

PART 2: WHERE ARE WE NOW?

2. SITUATIONAL ANALYSIS

2.1 Our people

According to the Census 2001 (SA Stats) the population for Eden District Municipality was approximately 455 000 persons. When compared with the 1996 results, a **19.39%** increase is evident. The district is predominantly urban with increased urbanization having taken place between the 2 census periods. There has been an increase of **39%** in urban population in this period in Eden District as a whole, compared to an increase of 19% in rural population. All the local municipalities except Oudtshoorn have shown a greater increase in urban as opposed to rural population.

Table 1: Population figures for Eden District

Name	Population		Urban		Rural		Households	
	1996	2001	1996	2001	1996	2001	1996	2001
Eden	381041	454923	71588	99555	16516	19758	88104	119309
Kannaland	21105	23971	1889	3218	2981	2850	4870	6071
Langeberg	38395	44114	6505	8796	3255	3712	9760	12510
Mossel Bay	59542	71493	13074	17727	2349	2334	15423	20059
George	107723	135409	23232	32681	2488	2844	25720	35520
Oudtshoorn	78846	84692	12977	14896	2757	3229	15734	18125
Bitou	18354	29183	3905	7478	1180	1285	5085	8763
Knysna	42975	51468	10006	13221	1506	1513	11512	14734

Source: Census 2001, SA Stats

The migration of people to the Eden district, and in particular to the coastal towns of Bitou, Knysna, George and Mossel Bay contributed to a population growth of **19%** from 1996 to 2001. Bitou experienced a **35%** growth during this period. As a result, 46% of the district population growth of **19%** represents people migrating to Eden that were unemployed. This places an enormous burden on the municipalities in terms of the supply of free basic services, housing and developmental planning issues. The practical application is that the infrastructural commitments of coastal towns are growing at a quicker pace than what budget increments allow. Coupled to this reality, one must be mindful of other social problems which are commonplace where basic human needs are not met. Presently, three of the five towns in the Western Cape Province with the highest incidence of HIV/Aids are within the boundaries of the Eden district.

Table 2: Population shifts for Eden District: 1996 - 2001

Name	Population 1996 – 2001 (%)	Urban Population 1996 – 2001	Rural Population 1996 – 2001	Households 1996- 2001
Eden	19.39	39.07	19.63	35.42
Kannaland	13.58	70.35	-4.39	24.66
Langeberg	14.90	35.22	14.04	28.18
Mossel Bay	20.07	35.59	-0.64	30.06
George	25.70	40.67	14.31	38.10
Oudtshoorn	7.14	14.79	17.12	15.20
Bitou	59.00	91.50	8.90	72.33
Knysna	19.76	32.13	0.46	27.99

Source: Census 2001, SA Stats

If the population growth over the five years preceding 2001 is linearly projected to the next five years, the Eden district should then be home to about 543 000 people in 2006. Given the economic unprecedented growth in the district over the last two years, it is expected that this figure will be surpassed.

The following table gives an indication of the progress which was made with regards to the delivery of basic services according to the census figures. There are, on average, high levels of services within the Eden District. Although there are slight variations found within the local municipal areas, they are not significant. The accuracy of these figures are however questionable.

Table3: Eden District Service levels for the core functions (percentage)

Name	Water		Sanitation		Refuse removal		Electric	
	1996	2001	1996	2001	1996	2001	1996	2001
Eden	91.0	95.8	73.3	81.8	75.4	81.2	77.5	84.5
Bitou	88.8	95.9	69.5	84.8	81.8	86.8	74.7	81.3
Knysna	90.6	96.5	63.7	70.5	67.4	92.1	68.5	80.5
George	94.4	94.4	85.4	83.9	90.1	87.1	83.4	86.6
Mossel Bay	94.9	97.3	89.3	92.3	87.6	90.2	88.4	90.9
Langeberg	89.8	96.7	73.5	87.5	65.3	71.5	74.6	86.3
Kannaland	83.4	93.9	57.2	71.1	53.4	59.2	72.1	81.4
Oudtshoorn	94.9	95.6	74.8	82.2	82.3	81.8	81.1	84.8

Source: Census 2001, SA Stats

According to the 2001 Census (SA Stats) Eden has a population of 454 923 of which **16.5%** is unemployed and **38%** economically inactive. Almost a third of the population is not functionally literate and has less than 7 years of schooling. About **12%** is dependent on social grants, and this translates into an astounding figure of **63 689** people receiving a monthly payout of **R31, 775,120 per month**. This statistics clearly illustrates the dire needs that are prevalent in our communities, and begs the question of what is and should be done to not only reduce poverty levels but eradicate the social evils that accompany it.

2.2 Our economy

During 2004 the Provincial Government of Local Government and Housing commissioned a study on the growth potential of towns within the Western Cape. This study was done as input for National and Provincial Spatial Development Plans. The aim of the study was the following: Non-metropolitan areas can be distinguished between a relatively small number of localities (towns) that have the economic potential to restructure and a significantly large number that are ultimately likely to decline, since they seem to possess limited resources to generate sustainable economic activity. It can be argued that spending by government is likely to be more effective and efficient if aligned with the primary social environmental and economic trends described in National Spatial Development Plan (NSDP).

The abovementioned argument is based on the understanding that economic growth is most likely to continue where it previously occurred, and therefore economic potential is highest in these localities. The approach of the NSDP seeks to focus the bulk of fixed investment of government on those areas with the potential for sustainable economic development. It can be shown that it is in these areas that the government's objectives of both promoting economic growth and alleviating poverty will be best.

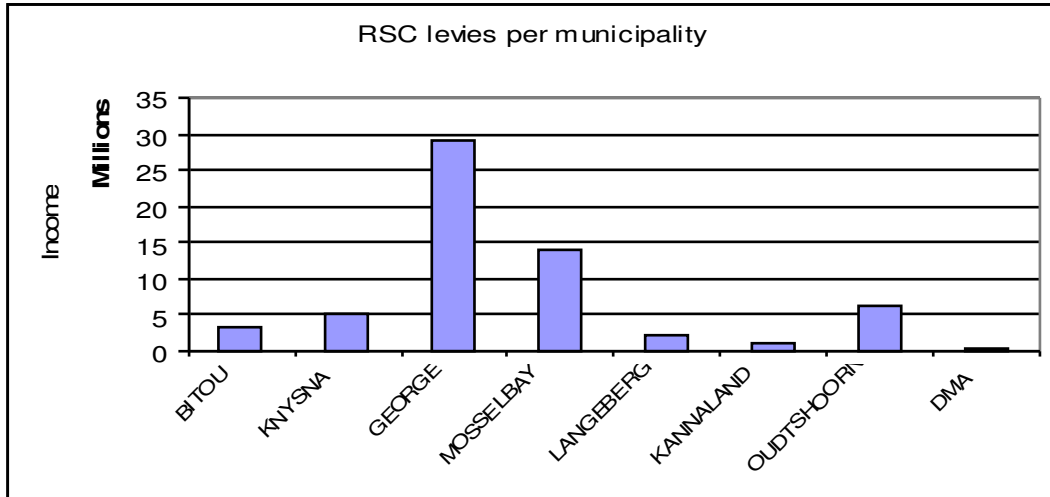
In areas of limited potential, it is recommended that, beyond a level of basic services to which all citizens are entitled, government should concentrate primarily on social investment.

The above is of particular significance for the Eden region because all the major towns within the region such as George, Mossel Bay, Knysna and Oudtshoorn were in the top ten of towns with the best growth potential in the Western Cape. This must be encouraging to the administrative and political leadership within the Eden region to work with the private sector and social partners to ensure that economic development is a central focus area of each municipality. It illustrates the need for the Eden District Municipality to build-up its capacity around LED to enhance, support, coordinate and guide B municipalities and private sector.

Economic activities in the Eden Region are clustered in an east to west axis through the George- and Mossel Bay municipal area's and on a north to south axis, through George and Oudtshoorn as the next graph, indicating levy income for the 2003/2004 year, shows. Together, George, Mossel Bay and Oudtshoorn contribute 80% of total

RSC levy income for the Eden District Municipality. Based on historical figures, it is clear that this tendency is growing.

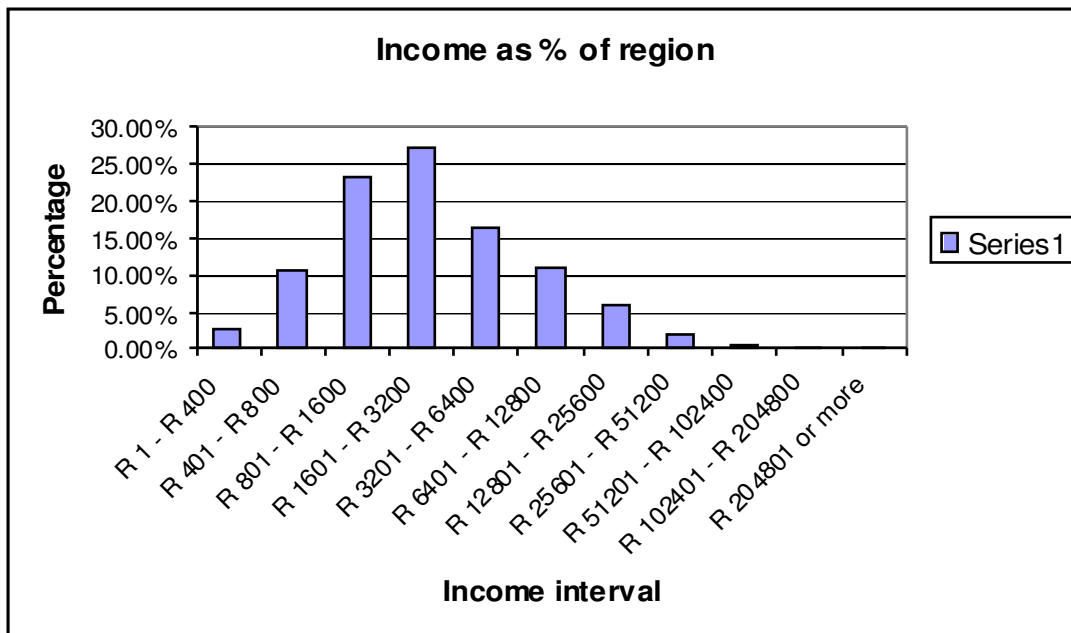
Table 4: RSC levies per municipality



Source: Census 2001, SA Stats

The district shows a massive disproportionate situation in respect of income as indicated below. The larger portion of the region's income domestic income falls within the R1600 to 3200 bracket.

Table 5: income as percentage of the region



➤ **Eden's Focus on First and Second economies :**

The First Economy:

"Our program for the coming year is premised on the broad objectives ...to increase investment in the economy, lower the cost of doing business, improve economic inclusion and provide the skills required by the economy."

The Second Economy:

"A critical element in assisting those in the Second Economy is provision of information, particularly regarding how they can access economic opportunities. In this regard, the targeted communication campaign on economic opportunities occupies a central place. We hope to partner the media, particularly the public broadcaster, to bring this information to many more people."

~ Extracts of Address of the President of South Africa, Thabo Mbeki, at the Second Joint sitting of the Third Democratic Parliament, Cape Town, 11 February 2005

During the recent LED Summit hosted by the Eden District Municipality extensive discussions were held regarding ways to address the disparities that exist between the first and second economy; the **First Economy** which is modern, integrated with the global economy and produces the bulk of the country's wealth and jobs; and the **Second Economy**, which constitutes the structural manifestation of poverty, underdevelopment and marginalization, not just in Eden but also the rest of the country. In light of the clear differences that exist between both these realities it was agreed that there is a need for integration and coordination between the two economies for following reasons:

- Transforming the Second Economy requires transfers from the first economy; and
- While the First Economy is unsustainable without the integration of the Second Economy, the First Economy must generate the resources that will make it possible to confront the challenges of the Second Economy

Some of the growth and development strategies (interventions) for the Second Economy below are ways that will ensure integration with the First Economy and include:

- Rural development and urban renewal
- Development of small and medium enterprises and co-operatives
- Black economic empowerment
- An expanded public works program
- Learnerships and internships for the unemployed
- Skills development programs
- Ensure the role-out of community development workers program.

The abovementioned is inline with national government thinking and the outcomes of the Local Economic Development (LED) summit where Eden District Municipality committed itself to strengthen the First Economy and along with the above-mentioned interventions ensure that the Second Economy benefits from its

expansion and in the process allow the marginalized section of the economy to become part of the main stream SA economy. Eden District municipality has shown clear and constructive leadership to ensure that the Second Economy remains part of its LED agenda.

➤ **Local Economic Development**

All over South Africa public awareness about the actual as well as potential of **local economic development** at municipal, district and broader regional levels is increasing, in direct reaction to grassroots challenges of job creation, poverty alleviation, black economic empowerment and the quest for greater social and economic justice and equity. The different urban and rural areas falling within the Eden District Municipality are no exception in this process of “awakening” to the challenges and opportunities of local economic development. The LED discussions in the afore mentioned development summit on which most of the findings in this section are focused, concentrated on five topical issues: Tourism, Agriculture, Infrastructure, Black Economic Empowerment and Small Business Development.

Eden region and its municipalities and communities have to grapple with serious development problems and concerns, including:

- relatively high levels of poverty and unemployment, in particular among the African communities,
- relatively slow progress with Black Economic Empowerment (BEE),
- the export-dampening impact of South Africa’s strengthened currency,
- escalating land prices which increase income and wealth inequalities and make supply of affordable housing more difficult,
- wide-spread discrepancies between the supply and demand of sector-specific labor skills and entrepreneurship,
- significant net immigration, combining an inflow of low-income African migrants from the Eastern Cape and high(er)-income retirement immigrants from the north.

An Eden Business Prospects conferences held in George (2002) and Knysna (2003) brought together some of the macro-statistics needed to place this region in provincial as well as national perspective. Unfortunately, this data as well as those contained in earlier Wesgro publications about the Eden Region are now dated. Rough estimates would suggest that the municipalities included in the EDM:

- have a total population of about 455 000 or 9,2 % of the Western Cape’s mid-2005 population of 4,9 million (or one per cent of South Africa’s population);
- had a joint Gross Regional Production (GRP) of about R14,1 billion in 2004, or 7,8 per cent of the Western Cape’s GRP of approx. R181 billion;
- currently (mid-2005) have a regional labor supply of about 186 000, of which about 145 000 are in formal or informal employment, and about 22 per cent or 41 000 are unemployed;
- over the 2004/05 year had an economic (GRP) growth of just above three per cent (real), which is slightly higher than the average for the Western Cape.

Looking at the structure of the Eden economy we note its broad sector base, the balanced spacing of larger as well as smaller towns across the region, its well developed transport and communications infrastructure (road, rail, air, sea, telecommunications), the strength of certain dynamic sectors (tourism, retirement settlements, agriculture, high-tech industry) and its strategic location along the coastal belt between the Western and Eastern Cape. In fact, the Eden is sometimes viewed as one of South Africa's most promising growth regions, with only a few parallels in the world.

➤ Sector challenges

As a reference framework for the summary of sector-specific recommendations from the break-away groups of the summit, *Table 6* presents an updated picture of the Eden's employment and value-added breakdown per sector, using conventional sector categories.

From the employment breakdown it is clear that agriculture and tourism are the two largest sectors (leaving aside the category "social, personal and community services", which includes a wide range of sub-sectors). The contribution of agriculture is even higher if we take into account that the processing of agricultural products (falling within manufacturing), the trade in agricultural commodities and even aspects like agri-tourism (falling within "tourism") can be linked to that sector. No wonder, therefore, that the relative share of agriculture-related economic activities in the Eden economy is often put as high as 25 per cent of value added and employment.

Table 6: Economic sectors contribution to GRP & Employment

Sectors	GRP %	Employment %
Agriculture, forestry, fishing	11.3	15.8
Mining, quarrying	0.2	0.1
Manufacturing	13.5	12.4
Construction, repairs	6.8	5.9
Electricity, water supply	2.6	0.9
Trade	10.5	13.6
Tourism (incl. catering & accommodation)	15.2	16.6
Transport, communications	8.2	6.5
Financial, property & business services	13.6	7.0
Social, personal and community services (incl. health, education, public administration)	18.1	21.2
	100.0	100.0
Aggregates for 2004	R14.1 billion	145000

** Informal sector activities included under the respective sectors. The breakdown by sectors is based on adjusted Wesgro estimates and should be regarded as preliminary "guesstimates" subject to more substantial research.*

2.2 Our environment

The environment, both naturally and human made, is widely accepted as one of the Eden region's most valuable assets, and many stakeholders – as it proved from the contentious debates during the Environmental Management and Spatial Planning summit- were concerned by the (seemingly) lack of integrated conservation and planning mechanisms to address and protect the environment for the benefit of all its inhabitants.

Some of the questions that came up were: What is the plan to utilize and protect *natural resources*, manage land resources and land development, and promote environmental protection for the long-term socio-economic development of communities in Eden? What is the *spatial development* logic in Eden? Do we acknowledge the poverty needs and development potential of the region? How do we *integrate our settlements* in post apartheid South Africa? What is the *strategic infrastructure* required in Eden? Are we clear on how the economic demands drive our infrastructure investment? What is the plan to extend basic infrastructure and services to all residents within Eden?

The studies that have been undertaken during the preparation of this document, as well as the Spatial Development Framework for Eden together with the IDP's of the Eden District Municipality (EDM) and the various local municipalities confirmed the following:

- a) The EDM comprises unique natural attributes that justify its status as a national asset.
- b) The natural environment and its resources of the EDM are sensitive and susceptible to over-exploitation or inappropriate use.
- c) The EDM supports viable economic sectors.
- d) The EDM comprises a significant cultural heritage.
- e) The EDM includes natural ecosystems and habitats that are of global importance.
- f) There is a substantial need for social upliftment and community development and empowerment.
- g) Priority should be given to issues such as rural development, land reform, environmental conservation, statistics, a regional dumping site, economic development, tourism, roads and infrastructure (N2), golf estates and the use of agricultural land for non-agricultural purposes. These aspects should be addressed on a district level.
- h) There is a general lack of co-ordination of development and land use on a bioregional level, which emphasises the need for an integrated planning framework, within which government, community, corporate, and other private interests, would share responsibility for co-ordinating land-use planning for both public and private.

To address these and many other environmental concerns the adoption and implementation of bioregional planning principles, sustainable development planning principles (in lieu of the impending adoption of a Sustainable Development Implementation Plan for the Western Cape) and Local Agenda 21 programs is and should be incorporated into our development strategies. This together with the

recommendations made by the Environmental task team & summit participants (in an attempt to review and refine the SDF) should be seen as the critical starting point in linking the IDP and the SDF. See Annexure 4: Application of bioregional planning in the preparation of IDP's and SDF's (Source: Bioregional Planning Manual, PGWC, 2003).

2.4 Our government

The South African Constitution (RSA 1996), the first fully democratic local government elections in December 2000 and the evolving policy environment have ushered in a new municipal structure and system of allocation of powers and functions to national, provincial and local government. Emphasis is placed on local government for the coordinated implementation of state programs. National and provincial spheres "must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions" (RSA 1996, 154(1)).

In a developmental state like South Africa local government is expected to be the coordinating and stimulating driver for local and regional development. With the current focus of the Presidency on strengthening performance of the State through greater harmonization and alignment of IDP's, Provincial Growth Development Strategies and the National Spatial Development Perspective, the latest IDP Review document of the EDEN District Municipality is one mechanism aimed at promoting intergovernmental relations and regional management. The aim is to lay the platform for improved coordinated planning and action across the spheres of government and alignment of local development functions with national and provincial legislation and policy, plans and programs. In pursuing the achievement of shared developmental objectives and cooperative governance, the national and provincial spheres will, in turn, be required to seriously consider district and local plans and programs, extend support and assistance to municipalities, and enable the involvement of local government in any plans and policies which affect municipalities across the EDEN district.

The current move by national government to create a unitary Public Service Sector, which is already underpinned by a draft Municipal Service Bill governing conditions of employment of municipal employees, could be implemented as soon as 2006. The sum total of this initiative is to govern the conditions of service of municipal employees, redeployment, conditions of service, capacity development, etc. The background to this dispensation is disparate employment conditions and uneven capacity levels within local government. This initiative could also lay the ground for a human resource section of a Metro municipality for the whole Eden District.