Western Cape Government
Provincial Treasury

Municipal Economic Review and Outlook

2019

SUMMARY

Cape Metro

Regional economic review and outlook

The Cape Metro economy was estimated at R407.3 billion (in current prices), contributing 71.7 per cent to the Province's GDPR in 2017. The economy grew at an average annual rate of 1.9 per cent between 2008 and 2017, which is not significantly lower than the growth rate of the Western Cape province (of 2 per cent) in the same period. During the ten-year period, the local economy contracted in 2009 in line with the aftermath of the global financial crises and domestic electricity shortages which affected its growth potential. More recently, it is estimated that the Cape Metro's economy grew at 1.0 per cent in 2018 which is a slow growth rate than in previous years. If this persists, it is likely that the Metro's economy may stagnate.

Regarding sectoral contribution to GDPR, the tertiary sector accounts for the largest share as it contributes 74.9 per cent of the area's GDPR. This is followed by the secondary sector (23.4 per cent) and the primary sector accounts for the remaining share of 1.8 per cent. The contribution to employment by the sectors coincides with the contribution to GDPR, where the tertiary, secondary, and primary sectors accounted for 79.2 per cent, 18.0 per cent, and 2.8 per cent to employment generation respectively. This suggests the correlation that may exist between contribution to labour absorption and contribution to GDPR among the sectors, on average.

The trend in employment generation followed the growth trajectory of the Cape Metro area. For instance, the contraction in economic activities in 2009 resulted in the highest number of job losses in the same year, within the analysed period. Job losses continued in 2010, which is plausibly linked to the prolonged industrial strike actions that took place in the economy. It is also worth mentioning that a greater proportion of the working persons in the Cape Metro area are semi-skilled (48.1 per cent, followed), followed by skilled people (31.0 per cent). Labourers who are considered low-skilled account for 20.9 per cent of the working persons. Consequently, most of the employment opportunities that were created over the years were linked to the demand for semi-skilled and skilled persons. Furthermore, the community, social and personal services sector employs most of the low-skilled persons, while a greater proportion of the skilled persons are absorbed by the general government sector and the finance, insurance, real estate and business services sector.

Trade and Tourism

The economy of the Cape Metro area has a low level of specialisation in the agriculture, forestry, and fishing and mining and quarrying sectors. This means that, specifically in these sectors, the local needs of the District are partially being met by importing from neighbouring Districts, provinces or trading partners. This also coincides with the fact that the two sectors had the lowest contribution to GDPR of the Cape Metro area.

Throughout the years, the economy of the Cape Metro has incurred negative trade balances, and these have been mainly driven by imports of petroleum products. The need for machinery and electrical equipment has also resulted in a deficit in the manufacturing sector. However, the agriculture, forestry and fishing sector has achieved a surplus over the

years through the export of mainly citrus fruits, apples, pears, and grapes to the trading partners within and outside Africa.

The Cape Metro area is the tourism hub of the Western Cape, acting as a catalyst for the other regions such as the Cape Winelands, West Coast and Overberg Districts. The Province should leverage the international tourism destination status to motivate inter-regional exploration to build tourism's profile as an economic driver throughout the Western Cape Province. Further, this status brings forth foreign investment and exports to the region which exponentially grows the economy of the Province.

Municipal socio-economic analysis

Indicator	Cape Metro
Expected Population growth (2020 - 2024): WC DSD	2.0
Average GDPR per capita growth (2008 - 2017): Quantec	-0.6
Average household income (2017): Quantec/Urban-Econ	R20 327.0
Gini coefficients (2017 - 2018): Global Insights	Increase
Human Development Index (2017 - 2018): Global Insights	Increase
Learner enrolment (2017 - 2018): WCED	Increase
Gr 10-12 retention rate (2017 - 2018): WCED	Decrease
Matric pass rate (2017 - 2018): WCED	Decrease
Informal settlements (2018): Quantec	238 814
Access to basic services (2017 - 2018): Stats SA	Increase
Access to free basic services (2017 - 2018): Stats SA	Decrease

The Cape Metro area is expected to have a population growth rate of 2 per cent per annum up to 2024. This growth rate is largely influenced by rapid urbanisation and due to the sluggish economic growth rate, resulting in a marginal contraction in GDPR per capita in 2018. Households in the Cape Metro area have the highest average household income in the Province, although, it is estimated that household income declined marginally over the last decade, by an average annual rate of 0.2 per cent. Despite the slow decline in household income, living conditions for households in the Cape Metro area are slowly increasing as seen from the increased HDI. However, rising crime levels and the large proportion of informal settlements in the Cape Metro area illustrates that there is a need for economic and social interventions within some areas of the Cape Metro.

West Coast District

Regional economic review and outlook

With a value of R29.8 billion in 2017, the economy of the WCD contributed 5.2 per cent to the Western Cape Province's total GDPR. Economic activity in the WCD is mainly concentrated in the Saldanha Bay and Swartland municipal areas. Between 2008 and 2017, the WCD achieved average annual growth rates of 2.4 per cent, which was higher than that of the Provincial economy. Estimates for 2018 indicate that GDPR growth slowed to 0.9 per cent in 2018, which was mainly due to the contraction of 0.9 per cent in the Saldanha Bay municipal area.

In terms of collective sectoral performance, the tertiary sector was the main driver of GDPR in the region in 2017. However, in terms of individual sectors, the manufacturing and agriculture, forestry and fishing sectors contributed the most to GDPR in the region in 2017, with a contribution of 21.4 per cent and 20.9 per cent respectively. The agriculture, forestry and fishing sector was also the main source of employment in the region in 2017. However, between 2008 and 2017, a net decline in employment was experienced in this sector, significantly affecting overall employment in the region. In 2018, an estimated net of 1 202 jobs was created which, due to a further decline in the agriculture, forestry and fishing sector, was largely driven by employment opportunities in the tertiary sector. Due to the WCD's reliance on the agricultural sector in terms of both output and employment, the severe drought experienced in the WCD has greatly affected both the performance of this sector and its subsequent ability to create employment opportunities.

While the WCD is expected to continue experiencing tepid GDPR growth rates in 2019, five-year forecasts indicate that improvements are to be expected in 2020. Between 2019 and 2023, the WCD is expected to achieve an average annual growth rate of 3.1 per cent. The main driver of this growth is expected to be the agriculture, forestry and fishing sector, with annual average growth rates of 5.5 per cent, as well as the manufacturing and community, social and personal services sector, with growth of 3.8 per cent and 3.7 per cent respectively.

Sectoral growth, employment and skills per municipal area

Across municipal areas in the WCD, estimates for 2018 indicate sluggish growth rates, with the Saldanha Bay and Matzikama Bay municipal areas experiencing contractions during the year. With an estimated growth rate of 1.1 per cent in 2018, the Swartland municipal area achieved the highest growth rate in the WCD, which is an indication of the stagnancy experienced in the WCD as a whole.

The main driver of economic activity in the Saldanha Bay and Swartland municipal areas – the largest contributors to GDPR – is the manufacturing sector, followed by the agriculture, forestry and fishing sector. The Matzikama, Bergrivier and Cederberg municipal areas are predominantly reliant on the agriculture, forestry and fishing sector for economic activity. Due to the severe drought experienced in the WCD, the performance of the agriculture,

forestry and fishing sector has been significantly affected, leading to contractions in this sector across municipal areas.

In all municipal areas, the main contributor to employment is the agriculture, forestry and fishing sector. Given the net declines in employment in this sector between 2008 and 2017, employment opportunities have been subdued. However, estimates for 2018 indicate that four of the five municipal areas experienced a net increase in employment in 2018, with the Bergrivier municipal area experiencing a net decline of 12 jobs. As the agriculture, forestry and fishing sector continued to shed jobs in 2018 due to the poor performance of this sector, the net increase is largely due to job opportunities in the tertiary sector. However, given that the workforce in the WCD is predominantly low-skilled, the contractions in employment in the agriculture, forestry and fishing sector are concerning.

Trade and Tourism

The trade balance in the WCD has been positive for each year between 2007 and 2018, mainly due to the trade surpluses in the manufacturing and the agriculture, forestry and fishing sectors. In 2018, the trade surplus in the WCD was the highest since 2007 due to year-on-year increases in the manufacturing sector's trade surplus.

Imports into the WCD were valued at R3.7 billion in 2018. Some of the main imports into the region were iron ores, mineral fuels and electrical machinery, which were mostly imported into the Saldanha Bay municipal area. Exports from the WCD were valued at R8.0 million. In 2018, the main exported goods from the WCD were iron and steel products, which accounted for 68.4 per cent of total export revenue. Other important exports from the region during the year were citrus fruit and wine from fresh grapes.

In terms of output, there are three main industries in the WCD: agro-processing, agriculture, and wholesale and retail trade, catering and accommodation. The interlinkages between these sectors necessitate links between these industries, including the physical links are maintained and developed to ensure productivity is maintained in the WCD's economy.

There have been two investments into the WCD between 2013 and 2017 which brought USD930.0 million into the region and created 68 employment opportunities. The two industries which received investment were the oil and gas industry and the agro-processing industry, with the former accounting for USD885.0 million.

The only municipal area which registered year-on-year trade deficits over the period was the Swartland municipal area. The trade deficits in the Swartland municipal area were mainly due to the importation of a high number of manufacturing goods. The Saldanha Bay municipal area maintained a positive trade balance due to the high revenue generated by the manufacturing sector, from which most of the WCD's iron and steel products stem from. The Matzikama municipal area was largely dependent on agro-processing for its positive trade balance. Some of the main exports from this area are wine from fresh grapes. The Bergrivier and Cederberg municipal areas are largely dependent on the agriculture, forestry and fishing sector for the export revenue. Some of the main imports from these regions in 2018 were fish and citrus fruit.

The WCD provides ample opportunity for people to relax and enjoy the smaller things in life. It is an incredibly unique destination with offerings found nowhere else, except on the south-western coast of Southern Africa. The area still has a lot of potential to grow and diversify in the tourism stay; nonetheless, its raw beauty is its strongest selling point.

Municipal socio-economic analysis

Indicator	West Coast District	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland
Expected Population growth (2020 - 2024): WC DSD	1.5	1.0	1.2	1.7	1.7	1.8
Average GDPR per capita growth (2008 - 2017): Quantec	0.1	0.1	1.5	0.9	-0.6	-0.2
Average household income (2017): Quantec/Urban-Econ	R14 056.0	R12 800.0	R12 736.0	R13 819.0	R14 698.0	R15 023.0
Gini coefficients (2017 - 2018): HIS Markit	Increase	Increase	Increase	Increase	Increase	Increase
Human Development Index (2017 - 2018): HIS Markit	Increase	Increase	Increase	Increase	Increase	Increase
Learner enrolment (2017 - 2018): WCED	-	Increase	Increase	Decrease	Increase	Increase
Gr 10-12 retention rate (2017 - 2018): WCED	-	Increase	Increase	Decrease	Decrease	Decrease
Matric pass rate (2017 - 2018): WCED	-	Decrease	Decrease	Decrease	Decrease	Increase
Informal settlements (2018): Quantec/Urban-Econ	12 154	1 927	1 700	633	5 686	2 209
Access to basic services (2017 - 2018): Stats SA	Increase	Increase	Increase	Increase	Increase	Increase
Access to free basic services (2017 - 2018): Stats SA	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

The Swartland municipal area has the largest population in the WCD while the Saldanha Bay municipal area has the greatest number of households – highlighting that the Saldanha Bay municipal area is attracting smaller or single-person households. It is expected that these two municipal areas will gain the greatest number of people in the next 5 years, compared to other municipal areas in the District.

Due to the fast population growth and sluggish economic growth, these two municipal areas are experiencing, on average, an annual decline in GDPR per capita. The Bergrivier municipal area had the highest growth in GDPR per capita over the last decade at 1.5 per cent. On average, the average household income has not increased in the District over the last decade, however, the HDI has improved indicating that despite challenging economic conditions and rising unemployment, living standards are improving.

In the WCD learner enrolment is increasing, however, matric pass rate declined in 2018 in all municipal areas, except Swartland which can create challenges for employment creation as local industries are increasingly demanding better-skilled labour.

Cape Winelands District

Regional economic review and outlook

The economy of the CWD was valued at R65.3 billion in current prices in 2017, which was a contribution of 11.5 per cent to the GDPR of the Western Cape Province. Between 2008 and 2017, the size of the CWD's economy increased at an average rate of 2.4 per cent, which is above the growth rate of the Western Cape Province (2.0 per cent) over the same period. The performance of the District is attributable to above-average growth rates achieved by the Witzenberg, Breede Valley and Langeberg municipal areas of 4.5 per cent, 2.5 per cent and 2.4 per cent, respectively. However, the economies of the aforementioned municipal areas were growing from a smaller base, relative to the size of the Drakenstein and Stellenbosch municipal areas. The economies of Drakenstein and Stellenbosch municipal areas collectively accounted for 56.7 per cent of the GDPR. In 2018, it is estimated that the growth rate of the District was on par with that of the Western Cape Province, of 0.9 per cent.

With respect to sectoral performance, the tertiary sector contributed 65.6 per cent to the District's GDPR in 2017. The finance, insurance, real estate and business services sector, followed by the wholesale and retail trade, catering and accommodation sector, accounted for a significant share of the GDPR contribution within the tertiary sector. These two sectors also employed the greatest number of persons within the tertiary sector in 2017.

While the agriculture, forestry and fishing sector is the predominant contributor to employment, this sector experienced net job losses over the reference period. The discussion highlighted the global financial crises and domestic electricity shortages of 2008 as the contributing factors which led to a decline in labour absorption rate and job losses between 2008 and 2010. Though employment opportunities were created thereafter, since 2015, the persistent drought is amongst factors that constrained the potential of the District to create more jobs, particularly in agricultural activities.

Sectoral growth, employment and skills per municipal area

Considering the contribution to GDPR and employment, the Drakenstein municipal area, followed by Stellenbosch municipal area, were the largest economies in the District. The economy derives much of its GDPR from the service industries – namely, the finance, insurance, real estate and business services and the wholesale and retail trade, catering and accommodation sectors in particular. From an employment perspective, the agriculture, forestry and fishing sector is key as it makes a higher contribution to employment creation relative to its contribution to GDPR. However, there are certain sectors, such as the transport, storage and communication, electricity, gas and water, and manufacturing sectors, which are more capital-intensive, as their contribution to employment is small relative to their share of GDPR.

Over the reference period, job losses were mainly experienced between 2008 and 2010. This is attributable to the changes in the macro-economic environment as a result of the global financial crisis and electricity shortages, which also had a negative impact on the District's economy. During this period, low-skilled persons were the most vulnerable persons to job shedding. The trend in employment creation improved somewhat from 2011, although the demand for low-skilled workers was more volatile compared to the demand for labourers who are classified as semi-skilled or skilled.

With the exception of the Stellenbosch and Drakenstein municipal areas, on average, a larger proportion of persons employed in the CWD are low-skilled. Most of the low-skilled persons are employed in the agriculture, forestry and fishing sector, followed by the community, social and personal services sector. It follows that the agriculture, forestry and fishing sector faces the greatest challenges in retaining most of its employees (especially the low-skilled persons) during periods of economic slowdown. A substantial proportion of skilled workers are absorbed primarily by the general government sector and the finance, insurance, real estate and business service sectors.

The analysis of the building plans passed and completed showed that the purchasing power of households was the main driver of economic activity, as most of the building plans passed and completed were attributable to building plans for residential buildings. Households in the Breede Valley municipal area had a higher demand for additions and alterations compared to building new houses. This is, however, different from what has been observed in the Stellenbosch municipal area. Although there was an equal demand for building plans passed for both residential buildings, and additions and alterations, the building plans actually completed were mostly for residential buildings in the Stellenbosch municipal area.

Trade and Tourism

The local trade dynamics illustrate the key role played by the agriculture, forestry and fishing sector in the District. This is because its computed location quotient is relatively high in terms of both GDPR and employment creation.

The importance of agriculture-related activities is also demonstrated by product categories that dominate the export market in the CWD. Firstly, 85.4 per cent of the output from the agriculture, forestry and fishing sector is exported. Secondly, part of the agricultural produce is channelled to the manufacturing sector, which is further processed to produce food and beverages such as wine, juices and sauces. Subsequently, part of the processed goods, such as food and beverages, are traded internationally to generate export revenue. This illustrates the need to protect and strengthen the institutional capacity of the agriculture, forestry and fishing sector not only to augment the number of persons employed, but also to sustain its contribution in providing raw materials for local processing and export revenue generation.

Petroleum products (petroleum oils and oils obtained from bituminous and crude) are the key commodities imported into the District, which mainly sourced from Saudi Arabia, Nigeria and Angola. These commodities are vital as inputs in the transport, construction and agricultural sector.

The economy of the CWD has exhibited a general trend of having a negative trade balance. The largest trade balance over the reference period – R41.9 billion – was registered in 2008, during which the contribution to the positive trade balance by the manufacturing and agriculture, forestry and fishing sectors could not offset the Districts' demand for petroleum products. Despite experiencing a trade surplus in 2017, the CWD incurred a trade deficit of R7.9 billion in 2018

The visitor economy plays an integral part of tourism in the CWD. International visitors are able to contribute more to the tourism sector due to their spending power, larger groups and ability to spend more time partaking in tourist activities, but domestic visitors have a more widespread geographical and seasonal impact. Overall, while tourism is not a primary export for the area since agriculture forms its economic basis, the tourism sector remains a key part of the region's economy which creates jobs and entrepreneurial opportunities through the sustainable use of natural and cultural resources. The area also forms part of Cape Town's destination identity and is one of the main attractions in the Western Cape Province.

Municipal socio-economic analysis

Indicator	Cape Winelands	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg
Expected Population growth (2020 - 2024): WC DSD	2.0	2.4	1.9	2.3	1.6	2.1
Average GDPR per capita growth (2008 - 2017): Quantec	0.1	1.9	-0.4	-0.5	0.5	0.6
Average household income (2017): Quantec/Urban-Econ	R16 350.0	R15 942.0	R18 342.0	R18 256.0	R14 292.0	R12 783.0
Gini coefficients (2017 - 2018): Global Insights	Increase	Increase	Increase	Decrease	Increase	Increase
Human Development Index (2017 - 2018): Global Insights	Increase	Increase	Increase	Increase	Increase	Increase
Learner enrolment (2017 - 2018): WCED	-	Increase	Increase	Increase	Increase	Increase
Gr 10 - 12 retention rate (2017 - 2018): WCED	-	Decrease	Increase	Decrease	Decrease	Decrease
Matric pass rate (2017 - 2018): WCED	-	Increase	Decrease	Decrease	Decrease	Decrease
Informal settlements (2018): Quantec/Urban-Econ	34 034	3 415	8 576	10 379	9 378	2 286
Access to basic services (2017 - 2018): Stats SA	Increase	Increase	Increase	Increase	Increase	Increase
Access to free basic services (2017 - 2018): Stats SA	Decrease	Decrease	Decrease	Increase	Increase	Decrease

The Drakenstein and Stellenbosch municipal areas have the largest population. These municipal areas are expected to have the largest increase in household numbers between 2019 and 2024 relative to other municipal areas in the District.

Households in these municipal areas typically earn higher average levels of income, which is in line with the larger economies of these two municipal areas. However, on average, the

average household income in the Drakenstein and Stellenbosch municipal areas have marginally declined over the last decade at an average annual rate of 0.5 per cent and 0.1 per cent respectively. The average income of households in the Witzenberg and Langeberg municipal areas have slowly increased, at an average annual rate of 1.5 per cent and 0.7 per cent respectively. Income inequality in the District is slowing increasing, except in the Stellenbosch municipal area.

Barring the Witzenberg municipal area, there has been a decline in the matric pass rates across municipal areas in the CWD. This may contribute to unemployment rates in the future, as semi-skilled and skilled labour are more likely to be employed than low-skilled labour.

Overberg District

Regional economic review and outlook

In 2017, the economy of the OD was valued at R19.9 billion in current prices. This accounts for 3.5 per cent of the value of the Western Cape's economy. Between 2008 and 2017, the OD's economy has grown at 2.8 per cent, 0.8 percentage points higher than the Western Cape's GDPR growth of 2.0 per cent. The Theewaterskloof and Overstrand municipal economies are the largest in terms of GDPR, representing 41.0 per cent and 31.2 per cent of the OD's economy. While all municipal areas grew faster than the average of the Western Cape, Theewaterskloof and Swellendam grew the fastest over the ten-year period, with average growth rates of 3.3 and 3.6 per cent. Overstrand and Cape Agulhas grew at 2.1 per cent and 2.5 per cent. The OD's economy has proved partially resilient to macro-economic factors that have affected the greater Western Cape. In 2018, the OD's economy GDPR growth is estimated to slow to 0.8 per cent. However, this is forecast to be 1.5 per cent in 2019 and 2.5 per cent in 2020.

Regarding OD's sectoral performance, the tertiary sector remains the biggest sector in the OD by economic value, representing 65.4 per cent of the OD's economy. It is estimated to have grown by 1.5 per cent in 2018, a slowdown from 2017, despite wholesale and retail trade, catering and accommodation estimated to have a higher growth rate than in 2017. The primary sector is estimated to have continued decreasing in size in 2018 with an estimated contraction of 4.8 per cent. The best performing sector for 2018 is estimated to be the smallest sector of the OD's economy, the secondary sector, in which manufacturing is estimated to have grown by 3.4 per cent.

The OD's economy employed 129 370 people in 2017 which constitutes 5.1 per cent of the number of people employed in the Western Cape. In line with the value of the municipal areas, Theewaterskloof and Overstrand employed the most people within the OD with 46.8 and 27.7 per cent respectively. Notably, the smaller regions are creating more jobs relative to their size. The Overstrand, Cape Agulhas, and Swellendam municipal areas created 14.4 per cent, 14.5 per cent, and 14.9 per cent of their jobs in the ten-year period under investigation, compared to Theewaterskloof which created 8.5 per cent of its total number of jobs over the same period.

In terms of employment by sector, the OD's tertiary sector employed 82 406 people in 2017, the most of any sector. The most labour-intensive sector of the OD's economy remains the primary sector, which employed 21.6 per cent of the employees in the OD yet contributed 11.2 per cent to GDPR. In the last ten-year period, the primary sector has shed 11 830 jobs, a decline of 29.7 per cent. However, it is estimated to have only lost 679 jobs in 2018, which is less than it shed in 2017. Overall the OD's economy is estimated to have increased the number of people employed by 1 978 in 2018, with the secondary and tertiary sector making up for the loss within the primary sector.

Sectoral growth, employment and skills per municipal area

The economies of the Theewaterskloof and Overstrand municipal areas dominate the district in terms of GDPR contribution, but they differ considerably in terms of what sectors drive economic growth and how this growth translates into the demand and supply of employment and skills. Similarly, the two smaller municipal areas of Cape Agulhas and Swellendam also differ based on what drives their GDP growth and how this translates into employment opportunities.

Theewaterskloof's economy is the biggest economy in 2017 with a GDPR of R8.2 billion, compared to the second biggest economy in the OD, Overstrand, which was valued at R6.2 billion. GDPR growth in Theewaterskloof is driven by the tertiary sector which accounts for 59.7 per cent of the economic value and 56.5 per cent of the people employed. This sector continues to perform consistently despite tough economic conditions in the District. Of greater concern, however, is the labour-intensive primary economy. The agriculture, forestry and fishing sector employs 29.5 per cent of the number of people employed. This sector has lost 8 170 jobs (34.4 per cent) over the ten-year period between 2008 and 2017. Furthermore, the sector's GDPR is estimated to have contracted by 4.18 per cent in 2018 and to have lost a further 486 jobs. The most vulnerable to this contraction are low-skilled employees who account for 76.7 per cent of those employed in the agriculture, forestry and fishing sector.

In contrast, Overstrand's economy is less dependent on the primary sector for employment. In 2017, at R6.2 billion, it is the second biggest economy in terms of GDPR and employment at 35 838 jobs. The GDPR growth driver within Overstrand is the tertiary sector. The wholesale and retail trade, catering and accommodation sector contributes 19.5 per cent to GDPR and 26.6 per cent to employment, and the finance, insurance, real estate and business services sector contributes 23.7 per cent to GDPR and 17.0 per cent to employment. Within Overstrand, historically, semi-skilled employment demand has proved as volatile as low-skilled employment demand. Yet, in 2018, it is estimated that tertiary sector GDPR growth (0.5 per cent) and increases in employment (442 jobs) will be above the average of Overstrand and so the demand for semi-skilled workers should remain constant.

The composition of Cape Agulhas' economy is similar to that of Overstrand despite being considerably smaller (R3.0 billion in 2017 with 15 710 employed). The driver of GDPR growth and employment is the tertiary sector. The wholesale and retail trade, catering and accommodation sector account for 22.3 per cent of GDPR and 27.1 per cent of employment, and finance, insurance, real estate and business services account for 19.5 per cent of GDPR and 16.0 per cent of employment. The GDPR growth rate is expected to grow at 0.8 per cent which is attributable to the finance, insurance, real estate and business services sector (2.6 per cent), offsetting a 4.6 per cent contraction in the agriculture, forestry and fishing sector. A contraction in the agriculture, forestry and fishing sector has manifested in a higher demand for semi-skilled employment by the tertiary sector and a lower demand for low-skilled employment by the primary sector. Over a ten-year period, agriculture, forestry and fishing have lost 27.5 per cent of their 2008 employment and tertiary sector employment has grown by 34.3 per cent.

The economy of the Swellendam municipal area is the smallest with a GDPR of R2.6 billion rand in 2017, current prices, yet the third largest by employment with 17 262 employees. Like Theewaterskloof, its economy is driven by both the primary sector and the tertiary sector. The tertiary sector is the biggest by value, 70.7 per cent, and employment, 68.0 per cent. Of concern is the slowdown in the labour-intensive agriculture, forestry and fishing sector which employs 21.2 per cent of those employed, 75.3 per cent of whom are low-skilled. Despite GDPR growth in the primary sector at 2.1 per cent for the ten-year period, the sector lost 31.1 per cent jobs in the same period. This slowdown is translating into lower demand for low-skilled workers and higher demand for semi-skilled workers. Semi-skilled workers are in demand within the tertiary sector which, with a GDPR growth rate of 2.6 per cent, is growing faster than Swellendam at 1.8 per cent.

Trade and Tourism

The economy of the OD benefits significantly through exporting agricultural, forestry and fishing goods and manufacturing goods. In 2018, the District recorded a trade surplus of R1.9 billion. Furthermore, the District has consistently recorded a trade surplus of R1.0 billion or more since 2011. Despite difficult economic conditions in the Province and country in 2017, OD's economy still recorded a trade surplus of R1.0 billion. The agriculture, forestry and fishing sector is the dominant exporting sector, with 55.5 per cent of export revenue accruing from the export of agriculture, forestry and fishing goods and 43.9 per cent accruing from manufactured goods.

In 2018, 89.4 per cent of OD's imports were manufacturing goods. A large proportion of these goods are related to agriculture, such as agricultural machinery and plastics used for the conveyance of goods. The most valuable import into OD, however, was armoured vehicles. Other important importing markets for OD's economy are Poland, France, China and Canada, constituting a diverse set of markets that provide a measure of resilience against macro-economic shocks.

Exported goods are predominantly sourced from the agriculture, forestry and fishing sector and exported to Europe. The main products that were exported in 2018 were edible fruit, nuts and peel of citrus fruit or melons. These products formed 39.8 per cent of total exports in 2018 and are thus a key industry in the OD. The Netherlands and the United Kingdom form the main export markets of these products. Other exported products were molluscs and abalone which are mainly exported to Hong Kong and Singapore.

The OD is truly a gem for the Western Cape and highly attractive for both domestic and international visitors. There is an opportunity to motivate longer stays with a diversified offering and branding the region as a primary destination and not just a secondary attraction on route to Cape Town or the Garden Route. The history and natural features of the region hold great potential to develop tourism in terms of marine and coastal tourism, culture and heritage and even agri-tourism

Municipal socio-economic analysis

Indicator	Overberg	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam
Expected Population growth (2020 - 2024): WC DSD	1.6	0.9	2.8	0.8	1.0
Average GDPR per capita growth (2008 - 2017): Quantec	0.5	1.3	-0.7	0.3	1.2
Average household income growth (2008 - 2007): Quantec/Urban-Econ	0.0	0.3	0.4	0.3	0.6
Gini coefficients trend (2012 - 2018): Global Insights	Increase	Increase	Increase	Increase	Increase
Human Development Index trend (2012 - 2018): Global Insights	Increase	Increase	Increase	Increase	Increase
Learner enrolment (2017 - 2018): WCED	-	Increase	Increase	Increase	Increase
Grade 10 - 12 retention rate (2017 - 2018): WCED	-	Increase	Decrease	Decrease	Increase
Matric pass rate (2017 - 2018): WCED	-	Decrease	Decrease	Increase	Decrease
Informal settlements (2018): Quantec/Urban-Econ	12 534	5 245	4 930	1 319	1 041
Access to basic services (2017 - 2018): Stats SA	Increase	Increase	Increase	No change	Increase
Access to free basic services (2017 - 2018): Stats SA	Decrease	Decrease	Decrease	Decrease	Increase

It is expected that the population in the OD will increase by 1.6 per cent over the next five years - population growth is the largest in the Overstrand municipal area. The fast-growing population in the Overstrand municipal area has resulted in a contraction in the GDPR per capita over the last decade, as economic growth has remained tepid.

Despite the contracting GDPR per capita, the HDI is improving in the Overstrand municipal area, as well as in the other municipal areas of the OD - highlighting that the standard of living is increasing for households across the District despite the poor economic conditions. This can be as a result of increased access to electricity, water, sanitation, waste removal and health services across the District. Despite an increase in learner enrolment, Grade 10 to 12 retention rates as well as matric pass rates are declining in most municipal areas, which can contribute to the rising trends in unemployment and low-skilled labour pool.

Garden Route District

Regional economic review and outlook

The economy of the GRD, which was valued at R43.2 billion in 2017, accounted for 7.6 per cent of the Western Cape Province's GDPR. The economy in the District grew at rates above that of the provincial economy between 2008 and 2017, with an average annual growth rate of 2.3 per cent. The main driver of GDPR in the GRD is the George municipal area - with a value of R17.2 billion in 2017, the municipal area contributed 39.8 per cent to the District's overall GDPR. The George municipal region also experienced the highest growth rates of all municipal regions in the District between 2008 and 2017, with an annual average growth rate of 2.7 per cent. Overall, five of the Garden Route's municipal area's achieved average GDPR growth rates higher than that of the Western Cape Province economy as a whole.

Sectoral performance in the GRD was dominated by the tertiary sector, wherein finance, insurance, real estate and business services was the leading contributor to GDPR in all seven of the municipal areas in the region, with an average annual growth rate of 3.7 per cent. The growth rates experienced in the tertiary sector were the highest in the region, followed by the primary sector, in particular by the agriculture, forestry and fishing sector. Estimates for 2018 indicate that while the economy of the GRD has slowed to 0.8 per cent in 2018, the tertiary sector remains the strongest source of growth with a growth rate of 1.5 per cent estimated for the year.

The net job creation between 2008 and 2017 in the GRD was 25 650 jobs. The George municipal area, with a net of 11 573 jobs created over the period, was by far the largest source of employment opportunities in the region. Estimates for 2018 indicate that job creation has slowed in 2018 in contrast to the average in the previous decade, with an estimated 2 242 jobs created during the year.

In line with GDPR contribution, the tertiary sector is also the leading source of employment in the GRD, accounting for 161 898 of the 226 789 jobs as of 2017. Conversely to GDPR, however, the main driver of employment in the region is the wholesale and retail trade, catering and accommodation sector, which employed 55 985 people in 2017. Estimates for 2018 indicate that job creation in this sector has dampened, while the leading source of GDPR - finance, insurance, real estate and business services – is estimated to be the main source of job creation in 2018.

Sectoral growth, employment and skills per municipal area

Across municipal areas in the GRD, the tertiary sector is the main contributor to GDPR. The drivers of economic growth, however, vary across the municipal areas. While the economies of the George, Mossel Bay, Hessequa and Kannaland municipal areas are primarily driven by

growth in the tertiary sector, the Knysna, Oudtshoorn and Bitou municipal areas' growth has been driven by the primary sector, which is largely composed of agriculture, forestry and fishing. In the latter three areas, the tertiary sector rate lags behind that of the municipal average, while the former four Districts are driven by the tertiary sector.

Within the tertiary sector, the finance, insurance, real estate and business services is the predominant contributor to GDPR across the municipal areas. Conversely, the main contributor to employment is the wholesale and retail trade, catering and accommodation sector. However, as noted in Section 1, this sector has been slowing down in terms of employment creation, while the finance, insurance, real estate and business services sector has been consistently creating employment opportunities.

Employment opportunities in the municipal areas in the GRD are primarily driven by the demand for semi-skilled labour. Opportunities for semi-skilled labour are evenly distributed across all sectors. Sectors with the highest demand for low-skilled labour are agriculture, forestry and fishing, and community, social and personal services. Skilled labour is most prevalent in the general government and the finance, insurance, real estate and business services sectors. Historical trends indicate that skilled labour is more resilient to economic fluctuations, whereas low-skilled and semi-skilled labour experienced substantial losses during these periods.

Trade and Tourism

The trade balance in the GRD has been on the upswing since 2012. While the manufacturing sector's contribution to the trade surplus in the District has been largely consistent between 2007 and 2018, the agricultural, forestry and fishing sector has shown marked improvements since 2013. While imports into the GRD are dominated by manufactured products, nearly half of export revenue is derived from the agriculture, forestry and fishing sector.

The main imports into the GRD are machinery and mechanical appliances, such as freezers, refrigerators, water purification equipment, and machinery used to prepare raw hides and leather. Other notable imports are fish for consumption and live bovine animals for agricultural purposes, which are imported from the African continent.

The agriculture sector is the primary source of export revenue in the GRD. The leading export from the District is citrus fruit, particularly oranges and lemons, which are sourced from the District's main trading partners – China, Saudi Arabia and Hong Kong. Other agricultural products which provide substantial export revenue to the District are vegetable and other seeds, as well as oils used in the cosmetic industry. Raw hides, skins and leather are another top-performing export, specifically those which have been further prepared.

The GRD is well-positioned as a tourist destination with a diverse offering for all ages, preferences, and cultures. Tourism is one of the region's core economic activities and should be maintained to ensure the prosperity of the region. There are opportunities to motivate longer stays in the main tourist towns through semi-packaged self-drive itineraries and promoting stayovers at formal accommodation facilities such as hotels and guesthouses. The region has great potential to diversify its cultural offering, which is embedded in its natural and heritage resources. It is also important to note that the growth and development of the

tourism sector in the region are affected by intra- and inter-regional activities. Thus, it is important to ensure the integration of planning for tourism with neighbouring regions and provinces due to the nature of the area's offering.

Municipal socio-economic analysis

Indicator	Garden Route	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna
Expected Population growth (2020 - 2024): WC DSD	0.8	-1.5	0.1	1.0	1.2	-0.9	2.7	1.1
Average GDPR per capita growth (2008 - 2017): Quantec	1.0	2.1	1.4	0.7	1.2	1.5	-0.1	0.1
Average household income growth (2008 - 2017): Quantec/ Urban-Econ	0.6	1.6	1.4	0.6	0.6	0.9	-0.6	0.0
Gini coefficients trend (2012 - 2018): IHS markit	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Human Development Index trend (2012 - 2018): IHS Markit	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Learner enrolment (2017 - 2018): WCED	-	Increase	Decrease	Increase	Increase	Increase	Increase	Increase
Grade 10-12 retention rate (2017 - 2018): WCED	-	Increase	Increase	Increase	Increase	Increase	Increase	Decrease
Matric pass rate (2017 - 2018): WCED	-	Decrease	Decrease	Decrease	Decrease	Increase	Increase	Increase
Informal settlements (2018): Quantec/ Urban-Econ	23 733	170	797	3 497	7 971	2 282	3 890	5 124
Access to basic services (2017 - 2018): Stats SA	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Access to free basic services (2017 - 2018): Stats SA	Decrease	Increase	Decrease	Increase	Decrease	Increase	Increase	Decrease

The population in the GRD is expected to increase at an average annual growth rate of 0.8 per cent over the next five years; the George and Bitou municipal areas is expected have the highest population increases compared to other municipal areas in the GRD. The population is forecast to decline in the Oudtshoorn and Kannaland municipal area; which can, in part, be attributed to the struggling economies leading to out-migration.

Despite households in the GRD having lower average monthly incomes compared to the provinces, the average household incomes have increased slightly over the last decade, expect in the Bitou municipal area, where household incomes are slowly declining. While the standard of living is improving in all municipal areas in the GRD, as seen by the increasing HDI, income inequality is also increasing.

There is a need for skilled labour in the GRD however, the matric pass rates declined in 2018 in the Kannaland, Hessequa, Mossel Bay and George municipal areas. Declining pass rates can lead to a rise in youth unemployment in the District.

Central Karoo District

Regional economic review and outlook

The economy of the CKD was valued at R3.0 billion and employed 18 905 persons in 2017. This equates to a contribution to GDPR and employment of 5.3 per cent and 0.8 per cent respectively to the Western Cape Province. It is estimated that the GDPR of the CKD grew marginally by 0.1 per cent in 2018 and created 118 additional jobs in the same year. The largest proportion (69.9 per cent) of the district's GDPR is derived from the Beaufort West municipal area, followed by the Prince Albert municipal area (16.0 per cent). The economy of Laingsburg municipal area accounts for the remaining 14.1 per cent of the district's GDPR. Based on the historical trends, it is likely that the growth of the CKD economy will stagnate if the current trends persist.

An overview of the broad sectors shows that the tertiary sector has the largest workforce in the economy of the CKD. At an industry level, the agriculture, forestry and fishing sector employs the largest number of persons. However, the agriculture, forestry and fishing sector experienced the greatest number of job losses during the ten-year period and in 2018. Although there were additional jobs created in agricultural activities, the extra jobs did not offset the massive decline in the workforce that occurred between 2008 and 2010. Further job losses were experienced since 2015 as a result of the persistent drought, amongst other factors.

Sectoral growth, employment and skills per municipal area

Though the Beaufort West municipal area has the highest contribution to GDPR of the CKD, the economy of the municipal area is estimated to have stagnated in 2018. Nevertheless, 46 additional jobs were created in the municipal area. The general government sector contributed the largest share of the GDPR of the municipal area, while most of the persons were employed in the wholesale and retail trade, catering and accommodation sector. It is estimated that the general government sector created more additional jobs between 2008 and 2017. The Beaufort West municipal area economy serves as the services hub in the district.

The agriculture, forestry and fishing sector made the largest contribution to GDPR and employment in the municipal area of Prince Albert. It is estimated that the economy of Prince Albert municipal economy grew by 0.2 per cent and created 30 extra jobs during the process. During the ten-year period, many of the additional employment opportunities were created in the community, social and personal services sector.

Similar to the economy of the Prince Albert municipal area, the agriculture, forestry and fishing sector accounted for the largest share of GDPR and employed most of the persons in the Langeberg municipal area. Between 2008 and 2017, the community, social and personal services sector created most of the additional employment opportunities across all industries. It is estimated that the municipal's economy grew by 0.3 per cent and created 42 additional jobs in 2018.

The reliance on the agriculture, forestry and fishing sector in the Prince Albert and Laingsburg municipal areas make these economies susceptible to shocks influencing the industry, such as climate change and water scarcity. Economic diversification is therefore required to make these economies more resilient.

Trade and Tourism

The local trade dynamics illustrate the key role played by the agriculture, forestry and fishing sector in the district. This is because its computed location quotient is relatively high in terms of both GDPR and employment creation.

However, the agriculture, forestry and fishing sector is not well integrated with the international market. As a result, 2.0 per cent of agricultural output (in 2018) was exported. This means a larger share of the agricultural produce was consumed locally by households and tourists, while some of the produce was channelled for further processing in the manufacturing sector or distributed nationally. Dairy products accounted for the largest share of processed products export revenue, while fish products generated the largest portion of agricultural export revenue.

Furthermore, the economy of the CKD has exhibited a general trend of having a positive trade balance since 2010. The CKD achieved a trade surplus of R46.0 million in 2018. The highest trade balance the CKD registered was in 2014, where the contribution to the positive trade balance was attributable largely to the next exports achieved by the manufacturing sector. However, the agriculture, forestry and fishing sector had the highest value of net exports in 2018.

The CKD has the potential to develop its visitor economy through motivating visitors to partake in more activities, and seeing the region as a destination and not just a transit corridor. The charm and heritage of the region is its core selling point. There is an opportunity to invest in more niche tourism activities such as astro-tourism, paleo-tourism, culinary or agri-tourism and cultural tourism. However, it should be considered that tourism will not necessarily have a widespread impact in the region since most activities are concentrated on national routes.

Municipal socio-economic analysis

Indicators	Central Karoo District	Laingsburg	Prince Albert	Beaufort West
Expected Population growth (2020 - 2024): WC DSD	0.5	1.1	0.9	0.3
Average GDPR per capita growth (2008 - 2017): Quantec	1.4	1.7	2.2	1.1
Average household income (2017): Quantec/Urban-Econ	R11 591.6	R11 722.9	R10 825.8	R11 771.3
Gini coefficients (2017 - 2018): Global Insights	Increase	Increase	Increase	Increase
Human Development Index (2017 - 2018): Global Insights	Increase	Increase	Increase	Increase
Learner enrolment (2017 - 2018): WCED	-	Decrease	Increase	Increase
Gr 10 - 12 retention rate (2017 - 2018): WCED	-	Decrease	Increase	Increase
Matric pass rate (2017 - 2018): WCED	-	Increase	Decrease	Increase
Informal settlements (2018): Quantec/Urban-Econ	342	30	152	161
Access to basic services (2017 - 2018): Stats SA	Increase	Increase	Increase	Increase
Access to free basic services (2017 - 2018): Stats SA	Increase	Decrease	Increase	Increase

In the CKD, the population growth is relatively low. Despite the poor economic performance, the GDPR per capita is still growing at a positive rate as a result of the low population growth. Despite the average household income in the CKD being 37.7 per cent lower than that of the Province, the average household income in the district is increasing slowly over time. However, the slow growth in job creation and the high unemployment rate is still having a negative influence as there was an increase of 537 indigent households in the CKD between 2017 and 2018, highlighting the increasing income inequality in the district. Crime is a major challenge in the CKD with levels above that of the provincial average.