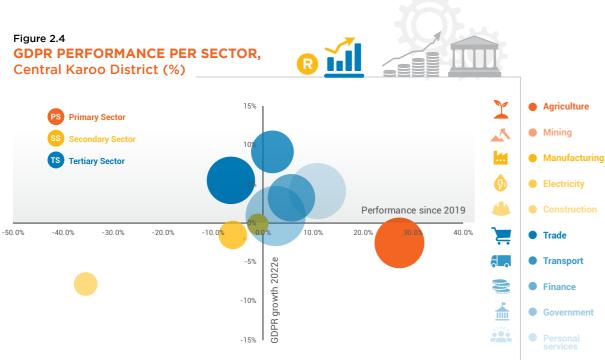
Venturing beyond the urban centres, agriculture is an essential source of economic activity, with the sector comprising 14.5 per cent of GDPR in 2021. Farming in the CKD is largely centred on sheep and, to a lesser degree, ostriches. Limited irrigated farming occurs, mainly for grazing, olives, stone fruit and grapes. Activities such as mixed farming and growing perennial crops were valuable sources of employment. However, the industry shed jobs, as 59 farm workers involved in mixed farming lost their jobs in 2022. These job losses are likely to threaten the livelihoods of those residing in rural settlements and drive urbanisation as families migrate searching for employment. On a positive note, while the manufacturing sector may be small (contributing only 2.6 per cent to GDPR in 2021), it was vital in securing employment, with the meat-processing industry providing 29 new jobs. This shows the value of the local agricultural value chain in generating employment in the CKD.





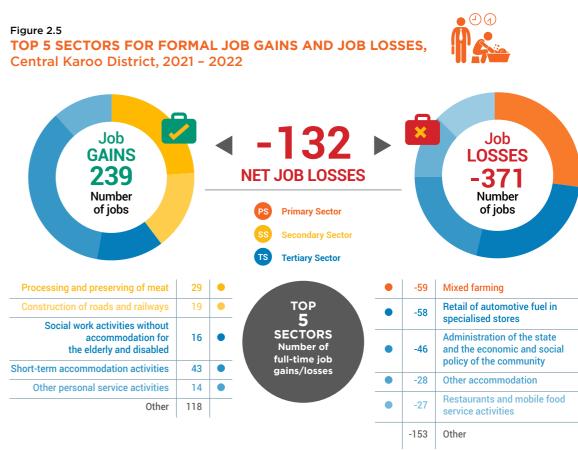
Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and

While the economy as a whole may have regained pre-COVID-19 levels, many sectors are still constrained, with only the finance, general government and personal services sectors having fully recovered from the impact of the pandemic. Despite a contraction of 2.5 per cent in 2022, the agriculture sector has grown substantially since 2020 thanks to favourable meat prices. The transport sector exceeded expectations in 2022, contributing 1.0 percentage point of GDPR growth. This growth was off a small base: the sector contracted by 12.7 per cent during 2020 and barely managed to regain its pre-COVID-19 position in 2022.



Source: Quantec research, 2023 (e denotes estimate)





Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The N1 is an indispensable element of the CKD economy; the many trucks and motor vehicles passing through spend money on fuel, food and accommodation services. The numerous filling stations positioned along the highway are one of the vital job providers in the CKD, employing 288 workers in 2022. While the transport sector may have expanded substantially in 2022 and tourist activities increased (as seen in the 43 new formal short-term accommodation jobs), formal fuel retail jobs declined by a total of 58, highlighting the unbalanced nature of the economic recovery in the CKD. This also further emphasises the need for policy decisions to promote economic stability and sustainable growth across all sectors.



# Table 2.1 GDPR FORECAST PER SECTOR, Central Karoo District (%), 2015 - 2024f

		Trend				
SECTOR	2015 - 2019	2020	2021	2022e	2023f	2024f
Primary Sector	-0.8%	23.9%	5.8%	-2.5%	-1.5%	0.0%
Agriculture, forestry & fishing	-0.8%	24.0%	5.8%	-2.5%	-1.5%	0.0%
Mining & quarrying	1.3%	-6.8%	5.1%	-2.0%	2.6%	-0.2%
Secondary Sector	-0.9%	-12.8%	0.1%	-3.3%	0.5%	0.1%
Manufacturing	1.1%	-9.2%	8.4%	-0.2%	0.3%	-0.5%
Electricity, gas & water	-0.9%	-7.8%	3.3%	-1.5%	1.3%	0.9%
Construction	-1.8%	-19.2%	-8.4%	-7.8%	-0.3%	-0.3%
Tertiary Sector	1.0%	-4.5%	3.4%	4.1%	-1.6%	1.2%
TS Wholesale & retail trade, catering & accommodation	-0.9%	-16.3%	4.3%	5.5%	-4.1%	-0.9%
Transport, storage & communication	-0.7%	-12.7%	5.4%	9.1%	-4.7%	0.8%
Finance, insurance, real estate & business services	2.6%	0.8%	1.7%	3.2%	3.4%	2.3%
General government	2.4%	2.6%	-1.1%	0.9%	-1.6%	1.3%
Community, social & personal services	1.0%	-1.7%	8.5%	4.1%	-1.6%	1.7%
Total Central Karoo District	0.5%	-1.6%	3.5%	2.2%	-0.2%	1.1%

Source: Quantec research, 2023 (e denotes estimate; f denotes forecast)

It is forecast that the economy of the CKD will contract by 0.2 per cent in 2023 before rebounding in 2024 with growth of 1.1 per cent, this as the agriculture sector's performance stabilises. A reduction in the size of the CKD economy is forecast for 2023 mostly because substantial contractions are anticipated in prominent sectors such as general government, transport and trade. High inflation rates and fuel prices, coupled with high interest rates, dampen household spending and have a negative impact on business confidence. Government budgets are also constrained, as tax revenue is affected by declining levels of taxable income and increasing numbers of indigent households.

However, continued growth in the finance sector (which is forecast to expand by 3.4 per cent in 2023) will minimise the impact of a poor performance across most other sectors. The few sand and aggregate mines in the CKD are expected to benefit from improved prices and public infrastructure investment projects. That said, given the small GDPR of the mining sector, the growth of 2.6 per cent anticipated for this sector will not be sufficient to counteract the contractions forecast for other sectors. On a more positive note, the 2024 forecast exceeds the average annual growth of 0.5 per cent that occurred between 2015 and 2019. This turn of events will positively impact the wellbeing of local communities if sustainable employment opportunities arise from the GDPR growth.

# 2.2 Comparative advantage

The sectoral comparative advantages of the CKD can be leveraged to promote local economic growth and job creation. When a sector has a comparative advantage in a region relative to the rest of the country, it means that businesses within the sector tend to have a greater presence in this region than they do nationally - meaning that the region can capitalise on its local strengths in efficiency and production. The sector is typically able to meet local needs while also serving a larger market outside the region. In 2021, this was the case in the CKD for several sectors in terms of GDPR and employment, notably agriculture; electricity, gas and water; general government and personal services. In terms of GDPR alone, the District had a comparative advantage in construction and transport.

Table 2.2LOCATION QUOTIENT IN TERMS OF GDPRAND EMPLOYMENT, Central Karoo District, 2021	<u>네</u> GDPR	<b>Ů</b> ÂŮÎ JOBS
Primary Sector	1.99	2.32
Agriculture, forestry & fishing	5.25	3.41
Mining & quarrying	0.01	0.00
Secondary Sector	0.52	0.42
Manufacturing	0.19	0.16
Electricity, gas & water	1.47	1.28
Construction	1.19	0.79
Tertiary Sector	1.00	0.93
Wholesale & retail trade, catering & accommodation	0.89	0.96
Transport, storage & communication	1.34	0.96
Finance, insurance, real estate & business services	0.52	0.48
General government	2.19	1.61
Community, social & personal services	1.02	1.06

Location quotients provide a way of assessing whether a sector has a comparative advantage in a region. A location guotient measures the local representation of a sector against the national representation of this sector.

A location quotient greater than one indicates that the sector in question has a comparative advantage in the region relative to its competitiveness nationally. A location quotient of less than one suggests that the sector's position in the region is weaker than its position nationally. A location quotient of one indicates that the sector has the same advantage regionally that it does nationally.

LOCATION QUOTIENT	Classification	5
Less than 0.75	Low	Regiona
0.75 to 1.24	Medium	The sect imp
1.25 to 4.99	High	The sector is
More than 5.00	Very high	This is in

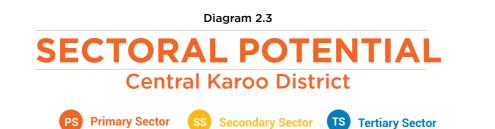
## Interpretation

al needs are not being met by the sector, resulting in an import of goods and services in this sector.

tor is meeting most local needs. The region will be both porting and exporting goods and services in this sector.

serving needs beyond the border, exporting goods and services in this sector to other regions or provinces.

ndicative of a very high level of local dependence on the sector, typically in a "single-industry" community.



# **EMERGING SECTORS**

Low and medium comparative advantage, but growing

Mining & quarrying

Emerging sectors have a location quotient of less than one, but the location quotient is increasing over time. While the comparative advantage of such sectors is low, targeted interventions can be used to help them improve their comparative advantage.

# **TROUBLED SECTORS**

Low and medium comparative advantage, but declining



Troubled sectors have a location quotient of less than one that is diminishing over time. There is little possibility that these sectors will enable large-scale economic growth and job creation.

# **MATURE SECTORS**



Mature sectors have a location quotient of more than 1. The quotient is increasing over time, indicating that the local comparative advantage of these sectors is growing relative to the advantage they have elsewhere in the country. Such sectors should be the focus of development initiatives.

# MATURE SECTORS THAT ARE LOSING GROUND

High comparative advantage, but declining

# Mature sectors that are losing ground have a location quotient of more

than one; however, their comparative advantage is diminishing. These sectors are at risk and therefore need special investigation and intervention to help them retain their comparative advantage.

Source: Quantec research, 2023

By reviewing the changes over time to the location quotients of various sectors in terms of employment, it is possible to group the sectors according to their potential for further development in the local economy.

In terms of employment, the CKD has a high comparative advantage in agriculture, which is centred on sheep farming. Cultivated crops include lucerne (used for grazing), fruit, olives and vegetables. Furthermore, the comparative advantage of the sector has been increasing in recent years despite volatility in GDPR and employment. In 2020 and 2021, sheep farmers benefited from high meat prices. However, as sheep meat is the most expensive meat in the South African meat basket, local consumption declined by 30.0 per cent between 2020 and 2022.<sup>1</sup>

In the aggregate, the CKD has a low comparative advantage in manufacturing. However, certain manufacturing sector activities are essential to the local economy. Abattoirs in Laingsburg and Beaufort West support the local meat-processing industry, which deals with both sheep and poultry. However, the industry as it currently exists is not geared towards exports, and extensive support and investment would be needed to explore this avenue of expansion.

Karoo Looms Weavery in Prince Albert adds value within the local mohair-farming industry, while Bergwater Wines and Fernskloof Wines contribute to wine exports from the area. Gay's Guernsey Dairy contributes to trade and is a valuable tourist asset in the Prince Albert community. Despite these many agro-processing activities, the comparative advantage of the food- and beveragemanufacturing subsector is declining in the CKD. The effects of load-shedding are particularly severe in the meat- and dairy-processing industries. Falling demand for sheep meat on the part of domestic consumers is also affecting the local industry. However, meat exports to the Middle East could boost sheep farming in the District and the associated meat production industry.<sup>2</sup> The local dairy industry has also been affected by weakened demand, as consumer purchasing power declined in 2022.



<sup>1</sup> (BFAP, 2023). <sup>2</sup> (BFAP, 2023).

### **KAROO MEAT OF ORIGIN**

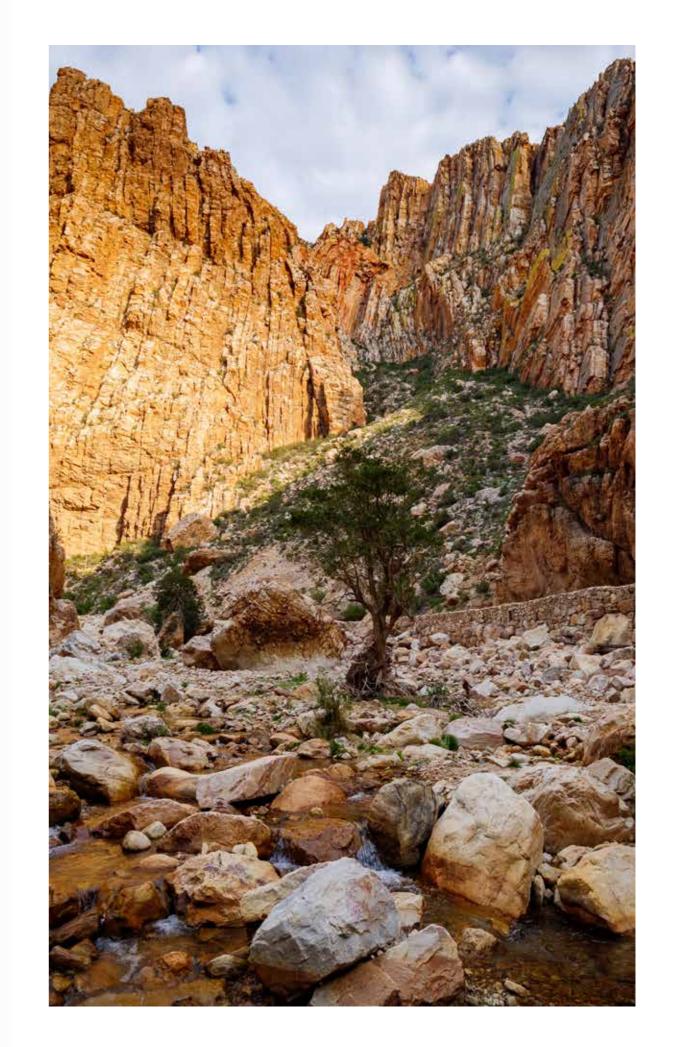
In the heart of the vast semi-desert expanse known as the Karoo, the title of Certified Karoo Lamb brings significant prestige, indicating a meticulous certification process. Only farms in the greater Karoo area can earn this distinction by adhering to strict rules that include raising free-range sheep and avoiding the use of hormones and routine antibiotics. Noteworthy certified farms such as Stellenbosvlei, Pypfontein and Vlermuisgat are scattered throughout the Beaufort West area. Renowned as the best lamb in South Africa, Karoo lamb derives its distinctive quality from sheep and lamb grazing on herbaceous, indigenous flora, which impart a heavily herbal taste to the meat. This unique flavour profile sets Karoo lamb apart from meat produced elsewhere, creating a local asset with a taste deeply rooted in the natural surroundings of the Karoo.



While this arid region may make for harsh farming conditions, it is the ideal location for renewable energy developments. In 2021, the electricity, gas and water sector contributed 4.7 per cent (R180.6 million) of the CKD GDPR. The sector has yet to recover from the losses sustained during 2020 and recorded further declines (an estimated 1.5 per cent) in 2022. However, the CKD has a comparative advantage in terms of labour in this sector, and the comparative advantage has been growing over time. In 2022, several applications were submitted for environmental authorisation for wind and solar farms planned for areas around Beaufort West and Laingsburg. In addition, the Roggeveld and Karusa wind farms were connected to the grid in 2022. These developments are capital-intensive, requiring extensive amounts of imported technology. Local enterprises typically benefit from such developments by providing construction and operational services, including transport provision, cleaning, security, building maintenance and accommodation services.

As the region evolves into a renewable energy hub, the CKD's economy and population will be exposed to various opportunities, including for skills development, employment and investment. Moreover, suppliers in related fields will experience higher levels of operation, all while the District plays its part in addressing the energy crisis currently experienced by South Africa as a whole.

Other sectors, including manufacturing, construction, trade, transport and finance, are important sources of economic activity and jobs. However, the CKD has recorded declines in the location quotients of these sectors. While there are opportunities in tourism and agro-processing, the distance to markets and general poverty levels impact the CKD's attractiveness as an investment location. Ensuring an enabling environment through public sector spending means that the general government sector in the CKD should allocate sufficient budgets to projects that will attract private sector investment and uplift local communities.



# 3. MUNICIPAL GDPR AND EMPLOYMENT PERFORMANCE

11

# 3.1 **BEAUFORT WEST** MUNICIPAL AREA

# 21 916.6km<sup>2</sup> 56.4% of the Central Karoo

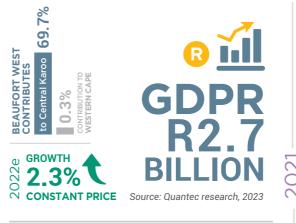
The Beaufort West municipal area is the largest of the three municipal areas in the CKD. At its core is the town of Beaufort West, a hub of economic activity and the centre of the region's public sector services. Positioned strategically along the N1, this town serves as a pit stop for tourists and transporters. This municipal area is also home to a number of smaller towns that, while modest, are rich in history.

Merweville, originally a Dutch Reformed Church parish, is accessible only via gravel roads. It has a unique charm that harks back to a simpler time - a refuge far from the fast pace of modern life. The remoteness of the town notwithstanding, it has become a popular destination for international filmmakers in recent years because of its resemblance to towns in desert areas of the United States. In Merweville, directors can capture the spirit of the American West for a fraction of what it would cost to do so elsewhere - all while bringing economic benefits to the town.

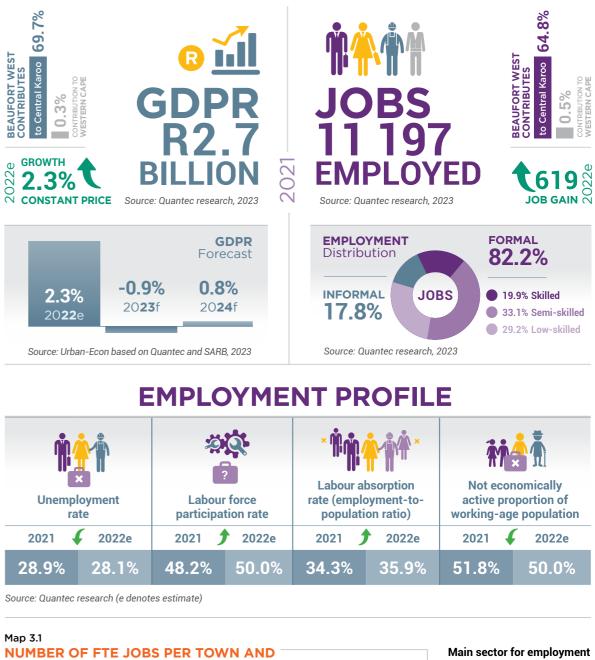
Murraysburg, which also traces its origins back to the activities of the Dutch Reformed Church, is mainly a farming-based town that benefits from the abundance of grazing for sheep and other livestock.

Nelspoort, once home to the San people, has evolved from a sheep farm into a bustling village that was known in the 1920s for its pioneering sanitorium where people with pulmonary ailments were treated. Today, the town's vibrancy is dimmed by the altered trajectory of the N1 and declining use of the railway that passes through Nelspoort.

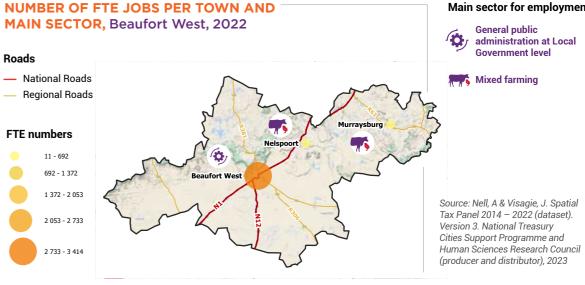
### Diagram 3.1 **GDPR (CURRENT PRICES) AND EMPLOYMENT, Beaufort West**







# MAIN SECTOR, Beaufort West, 2022



**CENTRAL KAROO DISTRI** 

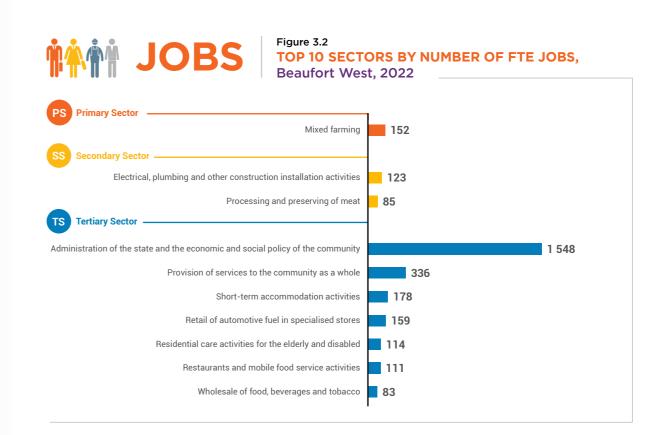
Figure 3.1 **GDPR DISTRIBUTION.** Beaufort West, R million, 2021



The Beaufort West municipal area had the largest economy in the CKD in 2021 (R2.7 billion). With 11 197 people formally and informally employed in that year, the municipal area had a low labour absorption rate (34.3 per cent). The not economically active population was put at 51.8 per cent. Given that the proportion of the not economically active population in the Province stood at 35.1 per cent in 2021, it is evident that the Beaufort West municipal area needs economic revitalisation. Ideally, this will increase labour force participation and promote job creation.

Skills facilitation is becoming essential in ensuring that local labourers can find employment. Over the past decade, skilled workers were more likely to be employed in the CKD than semiskilled or low-skilled workers. The informal sector is an essential source of jobs, accounting for 17.8 per cent of employment in 2021. As formal employment faltered in 2022, the informal sector recorded a surge in jobs, mainly in trade.





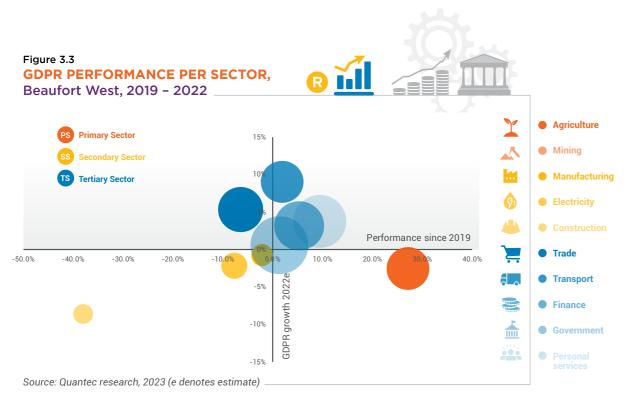
Human Sciences Research Council (producer and distributor), 2023

The government sector is the most significant source of economic activity and employment in the Beaufort West municipal area, contributing R549.5 million (20.7 per cent) to the economy in 2021. All spheres of government are active in the region. However, most jobs stem from the local and Provincial governments and the Beaufort West Prison. This constitutes a vulnerability in terms of economic growth prospects, as there is continual pressure to reduce public spending in a context of constrained economic activity, high levels of government debt and declining revenue collection.

Given that the town of Beaufort West is the leading service centre in the region (providing assistance even to communities beyond the borders of the Western Cape), the personal services and finance sectors also contribute substantially to the local economy. In 2021, these two sectors accounted for 17.8 per cent and 15.6 per cent of GDPR, respectively. A variety of personal services are provided, ranging from care of the elderly at Huis Johannes and ACVV Hesperos to the organisation of farmbased recreational activities and the operations at the Karoo National Park.

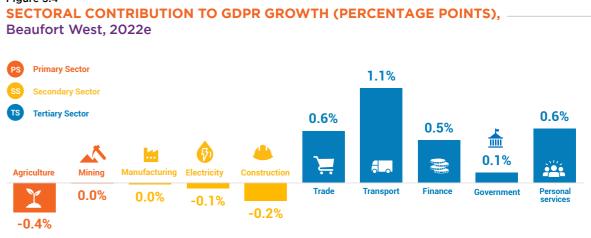
Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and

In 2022, the GDPR is estimated to have expanded by 2.3 per cent. With this expansion, the unemployment rate declined by an estimated 0.9 of a percentage point. This scant decrease is a reminder that households remain under pressure in the Beaufort West municipal area. The economy was propelled upwards in 2022 by an estimated 9.0 per cent growth in the transport sector, which accounted for 1.1 percentage points of the 2022 growth estimate for the municipal area. With this surge in growth, the transport sector completed the process of recovering ground lost during the COVID-19 pandemic, which caused the sector to contract by 13.3 percent in 2020. The personal services and trade sectors also contributed significantly to GDPR growth estimated for 2022 (0.6 of a percentage point in each instance). Economic growth prospects were dampened by contractions in all industries within the primary and secondary sectors, with the primary sector shrinking by an estimated 2.5 percent in 2022 and the secondary sector by an estimated 3.6 per cent. These contractions highlight the extent to which the mining; manufacturing; electricity, gas and water and construction sectors are struggling to recover from the impact of the pandemic. However, public sector spending can be valuable in revitalising the local construction industry. In 2022, 19 formal jobs were created through government spending on road and railway construction as well as 12 jobs for civil engineering projects.

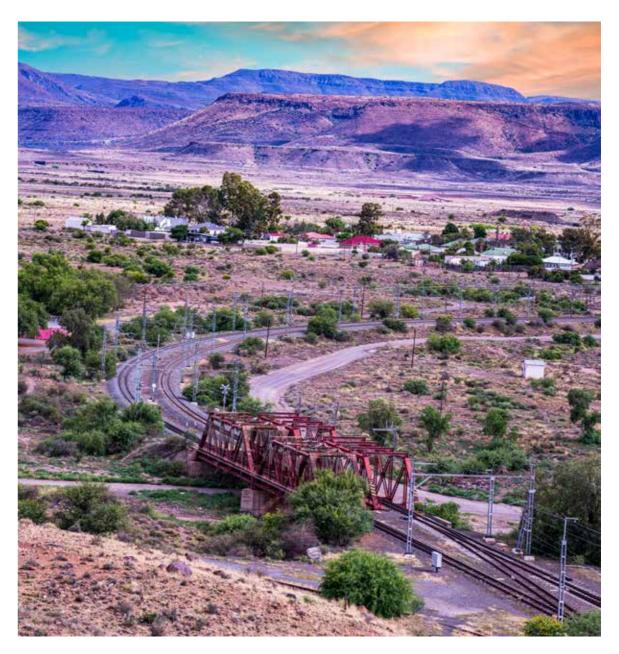


While agriculture contracted in 2022 by an estimated 2.5 per cent and mixed farming activities shed 14 formal jobs, the meat-processing industry remained an important economic player, creating 29 formal jobs in 2022. The operations of Juriesfontein Poultry Abattoir, Karoo Chicken Abattoir, Karoolam Abattoir, Merweville Abattoir and Rooiheuwel Abattoir provide a valuable service to local poultry, cattle, sheep and game farmers, and form an essential part of the local meat value chain.

# Figure 3.4

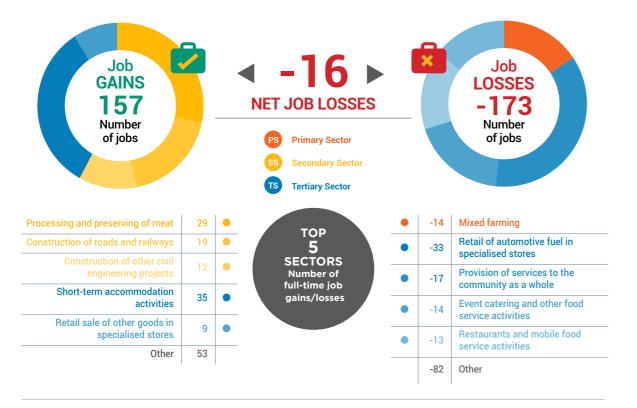


Source: Quantec research, 2023 (e denotes estimate)



# Beaufort West Total 2.3%

# Figure 3.5 TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES, Beaufort West, 2021 - 2022



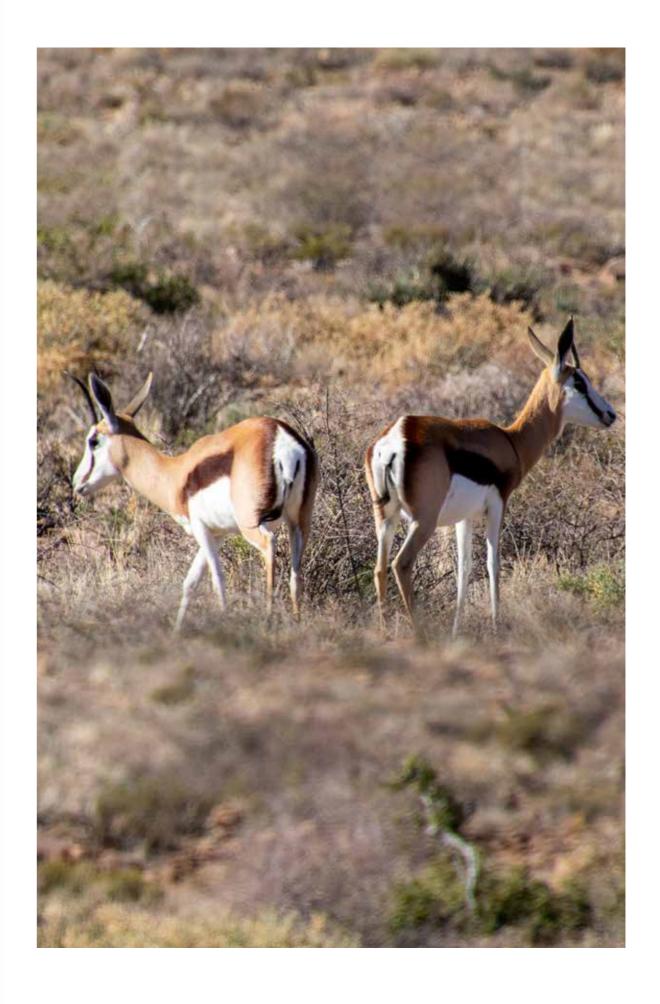
Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023.

The uptick in visitors to the Karoo National Park in 2002 (5.0 per cent)<sup>3</sup> and an increase in formal employment in short-term accommodation services (35 formal jobs) signal the slow return of tourists to the area. However, tourist and household spending is constrained by high interest rates, spiralling fuel prices and persistent inflation, negatively impacting those in the retail and food services industries.

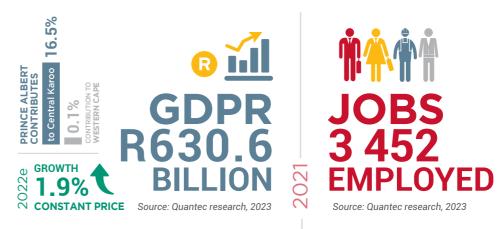
Given the macroeconomic trends described above, the economy of the Beaufort West municipal area is expected to contract marginally in 2023 (by 0.9 per cent) before resuming growth in 2024 (for which an expansion of 0.8 per cent is forecast). These predictions reflect concerns about continued pressure on household spending and the knockon effects of this on vital local sectors such as personal services, transport and tourism.

<sup>3</sup> (Wesgro, 2023).





### Diagram 3.2 **GDPR (CURRENT PRICES) AND EMPLOYMENT, Prince Albert**





Source: Urban-Econ based on Quantec and SARB. 2023

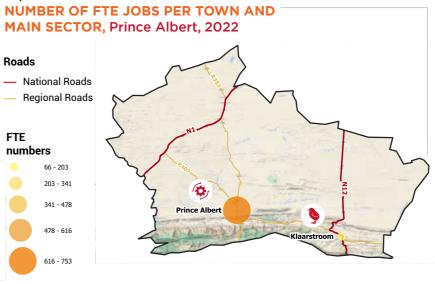
# **EMPLOYMENT PROFILE**

Ŵ.		2		
Unemployment rate		Labour force participation rate		
2021 🦨 2022e		2021 🕈 2022e		
22.0%	20.8%	53.3%	55.6%	

Source: Quantec research (e denotes estimate)

# Map 3.2

# NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, Prince Albert, 2022



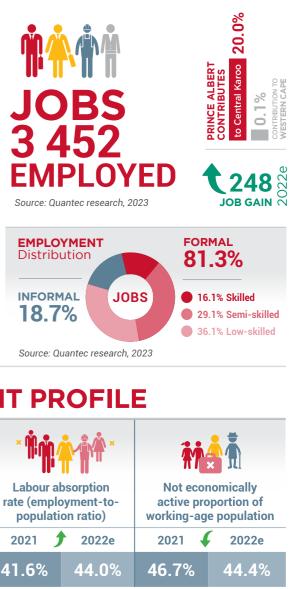
# **PRINCE ALBERT** MUNICIPAL AREA

# 8 152.9km<sup>2</sup> 21.0% of the Central Karoo

At first glance, the expanse of the Prince Albert municipal area is a vast and arid landscape, its sweeping horizons stretching far and wide. Closer inspection, however, shows the area to be home to lucerne fields, olive groves, almond trees, peach orchards and grapevines. In fact, farming is the lifeblood of Prince Albert, imbuing the open expanses with vitality and purpose. The town of Prince Albert, nestled among the foothills of the Swartberg mountains, is the epicentre of economic activity in this municipal area.

Initially the site of a modest railway station, Leeu-Gamka has since become a small yet pivotal town in Prince Albert and a lifeline for those affected by car accidents along the N1. It also serves as a local service centre for sheep and olive farmers, offering indispensable agricultural services.

Various scattered rural settlements - Klaarstroom, Kruidfontein, Dwyka, Kommandokraal and Seekoeigat, among others - add to the mosaic of life in the Prince Albert municipal area, the livelihoods of their residents rooted in the surrounding agricultural activities.



## Main sector for employment



# **Raising of poultry** General public

administration at Local Government level

Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.6 **GDPR DISTRIBUTION. Prince Albert**, R million, 2021

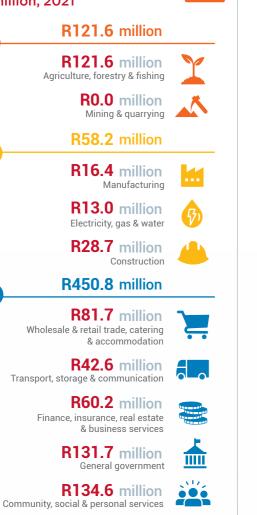
Sect

Primary

TS

Sect

ertiary

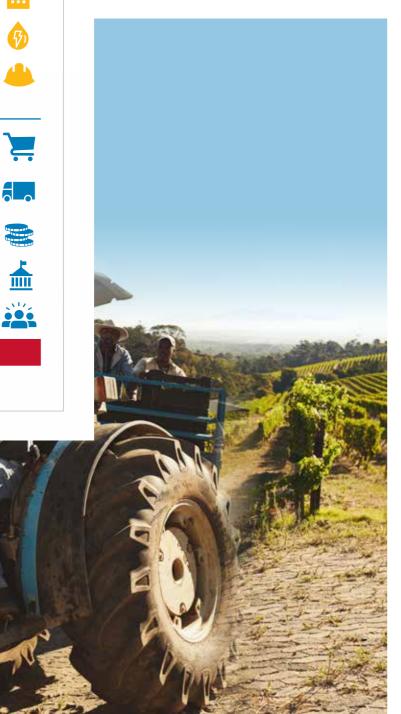


# R630.6 million

# **Total Prince Albert**

Source: Quantec research, 2023

The small economy of the Prince Albert municipal area (with a GDPR of R630.6 million in 2021) was buoyed by the strong performance of the agriculture sector in 2020 and 2021. Even so, large-scale job losses were recorded over the same period. While formal workers in the municipal area are mainly low-skilled (36.1 per cent), employment increases have mainly benefited people who are semi-skilled. The informal sector, especially in agriculture and trade, is a valuable source of jobs (18.7 per cent).



# Figure 3.7 TOP 10 SECTORS BY NUMBER OF FTE JOBS, Prince Albert, 2022 **Primary Sector** Growing of perennial crops

Animal production

Mixed farming

**Tertiary Sector** 

Administration of the state and the economic and social policy of the community

Short-term accommodation activities

Social work activities without accommodation for the elderly and disabled

Provision of services to the community as a whole

Retail of automotive fuel in specialised stores

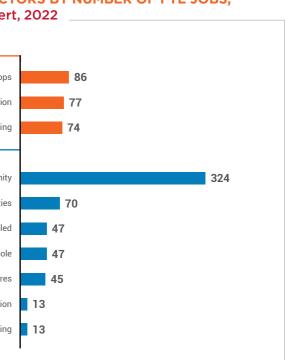
Support activities for transportation **13** 

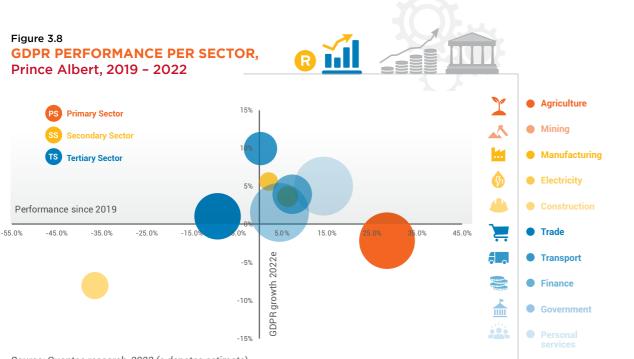
Printing and service activities related to printing 13

Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 -2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The Prince Albert municipal area's economy is reliant on the general government, agriculture and personal services sectors, which collectively contributed 61.5 per cent of GDPR in 2021. This reliance makes the economy vulnerable to exogenous shocks in these three sectors. The trade sector, which includes tourist spending, contributed 12.9 per cent of GDPR in 2021 (R81.7 million). Tourism provides a welcome source of income in Prince Albert, especially through the use of local accommodation and dining at local restaurants. A lack of diversification in the local economy is reflected in troubling labour market indicators. The municipal area is characterised by high levels of economically inactive people (46.7 per cent) and a low labour force participation rate (53.3 per cent), making poverty a reality for many households.



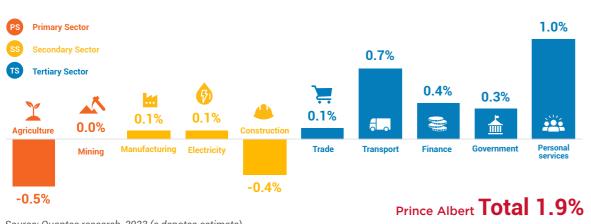




Source: Quantec research, 2023 (e denotes estimate)

A welcome reprieve from the job losses recorded in 2020 and 2021 was experienced in 2022, when the economy grew by an estimated 1.9 per cent and the number of jobs increased by 248. This was mainly due to an expanding informal economy, as formal employment shed 99 jobs. The growth of the municipal area was driven by solid performances in the transport and finance sectors, which contributed 0.7 of a percentage point and 0.4 of a percentage point respectively of estimated GDPR expansion in 2022. Most sectors have recovered their losses of 2020, although the construction and trade sectors have yet to match the GDPR they recorded in 2019. This is a reminder that the economic environment remains challenging for households and businesses, for whom investment confidence has generally been low.



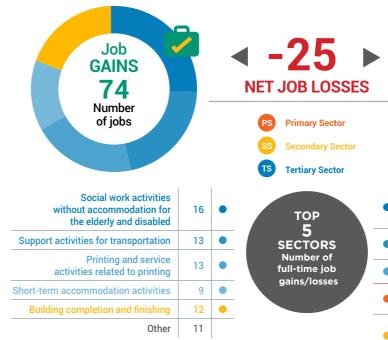


Source: Quantec research, 2023 (e denotes estimate)

Further contractions are expected in the agriculture, trade and transport sectors. Nonetheless, GDPR growth is forecast to increase by 1.7 per cent in 2023 and a further 2.1 per cent in 2024, largely because of anticipated growth in the tertiary sector. If suitably skilled local workers can secure employment in growing industries, these growth trends may result in a noticeable change in the wellbeing of Prince Albert communities.

## Figure 3.10

TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES, Prince Albert, 2021 - 2022



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023.



	•	-36	Administration of the state and the economic and social policy of the community
RS of	•	-20	Retail of automotive fuel in specialised stores
job ises	•	-14	Other accommodation
ses	•	-12	Hunting, trapping and related service activities
	•	-12	Manufacture of other fabricated metal products; metalworking service activities
		-5	Other

 $\bullet \bigcirc \bullet$ 

Job

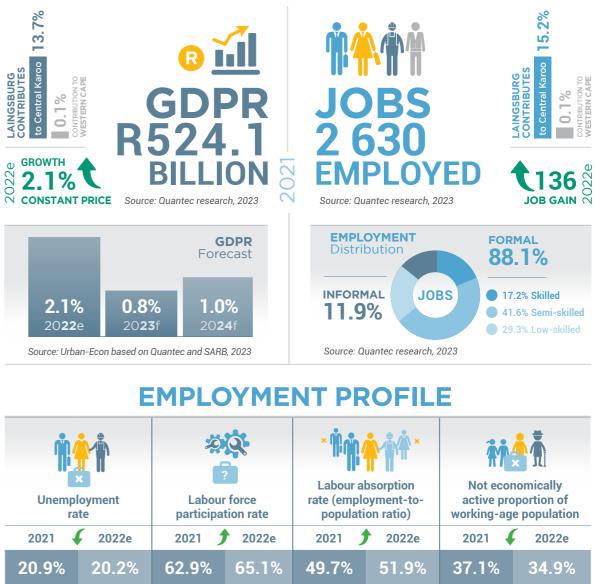
LOSSES

-99

Number

of jobs

## Diagram 3.3 **GDPR (CURRENT PRICES) AND EMPLOYMENT, Laingsburg**





Ů <mark>.</mark>		<u>بې</u>	Q.	
	oyment te	Labour force participation rate		
2021	2022e	2021	2022e	
20.9%	20.2%	62.9%	65.1%	

Source: Quantec research (e denotes estimate)

## Map 3.3 NUMBER OF FTE JOBS PER TOWN

AND MAIN SECTOR, Laingsburg, 2022



# 3.3 LAINGSBURG MUNICIPAL AREA

# 8 784.5km<sup>2</sup> 22.6% of the Central Karoo

Known for the catastrophic flood of 1981 that claimed 104 lives and resulted in widespread destruction,<sup>4</sup> the town of Laingsburg is the epicentre of the municipal area. This nucleus of economic activity caters for the needs of local sheep farmers, who specialise in meat and wool production. Notwithstanding the expansive size of the municipal area, the demographic composition of the area is predominantly urban, with the key settlements of the area being Laingsburg and Matjiesfontein.

The iconic Lord Milner Hotel in Matijesfontein draws travellers from afar. Vleiland is known for its agricultural endeavours, with fertile soil and abundant water sources facilitating crop cultivation - a striking contrast to the vast sheep-farming activities for which the area is generally known.

4 (Taylor, 2021).



## Main sector for employment



**General public** administration at Local Government level



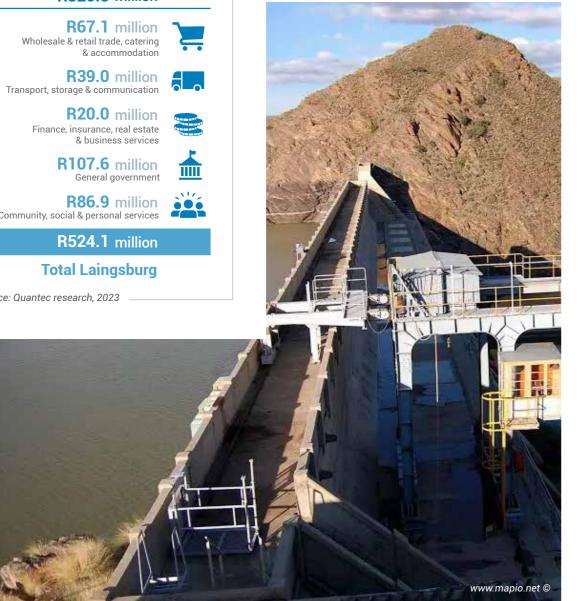
Manufacture of cement ime and plaster

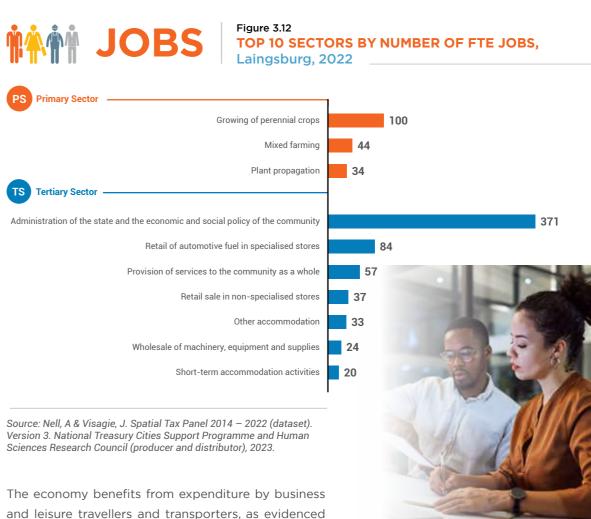
Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.11 **GDPR DISTRIBUTION**, Laingsburg, R million, 2021 R120.4 million R120.3 million Agriculture, forestry & fishing ര് **R0.2** million Mining & quarrying Prin R83.1 million R2.0 million 1 Manufacturing **R53.7** million 5 Electricity, gas & water **R27.4** million Construction R320.5 million TS **R67.1** million Wholesale & retail trade, catering Š & accommodation R39.0 million Transport, storage & communication R20.0 million Finance, insurance, real estate & business services R107.6 million General government R86.9 million Community, social & personal services

Source: Quantec research, 2023

The Laingsburg municipal area had a GDPR of R524.1 million in 2021 and contributed 13.7 per cent of regional GDPR, making it the smallest economy in the CKD. Agricultural activities, including sheep and ostrich farming, form the basis of the economy. Thanks to the supply of water from Floriskraal Dam, the area also supports the production of lucerne, wine grapes, olives, stone fruit, pecan nuts and vegetables. In 2021, the agriculture sector contributed 22.9 per cent of municipal GDPR. The strong dependence on this sector results in the economy of the area being more vulnerable to external shocks such as drought, which can threaten local livelihoods.



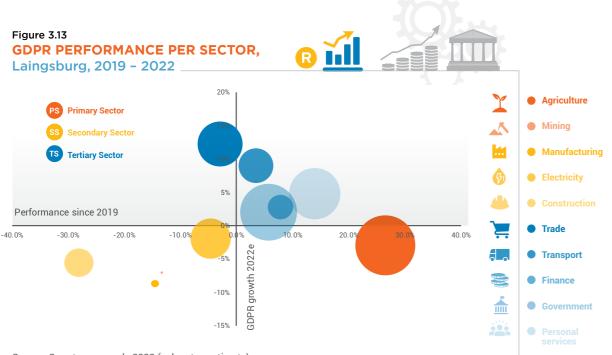


Sciences Research Council (producer and distributor), 2023.

by the large cohort of fuel retail workers and those employed in trade and accommodation services. However, domestic tourism is under pressure, with the rise of fuel prices, in particular, affecting travel to remote or faraway destinations. Cash-strapped travellers may simply opt for destinations closer to home. The general government sector is also a key source of economic activity and formal jobs, contributing 20.5 per cent of GDPR in 2021.

While it lacks a diverse economy, the Laingsburg municipal area has an active labour force, which grew in 2022. The labour force participation rate increased by 2.1 percentage points in the course of this year to reach 65.1 per cent, marginally exceeding that of the Province (64.9 per cent). On another positive note, the proportion of people who are not economically active recorded a decline of 2.1 percentage points. At the same time, the unemployment rate (the lowest in the CKD) fell to 20.2 per cent. This was primarily due to a substantial increase in the number of informal jobs within agriculture, trade and personal services. By contrast, the number of formal jobs declined further in 2022. Most of these losses occurred in the mixed farming industry, as farmers struggled to remain profitable in the face of soaring input costs. Skills development is crucial to facilitating job creation in the municipal area, as most new employment opportunities are for semi-skilled workers.

While the job market appears unstable, an estimated 2.1 per cent expansion in GDPR was recorded in the area in 2022. This was mainly due to solid growth in the trade sector (contributing 1.3 percentage points to overall growth), which benefits from passing traffic. The transport sector's robust performance in 2022 also boosted the local economy, contributing 0.7 of a percentage point to the GDPR growth for the year and again highlighting the valuable role that the N1 plays in the economy of the Laingsburg municipal area. Despite the estimated 12.3 per cent expansion in trade, this sector is still performing below pre-COVID-19 levels.

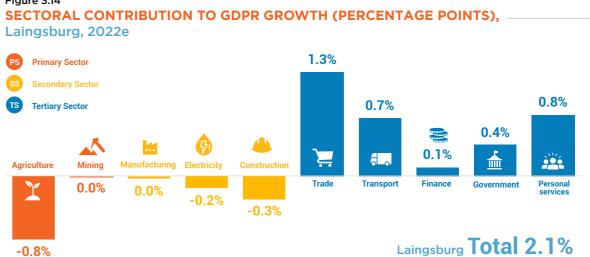


Source: Quantec research, 2023 (e denotes estimate)

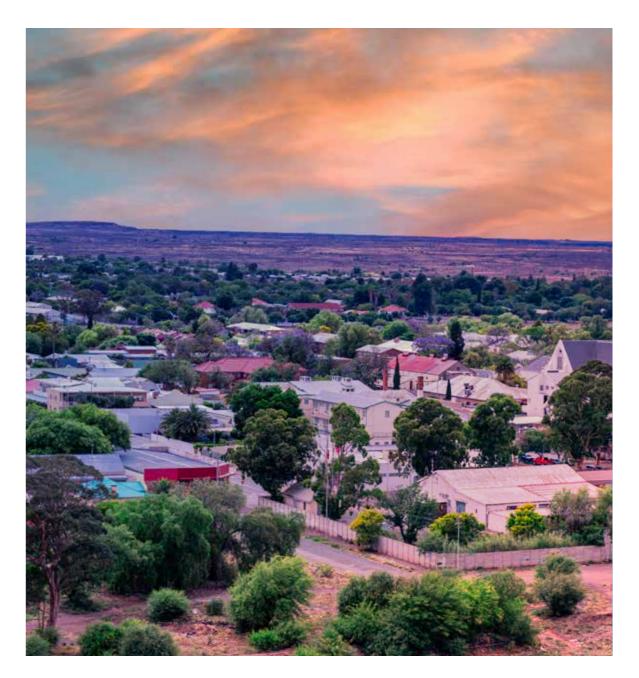
Other sectors that have not fully recovered from the impact of the pandemic include mining; manufacturing; electricity, gas and water and construction. Energy security is essential for agro-processors, which have extensive refrigeration needs. However, funding to invest in solar or battery storage is not always easily accessible, especially given high interest rates. The electricity sector is more prominent in the Laingsburg municipal economy than in other municipal areas of the CKD. With a GDPR contribution of 10.2 per cent in 2022, this sector is poised for expansion. Renewable energy projects such as the recently completed Karusa wind farm and planned projects, including the Rietkloof and Brandvalley wind farms, will strengthen this local value chain and help alleviate South Africa's energy crisis.



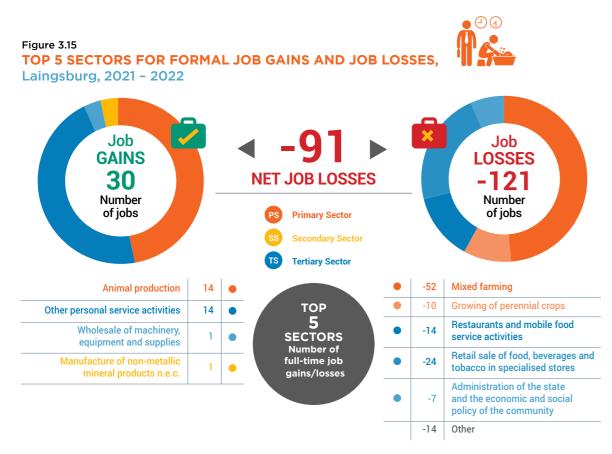
# Figure 3.14



Source: Quantec research, 2023 (e denotes estimate)



Amid the economic challenges relating to load-shedding, increased interest rates and high inflation, it is forecast that the economy of the Laingsburg municipal area will grow by only 0.8 per cent in 2023. Trade, transport and agriculture are expected to falter amid high inflation rates as well as rising fuel and other input costs. However, construction is set to rebound, with public sector infrastructure investment projects anticipated to play an important role in enhancing local economic performance. These projects include upgrading and additions at the Laingsburg Clinic and ambulance station, and at the Matjiesfontein Satellite Clinic. They also encompass new housing developments in Matjiesfontein and Laingsburg. The upward trend in GDPR is expected to continue in 2024, when growth is forecast to reach 1.0 per cent.



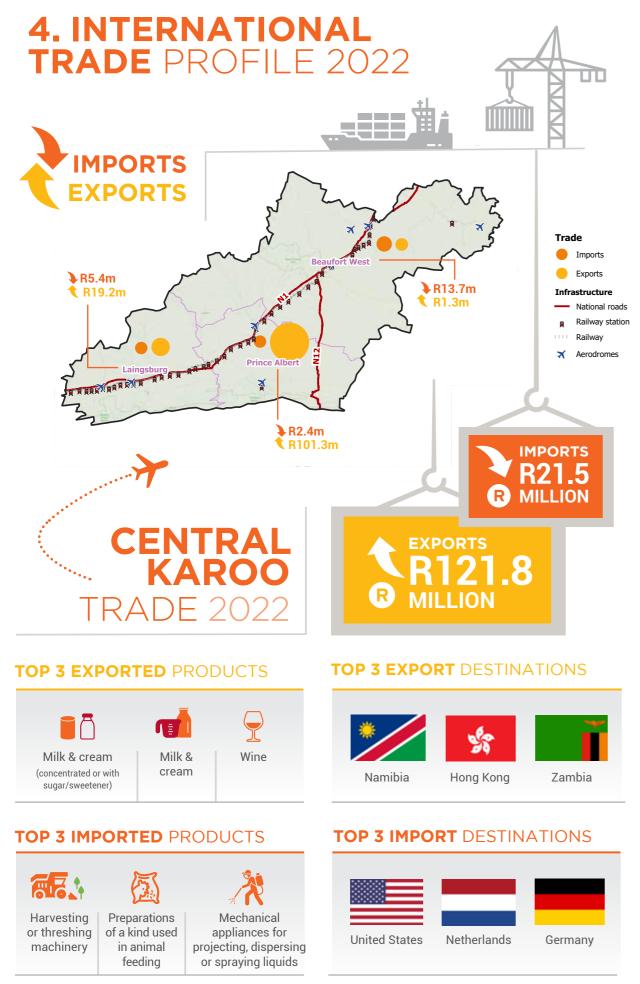
Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

## MATJIESFONTEIN GROUND STATION

In partnership with the National Aeronautics and Space Administration (NASA), the South African National Space Agency (SANSA) is developing a ground station in Matjiesfontein. The station will provide communication support to NASA's Deep Space Network, supporting the Artemis moon mission. It will include Lunar Exploration Ground Sites antennae and related equipment. Additional equipment, notably server hosting and weather analysis, will be available to third-party clients.

The electrical and communications infrastructure developed for the project will benefit communities. In addition, a science centre planned for the ground station will be an additional tourism asset that the region can use to promote astro-tourism. This large-scale international investment will constitute a significant capital injection for the area. It will also generate several employment opportunities for local residents.



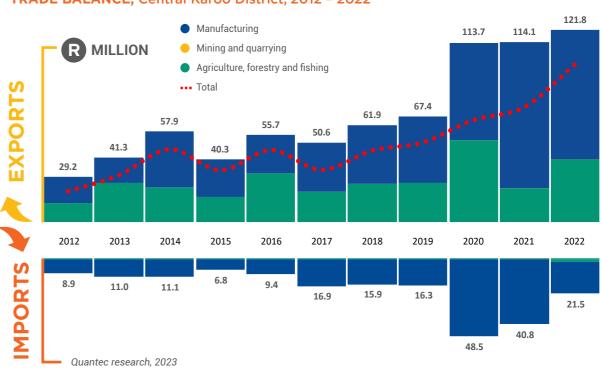


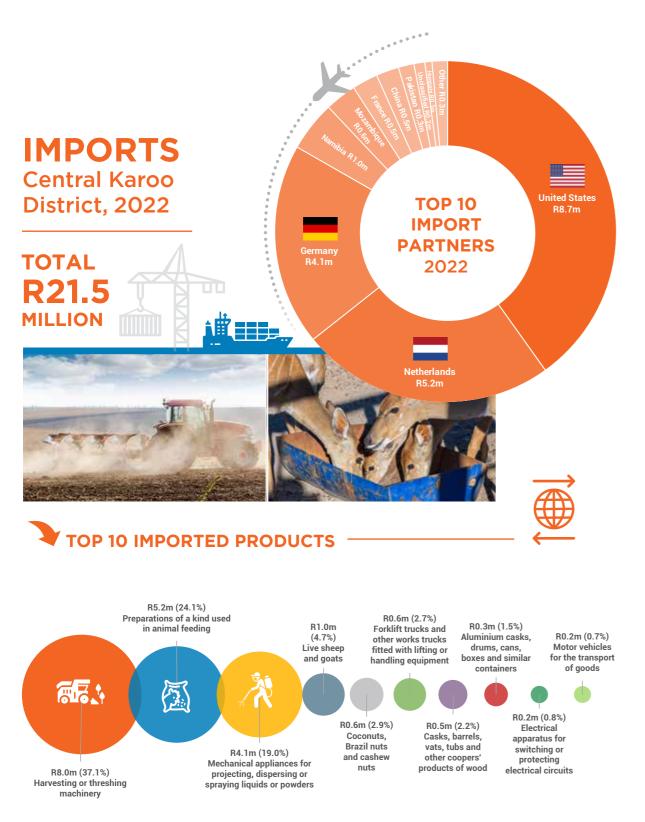
Source: Quantec research, 2023

The CKD's economy is not an isolated entity, given that it engages in the trade of goods and services with countries around the world. The District has recorded a positive trade balance in recent years. Nonetheless, trade is not considered a major contributor to the economy, with exports accounting for only 1.2 per cent of District output in 2022. The CKD has the potential to expand trade and should explore further opportunities, particularly in agriculture. The District is renowned for its vast, remote landscapes and for farming communities that produce some of South Africa's best meat and dairy products.

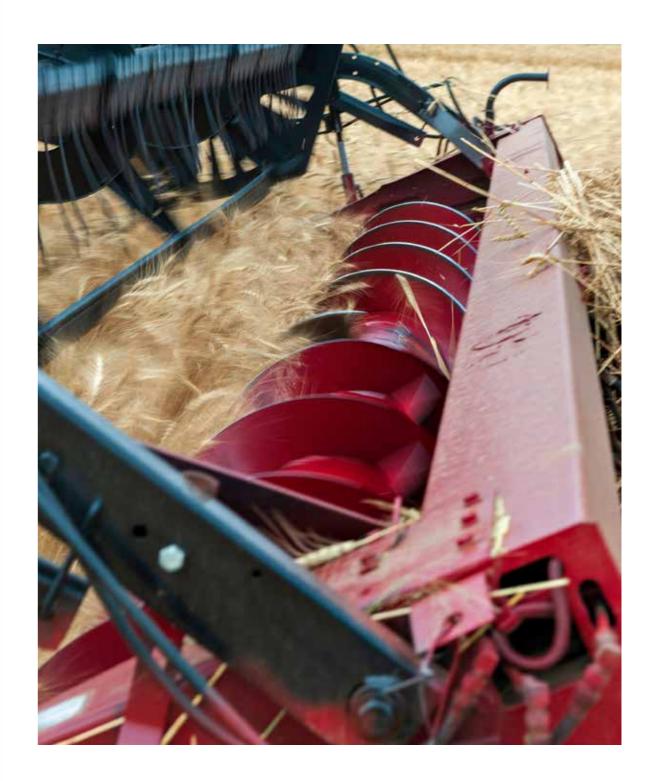
The trade balance has grown steadily, increasing from R20.3 million in 2012 to R100.2 million in 2022 - even though only 5.9 per cent of businesses were registered exporters as of 2020. Agriculture and manufacturing play a central role in the economic life of the District, accounting for 38.5 per cent and 61.5 per cent respectively of the CKD trade balance in 2022. The trade surplus of the District has proved resilient in the face of global trade challenges such as those presented by the Ukraine-Russia war, market fluctuations, exchange rate volatility, an unreliable electricity supply and the hacking of Transnet Port Terminals in 2021. The hack affected various container terminals, including the Cape Town terminal.

## Figure 4.1 TRADE BALANCE, Central Karoo District, 2012 - 2022





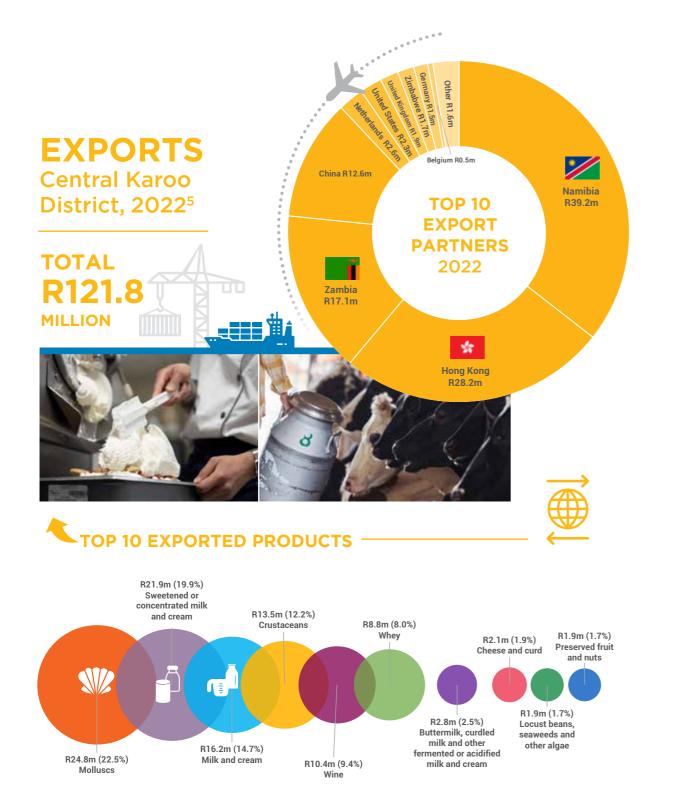
medication and vaccinations to livestock.



Source: Quantec research, 2023

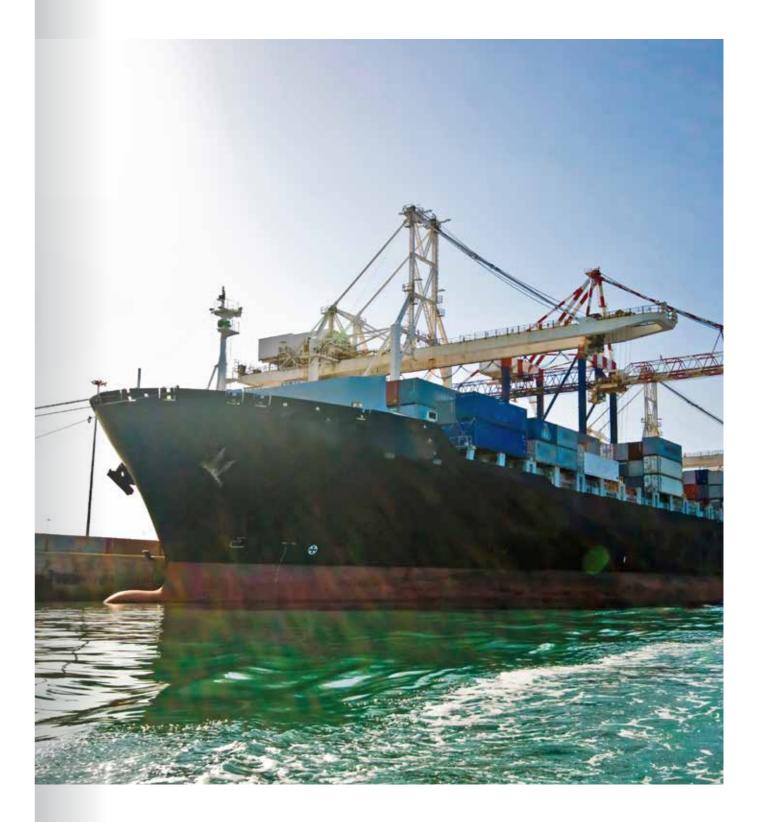
The leading imported products of the CKD point to the importance of livestock and animal production in the region. The top imported product in 2022 was harvesting or threshing machinery (R8.0 million), which is used to harvest the irrigated lucerne crops that are found throughout the District (but are most abundant on the outskirts of Welgemoed). Lucerne is used to provide highquality feed to a variety of livestock.

In addition, preparations used in animal feeding worth R5.2 million were imported in 2022. These are a necessity given that soils in the municipal area are not suitable for the production of the larger crops that would be required to meet the local demand for animal feed. Mechanical appliances for projecting, dispersing and spraying liquids or powders were the third most imported product, making up 19.0 per cent of all imports in 2022. These appliances are commonly used for administering

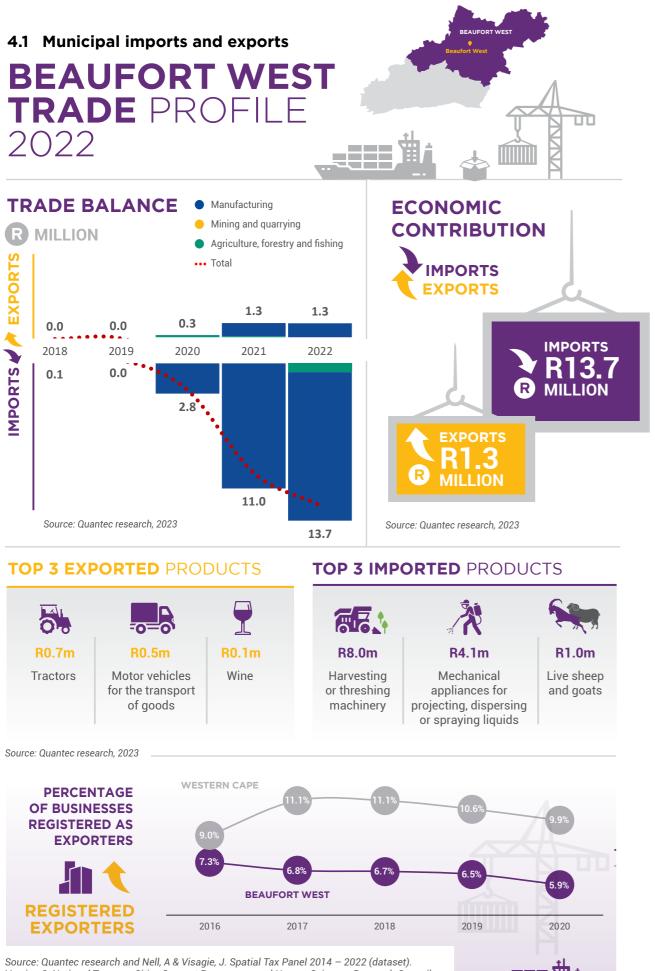


Source: Quantec research, 2023

Half of the CKD's exports are animal byproducts, including sweetened and non-sweetened milk and cream (R21.9 million and R16.2 million, respectively), whey (R8.8 million), buttermilk, curdled milk and other fermented or acidified milk and cream products (R2.8 million), and cheese and curd (R2.1 million). The production of these goods speaks to the agro-processing capabilities of the CKD. The dairy products are mainly exported to Namibia and Zambia, two of the District's major trading partners. However, the CKD's reliance on agriculture and agro-processing leaves the District vulnerable in the face of challenges presented by livestock disease and factors such as drought, price volatility and intensified international trade regulations for animal products. Despite these risks, the CKD has performed very well with regard to trade, as exports increased by R7.6 million between 2021 and 2022 alone.



<sup>&</sup>lt;sup>5</sup> Trade statistics are compiled by the South African Revenue Service (SARS) using Customs Clearance Declarations submitted for importing and exporting goods and services. The registered location of an exporter or importer is used to allocate a location to the product being traded. Trade statistics are therefore not indicative of the locality of production but rather the locality of the registered exporter. This provision can lead to certain peculiarities with regard to trade data, a good example being the export of molluscs and crustaceans from the landlocked and arid CKD.



Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

International trade is not a significant factor in the economy of the Beaufort West municipal area. The trade balance of the area decreased significantly between 2020 and 2022, falling from negative R2.5 million to negative R12.4 million during this period. The tertiary sector dominates the economy, including general government, personal services and finance.

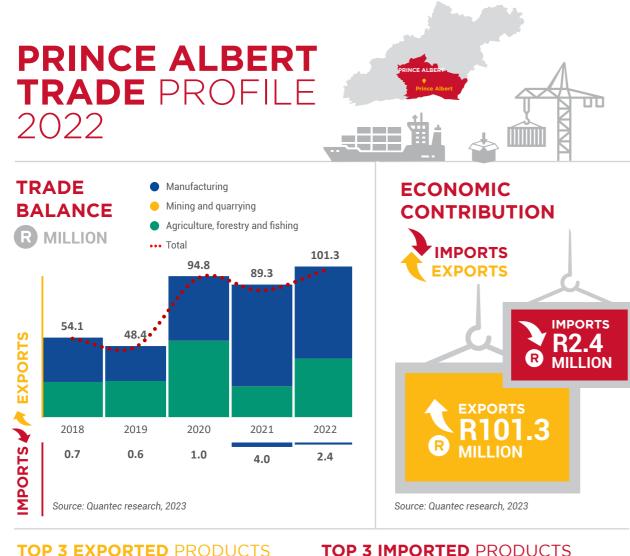
As indicated by the nature of imports into the area, agriculture - particularly livestock production is a key economic activity in Beaufort West. Harvesting machinery worth R8.0 million was the top imported product in 2022. The second-largest import was mechanical appliances used for dispersing liquids and powders (R4.1 million), devices most often associated with administering medication and vaccinations to livestock. In addition, many live sheep and goats are imported into the municipal area to meet local demand and enable healthy breeding cycles.

Reflecting the local specialisation in agriculture, vehicles relevant to harvesting, farming and distribution of agricultural goods are among the principal exports from the Beaufort West municipal area. The top two exported products in 2022 were tractors (R0.7 million) and motor vehicles for the transport of goods (R0.5 million). However, the trade balance of the area remains negative, indicating a local economy that is not realising its potential. Efforts should be made to build on the success of local farming operations and improve their competitiveness in animal product exports.



While Karoo Lamb is acclaimed locally, the international trade potential of this product remains largely untapped. Karoo Lamb products are not among the top exports of the municipal areas within the CKD, despite the exceptional quality and taste of the meat. This presents a substantial opportunity for farmers to position themselves in international markets, thereby bolstering the local economy and significantly improving the trade balances of Beaufort West and the CKD.

The Karoo Development Foundation is spearheading the effort to realise this opportunity. It pioneered the "Karoo Lamb" certification, aiming to support the traditional practice of rearing sheep on the natural Karoo veld rather than in feedlots or on farms with planted pastures. The certification criteria stipulate that sheep must be free-range and free of added hormones or routine antibiotics. In addition, they may only be raised in the Karoo region, which covers the Northern Cape, Free State, Western Cape and Eastern Cape. Numerous farmers in Beaufort West and Prince Albert meet these requirements, providing a foundation for increased production and improved trade balances through the export of premium Karoo Lamb products.



## **TOP 3 EXPORTED** PRODUCTS



Source: Quantec research, 2023



R0.6m

Coconuts,

Brazil nuts

& cashew

nuts

R0.5m

Casks, barrels,

vats, tubs &

other coopers' products of

wood

R0.3m

Aluminium

casks, drums,

cans, boxes

& similar

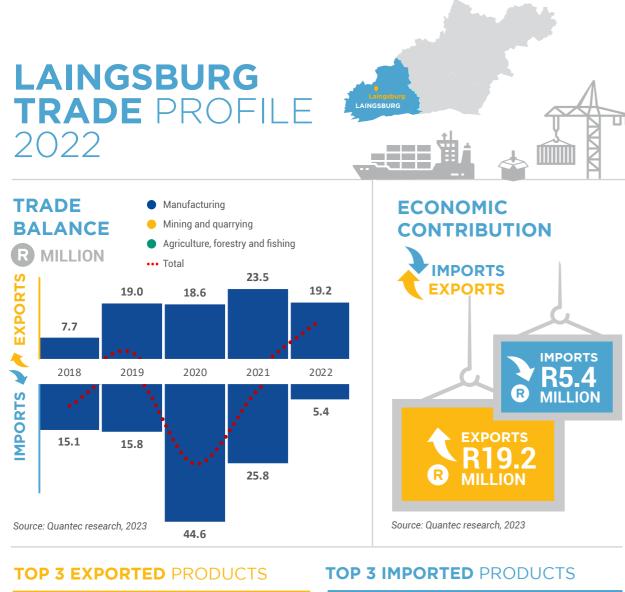
containers

Thanks to its booming agriculture and manufacturing sectors, Prince Albert has become the bestperforming municipal area of the CKD in recent years in terms of international trade. Assisted by the ongoing weakening of the rand, the trade balance of the area has been consistently positive throughout the last decade.

The imports and exports of Prince Albert reflect the centrality of agriculture in this area, which encompasses small wine farms, livestock farmers and dairies - many dotted along the base of the Swartberg mountains. Wooden and aluminium vats and drums are among the top imported goods, totalling R0.8 million in 2022. These items are used by small-scale wineries such as Bergwater Wines and by the milk-manufacturing industry, which delivered R32.8 million in milk and cream exports in 2022. Operating at the heart of Prince Albert, Gay's Guernsey Dairy produces celebrated cheeses as well as milk and yoghurt products that have won awards internationally. The dairy has become a wellknown institution in the area and helped to put South African dairy products on the global map.

Prince Albert recorded mollusc exports of R24.8 million in 2022, making molluscs the leading export product of the municipal area for the year. However, this was largely a result of the companies in question being registered in Prince Albert. Mollusc export statistics are thus not indicative of significant production in the area.





					ગ્રંદિ	
R8.8m	R5.3m	R2.1m		R5.2m	R0.1m	R0.03m
Whey	Sweetened or concentrated milk & cream	Cheese & curd	i	Preparations of a kind used in animal feeding	Electronic integrated circuits	Harvesting or threshing machinery

Source: Quantec research, 2023



The Laingsburg municipal area is known for its rich history: Dutch settlers established farms in the region in 1879, beginning an agricultural tradition that continues to the present day. Currently, the area mainly trades in manufactured animal products.

The trade balance of the Laingsburg municipal area has fluctuated in recent years. Stricter international trade regulations introduced during the COVID-19 pandemic brought about a significant decrease in the animal product trade, causing the balance to fall to negative R26.1 million in 2020. Since then, it has made an impressive recovery, rising to R13.8 million in 2022. This marked an improvement of R10.6 million relative to the pre-pandemic levels of 2019.

Imports into the municipal area revolve around agriculture, with preparations used in animal feed being the top import of 2022 (R5.2 million). Livestock production has delivered considerable benefits in terms of export returns, with whey (R8.8 million), sweetened milk and cream (R5.3 million) and cheese and curd (R2.1 million) being the top three exports of the Laingsburg municipal area in 2022.



# 5. TOURISM CENTRAL KAROO DISTRICT

The Southern African Large Telescope, one of the largest optical telescopes in the southern hemisphere, is located in Sutherland. Although Sutherland is not technically part of the CKD, researchers and other persons wishing to visit the Southern African Large Telescope need to travel through the CKD to reach the installation. This presents opportunities to develop products that cater for these individuals.

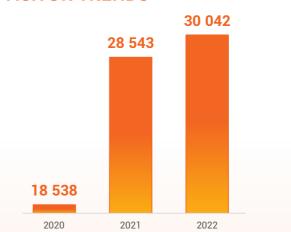
Currently, visitors to the CKD can embark on tours and other activities offering information about, and insights into, San culture, dinosaur fossils and Karoo architecture, scenery and communities. The historic centre of Beaufort West hosts a treasure trove of historical buildings, with the Town Hall (dating back to 1837) being the oldest in the country. Matjiesfontein and Laingsburg also have particular historical significance but are mainly visited by day trippers at present.

Beaufort West a fascinating history and a rich cultural heritage, the CKD has immense untapped potential as a tourist destination. However, the District often serves merely as a pit stop for travellers - mainly domestic - who are en route to or from the coast: 72.0 per cent of domestic persons travelling through the District spend only a day there.

The CKD possesses unique offerings that, if harnessed, could position it as a destination in its own right. One such possibility is astro-tourism. With its vast rural landscape and scattered small towns, the region has clear skies that are free of light pollution, making it an excellent spot for stargazing and astronomy enthusiasts.

The region is home to several notable museums, including the Fransie Pienaar Museum, the Laingsburg Flood Museum and the Beaufort West Museum. The latter houses the Chris Barnard exhibition, which tells the story of renowned surgeon Christiaan Neethling Barnard. The display traces the journey from his humble beginnings as the son of a minister in Beaufort West to his ground-breaking accomplishment of performing the world's first successful human-to-human heart transplant in Cape Town in 1967.

## KAROO NATIONAL PARK VISITOR TRENDS



Laingsburg

Prince Albe





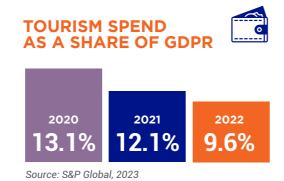
In Nelspoort, rock engravings by the /Xam and Khoe herders illustrate the rich history and cultural diversity of the region. The region's palaeontological treasures can be explored by tackling the fossil trail in the Karoo National Park. This reserve is also home to a diverse range of wildlife, including Cape mountain zebras, black rhinos and various bird species. The park offers visitors an opportunity to experience the beauty of the Karoo ecosystem. In 2022, the Karoo National Park welcomed 30 042 visitors, a year-on-year increase of 5.3 per cent and an impressive 95.6 per cent recovery compared with 2019 arrival numbers.

## Central Karoo District Tourism

Festivals such as the Harvest Festival, the Olive, Food and Wine Festival and the German Oktoberfest add to the appeal of the CKD. These events provide an ideal platform for showcasing the area's local produce and cuisine, and attract visitors of all ages. They also contribute significantly to the local economy, bringing depth and scope to the region's tourist offerings.

Despite the many attractions of the CKD, tourist spending in the District accounted for only 9.6 per cent of GDPR in 2022, 2.5 percentage points less than in 2021. Factors such as the deteriorating South African economy and rising fuel costs have constrained local household incomes, leading to a 3.3 per cent decline in domestic bed-nights spent in the CKD. The top three domestic source markets for the CKD in 2022 were the City of Cape Town (23.8 per cent), the City of Tshwane (8.6 per cent) and the City of Johannesburg (6.6 per cent), highlighting the significance of the N1 as a tourist transit route.









Source: S&P Global, 2023

International tourists are more likely to stay overnight than domestic visitors, with 48.1 per cent of such visitors staying for one day and 33.4 per cent for two days. International tourists substantially increased their bed-nights in the region in 2022 compared with the number of stays registered in 2021 (194.1 per cent). The leading international source markets were the United States (25.4 per cent), India (17.1 per cent) and the Netherlands (6.3 per cent). The favourable exchange rates of the euro and dollar against the rand make South Africa an attractive and affordable destination for international travellers. It should be noted that 45.2 per cent of international visitors to the CKD in 2022 were travellers who were returning to the area, an affirmation of the attractiveness of the region as a destination and a major boon for the local economy.

## **TOP 3 DOMESTIC TRAVELLERS**

23.8%	<b>8.6</b> %	6.6%	
City of Cape	City of	City of	
Town	Tshwane	Johannesburg	

## **TOP 3 INTERNATIONAL TRAVELLERS**



CKD

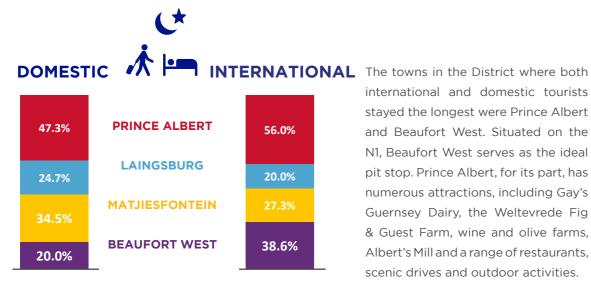
# Central Karoo District Tourism





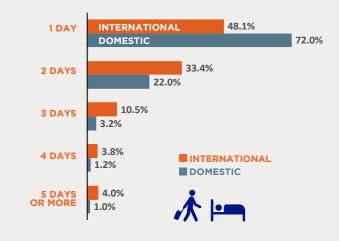
## Central Karoo District Tourism

## **OVERNIGHT STAYS PER TOWN**



international and domestic tourists stayed the longest were Prince Albert and Beaufort West. Situated on the N1, Beaufort West serves as the ideal pit stop. Prince Albert, for its part, has numerous attractions, including Gay's Guernsey Dairy, the Weltevrede Fig & Guest Farm, wine and olive farms, Albert's Mill and a range of restaurants, scenic drives and outdoor activities.

## 2022 **AVERAGE LENGTH OF STAY BY VISITORS**



The months in which the two highest international visitor totals were registered in 2022 were April (18.8 per cent) and March (12.5 per cent). These were also the months in which the highest totals of domestic visitors to the CKD were recorded, with 14.0 per cent of domestic travellers visiting in April and 13.9 per cent in March. To further develop tourism in the CKD and ensure that the industry is sustainable over the long term, it is essential that strategies be put in place to attract visitors during offpeak periods.

The meetings, incentives, conferences and exhibitions (MICE) industry can play an important role in mitigating the negative impacts of tourism seasonality. Scheduling events during the off-peak season would encourage a more consistent flow of tourists to the District and assist in ensuring the year-round use of facilities.



In conclusion, the tourism sector of the CKD is one with vast potential. The region can carve a niche in the competitive tourism market by capitalising on its various offerings, which include an environment that lends itself to astro-tourism, a unique cultural heritage and diverse attractions. Focused efforts to attract international and domestic tourists, and strategic planning to address challenges related to seasonality are key to making the CKD a tourist destination in its own right and reaping the economic benefits of tourism.

## **CENTRAL KAROO DISTRICT TOURISM TRENDS 2022**

Unless otherwise stated, tourism indicators are sourced from Cape Karoo Visitor Trends 2022, published by Wesgro. The full report can be accessed using the QR code. The report uses regional visitor-tracking surveys to compile a tourism profile per region. Given the survey collection method and sample sizes, visitor-tracking surveys can only provide a partial sense of key trends within a region, and the figures derived from the surveys should not be considered precise. Furthermore, the information cannot be compared with that collected in other regions or in previous years, or with information released by South African Tourism.

CKD

## **Central Karoo** District **Tourism**



# 6. INVESTMENTS

Both public and private sector investments play a critical role in the economic growth of the CKD. Public sector investment catalyses private sector engagement, enabling the growth and development of communities and towns.

The public sector directly enhances residents' quality of life by efficiently channelling resources into critical infrastructure. Private enterprises, attracted by improved accessibility, reliable utilities and a skilled workforce, are then inclined to invest or expand their operations in the area in question. In 2021, private investment contributed R691.9 million to the GDPR of the CKD.

When the private sector thrives, job opportunities multiply, local economies diversify and incomes rise, ultimately uplifting the community. Thus, the synergy between public and private sector investments generates a virtuous growth cycle, driving sustainable development and economic empowerment.

## 6.1 Public sector investment

In the CKD, strategic investment by Provincial and Local Government plays a significant role in maintaining social welfare and spurring economic growth. In the short term, the injection of funds breathes life into the local economy as communities reap the rewards of increased expenditure, including the prospect of new job opportunities. However, the true reward unfolds in the long run, when the operational activities resulting from these investments stimulate growth across the District.

Obstacles to public sector investment in the District have become more prevalent in that water shortages, load-shedding, rising unemployment and poor economic growth have compromised the revenue-generating capabilities of Local Government. Even in the face of adversity, however, investment in infrastructure remains a priority within the CKD.



With its arid environment and vulnerability to drought, the CKD faces several water-related challenges. Local agricultural activity, a key facet of the District economy, is dependent on a reliable supply of water. However, water security in all municipal areas of the CKD is currently under threat as groundwater resources become depleted. In addition, the infrastructure for water extraction and distribution is ageing. Investment in water infrastructure and wastewater management has thus been prioritised by local officials.

Prince Albert Local Municipality has allocated R12.0 million to water management in the 2023/24 budget, with a portion of these funds reserved for the municipal area's water treatment works. Laingsburg Local Municipality has allocated most of its R48.3 million budget to wastewater management. However, the largest challenge that Beaufort West Local Municipality faces concerns waste management, including problems such as illegal dumping and inadequate maintenance of refuse removal equipment. For this reason, the municipality has allocated R4.2 million towards waste management infrastructure in 2023/24.

## Table 6.1

## BUDGETED CAPITAL EXPENDITURE, \_\_\_\_\_ Central Karoo District, 2023/24

RECORDERION				
DESCRIPTION R million	Prince Albert	Laingsburg	Beaufort West	Central Karoo District
Municipal governance and administration	R1.2	R0.0	R0.0	R0.2
Executive and council	R0.0	R0.0	R0.0	R0.1
Finance and administration	R1.2	R0.0	R0.0	R0.1
Internal audit	R0.0	R0.0	R0.0	R0.0
Community and public safety	R2.7	R7.6	R3.7	R0.2
Community and social services	R0.2	R0.0	R0.0	R0.0
Sports and recreation	R2.5	R7.6	R3.7	R0.0
Public safety	R0.0	R0.0	R0.0	R0.0
Housing	R0.0	R0.0	R0.0	R0.0
Health	R0.0	R0.0	R0.0	R0.2
Economic and environmental services	R8.4	R6.6	R3.1	R0.1
Planning and development	R0.0	R0.0	R0.0	R0.1
Road transport	R8.4	R6.6	R3.1	R0.0
Environmental protection	R0.0	R0.0	R0.0	R0.0
Trading services	R14.9	R34.1	R7.2	R0.0
Energy sources	R1.7	R0.0	R0.0	R0.0
Water management	R12.0	R15.2	R0.0	R0.0
Wastewater management	R1.1	R18.9	R3.1	R0.0
Waste management	R0.1	R0.0	R4.2	R0.0
Other	R0.0	R0.0	R0.0	R0.0
Total infrastructure spend	R27.2	R48.3	R14.0	R0.4
Infrastructure spend as a percentage of GDPR	4.3%	9.2%	0.5%	0.0%

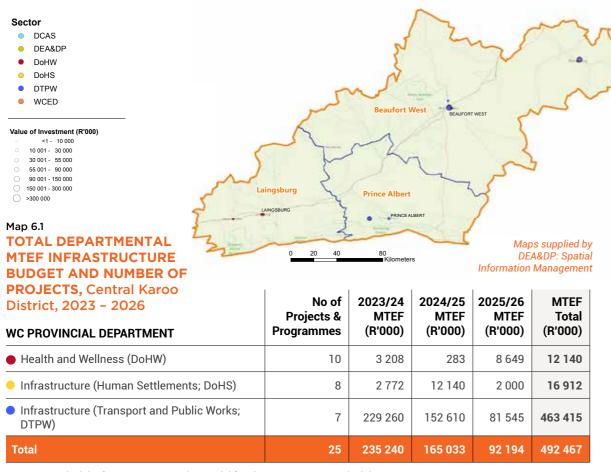
Source: Western Cape Provincial Treasury, 2023

In the 2023/24 to 2025/26 Medium Term Expenditure Framework (MTEF), the CKD is allocated a total Provincial infrastructure investment of R492.5 million. This amounts to 1.5 per cent of the overall Provincial infrastructure budget for this period. In the CKD, 97.5 per cent of the budget has been set aside for housing and transport infrastructure projects. The remainder is allocated to healthcare projects and developments.

The N1 traverses the CKD, connecting the Western Cape with economic hubs such as Bloemfontein, Johannesburg and Pretoria, and enabling goods to flow smoothly from one end of the country to the

other. The N1 is also central to tourist activity in the District. Therefore, the maintenance of this highway is of paramount importance to the CKD. To this end, the re-gravelling and rehabilitation of the N1 has been prioritised, with a renovation and rehabilitation project totalling R140.0 million planned for the 2023/24 MTEF period.

Other significant developments include investments in healthcare and human settlements, notably a R6.7 million rationalisation project at Beaufort West Hospital. Rationalisation projects entail optimising institutions and their workflows. With regard to housing, the CKD has allocated R3.2 million towards an upgrade of the village of Klaarstroom. Klaarstroom is situated just over 50km east of the town of Prince Albert. Its population is among the poorest in the District, with residents having a median income of only R4 243 per month in 2022. Such upgrade projects improve housing conditions and stimulate local economies, promoting financial stability and social progress.



Source: Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investment (projects and programmes) is indicated in the accompanying table for the applicable region or district. Source: The data represents an extract from the Provincial Infrastructure Reporting Model (IRM), as of 28 February 2023. Monitoring the accuracy of information in the reporting model is ongoing and continues to receive attention with the aim to progressively make improvements.

## Infrastructure Development Score, Central Karoo District, 2022

Ratings Afrika's well-known Municipal Financial Sustainability Index (MFSI) measures the operating performance, liquidity management, debt governance, budget position, and infrastructure development of local municipalities in South Africa. Each component is scored out of a hundred. The MFSI aims to support municipalities in their decisionmaking so as to ensure financial sustainability, which Ratings Afrika defines as *"the financial ability of a municipality to deliver services and to develop and maintain the infrastructure required by its residents without unplanned increases in rates and tariffs, or a reduction in the level of services. Furthermore, the Municipality should be able to absorb financial shocks caused by natural, economic, political and other disasters, such as COVID-19, without external financial assistance."* 



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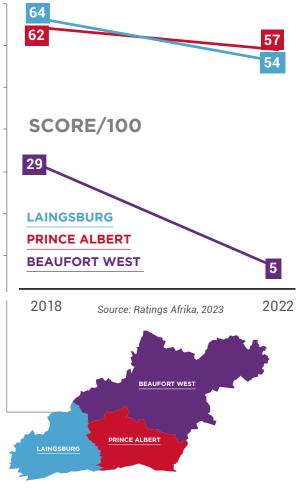
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Of the three local municipalities in the CKD, Prince Albert Local Municipality and Laingsburg Local Municipality scored the highest in infrastructure development in 2022. However, the total for Prince Albert Local Municipality was five points lower than the score earned in 2018, while that of the Laingsburg Local Municipality was 10 points lower. Beaufort West Local Municipality, which scored the lowest of the three CKD local municipalities regarding infrastructure in 2018 (29 out of 100 points), fared even worse in 2022 (five out of 100 points). This indicates that the municipality is confronting infrastructure deterioration, liquidity challenges and operational deficits, difficulties that threaten its ability to provide good services or, indeed, any services at all.



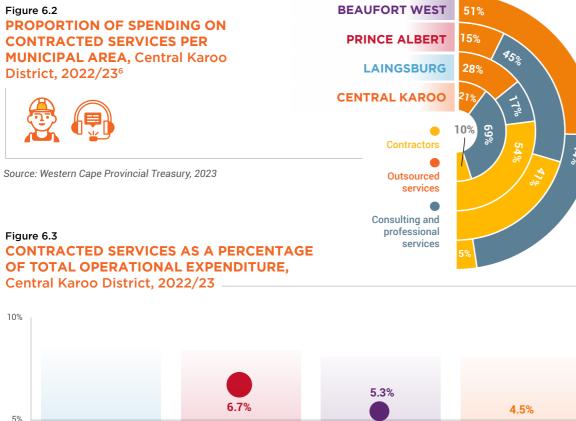


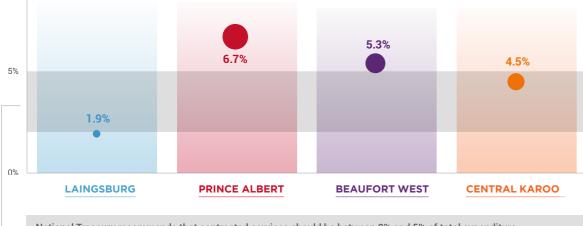
## 6.2 Public sector procurement

Public sector procurement processes in the CKD can facilitate the development of local small, medium and micro enterprises (SMMEs). Moreover, procuring goods and services from SMMEs and designated groups advances bottom-up local economic development and creates a competitive local market. While this kind of spending has benefits, the National Treasury recommends that it be confined to between 2.0 per cent and 5.0 per cent of total expenditure. The Central Karoo District Municipality is within this range, while the local municipalities are either marginally above or below the guideline.

## Preferential procurement

policies<sup>7</sup> provided for under the Preferential Procurement Policy Framework Act (Act No. 5 of 2000), Section 217, allow for a fair, equitable and transparent mechanism to empower persons or categories of persons disadvantaged by unfair discrimination.





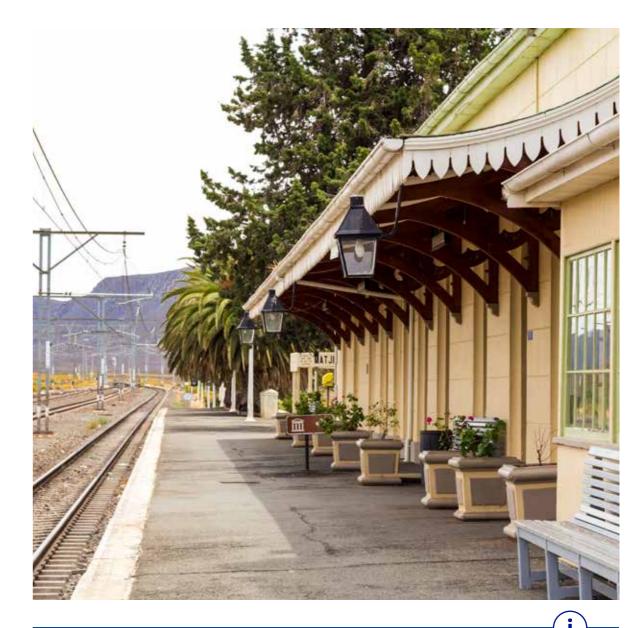
National Treasury recommends that contracted services should be between 2% and 5% of total expenditure.

Source: Western Cape Provincial Treasury, 2023

<sup>6</sup> The CKD value is not the sum of municipal spending. It indicates spending by the Central Karoo District Municipality.
 <sup>7</sup> The information regarding black ownership, black women ownership and ownership by other designated groups was split to avoid duplication when assessing expenditure, given that a supplier can – by way of example – be both black-owned and a youth. Data on business ownership by blacks, black women and other designated groups was split to avoid overstating expenditure on B-BBEE procurement, as a supplier can be both black-owned and youth-owned.

The extent of the expenditure on consulting and professional services by the Central Karoo District Municipality and Prince Albert Local Municipality indicates a lack of relevant professional skills in both instances of Local Government. In this regard, it is worth keeping in mind that the remoteness of the CKD affects the attraction and retention of suitably qualified staff.

At a municipal level, outsourced services account for the largest proportion of contracted service expenditure by the Beaufort West Local Municipality. To avoid unnecessary spending over the long term, there is thus a need to develop better public sector service delivery infrastructure in Beaufort West. For the Laingsburg Local Municipality, expenditure on contractors accounts for the largest share of contracted service expenditure, indicating that structural development is occurring in the area. This is a positive sign for local investment and economic growth opportunities.



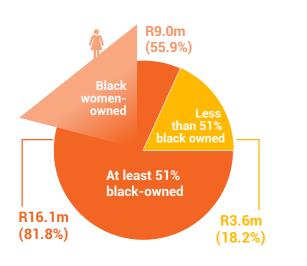


The **Overview of Provincial and Municipal Infrastructure Investment** (OPMII), published by the Provincial Treasury, provides further information about the 2023/24 budgeted Provincial Government infrastructure spend. The report can be accessed by scanning the QR code.

## 6.3 Public sector spending on designated groups<sup>8</sup>

In the CKD, R16.1 million was spent on procurement from majority black-owned companies, with 55.9 per cent of this amount (R9.0 million) directed to majority black women-owned companies. Given the historical social exclusion of women, particularly black women, this expenditure shows commitment to reducing the marginalisation of women brought about by past inequalities.

## Figure 6.4 **EXPENDITURE ON REGISTERED BLACK-OWNED** COMPANIES, Central Karoo District, 2022/239





Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

## Figure 6.5 EXPENDITURE ON REGISTERED SMMES, Central Karoo District, 2022/239





Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

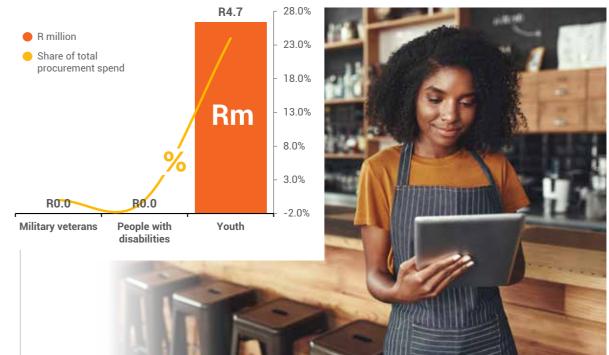
<sup>8</sup> The term "designated groups" refers to a) black designated groups, b) black people, c) women, d) people with disabilities or e) small enterprises as defined in Section 1 of the National Small Enterprise Act (Act No. 102 of 1996).

<sup>9</sup> The information extracted was for the following economic classifications, matched to suppliers registered on the Western Cape Supplier Evidence Bank (WCSEB) for the period 1 April 2022 to 31 March 2023: Goods & Services, Buildings & Other Fixed Structures, Machinery & Equipment and Software & Intangible Assets.

In the CKD, 77.8 per cent of the total spend on SMMEs (R15.3 million) was spent on exempted micro enterprises (EMEs). Procurement from EMEs was mainly related to services such as property services, transport services, and business and advisory services. Procurement spending on qualifying small enterprises (QSEs) only occurred in the Beaufort West area and was mainly related to expenditure on contractors and property services. Interestingly, no goods and services were procured from larger enterprises in 2022, suggesting a greater number of opportunities for small local businesses in the course of this year.

No payments were made to enterprises owned by the disabled or military veterans during the 2022/23 period. Conversely, procurement from youth-owned<sup>10</sup> enterprises accounted for 24.0 per cent of total procurement. Sourcing goods from youth-owned enterprises and assisting companies owned by the youth to register on the WCSEB is of paramount importance in reducing the youth unemployment rate in the District and empowering the younger population to facilitate economic growth in the future.

## Figure 6.6 PAYMENTS TO DESIGNATED SUPPLIERS, Central Karoo District, 2022/23





Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

<sup>10</sup> According to the National Youth Policy (2020), young people are defined at those between the ages of 14 and 35 (Department of Women, Youth and Persons with Disabilities, 2020).

## 6.4 Private sector investment

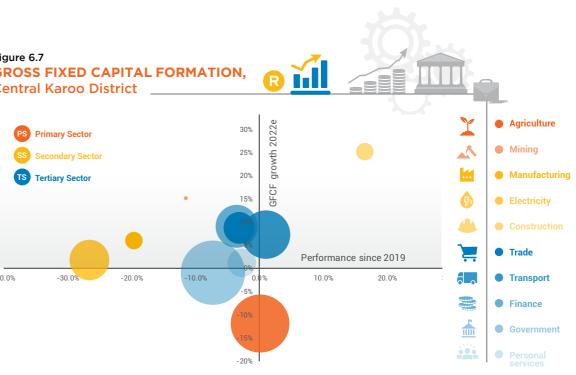
The CKD is a region of contrasting economic fortunes. In 2021, the gross fixed capital formation (GFCF) of the District reached R691.9 million, 6.5 per cent less than the previous year. This contraction was primarily attributed to pandemic-induced investment slowdowns that continued into the year.

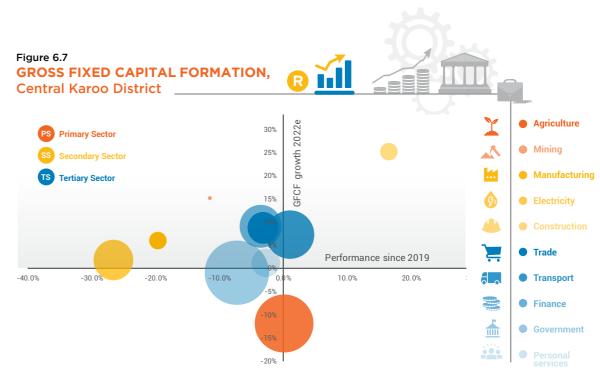
Despite economic headwinds, the agriculture sector of the CKD proved resilient in 2020. The sector achieved growth of 9.5 per cent, buoyed by favourable weather conditions and surging livestock prices following a period of drought. This prompted farmers to invest in new machinery and equipment. However, GFCF in the sector slowed in 2021 and declined by an estimated 11.8 per cent in 2022 as rising input costs took a toll on production. Despite this contraction, GFCF in the agriculture sector in 2022 marginally exceeded the level of capital formation recorded in 2019. Most sectors recorded growth in terms of GFCF in 2022, indicating improved business confidence compared with 2020 and 2021. However, the majority were still not able to regain the levels recorded in 2019, as high interest rates dampened investment prospects. Sectors that managed a post-pandemic recovery of GFCF include the construction and transport sectors.

GFCF in the construction sector recorded substantial growth in 2022 (an estimated 25.2 per cent) as companies invested in machinery and transport equipment. This investment was probably in anticipation of increased work stemming from public sector capital investments. While still underperforming in terms of GDPR, the construction sector registered an increase in the number of formal and informal jobs, suggesting a possible turnaround in terms of its economic performance.

GFCF in the transport, storage and communication sector expanded by 7.3 per cent in 2022 as new investment in buildings occurred. Construction for various projects, including on the new ground station for NASA in Matjiesfontein, had a positive impact on the economy.







## Gross fixed capital formation (GFCF) refers to the acquisition or development of assets used to enable production or generate higher levels of income.

	R million 2021	Percentage contribution	Performance since 2019	GFCF growth 2022e
Primary Sector	R151.6	21.9%	0.0%	-11.7%
Agriculture, forestry & fishing	R150.6	21.8%	0.1%	-11.8%
Mining & quarrying	R1.0	0.1%	-11.5%	15.2%
Secondary Sector	R97.2	14.0%	-20.4%	5.7%
Manufacturing	R13.5	1.9%	-19.7%	6.1%
Electricity, gas & water	R70.6	10.2%	-26.6%	1.8%
Construction	R13.1	1.9%	16.5%	25.2%
Tertiary Sector	R443.1	64.0%	-4.6%	4.0%
Wholesale & retail trade, catering & accommodation	R43.0	6.2%	-3.2%	8.8%
Transport, storage & communication	R103.1	14.9%	1.0%	7.3%
Finance, insurance, real estate & business services	R80.2	11.6%	-3.6%	9.2%
General government	R181.6	26.2%	-7.3%	-1.0%
Community, social & personal services	R35.2	5.1%	-2.7%	1.2%
Total Central Karoo District	R691.9	100.0%	-6.9%	0.8%

Source: Quantec research, 2023

# 7. CONCLUDING REMARKS

The CKD has scant natural resources, experiences adverse climate conditions and is geographically isolated from major markets, meaning that its economy is vulnerable to external shocks. The District's modest contribution of 0.5 per cent to the Provincial economy in 2021 underscored the extent of its economic constraints. However, the 2.2 per cent growth registered in 2022 and subsequent improvements enabled the creation of new job opportunities – offering a glimmer of hope for struggling communities.

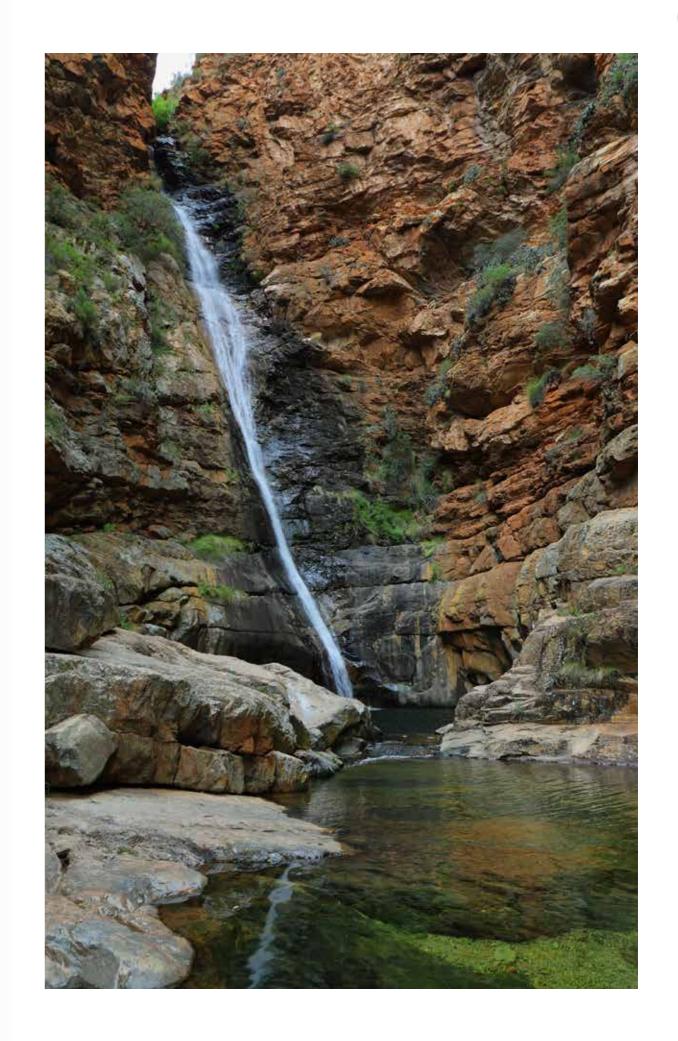
The District experienced a surge in labour force participation, which increased by 1.9 percentage points in 2022, albeit from a low base. However, a substantial portion of working-age people (47.3 per cent) remained economically inactive, underscoring the dependence of communities on a working minority and public sector support. While progress was made in reducing joblessness, which fell by 0.9 of a percentage point to 25.6 percent, the CKD still trailed the Provincial average for unemployment (24.5 per cent), highlighting the need for economic stimulation in the District.

The CKD's agro-processing strengths are shown in its livestock-derived exports. Though vulnerable to disease, drought and market volatility, exports surged by R7.6 million from 2021 to 2022. On the tourism front, various challenges – ranging from a sluggish national economy to rising fuel prices – led to a dip in tourist spending. However, there is potential to enhance the tourist experience by promoting agro-tourism, cultural heritage and unique attractions and activities in the area.

The public sector bolsters private engagement, catalysing transformation within communities. Looking ahead, the 2023/24 MTEF allocates substantial funds for housing, transport and healthcare infrastructure.

To promote economic growth and job creation in the CKD, it is essential to diversify economic activities. This can be achieved by identifying emerging industries such as those related to renewable energy and eco-tourism. Supporting SMMEs through funding, training and preferential procurement processes can stimulate entrepreneurship and job opportunities. Furthermore, investing in appropriate skills development and vocational training can enable residents to take advantage of employment opportunities in new industries and so enhance the local benefits derived from private sector investment.

Prioritising infrastructure development and focusing on the transportation networks and critical facilities outlined in the 2023/24 MTEF can assist in attracting investment to the CKD and fostering community wellbeing.



# SECTION SAFETY AND WELLBEING

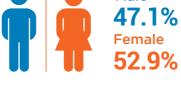
# 1. INTRODUCTION

This section explores the social trends and indicators that shape the CKD. By examining population dynamics, housing demand, essential services, household stability, healthcare, education and crime indicators, valuable insights can be gained into the lives of citizens and the local economy. Population dynamics provide glimpses of the evolving demographic landscape of the CKD, enabling understanding of the social fabric and the implications of demographic trends for economic development, labour markets and resource allocation.

Access to basic services such as water, electricity, sanitation and waste removal is central to community wellbeing and progress. Healthcare, educational outcomes and crime indicators are examined to grasp the CKD's broader social and economic conditions. These pillars, encompassing health, education and safety, reflect wellbeing, future generations' potential and the community's challenges.

# 2022

# POPULATION 102 173 Male

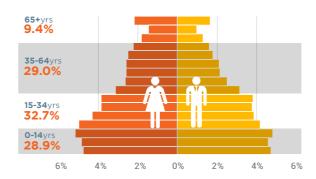


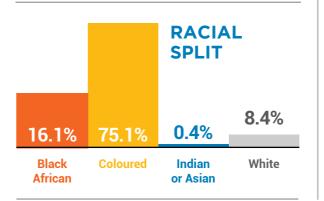
**0-14**yrs

28.9%

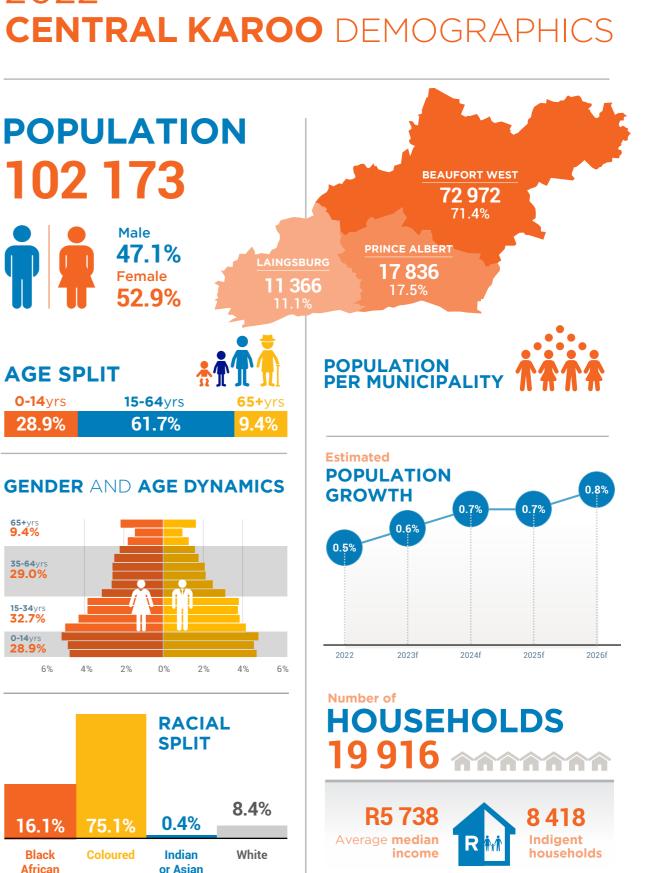


## **GENDER** AND AGE DYNAMICS





The Socio-Economic Profiles (SEPs) released by Provincial Treasury will contain an analysis of the age, race and gender distributions from Census 2022. Furthermore, an overview of household numbers and access to services will be provided. These Census 2022 indicators are excluded from the MERO due to the late release of the data by Stats SA.



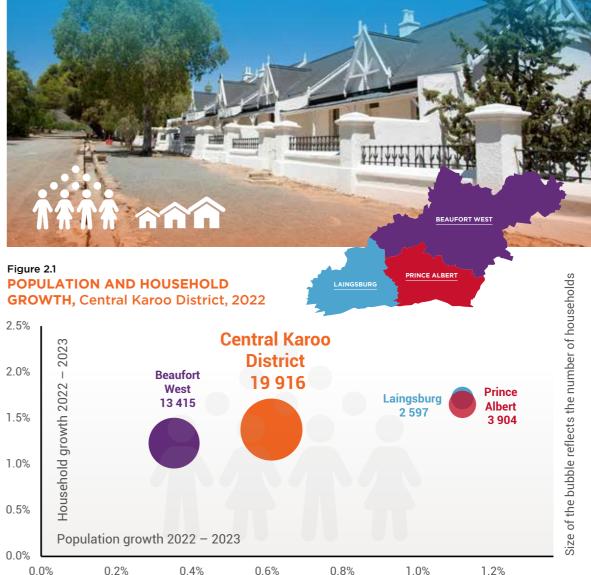
## 2. DEMOGRAPHICS

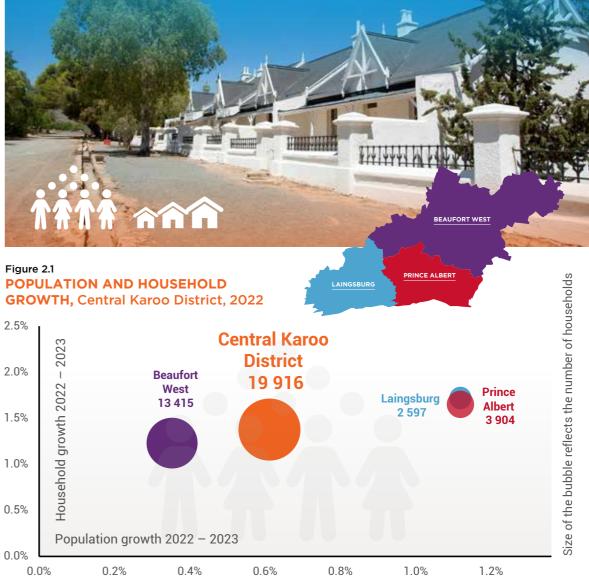
The population profile of the CKD is a testament to the rural character of the District, which has the lowest population density in the Province. Most of the population is concentrated in the Beaufort West municipal area, as the town of Beaufort West serves as the economic hub of the region. Between 2023 and 2027, the population of the CKD will be predominantly coloured (75.1 per cent), and the population in the District is forecast to grow by an average annual rate of 0.7 per cent. While the Laingsburg and Prince Albert municipal areas have relatively rapid population growth rates (1.1 per cent and 1.3 per cent, respectively), these increases are from a small base. Beaufort West remains the leading source of population growth in the CKD. A similar trend is observed with household growth, which is expected to expand by 1.3 per cent in the CKD over the next five years.

A country experiencing a simultaneous increase in its youth population and a decrease in fertility rates has the opportunity to benefit from a "demographic dividend". This refers to an increase in economic productivity resulting from a growing workforce in comparison to the number of dependants.<sup>11</sup>

With overall population growth, a higher ratio of working-age persons means a bigger labour force for production. A lower dependency ratio means less diversion of resources and time from productive work to care for the young and elderly. If this scenario occurs, the increased growth that results constitutes a demographic dividend.<sup>12</sup>







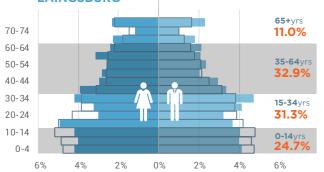
Source: Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022 (February 2023)

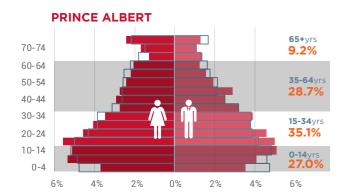


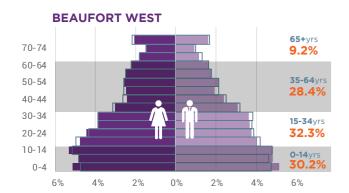
<sup>11</sup> (UNFPA, 2020). <sup>12</sup> (Stats SA, 2017).



LAINGSBURG







Residents of the CKD are mostly young, with the youth (persons aged 15 to 34) making up the largest share of the population (32.7 per cent) and children (those younger than 15) the second-largest share (28.9 per cent). This population structure reflects, to a great extent, the demographics of the Beaufort West municipal area. The structure indicates high child dependency, which, coupled with high youth unemployment, has a significant impact on poverty levels and overall community wellbeing. Furthermore, it highlights the need for school infrastructure and post-school skills training opportunities. Prince Albert has a similar population structure but with a smaller cohort of children under four years of age - a sign of declining fertility rates in this municipal area.

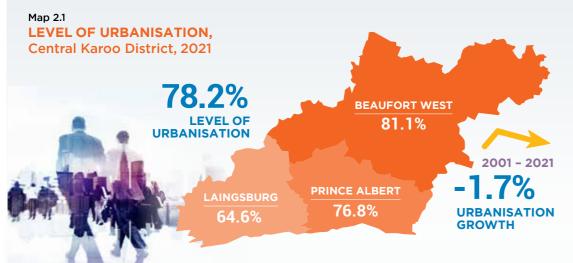
The Laingsburg municipal area also has a substantially smaller cohort of children and youth, which probably stems from reduced fertility and out-migration. Many young people leave the area in search of employment or skills development opportunities. However, the smaller number of children also results in less dependency on working adults. Sports and recreation are vital for promoting culture, improving health and wellbeing, advancing education, boosting the economy and fostering social upliftment in communities. This is particularly important in areas with a large youth cohort, including the CKD. Challenges relating to high unemployment, crime, substance abuse and gender-based violence (GBV) affect both the youth and the overall community of the CKD.<sup>13</sup> Youth development is crucial for regional economic growth, and promoting sports and recreation among young people is therefore essential. As such, the CKD municipalities have collectively allocated R6.9 million towards sports and recreation infrastructure in the District. By providing valuable opportunities for developing life skills, sports and recreation help at-risk youth navigate challenges and avoid violence, crime and drug abuse.<sup>14</sup>



<sup>13</sup> (Central Karoo District Municipality, 2022).
 <sup>14</sup> (United Nations Office on Drugs and Crime, 2022).

## **URBANISATION**

Despite the CKD's vast rural expanse and extensive agricultural activity, most households in the District live in the few towns that are scattered across the landscape. According to the 2001 Census data and modelled population estimates, in 2001, 79.9 per cent of the population in this District lived in areas classified as urban. This percentage increased slightly to 82.9 per cent in 2011 and was estimated to have dropped to 78.2 per cent by 2021.



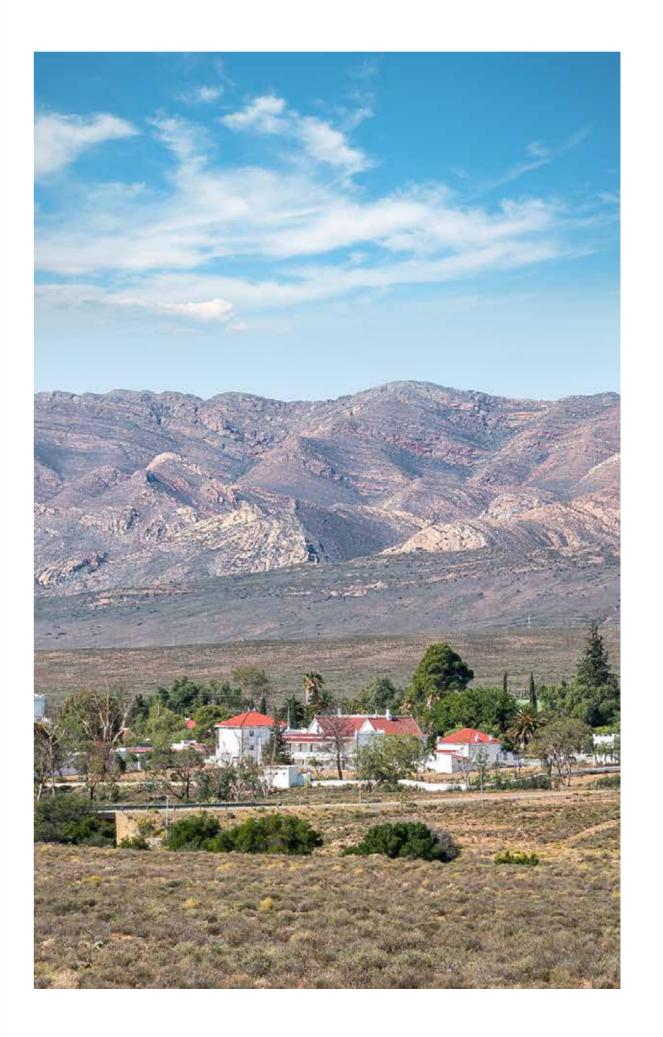
Source: Western Cape Department of Social Development, Provincial Population Unit, 2023

In 2021, the Beaufort West municipal area had the largest population and the highest level of urbanisation in the District. Most of the CKD population (68.0 per cent) resides within the greater Beaufort West area, which includes the settlements of Beaufort West, New Town, Kwa-Mandlenkosi and Rustdene. The remaining portion of the CKD population is located in Murraysburg and Rooivlakte. In all, more than 80.1 per cent of the population in this municipal area lives in urban areas. While the number of residents in both urban and rural regions has increased, the share of the overall population that resides in rural areas has grown more than the share living in urban areas. Simultaneously, the number of residents in Murraysburg, Rustdene, Kwa-Mandlenkosi and New Town has declined.

Laingsburg, the smallest municipal area, has grown in population in both urban- and rural-classified areas. Estimated to be the least urbanised municipal area in the District, its level of urbanisation decreased slightly from 2001 to 2021 – with both Laingsburg and Matjiesfontein accounting for smaller shares of the overall municipal population. By contrast, the population proportion in rural areas showed an 8.9 percentage point increase.

The Prince Albert municipal area is the second-largest in the District in terms of population. Urbanisation is estimated to have increased from 69.9 per cent in 2001 to 76.8 per cent in 2021 (a rise of 6.9 percentage points). Notably, urban areas experienced considerably more population growth than rural areas. The town of Prince Albert accommodates approximately half the municipal population (51.5 per cent). The shift towards urbanisation in this municipal area can be attributed to growth in the urban population shares in Bitterwater, Leeu-Gamka and Klaarstroom.

Source: Department of Social Development (DSD), Directorate Research and Information Management (DRIM), Provincial Population Unit (PPU), 2023. Western Cape Urbanisation 2001 to 2021, Additional: Districts and Local Municipalities version 1 (July 2023).



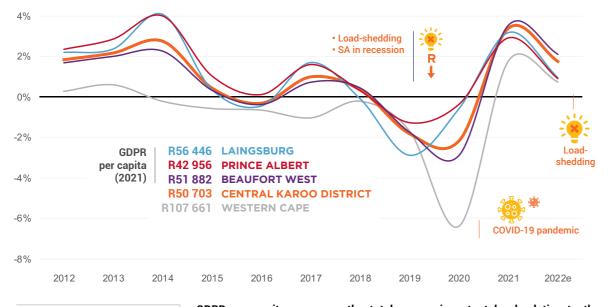
## 3. INCOME AND INEQUALITY

## 3.1 Income levels

In 2021, the CKD's GDPR per capita was R50 703, significantly lower than the Province's R107 661. While the Laingsburg municipal area had the smallest economy in the CKD, it also recorded the highest GDPR per capita in the District, namely R56 446. The COVID-19 pandemic has significantly impacted economic growth in the CKD, leading to decreased GDPR per capita across all areas in 2020. The lockdowns and business closures resulted in job losses and income reductions for most communities. This, in turn, led to lower consumer spending, affecting overall economic demand.

GDPR per capita in the CKD grew by 3.4 per cent in 2021, outpacing the 1.8 per cent recorded in the Province during the same period. It should be noted that GDPR per capita expanded in each of the municipal areas of the District. This positive performance was ascribed to the strength of the local agriculture sector, which enabled economic expansion in a context of slow population growth.





Source: Quantec research, 2023 (e denotes estimate) **GDPR per capita measures the total economic output level relative to the population's size.** Given that populations and economies differ from one region to another, the GDPR per capita is useful for comparing living standards across regions. Growth in GDPR per capita is a summary indicator of economic development in a region.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Western Cape	0.3%	0.6%	-0.2%	-0.6%	-0.6%	-1.0%	-0.2%	-1.7%	-6.4%	1.8%	0.8%
Central Karoo District	1.8%	2.2%	2.7%	0.4%	-0.3%	1.0%	0.3%	-1.8%	-2.2%	3.4%	1.7%
Laingsburg	2.2%	2.4%	4.1%	0.4%	-0.4%	1.7%	-0.1%	-2.9%	-0.6%	3.2%	1.0%
Prince Albert	2.4%	2.9%	4.0%	1.0%	0.1%	1.6%	0.3%	-1.3%	-0.4%	2.9%	0.9%
Beaufort West	1.7%	2.0%	2.3%	0.3%	-0.4%	0.7%	0.4%	-1.7%	-2.9%	3.5%	2.1%

Of the three municipal areas in the CKD, Beaufort West registered the highest GDPR per capita growth in 2021 (3.5 per cent). The area did not perform as well in the following year, with growth for 2022 estimated at 2.1 per cent. However, this rate was still higher than the estimated GDPR per capita growth for the CKD overall in 2022 – an average of 1.7 per cent. Beaufort West's fortunes were in sharp contrast to those of the Laingsburg municipal area, which recorded GDPR per capita growth of an estimated 1.0 per cent in 2022, a significant decline relative to its performance in 2021 (3.2 per cent).

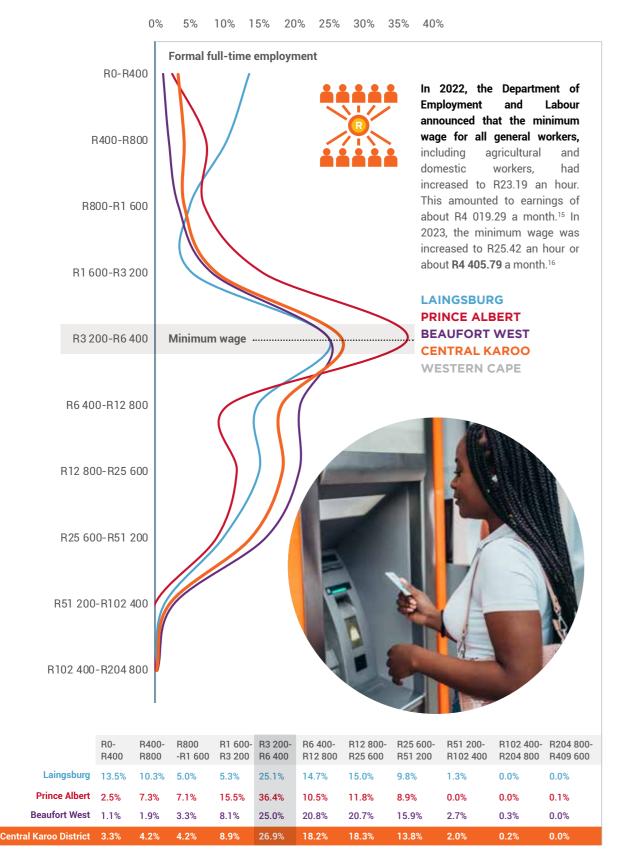
The economic performance of the three municipal areas provides a lesson in the importance of diversification. Beaufort West has a varied economic landscape where diversity has offered a certain resilience in the face of economic challenges. The Prince Albert municipal area, however, is primarily focused on agriculture. This results in the area being vulnerable to exogenous shocks. In addition, incomes in Prince Albert are lower than those in the Laingsburg and Beaufort West municipal areas.

In 2022, the financial outcomes for full-time employees within the CKD were varied. Individuals engaged in low-income occupations within the District typically earned between R3 200 and R6 400 a month. This bracket mainly included trade and agricultural workers. Of the workers in this wage bracket, 36.4 per cent – the largest share – resided in the Prince Albert municipal area. Additionally, wage ranges are skewed towards lower incomes in this area, which leads to elevated poverty levels among residents.

Wage levels are higher in the Beaufort West municipal area, which has a diversified economy and is the epicentre of public sector services in the CKD. In addition, the town of Beaufort West is the most significant urban centre within the District. While most workers in this municipal area also earned between R3 200 and R6 400 in 2022, a noteworthy 20.7 per cent of workers fell into the R12 800 to R25 600 wage bracket. In addition, 18.9 per cent of workers in the area fell into higher salary brackets (those for earnings above R25 600) – the largest such share in the CKD. It is worth noting that wage levels vary between sectors and according to individual circumstances. For instance, sectors such as agriculture and trade generally offer lower wage levels than industries that require specialised skills or professional services. This variation is evident in the Beaufort West municipal area, which serves as the District's administrative centre.

In 2022, the Beaufort West municipal area also had the highest median income in the CKD (R9 812). Persons earning between R25 600 and R51 200 a month accounted for 15.9 per cent of workers in the area, a larger share than the 13.8 per cent of such workers in the District overall. Furthermore, Beaufort West had the highest number of taxpayers within the CKD in 2021, who made up 37.3 per cent of employed people in the municipal area. Many skilled professionals were employed in various government departments, contributing to the area's economic strength.

## Figure 3.2 WAGE DISTRIBUTION PER MUNICIPAL AREA, Central Karoo District, 2022



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Indicators were not as positive for the Laingsburg municipal area. As the smallest municipal area in terms of population within both the CKD and South Africa, Laingsburg faced unique challenges.<sup>17</sup> Perhaps most notably, it had the largest share of workers in the District (10.3 per cent) who fell within the wage range of R400 to R800 in 2022. However, in a development that defied expectations and highlighted the area's resilience, Laingsburg also experienced remarkable growth in the number of taxpayers in 2021 (a rise of 12.5 per cent). Additionally, it was the only municipal area in the CKD where the number of taxpayers increased in 2021.

Matjiesfontein, where the economy revolves around tourism, hospitality and historical preservation, had the second-highest median income in the District in 2022: R8 175. The variety of circumstances and outcomes across the CKD described above highlights the region's complexity and economic diversity.

The Prince Albert municipal area, for its part, relied heavily on agriculture, tourism and Local Government to drive employment and wages.<sup>18</sup> However, the delivery of basic services and the need for job creation presented challenges in this area. Prince Albert had the lowest percentage of employed people in the CKD in both 2020 and 2021. This was reflected in the lower median incomes of places such as Klaarstroom (R4 243) and Leeu-Gamka (R4 051), where economies are centred on farming and other agricultural activities.

Wage distribution in the Prince Albert municipal area is skewed toward ranges below R3 200, which may reflect limited economic opportunities or challenges in the job market. The level of distribution could suggest a lack of high-paying jobs or that many individuals are employed in low-skilled or lowwage industries. However, while many workers get paid little, it should also be noted that a sizable share of these employees (36.4 per cent) fall into the highest bracket of the low-wage distribution range, taking home between R3 200 and R6 400 a month.



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

<sup>17</sup> (Central Karoo District Municipality, 2022). <sup>18</sup> (Prince Albert Municipality, 2023).

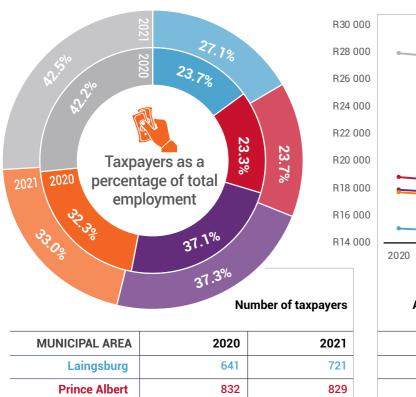
4 051 - 4 627
4 627 - 5 203
5 203 - 5 779
5 779 - 6 355
6 355 - 6 931
6 931 - 7 507
7 507 - 8 083
8 083 - 8 660
8 660 - 9 236
9 236 - 9 812

<sup>&</sup>lt;sup>15</sup> (Department of Employment and Labour, 2022).

<sup>&</sup>lt;sup>16</sup> (Department of Employment and Labour, 2023).

## Figure 3.3 INDIVIDUAL TAXPAYERS AND TAXABLE INCOME, Central Karoo District, 2020 – 2021

The Income Tax Act of 1962 (the Act) governs the imposition of income taxes in South Africa. Under the Act, tax is levied on taxable income, which is essentially gross income less any relevant exemptions and deductions permitted by law.<sup>19</sup> Taxes enable the financing of public sector goods and services.



4 263

5 736

1 003 326

LAINGSBURG PRINCE ALBERT BEAUFORT WEST CENTRAL KAROO WESTERN CAPE

Average monthly taxable income

 Average monthly taxable income

 2020
 2021

 R15 081
 R14 448

 R18 830
 R17 793

 R17 906
 R17 117

 R17 724
 R16 877

 R27 892
 R26 633

Sources: Quantec research, National Treasury and SARS, 2023

**Beaufort West** 

Western Cape

**Central Karoo District** 

In 2021, the CKD accounted for a modest 0.6 per cent of the overall number of taxpayers in the Western Cape. This marked a slight decline in taxpayer numbers compared with the previous year. In 2020, the District had 5 736 taxpayers. By 2021, this total had decreased by 0.7 per cent, resulting in 5 693 taxpayers.

4 1 4 3

5 693

980 607

In 2021, the Prince Albert municipal area had the smallest proportion of workers in the District who were taxpayers (only 23.7 per cent of the employed population). This reflected the extent to which workers in the area earn wages that are below the taxable threshold, itself a consequence of limited economic prospects. A small tax base results in limited tax revenues, which may impede the financing of social services and infrastructure projects. This, in turn, could compromise both the accessibility and quality of public services. Low earnings in the Prince Albert municipal area also mean that residents may qualify for government assistance programmes concerning welfare, housing subsidies or food support.

Conversely, the Beaufort West municipal area had the highest number of taxpayers in the District in both 2020 and 2021. It also has the biggest share of the CKD's employed population (37.3 per cent of employed individuals). The area has more residents who earn wages within the higher salary ranges than the other two municipal areas in the District and thus a higher number of taxpayers.

In 2021, the number of taxpayers in Laingsburg rose alongside an increase in the share of the total employed. Despite these positive developments, Laingsburg continues to have the lowest number of taxpayers in the District. In addition, the area recorded the lowest average monthly taxable income during 2020 and 2021, indicating that a significant segment of its populace earns below-average wages.

## 3.2 Income inequality

**Various methods can be employed to assess societal inequality**, encompassing income, expenditure, assets, employment, education, health, access to basic services, and social mobility. By adopting a multidimensional perspective, the broader context of South Africans' challenges can be better defined regarding inequality.

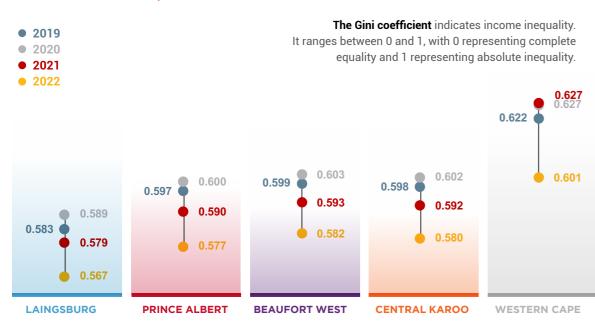
Ratios and indices utilised to measure inequality encompass the Gini coefficient, the Theil index, general entropy, the Palma ratio, and the Atkinson index.<sup>20</sup> Nonetheless, the Gini coefficient stands out at the local municipal level as the most readily available and widely used data for measuring inequality.



Income inequality is lower in the CKD than in the Province and, as of 2021, below the NDP target of 0.60. In 2020, the Gini coefficients of all municipal areas of the CKD increased, as did that of the Province. This can primarily be attributed to the economic disruptions stemming from the COVID-19 pandemic. These disruptions resulted in widespread job losses and diminished incomes, disproportionately affecting low-wage and informal workers. Those already earning less bore the brunt of these effects, resulting in an amplified income disparity. Consequently, the CKD's Gini coefficient increased from 0.598 in 2019 to 0.602 in 2020. There was a decrease in the ratio during 2021 and 2022, when income inequality was less than it had been in 2019.

<sup>&</sup>lt;sup>19</sup> (South African Revenue Service, 2023).

## Figure 3.4 **GINI COEFFICIENTS,** Central Karoo District, 2019 – 2022



Source: S&P Global, 2022

The National Development Plan (NDP) sets forth a vision for 2030, which includes the eradication of households with a monthly income below R419 per person (reducing it from 39.0 per cent to zero) and lowering the Gini coefficient from 0.69 to 0.6. Achieving this vision necessitates tackling the fundamental drivers of poverty and inequality, transitioning from short-term policies to evidence-based ones, and, most importantly, guaranteeing a "decent standard of living" for all South Africans by 2030.<sup>21</sup>

The Beaufort West municipal area registered the most pronounced level of income inequality in the District between 2019 and 2022. However, the level remains lower than the Provincial income inequality level. This phenomenon can be attributed to the unequal earnings of the region's residents. A notable proportion of the population working in public administration jobs in this area earns comparatively higher incomes. Particularly noteworthy in this regard is Beaufort West town, which serves as the primary urban centre in the region. In 2021, it reported the highest median income in the District (R9 812). By contrast, during the same year, inhabitants of Merweville and Murraysburg had median incomes of R5 338 and R4 987, respectively. This contrast underscores the disparities in income in the District that contribute to the relatively elevated Gini coefficient observed within this municipal area.

The Prince Albert municipal area had the second-highest Gini coefficient of the three municipal areas in the CKD during the reference period. There is currently a dearth of varied income streams in this area, which relies heavily on agriculture and farming. Insufficient economic diversification is central to the lack of high-paying jobs in Prince Albert. This is particularly apparent in Leeu-Gamka and Klaarstroom, which have the lowest median incomes in the CKD. These low incomes are accompanied by significant income inequality. A substantial proportion of individuals earn even less than the average median income, contributing to a disparity in living standards.

## 4. POVERTY

## 4.1 Indigent households

A household is classified as indigent if its occupants earn a combined income that is less than the threshold specified in the indigent policy of a municipal area.

## Table 4.1

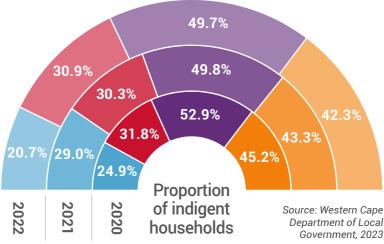
Figure 4.1

## **POVERTY THRESHOLDS, Central Karoo District, 2022**

Municipal Area	Indigent Policy
Laingsburg	Indigent household is a family earni month.
Prince Albert	Indigent household is a family earni month.
Beaufort West	The household income may not exc



**CENTRAL KAROO** LAINGSBURG PRINCE ALBERT **BEAUFORT WEST** 



The number of indigent households in the CKD fell by 4.7 per cent between 2020 and 2022. During this period, the District also recorded a decrease in the share of indigent households (1.0 percentage point). These shifts can be ascribed to a decline in the unemployment rate. The reduction of indigence indicated a modest improvement in the CKD's poverty situation.

In 2022, the Beaufort West municipal area had the highest percentage of indigent households in the CKD, accounting for 49.7 per cent of households. This exceeded the District average of 42.3 per cent. The concentration of indigent households in the Beaufort West municipal area can be attributed to economic disparities in the region, as residents in urban areas typically have access to a more diverse array of opportunities and earn higher incomes than those in the rural parts of Beaufort West. The area's elevated Gini coefficient over the reference period serves as a further indication of income inequality. It is worth noting that urban areas also tend to experience a higher prevalence of indigent households because of other factors, such as relatively higher living costs.

ing a combined income of less than R3 500 per

ning a combined income of less than R4 000 per

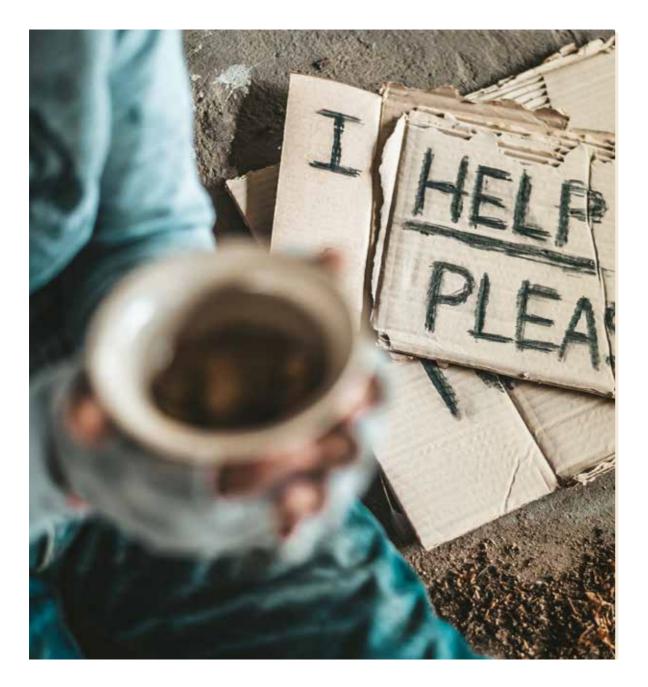
ceed the amount twice the All Pay Pension (R4 900).

<sup>&</sup>lt;sup>21</sup> (National Planning Commission, 2012).

While the number of indigent households increased by 1.0 per cent between 2021 and 2022, the proportion of indigent households remained stable over this period and was 3.2 percentage points lower than the 52.9 per cent of households recorded in 2020.

The significant number of indigent households places an additional burden on the local municipalities concerning the provision of essential services at reduced or no cost. However, there was a positive development in the Laingsburg municipal area, where the proportion of indigent households declined by 8.4 percentage points in 2022. This decline eases the pressure on the local municipality in terms of providing services to indigent households.

Overall, the slight decrease in indigent households suggests progress in addressing poverty in the CKD. Nevertheless, the high proportion of such households in the Beaufort West and Prince Albert municipal areas, among other parts of the CKD, shows that there is an ongoing need to uplift vulnerable households and ensure their access to support and opportunities.



## 4.2 Social grants

Source:

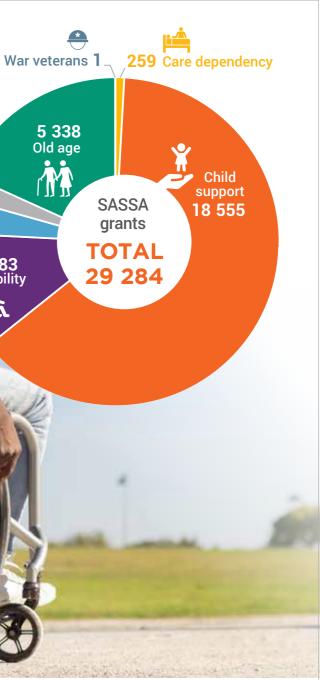
## Figure 4.2 **DISTRIBUTION OF SASSA GRANTS,** Central Karoo District, 2021

A social grant in South Africa refers to a financial allocation provided by the government to individuals in need. These grants are awarded monthly for a predetermined or extended duration. They are intended for candidates residing in South Africa with citizenship, permanent residency or refugee status.<sup>22</sup> Social assistance through social grants is one of the most effective programmes to uplift impoverished individuals. Its primary objective is to prevent further impoverishment among vulnerable South Africans. Notably, the South African Social Security Agency (SASSA) played a crucial role in this endeavour during the 2020/21 period.

## By the end of this period, SASSA had provided essential income support to a staggering 11.5 million individuals and households throughout the country via various social assistance initiatives.

SASSA, 2021 Grant-in-aid 704 **\*1**\* 1 044 Foster care 3 383 Disability 75

<sup>22</sup> (South African Social Security Agency, 2023).





Amid the high levels of unemployment, a pressing need for income support has emerged. The lack thereof has a multitude of implications - inadequate nutrition and rising crime levels, for instance - all of which affect community wellbeing. Despite the vast expanse of the CKD, the region has just one operational SASSA centre, located in Beaufort West. In 2021, R27.0 million in grants was disbursed to 29 284 grant beneficiaries - 38.9 per cent of the District's population. The spectrum of grants offered encompasses child support, disability, foster care, grant-in-aid, war veterans, old age and care dependency grants.

With the Beaufort West municipal area having the District's largest child population, the SASSA office in Beaufort West town has focused largely on the distribution of child support grants. In 2020, nearly 98.0 per cent of children under 14 in the CKD were covered by these grants at a cost of R8.5 million annually. Furthermore, 63.4 per cent of grant recipients in the District were persons who had applied for child support grants.

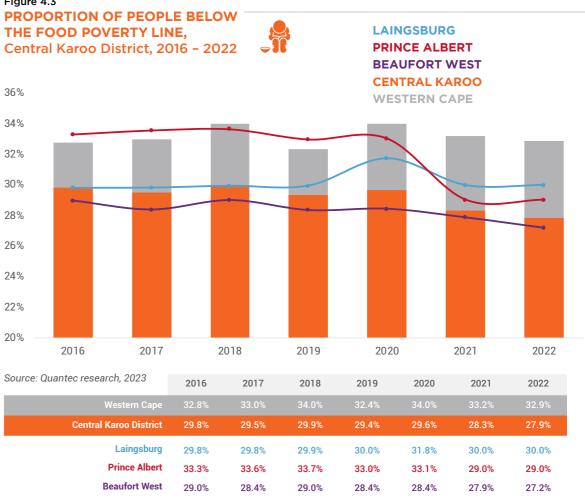
The second-largest share of grant recipients were those receiving old age grants. A total of 5 338 pensioners were recipients of the old age grant in 2020 - 18.2 per cent of individuals assisted within the CKD. This pension serves as a lifeline, enabling pensioners to meet fundamental needs for, among other things, sustenance, shelter and healthcare. The stipend elevates their overall quality of life by mitigating the risk of poverty. In essence, the role of an old age pension is to uplift wellbeing, preserve dignity and enhance the quality of life of pensioners.

Adequate income support programmes and social safety nets can alleviate the effects of low income and unemployment on food security. Economic growth and job creation can positively impact income levels and reduce the proportion of people below the food poverty line (FPL).

## 4.3 Food security

Food security is the state of having consistent access to sufficient, safe and nutritious food. According to the Bureau for Food and Agricultural Policy (BFAP), inflation in the cost of food and non-alcoholic beverages reached 13.9 per cent between April 2022 and April 2023, a trend driven by spiralling global food prices, currency depreciation, rising fuel and electricity costs, and ongoing load-shedding. Increased prices for vegetables, bread and cereals, dairy products and eggs, fish, sugar and nonalcoholic beverages contributed to the high inflation.

## Figure 4.3 **PROPORTION OF PEOPLE BELOW** THE FOOD POVERTY LINE.



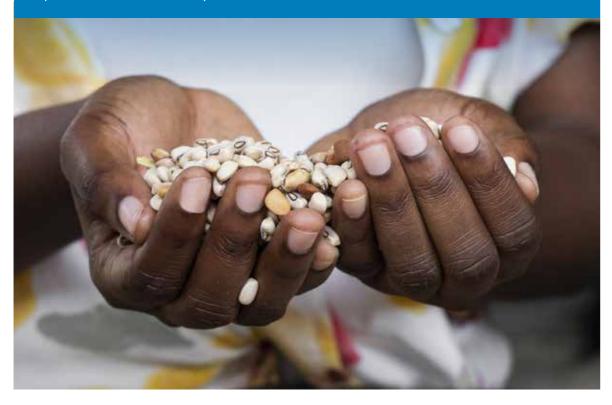
The percentage of the population in the CKD below the FPL fluctuated across municipal areas between 2016 and 2022. In 2021, the share of residents below the FPL in the Laingsburg and Prince Albert municipal areas decreased, but it remained unchanged in 2022. In the Laingsburg municipal area, 30.0 per cent of the population was below the FPL in 2022, while in the Prince Albert municipal area the share was 29.0 per cent. By contrast, Beaufort West had the smallest portion of residents in the District who fell below the FPL in 2022 - 27.2 per cent - marking a decline of 0.7 of a percentage point from the share recorded in 2021. Overall, the CKD witnessed a fall in the percentage of persons living below the FPL in 2022. As a result, the share of the District population below the FPL shrank to the lowest percentage recorded in the reference period, a trend that can be linked to a rise in employment during 2022.

The Laingsburg municipal area had the highest percentage of residents in the CKD living below the FPL for both 2021 and 2022. Many in this area earn meagre wages or have no income, and limited access to stable employment makes it challenging to afford adequate food. In 2022, Laingsburg had the highest share of workers in the District who fell into the R0 to R400 wage range (13.5 per cent).

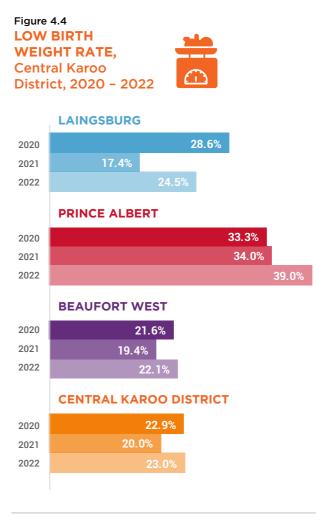
From 2016 to 2020, Prince Albert had the most significant percentage of people living below the FPL in the CKD. However, this share decreased in 2021 and remained constant at 29.0 per cent in 2022.

The portion of residents in the Beaufort West municipal area living below the FPL fluctuated in the 2016 to 2022 period. It reached its lowest point in 2022, when only 27.2 per cent of the population was recorded as living below the FPL. The economy of Beaufort West is more robust than that of the other two municipal areas in the CKD, leading to higher income levels and greater economic stability among its residents. This economic strength enables more people to meet their food needs and reduces the prevalence of food poverty. The reduction recorded in 2022 signifies an enhancement in overall access to adequate nutrition and a decrease in food insecurity among the population. More individuals are now able to afford a balanced diet, resulting in improved health outcomes and an elevated quality of life.

**To meet the minimum required daily energy intake,** a person needs to be able to spend R663 on food each month.<sup>23</sup>







The Prince Albert municipal area had the highest low birth weight rate in the CKD between 2020 and 2022, which increased annually over this period. In contrast to this trend, the Beaufort West and Laingsburg municipal areas recorded a decline in the low birth weight in 2021, before it increased again in 2022.

Low birth weight rates are linked to high neonatal mortality rates. Thus, allocating more resources to neonatal resuscitation and surfactant therapy, and increasing the availability of intensive-care beds in medical facilities is essential.<sup>26</sup>

<sup>24</sup> (World Health Organization, 2023).



According to the World Health Organization (WHO), a birth weight of less than 2 500g is considered low. Weight at birth is regarded as a core health indicator. Low birth weight is linked to long-term maternal malnutrition, ill health and poor healthcare during pregnancy.<sup>24</sup> Additionally, low birth weight is associated with high neonatal mortality, emphasising the need for greater allocation of resources to neonatal care and intensive-care beds.<sup>25</sup>

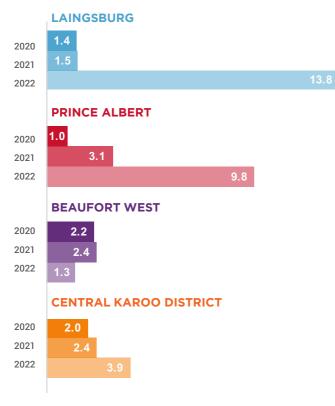
Source: Western Cape Department of Health, 2023

<sup>&</sup>lt;sup>25</sup> (Musiime, Lloyd, McCaul, Van Zyl, & Holgate, 2022).

<sup>&</sup>lt;sup>26</sup> (Musiime, Lloyd, McCaul, Van Zyl, & Holgate, 2022).

## Figure 4.5 SEVERE ACUTE MALNUTRITION PER 1 000 CHILDREN UNDER FIVE YEARS, Central Karoo District, 2020 - 2022





Source: Western Cape Department of Health, 2023

Between 2020 and 2022, the levels of severe acute malnutrition increased in the Laingsburg and Prince Albert municipal areas, the municipal areas in the CKD that have the highest shares of residents living below the FPL. These two areas also had the lowest average median incomes, with residents earning wages in the lowest wage range distribution, a key factor concerning food poverty in the District. People in the Laingsburg and Prince Albert municipal areas also have limited access to nutritious and diverse types of food. This can also lead to severe acute malnutrition, particularly where households rely heavily on a single type of food that lacks essential nutrients.

By contrast, the Beaufort West municipal area experienced a significant drop in cases of severe acute malnutrition during the same period. The number fell from 2.4 cases per 1 000 children under five years in 2021 to a low of 1.3 in 2022.

Insufficient consumption of essential nutrients contributes to both severe acute malnutrition and low birth weight. Mothers facing food poverty during pregnancy could lack access to vital nutrients that promote healthy foetal development, potentially leading to instances of low birth weight. Similarly, children growing up in conditions of food poverty are vulnerable to a deficiency in the nutrients necessary for optimal growth and development, potentially resulting in cases of severe acute malnutrition.

## 5. HEALTH

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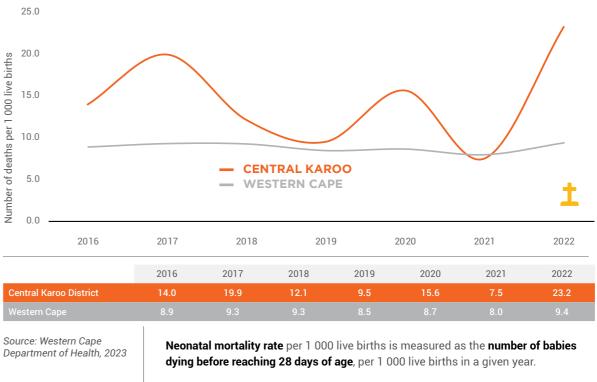
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## 5.1 Maternal and child health

The wellbeing of a population plays a crucial role in driving economic performance, primarily through its impact on labour productivity. An aspect that has immense potential for promoting labour force participation is the advancement of women's health.<sup>27</sup>

Understanding the indicators related to child and maternal health provides valuable insights into the population's overall wellbeing. By assessing factors such as infant mortality rates and maternal healthcare access, we can gauge the progress in promoting the health and welfare of mothers and children within the region.

## Figure 5.1 NEONATAL MORTALITY RATE PER 1 000 LIVE BIRTHS, Central Karoo District, 2016 - 2022

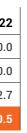


## Table 5.1 MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, Central Karoo District, 2020 - 2022

MUNICIPAL AREA	2020	2021	202
Laingsburg	0.0	0.0	0.
Prince Albert	0.0	0.0	0.
Beaufort West	223.0	122.1	122.
Central Karoo District	195.0	107.0	110.

Source: Western Cape Department of Health, 2023

27 (Bloom, Kuhn, & Prettner, 2018).



The maternal death rate is based on the number of maternal deaths per 100 000 live births occurring in health facilities. Maternal death refers to death occurring during pregnancy, childbirth, the puerperium or within 42 days of termination of pregnancy (irrespective of the duration and site of pregnancy or the cause of death, i.e. whether obstetric or non-obstetric).

The CKD experienced significant fluctuations in neonatal mortality rates throughout the review period. On average, the District registered a rate of 5.7 more deaths per 1000 live births than that of the Province. Adding to this, an even more pronounced increase occurred from 2021 to 2022, with the neonatal mortality rate in the CKD rising from 7.5 deaths per 1 000 live births in 2021 to 23.2 deaths in 2022. By comparison, the Western Cape saw a slight increase in neonatal mortality. Still, its rates were lower than those of the District, rising from 8.0 deaths per 1 000 live births to 9.4 deaths during the same period.

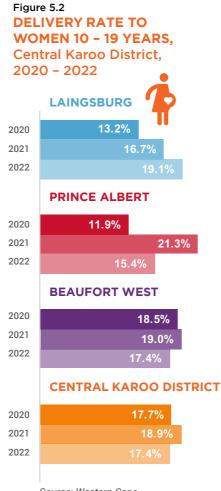
While the increase in neonatal mortality rates in the CKD is worrisome, it is crucial to note that maternal deaths were only reported in the Beaufort West municipal area. No fatalities were indicated in the Laingsburg and Prince Albert municipal areas between 2020 and 2022. While maternal deaths were lower in 2021 than in 2020, they increased marginally in 2022.

## **TEENAGE PREGNANCY**

A worrying trend in the CKD is the high rate of teenage pregnancy, which is currently the highest in the Province. The numbers speak volumes about the challenges these young mothers face, and the underlying factors that drive this phenomenon.



Between 2002 and 2020, the total number of live births to teenage mothers within the CKD was 3 807. This amounted to, on average, 200 births annually and contributed to the 1.7 per cent of live births to teenage mothers (females aged 10 to 19) annually registered in the Western Cape for the same period. Most of these births were in the Beaufort West and Prince Albert municipal areas (160 and 31, respectively).



Source: Western Cape Department of Health, 2023

The timing of these pregnancies followed a distinct pattern. Most births to teenage mothers occurred during the months of August and September. with November and December (the end-of-year school holidays) standing out as months of high conception rates.

In 2022, births to teenage mothers accounted for 17.4 per cent of total live births in the District, with Laingsburg (19.1 per cent) and Beaufort West (17.4 per cent) recording the highest proportions. The delivery rate increased for all CKD municipalities from 2020 to 2021. On a more positive note, delivery rates generally declined in 2022. The exception was the Laingsburg municipal area, which witnessed an increase of 2.4 percentage points over the same period.

Related figures also offer a glimpse into the complexities of teenage relationships and the involvement of partners of varying ages. Data relating to the age of fathers of children born to these young mothers paints a diverse and disconcerting picture, with ages of fathers ranging from 17 to 36 years. A few outliers were as old as 55, but fathers predominantly fell in the 18 to 26 years range. It was further reported that, on average, only 13.1 per cent of fathers were identified on birth certificates in the Western Cape between 2002 and 2020.

The Age-Specific Fertility Rate (ASFR), in other words the numbers of females aged between 10 and 19 years per 1 000 who have given birth, presents a better reflection of the challenges of teenage pregnancies that municipalities face.

Beaufort West leads with 29.5 births per 1000 teenagers giving birth in 2020, increasing from 27.2 in 2002. Beaufort West was followed by the Laingsburg municipal area, with an ASFR of 21.5 in 2020, down from 29.7 in 2002. The ASFR in Prince Albert in 2020 was the lowest (15.0). It should be noted that teenage pregnancies are on the rise in the Prince Albert and Beaufort West municipal areas, with a slight decline reported for BEAUFORT WEST Laingsburg for the 2002 to 2022 period. These figures indicate the areas that require focused attention and targeted interventions. PRINCE ALBERT

## But what fuels this teenage pregnancy trend? The answer lies

in underlying social and economic factors. Poverty, limited education and employment prospects, GBV and cultural beliefs all

Cape District play a role in shaping the lives of these young mothers. Furthermore, the lack of access to comprehensive sexuality education and sexual and reproductive health services amplifies their risk of pregnancy.

A reproductive justice approach should be taken to address the challenges associated with teenage pregnancies through the following actions: making abortion services known and accessible; training and supporting all clinic staff in providing patient-centred, nonjudgmental care; tackling sexual and GBV with rigour; training and supporting sexuality education teachers in providing relevant, open and dialogical training; vigorously tackling youth unemployment; and extending the rights enjoyed by working people to pregnant learners.<sup>28</sup>

Source: Department of Social Development (DSD) DRIM: Provincial Population Unit (PPU), 2023. Teen Births in the Western Cape: A quantitative exploration – Districts and Local Municipalities

<sup>28</sup> (Macleod & Feltham-King, 2021).

Map 5.1 **ASFR PER** 1000 LIVE **BIRTHS.** Central Karoo District. 2002 - 2020 Source: Stats SA, Live Births, 2023

LAINGSBURG 22.4

24.1 TOTAL Western

18.5

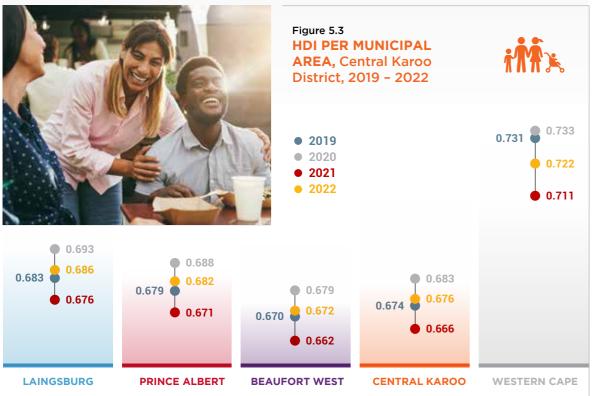
27.4 TOTAL Central Karoo

30.6

## HUMAN DEVELOPMENT INDEX

Throughout the 2019 to 2022 period, the CKD had a lower HDI score than the Province, primarily because of its generally lower income levels. The HDI score fell in 2021, which can be attributed to a decrease in life expectancy caused by the COVID-19 pandemic. It rebounded in 2022 as life expectancy normalised; however, it remained lower than the scores of previous years because of persistently low income in the CKD. Both the District and the Province encountered fluctuations in their HDI values from 2019 to 2022. Regrettably, in 2022, the CKD's HDI score was slightly lower than that of the Province. The impact of COVID-19 on life expectancy and employment, which subsequently affected income levels, was particularly notable within the District.

Despite high unemployment and income inequality, the Laingsburg municipal area had the highest HDI measure in 2022. It was closely followed in the rankings by the Beaufort West municipal area, the result of relatively higher incomes and improved access to education in the latter. Conversely, Prince Albert registered a comparatively lower standard of living because of challenges related to its low-skilled agriculture sector. These disparities underscore the pressing need to address socio-economic inequalities, foster educational opportunities and elevate incomes to uplift communities and create a more equitable and prosperous region.



Source: S&P Global. 2023

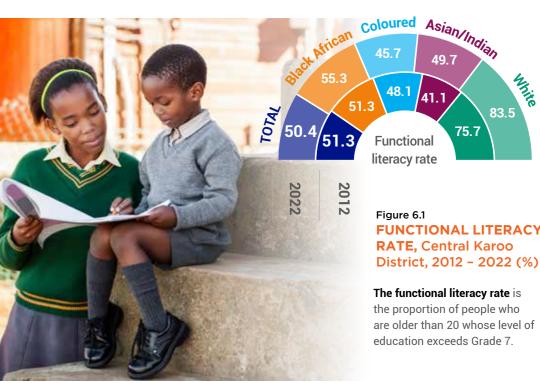
The Human Development Index (HDI) provides a multidimensional view of a region's socio-economic development. A region's economic performance holds immense significance in determining the guality of life of its residents. As economies thrive, human development tends to improve, translating into better lives for individuals. The prosperity and growth of an economy can foster advancements in education, healthcare and access to resources, which in turn contribute to the overall wellbeing of the population. The HDI is a measure created by the United Nations Development Programme (UNDP) to assess a country's overall progress. It allows for evaluation in terms of three fundamental aspects of human development: life expectancy, education and standard of living. The index serves as a metric to gauge the average level of achievement across these aspects within a country.

## 6. EDUCATION

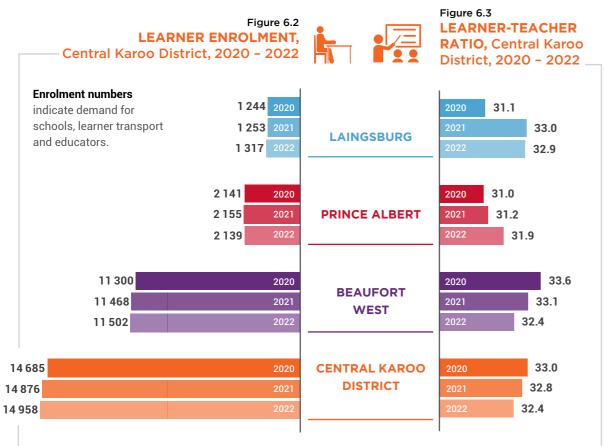
Education, literacy levels and skills development play a vital role in shaping the future socioeconomic landscape of the CKD. They empower the population and significantly impact both the local economy's development and the region's human resource capacity for businesses and employment.

Low literacy levels remain a challenge in the CKD. In 2022, the literacy rate (50.4 per cent) was substantially lower than that of the Province (66.2 per cent). Furthermore, literacy rates have declined in the CKD and increased in the Province over the same period. Low literacy rates affect the ability to be employed, which increases poverty and the need for income assistance. Poor performance with regard to literacy is of particular concern in terms of the services industry. Although this industry is growing substantially in the CKD, it requires a large cohort of semi-skilled and skilled workers. Racial disparities further amplify the poverty and income inequality levels in the CKD. Literacy levels are especially low for the coloured population (45.7 per cent) and have declined since 2012.

By contrast, literacy levels have improved for other racial groups. The disproportionate number of coloured people who stay on farms means that many persons in this racial group have limited access to education. This leads to low literacy levels, which impact employability. Ensuring that school-age children are enrolled in and have access to school is essential for improving literacy levels. Scholar transport support provided by the Western Cape Education Department thus plays a critical role in securing access to education in the CKD.



# **FUNCTIONAL LITERACY**



The Department of Education set the upper limit for the **learner-teacher ratio** in ordinary primary schools at 40:1; for ordinary high schools, it was set at 35:1.<sup>29</sup> Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.<sup>30</sup>

Source: Western Cape Education Department, 2023

## YOUTH EMPLOYMENT INTERVENTION

In a concerted effort to combat youth unemployment and offer crucial classroom assistance, the WCED recruited 20 500 education assistants for the 2023 school year. This initiative falls under the Presidential Youth Employment Intervention (PYEI) and aims to support schools throughout the Province. This programme addresses the need for additional classroom support. It is crucial for creating work opportunities for unemployed youth throughout the Western Cape.<sup>31</sup>



In line with the population distribution of the CKD, the Beaufort West municipal area had the highest number of learner enrolments between 2020 and 2022, followed by the Prince Albert municipal area.

The number of children with access to schools in the Laingsburg municipal area grew significantly faster (5.9 per cent) than in other municipal areas of the CKD between 2020 and 2022. This growth was fuelled by the distribution of schools in the area: learners attend high school in Laingsburg because of a lack of schools in smaller settlements such as the Prince Albert area, where learner enrolments decreased by 0.7 per cent in 2022.

The CKD had a higher learner-teacher ratio throughout the reference period than the Western Cape. The rural nature of the CKD affects schools' ability to attract and retain teachers, resulting in larger classroom sizes. Furthermore, because of the generally low income levels in the District, most schools are no-fee. This makes them reliant on public sector funds and constrains their ability to appoint additional teachers in school governing body positions. While the learner-teacher ratio in the Beaufort West municipal area was the second highest in the CKD in 2022, it has shown a consistent decline since 2020, which will benefit education outcomes in the area. By contrast, the learner-teacher ratios in Laingsburg and Prince Albert have been increasing, although for different reasons. Laingsburg's surge in learner enrolments did not coincide with an appropriate increase in teachers. At the same time, Prince Albert had an exodus of both learners and teachers.

In 2022, as learner-teacher ratios improved, there was a corresponding advancement in language and mathematics results for Grade 3 in most municipal areas. However, learners in Grade 6 and Grade 9 performed poorly in both subjects in 2022. The Beaufort West municipal area consistently achieved the highest test scores by Grade 3, 6 and 9 learners in mathematics during the period under review. While improvements in language outcomes were noticeable for Grade 9 learners, the same level of progress was not as evident for Grade 3 and Grade 6 learners. Most municipal areas recorded a low performance in language skills among pupils at these levels. Nevertheless, the mathematics pass rate was the weakest among students at the Grade 9 level.

The pass rates of Grade 9 learners in key subjects such as languages and mathematics have significant implications for their progression from Grade 10 to Grade 12. While school attendance is compulsory until Grade 9, poor performance during this pivotal year increases the risk of learners dropping out before entering the further education and training (FET) phase, which covers Grades 10 to 12. Even if learners proceed to the FET phase, inadequate educational achievement in Grade 9 can still lead to them dropping out before they matriculate.

Consequently, many young people in the CKD have an incomplete secondary education. This negatively impacts their position in the job market, as a matric certificate is often a minimum requirement for finding employment. In sum, subpar Grade 9 educational outcomes can have lasting consequences, restricting career prospects and limiting opportunities for the individuals concerned.

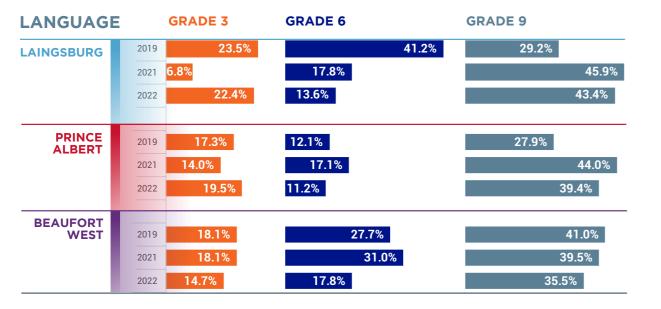
<sup>29 (</sup>Sephton, 2017).

<sup>&</sup>lt;sup>30</sup> (Moloi, 2011).

<sup>&</sup>lt;sup>31</sup> (Western Cape Education Department, 2022).

## Figure 6.4

**GRADE 3, 6 AND 9 LANGUAGE AND MATHEMATICS PASS RATES,** Central Karoo District, 2019, 2021 and 2022



Because of the challenges posed by COVID-19 to the teaching and learning environment in 2020, no data was collected during this year.

MATHEMA	TICS	GRADE 3	GRADE 6	GRADE 9
LAINGSBURG	2019	28.4%	24.0%	3.0%
	2021	4.5%	15.0%	5.4%
	2022	21.3%	14.5%	1.0%
PRINCE ALBERT	2019	23.6%	5.4%	6.2%
ALBERT	2021	17.8%	10.5%	8.3%
	2022	21.8%	9.4%	5.7%
BEAUFORT WEST	2019	30.5%	24.9%	18.6%
	2021	27.5%	25.1%	10.6%
	2022	22.4%	19.8%	14.0%

Source: Western Cape Education Department, 2023

## LANGUAGE AND MATHEMATICS PASS RATES

A study on Western Cape public schools (2020 to 2021) revealed that COVID-19 lockdowns had resulted in significant learning losses. The approximately 80 000 learners surveyed were shown to have lost nearly three-quarters of a school year on average. The deficit was most severe with regard to mathematics, with surveyed learners losing more than a year's learning compared to the performance of pupils in 2019. For language subjects, the loss amounted to about three-quarters of a year.

Pass rates declined, especially for Grade 4 learners transitioning languages from their home language to English as the primary language of teaching and learning from Grade 4 onwards.

The effects of lockdowns were reflected in declining pass rates in 2022. This was particularly the case for Grade 4 learners, for whom the year would have been challenging even if the COVID-19 outbreak had not occurred. Learners receive instruction in their home language until Grade 3. Still, they are taught all subjects in English from Grade 4 onwards (their home language excepted). The difficulties of this language transition were compounded by the pandemic.

Mathematics performance declined across all grades, with some areas falling below 50.0 per cent and 20.0 per cent proficiency levels. The study suggested solutions such as providing learners with catch-up time, prioritising mathematics and languages, implementing diagnostic assessments, employing educator assistants and streamlining the curriculum to ensure a focus on essential skills.<sup>32</sup>



<sup>32</sup> (Van der Berg, Hoadley, Galant, Van Wyk, & Böhmer, 2022).



Figure 6.6 **GRADE 12 PASS RATE AND BACHELOR'S** PASS RATE. Central Karoo District, 2020 - 2022

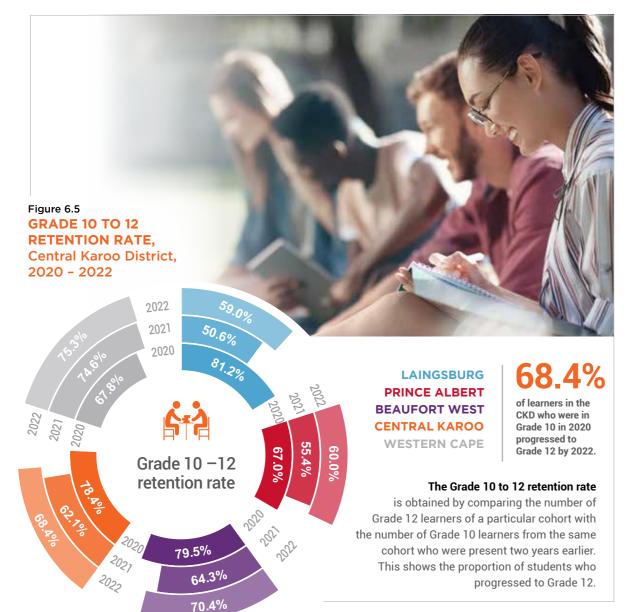
(Inside bar is the bachelor's p	ass rate)	(0
LAINGSBURG	20.0%	
	41.5%	
	25.6%	
PRINCE ALBERT	38.3%	
	19.7%	
	16.9%	
BEAUFORT WEST	27.3%	
	35.3%	
	30.0%	
CENTRAL	27.7%	
KAROO DISTRICT	34.1%	
	28.5%	
WESTERN	42.6	%
CAPE	44.0	
	41.5%	6

To pass Grade 12 and obtain a National Senior Certificate (NSC), a learner must achieve at least 40.0 per cent for three subjects (which are to include their home language), at least 30 per cent for two other subjects and a minimum of 20.0 per cent in a sixth subject.<sup>33</sup> A matriculant who obtains a bachelor's pass can enrol in a bachelor's degree course at a university. A learner must pass six of their seven subjects to get a bachelor's pass, achieving at least 50.0 per cent in four subjects and at least 30.0 per cent in their language of teaching and learning.

Source: Western Cape Education Department, 2023

While education outcomes for the Province improved from 2020 to 2022, the CKD experienced fluctuations during this period, ultimately recording a decline of 3.0 percentage points in the matric pass rate between 2021 and 2022. This decline is an indication of the negative impacts that the COVID-19 pandemic had on learners. However, the 2022 pass rate in the CKD was 4.2 percentage points higher than the 2019 pre-COVID-19 matric pass rate (76.4 per cent). The improvements were particularly significant in the Prince Albert municipal area, the only area in the District to show an improvement in the matric pass rate, which registered a 9.7 percentage point increase between 2021 and 2022.

<sup>33</sup> (Department of Basic Education, 2021).

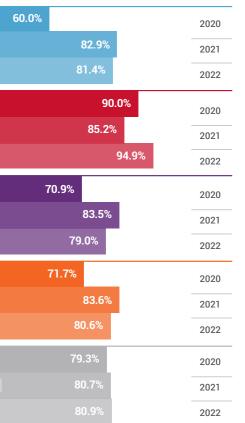


Source: Western Cape Education Department, 2023

Between 2020 and 2022, the Western Cape observed an encouraging improvement in the Grade 10 to 12 retention rate, indicating an increase in the percentage of learners who remained in school until Grade 12. Similarly, the CKD experienced an increase in learner retention in 2022 after a decline in 2021. However, the retention rate remains lower than in 2020. Several factors contribute to learner retention rates, including economic aspects such as unemployment and financial hardships faced by households. Social concerns such as teenage pregnancies also impact these rates.

Regarding retention trends in the CKD, even though the Laingsburg municipal area had the lowest retention rate in 2022 among the three municipalities in the District (59.0 per cent), it experienced the highest increase in the learner retention rate between 2021 and 2022 (a rise of 8.4 percentage points). This increase suggests that more students stay in school and complete their secondary education in the Laingsburg municipal area than in the other municipal areas in the District. Higher levels of educational achievement within the region, in turn, lead to a better-educated workforce, increased knowledge and improved skills among the population in the Laingsburg area. The Beaufort West municipal area had a retention rate of 70.4 per cent in 2022, marking an increase of 6.1 percentage points between 2021 and 2022.

Outside bar is the matric pass rate)



The higher pass rate achieved in the Prince Albert municipal area (94.9 per cent) will have a positive ripple effect within the local labour market if matriculants can find employment locally, contributing to the overall wellbeing of communities and the local economy. This underscores the importance of investing in education and assisting the youth to become active in the economy. Enabling young people to realise their potential allows them to make valuable contributions to the workforce and society, all while narrowing the skills gap in the CKD. Ultimately, support of the youth generates a demographic dividend for the area.

In 2022, the CKD had a significantly lower bachelor's pass rate than the Province, with a difference of 13.0 percentage points. However, the matric pass rate differed by only 0.3 of a percentage point. This suggests that while learners pass their matric exams, they are not achieving the necessary marks to advance to tertiary education, which has implications for the region's skills development.

Interestingly, Beaufort West had the highest proportion of learners achieving bachelor's passes in 2022 (30.0 per cent), even though it had the lowest matric pass rate in the District. However, this share was somewhat lower than the 35.3 per cent recorded in 2021. Laingsburg closely followed with a bachelor's pass rate of 25.6 per cent (which was below the District average). Despite having the highest matric pass rate in 2022, exceeding that of both the District and Province, Prince Albert had an exceptionally low bachelor's pass rate, the lowest for the District.

The fact that a more significant proportion of learners passed Grade 12 in the CKD in 2022 than in 2020 is undoubtedly a positive development. However, the decline in bachelor's passes between 2021 and 2022 raises concerns. These emerging trends are likely to impact youth unemployment, the employability of young individuals and the income levels of the youth population within the CKD.





Local Government places a strong emphasis on youth development in its efforts to address societal challenges.

37.0% of youth employed in the District in 2022 earned an income between R3 200 and R6 400 per month.

The Karoo Eisteddfod Trust (KET) runs a highly effective initiative called the Young Adult **Enrolment and Placement** Programme.

> The KET supports learners from the age of 15.

This programme identifies learners from historically disadvantaged backgrounds who demonstrate academic potential and aspire to pursue university-level education or skills training. It continues through the stages of a student's academic journey, including postgraduation placement. Throughout their studies, students benefit from mentorship provided by the KET and engage in community-based holiday work. They can also work parttime in various sectors to prepare for their future careers. The ultimate goal is to facilitate employment opportunities for these students once they complete their education.<sup>35</sup>

<sup>34</sup> (Central Karoo District. 2023) <sup>35</sup> (Karoo Eisteddfod Trust, 2019). CKD

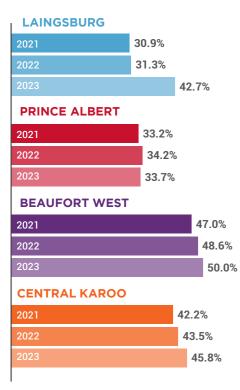
The youth are recognised as leaders not only in the present but also in the future. Therefore, municipalities in the CKD need to unite in the endeavour to construct a more promising future for their young populations. One of the municipal initiatives towards this goal is the implementation of Local Government Sector Education and Training Authority (LGSETA) Learning Programmes, which aim to tackle skills development for the youth throughout the District.<sup>34</sup>

This reflects the extent to which young people with minimal skills were engaged in the primary sector. It also indicates that young individuals new to the job market often have limited work experience and may not yet possess specialised skills or qualifications that can command higher wages. As a result, they might be offered lower starting salaries, which will increase as they build skills and gain experience. Only 15.8 per cent of the youth earned more than R12 800 monthly.

# 7. HOUSING AND ACCESS TO BASIC SERVICES

The significant increase in demand for housing support (indicated by the number of registrations on the Western Cape Housing Demand Database)<sup>36</sup> in the CKD between 2021 and 2023 can be attributed to factors such as the presence of informal settlements and a growing housing backlog. This surge exceeded even the projected growth of households and presents substantial challenges in meeting the housing requirements of the expanding population.







Source: Western Cape Department of Infrastructure, 2023

The South African Constitution recognises adequate housing as a basic human right. Access to housing is intertwined with migration, labour market dynamics and other demographic trends. Access to affordable housing is the cornerstone of sustainable communities that can contribute to the economy.

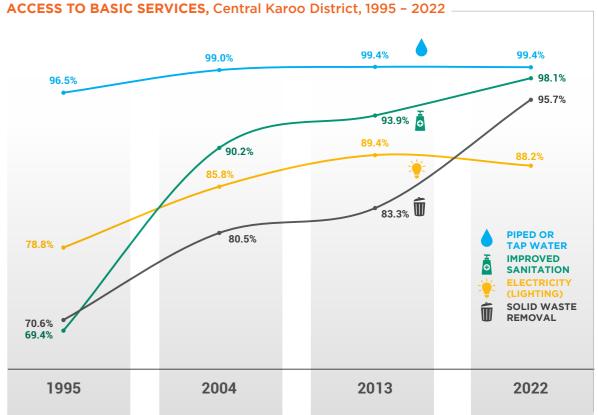
The Beaufort West municipal area has the highest housing demand in the CKD, with 50.0 per cent of households registered on the Western Cape Housing Demand Database. This demand stems from the prevalence of informal settlements and lower wages in areas such as Merweville and Murraysburg. To address this challenge, a few housing support programmes have identified intervention sites for the 2023/24 MTEF period. These include the Finance Linked Individual Subsidy (FLISP), for which 120 subsidised housing units are being built in the Beaufort West area, and the Integrated Residential Development Programme (IRDP), for which 220 IRDP houses are being built in the Murraysburg area. In addition, 67 IRDP houses are being constructed in the Essopville area under the auspices of the IRDP.

<sup>36</sup> More than one person within a household can be registered on the Western Cape Housing Demand Database.

A notable increase in households in the Laingsburg municipal area has resulted in an 11.8 percentage point rise in the number of households registered for housing support between 2021 and 2023. This number now accounts for 42.7 per cent of households. The government faces challenges in providing essential services and housing support without a corresponding economic base. Housing projects in Matjiesfontein and Laingsburg aim to address these needs in the medium term. Also, an additional R50.0 million gap housing project is planned for the Laingsburg municipal area to cater for middleincome earners in the area.<sup>37</sup>

Despite having the second-highest population growth in the CKD, the Prince Albert municipal area recorded a marginal decline in the proportion of households requiring housing assistance in 2022, with 33.7 per cent of households in Prince Albert registered on the Western Cape Housing Demand Database. The relatively low increase in housing demand and the below-average household demand for government assistance indicate that many people relocating to the area can afford suitable housing. However, while the numbers are low, support is still needed. This is the case in Klaarstroom, for instance, where 50 housing units are being developed under the Upgrading of Informal Settlements Programme (UISP).

# Figure 7.2



According to Stats SA, improved sanitation services means that a household either has access to flush toilet which is connected to the public sewerage system or a septic tank, or has access to a pit toilet with ventilation.<sup>38</sup>

Source: Urban-Econ calculations based on Quantec research. 2023

In addition to suitable housing, access to basic services such as water and sanitation plays a pivotal role in the overall wellbeing of communities. Local municipalities are essential in cultivating an environment that promotes private investment and entrepreneurship, resulting in local economic opportunities that positively impact the community as a whole.

<sup>&</sup>lt;sup>37</sup> (Central Karoo District, 2023).

<sup>&</sup>lt;sup>38</sup> (Stats SA, 2022).

Between 1995 and 2022, there was a 2.9 percentage point increase in the share of residents with access to piped or tap water, with 99.4 per cent of households in the CKD having such access by 2013. This high level has remained consistent up to 2022, meaning that almost every housing unit within the CKD now enjoys this essential utility. Significant strides have been made in enhancing access to other fundamental services. The share of the population with access to electricity for lighting saw a commendable increase of 10.5 percentage points for the 1995 to 2013 period before slightly decreasing by 1.2 per cent in 2022. Access to improved sanitation and solid waste removal services experienced even more substantial enhancements, increasing by 28.7 and 25.1 percentage points, respectively. These improvements collectively demonstrate a commitment to improving living conditions and infrastructure within the CKD, something that is especially noteworthy given that the number of households expanded significantly over the reference period.

It is important to recognise that the unique settlement patterns of the CKD, where many households are situated on farms, have presented a distinct challenge. Specifically, this geographical factor has delayed the progress of implementing access to solid waste removal services. However, apart from the minor decline in the provision of electricity, the District has performed well overall in respect of basic service delivery to the population in the CKD.

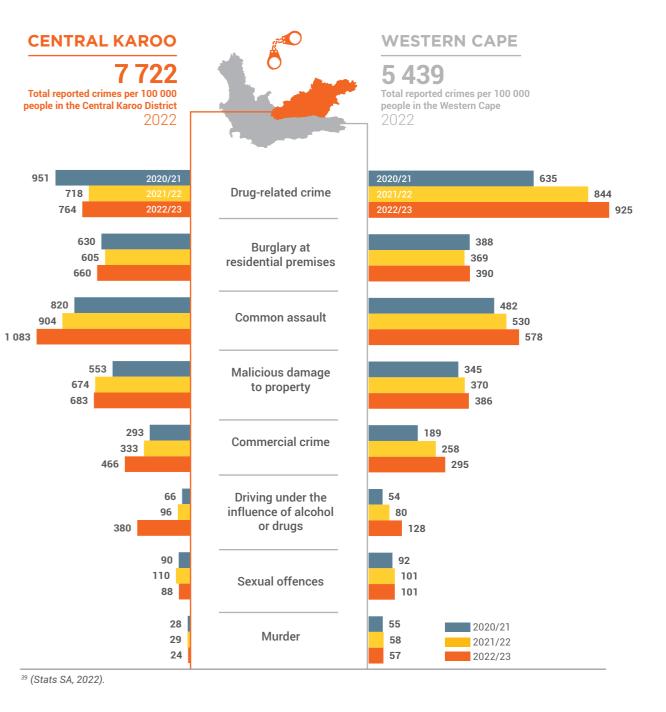
On an aggregate basis, there are generally high levels of access to services in the CKD. That said, disparities still exist along racial lines, primarily because of settlement patterns within urban areas. In 1995, approximately 7.3 per cent of black Africans and 4.2 per cent of coloured people lived in informal settlements. This affected access to services, with black Africans having lower access to electricity and improved sanitation. Since then, the disparities between the groups have declined substantially. However, access to basic services for black Africans and coloured people remains marginally below average.



## 8. CRIME

Communities in the CKD are grappling with crime, with more crimes per 100 000 people being recorded in this District than in the Province. The overall crime rate in the CKD has been on an increasing trend since 2020/21. It is worth noting that implementing COVID-19 lockdown regulations in 2020/21 contributed to the overall decrease in crime, as more people stayed at home, subsequently minimising opportunities for criminals.<sup>39</sup> In 2022/23, the level of crime surpassed those recorded prior to the COVID-19 pandemic – largely due to a substantial increase in incidents of driving under the influence of drugs or alcohol, which increased from 96 incidents per 100 000 in 2021/22 to 380 incidents per 100 000 in 2022/23. Notably, the Laingsburg municipal area recorded an increase from 425 incidents per 100 000 people in 2021/22 to 1270 incidents per 100 000 people in 2022/23.

## Figure 8.1 CRIMES PER 100 000 PEOPLE, Central Karoo District, 2020/21 - 2022/23



For the crime categories under review, common assault was the leading source of crime, with 1 083 incidents per 100 000 in 2022/23. Most of these cases occurred in the Beaufort West municipal area, where common assault increased from 929 incidents per 100 000 in 2021/22 to 1 217 incidents per 100 000 in 2022/23.

With 764 incidents per 100 000 in 2022/23, drug related crimes remain a concern in the CKD. Drug abuse stands out as one of the primary reasons for the involvement of the youth in criminal activities in the CKD. It is especially concerning in the Laingsburg municipal area, where 1 192 incidents per 100 000 people were reported in 2022/23, which exceeds the Provincial average.

On a more positive note, the incidence of sexual offences and murder are below the Provincial average. Sexual offences declined from 110 incidents per 100 000 in 2021/22 to 88 incidents per 100 000 in 2022/23. This can largely be attributed to a substantial decrease recorded in the Beaufort West municipal area. Conversely, the Laingsburg and Prince Albert municipal areas reported an increase in sexual offences over the review period.

Overall, the number of incidents reported in the CKD indicates the need for additional resources to reduce crime, as the incidence of serious crimes continued to increase in the 2022/23 period.

One of the ways that underlying issues of poverty and inequality are evident in South Africa is the prevalence of violence and crime. Violence and crime are articulated in different ways. It can be challenging to have a complete picture of the state of crime and violence in South Africa, especially regarding some crimes that tend to be under-reported. However, the impact of crime and violence is widespread. It includes pain and trauma, economic loss, the erosion of social cohesion, unfulfilled human potential and a national psyche of fear.<sup>40</sup>



**GBV** includes any action that causes or is likely to cause physical, sexual or psychological harm or suffering to women. This includes threats, coercion or unjust restrictions on their freedom, regardless of whether such actions occur in public or private settings.<sup>41</sup> The OD's IDP highlighted GBV as one of the challenges facing the District, together with crime and substance abuse. Approximately 400 cases of GBV were reported in the Western Cape between 1 April 2021 and 31 March 2022. Physical violence dominated the statistics, with 207 cases reported in the Province.<sup>42</sup>

## 9. CONCLUDING REMARKS

The CKD has a prominent population of both young and working-age individuals. This group is steadily expanding within the CKD community. This scenario presents a valuable opportunity for a demographic dividend, one that would enable the government to redirect investments towards health and education for future development and economic growth. These strategic actions collectively target strengthening the workforce and cultivating increased higher-quality employment opportunities.

The District's exceptionally low GDPR per capita (compared with that of the Province) indicates that the economy of the CKD is less developed than the broader Provincial economy. This underdevelopment stems from limited economic diversity, job opportunities and infrastructure, which, in turn, can lead to higher unemployment and poverty rates within the District. There has been a decline in the average monthly taxable income and the number of taxpayers in the CKD. This reduction in income affects living standards, potentially impeding access to necessities such as education, healthcare and basic services. Encouragingly, the CKD has observed a reduction in income inequality. This trend enhances economic stability by mitigating fluctuations resulting from pronounced disparities. Ultimately, a more even distribution of resources can elevate numerous individuals and families above the poverty threshold.

Ongoing population growth, coupled with a decline in the average household size, has resulted in greater demand for housing. This, in turn, highlights the need to strengthen vital services throughout the District. Heightened demand for housing underscores the importance of enhancing critical services across the District. Creating more jobs in the CKD and facilitating the emergence of strategies to improve average median income and refine wage distribution can contribute to enhancing housing affordability for residents. Such actions can help alleviate the pressures stemming from heightened demand, thereby streamlining the pursuit of suitable housing solutions and other basic services.

40 (SPRINT, 2021).



 <sup>&</sup>lt;sup>41</sup> (The South African College of Applied Psychology, 2020).
 <sup>42</sup> (Western Cape Government, 2022).

The educational situation in the District is encouraging, characterised by increasing student enrolments and a decreasing learner-teacher ratio. This positive trend enhances the overall quality of education and has long-term benefits for the CKD's educational system. It is expected to lead to a more competitive workforce and greater student educational opportunities. However, matriculation and bachelor's pass rates have fallen below the Provincial averages. Regrettably, many young individuals in the CKD have not completed their secondary education, which hampers their ability to pursue skilled careers and their prospects of earning higher incomes in the future.

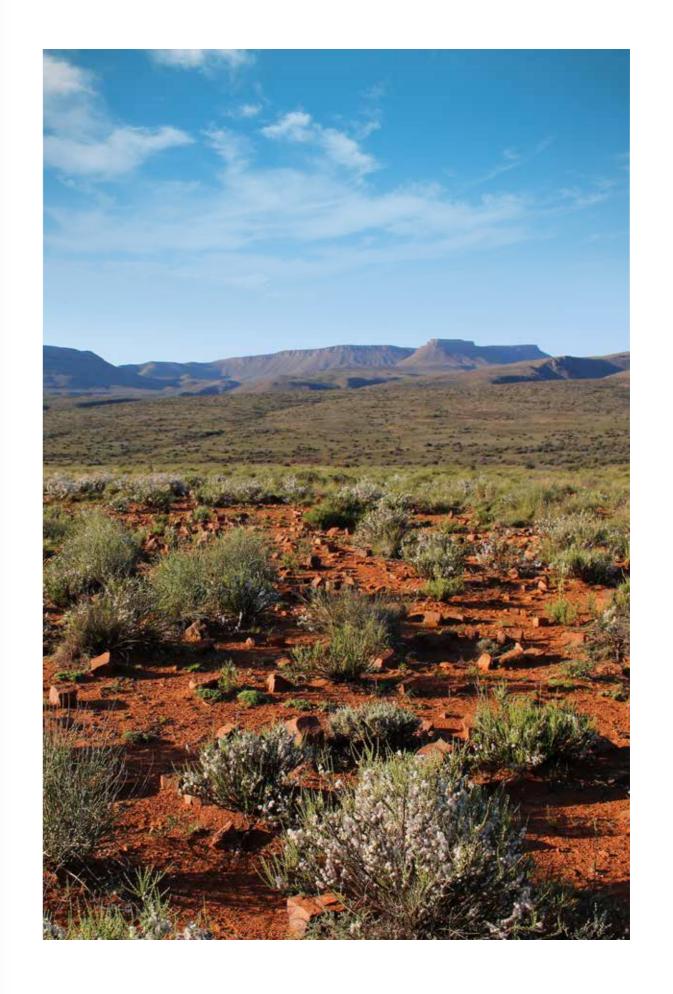
The CKD health sector has room for improvement, given the high neonatal mortality rates and the upward trend in maternal mortality recorded in the District. The CKD also faces challenges concerning child health and nutrition, as is evident from increased cases of severe acute malnutrition. This development indicates that a growing proportion of the CKD population – especially children – is experiencing severe malnutrition. Furthermore, there has been a rise in the incidence of low birth weight over the same period.

Addressing these health concerns is imperative for the country's wellbeing and sustainable development. Ensuring the wellbeing of the CKD population is essential to foster healthier communities, drive economic growth and elevate living standards. To play a meaningful role in securing the welfare of its people, the District must prioritise these aspects and invest in the wellbeing of its citizens. This commitment would set the stage for long-term growth and development.

Despite a brief decrease in all crimes in 2020/21 because of COVID-19 restrictions, the CKD continues to experience higher crime rates than the Province. The pandemic's dampening effect on crime – caused by restrictions on movement, the alcohol ban and curfews during lockdown – has waned, with crime rates rising steadily since lockdowns were eased.

Community wellbeing can be secured by diversifying the local economy to create more job opportunities, address income disparities and enhance living standards. However, for residents to benefit from job creation, investments must be made in education and skills development programmes. These are required to improve the quality of education, reduce drop-out rates and equip the workforce with relevant skills. Furthermore, to address persistent crime in the CKD it is essential to prioritise crime prevention strategies and community policing, along with enhanced law enforcement capabilities. By addressing these multifaceted challenges, the CKD can build a safer, healthier and more prosperous community for its residents, all while contributing to long-term growth and development.





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Infographic Indicator References			
Indicator	Source	Year	
Land area Population density Households Gender Age Estimated population growth	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023	
Population	Stats SA, Census 2022 Provinces at a glance	2023	
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2023	
Indigent households	Western Cape Department of Local Government	2023	
Access to services	Quantec, RHHF – Development Indicators – Households' facilities by population group at 2011 local municipal-/ward- based metro region level	2023	
Tourism indicators	Wesgro, Cape Town Visitor Trends: Jan – Dec 2022	2023	
Total GDPR Sectoral GDPR	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level	2023	
Total employment Sectoral employment	Quantec, REMP – Labour – Employment and compensation by skill level, industry and 2011 local municipal-/ward-based metro region level	2023	
GDPR forecast	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level South African Reserve Bank, QPM forecast summary table July 2023 MPC Press report	2023	

GDPR per capita	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level	2023
	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	
Unemployment rate	Quantec, RUEM – Labour – Employment and unemployment by 2011 municipal-/ward-based metro region level	2023
International trade indicators	Quantec, TRD12 – RSA Regional Trade QSIC	2023
	Quantec, TRD11 – RSA Regional Trade HST 6-digit	

Section C Infographic Indicator References			
Indicator	Source	Year	
Households Gender Age Estimated population growth	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023	
Population	Stats SA, Census 2022 Provinces at a glance	2023	
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2023	
Indigent households	Western Cape Department of Local Government	2023	
Race	Quantec, RPOP – Population, Number of Households and Densities by population group at 2011 local municipal-/ward- based metro region level	2023	

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