



Western Cape
Government

2022-23

Municipal Economic Review and Outlook

Central Karoo District





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ABOUT THE MUNICIPAL ECONOMIC REVIEW AND OUTLOOK (MERO)

The Municipal Economic Review and Outlook (MERO) is an annual research publication produced by the Western Cape Provincial Treasury. Together with its companion publication, the Provincial Economic Review and Outlook (PERO), the MERO informs the Western Cape Government's (WCG's) evidence-based approach towards integrated planning and budgeting by guiding the equitable and sustainable distribution of financial resources in support of local economic development (LED) and growth. The MERO provides socio-economic intelligence at a municipal level, which feeds into municipal integrated development plans (IDPs), spatial development frameworks (SDFs), LED strategies, municipal reporting and the budget process of municipalities.

In support of the Joint District and Metro Approach, the MERO is disaggregated into separate district-specific publications to provide a more focused overview of the reality facing each Western Cape district. Socio-economic intelligence is made available in such a targeted manner due to each district having its own unique set of strengths, opportunities, threats and challenges which necessitates bespoke solutions.

The MERO commences by providing an analysis of macroeconomic performance and outlook at a global, national and Provincial level, summarising how these affect the growth outlook and labour market trends of all municipal areas within the Western Cape.

Aligned with the Western Cape Recovery Plan, the MERO analysis focuses on economic growth, jobs, safety and wellbeing in each of the Province's district and municipal economies. In doing so, it first provides an in-depth regional economic analysis that considers trends in sectoral growth and key insights into international trade and tourism for each district. An analysis of private and public sector investments follows, with a specific focus on public spending on small, medium and micro enterprises (SMMEs) within designated groups. The report proceeds with a detailed review of key employment trends, skill levels and comparative advantages of sectors within each district. The MERO concludes with an outline of the social circumstances of households and provides an overview of indicators such as population, health, education, housing markets, access to basic services, household income, crime and the Gini coefficient.

The 2022-23 MERO is the 11th edition since its inception in 2012 and can be accessed on the Provincial Treasury's website by using your mobile device to scan the QR code on the adjacent page.

FOREWORD

The 2022/23 Municipal Economic Review and Outlook (MERO) is a crucial part of the Western Cape Government's planning cycle. It provides our citizens with a wealth of information for a better understanding of the various dynamics of the Province. This valuable information is intended to be used in the municipal integrated development plans (IDPs); spatial development frameworks (SDFs); local economic development (LED) strategies; and budgets for evidence-based decision-making, as well as implementation of the Joint District and Metro Approach to socio-economic development across the Province.

The data contained in the MERO supports private sector development by providing a succinct analysis of the investment potential, comparative advantage and economic specialisation of each region. This year, the MERO includes an analysis of the housing and property markets, as well as the tourism profile of each region.

The MERO continuously sources new data to expand the socio-economic intelligence available to its users. Innovations for the MERO this year include an analysis of COVID-19 vaccinations, the number and average income of taxpayers, mobile location data for the tourism profiles, new investment data and housing market studies within the Garden Route and Cape Winelands Districts, as well as public expenditure trends. Future editions will expand on innovative data sources that deepen the spatial granularity in the MERO analyses.

I wish to extend a special thank you to all the departments, municipalities and agencies that have provided the data analysed within the MERO. I would also like to express my gratitude to the research and development team for compiling this innovative and insightful publication. I trust that the reader, whether representing the public or private sector, will find it useful.



Ms Mireille Wenger
Minister of Finance and Economic Opportunities

24 November 2022

ACRONYMS AND ABBREVIATIONS

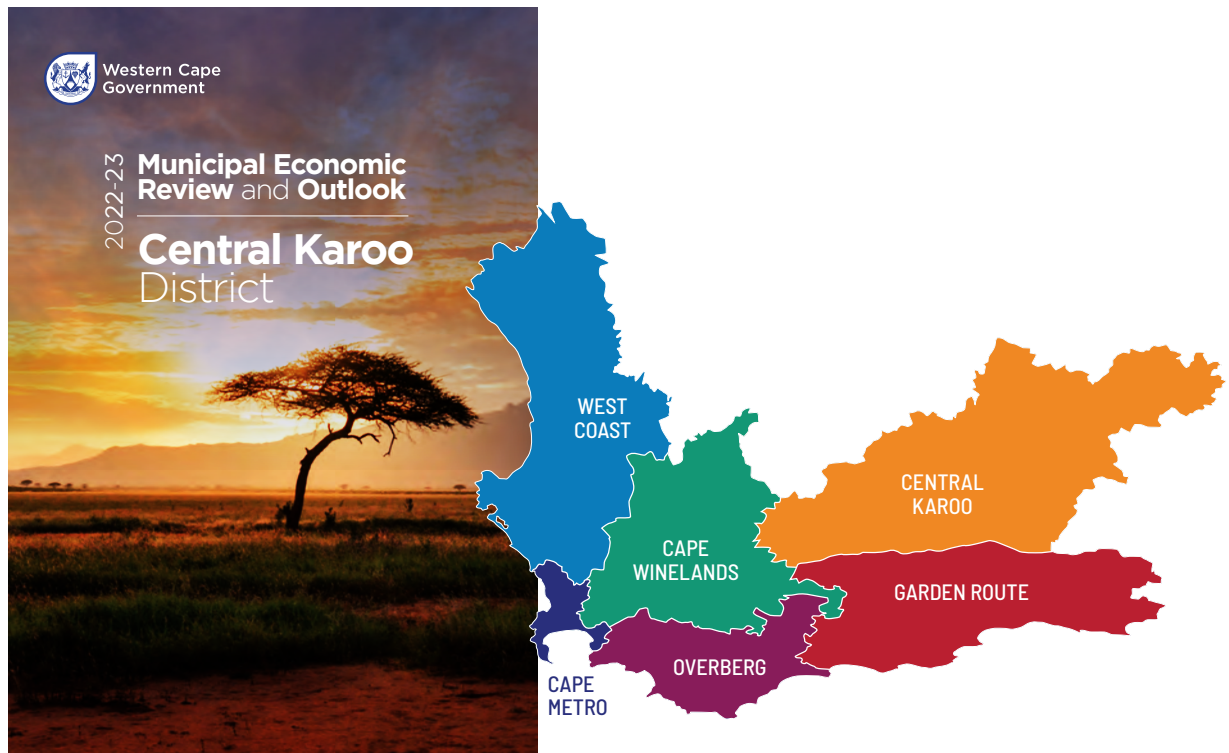
AGOA	African Growth and Opportunity Act
ART	Antiretroviral Therapy
BBBEE	Broad-based Black Economic Empowerment
BCI	Business Confidence Index
BEE	Black Economic Empowerment
BER	Bureau for Economic Research
BESS	Battery Energy Storage System
BFAP	Bureau for Food and Agricultural Policy
CAHF	Centre for Affordable Housing Finance Africa
CCBSA	Coca-Cola Beverages South Africa
CGA	Citrus Growers' Association of Southern Africa
CIRAD	French Agricultural Research Centre for International Development
CKD	Central Karoo District
CMD	Cape Metro District
CoGTA	Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CSP	Customised Sector Programme
CTCP	Clothing and Textiles Competitiveness Programme
CTIA	Cape Town International Airport
CTICC	Cape Town International Convention Centre
CWD	Cape Winelands District
DALRRD	Department of Agriculture, Land Reform and Rural Development
DCD News	DatacenterDynamics News
DEA&DP	Department of Environmental Affairs and Development Planning
DEL	Department of Employment and Labour
DFFE	Department of Forestry, Fisheries and the Environment
DoH	Department of Health
DoHS	Department of Human Settlements
DSD	Department of Social Development
DSD MYPE PPU	Department of Social Development Mid-year Population Estimates Provincial Population Unit

DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
e	Estimate
EME	Exempted Micro Enterprise
EPWP	Expanded Public Works Programme
EU	European Union
EUR	Euro
EWN	Eyewitness News
f	Forecast
FDI	Foreign Direct Investment
FIA	Fédération Internationale de l'Automobile
FIFA	Fédération Internationale de Football Association
FPL	Food Poverty Line
GBP	Great British Pound
GDP	Gross Domestic Product
GDPR	Gross Domestic Product Per Region
GEOSS	Global Earth Observation System of Systems
GFCF	Gross Fixed Capital Formation
GRD	Garden Route District
GVA	Gross Value Added
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HSDG	Human Settlements Development Grant
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IHS	Information Handling Services
ILO	International Labour Organization
IMF	International Monetary Fund
IPP	Independent Power Producer
IRDP	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
kl	Kilolitre
km	Kilometre

kWh	Kilowatt Hour
LBPL	Lower-Bound Poverty Line
LED	Local Economic Development
MDB	Municipal Demarcation Board
MDR	Multidrug-resistant
MER	Municipal Energy Resilience
MERO	Municipal Economic Review and Outlook
MPC	Monetary Policy Committee
MSCoA	Municipal Standard Chart of Accounts
MTEF	Medium Term Expenditure Framework
MW	Megawatt
MYPE	Mid-year Population Estimates
NCF	Net Capital Formation
OD	Overberg District
OECD	Organisation for Economic Co-operation and Development
OPMII	Overview of Provincial and Municipal Infrastructure Investment
PERO	Provincial Economic Review and Outlook
PPPFR	Preferential Procurement Policy Framework Regulations
PPU	Provincial Population Unit
PV	Photovoltaic
PwC	PricewaterhouseCoopers
QE	Quantitative Easing
QES	Quarterly Employment Statistics
QLFS	Quarterly Labour Force Survey
QR Code	Quick Response Code
QSE	Qualifying Small Enterprise
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RMAA	Red Meat Abattoir Association
RMB	Rand Merchant Bank
SA	South Africa
SAACI	Southern African Association for the Conference Industry
SABC News	South African Broadcasting Corporation News
SACU	Southern African Customs Union
SAGIS	South African Grain Information Service

SAICC	South Africa Israel Chamber of Commerce
SALBA	South African Liquor Brand Owners Association
SANRAL	South African National Roads Agency Limited
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SAWIS	SA Wine Industry Information and Systems
SBIDZ	Saldanha Bay Industrial Development Zone
SDF	Spatial Development Framework
SEZ	Special Economic Zone
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
SSEG	Small-scale Embedded Generation
Stats SA	Statistics South Africa
TB	Tuberculosis
TIDCA	Trade, Investment and Development Cooperation Agreement
TIFA	Trade and Investment Framework Agreement
UBPL	Upper-bound Poverty Line
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNAIDS	Joint United Nations Programme on HIV/AIDS
US	United States
USD	United States Dollar
USDA	United States Department of Agriculture
WCD	West Coast District
WCED	Western Cape Education Department
WCG	Western Cape Government
WCSEB	Western Cape Supplier Evidence Bank
WCWSS	Western Cape Water Supply System
WFH	Work From Home
WTO	World Trade Organization
ZAR	South African Rand

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CENTRAL KAROO DISTRICT 48

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THE OTHER DISTRICTS



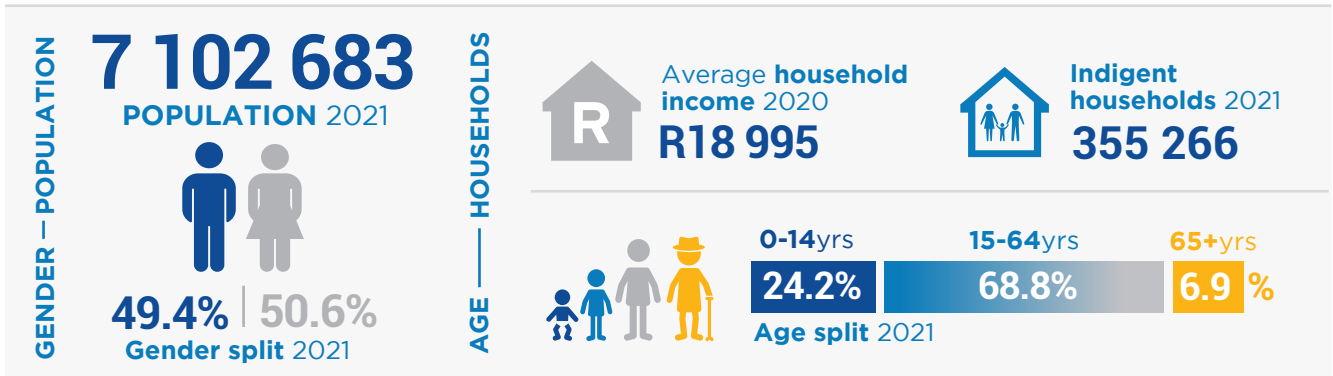


WC WESTERN CAPE

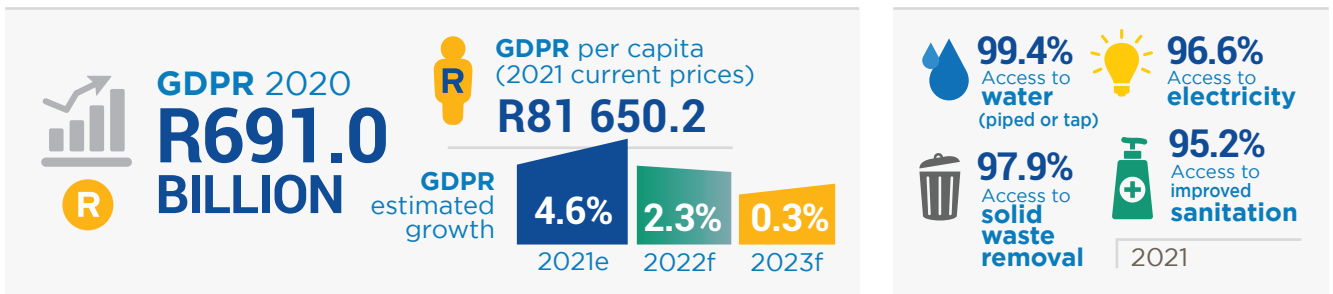
SEAT | AREA | DENSITY
Cape Town | **129 462km²** | **52.9/km²**

CAPE METRO, WEST COAST DISTRICT, CAPE WINELANDS DISTRICT, OVERBERG DISTRICT,
GARDEN ROUTE DISTRICT, CENTRAL KAROO DISTRICT

DEMOGRAPHICS



GROSS DOMESTIC PRODUCT SERVICES



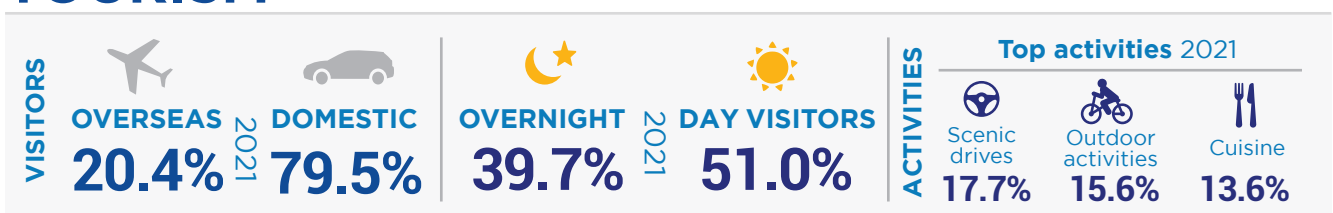
EMPLOYMENT



TRADE



TOURISM





GDPR

2020

2021

GDPR
CONTRIBUTIONGDPR
GROWTH

EMPLOYMENT

2020

2021

EMPLOYMENT
CONTRIBUTIONEMPLOYMENT
GROWTH

PRIMARY SECTOR

^R
4.2%  7.2%

AGRICULTURE,
FORESTRY & FISHING

3.9%  8.3%

MINING &
QUARRYING

0.3%  -14.6%

SECONDARY SECTOR

^R
20.7%  4.9%

MANUFACTURING

14.6%  7.1%

ELECTRICITY,
GAS & WATER

2.3%  3.0%

CONSTRUCTION

3.7%  -2.0%

TERTIARY SECTOR

75.1%  4.4%

WHOLESALE &
RETAIL TRADE,
CATERING &
ACCOMMODATION

14.8%  7.1%

TRANSPORT,
STORAGE &
COMMUNICATION

8.0%  5.2%

FINANCE,
INSURANCE,
REAL ESTATE
& BUSINESS
SERVICES

30.6%  3.6%

GENERAL
GOVERNMENT

10.6%  -0.7%

COMMUNITY,
SOCIAL &
PERSONAL
SERVICES

11.1%  7.4%

^R
10.0%  -3.1%

9.9%  -3.1%

0.1%  -4.8%

16.3%  -4.8%

10.1%  -3.7%

0.4%  -2.4%

5.8%  -6.9%

73.7%  -2.5%

22.7%  -5.2%

4.3%  -9.1%

20.2%  -2.1%

6.5%  1.1%

20.1%  0.6%

SECTION A

BACKGROUND AND MACROECONOMIC CONTEXT



1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The Municipal Economic Review and Outlook (MERO) provides extensive and comprehensive economic intelligence disaggregated at a metro, district and municipal level. The purpose of the MERO is to inform the determination of policy, planning and budget allocation at the local government level. Furthermore, the MERO is an accompanying document to the Provincial Economic Review and Outlook (PERO), which provides economic intelligence at a Provincial level.

The MERO employs a variety of data sources to provide a detailed analysis of the socio-economic trends displayed across the municipal areas within the Western Cape. National economic and employment data are sourced from Statistics South Africa (Stats SA), while the Western Cape gross domestic product per region (GDPR) and employment data are obtained from Quantec Research. To discuss the various indicators, the most recent available data sources are used. The publication makes use of regional GDPR data for the period 2011 to 2020, while figures for 2021 are estimated. Forecasts for 2022 and 2023 are based on the national forecast from the South African Reserve Bank (SARB), as well as the agriculture sector forecast from the Bureau for Food and Agricultural Policy (BFAP). Data sources for the various socio-economic indicators are sourced from Provincial departments, namely Treasury, Health, Education, Social Development, Transport and Public Works, and Local Government. Tourism data is sourced from Wesgro and IHS Markit, and crime data from the South African Police Service (SAPS). District and local municipalities also provided data by completing the Municipal Perception Survey.

1.2 OBJECTIVE OF THE RESEARCH

The objective of this research is to provide economic intelligence at a municipal level. It aims to inform municipal planning and budgeting, inclusive of municipal integrated development plans (IDPs), local economic development (LED) strategies and the budget processes of municipalities.

1.3 REPORT OUTLINE

The MERO 2022 publication is structured as follows:

SECTION A: Macroeconomic context. Provides a broad overview of the macroeconomic performance and outlook of South Africa and the Western Cape.

SECTION B: Western Cape regions. More detailed information for the Cape Metro area and the five districts in the Western Cape, namely the West Coast District (WCD), the Cape Winelands District (CWD), the Overberg District (OD), the Garden Route District (GRD) and the Central Karoo District (CKD). Additionally, the 24 local municipal areas are also discussed. An overview of each region is provided as follows:

- **Chapter 1: Economic growth** Overview of the macroeconomic context of each region and the respective municipal areas by focusing on GDP performance and trends. The period under review is between 2016 and 2020; 2021 figures are provided as estimates. In addition, GDP forecasts are provided for 2022 and 2023. Furthermore, this chapter provides key insights into international trade, investments and tourism for each district.
- **Chapter 2: Jobs** This chapter provides an in-depth overview of the key employment trends in each district and municipal area. This is followed by an overview of prevailing skill levels within each municipal area.
- **Chapter 3: Safety and wellbeing** This chapter provides an overview of the economic and social circumstances of households by analysing population, human development, housing, crime and access to basic services. It elaborates on human development in the region by assessing education levels, health and income.



2. ECONOMIC PERFORMANCE AND OUTLOOK

2.1 INTRODUCTION

This section provides an overview of the recent economic performance and medium-term prospects of the Western Cape. The overview is informed by global and national economic expectations and performances. **This section is an extract of Chapter 2 of the PERO. To read the full PERO scan the QR code.**



2.2 GLOBAL ECONOMIC PERFORMANCE

After the short-lived impact of the COVID-19 Omicron variant, the path to global economic recovery was interrupted by Russia’s invasion of Ukraine. The invasion led to a humanitarian crisis in Eastern Europe, severe sanctions against Russia and a rapid increase in selected commodity prices such as oil and fertilisers. The imposed sanctions are bound to exacerbate rising global inflation and interest rates further. China also initiated wider-ranging and frequent COVID-19 lockdown measures, which slowed economic activity in China and caused renewed supply chain bottlenecks worldwide. The Russia-Ukraine war has severely set global economic recovery back by 0.4 percentage points from the April 2022 outlook to 3.2 per cent in 2022 and by 0.7 percentage points to 2.9 per cent in 2023.

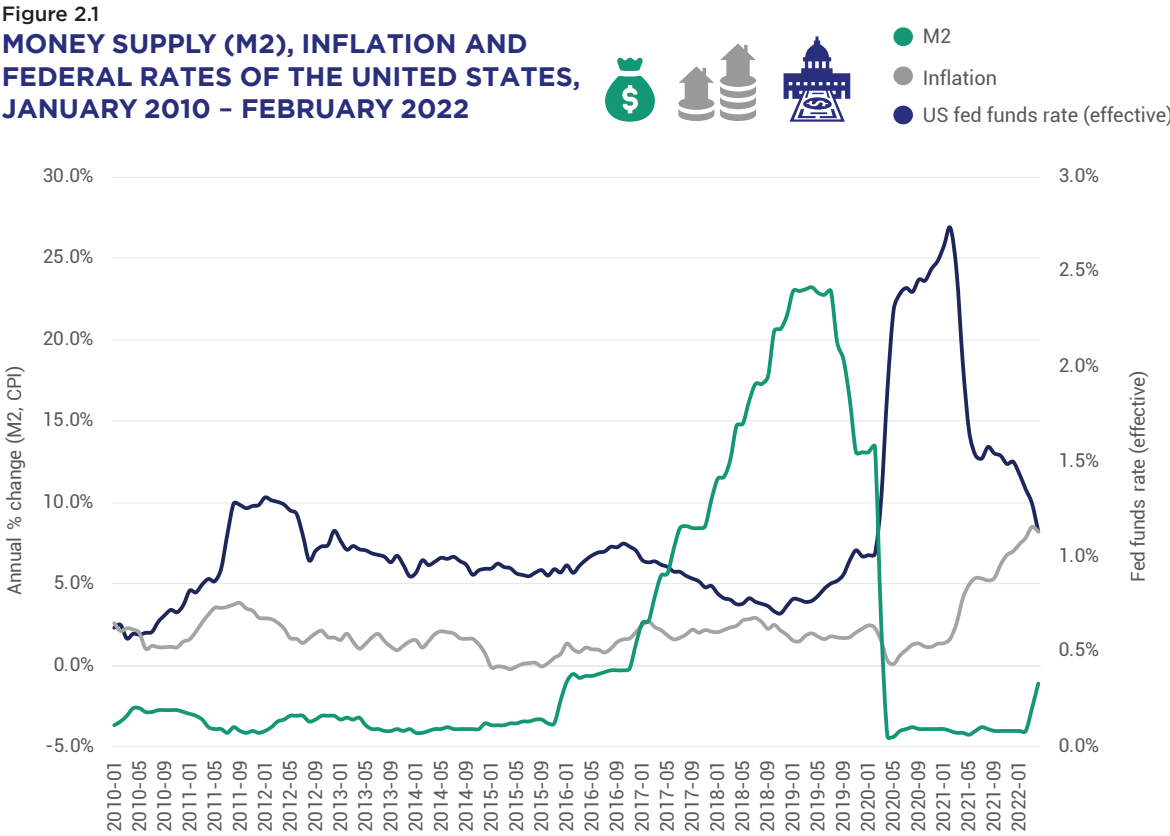
Table 2.1
MOST PROMINENT EXPORT AND TOURISM PARTNERS FOR THE WESTERN CAPE WITH REAL GDP OUTLOOK



	Share of South Africa		Share of Western Cape		GDP growth forecasts		
	Exports	Tourism Feb 2022	Exports	Tourism Feb 2022	2021(e)	2022	2023
Global economy	100.0%	100.0%	100.0%	100.0%	6.1%	3.2%	2.9%
Advanced economies	57.8%	68.1%	48.1%	86.6%	5.2%	2.5%	1.4%
Emerging-market and developing economies	42.2%	31.9%	52.1%	13.4%	6.8%	3.6%	3.9%
United States	10.6%	7.5%	10.2%	7.8%	5.7%	2.3%	1.0%
Netherlands	3.4%	5.2%	8.6%	8.3%	5.0%	2.9%	2.0%
United Kingdom	6.7%	19.3%	7.5%	24.0%	7.4%	3.2%	0.5%
Namibia	2.8%	2.1%	6.7%	2.3%	2.8%	3.7%	2.4%
China	11.0%	0.4%	6.1%	0.1%	8.1%	3.3%	4.6%
Germany	8.2%	12.7%	3.1%	22.0%	2.8%	1.2%	0.8%
South Africa					4.9%	1.7%	0.3%
Western Cape					4.8%	2.2%	0.3%

Sources: IMF, Quantec Research, own calculations

In advanced economies, supply shortages in selected sectors are expected to last until 2023. Supply chain bottlenecks are projected to ease as production responds to higher prices and new capacity becomes operational. A large portion of advanced economies (Europe) are in close geographical proximity to Russia and Ukraine, and are highly reliant on Russian fossil fuels and impacted by millions of refugees, who pose coordination and organisational challenges. Inflation has become a central concern and is projected to remain elevated for much longer than previously forecast. Fiscal support is generally set to decline in 2022 and 2023 as emergency measures to cushion the impact of the pandemic are gradually reduced. Advanced economies are projected to expand by 2.5 per cent in 2022 and 1.4 per cent in 2023.



Source: Economist Intelligence Unit



In the United States (US), the non-passage of the USD 1.7 trillion Build Back Better plan, in conjunction with continued supply chain disruptions, has depressed the growth prospects of the global economic superpower. To

stimulate investment in renewable energy, extend subsidies for health insurance and reduce the fiscal deficit, the US passed the Inflation Reduction Act of 2022. Growth expectations are further curtailed by the faster-than-expected withdrawal of monetary support in response to the severe buildup of inflation pressure. The US experienced its highest inflation in 40 years, mainly because of supply chain constraints, demand pressures from quantitative easing,¹ a rise in commodity prices owing to the Russia-Ukraine war and the implementation of stimulus cheques² during the COVID-19 pandemic. The US is expected to grow by 2.3 per cent in 2022 and 1.0 per cent in 2023.

¹ The Federal Reserve Bank announced on 15 March 2020 that it would purchase government debt bonds and mortgage-backed securities worth USD 700.0 billion from domestic financial institutions over the coming months, which is a policy known as quantitative easing (QE).
² Between 2020 and 2021 total payments to individuals amounted to USD 391.0 billion, while businesses were offered USD 780.0 billion during two rounds of a payment protection programme.



The Russia-Ukraine war continues to weigh heavily on business and consumer sentiment in Germany, with consumer and producer price inflation reaching record highs in April 2022.

The bulk of Germany's gas supplies are sourced from Russia. Russian sanctions have led to energy shortages and increased energy prices, and have consequently dampened Germany's economic outlook. Economic growth will moderate this year, as Chinese lockdowns may lead to additional supply bottlenecks and could also weaken export demand. Germany's gross domestic product (GDP) is expected to expand by 1.2 per cent in 2022 and 0.8 per cent in 2023.



The United Kingdom's (UK's) recovery is losing steam, brought about by a decline in disposable income, rising inflation and geopolitical tensions. Economic activity was hit by disruptions in energy and labour supply, and the implementation of Omicron restrictions.

The inflationary effects of the war in Ukraine and lockdowns in China have added to existing price pressures, affecting both consumer confidence and economic activity. Although accumulated savings provided for demand support, consumer spending power will be further squeezed by tax increases and record-high inflation. In April 2022, the UK recorded a 54.0 per cent rise in household energy bills. The UK's growth expectation of 3.2 per cent in 2022 is artificially inflated owing to the previous year's low base, and is expected to slow down to 0.5 per cent in 2023.



The Netherlands entered the new year with increased uncertainty and evaporating economic growth on the back of falling household consumption and waning investment growth. Economic developments in the second quarter of 2022 were mixed, with rising business confidence and improved manufacturing operating conditions juxtaposed with deteriorating consumer sentiment in April and May, and double-digit inflation during April 2022.

Household spending is expected to remain constrained despite a further tightening of the labour market. As with most economies in Europe, economic growth in the Netherlands is expected to lose steam in 2022 owing to the impact of the invasion of Ukraine, inflation and supply chain restrictions. COVID-19 lockdowns in China will put additional stress on supply chains and undermine export demand. The Netherlands' economy is projected to expand by 2.9 per cent in 2022 and 2.0 per cent in 2023.

In emerging-market and developing economies, the Ukraine invasion has increased capital outflows, tightening financial conditions for both vulnerable borrowers and net importers of commodities, thereby weakening the local currencies of the most exposed countries. Russia's invasion placed emerging markets' debt in the crosshairs of a crisis, causing the asset class to suffer one of its worst drawdowns in recent history. Several countries with the same structural weaknesses as Sri Lanka stand out. Structural weaknesses include difficulty in collecting taxes, large portions of foreign-denominated debt and limited foreign exchange reserves. A continued tightening of monetary policy will place a wider range of emerging-market economies under economic pressure, with rising food and fuel prices that could significantly increase the risk of social unrest. Despite these factors, emerging-market and developing economies are projected to expand by 3.6 per cent in 2022 and 3.9 per cent in 2023.



China's growth prospects are mainly constrained by COVID-19 lockdowns³ in numerous cities, a crackdown on private technology companies, reduced export demand and subdued real estate investments.

The technology clampdown was attributable to large fines levied on companies such as Alibaba and Meituan to rein in monopolistic behaviour. Chinese real estate investments are hampered by cash flow, debt-servicing problems and a subsequent firmer stance on highly leveraged property developers. Contrary to the global trend of tighter monetary policy, China is the exception, where inflation remains low, and its central bank cut policy rates in January 2022 to support the recovery. The Chinese economy is expected to expand by 3.3 per cent in 2022 and 4.6 per cent in 2023.



Namibia recorded a disappointing economic recovery of only 0.9 per cent in 2021, following a contraction of 8.5 per cent in 2020.

A more robust expansion in 2022 will largely depend on the performance of its mining sector, which contributes about 11.0 per cent to the total national GDP. The Namibian economy will benefit from rising prices in uranium, which recorded a 44.5 per cent average price increase in 2022 from the previous year. The uranium price increase is largely due to supply constraints brought about by the invasion of Ukraine in early 2022. Russia and Ukraine are both among the top 10 uranium producers in the world. The mining sector will be further supported by commodity price increases in diamonds (7.5 per cent) and copper (6.1 per cent) since the beginning of 2022. However, the economic recovery will be hampered by more restrictive monetary policy. Namibia increased its policy interest rate by 70 basis points in 2022. The economy of Namibia is expected to expand by 2.8 per cent in 2022 and 3.7 per cent in 2023.

Diminished growth prospects among the Western Cape's main sources of tourism and export partners provide for a softer outlook in tourism and export growth.



In early July 2022, protestors swarmed President Gotabaya Rajapaksa's palace in Sri Lanka, forcing him to flee and step down.

Sri Lanka is in the midst of its worst financial crisis in seven decades, with depleted foreign reserves, daily power grid cuts, and food and fuel shortages. Inflation soared to 43.3 per cent in May 2022, while food prices increased by 58.0 per cent. The Sri Lankan government owes USD 51.0 billion in debt and cannot make any payments on loans. According to the United Nations (UN) World Food Programme, nine out of 10 families are skipping meals or otherwise skimping to stretch out their food, while three million are receiving emergency humanitarian aid. Sri Lanka is running out of foreign exchange reserves to pay for essential imports, including food, medicine and fuel.

The root of the crisis started with the 2019 suicide bombings at churches and hotels, which badly damaged tourism revenue, a key source of foreign exchange and an important engine of the Sri Lankan economy. During the pandemic, tourism flatlined. In an attempt to boost the economy, the Sri Lankan government embarked on large-scale infrastructure investments. The infrastructure investments were funded by foreign-currency-denominated debt instead of tax revenue. The prime minister subsequently announced the largest tax cuts in Sri Lankan history. These initiatives led to a credit downgrading, which blocked further foreign funding. In April 2021, the Sri Lankan government announced a ban on chemical fertilisers in a push to promote organic farming. The move decimated rice crops and increased the price of staples. In conjunction with rising oil prices, imports became unaffordable.

³ Shanghai's two-month lockdown ended on 30 May 2022.

2.3 DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

2.3.1 Performance of the South African economy

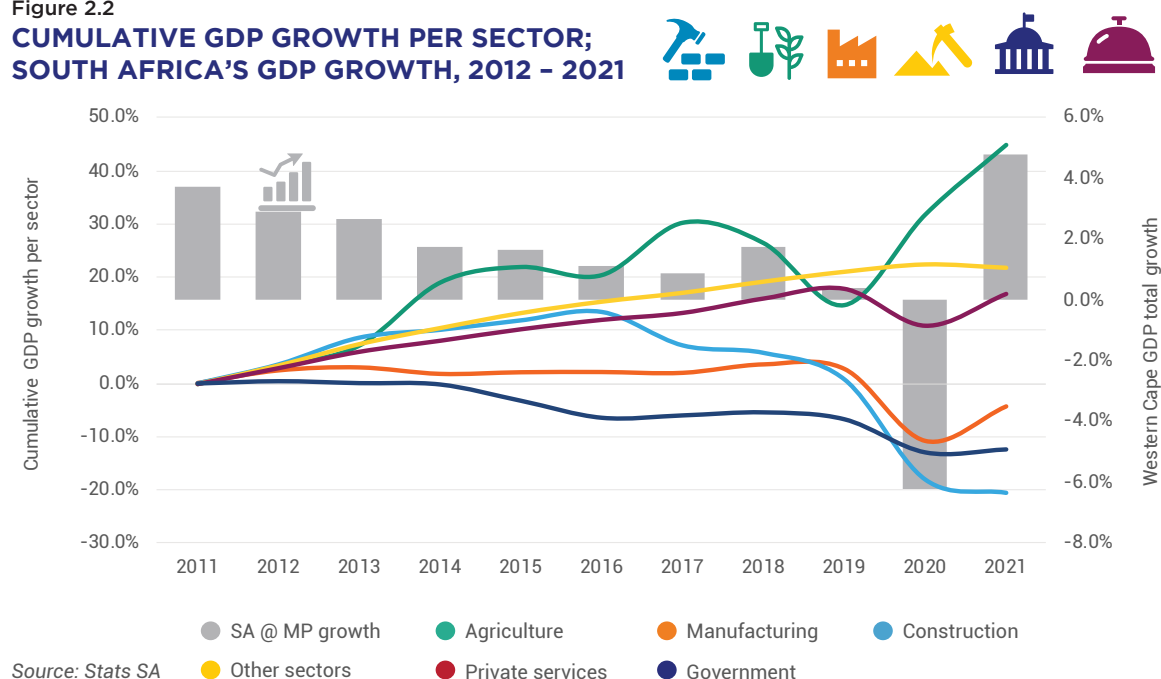
After two years, South Africa's GDP in the first quarter of 2022 finally recovered to levels seen in the first quarter of 2020. However, this was followed by a contraction in the second quarter of 2022, with the national economy facing new disruptions in the global commodity and energy markets caused by the Russian invasion of Ukraine and severe COVID-19 lockdown measures in China. South Africa also faces high unemployment, power outages and elevated public debt service costs, along with rising inflation and interest rates.

South Africa's economy recorded a 0.7 per cent contraction in the second quarter of 2022. Three industries expanded between the first and second quarter of 2022, with the transport (0.2 percentage points) and finance (0.6 percentage points) sectors making the largest growth contributions.

In 2021, South Africa recorded strong GDP growth of 4.9 per cent following a contraction of 6.4 per cent in 2020. The recovery was mainly driven by growth contributions from the finance (0.9 percentage points), manufacturing (0.9 percentage points) and community services (1.0 percentage points) sectors.

Figure 2.2

**CUMULATIVE GDP GROWTH PER SECTOR;
SOUTH AFRICA'S GDP GROWTH, 2012 - 2021**



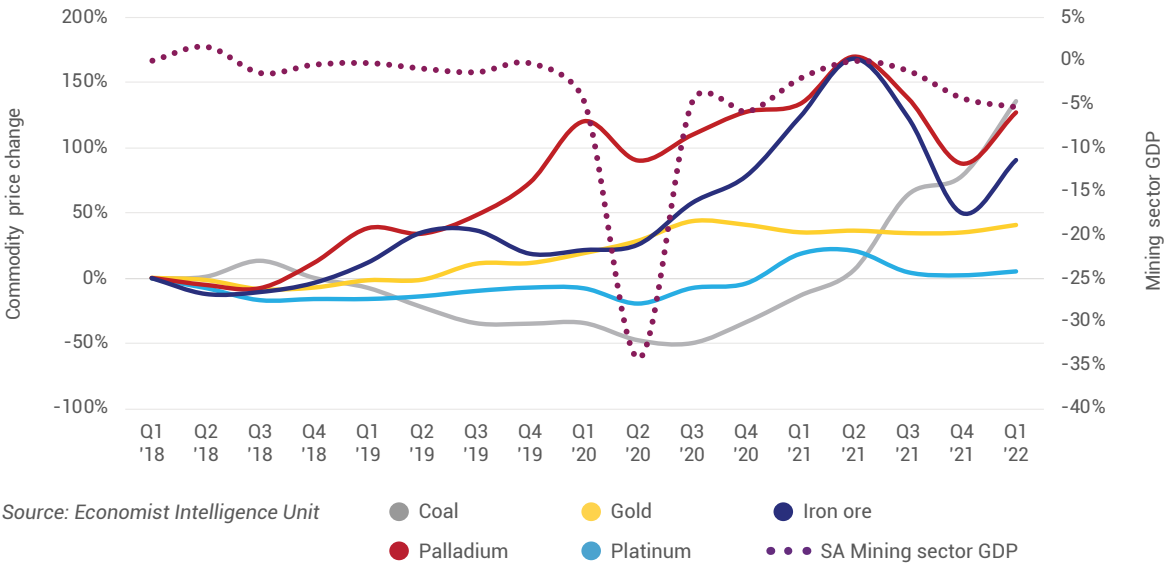
Over the past decade, the South African economy expanded by an average growth rate of 1.0 per cent and a cumulative growth rate of 9.5 per cent. The agriculture sector (55.4 per cent) recorded the highest cumulative growth over this period, followed by the general government (22.6 per cent) and community services⁴ (14.5 per cent) sectors. However, the construction (-20.8 per cent), manufacturing (-5.7 per cent) and "Other" (-3.3 per cent) sectors were at lower GDP levels in 2021 than a decade ago. Within the "Other" sectors, both the mining (2.1 per cent) and utilities (-13.0 per cent) sectors have contracted over the last 10 years.

⁴ Includes all tertiary sectors excluding government.

COVID-19 lockdown measures adopted by the end of March 2020 have had a significant impact on the national economy’s cumulative growth since the second quarter of 2020. All sectors except for the agriculture sector contracted owing to the lockdown measures implemented from the second quarter of 2020.



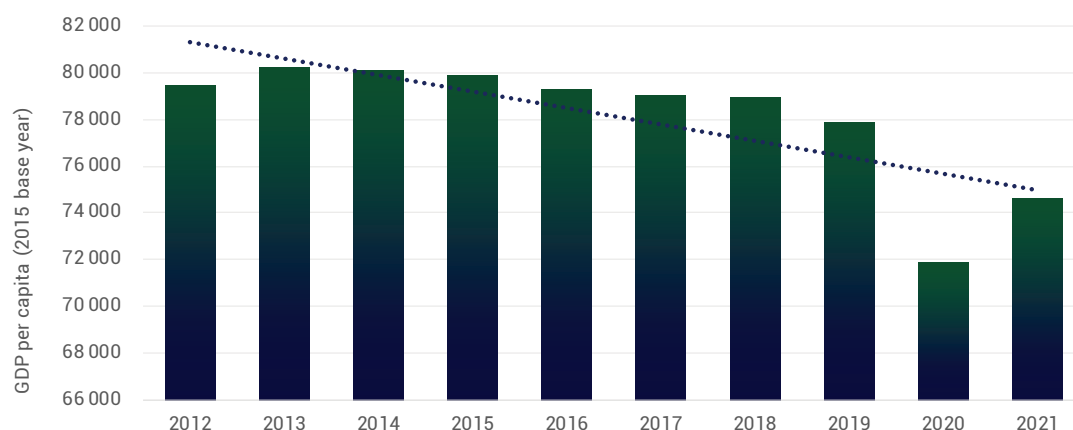
Figure 2.3
CUMULATIVE GROWTH IN SELECTED MINING COMMODITY
PRICES, SOUTH AFRICAN MINING SECTOR GDP, 2018Q1 - 2022Q1



The mining sector’s GDP contraction (-1.5 per cent) since 2018 contrasts with a price surge among key mining commodities over the same period. Since 2018, there have been significant price increases in iron ore (90.7 per cent), palladium (127.4 per cent), gold (41.0 per cent) and coal (135.7 per cent). Factors that could also have impacted the mining sector’s GDP growth performance over the period include load-shedding, above-inflation electricity price increases and the revised Mining Charter⁵ in 2018.

⁵ A mining right holder must increase its Black Economic Empowerment (BEE) shareholding from the minimum of 26.0 per cent to 30.0 per cent. The “once empowered always empowered” principle is only applicable for the duration of the mining right and is not applicable upon renewal or transferable upon sale. A non-diluting 5.0 per cent stake must be given to employees and 5.0 per cent to communities. Mining companies must procure 80.0 per cent of services from BEE entities, which must be South African companies; and 70.0 per cent of mining goods, which must be South African-manufactured and produced by BEE entities, women, youths or BEE entrepreneurs.

Figure 2.4
REAL GDP PER CAPITA IN SOUTH AFRICA, 2012 – 2021



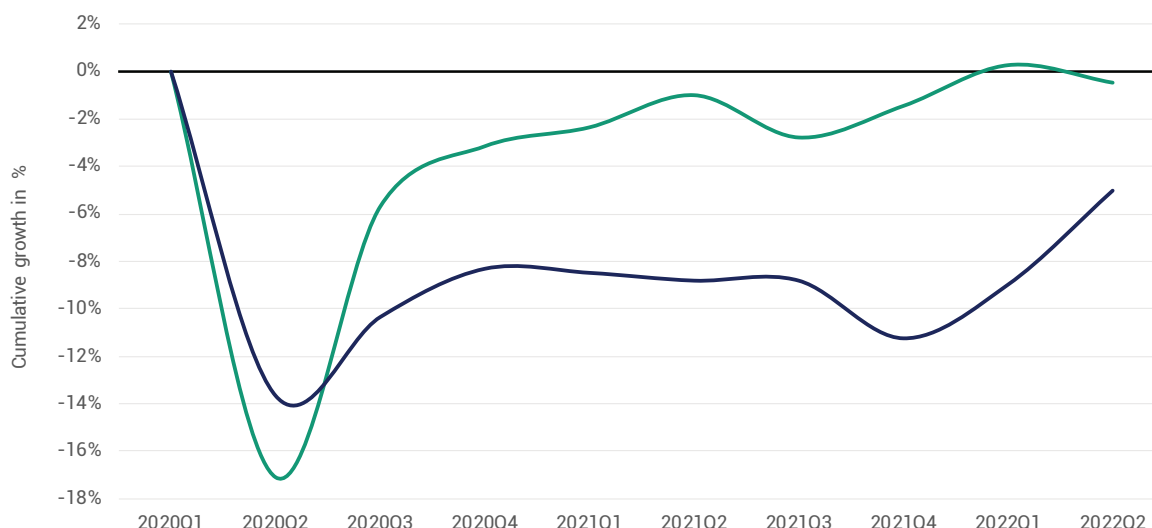
Source: Quantec Research

Since 2012, South Africa's estimated population has grown by 1.6 per cent per annum. Over the same period, GDP expanded at an average rate of 1.0 per cent. In real terms, South Africa's economic prosperity has declined since 2014. Since the start of 2014, South Africa's GDP per capita declined by 6.9 per cent from R80 193 to R74 655 in 2021. The COVID-19 lockdown measures implemented since 2020 significantly accelerated the deterioration in GDP per capita.

Figure 2.5
SOUTH AFRICA'S CUMULATIVE RECOVERY IN GDP AND EMPLOYMENT, 2020Q1 – 2022Q2

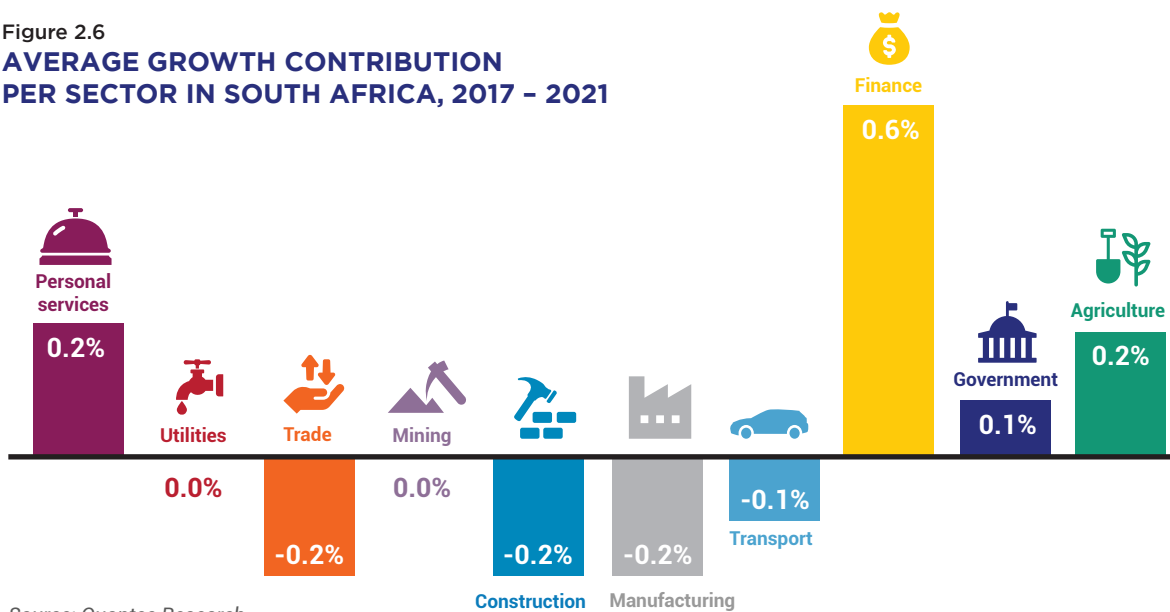


● Employment
● GDP @ market prices



In the second quarter of 2022, the South African economy contracted by 0.7 per cent, after expanding by 1.7 per cent in the first quarter of 2022. Except for transport (2.4 per cent), finance (2.4 per cent) and community services (0.1 per cent), all sectors recorded contractions during the quarter. By the second quarter of 2022, South Africa's GDP was 0.5 per cent lower than in the first quarter of 2020, while employment levels were still 820 697 or 5.0 per cent lower than pre-COVID-19 pandemic levels.

Figure 2.6
**AVERAGE GROWTH CONTRIBUTION
 PER SECTOR IN SOUTH AFRICA, 2017 – 2021**



The average growth contribution of each sector in the last five years shows the important GDP growth contributions from the finance (0.6 percentage points), agriculture (0.2 percentage points) and community services (0.2 per cent) sectors, while the trade (-0.2 percentage points), construction (-0.2 percentage points), manufacturing (-0.2 percentage points) and transport (-0.1 percentage points) sectors showed diminished economic growth over the same period. Notably, most sectors that made negative contributions to GDP growth were the secondary or primary sectors, which typically provide employment opportunities for semi-skilled or unskilled workers.



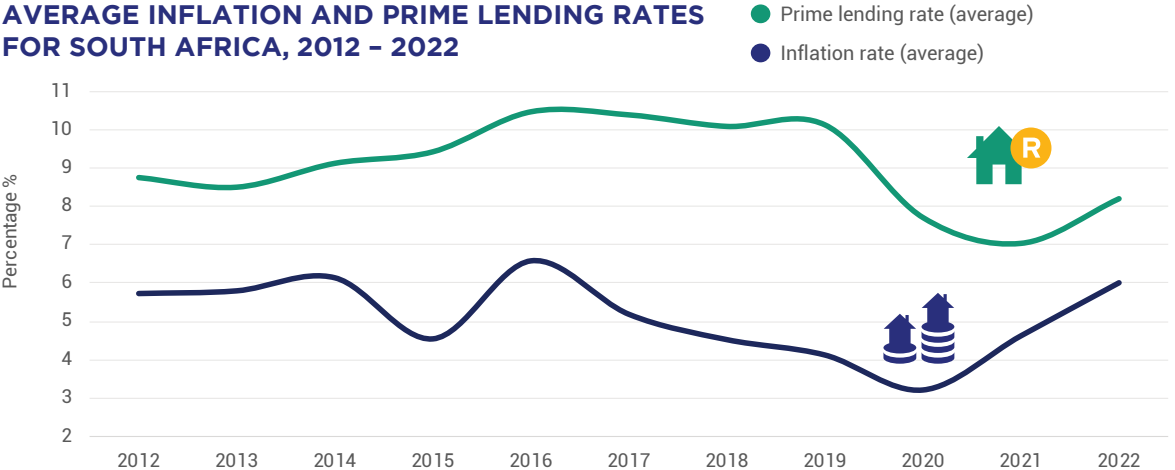
2.3.2 Inflation in the South African economy

South Africa is in sync with the surging trend in global inflation. Global factors affecting South African inflation include the surge in key commodity prices (oil, wheat, sunflower seed oil, fertilisers) largely owing to the invasion of Ukraine. In addition to a rise in global commodity prices, South Africa's inflation is further being fuelled by above-inflationary electricity increases and loss of production owing to intermittent power outages.



Figure 2.7

AVERAGE INFLATION AND PRIME LENDING RATES FOR SOUTH AFRICA, 2012 - 2022

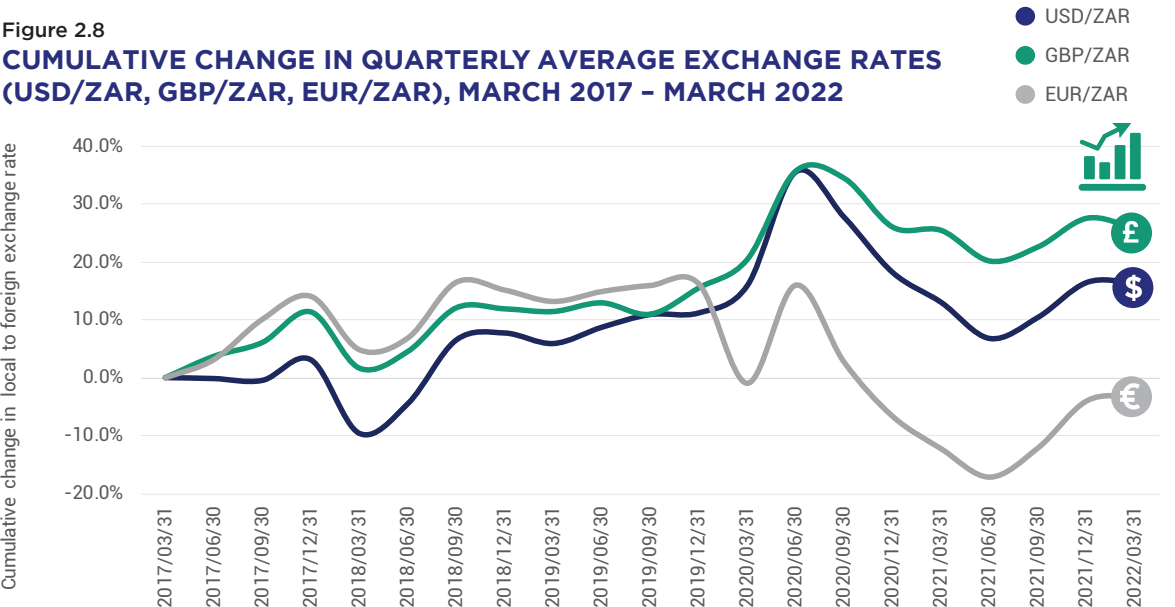


Source: Economist Intelligence Unit

A rising inflation trend in South Africa commenced in 2021, when annual average inflation increased from 3.2 per cent at the end of 2020 to 6.0 per cent by June 2022. Consequently, South Africa's average annual prime lending rate increased owing to repo rate increases, from an average of 7.0 per cent in 2021 to 8.2 per cent by June 2022. In 2016, for an average inflation rate of 6.6 per cent, the average prime lending rate was at 10.5 per cent, 446 basis points higher than the current average prime lending rate. Interest rate increases are likely to continue in 2022 as inflation remains above the upper limit of the SARB's inflation target for the remainder of the year and into the first quarter of 2023.⁶ As a result, and as of September 2022 following the latest Monetary Policy Committee (MPC) decision, the repurchase rate has increased to levels prevailing prior to the onset of the COVID-19 pandemic.⁷

Figure 2.8

CUMULATIVE CHANGE IN QUARTERLY AVERAGE EXCHANGE RATES (USD/ZAR, GBP/ZAR, EUR/ZAR), MARCH 2017 - MARCH 2022



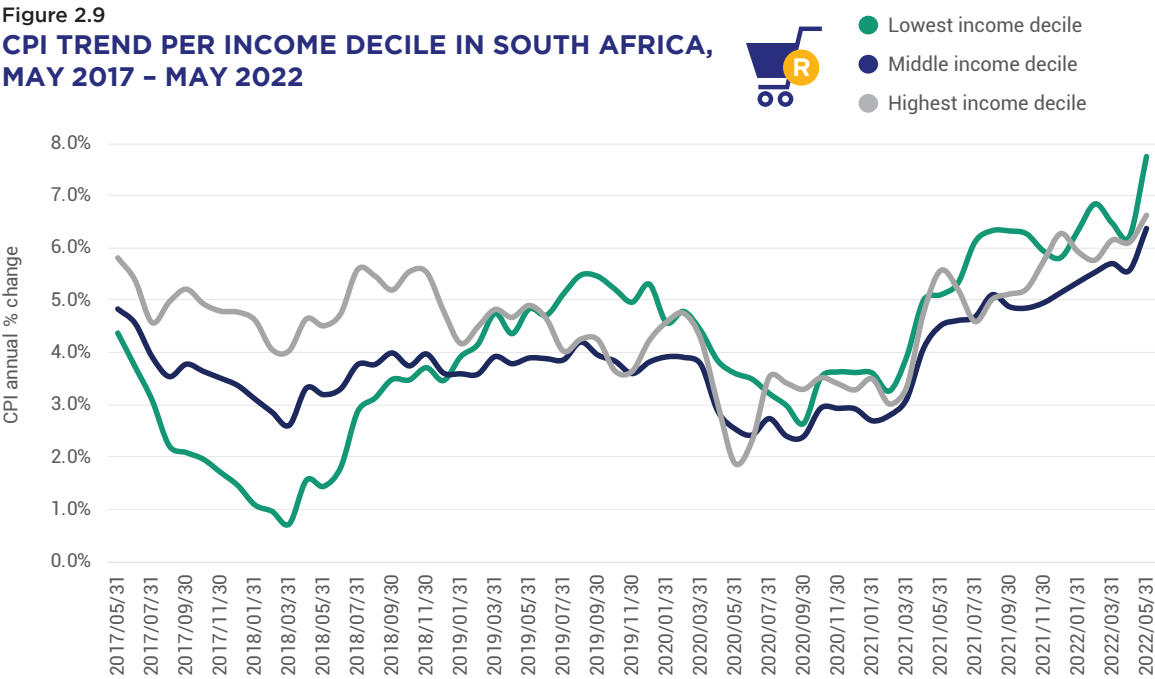
Source: Quantec Research

⁶ (SARB, 2022).

⁷ (SARB, 2022).

Exchange rate movements impact price inflation in South Africa through imported goods and services. The average quarterly exchange rate of the rand against the US dollar, British pound and euro appreciated from the third quarter of 2020 to the second quarter of 2021. (See Figure 2.8.) However, since the third quarter of 2021 the rand has depreciated against the US dollar, British pound and euro. Combined with commodity price increases, the depreciation of the rand will lead to higher import costs and inflation in South Africa.

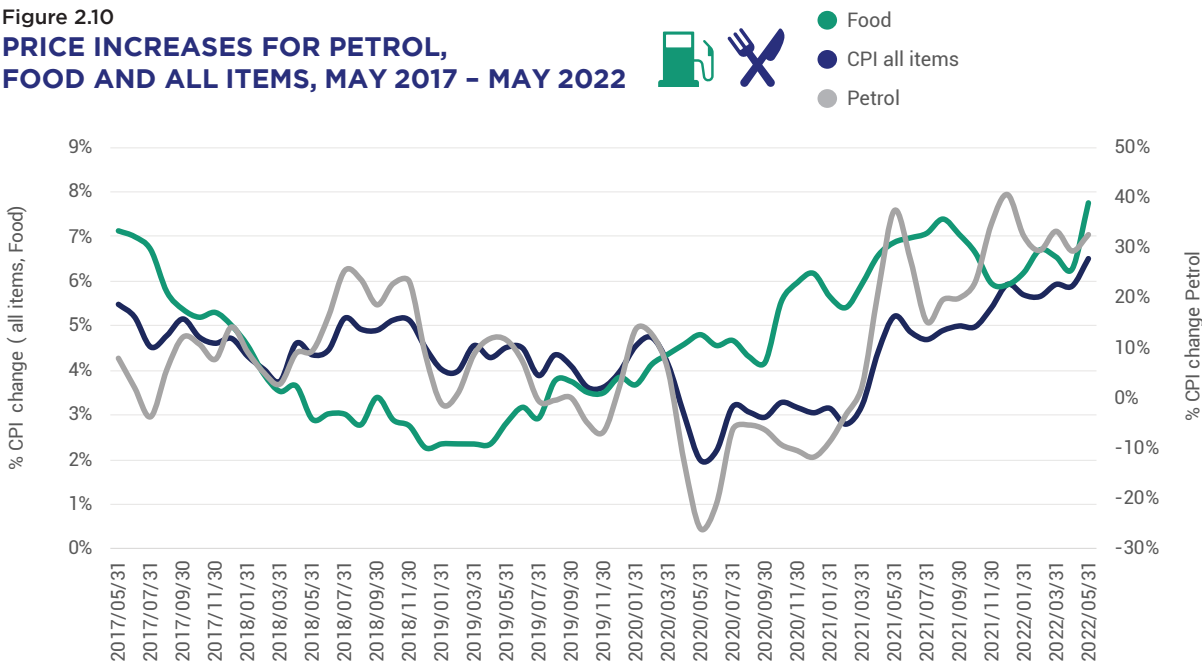
Figure 2.9
CPI TREND PER INCOME DECILE IN SOUTH AFRICA,
MAY 2017 – MAY 2022



Source: Quantec Research

The lowest income groups have been more severely affected by inflation over the past two years. By May 2022, the inflation rate for the lowest income decile (7.8 per cent) was higher than both the highest income decile (6.6 per cent) and the middle income decile (6.1 per cent). The lowest income groups spent a larger portion of their income on food and transport.

Figure 2.10
PRICE INCREASES FOR PETROL,
FOOD AND ALL ITEMS, MAY 2017 – MAY 2022



Source: Quantec Research

Since June 2019, a year before the headline and petrol inflation rates started to increase in July 2020, there has been an increasing trend in food inflation rates. Since the Russian invasion of Ukraine on 24 February 2022, the average petrol price has increased by 31.6 per cent (monthly, year-on-year), while average food and headline inflation has been 6.9 and 6.1 per cent respectively.

2.3.3 Trade performance of the South African economy



The integration of national economies into a global economic system has been one of the most important developments of the last century. Over the last two decades, trade has grown remarkably, with a quarter of total global production exported today. South Africa is known for its exports of mining commodities, manufacturing products such as vehicles and machinery, and agricultural produce including fruit and nuts. South Africa is also a significant importer of oil, electrical machinery and equipment, vehicles and pharmaceuticals.



Figure 2.11
REAL EXPORTS OF TOP FIVE EXPORTING SECTORS IN SOUTH AFRICA, 2011 - 2020

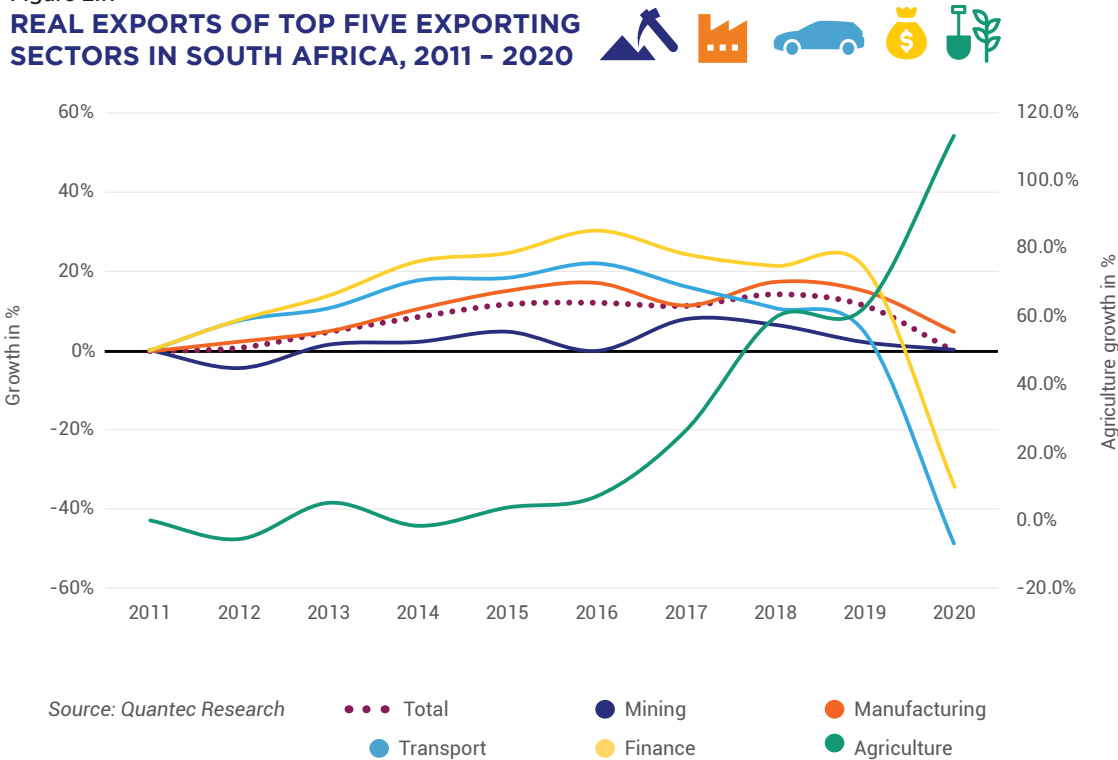
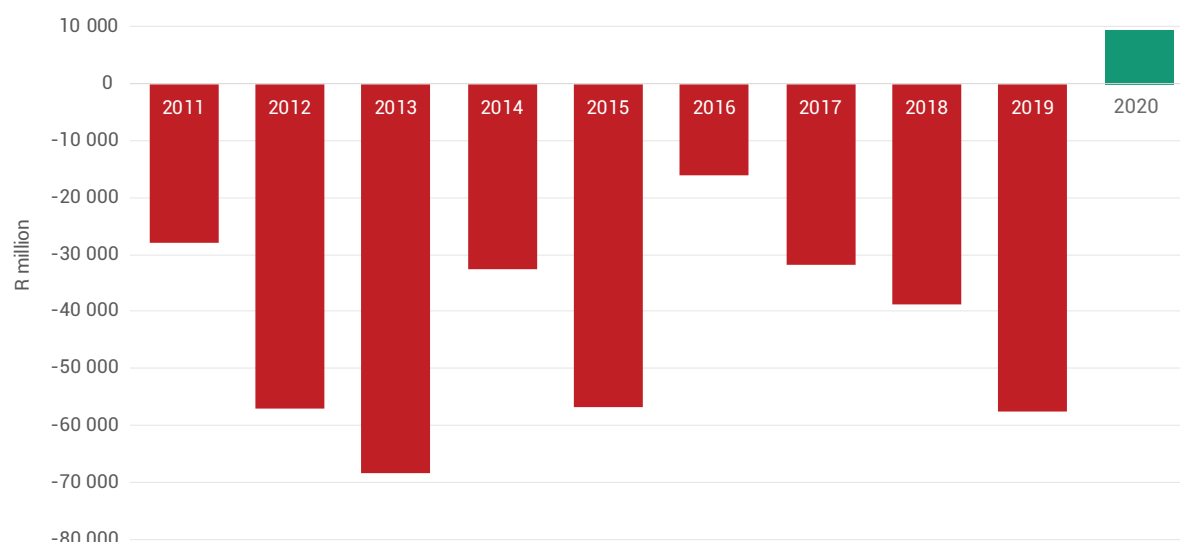


Figure 2.12
NET REAL EXPORTS FOR SOUTH AFRICA, 2011 – 2020



Source: Quantec Research

Between 2011 and 2020, South Africa's real imports exceeded its real exports every year except for 2020, when South Africa recorded a trade surplus of almost R9.5 billion. The trade surplus can be attributed to the COVID-19 lockdown measures, which reduced total imports by 16.6 per cent as opposed to a 10.6 reduction in exports in the same year. The manufacturing (62.5 per cent), transport (14.8 per cent) and mining (11.0 per cent) sectors made the most notable contributions to the import reductions in 2020.

Table 2.2
MAJOR EXPORT AND IMPORT DESTINATION OF SOUTH AFRICA, 2012 AND 2021

Country	Share of total imports		% point difference		Country	Share of total imports		% point difference	
	2012	2021				2012	2021		
China	14.0%	20.6%	▲	6.5%	China	10.4%	11.0%	▲	0.6%
Germany	9.8%	8.1%	▼	-1.7%	United States	7.9%	10.6%	▲	2.8%
United States	7.1%	7.0%	▼	-0.1%	Germany	4.5%	8.2%	▲	3.7%
India	4.4%	5.7%	▲	1.3%	Japan	5.6%	6.7%	▲	1.1%
Saudi Arabia	7.6%	4.4%	▼	-3.2%	United Kingdom	3.3%	6.7%	▲	3.4%
Thailand	2.6%	3.2%	▲	0.6%	Botswana	5.1%	6.6%	▲	1.5%
Japan	4.4%	2.8%	▼	-1.6%	Mozambique	2.4%	3.6%	▲	(1.5%)
Italy	2.5%	2.8%	▲	0.3%	India	3.8%	3.5%	▼	1.1%
Nigeria	3.6%	2.4%	▼	-1.2%	Netherlands	2.8%	3.4%	▲	(0.4%)
France	2.4%	2.1%	▼	-0.3%	Belgium	1.9%	3.4%	▲	0.5%

Sources: Quantec Research, own calculations

In 2021, China was South Africa’s largest export (11.0 per cent) and import (20.6 per cent) destination. Since 2012, China has become a more prominent source of imports, with its share of imports increasing significantly by 6.5 percentage points. Between 2012 and 2021, the US (2.8 percentage points), United Kingdom (3.4 percentage points) and Germany (3.7 percentage points) increased their share of South Africa’s export destinations.

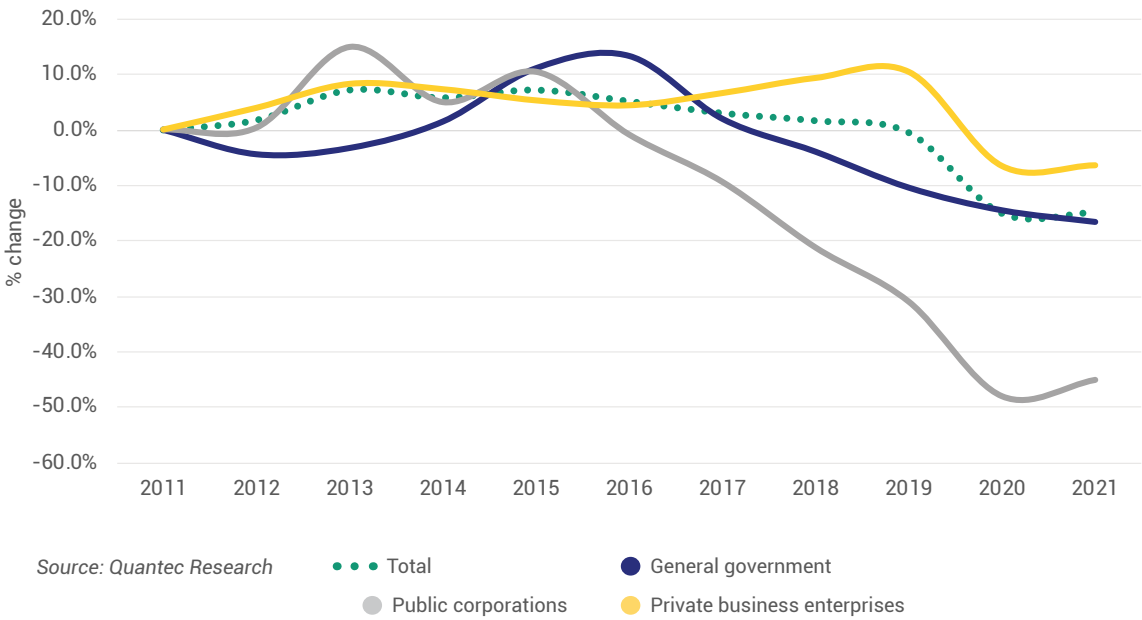


2.3.4 Fixed investment in South Africa

Capital formation, or the increase in capital stock, plays an important role in the modern productive system, as more goods can be produced with the aid of additional capital. Capital formation makes an important contribution to the productivity of workers and thus the economy as a whole, and is a key factor in accelerating economic growth.



Figure 2.13
CUMULATIVE GROSS FIXED CAPITAL FORMATION BY ORGANISATION IN SOUTH AFRICA (REAL), 2011 - 2021

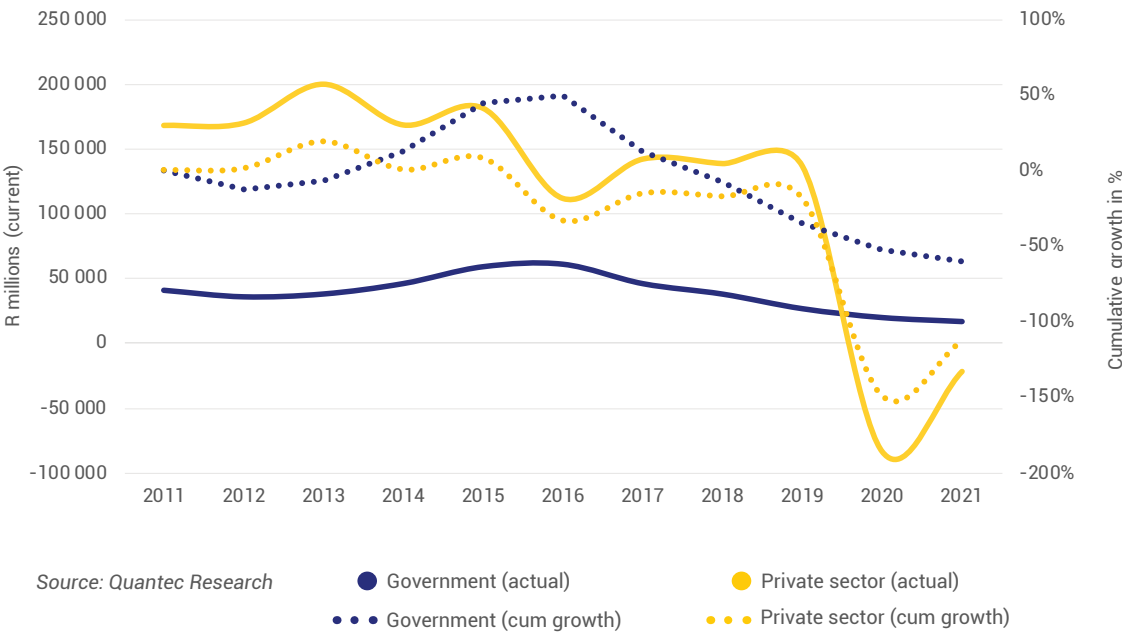


Gross fixed capital formation (GFCF) includes new capital investments and capital replacement costs. In 2021, GFCF in South Africa was 14.9 per cent less than in 2011. Some of the decline in GFCF over the period can be attributed to a contraction of 14.6 per cent in 2020. However, the decline of GFCF started back in 2016. Between 2016 and 2021, South Africa recorded a decline (-20.6 per cent) in GFCF.

In 2021, private business enterprises (70.7 per cent) were responsible for the largest portion of GFCF investments in South Africa. Contributions from general government (18.3 per cent) and public corporations (11.0 per cent) made up the balance. Cumulative GFCF contractions were more significant for general government (16.6 per cent) and public corporations (-45.0 per cent) than private business enterprises (6.5 per cent) between 2012 and 2021.

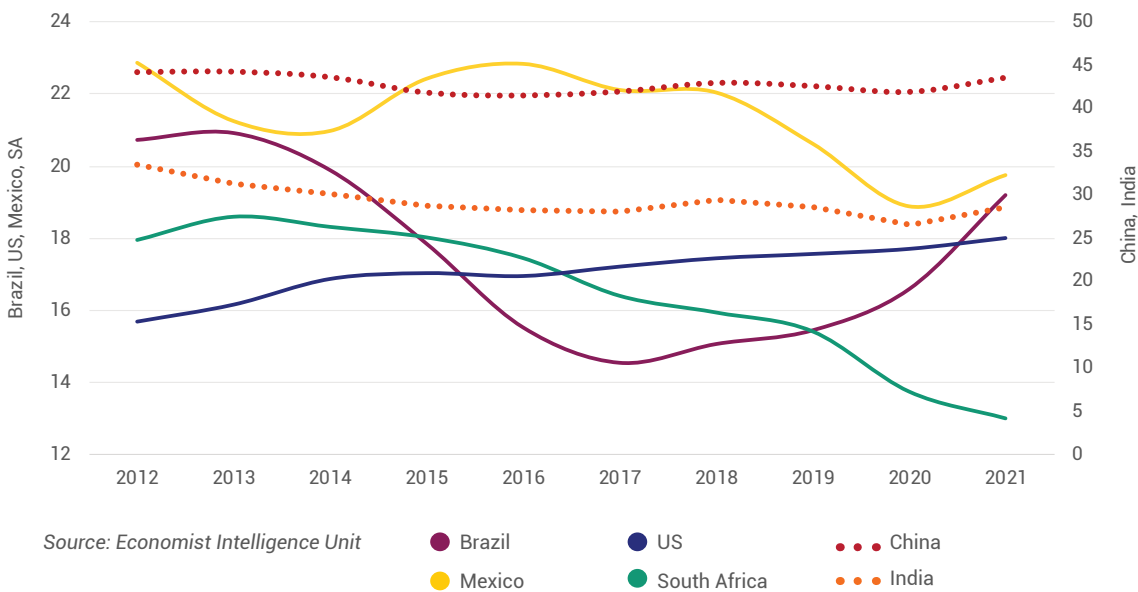
The GFCF decline in private business enterprises commenced in 2020, while the declining trends for general government and public corporations commenced in 2017 and 2016 respectively. Between 2012 and 2021, public corporations and general government combined were responsible for 72.1 per cent of GFCF decline in South Africa.

Figure 2.14
NET CAPITAL FORMATION BY ORGANISATION TYPE (CURRENT),
2011 – 2021



Net capital formation (NCF) excludes the depreciation or replacement of capital from GFCF. In current terms, NCF declined over the last decade for both the government (-59.7 per cent) and the private sector (-112.7 per cent). Although the bulk of the decline occurred in 2020, private sector NCF contracted in nominal terms from 2014 and for the government sector from 2017.

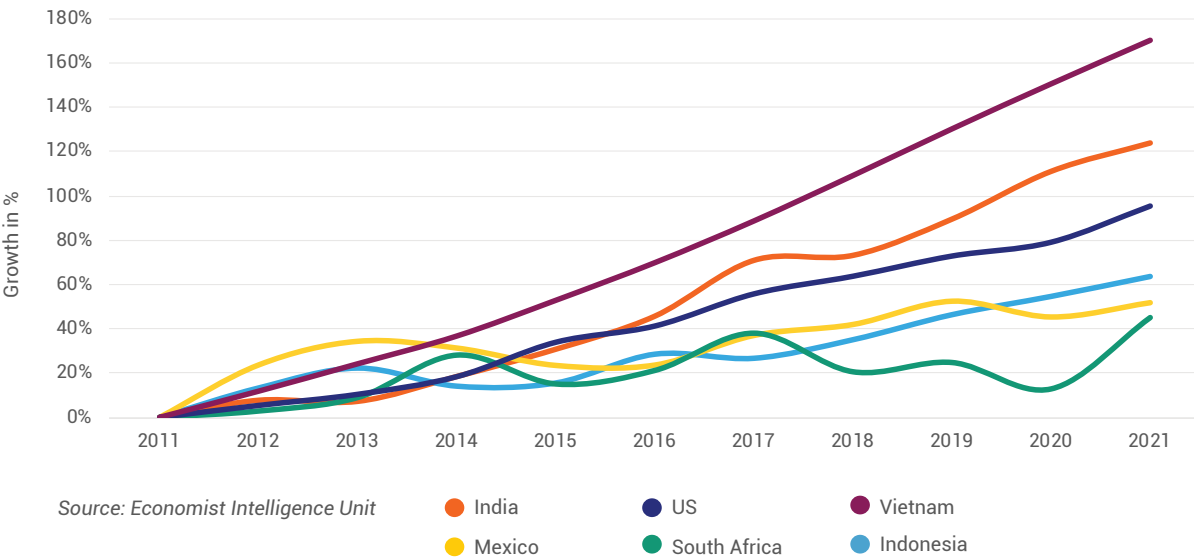
Figure 2.15
FIXED INVESTMENT AS A PERCENTAGE OF GDP FOR SELECTED COUNTRIES,
2012 – 2021



In 2021, South Africa had a low and declining fixed investment ratio (13.0 per cent) in comparison to the US (18.0 per cent), Brazil (19.2 per cent) and Mexico (19.8 per cent). China (43.6 per cent) and India (28.6 per cent) are two countries with exceptionally high and stable fixed investment ratios.

Foreign direct investment (FDI) is particularly important to emerging-market and developing economies like South Africa. Foreign direct investment helps raise living standards, facilitates economic growth, provides project finance, creates employment opportunities, improves infrastructure and infuses new technology and technological know-how.

Figure 2.16
CUMULATIVE GROWTH OF FOREIGN DIRECT INVESTMENT STOCK PER HEAD IN USD,
2011 – 2021



Between 2012 and 2021, South Africa’s FDI stock per head cumulatively expanded by 44.8 per cent, in comparison with Vietnam (170.0 per cent), India (123.7 per cent), the United States (95.2 per cent), Indonesia (63.8 per cent) and Mexico (51.9 per cent). The substantial increase in South African FDI in 2021 was mainly due to technology investor Prosus buying about 45.0 per cent of its South African parent Naspers. Between 2018 and 2020, FDI stock per head in South Africa declined by 18.2 per cent.

South Africa is currently yielding insufficient FDI to make significant inroads into economic growth and unemployment. The lack of FDI in South Africa can possibly be ascribed to elevated crime rates, high levels of social unrest (strikes and protests), corruption and structural issues in electricity supply and logistics. There are also concerns around the lack of clarity concerning policy and structural reforms.

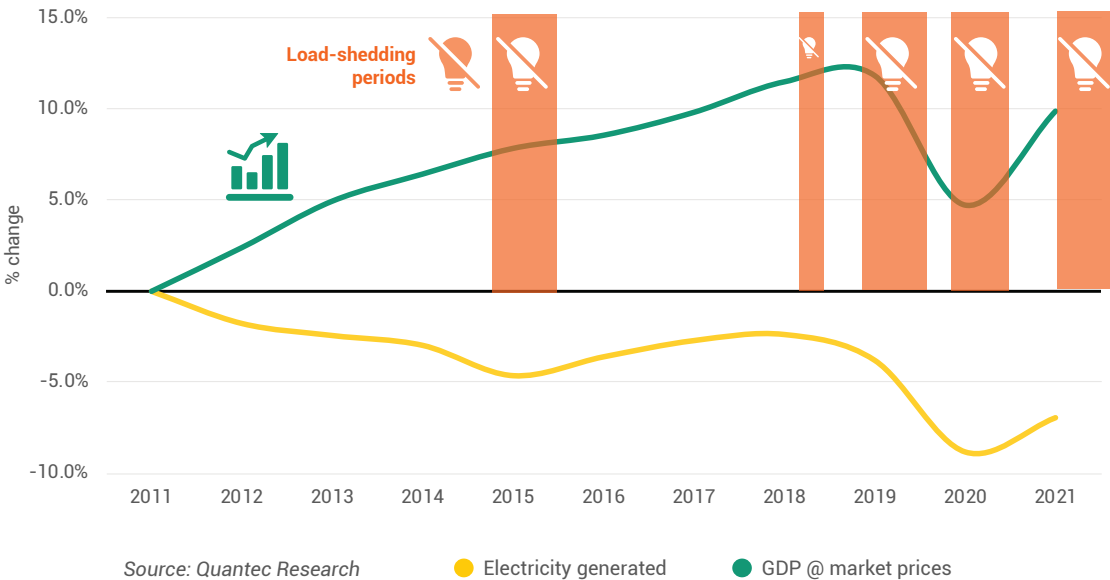


2.3.5 The South African energy crisis



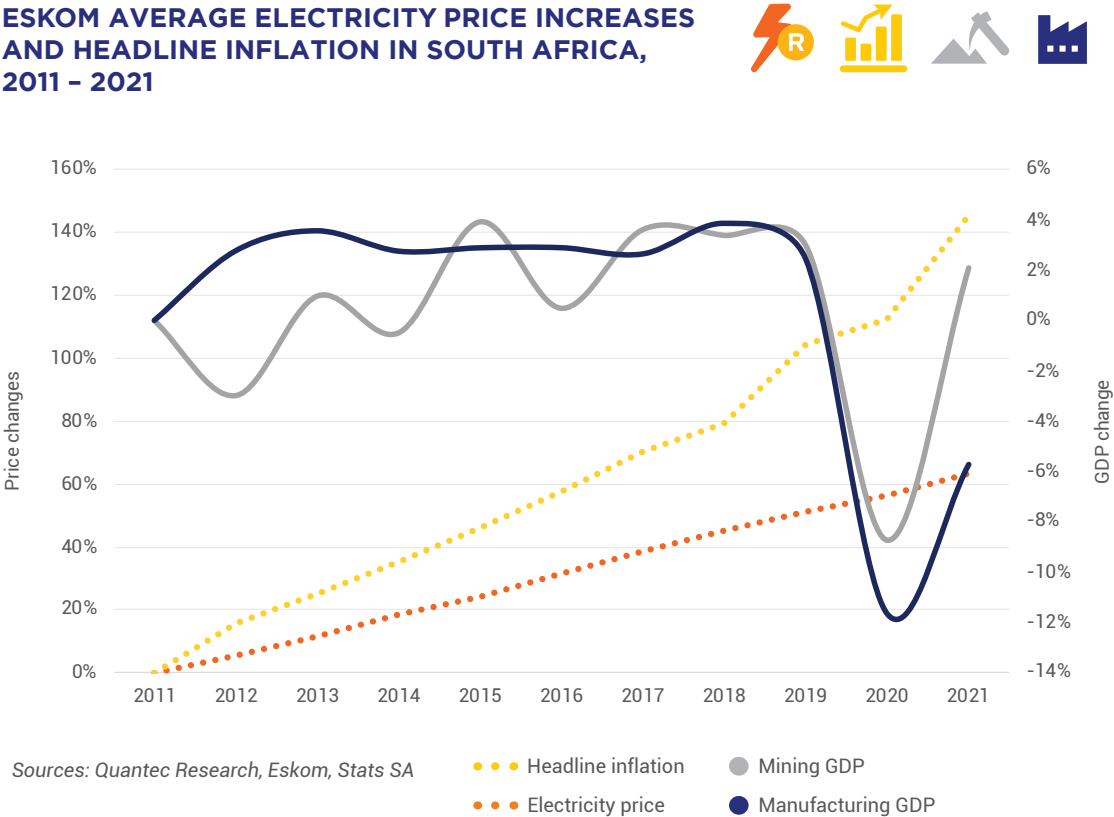
One of South Africa’s largest obstacles to more robust economic growth is a shortage of reliable electricity supply accompanied by above-inflationary electricity price increases. Since late 2007, South Africa has been subjected to rolling electricity blackouts. The reasons for load-shedding include wet coal; sabotage; diesel shortages; the collapse of coal silos; lack of maintenance, which leads to plant breakdowns; and unlawful strike action.

Figure 2.17
CUMULATIVE ELECTRICITY GENERATED AND GDP IN SOUTH AFRICA, 2011 – 2021



The average electricity generated in South Africa in 2021 was 6.9 per cent less than at the end of 2011. (See Figure 2.17.) Over the same period, the economy expanded cumulatively by 9.9 per cent. The estimated economic cost of load-shedding for the national economy is substantial. The financial services group the Efficient Group has conservatively estimated the South African economy to be between 8.0 and 10.0 per cent smaller as a direct consequence of load-shedding, while Alexforbes has estimated the cost of stage 6 load-shedding to be R4.0 billion per day. The impact of load-shedding on the national economy has led to an estimated one million fewer job opportunities.

Figure 2.18
ESKOM AVERAGE ELECTRICITY PRICE INCREASES
AND HEADLINE INFLATION IN SOUTH AFRICA,
2011 – 2021



Average electricity price increases in South Africa have exceeded headline inflation. (See Figure 2.18.) Between 2012 and 2022, average electricity prices increased by 145.3 per cent compared with headline inflation of 63.2 per cent. Consequently, electricity costs have become a larger component of total costs for both consumers and producers in South Africa.

The manufacturing and mining sectors are two sectors that are particularly vulnerable to high electricity costs. Between 2012 and 2021, the manufacturing sector in South Africa contracted by 5.7 per cent, while the mining sector’s GDP⁸ was only 2.1 per cent higher.

⁸ GDP measured in basic prices.

IN RESPONSE TO A CRISIS

On 28 June 2022, South Africa experienced stage 6 load-shedding for the second time in history, with seven of the 12 largest coal power stations operating at less than 50.0 per cent capacity owing to deterioration in Eskom's generation units. South Africa's President, Cyril Ramaphosa, announced a recovery plan on 25 July 2022.

The plan included the following:

- The removal of the 100MW renewable licence threshold.
- Additional generation via gas and battery requirements.
- A boosted maintenance budget to cut out red tape, which delays purchases.
- The recruitment of former plant managers and engineers from the private sector.
- The purchase of additional electricity from private entities such as mines.
- More power purchases from Botswana and Zambia.
- Special legislation with a single approval point will be passed to speed up new power generation projects.
- The development of price structures to encourage solar power investments from businesses and households.
- Private and state-owned companies will be able to participate in the energy market.

The recovery will be coordinated by a Crisis Committee under the Presidency. The committee will use the best expertise from business, professional engineering entities, labour and civil society, with regular reporting by relevant ministers to the President.



Sources: *Daily Maverick*, 26 July 2022; *Rapport*, 17 July 2022

THE MUNICIPAL ENERGY RESILIENCE (MER) PROJECT AND SMALL-SCALE EMBEDDED GENERATIONS (SSEG)

The Municipal Energy Resilience (MER) Project was developed following an amendment to Schedule 2 of the Electricity Regulation Act in 2020, allowing municipalities to generate their own electricity. The key objectives of the MER Project are development, support and capacity building to implement renewable energy projects in municipalities across the Province for municipalities, businesses and households to generate, procure and sell electricity. The project aims to secure reliable electricity supplies for the Province and increase economic resilience. The project includes four approaches: creating space for small-scale embedded generation (SSEG), providing assistance in procurement processes for municipalities to source energy from independent power producers (IPPs), building a business case for utility-scale gas to power generation, and finally, reforming the sector. The six candidate municipalities participating in the first phase of the MER Project in this financial year are:

-
- Drakenstein Municipality;
 - Mossel Bay Municipality;
 - Overstrand Municipality;
 - Saldanha Bay Municipality;
 - Stellenbosch Municipality; and
 - Swartland Municipality.
-

This project will consider multiple pioneering renewable energy technologies and scales, cost options, the scale of investment required, location issues, risks, municipal readiness needs, infrastructure needs, timelines to get capacity on to the grid, transaction and procurement mechanisms, and regulatory issues.

SSEG enables solar photovoltaic (PV) systems to be grid-tied and feed in any excess electricity generated. Registering a feed-in system allows you to export excess electricity to the grid and receive credit based on the SSEG tariff. It is structured to support PV system owners while covering the costs of their electricity service.



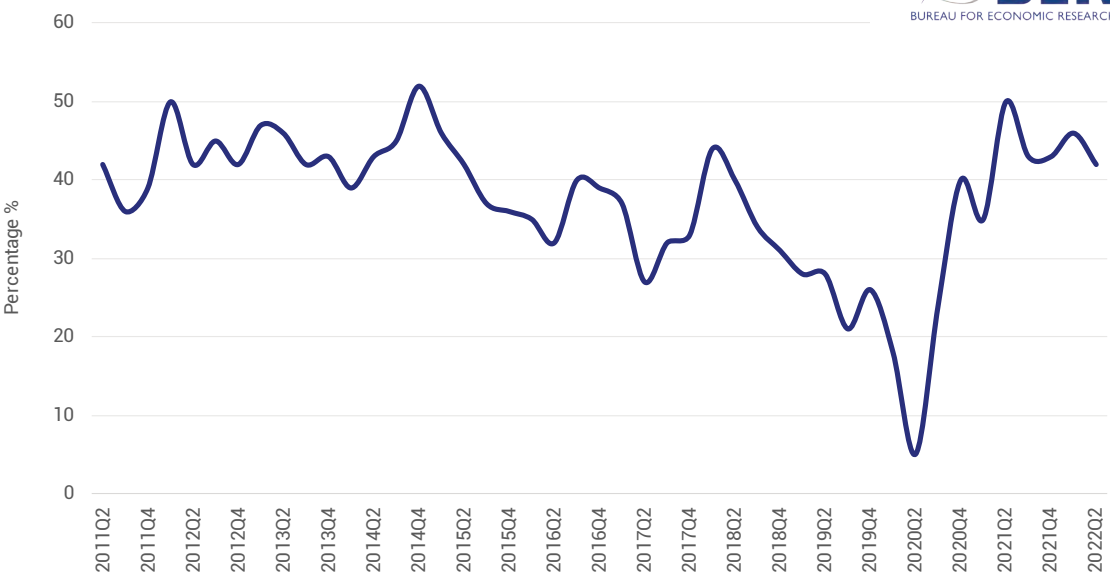
Source: Western Cape Government, 2022

2.3.6 Economic outlook of South Africa

The South African outlook on economic expansion is hampered by increasing inflation and interest rates, high unemployment, power shortages and slow reform momentum. High government debt, along with elevated debt service costs, is expected to constrain much-needed public investment.



Figure 2.19
**RMB/BER COMPOSITE BUSINESS CONFIDENCE INDEX,
2011Q2 – 2022Q2**














Source: Quantec Research

The RMB/BER Composite Business Confidence Index (BCI) takes the percentage of respondents who rate prevailing business conditions as satisfactory as an indicator or proxy of business confidence. The latest BCI shows that 42.0 per cent of respondents were positive. The BCI measures the unweighted mean of five sectoral indices: manufacturers, building contractors, retailers, wholesalers and new vehicle dealers. In the second quarter of 2022, the BCI declined by 4.0 percentage points to 42.0 per cent from the previous quarter, meaning that 58.0 per cent of respondents were negative about current business conditions in South Africa. The weakening of the BCI can potentially point to the relatively weaker GDP performance in the second quarter of 2022.



Table 2.3

GDP GROWTH AND CONTRIBUTION TO GROWTH FORECAST PER SECTOR IN SOUTH AFRICA, 2022 AND 2023

Sector	% growth		% point contribution	
	2022 (f)	2023 (f)	2022 (f)	2023 (f)
 Agriculture	9.3%	1.2%	0.3%	0.0%
 Mining	-1.6%	0.4%	-0.1%	0.0%
 Manufacturing	3.0%	-0.6%	0.4%	-0.1%
 Utilities	0.1%	0.2%	0.0%	0.0%
 Construction	0.3%	1.7%	0.0%	0.0%
 Trade	8.4%	1.8%	1.1%	0.2%
 Transport	5.8%	1.6%	0.5%	0.1%
 Finance	-1.2%	-0.9%	-0.3%	-0.2%
 Government	-1.1%	0.3%	-0.1%	0.0%
 Personal services	-0.4%	0.3%	-0.1%	0.1%
 SA GDP@ MP	1.7%	0.3%	1.7%	0.3%

Source: Quantec Research

South Africa is expected to grow sluggishly at 1.7 per cent in 2022 and 0.3 per cent in 2023. Major growth contributions are expected from the agriculture (0.3 percentage points), manufacturing (0.4 percentage points), trade (1.1 percentage points) and transport (0.5 percentage points) sectors in 2022.

The growth outlook for the agriculture sector in 2022 remains positive (9.3 per cent), with a substantial jump expected in sunflower harvests (35.0 per cent) but with expected reductions in maize (11.0 per cent) and soya bean (4.0 per cent) crops. Animal product revenue is expected to increase by 4.5 per cent on the back of increased volumes and higher beef prices.

Supported by growth in real personal consumer spending and a return to in-person experiences, the trade sector is expected to increase substantially in 2022 (8.4 per cent). The mining sector is bracing itself for another tough year. Pressured by load-shedding and a three-month strike in the gold sector, the mining sector is expected to contract by 1.6 per cent in 2022. Potential growth in the finance sector is hampered by rising business interruption claims, while credit extension is limited by over-indebtedness and rising interest rates. The finance sector is expected to contract by 1.2 per cent in 2022.

The South African economic outlook will significantly affect the economic prospects of the Western Cape economy.

2.3.7 Risks to the South African outlook

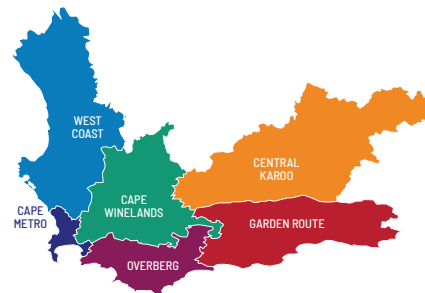
The outlook of the South African economy faces both global and domestic risks, including:



- A risk of high and increasing inflation with subsequent monetary policy tightening, fuelled by a long-term Russia-Ukraine war and global price disruptions.
- Ongoing power outages accompanied by above-inflation electricity price increases in South Africa.
- Weak economic growth, growing unemployment and subsequent socio-economic decline, with potential social unrest and escalating crime rates.
- A global stock market crash, a recession and rising policy interest rates in advanced economies, which could potentially cause large-scale capital outflows from emerging-market and developing economies, with significant currency depreciation.



2.4 DEVELOPMENTS IN THE WESTERN CAPE ECONOMY



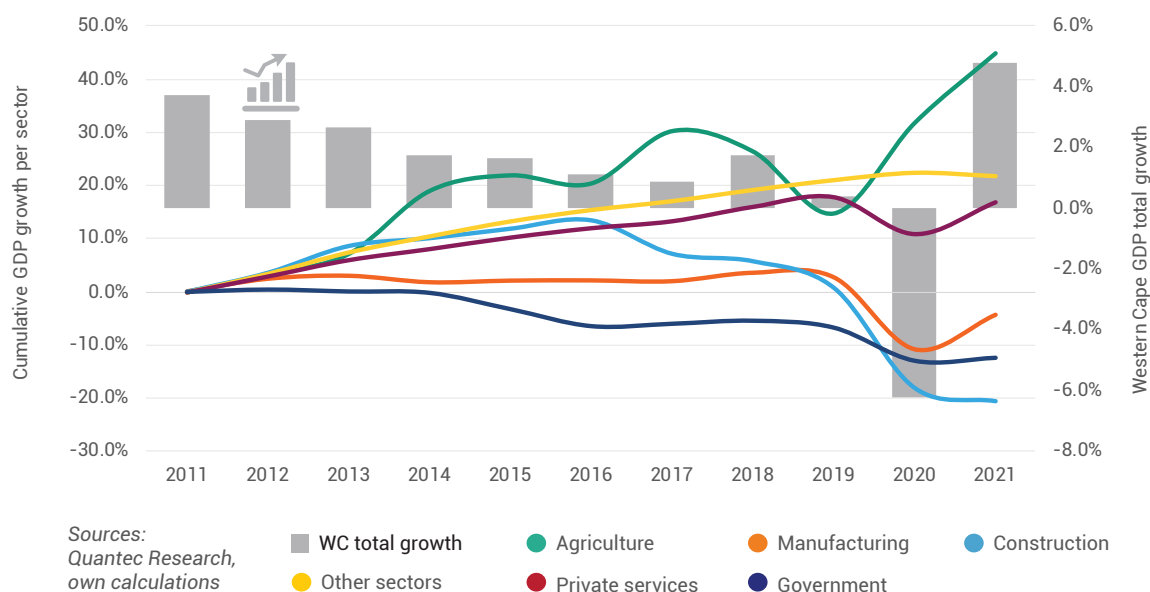
Compared with the rest of South Africa, the Western Cape has a more service-oriented economy, with a relatively strong contribution from the finance sector and a unique dependence on the tourism and wine industries. In 2021, the Western Cape was the third-largest regional economy in South Africa, accounting for 14.2 per cent of the South African economy, behind Gauteng (35.2 per cent) and KwaZulu-Natal (16.2 per cent).

Over the past decade, the Western Cape was among only three provinces that increased their contribution to national GDP, contributing 0.2 percentage points. Relative GDP contribution gains were also made by Gauteng (0.7 percentage points) and the Northern Cape (0.1 percentage points).

In the Western Cape, the GDP contribution of the finance sector is substantially larger than that of the national economy (31.3 per cent versus 25.2 per cent), while the mining (0.2 per cent versus 5.6 per cent) and community services (10.7 per cent versus 16.8 per cent) sectors make significantly smaller contributions to total GDP.

Figure 2.20

WESTERN CAPE GDP GROWTH RATE, 2011 – 2021



Between 2012 and 2021, the average estimated economic expansion of the Western Cape (1.2 per cent) was marginally higher than South Africa (1.0 per cent). The 2020 recession made a substantial dent in the average growth of the Western Cape economy (-6.2 per cent). Between 2012 and 2019, the average annual growth rate of the Western Cape was 1.6 per cent.

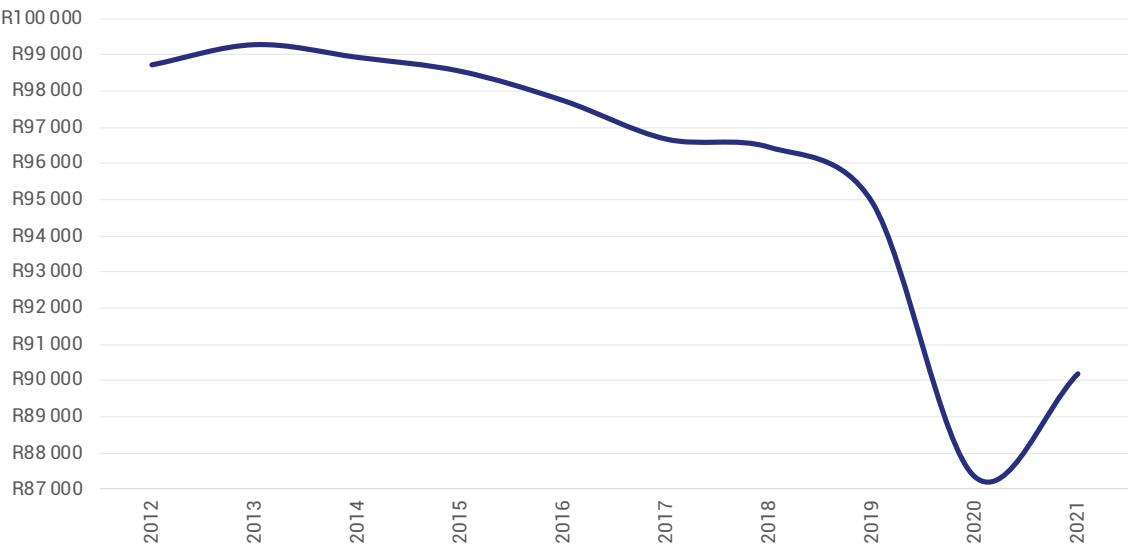
2.4.1 Sectoral performance

Between 2012 and 2021, the agriculture sector (44.9 per cent) outperformed all other sectors in the Province. This sound performance can be attributed to the sector’s significant growth in exports over the same period. The rapid expansion took place despite harsh periods of drought between 2015 and 2019, and alcohol-related COVID-19 restrictions that impacted the wine industry in 2020. The wine industry reportedly lost R300.0 million per week during the level 5 lockdown measures.

In 2021, the estimated GDP in the construction (-20.7 per cent), “Other” (-12.5 per cent) and manufacturing (-4.4 per cent) sectors was smaller than in 2011. The contraction of these industries can largely be attributed to the reimplementation of load-shedding between 2015 and 2021, and the 2020 recession.

GDP per capita is a useful indicator to measure the overall standard of living and economic prosperity, and to describe how regional populations experience economic benefit. It divides a region’s GDP by its population. It also helps to compare the wealth between different countries and regions.

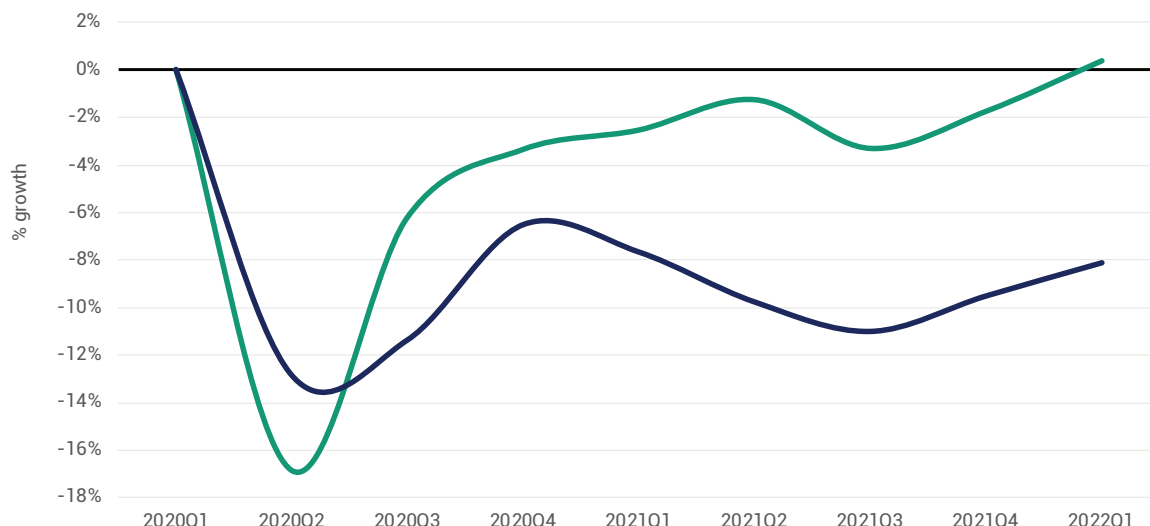
Figure 2.21
REAL GDP PER CAPITA IN THE WESTERN CAPE,
2012 – 2021



Sources: Quantec Research, Stats SA, own calculations

The Western Cape’s economic prosperity (GDP per capita) has declined over the past decade. The decline is due to population growth (18.9 per cent) exceeding GDP growth (11.7 per cent) over the same period. The sluggish expansion of GDP can largely be attributed to the slow-growing national economy, a severe drought (2015 to 2019), the Cape Metro water crisis (2017/18), the 2020 recession and load-shedding (since 2015). In 2021, real GDP per capita was 9.2 per cent lower than in 2013. The highest GDP per capita level (R99 258) over the past decade was in 2013, while the lowest level (R87 332) was in 2020.

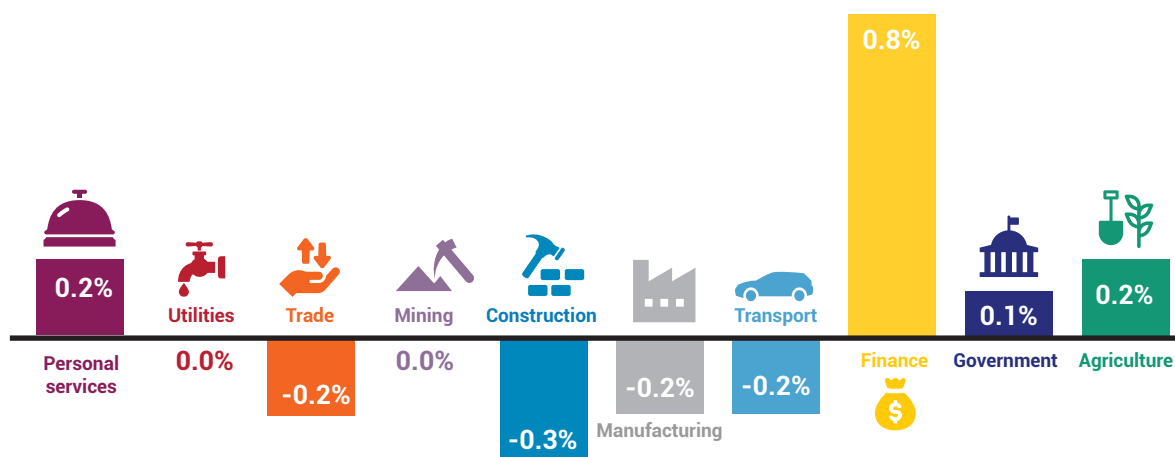
Figure 2.22
**RECOVERY OF GDP AND EMPLOYMENT LEVELS
 IN THE WESTERN CAPE, 2020Q1 - 2022Q1⁹**



Sources: Quantec Research, Stats SA, own calculations

The COVID-19 pandemic and subsequent lockdown measures had a devastating impact on the Provincial economy. In the first quarter of 2022, the estimated GDP exceeded the first quarter of 2020 (pre-pandemic) by 0.4 per cent. However, employment levels in the Western Cape were still 8.1 per cent lower than the pre-pandemic level. Only the manufacturing (10.6 per cent), transport (3.3 per cent) and finance (1.0 per cent) sectors had higher employment levels than before the pandemic. Although one of the fastest-growing sectors (GDP) since the COVID-19 lockdown, the agriculture sector had one of the largest employment deficits (-20.2 per cent) compared with its pre-pandemic level. The slow recovery in employment levels follows the same trend as South Africa.

Figure 2.23
**AVERAGE GDP CONTRIBUTION PER SECTOR IN THE WESTERN CAPE,
 2017 - 2021**



Sources: Quantec, Research, own calculations

⁹ 2020Q1 indexed to 0.

Contribution to growth measures the relative impact of each sector on total growth in the Province and is a function of the relative size of each sector combined with the growth over a specific period.

Between 2017 and 2021, the Western Cape economy is estimated to have expanded by 0.3 per cent on average, with the finance (0.8 percentage points), agriculture (0.2 percentage points) and community services (0.2 percentage points) sectors making the largest contributions to growth. The finance sector's significant contribution to growth was mainly due to its size. Over the period the finance sector, as the largest sector by GDP contribution (29.8 per cent), expanded by 0.9 per cent on average. The agriculture sector's solid contribution to growth was largely due to its spectacular growth over the period. The relatively smaller agriculture sector (4.1 per cent) expanded by 4.2 per cent on average over the same period.

The construction sector (-0.3 percentage points) made the largest negative contribution to total growth in the Western Cape. The main challenges experienced by this sector over the period included the declining trend in fixed investments, a sluggish underlying economy, load-shedding, COVID-19 lockdown measures and the Cape Metro water crisis. Between 2017 and 2021, the construction sector had the largest average annual contraction (-6.7 per cent).



2.4.2 Regional performance












The Western Cape has a diverse landscape and people, consisting of five municipal districts and the Cape Metro. Each district makes a unique contribution to the Western Cape economy. In 2021, the Cape Metro (72.5 per cent) made the largest economic contribution and was the most service-inclined (68.3 per cent) regional economy in the Western Cape.

In 2021, the Cape Metro had the lowest GDP growth rate (4.3 per cent) of all the Western Cape districts. The largest growth contributions were made by the finance (1.1 percentage points), manufacturing (1.0 percentage point) and trade (0.9 percentage points) sectors.

Over the past decade, the Cape Metro had the lowest average growth rate (1.0 per cent) among the Provincial districts. The agriculture sector (4.4 per cent) had the highest average growth rate, while the construction sector (-2.1 per cent) contracted. The most important contribution to growth was made by the finance (0.7 percentage points), general government (0.2 percentage points) and community services (0.2 percentage points) sectors.

Table 2.4

GDP AT BASIC PRICES PER WESTERN CAPE SECTORS AND DISTRICTS, 2012 – 2021

Sector	% GDP GROWTH											
	Cape Town		West Coast		Cape Winelands		Overberg		Garden Route		Central Karoo	
	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)
 Total	4.3%	1.0%	6.2%	1.8%	5.3%	1.5%	5.5%	1.6%	4.7%	1.2%	4.8%	1.2%
 Agriculture	8.9%	4.4%	8.6%	4.1%	7.9%	3.2%	7.4%	2.5%	7.6%	2.7%	8.0%	3.6%
 Mining	-14.4%	0.6%	-16.0%	-0.8%	-14.1%	0.4%	-14.3%	1.0%	-14.0%	0.5%	-14.0%	1.1%
 Manufacturing	7.1%	-0.3%	8.7%	1.4%	5.6%	-1.3%	8.9%	2.0%	7.3%	0.6%	7.7%	0.5%
 Utilities	3.0%	-1.9%	2.0%	-2.8%	3.5%	-0.3%	3.3%	-1.6%	2.7%	-2.0%	3.9%	-0.6%
 Construction	-1.8%	-2.1%	-4.0%	-2.3%	-1.2%	-0.4%	-1.5%	-1.8%	-3.8%	-3.5%	-6.1%	-3.3%
 Trade	6.9%	0.3%	7.7%	0.9%	8.0%	1.5%	7.8%	1.2%	7.0%	0.1%	6.7%	-1.4%
 Transport	5.1%	0.2%	4.4%	-1.2%	6.2%	1.1%	6.0%	1.2%	5.3%	0.7%	3.3%	-1.5%
 Finance	3.3%	2.1%	4.9%	2.9%	4.9%	3.7%	4.6%	2.8%	4.3%	3.1%	3.8%	2.6%
 Government	-1.0%	2.0%	1.5%	2.2%	0.2%	1.6%	-1.1%	1.1%	-1.0%	1.0%	1.6%	2.7%
 Personal services	7.4%	1.8%	8.5%	2.7%	7.2%	1.6%	7.7%	2.1%	7.0%	1.5%	8.6%	2.3%

Note: GDP at basic prices. Sources: Quantec Research, own calculations

In 2021, the WCD made the third-smallest contribution (4.9 per cent) to the Provincial economy. However, the District made a notable GDP contribution (26.7 per cent) to the Western Cape agriculture sector. The District was the least service-oriented in 2021, with private services contributing only 43.0 per cent to the West Coast economy. In the same year, the agriculture (23.3 per cent) and mining (19.9 per cent) sectors made the largest contributions to the West Coast's total GDP.

In 2021, the WCD had the largest GDP expansion (6.2 per cent), largely owing to significant growth in the agriculture (8.6 per cent) and manufacturing (8.7 per cent) sectors. The manufacturing sector was of relatively high importance in the WCD and contributed a substantial portion (18.7 per cent) of total GDP in the District.

Between 2012 and 2021, the WCD had the highest average GDP growth rate (1.8 per cent). The outperformance of other Provincial districts was mainly due to the prominence of the agriculture sector in the District. Over the past decade, the agriculture sector has made the largest contribution to growth (0.8 percentage points) in the WCD.

Table 2.4 (continued)

GDP AT BASIC PRICES PER WESTERN CAPE SECTORS AND DISTRICTS, 2012 – 2021






















Sector	CONTRIBUTION TO GDP GROWTH (% POINTS)											
	Cape Town		West Coast		Cape Winelands		Overberg		Garden Route		Central Karoo	
	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)	2021	2012 – 2021 (ave)
 Total	4.3%	1.0%	6.2%	1.8%	5.3%	1.5%	5.5%	1.6%	4.7%	1.2%	4.8%	1.2%
 Agriculture	0.1%	0.1%	2.0%	0.8%	0.7%	0.3%	0.8%	0.2%	0.4%	0.1%	1.3%	0.5%
 Mining	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
 Manufacturing	1.0%	0.0%	1.6%	0.2%	0.8%	-0.2%	1.2%	0.3%	1.0%	0.1%	0.2%	0.0%
 Utilities	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.0%	0.2%	0.0%
 Construction	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%	-0.1%
 Trade	0.9%	0.0%	1.0%	0.1%	1.2%	0.2%	1.2%	0.2%	1.0%	0.0%	0.7%	-0.2%
 Transport	0.5%	0.0%	0.2%	-0.1%	0.4%	0.1%	0.5%	0.1%	0.4%	0.1%	0.3%	-0.2%
 Finance	1.1%	0.7%	0.8%	0.4%	1.3%	0.9%	1.2%	0.7%	1.4%	0.9%	0.5%	0.3%
 Government	-0.1%	0.2%	0.2%	0.2%	0.0%	0.1%	-0.1%	0.1%	-0.1%	0.1%	0.3%	0.5%
 Personal services	0.8%	0.2%	0.8%	0.2%	0.8%	0.2%	0.7%	0.2%	0.7%	0.1%	1.5%	0.4%



Table 2.5

SECTOR CONTRIBUTION TO TOTAL DISTRICT GDP IN 2021

	Cape Metro	West Coast	Cape Winelands	Overberg	Garden Route	Central Karoo
 Agriculture	1.7%	23.3%	9.6%	11.0%	5.6%	16.3%
 Mining	0.1%	0.7%	0.1%	0.1%	0.2%	0.0%
 Manufacturing	14.1%	18.7%	14.2%	13.4%	13.4%	2.5%
 Utilities	1.9%	1.2%	1.5%	1.6%	1.9%	3.9%
 Construction	3.5%	3.1%	4.6%	5.1%	4.0%	3.2%
 Trade	13.9%	13.1%	15.6%	16.2%	14.8%	11.1%
 Transport	9.3%	5.2%	7.2%	8.1%	8.1%	10.0%
 Finance	34.0%	15.2%	26.7%	26.8%	32.8%	14.0%
 Government	10.4%	10.0%	9.6%	8.1%	9.0%	20.7%
 Personal services	11.2%	9.5%	10.9%	9.6%	10.2%	18.2%

Sources: Quantec Research, own calculations

The finance sector and wine industry have a strong presence in the CWD. Notable company headquarters in the Cape Winelands include Zeder, Capitec, Steinhoff and Distell. In 2021, the CWD made the second-largest contribution (11.1 per cent) to the Western Cape GDP. The finance (26.7 per cent), trade (15.6 per cent) and manufacturing (14.2 per cent) sectors made the largest contributions to total GDP in the District, while the agriculture sector in the District made a substantial contribution (24.9 per cent) to agriculture in the Province.

In 2021, the CWD had the third-highest GDP growth rate (5.3 per cent) in the Province. Within the District, the finance (1.3 percentage points) and trade (1.2 percentage points) sectors made the largest contributions to growth. Over the past decade, the CWD has expanded by 1.5 per cent, with the finance sector making the largest contribution (0.9 percentage points).

The OD is well known for its grain-farming activities, apple production in the Elgin Valley and whale watching in Hermanus. In 2021, the OD's GDP contribution (3.4 per cent) to the Western Cape GDP was the second smallest. In 2021, the Overberg's GDP expanded by 5.5 per cent. The trade, finance and manufacturing sectors (all at 1.2 percentage points) made the largest contributions to growth in 2021.

Over the past decade, the OD has grown at an average rate of 1.6 per cent, with the finance sector (0.7 percentage points) making the largest growth contribution.

Ecologically diverse vegetation with numerous estuaries and lakes makes the GRD a popular tourist destination. Trendy holiday towns include Knysna, Plettenberg Bay, Wilderness and George. In 2021, the Garden Route made the third-largest contribution to the Western Cape GDP. The District was the second most service-oriented district in the Western Cape, with a substantial contribution to total GDP (65.9 per cent) from the private services sector.

In 2021, the Garden Route expanded the least (4.7 per cent) out of all the rural districts. The underperformance compared with other rural districts was due to the relatively smaller contribution of the agriculture sector (5.6 per cent) to the District's economy. Over the past decade, the GRD has expanded at an average rate of 1.2 per cent, with the finance sector (0.9 percentage points) making the largest growth contribution.

The endless plains of semi-desert in the Central Karoo provide for the largest and most sparsely populated district in the Western Cape. In 2021, the CKD had the smallest economy and contributed 0.5 per cent to the Western Cape GDP. The CKD relies heavily on the general government sector. The general government sector (20.7 per cent) made the largest contribution to the District's total GDP, followed by the agriculture (16.3 per cent) and finance (14.0 per cent) sectors.

In 2021, the CKD's GDP expanded by 4.8 per cent. The bulk of the growth was contributed by the community services (1.5 percentage points) and agriculture (1.3 percentage points) sectors. Over the past decade the CKD's average growth rate was 1.2 per cent, with the general government and agriculture sectors making the largest contributions (0.5 percentage points each).

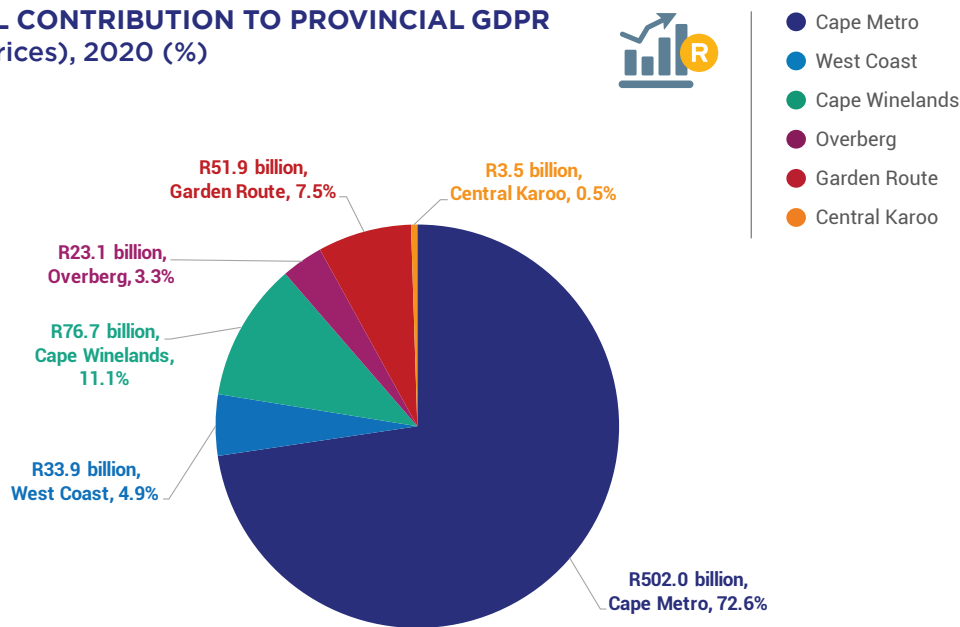


2.5 REGIONAL ECONOMIC OVERVIEW

This subsection provides an overview of the GDPR contributions to the Provincial economy. In addition, it provides GDPR growth rates from 2011 to 2020, estimates for 2021, and forecasts for 2022 and 2023. The subsection concludes with an overview of the regional sectoral contributions to the Provincial economy.

Figure 2.24 illustrates the GDPR contributions of each region to the economy of the Western Cape in 2020.

Figure 2.24
REGIONAL CONTRIBUTION TO PROVINCIAL GDPR
(current prices), 2020 (%)



Source: Quantec Research, 2022

Valued at R502.0 billion in 2020, the Cape Metro area contributed the largest share to the Provincial economy at 72.6 per cent for the year. With a contribution of 11.1 per cent in 2020, the CWD accounted for the second-largest share of Provincial GDPR. The OD and CKD were the smallest contributors to the Provincial economy in 2020, with a cumulative contribution of 3.8 per cent.

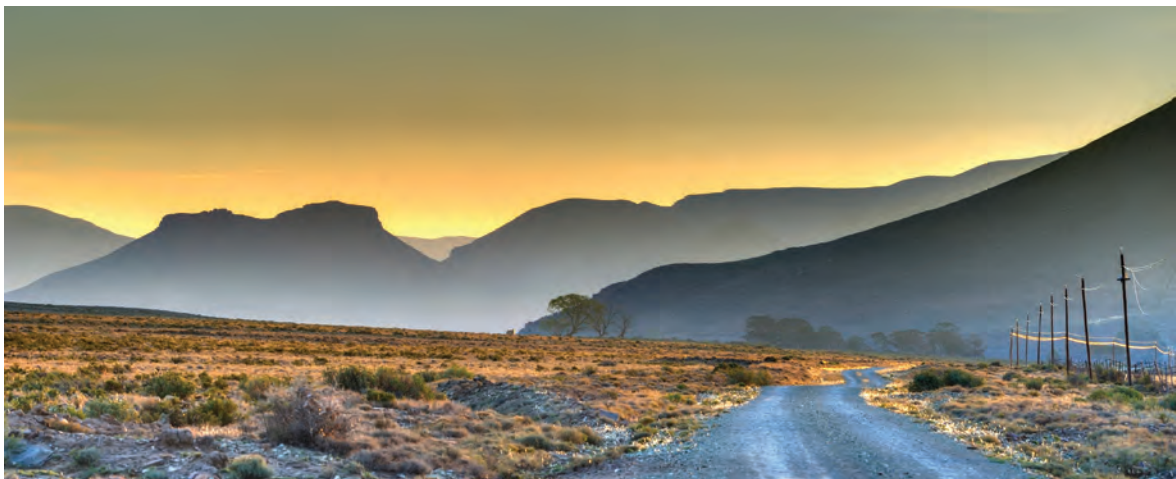
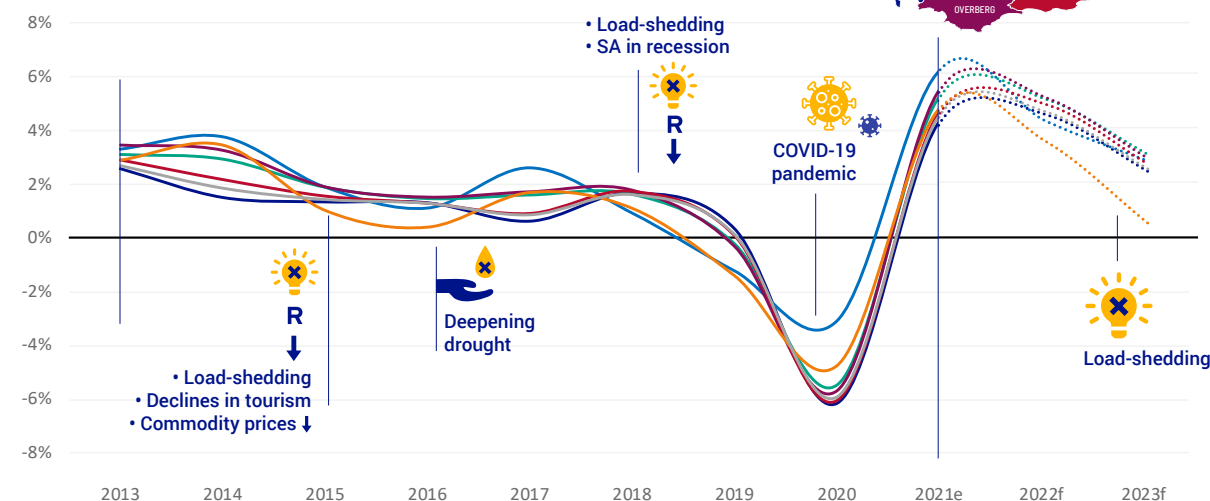


Figure 2.25 indicates the GDP growth trends between 2013 and 2020, with estimates provided for 2021, and forecasts for 2022 and 2023.

Figure 2.25
GDPR GROWTH RATE PER REGION, 2013 – 2023



	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022f	2023f
Western Cape	2.7%	1.9%	1.5%	1.3%	0.9%	1.6%	0.1%	-5.9%	4.6%	2.3%	0.3%
■ Cape Metro	2.6%	1.5%	1.3%	1.3%	0.6%	1.7%	0.3%	-6.1%	4.3%	2.2%	0.2%
■ West Coast	3.3%	3.8%	1.9%	1.1%	2.6%	0.9%	-1.2%	-3.1%	6.2%	3.4%	1.1%
■ Cape Winelands	3.1%	2.9%	1.9%	1.5%	1.6%	1.6%	-0.2%	-5.5%	5.3%	2.5%	0.8%
■ Overberg	3.5%	3.3%	1.9%	1.5%	1.7%	1.8%	-0.3%	-5.7%	5.5%	2.6%	1.0%
■ Garden Route	2.9%	2.2%	1.5%	1.3%	0.9%	1.7%	0.1%	-6.0%	4.7%	2.4%	0.4%
■ Central Karoo	2.9%	3.4%	1.0%	0.4%	1.7%	1.1%	-1.4%	-4.7%	4.8%	2.8%	0.7%

Source: Quantec Research, 2022 (e denotes estimate, f denotes forecast)

The Provincial economy experienced an overall downward trend in annual growth rates between 2013 and 2020. In 2013, the Provincial economy recorded a growth rate of 2.7 per cent, with all regional economies recording annual growth rates in excess of 2.5 per cent. However, in 2014, growth in the Province slowed significantly to 1.9 per cent. The deterioration in the Province's growth performance can be attributed to the lower growth rate recorded in the Cape Metro area (1.5 per cent) relative to that of the Western Cape economy during the same year. This lower growth rate can be attributed to contractions in the construction and manufacturing sectors during 2014.

Between 2015 and 2017, growth in the Province continued to deteriorate, reaching a low of 0.9 per cent in 2017. Over the period, the Cape Metro area recorded the largest deterioration in annual growth, followed by the GRD and CWD. These declines in growth, in addition to that of the broader Provincial economy, can be ascribed to the below-average rainfall recorded in this period, which subsequently impacted agricultural and agro-processing activities.¹⁰ Apart from the agriculture industry, most economic activity in the Cape Metro area was constrained by severe water shortages, with the Cape Metro area narrowly avoiding "Day Zero" in early 2018.¹¹

¹⁰ (Otto, et al., 2018).

¹¹ (Alexander, 2019).

Annual growth in the Province improved in 2018 and reached 1.6 per cent during the year, with recoveries recorded in the Cape Metro area, GRD and OD. However, in 2019 the Provincial economy registered near stagnant growth of 0.1 per cent, with all regions apart from the Cape Metro area and GRD recording contractions. The deterioration in growth recorded in the Provincial economy can be ascribed to the poor performance of the South African economy in 2019, with the national economy entering a technical recession in the fourth quarter of the year. Sectors such as transport and trade were the largest overall negative contributors to the performance of the South African economy, which was further exacerbated by load-shedding and subdued investor confidence.¹²

In 2020, annual growth in the Province deteriorated significantly, with the Provincial economy recording a contraction of 5.9 per cent during the year. It is worth noting that all regions in the Province recorded steep contractions, with the Cape Metro area recording the largest contraction of 6.1 per cent, followed by the GRD at 6.0 per cent. The contraction in economic activity recorded during the year was the result of the COVID-19 pandemic and subsequent lockdown measures to contain its spread. The impact of the lockdown restrictions was further amplified by restrictions on international travel and trade, which disrupted supply chains and the tourism economy in the Province.¹³

Estimates for 2021 indicate a marked recovery in GDP growth, with the Provincial economy recording growth of 4.6 per cent. During the same year, the WCD and OD are expected to have recorded the highest growth rates, at 6.2 per cent and 5.5 per cent respectively. The recovery in economic activity was, in part, a result of the easing of COVID-19 restrictions as well as the improvement in domestic travel and, to a lesser extent, international travel.¹⁴ Notwithstanding these positive effects, the recovery of the South African economy was further hampered by the July 2021 unrest in KwaZulu-Natal and Gauteng, and the third wave of COVID-19.



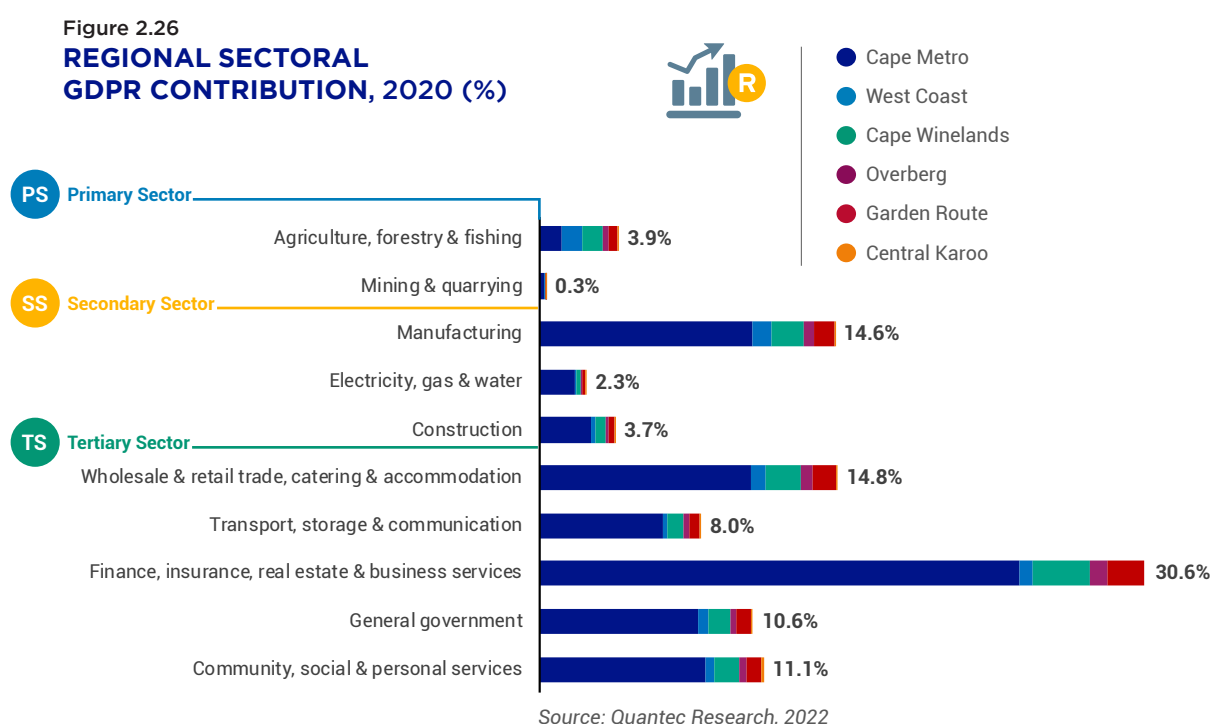
¹² (Mathe, 2020).

¹³ (Rogerson & Rogerson, 2020).

¹⁴ (Wesgro, 2021).

In the 2022 forecast period, growth in the Province is expected to decline to 2.3 per cent, before further declining to 0.3 per cent in 2023. Economic activity is expected to remain constrained owing to electricity supply constraints in addition to the onset of the Russia-Ukraine conflict. This has also resulted in higher international oil prices and, subsequently, increases in domestic fuel prices and consumer inflation. The anticipated decline in 2023 will probably be as a result of the return to pre-COVID-19 trend growth. Additionally, the conflict in Europe has caused ongoing disruptions in economic activity, which impact the South African economy.¹⁵

Figure 2.26 illustrates each region's sectoral GDPR contributions to the Western Cape economy in 2020.



In 2020, the finance sector was the leading contributor to GDPR at 30.6 per cent. This was followed by the trade and manufacturing sectors at 14.8 per cent and 14.6 per cent respectively.

The Cape Metro area accounted for 23.8 percentage points of the finance sector's contribution to the Provincial economy, followed by the CWD and GRD at 2.8 and 2.4 percentage points respectively. It should be noted that the Cape Metro is also the most dominant contributor to the finance sector within the Province. Similar proportions were recorded in the trade sector, where the Cape Metro area contributed 10.5 percentage points, followed by the CWD (1.8 percentage points) and the GRD (1.2 percentage points). Manufacturing activity was also concentrated largely in the Cape Metro area at 10.5 percentage points, followed by the CWD (1.7 percentage points) and the GRD (1.0 percentage points).

Within the primary sector, economic activity was again concentrated in the Cape Metro area, followed by the WCD and CWD.

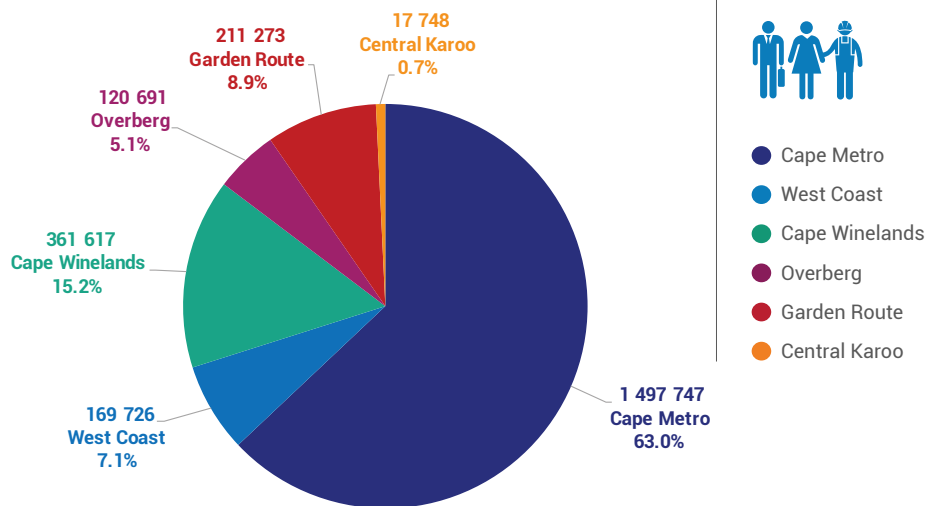
¹⁵ (International Monetary Fund, 2022).

3. LABOUR MARKET DYNAMICS

3.1 REGIONAL LABOUR TREND ANALYSIS

Contributions to Provincial employment in 2020 by each of the respective regions that comprise the Western Cape are illustrated in Figure 3.1. Broadly, the employment contribution by each region to Provincial employment in 2020 mirrors their respective contributions to GDP. It should be noted that the Cape Metro is the largest contributor of the Province’s GDP owing to the concentration of high-value industries within the metro that are less labour-intensive. Conversely, other regions in the Western Cape have a lower contribution to GDP with more intensive labour requirements.

Figure 3.1
REGIONAL CONTRIBUTION TO PROVINCIAL EMPLOYMENT, 2020 (%)



Source: Quantec Research, 2022

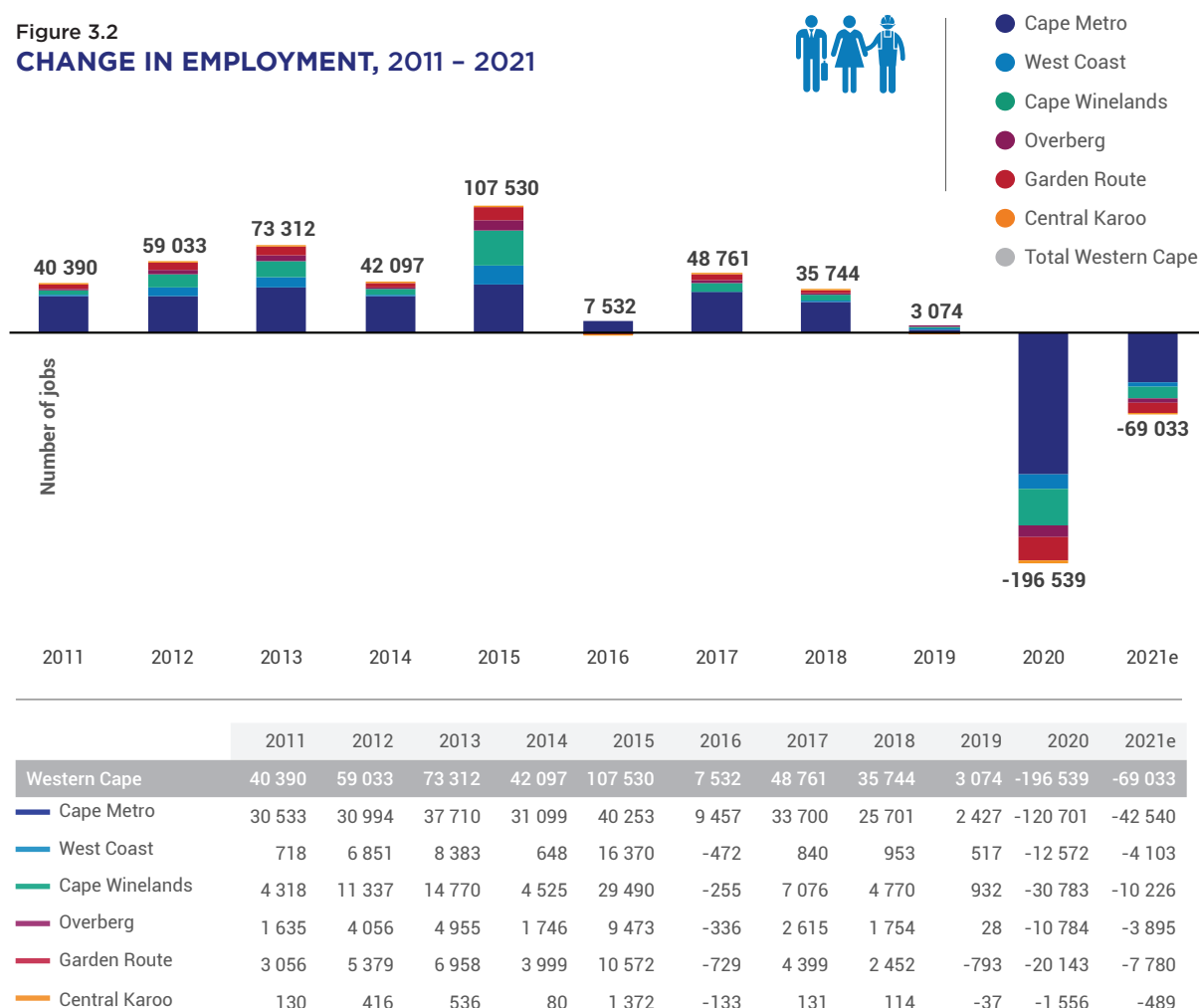
In 2020, the Cape Metro area contributed the largest share to Provincial employment at 63.0 per cent. This was followed by the CWD and GRD, contributing 15.2 per cent and 8.9 per cent respectively. The WCD and OD contributed 7.1 per cent and 5.1 per cent respectively, while the CKD contributed the least to employment in the Province at 0.7 per cent.



The employment trends in the districts and Cape Metro area between 2011 and 2021 are indicated in Figure 3.2.

Figure 3.2

CHANGE IN EMPLOYMENT, 2011 – 2021



Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2013, there were year-on-year increases in Provincial employment, which increased from 40 390 jobs in 2011 to 73 312 jobs in 2013. These recoveries can be attributed to the high GDP growth rates recorded during the same period, as well as recoveries in the labour market following the global financial crisis. Furthermore, the high number of jobs created in 2013 can be ascribed to the roll-out of public infrastructure initiatives during the year.¹⁶

Despite recording a slowdown in new employment opportunities in 2014, Provincial employment increased substantially in 2015,¹⁷ with 107 530 jobs created during the year. The Cape Metro area (40 253 jobs) contributed the largest share to this increase, followed by the CWD and WCD with 29 490 and 16 370 jobs respectively.

In 2016, all regions apart from the Cape Metro area recorded declines in employment opportunities. However, Provincial employment still increased by 7 532 jobs during the year. The slowdown in new employment opportunities was probably due to continued drought conditions throughout the Province, amplified by the Western Cape's reliance on the agriculture sector as a source of employment.

¹⁶ (Department of Employment and Labour, 2021).

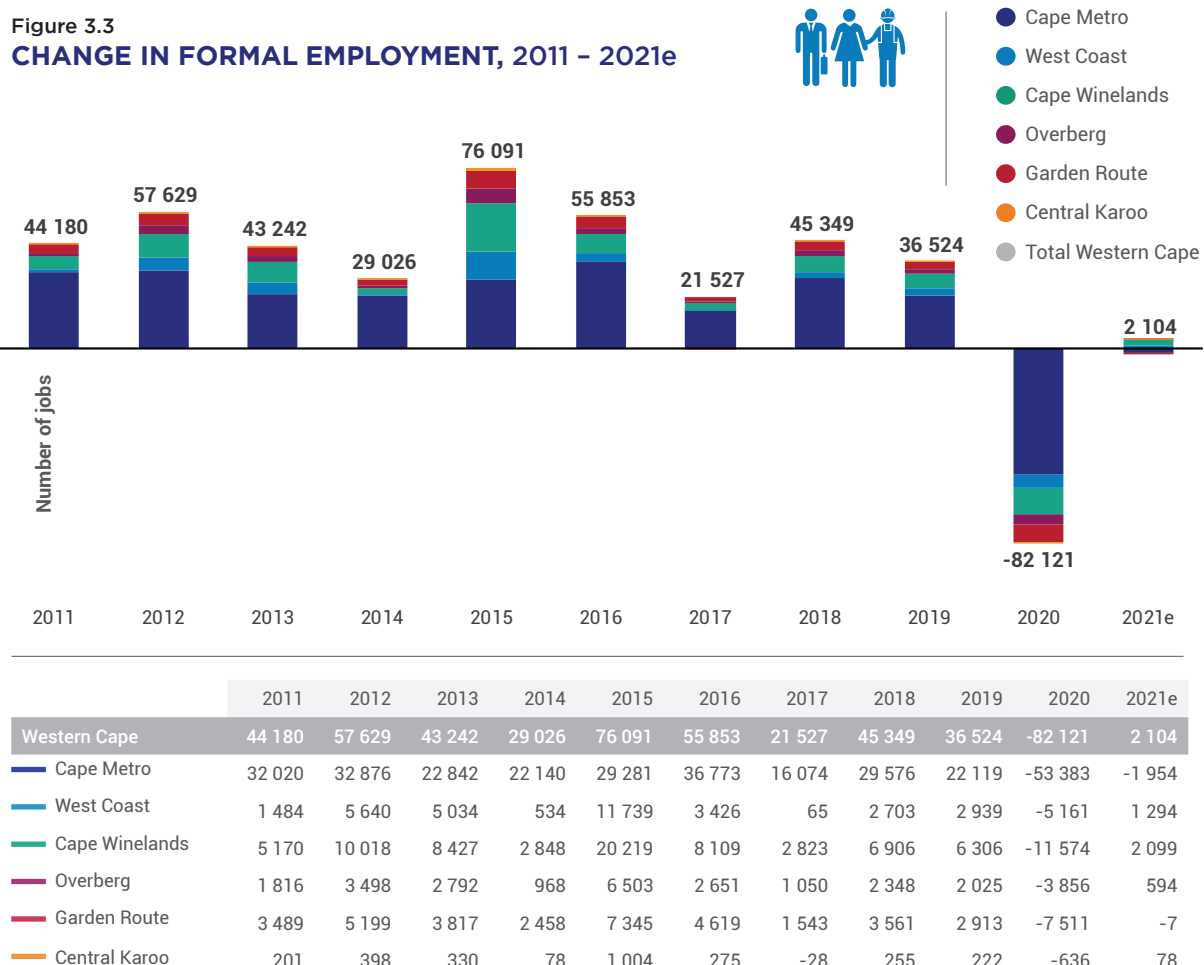
¹⁷ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

The Province experienced a recovery in employment creation during 2017, with 48 761 jobs created during the year. However, in the two-year period thereafter, the number of new employment opportunities created in the Province declined significantly to reach a low of 3 074 jobs in 2019. This trend mirrors the GDPR performance of the Western Cape economy and that of the broader national economy over the same period.

With 196 539 jobs lost in 2020, the Provincial economy saw considerable employment losses. The Cape Metro region lost the most jobs (120 701), followed by the CWD and GRD, which lost 30 783 and 20 143 jobs respectively. As with GDPR, the advent of COVID-19 in South Africa exacerbated labour market circumstances dramatically. However, job losses documented during the year were most likely mitigated in part by the Province's reliance on agriculture, which was less constrained by lockdown restrictions than other economic sectors.

Estimates for 2021 indicate a continuance of job-shedding in the Province. During the year, it is anticipated that 69 033 jobs were lost throughout the Province, with the Cape Metro area accounting for nearly two-thirds of all jobs lost. This occurrence is probably due to the lagged recovery in employment following the sharp contractions in GDPR recorded in 2020.

Figure 3.3 illustrates the formal employment¹⁸ trend for each district and the Cape Metro area between 2011 and 2021.



Source: Quantec Research, 2022 (e denotes estimate)

¹⁸ Formal employment is created through contractual arrangements between an incorporated company and an individual employee. (Source: Sustainable Energy Jobs Platform: <http://sejplatform.org/Key-concepts/Employment-Formal-and-informal>.)

Changes in Provincial formal employment broadly follow the trends observed in total Provincial employment between 2011 and 2021.

Between 2011 and 2012, the number of new formal employment opportunities in the Province increased from 44 180 jobs to 57 629 jobs. During each year, the Cape Metro area accounted for the largest contributions to new formal employment opportunities created, followed by the CWD and GRD. However, the number of new formal employment opportunities in the Province slowed in 2013 and 2014.

The number of new formal employment opportunities generated in the Province peaked in 2015,¹⁹ with 76 091 formal jobs created that year, and then mostly declined until 2020. The COVID-19 pandemic and limitations on formal economic activity were the reasons for the high formal job-shedding reported in 2020, with 82 121 formal jobs lost over the year. However, the number of formal employment losses documented throughout the year did not outnumber the number of informal job losses.

In 2021, a total of 2 104 formal jobs are expected to have been created in the Province. The CWD and WCD are expected to have accounted for the largest contributions to this total at 2 099 and 1 294 formal jobs respectively. However, the Cape Metro area is anticipated to have recorded job-shedding in 2021, with 1 954 formal jobs lost during the year. As there is a strong correlation between recoveries in formal economic activity and formal employment,²⁰ the slowed recovery of the Cape Metro area in 2021 relative to the majority of the remaining districts restrained the recovery of formal employment in the Province. In addition, an increase in formal economic activity may not have translated into a need for new formal jobs, as it is likely that businesses were able to increase production by increasing the number of hours worked by suspended or dismissed employees who had returned to work.²¹



¹⁹ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design.

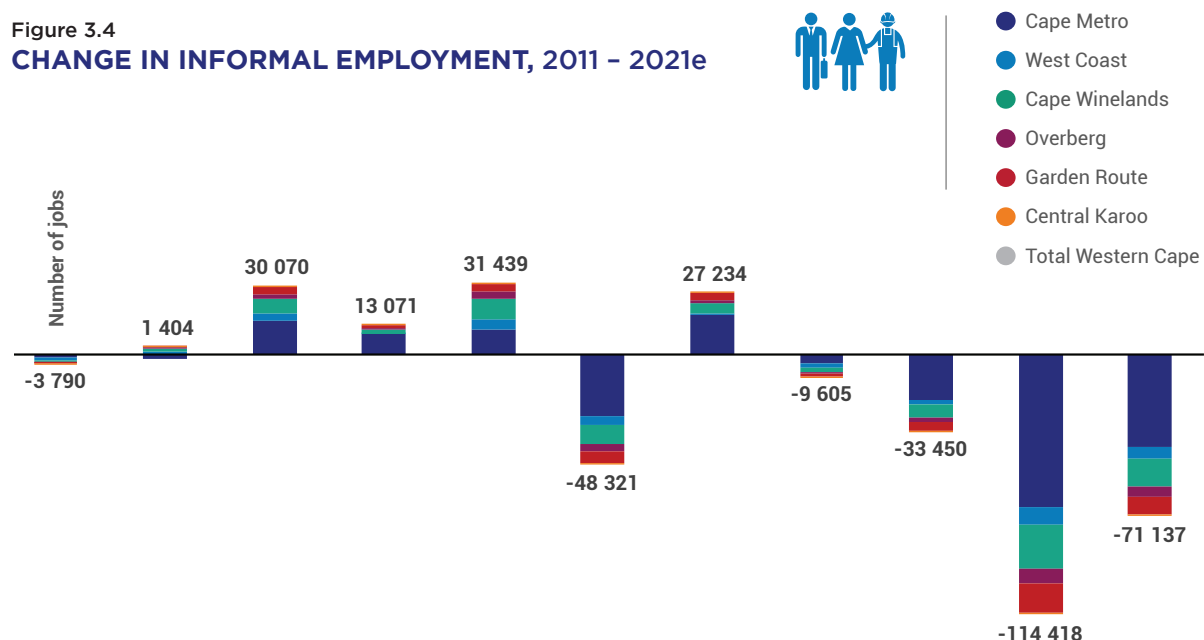
²⁰ (World Bank, 2019).

²¹ (International Labour Organisation, 2021).

Changes in informal jobs created between 2011 and 2021 are provided in Figure 3.4. Broadly, changes in informal employment followed overall changes in employment observed across the districts over the same period.

Figure 3.4

CHANGE IN INFORMAL EMPLOYMENT, 2011 – 2021e



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Western Cape	-3 790	1 404	30 070	13 071	31 439	-48 321	27 234	-9 605	-33 450	-114 418	-71 137
Cape Metro	-1 487	-1 882	14 868	8 959	10 972	-27 316	17 626	-3 875	-19 692	-67 318	-40 586
West Coast	-766	1 211	3 349	114	4 631	-3 898	775	-1 750	-2 422	-7 411	-5 397
Cape Winelands	-852	1 319	6 343	1 677	9 271	-8 364	4 253	-2 136	-5 374	-19 209	-12 325
Overberg	-181	558	2 163	778	2 970	-2 987	1 565	-594	-1 997	-6 928	-4 489
Garden Route	-433	180	3 141	1 541	3 227	-5 348	2 856	-1 109	-3 706	-12 632	-7 773
Central Karoo	-71	18	206	2	368	-408	159	-141	-259	-920	-567

Source: Quantec Research, 2022 (e denotes estimate)

In 2011, decreases in informal employment were recorded, with the Province shedding 3 790 informal jobs. The decreases in informal employment during the year suggest that informal employment required a longer period of recovery when compared with formal employment following the global financial crisis. This is evident in the growth in informal jobs recorded in 2012.

Strong increases in informal employment opportunities were recorded between 2013 and 2015, peaking at 31 439 informal jobs created in 2015.²² The Cape Metro area (10 972 informal jobs) accounted for the largest share in new informal employment opportunities created in the Province during the year. In 2016, declines in informal employment were recorded, with a total of 48 321 informal jobs lost throughout the Province.

Despite recovering in 2017, informal employment opportunities registered contractions in both 2018 and 2019, with a total of 43 055 informal jobs lost. Further contractions were recorded in 2020 amid the COVID-19 pandemic, with recorded losses of 114 418 informal jobs in the Province. Informal job-shedding throughout 2020 far exceeded that of formal job-shedding, as

²² It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

informal workers are more likely to be vulnerable to economic shocks owing to their ineligibility for government support measures in some instances.²³ Overall, informal employment during the period under review was more volatile and vulnerable to economic shocks than the formal sector.

Estimates for 2021 suggest that informal jobs continued decreasing, with 71 137 informal jobs lost during the year. This represents a smaller decline when compared with the previous year owing to the easing of COVID-19 regulations. Furthermore, recoveries in informal employment are again expected to have lagged behind recoveries in formal employment, as was evident in the period following the global financial crisis.



The informal sector's economic and social contributions to employment,²⁴ livelihoods²⁵ and food security²⁶ are recognised in academic research but are not always fully acknowledged in local government policies and bylaws.

Informal job losses over the past two years have highlighted the sector's precarity, and as a response the following key themes should be considered by local government:

- **Regulation and enforcement:** Policies should better understand the nature of the informal sector and enable informal trade. Bylaws should be in line with the Constitution and encourage compliance from traders and officials.
- **Provision of services and infrastructure:** The provision and maintenance of basic services and necessary infrastructure are essential to support informal trade. Further training should be made available to traders as well as local municipal officials to improve skill levels.
- **Products and services:** Bylaws must accommodate different types of trade given the diversity of informal trade.
- **Tariff structure and participation:** Tariffs should be flexible and transparently administered, while informal traders need to be considered in the decision-making processes of local municipalities.²⁷

²³ (Stats SA, 2021).

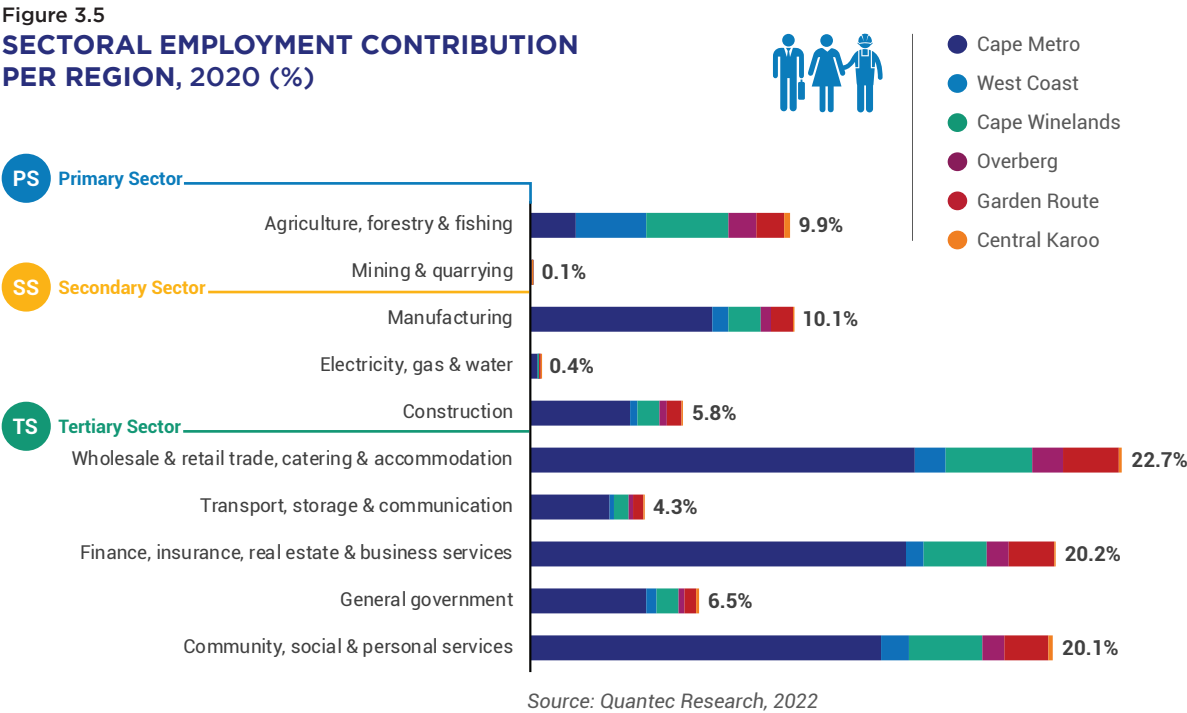
²⁴ (Rogan & Skinner, 2022).

²⁵ (Blaauw, 2017).

²⁶ (Battersby, Marshak, & Mngqibisa, 2016).

²⁷ (Socio-Economic Rights Institute of South Africa, 2022).

Figure 3.5 illustrates the sectoral employment contribution to the Provincial economy per region in 2020.



In 2020, the trade sector was the leading contributor to employment in the Western Cape, contributing 22.7 per cent. Other prominent contributions to employment were by the finance sector as well as the community services sector, which contributed 20.2 per cent and 20.1 per cent respectively.

The Cape Metro area accounted for 14.8 per cent of the trade sector’s total employment contribution. This was followed by the CWD and GRD, with contributions of 3.3 per cent and 2.1 per cent respectively. Employment in the finance sector was also concentrated in the Cape Metro area, accounting for 14.4 per cent. Similar trends were seen in the community services sector, with the Cape Metro area (13.5 per cent) contributing the largest share, followed by the CWD (2.8 per cent) and GRD (1.7 per cent).

The CWD was the largest contributor to employment in the agriculture sector at 3.2 per cent. The WCD was the second-largest contributor in the agriculture sector at 2.7 per cent, followed by the Cape Metro area at 1.8 per cent. Furthermore, the Cape Metro area had the largest contribution to employment in the manufacturing sector, contributing 7.0 per cent of the sector’s total employment.



4. CONCLUDING REMARKS

The global economy is estimated to have grown by 6.1 per cent in 2021. It should be noted that the strong growth recorded by the global economy in 2021 resulted from the constrained base of 2020. However, in 2022, global economic growth is expected to slow to 3.2 per cent before easing further to 2.9 per cent in 2023. The slowdown in global economic growth can possibly be ascribed to a significant decline in growth recorded in the Chinese economy, while the Russia-Ukraine conflict has contributed to rising global inflation and disruptions in economic activity in European economies.

Although the South African economy registered recoveries in the first quarter of 2022, the country's economy contracted by 0.7 per cent in the second quarter of the same year. This contraction is the result of disruptions in global energy and commodity markets stemming from the conflict in Europe and COVID-19 restrictions in China. In addition, South Africa's recovery from the COVID-19 pandemic has also been significantly restrained by power outages, rising inflation and interest rates, while the country's unemployment levels continue to remain high. Given these risks, the South African economy is anticipated to register a growth rate of 1.7 per cent in 2022, before easing to 0.3 per cent in 2023.

While recording a share contraction at 5.9 per cent in 2020, the Western Cape economy is estimated to have grown by 4.6 per cent in 2021. As with the global and national economies, this recovery stems from the sharp contractions recorded in 2020 and may not be sustainable as economic activity normalises. In the 2022 forecast periods, annual growth in the Province is expected to remain stagnant at 4.6 per cent. Economic activity is anticipated to remain constrained due to disruptions in electricity supply and global supply chain disruptions brought about by the Russia-Ukraine conflict. Subsequently, growth in the Western Cape is expected to slow to 2.5 per cent in 2023.

In conclusion, forecasts for 2023 are subdued owing to a range of international and local factors. The global economic slowdown experienced in 2022 is likely to continue into the coming year, partly because of the US's interest rate hiking cycle and the Russia-Ukraine conflict. Nationally, inflation and load-shedding will place unprecedented pressure on both consumers and producers. In response to these tough conditions, innovative projects such as the MER are good examples of innovations that may assist in protecting and creating jobs in the Western Cape.



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CENTRAL KAROO DISTRICT

38 854KM²



CENTRAL KAROO DISTRICT

LAINGSBURG, PRINCE ALBERT,
BEAUFORT WEST

INFOGRAPHIC SUMMARY

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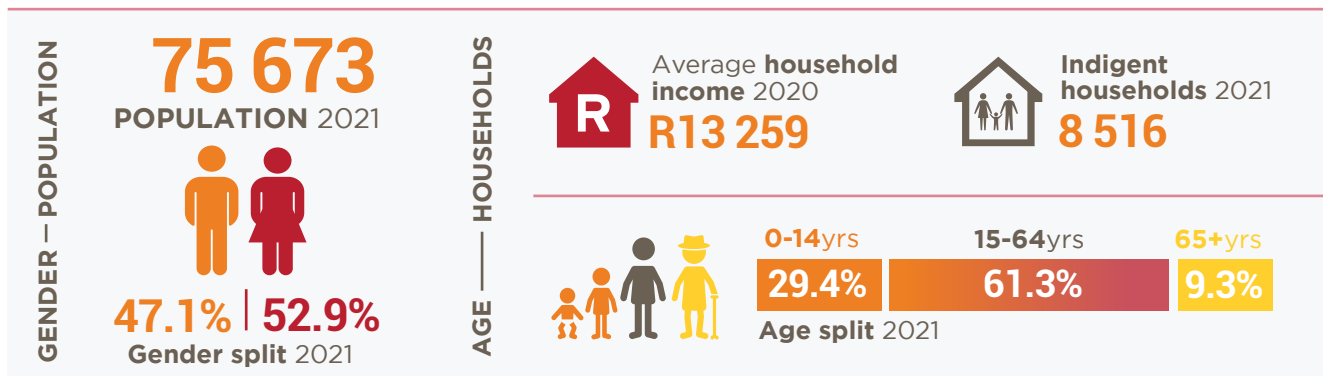


CKD CENTRAL KAROO DISTRICT

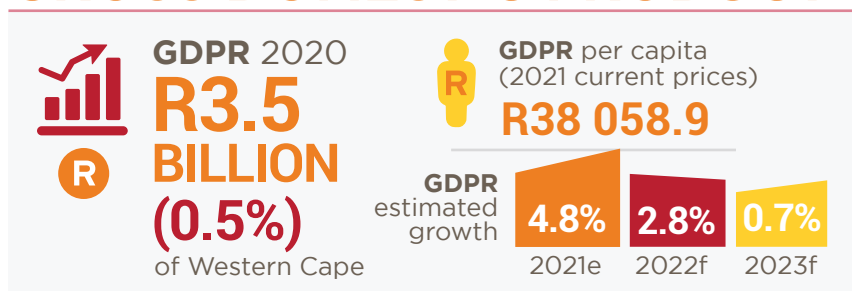
SEAT | AREA | DENSITY
Beaufort West | 38 854km² | 1.8/km²

MUNICIPALITIES | LAINGSBURG, PRINCE ALBERT, BEAUFORT WEST

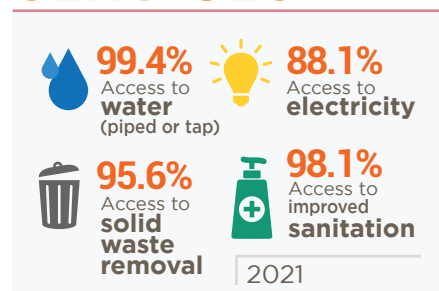
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



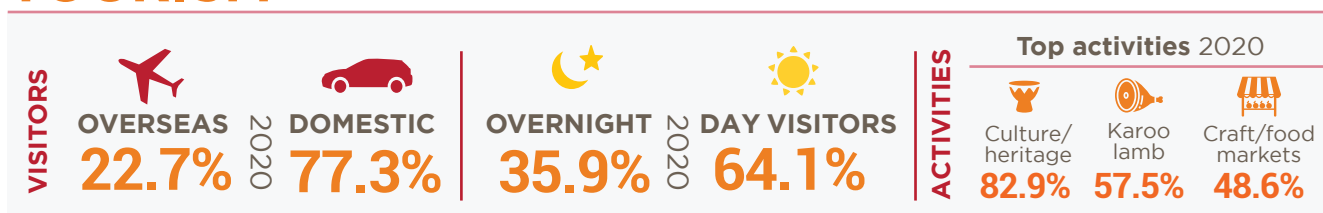
EMPLOYMENT



TRADE



TOURISM





	<div> </div> <div>GDPR</div> <div> <div>2020</div> <div>2021</div> </div>		<div> </div> <div>EMPLOYMENT</div> <div> <div>2020</div> <div>2021</div> </div>	
	GDPR CONTRIBUTION	GDPR GROWTH	EMPLOYMENT CONTRIBUTION	EMPLOYMENT GROWTH
PRIMARY SECTOR	R 14.7%	7.9%	R 24.1%	-1.4%
AGRICULTURE, FORESTRY & FISHING	14.6%	8.0%	24.1%	-1.4%
MINING & QUARRYING	0.1%	-14.0%	0.0%	0.0%
SECONDARY SECTOR	10.6%	1.2%	6.6%	-7.5%
MANUFACTURING	2.5%	7.7%	1.5%	-5.5%
ELECTRICITY, GAS & WATER	4.8%	3.9%	0.6%	-2.9%
CONSTRUCTION	3.4%	-6.1%	4.5%	-8.8%
TERTIARY SECTOR	74.7%	4.6%	69.3%	-2.8%
WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION	12.0%	6.7%	21.2%	-8.1%
TRANSPORT, STORAGE & COMMUNICATION	9.9%	3.3%	4.1%	-11.2%
FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES	13.4%	3.8%	8.9%	-3.6%
GENERAL GOVERNMENT	21.2%	1.6%	10.7%	1.4%
COMMUNITY, SOCIAL & PERSONAL SERVICES	18.2%	8.6%	24.3%	1.8%



1

ECONOMIC GROWTH

1.1 INTRODUCTION

The CKD is situated in the north-eastern part of the Western Cape and is the largest geographical region in the Province, covering 38 854km² or 27.7 per cent of the total size of the Western Cape. The CKD comprises three local municipal areas, namely Beaufort West, Laingsburg and Prince Albert, with Beaufort West considered the largest commercial town in the District.

The CKD is characterised as an arid region with a scattered population distribution. The prevailing drought conditions in recent years have greatly affected economic activity in the region, especially given its reliance on the agriculture sector. The N1 is the main transport route that traverses the CKD and connects the Western Cape with the south-eastern parts of the Northern Cape, the Free State, Gauteng and Limpopo.

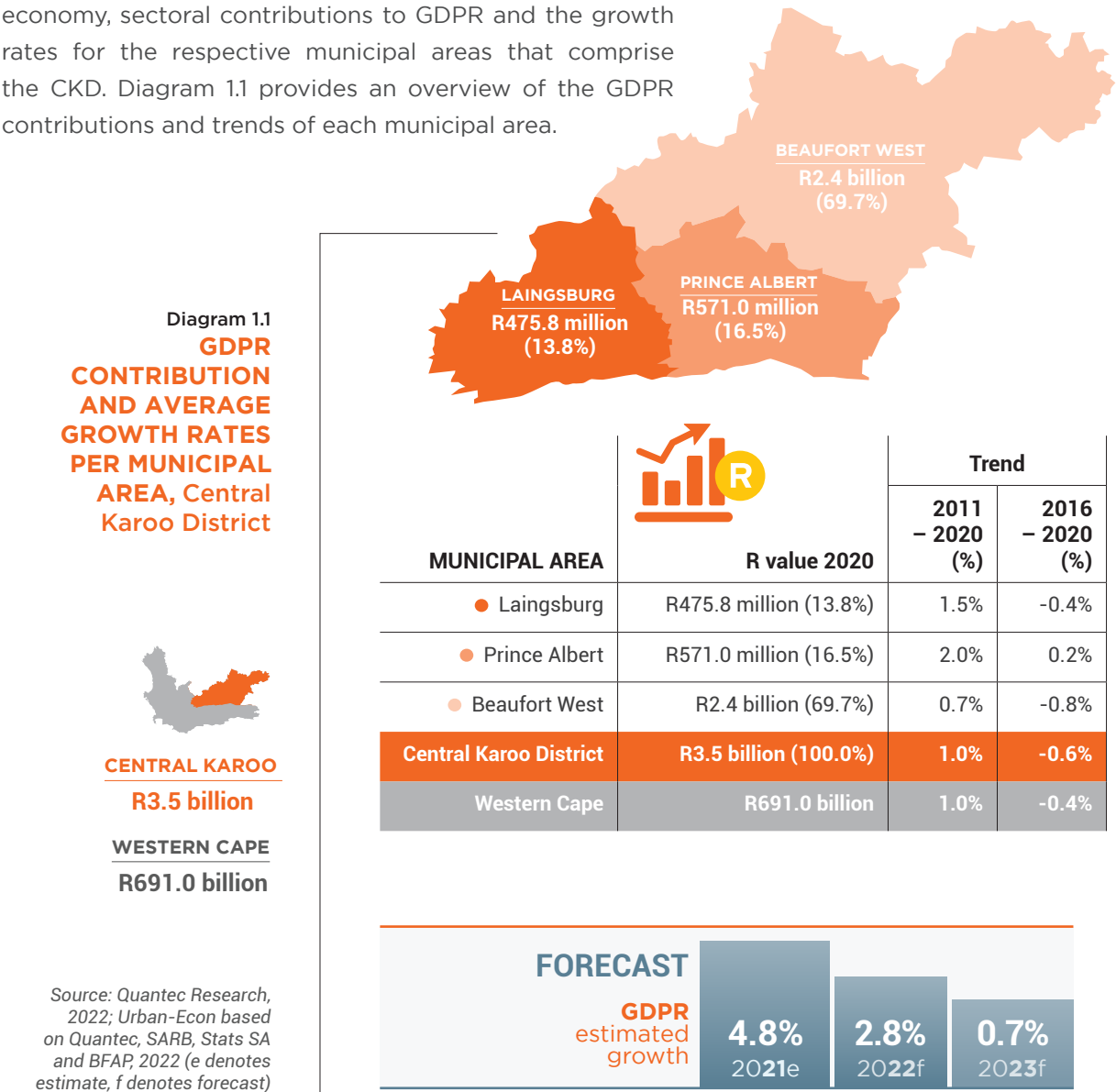
This chapter provides a detailed discussion of three prominent measures of macroeconomic performance, namely GDP, international trade, tourism and investment.¹ The period under review for MERO 2022 is between 2016 and 2021, with 2021² figures being estimated. Economic forecasting is also done for 2022 and 2023.

¹ (World Bank, 2022).

² Stats SA will only release official regional indicators for 2021 in 2023.

1.2 REGIONAL GDPR PERFORMANCE

This section provides an overview of the key economic dynamics of the CKD economy such as the size of the economy, sectoral contributions to GDPR and the growth rates for the respective municipal areas that comprise the CKD. Diagram 1.1 provides an overview of the GDPR contributions and trends of each municipal area.



In 2020, the CKD economy was valued at R3.5 billion and contributed 0.5 per cent to the Western Cape economy. Between 2016 and 2020, the District’s economy experienced an average annual contraction of 0.6 per cent. This contraction was slightly larger than that experienced in the Province (0.4 per cent) over the same five-year period. This can possibly be attributed to the increased reliance of the CKD on the agriculture sector relative to the Provincial economy. As such, the effects of drought conditions were likely to have been more pronounced in the CKD.

Valued at R2.4 billion in 2020, the Beaufort West municipal area contributed the most to GDP at 69.7 per cent during the year. The Prince Albert and Laingsburg municipal areas contributed 16.5 per cent and 13.8 per cent respectively to GDP during the same year.

Between 2016 and 2020, the Beaufort West municipal area experienced an average annual contraction of 0.8 per cent. This contraction was larger than that experienced by the District over the same period. As such, given its contribution to the District's economy in addition to its poor performance relative to the District, the Beaufort West municipal area can be considered to be the key driver of the overall poor performance of the CKD economy over the period.

The Prince Albert municipal area did not contract during the reporting period, but recorded modest growth of 0.2 per cent between 2016 and 2020. However, given its contribution to the District's economy, the positive average annual growth rate recorded by the Prince Albert municipal area over the period only partially offset the contractions recorded in the other municipal areas. Over the same five-year period, the Laingsburg municipal area recorded an average annual contraction of 0.4 per cent.

The CKD is forecast to achieve a growth rate of 2.8 per cent in 2022. This is higher than that of the Province, with an expected growth rate of 2.3 per cent during the same year. The Beaufort West municipal area is the only municipal area that does not have a forecasted growth rate lower than that of the District, with an anticipated growth rate of 2.8 per cent. Therefore, the economy of the CKD is driven by the economy of the Beaufort West municipal area.

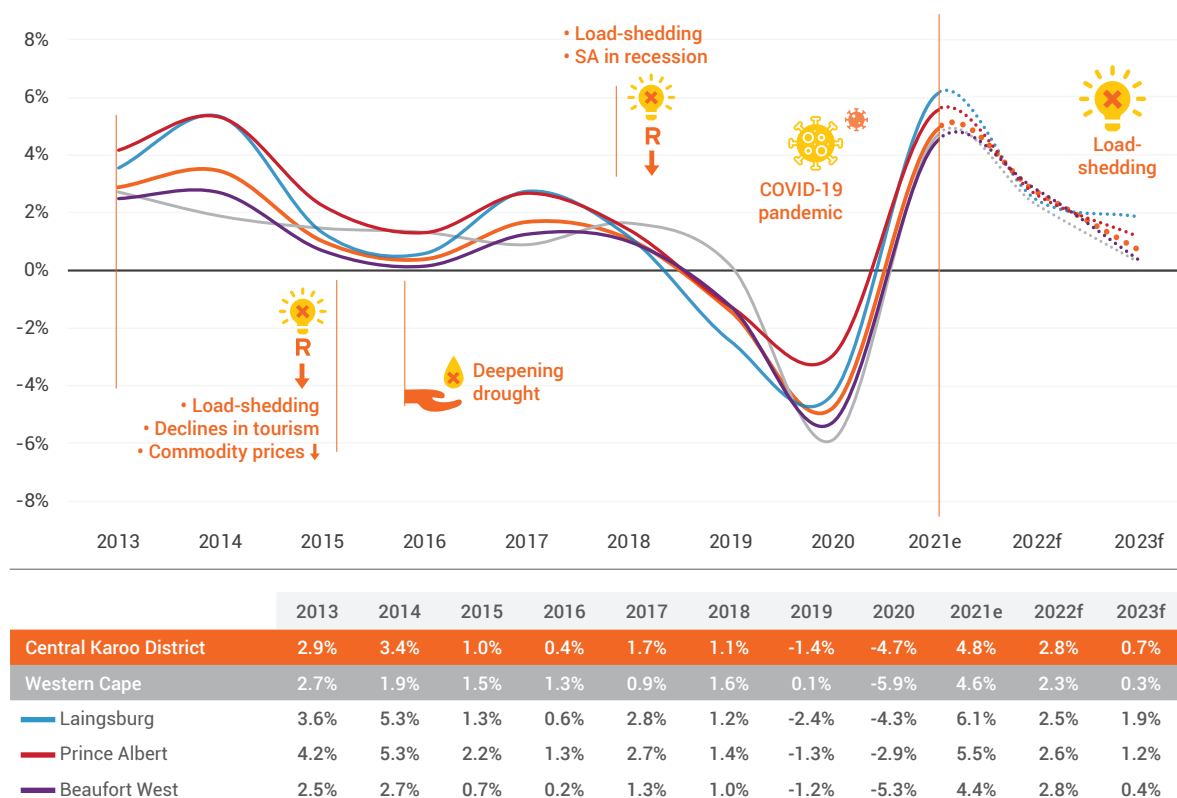
Forecasts in 2023 suggest that growth in the CKD is anticipated to slow relative to 2022. In 2023, the District economy is anticipated to record a growth rate of 0.7 per cent, higher than the 0.3 per cent forecast for the Provincial economy in the same year. Both the Laingsburg and Prince Albert municipal areas are forecast to have growth rates higher than that of the District at 1.9 per cent and 1.2 per cent respectively in 2023.



Figure 1.1 illustrates the historical performance of the respective municipal areas, the District and the Province.

Figure 1.1

GDPR GROWTH PER MUNICIPAL AREA, Central Karoo District, 2013 – 2023



Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)

Following two consecutive years of strong growth in 2013 and 2014, GDPR growth in the District slowed significantly to 1.0 per cent in 2015. This rate was below that of the Provincial economy, which grew by 1.5 per cent during the same year. The deterioration in GDPR growth recorded in 2015 can be attributed to recurrent periods of load-shedding in addition to declines recorded in international commodity prices³ and tourism activity.⁴

In 2016, growth in the CKD deteriorated further to 0.4 per cent, which was lower than the 1.3 per cent growth rate recorded in the Provincial economy in the same year. Although all municipal areas within the District experienced a slowdown in economic growth between 2015 and 2016, the poor performance of the Beaufort West municipal area was considered to be the main contributor to the poor performance of the District over the period. The declines in economic growth experienced throughout the District can be ascribed to persistent drought conditions in the region, which resulted in significant impacts on both crop and livestock products.

Overall growth in the District recovered somewhat in 2017, with GDPR growth increasing to 1.7 per cent during the year. Conversely, growth in the Province deteriorated to 0.9 per cent in the same year.

³ (World Bank, 2015).

⁴ (Stats SA, 2015).

The improvement in GDPR growth recorded in 2017 was largely the result of an improvement in the performance of the agriculture sector owing to an increase in the production of horticultural products and field crops.⁵ This recovery was enhanced by a recovery in global trade activity.⁶

GDPR growth slowed to 1.1 per cent in 2018. In 2019, annual growth in the CKD economy continued to deteriorate, contracting by 1.4 per cent, with all municipal areas in the District recording annual contractions ranging from 1.2 per cent to 2.4 per cent. Similarly, annual growth in the Provincial economy deteriorated from 1.6 per cent in 2018 to 0.1 per cent in 2019. This can be ascribed to the poor performance of the national economy over the period in addition to drought conditions, which adversely impacted livestock farming.⁷

GDPR growth in the District deteriorated significantly in 2020, with the CKD economy recording a contraction of 4.7 per cent during the year. The contraction recorded in the District was less than that of the Provincial economy (5.9 per cent). The contractions experienced in both the District and Province can be attributed to the COVID-19 pandemic and the implementation of lockdown measures to limit its spread. However, the improved performance of the CKD economy relative to the Province can be ascribed to the District's reliance on the agriculture sector, which was not as restrained by lockdown measures as other sectors.

Estimates for 2021 indicate a recovery in GDPR growth. Growth in the District is expected to have recovered to 4.8 per cent during the year, slightly higher than the 4.6 per cent expected in the Province. The recovery within the District during the year is expected to have been largely driven by recoveries in the agriculture and community services sectors. Overall, the estimated recovery in annual growth in both the District and Province can be ascribed to the easing of COVID-19 lockdown restrictions, in addition to the recovery of global supply chains and economic activity.

When evaluating the respective municipal areas that comprise the CKD, the Laingsburg municipal area is anticipated to have recorded the highest annual growth rate in 2021 at 6.1 per cent. This is followed by the Prince Albert and Beaufort West municipal areas at 5.5 per cent and 4.4 per cent respectively. However, given its contribution to GDPR, the estimated recovery in the District is expected to have been largely driven by the Beaufort West municipal area.

In the 2022 forecast period, GDPR growth in the CKD is expected to remain positive. However, annual GDPR growth is expected to decline to 2.8 per cent during the year, while growth in the Province is expected to remain near stagnant. Similarly, GDPR growth in all municipal areas is expected to slow down. The decline in annual growth can be ascribed to the normalisation of economic activity following the steep recoveries recorded in 2021. Furthermore, occurrences such as the Russia-Ukraine conflict, rising fuel prices and recurrent load-shedding are anticipated to further add downward pressure to growth forecasts for 2022.

In 2023, growth in both the District and Province is expected to slow further to reach 0.7 per cent and 0.3 per cent respectively. During the year, growth rates in the three municipal areas that comprise the CKD are expected to range between 0.4 per cent and 1.9 per cent. Although the Prince Albert and Laingsburg municipal areas are expected to experience annual growth rates above that of the District in 2023, their positive impact on the District's GDPR is outweighed by the performance of the Beaufort West municipal area, where the expected growth rate is below that of the District during the year.

⁵ (Stats SA, 2017).

⁶ (World Trade Organization, 2017).


⁷ (Nielle, 2018).

1.2.2 Sectoral GDPR performance

The sectoral GDPR performance of the CKD in 2021 is displayed in Table 1.1, as well as GDPR trends between 2016 and 2020, growth estimates for 2021 and growth forecasts for both 2022 and 2023.

Table 1.1

GDPR PERFORMANCE PER SECTOR, Central Karoo District (%)

SECTOR		R million value 2020	Trend		Real GDPR growth		
			2011 – 2020	2016 – 2020	2021e	2022f	2023f
Primary Sector		R507.7 (14.7%)	2.9%	1.4%	7.9%	10.5%	-0.1%
PS Agriculture, forestry & fishing		R505.7 (14.6%)	2.9%	1.4%	8.0%	10.5%	-0.1%
Mining & quarrying		R2.0 (0.1%)	2.9%	2.1%	-14.0%	17.2%	-6.5%
Secondary Sector		R368.4 (10.6%)	-1.3%	-4.0%	1.2%	2.6%	-0.4%
SS Manufacturing		R87.1 (2.5%)	-0.1%	-1.1%	7.7%	1.4%	0.4%
Electricity, gas & water		R165.4 (4.8%)	-0.6%	-1.8%	3.9%	0.3%	1.2%
Construction		R115.9 (3.4%)	-2.7%	-7.6%	-6.1%	6.5%	-2.8%
Tertiary Sector		R2 584.2 (74.7%)	1.0%	-0.4%	4.6%	1.1%	1.1%
TS Wholesale & retail trade, catering & accommodation		R415.5 (12.0%)	-1.8%	-4.7%	6.7%	8.7%	1.6%
Transport, storage & communication		R343.7 (9.9%)	-1.6%	-4.4%	3.3%	8.3%	0.3%
Finance, insurance, real estate & business services		R464.3 (13.4%)	2.6%	2.5%	3.8%	-0.5%	-0.6%
General government		R732.2 (21.2%)	3.0%	2.0%	1.6%	-3.5%	2.3%
Community, social & personal services		R628.5 (18.2%)	1.8%	0.9%	8.6%	-1.1%	1.2%
Total Central Karoo District		R3 460.3 (100.0%)	1.0%	-0.6%	4.8%	2.8%	0.7%

Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)

In 2020, the tertiary sector was the largest contributor to the CKD's GDPR, with a contribution of 74.7 per cent. Within the tertiary sector, the general government sector was the largest contributor to the CKD's economy during the year at 21.2 per cent. Between 2016 and 2020, the general government sector recorded an average annual growth rate of 2.0 per cent. This rate was above that of the 0.4 per cent average annual contraction recorded by the tertiary sector, which further highlights the importance of the general government sector to overall growth in the District. Other key contributors in the tertiary sector included the community services and finance sectors, with contributions of 18.2 per cent and 13.4 per cent respectively to GDPR in 2020.

Estimates for 2021 indicate that the tertiary sector grew by 4.6 per cent during the year. Although all subsectors are expected to have recorded significant recoveries in 2021, the community services and trade sectors are anticipated to have recorded the highest annual growth rates, with 8.6 per cent and 6.7 per cent respectively. These recoveries can be ascribed to the easing of COVID-19 restrictions, which greatly restrained economic activity in the tertiary sector.

In 2020, the primary sector contributed 14.7 per cent to the CKD economy and realised an average annual growth rate of 1.4 per cent between 2016 and 2020. The agriculture sector contributed the largest individual share to GDPR within the primary sector at 14.6 per cent in 2020. Despite recording the highest average annual growth rate over the five-year period at 2.1 per cent, the mining sector is not expected to have contributed substantially to the performance of the primary sector given its minimal contribution to GDPR.

The primary sector is estimated to have grown by 7.9 per cent in 2021. This was largely driven by the performance of the agriculture sector, which is estimated to have grown by 8.0 per cent during the same year. This would have been supported by drought risk reduction interventions in the CKD undertaken by the Western Cape Department of Agriculture and Department of Local Government.⁸ Despite a significant contraction of 14.0 per cent in 2021, the mining sector is not expected to have contributed significantly to the performance of the primary sector given its small base.

Valued at R368.4 million, the secondary sector contributed the third-largest share to GDPR in 2020 at 10.6 per cent. However, the sector realised an average annual contraction of 4.0 per cent between 2016 and 2020. Although all subsectors that comprise the secondary sector recorded an average annual contraction over the five-year period, the construction sector recorded the steepest average annual contraction at 7.6 per cent. This was followed by the manufacturing sector and the electricity, gas and water sector, with contractions measuring 1.1 per cent and 1.8 per cent respectively.

The secondary sector is expected to have realised a growth rate of 1.2 per cent in 2021. The estimated recovery of the secondary sector would have been driven by strong growth in the



⁸ (Western Cape Department of Agriculture, 2022a).

manufacturing sector at 7.7 per cent, followed by the electricity, gas and water sector at 3.9 per cent. These recoveries can largely be attributed to the easing of COVID-19 lockdown restrictions and the resumption of economic activity. However, the construction sector is estimated to have recorded an annual contraction of 6.1 per cent, which can be ascribed to subdued investor confidence in the South African economy.

During the 2022 forecast period, strong growth rates are still expected in the CKD despite a decline relative to 2021. The tertiary sector is forecast to grow by 1.1 per cent during the year, with strong growth rates expected in the trade and transport sectors. However, within the tertiary sector, the general government sector is expected to contract by 3.5 per cent in 2022. Similar trends are evident in both the secondary and primary sectors, with expected growth rates of 2.6 per cent and 10.5 per cent respectively in 2022. The strong growth forecast for 2022 in the agriculture sector is in part due to higher dam levels in 2022 compared with 2021 levels.⁹ Benefits for the agriculture sector from the improved rains were, however, restrained by outbreaks of brown locusts around Murraysburg, Beaufort West, Prince Albert, Merweville and Laingsburg in 2021 and 2022.¹⁰

Overall, GDPR growth in 2023 is expected to deteriorate. Growth in the tertiary sector is anticipated to remain stagnant at 1.1 per cent during the year, with the primary sector recording a contraction of 0.1 per cent in 2023. The secondary sector is forecast to contract by 0.4 per cent during the same year, which is expected to be driven by the contraction of the construction sector. The contraction forecast for the construction sector is likely to be because of delayed projects in the District as a result of the COVID-19 pandemic, such as the rescheduling of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) fifth bid window financial close.¹¹



⁹ (Western Cape Department of Agriculture, 2022b).

¹⁰ (Department of Agriculture, Land Reform and Rural Development, 2022).

¹¹ (Department of Mineral Resources and Energy, 2021).



1.3 GDP PERFORMANCE PER MUNICIPAL AREA

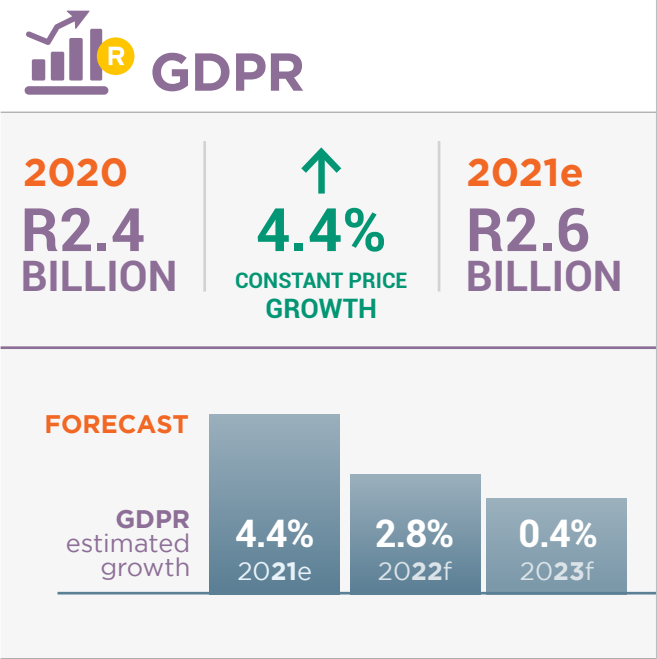
This subsection provides a more in-depth macroeconomic outlook by considering the trends in GDP for each of the municipal areas within the CKD.



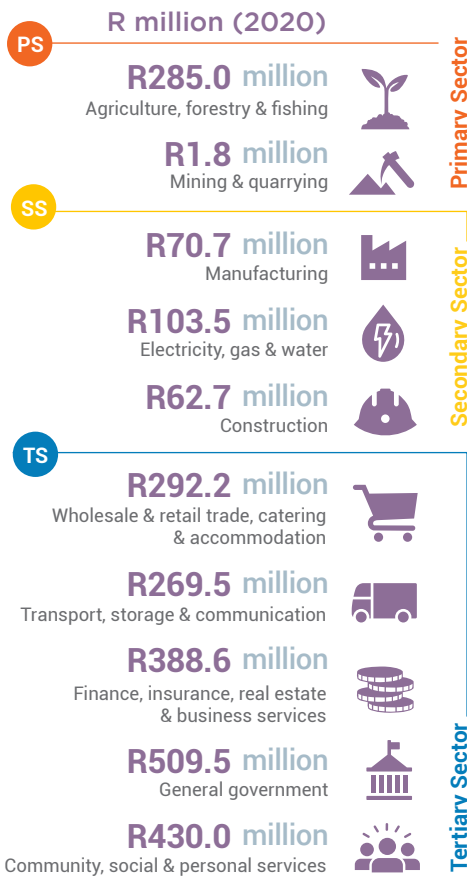
1.3.1 BEAUFORT WEST

The Beaufort West municipal area is approximately 21 916km² and comprises 56.4 per cent of the total CKD geographical area.¹² The Beaufort West municipal area is spatially the largest area in the District. The town of Beaufort West is the economic hub of the CKD and thus serves as a popular rest and service area for travellers on the N1. Other small towns in the municipal area include Merweville, Murraysburg and Nelspoort.

Diagram 1.2
GDP (CURRENT PRICES)
Beaufort West, 2020 and 2021e



Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)

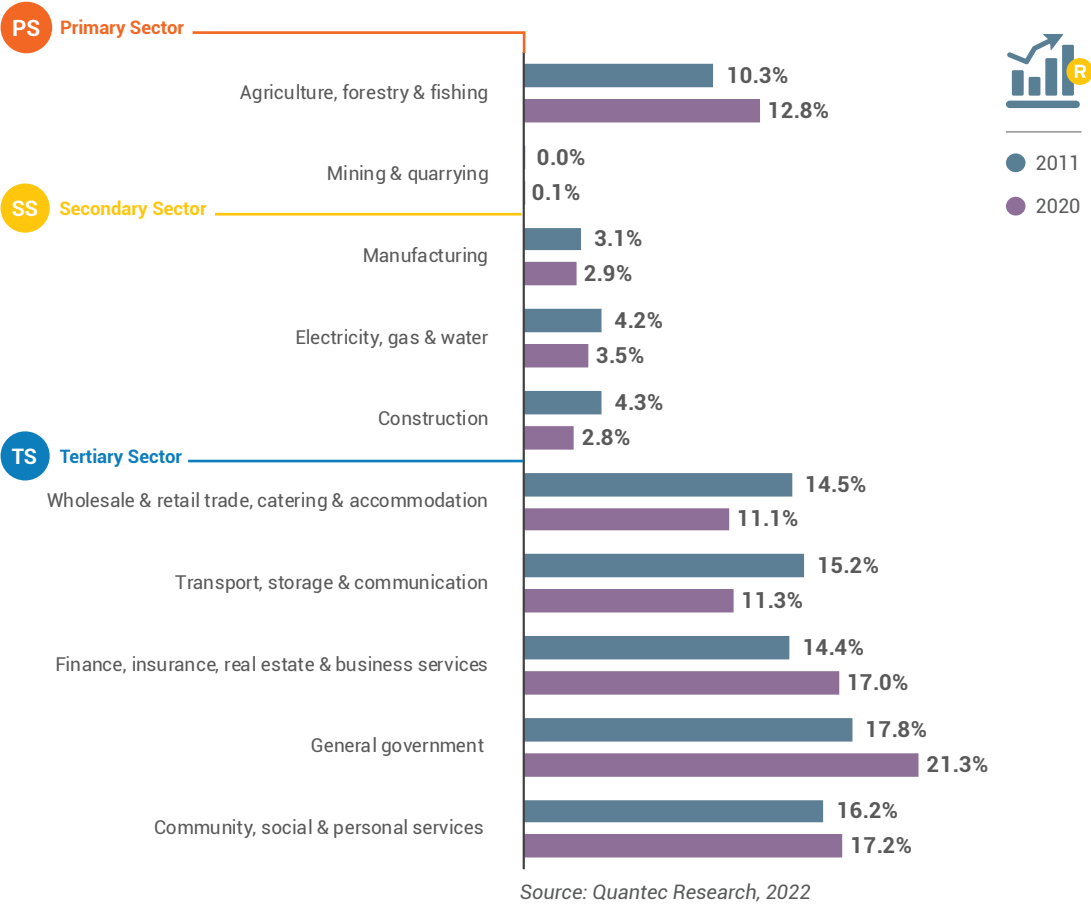


¹² (Municipal Demarcation Board, 2018).

The Beaufort West municipal area’s GDPR was valued at R2.4 billion (current prices) in 2020 and is estimated to have increased by 4.4 per cent in 2021 in real terms. The tertiary sector was the largest contributor in 2020, with R1.8 billion, followed by the primary sector with a R286.8 million contribution and the secondary sector contributing R236.9 million in 2020.

Figure 1.2 illustrates sectoral contributions to GDPR in the Beaufort West municipal area in 2011 and 2020.

Figure 1.2
SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Beaufort West (%)




In 2020, the main economic sector within the municipal area was the general government sector. This sector contributed 21.3 per cent to GDPR and can be linked to the District Municipal Offices (located in Beaufort West) as well as to national government departments. The community services sector was the second-highest contributor towards GDPR in 2020, with a 17.2 per cent contribution. The agriculture and finance sectors were strong contributors in the municipal area, contributing 12.8 per cent and 17.0 per cent respectively.

The transport sector contributed 11.3 per cent to GDPR. This can be linked to the N1, which traverses the municipal area and is a major transport route for freight and people. The mining sector contributed the least to GDPR (0.1 per cent), which could be due to the lack of minerals in the municipal area.

Table 1.2 describes the GDPR performance per sector and gives an estimate for 2021 in the Beaufort West municipal area over the period 2016 to 2020.

Table 1.2

GDPR PERFORMANCE PER SECTOR, Beaufort West

 SECTOR	Trend		Annual real GDPR growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	2.9%	1.3%	-10.3%	12.8%	7.7%
Agriculture, forestry & fishing	2.9%	1.3%	-10.3%	12.9%	7.8%
Mining & quarrying	3.1%	2.3%	-0.7%	7.1%	-13.8%
SS Secondary Sector	-1.7%	-4.2%	-4.2%	-14.1%	1.7%
Manufacturing	-0.1%	-1.4%	0.2%	-11.4%	7.8%
Electricity, gas & water	-1.1%	-2.2%	-2.7%	-8.7%	3.5%
Construction	-3.6%	-8.4%	-9.3%	-22.5%	-7.0%
TS Tertiary Sector	0.7%	-0.6%	0.5%	-6.6%	4.2%
Wholesale & retail trade, catering & accommodation	-1.8%	-4.5%	-1.2%	-19.5%	6.4%
Transport, storage & communication	-2.1%	-4.9%	-3.3%	-19.9%	3.0%
Finance, insurance, real estate & business services	2.4%	2.3%	2.5%	1.1%	3.6%
General government	2.7%	1.7%	1.9%	0.7%	0.9%
Community, social & personal services	1.3%	0.4%	1.7%	-1.9%	8.2%
Total Beaufort West	0.7%	-0.8%	-1.2%	-5.3%	4.4%

Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2020, the municipal area experienced an annual growth of 0.7 per cent. However, between 2016 and 2020 the municipal area contracted by 0.8 per cent annually. Between 2011 and 2020, the mining sector increased by 3.1 per cent. However, the sector is the smallest in terms of GDPR contribution in the municipal area, meaning that small fluctuations indicate a large growth or contraction. The agriculture sector experienced growth of 2.9 per cent in the same period, which could be related to higher prices for the municipal area's largest enterprise, namely sheep (mutton and wool). The sector also experienced the largest growth in 2020, with a 12.9 per cent increase.

The secondary and tertiary sectors contracted between 2016 and 2020, which could be linked to the poor performance of the construction sector (8.4 per cent contraction) and the transport sector (4.9 per cent contraction). The primary sector grew by 1.3 per cent in the same period, as the agriculture sector experienced 1.3 per cent growth. Between 2016 and 2020, the finance sector recorded the largest growth, with 2.3 per cent annually. This could be related to improved access to financial services in the municipal area.

It is estimated that the community services sector experienced the largest growth in 2021, with an 8.2 per cent increase. The agriculture and manufacturing sectors are estimated to have increased by 7.8 per cent. The trade sector is estimated to have increased by 6.4 per cent, after the severe contraction of 19.5 per cent experienced in 2020. Sixteen-hour daily water restrictions in towns such as Merweville in 2020 would have contributed towards reduced tourist visits and are reflected in the 2020 trade sector performance.¹³ The construction sector is estimated to have contracted by 7.0 per cent, which is a further contraction from the 22.5 per cent experienced in 2020. The Beaufort West municipal area's real GDP is estimated to have increased by 4.4 per cent in 2021.



¹³ (Groundwater and Earth Sciences, 2022).





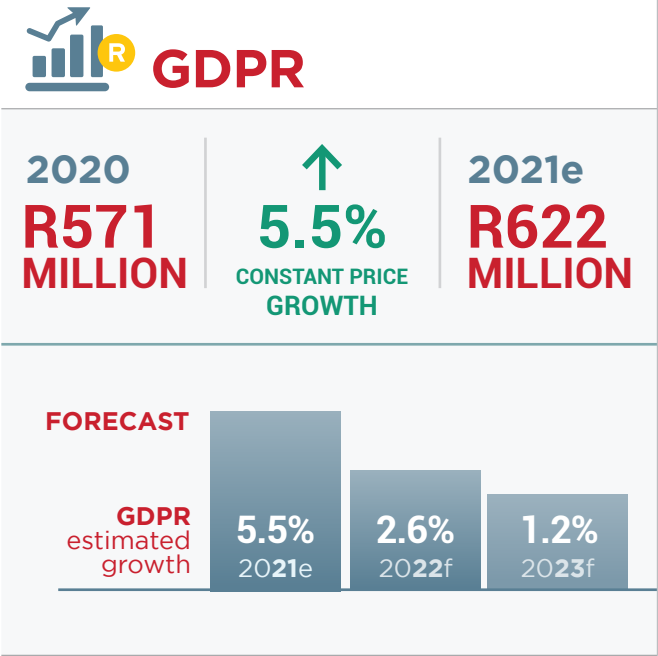
1.3.2

PRINCE ALBERT

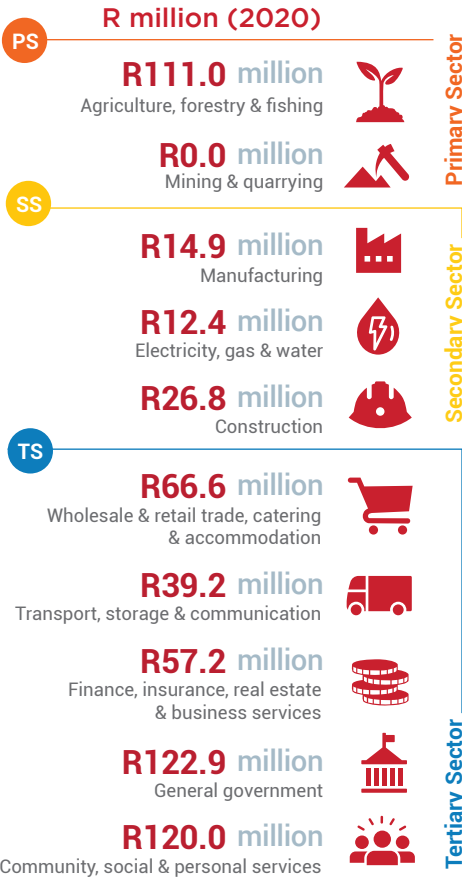


The Prince Albert municipal area spans 8 153km² on the southern edge of the Great Karoo.¹⁴ The municipal area borders the Eastern Cape to the east. The town of Prince Albert is the economic hub of the municipal area. Other smaller towns in the municipal area are Leeu-Gamka and Klaarstroom. The Prince Albert municipal area is renowned for its outdoor activities and sheep farming, as well as its olive and fruit farms.

Diagram 1.3
GDPR (CURRENT PRICES)
Prince Albert, 2020 and 2021e



Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)

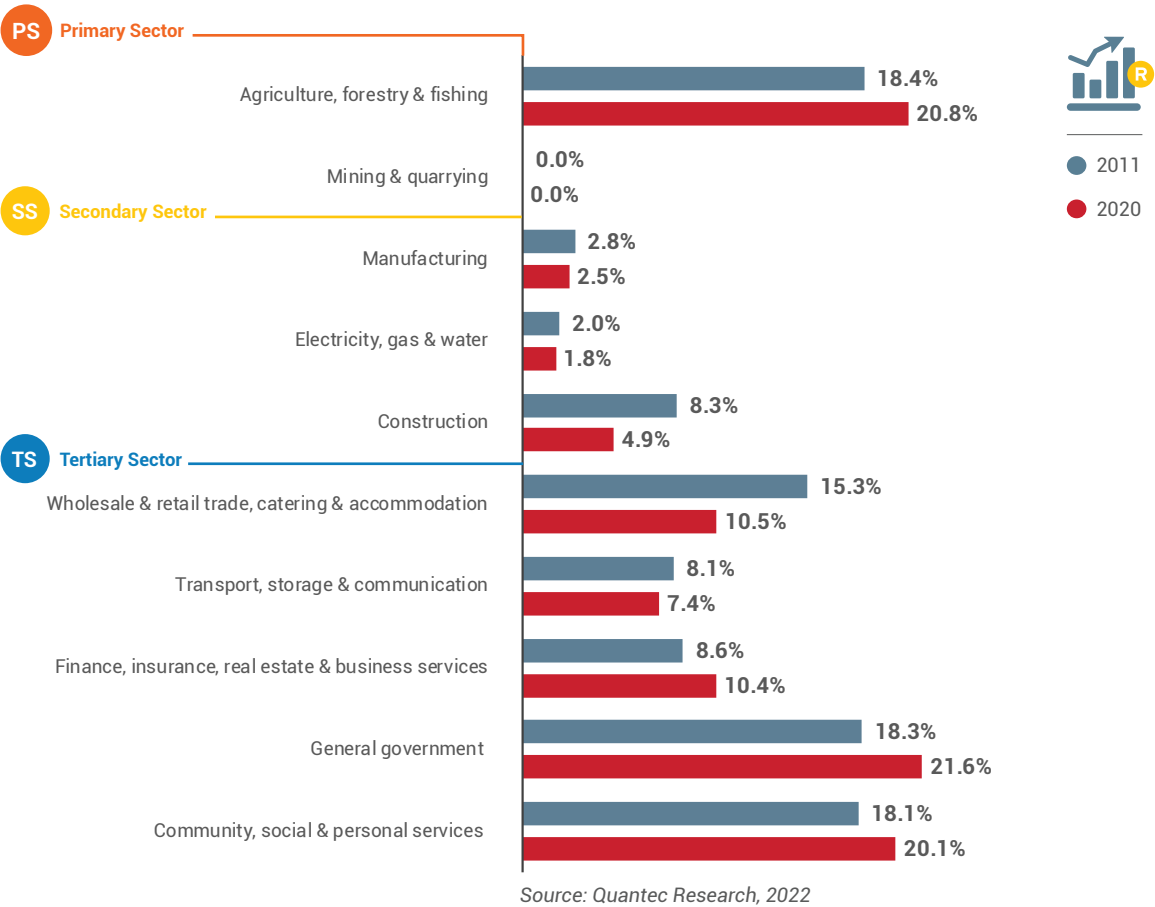


The Prince Albert municipal area's GDPR was valued at R571.0 million (current prices) in 2020. The economy expanded by 5.5 per cent in real terms to R622.0 million in 2021. The tertiary sector was the largest contributor with R406.0 million, followed by the primary sector with a contribution of R111.0 million and the secondary sector contributing R54.0 million in 2020. It is forecast that the municipal area's economy will increase by 2.6 per cent in 2022, and 1.2 per cent in 2023.

¹⁴ (Municipal Demarcation Board, 2018).

Figure 1.3 shows the contribution of the different sectors to GDP in the Prince Albert municipal area in 2011 and 2020.

Figure 1.3
SECTORAL GDP CONTRIBUTION (CONSTANT PRICES), Prince Albert (%)




The general government and agriculture sectors were the largest economic contributors in 2020, accounting for 21.6 per cent and 20.8 per cent respectively. Both these sectors' contributions increased from 2011 to 2020. The production of agricultural goods is susceptible to many outside factors. Economic diversification is necessary, because this will make the local economy more resilient and less susceptible to outside shocks.

It is worth noting the large contraction in terms of economic contribution for the trade and construction sectors from 2011 to 2020. This is linked to the economic pressure brought about by COVID-19 in 2020. The community services sector contributed 20.1 per cent in 2020, which is an increase from 18.1 per cent in 2011. Furthermore, large contractions in the trade sector can also be attributed to the absence of large shopping centres in the municipal area. This causes outflows of revenue to other municipal areas or districts with shopping centre alternatives available to the residents of the Prince Albert municipal area.

Table 1.3 describes the performance of GDP in the Prince Albert municipal area between 2016 and 2021.

Table 1.3

GDP PERFORMANCE PER SECTOR, Prince Albert

 SECTOR	Trend		Annual real GDP growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	3.3%	1.7%	-10.7%	14.1%	8.5%
Agriculture, forestry & fishing	3.3%	1.7%	-10.7%	14.1%	8.5%
Mining & quarrying	-	-	-	-	-
SS Secondary Sector	-1.6%	-5.0%	-4.9%	-16.1%	-0.6%
Manufacturing	0.5%	0.1%	2.4%	-7.2%	7.5%
Electricity, gas & water	1.5%	-0.9%	-0.6%	-8.4%	3.6%
Construction	-3.2%	-8.1%	-8.9%	-22.2%	-6.3%
TS Tertiary Sector	2.4%	0.8%	2.0%	-5.2%	5.4%
Wholesale & retail trade, catering & accommodation	-1.5%	-4.8%	-0.8%	-22.9%	6.9%
Transport, storage & communication	1.4%	-1.4%	0.0%	-14.0%	4.7%
Finance, insurance, real estate & business services	4.1%	3.7%	3.4%	2.2%	4.5%
General government	3.9%	2.8%	2.8%	1.6%	1.6%
Community, social & personal services	3.3%	2.1%	3.3%	-0.5%	9.4%
Total Prince Albert	2.0%	0.2%	-1.3%	-2.9%	5.5%

Source: Quantec Research, 2022 (e denotes estimate)

The Prince Albert municipal area's economy experienced an annual increase of 2.0 per cent between 2011 and 2020. However, the economy was relatively stagnant between 2016 and 2020, growing at an annual rate of 0.2 per cent. Between 2016 and 2019 the area was largely affected by severe drought, as well as the economic pressure of COVID-19.

The primary sector experienced the largest annual growth between 2016 and 2020, at 1.7 per cent. This was mostly due to the strong performance of the agriculture sector in 2017 and 2020. The tertiary sector indicated a slow annual growth rate of 0.8 per cent for the same period, with strong performance in the finance sector. However, the poor performance in the trade sector (4.8 per cent contraction) lowered the overall performance of the tertiary sector. The 22.9 per cent contraction of the trade sector in 2020 impacted the sector severely and was most likely due to the restrictions and economic pressure COVID-19 imposed in 2020. The secondary sector contracted by 5.0 per cent annually between 2016 and 2020, mostly owing to the poor performance of the construction sector, especially in 2020.

The community services and agriculture sectors are estimated to have increased the most in 2021, with growth of 9.4 per cent and 8.5 per cent respectively. The trade sector is estimated to have increased by 6.9 per cent, which will help the sector to recover from the economic downturn in 2020. To support the strong economic sectors in the municipal area, it is necessary for an agreement to be reached with the Department of Public Works whereby the Municipality can lease equipment to undertake critical maintenance.







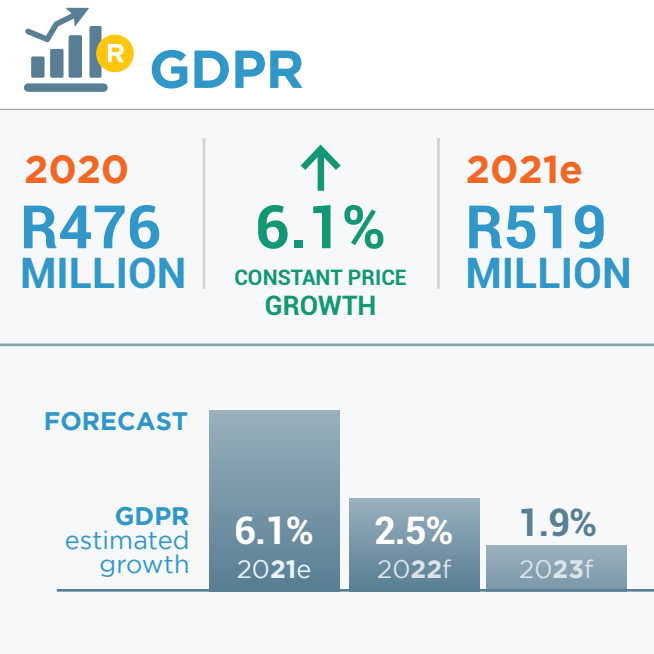


1.3.3

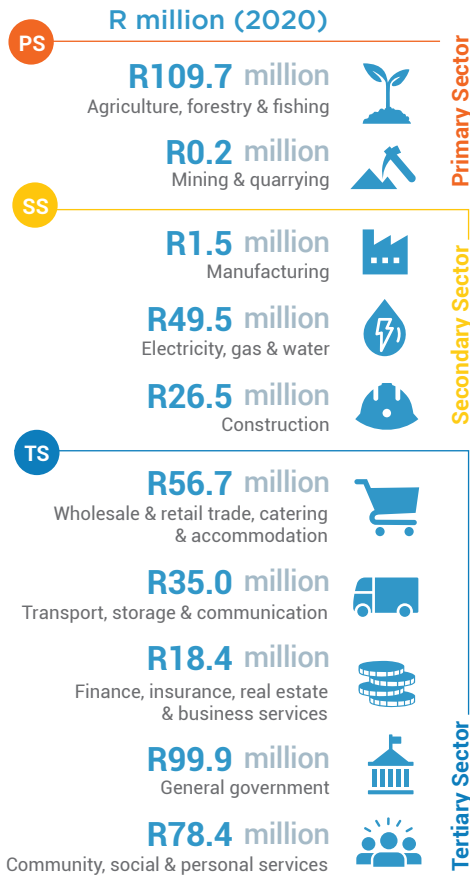
LAINGSBURG

The Laingsburg municipal area is situated furthest west in the CKD. Spatially, it covers a land area of 8 784km² and borders the Northern Cape to the north. The area is sparsely populated and is characterised by vast farmlands. The municipal area consists of three towns: Laingsburg, which is the economic hub, Matjiesfontein, a popular tourist destination, and Vleiland.

Diagram 1.4
GDPR (CURRENT PRICES)
Laingsburg, 2020 and 2021e



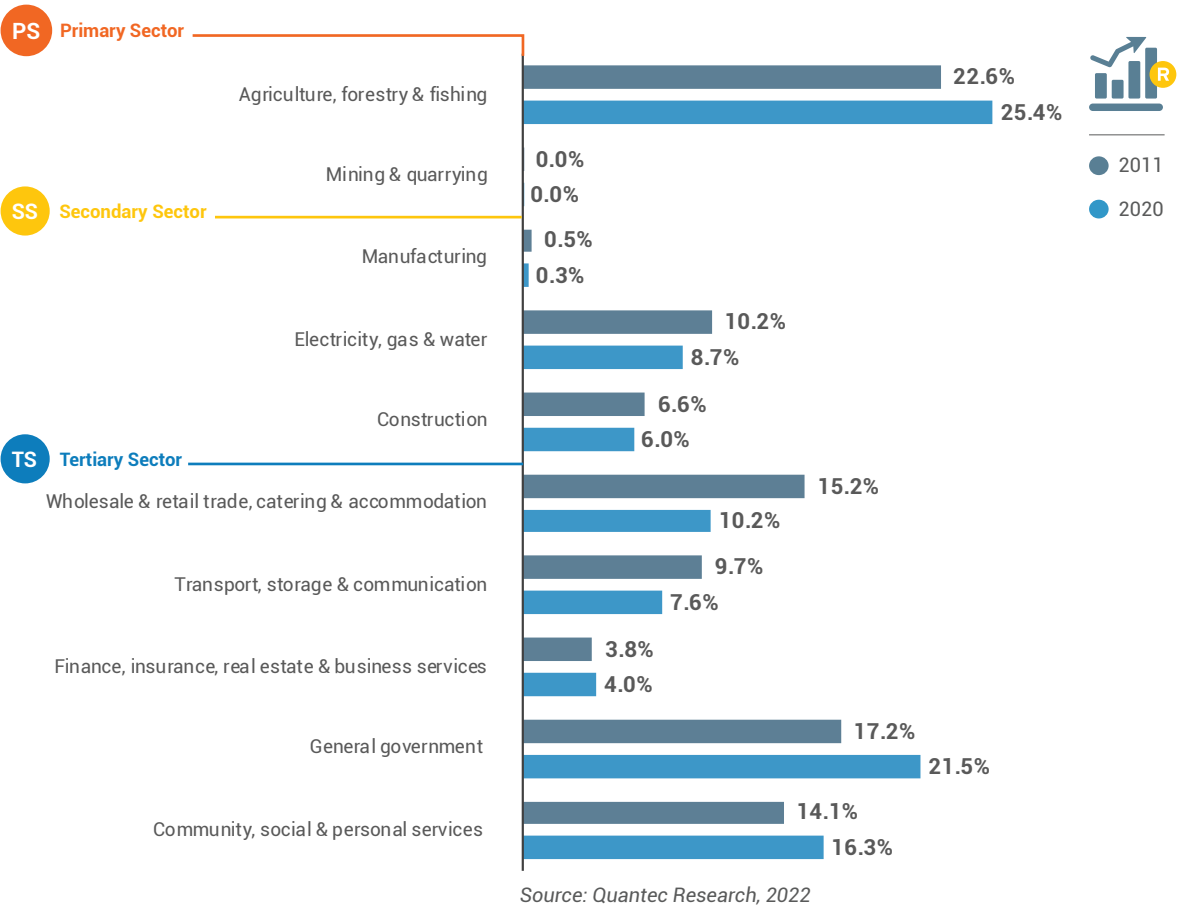
Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)



The Laingsburg municipal area’s GDPR was valued at R476.0 million (current prices) in 2020. The economy expanded by 6.1 per cent to R519.0 million in 2021. It is evident that the tertiary sector was the largest contributor with R288.4 million, followed by the primary sector with a contribution of R109.9 million and the secondary sector contributing R77.5 million in 2020. It is forecast that the municipal area’s economy will further increase by 2.5 per cent in 2022, and 1.9 per cent in 2023.

Figure 1.4 depicts the sectoral GDP contribution in the Laingsburg municipal area.

Figure 1.4
SECTORAL GDP CONTRIBUTION (CONSTANT PRICES), Laingsburg (%)



The agriculture sector was the largest contributor to the municipal area’s economy in 2011 and 2020, with the sector contributing 2.8 per cent more in 2020. The general government sector was the second-largest economic contributor in 2020, with 21.5 per cent, and the community services sector contributed 16.3 per cent in the same year. All three sectors experienced an increase in economic contribution between 2011 and 2020.


The trade sector experienced the largest contraction, with a 5.1 percentage point decrease between 2011 and 2020. Contractions in the trade sector can be largely attributed to reductions in domestic tourism within the municipal area owing to the national technical recession period,¹⁵ as well as drought effects. The effects of the COVID-19 pandemic also impacted the sector during the period, as the national lockdown greatly impacted businesses in the trade sector which were considered non-essential.

¹⁵ (Stats SA, 2020).

Table 1.4 describes the sectoral performance of the Laingsburg municipal area's contribution to GDP between 2016 and 2020.

Table 1.4

GDP PERFORMANCE PER SECTOR, Laingsburg

 SECTOR	Trend		Annual real GDP growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	2.6%	1.1%	-10.6%	12.6%	7.6%
Agriculture, forestry & fishing	2.6%	1.1%	-10.6%	12.6%	7.7%
Mining & quarrying	0.7%	0.5%	-3.2%	7.6%	-15.2%
SS Secondary Sector	0.3%	-2.8%	-4.1%	-13.1%	1.2%
Manufacturing	-3.1%	-2.6%	-5.4%	-14.4%	6.5%
Electricity, gas & water	0.1%	-1.1%	-1.9%	-7.9%	4.7%
Construction	1.0%	-4.8%	-6.6%	-19.6%	-4.1%
TS Tertiary Sector	1.5%	-0.2%	1.2%	-7.8%	6.6%
Wholesale & retail trade, catering & accommodation	-2.2%	-5.7%	-0.9%	-25.9%	8.2%
Transport, storage & communication	-0.8%	-3.6%	-2.3%	-18.8%	4.0%
Finance, insurance, real estate & business services	2.1%	1.9%	0.0%	-0.3%	4.0%
General government	4.0%	2.9%	3.2%	1.7%	5.0%
Community, social & personal services	3.1%	2.0%	3.0%	-0.5%	9.6%
Total Laingsburg	1.5%	-0.4%	-2.4%	-4.3%	6.1%

Source: Quantec Research, 2022 (e denotes estimate)

The Laingsburg municipal area's economy experienced an annual increase of 1.5 per cent between 2011 and 2020. However, the economy contracted between 2016 and 2020, at an annual rate of 0.4 per cent. The area was largely affected by severe drought between 2016 and 2019, which impacted the main economic sector severely in 2019. The pandemic also exerted economic pressure on the local municipal area in 2020.

The primary sector was the only sector that experienced annual growth between 2016 and 2020, at 1.1 per cent. This was mostly due to the strong performance of the agriculture sector in 2020 as a result of improved weather conditions and higher livestock prices, considering that sheep farming is the main enterprise in the municipal area. The poor performance in the trade sector (5.7 per cent contraction) lowered the overall performance of the tertiary sector between 2016 and 2020. The 25.9 per cent contraction in 2020 for the trade sector impacted the sector severely and was due to the restrictions and economic pressure as a result of COVID-19 in 2020. The secondary sector contracted by 2.8 per cent annually between 2016 and 2020, and this can mostly be attributed to the poor performance of the construction sector, particularly in 2020 (19.6 per cent contraction).

The community services and trade sectors are estimated to have increased the most in 2021, with growth of 9.6 per cent and 8.2 per cent respectively. The agriculture sector is estimated to have increased by 7.7 per cent, which will help the overall municipal area's economy, as this is the largest sector. The overall economy of the municipal area is estimated to have increased by 6.1 per cent in 2021.

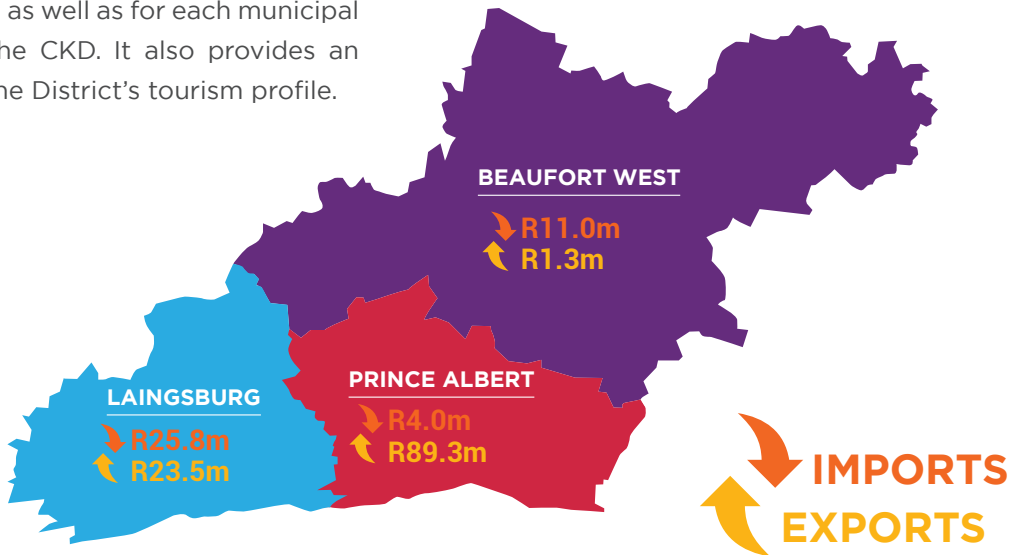




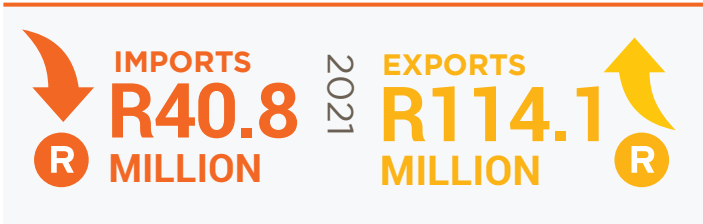
1.4 INTERNATIONAL TRADE AND TOURISM

District and local economies are influenced not only by the spending of local households but also by local and international cross-border trade of goods and services. More specifically, exports can be considered injections into the economy, while imports are considered leakages.

This subsection explores trade dynamics at a district level as well as for each municipal area within the CKD. It also provides an overview of the District’s tourism profile.



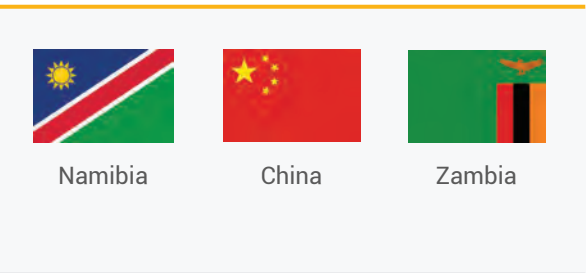
CENTRAL KAROO TRADE



TOP 3 EXPORTED PRODUCTS



TOP 3 EXPORT DESTINATIONS

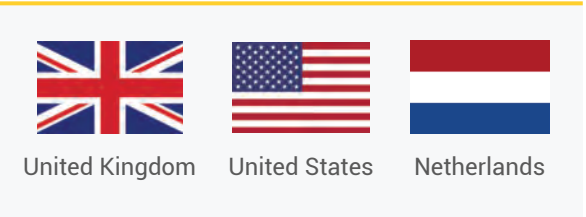


* This data depicts where the headquarters of exporting entities are registered with CIPC and SARS, and does not necessarily mean that productivity takes place in the same area.

TOP 3 IMPORTED PRODUCTS



TOP 3 IMPORT DESTINATIONS

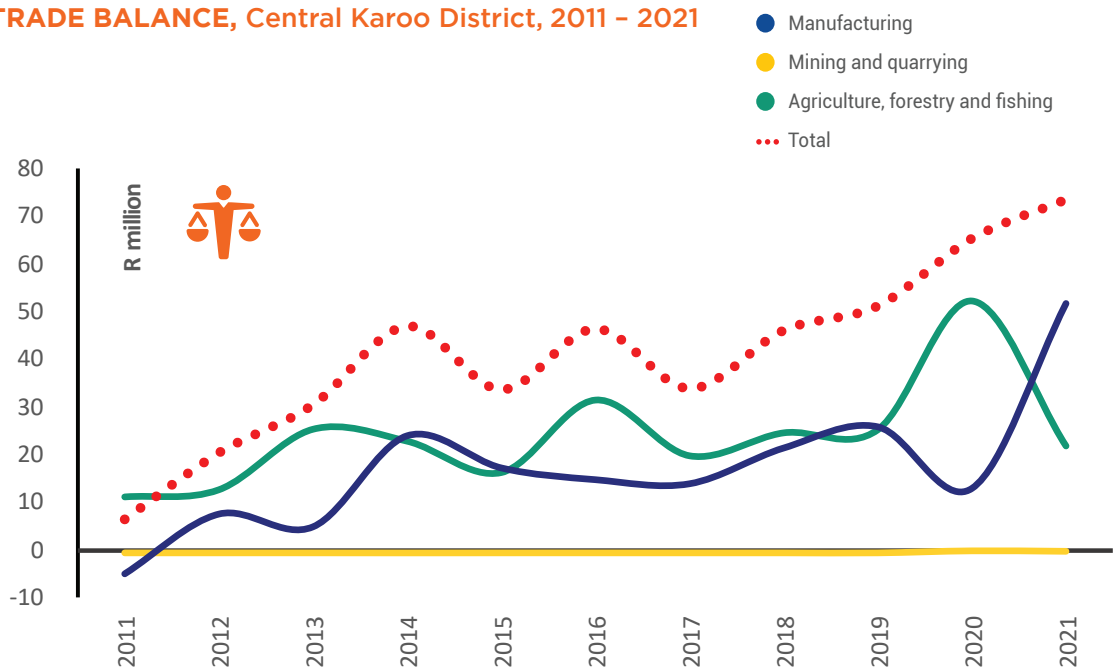


1.4.1 Trade balance

One indicator used for international trade in an area is the trade balance, which is obtained by subtracting imports from exports. A positive trade balance indicates a surplus, as the CKD exports more than it imports, and vice versa. A positive trade balance further indicates a net inflow of foreign currency, which is beneficial to the economy.

Figure 1.5 illustrates the total trade balance for the CKD between 2011 and 2021, as well as the trade balance for the main sectors that export and import goods, namely agriculture, manufacturing and mining.

Figure 1.5
TRADE BALANCE, Central Karoo District, 2011 – 2021



Source: Quantec Research, 2022

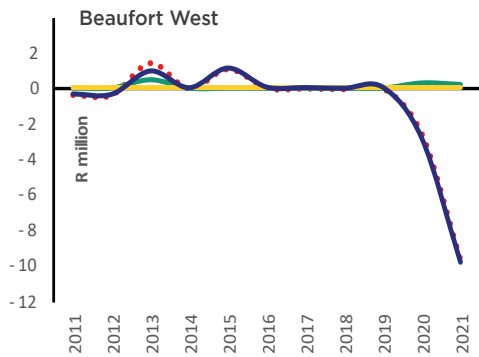
The CKD recorded a positive and mainly increasing trade balance during the period under review, more notably from 2017 onwards. The positive trade balance was largely driven by trade surpluses attained by the agriculture and manufacturing sectors, while the mining sector had no impact on the trade balance during this period.

The manufacturing sector recorded a substantial increase of R38.5 million in its trade surplus in 2021 owing to an increase in exports and a decline in imports. The strong performance of the manufacturing sector managed to offset the R30.4 million reduction in the agriculture sector’s trade surplus in the same year. This resulted in an increase in the District’s trade balance, from R65.2 million in 2020 to R73.3 million in 2021.

When considering the sectoral trade distribution for 2021, the manufacturing sector accounted for 99.8 per cent of imports and 80.8 per cent of exports, while the agriculture sector accounted for 19.2 per cent of the CKD’s exports.

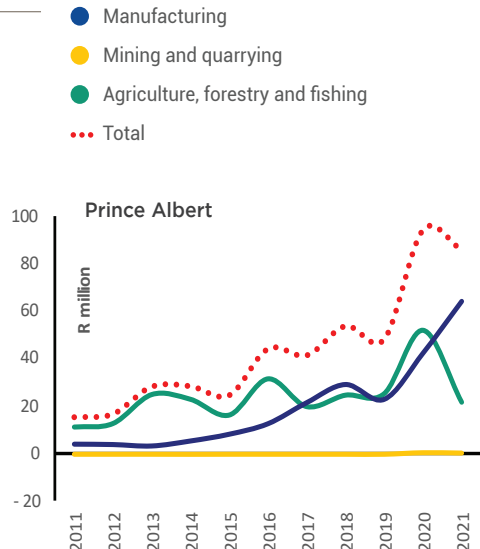
Figure 1.6 provides an overview of the trade balance per municipal area between 2011 and 2021.

Figure 1.6
TRADE BALANCE PER MUNICIPAL AREA, Central Karoo District, 2011 – 2021



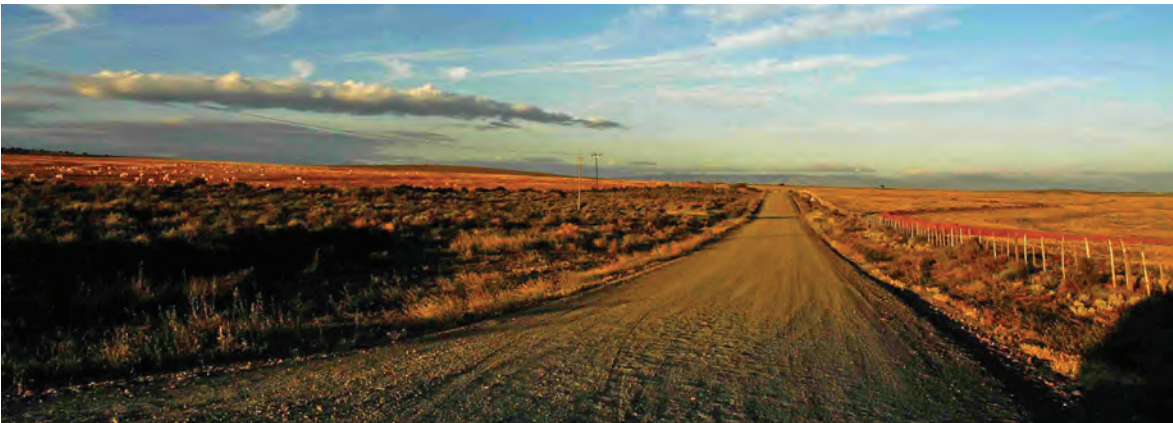
Source: Quantec Research, 2022

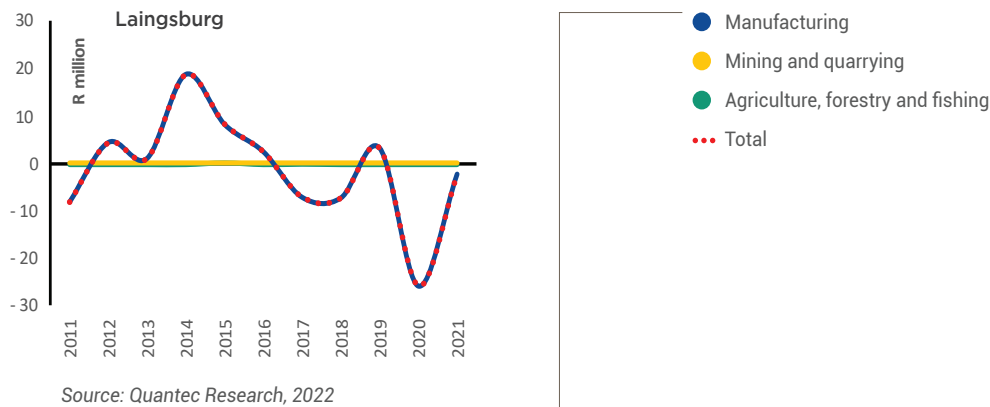
The **Beaufort West municipal area** recorded minimal trade between 2011 and 2019. More specifically, the municipal area experienced a cyclical trade balance between 2012 and 2016, which was followed by a consistent trade balance of R0.0 million until a trade deficit was recorded in 2020. The trade deficit further increased from R2.5 million in 2020 to R9.6 million in 2021. The manufacturing sector was the main driver of the area’s trade during the period under review, accounting for 100.0 per cent of imports and 83.8 per cent of exports in 2021. This was followed by the agriculture sector, which contributed 16.2 per cent of the municipal area’s total exports in 2020.



Source: Quantec Research, 2022

The **Prince Albert municipal area** realised a positive trade balance between 2011 and 2021, which was mainly driven by the agriculture and manufacturing sectors, as the mining sector had no impact on the trade balance. The R21.8 million increase in the manufacturing sector’s trade surplus in 2021 was not enough to offset the R30.3 million decline in the agriculture sector’s trade surplus in the same year. This reduced the municipal area’s trade surplus from R93.8 million in 2020 to R85.3 million in 2021. When considering the sectoral distribution of the trade balance in 2021, the manufacturing sector accounted for 98.5 per cent of exports and 75.7 per cent of imports, while the agriculture sector accounted for 24.3 per cent of imports.





The **Laingsburg municipal area’s** trade balance fluctuated during the period under review, peaking with a trade surplus of R18.8 million in 2014 and recording the CKD’s most significant trade deficit (R26.1 million) in 2020. The manufacturing sector was the main driver of the municipal area’s trade performance during the period under review, accounting for

all the imports and nearly all the exports (ranging between 99.0 per cent and 100.0 per cent) between 2011 and 2021. The manufacturing sector’s exports increased by R4.9 million in 2021 and the value of imports declined by R18.8 million, resulting in an improvement of R23.5 million in the municipal area’s trade deficit in the same year.

investSA

ONE STOP SHOP

WESTERN CAPE

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Streamlining government services through digital solutions, the InvestSA One Stop Shop Western Cape is the first in the country to launch a virtual online booking platform in 2021.

The One Stop Shop is a collaborative platform between various arms of national, Provincial and local government who endeavour to assist investors and exporters with navigating regulatory and administrative bottlenecks.

Through the One Stop Shop, potential investors and business owners looking to expand into exports can access national and Provincial regulators including Home Affairs; the Department of Employment and Labour; the Red Tape Reduction Unit; the Department of Trade, Industry and Competition (DTIC); the South African Revenue Service (SARS); the National Regulator for Compulsory Specifications; CapeBPO; VFS Global; and the Companies and Intellectual Property Commission. At a Provincial level, investors can access the Western Cape Government, City of Cape Town, GreenCape, the Saldanha Bay Industrial Development Zone (SBIDZ) and the Atlantis Special Economic Zone (SEZ).

In three simple steps, potential investors and exporters are able to view available dates and time slots of the chosen entity they wish to meet with by selecting their preferred virtual meeting platform from options such as MS Teams, Google Hangouts, WhatsApp, Zoom, Cisco Jabber or a conference call.

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1.4.2 IMPORTS



Figure 1.7 illustrates the CKD's top 10 import partners in 2021.

Table 1.5 provides a detailed overview of the top 10 products that were imported by the CKD in 2021.

Table 1.5
MAIN IMPORT PRODUCTS,
Central Karoo District, 2021

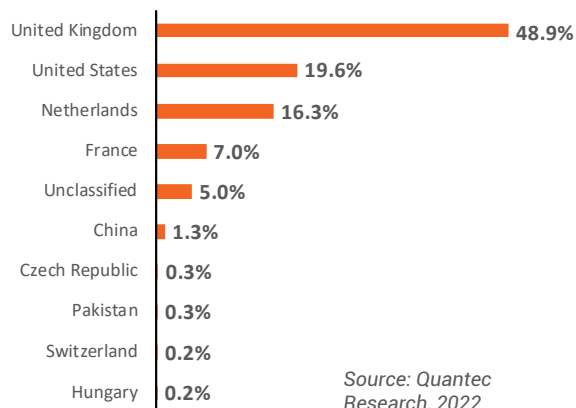
PRODUCT	R million 2021	% share	Main trading partners
Butter and other fats and oils derived from milk; dairy spreads	19.6	47.9%	United Kingdom
Harvesting or threshing machinery	10.3	25.3%	United States, France
Preparations of a kind used in animal feeding	6.2	15.1%	Netherlands
Concentrated or sweetened milk and cream	1.4	3.4%	Unclassified
Wooden casks, barrels, vats, tubs and other coopers' products and parts thereof	0.4	1.0%	France
Milk and cream	0.4	0.9%	Unclassified
Motor vehicles for the transport of goods	0.3	0.8%	Unclassified, United Kingdom
Machinery for cleaning, drying, filling or closing bottles or other containers	0.3	0.7%	Netherlands
Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers	0.2	0.5%	Czech Republic, United Kingdom
Iron or steel reservoirs, tanks, vats and similar containers for any material	0.2	0.5%	Netherlands
Total imports	40.8		

Source: Quantec Research, 2022

The CKD's main import partner in 2021 was the United Kingdom, accounting for 48.9 per cent of imports. This was followed by the United States and the Netherlands, which contributed 19.6 per cent and 16.3 per cent respectively.

In 2021, imports from the United Kingdom were valued at R20.0 million and mainly comprised butter and other related products valued at R19.6 million. Other notable import partners were the United States and the Netherlands, accounting for imports worth R8.0 million and R6.7 million respectively. There was a significant increase in the value of imported harvesting or threshing machinery. This and other imports associated with agricultural activities are aligned with the sector's estimated GDP growth of 8.0 per cent in 2021. The District also imported preparation products used in animal feeding to the value of R6.2 million to help supplement the region's grazing capacity, which was impeded by insufficient rainfall.

Figure 1.7
TOP 10 IMPORT PARTNERS,
Central Karoo District, 2021



Source: Quantec
Research, 2022

1.4.3

EXPORTS



Figure 1.8 illustrates the CKD’s top 10 export partners in 2021.

Table 1.6 provides a detailed overview of the top 10 products that were exported by the CKD in 2021.

Table 1.6

MAIN EXPORT PRODUCTS, Central Karoo District, 2021

PRODUCT	R million 2021	% share	Main trading partners
Milk and cream	19.6	17.2%	Namibia
Crustaceans	17.0	14.9%	Hong Kong, China
Milk and cream, concentrated or containing added sugar or other sweetening matter	14.5	12.7%	Namibia
Whey	12.8	11.2%	Zambia
Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream	10.7	9.4%	Namibia, Zambia
Unclassified	10.5	9.2%	China
Wine	9.2	8.1%	United Kingdom, United States, Germany
Cheese and curd	5.8	5.1%	Zambia, Namibia
Locust beans, seaweeds and other algae, sugar beet and sugar cane	4.7	4.1%	China
Animal or vegetable fertiliser	1.8	1.6%	Mexico, India
Total exports	114.1		

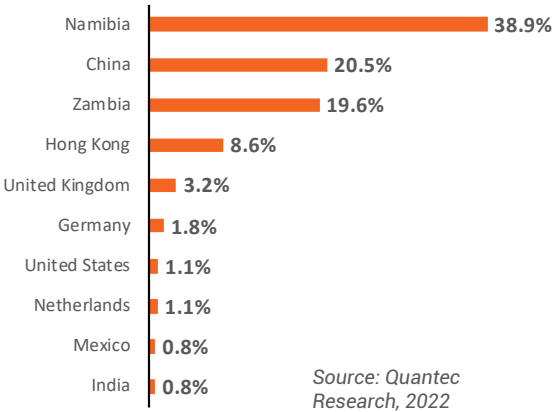
Source: Quantec Research, 2022

The main export partner for the CKD in 2021 was Namibia, which was responsible for 38.9 per cent of exports. This was followed by exports to China and Zambia, accounting for 20.5 per cent and 19.6 per cent of exports respectively.

The main exported products in 2021 were milk and cream, which were exported to Namibia and accounted for 17.2 per cent of exports with a value of R19.6 million. While the primary production of crustaceans in the CKD is negligible, the value indicated in Table 1.6 is attributed to the exporting entity’s headquarters being registered at SARS/CIPC with an address located within the District. This was followed by milk and cream (concentrated or containing added sugar or other sweetening matter) exports to Namibia, accounting for 12.7 per cent of exports with a value of R14.5 million. Other major exports included whey exports to Zambia and buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream exported to Namibia and Zambia. Whey exported to Zambia accounted for 11.2 per cent of exports from the CKD with a value of R12.8 million, while buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream exported to Namibia and Zambia accounted for

Figure 1.8

TOP 10 EXPORT PARTNERS, Central Karoo District, 2021



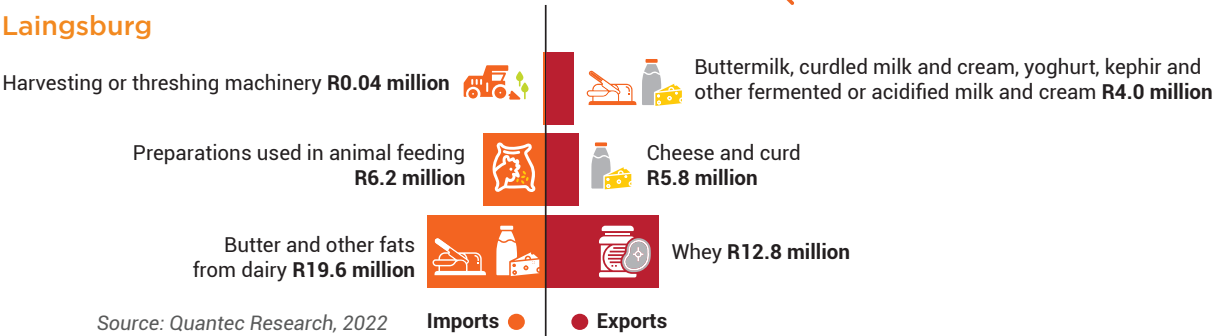
9.4 per cent of exports and had a value of R10.7 million. Wine with a value of R9.2 million was exported to the United Kingdom, the United States and Germany, and accounted for 8.1 per cent of the total exports.

1.4.4 Municipal imports and exports

The main imports and exports for 2021 in the Laingsburg, Prince Albert and Beaufort West municipal areas are provided in Figure 1.9. The municipal areas have different import and export products based on the demand and production of each region.

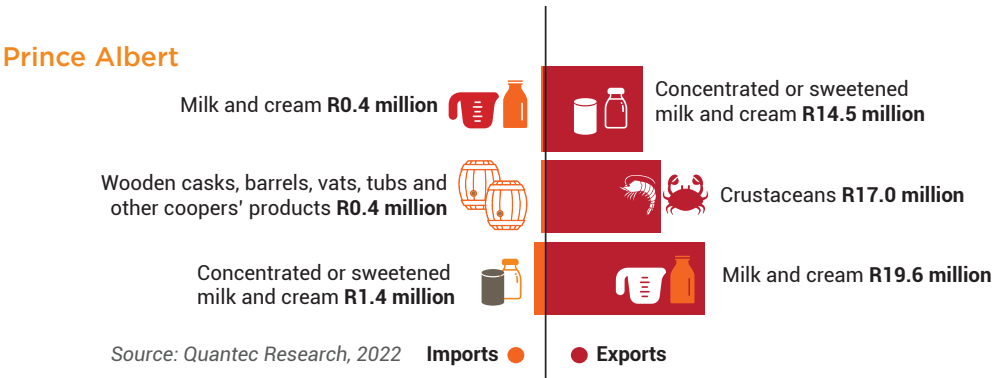
Figure 1.9
TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA,
Central Karoo District, 2021

Laingsburg



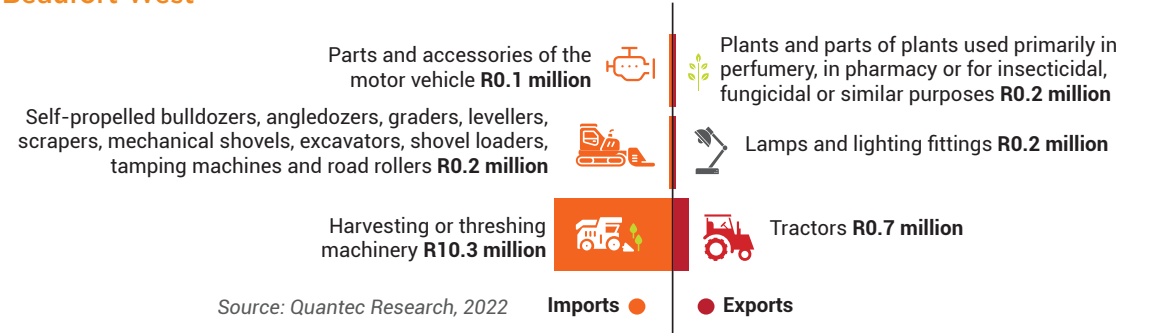
The main import product for the **Laingsburg municipal area** was butter and other fats from dairy valued at R19.6 million in 2021, which declined from R34.6 million in 2020. The other main import products for 2021 were preparations used in animal feeding with a value of R6.2 million and harvesting or threshing machinery valued at R0.04 million. Whey was the main export product for the Laingsburg municipal area and there was an increase in the value of whey exports from R8.7 million in 2020 to R12.8 million in 2021. The other main export products in 2021 included cheese and curd valued at R5.8 million and buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream valued at R4.0 million.

Prince Albert



In the **Prince Albert municipal area**, the main import product in 2021 was concentrated or sweetened milk and cream valued at R1.4 million, followed by wooden casks, barrels, vats, tubs and other coopers' products as well as milk and cream, both valued at R0.4 million respectively. The main export product for this municipal area in 2021 was milk and cream, which was valued at R19.6 million and experienced an increase from its export value of R17.0 million in 2020. Other main export products included crustaceans valued at R17.0 million and concentrated or sweetened milk and cream with a value of R14.5 million.

Beaufort West



The **Beaufort West municipal area’s** main import product was harvesting or threshing machinery valued at R10.3 million in 2021, which increased from R0.4 million in 2020. The other main import products for this municipal area included self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers valued at R0.2 million, as well as parts and accessories of motor vehicles with a value of R0.1 million. The main import products in 2021 were tractors valued at R0.7 million, plants and parts of plants used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes with a value of R0.2 million, and lamps and lighting fittings, also valued at R0.2 million.

@WesgroWC

@Wesgro

@Wesgro

The Cape Trade Portal was officially launched in 2022 by Wesgro in partnership with the Western Cape Government and the City of Cape Town to assist local exporters in expanding their global footprint and to strengthen the Cape brand identity across global markets with an initial priority focus on the Province’s top export markets internationally.

Leveraging on the Cape’s reputation as an exporting powerhouse of premium, competitive, diverse and quality products and services, the portal acts as a dedicated resource centre, providing tools, insights and expertise to support Western Cape exporters on their journey. Among some of the other services offered by the platform are training and mentoring programmes, keeping exporters updated on upcoming trade exhibitions, offering support with non-tariff export barriers as well as assistance with regulatory and compliance requirements.

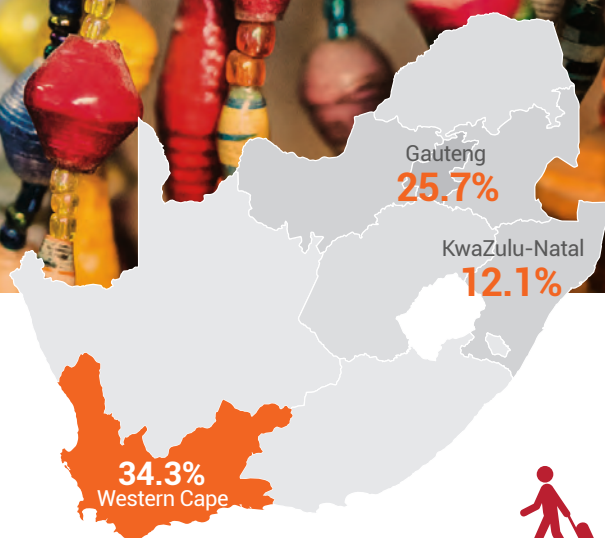
Wesgro has also developed a “Made in the Cape” brand story, supported by a robust digital marketing roll-out, to deepen and boost the brand story of the Cape as a region of origin of quality goods and services.

The campaign aims to strengthen the identity of Western Cape exports by connecting the Cape to quality by highlighting hard-hitting proof points across five products, including but not limited to rooibos (representative of Natural Products), citrus (representative of Agriculture), wine (representative of Wine and Spirits), software development (representative of Tech Innovation) and design (representative of Creative Industries).

To learn more about Made in the Cape quality products and services visit www.capetradeportal.com

TOURISM

CENTRAL KAROO DISTRICT



DOMESTIC VS INTERNATIONAL



GROWTH IN BED-NIGHTS



TOP 3 DOMESTIC TRAVELLERS 2020

TOP 3 INTERNATIONAL TRAVELLERS 2020



Germany
36.6%



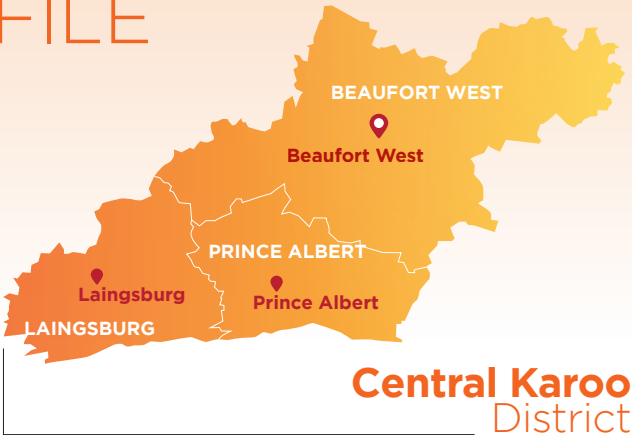
United Kingdom
29.3%



France
9.8%

TOURISM PROFILE

As the largest region in the Western Cape, with beautiful landscapes, delicious local cuisine, rich heritage and cultural history, the CKD caters to many travel appetites. Unique offerings include astro-tourism, the San culture, dinosaur fossils and the Karoo’s authentic architecture, scenery and people. This makes it the perfect destination for an overnight stay or day visit by those who are travelling to the coastline. Nature and wildlife enthusiasts can enjoy the Karoo National Park near Beaufort West, as well as other game and nature reserves. Visitors also have the opportunity to interact with the local people, taste local cuisine and participate in adventure and outdoor activities.



The CKD experienced an increase in domestic tourism in 2021, with domestic bed-nights¹⁶ climbing by 12.0 per cent from the previous year.¹⁷ International tourism performance reflected a 30.9 per cent decline in bed-nights for the same period. Overall, the growth in bed-nights declined by 5.1 per cent in 2021.

TOURISM SPEND AS A SHARE OF GDPR



Source: IHS Markit, 2022

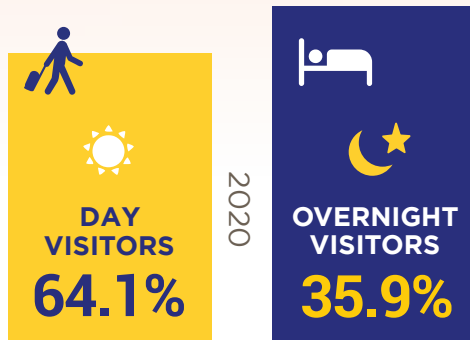
Tourism spend in the CKD comprised 12.6 per cent of the GDPR in 2021, which is a 6.5 per cent increase from 2020. Although still not at the pre-COVID-19 level, this growth is indicative of positive progress in tourism recovery as the District prioritises the promotion of regional economic development, tourism and growth opportunities.

The top three international source markets to the CKD in 2020 travelled from Germany (36.6 per cent), the United Kingdom (29.3 per cent) and France (9.8 per cent). The trend of international visitors travelling to the CKD was consistent with the Province, in the sense that European countries dominated as source markets. The strength of the euro and pound against the rand makes South Africa an affordable destination for international travellers. The top three markets for wine exports from the CKD were the United Kingdom (28.1 per cent), the Netherlands (12.3 per cent) and Germany (11.4 per cent). This could also attract tourists to visit South Africa and the region.

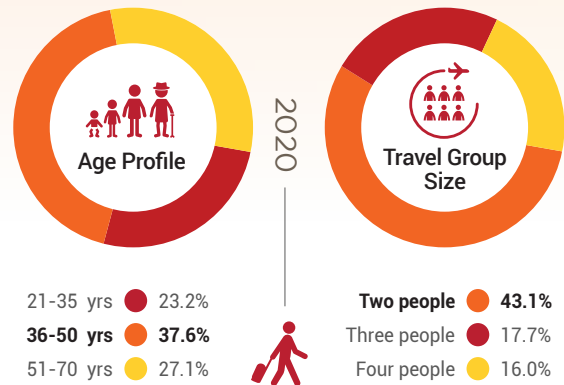
The top three domestic source markets to the CKD in 2020 were the Western Cape (34.3 per cent), Gauteng (25.7 per cent) and KwaZulu-Natal (12.1 per cent). The trends indicate that the domestic market started to travel to this region once the COVID-19 travel restrictions were eased, confirming that the CKD is a popular destination to escape the fast pace of city life. However, the poor performance of the national economy is negatively impacting household income, and spending by domestic tourists is likely to be affected.

¹⁶ A bed-night is the tourism industry measurement of one night away from home on a single person trip.
¹⁷ (IHS Markit, 2022).

OVERNIGHT VS DAY VISITORS

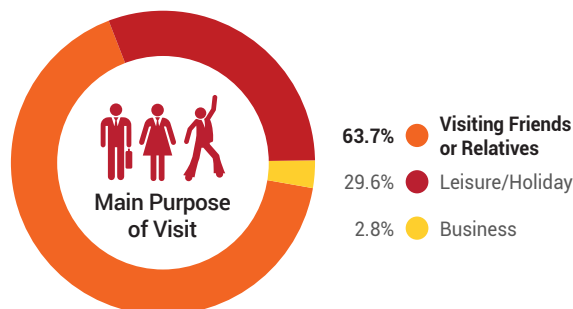


TOP 3 VISITOR PROFILES



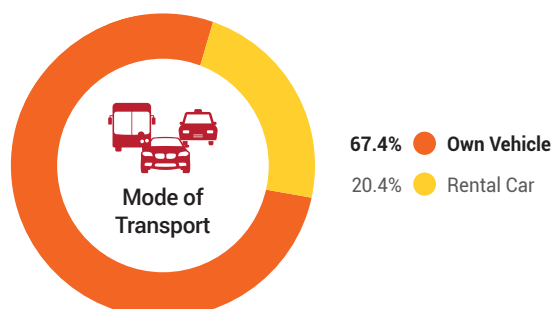
TOP 3 MAIN PURPOSES OF VISIT

2021



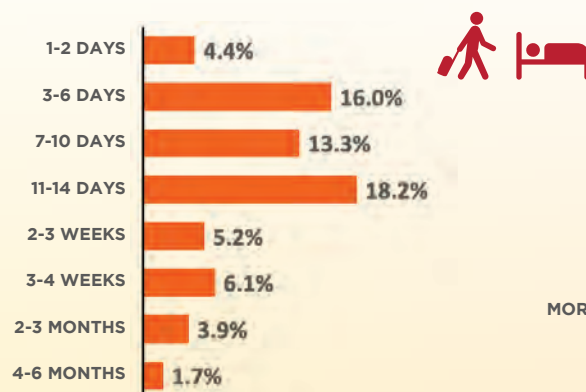
TOP 2 MODES OF TRANSPORT USED BY VISITORS

2020



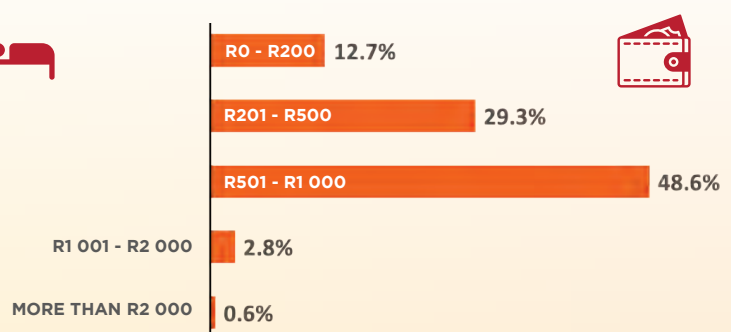
AVERAGE LENGTH OF STAY BY VISITORS

2020



AVERAGE DAILY EXPENDITURE BY VISITORS

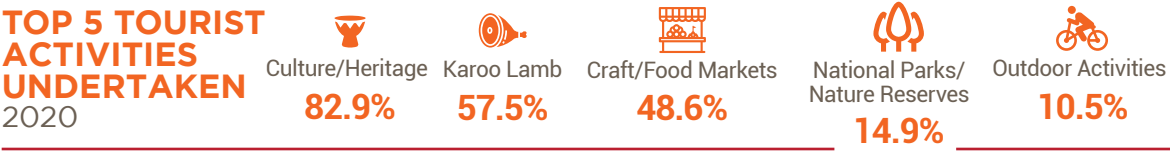
2020



Visitors to the region mainly travelled in pairs (43.1 per cent), groups of three (17.7 per cent) or groups of four (16.0 per cent), with only 8.3 per cent travelling alone.

Of all the visitors to this region, 37.6 per cent were between the ages of 36 and 50, followed by 27.1 per cent between 51 and 70. It can be assumed that because most visitors travel in pairs and are older than 36, they are either partners or married, and travel to the region for either short getaways or weekends.

The main motivation for travelling to the CKD is to visit friends and relatives (63.7 per cent), followed by tourists who visit for leisure/holiday purposes (29.6 per cent).¹⁸ Product diversification through continuous expansion of new tourism experiences and the enhancement of current activities could provide a boost to the CKD’s tourism volumes and also ensure a larger geographical spread of tourists.



The CKD is a popular destination, especially for day visitors, who accounted for 64.1 per cent of visits in 2020, while overnight stays accounted for 35.9 per cent. This shows that domestic visitors prefer to visit for short getaways or weekends, and it can be assumed that international visitors tend to stay overnight. The marketing efforts for overnight stays should focus on stargazing as a once-in-a-lifetime experience. This in return will have a positive impact on the local community, as overnight visitors generally spend more than day visitors.

The length of stay is one of the key elements in a tourist’s decision-making process and is of great importance for the tourism destination. Most visitors to the District (18.2 per cent) spent 11 to 14 days in the region in 2020, while 16.0 per cent of visitors stayed for only three to six days, and a small percentage of visitors stayed for longer.

Activities enjoyed in 2020 by tourists to the CKD included culture or heritage (82.9 per cent), Karoo lamb farms (57.5 per cent) and craft and food markets (48.6 per cent). Activities that tourists participated in the least included astro-tourism (2.2 per cent), game reserves (2.2 per cent) and adventure activities (5.0 per cent). These percentages could be low because of low awareness levels, or because tourists simply do not choose to take part in these activities.

Most of the visitors (48.6 per cent) spent R501 and R1 000 daily, while 29.3 per cent spent between R201 and R500. As international travel is gradually restored, the expenditure per day is expected to increase, as international travellers tend to spend more than domestic travellers.

In terms of the preferred mode of transport, most tourists made use of their own cars (67.4 per cent), followed by rental cars (20.4 per cent). Reasons for this include the independence afforded by not having to rely on public transport, as well as safety.

¹⁸ (IHS Markit, 2022).



1.5 INVESTMENTS

Private and public sector investment play a significant role in enhancing economic growth within a country. Investment refers to the allocation of capital towards the production of goods that will be used to generate other goods in the long term.¹⁹ Thus, in the long term, investment is important for improving productivity and increasing the competitiveness of an economy. Targeted impact investing also has a role to play in generating decent jobs and sustained employment in South Africa.²⁰

This subsection discusses various forms of investments in the CKD, including expansions and new investments from prominent local companies, gross fixed capital formation (GFCF) and a consolidated overview of municipal spending on contracted services and infrastructure.

1.5.1 Private sector investment

1.5.1.1 Sectoral investments and business expansion

The REIPPPP selected bidders for its fifth bid window in 2021. Three of the bidders selected are listed under the CKD for four wind power projects, namely the Trakas Wind Facility, Beaufort West Wind Farm, Rietkloof Wind Farm and Brandvalley Wind Farm.

The Trakas Wind Facility and the Beaufort West Wind Farm are 140MW onshore wind power projects in the Prince Albert municipal area and are expected to get commissioned in April 2024. The projects are currently owned by Mainstream Renewable Power and consist of 40 turbines each.²¹ The Brandvalley Wind Farm is also a 140MW wind power project and is located in the Prince Albert municipal area. The project is owned by Brandvalley Wind Farm and is expected to consist of 58 turbines, which will be commissioned in 2024.²²

The Rietkloof Wind Farm is a 140MW onshore wind power project located in the Laingsburg municipal area and is expected to have 51 turbines. The project is owned by Rietkloof Wind Farm and is expected to be commissioned in 2024.²³

These projects are expected to invest in the District's socio-economic development over the duration of the project's 20-year life span.²⁴

GFCF is defined as the net acquisition of all existing and new capital assets, for instance machinery, construction works and buildings. These "produced assets" only come into existence as a result of a production process and can be purchased by the general government, private enterprises and state-owned corporations as long-term investments.²⁵ Tracking GFCF growth is a helpful representative metric of the state of the economy, as it is an important driver in real gross domestic expenditure and real gross domestic product.

¹⁹ (Organisation for Economic Co-operation and Development, 2020).

²⁰ (Makhathini, et al., 2020).

²¹ (Power Technology, 2022).

²² (Power Technology, 2022).

²³ (Power Technology, 2022).

²⁴ (Renew Africa, 2021).

²⁵ (Stats SA, 2016).

Table 1.7 provides the CKD's GFCF per sector with regard to trends over the period 2011 to 2020, and an estimate for 2021.

Table 1.7

GROSS FIXED CAPITAL FORMATION, Central Karoo District



SECTOR	R million 2020	Trend		Average annual growth		
		2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	R137.8 (21.5%)	4.3%	-1.0%	-11.7%	9.6%	31.6%
PS Agriculture, forestry & fishing	R136.9 (21.4%)	4.3%	-1.1%	-11.8%	9.7%	31.9%
Mining & quarrying	R0.9 (0.1%)	2.6%	4.9%	11.5%	-8.1%	-15.5%
Secondary Sector	R92.4 (14.4%)	-1.9%	-11.9%	-10.9%	-19.4%	-8.3%
SS Manufacturing	R14.6 (2.3%)	3.2%	0.7%	7.9%	-11.5%	7.2%
Electricity, gas & water	R66.8 (10.4%)	-2.3%	-14.2%	-14.2%	-19.8%	-12.4%
Construction	R11.0 (1.7%)	-2.7%	-6.3%	-9.4%	-25.9%	-4.0%
Tertiary Sector	R409.9 (64.0%)	-0.4%	-5.2%	-2.1%	-14.1%	1.3%
TS Wholesale & retail trade, catering & accommodation	R37.7 (5.9%)	1.0%	-5.0%	-6.0%	-18.2%	6.0%
Transport, storage & communication	R99.8 (15.6%)	-2.2%	-8.2%	-4.6%	-12.3%	-15.7%
Finance, insurance, real estate & business services	R65.4 (10.2%)	-1.0%	-3.4%	-0.6%	-24.9%	4.6%
General government	R174.2 (27.2%)	1.0%	-3.8%	-0.4%	-9.9%	8.3%
Community, social & personal services	R32.8 (5.1%)	-0.1%	-4.4%	-1.4%	-10.3%	4.4%
Total Central Karoo District	R640.1 (100.0%)	0.0%	-5.7%	-5.3%	-10.9%	6.3%

Source: Quantec Research, 2022

In 2020, the total GFCF was R640.1 million in the CKD, with a contraction of 10.9 per cent in growth from the previous year. While the contraction can be linked to reduced investment as a result of the COVID-19 pandemic, a similar trend can be seen over the period 2016 to 2020, with an average annual contraction of 5.7 per cent annually.

In 2020, only one sector recorded positive growth, namely the agriculture sector (9.7 per cent). This can be attributed to the municipal area's improved weather conditions and higher livestock prices following the drought period, as sheep farming is the main enterprise in the municipal area. Investment in the sector is estimated to have grown by about 31.9 per cent in 2021, which indicates increased investor confidence as well as a more positive outlook regarding agricultural productivity.

Over the period 2011 to 2020, the agriculture sector recorded the highest average growth in GFCF (4.3 per cent). This can be attributed to investment by farmers in activities such as hunting and game farming in the CKD. More specifically, investment went into the stocking of animals, farm consolidation as well as on-farm facilities such as accommodation in the first part of the decade.

Overall, the CKD's GFCF is estimated to have grown by 6.3 per cent in 2021 owing to high growth in the agriculture sector (31.9 per cent), manufacturing sector (7.2 per cent) and general government sector (8.3 per cent). The sectors that are estimated to have contracted most are the transport sector (15.7 per cent) and mining sector (15.5 per cent). Though the contractions are relatively high, the mining sector within the CKD has a small base and is not a key contributor to the economy, whereas the transport sector is a key contributor and has recorded a continuous decline in GFCF.

1.5.1.2 Building plans passed and completed

No data was available on statistics for building plans passed and completed in the Central Karoo municipal area.

1.5.2 Public sector investment

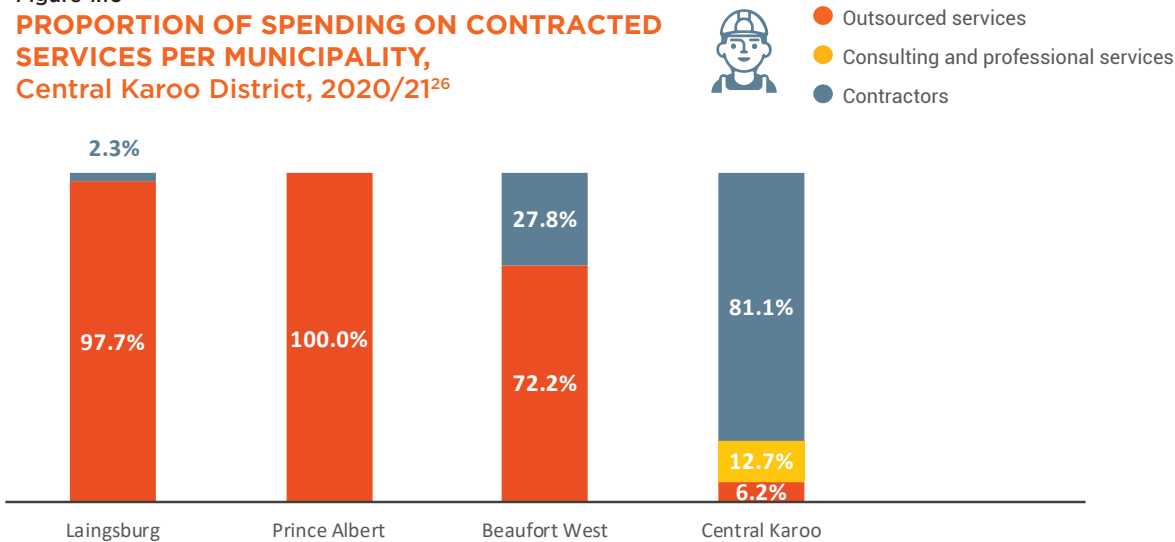
Public sector spending has the potential to stimulate the growth of the local economy and create employment opportunities. Small, medium and micro enterprises (SMMEs) can be key role players in the development and creation of jobs through public sector investment.

1.5.2.1 Municipal contracted services

The procurement processes of local municipalities can facilitate the development of local SMMEs that provide goods and services, while spending on infrastructure promotes the creation of an enabling environment for households and businesses to function optimally.

Figure 1.10 illustrates the breakdown of spending on contracted services by the municipalities in the CKD. It must be noted that the CKD value in Figure 1.10 is not the sum total of all local municipalities in the District, but rather represents spending by the Central Karoo District Municipality.

Figure 1.10
PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPALITY, Central Karoo District, 2020/21²⁶



Source: Calculated from National Treasury, 2022

²⁶ According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is unnecessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.

In the CKD municipal area, the majority (81.1 per cent) of contract spend was allocated to contractors. This contract spend was mostly used on maintaining and repairing fixed structures (R2.5 million). The CKD municipal area has plans to increase local economic development through SMME workshops, training and facilitating public-private partnerships for financial support. The CKD municipal area also provides assistance to SMMEs with registration on the Central Supplier Database.²⁷

In 2021/22, the Laingsburg municipal area allocated nearly all of its contracted service spend to outsourced services (97.7 per cent). Most of the spend on outsourced services was allocated to medical doctors (R0.4 million), followed by medical and chemical waste removal (R0.2 million). Spending on medical doctors, nursing staff and other associated items in municipal areas as discussed in this section is attributed to the Department of Health. This expenditure can be attributed to the global COVID-19 pandemic.

For the Prince Albert municipal area, all the contracted spend was allocated to outsourced services. The municipal area spent a total of R0.7 million (R0.5 million on nursing staff and R0.2 million on medical and chemical waste removal). This expenditure, by the Department of Health, can be attributed to the global COVID-19 pandemic.

In the Beaufort West municipal area, most of the contracted expenditure was allocated to outsourced services (72.2 per cent). The majority of this was spent on admin and support staff. The remainder of the municipal contracted service spend (27.8 per cent) was allocated to contractors. The majority of money spent on contractors was allocated to maintaining and repairing fixed structures. The number of SMMEs registered on the Beaufort West municipal database in 2021 was 94. Having a large number of suppliers to choose from on the Central Supplier Database provides a wider selection of skills and services for the local municipal area to choose from and encourages spend locally. This drives local economic development and creates local jobs.



²⁷ (Central Karoo District Municipality, 2022).

1.5.2.2 Infrastructure

Infrastructure spending by local and Provincial governments is not only an important injection into the local economy, it also helps to create an enabling environment for economic and social development. Infrastructure capital spending has both short- and medium-term benefits. The capital injection not only boosts the economy from the initial injection but can also create numerous employment opportunities. In addition, it can also stimulate economic activity from the operational activities that result from the initial capital spending. Despite the importance and necessity of maintaining existing infrastructure and investing in new infrastructure, local governments are under pressure, as generating their own revenue is becoming increasingly constrained owing to rising unemployment and poor economic growth, while income from Provincial and national grants is declining.

Table 1.8 outlines the budgeted expenditure on infrastructure by the local municipalities in the CKD for 2022/23.

Table 1.8
SPENDING ON INFRASTRUCTURE,
Central Karoo District, 2022/23

DESCRIPTION R million	2022/23 Municipal infrastructure spend (original budget)
Economic infrastructure	10.7
Road transport and public works	10.7
Environmental services	-
Social infrastructure	0.8
Education	-
Health	0.6
Social development	0.2
Housing	-
Trading services	72.3
Energy sources	11.8
Water management	31.3
Waste water management	29.1
Waste management	0.1
Other	11.3
Total infrastructure spend	95.1

Source: Provincial Treasury, 2022

The local municipalities have collectively allocated R95.1 million to the capital expenditure budgets for 2022/23. This includes allocations made towards economic infrastructure, social infrastructure and trading services of R10.7 million, R800 000 and R72.3 million respectively.

In addition, R11.3 million has been budgeted to be spent on other capital expenses, which include governance and administration, public safety, community services, sport and recreation, planning and development, and environmental protection services. Most of the municipal infrastructure spending is allocated to water management (R31.3 million). Investment in water management infrastructure will contribute significantly to creating an enabling environment for economic activity given the rural nature of the CKD and its reliance on the agriculture sector for jobs and GDP growth.



Provincial infrastructure spend in the CKD over the 2022/23 to 2024/25 Medium Term Expenditure Framework (MTEF) amounts to R770.0 million and accounts for 2.5% of the total Provincial infrastructure budget. Prince Albert receives the highest percentage of the investment at 50%, although this percentage is represented mainly by a large Transport and Public Works project in the area. The per capita investment in the CKD is much higher than for the other districts, namely R10 166, owing to the small size of the population.

In 2022/23 the Western Cape Government will invest R307.3 million in infrastructure within the geographical boundaries of the CKD, R9.6 million of which will be spent on social infrastructure and R297.7 million on economic infrastructure (mainly road transport infrastructure).

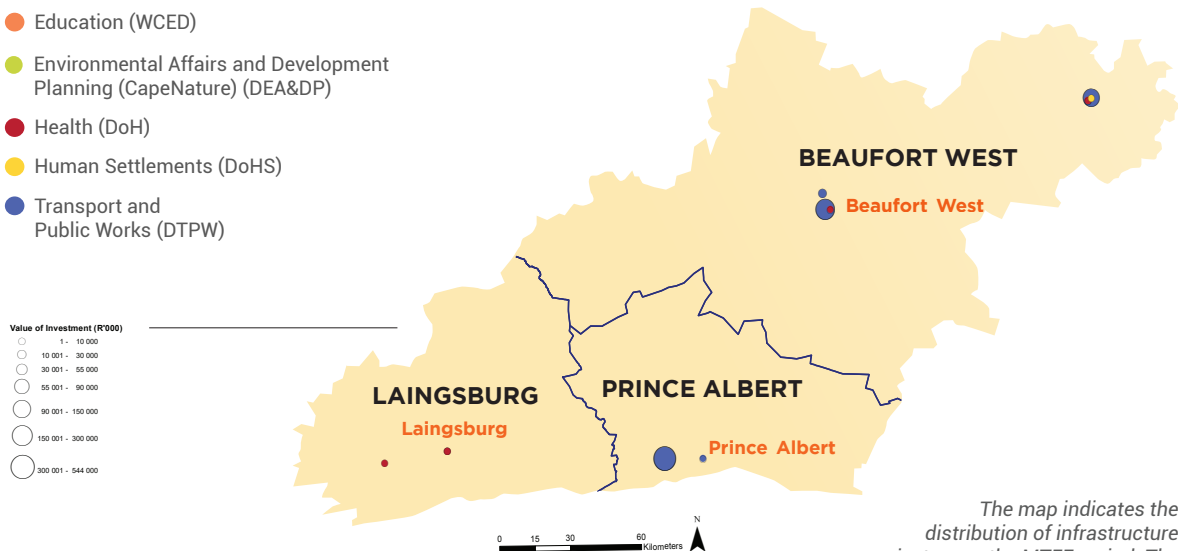


Diagram 1.5
TOTAL DEPARTMENTAL MTEF
INFRASTRUCTURE BUDGET AND
NUMBER OF PROJECTS & PROGRAMMES,
Central Karoo District, 2022/25

WC PROVINCIAL DEPARTMENT	No of Projects & Programmes	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	2024/25 MTEF (R'000)	MTEF Total (R'000)
Education (WCED)	1	2 000	2 000	2 000	6 000
Health (DoH)	8	6 722	1 329	108	8 159
Human Settlements (DoHS)	4	850	2 932	-	3 782
Transport and Public Works (DTPW)	7	297 715	226 659	228 192	752 566
Total	20	307 287	232 920	230 300	770 507

Source: The data represents an extract from the Provincial Infrastructure Reporting Model (IRM) as at 3 March 2022. Improving the accuracy of information in the reporting model is ongoing and continues to receive attention.

Given the strategic advantage of the CKD's location to the major corridor connecting the Western Cape to the inland regions of South Africa, most road transport-specific infrastructure allocations from the Western Cape Government in the CKD are directed towards maintaining main roads spanning across the District. Notable projects for 2022/23 will include the rehabilitation, renovation and refurbishment of C1183 PRMG Klaarstroom/Beaufort West (R130.0 million); the reseal of C1123 Beaufort West/Willowmore (R3.0 million); repairs to, and

the replacement of, bridges and large structures in and around Beaufort West (R24.0 million); and the reseal of Prince Albert Road (R500 000).

Social infrastructure allocations by the Western Cape Government in the CKD prioritise the Health, Education and, to a lesser extent, Housing functions. Health receives the bulk of the social infrastructure allocation at R6.7 million, followed by Education at R2.0 million.

The municipalities of the CKD are mostly grant-dependent, while own-revenue contributions to overall capital budget expenditure remain limited. In 2021/22, national transfers accounted for the majority of the adjusted capital budget funding at 76.7 per cent. Own-revenue sources only accounted for 11.0 per cent of the funding sources in 2021/22. Consequently, the municipalities are facing significant financial sustainability risks that impact on their ability to expand infrastructure to meet the growing demand for basic services across the region. Within the Central Karoo municipal area, the Department of Transport and Public Works had the largest portion of infrastructure investment spend at 98.0 per cent.



Information about the **2022/23 budgeted Provincial infrastructure spend** is provided in the *Overview of Provincial and Municipal Infrastructure Investment (OPMII)*, published by Provincial Treasury.



1.5.3 Public sector spending on designated groups²⁸

Public sector spending is the largest economic force in most local municipalities. Public sector spend on SMMEs increases local economic development and creates job opportunities. Additionally, public sector spending has the potential to either bring about societal good or reinforce historical patterns of exclusion.²⁹

In the CKD, R34.6 million was spent on Exempted Micro Enterprises (EMEs) and an additional R0.2 million on Qualifying Small Enterprises (QSEs). (See Table 1.9.) This means that the District spent a total of R34.8 million on SMMEs. Money spent on SMMEs advances bottom-up local economic development and decreases economic leakages to outside areas. This is due to SMMEs having more linkages with other small enterprises than larger firms. SMMEs are also important for employment creation, as they typically would not automate processes, or insource or outsource labour. This is particularly true for rural municipal regions.

Table 1.9

EXPENDITURE ON REGISTERED SMMEs ON THE WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB), Central Karoo District, 2021/22³⁰

	Rand million	%
EMEs ³¹	R34.6	88.5%
Other Entities ³²	R4.3	11.0%
QSEs ³³	R0.2	0.5%
Total	R39.1	100.0%

Source: The Provincial Infrastructure Reporting Model (IRM)



²⁸ Designated groups mean – 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, 1996 (Act No. 102 of 1996).

²⁹ The information for black ownership, black woman ownership and the other designated groups was split to avoid duplication of expenditure, as a supplier can be black-owned and a youth.

³⁰ The information extracted was for the below economic classifications, matched to suppliers registered on the WCSEB for the period 1 April 2021 to 31 March 2022: Goods & Services, Buildings & Other Fixed Structure, Machinery & Equipment and Software & Intangible Assets.

³¹ EMEs are (regardless of the composition of their ownership) deemed to have a Level 4 BBBEE status, and start-up enterprises (in the first year from formation or incorporation) are measured as EMEs. EMEs are entities with an annual total revenue of R10.0 million or less.

³² "Other" refers to expenditure to suppliers not registered on the WCSEB, petty cash payments, transfer payments and claim-backs.

³³ QSEs are enterprises with an annual total revenue of between R10.0 million and R50.0 million. The BBBEE status of QSEs is measured by reference to all five BBBEE elements in terms of a specific scorecard for QSEs in the BBBEE Codes.

In the CKD, among categories defined in the Preferential Procurement Policy Framework Regulations (PPPFR), all the public spend was allocated to youth – a total of R6.6 million. (See Table 1.10.) Although there are benefits associated with this (i.e., driving technological innovation and decreasing the unemployment youth rate), lack of public spending on people with disabilities does not show inclusivity and equity. Additionally, a lack of public spend on military veterans is not in alignment with legislative prescripts.

Table 1.10
PAYMENTS TO SUPPLIERS PER DESIGNATED CATEGORIES DEFINED IN THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK REGULATIONS (PPPFR), Central Karoo District, 2021/22

	Rand million	%
Military veterans	-	0.0%
People with disabilities	-	0.0%
Youth	R6.6	100.0%
Total	R6.6	100.0%

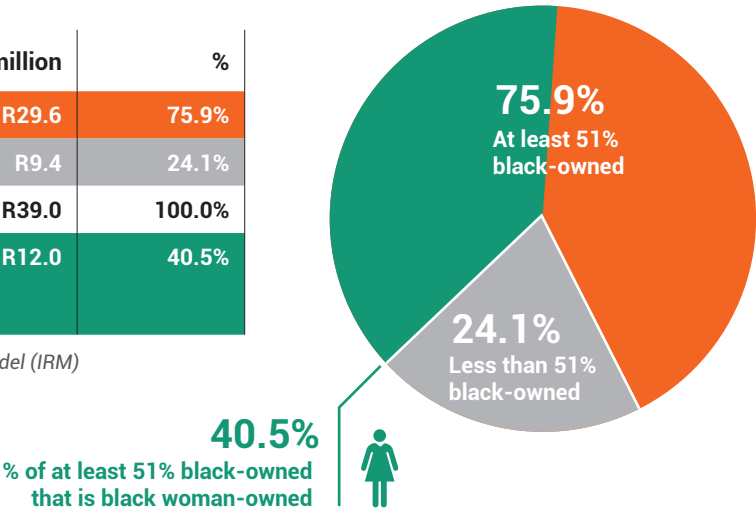
Source: The Provincial Infrastructure Reporting Model (IRM)

In the CKD, R29.6 million was spent on companies that are majority black-owned. (See Table 1.11.) Given that the majority of the population in the CKD is black,³⁴ this reflects a justified spend. Of the total spend on majority black-owned companies, R12.0 million (40.5 per cent of total spend on companies that are majority black-owned) was spent on companies that are majority black woman-owned. Given the historical social exclusion of women, particularly black women, a greater share of public spend should be allocated to this designated group to reduce marginalisation created by past inequalities.

Table 1.11
EXPENDITURE ON REGISTERED BLACK-OWNED COMPANIES ON THE WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB), Central Karoo District, 2021/22

	R million	%
At least 51% black-owned	R29.6	75.9%
Less than 51% black-owned	R9.4	24.1%
	R39.0	100.0%
% of at least 51% black-owned that is black woman-owned	R12.0	40.5%

Source: The Provincial Infrastructure Reporting Model (IRM)



³⁴ (Stats SA, 2022).

1.6 CONCLUDING REMARKS

Measures such as the drought relief risk reduction support provided by the Western Cape Department of Agriculture point to the need for, and importance of, intergovernmental collaboration.

High reliance on the general government sector (21.2 per cent of 2020 GDPR) is indicative of the moribund state of the CKD economy. This was the largest sector in 2020, and also registered the highest growth over the previous decade, indicating a high reliance on public sector expenditure to revitalise the CKD economy. The general government sector’s 2016 to 2020 growth trend was, however, overtaken by the finance sector, as the public sector’s ability to sustain increasing wage bills was constrained (at all tiers of the state). This is illustrative of the need for private sector investment attraction to stimulate the economy. In this regard, the GDPR decline experienced in 2020, and subsequent 2021 rebound, both came from a small base.

Private sector enterprise was severely affected by the drought, which limited not only agricultural activity but also tourism in the CKD’s towns. As a result, the CKD’s economy declined by 0.6 per cent between 2016 and 2020. Public sector spending by government as outlined in section 1.5.2 is thus noted for its role in not only creating an enabling environment for future growth but also providing a safety net for communities and small businesses in the District.

Looking ahead, the recently approved 560MW of wind-energy facilities in the Laingsburg and Witzenberg municipal areas will provide much-needed investment in the area and support the local construction sectors. While industries such as wind energy present novel opportunities, the CKD’s latent comparative advantages must also be leveraged. Initiatives such as the Karoo Lamb Geographical Indication³⁵ can not only support local farmers but also improve the CKD’s trade balance.



³⁵ (French Agricultural Research Centre for International Development, 2022).



2

JOBS

2.1 INTRODUCTION

This chapter provides an overview of the key employment dynamics in the CKD by evaluating the contribution of each municipal area to overall employment in the District. Furthermore, an overview of the historical employment trends of each municipal area is provided.

In addition to the above, the chapter discusses employment per sector by identifying which sectors employ the largest number of workers, and which sectors contribute the most to either new employment opportunities or job-shedding. Lastly, the chapter provides an overview of the unemployment rate, labour absorption rate and labour force participation rate for each municipal area in the District.

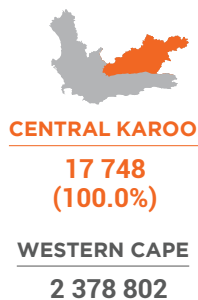
2.2 REGIONAL LABOUR TREND ANALYSIS

This subsection evaluates the historical employment trends in the CKD. Furthermore, key contributing sectors to employment creation or job-shedding are identified, and an evaluation is given of the location quotient to analyse the comparative advantage and level of specialisation of the various economic sectors in the District.

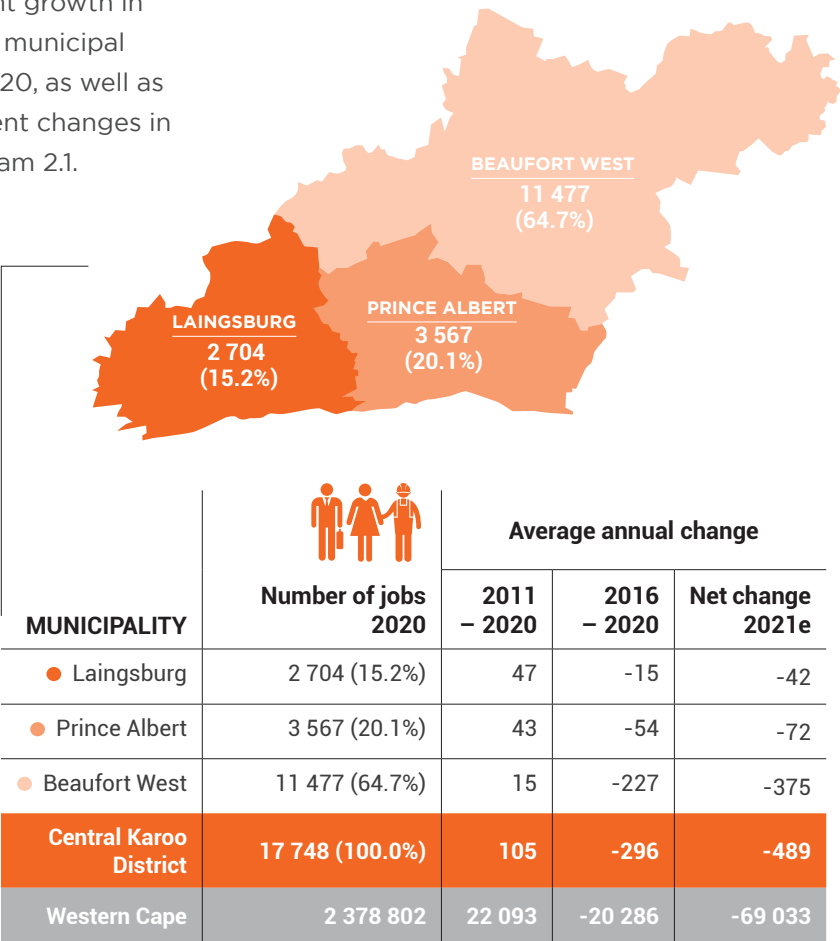
2.2.1 Employment growth

An overview of employment growth in the CKD and its respective municipal areas between 2011 and 2020, as well as estimates of net employment changes in 2021, are provided in Diagram 2.1.

Diagram 2.1
**EMPLOYMENT
CONTRIBUTION
AND GROWTH,
Central Karoo
District¹**



Source: Quantec Research,
2022 (e denotes estimate)



In 2020, 17 748 workers were employed in the CKD, which signified a contribution of 0.7 per cent to Provincial employment during the year. Similar to its contribution to GDPR, the Beaufort West municipal area was the largest contributor to employment in the District at 64.7 per cent in 2020. During the same year, the Prince Albert and Laingsburg municipal areas contributed 20.1 per cent and 15.2 per cent respectively to employment in the CKD.

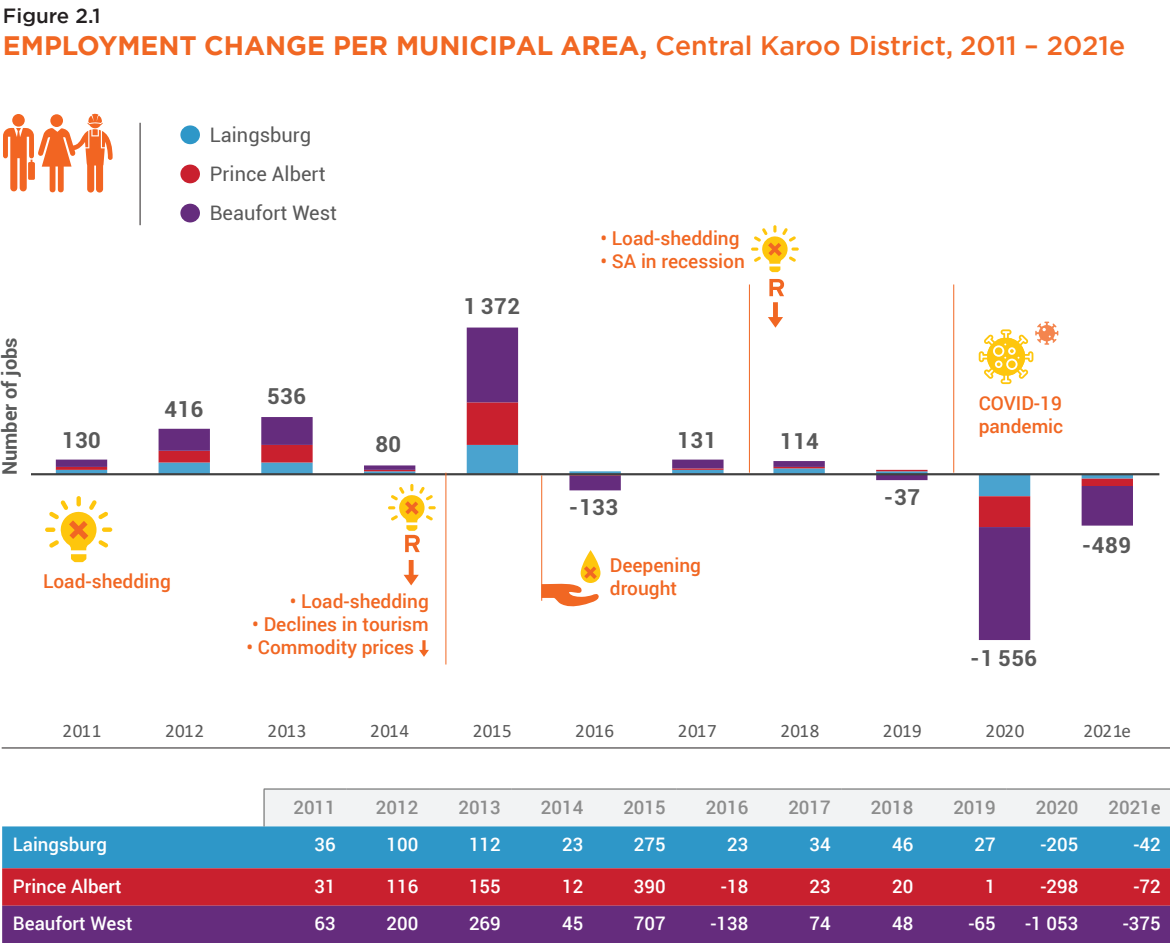
Between 2016 and 2020, the District realised an average annual decline of 296 jobs, which was largely driven by average annual declines recorded in the Beaufort West municipal area (227 jobs). The decline in jobs in the Beaufort West municipal area can probably be attributed to the drought affecting the agriculture and trade sectors,² as well as lower investment in the municipal area.³

¹ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).
² (Payne, 2019).
³ (Western Cape Government, 2017).

Furthermore, the Prince Albert and Laingsburg municipal areas recorded average annual declines of 54 and 15 jobs respectively over the same period. The contributions to declines in employment recorded by each of the municipal areas that comprise the CKD are reflective of their contributions to GDPR.

Estimates for 2021 indicate that further job-shedding is expected in the District, with an expected 489 job losses in the CKD. The most jobs were lost in the Beaufort West municipal area (375). Job losses in the District were largely driven by losses in the trade and transport sectors. As the District was identified as a COVID-19 hotspot during the holiday period of 2020, the restriction on travel greatly affected the trade sector.⁴ Despite the economic recovery recorded in 2021 arising from the easing of COVID-19 restrictions, recoveries in employment lag behind recoveries in economic activity.

Figure 2.1 illustrates the annual changes in the level of employment in the municipal areas that comprise the CKD.



Source: Quantec Research, 2022 (e denotes estimate)

⁴ (The Presidency, 2020).

Between 2011 and 2013, the CKD experienced a year-on-year recovery in employment, attributable to recoveries in economic growth following the global financial crisis. In 2014, new employment opportunities in the CKD slowed significantly, with 80 jobs created during the year. This can probably be ascribed to the onset of drought conditions in the District in December 2014.⁵ However, in 2015, 1 372 new employment opportunities were recorded in the District.⁶ Employment in the District benefited from the lifting of the ban on ostrich meat and other products.⁷ Despite the recovery in jobs created in 2015, drought conditions impacted employment in the District, as 133 jobs were lost in 2016. Despite recoveries in employment in 2017 and 2018, the District recorded 37 job losses in 2019. These trends are similar to the GDPR performance of the District over the same period and can be ascribed to deepening drought conditions in the CKD, which particularly affected seasonal farm workers.⁸ This was further worsened by the overall poor economic performance of the national economy in 2018 and 2019.

A total of 1556 jobs were lost in 2020 in the CKD. Similar to the contraction in GDPR experienced during the same year, the declines in employment during the year can be attributed to the COVID-19 pandemic and ensuing lockdown measures to contain its spread. However, this was probably offset by the CKD's reliance on the agriculture sector, which performed positively during the year.

Estimates for 2021 indicate fewer job losses within the District relative to 2020. Although there is an estimated net decline in employment opportunities of 489 jobs during the year, the expected decline in jobs is lower compared with 2020.

The job losses recorded in 2020, which continued in 2021, are anticipated to further restrain household income, with expected subsequent declines in municipal revenue. Furthermore, this is expected to restrain the economic recovery of the District following the COVID-19 pandemic.



⁵ (Conradie & Theron, 2019).

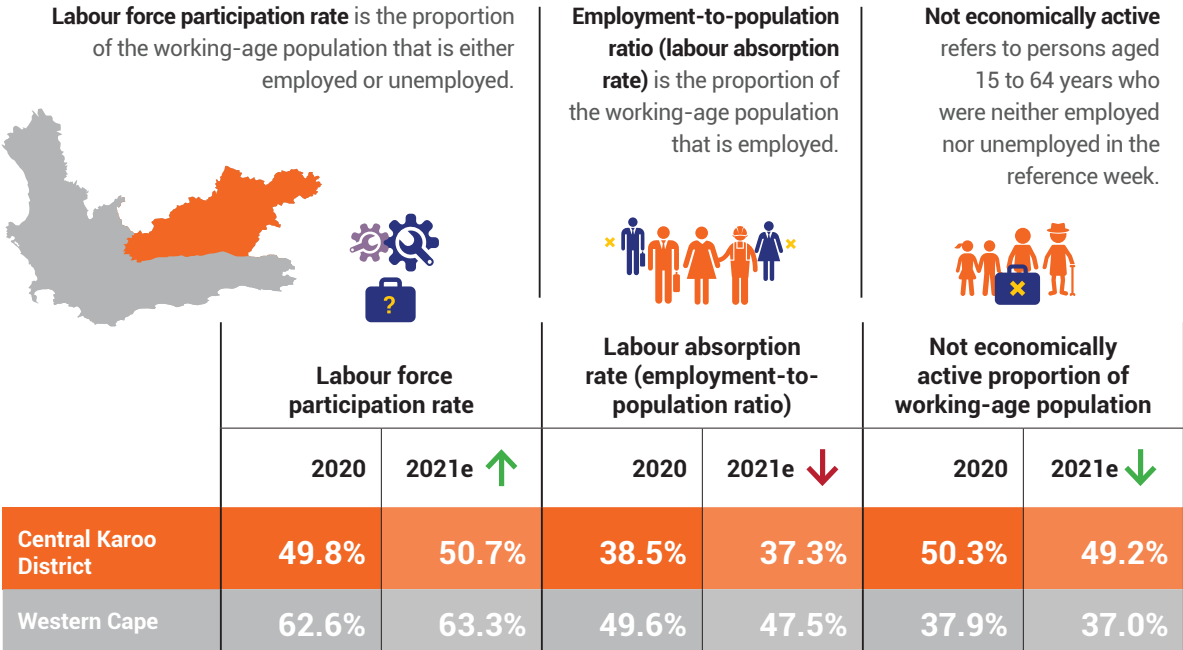
⁶ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

⁷ (Mortlock, 2015).

⁸ (Isaacs, 2016).

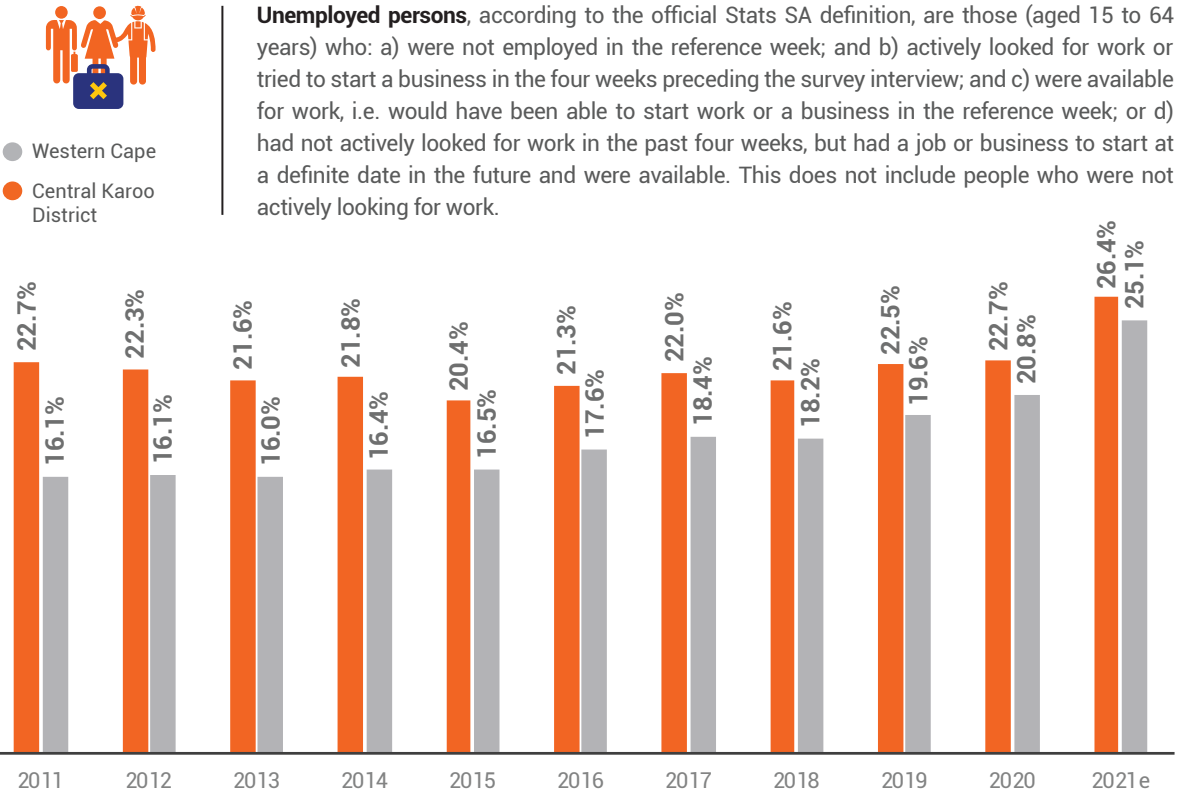
In Diagram 2.2, the labour profile of the CKD between 2011 and 2021 is provided. More specifically, the diagram illustrates the unemployment rate, labour absorption rate, labour force participation rate and the population considered not economically active as a proportion of the working-age population for each of the municipal areas.

Diagram 2.2
LABOUR PROFILE, Central Karoo District



Source: Quantec Research, 2022 (e denotes estimate)

UNEMPLOYMENT PROFILE, Central Karoo District



Source: Quantec Research, 2022 (e denotes estimate)

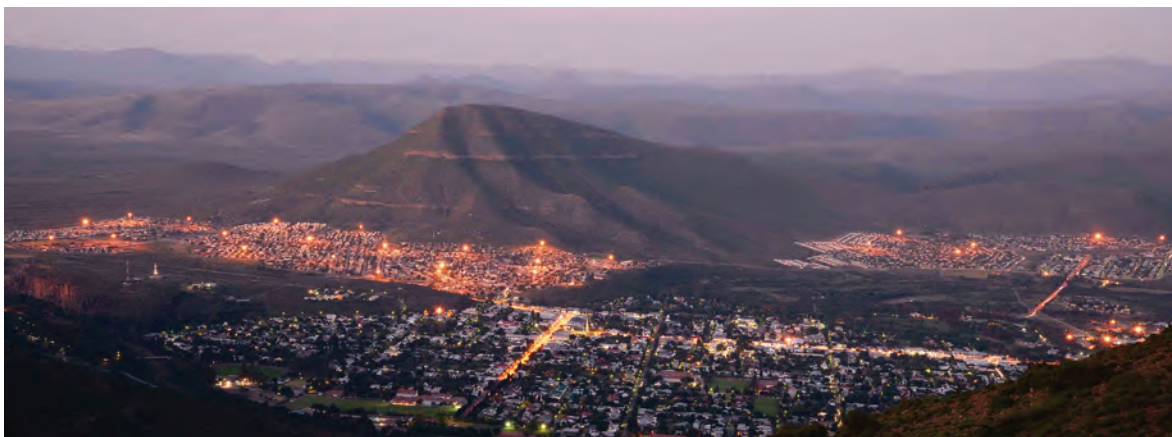
Between 2011 and 2020, the unemployment rate in the CKD recorded an upward trend. This is similar to the overall upward trend observed in the Western Cape over the same period, though the gap in unemployment rates between the District and the Province decreased over the period. However, it is worth noting that the unemployment rate in the District remained above that of the Province over the same period.

Although the unemployment rate in the District followed an overall downward trend between 2011 and 2015, the opposite is evident between 2016 and 2020. This can be ascribed to the prevailing drought conditions in the District and the poor performance of the national economy, which was compounded by the onset of COVID-19 in 2020. The drought conditions in the District had compound effects on the agriculture sector through the increase in feed prices and scarcity of water for livestock, and also on the manufacturing sector (through meat processing).⁹ Furthermore, as the District faced water restrictions up to level five, the limitation of water usage greatly impacted the trade sector in the District.¹⁰

In 2021, the unemployment rate in both the CKD and Western Cape is expected to have increased further, to 26.4 per cent and 25.1 per cent respectively. These increases can be attributed to the lagged responses to economic recovery in the District following the steep contractions in employment and GDP recorded in 2020.

The labour force participation rate in the CKD stood at 49.8 per cent in 2020 in comparison with the 62.6 per cent recorded in the Province during the same year. In 2021, the CKD's labour force participation rate increased to 50.7 per cent, with a similar trend expected in the Province (increasing to 63.3 per cent). However, the labour absorption rate in both the District and Province declined between 2020 and 2021. This coincides with the expected job-shedding recorded in both regions in 2021, particularly with regard to informal employment.¹¹

In 2020, the percentage of individuals in the District who were not economically active stood at 50.3 per cent, which was higher than the 37.9 per cent recorded in the Province in the same year. The percentage of not economically active individuals in the District declined to 49.2 per cent in 2021, with the Province experiencing a decline to 37.0 per cent during the year. These declines can probably be ascribed to improved prospects among the South African labour force in accordance with the recovery in economic activity in 2021. Given the above, the labour market conditions in the District are expected to have remained constrained in 2021.



⁹ (Western Cape Government, 2017).

¹⁰ (Payne, 2019).


¹¹ (Rogan & Skinner, 2021).

2.2.2 Sectoral employment

Table 2.1 indicates the contribution of each economic sector to the employment trend observed in the CKD.

Table 2.1

EMPLOYMENT PER SECTOR, Central Karoo District

SECTOR	 Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	4 286 (24.1%)	40	-152	-15	-347	-61
Agriculture, forestry & fishing	4 284 (24.1%)	40	-152	-15	-347	-61
Mining & quarrying	2 (0.0%)	-	-	-	-	-
SS Secondary Sector	1 170 (6.6%)	1	-34	-85	-146	-88
Manufacturing	273 (1.5%)	-6	-10	-10	-27	-15
Electricity, gas & water	103 (0.6%)	2	-1	-2	-8	-3
Construction	794 (4.5%)	6	-22	-73	-111	-70
TS Tertiary Sector	12 292 (69.3%)	64	-111	63	-1 063	-340
Wholesale & retail trade, catering & accommodation	3 764 (21.2%)	-14	-95	16	-648	-304
Transport, storage & communication	732 (4.1%)	-5	-29	-8	-109	-82
Finance, insurance, real estate & business services	1 588 (8.9%)	6	-6	-2	-77	-57
General government	1 893 (10.7%)	42	25	32	-8	26
Community, social & personal services	4 315 (24.3%)	36	-7	25	-221	77
Total Central Karoo District	17 748 (100.0%)	105	-296	-37	-1 556	-489

Source: Quantec Research, 2022 (e denotes estimate)

Similar to its contribution to GDP, the tertiary sector was the largest contributor to overall employment in the District in 2020 at 69.3 per cent. Furthermore, 1 556 jobs were lost in 2020, reflecting the downturn in economic activity owing to the COVID-19 pandemic. Between 2016 and 2020, the tertiary sector registered an annual decline in new employment opportunities, with 111 jobs being lost on an annual basis over the period. Within the tertiary sector, the community services sector was the largest contributor to employment in the CKD in 2020 at 24.3 per cent. The trade sector accounted for most of the employment opportunities lost within the tertiary sector over the five-year period, losing 95 jobs. This was largely driven by the COVID-19 restrictions in the District limiting non-essential labour, as well as bans on travel affecting the sector in the District.

The primary sector accounted for 24.1 per cent of total employment in the District in 2020 and recorded an average annual decline of 152 jobs between 2016 and 2020. The agriculture sector accounted for all jobs lost in the primary sector, which emphasises its contribution to the primary sector. As noted previously, seasonal farm workers were particularly affected by drought conditions in the CKD. Given the agriculture sector's contribution to GDP in 2020 (14.6 per cent), it can be concluded that the sector is predominantly labour-intensive.

In 2020, the secondary sector contributed 6.6 per cent to overall employment in the CKD. Between 2016 and 2020, the secondary sector experienced an average annual decline of 34 jobs per annum, with the construction sector experiencing the largest average decline of 22 jobs. Activity within the South African construction sector has remained constrained since the global financial crisis owing to slim profit margins, lacklustre demand and constrained liquidity.¹² The manufacturing and electricity, gas and water sectors recorded total combined losses of 11 jobs annually over the same period.

Estimates for 2021 indicate that 489 jobs were lost in the CKD, mainly stemming from job-shedding in the tertiary sector (340 jobs). Furthermore, job losses in the secondary and primary sectors are estimated to have amounted to 88 and 61 jobs respectively in 2021. The trade sector is anticipated to have shed the largest number of jobs in 2021 (304 jobs), followed by the transport (82 jobs) and construction (70 jobs) sectors. However, the community services and general government sectors are expected to have created 77 and 26 jobs respectively in 2021. These increases are probably due to the continued provision of government services in response to COVID-19 and the roll-out of the teacher assistant programme.



¹² (PwC, 2016).

2.2.3 Location quotient


The location quotient is used to identify and analyse the comparative advantage and level of specialisation of economic sectors in the District. Location quotients are ratios which allow an area's distribution of employment in terms of industry, ownership and size to be compared with the national industry.¹³ A location quotient exceeding one indicates the share of labour in the sector in the local economy is greater than that in the national economy.¹⁴ Should the location quotient be less than one, labour in the sector is weaker in the local economy relative to the industry of the national economy. Furthermore, a location quotient of one indicates that the representation of labour in the sector in the local economy is the same as its representation in South Africa.

As a tool, a location quotient does not take external factors such as government policies, investment incentives, proximity to markets, etc., into consideration. This may influence the comparative advantage of an area in a particular sector. Furthermore, the location quotient indicates the relative importance of the local economy to the national economy and does not necessarily indicate that the sector is small or large within a local economy, nor does it indicate the value of importance.

Table 2.2 illustrates the location quotient related to employment in the CKD.

Table 2.2


LOCATION QUOTIENT IN TERMS OF EMPLOYMENT, Central Karoo District

				
SECTOR		2011	2020	Growth 2011 – 2020
PS	Primary Sector	2.11	2.34	11.1%
	Agriculture, forestry & fishing	3.42	3.42	0.0%
	Mining & quarrying	0.0	0.0	0.0%
SS	Secondary Sector	0.44	0.42	-3.1%
	Manufacturing	0.18	0.16	-10.0%
	Electricity, gas & water	1.16	1.31	13.6%
	Construction	0.88	0.78	-10.6%
TS	Tertiary Sector	0.97	0.93	-3.4%
	Wholesale & retail trade, catering & accommodation	1.07	0.97	-8.8%
	Transport, storage & communication	1.10	0.96	-12.7%
	Finance, insurance, real estate & business services	0.55	0.49	-11.8%
	General government	1.46	1.65	13.2%
	Community, social & personal services	1.02	1.05	3.7%

Source: Quantec Research, 2022 and Urban-Econ, 2022

¹³ (United States Bureau of Labor Statistics, 2022).

¹⁴ (Fennig & DaCosta, 2010).

LOCATION QUOTIENT	Classification	 Interpretation
Less than 0.75	Low	Regional needs are not being met by the sector, resulting in an import of goods and services in this sector.
0.75 to 1.24	Medium	The sector is meeting most local needs. The region will be both importing and exporting goods and services in this sector.
1.25 to 4.99	High	The sector is serving needs beyond the border, exporting goods and services in this sector to other regions or provinces.
More than 5.00	Very high	This is indicative of a very high level of local dependence on the sector, typically in a "single-industry" community.

The agriculture sector had the highest location quotient in 2020 at 3.42 in terms of employment and remained consistent between 2011 and 2020. In addition, the District had a high comparative advantage in the general government and electricity, gas and water sectors. It is worth noting that the electricity, gas and water sector's location quotient has improved since 2011. This is likely to be the result of renewable energy procurement as mandated by the District,¹⁵ as well as shale gas resources discovered in the Karoo.¹⁶ Additionally, the District Municipality's employee-related costs increased between 2016 and 2020, which impacted growth in its location quotient.¹⁷ High location quotients in the agriculture and electricity, gas and water sectors represent a higher share of employment in the District compared with the national economy. This suggests that employment in the District is reliant on these sectors.

The District had a medium comparative advantage in the construction, trade, transport and community services sectors in 2020. This suggests that the District's share of employment is comparable with that of the national economy. Therefore, to improve employment in these sectors, extensive interventions may be required. However, it should be noted that all of these sectors' location quotients were classified as medium in 2011.

Sectors with low comparative employment advantages include the mining, manufacturing and finance sectors. As such, these sectors contribute a lower share of employment to the District than in the national economy. This is probably impacted by skill levels in the District, where the absence of tertiary education programmes for these sectors in the District restricts any opportunity for skills development.¹⁸ The CKD has minimal mining resources relative to South Africa, which explains why the sector has very few employees.



¹⁵ (Central Karoo District Municipality, 2020).

¹⁶ (Arnoldi, 2020).

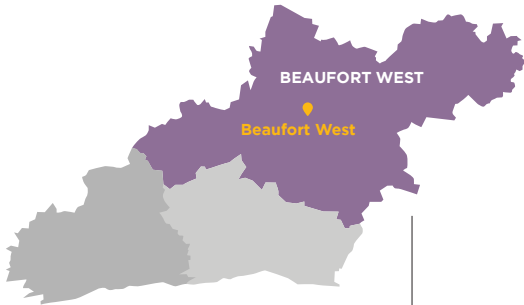
¹⁷ (Central Karoo District Municipality, 2020).

¹⁸ (Western Cape Government, 2021).

2.3

EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

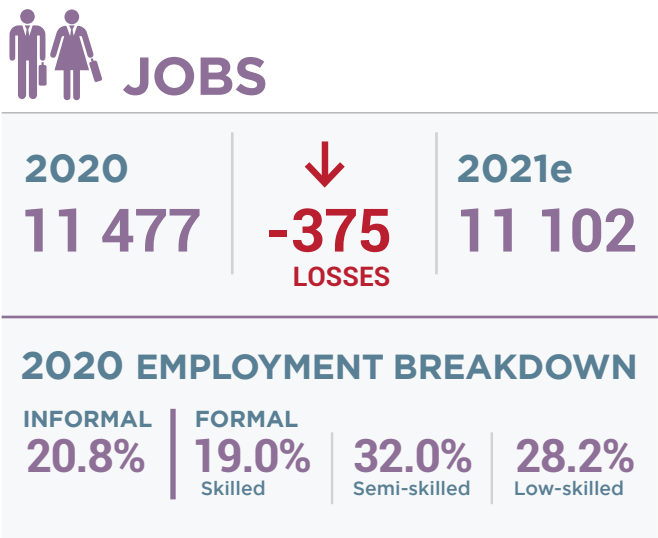
This subsection considers the trends in employment and skill levels for each of the municipal areas within the CKD.



2.3.1

BEAUFORT WEST

Diagram 2.3
EMPLOYMENT,
 Beaufort West, 2020 and 2021e



The municipal area had 11 477 employed workers in 2020, and this is expected to have decreased by 375 workers in 2021. In 2020, the municipal area had 20.8 per cent informal employment, with the majority of formal employment being semi-skilled (32.0 per cent), followed by low-skilled (28.2 per cent) and skilled (19.0 per cent). The unemployment rate is estimated to have increased from 25.0 per cent in 2020 to 29.0 per cent in 2021, with little to no interest for investors to develop the area. Private business also employs very few people and most projects that provide job opportunities are not sustainable (six to 12 months).¹⁹

Source: Quantec Research, 2022 (e denotes estimate)

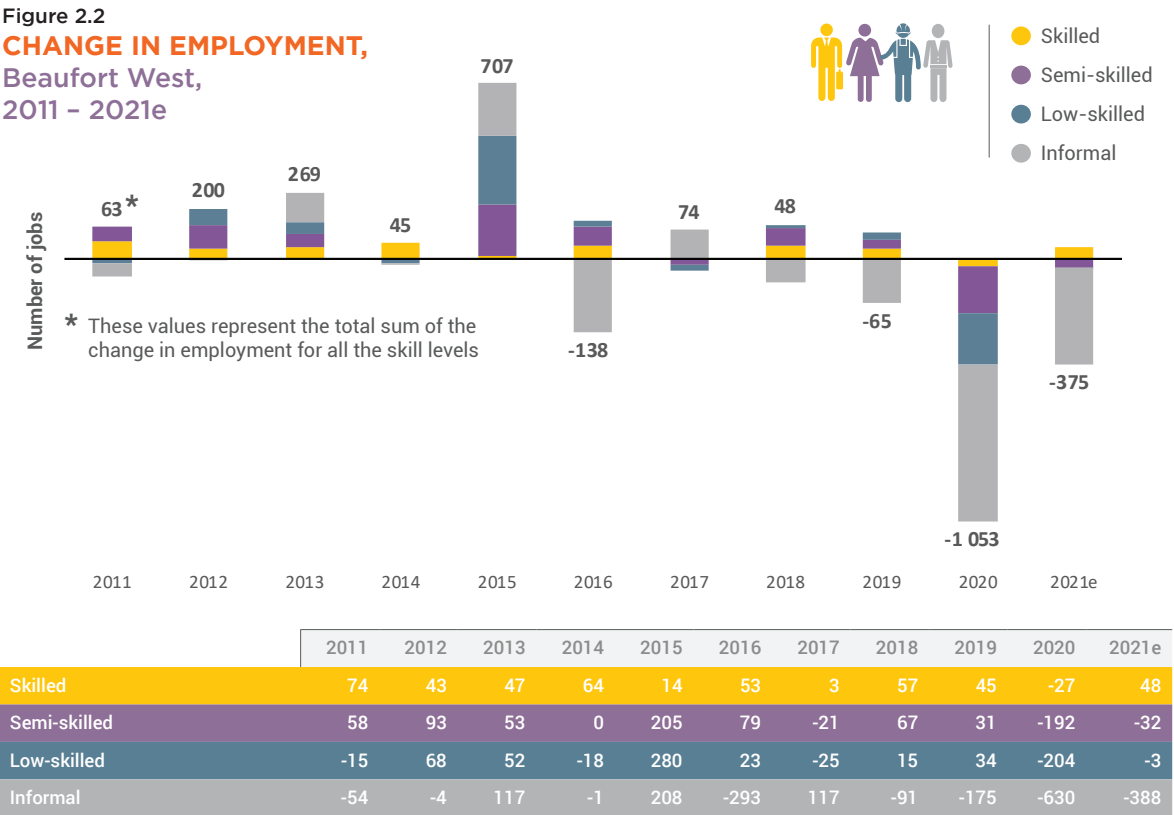
Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e ↑	2020	2021e ↓	2020	2021e ↓
25.0%	29.0%	47.0%	48.0%	35.3%	34.1%	53.2%	52.0%

Source: Quantec Research, 2022 (e denotes estimate)

¹⁹ (Beaufort West Municipality, 2021).

The labour force participation rate for the Beaufort West municipal area increased from 47.0 per cent in 2020 to an estimated 48.0 per cent in 2021. However, the labour absorption rate in the municipal area decreased from 35.3 per cent in 2020 to an estimated 34.1 per cent in 2021. This suggests that while there is a greater influx of labour force participants into the municipal area, employment opportunities have reduced in the period.

Figure 2.2 shows the changes in employment by skill levels in the Beaufort West municipal area between 2011 and 2021.

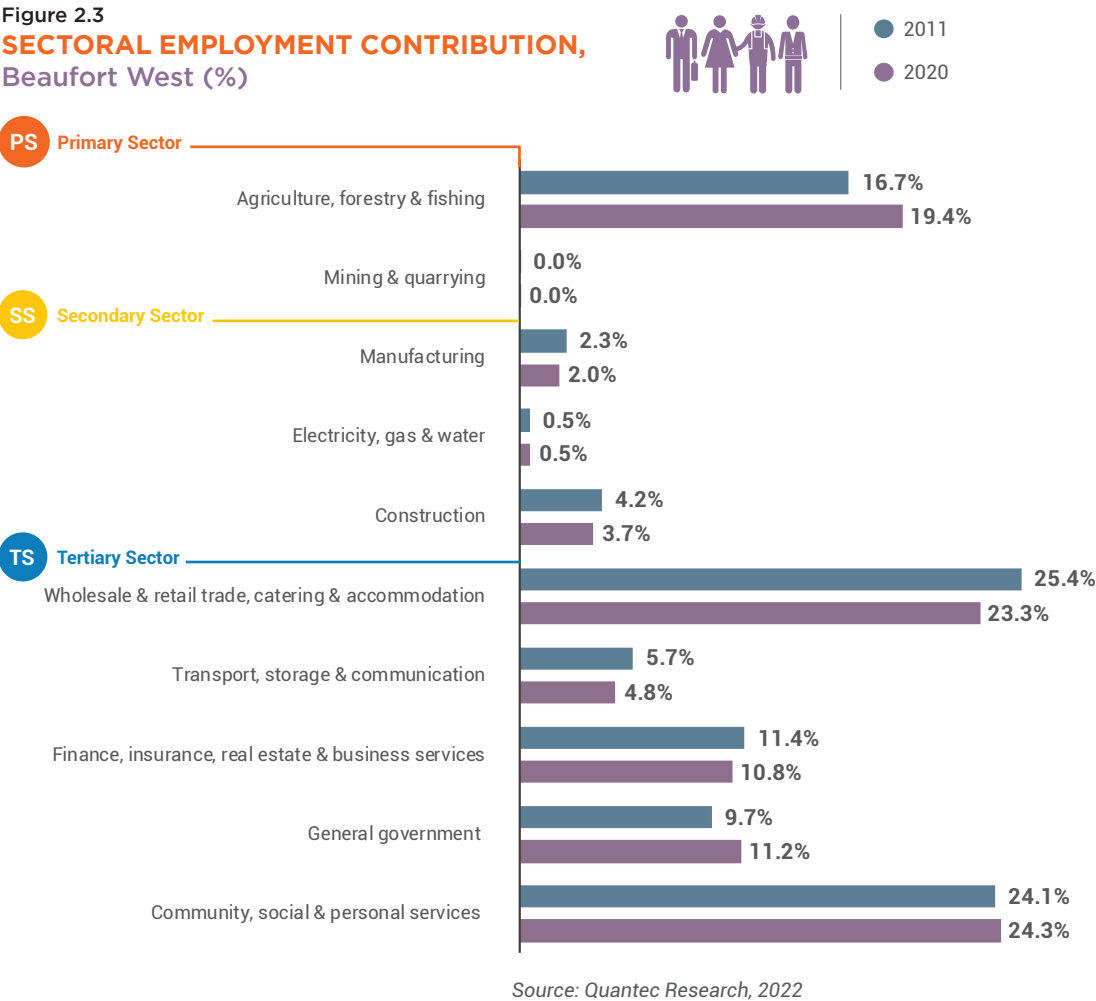


Source: Quantec Research, 2022 (e denotes estimate)

The change in employment for the municipal area fluctuated between 2011 and 2020. A total of 150 jobs were created within the municipal area between 2011 and 2020, with the majority of job opportunities in the skilled and informal labour force.

A total of 373 jobs were created for skilled labour between 2011 and 2020. The COVID-19 pandemic impacted municipal employment severely in 2020, including 27 jobs lost for skilled labour. This was the only year that skilled labour was under pressure. It can be concluded that skilled labour shows strong resilience in economic downturns. Semi-skilled labour also showed resilience between 2011 and 2020, despite no jobs created in 2014 and job losses in 2017 (21 jobs) and 2020 (192 jobs). In this period, 373 jobs were created. Low-skilled labour fluctuated between 2011 and 2020, and created a total of 210 jobs over this period. Informal labour shed 806 jobs between 2011 and 2020, bringing the total employment creation in the municipal area down. In 2020 a total of 630 informal sector jobs were lost, which was the segment of workers impacted the most by the COVID-19 pandemic. It is estimated that in 2021, 375 jobs were lost, with skilled labour being the only workforce creating employment, with 48 jobs created.

Figure 2.3 illustrates sectoral contributions to employment in the Beaufort West municipal area in 2011 and 2020.




The main sectors contributing towards employment in the Beaufort West municipal area were the same in 2020 as in 2011. The trade sector was the leading contributor in 2011, with 25.4 per cent, and this declined to 23.3 per cent in 2020. This resulted in the community services sector becoming the leading contributor in 2020, with 24.3 per cent, which was an increase of 0.2 per cent from 2011. The agriculture sector contributed 16.7 per cent towards employment in 2011, and this increased to 19.4 per cent in 2020.

The sectors that contracted in terms of employment contribution from 2011 to 2020 were the trade sector (by 2.1 per cent), the transport sector (0.9 per cent), the finance sector (0.6 per cent), the manufacturing sector (0.3 per cent) and the construction sector (0.5 per cent). The agriculture sector’s employment contribution increased by 2.7 per cent from 2011 to 2020, which was the largest increase in all the sectors. The general government sector, being the largest economic sector in the municipal area, contributed 11.2 per cent towards employment in 2020, which was a 1.5 per cent increase from 2011.

Table 2.3 describes the employment performance per sector for the Beaufort West municipal area between 2016 and 2020, and gives an estimate for 2021.

Table 2.3
EMPLOYMENT PERFORMANCE PER SECTOR, Beaufort West

SECTOR		Number of jobs 2020	Average annual change		Annual change in employment		
			2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector		2 224 (19.4%)	24	-74	-4	-175	-31
Agriculture, forestry & fishing		2 222 (19.4%)	24	-74	-4	-175	-31
Mining & quarrying		2 (0.0%)	-	-	-	-	-
SS Secondary Sector		712 (6.2%)	-7	-27	-59	-93	-60
Manufacturing		227 (2.0%)	-5	-8	-10	-23	-13
Electricity, gas & water		60 (0.5%)	1	-1	-2	-4	-2
Construction		425 (3.7%)	-2	-18	-47	-66	-45
TS Tertiary Sector		8 541 (74.4%)	-2	-125	-2	-785	-284
Wholesale & retail trade, catering & accommodation		2 674 (23.3%)	-20	-80	-3	-474	-223
Transport, storage & communication		555 (4.8%)	-8	-26	-12	-87	-65
Finance, insurance, real estate & business services		1 234 (10.8%)	-5	-13	-9	-69	-54
General government		1 284 (11.2%)	25	13	19	-10	14
Community, social & personal services		2 794 (24.3%)	6	-19	3	-145	44
Total Beaufort West		11 477 (100.0%)	15	-227	-65	-1 053	-375

Source: Quantec Research, 2022 (e denotes estimate)



The municipal area’s employment reached a total of 11 477 jobs in 2020. Most workers were in the tertiary sector (8 541 workers), followed by the primary sector (2 224 workers), and the secondary sector contributed 712 workers. The community services sector had the majority of workers, with a total of 2 794, followed by the trade (2 674 workers) and agriculture (2 222 workers) sectors.

The average annual change in employment between 2011 and 2020 was 15 jobs. The tertiary sector contracted by two jobs annually, whereas the secondary sector contracted by seven jobs. The primary sector was the only sector that increased jobs annually between 2011 and 2020 (24 jobs), with all the jobs being in the agriculture sector. The general government sector created an average of 25 jobs annually, which was the most jobs in the municipal area.

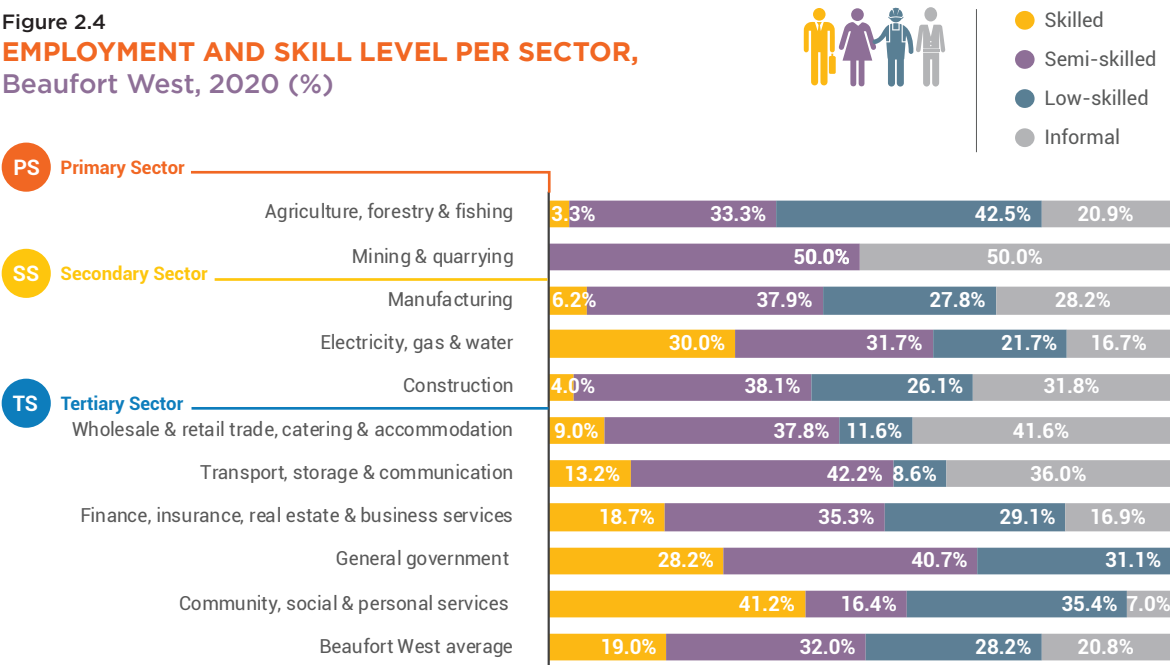
The average annual change between 2016 and 2020 indicated a contraction in jobs, with a loss of 227 jobs annually. The sector with the most job-shedding per year was the trade sector, with 80 jobs lost per year. The only sector in the municipal area that created jobs during this period was the general government sector (13 jobs). It should be noted that these results may have been skewed by the onset of the COVID-19 pandemic, which restrained trade activity and the public sector response.

It is estimated that a further 375 jobs were lost in 2021, with 223 jobs lost in the trade sector and 31 in the agriculture sector. The two sectors estimated to have created additional jobs in the municipal area are the community services sector, with 44 jobs, and the general government sector with 14 jobs.

Figure 2.4 illustrates the employment distribution of the Beaufort West municipal area in 2020.

Overall, a substantial proportion (32.0 per cent) of the Beaufort West municipal area’s working population were semi-skilled. The second-largest group of the labour force was low-skilled (28.2 per cent), and informal workers accounted for 20.8 per cent of employed people. The proportion of skilled labour in 2020 was 19.0 per cent.

Figure 2.4
EMPLOYMENT AND SKILL LEVEL PER SECTOR,
Beaufort West, 2020 (%)



Source: Quantec Research, 2022

The community services sector and the electricity, gas and water sector employed a substantial proportion of skilled people (41.2 per cent and 30.0 per cent respectively). The general government sector also employed a large share of skilled workers (28.2 per cent). The community services sector (35.4 per cent), as well as the agriculture sector (42.5 per cent), employed a large proportion of low-skilled workers. This is largely a result of the nature of labour in the sectors being more receptive to low-skilled employees.

The mining sector employed the largest proportion of informal workers. However, this sector is very limited owing to a lack of minerals in the municipal area. Contextually, it must be noted that the sector only employed two people in 2020, which impacts the proportion of informal employees recorded. The trade sector also employed a large percentage (41.6 per cent) of informal workers, which can be linked to the high number of informal traders and vendors across the municipal area.

The agriculture sector employed a large number of low-skilled and informal workers in the municipal area. However, low-skilled and informal workers are the most vulnerable to job losses as a result of external impacts, given the area's propensity for drought. The municipal area has the highest percentage of people living in poverty in the CKD, with a total of 50.6 per cent.²⁰ The Municipality should, where possible, focus on training programmes to help the people in the municipal area to gain additional skills to ensure that they have the opportunity to work in different sectors as economic conditions change.



²⁰ (Central Karoo, 2020).



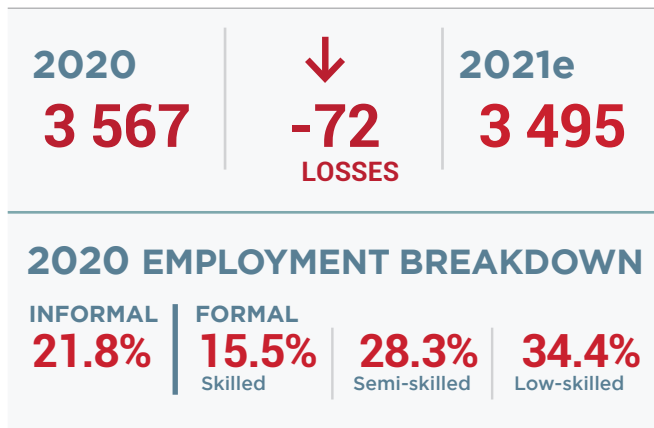
2.3.2

PRINCE ALBERT





Diagram 2.4
EMPLOYMENT,
Prince Albert, 2020 and 2021e



JOBS



The municipal area had 3 567 employed workers in 2020, and this is expected to have decreased by 72 workers in 2021. In 2020, the municipal area had 21.8 per cent informal employment, with the majority of formal employment being low-skilled (34.4 per cent), followed by semi-skilled (28.3 per cent) and skilled employment (15.5 per cent). The unemployment rate is estimated to have increased from 18.6 per cent in 2020 to 21.7 per cent in 2021. The municipal area also recorded a decrease in the proportion of the working-age population regarded as not economically active between 2020 (47.3 per cent) and 2021 (46.4 per cent). This probably suggests that there was a larger influx of labour force participants into the municipal

 Unemployment rate		 Labour force participation rate		 Labour absorption rate (employment-to-population ratio)		 Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e ↑	2020	2021e ↓	2020	2021e ↓
18.6%	21.7%	52.6%	53.3%	42.8%	41.8%	47.3%	46.4%

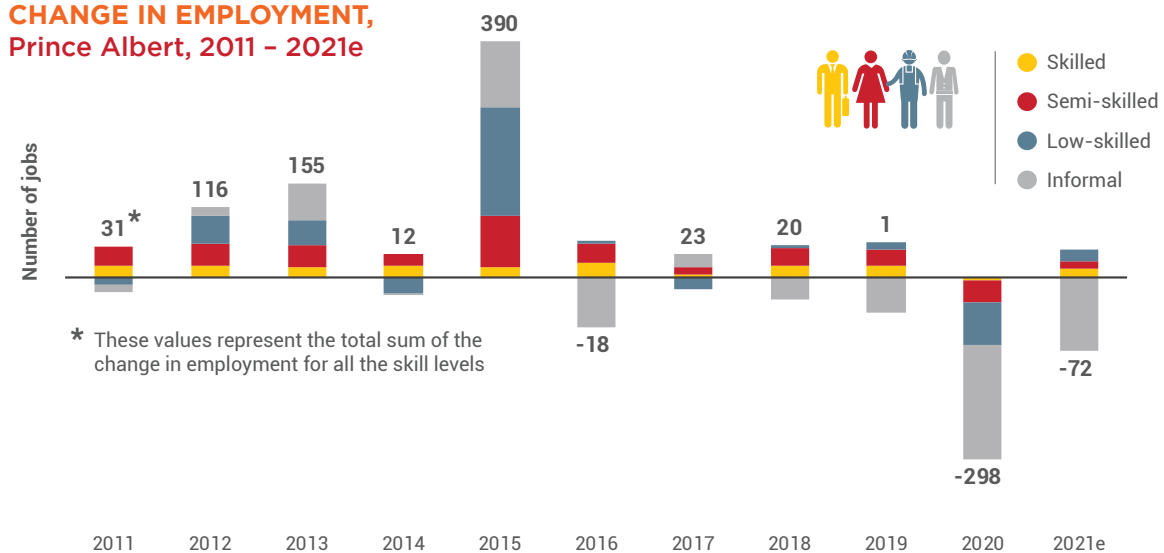
Source: Quantec Research, 2022 (e denotes estimate)

area (such as youth becoming eligible to work) compared with labour force departures (such as those choosing to retire). However, given the increase in unemployment rates in the period, more intervention is needed to create employment and skills development opportunities in the municipal area.

Figure 2.5 illustrates that the Prince Albert municipal area's change in employment follows the same trend as the District.

Figure 2.5

**CHANGE IN EMPLOYMENT,
Prince Albert, 2011 – 2021e**



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Skilled	20	20	17	20	18	25	6	20	20	-4	16
Semi-skilled	33	37	38	20	85	31	11	29	28	-36	11
Low-skilled	-11	45	41	-26	177	6	-17	5	11	-71	20
Informal	-11	14	59	-2	110	-80	23	-34	-58	-187	-119

Source: Quantec Research, 2022 (e denotes estimate)

The Prince Albert municipal area created a total of 432 jobs between 2011 and 2020. The majority of jobs were created for semi-skilled labour (276 jobs), followed by skilled labour (162 jobs). For low-skilled labour a total of 160 jobs were created in the same period. Informal employment contracted by 166 jobs between 2011 and 2020. It is evident that the COVID-19 pandemic impacted employment in the municipal area severely, with a total of 298 jobs lost in 2020. Skilled and semi-skilled labour shed the fewest jobs, with a decline of only four jobs for skilled labour and 36 jobs lost for semi-skilled labour. Low-skilled and informal labour were impacted the most, as 71 low-skilled workers lost their jobs and 187 jobs were lost for informal workers.

There were fewer job losses in skilled and semi-skilled labour than in the low-skilled and informal sectors of the municipal area between 2019 and 2020. Given the lack of skills development opportunities in the District,²¹ jobs in the informal and low-skilled sectors were more vulnerable to the effects of the technical recession,²² as well as the COVID-19 pandemic.

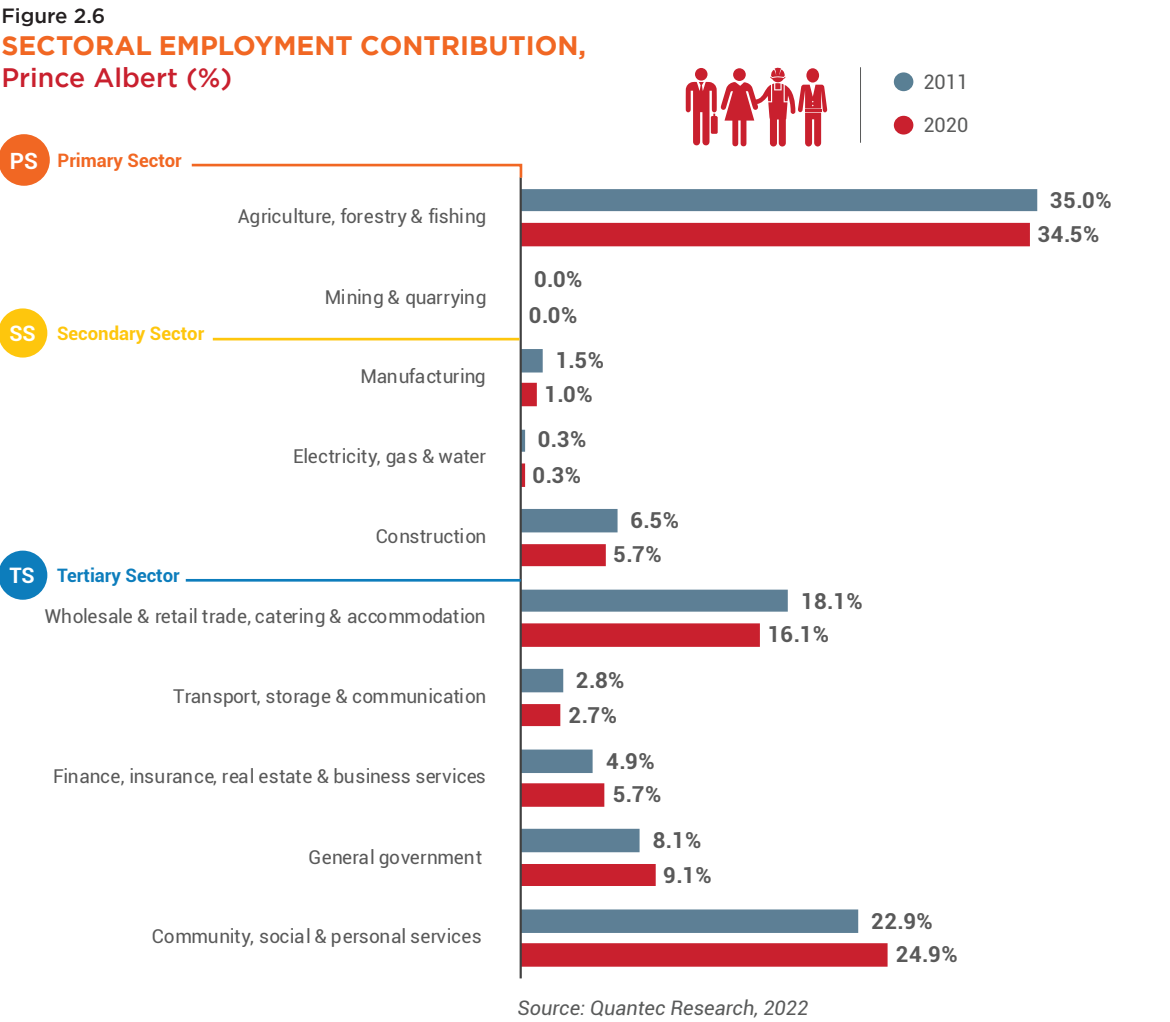
²¹ (Central Karoo District Municipality, 2020).

²² (Stats SA, 2020).

This indicates the necessity of skills development programmes in the municipal area for employers to ensure employee retention and employment creation. Skills development programmes will also help employees gain additional skills in order to improve their job security in difficult economic times.

It is estimated that 72 jobs were lost in 2021, with informal labour estimated to have shed another 119 jobs. Skilled labour will recover from the jobs lost in 2020, with an additional 16 jobs being created in 2021. Semi- and low-skilled labour will also show recovery, as 11 jobs are estimated to have been created in 2021 for semi-skilled labour and 20 jobs for low-skilled labour.

Figure 2.6 shows the contribution of the different sectors to employment in the Prince Albert municipal area in 2011 and 2020.




The agriculture sector was the main contributor to employment in the municipal area in 2011 and 2020, with the contribution contracting by 0.5 percentage points during this period. This is in line with the role the agriculture sector plays in the economy of the municipal area, as it is one of the main contributors in terms of GDPR. To further benefit from the agriculture sector, technical and infrastructure support should be provided for emerging farmers.²³

²³ (Prince Albert Municipality, 2021).

The community services sector contributed the second-highest percentage towards employment, with an improvement from 22.9 per cent in 2011 to 24.9 per cent in 2020. This was followed by the trade sector, which contracted from 2011 (18.1 per cent) to 2020 (16.1 per cent). The community services sector showed the greatest increase in employee contribution from 2011 to 2020, with a 2.0 percentage point increase. The trade sector showed the greatest contraction, with 2.0 percentage points.

Table 2.4 describes the performance of GDP and employment in the Prince Albert municipal area.

Table 2.4
EMPLOYMENT PERFORMANCE PER SECTOR,
Prince Albert

SECTOR		Number of jobs 2020	Average annual change		Annual change in employment		
			2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector		1 230 (34.5%)	7	-51	-10	-110	-26
PS Agriculture, forestry & fishing		1 230 (34.5%)	7	-51	-10	-110	-26
Mining & quarrying		0 (0.0%)	-	-	-	-	-
Secondary Sector		250 (7.0%)	1	-9	-19	-36	-20
SS Manufacturing		37 (1.0%)	-1	-2	-	-4	-2
Electricity, gas & water		9 (0.3%)	0	-0	-	-2	-1
Construction		204 (5.7%)	1	-6	-19	-30	-17
Tertiary Sector		2 087 (58.5%)	39	11	30	-122	-26
TS Wholesale & retail trade, catering & accommodation		576 (16.1%)	2	-11	3	-92	-41
Transport, storage & communication		96 (2.7%)	1	-2	1	-12	-11
Finance, insurance, real estate & business services		203 (5.7%)	6	3	3	-7	-4
General government		325 (9.1%)	9	6	8	-	8
Community, social & personal services		887 (24.9%)	18	9	15	-41	22
Total Prince Albert		3 567 (100.0%)	43	-54	1	-298	-72

Source: Quantec Research, 2022 (e denotes estimate)

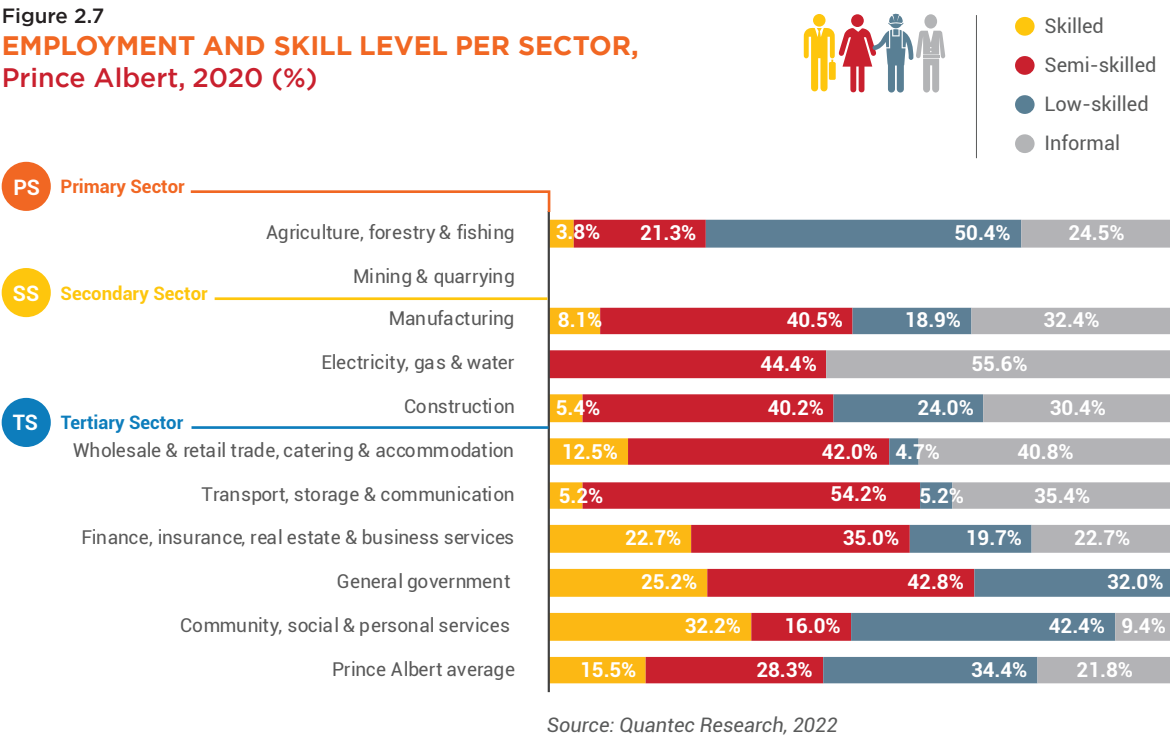
The municipal area's employment reached a total of 3 567 in 2020. The majority of workers were employed in the tertiary sector (2 087 workers), followed by the primary sector (1 230 workers), with the secondary sector contributing 250 workers. The agriculture sector had the majority of workers, with a total of 1 230, followed by the community services (887 workers) and trade (576 workers) sectors.

The average annual change in employment between 2011 and 2020 was 43 jobs. The tertiary sector created the most jobs annually (39 jobs), followed by the primary sector (seven jobs), and the secondary sector created one additional job per year in this period.

The average annual change between 2016 and 2020 indicated a contraction in jobs, with a loss of 54 jobs annually. The tertiary sector created 11 jobs annually, whereas the secondary and primary sectors contracted by nine and 51 jobs respectively. The agriculture sector lost 51 jobs per year in this period. This could be as a result of the drought experienced, as farmers shed jobs to remain sustainable. The general government sector created an average of six jobs annually.

It is estimated that a further 72 jobs were lost in 2021, with 41 jobs lost in the trade sector and 26 in the agriculture sector. The two sectors estimated to have created additional jobs in the municipal area are the community services sector, with 22 jobs, and the general government sector with eight jobs.

Figure 2.7 illustrates the employment distribution in the Prince Albert municipal area in 2020.



In 2020, low-skilled workers accounted for 34.4 per cent of all employed people within the municipal area. Semi-skilled workers made up 28.3 per cent of the workforce, while skilled workers made up 15.5 per cent. The municipal area’s portion of informal labour in 2020 was 21.8 per cent. One of the primary impediments for formal business is the lack of skills in the municipal area. The general government sector was the largest contributor to the Prince Albert municipal area’s economy, mostly employing semi-skilled people (42.8 per cent), followed by low-skilled workers (32.0 per cent).

Agriculture is a key sector in the Prince Albert municipal area, with formal employment making up most of this sector (75.5 per cent) in 2020. Most workers in this sector, however, are low-skilled (50.4 per cent). Job losses in this sector will therefore have a significant impact on poverty levels, migration to towns and, subsequently, the need for housing and other services.

The sector with the majority of informal workers in 2020 was the electricity sector (55.6 per cent). The trade sector is also made up of a large portion of informal workers (40.8 per cent in 2020), which could be because of the presence of street vendors selling goods across the municipal area.²⁴

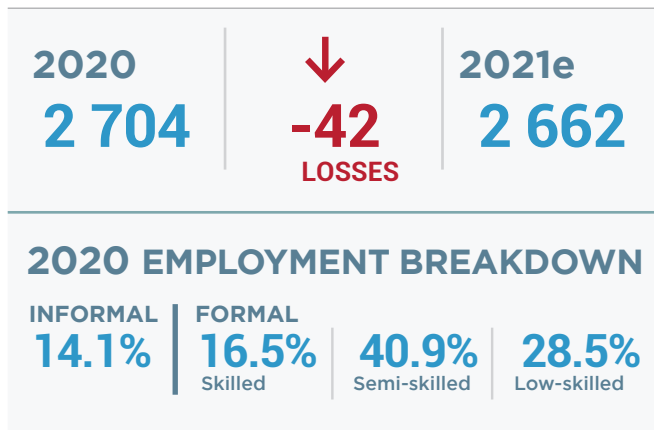


²⁴ (Prince Albert Municipality, 2021).







2.3.3 LAINGSBURG

Diagram 2.5
EMPLOYMENT,
Laingsburg, 2020 and 2021e



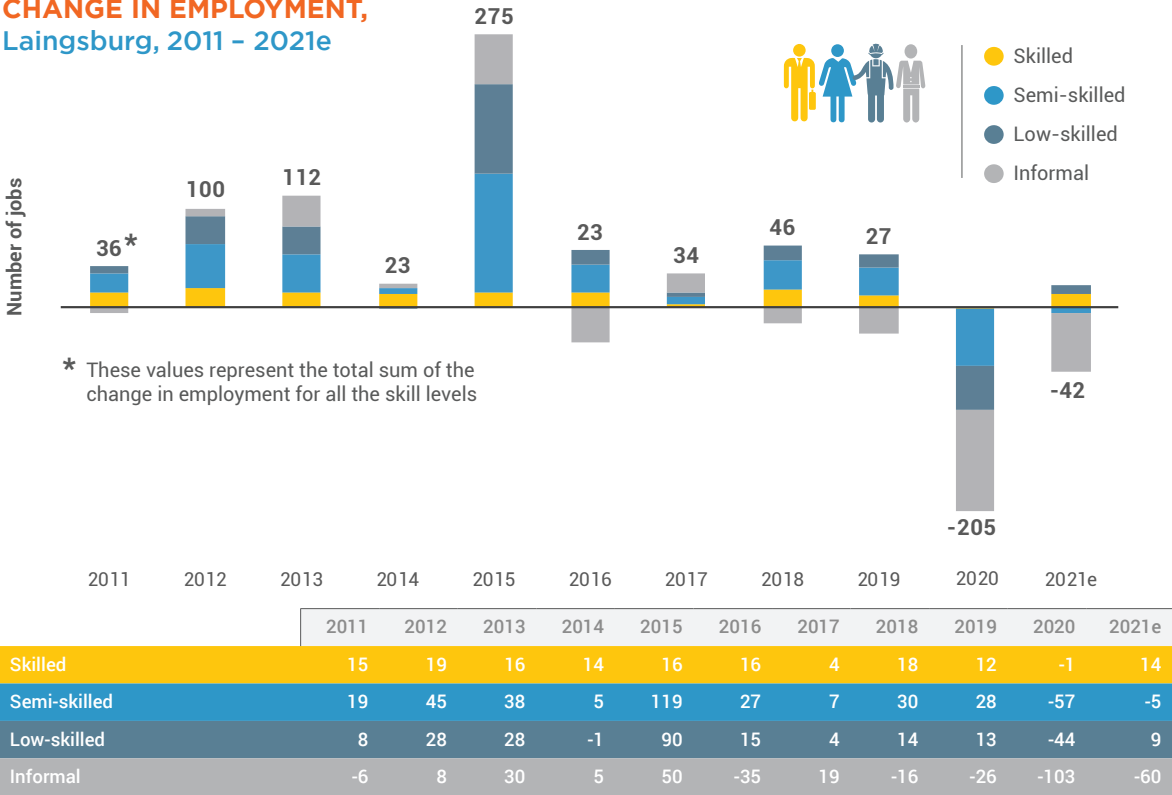
The municipal area had 2 704 workers in 2020, and this is expected to have decreased to 2 662 workers (42 jobs lost) in 2021. In 2020, the municipal area had 14.1 per cent informal employment, with the majority of formal employment being semi-skilled (40.9 per cent), followed by low-skilled (28.5 per cent) and skilled employment with 16.5 per cent. The unemployment rate is estimated to have increased from 17.7 per cent in 2020 to 20.9 per cent in 2021. The labour force participation rate is estimated to have increased from 62.0 per cent in 2020 to 63.2 per cent in 2021. A total of 37.6 per cent of the working-age population in the municipal area were not economically active in 2020, and this is estimated to have decreased to 36.6 per cent in 2021.

 Unemployment rate		 Labour force participation rate		 Labour absorption rate (employment-to-population ratio)		 Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e ↑	2020	2021e ↓	2020	2021e ↓
17.7%	20.9%	62.0%	63.2%	51.0%	50.0%	37.6%	36.6%

Source: Quantec Research, 2022 (e denotes estimate)

The changes in employment in the Laingsburg municipal area between 2011 and 2021 are illustrated in Figure 2.8. Generally, the employment growth trend in the municipal area followed the employment trends at a district level.

Figure 2.8
CHANGE IN EMPLOYMENT,
Laingsburg, 2011 – 2021e

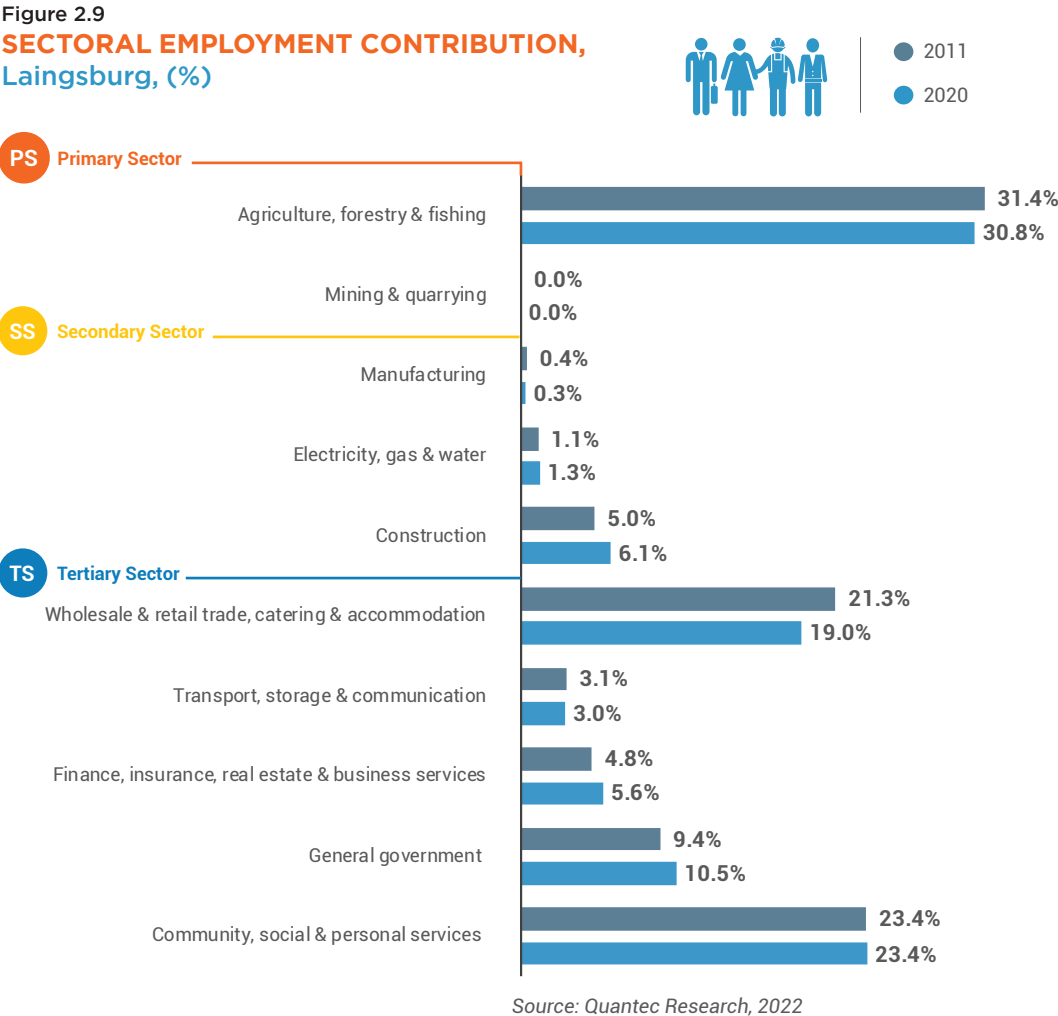


Source: Quantec Research, 2022 (e denotes estimate)

The change in employment for the municipal area fluctuated between 2011 and 2020. A total of 471 jobs were created between 2011 and 2020, with the majority of job opportunities created in the formal labour force. The total number of jobs created for skilled labour between 2011 and 2020 was 129 jobs. The COVID-19 pandemic impacted the municipal area severely in 2020, resulting in a number of jobs lost. This was the only year that there was a decline in total skilled employment, with only one job lost. It is evident that skilled labour shows strong resilience in economic downturns, as it lost the fewest jobs in 2020. The semi-skilled labour also showed resilience between 2011 and 2020, with jobs only lost in 2020 (57 jobs). In this period, 261 semi-skilled jobs were created. Low-skilled labour also showed resilience, with only one job lost in 2014. Low-skilled labour created a total of 155 jobs between 2011 and 2020. The informal labour force shed 74 jobs between 2011 and 2020, bringing total employment creation in the municipal area down. The informal labour force was most impacted by the pandemic, with a total of 103 jobs lost in 2020.

It is estimated that in 2021, 42 jobs were lost, with skilled and low-skilled labour showing recovery by adding 14 jobs and nine jobs respectively. It is estimated that five jobs were lost for semi-skilled workers and another 60 jobs for informal labour. It is evident that skills development should be a key focus area in the municipal area as it is clear that skilled workers are safer during economic downturns.

Figure 2.9 shows the sectoral contribution to employment in the Laingsburg municipal area in 2011 and 2020.



The agriculture sector was the leading employment contributor for the municipal area in 2011 as well as in 2020. The increased input costs for agriculture (such as fuel)²⁵ and droughts experienced between 2013 and 2018 caused a contraction, albeit small, in the contribution from 2011 to 2020. The community services sector contributed 23.4 per cent towards employment in 2011 as well as in 2020, and was the second-largest contributor in the municipal area. The trade sector is also a leading contributor (19.0 per cent in 2020), with its contribution contracting by 2.3 percentage points from 2011 to 2020.

All sectors indicated an increase in employment contribution except the agriculture, manufacturing, trade and transport sectors. The construction and general government sectors showed the largest increase in employee contribution from 2011 to 2020, with a 1.1 percentage point growth.

²⁵ Input costs are operating costs for a farm that are necessary to begin operation. These include costs for fertiliser, pesticides, seeds, weaned animals, feed and any other production costs (Market Intel, 2022).

Table 2.5 describes the sectoral performance of the Laingsburg municipal area's contribution to employment.

Table 2.5
EMPLOYMENT PERFORMANCE PER SECTOR,
Laingsburg

SECTOR	Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	832 (30.8%)	9	-26	-1	-62	-4
Agriculture, forestry & fishing	832 (30.8%)	9	-26	-1	-62	-4
Mining & quarrying	0 (0.0%)	-	-	-	-	-
SS Secondary Sector	208 (7.7%)	7	2	-7	-17	-8
Manufacturing	9 (0.3%)	-0	-	-	-	-
Electricity, gas & water	34 (1.3%)	1	0	-	-2	-
Construction	165 (6.1%)	6	2	-7	-15	-8
TS Tertiary Sector	1 664 (61.5%)	31	9	35	-126	-30
Wholesale & retail trade, catering & accommodation	514 (19.0%)	5	-4	16	-82	-40
Transport, storage & communication	81 (3.0%)	2	-0	3	-10	-6
Finance, insurance, real estate & business services	151 (5.6%)	5	4	4	-1	1
General government	284 (10.5%)	8	6	5	2	4
Community, social & personal services	634 (23.4%)	12	3	7	-35	11
Total Laingsburg	2 704 (100.0%)	47	-15	27	-205	-42

Source: Quantec Research, 2022 (e denotes estimate)



The Laingsburg municipal area had a total of 2 704 jobs in 2020, with the tertiary sector being the largest contributor with 1 664 jobs (61.5 per cent), followed by the primary sector with 832 jobs and the secondary sector contributing 208 jobs. Between 2011 and 2020 the municipal area created 47 jobs annually, with most jobs created in the community services sector (12 jobs annually). The municipal area lost 15 jobs annually between 2016 and 2020 as a result of the large number of jobs shed in 2020 owing to the global pandemic. The only sectors that created jobs annually between 2016 and 2020 were the construction sector (two jobs), the finance sector (four jobs), the general government sector (six jobs) and the community services sector, which created three jobs.

It is estimated that the effects of COVID-19 and job-shedding continued in 2021, with a total of 42 jobs lost. The sector with the most estimated job losses was the trade sector, with 40 jobs lost. Therefore, skills development in the municipal area is necessary for trade workers, as this sector is one of the leading contributors to the economy. The only sectors that are estimated to have created jobs in 2021 are the general government, finance and community services sectors.

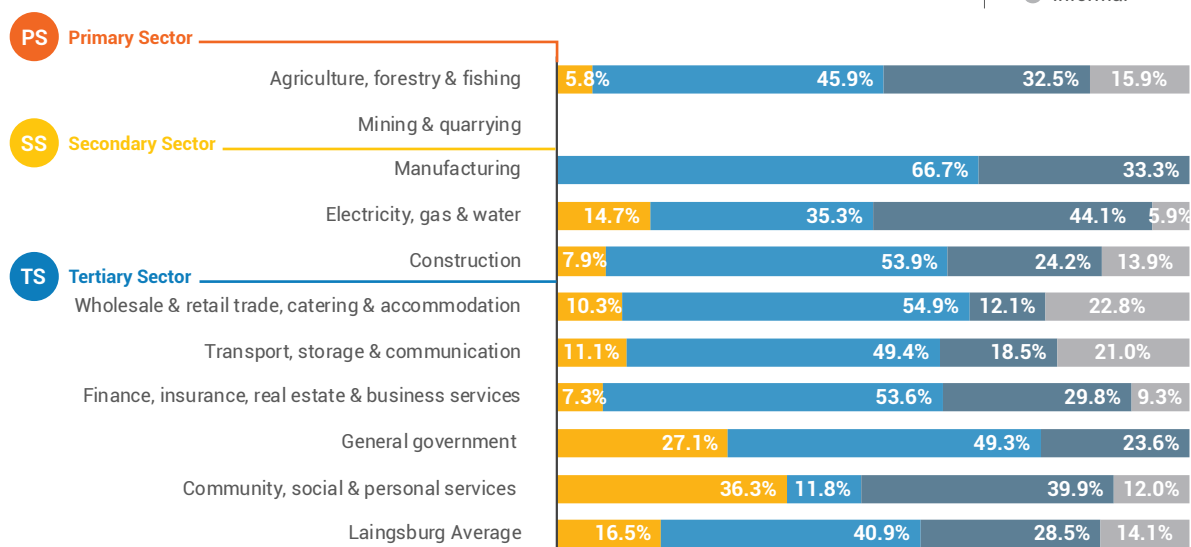
Figure 2.10 illustrates the employment distribution in the Laingsburg municipal area in 2020.

Figure 2.10

EMPLOYMENT AND SKILL LEVEL PER SECTOR, Laingsburg (%)



- Skilled
- Semi-skilled
- Low-skilled
- Informal



Source: Quantec Research, 2022

In the Laingsburg municipal area, semi-skilled workers made up the bulk of formal employed workers (40.9 per cent). Low-skilled workers accounted for 28.5 per cent of all workers, with 16.5 per cent skilled workers. Informal labour in the municipal area accounted for 14.1 per cent in 2020. The community services sector employed the largest proportion of skilled labour (36.3 per cent), followed by the general government sector with 27.1 per cent. The manufacturing sector employed a large number of semi-skilled labourers (66.7 per cent), with no skilled labour. The trade sector had the majority of informal labourers (22.8 per cent), which could be due to the high number of informal street vendors across the municipal area.

The shortage of skills could be related to the municipal area's low literacy levels, resulting in a low-skilled population. The municipal area would benefit from skills development programmes to improve the population's skill levels.

2.4 CONCLUDING REMARKS

The number of government sector jobs relative to the sector's GDP contribution is low, indicating high value addition within the sector. Employment in this sector has, however, increased over the past decade (at the highest annual average rate for all sectors considered, and as corroborated by the increasing location quotient).

In absolute terms, between 2016 and 2020 the largest job losses (a cumulative 758 jobs) were in agriculture, as farmers were forced to rationalise operations owing to the drought. As a result, agriculture is no longer the largest employing sector in the CKD. This would have had significant negative impacts on rural livelihoods, given the relatively low skill levels of agriculture sector workers. It is also noted that job losses in agriculture are often associated with land tenure and occupancy struggles for multigenerational farm dwellers. Such effects would be keenly felt within the CKD given its high agriculture sector location quotient.

In relative terms, trade sector jobs were the most affected by the pandemic. More than a quarter (25.5 per cent) of trade sector jobs were lost in 2020 and 2021, most of which were likely to have been in tourism-related industries. In addition to being negatively impacted by the pandemic, the local tourism sector has also suffered from water restrictions linked to the prolonged drought in the area.

The District's high location quotient in the electricity, gas and water sector is likely to continue increasing, as various wind-energy facilities are operational or under construction, or have been approved or planned. Renewable energy thus represents an opportunity for modest diversification in the CKD's employment profile.

New employment sectors such as renewable energy are important, as unemployment in the District is higher than the Provincial average, and has remained stubbornly high over the past decade. Accordingly, the labour force participation rate of less than 50.0 per cent in 2020 indicates a highly discouraged working-age populace even before the pandemic.

It must, however, be acknowledged that unemployment in the District has increased at a slower rate than Provincial unemployment over the past decade. Spatially, the Beaufort West municipal area, which has the most opportunities for skilled labour (19.0 per cent), lost almost one in 10 jobs (9.1 per cent) in 2020, resulting in a notable increase in the municipal area's unemployment rate from 2020 to 2021. The Prince Albert municipal area had the highest rates of informal employment (21.8 per cent) and low-skilled employment (34.4 per cent) in the CKD in 2020. This points to the need for targeted enterprise support, improved education and upskilling of the local labour force. The Laingsburg municipal area had the highest estimated 2021 labour force participation rate and labour absorption rate in the CKD, which translates into the lowest unemployment rate in the District (20.9 per cent). This, however, needs to be contextualised by the fact that the Laingsburg municipal area has the smallest population in the District.

²⁴ (Prince Albert Municipality, 2021).

A silhouette of a man stands in the foreground, looking towards a windmill in the distance. The scene is set against a sunset sky with warm orange and yellow hues. The man is wearing a checkered shirt and trousers. The windmill is a traditional wooden structure with a large circular fan. The overall mood is contemplative and serene.

3

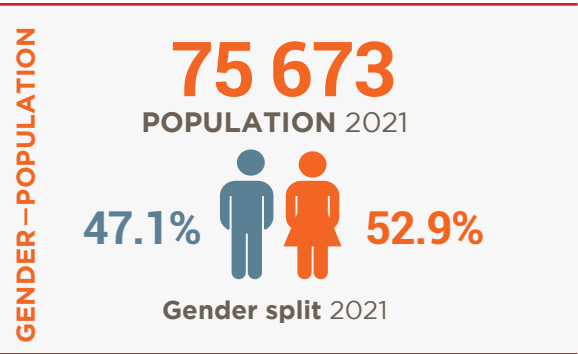
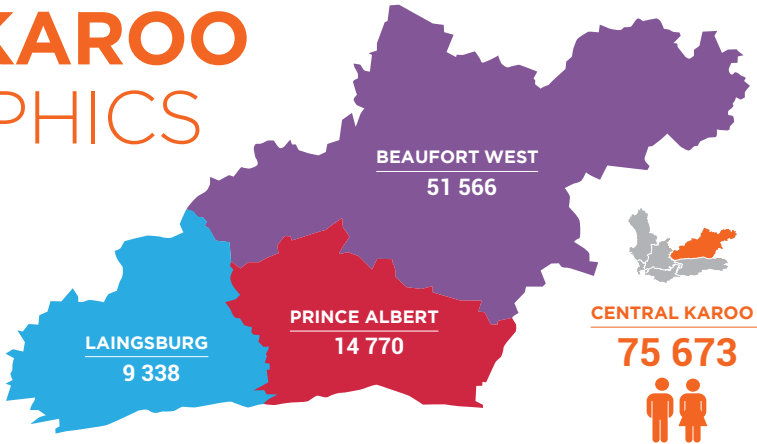
SAFETY AND WELLBEING

3.1 INTRODUCTION

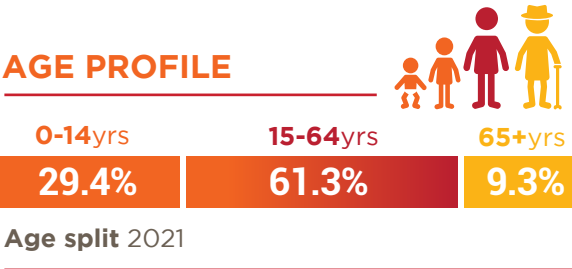
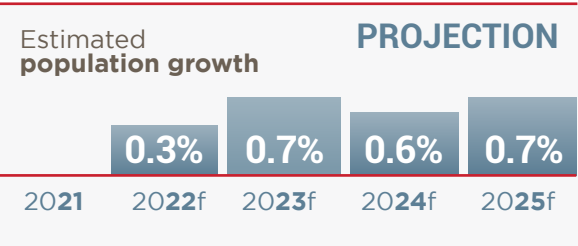
This chapter describes the economic and social circumstances of households living in the CKD by assessing the population, human development, housing, crime and access to basic services. Specifically, human development in the region is assessed by exploring education levels, health and income.

CENTRAL KAROO DEMOGRAPHICS

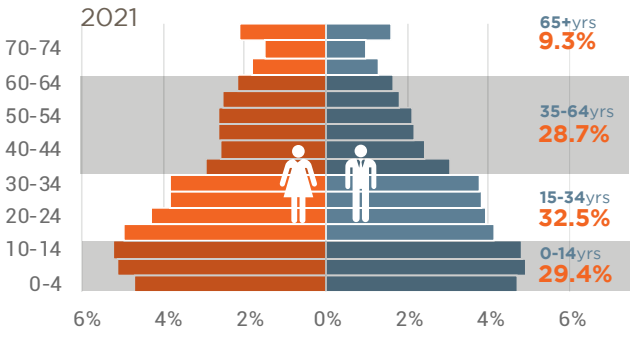
**CURRENT
POPULATION,**
Central Karoo
District,
2021



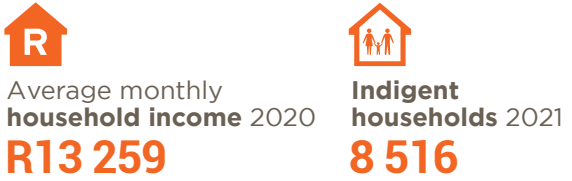
Some of the key indicators used in the socio-economic analysis include the population growth rate, GDP per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development and dwelling types. These indicators are discussed in detail in the sections below.



GENDER AND AGE DYNAMICS



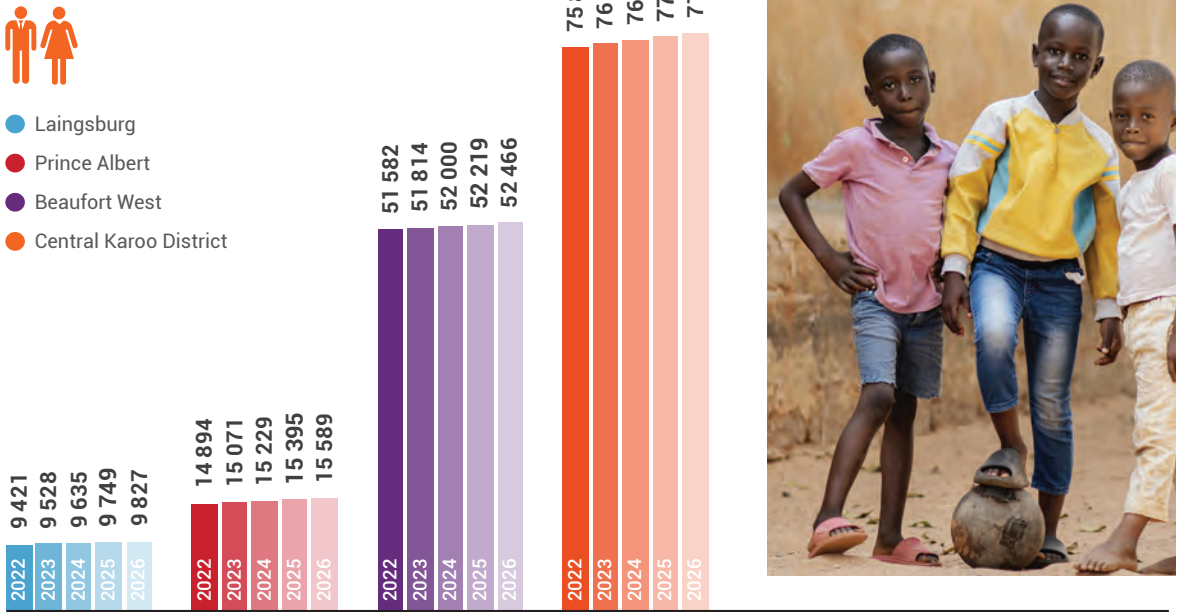
HOUSEHOLDS



3.2 POPULATION PROFILE

Figure 3.1 depicts the population growth in the municipal areas of the CKD between 2022 and 2026. As illustrated, the CKD’s population is forecast at 75 897 in 2022, mainly concentrated in the Beaufort West (68.0 per cent) municipal area.

Figure 3.1
**FUTURE POPULATION GROWTH,
Central Karoo District, 2022 – 2026**



Source: Western Cape Government PPU, 2022. Provincial, district and local municipal area population estimates by sex and age (2002 to 2037) based on Stats SA mid-year population estimates (MYPE) series 2021 and 2022

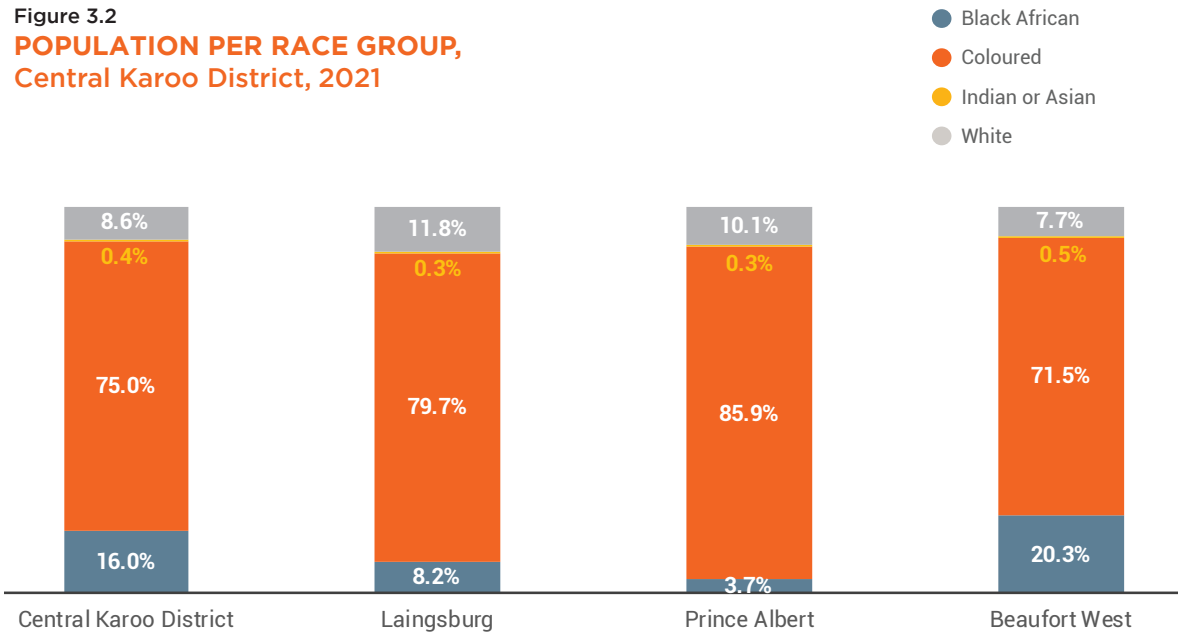
Between 2022 and 2026, the CKD population is forecast to grow by 0.6 per cent from 75 897 in 2022 to 77 882 in 2026. Across all the municipal areas, both the Laingsburg and Prince Albert municipal areas recorded an annual average growth rate of 1.1 per cent in the period. The Beaufort West municipal area’s population recorded a much lower annual average growth rate of 0.4 per cent in the period.

The CKD’s annual population growth between 2022 and 2026 is forecast to be lower than that of the Province (forecast to grow annually by 1.7 per cent). Contributors to the lower growth rate in the District could be the lower fertility rate¹ as well as the migration of residents to other districts or the Cape Metro area in order to attain better economic opportunities in the Province, such as tertiary institutions or employment. Other reasons for slower population growth in the District are possibly the lack of services in municipal areas such as Prince Albert, where the lack of services provided possibly drives residents to pursue better standards of living in other municipal areas.² The lower population growth rates in the District are likely to impact economic activity, where demand for goods and services may decrease and property prices may be affected.

¹ (Western Cape Government, 2021).
² (Prince Albert Municipality, 2022).

Figure 3.2 shows the racial composition of the population of the CKD in 2021.

Figure 3.2
POPULATION PER RACE GROUP,
Central Karoo District, 2021



Source: Quantec Research, 2022

In 2021, the coloured population was the largest population segment in the CKD, with a share of 75.0 per cent. This was followed by the black or African population in the District, with a share of 16.0 per cent recorded in 2021. The white population constituted 8.6 per cent of the total district population. The smallest population segment was that of the Indian or Asian population, contributing 0.4 per cent of the total population within the District. Across all three municipalities within the CKD the largest population segment was the coloured population, and the municipal area with the largest black African population was Beaufort West.

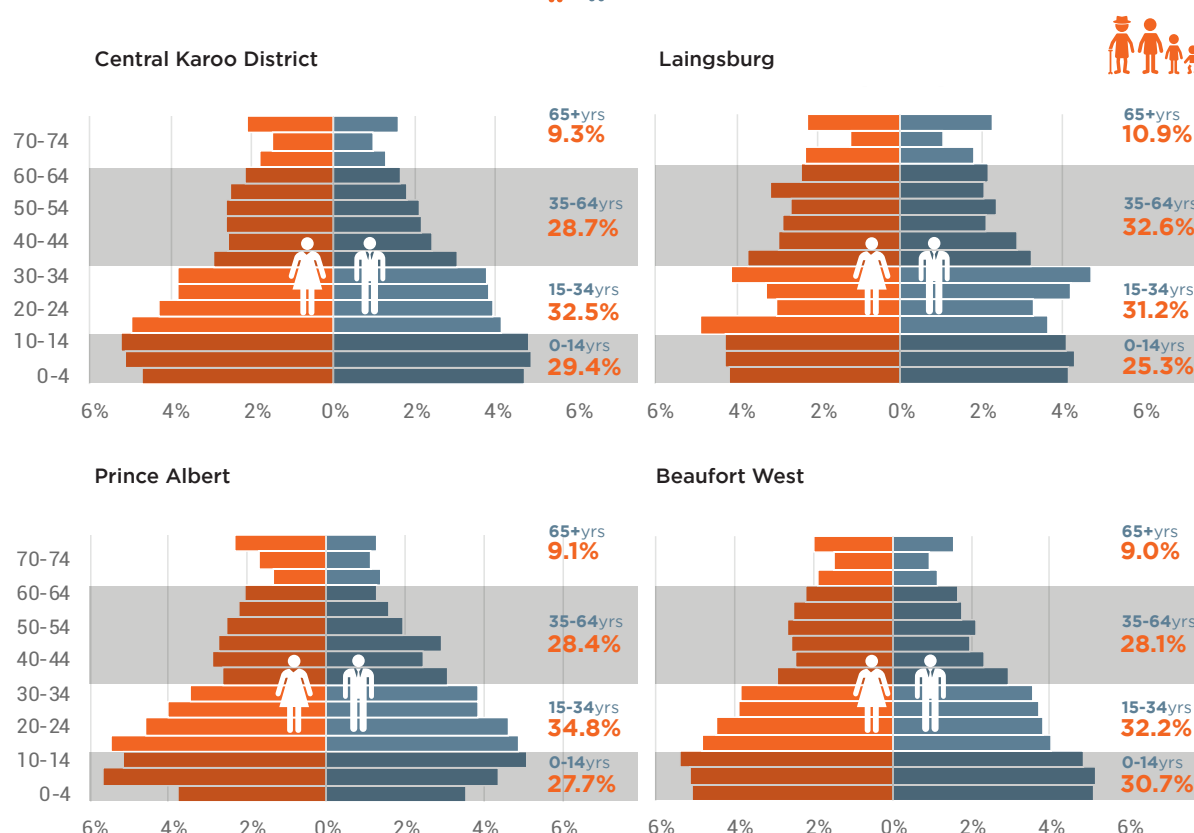
Inequalities often exist in terms of income levels, employment and education per race group, but it is acknowledged that statistics for these indicators disaggregated at the local municipal level are limited in availability. It is important that there is equitable access to opportunities to ensure socio-economic development benefits all groups and individuals in a municipal area.



The gender and age patterns in the CKD in 2021 are shown in Figure 3.3.

Figure 3.3

GENDER AND AGE DYNAMICS, Central Karoo District, 2021



Source: Western Cape Government PPU, 2021. Provincial, district and local municipal area population estimates by sex and age (2002 to 2036) based on Stats SA MYPE series 2021 and 2022

In 2021, the largest population segment for the CKD was for those aged between 15 and 34 at 32.5 per cent. The District's proportion of the population that is considered economically active is 61.3 per cent, which is lower than the Province (68.8 per cent). A lower proportion of the working-age population in the District suggests that the District may not have present economic opportunities, and that those considered potentially economically active are emigrating from the District in search of better opportunities.

Children younger than 15 constituted 29.4 per cent of the CKD's total population. The District recorded a dependency ratio of 63.0 dependants per 100 working-age people, which was higher than that of the Province (45.3 dependants per 100 working-age people). This suggests that there is a higher proportion of dependants in the District, placing greater burden on the economically active population. Given poverty rates in the District,³ a high dependency ratio necessitates increases in economic opportunities in the District.

³ See Figure 3.5, Central Karoo District.

3.3 HUMAN DEVELOPMENT

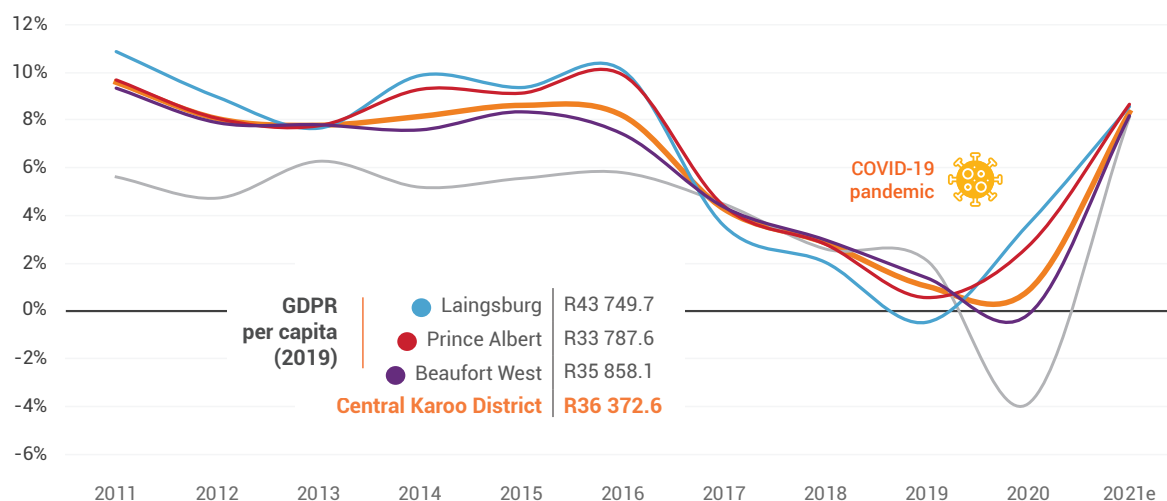
Economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. The United Nations uses the HDI to compare the level of socio-economic development across countries. The performance of the economy plays a major role in determining the quality of life for citizens, which is measured by the standard of education, health, dwellings, access to basic services and crime levels.

3.3.1 Income

GDP per capita is often used as an indicator for the standard of living in a society.

Figure 3.4 shows the growth in GDP per capita of the CKD between 2011 and 2021.

Figure 3.4
GDP PER CAPITA GROWTH, Central Karoo District, 2011 – 2021



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Central Karoo District	9.6%	8.1%	7.8%	8.1%	8.6%	8.2%	4.3%	2.8%	1.0%	0.8%	8.3%
Western Cape	5.6%	4.7%	6.3%	5.2%	5.6%	5.8%	4.5%	2.6%	2.1%	-3.9%	8.1%
Laingsburg	10.9%	9.0%	7.7%	9.9%	9.4%	10.1%	3.6%	2.1%	-0.5%	3.6%	8.6%
Prince Albert	9.7%	8.1%	7.8%	9.3%	9.1%	9.9%	4.4%	2.8%	0.6%	2.7%	8.7%
Beaufort West	9.3%	7.9%	7.8%	7.6%	8.3%	7.4%	4.4%	3.0%	1.4%	-0.1%	8.2%

Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2020, GDP per capita growth in the CKD observed an overall downward trend. However, the CKD recorded a growth rate of 0.8 per cent in GDP per capita growth in 2020 despite the economic ramifications of the COVID-19 pandemic and subsequent lockdown measures. This impact is reflected by the 3.9 per cent contraction in GDP per capita recorded in the Western Cape in 2020.

GDP per capita increased in the Laingsburg and Prince Albert municipal areas in 2020 despite the impact of COVID-19 and the associated regulations and restrictions placed on movement. This could be attributed to the strong performance of the agriculture sector in 2020. All the municipal areas in the CKD were able to recover in 2021 to GDP per capita growth similar to that experienced before the drought.

Table 3.1 displays the average monthly household income in the CKD.

Table 3.1
AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES),
Central Karoo District, 2020

MUNICIPAL AREA	Average household income 2020 (current prices)	Trend 2016 – 2020
● Laingsburg	R13 521	0.8%
● Prince Albert	R12 813	1.4%
● Beaufort West	R13 328	0.0%
Central Karoo District	R13 259	0.3%
Western Cape	R18 995	-1.8%

Source: Urban-Econ calculations based on Quantec Research, 2022

In 2020, households in the CKD had an average monthly income of R13 259 per month, which was significantly lower than the average household income of R18 995 in the Western Cape. The Beaufort West and Laingsburg municipal areas had an average household income of R13 328 and R13 521 respectively, both higher than that of the CKD. The Prince Albert municipal area had the lowest average household income at R12 813.

The Western Cape experienced a decline of 1.8 per cent per annum in average household income between 2016 and 2020, whereas the District experienced a 0.3 per cent increase over the same period. The Prince Albert municipal area had the highest growth rate (1.4 per cent) between 2016 and 2020, followed by the Laingsburg municipal area, with a growth rate of 0.8 per cent, and Beaufort West remained stagnant. However, these growth rates were still lower than the average inflation rate over the same period, emphasising that households remain under pressure considering the weakening economy in the CKD.

3.3.1.1 Taxpayers

South Africa's income tax system is governed by the Income Tax Act of 1962. Income taxes are a significant source of revenue for the government and are frequently used to finance public goods and services, as well as to reduce the national debt and other obligations.⁴



⁴ (South African Revenue Service, 2022).

Table 3.2 below depicts the average monthly taxable income for the years 2019 and 2020, as well as the number of taxpayers per local municipal area for the CKD.

Table 3.2
INDIVIDUAL TAXPAYERS, Central Karoo District, 2019 – 2020

MUNICIPAL AREA	Number of taxpayers		Average monthly taxable income	
	2019	2020	2019	2020
● Beaufort West	3 040	3 322	R19 025	R18 651
● Prince Albert	744	772	R23 824	R23 967
● Laingsburg	498	532	R16 559	R16 915
Central Karoo District	4 282	4 626	R19 572	R19 338
Western Cape	867 697	906 526	R28 622	R28 495

Sources: National Treasury and SARS, 2022

The CKD has the lowest number of taxpayers in the Western Cape region, accounting for only 0.5 per cent of the Province’s taxpayers in 2020. The District registered a total of 4 282 taxpayers in 2019 and experienced a 7.0 per cent growth in 2020, increasing total taxpayers to 4 626. Beaufort West had the most taxpayers in the CKD, making up 72.0 per cent in 2020. The municipal area’s water shortages have resulted in the loss of several jobs,⁵ particularly in the agriculture sector.⁶ As a result, the municipal area experienced a decline in monthly taxable income, with a drop of 2.0 per cent between 2019 and 2020.

The District recorded an increase in the total number of taxpayers and a decrease in the average monthly taxable income of R19 572 in 2019 to R19 338 in 2020. This can probably be attributed to decreases in taxable income in the Beaufort West municipal area, as the municipal area had the largest share of taxpayers in 2020. Reductions in taxable income in the District negatively affect tax revenue as well as basic service delivery in the District.

3.3.1.2 Poverty

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the FPL as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.⁷

⁵ (News24, 2021).

⁶ (South African Broadcasting Corporation News, 2021).

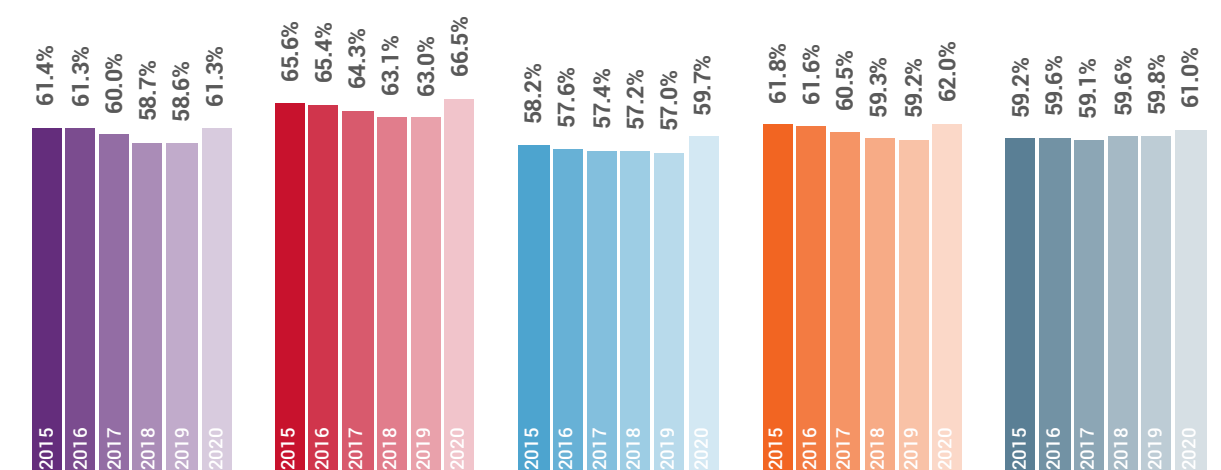
⁷ (Stats SA, 2017).

Figure 3.5 details the proportion of the population that is considered to be at the UBPL.

Figure 3.5

**PROPORTION OF
POPULATION AT UBPL,
Central Karoo District,
2015 – 2020**

- Laingsburg
- Prince Albert
- Beaufort West
- Central Karoo District
- Western Cape



Source: IHS Markit, 2022

There is a larger proportion of people in the CKD at the UBPL compared with South Africa and the Western Cape over the reference period, with the exception of 2018 and 2019. The proportion of people at the UBPL in the CKD declined from 61.8 per cent in 2015 to 59.2 per cent in 2019, before increasing to 62.0 per cent in 2020. The Prince Albert municipal area had the highest proportion of people at the UBPL in the CKD over the reference period. It is seen in the data that the increased job losses in 2020 resulted in an increase in people at the UBPL. This puts extra strain on all spheres of government; households struggle to pay rates and taxes to local authorities; income tax receipts decline and the need for income support increases.

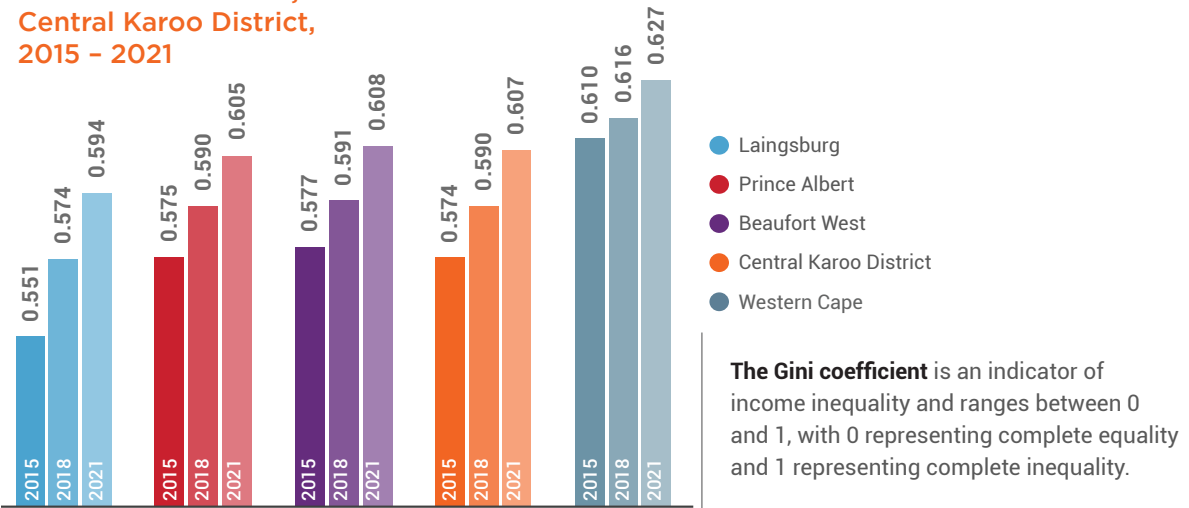


There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.⁸ However, at a local municipal level, data that is readily available and most widely used is the Gini coefficient, which can therefore be utilised to analyse income inequality at a local level.

⁸ (Stats SA, 2019).

Figure 3.6 outlines the Gini coefficients for the municipal areas of the CKD.

Figure 3.6
GINI COEFFICIENTS,
Central Karoo District,
2015 - 2021



Source: IHS Markit, 2022

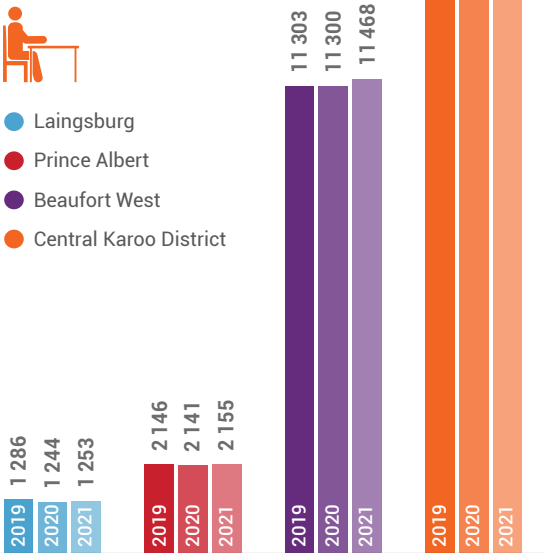
During the period under review, the CKD had the lowest income inequality per district in the Western Cape. Contributing factors include the lack of large industries in the region, as well as a low gross value added (GVA) per capita. The District's Gini coefficient for the period between 2015 and 2021 also increased at a faster rate than that of the Province. In 2021, the Laingsburg municipal area experienced the lowest Gini coefficient (0.594), indicating a lower level of inequality compared with the Beaufort West and Prince Albert municipal areas, with Gini coefficients of 0.608 and 0.605 respectively. All municipal areas in the CKD experienced an increase in income inequality for the period under review.



3.3.2 Education

This subsection explores the educational circumstances of households in the CKD by analysing data on learner enrolments, the Grade 10 to 12 retention rate, matric pass rates and learner-teacher ratios. Figure 3.7 illustrates the number of learners enrolled in schools in the CKD.

Figure 3.7
LEARNER ENROLMENTS,
Central Karoo District,
2019 – 2021



Enrolment numbers are an important indicator for the demand for schools, learner transport and educators within a municipal area.

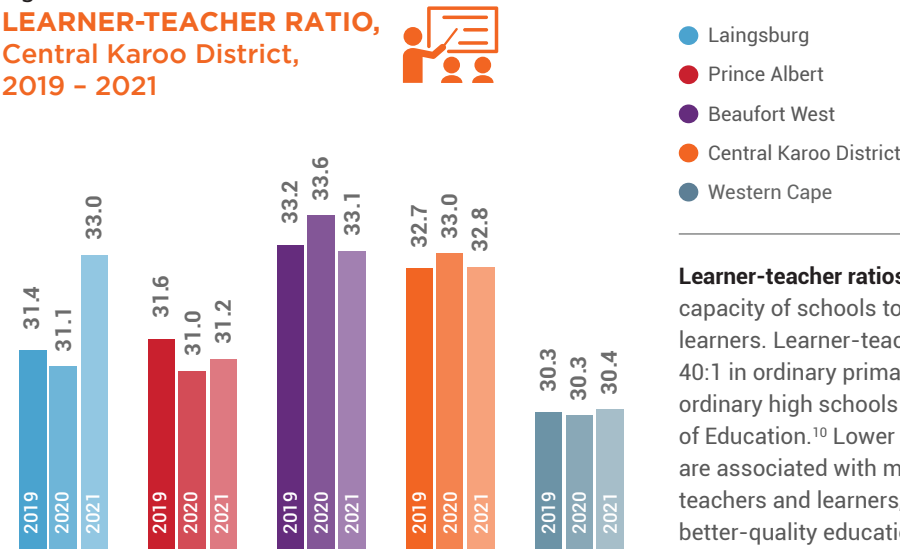
Source: Western Cape Education Department, 2022

The CKD experienced an increase in the number of learner enrolments from 14 685 learners in 2020 to 14 876 in 2021. The largest number of enrolments in the CKD was in the Beaufort West municipal area, which experienced an increase from 11 303 in 2019 to 11 468 in 2021. A decrease in the number of enrolments was experienced in the Laingsburg municipal area, from 1 286 in 2019 to 1 253 in 2021.

These low enrolment numbers may be an indication of the degree to which the learners have disengaged from schooling as a result of the pandemic.⁹ The overall increase in the number of learners in the CKD may indicate the need for more educational facilities or resources. The increased number of enrolments also means that more people are receiving an education, which in turn has a positive impact on the local economy in the long run.

Figure 3.8 compares the learner-teacher ratio of the CKD with that of the Western Cape.

Figure 3.8
LEARNER-TEACHER RATIO,
Central Karoo District,
2019 – 2021



Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.¹⁰ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.¹¹

Source: Western Cape Education Department, 2022

⁹ (Gustafsson, 2021).

¹⁰ (Section27, 2017).

¹¹ (Moloi, 2011).

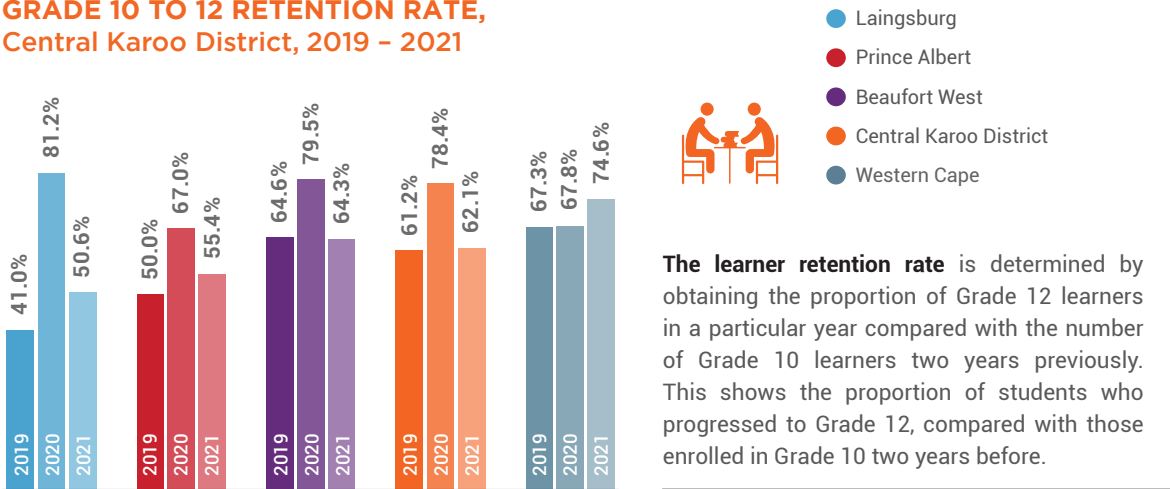
In 2021, the learner-teacher ratio in the CKD (32.8 learners per teacher) was higher than that of the Western Cape (30.4 learners per teacher). However, the CKD experienced a slight decrease from the 33.0 learners per teacher in the previous year. For the entire period under review, the Beaufort West municipal area had the highest learner-to-teacher ratio of all the municipal areas in the District, and in the Western Cape.

The Prince Albert municipal area had the lowest learner-teacher ratio in the District in 2021, although it increased slightly from the previous year. Overall, the learner-teacher ratio in this municipal area declined from 31.6 learners per teacher in 2019 to 31.2 learners in 2021. The learner-teacher ratio in the Laingsburg municipal area experienced slight fluctuations during the period under review. The learner-teacher ratio decreased from 31.4 learners per teacher in 2019 to 31.1 learners in 2020, only to record a ratio of 33.0 in 2021. There is a correlation between the number of enrolments and the learner-teacher ratio over the past three years. In 2019, both the number of enrolments and the learner-teacher ratio decreased, while in 2020 the number of enrolments and the learner-teacher ratio increased. This may suggest that the learner-teacher ratio is more affected by the number of enrolments each year and that the number of teachers in the area remains steady.

The learner-teacher ratio is a strong indicator of the students’ level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio may result in teachers being able to provide more personalised teaching methods, which improves the academic progression of students. Research has also shown that lower learner-teacher ratios are associated with better test results, fewer drop-out learners and higher graduation rates.¹²

Figure 3.9 considers the retention rate in the Grade 10 to 12 phase of the schools in the CKD.

Figure 3.9
**GRADE 10 TO 12 RETENTION RATE,
Central Karoo District, 2019 – 2021**



Source: Western Cape Education Department, 2022

¹² (The Hun School of Princeton, 2019).

The retention rate for the CKD improved significantly from 61.2 per cent in 2019 to 78.4 per cent in 2020, only to decrease to 62.1 per cent in 2021. Compared with the Province, the CKD had a lower retention rate in 2019 and 2021, whereas in 2020 the District's retention rate overtook that of the Province. According to the General Household Survey of 2021, the key reasons learners stop attending school include illness and disability, poor academic performance, the inability to pay fees and family commitments.¹³

The Laingsburg municipal area (with a total of 1 200 students) experienced the largest contraction in the retention rate, deteriorating from 81.2 per cent in 2020 to 50.6 per cent in 2021. However, the Laingsburg municipal area also recorded the lowest retention rate across all municipal areas in the District in 2021. Large contractions in the Laingsburg municipal area may be related to effects of the COVID-19 disruptions.¹⁴

Access to education is an important indicator for labour market skills and access to economic opportunity. Local challenges that result in learners leaving school before Grade 12 need to be assessed, especially considering that most sectors require semi-skilled and skilled labour. Some of these local challenges may include teenage pregnancies or children from low-income households dropping out of school in order to provide an income to households.

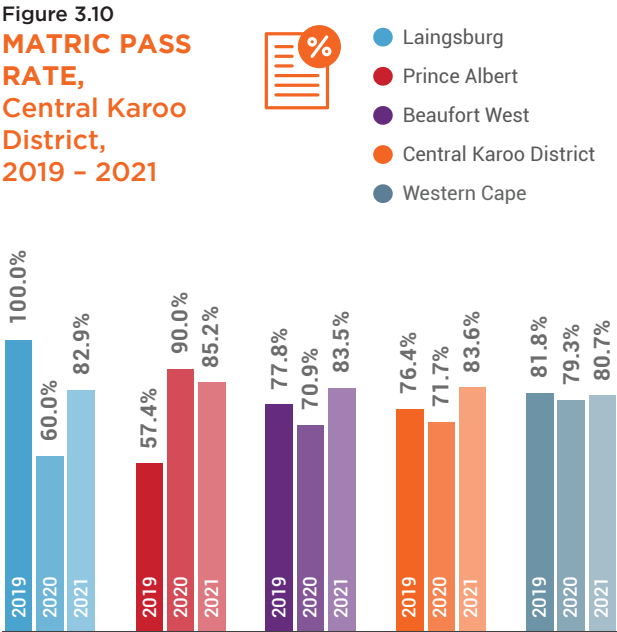


© Neonbrand, Unsplash

¹³ (Stats SA, 2022).

¹⁴ (Payne, 2022).

Together with several other variables not considered in this section, learner enrolment, learner-teacher ratios and Grade 10 to 12 retention rates all contribute towards an area’s Grade 12 pass rate. Figure 3.10 depicts the proportion of learners who passed Grade 12 and earned a school-leaving certificate in the CKD between 2019 and 2021.



Source: Western Cape Education Department, 2022

The CKD recorded a decline in the matric pass rate between 2019 and 2020 from 76.4 per cent to 71.7 per cent. However, a significant increase of 83.6 per cent was experienced in 2021. The matric pass rate of the District was higher than that of the Western Cape (80.7 per cent) in 2021.

Although the Prince Albert municipal area had the highest matric pass rate in 2021 (85.2 per cent), it was a decrease from the previous year’s 90.0 per cent. This municipal area also recorded a decrease in the learner retention rate during this period.

The matric pass rate in the Beaufort West municipal area declined from 77.8 per cent in 2019 to 70.9 per cent in 2020, whereas in 2021 the pass rate increased significantly to 83.5 per cent. This can be attributed to the steady economic recovery and phased approach to getting back to normal school routines with fewer disruptions as a result of the COVID-19 restrictions.

The Laingsburg municipal area recorded the lowest matric pass rate (82.9 per cent) in 2021 after achieving a 100.0 per cent matric pass rate in 2019. This may be due to the low learner retention rate and rotational teaching, which led to many gaps in learning.¹⁵

Even though COVID-19 lockdown measures were eased in 2021, the academic performance of many learners was still influenced owing to routine disruptions. Lockdown restrictions impacted the matric pass rate negatively, mostly owing to teaching time lost as well as the transition to online teaching.¹⁶ This also impacted the class of 2021, as students in Grade 11 in 2020 lost more time than the matric class of 2020.¹⁷

¹⁵ (Govender, 2022).

¹⁶ (Govender, 2022).

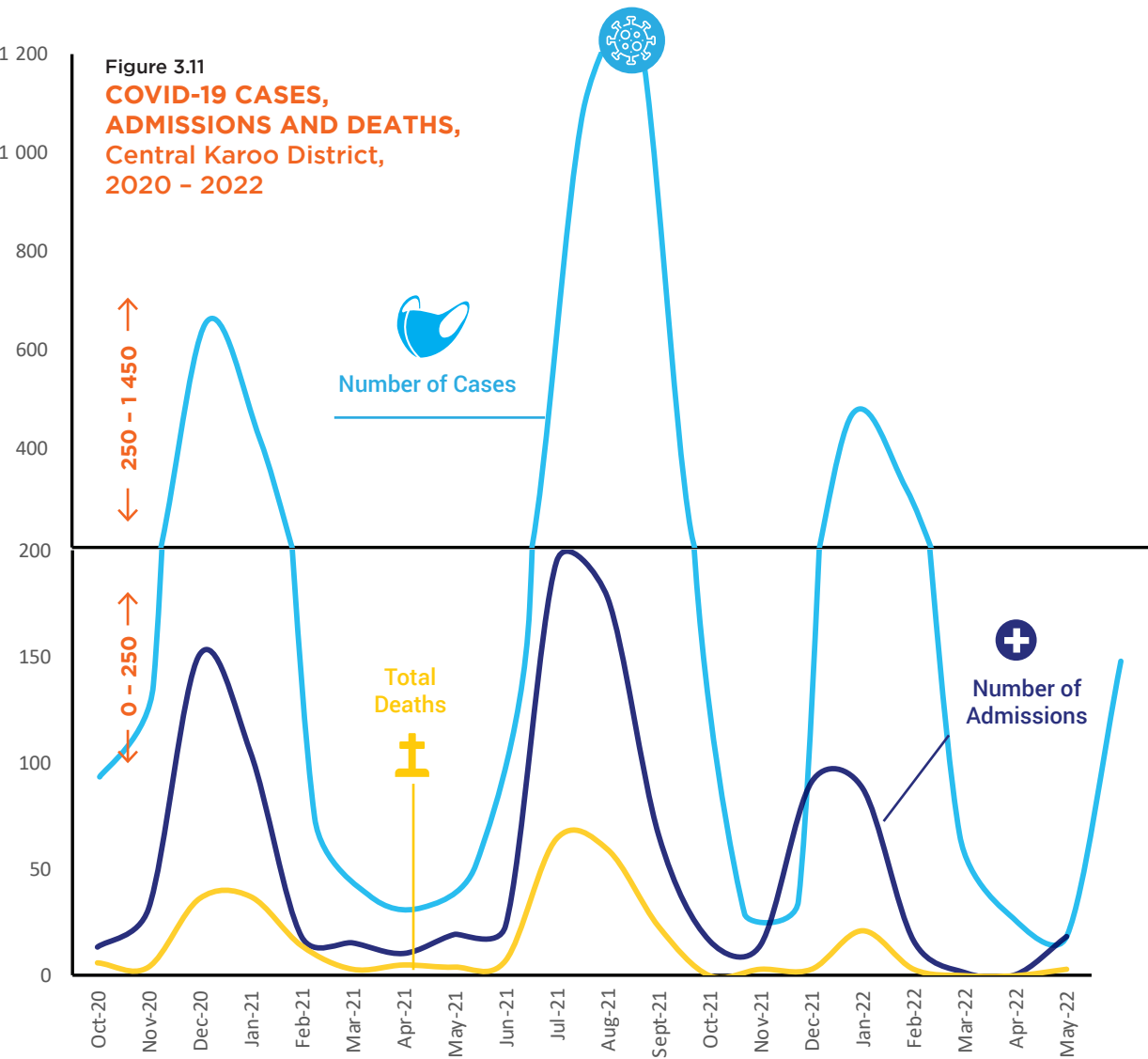
¹⁷ (Makinana, 2020).

3.3.3 Health

This subsection analyses the health conditions of people living in the CKD by reviewing COVID-19, the causes of death, human immunodeficiency virus (HIV), tuberculosis (TB), infant mortality rates, maternal death rates and teenage pregnancies.

3.3.3.1 COVID-19

Figure 3.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group, in the CKD since the start of the COVID-19 pandemic in March 2020.



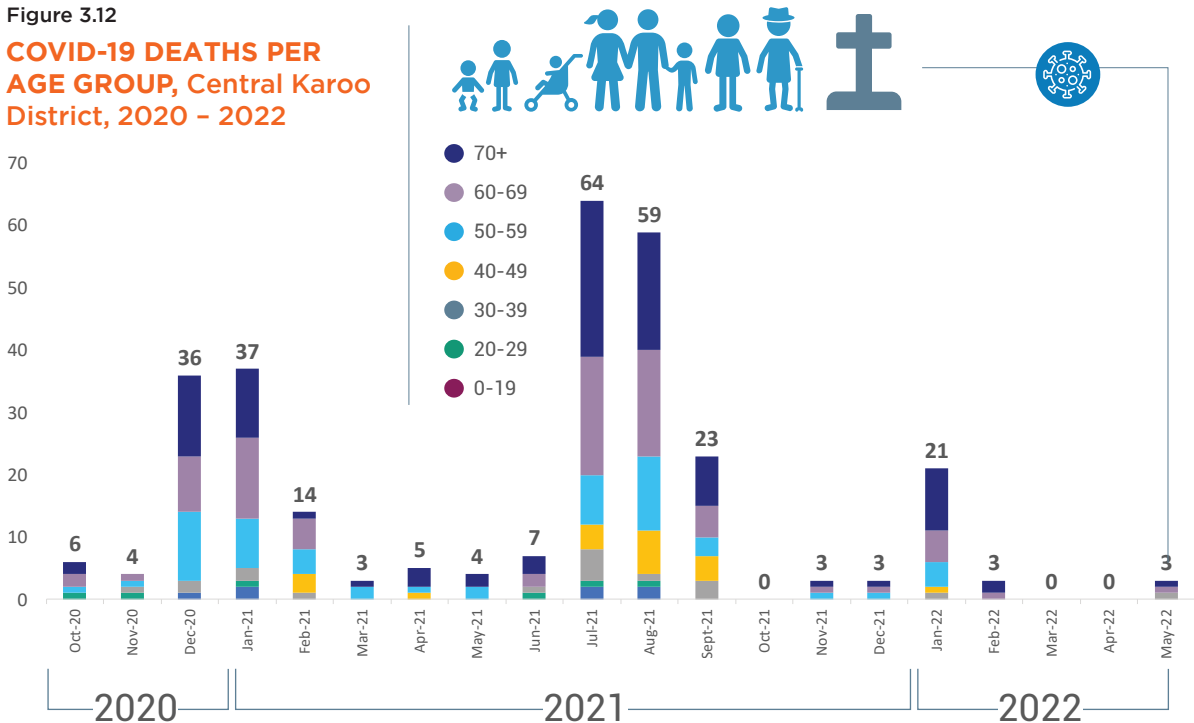
Source: Western Cape Department of Health, 2022

	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	April 22	May 22
Cases	94	137	655	415	75	39	33	53	173	1 085	1 256	229	30	36	469	316	67	28	20	148
Admissions	13	31	151	105	18	15	10	19	23	195	178	66	16	14	91	88	16	1	0	18
Deaths	6	4	36	37	14	3	5	4	7	64	59	23	0	3	3	21	3	0	0	3

The CKD registered a peak in August 2020, with 302 cases. This was followed by peaks in December 2020 (655 cases), August 2021 (1 256 cases) and December 2021 (469 cases). As cases increased in the District, so did the number of hospital admissions and deaths. The highest number of deaths was recorded during the third wave in July 2021, which also had the highest number of hospital admissions.

Figure 3.12

COVID-19 DEATHS PER AGE GROUP, Central Karoo District, 2020 – 2022



Source: Western Cape Department of Health, 2022

The older population (people aged 60 and above) have a higher COVID-19 mortality rate. Within the period under review, the older population recorded 63.7 per cent of all COVID-19-related deaths in the District. The younger population (people aged 19 and below) recorded 2.4 per cent of all COVID-19-related deaths in the District.

The South African Government had COVID-19 vaccine roll-outs from February 2021 for healthcare workers, with the Pfizer and Johnson & Johnson vaccines listed as the main options available. Initially, when vaccine dose supply was limited, the public roll-out was limited to the elderly population, as well as the population with comorbidities and those living in hostels and nursing homes, from May 2021. The vaccine was made available to all adults from August 2021 and to children in October 2021.

The COVID-19 vaccines are safe and effective at protecting people from getting seriously ill or being hospitalised.¹⁸ They also offer added protection against new infections and variants of the virus. Furthermore, full vaccination is more beneficial than partial vaccination, as full dosages reinforce immune responses compared with a single dosage.¹⁹ Going forward, boosters are encouraged as they help people maintain strong protection from severe COVID-19 infection.²⁰ However, it is acknowledged that vaccine hesitancy occurs for several reasons, including health concerns, mistrust towards the pharmaceutical industry, misinformation, disinformation and a lack of education regarding vaccine efficacy.

¹⁸ (Centers for Disease Control and Prevention, 2022).

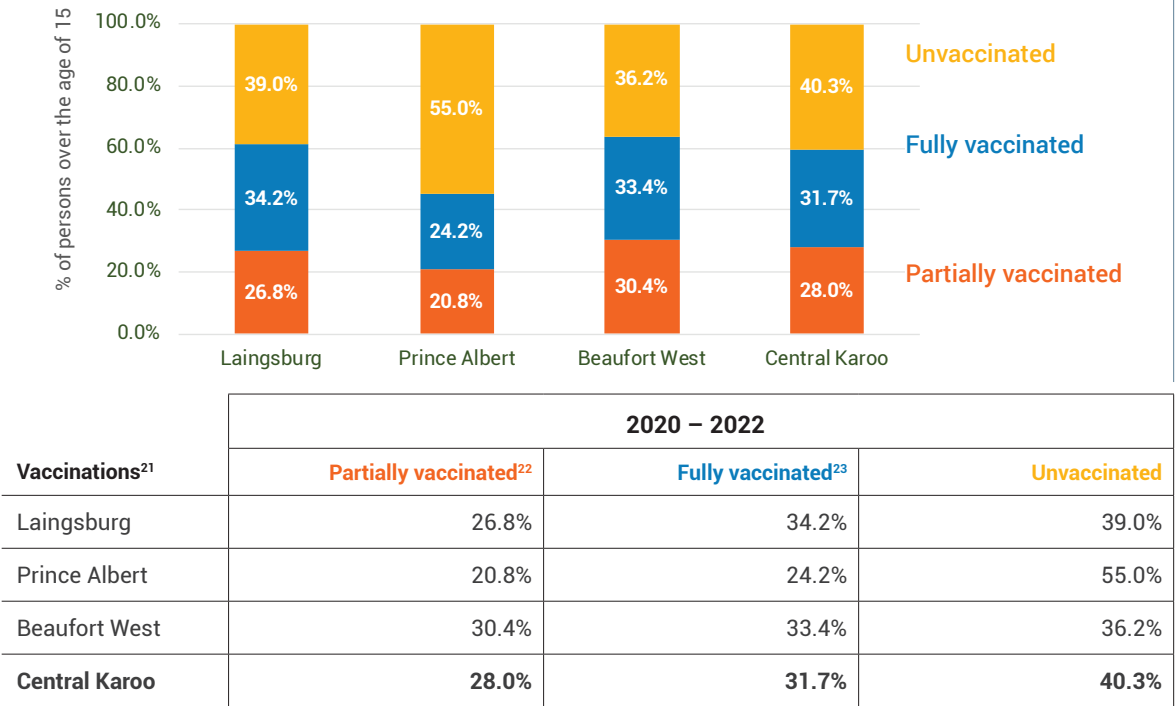
¹⁹ (Seladi-Schulman, 2021).

²⁰ (Maragakis & Kelen, 2022).

Figure 3.13 depicts the population that has received full or partial vaccination, as well as the unvaccinated population in the CKD.

Figure 3.13

COVID-19 VACCINATED POPULATION,
Central Karoo District, 2020 – 2022



Source: Western Cape Department of Health, 2022

The CKD recorded 59.7 per cent of persons over the age of 15 who were vaccinated in 2021. Within the measure, 31.7 per cent of persons over the age of 15 were fully vaccinated, while 28.0 per cent were partially vaccinated. Within all municipal areas in the District, the Beaufort West municipal area recorded the largest share of vaccinated (63.8 per cent) persons over the age of 15. More people in the Prince Albert municipal area were unvaccinated (55.0 per cent) than vaccinated. Furthermore, the District and municipal areas would greatly benefit from programmes addressing vaccine hesitancy in the District, as vaccine hesitancy is likely to result from information inadequacy or misinformation regarding the COVID-19 vaccine.²⁴

The CKD recorded a total of 22 973 first doses and 13 639 second doses.²⁵ Within the CKD, the largest share of vaccinated individuals were those aged between 18 and 34, having 6 899 first doses and 3 054 second doses.²⁶ This can be attributed to the increased rate of vaccinations recorded in time for vaccine eligibility for individuals within the age group.²⁷ This was despite hesitancy and fears over the vaccine in the youth population within the District.²⁸ Children aged 12 to 17 contributed the lowest share of dosages in the District, recording 1 284 first doses and 503 second doses.²⁹

²¹ It should also be noted that the vaccination numbers reported are based on the place of vaccination and not the clients' area of residence.
²² Percentage of individuals who have received a Pfizer first dose.
²³ Percentage of individuals who have received a Johnson & Johnson vaccine or a Pfizer first dose and second dose.
²⁴ (Farber, 2021).
²⁵ (Western Cape Department of Health, 2022).
²⁶ (Western Cape Department of Health, 2022).
²⁷ (Evans, 2021).
²⁸ (Charles, 2021).
²⁹ (Western Cape Department of Health, 2022).

This can largely be attributed to the later vaccine eligibility granted to children, as well as the longer waits mandated across first and second doses.³⁰ Another factor influencing low vaccination rates in the age group is different laws regarding vaccination for the age group arising from fears of myocarditis or pericarditis.³¹ The population aged 60 and above led all other population segments in booster dosages, recording a total of 1 998 booster dosages.³² As this population age group is considered more prone to health risks, this contributed to substantial booster dosages.

Across both vaccine and booster dosages, the CKD recorded lower numbers than all other districts and the Cape Metro area. Although this is influenced by the smaller population of the CKD compared with all other districts and the Cape Metro, it may also be influenced by the low presence of vaccination sites in the District. The CKD recorded a total of 24 active vaccination sites, 15 below the next lowest District in the Province. (The OD recorded 39 active vaccination sites.)³³ The CKD may benefit from an increase in the distribution of vaccination sites but will need to address vaccine hesitancy in the District to increase vaccination dosages.

3.3.3.2 HIV/AIDS and TB

Table 3.3 provides the trends in HIV testing, treatment and outcomes in the CKD between 2018/19 and 2021/22.

Table 3.3
TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES,
Central Karoo District, 2018/19 – 2021/22



	2018/19	2019/20	2020/21	2021/22
Known HIV+ (Tested; n)	3 317	3 349	3 387	3 359
Of which: Clients started but no longer on ART	29.8%	28.8%	28.0%	26.2%
Of which: Clients on ART	60.1%	61.1%	62.3%	63.8%
Of which: Clients with confirmed viral suppression	52.3%	63.6%	62.1%	69.3%

Source: Western Cape Department of Health, 2022

During the period under review, the number of people who tested positive for HIV increased from 3 317 in 2018/19 to 3 387 in 2020/21, before dropping to 3 359 in 2021/22. The Joint United Nations Programme on HIV/ AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving antiretroviral therapy (ART) and 90.0 per cent of people receiving ART would have viral suppression.³⁴ The number of patients on ART has shown a continuous increase from 60.1 per cent in 2018/19 to 63.8 per cent in 2021/22.

Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system can function.³⁵ Further to the increase of patients on ART, patients with confirmed viral suppression increased from 52.3 per cent in 2018/19 to 69.3 per cent in 2021/22. The proportion of people who started with ART but are no longer on the treatment decreased from 29.8 per cent in 2018/19 to 26.2 per cent in 2021/2022. Discontinuation or

³⁰ (Mail & Guardian, 2021).
³¹ (Mail & Guardian, 2021).
³² Total calculated from the sum of total general booster doses and Sisonke booster doses (Western Cape Department of Health, 2022).
³³ (Department of Health, 2022).
³⁴ (UNAIDS, 2022).
³⁵ (Centers for Disease Control and Prevention, 2021).

interruption in the use of ART may result in a viral rebound. This represents a health concern in the District, as the interruption of the ART treatment is likely to result in a viral rebound and an immune decompensation. The District may also need to address treatment measures, as interruptions to ART treatment are also likely to be the result of existing barriers, such as clinic operating times or logistical challenges.³⁶

Table 3.4 shows the trends in TB notification and outcomes in the CKD between 2019/20 and 2021/22. TB is the leading natural cause of death, and improved outcomes in treating the disease are therefore critical in the CKD.

Table 3.4
TRENDS IN TB NOTIFICATION AND OUTCOMES,
Central Karoo District, 2019/20 – 2021/22



	2019/20	2020/21	2021/22
TB programme success rate	79.7%	82.6%	77.7%
TB clients lost to follow-up	14.1%	11.5%	11.4%
TB client death rate	5.0%	3.9%	6.3%
TB/HIV co-infected	30.4%	32.8%	35.5%
TB MDR treatment success rate	70.6%	73.9%	34.8%

Source: Western Cape Department of Health, 2022

Amid challenges the COVID-19 pandemic posed to the healthcare system, TB health outcomes have recently mostly demonstrated a downturn. The TB programme success rate increased from 79.7 per cent in 2019/20 to 82.6 per cent in 2020/21, before decreasing to 77.7 per cent in 2021/22. The percentage of TB clients lost to follow-up continuously declined from 14.1 per cent in 2019/20 to 11.4 per cent in 2021/22. The TB client death rate fluctuated over the three-year period from 5.0 per cent in 2019/20 to 3.9 per cent in 2020/21 and 6.3 per cent in 2021/22. The TB/HIV co-infection rate continuously increased from 30.4 per cent in 2019/20 to 35.5 per cent in 2021/22. The multidrug-resistant (MDR) treatment success rate has shown significant changes, increasing from 70.6 per cent in 2019/20 to 73.9 per cent in 2020/21, then decreasing to 34.8 per cent in 2021/22.

Amid the pressure placed by COVID-19 on health services in 2020/21, HIV testing, treatment and outcome trends indicated an improvement and stability, enabling improved quality of life and therefore opportunities for economic growth. On the other hand, TB notifications and outcomes’ recent data indicates deterioration, and further improvement in access to TB treatment, and its success, is therefore needed.

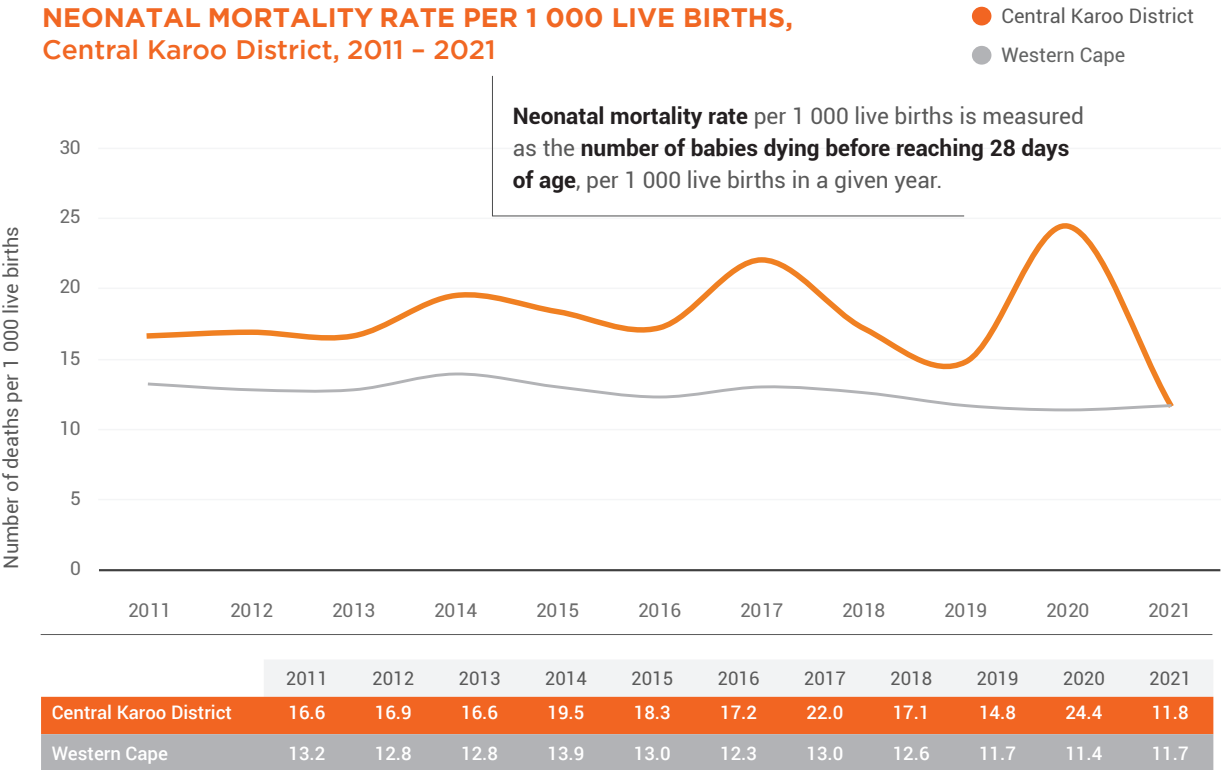


³⁶ (Miller, et al., 2010)

3.3.3.3 Child and maternal health

Figure 3.14 depicts neonatal death rates in the CKD and the Western Cape between 2011 and 2021.

Figure 3.14
**NEONATAL MORTALITY RATE PER 1 000 LIVE BIRTHS,
Central Karoo District, 2011 – 2021**



Source: Western Cape Department of Health, 2022

A fluctuating trend is observed for neonatal mortality compared with the CKD during the period under review, exhibiting a decrease from 16.6 deaths per 1 000 live births in 2011 to 11.8 in 2021. The highest neonatal mortality was recorded in 2020 at 24.4 deaths per 1 000 live births, which is to be expected as a result of the COVID-19 pandemic. When compared with the Western Cape’s data, the neonatal mortality in the CKD remained higher, until 2021, when both the municipal area and the Province recorded similar rates of 11.8 and 11.7 deaths per 1 000 live births respectively. The decrease between 2020 and 2021 indicates significant improvement in light of the COVID-19 pandemic and when considering the trend in the given review period.



Table 3.5 provides the maternal death rates per 100 000 live births in the CKD between 2019 and 2021.

Table 3.5

MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, Central Karoo District, 2019 – 2021

MUNICIPAL AREA	2019	2020	2021
● Laingsburg	0	0	0
● Prince Albert	0	0	0
● Beaufort West	0	223	122
Central Karoo District	0	195	107

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

Source: Western Cape Department of Health, 2022

Maternal death rates in the CKD decreased from 195 maternal deaths per 100 000 live births in 2020 to 107 maternal deaths per 100 000 live births in 2021. In 2020, the Beaufort West municipal area had 223 maternal deaths per 100 000 births, which decreased to 122 maternal deaths per 100 000 live births in 2021.

3.3.3.4 Teenage pregnancy

Teenage pregnancies can perpetuate the poverty cycle while also resulting in early school drop-out by pregnant teenagers. Teenage pregnancy is influenced by several factors, including lack of knowledge about or access to contraceptives, access to healthcare services and other sociocultural factors. Table 3.6 provides a municipal breakdown of teenage pregnancies in the CKD between 2019 and 2021 by indicating the percentage of babies born to mothers aged between 10 and 19 years.

Table 3.6

DELIVERY RATE TO WOMEN 10 – 19 YEARS, Central Karoo District, 2019 – 2021

MUNICIPAL AREA	2019	2020	2021
● Laingsburg	11.9%	13.2%	16.7%
● Prince Albert	14.1%	11.9%	21.3%
● Beaufort West	15.7%	18.5%	19.0%
Central Karoo District	15.4%	17.7%	18.9%

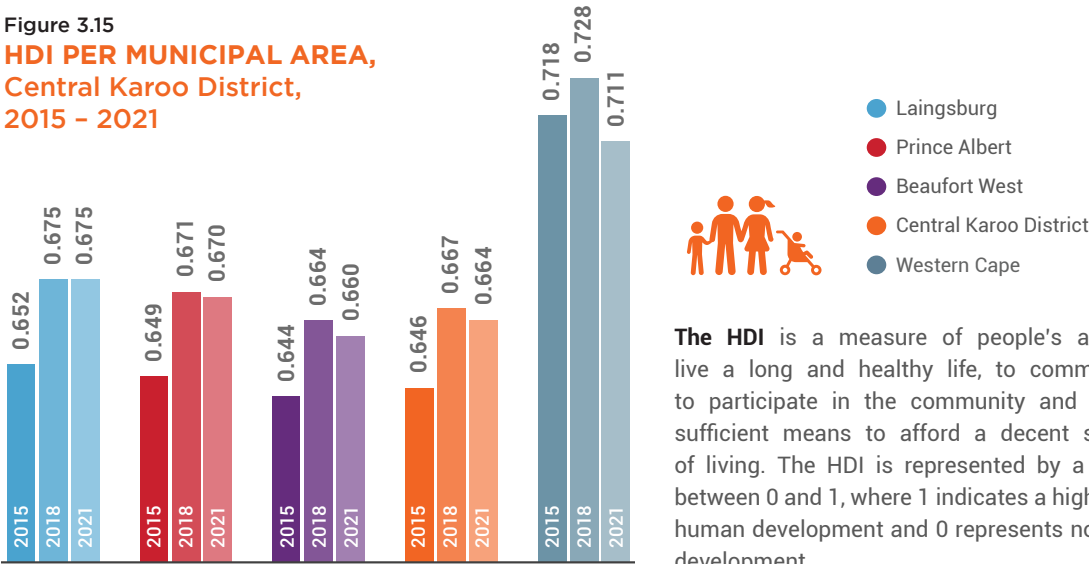
Source: Western Cape Department of Health, 2022

The delivery rate to women aged between 10 and 19 years in the CKD increased continuously from 15.4 per cent in 2019 to 18.9 in 2021. The Prince Albert municipal area experienced the highest delivery rate in the CKD in 2021 at 21.3 per cent, which was a significant increase from a previous drop from 14.2 per cent in 2019 to 11.9 per cent in 2020. A continuous increase in delivery rates was recorded in the Laingsburg municipal area, from 11.9 per cent in 2019 to 16.7 per cent in 2021. An increase in delivery rates to teenagers puts additional pressure on the public sector for support, as these teenagers often drop out of school and therefore struggle to find employment owing to low skill levels.

3.3.4 Human Development Index

The HDI is defined as a composite indicator reflecting education levels, health and income, and is used to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. Figure 3.15 outlines the HDI for the municipal areas of the CKD.

Figure 3.15
HDI PER MUNICIPAL AREA,
Central Karoo District,
2015 – 2021



Source: IHS Markit, 2022

The HDI is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

The CKD has the lowest HDI in the Western Cape. The HDI nevertheless improved for the period under review. The HDI of the District increased from 0.646 in 2015 to 0.664 in 2021, meaning that there was an increased level of human development. All CKD municipal areas experienced an increased level of HDI for the period under review. In 2021, the Laingsburg municipal area had the highest HDI level of 0.675, followed by the Prince Albert municipal area with an HDI of 0.670. The Beaufort West municipal area had the lowest HDI level of 0.660.

GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),³⁷ South Africa was ranked 109th in the world, with an HDI of 0.713, in 2021. Although it was lower than the average world HDI of 0.732, South Africa's HDI was still considered high and was above the average HDI of developing countries (0.685). Globally, Switzerland had the highest HDI in 2021 (0.962), while South Sudan was ranked the lowest at 0.385. In 2020, the HDI in the Western Cape (0.769) was also considered high according to the UNDP classification and was above the world average. The 2020 HDI in the CKD (0.721) was high according to the HDI classification and on a par with that of Jordan (0.720).

³⁷ (United Nations Development Programme, 2022).

3.4 ACCESS TO HOUSING AND BASIC SERVICES

Future household growth

This subsection considers future changes in the distribution of households in the District's municipal areas.

The CKD is forecast to have a 1.3 per cent annual growth rate in the number of households between 2022 and 2026. Among all the municipal areas in the District, the Beaufort West municipal area is forecast to have the slowest annual growth in households over the period, at 1.2 per cent. The Laingsburg municipal area is forecast to have the highest growth in household numbers in the period, at 1.7 per cent.

Dwellings

Table 3.7 depicts the different types of dwellings for households living in the CKD in 2021. Most households in the District reside in formal dwellings, which is regarded as a basic human right.

Table 3.7
NUMBER AND
PROPORTION OF
DWELLINGS,
Central Karoo
District, 2021



	Central Karoo District		● Laingsburg		● Prince Albert		● Beaufort West	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Formal	19 622	97.8%	2 408	98.0%	3 446	95.2%	13 769	98.5%
Informal	355	1.8%	29	1.2%	151	4.2%	174	1.2%
Other	82	0.4%	20	0.8%	22	0.6%	41	0.3%

Source: Quantec Research, 2022

Formal dwelling refers to a structure built according to approved plans, i.e., house on a separate stand, flat or apartment, townhouse, room in back yard, rooms, or flatlet elsewhere.

Informal dwelling is a makeshift structure not erected according to approved architectural plans, for example shacks or shanties in informal settlements or in back yards.

Most households in the CKD reside in formal dwellings, which accounted for 97.8 per cent of dwellings in 2021 (an increase of 0.8 percentage points compared with 2020 at 97.0 per cent). A total of 1.8 per cent of households in the District resided in informal dwellings (down 0.1 percentage points from 2020, at 1.9%). The Beaufort West municipal area had the largest share of households living in formal dwellings (98.5 per cent), followed by the Laingsburg municipal area (98.0 per cent) and the Prince Albert municipal area (95.2 per cent). All three municipal areas recorded an increase in households living in formal dwellings, while also documenting a decrease in households living in informal dwellings.



HOUSING MARKET STUDY

Functional housing markets that respond to the diversity of residential accommodation needs of households across the spectrum of affordability and optimise the role of the private sector (from large-scale property developers to micro-landlords) are central to the economic and social wellbeing of our settlements, as well as to the financial sustainability of our towns and cities.

The Western Cape Growth Diagnostic report (2022) notes that *“a large gap between demand and supply has led to rising prices across the whole housing market from top to bottom. On the one hand, this raises the household wealth of homeowners. On the other, it raises the cost of accommodation resulting in lower real ex-accommodation household incomes. It also results in upward wage pressure on local firms. Higher prices ripple across the housing market, making even the most affordable formal housing stock more expensive, with huge implications for living standards and inclusion”* (intellidex, 2022). Filling the gap between demand and supply in the property market is therefore crucial.

To appropriately respond to this challenge and the opportunity presented by achieving more functional housing markets, **it is important to understand the performance of the housing markets in our urban centres and the nature of the affordability gap.** The Western Cape Government commissioned Housing Market Studies for four of the Province’s intermediate cities/larger towns, namely the George city area, Mossel Bay-Kwanonqaba-Hartenbos, Stellenbosch town and the Paarl-Mbekweni-Wellington area. These studies profile housing demand and supply, and identify the affordability gap in each of the urban centres, building an evidence base to inform suitable responses to address shortcomings in the housing market.

In comparing the property markets of the four towns and cities, while there were commonalities, such as the gaps in the market, there were trends specific to each of the settlements. This speaks to the importance of assessing the housing market dynamics in each urban centre, as the performance of the markets will differ and appropriate approaches to addressing the gaps will vary.

There are many avenues to address the housing supply and affordability gap. The challenge requires tackling matters, in parallel, at multiple levels in the property development value chain and housing ladder. This requires co-operation from all three spheres of government, the private sector and households. To be successful, factors that drive costs up and limit supply of more affordable housing, as well as factors such as creditworthiness and/or inaccessible finance sitting on the demand side of the housing market, need to be understood in order to be tackled appropriately.

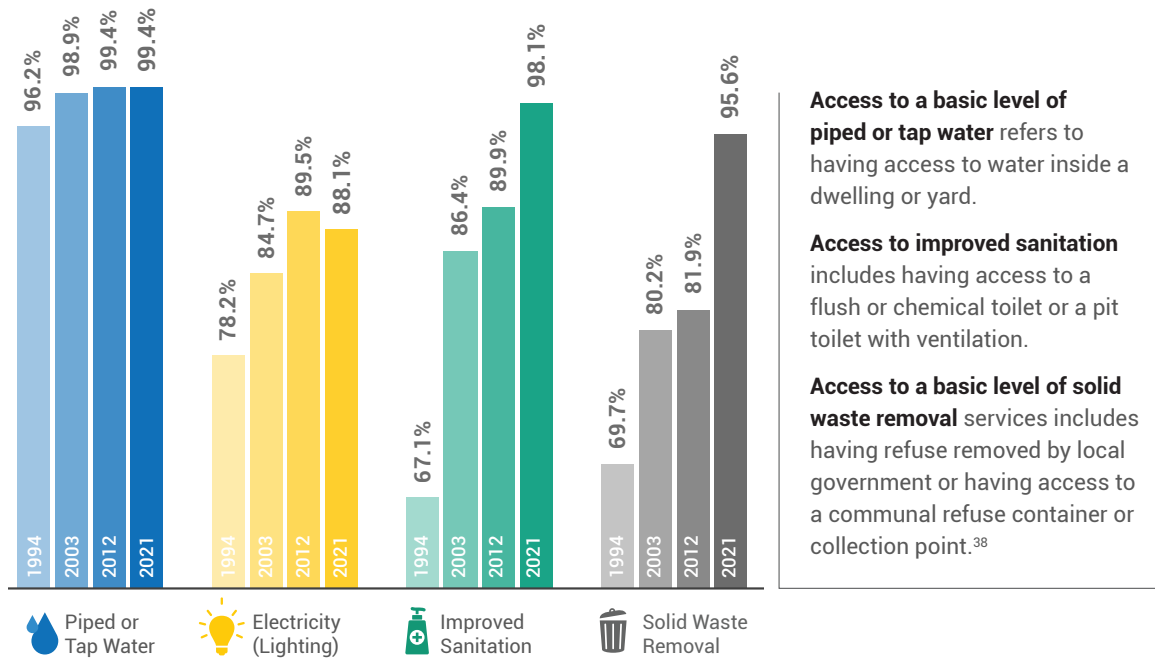
FOUR HOUSING MARKET STUDIES for Intermediate Cities/Larger Towns in the Western Cape were prepared by the Centre for Affordable Housing Finance in Africa (CAHF) under the commission of the Western Cape Department of Environmental Affairs and Development Planning and the Western Cape Department of Human Settlements. Scan the QR code for the complete reports.



Citation: WC DEA&DP, (2022) Housing Market Studies for Intermediate Cities/Larger Towns in the Western Cape: George City Area Report, Western Cape Department of Environmental Affairs and Development Planning (WC DEA&DP), Cape Town, South Africa

The health, safety and wellbeing of communities are affected by access to basic services such as water and sanitation. Through the provision of basic services, municipalities create an enabling environment that will allow for private investment and entrepreneurship, which could create local economic opportunities. In some cases, households have access to electricity directly from Eskom, and not through a local authority. Figure 3.16 illustrates the access to basic services in the municipal areas of the CKD.

Figure 3.16
ACCESS TO BASIC SERVICES, Central Karoo District, 1994 – 2021



Source: Urban-Econ calculations based on Quantec Research, 2022

Between 1994 and 2021, access to piped or tap water and electricity increased by 3.2 and 9.9 percentage points respectively. Access to electricity lags behind access to the other three basic services in the CKD. Between 1995 and 2021, access to improved sanitation services and solid waste removal services improved significantly by 31.0 percentage points and 25.9 percentage points respectively. These increases show that service provision, excluding access to electricity, has kept up with household growth in the CKD.



³⁸ (Quantec Research, 2022).

INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount as specified by each municipal area in an indigent policy. The poverty threshold for CKD is indicated in Table 3.8 below.

Table 3.8

POVERTY THRESHOLD, Central Karoo District, 2021

Municipal Area	Indigent Policy
Laingsburg	Household combined income must not exceed R3 500. ³⁹
Prince Albert	Household income must not exceed the value of twice the government old-age pension (R4 100). ⁴⁰
Beaufort West	Household income must not exceed the total of twice the All Pay Pension (R3 960). ⁴¹

A municipal breakdown of the number and percentage of indigent households in the CKD between 2019 and 2021 is provided in Table 3.9.

Table 3.9

NUMBER OF INDIGENT HOUSEHOLDS, Central Karoo District, 2019 - 2021

	2019		2020		2021	
	Number	% of households	Number	% of households	Number	% of households
● Laingsburg	685	28.1%	632	25.8%	743	30.2%
● Prince Albert	1 092	30.4%	1 210	33.5%	1 166	32.2%
● Beaufort West	6 433	46.4%	6 990	50.1%	6 607	47.2%
Central Karoo District	8 210	41.3%	8 832	0	8 516	42.5%

Source: Department of Local Government, 2022

The CKD recorded an estimated 8 516 indigent households in 2021, which represented a 42.5 per cent share of total households in the District. Within the District, the Beaufort West municipal area contributed 6 607 indigent households in 2021. This represented 47.2 per cent of all households in the Beaufort West municipal area, which was the highest share of indigent households in 2021. The District has a large share of households classified as indigent. This suggests that a substantial amount of spending is likely to be directed towards indigent benefits. This presents a serious challenge, as municipalities in the District are likely to face challenges generating revenue, and to be faced with a high burden of costs in respect of indigent subsidies. This also places a burden on service delivery in the District, as budgetary spending in the Municipality is likely to be on basic services for indigent households.

Between 2020 and 2021, the CKD's number of indigent households decreased (by 316 households) and the percentage of households identified as indigent decreased (by 1.7 percentage points). Across all municipal areas, only the Laingsburg municipal area recorded an increase in the number of indigent households (by 111 households) and percentage of households classified as indigent (by 4.4 percentage points). The decrease in indigent households in the District is despite the estimated loss of jobs in 2021, as well as an estimated growth in GDP. This is attributable to the increase in the labour force participation rate in the District during 2021, which resulted in improved economic prospects.⁴² This is likely to impact the reduction in the estimated number of indigent households in the District as labour opportunities increase with the reduction of national lockdown policy responses.

³⁹ (Laingsburg Municipality, 2020).

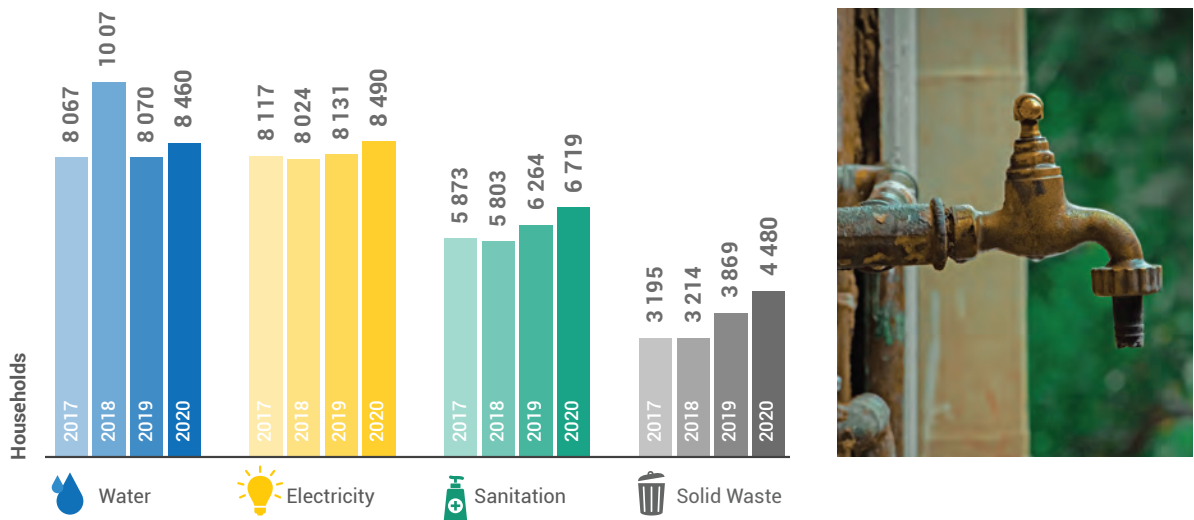
⁴⁰ (Prince Albert Municipality, 2022).

⁴¹ (Beaufort West Municipality, 2022).

⁴² See Diagram 2.2, Central Karoo District.

Figure 3.17 illustrates the access to free basic services in the CKD between 2017 and 2020. Free basic services are available to households that qualify as indigent households.

Figure 3.17
ACCESS TO FREE BASIC SERVICES,
Central Karoo District, 2017 – 2020



Source: Non-financial Census of Municipalities, Stats SA, 2022

The level of free basic services support is guided by the indigent policy of each local municipality. Most municipalities offer up to 6kl of water and up to 50kWh of electricity as free basic services – some of these municipalities also offer some limited support for sanitation and solid waste services. Therefore, the provision of free basic services differs based on the type of service, as access levels and policies differ across municipalities. Access to free basic water increased from 8 067 households in 2017 to 8 460 households 2020. Access to free basic electricity increased from 8 117 households in 2017 to 8 490 in 2020. The number of households with access to free basic sanitation also increased between 2017 and 2020, from 5 873 households to 6 719. The number of households with access to free basic solid waste removal services increased from 3 195 households in 2017 to 4 480 in 2020.

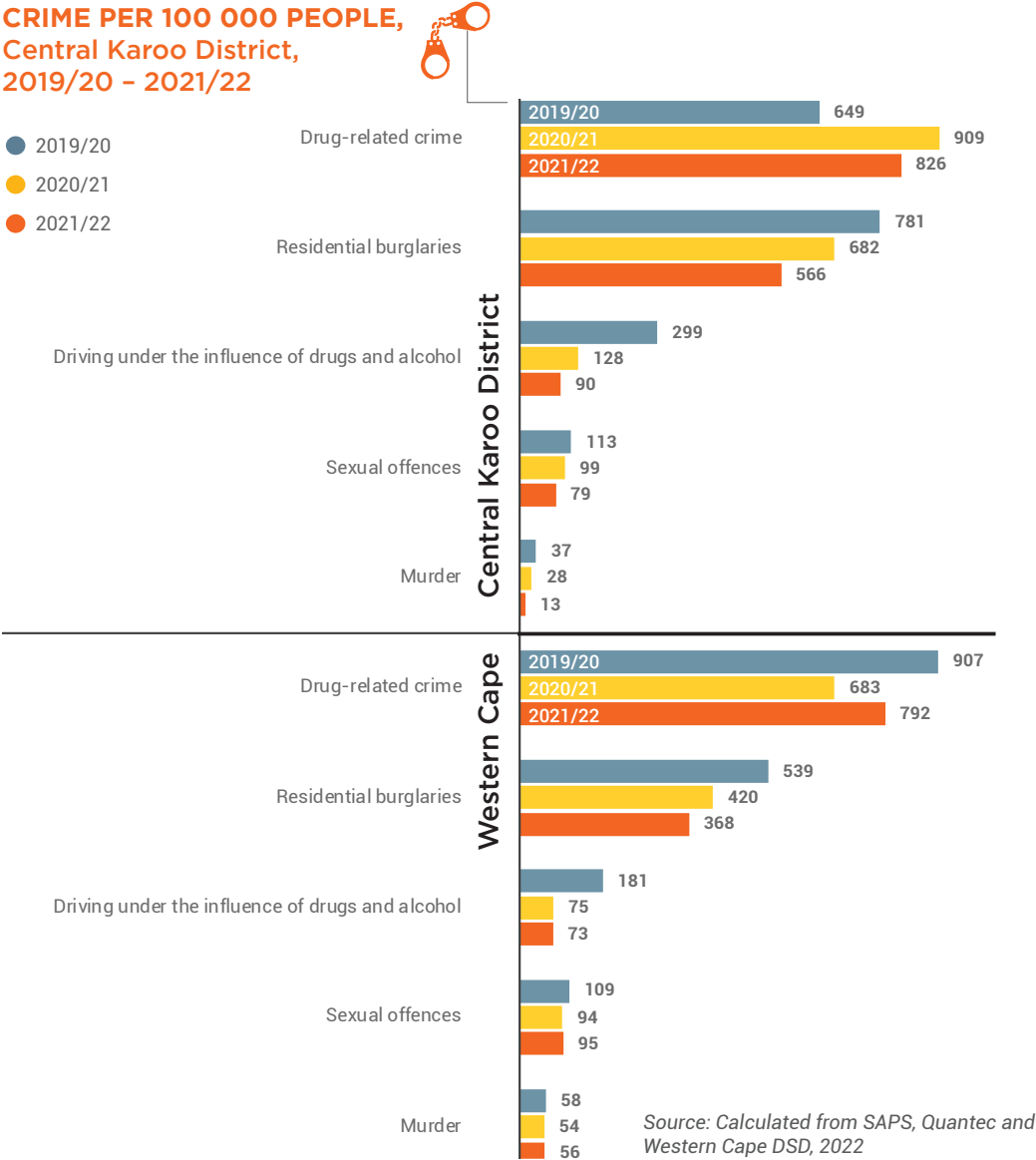


3.5 CRIME

An analysis of a region’s crime trends can serve as a proxy for community safety, indicating the potential occurrence and types of criminal activities that are prevalent in the region. Figure 3.18 compares the types of the crime and crime rates in the CKD and the Western Cape between 2019/20 and 2021/22.

Figure 3.18

**CRIME PER 100 000 PEOPLE,
Central Karoo District,
2019/20 – 2021/22**



For 2021/22, the CKD recorded more incidents of driving under the influence of drugs or alcohol, residential burglaries and drug-related crime than the Province. However, in all crime categories, fewer incidents of crime were recorded in the CKD for 2021/22 compared with 2020/21. The lockdown measures put in place to curb the spread of COVID-19 are likely to have had a positive impact on these crime categories.

The murder rate decreased from 37 cases per 100 000 people in 2019/20 to 13 cases per 100 000 people in 2021/22. The murder rate was particularly low in the Laingsburg municipal area, at four cases per 100 000 people in 2021/22. Sexual offences have been on a consistent declining trend, decreasing from 113 cases per 100 000 people in 2019/20 to 79 cases per 100 000 people in 2021/22. The Beaufort West municipal area recorded the most cases of sexual offences per 100 000 people in the CKD, with 84 cases per 100 000 people in 2021/22.

In 2021/22, there were 566 cases per 100 000 people of residential burglaries in the CKD compared with 368 cases per 100 000 people in the Province. The curfew imposed as part of the COVID-19 lockdown measures reduced residential burglaries. In 2021/22, the Laingsburg municipal area reported 757 cases per 100 000 people, while the Prince Albert and Beaufort West municipal areas reported 461 cases per 100 000 people and 562 cases per 100 000 people respectively.

As a result of alcohol restrictions in 2020, cases of driving under the influence of alcohol declined from 128 cases per 100 000 people in 2020/21 to 90 cases per 100 000 people in 2021/22. This would also have had a positive impact on road accidents and road fatalities.

Drug-related crime increased from 649 cases per 100 000 people in 2019/20 to 909 cases per 100 000 people in 2020/21, before decreasing to 826 cases per 100 000 people in 2021/22. Drug-related crime decreased in all municipal areas in the CKD, with the lowest number of incidents being recorded in the Prince Albert municipal area (535 cases per 100 000 people in 2021/22).

Overall, the number of incidents reported in the CKD indicates that additional resources are required to reduce crime, particularly in the Laingsburg municipal area, where the crime rate is the highest for most crime categories that are reported on.

3.6 CONCLUDING REMARKS

With households forecast to grow at a higher rate than population growth in the District, this suggests that the District will face greater burdens in service delivery. Furthermore, the District also recorded a share of 62.0 per cent of the population living at the upper-bound poverty line in 2020. The CKD recorded the lowest HDI across all districts in the Province.



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