Kareeberg Municipality

LED Strategy

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**Executive Summary**

1. **Study goals and objectives** (1.3 in original document)

This study identifies development potential and opportunities within the Municipality.

1. **Legislative Mandates**

This section is based on legislation of the country.

1. **Policy frameworks**

The policy frameworks examine the link between the policies and legislatures with the task at hand.

1. **Fiscal Policy**

This section deals with the economic fundamentals and focuses on the micro-economic reform strategy, input and priority sectors, as well as with all matters arising out of that.

1. **Provincial GGP overview**

This section examines the existing development initiatives in the Northern Cape Province, as well as the Gross Geographical Product (GGP).

1. **District economic overview**

This overview takes a close look at the Gross Geographic Product (GGP), location quotient, tress indicators, and includes a regional economic overview.

1. **Local economic overview**

This section provides a brief overview of the local economy and includes important statistics.

1. **Sectoral economic overview**

This section describes the local level economy in terms of the various individual economic sectors, taking into account development potential, as well as constraints.

1. **Kareeberg in the global economy**

This section examines the global economy existing in the Kareeberg Municipality and also looks at further development potential and constraints.

1. **Industry clusters as the building blocks of the regional economy**

Industry clusters help enterprises to focus on urban environments in order to support competitiveness.

1. **Development framework**

This section takes a look at the long-term vision for local economic development of the region.

1. **Development potential within the district**

This section takes an in-depth look at the development potential and focuses sharply on a number of possible influences.

1. **Strategic plan**

This refers to the strategic thrusts, development programmes and associated projects and/or activities aimed at the regeneration of the Pixley ka Seme District economy.

1. **Institutional arrangements**

Institutional arrangements include portfolio committees and the supply chain management committee.

# Introduction

## Study Orientation

This section gives an orientation of the study regarding client identity, the purpose of the study; the status of the study and its goals and objectives. It concludes with the outline of the report and contents of each section.

### Client

The Kareeberg Municipality (“The Council”) appointed GA Consortium as consultants to formulate an Integrated Local Economic Development Strategy for the Council’s area of jurisdiction.

### The purpose of the study

The purpose of this study is to identify economic development opportunities and viable projects for implementation, which could contribute to stimulating economic growth, social upliftment, job creation, Black Economic Empowerment (BEE), capacity building, etc.

## STATUS OF THIS DOCUMENT

The status of this document is to serve as guiding tool in stimulating development of the economy within the Kareeberg Municipality (hereafter referred to as the ‘Council’). The strategy aims at giving direction to local government and local/and or foreign investors regarding sectoral development opportunities, which could stimulate the highest economic growth and development in the area. It also serves as input into the IDP in addressing the identified needs and problems in the area. It is important for this Regeneration Study to find synergy in other programmes, such as:

* Integrated Development Planning
* Urban Renewal
* Rural Nodes
* Black Economic Empowerment

## STUDY GOALS AND OBJECTIVES

As mentioned, the purpose of the study is to identify development potential and opportunities within the Municipality.

**Status of LED Strategy**

**Diagram 1.1**

The strategy therefore aims at:

* Adding value to the Municipal Integrated Development Plan;
* Furthering municipal efforts in Local Economic Development and Black Economic Empowerment Initiatives;
* Recommending strategic actions and projects for reviving local economies;
* Providing professional inputs into appropriate institutional instruments for implementing key economic development projects.

The Local Economic Development Strategy therefore tends to address all identified issues and problems through stimulating economic growth and development within those sectors with the highest potential and the most viable sustainable opportunities.

## MAIN SOURCES OF INFORMATION

### LITERATURE REVIEWED

The main literature sources consulted in gathering all relevant information regarding the current reality of the Kareeberg Municipality included:

* IDP documents of Pixley Ka Seme District Municipality and Kareeberg Local Municipality
* Demarcation Board information
* Regional Economic Focus (REF) Databases from Global Insight
* Calculation based upon the REF information
* Telephone directories of the District. Note that the telephone directory referred to did not list all the role players in the area; this does not mean those listed are not important – all relevant role players should be added to this list. It is also important to include all of these role players within a Local Economic Development Forum, to steer and drive economic development in the area.

### SURVEYS AND INTERVIEWS

To gather the most recent information regarding the economic activities within the Municipality, it was deemed necessary to conduct surveys and to interview major stakeholders active in the Kareeberg Municipal Area

Legislative Mandates

## The Constitution, 1996 (Act No. 108 of 1996)

The Constitution of the Republic of South Africa (Act 108 of 1996) forms the basis for all legislation of the country. The Constitution recognises District and Local Municipalities as a distinctive sphere of government and Section 152 outlines the objectives of local government.

These objectives are:

* to provide democratic and accountable government for local communities;
* to ensure the provision of services to communities in a sustainable manner;
* to promote social and economic development;
* to promote a safe and healthy environment; and
* to encourage the involvement of communities and community organisations in matters of local government.

In terms of Section 153 of the Constitution, municipalities are mandated to give priority to the basic needs of the community, to structure and manage its administration and budgeting and **planning processes and to promote the social and economic development of the community;** and participate in national and provincial development programmes.

The Constitution mandates the Kareeberg Municipality to promote social and economic development in its district by addressing the basic needs of the population. The key focus areas should be the provision of service and infrastructure, community services, educational components and business support to all of areas of lack, or where improvements are required.

## White Paper on Local Government (1998)

The White Paper on Local Government emphasises the vital need to foster a culture of developmental local government in South Africa, including the promotion of local economic development. Thus Local Economic Development is identified as one of the four key development outcomes for which developmental local government seeks.

The White Paper on Local Government defines the concept of “development local government” as:

“Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”

This definition means that a municipality should facilitate the creation of an enabling environment whereby all stakeholders will contribute optimally to LED. It makes it clear that although local government is not directly responsible for job creation, it can still play a vital role in partnerships with other stakeholders in accelerating job creation, boosting the local economy and alleviating poverty.

The White Paper on Local Government further emphasises the responsibilities of local authorities in terms of their important role of promoting job creation and boosting local economy by:

* Providing good quality, cost effective, services and by making the area a pleasant place in which to live and work;
* Reviewing existing policies and procedures to promote local economic development; and
* Providing special economic services.

The LED, as cited by the White Paper on Local Government, can only be met by local government in forming partnerships with local citizens, communities, private sector, National and Provincial Governments and organised labour.

The White Paper has a direct impact on the development of policy formulation, financial and the human capacity and socio-economic development of the local municipality. It emphasises the need, and importance, of local municipal support to business through training and development of support centres.

Policy Frameworks

## The Draft LED policy (2002)

The draft document on LED of 2002 reflects the thinking in local policy circles and is informative for planners in other countries in that it represents the logical conclusion of the policies and laws of our country and is arguably one of the definitive statements on pro-poor LED, (also referred to as developmental LED). Considering the country’s economic and social situation, the document postulates that local governments should pursue pro-poor development interventions which would result in methods of addressing poverty, inequality and social objectives.

This ideal is pursued through the following goals for local governments:

* To establish an environment for job creation and economic growth;
* To establish sustainable rural development and urban renewal; and
* To bring the disadvantaged and poor to the centre of development.

To achieve this, LED must be all encompassing, innovative, creative and redistributive.

The following interventions are proposed to support the development of LED:

* Additional Community Based Development;
* Promotion of the association of wealthy and poor redistribution areas;
* Investment in human capital development;
* Service delivery of infrastructure to the needy;
* Plug loopholes in the local economy, for example, buy local and try and avoid wealth leaving the district;
* Preserve and grow local economic activities.

To achieve the above, local government will need to focus on the following:

* Improvement of capacity;
* Growth and expansion of the market; and
* Reduction of cost.

From an institutional perspective, the document argues that municipalities should establish a LED Unit with has a defined role regarding the function of a local government. There are four primary functions which relate to co-ordination, facilitation and stimulation of LED.

### Policy Guidelines for Implementing Local Economic Development in South Africa, 2005

In 2005 the DPLG released the LED guidelines which are aligned with the RDP, GEAR, the Micro Economic Reform Strategy (MERS), Provincial Growth and Development strategies and municipal IDP’s.

The Micro-economic Reform Strategy seeks to build on the RDP by directing itself at the inequalities in the country and focusing on the geographical spread of activity, integration, black economic empowerment, knowledge-led growth, skills development and state responsiveness. Community development and growing the economy through suitable mechanisms and investment are addressed in the document.

Investment promotion, business retention and support for enterprises and growth sectors are emphasised in the policy document, which looks at support of both the first and second economies, by capitalizing on various governmental programmes. LED is viewed as a key mechanism to close the gap between the two economies.

### Broader supporting mechanisms for pro-poor LED

Besides the laws and policies directly supporting pro-poor LED, other instruments are used for the support of implementation. These are discussed in turn.

### LED and the Integrated Development Planning Process

Integrated development planning is a key mechanism providing a planning framework, in which pro-poor development and LED can operate. One of the responsibilities of “developmental local government” is the production of an integrated development plan. This is a legal requirement for municipalities instituted in 1996 and later given further emphasis in the Municipal Systems Act (Act 32 of, 2000).

Chapter 5 of the Act is specifically directed at Integrated Development Planning and calls upon each municipal council to, within a prescribed period after the start of its elected term, ‘adopt a single, inclusive and strategic plan for the development of the municipality.’

This IDP should reflect:

* The municipal council’s vision for the long-term development of the municipality;
* Special emphasis is to be placed on the municipality’s most critical development;
* needs;
* an assessment of the existing level of development in the municipality;
* the council’s long-term development vision which should consider the need for social and economic advancement of disadvantaged sections of the community;
* descriptive detail on how the municipal council will realise its development objectives and the time frame within which those objectives will be realised; and
* the council’s spatial development framework, which should guide the way in which the physical area will be developed.

Essentially two themes are emphasised regarding the integrated planning process:

* the involvement of grassroots in a democratic planning process; and
* the enhancement of the role of local authorities as service providers eventually becoming key players in the development process.

The IDP and LED are therefore interlinked in that the IDP is seen as an instrument for co-ordinating LED and other development strategies adopted by municipalities. This linkage is essential to avoid duplication of strategies in the LED strategy and other strategies.

The IDP can assist in the promotion of socio-economic development in at least three ways. These are:

* helping to attract funds from other spheres of government, donor organisations and investors through defining and packaging attractive projects and programmes;
* helping to create an environment that is conducive to private sector investment and the general promotion of LED; and
* proposing direct interventions in the economy.

### Clarification of the roles of the three spheres of government in LED

#### National Government

In support of LED, national government is to promote:

* Inter-governmental co-ordination between national government departments and vertically between the three spheres of government;
* Co-ordination and effective communication of government economic policies and activities;
* Access to finance in the form of loans or loans combined with grants;
* Skills development by utilising funding from the Department of Labour and SETA’s and non-financial support through SEDA;
* Effective utilisation of instruments like MIG and EPWP to create sustainable jobs;
* The provision of affordable and sustainable energy;
* Provision of appropriate under-graduate courses and modules; and
* The establishment of national and global networks that universities can link to.

#### Provincial government

In support of LED, provincial government is to promote:

* The development of a Provincial Growth and Development strategy that considers the NSDP and IDP’s of municipalities.
* Access to finance
* Contributions directly to entrepreneurship
* Provision of quality technical support to municipalities.

#### Local Government

In support of LED, municipalities are to:

* Become completely conversant with the IDP and PGDS and ensure effective application of resources;
* Understand the opportunities in their area of jurisdiction, and capitalise on the competitive advantages in the area;
* Promote participation of the community in the LED;
* Set up LED support offices in district municipalities;
* Increase social capital in districts, through the creation of effective chambers of commerce and other business oriented forums.

FISCAL POLICY

### Micro-Economic Reform Strategy

In 2001 Thabo Mbeki announced a revision of the Integrated Economic Action Plan which will impact on three key performance areas viz. growth, employment and equity. This revised Strategy is called the Micro-Economic Reform Strategy which has the following core three elements:

* Investing in real economic fundamentals;
* Expanding the efficiency of and expanding access to services in four input sectors; and
* Developing the growth, employment and equity potential of selected priority sectors.

### Economic Fundamentals

In order for South Africa to be able to have competitive advantage globally, the following economic fundamentals should be in place:

* Appropriate and efficient economic and social infrastructure;
* Access to finance for productive activities;
* Investment in research and development;
* Innovation and the take-up of new technologies; and
* Investment in Human Capital.

The cross cutting issues identified in the MERS include:

* Technology,
* Human Resource Development,
* Access to finance; and
* Infrastructure.

These economic fundamentals have to be developed in a way that allows for a more equitable and sustainable spatial spread of economic resources and activity. There should also be an increase in the productive participation of those historically disadvantaged and those who are currently excluded from the mainstream of the economy, and should support the development of small, micro, medium enterprises to create jobs and alleviate poverty.

### Input Sectors

Input costs impact on all economic activities across the economy in the Kareeberg municipality.

The system of local government under the apartheid era failed dismally to provide the basic needs of the majority of people in South Africa. The Municipal Systems Act (No. 32 of 2000) is a key piece of legislation, which has direct influence over the principle of popular participation in local governance and local development. The MSA provides for ‘the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to essential services that are affordable to all’.

### Priority Sectors

The Northern Cape Provincial Government have identified the following priority sectors which should have considerable potential for increased output, value addition, exports and employment creation:

* Agriculture and Agro-processing;
* Mining and mineral processing;
* Manufacturing;
* Fishing and Mariculture;
* Tourism;
* Transport;
* SMME;
* Oil and Gas reserves; and
* Development of ICT infrastructure for growth and development.

## LOGIC AND FOCUS OF MERS

The Micro-Economic Reform Strategy (MERS) gives effect to better policy coordination and service delivery. MERS is a broader set of strategies intended to address socio-economic development. The effective implementation of MERS will contribute to the achievement of government’s vision for the economy: By 2014 South Africa will have a restructured and adaptive economy characterised by growth, employment and equity, based on the full potential of all persons, communities and geographic areas. No single department will be able to implement the Micro-Economic Reform Strategy. Government, districts, private sector, civil society, and the larger community should all contribute to the development stage of the Municipality.

**MERS**

Agriculture

Mining

Manufacturing

Fishing and Mariculture

Tourism

SMME

ICT

HR

Technology and R&D

Access to capital

Infrastructure

Management of SOEs

Economic development

Capacity of local government

|  |
| --- |
| Geographic spread |

Small enterprises

Investor perceptions

BEE

Relations with Africa

## ACCELERATED SHARED GROWTH INITIATIVE – SOUTH AFRICA (ASSGI SA)

To accelerate growth and ensure that it happens in the country, the President, Lekgotla, appointed a task team to take the matter forward in July 2005.

The objective was not to set out a new economic policy, but to determine a set of initiatives to sustain higher, and shared, growth. Many other ministers and their departments were included in the discussions, as were organised business and labour, religious leaders, youth, and women in various groupings and forums. Government also consulted with domestic and international experts. Out of these discussions and interactions the concept of Asgi-SA was born, which addresses the challenges to maintain the growth at 6% and to take into account the two imbalances mentioned. In developing intervention for accelerated and shared growth, a growth diagnostic analysis was adopted which seeks to identify the ‘binding constraints' on achieving the objectives.

The methodology holds that, while all successful economies have certain characteristics in common, such as well-managed fiscal and monetary policy and competent government administration, each country faces specific challenges in moving from mediocre to successful. The South African government is convinced that is ready for Asgi-SA to be a national shared growth initiative, rather than merely a ‘government programme'. The key Asgi-SA interventions to be implemented are the following:

### Identify the binding constraints

* Relative volatility of the currency, and current strength;
* Cost and efficiency of national logistics system and some infrastructure;
* Shortage of suitably skilled labour and disjointed spatial settlement patterns;
* Barriers to entry and competition in sectors of the economy;
* Regulatory environment and burden on SMMEs; and
* Deficiencies in state organisation, capacity and strategic leadership impacting on delivery.

### Increasing infrastructure investment

Provincial infrastructure projects with major economic impact were identified for each Province. Four projects were identified in the Northern Cape. Overall government plans for infrastructure spending totals over R370 billion over the current MTEF and will be distributed as follows;

* 50% to be spent by the three spheres of government;
* 40% to be spent by state owned enterprises (SOE);
* 5 % to be spent through Public Private Partnerships; and
* 3%- 5% to be spent by development finance institutions.

### Sector strategies

* Focus on sectors with potential for high growth, employment creation and enterprise development. Immediate focus on BPO and Tourism (strategies are essentially complete);
* Focus on agriculture/agro-processing for next set of initiatives: bio-fuels, timber, food production and processing;
* Other sectors include: chemicals and metals value adding; creative industries; clothing and textiles; durable consumer goods.

### Education and skills development

* Interventions in quality of general education: QIDS-UP; Maths & Science (Dinaledi schools); stronger career guidance programmes;
* Strengthening of FET system: R1.9 billion injection over 3 years;
* Much strengthened ABET programme;
* Next phase of National Skills Development Strategy: better targeting on skills needs; and
* Joint Initiative for Priority Skills Acquisition.

### Eliminating the Second Economy

* Leveraging the First Economy;
* Expanding women's access to economic opportunities;
* Measures to promote youth development during 2006/07;
* Leveraging components of BBBEE;
* Decisions on the small business regulatory environment;
* Expansion of EPWP: bigger rural road projects; focus on maintenance;
* Roll out of Early Childhood Development component;
* Strengthening of micro-finance initiatives, especially loans between R10 000 and R250 000;
* Targeted initiatives for women and youths;
* All sector strategies must have developmental elements;
* Regulatory environment for SMMEs; and
* Realisation of dead assets.

### Macro-economic issues

* Challenge of exchange rate volatility - accumulation of reserves and related strategies;
* Challenge of improving budgeting in government - need to predict income and expenditure better;
* Need to monitor better implementation of decisions to spend, especially on CAPEX

### Governance and institutional interventions

* ASGISA agenda item for monthly Investment & Employment Cabinet Committee;
* Focus on local government delivery capacity - project consolidated and related skills development and skills pool schemes;
* Economic departments - address capacity constraints;
* Better mechanisms for GDS implementation;
* Review role of DFIs;
* One-stop investment trouble shooting centre;
* Introduction of RIA system, and urgent improvements in the management of EIA’s; and
* Improvements in land use management: planning and zoning.

## LINKAGES TO OTHER PLANNING PROCESSES

The Local Economy is a holistic discipline and should not be looked at in isolation to National, Provincial or even global processes. The discussion below outlines the National Spatial Development Perspective (NSDP), The Northern Cape Provincial Growth and Development Strategy and Integrated Development Planning. It will also outline the international level drivers that are needed for communities and the municipalities to adapt to the challenges of the changing competitive environment.

### National Spatial Development Perspective

The National Spatial Development Perspective (NSDP) was developed to address questions raised in regard to the spatial consequences of national investment and development programmes. This led to an analysis of the spatial impact of infrastructure and development programmes with a view to ensuring better alignment between infrastructure investment and development programmes. The result was to include a mechanism in the NSDP aimed at aligning spatial choices around government investment and development spending across all three spheres of government.

The major outcomes of this process, as contained in the NSDP, are the following:

* NSDP defines the national space economy by identifying the development potential of localities in terms of categories of development potential and a set of normative principles that guides decision-making about government’s spatial priorities.
* National, Provincial and Local government must utilise these categories of development to assist in identifying the relative comparative advantages of localities in respect of infrastructure investment and/or development spending.

Annual reports must be submitted by all spheres of government regarding the strategic choices infrastructure investment and development spending related to the NSDP.

Furthermore, whatever spatial priorities are implemented, it should be guided by existing and changing spatial patterns of population settlement, economic development and general potential, as well as the Constitutional imperative to provide basic services to all South Africans, wherever they may be located.

The NSDP was designed to act as an indicative planning tool for all spheres of government. It should be used as an instrument for policy coordination – especially the spatial implications of infrastructure and development and government programmes. The implementation of the strategies of government will be monitored in accordance with the principles of the NSDP, so as to contribute to the principle of cooperative governance.

### Provincial Growth and Development Strategy

The Northern Cape Provincial Growth and Development Strategy (PGDS) realises the hope of sustainable and integrated development which seeks to promote economic growth and social development, improve the quality of life of all its citizens, improve the institutional efficiency of government, attain regional integration and enhance innovation. The PGDS is a further elaboration of an adopted policy framework that attempts to provide a clear vision for growth and development. The strategy identifies both opportunities and challenges and provides for strategic interventions in dealing with both.

The PGDS identifies the comparative advantages and opportunities that emanate from an analysis of the mining, agriculture, manufacturing, fishing and mariculture, and tourism sectors, which can turn the economy of the province around. The industrial value chain becomes the catalyst towards building local economies in these competitive sectors. This approach forms the basis of ensuring that the resources of the province are geared towards having the greatest impact for meaningful local economic growth and development – bridging the division between the first and second economies.

The PGDS also focuses on issues around social development and has developed targets and strategies which address the challenges that are faced in health, education, housing, water, sanitation, electricity, crime reduction and social services, to name but a few. It further provides for interventions that promote human and capital development.

The PGDS asserts that it is only through proper institutional arrangements, and, in particular, strong partnerships among all stakeholders in development that the province can realise its vision of effectively reducing poverty. The development targets, as portrayed in the PGDS, and the realisation of the potential of the province will be achieved through the collaboration of all stakeholders.

And finally, the PGDS makes adequate provisions for the incorporation of all the national planning instruments, including the National Spatial Development Perspective and the Medium Term Strategic Framework, inter alia, as well as the District and Local Municipal IDP’s with the provincial development imperatives.

The Northern Cape Development Strategy identified 6 main development areas that should be seen as being interrelated and supportive of each other. These include:

* The provision of services;
* The promotion of investment and economic growth in the province;
* The representation of the interests of the province to the central government;
* The protection of the environment in the province;
* Institutional superiority, reform and an enabling government;
* Human Resource development.

The sectors included in the detailed strategies are: mining; agriculture; financial, commercial and business sector; manufacturing; marine culture and fishing sector; communications sector; transport sector; SMME sector; and tourism.

The detail of each of these strategies is based upon the 6 main development areas as listed above. However, care should be taken when developing a strategy for the Kareeberg area, to ensure that it is in line with above.

PROVINCIAL GGP OVERVIEW

## Existing development initiatives in the Northern Cape Province

Each provincial government is responsible for developing a strategy aimed at integrated and sustainable development and growth for its area of jurisdiction. This plan should form part of the sustainable development framework, which was adopted by 178 countries (including South Africa) as the Earth Summit in Rio de Janeiro in 1992. These strategies supersede all other district and municipal level development initiatives and/or strategies, and should be reviewed and incorporated before any developmental decisions are made. The strategic document which was reviewed during the formulation of this development plan included the “Economic Growth and Development Plan for the Northern Cape: Development Strategy”.

The National Strategic Vision identified six strategic pillars which should be jointly planned and implemented to unlock and utilise the resource base to stimulate economic growth and development. The six pillars include:

* Pillar 1: Economic services;
* Pillar 2: Physical services;
* Pillar 3: Social services;
* Pillar 4: Human Resource Development;
* Pillar 5: Protective services;
* Pillar 6: Governance services.

## GGP

Gross Geographical Product (GGP) refers to the value of total production of goods and services within the borders of a specific area during a specific period of time. The GGP Diagram of the Northern Cape Provinces, as obtained from Stats SA, is provided in Table 5.1 and Diagram 6 below.

| ***TABLE 5.1 – GGP INFORMATION FOR THE NORTHERN CAPE PROVINCES, 2001 (R’000)***  **NC** | |
| --- | --- |
| **SECTOR** | **2001** |
| Agriculture | 943 |
| Mining | 2 930 |
| Manufacturing | 537 |
| Utilities | 576 |
| Construction | 280 |
| Wholesale | 1 426 |
| Transport & Communication | 1 582 |
| Finance | 2 277 |
| Community | 919 |
| Government | 1 102 |
| **TOTAL** | **12 572** |
| StatsSA-2001 | |

Based upon the information provided by the above table and Diagram 5.1 the following are important observations:

* The Northern Cape Province’s economy is dominated by the primary sector,
* Mining is the dominant activity within the Northern Cape Province;
* Agriculture plays a marginal role in GGP contribution within the Northern Cape;
* Trade (wholesale and retail trade); transport and communication; and financial services sectors are important contributors to GGP and employment;
* Manufacture is a growing sector, but so far is a relatively small contributor in the Northern Cape;
* Utilities and construction are relatively small and hamper economic role players within the province.

## Northern Cape GGP 2001

(Stats SA: 2001)

DISTRICT ECONOMIC OVERVIEW

## GROSS GEOGRAPHIC PRODUCT (GGP)

Over recent years the district contribution to the provincial GDPR has consistently been the lowest, with its contribution declining from 10,6% to 9,6% between 2003 and 2004. The economy is predominantly focused on the primary sector with manufacturing and tourism also contributing to the district economy.

The economic sectors which contribute maximally to the GDPR of Pixley ka Seme, are Agriculture, Mining, Tourism and Manufacturing. Table 5.2 below represents the percentage contribution per economic sector by the District to the gross domestic product of the province for 2003 and 2004.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **% GDPR of district municipalities per economic sector for 2003 and 2004 % OF GDPR** | | | | | | | | | | |
|  | **Primary** | | **Secondary** | | **Tertiary** | | **Taxes – Subsidies** | | **Total GDPR** | |
|  | **2003** | **2004** | **2003** | **2004** | **2003** | **2004** | **2003** | **2004** | **2003** | **2004** |
| **Namakwa** | 4,3 | 3,8 | 0,5 | 0,4 | 7,3 | 7,0 | 0,7 | 0,8 | 12,8 | 12,1 |
| **Karoo (Pixley Ka Seme)** | 3,1 | 2,7 | 1,0 | 0,9 | 5,8 | 5,2 | 0,8 | 0,8 | 10,6 | 9,6 |
| **Siyanda** | 3,8 | 3,3 | 1,3 | 1,3 | 8.0 | 7,7 | 1,1 | 1,2 | 14,2 | 13,5 |
| **Frances Baard** | 6,8 | 6,2 | 3,2 | 3,1 | 26,1 | 28,6 | 2,5 | 2,0 | 38,6 | 40,7 |
| **Pixley ka Seme** | 16,7 | 16,5 | 1,4 | 1,3 | 4,9 | 5,5 | 0,7 | 0,8 | 23,8 | 24,1 |
| **NC GDPR** | **34,7** | **32,6** | **7,3** | **7,1** | **52,1** | **54,0** | **5,8** | **5,6** | **100,0** | **100,0** |

(PKS G&DS, 2006)

Pixley ka Seme’s total percentage contribution in 2003 was 10,6% and declined to 9,64% in 2004. The district contribution to the GDP has remained consistently low and continues declining. It is evident that the tertiary sector contributes the greatest percentage to the GDP of the Northern Cape, followed by the primary sector and then the secondary sector.

***Average annual growth rate in gross value added by kind of economic activity***

|  |  |  |
| --- | --- | --- |
| **Category** | ***1996\7-2001\2*** | ***2001\2-2004\5*** |
| **Rate %** | **Rate %** |
| Agriculture | 0.3 | 0.8 |
| Manufacturing | -3.1 | -5.2 |
| Energy | 7.7 | -31.4 |
| Construction | -6.1 | 1.4 |
| Commerce | 1.0 | 1.0 |
| Transport | -2.1 | -2.5 |
| Finance | 0.5 | 2.3 |
| Services | 0.5 | 1.7 |
| **Total** | **1.1** | **-2.4** |

(DWAF, 2006)

The Pixley ka Seme District displays a similar characteristic as the province, with respect to its sectoral contributions to GDPR. The economic sectors which contribute most to the GDPR of Pixley Ka Seme, are Agriculture, Mining, Tourism and Manufacturing. Its secondary sector contributes the least. The manufacturing sector is part of the secondary sector, and has declined over the period of 2003 (0,97%) and in 2004 (0,92%). To transform, diversify and improve the status of the district’s economy, will require a concerted effort to create development opportunities within this sector.

## LOCATION QUOTIENT

The analysis below indicates the location quotient of the Pixley ka Seme District with respect to the Northern Cape Province. The table and graph below indicate the location quotients of sectors in the district municipality with respect to the Northern Cape.

**Location Quotient**

****

Sectors in the economy of Pixley ka Seme with a location quotient larger than 1, are agriculture (2,35); community, social and personal services (1,19); transport, storage and communication (1,16); electricity, gas and water supply (2,19).

These are sectors which show potential for additional development and do not imply that sectors, not featured here, should not be pursued, since there may be latent promising potential in those sectors.

**Below are the location quotients of the economic sectors in the municipalities**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Kareeberg** | **Emthanjeni** | **DMA** | **Renosterberg** | **Siyancuma** | **Siyathemba** | **Thembelihle** | **Ubuntu** | **Umsobomvu** |
| **Agriculture** | 1,18 | 0,31 | 1,62 | 0,54 | 1,11 | 1,46 | 1,47 | 1,59 | 0,82 |
| **Mining** | 0,08 | 0,05 | 0,45 | 0,00 | 4,28 | 0,09 | 0,02 | 0,21 | 0,00 |
| **Manufacturing** | 0,41 | 0,71 | 1,28 | 0,13 | 1,92 | 0,76 | 1,99 | 0,91 | 0,18 |
| **Electricity, gas and water supply** | 0,17 | 0,60 | 0,36 | 11,42 | 0,08 | 1,14 | 0,23 | 0,00 | 0,97 |
| **Construction** | 0,52 | 1,25 | 0,85 | 0,58 | 0,99 | 1,69 | 0,48 | 0,55 | 1,00 |
| **Wholesale and retail trade** | 1,12 | 1,05 | 1,20 | 0,56 | 1,02 | 0,94 | 1,17 | 0,79 | 1,13 |
| **Transport, storage and communication** | 0,52 | 1,76 | 0,53 | 0,33 | 0,84 | 0,83 | 1,33 | 0,75 | 0,51 |
| **Finance, insurance, real estate** | 1,06 | 1,79 | 0,94 | 0,46 | 0,78 | 0,71 | 0,61 | 0,72 | 0,67 |
| **Community, social and personal services** | 1,18 | 1,37 | 0,58 | 0,54 | 0,82 | 0,72 | 0,56 | 0,85 | 1,55 |

Other sectors in the district with a distinct comparative advantage with respect to the Northern Cape and South Africa are:

* Electricity, gas and water supply;
* Community, social and personal services;
* Transport, storage and communication.

The municipalities in the district with comparative advantages regarding electricity, gas and water supply, are Renosterberg and Siyathemba with location quotients of 11,42 and 1,14 respectively. This resounding and only comparative advantage for the Renosterberg municipality is due to the presence of the Vanderkloof dam in the municipality.

Kareeberg, and Emthanjeni have location quotients, with respect to other municipalities in the district, of 1,18, 1,37 and 1,55 respectively in the community, social and personal services sector. In the transport, storage and communication sector, Emthanjeni and Thembelihle have location quotients of 1,76 and 1,33 respectively. This is a comparative advantage in this sector with respect to other municipalities in the district. The sectors that contribute significantly to the Northern Cape GDPR are highlighted in the table above, with agriculture having the highest LQ. Electricity, gas and water supply have the second highest LQ.

The agricultural sector has the potential for growth with a number of comparative and competitive advantages for the Northern Cape and Pixley ka Seme in particular.

## TRESS INDICATORS

The level of diversification, or concentration, of a region’s economy is measured by a tress index. A tress index of zero represents a totally diversified economy, whilst the higher the index, the more concentrated or vulnerable the region’s economy is to exogenous variables e.g. adverse climatic conditions and commodity price fluctuations.

The economy of the Pixley ka Seme district has a tress index of 56,18, indicating a reliance of the Pixley ka Seme economy on the agriculture, transport and services sector. This tress index indicates that the economy is not diversified, but is largely dependant on agriculture and is vulnerable to exogenous variables such as adverse climatic conditions and commodity price fluctuations. We need to look at ways of diversifying the economy.

## REGIONAL ECONOMIC OVERVIEW

Section 6 deals with the analysis of the economic situation within the PKS District Municipality, with discussions regarding the provincial and regional economies. The section commences with an overview of the Northern Cape provinces’ economies, working through to the District’s economy up to a local level. A sectoral economic overview forms the basis of this section, including facts and interpretations of the GGP diagrams, employment numbers, backward and forward linkages, key role players and their activities and responsibilities, development potential, etc.

Economic information was obtained from the REF Database of the former magisterial district areas. It should be borne in mind that the magisterial district borders were changed by the introduction of the new Demarcation Boards borders. No location specific economic information is currently available.

### District Growth and Development Strategy

This section defines the strategic direction and programmes designed to enhance the competitiveness of Kareeberg’s business and labour forces, and generation of quality jobs, improvement the quality of life and to ensure the long term sustainability of the district. These recommendations are the results of extensive consultation and research. The following programmes are directed at identifying municipal needs to enable competition globally. The municipality will also be required to utilize these programmes in policy and decision making processes to lead to shared economic growth and ultimately improve the lives of the residents in the district.

### Status Quo Analysis

This section describes the current situation within the Kareeberg Municipal area, drawing a distinction between the various urban areas and the rural areas. It centres on the location and demographic conditions.

### Physical Characteristics of Pixley Ka Seme

The Kareeberg Municipality forms part of the Pixley Ka Seme District Municipality, which is located in the Northern Cape Province. The District Municipality is neighboured by 3 provinces, namely Free State on the northern side, Eastern Cape on the eastern side and the Western Cape on the southern side. Within the Northern Cape the district is neighboured by Frances Baard, Siyanda and the Namakwa Districts.

Politically it consists of nine local municipalities, of which Kareeberg is the second smallest. The *Table* shows the size of the local municipalities, in relation to one another, within the Province. There are vast distances between the towns, with extensive farming areas in between.

***Local Municipal Areas***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Municipality** | **Km2** | **%**  **of DM** | **% of Northern Cape** | **Persons/ km2** | **Households/ km2** |
| DMA | 15 726 | 15% | 4% | 0.20 | 0.07 |
| Emthanjeni | 11 390 | 11% | 3% | 3.11 | 0.77 |
| Kareeberg | 17 702 | 17% | 5% | 0.54 | 0.14 |
| Renosterberg | 5 527 | 5% | 2% | 1.64 | 0.45 |
| Siyancuma | 10 024 | 10% | 3% | 3.57 | 0.92 |
| Siyathemba | 8 209 | 8% | 2% | 2.12 | 0.51 |
| Thembelihle | 6 980 | 7% | 2% | 2.00 | 0.50 |
| Ubuntu | 20 389 | 20% | 6% | 0.80 | 0.21 |
| Umsobomvu | 6 819 | 7% | 2% | 3.46 | 0.86 |
| **Pixley Ka Seme** | **102 766** | **100%** | **28%** | **1.60** | **0.41** |

(Municipal Demarcation Board, 2006)

### Regional Gross Domestic Product (GDP)

The district contribution to the Provincial GDPR has consistently been lowest over recent years, with its contribution declining from 10.6% to 9.6% between 2006 and 2007. The economy is predominantly primary sector focused,

Pixley ka Seme’s total percentage contribution in 2003 was 10,6% and it declined to 9,64% in 2004. The district contribution to the GDP has consistently been the lowest over recent years, with its contribution declining. It is evident that the tertiary sector contributes the greatest percentage to the GDP of the Northern Cape, followed by the primary sector and then the secondary sector.

## CONCLUSION

The above overview of the provincial and district economies indicates that the District depends on the primary sectors for survival. The tertiary sector’s registered positive growth during the last few years is due to the small base of these sectors. Emphasis should be placed upon the development of the secondary and tertiary sectors of the economy, to ensure maximum achievement of the developmental goals, such as LED, BEE, capacity building, social upliftment, job creation, etc.

When considering the provincial development strategies, focus should be placed on the following economic sectors:

* Agriculture and agro-processing activities;
* Mining and local beneficiation activities;
* Manufacturing;
* SMME development and support; and
* Tourism industry and cultural activities.

Within all of these sectors the following should be emphasised:

* Human resource development;
* Black Economic Empowerment and capacity building;
* Promotion of investment and infrastructure development; and
* Co-operation between different spheres and departments of government.

LOCAL ECONOMIC OVERVIEW

## Local Perspective

Local Economic Development is a process whereby local people work together to achieve sustainable economic growth, bringing economic benefits and quality of life improvements for all in the community. LED offers local government, the private sector, NGO’s and the local community such an opportunity. It focuses on both enhancing competitiveness, and thus increasing growth; as well as on redistributing growth through job creation. LED encompasses many different disciplines, including planning, economics and marketing and encompasses many local government functions including planning, infrastructure provision, real estate and finance.

The practice of LED can be undertaken on many different scales: A local government could pursue LED strategies for its entire area. However, individual communities, and individual areas and segments of communities (such as the Disabled, Youth or Women) within a local government’s jurisdiction, can also pursue LED strategies for upliftment. This is much more successful if pursued jointly. In essence, LED is about communities constantly upgrading business environments, to improve competitiveness, retain jobs, and improve incomes.

### Background

Kareeberg Municipality is situated in the western side of the Pixley Ka Seme district municipality in the Northern Cape Province. The district municipality is neighboured by three provinces, - Free State, Eastern Cape and Western Cape. Politically the district consists of nine municipalities, of which Kareeberg local municipality is the second smallest.

Kareeberg municipality was established through the amalgamation of the municipalities of Caranarvon, Vosburg, Van Wyksvlei as well as a large area of rural farms. The administration centre is located in Carnarvon, which is on the main route from Kimberley/Bloemfontein to the southern part of Namakwaland and the West Coast.

The landscape is typical Karoo with an annual average rainfall of 260 mm, and an annual evaporation of 230 mm. There are no perennial rivers in the municipal area and all towns depend on ground water. Kareeberg municipality forms part of the interior pre-Karoo surface pattern, which may be divided into hills and lowlands, and into hills and moderate relief.

### Socio-Economic and Demographic Analysis

#### Demographic Analysis

##### Population and household analysis

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **HOUSEHOLDS** | **POPULATION** | **%HOUSEHOLDS** | **% POPULATION** |
| **KAREEBERG** | 2,417 | 9,479 | 0.90% | 1.00% |
| **PIXLEY Ka SEME** | 41,839 | 164,651 | 16.10% | 16.60% |
| **NORTHERN CAPE** | 259,772 | 993,195 | 100% | 100% |

*Population and household analysis (Northern Cape: Human Development Report, 2007)*

In accordance with the table above, household and population may be analysed as follows:

* Kareeberg municipality has 2,417 household, 9,479 population;
* Pixley Ka Seme DM has 41,839 households and 164,651 population;
* The total number of households in the province is 259,772 households and 993,195 population.



Graphical presentation for households and population

##### Population structure

In ratio the structure of the population is 2% Black African, 88% Coloured, 10% White and0% Asian. Afrikaans is the dominant language, 99% of the population. *(Pixley Ka Seme District Municipality GIS)*

##### Population breakdown per age-group

Kareeberg population has been unstable between 1996 and 2001. The age category between 0 and 29 years decreased from 11.6% to 6.5% in 1996. In 2001 the same age category decreased from10.1% to 6.3%. This clearly shows a steady decline in population. The category aged 30 years – 59 years decreased from 6.6% to 3.4% in 1996 and in 2001 there was a further decrease from 6.9% to 4.3%. The age category of 60 years to 85+ years also decreased from 3.2% to 0.8%in 1996 and in 2001 from 3.1% to 0.8%.



*Population according to age group (IDP 2008)*

##### Gender of the Household Head

In Kareeberg the population constitutes 47% male and 53% female. In the district, females (51%) also outnumber males (49%). The general gender analysis in the Northern Cape is 48% male and 52% female (*Northern Cape: Human Development Report, 2007*).

###### Below: Analysis of female headed households

In the Northern Cape: Human Development Report of 2007, Kareeberg Municipality has a total number of 1,415 male, 1,002 female, 41% female headed households with 2,417 and 9,479 total population. Pixley Ka Seme DM consists of 27,590 male, 14,252 female, 34% female headed households and the total population of 164,651. The general gender demographics of the Northern Cape Province are as follows: male 162,025, female 97,072, female headed households 37%, households 259,771 and total population 993 195.

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*Graphical illustration of gender of the household head*

##### Socio - Economic Perspective

The status of the municipality’s economy epitomises the legacy of apartheid with uneven development among former white areas and townships. All communities are affected by poverty and development deficit. Upliftment of the local economy is the key area focus of the municipality. Kareeberg local municipality’s economy is characterised by the following:

* High levels of poverty and low levels of education; and
* A declining economy that is largely based on sheep farming.

By virtue of its geographic location, the Kareeberg local municipality seems to be on the outskirts. It cannot be declared a transportation route, since major national routes (like N1, N12 and N9) do not pass through the municipality. It might however benefit the municipality

##### Employment Analysis

Employment analysis draws a definition between persons employed or unemployed. The two categories together constitute the economically active category. The category of not economically active constitutes all those who are currently not regarded as part of the labour force e.g. scholars, housewives, pensioners, etc

### *Table 3: Employment levels (Northern Cape: Human Development Report, 2007)*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Employed** | **Unemployed** | **Total economically active** | **%Employed** | **% Unemployed** |
| **KAREEBERG** | 2,209 | 1,670 | 3,879 | 57% | 43% |
| **PIXLEY KA SEME** | 36,831 | 29,511 | 66,342 | 56% | 44% |
| **NORTHERN CAPE** | 222,869 | 176,348 | 399,217 | 56% | 44% |

The labour force in the Kareeberg local municipality constitutes 57% employed and 43%unemployed. The number of employed people in the Pixley Ka Seme DM reflects 56% employed and 44% unemployed. The grand total in the Northern Cape reflects 56% employed and 44% unemployed (*Northern Cape: Human Development Report: 2007*).

*Schematic presentation of employment analysis*



##### Employment by Sector

The figure below shows the occupation of the employed population. Assessment revealed that agriculture and community, social and personal services both play an important role in providing employment for the working population.

The following may be observed from the figure below:

* The highest percentages are employed by the agriculture sector;
* The second highest employment is community, followed by private households, wholesale and retail trade;
* The third and final category is financial, manufacturing, transport, storage and communication;
* The least of them is construction, electricity, gas and water supply.

*Employment by sector (Northern Cape: Human Development Report, 2007)*

|  |  |  |
| --- | --- | --- |
| **SECTOR** | **KAREEBERG** | **PIXLEY Ka SEME** |
| Agriculture, hunting, forestry& fishing | 32% | 32% |
| Mining & quarrying | 0% | 2% |
| Manufacturing | 4% | 4% |
| Electricity, gas & water supply | 0% | 1% |
| Construction | 3% | 4% |
| Wholesale & retail | 9% | 11% |
| Transport, storage & communication | 1% | 3% |
| Financial, insurance, real estate & business | 3% | 4% |
| Community, social & personal services | 22% | 18% |
| Private households | 14% | 15% |
| Underdetermined | 9% | 8% |
|  |  |  |

##### Household and Income

Household income is a parameter indicative of poverty levels within a community. A financially healthy community’s household income usually displays a so-called “normal” income distribution pattern, where the income is spread over a wide range of income categories, and the income of the bulk of the community is situated more or less within the first half to two thirds of the income category range.

The household income for the municipality is summarised in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **CATEGORY** | **KAREEBERG** | **PIXLEY Ka SEME** | **NORTHERN CAPE** |
| No income | 10% | 15% | 17% |
| R1-R4800 | 9% | 8% | 9% |
| R4801-R9600 | 27% | 25% | 22% |
| R9601-R19200 | 26% | 22% | 19% |
| R19201-R38400 | 13% | 14% | 14% |
| R38401-R76800 | 8% | 7% | 9% |
| R76801-R153600 | 3% | 5% | 6% |
| R153601-R307200 | 2% | 2% | 3% |
| R307201-R614400 | 0.6% | 1% | 1% |
| R614401-R1228800 | 0.2% | 0% | 0% |
| R1228801-R2457600 | 0.0% | 0% | 0% |
| R2 457 601 and more | 0.0% | 0% | 0% |
| Indigent HH | 57% | 58% | 57% |

*The distribution of households’ income (Northern Cape: Human Development, 2007)*

From the above, the following may be noted:

* Those with no income in Kareeberg municipality are fewer than those in the district and the province;
* The percentage of those earning between R9601 and R19200 in Kareeberg is higher than those in the district and the province;
* The number of people earning R19201 and above decreases as the ratio goes up and;
* The percentage of indigent households is on the same level for all three categories

##### Average annual growth rate in gross value added by type of economic activity

The economy of this region is not well diversified. In the semi-arid areas of the region, small stock and game farming predominates, with few alternative employment opportunities outside of agriculture and government. This makes the region vulnerable to the strong fluctuating conditions of the agricultural markets. The region is a long-term provider of migrant labour with many young people leaving in search of work. The economy of Kareeberg local municipality recorded a positive growth rate between 1996 and 2001. The total growth recorded over that period was 1.5%, compared to the provincial growth rate of 2.0%. During that period, the manufacturing, energy and construction sector recorded negative growth rates of 0.7%, -1.9% and -2.7%. Between 2001 and 2004, the economy recorded an average annual growth rate of 2.6%, which was lower than the 3.2% provincial growth rate recorded. Throughout that period, most sectors recorded improved positive growth, except for the manufacturing and energy sectors which recorded -1.0% and -1.1% respectively. The overall average annual growth rate recorded over the 1996-2004 period is 1.9%, which is slightly lower than the 2.5% growth rate recorded by the GVA of the province.

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **1996\7-2001\2** | **2001\2-2004\5** |
| **Agriculture** | 0,4 | 0.8 |
| **Manufacturing** | -0.8 | -1 |
| **Energy** | -1.9 | -1.1 |
| **Construction** | -2.7 | 5.9 |
| **Commerce** | 6 | 6.6 |
| **Transport** | 8.5 | 8.1 |
| **Financial** | 3.5 | 5.7 |
| **Services** | 0.5 | 1.7 |
| **TOTAL** | 1.5% | 2.6% |

*Average annual growth in Gross Value Added by kind of economic activity (IDP 2008/9)*

The overall average annual growth rate recorded by the different sectors was positive. The transport sector recorded the highest growth rate of 8.3% followed by the commercial sector, which recorded 6.2% growth rate. If this trend continues, it could have negative effects on the future average annual growth rates of the economy.

*Figure 5: Schematic presentation of average annual growth in GVD (IDP 2008/9)*



The size of the ec*o*nomy of the Kareeberg local municipality is measured by the Gross Value Added (GVA), which is the total value of finished goods produced and services rendered, within the geographical area, in a year. It takes into account other taxes and subsidies on production, but not on products. The nominal GVA (i.e. at current prices) of the municipality was R202.7 million and R155.2 million in real prices. The Kareeberg local municipality represents 7.6 % of the Pixley ka Seme district municipal economy.

The share of the agriculture sector recorded a slight decline throughout the period, - from 36.1%(1996) to 33.8%(2005), the share of the manufacturing sector dropped from 2.0%(1996) to 1.5%(2005) and the construction sector declined from 0.6%(1996) to 0.5%(2005). The commercial sector increased slightly from 8.5%(1996) to 10.6%(2005), transport sector increased from 4.0%(1996) to 5.9%(2005) and the financial sector improved marginally, from 6.5%(1996) to 7.5%(2005).

The only sector in which the Kareeberg local municipality has a comparative advantage is the agricultural sector. This does not mean that it is the only sector worth developing, as latent potential in other sectors may exist.

#### Access to social security

##### Children Receiving Grants

*Children receiving grants (Northern Cape: Human Development Report: 2007)*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Foster care** | **Care dependency** | **Child support** |
| **KAREEBERG** | 112 | 8 | 1,641 |
| **PIXLEY Ka SEME** | 2,070 | 310 | 25,212 |
| **NORTHERN CAPE** | 8,835 | 2,852 | 148,182 |



*Schematic presentation of children receiving grants*

From the table and the graph above, it may be seen that the Kareeberg municipality has 112 children receiving foster care grant, 8 receive care dependency grant and 1,641 receive child support grant. In the Pixley Ka Seme DM children receiving foster care equals to 2,070, care dependency 310 and child support grant 25,212. The total number of children receiving grants in the Northern Cape is as follows: foster care 8,835, care dependency 2,852 and child support equals to 148,182 (Northern Cape: Human Development Report, 2007).

##### Old Age, War, Veteran and Disability Grant

*Old age, war veteran and disability grants*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Old Age** | **War Veteran** | **Disability** |
| **KAREEBERG** | 807 | 1 | 452 |
| **PIXLEY Ka SEME** | 9,384 | 1 | 9,463 |
| **NORTHERN CAPE** | 56,044 | 82 | 50,140 |

From table above, it is apparent that Kareeberg has 807 people receiving old age grants, 1 receives war veteran grant and 452 receiving disability grants. Pixley ka Seme district has 9,384 people receiving old age grants, 1 war veteran and 9,463 disability grants. The total number of people receiving grants in the entire Northern Cape is 56,044 old age, 82 war veterans and 50,140 disability grants.

### 

### *Old age, war veteran and disability grants*

##### Formal and Informal Housing

*Formal and Informal housing (Northern Cape: Human Development Report, 2007)*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **% INFORMAL DWELLING** | **FORMAL STANDS** | **% INFORMAL AREAS** |
| **KAREEBERG** | 4% | 2,039 | 3% |
| **PIXLEY Ka SEME** | 11% | 29,083 | 10% |
| **NORTHERN CAPE** | 11% | 159,462 | 26% |

The table above illustrates formal and informal housing. Kareeberg has 4% informal dwellings, 3% housing in informal areas and 2,039 formal stands. Pixley Ka Seme DM has 11% informal dwelling, 10% informal areas and 29,083 formal stands. The total number of housing in the Northern Cape is 11% informal dwellings, 26% informal areas and 159,462 formal stands.

##### Water and Sanitation Backlogs

|  |  |  |
| --- | --- | --- |
|  | **Water backlog** | **Sanitation backlog** |
| **KAREEBERG** | 4 | 782 |
| **PIXLEY Ka SEME** | 1,605 | 5,445 |
| **NORTHERN CAPE** | 12,779 | 45,695 |

*Water and sanitation backlogs (Northern Cape: Human Development Report, 2007)*

The table above reflects water and sanitation backlogs in the local and district municipalities, as well as in the entire province. Kareeberg municipality has water backlogs of 4 and 782 sanitation backlogs. The Pixley Ka Seme DM has 1,605 water backlogs and 5,445 sanitation backlogs. Northern Cape has total water backlogs of 12,779 and sanitation backlogs of 45, 695.

### Spatial Overview of the Towns in the Kareeberg Local Municipality

#### Carnarvon

The main spatial/land issues influencing development of the town include:

* Carnarvon is identified as an urban centre and should not only be further developed as administrative centre, but should also be promoted through the implementation of urban rehabilitation programmes to stimulate economic growth;
* Gravel and some tarred roads in the townships are in a poor condition and need to be upgraded. There is an inadequate public transportation system;
* Provision of sites for businesses, social services and open space areas;
* Sustainable management of land.

##### Tourism

* Carnarvon is well known for its corbelled houses, built between 1811 and 1815;
* Fort on top of the Carnarvon Koppie and used between 1899-1902 is the only one in the region;
* Tours and crafts at Oukraal;
* Science tourism as a potential; and
* San Rock engravings can be viewed at Springbokoog.

#### Van Wyksvlei

The main spatial/land issues influencing the future spatial patterns and development of the town include:

* Van Wyksvlei is identified as a rural service centre which will complement the satellite towns in the remote areas for the purpose of even distribution of services, and the promotion and the creation of employment opportunities;
* Lack of infrastructure and recreational facilities;
* Serious water shortages, so that water is transported by tank over long distances;
* Inadequate public transportation system;
* Provision of sites for businesses and social services; and
* Road infrastructure in poor condition.

#### Vosburg

The spatial/land issues influencing the future spatial patterns and development of the town include:

* Vosburg is identified as a rural service centre to complement the satellite towns in the remote areas for the purpose of the even distribution of services and to promote the creation of employment opportunities;
* Serious water shortage;
* Inadequate public transportation system;
* Densification, redevelopment or infill planning of residential areas; and
* Provision of sites for businesses, social services and open space areas.

TOURISM – Existing activities and attractions

* Anglo-Boer tours;
* In Vosburg more than 22 buildings are national monuments;
* Khoisan implements can be viewed at Mrs van Heerden’s home or at Keurfontein;
* Vosburg Museum;
* An old Karoo-style house museum;
* Nature reserve;
* Tortoise reserve;
* Science tourism; and
* Hunting.

### Analysis of LED and Poverty Evaluation

|  |  |  |
| --- | --- | --- |
| **NEEDS** | **ISSUES** | **CONTRIBUTING FACTORS** |
| * SMME promotion * Upgrading infrastructure * Establishment of and support to emerging farmers * Tourism development * Implementation of Growth and Development Strategy * Appointment of LED Officer * Establishment of youth advisory | * High levels of poverty and unemployment * No economic growth | * Lack of SMME promotion and development * Lack of access to basic services * Ageing infrastructure that which could discourage investment * Few emerging farmers to contribute to economic growth * Lack of job opportunities |

*(IDP 2008/9)*

SECTORAL ECONOMIC OVERVIEW

This section describes the local level economy in terms of the various individual economic sectors. Each of the sectors will be discussed under to the following headings: GGP contributions; growth rates; products and services; key role players; economic linkages; current happenings, trends and problems; SMMEs and other projects; and the development potential within the economic sector.

## Agriculture

The agricultural sector includes the growing of field crops, the raising of livestock and the production of milk, wool and eggs; agricultural services include harvesting, and commercial hunting and game propagation and forestry.

### Agriculture in Kareeberg

Agriculture is regarded as the most important economic pillar of the Kareeberg region, with extensive commercial agriculture being practised throughout the area.

The main agriculture produce of Kareeberg includes livestock production (including goats and sheep), and the cultivation of lucerne. Currently, limited fruit and vegetables are being produced because of a lack of knowledge of suitable crops and cultivars. Although the region is subject to extreme climatic conditions and has a limited rainfall throughout the year, the potential for agricultural development is high, taking into consideration the planting of crops and cultivars which tolerate low rainfall, high summer and low winter temperatures.

Based upon the surveys and interviews conducted in the area the following are important observations and interpretations regarding the agricultural sector:

* Male dominated sector with most labourers having a very limited form of schooling;
* Predominant cattle farming area with 80% of cattle produced for the export market;
* Limited crops harvested in the area sold locally (lucerne and mielies);
* Farmers are concerned about labour laws and the consequent impact on productivity; and
* Property tax laws are also a worrying factor to the farmers.

### Enabling environment

Apart from the provincial development strategies and plans as discussed in Section 5, there are various additional tools guiding and enabling development within the agricultural sector. These should be taken into account to ensure the district level development strategy adheres to its superior powers.

#### Northern Cape: Development Strategy

The development strategy of the Northern Cape Province has the following agricultural aims:

##### Beneficiation

Activities should be directed at:

* Development of a Brand mark for the Province;
* Encouragement of joint ventures and partnerships in processing;
* Stimulation of the seed industry;
* Exploring the province’s comparative advantage through horticulture and commodity marketing associations; and
* Promoting emerging agri-business opportunities.

##### Resource utilisation

The utilisation of agricultural resources should include:

* The establishment of land tenure for emerging farmers;
* No predetermination of land sizes;
* Exploring the availability of land: SANDF, public and private reserves, rural and community areas, and commonages;
* Reviewing and reallocating water quotas;
* Privatising government water schemes;
* Promoting mixed local and export oriented production, as well as high value crops;
* Taking advantage of SADC membership establishing organisations and structures to enable the province to compete effectively in the markets;
* Promoting the production of higher quality livestock; and
* Facilitating development of game farming through availability of suitable stock, establishing processing facilities, and the promoting associated ecotourism activities.

It is important to take these activities and guiding actions into consideration during the development of a local level economic development strategy.

##### Existing agricultural development initiatives

Apart from the general commercial and subsistence agricultural activities practised in the Kareeberg area, numerous government, and non-government institutions support agricultural development in the area, through the provision of financial sources, physical infrastructure, or training.

#### Department Of Land Affairs - Land Redistribution Programme: Land Redistribution for Agricultural Development (LRAD) Projects

The Provincial Department of Land Affairs is currently implementing a Land Redistribution Programme, aimed at the substantial reduction of poverty within the rural areas. A sub-programme is the LRAD programme. The partners in the projects include Land Bank, Agricultural Research Council (ARC), Agri- South Africa, National African Farmers Union, and National Land Committee.

LRAD is the government programme designed to help previously disadvantaged people to become effective farmers on their own land. LRAD also seeks to help these people in the rural areas to improve their living standards by enabling them to run their own large, or small, farms effectively. Besides the money earned from the sale of their products, they will also produce more and better food for their own consumption. LRAD has the following objectives:

* To seek to overcome gender discrimination i.e. women have the right to become landowners and farmers in their own right;
* To seek to broaden the opportunities available to young people who live in rural areas;
* To seek to stimulate agricultural production which will be of benefit to the entire country;
* To seek to promote the environmental sustainability of farming land.

#### Integrated Sustainable Rural Development Programme (ISRDP)

No projects have been identified in the Kareeberg Municipal Area.

#### District Council initiatives

The development strategy of the District Municipality has the following agricultural aims for their jurisdictional area:

The initial set of commodity strategies focuses on the grain, livestock, cotton, wine, and horticulture industries. It is necessary to develop customised commodity sector strategies for the province and the district. In addition to facilitating co-ordinated sector development in the province and district, this will also ensure alignment of the district, provincial and national strategies for agricultural growth and transformation.

##### Commercialisation of goats

32 goats’ cooperatives have been established in the district as to institutionalize goat farmers and to enable them to sell their product to the niche markets. This will also enable them to lobby for support from the government and other private sectors. The department is providing training, which is accredited by Agri-SETA, to these co-ops and provides them with animal health starter kits upon completion of the course. It also intends providing seed stock to these co-operations to improve breeding stock.

This will ensure the transformation of so called dead assets into more economical assets by:

* Job creation;
* Linkage of the second economy with first economy;
* Export of meat products;
* Equitable access and participation in the value chain;
* Challenges;
* There are several challenges facing the commercialisation of goats, inter alia;
* Construction of on-farm infrastructure for the registered cooperatives;
* Other district having high population of goats as compared to Pixley Ka Seme District;

##### Promoting the Development of Agro-Processing

The promotion of agro-industrial processing is recognised by the Northern Cape provincial government as being critically important to the expansion and diversification of the agricultural sector in the district and the province at large. It is also one of the means by which transformation of agriculture in the province could be achieved.

Generally speaking, the producer prices of primary products increases at a slower rate than those of input prices. While this can be offset, to some extent, by achieving efficiency gains in production (through lower input costs or research and technology development), the adding of value by vertically or horizontally integrating primary production and agro-processing systems presents the best opportunity to increase the viability, profitability and sustainability of agricultural production systems.

The successful promotion of agro-processing can impact positively on the incomes of primary producers; create employment and foreign exchange earnings; address the market risks associated with primary agricultural production, and grow the markets for primary agricultural products. Hence the promotion of agro-processing sector district through following:

* Winery / wine cellars;
* Tannery for skins and hides;
* Frozen vegetables;
* Animal feeds;
* Meat processing (biltong) and cold meats;
* Tetra Pak (manufacturing of vegetable juices);
* Infants feed (from Soya);
* Cereals;
* Nuts industry;
* Bio-fuels (focus on bio-ethanol and bio-diesel); and
* Wool processing.

##### Promoting Transformation in Agriculture

Agriculture has been dominated by large-scale white-owned commercial agriculture, supported by oppressive laws which denied the majority of South Africans access to land, water and agricultural credit. Although these laws have been repealed, and a new legislative framework has promoted the entry of black farmers into the commercial agricultural sector, progress towards transformation has been relatively slow.

Without meaningful progress in increasing access to productive agricultural resources for black agriculturalists, over the short- to medium-term, the pressure for a more radical overhaul of the rural economy will mount. An accelerated process of transformation of agriculture is the only way to ensure growth with equity in the rural economy. This will be achieved through:

* Increasing access to existing resources and opportunities within the agricultural sector, to historically disadvantaged groups and individuals;
* Enhancing infrastructure for economic growth and social development;
* Promoting growth, diversification and transformation in the district economy;
* Land reform;
* Business and market development;
* Comprehensive agricultural support to new entrants;
* Sustainable use of natural resources;
* Provision of equitable access and sustained participation in the sector.

##### Provision of Extension and Support Services

While attention has been focussed on providing access to land for new entrants to farming, insufficient attention has been given to farmer support programmes for emerging farmers. It is clear that there is a need for improving and expanding the existing support services to meet the needs of all farmers. This includes the continuation of ongoing support services in agricultural research, technology development, financial services, market access and development, training and skills development, which should include targeted support to new farmers. To achieve this, there will have to be at least one extension officer per municipality.

Established agriculture possesses a wealth of knowledge, experience and capacity, which can be shared with new and emerging farmers. Priority should be given to removing barriers to new entrants, through enhanced transfer of technology, skills development, access to financial services, market access and information, and support for on and off farm infrastructure development.

##### Maintaining Effective Regulatory Services

In agriculture, sustainable resource management is critical in maintaining the productive value of the land on which agriculture is practised. In particular, the need is to preserve agricultural biodiversity and promote the sustainable use of soil and water in line with the legislative and regulatory framework governing the utilisation of these resources. Through the considered application of regulatory services, it will be possible to optimise the utilisation of the district’s agricultural resources and enhance crop and livestock productivity, thereby ensuring more sustainable farming systems. Compliance with various regulatory protocols is also essential if access to international markets is to be assured and the strategy actively promotes regulatory compliance to support sector development.

##### Supporting research and development

In order to remain competitive and to sustain profitability in the global agricultural economy, cutting edge innovation and knowledge are becoming increasingly important. It is essential to find ways of supporting relevant and applied agricultural research and technology development if we are to maintain and grow the contribution of the agricultural sector to the provincial and national economy.

Research and development are the means by which new and strategically important technologies are developed so as to support diversification of production and the addition of value to our primary products. Research and the development of new technology are costly. We are committed to working with the national Department of Agriculture, the ARC and other research institutions to secure the necessary access to research and development facilities and funding.

##### Food Security

The poorer communities will have to be encouraged to establish food gardens for home consumption and the sale of any surplus for income generation. Government institutions, such as clinics, hospital, schools etc, will also be encouraged to use their yards for vegetable production. Appropriate mechanisation should be designed for small-scale production. The following will ensure access to sufficient, safe and nutritious food:

* Provision of leadership in the implementation of the Integrated Food Security and Nutrition Programme (IFSNP);
* Promotion of household and income generation and food production;
* Promotion of production, processing of nutritious alternative foods;
* Establishment and maintenance of effective early warning and mitigation systems in agriculture.

#### Community development initiatives

The Educational and Development Trust is a benefit, which aims at building human resource capacity by funding ABET programmes, as well as targeting programmes focussing on the development of the youth in the area. All the projects identified, are either complete or in an advanced stage of implementation.

##### Agricultural produce

The main produce of the agriculture sector within Kareeberg are:

* Livestock farming, including sheep and goats;
* Community farming and subsistence farming;
* Community vegetable gardens;
* Game farming.

Agriculture is clearly concentrated in the rural areas. There are limited agro-processing and local beneficiation (value adding) taking place in the area, except for meat processing in Carnarvon.

##### Farmers and farm characteristics in the district

It has been established that the predominant agricultural activity within the Municipality, is livestock farming, with limited production of fruit and vegetables and other agricultural products. The municipality has a large commonage to be utilised for stock farming.

The bulk of subsistence farmers produce livestock, such as sheep, and goats. None of them seem to produce fruit and vegetables and this could be an identified as a gap within the agriculture sector which could be used to stimulate economic development in the area.

Livestock is the predominant product produced in the area by commercial farmers as well. Statistically more than 90% of the entire district consists of farms and related activities. It is evident that the agriculture sector is not operating at its full potential.

##### Economic linkages of the agriculture sector

The agriculture sector within the Kareeberg Municipality is linked to numerous other economies through backward (obtaining inputs) and forward (providing / supplying outputs) linkages to these economies. Backward linkages can be categorised in terms of hard and soft inputs. Hard inputs refer to things like machines, seeds, fertilisers, package materials, etc, whereas soft inputs refer to labour and/or human resource requirements.

The essence of this section is to determine whether there is potential for providing backward and forward linkages within the local economy. An example is to determine if there is potential for further processing of fresh agricultural produces (forward linkages).

##### Backward linkages

The agriculture sector within the Municipality is linked to the following economies providing the required inputs:

* Hard inputs are mainly obtained from economies outside the Municipality, especially Kimberley, De Aar and Bloemfontein;
* Soft inputs are predominantly supplied by the people living within the local communities.

##### Forward linkages

The locally produced products are supplied to the following markets:

* Primarily local consumer markets;
* Leather products are exported to markets outside the area;
* Limited number of products are exported to global markets;
* Being a big cattle-faming area, up to 80% of district beef is for the export market;
* Goat and sheep are slaughtered for the meat market;
* Small-scale crop farming occurs where irrigation is available.

##### Current happenings and trends

The heat of the Karoo sun and the limited resource provision of the land, support the inherent attitude of the farmer’s preference for livestock farming. It seems as if land, successfully accessed through land reclamation, will be used for the farming of livestock. Although game farming is widely practised in the area, its commercial gain has not been fully realised. Other land development applications may be disregarded due to the arid and rural conditions of the area.

Farmers view themselves and their workers as a “farming community” which is a stable unit. Farmers provide their workers with the following: food, shelter, and health care. There is a concern that the introduction of a minimum wage will adversely affect the dynamics of these communities.

##### Development constraints and potential solutions

Elements which have been identified as having a constraining effect on the development of the agriculture sector include the following:

| **DEVELOPMENT CONSTRAINTS AND POTENTIAL SOLUTIONS** | |
| --- | --- |
| **DEVELOPMENT CONSTRAINTS** | **POTENTIAL SOLUTIONS** |
| Land for agricultural development is scarce and when available, it is very costly | Encourage large commercial farmers to sell pieces of their land |
| Very low rainfall through the year | Cultivate crops and cultivars that are tolerant to climatic extremes and uses limited water |
| Warm summers and very cold winter conditions |
| Low skilled labour force | Provide agricultural skills training programs and courses in relation with ABET and tertiary institutions  Develop an agriculture incubator |
| A lack of agriculture assistance | Train and employ an extension officer within each municipal area and/or rural area |
| Water for animals and people are dangerous to use | Increase purification methods of domestic and farming water before distribution thereof |
| Access to funds for starting a farm is difficult | Provide assistance through incubator to obtain funds for emerging farmers |
| Relatively infertile soil types in the area | Fertiliser use |
| No capacity for implementation, although there are numerous funds available for agriculture projects | Develop a development unit within the District Municipality that have the capacity to implement projects |
| Very difficult to start a farm, as farming are for those who are already in the farming business | Provide sufficient training or target specific people who knows about starting and operating a farm |
| Access to land (ownership) is very difficult | Provide assistance in the access to land |
| Need massive transformation in terms of produce and activities | Develop an agriculture sectoral development strategy for the district |
| Access to farming implements are problematic | Provide assistance in obtaining second-hand implements and/or funds for new implements and/or negotiate with local commercial farmers to provide implements to emerging farmers |
| (Study Area visits, interviews and LED workshops) | |

##### Development opportunities and potential

Based on the broad analysis of the agriculture sector the following can be seen as having potential for stimulating local economic development:

* More agro-processing industries;
* More game processing industries;
* Tunnel production of fruit, vegetable, herbs and spices;
* Olive plantation and other suitable vegetable and fruit production;
* Increase in game farming;
* Ostrich farming and its processing;
* Global exposure of local agricultural products;
* Increase in agro-related industries and services i.e. package materials, spices, seeds and fertilisers, irrigation equipment, etc;
* Agriculture incubator;
* Agriculture cluster/hub;
* Fresh produce market, storage and package facilities;
* Raise property tax on farms to increase levy income of council and local municipalities;
* Skilled and financially strong commercial farmers;
* Hunting as part of agro-tourism;
* Devils claw project for the rural poor women;

## Manufacturing

Manufacturing is defined as the physical or chemical transformation of materials, or compounds, into new products; whether the work is performed by power-driven machines or by hand, whether it is done in a factory or in a worker’s home and whether the products are sold wholesale or retail. The assembly of products from component parts is considered to be manufacturing.

### Manufacturing in Kareeberg

The economy of Kareeberg Municipality is primary sector focused. The manufacturing sector within Kareeberg is relatively small at present and most of the industries are agricultural related. There is only one industrial area within the municipality - in Carnarvon.

The relationship between the primary, secondary and tertiary sectors is crucial to optimise economic growth, job opportunities, poverty alleviation, enterprise development, beneficiation and value addition. Central to stimulating economic growth is the interrelation of these sectors. The primary sector output depends mainly on mining and agriculture. The manufacturing sector is the focus for stimulating and optimising the growth potential of the primary and tertiary sectors. It is of critical importance that the forward and backward linkages are established between these sectors, so as to optimise the sector outputs and increase growth of the district economy. The backward linkage forms the basis of the supplier and the forward linkages will be demand for goods and services.

The potential for developing this sector is very high as a result of the variety of locally available resources, such as livestock and poultry, fruit and vegetables, etc. Another contributing fact is the high level of agricultural activities within the municipality which could serve potential consumers of locally manufactured products and services.

The surveys and interviews conducted, yielded the following observations regarding the manufacturing sector:

* Manufacturing is very agricultural orientated;
* Although high transportation costs are a limiting factor, local manufacturers could become involved;
* Despite important livestock provision, there is very little local processing of animal skins.

#### Enabling environment

The most important guiding tools for development of the manufacturing sector are the Provincial development strategies.

#### Northern Cape: Development Strategy

The development strategy of the Northern Cape has the following focus:

* To stabilise and develop the manufacturing sector in mining and agricultural related industries, like metal, agro-processing and clothing and textiles;
* To de-concentrate manufacturing from Kimberley and Upington and the surrounding areas.

##### Existing manufacturing development initiatives

Besides the relatively small manufacturing establishments located within the formalised industrial area of Carnarvon, there are numerous community based manufacturing industries.

##### District Council initiatives

None of the identified projects are located within Kareeberg Municipality. However, the underlying projects could be implemented within the Municipality. The manufacturing related LED projects which are being implemented under the District Council include the following:

* Revitalisation of the railway hub to promote manufacturing sector in the industries.
* Project 1: Trailer and tankers manufacturing business;
* Project 2: Supply of engineering and related Inputs;
* Project 3: Heavy equipment supplies;
* Project 4: Other supplies;
* Project 5: Alternate building construction methodologies;
* Project 6: Telecommunications.

Local BUSINESS SUPPORT CENTRE (LBSC*)*

It is a proposed that a LBSC be initiated in Carnarvon to support the following community based manufacturing projects:

* Dress making;
* Screen printing;
* Art and craft manufacturing;
* Donkey carts and repairs;
* Leather works;
* Brick manufacturing;
* Weaving;
* Pottery, arts and crafts.

##### Manufacturing produce

The products being manufactured in the Kareeberg area:

* Bricks;
* Electrical motors and other engineering industries;
* Home industry;
* Panel beaters;
* Art and Crafts.

The majority of the industries in the area manufacture engineering equipment and parts and primarily focus on agriculture related industries. A limited number of food and beverage manufacturers are presently active in the area, as well as a small number of local art and craft manufacturers, and limited processing and local beneficiation (value adding).

##### Economic linkages of the manufacturing sector

###### Backward linkages

The manufacturing sector of the municipality is linked to the following economies to stimulate the required inputs:

* **Hard inputs** are mainly obtained from locally available resources i.e. leather (NOTE: Manufacturers using leather obtain it from outside the Northern Cape and Free State). However, engineering industries import from areas outside the municipality;
* **Soft inputs** are predominantly provided by the local communities.

###### Forward linkages

Locally manufactured goods are mainly destined for local markets.

##### Current happenings and trends

There are vast opportunities for processing plants related to the agriculture and produce sectors, but these are restricted by a lack of unique and attractive investment incentives and/or location advantages, as well as by the lack of locally available resources, and the fact that the region is far from larger markets.

##### SMMEs and other projects

Various initiatives for the establishment of SMME’s in the manufacturing sector are undertaken by agricultural, financial and governmental sectors. Due to the limited availability of resources within the area, and restricted education, authoritative management to ensure sustainability through training schemes and aid, are doing as much as possible.

##### Development constraints

The following constraints, regarding the development of the manufacturing sector, have been identified:

| **DEVELOPMENT CONSTRAINTS AND POTENTIAL SOLUTIONS** | |
| --- | --- |
| **DEVELOPMENT CONSTRAINTS** | **POTENTIAL SOLUTIONS** |
| Lack of industrial incentives | Formulate competitive investment incentives and market it |
| Long distances to markets | Establish a local consumer market |
| Lack of funding for implementation | Market potential to attract investment and funds for implementation |
| Lack of industrial infrastructure | Provide infrastructure for industrial development |
| Low skilled labour in the area | Provide training courses in conjunction with tertiary institutions and other local education and training institutions |
| (Study Area visits, interviews and LED workshop) | |

DEVEL

##### Potential

The analysis of the manufacturing sector identified the following potentially developmental opportunities:

* Agro-processing (i.e. fruit and vegetable processing, meat processing, leather tannery, etc);
* Increased brick manufacturers;
* Increased local arts and craft manufacturers;
* Recycling plant;
* Meat processing;

## Utilities

The utilities sector includes electricity, gas, steam and hot water supply, as well as the production, collection, and distribution of electricity; the manufacturing of gas; the distribution of gaseous fuels through mains; and the collection, purification and distribution of water.

### Utilities in Kareeberg

Utilities refer to a basic infrastructure and in the case of the Kareeberg Municipality, this is above RDP standard.

#### Enabling environment

The development of the utilities sector within the municipality is enabled by the Provincial development strategy, and the RDP.

##### Existing utility development initiatives

There are numerous development initiatives striving to ensure basic service provision throughout the Municipality.

##### Integrated Development Plans

Utility provision is always a concern when starting to identifying projects for the IDPs of the local municipality. When considering the District and Local level IDP documents and related projects, it is clear that the provision of utility services is a major issue and concern.

|  |  |
| --- | --- |
| **PIXLEY KA SEME IDP UTILITY PROJECTS FOR THE FINANCIAL YEAR 2008/09** | |
| **IDP ISSUE NUMBER** | **NUMBER OF PROJECTS** |
| Issue 3: Water | 11 |
| Issue 4: Sewerage and Sanitation | 8 |
| Other anchor projects – Electrification of houses | 9 |
| (PKS IDP 2008) | |
|  | |

##### Current happenings and trends

The dominant problem regarding the utilities sector in Kareeberg is the current backlog that exists, especially in the rural areas.

##### SMMEs and other projects

The following projects regarding the utilities sector have been identified within area:

* Eskom has established an SMME unit operating outside Kimberley. It focuses on providing support for start-up businesses, through advice, training and aftercare service;
* Application forms for social development are distributed within communities around the urban area and the populace is invited to submit proposals to Eskom. This is followed by evaluation and provision of funding to successful candidates;
* In an interview with Eskom, it became apparent that workshops and talks have failed to generate much interest within the communities and very few proposals are actually being submitted. This may be due to a lack of understanding on the part of the local populace.

##### Development constraints

Development constraints within the utilities sector include:

| **DEVELOPMENT CONSTRAINTS AND POTENTIAL SOLUTIONS** | |
| --- | --- |
| **DEVELOPMENT CONSTRAINTS** | **POTENTIAL SOLUTIONS** |
| Lack of funding for implementation | Link potential funders to identified projects |
| Low level of development currently taking place | Stimulate local economic development |
| Non-integration of rural and urban areas make service provision very difficult | Develop an integrated rural-urban development plan |
| (Study Area visits, interviews and LED workshop) | |

##### Development potential within the utilities sector

The analysis indicated the following development opportunities:

* Infrastructure provision in backlog areas;
* SMME development in provision of services;
* PPP in service provision (district, municipalities and local service providers).

## Construction

Construction includes the preparation of sites; building of complete construction, or parts thereof; civil engineering; building installation; building completion; and the renting of operated construction or demolition equipment.

The construction sector is a temporary one and is dependant upon the activities of the other economic sectors.

### Construction in Kareeberg

The construction sector of Kareeberg is experiencing a relatively stagnant phase. The only construction activities taking place within the area are related to the provision of the backlog services and infrastructure. The construction sector is also characterised by a low-skilled labour force.

There are a number of small contracting firms within the municipality, but no major contracts are allotted to them. National and localised procurement policies are in place and do have an effect, but are not strictly applied.

Surveys and interviews conducted, revealed the following facts about the construction sector in the area:

* Expansion is predicted (10%) over the next 5 years;
* Labour force is predominantly male (95%);
* 70% labour with no or primary school education; 30% Std 6-8.

#### Existing Construction Development Initiatives

The most important construction related development initiatives within the Kareeberg municipality, include projects under the RDP, backlog projects as identified by the IDPs of the area, and LED projects.

##### Integrated Development Plans

Construction related projects identified within the IDP include:

* Road maintenance;
* Upgrading and re-gravelling of access roads in the municipality;
* Upgrading and re-gravelling of internal municipal roads;
* Water network;
* Provision of sanitation;
* New bulk sewer pump station;
* Main outfall sewer for rural areas;
* RDP houses.

##### Construction Services

The construction sector is usually an accurate reflection of overall economic activity within an area, and so, it can be assumed that economic activity within the Municipality is slow and busy stagnating. Space is not a problem in the area, as much land is available for development.

There are a few construction companies, and most of them operate in conjunction with mining operations and projects initiated by the state. As the area readies for expansion, construction services present a problem.

##### Economic linkages of the construction sector

###### Backward linkages

The origins of inputs required by the construction sector in Pixley ka Seme may be summarised as follows:

Good quality raw materials for construction are generally not available locally. Sand and crushed stone resources are limited. Due to cost constraints, the District Councils ‘materials for road construction’ programme has had to be scaled down.

**Hard inputs**: Bricks are manufactured locally, but are also imported from other areas outside of the District, e.g. from Kimberley, Bloemfontein, Johannesburg, Durban, etc.

**Soft inputs**: Mainly local communities

###### Forward linkages

In addressing the housing backlog in the area, only local contractors are to be appointed to build the houses.

##### Current happenings and trends

The construction sector has a relatively low production rate. There is a housing project, in the urban areas, which is being funded by Government subsidies.

##### SMMEs and other projects

The only operative SMME within the construction sector is a community housing project and a local brick manufacturing plant. Other construction firms do exist in the Municipality, but none of them get any major contracts.

##### Development constraints

Elements that constrain development within the construction sector include:

| **DEVELOPMENT CONSTRAINTS AND POTENTIAL SOLUTIONS** | |
| --- | --- |
| **DEVELOPMENT CONSTRAINTS** | **POTENTIAL SOLUTIONS** |
| Slow development of the local economy | Stimulate local economic development |
| Lack of funding for implementation | Link potential funders with identified projects |
| Lack of skilled labour | Provide skills training in conjunction with education institutions and/or develop a construction incubator |
| No adherence to procurement policy | Refine non-adherence actions of policy |
| Lack of directed focus within the sector |  |
| (Study Area visits, interviews and LED workshop) | |

##### Development potential within the construction sector

Development opportunities within the construction sector are the following:

* SMME development;
* Housing initiatives;
* Road rehabilitation and improvement, especially in parts where tourism is a role-player;
* Construction incubator and/or training.

## Wholesale and retail trade

Trade includes the resale of new and used goods to retailers; to industrial, commercial, institutional and professional users; other wholesalers, acting agents or brokers.

### Wholesale and Retail Trade in Kareeberg

The wholesale and retail trade sector within the Kareeberg Municipality is dominated by the retail industry. The wholesale industry invites an area for development. The local growth rate of this sector is higher than the growth rate of the local population, so that Kareeberg attracts people from outside the area and provides a regional trade function. Although the main economic trade centre is Carnarvon, trade establishments operate within the rural areas of Vosburg and Vanwyksvlei.

The informal trade sector is active in the area and there is now a need for the development of an integrated regulation programme.

In Carnarvon, shopkeepers complain that there are too many of a particular type of business in town and objections are made to informal businesses and their poor quality products. Carnarvon property is predominantly white owned and there is the feeling that black businessmen are being charged higher rentals than are whites. Businesses may appear to be sustainable, but not profitable. These include butcheries, stationers, furniture shops, and optometrists.

There is a perception that the municipality does not do enough to monitor or regulate the informal trade.

There also seems to be a considerable brain drain in the area, where educated youth choose to move to larger outside cities. Gaps are filled by incoming entrepreneurs who identify the potential.

### Retail

* Most of the businesses in Carnarvon which is the retail hub of the area cater for all towns within the Municipality;
* Businesses (70%) indicate that they do not expect to expand, but do not dismiss the possibility;
* The occurrence and frequency of informal trade, as well as the lack of niche markets and similar types of businesses, are a disturbing factor.

### Wholesale

* Dominated by chain-type stores providing to retailers as well as the public;
* Inputs sourced from Gauteng and Free State;
* Distance from major markets and high transport costs are a worrying factor.

### Informal sector

* The informal sector in the Municipality is relatively large and primarily concentrated around the local taxi ranks and focal points within residential areas;
* Informal businesses within the main CBDs also operate on the pavements, in front of existing formal businesses;
* Informal businesses are mainly businesses of trade and service delivery;
* There is no legislation regulating informal business operations.

## Enabling environment

The only strategy and programme enabling development within the wholesale and retail trade sector are the Northern Cape’s Development strategy and the New Partnership for African Development Programme.

### NPAD

The New Partnership for African Development (NPAD) initiative focuses on the development of various relations between African countries. The initiative encourages trade of products and services across international borders, to develop friendly relationships with neighbouring countries. This engenders huge development potential within the Kareeberg Municipality.

#### Northern Cape: Development Strategy

The strategy has the following development aims for this sector:

##### Policy and Institutional

* Enhancing public-private sector cooperation through the launching of local business forums;
* Encouraging cooperative consolidation and maintaining a viably commercial banking sector.

##### Infrastructure

* Encouraging growth;
* Centralising informal trade.

##### Finance

* Improving access to financial services

#### Existing wholesale and retail trade development initiatives

These include projects initiated and implemented by the District and local municipalities within their LED capacity.

### Trade Establishments

#### Economic linkages of the wholesale and retail trade sector

##### Backward Linkages

The inputs required by the trade sector are obtained from the following economies:

* **Hard inputs** are mainly provided by the economies of Bloemfontein, Kimberley, Upington, Gauteng, and Durban.
* **Soft inputs** are predominantly provided by the local communities.

##### Forward Linkages

The trade services provided in the Municipality, service an area broader than just the municipal region.

##### Current Happenings and Trends

Problems experienced within the trade sector in the Municipality include:

* Too much of the same type of businesses/stores;
* The absence of any law, or policy, protecting existing and guiding new businesses;
* Informal businesses serve to aggravate formal business owners. They locate their “shops” on street corners or near CBD activity and a high concentration of informal businesses can be found around the taxi depots. They cater for commuters from outside towns and villages;
* Formal businesses contend that informal businesses offer inferior products, operate uncontrolled and under unhygienic conditions (food); bypass municipal laws. Suggestions were made to create informal trading zones, where informal businesses may operate freely, based on traditional flea market models.

##### SMME’s and other projects

Much is being done by the Kareeberg municipality and other institutions, to support and promote the existence and development of SMME’s. This is hampered by a lack of private sector participation. Monitoring of SMME’s is restricted by poor management and inadequate communication between parties involved. The Northern Cape is characterised by a developing SMME sector where about 16000 exist provincially. 32% of these may be found in the retail sector.

##### Development Constraints

Development constraints within the trade sector include:

| **DEVELOPMENT *CONSTRAINTS AND POTENTIAL SOLUTIONS*** | |
| --- | --- |
| **DEVELOPMENT CONSTRAINTS** | **POTENTIAL SOLUTIONS** |
| Too much of the same businesses already operating in the economic centres | Develop a trade strategy for the Municipality which focuses on the establishment of the services that are in need |
| Lack of local buying power | Determine the needs of the local people and encourage the development of needed trade establishments |
| Lack of wholesale trade establishments | Develop a marketing strategy to lure investors of large wholesale groups to establish a depot within the area |
| Attitude of the area regarding locally produced products | Increase the standards and quality of locally produced products and services to ensure it can compete with products and services from other economies |
| Resistance of local shops to sell local manufactured arts and crafts | Ensure adherence of the procurement policy within the trade sector |
| (Study Area visits, interviews and LED workshop) | |

#### Development Potential within the Trade Sector

Development potential within the trade sector includes:

* Procurement policy – establishment of local depots of large suppliers and/or form PPPs with local suppliers to sell products of these large wholesalers;
* More agricultural related businesses;
* More tourism related businesses (i.e. arts and crafts);
* More local fruit and vegetable stores;
* Technological change through the introduction of internet shopping;
* Effective marketing of locally produce, especially arts and crafts and other curios.

## Community Services

The social services sector is comprised of the following: sewerage and refuse removal, sanitation, membership organisations’ activities, and recreational, cultural and sporting activities.

### Community Services in Kareeberg

Community facilities and services are well provided within the urban centres of Kareeberg, but less so within the rural areas of the Municipality. The non-integration of the urban and rural areas and the vast open land between rural and urban centres, make effective service provision very difficult and expensive. Huge backlogs in, especially, education and health services exist within the rural areas.

The Municipality encounters many social problems and hardships. Welfare claims which are a general indication of the incident of poverty within an area are on the rise. The incidence of AIDS is climbing, although much is being done to curb the spread of the pandemic.

The area has a high school drop-out rate, mainly due to financial restrictions. Farm school education is said to be of a very poor standard. The lack of amenities in these areas is troubling and basic infrastructure in some of the schools is either poor or non-existent. There is a distinct lack of tertiary education in the area.

Much of the crime in the Municipality is alcohol related, although, according to police in the Municipality, violent crime is not a major factor. Theft and shoplifting account for the majority of crimes and high unemployment fuels these social ills.

### Enabling environment

The most important development programme and/or strategy regarding the community services sector include IDP. This programme’s aim is to *“attain socially cohesive and stable communities with viable institutions, sustainable economies and universal access to social amenities, able to attract skilled and knowledgeable people, equipped to contribute to their own and the nation’s growth and development”.*

#### Integrated Development Planning

The following projects regarding community service development have been identified:

* Basic health campaigns;
* Primary health care audit;
* Health inspections;
* Upgrading of clinic services;
* HIV/Aids awareness campaigns;
* Support care groups;
* Partnership against HIV/Aids;
* Linking poverty and Aids;
* HIV/Aids research;
* Upgrading of sport facilities;
* Paid reservist recruitment project (safety and security);
* Stop crime campaign;
* ABET project;
* Operations of Human Resource Centre;
* Upgrading of crèches.

### Community services and products

The community services available in the Municipality are the following:

| **COMMUNITY SERVICES AND PRODUCTS PER URBAN AREA** | | | | |
| --- | --- | --- | --- | --- |
|  | **Carnarvon** | **Vosburg** | **Van Wyksvlei** |
| Primary and Middle schools | 2 | 1 | 1 |
| Secondary schools | 1 | 0 | 0 |
| Medical facilities | 2 | 1 | 1 |
| Police Stations | 1 | 1 | 1 |
| Law Courts | 1 | Once a month | 0 |
| Cemeteries | 2 | 1 | 1 |
| Parks | 2 | 1 | 1 |
| Sport facilities | 2 | 1 | 1 |
| (Kareeberg IDP 2009/10) | | | | |

#### Current happenings and trends

Young people are leaving the area in search of jobs, and it is difficult to attract professionals, e.g. doctors and nurses, to settle in isolated rural areas. Service delivery is hampered by lack of public participation, or misunderstanding of developmental concepts provided by municipalities. The general lack of municipal efficiency and delivery may contribute to the public’s unwillingness to participate in these processes. Lack of training and experience slows developmental processes and there is a need for more professional structures and professional operation methods.

#### Development constraints

Constraining elements regarding the development of the community services sector are predominantly:

| **DEVELOPMENT CONSTRAINTS AND POTENTIAL SOLUTIONS** | |
| --- | --- |
| **DEVELOPMENT CONSTRAINTS** | **POTENTIAL SOLUTIONS** |
| Huge backlog in community services especially within the rural areas | Identify most important backlogs and access funds of implementation |
| High levels of illiteracy and low skill levels | Provide sufficient education and training institutions and make it easily accessible |
| Lack of funding for addressing the backlogs | Link identified projects with funding sources |
| (Study Area visits, interviews and LED workshop) | |

#### Development potential within the community services sector

These include:

* Addressing of the backlog in community services as identified in the IDP analysis phase;
* The outsourcing of tasks to experts in a specific field;
* Infrastructure provision;
* Human resources training and management of stock;
* Access of developmental funds and/or ensuring that a larger share of the budget is allocated to the development of community services;
* Lobbying of funds for addressing the huge backlog.

## Tourism

Tourism is the business of attracting visitors and catering for their needs and expectations. Tourists are all who travel for leisure, recreation, vacation, health, education, religion, sport, business or family reasons *(Von Harsellm J., 1994).*

### Tourism in Kareeberg

The tourism industry within the Kareeberg area is relatively small due to a lack of a major attraction and high standard tourist products and services. Carnarvon is mainly a ‘town on the way to the Eastern Cape and Western Cape” and not an end destination. This sector does have huge potential to attract tourists, with scenic beauty the most precious asset of the Municipality.

District strategy, including high level intervention, has been formulated to fulfil the alignment and achievement of the economic and social imperatives in the Municipality, in relation to the respective value chain/s within the tourism sector.

Kareeberg is intent on moving into a phase of development as a destination for tourism, especially science. Yet tourism is not the solution to all social and economic problems facing either South Africa or the Municipality. It is a highly competitive international business. An integrated development strategy providing leadership and direction is an important step towards the implementation of many existing and planned initiatives and the overall delivery of tourism in the Municipality. It is important that local tourism development be closely linked with District efforts.

From surveys and interviews the following information was gleaned:

* Hotels and lodges employ a total of 41 people; 80% of those are female;
* 80% of guests are visitors or contractors, while only 20% of those were tourists;
* All tourism activities and services anticipate growth while only 1 expects huge expansions;
* There has been a gradual rise in tourist numbers, as is a preference for eco-tourism;
* Operators in the area spoke of 50% growth in 1 year.

### Enabling environment

Provincial development strategies encourage development within the tourism sector and identify this sector as an important catalyst for local economic development.

*National Tourism Vision:*

*“To develop the tourism sector as a national priority in a sustainable and acceptable manner, so that it will contribute significantly to the improvement of the quality of life of every South African. As a lead sector within the national economic strategy, a globally competitive tourism industry will be a major force in the reconstruction and development efforts of the government.”*

#### Northern Cape: Development Strategy

*Vision for tourism in the Northern Cape:*

*“To be the preferred adventure and eco-tourism destination in South Africa that is recognised for its cultural heritage and special interest tourism offering through the responsible development of natural and cultural resources.”*

These key objectives support the 2015 vision of the Northern Cape:

* To be visitor focused;
* To match products to markets;
* To develop a unique destination positioning;
* To customise experiences through packaging;
* To streamline the institutional structure; and
* To optimise human and financial resources.

The following targets are set as outcomes for this policy (Rand values at 2005 prices):

* Increase international visitor arrivals from 190,725 in 2005 to 411,742 by 2015, representing a compounded growth rate of 8% per annum;
* Increase international tourism earnings from R1.33 billion in 2005 to R2.85 billion by 2015;
* Increase domestic visitor trips from 879 328 in 2005 to 1 432 337 by 2015, representing a compounded growth rate of 5% per annum;
* Increase domestic tourism earnings from R1.38 billion in 2005 to R2,25 billion by 2015;
* Create 40 534 additional jobs through tourism by 2015 (using a formula of 1 job per 10 additional foreign tourists and 1 job per 30 additional domestic tourism trips attracted).

Interventions identified in the white paper are the following:

* Developing a marketing strategy;
* Product development;
* Expanding and developing tourism within a framework of spatial clusters;
* Building superior human resource capacity.

The focus of the Northern Cape’s development strategy on tourism includes the following:

* The establishment of a Section 21 company to undertake tourism development and promotion;
* Capacity support be provided to SMMEs which have the potential to become involved in the tourism industry;
* Information officers need to undergo maintenance training on tourism issues;
* Local community training in cultural tourism, arts and crafts and other hospitality skills need to be developed;
* Airline schedules should be revamped to cater for the special interest and needs of tourists;
* Tourism development should work in cooperation with the DTI.

#### Pixley ka Seme

The eight strategic themes identified are:

*Linking product development to target market needs*:

Tourism provides markets for products and therefore is inherently spatial. Successful tourism destinations focus on matching product to markets and providing the infrastructure to link the two. By understanding the different travel motivational factors and behavioural patterns of its target market segments, the PkS District must emphasise strength and diversity of products and both spatial and market linkages should be forged to achieve critical mass, destination positioning and differentiation.

*Achieving sustainability*:

The long term future of tourism in PkS is linked to developing tourism in a way that respects and protects our natural, cultural and built heritages and lifestyles, and leads to improved livelihoods for its people.

*Sector alignment and partnership development*:

More effective partnerships and alignment are required between public and private sectors; between different spheres of government, industry and communities. Alignment and sector efficiency is achieved through clear definition of roles and responsibilities, rationalisation of activities and avoidance of duplication. Clarity regarding the relationship between tourism development and tourism marketing, and the functions of the mandated organisations is a key issue.

*Investment facilitation*:

Private and public investment in tourism facilities and infrastructure is the backbone of tourism development. An investment environment, conducive to attracting tourism and general commercial activity, is a key challenge.

*People development*:

For the tourism sector to succeed and contribute to the livelihoods of the people it must be supported by training and skills-building, as well as economic empowerment of individuals and small businesses.

*Quality service and standards delivery*:

There must be close alignment between the promises made to visitors and the products delivered. This requires PkS getting it right in terms of accessibility, safety, cleanliness, service provision and quality, information provision, citizen attitude etc.

*Destination marketing as it relates to product development*:

Closer links are required between these two areas, to safeguard growth sustainability. A coherent and balanced approach to branding optimising yield, matching markets and products, and marketing activities, is required as is, significant investment in product and market development.

*On-going and focused research*:

Tourism is knowledge and information based. The tourism sector in PkS has yet to realise the full benefits to be gained from strategic research:

* Holistic Tourism Marketing approach project;
* Upgrade and develop tourism infrastructure.

### Tourism products and services

#### The following are important:

* Tourism in the Northern Cape is season sensitive, slacking off in mid- summer, picking up again in winter;
* Peak season occurs between mid July and mid October (Winter period);
* This period is dominated by a higher turnover of South African tourists;
* The Kareeberg area is a popular stopover for tourists making their way to the more popular destinations of the Western Cape. Although there are a number of places of interest, authorities feel that more can be done to promote the tourist potential of the area.

#### Current happenings and trends

Pixley ka Seme works in conjunction with Northern Cape Tourism to promote the Province as an entity. Much has been done to market the area abroad and R500 000 was invested in the production and distribution of a brochure. Internet exposure and advertising is marketing the area successfully and a noticeable increase in tourist numbers is being experienced. Game, hunting and guest farms appear to be focal destinations for tourists. Much is being done by authorities, to co-ordinate tourism, by skills training, for the production of products suitable for tourists.

Problems within the tourism industry include the lack of car rentals and travel agents within the region. The closest of these are in Kimberley and Upington. The closest airports are situated in Upington, Kimberley, and George.

The tourism industry experienced growth of about 60% between 2001 and 2002. A definite drive towards science and eco-tourism is within the area.

#### SMMEs and other projects

The only SMMEs currently operative within the tourism sector are art and craft manufacturers.

#### Development constraints

The most important elements that constrain, or inhibit, the development of the tourism sector include:

| **DEVELOPMENT CONSTRAINTS AND POTENTIAL SOLUTIONS** | |
| --- | --- |
| **DEVELOPMENT CONSTRAINTS** | **POTENTIAL SOLUTIONS** |
| The lack of high standard tourist products and services | Develop high standard products and services within the area |
| A lack of a tourism identity and unique attraction of the Municipality | Development of a unique attraction and identity for the area |
| A lack of skilled tour operators that know the area | Development of a tourism incubator |
| A lack of diverse attractions | Diversify the available tourist attractions |
| Lack of funding for effective marketing | Link marketing campaigns and projects to funding sources |
| Very few black owned tourist businesses | Increase black ownership |
| No district or local level development tourism guidelines | Development of a tourism master plan and/or strategy |
| (Study Area visits, interviews and LED workshop) | |

##### Development potential within the tourism sector

Development potential within the tourism industry includes the increase in arts and craft SMMEs; new tourist routes; attraction development (i.e. The Eye); education and training of tour operators; establishment of travel agents, car rentals, etc; tour operator training; Tourism incubator. Other important tourism related activities currently under-developed, include game farming and hunting. The Pixley ka Seme area has many attractions which need to be developed. See **Section 8** for the detailed development potential of the tourism sector.

## Conclusion

Based upon the analysis of the various economic sectors and other important economic elements, it is clear that the Pixley ka Seme District has huge potential within the following sectors: agriculture, mining, manufacturing and tourism. It is essential to integrate development across all economic sectors, and not to develop a sector in isolation. Integration ensures sustainable and viable development for the District. Emphasis should also be places upon attracting outside, as well as international investors.

KAREEBERG IN THE GLOBAL ECONOMY

## Introduction

One of the most important pre-conditions for the successful achievement of the pre- determined goals and objectives will be the effectiveness with which the Kareeberg Municipality creates an environment and supports entrepreneurs and enterprise development to utilise the existing resources in the region efficiently, so as to compete locally, provincially, nationally and globally. The elimination, or reduction, of national trade barriers around the world has not only opened up new markets and new supply chains, but has also given individuals and business a much greater choice in location decisions. People and businesses are choosing to locate and expand in regions with a mix of economic, social, political and other attributes to ensure long term success. As a result, we are witnessing a renaissance rapidly growing in urban-based industries. People are moving back to the central cities, and governments are embarking upon urban regeneration schemes. The National Spatial Development Perspective has recognized that regions are the focal points of the national spatial economies. The district is to follow through with proactive urban regeneration strategies, enterprise development and investment funding. It is within this context that Kareeberg community needs to decide which strategic interventions, programmes and priority projects will enable the region to compete globally to achieve its LED vision, goals and objectives.

As globalisation proceeds, regions continue to take centre stage in the global economy. Relationships between regions become those of intense competition for the ultimate advantage. Eventually, a sustained or improved quality of life for the people in Kareeberg depends upon such an advantage. This is one of the preconditions which will enable the district to provide the necessary economic foundations for growth. Competitive businesses and industries create jobs for Kareeberg residents, increase the labour force, and generate revenue, through expansion of the tax base for the district and allow it to provide and improve a range of social, community, physical and other services and programmes. It also enhances the hard and the soft infrastructure of the region

As we continue to move towards a global knowledge economy, the competitive playing field has shifted dramatically. Regions are now competing with one another:

* to attract skilled labour;
* to attract new investment and quality jobs; and
* for their share of global markets in the city’s export cluster.

In a global knowledge economy, skilled labour, investment and jobs, become increasingly mobile. They can move relatively easily across national boundaries, and between provinces, municipalities and/or regions. Products and services made in Kareeberg compete with products and services on offer from other areas nationally and around the world. Sales of these products and services will generate income, investment and jobs in the region in which they are produced, especially when beneficiation or value addition occurs. In some cases, competition for market share occurs directly with other regions, as in the tourism industry, where the character, attractions and events compete directly to attract tourists. Elsewhere the role of the regions, in supporting the competitiveness of their exports, is more indirect.

As globalisation increases the options for regions become many and various. This may be as simple as providing a directory of services for local businesses, or as complex as attracting foreign direct investment, competing globally and making the transition to a knowledge economy.

In order to position Kareeberg globally, it is important to do a competitive assessment. This will identify the strategic interventions to be implemented by the municipalities to enable them to compete globally. This will also identify the opportunities and challenges existing in the sectors on which the focus should fall. The strategies selected will be influenced by many issues including:

* Where does Kareeberg’s economy fit into the new global context?
* What are the key focus areas in the transformation and diversification of the economy?
* What are the building blocks of the global economy?
* What are the benefits of a transition to a knowledge economy?
* What are comparative and competitive advantages?
* Where do the urgent priorities lie?
* What resources can be made available to support the strategy?
* What options are relatively inexpensive to implement?
* What options offer immediate benefits?
* Does the district have the capacity to implement the option?
* What are risks? Can the risks be minimized?

These are a few of many issues which can have an influence on developing a strategic framework with respect to the regions’ local economic development. No single strategy will address all issues mentioned above, but the LED strategic framework is intended to assist all decision-makers on how to improve shared economic growth and diversification of the economy.

Before determining the strategic interventions, challenges and opportunities in the sectors, it is important to consider the competitiveness of a region within the global context. The section below outlines the dimensions of competition, sources of competitiveness, clusters the building blocks of regional economy to enable the Kareeberg region to have competitive edge globally and nationally.

## Dimensions of competition

Over the centuries economies have transformed from agrarian economies to industrial economies and from the beginning of this century there is transformation to what is called the global knowledge economy. The characteristics of competition in a global knowledge economy differ significantly from those of the industrial era. In the industrial era there existed a stable, mass production oriented economy and the company able to produce a standard product at the lowest cost, generally held the competitive advantage. This was achieved using routine processes to make virtually identical products.

* Cost factors were paramount such as:
  + transportation costs (to market and to raw materials);
  + energy and raw material production costs;
  + capital costs of plant, equipment and infrastructure; and
  + labour costs

Regions which, for geographical, historical or other reasons, had a cost advantage along any of these dimensions possessed a strong competitive advantage.

In this transforming new knowledge economy, while cost remains a key consideration, competition takes place along a number of different dimensions:

* Flexibility;
* Timeliness;
* Access to information and knowledge; and
* Ability to innovate.

## Flexibility

The rapid movements of information around the world, coupled with rapid technological change in competitive conditions, mean that flexibility is of the utmost importance within regions and enterprises.

## Timeliness

As the diffusion of information and knowledge speeds up, product lifecycles become shorter and shorter, and competition is based on new, improved, or different products which sell competitively quickly.

## Access to information and knowledge

Access to current and reliable information, knowledge and economic intelligence, contributes to a growing share of the value of products (both goods and services) and is essential for business decision-making. The challenge is to create a climate for knowledge- based innovation, through improving methods of accessing information.

## Ability to innovate

Continuous innovation, both in terms of products and production processes, provides a key competitive edge to companies, and regions. Finding new ways to add value and beneficiation to products and services is critical for the success of any enterprise development. The challenge lies in promotion and support of entrepreneurs who have creative and innovative ideas.

## Sources of competition

The sources from which competitiveness is derived in the global knowledge economy, are also different from those of a traditional economy, and include:

* Intellectual capital or skilled labour;
* Quality of life;
* Economic structure;
* Infrastructure;
* Financing/funding;
* Costs of doing business;
* Networking;
* Local institutions;
* Unity of vision.

## Intellectual capital or skilled labour

An economy which focuses on the intellectual capital, ingenuity, creativity, and technical capabilities of the labour force, knowledge and skills development, has the key to economic growth. Economic growth will, increasingly, depend on education, research and development of new ideas. Thus the challenge is now to create a climate for knowledge transfer and skills development within the region.

## Quality of life

Retaining and attracting skilled labour and intellectual capital which drives regional economic growth, is highly dependent upon the quality of life available within the region. This entails providing a safe, healthy and attractive physical environment; strong, resilient and cohesive communities; opportunities for personal and professional growth and a vibrant and enriching urban culture, for individuals and families.

## Economic structure

The makeup, or industrial profile, of the regional economy, its dominant industries; how they are organized; the quality and extent of supply chains; the degree of competition among firms within the same region, and the capacity of support services (financing, legal, marketing, transportation, etc.), are all important to the success of individual businesses.

## Infrastructure

Telecommunications networks, air travel, education systems, research institutions, and health and community services are the critical ‘added value’ infrastructure required to advance the global knowledge economy. Basic ‘hard’ urban infrastructure, such as roads, transit and piped services (water, sewers, etc.) which underpin a mass production, manufacturing economy, are also vital for economic growth.

## Financing/funding

The availability of finance for new business ventures, business expansions, risk and venture capital financing, research and development (both public and private sector) is essential in bringing innovations to market.

## Costs of doing business

Business cost factors, such as municipal tax levels, land prices, office rents, etc. remain an important consideration. These local cost factors play an important role in business start-up, expansion and relocation decisions. Cost differentials between the core and suburban areas within a single economic region can lead to decentralisation, and de-concentration, of cluster activity, which weakens the long-term competitive position of the industries involved, and ultimately of the entire economic region. Local cost factors generally play a less critical part in international business location decisions. However, even large multi-national corporations, need to take into account all local factors in determining the precise location of any new enterprise.

## Networking

The existence of advanced inter-firm and public/private partnerships and relationships between companies, institutions and public sector, both within a region and between regions, assist in establishing strategic alliances and fostering innovation. Networking can be either informal, through the kind of chance encounters that urban environments create, or more formal mechanisms through conferences, symposiums, industry associations, and cluster groups.

## Local institutions

There is growing body of evidence suggesting that local institutions and culture play a decisive role in the competitiveness of cities in the global, knowledge economy. This particularly includes institutions which support innovation and learning, as well as those which support cohesive, locally based cooperation and action. Examples are various and include business and industry associations, centres of excellence, chambers of commerce, institutes for technology transfer, and labour councils, as well as the informal centres of learning and information diffusion found in neighbourhoods, community service centres, theatres, galleries, restaurants and clubs.

## Unity of vision

It is being increasingly recognised that the degree to which the residents and decision-makers of a region share a common vision, and act consistently according to that common vision, is a significant factor determining the competitiveness of that region.

CLUSTERS ARE THE BUILDING BLOCKS OF THE REGIONAL ECONOMY

## Introduction

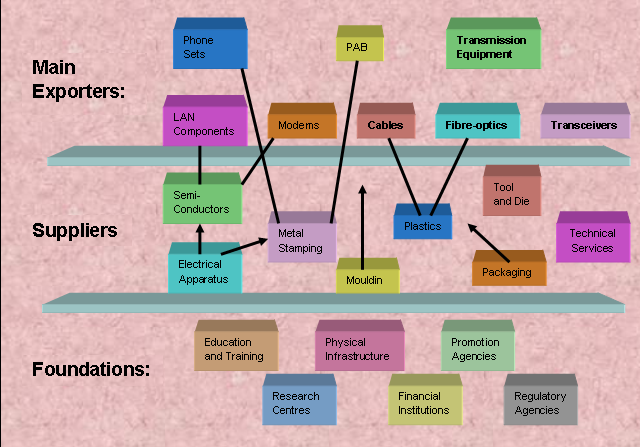
Business, in the global context, has responded to the new dimensions of competition outlined above in a number of ways. Enterprises globally are reorganising themselves into industry “clusters”. The National Spatial Development Perspective and the Integrated Manufacturing Strategy has also emphasised the importance on cluster development within South Africa. As will be described below, these new forms of business organisation and ways of operating make enterprises more reliant on their urban environments to support their competitiveness. In short, now more than ever before, what regions do or fail to do is of prime importance in a global economy. If regions make informed decisions, they contribute significantly to the success of local enterprises.

Aside from propelling the restructuring of regional economies, global competition, along with the unprecedented opportunities afforded by new information and communications technologies have spearheaded new ways of organising and conducting business, inter alia e-commerce, just-in-time delivery, and network firms.

In response to new global competitive challenges, production processes, in many industries, have become fragmented. Individual firms are concentrating on “core competencies”, and making various arrangements with other firms, or providers, to supply products and services. Production of both goods and services increasingly takes place not through individual firms, but through groups of firms and organisations linked in various ways, such as strategic alliances, networks or clusters.

A cluster is a set of inter-linked private sector industries, research and development institutions and public sector institutions, whose final production reaches markets outside the region. If regions are the building blocks of the global economy, then clusters are the building blocks of a regional economy. Contemporary clusters are rarely contained within the political or administrative boundaries that make up a district. Therefore if Pixley ka Seme should develop clusters, these may extend beyond the boundaries, to include economic regions within the Province.

“As Michael Porter has pointed out, evolving, disaggregated forms of business organization and the emergence of clusters mark the convergence of business strategy with urban economic development strategies. These two elements converge in the cluster. Relationships with other businesses and organisations are critical to the success of individual businesses. Regions globally are shifting away from older, more narrowly defined economic development strategies that focused on individual companies or specific business areas to a more comprehensive and inclusive approach that supports the advancement of strategic clusters. It is helpful to conceive of clusters as having three layers. The diagram below gives an example of telecommunications equipment cluster.”



The top layer consists of the companies that directly export their products outside the region. These companies are often large, and, in some cases, trans-national.

The second layer consists of the many companies which supply the main exporters. Although not all suppliers will be located in the same geographical region, those that are will form a local supply chain. The network of critical local linkages that define a cluster, spread beyond institutional boundaries, just as they cross administrative and geographical boundaries. Both public and private sector institutions are responsible for providing the economic foundations for cluster competitiveness. The third layer includes increasingly important factors such as:

* human resources, including education, skills training and entrepreneurship;
* R&D and technology, including adoption of new technologies, research institutes, and commercialisation of research;
* financing, including access to conventional, venture capital, and investor financing, to support new business and business expansion;
* business climate, including industry regulation and taxation;
* infrastructure, including hard infrastructure such as roads, transit, airports and telecommunications, but also soft infrastructure such as social programmes and local institutions; and
* quality of life, including housing, schools, recreation, neighbourhood vitality, safety, parks, open spaces, arts and culture, civic pride, and the quality of the built and natural environment.

In many ways, these economic foundations are the most important elements supporting cluster formation and development. For example, a company’s ability to respond to new competitive pressures by moving toward higher value-added production is directly tied to the local availability of certain resources, such as natural or raw material, advanced skills, or new technology, or risk capital to support a new venture.

An expanding export base or competitive clusters benefits the whole urban economy. Export-oriented growth brings new revenue and wealth into a region, generating demand in other sectors, including local-serving industries such as retail, house construction, personal services, restaurants, and business services. Clusters are also important because they create competitive business environments within a region. Having several internationally competitive firms within the same region drives each company to be more innovative, develop new products, and deliver higher quality service. Similar competitions occur throughout the supply chain as each firm strives to be the best by improving its products and services. This competition strengthens the entire cluster and improves the competitiveness of the region. The inter-firm competition occurring in strong, well-developed clusters also benefits workers. It increases the number of job opportunities, creates pressure for increased wages and benefits, and establishes a local market of sufficient size to enable workers to spin-off their own businesses, with reduced risk.

## SMME’s generate the majority of jobs

While export clusters bring new wealth into a region, small, micro and medium sized enterprises (SMMEs), predominantly geared to serving their local communities, generate the vast majority of jobs. The quality, diversity and vitality of local SMMEs are a good indicator of a city’s overall economic and social well being. In addition to creating jobs, strong local-serving businesses and industries provide the products, services and amenities which help to maintain and improve the quality of life residents enjoy. Efficient, cost-effective local businesses, which provide services as basic as equipment repair, local courier delivery, printing, etc., also contribute to the success of the region’s export clusters.

Since most SMME start-ups are initiated by local residents, activities and programmes which foster entrepreneurship help maintain and expand the local economy. Improvements to the economic foundations (human resources, technology, financing, business climate, infrastructure, and quality of life) that support export clusters also support the local economy.

Access to capital, fair taxation, and supportive government policies, are important to establishing a positive business climate within a city. While the policies and taxes imposed by all orders of government are of concern, local municipal property taxes, regulations and programmes often have the most immediate impact on many SMMEs. The economic foundations within a region must, therefore, address business issues at this micro and local level as well as at the macro and global level.

## In a global economy, the success of businesses relies on local conditions

The new ways of organising and conducting business, mean that firms rely, to a great extent on their local environments to support their competitiveness. As noted above, in many ways, the economic foundations are the most important part of cluster competitiveness. As production becomes more fragmented and takes place in disaggregated clusters and networks, many sources of competitive advantage are found outside the individual firm, through linkages with other resources that exist within the urban environment.

Urban environments can act as a source of skilled/specialist labour, as a medium for innovation and the cross-fertilisation of ideas, and as a source of corporate expertise found in other firms. In addition, the urban environment provides the basic infrastructure, such as airports, high capacity telecommunications networks, and roads, necessary to facilitate globally connectedness. In other words, as firms become more “embedded” in, or dependent upon, their local environments, cities can play a critical role in supporting the competitiveness of local business.

In a globalising world, a competitive advantage cannot be achieved by simply doing what everyone else is doing. Instead, regional competitive advantage is derived from building upon the particular and unique strengths of that region. These Pixley ka Seme strengths include ethnic diversity, the diversity of its economy, the quality of its neighbourhoods and community networks, its universities and research and development institutes, the depth of its creative industries and arts and cultural community, and its location as an international gateway to the World market.

Simply trying to replicate what others are doing, particularly when there is no inherent local strength in a particular area, is not a good strategy, nor is trying to compete on the basis of a simple cost minimization strategy. We need to support a transition toward higher-value added and beneficiation economic activities which are needed to maintain and improve the quality of life and standard of living in Pixley ka Seme.

## Quality of place provides a competitive advantage

Quality of place, the quality of the environment a city has to offer, is of course desirable in and of itself. But in the global knowledge economy, quality of place takes on an additional importance, as an “economic foundation” and key competitive factor.

Human capabilities drive the knowledge economy, which depends on people, their creativity, ingenuity, knowledge, know-how, skills and expertise. Producing, attracting and retaining knowledge economy workers become the most critical element for success in the contemporary economy. Entrepreneurs and skilled labour are increasingly mobile assets. Qualified knowledge economy business people and workers can choose which regions in which to live and work. The quality of place a region provides, which is often indicative of the quality of life offered, can be an important deciding factor. Investment, too, is increasingly mobile in the global knowledge economy.

Knowledge industries often have a high degree of flexibility and choice, in terms of where to invest in a new administrative, or production, facility. Quality of place is important in creating the sense of long-term stability and good management necessary to secure private sector investment.

On the other hand, urban decay, underutilised and vacant sites and social polarisation can be very costly. This is why global regions are investing heavily in restoration. Regions are reinvesting in parks, cultural facilities, public art, transit, waterfronts, brown fields cleanup and affordable housing, to improve the quality of the urban environment. The magnitude of change occurring across cities, in both North America and Europe, suggests that nothing short of a new urban renaissance is underway.

The quality of the built environment, including a region’s public spaces, parks, ravines and open space system, its architecture, heritage, neighbourhoods, and urban design, give it a special character, which will shape the world’s view of that region and its competitiveness. The use of historical sites establishes tourism attraction. Quality of place is also an asset over which local municipalities, such as Kareeberg, have a good deal of control, particularly with respect to the quality of the urban environment and built form, and the public realm of streets and parks, community facilities and services.

DEVELOPMENT FRAMEWORK

The previous sections provide an assessment of the legislative mandates, policy framework, socio-economic conditions and Kareeberg in the global economy, and make it possible to identify the Local Economic Development strategic framework to address the issues noted. This development framework has to be set within the context of a long-term vision for local economic development of the region.

The following section will mark out a LED vision, goals and objectives for the region, explain a set of strategic initiatives, and identify the potential opportunities and challenges which will enable the district municipality to achieve the realistic economic development goals and objectives within the next decade. The strategic interventions and proposed programmes will assist and guide decision-making within the district. In addition sector challenges and opportunities will be identified, to support the district in achieving its economic growth and development targets. Projects will have to be prioritised and costs will have to be established, before final implementation.

## Vision

Kareeberg Municipality commits itself to continuous, affordable service and to the development of the quality of life of all residents.

## Mission

This vision will be realised by credible administration, adequate infrastructure and improved economic and social initiatives.

## Corporate culture and values

* To comply with the aspirations of our people, we will respect and uphold the constitution of the Republic of South Africa by observing human rights and the right to participate in co-operative governance;
* We subscribe to the principles of Batho Pele and total quality management;
* We commit ourselves to the Codes of Conduct for councillors and officials in the Municipal Systems Act and to the principles of credible financial management;
* We believe in integrity in the relations with all our stakeholders;
* We commit ourselves to a corruption free municipality;
* We endorse a “people-driven” approach by ensuring public participation in local government;
* We commit ourselves to promoting racial, gender and all other forms of equality and to empowering all people in the municipal area;
* We regard the personnel of our municipality as our most important resource;
* We will respect the views and inputs of all members of the council;
* We commit ourselves to an extension of knowledge, total submission to legislation, policies, procedures, conditions of service and resolutions of Council.

## Performance Management System

### Key Performance Areas and Objectives

#### Basic Service Delivery

* To improve customer care and service delivery;
* To plan, provide infrastructure and services;
* To manage the planning and development function of the municipality according to the IDP, taking into cognisance the provincial/district development strategy.

#### Municipal Institutional Development and Transformation

* To develop and implement a performance management system;
* To adhere to the municipality’s employment equity plan;
* To develop the municipality’s human resources;
* To improve the morale and team spirit;
* To prevent and combat corruption;
* To improve the relationship between politicians, and between officials and politicians.

#### Local Economic Development (LED)

* To promote local economic development in the Municipal area;
* To promote tourism;
* To create job opportunities;
* The improvement of safety and security of residents.

#### Municipal Financial Viability and Management

* To increase the payment for services;
* To manage expenditure and income in accordance with the approved budget;
* To improve the financial viability of the municipality.

#### Good Governance and Public Participation

* To promote a culture of open communication with all internal and external stakeholders.

DEVELOPMENT POTENTIAL WITHIN THE DISTRICT OF PIXLEY KA SEME PER ECONOMIC SECTOR

## Criteria for determining development potential

Potential refers to resources and/or capacity, which could be utilised or developed. In order to identify, or determine, this development potential and/or opportunities within an economy, a set of preset criteria is required, against which to do the evaluation. The set of evaluating criteria are the following:

* Availability of raw materials and resources;
* Economic linkages;
* Market trends;
* Gap analysis / agglomeration advantages;
* Logistics / Nodal point function;
* Regional service delivery function;
* Availability of labour;
* Technology change;
* Enabling policy environment.

## A broad discussion of each of the above-mentioned follows

### Availability of raw materials and resources

Raw materials and local resources are the most important production factors. Without these, no product can be manufactured and no service can be delivered. The availability of raw materials and other resources makes local development promotion easier, more feasible, viable and sustainable. Depending on the nature and extent of the resources and materials, these may also be a major tourist attraction, and may be used for local beneficiation and value adding through local processing.

Within the Pixley ka Seme area, the most common raw materials and local resources present are rich sources of mineral deposits, relatively fertile agricultural land and serviced industrial sites. These have both tourist and beneficiation potential.

### Economic Linkages

Economic linkages refer to the interaction of various economies with one another, or various sectors within one economy. These interactions can take place in various ways and on various scales. Linkages are necessary to keep an economy and its activities sustainable. One economy is unable to provide all local needs and should interact with neighbouring or nearby economies. Linkages consist of two major categories:

* *Backward linkages:*

This type of economic interaction refers to the raw material or intermediate products required as inputs into the delivery of the end product, or service. Often the inputs required by the local economy, are lacking and need gleaned from other economies. Sometimes the inputs are available, but more expensive than obtaining the same inputs from other outside economies. This becomes an important determining factor regarding development potential. If inputs can be supplied or manufactured locally, saving transport costs, creating employment opportunities and contributing to local beneficiation and value adding. There is definitely potential for development within the economy.

* *Forward linkages:*

Forward linkages refer to the supply of intermediate products as inputs into the production process, and/or delivery of an end product or service to the production process. For example, Madibeng has a rich source of silica sand, which is used to manufacture glass products.

### Market trends

Market trends are the consumption trends and preferences of the general market. These either indicate that there is a potential for an increase in the production of a specific product or delivering of a specific service, or that there is a need for change in products and service delivery. For instance, consumers may prefer organically farmed products above traditional products, and this indicates that the focus should centre on producing organic products above traditional ones.

### GAP analysis/agglomeration advantages

This refers to a gap within the local economy, or an advantage for various industries to group together to stimulate economic growth. For example, a juice factory in Madibeng could be a success story as materials are available there. Agglomeration advantages mean the development of a mining logistical hub or cluster in which all mining orientated and related activities are grouped together in delivering services and information to the mining sector.

### Logistics/Nodal point function

To determine potential of an area in either logistics or nodal point function, the question needs to be addressed: Can the area serve as a distribution point for specific products or services?

### Regional service delivery function

Can Pixley ka Seme serve as a regional service delivery centre, i.e. a regional fresh produce market, supplying fruits and vegetables to other areas?

#### Availability of labour

Labour, as one of the important production factors, also indicates the potential for the development of an economy. Such potential within the local labour pool depends on the quantity and quality of the labour force. Quantity refers to the size of the labour force, and quality refers to the educational and skill levels of the labour force. If the educational and skills level of the local labour force meets the requirements for manufacturing development, the potential for development is high.

#### Technology change (e.g. food modification)

Technology change refers to the change in production methods, for example genetic manipulated production; the Internet, etc. The changes in technological techniques and methods increase the potential for developing an incubator in the area. Incubators provide collective services (i.e. training and facilities) required by industries, and also individuals to become self-sustained in newly adopted economic activities.

#### Policy environment (enabling development)

Potential for development may also be identified when considering the policy environment. Various policies stimulate, support, and encourage development, whereas others inhibit development. An example of supporting policy is the SMME development programme of Godisa, which provides funding, and other necessary inputs, for upcoming SMMEs.

#### Development potential within Pixley ka Seme and Kareeberg Districts

Based upon potential identification criteria, and taking into consideration the numerous constraining elements present within the District, potential for development appears to be the following:

| **SECTORAL DEVELOPMENT POTENTIAL AND PROJECTS** | | |
| --- | --- | --- |
| **SECTOR** | **DEVELOPMENT POTENTIAL** | **POTENTIAL PROJECTS** |
| Agriculture | Agro-processing | * Game meat processing * Leather tannery * Ostrich meat and leather processing * Fruit and vegetable processing * Poultry and livestock processing |
| New technologies and methods of production | * Tunnel and shed netting production * Hydroponic production * Aqua culture production * Organic farming production i.e. organic green house herb production of culinary, fragrant, medicinal, aromatic, pharmaceutical and ornamental herbs * Food modification * High technology agriculture practises |
| Increase in the production of existing agriculture cultivars in the area | * Contract based fresh produce for the mines * Contract based fresh produce for the regional fresh produce market * Increase in ostrich production * Increase in feeds for increase in leather production |
| Increase in new agriculture cultivars planted in the area | * Ostriches * Olives * Paprika * Fruit and vegetables * Herbs and spices * Flowers and bulbs * Livestock and poultry |
| Increase the production of specialised fruit and vegetables | * Food modification, genetics * Organic fruit and vegetables * Hydroponics production |
| Global interaction | * Increase in commercial farming activities * Global trade of locally produced products * Game farms and hunting trips (Eco tourism) |
| Increase in Agro-related industries | * Package materials * Herbs and spices * Seeds and fertilisers * Irrigation equipment * Plant and herb nurseries |
| Agriculture incubator | * Skills, facilities and services provision for small emerging farmers |
| Agriculture logistics hub/cluster | * Transport, marketing, inputs, distribution, research, export, standardisation, etc |
| Fresh produce market, storage and packaging facilities | * Build a market place for the selling of fresh produce – link the transport thereof to nearby rural areas * Storage facilities * Packaging plant |
| SMME Development |  |
|  | | |
| Mining | Mining logistics hub | * Transport, machine services, truck washing, boot and clothes manufacturing, food services, etc |
| Environmental management of mining activities | * Mine rehabilitation projects employing local residents and SMMEs * Mining operations policy regarding local beneficiation, environmental rehabilitation, local service provision, etc |
| Local processing of minerals | * Clay for sanitary ware, ceramic ware, tiles, etc * Brick manufacturing * Jewellery manufacturing |
| Local and international uses for Manganese | * Non-metallurgical applications include: manganese chemicals for use in fertilisers, bricks and paints, water purification, animal feeds |
| Local processing of by-products | * Produce new products using the by-products of the mines as input |
| Recycling plant | * Truck tyres for use in the manufacturing of athletic or recreational surfaces, rubberised asphalt pavements, irrigation, soil or drainage systems, or rubberised flooring products * Spares * Bricks * Clothes * Food |
| Local beneficiation | * Local processing of minerals * Mining related service provision to the local mines |
| Small-scale mining ventures | * Sand mining * Clay mining * Tiger eye mining |
| Joint venture in service provision | * Mines and the District and local municipalities join in providing services to the public |
| Mining orientated SMMEs | * Mining activities * Food and beverage services / Catering * Clothes * Furniture * Training and education * Cleaning services * Washing and ironing services * Rehabilitation services * Health services * Security services |
|  | | |
| Manufacturing | Heavy minerals refining, processing and beneficiation cluster | * Sanitary ware * Ceramic ware and products * Tile and cement products * Jewellery manufacturing |
| Agro-processing | * Fruit and vegetables processing and product manufacturing i.e. Juice factory, canned fruit and vegetable plant, dehydrated vegetable processing plant, dried fruit and vegetable plant, oil extraction plant * Meat and poultry processing i.e. manufacturing of textiles, clothing, leather and footwear * Leather tannery and processing of leather into products I.e. bags, belts, shoes * Herb and spice processing i.e. extraction of essential oils, drying of plants, processing |
| Arts and Crafts | * SMME based projects i.e. hiking sticks, shoes, jewellery, various art |
| Recycling | * Recycling plant |
| New product manufacturing form recycled materials | * SMME related projects |
| Oil extraction plant | * Olives * Herbs and spices * Fruit and vegetables |
| Processing and packaging of fresh produce | * Manufacturers of package materials * Processing plants * Packaging plants |
| Marketing campaign | * Marketing strategy for Pixley ka Seme DM |
|  | | |
| Utilities | Backlog eradication | * Economic infrastructure provision project |
| SMME in service provision | * Procurement SMMEs in service delivery project |
| PPP in service provision | * PPPs in delivering services i.e. water, sanitation, electricity, etc |
|  | | |
| Construction | SMME development | * Projects where construction SMME are used during the implementation |
| Housing initiatives in rural areas | * Projects relating to the construction of houses in local communities |
| Road rehabilitation and improvements | * Projects focussing on the maintenance and upgrade of roads in the area |
|  | | |
| Wholesale and Retail trade | Mine related businesses | * Food and beverage * Mine protection clothing * Mine truck tyres and other machinery spares * Locally produced products using minerals as inputs * Etc |
| Tourism related businesses | * Arts and Crafts |
| Agriculture related businesses | * Fruit and vegetable stores * Herb and spice stores |
| Technology change | * Internet shopping * e-trade |
| International trade | * Promotion of fresh produce to the African countries (NEPAD) |
| Trade incubator | * Training provision for SMMEs |
|  | | |
| Transport and Communication | Railway line connecting Kimberley/ De Aar/Carnarvon and other important areas | * Railway construction project |
| Packaging, storage and distribution facilities | * Fresh produce * Processed products * Documentation |
| Information and communication technology hub | * Development of a hub which provides information technology and communication services |
| Increase in freight transport services | * Establishment of local freight transport companies in the District |
| Increase in public transport modes operating in the area | * Establishment of local public transport companies in the District |
|  | | |
| Services | SMME aid and/or support policy for local commercial banks | * Policy writing regarding commercial bank aid for SMME development |
| Backlog addressing | * SMME and PPP related projects |
| Outsourcing of community service provision to experts | * High quality and standard medical and educational services |
| Development of a friendly and attractive business environment | * Launch a promotion campaign |
|  | | |
| Tourism | Art and Crafts | * Manufacturing plant for local arts and crafts |
| New tourist routes | * Linking the comparative advantages of the area i.e. the mines, the various tourist attractions and historic places, etc |
| Attraction development | * The Eye * Culture services and products * Cultural villages and events * Etc |
| Tourist services and products packaging and marketing | * Tourism strategy * Tourism events program |
| Tourism incubator | * Education and training of tour operators |
| Tourist products and service development | * High standard self catering facilities * Increase in adventure and eco-tourism activities * Establishment of travel agent, car rental, etc services in the area |
| Eco tourism | * Game hunting |
|  | Science Tourism | * SKA Project |
|  | | |
| General | PPP | * PPP in service delivery |
|  | * Commercialisation of under-utilised state assets |

#### 

#### Conclusion

By converting the above-mentioned development potential into feasible, viable and sustainable projects, and with well-managed and co-ordinated efforts, the development of the Pixley ka Seme region and Kareeberg Municipality will be stimulated.

STRATEGIC PLAN

This refers to the strategic thrusts, development programmes and associated projects and/or activities, which aim at the regeneration of the Pixley ka Seme District economy. A brief introduction on the regeneration strategy and its components is followed by a short description of each of the components and concludes with a list of actions, drivers, phasing and funding.

## Strategic thrusts

From a strategic development facilitation point of view, it is necessary to ensure that the appropriate linkages and interactions between projects be established. Such an integrated approach is needed to ensure the optimal rate of implementation and economic development of each area.

Based upon this Diagram, there are **7 main strategic thrusts** for enabling this growth and development within the economy. A thrust can be defined as:

*“Planned actions aimed at creating an impetus and a critical mass in the local economic environment in order to generate momentum in the economy”.*

The main thrusts are based on the existing situation within the local economy and aims at utilising strengths and opportunities by transforming these into workable **programmes and projects,** which will assist in reducing threats, and strengthen the weaknesses in the local economic environment. The thrusts are supported through the development of **programmes**, which aim at addressing the specific **thrust**. Distinct **projects** are formulated with explicit actions in order to reach the targets of each **programme**.

Each **project** within the **thrust** should have a specific ‘driver’. A ‘driver’ is a specific entity/party/role player responsible for achieving the targets of each programme. It has to be emphasised that the ‘driver’ of each project does not necessarily mean that the specific entity, party or role player will be responsible for the funding of the project.

Due to the fact that some of the programmes require the outputs of other projects as input, it is of utmost importance to ensure that timeframes are established and that deadlines are met. In other words, the programmes, projects and actions have to be phased to ensure the smooth, integrated and fast tracked implementation of the thrusts and their respective sub-components.

Finally funding needs attention. To ensure that the thrusts are successfully implemented, appropriate sources of funding have to be timeously identified. Mechanisms have to be put in place to ensure that the funds are released and allocated to the correct role players, efficiently and quickly. Control measures should be inherent to these mechanisms.

The 7 thrusts for the Pixley ka Seme economy include the following:

* **THRUST 1**: Rural community economic development and empowerment
* **THRUST 2**: Industrial and beneficiation development
* **THRUST 3**: Tourism and cultural development
* **THRUST 4**: Urban and rural integration
* **THRUST 5**: Economic base development
* **THRUST 6**: Human resource development
* **THRUST 7**: Institutional reform and capacitation

The following tables contain the Regeneration Strategy for Pixley ka Seme and include the thrusts and the respective programmes. The entity responsible for driving the project is indicated in the ‘Driver’ column together with the funding and the phasing. Each thrust is discussed shortly preceding the respective table, in order to highlight the structure and aim of each thrust.

**THRUST 1: RURAL COMMUNITY ECONOMIC DEVELOPMENT AND EMPOWERMENT**

The objective of this thrust is to ensure economic development and empowerment of the local rural communities within the Pixley ka Seme District.

The specific programmes that support this thrust include:

1. Functional Rural Service Centre Development
2. Infrastructure and basic service provision
3. Entrepreneurial enterprise development (SMMEs)
4. Environmental control and rehabilitation

The programmes contained in this thrust expedite the development, empowerment and upliftment of the rural communities in the District.

**PROGRAMME 1: FUNCTIONAL RURAL SERVICE CENTRE DEVELOPMENT**

*It is useful to provide an initial workable definition to ensure clarity on the rural service centre concept for the purpose of the study. According to Robinson (1987, p79)[[1]](#footnote-1) a rural service centre can be seen as:*

1 Robinson, B, 1987. **Spatial Planning and “Rural Service Centre” in Southern Africa.** Africanus, Vol. 17, pp. 70-90

“…a **focal point** at which a comprehensive range of **essential services** can be obtained by **people living in its** **vicinity**. In turn it acts as a pool of human and physical resources from which the inputs necessary for rural development can be distributed efficiently, and from which rural people can draw to promote their development.”

As mentioned above, the rural service centre concept entails the concentration of various land uses and services into an integrated rural centre, located in the vicinity of rural communities. These centres provide a basis for the concentration of economic activities into regionally accessible economic nodes.

Rural service centres could serve as economic catalysts in areas with limited economic opportunities. The spatial concentration of ancillary economic activities creates economic agglomeration advantages. The relationship between activities and the proximity to one another, ensure that agglomeration economies are achieved, which enable profit maximisation and higher levels of efficiency. By means of the development of such centres, a propelling economic effect is triggered in rural areas.

These rural service centres should, ideally, be located at intersections of important rural roads. Activities will be concentrated in one quadrant of the intersection. Typically, the focus will be on aligned intersections. The concept will also be applicable to other highly accessible locations.

The informal market will be at the most visible point of the intersection, where pedestrian movement can be maximised. The business activities will be developed around the market area. The business activities will serve as an interface between the residential component and the busy road intersection.

A rural service centre could consist of a combination of the following activities:

* Shopping centre;
* Informal market;
* Clinic;
* Pension payment point;
* Affordable housing;
* Light service industries.

The projects under this programme include:

* Development of a **Nodal Strategy for the Rural Service Centres** (RSC), which is a strategic analysis indicating the vision, goals, objectives, target market, specific target areas and enclosed activities within the RSC
* Public workshop and consultation sessions for the **identification of nodes for each centre** and its **functional specification** and/or services, to delivery
* Drawing and development of **site development and structure plans for RSC offices**
* **Capacitation of officers** through the provision of training and education in managing the RSC

**PROGRAMME 2: INFRASTRUCTURE AND BASIC SERVICE PROVISION**

In order to guarantee a targeted approach to the economic development and empowerment of the rural communities, it is necessary to ensure that basic infrastructure and services are in place. The main goal of this programme is to address the current backlog in basic infrastructure and services, so as to ensure empowerment and economic development. This would include:

* The **construction of identified infrastructure and service backlogs** as indicated within the various IDP documents;
* The **lobbying of funds** to subsidise the implementation of affordable start-up infrastructure and services for the rural communities;
* **Development of appropriate communication infrastructure** i.e. Telkom land lines, cell phone towers and community cell phone facilities, and **transport services** for people and products within and to surrounding economic centres.

**PROGRAMME 3: ENTREPRENEURIAL ENTERPRISE DEVELOPMENT (SMME) AND CAPACITATION**

One of the major rural problems in Pixley ka Seme is the high unemployment and illiteracy rate. This programme will address the development of entrepreneurial skills so that people can start their own businesses and/or other income generating activities. Programme 3’s projects include:

* A projects which focuses on the **training and education of people wishing to start their own business,** such as business plan development, different manufacturing techniques, management of a business, training of people, marketing of products and services, etc;
* Assist in **linking potential SMMEs with available development funding** i.e. DBSA, DTI, etc;
* The implementation of an **integrated rural development initiative** which focuses on the development of agriculture, culture, crafts and tourism (Khulile Africa Development Initiative);
* Focus on the identification, training, start of own farms and support of **emerging farming activities** within the rural areas;
* **Increasing the production of fruit and vegetables** within the rural areas by providing training, support and assistance in the lobbying of funds;
* **Producing herbs and spices** within the rural areas through the provision of training, support and assistance in the lobbying of funds;
* **Cultivating flowers and bulbs** within the rural areas through the provision of training, support and assistance in the lobbying of funds;
* **Starting up livestock, poultry and ostrich production** within the rural communities through the provision of training, support and lobbying of funds;
* **Tunnel, shade netting, organic and hydroponics production** techniques, training and support within the rural communities;
* Providing training and assistance in the lobbying of funds for the start of **olive plantation** within the rural areas;
* Training rural people and the supporting them in starting rural **plant and herb nurseries;**
* Providing new techniques and financial assistance in the manufacturing of rural **art and crafts.**

**PROGRAMME 4: ENVIRONMENTAL CONTROL AND REHABILITATION**

For rural communities to experience economic development and growth and become self-sufficient through empowerment and capacitation, it is important to live, work and play within a healthy environment. This programme will ensure the environment within the rural areas is clean and well looked after, by:

* **Recycling and re-using** plastic bags and tin cans; and educating the communities in combating soil erosion through the planting of trees and shrubs;
* Launching **“save water”** and **“protect the environment”** projects and competitions aimed at educating school pupils on how to save water and to protect the environment.

**THRUST 2: INDUSTRIAL AND BENEFICIATION DEVELOPMENT**

This would encourage local industrial development and stimulate an increase in local beneficiation activities, and the programmes would include:

* Industrial support structures;
* Agro-processing;
* Mineral beneficiation and processing;
* Mining related industries;
* Agriculture related industries;
* Investment development and promotion (marketing).

**PROGRAMME 1: INDUSTRIAL SUPPORT STRUCTURES**

For industrial development and beneficiation to be successful and sustainable, it is necessary to have an overarching body giving advice, guiding development, helping in marketing the products, etc. A local Manufacturing Advise Centre (MAC) within Pixley ka Seme, as part of the Northern Cape Manufacturing Advice Centre (NCMAC) of NAMAC would have to be constituted to implement viable and sustainable industrial concerns and to support their operations by:

* The establishing a **Manufacturing Advice Centre (MAC)** to support industrial development, marketing and other related aspects;
* Establishing a **Local Industrial Development** **Forum** **(LIDF)** under the MAC to market locally produced products and services to the world.

**PROGRAMME 2: AGRO-PROCESSING**

This programme aims at encouraging industrial development, relating to the processing of agricultural products. This would include fruit and vegetable processing plants, livestock and meat processing plants, oil extraction plants, a leather tannery.

Meat processing plant where local game, coat, sheep, poultry, ostrich and cattle meat can be processes and packaged for export and local markets.

**Processing plants** where **fruit and vegetables** can be used as primary input in the manufacturing of various products, including juices, canned fruit and vegetables, concentrates, etc.

The **extraction of oil** from olives, fruit and vegetables, flowers, herbs and spices etc.

A **leather tannery** where cattle, sheep, goat and ostrich leather can be processed and manufactured into final consumer goods, especially for the export and foreign tourist markets.

**Food modification and genetic manipulation** in the production of fresh produce could ensure higher standards and quality.

**PROGRAMME 3: MINERAL BENEFICIATION AND PROCESSING**

The availability of important mineral deposits in the area would play an important role in the development within Pixley ka Seme. Currently these minerals are mined, but then transported to be processed, or beneficiated overseas. By developing processing and beneficiation plants in the District, numerous jobs could be created and value adding could take place locally, to the benefit of the local communities and economy. Attention could be paid to the following:

* Development of a **clay processing industry** where high quality clay deposits at Sishen mine could be used as primary input in the manufacturing of ceramic ware and tiles for local and export markets
* **Brick manufacturing project** where clay deposits could be used in manufacturing bricks for local and national construction industry
* Development of a **jewellery manufacturing** industry where iron-ore, manganese and diamonds are used as inputs
* Development of industries **manufacturing new products** using by-products of the mines
* Development of **value adding and beneficiation activities** through the development of a heavy mineral refining of mineral deposits

**PROGRAMME 4 AND 5: MINING AND AGRICULTURE RELATED INDUSTRIES**

As stated in previous sections of this document, mining and agriculture are the dominant economic contributors to the Pixley ka Seme District. However, none of the inputs required by these activities originate locally, but are imported from Gauteng, Kimberley, Upington and other areas. By developing local manufacturing industries, the economy and its people are likely to benefit, on a large scale, by job creation, increase in the local value chain, and lower transport costs of inputs. Mining and agriculture related industries include:

* **Food and beverage industries** which focus on supplying products to the main activities in the area through contracts i.e. the mines and the commercial farmers;
* **Clothing and shoe factories** which manufacture specifically designed mining and agricultural necessities and equipment;
* The development of a **recycling plant** which makes use of old mine truck tyres and other used spares, as well as parts in the manufacturing of new products such as boots, plastic and/or rubber containers, etc;
* Development of industrial concerns **manufacturing packaging materials** specifically for the local agriculture industry i.e. plastic bags, polystyrene products, etc;
* Development of an **irrigation equipment manufacturing** plant which caters for the manufacture of irrigation equipment specifically for the local and surrounding agriculture activities;
* Establishment of an industrial concern providing **processing and packaging services** for the local fresh produce;
* Construction of **storage and depot facilities** for locally produced fruit, vegetables and other livestock products.

**PROGRAMME 6: INVESTMENT DEVELOPMENT AND PROMOTION**

The goal of this programme is to develop competitive investment incentive packages to attract foreign and local industrial, and business concerns within the District. These include:

* The establishment of a **District level industrial marketing unit** within the District Council to promote the various development opportunities of Pixley ka Seme on a national and international level;
* The development of **competitive industrial and business investment incentive packages** and its effective promotion and marketing;
* The launching of a **marketing campaign** for the entire District, through the publication of brochures, pamphlets and media releases;
* Establishment of **local PPP’s in the delivery of services and supply of products** to the local consumers and industrial concerns.

**THRUST 3: TOURISM AND CULTURAL DEVELOPMENT**

This thrust strives to stimulate, and encourage, development within the tourism and cultural related industries, by:

* Real effective marketing;
* New catalyst development;
* Eco-tourism development;
* Art and craft development;
* Tourism incubator / training;
* Product and service development;
* Ethnic and cultural activity development.

**PROGRAMME 1: REAL EFFECTIVE MARKETING**

Centres on effective marketing of the various tourist attractions, services and products of the Pixley ka Seme area, so that large, international marketing efforts could be launched to ensure maximum exposure to the world by:

* The development of a **Tourism strategy** giving direction for development and growth within the tourism industry in Pixley ka Seme;
* Development of various **tourism packages,** including the unique products and services available within the District and the effective marketing of these packages;
* Development of a **tourism events programme** which takes place on an annual basis and which includes all the unique cultural, historical, ethic, matters particular of the area;
* The launching of **overseas marketing campaigns,** including the publication of brochures, advertisements in foreign newspapers and magazines, visiting international getaway exhibitions, etc;
* Compilation of detailed **brochures,** consisting of all the unique selling points of the Pixley ka Seme District and surroundings, together with various tour packages available, and distributing these brochures globally;
* Launching **media related** **marketing campaigns** on national radio, television, DSTV, etc to reach all outskirts of the world.

**PROGRAMME 2: NEW CATALYST DEVELOPMENT**

This programme is to develop a unique tourist attraction within the District. It should be a development of magnitude and unique to the area. A project/competition/tender should be launched for a development proposal of a **new, unique tourist attraction** to kick-start future growth and development within the tourism industry.

**PROGRAMME 3: ECO-TOURISM DEVELOPMENT**

This includes the development of various eco-tourism activities, including 4 X 4 routes, abseiling experiences, horse and hiking trails. Pixley ka Seme has an abundance of natural scenic resources which could be developed for such activities, by:

* Development of **eco-tourism and adventure activities** within Pixley ka Seme including 4 X 4 routes, abseiling, hiking trails, micro-light trips, horse trails, etc;
* Development of **game hunting and farming enterprises** within the District through the agglomeration of various game farms.

**PROGRAMME 5: ART AND CRAFT DEVELOPMENT**

Arts and crafts are an important part of the tourism industry. At present only a few, small scale art and craft establishments are operative within the District, and the aim of this programme is to encourage growth and development within this craft industry by means of product development, skills training, unique products, etc. by:

* Initiating various projects aimed at **developing the local art and craft industry** including art and craft manufacturing plants, training schools, etc;
* Development of various **art and craft marketing** projects.

**PROGRAMME 6: TOURISM INCUBATOR / TRAINING**

The tourism industry could be developed through educating and training candidates to become part of this industry by:

* Skills development;
* Capacity building;
* Mentoring;
* Technology support;
* Accreditation;
* Financing.

A successful result of this could be:

* Creation of sustenance of employment and wealth;
* Potential for creation of significant returns on investment;
* Innovation and creation of human capital;
* Opportunities to export into niche markets;
* Creation of synergies between various industries.

Projects are:

* Establishment of a **tourism incubator** providing tourism related training and skills development, services and support for tourism related SMME developments;
* Increasing the number of **tour operators** in the Pixley ka Seme area by appointing an expert to train candidates.

**PROGRAMME 7: PRODUCT AND SERVICE DEVELOPMENT**

The development and increase of the quality and standard of tourist products and services are important to meet the needs of tourists so it is essential to identify these. Programme 7 aims at implementing the following:

* Initiating the development of a **tourist product and service standardisation** code in order to ensure the development of such products and services;
* Developing **new tourist routes,** linking various major tourist attractions and places of interest, within the area;
* Establishing **local travel agents, tour operators, car rentals** and tourist related services within the District;
* **Upgrading the existing airstrip** into a tourist orientated airport, by improving the standards and variety of services and facilities.

**PROGRAMME 8: ETHNIC AND CULTURAL ACTIVITY DEVELOPMENT**

As implied, this involves the development of ethnic and cultural activities such as a living cultural village, with associated events and activities, cultural and ethnic events programmes, etc.

**THRUST 4: URBAN AND RURAL INTEGRATION**

The objective of this thrust is to achieve greater rural and urban integration, by establishing:

* One stop service centres;
* Hard infrastructure development;
* Institutional cooperation and integration;
* Communication and transport development.

**PROGRAMME 1: ONE-STOP SERVICE CENTRES**

One-stop service centres throughout the rural areas of Pixley ka Seme, would provide for pension points, account payments, etc. and would need to establish:

**One stop centres** to include payment and information kiosks, health related facilities and services, and trade related services and facilities.

**PROGRAMME 2: HARD INFRASTRUCTURE DEVELOPMENT**

This involves the provision of hard infrastructure so as to achieve rural and urban integration. Hard infrastructure includes things like water, sanitation, electricity, telecommunication, roads and sewerage, which are prerequisites for the integration of rural and urban areas and require, too, to the implementation of **backlog roads and infrastructure services** as identified within the various IDP documents.

**PROGRAMME 3: INSTITUTIONAL CO-OPERATION AND INTEGRATION**

Co-operation and integration of rural and urban institutional bodies are vital and could be accomplished by the:

Establishment of **PPP’s in the delivering of services** such as water, electricity, refuse removal, etc.

**PROGRAMME 4: COMMUNICATION AND TRANSPORT DEVELOPMENT**

Rural areas are generally isolated from urban centres, due to a lack of communication networks and transport services. In Pixley ka Seme this is a fact, and to ensure the integration of these two areas, it is essential to develop communication and transport infrastructure and services. This would include:

* Development of **public transport modes** into, and from, the rural areas by outsourcing private transport companies;
* Development of **freight transport** modes into, and from, rural areas through the outsourcing of private companies;
* **Development and upgrade of gravel roads and transport services** between urban and rural areas;
* Identifying **rural specific transport related projects** to ensure development and/or to increase in transport within the rural areas.

**THRUST 5: ECONOMIC BASE DEVELOPMENT**

This thrust would stimulate the diversification of the economic base, to ensure that the local economy is not dependant on only one or two sectors by providing:

* Cross border trade relations;
* Local processing of resources;
* Local depots of large international and national establishments;
* Diversification of professional and general services;
* Increase local production capacity.

**PROGRAMMES 1 TO 5**

Programmes 1 to 5 aim to diversify the economy through interaction between sectors. This would include: wholesale and retail trade; manufacturing; transport, storage and communication; and financial and business services sector.

The projects under each of the programmes include:

**CROSS-BORDER TRADE RELATIONS**

Launching a **Cross-border marketing campaign** to establish trade relations with cross-border African countries.

* **LOCAL PROCESSING OF RESOURCES**
* Increasing **locally agro-processing activities** through the development of agro-related industries and businesses;
* Increasing **local minerals refining, processing and beneficiation** through the development of such industries;
* Developing **oil extraction plants** which focus on the extraction of oils from flowers, olives, fruit and vegetables, and herbs and spices;
* Establishing a mine related recycling plant.
* **LOCAL DEPOTS OF LARGE INTERNATIONAL AND NATIONAL ESTABLISHMENTS**
* Establishment of an **agriculture logistics hub;**
* Establishment of a **mining logistics hub;**
* Development of an **information and communication technology hub;**
* Construction of various **package, storage and distribution hubs / facilities.**
* **DIVERSIFY PROFESSIONAL AND GENERAL SERVICES**

* Undertaking a survey to establish the **local service needs;**
* Stimulating development within the **wholesale and retail trade** sector through establishing partnerships with larger national and international suppliers;
* **Diversifying the existing available financial services** through improving and increasing the services provided by each financial institution;
* Developing of an **informal trade strategy** which regulates and guides the development and operations of the informal sector.
* **INCREASE LOCAL PRODUCTION CAPACITY**
  + Undertaking a study to **identify new cultivars** (fruit, vegetables, herbs, spices, flowers, animals, etc) to be planted to **increase the commercial farming activities** within the area;
  + Appointing **high technology farming** experts to educate local farmers in the applications of these new farming practises and develop incentive schemes to increase local participation;
  + Appointing experts in the field of **improving the quality of livestock and fresh produce** to educate the locals.

**THRUST 6: HUMAN RESOURCE DEVELOPMENT**

The objective of this thrust is to develop human resources of the Pixley ka Seme District through the provision of various skills training and education courses.

The programmes identified under this thrust include:

* Incubator development;
* Linking LED with tertiary institutions;
* Vocational training;
* Skills development, training and information centres;
* Baby, toddler and pre-primary education development;
* Education programmes for the mentally and physically handicapped.

**PROGRAMME 1: INCUBATOR DEVELOPMENT**

This programme includes the development of various incubators within the area including, tourism, mining, agriculture, trade and construction. The successful management of such incubators would result in higher skill levels and lower illiteracy among the local communities. The following incubators providing training, services, facilities, etc, would have to be instituted:

* **Agriculture** incubator;
* **Tourism** incubator;
* **Construction** incubator;
* **Trade** incubator.

**PROGRAMME 2: LINKING LED WITH TERTIARY INSTITUTIONS**

The location of various tertiary education institutions aimed at reducing out-migration, the high illiteracy rates and low skill levels of the people is the focal point here. Local Economic Development will form a basis of these programmes to ensure maximum growth and development of the local economy, job creation and social upliftment. To achieve the linking of LED with tertiary institutions, the following will need to be done:

* Negotiate for the establishment of t**ertiary institution satellite campuses** within the area;
* Negotiate for the development of **LED courses** within these satellite campuses.

**PROGRAMME 3: VOCATIONAL TRAINING**

This would require a range of Vocational Education and Training (VET) and Entrepreneurial Training programmes at key locations throughout the Pixley ka Seme District so as to empower people within the District to become economically active and to participate, and contribute, to the development of the area. Vocational training projects include:

* Appointment of experts to provide v**ocational training and educational courses** through the entire Districts;
* Appointment of experts to provided **entrepreneurial training programmes.**

**PROGRAMME 4: SKILLS DEVELOPMENT, TRAINING AND INFORMATION CENTRES**

This programme aims at developing centres throughout the District to enable local people to participate in skills development and training exercises, to receive information regarding education and training at other institutions by:

* Providing **tour operator training** in association with the tertiary institutions, the LBSC and other experts;
* Providing **general literacy training** within the rural areas;
* Providing **basic skills training** within the rural areas;
* Providing **focus group training** within the District;
* Developing of **ABET programmes** thought out the District.

**PROGRAMME 5: BABY, TODDLER AND PRE-PRIMARY EDUCATION DEVELOPMENT**

Programme 5 aims at developing specific educational programmes focussing on babies, toddlers and children of pre-primary age. This would work toward lowering illiteracy within the District and would include:

* Establishing **baby, toddler and pre-primary educational programmes and institutions** i.e. crèches and pre-primary schools, and appoint experts for the training and education.

**PROGRAMME 6: EDUCATION PROGRAMMES FOR THE MENTALLY AND PHYSICALLY HANDICAPPED**

Here the focus will be on the identification of all handicapped people, their educational needs and the provision of training and educational services, to enable them to become economically active and generate income in their own right. Education of handicapped people should include the following:

* Development of educational programmes for the **mentally and physically handicapped**

**THRUST 7: INSTITUTIONAL REFORM AND CAPACITATION**

The objective of this thrust is to reform and develop the current institutional capacity for implementing LED.

Such programmes would include:

* Regional rural service economic administration centre;
* Roles and responsibilities;
* Local development agency;
* Focused marketing strategy;

**PROGRAMME 1: REGIONAL RURAL SERVICE ECONOMIC ADMINISTRATION CENTRE**

This aims at the development of a regional rural service economic administration centre and the training of managing officials to manage marketing, publicity, distribution, etc of the various functional rural service centres of Pixley ka Seme. For each functional rural service centre, there will be an official responsible for the economic administration of each functional rural service centre. Projects include:

* Provision of training for the **Rural Service Centre managers and staff;**
* Provision of training for these employees regarding the **economic administration** of the RSC.

**PROGRAMME 2: ROLES AND RESPONSIBILITIES**

Each of the local government levels/departments has a different role in the LED process. It is necessary to establish a framework according to which the required work can be allocated to the responsible entities through the clarification of roles and responsibilities of these entities in terms of LED. Projects for programme 2 include:

* Appointing LED experts to provide **LED capacity** within the District and local municipalities.
* Developing a **service delivery strategy** to increase district and municipal service delivery.

**PROGRAMME 3: LOCAL DEVELOPMENT AGENCY**

Programme 3 aims at the establishment of a Local Development Agency (LDA) within the District Council. This agency will need to focus on LED projects and their implementation. The development of a LDA includes the following projects:

* **Establishment of a LDA** who is responsible for all LED related issues;
* Provision of **training for the LDA officials** to manage the agency in an appropriate and effective way.

**PROGRAMME 4: FOCUSSED MARKETING STRATEGY**

A focussed marketing strategy for the entire Pixley ka Seme area is an essential component of stimulating economic growth and development. This should include tourism, industrial incentives and development opportunities and projects should include:

* Developing various **Pixley ka Seme Economic Marketing campaigns;**
* Developing **investment incentive packages** and promoting these through effective marketing;
* Marketing and making **effective use of vacant, under-utilised buildings** **and stands** within the District.

## Programme Prioritisation and Implementation

This is the economic regeneration strategy developed specifically for the Pixley ka Seme District Municipality. To be able to determine which of these programmes tend to have the highest and quickest economic impact, it is necessary to prioritise the programmes through applying a set of criteria. The process of programme prioritisation was done by applying the following two criterions:

* Firstly, through indicating the **potential impact of the programme** by means of a high, medium or low impact assessment;
* Secondly, by assigning a **specific type to each programme**. The different types of programmes include:

**Anchor programmes** are aimed, primarily, at attaining economic development. These programmes should be functionally focused and need to represent the primary marketable development drivers of the District, i.e. the development of agro-processing industries.

**Supportive programmes** are those which play a supporting role in both the catalytic, as well as the, community need programmes, i.e. the upgrading of roads or the provision of infrastructure.

**Identified need programmes** have been identified as being important. These programmes require facilitation, i.e. the provision of training and skills development.

| ***PROGRAMME PRIORITISATION*** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **THRUST** | **PROGRAMME** | **IMPACT LEVEL** | **TYPE OF PROGRAMME**  *1 = ANCHOR/CATALYST*  *2 = SUPPORTIVE*  *3 = IDENTIFIED NEED* | **PRIORITY LEVEL** |
| RURAL COMMUNITY DEVELOPMENT AND EMPOWERMENT | 1. Functional Rural Services Centre development (RSC)- Nodal strategy (Government and  Services). | HIGH | 1 | 1 |
| 2. Infrastructure and basic service provision. | MEDIUM | 2 | 2 |
| 3. Entrepreneurial enterprise development (SMME). | MEDIUM | 3 | 3 |
| 4. Environment control and rehabilitation. | SMALL | 3 | 4 |
|  | | | | |
| INDUSTRIAL AND BENEFICIATION DEVELOPMENT | 1. Industrial support structure. | HIGH | 1 | 1 |
| 2. Agro-processing. | MEDIUM | 1 | 2 |
| 3. Mineral beneficiation and processing. | MEDIUM | 1 | 2 |
| 4. Mining related industries. | LOW | 2 | 3 |
| 5. Agriculture related industries. | LOW | 2 | 3 |
| 6. Investment development and promotion. | HIGH | 2 | 4 |
|  | | | | |
| TOURISM AND CULTURAL DEVELOPMENT | 1. Real effective marketing. | HIGH | 1 | 1 |
| 2. New catalyst development | MEDIUM | 1 | 2 |
| 3. Eco-tourism development | MEDIUM | 2 | 3 |
| 4. Khulile Africa Initiative | MEDIUM | 2 | 3 |
| 5. Art and Craft Development | MEDIUM | 2 | 3 |
| 6. Tourism incubator/training | MEDIUM | 3 | 5 |
| 7. Product and services development. | LOW | 3 | 6 |
| 8. Ethnic and cultural activity development. | MEDIUM | 2 | 4 |
|  | | | | |
| URBAN AND RURAL INTEGRATION | 1. One stop centres. | HIGH | 1 | 1 |
| 2. Hard infrastructure development. | MEDIUM | 3 | 3 |
| 3 Institutional cooperation and integration. | MEDIUM | 2 | 2 |
| 4. Communication and transport development. | MEDIUM | 2 | 2 |
|  | | | | |
| ECONOMIC BASE DEVELOPMENT | 1. Cross-border trade relations (NPAD-Botswana) (Trade). | MEDIUM | 1 | 2 |
| 1. Local processing of resources (Manufacturing). | HIGH | 1 | 1 |
| 1. Local depots of large international and national establishments (Wholesale and transport & storage). | MEDIUM | 2 | 3 |
| 1. Diversify professional services (business) and general services. | LOW | 3 | 4 |
| 1. Increase local production capacity. | MEDIUM | 2 | 3 |
|  | | | | |
| HUMAN RESOURCE DEVELOPMENT | 1. Agriculture / mining / tourism incubator | MEDIUM | 2 | 2 |
| 1. Linking LED with tertiary institutions | MEDIUM | 1 | 1 |
| 1. Vocational training | MEDIUM | 2 | 2 |
| 1. Skills development, training and information centres | MEDIUM | 3 | 3 |
| 1. Baby, toddler and pre-primary education development | MEDIUM | 3 | 3 |
| 1. Education programmes for the mentally and physically disabled | MEDIUM | 3 | 3 |
|  | | | | |
| INSTITUTIONAL REFORM AND CAPACITATION | 1. Regional Rural Service Economic Administration Centre | HIGH | 1 | 1 |
| 2. Roles responsibilities | MEDIUM | 2 | 3 |
| 3. Local Development Agency (Section 21) | HIGH | 1 | 1 |
| 4. Focused marketing strategy | HIGH | 2 | 2 |
| ***Source – Urban-Econ, 2003*** | | | | |

**INDIVIDUAL PROJECT PRIORITISATION AND IMPLEMENTATION**

If the District Council decides to implement individual projects rather than a single programme, those with the highest economic impact, need to be implemented first. To be able to determine which of these listed projects will have the highest impact on the economy in terms of job creation, capacity building, social upliftment, etc. Projects are to be prioritised according to a specific set of criteria. These include:

* The strategic importance of the project;
* The economic impact of the project;
* The number of jobs that will/can be created by the project;
* The impact on BEE and/or capacity building of the local community;
* SMME development and support;
* The extent of local economic development by the project;
* The potential for the specific project to be an anchor project.

The list below indicates the prioritisation of the proposed projects. Categories 1 to 3 were applied for the prioritisation. Category 1 represents a low impact and 3 a high impact.

| ***RESULTS OF PROJECT PRIORITISATION*** | |
| --- | --- |
| **ECONOMIC SECTOR** | **PROJECT** |
| Agriculture | Increase in commercial farming activities |
| Game farms and hunting trips |
| Agriculture incubator |
| Game meat processing |
| Leather tannery |
| Ostrich meat and leather processing |
| Fruit and vegetable processing |
| Poultry and livestock processing |
| Contract based fresh produce to mines |
| Contract based fresh produce for regional fresh produce markets |
| Increase in feeds for increase in leather production |
| Fruit and vegetables |
| Herbs and spices |
| Flowers and bulbs |
| Livestock and poultry |
| Fresh produce market, storage and packaging facilities |
| Mining | SMME development relating to services or mining activities |
| Recycling plant |
| Clay processing |
| Brick manufacturing |
| Jewellery manufacturing |
| Manufacturing | Agro-processing plant |
| Arts and crafts |
| Recycling plant |
| Heavy minerals refining, processing and beneficiation cluster |
| New product manufacturing from recycled products |
| Processing and packaging of products |
| Trade | Arts and crafts |
| Mine related businesses |
| Fruit and vegetable |
| Herbs and spices |
| Fresh produce |
| Transport and communication | Railway construction project |
| Increase in freight transport services |
| Increase in public transport modes |
| Package, storage and distribution facilities |
| Information and communication technology hub |
| Services | Backlog projects |
| SMME aid/support policy for commercial banks |
| Outsourcing of community services |
| Development of friendly, attractive business environment |
| Tourism | Arts and crafts |
| Eco tourism |
| Game hunting |
| Tourist product and service development |
| ***Source – Urban-Econ, 2003*** | |

By implementing the above and with well-managed and co-ordinated efforts, the development of the Pixley ka Seme region will be stimulated.

* + **Conclusion**

All strategic thrusts, programmes and projects, if implemented correctly and managed effectively, guarantee economic growth and development for the Pixley ka Seme District.

Institutional Arrangements

## There are five portfolio committees within Kareeberg Municipality, namely:

* Finance committee: 8 members;
* Administration and Personnel committee: 7 members;
* Social and Economic committee: 6 members;
* Technical committee: 6 members;
* Audit committee: 6 members.

## Supply chain management committee

The SCM committee comprises the following:

* HOD Finance department (Chairperson);
* HOD Administration;
* Deputy Municipal Manager.

## The following departments constitute Kareeberg Municipality:

* Finance department: 9 employees;
* Administrative department: 11 employees;
* Office of the deputy Municipal Manager: 53 employees;
* Office of the Municipal Manager: 2 employees plus 2 electoral officers.

There are also five (5) Community Development Workers operating within the Kareeberg Municipality. Kareeberg also has seven (7) councillors, four (4) female and three (3) male.

*Table 29:* **EMPLOYMENT PROFILE**

|  |  |  |  |
| --- | --- | --- | --- |
| **RACE** | **GENDER** |  |  |
|  | **Female** | **Male** | **TOTAL** |
| African | 0 | 1 | 1 |
| Coloured | 17 | 55 | 72 |
| Indian | 0 | 0 | 0 |
| White | 6 | 8 | 14 |
| **TOTAL** | **23** | **64** | **87** |

Possible Projects

## **Science tourism project**

## **Effluent re-use harvested from Carnarvon waste water treatment works**

## **Small stock and gene purification and commercialization**

## **Game farming and Hunting**

## **FET Training Centre**

1. Robinson, B, 1987. **Spatial Planning and “Rural Service Centre” in Southern Africa**. Africanus, Vol. 17, Issue 1, pp. 70-90. [↑](#footnote-ref-1)