



Western Cape
Government

Provincial Treasury



Municipal Economic Review & Outlook 2019

**Western Cape Government
Provincial Treasury**

**Municipal Economic Review
and Outlook
2019**

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About the Municipal Economic Review and Outlook

The Municipal Economic Review and Outlook (MERO) is an annual research publication produced by the Provincial Treasury of the Western Cape Government. The first edition of the MERO was published in 2012. It is aimed at informing policymakers at municipalities on key economic issues that affect policy, planning and budgeting in order to effect sustainable economic development.

The overall aim of the MERO is to unpack regional development and sectors that feature in the Provincial Economic Review and Outlook (PERO) and other economic literature available to local policymakers across the Western Cape. This economic intelligence is to be achieved specifically by analysing factors that drive broad sector developments and allows for an informed interpretation of development in the Province.

Key objectives of the MERO include the identification of constraints and opportunities to development per municipal area; investigating the most appropriate avenues of escalating job-creating growth per municipal area; analysing factors affecting economic growth per municipal area and region; providing updated historical economic information; analysing sectoral developments and trends per municipal area and region; providing short to medium term sectoral forecasts; analysing of regional industry linkages; and analysing the impact of economic activity on households living standards using socio-economic indicators including the HDI and Gini coefficient amongst others.

New developments in the MERO include information related to international trade and tourism data to provide an analysis into dynamics of local economies. New innovations also include the introduction of infographics where complex economic data is presented graphically for ease of interpretation.

The 2019 MERO publication can be accessed on Provincial Treasury's website by using your mobile device to scan the QR code.

Foreword

As economic pressures intensify, public policy decision-makers will find it increasingly difficult to respond to the magnitude of social and economic challenges and competing priorities facing local communities.

It is for this reason that the Western Cape Government follows an evidenced-based approach towards planning and budgeting to ultimately ensure the fair, equitable and sustainable distribution of financial resources given the current constrained macro-economic environment.

The Municipal Economic Review and Outlook (MERO), and its sister publication, the Provincial Economic Review and Outlook (PERO), are key economic intelligence tools aimed at giving effect to this evidence-based approach.

The PERO provides policy-makers, departments and municipalities with a high-level review and outlook of past and forecasted economic developments that influence the national and provincial spheres of government whilst the MERO disaggregates economic intelligence at a municipal level.

Innovations in the 2019 MERO include the introduction of infographics to present information in a manner that is visually appealing. The graphical representation of complex economic data will allow for meaningful interpretation of patterns and trends by internal and external role-players.

I wish to extend a sincere word of appreciation to the dedicated research team and collaborative partners across the various provincial government departments and municipalities for developing a publication of the highest standard.

It is my firm belief that the credible and relevant data on offer will serve as a strong foundation from which to formulate future provincial and municipal strategic planning documents in the Western Cape.



Mr David Maynier
Minister of Finance and Economic Opportunities

30 September 2019

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Acronyms and abbreviations

AFP	Associated Fruit Processors
AIDS	Acquired Immunodeficiency Syndrome
ASR	Age-standardised mortality rate
ART	Anti-Retroviral Therapy
B&B	Bed and Breakfast
BER	Bureau for Economic Research
BFAP	Bureau for Food and Agricultural Policy
CA	Cancer
CAPEX	Capital Expenditure
CBD	Central Business District
CKD	Central Karoo District
COPD	Chronic Obstructive Pulmonary Disease
CPI	Consumer Price Inflation
CTAA	Cape Town Air Access
CWD	Cape Winelands District
DBSA	Development Bank of Southern Africa
DSD	Department of Social Development
ECB	European Central Bank
EU	European Union
FDI	Foreign Direct Investment
Fed	Federal Reserve Bank
FIFA	Fédération Internationale de Football Association
GDP	Gross Domestic Product
GDPR	Gross Domestic Product per Region
GRD	Garden Route District
Gr	Grade
GTL	Gas to Liquid
GVA	Gross Value Added
ha	Hectare
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
IBRD	International Bank for Reconstruction and Development
ICCA	International Congress and Convention Association
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IMF	International Monetary Fund
km	Kilometre
LED	Local Economic Development
LPG	Liquid Petroleum Gas

MDR	Multi-Drug Resistant
MERO	Municipal Economic Review and Outlook
MPC	Monetary Policy Committee
NA	Not applicable
NDP	National Development Plan
OD	Overberg District
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Export Countries
PERO	Provincial Economic Review and Outlook
QLFS	Quarterly Labour Force Survey
R&D	Research and Development
RMB	Rand Merchant Bank
RTA	Road Traffic Accident
SA	South Africa
SAB	South African Breweries
SANDF	South African National Defence Force
SARB	South African Reserve Bank
SBIDZ	Saldanha Bay Industrial Development Zone
SEZ	Special Economic Zone
Stats SA	Statistics South Africa
TB	Tuberculosis
UK	United Kingdom
UNWTO	United Nations World Tourism Organisation
US	United States
USD	United States Dollar
VAT	Value-Added Tax
VFR	Visiting friends and/or relatives
VIC	Visitor Information Centre
WC DSD	Western Cape Department of Social Development
WCADI	Western Cape Aquaculture Development Initiative
WCD	West Coast District
WCED	Western Cape Education Department
WHO	World Health Organisation
ZAR	South African Rand

SECTION A: BACKGROUND AND MACROECONOMIC CONTEXT

1. Introduction and background

1.1 Introduction

The Municipal Economic Review and Outlook (MERO) provides detailed economic intelligence disaggregated at a metro, district and municipal level whereas the Provincial Economic Review and Outlook (PERO) provides economic intelligence at a provincial level. The MERO seeks to provide in-depth economic analysis at a metro, district and local municipality level in the Western Cape Province. The MERO research is intended to provide a source of economic intelligence to inform policy intervention and budgeting at local government.

1.2 Objective of the research

The main objective of the research is to generate economic intelligence at the municipal level, which can feed into municipal integrated development plans (IDPs), local economic development strategies (LEDs) and budgeting in municipalities.

1.3 Report outline

The MERO 2019 study is structured as follows:

Section A: Background and macroeconomic context - This section provides the introduction to the study and a broad overview of the macroeconomic performance and outlook of South Africa (SA) and the Province.

Section B: Western Cape Regions - This section provides an economic review and outlook of the Cape Metro area, the five districts in the Western Cape, and the twenty-four local municipal areas. It further provides an overview of each district in terms of:

- **Chapter 1: Regional economic review and outlook** - This chapter provides a macroeconomic performance and outlook at the district level, an overview of trends between 2008 and 2017, an estimate for 2018 and an outlook in terms of Gross Domestic Product per Region (GDPR) for 2019 and 2020. This chapter also discussed labour trends at a district level.

- **Chapter 2: Sectoral growth, labour trends and skills per municipal area** - This chapter provides a more in-depth regional economic analysis by considering the trends in sector growth, skills, and employment per municipal area. This section also provides an overview of building plans passed and completed in selected municipal areas.
- **Chapter 3: Trade and tourism** - To determine the influence of exogenous factors on local economies, this chapter provides an overview of trade by discussing the location quotient and international trade dynamics at a district and local municipal level. This chapter furthermore discusses the latest tourism trends at a district level.
- **Chapter 4: Municipal socio-economic analysis** - This section assesses the extent to which economic performance impacts the social and living conditions of households and individuals per district. Various socio-economic indicators are used for this analysis.

2. Macroeconomic performance and outlook

2.1 Introduction

This chapter reviews recent economic growth, and its medium-term prospects, in the Western Cape against the background of global and national economic experience and expectations. Global economic growth was broad-based i.e. across a number of countries in 2018 after a better than expected performance in 2017. This has not continued into the first half of 2019 with data pointing to 2019 growth being weaker than in 2018. Within this weaker global economic environment, the South African economy is underperforming. After a contraction in the first quarter of 2019, marginally positive growth is expected for 2019. Moreover, this already modest forecast is vulnerable to mainly downside risks. The Western Cape is projected to fare somewhat better in 2019, mainly due to a slight rebound in agricultural output. Growth in regional economic activity is set to remain constrained and is expected to rise to 1.6 per cent on average between 2019 and 2023, somewhat lower than the 2013 and 2017 annual average of 1.7 per cent.

2.2 Developments in the global economy

2.2.1 Global economic performance

According to the International Monetary Fund (IMF), global economic growth slowed to 3.6 per cent in 2018, from 3.8 per cent in 2017. Growth moderated in both advanced as well as in emerging and developing economies.

Performance of advanced economies

The pace of economic expansion in advanced economies eased to 2.2 per cent in 2018, from 2.4 per cent in 2017. However, there was a divergence in the growth trend among the countries within the grouping.

Growth in the United States (US) gained momentum. After US economic activity rose by 2.2 per cent in 2017, it accelerated to 2.9 per cent in 2018. This equals the fastest annual growth, observed in 2015, in the last decade. However, the growth picture has been somewhat mixed so far in 2019. According to the Bureau for Economic Analysis, the US economy expanded by 3.1 per cent quarter-on-quarter in the first quarter of 2019, partly due to base effects following an exceptionally weak fourth quarter of 2018. This rate eased to 2.1 per cent quarter-on-quarter¹ in the second quarter of 2019. Underpinning the weaker performance in the second quarter was a sharp contraction in private sector fixed investment and exports.

Signs that the US economy is slowing have been present for the past few months against the backdrop of waning fiscal support and increased trade tensions. In response, the Federal Reserve Bank (Fed) has made an about turn regarding monetary policy, specifically the benchmark interest rate. For much of last year, the signalling was for continued interest rate hikes in 2019 and 2020. However, since January 2019, the tone has become much more dovish with the Fed cutting the benchmark interest rate by 25 basis points in July 2019 in order to support growth.

In contrast to the US, growth in the Euro Area moderated from 2.4 per cent in 2017 to 1.9 per cent in 2018. The biggest economies in the region, Germany and France, recorded a moderation in their growth rate of 0.8 and 0.6 percentage points respectively between 2017 and 2018. In Germany, industrial production is under pressure amid the uncertainty regarding fuel emission standards and slower global growth which is weighing on exports. Meanwhile protests in France weighed on consumer spending and sentiment. The softer growth environment has prompted the European Central Bank (ECB) to consider monetary policy easing measures, especially against the backdrop of benign consumer inflation.

In the UK, the pace of economic expansion slipped to 1.4 per cent in 2018, from 1.8 per cent in 2017. This trend changed in the first quarter of 2019 with quarterly growth of 0.5 per cent recorded compared to 0.2 per cent in the fourth quarter of 2018. However, much of this improvement in the first quarter of 2019 was largely due to “pre-Brexit” stockpiling and inventory accumulation. In the second quarter 2019, economic activity contracted by 0.2 per cent quarter-on-quarter.

In Japan, economic growth more than halved to 0.8 per cent in 2018, from 1.9 per cent in 2017. A number of natural disasters weighed on economic output, especially in the third quarter of 2018. Growth was reasonably solid in the first half of 2019. Output expanded by a quarterly rate of 0.7 per cent and 0.4 per cent in the first and second quarter of 2019 respectively.

¹ Based on the first estimate that was released on 26 July 2019. The final estimate is to be released on 26 September 2019.

Performance of emerging and developing economies

As with advanced economies, growth in emerging and developing economies moderated - albeit still higher than that of advanced economies - to 4.5 per cent in 2018, from 4.8 per cent in 2017.

Momentum in the Chinese economy slowed to 6.6 per cent in 2018, from 6.8 per cent in 2017. This is partly as a result of the drive to restructure towards the tertiary sector, while at the same time tackling rising debt levels. Further pressure in the form of weaker external demand on the back of escalating tariffs also weighed on economic output. This also featured in China's economic performance in 2019, with growth of only 6.2 per cent (year-on-year) recorded in the second quarter of 2019 from 6.4 per cent in the first quarter of 2019, the lowest in 27 years.

Economic growth in India eased from 7.0 per cent in 2017 to 6.8 per cent in 2018. Growth moderated further to 5.8 per cent year-on-year in the first quarter of 2019, its slowest pace in five years. The slowdown in the first quarter of 2019 was largely due to a broad-based moderation in domestic demand, led by government consumption.

The Brazilian economy, after contracting by 3.6 and 3.3 per cent in 2015 and 2016 respectively, rebounded by 1.1 per cent in 2017. Growth remained unchanged at 1.1 per cent in 2018. The economy however, contracted by 0.2 per cent quarter-on-quarter in the first quarter of 2019. From the production side, agricultural and industrial output declined on a quarterly basis while softer demand was reflected in the decline in fixed investment.

The pace of economic expansion in Russia accelerated to 2.3 per cent in 2018, from 1.6 per cent in 2017. However, a mild slowdown was experienced in the first quarter of 2019 with quarterly growth of 0.5 per cent recorded. In response to the weaker-demand-led slowdown in growth, the Russian Central Bank cut the benchmark interest rate by 25 basis points in June 2019.

Growth in Sub-Saharan Africa edged higher to 3.1 per cent in 2018 from 2.9 per cent in 2017. This acceleration was despite the growth moderation in South Africa (discussed in greater detail later) as the Nigerian economy gained momentum. In Nigeria, economic growth more than doubled to 1.9 per cent in 2018 from 0.8 per cent in 2017. Much of Nigeria's growth rebound is due to the more favourable global oil price which prevailed in 2018 relative to 2017.

2.2.2 Global economic outlook

Economic growth disappointed in many regions during the first half of 2019 and demand was generally weaker amid increased political and international trade uncertainty. As such, a slowdown in full-year 2019 growth to 3.2 per cent is expected. Some recovery, to 3.5 per cent, is predicted for 2020.

Table 2.1 Global economic outlook, 2019 - 2020

	Size of Global GDP in 2018 ² (%)	GDP Growth (%)		GDP Forecast (%)	
		2017	2018	2019	2020
World output		3.8	3.6	3.2	3.5
Advanced economies	60.3	2.4	2.2	1.9	1.7
United States	24.2	2.2	2.9	2.6	1.9
Euro Area	16.1	2.4	1.9	1.3	1.6
Germany	4.7	2.2	1.4	0.7	1.7
France	3.3	2.3	1.7	1.3	1.4
Italy	2.4	1.7	0.9	0.1	0.8
Spain	1.7	3.0	2.6	2.3	1.9
Japan	5.9	1.9	0.8	0.9	0.4
United Kingdom	3.3	1.8	1.4	1.3	1.4
Canada	2	3.0	1.9	1.5	1.9
Other advanced economies	8.7	2.9	2.6	2.1	2.4
Emerging and developing economies	39.7	4.8	4.5	4.1	4.7
Sub-Saharan Africa	1.9	2.9	3.1	3.4	3.6
Nigeria	0.5	0.8	1.9	2.3	2.6
Middle East, North Africa, Afghanistan and Pakistan	4.1	2.1	1.6	1.0	3.0
Emerging and Developing Europe	2.3	6.1	3.6	1.0	2.3
Commonwealth of Independent States	2.6	2.2	2.7	1.9	2.4
Russia	1.9	1.6	2.3	1.2	1.9
Emerging and Developing Asia	22.6	6.6	6.4	6.2	6.2
China	15.8	6.8	6.6	6.2	6.0
India	3.2	7.2	6.8	7.0	7.2
Latin America and the Caribbean	6.2	1.2	1.0	0.6	2.3
Brazil	2.2	1.1	1.1	0.8	2.4
Mexico	1.4	2.1	2.0	0.9	1.9
Consumer prices					
Advanced economies		1.7	2.0	1.6	2.0
Emerging and developing economies		4.3	4.8	4.8	4.7

Source: International Monetary Fund, 2019

Outlook for advanced economies

In July 2019, the IMF upwardly adjusted the growth outlook for advanced economies in 2019 to 1.9 per cent (0.1 percentage points higher than in April 2019). Growth is set to moderate slightly to 1.7 per cent in 2020.

Most of the upward adjustment in the 2019 outlook can be attributed to the 0.3 percentage point upward adjustment in the US growth forecast to 2.6 per cent (from 2.3 per cent in April 2019). This, in turn, is due to the surprisingly solid GDP outcome for the first quarter. The preliminary outcome for the second quarter of 2019 also beats expectations, but was released after the IMF forecast update. However, while the first half of 2019 saw a stronger GDP performance than expected, the prevailing sentiment is that growth is on a slowing trajectory. This is predominantly as a result of a softening

² Based on IMF US dollar denominated estimates as some country data has not yet been updated to reflect 2018 actual values.

in demand and weaker growth in industrial output, but also due to waning fiscal support. In addition, the impact of the trade wars between the US and China is also expected to put a damper on growth. The softer growth outlook combined with benign inflation could still see further monetary policy easing over the forecast horizon.

In the Euro Area, growth is predicted to slow to 1.3 per cent in 2019 before accelerating somewhat to 1.6 per cent in 2020. Growth in the region's biggest economy, Germany, is forecast to ease to 0.7 per cent in 2019 largely on the back of weaker demand for German exports, which in turn also weighs on investment. Output in France is expected to advance at a faster pace (1.3 per cent) than Germany, albeit still slower than in 2018. The French economy is likely to receive more fiscal support in the wake of recent protests. In Italy, the fiscal outlook remains uncertain which weighs on the country's growth prospects. Meagre growth of only 0.1 per cent is projected for Italy in 2019, rising to 0.8 per cent in 2020.

The UK economy started the year off on a solid footing largely due to stockpiling in anticipation of Brexit. The better-than-expected first quarter outcome has resulted in an upward revision of the forecast by 0.1 percentage point to 1.3 per cent. Growth is projected to remain flat at 1.4 per cent in 2020. This outlook is marred with political uncertainty, especially with regards to a "no-deal Brexit". The current outlook assumes an "orderly transition".

Unlike many other advanced economies, Japan is expected to register somewhat higher growth, of 0.8 per cent, in 2019 compared to 2018. This is largely due to the better-than-expected performance in the first quarter of 2019. However, growth is projected to taper off to only 0.4 per cent in 2020. The increase in the consumption tax due in October 2019 is expected to dampen growth, but is likely to be countered, in part, by higher fiscal spending.

Outlook for emerging and developing economies

Growth in emerging and developing economies is predicted to moderate to 4.1 per cent in 2019 before accelerating to 4.7 per cent in 2020. This represents a downgrade of 0.3 and 0.1 percentage points relative to April 2019 outlook.

Economic growth in China is expected to continue on its gradual slowing path. The Chinese economy is projected to expand by 6.2 per cent in 2019 and 6.0 per cent in 2020. Escalating trade tariffs and broader slowdown in external demand are expected to add to the pressure already created by the structural change in the economy (toward consumption-led growth, away from investment) and interventions to rein in debt.

In India, growth of 7.0 and 7.2 per cent is expected for 2019 and 2020. While an acceleration from 2018, both of these forecasts are 0.3 percentage points lower than the April 2019 forecasts due to weaker domestic demand.

Subdued growth of 0.6 per cent is expected in Latin America and the Caribbean in 2019 before accelerating to 2.3 per cent in 2020. The region's largest economy, Brazil, is facing uncertainty regarding pension and other structural reforms. As a result, the growth outlook has been downgraded by 1.3 and 0.1 percentage points (compared to April 2019) to 0.8 and 2.4 per cent respectively for 2019 and 2020.

The outlook for Russia was also downgraded to 1.2 per cent in 2019 as a result of the weaker-than-expected first quarter outcome. However, the 2020 projection was upgraded by 0.2 percentage points to 1.9 per cent.

The outlook for economic growth in Sub-Saharan Africa is for an acceleration to 3.4 per cent in 2019 with a further rise to 3.6 per cent in 2020. However, growth in the largest economies in the region, Nigeria and South Africa, is projected to be well below this. Growth therefore is expected to come largely from non-resource-intensive countries.

2.2.3 Global inflation outlook

Inflation ticked up in 2018 in advanced, emerging and developing economies. However, the outlook suggests that while inflation in emerging and developing economies is projected to be unchanged at 4.8 per cent in 2019, inflation in advanced economies is likely to moderate to 1.6 per cent in 2019. Much of the lower growth in advanced-economy inflation is due to lower energy prices and softer demand. Advanced-economy inflation is predicted to quicken to 2.0 per cent in 2020 while emerging and developing-economy inflation is set to slow marginally to 4.7 per cent.

The lower energy prices are in part caused by the softer global oil price. While higher than at the start of the year, the Brent crude oil price at the beginning of August 2019 was roughly 30 per cent lower than in October 2018 when it breached \$85/barrel. A combination of increased supply from the US and fears of slowing global demand outweighed the impact of production cuts by the Organisation of Petroleum Exporting Countries (OPEC) aimed at supporting prices and US sanctions on Iran and Venezuela.

Figure 2.1 Brent crude oil price, 2018 - 2019



Source: Reuters, 2019

2.2.4 Risks to the global outlook

The main risks to the global outlook - which are tilted firmly to the downside - are as follows:

- The ongoing trade disputes between the US and its trading partners threaten a number of global supply chains and could result in systemically lower growth.
- Global political and geo-political developments such as a “no-deal” Brexit, and continued US sanctions against key oil exporting/producing countries will also likely put a damper on growth should they materialise/persist.
- Social unrest has also recently become a global economic concern especially given the prolonged strikes in France.

2.3 Developments in the South African economy

2.3.1 Performance of the South African economy

According to Statistics South Africa (Stats SA), the pace of growth in the South African economy slowed to 0.8 per cent in 2018, from 1.4 per cent in 2017. The domestic economic performance deteriorated even further in the first quarter of 2019 with a 3.2 per cent quarter-on-quarter contraction recorded.

Measured from the production side, the GDP weakness was broad-based. Seven of the ten major sectors contracted in the first quarter of 2019. According to the monthly Stats SA data, the major contributors to the GDP decline were manufacturing, mining and the trade (retail, wholesale, hotels and restaurants) sectors.

Table 2.2 South African change in GDP per sector, 2019Q1

Description	Quarterly (q-o-q) percentage change		Annual (y-o-y) percentage change	
	2018Q4	2019Q1	2018Q4	2019Q1
Agriculture, forestry and fishing	7.9	-13.2	-17.2	-11.5
Mining and quarrying	-3.8	-10.8	-3.7	-4.1
Manufacturing	4.5	-8.8	1.1	1.0
Electricity, gas and water	0.2	-6.9	0.7	-1.4
Construction	-0.7	-2.2	-0.8	-0.8
Wholesale and retail trade, catering and accommodation	-0.7	-3.6	-0.4	-0.6
Transport, storage and communication	7.7	-4.4	2.9	1.4
Finance, insurance, real estate and business services	2.7	1.1	1.9	1.9
General government	-0.6	1.2	0.9	0.7
Community, social and personal services	1.7	1.1	1.1	1.1
GDP (Total)	1.4	-3.2	0.2	0.1

Source: Stats SA, 2019

Measured from the demand side, the theme of industry weakness is a result of the sharp decline in exports during the first quarter of 2019, as well as the fifth consecutive quarter of falling fixed investment. According to Stats SA, the capex contraction was driven by declines in transport equipment, construction works and non-residential buildings in the

first quarter of 2019. The export decline was driven by decreasing trade in precious metals, base metals, as well as vehicles and transport equipment.

After a robust performance in the fourth quarter of 2018, household consumption contracted in the first quarter of 2019. The main negative contributor was spending on clothing and footwear, which declined by 12.7 per cent and subtracted 0.8 percentage points from overall household spending. Declining real wages (despite lower inflation), poor job growth and significant tax hikes in recent years are some of the factors that are hurting household income and spending growth.

2.3.2 Outlook for the South African economy

The weak performance in the first quarter of 2019 dampers the outlook for full-year GDP growth. According to the Bureau for Economic Research (BER), the South African economy is projected to expand by a mere 0.2 per cent in 2019 before accelerating in 2020.

Table 2.3 South African economic outlook, 2019 - 2020

	2018	2019f	2020f
Final consumption expenditure, households (%)	1.8	1.0	1.2
Durable goods	4.5	0.9	2.4
Semi-durable goods	3.0	1.9	2.4
Non-durable goods	0.8	1.0	0.8
Services	1.9	0.8	1.1
Gross Fixed Capital Formation (%)	-1.4	-1.6	1.2
Private	2.1	-2.1	1.6
Government	-4.4	-2.9	-1.9
Public corporations	-12.5	2.5	2.4
Exports of goods and services (%)	2.6	-0.3	2.5
Interest rates (fourth quarter averages)			
3-month BA rate	7.06	6.58	6.61
10-year Government Bond	9.11	8.99	9.29
Prime overdraft rate	10.10	9.75	9.75
Inflation (annual average %)			
Producer prices	5.5	5.3	5.5
Consumer prices	4.7	4.3	5.1
Nominal wage rate (Private sector)	1.7	3.9	4.7
Exchange rates (annual average)			
R/US dollar	13.23	14.31	14.71
R/Euro	15.60	16.28	16.92
R/Pound sterling	17.63	18.38	19.13
Yen/R	8.38	7.62	7.48
Gross Domestic Expenditure	1.0	0.5	1.3
Gross Domestic Product	0.8	0.2	1.1
Current account balance (R billion, seasonal adjustment)	-172.96	-139.41	-188.90
<i>(as % of GDP)</i>	-3.57	-2.70	-3.45

Note: f denotes forecast

Source: Bureau for Economic Research, 2019

Final household consumption expenditure

The sharp slowdown in real consumer spending growth through 2018 continued in the first quarter of 2019. The growth in consumer outlays slowed to 0.7 per cent year-on-year, from 1.2 per cent in the fourth quarter of 2018. The trend for real disposable income, the key driver of spending, is similar. Income growth slowed to 0.9 per cent year-on-year in the first quarter of 2019. If not for some pick-up in household credit growth (from 4 to 6 per cent) over the same period, consumer spending would have been even softer.

Looking forward, much of the improvement in consumer spending is expected to be as a result of continued credit growth as the factors affecting income growth, namely, employment and real wage growth, are likely to remain under pressure until 2020. To this end, the more benign inflation environment, coupled with more accommodative monetary policy should support spending and credit-driven spending in particular.

Figure 2.2 South African household credit extension, 2010 - 2019



Source: SARB, 2019

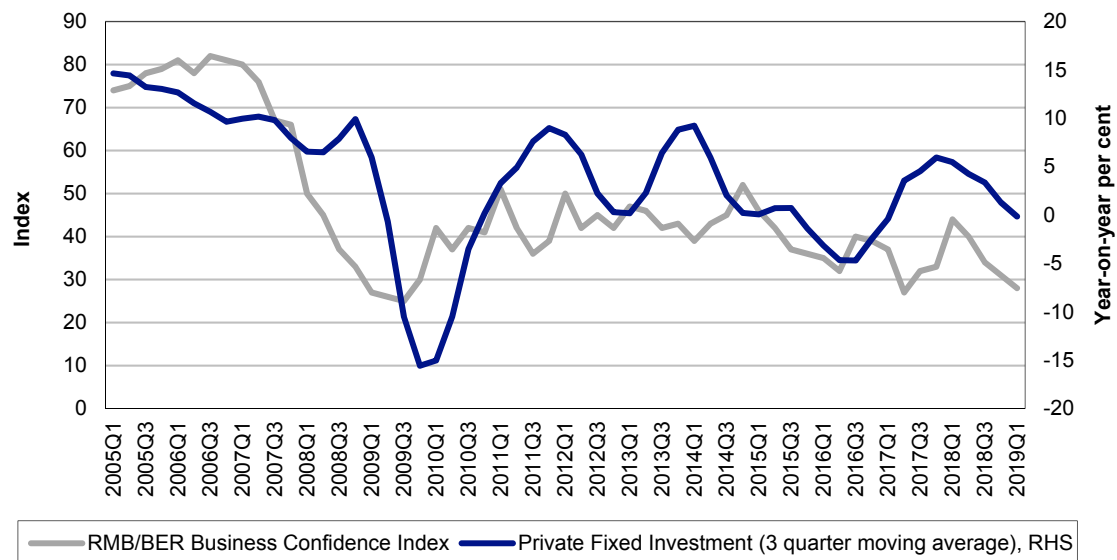
Overall, the outlook is for consumer spending to slow to 1.0 per cent in 2019 with a mild improvement projected in 2020 to 1.2 per cent. Within consumer spending, the more credit-sensitive sectors (durable and semi-durable goods) are forecast to fare somewhat better.

Gross fixed capital formation

After a significant decline of 12.5 per cent in 2018, capex outlays by state-owned enterprises are expected to increase by a modest 2.5 per cent in 2019 and to be followed by a similar rise in 2020. The fiscal constraint on the general government suggests that 2019 and 2020 could experience further capex declines. Real government fixed investment is forecast to decline by a cumulative 5 per cent during 2019 and 2020.

Private sector fixed investment was a big disappointment in the first quarter of 2019, declining by 2.5 per cent year-on-year. A number of factors are likely to weigh on private sector fixed investment over the forecast horizon, including policy uncertainty and low business confidence.

Figure 2.3 RMB/BER Business Confidence Index vs Private Sector Fixed Investment, South Africa, 2005 - 2019



Source: Bureau for Economic Research/SARB, 2019

The baseline view is that, while sweeping reforms are not expected, the policy and political environment will gradually be such that the investment climate improves towards the end of 2019. Overall, a contraction in private sector capital outlays is forecast for 2019 with a slight rebound to 1.6 per cent growth projected for 2020.

Balance of payments and exchange rate outlook

The rand weakened significantly towards the end of July 2019 and early-August 2019 on the back of both international and domestic factors. Internationally, while the US Fed lowered the benchmark interest rate as expected in July 2019, the prevailing sentiment was that further monetary easing could potentially be less aggressive than expected. Additionally, the US president announced the potential levying of tariffs on a further \$300 billion worth of Chinese imports.

Domestically, an additional allocation to Eskom to help service debt resulted in a change in the outlook regarding South Africa's sovereign debt rating from stable to negative from Fitch and a "debt warning" from Moody's. Currently, Moody's is the only one of the major three international ratings agencies with an investment grade rating for South African sovereign debt which is one notch above "junk" status.

The balance on the current account deteriorated to a deficit of 3.5 per cent of GDP in 2018, from 2.5 per cent of GDP in 2017. This was despite an improvement in the deficit to 2.2 per cent of GDP in the fourth quarter of 2018. The deficit worsened once more, to 2.9 per cent of GDP, in the first quarter of 2019. The poorer current account outcome

for the first quarter of 2019 is explained by a narrowing in South Africa's trade surplus, while the deficit on the services, income and current transfer account widened.

Figure 2.4 Rand versus dollar, 2018 - 2019



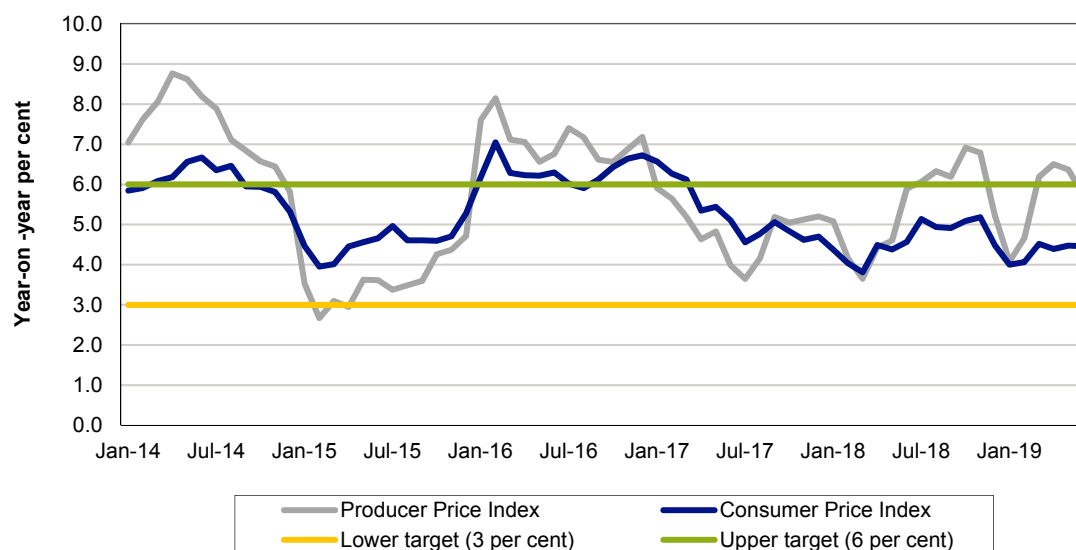
Source: Reuters, 2019

Inflation and interest rate outlook

In a unanimous decision, the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) decided to reduce the repo policy interest rate by 25 basis points to 6.50 per cent (prime rate down to 10.00 per cent) at its July 2019 policy meeting. The decision reverses the 25-basis points rate hike in November 2018 and was the first policy rate cut since March 2018.

Besides the weak real GDP growth outlook, persistent benign domestic inflation dynamics provided the SARB with the necessary leeway to inject some mild stimulus into the economy. After averaging 4.7 per cent in 2018, headline CPI inflation moderated to 4.3 per cent year-on-year in the first five months of 2019, i.e. below the midpoint of the 3 to 6 per cent inflation target range.

With domestic demand set to remain under pressure in the foreseeable future, compressed retail sector margins are likely to remain a feature of the South African economic landscape. Headline CPI is projected to average 4.3 per cent in 2019. Importantly, 2019 is expected to be the low point in the cycle with headline CPI inflation possibly accelerating to an average of 5.1 per cent in 2020. A faster rise in food, petrol and electricity prices is expected to drive the headline CPI acceleration in 2020.

Figure 2.5 South African headline consumer and producer inflation, 2014 - 2019

Source: Stats SA, 2019

2.3.3 Main risks to the national outlook

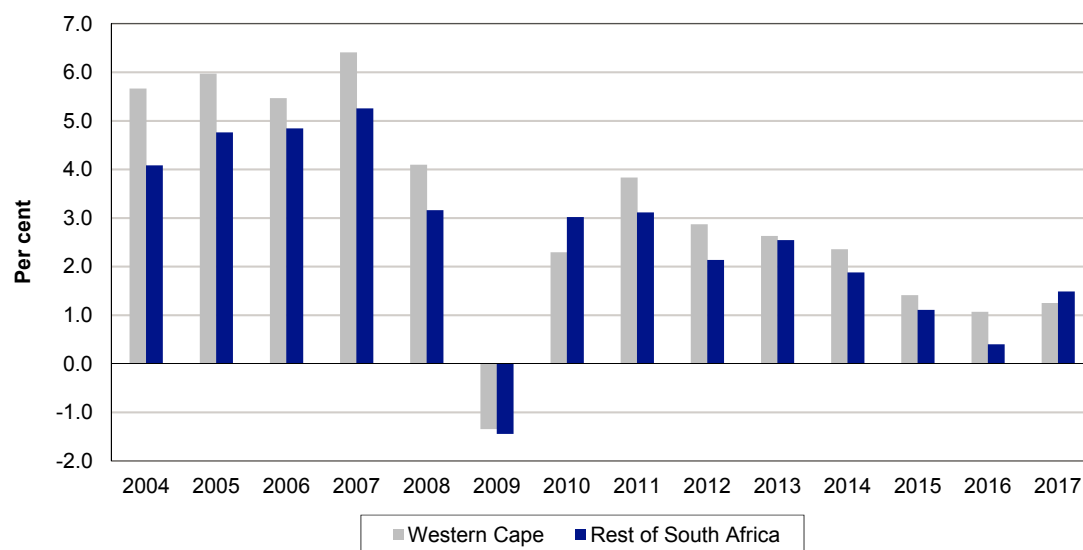
Along with the global risks, the main domestic risks include:

- Further state intervention, by the way of increased budgetary allocation, in the financial sustainability and especially debt sustainability of state-owned enterprises.
- Tax revenue could underperform even more which will put South Africa's fiscal ratios (government debt to GDP, fiscal deficit) under increased scrutiny from rating agencies. Of particular concern is Moody's, which remains the only one of the big three rating agencies not to have South Africa's sovereign debt rating as sub-investment grade.
- The intensification of global trade tensions will put additional pressure on the rand. This is an emerging market risk, but could cause a disproportionately negative impact on the local currency compared to other emerging market currencies, as in the recent past.
- The underperformance of economic growth continues and inflation remains benign. This is likely to prompt the SARB to cut the repo rate more aggressively than is currently expected. This should boost spending and credit uptake over the medium term.

2.4 Developments in the Western Cape economy

2.4.1 Western Cape economic performance

Economic growth in the Western Cape edged higher to 1.2 per cent in 2017, from 1.1 per cent in 2016. This was somewhat lower than the growth (1.5 per cent) recorded in the rest of South Africa.

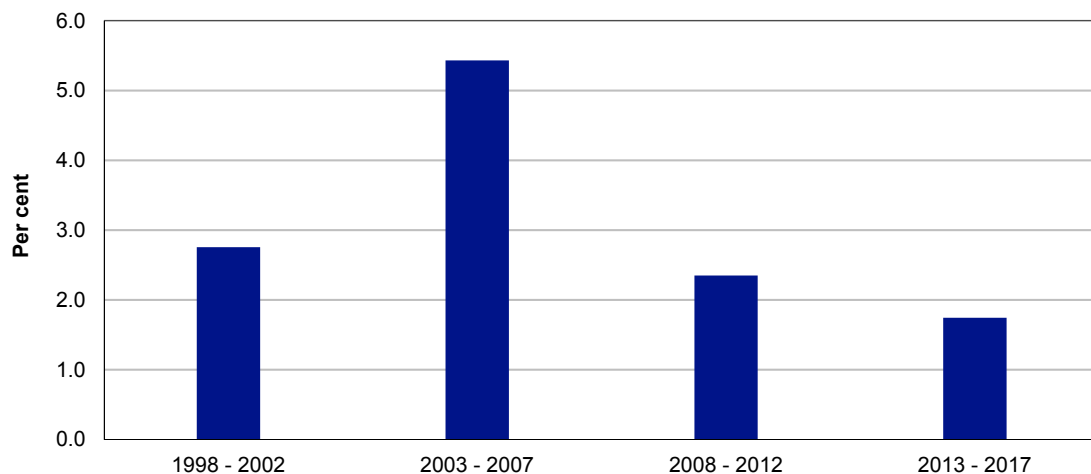
Figure 2.6 GDP growth: Western Cape and the rest of South Africa, 2004 - 2017

Source: Stats SA, 2019

Leading growth in the Western Cape was the agriculture, forestry and fisheries sector with an increase of 10.8 per cent, followed by the finance, insurance, real estate and business services sector (2.3 per cent). In contrast, output in the construction, wholesale and retail trade, catering and accommodation and manufacturing sector declined relative to 2016 (see Table 2.4).

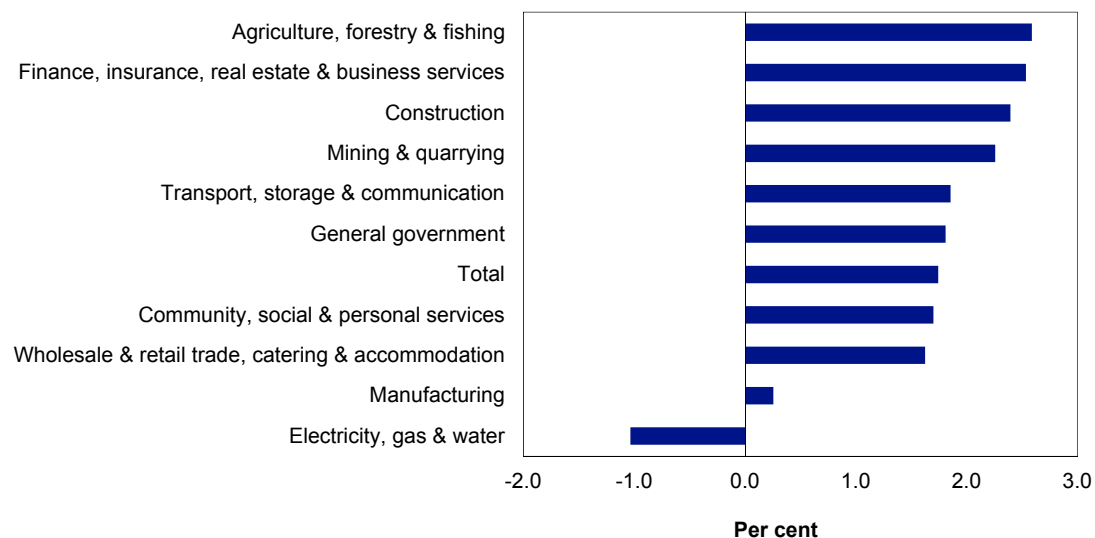
A key feature of the Western Cape economy (especially relative to the rest of South Africa) in 2017, in fact, for some years now, is the relative size of the tertiary sector. The tertiary (or services) sector accounted for 74 per cent of economic activity in the Western Cape in 2017 and 69 per cent for the rest of South Africa. In contrast, the primary sector (agriculture, forestry and fisheries, and mining and quarrying) contributed only 5 per cent to economic activity in the region compared to 12 per cent in the rest of South Africa. This lower share of the primary sector is largely due to the small mining sector in the Province compared to other regions in the country.

Over the last 5 years (2013 to 2017), the Western Cape economy expanded by an average of 1.7 per cent per year. This is lower than the period which included the financial recession (2008 - 2012) when the regional economy contracted by 1.3 per cent in 2009.

Figure 2.7 Western Cape economic growth (5-year average), 1998 - 2017

Source: Stats SA

The fastest growing sector, on average, over the five-year period was the agricultural, forestry and fisheries sector (2.6 per cent). This was followed by the finance, insurance, real estate and business services (2.5 per cent) and construction (2.4 per cent) sectors. The only sector to register a decline (on average) between 2013 and 2017 was the electricity, gas and water sector, while growth of only 0.3 per cent on average was recorded in the manufacturing sector.

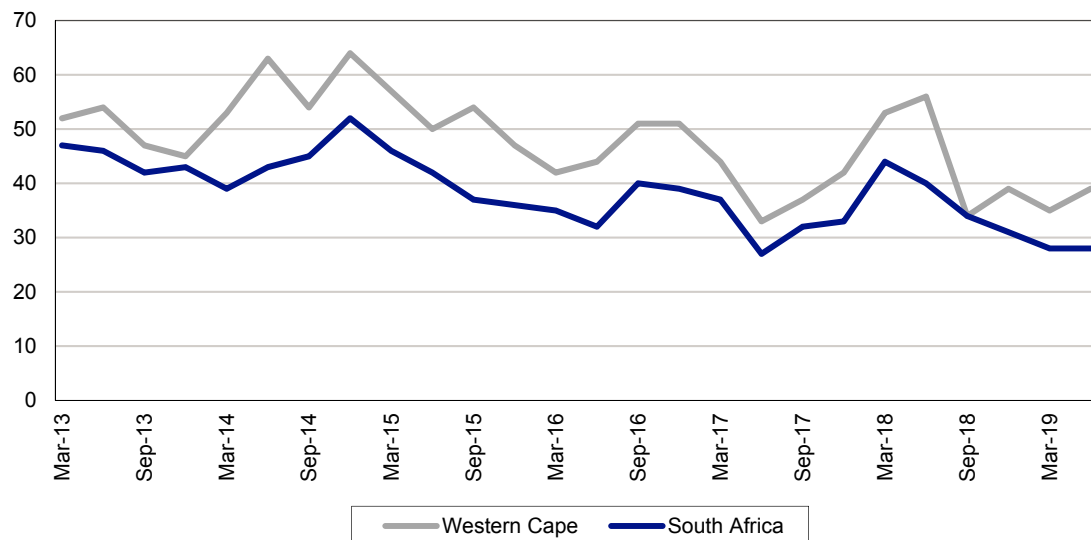
Figure 2.8 Western Cape average output growth rate per sector, 2013 - 2017

Source: Stats SA, 2019

According to Quantec/BER estimates, the provincial economy expanded by only 0.2 per cent in 2018. A large part of the slowdown was due to the drought-related decline in output in the agriculture, forestry and fisheries sector (see Table 2.4). This also weighed on output in the related agri-processing manufacturing sector. Overall manufacturing registered a 1.1 per cent contraction as a result. These contractions were countered by growth in the finance, insurance, real estate and business services sector and general government. This is supported by the trend in business confidence in 2018 which, while below the neutral-50 level, was somewhat higher than that

registered in South Africa as a whole. This survey does not cover the agricultural, forestry and fisheries sector.

Figure 2.9 Business confidence, Western Cape compared to South Africa, 2013 - 2019



Source: Bureau for Economic Research, 2019

2.4.2 Outlook for the Western Cape economy

A mild rebound in economic activity in the Western Cape to 0.7 per cent is projected for 2019 with a more meaningful acceleration to 1.2 per cent expected in 2020. Over the medium term (until 2023), growth is projected to average 1.6 per cent. To put into context, this is similar growth (on average) as recorded between 2013 and 2017.

Table 2.4 Western Cape economic outlook, 2019 - 2020

Description	2017	2018e	2019f	2020f	Forecast average (2019 - 2023)
Agriculture, forestry and fishing	10.8	-16.4	3.6	1.6	2.7
Mining and quarrying	1.7	1.0	-1.2	2.1	1.5
Manufacturing	- 0.1	-1.1	0.7	1.9	1.7
Electricity, gas and water	0.7	1.0	0.2	0.9	0.9
Construction	- 0.6	0.3	-1.5	0.5	1.5
Wholesale and retail trade, catering and accommodation	- 0.6	0.6	0.6	0.6	1.6
Transport, storage and communication	1.2	1.1	0.7	1.3	1.8
Finance, insurance, real estate and business services	2.3	2.0	1.0	1.4	2.0
General Government	0.1	1.4	0.3	0.5	0.5
Community, social and personal services	1.4	0.9	0.8	0.8	1.1
Regional Gross Domestic Product	1.2	0.2	0.7	1.2	1.6

Note: e denotes estimate, f denotes forecast

Sources: Bureau for Economic Research/Quantec Research, 2019

Over the forecast horizon, the following key trends are expected:

- The *agriculture, forestry and fisheries* sector is expected to rebound in 2019 following the deep contraction in 2018. However, indications are that this rebound will be moderate. Looking further ahead, the recovery in dam levels bodes well for output although a recovery to pre-2018 productive capacity may be gradual.
- The *finance, insurance, real estate and business services* sector is likely to improve toward the latter end of the forecast period. As a lagging sector it is dependent on broader-economy growth which is projected to accelerate beyond 2020. This will be disproportionately beneficial to the Western Cape.
- Growth in *general government services* is set to remain weak, averaging only 0.5 per cent over the forecast horizon.
- The *wholesale and retail trade, catering and accommodation* sector is expected to underperform in 2019 and 2020. However, growth is projected to rise more notably over the medium term on the back of better income and employment growth. Tourism growth, as proxied by the catering and accommodation sector, is also forecast to improve especially if the rand continues to weaken.
- After holding up well over the five years to 2017 due to a robust property market, the *construction* sector is set to contract in 2019 on the back of softer house price growth and subsequently, weaker residential demand. Infrastructure spending is also projected to be lower. A gradual rise is projected over the forecast horizon as private fixed investment recovers.

2.4.3 Risks to the provincial outlook

In addition to the risks on a national level, and taking the composition of the regional economy into consideration some key risks for the Western Cape include:

- Volatile and unpredictable weather patterns could make it increasingly difficult to grow/produce what is considered traditional Western Cape produce.
- Conditions which affect the consumer will typically be disproportionately reflected in Western Cape GDP growth such as changes in: consumer confidence; employment growth; and the interest rate environment.

3. Regional context

3.1 Introduction

This subsection provides background information to the main sections in Section B of this publication which provides an economic review and outlook per district. This subsection will provide a district overview of GDP and employment trends.

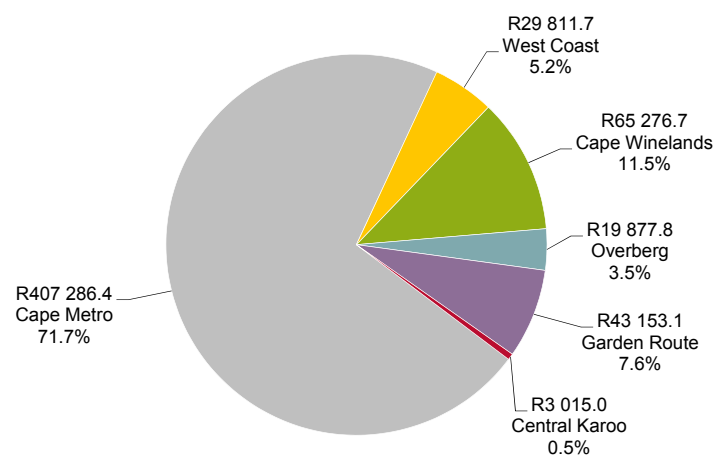
3.2 District economic overview

This subsection will provide an economic overview of the five Districts and Cape Metro GDPR and employment contribution to the economy of the Western Cape Province.

3.2.1 GDPR contribution

Figure 2.10 illustrates the GDPR contribution of the regional areas to the Provincial economy in 2017. With a contribution to GDPR of R407.3 billion, the Cape Metro area contributed 71.7 per cent to total GDPR in the Western Cape Province in 2017. Other notable contributors include the Cape Winelands District and the Garden Route District, which contributed 11.5 per cent and 7.6 per cent to the provincial GDPR in 2017, respectively. With a contribution of R3 billion in 2017, the CKD was the smallest contributor to the Provincial economy (0.5 per cent).

Figure 2.10 District contribution to Provincial GDPR, R million (current prices), 2017 (%)



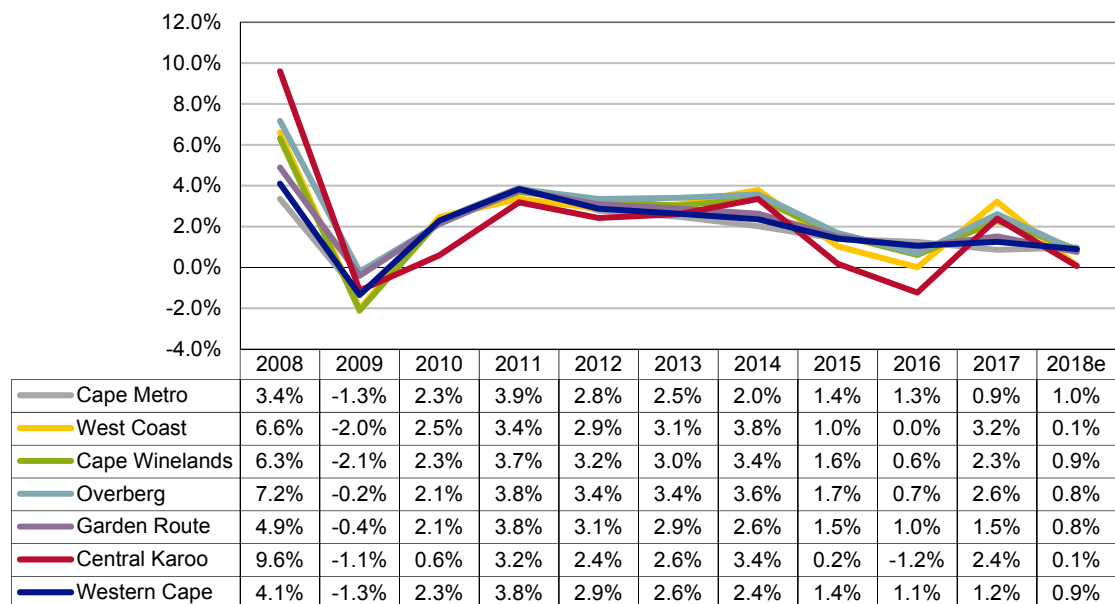
Source: Quantec Research, 2019

Figure 2.11 indicates the long-term GDPR growth rate in the Western Cape, Cape Metro and the districts. While the Western Cape Province experienced significant growth rates in 2008, following the global financial crisis, all regions within the Western Cape Province experienced significant contractions in growth in 2009. On average, the Western Cape Province experienced a contraction of 1.3 per cent in 2009, with the Cape Winelands District, West Coast District and Cape Metro area experiencing the largest contractions during the year. In 2010, all regional economies in the Western Cape Province were able to recover somewhat, with an average growth rate of 2.3 per cent experienced in the Province during the year. However, the CKD lagged behind the other regions, experiencing growth of only 0.6 per cent in 2010.

In 2011, growth in the Province continued to improve, with all District economies and the Cape Metro area experiencing growth rates of over 3 per cent, leading to a Provincial average of 3.8 per cent. Following the improvement experienced in 2011, all district economies experienced slowdowns in growth in 2012. While the West Coast, Overberg and Central Karoo Districts were able to improve their growth rates in 2013, the Cape Winelands District, Garden Route District and Cape Metro area continued declining in growth during the year. In 2014, improvements were noted across all regions in the Western Cape Province, barring the Garden Route District and the Cape Metro area which had experienced year-on-year declines since 2011. Between 2015 and 2016, a significant slowdown was experienced across all districts, with the Central Karoo District experiencing a contraction of 1.2 per cent in 2016. In 2017, growth rates improved across districts, while the Cape Metro experienced a slight decline in growth, from a growth rate of 1.3 per cent in 2016 to a growth rate of 0.9 per cent in 2017.

Estimates for 2018 indicate that the only region that has been able to improve on its year-on-year growth rate was the Cape Metro area, albeit slight. The Cape Metro area is estimated to have grown by 1 per cent in 2018, from the 0.9 per cent growth experienced in 2017. The West Coast District experienced the most notable decline over the same period, from a growth rate of 3.2 per cent in 2017 to a growth rate of 0.1 per cent in 2018. Overall, the Western Cape Province is estimated to have experienced a growth rate of 0.9 per cent in 2018. The decline in growth across all districts is mainly as a result of poor growth in the agriculture, forestry and fishing sector, which plays a significant role in the local economies of the districts.

Figure 2.11 GDP growth rate per District, 2008 - 2018



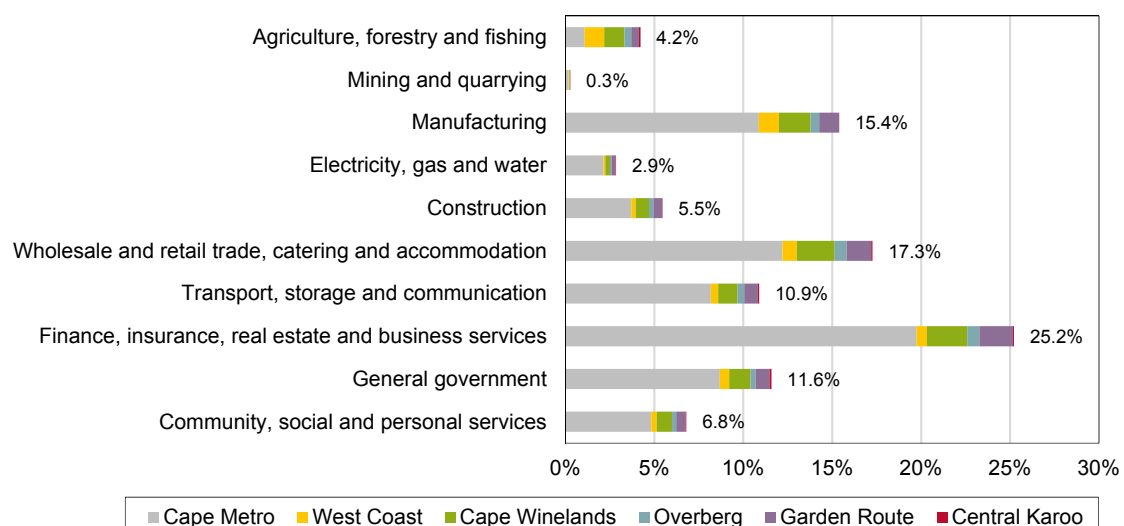
Source: Quantec Research, 2019 (e denotes estimate)

Figure 2.12 illustrates the sectoral GDP contribution per region in 2017. In the Western Cape Province, the leading contributor to GDP is the finance, real estate, insurance and business services sector, which contributed 25.2 per cent in 2017. Other notable contributors to provincial GDP in 2017 were the wholesale and retail trade, catering and accommodation sector (17.3 per cent) and the manufacturing sector (15.4 per cent).

Economic activity in the two leading contributors to provincial GDP was mainly concentrated in the Cape Metro area, the Cape Winelands District and the Garden Route District. In the finance, insurance, real estate and business services sector, the Cape Metro area contributed 19.7 per cent, while the CWD and GRD contributed 2.3 per cent and 1.9 per cent respectively. Of the 17.3 per cent contribution from the wholesale and retail trade, catering and accommodation sector to total provincial GDP, 12.2 per cent stemmed from the Cape Metro area, with the Cape Winelands and Garden Route contributing 2.1 per cent and 1.4 per cent to this sector's output respectively. Manufacturing activity mainly stemmed from the Cape Metro area (10.9 per cent), the Cape Winelands District (1.8 per cent), and the West Coast District and Garden Route District, with a contribution of 1.1 per cent each.

While the Cape Metro area dominates in the secondary and tertiary sectors, activity in the primary sector is more evenly spread. In the agriculture, forestry and fishing sector, the leading contributors to provincial GDP are the Cape Metro area, the West Coast District and the Cape Winelands District, which each contributed 1.1 per cent to the sector's total contribution of 4.2 per cent in 2017. Economic activity in the mining and quarrying sector is split between the West Coast District and the Cape Metro area, with the West Coast District accounting for a third of this sector's total contribution to provincial GDP in 2017.

Figure 2.12 Sectoral GDP contribution per region, 2017 (%)

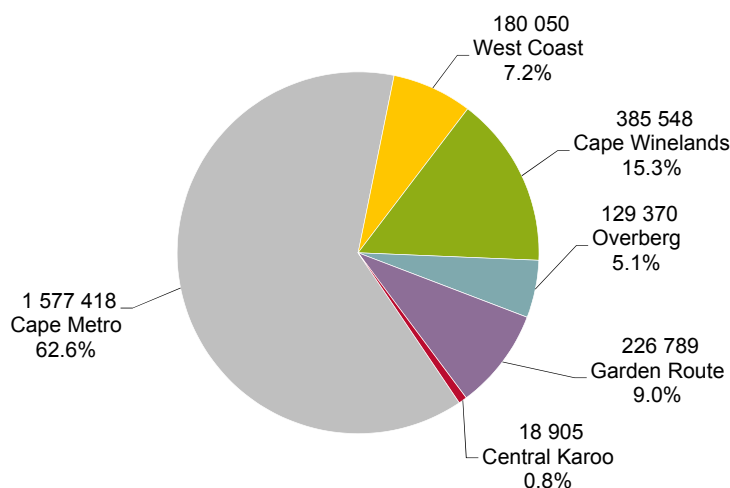


Source: Quantec Research, 2019

3.2.2 Labour trend analysis

Figure 2.13 illustrates the contribution to Provincial employment by each district and the Cape Metro area. The Cape Metro area is the leading contributor to employment in the Western Cape Province, accounting for 62.6 per cent of total provincial employment in 2017. The Cape Winelands District and Garden Route District also contributed significantly to Provincial employment in 2017, with a contribution of 15.3 per cent and 9 per cent respectively.

Figure 2.13 District contribution to Provincial employment, 2017 (%)



Source: Quantec Research, 2019

Figure 2.14 indicates the trend in employment growth in each district and the Cape Metro area. Between 2008 and 2017, 326 282 employment opportunities were created in the Western Cape Province. In 2008, the only regions in the Western Cape Province that created jobs were the Garden Route District and the Cape Metro area. Between 2009 and 2010, all regions in the Western Cape Province experienced job shedding. Cumulatively, the Province experienced 131 978 job losses in the two-year period, most of which were experienced in Cape Metro area (68 304 jobs) and the Cape Winelands District (24 690 jobs). Between 2011 and 2013, employment opportunities increased year-on-year in the Province, from 42 885 jobs in 2011 to 74 169 jobs in 2013.

Following year-on-year increases in employment between 2011 and 2013, a significant decline in employment opportunities was experienced in 2014. Barring the Cape Metro area, which accounted for 73.2 per cent of the employment opportunities created in 2014, all regions in the Western Cape Province experienced significant declines in the creation of jobs. Substantial improvements in job opportunities occurred in 2015, however, with all regions in the Province improving substantially³. This turnaround was not sustained in 2016, however, during which only 10 293 jobs were created across the Province. In 2016, four Districts – namely the Garden Route District, West Coast District, Overberg District and the Central Karoo District – experienced job losses. While significant improvements in job opportunities were experienced in 2017, estimates for

³ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

2018 indicate a slowdown in the creation of employment opportunities, with the West Coast District and the Central Karoo District being the only regions which improved on the average experienced in the preceding year.

Figure 2.14 Change in employment, 2008 - 2018 (%)

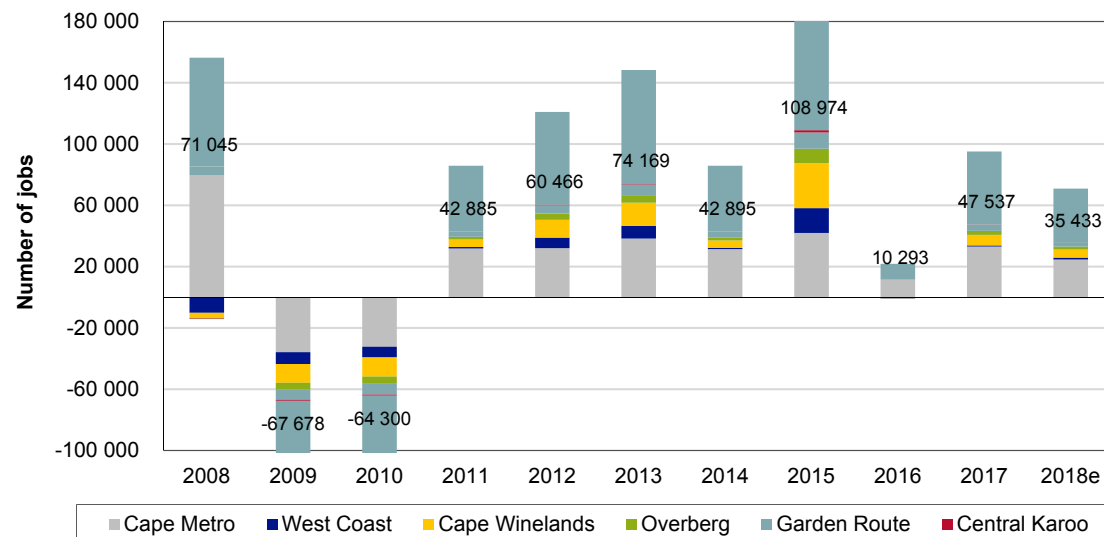
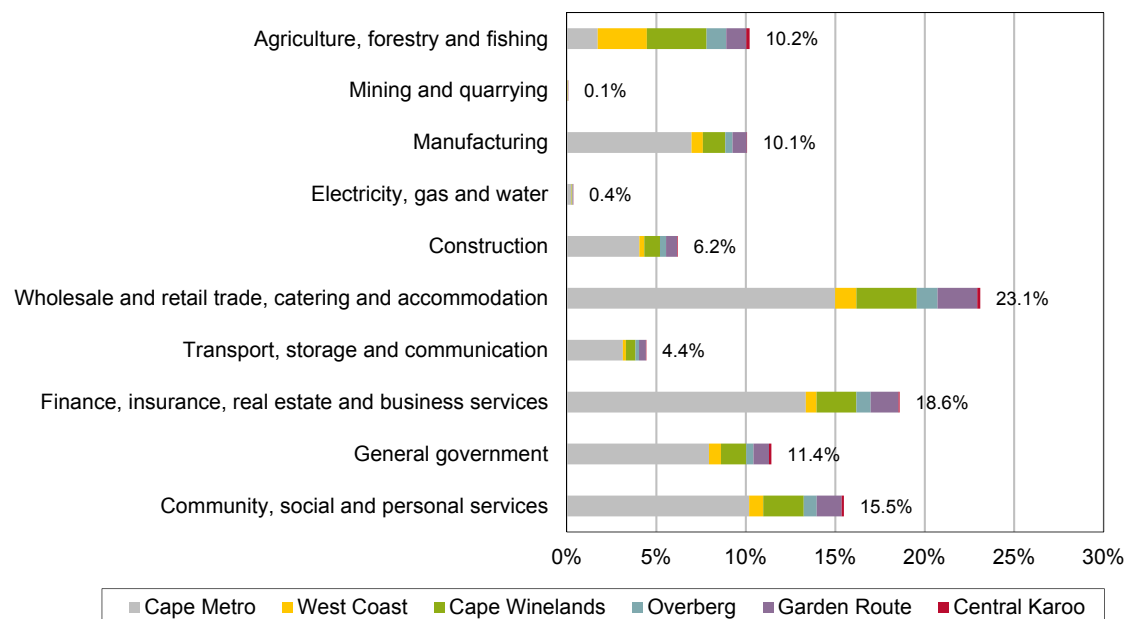


Figure 2.15 indicates the sectoral employment contribution to the Provincial economy by each district and the Cape Metro area. The wholesale and retail trade, catering and accommodation sector was the leading contributor to employment in the Western Cape Province in 2017, accounting for 23.1 per cent of total employment opportunities. Other prominent contributors to employment during the year were the finance, insurance, real estate and business services (18.6 per cent), and community, social and personal services (15.5 per cent) sectors.

In the wholesale and retail trade, catering and accommodation sector, employment was mainly concentrated in the Cape Metro area (15 per cent), and the Cape Winelands District (3.4 per cent) and Garden Route District (2.2 per cent). These areas are also the leading contributors to employment in the finance, insurance, real estate and business services, and community, social and personal services sectors. In the finance, insurance, real estate and business services sector, the Cape Metro, Cape Winelands District and Garden Route District contributed 13.4 per cent, 2.2 per cent and 1.6 per cent to this sector's total employment contribution of 18.6 per cent in the Western Cape Province. Similarly, the Cape Metro, Cape Winelands District and Garden Route District contributed 10.2 per cent, 2.3 per cent and 1.4 per cent to the community, social and personal services sector's total employment contribution of 15 per cent in 2017.

Employment in the agriculture, forestry and fishing sector is more evenly spread across the Province. Of this sector's total employment contribution of 10.2 per cent, the regions in which the agriculture, forestry and fishing sector's employment was most prevalent in 2017 were the Cape Winelands District, which accounted for 3.3 per cent, and the West Coast District, which accounted for 2.8 per cent. The Cape Metro area contributed 1.7 per cent to this sector's total employment, while the Overberg District and Garden Route District contributed 1.1 per cent each.

Figure 2.15 Sectoral employment contribution per District, 2017 (%)

Source: Quantec Research, 2019

3.3 Economic resilience

Economic resilience is the ability of local economies to recover from or withstand external shocks. It is evident from the 2019 MERO that the district and municipal economies of the Western Cape are influenced by the deteriorating national economy as well as external shocks such as the drought, which has influenced the agriculture, forestry and fishing sector as well as the broader economy since its onset. This sector is estimated to have shed 13 132 jobs in 2017 and 2018, with the most job losses occurring in the Cape Winelands (5 601 jobs) and West Coast (2 991 jobs) districts. The reliance on this sector, particularly in small, rural towns have thus resulted in an overall economic deterioration in these areas.

However, over the last decade, district economies have become slightly less reliant on the agriculture, forestry and fishing sector and have seen an increased contribution from tertiary sectors to the economy. Particularly from sectors such as the finance, insurance, real estate and business services sector and the wholesale and retail trade, catering and accommodations sector. Tertiary sectors have also been the main contributors to employment and economic growth in the last five years of tepid economic growth. By creating an enabling environment for business growth and investment, local municipalities can contribute to the sustainability of these sectors.

The rapid growth of the tertiary sectors in recent years in the municipal areas of the Western Cape has led to urbanisation as work-seekers from rural areas migrate to the main towns in search of jobs. Challenging is that a large proportion of workers remain low-skilled, while tertiary sector industries demand semi-skilled and skilled workers. This urbanisation has had a multitude of implications for local municipalities, including, but not limited to an increased demand for housing, infrastructure and services. However,

poor economic conditions have increased the number of indigent households across most districts in 2018, adding additional pressure on revenue streams of local municipalities.

International trade can increase the vulnerability of local economies due to the increased exposure to international price and demand fluctuations, it also provides new markets for local industries when local markets are under pressure. Despite the volatility of the agriculture, forestry and fishing sector, this sector was still responsible for the majority of exports from the Western Cape Province in 2018, particularly citrus, apples and grapes as well as agro-processed products such as wine. It is therefore important for the broader provincial economy to strengthen the resilience of this sector through innovations particularly relating to climate change. The export of iron and steel products is also an important source of export revenue for the Western Cape Province, highlighting the importance of the Saldanha Bay Industrial Development Zone (IDZ).

Even though tourism has been influenced by the drought and other economic factors, it still remains a valuable economic injection for local municipal areas, particularly international tourism. Each district in the Western Cape Province has a unique product offering, including the culture and heritage of the Central Karoo, the flowers, coast and culture in the West Coast, the wine industry in the Cape Winelands, the scenic beauty of the Garden Route and the whales, coastline and wine of the Overberg. These unique characteristics add to the marketability of the districts of the Western Cape as a tourist destination. The Central Karoo and West Coast District are often only transit-destinations or day-destinations for domestic tourists, making them more vulnerable to the slow-growing national economy and factors such as fuel hikes.

Understanding and planning for economic and social changes on a local level are important aspects of improving local economic resilience. The 2019 MERO highlights economic and social strengths and weaknesses as well as discuss the external influences of trade and tourism at a district level which can assist policymakers in designing Integrated Development Plans (IDPs), budgets and strategies to strengthen their resilience to external shocks.

3.4 Concluding remarks

Global economic growth is projected to slow down in 2019 before recovering somewhat in 2020. The slowdown is expected to be broad-based in 2019. The improvement in 2020 is likely to come from emerging and developing economies. This forecast is subject to a number of mainly downside risks, the most notable being the intensification of trade tensions and socio-political developments in a number of countries. On the upside, the softer demand environment could see a further loosening of global monetary conditions.

In South Africa, the contraction in quarterly GDP growth in the first quarter of 2019 highlights a number of growth challenges for the remainder of the year. Most pertinent of these is weak growth in real income - despite benign inflation - which will constrain consumer spending and continue the poor fixed investment outcome, especially from the private sector will persist. These factors are expected to feature less prominently during 2020 with growth forecast to accelerate.

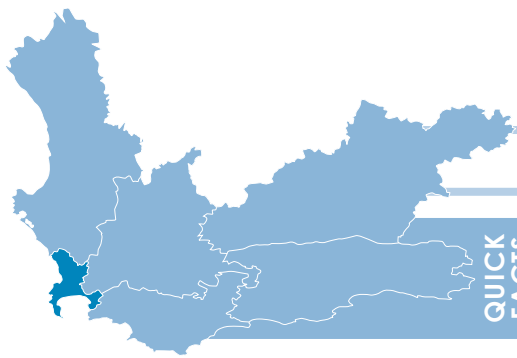
Due to the drought-affected agricultural sector, growth in the Western Cape economy is estimated to have risen only marginally in 2018. However, the regional sector is likely to outperform the rest of South Africa once more in 2019. Over the medium term, however, the regional economy will suffer from the same growth constraints facing the national economy. As such, the medium-term growth outlook mimics that of South Africa in that, while it is expected to rise, the pace is more moderate relative to previous periods. These trends are also expected across the districts of the Western Cape.

Given the challenging economic climate influencing the provincial and municipal economies, economic resilience should be fostered through the various planning and budgeting processes to ensure continued service delivery and that an enabling environment can be created for investment, trade promotion and tourism development.





Cape Metro



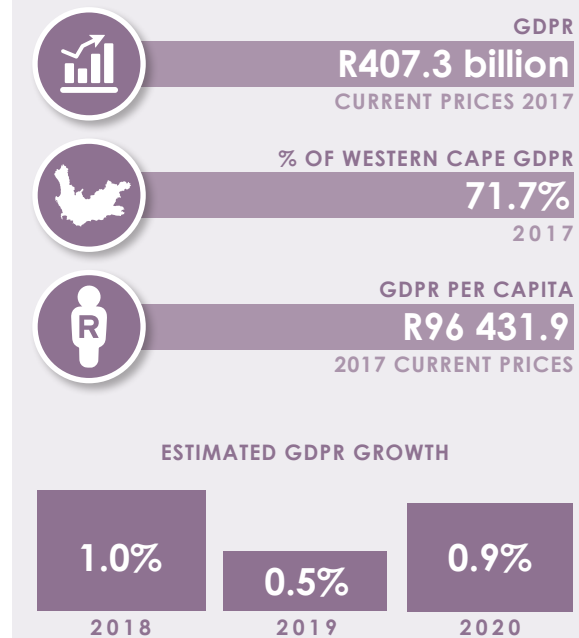
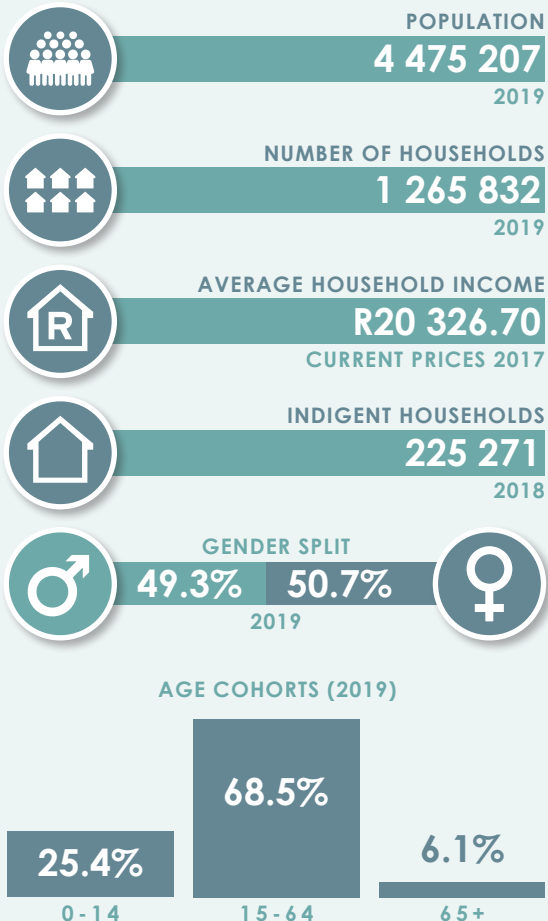
CAPE METRO DISTRICT



QUICK FACTS

Area	2 445 km ²
Density	1 500/km ²
Seat	Cape Town
Cities/Towns	Cape Point, Somerset West, Atlantis, Robben Island

DEMOGRAPHICS

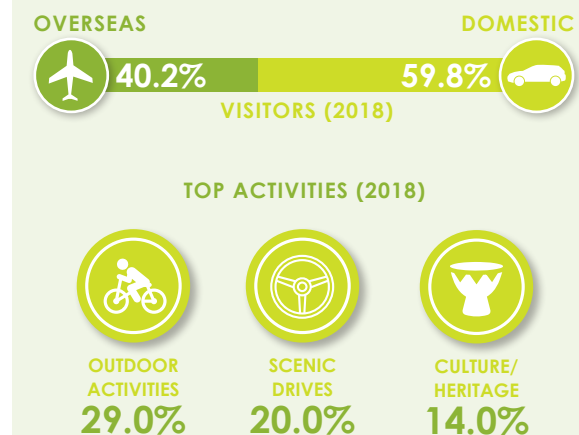
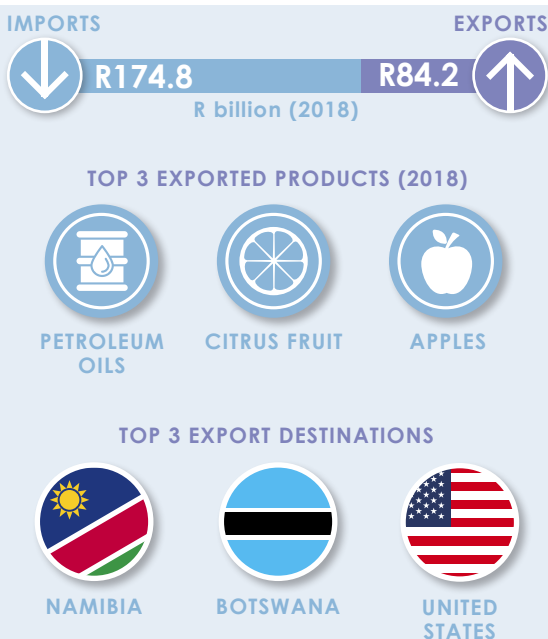


GROSS DOMESTIC PRODUCT

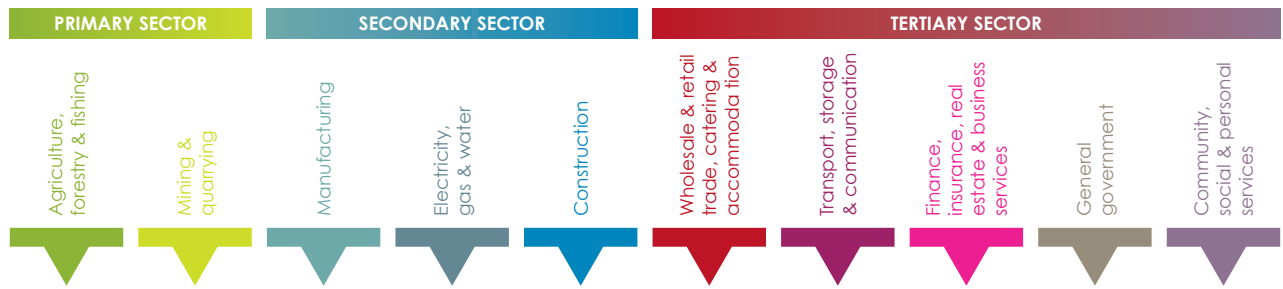


EMPLOYMENT

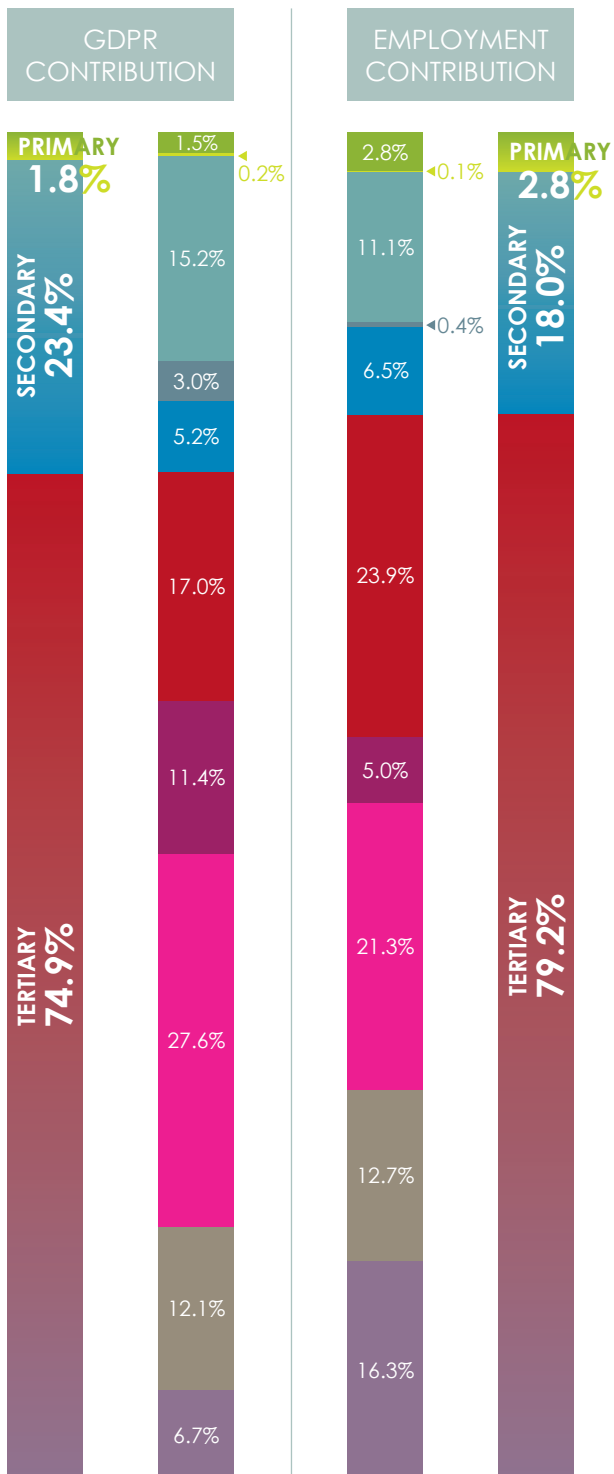
TRADE



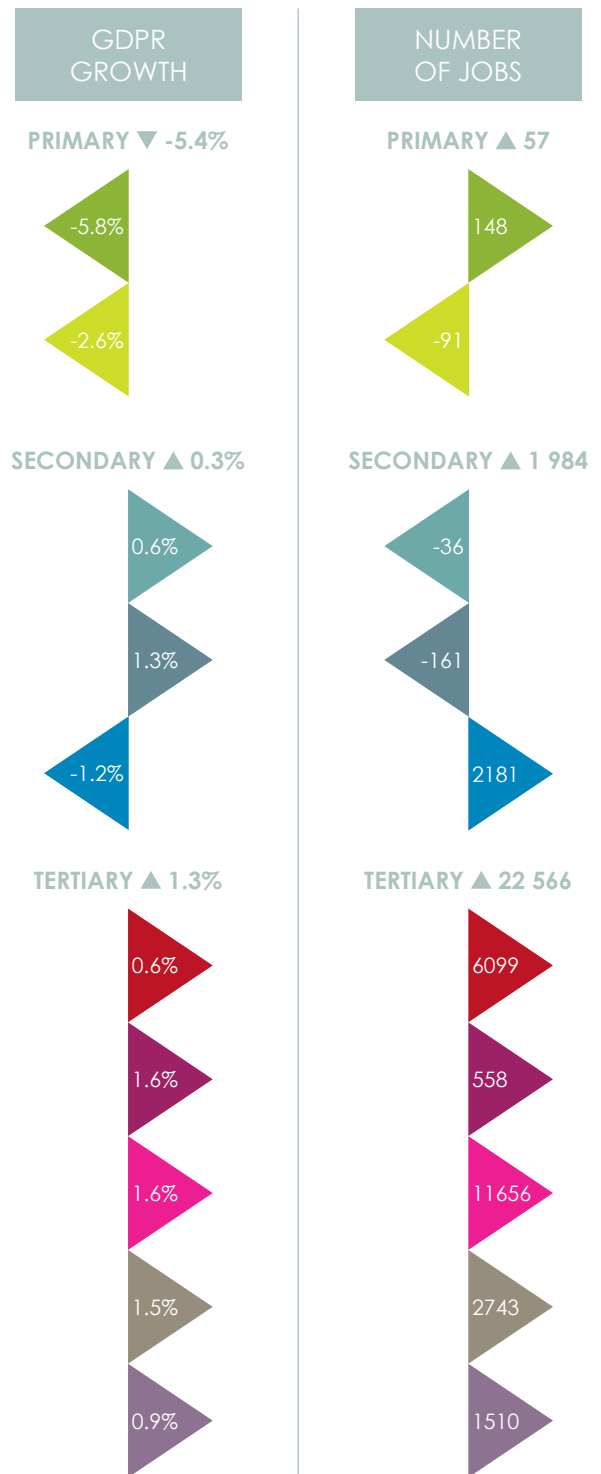
TOURISM



GROSS DOMESTIC PRODUCT AND EMPLOYMENT PER SECTOR (2017)



ESTIMATED GROSS DOMESTIC PRODUCT AND EMPLOYMENT SECTOR GROWTH (2018)





1

Regional economic review and outlook

1.1 Introduction

The Cape Metro is a vibrant metropolitan area that dominates the economy of the Western Cape Province despite only taking up 1.9 per cent (2 445 square kilometres) of land mass of the Western Cape Province. The Cape Metro area is not only the commercial hub of the Province, but also a valuable national port and tourist destination.

This chapter provides a macroeconomic outlook of the Cape Metro, an overview of trends between 2008 and 2018 (estimated) and a GDP outlook for 2019 and 2020.

1.2 Growth in GDPR performance

This section discusses the size of the Cape Metro area's economy, as well as the average GDPR contribution and growth rates achieved by the Cape Metro over the years. The period under review for MERO 2019 is between 2008 and 2017, with the 2018¹ figures being estimated.

1.2.1 GDPR performance

The economy of the Cape Metro area was valued at R407.3 billion in 2017 (in current prices), contributing 71.7 per cent to the R568.4 billion GDPR of the Western Cape Province. The Cape Metro area is therefore the main driver of the provincial economy.

Table 1.1 Cape Metro area GDPR contribution and growth rates, 2017

Municipality	R million value 2017	Contribution to Provincial GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Cape Metro	407 286.4	71.7	1.9	1.0
Western Cape Province	568 420.7	-	2.0	0.9

Source: Quantec Research, 2019 (e denotes estimate)

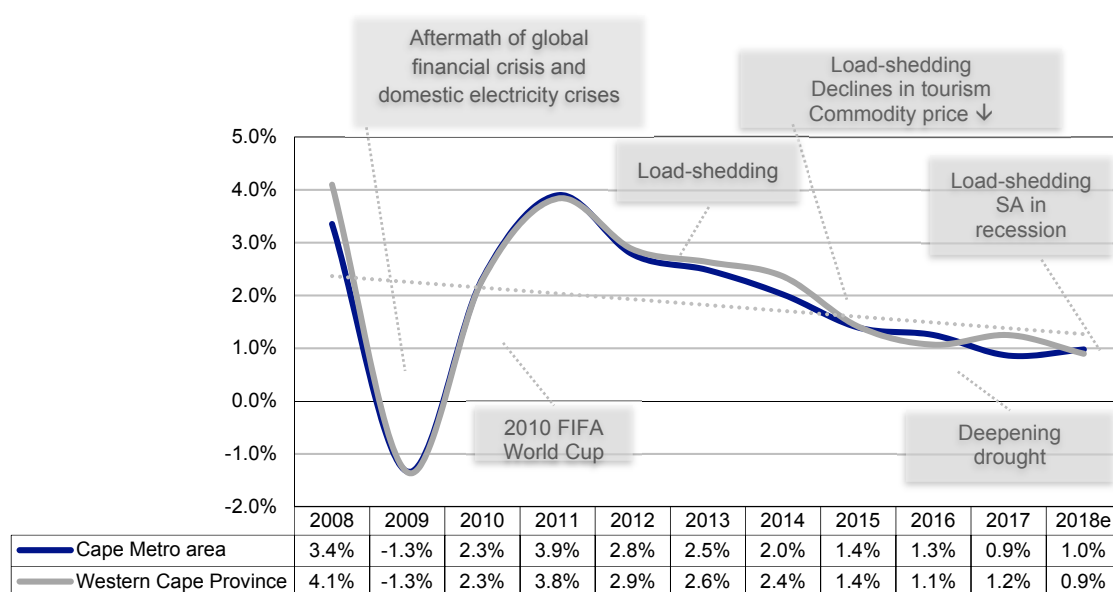
The economy of the Cape Metro area grew at an average rate of 1.9 per cent between 2008 and 2017, which was not significantly lower than the provincial growth rate of 2.0 per cent over the same period. There was also no significant difference between the estimated growth rates of the Cape Metro (1.0 per cent) and the Western Cape Province (0.9 per cent) in 2018.

Figure 1.1 depicts the historical performance of the Cape Metro area as well as the Western Cape Province. Figure 1.1 shows the economy's susceptibility to exogenous factors and environmental influences that have potentially affected the growth pattern in the period under review.

The economy of South Africa was confronted by major challenges that occurred between 2008 and 2009. These challenges were mainly due to the global financial crisis and electricity shortages experienced in the domestic economy. However, the state of the economy improved in 2010, which may be due to an upsurge in economic activities of the nation hosting the 2010 FIFA World Cup. International arrivals to South Africa increased by 15.1 per cent in 2010 which can be partly attributed to the 2010 FIFA World Cup², which in turn boosted the local tourism industry and the broader economy.

¹ Statistics SA will only release official regional indicators for 2018 in 2020.

² Department of Tourism (2011)

Figure 1.1 Cape Metro GDPR growth, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

Despite the economy of the Cape Metro area and Western Cape Province growing in 2010, electricity shortages, which reoccurred in 2011, constrained the economy from growing further. Again, load-shedding in South Africa resumed in 2015. In addition, commodity prices declined, and the number of tourists decreased in 2015 due to international perceptions about the drought, which had a negative impact on the entire economy. This also hindered the growth potential of the Cape Metro economy. The drought that persisted in the Western Cape Province also resulted in a slowdown in economic growth for the Cape Metro area. More recently, the South African economy was in a technical recession in the second quarter of 2018³ in addition to the continued electricity shortages. This resulted in a further decline in growth of the overall economy, including that of the Cape Metro area.

Overall, the economy of the Cape Metro area exhibited a downward trend regarding growth over the reference period. Although a period of recovery has been observed, if the historical trend persists, the economy is most likely to stagnate.

By attracting investments in events and leisure tourism and other niche industries such as renewable energy, economic growth and job creation opportunities can be stimulated in the local economy.

1.2.2 Sectoral GDPR performance

Table 1.2 provides an overview of the sectoral GDPR contribution in the Cape Metro area. The average growth rates for the different sectors are provided for the ten-year period (from 2008 to 2017), as well as an estimate for 2018.

³ Industrial Development Corporation (IDC) (2018)

Table 1.2 Cape Metro area GDPR contribution per sector, 2017

Sector	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Primary Sector	7 174.9	1.8	4.0	-5.4
Agriculture, forestry and fishing	6 192.1	1.5	4.5	-5.8
Mining and quarrying	982.8	0.2	1.0	-2.6
Secondary Sector	95 108.8	23.4	0.7	0.3
Manufacturing	61 825.6	15.2	0.5	0.6
Electricity, gas and water	12 212.1	3.0	-1.3	1.3
Construction	21 071.2	5.2	2.6	-1.2
Tertiary Sector	305 002.7	74.9	2.2	1.3
Wholesale and retail trade, catering and accommodation	69 420.0	17.0	1.7	0.6
Transport, storage and communication	46 503.0	11.4	1.8	1.6
Finance, insurance, real estate and business services	112 254.8	27.6	2.5	1.6
General government	49 372.7	12.1	3.3	1.5
Community, social and personal services	27 452.3	6.7	1.4	0.9
Total Cape Metro	407 286.4	100	1.9	1.0

Source: Quantec Research, 2019 (e denotes estimate)

The Cape Metro area's tertiary sector accounted for 74.9 per cent of GDPR in 2017. The finance, insurance, real estate and business services (27.6 per cent) and wholesale and retail trade, catering and accommodation (17.0 per cent) sectors, were the leading contributors to GDPR during the year.

The secondary sector was the second-largest contributor to GDPR in 2017, accounting with a contribution of 23.4 per cent, most of which is attributable to the manufacturing sector (15.2 per cent). With 1.8 per cent, the primary sector made the smallest contribution to GDPR, with the agriculture, forestry and fishing sector contributing 1.5 per cent.

With a growth rate of 4.5 per cent, the agriculture, forestry and fishing sector achieved the highest average growth rates across sectors over the ten-year period. However, it is estimated that this sector contracted by 5.4 per cent in 2018. As this sector is not a substantial contributor to GDPR in the region, the contraction realised within this sector is unlikely to adversely affect the Cape Metro area's economy as a whole.

The secondary sector exhibited an average growth of 0.7 per cent over the ten-year period, with estimates indicating that this sector grew marginally by 0.3 per cent in 2018. The decline in growth can be attributed to the anticipated contraction in the construction sector in 2018. Despite the contraction, secondary sector growth remained positive due to the sizeable contribution of the manufacturing sector, which grew marginally faster than its 0.5 per cent ten-year average annual rate.

All sectors within the tertiary sector grew over the ten-year period. Between 2008 and 2017, the average growth rate of the tertiary sector was 2.2 per cent, which was above the average growth rate of the Cape Metro area of 1.9 per cent. The general government and finance, insurance, real estate and business services sectors

achieved the highest growth rates of 3.3 per cent and 2.5 per cent respectively over the ten-year period. These two sectors are also estimated to have achieved the highest growth rates in 2018 of 1.5 per cent and 1.6 per cent respectively.

The performance of the tertiary sector in the Cape Metro has a more direct effect on the GDP of the area. The Central Business District (CBD) attracts a significant amount of tertiary sector business activities with large influxes of workers daily who work within the CBD. The road and rail transport system is therefore an essential component of creating an enabling environment for continued growth and investment in these sectors⁴.

1.2.3 GDP performance per sector forecast (outlook)

Due to the fast pace at which the global and South African economies are changing, only a two-year forecast is done. Table 1.3 indicates the GDP forecast per sector for 2019 and 2020 in the Cape Metro area.

Table 1.3 GDP forecast per sector, 2019 - 2020 (%)⁵

Sector	2019f	2020f	2019f - 2023f
Primary Sector			
Agriculture, forestry and fishing	5.0	4.4	6.7
Mining and quarrying	-0.9	2.7	2.3
Secondary Sector			
Manufacturing	0.6	1.8	1.4
Electricity, gas and water	0.1	0.7	0.6
Construction	-1.8	-0.1	0.5
Tertiary Sector			
Wholesale and retail trade, catering and accommodation	0.3	0.0	0.7
Transport, storage and communication	0.5	0.9	1.2
Finance, insurance, real estate and business services	0.7	0.9	1.1
General government	0.5	0.9	1.0
Community, social and personal services	0.6	0.4	0.4
Total	0.5	0.9	1.1

Source: Urban-Econ based on BER, 2019 (f denotes forecast)

On average, the economy of the Cape Metro area is projected to grow by 0.5 per cent in 2019. The average growth rate is likely to increase to 0.9 per cent in 2020. Between 2019 and 2023, the economy of the Cape Metro is expected to grow by 1.1 per cent per annum.

The GDP of the agriculture, forestry and fishing sector is expected to grow by 5.0 per cent and 4.4 per cent in 2019 and 2020, respectively, which are the highest growth rates across sectors. Between 2019 and 2023, the growth in agricultural activities is estimated at 6.7 per cent per annum.

⁴ City of Cape Town Municipal Survey (2019)

⁵ Based on provincial forecasts done in July 2019 - Bureau for Economic Research (BER).

Although a contraction is expected in the mining and quarrying sector in 2019, this sector is expected to grow by 2.7 per cent in 2020. Overall, the sector is forecast to grow by 2.3 per cent per annum between 2019 and 2023.

The manufacturing sector is forecast to grow by 0.6 per cent in 2019, which is the highest forecasted growth in the secondary sector. This sector is expected to grow by a further 1.8 per cent in 2020, with an average annual rate of 1.4 per cent expected between 2019 and 2023. Contractions in the secondary sector are mainly expected in the construction sector, where GDP is forecasted to decline by 1.8 per cent and 0.1 per cent in 2019 and 2020 respectively. However, the sector is estimated to grow by 0.5 per cent between 2019 and 2023.

The wholesale and retail trade, catering and accommodation is expected to grow below the average growth rates between 2019 and 2023. Although the community, social and personal services sector is estimated to grow by 0.6 per cent in 2019, growth is expected to decline to 0.4 per cent in 2020. In addition, from 2019 to 2023, the community, social and personal services sector is projected to grow by 0.4 per cent. This means the projected performance of this sector is likely to be below the average growth rates between 2019 and 2023.

The general government, transport, storage and communication, and finance, insurance, real estate and business services sectors are projected to grow at an average annual rate of 1.1 per cent and 1.0 per cent between 2019 and 2023.

1.3 Labour trend analysis

This subsection provides an overview of the key employment trends in the Cape Metro area by outlining the contribution to employment creation in the Western Cape Province. It also highlights the periods in which the area experienced positive (or negative) and significant change in terms of employment patterns. Furthermore, it discusses the employment dynamics by identifying which sectors employ the most persons.

1.3.1 Employment growth

Table 1.4 indicates the trend in employment growth in the Cape Metro area. In 2017, employment in the Cape Metro area accounted for 62.6 per cent of the Western Cape Province's total employment. The Cape Metro area experienced a net increase in employment of 230 747 persons between 2008 and 2017. It is estimated that the Cape Metro area created 24 607 jobs in 2018, which is higher than the annual average over the preceding ten years.

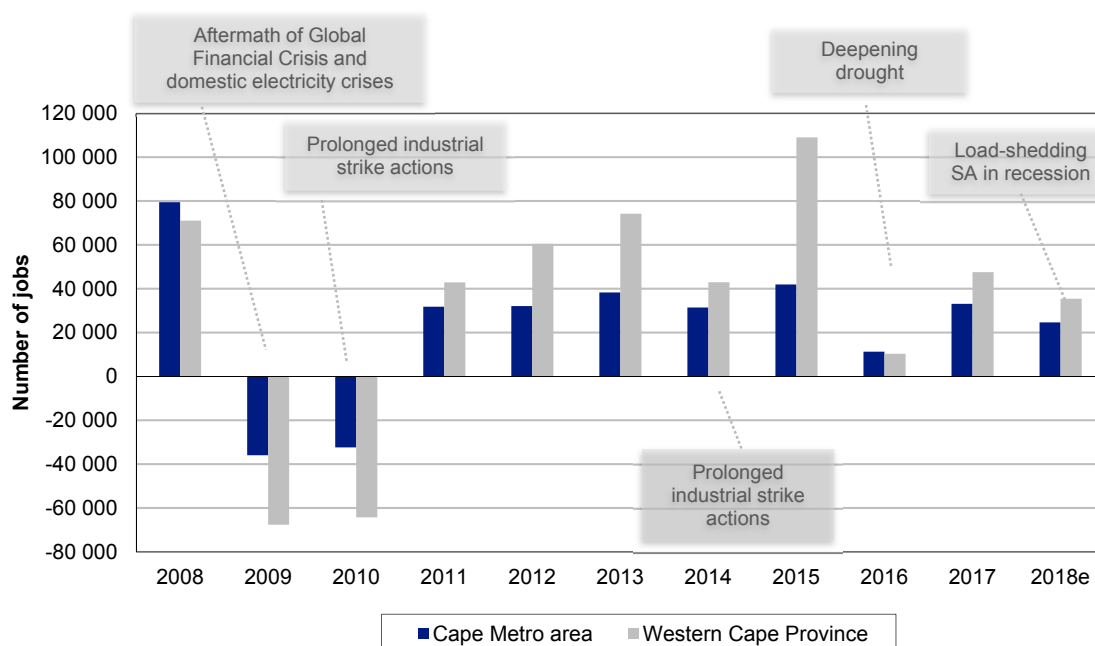
Table 1.4 Cape Metro area employment contribution, 2017

Municipality	Number of jobs 2017	Contribution to provincial employment (%) 2017	Trend 2008 - 2017	Employment (net change) 2018e
Cape Metro	1 577 418	62.6	230 747	24 607
Western Cape Province	2 518 080	-	326 286	35 433

Source: Quantec Research, 2019 (e denotes estimate)

Figure 1.2 illustrates the annual changes in employment in the Cape Metro between 2008 and 2018.

Figure 1.2 Cape Metro employment growth, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

The aftermath of the global financial crisis and the electricity shortages had a severe effect on employment in 2009, with 35 937 persons losing their jobs in the Cape Metro area. The downward trend in labour absorption continued in 2010, which may be due to the prolonged industrial strikes that occurred in the same year. As a result, an additional 32 367 jobs were lost in 2010 in the Cape Metro.

A positive trend in job creation was observed in both the Cape Metro area and the Western Cape Province between 2011 and 2018. However, it took the Cape Metro area a period of three years to offset the job losses that occurred between 2009 and 2010⁶.

While improvements in employment were noted between 2011 and 2015, fewer jobs were created in 2016. This is possibly linked to the persistent drought which influenced economic activities in the area which also influenced job creation in the Cape Metro area. The drought influenced a number of sectors, including the agriculture, forestry and fisheries sector, manufacturing, construction and tourism. The effects of inadequate water in a society do not only confront the department concerned with water use, but also affect the structure of the local economy⁷. This is due to the channelling of resources to finance other means of sourcing water or building a more resilient infrastructure to prevent similar incidents happening in the future, which could

⁶ In 2009, 35 937 jobs were lost, followed by job losses of 32 367 in 2010. This resulted in total job losses of 68 304 over the two-year period. Between 2011 and 2013, a total of 102 035 additional jobs were created.

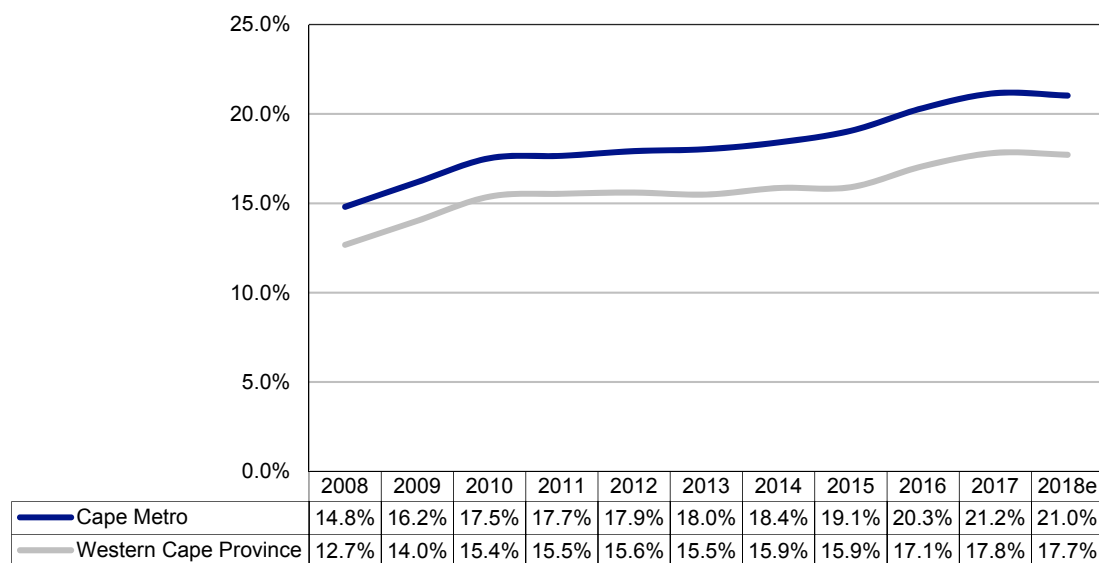
⁷ Ziervogel (2019)

otherwise be used to benefit the society directly. This results in fewer jobs being created in the economy.

Figure 1.3 indicates the unemployment rates in the Cape Metro area between 2008 and 2018.

Unemployed persons according to the official definition are those (aged 15 - 64 years) who were not employed in the reference week, actively looked for work or tried to start a business in the four weeks preceding the survey interview and were available for work or had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available⁸.

Figure 1.3 Cape Metro unemployment rate, 2008 - 2018 (%)



Source: Quantec research (e denotes estimate)

Over the reference period, the Cape Metro area realised higher unemployment rates than the Western Cape Province. On average, unemployment rates in the Cape Metro area were 2.6 percentage points higher than the provincial economy between 2008 and 2018.

The unemployment rate in the Cape Metro area has been increasing year-on-year between 2009 and 2017, from 14.8 per cent in 2008 to 21.2 per cent in 2017. However, estimates for 2018 indicate that there has been a marginal improvement in the unemployment rate to 21.0 per cent. Despite this improvement, the unemployment rate in the Cape Metro area remained 3.3 percentage points higher than the provincial average.

⁸ Statistics South Africa (2019)

1.3.2 Sectoral employment

Table 1.5 indicates the trend in employment growth in each economic sector in the Cape Metro area.

Table 1.5 Cape Metro area employment per sector, 2017

Sector	Number of jobs 2017	Contribution to employment (%) 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	44 424	2.8	-4 441	57
Agriculture, forestry and fishing	43 452	2.8	-4 377	148
Mining and quarrying	972	0.1	- 64	- 91
Secondary Sector	283 810	18.0	- 5 161	1 984
Manufacturing	175 498	11.1	-23 637	-36
Electricity, gas and water	6 273	0.4	1 733	-161
Construction	102 039	6.5	16 743	2 181
Tertiary Sector	1 249 184	79.2	240 349	22 566
Wholesale and retail trade, catering and accommodation	377 532	23.9	80 757	6 099
Transport, storage and communication	78 794	5.0	22 568	558
Finance, insurance, real estate and business services	336 275	21.3	54 015	11 656
General government	200 038	12.7	38 418	2 743
Community, social and personal services	256 545	16.3	44 591	1 510
Total Cape Metro	1 577 418	100	230 747	24 607

Source: Quantec Research, 2019 (e denotes estimate)

In 2017, the leading contributor to employment in the Cape Metro area was the tertiary sector. Accounting for 1.2 million jobs, the tertiary sector contributed 79.2 per cent to total employment in the region. The secondary and primary sectors contributed 18.0 per cent and 2.8 per cent to employment in 2017 respectively.

The agriculture, forestry and fishing sector accounted for 97.8 per cent of the persons (43 452) employed in the primary sector (44 424 jobs) in 2017. Despite improvements in employment in this sector from 2012, the substantial losses experienced in the former years of the ten-year period resulted in a net loss of 4 377 jobs between 2008 and 2017. There has been a marginal improvement in 2018, as estimates indicate that 148 jobs were created in this sector during the year.

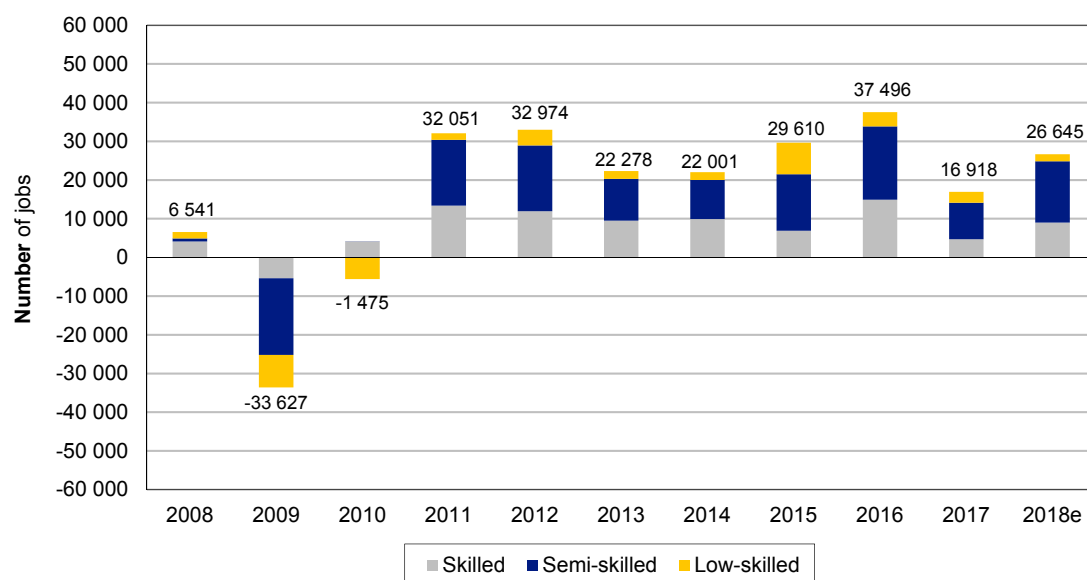
The manufacturing sector shed the greatest number of jobs over the ten-year period – a total of 23 637 jobs. The number of persons employed in the manufacturing sector has been contracting, with the greatest number of job losses reported between 2009 and 2010. Despite improvements in employment in the latter years, these improvements could not offset the jobs lost between 2008 and 2010. Conversely, the construction sector absorbed 16 743 more persons into the economy between 2008 and 2017, with an additional 2 181 jobs estimated for 2018.

Collectively, the tertiary sector was the only sector which experienced a net increase in employment between 2008 and 2017. The largest contributor to employment was the wholesale and retail trade, catering and accommodation sector, followed by the finance, insurance, real estate and business services sector. Estimates indicate that the tertiary sector created an additional 22 566 jobs in 2018, which was mainly attributable to the wholesale and retail trade, catering and accommodation, and finance, insurance, real estate and business services sectors, which collectively created 17 755 additional jobs.

1.4 Skills analysis

Figure 1.4 illustrates the change in employment by skill levels between 2008 and 2018 in the Cape Metro area.

Figure 1.4 Cape Metro employment growth by skill levels, 2008 - 2018



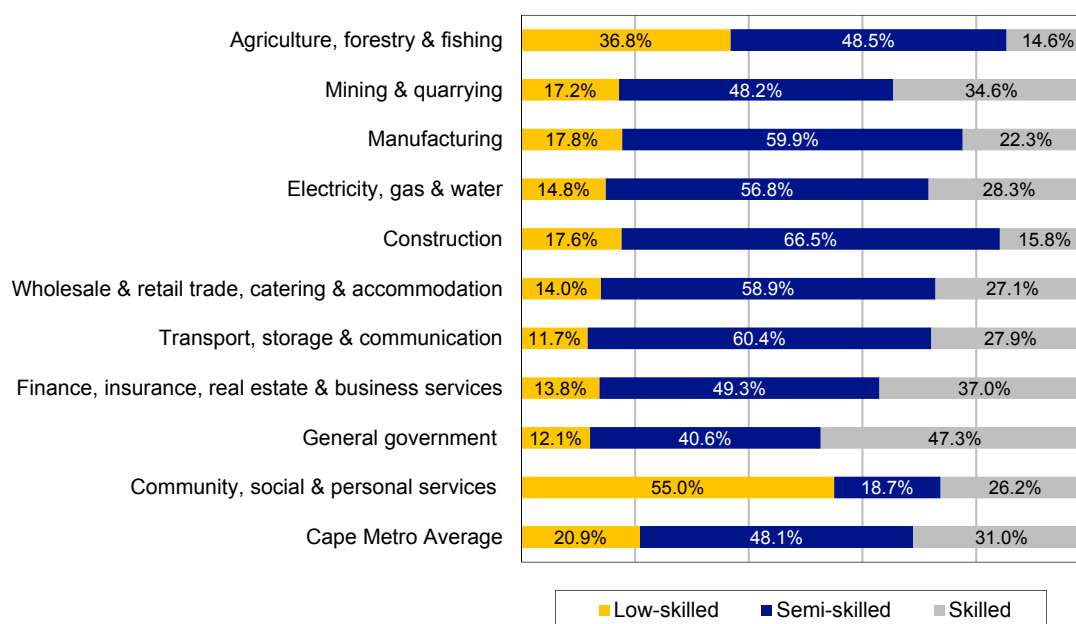
Source: Quantec Research, 2019 (e denotes estimate)

Over the reference period, the Cape Metro area experienced the greatest decline in employment in 2009, which was largely due to the global financial crisis and electricity shortages which affected the performance of the economy. While job losses were experienced across skill levels, semi-skilled workers were most susceptible to the losses experienced in 2009.

While improvements in employment were experienced in 2010 for semi-skilled and skilled workers, low-skilled workers continued to experience job shedding. Since 2011, the demand for labour in the Cape Metro area has been driven by the need for semi-skilled and skilled workers. Due to the slowdown in the economic growth of the Cape Metro area in 2017, employment growth declined from 37 496 jobs created in 2016 to 16 918 additional jobs in 2017. It is estimated that the number of additional jobs in 2018 increased to 26 645.

The skill levels in the Cape Metro area per sector are outlined in Figure 1.5. On average, employees in the Cape Metro economy are semi-skilled (48.1 per cent). Skilled working people are the second largest group, accounting for 31.0 per cent of the working persons. Therefore, smallest share of the working people in the area are low-skilled (20.9 per cent). The community, social and personal services sector and the agriculture, forestry and fishing sector employ most of the low-skilled persons.

Figure 1.5 Cape Metro skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

Barring the community, social and personal services sector, there is a proportional spread of semi-skilled persons across the sectors in the Cape Metro area. The general government and the finance, insurance, real estate and business services sectors absorb most of the skilled persons in the Cape Metro area.

1.5 Building plans passed and completed

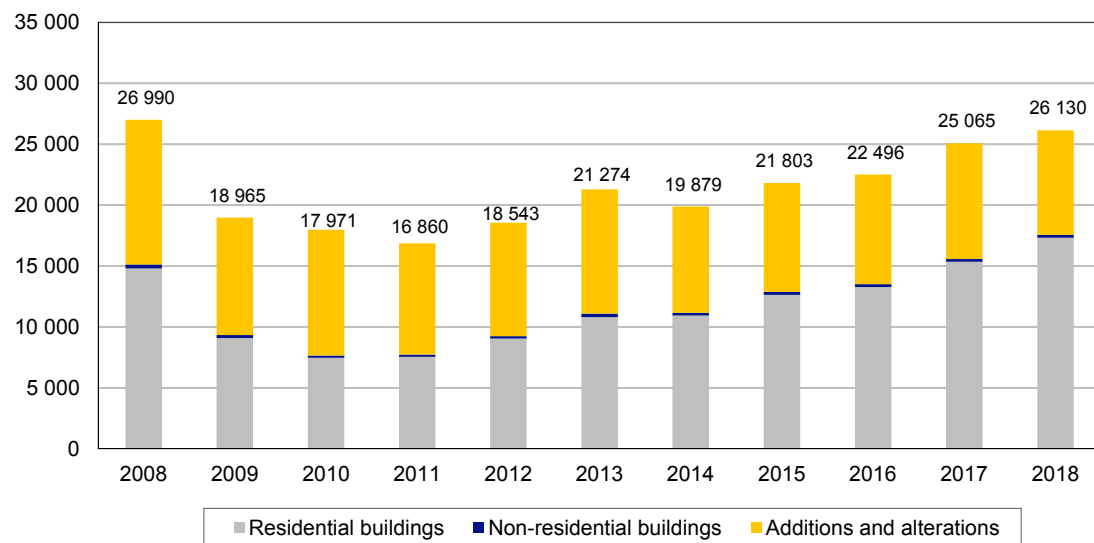
Building plans passed and completed are some of the indicators that are used to measure economic activity and business cycle changes. The value of building plans passed⁹ can be used as a leading indicator while building plans completed¹⁰ can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting.

⁹ Number of residential building plans passed larger than 80 m².

¹⁰ Number of non-residential buildings completed.

Figure 1.6 indicates the number of building plans passed between 2008 and 2018 in the Cape Metro area.

Figure 1.6 Cape Metro area building plans passed, 2008 - 2018



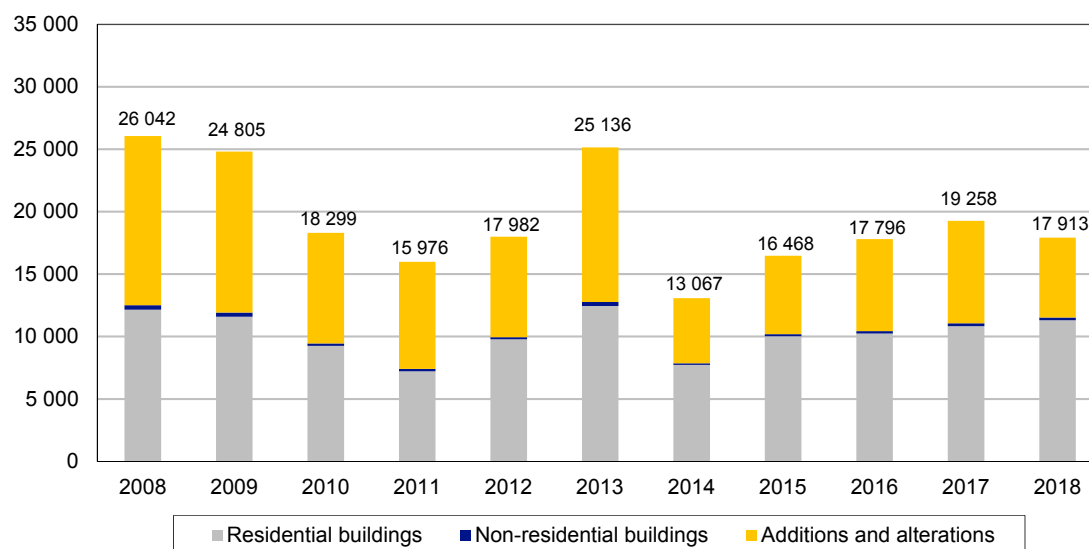
Source: Statistics SA & Quantec Research, 2019

The highest number of building plans passed (26 990) was in 2008. The demand was driven mainly by the need for new residential buildings and additions and alterations. There was a considerable decline in the number of building plans passed for new houses in 2009 as a result of the recession. The declining trend persisted until 2012. Since 2014, the trend has reversed as there has been a gradual increase in the number of building plans passed. The increasing trend has been largely attributable to the gradual interest in the building plans for residential buildings.

Although considerably smaller than residential building plans, the number of non-residential building plans passed increased from 228 in 2017 to 238 in 2018. Industrial and warehouse space make up the largest proportion of non-residential building plans passed. In 2018, 113 industrial and warehouse space building plans were passed with a total size of 296 891 m² and a total value of R2.1 billion.

The trend in the number of building plans completed in the Cape Metro area between 2008 and 2018 is provided in Figure 1.7.

Figure 1.7 Cape Metro area building plans completed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

During 2008 and 2009, the building plans completed for additions and alterations outweighed the building plans completed for new houses. This suggests that the tough economic conditions that prevailed in the economy resulted in households in the Cape Metro area opting for additions and alterations as opposed to building new houses. The number of new houses built continued to decline in 2011 before picking up in 2012. Even though the number of completed residential building picked up in 2013, the joint number of additions and alterations from 2012 to 2013 was higher than the number of new houses built in the same period.

The year 2014 was characterised by the lowest number of building plans completed (13 067). This was due to a decline in the buildings of both residential buildings and additions and alterations. Although the trend has been improving post-2014, the economy has been driven mainly by the need for new houses. Noteworthy is the fluctuation in building plans completed between 2014 and 2018. Although residential buildings contributed more to the building plans completed in 2015, the upward trend has been sustained by the escalation in the completion of additions and alterations during the 2016 to 2017 period. Despite the increasing trend for houses completed on one side, the sudden decrease in the number of additions and alterations on the other side resulted in a decline of the total number of building plans completed in 2018.

1.6 Concluding remarks

This chapter focused on assessing the position of the Cape Metro area in terms of trends in GDP growth, the performance of the sectors and their contribution to GDP and employment, analysis of skill levels in the Cape Metro area, and the trends pertaining to building plans passed and completed. The timeframe considered is the period between 2008 and 2018.

The Cape Metro economy was valued at R407.3 billion (in current prices), contributing 71.7 per cent to the Province's GDP 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 2.0 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 slower growth rate than in previous years. If this persists, it is likely that the Metro's economy may stagnate.

Regarding sectoral contribution to GDP, the tertiary sector accounts for the largest share as it contributes 74.9 per cent of the Cape Metro's GDP. 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 GDP, 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 GDP 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.



2

Trade and tourism

2.1 Introduction

The economy of a region municipality is not only influenced by the spending of local households. Businesses trade cross-border (locally and internationally) with goods and services while tourists (domestic and international) also visit attractions in the Cape Metro area. Exports and tourism are therefore an injection into the economy of the Cape Metro area while imports are considered leakages.

This section will explore trade and tourism dynamics to identify new opportunities for development or investment. Greater knowledge of opportunities will maximise the value of potential injections into the local economy.

2.2 Trade

2.2.1 Local trade dynamics

To determine the level of specialisation in the different economic sectors of the Cape Metro area, a location quotient is used. The location quotient is a ratio between two economies: in this case, the Provincial and Cape Metro economies, which indicates whether the Cape Metro area is exporting, self-sufficient or importing goods and services from a particular sector. Table 2.1 provides the classification and interpretation of the location quotient.

Table 2.1 Location quotient interpretation

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

Source: *Urban-Econ*, 2019

It is important to note that a location quotient, as a tool, does not consider external factors such as government policies, investment incentives, and proximity to markets, etc., which can influence the comparative advantage of an area in a sector.

Table 2.2 outlines the sectoral location quotient for the Cape Metro area.

Table 2.2 Location quotient in terms of GDPR and employment, Cape Metro area, 2017

Sector	In terms of GDPR	In terms of employment
Agriculture, forestry and fishing	0.4	0.3
Mining and quarrying	0.9	0.8
Manufacturing	1.0	1.1
Electricity, gas and water	1.1	1.1
Construction	0.9	1.0
Wholesale and retail trade, catering and accommodation	1.0	1.0
Transport, storage and communication	1.0	1.1
Finance, insurance, real estate and business services	1.1	1.1
General government	1.0	1.1
Community, social and personal services	1.0	1.1

Source: *Quantec Research*, 2019

The Cape Metro area has a relatively low level of specialisation in the agriculture, forestry and fishing and the mining and quarrying sector relative to the level of specialisation at a provincial level, in terms of both GDPR and employment. Therefore, it is likely that the Cape Metro area is importing from neighbouring districts or provinces to meet the needs pertaining to the two sectors.

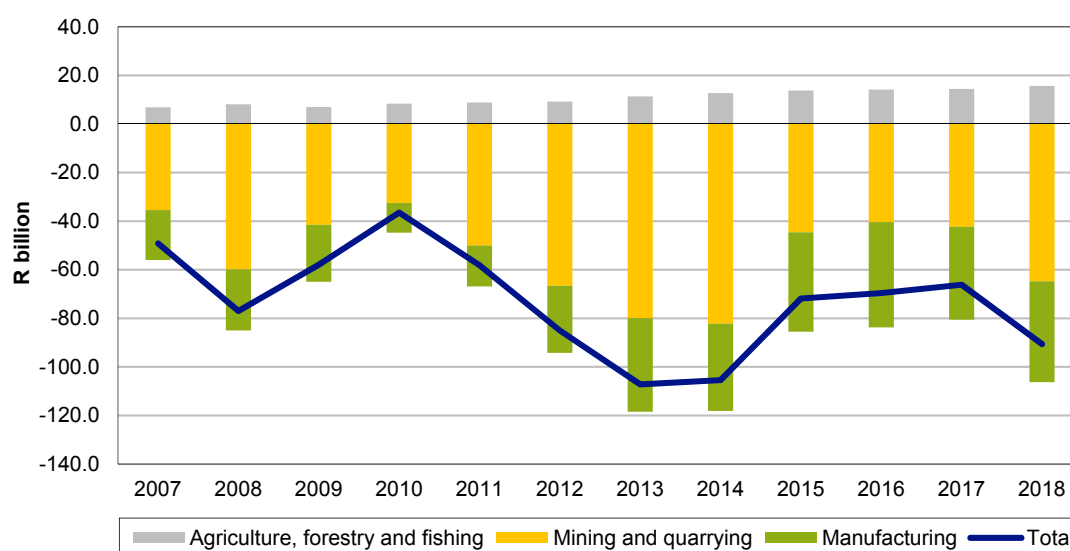
The economy of the Cape Metro area meets its local needs pertaining to the manufacturing and electricity, water and gas sectors. The construction sector's lower location quotient suggests that the sector is only able to partially meet the construction related needs of the Cape Metro. Furthermore, it suggests that the construction sector in the Cape Metro is less specialised compared to the sector at a Provincial level.

The location quotient for the industries in the tertiary sector suggests that the Cape Metro's economy does not necessarily need to import expertise from other regions. This coincides with the fact that the tertiary sector, in general, had the highest contribution to GDP and employed the most people in the Metro's economy, particularly in the finance, insurance, real estate and business services sector.

2.2.2 International trade flows

The trade balance between 2007 and 2018 in the Cape Metro area is depicted in Figure 2.1.

Figure 2.1 Cape Metro trade balance, 2007 - 2018

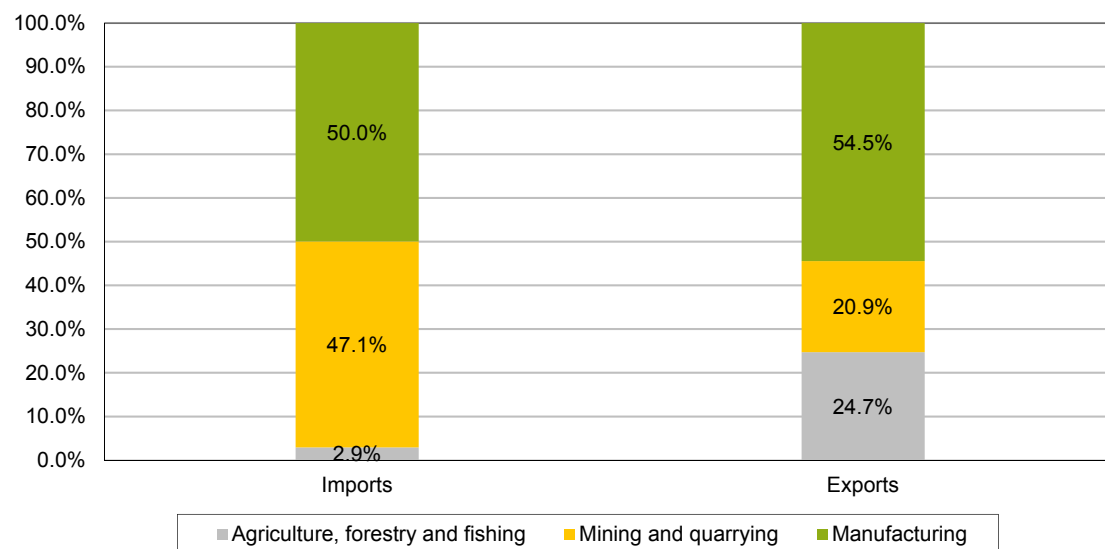


Source: Quantec Research, 2019

In 2018, the economy of the Cape Metro exported goods worth R84.2 billion, and imported goods valued at R174.8 billion, which resulted in a trade deficit of R90.6 billion. Over the reference period, the Cape Metro area has experienced trade deficits in each year. The smallest deficit (R36.5 billion) was registered in 2010, which was due to a decline in mining and quarrying imports. The deficit began to increase from 2010 to 2013 when it reached its maximum value of R107.2 billion. The deficit then fell to lower values from 2014 to 2018 when it stood at R90.6 billion. These variations were mainly driven by fluctuations in mining and quarrying imports. It should be noted, however, that between 2007 and 2018, the agriculture, forestry and fishing sector achieved a positive trade balance.

Figure 2.2 indicates the distribution between sectors in terms of imports and exports.

Figure 2.2 Cape Metro area sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Approximately 50.0 per cent of imported goods are manufacturing sector products. These products mainly include refrigeration and freezing equipment, machinery for industrial preparation or manufacturing of food and drinks, centrifuges, and dishwashing machines. Commodities linked to the mining and quarrying sector accounted for 47.1 per cent of the value of imports, which were mainly petroleum products.

A significant proportion of export revenue (54.5 per cent) is generated from exports from the manufacturing sector. The remaining share was split between exports from the mining and quarrying sector (20.9 per cent) and agriculture, forestry and fishing sector (24.7 per cent).

It is important to emphasise that the Cape Town harbour and international airport are recognised as major trade hubs in the national economy. As such, the Cape Metro area should not be interpreted as the final destination of imported goods, as they will be redistributed to other provinces or regions. Similarly, goods produced by other regions in the country will be exported through the Cape Metro area.

The value of the top five product categories imported and exported from the Cape Metro area, and their main trading partners, are outlined in Table 2.3.

Table 2.3 Cape Metro area main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	R82 075.8	Saudi Arabia, Nigeria, Angola	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	R16 655.0	Botswana, Ship/Aircraft, Namibia
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R9 696.6	China, Germany, Italy	Edible fruit and nuts; peel of citrus fruit or melons	R14 271.2	United Kingdom, Netherlands, Russian Federation
3 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R480.9	China, United States, Taiwan	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R5 634.0	United States, Germany, Namibia
4 Articles of apparel and clothing accessories, not knitted or crocheted	R4 750.2	China, Mauritius, Madagascar	Fish and crustaceans, molluscs and other aquatic invertebrates	R5 303.9	Spain, Italy, Portugal
5 Plastics and articles thereof	R4 328.8	China, Germany, United States	Beverages, spirits and vinegar	R2 773.2	United Kingdom, Namibia, Denmark
Total imports	R174 906.4		Total exports	R84 207.8	

Source: Quantec Research, 2019

Petroleum products account for 46.9 per cent¹¹ of the value of total imports in the Cape Metro area in 2018. The main commodities imported in this group are petroleum oils and oils obtained from bituminous minerals, crude, which are sourced mainly from Saudi Arabia, Nigeria, and Angola.

The second biggest items imported by value are refrigeration and freezing equipment, centrifuges, and filtering and purifying machinery. Furthermore, other imported goods in this category include machinery for industrial preparation or manufacturing of food and drinks, dishwashing machines, and machines for cleaning or drying bottles and containers. The main suppliers of these products are China, Germany, and Italy.

Light oils and preparations accounted for the largest exported commodity by revenue in the Cape Metro. This commodity is mainly exported to Botswana and Namibia. A share of the light oils and preparations are consumed by international ships and aircraft as the Cape Metro has a commercial port and aerodromes.

¹¹ The value of petroleum products (R82 075.8 million) as a proportion of the total imports of R174 906.4 in 2018.

The agriculture, forestry and fishing sector was the second-largest contributor to export revenue in the Cape Metro area in 2018. The Cape Metro mainly trades with countries that are outside the African market, such as the United Kingdom, Netherlands, Russian Federation, the United States, and Germany. Namibia is the main African trading partner that sources agricultural produce from the Cape Metro area. Further disaggregation of the product category shows that the Cape Metro exports mainly citrus fruits (oranges in particular), apples, pears, and grapes to its trading partners within and outside the African market.

2.2.3 Value chains

No industry operates in a single economic sector, as value is added throughout the entire product chain. Local economies are often driven by a dominant industry or commodity. This has given rise to the development of towns and the expansion of economic activity, as well as the attraction of new industries and development opportunities which add value to the economy. In other cases, a local area has natural elements or is strategically located to develop a sector or industry.

The following section provides an overview of the Cape Metro's output and international trade flows (as illustrated in Diagram 2.1), highlighting the importance of several industries in the region. The importance of these industries is further explored by providing an overview of their contributions to other industries and sectors within the District, in terms of both GDP and employment. Thereafter, the risks and opportunities faced by these industries are discussed to identify possible areas of development.

As the Cape Metro area contains a valuable national port, imported goods are not only consumed and utilised in the Metro, but a proportion are redistributed to other areas in the national economy. In addition, the goods exported are not restricted to the output produced within the Metro, but also sourced from other regions. Having said this, items linked to the manufacturing sector (such as machinery for manufacturing, processing and storage¹²) accounted for the largest share of the value (R87.4 billion) of imported goods through the Cape Metro. The second-largest group of commodities imported are petroleum products worth R82.4 billion.

The primary sector exported goods worth more than the output of the sectors. For instance, the output of the agriculture, forestry and fishing sector was valued at R11.8 billion, of which export revenue generated from agricultural products amounted to R20.8 billion. Agricultural activities do not form part of the major economic activities in the Cape Metro area¹³, though agro-processing is a large industry in the Cape Metro area. This means a larger share of the agricultural produce is imported from other districts, resulting in value-adding activities the transport and storage subsectors¹³.

¹² For example, refrigeration and freezing equipment.

¹³ Western Cape Government (2017) – Municipal Economic Review and Outlook

The same trend is observed for the mining and quarrying sector. This coincides with the fact that the economy of the Cape Metro area has a low level of specialisation regarding mining and quarrying activities, in addition to agricultural production. Also, this indicates the importance of the port as a channel through which goods produced from other regions can be exported.

Approximately 19.8 per cent (R45.9 billion) of the manufacturing sector's total output (R231.9 billion) is exported. Light oils and preparations processed from petroleum products account for the largest share of the export revenue from the manufacturing sector, followed by parts for engines, and wine. This suggests that a greater proportion of the manufacturing output is consumed and utilised within the local economy (and through intra-country trade).

The analysis of the sectoral performance illustrates that the manufacturing sector accounts for the third biggest sector in the Cape Metro in terms of GDP contribution (see Table 1.2). However, the manufacturing sector has shed more jobs than any other sector in the area between 2008 and 2017 (as illustrated in Table 1.5). Additional employment opportunities that have been created in this sector have not offset the sharp decline in employment that occurred mainly between 2008 and 2010.

The employment creation in the manufacturing sector in the area is limited due to advances in technology, fuelled by increased labour costs, increasing electricity costs, electricity shortages and the opportunity costs associated with the downtime due to prolonged strike actions, amongst other factors¹⁴. Therefore, labour-absorption in this sector is likely to be limited until some of the key challenges are addressed.

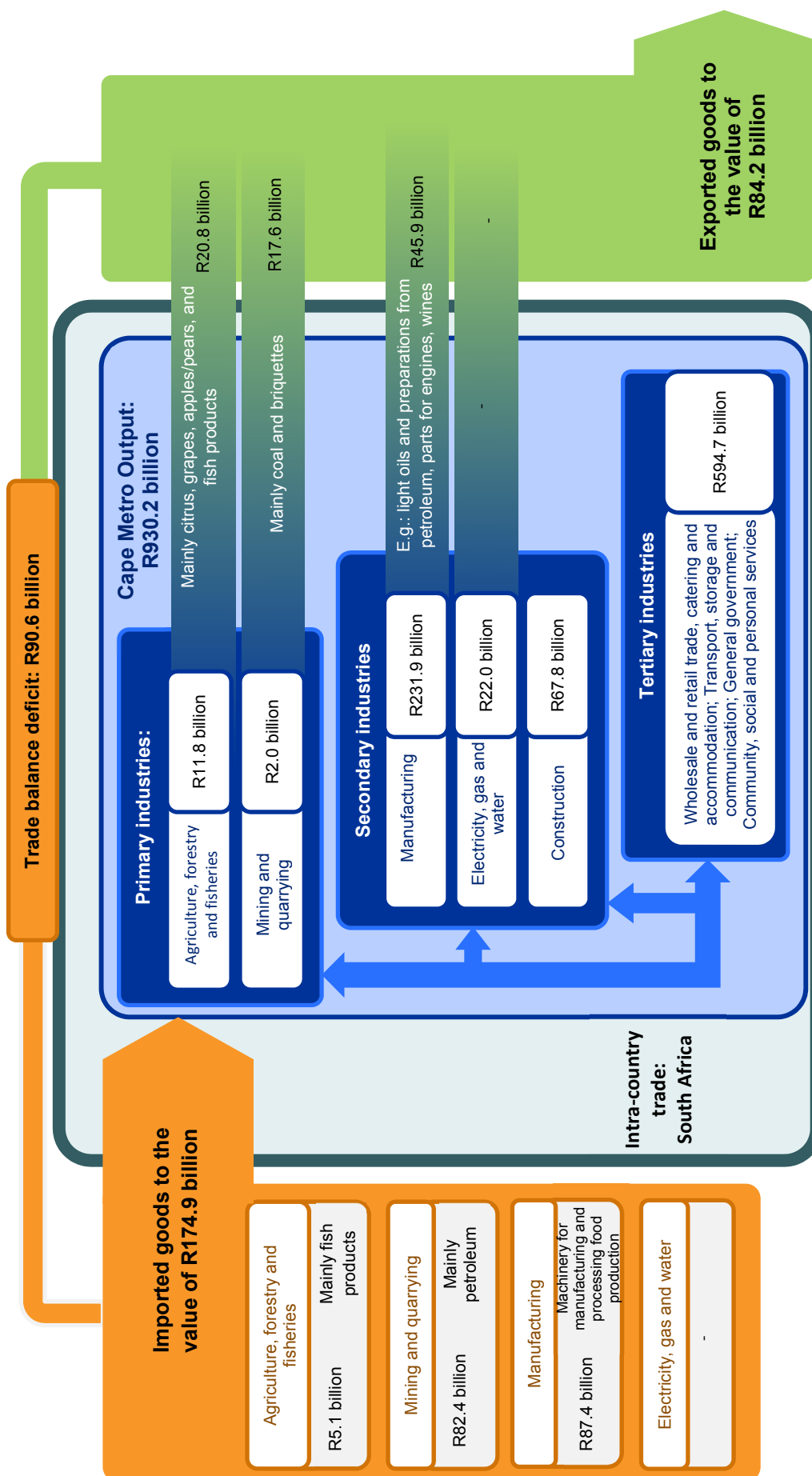
In line with the GDP and employment contribution, the tertiary sector generated the largest share of the Cape Metro's total output. A larger share of the tertiary sector output is derived from the finance, insurance, real estate and business services sector. The finance, insurance, real estate and business services sector is seen as an influencing industry towards attracting new foreign direct investment in the Province of the Western Cape through direct marketing targeted at the growth of the business process outsourcing (BPO) industry.

In addition, the Cape Metro area is known globally to be a tourist destination and one of the major economic hubs¹⁵. Therefore, the viability of the Cape Metro economy is, to some extent, determined by strengthening the institutional capacity of the trade hubs and heightening mechanisms which protect and increase the attractiveness of the Metro's tourism industry.

¹⁴ Western Cape Government (2015)

¹⁵ Ziervogel (2019)

Diagram 2.1 Trade flows in the Cape Metro area and most commonly traded goods, current prices, 2018



Source: Urban-Econ/Quantec, 2019

2.2.3.1 Investments¹⁶

Between 2003 and 2016, the Cape Metro area attracted approximately 307 foreign direct investment (FDI) projects with a total capital investment value of R84.0 billion. These investments contributed 21 881 jobs to the economy of the Cape Metro area. The main source markets for foreign direct investment into the Cape Metro area over the period was the United Kingdom (UK), the United States (US), Germany and China. Approximately 27.0 per cent of projects originated from the UK while 24.0 per cent originated from the US. However, investments from the US typically had a higher capital budget, making up 28.0 per cent of the total capital investment value of foreign direct investments, while investments from the United Kingdom contributed 18.0 per cent to the total capital investment value. Foreign direct investments were mainly in the services industries, as well as in the manufacturing sector and the renewable energy industry. Some of the international companies that have invested in the Cape Metro area since 2003 include Amazon, Hisense, GlaxoSmithKline, Kimberly-Clark, IBM, Harvard University, Airbus, Oracle, Juwi and Wind Prospect.

Companies in the Cape Metro area also invested in other countries over the last decade, mainly in African countries. The top destinations include Nigeria (21 projects), Kenya (11 projects), Angola (10 projects) and Zambia (10 projects).

2.3 Tourism trends¹⁷

Cape Town is ranked in the top 15 most competitive cities in the world, along with Marrakech (13th), Tokyo (12th) and Berlin (9th).¹⁸ It is home to some of South Africa's iconic attractions, namely Table Mountain, Robben Island and Cape Point. Cape Town is the primary destination for most international long-haul travellers intending to visit the Western Cape. Not only is the region known for its natural and historical attractions, but it is also one of Africa's top business tourism (meetings, conferencing and exhibitions) destinations¹⁹. The region continues to see a growth in arrivals, with the capacity and frequency of flights being increased through the addition of new flight routes. This growth also affected other sectors in the tourism sphere, with accommodation and attractions showing an increase in their occupancy and visitor numbers. Cape Town is the central point for tourism in the Western Cape Province and upholding its image and offering is critical.

¹⁶ City of Cape Town/Wesgro (2018)

¹⁷ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region due to its survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Further, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information as the sample sizes are not comparable.

¹⁸ UNWTO. 2018. City Tourism Performance Research

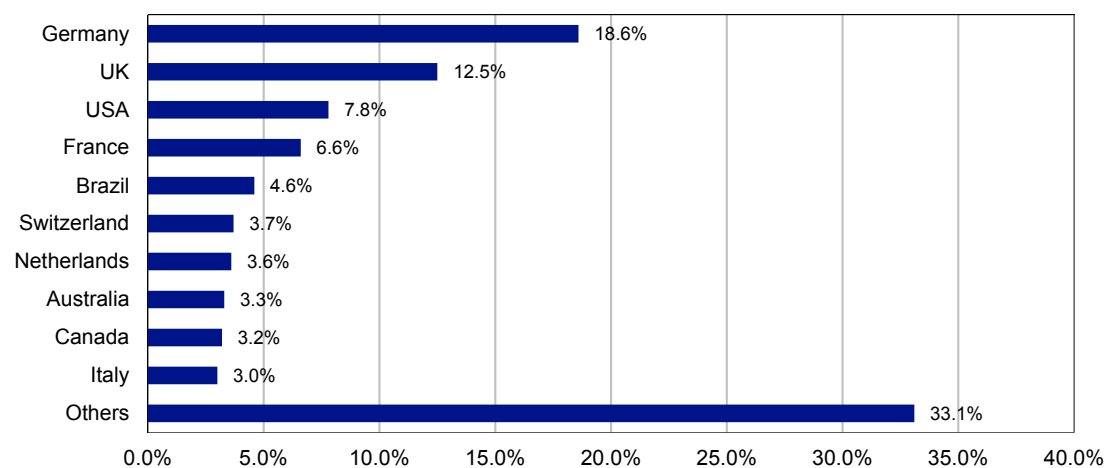
¹⁹ ICCA. 2018. Statistics Report: Country & City Rankings

2.3.1 Visitor trends

In 2018, Cape Town was one of the most visited cities in Southern Africa, with over 1.2 million international arrivals and 4.1 million domestic arrivals at Cape Town International Airport. Even though domestic arrivals experienced a decline of 1.4 per cent between 2017 and 2018, it is still the largest arrival market to the region.

The most prominent international markets are the European and Westernised countries, as illustrated in Figure 2.3. This means that the region is attractive to the Western culture. However, there is still an opportunity to invest in other markets such as Asia, South America and the Middle East through diversifying the Cape Metro area's product offering to attract more tourism activity.

Figure 2.3 Percentage share of international travellers, Cape Metro area, 2018



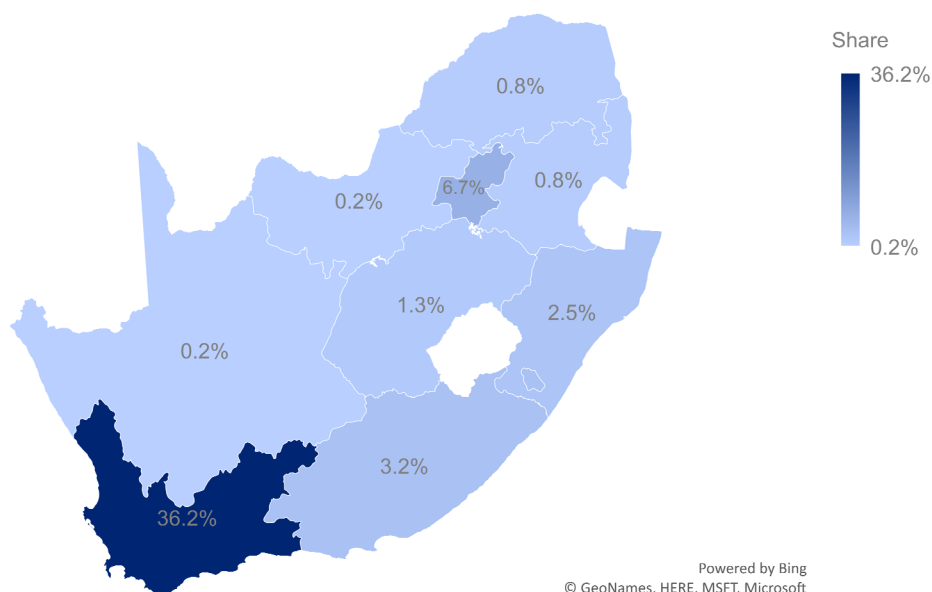
Source: Wesgro, 2019

Increased air access to Cape Town has boosted international and domestic arrivals. Since the inception of the Cape Town Air Access project (CTAA), 13 new routes and 19 route expansions have been completed²⁰. New destinations include Kigali, Harare, Vienna and Hong Kong with RwandAir, Austrian Airlines and Cathay Pacific being new additions to Cape Town International Airport. Over the last five years, international arrivals have increased from 707 783 in 2014 to 1.2 million in 2018 while domestic arrivals have increased from 3.5 million in 2014 to 4.1 million in 2018²¹.

Most of the domestic visitors to the Cape Metro area reside in the Western Cape (36.2 per cent), as seen in Map 2.1. The remainder of domestic visitors mainly originate from Gauteng (6.7 per cent), Eastern Cape (3.2 per cent) and KwaZulu-Natal (2.5 per cent).

²⁰ Wesgro (2017)

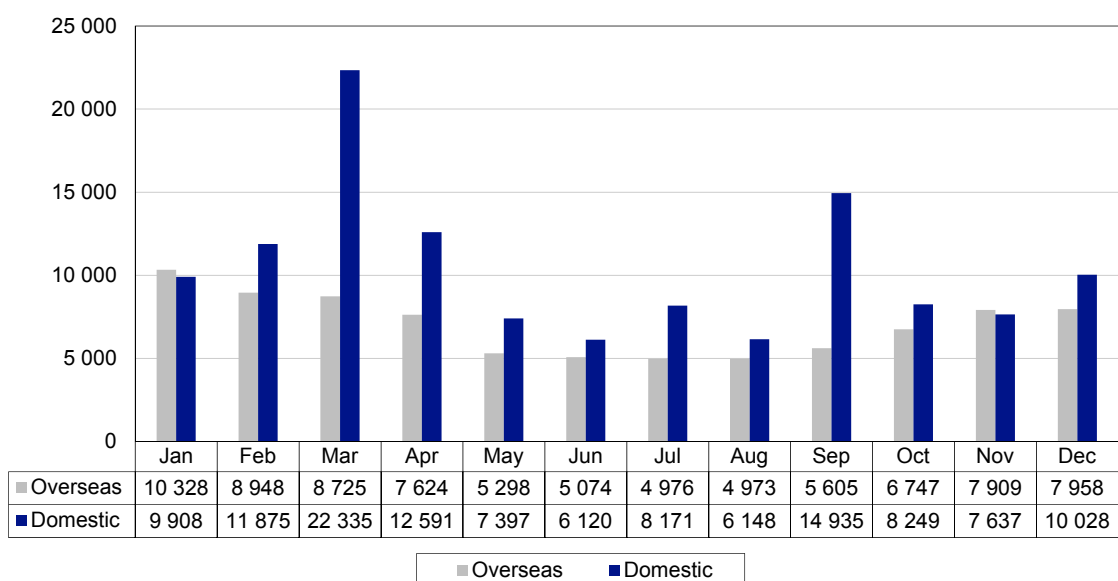
²¹ Wesgro (2019)

Map 2.1 Percentage share of domestic travellers, Cape Metro area, 2018

Note 48.1 per cent of responses were unspecified.

Source: Wesgro, 2019

According to the visitor numbers to the visitor information centres (VICs) in Cape Town, as seen in Figure 2.4, international visitors are more active during the spring and summer seasons. Domestic visitation spikes during the March, July, September and December school holidays. Both international and domestic visitors come to Cape Town for various sporting events which exaggerate the spike in visitors during the summer months. Popular sporting events that may be associated with visitor spikes include: the Old Mutual Two Oceans Marathon which took place in March, the Cape Town Marathon, which took place in September, and the HSBC Cape Town Sevens, which took place in December.

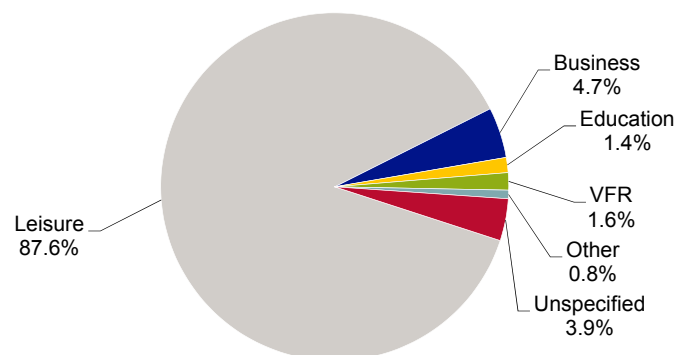
Figure 2.4 Seasonality of visitation to VICs, Cape Metro area, 2018

Source: Wesgro, 2019

2.3.2 Visitor profile

Most people visiting Cape Town come for leisure purposes, as seen in Figure 2.5. Alongside leisure, a smaller portion of visitors come for business (4.7 per cent), education (1.4 per cent) or to visit friends and relatives (VFR) (1.6 per cent). Therefore, the region should primarily focus on being a leisure destination, further converting the other visitor purposes to participate in leisure-related activities. There is also an opportunity to diversify the product offering and motivate return visits through promoting business, educational and social tourism to current leisure visitors.

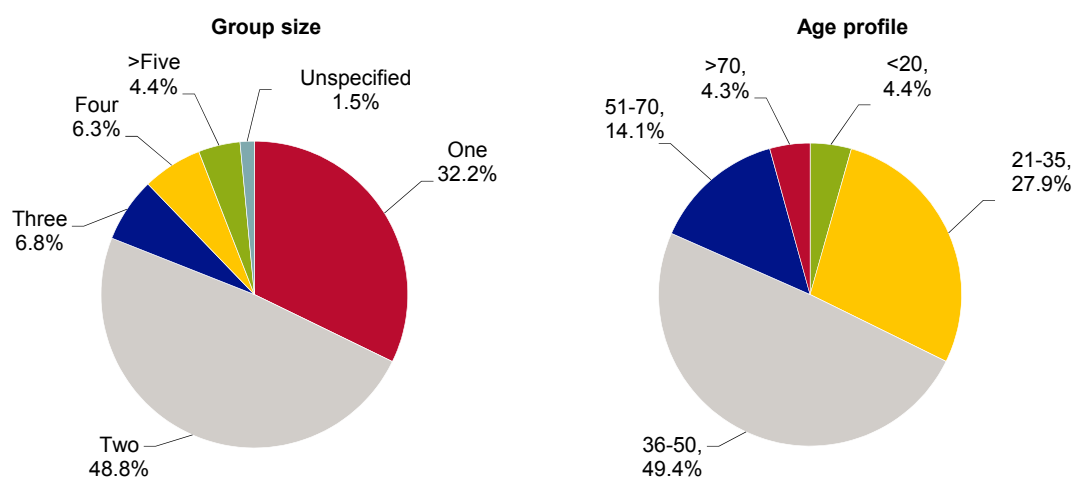
Figure 2.5 Main purpose of visit, Cape Metro area, 2018



Source: Wesgro, 2019

Visitors to the Cape Metro area travel mostly in pairs (48.8 per cent) or solo (32.2 per cent), as seen in Figure 2.6. This makes the region an ideal destination for independent travellers or couples seeking a retreat.

Figure 2.6 Visitor profile, Cape Metro area, 2018



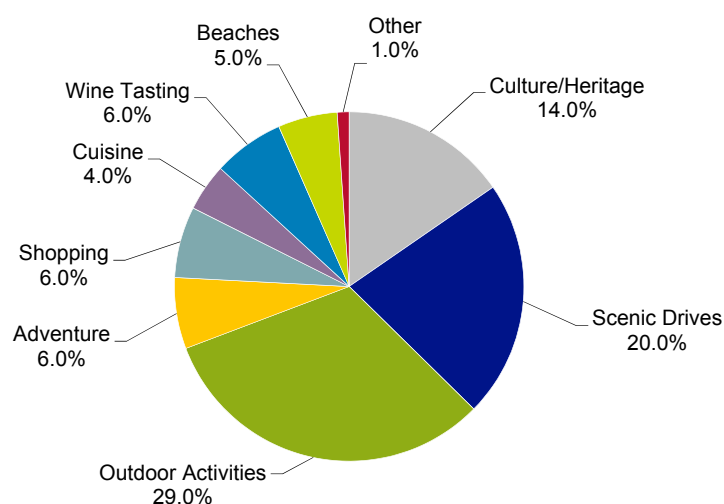
Source: Wesgro, 2019

The spending power of visitors is supported by the fact that 49.4 per cent of visitors are aged between 36 and 50, who tend to have more spending capacity than younger travellers. However, younger travellers aged between 21 and 35 (27.9 per cent) are also becoming a large portion of the region's market, meaning that particular focus should be placed on innovative product offerings that speak to the needs of this generation.

2.3.3 Activities

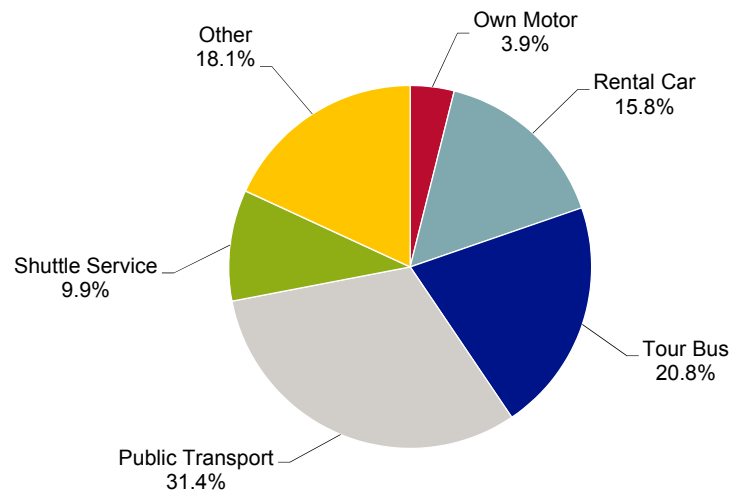
The Cape Metro area is known for having a diverse offering, which makes it an attractive destination to both international and domestic visitors. The top activities undertaken by visitors are outdoor activities (29.0 per cent), scenic drives (20.0 per cent), culture and heritage (14.0 per cent), shopping (6.0 per cent), cruises (6.0 per cent) and wine tasting (6.0 per cent), as seen in Figure 2.7.

Figure 2.7 Top tourist activities undertaken, Cape Metro area, 2018



Source: Wesgro, 2019

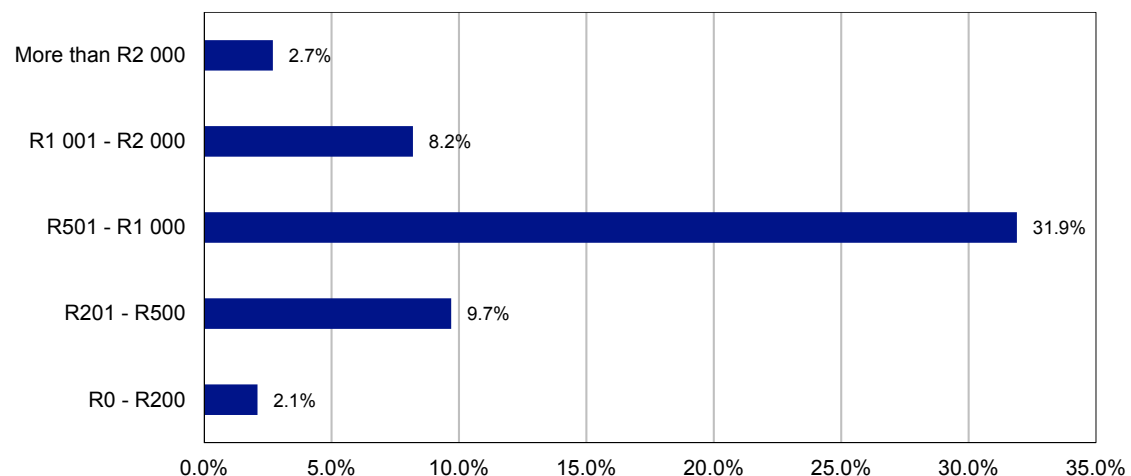
Figure 2.8 shows the mode of transport used by visitors to travel to and within Cape Town. Conversely to other regions in the Western Cape Province and the rest of South Africa where the primary transport modes are own vehicle and car rental, visitors to Cape Town mostly use public transport (31.4 per cent), tour busses (20.8 per cent), rental cars (15.8 per cent) and shuttle services (9.9 per cent).

Figure 2.8 Mode of transport used by visitors, Cape Metro area, 2018

Source: Wesgro, 2019

2.3.4 Visitor spend

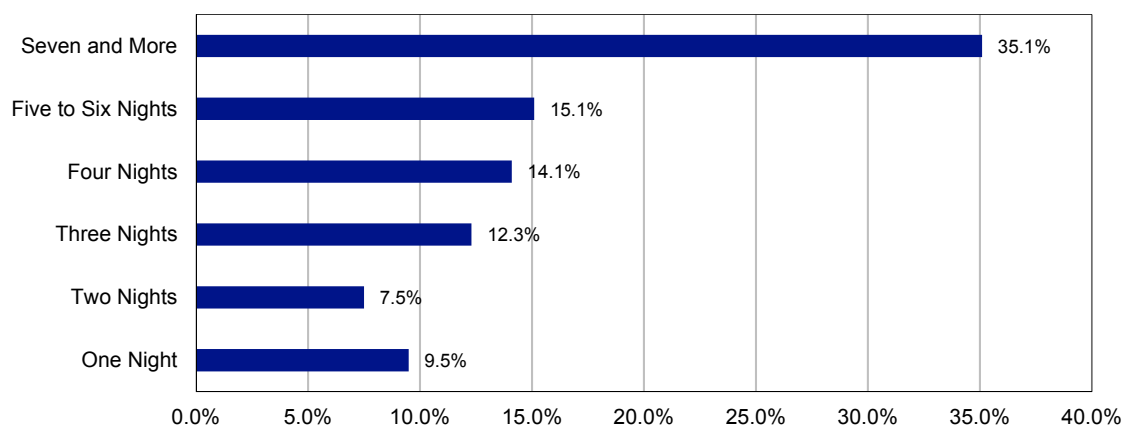
Cape Town induces relatively high daily expenditures from visitors with 42.8 per cent of visitors spending over R500 and 10.9 per cent of visitors spending over R1 000, as seen in Figure 2.9.

Figure 2.9 Average daily expenditure by visitors, Cape Metro area, 2018

Note 45.3 per cent of responses were unspecified

Source: Wesgro, 2019

Over half (50.2 per cent) of visitors to the region stay more than five nights. This means that the value of a visitor is very high since they spend more over a longer period, where other regions experience, on average, two nights stayovers. Most of the visitors which stayover in the region mainly use hotels (9.8 per cent) and guesthouses (5.2 per cent), and others including B&Bs and self-catering accommodation. Thus, visitors mainly use tourism-related facilities when in the region and do not necessarily stay with friends or relatives.

Figure 2.10 Average length of stay, Cape Metro area, 2018

Source: Wesgro, 2019

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.

2.4 Concluding remarks

The purpose of this chapter was to establish the local trade dynamics by using the location quotient to establish the key drivers of the Cape Metro economy relative to their contribution to the provincial economy. Further, a discussion pertaining to international trade was undertaken by outlining the trade balance and the key sectors that have contributed to the export and import markets.

As illustrated by the values of the location quotients, 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 GDP 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.



3

Municipal socio-economic analysis

3.1 Introduction

The purpose of this chapter is to describe the economic and social circumstances of households living in the Cape Metro area.

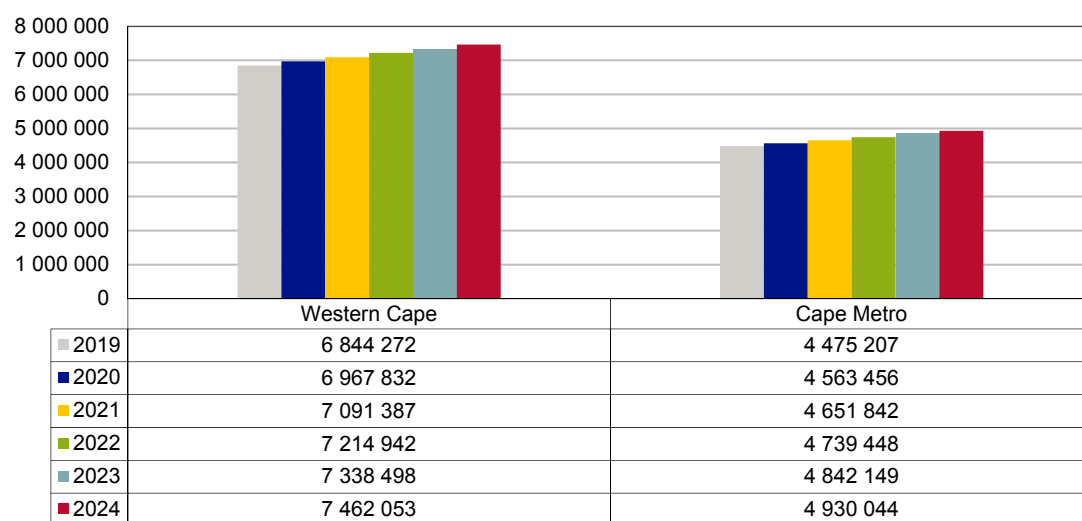
Indicators used to analyse population and income dynamics include the population growth rate, GDP per capita, household income, and the Gini coefficient. Human development within the region is assessed using indicators including the Human Development Index (HDI), education, health, human dwellings, access to basic services, and crime. These indicators are discussed in detail in the sections below.

3.2 Population dynamics

Figure 3.1 and Figure 3.2 show future population growth and future household growth respectively. As of 2019, it is estimated that there are 4.5 million persons and 1.3 million households in the Cape Metro area. The population grew by 153 176 people between 2018 and 2019, and it is projected that the population will increase by 617 781 persons by 2024.

The number of persons in the Cape Metro area is expected to increase by 2.0 per cent per annum between 2019 and 2024, which is marginally higher than the 1.7 per cent growth rate of the Western Cape Province.

Figure 3.1 Future population growth, Cape Metro area, 2019 - 2024

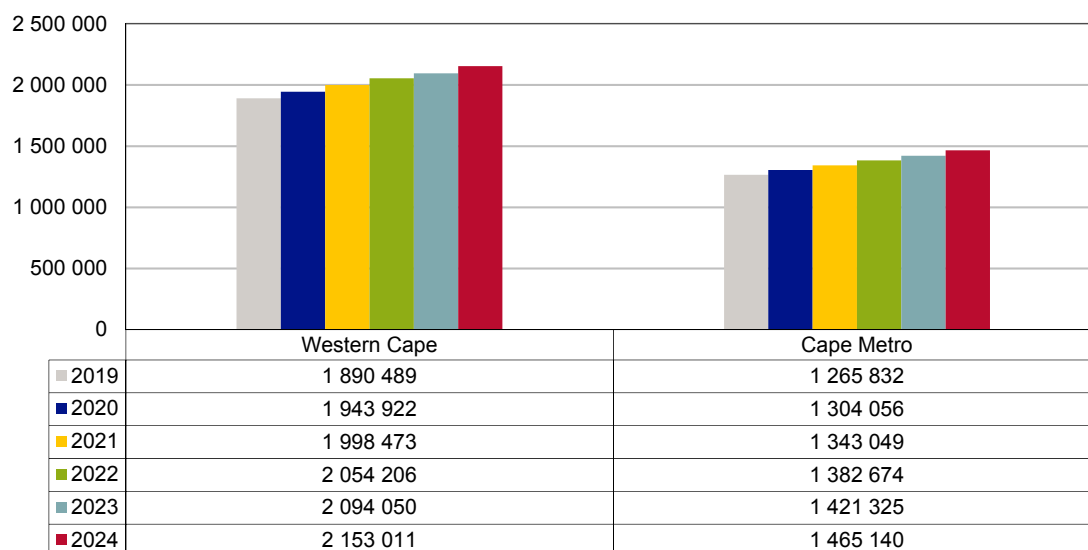


Source: Western Cape DSD, 2019

Based on the 2019 population estimates, the average household size²² in the Cape Metro area is 3.5 persons, while the Western Cape Province has an average household size of 3.6 persons. Population dynamics of the Western Cape Province are largely determined by the population trends of the Cape Metro area.

The number of households in the Cape Metro area are expected to increase by 3.0 per cent per annum over the next five years, with the number of households increasing from 1.3 million in 2019 to 1.5 million in 2024. As household growth is faster than population growth, household sizes in the Cape Metro area are expected to decline over time.

²² Determined by the ratio of the population to the number of households in the area.

Figure 3.2 Future household growth, Cape Metro area, 2019 - 2024

Source: Western Cape DSD, 2019

A representation of the age distribution in the Cape Metro area is presented in Table 3.1.

Table 3.1 Age cohorts, Cape Metro area, 2019 - 2024

Municipality	Year	0 - 14		15 - 64		65+	
		Number	%	Number	%	Number	%
Cape Metro	2019	1 136 864	25.4	3 064 074	68.5	274 270	6.1
	2024	1 177 699	23.9	3 392 586	68.8	359 759	7.3
Western Cape	2019	1 781 812	26.0	4 642 551	67.8	419 910	6.1
	2024	1 853 140	24.8	5 079 285	68.8	529 629	7.1

Source: Western Cape DSD, 2019

In the Cape Metro area, most of the population (68.5 per cent) are of working age (between the ages of 15 and 64). As of 2019, 25.4 per cent of the Cape Metro area's population are under the age of 15, while 6.1 per cent are aged 65 and above. It is projected that the proportion of older persons will increase to 7.3 per cent by 2024, while the proportion of those younger than 15 will decline to 23.9 per cent.

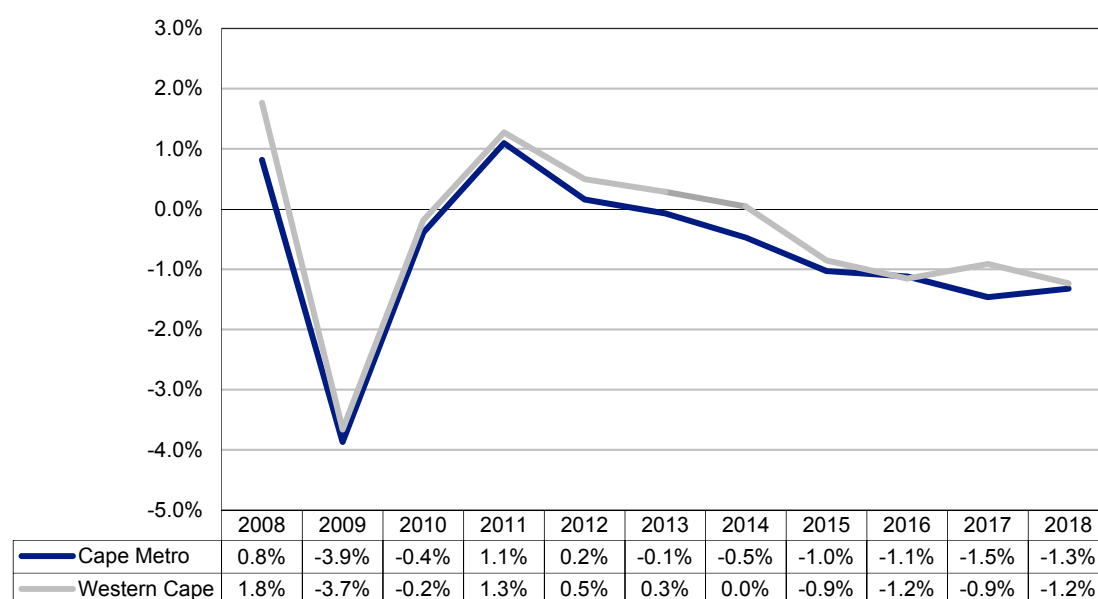
The decline in the proportion of population under the age of 15 is suggestive of a slowdown in organic population growth, while the increase in the number of elderly persons suggests that living standards and life expectancy in the Cape Metro area are most likely to improve. The proportion of population which are economically active is not expected to change significantly between 2019 and 2024, which indicates that the Metro is likely to maintain its workforce.

3.3 Perspectives on poverty and inequality

3.3.1 GDP per capita growth in the Cape Metro area

Figure 3.3 below shows GDP per capita growth between 2008 and 2018 in the Cape Metro area. It is estimated that in 2018, GDP per capita was R97 948 (in current prices), which was higher than GDP per capita in the Western Cape Province (R89 128.8).

Figure 3.3 GDP per capita growth, Cape Metro area, 2008 - 2018



Source: Quantec Research, 2019

In the Cape Metro area, GDP per capita contracted by 3.9 per cent in 2009 from a growth rate 0.8 per cent in 2008. Per capita income improved in 2010 and registered a growth rate of 1.1 per cent in 2011, which was the highest growth rate experienced between 2008 and 2018.

Despite improvements post-2009, GDP per capita in the region stagnated in 2012, with contractions being experienced in every year between 2013 and 2018. While the Western Cape Province also experienced contractions in GDP per capita over the same period, the rate at which the provincial economy declined was slower than that of the Metro. Considering that the GDP per capita is declining, it is most likely that the economy of the Cape Metro area may not sufficiently meet the needs of its growing population.

3.3.2 Household income

Table 3.2 outlines the average monthly income levels of households in the Cape Metro area in 2017. On average, a household in the Cape Metro area earned an income of R20 327 per month in 2017. This means households in the Cape Metro are more likely to earn a higher income than households located elsewhere in the Western Cape Province, which had an average monthly income of R18 611 per month.

Between 2008 and 2017, households in the Cape Metro and the Western Cape Province experienced a marginal decline in monthly household income of 0.3 per cent and 0.2 per cent respectively on average over the last decade. This is largely due to the significant declines in income that occurred between the 2008 and 2009.

Table 3.2 Average monthly household income (current prices), Cape Metro area, 2017

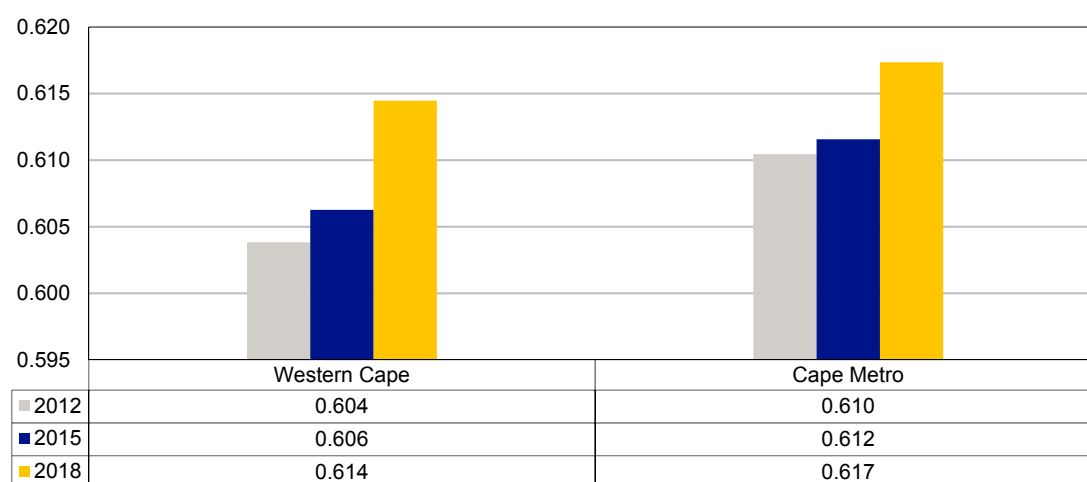
Municipality	Average Household Income 2017 (Current Prices)	Trend 2008 - 2017
Cape Metro	R20 327.0	-0.3
Western Cape	R18 611.0	-0.2

Source: Urban-Econ calculations based on Quantec Research, 2019

3.3.3 Income distribution in Cape Metro area

The unequal distribution of income and wealth within an economy is estimated using the Gini coefficient²³. Figure 3.4 shows the trend of the Gini coefficients for the Cape Metro area and the Western Cape Province between 2012 and 2018.

Figure 3.4 Gini coefficients, Cape Metro area, 2012 - 2018



Source: IHS Markit, 2019

In 2012, the Gini coefficient of the Cape Metro was 0.610, which was slightly higher than that of the Western Cape Province (0.604). This means that income inequality in the Metro was worse than that in the Province. Between 2012 and 2018, income inequality worsened to 0.617 in the Cape Metro area. Similarly, income inequality increased in the Western Cape Province, from 0.604 in 2012 to 0.614 in 2018.

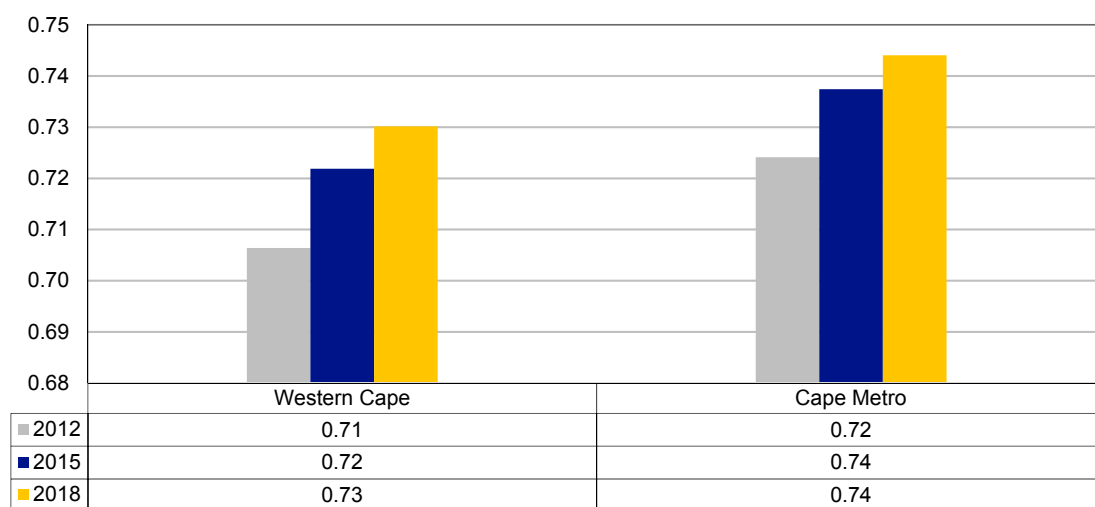
²³ The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents. The Gini coefficient varies between 0, which indicates complete or perfect equality, and 1, which indicates complete inequality in income distribution. The closer to 1, the more inequality exists, while a Gini coefficient closer to 0 shows less inequality.

3.3.4 Human development

The United Nations uses the Human Development Index (HDI)²⁴ to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens as measured by their standard of education, health, human dwellings, household size, access to basic services, and crime, among others. Economists expect economic growth to result in improvements in human development and economic declines to have an adverse effect on human development.

Figure 3.5 shows economic growth trends and changes in the HDI for the Cape Metro area between 2012 and 2018.

Figure 3.5 HDI growth, Cape Metro area, 2012 - 2018



Source: IHS Markit, 2019

Although the Cape Metro area had a higher HDI than the Western Cape Province in each year over the reference period, this difference is slight. Between 2012 and 2015, the quality of life in the Cape Metro area improved slightly as measured by the HDI, but remained the same thereafter (in 2018).

²⁴ The HDI is a composite indicator reflecting education levels, health, and income. It is a measure of people's ability to live a long and healthy life, communicate, participate in the community and have sufficient means to afford a decent living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

3.4 Education

The extent to which the educational circumstances of households in the Cape Metro has improved is discussed in the following subsection using data on learner enrolments, the Grade 10 to 12 retention rate²⁵, matric pass rates and learner-teacher ratios.

Table 3.3 shows the trends in educational development between 2016 and 2018 in the Cape Metro area.

Table 3.3 Educational development, Cape Metro area, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	639 251	-	29.1	-	66.3	-	85.4	-
2017	655 243	2.5	29.7	2.0	68.7	2.4	81.6	-3.8
2018	672 102	2.6	29.4	-1.0	66.8	-1.9	80.9	-0.7

Source: Western Cape Education Department, 2019

In 2016, a total of 639 251 learners were enrolled in schools within the Cape Metro area. This number increased by 15 992 in 2017 and 16 859 in 2018. In the same year, the learner-teacher ratio was estimated to be 29.1 learners per teacher, which increased slightly to 29.7 in 2017. The learner-teacher ratio marginally improved to 29.4 in 2018.

Despite the Grade 10 to 12 retention rate improving from 66.3 per cent in 2016 to 68.7 per cent in 2017, it decreased by 1.9 percentage points between 2017 and 2018. The highest matric pass rate recorded within the timeframe analyses was in 2016 (85.4 per cent). Between 2016 and 2018, the matric pass rate in the Cape Metro area has been decreasing year on year. Between 2016 and 2017, the matric pass rate decline by 3.8 percentage points to 81.6 per cent, while a further decrease of 0.7 percentage points to 80.9 per cent was experienced in 2018.

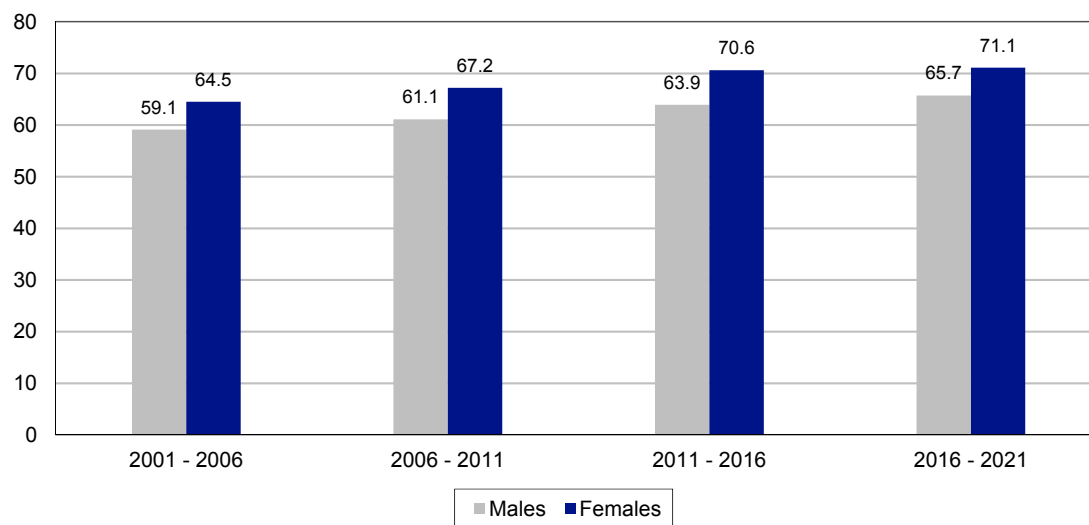
3.5 Health

The health conditions of persons living in the Cape Metro area are analysed in this section by looking at the prevalence of tuberculosis (TB), human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), infant mortality rates, maternal death rates, and teenage pregnancies.

3.5.1 Life expectancy

Figure 3.6 illustrates the average life expectancy at birth in the Western Cape Province for four periods between 2001 and 2021. For both males and females, average life expectancy has increased year-on-year over the reference period. As illustrated below, the average life expectancy of females is higher than that of males for each five-year period under assessment.

²⁵ The learner retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared to the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared to those enrolled in Grade 10 two years ago.

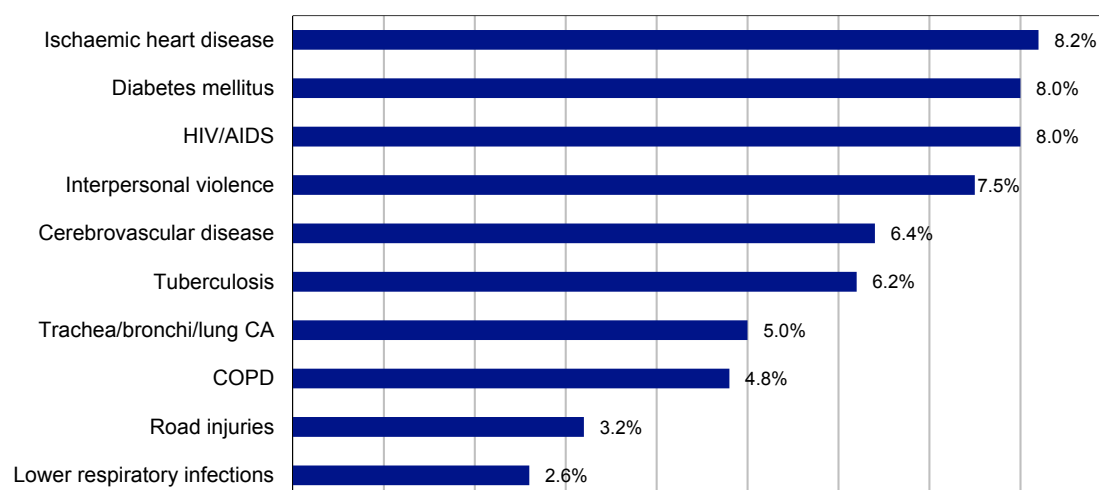
Figure 3.6 Average life expectancy at birth, Western Cape Province, 2001 - 2021

Source: Statistics South Africa, 2019

The average life expectancy for males has increased from the five-year average of 59.1 years between 2001 and 2006 to an estimated five-year average of 65.7 years between 2016 and 2021. The average life expectancy of females has increased from 64.5 years to 71.1 years over the same period.

3.5.2 Mortality

Figure 3.7 provides an overview of the top ten causes of death in the Western Cape Province in 2016. Accounting for 8.2 per cent of all deaths in the Western Cape Province, ischaemic heart disease was the leading cause of death in the Province, followed by diabetes mellitus (8.0 per cent) and HIV/AIDS (8.0 per cent).

Figure 3.7 Top ten causes of death, Western Cape Province, 2016

Source: Western Cape Health Department, 2019

Table 3.4 lists the top ten causes of injury-related deaths in the Cape Metro area and the Western Cape Province in 2016 in terms of age-standardised rates (ASR)²⁶.

Table 3.4 Top ten injury-related death rates by cause, Cape Metro and Western Cape Province, 2016

Western Cape Province			Cape Metro	
Rank	External cause	ASR	External cause	ASR
1	Assault: sharp object	23.8	Assault w/incl firearm	27.7
2	Assault w/incl firearm	18.5	Assault: sharp object	24.7
3	RTA: pedestrian	11.2	RTA: pedestrian	11.1
4	Suicide	11.0	Suicide	10.5
5	RTA: motor vehicle	10.2	Assault: blunt force	7.6
6	Assault: blunt force	6.6	RTA: motor vehicle	6.5
7	Accident: fire	5.3	Accident: fire	5.7
8	Accident: drowning	3.8	Accident: falls	4.5
9	Accident: falls	3.8	Accident: other	2.5
10	Accident: other	3.6	Railway accident	2.3

Source: Western Cape Health Department, 2019

Assault with a sharp object was the leading cause of injury-related deaths in the Western Cape Province and the second leading cause in the Cape Metro, accounting for 23.8 deaths per 100 000 persons and 24.7 deaths per 100 000 persons respectively. Conversely, assault with a firearm was the leading cause of injury-related deaths in the Cape Metro and the second leading cause in the Western Cape Province. Accounting for 27.7 deaths per 100 000 persons, the prevalence of assault with a firearm in the Cape Metro was substantially higher than the provincial average of 18.5 deaths per 100 000 persons.

In both the Western Cape Province and the Cape Metro, the third and fourth leading causes of injury-related deaths were pedestrian road traffic incidents and suicide, respectively. While the number of deaths due to motor vehicle road traffic incidents in the Cape Metro (6.5 deaths per 100 000 persons) was significantly lower than the provincial average (10.2 deaths per 100 000 persons), the number of deaths due to assault with blunt force in the Cape Metro was slightly higher than the provincial average.

3.5.3 HIV/AIDS and TB

According to estimates based on the Thembisa model²⁷, an estimated 13.5 per cent of the South African population is HIV positive as of 2019. In the Western Cape, the estimated prevalence rate of HIV is 6.7 per cent.

²⁶ The age-standardised death rate is a weighted mean of the age-specific death rates using a standard population and expressed per 100 000 population (Western Cape Health Department, 2018).

²⁷ The Thembisa model is used to calculate the prevalence of HIV in South Africa. The model has been developed specifically for South Africa to provide an accurate estimate of HIV prevalence using age-specific HIV data (Thembisa Project, 2017).

Table 3.5 provides an overview of the trends in HIV testing, treatment and outcomes in the Cape Metro area between 2015/16 and 2018/19. As indicated below, the number of people who were aware of their HIV status increased from 268 017 in 2015/16 to 294 496 in 2018/19. The proportion of people who were receiving Anti-Retroviral Therapy (ART) has been increasing year-on-year in the Cape Metro area, from 50.5 per cent in 2015/16 to 63.7 per cent in 2018/19. At 80.5 per cent, the number of people with a confirmed viral suppression²⁸ in 2018/19 was the lowest in the four periods under review.

Table 3.5 Trends in HIV testing, treatment and outcomes, Cape Metro area, 2015/16 - 2018/19

	2015/16	2016/17	2017/18	2018/19
Known HIV+ (Tested; n)	268 017	281 716	290 427	294 496
Of which: Clients started but no longer on ART (%)	31.0	34.8	40.4	48.1
Of which: Clients on ART (%)	50.5	56.7	60.5	63.7
Of which: Clients with confirmed viral suppression (%)	81.6	81.8	82.9	80.5

Source: Western Cape Health Department, 2019

Tuberculosis was the sixth highest cause of death and the third highest cause of premature mortality in the Western Cape Province in 2016. More specifically, it was the third-highest contributor to mortality for males and fifth-largest contributor for females.

Table 3.6 provides an overview of the TB notification and outcomes in the Cape Metro area between 2016/17 and 2018/19. There was a significant improvement in the treatment of Multi-Drug Resistant (MDR) TB between 2017/18 and 2018/19, with the success rate increasing from 40.4 per cent to 51.9 per cent.

The success rate of the TB programme, however, decreased from 82.0 per cent in 2016/17 to 80.2 per cent in 2018/19. The programme outcomes might have been affected by the disruption of treatment due to lower follow-ups, with the number of clients lost to follow-ups increasing from 9.6 per cent in 2016/17 to 10.7 per cent 2018/19.

Table 3.6 Trends in TB notification and outcomes, Cape Metro area, 2016/17 - 2018/19

	2016/17	2017/18	2018/19
TB programme success rate (%)	82.0	80.3	80.2
TB client lost to follow up (%)	9.6	10.7	10.7
TB client death rate (%)	3.7	3.7	3.9
TB/HIV co-infected (%)	44.6	44.8	44.6
TB MDR treatment success rate (%)	42.5	40.4	51.9

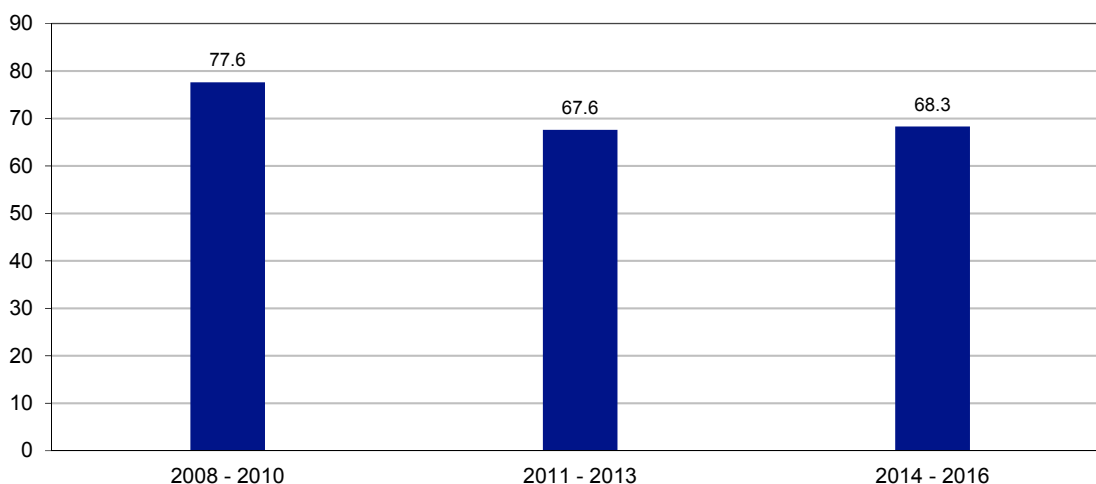
Source: Western Cape Health Department, 2019

²⁸ A confirmed viral suppression is a viral load of less than 1 000 copies per milliliter of blood.

3.5.4 Infant, child and maternal health

Figure 3.8 indicates the maternal death rates for three three-year periods in the Western Cape Province between 2008 and 2016. The maternal mortality rate declined from 77.6 maternal deaths per 100 000 live births between 2008 and 2010 to 67.6 per 100 000 live births between 2011 and 2013. A slight increase in the number of maternal deaths was experienced between 2014 and 2016.

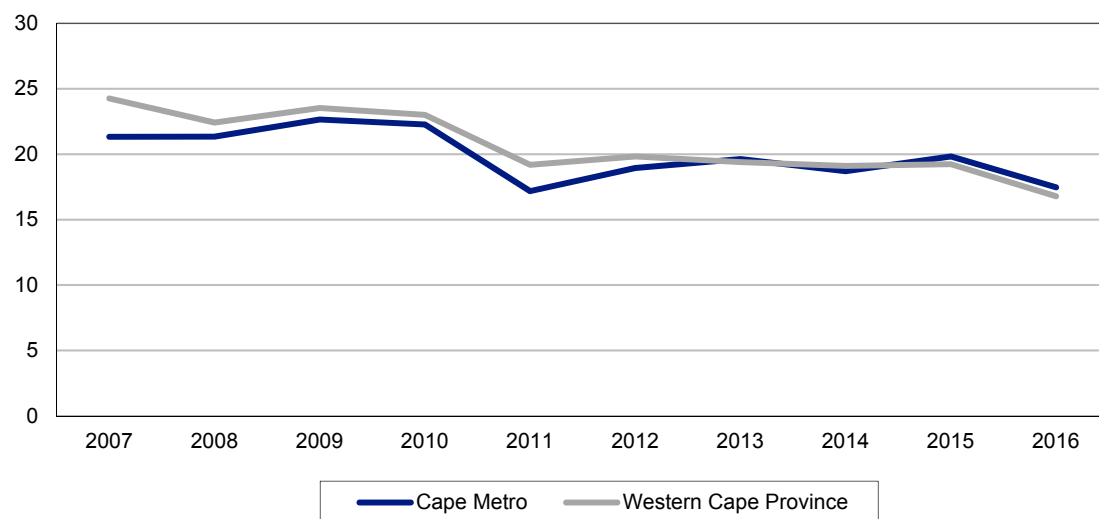
Figure 3.8 Maternal death rates per 100 000 live births, Western Cape Province, 2008 - 2016



Source: Western Cape Health Department, 2019

Figure 3.9 reflects the infant mortality rates per 1 000 live births in the Cape Metro area and the Western Cape Province between 2007 and 2016. In 2007, the infant mortality rate in the Cape Metro was lower than that of the Province, at 21.3 infant deaths per 1 000 live births and 24.3 infant deaths per 1 000 live births respectively. However, in 2016, the infant mortality rate in the Cape Metro was slightly higher than that of the Western Cape Province. Barring 2007, 2008 and 2011, the Cape Metro's infant mortality rate closely mirrored that of the Province.

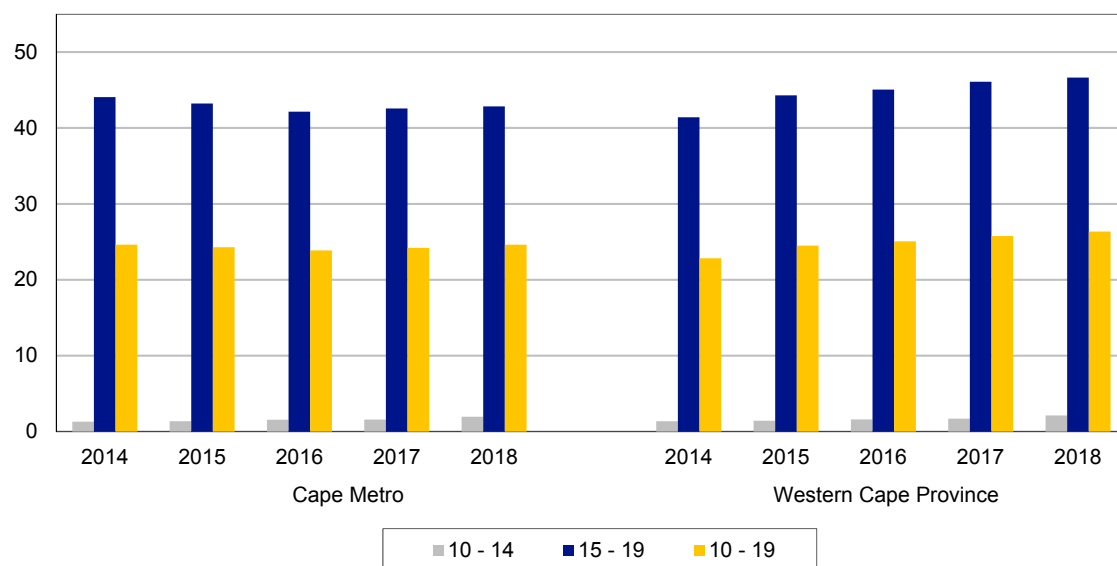
The Cape Metro experienced a significant decline between 2010 and 2011, from 22.3 infant deaths per 1 000 live births in 2010 to 17.2 in 2011. The Cape Metro experienced another improvement between 2015 and 2016, from a mortality rate of 19.8 infant deaths per 1 000 live births in 2015 to 17.5 in 2016.

Figure 3.9 Infant mortality rates per 1 000 live births, Cape Metro and Western Cape Province, 2007 - 2016

Source: Western Cape Health Department, 2019

3.5.5 Teenage pregnancy

Figure 3.10 provides an overview of the teenage fertility rates in the Cape Metro area and Western Cape Province between 2014 and 2018. The teenage fertility rate is the number of pregnancies per 1 000 females aged between 15 and 2019.

Figure 3.10 Teenage fertility rates, Cape Metro area and Western Cape Province, 2014 - 2018

Source: Western Cape Health Department, 2019

Barring 2014, the Cape Metro area had lower fertility rates than the Province in all age categories and years in the reference period. The fertility rates for girls aged between 10 and 14 in the Cape Metro has marginally increased year-on-year, from 1.3 pregnancies per 1 000 females in 2014 to 1.9 pregnancies per 1 000 females in 2018.

The fertility rates for girls aged between 15 and 19 slightly increased from 42.6 pregnancies per 1 000 females 2017 to 42.8 pregnancies per 1 000 females 2018. Despite this increase, the fertility rate was 1.2 percentage points lower than the fertility rate in 2014. Conversely, the Western Cape's 2018 fertility rate of 46.6 pregnancies per 1 000 females aged between 15 and 19 is 5.2 percentage points higher than the 2014 fertility rate for the same age category.

3.6 Housing and municipal services

Access to formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 3.7 shows the different types of dwellings for households living within the Cape Metro area in 2018.

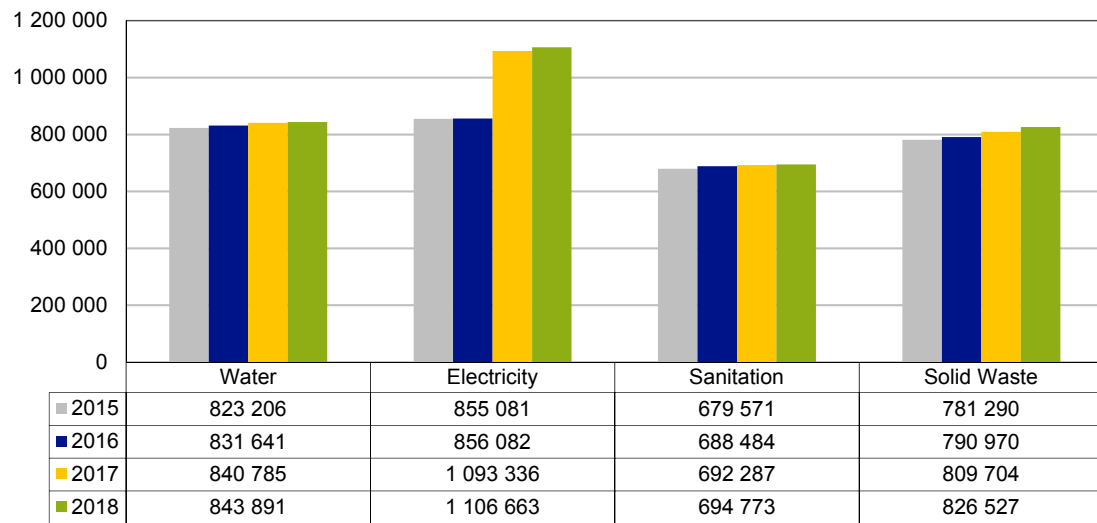
Table 3.7 Number of dwellings, Cape Metro area, 2018

Dwellings type	Cape Metro Number
House or brick structure on a separate stand or yard	700 565
Traditional dwelling/hut/structure made of traditional materials	4 334
Flat in a block of flats	125 150
Town/cluster/semi-detached house (simplex, duplex or triplex)	121 244
House/flat/room, in backyard	18 607
Informal dwellings	238 814
Room/flatlet not in backyard but on a shared property	11 762
Other/unspecified/NA	9 668
Total	1 230 145

Source: Quantec Research, 2019

In 2018, the Cape Metro area had a total of 1 230 145 dwellings. A larger share of the dwellings (56.9 per cent) in the region were structures of house or brick on a separate yard. It is estimated that 12.7 per cent of the dwellings were classified as informal in 2018.

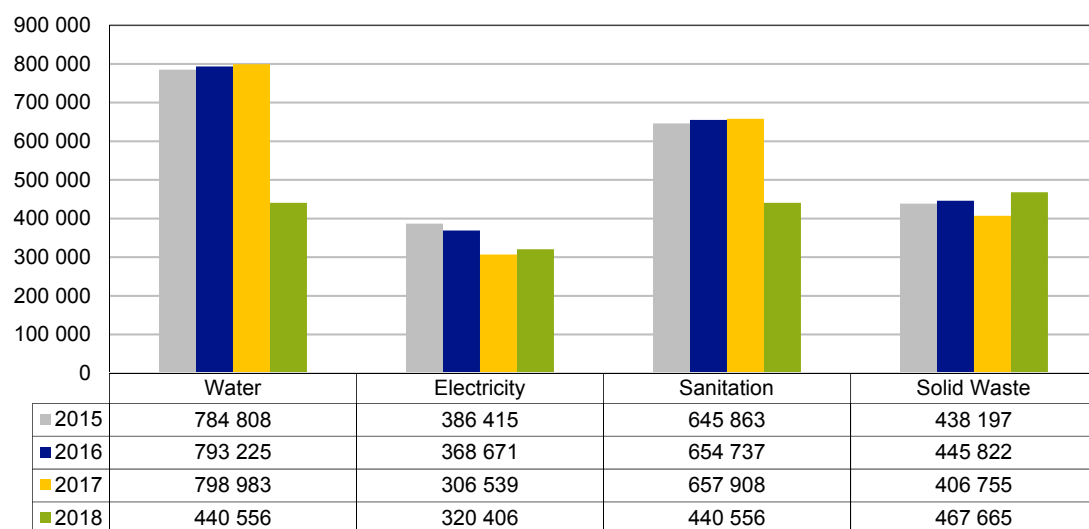
Figure 3.11 illustrates the access to basic services in the Cape Metro area between 2015 and 2018.

Figure 3.11 Access to basic services, Cape Metro area, 2015 - 2018

Source: Non-financial Census of Municipalities, Stats SA; Quantec Research, 2019

Access to services in the Cape Metro area has been steadily increasing since 2015. Between 2016 and 2017, there was a significant increase of 237 254 consumers with access to electricity. The number of households with access to sanitation is significantly lower than that of other services. Despite the increases in access to services, the high household growth rate of 2.5 per cent per annum over the period highlights the continued increase in demand for services in the Cape Metro area.

Access to free basic water, electricity, sanitation and solid waste removal services in the Cape Metro area is illustrated in Figure 3.12. In 2018, the Cape Metro area had 225 271 households who qualified for free basic services, which is an increase of 11 847 since 2017.

Figure 3.12 Access to free basic services, Cape Metro area, 2015 - 2018

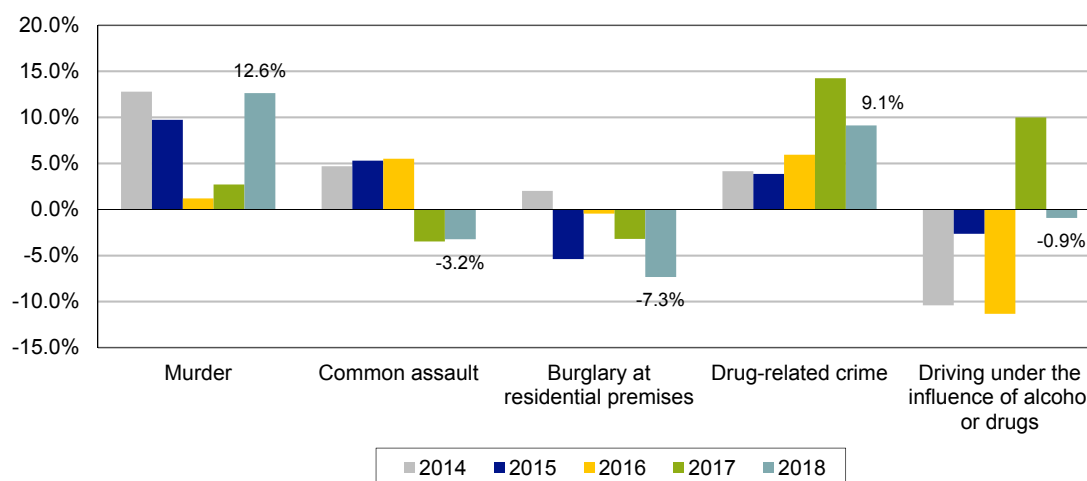
Source: Non-financial Census of Municipalities, Stats SA; Quantec Research, 2019

The number of households receiving free access to basic water and sanitation decreased considerably in 2018. In 2017, 798 493 households received free basic water compared to the 440 556 households in 2018. The number of households receiving free basic sanitation services decreased from 657 908 households in 2017 to 440 556 households in 2018. This decline in free access to water and sanitation in 2018 can be attributed to the severe water restrictions posed in the Cape Metro in response to the provincial drought. Free basic access to electricity increased from 306 539 households in 2017 to 320 406 households in 2018, while free basic access to solid waste removal services increased from 406 755 households to 467 665 households over the same period.

3.7 Crime

The trend in reported incidences of criminal activities is an important indicator to ascertain which types of criminal offences are most likely to be prevalent in a certain area. Figure 3.13 depicts the trends in the reported crime categories in the Western Cape Province between 2014 and 2018.

Figure 3.13 Growth rates in reported crime categories, Western Cape, 2014 - 2018

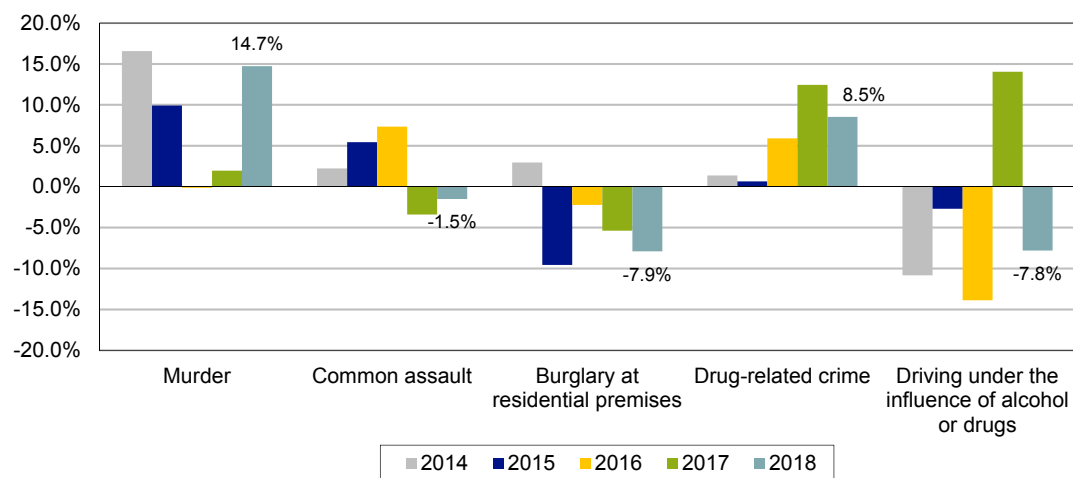


Source: SAPS; Quantec, 2019

Of the crime categories analysed, the incidence of drug-related crime is the highest in the Western Cape Province, with incidents of such crime increasing over the last few years. However, the growth rate is estimated to have declined between 2017 and 2018. The incidence of murder accounts for the lowest number of reported criminal offences. However, efforts should be steered towards mitigating against murder offences as the growth rate of this crime category has increased over the reference period. Growth in the number of reported incidents relating to common assault charges and burglary at residential premises have been decreasing between 2016 and 2018.

Figure 3.14 exhibits the trends in the reported crime categories in the Cape Metro area.

Figure 3.14 Growth rates in reported crime categories, Cape Metro area, 2014 - 2018



Source: SAPS; Quantec, 2019

Similar to the trend observed at a provincial level, drug-related crime is the most prevalent crime in the Cape Metro area. Positively, it is estimated that the growth rate of such crime decreased between 2017 and 2018. The abuse of drugs can be linked to the declining growth in GDP per capita and decreasing employment opportunities. It is often argued that an increase in social ills is often influenced by poverty and inequality, which will most likely increase the practice of gangsterism and drug-related crime²⁹.

Though the incidence of murder is low relative to the other criminal crime categories reported, murder is of material concern as the rate of occurrence has been increasing over the reference period, from 56.9 incidents per 100 000 people in 2016 to 66.4 incidents per 100 000 people in 2018. Common assault has been on a decreasing trend since 2016, from 572.4 incidents reported per 100 000 people in 2016 to 519.9 incidents reported per 100 000 people in 2018. Burglary at residential premises have been on a declining trend since 2014. From 799.0 incidents reported per 100 000 people in 2014 to 560.1 incidents reported per 100 000 people 2018.

3.8 Summary and conclusion

This section explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the Cape Metro area using a selected number of indicators. Table 3.8 is a summary of recent changes in various socio-economic indicators in the Cape Metro area.

²⁹ Bowers du Toit (2016)

Table 3.8 Changes in selected socio-economic indicators, Cape Metro

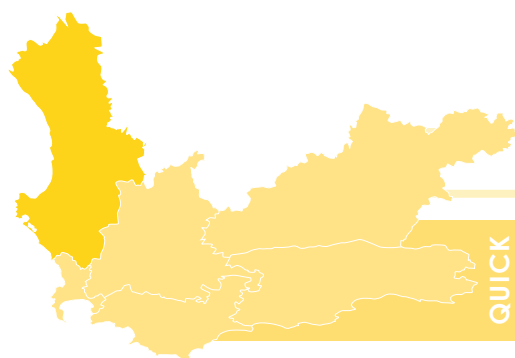
Indicator	Cape Metro
Expected Population growth (2020 - 2024): WC DSD	2.0
Average GDPR per capita growth (2008 - 2017): Quantec	-0.6
Average household income (2017): Quantec/Urban-Econ	R20 327
Gini coefficient trend (2017 - 2018): IHS Markit	Increase
Human Development Index trend (2017 - 2018): IHS Markit	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 2.0 per cent per annum up to 2024. This growth rate is largely influenced by in-migration into the area 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



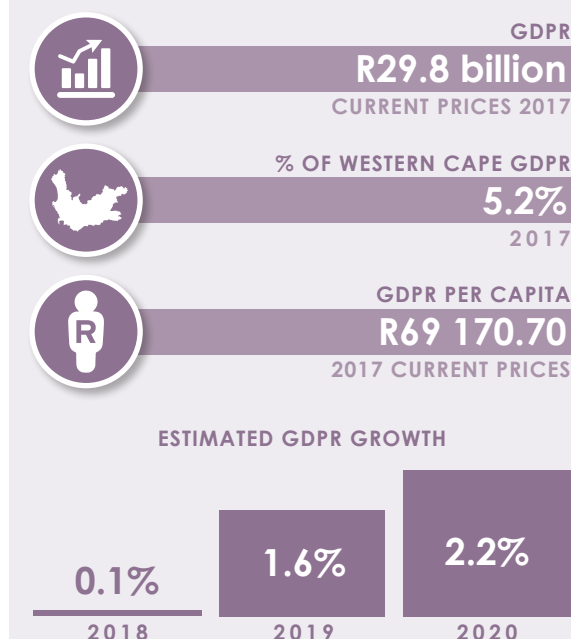
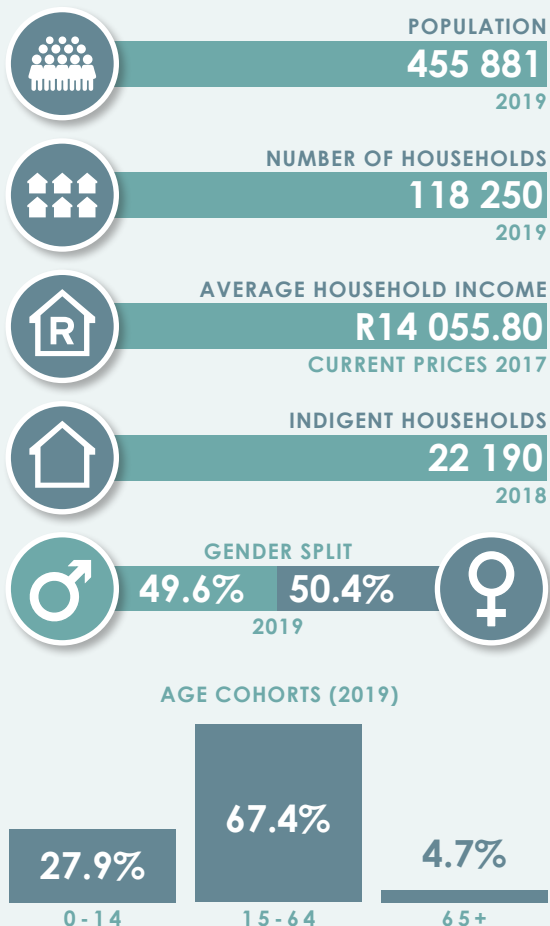
WEST COAST DISTRICT

WCD

QUICK FACTS

Area	31 119 km ²
Density	13/km ²
Seat	Moorreesburg
Cities/Towns	Vredenburg, Saldanha, Malmesbury, Vredendal

DEMOGRAPHICS

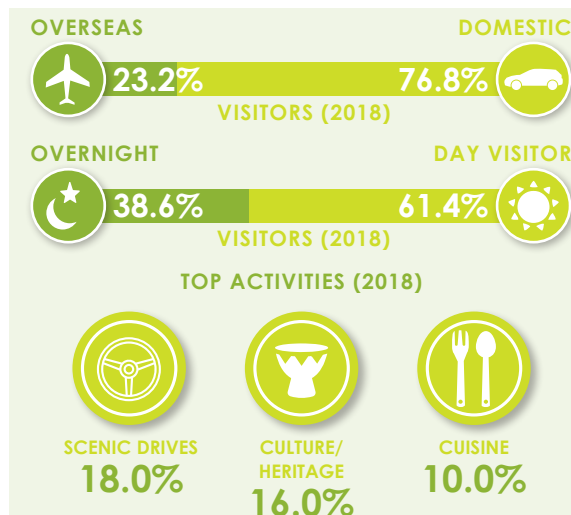
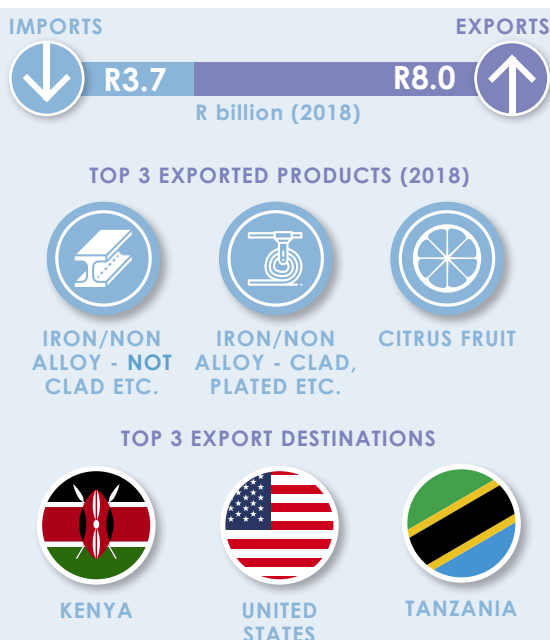


GROSS DOMESTIC PRODUCT

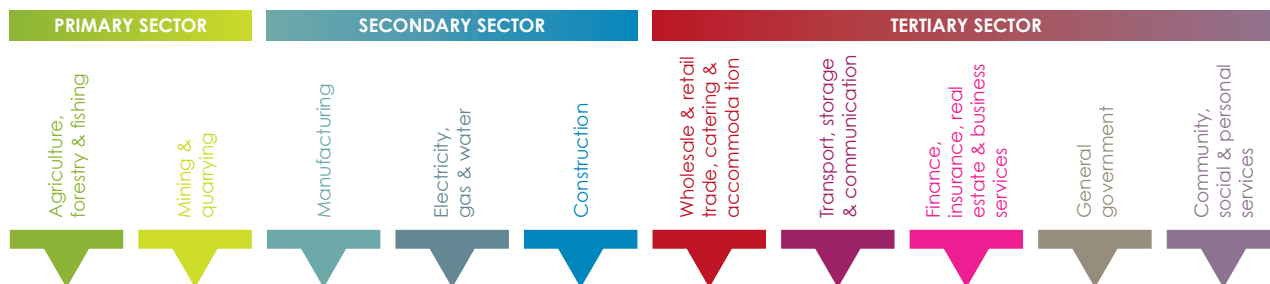


EMPLOYMENT

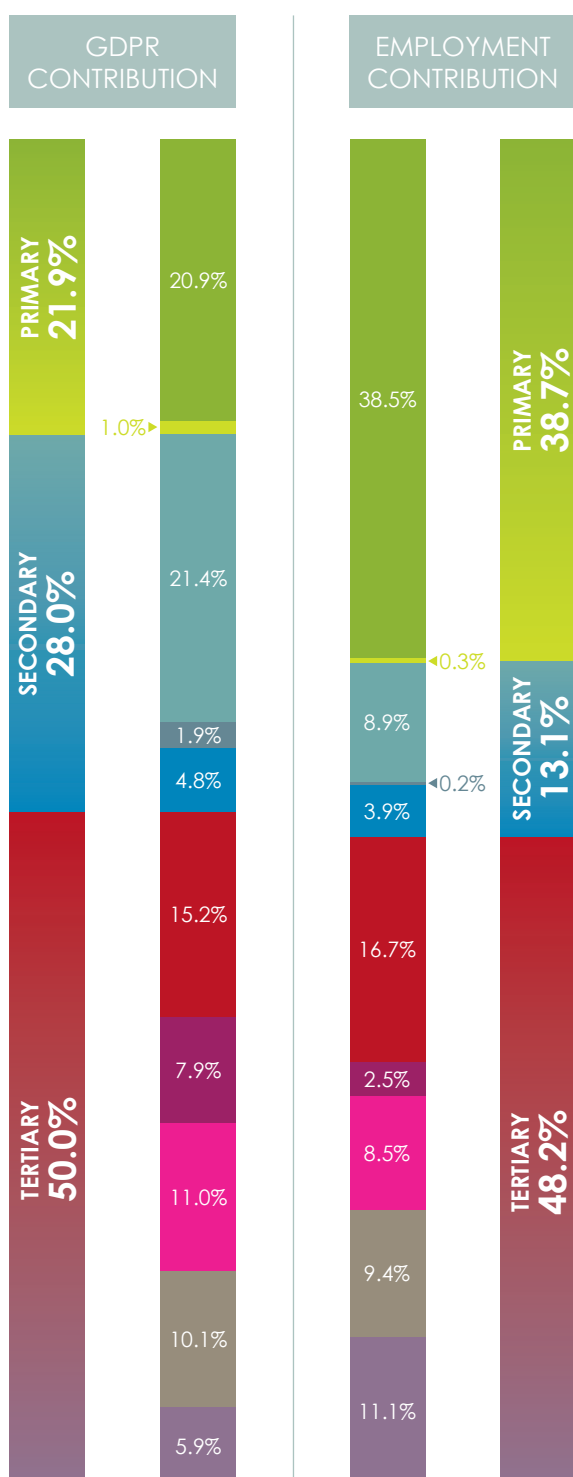
TRADE



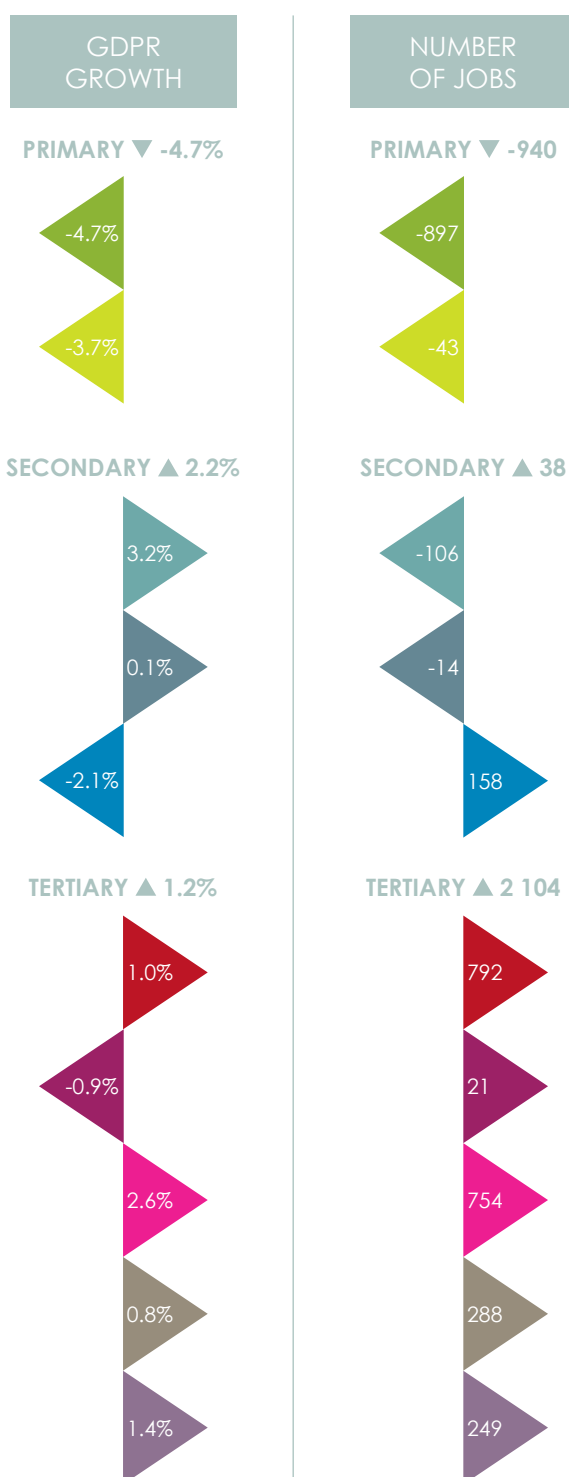
TOURISM



GROSS DOMESTIC PRODUCT AND EMPLOYMENT PER SECTOR (2017)



ESTIMATED GROSS DOMESTIC PRODUCT AND EMPLOYMENT SECTOR GROWTH (2018)





1

Regional economic review and outlook

1.1 Introduction

The West Coast District (WCD) is well-known for its coastline, vast farmlands and wildflowers. The WCD borders the Cape Metro area, the Cape Winelands District (CWD) and the Northern Cape. The five municipal areas of the WCD, namely the Swartland, Bergervier, Cederberg, Matzikama and Saldanha Bay municipal areas all have unique characteristics that add value to the diverse economy of the WCD. The WCD spans an area of 31 099 square kilometres which is 24.0 per cent of the total size of the Western Cape Province of 129 462 square kilometres.

This chapter provides a macroeconomic outlook at the District level, an overview of trends from 2008 to 2017, and an outlook in terms of GDP for 2019 and 2020.

1.2 Growth in GDPR performance

The following section provides an overview of the size of the WCD's economy, as well as the average GDPR contribution and respective growth rates for the various municipal areas within the District municipality. The period under review for MERO 2019 is between 2008 and 2017, with 2018¹ figures being estimated.

1.2.1 GDPR performance per municipal area

As indicated in Table 1.1, the size of the WCD's economy was R29.8 billion in 2017, contributing 5.2 per cent to the economy of the Western Cape Province. With an average annual growth rate of 2.4 per cent between 2008 and 2017, the WCD realised growth rates higher than that of the Provincial economy, which grew at 2.0 per cent over the same period.

Table 1.1 West Coast District GDPR contribution and average growth rates per municipal area, 2017

Municipality	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Matzikama	4 351.4	14.6	2.1	-0.2
Cederberg	3 803.9	12.8	3.7	0.5
Bergervier	4 433.9	14.9	2.8	0.1
Saldanha Bay	9 142.4	30.7	1.9	-0.9
Swartland	8 080.2	27.1	2.6	1.1
Total West Coast District	29 811.7	100	2.4	0.1
Western Cape Province	568 421	-	2.0	0.9

Source: Quantec Research, 2019 (e denotes estimate)

The two economies which contributed the most to GDPR in the WCD in 2017 were the Saldanha Bay municipal area (30.7 per cent) and the Swartland municipal area (27.1 per cent). The smallest contributor to GDPR in the region - Cederberg - realised the highest growth rates in the District. With an annual growth rate of 3.7 per cent per annum, the Cederberg municipal area realised growth rates of 1.3 percentage points higher than that of the WCD, and 1.7 percentage points higher than that of the Western Cape Province due to its small base.

Between 2008 and 2017, the Bergervier and the Swartland municipal areas also realised annual average growth rates higher than that of both the District and Provincial economy, at 2.8 per cent and 2.6 per cent respectively. Concerning are the tepid growth rates experienced in Saldanha Bay's economy, which contributes the most to GDPR in the region. Between 2008 and 2017, the Saldanha Bay municipal area realised average annual growth rates lower than that of both the District and the Provincial economy, with an average growth rate of 1.9 per cent over the period.

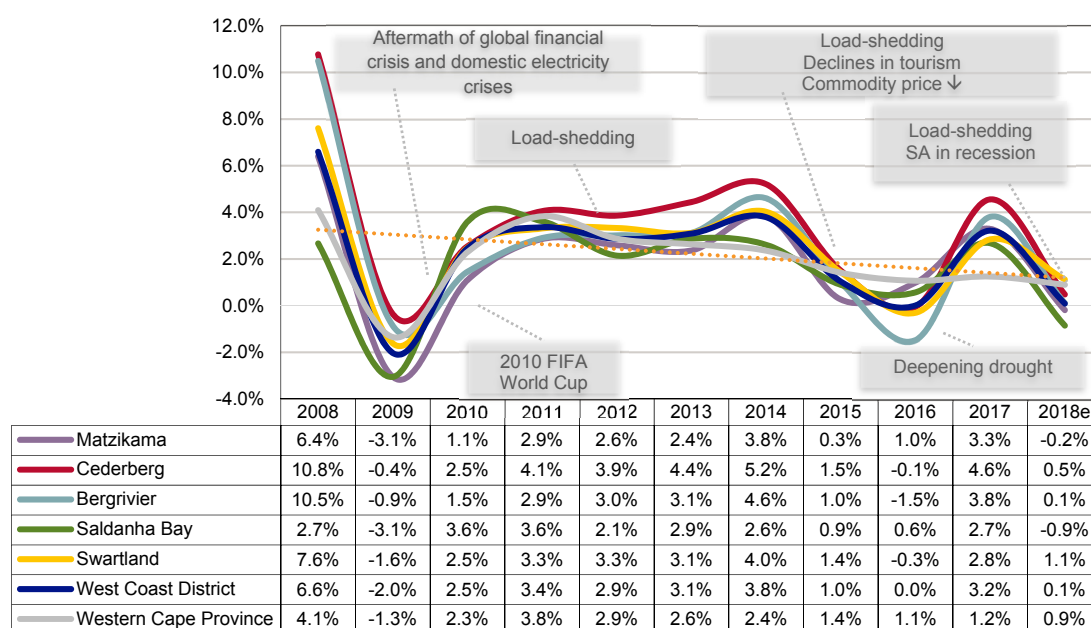
While estimates for 2018 indicate that growth rates for all municipal areas in the WCD slowed down significantly during the year, the Cederberg municipal area experienced

¹ Statistics SA will only release official regional indicators for 2018 in 2020.

the most significant slowdown in growth. With a 3.2 percentage point decline from its average annual growth rate, estimates indicate that growth in the Cederberg municipal area slowed to 0.5 per cent in 2018. Two economies in the WCD - Matzikama and Saldanha Bay - experienced contractions in GDP in 2018 of 0.2 per cent and 0.9 per cent respectively. These factors caused the WCD as a whole to stagnate in 2018, with realised growth rates lower than those in the Provincial economy.

An overview of the historical trends in growth rates of the municipal areas, as well as the WCD and the Western Cape Province, is depicted in Figure 1.1.

Figure 1.1 GDP growth per municipal area, West Coast District, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

Prior to the effects of the global financial crisis in 2008, four of the municipal areas in the WCD realised significantly strong growth rates, with the Cederberg and Bergvriervier municipal areas being especially noteworthy with growth rates of 10.8 per cent and 10.5 per cent respectively. With a growth rate of 2.7 per cent, the Saldanha Bay had the slowest growth rate in the District in 2008.

In 2009, contractions in growth were experienced throughout municipal areas in the WCD, with the Matzikama and the Saldanha Bay municipal areas each recording contractions of 3.1 per cent. In terms of year-on-year growth rates, the Cederberg and Bergvriervier municipal areas experienced the largest decline in 2009, with a decrease in growth of 11.2 and 11.4 percentage points respectively. The municipal economies within the WCD recovered somewhat in 2010, with the Saldanha Bay municipal area registering the largest improvement, from a contraction of 3.1 per cent in 2009 to a growth rate of 3.6 per cent in 2010.

GDP growth remained relatively constant between 2010 and 2014. In 2015, however, all municipal areas in the WCD experienced significant declines, achieving growth rates lower than the Provincial average. Following further declines in 2016, the municipal economies recovered in 2017 with growth rates exceeding that of the Provincial average. However, estimates for 2018 indicate that this trend did not persist, with the Swartland municipal area being the only region which achieved above-average growth rates during the year.

1.2.2 Sectoral GDP performance

The structure of the economy can be split into three core sectors – primary, secondary and tertiary. Table 1.2 provides an overview of the sectoral contributions in the WCD as well as their respective growth rates between 2008 and 2017, along with an estimate for 2018.

Table 1.2 West Coast District GDP contribution per sector, 2017 (%)

Sector	R million value 2017	Contribution to GDP (%) 2017	Trend 2008 - 2017	Real GDP growth (%) 2018e
Primary Sector	6 534.9	21.9	4.0	-4.7
Agriculture, forestry and fishing	6 236.2	20.9	4.3	-4.7
Mining and quarrying	298.7	1.0	0.0	-3.7
Secondary Sector	8 360.5	28.0	1.3	2.2
Manufacturing	6 380.5	21.4	1.2	3.2
Electricity, gas and water	560.5	1.9	-2.1	0.1
Construction	1 419.4	4.8	3.4	-2.1
Tertiary Sector	14 916.4	50.0	2.5	1.2
Wholesale and retail trade, catering and accommodation	4 527.5	15.2	2.6	1.0
Transport, storage and communication	2 347.1	7.9	0.2	-0.9
Finance, insurance, real estate and business services	3 279.9	11.0	3.2	2.6
General government	2 997.0	10.1	3.0	0.8
Community, social and personal services	1 765.0	5.9	2.6	1.4
Total West Coast District	29 811.7	100	2.4	0.1

Source: Quantec Research, 2019 (e denotes estimate)

As indicated in Table 1.2, the tertiary sector was the WCD's largest contributor to GDP in 2017. Valued at R14.9 billion in 2017, the tertiary sector contributed 50.0 per cent to total GDP in the WCD. The main drivers of economic activity in the tertiary sector were the wholesale and retail trade, catering and accommodation (15.2 per cent), finance, insurance, real estate and business services (11.0 per cent), and general government (10.1 per cent) sectors.

Although the tertiary sector was collectively the largest contributor to GDP in the WCD, the two sectors which contributed the largest proportion to the District's GDP individually were the manufacturing sector (21.4 per cent), and the agriculture, forestry and fishing sector (20.9 per cent). Valued at R6.4 billion in 2017, the manufacturing

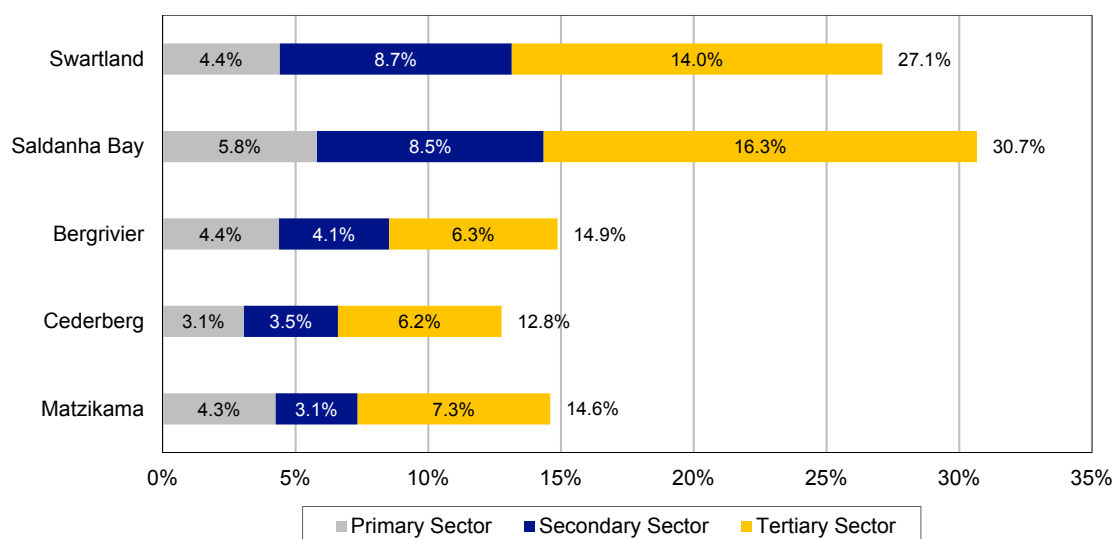
sector was the main driver of economic growth in the secondary sector. The primary sector was largely driven by the agriculture, forestry and fishing sector.

The agriculture, forestry and fishing sector realised the highest average growth rates across all sectors in the WCD between 2008 and 2017. Barring the transport, storage and communication sector, all sectors within the tertiary sector performed relatively well between 2008 and 2017, with average annual growth rates of 2.5 per cent collectively.

The secondary sector was the worst performing sector between 2008 and 2017. With muted growth in the manufacturing sector and contractions in the electricity, water and gas sector, the secondary sector as a whole grew at an average rate of 1.3 per cent per annum. Estimates for 2018, however, are indicative of a turnaround in the secondary sector. With an estimated growth rate of 2.2 per cent in 2018, the secondary sector, driven by the 3.2 per cent growth rate experienced in the manufacturing sector. While estimates indicate that the tertiary sector declined in growth in 2018, the main source of stagnancy in the WCD's economy in 2018 was the sharp contraction realised in the primary sector, which was largely due to the 4.7 per cent contraction in the agriculture, forestry and fishing sector. One of the most limiting factors in agricultural production is the availability of water. As the agriculture, forestry and fishing sector is highly dependent on water availability, the severe drought in the WCD has severely impacted the performance of this sector.

As indicated in Figure 1.2, the Saldanha Bay and Swartland municipal areas were the predominant sources of GDP in the WCD in 2017. Within these regions, the tertiary sector was the main driver of economic activity, accounting for 53.1 per cent and 51.7 per cent of the Saldanha Bay and Swartland municipal areas' total GDP contribution in 2017. While the tertiary sector was also the leading contributor to GDP in the Bergrivier, Cederberg and Matzikama municipal areas, these regions also rely substantially on the primary and secondary sectors for economic activity.

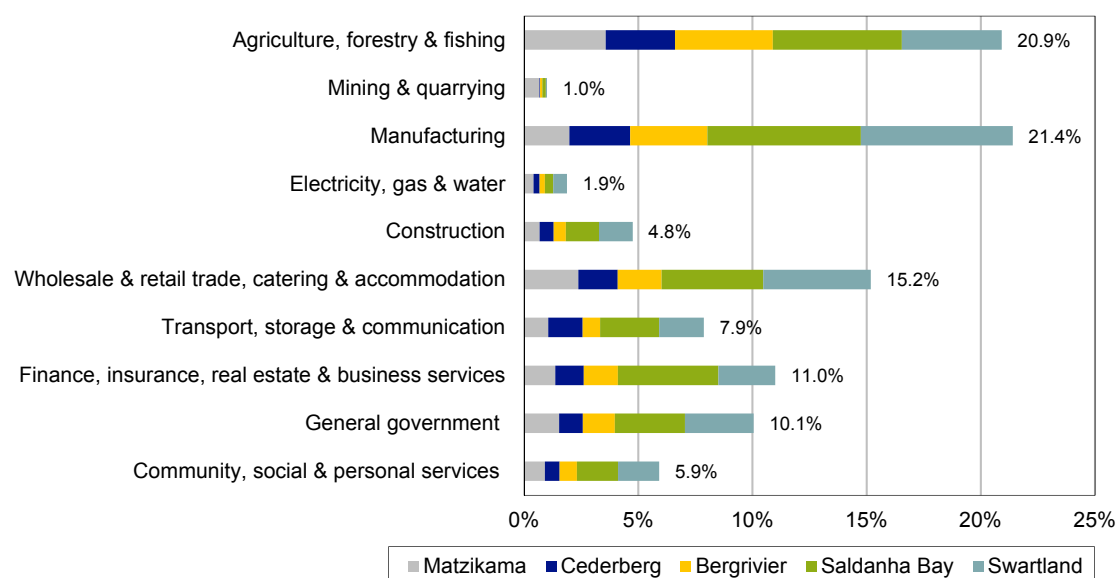
Figure 1.2 GDP contribution per municipal area, West Coast District, 2017 (%)



Source: Quantec Research, 2019

Figure 1.3 provides the WCD's sectoral GDPR contribution per municipal area in 2017.

Figure 1.3 West Coast District GDPR contribution per sector, 2017 (%)



Source: Quantec Research, 2019

The main contributors to GDPR in the WCD were the manufacturing sector (21.4 per cent) and the agriculture, forestry and fishing sector (20.9 per cent). The agriculture, forestry and fishing sector is mainly concentrated in the Saldanha Bay, Swartland and Bergrivier municipal areas, while manufacturing predominantly takes place in the Saldanha Bay and Swartland municipal areas. The wholesale and retail trade, catering and accommodation sector is also mainly concentrated in these municipal areas. While mining and quarrying accounts for only 1.0 per cent of GDPR in the WCD, 70.0 per cent of activity in this sector takes place in the Matzikama municipal area.

1.2.3 GDPR performance per sector forecast (outlook)

Due to the fast pace at which the global economies and the South African economy are changing, only a two-year forecast is provided. Table 1.3 indicates the GDPR forecast per sector for 2019 and 2020 in the WCD.

In the primary sector, the agriculture, forestry and fishing sector is forecast to experience a substantial turnaround in 2019, from the 4.7 per cent contraction experienced in 2018 to 4.7 per cent growth in 2019. While the agriculture, forestry and fishing sector has experienced a significant turnaround in growth, this may be merely due to the sector's low base and substantial contractions experienced in the preceding years. The growth in the agriculture, forestry and fishing sector is expected to persist in 2020, with an average annual growth rate of 5.5 per cent estimated between 2019 and 2023. Conversely, the mining and quarrying sector is expected to continue contracting in 2019 by an estimated 2.1 per cent. While there is a slight positive growth forecast for 2020, estimates indicate there will be an average annual contraction of 1.2 per cent between 2019 and 2023.

While the manufacturing sector is forecast to decline in growth between 2018 and 2019, estimates for 2020 indicate growth will increase to 3.4 per cent in the year. Between 2019 and 2023, growth is expected to be sustained, with an average annual growth rate of 3.8 per cent forecast for the five-year period. Both the electricity, water and gas and the construction sectors are forecast to experience contractions in 2019. However, while the electricity, water and gas sector is expected to continue contracting, the construction sector is expected to experience positive growth in 2019, with an estimated average annual growth rate of 3.2 per cent forecast between 2019 and 2023.

In the tertiary sector, the tepid growth experienced in 2018 is forecast to continue in 2019. Similarly, to estimates for 2018, the transport, storage and communication sector is expected to experience further contractions in 2019 and 2020, with average annual contractions of 2.2 per cent forecast between 2019 and 2023. The general government sector's GDP is expected to continue stagnating between 2019 and 2023, with an annual average growth of 0.3 per cent estimated for this sector.

Positively, three sectors in the tertiary sector – wholesale and retail trade, catering and accommodation, finance, insurance, real estate and business services, and community, social and personal services – are forecast to improve over the reference period despite lacklustre growth rates in 2019. Between 2019 and 2023, all three sectors are expected to achieve average growth rates of over 3.0 per cent per annum. The community, social and personal services sector is expected to perform particularly well over the period, with an average annual rate of 3.7 per cent.

Overall, forecasts indicate that the WCD will experience tepid average growth rates of 1.6 per cent in 2019, which will improve to 2.2 per cent in 2020. In the latter years between 2019 and 2023, growth is expected to accelerate, with an average annual growth rate of 3.1 per cent forecast for the five-year period.

Table 1.3 West Coast District GDP forecast per sector, 2019 - 2020 (%)²

Sectors	2019f	2020f	2019f - 2023f
Primary Sector			
Agriculture, forestry and fishing	4.7	3.6	5.5
Mining and quarrying	-2.1	0.2	-1.4
Secondary Sector			
Manufacturing	1.4	3.4	3.8
Electricity, gas and water	-1.1	-1.6	-2.8
Construction	-0.9	1.7	3.2
Tertiary Sector			
Wholesale and retail trade, catering and accommodation	1.2	1.7	3.3
Transport, storage and communication	-0.6	-1.4	-2.2
Finance, insurance, real estate and business services	1.4	2.3	3.2
General government	0.3	0.4	0.3
Community, social and personal services	1.7	2.5	3.7
Total	1.6	2.2	3.1

Source: Urban-Econ based on BER, 2019 (e denotes estimate; f denotes forecast)

² Based on provincial forecasts done in July 2019 - Bureau for Economic Research (BER).

1.3 Labour trend analysis

This subsection discusses some of the key employment trends by outlining which local municipal areas are the largest contributors to employment creation in the WCD. It also highlights which areas experienced any significant change in terms of employment patterns. Furthermore, it discusses the employment dynamics by identifying which sectors, in particular, employ the most persons. In addition, it attempts to highlight which sectors have contributed more in creating new job opportunities (or have experienced job losses) in the District.

1.3.1 Employment per municipal area

With 180 050 jobs in 2017, the WCD contributed approximately 7.2 per cent to total employment in the Western Cape Province during the year. Employment in the WCD, as indicated in Table 1.4, was mainly concentrated in the Saldanha Bay (28.2 per cent) and Swartland (25.3 per cent) municipal areas, with 50 734 and 45 596 jobs respectively.

Table 1.4 West Coast District employment growth, 2017

Municipality	Contribution to employment (%) 2017	Number of Jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Matzikama	15.6	28 105	480	91
Cederberg	14.5	26 167	1 245	243
Bergervier	16.4	29 448	-942	-12
Saldanha Bay	28.2	50 734	3 180	369
Swartland	25.3	45 596	4 746	511
Total West Coast District	100	180 050	8 709	1 202
Western Cape Province	-	2 518 080	326 286	35 433

Source: Quantec Research, 2019 (e denotes estimate)

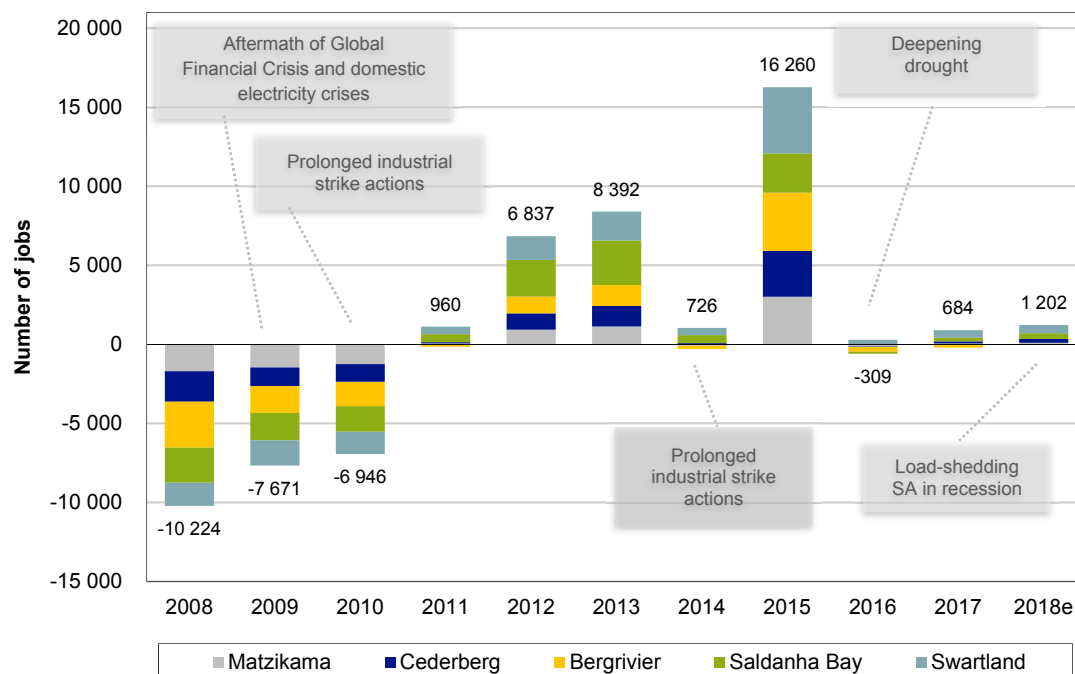
Between 2008 and 2017, the WCD experienced a net increase of 8 709 jobs, which was mainly due to increased employment opportunities in the Saldanha Bay and Swartland municipal areas. The Bergervier municipal area was the only region within the WCD that experienced a net decline in employment over the period, with a net loss of 942 jobs.

Notably, estimates for 2018 indicate that all municipal areas in the WCD have improved on their annual job creation compared to the average experienced over the preceding decade. While the Bergervier municipal area has continued to shed jobs, the rate at which jobs have been shed has declined, with 12 job losses estimated for 2018.

Figure 1.4 provides an overview of the historical employment trends in the WCD. The period between 2008 and 2010 saw a significant amount of job shedding. Over the three-year period, 24 841 jobs were lost in the WCD. While improvements were noted post-2010, the job losses experienced between 2008 and 2010 were only offset by

2015³. Following 2015, annual job creation has been sluggish in the WCD, with a net increase of 1 202 jobs estimated for 2018.

Figure 1.4 Employment change per municipal area, West Coast District, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

1.3.2 Sectoral employment

The sectoral spread of employment in the WCD, as indicated in Table 1.5, shows that the tertiary sector is the largest collective contributor to employment in the region. With 86 697 jobs as of 2017, the tertiary sector contributed 48.2 per cent to total employment during the year. In terms of individual sectoral contributions, however, the agriculture, forestry and fishing sector was the primary source of employment in 2017. With 69 316 jobs in 2017, the agriculture, forestry and fishing sector contributed 38.5 per cent to total employment in the WCD.

In relation to the trend observed between 2008 and 2017, the agriculture, forestry and fishing sector shed a net of 15 529 jobs over the ten-year period. Employment in the agriculture, forestry and fishing sector has been greatly affected by the severe drought in the WCD, which has greatly influenced the performance of this sector. While the tertiary sector made significant gains in employment between 2008 and 2017, the substantial job losses experienced in the agriculture, forestry and fishing sector significantly impacted net employment creation in the WCD as a whole.

Estimates for 2018 indicate that the job shedding within the agriculture, forestry and fishing sector persisted during the year, albeit at a slower rate than the average in the preceding decade. In 2018, the WCD experienced a net increase of 1 202 job

³ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

opportunities. The net increase observed in 2018 was largely driven by the tertiary sector, which created 2 104 jobs during the year; mainly in the wholesale and retail trade, catering and accommodation sector (792 jobs) and the finance, insurance, real estate and business services sector (754 jobs).

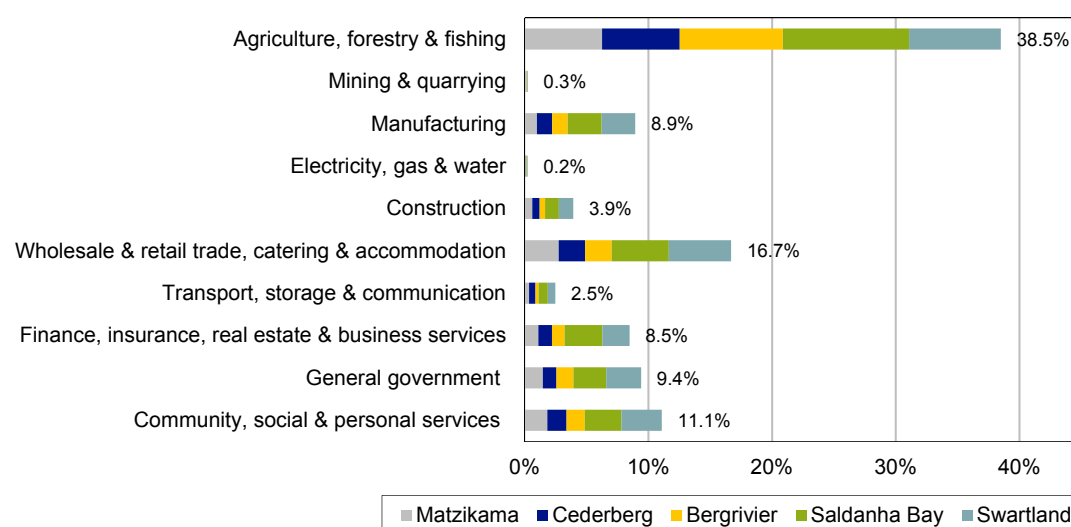
Table 1.5 West Coast District employment per sector, 2017

Sector	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	38.7	69 769	-15 688	-940
Agriculture, forestry and fishing	38.5	69 316	-15 529	-897
Mining and quarrying	0.3	453	-159	-43
Secondary Sector	13.1	23 584	1 965	38
Manufacturing	8.9	16 099	487	-106
Electricity, gas and water	0.2	423	83	-14
Construction	3.9	7 062	1 395	158
Tertiary Sector	48.2	86 697	22 389	2 104
Wholesale and retail trade, catering and accommodation	16.7	30 051	8 450	792
Transport, storage and communication	2.5	4 459	1 271	21
Finance, insurance, real estate and business services	8.5	15 278	4 246	754
General government	9.4	16 947	3 861	288
Community, social and personal services	11.1	19 962	4 561	249
Total West Coast District	100	180 050	8 709	1 202

Source: Quantec Research, 2019 (e denotes estimate)

As illustrated in Figure 1.5, the agriculture, forestry and fishing sector was the main source of employment in the WCD in 2017, contributing substantially to employment in all five municipal areas in the District.

Figure 1.5 Sectoral employment contribution per municipal area, West Coast District, 2017 (%)



Source: Quantec Research, 2019

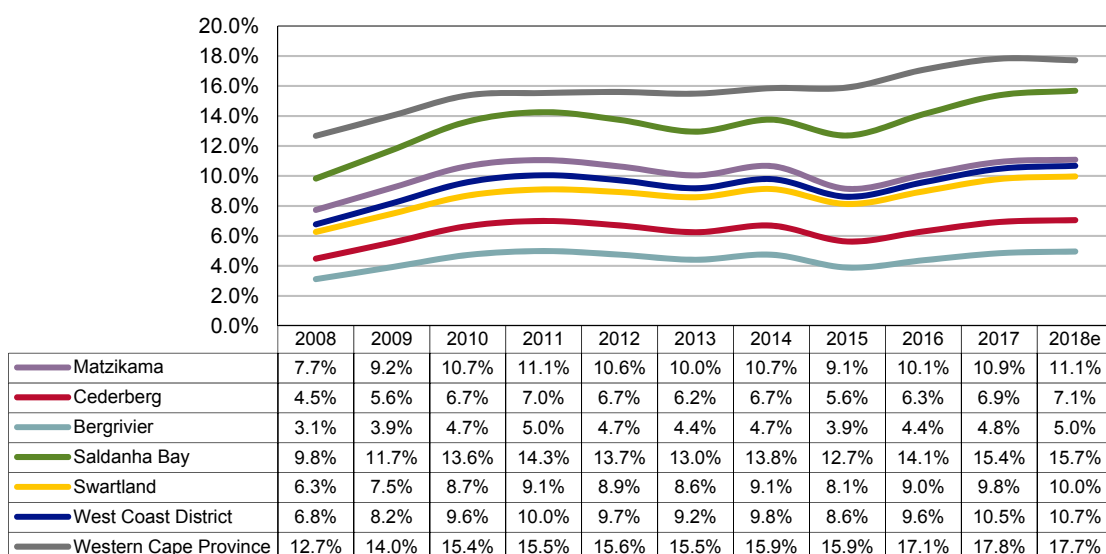
The regions which provide the highest proportion of employment opportunities in the agriculture, forestry and fishing sector are Saldanha Bay, Bergrivier and Swartland municipal areas. However, considering the relative size of their economies, the Matzikama and Bergrivier also provided a high proportion to this sector's employment at 16.3 per cent each.

The wholesale and retail trade, catering and accommodation sector was the second largest contributor to employment across municipal areas, followed by the community, social and personal services sector, with a contribution of 16.7 per cent and 11.1 per cent respectively in 2017. The Saldanha Bay and Swartland municipal areas collectively accounted for 57.5 per cent and 56.8 per cent of employment in the wholesale and retail trade, catering and accommodation, and community, social and personal services sectors, respectively.

Figure 1.6 shows the unemployment rate in the WCD and its municipal areas.

Unemployed persons according to the official definition are those (aged 15 - 64 years) who were not employed in the reference week, actively looked for work or tried to start a business in the four weeks preceding the survey interview and were available for work or had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available⁴.

Figure 1.6 West Coast District unemployment rate, 2008 - 2018 (%)



Source: Quantec Research, 2018 (e denotes estimate)

The unemployment rates in the WCD have been significantly lower than that of the Provincial economy over the reference period. Between 2008 and 2011, unemployment in the WCD increased year-on-year, from 6.8 per cent in 2008 to 10.0 per cent in 2011. Thereafter, barring 2014, unemployment in the District was on a decreasing trend, with the unemployment rate in 2015 being the lowest since 2009. However, between 2016 and 2018, unemployment in the WCD increased year-on-year, with an eleven-year high in the unemployment rate of 10.7 per cent being registered for 2018.

⁴ Statistics South Africa (2019)

Saldanha Bay municipal area has the highest unemployment rate in the WCD. Over the period, the Saldanha Bay realised average unemployment rates that were 4.1 percentage points higher than the District average. While the Matzikama municipal area also realised unemployment higher than the District average, the unemployment rates in this region were only 0.8 percentage points higher than the District average. The Bergrivier and Cederberg municipal areas registered the lowest average unemployment rates between 2008 and 2018, at 4.4 per cent and 6.3 per cent respectively.

1.4 Concluding remarks

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 GDP. 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 GDP 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 GDP in the region in 2017. However, in terms of individual sectors, the manufacturing and agriculture, forestry and fishing sectors contributed the most to GDP 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 GDP 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.



2

Sectoral growth, employment and skills per municipal area

2.1 Introduction

This chapter provides a macroeconomic outlook on the municipal level and an overview of trends from 2008 to 2018 in GDP and employment. It also presents an overview of skills levels and building plans passed and completed in selected municipalities.

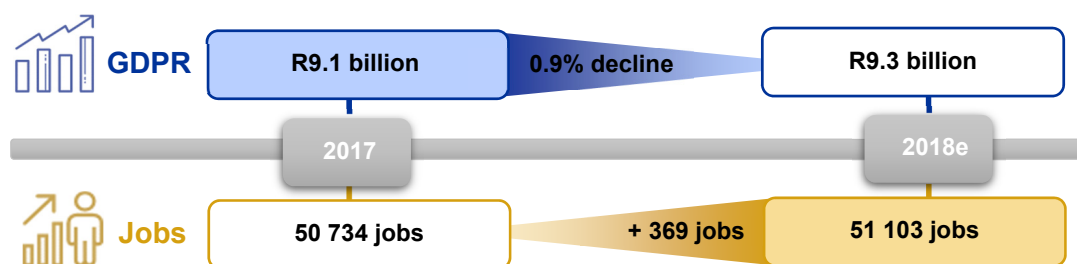
2.2 Saldanha Bay

The Saldanha Bay municipal area has the largest economy in the WCD. With its coastline of 238 km, the municipal area has a large fishing industry and a number of tourist towns. Saldanha Bay is known for its harbour and steel mill, while Vredenburg is the largest administrative and commercial centre in the WCD. Coastal towns that are popular areas for holiday homes include Paternoster, St Helena Bay, Jacobsbaai and Langebaan. Inland, Hopefield is a service centre for the grain, dairy, meat and honey farmers in the area⁵.

2.2.1 GDPR and employment performance

In 2017, the size of the Saldanha Bay municipal area's economy was R9.1 billion (in current prices), with 50 734 people employed in the region. It is estimated that the economy created 369 additional jobs in 2018. The value of the economy was estimated to be R9.3 billion in 2018. Given that the economy declined, the increase in GDPR (current prices) was mainly due to inflation.

Diagram 2.1 Saldanha Bay GDPR (current prices) and employment, 2017 and 2018e

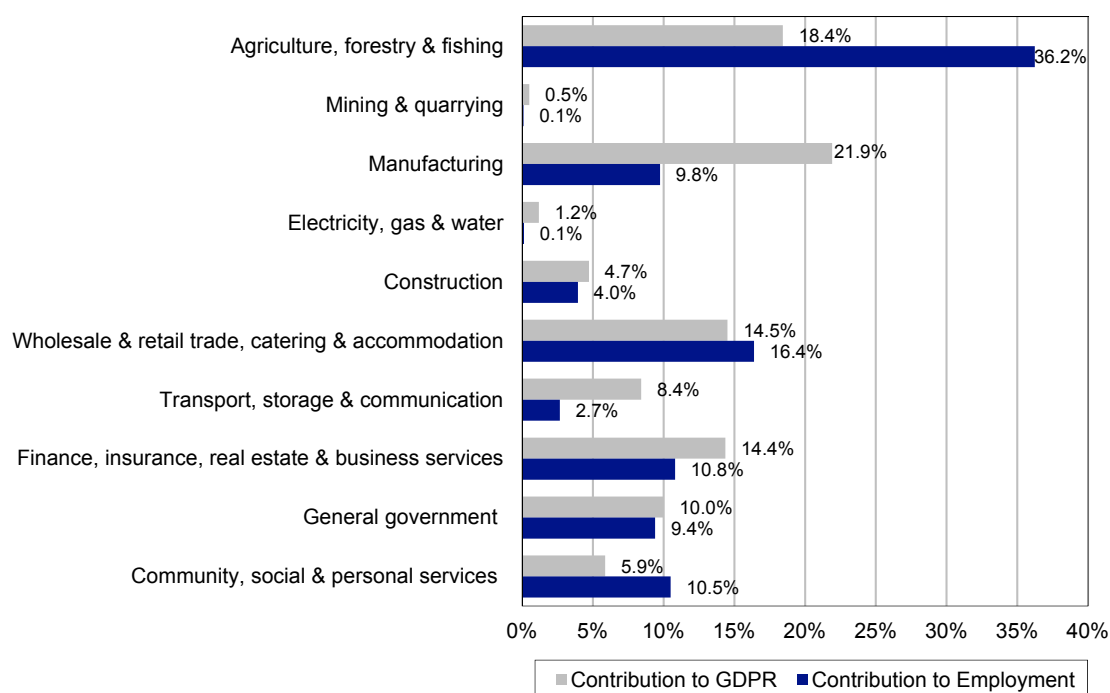


Source: Quantec Research, 2019 (e denotes estimate)

Figure 2.1 provides the Saldanha Bay municipal area's sectoral GDPR and employment contributions. The manufacturing sector was the main contributor to GDPR in the Saldanha Bay municipal area in 2017, with a contribution of 21.9 per cent. The agriculture, forestry and fishing sector was also a significant contributor to GDPR in the municipal area, with a contribution of 18.4 per cent in the same year.

In terms of employment, the agriculture, forestry and fishing sector was the main source of employment in the region in 2017, with a contribution of 36.2 per cent. Given that the agriculture, forestry and fishing sector contributed 18.4 per cent to GDPR in 2017, the high employment concentration in this sector indicates that this sector is highly labour-intensive. Conversely, while the manufacturing sector contributed 21.9 per cent to the WCD's GDPR, its contribution to employment was only 9.8 per cent in 2017, which reflects the capital-intensive nature of this sector. Another prominent source of employment in the Saldanha Bay municipal area is the wholesale and retail trade, catering and accommodation sector, which contributed 16.4 per cent to employment in the Saldanha Bay municipal area during the year.

⁵ Saldanha Bay Municipality (2017)

Figure 2.1 Saldanha Bay sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

With a value of R4.9 billion in 2017, the tertiary sector collectively contributed approximately 53.2 per cent to GDP in the Saldanha Bay municipal area. In terms of individual sectoral contribution, the manufacturing sector was the main source of economic activity in the municipal area, with a contribution of R2.0 billion in 2017. The agriculture, forestry and fishing sector was another significant driver of economic activity in the region, with a contribution of R1.7 billion in 2017.

The Saldanha Bay municipal area realised average annual growth rates of 1.9 per cent between 2008 and 2017. While the primary and tertiary sectors realised growth rates of 3.5 per cent and 2.5 per cent respectively over the period, the sluggish growth rate was attributed to the contractions experienced in the secondary sectors.

Estimates for 2018 indicate that the Saldanha Bay municipal area's economy experienced a contraction during the year, which was largely due to the significant contraction of 10.9 per cent in the primary sector. Due to the severe drought in the WCD, economic activity in the agriculture, forestry and fishing sector has been greatly hampered. While both the secondary and tertiary sectors realised positive growth rates in 2018, these growth rates were not large enough to offset the substantial contraction experienced in the primary sector.

Estimates for 2018 indicate that the Saldanha Bay municipal area's main contributor to economic activity – the manufacturing sector – has experienced a turnaround in terms of growth. Although the manufacturing sector experienced average annual contractions of 0.5 per cent between 2008 and 2017, estimates for 2018 indicate a substantial improvement, from the 0.2 per cent contraction experienced in 2017 to growth of 1.7 per cent in 2018.

Table 2.1 Saldanha Bay GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 731.8	3.5	-10.9	18 443	-2 837	-183
Agriculture, forestry and fishing	1 684.9	3.7	-11.0	18 388	-2 818	-177
Mining and quarrying	46.9	-1.4	-5.0	55	-19	-6
Secondary Sector	2 546.0	-0.1	1.0	7 027	-462	-78
Manufacturing	2 003.9	-0.5	1.7	4 948	-734	-108
Electricity, gas and water	109.0	-0.8	2.4	73	23	-2
Construction	433.1	2.5	-2.7	2 006	249	32
Tertiary Sector	4 864.6	2.5	1.4	25 264	6 479	630
Wholesale and retail trade, catering and accommodation	1 327.7	2.7	0.9	8 316	2 326	209
Transport, storage and communication	770.1	-1.1	-1.9	1 357	198	-20
Finance, insurance, real estate and business services	1 313.8	3.7	3.3	5 491	1 456	270
General government	915.8	3.1	1.0	4 772	1 038	72
Community, social and personal services	537.1	2.9	1.7	5 328	1 461	99
Total Saldanha Bay	9 142.4	1.9	-0.9	50 734	3 180	369

Source: Quantec Research, 2019 (e denotes estimate)

While the tertiary sector was the largest collective source of employment in the Saldanha Bay municipal area, the agriculture, forestry and fishing sector was the main individual sectoral contributor to employment in 2017, followed by the wholesale and retail trade, catering and accommodation sector.

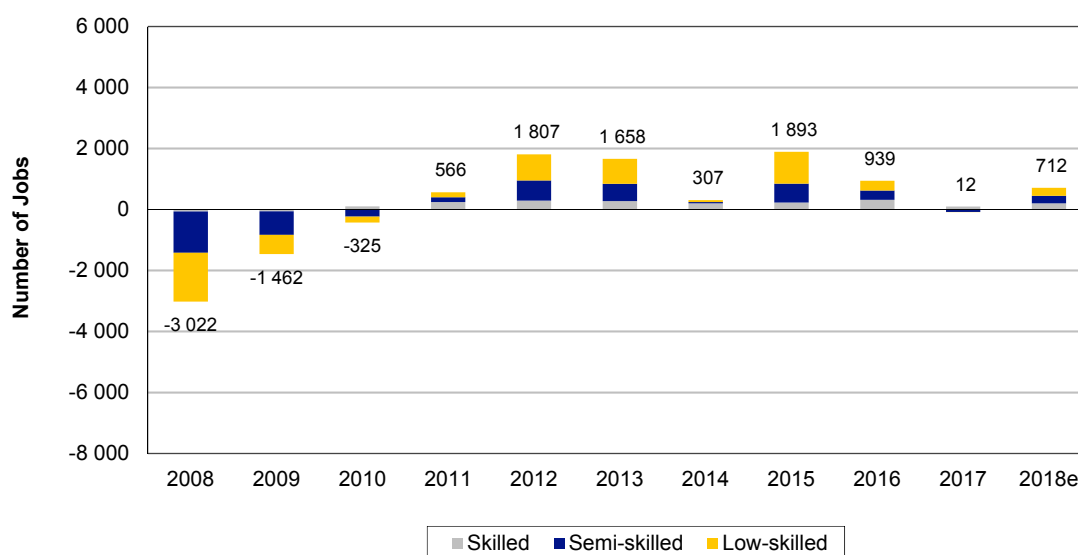
Between 2008 and 2017, the Saldanha Bay municipal area created a net of 3 180 jobs, which was largely driven by job creation in the tertiary sector. The tertiary sector experienced a net increase of 6 479 jobs during the period. While the tertiary sector maintained its positive trend by creating 630 jobs in 2018, estimates indicate that the Saldanha Bay municipal area created a net of only 369 jobs in 2018. The sluggish estimated employment growth in 2018 was largely due to job shedding in the agriculture, forestry and fishing sector (177 jobs) and the manufacturing sector (108 jobs). Given that the manufacturing sector experienced GDPR growth of 1.7 per cent in the same year, the net job losses experienced in this sector further point to the capital-intensive nature of this sector. As such, growth in GDPR in the manufacturing sector does not necessarily translate into employment growth. The Saldanha Bay IDZ is attracting a wide range of business and investment⁶ in secondary and tertiary sector industries, which can boost economic activity and result in increased job creation in the area.

⁶ Provincial Government Western Cape Municipal Perception Survey – Saldanha Bay Municipality (2019)

2.2.2 Skills analysis

Due to the economic downturn between 2008 and 2010, substantial job losses were experienced in the Saldanha Bay municipal area, most of which were felt by low- and semi-skilled workers. During these three years, low-skilled workers experienced 2 430 job losses, while 2 353 job losses were experienced by semi-skilled workers.

Figure 2.2 Saldanha Bay employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

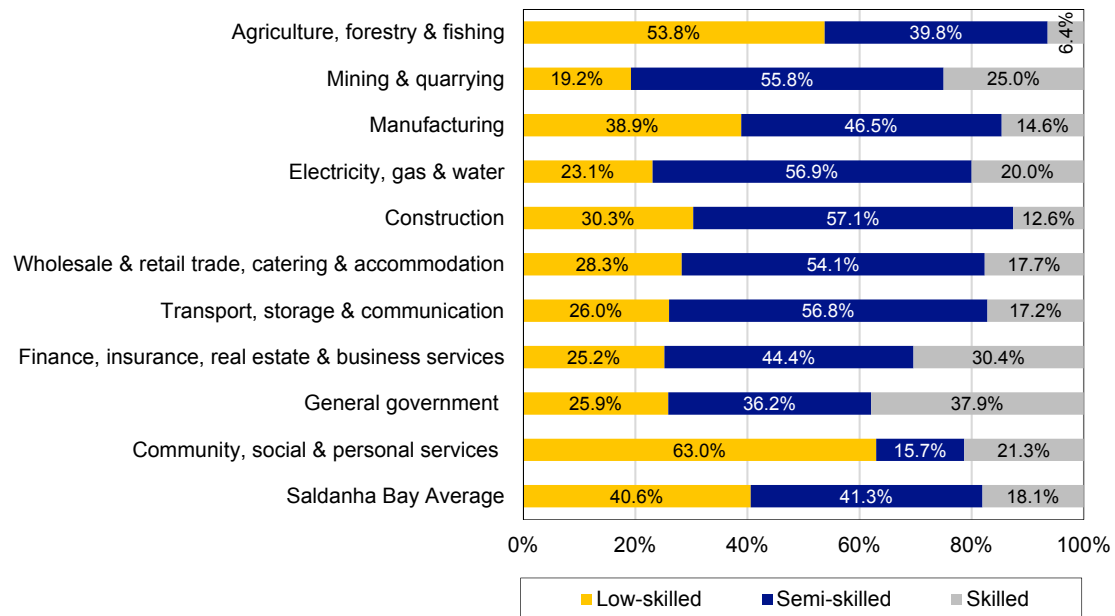
While the net increase of 3 254 jobs for low-skilled workers between 2011 and 2017 was able to offset the losses felt between 2008 and 2010, semi-skilled workers did not fare as well. Over the same period, semi-skilled workers experienced a net increase of 2 278 jobs and, as such, the effects of the job shedding between 2008 and 2010 were still felt seven years on. Given that the manufacturing sector is largely characterised by semi-skilled workers, the net decline in employment between 2008 and 2017 in this sector may be a contributing factor to the low demand for semi-skilled workers over the period.

Positive, however, are estimates for 2018, which indicate that 248 jobs were created for semi-skilled workers in the Saldanha Bay municipal area. This is a substantial improvement from the 80 job losses experienced during 2017. Improvements in employment opportunities were also noted for low-skilled workers, with a net increase of 264 jobs estimated for 2018.

While skilled labour was not unaffected by the economic downturn in 2008, the 129 jobs lost between 2008 and 2009 were wholly offset by 2011. Between 2010 and 2017, 1 753 jobs were created for skilled labourers in the Saldanha Bay municipal area. Estimates indicate that this positive trend persisted in 2018, with 200 jobs being created for skilled workers during the year.

An overview of the skill levels of the employed persons per sector is depicted in Figure 2.3.

Figure 2.3 Saldanha Bay skills level per sector, 2017 (%)



Source: Quantec Research, 2019

Employment in the Saldanha Bay municipal area was largely characterised by semi-and low-skilled workers in 2017 - 41.3 per cent of total employment was semi-skilled, while 40.6 per cent was low-skilled. The two sectors which predominantly utilised low-skilled workers were the community, social and personal services sector, in which 63.0 per cent of workers were low-skilled, and the agriculture, forestry and fishing sector, in which 53.8 per cent of workers were low-skilled.

Barring the community, social and personal services sector, all sectors within the Saldanha Bay municipal area utilised a large proportion of semi-skilled workers in 2017. However, the five sectors which were predominantly composed of semi-skilled workers were construction (57.1 per cent), electricity, water and gas (56.9 per cent), transport, storage and communication (56.8 per cent), mining and quarrying (55.8 per cent), and wholesale and retail trade, catering and accommodation (54.1 per cent).

In 2017, only 18.1 per cent of workers in the Saldanha Bay municipal area were classified as skilled. Skilled labour was most prevalent in the general government sector, in which 37.9 per cent of workers were skilled, and finance, insurance, real estate and business services, wherein 30.4 per cent of workers were skilled. The mining and quarrying sector also had a large presence of skilled workers – 25.0 per cent of formal workers in this sector were classified as skilled in 2017.

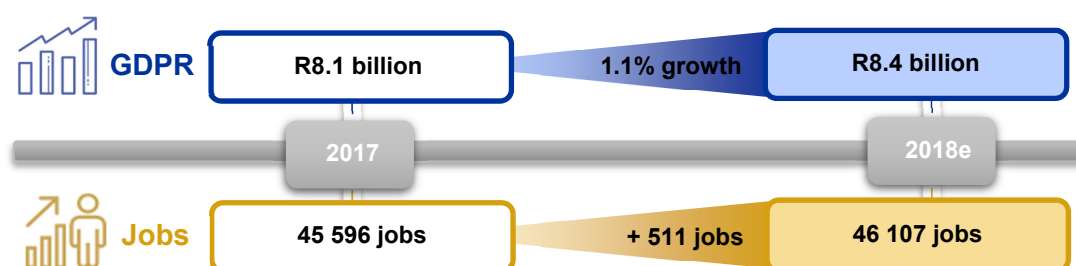
2.3 Swartland

The Swartland municipal area consists mostly of farmland where Malmesbury is the main economic node in the area. The N7 is a valuable transport link for the municipal area and is currently being upgraded with new intersections around Malmesbury which can be a catalyst for investment and growth for the town and the region⁷. The coastline of the Swartland municipal area is protected and mostly uninhabited, but Yzerfontein is a popular tourist area. Other towns in the municipal area that serve mostly as service centres for the agriculture industry include Moorreesburg, Darling, Riebeek West, Riebeek Kasteel, Riverlands, Chatsworth, Kalbaskraal, and Abbotsdale.

2.3.1 GDPR and employment performance

In 2017, the Swartland municipal area's economy was valued at R8.1 billion. Estimates for 2018 indicate that the municipal area's economy grew by 1.1 per cent to R8.4 billion during the year. The economy in the Swartland municipal area employed 45 596 people in 2017, with an additional 511 jobs created in 2018.

Diagram 2.2 Swartland GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

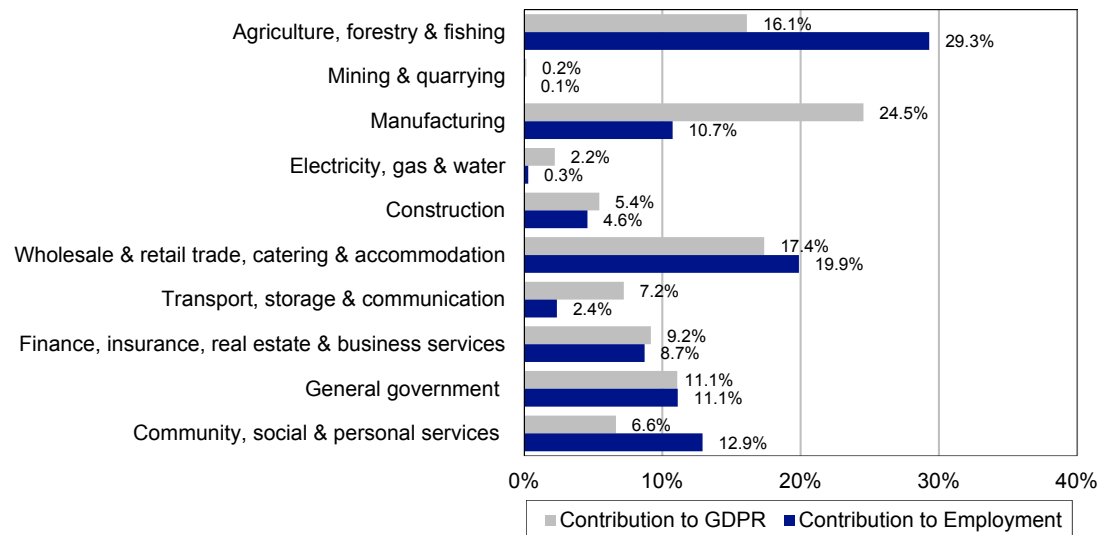
As indicated in Figure 2.4, the main contributor to GDPR in the Swartland municipal area in 2017 was the manufacturing sector. The manufacturing sector contributed 24.5 per cent to total GDPR in the WCD in 2017. Other prominent contributors to GDPR in 2017 were the wholesale and retail trade, catering and accommodation and agriculture, forestry and fishing sectors, which contributed 17.4 per cent and 16.1 per cent respectively.

While the manufacturing sector was the main contributor to GDPR, this sector tends to be less labour-intensive. As such, the manufacturing sector was only the third-largest contributor to employment in the WCD at 10.7 per cent. The agriculture, forestry and fishing sector was the predominant contributor to employment in the WCD – 29.3 per cent of total employment in the municipal area was in this sector. Another main contributor to employment in 2017 was the wholesale and retail trade,

⁷ Provincial Government Western Cape Municipal Perception Survey – Swartland Municipality (2019)

catering and accommodation sector, which contributed 19.9 per cent to employment.

Figure 2.4 Swartland sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

Table 2.2 outlines the Swartland municipal area's GDPR and employment performance per sector.

Table 2.2 Swartland GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 316.0	4.3	-2.0	13 387	-3 230	-186
Agriculture, forestry and fishing	1 303.0	4.3	-2.0	13 363	-3 228	-183
Mining and quarrying	13.0	0.6	-2.6	24	-2	-3
Secondary Sector	2 603.1	1.8	3.0	7 125	877	-21
Manufacturing	1 983.4	1.9	4.3	4 898	504	-53
Electricity, gas and water	180.0	-1.8	0.3	137	33	-5
Construction	439.7	3.2	-2.1	2 090	340	37
Tertiary Sector	4 161.0	2.7	1.2	25 084	7 099	718
Wholesale and retail trade, catering and accommodation	1 403.9	3.2	1.4	9 065	2 932	287
Transport, storage and communication	583.1	0.6	-0.4	1 086	375	15
Finance, insurance, real estate and business services	741.4	2.4	1.7	3 976	1 183	223
General government	895.7	3.9	1.2	5 071	1 578	132
Community, social and personal services	537.0	2.4	1.2	5 886	1 031	61
Total Swartland	8 080.2	2.6	1.1	45 596	4 746	511

Source: Quantec Research, 2019 (e denotes estimate)

In terms of sectoral GDPR and employment performance, as indicated in Table 2.2, the tertiary sector was the main contributor to GDPR in the Swartland municipal area in 2017. In terms of individual sectoral performance, however, the manufacturing sector was the predominant source of GDPR with a value of R2.0 billion in 2017. The second-largest sectoral contributor was the wholesale and retail trade, catering and accommodation sector with a value of R1.4 billion. Another prominent source of GDPR in the Swartland municipal area was the agriculture, forestry and fishing sector, which contributed R1.3 billion in 2017.

An overview of the trend in growth rates shows that, between 2008 and 2017, the Swartland municipal area realised average growth rates of 2.6 per cent per annum. The primary sector – specifically the agriculture, forestry and fishing sector – achieved significant average annual growth rates of 4.3 per cent between 2008 and 2017. The tertiary sector, which was boosted by above-average growth rates in the general government and wholesale and retail trade, catering and accommodation sectors, realised average annual growth rates of 2.7 per cent over the ten-year period. The secondary sector exhibited lacklustre growth rates over the preceding decade. While the construction sector grew at an annual average rate of 3.2 per cent, these growth rates were not large enough to offset the tepid growth in the manufacturing sector and the contractions experienced in the electricity, water and gas sector.

Estimates for 2018 are converse to what was experienced in the preceding decade, with the secondary sector being the predominant source of growth during the year. The 3.0 per cent growth rate in the secondary sector was largely driven by the manufacturing sector's substantial improvement in growth, from growing at an average annual rate of 1.9 per cent between 2008 and 2017 to an estimated 4.3 per cent in 2018. Despite the improvements in the secondary sector, the Swartland municipal area is estimated to have grown by only 1.1 per cent in 2018 due to stagnancy in the tertiary sector and significant contractions in the primary sector.

While the tertiary sector was collectively the main contributor to employment in the Swartland municipal area, in terms of individual sector contributions, the agriculture, forestry and fishing sector was the main contributor with 13 363 jobs in 2017. Another notable sectoral contributor to employment was the wholesale and retail trade, catering and accommodation sector, which had 9 065 jobs in the same year.

An overview of the historical trends shows that the Swartland municipal area's main contributor to employment - agriculture, forestry and fishing - registered a net loss of 3 228 jobs between 2008 and 2017. While the secondary and tertiary sectors created a net of 877 and 7 099 jobs respectively, the substantial job shedding in the primary sector resulted in a net increase of 4 746 jobs in the WCD over the ten-year period.

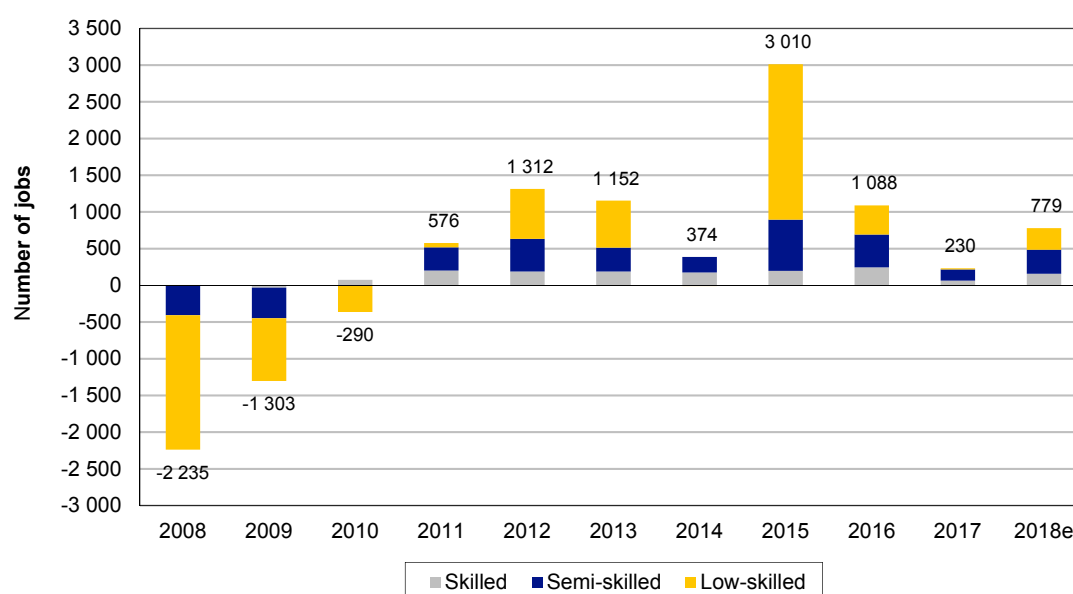
Estimates for 2018 indicate that this trend is likely to persist, albeit at a slower rate than the average over the preceding ten-year period. The agriculture, forestry and fishing sector is estimated to have shed 183 jobs in 2018. The secondary sector also registered job losses in 2018 (21 jobs), which were mainly due to job shedding in the manufacturing sector. While the manufacturing sector was the top performer in terms of GDPR in 2018, growing at an estimated 4.3 per cent, the sector declined in terms of employment. This reiterates that the manufacturing sector is largely capital-intensive and less reliant on

human resources for its revenue-generating activities. As such, GDP growth in the manufacturing sector is unlikely to be synonymous with growth in employment. The tertiary sector sustained its annual average, creating 718 jobs over the period. As a result, the Swartland municipal area created 511 net jobs in 2018.

2.3.2 Skills analysis

Figure 2.5 illustrates the change in employment by skills levels between 2008 and 2018 in the Swartland municipal area.

Figure 2.5 Swartland employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

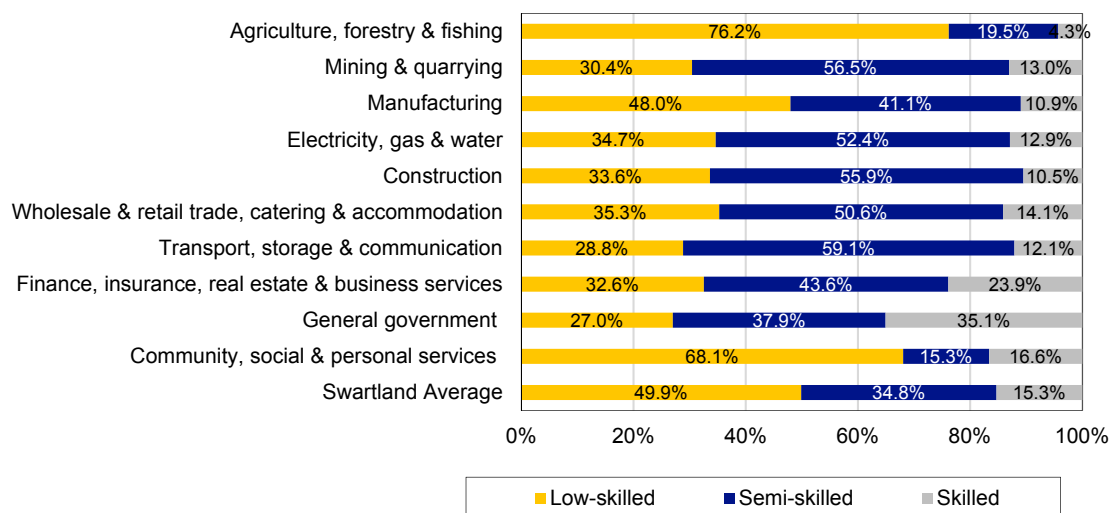
As illustrated above, the economic downturn between 2008 and 2010 resulted in substantial jobs losses in the region. During the three-year period, a net of 3 828 jobs were lost.

Most of the job losses which occurred between 2008 and 2010 were experienced by low-skilled workers – of the 3 828 jobs that were lost, 3 050 jobs were those held by low-skilled labourers. Between 2011 and 2017, a net of 3 897 jobs was created for low-skilled workers, with a further 295 job opportunities having been created in 2018. Over the same period, 2 593 jobs were created for semi-skilled workers. In 2018, the trend has continued positively – of the 779 jobs created in the municipal area, 42.0 per cent were jobs which require semi-skilled labour.

The demand for skilled labour remained relatively consistent between 2010 and 2018, reinforcing the notion that skilled labour is particularly resilient to economic fluctuations. Between 2010 and 2017, 1 326 jobs were created for skilled labour, with a further 157 job opportunities having been created in 2018.

Figure 2.6 depicts the skill levels per sector in the Swartland municipal area. On average, 49.9 per cent of workers in the Swartland municipal area were low-skilled in 2017.

Figure 2.6 Swartland skills level per sector, 2017 (%)



Source: Quantec Research, 2019

The agriculture, forestry and fishing sector utilised a substantial number of low-skilled workers – 76.2 per cent of workers in this sector are low-skilled. The significant amount of job shedding between 2008 and 2017 in the agriculture, forestry and fishing sector (3 228 jobs) is concerning given the sector's reliance on low-skilled workers. If these workers are not provided with the opportunity to develop skills which may be utilised in other sectors during periods of job shedding in the agriculture, forestry and fishing, employment losses may exacerbate poverty levels in the Swartland municipal area. Another sector which primarily consisted of low-skilled workers was the community, social and personal services sector, in which 68.1 per cent of workers were low-skilled in 2017.

The economy of the Swartland municipal area also utilised a large proportion of semi-skilled labourers for its productive activities in 2017 – 34.8 per cent of persons employed in the region were classified as semi-skilled. Five sectors in the municipal area were predominantly characterised by semi-skilled workers, namely transport, communication and storage (59.1 per cent), mining and quarrying (56.5 per cent), construction (55.9 per cent), electricity, water and gas (52.4 per cent) and wholesale and retail trade, catering and accommodation (50.6 per cent).

Skilled workers comprise the smallest proportion of labour in the Swartland municipal area – 15.3 per cent of workers in the region were classified as skilled in 2017. The two sectors which utilised skilled labour the most in 2017 were the general government sector (35.1 per cent), and the finance, insurance, real estate and business services sector (23.9 per cent).

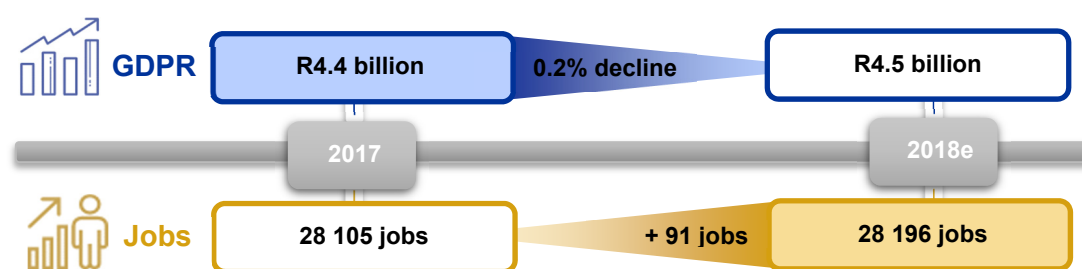
2.4 Matzikama

The Matzikama municipal area is located on the north-west coast of the WCD and borders the Northern Cape Province in the north and east⁸. Most economic activity occurs in the southern areas of the municipal area, with Vredendal being the main economic node. Large parts of the Matzikama municipal area coast are uninhabitable, with only three small coastal settlements, namely Doring Bay, Strandfontein and Papendorp. Other inland towns that serve as smaller service centres for the local agriculture industry include Vanrhynsdorp, Klawer, Lutzville, Koekenaap, Nuwerus and Ebenaeser. The Matzikama municipal area is traversed by the N7, which serves as a valuable transit link between the Western Cape, the Northern Cape and Namibia.

2.4.1 GDPR and employment performance

The Matzikama municipal area's economy was valued at R4.4 billion (current prices) in 2017. Although the economy was valued at R4.5 billion (current prices) in 2018, the economy contracted by 0.2 per cent in real terms, indicating that the increase in GDPR was mainly due to inflation. There were 28 105 persons employed in the region as of 2017. A slight increase in employment of 91 jobs is estimated for 2018.

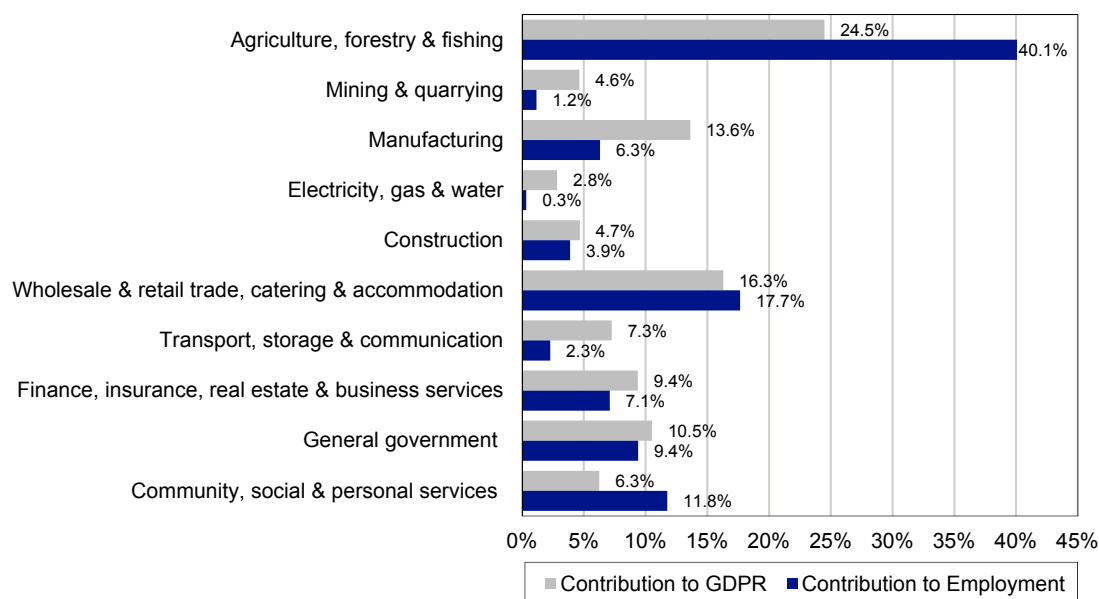
Diagram 2.3 Matzikama GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

The main contributor to both GDPR and employment in the Matzikama municipal area in 2017 was the agriculture, forestry and fishing sector. While this sector contributed nearly a quarter to GDPR in the region in 2017, it contributed 40.1 per cent to employment in the same year, which reflects the labour-intensive nature of this sector. The wholesale and retail trade, catering and accommodation sector was another prominent source of both GDPR and employment in the region in 2017, with a contribution of 16.3 per cent and 17.7 per cent respectively.

⁸ Matzikama Municipality (2017)

Figure 2.7 Matzikama sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

Table 2.3 reflects the Matzikama municipal area's sectoral GDPR and employment performance.

Table 2.3 Matzikama GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 268.0	4.9	-2.1	11 593	-2 797	-187
Agriculture, forestry and fishing	1 065.9	6.1	-1.9	11 264	-2 719	-157
Mining and quarrying	202.1	0.5	-3.2	329	-78	-30
Secondary Sector	920.2	0.0	1.2	2 964	397	44
Manufacturing	592.9	0.3	3.2	1 774	164	19
Electricity, gas and water	123.7	-5.1	-4.5	96	-12	-4
Construction	203.6	3.5	-2.7	1 094	245	29
Tertiary Sector	2 163.2	1.5	0.5	13 548	2 880	234
Wholesale and retail trade, catering and accommodation	709.0	1.8	0.3	4 962	1 137	97
Transport, storage and communication	315.8	-2.1	-3.2	642	105	-9
Finance, insurance, real estate and business services	408.2	2.5	2.3	1 997	365	76
General government	458.0	2.6	0.5	2 642	576	41
Community, social and personal services	272.1	2.2	1.3	3 305	697	29
Total Matzikama	4 351.4	2.1	-0.2	28 105	480	91

Source: Quantec Research, 2019 (e denotes estimate)

While the tertiary sector collectively contributed the most to GDP in the Matzikama municipal area in 2017, the agriculture, forestry and fishing sector was the strongest individual contributor, with a value of R1.1 million in 2017. The agriculture, forestry and fishing sector realised significant average annual growth rates of 6.1 per cent between 2008 and 2017. As such, the primary sector was the predominant source of growth in the municipal area in the ten years preceding 2018. However, the strong growth rates experienced in the primary sector were unable to offset the tepid growth in the tertiary sector and the stagnant growth in the secondary sector. The Matzikama municipal area, therefore, experienced an average growth rate of only 2.1 per cent over the ten-year period. It should be noted that due to the municipal area's substantial reliance on the agriculture, forestry and fishing sector for its economic activity, the region's economy is especially susceptible to various exogenous factors, such as climate change and price shocks.

Estimates indicate that the Matzikama municipal area's economy contracted by 0.2 per cent in 2018. While the secondary sector realised positive growth of 1.2 per cent in 2018, the primary sector realised a contraction of 1.9 per cent. Growth in the tertiary sector also did not fare positively, with an overall growth rate of 0.5 per cent. The sluggish growth realised in the tertiary sector was due to a contraction of 3.2 per cent in the transport, storage and communication sector, as well as stagnancy in the wholesale and retail trade, catering and accommodation (which only grew at an estimated 0.3 per cent), and general government (which only grew at an estimated 0.5 per cent) sectors.

The growth observed in the manufacturing and finance, insurance, real estate and business services sectors was positive. Estimates for 2018 indicate that the manufacturing sector grew by 3.2 per cent, while the finance, insurance, real estate and business services sector realised growth rates of 2.3 per cent. However, given that five of the ten sectors in the Matzikama municipal area are estimated to have contracted in 2018, the above-average growth realised by the manufacturing sector and the finance, insurance, real estate and business services sector did little to offset these contractions.

The development of the proposed private hospital in Vredendal⁹ can be a valuable injection into the local economy. Although temporary, the construction of the development will generate new activity and jobs in the construction sector, while the operation of the hospital can have direct and indirect benefits in the tertiary sector.

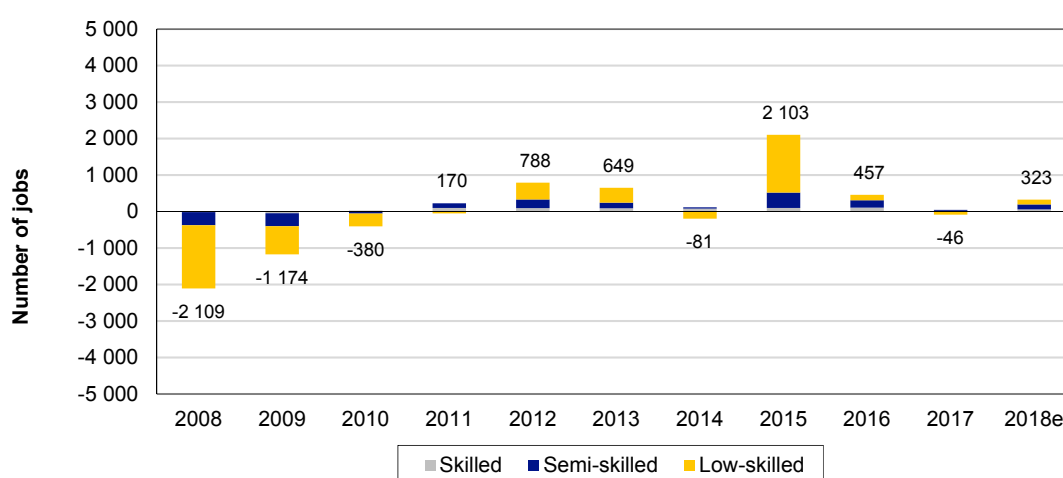
Attracting new businesses will promote economic growth and create jobs. However, in order to do so, an enabling environment must be created. This includes land and infrastructure availability as well as spatial planning. Furthermore, assisting existing small businesses and entrepreneurs to grow can also stimulate new growth and development.

⁹ Matzikama Municipality, 2018

2.4.2 Skills analysis

As demonstrated in Figure 2.8, the economic downturn between 2008 and 2010 resulted in a net decrease in employment of 3 663 jobs in the Matzikama municipal area. Low-skilled labour was especially susceptible to job shedding – of the 3 663 jobs lost, 2 856 (78.0 per cent) were those held by low-skilled labourers. A further decline of 54 jobs was experienced by low-skilled workers in 2011, followed by marked improvement of 868 jobs in 2012 and 2013. However, the 2 320 jobs created between 2012 and 2017 did not offset the job losses experienced between 2008 and 2011. Although estimates for 2018 indicate that 132 jobs were created during the year, the trend over the decade is a net decrease in employment for low-skilled workers.

Figure 2.8 Matzikama employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

While semi-skilled labourers were also affected by the economic downturn experienced between 2008 and 2010, employment of this nature was slightly more resilient to job shedding. The 1 194 jobs created for semi-skilled workers more than offset the losses experienced between 2008 and 2010. Estimates for 2018 indicate a significant improvement in job creation for semi-skilled workers, from 26 jobs created in 2017 to 135 jobs created in 2018.

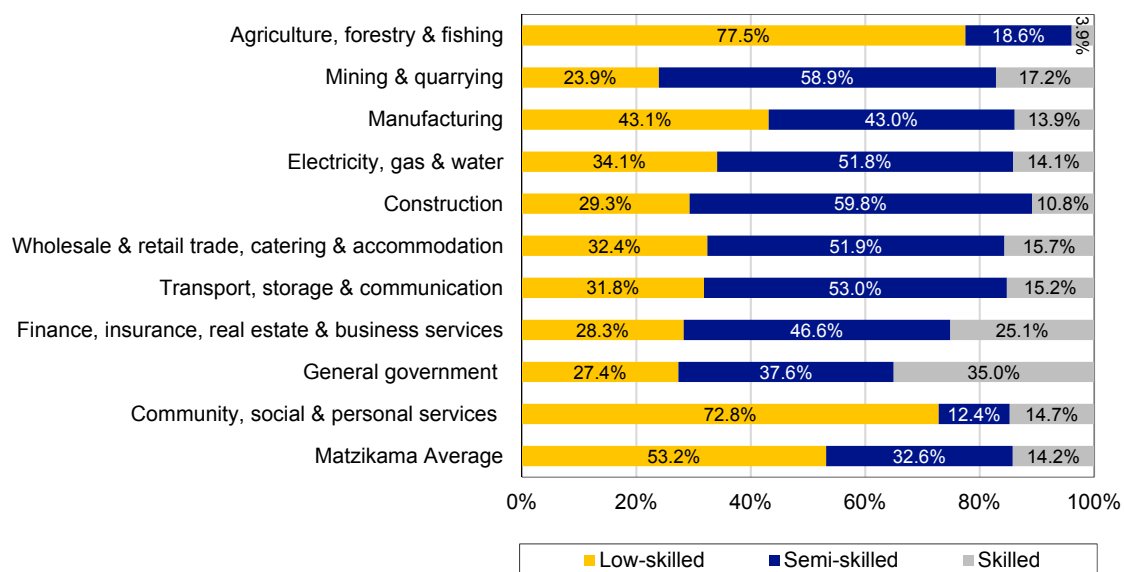
Skilled labour has been particularly resilient to periods of job shedding. Since the 67 job losses experienced between 2008 and 2009, there was a net increase in employment for skilled labourers in every year between 2010 and 2018, with 56 jobs estimated to have been created in 2018. However, the Matzikama municipal area has only a small proportion of skilled workers in the region, as illustrated in Figure 2.9.

Labour in the Matzikama municipal area was predominantly low-skilled in 2017 i.e. 53.2 per cent of formal workers. The two sectors which were primarily composed of low-skilled labour were agriculture, forestry and fishing (77.5 per cent) and community, personal and social services (72.8 per cent).

Semi-skilled labour accounted for 32.6 per cent of the Matzikama municipal area's labour force in 2017. While semi-skilled labour had a strong presence in most of the sectors in the region, the construction sector and the mining and quarrying sector had the highest concentration of semi-skilled labour in 2017.

In 2017, only 14.2 per cent of the Matzikama municipal area's labour force was classified as skilled. The presence of skilled labour in the region was mainly concentrated in the general government sector, wherein 35.0 per cent of labour was skilled, and the finance, insurance, real estate and business services sector, in which a quarter of labour was skilled.

Figure 2.9 Matzikama skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

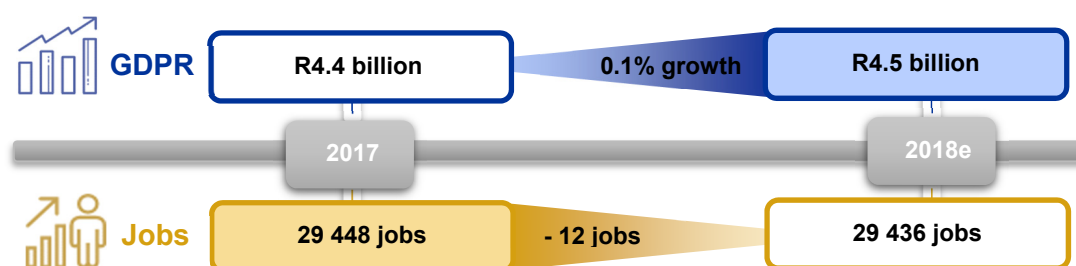
2.5 Bergrivier

The Bergrivier municipal area is characterised by vast farmlands and its 40-kilometre coastline that is used by local fishermen as well as a popular tourist destination. The largest town in the municipal area is Piketberg. Other towns that are service centres for the agriculture industry include Porterville, Eendekuil, Redelinghuys, Aurora, Goedverwacht and Wittewater. Coastal towns in the Bergrivier municipal area include Veldrift and Dwarskersbos. The N7 traverses this local municipal area, which forms part of the Cape Town-Namibia transit route¹⁰.

2.5.1 GDP and employment performance

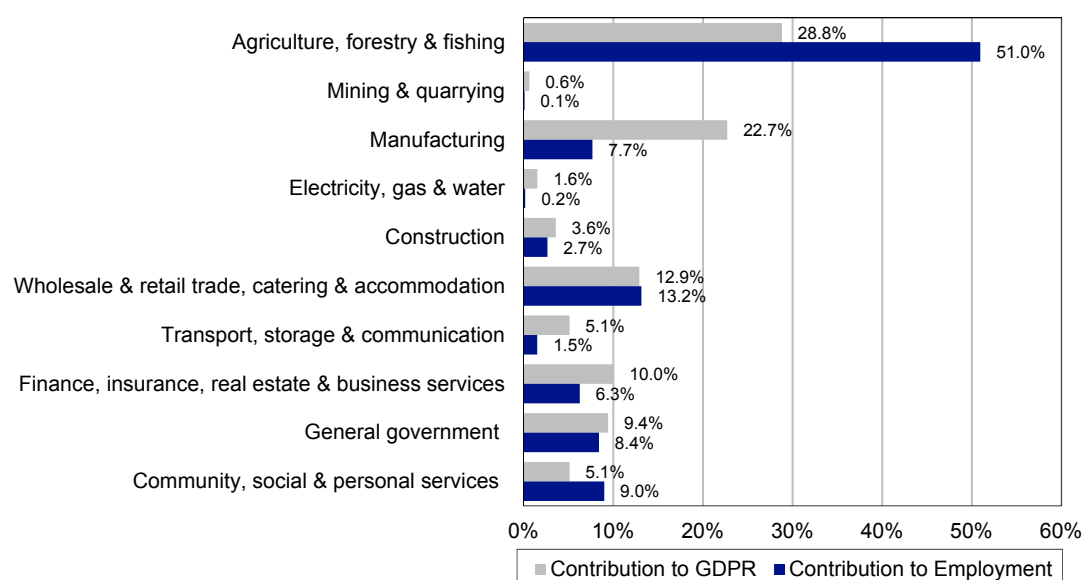
In 2017, the size of the Bergrivier municipal area's economy was R4.4 billion, with 29 448 people employed in the region. Estimates for 2018 indicate near stagnant, but positive GDP growth of 0.1 per cent during the year. Despite the positive growth, the Bergrivier municipal area experienced a net decline of 12 jobs in the year.

¹⁰ Bergrivier Municipality (2017)

Diagram 2.4 Bergrivier GDPR (current prices) and employment, 2017 and 2018e

Source: Quantec Research, 2019 (e denotes estimate)

Figure 2.10 illustrates the breakdown of the sectors that contributed the most (or the least) to the GDPR and employment base of the Bergrivier municipal area.

Figure 2.10 Bergrivier sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

The economy of the Bergrivier municipal area is driven by the agriculture, forestry and fishing sector and the manufacturing sector, which accounted for 28.8 per cent and 22.7 per cent of GDPR in 2017 respectively. The agriculture, forestry and fishing sector is not only a leading contributor of GDPR, but it is also the predominant contributor of employment in the region – 51.0 per cent of all employment in the region is concentrated in this sector. While the high employment concentration in the agriculture, forestry and fishing sector is indicative of the labour intensity in this sector, the manufacturing sector contributed only 7.7 per cent to employment, which reflects the capital-intensive nature of this sector.

As indicated in Table 2.4, the tertiary sector cumulatively contributed the most to GDPR in the Bergrivier municipal area with a combined value of R1.9 billion in 2017. However, the two individual sectors which drive the economy are the agriculture, forestry and fishing sector, which contributed R1.3 billion in 2017, and the manufacturing sector, which contributed R1.0 billion in the same year.

Table 2.4 Bergrivier GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 306.5	4.2	-3.0	15 040	-3 637	-212
Agriculture, forestry and fishing	1 277.7	4.4	-2.9	15 006	-3 620	-209
Mining and quarrying	28.7	-2.3	-6.2	34	-17	-3
Secondary Sector	1 236.4	2.5	2.5	3 105	285	17
Manufacturing	1 007.7	2.6	3.3	2 263	131	8
Electricity, gas and water	68.8	-1.6	1.7	58	17	-3
Construction	159.9	3.6	-1.9	784	137	12
Tertiary Sector	1 891.0	2.2	1.1	11 303	2 410	183
Wholesale and retail trade, catering and accommodation	572.8	1.8	0.3	3 875	817	70
Transport, storage and communication	227.6	0.9	-0.2	452	141	5
Finance, insurance, real estate and business services	445.2	3.7	3.1	1 846	588	68
General government	418.1	1.3	-0.7	2 479	77	-6
Community, social and personal services	227.4	3.2	2.1	2 651	787	46
Total Bergrivier	4 433.9	2.8	0.1	29 448	-942	-12

Source: Quantec Research, 2019 (e denotes estimate)

Between 2008 and 2017, the agriculture, forestry and fishing sector realised strong growth rates. Over the ten-year period, this sector realised average growth rates of 4.4 per cent per annum. The strong growth rates experienced in the agriculture, forestry and fishing sector saw the primary sector as the main driver of growth in the municipal area over the preceding decade. Other sectors which experienced strong growth rates between 2008 and 2017 were the finance, insurance, real estate and business services sector (3.7 per cent) and the construction sector (3.6 per cent). The only two sectors which experienced an average annual contraction over the period were the mining and quarrying sector (2.3 per cent), and the electricity, gas and water sector (1.6 per cent). However, as these two sectors are the smallest contributors to GDPR in the region, the contractions experienced did not significantly impact the local economy, which grew at an average annual rate of 2.8 per cent.

While the agriculture, forestry and fishing sector was the driver of economic growth between 2008 and 2017, estimates for 2018 indicate that the sector contracted by 2.9 per cent. The contraction in the leading sectoral contributor caused the local economy to stagnate in 2018, with an estimated growth of 0.1 per cent registered for the year. Positive, however, is the strong growth realised by the manufacturing sector, which grew at an estimated 3.3 per cent in 2018. The growth in the secondary sector (2.5 per cent) did not offset the contractions in the primary sector (3.0 per cent) or the tepid growth rates experienced in the tertiary sector (1.1 per cent). New investments in agro-processing (which is a manufacturing subsector) in the Bergrivier municipal area can strengthen the backward linkages to the agriculture, forestry and fishing sector as

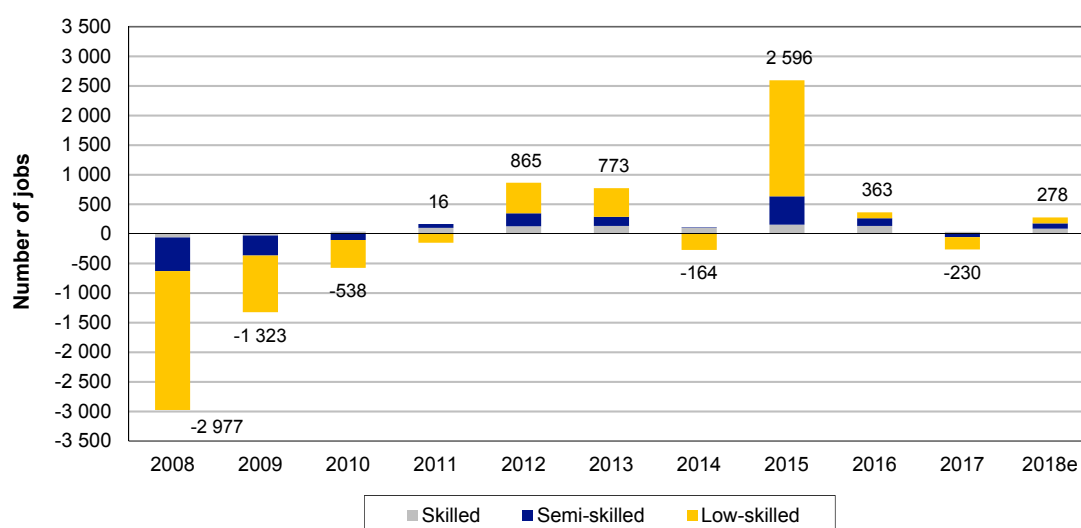
well as the forward linkages to the retail sector, promoting growth in the manufacturing sector as well as create new jobs¹¹.

The agriculture, forestry and fishing sector was the predominant source of employment in 2017, accounting for 51.0 per cent of total employment in the Bergrivier municipal area. Concerningly, between 2008 and 2017, this sector registered a net loss of 3 620 jobs – a trend which persisted in 2018. The secondary sector, which is characterised with less-labour intensive industries, created a net increase of 285 jobs over the decade. The main source of job creation between 2008 and 2017 was the tertiary sector, which registered a net increase in employment of 2 410 jobs over the period. This net increase in employment was largely driven by the wholesale and retail trade, catering and accommodation sector. However, due to the significant job shedding experienced in the primary sector, the municipal area registered a net decrease of 942 jobs between 2008 and 2017, with a further 12 job losses estimated for 2018.

2.5.2 Skills analysis

Figure 2.11 illustrates the change in employment by skills level in the municipal area between 2008 and 2018.

Figure 2.11 Bergrivier employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

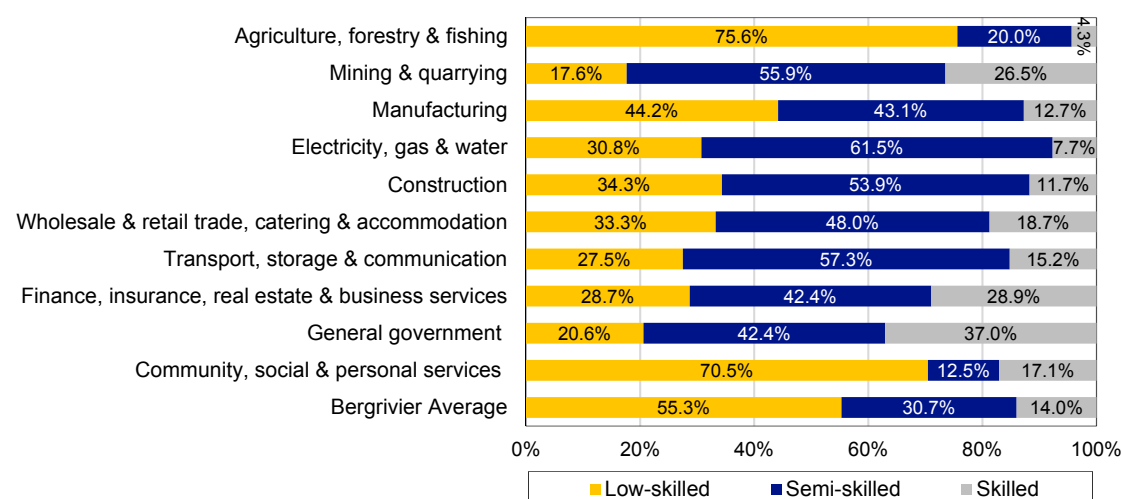
The municipal area experienced significant job losses between 2008 and 2017, which were largely felt by low-skilled workers. Of the 4 838 jobs lost over the three years, 3 776 of the jobs lost low-skilled. While net employment improved for skilled and semi-skilled workers in 2011, net declines in employment persisted for low-skilled workers during the year. Between 2012 and 2013, a net of 1 638 jobs was created, which were mostly for low-skilled workers. Despite the improvement in employment in the Bergrivier municipal area, a net decline of 164 jobs was experienced again in 2014. This was due to the loss

¹¹ Provincial Government Western Cape Municipal Perception Survey – Bergrivier Municipality (2019)

of 272 low-skilled jobs. Positively, there was a significant increase in jobs for low-skilled labourers in 2015¹² – of the 2 596 jobs created in the year, 1 961 were for low-skilled workers. Since then, however, net employment has fluctuated, with 278 jobs created in 2018, which were proportionally split between skilled, semi-skilled and low-skilled work.

Figure 2.12 indicates the skills levels in the Bergrivier municipal area per sector.

Figure 2.12 Bergrivier skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

Most workers in the Bergrivier municipal area were low-skilled in 2017. Low-skilled work was concentrated in the agriculture, forestry and fishing sector and the community, social and personal services, in which 75.6 per cent and 70.5 per cent, respectively, of workers were low-skilled. Given that the agriculture, forestry and fishing sector is predominantly characterised by low-skilled work, the significant job shedding between 2008 and 2017 is concerning. Poverty levels in the Bergrivier municipal area may be significantly affected if workers in the agriculture, forestry and fishing sector are not upskilled so they may be utilised in other positions or sectors during periods of job shedding.

In the Bergrivier municipal area, 30.7 per cent of the workforce was semi-skilled in 2017. Barring the agriculture, forestry and fishing and community, social and personal services sectors, most sectors had a significant presence of semi-skilled workers. The demand for semi-skilled work was most prevalent in the electricity, water and gas sector (61.5 per cent), the transport, storage and communication sector (57.3 per cent), and the mining and quarrying sector (55.9 per cent).

Only 14.0 per cent of the workforce in the Bergrivier municipal area was classified as skilled in 2017. The prevalence of skilled labour was highest in the general government sector (37.0 per cent), the finance, insurance, real estate and business services sector

¹² It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

(28.9 per cent), and the mining and quarrying sector (26.5 per cent). In order to ensure that local labour is employable in strong growing sectors and new investments in these sectors, local capacity building is needed¹³.

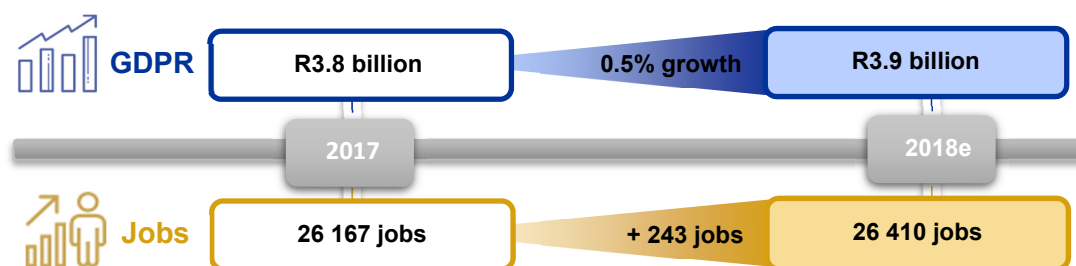
2.6 Cederberg

The Cederberg municipal area is centrally located in the WCD and borders the Northern Cape and the Atlantic Ocean. Like most of the WCD municipal areas, the Cederberg is well-connected via the N7. The main town of the Cederberg municipal area is Clanwilliam, with smaller towns and settlements including Citrusdal, Graafwater, Leipoldville, Wupperthal, Algeria, and the coastal towns of Elands Bay and Lamberts Bay¹⁴.

2.6.1 GDPR and employment performance

The Cederberg municipal area's economy was valued at R3.8 billion in 2017 and provided employment for 26 167 people. Estimates for 2018 indicate that both GDPR and employment have improved. In terms of GDPR, a growth of 0.5 per cent is estimated for 2018, with the economy growing to R3.9 billion. Employment in the region expanded by 243 jobs, bringing the total number of people employed to 26 410.

Diagram 2.5 Cederberg GDPR (current prices) and employment, 2017 and 2018e

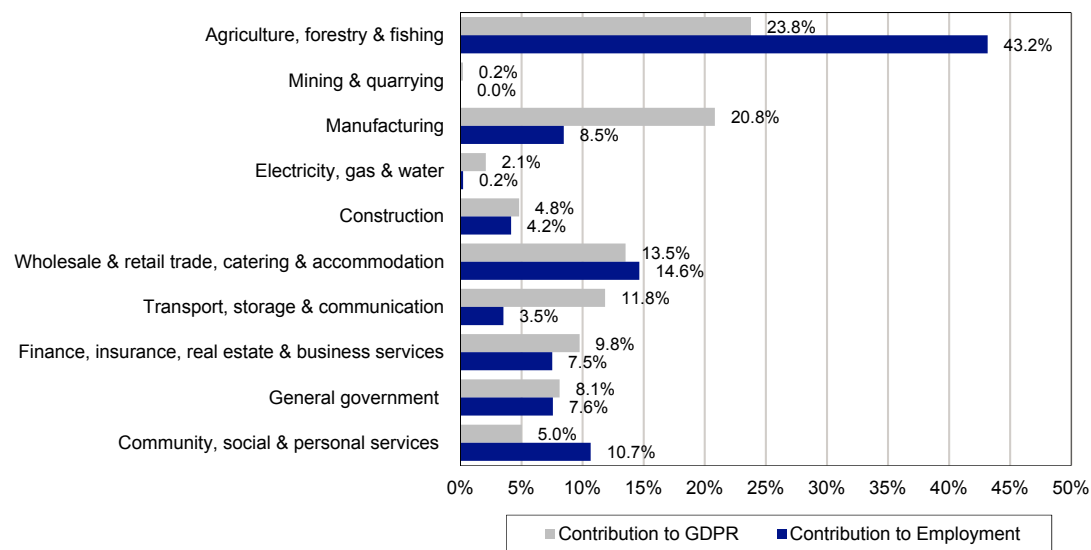


Source: Quantec Research, 2019 (e denotes estimate)

In 2017, the two main contributors to GDPR in the Cederberg municipal area, as indicated in Figure 2.13, were the agriculture, forestry and fishing sector and the manufacturing sector, which contributed 23.8 per cent and 20.8 per cent to GDPR respectively. However, while the agriculture, forestry and fishing sector is also the leading contributor to employment (43.2 per cent), the manufacturing sector contributes only 8.5 per cent to employment in the region. The contrasting employment contributions of the two drivers of GDPR in the region is a clear indication that while the agriculture, forestry and fishing sector is reliant on labour for its productive activities, the manufacturing sector is highly capital-intensive. Other notable contributors to employment were the wholesale and retail trade, catering and accommodation sector (14.6 per cent), and the community, social and personal services sector (10.7 per cent).

¹³ Provincial Government Western Cape Municipal Perception Survey – Bergrivier Municipality (2019)

¹⁴ Cederberg Municipality (2018)

Figure 2.13 Cederberg sectoral GDPR and employment contribution, 2017

Source: Quantec Research, 2019

Table 2.5 outlines the Cederberg municipal area's GDPR and employment performance per sector.

Table 2.5 Cederberg GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	912.6	3.6	-4.7	11 306	-3 144	-172
Agriculture, forestry and fishing	904.7	3.7	-4.7	11 295	-3 144	-171
Mining and quarrying	7.9	0.8	-2.5	11	0	-1
Secondary Sector	1 054.7	4.4	3.7	3 363	868	76
Manufacturing	792.7	4.2	4.7	2 216	422	28
Electricity, gas and water	79.0	2.4	3.2	59	22	0
Construction	183.0	6.1	-0.3	1 088	424	48
Tertiary Sector	1 836.6	3.4	1.5	11 498	3 521	339
Wholesale and retail trade, catering and accommodation	514.2	3.1	1.4	3 833	1 238	129
Transport, storage and communication	450.5	4.3	1.8	922	452	30
Finance, insurance, real estate and business services	371.3	3.5	1.9	1 968	654	117
General government	309.2	3.7	1.2	1 983	592	49
Community, social and personal services	191.4	2.2	0.8	2 792	585	14
Total Cederberg	3 803.9	3.7	0.5	26 167	1 245	243

Source: Quantec Research, 2019 (e denotes estimate)

The agriculture, forestry and fishing sector is a large source of GDP in the region - in 2017, the sector contributed R904.7 million to total GDP in the municipal area. Other significant contributors to GDP in 2017 were the manufacturing sector (R792.7 million), the wholesale and retail trade, catering and accommodation sector (R514.2 million), and the transport, storage and communication sector (R450.5 million).

The Cederberg municipal area experienced strong positive growth rates between 2008 and 2017, with an average annual growth of 3.7 per cent being realised over the reference period. While strong growth was experienced across the primary, secondary and tertiary sectors, the construction and manufacturing sectors, and the transport, storage and communication sector performed particularly well over the period.

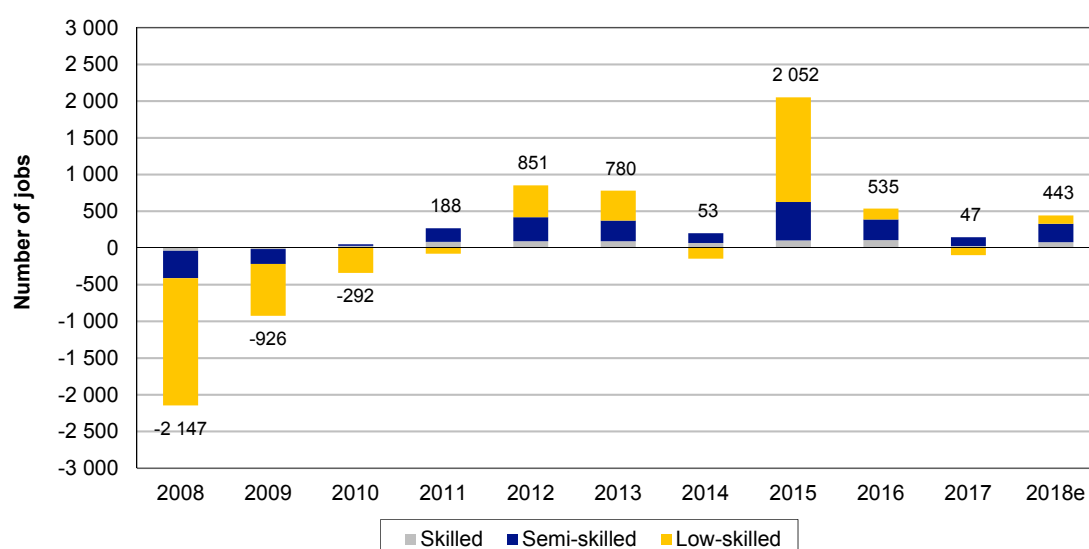
While the manufacturing sector continued this positive trend, according to estimates for 2018, a significant slowdown was experienced in other sectors, with the construction sector experiencing a slight contraction during the year. However, the largest cause for concern stems from the municipal area's main contributor to GDP - agriculture, forestry and fishing - experiencing a contraction of 4.7 per cent in 2018. Tepid growth and contractions in important sectors resulted in near-stagnancy for the Cederberg municipal area in 2018, which registered an overall growth of 0.5 per cent during the year. The main source of this growth was the wholesale and retail trade, catering and accommodation sector, the finance, insurance, real estate and business services sector as well as the transport, storage and communication sector. New developments in the Cederberg municipal area, such as the 7 388 m² Cedar Mill Mall in Clanwilliam that opened in June 2018 has boosted growth and employment in the wholesale and retail trade, catering and accommodation sector¹⁵.

In line with its GDP contribution, the agriculture, forestry and fishing sector is also the leading contributor to employment in the region. However, unlike the positive growth rates experienced between 2008 and 2017, this sector experienced a net loss of 3 144 jobs over the ten-year period. The secondary and tertiary sectors have, however, been able to offset these losses with a combined net increase in employment of 4 389 jobs.

2.6.2 Skills analysis

Figure 2.14 illustrates the change in employment by skill levels between 2008 and 2018 in the Cederberg municipal area. Between 2008 and 2010, there was a net decline of 3 365 jobs in the Cederberg municipal area. With a net loss of 2 784 jobs, low-skilled labour bore 82.7 per cent of the job losses over the three years. However, from 2011, there was a net increase in jobs. Despite the net increase in employment in the municipal area, low-skilled workers suffered further job losses in 2014 and 2017.

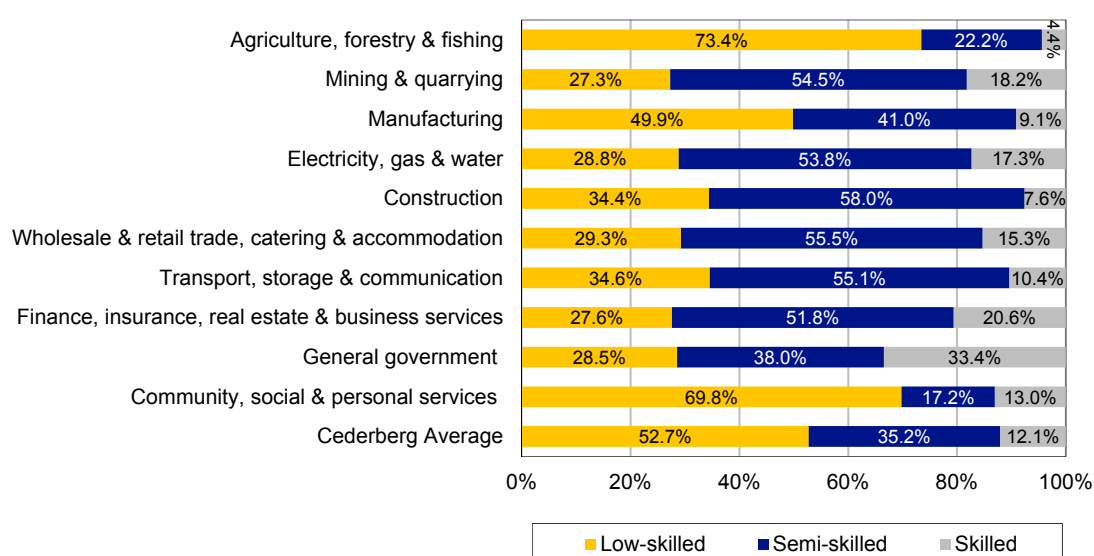
¹⁵ Provincial Government Western Cape Municipal Perception Survey – Cederberg Municipality (2019)

Figure 2.14 Cederberg employment growth by skill levels, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

Estimates for 2018 indicate a substantial improvement in employment opportunities in the Cederberg municipal area, from 47 jobs created in 2017 to 443 jobs created in 2018. The demand for semi-skilled labour was the predominant source of employment in 2018, with 56.7 per cent of jobs created in 2018 requiring semi-skilled workers.

Figure 2.15 indicates the skills levels in the Cederberg municipal area per sector.

Figure 2.15 Cederberg skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

As indicated above, low-skilled workers account for the largest proportion of the workforce in the Cederberg municipal area – 52.7 per cent of workers in the region are classified as low-skilled. Low-skilled work is most prevalent in the agriculture, forestry and fishing sector (73.4 per cent) and the community, social and personal services sector (69.8 per cent). Given the agriculture, forestry and fishing sector's significant reliance

on low-skilled work, the significant job shedding in this sector may have an adverse impact on poverty levels in the region. While net employment has improved, the demand for labour is predominantly channelled towards semi-skilled workers. To ensure that poverty levels are not exacerbated in the Cederberg municipal area, the skills of workers in the agriculture, forestry and fishing sector will need to be further developed to improve resilience to periods of job shedding.

Semi-skilled labour accounts for 35.2 per cent of the workforce in the municipal area. There is a substantial presence of semi-skilled workers in most sectors in the region, with the construction, wholesale and retail trade, catering and accommodation, and transport, storage and communication sectors having the highest proportion of semi-skilled labour. Skilled labour accounts for only 12.1 per cent of the workforce in the Cederberg municipal area. The demand for skilled labour is highest in the general government sector, wherein 33.4 per cent of workers are skilled.

2.7 Building plans passed and completed

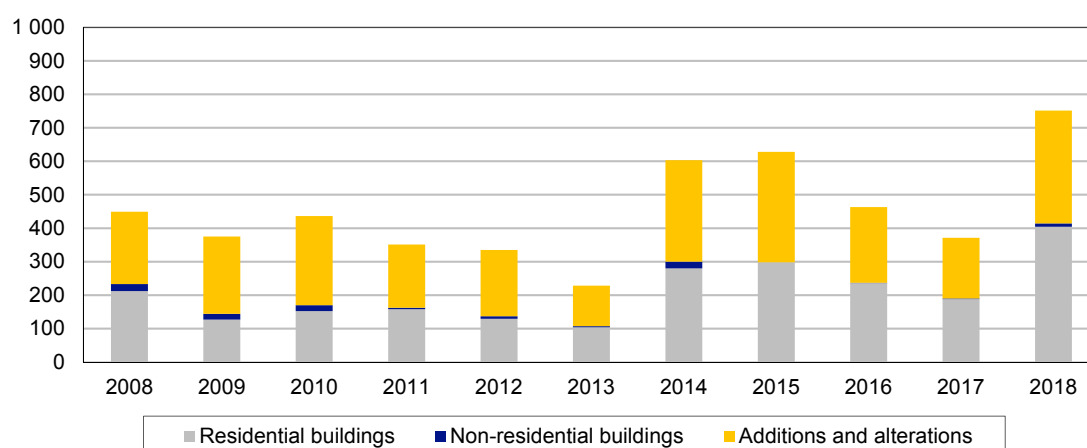
Building plans passed and completed are some of the indicators that are used to measure economic activity and business cycle changes. The value of building plans passed¹⁶ can be used as a leading indicator while building plans completed¹⁷ can be used as a lagging indicator. Building plans passed and completed has further implications for municipal spatial planning and budgeting.

Statistics SA's information on building plans passed and completed is only available for selected municipalities, namely the Saldanha Bay and Swartland municipal areas.

2.7.1 Saldanha Bay

Figure 2.16 indicates the total number of building plans passed between 2008 and 2018 in the Saldanha Bay municipal area.

Figure 2.16 Saldanha Bay building plans passed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

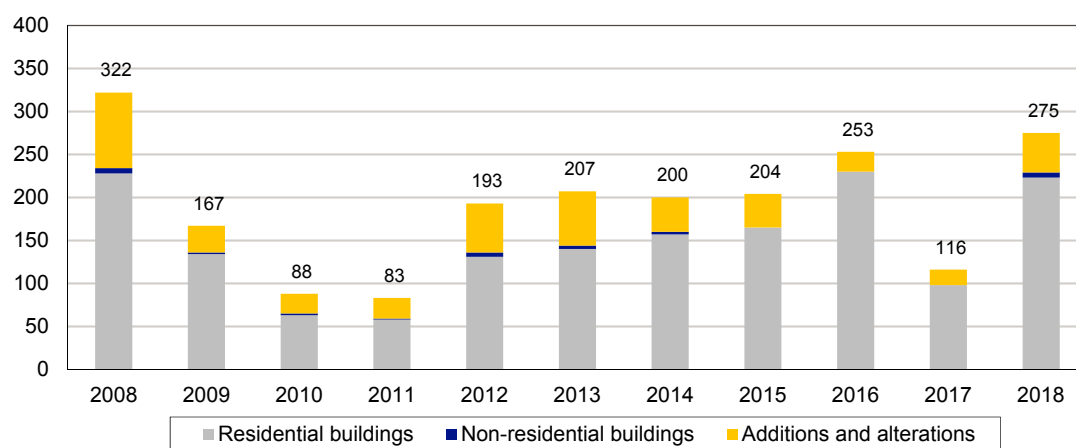
¹⁶ Number of residential building plans passed larger than 80 m².

¹⁷ Value of non-residential buildings completed (constant prices).

As indicated above, there has been a relatively even split between the demand for residential buildings and the demand for additions and alterations between 2008 and 2018, with the demand for the former being slightly higher in 2018. In 2018, the number of building plans passed more than doubled compared to the preceding year, from an aggregate of 371 plans in 2017 to 751 plans in 2018.

While the number of building plans is indicative of demand, a more reliable means of establishing the ability of persons within the economy to finance the completion of these buildings is by assessing the number of completed buildings, which is provided in Figure 2.17.

Figure 2.17 Saldanha Bay building plans completed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

A proxy for the throughput rate is calculated by the ratio of buildings completed to the buildings plans passed in the year preceding its completion. Although the time lag may not perfectly equate to one year, given the aggregation of the number of buildings, the proxy will allow for an estimation of the throughput rate.

In 2008, 322 building plans were completed in the Saldanha Bay municipal area, which was the highest number of completions between 2008 and 2018. Following the economic downturn, the number of building plans completed in the region dropped significantly to 167 plans in 2009, 88 plans in 2010, and 83 plans in 2011. Thereafter, the number of building plans completed increased, with 55.0 per cent of building plans passed in 2011 being completed in 2012.

Between 2012 and 2015, the number of building plans completed remained relatively constant, with a slight increase in 2016, during which 253 building plans were completed. In 2017, the number of completed building plans dropped significantly, in line with the number of building plans passed. A substantial improvement was noted in 2018, with 275 building plans completed during the year.

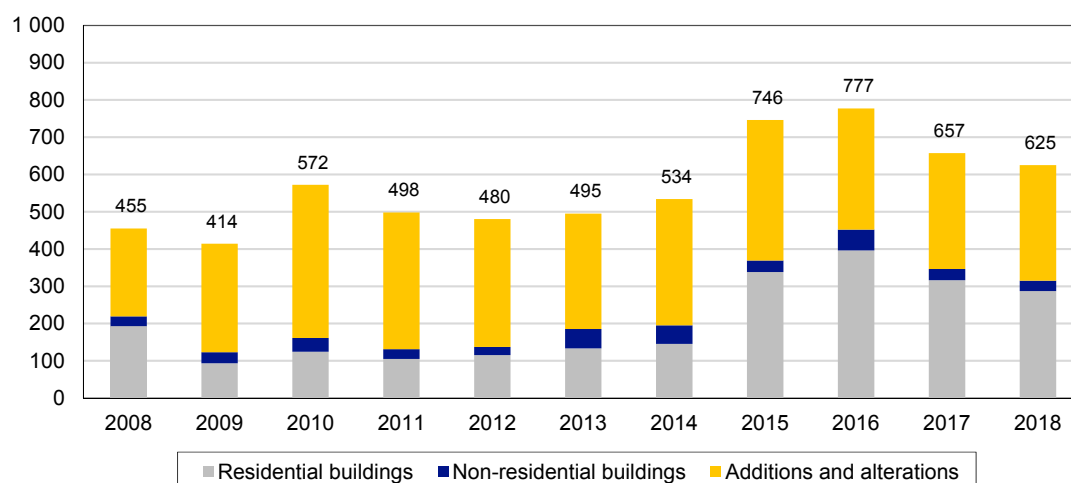
While the number of building plans passed has been relatively even between residential buildings and additions and alterations, the proportion of building plans completed are predominantly for residential buildings. In 2018, residential buildings

accounted for 81.0 per cent of all building plans completed in the Saldanha Bay municipal area.

2.7.2 Swartland

Figure 2.18 indicates the total number of building plans passed between 2008 and 2018 in the Swartland municipal area. Between 2008 and 2014, the demand for new buildings in the region was predominantly for additions and alterations. Since 2015, however, the split between the demand for residential buildings and the demand for additions and alterations was nearly proportional. In 2016 and 2017, the demand for residential buildings exceeded that of additions and alterations. In 2018, the trend reverted back to that observed in the earlier years, with the demand for residential buildings decreasing year-on-year between 2016 and 2018.

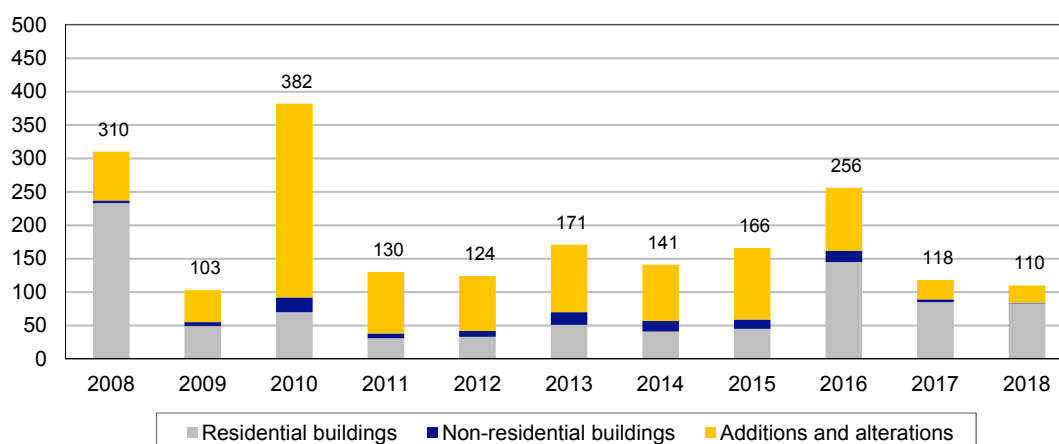
Figure 2.18 Swartland building plans passed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

Figure 2.19 indicates the building plans completed in the Swartland municipal area between 2008 and 2018.

Figure 2.19 Swartland building plans completed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

Following the substantial decline in the number of building plans completed in 2009, a notable increase was experienced in 2010, during which 382 building plans were completed. Thereafter, another significant decline in the number of building plans completed was experienced, which remained relatively constant between 2011 and 2015.

In 2008, the proportion of building plans completed was dominated by residential buildings. Conversely, between 2009 and 2015, the number of building plans completed was skewed towards additions and alterations. Given the after-effects of the economic downturn in 2008, the inclination towards additions and alterations rather than new developments is not surprising. Since 2016, however, residential buildings have accounted for the largest proportion of buildings completed in the Swartland municipal area, with 75.0 per cent of buildings completed in 2018 being for residential purposes.

2.8 Concluding remarks

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 GDP – 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.



3

Trade and tourism

3.1 Introduction

The economy of a region is influenced not only by the spending of local households. Businesses trade cross-border (locally and internationally) with goods and services while tourists (domestic and international) also visit towns and attractions in the WCD. Exports and tourism can, therefore, be seen as injections into the economy of the WCD, while imports are considered leakages.

This section will explore trade and tourism dynamics on a District level to identify new opportunities for development or investment, with the aim of maximising the value of potential injections into the local economy of the WCD.

3.2 Trade

3.2.1 West Coast District

3.2.1.1 Local trade dynamics

A location quotient is used to determine the level of specialisation in the different economic sectors of the WCD. The location quotient is a ratio between two economies (in this case, the Provincial and District economies) which indicates whether the District is importing, self-sufficient or exporting goods and services from a particular sector. Table 3.1 provides the classification and interpretation of the location quotient.

A location quotient of more than one indicates that a comparative advantage exists in this local economy compared to the Provincial economy, whereas a location quotient of less than one indicates that the representation of this industry is weaker in the local economy than in the Provincial economy¹⁸. Furthermore, a location quotient of one indicates that the representation of the industry in the local economy is the same as its representation in the Province.

Table 3.1 provides further detail on the classification and interpretation of the location quotient.

Table 3.1 Location quotient interpretation

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

Source: *Urban-Econ*, 2019

It is important to note that a location quotient, as a tool, does not consider external factors such as government policies, investment incentives, proximity to markets, etc, which can influence the comparative advantage of an area in a particular sector. Furthermore, the size of the location quotient does not necessarily mean that the sector is small or large in the local economy, nor does it indicate the value of importance; instead, it indicates the relative importance of the local economy to the Provincial economy. Lastly, a value between 0.75 and 1.24 does not necessarily indicate that the local economy is exporting a good or service, nor does it indicate that local needs are not met¹⁹.

¹⁸ Fenning and DaCosta (2010)

¹⁹ City of Madison (2006)

Table 3.2 provides the location quotient for the WCD in terms of GDPR and employment.

Table 3.2 Location quotient in terms of GDPR and employment, West Coast District, 2017

Sector	In terms of GDPR	In terms of employment
Agriculture, forestry and fishing	4.9	3.8
Mining and quarrying	3.6	3.4
Manufacturing	1.4	0.9
Electricity, gas and water	0.7	0.6
Construction	0.9	0.6
Wholesale and retail trade, catering and accommodation	0.9	0.7
Transport, storage and communication	0.7	0.6
Finance, insurance, real estate and business services	0.4	0.5
General government	0.9	0.8
Community, social and personal services	0.9	0.7

Source: Quantec Research, 2019

As illustrated above, the WCD had a high location quotient in two sectors – agriculture, forestry and fishing (4.9), and mining and quarrying (3.6) in 2017. The location quotients in both these sectors are high in terms of both GDPR and employment, which indicates that the District had a comparative advantage in these sectors. Growth in the WCD may, therefore, be achieved by leveraging and fostering the development of these sectors. However, it should be noted that the high location quotient in the mining and quarrying sector may merely be due to limited mining resources in the Western Cape Province, as this sector contributes only 1 per cent to the WCD's total GDPR. Activity in the mining and quarrying sector predominantly occurs in the Matzikama municipal region, in which gypsum, quicklime, heavy mineral sands and diamonds along the coast are mined, with some salt mining occurring near the Olifants River Estuary. While the WCD had a high location quotient in the manufacturing sector in terms of GDPR, the location quotient in terms of employment indicates the capital-intensive nature of this sector.

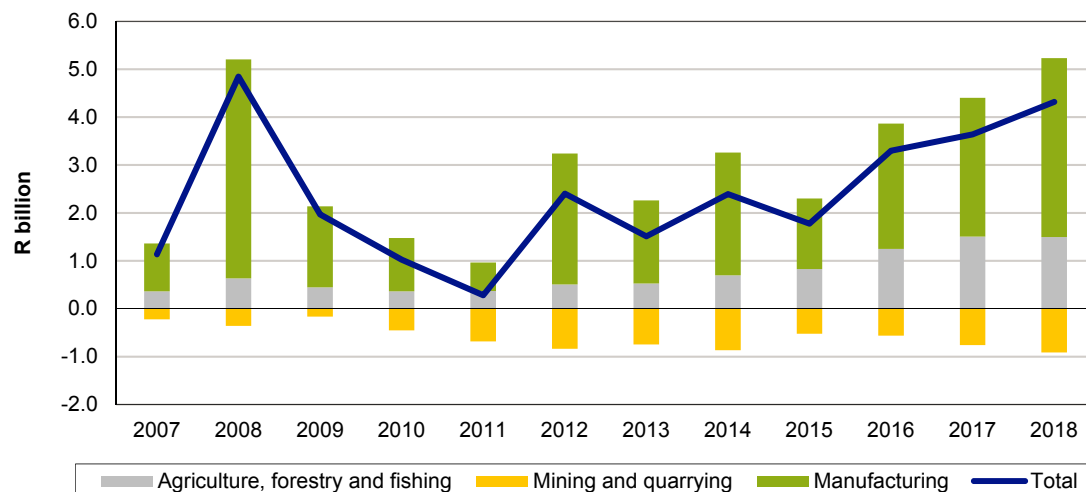
3.2.1.2 International trade flows

Figure 3.1 indicates the balance of trade in the WCD between 2007 and 2018. The WCD maintained a positive trade balance for each year over the reference period, mainly due to the trade surplus observed in the manufacturing and the agriculture, forestry and fishing sectors.

The mining and quarrying sector experienced persistent trade deficits over the period, the largest of which was experienced in 2018, during which a trade deficit of R912.6 million was recorded. While exports from the mining and quarrying sector dropped substantially from R173.6 million to R1.6 million between 2009 and 2010, the value of imports from this sector has remained high. The high import value relative to export revenue resulted in substantial trade deficits between 2010 and 2018 in this sector, averaging at R705 million per annum.

Since 2010, the trade surplus in the agriculture, forestry and fishing sector has been improving – from R361.1 million in 2010 to R1.5 billion in 2017. However, estimates for 2018 indicate a marginal decline in the sector's trade surplus of R7.9 million between 2017 and 2018. Conversely, the manufacturing sector saw a vast improvement in the preceding two years. Between 2017 and 2018, the trade surplus increased by R677.6 million, from R3.6 billion in 2017 to R4.3 billion in 2018.

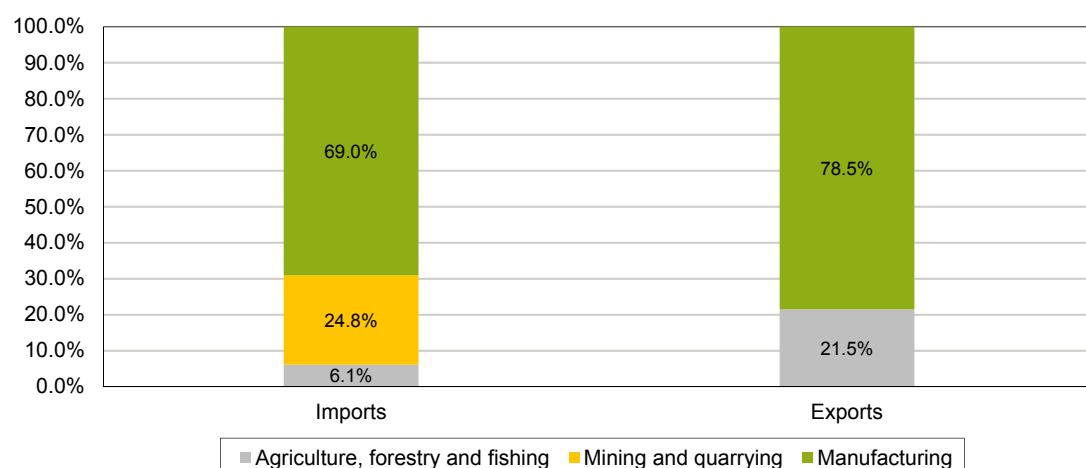
Figure 3.1 West Coast District trade balance, 2007 - 2018



Source: Quantec Research, 2019

Figure 3.2 indicates the distribution between sectors in terms of imports and exports. Manufactured goods accounted for most imports into the WCD at 69.0 per cent. The mining and quarrying sector also accounted for a significant share of imports at 24.8 per cent.

Figure 3.2 West Coast District sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

The manufacturing sector also dominated the export market, with 78.5 per cent of all exports from the WCD stemming from this sector. The agriculture, forestry and fishing sector accounted for the remaining 21.5 per cent of exports from the region. This is a positive indication that export revenue is mostly dependent on value-added goods, rather than the exportation of raw materials.

As indicated in Table 3.3, the WCD mainly imported iron ores and concentrates sourced from Brazil, Venezuela and India, with Brazil accounting for 77.7 per cent of the imported value of this commodity in 2018. Another top import into the WCD was electrical machinery, such as carbon electrodes and other carbon-related machinery which were mainly imported from China (67.8 per cent) and Malaysia (23.4 per cent). Unwrought zinc was another dominant import, sourced mainly from Peru (54.5 per cent) and Namibia (32.6 per cent).

Cereals, particularly rice, was another dominant source of import into the WCD. In 2018, rice to the value of R416.6 million was imported into the WCD. The main exporters of rice to the WCD in 2018 were Thailand, from which 74.7 per cent of the rice was imported, and India, which accounted for 23.5 per cent of imported rice.

Table 3.3 West Coast District main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Ores, slag and ash	R821.8	Brazil, Venezuela, India	Iron and steel	R5 468.5	Kenya, United States, Tanzania
2 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	R549.9	Poland, Saudi Arabia, China	Edible fruit and nuts; peel of citrus fruit or melons	R948.9	United States, Netherlands, United Kingdom
3 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R513.8	China, Malaysia, India	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R595.2	Germany, Japan, United Kingdom
4 Zinc and articles thereof	R479.8	Peru, Namibia, Brazil	Beverages, spirits and vinegar	R486.4	United Kingdom, Germany, Sweden
5 Cereals	R416.6	Thailand, India, Uruguay	Fish and crustaceans, molluscs and other aquatic invertebrates	R132.7	Spain, Namibia, Portugal
Total imports	R3 678.4		Total exports	R7 995.1	

Source: Quantec Research, 2019

Exports were largely dominated by flat-rolled products of iron, which accounted for 68.4 per cent of total export revenue in the WCD. The main importers of iron from the WCD in 2018 were Kenya, the United States and Tanzania. While the United States was a significant importer of clad, plated or coated iron products, Kenya and Tanzania imported iron products which were neither clad, plated nor coated. Due to the nature of these exports, the availability, development and maintenance of transport infrastructure to, from and within the WCD is of high importance. As of 2019, the Sishen-Saldanha iron-ore railway line, which facilitates transportation from the mines in the Northern Cape to the Saldanha Bay municipal area to be processed and exported,

is being upgraded. The purpose of upgrading this crucial transport infrastructure is to increase the carrying capacity to the Saldanha port, which is a positive indication that the importance of transport infrastructure is recognised and prioritised in the region.

Another substantial contributor to export revenue in the WCD in 2018 was citrus fruit, which contributed 11.7 per cent to total export revenue. Citrus fruit was primarily exported to the United States (R324.2 million), the Netherlands (R294.3 million) and the United Kingdom (R178.6 million). Other top exports sourced from the WCD's agriculture, forestry and fishing sector were locust beans, seaweeds and other algae exported to Germany and Japan, as well as fish and molluscs, which were primarily exported to Spain, Namibia and Portugal.

3.2.1.3 Value chains

No industry operates in a single economic sector, as value is added throughout the product chain. Local economies are often driven by a dominant industry or commodity. This has given rise to the development of towns and the expansion of economic activity, as well as the attraction of new industries and development opportunities which add value to the economy. In other cases, a local area has natural elements or is strategically located to develop a sector or industry.

The following section provides an overview of the WCD's output and international trade flows, highlighting the importance of several industries in the region. The importance of these industries is further explored by providing an overview of their contributions to other industries and sectors within the District, in terms of both GDP and employment. Thereafter, the risks and opportunities faced by these industries are discussed to identify possible areas of development.

As indicated in Diagram 3.1, manufactured goods dominate imports into the WCD. With a value of R2.6 billion in 2018, manufactured products accounted for 70.9 per cent of all imports into the WCD. Some of the main categories of manufactured products were metals, metal products, machinery and equipment (27.0 per cent), food, beverages and tobacco (24.5 per cent), petroleum products, chemicals, rubber and plastic (21.8 per cent), and electrical machinery and apparatus (19.7 per cent). The mining and quarrying sector was also a significant source of imports into the WCD, with a value of R914.8 million. The main types of import from the mining and quarrying sector in 2018 were metals, accounting for 89.7 per cent of the sector's total imports during the year.

Exports from the region were also primarily driven by the manufacturing sector. Exports from the sector contributed R6.3 billion to the WCD's total export revenue of R8.0 billion in 2018. Metals, metal products, machinery and equipment accounted for 86.9 per cent of the manufacturing sector's export revenue. While metals are primarily imported from the mining and quarrying sector, the metal processing industry in the WCD promotes the processing of these metals in the manufacturing sector, which provides substantial export revenue for the District. Some of the main metal processing businesses in the WCD are Saldanha Steel and Duferco Steel Processing in the Saldanha Bay municipal area. The composition of exports and location of processing in the WCD highlight the importance of the Saldanha port from which metal is exported

and the Saldanha Bay Industrial Development Zone (SBIDZ). The SBIDZ is South Africa's fifth SEZ, the first of which to be designated in a South African port. The purpose of the SBIDZ is to serve as an oil and gas, marine fabrication and repair/engineering and logistics zone. The declaration of the Saldanha Bay port as a free port (the first in South Africa), allowing duty-free and VAT-free entry of foreign goods intended for re-export²⁰ will provide substantial opportunities to attract new investments and economic activity in the WCD.

Another important contributor to the manufacturing sector's export revenue is agro-processing, with a contribution of 10.9 per cent in 2018. Goods from the agriculture, forestry and fishing sector were also an important source of export revenue in the WCD. Valued at R1.7 billion in 2018, this sector accounted for 20.7 per cent of total export revenue in the WCD during the year. The agricultural sector and agro-processing sector in the WCD are highly interlinked as much of the produce from the former feeds into the latter.

In 2018, regional output (at basic prices) in the WCD amounted to R70.6 billion. The primary, secondary and tertiary sectors accounted for 18.6 per cent, 41.1 per cent and 40.3 per cent in 2018 respectively. The manufacturing sector contributed 32.9 per cent of total output in the region, while the agriculture, forestry and fishing sector contributed 17.7 per cent.

Highlighting the subsidiary influence of the agriculture, forestry and fishing sector in the WCD, food, beverages and tobacco accounted for 64.4 per cent of total output in the manufacturing sector. Other important products stemming from the manufacturing sector are metals, metal products, machinery and equipment, which contributed 12.2 per cent to the manufacturing sector's total output in 2018, and petroleum products, chemicals, rubber and plastic, with a contribution of 7.5 per cent.

Output in agriculture, forestry and fishing sector is largely driven by farming, followed by fishing activities along the coast. In 2018, agriculture contributed 79.6 per cent to the sector's total output, with fishing contributing 19.1 per cent in the same year. Some of the main agricultural products in the WCD are grapes and wheat from Moorreesburg, rooibos from Clanwilliam, and citrus from Citrusdal. There are also several fish processing companies in the WCD, such as Sea Harvest in the Saldanha Bay municipal area, Oceana in Lamberts Bay, Saldanha Pilchards in St Helena Bay and Lusitania in Laaiplek.

Two main contributors to output in the WCD's tertiary sector are the wholesale and retail trade, catering and accommodation sector, and the finance, insurance, real estate and business services sector, with a contribution to the tertiary sector's output of 29.2 per cent and 23.6 per cent respectively. Within each of these sectors, the most important contributors are wholesale and retail trade, and business services. In terms of wholesale trade in foodstuffs, one of the main companies in the WCD is Everseason in Citrusdal.

²⁰ SBIDZ (2019)

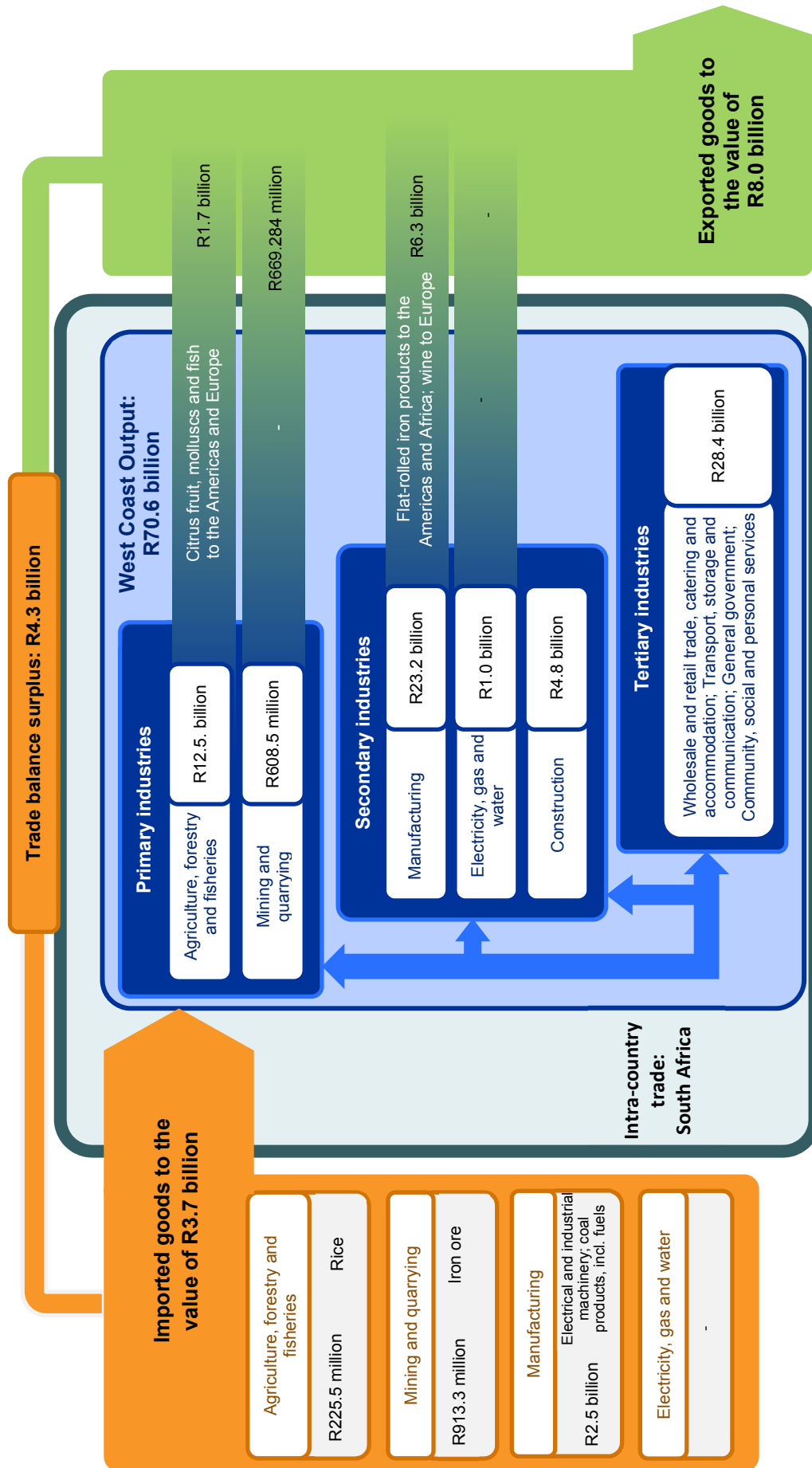
Considering the above, the three main industries which contribute to economic activity in the WCD are agro-processing, agriculture, and wholesale and retail trade. These industries are also significant contributors to employment, especially low-skilled workers, which are prevalent in the WCD. As these industries are highly interlinked, exogenous factors affecting one of these industries may have an adverse effect on the WCD's economy as a whole, given their collective importance and reliance on each other.

Much of the output from the agricultural sector is further processed in the region, which emphasises the dependence on the agro-processing sector on the local agricultural sector. The agro-processing industry further feeds into the wholesale and retail trade subsector. Therefore, many of the risks to the agricultural sector, such as climate change, pose risks to the secondary and tertiary sectors' performance. Risks to the agriculture sector also significantly affect employment not only in the sector but all other sectors which are reliant on the agricultural sector's productivity.

Given that many workers in the agricultural sector are low-skilled, the focus should be placed on developing skills in this sector to ensure technological advances implemented to improve productivity and resilience do not adversely affect employment in the WCD. This sentiment is also applicable to the secondary and tertiary sectors which, in line with international trends, may implement more mechanised means of production. Improved skill levels in the District may allow for improved innovation, which will boost economic growth in the region. The upskilling of workers in the WCD will also remove the need to import these skills from other regions.

Due to the backward and forward linkages in the WCD's main sectors, another important area of focus for growth is ensuring sectoral cooperation is maximised. The agricultural sector relies on a number of local industries for its inputs, such as wholesale and retail trade, transport and storage and chemicals. The ease at which these inputs flow to the agricultural sector is therefore vital to the sector's productivity. The linkage between the agriculture, forestry and fishing sector and the agro-processing industry also necessitates that local governments can facilitate cooperation and coordination between these sectors. The wholesale and retail trade sector is also directly reliant on the produce in the agricultural sector. As such, the linkages between the primary sector and tertiary sector should also be an area of focus. Of equal importance is the prioritisation of the physical linkages between various sectors. As most of the manufacturing activity occurs in Saldanha Bay and Swartland municipal areas, the transport infrastructure within the WCD may be further developed to ease transportation from areas in which raw materials are sourced. Upgrading the road infrastructure, for example from gravel to tar, may aid the transportation of resources to areas of manufacturing.

Diagram 3.1 Trade flows in the West Coast District and most commonly traded goods, current prices, 2018



Source: Urban-Econ/Quantec, 2019

3.2.1.4 Investments

Table 3.4 provides an overview of the investments in the WCD between 2013 and 2017.

Table 3.4 Summary of investment into the West Coast District by sector, 2013 - 2017

Sector	Total CAPEX (USDm)	Total jobs
Oil and gas	885.0	25
Agro-processing	45.0	43
Total	930.0	68

Source: Wesgro, 2019

Over the five-year period, USD930 million was invested into the WCD, enabling the District's economy to create 68 employment opportunities. The two industries which received investment were the oil and gas industry and the agro-processing industry.

The investment into the agro-processing industry was used to develop the Doring Bay Abalone, which is located on the Matzikama coastline, to offset the high levels of unemployment and poverty in Doring Bay and surrounding areas. The poor socioeconomic factors in the region were a result of the dwindling fishing industry in the area and the subsequent closure of the crayfish processing plant in 2006, which had been in operation for 75 years²¹. After extensive research conducted by the Western Cape Aquaculture Development Initiative (WCADI), it was determined that the Matzikama coastline has unrivalled potential for marine aquaculture, particularly land-based abalone farming and abalone farming²¹. Following two years of infrastructure development and staff training, the Doring Bay Abalone became operational in 2013²¹.

In 2015, Sunrise Energy (Pty Ltd), in which Mining Oil and Gas Services (Pty) Ltd has majority ownership, invested USD885 million into the WCD. The purpose of the investment was to build a Liquid Petroleum Gas (LPG)²² import facility in the Saldanha Bay harbour. The investment into the Saldanha Bay municipal area is due to the ease of access of ocean-going LPG tankers transporting LPG to the Port of Saldanha²³. As the LPG industry is currently expanding to provide an alternative energy source in South Africa, the purpose of the development is to supplement current LPG refineries and distributors in the Western Cape Province to ensure the sustainability of industries which are reliant on LPG.

3.2.2 Saldanha Bay

Figure 3.3 indicates the balance of trade in the Saldanha Bay municipal area between 2007 and 2018. The manufacturing sector in the Saldanha Bay municipal area was the primary driver of the positive trade balance experienced in the region over the reference period. Between 2015 and 2018, there was a consistent upward trend in the

²¹ Global Africa Network (2018)

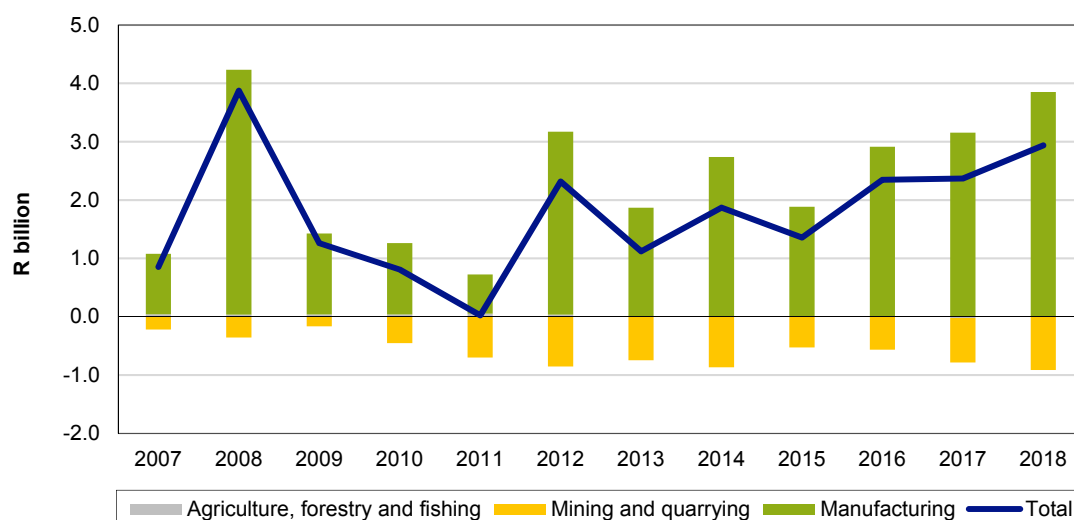
²² LPG is a fuel mix of propane and butane which is in a gaseous form at ambient temperature but is liquified under increased pressure or by a temperature decrease.

²³ Mining Oil and Gas Services (MOGS) (2018)



trade surplus, from R1.9 billion in 2015 to R2.9 billion in 2018, despite fluctuations over the decade. Conversely, the mining and quarrying sector registered trade deficits in every year between 2007 and 2018. The trade deficit in the mining and quarrying sector worsened between 2017 and 2018, from a deficit of R762.4 million in 2017 to R913.3 million in 2018.

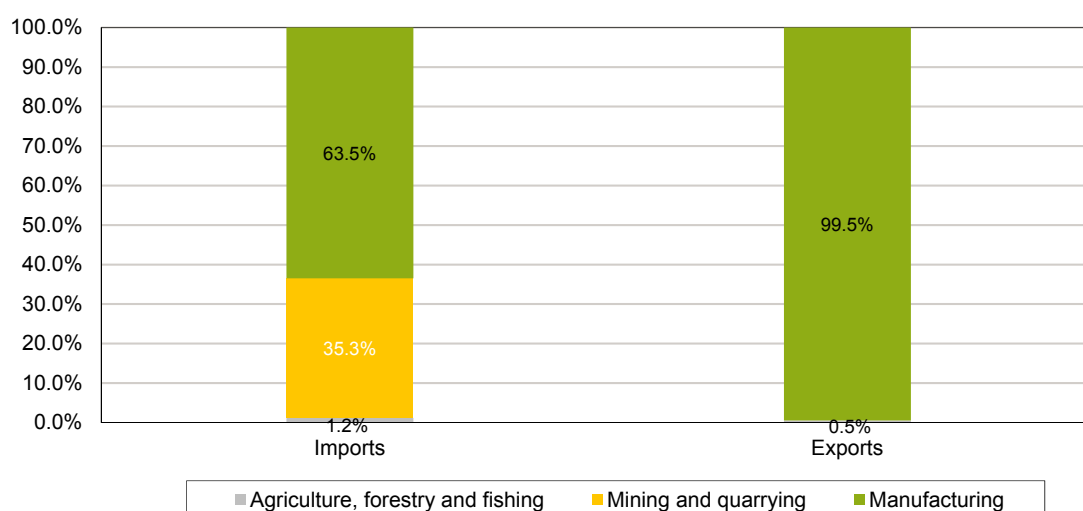
Figure 3.3 Saldanha Bay trade balance, 2007 - 2018



Source: Quantec Research, 2019

The manufacturing sector accounted for 63.5 per cent of all imports into the Saldanha Bay municipal area, while the mining and quarrying sector accounted for 35.3 per cent. Exports, on the other hand, were nearly wholly composed of goods from the manufacturing sector, with the agriculture, forestry and fishing sector accounting for only 0.5 per cent of export revenue.

Figure 3.4 Saldanha Bay sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Table 3.5 indicates the value and main trading partners of the top five products that are imported and exported from the Saldanha Bay municipal area. Imports into the Saldanha Bay municipal area were largely used in the manufacturing sector. The top import into the Saldanha Bay municipal area was agglomerated iron ore and concentrates sourced mainly from Brazil, Venezuela, and India.

The second-largest import was coke and semi-coke of coal of lignite or peat, sourced from Poland, Saudi Arabia, and China. Carbon-related goods used for furnaces, such as carbon electrodes, was the third main import. This was sourced from China, India, and Malaysia. Another dominant import was unwrought zinc imported from Peru, Namibia and Brazil.

Table 3.5 Saldanha Bay main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Ores, slag and ash	R821.8	Brazil, Venezuela, India	Iron and steel	R5 467.5	Kenya, United States, Tanzania
2 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	R549.9	Poland, Saudi Arabia, China	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	R15.2	Netherlands, Japan, United States
3 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R502.4	China, Malaysia, India	Articles of stone, plaster, cement, asbestos, mica or similar materials	R13.6	Switzerland, Spain, Poland
4 Zinc and articles thereof	R479.8	Peru, Namibia, Brazil	Fish and crustaceans, molluscs and other aquatic invertebrates	R12.4	Hong Kong, China, Taiwan
5 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R83.0	Austria, Netherlands, Germany	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R4.9	Pakistan, Panama
Total imports	R2 584.3		Total exports	R5 520.2	

Source: Quantec Research, 2019

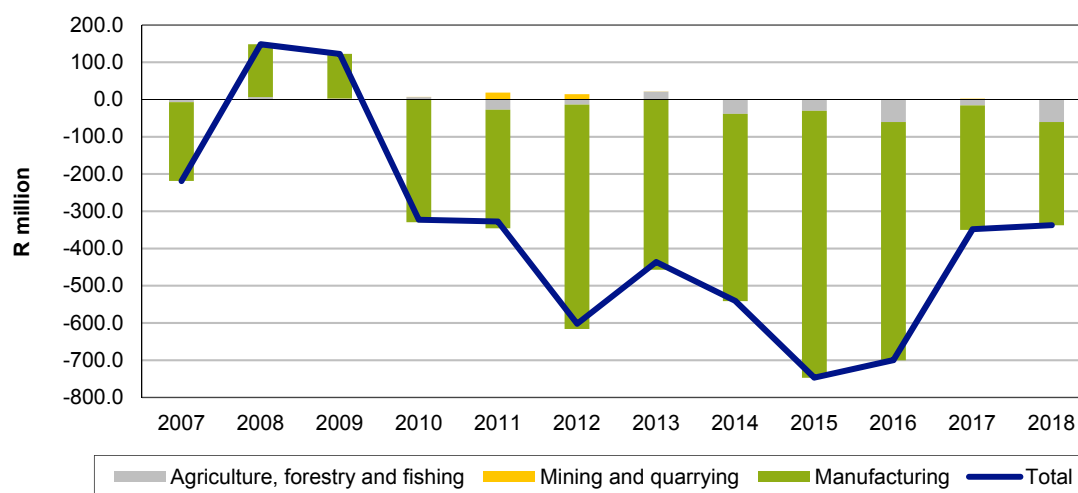
Iron and steel were the primary sources of export from the region, accounting for 99.0 per cent of export revenue in the Saldanha Bay municipal area. With a value of R4.0 billion, flat-rolled products of iron were the most popular export. Kenya, the United States, and Tanzania were the primary export destinations for the Saldanha Bay municipal area.

On a much smaller scale, the Saldanha Bay municipal area also generated export revenue from cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes. These live plants were primarily exported to the Netherlands, Japan and the United States.

3.2.3 Swartland

Figure 3.5 indicates the balance of trade in the Swartland municipal area between 2007 and 2018. Barring 2008 and 2009, the Swartland municipal area registered trade deficits for all years between 2007 and 2018. The trade deficits realised in these years were primarily due to the high number of imported goods in the manufacturing sector across the period combined with a large number of imports in the agriculture, forestry and fishing sector since 2011. In 2015, the largest trade deficit between 2007 and 2018 was recorded. Positive, however, are the improvements experienced since 2016. The trade deficit narrowed from R746.9 million in 2015 to R337.6 million in 2018.

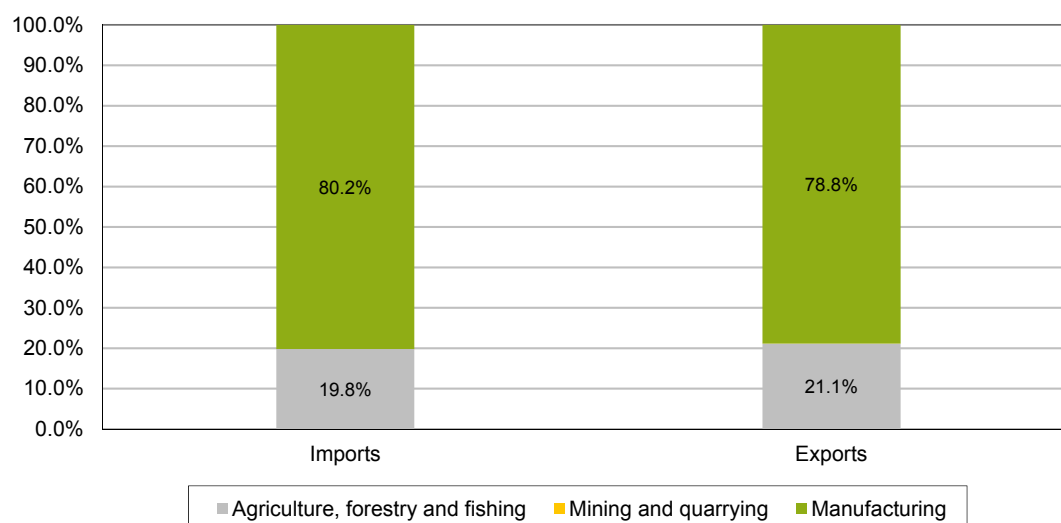
Figure 3.5 Swartland trade balance, 2007 - 2018



Source: Quantec Research, 2019

The figure below indicates the distribution between sectors in terms of imports and exports.

Figure 3.6 Swartland sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Manufactured goods accounted for the highest proportion of both imported and exported goods in the Swartland municipal area. Goods from the manufacturing sector accounted for 80.2 per cent of imports, with the agriculture, forestry and fishing sector accounting for the remaining 19.8 per cent. The agriculture, forestry and fishing sector had a slightly higher presence in terms of exports, with 21.1 per cent stemming from this sector. Nonetheless, the manufacturing sector remained the dominant source of exports from the Swartland municipal area, with a contribution of 78.8 per cent.

Table 3.6 indicates the value and main trading partners of the top five product categories that were imported and exported from the Swartland municipal area. Rice was the dominant import into the Swartland municipal area, accounting for 50.6 per cent of imports into the municipal area in 2018. It was sourced primarily from Thailand (R310.7 million) and India (R97.8 million).

Table 3.6 Swartland main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Cereals	R416.6	Thailand, India, Uruguay	Beverages, spirits and vinegar	R177.3	United Kingdom, United States, Netherlands
2 Fish and crustaceans, molluscs and other aquatic invertebrates	R78.3	New Zealand, Namibia, Canada	Edible fruit and nuts; peel of citrus fruit or melons	R92.3	United States, Netherlands, Belgium
3 Edible vegetables and certain roots and tubers	R78.1	China, France, Canada	Products of the milling industry; malt; starches; inulin; wheat gluten	R50.11	Lesotho
4 Plastics and articles thereof	R67.4	Italy, China	Cereals	R27.8	Lesotho, Botswana
5 Toys, games and sports requisites; parts and accessories thereof	R38.3	China	Paper and paperboard; articles of paper pulp, of paper or of paperboard	R20.6	Namibia
Total imports	R823.8		Total exports	R486.3	

Source: Quantec Research, 2019

Other imports stemming from the agriculture, forestry and fishing sector were fish and molluscs (sourced from New Zealand, Namibia and Canada) and dried leguminous vegetables (sourced from China, France and Canada). Imports from the manufacturing sector were plastic articles for the conveyance and packing of goods from Italy and China, and tricycles, scooters, pedal cars and similar wheel toys which were imported primarily from China.

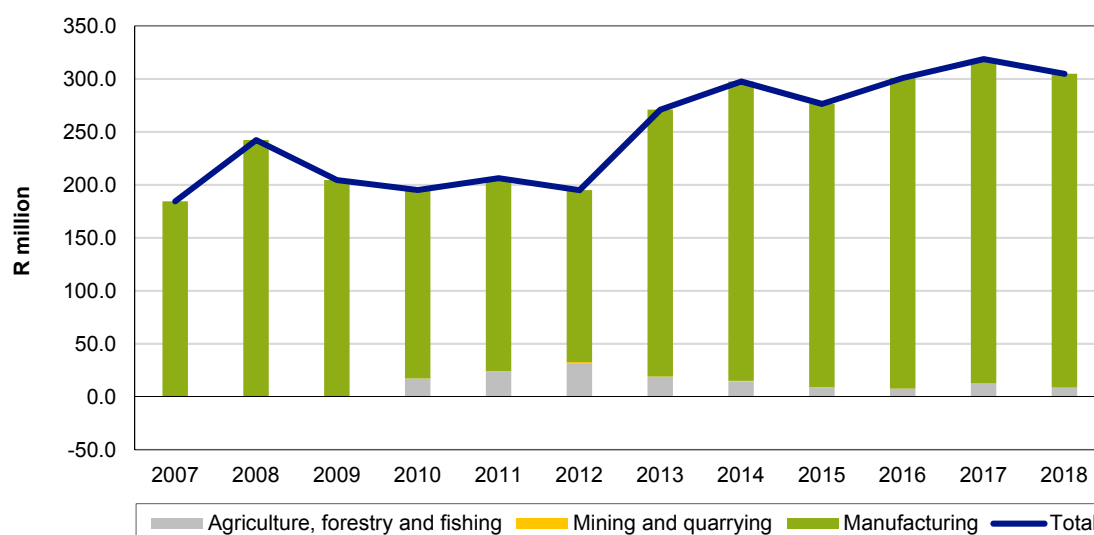
Exports from the Swartland municipal area were either directly or indirectly driven by the agricultural sector. With a value of R176.6 million, the top exported product from the Swartland municipal area was wine from fresh grapes. The main imported importers of wine from the Swartland municipal area in 2018 were the United Kingdom (R40.4 million), the United States (R18.6 million) and the Netherlands (R16.5 million).

Citrus fruit, exported mainly to the United States, the Netherlands and Belgium, accounted for 18.7 per cent of the Swartland municipal area's total revenue. Other top exports from the Swartland municipal area in 2018 were cereal groats, meal and pellets, rice, and wheat or meslin flour, which were exported to neighbouring countries, such as Lesotho and Botswana.

3.2.4 Matzikama

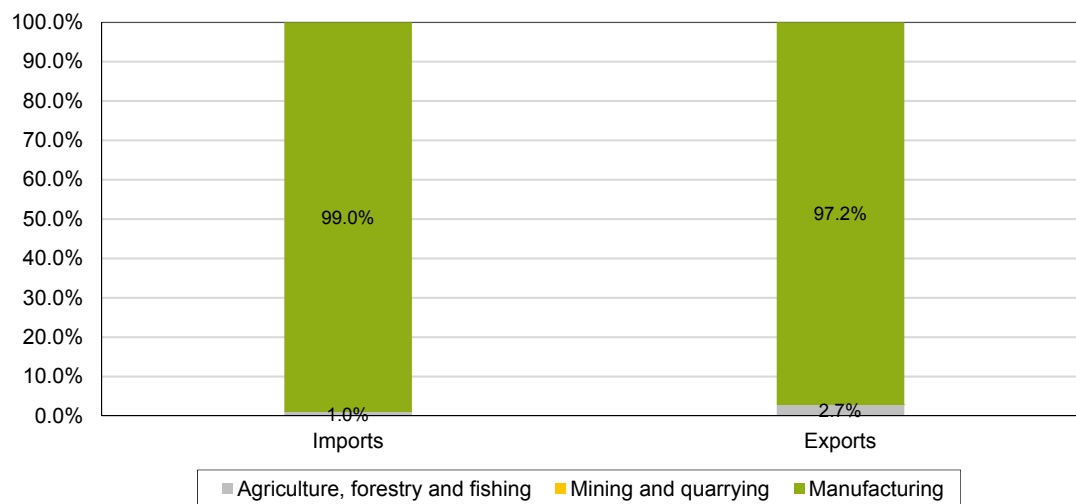
Figure 3.7 indicates the balance of trade in the Matzikama municipal area between 2008 and 2018. As demonstrated below, the Matzikama municipal area maintained a positive trade balance for all years between 2007 and 2018. The manufacturing sector was the primary driver of the trade surplus in the region. Since 2014, the manufacturing sector accounted for at least 95.0 per cent of the Matzikama municipal area's trade surplus.

Figure 3.7 Matzikama trade balance, 2007 - 2018



Source: Quantec Research, 2019

The dominance of the manufacturing sector in the Matzikama municipal area is evident in the sectoral trade distribution, as indicated in Figure 3.8. Both imports into the municipal area and exports from the region were nearly wholly concentrated in the manufacturing sector. However, while manufactured goods accounted for 99.0 per cent of imports, the manufacturing sector accounted for 92.2 per cent of exports, which points to the presence of the agriculture, forestry and fishing sector in the Matzikama municipal area. As seen in Table 3.7, the manufacturing sector was heavily reliant on the productivity of the agriculture, forestry and fishing sector, as the main driver of revenue for the manufacturing sector was the processing of agricultural produce.

Figure 3.8 Matzikama sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Table 3.7 indicates the value and main trading partners of the top five product categories that were imported and exported from the Matzikama municipal area.

Table 3.7 Matzikama main import and export categories, 2018

Imports				Exports		
Product category	R million 2018	Main trading partners		Product category	R million 2018	Main trading partners
1 Wood and articles of wood; wood charcoal	R2.7	Namibia		Beverages, spirits and vinegar	R278.7	United Kingdom, Sweden, Germany
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R1.7	United States		Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R8.6	United States, United Kingdom, Netherlands
3 Plastics and articles thereof	R1.2	Italy, Egypt		Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R6.5	Namibia, Swaziland, Tanzania
4 Aircraft, spacecraft, and parts thereof	R0.8	United States		Miscellaneous edible preparations	R5.2	Netherlands, Italy, Germany
5 Preparations of vegetables, fruit, nuts or other parts of plants	R0.4	Italy		Salt; sulphur; earths and stone; plastering materials, lime and cement	R4.1	Namibia
Total imports	R8.4			Total exports	R313.2	

Source: Quantec Research, 2019

The value of imports in the region is low relative to that of the region's exports – in 2018, the Matzikama municipal area imported goods to the value of R3.4 million, while exports from the region were valued at R313.2 million in the same year.

The main imported product into the Matzikama municipal area in 2018 was fuel wood, sawdust and wood waste to the value of R2.4 million, which was primarily imported from Namibia. With a value of R1.2 million in 2018, air or vacuum pumps and other gas compressors were the second-largest import into the region. These items were nearly

wholly imported from the United States. Other top imports from the United States were aircraft, such as helicopters and aeroplanes, satellites and suborbital vehicles.

Italy was another main trading partner of the Matzikama municipal area, with two of the top five imported products stemming from this country. The two items which were imported from Italy in 2018 were articles of plastics and fruit juices, valued at R784 530 and R444 213 respectively.

Accounting for 89.0 per cent of export revenue in the Matzikama municipal area, the main exports from the region were beverages, particularly wine of fresh grapes. While many countries import wine from the Matzikama municipal area, the top three importing countries were the United Kingdom (R78.0 million), Sweden (R41.0 million), and Germany (R38.3 million). Food preparations, exported primarily to the Netherlands, Italy, and Germany, was another main import from the agro-processing sector.

With a value of R3.6 million in 2018, the main exports sourced directly from the agriculture, forestry and fishing sector were locust beans, seaweeds and other algae, sugar beet, and sugar cane, which were exported to the United Kingdom and the United States. The United States was also a large importer of seeds, fruits, and spores for sowing from the Matzikama municipal area, while the Netherlands imported plants and parts of plants used primarily in perfumery, pharmacy or for insecticidal, fungicidal or similar purposes from the region.

In terms of machinery, the top exported product was agricultural, horticultural or forestry machinery for soil preparation of cultivation, which accounted for R4.7 million in 2018. Machinery of this nature was primarily exported to African countries, such as Swaziland, Tanzania, and Namibia. Namibia was also a large importer of mechanical appliances used for projecting, dispersing or spraying liquids or powders, as well as quick lime, slaked lime, and hydraulic lime.

3.2.5 Bergrivier

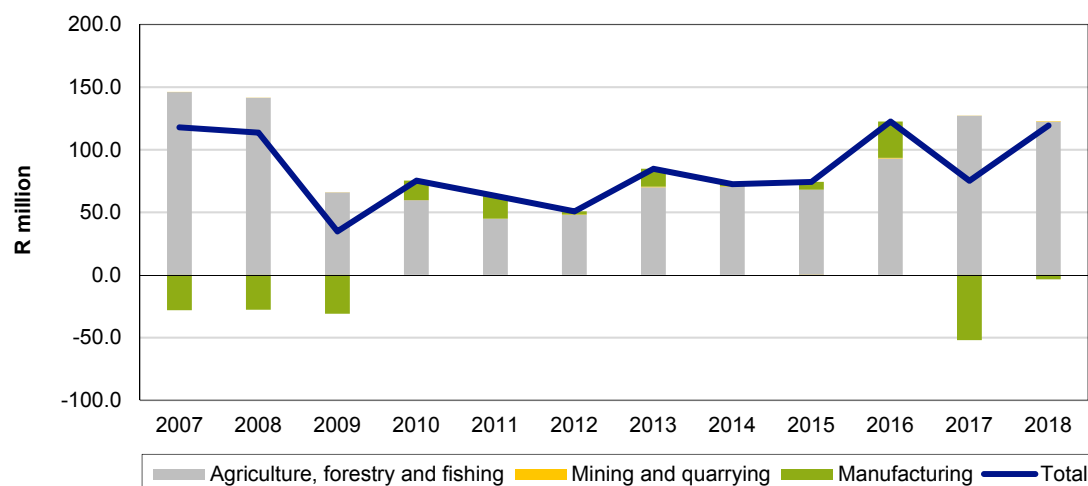
Figure 3.9 indicates the balance of trade in the Bergrivier municipal area between 2007 and 2018. The region maintained a positive trade balance in all years between 2007 and 2018, mainly due to the trade surpluses in the agriculture, forestry and fishing sector.

The agriculture, forestry and fishing sector experienced the largest trade surplus in 2007, which reduced slightly in the following year. A sharp decline was experienced in 2009, which was mainly due to a substantial decrease in the agriculture, forestry and fishing sector's export revenue. The manufacturing sector experienced an average trade deficit of R29.0 million per annum between 2007 and 2009. Between 2010 and 2011, the trade surplus in the agriculture, forestry and fishing sector continued on a downward trend, while the manufacturing sector registered its first trade surplus since 2007 in 2010.

Following an improvement from a trade surplus of R50.8 million in 2012 to R84.8 million in 2013, the trade balance remained relatively constant until 2016. During this year, the trade surplus improved to R122.5 million – the highest since 2007 – due to improvements

in both the agriculture, forestry and fishing sector and the manufacturing sector. However, due to the trade deficit of R52.0 million in the manufacturing sector in 2017, the trade surplus in the Bergrivier municipal area decreased to R75.2 million. Estimates for 2018 indicate an improvement, however, with the trade deficit in the manufacturing sector increasing to R3.5 million. With the surplus of R122.4 million registered in the agriculture, forestry and fishing sector, the trade balance in the Bergrivier municipal area increased to R119.3 million in 2018.

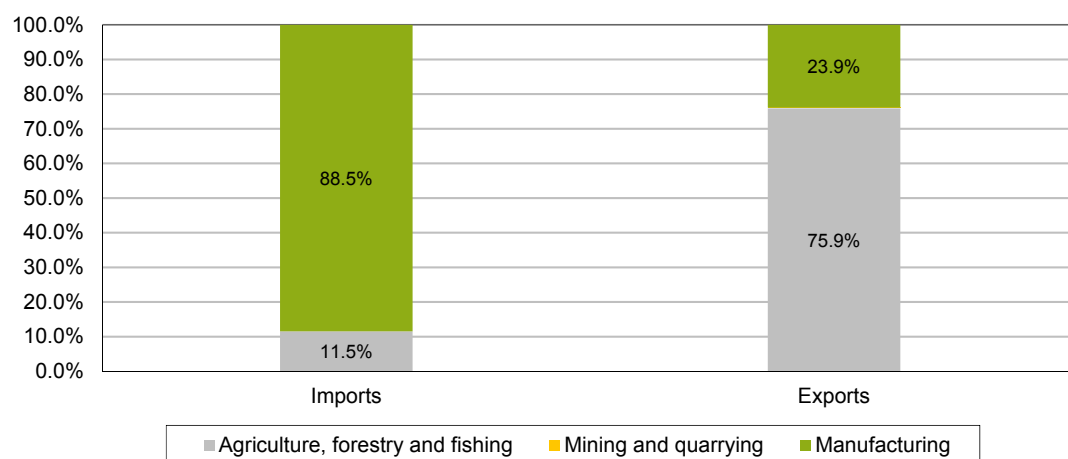
Figure 3.9 Bergrivier trade balance, 2007 - 2018



Source: Quantec Research, 2019

As indicated in Figure 3.10, manufactured goods account for 88.5 per cent of imports into the Bergrivier municipal area, with goods from the agriculture, forestry and fishing sector accounting for the remaining 11.5 per cent. However, conversely to the region's import composition, the agriculture, forestry and fishing sector was the main driver of export revenue – 75.9 per cent of total exports stemmed from this sector. The manufacturing sector accounted for 23.9 per cent of exports from the Bergrivier municipal area, with the mining and quarrying sector contributing 0.2 per cent.

Figure 3.10 Bergrivier sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Table 3.8 indicates the value and main trading partners of the top five product categories that are imported and exported from the Bergrivier municipal area.

Table 3.8 Bergrivier main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R19.5	Italy, Spain, United States	Fish and crustaceans, molluscs and other aquatic invertebrates	R115.1	Spain, Portugal, Namibia
2 Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	R8.0	Vietnam	Edible fruit and nuts; peel of citrus fruit or melons	R15.6	Singapore, Nigeria
3 Fish and crustaceans, molluscs and other aquatic invertebrates	R5.7	Taiwan, China	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R6.8	Angola, Namibia
4 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	R3.5	Canada	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	R5.5	United Kingdom
5 Man-made filaments; strip and the like of man-made textile materials	R3.1	Greece	Plastics and articles thereof	R4.1	Angola
Total Imports	R49.6		Total Exports	R168.8	

Source: Quantec Research, 2019

With a value of R11.9 million in 2018, harvesting and threshing machinery and machines used for cleaning, sorting or grading agricultural produce sourced from Italy were the top imported items in the Bergrivier municipal area. Another main import was knotted netting used for fishing purposes; was primarily sourced from Vietnam.

Some of the top imported goods used for consumption purposes in 2018 were frozen fish, specifically mackerel, which were sourced from Taiwan and China. Frozen fish to the value of R5.7 million were imported in 2018, with Taiwan and China contributing 61.4 per cent and 38.6 per cent respectively. Other top imported goods in the Bergrivier municipal area in 2018 were direction-finding compasses and other navigational instruments sourced from Canada, and woven fabrics of synthetic filament yarn, which were imported from Greece. This indicates that many of goods imported into the Bergrivier municipal area are used as inputs in the local farming and fishing industries.

Export revenue in the Bergrivier municipal area was driven mainly by the fishing subsector. Exports of fish and crustaceans, molluscs and other aquatic invertebrates accounted for 68.2 per cent of the Bergrivier municipal area's total export revenue. Spain was the main export destination for exports from the fishing subsector – 88.4 per cent export revenue generated this sector stemmed from Spain. Other top importers of fish from the Bergrivier municipal area in 2018 were Portugal and Namibia.

With a value of R15.6 million in 2018, edible fruit was also a dominant source of export revenue. With a combined value of R11.0 million, fresh apples, pears and quinces were the top export in this category. Singapore was the largest importer of pears, while

apples were mainly exported to Nigeria. Another important export sourced from the agricultural sector was essential oils to the value of R5.5 million, primarily exported to the United Kingdom.

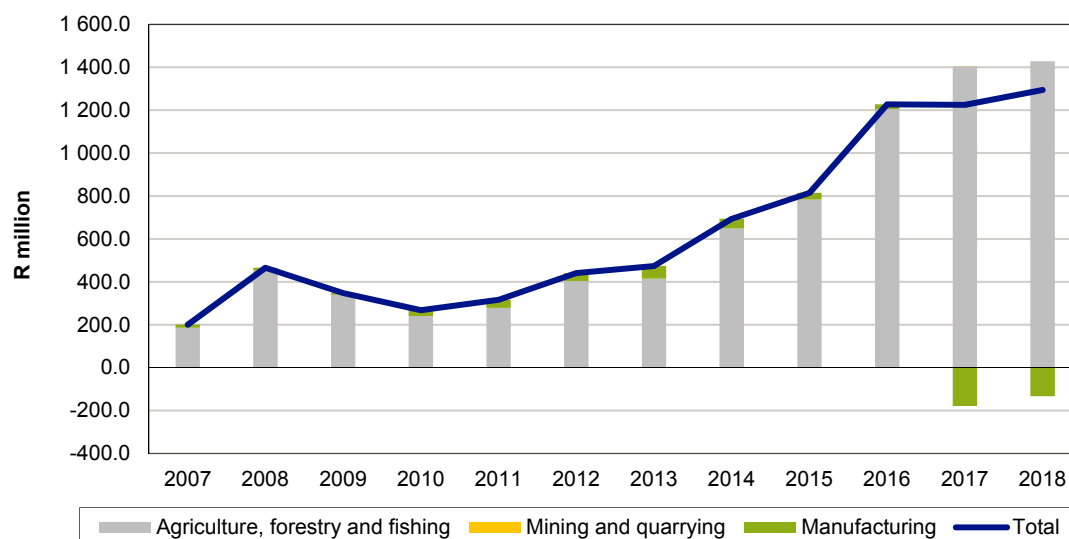
Machinery and plastic articles were mainly exported to African countries such as Angola and Namibia, with most export revenue stemming from Angola. Angola imported compression-ignition internal combustion piston engines to the value of R2.2 million, pumps for liquids to the value of R1.2 million, and tubes, pipes, and hoses to the value of R3.3 million. Exports to Namibia were primarily machinery used for soil preparation or cultivation.

3.2.6 Cederberg

Figure 3.11 indicates the balance of trade in the Cederberg municipal area between 2007 and 2018. The Cederberg municipal area maintained a positive trade balance for all years between 2007 and 2018, which was driven primarily by the agriculture, forestry and fishing sector.

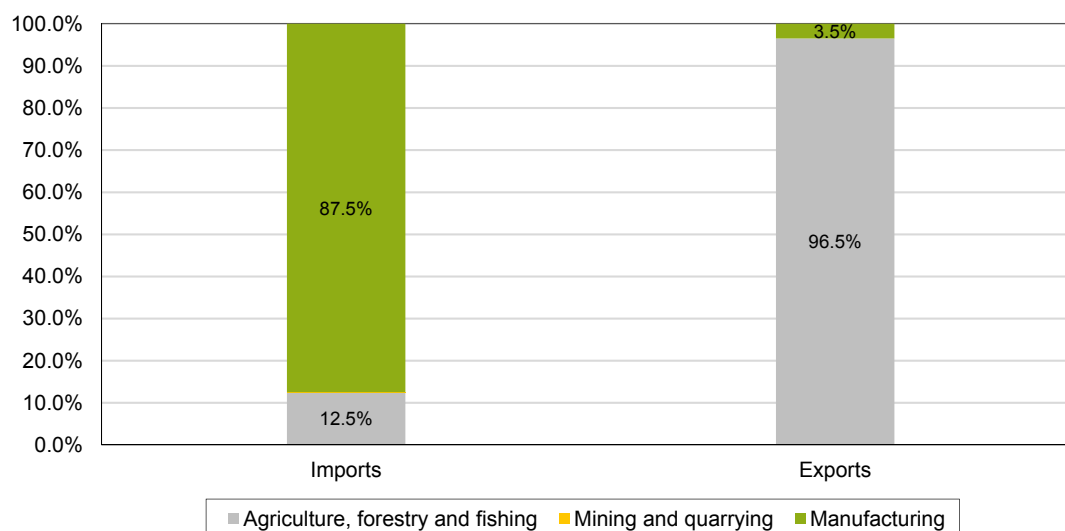
Since 2010, the agriculture, forestry and fishing sector's trade surplus has grown year-on-year, from R240.6 million in 2010 to R1.4 billion in 2018. While the manufacturing sector maintained a trade surplus between 2007 and 2016, the sector experienced trade deficits in the preceding two years – R179.0 million and R133.0 million in 2017 and 2018 respectively.

Figure 3.11 Cederberg trade balance, 2007 - 2018



Source: Quantec Research, 2019

In 2018, 87.5 per cent of all imports were manufactured goods, while the remaining 12.5 per cent stemmed from the agriculture, forestry and fishing sector. Conversely, the Cederberg municipal area is highly reliant on the agriculture, forestry and fishing sector for its export revenue. In 2018, 96.5 per cent of all exports stemmed from the agriculture, forestry and fishing sector, with the manufacturing sector accounting for the remaining 3.5 per cent.

Figure 3.12 Cederberg sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Table 3.9 indicates the value and main trading partners of the top five product categories that were imported and exported from the Cederberg municipal area.

Table 3.9 Cederberg main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Sugars and sugar confectionery	R114.8	Zambia, Mauritius, El Salvador	Edible fruit and nuts; peel of citrus fruit or melons	R840.9	United States, Netherlands, United Kingdom
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R36.4	France, Spain, Netherlands	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R586.2	Germany, Japan, United Kingdom
3 Coffee, tea, maté and spices	R22.6	Uganda, Madagascar	Beverages, spirits and vinegar	R27.6	United Kingdom, United States, Netherlands
4 Products of the milling industry; malt; starches; inulin; wheat gluten	R10.8	Germany	Coffee, tea, maté and spices	R13.0	Sweden
5 Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	R8.0	Germany	Raw hides and skins (other than furskins) and leather	R12.4	United States, Denmark
Total imports	R212.3		Total exports	R1 506.6	

Source: Quantec Research, 2019

The top import into the Cederberg municipal area in 2018 was sugars and sugar confectionery, particularly cane or beet sugar, and chemically pure sucrose in solid form, from Zambia, Mauritius, and El Salvador.

The second-largest import into the municipal area was machinery used for agricultural purposes, such as harvesting and threshing machinery, and machinery used for sorting and grading eggs, fruit or other agricultural products. These items were sourced from France, Spain, and the Netherlands. The third-largest import into the region was vanilla in whole form, sourced from Uganda and Madagascar.

Exports from the Cederberg municipal area were dominated by the agricultural sector. Citrus fruit, such as oranges, mandarins, and lemons, was the largest source of export revenue in the Cederberg municipal area in 2018. Accounting for R519.5 million in 2018, oranges were the main export from this category, followed by mandarins with a value of R260.2 million in 2018. Demand for citrus fruit from the Cederberg municipal area was highest in the United States, Netherlands, and United Kingdom.

The second-largest source of export revenue from the region in 2018 was locust beans, seaweeds and other algae, sugar beet, and sugar cane. These were exported mainly to Germany, Japan, and the United Kingdom. The Cederberg municipal area's third-largest export product in 2018 was wine from fortified grapes, which was exported to the United Kingdom, the United States, and the Netherlands.

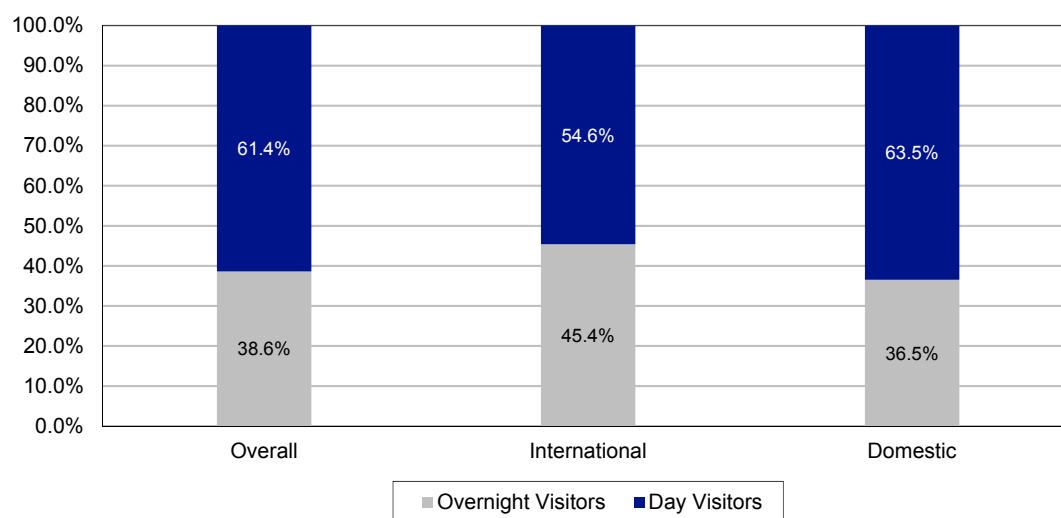
3.3 Tourism trends²⁴

The West Coast region is a hidden gem in the Western Cape Province. The District has cultural and natural resources unique to the western coastal area of South Africa. The area is embedded with the Nama culture and offers nature lovers the opportunity to experience the rare, wild-floral beauty not seen in many countries. The region is ideal for people wanting to escape from their busy lives and experience tranquillity and the simplicities of life. The WCD has a diverse offering ranging from marine tourism to wine tourism.

3.3.1 Visitor trends

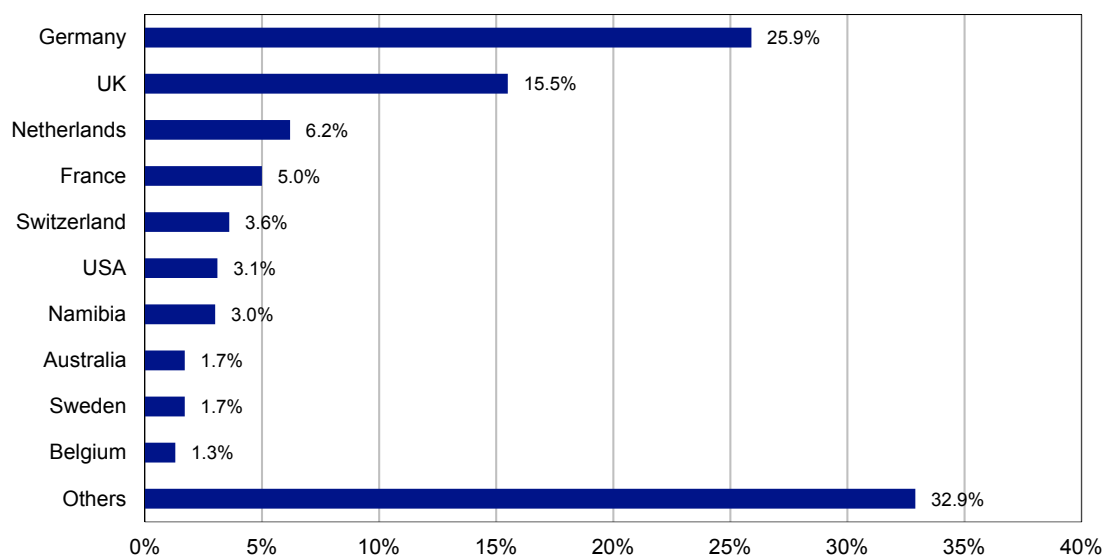
The WCD is a popular destination for both domestic (76.8 per cent) and international (23.2 per cent) visitors, with a slightly larger domestic base. However, this region seems to be a prime day-trip destination as seen in Figure 3.13.

²⁴ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region due to its survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Further, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information as the sample sizes are not comparable.

Figure 3.13 Overnight vs. day visitors, West Coast District, 2018

Source: Wesgro, 2019

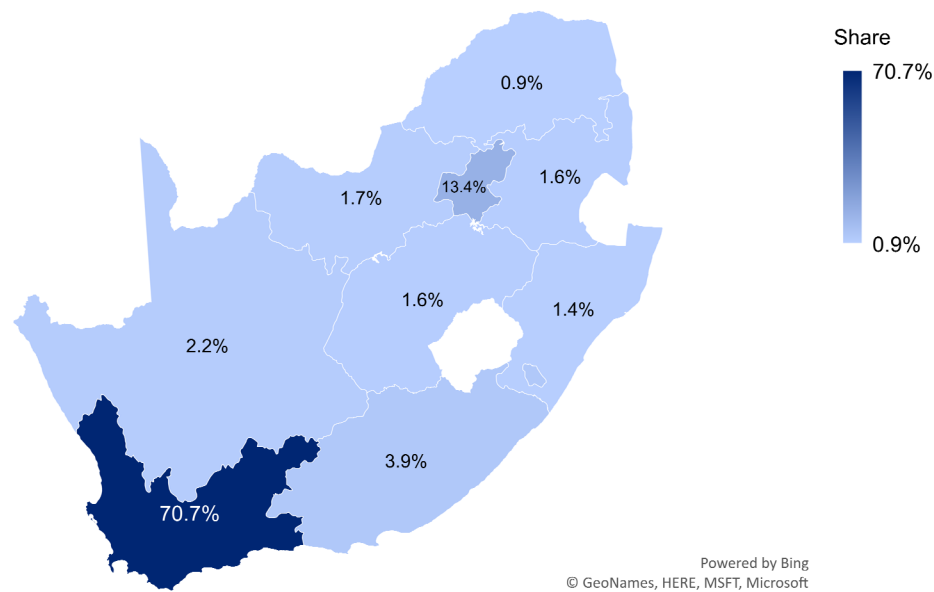
The top five international markets travelling to the West Coast are European-based, namely, Germany (25.9 per cent), UK (15.5 per cent), Netherlands (6.2 per cent), France (5.0 per cent) and Switzerland (3.6 per cent), as can be seen in Figure 3.14. An interesting market which is unique to the West Coast is the Namibian market (3.0 per cent). The region could be attractive to this market due to the German background of Namibia and the West Coast.

Figure 3.14 Percentage share of international travellers, West Coast District, 2018

Source: Wesgro, 2019

Approximately 70.1 per cent of the domestic market to the West Coast is based in the Western Cape itself. The other domestic markets that are prominent in the region are Gauteng (13.4 per cent), Eastern Cape (3.9 per cent) and the Northern Cape (2.2 per cent), as seen in Map 3.1. The domestic visitors to the region have a great desire to experience a lifestyle and atmosphere different from their own, which is the unique selling point for the West Coast.

Map 3.1 Percentage share of domestic travelers, West Coast District, 2018

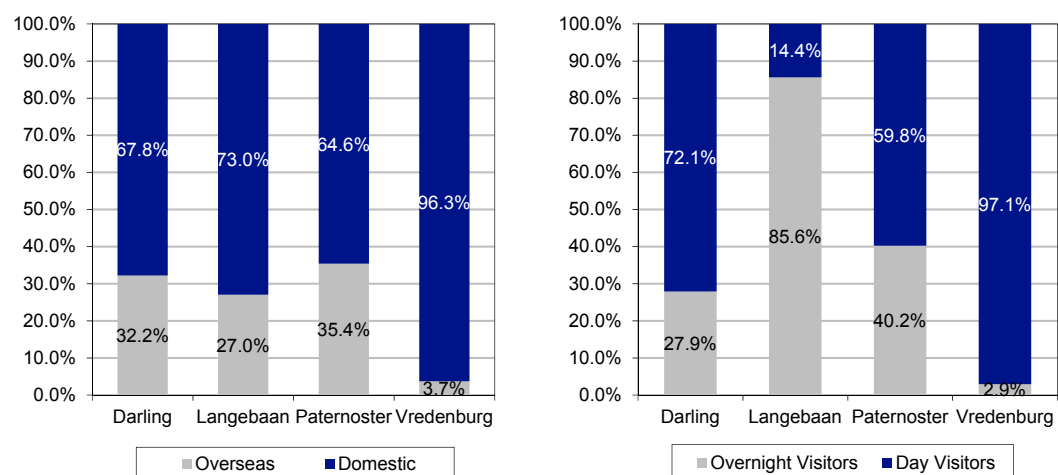


Note: 0.9 per cent of responses were unspecified.

Source: Wesgro, 2019

All the most popular towns visited are within two hours' drive from Cape Town. Some of these include Darling, Langebaan, Paternoster and Vredenburg. Figure 3.15 depicts the visitor trends for these regional towns.

Figure 3.15 Regional towns visitor trends, West Coast District, 2018



Source: Wesgro, 2019

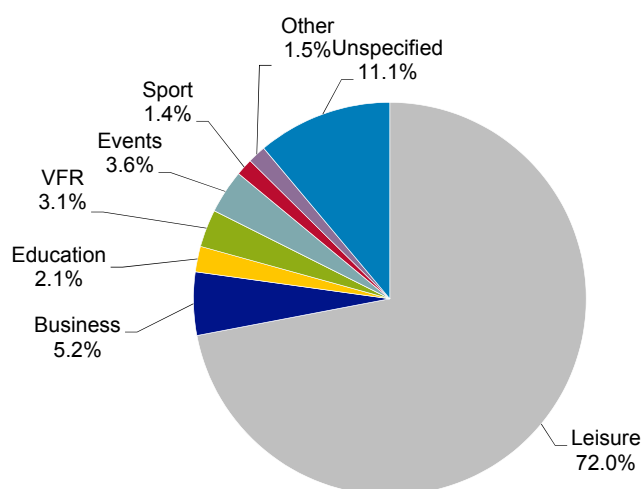
Popular destinations, such as Darling, Langebaan and Paternoster, have an international presence in their visitor profiles, where smaller towns that act as stopovers or secondary activities attract many domestic visitors. The same trend is experienced with overnight and day visits.

The sustainability of tourism in the region is mainly reliant on domestic tourism for geographical spread and stimulating the visitor economy in the West Coast. However, the popularity of the region as an international tourism destination has become prominent in the past few years, with many new attractions and activities in terms of cultural, culinary and natural features gaining international interest via the media.

3.3.2 Visitor profile

People primarily visit the WCD for leisure (72.0 per cent), followed by business (5.2 per cent), events (3.6 per cent), and visiting friends or relatives (VFR) (3.1 per cent), as seen in Figure 3.16. The District is a leisure destination for domestic visitors with 74.4 per cent visiting for this purpose, and business and events seen as secondary reasons. Similarly, international visitors come for leisure, but interestingly, 2.1 per cent visit friends or relatives and 1.7 per cent come for sport. Therefore, the West Coast Tourism's efforts to promote the region as a unique events destination does show in its visitor profile.

Figure 3.16 Main purpose of visit, West Coast District, 2018



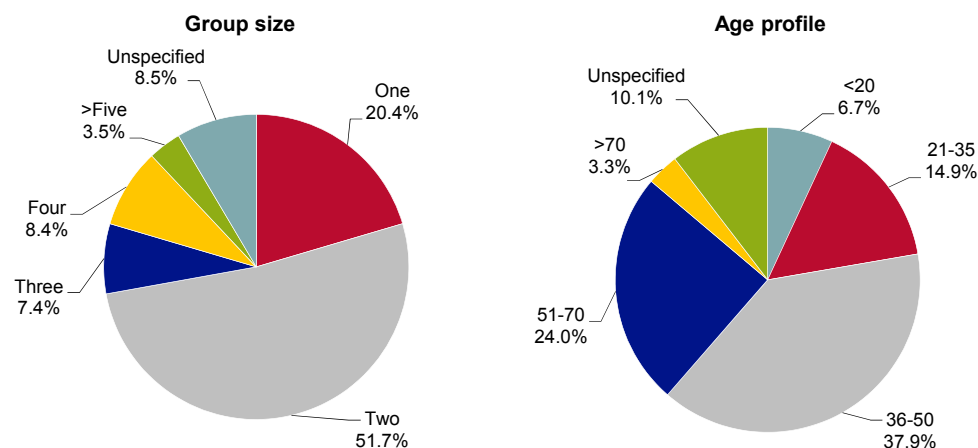
Source: Wesgro, 2019

Events in the WCD attracted 164 520 attendees. This is a valuable injection into the local economy. Events that attracted the most attendees include the KykNet Buite Ekspo (19 000 attendees) in Malmesbury, the Moorreesburg Skou (16 000 attendees) and Rocking the Daisies in Darling (15 000 attendees)²⁵.

²⁵ Wesgro (2019)

Over half of the visitors to the region travel in groups of two (51.7 per cent) or solo (20.4 per cent), with only 19.3 per cent travelling in groups more than three. The District also seems to attract a slightly older audience, with over 65.0 per cent of visitors aged over 35, as seen in Figure 3.17.

Figure 3.17 Visitor profile, West Coast District, 2018



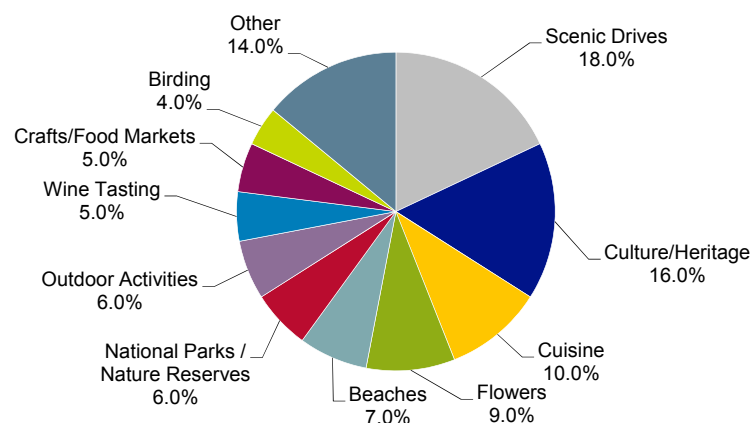
Source: Wesgro, 2019

A similar visitor profile is seen both in domestic and international visitors, which means the region is attractive to well-travelled and stable individuals who are interested in experiencing the finer things in life, versus the younger generation seeking action and adventure.

3.3.3 Activities

The region's endowment of fauna, flora and culture provides a unique experience to visitors of the region, which is reflected in the type of activities visitors partake in, as illustrated in Figure 3.18. The top five activities undertaken by visitors are scenic drives (18.0 per cent), culture and heritage (16.0 per cent), cuisine (10.0 per cent), the flowers (9.0 per cent) and the beaches (7.0 per cent). The region is also, uniquely, a prime birding destination. Thus, the WCD is truly a niche tourism destination.

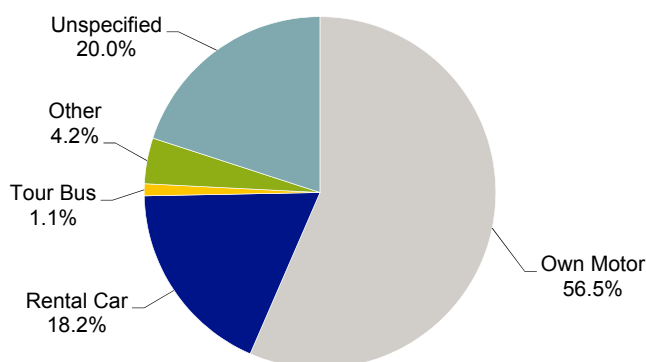
Figure 3.18 Top tourist activities undertaken, West Coast District, 2018



Source: Wesgro, 2019

Figure 3.19 shows the mode of transport used by visitors to travel to and within the WCD. Over 56.5 per cent of visitors use their own vehicle to travel due to the large domestic base for the area. Most international tourists travelling to the area use a rental car (54.3 per cent). Therefore, visitors to the area are independent travellers who do not have a set itinerary. Thus, there is an opportunity to get the West Coast onto the itinerary of visitors to Cape Town to increase the market share of the region.

Figure 3.19 Mode of transport used by visitors, West Coast District, 2018

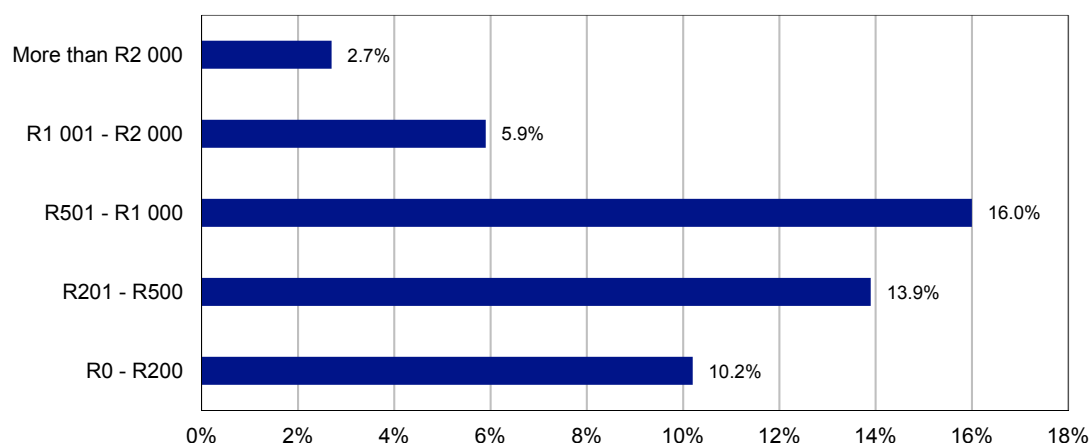


Source: Wesgro, 2019

3.3.4 Visitor spend

Approximately 46.0 per cent of visitors to the WCD spend under R1 000 per day, where other regions experience a larger portion of visitors spending over R1 000. More needs to be done to motivate visitors to spend over R500 per day in the region, in order to increase the economic impact per visitor, as both international and domestic visitors have similar spending patterns in the WCD.

Figure 3.20 Average daily expenditure by visitors, West Coast District, 2018

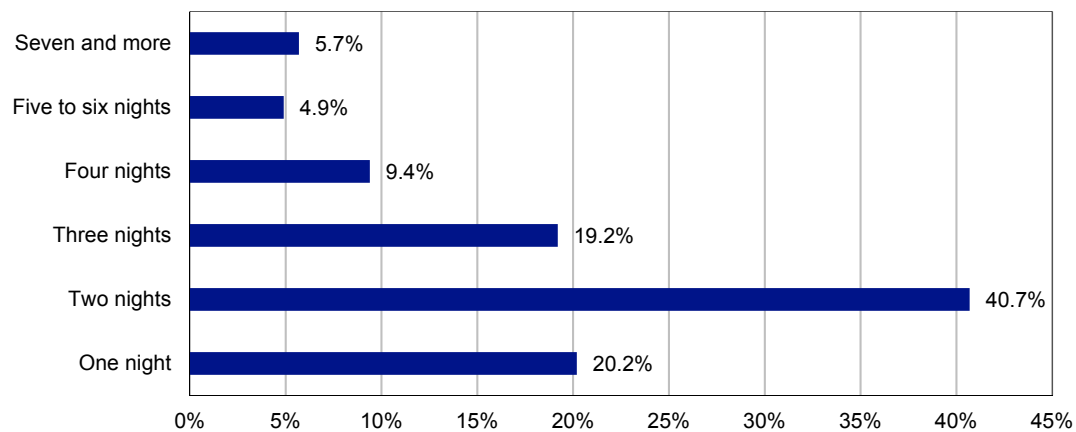


Note: 51.3 per cent of responses were unspecified.

Source: Wesgro, 2019

Along with increasing daily spend, it would be beneficial to the region to motivate longer stays as 60.9 per cent of visitors who do stay over only spend one to two nights, as seen in Figure 3.21.

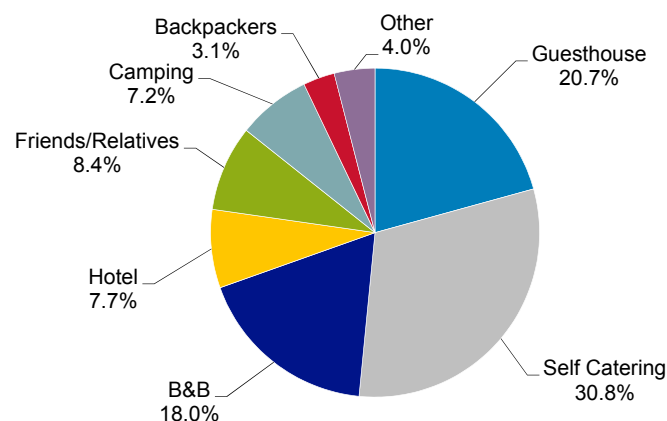
Figure 3.21 Average length of stay, West Coast District, 2018



Source: Wesgro, 2019

Overnight visitors tend to stay in self-catering accommodation (30.8 per cent) and guesthouses or bed and breakfasts (B&Bs) (38.7 per cent), as seen in Figure 3.22. It would be ideal to convert the visitors staying in self-catering accommodation to use other serviced accommodation facilities; this is in reference to the domestic market to spend more on accommodation and related services.

Figure 3.22 Accommodation usage, West Coast District, 2018



Source: Wesgro, 2019

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 and uncommercialised beauty is its strongest selling point.

3.4 Concluding remarks

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.



4

Municipal socio-economic analysis

4.1 Introduction

The main aim of this chapter is to describe the economic and social circumstances of households living in the WCD.

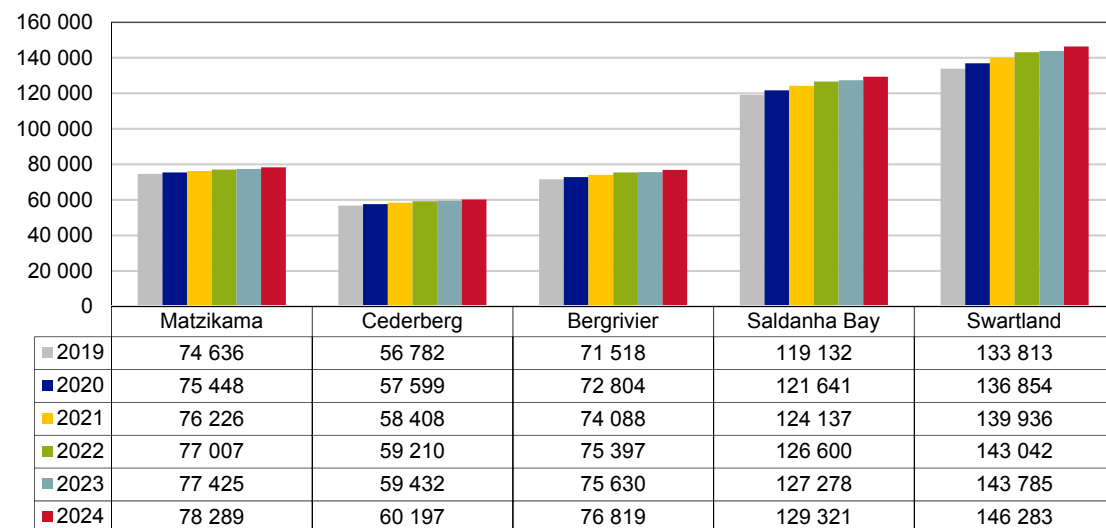
Indicators used to analyse population and income dynamics include the population growth rate, GDP per capita, household income, and the Gini coefficient. Human development within the region is assessed using indicators such as the Human Development Index (HDI), education, health, human dwellings, access to basic services, and crime. These indicators are discussed in detail in the sections below.

4.2 Population dynamics

As of 2019, the WCD has a population size of 455 881 persons. The Swartland and Saldanha Bay municipal areas have the highest concentration of the WCD's population, with 29.4 per cent and 26.1 per cent of the total population residing in these areas, respectively.

Between 2019 and 2024, an estimated population growth of 1.5 per cent is forecast for the WCD, which is an increase of 35 028 persons. Population growth will be predominantly driven by the 1.7 per cent and 1.8 per cent respective average annual population growth rates in the Saldanha Bay and Swartland municipal areas. However, all five municipal areas are expected to increase in population size by an average annual rate of at least 1.0 per cent over the five-year period.

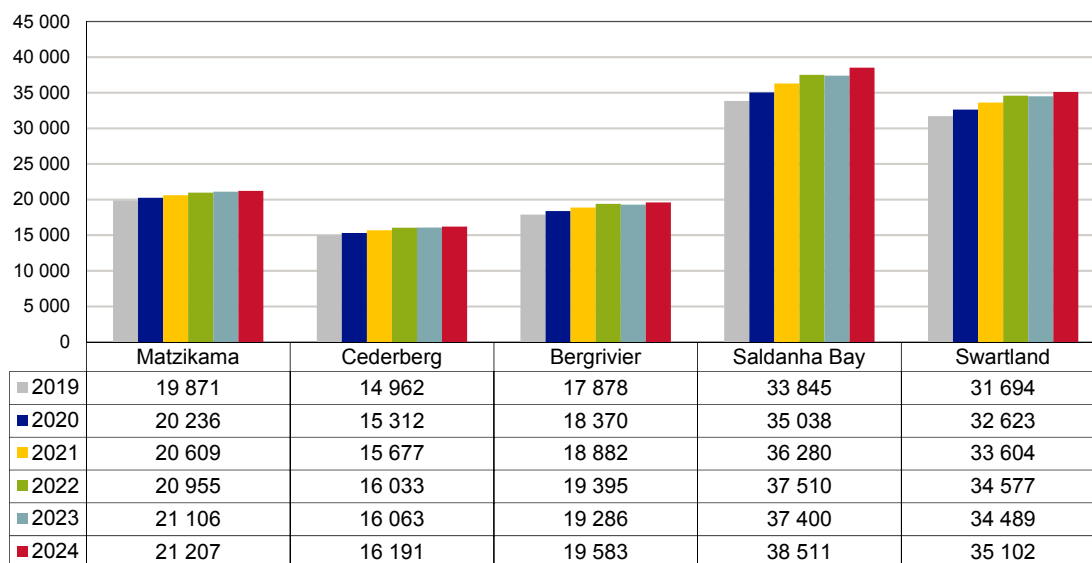
Figure 4.1 Future population growth, West Coast District, 2019 - 2024



Source: Western Cape DSD, 2019

The WCD has 118 250 households as of 2019. In line with population estimates, most of the WCD's households reside in either the Saldanha Bay or Swartland municipal areas. However, the number of households in the Saldanha Bay municipal area exceeds that of the Swartland municipal area, conversely to population numbers. This indicates that, while the Swartland municipal area has a higher concentration of population, households in this region tend to be larger in size.

Between 2019 and 2024, the number of households in the WCD is forecast to grow by an average rate of 2.0 per cent per annum, which is an increase of 12 344 households over the period. The highest household growth is expected in the Saldanha Bay municipal area, with an estimated growth of 2.6 per cent per annum, followed by the Swartland municipal area, with an estimated growth rate of 2.1 per cent per annum.

Figure 4.2 Future household growth, West Coast District, 2019 - 2024

Source: Western Cape DSD, 2019

Table 4.1 illustrates the age cohorts in the WCD and its municipal areas in 2019 as well as the expected age cohorts in 2024.

Table 4.1 Age cohorts, West Coast District, 2019 - 2024

Municipality	Year	0 – 14		15 – 64		65+	
		Number	%	Number	%	Number	%
Matzikama	2019	22 158	29.7	48 983	65.6	3 495	4.7
	2024	23 159	29.6	51 320	65.6	3 810	4.9
Cederberg	2019	16 174	28.5	37 986	66.9	2 622	4.6
	2024	16 984	28.2	40 354	67.0	2 859	4.7
Bergrivier	2019	19 742	27.6	47 929	67.0	3 848	5.4
	2024	21 056	27.4	51 430	66.9	4 334	5.6
Saldanha Bay	2019	32 701	27.4	81 148	68.1	5 283	4.4
	2024	34 892	27.0	87 991	68.0	6 438	5.0
Swartland	2019	36 399	27.2	91 413	68.3	6 001	4.5
	2024	39 043	26.7	100 277	68.6	6 963	4.8
West Coast District	2019	127 173	27.9	307 459	67.4	21 249	4.7
	2024	135 134	27.5	331 372	67.5	24 402	5.0

Source: Western Cape DSD, 2019

As of 2019, 67.4 per cent of the population in the WCD is of working age (age 15 to 64), 27.9 per cent of the population is younger than 15, and 4.7 per cent of the population is older than 65. Forecasts for 2024 indicate that while the proportion of the population younger than 15 will decrease slightly to 27.5 per cent, both the proportion of the population of working age and the population 65 and older will increase, to 67.5 per cent and 5.0 per cent respectively. An increase in the working-age population will result in an increase in demand for employment in the WCD.

The two municipal areas with the highest proportion of the working-age population in 2019 are the Swartland municipal area (68.3 per cent) and the Saldanha Bay municipal area (68.1 per cent). However, while the Swartland municipal area's working-age

population is estimated to increase to 68.6 per cent by 2024, the Saldanha Bay municipal area's proportion of the working-age population is estimated to decline slightly to 68.0 per cent.

The Matzikama and Cederberg municipal areas have the highest proportion of the population under the age of 15 in 2019, with 29.7 per cent and 28.5 per cent respectively. The proportion of population under the age of 15 is projected to decrease across municipal areas, with the largest shift occurring in the Swartland municipal area, from 27.2 per cent in 2019 to 26.7 per cent in 2024.

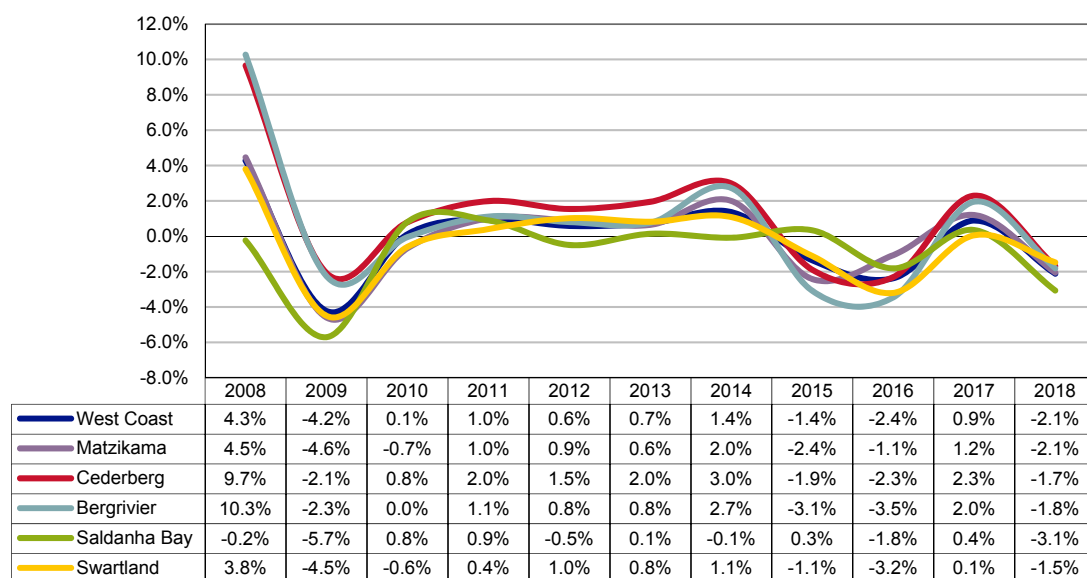
As of 2019, the Bergrivier municipal area has the highest proportion of population aged 65 and older (5.4 per cent). The proportion of the population aged 65 and older is expected to increase in all municipal areas between 2019 and 2024, with the largest increase expected in the Saldanha Bay municipal area – an increase from 4.4 per cent in 2019 to 5.0 per cent in 2024.

4.3 Perspectives on poverty and inequality

4.3.1 GDPR per capita growth in the West Coast District

Figure 4.3 provides an overview of the historical trends in GDPR per capita growth within the WCD between 2008 and 2018. In 2017, GDPR per capita in the WCD was R69 171, which was R18 531 less than the average GDPR per capita in the Western Cape Province.

Figure 4.3 GDPR per capita growth, West Coast District, 2008 - 2018



Source: Quantec Research, 2019

The economic downturn in 2009 saw substantial contractions across municipal areas, with the Cederberg and Bergrivier municipal areas experiencing the most severe declines in growth between 2008 and 2009. Notably, while most municipal areas in the WCD had been achieving relatively strong growth rates pre-2009, the Saldanha Bay municipal area suffered a contraction of 0.2 per cent in 2008. Over the reference

period, the Saldanha Bay municipal area achieved only slight positive growth in five of the eleven years.

Overall, GDPR per capita growth has been sluggish in the WCD, with the Cederberg and Bergrivier municipal areas having the highest GDPR per capita growth rates in 2017. GDPR per capita contracted by 2.1 per cent in the WCD in 2018. While all municipal areas in the WCD contracted in terms of GDPR per capita growth in 2018, the District's average was affected by the substantial contraction of 3.1 per cent in the Saldanha Bay municipal area. Economic growth in the WCD has therefore not resulted in improved living standards due to high population growth rates, particularly in the Saldanha Bay and Swartland municipal areas.

4.3.2 Household income

Table 4.2 provides an overview of the average monthly household income in the WCD.

Table 4.2 Average monthly household income (current prices), West Coast District, 2017

Municipality	Average Household Income 2017 (Current Prices)	Trend 2008 - 2017
Matzikama	R12 800.0	0.1
Cederberg	R12 736.0	1.1
Bergrivier	R13 819.0	0.7
Saldanha Bay	R14 698.0	-0.6
Swartland	R15 023.0	-0.2
West Coast District	R14 056.0	0.0
Western Cape	R18 611.0	-0.2

Source: Urban-Econ calculations based on Quantec Research, 2019

In 2017, the average household income in the District was R14 056, which was 24.5 per cent lower than the average monthly household income in the Western Cape Province. However, while the Provincial average monthly household income declined by 0.2 per cent between 2008 and 2017, the WCD's monthly household income remained constant.

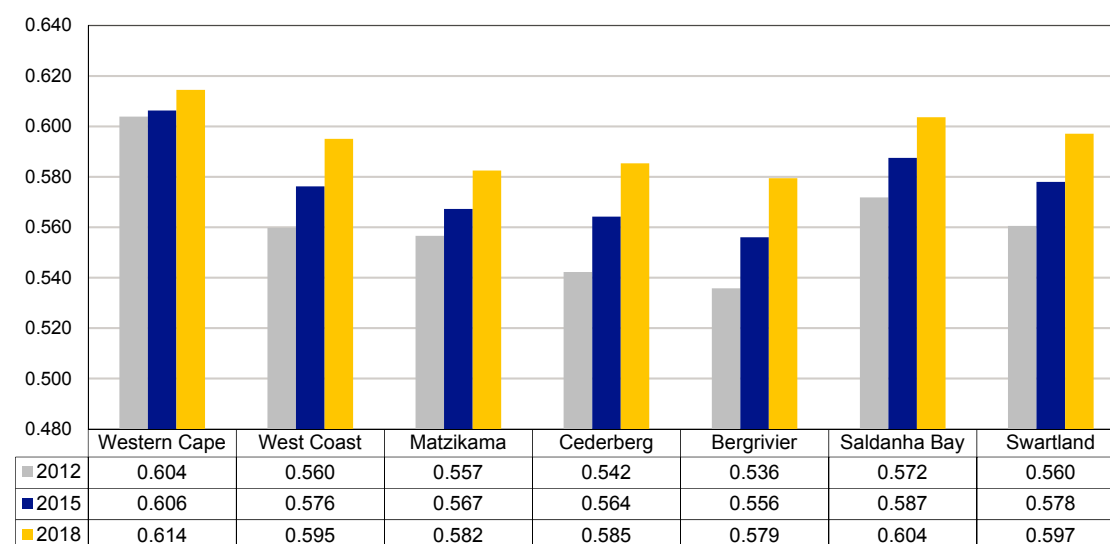
The Cederberg and Matzikama municipal areas had the lowest average household income in the WCD in 2017, with R12 736 and R12 800 per month respectively. The low income levels in these regions may be due to the high concentration of employment in the agriculture, forestry and fishing sector which, due to low skill requirements, is characterised by low wage levels.

The municipal areas with the highest average monthly household income in the WCD in 2017 were the Saldanha Bay (R14 698) and the Swartland (R15 023) municipal areas. However, the two municipal areas with the highest average household income were the only two areas to experience average declines in household income growth between 2008 and 2017. Given that these two municipal areas have the largest economies in the WCD, the declines in household income growth may be due to the migration of workers to these areas in search of work.

4.3.3 Income distribution in West Coast District

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient²⁶. Figure 4.4 shows Gini coefficients for municipalities within the WCD. For all three reference periods (2012, 2015, and 2018), the WCD had less inequality than the Western Cape Province. In 2018, the Gini coefficient in the WCD was 0.595, while the Western Cape Province had a Gini coefficient of 0.614.

Figure 4.4 Gini coefficients, West Coast District municipal areas, 2012 - 2018



Source: IHS Markit, 2019

The two municipal areas in the WCD with the highest levels of inequality in 2018 were the Saldanha Bay municipal area, with a Gini coefficient of 0.604, and the Swartland municipal area, with a Gini coefficient of 0.597. The Bergervier municipal area had the lowest income disparity in the WCD in 2018, with a Gini coefficient of 0.579.

4.3.4 Human development

The United Nations uses the Human Development Index (HDI)²⁷ to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens as measured by, amongst others, their standards of education, health, dwellings, access to basic services, and crime levels. Economists expect economic growth to result in improvements in human development and economic declines to have an adverse effect on human development.

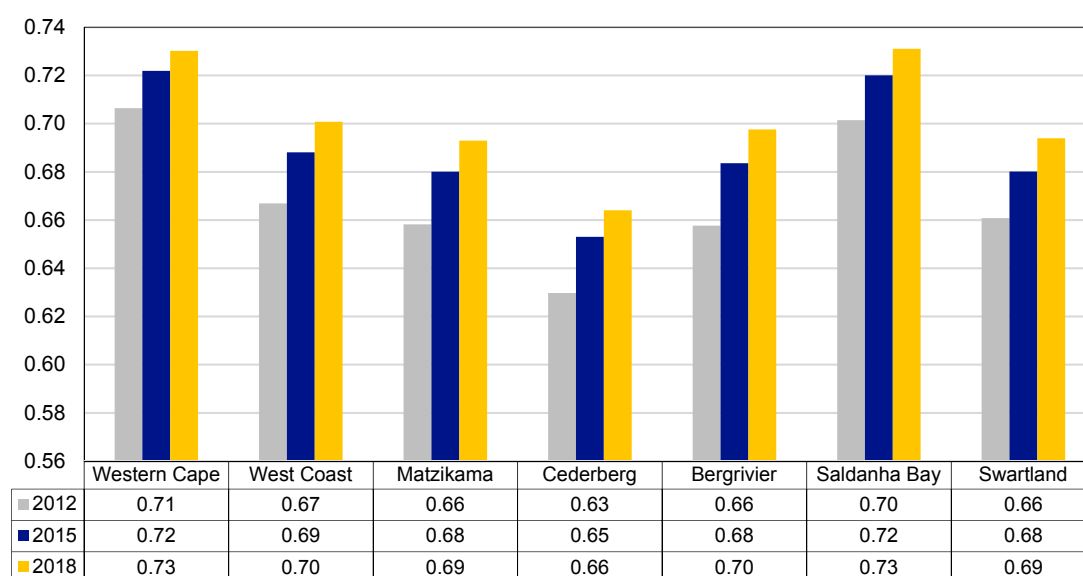
²⁶ The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents. The figure varies between 0, which is an indication of complete or perfect equality, and 1, which represents complete inequality in income distribution. The closer to 1, the more inequality exists, and the closer to 0 shows less inequality.

²⁷ The HDI is a composite indicator reflecting education levels, health, and income. It is a measure of peoples' ability to live a long and healthy life, to communicate, participate in the community, and to have sufficient means to be able to afford a decent living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

Figure 4.5 shows the economic growth trends and changes in the HDI for the WCD between 2012 and 2018. In 2018, the WCD had lower levels of socio-economic development than the Provincial economy, as measured by the HDI. The Saldanha Bay municipal area was the only municipal area in the WCD in 2018 which had the same HDI as the Provincial economy – 0.73.

In terms of the HDI, the least-developed areas in the WCD were the Cederberg municipal area, with an HDI of 0.66, and the Swartland and Matzikama municipal areas, with an HDI of 0.69 each. Over the reference period, however, all five municipal areas increased their HDI index, with the largest improvement observed in the Bergrivier municipal area, from an HDI of 0.66 in 2012 to an HDI of 0.7 in 2018.

Figure 4.5 HDIs per municipal area, West Coast District, 2012 - 2018



Source: IHS Markit, 2019

4.4 Education

The extent of improvement in educational circumstances of households in the WCD is discussed here using data on learner enrolments, the Grade 10 to 12 retention rate²⁸, matric pass rates and learner-teacher ratios.

Table 4.3 indicates that learner enrolment numbers in the Matzikama municipal area increased by 3.1 per cent between 2016 and 2018, from 10 247 learners in 2016 to 10 571 learners in 2018.

²⁸ The learner retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared to the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared to those enrolled in Grade 10 two years ago.

Table 4.3 Educational development within Matzikama, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	10 247	-	27.8	-	67.0	-	91.1	-
2017	10 352	1.0	28.1	1.3	71.2	4.2	93.9	2.8
2018	10 571	2.1	27.4	-2.6	73.3	2.1	77.6	-16.3

Source: Western Cape Education Department, 2018

While the 1.0 per cent increase in learner enrolment coincided with a 1.3 per cent change in the learner-teacher ratio in 2017, the improvement in the learner-teacher ratio between 2017 and 2018 was positive, decreasing from 28.1 learners per teacher to 27.4 learners per teacher.

In the Matzikama municipal area, there was a substantial improvement in the Grade 10 to 12 retention rate between 2016 and 2018. While only 67.0 per cent of students enrolled in Grade 10 went on to enrol in matric in 2016, the retention rate increased to 73.3 per cent in 2018. The improvements in the retention rates had an adverse effect on the matric pass rate. In 2016, the Matzikama municipal area boasted a significantly high matric pass rate of 91.1 per cent, which improved even further to 93.9 per cent in 2017. In 2018, however, the matric pass rate dropped significantly by 16.3 percentage points, with only 77.6 per cent of those enrolled in Grade 12 passing. The matric pass rate in the Matzikama municipal area was the lowest pass rate of all municipal areas in the WCD during the year.

In the Cederberg municipal area, there was slight growth in learner enrolment numbers between 2016 and 2018, as indicated in Table 4.4. Over the three-year period, the number of learners enrolled in schools increased by 2.5 per cent, from 7 647 in 2016 to 7 836 in 2018. Positively, the learner-teacher ratio also improved over the same period, from 27.6 learners per teacher in 2016 to 26.8 learners per teacher in 2018.

Table 4.4 Educational development within Cederberg, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	7 647	-	27.6	-	71.3	-	89.5	-
2017	7 710	0.8	26.8	-3.0	66.1	-5.2	85.1	-4.4
2018	7 836	1.6	26.8	0.3	66.7	0.6	84.1	-1.0

Source: Western Cape Education Department, 2018

The Grade 10 to 12 retention rate deteriorated between 2016 and 2018. The most notable decline was between 2016 and 2017, during which the retention rate dropped from 71.3 per cent to 66.1 per cent. While there was a slight improvement in 2018, the retention rate in the Cederberg municipal area was the lowest in the WCD during the year. The matric pass rate also dropped significantly over the three-year period, from 89.5 per cent in 2016 to 84.1 per cent in 2018, with the most significant decline occurring between 2016 and 2017.

While learner enrolment improved in the Bergrivier municipal area between 2016 and 2017, there was a slight decline between 2017 and 2018 – from 8 309 learners in 2017 to 8 298 learners in 2018. Although learner enrolment increased by only 1.2 per cent in 2017, there was a significant deterioration in the learner-teacher ratio in the same year, from 25.6 learners per teacher in 2016 to 27.2 learners per teacher in 2017. In 2018, the learner-teacher ratio improved to 26.4 learners per teacher, but remained 0.8 percentage points higher than the ratio in 2016.

Table 4.5 Educational development within Bergrivier, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	8 212	-	25.6	-	68.3	-	92.6	-
2017	8 309	1.2	27.2	6.1	78.4	10.1	87.0	-5.6
2018	8 298	-0.1	26.4	-2.7	68.5	-9.9	85.7	-1.3

Source: Western Cape Education Department, 2018

The Grade 10 to 12 retention rate in the Bergrivier municipal area improved significantly in 2017. Between 2016 and 2017, the retention rate improved by 10.1 percentage points, from 68.3 per cent in 2016 to 78.4 per cent in 2017. However, the substantial increase may have had a detrimental effect on the matric pass rate, which dropped from 92.6 per cent in 2016 to 87.0 per cent in 2017. In 2018, the retention rate dropped by a staggering 9.9 percentage points, which brought the retention rate in 2018 close to the rate observed in 2016. However, the matric pass rate declined further to 85.7 per cent in 2018. Despite the year-on-year declines in the matric pass rate in the Bergrivier municipal area, the matric pass rate in the region was the highest in the WCD in 2018.

Table 4.6 provides an overview of the educational development in the Saldanha Bay municipal area.

Table 4.6 Educational development within Saldanha Bay, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	16 886	-	29.9	-	70.5	-	81.3	-
2017	17 584	4.1	30.2	1.1	68.7	-1.8	84.3	3.0
2018	18 314	4.2	29.9	-1.1	67.7	-1.0	79.8	-4.5

Source: Western Cape Education Department, 2018

There was a substantial increase in learner enrolment numbers in the region between 2016 and 2018, from 16 886 learners in 2016 to 18 314 learners in 2018. In line with population dynamics, the Saldanha Bay municipal area had the highest enrolment numbers in the WCD. While there was a slight increase in the learner-teacher ratio between 2016 and 2017, there was an equal reduction in the ratio between 2017 and 2018. As such, the learner-teacher ratio in 2018 - 29.9 learners per teacher – remained unchanged from that in 2016.

The Grade 10 to 12 retention rate deteriorated year-on-year in the Saldanha Bay municipal area between 2016 and 2018, from 70.5 per cent in 2016 to 67.7 per cent in 2018. The 1.8 percentage point decline in the retention rate in 2017 coincided with a

3.0 percentage point increase in the matric pass rate, from 81.3 per cent in 2016 to 84.3 per cent in 2017. However, despite the reduction in the retention rate in 2018, which is usually inversely correlated with the matric pass rate, the matric pass rate dropped significantly to 79.8 per cent in 2018.

Between 2016 and 2018, learner enrolment numbers increased consistently year-on-year in the Swartland municipal area, from 17 356 learners in 2016 to 17 939 in 2018. While the learner-teacher ratio increased by 2.4 per cent between 2016 and 2017, in 2018 the number of learners per teacher decreased from 30.2 learners per teacher in 2017 to 29.7 in 2018.

Table 4.7 Educational development within Swartland, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	17 356	-	29.5	-	76.8	-	89.4	-
2017	17 647	1.7	30.2	2.4	79.8	3.0	83.5	-5.9
2018	17 939	1.7	29.7	-1.7	68.0	-11.8	84.5	1.0

Source: Western Cape Education Department, 2018

Although the Swartland municipal area had the highest Grade 10 to 12 retention rate in the WCD in 2016 and 2017, the retention rate dropped substantially in 2018. The Swartland municipal area's retention rate dropped by 11.8 percentage points during the year, from 79.8 per cent in 2017 to 68.0 per cent in 2018. While the retention rate improved between 2016 and 2017, the matric pass rate dropped substantially over the same period, from 89.4 per cent to 83.5 per cent. While a slight improvement of 1.0 percentage point was observed in 2018, given the sharp decline in the retention rate, the improvement may have been merely due to the high number of dropouts between Grade 10 and 12.

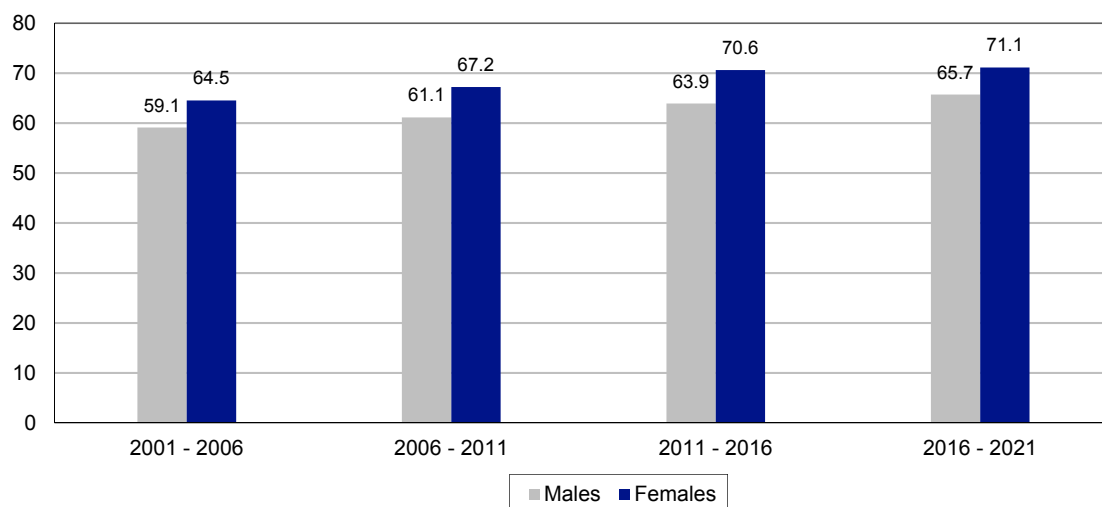
4.5 Health

The health conditions of persons living within the WCD are analysed in this section by looking at the prevalence of tuberculosis (TB), human immunodeficiency virus (HIV), infant mortality rates, maternal death rates, and teenage pregnancies.

4.5.1 Life expectancy

Figure 4.6 provides an overview of the average life expectancy at birth in the Western Cape Province between 2001 and 2021. As pointed below, the average life expectancy has increased year-on-year for both males and females over the reference period, with the average life expectancy of females being higher than that of males.

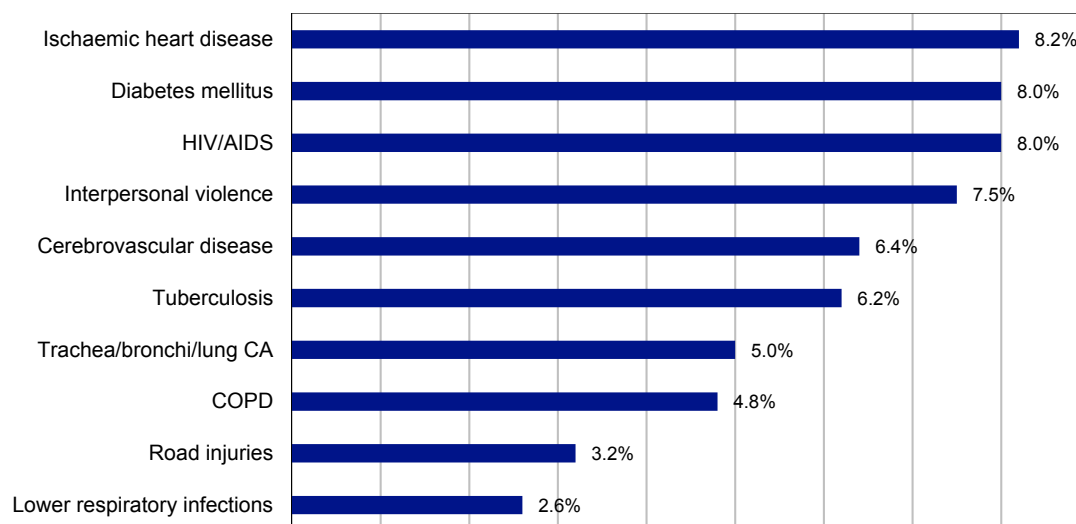
The average life expectancy for males has increased from the five-year average of 59.1 years between 2001 and 2016 to an estimated five-year average of 65.7 years between 2016 and 2021. The average life expectancy of females has increased from 64.5 years to an estimated 71.1 years over the same period.

Figure 4.6 Average life expectancy at birth, Western Cape Province, 2001 - 2021

Source: Statistics South Africa, 2019

4.5.2 Mortality

Figure 4.7 provides the top ten causes of death in the Western Cape Province. In 2016, the leading cause of death in the Western Cape Province was ischaemic heart disease. Ischaemic heart disease accounted for 8.2 per cent of all deaths in the Province, followed by diabetes mellitus and HIV/AIDS, which each accounted for 8.0 per cent of total deaths.

Figure 4.7 Top ten causes of death, Western Cape Province, 2016

Source: Western Cape Health Department, 2019

Table 4.8 provides a comparison of the top ten injury-related death rates by cause between the WCD and Western Cape Province in terms of the age-standardised death rate (ASR)²⁹.

Table 4.8 Top ten injury-related death rates by cause, West Coast District and Western Cape Province, 2016

Western Cape Province			West Coast District	
Rank	External cause	ASR	External cause	ASR
1	Assault: sharp object	23.8	Assault: sharp object	17.4
2	Assault w/incl firearm	18.5	RTA: motor vehicle	13.6
3	RTA: pedestrian	11.2	Accident: drowning	9.5
4	Suicide	11.0	Suicide	8.3
5	RTA: motor vehicle	10.2	RTA: pedestrian	7.1
6	Assault: blunt force	6.6	Assault: blunt force	4.0
7	Accident: fire	5.3	Accident: other	2.6
8	Accident: drowning	3.8	Accident: fire	2.0
9	Accident: falls	3.8	Accident: overdose/poisoning	1.6
10	Accident: other	3.6	Assault w/incl firearm	1.5

Source: Western Cape Health Department, 2019

The main cause of injury-related death in both the WCD and the Western Cape Province in 2016 was assault with a sharp object, accounting for 17.4 per 100 000 people and 23.8 per 100 000 people of all injury-related deaths in the District and the Province, respectively. In the WCD, the second-highest contributor to injury-related deaths in 2016 were road traffic accidents involving motor vehicles (13.6 per 100 000 people). The incidence of motor vehicle road traffic accidents was higher than that of the Province, in which such incidents accounted for 10.2 per 100 000 people of injury-related deaths. Accidental drowning and suicide were other main causes of injury-related death in the WCD in 2016, accounting for 9.5 per 100 000 people and 8.3 per 100 000 people respectively.

4.5.3 HIV/AIDS and TB

According to estimates based on the Thembisa model ³⁰, an estimated 13.5 per cent of the South African population is HIV positive as of 2019. In the Western Cape, the estimated prevalence rate of HIV/AIDS is 6.7 per cent.

Table 4.9 provides an overview of the trends in HIV testing, treatment and outcomes in the WCD between 2015/16 and 2018/19.

²⁹ The age-standardised death rate is a weighted mean of the age-specific death rates using a standard population and expressed per 100 000 population (Western Cape Health Department, 2018).

³⁰ The Tembisa model is used to calculate the prevalence of HIV in South Africa. The model has been developed specifically for South Africa, to provide an accurate estimate of HIV prevalence using age-specific HIV data (Thembisa Project, 2017).

Table 4.9 Trends in HIV testing, treatment and outcome, West Coast District, 2015/16 - 2018/19

	2015/16	2016/17	2017/18	2018/19
Known HIV+ (Tested; n)	17 623	19 155	20 209	20 728
Of which: Clients started but no longer on ART (%)	29.1	31.6	35.9	47.6
Of which: Clients on ART (%)	37.8	43.6	51.3	57.3
Of which: Clients with confirmed viral suppression (%)	69.7	72.6	71.4	68.3

Source: Western Cape Health Department, 2019

The number of people with a known HIV positive status has increased from 17 623 people in 2015/16 to 20 728 people in 2018/19. Over the same period, there has also been a substantial increase in the proportion of people who are on Anti-Retroviral Treatment (ART), from 37.8 per cent in 2015/16 to 57.3 per cent in 2018/19.

Despite the increase in the number of clients on ART, there has also been a significant increase in the number of clients who started ART but are no longer receiving treatment, from 29.1 per cent in 2015/16 to 47.6 per cent in 2018/19. This may be the cause of the reduction in clients who have confirmed viral suppression. Although there was an improvement from 69.7 per cent in 2015/16 to 72.6 per cent in 2016/17, since then there have been year-on-year decreases in the proportion of clients with confirmed viral suppression to 68.3 per cent in 2018/19.

Table 4.10 provides an overview of the TB notification and outcomes in the WCD between 2016/17 and 2018/19.

Table 4.10 Trends in TB notification and outcomes, West Coast District, 2016/17 - 2018/19

	2016/17	2017/18	2018/19
TB programme success rate (%)	81.5	83.8	83.4
TB client lost to follow up (%)	10.4	8.8	9.0
TB client death rate (%)	4.7	4.1	3.8
TB/HIV co-infected (%)	26.6	25.3	26.2
TB MDR treatment success rate (%)	57.3	52.2	50.9

Source: Western Cape Health Department, 2019

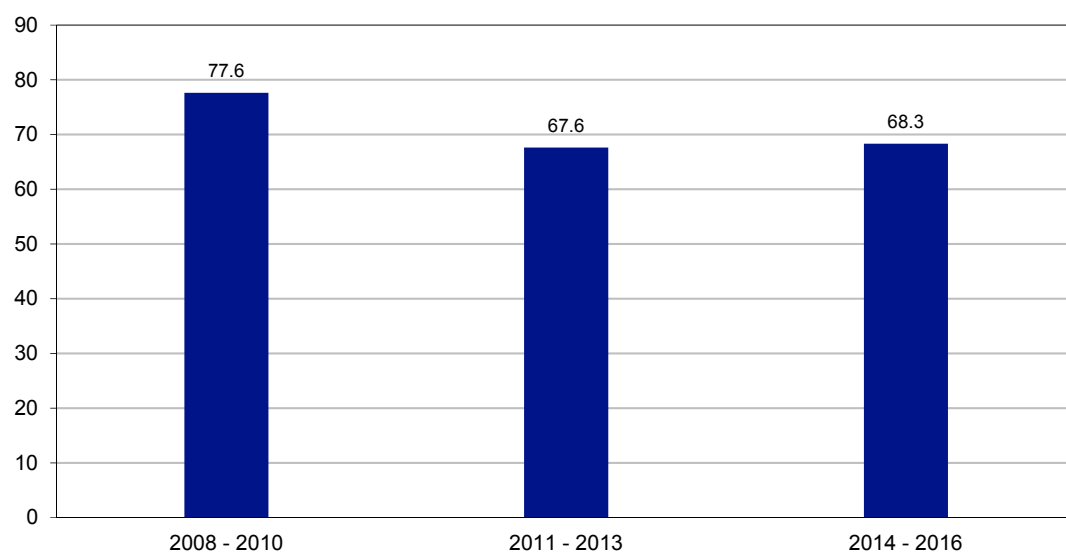
The public health TB programme experienced an increase in its success rate between 2016/17 and 2017/18, from 81.5 per cent to 83.8 per cent. Over the period, the number of TB clients lost to follow up declined from 10.4 per cent to 8.8 per cent and the TB client death rate decreased from 4.7 per cent to 4.1 per cent. The proportion of TB clients who were co-infected with HIV also declined, from 26.6 per cent to 25.3 per cent between 2016/17 and 2017/18.

In 2018/19, there were deteriorations in the treatment of TB clients in the WCD. The programme success rate decreased marginally to 83.4 per cent. The number of clients lost to follow up increased to 9 per cent and the proportion of TB clients who were co-infected with HIV increased to 26.2 per cent. Positively, the TB client death rate declined further to 3.8 per cent in 2018/19.

4.5.4 Infant, child and maternal health

Figure 4.8 indicates the maternal death rates for three three-year periods in the Western Cape Province between 2008 and 2016. As pointed below, the maternal mortality rate dropped significantly between the first two periods, from 77.6 per 100 000 live births between 2008 and 2010 to 67.6 per 100 000 live births between 2011 and 2013. Between 2014 and 2016, however, there has been a slight increase in the number of maternal deaths to 68.3 per 100 000 live births, despite improved outcomes in antenatal visits.

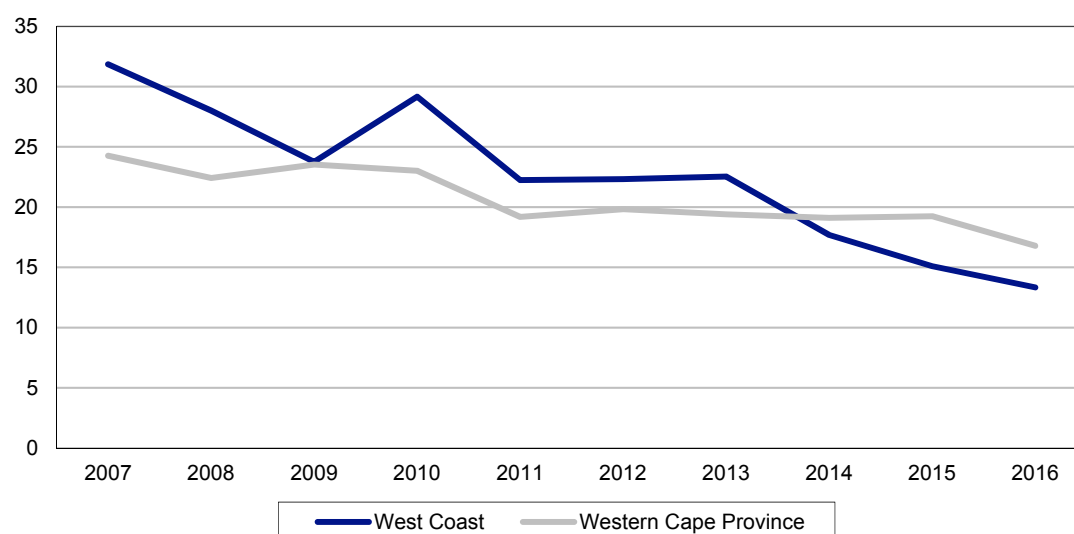
Figure 4.8 Maternal death rates per 100 000 live births, Western Cape Province, 2008 - 2016



Source: Western Cape Health Department, 2019

Figure 4.9 illustrates the infant mortality rates in the WCD and the Western Cape Province between 2007 and 2016.

Figure 4.9 Infant mortality rates per 1 000 live births, West Coast District and Western Cape Province, 2007 - 2016



Source: Western Cape Health Department, 2019

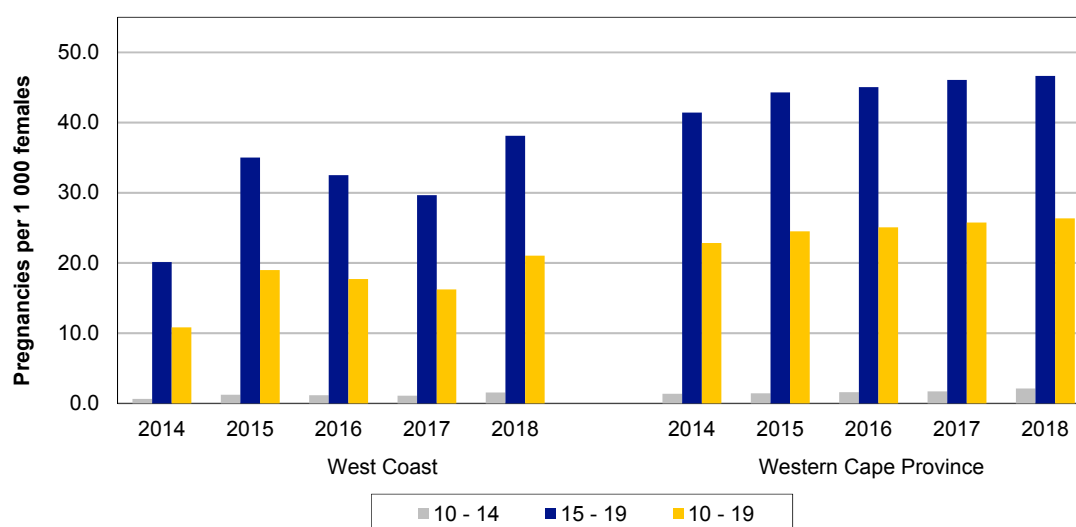
In both the District and the Province, infant mortality rates have been decreasing year-on-year. Between 2007 and 2013, the infant mortality rate in the WCD was higher than that of the Province. However, due to substantial declines between 2014 and 2016, the WCD registered lower infant mortality rates than that of the Province in 2016.

Between 2007 and 2009, the infant mortality rate in the WCD decreased from 31.9 infant deaths per 1 000 live births in 2007 to 23.8 infant deaths per 1 000 live births in 2009. In 2010, however, there was a significant increase to 29.2 infant deaths per 1 000 live births. Between 2011 and 2013, the number of infant deaths remained relatively constant, with a significant decline in 2014, from 22.5 infant deaths in 2013 to 17.7 infant deaths in 2014. Since 2013, there have been year-on-year decreases in the infant mortality rate in the WCD, with 13.3 infant deaths per 1 000 live births occurring in 2018.

4.5.5 Teenage pregnancy

Figure 4.10 provides an overview of the teenage fertility rates in the WCD and Western Cape Province between 2014 and 2018. The teenage fertility rate is the number of pregnancies per 1 000 females aged between 15 and 2019.

Figure 4.10 Teenage fertility rates, West Coast District and Western Cape Province, 2014 - 2018



Source: Western Cape Health Department, 2019

For each year in the reference period, the number of pregnancies amongst females between the ages of 10 and 19 in the District has been lower than that of the Province. In the age 10 to 14 category, the number of pregnancies increased significantly between 2014 and 2015, from 0.6 pregnancies per 1 000 females to 1.2 pregnancies per 1 000 females. Thereafter, between 2015 and 2017, the number of pregnancies declined to 1.1 pregnancies per 1 000 females in 2017. In 2018, another increase was experienced, to 1.5 pregnancies per 1 000 females in the age 10 to 14 category.

The number of pregnancies in the age 15 to 19 category also increased significantly in the WCD between 2014 and 2015, from 20.1 pregnancies per 1 000 females in 2014 to 35 pregnancies per 1 000 females in 2015. In the two years following 2015, the number of pregnancies in this age category decreased year-on-year to 29.6 pregnancies per 1 000 females in 2017. In 2018, there was another significant spike in the fertility rate, with 38.1 pregnancies per 1 000 females being recorded amongst females between the ages of 15 and 19.

4.6 Housing and municipal services

Access to decent formal housing is regarded as a basic human right and is an important indicator of the level of human development within an economy. Table 4.11 shows the different types of dwellings for households living within the West Coast region in 2018.

Table 4.11 Number of dwellings, West Coast District, 2018

Dwelling type	West Coast District Number	Matzikama Number	Cederberg Number	Bergervier Number	Saldanha Bay Number	Swartland Number
House or brick structure on a separate stand or yard	95 324	16 205	12 927	14 579	26 342	25 271
Traditional dwelling/hut/structure made of traditional materials	722	105	145	201	155	115
Flat in a block of flats	2 207	447	307	350	396	706
Town/cluster/semi-detached house (simplex, duplex or triplex)	5 111	1 242	578	1 223	456	1 613
House/flat/room, in backyard	1 609	320	153	394	288	453
Informal dwelling/shack,	12 154	1 927	1 700	633	5 686	2 209
Room/flatlet not in backyard but on a shared property	858	111	67	383	141	155
Other/unspecified/NA	1 457	298	189	367	222	380
Total	119 443	20 656	16 067	18 132	33 686	30 903

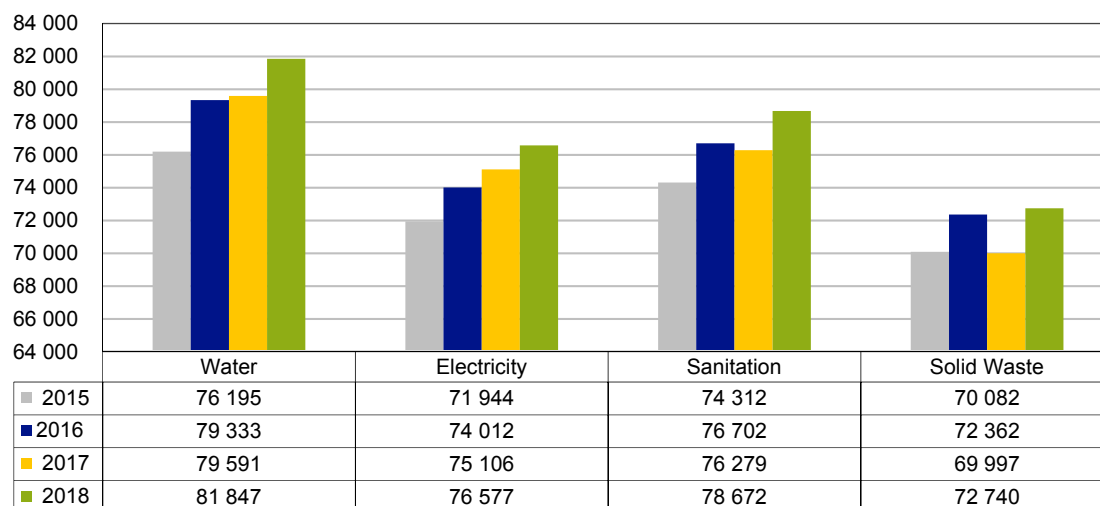
Source: Quantec Research, 2019

The most common dwelling type in the WCD was house or brick structures on a stand or yard – 79.8 per cent of the population in the WCD resided in dwellings of this type. The highest proportion of the population that resided in dwellings of this type were located in the Swartland (81.8 per cent), Cederberg (80.5 per cent) and Bergervier (80.4 per cent) municipal areas.

The second most common dwelling type in the WCD was informal dwellings or shacks, with 10.2 per cent of the WCD's population residing in these types of dwellings. The prevalence of informal dwellings or shacks was highest in the Saldanha Bay municipal area (16.9 per cent), followed by the Cederberg municipal area (10.6 per cent).

Figure 4.11 illustrates the number of consumers with access to water, electricity, sanitation and solid waste removal services.

Figure 4.11 Access to basic services, West Coast District, 2015 - 2018



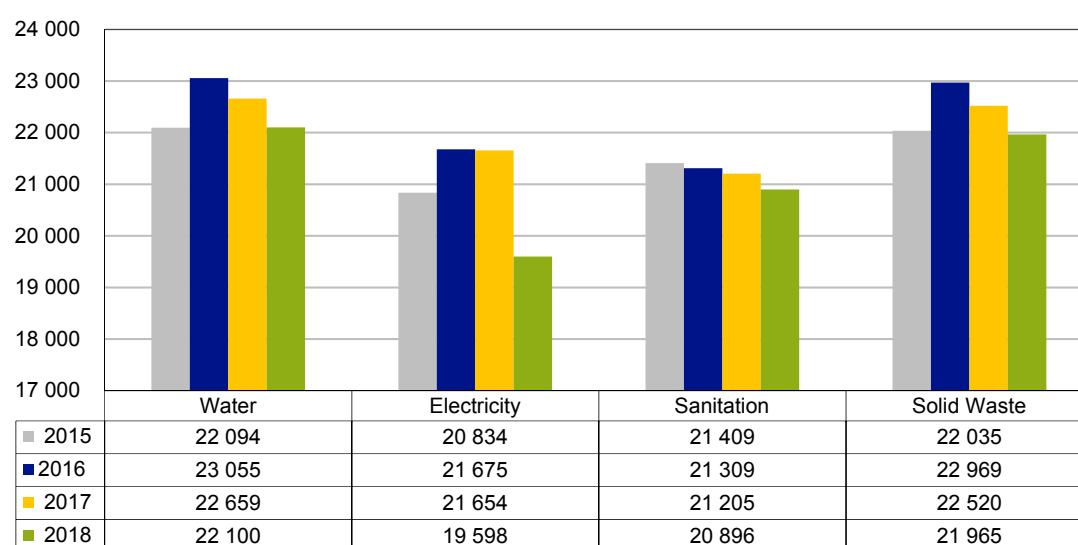
Source: Non-financial Census of Municipalities, Stats SA; Quantec Research 2019

Over the reference period, access to services in the WCD has increased. Access to water services has increased by an average annual rate of 2.4 per cent since 2015, while access to electricity services increased by 2.1 per cent per annum on average since 2015. Access to sanitation and solid waste removal services increased by an average annual rate of 1.9 per cent and 1.3 per cent respectively.

Between 2016 and 2017 there was a slight dip in access to sanitation and solid waste removal services, but access has since increased. The highest increase in access to services in 2018 was the increase of 2 743 consumers with access to solid waste removal services.

Figure 4.12 illustrates the number of households with access to free basic services. Free basic services are available to households who qualify as indigent households. In 2018, the WCD had approximately 22 190 indigent households, with the majority residing in the Saldanha and Swartland municipal areas³¹.

³¹ Stats SA (2019)

Figure 4.12 Access to free basic services, West Coast District, 2015 - 2018

Source: Non-financial Census of Municipalities, Stats SA; Quantec Research 2019

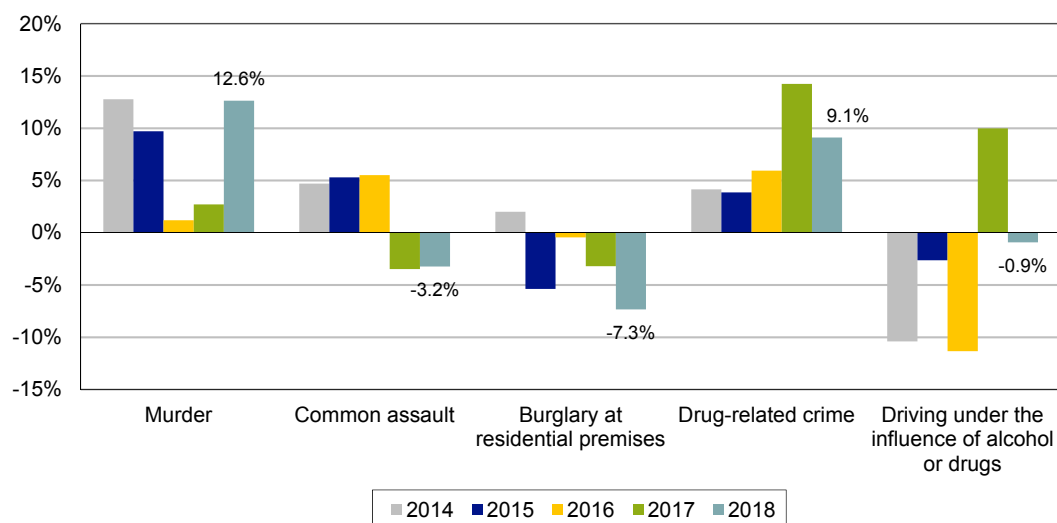
The number of indigent households receiving free basic services is decreasing across the District. Free basic access to electricity decreased the most between 2017 and 2018 with 2 056 fewer households receiving free electricity in the District.

4.7 Crime

Figure 4.13 provides an overview of the growth rates in the Western Cape Province for selected crime categories. In terms of year-on-year growth rates, the growth rate of drug-related crime exceeded that of all other crime categories between 2016 and 2017. However, in 2018, the murder growth rate increased to 12.6 per cent, exceeding that of drug-related crimes (9.1 per cent).

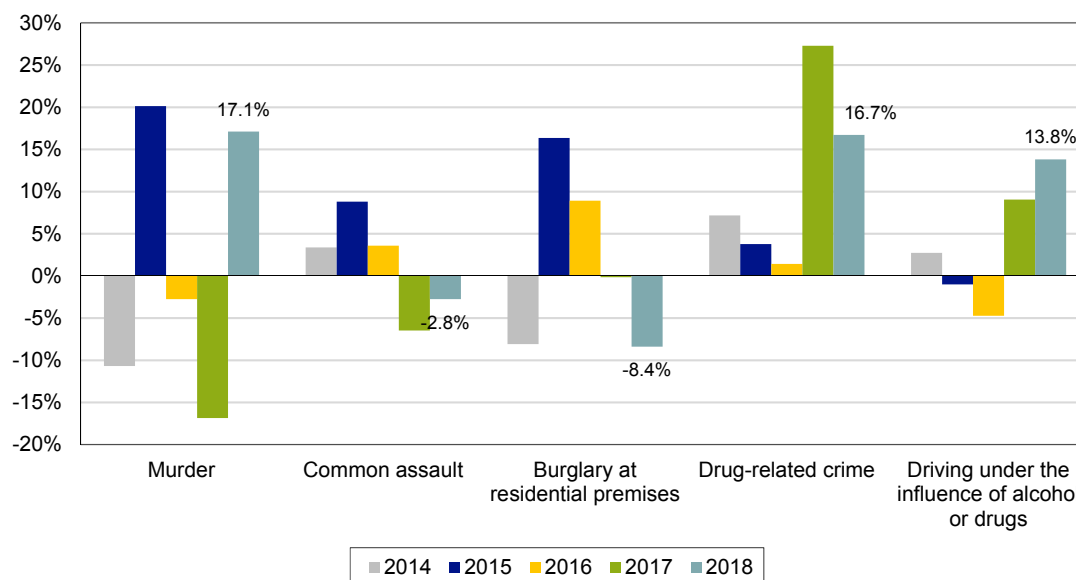
The incidence of drug-related crime vastly surpassed any other category of crime in the Western Cape Province. Concerningly, the incidence of such crime increased year-on-year between 2014 and 2018, from 1 408.7 incidents per 100 000 persons in 2014 to 1 769.4 incidents per 100 000 persons in 2018. The incidence of murder also increased over the period, from 47.9 incidents per 100 000 persons in 2014 to 56.3 incidents per 100 000 persons in 2018.

Positively, the incidence of the three other crime categories analysed – common assault, burglary at residential premises, and driving under the influence of alcohol or drugs – decreased over the reference period. The incidence of common assault declined from a five-year high of 651.1 incidents per 100 000 persons in 2016 to a five-year low of 582.6 incidents per 100 000 persons in 2018. The incidence of burglary at residential premises declined year-on-year from 832.7 incidents in 2014 to 644.3 incidents in 2018. The number of incidents of driving under the influence of alcohol or drugs fluctuated over the five-year period. However, the incidence of such crime has been on a decreasing trend, from 224.0 incidents per 100 000 persons in 2014 to 193.0 incidents per 100 000 persons in 2018.

Figure 4.13 Growth rates in reported crime categories, Western Cape, 2014 - 2018

Source: SAPS; Quantec, 2019

Figure 4.14 shows the trends in the reported crime categories in the WCD. Between 2015 and 2016, all crime categories analysed experienced a decline in respective growth rates. However, in 2017 there was a sharp increase in the growth rate of drug-related crime. The following year the growth rate dropped slightly. Although the growth rate of drug-related crime was on a downward trend, the growth rate of crimes involving murder increased significantly between 2017 and 2018.

Figure 4.14 Growth rates in reported crime categories, West Coast District, 2014 - 2018

Source: SAPS; Quantec, 2019

In terms of incidents per 100 000 persons, the prevalence of drug-related crime is substantially higher than the other crime categories under assessment, with substantial increases experienced between 2014 and 2018. Over the five-year period, the incidence of drug-related crime increased from 1 311.5 incidents per 100 000 persons

to 1 868.2 incidents per 100 000 persons. Another crime category which saw an increase in the frequency of occurrence was driving under the influence of alcohol or drugs, albeit marginal. Between 2014 and 2016, there was a downward trend in the occurrence of such crime, from 124.4 incidents per 100 000 persons to 111.8 incidents per 100 000 persons. Between 2016 and 2018, however, the incidence of driving under the influence increased to 132.6 incidents per 100 000 persons.

The incidence of murder fluctuated over the period between 2014 and 2018. In 2015, the incidence of murder increased from 28.5 incidents per 100 000 persons in 2014 to a five-year high of 33.4 incidents per 100 000 persons. Thereafter, between 2015 and 2017, the incidence of murder dropped to a five-year low of 25.8 incidents per 100 000 persons. In 2018, however, the incidence of murder increased yet again to 29.5 incidents per 100 000 persons.

Positively, the incidence of common assault decreased year-on-year between 2016 and 2018, from 685.3 incidents per 100 000 persons in 2016 to 595.7 incidents per 100 000 persons in 2018. While burglary at residential premises increased year-on-year between 2014 and 2016, there was a downward trend between 2016 and 2018, from 717.9 incidents per 100 000 persons in 2016 to 627.7 incidents per 100 000 persons in 2018.

4.8 Summary and conclusion

This chapter explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the WCD using selected indicators. Table 4.12 is a summary of recent changes in various socio-economic indicators in the WCD.

Table 4.12 Changes in selected socio-economic indicators, West Coast District

Indicator	West Coast District	Matzikama	Cederberg	Bergervier	Saldanha Bay	Swartland
Expected Population growth (2020 - 2024): WC DSD	1.5	1.0	1.2	1.7	1.7	1.8
Average GDP 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 trend (2017 - 2018): IHS Markit	Increase	Increase	Increase	Increase	Increase	Increase
Human Development Index trend (2017 - 2018): IHS 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	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.

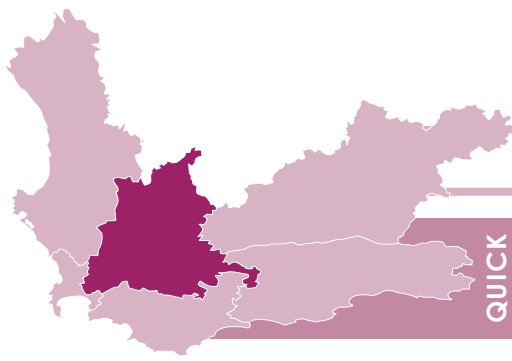
Due to the fast population growth and sluggish economic growth, these two municipal areas are experiencing, on average, an annual decline in GDPR per capita. The Bergrivier municipal area had the highest growth in GDPR per capita over the last decade at 1.5 per cent. On average, the average household 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

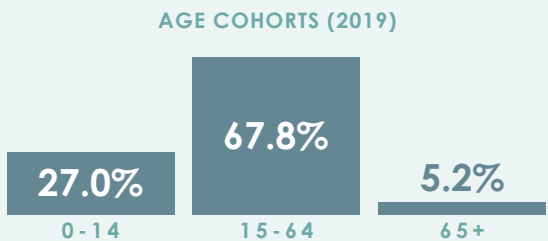
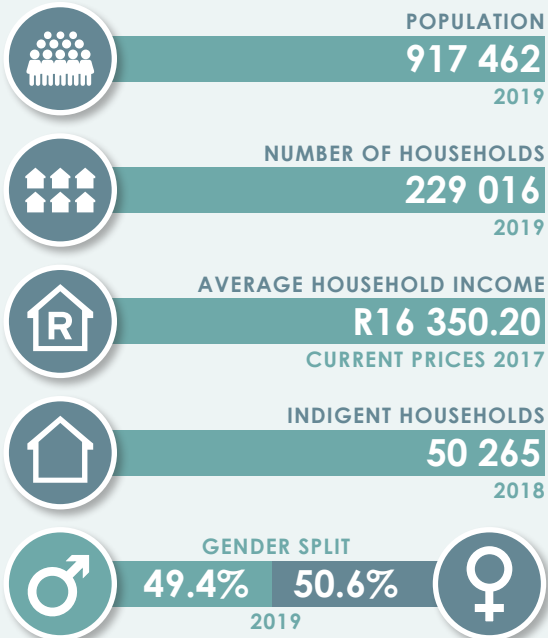


CAPE WINELANDS DISTRICT CWD

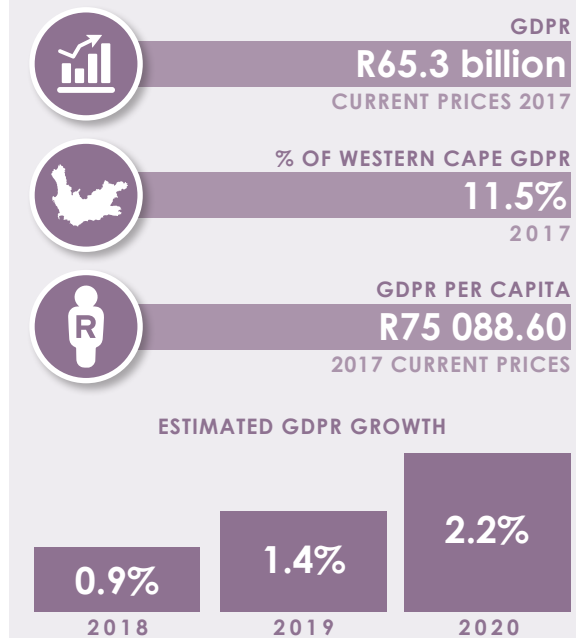
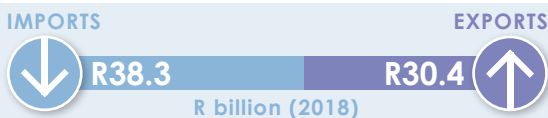
QUICK FACTS

Area	21 473 km ²
Density	37/km ²
Seat	Worcester
Cities/Towns	Paarl, Worcester, Stellenbosch, Wellington

DEMOGRAPHICS



TRADE



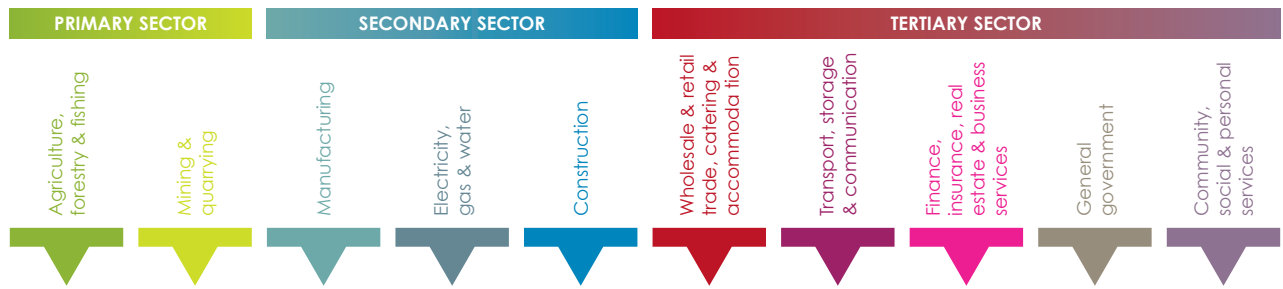
GROSS DOMESTIC PRODUCT



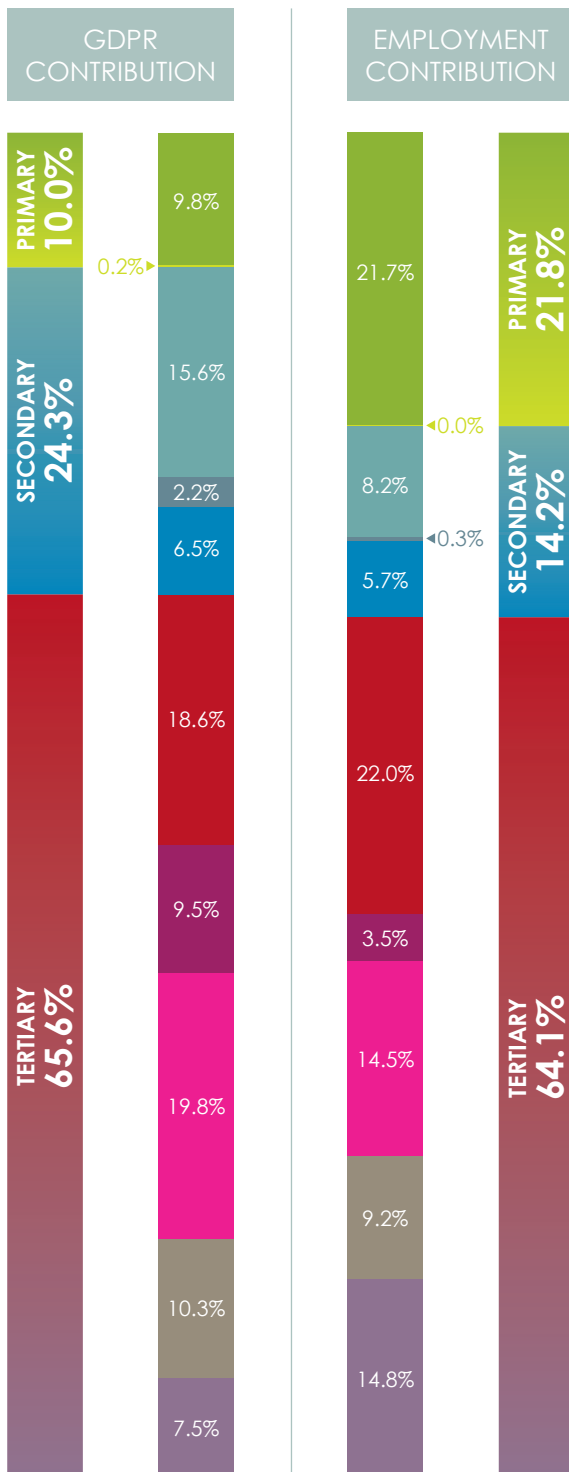
EMPLOYMENT



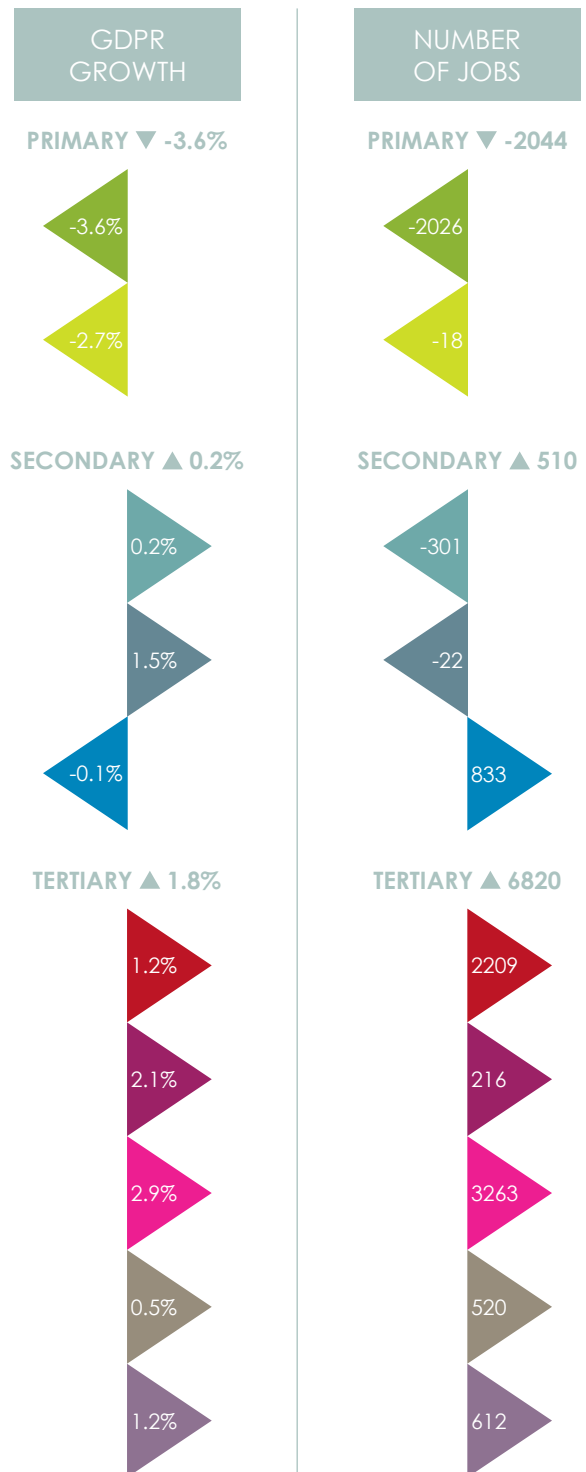
TOURISM



GROSS DOMESTIC PRODUCT AND EMPLOYMENT PER SECTOR (2017)



ESTIMATED GROSS DOMESTIC PRODUCT AND EMPLOYMENT SECTOR GROWTH (2018)





1

Regional economic review and outlook

1.1 Introduction

The Cape Winelands District (CWD) is the heart of the provincial wine industry and consists of five local municipalities, namely Drakenstein, Stellenbosch, Witzenberg, Breede Valley and Langeberg. The CWD is mostly rural in nature with an extensive agricultural industry; however, there are a number of small towns that function as nodes that are highly developed, such as Worcester, Paarl and Stellenbosch. The CWD covers 21 473 square kilometres of the District make up 16.6 per cent of the total 129 462 square kilometres of the Western Cape Province.

This chapter provides a macroeconomic outlook of the CWD, an overview of trends between 2008 and 2018 (estimated) and an outlook regarding GDP for 2019 and 2020.

1.2 Growth in GDPR performance

This section briefly discusses the size of the CWD's economy and the average GDPR contribution, and growth rates in the various municipal areas within the District municipality. The period under review for MERO 2019 is between 2008 and 2017, with 2018¹ figures being estimated.

1.2.1 GDPR performance per municipal area

As of 2017, the CWD's economy was valued at R65.3 billion, in current prices, which is was a contribution of 11.5 per cent to the GDPR of the Western Cape Province. The Drakenstein municipal area was the leading contributor to GDPR in 2017, followed by the Stellenbosch local municipal area. Collectively, these two municipal areas accounted for 56.7 per cent of total GDPR in 2017.

Table 1.1 Cape Winelands District GDPR contribution and average growth rates per municipal area, 2017

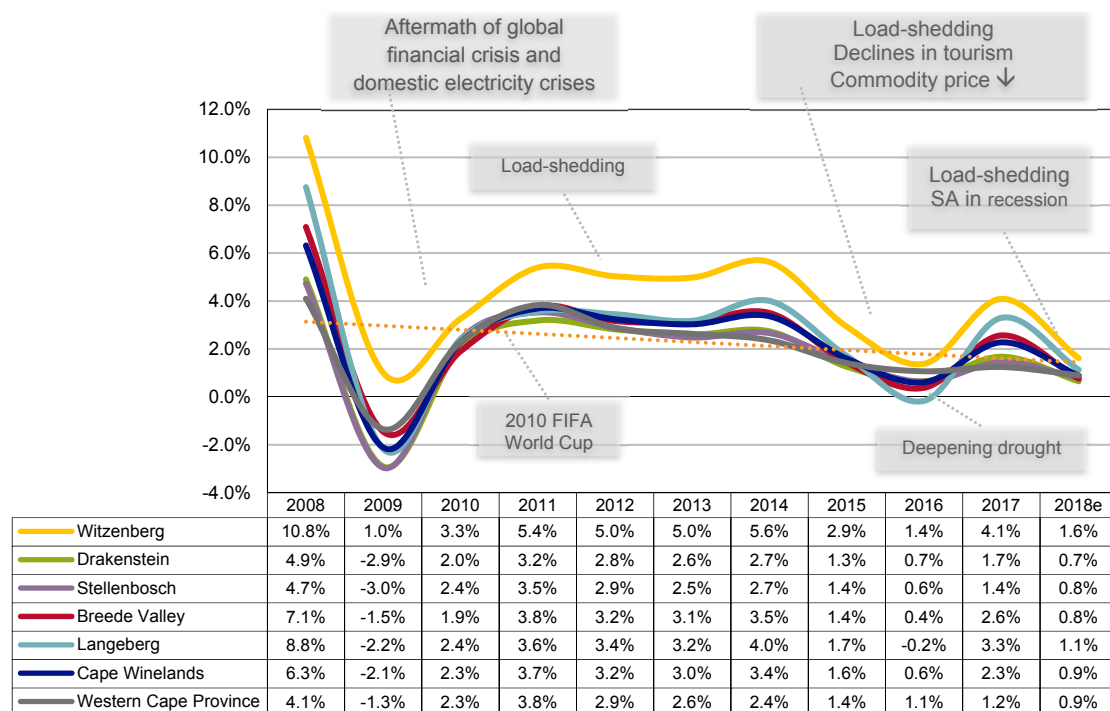
Municipality	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Witzenberg	8 973.0	13.7	4.5	1.6
Drakenstein	21 315.4	32.7	1.9	0.7
Stellenbosch	15 638.5	24.0	1.9	0.8
Breede Valley	12 561.7	19.2	2.5	0.8
Langeberg	6 788.0	10.4	2.8	1.1
Total Cape Winelands District	65 276.7	100	2.4	0.9
Western Cape Province	568 420.7	-	2.0	0.9

Source: Quantec Research, 2019 (e denotes estimate)

Between 2008 and 2017, the economy of the CWD grew at an average rate of 2.4 per cent, which is slightly higher than the 2.0 per cent average growth rate of the Western Cape Province. Over the ten-year period, areas with the smallest economies within the CWD - the Witzenberg and Langeberg municipal areas - had higher growth rates than other municipal areas in the District. This is due to the economies of the Witzenberg and Langeberg municipal areas growing from a smaller base than the bigger economies within the District.

The historical performance of the CWD's economy relative to major macro-level influences is provided in Figure 1.1 which offers insight into the municipal economies' susceptibility to exogenous factors.

¹ Statistics SA will only release official regional indicators for 2018 in 2020.

Figure 1.1 GDP growth per municipal area, Cape Winelands District, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

The growth of the CWD followed the growth trajectory of the Western Cape Province. This has been illustrated by the downward trend during the period of the global financial crisis (2008 - 2009), and the upsurge in economic activities post-2009 - possibly as a result of the 2010 FIFA World Cup.

The decline in economic activity experienced in 2015/16 in the Western Cape Province is similar to the trend that was faced by the entire South African economy. This period was characterised by low domestic aggregate economic activities, fuelled by electricity shortages, declining commodity prices and policy uncertainties, which had an impact on investment decisions². In turn, this had a negative effect on the supply and the associated demand of local produce and the export market³. While the economy of the CWD recovered slightly in 2017, the District has not been able to achieve the growth rates realised pre-2009 in any year over the reference period.

Between 2008 and 2017, the Witzenberg municipal area experienced the highest growth rates relative to the other local municipal areas in the CWD. Although the estimated growth rate for 2018 was lower than that of 2017, the Witzenberg municipal area continued to exceed the CWD's and Western Cape Province's average growth rates. With reference to Table 1.1, the high growth patterns evident in the Witzenberg municipal area are indicative of the economy growing from a small base. Overall, the CWD economy shows a downward trend in economic growth.

² Organisation for Economic Co-operation and Development (OECD) (2017)

³ International Bank for Reconstruction and Development (IBRD) (2018)

1.2.2 Sectoral GDPR performance

Table 1.2 indicates the CWD's GDPR performance per sector for 2017 with the ten-year average sectoral growth rate as well as an estimate for 2018.

Table 1.2 Cape Winelands District GDPR performance per sector, 2017

Sector	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Primary Sector	6 550.6	10.0	2.7	-3.6
Agriculture, forestry and fishing	6 422.7	9.8	2.8	-3.6
Mining and quarrying	127.8	0.2	0.8	-2.7
Secondary Sector	15 881.8	24.3	0.1	0.2
Manufacturing	10 172.4	15.6	-1.1	0.2
Electricity, gas and water	1 468.3	2.2	0.6	1.5
Construction	4 241.2	6.5	5.1	-0.1
Tertiary Sector	42 844.3	65.6	3.3	1.8
Wholesale and retail trade, catering and accommodation	12 133.6	18.6	3.4	1.2
Transport, storage and communication	6 175.7	9.5	2.8	2.1
Finance, insurance, real estate and business services	12 894.7	19.8	4.2	2.9
General government	6 732.1	10.3	2.3	0.5
Community, social and personal services	4 908.2	7.5	2.4	1.2
Total Cape Winelands District	65 276.7	100	2.4	0.9

Source: Quantec Research, 2019 (e denotes estimate)

The CWD is a service-based economy, as two-thirds of the District's GDPR was generated from the tertiary sector in 2017. The finance, insurance, real estate and business services sector is the main driver of the tertiary sector in the CWD (as illustrated by the 19.8 per cent contribution to GDPR). Estimates for 2018 indicate that the finance, insurance, real estate and business services sector grew at 2.9 per cent during the year, which is substantially higher than the average growth rate of 0.9 per cent estimated for the District in 2018. This suggests that the growth of the District's economy is highly dependent on the performance of its service industries.

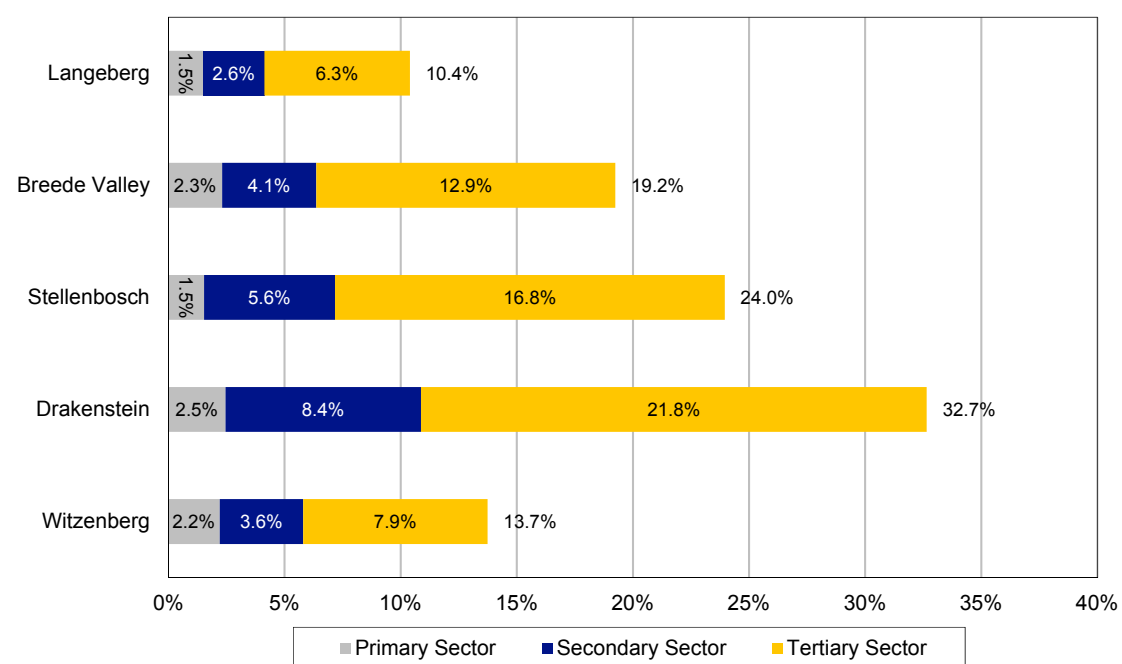
It should be noted that, although 10.0 per cent of the GDPR in the CWD was derived from the primary sector in 2017, there were minimal activities related to mining and quarrying. The GDPR from the mining and quarrying sector was estimated to be 0.2 per cent. In addition to its low contribution to GDPR, it is estimated that the primary sector experienced the greatest decline relative to other sectors' growth rates, which may be due to the drought affecting the productive and export capacity of this sector.

While the construction sector achieved the highest growth rates in the CWD between 2008 and 2017, estimates indicate this sector has contracted in 2018. Conversely, the manufacturing sector experienced average annual contraction of 1.1 per cent between 2008 and 2017. As the manufacturing sector contributed 64.1 per cent to the CWD's secondary sector (based on the 2017 GDPR, in current prices), the overall secondary sector stagnated over the ten-year period.

The manufacturing and agriculture, forestry and fishing sectors are well represented in the District, with the latter sector showing particular importance in the development of the economy, with a contribution of 9.8 per cent in 2017. Between 2008 and 2017, the agriculture, forestry and fishing sector achieved above-average growth rates. However, estimates for 2018 indicate a 3.6 per cent contraction in this sector, which may be due to the adverse effects of the Western Cape Province's drought.

Figure 1.2 indicates the CWD's GDP contribution by each broad sector in the various municipal areas in 2017. While the distribution of sectors was proportional across municipal areas, the dominance of the tertiary sector is evident in each municipal area.

Figure 1.2 GDP contribution per municipal area, Cape Winelands District, 2017 (%)

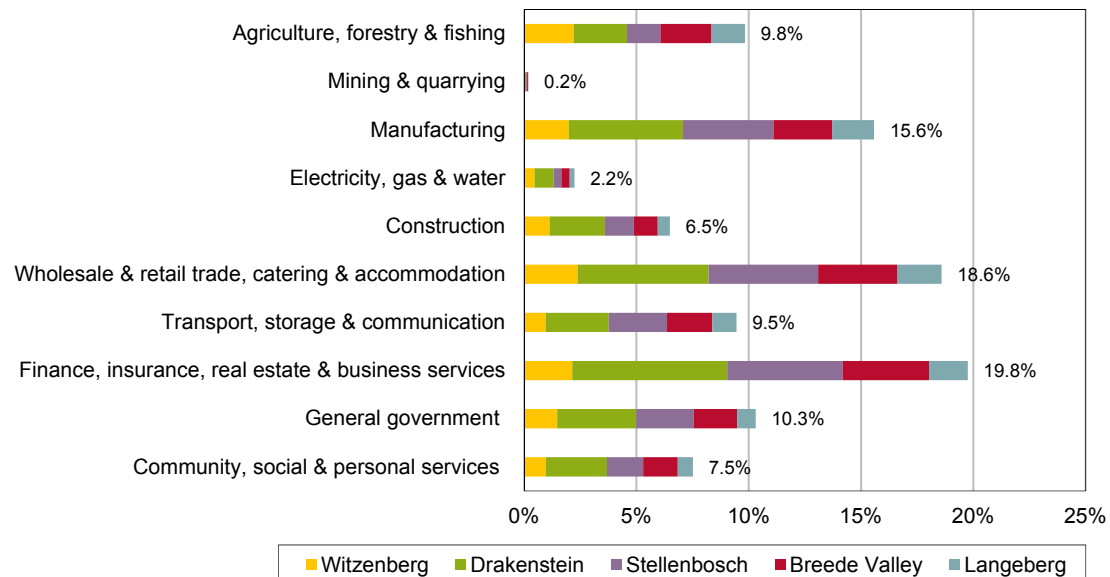


Source: Quantec Research, 2019

The provision of services in business centres in the main towns such as Paarl, Stellenbosch, Worcester, Robertson and Ceres are essential for attracting and retaining businesses in the tertiary or services sector. Town planning services relating to approvals of applications as well as spatial development planning also play an important role in making central business districts attractive to potential investors in this sector.

Figure 1.3 examines the concentration of sectors per municipal area. The discussion is premised on identifying if there are local municipalities that are more focused on a sector compared to the norm of the CWD.

Figure 1.3 Cape Winelands District GDPR contribution per sector, 2017 (%)



Source: Quantec Research, 2019

Figure 1.3 shows that mining and quarrying activities in the CWD mainly occurs in the Breede Valley municipal area. Barring the mining and quarrying sector, there are activities from each of the sectors in every area. Furthermore, in relation to the biggest economies, much of the output is derived from the wholesale and retail trade, catering and accommodation, and finance, insurance, real estate and business services sectors.

1.2.3 GDPR performance per sector forecast (outlook)

Table 1.3 indicates the GDPR forecast per sector for 2019 and 2020 in the CWD. It is estimated that the GDPR of the CWD will grow by 1.4 per cent in 2019. Forecasts indicate that the growth rate will increase to 2.2 per cent in 2020. Overall, the trend suggests that the GDPR of the CWD is expected to increase by 3.4 per cent between 2019 and 2023.

Although the electricity, gas and water sector makes a relatively small contribution to the GDPR of the CWD, it has been projected that this sector will grow by 1.5 per cent in 2019. Forecasts also indicate that growth in this sector will spike upwards, to achieve a growth rate of 3.5 per cent in 2020. Overall, it is anticipated that the electricity, gas and water sector will grow by 4.9 per cent between 2019 and 2023.

The construction sector is the second largest contributor to GDPR to the secondary sector, though it is noticeably smaller than the manufacturing sector. It is forecasted however that the construction sector will grow by 0.5 per cent in 2019. Similar to the electricity, water and gas sector, the construction sector is expected to grow steadily

at 4.5 per cent in 2020, with an average growth rate of 7.7 per cent between 2019 and 2023. The construction sector has the greatest potential to sustain this rate in growth between 2019 and 2023 when compared to the probable expansion of the other sectors in the CWD.

The finance, insurance, real estate and business services sector is expected to grow at a higher rate than other sectors in the tertiary sector between 2019 and 2023, making it a key sector to overall economic growth in the CWD. The second largest contributor to GDP - wholesale and retail trade, catering and accommodation is expected to achieve above average growth rates over the period.

Table 1.3 GDP forecast per sector, 2019 - 2020 (%)⁴

Sector	2019f	2020f	Trend 2019 - 2023
Primary Sector			
Agriculture, forestry and fishing	2.5	-0.6	-0.8
Mining and quarrying	-1.3	1.8	1.0
Secondary Sector			
Manufacturing	-0.4	-0.3	-1.7
Electricity, gas and water	1.5	3.5	4.9
Construction	0.5	4.5	7.7
Tertiary Sector			
Wholesale and retail trade, catering and accommodation	1.8	3.0	5.3
Transport, storage and communication	1.7	3.3	4.9
Finance, insurance, real estate and business services	2.4	4.2	6.1
General government	-0.4	-0.8	-1.5
Community, social and personal services	1.5	2.2	3.2
Total	1.4	2.2	3.4

Source: Urban-Econ based on BER, 2019 (f denotes forecast)

1.3 Labour trend analysis

This subsection discusses some of the key employment trends by outlining which municipal areas are the largest contributors to employment creation in the CWD. It also highlights which areas experienced significant changes in terms of employment patterns. Furthermore, this subsection discusses the employment dynamics by identifying which sectors employ the most persons and attempts to highlight which sectors have contributed more in creating new job opportunities (or have experienced job losses) in the District.

1.3.1 Employment per municipal area

Table 1.4 indicates the status of employment in each local municipal area in the CWD, as well as the number of jobs created over a ten-year period. Furthermore, the table also indicates the estimated number of jobs created in 2018.

⁴ Based on provincial forecasts done in July 2019 – Bureau for Economic Research (BER).

In 2017, 385 548 people were employed in the CWD. Approximately fifteen out of every one hundred persons employed in the entire Western Cape Province, were employed in the District.

Table 1.4 Cape Winelands District employment growth, 2017

Municipality	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Witzenberg	16.3	62 953	9 309	1 180
Drakenstein	28.5	109 871	12 967	1 435
Stellenbosch	19.9	76 585	9 611	963
Breede Valley	21.7	83 615	7 927	1 231
Langeberg	13.6	52 524	5 373	477
Total Cape Winelands District	100	385 548	45 187	5 286
Western Cape Province	-	2 518 080	326 286	35 433

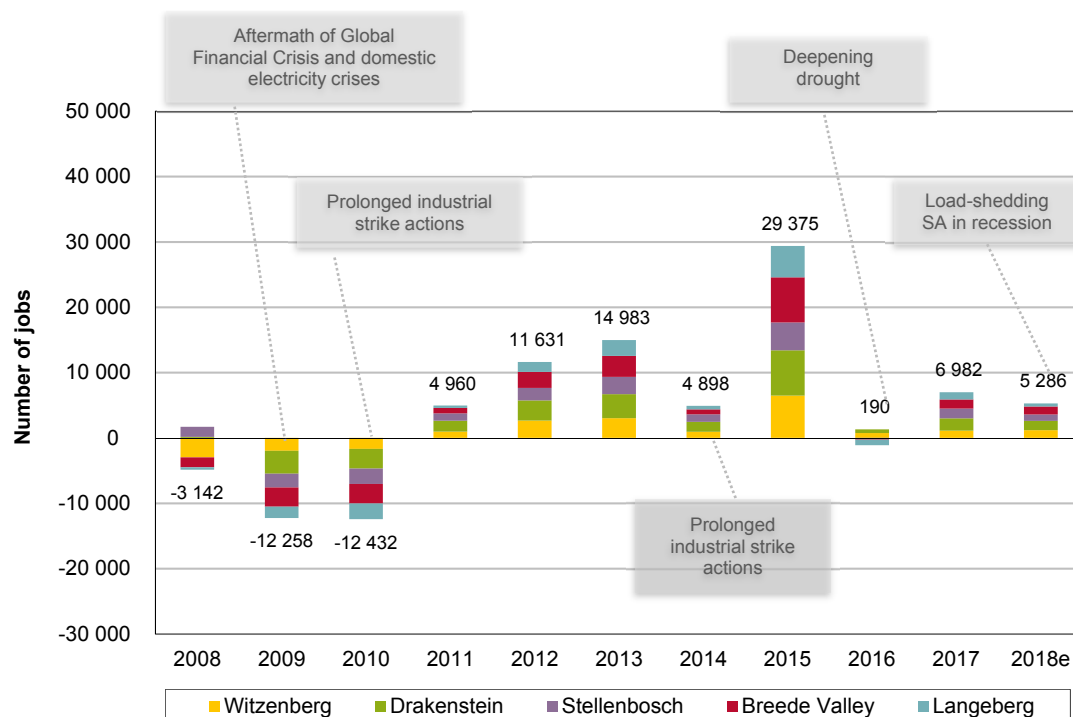
Source: Quantec Research, 2019 (e denotes estimate)

A further breakdown of the employment data shows that the Drakenstein municipal area employs the majority of working persons in the District, followed by the Breede Valley and Stellenbosch municipal areas. This is linked to the labour-intensive nature of the service industries.

Between 2008 and 2017, 45 187 jobs were created in the CWD. This equates to 4 519 jobs being created per annum. Although there was growth in employment in all the municipal areas, most employment opportunities were created in the Drakenstein and Stellenbosch municipal areas. Furthermore, the two biggest economies created more jobs over the ten-year period. Despite its small contribution to GDP, the Witzenberg municipal area made a significant impact in terms of employment creation relative to the size of its economy.

It is estimated that 5 286 more jobs were created in 2018 in the CWD. The recent increase and average number of jobs created over the ten-year period suggests that there is a positive trend in employment creation in the District. A growing tertiary sector primarily located in the bigger economies has resulted in more jobs being created in those economies.

Figure 1.4 illustrates the annual change in employment per municipal area in the CWD. On average, job creation patterns have followed the growth trends pertaining to GDP per municipal area (as illustrated in Figure 1.1).

Figure 1.4 Employment change per municipal area, Cape Winelands District, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

The macro-economic shocks which occurred in 2008/09 and 2015/16 had a negative effect on employment. Between 2008 and 2010, 27 832 jobs were lost in this period. It took the District approximately three years to offset these job losses⁵. The District's ability to create employment opportunities improved with the recovery of the economy. The positive trend in employment creation was disrupted by industrial actions which reoccurred in 2014.

In 2016, while certain local areas were vulnerable to macro-economic fluctuations, others managed to sustain job creation. In the Drakenstein and Witzenberg municipal areas, employment opportunities were created despite the tough economic conditions.

1.3.2 Sectoral employment

Table 1.5 indicates the status of employment per sector in the CWD, as well as the number of jobs created over a ten-year period, including estimates in 2018. Nearly two-thirds of the working persons in the CWD are employed in the tertiary sector, most of whom are engaged in the wholesale and retail trade, catering and accommodation sector.

⁵ Between 2011 and 2013, a total of 31 574 jobs were created, which is more than the number of job losses (27 832) that occurred between 2008 and 2010.

Table 1.5 Cape Winelands District employment per sector, 2017

Sector	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	21.8	84 015	-34 532	-2 044
Agriculture, forestry and fishing	21.7	83 829	-34 502	-2 026
Mining and quarrying	0.0	186	-30	-18
Secondary Sector	14.2	54 559	4 862	510
Manufacturing	8.2	31 461	-2 553	-301
Electricity, gas and water	0.3	1 034	327	-22
Construction	5.7	22 064	7 088	833
Tertiary Sector	64.1	246 974	74 857	6 820
Wholesale and retail trade, catering and accommodation	22.0	84 919	27 675	2 209
Transport, storage and communication	3.5	13 437	5 641	216
Finance, insurance, real estate and business services	14.5	55 979	19 127	3 263
General government	9.2	35 627	7 048	520
Community, social and personal services	14.8	57 012	15 366	612
Total Cape Winelands District	100	385 548	45 187	5 286

Source: Quantec Research, 2019 (e denotes estimate)

Further analysis pertaining to the sectoral breakdown shows that the mining and quarrying sector employed the fewest people in the District.

A total of 45 187 jobs were created between 2008 and 2017. The primary sector shed jobs in the previous ten-year period, with this trend expected to continue in 2018. These job losses were linked to drought-induced effects which constrained agricultural activities, particularly from 2015, which ultimately had an impact on the net jobs created in the primary sector.

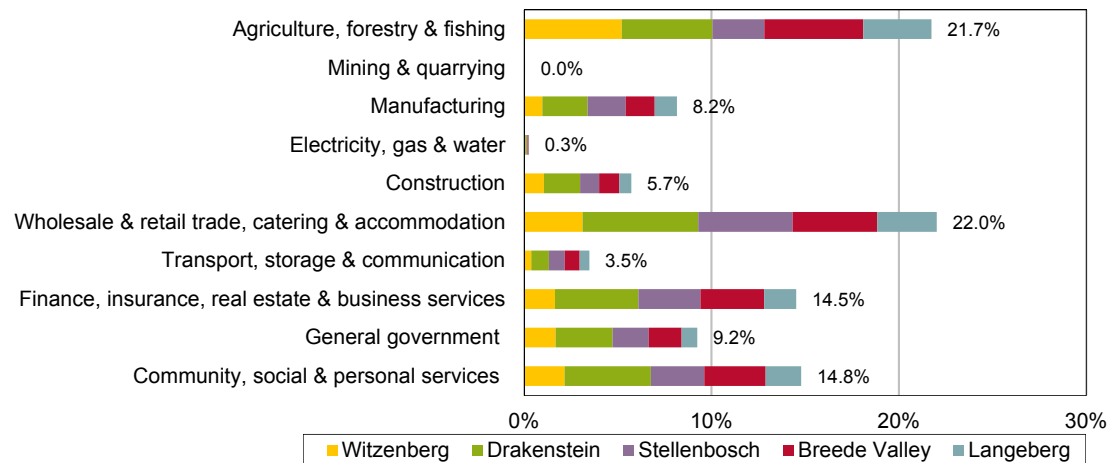
Contrary to the primary sector, the tertiary sector exhibited a positive trend in terms of employment. Furthermore, the largest sectors within the tertiary sector made a significant impact on employment creation, as the number of additional jobs created was proportional to their contribution to the district's employment base.

Regarding the secondary sector, there were two opposing forces from the sectors in relation to employment creation. The manufacturing sector - the largest employer within this sector - shed 2 553 jobs over the ten-year period, while 7 088 people were absorbed in the construction sector.

It is estimated that 5 286 new jobs were created in 2018, indicating an improvement from the previous decade's average growth trend. The agriculture, forestry and fishing sector has been consistently shedding jobs in the CWD. The tertiary sector, particularly the wholesale, retail trade and catering and accommodation, and finance and businesses services sectors, created more opportunities – which offset the decline in employment that had been experienced in other sectors. This suggests that the performance of service sectors have not only produced more output, but have also created more jobs in the CWD.

Figure 1.5 indicates the sectoral contribution to employment in each of the municipal areas of the CWD.

Figure 1.5 Sectoral employment contribution per municipal area, Cape Winelands District, 2017 (%)



Source: Quantec Research, 2019

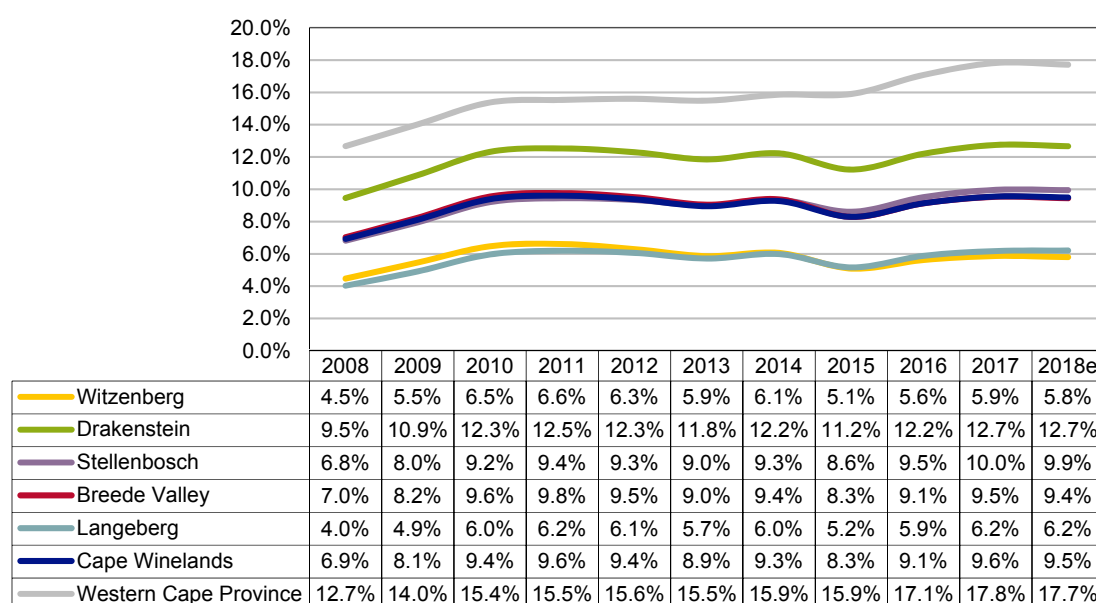
Barring the electricity, gas and water sector, the sectoral distribution of employment is similar across municipal areas, while the electricity, gas and water sector is more represented in the Witzenberg and Drakenstein municipal areas. The wholesale and retail trade, catering and accommodation, and finance and business services sectors have significantly contributed to employment creation in the CWD. For every one hundred persons hired in the CWD, nearly forty-four persons are employed in these two sectors (43.7 per cent⁶).

Figure 1.6 outlines the official unemployment rate for each of the municipal areas in the CWD.

Unemployed persons, according to the official definition are those (aged 15 - 64 years) who were not employed in the reference week, actively looked for work or tried to start a business in the four weeks preceding the survey interview and were available for work or had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available⁷.

⁶ Computed by summing the industry contributions to employment in Figure 1.5.

⁷ Statistics South Africa (2019)

Figure 1.6 Cape Winelands District unemployment rate, 2008 - 2018 (%)

Source: Quantec Research, 2019 (*e* denotes estimate)

Unemployment in the CWD was significantly lower than the provincial economy for each year in the reference period. With an average unemployment rate of 8.9 per cent over the period, the CWD registered unemployment rates 6.8 percentage points lower than the provincial average. Between 2008 and 2010, the unemployment rate in the CWD increased significantly from 6.9 per cent in 2008 to 9.4 per cent in 2010. Barring the decrease in 2015, the unemployment rate in the CWD has been relatively constant between 2010 and 2018, with a marginal improvement noted between 2017 and 2018.

The Drakenstein municipal area was the only region to experience unemployment rates significantly higher than that of the District average between 2008 and 2018. Over the reference period, the unemployment rate in the Drakenstein municipal area has increased from 9.5 per cent in 2008 to 12.7 per cent in 2018. The two municipal economies which experienced unemployment rates lower than the District average were the Witzenberg and Langeberg municipal areas, which registered an average unemployment rate of 5.8 per cent and 5.7 per cent over the period, respectively. While the unemployment rate has remained constant at 6.2 per cent in the Langeberg municipal area between 2017 and 2018, the Witzenberg municipal area has experienced a slight improvement of 0.1 percentage points over the same period.

1.4 Concluding remarks

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.



2

Sectoral growth, employment and skills per municipal area

2.1 Introduction

This chapter provides a macroeconomic outlook at the municipal level, an overview of trends from 2008 to 2018 for GDP, employment and skill levels in each of the municipal areas of the CWD. This chapter further provides information on building plans passed and completed in selected municipalities.

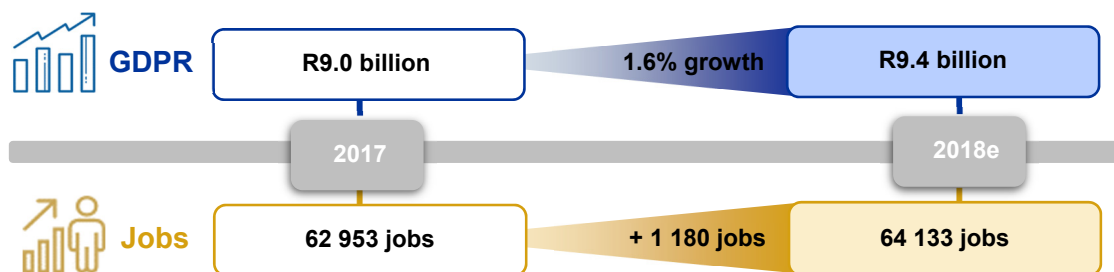
2.2 Witzenberg

The Witzenberg municipal area is known for its fruit and wine production and includes the towns of Ceres, Tulbagh, Prince Alfred's Hamlet, Wolseley and Op-die-Berg. These towns provide the goods and services for the local agricultural industry, with some agro-processing also occurring.

2.2.1 GDPR and employment performance

The economy of the Witzenberg municipal area, which was valued at R9.0 billion in 2017, was expected to grow by 1.6 per cent in 2018, creating an additional 1 180 jobs in the process. Notably, estimated growth for 2018 is higher than both the average growth rate of the CWD and the Western Cape Province (0.9 per cent each).

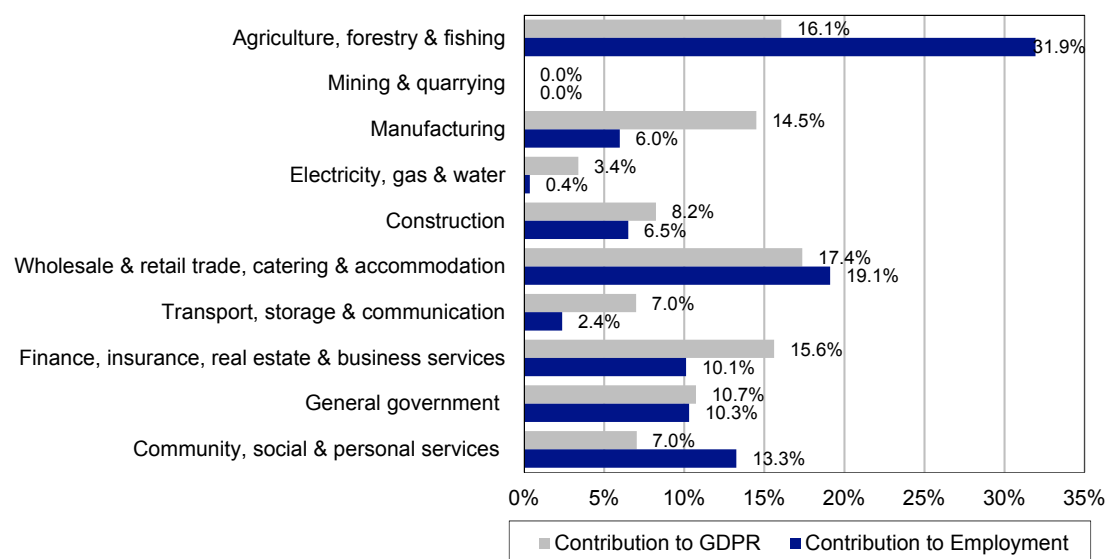
Diagram 2.1 Witzenberg GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

The breakdown of the sectors that contributed to the GDPR and employment base of the Witzenberg municipal area is provided in Figure 2.1.

Figure 2.1 Witzenberg sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

In terms of employment, the agriculture, forestry and fishing, and wholesale and retail trade and catering and accommodation sectors are the two segments which have absorbed most of the working persons in the municipal area. These sectors are also the two largest contributors to the economy. The finance, insurance, real estate and business services sector also make a significant contribution to GDP relative to the other sectors.

Figure 2.1 shows that some sectors make a significant contribution to GDP while having a smaller labour absorption rate, while the opposite is evident in the other sectors. The manufacturing sector contributed 14.5 per cent to GDP in 2017, while its contribution to employment was less than half as much in the same year. This differs from the agriculture-related activities, where the contribution to employment was twice the contribution to GDP in the municipal area. This means that the agriculture, forestry and fishing sector is highly labour-intensive, while the manufacturing sector is more capital-intensive.

Table 2.1 gives a more thorough picture of the changes that have occurred with respect to GDP and employment between 2008 and 2017 as well as the estimated performance for 2018.

Table 2.1 Witzenberg GDP and employment performance per sector, 2017

Sector	GDP			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 444.3	3.5	-3.2	20 115	-7 307	-434
Agriculture, forestry and fishing	1 441.9	3.5	-3.2	20 109	-7 308	-434
Mining and quarrying	2.4	4.9	0.7	6	1	0
Secondary Sector	2 345.0	3.7	1.9	8 096	2 470	197
Manufacturing	1 301.3	2.4	2.2	3 768	392	13
Electricity, gas and water	304.2	3.9	2.9	227	104	0
Construction	739.6	7.4	0.8	4 101	1 974	184
Tertiary Sector	5 183.6	5.2	2.9	34 742	14 146	1 417
Wholesale and retail trade, catering and accommodation	1 559.3	4.3	2.0	12 032	4 917	508
Transport, storage and communication	627.8	3.3	1.8	1 500	697	43
Finance, insurance, real estate and business services	1 401.5	7.1	4.6	6 373	2 695	387
General government	963.2	4.9	1.9	6 491	2 538	222
Community, social and personal services	631.8	4.7	2.8	8 346	3 299	257
Total Witzenberg	8 973.0	4.5	1.6	62 953	9 309	1 180

Source: Quantec Research, 2019 (e denotes estimate)

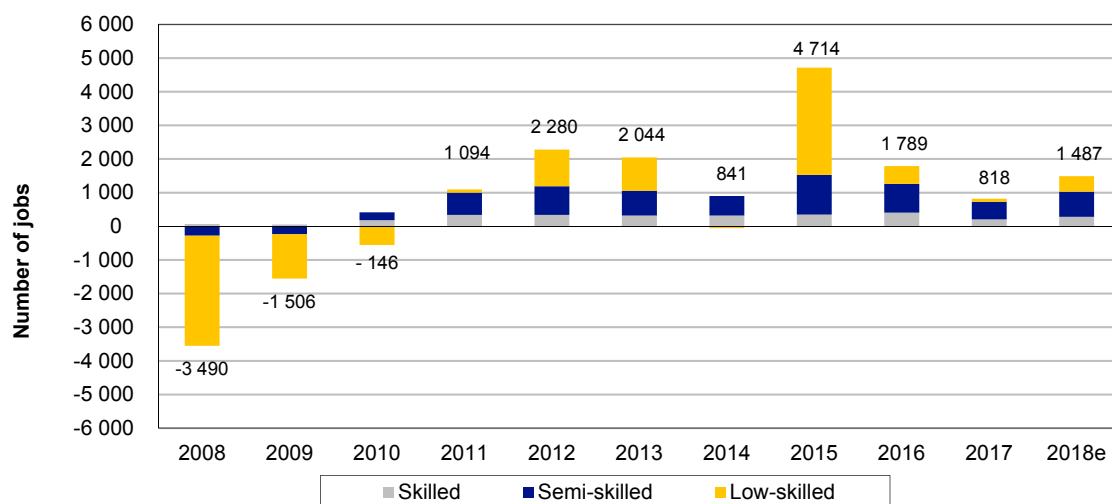
Although activity in the agriculture, forestry and fishing sector grew by an average of 3.5 per cent between 2008 and 2017, it is estimated that the sector contracted in 2018. The contraction is linked to the recession in the South African economy and the negative impact of environmental factors such as the drought that was experienced in the last few years. It is estimated that 7 307 jobs were lost in the agriculture, forestry and fishing sector over the ten-year period. A significant number of jobs were lost during periods of economic downturn and periods in which the drought affected productivity in this sector.

The key sector in the tertiary sector have been less susceptible to macroeconomic and local environmental influences that have occurred in the past. The finance, insurance, real estate and business services sector realised an average growth rate of 7.1 per cent between 2008 and 2017, which is above the average growth rate of municipal area (of 4.5 per cent). Although the labour force in the same sector contracted somewhat in 2009, there has been a positive trend in terms of job creation. It is estimated that the GDP of the sector grew in 2018, in addition to more labour being absorbed into the economy. The same trend was observed for the wholesale and retail trade, catering and accommodation, and community, social and personal service sectors.

2.2.2 Skills analysis

Figure 2.2 shows that the employment changes in the Witzenberg municipal area followed the trajectory of the District (refer to Figure 1.4). A decline in employment was observed between the 2008 and 2010 period, followed by the consistent increases in job creation between 2011 and 2018.

Figure 2.2 Witzenberg employment growth by skill levels, 2008 - 2018

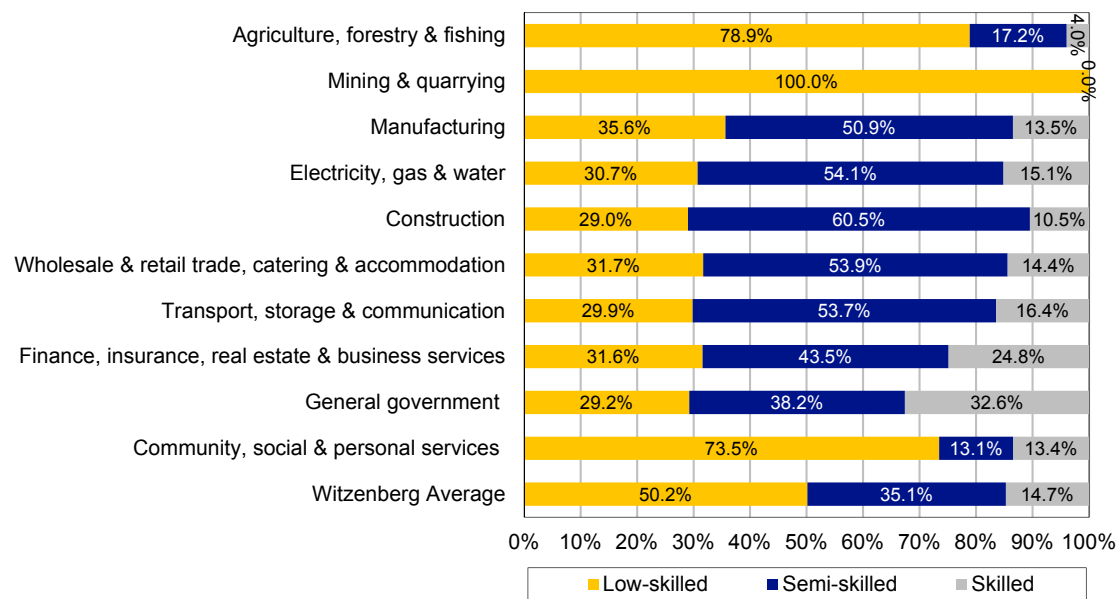


Source: Quantec Research, 2019 (e denotes estimate)

Low-skilled jobs are most commonly adversely affected during periods of economic slowdown and contraction. Between 2011 and 2018, the demand for semi-skilled and skilled persons was constant. The demand for low-skilled workers is, however, volatile. For example, the absorption of low-skilled workers in 2015⁸ has not been consistent throughout the analysed period. This suggests that low-skilled individuals in the Witzenberg municipal area are more vulnerable and face greater risks to income security due to exogenous shocks.

Figure 2.3 indicates the skill levels in the Witzenberg municipal area per sector.

⁸ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force, which may have impacted these figures due to variations to its design (Stats SA, 2015).

Figure 2.3 Witzenberg skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

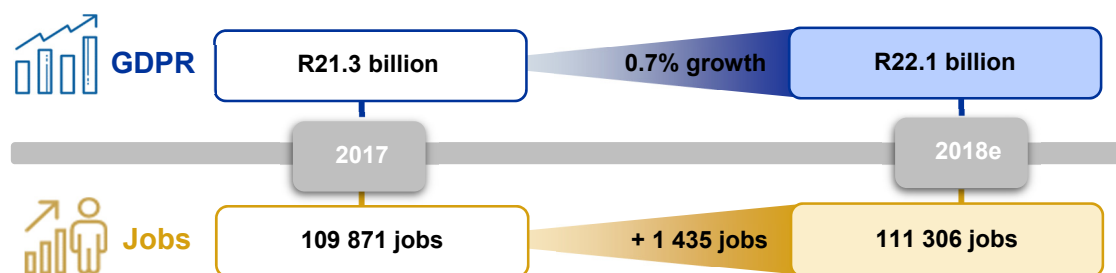
On average, there is a balance between low-skilled working persons and those who are semi-skilled and skilled. However, there are certain sectors that are more reliant on low-skilled workers. This particularly refers to the agriculture, forestry and fishing and community, social and personal services sectors. In the municipal area, the proportion of working persons who are considered skilled is low (14.7 per cent) relative to the other skill levels. The general government sector, followed by the finance, insurance, real estate and business sector, employed the largest proportion of skilled persons in the municipal area in 2018. Considering that the labour-intensive sectors in the area (agriculture, forestry and fishing, and wholesale and retail trade and catering and accommodation) employ a significant number of low-skilled persons, it follows that most of the employment opportunities that were created within these sectors absorbed the bulk of working persons who are not skilled.

2.3 Drakenstein

The Drakenstein municipal area is very well connected with the N1 traversing the area. Paarl is the main service centre and has a rich history and several tourist attractions. Other towns and settlements in the municipal area include Wellington, Saron, Gouda, Hermon, Mbekweni and Simondium. These towns serve mostly as service centres for the local agricultural industry. The Drakenstein municipal area is well-known for its fruit and wine production and processing, as well as tourist attractions.

2.3.1 GDPR and employment performance

The performance of the municipal area of Drakenstein measured by GDPR and employment is provided in Diagram 2.2.

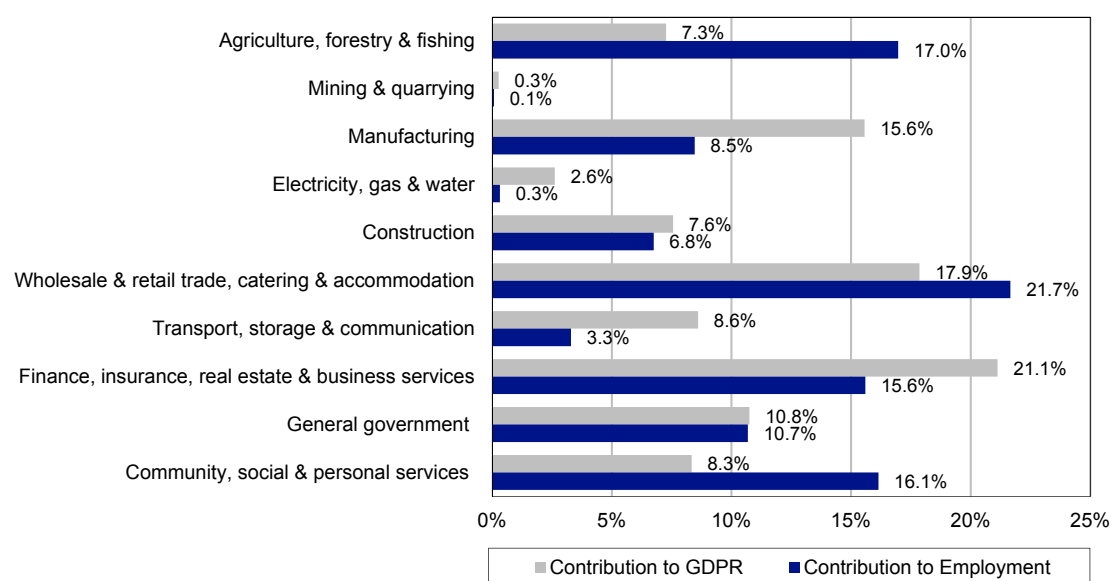
Diagram 2.2 Drakenstein GDPR (current prices) and employment, 2017 and 2018e

Source: Quantec Research, 2019 (e denotes estimate)

The economy of the Drakenstein municipal area was valued at R21.3 billion in 2017 (in current prices) and employed 109 871 people. It is estimated that the economy grew marginally to R22.1 billion in 2018 and absorbed 1 435 more persons into the economy. The estimated growth rate of GDPR in 2018 was 0.7 per cent, which is slightly below the average growth rate of 0.9 per cent in the CWD.

Figure 2.4 below indicates the sectoral contribution to the GDPR and employment in the municipal area in 2017. From a labour absorption perspective, the key sectors are wholesale and retail trade, catering and accommodation; agriculture, forestry and fishing, finance, insurance, real estate and business services and community, social and personal services. Collectively, these sectors contributed 70.4 per cent to employment in 2017.

The large economy and job creation potential in the Drakenstein municipal area have resulted in rapid urbanisation in towns such as Paarl. This has increased the need for housing and service provision as well as spatial development planning to accommodate for new residential developments. The landscape and small-town feel of the area have also resulted in an increase in new golf and lifestyle estate developments as well as retirement villages

Figure 2.4 Drakenstein sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

Considering GDPR contributions, the three key sectors are finance, insurance, real estate and business services, wholesale and retail trade, catering and accommodation, and manufacturing. Some sectors have absorbed a significant number of labourers, coinciding with their contribution to GDPR, which is the case in the two key sectors in the tertiary sector. Other sectors, such as agriculture, forestry and fishing, and community, social and personal services, contribute substantially to employment, despite a relatively small contribution to GDPR.

Certain sectors, such as the manufacturing sector, have a higher contribution to GDPR relative to their labour absorption. In 2017, the manufacturing sector contributed 15.6 per cent to GDPR, while contributing 8.5 per cent to employment in the same year. This indicates that this sector is particularly capital-intensive.

Table 2.2 indicates the trends for GDPR and employment performance of the Drakenstein municipal area. On average, the agriculture, forestry and fishing sector grew at 3.1 per cent between 2008 and 2017. However, it is estimated that the sector deteriorated in 2018, experiencing a 3.2 per cent contraction and a loss of 430 jobs.

Although 7 182 jobs were lost in the agriculture, forestry and fishing sector over the ten-year period, mainly due to exaggerated losses occurring during periods of economic downturn which were not offset in periods of economic growth.

Table 2.2 Drakenstein GDPR and employment performance per sector, 2017

Sector	R million value 2017	GDPR		Number of jobs 2017	Employment	
		Trend 2008 - 2017	Real GDP Growth 2018e		Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 607.9	3.1	-3.2	18 737	-7 201	-430
Agriculture, forestry and fishing	1 549.2	3.2	-3.2	18 649	-7 182	-420
Mining and quarrying	58.7	0.4	-3.0	88	-19	-10
Secondary Sector	5 490.8	-0.9	-0.7	17 088	-231	31
Manufacturing	3 318.8	-2.6	-1.2	9 305	-2 391	-181
Electricity, gas and water	559.4	1.2	1.7	359	116	-5
Construction	1 612.7	4.8	-0.4	7 424	2 044	217
Tertiary Sector	14 216.7	3.0	1.6	74 046	20 399	1 834
Wholesale and retail trade, catering and accommodation	3 807.5	3.2	1.1	23 801	7 315	632
Transport, storage and communication	1 835.1	1.4	1.3	3 626	1 191	25
Finance, insurance, real estate and business services	4 502.8	3.6	2.3	17 137	4 847	748
General government	2 293.4	2.4	0.5	11 743	2 064	147
Community, social and personal services	1 777.9	2.9	1.5	17 739	4 982	282
Total Drakenstein	21 315.4	1.9	0.7	109 871	12 967	1 435

Source: Quantec Research, 2019 (e denotes estimate)

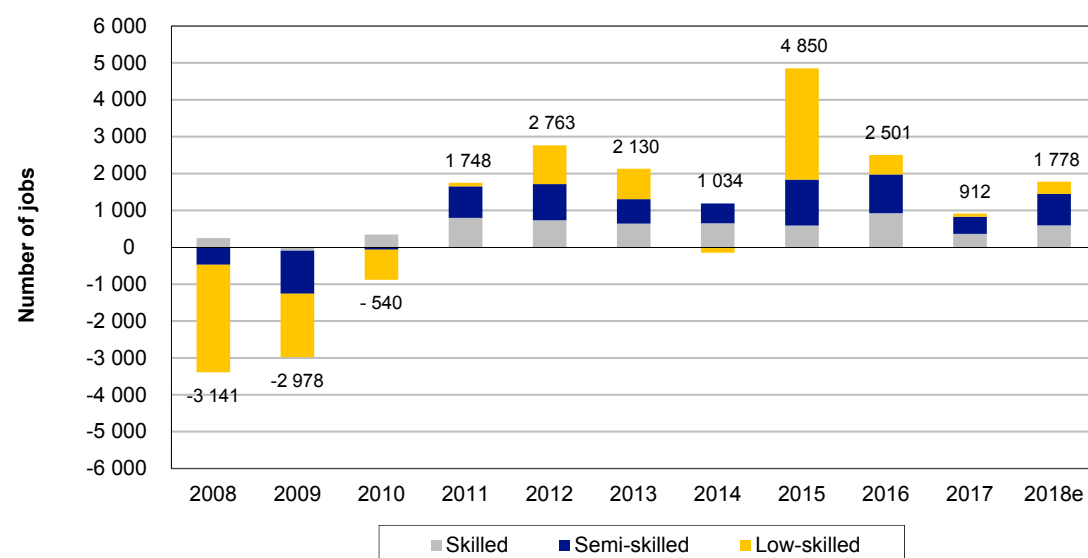
The key sector in the tertiary sector - finance, insurance, real estate and business services - exhibited a positive trend in growth from both GDPR and employment perspectives. The average growth rate in the tertiary sector between 2008 and 2017

was 1.9 per cent, which was higher than the CWD's average growth rates over the ten-year period. This suggests that this sector is more resilient to exogenous shocks and environmental factors which affected the local economy. Furthermore, the tertiary sectors are all estimated to have employed more workers into the local economy in 2018.

2.3.2 Skills analysis

Figure 2.5 illustrates the change in employment by skill levels between 2008 and 2018 in the Drakenstein municipal area. Between 2008 and 2011, low- and semi-skilled workers experienced significant job losses, with the largest proportion of the job losses experienced by low-skilled workers. Within the same period, skilled workers experienced improvements in employment, albeit marginal.

Figure 2.5 Drakenstein employment growth by skill levels, 2008 - 2018

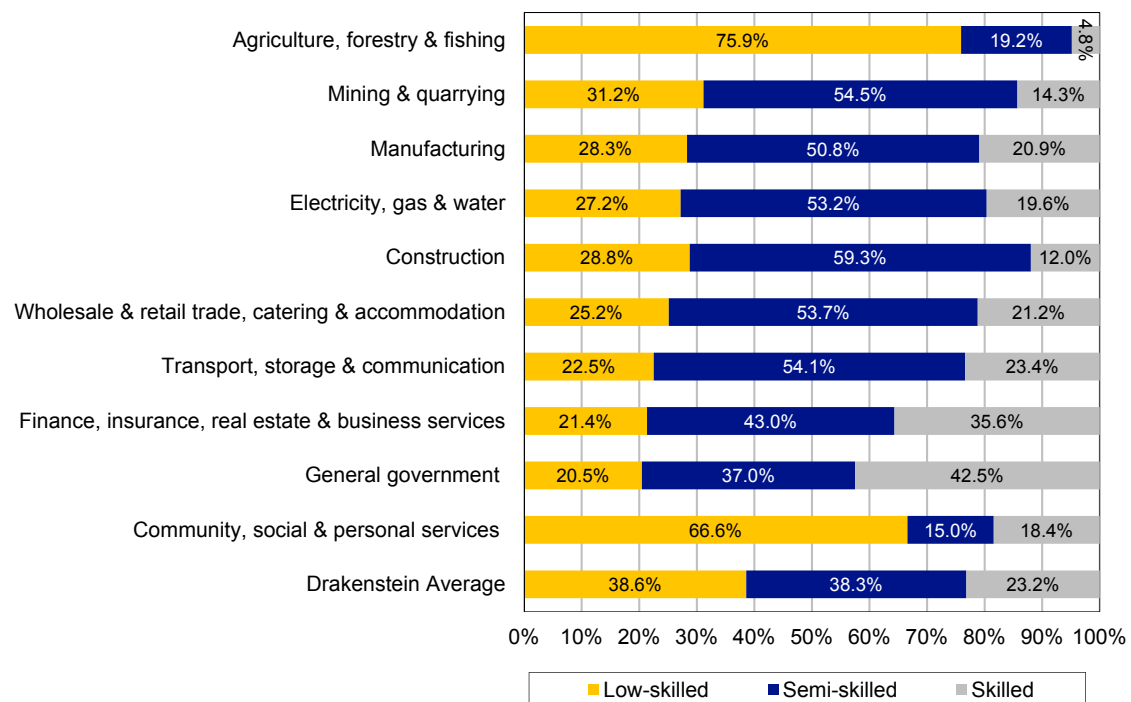


Source: Quantec Research, 2019 (e denotes estimate)

Between 2011 and 2017, the demand for semi-skilled and skilled workers was consistent, with estimates for 2018 indicating a persistence in this trend. Of the employment opportunities created in 2015⁹, low-skilled workers were in greater demand than workers of other skill levels. However, the demand for low-skilled persons deteriorated from 2016 due to the drought and exogenous shocks which affected the productive capacity of some of the labour-intensive industries. Overall, the trends in employment creation followed the pattern that has been observed at the District level.

The Drakenstein municipal area attracts labour, particularly semi-skilled and skilled labour from the City of Cape Town, as well as surrounding municipal areas of Breede Valley and Stellenbosch municipality, highlighting the importance of local road and public transport infrastructure for daily commuters.

⁹ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force, which may have impacted these figures due to variations to its design (Stats SA, 2015).

Figure 2.6 Drakenstein skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

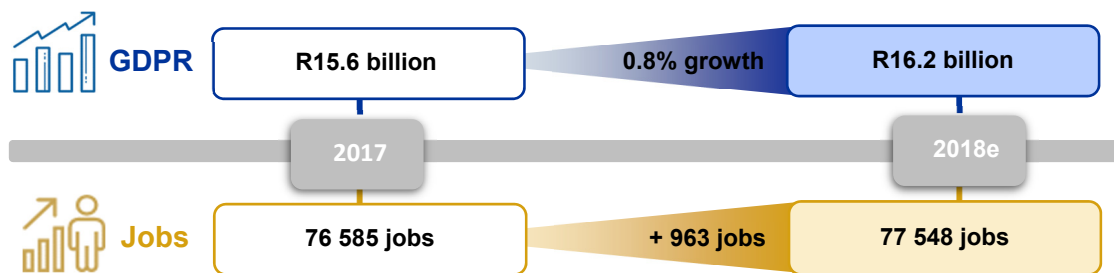
Most of the low-skilled persons who have been absorbed in the municipal area are working in the agriculture, forestry and fishing sector, followed by the community, social and personal services sector. With the exception of the agriculture, forestry and fishing and community, social and personal services sectors, the spread of semi-skilled personnel is proportional across other sectors. The demand for skilled people is highest in the finance, insurance, real estate and business services, and general government sectors.

2.4 Stellenbosch

The town of Stellenbosch is the main node within the municipal area and is the second oldest town in South Africa. Other towns in the municipal area are Klapmuts, Pniel and Franschhoek. The Stellenbosch and Franschhoek areas are well-known for their wine production activities, as well as for their cultural and heritage attractions. Furthermore, Stellenbosch is also considered a 'university town' as Stellenbosch University attracts many students, both nationally and internationally.

2.4.1 GDPR and employment performance

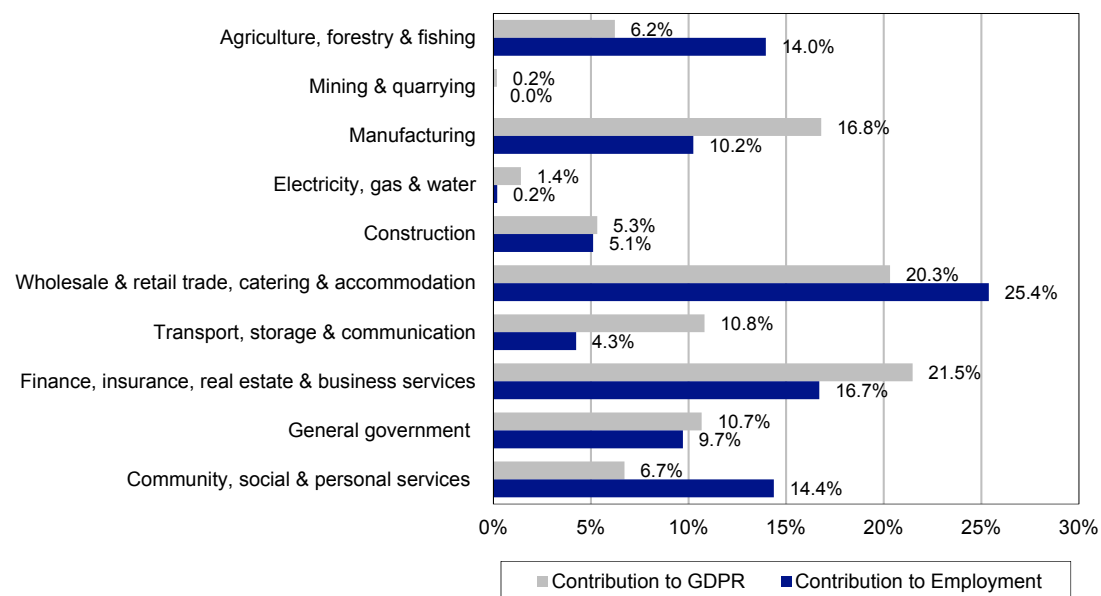
Diagram 2.3 illustrates the status of the GDPR and employment in the Stellenbosch municipal area in 2017.

Diagram 2.3 Stellenbosch GDPR (current prices) and employment, 2017 and 2018e

Source: Quantec Research, 2019 (e denotes estimate)

The value of the economy in the Stellenbosch municipal area was R15.6 billion in 2017 (in current prices) and the area employed 76 585 workers in its economy. It is estimated that the GDPR grew by 0.8 per cent and created 963 more employment opportunities in 2018.

Figure 2.7 depicts the contributions of the sectors to employment and GDPR in the local municipal area in 2017.

Figure 2.7 Stellenbosch sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

The economy of the municipal area is mainly driven by the wholesale and retail trade, catering and accommodation, and the finance, insurance, real estate and business services sectors. These two sectors are the largest contributors to both GDPR and employment in the area.

Notably, some sectors absorb more labourers relative to their GDPR contribution. This is illustrated by the agriculture, forestry and fishing and community, social and personal services sectors. Other sectors, such as transport, storage and communication, and manufacturing, contribute more to GDP relative to employment.

An overview of how each of the sectors performed over the years is provided in Table 2.3.

The 30 227¹⁰ students enrolled at the University of Stellenbosch, as well as tourists, plays an important role in the economy of the Stellenbosch. Particularly driving demand in the retail and other services. Furthermore, the increasing number of students in Stellenbosch drives the demand for housing in the area, particularly for apartments. Municipal building plan approval structures as well as infrastructure provision (including service, parking and roads) needs to be cognisant of this rising demand.

Table 2.3 Stellenbosch GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 003.6	2.1	-4.3	10 726	-4 528	-259
Agriculture, forestry and fishing	974.0	2.1	-4.4	10 692	-4 526	-255
Mining and quarrying	29.6	1.4	-2.5	34	-2	-4
Secondary Sector	3 682.4	-0.6	-0.2	11 921	404	57
Manufacturing	2 627.0	-1.5	-0.2	7 847	-546	-59
Electricity, gas and water	221.4	0.1	1.4	157	45	-3
Construction	834.0	4.0	-0.6	3 917	905	119
Tertiary Sector	10 952.5	2.9	1.6	53 938	13 735	1 165
Wholesale and retail trade, catering and accommodation	3 179.2	3.3	1.1	19 444	5 631	397
Transport, storage and communication	1 693.0	4.7	3.3	3 255	1 504	70
Finance, insurance, real estate and business services	3 359.4	2.9	2.1	12 794	3 541	644
General government	1 669.7	1.9	0.2	7 439	1 152	78
Community, social and personal services	1 051.3	1.2	0.3	11 006	1 907	-24
Total Stellenbosch	15 638.5	1.9	0.8	76 585	9 611	963

Source: Quantec Research, 2019 (e denotes estimate)

A significant portion the municipal area's GDPR is derived from the tertiary sector. This also applies to employment, where most of those employed are engaged in service sectors. The three key sectors, (the wholesale and retail trade, catering and accommodation; transport, storage and communication; and finance, insurance, real estate and business services) in the tertiary sector have grown substantially in terms of GDPR, at a pace higher than the average growth of the local municipality (1.9 per cent) over the ten-year period. In 2018, it is estimated that these three sectors achieved growth rates above the municipal area's economic growth rate of 0.8 per cent. This suggests that the economic activities in these sectors were able to withstand exogenous shocks and environmental influences that contributed to the slowdown in growth in other sectors.

Challenges were encountered mainly in the manufacturing and agriculture, forestry and fishing sectors. Although these sectors contribute significantly to employment creation, the two sectors shed more jobs than the number of employment

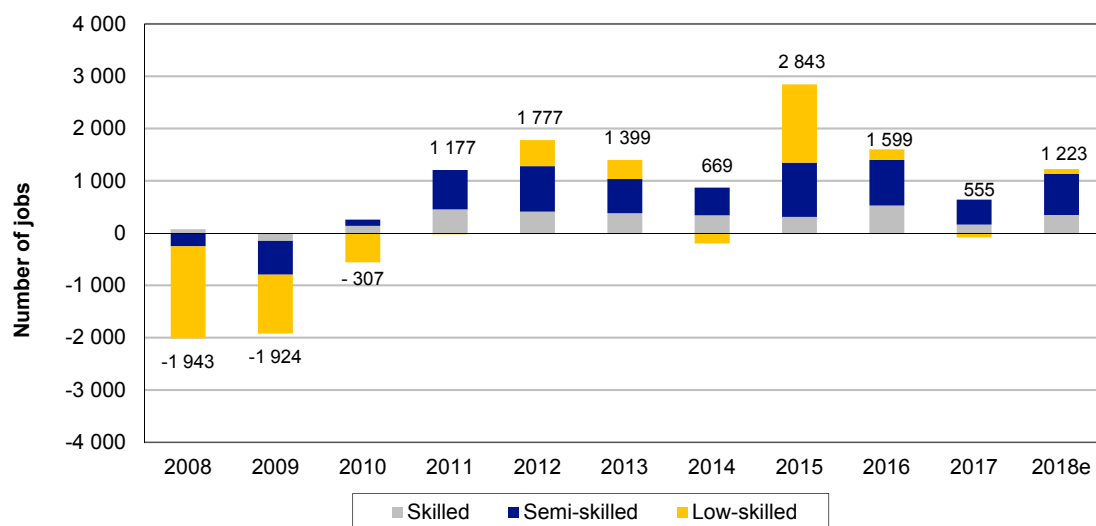
¹⁰ Stellenbosch University, 2018

opportunities created over the ten-year period, resulting in a net loss in employment. Furthermore, it is estimated that the two sectors shed more jobs in 2018, as these economies were more susceptible to the disturbances in economic activity.

2.4.2 Skills analysis

Figure 2.8 depicts the change in employment by skill levels that occurred between 2008 and 2018 in the Stellenbosch municipal area. Overall, the change in employment in the Stellenbosch municipal area follows the trend that has been experienced on a District level, where job losses were mainly experienced between 2008 and 2010. More jobs have been created since 2011, with the highest amount of jobs created in 2015¹¹. Figure 2.7 also shows that a proportion of low-skilled workers (though marginal) lost their jobs in 2014 and in 2017.

Figure 2.8 Stellenbosch employment growth by skill level, 2008 - 2018

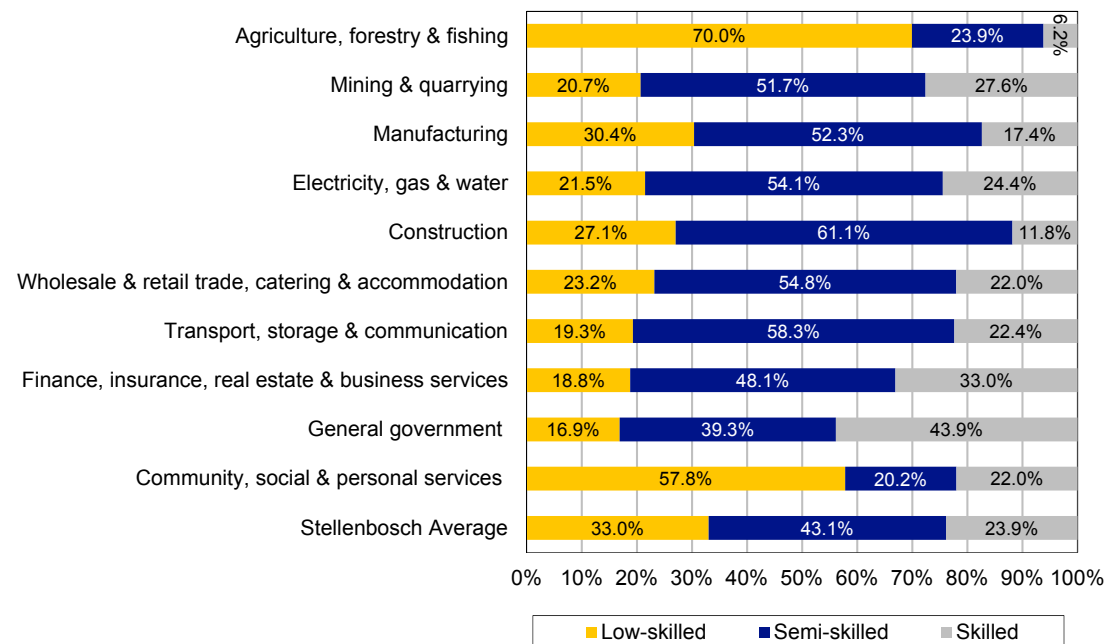


Source: Quantec Research, 2019 (e denotes estimate)

Between 2008 and 2011, low-skilled persons were affected the most during the period that was characterised by the aftermath of the global financial crisis, electricity shortages and industrial actions. The absorption of workers into the economy between 2011 and 2014 in the Stellenbosch municipal area is linked mainly to the need of semi-skilled persons. In 2015, more low-skilled persons were absorbed relative to the other groups, but this demand was not sustained due to events that constrained the demand for low-skilled workers. Since 2011, there has been a positive trend in terms of additional jobs created for semi-skilled persons.

An outline of the skill levels of the persons that were employed in 2017 is depicted in Figure 2.9.

¹¹ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force, which may have impacted these figures due to variations to its design (Stats SA, 2015).

Figure 2.9 Stellenbosch skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

Most of the low-skilled persons employed in the municipal area are employed in the agriculture, forestry and fishing sector (70.0 per cent), while a small proportion of this group are employed in the general government sector (16.9 per cent). Most of the skilled persons are employed by the general government (43.9 per cent), while a small proportion of the working persons engaged in agricultural activities are skilled (6.2 per cent).

A significant number of working persons in the economy of Stellenbosch municipal area are semi-skilled (38.3 per cent). The distribution of semi-skilled workers is broadly proportional across sectors with the exception of agriculture, forestry and fishing and community, social and personal services sectors.

2.5 Breede Valley

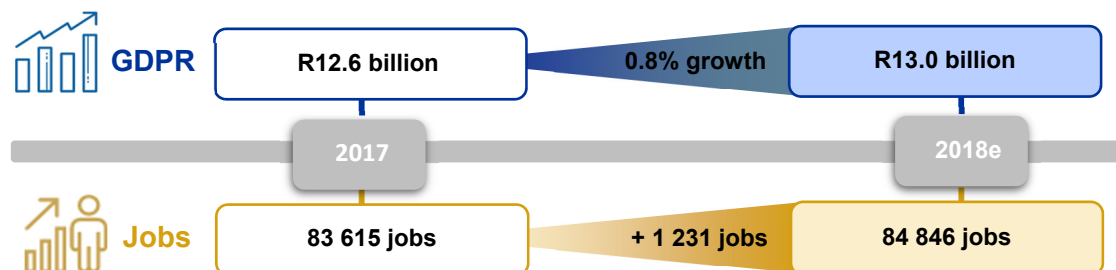
The Breede Valley is well-known for its scenic beauty, wine industry and other farming activities. The main town, Worcester, is only 100 kilometres from Cape Town and well-connected via the N1 and the rail network. Other towns in the Breede Valley municipal area include Rawsonville, De Doorns and Touws Rivier¹².

¹² Breede Valley Municipality (2017)

2.5.1 GDPR and employment performance

Diagram 2.4 illustrates the status of GDPR and employment in the Breede Valley municipal area in 2017.

Diagram 2.4 Breede Valley GDPR (current prices) and employment, 2017 and 2018e

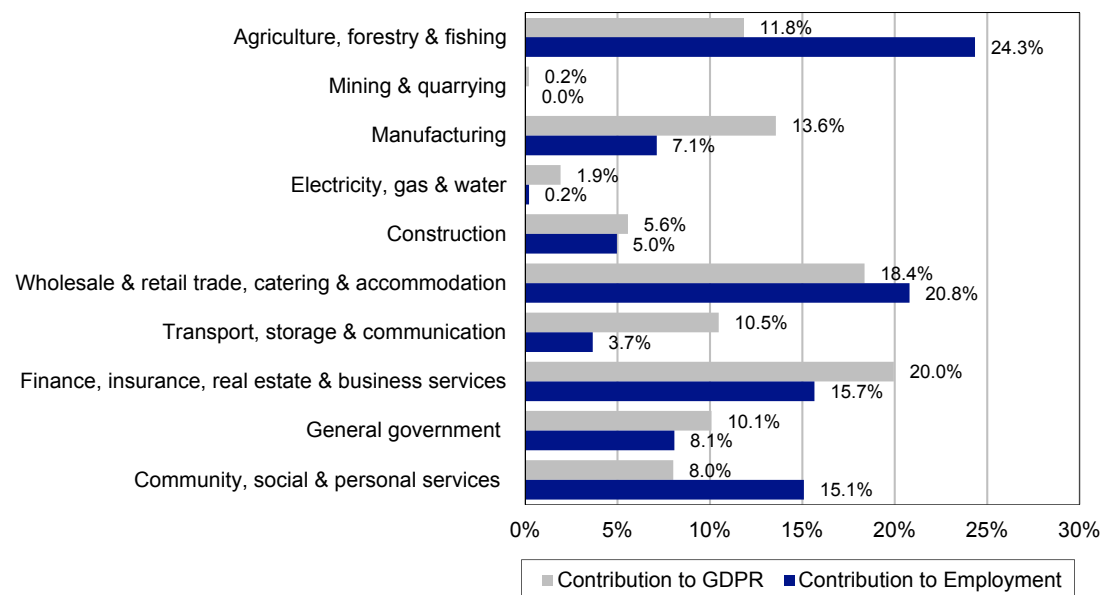


Source: Quantec Research, 2019 (e denotes estimate)

The Breede Valley municipal area absorbed 83 615 working persons into the economy in 2017. It is estimated that 1 231 jobs were created in 2018. The value of the economy is estimated to have improved by 0.8 per cent in 2018, indicating growth from R12.6 billion to R13.0 billion.

Figure 2.10 depicts the sectoral composition of the Breede Valley municipal area's economy in 2017.

Figure 2.10 Breede Valley sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

In terms of employment, the agriculture, forestry and fishing, and wholesale and retail trade, catering and accommodation sectors are the biggest contributors to employment in the area. The finance, insurance, real estate and business services sector, followed by the wholesale and retail trade, catering and accommodation sector, were the largest contributors to GDP in the municipal area's economy.

There are some sectors that make a significant contribution to GDP relative to the number of persons employed in the sector, and the opposite is true for some sectors. The community, social and personal services (15.1 per cent) and agriculture, forestry and fishing (24.3 per cent) sectors contribute more towards employment relative to the output generated from their respective sectors.

Conversely, the manufacturing sector contributes more to GDP (13.6 per cent) compared to employment (7.1 per cent) indicating that the manufacturing sector in the municipal area is capital-intensive.

Table 2.4 provides an overview of how each of the sectors has performed between 2008 and 2018.

Table 2.4 Breede Valley GDP and employment performance per sector, 2017

Sector	GDP			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 510.8	2.4	-3.9	20 394	-9 057	-520
Agriculture, forestry and fishing	1 484.2	2.5	-3.9	20 356	-9 051	-518
Mining and quarrying	26.5	0.8	-2.8	38	-6	-2
Secondary Sector	2 645.9	1.3	1.0	10 304	1 628	195
Manufacturing	1 705.0	0.9	1.5	5 961	72	5
Electricity, gas and water	241.6	-3.1	-1.0	184	27	-9
Construction	699.4	5.2	0.0	4 159	1 529	199
Tertiary Sector	8 405.0	3.0	1.5	52 917	15 356	1 556
Wholesale and retail trade, catering and accommodation	2 307.2	3.0	0.7	17 393	5 412	450
Transport, storage and communication	1 316.2	1.6	1.1	3 060	1 207	40
Finance, insurance, real estate and business services	2 506.4	5.3	3.3	13 092	5 131	955
General government	1 267.4	1.0	-0.3	6 755	574	21
Community, social and personal services	1 007.8	1.6	0.5	12 617	3 032	90
Total Breede Valley	12 561.7	2.5	0.8	83 615	7 927	1 231

Source: Quantec Research, 2019 (e denotes estimate)

The tertiary sector contributed the most to both GDP and employment in the municipal area. Within this sector, the wholesale and retail trade, catering and accommodation, and finance, insurance, real estate and business services sectors were the largest contributors to employment and GDP in 2017. Furthermore, these two sectors had above-average growth rates between 2008 and 2017. It is estimated that most of the employment opportunities that were created in 2018 were from these two sectors, with the finance, insurance, real estate and business services sector experiencing the highest growth rate (3.3 per cent) in 2018.

The agriculture, forestry and fishing sector has been the most vulnerable to exogenous economic and environmental factors, with this sector experiencing a net decline in employment between 2008 and 2017. Even though the sector absorbed more persons into the economy between 2012 and 2013 and in 2015, the employment opportunities

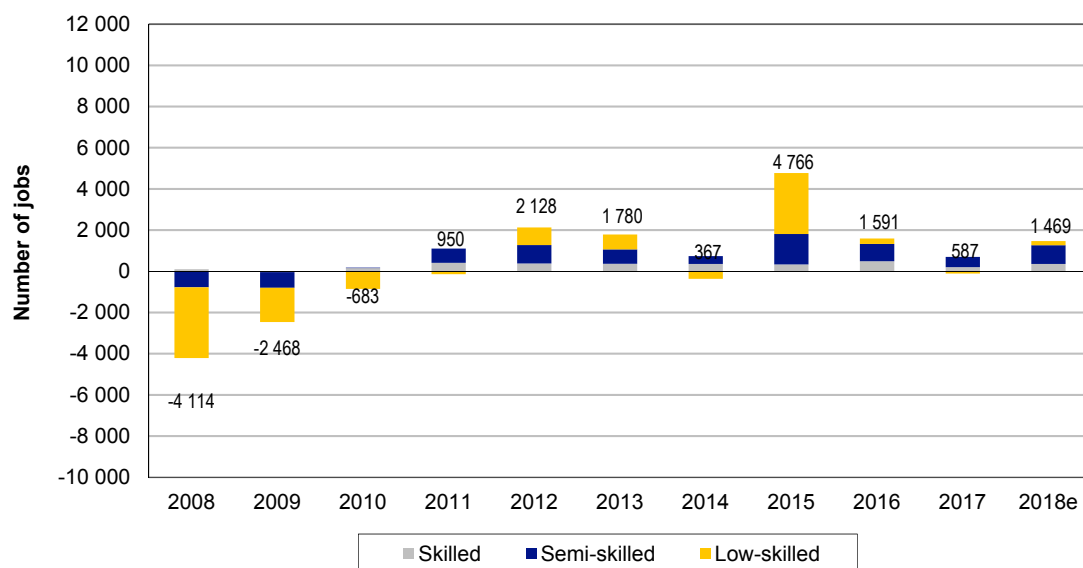
that were created could not offset the decline in employment experienced between 2008 and 2010, and the recurring job losses that took place in 2014 and after 2015.

The construction sector grew at 5.2 per cent over the ten-year period, which is significantly higher than the growth rates of most of sectors. This suggests that the demand for construction-related activities was high, despite economic disturbances. It is estimated that the construction sector created 199 jobs in 2018, which is significant considering its overall contribution to employment relative to the other sectors.

2.5.2 Skills analysis

Figure 2.11 depicts changes in employment by skill levels that occurred between 2008 and 2018 in the Breede Valley municipal area.

Figure 2.11 Breede Valley employment growth by skill levels, 2008 - 2018



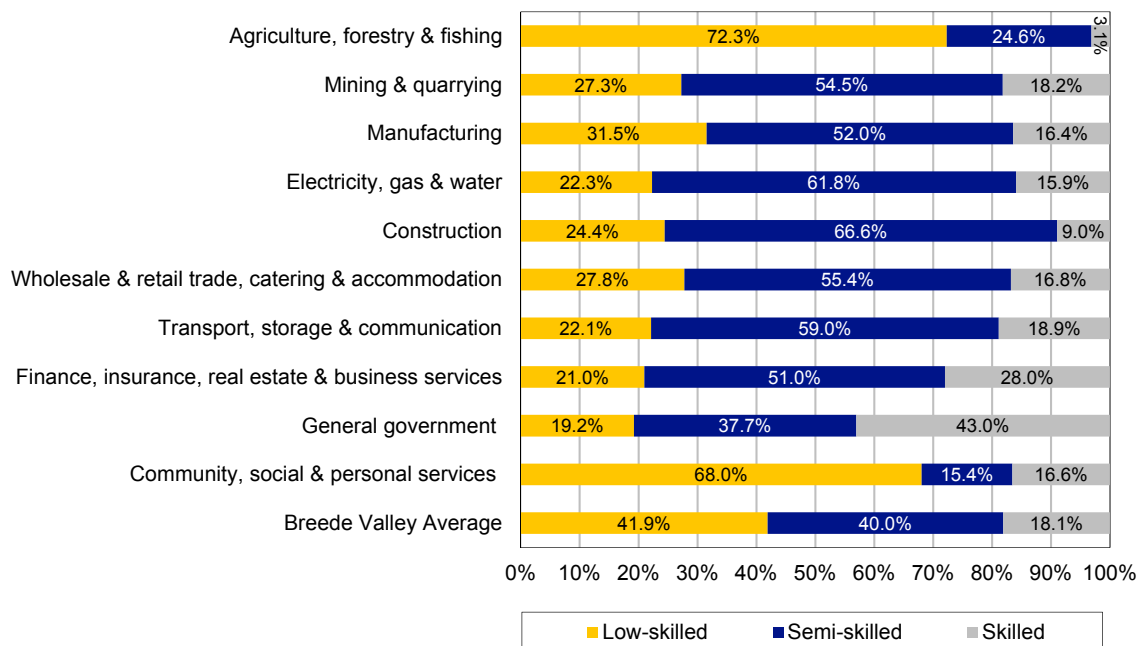
Source: Quantec Research, 2019 (e denotes estimate)

Overall, the change in employment follows the trend observed at a District level, though the volatility in job creation is dependent on skill level. Between 2008 and 2010, the number of persons employed in the municipal area declined, most of which were experienced by semi- and low-skilled workers. The situation improved somewhat in 2011 when the demand for semi-skilled and skilled workers increased, while the demand for low-skilled persons increased from 2012. The trend was disrupted in 2014 (due to industrial actions, amongst other factors discussed at District level), during which fewer low-skilled persons were employed.

The highest demand for labour was experienced in 2015¹³ when the demand for semi- and low-skilled workers increased significantly. This implies that most of the individuals' livelihoods improved as more employment opportunities were created. However, the demand for workers was not sustained, particularly for low-skilled persons. Nevertheless, there has been a consistent trend pertaining to job creation in since 2011.

Figure 2.12 gives an overview of the skill level per sector.

Figure 2.12 Breede Valley skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

There is relatively an even split between semi- and low-skilled people in the municipal area. The number of persons who are skilled are the smallest group and are mainly employed in general government and finance, insurance, real estate and business services sectors. Most of the low-skilled persons employed in the Breede Valley municipal area are in the agriculture, forestry and fishing and community, social and personal service sectors.

2.6 Langeberg

The Langeberg municipal area includes the towns of Robertson, Ashton, Bonnievale, McGregor and Montagu, with Robertson being the main service centre. The area is well-known for its wine route (Route 62), which is the longest in the world. The towns in the municipal area all have a rich history and the scenic beauty of the area makes it a popular tourist destination¹⁴.

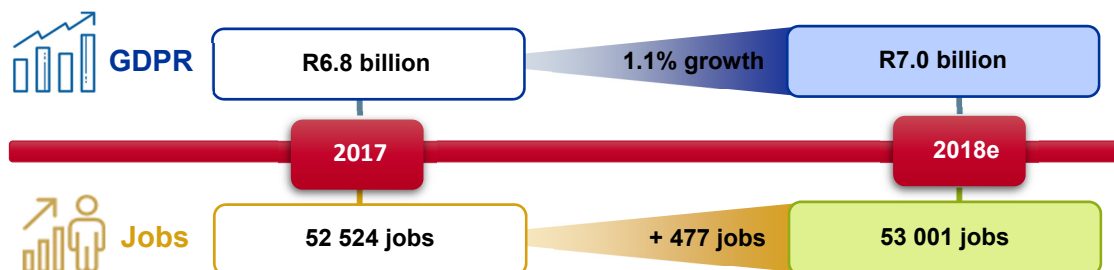
¹³ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force, which may have impacted these figures due to variations to its design (Stats SA, 2015).

¹⁴ Langeberg Municipality (2017)

2.6.1 GDPR and employment performance

Diagram 2.5 illustrates the size of the economy of Langeberg municipal area in terms of GDPR and employment in 2017, and the estimated growth in 2018.

Diagram 2.5 Langeberg GDPR (current prices) and employment, 2017 and 2018e

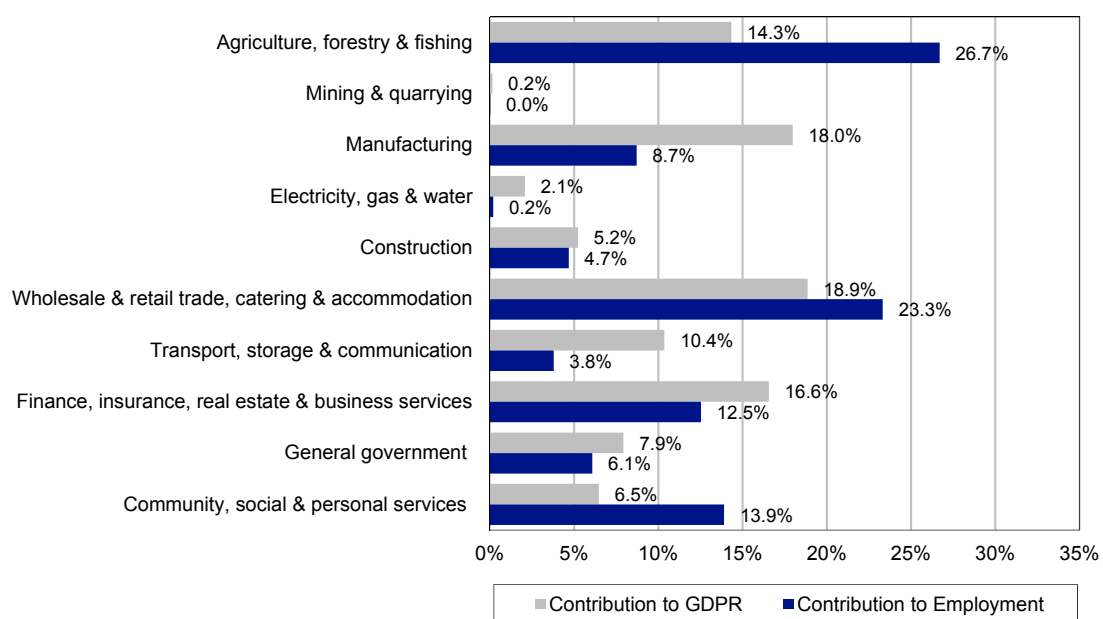


Source: Quantec Research, 2019 (e denotes estimate)

The economy of the municipal area was valued at R6.8 billion in 2017. Despite its smaller size relative to the other four municipal areas in the CWD, it is estimated that it grew by 1.1 per cent in 2018. Even with the persistent drought from 2015, coupled with the economic recession and electricity shortages experienced in 2018, the economy of Langeberg municipal area surpassed the 0.9 per cent growth rate of the District, which could be attributed to the fact that the municipal area was growing from a low base. In addition, the municipal area absorbed 477 more persons from the labour force in 2018.

An illustration of the key sectors within the municipal area is provided in Figure 2.13.

Figure 2.13 Langeberg sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

The manufacturing sector contributes more to GDP relative to its contribution to employment, at 18.0 per cent and 8.7 per cent respectively. This indicates the capital intensity of the manufacturing sector in the municipal area. Notably, the agriculture, forestry and fishing sector is the largest employer in the area. However, this sector experienced a net loss of employment between 2008 and 2017. This trend is estimated to have continued in 2018, where 399 persons lost their jobs. The second largest contributor to employment is the wholesale and retail trade, catering and accommodation sector, which is the biggest contributor to GDP. This is due to the scenic beauty of the area that attracts a lot of tourists.

Although the transport, storage and communication sector is one of the sectors that employs fewer people in the Langeberg municipal area (contribution to employment of 3.8 per cent), it made a significant contribution to GDP (of 10.4 per cent).

The performance of each of the sectors over the years provided in Table 2.5.

Table 2.5 Langeberg GDP and employment performance per sector, 2017

Sector	GDP			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	984.0	2.3	-3.9	14 043	-6 439	-401
Agriculture, forestry and fishing	973.4	2.3	-3.9	14 023	-6 435	-399
Mining and quarrying	10.6	0.6	-2.8	20	-4	-2
Secondary Sector	1 717.7	-0.2	0.5	7 150	591	30
Manufacturing	1 220.4	-1.1	0.5	4 580	-80	-79
Electricity, gas and water	141.8	1.5	1.7	107	35	-5
Construction	355.5	4.3	0.1	2 463	636	114
Tertiary Sector	4 086.4	4.5	2.6	31 331	11 221	848
Wholesale and retail trade, catering and accommodation	1 280.3	4.0	1.5	12 249	4 400	222
Transport, storage and communication	703.4	5.0	3.1	1 996	1 042	38
Finance, insurance, real estate and business services	1 124.7	6.1	4.3	6 583	2 913	529
General government	538.5	2.5	0.7	3 199	720	52
Community, social and personal services	439.5	3.0	1.6	7 304	2 146	7
Total Langeberg	6 788.0	2.8	1.1	52 524	5 373	477

Source: Quantec Research, 2019 (e denotes estimate)

On a sectoral level, the tertiary sector contributed the most to the GDP and employment in 2017. It follows that the tertiary sector created more employment opportunities and experienced the highest growth rates in 2018. Activities in this sector is mainly driver by the finance, insurance, real estate and business services sector, which is estimated to have grown by 4.3 per cent in 2018. This sector is also estimated to have created 529 jobs in 2018. Despite this sector being the main source of economic growth and employment creation in 2018, this sector grew at a subdued rate compared to the historical average growth rate of 6.1 per cent. Another sector that is prominent in driving economic growth in the municipal area, is the wholesale

and retail trade, catering and accommodation sector. This sector's GDPR is estimated to have grown at 1.5 per cent in 2018 and while creating 222 jobs in the economy.

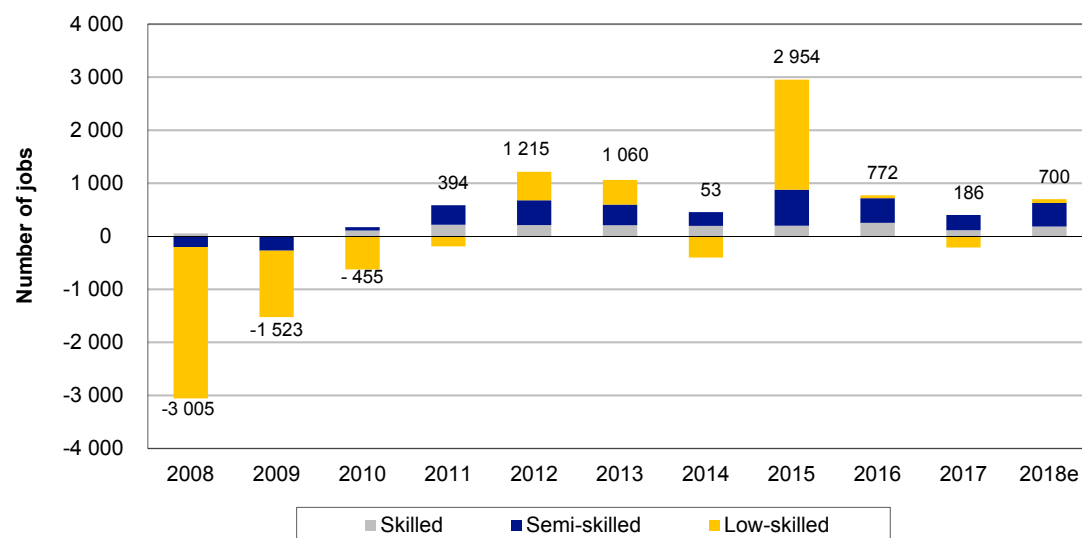
Despite the manufacturing sector being one of the largest sectors in terms of its GDPR contribution, it has not performed well in terms of growth historically. Between 2007 and 2018, this sector has contracted annually at an average rate of 1.1 per cent. Positively, it is estimated that this sector grew marginally by 0.5 per cent in 2018. This positive growth did not translate into more jobs, as the manufacturing sector is estimated to have shed 79 jobs in 2018.

The construction sector is relatively small in terms of its GDPR contribution to the economy of the Langeberg municipal area. Despite this sector showing only a marginal estimated growth rate of 0.1 per cent in 2018, it created 114 jobs in 2018.

2.6.2 Skills analysis

Figure 2.14 illustrates the change in employment by skill levels between 2008 and 2018 in the Langeberg municipal area. Since 2008, employment growth has followed the pattern in employment changes at a District level. This means the economy of the Langeberg municipal area has also been vulnerable to the combination of exogenous and endogenous factors which influenced economic activities and employment creation.

Figure 2.14 Langeberg employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

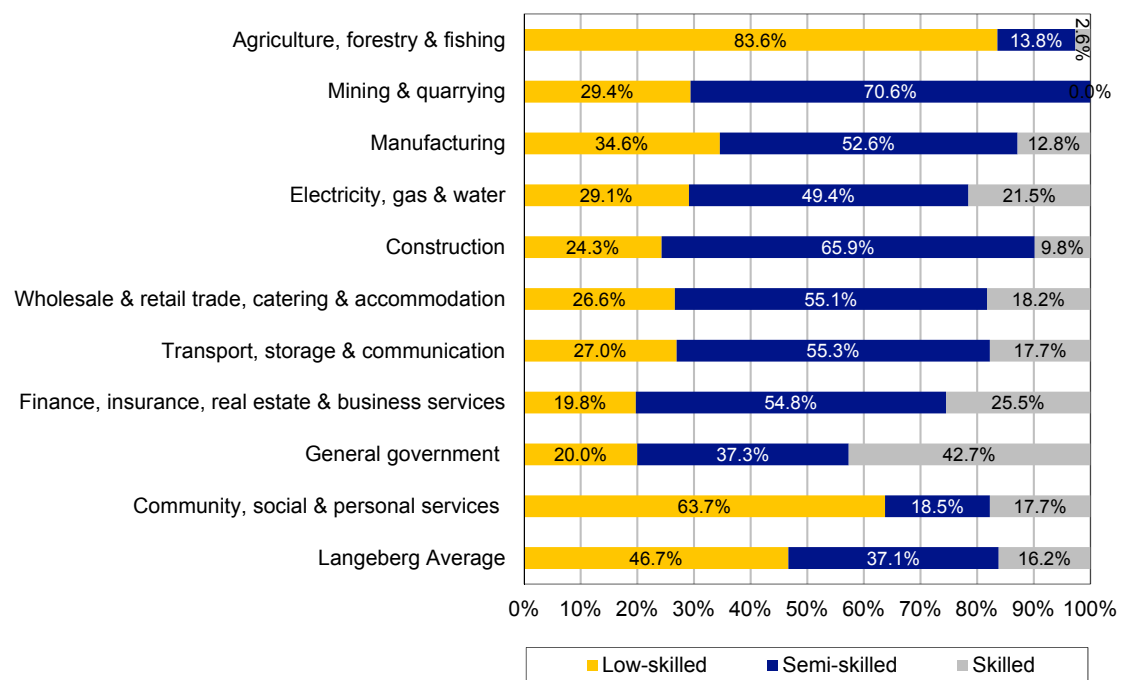
Low-skilled workers were the most vulnerable to job shedding between 2008 and 2010. The demand for low-skilled persons plunged upwards in 2015¹⁵. It is believed that the low rate of absorption of low-skilled workers declined thereafter due to challenges relating to the drought experienced since 2015 and pressures from the global

¹⁵ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force, which may have impacted these figures due to variations to its design (Stats SA, 2015).

economy. Regardless, the need for semi-skilled and skilled workers has remained consistent between 2011 and 2018.

Figure 2.15 illustrates the distribution of skill levels in the various sectors. In general, a significant proportion of the working persons in the municipal area are low-skilled (46.7 per cent), most of which were employed in the agriculture, forestry and fishing sector. This is somewhat similar to that observed in the community, social and personal services sector. Moreover, it is clearly illustrated that the general government and finance, insurance, real estate and business services sectors absorb the greatest proportion of skilled persons.

Figure 2.15 Langeberg skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

Enhancing local skills at an early stage, such as minimising high school drop-out rates can have a positive influence on the employability of local people in growing sectors.

2.7 Building plans passed and completed

Building plans passed and completed are some of the indicators that are used to measure economic activity and business cycle changes. The value of building plans passed¹⁶ can be used as a leading indicator while building plans completed¹⁷ can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting.

¹⁶ Number of residential building plans passed larger than 80 m².

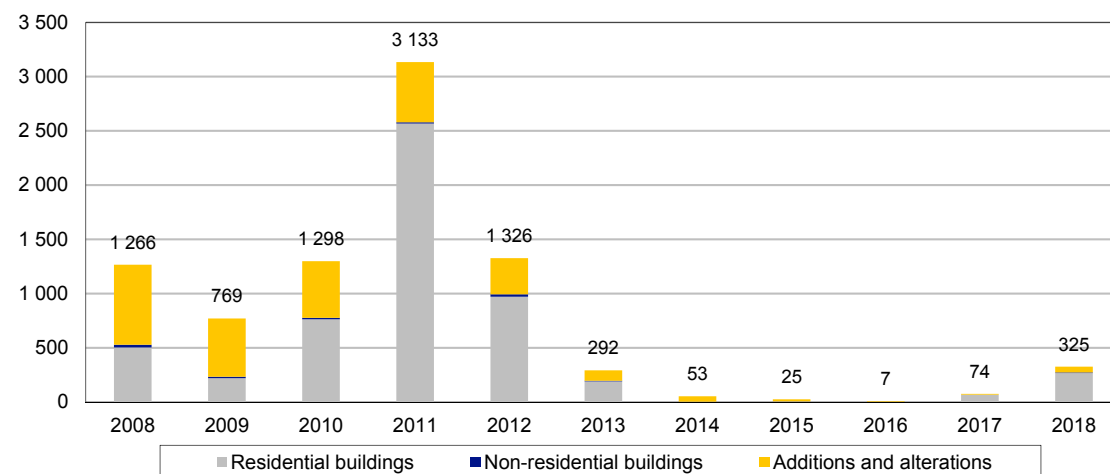
¹⁷ Value of non-residential buildings completed (constant prices).

Statistics SA's information on building plans passed and completed is only available for selected municipalities, namely the Drakenstein, Stellenbosch and Breede Valley municipal areas.

2.7.1 Drakenstein

Throughout the years, the Drakenstein area has experienced a higher demand for new residential buildings. The figure also shows that the demand for residential buildings, and additions and alterations were relatively high before 2013. The highest peak was achieved in 2011. This is suggestive of the high purchasing power the local households had during this period, indicating the likelihood of an upswing in economic activity. However, it can be deduced that the demand for newly built houses declined from 2013, only to pick up in 2017.

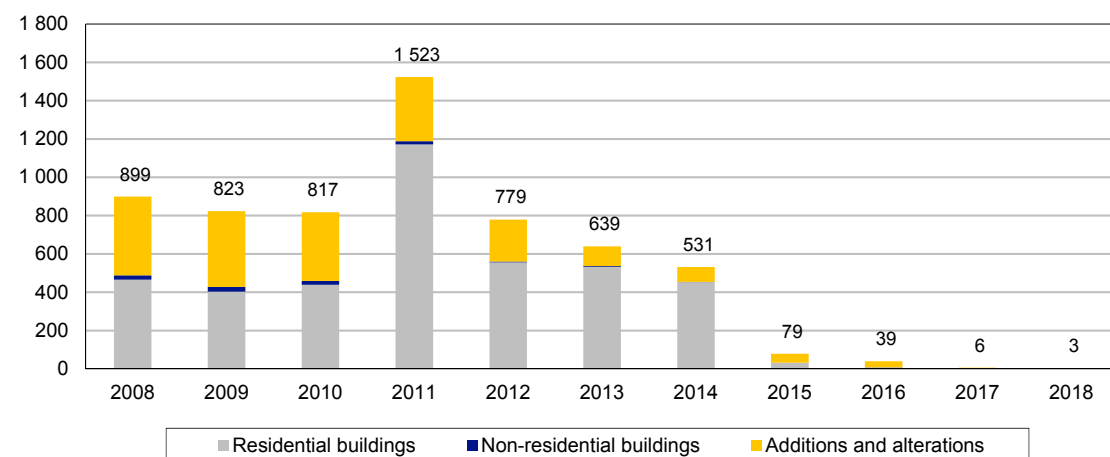
Figure 2.16 Drakenstein building plans passed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

Figure 2.17 illustrates the number of building plans completed in the Drakenstein municipal area.

Figure 2.17 Drakenstein building plans completed, 2008 - 2018



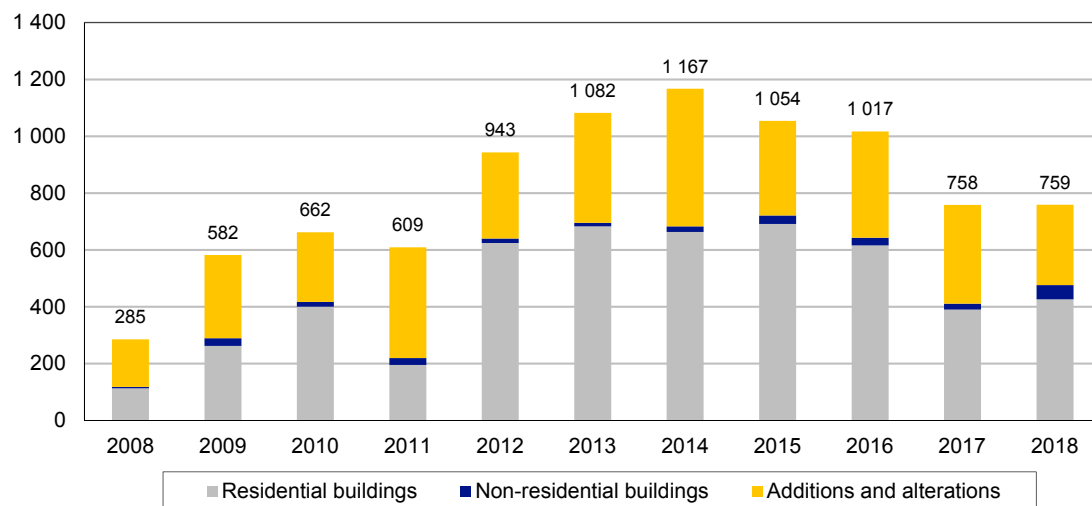
Source: Statistics SA & Quantec Research, 2019

Building plans actually completed are an indicator of the economic activities that occurred in the municipal area. Figure 2.17 shows that there has been a balance between the construction of new residential buildings, and additions and alterations that took place between 2008 and 2010. However, the number of houses built spiked in 2011, though it declined constantly up to 2014. Moreover, the sudden decline in the number of new houses built from 2015 is an illustration of the tight economic conditions that have constrained the buying power of households in the municipal local area. There were more additions and alterations compared to the construction of newly built houses post-2015.

2.7.2 Stellenbosch

Figure 2.18 indicates the number of building plans passed per building category between 2008 and 2018.

Figure 2.18 Stellenbosch building plans passed, 2008 - 2018



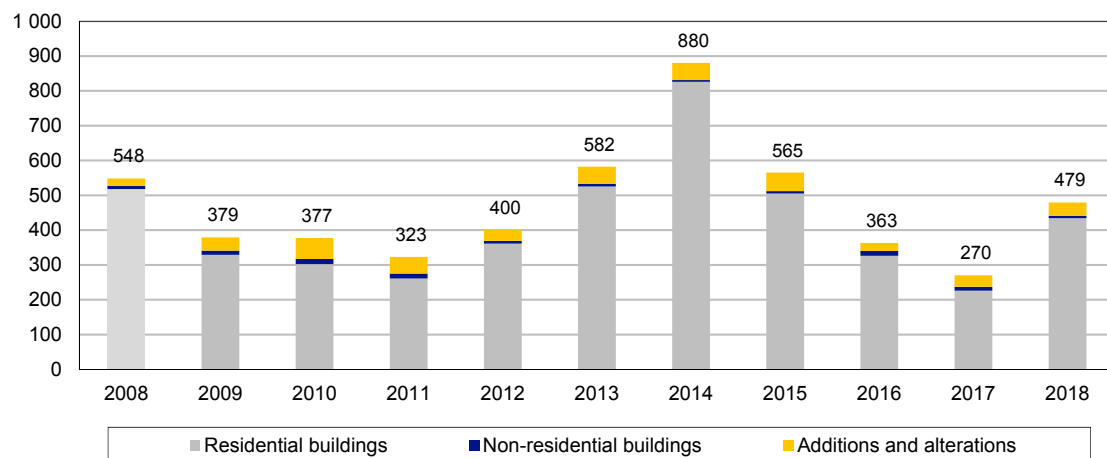
Source: Statistics SA & Quantec Research, 2019

The lowest number of building plans passed (285) within the Stellenbosch municipal area was recorded in 2008. This suggests that the aftermath of the global financial crisis and electricity shortages had a significant negative effect on the economy, resulting in the erosion of the purchasing power of households and the willingness of businesses to build new offices. Despite the decline in 2011, the number of buildings plans passed for new houses increased between 2008 and 2015. Notably, the number of households willing to make additions and alternations in 2011 was enough to offset the decline in the demand for new houses.

The total number of building plans declined between 2014 and 2017 due to the decreased demand for new houses. In 2018, there were 50 building plans for non-residential buildings, which is the highest throughout the years. This indicates the increased demand for space for commercial activities.

The number of building plans completed between 2008 and 2018 is indicated in Figure 2.19.

Figure 2.19 Stellenbosch building plans completed, 2008 - 2018



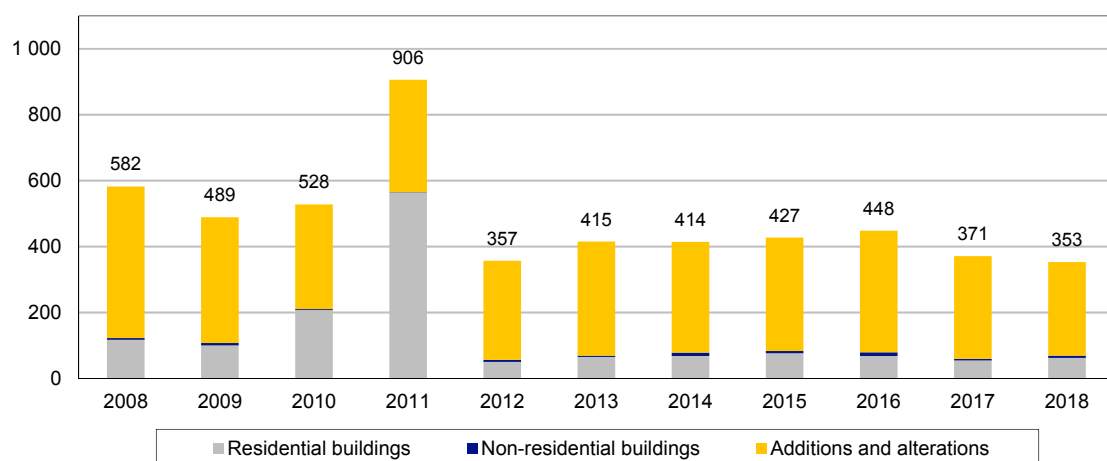
Source: Statistics SA & Quantec Research, 2019

More building plans were completed in 2008 (548) despite having a low number of building plans passed in the same year (as illustrated in Figure 2.17). However, the rate at which building plans were completed declined until 2011. Although the completion of building plans increased between 2012 and 2014, it declined significantly until 2018. Throughout the years, the completed building plans were mainly driven by the establishment of new houses. This suggests that the economic activity in the Stellenbosch municipal area has been largely influenced by the purchasing power of the households in the area.

2.7.3 Breede Valley

Figure 2.20 indicates the building plans passed between 2008 and 2018 in the Breede Valley municipal area.

Figure 2.20 Breede Valley building plans passed, 2008 - 2018

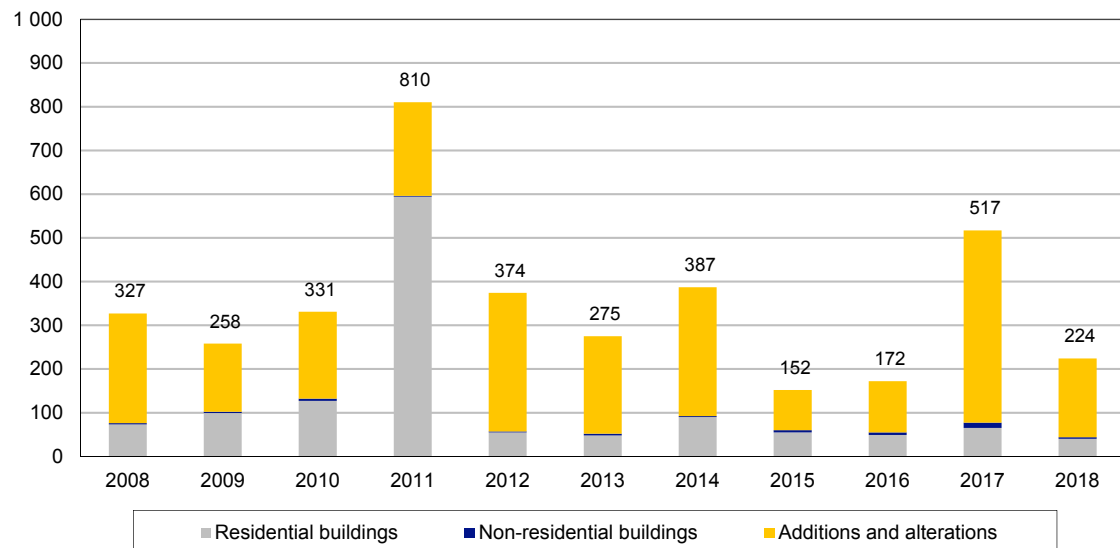


Source: Statistics SA & Quantec Research 2019

While most building plans passed in the area had been for alterations and additions, most of the building plans passed in 2011 were for residential buildings. This suggests that the households, in general, had a higher demand for additions and alterations to their existing households, as opposed to building new houses.

Figure 2.21 illustrates the building plans completed between 2008 and 2018 in the Breede Valley municipal area.

Figure 2.21 Breede Valley building plans completed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

Similar to what has been observed with the building plans passed, the building plans completed in the Breede Valley municipal area are mostly additions and alterations, though the opposite is true in the case of 2011.

2.8 Concluding remarks

This chapter discussed the performance of each municipal area in relation to sectoral growth, trends in employment creation and distribution of skill levels. Considering the contribution to GDP and employment, the Drakenstein municipal area, followed by Stellenbosch municipal area, were the largest economies in the District. The economy derives much of its GDP 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 GDP. 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 GDP.

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.



3

Trade and tourism

3.1 Introduction

The economy of a region is influenced not only by the spending of local households. Businesses trade cross-border (locally and internationally) with goods and services while tourists (domestic and international) also visit towns and attractions in the CWD. Exports and tourism can, therefore, be considered as an injection into the economy of the CWD, while imports are considered leakages.

This section will explore trade and tourism dynamics on a district level to identify new opportunities for development or investment and maximise the value of potential injections into the local economy of the CWD.

3.2 Trade

3.2.1 Cape Winelands District

3.2.1.1 Local trade dynamics

To determine the level of specialisation in the different economic sectors of the CWD, a location quotient is used. The location quotient is a ratio between two economies (in this case, the Provincial and district economies) which indicates whether the district is exporting and self-sufficient or importing goods and services from a particular sector.

A location quotient of more than one indicates that a comparative advantage exists in this local economy compared to the provincial economy, whereas a location quotient of less than one indicates that the representation of this industry is weaker in the local economy than in the provincial economy¹⁸. Furthermore, a location quotient of one indicates that the representation of an industry in the local economy is the same as its representation in the Province.

Table 3.1 provides further detail on the classification and interpretation of the location quotient.

Table 3.1 Location quotient interpretation

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

Source: *Urban-Econ*, 2019

It is important to note that a location quotient, as a tool, does not consider external factors such as government policies, investment incentives, proximity to markets, etc., which may influence the comparative advantage of an area in a particular sector.

Table 3.2 outlines the sectoral location quotient for the CWD. The high location quotient in terms of both GDP and employment of the agriculture, forestry and fishing sector indicates that the economic base of the CWD is anchored in activities within this sector.

¹⁸ Fenning and DaCosta (2010)

Table 3.2 Location quotient in terms of GDPR and employment, Cape Winelands District, 2017

Sector	In terms of GDPR	In terms of employment
Agriculture, forestry and fishing	2.3	2.1
Mining and quarrying	0.7	0.7
Manufacturing	1.0	0.8
Electricity, gas and water	0.8	0.7
Construction	1.2	0.9
Wholesale and retail trade, catering and accommodation	1.1	0.9
Transport, storage and communication	0.9	0.8
Finance, insurance, real estate and business services	0.8	0.8
General government	0.9	0.8
Community, social and personal services	1.1	1.0

Source: Quantec Research, 2019

In the CWD, the agriculture, forestry and fishing sector employs the most persons. The high location quotient in terms of employment coincides with employment trends observed in the District. The implication would be that persistent disturbances in the economy due to exogenous and environmental factors that affect activity in this sector may constrain the capacity of the economy to generate revenue or create employment.

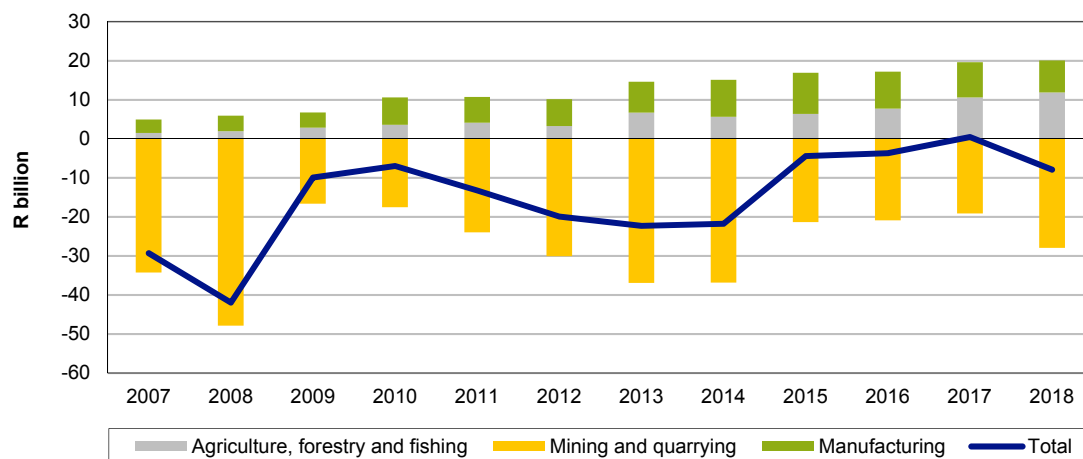
Considering that there are insignificant levels of mining and quarrying activities in all municipal areas in the CWD, it follows that the CWD has a low level of specialisation in this sector. Similarly, in the electricity, water and gas sector, the needs of the District are partially met by sourcing some of the expertise from the neighbouring regions.

3.2.1.2 International trade flows

Figure 3.1 indicates the trade balance in the CWD between 2007 and 2018. With the exception of 2017, the value of exported goods in the CWD was less than the total value of imported goods between 2007 and 2018, resulting in a negative trade balance.

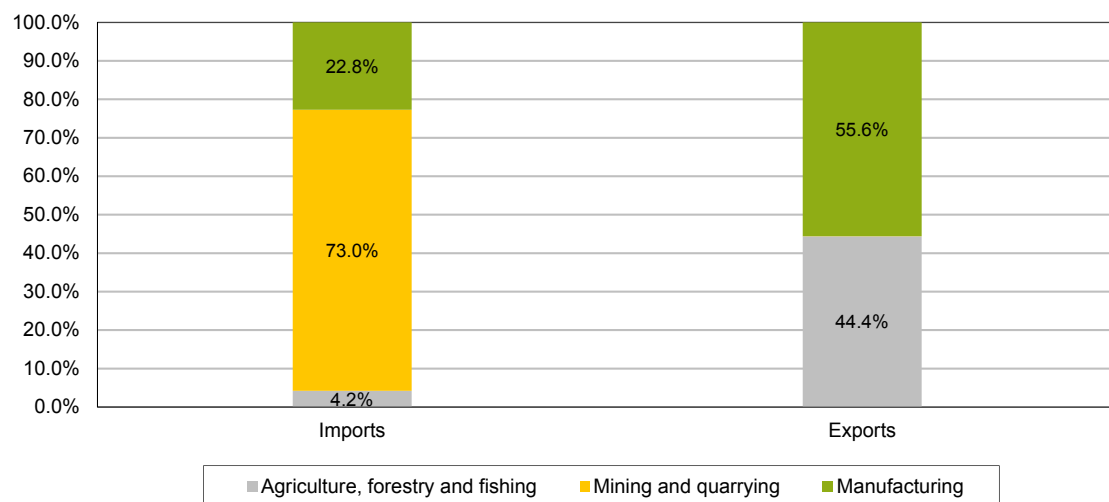
In 2018, the economy of the CWD exported goods worth R30.4 billion, while imports into the District were valued R38.3 billion. This resulted in a trade deficit of R7.9 billion, showing a decrease in the trade balance compared to 2017 when the district achieved a surplus of R0.5 billion.

The enabling environment for international trade, particularly the status and accessibility of infrastructure is essential. Road infrastructure and access to facilities such as pack houses with cold rooms play a vital role in the fresh fruit trade industry from the CWD.

Figure 3.1 Cape Winelands District trade balance, 2007 - 2018

Source: Quantec Research, 2019

Figure 3.2 indicates the distribution between sectors in terms of imports and exports.

Figure 3.2 Cape Winelands District sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

In 2018, the manufacturing sector accounted for the largest share of the exports, followed by products from the agriculture, forestry and fishing sector. However, the distribution of imports is converse to that of exports. At a municipal level, mining and quarrying activities contribute insignificantly to GDP (as indicated in Chapter 2). It may be expected that the needs for products from this sector are met through imports. As such, 73.0 per cent of imports into the District were products from the mining and quarrying sector. The main commodities imported from this sector in 2018 were petroleum oils and oils obtained from bituminous minerals.

A small proportion (4.2 per cent) of imports in 2018 were agricultural, forestry and fishing products, which suggests that most of the local needs relating to this sector are met by local produce. This further highlights the importance of this sector in the CWD, which is key in revenue generation through exporting to both domestic and international regions.

Table 3.3 indicates the value and main trading partners of the top five product categories that are imported and exported from the CWD in 2018.

Table 3.3 Cape Winelands District main imports and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	R27 938.4	Saudi Arabia, Nigeria, Angola	Edible fruit and nuts; peel of citrus fruit or melons	R12 847.4	Netherlands, United Kingdom, Russian Federation
2 Cereals	R1 861.0	Thailand, Russian Federation, Germany	Beverages, spirits and vinegar	R7 822.8	Germany, United Kingdom, Namibia
3 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R1 277.9	Germany, France, China	Preparations of vegetables, fruit, nuts or other parts of plants	R3 794.6	Botswana, Namibia, Japan
4 Preparations of vegetables, fruit, nuts or other parts of plants	R1 212.4	China, Swaziland, Argentina	Cereals	R1 245.3	Vietnam, Italy, Spain
5 Plastics and articles thereof	R720.3	Germany, Italy, Belgium	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	R443.7	Botswana, Swaziland, Namibia
Total imports	R38 271.8		Total exports	R30 937.6	

Source: Quantec Research, 2019

As the CWD is not endowed with mining resources, the local demand for such products is imported from other regions. In 2018, 73 per cent of the goods imported were petroleum oils, and oils obtained from bituminous minerals and crude. These commodities were mainly imported from Saudi Arabia, Nigeria and Angola. The commodities imported are vital to the transport sector and are also utilised as key inputs in production, such as fuel for agricultural production.

The strength of the economy of CWD is in the agriculture, forestry and fishing sector, which has been confirmed by the high location quotient. Table 3.3 shows that much of the value derived from the export market was attributable to edible fruit - mainly grapes – which were exported to the Netherlands, the United Kingdom and the Russian Federation. The second-largest contributor to the export revenue in the CWD in 2018 was wine, with Germany, the United Kingdom and Namibia being the main trading partners for this commodity.

3.2.1.3 Value chains

No industry operates in a single economic sector, as value is added throughout the product chain. Local economies are often driven by a dominant industry or commodity. This has given rise to the development of towns and the expansion of economic activity, as well as the attraction of new industries and development opportunities which add value to the economy. In other cases, a local area has natural elements or is strategically located to develop a sector or industry.

The following section provides an overview of the CWD's output and international trade flows (as illustrated in Diagram 3.1), highlighting the importance of several industries in the region. The importance of these industries is further explored by providing an overview of their contributions to other industries and sectors within the District, in terms of both GDPR and employment. Thereafter, the risks and opportunities faced by these industries are discussed to identify possible areas of development.

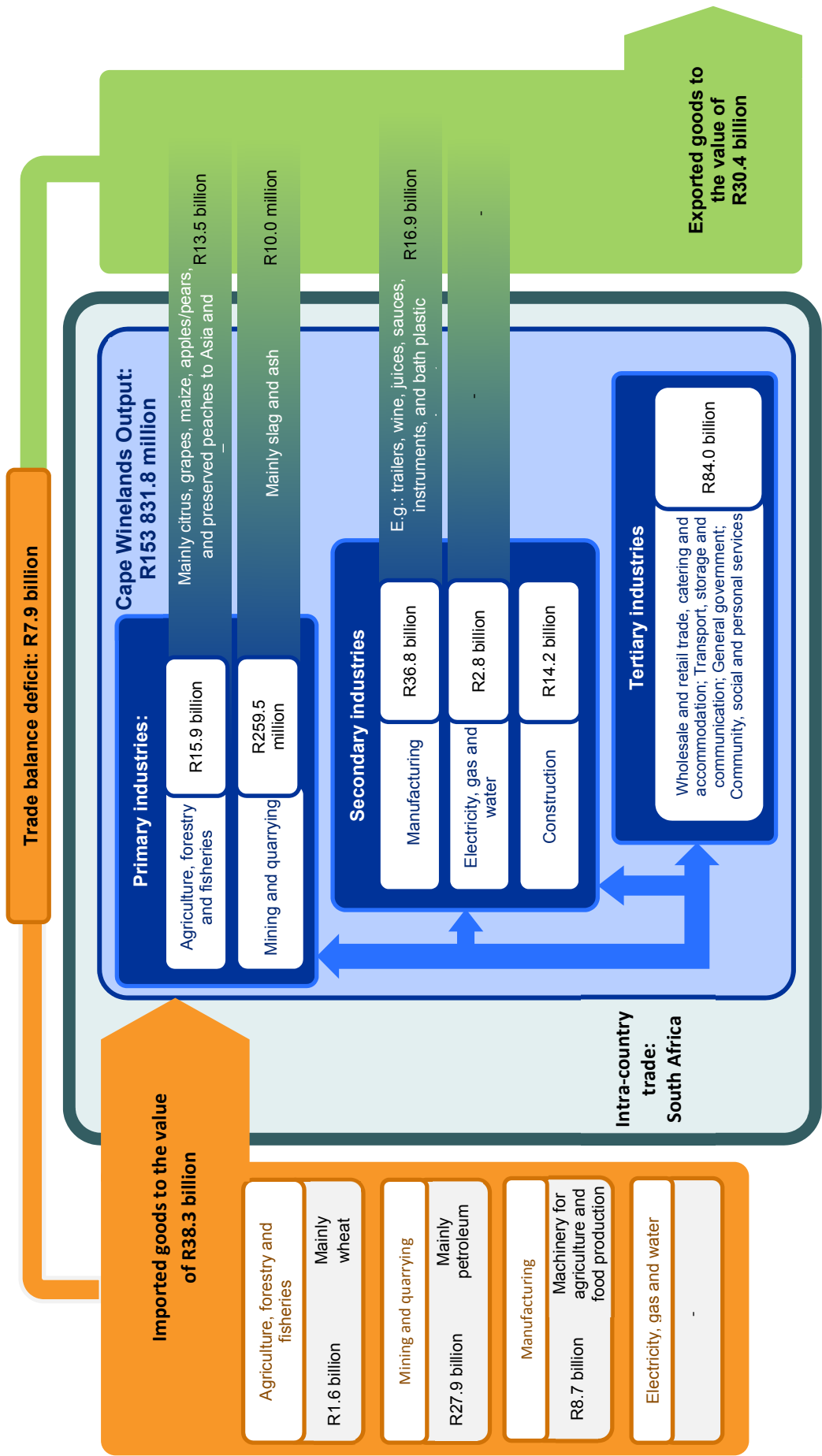
The CWD's economy mainly imports petroleum products (petroleum oils and oils obtained from bituminous, crude), which are key inputs in the transport, construction and agricultural sector. The second most imported items, based on the value of the imported goods, are machinery for agricultural purposes, and food production and processing. This is also essential considering that the economic base of the District is anchored mainly in agricultural production.

A large proportion of total output in the District's economy is derived from tertiary industries. However, the exported goods mainly comprise manufactured products, followed by agricultural produce. Noteworthy is that 85.4 per cent (R13.4 billion) of the output of the agriculture, forestry and fishing sector (R15.7 billion) is exported. Some of the agricultural products are also channelled further to the manufacturing sector, which are processed to export wine, juices and sauces. Some of the major businesses embedded in the agro-processing industry in the CWD include Monis, South African Dried Fruits, Parmalat and Ceres Fruit Juices¹⁹. In addition, a portion of the processed products from agricultural produce is distributed and consumed within the local economy. For example, fruits, food and beverages are consumed by households and in the tourism sector.

The analysis undertaken at a District level (in Chapter 1) shows that the GDPR for the agriculture, forestry and fisheries was estimated to have declined in 2018. In addition, more job losses are estimated to have taken place in 2018, though jobs losses in this sector in 2018 are less severe relative to the number of jobs shed in 2017. Despite the expected improvement of the agriculture, forestry and fishing sector's GDPR in 2019, the forecasts indicate that this sector is likely to experience an average decline between 2019 and 2023. This suggests the possibility of further job losses within the agriculture, forestry and fishing sector, which will most likely affect low-skilled persons employed in this sector.

¹⁹ Wesgro (2019)

Diagram 3.1 Trade flows in the Cape Winelands District and most commonly traded goods, current prices, 2018



Source: Urban-Econ/Quantec, 2019

The performance of the agriculture, forestry and fishing affects the productivity of other sectors in the CWD through direct and indirect linkages. For example, the growing reputation of high-quality wines is suggested to have influenced the increase in international and domestic tourists through wine tourism²⁰. In turn, tourists will need transport, accommodation, food and other amenities during their period of stay. Consequently, this will increase the value-added activities of the local economy, which highlights the importance of the agriculture value-chain in the CWD.

Other linkages to the agriculture, forestry and fishing sector include upstream activities which result in the supply of intermediate goods for further processing in the manufacturing sector. In 2016, the Western Cape Province accounted for over 95 per cent of the wine processors in South Africa²¹. The wine industry relies heavily on grape production that takes place mainly in the CWD. Other commodities, such as preserved fruits and juices which are either exported or consumed within the domestic economy, are processed from fresh fruit produced in the CWD. Therefore, the quantity and quality of products from the local agro-processing industry largely depend on the grade and amount of fruits supplied by the local agriculture, forestry and fishing sector. Outsourcing this production would result in a decrease in value-addition activities within the economy of the CWD.

Climate change impacts have evidently been observed in the Western Cape Province. The drought that has persisted since 2015 affected agricultural and tourism activities in the province, due to its adverse impact of agricultural production. This will also have a spiral effect on the labour absorption rate, where fewer low-skilled persons may be employed due to the deterioration of quantities harvested. Subsequently, this can further constrain the forward linkages with the manufacturing sector, as increased unit costs incurred by suppliers may result in lower profit margins by agro-processors.

Apart from the environmental factors such as climate change, growth of the CWD's economy is constrained by several other factors determined by national and global shocks (exogenous factors). Volatility in oil prices in the international market is expected to influence the economy of the CWD, by affecting the cost of production and the buying power of households in the District. This is due to the reliance on imported petroleum products by the CWD.

The cost of energy and adequate supply of electricity have been noted as one of the major concerns of wine producers in the CWD²². Capital expenditure in renewable energy through Foreign Direct Investment (FDI) contributed R2.3 billion out of a total of R3.9 million global inward FDI projects into the CWD since 2010²³. The investment in renewable energy has been targeted towards wind electric power, with Juwi being the investing company. Continued expansion in renewable energy projects and increased supply of electricity will, therefore, favour food producers and processors in terms of a constant supply of electricity.

²⁰ Western Cape Government (2015)

²¹ Western Cape Government (2016)

²² Western Cape Government (2017)

²³ Wesgro (2019)

Another investment project that has resulted in beneficiation within the economy of the CWD is the investment by Genetwister Africa in chemicals. To date, the sum of capital expenditures in pesticides, fertilisers and other agricultural chemicals by Genetwister Africa has amounted to R296.0 million and has created 70 jobs²⁴. This means that a portion of inputs needed in agricultural production can be sourced from the local economy, resulting in an increase in value-adding activities within the economy of the CWD.

Analysis of the employment growth trends showed that low-skilled persons are most susceptible to job losses, particularly in the agriculture, forestry and fishing sector. Job losses in the agriculture, forestry and fishing sector have been due to a combination of a high degree of mechanisation by farmers particularly in the wine industry²⁵ and the effects of the persistent drought that affected the scale of agricultural activities. Therefore, skill development programmes are vital to upskilling working persons in the CWD so that they may have a wider range of employment opportunities to consider.

Furthermore, strengthening the productive capacity and the resilience of the agriculture, forestry and fishing sector through research and development (R&D) is key to maintaining the sector's contribution to export revenue, in addition to its vital role of providing raw materials for further processing in the manufacturing sector. Some of the processed products are also consumed by local households and distributed to tourist destinations. Thus, continued support of the agriculture, forestry and fishing sector ensures the continuous supply of food and beverages, while the value-added accrues to the CWD. In addition, targeted support to small-scale farmers is essential to enhancing their ability to compete and achieve economies of scale that commercial farmers attain.

3.2.1.4 Investments

Table 3.4 shows the global inward foreign direct investment (FDI) into the CWD between 2010 and 2017. The FDI projects attracted into the CWD between 2010 and 2017 were valued at R3.9 billion and created 237 jobs. Out of the 237 employment opportunities created, 70 jobs were linked to capital expenditures in chemicals (namely, pesticides, fertilisers and other agricultural chemicals). As indicated in the value chains section, this indicates beneficiation of the local manufacturing sector, as farming inputs can be sourced from the local District economy.

Investments in renewable energy accounted for the largest proportion of capital expenditures (R2.2 billion), creating 22 direct employment opportunities. Increased investment in renewable energy projects does not only augment the supply of electricity within the local economy but also indicates movement in the direction of cleaner sources of energy.

²⁴ Wesgro (2019)

²⁵ Western Cape Government (2015)

Table 3.4 Summary of investment, Cape Winelands District by sector, 2010 - 2017

Sector	Total CAPEX (ZARm)	Total Jobs
Biotechnology	603.0	46
Business services	334.0	15
Chemicals	296.0	70
Communications	108.0	16
Financial services	295.0	40
Food and tobacco	6.0	20
Real Estate	2.0	8
Renewable energy	2 237.0	22
Grand Total	3 881.0	237

Source: Wesgro (2019)

The second largest FDI project in terms of capital expenditures and direct jobs created was the investment in biotechnology. Enza Zaden has made capital expenditures amounting to R603.0 million between 2010 and 2017, which resulted in 46 jobs being created. Noteworthy is that these investments are based on In-Vitro diagnostic substances, which are vital in supporting growers through R&D and genetic modification that results in the contribution of premium quality seeds and pest-resistant crops. Investments in business and financial services illustrates the extent to which the economy of the CWD has focused on diversification, which has resulted in a boost in employment in this sector.

Although money flows into the CWD through FDI inward projects, local companies also invest abroad, resulting in money flowing out of the CWD. Table 3.5 shows that there was an outflow of capital expenditures amounting to R11.5 million between 2012 and 2018. Investments in Healthcare (mostly in Dubai) accounted for the largest proportion of money flowing out of the CWD and created the largest number of jobs.

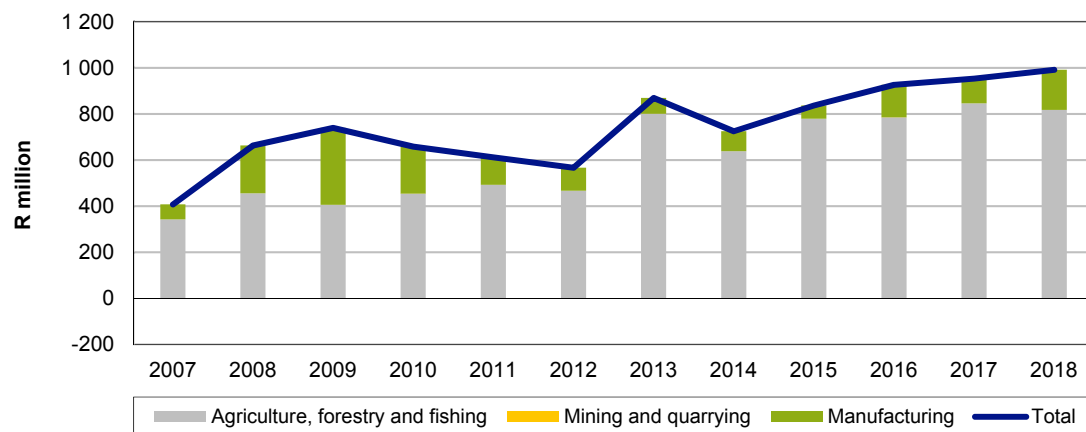
Table 3.5 Summary of investment, Cape Winelands District, 2012 - 2018

Sector	Total CAPEX (R million)	Total Jobs
Beverages	3 388.0	470
Financial services	137.0	13
Food and tobacco	2 037.0	732
Healthcare	5 023.0	1 384
Industrial equipment	14.0	12
Software and IT Services	893.0	398
Grand Total	11 493.0	3 009

Source: Urban-Econ calculations based on Wesgro (2019)

3.2.2 Witzenberg

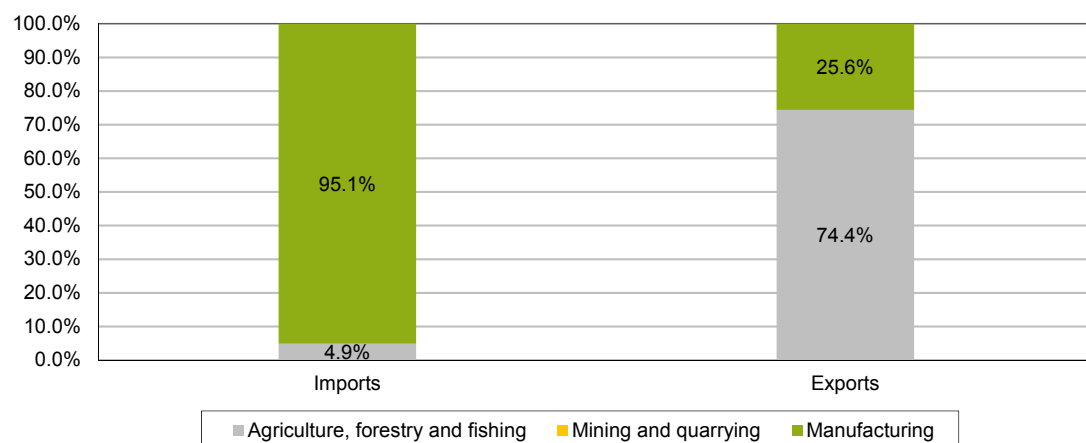
The figure below indicates the balance of trade in the Witzenberg municipal area between 2007 and 2018.

Figure 3.3 Witzenberg trade balance, 2007 - 2018

Source: Quantec Research, 2019

In 2018, the Witzenberg municipal area's economy imported goods to the value of R114.5 million. However, the local economy achieved a trade surplus of R991.4 million, as it exported goods to the value of R1.1 billion in the same year. The trade surplus achieved in 2018 - the largest surplus experienced over the reference period - was mainly driven by exports from the agriculture, forestry and fishing sector, followed by goods from the manufacturing sector.

Figure 3.4 indicates the distribution between sectors in terms of imports and exports in 2018.

Figure 3.4 Witzenberg sectoral trade distribution (import/export), 2018

Source: Quantec Research, 2019

Approximately 74.4 per cent of export revenue in the municipal area was generated through exporting products from the agriculture, forestry and fishing sector, while manufactured products accounted for the remaining 25.6 per cent. Conversely to exports, manufactured goods accounted for 95.1 per cent of all imports into the Witzenberg municipal area. Noteworthy is that the imports into the municipal area do not reflect the demand for mining and quarrying products as reflected at a District level. This suggests that the need for petroleum products is catered for by the neighbouring municipal areas or districts (or even provinces).

Table 3.6 indicates the value and main trading partners of the top five product categories that are imported and exported from the Witzenberg municipal area in 2018.

Table 3.6 Witzenberg main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Organic chemicals	R40.1	Italy, Spain, Brazil	Edible fruit and nuts; peel of citrus fruit or melons	R808.9	United States, Italy
2 Articles of iron or steel	R18.7	Italy	Preparations of vegetables, fruit, nuts or other parts of plants	R177.0	Japan, Russian Federation, Netherlands
3 Plastics and articles thereof	R14.2	Italy, Netherlands, United States	Beverages, spirits and vinegar	R65.6	Germany, France, United Kingdom
4 Preparations of vegetables, fruit, nuts or other parts of plants	R10.5	United Kingdom	Edible vegetables and certain roots and tubers	R21.4	United Kingdom, Netherlands, Italy
5 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R7.9	United States, Italy, Denmark	Organic chemicals	R20.4	Japan
Total imports	R114.5		Total exports	R1 105.9	

Source: Quantec Research, 2019

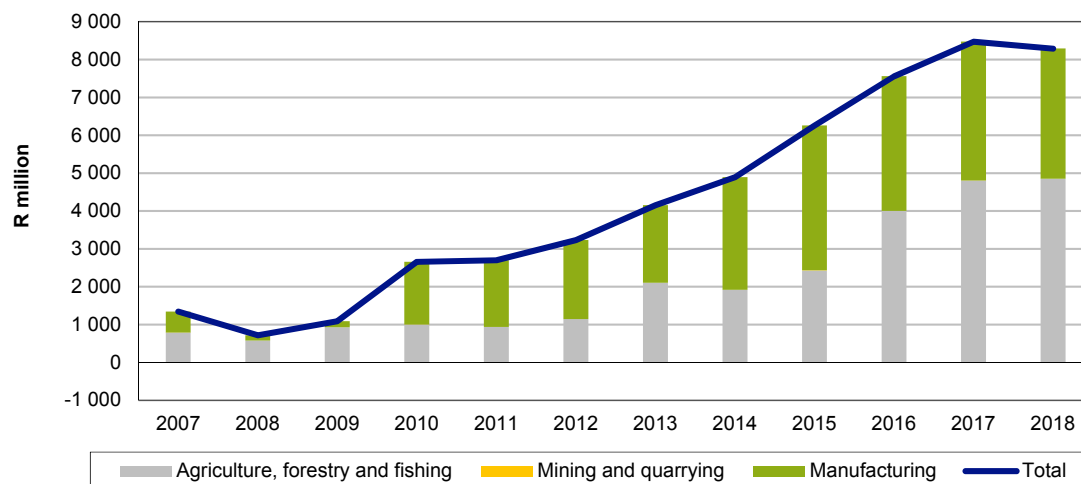
Organic chemicals accounted for the largest proportion of imports into the municipal economy in 2018, which were mainly imported from Italy, Spain and Brazil. The main commodity imported was tartaric acid, which is mainly used in flavouring and carbonating (preserving) beverages.

In 2018, 73.2 per cent of the Witzenberg municipal area's export revenue was attributable to edible fruit and nuts, and peel of citrus fruit or melons. Some of the main commodities in this category were citrus fruits, which were exported to the United States, and pears, which are mainly exported to Italy.

3.2.3 Drakenstein

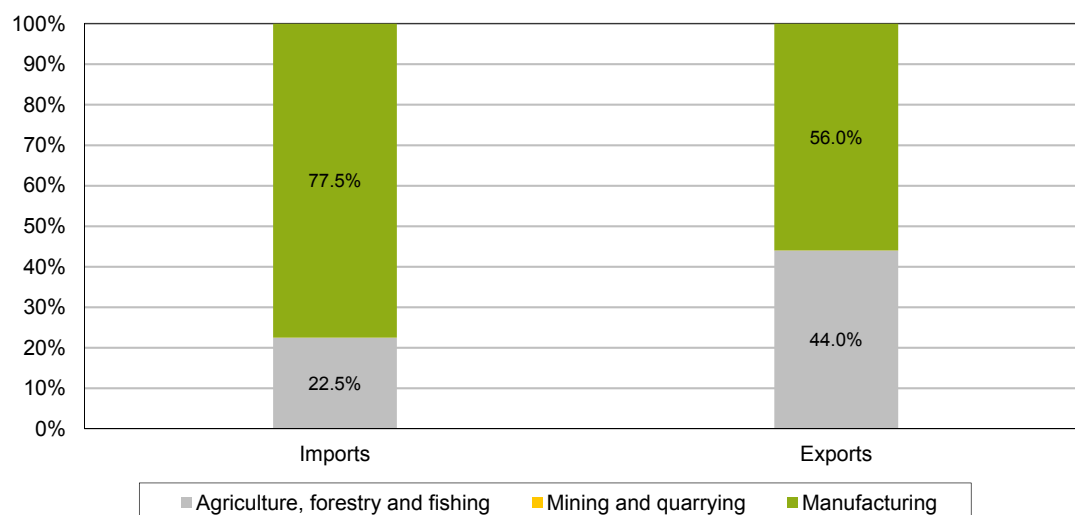
Figure 3.5 indicates the balance of trade in the Drakenstein municipal area between 2007 and 2018. In 2018, the Drakenstein municipal area's economy exported goods to the value of R13.9 billion. Imported goods were valued at R5.6 billion, and as a result, the municipal area achieved a surplus of R8.3 billion. However, this was R200.0 million lower than the surplus achieved in the preceding year. Over the reference period, the local economy achieved trade surpluses, the lowest of which was in 2008 due to the aftermath of the global financial crisis.

The manufacturing and agriculture, forestry and fishing sectors of the Drakenstein economy are the main contributors to the region's trade performance. Between 2010 and 2015, the manufacturing sector registered higher trade surpluses than that of the agriculture, forestry and fishing sector. Between 2016 and 2018, however, the agriculture, forestry and fishing sector achieved a higher surplus than the manufacturing sector.

Figure 3.5 Drakenstein trade balance, 2007 - 2018

Source: Quantec Research, 2019

Figure 3.6 indicates the distribution between sectors in terms of imports and exports.

Figure 3.6 Drakenstein sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Most of the commodities imported are products from the manufacturing sector (77.5 per cent). Although agricultural products account for 22.5 per cent of the imports, it should be highlighted that this equates to about five times the value of imported agricultural commodities at a District level (4.2 per cent). This suggests that the economy of the municipal area is in greater need of agricultural commodities relative to the District in general. In terms of exports, the manufacturing sector generates more revenue than products from the agriculture, forestry and fishing sector.

Table 3.7 provides the main trading partners of the top five product categories that are imported and exported from the Drakenstein municipal area.

Table 3.7 Drakenstein main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partner
1 Cereals	R1 627.7	Thailand, Germany, Russian Federation	Edible fruit and nuts; peel of citrus fruit or melons	R6 719.6	Netherlands, United Kingdom, United Arab Emirates
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R883.0	Germany, China, France	Preparations of vegetables, fruit, nuts or other parts of plants	R3 497.9	Botswana, Namibia, Japan
3 Preparations of vegetables, fruit, nuts or other parts of plants	R760.2	Swaziland, China, Argentina	Beverages, spirits and vinegar	R1 440.2	United Kingdom, Germany, Netherlands
4 Plastics and articles thereof	R354.6	Italy, Belgium, India	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R257.32	Japan, Germany, United Kingdom
5 Meat and edible meat offal	R235.30	Brazil, Ireland, Denmark	Miscellaneous edible preparations	R242.72	Namibia, Botswana, Swaziland
Total imports	R5 581.8		Total exports	R13 871.9	

Source: Quantec Research, 2019

The top exported product category in 2018 was edible fruit and nuts and peel of citrus fruit or melons. The municipal area mainly exported grapes, citrus (mandarins) and avocados to the Netherlands, while grapes were exported to the United Kingdom. Pears were also a large contributor to export revenue in 2018, which were mainly exported to the United Arab Emirates.

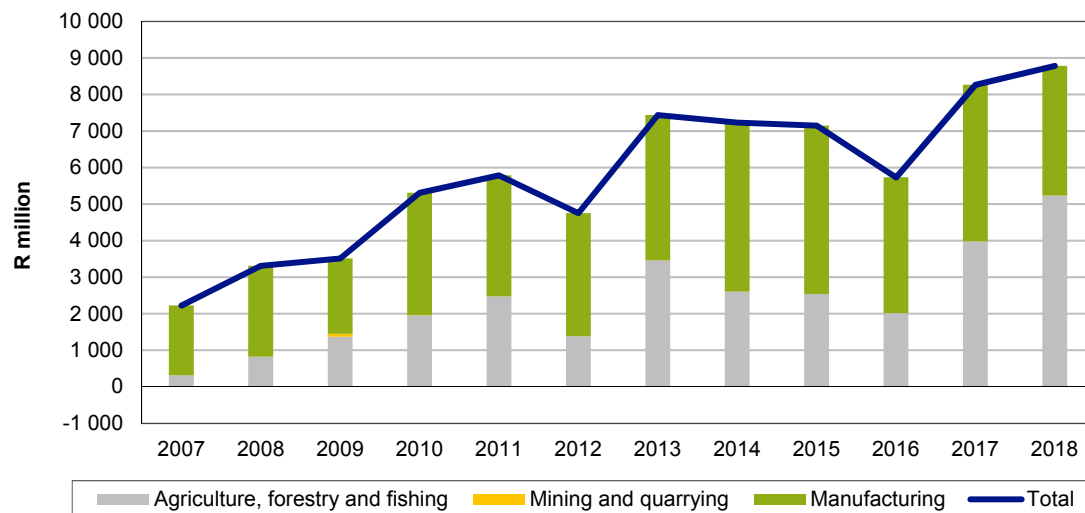
The top exported goods from the manufacturing sector in 2018 were fruit juices and vegetable juices, which were mainly exported to Botswana and Namibia. Japan mainly imported preserved or prepared fruit, nuts and other edible parts of plants from the economy of Drakenstein municipal area. Another top export in 2018 was wine, which was mainly exported to the United Kingdom, Germany and the Netherlands.

Cereals accounted for the largest share of imports in 2018. A breakdown of this product group reveals that rice, wheat and meslin were the major commodities imported. Rice was mainly imported from Thailand, while wheat and meslin were sourced from Germany and the Russian Federation. Furthermore, machinery for manufacturing beverages and packing and labelling accounted for the highest proportion of the manufacturing items imported. The local economy sourced these mainly from Germany, China and France.

3.2.4 Stellenbosch

The balance of trade in the Stellenbosch municipal area between 2007 and 2018 is depicted in Figure 3.7.

Figure 3.7 Stellenbosch trade balance, 2007 - 2018

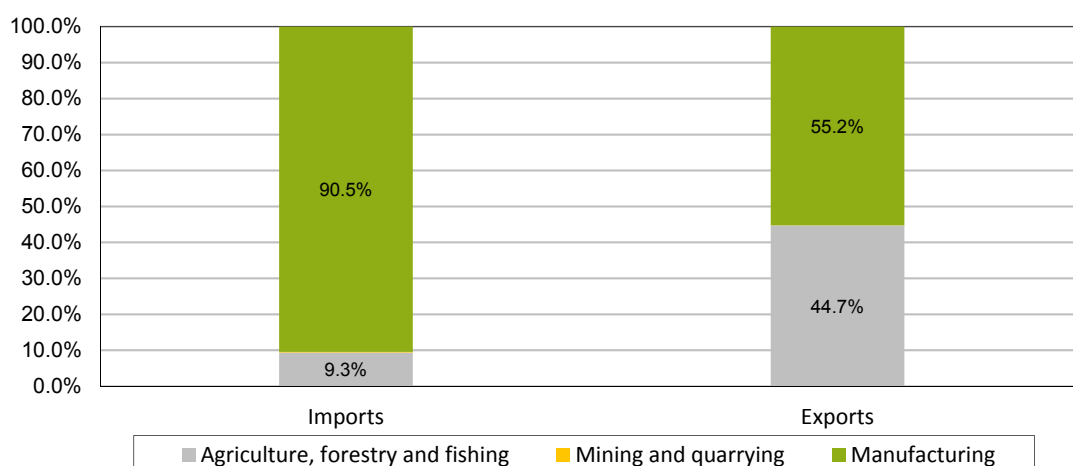


Source: Quantec Research, 2019

The economy of the Stellenbosch municipal area has achieved trade surpluses in each year over between 2007 and 2018. In 2018, the local economy exported goods to the value of R12.5 billion, while imports into the local economy were valued at R3.7 billion. The resultant trade balance was a surplus of R8.7 billion. This is the highest surplus that has been achieved throughout the period analysed. While most of the surplus was derived from exports from the manufacturing sector between 2007 and 2017, produce from the agriculture, forestry and fishing sector accounted for the greatest proportion of the trade surplus in 2018.

Figure 3.8 illustrates the distribution between sectors in terms of imports and exports.

Figure 3.8 Stellenbosch sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Importation of products into the municipal area were mainly manufacturing products (90.5 per cent) in 2018, followed by agricultural products (9.3 per cent). The manufacturing sector accounted for the greatest proportion of the value of exports (55.2 per cent), followed by goods from the agriculture, forestry and fishing sector.

Table 3.7 indicates the value and main trading partners of the top five categories that are imported and exported in the municipal area.

Table 3.8 Stellenbosch main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Residues and waste from the food industries; prepared animal fodder	R453.03	Zambia, Argentina, Malawi	Beverages, spirits and vinegar	R4 976.1	Namibia, Germany, United Kingdom
2 Preparations of vegetables, fruit, nuts or other parts of plants	R424.3	China, Italy, Argentina	Edible fruit and nuts; peel of citrus fruit or melons	R4 297.0	Netherlands, United Kingdom, Russian Federation
3 Beverages, spirits and vinegar	R336.9	Spain, Argentina, United Kingdom	Cereals	R1 140.9	Vietnam, Italy, Spain
4 Plastics and articles thereof	R319.4	Germany, Belgium, Portugal	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	R433.8	Botswana, Swaziland, Namibia
5 Cereals	R233.3	Germany, Belgium, Portugal	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	R258.99	United States, United Kingdom, Australia
Total imports	R3 704.0		Total exports	R12 484.5	

Source: Quantec Research, 2019

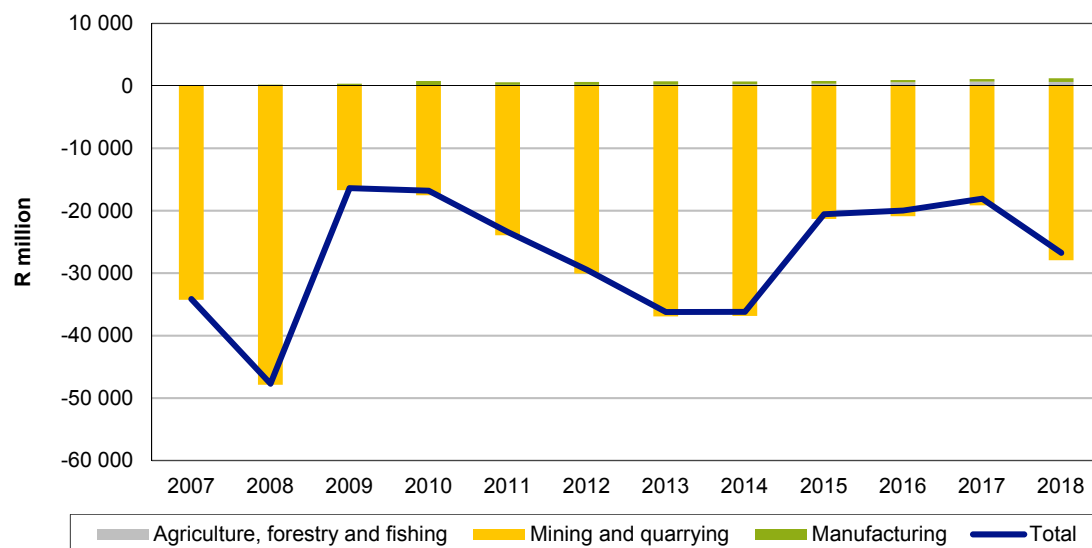
Manufacturing products contributed the largest proportion of imports in 2018. The municipal area's economy mainly imports oil cake and other solid residues, whether ground or in the form of pellets, mainly from Zambia, Argentina and Malawi. This is mainly used for is animal feed, particularly in the poultry industry. China, Italy and Argentina are the main suppliers of fruit juices and vegetable juices to the Stellenbosch municipal area.

The exportation of wine generates most of the export revenue for the local economy, which is mainly distributed to Namibia, Germany and the United Kingdom. Other significant contributors to export revenue in 2018 were oranges (mainly exported to the Netherlands and the Russian Federation), cranberries, bilberries and other fruit of the genus *Vaccinium* (exported to the Netherlands and United Kingdom) and mandarins (mainly exported to the Russian Federation).

3.2.5 Breede Valley

Figure 3.9 indicates the balance of trade in the Breede Valley municipal area between 2007 and 2018.

Figure 3.9 Breede Valley trade balance, 2007 - 2018

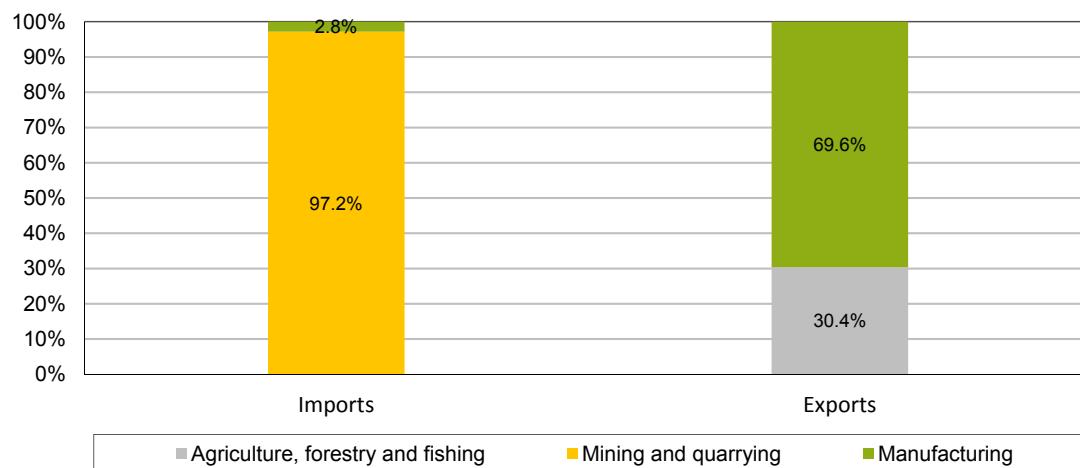


Source: Quantec Research, 2019

The economy of the Breede Valley municipal area has registered deficits in every year over the reference period. In 2018, the local economy imported mining and quarrying products to the value of R28.7 billion, against exports worth R2.4 billion (mainly from the manufacturing and agriculture, forestry and fishing sectors). This resulted in a deficit of R26.7 billion.

It should be noted that the deficit of the municipal economy reduced between 2009 and 2010, and between 2015 and 2017. However, this is not because the local economy earned more export revenue to reduce its deficit. These years were characterised by a slowdown in economic growth, and as a result, the local economy imported fewer products compared to the other years.

Figure 3.10 indicates the distribution between sectors in terms of imports and exports. In 2018, the economy of the municipal area mainly imported mining and quarrying products (97.2 per cent), which is mainly petroleum oils and oils obtained from bituminous minerals. A small proportion of the imports (2.8 per cent) was attributable to manufacturing commodities. The greatest proportion of the export revenue is generated by the manufacturing sector (69.6 per cent), followed by the agriculture, forestry and fishing sector (30.4 per cent).

Figure 3.10 Breede Valley sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Table 3.9 shows the main product categories that are imported and exported from the Breede Valley municipal area, along with the main trading partners.

Table 3.9 Breede Valley main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	R27 931.7	Saudi Arabia, Nigeria, Angola	Beverages, spirits and vinegar	R880.3	United Kingdom, Germany, France
2 Aluminium and articles thereof	R138.0	Greece, China, Germany	Edible fruit and nuts; peel of citrus fruit or melons	R611.8	Netherlands, United Kingdom, China
3 Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R136.8	Lithuania, China, Germany	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R365.8	Tanzania, Zambia, Namibia
4 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R133.9	France, Germany, China	Plastics and articles thereof	R86.3	United States, United Kingdom, Australia
5 Paper and paperboard; articles of paper pulp, of paper or of paperboard	R61.1	Australia	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R24.3	Mozambique, Namibia, Zimbabwe
Total Imports	R28 748.3		Total Exports	R2 013.6	

Source: Quantec Research, 2019

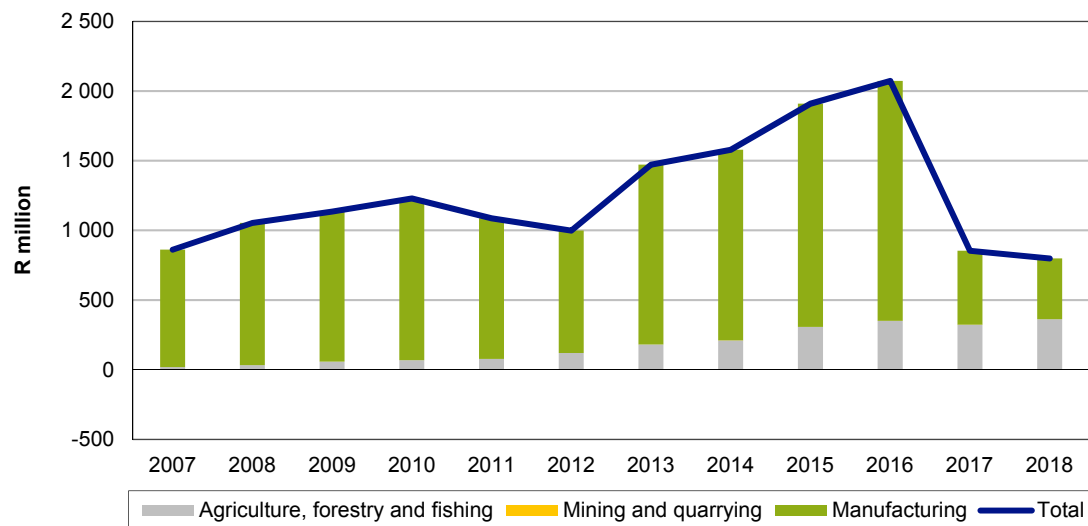
The economy of the municipal area mainly imports petroleum oils and oils obtained from bituminous minerals. This is sourced mainly from Saudi Arabia, Nigeria and Angola.

The export market of the municipal area is mostly driven by the demand for grapes and wine. Much of the export revenue of the municipal economy was generated through the sale of wine to the United Kingdom, Germany and France. The United Kingdom, Netherlands and France were the main international consumers (buyers) of grapes from the municipal economy.

3.2.6 Langeberg

Figure 3.11 below indicates the balance of trade in the Langeberg municipal area between 2007 and 2017.

Figure 3.11 Langeberg trade balance, 2007- 2018

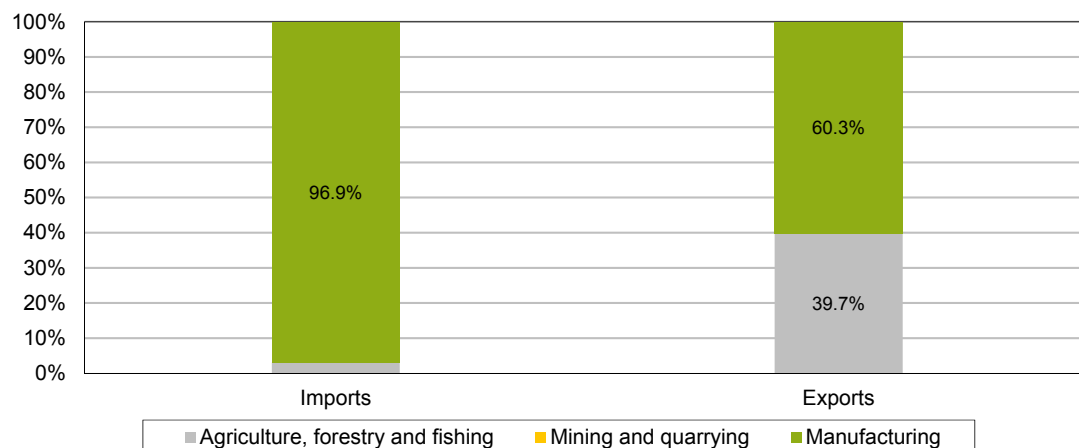


Source: Quantec Research, 2019

The economy of Langeberg municipal area is the smallest economy in the entire District. Notwithstanding the fact that the local economy achieved positive net exports throughout the years, the value derived from the flow of goods is relatively less compared to that of the other four municipal areas in the CWD.

In 2018, the municipal economy imported goods to the value of R123.0 million and generated export revenue to the value of R921.7 million. This resulted in a surplus of R798.5 million. However, the surplus achieved in the last two years (2017 and 2018) has declined, which was attributable to a decline in manufacturing exports. The contribution of the agriculture, forestry and fishing sector to the trade surplus has improved over the years.

The distribution between sectors in terms of imports and exports is depicted in Figure 3.12.

Figure 3.12 Langeberg sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

In 2018, the greatest proportion (96.9 per cent) of imported goods was attributable to manufactured items, which was mainly agricultural machinery. Manufactured products accounted for the greatest share of the export revenue (60.3 per cent), followed by agricultural products (39.7 per cent). The agricultural products mainly exported by the local economy are wine and citrus fruits.

Table 3.10 indicates the value and primary trading partners of the top five product categories that are imported and exported from the Langeberg municipal area.

Table 3.10 Langeberg main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R26.0	Spain, France, United States	Beverages, spirits and vinegar	R460.6	United Kingdom, United States, Germany
2 Edible fruit and nuts; peel of citrus fruit or melons	R23.1	Chile, Burkina Faso, Vietnam	Edible fruit and nuts; peel of citrus fruit or melons	R410.1	Russian Federation, Netherlands, United Kingdom
3 Paper and paperboard; articles of paper pulp, of paper or of paperboard	R22.2	Germany	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	R21.99	Germany, Netherlands, Czech Republic
4 Preparations of vegetables, fruit, nuts or other parts of plants	R17.3	China, Thailand, Israel	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R14.2	Germany, Vietnam, Hong Kong
5 Plastics and articles thereof	R10.5	China, Italy, India	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R5.4	Zambia
Total imports	R123.2		Total exports	R927.7	

Source: Quantec Research, 2019

Most of the export revenue generated was attributable to exports of wine, mainly to the United Kingdom, the United States and the Netherlands, followed by citrus fruits (mainly mandarins) to the Russian Federation, Netherlands and the United Kingdom.

The municipal economy imports a wide range of commodities, from agricultural machinery to paper and paperboard. The municipal economy also imports machines for cleaning, sorting or grading eggs, fruit or other agricultural produce mainly from Spain. Refrigerators and freezers (and other refrigeration or freezing equipment) are mainly sourced from France, while centrifuges, filtering and purifying, and machinery used for harvesting and threshing are imported from the United States. Furthermore, paper and paperboard, which are used for labelling and packaging, are mainly sourced from Germany.

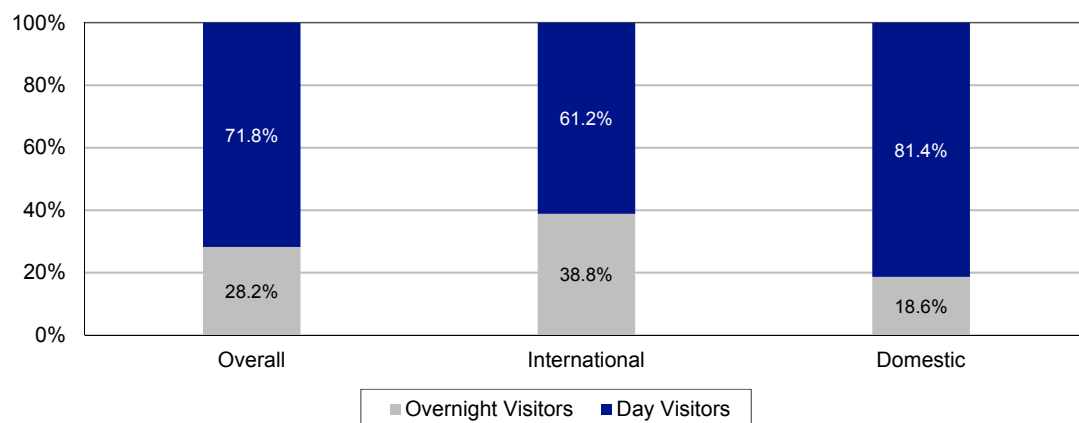
3.3 Tourism trends²⁶

The CWD is known as a primary destination for tourists who visit Cape Town, with world-renowned, wine estates and the longest wine route globally (Route 62). The Winelands are the fifth most visited attraction in the country by international visitors. The tourism sector plays an integral part in the CWD economy and has great potential for growth due to the availability of natural and historical resources. There is a multitude of tourism facilities available, ranging from hotels, guest houses, lodges, health spas, restaurants, conference centres, museums, adventure activities, arts and culture and so forth. The Winelands is a wonderful example of agri-tourism (wine tourism), creating an integrated share economy through the promotion of routes and experiential activities.

3.3.1 Visitor trends

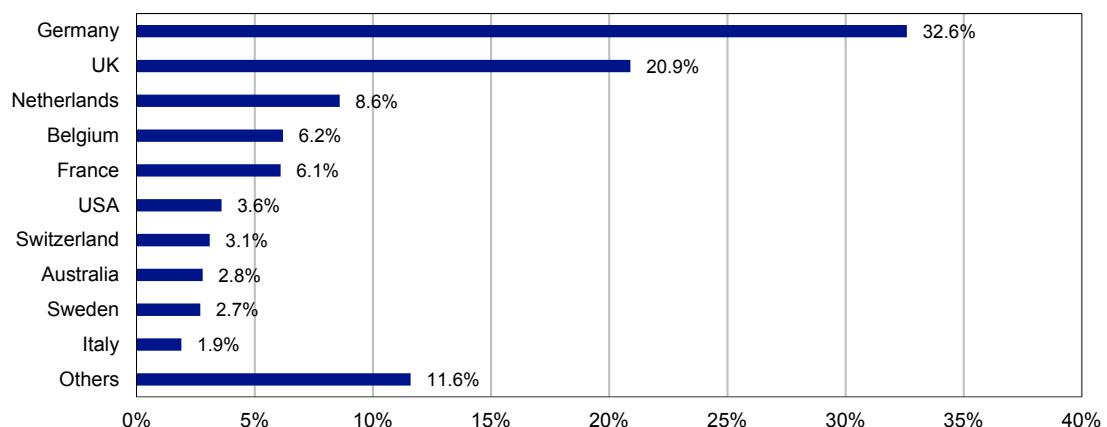
The CWD attract both international (47.3 per cent) and domestic visitors (52.7 per cent) with a relatively equal spread between the two markets. The representation of the markets indicate the importance of the area as a tourist destination in the Western Cape Province. Figure 3.13 shows the variation between overnight and day visitors to the region. The international market differs from the domestic market in terms of travel behaviour, with international tourists more likely to stay over in the region. This means that the international market has a higher return on investment than the domestic market in terms of length of stay and spending patterns.

²⁶ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region due to its survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Further, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information as the sample sizes are not comparable.

Figure 3.13 Overnight vs. day visitors, Cape Winelands District, 2018

Source: Wesgro, 2019

The most prominent international markets are the European countries, the United States of America and Australia. These markets form part of the Western Cape Province's top ten international tourist markets, which means that the CWD is a core part of their itinerary when visiting the Province.

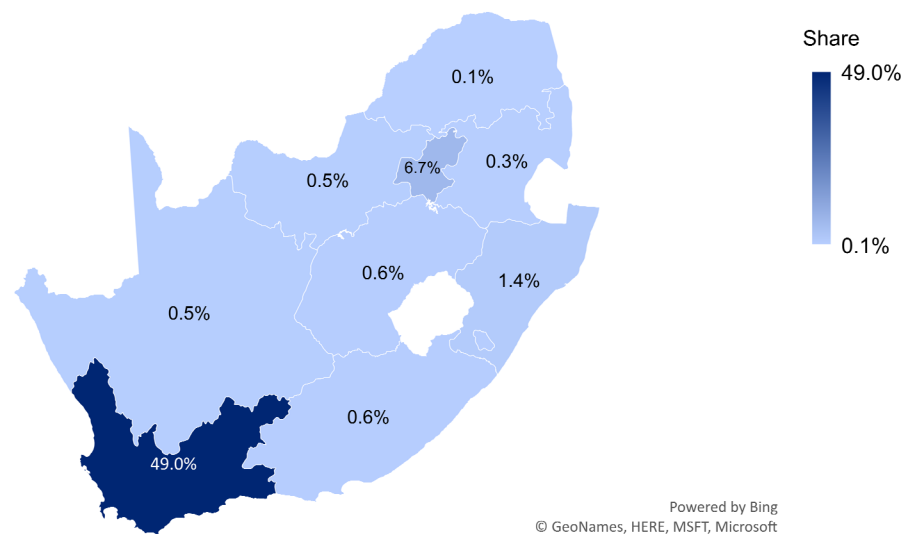
Figure 3.14 Percentage share of international travellers, Cape Winelands District, 2018

Source: Wesgro, 2019

The domestic markets are more locally based, with 49.0 per cent of visitors to the CWD originating from the Western Cape Province, followed by Gauteng at 6.7 per cent. Domestic tourism, therefore, forms an integral part of the region's tourism economy, as people visit for recreational, business and educational purposes, and mostly for the day.

Hosting events also attract domestic visitors, especially to smaller towns in the CWD. Events in the CWD had 111 434 attendees providing an economic injection for shops, restaurants and accommodation service providers²⁷.

²⁷ Wesgro (2019)

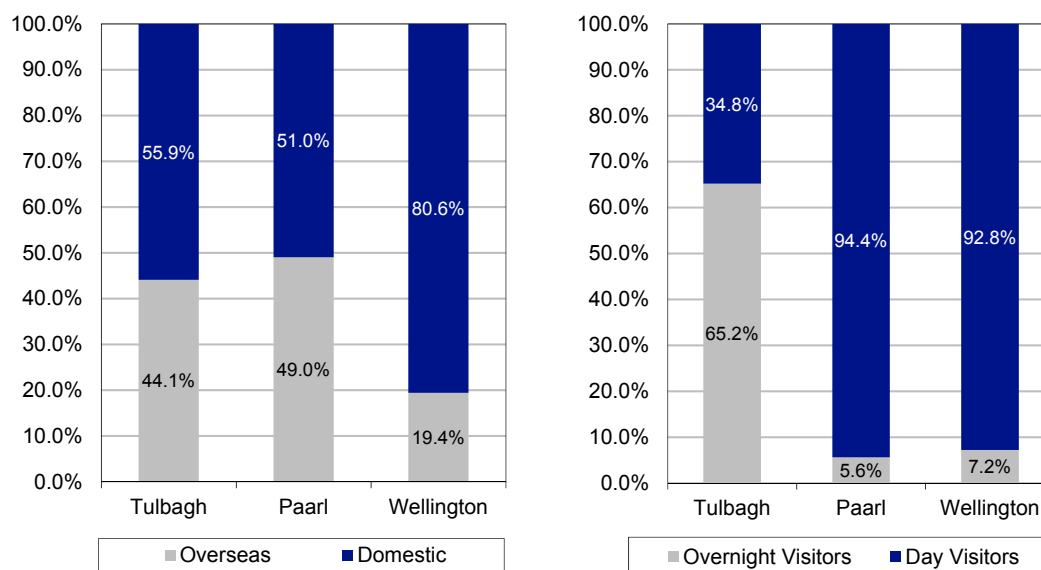
Map 3.1 Percentage share of domestic travellers, Cape Winelands District, 2018

Note 40.2 per cent of responses were unspecified.

Source: Wesgro, 2019

The visitor trends indicate that the areas near Cape Town (Paarl and Wellington) mostly receive day visitors, unlike Tulbagh, which is situated in the mountainous area of the Boland.

Both markets have investment potential to grow the CWD's economy, with the international market holding a higher value in terms of participating in tourism activities, while the domestic market reduces seasonality and broadens the impact of spending in the economy.

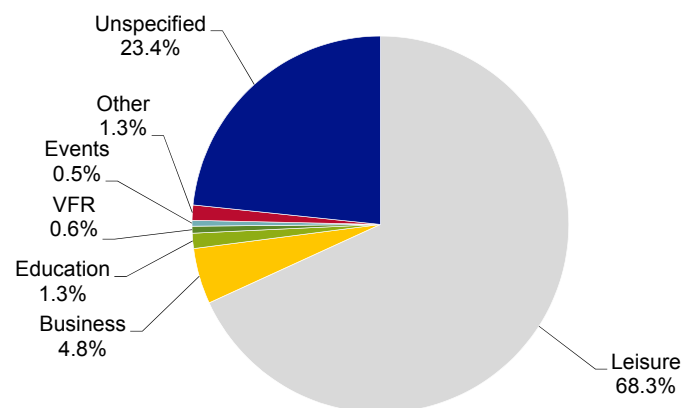
Figure 3.15 Regional towns visitor trends, Cape Winelands District, 2018

Source: Wesgro, 2019

3.3.2 Visitor profile

Most visitors to the CWD come for leisure purposes, as seen in Figure 3.16. International tourists mainly come for this purpose (92.0 per cent), while the domestic market also visits for business (8.9 per cent) and education (2.1 per cent). Thus, people visit primarily for leisure, but areas such as Wellington that attract more domestic visitors experience business travel alongside leisure.

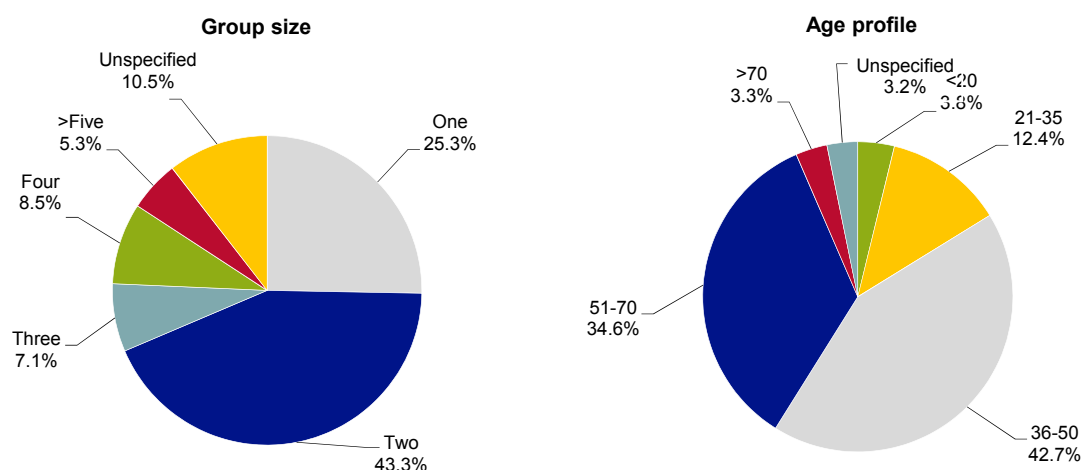
Figure 3.16 Main purpose of visit, Cape Winelands District, 2018



Source: Wesgro, 2019 (VFR denotes visiting friends and relatives)

Most visitors travel in groups of two or more, as seen in Figure 3.17 with international travellers moving in pairs (53.4 per cent) or more, whereas domestic visitors travel alone (42.9 per cent) or in small groups (41.6 per cent).

Figure 3.17 Visitor profile, Cape Winelands District, 2018



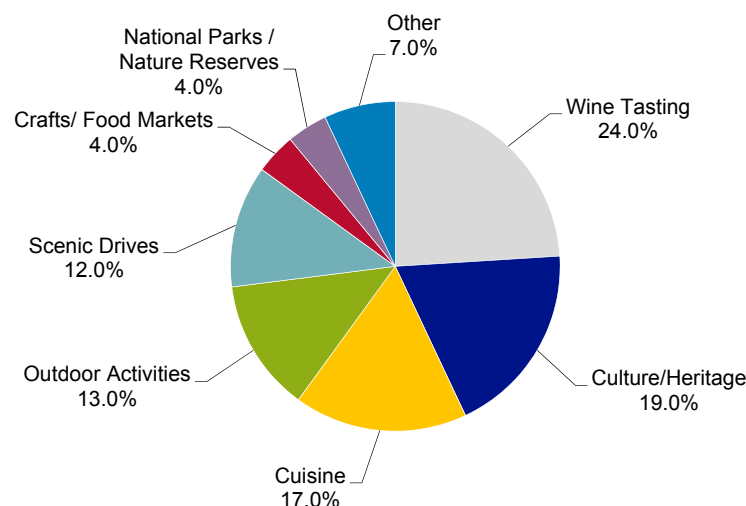
Source: Wesgro, 2019

Most travellers are between the ages of 36 and 70, meaning that they are experienced leisure travellers with spending power. Over 41.7 per cent of international visitors are between the ages of 51 and 70, indicating that the region is very attractive to those who want to see the world during or before their retirement. These international travellers have plenty of time to travel and the capital to pursue it. The domestic visitors are aged between 36 and 50, reflecting that the market has a medium- to high-income group who should have an established family and/or career, making them an ideal target audience for luxury product offerings and family-oriented activities.

3.3.3 Activities

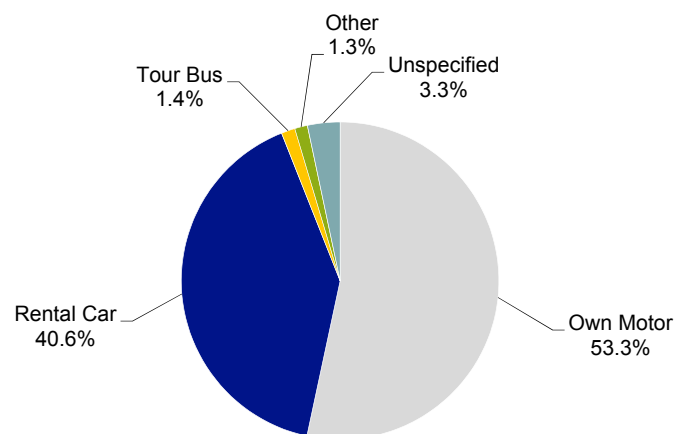
Visitors partake in wine tasting (24.0 per cent), culture/heritage (19.0 per cent), culinary (17.0 per cent), and outdoor activities (13.0 per cent), which symbolise the core product offering of the CWD.

Figure 3.18 Top activities undertaken in the Cape Winelands, 2018



Source: Wesgro, 2019

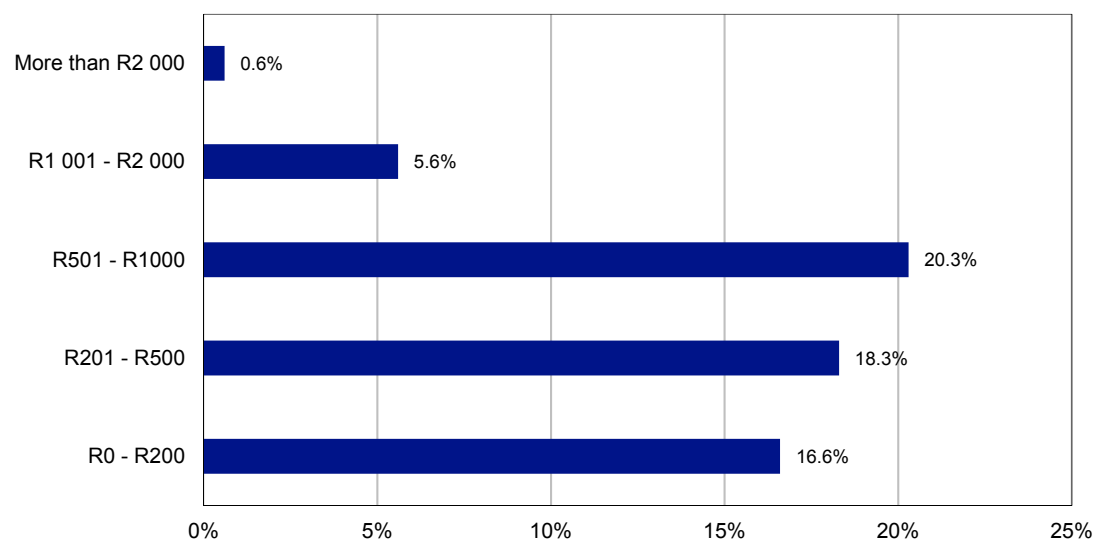
Figure 3.19 shows the modes of transport used by visitors to travel to and within the CWD, with own motor (53.3 per cent) and rental car (40.6 per cent) as the primary modes. This suggests that these travellers are self-sufficient and not necessarily constrained by a set itinerary. Over 81.7 per cent of international visitors to the region use rental cars and 90.8 per cent of domestic visitors use their own motor vehicles, which emphasises the importance of good signage, information distribution and visitor services to ensure that the Cape Winelands tourism offering is visible to visitors in the region.

Figure 3.19 Mode of transport used by visitors, Cape Winelands District, 2018

Source: Wesgro, 2019

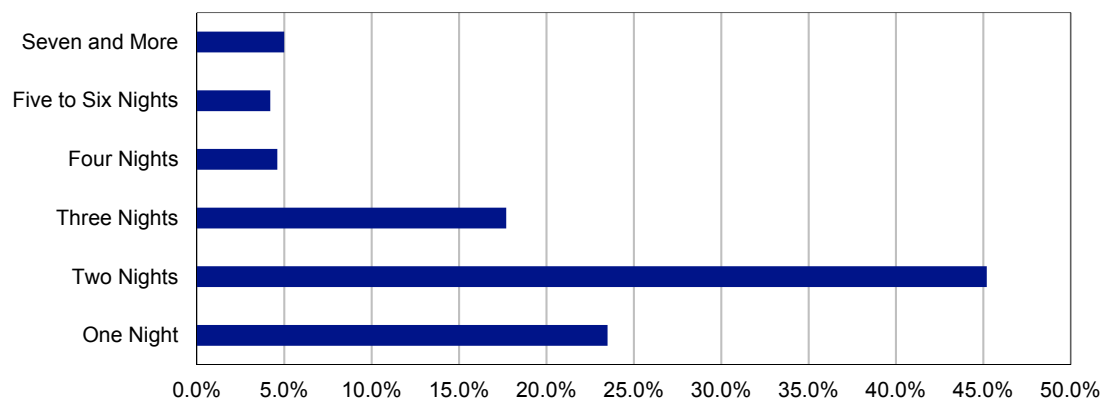
3.3.4 Visitor spend

International visitors are highly valued, with 46.7 per cent spending between R500 and R1 000, while 40.6 per cent of domestic visitors spend under R200. International visitors are also more likely to stay over in the region, which increases spending. In general, visitors spend, on average, between R200 and R2 000 a day in the CWD, with 20.3 per cent of visitors spending between R500 and R1 000 and 18.3 per cent spending between R200 and R500.

Figure 3.20 Average daily expenditure by visitors, Cape Winelands District, 2018

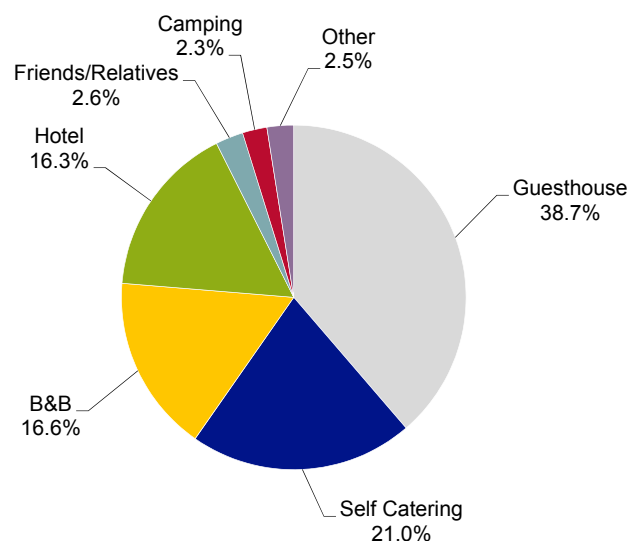
Source: Wesgro, 2019 Note: 38.6 per cent of responses were unspecified

To increase the spend of tourists, a destination needs to motivate longer stays. According to Figure 3.21, visitors that do stay over spend on average two nights (45.2 per cent) in the region, with most visitors being international travellers who visit areas outside Cape Town's catchment area, such as Tulbagh.

Figure 3.21 Average length of stay, Cape Winelands District, 2018

Source: Wesgro, 2019

Visitors staying overnight in the region primarily stay in guesthouses (38.7 per cent), self-catering units (21.0 per cent), bed and breakfasts (B&Bs) (16.6 per cent) and hotels (16.3 per cent). International visitors opt for the guesthouse and hotel options, while domestic visitors opt self-catering and B&Bs.

Figure 3.22 Accommodation usage, Cape Winelands District, 2018

Source: Wesgro, 2019

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.

3.4 Concluding remarks

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.



4

Municipal socio- economic analysis

4.1 Introduction

The aim of this chapter is to describe the economic and social circumstances of households living in the CWD.

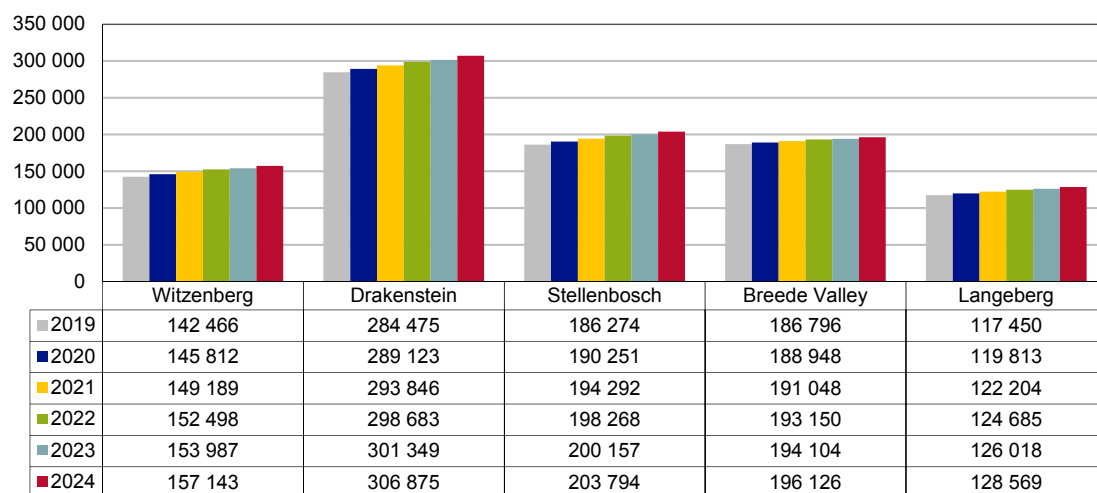
Indicators used to analyse population and income dynamics include the population growth rate, GDP per capita, household income and the Gini coefficient. Human development within the region is assessed using indicators such as the Human Development Index (HDI), education, health, human dwellings, access to basic services, and crime. These indicators are discussed in detail in the sections below.

4.2 Population dynamics

The future population growth of the CWD is presented in Figure 4.1, while the future household growth is depicted in Figure 4.2.

As of 2019, there are 917 462 people residing in the CWD. It is expected that the population will increase to 992 506 people by 2024. The Drakenstein municipal area is the most populous within the CWD - with 284 475 people in 2019, the Drakenstein municipal area accounts for 31.0 per cent of the District's total population. A large proportion of the population also reside in the Stellenbosch and Breede Valley municipal areas, with populations of 186 274 and 186 796 people respectively. The Langeberg municipal area has the smallest population - with 117 450 people in 2019, it accounts for 12.8 per cent of the CWD's total population.

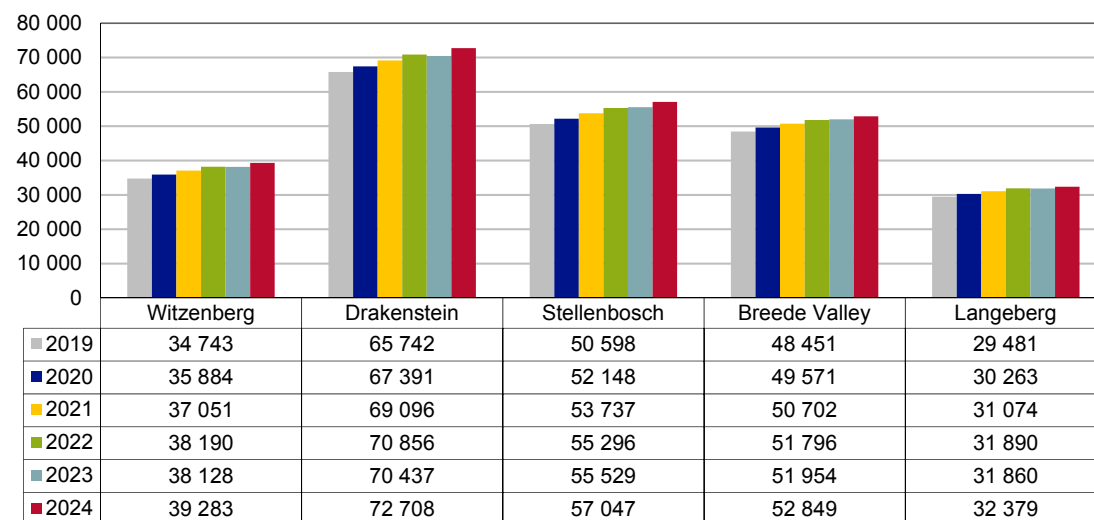
Figure 4.1 Future population growth, Cape Winelands District, 2019 - 2024



Source: Western Cape DSD, 2019

With a net increase of 22 400 people, the Drakenstein municipal area is projected to have the largest increase in population numbers between 2019 and 2024. However, the Witzenberg municipal area is expected to have the highest population growth rate, with the population expected to increase by 2.5 per cent per annum over the reference period. This is higher than the average annual growth rate of the CWD of 1.6 per cent. It should, however, be noted that the high growth rate exhibited by the Witzenberg municipal area is a result of its population growing from a low base compared to the Drakenstein, Stellenbosch and Breede Valley municipal areas. The CWD and the Western Cape Province have similar estimated population growth rates, 1.6 per cent and 1.7 per cent, respectively.

Increases in population and household numbers result in a growing demand for housing, electricity, water, sanitation and refuse removal. A growing economy that creates jobs, therefore, plays an integral role in ensuring a growing income base for local municipalities.

Figure 4.2 Future household growth, Cape Winelands District, 2019 - 2024

Source: Western Cape DSD, 2019

It is estimated that the CWD has 229 016 households in 2019. The Drakenstein and Stellenbosch municipal areas are anticipated to have the largest increases in household numbers between 2019 and 2024, with a net increase of 6 966 households and 6 449 households, respectively. Conversely, with a net increase of 2 898 households, the Langeberg municipal area is expected to have the smallest household increase.

Table 4.1 provides an overview of the age cohorts in the CWD. At a District level, 64.2 per cent of the population in the CWD are of the working-age population (aged between 15 and 64). As of 2019, 30.1 per cent of the population are persons under the age of 15, and 5.7 per cent of the population is economically inactive people above the age of 65.

Table 4.1 Age cohorts, Cape Winelands District, 2019 - 2024

Municipality	Year	0 - 14		15 - 64		65+	
		Number	%	Number	%	Number	%
Witzenberg	2019	247 461	27.0	622 400	67.8	47 601	5.2
	2024	262 623	26.5	672 582	67.8	57 301	5.8
Drakenstein	2019	36 556	25.7	100 161	70.3	5 750	4.0
	2024	39 171	24.9	111 004	70.6	6 968	4.4
Stellenbosch	2019	75 340	26.5	193 305	68.0	15 830	5.6
	2024	78 898	25.7	208 542	68.0	19 435	6.3
Breede Valley	2019	45 105	24.2	131 887	70.8	9 282	5.0
	2024	48 927	24.0	143 516	70.4	11 350	5.6
Langeberg	2019	55 143	29.5	121 646	65.1	10 007	5.4
	2024	57 494	29.3	126 933	64.7	11 700	6.0
Cape Winelands District	2019	35 318	30.1	75 400	64.2	6 732	5.7
	2024	38 133	29.7	82 587	64.2	7 848	6.1

Source: Western Cape DSD, 2019

The proportion of the working-age population is unlikely to change by 2024. It is estimated that the proportion of the population aged 65 and over will increase slightly by 0.4 percentage points, and the share of persons under the age of 15 will decrease by 0.4 percentage points. This could potentially suggest a slight decline in the rate of organic growth of the population.

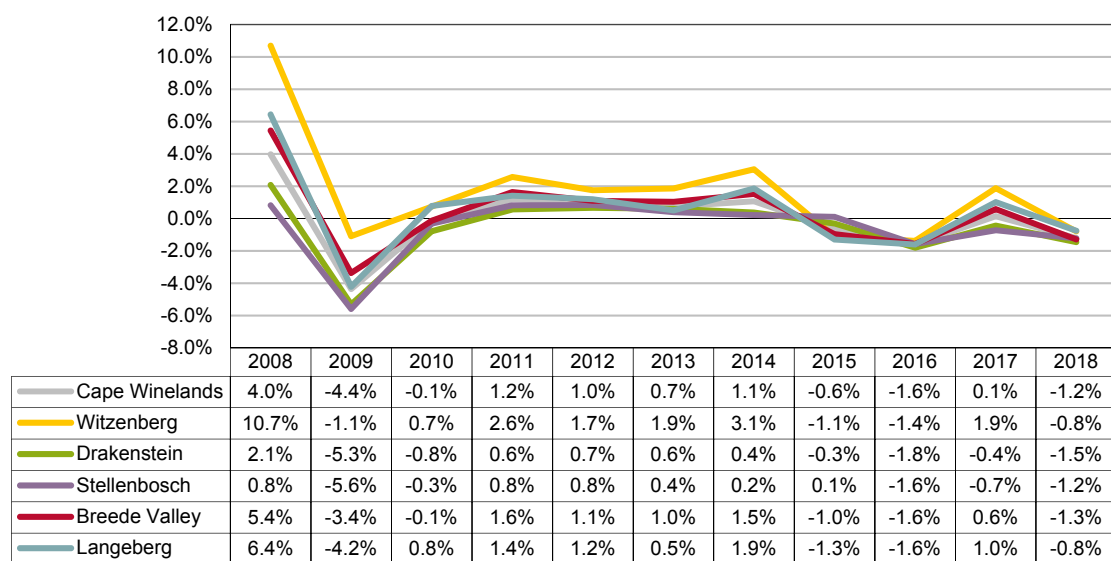
The Drakenstein and Breede Valley municipal areas have the largest proportion of the working-age population in the CWD, with 70.3 per cent and 70.8 per cent respectively. Similarly, these two municipal areas had the largest employment contribution in the CWD (see Table 1.4).

4.3 Perspectives on poverty and inequality

4.3.1 GDPR per capita growth in the Cape Winelands District

Figure 4.3 below illustrates the GDPR per capita growth in the CWD. In 2018, the GDPR per capita was R50 717, which is lower than the provincial GDPR per capita of R60 079.

Figure 4.3 GDPR per capita growth, Cape Winelands District, 2008 - 2018



Source: Quantec Research, 2019

Over the reference period, the highest GDPR per capita growth rates were realised in 2008. The CWD had a GDPR per capita growth rate of 4.0 per cent in 2008, which contracted by 4.4 per cent in 2009. Although growth in per capita income recovered in 2010, its growth has been slowing down since 2011. The Witzenberg municipal area has achieved higher growth rates (and contracted at a slower pace) than the other municipal areas. It should, however, be noted that the Witzenberg municipal area's growth was computed from a small base compared to three municipal areas with the highest GDPR per capita (the Drakenstein, Stellenbosch and Breede Valley municipal areas).

The analysis shows that the GDPR per capita in the CWD is on a downward trend. Since the population is expected to increase, there is a possibility of the CWD's economy being unable to meet the needs of its growing population.

4.3.2 Household income

Table 4.2 shows the average monthly household income of the CWD and Western Cape Province.

On average, a household in the CWD earns R16 350 per month, which is lower than the Provincial average of R18 611. The average household income in the Western Cape Province declined with 0.2 per cent between 2008 and 2017, while the average household income in the CWD remained unchanged over the ten-year period.

Table 4.2 Average monthly household income (current prices), Cape Winelands District, 2017

Municipality	Average Household Income 2017 (Current Prices)	Trend 2008 - 2017
Witzenberg	R15 942.0	1.5
Drakenstein	R18 342.0	-0.5
Stellenbosch	R18 256.0	-0.1
Breede Valley	R14 292.0	-0.4
Langeberg	R12 783.0	0.7
Cape Winelands	R16 350.0	0.0
Western Cape	R18 611.0	-0.2

Source: Urban-Econ calculations based on Quantec Research, 2019

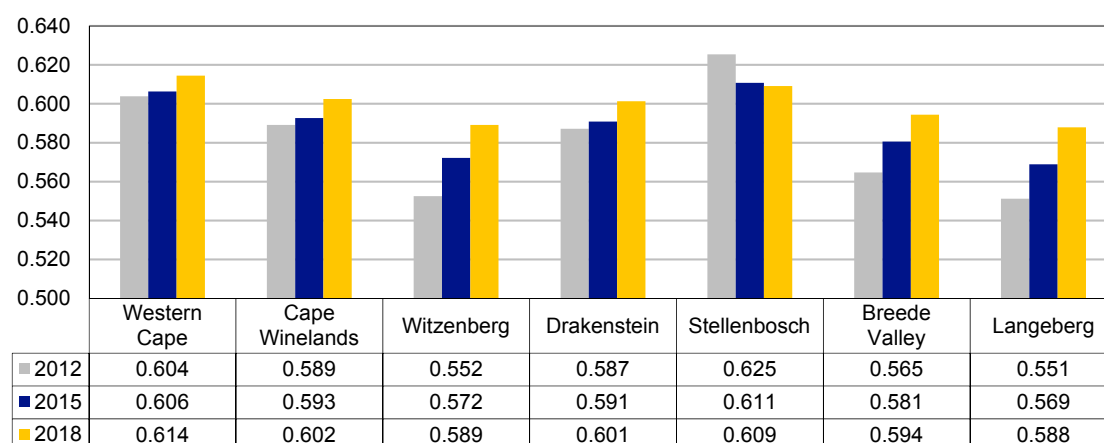
On average, households in the Drakenstein and Stellenbosch municipal areas earned monthly incomes of R18 342 and R18 256 in 2017 respectively, which was higher than the CWD's average household income during the year. However, the average household income in the Drakenstein and Stellenbosch municipal areas declined with 0.5 per cent and 0.1 per cent between 2008 and 2017.

Although the average household income in the Witzenberg municipal area of R15 942 was below the District average in 2017, the average household income within this area has shown the most improvement over the reference period, with a growth rate in monthly household income of 1.5 per cent per annum.

4.3.3 Income distribution in Cape Winelands District

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient²⁸. Figure 4.4 illustrates the Gini coefficients for the municipal areas within the CWD between 2012 and 2018.

Figure 4.4 Gini coefficients, Cape Winelands District municipal areas, 2012 - 2018



Source: IHS Markit, 2019

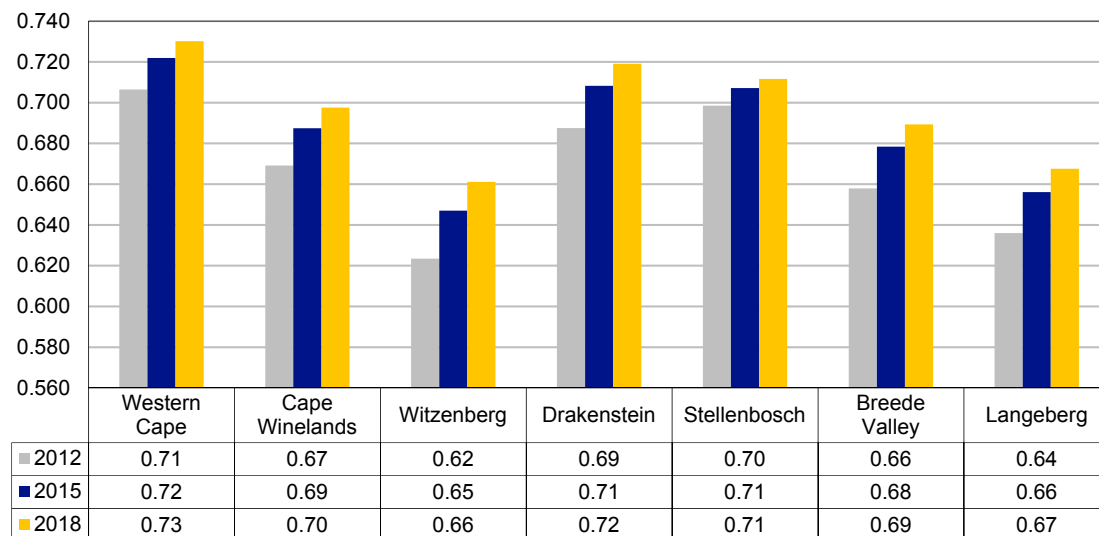
On average, income disparity in the CWD is less severe than the level of income inequality at a provincial level. Interestingly, the income disparity in the Stellenbosch municipal area has improved between 2012 and 2018, despite the Gini coefficient of the Stellenbosch municipal area (0.625 in 2012) initially being higher than the Gini coefficients of the CWD (0.589) and the Western Cape Province (0.604). This improvement is contrary to increasing inequality observed at a Provincial and District level and in the CWD during the period under assessment.

4.3.4 Human development

The United Nations uses the Human Development Index (HDI)²⁹ to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens as measured by their standard of education, health, human dwellings, household size, access to basic services and crime, among others. Economists expect economic growth to result in improvements in human development and economic decline to have an adverse effect on human development. Figure 4.5 provides an overview of the HDIs per municipal area in the CWD between 2012 and 2018.

²⁸ The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents, and the figure varies between 0, which is an indication of complete or perfect equality and 1, which represents complete inequality in income distribution. The closer to 1, the more inequality exists, and the closer to 0 shows less inequality.

²⁹ The HDI is a composite indicator reflecting education levels, health, and income. It is a measure of peoples' ability to live a long and healthy life, to communicate, participate in the community and to have sufficient means to be able to afford a decent living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

Figure 4.5 HDIs per municipal area, Cape Winelands District, 2012 - 2018

Source: IHS Markit, 2019

Across the reference period, the HDI in the CWD was lower than that of the Western Cape Province, indicating that the standard of living of residents in the Western Cape Province is generally better than the residents in the CWD. However, living standards in the CWD have been improving, as measured by the HDI. The Drakenstein and Stellenbosch municipal areas are the most developed regions in the CWD, with an HDI of 0.72 and 0.71 respectively.

Although improvements have been noted since 2012, households in the Witzenberg municipal area, with an HDI of 0.66, had the lowest standard of living in the CWD, followed by the Langeberg municipal area, which had an HDI of 0.67.

4.4 Education

The extent of improvement in educational circumstances of households in the CWD is discussed here using data on learner enrolments, the Grade 10 to 12 retention rate³⁰, matric pass rates and learner-teacher ratios.

Table 4.3 outlines the educational development in the Witzenberg municipal area between 2016 and 2018. A total of 18 377 learners were enrolled in 2018, which was 1.7 per cent more learners than in 2017. The Grade 10 to 12 retention rate has decreased from 64.5 per cent in 2016 to 62.5 per cent in 2018, which indicates a decrease in the proportion of Grade 10 learners who progressed to Grade 12 between 2016 and 2018.

³⁰ The Grade 10 to 12 retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared to the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared to those enrolled in Grade 10 two years ago.

Table 4.3 Educational development within Witzenberg, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	18 048	-	26.5	-	64.5	-	74.5	-
2017	18 070	0.1	26.3	-1.1	63.4	-1.1	72.1	-2.4
2018	18 377	1.7	26.6	1.1	62.5	-0.9	73.9	1.8

Source: Western Cape Education Department, 2019

Between 2016 and 2017, the matric pass rate declined by 2.4 percentage points, from 74.5 per cent to 72.1 per cent. However, an improvement was noted in 2018 during which a 73.9 per cent matric pass rate was experienced. It should be noted that this improvement may have been influenced by the decline in the retention rate. Despite the marginal improvement in the matric pass rates in 2018, the Witzenberg municipal area had the lowest matric pass rate in the CWD.

As indicated Table 4.4, the number of learners enrolled in the Drakenstein municipal area increased from 47 601 in 2016 to 49 268 in 2018. This increase only had a slight influence on the learner-teacher ratio, indicating that the education system is well equipped to adapt to an increase in learners. Conversely, the matric pass rate declined from 86.7 per cent in 2016 to 82.1 per cent in 2018.

Table 4.4 Educational development within Drakenstein, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	47 601	-	27.0	-	74.0	-	86.7	-
2017	48 208	1.3	27.2	0.9	71.2	-2.8	85.4	-1.3
2018	49 268	2.2	27.0	-0.9	72.6	1.4	82.1	-3.3

Source: Western Cape Education Department, 2019.

The Grade 10 to 12 retention rate decreased by 2.8 percentage points between 2016 and 2017, and then improved by 1.4 percentage points to 72.6 per cent. Despite the retention rate being lower than in 2016, the Drakenstein municipal area has the highest retention rate in the CWD.

Table 4.5 outlines the educational development in the Stellenbosch municipal area.

Table 4.5 Educational development within Stellenbosch, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	26 085	-	24.7	-	77.0	-	86.9	-
2017	26 544	1.8	25.1	1.5	74.4	-2.6	85.5	-1.4
2018	27 087	2.0	24.9	-0.8	72.5	-1.9	85.2	-0.3

Source: Western Cape Education Department, 2019

Learner enrolment increased by 1 002 learners between 2016 and 2018. Despite the increased learner enrolment, the Stellenbosch municipal area had the lowest learner-teacher ratio in the CWD. The Stellenbosch municipal area also had the highest matric pass rate in the CWD, despite the matric pass rate declining from 86.9 per cent in 2016 to 85.2 per cent in 2018.

As illustrated Table 4.6, learner enrolment in the Breede Valley increased by 0.9 per cent between 2016 and 2017, from 32 558 learners in 2016 to 32 860 learners in 2017. In 2018, 33 389 learners were enrolled – a net intake of 529 additional learners.

Table 4.6 Educational development within Breede Valley, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	32 558	-	27.1	-	67.3	-	84.2	-
2017	32 860	0.9	26.8	-1.1	69.9	2.6	80.2	-4.0
2018	33 389	1.6	26.6	-0.7	64.7	-5.2	77.1	-3.1

Source: Western Cape Education Department, 2019

Despite the improvement of 2.6 percentage points in the Grade 10 to 12 retention rate between 2016 and 2017, the retention rate decreased significantly to 64.7 per cent in 2018. In addition, the matric pass rate deteriorated over the reference period, declining from 84.2 per cent in 2016 to 77.1 per cent in 2018.

Table 4.7 indicates the educational development in the Langeberg municipal area.

Table 4.7 Educational development within Langeberg, 2016 - 2018

Period	Learner Enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric Pass Rates (%)	Percentage point change
2016	17 838	-	26.3	-	53.2	-	85.7	-
2017	18 213	2.1	27.4	4.1	59.5	6.3	79.5	-6.2
2018	18 374	0.9	26.5	-3.2	56.3	-3.2	79.0	-0.5

Source: Western Cape Education Department, 2019

Learner enrolment has increased year-on-year between 2016 and 2018. There were 375 additional learners enrolled in 2017 and 161 additional learners enrolled in 2018.

While the Grade 10 to 12 retention rate significantly improved from 53.2 per cent in 2016 to 59.5 per cent in 2017, this trend did not persist in 2018. In 2018, a decline to 56.3 per cent was experienced, which was the lowest retention rate in the CWD.

The matric pass rate of the Langeberg municipal area declined year-on-year between 2016 and 2018. The proportion of learners who passed matric decreased from 85.7 per cent in 2016 to 79.0 per cent in 2018. This, together with the declining retention rate, may have a negative influence on the skills base in the local economy and contribute to youth unemployment in the area.

4.5 Health

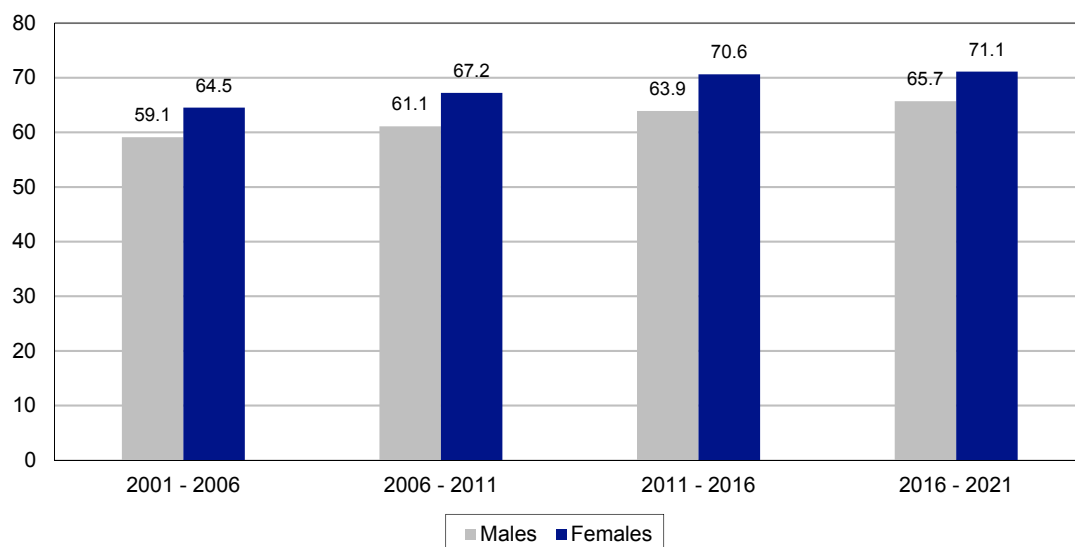
The health conditions of persons living within the CWD are analysed in this section by looking at the prevalence of tuberculosis (TB), human immunodeficiency virus (HIV), infant mortality rates, maternal death rates, and teenage pregnancies.

4.5.1 Life expectancy

Figure 4.6 provides an overview of the average life expectancy at birth in the Western Cape Province between 2001 and 2021. As pointed out below, the average life expectancy has increased year-on-year for both males and females over the reference period, with the average life expectancy of females being higher than that of males for each five-year period under assessment.

The average life expectancy for males has increased from the five-year average of 59.1 years between 2001 and 2006 to an estimated five-year average of 65.7 years between 2016 and 2021. Similarly, the average life expectancy of females has increased from 64.5 years between 2001 and 2006 to an estimated 71.1 years between 2016 and 2021.

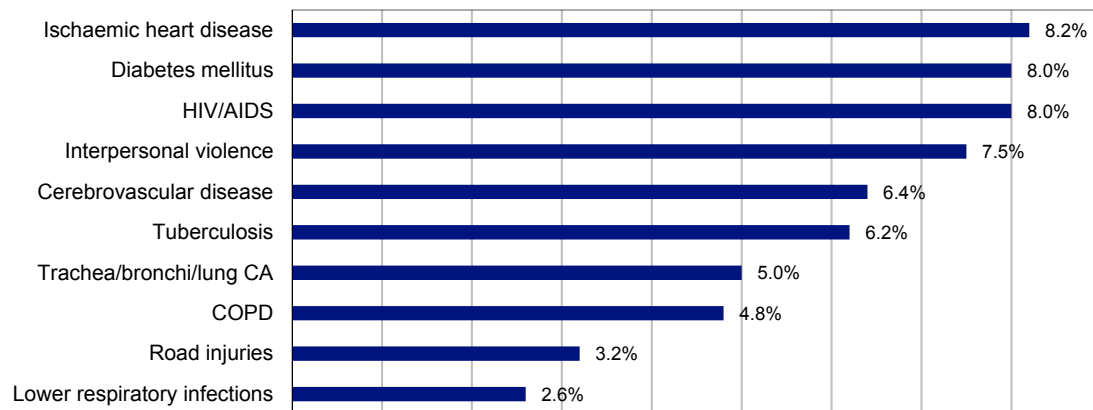
Figure 4.6 Average life expectancy at birth, Western Cape Province, 2001 - 2021



Source: Statistics South Africa, 2019

4.5.2 Mortality

Figure 4.7 illustrates the top ten causes of death in the Western Cape Province. In 2016, the leading cause of death was ischaemic heart disease, accounting for 8.2 per cent of all deaths in the Province, followed by diabetes mellitus and HIV/AIDS, which accounted for 8.0 per cent of total deaths each.

Figure 4.7 Top ten causes of death, Western Cape Province, 2016

Source: Western Cape Health Department, 2019

Table 4.8 indicates the top ten injury-related deaths by cause in the CWD and the Western Cape Province in 2016 in terms of age-standardised death rates (ASR)³¹.

Table 4.8 Top ten injury-related death rates by cause, Cape Winelands District and Western Cape Province, 2016

Western Cape Province			Cape Winelands District	
Rank	External cause	ASR	External cause	ASR
1	Assault: sharp object	23.8	Assault: sharp object	23.0
2	Assault w/incl firearm	18.5	RTA: motor vehicle	17.7
3	RTA: pedestrian	11.2	RTA: pedestrian	13.7
4	Suicide	11.0	Suicide	10.4
5	RTA: motor vehicle	10.2	Assault: blunt force	5.0
6	Assault: blunt force	6.6	Accident: drowning	4.6
7	Accident: fire	5.3	Assault w/incl firearm	3.9
8	Accident: drowning	3.8	Accident: fire	3.5
9	Accident: falls	3.8	Accident: other	3.2
10	Accident: other	3.6	Accident: falls	2.2

Source: Western Cape Health Department, 2019

Assault with a sharp object was the leading cause of injury-related death in both the CWD and the Province, accounting for 23.0 per 100 000 people and 23.8 per 100 000 people of all injury-related deaths respectively.

Road traffic accidents accounted for the second and third highest proportion of injury-related deaths in the CWD, with motor vehicle and pedestrian accidents accounting for 17.7 100 000 people and 13.7 100 000 people respectively. The proportion of motor vehicle road traffic accidents was significantly higher than that of the Province, in which motor vehicle accidents accounted for 10.2 per 100 000 people of all injury-related deaths. Suicide was another leading cause of injury-related death

³¹ The age-standardised death rate is a weighted mean of the age-specific death rates using a standard population and expressed per 100 000 population (Western Cape Health Department, 2018).

in the CWD in 2016 which, at 10.4 per 100 000 people, was only slightly lower than the provincial average of 11.0 per 100 000 people.

4.5.3 HIV/AIDS and TB

As of 2019, an estimated 13.5 per cent of the South Africa population is HIV positive, according to the Thembisa model ³². In the Western Cape Province, the estimated prevalence rate of HIV/AIDS is 6.7 per cent.

Table 4.9 provides an overview of the trends in HIV testing, treatment and outcomes in the CWD between 2015/16 and 2018/19.

Table 4.9 Trends in HIV testing, treatment and outcomes, Cape Winelands District, 2015/16 - 2018/19

	2015/16	2016/17	2017/18	2018/19
Known HIV+ (Tested; n)	43 125	46 452	48 715	49 363
Of which: Clients started but no longer on ART (%)	27.2	33.6	40.9	48.5
Of which: Clients on ART (%)	47.4	51.9	56.1	58.5
Of which: Clients with confirmed viral suppression (%)	74.3	76.7	76.7	74.5

Source: Western Cape Health Department, 2019

The number of people who are aware of their positive HIV status has been increasing year-on-year, from 43 125 in 2015/16 to 49 363 in 2018/19. Positively, the number of clients on Anti-Retroviral Therapy (ART) has also been increasing year-on-year, from 47.4 per cent in 2015/16 to 58.5 per cent in 2018/19. However, the number of clients who have discontinued treatment has increased significantly over the same period, from 27.2 per cent in 2015/16 to 48.5 per cent in 2018/19. While the proportion of clients with a suppressed viral load initially increased between 2015/16 and 2017/18, there was a decrease from 76.7 per cent in 2017/18 to 74.5 per cent in 2018/19.

Table 4.10 provides an overview of the TB notification outcomes in the CWD between 2016/17 and 2018/19.

Table 4.10 Trends in TB notification and outcomes, Cape Winelands District, 2016/17 - 2018/19

	2016/17	2017/18	2018/19
TB programme success rate (%)	75.2	79.2	77.9
TB client lost to follow up (%)	13.9	13.4	13.3
TB client death rate (%)	3.6	3.5	3.9
TB/HIV co-infected (%)	29.9	29.8	30.5
TB MDR treatment success rate (%)	55.6	58.8	54.5

Source: Western Cape Health Department, 2019

³² The Thembisa model is used to calculate the prevalence of HIV in South Africa. The model has been developed specifically for South Africa to provide an accurate estimate of HIV prevalence using age-specific HIV data (Thembisa Project, 2017).

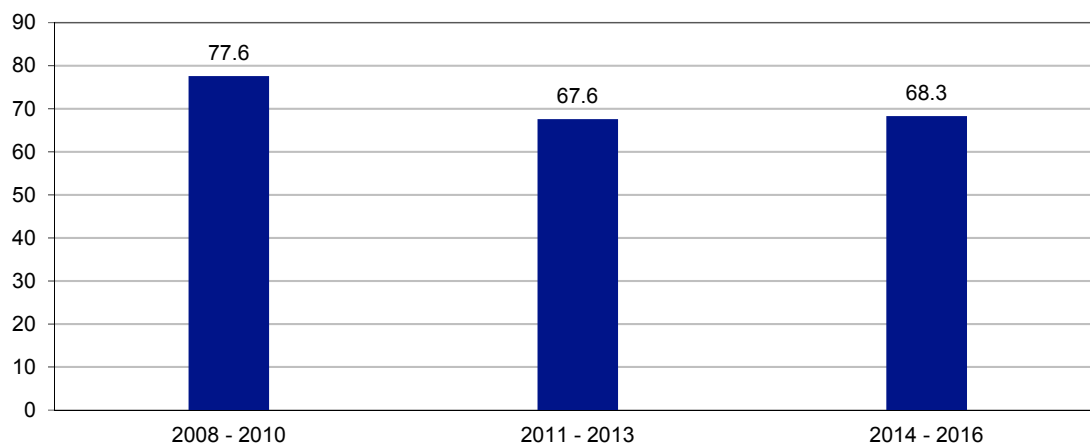
Although the public health TB programme experienced a significant improvement in its success rates between 2016/17 and 2017/18, there was a decline in the success rates in the following year, from 79.2 per cent in 2017/18 to 77.9 per cent in 2018/19. Over the same period, the TB client death rate also increased, from 3.5 per cent to 3.9 per cent. However, the proportion of clients lost to follow-up has been steadily improving, from 13.9 per cent in 2016/17 to 13.3 per cent in 2018/19.

The success rate of the treatment of Multi-Drug Resistant (MDR) improved from 55.6 per cent in 2016/17 to 58.8 per cent in 2017/18 before declining to 54.5 per cent in 2018/19. The proportion of patients who are co-infected with TB and HIV has increased marginally over the reference period, from 29.9 per cent in 2016/17 to 30.5 per cent in 2018/19.

4.5.4 Infant, child and maternal health

Figure 4.8 indicates the maternal death rates in the Western Cape Province between 2008 and 2016, in three-year increments. The maternal mortality rate dropped significantly in the first two periods, from 77.6 per 100 000 live births between 2008 and 2010 to 67.6 per 100 000 live births between 2011 and 2013. Between 2014 and 2016, however, there has been a slight increase in the number of maternal deaths to 68.3 per 100 000 live births, despite improved outcomes in antenatal visits.

Figure 4.8 Maternal death rates per 100 000 live births, Western Cape Province, 2008 - 2016



Source: Western Cape Health Department, 2019

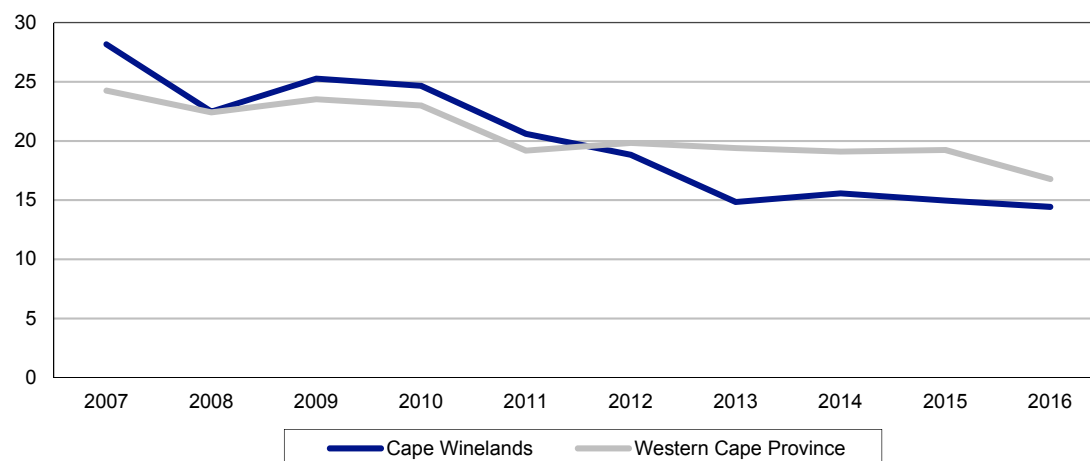
Figure 4.9 indicates infant mortality rates per 1 000 live births in the CWD and Western Cape Province between 2007 and 2016.

Between 2007 and 2011, the CWD experienced a higher infant mortality rate than the Province. Thereafter, between 2012 and 2016, the infant mortality rate in the CWD was lower than that of the Province. Overall, both the CWD and the Western Cape Province have experienced significant declines in infant mortality rates over the reference period.

There was a significant decline in infant mortality rates in the CWD between 2007 and 2008, from 28.2 infant deaths per 1 000 live births in 2007 to 22 infant deaths

per 1 000 live births in 2008. Following an increase in 2009, the infant mortality rate decreased significantly between 2009 and 2013, from 25.3 infant deaths per 1 000 live births in 2009 to 14.8 infant deaths per 1 000 live births in 2013. While there was a slight increase in 2014, the infant mortality rate of 14.4 infant deaths per 1 000 live births in 2016 was the lowest experienced in the CWD over the ten-year period.

Figure 4.9 Infant mortality rates per 1 000 live births, Cape Winelands District and Western Cape Province, 2007 - 2016

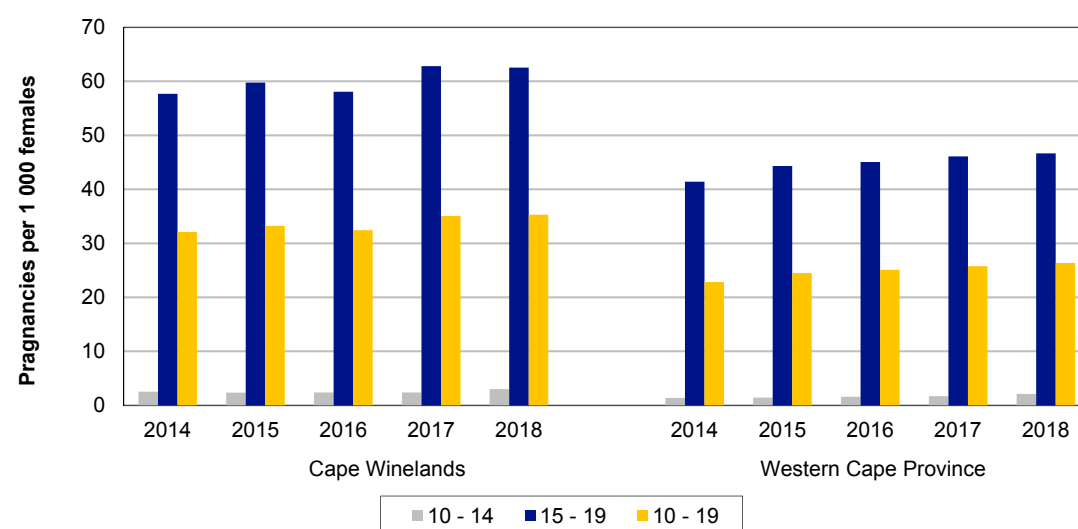


Source: Western Cape Health Department, 2019

4.5.5 Teenage pregnancy

Figure 4.10 provides an overview of the number of pregnancies per 1 000 females per age category between 2014 and 2018. The teenage fertility rate is the number of pregnancies per 1 000 females aged between 15 and 19.

Figure 4.10 Teenage fertility rates, Cape Winelands District and Western Cape Province, 2014 - 2018



Source: Western Cape Health Department, 2019

For each year under review, the number of pregnancies in the 10 to 14 age category in the CWD has been higher than the provincial average. Following a slight decrease from 2.5 pregnancies per 1 000 females in 2014 to 2.3 pregnancies per 1 000 females in 2015, the number of pregnancies in the age 10 to 14 age category has increased to 3 pregnancies per 1 000 females in 2018.

In the age 15 to 19 category, the number of pregnancies in the CWD was significantly higher than the provincial average between 2014 and 2018. In 2014, the number of pregnancies in the CWD was 57.7 pregnancies per 1 000 females, while the Western Cape Province experienced an average of 41.4 pregnancies per 1 000 females during the same year. Barring 2016, there have been year-on-year increases in the number of pregnancies in the age 15 to 19 category since 2014, with 62.5 pregnancies per 1 000 females occurring in 2018.

4.6 Housing and municipal services

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 4.11 shows the different types of dwellings for households living in the CWD in 2018.

Table 4.11 Number of human dwellings, Cape Winelands District, 2018

Dwelling type	Cape Winelands Number	Witzenberg Number	Drakenstein Number	Stellenbosch Number	Breede Valley Number	Langeberg Number
House or brick structure on a separate stand or yard	154 503	23 969	45 862	28 154	30 831	25 687
Traditional dwelling/hut/structure made of traditional materials	1 340	237	358	296	332	118
Flat in a block of flats	12 830	371	4 308	4 830	2 905	415
Town/cluster/semi-detached house (simplex, duplex or triplex)	13 322	1 677	3 862	2 922	3 895	967
House/flat/room, in backyard	2 738	194	963	496	800	285
Informal dwellings	34 034	3 415	8 576	10 379	9 378	2 286
Room/flatlet not in backyard but on a shared property	1 433	183	588	301	285	76
Other/unspecified/NA	2 611	414	600	664	680	252
Total	222 812	30 461	65 117	48 043	49 106	30 086

Source: Quantec Research, 2019

Based on the 2018 estimates, there are 222 812 dwellings in the CWD. The largest share of these dwellings are formal structures (made of house or brick on a separate stand or yard). Informal dwellings accounted for 15.3 per cent of the dwellings in the CWD in 2018.

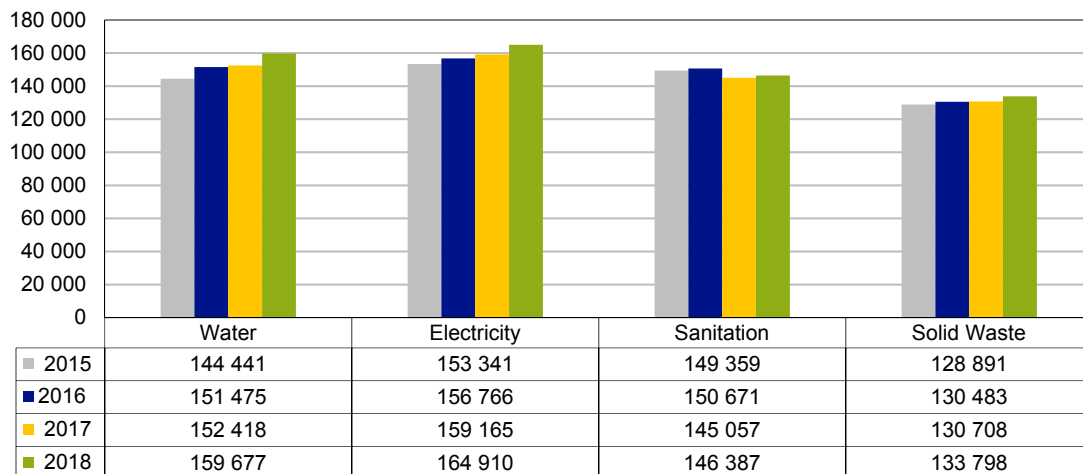
The spread of dwellings reflects population dynamics, where the most populous municipal areas have the highest number of dwellings. The Drakenstein municipal area has the largest number of dwellings, followed by the Breede Valley and Stellenbosch municipal areas.

The split between formal structures and informal dwellings varies across the municipal areas. The Langeberg and Witzenberg municipal areas have the largest proportion of

structures made of house or brick on a separate stand or yard in the CWD, with 85.4 per cent and 78.7 per cent respectively. Accounting for 21.6 per cent of the municipal area's dwellings, the Stellenbosch municipal area has the largest proportion of informal dwellings.

Figure 4.11 illustrates the access to services in the CWD between 2015 and 2018.

Figure 4.11 Access to basic services, Cape Winelands District, 2015 - 2018

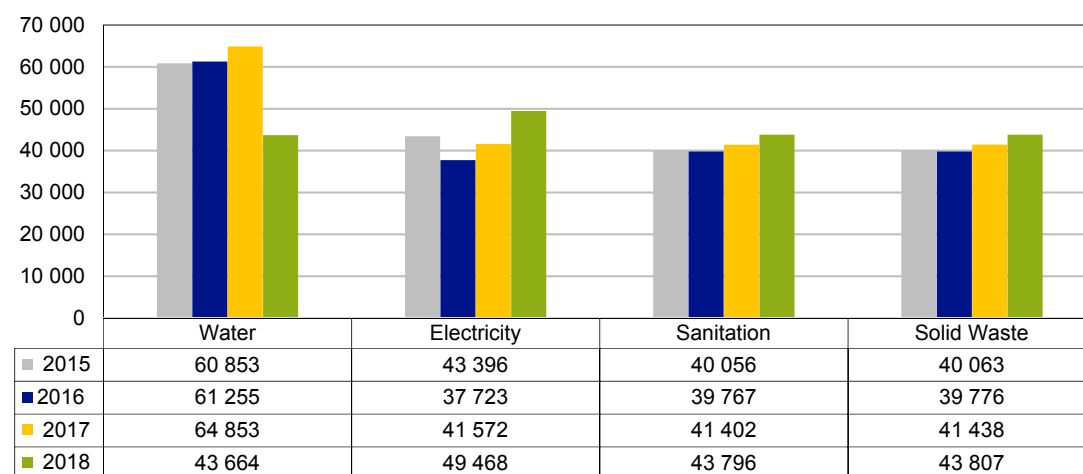


Source: Non-financial Census of Municipalities, Stats SA; Quantec Research 2019

Access to water and electricity services increased considerably between 2015 and 2018, with 15 236 more consumers gaining access to water services and 11 569 more consumers had access to electricity services compared to 2015. Access to solid waste services slightly increased by 4 907 consumers. Access to sanitation services, however, declined with 2 972 fewer consumers having access to sanitation services compared to 2015.

Figure 4.12 illustrates the access to free basic services in the CWD.

Figure 4.12 Access to free basic services, Cape Winelands District, 2015 - 2018



Source: Non-financial Census of Municipalities, Stats SA; Quantec Research 2019

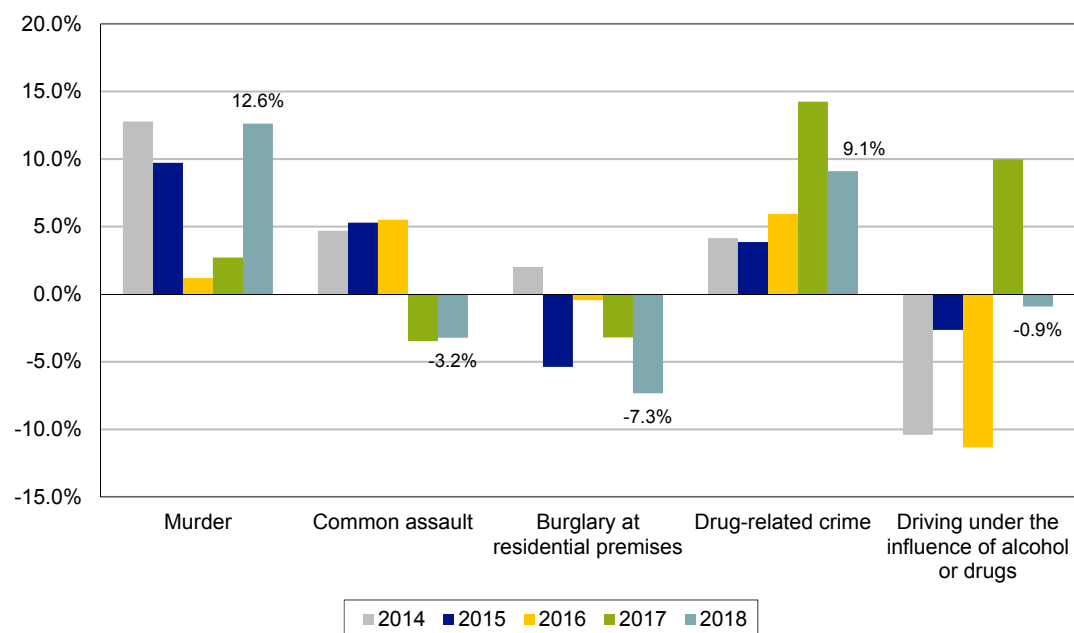
Indigent households qualify for free basic water, electricity, sanitation and waste removal services. In 2018, the CWD had 50 265 indigent households - 7 973 households more than in 2017. Barring the Langeberg municipal area, which had a decline of 292 indigent households, all the municipal areas in the CWD experienced an increase in the number of indigent households in 2018. The Stellenbosch municipal area had the largest increase (5 984 households), followed by the Breede Valley municipal area (1 145 households)³³.

In line with the increase in indigent households, access to free basic electricity, sewerage and solid waste services increased between 2017 and 2018. The largest increase was recorded for electricity, with 7 896 additional households having access in 2018. There was, however, a significant decline in access to water, with 21 189 fewer households having access to free basic water services compared to 2017.

4.7 Crime

The trend in reported incidences of criminal activities is an important indicator of gauging the likelihood of the occurrence of criminal activities in general and to ascertain which types of criminal offences are most likely to be prevalent in a certain area. Figure 4.13 depicts the trends in the reported crime categories in the Western Cape Province between 2014 and 2018.

Figure 4.13 Growth rates in reported crime categories, Western Cape, 2014 - 2018



Source: SAPS; Quantec, 2019

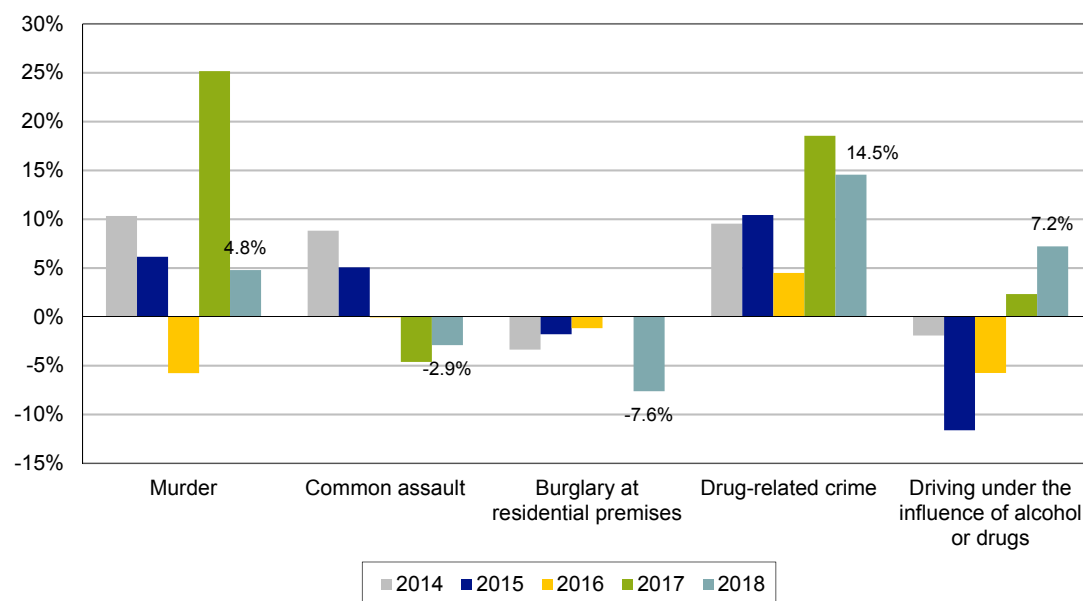
³³ Stats SA (2019)

Although drug-related crime is the most prominent crime in the Western Cape Province, a slight decrease was experienced in the growth rate between 2017 and 2018. Murder is the least prevalent crime category in the Western Cape Province in the categories analysed, but efforts should be steered towards mitigating murder offences as its growth rate has increased since 2016. Positively, growth in the number of common assault and burglary at residential premises decreased between 2016 and 2018.

Figure 4.14 illustrates the growth rates in reported crime categories in the CWD between 2014 and 2018.

The Province's predominant source of crime - drug-related crime - is also the main source of crime in the CWD. Although the incidence of drug-related crime had increased between 2014 and 2017, there was a decrease in the growth rate between 2017 and 2018. Overall, drug related crimes in the CWD increased from 1 306.3 incidents reported per 100 000 people in 2014 to 1 876.8 incidents reported per 100 000 people in 2018.

Figure 4.14 Growth rates in reported crime categories, Cape Winelands District, 2014 - 2018



Source: SAPS; Quantec, 2019

Similarly, the total number of murders increased from 35.7 incidents reported per 100 000 in 2014 to 42.9 incidents reported per 100 000 people in 2018. Positively, there was a decline in the number of incidents reported for burglary at residential premises, declining from 849.7 incidents per 100 000 people in 2014 to 698.6 incidents per 100 000 people in 2018. Between 2017 and 2018, the incidence of common assault showed a slight decline from 690.4 incidents per 100 000 people in 2017 to 656.4 incidents per 100 000 persons in 2018.

4.8 Summary and conclusion

This section explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the CWD using a selected number of indicators. Table 4.12 is a summary of recent changes in various social indicators in the CWD.

Table 4.12 Changes in selected socio-economic indicators, Cape Winelands District

Indicator	Cape Winelands District	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 GDP 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.

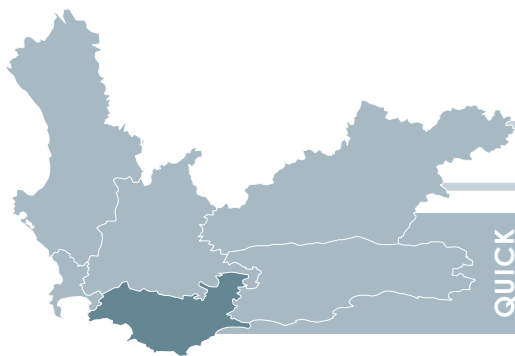
Households in these municipal areas typically earn higher average levels of income, which is in line with the larger economies of these two municipal areas. However, on average, the average household income in the Drakenstein and Stellenbosch municipal areas have marginally declined over the last decade 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



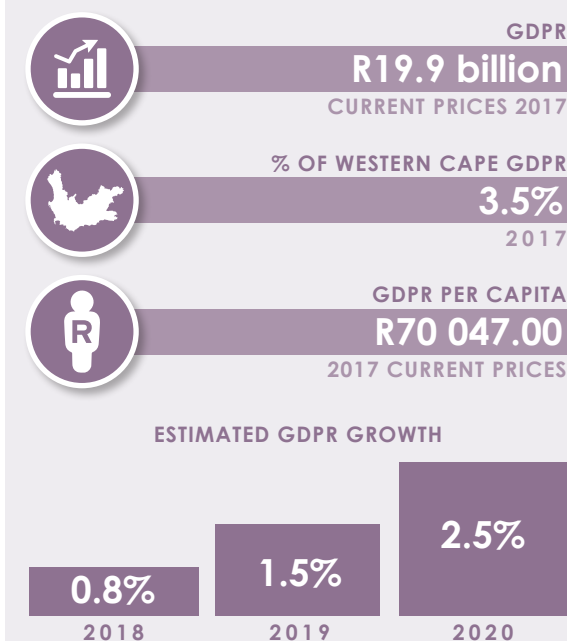
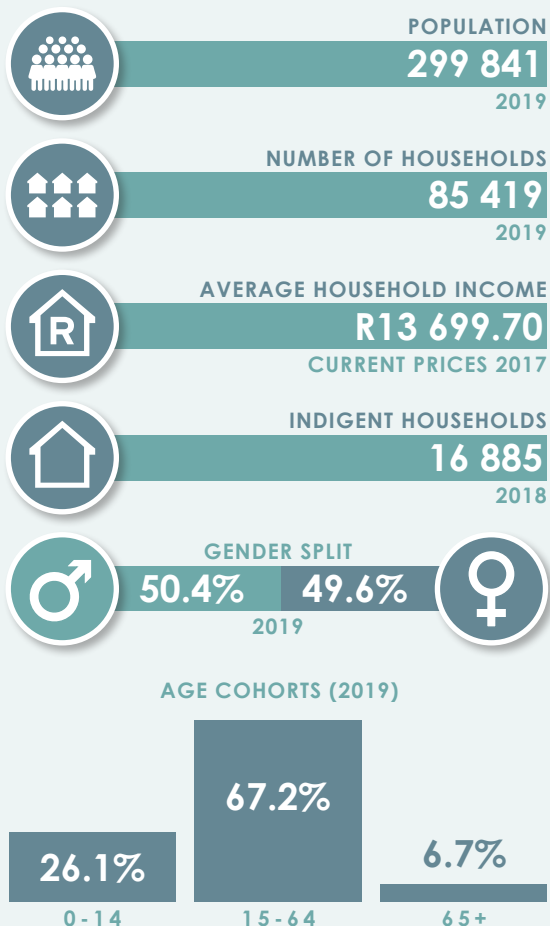
OVERBERG DISTRICT



QUICK FACTS

Area	12 241 km ²
Density	21/km ²
Seat	Bredasdorp
Cities/Towns	Grabouw, Swellendam, Caledon, Hermanus

DEMOGRAPHICS

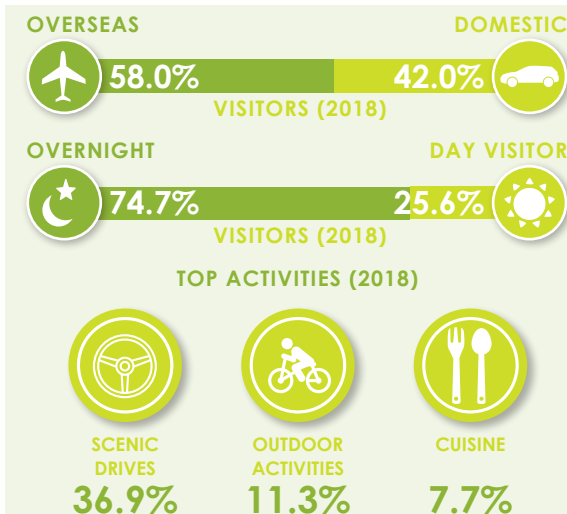
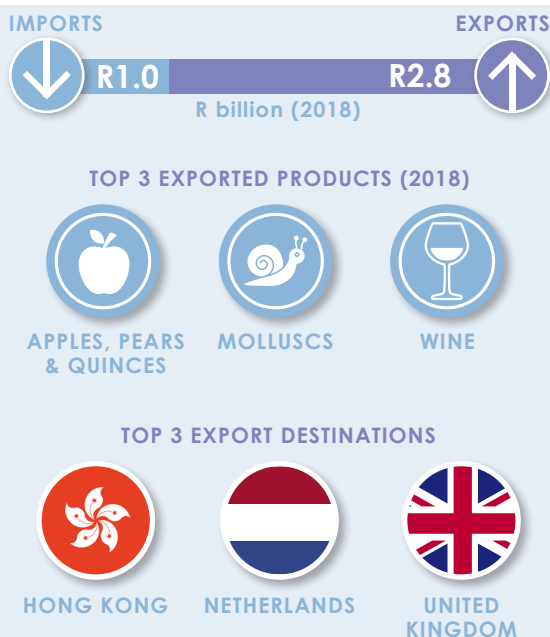


GROSS DOMESTIC PRODUCT

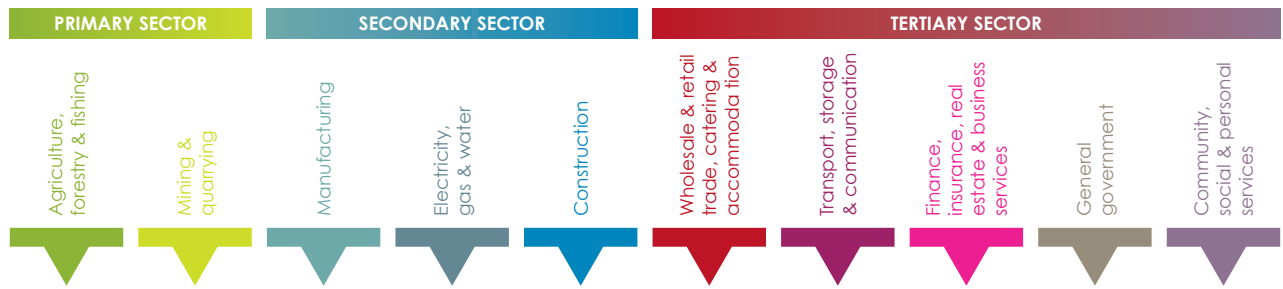


EMPLOYMENT

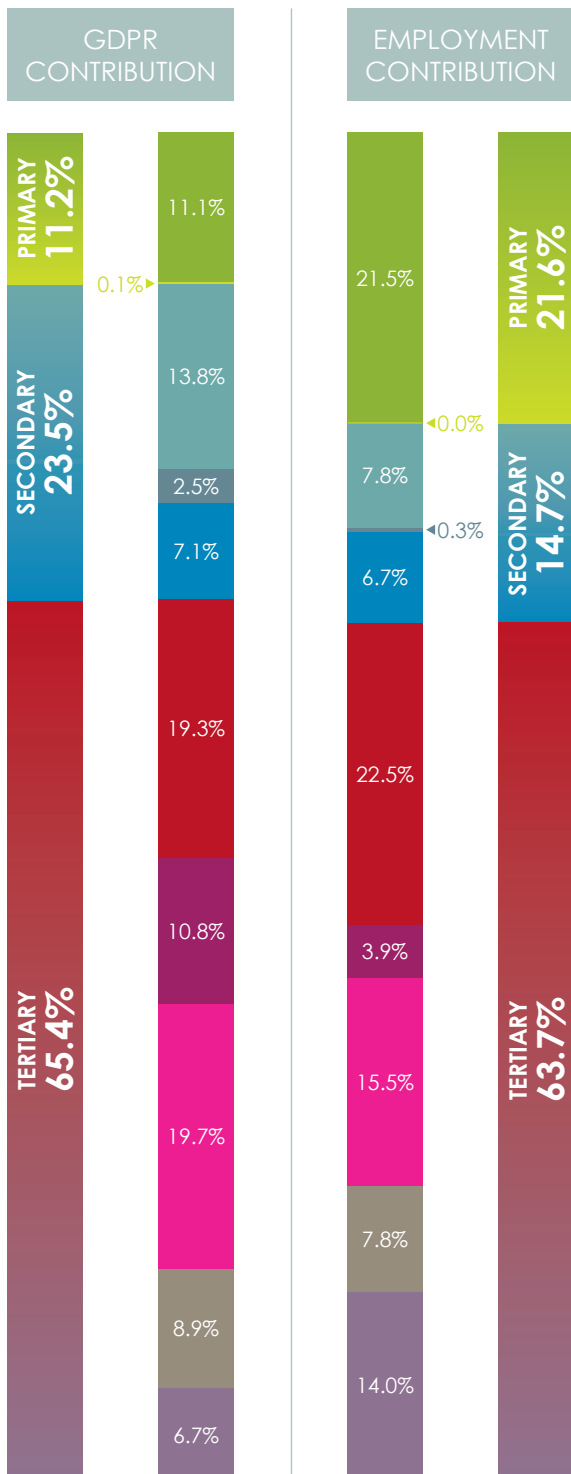
TRADE



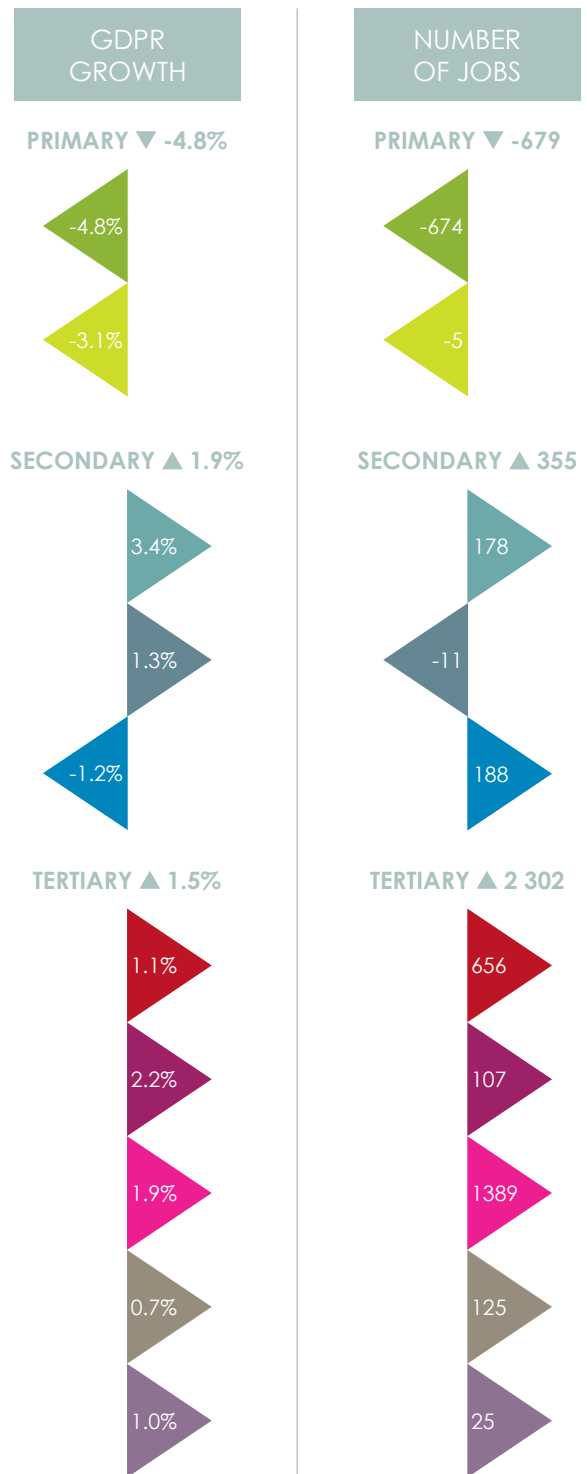
TOURISM



GROSS DOMESTIC PRODUCT AND EMPLOYMENT PER SECTOR (2017)



ESTIMATED GROSS DOMESTIC PRODUCT AND EMPLOYMENT SECTOR GROWTH (2018)





1

Regional economic review and outlook

1.1 Introduction

The Overberg District (OD) is known for its coastline and vast farmlands. The OD is bordered by the Garden Route District, the Cape Winelands District, and the Cape Metro area. The four local municipal areas in the OD are the Theewaterskloof, Overstrand, Cape Agulhas and Swellendam municipal areas. The District covers 12 241 square kilometres, which is 9.5 per cent of the Western Cape Province's total area of 129 462 square kilometres.

This chapter provides a macroeconomic outlook for the OD, an overview of trends between 2008 and 2018, and an outlook in terms of GDP for 2019 and 2020.

1.2 Growth in GDPR performance

This section briefly discusses the size of the OD's economy, average GDPR contribution, and growth rates in the various municipal areas within the District. The period under review for MERO 2019 is between 2008 and 2017, with 2018¹ figures being estimated.

1.2.1 GDPR performance per municipal area

In 2017, the size of the OD's economy was R19.9 billion (in current prices) and contributed 3.5 per cent to the Western Cape Province's total GDPR. As seen in Table 1.1, the Theewaterskloof municipal area contributes the most to the District's economy (41.0 per cent) with the Overstrand municipal area making the second largest contribution (31.2 per cent).

Table 1.1 Overberg District GDPR contribution and average growth rates per municipal area, 2017

Municipality	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Theewaterskloof	8 157.8	41.0	3.3	1.1
Overstrand	6 195.1	31.2	2.1	0.1
Cape Agulhas	2 961.3	14.9	2.5	0.8
Swellendam	2 563.6	12.9	3.6	1.8
Total Overberg District	19 877.8	100	2.8	0.8
Western Cape Province	568 420.7	-	2.0	0.9

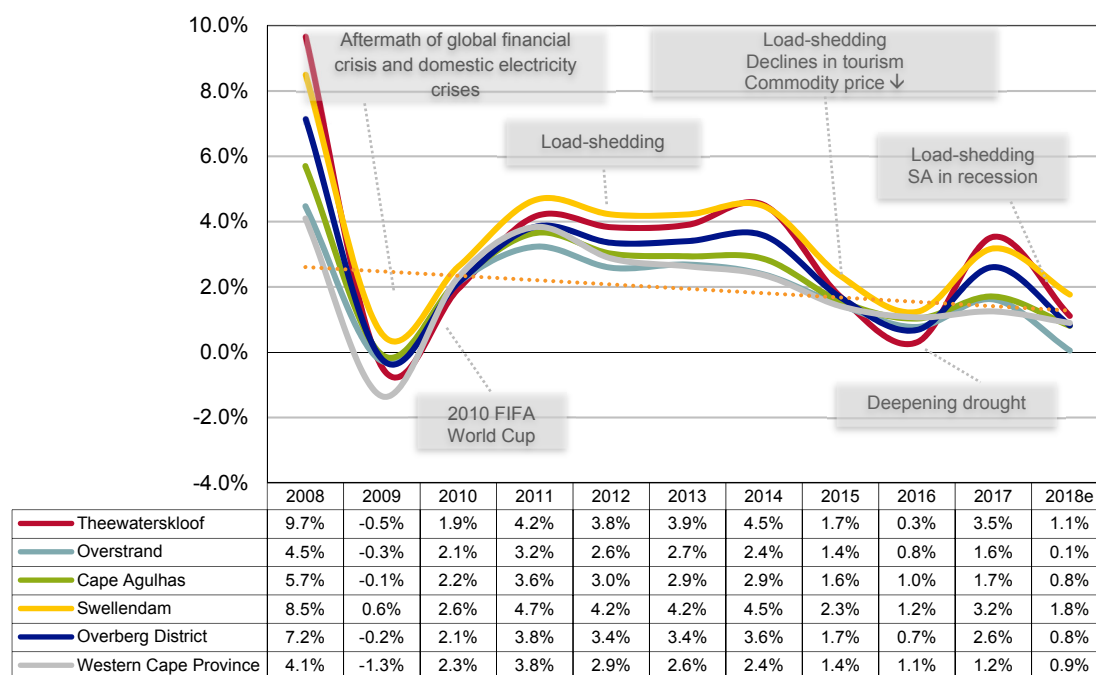
Source: Quantec Research, 2019 (e denotes estimate)

Between 2008 and 2017, the OD's economy grew at an average rate of 2.8 per cent, which is 0.8 percentage points higher than the Province's average growth rate of 2.0 per cent. The largest municipal area, Theewaterskloof, and the smallest municipal area, Swellendam, grew at faster rates in the OD at 3.3 per cent and 3.6 per cent respectively. In addition, the difference between the municipal area with the fastest growth over the ten-year period, Swellendam, and that with the lowest growth, Overstrand, was 1.5 percentage points.

None of the municipal areas within the OD is estimated to expand beyond their average 10-year average growth rates in 2018. The estimated average growth rate for the District in 2018 is 0.8 per cent, 2.0 percentage points lower than the historical ten-year average. The Overstrand municipal area and the Cape Agulhas municipal area are estimated to continue growing at the lowest rate among the four municipal areas of the OD.

A historical analysis of the growth rates provides further insight into the dynamics and dependencies of the four municipal areas on endogenous and exogenous factors as compared to the Province and the country. Figure 1.1 provides the historical growth rates of the OD municipal areas against the provincial growth rates.

¹ Statistics SA (Stats SA) will only release official regional indicators for 2018 in 2020.

Figure 1.1 GDP growth per municipal area, Overberg District, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

The OD, on average, achieved a growth rate higher than the Province over the last ten years. While outperforming the Province, the OD was not isolated from the exogenous factors that affected the South African and Western Cape economies. The deterioration of global financial markets affected the OD municipal areas and the provincial economy; however, growth rates partially recovered when South Africa hosted the 2010 FIFA World Cup.

However, after 2014, the OD saw growth rates drop to levels on par with the Province. While this drop may be the result of macro-economic factors penetrating the OD, it may have been compounded by the drought that developed through the period. Although the OD's agricultural activities (which contributes 11.1 per cent to Provincial GDP) would have been immediately exposed, the drought would have disrupted linkages in the District, contributing to diminishing economic activity².

The OD's general economic outperformance of the Province indicates that the District is more resilient than other districts within the Western Cape Province, despite electricity shortages, declining commodity prices, and policy uncertainties in South Africa³. The Theewaterskloof and Swellendam municipal areas maintained relatively constant growth rates from 2010 to 2014, which may be due to a myriad of factors, including the fact that the N2 highway transverses through these municipal areas. The N2 is an exogenous source of economic activity and may make Theewaterskloof and Swellendam more resilient to macro-economic fluctuations.

² Bureau for Food and Agricultural Policy (BFAP) (2018)

³ Organisation for Economic Co-operation and Development (OECD) (2017)

Over the last ten-year period, the OD has outperformed the Province on average, yet the general trend is decelerating economic growth.

1.2.2 Sectoral GDPR performance

Table 1.2 includes the ten-year average sectoral growth rate as well as the estimated growth rates for 2018.

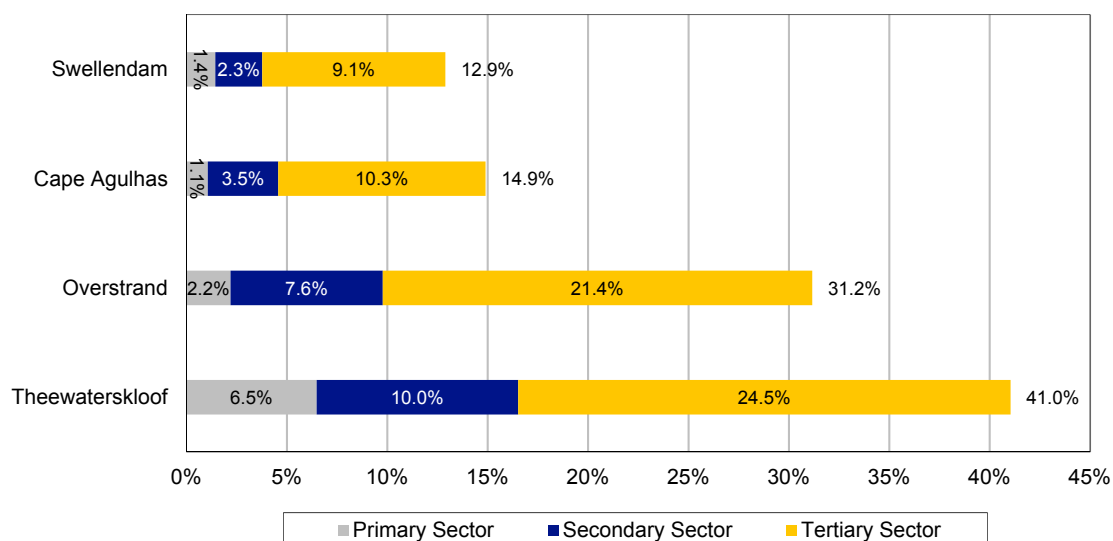
Table 1.2 Overberg District GDPR performance per sector, 2017

Sector	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Primary Sector	2 223.4	11.2	2.1	-4.8
Agriculture, forestry and fishing	2 202.9	11.1	2.1	-4.8
Mining and quarrying	20.5	0.1	1.4	-3.1
Secondary Sector	4 663.1	23.5	2.6	1.9
Manufacturing	2 749.3	13.8	2.9	3.4
Electricity, gas and water	494.1	2.5	-0.8	1.3
Construction	1 419.7	7.1	3.2	-1.2
Tertiary Sector	12 991.3	65.4	3.1	1.5
Wholesale and retail trade, catering and accommodation	3 834.8	19.3	3.2	1.1
Transport, storage and communication	2 143.7	10.8	3.4	2.2
Finance, insurance, real estate and business services	3 910.6	19.7	3.4	1.9
General government	1 770.8	8.9	2.4	0.7
Community, social and personal services	1 331.5	6.7	2.3	1.0
Total Overberg District	19 877.8	100	2.8	0.8

Source: Quantec Research, 2019 (e denotes estimate)

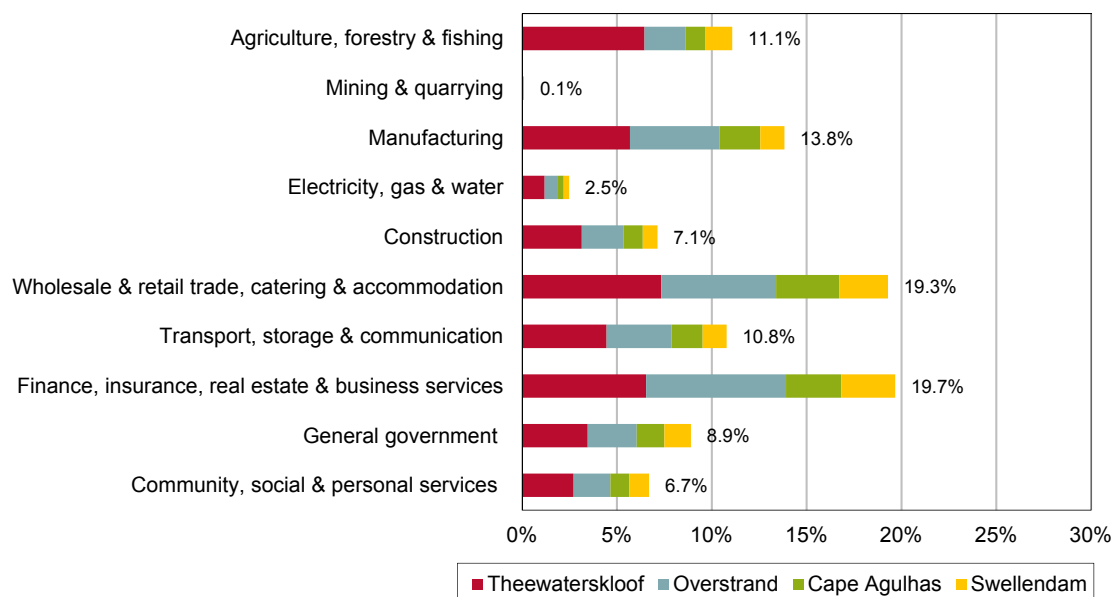
The tertiary sector contributes 65.4 per cent to the GDPR in the OD and is estimated to have grown by 1.5 per cent in 2018. Within this sector, finance, insurance, real estate and business services contribute 19.7 per cent to OD's GDPR, and wholesale and retail trade, catering and accommodation contribute 19.3 per cent to OD's GDPR. Over the last ten-year period, the primary sector's GDPR has grown at the lowest rate. Furthermore, this sector is estimated to have contracted by 4.8 per cent in 2018, possibly due to subsidiary effects of the drought experienced in the Province. While the OD was mildly affected by the Provincial drought, the impact of the drought in surrounding regions may have negatively affected the performance of the OD's agriculture, forestry and fishing sector.

While the OD's economy is mostly reliant on the tertiary sector, the economy is estimated to have decreased its reliance on this sector in 2018. This is as a result of a strong performance in the secondary sector, specifically manufacturing, which was estimated to be the best performing sub-sector in the District with an estimated 3.4 per cent growth in 2018. While the strong performance in manufacturing is positive, a slowing tertiary sector is a matter of concern given its proportionally large contribution to the economy.

Figure 1.2 GDP contribution per municipal area, Overberg District, 2017 (%)

Source: Quantec Research, 2019

The Theewaterskloof and Overstrand municipal areas contribute the most value to the OD's economy. The combined tertiary sectors in Theewaterskloof and Overstrand made up 45.9 per cent of the District's economy. The dispersion of economic activity is not surprising given that the Theewaterskloof and Overstrand municipal areas are home to more than 100 000 people each, compared to Swellendam and Cape Agulhas municipal areas which are home to fewer than 50 000 people respectively⁴.

Figure 1.3 Overberg District GDP contribution per sector, 2017 (%)

Source: Quantec Research, 2019

⁴ Stats SA (2018)

The general division of economic activity by sector is spread among the local municipal areas, as seen in Figure 1.3. The tertiary sector contributes the most to the District's economy. The Theewaterskloof and Overstrand municipal areas contribute the most per sector as they serve as economic hubs to a greater number of people.

1.2.3 GDPR performance per sector forecast (outlook)

Table 1.3 shows the forecasted GDPR growth rates by sector for 2019 and 2020. Due to the fast pace at which the global and South African economies are changing, only a two-year forecast is done.

Table 1.3 GDPR forecast per sector, 2019 - 2020 (%)⁵

Sector	2019f	2020f	Trend 2019f - 2023f
Primary Sector			
Agriculture, forestry and fishing	2.0	-1.6	-2.3
Mining and quarrying	-0.3	4.0	4.3
Secondary Sector			
Manufacturing	2.9	6.4	8.4
Electricity, gas and water	0.2	1.0	1.0
Construction	-1.4	0.7	1.7
Tertiary Sector			
Wholesale and retail trade, catering and accommodation	1.6	2.6	4.6
Transport, storage and communication	2.1	4.0	6.0
Finance, insurance, real estate and business services	1.7	2.8	4.0
General government	-0.3	-0.7	-1.4
Community, social and personal services	1.3	1.9	2.7
Total	1.5	2.5	3.8

Source: Urban-Econ based on BER, 2019 (f denotes forecast)

The forecasted economic growth for the OD in 2019 is 1.5 per cent and, in 2020, growth is forecast to increase to 2.5 per cent. The average growth per year between 2019 and 2023 is forecast to be 3.8 per cent, which is indicative of improvements in the latter years of the five-year period. However, not all the sectors within the OD are forecast to grow. The primary, secondary, and tertiary sectors all have sub-sectors that are not forecast to expand in value in 2019 and 2020. Considering the GDPR and employment contributions of these sectors, forecasted GDPR growth rates may indicate areas of opportunity for the OD to grow.

The primary sector in the OD's economy is dominated by the agriculture, forestry and fishing sector (see Table 1.2). Following a contraction of 4.8 per cent in 2018, this sector is forecast to grow by 2.0 per cent in 2019 and contract by 1.6 per cent in 2020. The contraction experienced in 2020 is expected to persist, as annual average contractions of 2.3 per cent are forecast between 2019 and 2023. This is not a positive sign for the typically labour-intensive industries within the agriculture, forestry and fishing sector.

⁵ Based on provincial forecasts done in July 2019 – Bureau for Economic Research (BER).

Within the OD, manufacturing contributes 13.8 per cent to the GDP of OD's economy (see Table 1.2). The economy is forecast to expand by 2.9 per cent in 2019 and 6.4 per cent in 2020, with an average annual growth rate of 8.4 per cent forecast between 2019 and 2023. While the equivalent figures for the electricity, gas and water and construction sectors are 1.0 per cent and 1.7 per cent, these sectors contribute significantly less to GDP than manufacturing. Given manufacturing's contribution to GDP, forecasted growth in the sector may bring greater opportunities not only within the sector but also to the other sectors that provide the necessary inputs to manufacturing. This growth is likely to supplement the existing value chains that incorporate manufacturing.

As the tertiary sector contributes the most to the OD's GDP, forecasted growth in GDP may bring proportionally more opportunities to the District. The sector with the highest forecasted growth is transport, storage and communication, which is expected to grow at 2.1 per cent in 2019 and 4.0 per cent in 2020. The average annual GDP growth rate is forecast at 6.0 per cent between 2019 and 2023. Given that the transport, storage and communication sector is not dominant within the tertiary sector, this growth may be indicative of opportunities that allow the OD region to develop a more diverse set of GDP contributors. The dominant sectors within the tertiary sector are wholesale and retail trade, catering and accommodation and finance, insurance and real estate services, which are forecast to grow modestly at 1.6 per cent and 2.6 per cent, and 1.7 per cent and 2.8 per cent respectively in 2019 and 2020.

1.3 Labour trend analysis

This subsection discusses some of the key employment trends, first by outlining which local municipal areas are the largest contributors to employment creation in the OD. It highlights which areas experienced any significant change in terms of employment patterns and discusses the employment dynamics by identifying which sectors employ the most persons. In addition, it attempts to highlight which sectors have contributed more in creating new job opportunities (or have experienced job losses) in the District.

1.3.1 Employment per municipal area

Table 1.4 indicates the status of employment in each local municipal area in the OD, as well as the number of jobs created over a ten-year period. The table also indicates the estimated number of jobs created in 2018.

The OD employed 129 370 people in 2017, which is around 5.1 per cent of the total employed persons in the Western Cape. The Theewaterskloof and Overstrand municipal areas employed the most people in 2017 (60 560 and 35 838 respectively). The Cape Agulhas and Swellendam municipal areas employed 12.1 and 13.3 per cent of the District's employees in 2017.

Job opportunities or the potential thereof in large towns such as Grabouw and Hermanus attract many people from rural areas where job opportunities are scarce. An influx of people can boost the economy through additional revenue collection potential for the municipality, as well as stimulating growth in tertiary sectors, but can also create a demand for services, infrastructure and housing.

Table 1.4 Overberg District employment growth, 2017

Municipality	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Theewaterskloof	46.8	60 560	5 131	929
Overstrand	27.7	35 838	5 153	445
Cape Agulhas	12.1	15 710	2 271	276
Swellendam	13.3	17 262	2 579	328
Total Overberg District	100	129 370	15 134	1 978
Western Cape Province	-	2 518 080	326 286	35 433

Source: Quantec Research, 2019 (e denotes estimate)

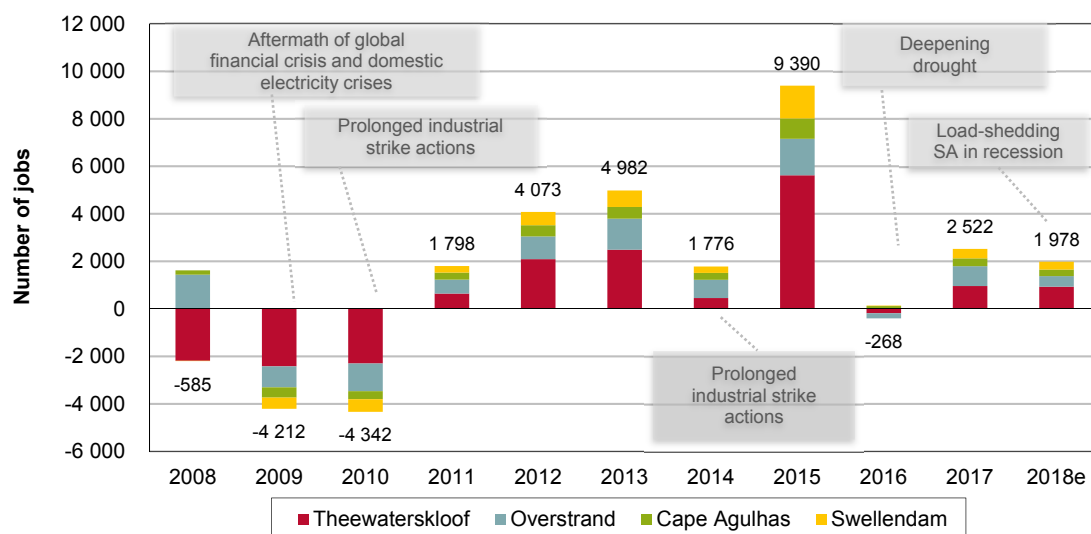
Notable are the proportional contributions to the employment of the local municipal areas. The Theewaterskloof municipal area employs the most people in the OD, yet it created the least amount of jobs in proportion to its total number of jobs (only 8.5 per cent of its total employment in the last ten-year period). In contrast, the Overstrand, Cape Agulhas, and Swellendam municipal areas created 14.4 per cent, 14.5 per cent, and 14.9 per cent of their respective total employment over the same period. While the Theewaterskloof municipal area employs the most individuals in the OD, the Swellendam municipal area has created the most opportunities over the last ten-year period relative to its total number of jobs, increasing its number of employed people by 17.6 per cent. This indicates that the smaller three municipal areas have higher employment rates.

While the net change over the ten-year period has been positive, in 2018, the OD's economy is estimated to have created fewer jobs than in 2017. The Theewaterskloof and Overstrand municipal areas are estimated to have employed 929 and 445 more people in 2018 whereas Cape Agulhas and Swellendam have employed 276 and 328 more people. The OD's economy is estimated to have employed 1 978 more people in 2018.

An analysis of the trend over the ten-year period is provided in Figure 1.4. Employment in the OD is not immune to exogenous macro-economic factors. From 2008 to 2010, during the years after the Global Finance Crisis and prolonged national strike action, the OD's economy lost 9 139 jobs. This is in line with poor, GDP growth rates of the region at that time. Similarly, as GDP growth rates picked up in the subsequent years, so too did the OD's economy create more opportunities, offsetting the jobs lost between 2008 and 2010, and 2013.

Moving beyond 2013, Figure 1.4 shows that despite the decreasing growth rates, the economy continued to create jobs until 2015, during which it created 9 390 jobs⁶. At the time of a deepening drought in the Western Cape Province, this upward trend ended in 2016 when the economy shed 268 jobs. However, this loss was immediately offset in 2017 when the economy created 2 522 jobs despite the deepening drought and onset of load-shedding.

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

Figure 1.4 Employment change per municipal area, Overberg District, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

1.3.2 Sectoral employment

This section provides an analysis of the spread of employment across sectors. Table 1.5 indicates the status of employment per sector in the OD, as well as the number of jobs created over a ten-year period.

Table 1.5 Overberg District employment per sector, 2017

Sector	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	21.6	27 911	-11 830	-679
Agriculture, forestry and fishing	21.5	27 879	-11 828	-674
Mining and quarrying	0.0	32	-2	-5
Secondary Sector	14.7	19 053	3 107	355
Manufacturing	7.8	10 034	1 502	178
Electricity, gas and water	0.3	378	104	-11
Construction	6.7	8 641	1 501	188
Tertiary Sector	63.7	82 406	23 857	2 302
Wholesale and retail trade, catering and accommodation	22.5	29 135	8 895	656
Transport, storage and communication	3.9	5 047	2 250	107
Finance, insurance, real estate and business services	15.5	20 088	7 253	1 389
General government	7.8	10 034	1 873	125
Community, social and personal services	14.0	18 102	3 586	25
Total Overberg District	100	129 370	15 134	1 978

Source: Quantec Research, 2019 (e denotes estimate)

In line with GDP contribution, within the OD, the tertiary sector employs the highest number of people with 82 406 people employed in 2017, seen in Table 1.5. The second highest employer is the primary sector with 27 911 people employed and the smallest sector by employment was the secondary sector with 19 053 people employed.

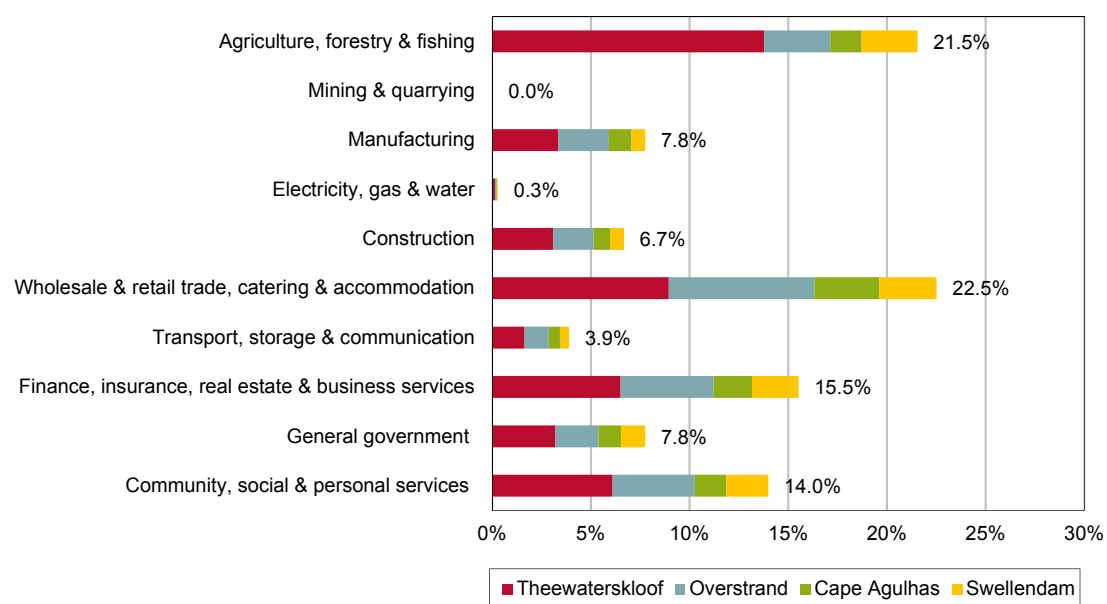
Employment patterns in subsectors are similar to GDP contributions. The primary sector remains labour-intensive, with agriculture, forestry and mining employing 21.5 per cent of the workers in the OD despite its GDP contribution of 11.1 per cent. Within the tertiary sector, the wholesale and retail trade, catering and accommodation sector appears to be more labour-intensive compared to the finance, insurance, real estate and business services sector as this sector employs 29 135 people as opposed to the 20 088 people employed in the finance, insurance, real estate and business services sector while the GDP contributions of these sectors are similar at 19.3 and 19.7 per cent. However, when the trend or net change over a ten-year period is analysed, the spread of employment appears to be changing.

The tertiary sector has employed 23 857 more people, offsetting the loss of jobs in the primary sector over the same ten-year period with the more labour-intensive subsectors, wholesale and retail trade, catering and accommodation, increasing employment the most (8 895 people). Overall, the OD's economy created 15 134 jobs over the ten-year period between 2008 and 2017.

In 2018, the OD's economy is estimated to have added 1 978 jobs, a decrease from the number of jobs created in 2017. This is in line with the GDP growth rate slowing to 0.8 per cent in 2018 (see Table 1.2). As mentioned above, the primary sector is estimated to have lost fewer jobs in 2018 as opposed to 2017. The tertiary sector is estimated to have created fewer jobs than in 2017, with the wholesale and retail trade, catering and accommodation subsector contributing to the slowdown. Despite this, the finance, insurance, real estate and business services subsector is estimated to have created 1 389 jobs in 2018 – an increase from 2017.

Within the secondary sector, the rate of job growth is slowing, yet the construction subsector is estimated to have created 188 jobs in 2018, an increase from 2017.

Figure 1.5 Sectoral employment contribution per municipal area, Overberg District, 2017 (%)



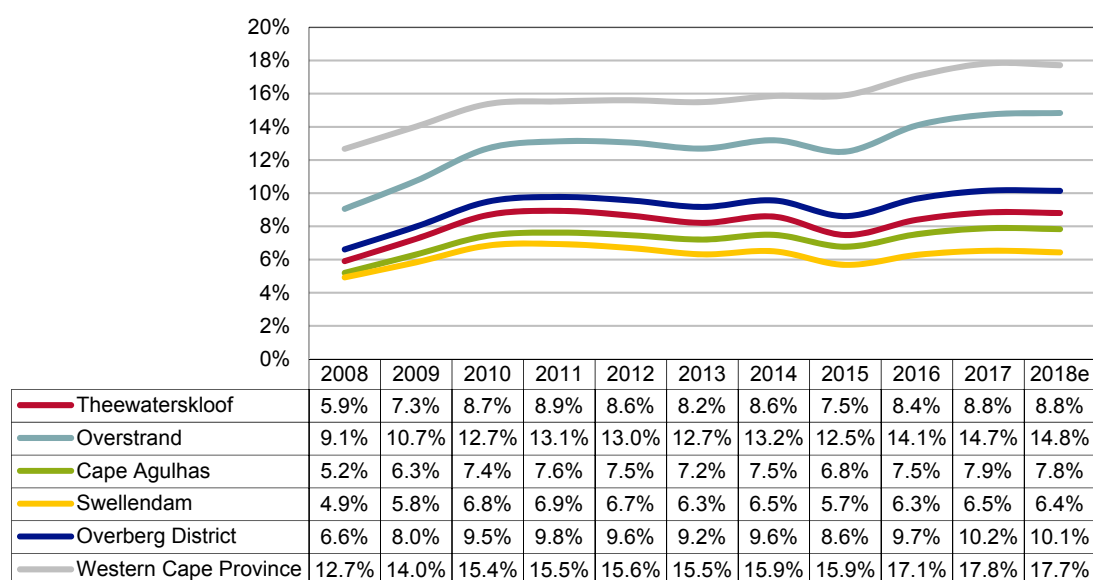
Source: Quantec Research, 2019

Figure 1.5 illustrates the majority of the economic activity, particularly in the agriculture, forestry and fishing sector, wholesale and retail trade, catering and accommodation sector, finance, insurance, real estate and business services and community, social and personal services activities are concentrated in the Theewaterskloof municipal area. The Overstrand municipal area makes a relatively large contribution to the economy through the services sectors. These two municipal areas are therefore the economic hubs of the District.

Figure 1.6 indicates the unemployment rates in the OD between 2008 and 2018.

Unemployed persons according to the official definition are those (aged 15 - 64 years) who were not employed in the reference week, actively looked for work or tried to start a business in the four weeks preceding the survey interview and were available for work or had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available⁷.

Figure 1.6 Overberg District unemployment rate, 2008 - 2018 (%)



Source: Quantec Research, 2019 (e denotes estimate)

The OD realised unemployment rates significantly lower than that of the Provincial economy over the reference period. On average, unemployment rates in the District have been 6.6 percentage points lower than that of the Provincial average. The unemployment rate in the District has increased from 6.6 per cent in 2008 to 10.2 per cent in 2017. However, estimates for 2018 indicate a marginal improvement in the unemployment rate to 10.1 per cent, with the OD registering unemployment rates of 7.6 percentage points lower than the provincial economy.

The Overstrand municipal area is the only area in the OD which registered unemployment rates higher than the District over the reference period. Between 2008 and 2018, the Overstrand municipal area experienced average unemployment rates that were 3.6 percentage points higher than the District average. The Swellendam

⁷ Statistics South Africa (2019)

municipal area experienced the lowest unemployment rates in the District between 2008 and 2018. Over the period, the Swellendam municipal area experienced average unemployment rates of 6.3 per cent, which was 2.9 percentage points lower than that of the District average.

1.4 Concluding remarks

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 GDP growth of 2.0 per cent. The Theewaterskloof and Overstrand municipal economies are the largest in terms of GDP, 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 GDP 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 GDP. 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.



2

Sectoral growth, employment and skills per municipal area

2.1 Introduction

This chapter provides a macroeconomic outlook at the municipal level and an overview of trends from 2008 to 2018 for GDP, employment, and skill levels in each of the municipal areas of the OD. This chapter further provides information on building plans passed and completed in selected municipalities.

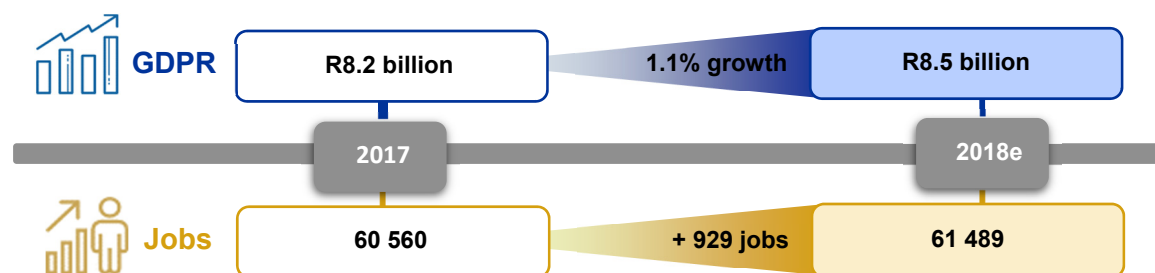
2.2 Theewaterskloof

The Theewaterskloof municipal area borders the Cape Metro area and is traversed by the N2, which is a valuable transit link for tourists and goods. The main settlements in the municipal area include Botrivier, Caledon, Genadendal, Grabouw, Greyton, Riviersonderend, Tesselaarsdal, and Villiersdorp⁸.

2.2.1 GDPR and employment performance

In 2017, the Theewaterskloof municipal area was valued at R8.2 billion in current prices, constituting the largest economy in the District (41.0 per cent of OD's economy). It is estimated to have grown at 1.1 per cent in 2018 to R8.5 billion in current prices. Similarly, the Theewaterskloof municipal economy employs the most people throughout the district, 60 560 people in 2017, which is estimated to have grown to 61 489 people, an increase of 929 jobs or 1.5 per cent in 2018.

Diagram 2.1 Theewaterskloof GDPR (current prices) and employment, 2017 and 2018e

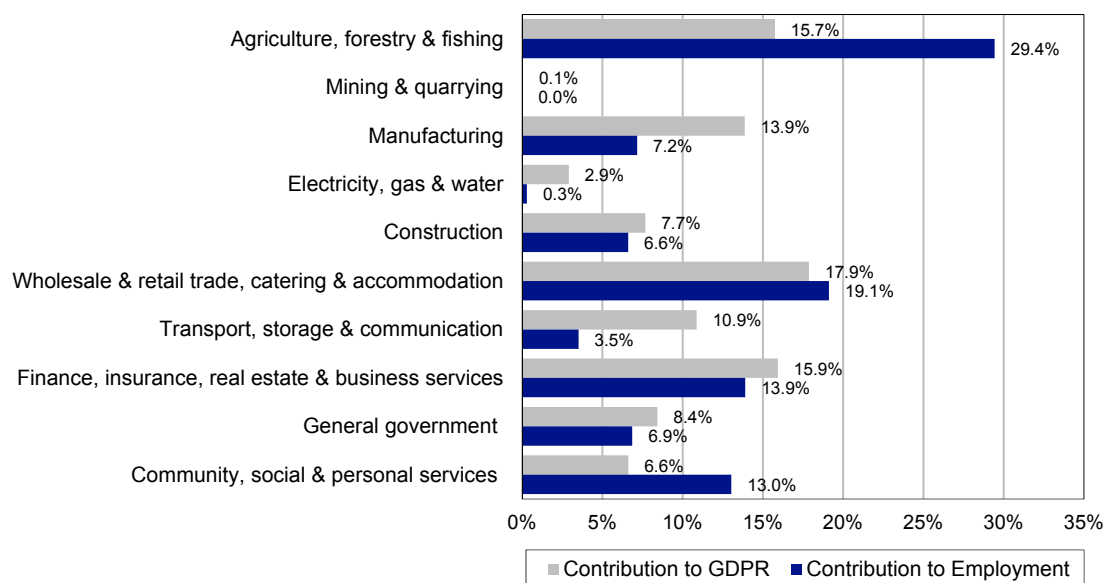


Source: Quantec Research, 2019 (e denotes estimate)

Theewaterskloof's economy is driven by the tertiary sector (see Figure 2.1). The wholesale and retail trade, catering and accommodation sector in addition to the finance, insurance, real estate and business services sector comprise of 17.9 and 15.9 per cent of the total GDPR and 19.1 per cent and 13.9 per cent of the total number of people employed. The only significantly labour-intensive sector is community, social and personal services, which contributes 6.6 per cent to GDPR and 13.0 per cent to employment.

The agriculture, forestry and fishing sector constituted 15.7 per cent of Theewaterskloof's GDPR in 2017. However, this sector employed 29.4 per cent of the workers in the municipal area. The primary sector thus remains a significant labour-intensive sector within the Theewaterskloof municipal economy. Contrarily, the manufacturing sector is more capital-intensive as it contributes 13.9 per cent to GDPR while employing 7.2 per cent of the employed in the Theewaterskloof municipal area. Another slightly more capital-intensive sector is the finance, insurance, real estate and business services sector.

⁸ Theewaterskloof Municipality (2017)

Figure 2.1 Theewaterskloof sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

Table 2.1 outlines the GDPR and employment performance in 2017 as well as for the period 2008 to 2017 for the Theewaterskloof municipal area.

Table 2.1 Theewaterskloof GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	1 289.1	2.0	-4.1	17 840	-8 170	-486
Agriculture, forestry and fishing	1 284.6	2.1	-4.1	17 830	-8 170	-484
Mining and quarrying	4.5	1.2	-2.2	10	0	-2
Secondary Sector	1 995.8	3.2	2.7	8 528	2 274	234
Manufacturing	1 131.7	3.2	3.9	4 341	865	03
Electricity, gas and water	237.7	-0.9	0.6	183	44	-5
Construction	626.5	5.1	0.8	4 004	1 365	136
Tertiary Sector	4 872.9	3.9	2.0	34 192	11 027	1 181
Wholesale and retail trade, catering and accommodation	1 458.0	3.8	1.6	11 581	4 228	368
Transport, storage and communication	886.9	2.8	1.6	2 133	970	48
Finance, insurance, real estate and business services	1 300.1	5.6	3.2	8 423	3 244	674
General government	687.8	2.6	1.1	4 158	828	61
Community, social and personal services	540.2	2.6	1.2	7 897	1 757	30
Total Theewaterskloof	8 157.8	3.3	1.1	60 560	5 131	929

Source: Quantec Research, 2019 (e denotes estimate)

The most valuable sector for the Theewaterskloof's economy is the tertiary sector, which accounts for R4.9 billion or 59.7 per cent of the economy. It also accounts for 34 192 jobs (56.5 per cent) of the total employed people in the Theewaterskloof municipal area. The tertiary sector's average growth over the ten-year period between

2008 and 2017 was 3.9 per cent and while the estimated growth in GDPR for 2018 is lower than 2017 at 2.0 per cent, the sector remains the most valuable economic sector in the Theewaterskloof municipal area. The tertiary sector is mainly driven by the wholesale and retail trade, catering and accommodation sector as well as the finance, insurance, real estate and business services sector. These sectors made up 29.9 per cent and 26.7 per cent of the tertiary sector respectively and are estimated to have grown by 1.6 per cent and 3.2 per cent respectively.

The secondary sector also grew substantially over the ten-year period, achieving an average growth rate of 3.2 per cent, and is valued at R2.0 billion. Despite the other sectors coming under strain with growth rates estimated to be lower in 2018 compared to 2017, the secondary sector is estimated to have had stronger growth in 2018. The main driver of growth is the manufacturing sector, which is estimated to grow at 3.9 per cent. While this is positive for the region, manufacturing is the most capital-intensive subsector in Theewaterskloof and so this GDPR growth may not translate into proportionally more job opportunities. Despite that manufacturing is estimated to grow faster by value in 2018, it will likely create fewer jobs than it did in 2017.

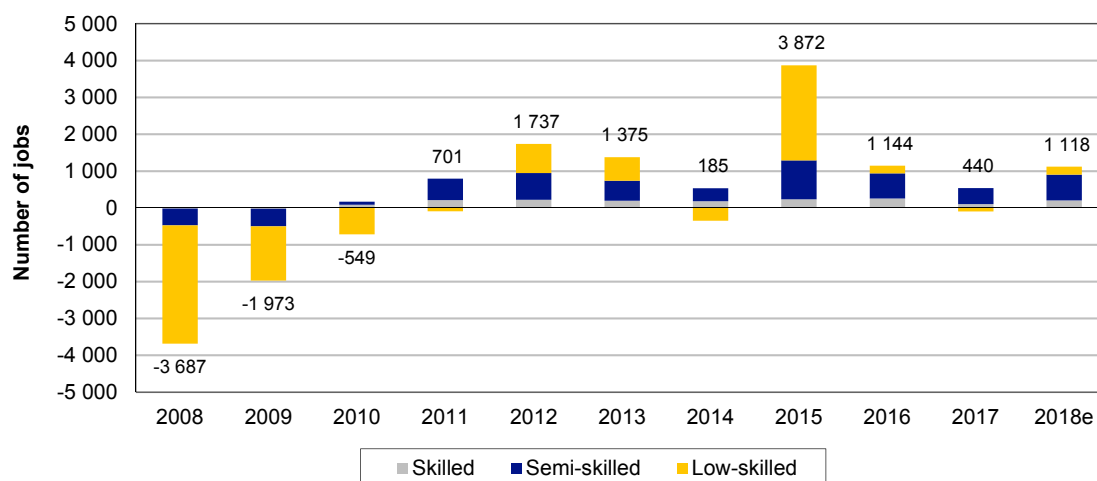
Further exacerbating future employment opportunities is the underperformance of the most labour-intensive subsector in Theewaterskloof's economy; over the ten-year period, the number of employed people in the primary sector decreased by 34.1 per cent. Driven mainly by a contraction in the agriculture, forestry and fishing sector, the primary sector is further estimated to contract by 4.1 per cent in 2018. Despite that this contraction is estimated to be bigger than in 2017, the sector is only estimated to lose 486 jobs which is less when compared to job losses in 2017. However, the Theewaterskloof economy's primary sector appears to still be under strain from exogenous macroeconomic factors such as the drought in the Western Cape Province. While the OD was not as severely affected by the Provincial drought, the subsidiary effects from the drought in neighbouring regions may have affected the performance of the OD's primary sector.

2.2.2 Skills analysis

In Figure 2.2, the historical analysis of the jobs gained and lost over the ten-year period mirrors the GDPR growth of Figure 1.1.

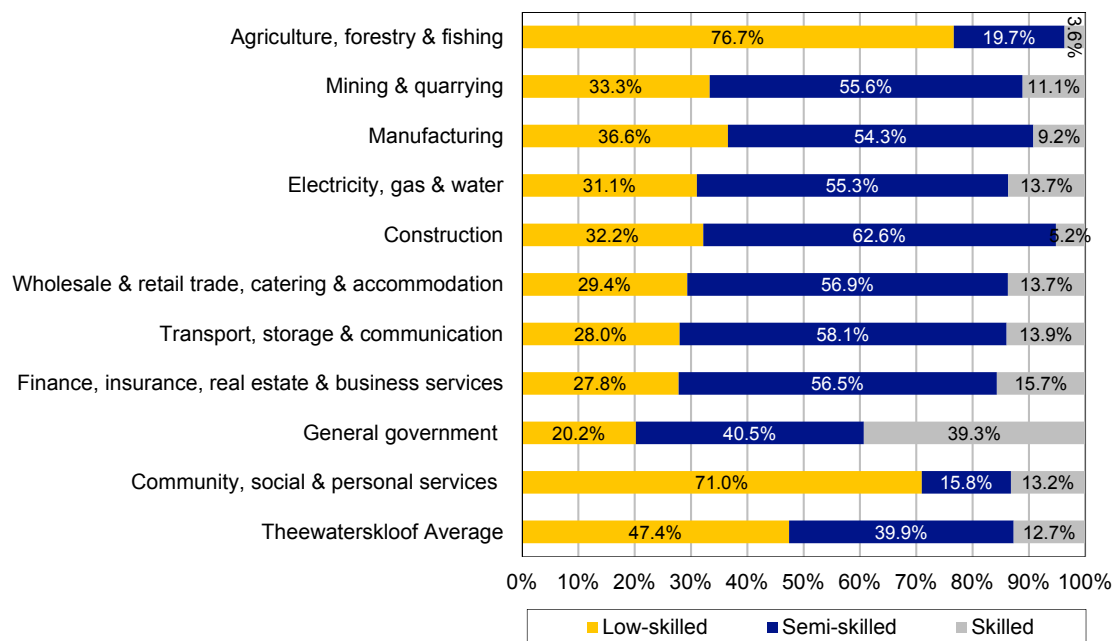
Between 2008 and 2010, with the aftermath of the global financial crisis, the Theewaterskloof economy shed 6 209 jobs. While the economy has created jobs from 2010 to 2018, this has been volatile, with 2014 seeing 185 jobs created and 2015 seeing 3 872 jobs created. While most of the 3 872 jobs created in 2015 were low-skilled jobs, Figure 2.2 shows that low-skilled jobs are the most vulnerable to economic changes within the Theewaterskloof economy.

Theewaterskloof has a lower matric pass rate compared to other municipal areas. This may contribute to the low skilled workforce and youth unemployment. Technical and vocational education and training may bridge the gap for low skilled workers and unemployed youth to become semi-skilled.

Figure 2.2 Theewaterskloof employment growth by skill levels, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

An analysis of the spread of skills by sector in Figure 2.3 shows that the more labour-intensive subsectors have higher levels of unskilled employees as opposed to the skills employed in the capital-intensive sectors. Within the labour-intensive sectors of agriculture, forestry and fishing and community, social and personal services, 76.7 and 71.0 per cent are low-skilled employees. This is above the average in the Theewaterskloof's economy (47.4 per cent) and means that low-skilled workers are the most exposed to contractions in the agriculture, forestry and fishing sector. The general government sector employs the most skilled workers – 39.3 per cent of its workforce. The finance, insurance, real estate and business services sector have the second-highest proportion of skilled employees, with 15.7 per cent of employees being skilled.

Figure 2.3 Theewaterskloof skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

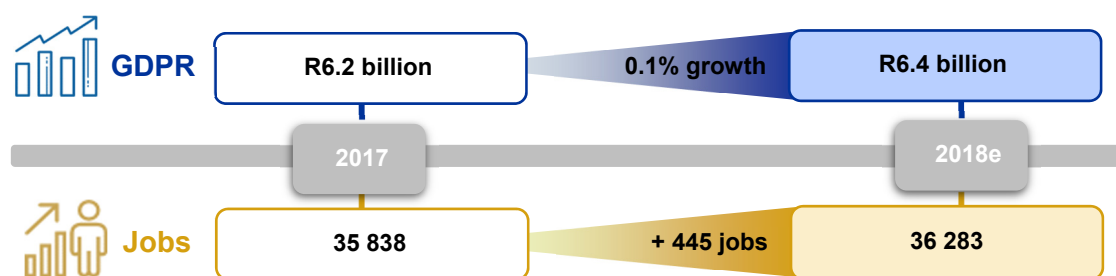
2.3 Overstrand

The Overstrand municipal area has a 230-kilometre coastline and borders the Cape Metro area, the Cape Agulhas, and Theewaterskloof municipal areas. The main commercial node in the Overstrand municipal area is Hermanus, but there are a number of smaller towns and settlements along the coast. Other main towns include Gansbaai, Hawston, Kleinmond, and Stanford⁹. The Overstrand municipal area is a popular tourist destination. Hermanus and the smaller coastal settlements are popular areas for second homes.

2.3.1 GDPR and employment performance

Overstrand's economy was valued at R6.2 billion in 2017 (current prices) and is estimated to have grown by 0.1 per cent to R6.4 billion in 2018. It employed 35 838 people in 2017 and this is estimated to have grown to 36 283 jobs in 2018, an increase of 1.2 per cent or 445 jobs.

Diagram 2.2 Overstrand GDPR (current prices) and employment, 2017 and 2018e



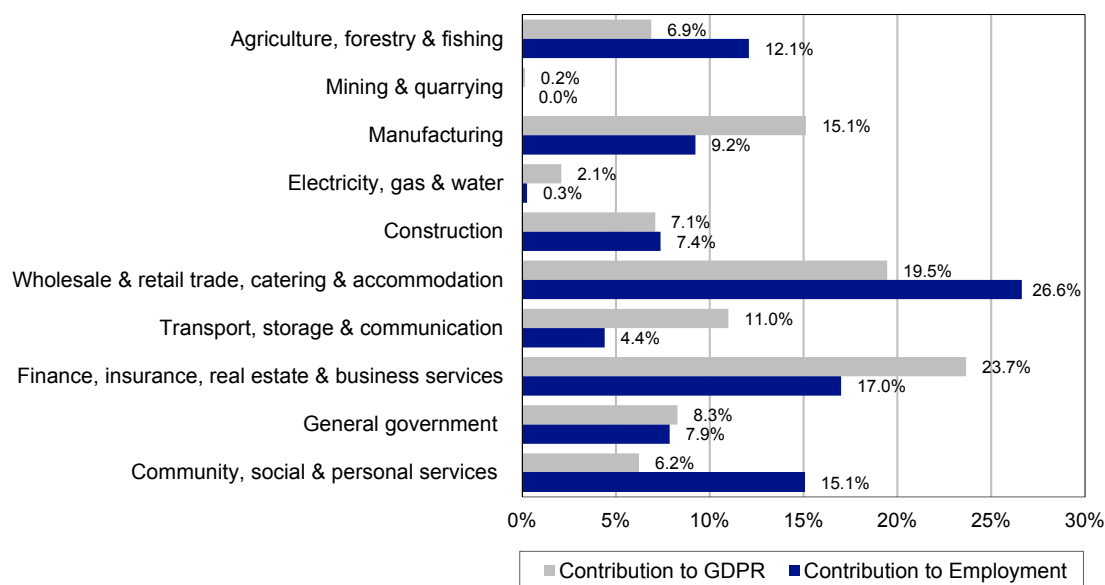
Source: Quantec Research, 2019 (e denotes estimate)

An analysis of the relationship between GDPR contribution and employment across sectors shows that there are both labour and capital-intensive industries within Overstrand's economy (see Figure 2.4). The agriculture, forestry and fishing sector contributes 6.9 per cent to GDPR and 12.1 per cent to employment. Other labour-intensive sectors are the wholesale and retail trade, catering and accommodation sector, which contributes 19.5 per cent to GDPR and 26.6 per cent to employment, and the community, social and personal services sector, which contribute 6.2 per cent to GDPR and 15.1 per cent to employment.

The Overstrand municipal area is home to valuable tourism resources such as the Harold Porter National Botanical Gardens, which received 60 423 visitors in 2018 and Stony Point which received 73 369 visitors in 2018¹⁰. Furthermore, smaller coastal towns in the municipal area are very popular for weekend getaways and second homes. Tourism is, therefore, a valuable injection into the local economy and opportunities for SMME development in the tourism value chain can be explored to promote local job creation.

⁹ Overstrand Municipality (2017)

¹⁰ Wesgro (2019)

Figure 2.4 Overstrand sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

The manufacturing and finance, insurance, real estate and business services sectors are the more capital-intensive subsectors within Overstrand's economy. Manufacturing contributes 15.1 per cent to GDP while contributing 9.2 per cent to employment and finance, insurance, real estate and business services contribute 23.7 per cent to GDP and 17.0 per cent to employment.

Table 2.2 Overstrand GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	436.2	2.4	-8.0	4 345	-1 207	-56
Agriculture, forestry and fishing	426.7	2.4	-8.1	4 332	-1 206	-53
Mining and quarrying	9.4	0.5	-3.1	13	-1	-3
Secondary Sector	1 507.0	1.9	1.2	6 054	180	59
Manufacturing	937.3	2.5	0.9	3 313	341	44
Electricity, gas and water	129.9	1.4	3.6	95	43	-2
Construction	439.8	0.7	-3.9	2 646	-204	17
Tertiary Sector	4 251.9	2.1	0.5	25 439	6 180	442
Wholesale and retail trade, catering and accommodation	1 205.5	2.5	0.4	9 546	2 407	101
Transport, storage and communication	681.2	4.4	2.7	1 580	735	33
Finance, insurance, real estate and business services	1 466.1	1.2	-0.2	6 095	1 718	318
General government	513.1	2.7	0.6	2 820	543	35
Community, social and personal services	386.0	1.7	0.4	5 398	777	-45
Total Overstrand	6 195.1	2.1	0.1	35 838	5 153	445

Source: Quantec Research, 2019 (e denotes estimate)

Overstrand's most valuable sector is the tertiary sector, which constitutes 68.6 per cent of Overstrand's GDP, or R4.3 billion in current prices. The tertiary sector's 2.1 per cent ten-year period average GDP growth is on par with Overstrand's GDP growth rate of 2.1 per cent. The labour-intensive wholesale and retail trade, catering and accommodation sector employs the most people. This is to be expected as areas such as Hermanus attract a significant number of tourists whose activity generates economic value for the tertiary sector. These activities, however, tend to be seasonal which influences the sustainability of many businesses providing tourist services¹¹. The capital-intensive finance, insurance, real estate and business services sector is estimated to have created the highest number of jobs in 2018. The wholesale and retail trade, catering and accommodation sector is estimated to have created fewer jobs in 2018 than in 2017. Overall, it is estimated that the tertiary sector's employment grew by 1.7 per cent and that it created 442 jobs.

The secondary sector is the second most valuable sector by GDP, valued at R1.5 billion in current prices. It employed 6 054 people in 2017. Despite the sector growing at the lowest average ten-year GDP growth rate, the sector is estimated to have the highest GDP growth in the Overstrand economy in 2018 mainly due to the electricity, gas and water sector which is estimated to have grown by 3.6 per cent in 2018. This growth is capital-intensive and so the subsequent employment opportunities driven by this sector's GDP growth are limited.

2.3.2 Skills analysis

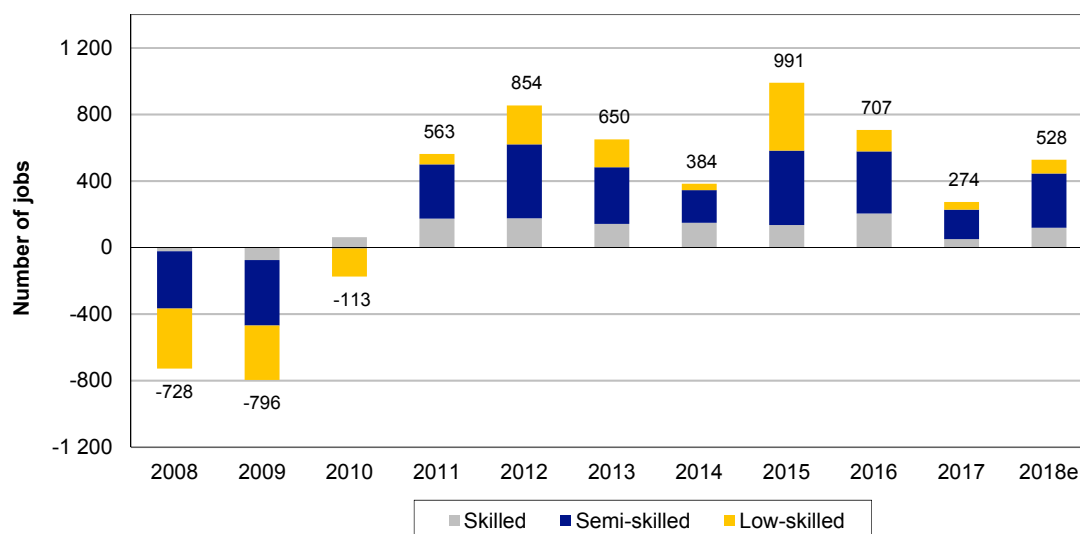
The Overstrand municipal area's job creation pattern approximately follows that of the greater OD. Overstrand's economy does not show significant resilience to exogenous macro-economic factors and fluctuated over the ten-year period analysed.

Overstrand's economy shed 1 637 jobs from 2008 to 2010, however, this was offset by 2013. From 2010 to 2017, Overstrand's economy created more employment opportunities each year with the largest amount being created in 2015¹². It is estimated that 528 jobs were created in 2018.

In Overstrand's economy, a high proportion of semi-skilled jobs have been created over the ten-year period. A potential explanation for this may lie in different sectors' contribution to employment (Figure 2.4). The biggest contributor to employment in Overstrand is wholesale and retail trade, catering and accommodation at 26.6 per cent, and finance, insurance, real estate and business services at 17.0 per cent. These industries demand more semi-skilled and skilled workers than agriculture, forestry and fishing.

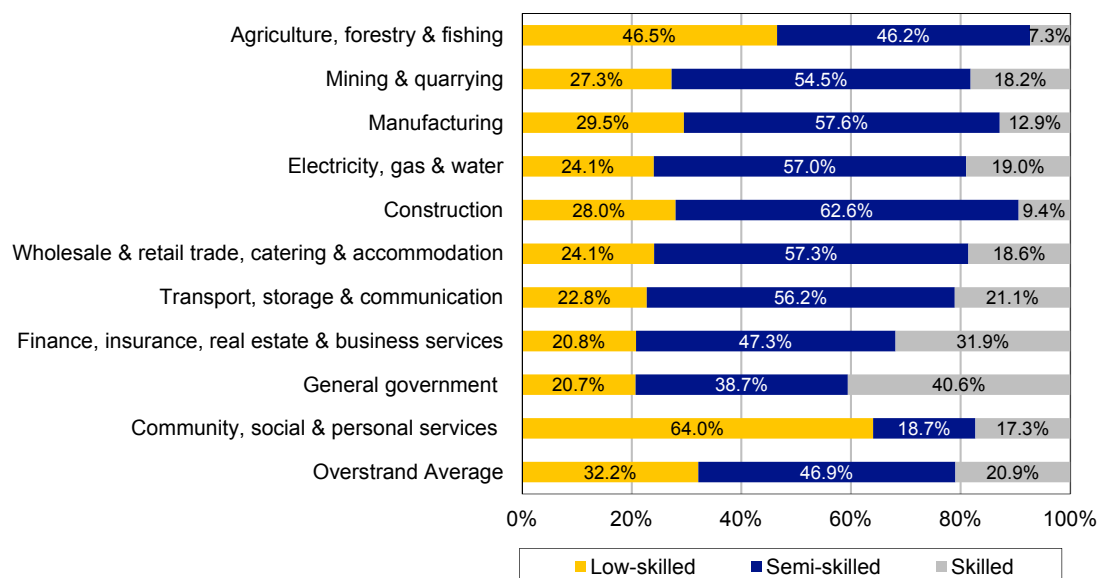
¹¹ Provincial Government Western Cape Municipal Perception Survey - Overstrand Municipality (2019)

¹² It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

Figure 2.5 Overstrand employment growth by skill levels, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

Figure 2.6 shows further evidence that the biggest contributors to employment in Overstrand's economy are sectors that demand semi-skilled workers.

Figure 2.6 Overstrand skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

Within the biggest contributor to employment, the wholesale and retail trade, catering and accommodation sector, 57.3 per cent of the workers are semi-skilled. The sectors with the highest levels of low-skilled workers are the community, social and personal services and agriculture, forestry and fishing sectors, which respectively comprise of 64.0 per cent and 46.5 per cent of low-skilled employment.

The secondary sector also employs a proportionally higher number of semi-skilled workers. The proportions of semi-skilled workers in the manufacturing, electricity, gas and water, and construction sectors are 57.6 per cent, 57.0 per cent, and 62.6 per cent respectively, which is higher than Overstrand's semi-skilled employment average of 46.9 per cent. Overstrand's economy employs an average of 20.9 per cent skilled and 32.2 per cent low skilled workers.

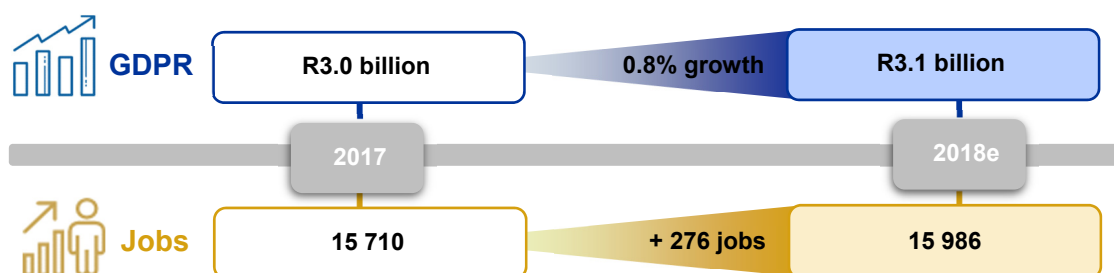
2.4 Cape Agulhas

The Cape Agulhas municipal area is well-known for being the southernmost tip of Africa. The main urban town is Bredasdorp, which is surrounded by farmlands. Other inland settlements include Napier, Elim, Klipdale, and Potem. Coastal towns include L'Agulhas, Struisbaai, Arniston, and Waenhuiskrans. Coastal towns are mostly tourist towns or fishing villages¹³.

2.4.1 GDPR and employment performance

Cape Agulhas' economy was valued at R3.0 billion in 2017 (current prices) and is estimated to have grown by 0.8 per cent to R3.1 billion in 2018. It employed 15 710 people in 2017 and this is estimated to have grown to 15 986 in 2018, representing an increase of 1.8 per cent or 276 jobs.

Diagram 2.3 Cape Agulhas GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

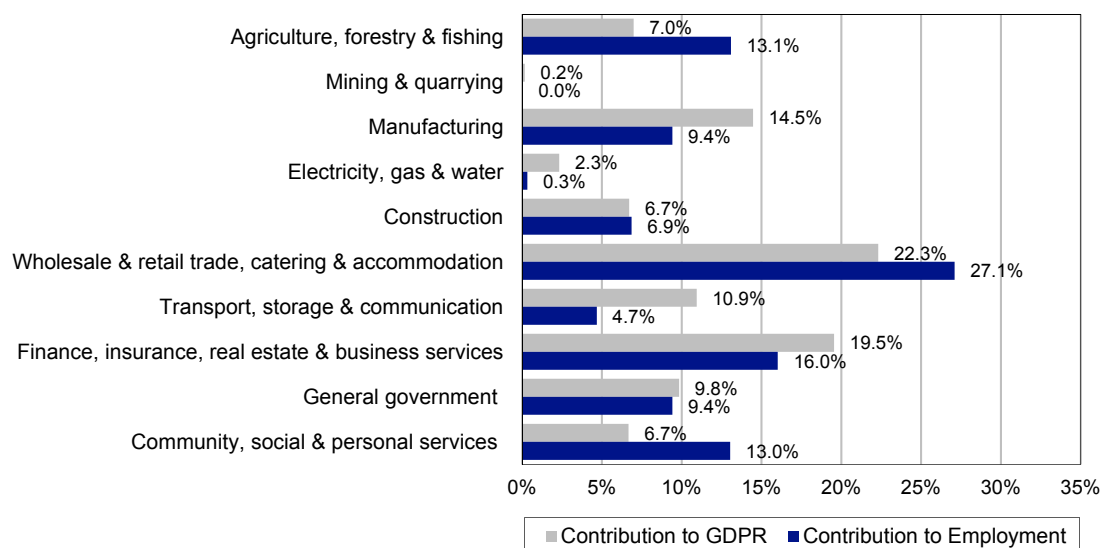
The contributions of each sector to GDPR and employment are shown in Figure 2.7. The biggest contributor to both GDPR and employment in Cape Agulhas' economy is the tertiary sector, specifically the wholesale and retail trade, catering and accommodation sector. This sector contributes 22.3 per cent to GDPR and 27.1 per cent to employment. The second highest contributor is the finance, insurance, real estate and business services sector which contributes 19.5 per cent to GDPR and 16.0 per cent to employment.

The agriculture, forestry and fishing sector contributes 7.0 per cent to GDPR and 13.1 per cent to employment. Thus, as in other municipal areas of the OD, the primary sector is predominantly labour-intensive. The manufacturing and the electricity, gas and water sectors contribute 14.5 per cent and 2.3 per cent to GDPR yet contribute

¹³ Cape Agulhas Municipality (2017)

9.4 per cent and 0.3 per cent to employment and are, thus, more capital-intensive. This is comparable to the other municipal areas of the OD.

Figure 2.7 Cape Agulhas sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

Table 2.3 outlines the performance of the GDPR and employment per sector in the Cape Agulhas municipal area.

Table 2.3 Cape Agulhas GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	212.3	2.1	-4.6	2 062	-782	-37
Agriculture, forestry and fishing	207.1	2.1	-4.6	2 056	-781	-37
Mining and quarrying	5.2	4.0	-3.9	6	-1	0
Secondary Sector	696.2	2.1	1.3	2 610	235	26
Manufacturing	428.5	2.4	2.6	1 480	125	19
Electricity, gas and water	69.0	-1.5	1.3	52	13	-2
Construction	198.7	2.6	-2.0	1 078	97	9
Tertiary Sector	2 052.8	2.6	1.3	11 038	2 818	287
Wholesale and retail trade, catering and accommodation	660.8	2.6	.6	4 257	1 081	96
Transport, storage and communication	324.1	3.6	2.2	736	295	17
Finance, insurance, real estate and business services	578.9	3.3	2.6	2 517	931	153
General government	291.5	0.8	-1.4	1 480	111	-1
Community, social and personal services	197.5	2.0	0.8	2 048	400	22
Total Cape Agulhas	2 961.3	2.5	0.8	15 710	2 271	276

Source: Quantec Research, 2019 (e denotes estimate)

The tertiary sector GDPR was valued at R2.1 billion in 2017 and has grown at an average GDPR growth rate of 2.6 per cent between 2008 to 2017. The primary and secondary sectors that were valued at R212.3 million and R696.2 million in 2017 respectively. Both these sectors have grown at 2.1 per cent over the last ten-year period, less than the average GDPR growth rate of Cape Agulhas' economy (2.5 per cent). Thus, the tertiary sector has driven the GDPR growth rate over the last ten-year period.

The tertiary and secondary sectors are estimated to have driven growth in 2018 with both sectors' GDPR estimated to have grown at 1.3 per cent. An estimated average GDPR growth rate of 0.8 per cent for Cape Agulhas's economy has been pulled down by the primary sector which is estimated to have contracted by 4.6 per cent in 2018. This was primarily due to the agriculture, forestry and fishing sector, which had the same GDPR contraction.

The biggest sector in terms of employment is the tertiary sector with 11 038 people employed. The wholesale and retail trade, catering and accommodation sector employs the most people (4 257 people). In line with the GDPR contribution of Cape Agulhas' economy, the primary and secondary sectors employ fewer people. The secondary sector employs 2 610 people which is a similar number compared to the primary sector yet it contributes more to GDPR. This is to be expected as within Cape Agulhas' economy the secondary sector is more capital-intensive and the primary sector is more labour-intensive.

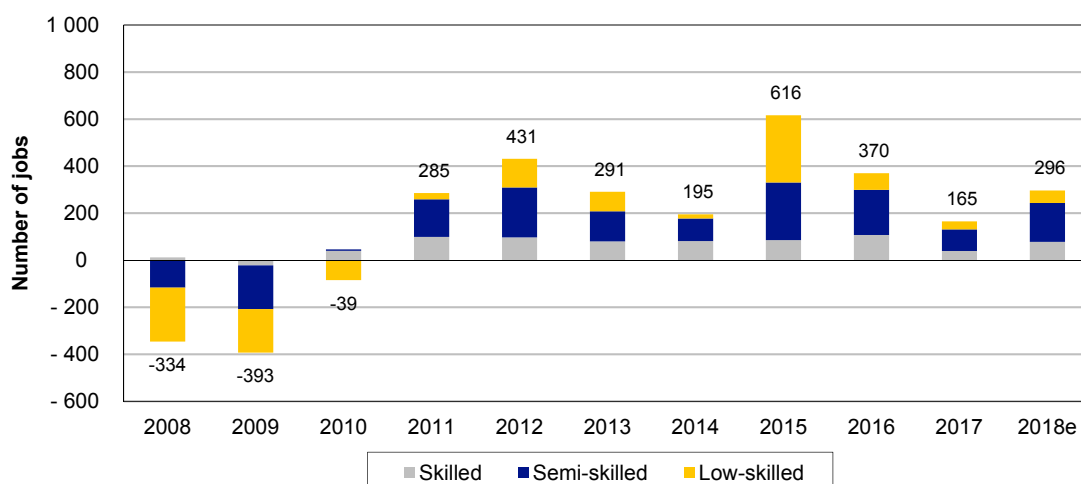
A contraction in the primary sector is worrisome as it is a labour-intensive sector and thus creates a large number of jobs. The agriculture, forestry and fishing sector is estimated to have shed 37 jobs in 2018. However, despite the sector having grown at an average of 2.1 per cent over the ten-year period, it has shed 782 jobs or 27.5 per cent of its total employment since 2008. This may be indicative of the agriculture, forestry and fishing sector becoming less labour-intensive. The tertiary sector's ten-year period GDPR growth of 2.6 per cent translated into 2 818 or 34.3 per more jobs than in 2008. It is estimated to have created 287 jobs in 2018.

2.4.2 Skills analysis

As seen in the greater OD, Cape Agulhas' economy gained and lost jobs largely in relation to exogenous macro-economic factors that influence the Province and the country. Figure 2.8 displays an analysis of the spread of employment changes over the last ten years.

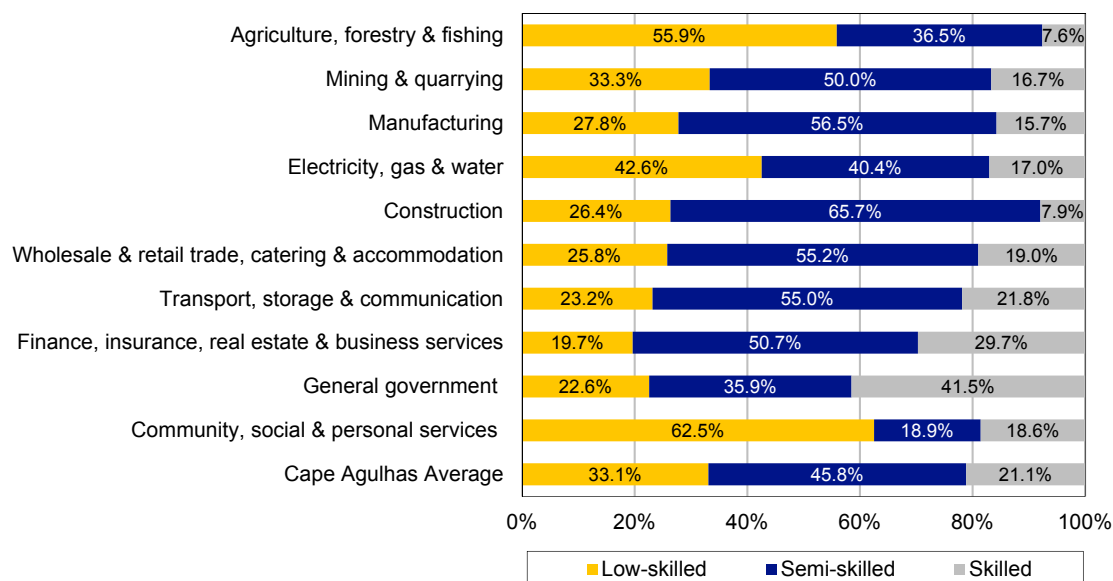
Cape Agulhas' economy shed jobs during the financial crisis and its aftermath in the years 2008 to 2010. In total, the economy lost 766 jobs during this period which were recovered by 2013. The Cape Agulhas municipal area has created jobs every year since 2013 and is estimated to have created 296 formal jobs in 2018.

The Cape Agulhas municipal area's economy lost more low-skilled workers than other skill levels between 2008 and 2010. Between 2011 and 2014, when the economy created opportunities, the largest proportion of the created jobs were for semi-skilled workers. Semi-skilled workers were most in demand in the last ten-year period.

Figure 2.8 Cape Agulhas employment growth by skill levels, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

In 2018, Cape Agulhas' economy is estimated to have created 296 jobs of which the highest proportion were semi-skilled workers. The demand for low-skilled workers is estimated to have remained tepid; this is a persistent trend despite the fact that low skilled workers make up 33.1 per cent of workers across the sectors of Cape Agulhas' economy.

Figure 2.9 Cape Agulhas skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

In 2017, semi-skilled workers constituted the highest percentage of workers in the economy, 45.8 per cent, and were evenly distributed across each sector (see Figure 2.9). Low-skilled workers formed the highest percentage of workers in agriculture, forestry and fishing (55.9 per cent) and community, social and personal services (62.5 per cent) which are the more labour-intensive sectors. However, the agriculture, forestry and fishing sector appears to be becoming less labour-intensive as its GDP growth is not creating a proportional number of job opportunities.

The general government sector employs the most skilled workers, 41.5 per cent and the percentage of skilled workers in the tertiary sector is 21.1 per cent.

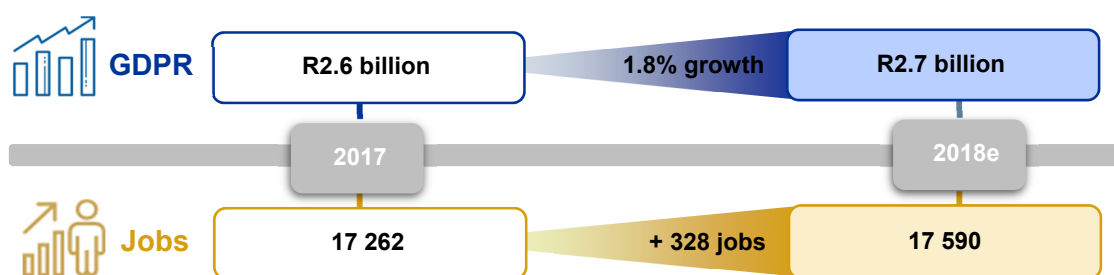
2.5 Swellendam

The Swellendam municipal area has the smallest economy in the OD. It is well-connected with the N2 and Route 62 traversing the area. The town of Swellendam is the main economic hub but there are also smaller towns and settlements that provide services to the local agricultural industry in the area. Other towns include Barrydale, Stormsvlei, Rheenendal, Rietkuil, Infanta, Malagas, Suurbraak, Buffelsjagsrivier, and Ouplaas¹⁴.

2.5.1 GDPR and employment performance

In 2017, Swellendam's economy was valued at R2.6 billion (current prices) and is estimated to have grown by 1.8 per cent to R2.7 billion in 2018. The local economy employed 17 262 people in 2017 and this is estimated to have grown to 17 590 in 2018 - an increase of 1.9 per cent or 328 jobs.

Diagram 2.4 Swellendam GDPR (current prices) and employment, 2017 and 2018e

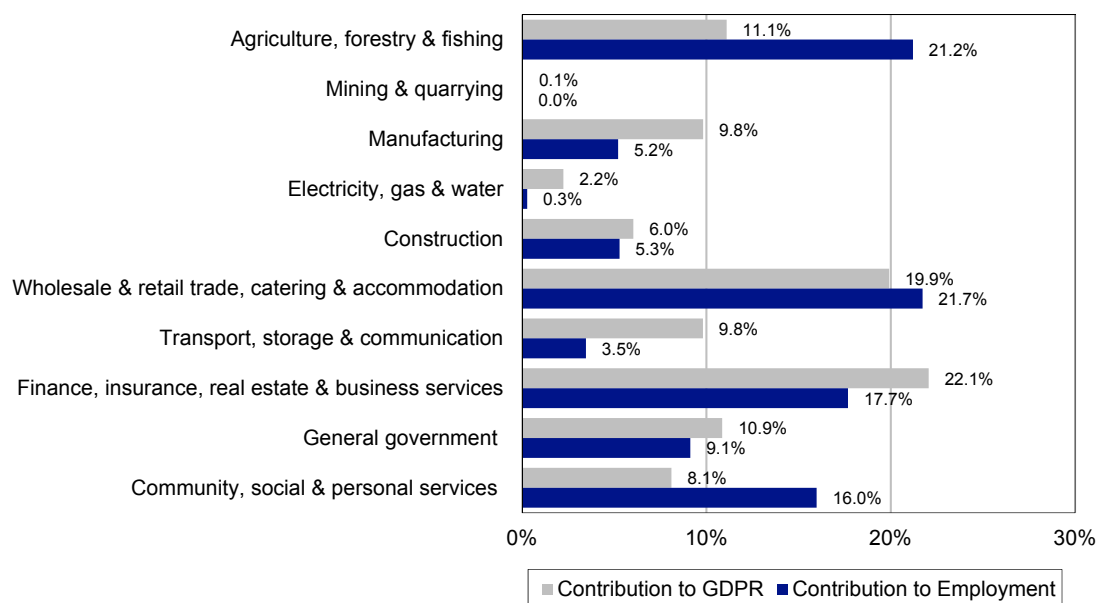


Source: Quantec Research, 2019 (e denotes estimate)

The tertiary sector contributes the most to the GDPR of Swellendam's economy (see Figure 2.10). The wholesale and retail trade, catering and accommodation and finance, insurance, real estate and business services sectors contribute 19.9 per cent and 22.1 per cent to Swellendam's GDPR. The biggest contributors to GDPR within the primary and secondary sectors are agriculture, forestry and fishing which contributes 11.1 per cent and manufacturing which contributes 9.8 per cent.

The biggest contributors to employment in the Swellendam municipal area is the agriculture, forestry and fishing sector (21.2 per cent) and the wholesale and retail trade, catering and accommodation and finance sector (21.7 per cent).

¹⁴ Swellendam Municipality (2017)

Figure 2.10 Swellendam sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

Regarding intensities, Figure 2.10 shows that within the Swellendam municipal area's economy, the agriculture, forestry and fishing sector contributes considerably more to employment (21.2 per cent) than to GDP (11.1 per cent) and is a critical labour-intensive sector the local area. In contrast, manufacturing in Swellendam's economy is capital-intensive, with its 9.8 per cent contribution to GDP and 5.2 per cent contribution to employment. The tertiary sector remains diverse with the wholesale and retail trade, catering and accommodation and finance, insurance, real estate and business services sectors having similar contributions to GDP and employment.

The tertiary sector is the dominant sector within Swellendam's economy as it formed 70.7 per cent of the GDRP and 68.0 per cent of the employment within the economy. The main drivers of GDP are the wholesale and retail trade, catering and accommodation and finance, insurance, real estate and business services sector, which have achieved 3.6 per cent and 5.7 per cent GDP growth between 2008 and 2017. This GDP growth created 3 832 jobs over the same ten-year period. The total employment of the tertiary sector in Swellendam is 11 373 jobs, which is a 43.9 per cent increase since 2008. The tertiary sector is expected to have grown in 2018, with a GDP and employment growth estimated at 2.6 per cent and 392 jobs.

The more labour-intensive primary sector was valued at R285.9 million in 2017. The sector, almost entirely driven by agriculture, forestry and fishing, grew at 2.1 per cent over the ten-year period, 1.5 percentage points below the Swellendam's average GDP growth rate of 3.6 per cent. The primary sector employed 3 664 people in 2017, and has shed 1 671 jobs since 2008. The sector employs 31.3 per cent fewer people than it did in 2008. Job shedding is expected to have continued in 2018 with 100 jobs lost (although more jobs were lost in 2017) while the GDP is also estimated to have contracted by 3.8 per cent.

Table 2.4 Swellendam GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	285.9	2.1	-3.8	3 664	-1 671	-100
Agriculture, forestry and fishing	284.5	2.1	-3.8	3 661	-1 671	-100
Mining and quarrying	1.4	0.1	-3.1	3	0	0
Secondary Sector	464.0	3.0	2.1	1 861	418	36
Manufacturing	251.8	3.7	3.9	900	171	12
Electricity, gas and water	57.6	-3.4	-1.2	48	4	-2
Construction	154.7	4.8	-0.3	913	243	26
Tertiary Sector	1 813.6	4.1	2.6	11 737	3 832	392
Wholesale and retail trade, catering and accommodation	510.4	3.6	1.8	3 751	1 179	1
Transport, storage and communication	251.5	2.8	2.3	598	250	9
Finance, insurance, real estate and business services	565.5	5.7	3.8	3 053	1 360	244
General government	278.4	3.4	1.9	1 576	391	30
Community, social and personal services	207.8	3.1	1.7	2 759	652	18
Total Swellendam	2 563.6	3.6	1.8	17 262	2 579	328

Source: Quantec Research, 2019 (e denotes estimate)

The secondary sector of Swellendam's economy is the second biggest by GDPR value (R464 million in 2017) but the third by employment (1 861 people employed in 2017). This is indicative of a capital-intensive sector. The main drivers of GDPR growth within the sector are manufacturing and construction, which had average GDPR growth rates of 3.7 per cent and 4.8 per cent over the ten-year period while the GDPR of the electricity, gas and water sector contracted between 2008 and 2017. The overall sector created 418 jobs over the ten-year period since 2008. The positive trends are estimated to have continued into 2018, with GDPR growth estimated at 2.1 per cent and 36 jobs estimated to have been created in 2018.

2.5.2 Skills analysis

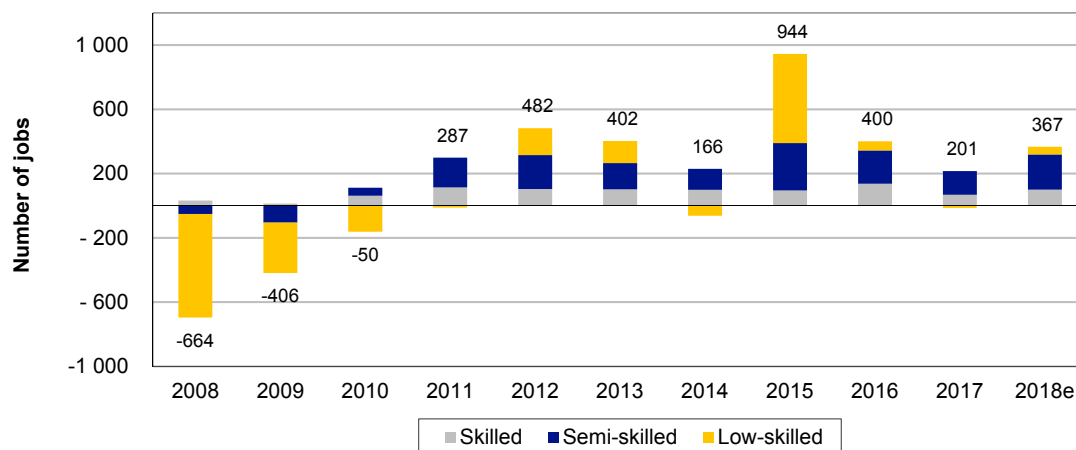
Figure 2.11 represents an analysis of the spread of skills over employment changes between 2008 and 2018.

Swellendam's economy shed jobs during the financial crisis in 2008 and its aftermath in 2009 and 2010. In total, the economy lost 1 120 jobs during this period which, as mentioned above, is greater than the number of 766 jobs Cape Agulhas' economy lost. The number of jobs lost in this period was recovered in 2013. The highest proportion of jobs lost were low-skilled, yet the highest proportion of jobs created in the subsequent years, barring 2015, were semi-skilled.

Despite consistently creating semi-skilled and skilled jobs, Swellendam's economy has not consistently created low-skilled jobs. One possible reason for this lack of demand for low-skilled labour may be the failure of a significant driver of low-skilled employment, agriculture, forestry and fishing to create jobs. Despite growing at 2.1 per cent in the

ten-year period 2008 to 2017, the sector lost a total number of 1 671 jobs, 31.1 per cent of 2008 levels.

Figure 2.11 Swellendam employment growth by skill levels, 2008 - 2018

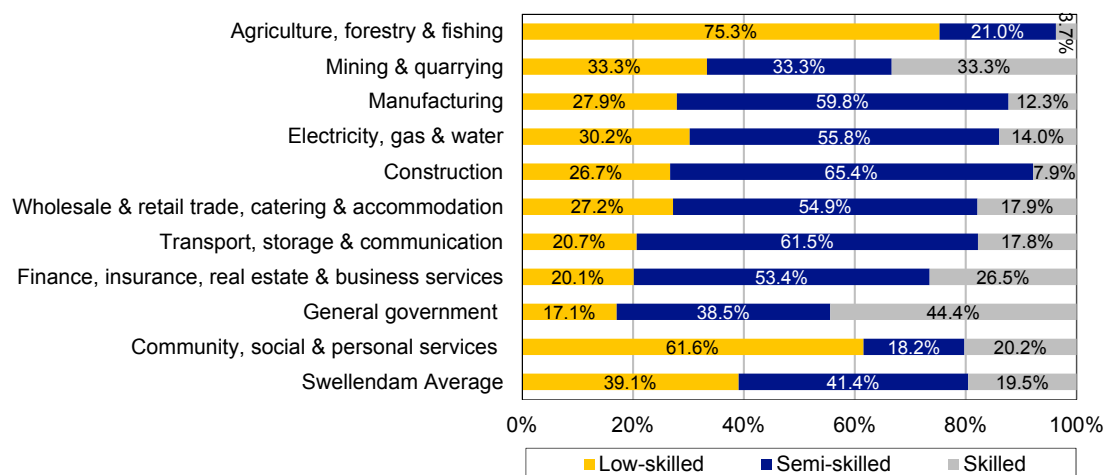


Source: Quantec Research, 2019 (e denotes estimate)

This trend is estimated to have continued into 2018 with the proportion of low-skilled jobs created being the smallest and the proportion of semi-skilled jobs created being the most. This, again, may be due to the strong growth of semi-skilled employment drivers such as the wholesale and retail trade, catering and accommodation, finance, insurance, real estate and business services, as well as manufacturing sectors. These sectors are all estimated have GDP growth at or above the Swellendam average of 1.8 per cent.

The primary sector is predominantly composed of low-skilled jobs. 75.3 per cent of those employed in agriculture, forestry and fishing are low-skilled compared to the average of 39.1 per cent in Swellendam's economy. Correspondingly, the semi-skilled employment proportion of the secondary and tertiary sectors is higher than the average for Swellendam, with both sectors consistently having semi-skilled workers comprising more than 41.4 per cent.

Figure 2.12 Swellendam skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

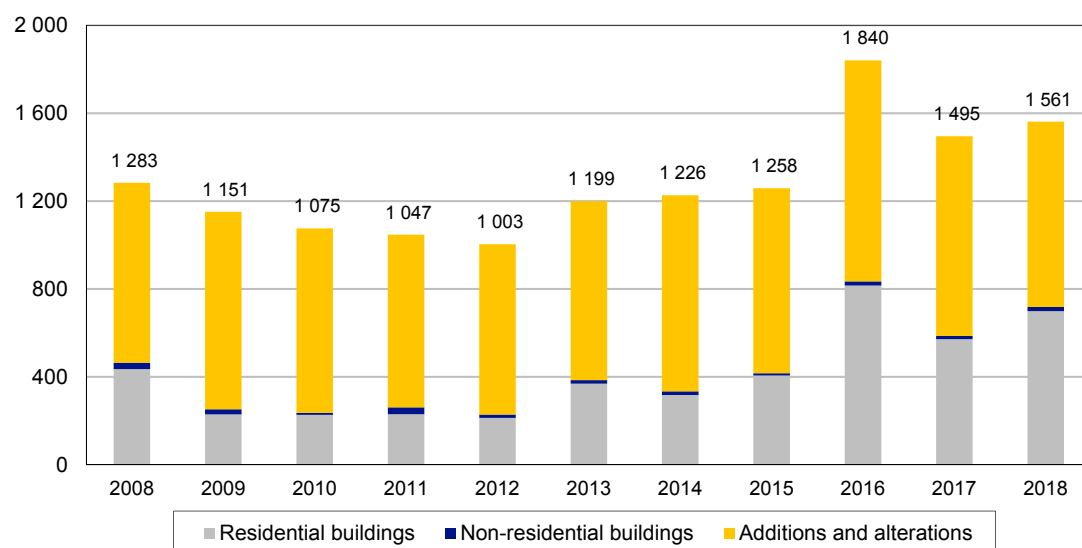
2.6 Building plans passed and completed

Building plans passed and completed are some of the indicators that are used to measure economic activity and business cycle changes. The value of building plans passed¹⁵ can be used as a leading indicator while building plans completed¹⁶ can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting. Statistics SA publishes information on building plans passed and completed only for the Overstrand municipal area in the OD.

2.6.1 Overstrand

Most of the building plans passed between 2008 and 2018 were related to additions and alterations to existing buildings. Using the number of building plans passed as a leading indicator of demand, the Overstrand municipal area has had relatively consistent demand despite macro-economic factors that have plagued indicators such as GDP growth rates and employment figures over the same period. A spike in building plans passed occurred in 2016, one year after Overstrand had a spike in employment (see Figure 2.13).

Figure 2.13 Overstrand building plans passed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

While plans passed is a leading indicator of demand, plans completed is a lagging indicator that shows how demand is translating into economic growth. The number of building plans completed in Overstrand from 2008 to 2018 is indicated in Figure 2.14.

There are fewer building plans completed than there are passed. Proportionally more completed building plans extended to residential and non-residential buildings as opposed to additions and alterations. Using a throughput rate, one can get an

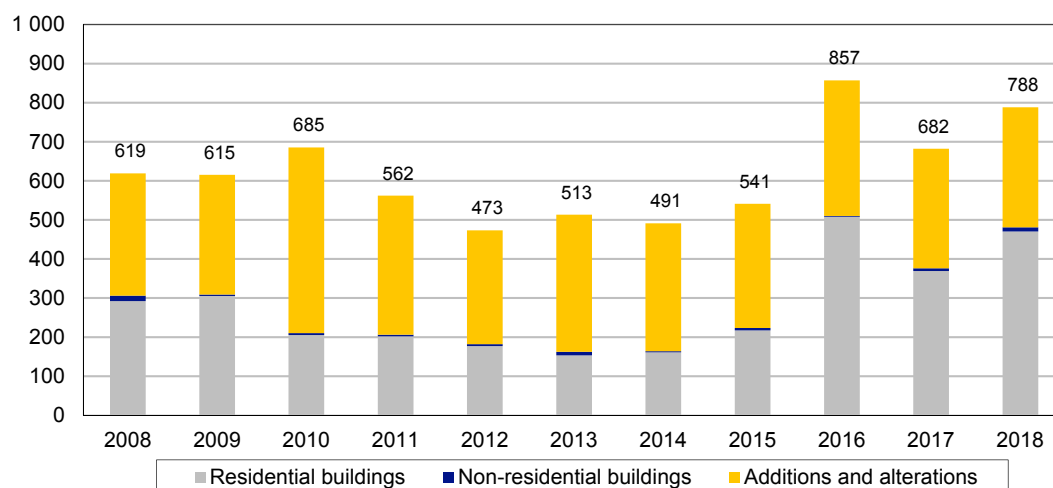
¹⁵ Number of residential building plans passed larger than 80 m².

¹⁶ Value of non-residential buildings completed (constant prices).

approximation of how the demand is being met if we assume the building time of a plan is one year. Although it is noted that the time lag may not equal to one year, given the aggregation of the number of buildings, the proxy will allow for an estimation of the throughput rate.

In 2008, approximately 48.2 per cent of building plans passed were completed. In 2013, the approximate throughput rate was 42.8 per cent and, in 2018, it was 50.5 per cent. This reveals that approximately half of the plans passed are being completed.

Figure 2.14 Overstrand building plans completed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

2.7 Concluding remarks

This chapter provided a macro-economic outlook for the OD's economy on a municipal level. 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 GDP and employment at 35 838 jobs. The GDP growth driver within Overstrand is the tertiary sector. The wholesale and retail trade, catering and accommodation sector contributes 19.5 per cent to GDP and 26.6 per cent to employment, and the finance, insurance, real estate and business services sector contributes 23.7 per cent to GDP 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 GDP 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 GDP growth and employment is the tertiary sector. The wholesale and retail trade, catering and accommodation sector accounts for 22.3 per cent of GDP and 27.1 per cent of employment, and finance, insurance, real estate and business services accounts for 19.5 per cent of GDP and 16.0 per cent of employment. The GDP 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 GDP 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 GDP 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 GDP growth rate of 2.6 per cent, is growing faster than Swellendam at 1.8 per cent.

Lastly, the chapter ended with an analysis of the building plans and completions in the Overstrand municipal area. While the number of plans passed decreased with the dip in GDP growth of the area, the number of plans passed remained consistently above 1 000. The same goes for the number of completions and, assuming a lag of one year, the throughput rate remained between 40 and 50 per cent over the ten-year period. In 2018, a slight increase in the number of plans passed and the number of completions, which is a sign of confidence in the economy of the Overstrand municipal area.



3

Trade and tourism

3.1 Introduction

The economy of a district or local municipality is not solely influenced by the spending of local households. Businesses trade cross-border (locally and internationally) with goods and services while tourists (domestic and international) also visit towns and attractions in the OD. Exports and tourism can, therefore, be considered an injection into the economy of the OD, while imports are considered leakages.

This section will explore trade and tourism dynamics on a district level to identify new opportunities for development or investment to maximise the value of potential injections into the local economy of the OD.

3.2 Trade

3.2.1 Overberg District

3.2.1.1 Local trade dynamics

To determine the level of specialisation in the different economic sectors of the OD, a location quotient is used. The location quotient is a ratio between two economies - in this case, the Provincial and District economies – which indicates whether the District is importing, self-sufficient or exporting goods and services from a particular sector. Table 3.1 provides the classification and interpretation of the location quotient.

A location quotient of more than one indicates that a comparative advantage exists in this local economy compared to the provincial economy, whereas a location quotient of less than one indicates that the representation of this industry is weaker in the local economy than in the provincial economy¹⁷. Furthermore, a location quotient of one indicates that the representation of the industry in the local economy is the same as its representation in the province.

Table 3.1 Location quotient interpretation

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

Source: *Urban-Econ*, 2019

A location quotient, as a tool, does not consider external factors such as government policies, investment incentives, proximity to markets, etc., which can influence the comparative advantage of an area in a sector. Furthermore, the size of the location quotient does not necessarily mean that the sector is small or large in the local economy but instead indicates the relative importance of the local economy to the provincial economy. Table 3.2 provides the location quotient for the OD in terms of GDP and employment.

¹⁷ Fenning and DaCosta (2010)

Table 3.2 Location quotient in terms of GDPR and employment, Overberg District, 2017

Sector	In terms of GDPR	In terms of employment
Agriculture, forestry and fishing	2.6	2.1
Mining and quarrying	0.4	0.3
Manufacturing	0.9	0.8
Electricity, gas and water	0.9	0.8
Construction	1.3	1.1
Wholesale and retail trade, catering and accommodation	1.1	1.0
Transport, storage and communication	1.0	0.9
Finance, insurance, real estate and business services	0.8	0.8
General government	0.8	0.7
Community, social and personal services	1.0	0.9

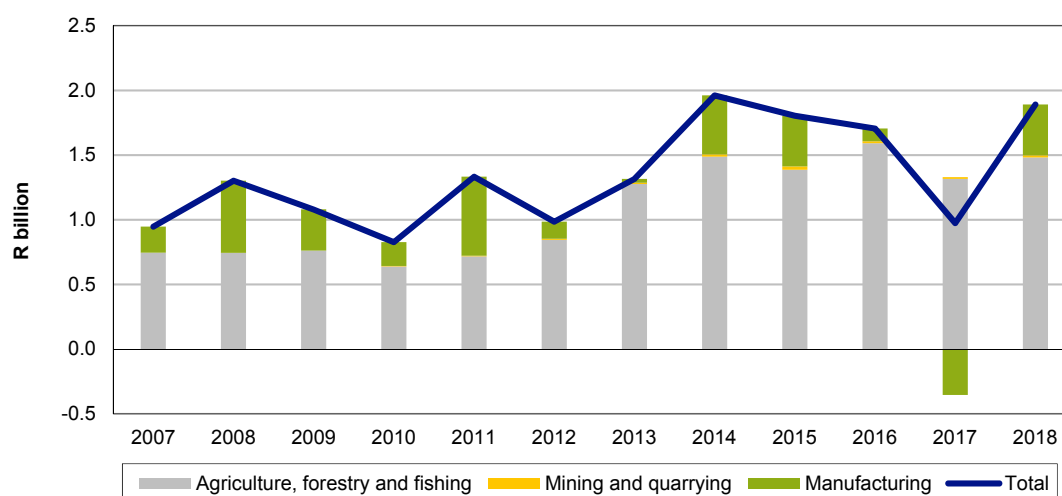
Source: Quantec Research, 2019

The location quotient for the agriculture, forestry and fishing sector is 2.6 in terms of GDPR and 2.1 in terms of employment. In terms of GDPR, this is an indication that within this sector the OD is serving markets beyond its border. In terms of employment, the OD employs a relatively higher number of workers within this sector as compared to the number of workers employed in the agriculture, forestry and fishing sector in the Province. The OD, therefore, has a comparative advantage in the agriculture, forestry and fishing sector and its associated value chain is an important source of jobs as well as economic growth.

The location quotients of the other sectors are around one which means that these sectors are neither particularly strong nor particularly weak when compared to the Province. While the location quotient for mining and quarrying is low at 0.4, this sector made a marginal contribution of 0.1 per cent to the OD's GDPR.

3.2.1.2 International trade flows

Figure 3.1 illustrates the trade balance of the OD between 2007 and 2018.

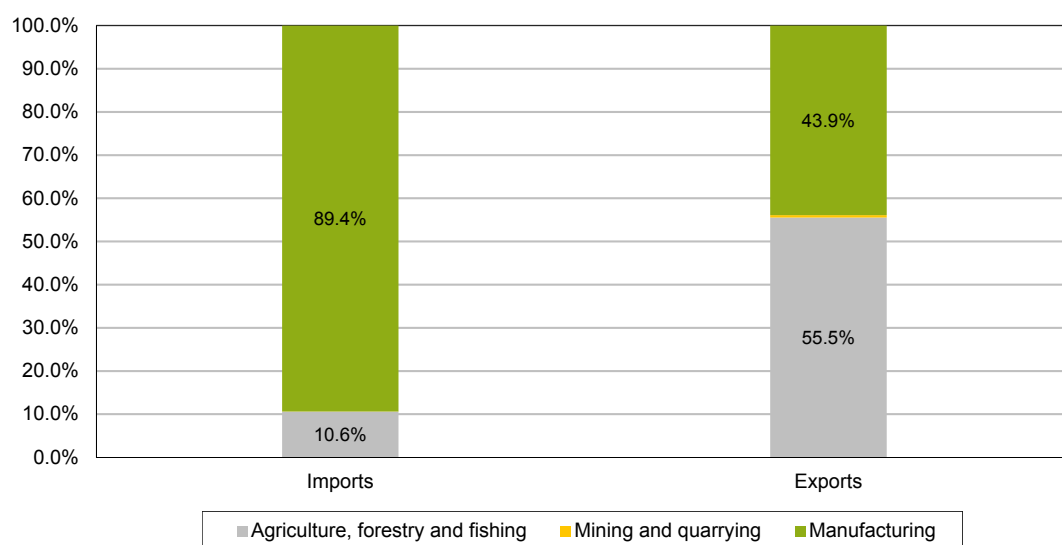
Figure 3.1 Overberg District trade balance, 2007 - 2018

Source: Quantec Research, 2019

The OD has consistently had a trade surplus between 2007 and 2018. Although volatile, the general trend points to a growing surplus over the ten assessment years. The main drivers of the surplus are agricultural, forestry and fishing sector exports and, to a lesser extent, manufacturing sector exports. In 2018, the District's economy exported goods to the value of R2.8 billion while importing goods to the value of R959.0 million. The resulting surplus of R1.9 billion is the second highest achieved after 2014 when the surplus reached R2.0 billion.

Figure 3.2 provides a sectoral breakdown of the imports and exports in 2018. Manufacturing products accounted for the highest proportion of imports, 89.4 per cent, while agricultural, forestry and fishing products accounted for the largest proportion of exports (55.5 per cent). This is further evidence of the District's comparative advantage in the agriculture, forestry and fishing sector. The low import value and high export value of agricultural, forestry and fishing products is indicative of OD's economy being able to create valuable products within this sector. The agriculture, forestry and fishing sector is one of the most important sources of employment in the District specifically the Theewaterskloof and Swellendam municipal areas, and so the high exporting capacity of the OD may infer that a significant amount of labour within the District is dependent on the sustainability of export markets.

Figure 3.2 Overberg District sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Table 3.3 indicates the value and main trading partners of the top five products that are imported and exported from the OD. The imports into the OD were valued at R959 million in 2018 and are imported from a diverse range of countries. The most valuable imported products were tanks and other fighting vehicles which constituted R149.7 million of the imports from Poland. Although unusual, this product category is a valuable import for the South African National Defence Force (SANDF) airbase and Denel's Test range located at the same location within the OD. Gas turbines and agricultural machinery accounted for the highest proportion of products imported from France, Canada, and China, which supply the agricultural and manufacturing sectors within the District.

Table 3.3 Overberg District main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R171.1	Poland	Edible fruit and nuts; peel of citrus fruit or melons	R1 132.8	Netherlands, United Kingdom
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R105.9	France, Canada, China	Fish and crustaceans, molluscs and other aquatic invertebrates	R328.5	Hong Kong
3 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	R83.9	Colombia, India, China	Beverages, spirits and vinegar	R319.2	France, United Kingdom, United States
4 Plastics and articles thereof	R68.8	Spain, Italy, China	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	R218.4	Hong Kong, Singapore
5 Cereals	R50.1	France	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R161.7	Malaysia, Zimbabwe
Total imports	R959.0		Total exports	R2 849.4	

Source: Quantec Research, 2019

The R2.8 billion value of exported products were destined mainly for Europe and East Asia. The OD exports a considerable amount of fruit (predominantly apples and citrus) to the Netherlands and the United Kingdom. Molluscs (R193.1 million) and abalone (R174.4 million) comprise most of the R328.5 million and R218.4 million worth of fish and crustaceans, molluscs, and other aquatic invertebrates, as well as preparations of meat. These products are mainly exported to Hong Kong. Within the product category, beverages, spirits, and vinegar (constituting R319.2 million) are exported mainly to France, the United Kingdom, and the United States. Wines and fruit juices are of the highest proportion of these exports. This highlights the importance of the local agriculture industry as well as the ocean economy in the OD. Exports from the mining and quarrying sector amounted to R16.3 million in 2018, which mainly consisted of hydraulic lime, with an export value of R7.0 million.

3.2.1.3 Value chains

Many local economies are driven by a dominant industry or commodity. These industries or commodities facilitate the growth of activities beyond their immediate scope giving rise to value chains which in turn give rise to the development of towns, the expansion of economic activity, the attraction of new industries, and development opportunities which add value to the economy. The existence of these value chains, premised on an industry or commodity, can become the cornerstone of local economies and may give them strategic value. The following section provides an overview of the international trade flows, the importance of the agricultural value chain and the various risks and opportunities within the OD.

Figure 3.3 shows the trade flows in the OD. Goods worth R2.9 billion were exported in 2018, constituting 3.0 per cent of OD's output. The District does not import a large percentage of goods (R101.5 million) in the agriculture, forestry and fishing sector compared to the value of the same sector's output and exports which are worth R5.2 billion and R1.6 billion respectively. Most of the agriculture, forestry and fishing imports (R50.0 million) is barley from France which supplements South African Breweries Malting's demand. The largest imports by value are armoured vehicles, turbines, and agricultural machinery, which supplement the various military and farming activities in the region.

The agriculture, forestry and fishing sector was the largest contributor to export revenue in the OD in 2018. This sector also provides additional value to the OD's economy through the manufacturing sector, which utilises inputs from the agriculture, forestry and fishing sector to derive a substantial amount of export revenue. Some of the main exported products from the manufacturing sector are beverages, such as wine, and preparation of meat, fish and crustaceans.

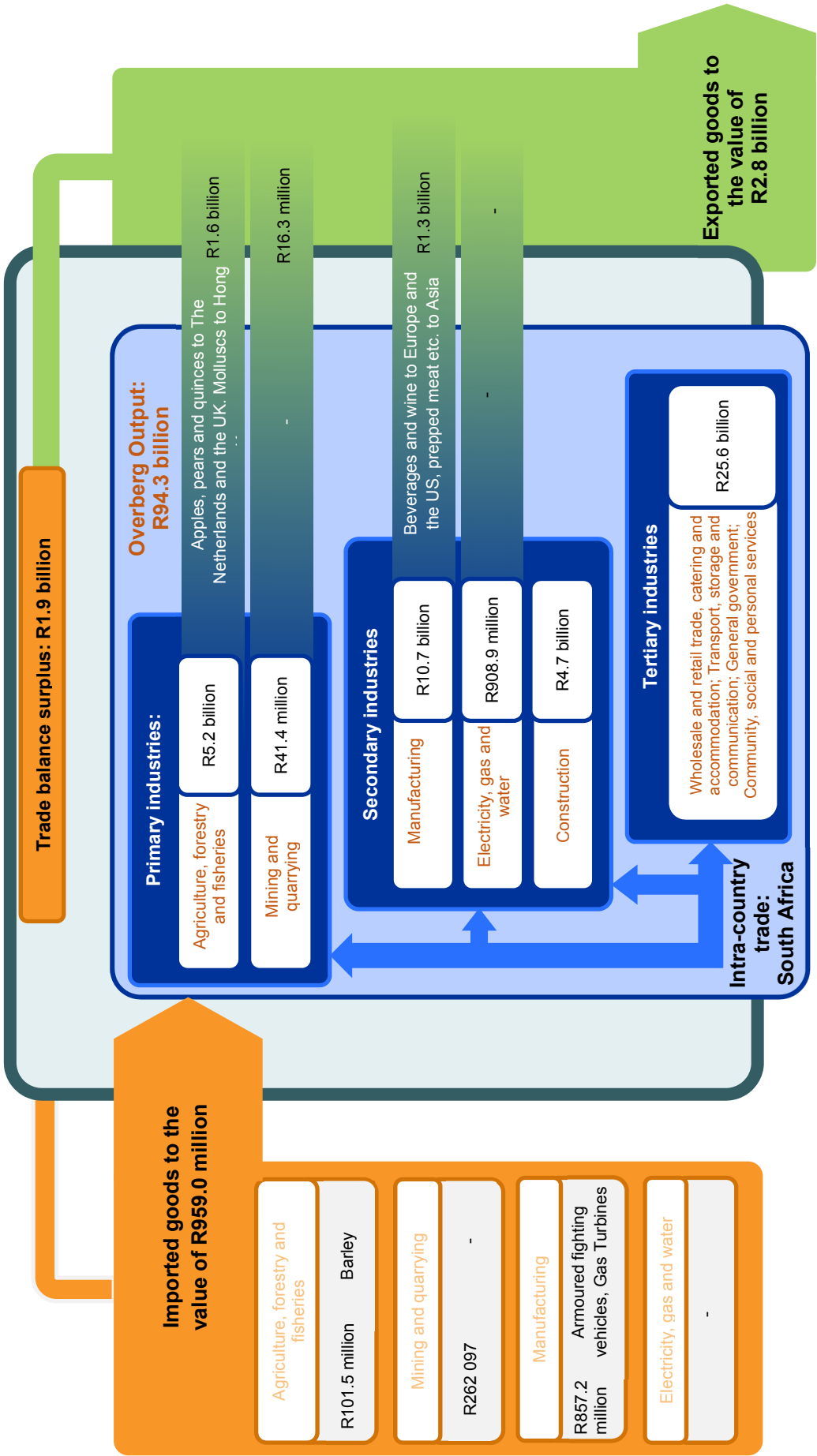
The tertiary sector, by the value of output, constitutes the biggest sector to OD's economy, R25.6 billion. The fact that the value of these services is greater than the value of exports, R2.8 billion, is indicative of an economy which derives the majority of its value from servicing its inhabitants and those who travel through and to the region. While active exporting industries provide a source of growth, a strong tertiary sector that services OD's economy provides a measure of resilience as it is less dependent on the demand of export markets which are more exposed to exogenous factors.

An agricultural value chain is responsible for a proportion of the imports and exports of the OD, which it uses as inputs and outputs. The key inputs into the agricultural value chain are agricultural machinery, fertilisers, petroleum, logistics services (transport and storage), and tertiary sector products like financial, insurance, real estate and business services. Some of the immediate companies that the agricultural value chain supports by demanding their products are Agri Organics and Kynoch & Nitrophoska, which provide organic fertilizers to the farming industry, and companies such as WMP Spilhaus which provide water supply and irrigation services.

Some of the inputs required by the OD's agricultural value chain must be imported. These products mainly relate to agricultural machinery. For example, machinery for the sorting, cleaning and grading of fruit to the value of R12.3 million was imported in Theewaterskloof from France. Although the OD produces barley, the demand for barley was so high that the OD imported barley close to the value of R50.1 million from France.

The central components of the agricultural value chain are the farming and fishing industries which use the abovementioned imports to produce fresh produce. In the OD, farming pertains mainly to apples and citrus, and fishing pertains to abalone farming.

Diagram 3.1 Trade flows in the Overberg District area and most commonly traded goods, current prices, 2018



Source: Urban-Econ/Quantec, 2019

The Elgin Valley is a major farming region which produces apples for export and the HIK Abalone company which grows abalone near Hermanus. Although the agriculture, forestry and fishing sector only contributes 11.1 per cent of the GDP in the OD, it employs 21.5 per cent of the total number of employees. Thus, the direct added-value and ability of the agriculture, forestry and fishing sector to create job opportunities cannot be undervalued.

A portion of the agricultural produce exits the value chain of the OD as primary goods. These are either sold to the domestic market or exported to foreign markets. Companies create value through the domestic sale and export of fresh produce. For example, Kromco specialises in fruit packaging and Idea Fruit manages the export process. While a proportion of produce exits as a final product, the agricultural value chain continues when agri-processing businesses buy the fresh produce of the farms and use it to create manufactured goods such as fruit juice and wine which are exported as value-added goods. Some major agri-processing businesses that use the fresh produce created in the OD as inputs to their businesses are Southern Oil, Appletiser, and AFP (Associated Fruit Processors). These companies bring economic activity to the OD through creating value-added activities to the District which brings economic growth and employment opportunities.

Several inputs are demanded by the agri-processing industry and these are supplied by businesses which bring further economic activity to the OD. A key input for the agri-processing business is the transport and storage of produce used as inputs and the resulting manufactured goods once they are completed. Businesses such as JH Retief Logistics and Overberg Agri Bedrywe provide these inputs to the value chain. Other key inputs to the agri-processing section of the value chain include chemical products, various fuels and finance, insurance, real estate, and business services.

The manufactured goods produced in the District are then sold domestically or exported to international markets. The sectors which consist of these final buyers form the last link in the agricultural value chain. Sectors that demand manufactured products produced in the OD may be within the wholesale and retail trade, catering and accommodation sector. These may be retail businesses or businesses supplying the tourism industry with the District as well as local households. Manufactured goods that are exported to various overseas markets provide an additional source of revenue to the economy of the OD.

The agricultural value chain is an important source of economic activity for the District. However, it is not indestructible and various factors can undermine certain sectors within the industry. A proportion of the value chain's inputs are sourced from export markets which expose these businesses to global and national macro-economic forces. These businesses are exposed to currency risks that can make the price of fuel and agricultural machinery more expensive. They are also exposed to trade tensions and the threat of rising tariffs which, if implemented, will put an additional levy on their inputs.

The agricultural value chain is premised on the ability of farmers to produce their crops efficiently. Climate change threatens this ability. The prolonged drought throughout the Western Cape emphasises the exposure of all sectors involved in the value chain

to environmental conditions. Certain measures can be taken to ensure that viable crops are produced consistently, such as sustainable irrigation systems and the use of high-yielding crops.

Agriculture, forestry and fishing are labour-intensive industries yet in a globalising economy, the sector is mechanising to processes that rely more on machinery as opposed to labour. This mechanisation is evidenced by the drop in the number of employees employed within the sector. The sector's employment has dropped 30.2 per cent from 2008 to 2017. However, the risk of losing employment through mechanisation presents an opportunity to upskill low-skilled workers so that they can potentially be employed in the manufacturing or tertiary sectors which, because of the increased productivity that mechanisation brings to the agriculture, fishing and forestry sector, expands their businesses.

Another opportunity in the value chain is the incorporation of small, medium and micro enterprises into the value chain. While the demand is already supplied in certain linkages, there remain opportunities for entrepreneurs to add value. For example, the demand for barley in the OD, predominantly from the South African Breweries Malting Company, is not fully supplied by producers in the District. Some of the demand must be met through importing additional barley from France. Import-substitution strategies such as this may present an opportunity for businesses as they may be able to supply the necessary inputs more efficiently.

3.2.1.4 Investments

Investments into the OD pertained to agribusiness (see Table 3.4). From 2016, there have been two committed investments worth R195 million and they aim to create 157 jobs with the District. The fact that these investments are in agribusiness is vindication of the opportunities that lie in the agricultural value chain of the OD.

The major investment committed to the OD is the projected investment of R180 million by HIK Abalone in developing an agribusiness facility. HIK Abalone already employs 110 people, 70 of whom are low- to medium-skilled¹⁸. HIK Abalone's aim to increase their number of employees significantly by 132 people through this investment. The opportunity lies in creating value through the growing demand for abalone in Far East Asia. A significant investment such as this is likely to demand more input providers and facilitators through the agricultural value chain. This presents opportunities for other sectors in the OD to benefit from this investment.

HIK Abalone's investment is supplementary to the expanding aquaculture industry in the OD. Abagold started developing units to expand their production in 2010. So far, nine have been built with three more going to be developed at the procurement of funding¹⁹. Furthermore, the Western Cape Government is in the process of establishing an aquaculture Special Economic Zone (SEZ) to facilitate this growing industry. This, combined with the establishment of the Theewaterskloof Municipal Support

¹⁸ HIK Abalone (2016)

¹⁹ Wesgro (2019)

Development Team, bodes well for an aquaculture industry that may develop rapidly in the coming years.

Table 3.4 Summary of investment into the Overberg District by sector, 2016 - 2019

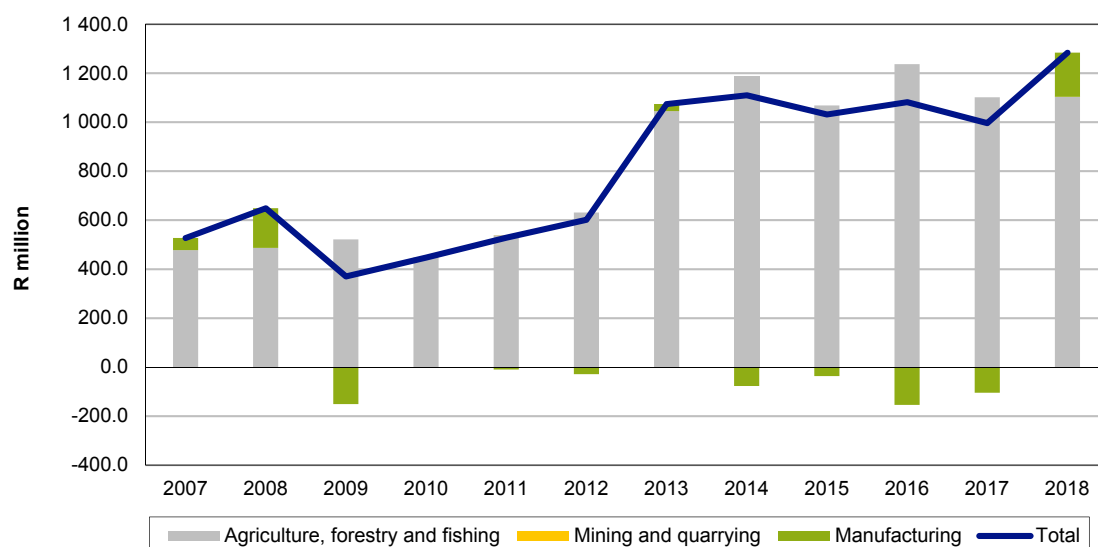
Sector	Total CAPEX (Rm)	Total jobs
Agribusiness	195	157
Total	195	157

Source: Wesgro, 2019

3.2.2 Theewaterskloof

The Theewaterskloof municipal area has consistently registered a trade surplus between 2007 and 2018. This is despite macro-economic exogenous factors detracting from growth at certain times within this period. Figure 3.3 shows that the trade surplus is driven by the agriculture, forestry and fishing sector which reported a surplus to the value of R1.1 billion in 2018 as opposed to the manufacturing sector which reported a surplus of R180 million. Furthermore, the sector has experienced considerable growth in the trade surplus over the assessment period.

Figure 3.3 Theewaterskloof trade balance, 2007 - 2018



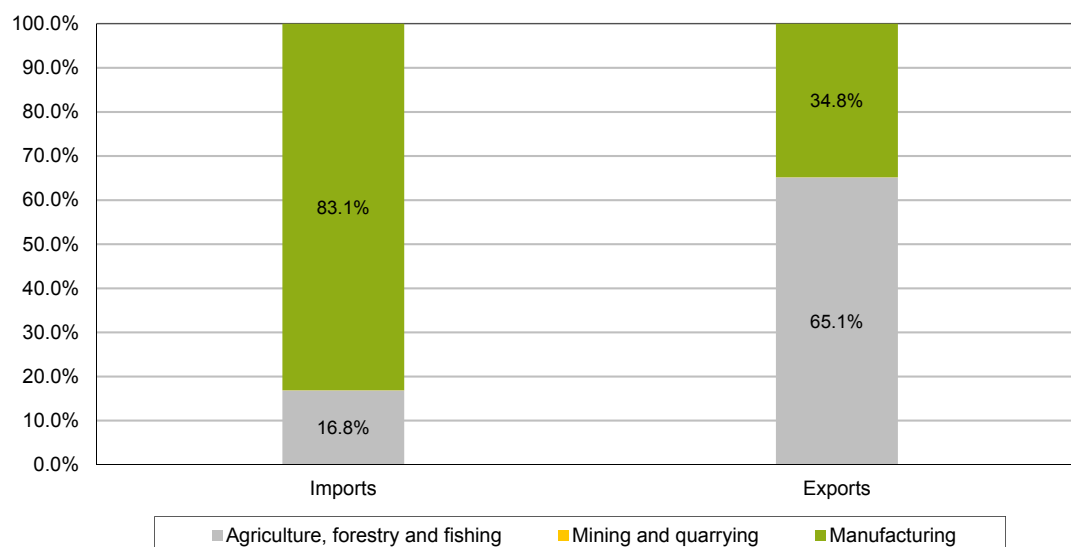
Source: Quantec Research, 2019

The manufacturing sector's trade balance has varied from a surplus in 2007 and 2008 to deficits from 2014 to 2017. In 2017, the manufacturing sector imported goods worth R445.0 million yet exported goods worth R340.4 million to report a deficit of R104.6 million. While, as seen in Figure 2.1 and Table 2.1, the sector's value of R1.1 billion in 2017 contributed 13.9 per cent of Theewaterskloof's GDP, the sector does not export goods to the same value of the smaller agriculture, forestry and fishing sector.

Further evidence of the dominant role that the agriculture, forestry and fishing sector plays in the exporting industry within Theewaterskloof is seen in Figure 3.4. While agriculture, forestry and fishing accounted for 16.8 per cent of the imports in 2018, it

accounted for 65.1 per cent of the exports. In contrast, manufacturing constituted 83.1 per cent of imports compared to 34.8 per cent of exports in 2018. Unsurprisingly, the mining and quarrying sector does not account for a significant amount of imports or exports as it is a minor sector in Theewaterskloof's economy.

Figure 3.4 Theewaterskloof sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Table 3.5 demonstrates that the biggest imported product category pertained to tanning and dyeing extracts and various other related products. Of the R83.4 million of these products that were imported, R17.7 million and R16.2 million related to pigments imported from Columbia and India respectively. In the plastics category, R16.6 million and R12.3 million related to the import of plastics required for the packaging and transport of goods from Spain and Italy. From France, R50.1 million of barley was imported, as well as R12.3 million of agricultural machinery. As can be seen, most of these imports relate to agriculture, forestry and fishing activities.

With the majority of imports related to the agriculture, forestry and fishing sector and manufacturing activities, it is not surprising that, in 2018, the dominant exported products were edible fruits and nuts, which constituted R1.1 billion. Within this category, the main exported product was apples in addition to pears and/or quinces. Theewaterskloof exported these products to a variety of destinations. The biggest importer from Theewaterskloof was the United Kingdom which imported apples worth R174.3 million. Other destinations for Theewaterskloof's exports of apples, pears and quinces were the Netherlands and Malaysia, which imported these amounts worth R101.5 million and R52.8 million.

Other than edible fruits, Theewaterskloof exported wine to the value of R47.4 million to France. Other importers of wine and beverages were China and the United Kingdom. Theewaterskloof also exported sculptures to the value of R97.2 million to Germany in 2018.

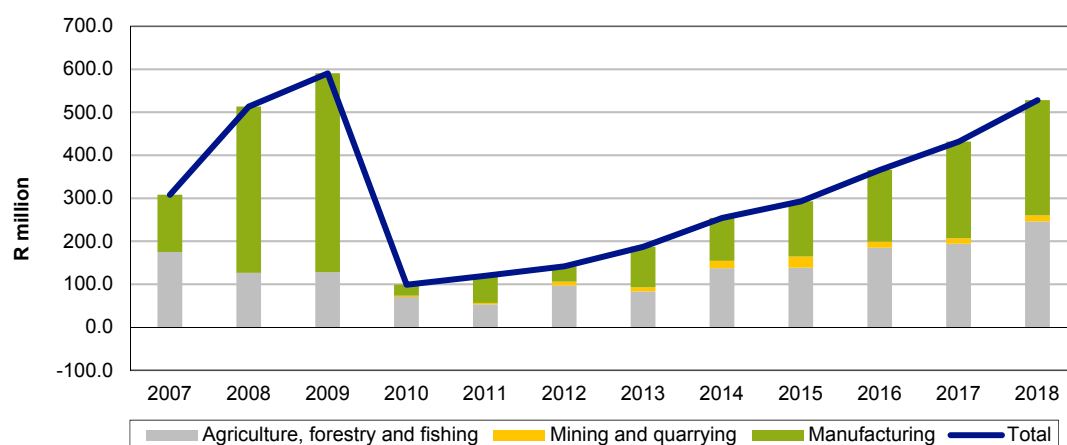
Table 3.5 Theewaterskloof sectoral trade distribution, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	R83.4	Columbia, India, China	Edible fruit and nuts; peel of citrus fruit or melons	R1 090.0	Netherlands, United Kingdom, Malaysia
2 Plastics and articles thereof	R66.3	Spain, Italy	Beverages, spirits and vinegar	R237.8	France, China, United Kingdom
3 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R55.3	France, Netherlands, China	Unclassified	R130.0	-
4 Cereals	R50.1	France	Works of art, collectors' pieces and antiques	R103.7	Germany
5 Toys, games and sports requisites; parts and accessories thereof	R40.5	United Kingdom, Spain	Fish and crustaceans, molluscs and other aquatic invertebrates	R73.3	Hong Kong
Total imports	R551.7		Total exports	R1 835.3	

Source: Quantec Research, 2019

3.2.3 Overstrand

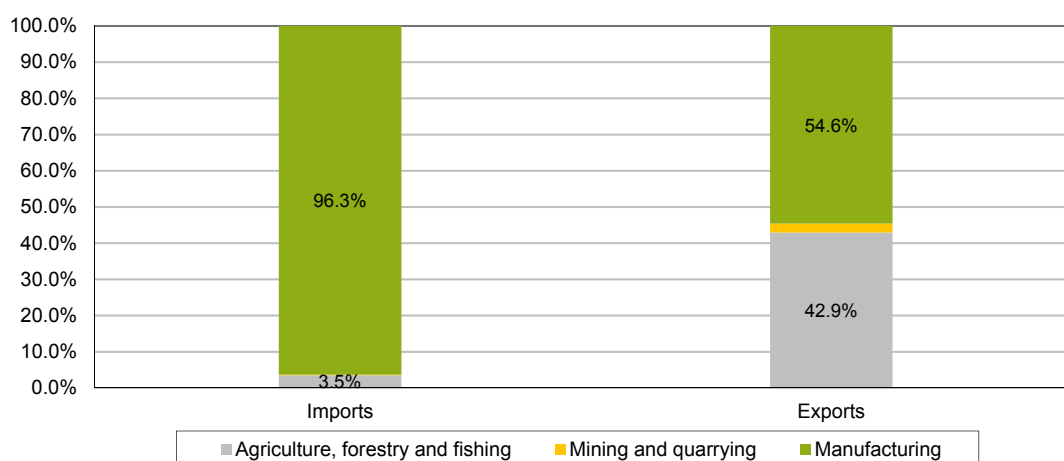
Figure 3.5 shows that the Overstrand municipal area had a trade surplus over the period analysed. However, between 2009 and 2010 there was a sharp decline in the surplus attributable to manufacturing as manufacturing exports declined from R480.0 million in 2009 to R54.3 million in 2010. Since 2010, manufacturing's contribution to the Overstrand's trade surplus has been steadily recovering. This recovery has driven the trade surplus to levels just below the peak in the period under assessment, which was R590.3 million in 2009. Although manufacturing is regaining its strength in the exporting markets the trade surplus of the recent years has a greater contribution from the agriculture, forestry and fishing sector. In 2009, the percentage of the trade surplus attributable to agriculture, forestry and fishing was 21.7 per cent, whereas in 2018 its percentage contribution was 46.6 per cent. This diversification of Overstrand's exportable products will provide greater resilience to the potential exogenous collapse of export markets.

Figure 3.5 Overstrand trade balance, 2007 - 2018

Source: Quantec Research, 2019

In 2018, the Overstrand municipal area economy had a trade balance of R528.1 million. The total imports into the economy were R48.8 million, 96.3 per cent of which were manufacturing goods. The agriculture, forestry and fishing sector within Overstrand exported 42.9 per cent of the municipal area's total exports in 2018 whereas manufacturing exported 54.6 per cent and goods produced within the mining and quarrying sector accounted for 2.5 per cent.

Figure 3.6 Overstrand sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Of the R48.8 million worth of Overstrand's imports, the category aircraft, spacecraft and parts thereof constituted R14.8 million. Within this category, parts of aircraft and helicopters worth R11.9 million were the most valuable product imported from the United States. Related to the agriculture, forestry and fishing sector of Overstrand, part of the miscellaneous chemical products worth R7.2 million related to insecticides and fungicides imported from Germany and India worth R2.9 million and R4.2 million, respectively. Lastly, in the category of nuclear reactors, boilers, machinery and mechanical appliances, parts thereof related to brewery machinery imported from China at R2.2 million.

Exported fish and crustaceans, molluscs and other aquatic invertebrates contributed R251.3 million to the R528.1 million trade surplus generated by Overstrand. The biggest buyers by value were East Asian countries, specifically Hong Kong, Singapore and China. Fish exported to Hong Kong accounted for R150.7 million. Abalone (in the category preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates) worth R149.9 million and R39.5 million was exported to Hong Kong and Singapore respectively. While exporters did export wine worth R13.7 million and R13.4 million to the United States and the United Kingdom, as can be seen from these figures, fishing drove the trade surplus in 2018 for Overstrand. The fishing sector within Overstrand is the basis for a key value chain within the municipal area. As mentioned in the value chain analysis, the inputs and outputs required to produce these exports create economic value through linkages with other sectors. These value chains will be enhanced with HIK Abalone's committed investment into Hermanus.

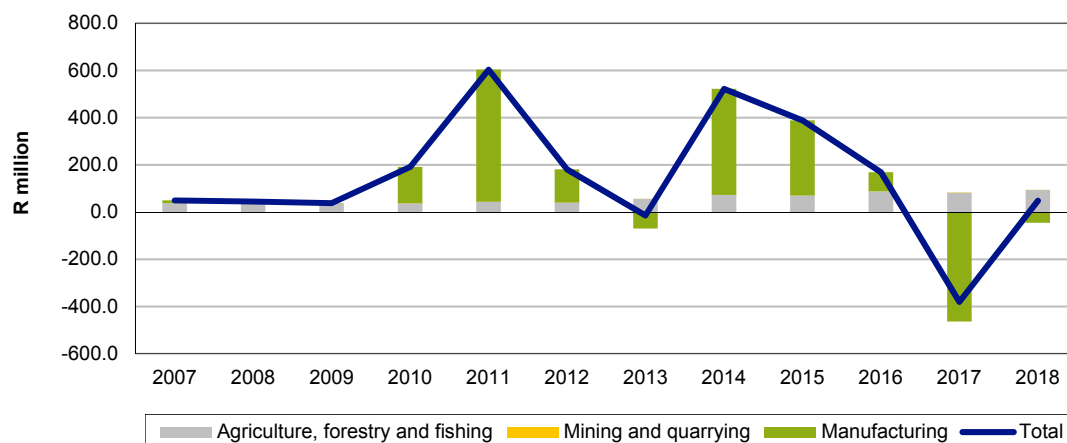
Table 3.6 Overstrand main import and export categories, 2018

Imports				Exports		
	Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1	Aircraft, spacecraft, and parts thereof	R14.8	United States	Fish and crustaceans, molluscs and other aquatic invertebrates	R251.3	Hong Kong, Taiwan, Spain
2	Miscellaneous chemical products	R7.2	India, Germany	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	R192.3	Hong Kong, Singapore
3	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R5.6	China	Beverages, spirits and vinegar	R73.9	United Kingdom, United States
4	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	R3.9	United States	Residues and waste from the food industries; prepared animal fodder	R19.9	Lesotho
5	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R3.7	Canada	Salt; sulphur; earths and stone; plastering materials, lime and cement	R14.3	China
Total imports		R48.8		Total exports	R576.9	

Source: Quantec Research, 2019

3.2.4 Cape Agulhas

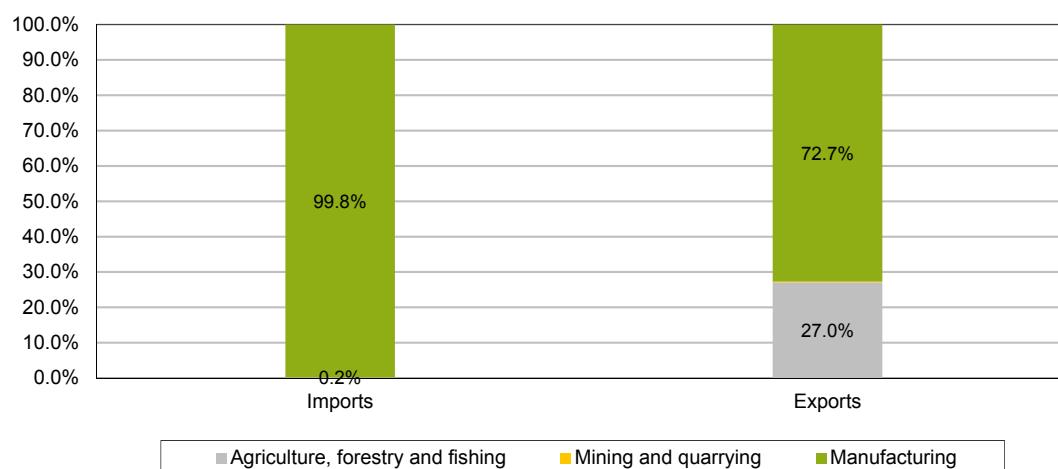
An analysis of the trade balance of the Cape Agulhas municipal area from 2008 shows manufacturing exports driving the trade balance. However, the manufacturing balance is volatile and thus Cape Agulhas' trade balance reached a surplus of R603.1 million in 2011 and a deficit of R380.6 million in 2017. This may be indicative of inconsistent export markets for the goods Cape Agulhas manufactures, which would be a concern to Cape Agulhas' exporters. The trade balance from the agriculture, forestry and fishing sector has been consistently positive, however, relatively small compared to manufacturing.

Figure 3.7 Cape Agulhas trade balance, 2007 - 2018

Source: Quantec Research, 2019

Figure 3.8 shows more evidence that the importing and exporting activities of Cape Agulhas' economy revolve around manufacturing.

Figure 3.8 Cape Agulhas sectoral trade distribution (import/exports), 2018



Source: Quantec Research, 2019

The bulk of imports (99.8 per cent) and exports (72.7 per cent) were related to manufacturing. In 2018, agriculture remained a smaller contributor to the external trade activities, contributing 27.0 per cent to Cape Agulhas' total exports.

Cape Agulhas' main trading partners were in Europe including Poland, France Germany and the Netherlands, as seen in Table 3.7. The dominant import in 2018 were armoured fighting vehicles from Poland which were valued at R149.7 million. Among the smaller imports were turbines (aircraft, spacecraft, and parts thereof) from Canada and France worth R11.0 million and R15.3 million, respectively. Also, from Europe, Cape Agulhas imported hand tools related to manufacturing mainly from Finland and photographic cameras and apparatus from both Finland and France. The trade balance is determined mainly by the import and export of armoured fighting vehicles which tend to significantly outweigh the value Cape Agulhas' other imports and exports.

The export of armoured fighting vehicles (vehicles other than railway or tramway rolling stock, and parts and accessories thereof) to Malaysia, worth R112.3 million, contributed the most to Cape Agulhas' exports for 2018. The countries to receive goods from Cape Agulhas' were mainly European (France, Germany, the Netherlands, and the United Kingdom). The Cape Agulhas municipal area exported live ornamental foliage to Germany worth R28.3 million and parts of helicopters and aircraft to France worth R62.2 million. Cape Agulhas' main export to Namibia was hydraulic lime (salt; sulphur; earths and stone; plastering materials, lime and cement) worth R5.8 million.

Table 3.7 Cape Agulhas main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R170.8	Poland	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R112.8	Malaysia
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R33.7	Canada, France	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	R86.7	Germany, Netherlands
3 Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	R15.5	Finland	Aircraft, spacecraft, and parts thereof	R74.0	France
4 Aircraft, spacecraft, and parts thereof	R14.6	France, United Kingdom, United States	Works of art, collectors' pieces and antiques	R21.2	United Arab Emirates, United Kingdom
5 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	R14.4	France, Finland	Salt; sulphur; earths and stone; plastering materials, lime and cement	R7.3	Namibia
Total imports	R297.7		Total exports	R348.9	

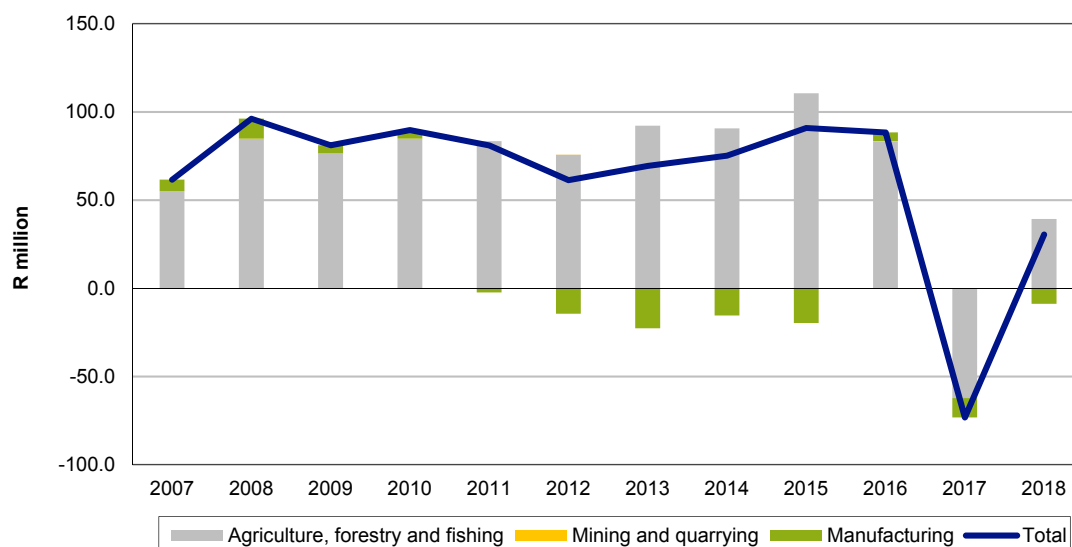
Source: Quantec Research, 2019

International trade in the Cape Agulhas municipal area is different compared to other municipal areas in the OD as exports are not reliant on products from the agriculture and agro-processing industries. However, this does provide a unique opportunity for this municipal area to invest in agro-processing and other niche markets, such as flowers, to boost exports as there is an international demand for these products based on the trade profile of other regions in the Western Cape Province²⁰.

3.2.5 Swellendam

As Figure 3.9 illustrates, agriculture, forestry and fishing trade has contributed significantly to the trade balance of the Swellendam municipal area. Although the trade balance was positive and over R50.0 million from 2007 to 2016, in 2017, Swellendam recorded a trade deficit of R73.2 million. This was mainly due to the agriculture, forestry and fishing sector which, as opposed to the previous years, reported a deficit of R62.2 million. Furthermore, increasing the trade deficit of the OD, the manufacturing sector recorded a deficit of R11.0 million. Although relatively small, the manufacturing sector had trade deficits between 2011 and 2015. In 2018, after agriculture, forestry and fishing recovered to record a surplus of R39.3 million, manufacturing continued to record a deficit of R8.8 million. In total, the Swellendam municipal area recorded a trade surplus of R30.5 million in 2018.

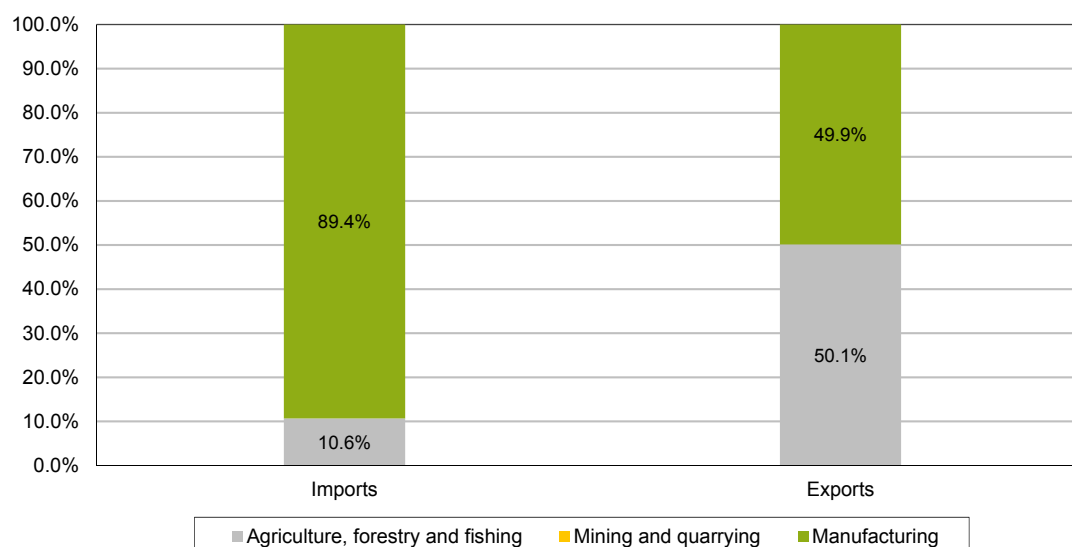
²⁰ Provincial Government Western Cape Municipal Perception Survey - Cape Agulhas Municipality (2019)

Figure 3.9 Swellendam trade balance, 2007 - 2018

Source: Quantec Research, 2019

As seen in Figure 3.10, the majority (89.4 per cent) of Swellendam's imports are sourced from the manufacturing sector, while the majority of exports are sourced from the agriculture, fishing and forestry sector (50.1 per cent). The different sectorial distribution between imports and exports is further evidence of Swellendam's strong agriculture, forestry and fishing sector which can compete in export markets.

Table 3.8 shows a proportion of the imported manufacturing products from inputs for the agriculture, forestry and fishing sector. These include agricultural machinery and plastics used for the conveyance of agricultural products. Mining and quarrying does not constitute a significant proportion of imports or exports within Swellendam - this is to be expected given its low GDP and employment contribution in the area.

Figure 3.10 Swellendam sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Swellendam's economy imported goods to the value of R60.8 million in 2018, which is the lowest value to be imported in the OD. Buying from Canada, Europe and China, Swellendam imports a variety of goods. The most valuable single product is virgin olive oil from Spain worth R20.8 million which supplements the only existing canola oil processor Southern Oil (Pty) Ltd located within the Swellendam municipal area.

Nuclear reactors, boilers, machinery and mechanical appliances constitute agricultural machinery such as harvesting and threshing machinery imported mainly from Canada. Imports of this category totalled R11.3 million, R4.4 million of which was imported specifically from Canada. The product category, live trees and other plants etc. pertain mostly to bulbs and tubers that were mainly imported from the Netherlands.

Swellendam exported goods to the value of R91.2 million. The main buyers of goods originating from Swellendam were African and European, except French Polynesia, to which Swellendam exported inflatable boats (ships, boats and floating structures) worth R1.5 million. To the Netherlands, Swellendam exported soy-bean oil and its fractions (animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes) worth R5.1 million. Within the same product category, Swellendam exported canola oil and its fractions to Kenya to the value of R5.9 million. However, the most valuable buyers to Swellendam are the Netherlands and the United Kingdom, to which Swellendam exports persimmons worth R24.2 million and R9.7 million.

Table 3.8 Swellendam main import and export categories, 2018

Imports				Exports		
Product category	R million 2018	Main trading partners		Product category	R million 2018	Main trading partners
1 Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	R37.2	Spain		Edible fruit and nuts; peel of citrus fruit or melons	R42.8	Netherlands
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R11.3	Canada		Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	R21.8	Namibia, Kenya
3 Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	R6.1	Netherlands		Ships, boats and floating structures	R10.9	French Polynesia, Sweden, Zambia
4 Plastics and articles thereof	R1.6	China		Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R4.1	Namibia
5 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R1.2	Germany		Edible vegetables and certain roots and tubers	R3.0	United Kingdom
Total Imports	R60.8			Total Exports	R91.2	

Source: Quantec Research, 2019

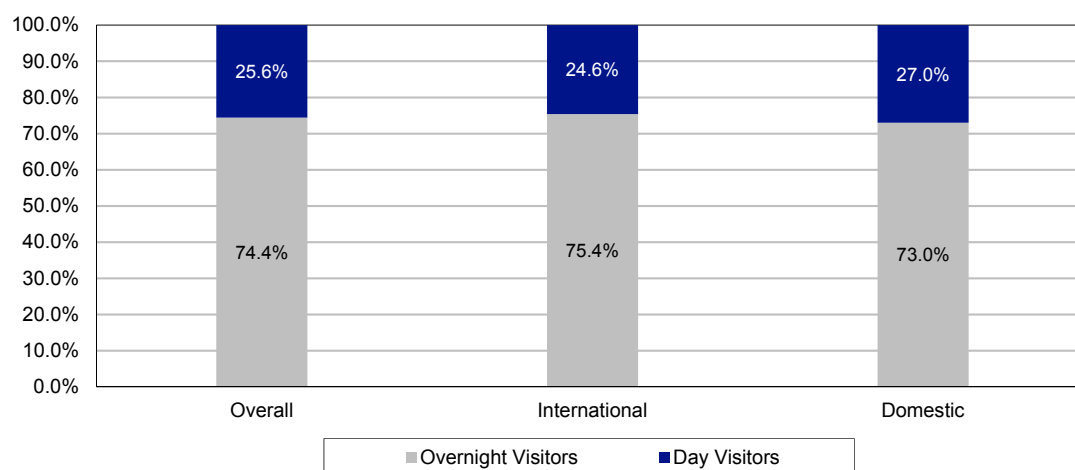
3.3 Tourism trends²¹

The southern tip of Africa attracts many who are mesmerised by the mythos and majesty of the Agulhas, where the Indian and Atlantic Oceans come together. The OD's natural beauty and charming towns are a haven for tourist wanting to experience what the Western Cape coastline has to offer. Cape Agulhas is in the top fifteen most visited attractions in South Africa by international tourists²². The OD offers nature-based activities such as whale-watching, hiking, beach activities, natural hot springs, game watching and farm-based activities.

3.3.1 Visitor trends

The OD is attractive to both international (58.0 per cent) and domestic (42.0 per cent) tourists, with the region seen as an overnight destination as seen in Figure 3.11.

Figure 3.11 Overnight vs. day visitors, Overberg District, 2018

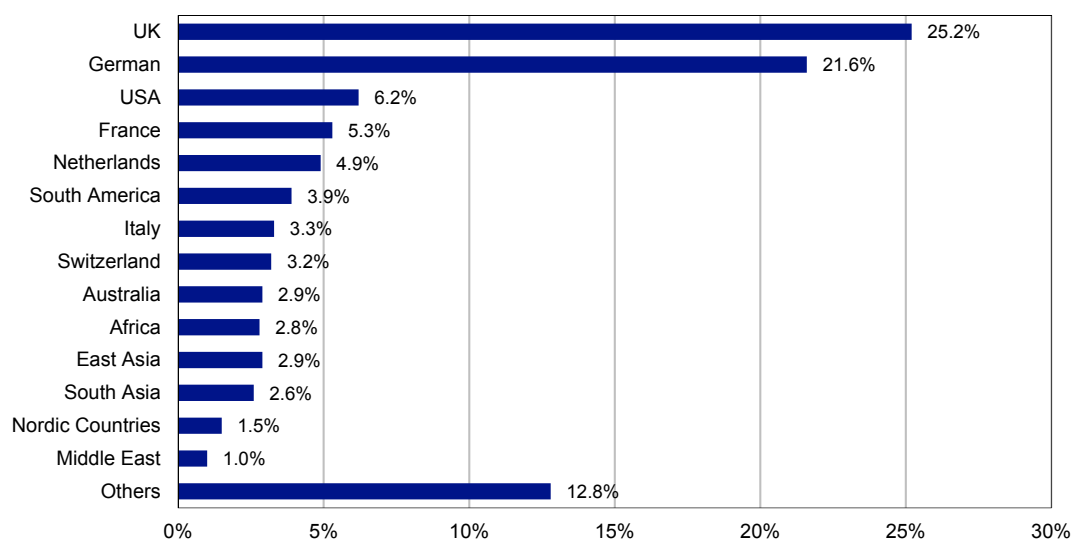


Source: Wesgro, 2019

The region attracts a diverse mix of international visitors, as seen in Figure 3.12, with the United Kingdom (25.2 per cent) and German (21.6 per cent) markets representing the largest portion of the overseas market. Some of the emerging markets that are unique to the region are the African market (2.8 per cent), the Asian market (5.5 per cent) and the Middle Eastern market (1.0 per cent). This expresses the unique offering of the OD which cannot be experienced in other destinations in Africa.

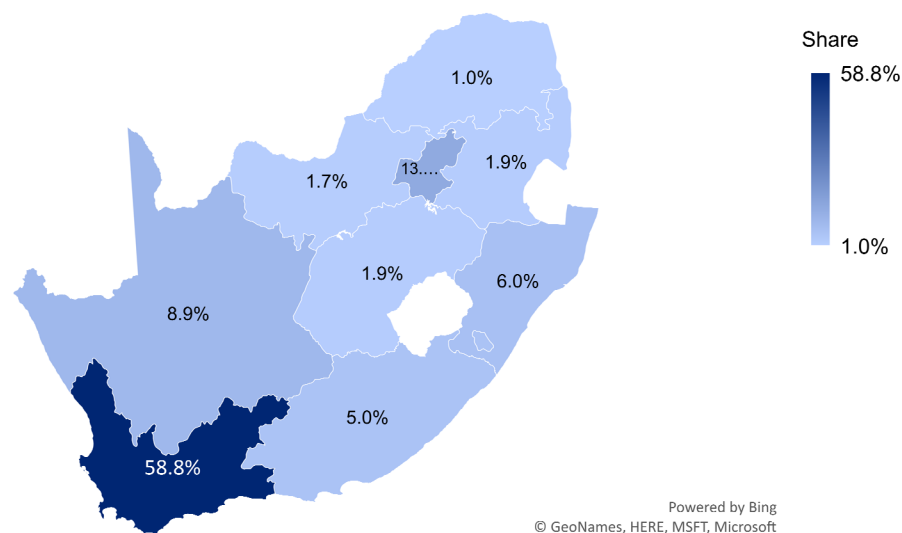
²¹ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region due to its survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Further, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information as the sample sizes are not comparable.

²² South African Tourism. Tourism Performance Report: January - December 2018

Figure 3.12 Percentage share of international travellers, Overberg District, 2018

Source: Wesgro, 2019

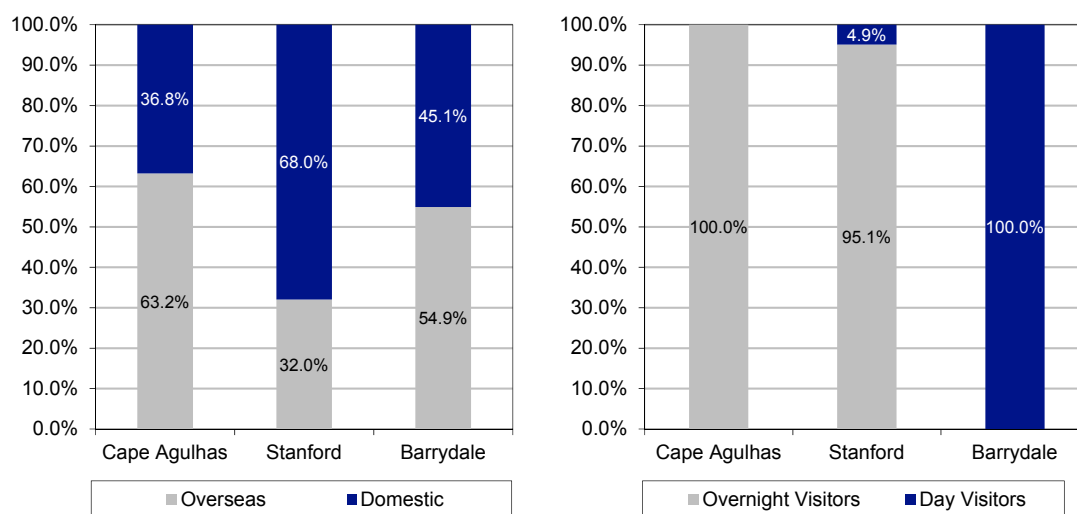
Over 58.8 per cent of domestic visitors to the region are from the Western Cape, with 13.6 per cent from Gauteng and 8.9 per cent from the Northern Cape, as seen in Map 3.1. The OD is also quite attractive to the Eastern Cape (5.0 per cent) and KwaZulu-Natal (6.0 per cent) domestic markets.

Map 3.1 Percentage share of domestic travellers, Overberg District, 2018

Note: 1.2 per cent of responses were unspecified.

Source: Wesgro, 2019

Figure 3.13 depicts the visitor trends for the towns of Cape Agulhas, Barrydale and Stanford. Cape Agulhas is one of the top visited destinations in South Africa with over 63.2 per cent of its visitors originating from overseas and all are overnight visitors. Where places such as Stanford and Barrydale receive a larger portion of domestic tourists. Some areas are only seen as a day trip or transit destinations such as Barrydale.

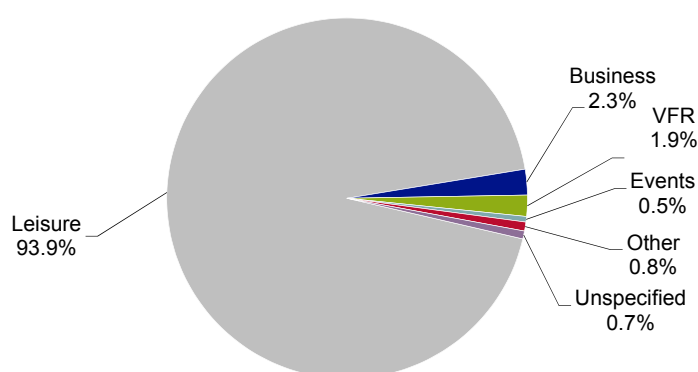
Figure 3.13 Regional towns visitor trends, Overberg District, 2018

Source: Wesgro, 2019

The southernmost tip of Africa holds great significance as a tourist destination due to its heritage, symbolism and natural beauty. The preservation and conservation of this region's natural features, sea life and fynbos are key to its success. These efforts go hand in hand with ensuring communities are responsibly involved in the growth and development of the region as a tourism destination.

3.3.2 Visitor profile

The OD is primarily seen as a leisure destination with 93.9 per cent of visitors travelling to the area for this purpose, with only a small percentage of visitors travelling for business, visiting friends or relatives (VFR) and events.

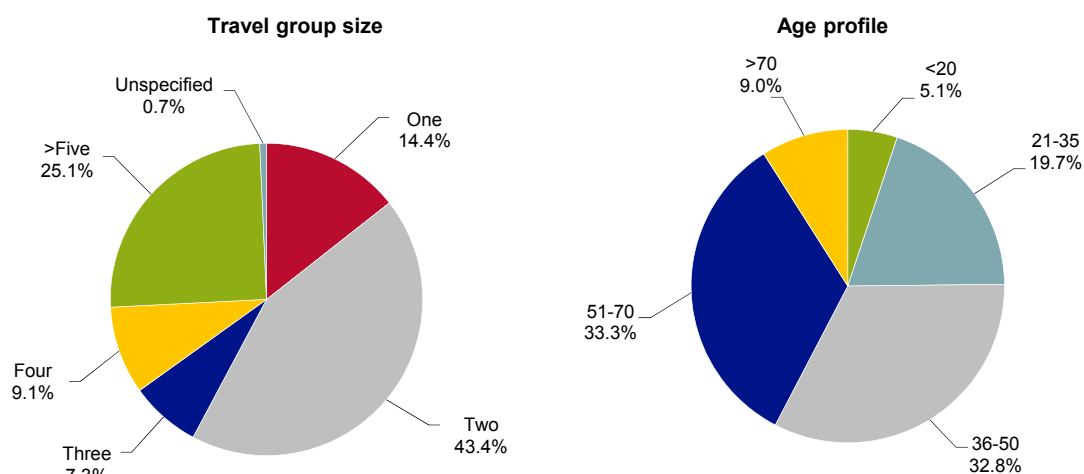
Figure 3.14 Main purpose of visit, Overberg District, 2018

Source: Wesgro, 2019

Those that travel to this area visit in groups of two or more, with 25.1 per cent travelling in a group larger than five. This indicates the value leisure tourism holds and visitor's needs to experience the area with loved-ones or social groups. Further, the most visitors are 36 to 50 years old (32.8 per cent) or early retirement age (33.3 per cent), which

means these travellers have larger spending power, and willingness to travel and experience the unique landscape of the country as part of their bucket list.

Figure 3.15 Visitor profile, Overberg District, 2018

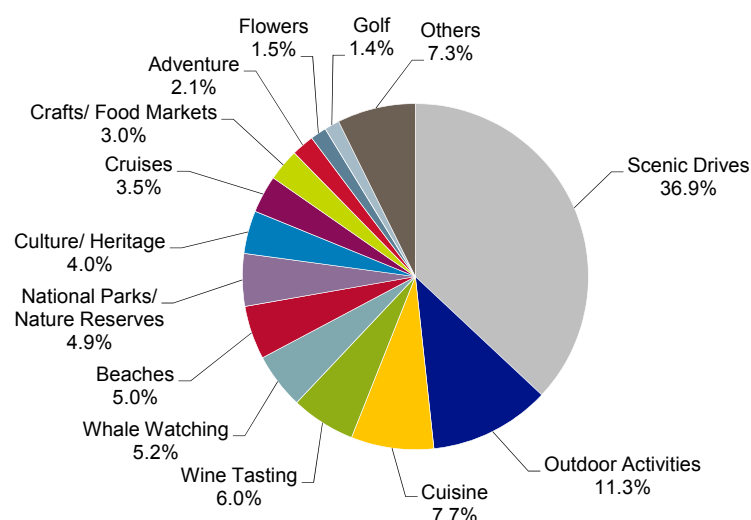


Source: Wesgro, 2019

3.3.3 Activities

Figure 3.16 indicates the top activities undertaken by visitors in the OD. The most popular activity by far is scenic drives at 36.9 per cent, followed by other secondary activities such as outdoor activities (11.3 per cent), cuisine (7.7 per cent), wine tasting (6.0 per cent) and whale watching (5.2 per cent). Visitors also partake in other recreational activities such as culture and heritage, cruises, and golf.

Figure 3.16 Top tourist activities, Overberg District, 2018

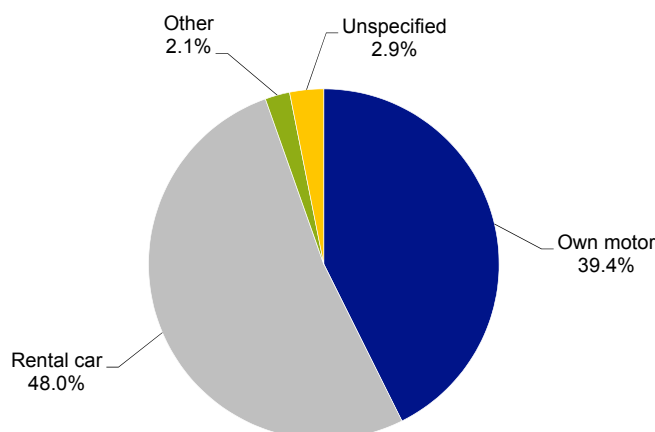


Source: Wesgro, 2019

Figure 3.17 shows the mode of transport used by visitors to travel to and within the OD. The main mode of transport is rental cars at 48.0 per cent. The majority of international visitors using rental cars (80.0 per cent), where 86.0 per cent of domestic visitors use their own vehicle to travel in the region. A very small percentage of visitors use other

modes of transport such as tour buses, which shows a gap in the market for itinerary based activities. This also indicates the independency of travellers to the region; thus, it is important that the navigational and supporting services environment along all main tourist routes need to be up-to-standard to ensure the safety and satisfaction of these experienced travellers.

Figure 3.17 Mode of transport used by visitors, Overberg District, 2018

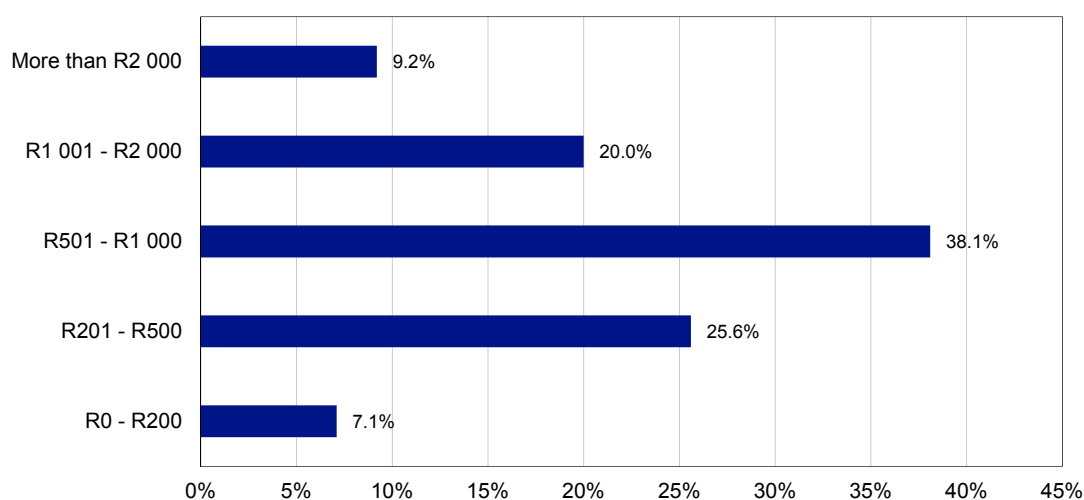


Source: Wesgro, 2019

3.3.4 Visitor spend

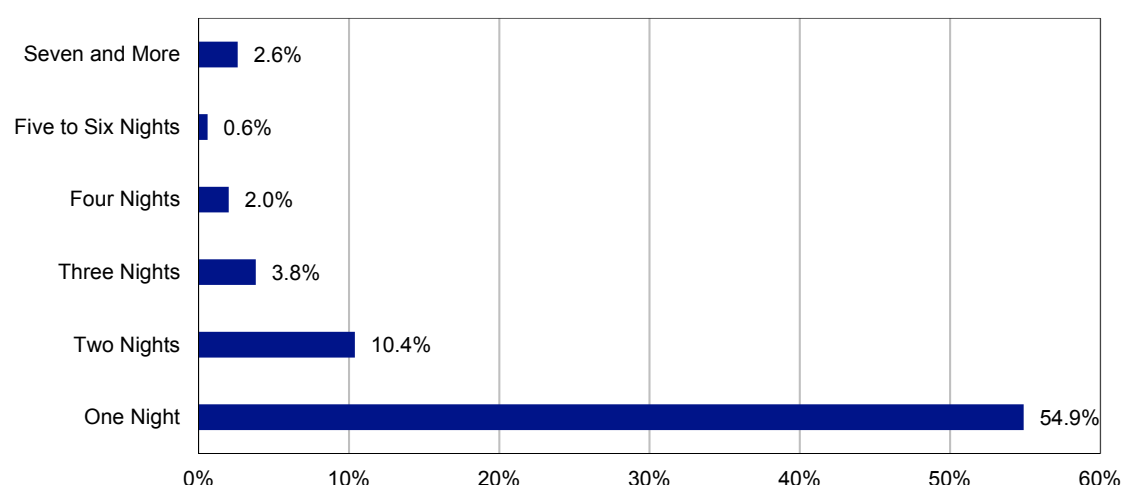
Both international and domestic visitors spend on average R501 - R1 000 daily in the OD, with 32.7 per cent spending less R500 which could be attributed to the spending habits of day visitors or stopovers in the region.

Figure 3.18 Average daily expenditure by visitors, Overberg District, 2018



Source: Wesgro, 2019

The majority of visitors to the OD only spend one night (54.9 per cent) indicating that the region is only a secondary destination in their planned itinerary, e.g. travelling the Garden Route. There is an opportunity to diversify the product offering to promote longer stays in the region.

Figure 3.19 Average length of stay, Overberg District, 2018

Source: Wesgro, 2019

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.

3.4 Concluding remarks

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.



4

Municipal socio- economic analysis

4.1 Introduction

The main aim of this chapter is to describe the economic and social circumstances of households living in the OD.

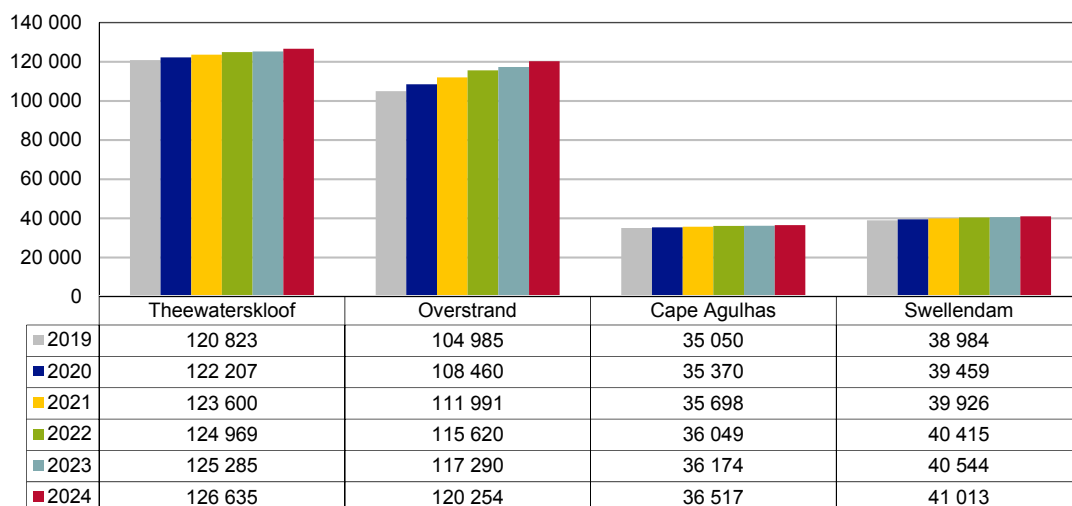
Indicators used to analyse population and income dynamics include the population growth rate, GDP per capita, household income, and the Gini coefficient. Human development within the region is assessed using indicators including the Human Development Index, education, health, human dwellings, average household size, access to basic services, and crime.

4.2 Population dynamics

It is estimated that in 2019 the OD had a population of 299 841 people. As seen in Figure 4.1, the largest amount of OD residents reside in the Theewaterskloof and Overstrand municipal areas which are home to 120 823 and 104 985 residents respectively. The Cape Agulhas and Swellendam municipal areas are of a similar size but considerably smaller than the other municipal areas. They are home to 35 050 and 38 984 residents respectively.

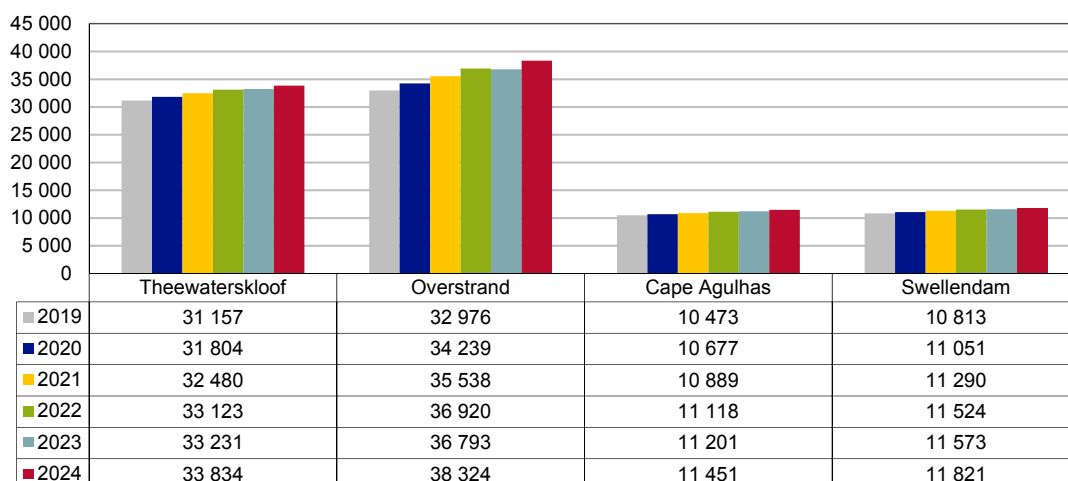
In terms of population growth, the OD is forecast to grow at an average growth rate of 1.6 per cent per year until 2024, which would result in a total of 324 419 residents. Within the District, Overstrand is forecasted to have the highest population growth until 2024. With an average growth rate of 2.8 per cent per year, the population of Overstrand is expected to reach 120 254 residents. Cape Agulhas is forecast to have the lowest population growth at 0.8 per cent per year until 2024.

Figure 4.1 Future population growth, Overberg District, 2019 - 2024



Source: Western Cape DSD, 2019

Figure 4.2 shows that there is a total of 85 419 households in the OD in 2019. This is expected to increase at an average rate of 2.2 per cent a year until 2024 to reach a total of 95 429 households (an increase of 10 011 households). Within the District, in line with the population growth rates, Overstrand is expected to have the highest household growth with an average rate of 3.1 per cent a year (an increase of 5 348 households). Theewaterskloof is forecast to have the lowest household growth rate at an average of 1.7 per cent a year. Cape Agulhas and Swellendam are expected to have an average household growth of 1.8 per cent a year.

Figure 4.2 Future household growth, Overberg District, 2019 - 2024

Source: Western Cape DSD, 2019

Table 4.1 outlines the age cohorts of the OD in 2019 and in 2024.

Table 4.1 Age cohorts, Overberg District, 2019 - 2024

Municipality	Year	0 - 14		15 - 64		65+	
		Number	%	Number	%	Number	%
Theewaterskloof	2019	33 395	27.6	82 452	68.2	4 976	4.1
	2024	34 574	27.3	86 452	68.3	5 609	4.4
Overstrand	2019	25 480	24.3	69 230	65.9	10 274	9.8
	2024	29 363	24.4	78 601	65.4	12 290	10.2
Cape Agulhas	2019	8 518	24.3	23 960	68.4	2 572	7.3
	2024	8 458	23.2	25 237	69.1	2 822	7.7
Swellendam	2019	10 992	28.2	25 789	66.2	2 203	5.7
	2024	11 317	27.6	27 308	66.6	2 388	5.8
Overberg	2019	78 385	26.1	201 431	67.2	20 025	6.7
	2024	83 712	25.8	217 598	67.1	23 109	7.1

Source: Western Cape DSD, 2019

The OD's working population (15 - 64 years) makes up 67.2 per cent of the population in 2019 with those younger (0 - 14 years) accounting for 26.1 per cent and those older (65+ years) accounting for 6.7 per cent. The average age of the population of the District is expected to grow slightly. Those younger than the working-age are expected to decline to 25.8 per cent in 2024 and those above the working age are expected to grow to 7.1 per cent of the population. The proportion of those considered working age will decrease by 0.1 percentage point to 67.1 per cent of the population.

At a municipal area level, the area with the highest proportion of working-age people compared to the overall population is Cape Agulhas, at 68.4 per cent of the population. Overstrand has the lowest proportion of working-aged people at 65.9 per cent of its population. However, the Overstrand municipal area has the highest proportion of people over the working age, with 9.8 per cent of the people aged 65 and over. This is well above the average for the OD (6.7 per cent) and the proportion in Overstrand is expected to grow to 10.2 per cent in 2024. This high proportion is not unexpected as Hermanus (within Overstrand) is a popular town for

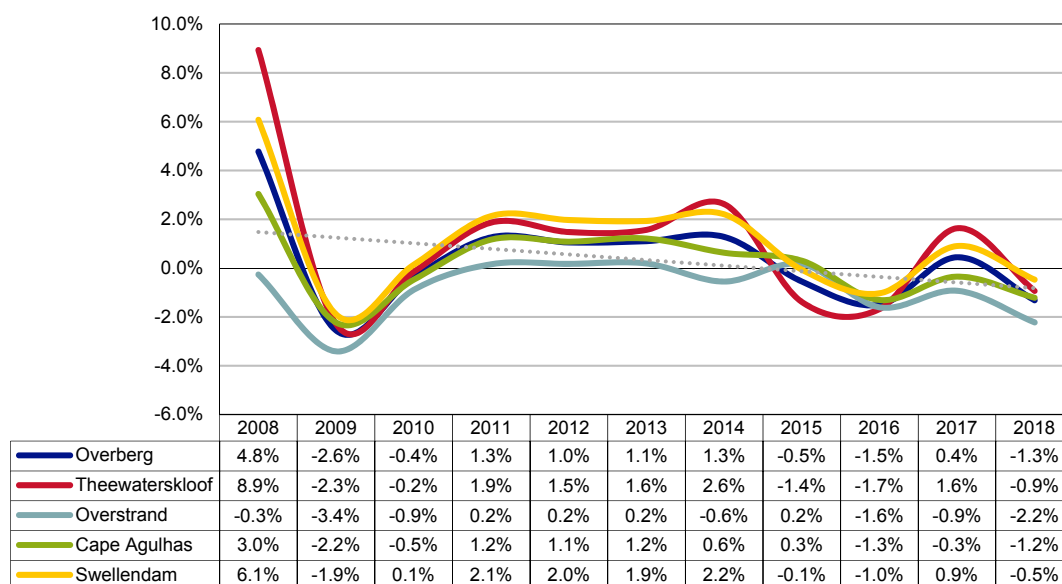
retirees. The estimated percentage of people aged 65 and older in Cape Agulhas in 2024 (7.7 per cent) is also above the estimated average amount of the District in 2024 (7.1 per cent), suggesting that it too will become an attractive retirement area.

4.3 Perspectives on poverty and inequality

4.3.1 GDP per capita growth in the Overberg District

Figure 4.3 shows the GDP per capita growth for the OD. In 2017, the GDP per capita was R70 047 in current prices. This is R17 655 lower than the GDP per capita of the Western Cape which was R87 702. The OD had the second-lowest GDP per capita out of the Western Cape districts. In terms of growth, it is estimated that the GDP per capita in the District contracted by 1.3 per cent in 2018.

Figure 4.3 GDP per capita growth, Overberg District, 2008 - 2018



Source: Quantec Research, 2019

The historical GDP growth rates of the OD are approximately correlated with GDP growth rates. In 2019, the OD's economy was affected by the Global Financial Crisis and GDP per capita contracted across all municipal areas. GDP per capita growth rates recovered in the years after 2009 becoming positive in 2011. The recovery in GDP growth rates was strongest in Swellendam, Theewaterskloof, and Cape Agulhas than Overstrand. Overstrand's GDP per capita growth plateaued at 0.2 per cent in 2011, which is the lowest out of the municipal areas but above its pre-crisis 2008 levels. Swellendam's GDP per capita recovered the most, reaching 2.1 per cent in 2011. The plateau in growth rates ended in 2014 when the District again experienced a contraction in GDP per capita. While there was a slight recovery in growth rates around 2017, coinciding with a spike in employment, GDP per capita contracted across the District in 2018, even though GDP remained positive. This indicates that the economic growth in the District has not been able to improve the standard of living for residents in the OD due to the high population growth rate.

Over the period analysed, Overstrand's GDPR per capita growth rate has been the worst performing with maximum growth rate of 0.2 per cent over the period. Theewaterskloof's GDPR per capita has grown the most over the period, achieving an average growth of 1.3 per cent. The OD's GDPR per capita growth was 0.5 per cent over the period, which is 0.8 percentage points better than the Province's average GDPR per capita growth rate (-0.3 per cent over the same period).

4.3.2 Household income

As seen in Table 4.2, which provides the average monthly household income in the OD in 2017, the OD's average household income was R13 700, which was R4 912 lower than the provincial average of R18 611. The municipal area with the highest monthly household income, Cape Agulhas with R16 669, is still below the average monthly household income of the Province. OD's households are on average earning less than the other areas of the Province.

At the District level, the average monthly household income has not increased since 2008. While Theewaterskloof and Swellendam's average monthly household incomes have grown, those of Overstrand and Cape Agulhas' have decreased. The municipal areas with the lowest average monthly household incomes, Theewaterskloof and Swellendam, had average monthly household income growth of 0.3 per cent and 0.6 per cent between 2008 and 2017. However, the municipal areas with the highest average monthly household incomes, Overstrand and Cape Agulhas, saw this income decrease by an average of 0.4 per cent and 0.3 per cent between 2008 and 2017.

Table 4.2 Average monthly household income (current prices), 2017

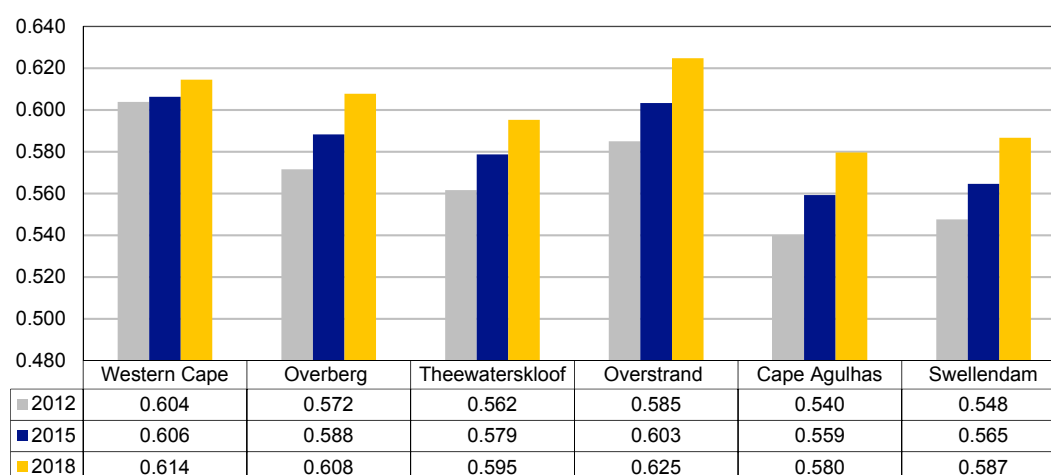
Municipality	Average Household Income 2017 (Current Prices)	Trend 2008 - 2017
Theewaterskloof	R12 647	0.3
Overstrand	R13 908	-0.4
Cape Agulhas	R16 669	-0.3
Swellendam	R13 556	0.6
Overberg District	R13 700	0.0
Western Cape	R18 611	-0.2

Source: Urban-Econ calculations based on Quantec Research, 2019

4.3.3 Income distribution in Overberg District

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient²³. Figure 4.4 shows Gini coefficients for municipalities within the OD.

Figure 4.4 Gini coefficients, Overberg District municipal areas, 2012 - 2018



Source: IHS Markit, 2019

The Gini coefficient of the OD at 0.608 is relatively high, however, it is smaller than that of the Province (0.614), showing that the OD has a slightly more equal income distribution than the Province. However, in terms of trends, the OD's Gini coefficient is increasing at a faster rate than that of the Province. In 2012, the difference between the Province's coefficient and the OD's was 0.032, whereas in 2018, that difference decreased to 0.007. Within the District, Overstrand has the most unequal income distribution with a Gini coefficient of 0.625 and Cape Agulhas has the most equal income distribution with a Gini coefficient of 0.580.

4.3.4 Human development

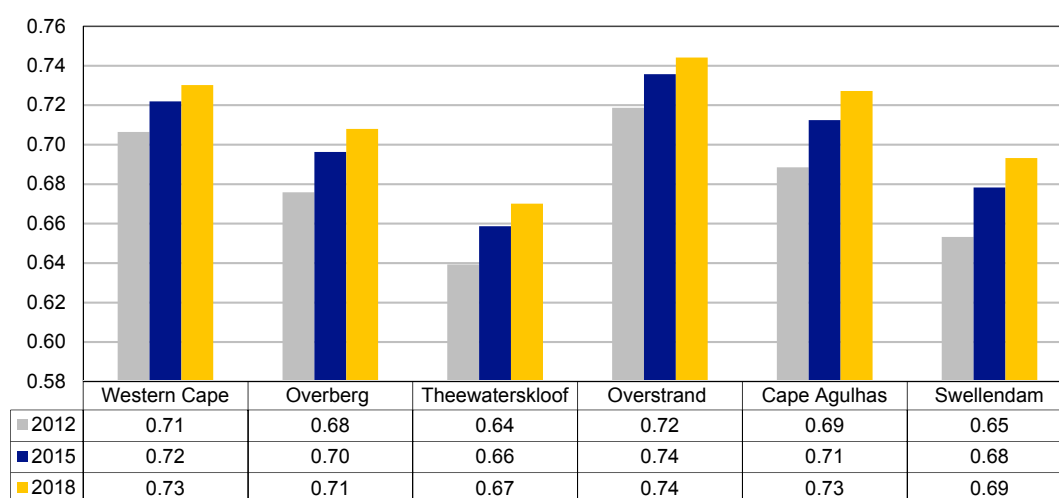
The United Nations uses the Human Development Index (HDI)²⁴ to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens as measured by their standard of education, health, human dwellings, household size, access to basic services, and crime, among others. Economists expect economic growth to result in improvements in human development and economic decline to have an adverse effect on human development.

²³ The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents, and the figure varies between 0, which is an indication of complete or perfect equality and 1, which represents complete inequality in income distribution. The closer to 1 means more inequality exists and the closer to 0 shows less inequality.

²⁴ The HDI is a composite indicator reflecting education levels, health, and income. It is a measure of peoples' ability to live a long and healthy life, to communicate, participate in the community and to have sufficient means to afford a decent living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

Figure 4.5 shows the HDIs of years 2012, 2015 and 2018 per municipal area in the OD. As opposed to the Gini coefficient comparison, the HDI in the OD of 0.71 is less than that of the HDI of 0.73 in the Province, suggesting that the quality of life among the OD residents is lower than that of the average individual in the Western Cape. However, the HDI of the OD is increasing at a faster rate than that of the Province, as in 2012 the Province's HDI was 0.71 and the District's was 0.68. At the municipal area level, Overstrand has the highest HDI at 0.74, whereas Theewaterskloof has the lowest at 0.67. The municipal areas that have shown the most growth in quality of life as measured by the HDI are Cape Agulhas and Swellendam, which have increased their HDIs by 0.04 between 2012 and 2018.

Figure 4.5 HDIs per municipal area, Overberg District, 2012 - 2018



Source: IHS Markit, 2019

4.4 Education

The extent of improvement in educational circumstances of households in the OD is discussed here using data on learner enrolments, learner-teacher ratios, Grade 10 to 12 retention rates²⁵ and matric pass rates.

Table 4.3 Educational development within Theewaterskloof, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	18 815	-	28.9	-	68.30	-	92.4	-
2017	19 291	2.5	29.7	2.8	62.00	-6.3	86.8	-5.6
2018	19 804	2.7	29.6	-0.5	66.20	4.2	79.2	-7.6

Source: Western Cape Education Department, 2019

²⁵ The learner retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared to the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12 compared to those enrolled in Grade 10 two years ago.

As can be seen in Table 4.3, the number of learners enrolled in the Theewaterskloof municipal area increased by 5.3 per cent (or 989 learners) between 2016 and 2018. The greatest increase was between 2017 and 2018 when the number of learners increased by 2.7 per cent or 513 learners. Between 2016 and 2018, there was a negative correlation between learner enrolment and the learner-teacher ratio. The learner-teacher ratio deteriorated marginally from 28.9 learners per teacher 2016 to 29.6 learners per teacher 2018.

In contrast to growing enrolment rates, the Grade 10 to 12 retention rate has decreased from 2016 to 2018. The decrease is solely due to the period between 2016 and 2017 when the Grade 10 to 12 retention rate dropped by 6.3 percentage points. The decreasing retention rate is correlated with a decrease in the matric pass rate which decreased by 13.2 percentage points between 2016 and 2018, from 92.4 per cent in 2016 to 79.2 per cent in 2018. Thus, in the Theewaterskloof Municipality, the number of students who stay enrolled between Grades 10 to 12 is decreasing and the pass rate of those who stay till the matric examinations is decreasing which will influence the overall skills level of the workforce in the municipal area.

Table 4.4 Educational development within Overstrand, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	11 696	-	28.4	-	59.4	-	90.9	-
2017	12 211	4.4	29.4	3.4	71.4	12.0	88.2	-2.7
2018	12 781	4.7	29.9	2.0	63.4	-8.0	82.5	-5.7

Source: Western Cape Education Department, 2019

The number of learners enrolled in school in the Overstrand municipal area increased by 1 085 learners between 2016 and 2018 which is an increase of 9.3 per cent over the 2-year period. Due to the increase in learner enrolment, the learner-teacher ratio declined between 2016 and 2018. Between 2016 and 2018, the ratio declined from 28.4 learners per teacher to 29.9 learners per teacher. Thus, the increase in students enrolled in the Overstrand municipal area was not matched by an increase in teachers.

The Grade 10 to 12 retention rate improved between 2016 and 2018 by 4.0 percentage points (from 59.4 per cent to 63.4 per cent). However, the retention dropped between 2017 and 2018 by 8.0 percentage points. This means that the highest retention rate the Overstrand municipal area achieved was in 2017 (71.4 per cent). Despite the higher overall retention rate between Grade 10 and Grade 12, the matric pass rate in the Overstrand municipal area decreased by 8.4 percentage points (from 90.9 per cent in 2016 to 82.5 per cent in 2018).

Table 4.5 Educational development within Cape Agulhas, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	4 606	-	26.9	-	72.9	-	97.3	-
2017	4 691	1.8	28.4	5.5	67.6	-5.3	89.1	-8.2
2018	4 740	1.0	28.1	-1.3	55.9	-11.7	92.7	3.6

Source: Western Cape Education Department, 2019

The number of learners enrolled in schools in the Cape Agulhas municipal area is slowly improving from 4 606 learners in 2016 to 4 740 learners in 2018 (an increase of 2.9 per cent). Over the 2-year period, the increase in learners enrolled was correlated with the learner-teacher ratio which increased by 1.1 percentage points between 2016 and 2018. The highest learner-teacher ratio in the Cape Agulhas municipal area was in 2017 (28.4 learners per teacher) as there was a decline of 1.3 per cent in 2018.

The Grade 10 to 12 retention rate decreased considerably by 17.0 percentage points between 2016 and 2018. The decrease in the Grade 10 - 12 retention rate was accompanied by a decrease in the matric pass rate. Between 2016 and 2018, the matric pass rate decreased by 4.6 percentage points.

Table 4.6 Educational development within Swellendam, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	5 724	-	26.3	-	62.8	-	92.7	-
2017	5 751	0.5	26.3	0.0	59.4	-3.4	88.2	-4.5
2018	5 778	0.5	25.9	-1.3	66.8	7.4	84.0	-4.2

Source: Western Cape Education Department, 2019

The number of learners enrolled in the Swellendam municipal area increased by 54 learners between 2016 and 2018 or an increase of 0.5 per cent a year. This increase meant that in 2018, there were 5 778 learners enrolled in schools in the Cape Agulhas municipal area. In 2017, there was no change in the learner-teacher ratio however there was a drop of 1.3 per cent in 2018. In 2018, the learner-teacher ratio was 25.9 learners per teacher.

The Grade 10 to 12 retention rate in the Swellendam municipal area improved between 2016 and 2018 by 4.0 percentage points to stand at 66.8 per cent in 2018. Despite an improved retention rate over the 2-year period, the number of students who pass their matric exams decreased between 2016 and 2018. Of the students who sat down to write, 92.7 per cent passed in 2016 and this dropped to 84.0 per cent in 2018, a drop of 8.7 percentage points.

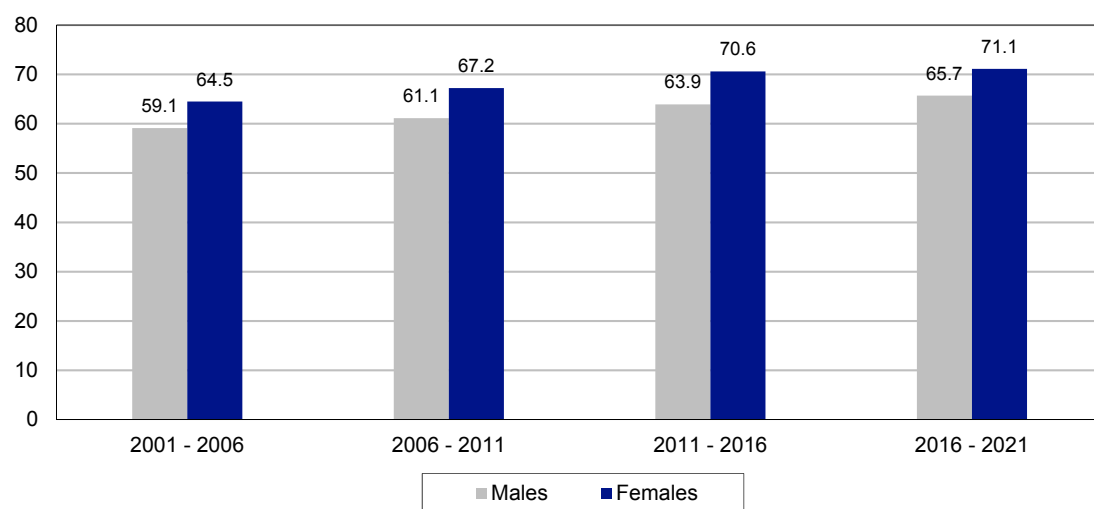
4.5 Health

The health conditions of persons living within the OD are analysed in this section by looking at the prevalence of tuberculosis (TB), human immunodeficiency virus (HIV), infant mortality rates, maternal death rates, and teenage pregnancies.

4.5.1 Life expectancy

Figure 4.6 provides an overview of the average life expectancy at birth in the Western Cape Province between 2001 and 2021. As pointed below, the average life expectancy has increased year-on-year for both males and females over the reference period, with the average life expectancy of females being higher than that of males for each five-year period over the reference period. The average life expectancy for males has increased from the five-year average of 59.1 years between 2001 and 2016 to an estimated five-year average of 65.7 years between 2016 and 2021, while the average life expectancy of females has increased from 64.5 years between 2001 and 2006 to 71.1 years between 2016 and 2021.

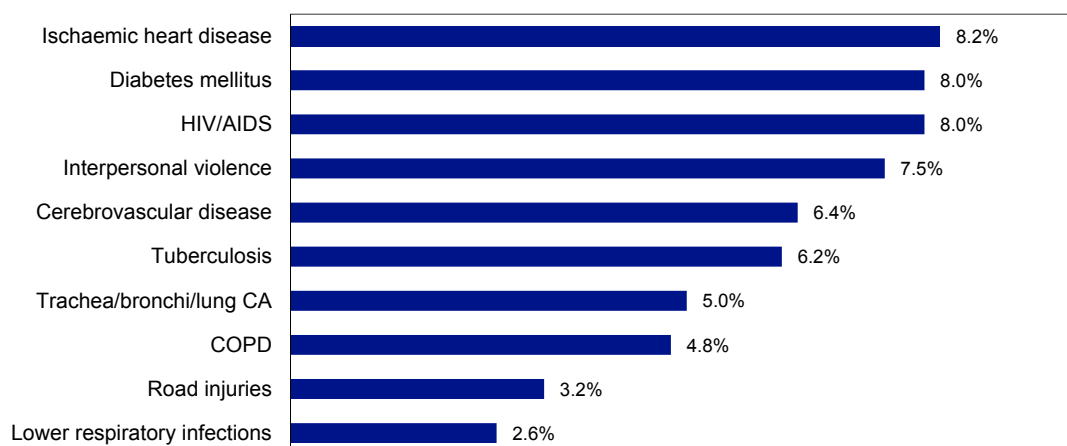
Figure 4.6 Average life expectancy at birth, Western Cape Province, 2001 - 2021



Source: Statistics South Africa, 2019

4.5.2 Mortality

The leading cause of death in the Western Cape Province was ischaemic heart disease. Ischaemic heart disease accounted for 8.2 per cent of deaths in the Province, followed by diabetes mellitus and HIV/AIDS, which accounted for 8.0 per cent of deaths.

Figure 4.7 Top ten causes of death, Western Cape Province, 2016

Source: Western Cape Government Health Department, 2019

Table 4.7 indicates the top ten injury-related deaths by cause in the OD and the Western Cape Province in 2016 in terms of age-standardised death rates (ASR)²⁶. The leading cause of injury-related death in both the OD and the Province were assaults with sharp objects which caused 23.8 deaths per 100 000 in the Province and 26.7 deaths per 100 000 in the OD. While motor vehicle road traffic accidents cause the fifth most injury-related deaths in the Province (10.2 deaths per 100 000), in the OD they were the second most prevalent cause of injury-related death at 16.4 deaths per 100 000.

Table 4.7 Top ten injury-related death rates by cause, Overberg District and Western Cape Province, 2016

Western Cape Province			Overberg District	
Rank	External cause	ASR	External cause	ASR
1	Assault: sharp object	23.8	Assault: sharp object	26.7
2	Assault w/incl firearm	18.5	RTA: motor vehicle	16.4
3	RTA: pedestrian	11.2	RTA: pedestrian	11.2
4	Suicide	11.0	Suicide	11.0
5	RTA: motor vehicle	10.2	Accident: drowning	7.6
6	Assault: blunt force	6.6	Accident: fire	5.7
7	Accident: fire	5.3	Accident: other	5.5
8	Accident: drowning	3.8	Assault: blunt force	3.4
9	Accident: falls	3.8	Assault w/incl firearm	3.1
10	Accident: other	3.6	RTA: motorcycle	1.0

Source: Western Cape Health Department, 2019

²⁶ The age-standardised death rate is a weighted mean of the age-specific death rates using a standard population and expressed per 100 000 population (Western Cape Health Department, 2018).

4.5.3 HIV/AIDS and TB

According to estimates based on the Thembisa model ²⁷, an estimated 13.5 per cent of the South African population is HIV positive as of 2019. In the Western Cape, the estimated prevalence rate of HIV/AIDS is 6.7 per cent.

Table 4.8 indicates the trend in HIV testing, treatment and outcomes in the OD between 2015/16 and 2018/19. The number of known HIV positive people in the OD was 17 591 in 2015/16 and has risen to 20 596 in 2018/19. This could be an indication that the prevalence of HIV is rising or an indication that more people are being tested. Unfortunately, the number of people who started Antiretroviral Therapy (ART) but who are no longer on it has increased through the years. In the 2015/16, the percentage of people who had started ART but had since stopped was 23.3 per cent but this figure rose to 47.8 per cent in 2018/19. However, the percentage of people who are on ART and have maintained therapy is also rising in the OD. The percentage of people on ART was 48.2 per cent in 2015/16 and this rose to 63.7 per cent in 2018/19. In culmination of these figures, the number of people with confirmed viral suppression rose from 68.5 per cent in 2015/16 to 73.5 per cent in 2018/19. However, this is a decrease from 2017/18 when the percentage of people with a confirmed viral suppression was 75.4 per cent.

Table 4.8 Trends in HIV testing, treatment and outcomes, Overberg District, 2015/16 - 2018/19

	2015/16	2016/17	2017/18	2018/19
Known HIV+ (Tested; n)	17 591	19 068	20 288	20 596
Of which: Clients started but no longer on ART (%)	23.3	28.9	36.4	47.8
Of which: Clients on ART (%)	48.2	52.8	59.1	63.7
Of which: Clients with confirmed viral suppression (%)	68.5	75.3	75.4	73.5

Source: Western Cape Health Department, 2019

In the Western Cape Province, tuberculosis was the third and fifth-largest contributor to mortality for males and females respectively. Tuberculosis was also the third highest cause of premature mortality for both genders in the Province, as measured by the number of years of life lost.

Table 4.9 indicates the trends in TB notification and outcomes in the OD between 2016/17 and 2018/19. The public health TB programme's success rate has decreased from 91.2 per cent in 2016/17 to 86.3 per cent in 2018/19. Conversely, the percentage of TB patients lost to follow up has increased from 3.1 per cent in 2016/17 to 6.8 per cent in 2018/19. Despite the falling success rate and the increase in the percentage of people not following up, in the OD, the percentage of people dying as a result of TB is declining. In 2016/17, the percentage of deaths was 3.2 per cent while in 2018/19 the percentage of deaths was 2.6 per cent. In contrast to this, the percentage of people

²⁷ The Thembisa model is used to calculate the prevalence of HIV in South Africa. The model has been developed specifically for South Africa to provide an accurate estimate of HIV prevalence using age-specific HIV data (Thembisa Project, 2017).

co-infected with TB and HIV has increased from 2016/17 to 2018/19 from 34.5 per cent to 36.8 per cent. The TB Multi-Drug Resistance (MDR) treatment success rate has decreased from 60.4 per cent to 58.5 per cent between 2017/18 and 2018/19, however, this is still a significant improvement from the MDR success rate of 30.2 per cent in 2016/17.

Table 4.9 Trends in TB notification and outcomes, Overberg District, 2016/17 - 2018/19

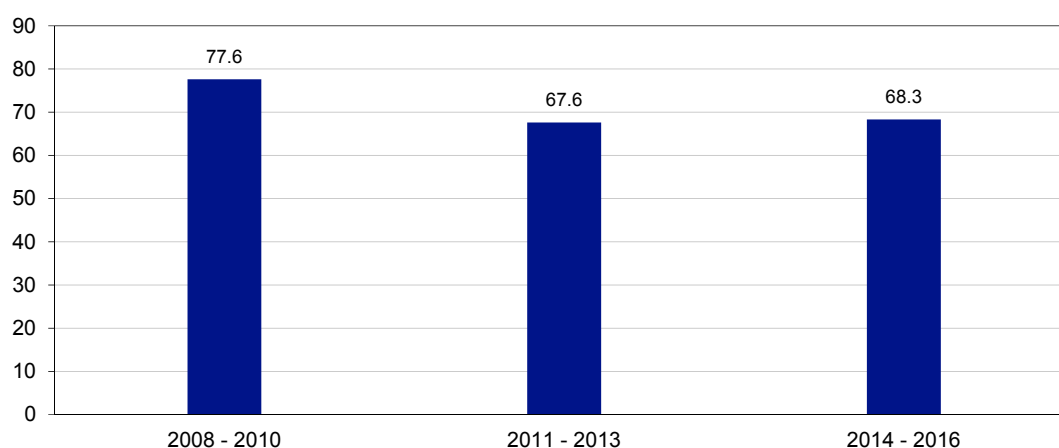
	2016/17	2017/18	2018/19
TB programme success rate (%)	91.2	87.1	86.3
TB client lost to follow up (%)	3.1	6.4	6.8
TB client death rate (%)	3.2	2.5	2.6
TB/HIV co-infected (%)	34.5	34.7	36.8
TB MDR treatment success rate (%)	30.2	60.4	58.5

Source: Western Cape Health Department, 2019

4.5.4 Infant, child and maternal health

Figure 4.8 indicates the maternal death rates for three three-year periods in the Western Cape Province between 2008 and 2016. As pointed below, the maternal mortality rate dropped significantly in the first two periods, from 77.6 per 100 000 live births between 2008 and 2010 to 67.6 per 100 000 live births between 2011 and 2013. Between 2014 and 2016, however, there has been a slight increase in the number of maternal deaths to 68.3 per 100 000 live births, despite improved outcomes in antenatal visits.

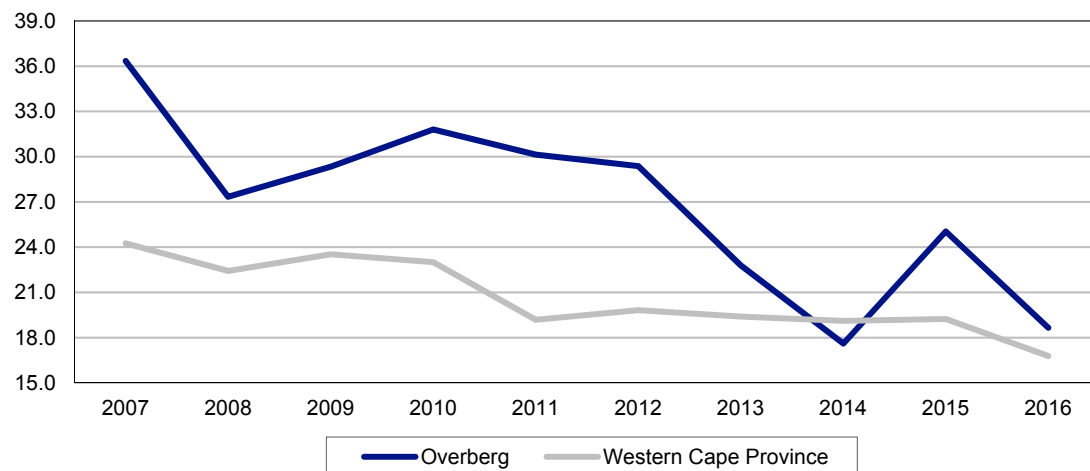
Figure 4.8 Maternal death rates per 100 000 live births, Western Cape Province, 2008 - 2016



Source: Western Cape Health Department, 2019

Figure 4.9 indicates the infant mortality rates per 1 000 live births in the OD and the Western Cape Province between 2007 and 2016.

Figure 4.9 Infant mortality rates per 1 000 live births, Overberg District and Western Cape Province, 2007 - 2016



Source: Western Cape Health Department, 2019

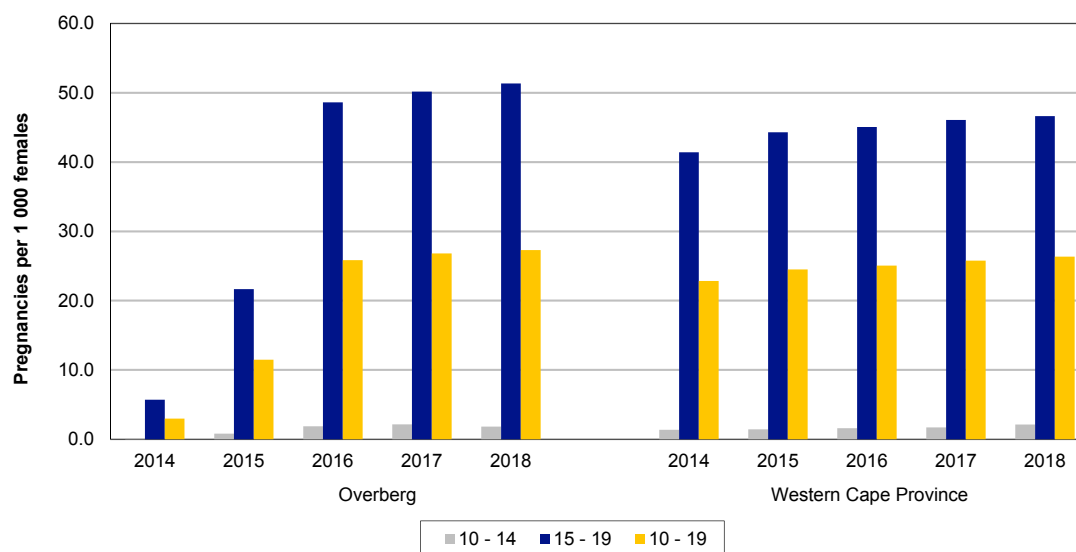
The number of infant deaths per 1 000 births has been higher in the OD than the Province in all the years analysed except for 2014 when the number of infant deaths in the OD was 17.6 per 1 000 births and in the Province it was 19.1 per 1 000 births.

However, from 2007 to 2016, the OD was able to drastically reduced the number of infant deaths. In 2007, there were 36.3 per 1 000 births in the OD which was significantly higher than the infant mortality rate of the Province which was 24.3 per cent. The OD made progress in 2008 when the infant mortality rate dropped sharply to 27.3 per 1 000 births, however, the rate then began to climb until 2010 when it reached 31.8 per 1 000 births. Until 2014, the OD again made headway into decreasing the number of infant deaths with this culminating in the lowest infant mortality rate of 17.6 per 1 000 births being achieved in 2014. In 2015 and 2016, the OD's infant mortality rate increased to 25 per 1 000 births and then decreased to 18.7 per 1 000 births slightly higher than the prevailing rate for the Province at 16.8 per 1 000 births.

4.5.5 Teenage pregnancy

Figure 4.10 indicates the teenage fertility rates in the OD and in the Western Cape Province between 2014 and 2018. The teenage fertility rate is the number of pregnancies per 1 000 females aged between 15 and 2019.

Figure 4.10 Teenage fertility rates, Overberg District and Western Cape Province, 2014 - 2018



Source: Western Cape Health Department, 2019

Initially, the number of pregnancies among females aged 15 - 19 dramatically increased from 2014 to 2016 when it increased from 5.7 pregnancies per 1 000 females to 48.6 pregnancies per 1 000 females. In 2014, the number of pregnancies per 1 000 females in the Province was greater than the number pregnancies per 1 000 females in the OD at 41.4 pregnancies per 1 000 females aged 15 - 19 to 5.7 in the OD. The number of pregnancies for females aged 15 - 19 continued to increase in the OD when it reached 51.3 pregnancies per 1 000 females in 2018 compared to 46.6 pregnancies per 1 000 females in the Province in 2018.

The number of pregnancies for females aged 10 - 14 has increased from 0 pregnancies per 1 000 females in 2014 to 1.8 pregnancies per 1 000 females in 2018. This is a greater increase than the increase in pregnancies for the same-aged females in the Province between 2014 and 2018. In the Province, for females aged between 10 and 14 the number of pregnancies increased from 1.4 to 2.1 pregnancies per 1 000 females. Overall, for females aged between 10 and 19, the OD had fewer pregnancies than the Province in 2014, however it had more pregnancies among this group of females in 2018. In the OD, for females aged 10-19, the increase in the number of pregnancies from 3 pregnancies per 1 000 females to 27.3 pregnancies per 1 000 females was largely driven by the increase in pregnancies of females aged 15 - 19. Compared to OD's 27.3 pregnancies per 1 000 females in 2018, the Province reported 26.3 pregnancies per 1 000 females.

4.6 Housing and municipal services

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 4.10 shows the different types of dwellings for households living within the OD in 2018.

Table 4.10 Number of dwellings, Overberg District, 2018

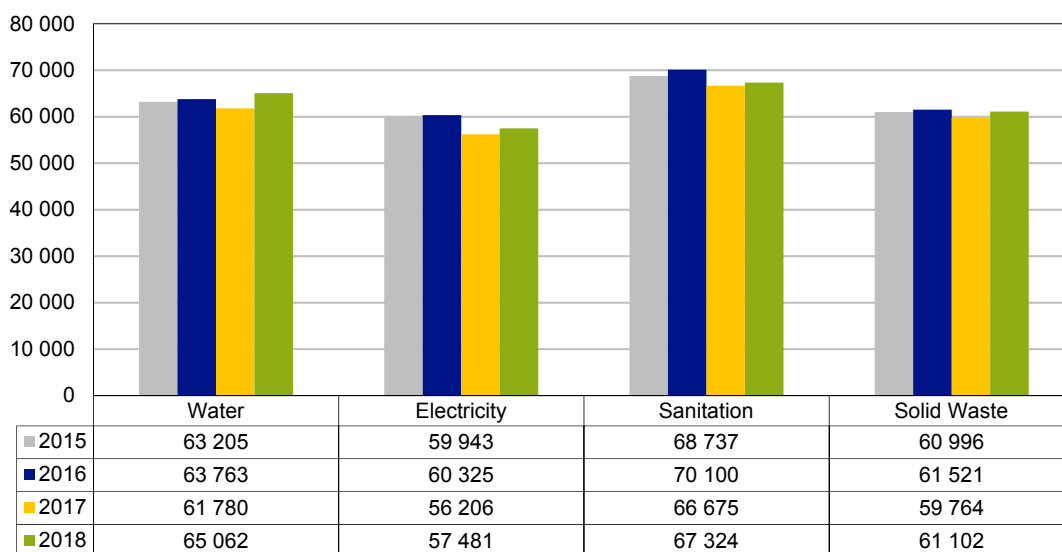
Dwelling type	Overberg Number	Theewaterskloof Number	Overstrand Number	Cape Agulhas Number	Swellendam Number
House or brick structure on a separate stand or yard	63 890	24 136	21 967	8 746	9 041
Traditional dwelling/hut/ structure made of traditional materials	1 078	583	350	74	71
Flat in a block of flats	1 998	1 063	686	161	88
Town/cluster/semi-detached house (simplex, duplex or triplex)	3 036	1 313	725	232	766
House/flat/room, in backyard	1 039	425	374	164	75
Informal dwellings	12 534	5 245	4 930	1 319	1 041
Room/flatlet not in backyard but on a shared property	389	137	95	68	88
Other/unspecified/NA	1 587	808	512	157	110
Total	85 551	33 710	29 640	10 921	11 280

Source: Quantec Research, 2019

The number of houses or brick structures on a separate stand or yard in the OD amounted to 63 890 in 2018, which was 74.7 per cent of the total dwellings within the District. The number of informal dwellings in the OD was 12 534 - 14.7 per cent of the total dwellings. At the municipal level, the highest number of houses or brick structures on a separate stand or yard formed 71.6 per cent and 74.1 per cent of the number of dwellings in Theewaterskloof and Overstrand respectively, and 80.1 per cent and 80.2 per cent of human dwellings in Cape Agulhas and Swellendam. In terms of informal dwellings, the two largest municipal areas had the highest proportion of informal dwellings. In 2018, 15.6 per cent and 16.6 per cent of dwellings in the Theewaterskloof and Overstrand municipal area were informal.

It is interesting to note that the Overstrand Municipality has the highest number of informal dwellings (16.6 per cent), the highest projected population growth (2.8 per cent) and the largest decrease in household income between 2008 and 2017 (-0.4 per cent). These figures suggest that people from lower-income brackets are attracted to the Overstrand municipal area which can cause a decline in the average household income. The reason for an influx of such people could be prospective employment opportunities in the Overstrand municipal area and this influx also could have resulted in an increase of informal dwellings and a decline in household incomes.

Access to water, electricity, sanitation and solid waste removal services are outlined in Figure 4.11.

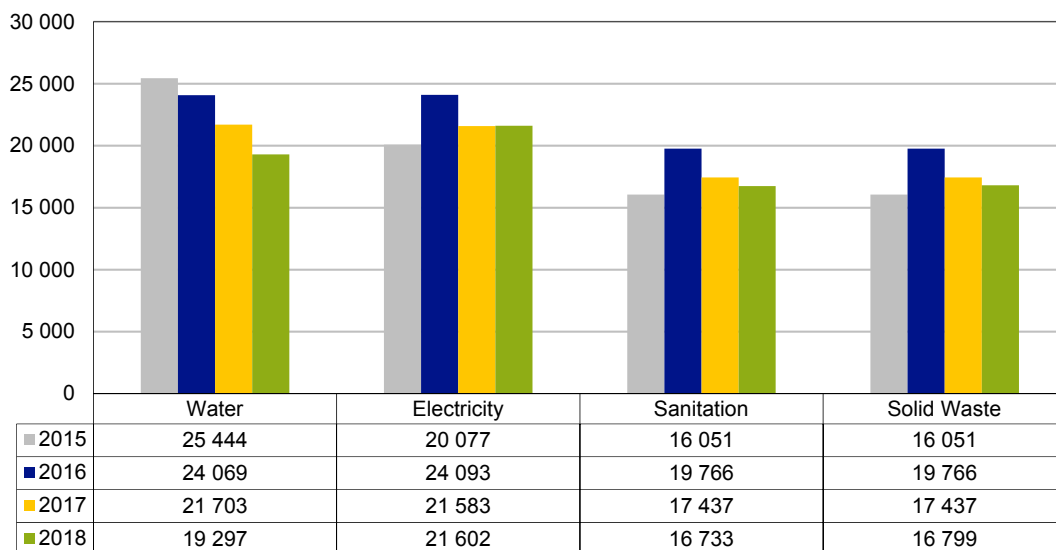
Figure 4.11 Access to basic services, Overberg District, 2015 - 2018

Source: Non-financial Census of Municipalities. Stats SA; Quantec Research, 2019

In the OD, access to services is well spread across the different services. Marginally more consumers have access to water and sanitation compared to those with access to electricity and solid waste removal services. Since 2015 general levels of access to services, across all services except sanitation have increased, despite a slight decline in service provision in 2017. Between 2017 and 2018, 3 282 more consumers had access to water, followed by 1 338 more consumers with access to solid waste removal services, and 1 275 more consumers with access to electricity. Access to sanitation increased by 649 consumers in 2018. The Overstrand municipal area had the largest increase in access to services (3 768 consumers), followed by the Theewaterskloof municipal area (2 139 consumers).

Indigent households qualify to receive free basic services. The number of indigent households in the OD declined from 17 437 households in 2017 to 16 885 households in 2018. Indigent households declined in all municipal areas of the OD, particularly in the Cape Agulhas and Theewaterskloof municipal areas where indigent households declined by 282 households per municipal area in 2018²⁸.

²⁸ Stats SA (2019)

Figure 4.12 Access to free basic services in Overberg District, 2015 - 2018

Source: Non-financial Census of Municipalities; Stats SA; Quantec Research 2019

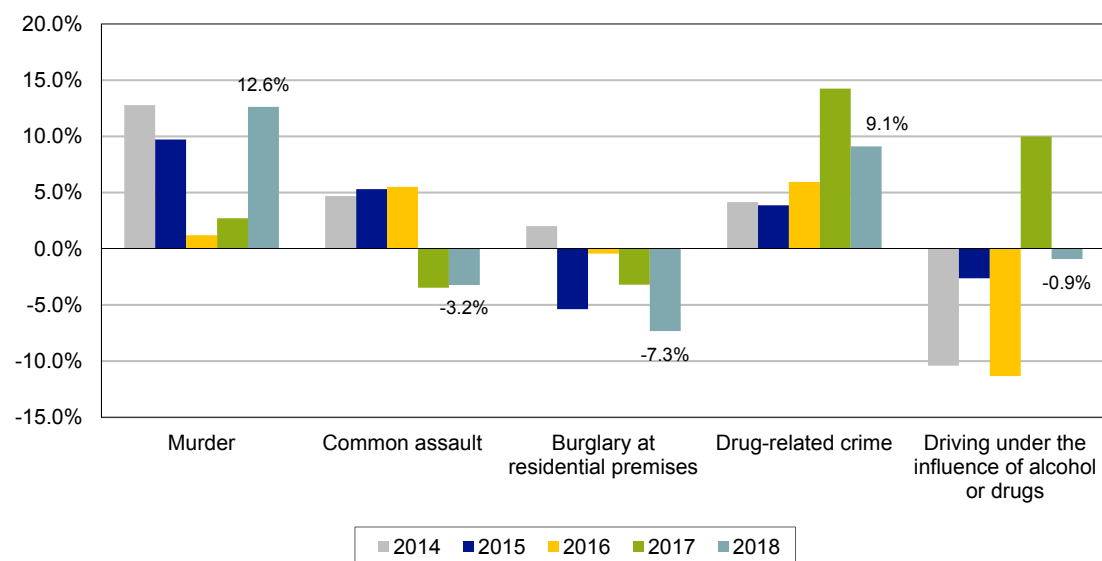
In line with the decline in indigent households between 2017 and 2018, access to free basic services also declined across all service delivery categories, except access to electricity. Access to free basic electricity increased by a net of 19 households. This was mainly driven by increases in free basic electricity in the Swellendam municipal area. Access to free basic water declined the most in 2018 (by 2 406 households).

4.7 Crime

The rates of various criminal activities are presented in this section. Crime is a social ill that can stifle economic growth and cause great harm and even death to members of society. It is vital for a society to ensure that an individual's person and their property, as well as a business's property, is not damaged or stolen.

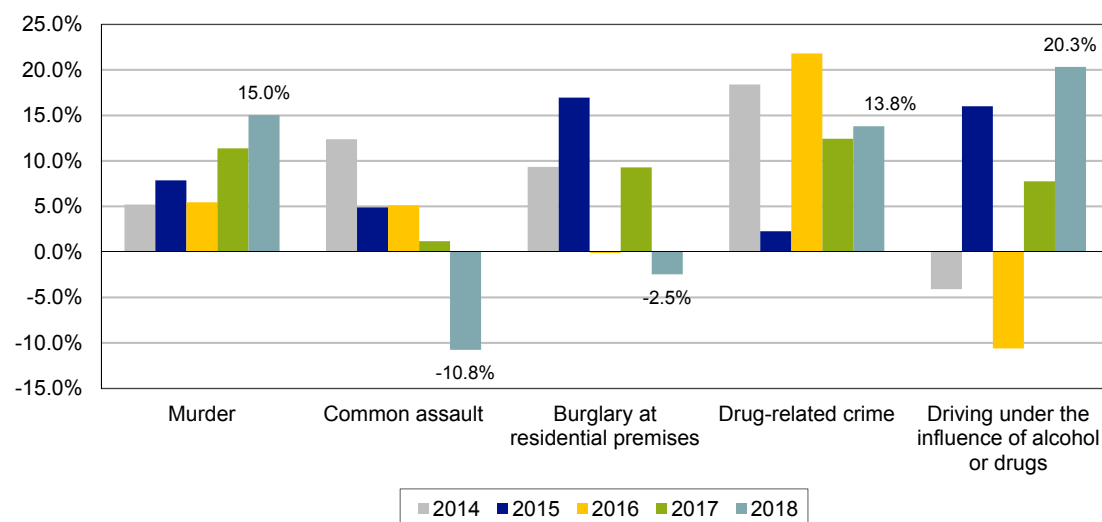
The most prevalent type of crime under analyses in the Western Cape was drug-related crimes which amounted to 117 154 incidents in 2018. The second and third most prevalent incidents were burglaries at residential premises and common assaults with 42 658 and 38 575 incidents in 2018. The number of reported incidents of driving under the influence of alcohol and drugs and murder were 12 775 and 3 729 respectively.

In Figure 4.13, the rates of various crimes are shown between 2014 and 2018. The rate of murder and drug-related crime is increasing in the Western Cape. In 2018, the number of murders increased by 12.6 per cent and the number of drug-related crime increased by 9.1 per cent. In 2018, the incidents of driving under the influence of alcohol or drugs, common assault and burglary at residential premises all decreased. Specifically, incidents of burglary at residential premises fell by 7.3 per cent.

Figure 4.13 Growth rates in reported crime categories, Western Cape, 2014 - 2018

Source: SAPS; Quantec. 2019

Figure 4.14 shows the growth rates of various crimes between 2014 and 2018 in the OD.

Figure 4.14 Growth rates in reported crime categories, Overberg District, 2014 - 2018

Source: SAPS; Quantec, 2019

Under the categories analysed, the highest number of incidents reported were drug-related crimes at 2 002.1 incidents per 100 000 people in 2018. Incidents of drug-related crimes have constantly increased over the reference period, from 1 370.6 incidents per 100 000 people in 2014.

Incidents of murder have also increased constantly since over the reference period. In 2014, there were 34.3 incidents of murder reported per 100 000 people since 2014 which has increased to 45.8 incidents reported per 100 000. Incidents of common assault and burglary at residential premises declined between 2017 and 2018. Incidents of common assault in the OD declined from 784.8 incidents per 100 000 in 2017 to

685.5 incidents per 100 000 in 2018. Burglary at residential premises declined from 1 289.7 incidents per 100 000 in 2017 to 1 231.2 incidents per 100 000 people.

4.8 Summary and conclusion

This section explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the OD using a selected number of indicators. Table 4.11 is a summary of recent changes in various social indicators in the OD.

Table 4.11 Changes in selected socio-economic indicators, Overberg District

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 (2008 - 2007): Quantec/Urban-Econ	R13 700	R12 647	R13 908	R16 669	R13 556
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

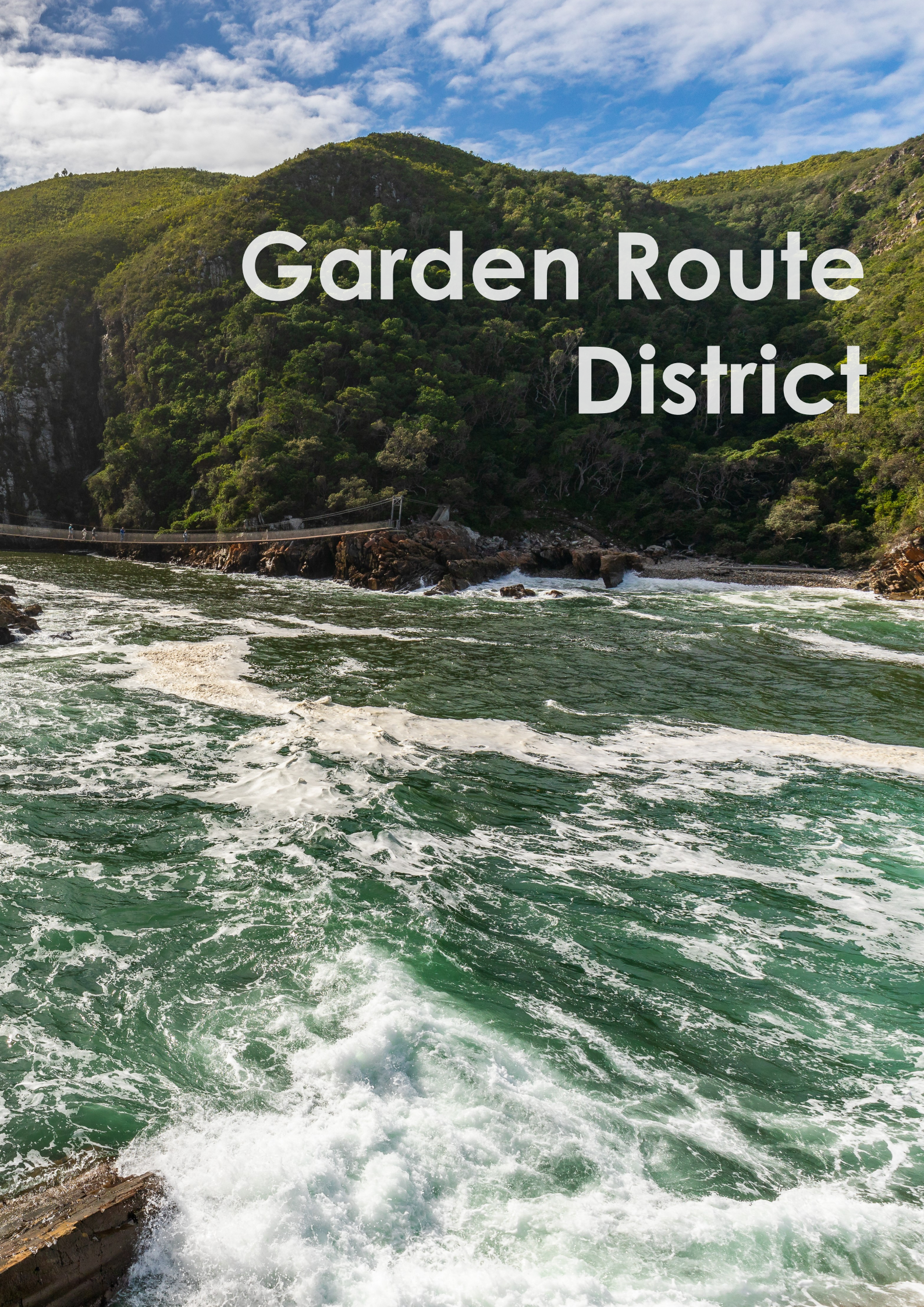
It is expected that the population in the OD will increase by 1.6 per cent over the next five years - population growth is the largest in the Overstrand municipal area. The fast-growing population in the Overstrand municipal area has resulted in a contraction in the GDPR per capita over the last decade,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

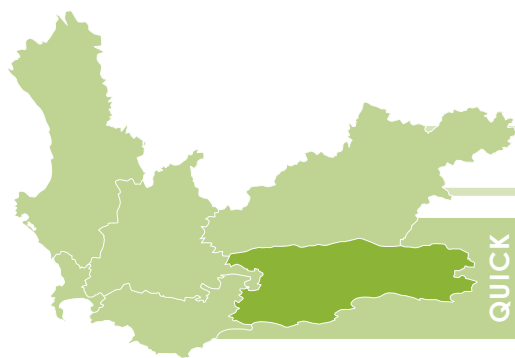
Despite the contracting GDPR per capita, the HDI is improving in the Overstrand municipal area, as well as in the other municipal areas of the OD - highlighting that the standard of living is increasing for households across the District despite the poor economic conditions. This can be as a result of increased access to electricity, water, sanitation, waste removal and health services across the District.

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





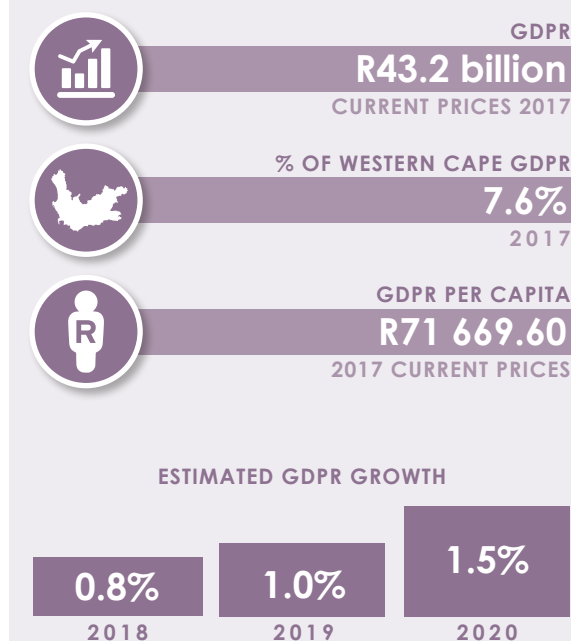
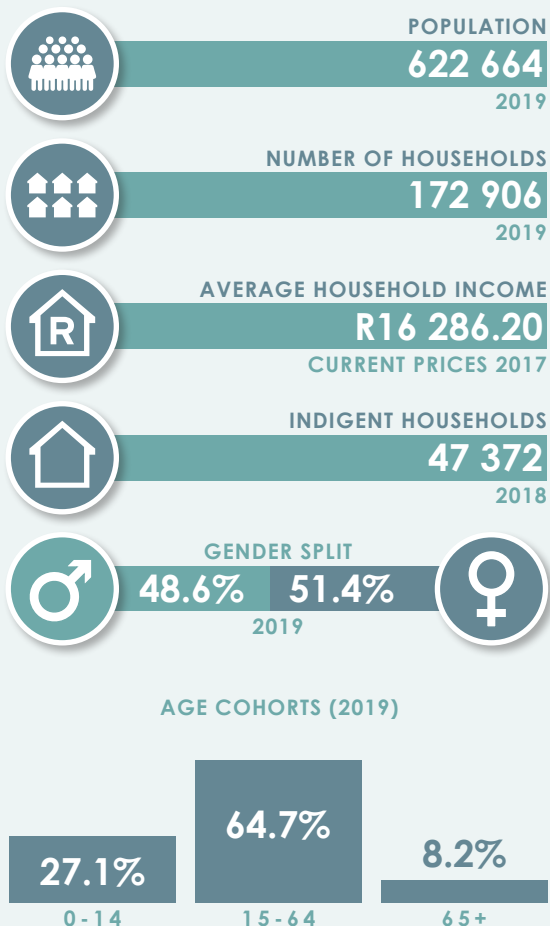
GARDEN ROUTE DISTRICT

GRD

QUICK FACTS

Area	23 331 km ²
Density	25/km ²
Seat	George
Cities/Towns	Knysna, Plettenberg Bay, George, Mossel Bay

DEMOGRAPHICS

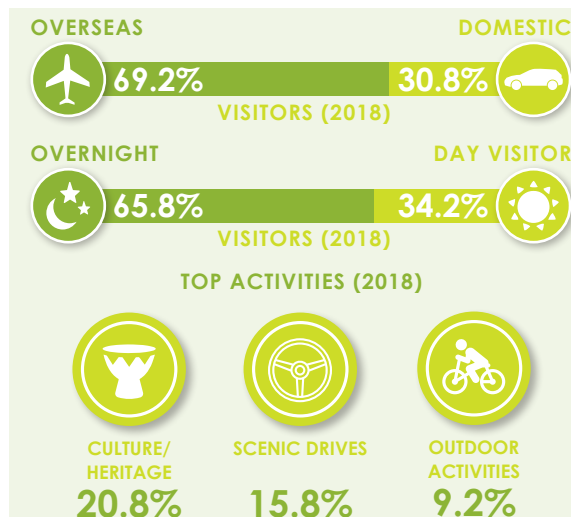
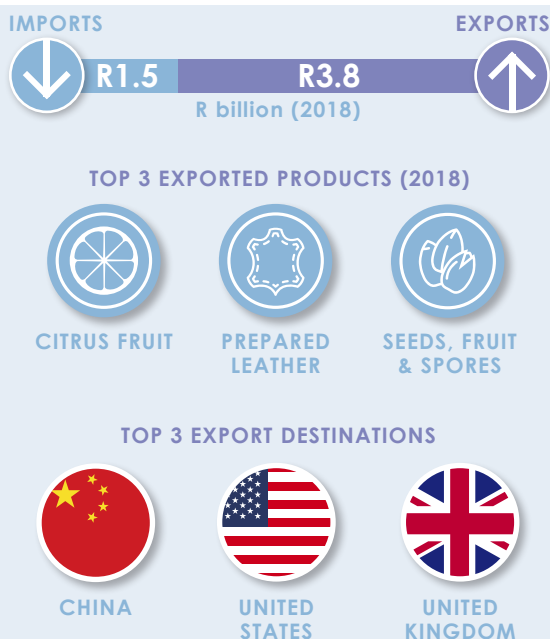


GROSS DOMESTIC PRODUCT

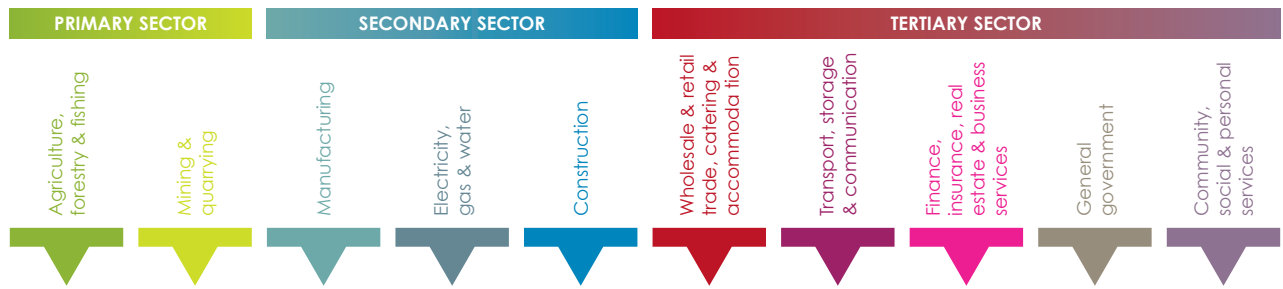


EMPLOYMENT

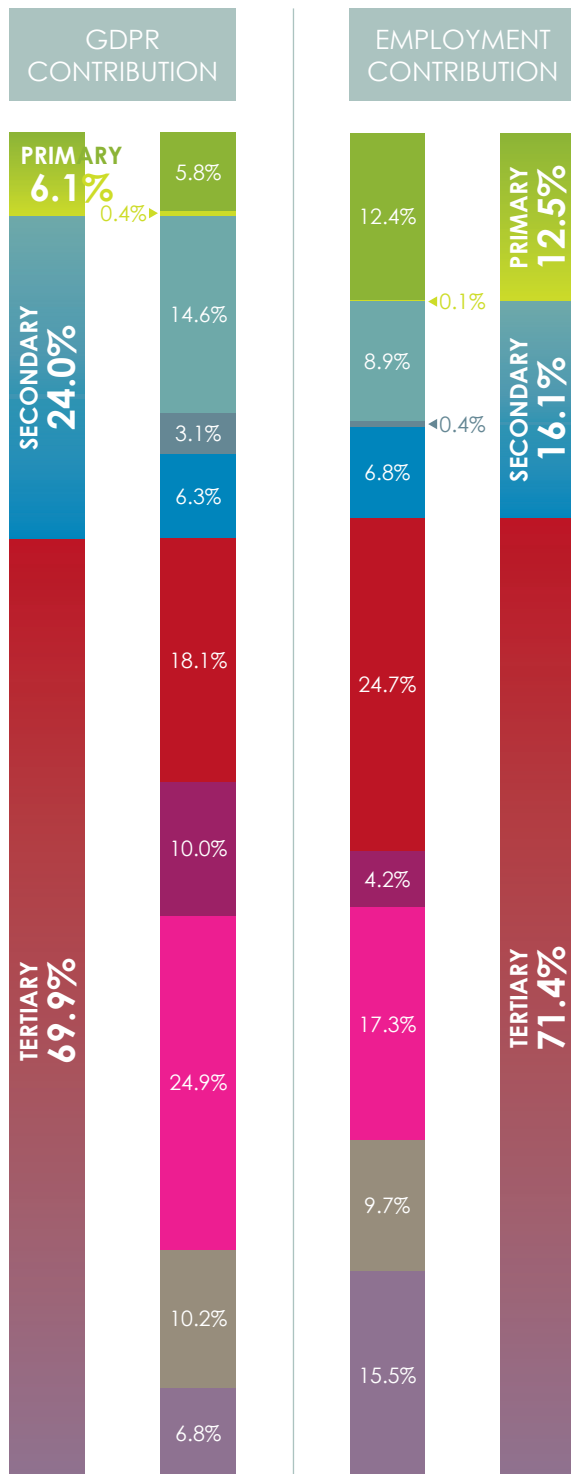
TRADE



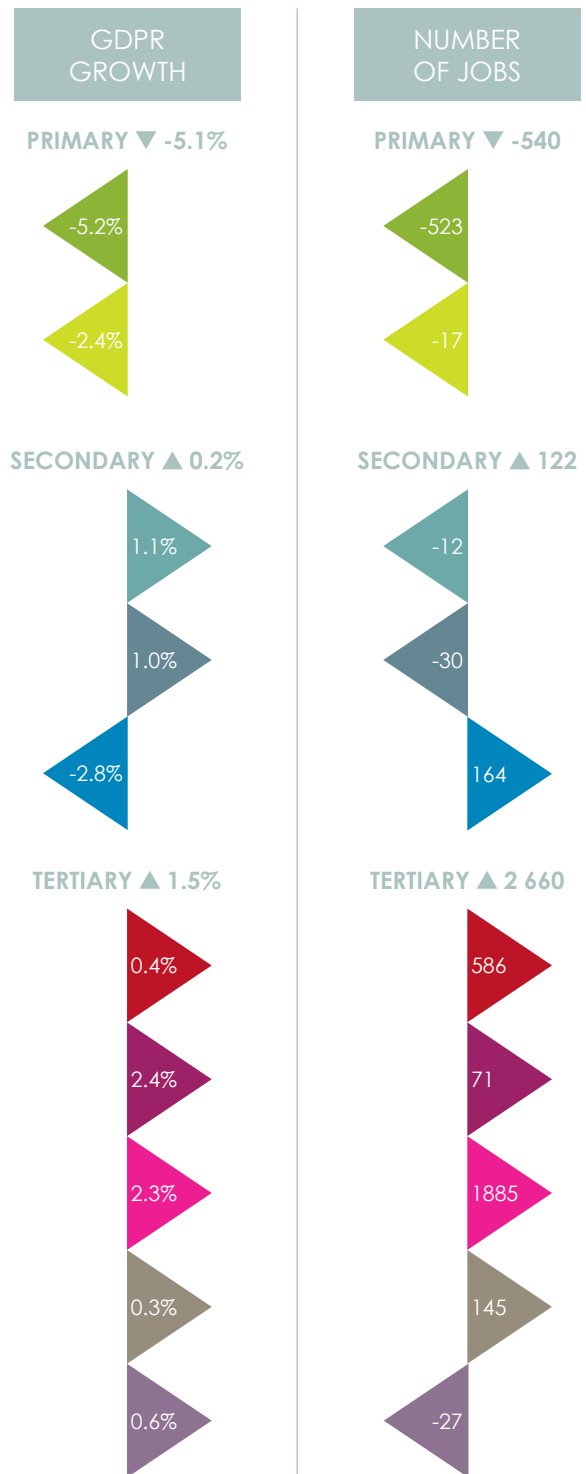
TOURISM



GROSS DOMESTIC PRODUCT AND EMPLOYMENT PER SECTOR (2017)



ESTIMATED GROSS DOMESTIC PRODUCT AND EMPLOYMENT SECTOR GROWTH (2018)





1

Regional economic review and outlook

1.1 Introduction

The Garden Route District (GRD) has the third-largest economy in the Western Cape Province and is well-known for its coastal holiday towns and vast farmlands. The seven local municipalities that make up this District are Kannaland, Hessequa, Oudtshoorn, Mossel Bay, George, Knysna and Bitou¹. The 23 331 square kilometres of the GRD constitutes 18.0 per cent of the total Western Cape Province's size.

This chapter provides a macroeconomic outlook of the GRD, an overview of trends between 2008 and 2018, and an outlook in terms of GDP for 2019 and 2020. Additional indicators of economic activity in the GRD are also discussed.

¹ Eden (Garden Route) District Municipality, 2017

1.2 Growth in GDPR performance

The following section provides an overview of the size of the GRD's economy, as well as the average GDPR contribution and respective growth rates for the various municipal areas within the District. The period under review for MERO 2019 is from 2008 to 2018, with 2018² figures being estimated.

1.2.1 GDPR performance per municipal area

In 2017, the size of the GRD's economy was R43.2 billion (in current prices) and contributed approximately 7.6 per cent to the Western Cape Province's total GDPR. As indicated in Table 1.1, the greatest contributor to GDPR within the GRD is the George municipal area, which accounted for 39.8 per cent of GDPR in 2017. Other notable contributors to GDPR in the GRD are the Mossel Bay and Oudtshoorn municipal areas, which contributed 17.3 per cent and 12.8 per cent respectively.

Table 1.1 Garden Route District GDPR contribution and average growth rates per municipal area, 2017

Municipality	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Kannaland	1 249.9	2.9	2.5	1.1
Hessequa	3 818.6	8.8	2.4	0.4
Mossel Bay	7 452.3	17.3	2.0	0.2
George	17 183.3	39.8	2.7	1.6
Oudtshoorn	5 513.2	12.8	2.3	1.1
Bitou	3 164.6	7.3	2.3	-0.6
Knysna	4 771.1	11.1	1.5	-0.9
Total Garden Route District	43 153.1	100	2.3	0.8
Western Cape Province	568 420.7	-	2.0	0.9

Source: Quantec Research, 2019 (e denotes estimate)

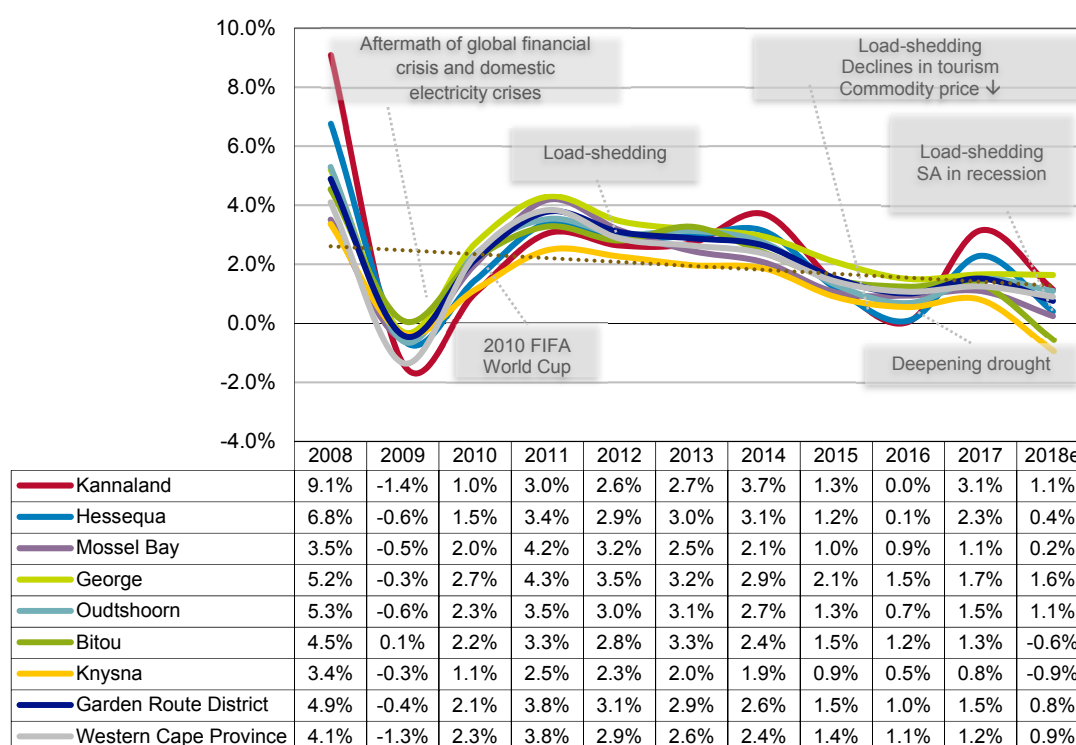
The GRD grew at an average annual rate of 2.3 per cent between 2008 and 2017, which was slightly higher than the 2.0 per cent average annual growth rate of the provincial economy during the same period. Three of the municipal areas within the GRD - George, Kannaland and Hessequa - realised growth rates above the District level, while two municipal areas - Oudtshoorn and Bitou - grew on par with the District. The Mossel Bay and Knysna municipal areas grew at lower rates than that of the District, at 2.0 per cent and 1.5 per cent respectively. As Mossel Bay and Knysna are both significant contributors to GDPR within the District, the below-average growth rates in these municipal areas created a dampening effect on the District's overall growth rate between 2008 and 2017.

² Statistics SA will only release official regional indicators for 2018 in 2020.

In terms of the estimated growth rates for 2018, all economies under review have shown considerably lower growth rates than the averages observed in the preceding ten years, with some regions experiencing contractions. The George municipal area remained the strongest source of growth in the GRD, with an estimated growth rate of 1.6 per cent in 2018 - double the growth rate of the District as a whole. Estimates for 2018 indicate that the economies of the Knysna and Bitou municipal areas have contracted in 2018. As the Knysna municipal area is one of the main contributors to GDPR in the District, the contraction of its economy contributed significantly to the sluggish growth experienced in the District as a whole in 2018.

The analysis of the historical growth rates provides further insight into the dynamics of the economies and their dependencies on the endogenous and exogenous factors within the Province and the country as a whole. The historical growth rates of the District and its local municipalities are depicted in Figure 1.1.

Figure 1.1 GDP growth per municipal area, Garden Route District, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

As indicated above, the international financial crisis of 2008 and the countrywide load-shedding in 2009 saw the Western Cape Province, as well as the GRD, experience significant declines in growth. The GRD experienced further pressure in 2009 due to the regional drought, which was considered the worst recorded drought in 130 years³. The drought had particularly adverse effects on municipalities which are predominantly reliant on agriculture, such as the Kannaland and Hessequa municipal areas.

³ Eden District Municipality (2011)

Most of the municipal areas within the District were able to recover somewhat in 2010, which may be attributed to an increase in tourism spurred by the 2010 FIFA World Cup. However, none of the municipalities have been able to realise their pre-2008 growth rates. Another contributing factor to the lacklustre growth rates experienced in 2011 was the outbreak of avian influenza in the Klein Karoo area, which resulted in a ban on ostrich exports to the European Union (EU)⁴. As the export of ostrich meat and leather products is considered a significant contributor to the GRD economy, the ban had a devastating effect on the local agricultural sector and the economy as a whole.

Over the ten-year period, the GRD has closely mirrored the growth rates experienced in the Western Cape Province, achieving slightly higher growth rates across the period. However, following the mild recovery experienced in 2010 post the 2008/09 crisis, the economy in the GRD has been slowing down. If this trend persists, which is evident from the estimates for 2018, the District economy faces the risk of stagnation.

1.2.2 Sectoral GDPR performance

The structure of the economy can be split into three core sectors - primary, secondary and tertiary. Table 1.2 provides an overview of the sectoral contributions in the GRD as well as their respective growth rates between 2008 and 2017.

Table 1.2 Garden Route District GDPR performance per sector, 2017

Sector	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Primary Sector	2 639	6.1	2.2	-5.1
Agriculture, forestry and fishing	2 484	5.8	2.3	-5.2
Mining and quarrying	155	0.4	0.7	-2.4
Secondary Sector	10 350	24.0	1.1	0.2
Manufacturing	6 312	14.6	1.4	1.1
Electricity, gas and water	1 319	3.1	-1.3	1.0
Construction	2 719	6.3	1.6	-2.8
Tertiary Sector	30 165	69.9	2.7	1.5
Wholesale and retail trade, catering and accommodation	7 811	18.1	1.9	0.4
Transport, storage and communication	4 305	10.0	2.7	2.4
Finance, insurance, real estate and business services	10 733	24.9	3.7	2.3
General government	4 383	10.2	2.1	0.3
Community, social and personal services	2 933	6.8	1.7	0.6
Total Garden Route District	43 153	100	2.3	0.8

Source: Quantec Research, 2018 (e denotes estimate)

The tertiary sector is by far the largest contributor to GDPR in the GRD, accounting for 69.9 per cent of total GDPR in the region. The two largest sources of GDPR growth within the tertiary sector are the finance, insurance, real estate and business services sector, and the wholesale and retail trade, catering and accommodation sector, which account for 35.6 and 25.9 per cent of the tertiary sector's contribution respectively. The

⁴ Eden District Municipality (2011)

finance, insurance, real estate and business services sector has experienced strong growth rates between 2008 and 2017, with an average annual growth rate of 3.7 per cent per annum. The transport, storage and communication sector has also exhibited comparatively strong growth over the same period, with an average annual growth rate of 2.7 per cent. The two sectors showing the slowest growth in the tertiary sector over the period are the community, social and personal services, and wholesale and retail trade, catering and accommodation sectors. Considering that the latter accounts for a large proportion of GDP in the District, the slow growth experienced in this sector is worrisome.

The secondary sector accounts for 24.0 per cent of total GDP growth in the GRD. Overall, the growth in the secondary sector has been lacklustre, with the electricity, gas and water sector experiencing average annual contractions between 2008 and 2017. The manufacturing sector, which accounts for 61.0 per cent of the secondary sector's contribution to GDP in the GRD, has realised below-average growth, with an average annual rate of 1.4 per cent.

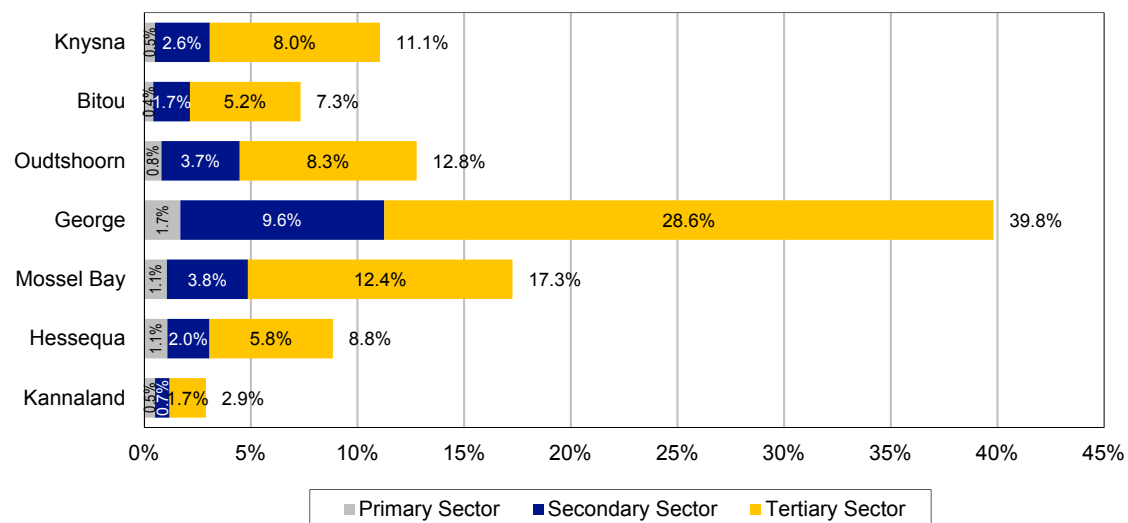
The smallest contributor to GDP in the GRD is the primary sector, which accounts for 6.1 per cent of total GDP. The primary sector is largely represented by agriculture, forestry and fishing, which has achieved growth rates on par with overall District growth. The mining and quarrying sector, however, stagnated between 2008 and 2017. As the mining and quarrying sector is not a significant contributor to the District's economic activities, the stagnation experienced in this sector should not have major adverse effects on the District.

The estimated growth rates in 2018 provide a rather bleak outlook for the GRD's economy. The growth in the primary sector is estimated to have contracted extensively in 2018. The secondary sector's growth rates have also shown little promise and have been suppressed by contractions in the construction sector. The tertiary sector remains the strongest sector in terms of both total GDP as well as its growth rate, which is estimated at 1.5 per cent in 2018. The stable growth rate in the tertiary sector has been assisted by above-average growth in its dominant sector - finance, insurance, real estate and business services, with an estimated growth rate of 2.3 per cent in 2018.

Considering the sectoral structure of the District's economy and its average growth rates during the 2008 to 2017 period, the development of the GRD was largely propelled by the tertiary sector and, specifically, the expansion of the finance, insurance, real estate and business services sector, and transport industries. Consumption by households has been on a decline, which is evident from the slowdown in growth of the trade and personal services sectors. This could be attributed to the decreasing real purchasing power of households as a result of rising living costs associated with increasing electricity prices, fuel costs, and food inflation, at various stages of the analysed period.

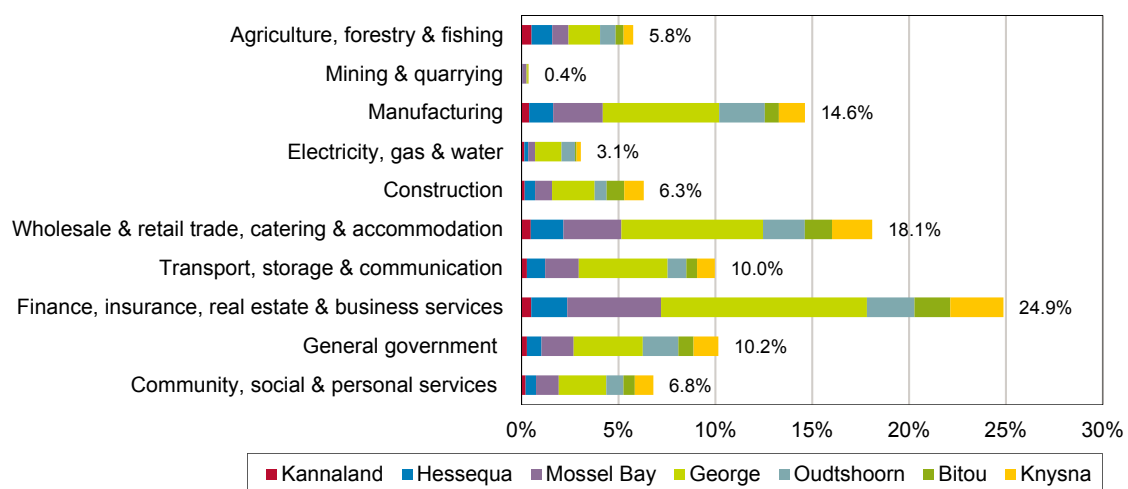
An overview of the GDP contribution of the primary, secondary and tertiary sectors in the various municipal areas of the GRD is provided in Figure 1.2.

The tertiary sector in the George municipal area contributes substantially to GDP at 28.6 per cent, which points to the municipal area being the hub of economic activity in the GRD.

Figure 1.2 GDP contribution per municipal area, Garden Route District, 2017 (%)

Source: Quantec Research, 2019

Figure 1.3 reflects the sectors that contributed the most to the GRD economy in 2017 by local municipal area.

Figure 1.3 Garden Route District GDP contribution per sector, 2017 (%)

Source: Quantec Research, 2019

The finance, insurance, real estate and business services sector is the largest contributor to GDP in all municipal regions in the GRD. The second-largest contributor in six of the seven municipal areas is wholesale and retail trade, catering and accommodation, with Oudtshoorn being slightly more reliant on the manufacturing sector. Overall, the sectoral spread is relatively even across municipal areas, with the tertiary sector being the predominant contributor to GDP in all municipal areas in the GRD. The exception to this is the mining and quarrying sector, which is nearly wholly concentrated in the Mossel Bay municipal area due to the presence of offshore natural gas fields in this area.

1.2.3 GDPR performance per sector forecast (outlook)

Table 1.3 indicates the GDPR forecast per sector for 2019, 2020 and the trend for 2019 - 2023. The GDPR forecast for the GRD shows tepid growth rates in 2019, which are estimated to increase slightly in 2020. Off the back of contractions in 2018, the agriculture, forestry and fishing sector is forecasted to have the highest growth rate in the GRD in 2019, with growth of 2.2 per cent estimated for the year. However, the growth in this sector may be short-lived, with a contraction of 1.1 per cent forecast for 2020.

Table 1.3 GDPR forecast per sector, 2019 - 2020 (%)⁵

Sector	2019f	2020f	Trend 2019f - 2023f
Primary Sector			
Agriculture, forestry and fishing	2.2	-1.1	-1.6
Mining and quarrying	-1.1	2.3	1.7
Secondary Sector			
Manufacturing	1.4	3.4	3.8
Electricity, gas and water	-0.1	0.3	-0.1
Construction	-2.8	-2.0	-2.4
Tertiary Sector			
Wholesale and retail trade, catering and accommodation	0.4	0.2	0.9
Transport, storage and communication	1.4	2.6	3.8
Finance, insurance, real estate and business services	1.9	3.2	4.6
General government	-0.6	-1.4	-2.4
Community, social and personal services	0.8	0.8	1.0
Total	1.0	1.5	2.3

Source: Urban-Econ based on BER, 2019 (f denotes forecast)

While most sectors are forecasted to experience lacklustre growth rates in 2019, estimates for 2020 show more promise. The manufacturing and the finance, insurance, real estate and business services sectors are forecasted to perform particularly well during 2020, with growth rates of 3.4 per cent and 3.2 per cent respectively. The trend between 2019 and 2023 indicates that while slow growth is noted in the former years, the growth rates in the District are forecasted to improve to an average of 2.3 per cent over the period, which is mainly driven by the manufacturing sector (3.8 per cent) and the finance, insurance, real estate and business services sector (4.6 per cent), as well as the transport, storage and communication sector (3.8 per cent).

1.3 Labour trend analysis

This subsection discusses some of the key employment trends, firstly by outlining which local municipal areas are the largest contributors to employment creation in the GRD. It also highlights which areas experienced significant changes in terms of employment patterns. It also discusses the employment dynamics by identifying which sectors employ the most persons. In addition, it attempts to highlight which sectors have

⁵ Based on provincial forecasts done in July 2019 - Bureau for Economic Research (BER).

contributed more in creating new job opportunities (or have experienced job losses) in the District.

1.3.1 Employment per municipal area

Table 1.4 indicates the status of employment in each municipal area, as well as the number of jobs created over a ten-year period. The estimated number of jobs created in 2018 is also provided.

Table 1.4 Garden Route District employment growth, 2017

Municipality	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Kannaland	4.4	10 023	77	-5
Hessequa	10.9	24 792	1 848	158
Mossel Bay	15.9	36 128	3 628	279
George	35.6	80 811	11 573	1 058
Oudtshoorn	13.1	29 638	2 121	128
Bitou	8.5	19 338	3 549	338
Knysna	11.5	26 059	2 854	286
Total Garden Route District	100	226 789	25 650	2 242
Western Cape Province	-	2 518 080	326 286	35 433

Source: Quantec Research, 2019 (e denotes estimate)

The GRD employed 226 789 people in 2017 and contributed 9.0 per cent to provincial employment. Between 2008 and 2017, 25 650 jobs were created in the District - an average rate of 2 565 jobs per annum. In 2018, the estimated increase in jobs in the District was 2 242 jobs, which is approximately 12.6 per cent lower than the average number of jobs created annually in the preceding ten years.

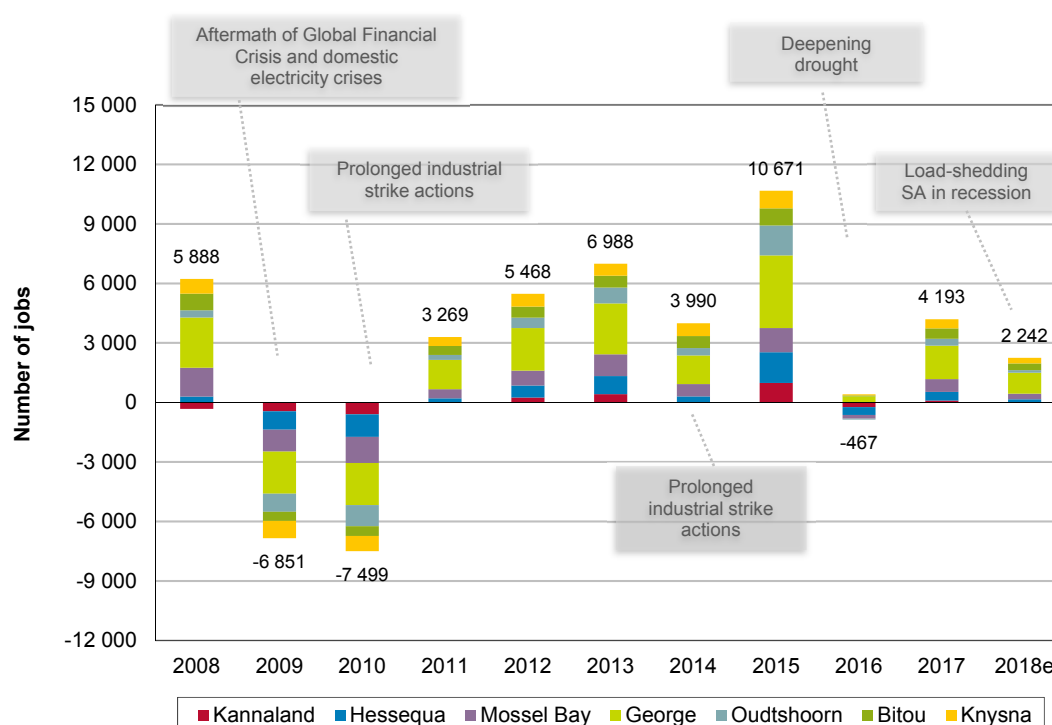
In line with its GDP contribution, the George municipal area is the largest contributor to employment, accounting for approximately 35.6 per cent of employment in 2017. The Mossel Bay, Oudtshoorn and Knysna municipal areas are also significant contributors to employment, accounting for 36 128, 29 638 and 26 059 jobs respectively. The Kannaland municipal area, which is rural in nature, provides the smallest number of job opportunities in the District (10 023 jobs in 2017).

In terms of estimated employment growth rates for 2018, most municipalities within the GRD experienced slower growth rates than in the preceding decade. The Mossel Bay and Oudtshoorn municipal areas experienced the largest slowdown in employment growth in 2018, with an estimated decrease of 23.0 per cent and 40.0 per cent compared to the average annual growth rate in the preceding decade. However, the Kannaland municipal area was the only region in the GRD that had experienced job-shedding, although the number of job losses was marginal.

In terms of long term employment trends, the fluctuations in GDPR are mirrored in the employment trends experienced between 2008 and 2018, as seen in Figure 1.4.

Promoting entrepreneurship and SMME development will create jobs in the District. SMMEs typically need support and training in business planning and marketing as well as access to finance and equipment⁶. Mentorship programmes are also great support tools for SMMEs.

Figure 1.4 Employment change per municipal area, Garden Route District, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

There was a substantial amount of job-shedding in 2009 and 2010, which coincided with the significant contractions the economy experienced during these years. Furthermore, intensive industrial strike action was experienced in 2010, which may have been an additional contributing factor to the decline in employment. A total of 14 350 jobs (6 851 in 2009 and 7 499 in 2010) were lost during these two years, and it took three years for the economy to recover these lost jobs. From 2011 to 2013, the employment figures in the District seemed to be on an upward trend. However, in 2014, the number of jobs created in the GRD declined significantly compared to 2013. This decline may also be attributable to the industrial strike action which had prevailed during this period.

While traction in employment was regained in 2015, offsetting the job losses experienced in 2014, employment took another dip in 2016. As 2015 marked the beginning of the drought in the Western Cape as well as a decrease in tourism figures for the first time since 2010, the drop in employment creation in 2016 may be attributed

⁶ Provincial Government Western Cape Municipal Perception Survey – Garden Route Municipality (2019)

to lowered demand in the agricultural and tourism-related sectors due to the factors experienced in 2015.

1.3.2 Sectoral employment

In line with its GDPR contribution, the tertiary sector contributes the highest proportion of employment in the GRD with 161 898 jobs, which is 71.4 per cent of the total employment in the region. The primary and secondary sectors account for 12.5 per cent and 16.1 per cent of employment respectively.

Table 1.5 Garden Route District employment per sector, 2017

Sector	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	12.5	28 346	-10 307	-540
Agriculture, forestry and fishing	12.4	28 154	-10 292	-523
Mining and quarrying	0.1	192	-15	-17
Secondary Sector	16.1	36 545	339	122
Manufacturing	8.9	20 235	-252	-12
Electricity, gas and water	0.4	884	244	-30
Construction	6.8	15 426	347	164
Tertiary Sector	71.4	161 898	35 618	2 660
Wholesale and retail trade, catering and accommodation	24.7	55 985	11 573	586
Transport, storage and communication	4.2	9 481	3 330	71
Finance, insurance, real estate and business services	17.3	39 233	12 514	1 885
General government	9.7	21 944	2 763	145
Community, social and personal services	15.5	35 255	5 438	-27
Total Garden Route District	100	226 789	25 650	2 242

Source: Quantec Research, 2019 (e denotes estimate)

As the primary sector contributes only 6.1 per cent to the GDPR of the region, this is indicative that the primary sector is relatively labour-intensive. However, the agricultural sector is not independent of the trends experienced both nationally and internationally and is susceptible to movements towards capital-intensive means of production.

While the finance, insurance, real estate and business service sector is the strongest performer in terms of GDPR, the wholesale and retail trade, catering and accommodation sector provides more employment opportunities for the GRD. It is important to note that the wholesale and retail trade, catering and accommodation sector also encapsulates tourism activity. As such, the seasonality of tourism spikes may have an adverse effect on the stability of employment levels in this sector, which would need to be offset by sectors which are less influenced by seasonal changes.

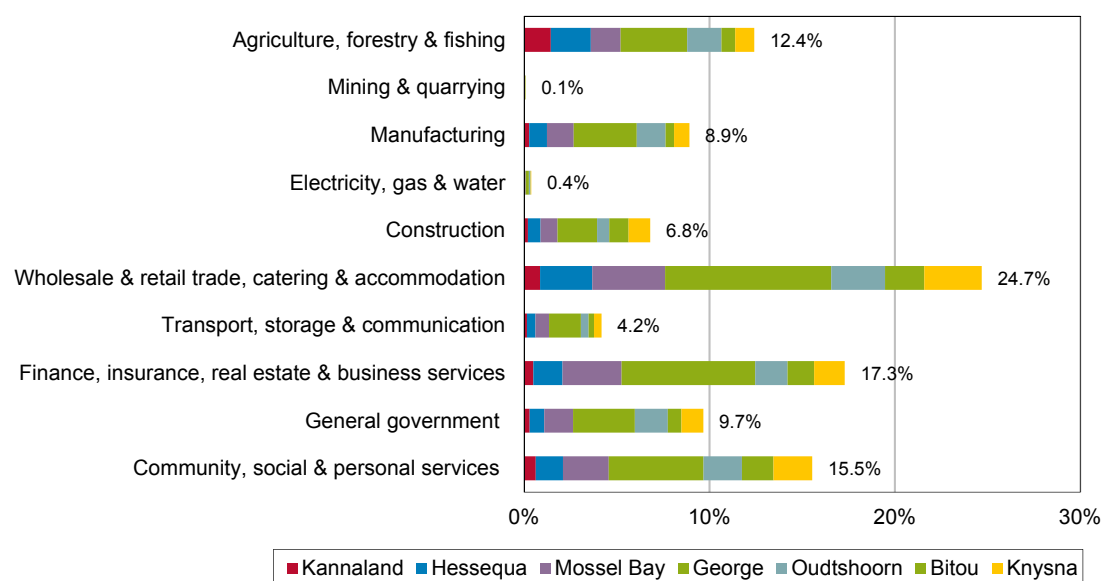
Between 2008 and 2017, the primary sector has suffered an average decline in employment of 1 031 jobs per annum, which was predominantly attributable to the agriculture, forestry and fishery sector. The sharp decline in employment in this sector may be attributable to the drought in the Western Cape, which may have lowered the demand for labour in this sector.

The secondary sector, wherein the manufacturing and construction sectors are nearly wholly responsible for the secondary sector's contribution to employment, contributes less to employment than to GDP. This indicates that these sectors are relatively capital-intensive. As indicated in Table 1.5, the trend between 2008 and 2017 in the manufacturing sector indicates a net decline in employment of 252 jobs during this period. While this may indicate a transition to more capital-intensive means of production, the contraction may also be attributable to the wider state of the sector within the country, which has seen declines in the manufacturing sector as a whole over the last several periods.

In relation to estimates for 2018, the primary sector is expected to continue shedding jobs at a reduced annual rate. The secondary sector has experienced decreases in the manufacturing and the electricity, gas and water sectors. The net change in the secondary sector's employment was, however, offset by an annual increase in employment in the construction sector. While the increase in employment in the tertiary sector is lower than the average annual rate in the preceding decade, only the community, social and personal services sector is expected to experience a contraction in employment in 2018. This is a positive indication that the tertiary sector in the GRD will remain a positive contributor to employment in the future.

Sectoral contribution to employment, as illustrated in Figure 1.5, is predominantly driven by wholesale and retail trade, catering and accommodation, barring the Kannaland municipal area, which is more reliant on the agriculture, forestry and fishing sector for job opportunities. Important to note is that while the finance, insurance, real estate and business services sector is the largest contributor to GDP in all regions, this sector is less reliant on labour for its revenue-generating activities and thus contributes less to employment in most municipal areas than sectors which are labour-intensive, such as agriculture, forestry and fishing.

Figure 1.5 Sectoral employment contribution per municipal area, Garden Route District, 2017 (%)

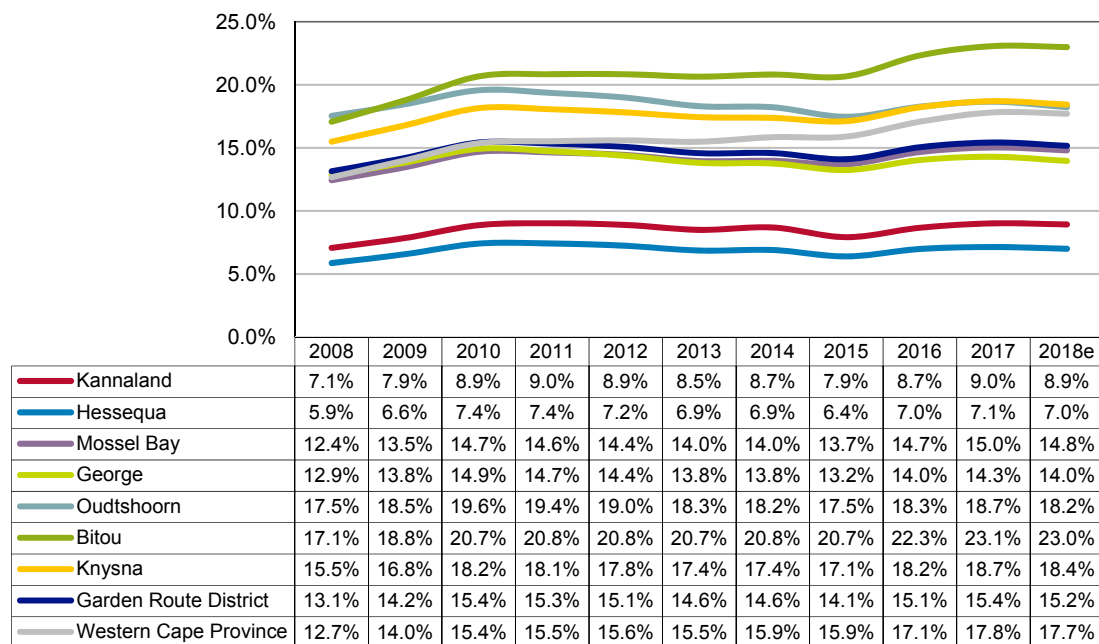


Source: Quantec Research, 2019

Figure 1.6 outlines the official unemployment rate for each of the municipal areas in the GRD.

Unemployed persons according to the official definition are those (aged 15 - 64 years) who were not employed in the reference week, actively looked for work or tried to start a business in the four weeks preceding the survey interview and were available for work or had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available⁷.

Figure 1.6 Garden Route District unemployment rates, 2008 - 2018 (%)



Source: Quantec Research, 2019 (e denotes estimate)

For most of the period, unemployment rates in the District have closely mirrored those in the Western Cape Province. From 2013, however, the GRD experienced unemployment rates lower than that of the provincial economy. On average, the unemployment rate in the GRD has been relatively constant over the reference period, increasing marginally from 13.1 per cent in 2008 to 15.2 per cent in 2018, with a marginal decrease of 0.2 percentage points between 2017 and 2018.

Three municipal areas in the GRD – Oudtshoorn, Bitou and Knysna - experienced unemployment rates higher than that of the District. While the Oudtshoorn municipal area registered the highest unemployment rate in 2008, the unemployment rate in the Bitou municipal area has exceeded that of the Oudtshoorn municipal area between 2009 and 2018. The Bitou municipal area experienced significant increases in unemployment over the reference period, from 17.1 per cent in 2008 to 23.0 per cent in 2018. In 2018, the unemployment rate in the Bitou municipal area was 7.8 percentage points higher than that of the District.

⁷ Statistics South Africa (2019)

While the Hessequa and Kannaland municipal regions registered the lowest unemployment rates in the GRD between 2008 and 2018, both municipal areas experienced slight increases in unemployment over the reference period. In the Kannaland municipal area, the unemployment rate increased from 7.1 per cent in 2008 to 8.9 per cent in 2018, while the Hessequa municipal area's unemployment rate increased from 5.9 per cent to 7.0 per cent over the same period.

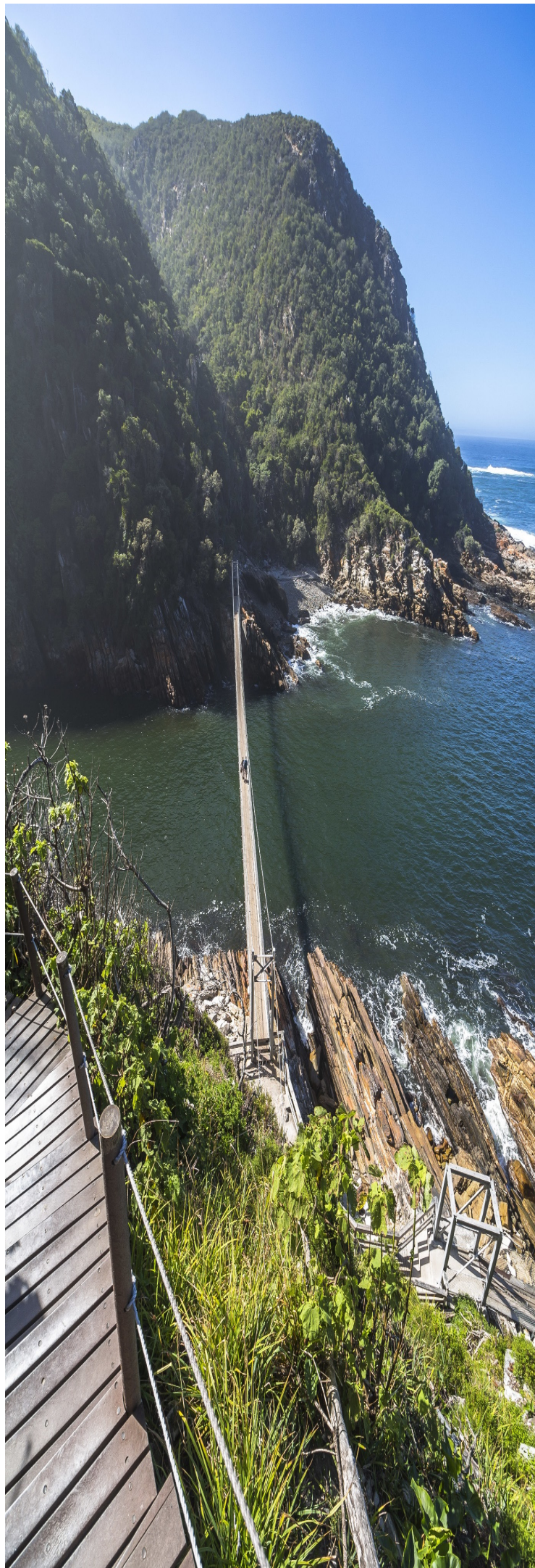
1.4 Concluding remarks

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 GDP. 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 GDP 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 GDP. 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 GDP 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 GDP 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 its GDP 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 GDP, 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 GDP - finance, insurance, real estate and business services - is estimated to be the main source of job creation in 2018.



2

Sectoral growth, employment and skills per municipal area

2.1 Introduction

This chapter provides a macroeconomic outlook at the municipal level, an overview of trends from 2008 to 2018, as well as the employment and skill levels in each of the local municipal areas of the GRD. This chapter further provides information on building plans passed and completed for selected local municipalities.

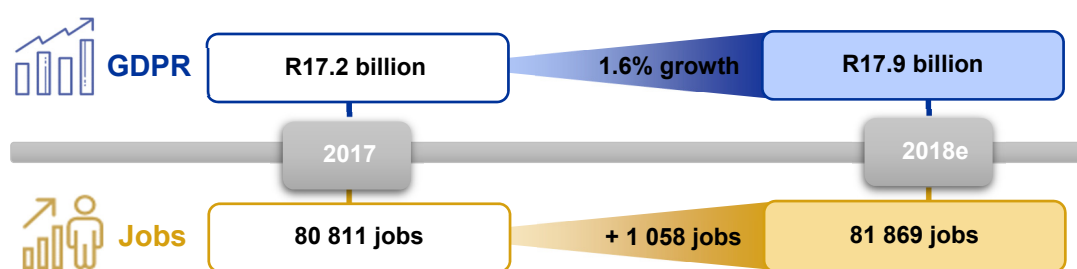
2.2 George

The George municipal area spans from the coastline, where Herold's Bay and Wilderness are popular tourist areas, to the drier climate of the Little Karoo in the north. George is the main town in the municipal area and serves as a regional node for other municipal areas in the GRD. Smaller towns in the municipal area include Wilderness, Herold's Bay, Uniondale, Touwsrante, Haarlem, Hoekwil and Victoria Bay. The George municipal area is well-connected via the N2, the N9 and the N12, as well as the George regional airport⁸.

2.2.1 GDPR and employment performance

In 2017, the size of the George municipal area's economy was R17.2 billion (in current prices), with 80 811 people employed in the region. The estimated GDPR growth rate in the region was 1.6 per cent (in real terms) in 2018, which was slightly higher than the 1.5 per cent growth rate of the GRD's economy. An additional 1 058 jobs were created in the municipal area in 2018, bringing the total number of employed persons in the region up to 81 869.

Diagram 2.1 George GDPR (current prices) and employment, 2017 and 2018e

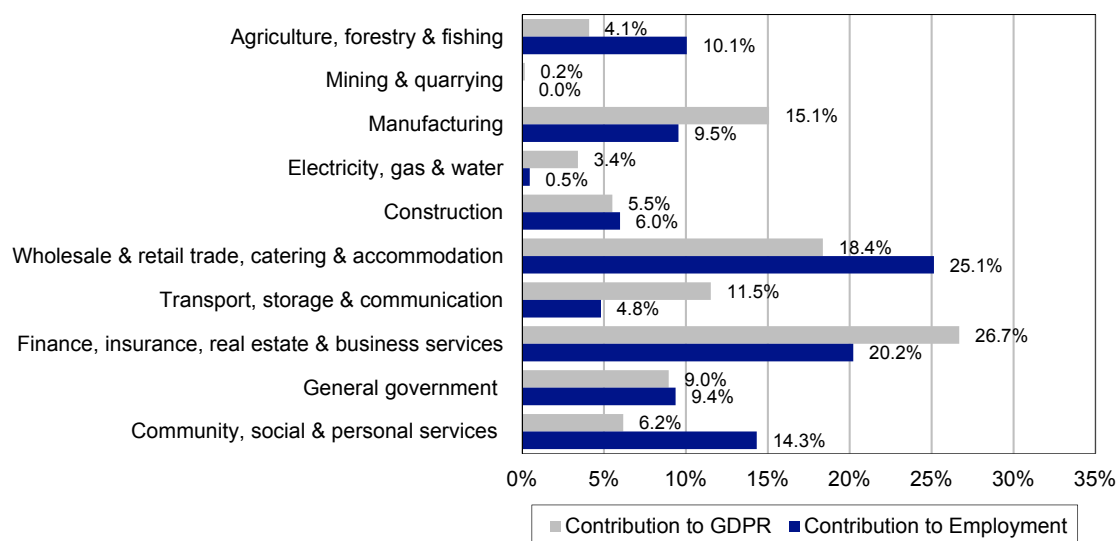


Source: Quantec Research, 2019 (e denotes estimate)

Valued at R12.3 billion in 2017, the tertiary sector is the municipal area's predominant source of GDPR, accounting for approximately 71.7 per cent of total GDPR in the region. With a value of R4.1 billion, the secondary sector is also a significant contributor to the municipal area's economy. The primary sector is the smallest contributor, accounting for only 4.3 per cent of the local economy's GDPR.

As indicated in Figure 2.1, the finance, insurance, real estate and business services sector is the leading contributor to GDPR in the George municipal area, followed by the wholesale and retail trade, catering and accommodation sector. The manufacturing sector is another notable contributor to GDPR, with a value of R2.6 billion in 2017, as indicated in Table 2.1.

⁸ George Municipality (2013)

Figure 2.1 George sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

In terms of employment, the leading contributor is the wholesale and retail trade, catering and accommodation sector, which is followed by the finance, insurance, real estate and business services sector. The third-largest contributor to employment is the community, social and personal services sector.

Table 2.1 George GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	733.0	2.6	-4.2	8 167	-3 057	-165
Agriculture, forestry and fishing	703.7	2.6	-4.3	8 129	-3 055	-162
Mining and quarrying	29.3	1.7	-2.0	38	-2	-3
Secondary Sector	4 125.8	1.4	1.0	12 931	511	81
Manufacturing	2 591.7	1.9	1.9	7 717	61	49
Electricity, gas and water	586.3	-1.8	0.9	379	113	-14
Construction	947.8	1.9	-2.0	4 835	337	46
Tertiary Sector	12 324.5	3.1	2.2	59 713	14 119	1 142
Wholesale and retail trade, catering and accommodation	3 156.5	2.1	0.8	20 319	4 173	228
Transport, storage and communication	1 980.9	3.4	3.1	3 893	1 447	50
Finance, insurance, real estate and business services	4 586.8	4.3	3.3	16 344	5 785	799
General government	1 539.3	1.9	0.4	7 574	1 025	59
Community, social and personal services	1 061.1	1.5	0.5	11 583	1 689	6
Total George	17 183.3	2.7	1.6	80 811	11 573	1 058

Source: Quantec Research, 2019 (e denotes estimate)

In 2017, the two main contributors to GDP in the tertiary sector were the finance, insurance, real estate and business services sector, with a contribution of R4.6 billion, and the wholesale and retail trade, catering and accommodation sector, with a contribution of R3.2 billion. The tertiary sector was the predominant driver of growth in the municipal area, with an average annual growth rate of 3.1 per cent. The finance, insurance, real estate and business services sector exhibited the strongest growth performance between 2008 and 2017, growing at an average rate of 4.3 per cent annually. The transport, storage and communication sector also experienced significant growth at 3.4 per cent per annum during the same period. Despite slower growth rates estimated in 2018, these sectors were the leading contributors to growth in the George municipal area during 2017.

In terms of employment, the tertiary sector is also the predominant source, contributing 59 713 jobs in 2017, the tertiary sector accounted for 73.9 per cent of all employment opportunities in the region. With a contribution of 20 319 jobs in 2017, the wholesale and retail trade, catering and accommodation sector accounted for the highest proportion of employment in the region. Estimates for 2018, however, indicate a decline in contribution in this sector, from 933 jobs created in 2017 to 228 jobs in 2018. Positive, however, is the growth in employment in the finance, insurance, real estate and business services sector, which is on an upward trend, from 556 job opportunities created in 2017 to 799 job opportunities in 2018.

The secondary sector experienced tepid annual average growth of 1.4 per cent between 2008 and 2017. While the manufacturing and construction sectors were able to sustain positive average rates of 1.9 per cent, the electricity, gas and water sector suffered contractions between 2008 and 2017. Although slight improvements in the electricity, gas and water sector are observed from estimates for 2018, the secondary sector's overall growth was hampered by a contraction of 2.0 per cent estimated for the construction sector. Growth in the manufacturing sector is expected to remain on trend, with a rate of 1.9 per cent estimated for 2018.

The secondary sector accounts for 12 931 jobs, which is 16.0 per cent of all employment in the region. A net increase of 511 jobs was experienced between 2008 and 2017, largely driven by the creation of employment opportunities within the construction sector. While all three sectors were able to contribute positively to employment over the decade, the manufacturing sector created the smallest number of jobs in the secondary sector between 2008 and 2017. Although this sector is a main contributor to GDP, manufacturing is less labour-intensive than other sectors. Improvements in this sector will therefore not realise equal opportunities for employment. Estimates for 2018 indicate a further slowdown in employment opportunities for the secondary sectors, mainly due to a sharp annual decline in the construction sector's contribution to employment.

The primary sector, which largely comprises agriculture, forestry and fishing, was valued at R733.0 million in 2017 and realised an average annual growth rate of 2.6 per cent between 2008 and 2017 - slightly lower than the total municipal area's average of 2.7 per cent. While positive growth was noted for the preceding decade, estimates for 2018 indicate contractions in both industries in the primary sector, with the agriculture, forestry and fishing sector experiencing a significant contraction of 4.3 per cent in 2018.

While positive growth rates were experienced between 2008 and 2017 in the primary sector, employment in this sector did not follow the same trend. During the period, the net loss of employment was 3 057 jobs. The primary sector was particularly affected between 2008 and 2011, during which 4 525 jobs were lost. These losses were largely attributable to decreases in employment opportunities in the agriculture, forestry and fishing sector. While improvements were observed during 2012 and 2013, the 894 jobs created during this period only resulted in one out of five jobs which were lost during 2008 and 2011 being replaced. The improvements noted in 2012 and 2013 were again reversed in 2014 when 341 jobs were lost. In terms of employment in the primary sector, 2015 saw the largest boost, with 1 590 jobs being created in the sector⁹. However, since 2016, employment in the primary sector has been declining year-on-year. Estimates for 2018 are indicative of a persistence in trend, with a decline of 165 jobs being experienced.

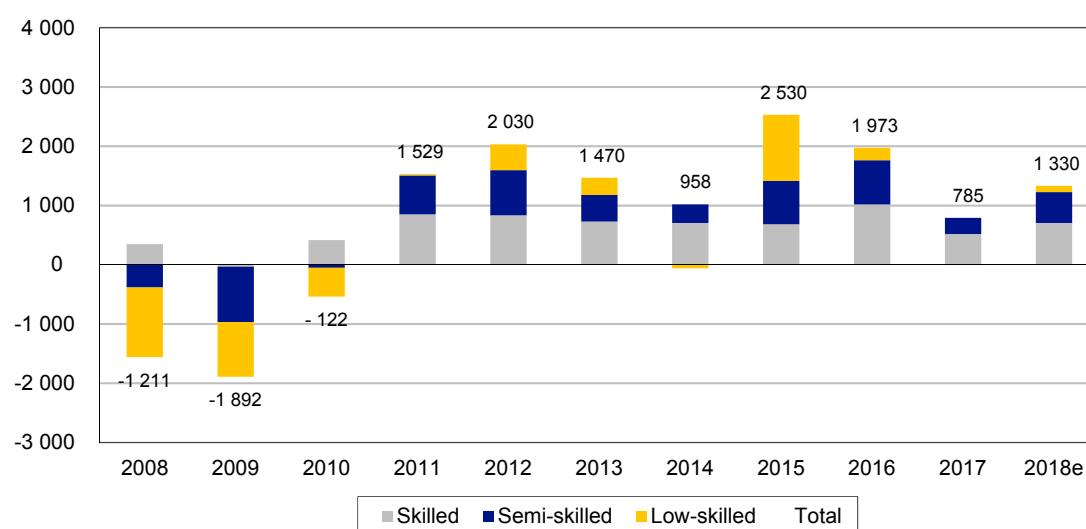
2.2.2 Skills analysis

Employment in the George municipal area was not unaffected by the economic downturn experienced in South Africa between 2008 and 2010. During this period 3 225 jobs were lost in the region, with low-skilled labour bearing the largest proportion of these job losses. Over these three years, low-skilled labour experienced a decline of 2 585 jobs. While 2011 brought about a marginal improvement in employment, the 749 jobs created for low-skilled labour between 2011 and 2013 replaced less than a third of the jobs lost in the preceding three years. In 2014, the demand for low-skilled labour declined even further, which was followed by the largest improvement in the decade in 2015⁹, during which 1 114 jobs were created. Since then, however, job opportunities for low-skilled labour have been decreasing, with an estimated number of 103 jobs created in 2018.

While semi-skilled workers were also affected by the economic downturn between 2008 and 2010, the recovery period post-2010 saw substantial improvements in the number of opportunities for semi-skilled workers. The 1 371 jobs lost between 2008 and 2010 were offset between 2011 and 2013. Although employment opportunities for semi-skilled workers slowed in 2017, estimates indicate an upswing in the creation of jobs in 2018, from 274 jobs created in 2017 to 522 jobs created in 2018.

The demand for skilled labour in the George municipal area has been the most consistent between 2008 and 2017 as employment opportunities for skilled labour have been able to withstand periods of economic downturn. While employment opportunities for skilled labour declined from 1 017 in 2016 to 517 in 2017, estimates for 2018 are indicative of improvements, with 705 job opportunities being estimated to have been created in the year.

⁹ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

Figure 2.2 George employment growth by skill levels, 2008 - 2018

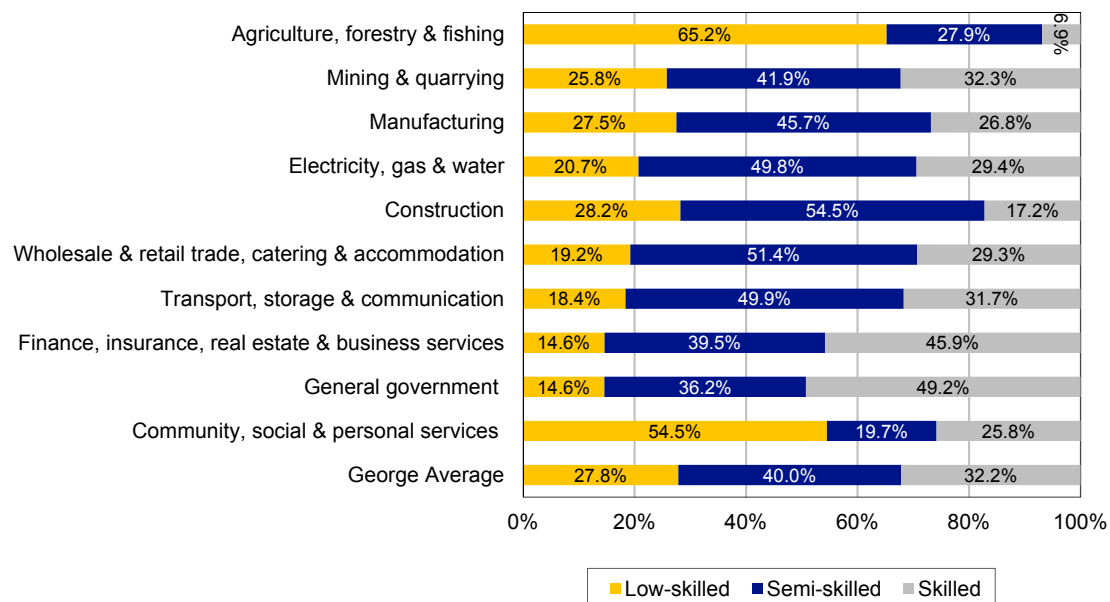
Source: Quantec Research, 2019 (e denotes estimate)

In the George municipal area, the agriculture, forestry and fishing and the community, social and personal services sectors are predominantly characterised by low-skilled work. In the agriculture, forestry and fishing sector, 65.2 per cent of workers are low-skilled, while 54.5 per cent of workers in community, social and personal services are low-skilled.

Figure 2.3 provides an overview of the skill level per sector in the George municipal area. In terms of semi-skilled workers, there is a more proportional split across the sectors. The construction sector has the highest number of semi-skilled workers (54.5 per cent), followed by the wholesale and retail trade, catering and accommodation sector (51.4 per cent). The transport, storage and communication, and electricity, gas and water sectors are also characterised by a high number of semi-skilled workers, with 49.9 per cent and 49.8 per cent of workers in these sectors respectively being classified as semi-skilled.

The two sectors with the highest proportion of skilled workers are the general government sector (49.2 per cent), and the finance, insurance, real estate and business services sector (45.9 per cent). The agriculture, forestry and fishery sector, and the construction sector have the lowest number of skilled workers, with only 6.9 per cent and 17.2 per cent of workers in these sectors being classified as skilled.

On average, the George municipal area is characterised by semi-skilled labour. Notably, the region is also characterised by a large number of skilled workers, with just under a third of workers in the region being classified as skilled. As 72.2 per cent of jobs within the region necessitate either semi-skilled or skilled labour, the George unemployment rate lends itself to more stability due to the resilience of employment with these levels of skill.

Figure 2.3 George skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

2.3 Mossel Bay

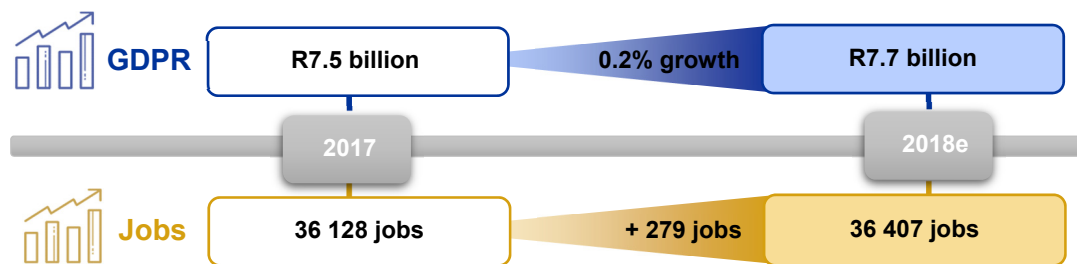
The Mossel Bay municipal area is situated halfway between the Cape Town Metro area and Port Elizabeth in the Eastern Cape Province. The municipal area has a 122 km long coastline which is characterised by three distinct bays, namely Vlees Bay, Dana Bay and Mossel Bay. The MossGas plant and harbour are important infrastructure to the municipal area. The harbour serves the local fishing industry, the gas industry and, to a smaller extent, the tourism industry. The town of Mossel Bay is the main urban node in the municipal area while smaller towns include Boggom's Bay, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Fraaiuitsig, Friemersheim, Great Brak River, Hartenbos, Herbertsdale, Hersham, KwanNonqaba, Little Brak River, Outeniqua Beach, Reebok, Ruiterbos, Southern Cross, Tergniet and Vleesbaai¹⁰.

2.3.1 GDPR and employment performance

In 2017, the Mossel Bay municipal area's economy was valued at R7.5 billion (in current prices). Growth rates in the region have been slowing since 2011, with an estimated growth rate of 0.2 per cent (in real terms) expected in 2018.

The economy in the municipal area employed 36 128 people in 2017. While positive growth in employment is estimated for 2018, the number of additional employment opportunities decreased from 647 in 2017 to 279 in 2018.

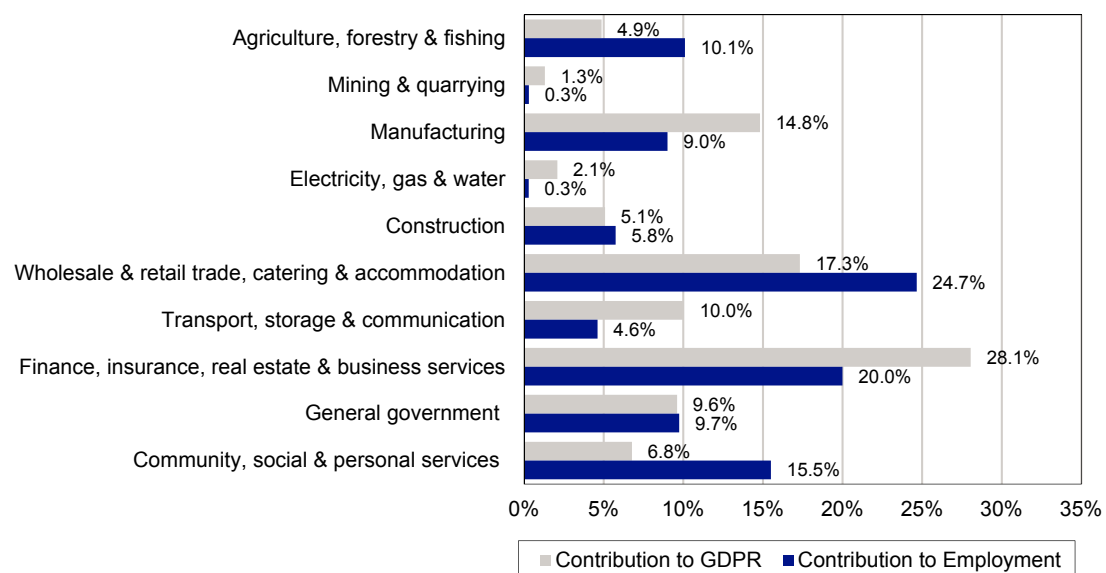
¹⁰ Mossel Bay Municipality (2017)

Diagram 2.2 Mossel Bay GDPR (current prices) and employment, 2017 and 2018e

Source: Quantec Research, 2019 (e denotes estimate)

The three predominant sources of GDPR in the municipal area are the finance, insurance, real estate and business services (contributed R2.1 billion in 2017); wholesale and retail trade, catering and accommodation (R1.3 billion in 2017) and manufacturing (R1.1 billion in 2017) sectors.

In terms of employment, however, the wholesale and retail trade, catering and accommodation sector is the predominant source of jobs. With 8 909 jobs in this sector, the wholesale and retail trade, catering and accommodation sector accounts for a quarter of all employment in the Mossel Bay municipal area. Other notable sources of employment are the finance, insurance, real estate and business services sector, which contributes 20.0 per cent to employment, and community, social and personal services, with a contribution of 15.5 per cent.

Figure 2.4 Mossel Bay sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

It is evident that three sectors in the municipal area are particularly labour-intensive. While the agriculture, forestry and fishing sector contributes only 4.9 per cent to GDP, the sector accounts for 10.0 per cent of the region's employment.

The wholesale and retail trade, catering and accommodation sector, and community, social and personal services sector are also significantly labour-intensive. Manufacturing and finance, insurance, real estate and business services are the least reliant on human resources for their productive activities.

The tertiary sector, which contributes 71.8 per cent of total GDP in the municipal area, was valued at R5.4 billion in 2017. This sector is primarily driven by the finance, insurance, real estate and business services and the wholesale and retail trade, catering and accommodation sectors. The main contributor to GDP in the region - the finance, insurance, real estate and business services sector - achieved average annual growth rates of 3.9 per cent between 2008 and 2017, which was nearly double the 2.0 per cent growth rate achieved by the Mossel Bay municipal area as a whole. Estimates for 2018 indicate a slight slowdown in this sector, with a projected growth rate of 2.7 per cent for 2018. The tertiary sector is, however, the only sector within the municipal region that has shown growth in 2018.

Accounting for 74.5 per cent of employment opportunities in the municipal area, the tertiary sector is the main driver of employment in the region. The finance, insurance, real estate and business services sector has contributed significantly to employment, with a net of 2 067 jobs being created between 2008 and 2017. The predominant source of employment in 2017 - wholesale and retail trade, catering and accommodation - has also been a main source of job creation, creating a total of 1 871 jobs over the same period. While estimates for 2018 indicate a slowdown in terms of job creation in the tertiary sector, 430 jobs are estimated to have been created in 2018.

Table 2.2 Mossel Bay GDP and employment performance per sector, 2017

Sector	GDP			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	461.1	1.8	-6.9	3 762	-1 111	-57
Agriculture, forestry and fishing	363.2	2.1	-8.1	3 652	-1 109	-48
Mining and quarrying	98.0	0.7	-2.3	110	-2	-9
Secondary Sector	1 639.8	-0.9	-2.8	5 440	-1 010	-94
Manufacturing	1 104.3	-0.5	-2.1	3 256	-417	-47
Electricity, gas and water	156.0	-3.6	-0.8	105	13	-6
Construction	379.6	-0.9	-5.9	2 079	-606	-41
Tertiary Sector	5 351.3	2.9	1.6	26 926	5 749	430
Wholesale and retail trade, catering and accommodation	1 291.2	2.1	0.2	8 909	1 871	102
Transport, storage and communication	748.3	2.4	1.9	1 667	575	10
Finance, insurance, real estate and business services	2 090.6	3.9	2.7	7 225	2 067	310
General government	716.2	2.5	0.9	3 522	501	26
Community, social and personal services	505.0	2.0	0.6	5 603	735	-18
Total Mossel Bay	7 452.3	2.0	0.2	36 128	3 628	279

Source: Quantec Research, 2019 (e denotes estimate)

The secondary sector in the municipal area has been experiencing contractions in growth between 2008 and 2017. The manufacturing sector, which has realised a negative average growth rate over the period, has not experienced positive growth rates since 2012. The electricity, water and gas sector has fared even worse - since a contraction of 12.0 per cent in 2008, the sector has failed to achieve positive growth rates. Similarly, the construction sector has suffered contractions year-on-year since 2015. Estimates for 2018 indicate that the trend will continue in the construction sector, with marginal improvements being registered in the other two sectors.

The trend in employment for the secondary sector mirrors the contractions in growth experienced. Between 2008 and 2017, average job losses of 1 010 jobs were experienced. The trend is expected to continue in 2018 - estimates indicate 94 job losses have occurred in the secondary sector, which is mainly due to job losses in the manufacturing and construction sectors.

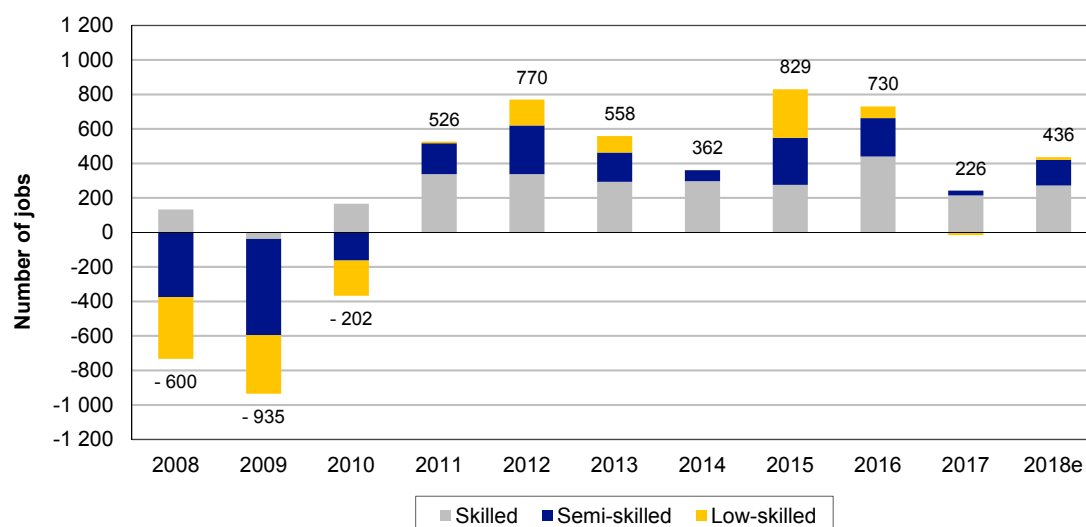
The municipal area's smallest sector - the primary sector - comprises agriculture, forestry and fishing, valued at R363.2 million in 2017, and mining and quarrying, valued at R98.0 million in 2017. Overall, the primary sector has achieved average growth rates of 1.8 per cent per annum (2008 - 2017), largely due to the stagnation in the mining and quarrying sector. The outlook for 2018 paints an unfavourable picture for the sector, with the agriculture, forestry and fishing sector being particularly concerning with an estimated reduction in growth of 8.1 per cent.

In terms of employment, the primary sector lost 1 111 jobs between 2008 and 2017, which was mainly due to the agriculture, forestry and fishing sector wherein 1 775 jobs were lost between 2008 and 2011. While marginal improvements were experienced in the following two years, there was another decrease of 101 jobs in 2014. Since 2016, the primary sector has been declining in employment opportunities year-on-year, which is likely to persist at a subdued rate, according to estimates for 2018.

2.3.2 Skills analysis

During the economic downturn between 2008 and 2010, a net of 1 737 jobs were lost in the Mossel Bay municipal area, as indicated in Figure 2.5. Semi-skilled labour was particularly affected by the loss of employment in the region, with 1 097 jobs lost during this period. Unskilled workers were also severely affected - 901 jobs that were lost belonged to low-skilled labour.

While job opportunities for semi-skilled labour improved since 2011, a more disappointing trend has been observed for low-skilled workers. Between 2011 and 2016, 604 jobs for low-skilled labourers were created, which was only two-thirds of the number of jobs lost between 2008 and 2010. Demand for unskilled labour in the municipal area has remained low, with estimates for 2018 indicating the creation of 16 jobs, offsetting the 16 jobs lost in 2017.

Figure 2.5 Mossel Bay employment growth by skill levels, 2008 - 2018

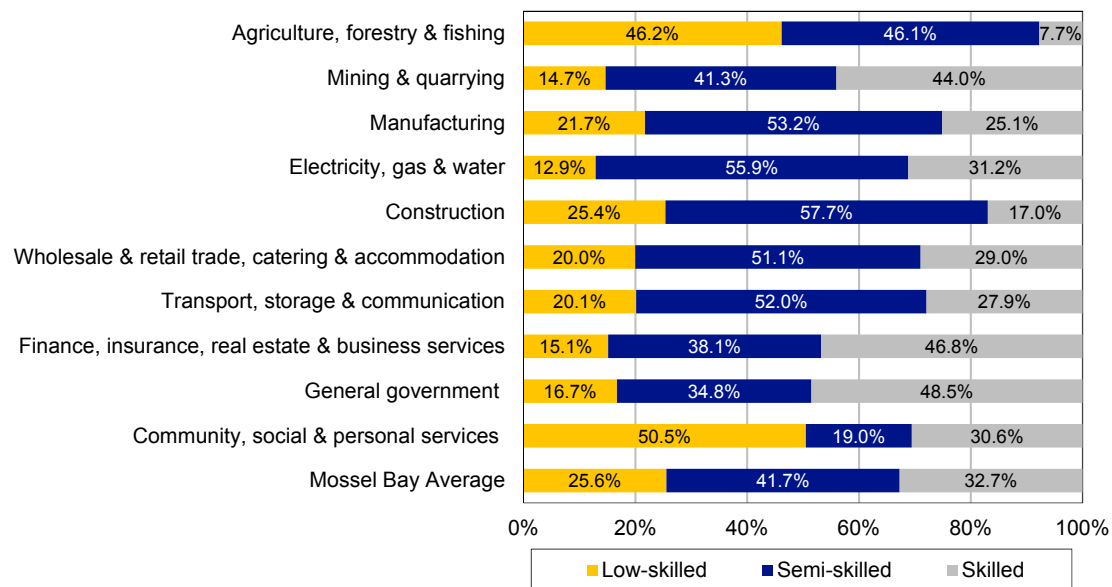
Source: Quantec Research, 2019 (e denotes estimate)

Semi-skilled labour bore the brunt of the economic downturn between 2008 and 2010. While the municipal area's economy has been conducive to job creation for workers of this kind, the 1 218 jobs created between 2011 and 2017 have resulted in a net increase in employment of only 121 jobs over the decade due to the significant number of jobs lost between 2008 and 2010. A more positive outlook is expected for 2018, however, from 28 job opportunities in 2017 to 148 job opportunities in 2018.

As is the trend in the GRD, the demand for skilled labour has been consistent over the decade, with 2009 being the only year between 2008 and 2018 in which a loss of jobs for skilled labour was registered. Demand for skilled labour has been the predominant source of employment opportunities in the region - in 2017, 214 of the 226 job opportunities were for skilled labour. Estimates for 2018 indicate that this trend will persist, with an additional 272 jobs having been created in the year for skilled workers.

While the demand for skilled labour has been consistently higher than the labour of other skill levels for the last decade, semi-skilled workers still account for the highest proportion of employment in the region. Semi-skilled workers are evenly distributed among most of the sectors in the Mossel Bay municipal area, barring community, social and personal services. Semi-skilled workers are most prevalent in construction (57.7 per cent), electricity, gas and water (55.9 per cent), and manufacturing (53.2 per cent).

The demand for low-skilled labour is driven by two main sources - agriculture, forestry and fishing, which comprises 46.2 per cent of unskilled labour, and community, social and personal services, of which 50.5 per cent of labour is low-skilled. As the agriculture, forestry and fishing sector in the Mossel Bay municipal area is a major source of employment for low-skilled labour, economic fluctuations resulting in contractions and job losses in this sector are more likely to affect low-skilled workers adversely. Low-skilled labour represents the smallest proportion of labour in the District, with 25.6 per cent of all people being employed classified as low-skilled.

Figure 2.6 Mossel Bay skill levels per sector, 2017 (%)

Source: Quantec Research, 2019

Three sectors display a high concentration of skilled workers – general government (48.5 per cent), finance, insurance, real estate and business services (46.8 per cent), and mining and quarrying (44.0 per cent). Overall, the municipal area has a high concentration of skilled workers - 32.7 per cent of persons employed are classified as skilled.

2.4 Knysna

The Knysna municipal area is a popular tourist area, well-known for its estuary, beaches, scenic landscapes and farmlands. The municipal area borders the Outeniqua Mountains and Garden Route National Park to the north, the Knysna Lagoon and the Indian Ocean to the south, the Rondevlei and Swartvlei lakes to the west, and the Harkerville Forest to the east. The town of Knysna is the primary regional service centre. Towns such as Sedgefield, Brenton-on-Sea, and Buffalo Bay are mostly tourism settlements, while Rheenendal and Karatara are more rural in nature. The N2 is the primary access road to the municipal area¹¹.

The tourism industry in Knysna plays an important role in the area's economy. Industry seasonality causes a major influx of tourists in summer, boosting economic activity. Low tourist numbers in winter months can be counteracted by hosting events such as the Knysna Oyster Festival.

2.4.1 GDP and employment performance

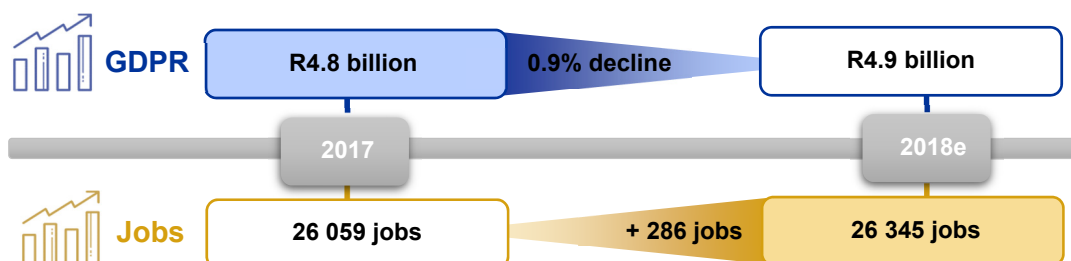
In 2017, the size of the Knysna municipal area's economy was R4.8 billion (in current prices). The economy achieved sluggish growth rates in the three years preceding

¹¹ Knysna Municipality (2013)

2018, with a contraction of 0.9 per cent (in real terms) estimated for 2018 – indicating that the slight nominal growth to R4.9 billion in 2018 was mainly due to inflation.

There were 26 059 persons employed in the Knysna municipal area in 2017. While the region's economy is estimated to have contracted in 2018, employment in the municipal area is estimated to have improved by 286 job opportunities in 2018.

Diagram 2.3 Knysna GDPR (current prices) and employment, 2017 and 2018e

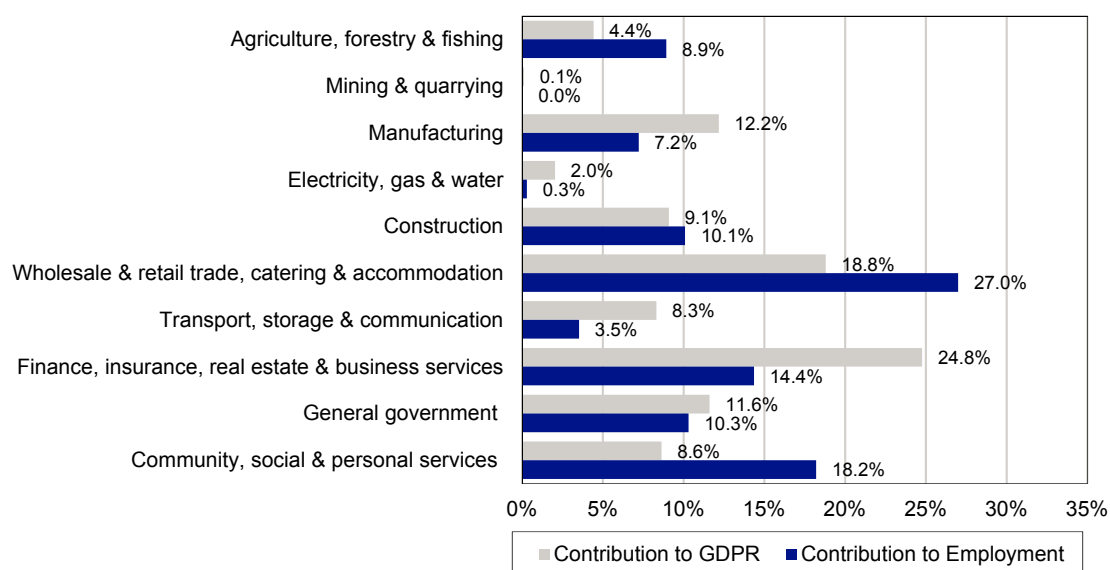


Source: Quantec Research, 2019 (e denotes estimate)

The finance, insurance, real estate and business services sector, valued at R1.2 billion in 2017, is the predominant source of GDPR in the region, followed by wholesale and retail trade, catering and accommodation with a value of R897.1 million in the same year.

Conversely, accounting for 7 036 jobs in the Knysna municipal region, the wholesale and retail trade, catering and accommodation sector is the predominant source of employment - a trend which is similar across the GRD. Community, social and personal services is the second-largest contributor to employment in the region, with 4 745 jobs in this sector. Both these sectors, as well as agriculture, forestry and fishing, are predominantly labour-intensive, while the finance, insurance, real estate and business services and manufacturing sectors are less reliant on labour for productive activities.

Figure 2.7 Knysna sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

Accounting for 72.1 per cent of total GDP in the Knysna municipal area, the tertiary sector was valued at R3.4 billion in 2017. However, the tertiary sector registered tepid annual growth rates between 2008 and 2017 - a rate of 1.5 per cent was achieved overall, largely due to sluggish growth in the main industries within this sector. Between 2008 and 2017, the general government and community, social and personal services sectors were the only sectors within the tertiary sector which achieved above-average growth rates, with an annual average growth rate of 3.3 per cent and 2.1 per cent respectively. Estimates for 2018 provide a negative outlook, with the tertiary sector estimated to have contracted by 0.2 per cent in 2018, which was driven by contractions in its main contributors - finance, insurance, real estate and business services, and wholesale and retail trade, catering and accommodation - having contracted by 1.0 per cent and 0.6 per cent respectively. This has significantly impacted the municipal area's outlook for 2018, with a contraction of 0.9 per cent estimated for the year.

Employment in the tertiary sector has fared slightly better than its GDP. Between 2008 and 2017, 3 582 jobs were created. Community, social and personal services has experienced significant growth in employment, with the highest job creation of 1 105 jobs over the same period. However, job creation has dampened across the tertiary sector, with the finance, insurance, real estate and business service sector being the only industry to improve on its yearly average in 2018.

Growth in the secondary sector was slow between 2008 and 2017. Since a high of 3.6 per cent growth in 2010, growth in the manufacturing sector has been slowing down annually. Estimates for 2018 are indicative of further declines across industries within the secondary sector, with the manufacturing and construction sector estimated to have contracted by 1.1 per cent and 3.5 per cent respectively.

In conjunction with declining GDP growth, employment in the secondary sector has declined by 104 jobs between 2008 and 2017. While the construction sector was the main source of employment creation in the secondary sector within the period, the growth seen in this sector has not been large enough to offset the large number of job losses in the manufacturing sector. Estimates for 2018 indicate that the number of job opportunities may be improving, however, with 55 jobs created in 2018 in contrast to the 12 jobs created in 2017.

The smallest sector in the municipal area - the primary sector - was the only sector to experience above-average growth rates between 2008 and 2017. The mining and quarrying sector experienced particularly impressive growth rates during the preceding decade - after general government, the 2.9 per cent growth rate experienced in the mining and quarrying sector was the second-highest in the entire municipal area. However, the mining and quarrying sector is by far the smallest contributor to GDP. As such, even with substantial growth rates, the effect of this sector is mostly insignificant to the Knysna municipal area as a whole. While the primary sector was the best performer in terms of growth between 2008 and 2017, estimates for 2018 indicate that substantial contractions occurred during the year. The performance of the agriculture, forestry and fishing sector is particularly concerning, with an estimated contraction of 6.8 per cent experienced in 2018.

Table 2.3 Knysna GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	217.0	1.8	-6.7	2 335	-624	-23
Agriculture, forestry and fishing	211.4	1.8	-6.8	2 327	-626	-21
Mining and quarrying	5.6	2.9	-1.0	8	2	-2
Secondary Sector	1 112.7	1.3	-1.9	4 592	-104	55
Manufacturing	581.2	1.3	-1.1	1 884	-346	1
Electricity, gas and water	97.7	0.0	0.1	77	11	-1
Construction	433.8	1.8	-3.5	2 631	231	55
Tertiary Sector	3 441.5	1.5	-0.2	19 132	3 582	254
Wholesale and retail trade, catering and accommodation	897.1	0.8	-0.6	7 036	1 011	40
Transport, storage and communication	396.8	1.1	0.6	921	217	-4
Finance, insurance, real estate and business services	1 182.0	1.4	-1.0	3 742	718	122
General government	553.8	3.3	1.0	2 688	531	35
Community, social and personal services	411.8	2.1	1.2	4 745	1 105	61
Total Knysna	4 771.1	1.5	-0.9	26 059	2 854	286

Source: Quantec Research, 2019 (e denotes estimate)

The primary sector was the largest source of job loss between 2008 and 2017, with an average number of 624 jobs lost over the decade. Further reductions are estimated for 2018, with 23 jobs being lost in the primary sector.

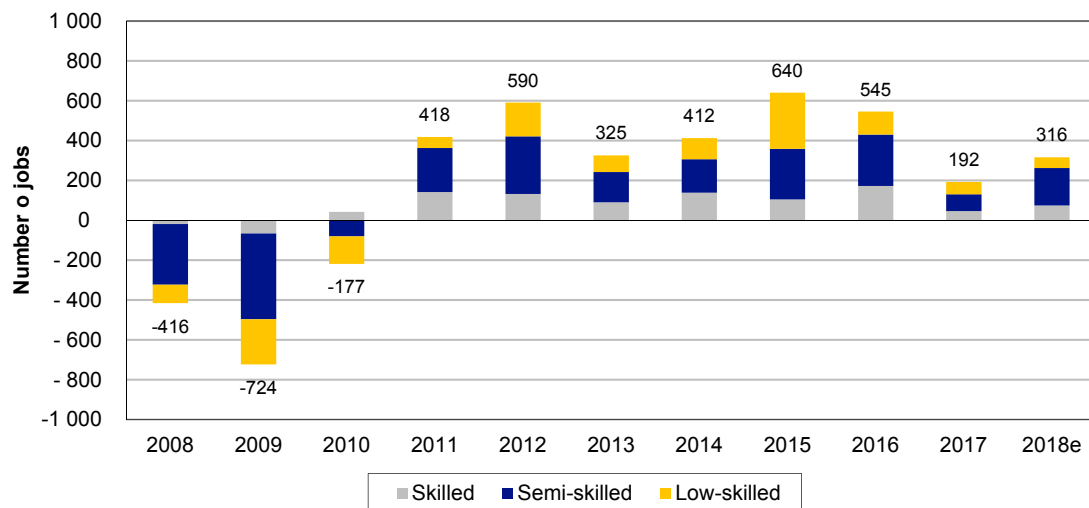
2.4.2 Skills analysis

As indicated in Figure 2.8, the economic downturn between 2008 and 2010 resulted in job losses for workers across all skill levels. However, the proportion of job loss was felt more heavily by semi-skilled workers. During the three years, 1 317 jobs were lost in the Knysna municipal area, 816 of which were semi-skilled jobs. The number of jobs created for semi-skilled workers drastically improved between 2011 and 2014, with the losses suffered between 2008 and 2010 being wholly offset during this period. Job opportunities for semi-skilled workers improved year-on-year between 2011 and 2016. In 2017, however, the increasing trend was stifled. Estimates for 2018 show improvement, with 188 jobs being created - a number more than double that of the preceding year.

While not as severe as losses for semi-skilled workers, low-skilled workers were also impacted by the economic downturn between 2008 and 2010. Post-2010, however, employment opportunities for low-skilled workers improved in the Knysna municipal area, with 873 jobs created between 2011 and 2017. Estimates for 2018 indicate a marginal slowdown in opportunities, however, with only 54 jobs being created for low-skilled workers in the year.

Following reductions in jobs in 2008 and 2009, the demand for skilled labour improved. Since 2010, 865 job opportunities have been created for skilled workers. 2017 experienced a reduction from 172 jobs created in 2016 to 62 created in 2017. Estimates for 2018 indicate a slight improvement, with an estimated number of 74 jobs having been created in the year.

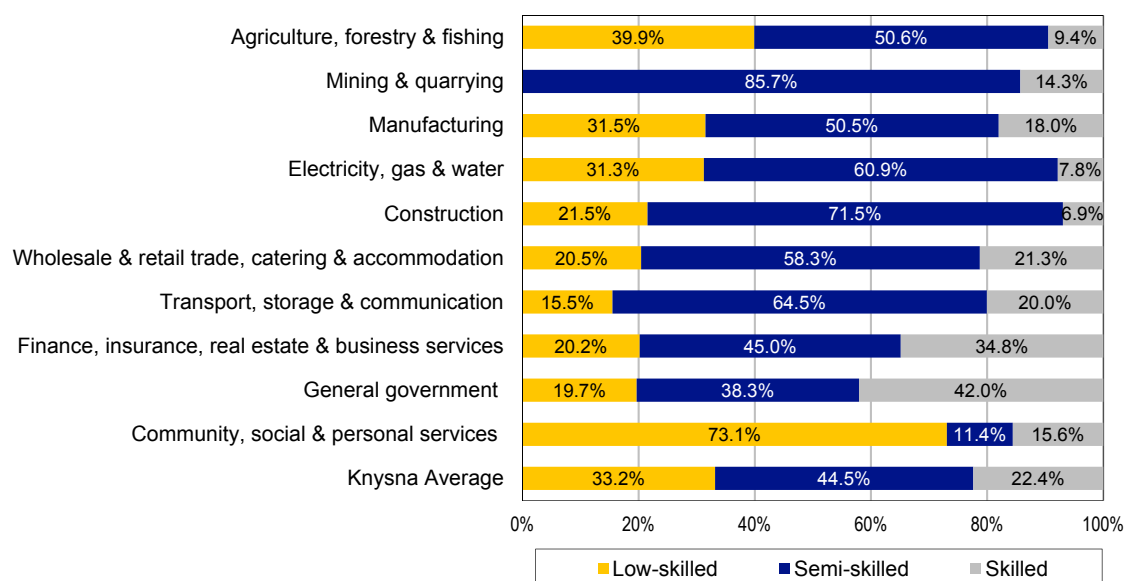
Figure 2.8 Knysna employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

In the Knysna municipal area per sector, as indicated in Figure 2.9, semi-skilled labour accounts for the highest proportion of employment, with 44.5 per cent of all workers in the region being classified as semi-skilled. In terms of low-skilled workers, the highest concentration is in the community, social and personal services sector - 73.1 per cent of workers in this sector are classified as low-skilled.

Figure 2.9 Knysna skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

In line with the trend in the GRD, the sectors with the highest proportion of skilled workers are the general government sector (42.0 per cent) and the finance, insurance, real estate and business services sectors (34.8 per cent). The proportion of skilled workers is the lowest in the region - 22.4 per cent of all employment in the Knysna municipal area are classified as skilled.

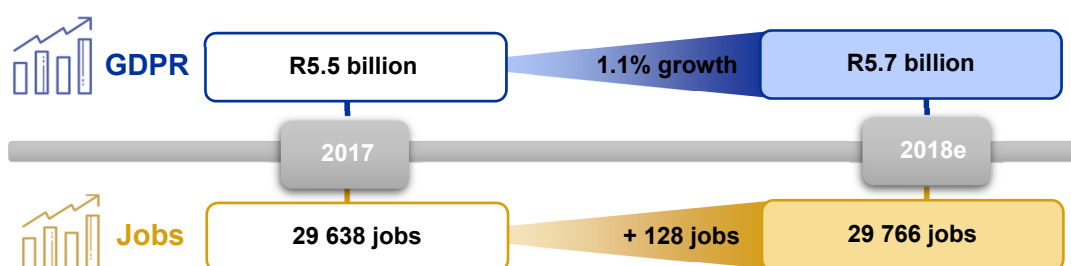
2.5 Oudtshoorn

The Oudtshoorn municipal area is in the heart of the Little Karoo and internationally renowned for its ostrich industry. Most of the population in this municipal area reside in the town of Oudtshoorn, making it the main service centre. Other large towns in the municipal area include Dysseisdorp and De Rust, while Volmoed, Schoemanshoek, Spieskamp, Vlakteplaas, Grootkraal, De Hoop and Matjiesrivier are classified as rural settlements¹².

2.5.1 GDPR and employment performance

The size of the Oudtshoorn municipal area's economy was R5.5 billion (in current prices) in 2017, with an estimated growth rate of 1.1 per cent (in real terms) in 2018. As of 2017, there were 29 638 jobs in the municipal area, which is estimated to have increased by 128 jobs in 2018.

Diagram 2.4 Oudtshoorn GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

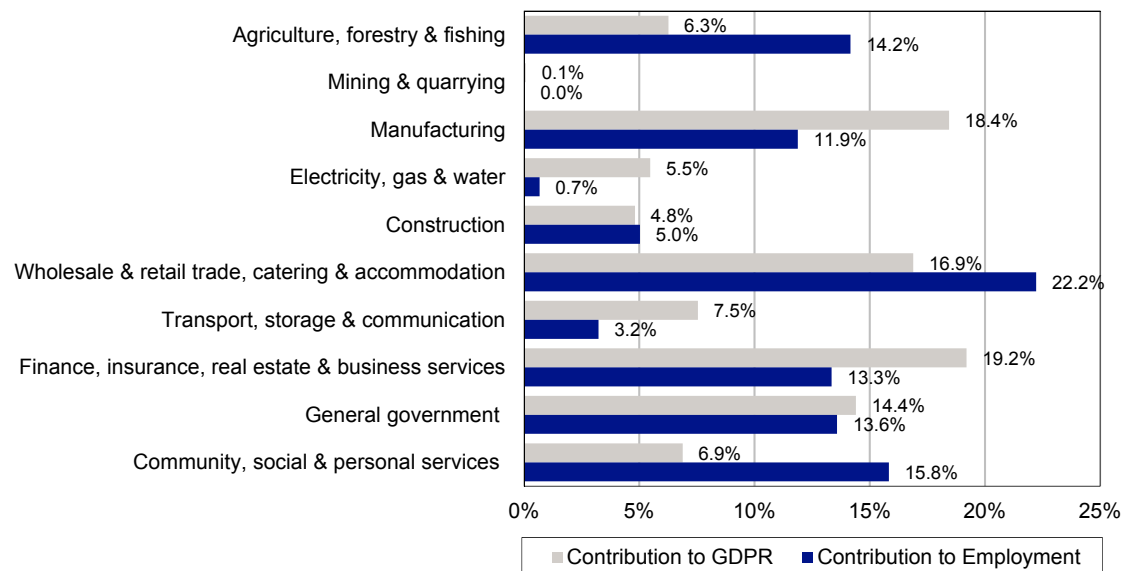
The main sources of GDP in the Oudtshoorn municipal area are finance, insurance, real estate and business services, which was valued at R1.1 billion in 2017, and manufacturing, which was valued at R1.0 billion. Another important contributor to the municipal area's economy is the wholesale and retail trade, catering and accommodation sector, which contributed R931.3 million to the economy in 2017.

The two main sources of employment in the region are the wholesale and retail trade, catering and accommodation, and community, social and personal services sectors, which contributed 22.2 per cent and 15.8 per cent to total employment in the region in 2017.

¹² Oudtshoorn Municipality (2017)

The agriculture, forestry and fishing sector, which accounts for 14.2 per cent of employment, is particularly labour-intensive. While the manufacturing sector, as well as the finance, insurance, real estate and business services sectors are significant contributors to GDP, their contribution to employment is significantly less than their GDP contributions.

Figure 2.10 Oudtshoorn sectoral GDP and employment contribution, 2017 (%)



Source: Quantec Research, 2019

In terms of the municipal area's sectoral GDP performance, as indicated in Table 2.4, the tertiary sector is the dominant source of GDP in the region. Valued at R3.6 billion in 2017, the tertiary sector accounts for approximately 64.9 per cent of GDP in the region. The secondary sector, valued at R1.6 billion in 2017, is also a significant contributor to the municipal area's economy. The smallest contributor to the region's economy is the primary sector, which contributes only 6.3 per cent to total GDP.

Although the primary sector is the smallest contributor to the municipal area's GDP, the sector experienced the highest average annual growth rates of the three. Between 2008 and 2017, the primary sector realised growth rates of 2.9 per cent per annum, in contrast to the municipal area's total growth rate of 2.3 per cent. Accounting for 98.8 per cent of the primary sector's total GDP contribution, the agriculture, forestry and fishing sector experienced particularly positive growth rates of 3.0 per cent per annum (2008 - 2017). This growth is estimated to have deteriorated in 2018, however, with an estimated contraction of 3.0 per cent.

While the primary sector has fared positively in terms of growth, employment has not followed the same trend. Between 2008 and 2017, the primary sector experienced a decrease in employment of 1 529 jobs, which was mainly due to a reduction of 2 320 jobs between 2008 and 2011.

While employment in the primary sector improved in 2012, 2013, and 2015, further losses have been experienced since 2016. Estimates for 2018 indicate that this trend has been persisting. However, job losses in 2018 have halved since 2017, from 167 job losses in 2017 to 82 job losses in 2018.

Table 2.4 Oudtshoorn GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	349.7	2.9	-3.0	4 206	-1 529	-82
Agriculture, forestry and fishing	345.6	3.0	-3.0	4 198	-1 526	-82
Mining and quarrying	4.1	0.4	-2.6	8	-3	0
Secondary Sector	1 583.9	2.3	2.2	5 214	730	26
Manufacturing	1 016.7	2.4	3.0	3 522	405	-8
Electricity, gas and water	301.8	1.4	3.1	200	87	-3
Construction	265.4	3.2	-2.1	1 492	238	37
Tertiary Sector	3 579.5	2.3	1.1	20 218	2 920	184
Wholesale and retail trade, catering and accommodation	931.3	1.6	0.2	6 587	1 148	73
Transport, storage and communication	416.0	2.2	2.2	957	321	6
Finance, insurance, real estate and business services	1 058.7	4.7	2.9	3 956	1 211	178
General government	794.0	0.6	-1.1	4 025	-100	-29
Community, social and personal services	379.6	0.5	-0.2	4 693	340	-44
Total Oudtshoorn	5 513.2	2.3	1.1	29 638	2 121	128

Source: Quantec Research, 2019 (e denotes estimate)

The secondary sector has been slowing down since a peak growth rate of 5.5 per cent in 2010 due to its leading contributor, manufacturing, experiencing a growth rate of 6.9 per cent in that year. The trend experienced in the secondary sector between 2008 and 2017 is on par with the municipal area's total growth rate, with the manufacturing and construction sectors exhibiting above-average rates of 2.4 per cent and 3.2 per cent respectively. Although estimates for 2018 indicate that the secondary sector has slowed down marginally, the growth rates for this sector remain a substantial source of growth for the municipal area.

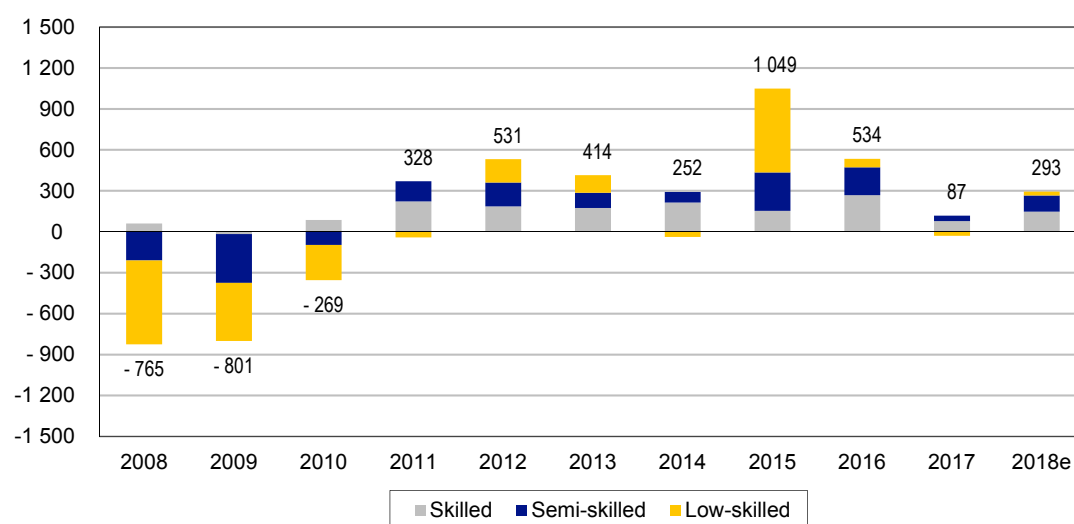
Similar to the secondary sector, the average annual growth rates between 2008 and 2017 for the tertiary sector are on par with the total growth rate for the Oudtshoorn municipal area. However, the growth in the tertiary sector has been mainly driven by the finance, insurance, real estate and business services sector, which realised average annual growth rates of 4.7 per cent between 2008 and 2017. Throughout the decade, the finance, insurance, real estate and business services sector has achieved strong growth rates. Estimates for 2018, however, indicate that growth in this sector has slowed, but remained an important driver for the Oudtshoorn municipal area's economy. Overall, the tertiary sector's growth rate for 2018 is estimated at 1.1 per cent, largely due to contraction in the general government and community, social and

personal services sectors, and stagnation in the wholesale and retail trade, catering and accommodation sectors.

2.5.2 Skills analysis

Low-skilled labour experienced the largest proportion of job losses during the economic downturn between 2008 and 2010 - of the 1 835 jobs lost during this period, nearly two - thirds were low-skilled workers. As indicated in Figure 2.11, following a further reduction in employment in 2011 of 42 jobs, the demand for low-skilled labour increased between 2012 and 2013, with 300 jobs created during this period. While 2015 and 2016 also resulted in improvements in opportunities for low-skilled workers, a further reduction was experienced in 2017. Estimates indicate that 28 job opportunities were created for low-skilled workers during the year.

Figure 2.11 Oudtshoorn employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

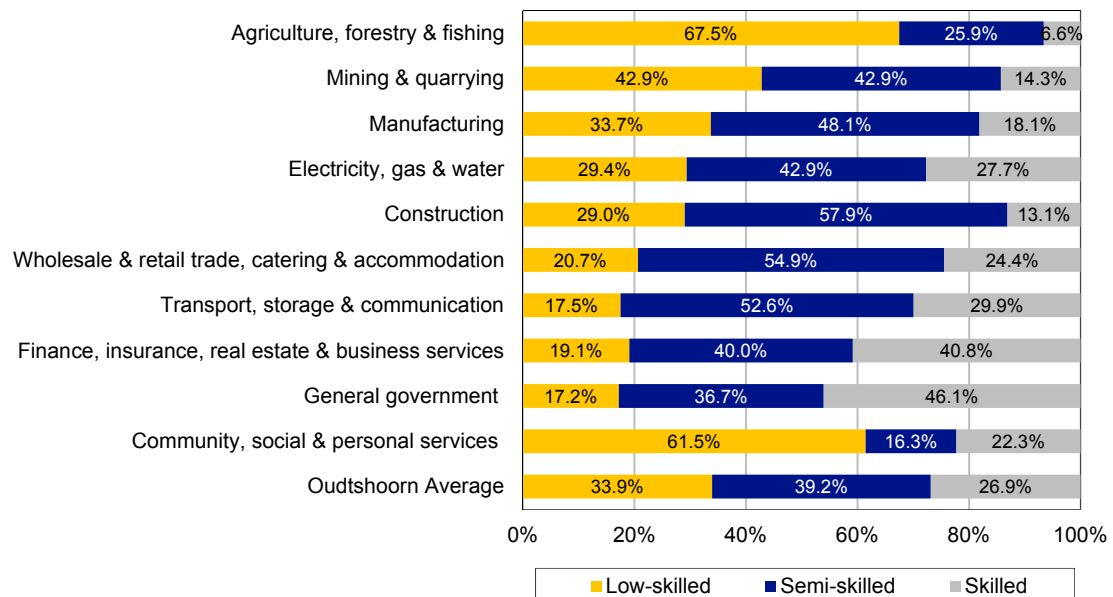
While semi-skilled labour also suffered losses between 2008 and 2010, employment opportunities for labour of this kind have been steadily increasing year-on-year. Between 2011 and 2017, job opportunities were created for 1 037 semi-skilled workers. While a slowdown of employment was experienced in 2017, estimates for 2018 indicate an improvement of 118 job opportunities for semi-skilled labour created in the year. This is a substantial increase from the 40 jobs created in 2017.

Since 2010, the demand for skilled labour has been increasing - most jobs created in the municipal area have been directed at skilled labour. Estimates for 2018 are indicative of a persistence in this trend. Of the 293 opportunities created in 2018 in the municipal area, 147 (50.2 per cent) were for skilled labour.

Employment in the municipal region, as indicated in Figure 2.12, is primarily composed of low-skilled and semi-skilled workers. In terms of low-skilled workers, who make up 33.9 per cent of the region's workforce, the predominant sectoral contributors are agriculture, forestry and fishing, which consists of 67.5 per cent low-skilled labour, as

well as community, social and personal services, in which 61.5 per cent of the workforce is low-skilled.

Figure 2.12 Oudtshoorn skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

The demand for semi-skilled labour is more evenly distributed, with the construction (57.9 per cent), wholesale and retail trade, catering and accommodation (54.9 per cent), and transport, storage and communication (52.6 per cent) sectors being predominantly characterised by semi-skilled workers.

Although skilled labour makes up the smallest proportion of the municipal area's workforce, with a proportion of 26.9 per cent, skilled labour remains an important source of employment. As experienced in most of the municipal regions in the GRD, the general government sector mainly comprises skilled labour. The presence of skilled labour in the finance, insurance, real estate and business services sector is also substantial at 40.8 per cent, but a more even split is experienced in this sector, with 40.0 per cent of labour classified as semi-skilled.

2.6 Bitou

The Bitou municipality is the gateway to the Western Cape from the Eastern Cape Province. The municipal area is mostly rural in nature, with most of the population scattered along the coast. Plettenberg Bay is the main service node in the Bitou municipal area and a popular tourist destination. Like other municipal areas in the GRD, the N2 is a valuable transport route traversing the municipal area¹³.

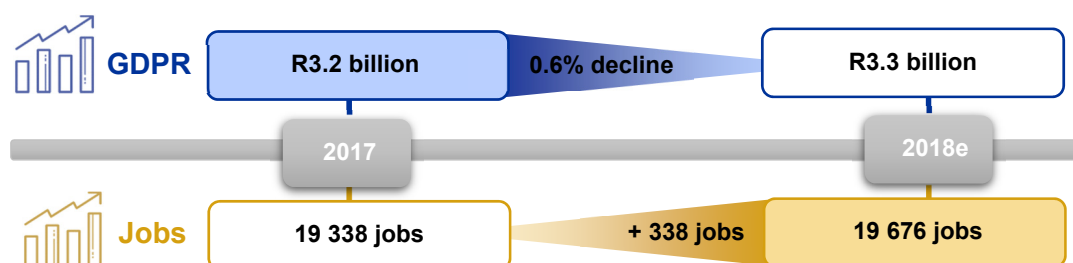
¹³ Bitou Municipality (2013)

2.6.1 GDPR and employment performance

As observed in Diagram 2.5, the size of the Bitou municipal region's economy was R3.2 billion (in current prices) in 2017. In 2018, however, the economy contracted by an estimated 0.6 per cent (in real terms), indicating that the nominal growth was mainly due to inflation. The contraction in growth in the municipal area was attributed to the decline in the main economic sectors within the region and particularly, as outlined in Table 2.5, the contraction of the finance, insurance, real estate and business services, agriculture, forestry and fishing, and the construction sectors.

Although the economy of the Bitou municipal area decreased in size, its employment absorption capacity showed a positive trend. In 2018, it is estimated that the economy created 338 jobs, largely by the finance, insurance, real estate and business services sector.

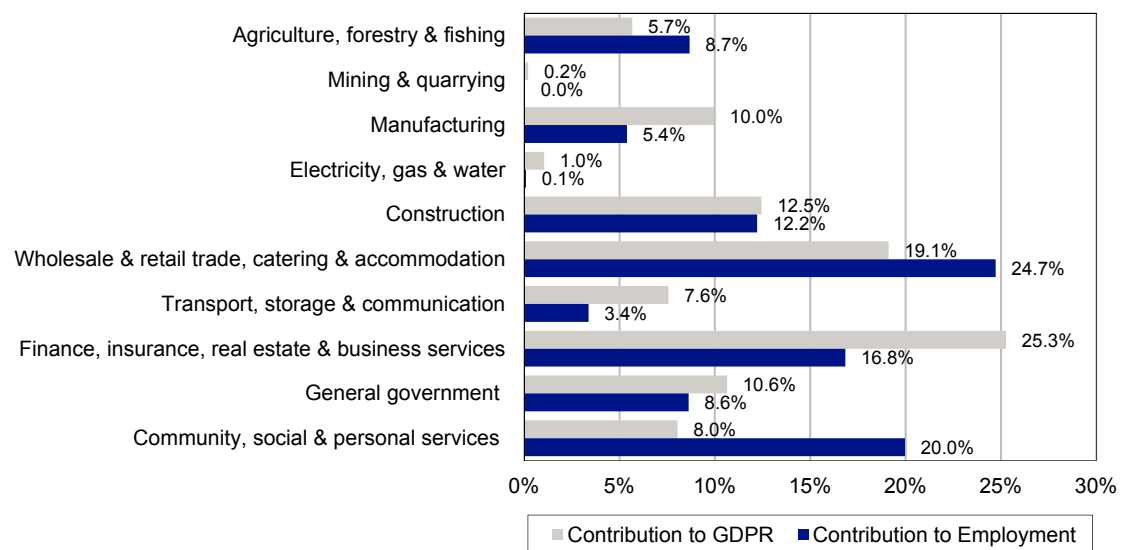
Diagram 2.5 Bitou GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

As indicated in Figure 2.13, the main contributors to the municipal area's GDPR in 2017 were the finance, insurance, real estate and business services and the wholesale and retail trade, catering and accommodation sectors. These two sectors are also the largest and third-largest sectors from an employment perspective, with the community, social and personal services sector taking the second position.

The GDPR to employment ratio indicates that the two most labour-intensive sectors in the municipal area are wholesale and retail trade, catering and accommodation; and community, social and personal services. Conversely, the sectors which are less reliant on labour for productive activities are manufacturing, and the finance, insurance, real estate and business services sectors. As such, growth in these sectors do not necessarily equate to growth in employment opportunities. The fact that the finance, insurance, real estate and business services sector contracted in 2018 while being able to create jobs shows limited correlation between the performance of the sector and its ability to absorb labour.

Figure 2.13 Bitou sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

A more detailed overview of sectoral contributions to GDP and employment is provided in Table 2.5.

Table 2.5 Bitou GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	186.4	3.0	-5.8	1 685	-392	-11
Agriculture, forestry and fishing	179.6	3.2	-5.8	1 678	-389	-10
Mining and quarrying	6.8	-0.9	-4.3	7	-3	-1
Secondary Sector	742.5	2.5	-0.4	3 428	321	53
Manufacturing	315.3	2.0	0.1	1 044	-89	6
Electricity, gas and water	33.2	1.5	2.5	20	6	0
Construction	394.0	3.2	-1.1	2 364	404	47
Tertiary Sector	2 235.6	2.1	-0.1	14 225	3 620	296
Wholesale and retail trade, catering and accommodation	604.7	2.0	0.8	4 782	1 265	80
Transport, storage and communication	239.7	0.7	0.1	654	162	-6
Finance, insurance, real estate and business services	799.7	1.7	-1.3	3 257	696	159
General government	336.8	4.9	1.0	1 669	560	46
Community, social and personal services	254.7	2.8	0.7	3 863	937	17
Total Bitou	3 164.6	2.3	-0.6	19 338	3 549	338

Source: Quantec Research, 2019 (e denotes estimate)

As indicated above, the primary sector achieved above-average growth rates of 3.0 per cent between 2008 and 2017, which is attributable to the performance of the

agriculture, forestry and fishery sector, which achieved average growth rates of 3.2 per cent per annum.

While these growth rates are indicative of a growing primary sector, employment did not follow suit between 2008 and 2017. The number of jobs created in the sector dropped by 392 over the period. This was largely due to substantial decreases between 2008 and 2011, during which 761 job losses occurred in the agriculture, forestry and fishery sector. The following two years saw marginal improvements in employment in this sector, with 253 jobs created between 2012 and 2013. However, further job losses were realised again in 2014, which was followed by a boost in employment of 242 jobs in 2015¹⁴. Following this increase, however, the agriculture, forestry and fishery sector suffered further decreases in employment between 2016 and 2017 of 96 jobs. In 2018, the employment situation is not expected to change drastically. As the primary sector is predominantly labour-intensive, the contrasting growth of GDP and employment is an indication that this sector is moving towards more capital-intensive means of production.

The secondary sector in the municipal area mainly consists of the manufacturing sector and the construction sector, which together contribute approximately 95.5 per cent of the secondary sector's total GDP. Between 2008 and 2017, the construction sector achieved comparatively strong growth rates of 3.2 per cent per annum. The growth rates in the construction sector were the predominant source of growth in the secondary sector, as the manufacturing sector and the electricity, gas and water sector grew at below-average rates of 2.0 per cent and 1.5 per cent respectively. Estimates for 2018, however, indicate that the construction sector has experienced a contraction of 1.1 per cent - the only contraction experienced in the secondary sector.

Similar to GDP, the construction sector was also the lead contributor to employment in the secondary sector, accounting for 2 364 jobs as of 2017, creating 404 jobs between 2008 and 2017. The manufacturing sector realised an average decrease in jobs over the same period, which was mainly driven by a reduction in employment of 197 jobs between 2009 and 2012. While the construction sector is estimated to contract in terms of employment in 2018, employment in this sector remains resilient and continues to be the main source of job creation in the sector, with an increase of jobs of 47 estimated in 2018.

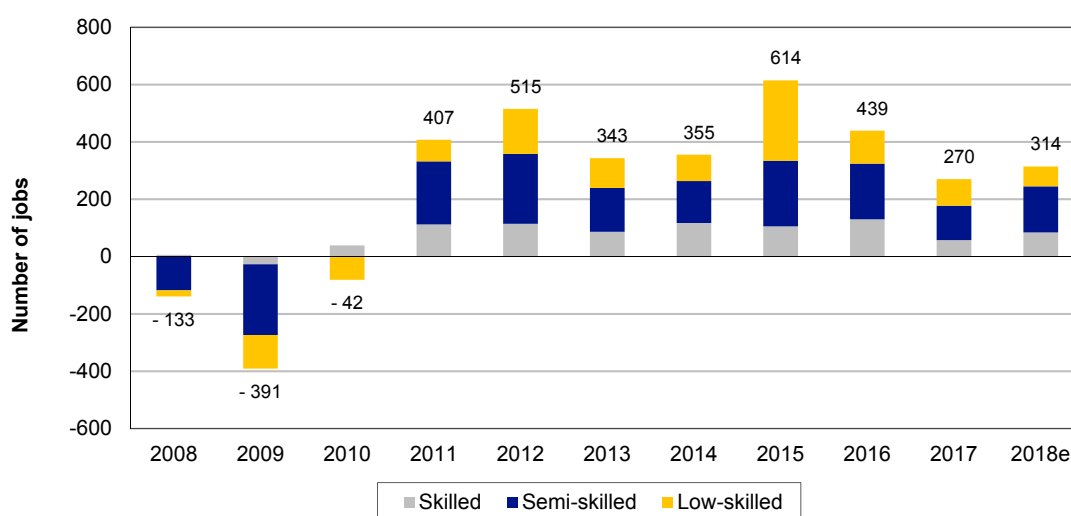
The tertiary sector is the largest contributor to employment in the Bitou municipal area, with 14 225 jobs as of 2017 - approximately 73.6 per cent of total employment in the region. The wholesale and retail trade, catering and accommodation sector is the largest contributor to employment, followed by the finance, insurance, real estate and business services sector. Estimates for 2018 indicate that the finance, insurance, real estate and business services sector created 159 jobs - an amount which is nearly double the sector's average annual growth rate experienced in the preceding decade.

¹⁴ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

2.6.2 Skills analysis

An overview of the change in employment growth by skills level is provided in Figure 2.14. The effects of the global financial crisis and the introduction of load-shedding in the country in 2009 saw the municipal area experience a decline of 566 jobs between 2008 and 2010 - most of which were semi-skilled and low-skilled. Even during the period of economic turmoil, the level of skilled workers remained relatively constant, with a decrease of only 27 jobs in 2009. This is an indication that employment of this nature is especially resilient to economic fluctuations, while low-skilled workers are more susceptible to job losses during periods of economic downturn.

Figure 2.14 Bitou employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

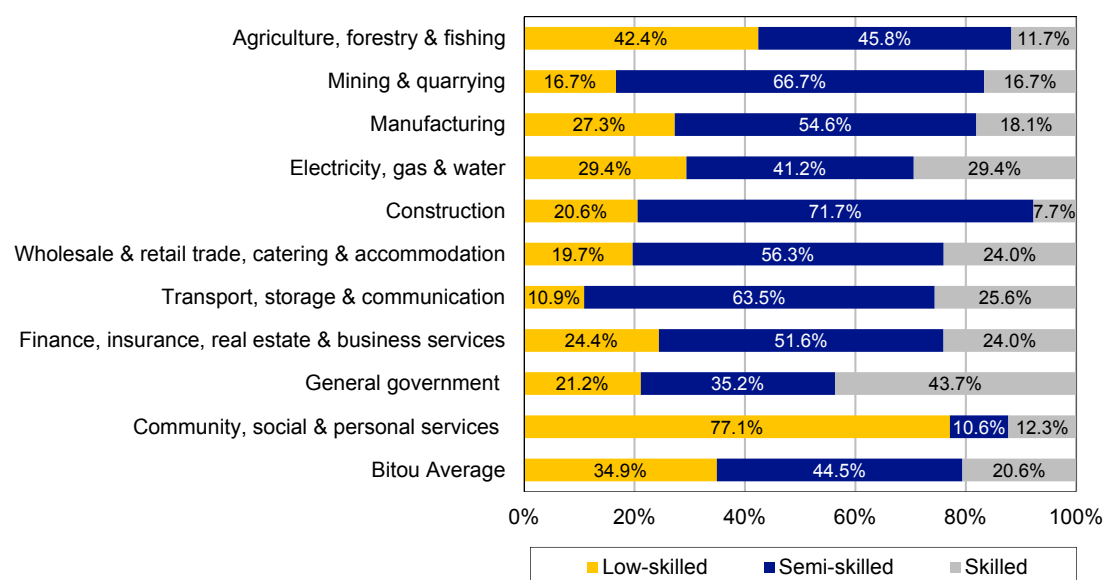
During the recovery period post-2010, the municipal area created 922 jobs between 2011 and 2012, offsetting the jobs lost in the preceding three years. Annual job creation slowed down between 2013 and 2014. However, the municipal area still absorbed an additional 698 individuals into the ranks of employment. In 2015, a substantial rise in employment was experienced, which was particularly associated with the creation of employment opportunities for low-skilled labour¹⁵. Thereafter, employment growth in the Bitou municipal area once again slowed down. Estimates for 2018 indicate improvements in job opportunities, which is largely attributable to improvements in opportunities for semi-skilled and high-skilled workers.

Over the period under assessment, barring 2015, the leading factor for improvements in employment opportunities were increases in the demand for semi-skilled jobs. The demand for low-skilled workers fluctuated to changes in economic conditions due to the sectors with a high demand for these workers being particularly susceptible to exogenous factors. Employment opportunities for high-skilled workers remained relatively constant between 2011 and 2012.

¹⁵ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

The demand for skills is dependent on the sectoral concentration. An overview of the skills concentration per sector is provided in Figure 2.15.

Figure 2.15 Bitou skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

The predominant sector for low-skilled work is the community, social and personal services sector, which consists of approximately 77.1 per cent of low-skilled workers. The agriculture, forestry and fishery sector is also characterised by a substantial number of low-skilled workers; however, the split between semi-skilled and low-skilled workers in this sector is even greater.

The demand for semi-skilled workers is relatively evenly distributed, with mining and quarrying, construction, and transport, storage and communication creating the largest proportion of employment for workers of these skill levels. Other notable contributors to semi-skilled labour absorption are the wholesale and retail trade, catering and accommodation sector, as well as the manufacturing sector.

High-skilled work is mostly concentrated in the general government sector, where 43.7 per cent of workers are high-skilled. The electricity, gas and water sector has the second-highest concentration of high-skilled workers, where 29.4 per cent of workers in this sector are classified as high-skilled.

On average, the municipal area is predominantly characterised by jobs which require semi-skilled workers. Low-skilled work is also an important source of employment in the municipal area, with over a third of labour in the area being low-skilled. High-skilled labour accounts for 20.6 per cent of workers in the Bitou municipal area.

2.7 Hessequa

The municipal area is another municipal area bordered by the Indian Ocean and traversed by the N2. The Hessequa municipal area has a number of scattered settlements, the largest of which include Riversdale, Albertinia and Heidelberg. Coastal

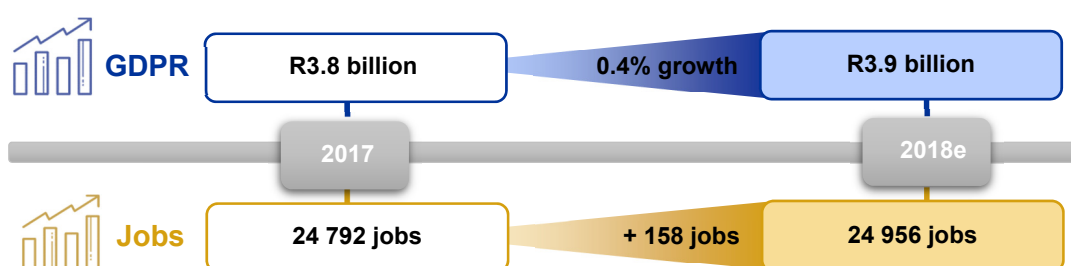
towns in the municipal area include Witsand, Jongensfontein, Stilbaai, and Gouritsmond¹⁶. These are also popular tourist areas.

2.7.1 GDPR and employment performance

The size of the Hessequa municipal area's economy in 2017 was R3.8 billion (in current prices). In 2018, growth in the area appeared to have completely stagnated, with an estimated real growth rate of 0.4 per cent.

As of 2017, the Hessequa municipal area had a total of 24 792 jobs. The number of new jobs created in 2018 is estimated at 158, which is slightly lower than the annual average of 185 jobs in the preceding decade.

Diagram 2.6 Hessequa GDPR (current prices) and employment, 2017 and 2018e

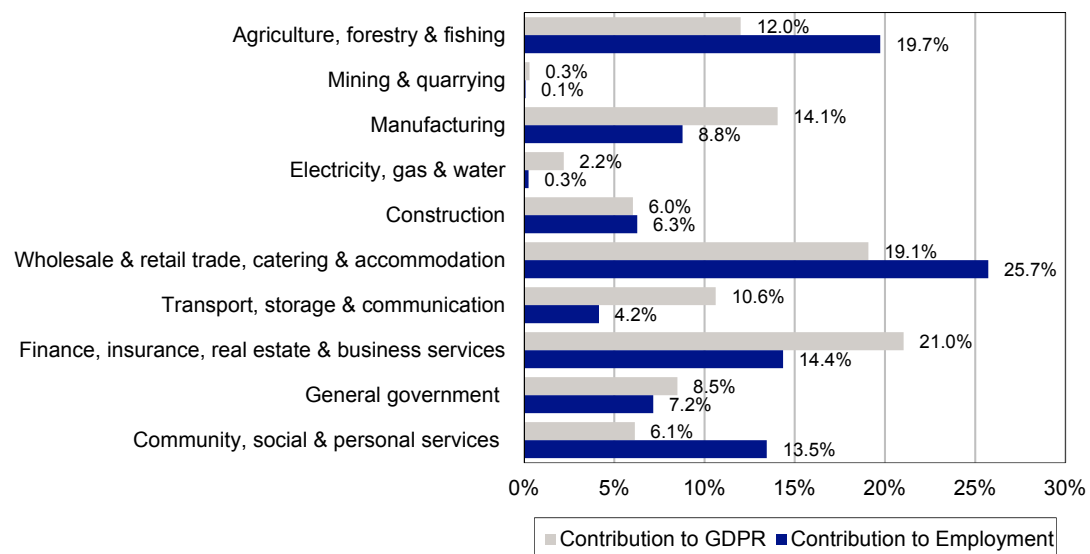


Source: Quantec Research, 2019 (e denotes estimate)

The three largest contributors to GDP in the Hessequa municipal area are finance, insurance, real estate and business services (21.0 per cent), wholesale and retail trade, catering and accommodation (19.1 per cent), and manufacturing (14.1 per cent) sectors.

As is the pattern in GRD's municipal areas, the predominant source of employment is the wholesale and retail trade, catering and accommodation sector, contributing approximately 25.7 per cent to the municipal area's total employment. Another significant contributor to employment in the region is the agriculture, forestry and fishing sector, which contributes 19.7 per cent of employment in the Hessequa municipal area.

¹⁶ Hessequa Municipality (2017)

Figure 2.16 Hessequa sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

As indicated in Table 2.6, which provides a sectoral overview of GDPR and employment performance, the finance, insurance, real estate and business services sector achieved strong average annual growth rates of 3.5 per cent between 2008 and 2017. As this sector is the main source of GDPR in the region, the above-average growth rates realised in this sector are a promising indication of economic expansion in the municipal area. Other sectors which have exhibited above-average growth rates are the transport, storage and communications sector, and the manufacturing sector, which grew at an average annual rate of 3.1 per cent each.

The tertiary sector was the main driving force behind the 2.4 per cent average annual growth rate of the region as a whole, as both the primary and the secondary sectors registered slow growth levels between 2008 and 2017. The electricity, gas and water sector experienced an average annual contraction of 4.2 per cent over the ten-year period. However, considering that this sector contributes only 2.2 per cent to total GDPR in the region, the impact of these contractions should not be large enough to adversely affect that region in its entirety.

Estimates for 2018 indicate concerning trends for all three sectors, with the primary sector being particularly worrisome due to an estimated decline in growth of 5.6 per cent in 2018. Although the secondary and tertiary sectors are estimated to have achieved positive growth rates for 2018, the size of this growth is unimpressive. Due to lacklustre estimates for 2018 in all three sectors, the average growth for the municipal area in 2018 is estimated at 0.4 per cent.

The Hessequa economy can benefit new business development providing goods and services to travellers on the N2 that traverses the area. The N2 is an important transport corridor, for freight and tourists alike.

Table 2.6 Hessequa GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2007 - 2017	Employment (net change) 2018e
Primary Sector	470.2	1.6	-5.6	4 916	-2 061	-110
Agriculture, forestry and fishing	458.6	1.7	-5.7	4 895	-2 054	-108
Mining and quarrying	11.6	-1.0	-4.3	21	-7	-2
Secondary Sector	851.3	1.5	1.2	3 795	-176	7
Manufacturing	536.8	3.1	3.6	2 178	203	18
Electricity, gas and water	84.2	-4.2	-2.5	62	2	-5
Construction	230.3	0.1	-4.7	1 555	-381	-6
Tertiary Sector	2 497.1	2.8	1.3	16 081	4 268	261
Wholesale and retail trade, catering and accommodation	728.9	2.4	0.2	6 379	1 734	45
Transport, storage and communication	405.7	3.1	2.3	1 031	429	10
Finance, insurance, real estate and business services	803.3	3.5	2.2	3 559	1 502	228
General government	324.7	2.1	0.3	1 776	211	9
Community, social and personal services	234.4	1.9	0.9	3 336	392	-31
Total Hessequa	3 818.6	2.4	0.4	24 792	1 848	158

Source: Quantec Research, 2019 (e denotes estimate)

In terms of employment, the wholesale and retail trade, catering and accommodation sector is the biggest contributor, with 6 379 jobs. The agriculture, forestry and fishery sector is also a large contributor to employment in the municipal area, accounting for 4 895 jobs. As this sector is one of the main sources of employment, the trend observed between 2008 and 2017 is concerning – during the period, an average of 205 jobs were lost per annum. However, the period between 2008 and 2011 contributed significantly to this average, as 2 846 jobs were lost in the agriculture, forestry and fishing sector in these years alone. Barring 2014, some improvements were observed in the following years in the sector, with a notable boost of 946 jobs created in 2015¹⁷.

Since 2016, however, the number of jobs in the agriculture, forestry and fishing sector has decreased by 439 jobs, with a further estimated decrease in employment of 108 jobs estimated in 2018. Positively, the finance, insurance, real estate and business services sector is expected to expand in 2018, with an estimated increase in employment opportunities of 228 jobs in 2018 - an improvement of nearly 52.0 per cent in terms of the average annual employment growth in the preceding decade.

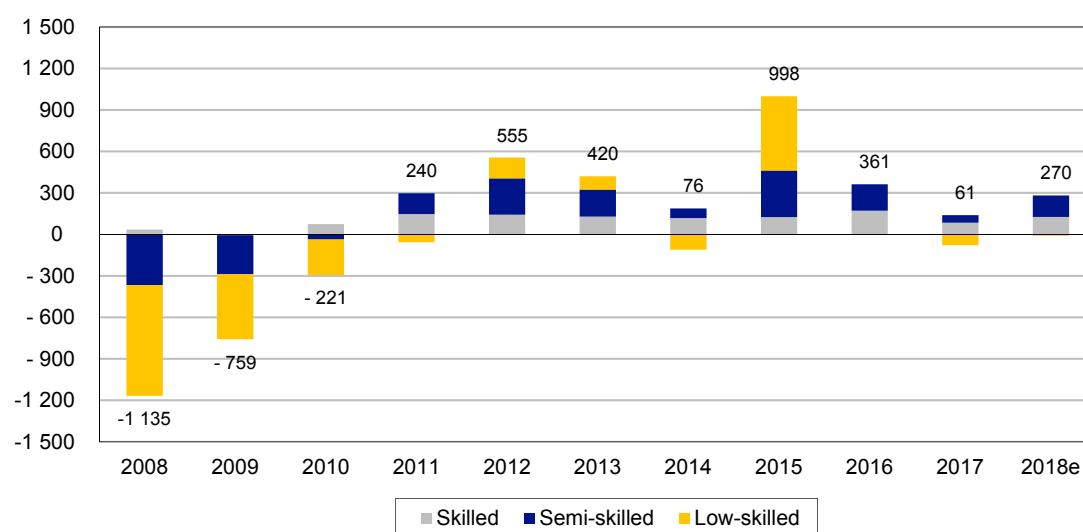
2.7.2 Skills analysis

As is the case with other municipal areas in the GRD, the Hessequa municipal area experienced a large decline in employment between 2008 and 2010, with 2 115 jobs lost during these three years. Low-skilled workers were particularly adversely affected

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

between 2008 and 2010. During the recovery period post-2010, a lack of demand for low-skilled workers persisted, with further decreases experienced in 2011, albeit at a slower rate. In 2012, the first improvement in demand for low-skilled workers in the Hessequa municipal area was observed; however, the jobs created between 2012 and 2013 were not able to offset the jobs lost in 2008 alone. The decreased demand for low-skilled labour continued in 2014, with a loss of 111 jobs. The only boost in the demand for low-skilled labour was felt in 2015, with 537 jobs created¹⁷. Thereafter, the demand for low-skilled workers has been declining, with an estimated number of 11 jobs lost in 2018.

Figure 2.17 Hessequa employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

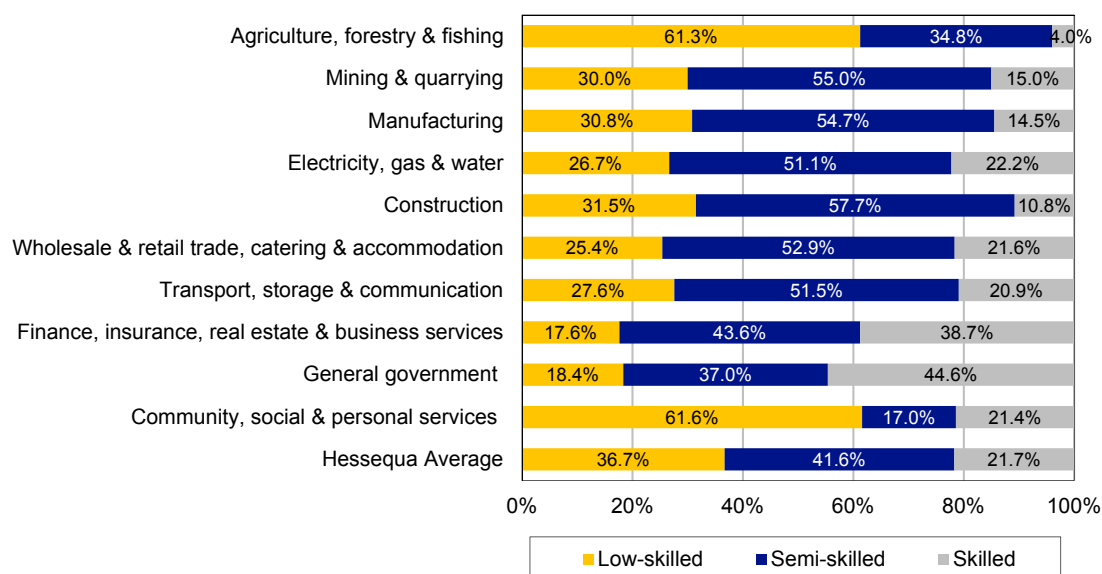
Although semi-skilled labour was also affected between 2008 and 2010, the following years have shown marked improvements. The job losses experienced by semi-skilled labour were wholly offset between 2011 and 2015, during which 1 015 jobs were created. Since 2015, however, the number of job opportunities for semi-skilled labour have been slowly declining. Positively, estimates for 2018 show an increase of 155 jobs for semi-skilled labour.

The demand for skilled labour has been the most resilient to fluctuations in the Hessequa municipal area. Even during the economic slowdown between 2008 and 2010, only six jobs were lost. Since 2011, the number of jobs created annually for skilled labour in the Hessequa municipal area has been increasing, with a decline in 2017 where 84 jobs were created, in contrast to 171 in 2016. Estimates for 2018, however, indicate that the declining trend will dissipate, as employment for skilled labour is estimated to have improved by 50.0 per cent from 2017, with 126 jobs created in 2018.

As indicated in Figure 2.18, low-skilled labour is predominantly concentrated in two sectors - agriculture, forestry and fishing, and community, social and personal services. Approximately 61.3 per cent of jobs within the agriculture, forestry and fishing sector are classified as low-skilled, whereas 61.6 per cent of labour within the community, social and personal services sector are low-skilled.

There are a few sectors in the Hessequa municipal region which are predominantly characterised by semi-skilled labour: mining and quarrying (55.0 per cent), manufacturing (51.1 per cent), construction (57.7 per cent), and wholesale and retail trade, catering and accommodation (52.9 per cent).

Figure 2.18 Hessequa skill level per sector, 2017 (%)



Source: Quantec Research, 2019

The transport, storage and communication sector is primarily composed of semi-skilled workers. The general government and finance, insurance, real estate and business services sectors are also characterised by a large number of skilled workers; however, these two sectors are spread more evenly between skilled and semi-skilled.

Semi-skilled labour is an important source of productive activities in the municipal area, with 41.6 per cent of total labour in the region classified as semi-skilled. Low-skilled labour is only slightly less absorbed in the region, as 36.7 per cent of workers in the Hessequa municipal area are unskilled. Skilled labour accounts for 21.7 per cent of all labour in the municipal area. Although skilled labour accounts for the smallest proportion of employment in the region, it is the most consistent source of employment, with employment opportunities being resilient to exogenous factors which affect the economy in the Hessequa municipal area.

2.8 Kannaland

Like the Oudtshoorn municipal area, the Kannaland municipal areas is also in the Little Karoo and stretches from the Swartberg Mountains in the north to the Bitou mountains in the south. It is bordered by the Anysberg and Gamkaberg mountains in the west and east. The main economic node in the Kannaland municipal area is Ladismith, while

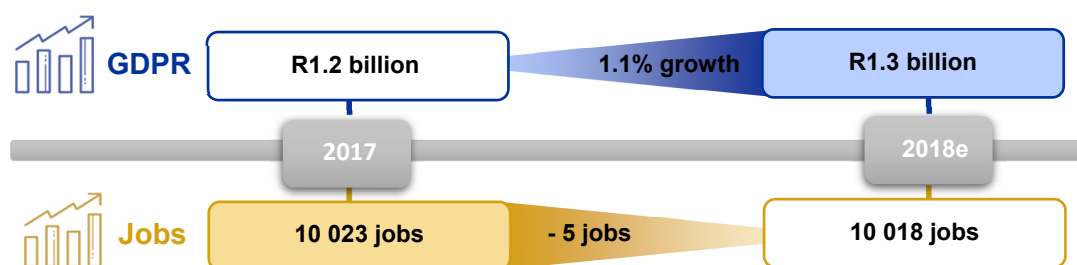
smaller towns include Calitzdorp (known as the port wine capital), Zoar, Van Wyksdorp and Hoeko¹⁸.

2.8.1 GDPR and employment performance

As indicated in Diagram 2.7, the value of the Kannaland municipal area's economy was R1.2 billion (in current prices) in 2017. Estimates for 2018 indicate growth in the municipal area has slowed to 1.1 per cent (in real terms) in 2018 from a growth rate of 3.1 per cent in 2017.

In terms of employment, there are 10 023 jobs in the municipal area as of 2017. Estimates for 2018 indicate that employment in the region has not changed drastically, with a net decrease of five jobs recorded in the year.

Diagram 2.7 Kannaland GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

The municipal area's economy is primarily driven by the agriculture, forestry and fishing sector, which accounts for 17.7 per cent of total GDPR. The second and third largest sectors in the region are the finance, insurance, real estate and businesses service sector, and the wholesale and retail trade, catering and accommodation sector, which account for approximately 16.9 per cent and 16.1 per cent of total GDPR respectively.

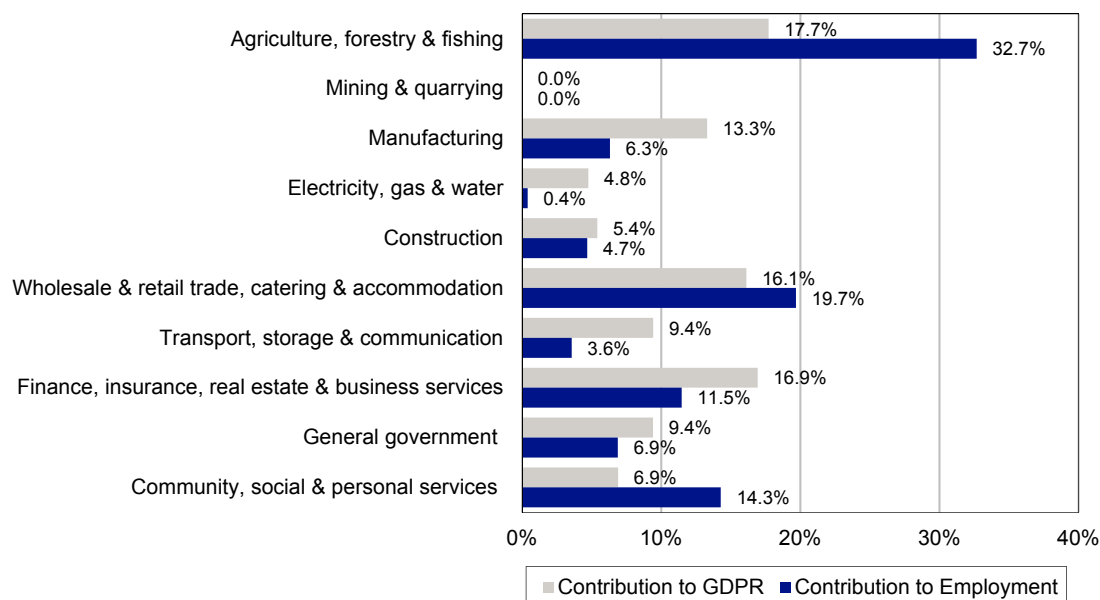
In line with GDPR, the agriculture, forestry and fishing sector is the predominant source of employment in the municipal area. However, while the agriculture, forestry and fishing sector contributes 17.7 per cent to total GDPR, the sector accounts for approximately 32.7 per cent of total employment in the region, which is indicative of this sector being highly labour-intensive. Other labour-intensive sectors in the region are the community, social and personal services sector, which accounts for 14.3 per cent of labour in the region, as well as the wholesale and retail trade, catering and accommodation sector, which accounts for 19.7 per cent of labour in the Kannaland municipal area.

Although the finance, insurance, real estate and accommodation sector is one of the top drivers of GDPR in the region, this sector is not heavily reliant on labour for its productive activities. Other sectors which are less reliant on labour for productive

¹⁸ Kannaland Municipality (2017)

activities are the manufacturing sector, and the transport, storage and communication sector.

Figure 2.19 Kannaland sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

The main driving force in the municipal area's economy, as indicated in Table 2.7, is the tertiary sector. Valued at R735.0 million in 2017, the tertiary sector accounted for approximately 58.8 per cent of total GDP in the region. The primary and secondary sectors contributed evenly to the economy in the municipal area, with a contribution of R221.5 million and R293.4 million in 2017 respectively.

The primary sector wholly comprises agriculture, forestry and fishing in the Kannaland municipal area. This sector has experienced below-average growth rates of 2.2 per cent between 2008 and 2017. While the sector experienced an enormous boost in growth in 2008, the following years were characterised by contractions, with no growth exhibited in 2011. Between 2012 and 2014, growth in the sector improved from 1.3 per cent in 2012 to 7.3 per cent in 2014. Following the drought in 2015, however, further contractions were experienced, with a decline of 3.9 per cent and 10.9 per cent in 2015 and 2016 respectively. Following two years of significant declines, the agriculture, forestry and fishing sector showed signs of improvement in 2017 when a growth rate of 10.0 per cent was realised. This trend was not sustained, however, as estimates for 2018 show a contraction of 3.7 per cent during the year.

Employment in the primary sector was not able to withstand the aforementioned economic fluctuations. Between 2008 and 2011, 2 020 jobs were lost in the primary sector. With the improvements in the sector's economy between 2012 and 2014, 285 jobs were created. In 2014, however, further declines in employment were experienced, which nearly completely offset the gains in the previous two years. On the back of the 7.3 per cent growth rate registered in 2014, there was a marked

improvement in employment of 748 jobs in 2015¹⁹. However, the drought which began in 2015 has led to gradual decreases in employment, with 330 jobs lost in 2016 and 2017. Estimates for 2018 indicate further reductions in employment in the primary sector, although the rate of job loss is expected to decline by 39.9 per cent.

Table 2.7 Kannaland GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDPR Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	221.5	2.2	-3.7	3 275	-1 533	-92
Agriculture, forestry and fishing	221.5	2.2	-3.7	3 275	-1 533	-92
Mining and quarrying	-	-	-	0	0	0
Secondary Sector	293.4	-0.3	1.1	1 145	67	-6
Manufacturing	166.3	-1.7	1.2	634	-69	-31
Electricity, gas and water	59.5	0.5	2.4	41	12	-1
Construction	67.6	4.9	0.0	470	124	26
Tertiary Sector	735.0	3.9	2.6	5 603	1 543	93
Wholesale and retail trade, catering and accommodation	201.5	2.7	0.4	1 973	554	18
Transport, storage and communication	117.8	4.9	3.8	358	179	5
Finance, insurance, real estate and business services	211.7	7.6	5.8	1 150	535	89
General government	117.7	0.4	-1.1	690	35	-1
Community, social and personal services	86.3	1.7	0.8	1 432	240	-18
Total Kannaland	1 249.9	2.5	1.1	10 023	77	-5

Source: Quantec Research, 2019 (e denotes estimate)

Between 2008 and 2017, the secondary sector contracted at an average annual rate of 0.3 per cent. The main source of the disappointing growth in the sector is due to its main contributor - manufacturing - contracting by an average annual rate of 1.7 per cent over the period. The manufacturing sector is susceptible to electricity constraints and has experienced significant contractions in growth during periods in which load-shedding affected the economy. Estimates for 2018 are indicative of a marginal recovery in the secondary sector, with the manufacturing sector estimated to have grown by 1.2 per cent over the course of the year.

While the sectors in the secondary sector are estimated to have recovered in 2018, employment figures in this sector have not mirrored the recovery. Between 2008 and 2017, the manufacturing sector suffered a net loss of 69 jobs over the period. Estimates for 2018 indicate that this trend will continue, with a further 31 jobs lost during the year. Employment in the secondary sector has been mainly driven by the construction sector, which achieved a net increase of 124 jobs between 2008 and 2017. The number

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

of job opportunities in construction is expected to remain on a positive trend, with 26 jobs estimated to have been created in 2018.

In contrast to the lacklustre growth observed in the primary and secondary sectors, the tertiary sector achieved above-average growth rates between 2008 and 2017. The main sectoral contributors to the tertiary sector's strong 3.9 per cent growth rate over the preceding decade are the finance, insurance, real estate and business services sector, which achieved significant annual average growth rate of 7.6 per cent, and the transport, storage and communication sector, which experienced an average annual growth rate of 4.9 per cent. While estimates for 2018 indicate an economic slow-down in the tertiary sector, the sector remains the primary source of growth for the municipal area.

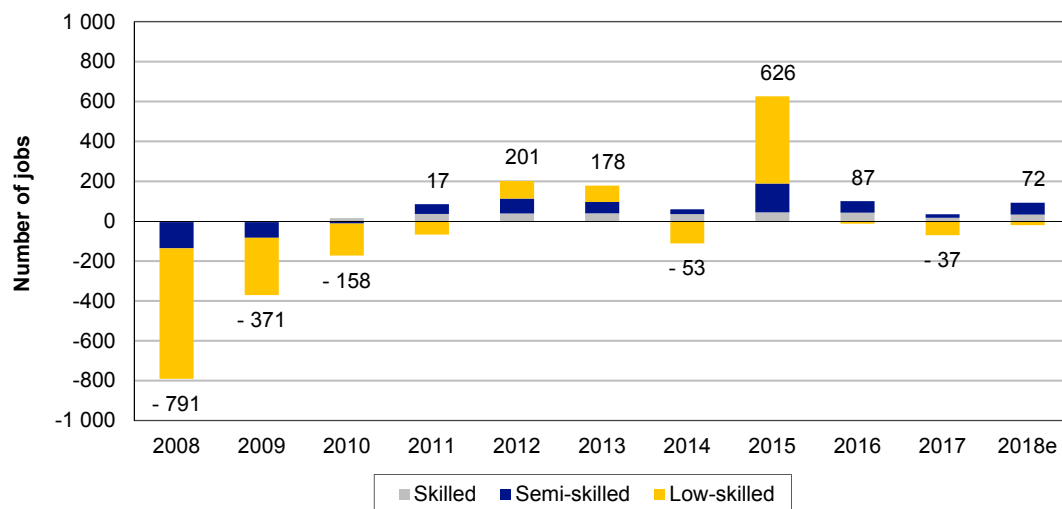
The tertiary sector accounts for approximately 55.9 per cent of total employment in the municipal area. The main sources of employment in the tertiary sector are the wholesale and retail trade, catering and accommodation (1 973 jobs), community, social and personal services (1 432 jobs), and finance, insurance, real estate and business services (1 150 jobs). While the tertiary sector has been a large source of employment in the municipal area, estimates for 2018 are indicative of a slowdown in employment, with only one sector - finance, insurance, real estate and business services - experiencing an improvement between 2017 and 2018. Concerningly, the municipal area's second-largest contributor to employment - community, social and personal services – is estimated to have lost 18 jobs in 2018. As a whole, employment in the municipal area is estimated to have stagnated, with a decline of five jobs registered in 2018.

2.8.2 Skills analysis

The economic turmoil between 2008 and 2010 resulted in enormous job losses in the Kannaland municipal area. Low-skilled labour was particularly affected by this loss of employment - of the 1 320 jobs that were lost between 2008 and 2010, 1 102 losses were felt by low-skilled labour. While there were some improvements noted for low-skilled workers in 2012 and 2013, 2014 resulted in further job losses. As noted in other municipal areas, 2015 provided low-skilled labour with a substantial increase in job opportunities²⁰. However, since 2016, reductions in jobs for low-skilled labour have been observed - a trend which is projected to have persisted in 2018.

While semi-skilled labour was also susceptible to the economic downturn during 2008 and 2010, the number of jobs lost was far lower than for low-skilled labour. By 2015, the number of jobs lost between 2008 and 2010 were wholly offset. Although the number of employment opportunities has been decreasing since the marked improvement experienced in 2015, estimates for 2018 indicate that employment opportunities for semi-skilled workers are on the upswing, with 59 jobs estimated for 2018, compared to only 17 in 2017.

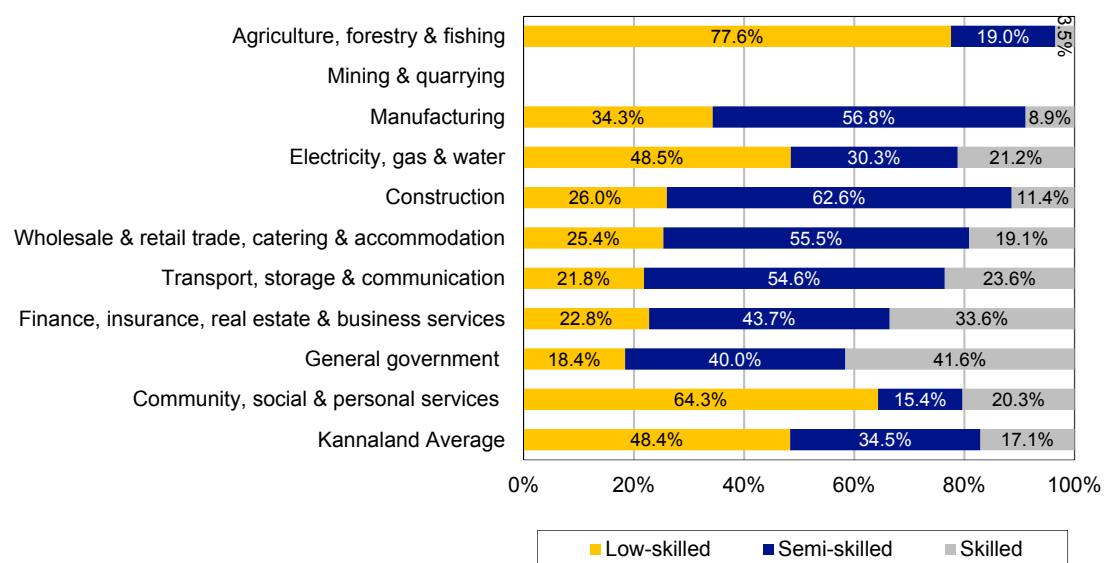
²⁰ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data due to variations in its design (Stats SA, 2015).

Figure 2.20 Kannaland employment growth by skill levels, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

The demand for skilled labour in the municipal area has been the most consistent. Between 2010 and 2014, the number of skilled job opportunities gradually increased. While a substantial decrease from 42 jobs in 2016 to 17 in 2017 was experienced, a more positive outlook was estimated for 2018, with an estimated amount of 33 jobs having been created during the year.

In terms of skill level, as indicated in Figure 2.21, the agriculture, forestry and fishing sector consists predominantly of low-skilled work - 77.6 per cent of workers in this sector are classified as low-skilled. Community, social and personal services is also largely composed of low-skill workers, with 64.3 per cent of workers in this sector being low-skilled.

Figure 2.21 Kannaland skill levels per sector, 2017 (%)

Note: There are no formally employed workers in the mining and quarrying sector in this municipality.

Source: Quantec Research, 2019

The distribution of semi-skilled workers is evenly concentrated across most sectors in the municipal area. The sector with the highest concentration of semi-skilled workers – construction – comprises 62.6 per cent of labour of this skill level. Other sectors with a large proportion of semi-skilled workers are manufacturing (56.8 per cent), wholesale and retail trade, catering and accommodation (55.5 per cent), and transport, storage and communication (54.6 per cent).

The general government sector is largely composed of skilled labour – 41.6 per cent of labourers within this sector are classified as skilled. The finance, insurance, real estate and business services sector is also characterised of a large number of skilled labourers (33.6 per cent). The number of semi-skilled labourers in the sector, however, exceed the number of skilled workers.

In the municipal area, the economy is largely characterised by low-skilled work – 48.4 per cent of workers in the region are low-skilled. As historical data points to this labour segment being particularly vulnerable, the number of persons employed in the municipal area may tend to fluctuate dramatically in the presence of economic shocks.

2.9 Building plans passed and completed

Building plans passed and completed are some of the indicators that are used to measure economic activity and business cycle changes. The value of building plans passed²¹ can be used as a leading indicator while building plans completed²² can be used as a lagging indicator. Building plans passed and completed has further implications for municipal spatial planning and budgeting.

Statistics SA's information on building plans passed and completed is only available for the George, Mossel Bay, Oudtshoorn, Knysna and Bitou municipal areas.

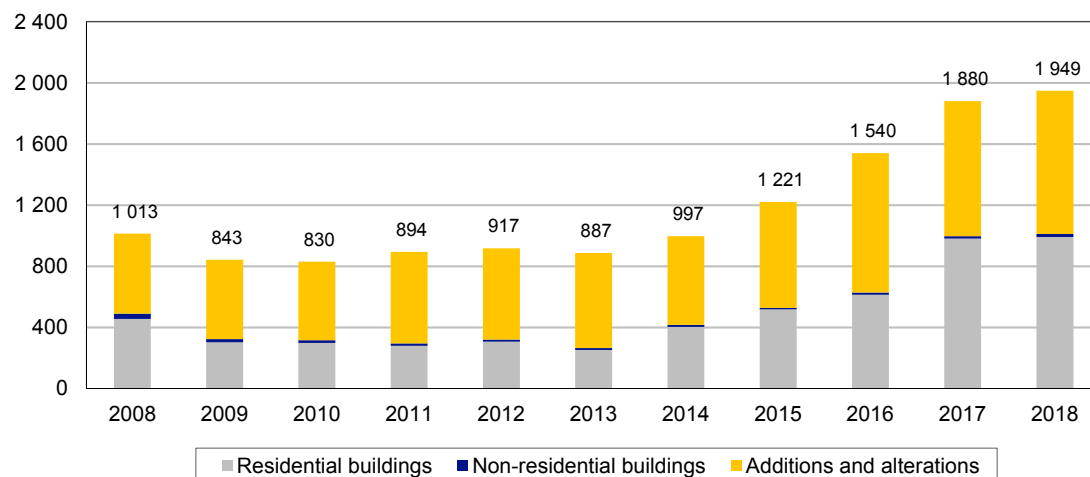
2.9.1 George

Figure 2.22 demonstrates that building plans that have been passed between 2008 and 2016 in the George municipal area are mainly for additions and alterations to buildings. In 2017 and 2018, however, the number of building plans, specifically for residential buildings, that have been passed surpassed that of additions and alterations for the first time in the period. As the demand for newly built houses indicates higher purchasing power of households, this is a positive indication that the economy in the municipal area is growing.

George is growing as a regional hub; this is increasing the demand for housing, services and infrastructure. Spatial planning and local economic development opportunities are important tools to ensure that the area can continue to sustainably expand.

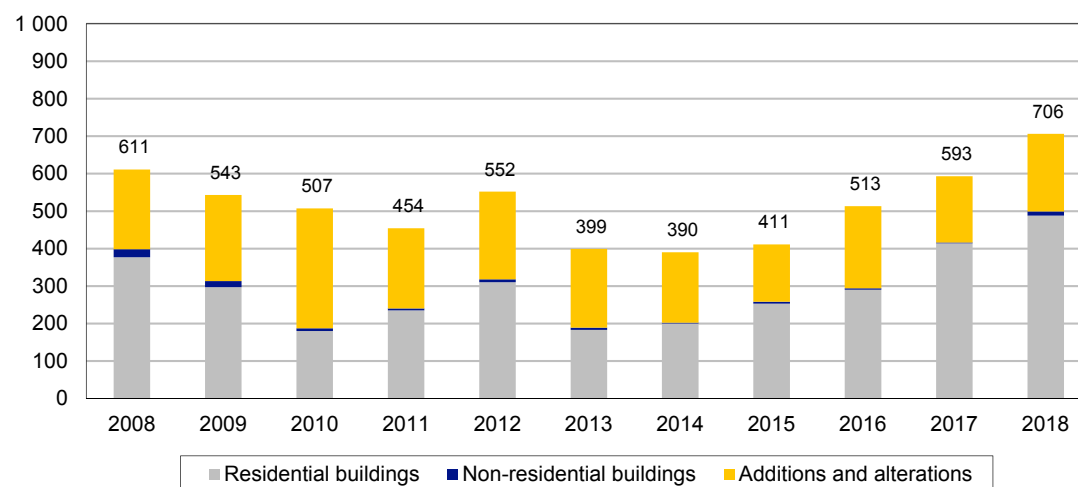
²¹ Number of residential building plans passed larger than 80 m².

²² Value of non-residential buildings completed (constant prices).

Figure 2.22 George building plans passed, 2008 - 2018

Source: Statistics SA & Quantec Research, 2019

It should be noted that, while the number of building plans is indicative of demand, a more reliable means of establishing the ability of persons within the economy to finance the completion of these buildings is by assessing the number of completed buildings, which is provided in Figure 2.23.

Figure 2.23 George building plans completed, 2008 - 2018

Source: Statistics SA & Quantec Research, 2019

In contrast, the number of completions based on the number of plans, a proxy for the throughput rate, is calculated by the ratio of buildings completed and plans passed in the year preceding its completion. Although it is noted that the time lag may not perfectly equal to one year, given the aggregation of the number of buildings, the proxy will allow for an estimation of the throughput rate.

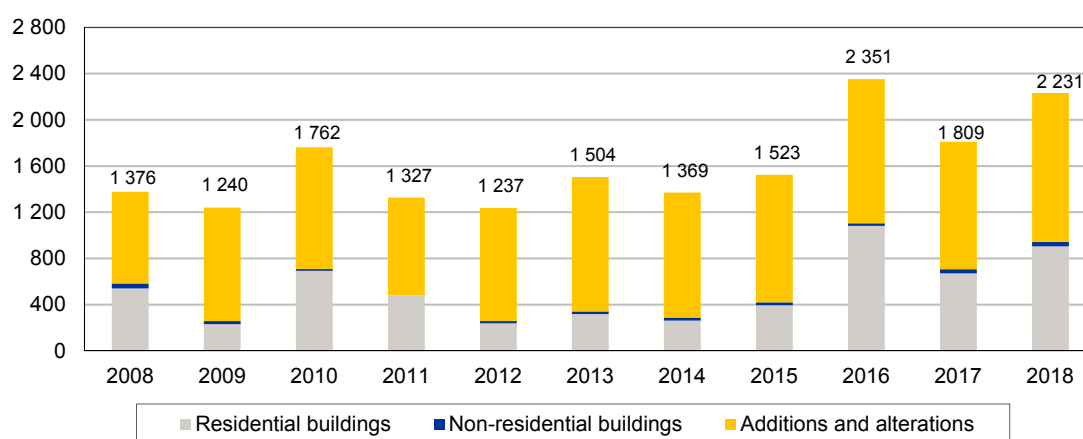
As indicated in Figure 2.23, the completion of buildings plans in the municipal area is primarily driven by residential buildings, contrary to what has been observed in the trend for building plans passed. Also noteworthy is that when assessing the rate of completion as a proportion of plans passed, the municipal area has been declining in throughput. While approximately 53.6 per cent of the building plans passed in 2008

came to fruition in 2009, only 37.5 per cent of buildings plans passed in 2017 were built in 2018. The main driver of the low throughput rate is the completion of plans for additions and alterations, which is obvious when contrasting the ratio of plans passed with the number of completed buildings over the period.

2.9.2 Mossel Bay

In the Mossel Bay municipal area, the number of buildings plans passed is largely due to plans for additions and alterations. While a spike in the number of plans passed for residential buildings was observed in 2016 and 2018, plans for the alterations of buildings remained the largest source of plans passed in the region. The high proportion of plans passed for additions and alterations is indicative of an economy wherein consumers opt to amend current buildings rather than buy new buildings.

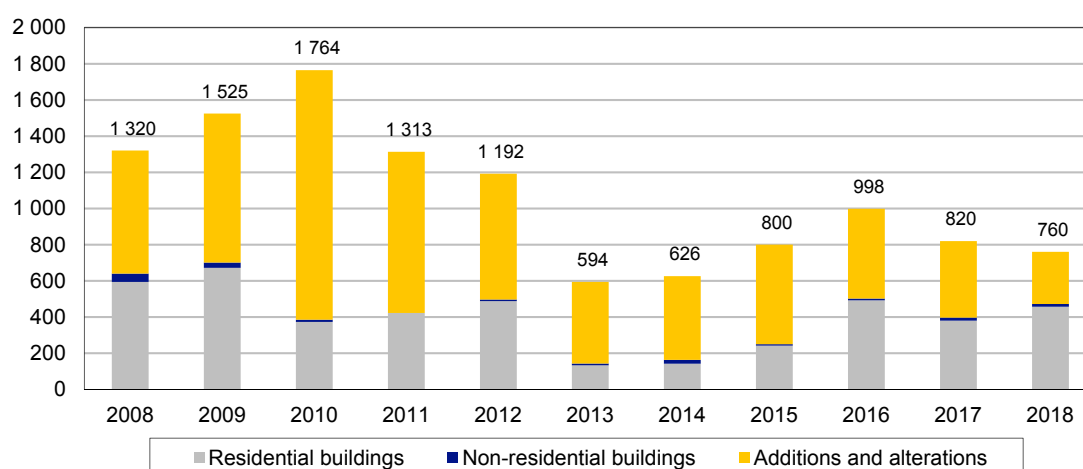
Figure 2.24 Mossel Bay building plans passed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

When assessing the throughput rate of building plans, it is clear that the proportion of plans completed have been declining between 2010 and 2018.

Figure 2.25 Mossel Bay building plans completed, 2008 - 2018



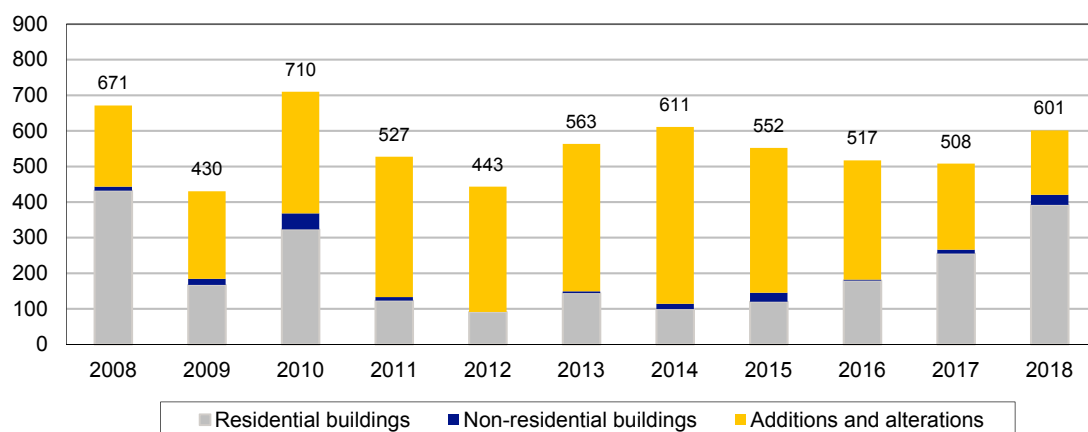
Source: Statistics SA & Quantec Research, 2019

While a large proportion of plans which had been passed during the earlier years were completed, there was a drastic decline from 2013. Since 2013, for every two building plans that have been passed, only one has been completed. This suggests that while the demand for buildings may have been consistent over the period, the ability to finance the completion of these buildings has been declining.

2.9.3 Knysna

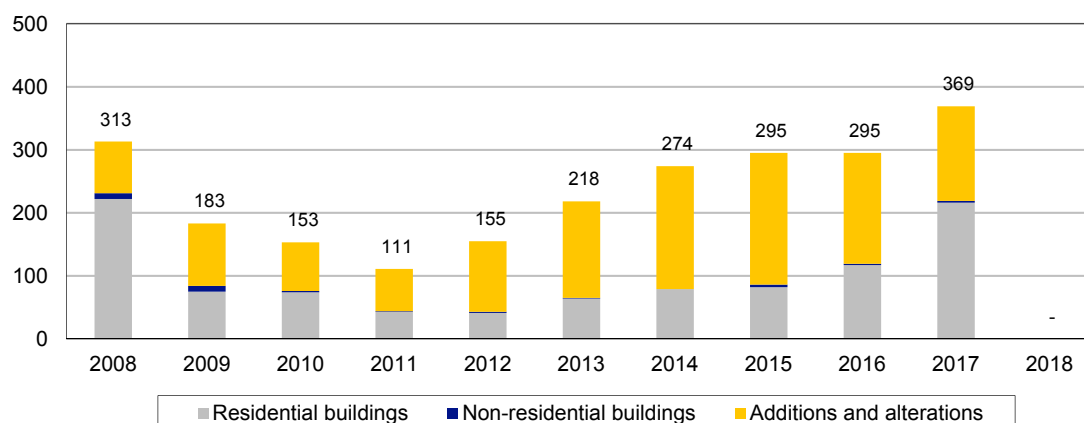
While the demand for residential buildings exceeded that of additions and alterations in 2008, between 2009 and 2016, the number of plans passed for additions and alterations has exceeded that of buildings, for both residential and non-residential purposes. From 2017, however, the demand for residential buildings surpassed that of additions and alterations, which is a positive indication that investment in Knysna's residential market is improving. Interestingly, the largest demand for residential housing stems from buildings which are larger than 80 square meters, indicating that investment in the housing market stems from high-income households, possibly for leisure purposes.

Figure 2.26 Knysna building plans passed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

The assessment of the building throughput rate in the Knysna municipal area shows that, positively, the number of buildings completed as a proportion of building plans passed has been improving over the period.

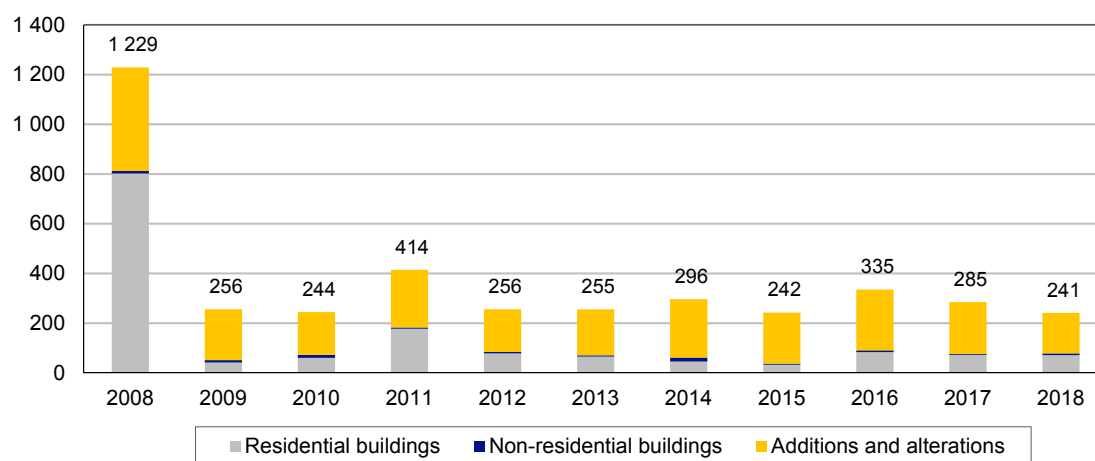
Figure 2.27 Knysna building plans completed, 2008 - 2018

Source: Statistics SA & Quantec Research, 2019

Interestingly, while the number of residential buildings as a proportion of total buildings is smaller than that of additions and alterations, the completion rate of buildings in the Knysna municipal area is mainly driven by the residential market.

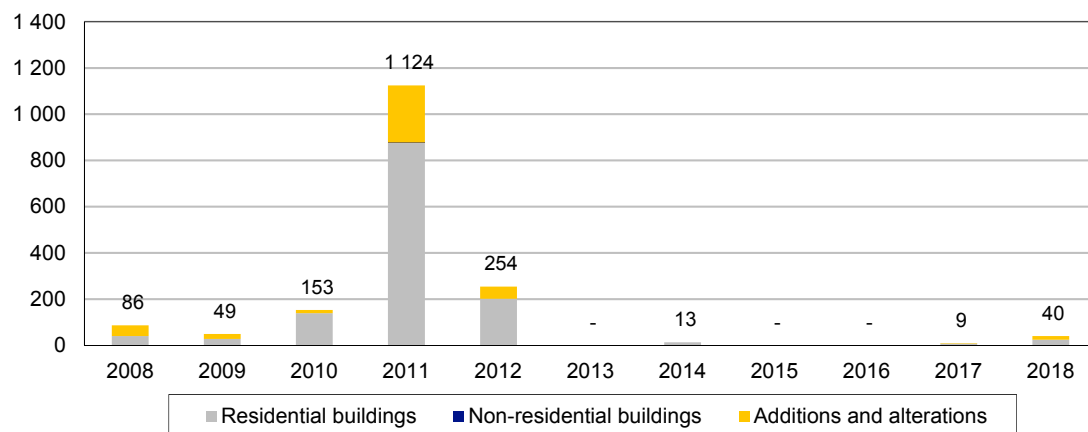
2.9.4 Oudtshoorn

The demand for buildings and alterations thereto in the Oudtshoorn municipal area significantly declined between 2008 and 2009, largely driven by the substantial lack of demand for new residential buildings. Building plans in the region have been dominated by plans for additions and alterations since 2009, which points to an economy wherein building new property is not feasible.

Figure 2.28 Oudtshoorn building plans passed, 2008 - 2018

Source: Statistics SA & Quantec Research, 2019

The completion rate in the municipal area points to a disappointing outlook. As observed in Figure 2.29, the number of buildings completed has been nearly non-existent since 2013, although a number of building plans were passed during this period.

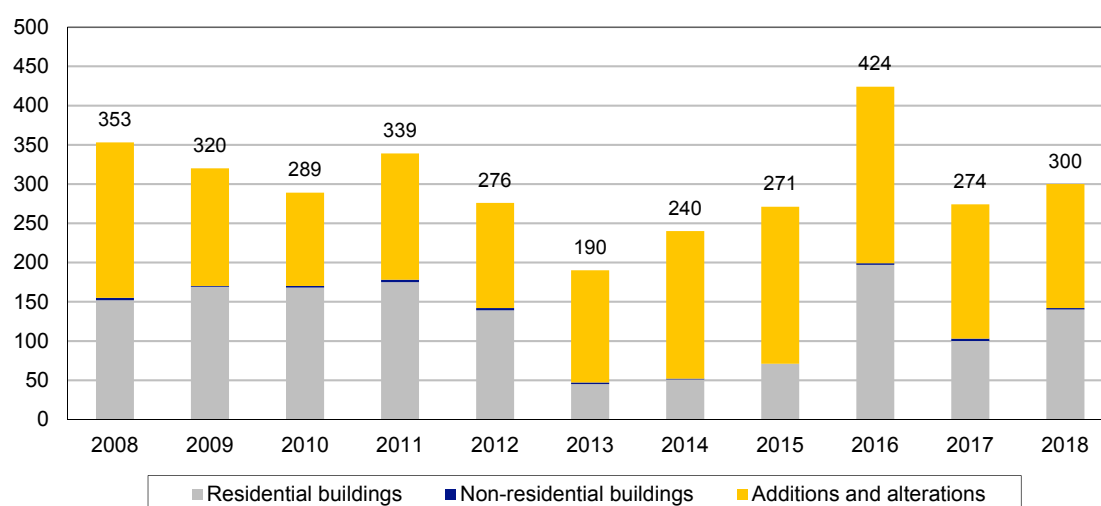
Figure 2.29 Oudtshoorn building plans completed, 2008 - 2018²³

Source: Statistics SA & Quantec Research, 2019

The peak observed in 2011, during which 1 124 buildings were completed, most of which were driven by the residential housing market. As one may infer from the substantial spike in building plans passed in 2008, there seems to be an approximate lag of three years between the time of building plan approval to the time of completion, which may be due to lack of finance during the building stages.

2.9.5 Bitou

In the Bitou municipal region, the demand for residential buildings, and additions and alterations have been nearly proportional between 2008 and 2011. From 2012, however, the demand for residential buildings declined, with the economy in the Bitou municipal area being more conducive to additions and alterations rather the creation of new buildings.

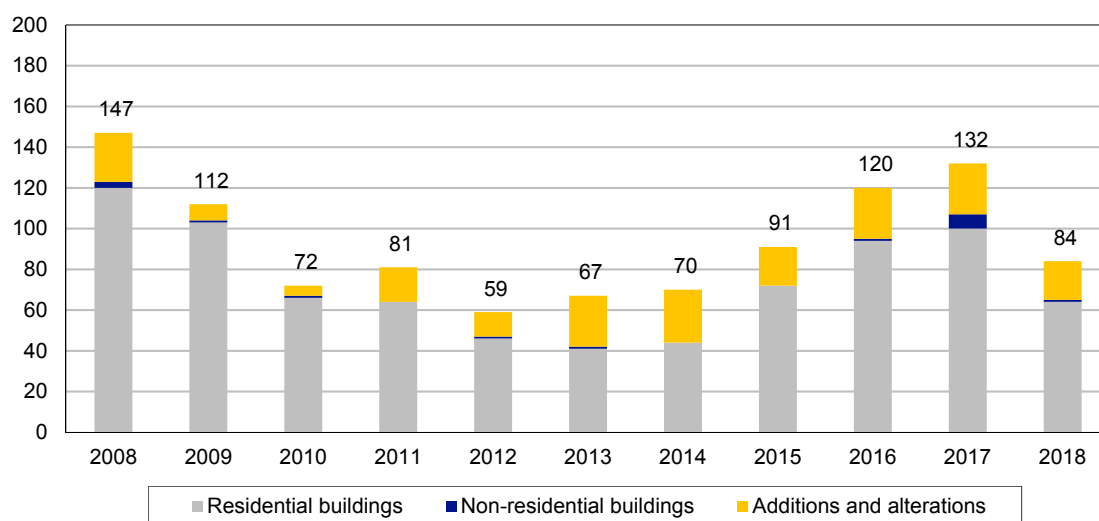
Figure 2.30 Bitou building plans passed, 2008 - 2018

Source: Statistics SA & Quantec Research, 2019

²³ No data for 2013, 2015 & 2016.

The number of building plans completed in the municipal area shows that, while the demand for additions and alterations may be higher or proportional to residential buildings, the throughput rate for these amendments is very low. Between 2008 and 2018, most of the buildings completed in the area are driven from the residential housing market in the municipal area, which is a positive indication of the welfare of households in the region. It should be noted, however, that houses which are larger than 80 square meters comprise a large proportion of total residential buildings completed, which may point to an area which is characterised by a skewed income distribution.

Figure 2.31 Bitou building plans completed, 2008 - 2018



Source: Statistics SA & Quantec Research, 2019

2.10 Concluding remarks

Across municipal areas in the GRD, the tertiary sector is the main contributor to GDP. 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 GDP 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.

Building plans passed and completed provide an indication of the health of the economy. Interestingly, in most municipal areas, the demand for housing (as proxied by plans passed) has been concentrated in additions and alterations. When assessing the throughput rate, however, it is clear that the probability of residential buildings being completed is much higher than the probability of completing additions and alterations. Also noteworthy is that, on average, the throughput rate of the building plans have been decreasing over the period, suggesting that while there is a demand for buildings, the ability to secure finance has hindered the ability to complete such buildings.



3

Trade and tourism

3.1 Introduction

The economy of a region is not only influenced by the spending of local households. Businesses trade cross-border (locally and internationally) with goods and services while tourists (domestic and international) visit towns and attractions in the GRD. Exports and tourism can, therefore, be seen as an injection into the economy of the GRD, while imports are considered leakages.

This section will explore trade and tourism dynamics at a District level in order to identify new opportunities for development or investment, to maximise the value of potential injections into the local economy of the GRD.

3.2 Trade

3.2.1 Garden Route District

3.2.1.1 Local trade dynamics

To determine the level of specialisation in the different economic sectors of the GRD, a location quotient is used. The location quotient is a ratio between two economies - in this case, the Provincial and District economies – which indicates whether the District is importing, self-sufficient or exporting goods and services from a particular sector.

A location quotient of more than one indicates that a comparative advantage exists in this local economy compared to the provincial economy, whereas a location quotient of less than one indicates that the representation of this industry is weaker in the local economy than in the provincial economy²⁴. Furthermore, a location quotient of one indicates that the representation of the industry in the local economy is the same as its representation in the Province.

Table 3.1 provides further detail on the classification and interpretation of the location quotient.

Table 3.1 Location quotient interpretation

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

Source: *Urban-Econ*, 2019

It is important to note that a location quotient, as a tool, does not consider external factors such as government policies, investment incentives, and proximity to markets, etc., which can influence the comparative advantage of an area in a particular sector. Furthermore, the size of the location quotient does not necessarily mean that the sector is small or large in the local economy, nor does it indicate the value of importance, but instead indicates the relative importance of the local economy to the provincial economy. Lastly, a value between 0.75 and 1.24 does not strictly indicate that the local economy is exporting a good or service, nor does it indicate that local needs are not met²⁵.

Table 3.2 provides the location quotient for the GRD in terms of GDP and employment. In terms of GDP, four of the sectors in the GRD – agriculture, forestry and fishing; mining and quarrying; construction; and electricity, water and gas - have a location quotient

²⁴ Fenning and De Costa (2010)

²⁵ City of Madison (2006)

greater than one. This indicates that these sectors in the GRD have a comparative advantage relative to the sectoral performances in other districts in the Western Cape Province. There may, therefore, be an opportunity to take advantage of these sectors to maximise GDPR in the GRD. However, as seen in Section 2, these sectors account for only a small proportion of the GDPR in the region and, as such, the extent to which these sectors may be capitalised on may be limited.

Table 3.2 Location quotient in terms of GDPR and employment, Garden Route District, 2017

Sector	In terms of GDPR	In terms of employment
Agriculture, forestry and fishing	1.4	1.2
Mining and quarrying	1.3	1.2
Manufacturing	1.0	0.9
Electricity, gas and water	1.1	1.1
Construction	1.2	1.1
Wholesale and retail trade, catering and accommodation	1.0	1.1
Transport, storage and communication	0.9	0.9
Finance, insurance, real estate and business services	1.0	0.9
General government	0.9	0.8
Community, social and personal services	1.0	1.0

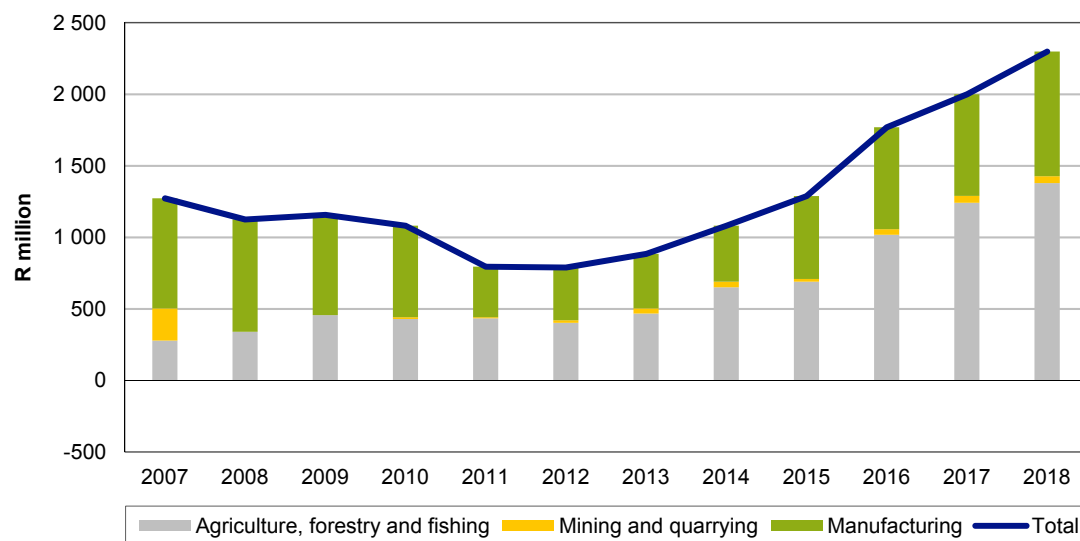
Source: Quantec Research, 2019

In terms of employment, the location quotient for five of the sectors - agriculture, forestry and fishing; mining and quarrying; electricity, water and gas; construction; and wholesale and real trade, catering and accommodation - indicates that these sectors have a higher than average concentration of workers than the Western Cape Province. Conversely, four sectors in the GRD - manufacturing; transport, storage and communication; finance, insurance, real estate and business services; and general government – have a location quotient of less than one. This suggests that these sectors may need to import labour into the local economy to meet their sectoral labour requirements.

3.2.1.2 International trade flows

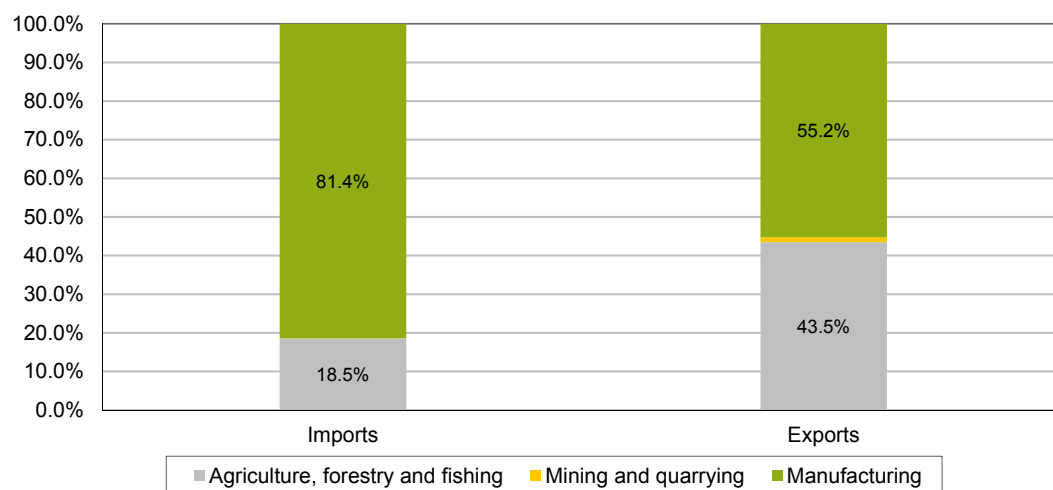
As observed in Figure 3.1, the GRD has maintained a positive trade balance for all years between 2007 and 2017. Between 2007 and 2010, the positive trade balance was largely attributed to the manufacturing sector, with the agriculture, forestry and fishing, and mining and quarrying sectors accounting for less than half of the manufacturing sector's contribution to the trade surplus. Since 2011, however, the agriculture, forestry and fishing sector has been the driver of the positive trade balance experienced in the GRD.

In 2018, the economy of the GRD exported goods to the value of R3.8 billion and imported goods to the value of R1.5 billion, resulting in a trade surplus of R2.3 billion. The trade surplus registered in 2018 was R298.8 million higher than that registered in 2017 and was the highest surplus experienced in the economy in the period under review.

Figure 3.1 Garden Route District trade balance, 2007- 2018

Source: Quantec Research, 2019

An overview of the sectoral trade distribution of the GRD is provided in Figure 3.2. Imports into the District are dominated by the manufacturing sector, accounting for 81.4 per cent of total imports. It is followed by imports of agriculture, forestry and fishing goods (18.5 per cent).

Figure 3.2 Garden Route District sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

The composition of export revenue is more evenly spread between manufacturing and agricultural products. This confirms that the District's specialisation is the agricultural sector, as indicated by the location quotient in the previous section, and points to a comparative advantage of some of its manufacturing capabilities. The manufacturing sector accounts for 55.2 per cent of exports in the region, while the agriculture, forestry and fishing sector accounts for 43.5 per cent of exports in the GRD.

The table below indicates the value and main trading partners of the top five product categories that are imported and exported from the GRD.

Table 3.3 Garden Route District main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R228.1	China, Germany, Italy	Edible fruit and nuts; peel of citrus fruit or melons	R1 201.0	China, Saudi Arabia, Hong Kong
2 Plastics and articles thereof	R138.5	Saudi Arabia, China, United Kingdom	Raw hides and skins (other than furskins) and leather	R494.9	United States, France, Italy
3 Fish and crustaceans, molluscs and other aquatic invertebrates	R113.1	Namibia, Morocco	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R320.9	Netherlands, United States, Japan
4 Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	R103.4	Australia, Turkey, Malaysia	Unclassified	R253.9	United States
5 Live animals	R97.43	Namibia	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	R217.3	Vietnam, Hong Kong, China
Total imports	R1 525.4		Total exports	R3 823.5	

Source: Quantec Research, 2019

Valued at R1.5 billion in 2018, imports into the Garden Route are from across the globe, with little concentration in one country. With a value of R228.1 million in 2018, the main sources of imports in the GRD are machinery and mechanical appliances, such as water filtering and purification equipment, refrigerators and freezers, and other mechanical equipment and parts thereof from three main trading partners: China, Germany and Italy.

Total exports from the GRD amounted to R3.8 billion in 2018 and were mainly driven from the agriculture, forestry and fishing sector. With a value of R1.2 billion in 2018, citrus fruit was the top export from the District to its main trading partners: China, Saudi Arabia and Hong Kong. Other top-performing products in the District were raw hides and skins (other than furskins) and leather to the value of R494.9 million, which were mainly exported to the United States, France and Italy.

3.2.1.3 Value chains

All industries do not operate in a single economic sector as value is added throughout the product chain. In many local economies, the economy is driven by a dominant industry or commodity, which has given rise to the development of towns and the expansion of economic activity and the attraction of new industries and development opportunities which add value to the economy. In other cases, a local area has natural elements or is strategically located to develop a sector or industry.

The following section provides an overview of the GRD's international trade flows, which highlights the importance of the agricultural value chain in the region. The agricultural value chain is further explored by providing the core sectors which form part of the value chain, as well as the risks and opportunities that need to be accounted for to ensure the sustainability of the economy.

As demonstrated in Diagram 3.1, the main agricultural products imported into the GRD are frozen fish and live bovine animals, which are primarily sourced from the African continent. Another important source of imports is machinery, which several of the municipal areas in the GRD use to prepare and export leather and related products for further manufacturing. Seeds are another dominant source of imports, which points to the agricultural nature of the economy.

The agricultural sector is the main driver of revenue from exported goods in the GRD. Some of the main exports from the region include citrus fruit, such as oranges and lemons, wine, leather which has been further prepared, birds with their feathers and downs, as well as vegetable and other seeds. Barring citrus fruit and vegetable seeds, however, exports are predominantly driven by the agro-processing/manufacturing sector. This is a clear indication that the GRD's endowment of natural resources has been a large source of stimulation and development of subsidiary industries which have in turn become the main contributors to GDP in the region.

The tertiary sector is the main source of revenue in terms of exported services in the GRD's economy. Within the tertiary sector, output amounted to R59.8 billion in 2018. Therefore, while the economy of the GRD exports goods to many countries, its main source of revenue is that of the services it provides to its locals, as well as nonlocals, who visit the area for tourism-related purposes. A significant proportion of tourism in the GRD is driven by agri-tourism. The scenic nature of the District has fostered a strong tourism industry which is stimulated by the attractions within the agricultural sector, such as the ostrich industry. Other attractions are the gourmet restaurants which thrive due to the availability of fresh produce and niche products.

Overall, the economy of the GRD is heavily reliant on the agricultural value chain. In terms of exported products, seven of the top ten products stem either directly or indirectly from the agricultural sector. As discussed in Section 1, the agriculture, forestry and fishing sector is the smallest contributor to GDP in the GRD. However, despite being one of the smallest contributors in terms of direct value, the agricultural sector is one of the main driving forces of economic activity in the District and subsequently provides a vast number of opportunities for further development and investment in the region.

Many inputs used in the agricultural process drive a significant proportion of activity in other sectors, such as the wholesale and retail trade sector through which agricultural machinery and products are purchased, the transport and storage sector which is stimulated by distributional activities, petroleum which is locally sourced through the petrochemicals industry in Mossel Bay, as well as the finance and business services sector, which provides services such as legal and accounting services. The dynamics between the agricultural sector and the other sectors within the economy in the District necessitate the links between sectors are strengthened to ensure that productivity is optimised. The availability of adequate infrastructure such as transport infrastructure, agro-processing facilities and a constant supply of electricity are also key determinants of possible growth in the District.

The GRD has particularly strong linkages between the agricultural sector and agro-processing, with most output from the agricultural sector being further processed in the region. Food processing was the largest contributor to the manufacturing sector's output in 2018, with 33.0 per cent of output stemming from this sector. Some of the main food processing companies are Golden Harvest FPM in George, Klein Karoo International in Oudtshoorn, Morning Milk in George, Mosstrich Pty Ltd in Mossel Bay and Robbeberg Fine Foods in Plettenberg Bay. The products developed through agro-processing, such as leather products, dairy products and wine, are either exported directly or transferred to the wholesale and retail trade sector, which in turn supplies the catering and accommodation sector as well as households directly.

The agricultural sector is a large contributor to employment in the region, with low-skilled labour being especially prevalent in this sector. The international trend of moving to mechanised farming practices may therefore negatively affect agricultural employment. To ensure gains in productivity do not negatively affect employment in the region, support initiatives, such as support for small scale farmers, may allow for the agricultural sector to remain a significant contributor to employment by exploring niche activities that will require labour. Another means to ensure the movement towards mechanisation does not adversely affect employment is through the upskilling of workers. By providing low-skilled workers the means to develop skills which may be utilised in the presence of technological advancements, the unemployment stemming from these advancements may be mitigated.

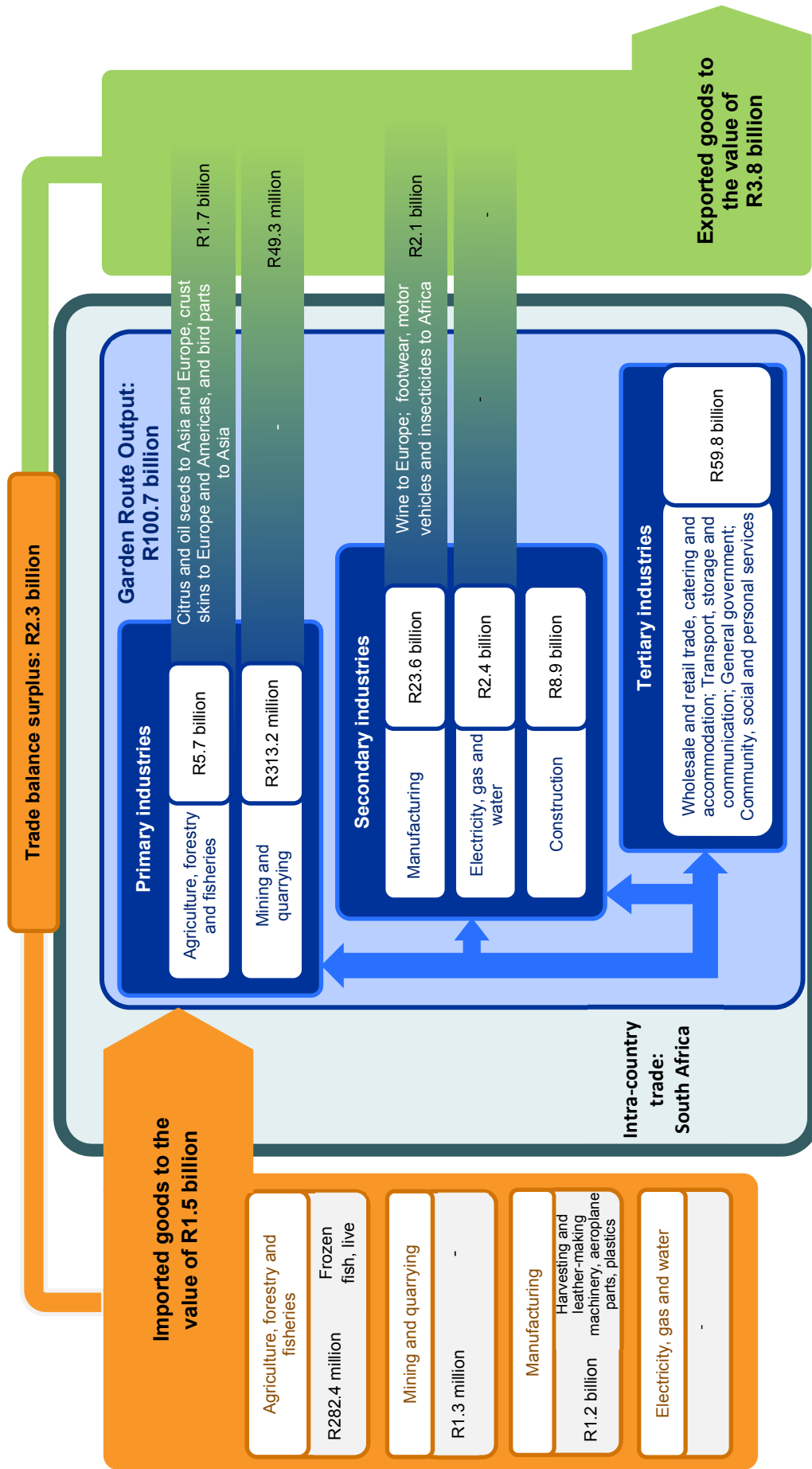
Furthermore, due to the importance of the agricultural sector to other economic activities in the region, the performance of the agricultural sector also indirectly determines employment dynamics in other sectors. The means to improve productivity in the agricultural sector will, therefore, see further productivity gains in other sectors, which will improve opportunities for employment across sectors.

Due to the economy's reliance on the agricultural sector, another risk to the GRD's economic sustainability is the effects of climate change. The effects of climate change need to be accounted for by ensuring policy within the region, such as local development frameworks, are adequately adjusted to include mitigatory measures and adaptation strategies. As the GRD has been especially susceptible to prolonged periods of drought and damaging wildfires, local strategies will need to ensure that climate-resilient measures are put in place, such as water-saving technologies, to

ensure the economy of the GRD is able to offset any climate-related challenges. Interestingly, the drought in the Garden Route had led to several investments into the region as companies were incentivised to invest in technologies which would enable the ongoing of productive activities despite water shortages. This will be further elaborated on in the following section.

Another risk to economies which are heavily reliant on the export of raw materials is the higher volatility of commodity prices relative to products higher in the value chain. Improving the linkages between the agricultural sector and the agro-processing sector will reduce the dependency of the District on imports and improve the proportion of value-added goods being exported. While the agricultural sector has allowed for the growth of the agro-processing sector, the agro-processing sector may be further utilised to stimulate the economy in the GRD. For example, the honeybush value chain is an area which may be capitalised on. Although South Africa is the sole exporter of honeybush, exports are primarily sold in bulk rather than in retail packaging. As one of the dominant sellers of this product, the GRD may further its agro-processing to ensure a brand is developed, rather than having international buyers brand the product in their respective countries.

Diagram 3.1 Trade flows in the Garden Route District and most commonly traded goods, R billion (current prices), 2018



Source: Urban-Econ/Quantec, 2019

3.2.1.4 Investments

Over the six-year period, capital investment into the District's economy amounted to USD25.5 million with 212 jobs being created. The sector which generated the highest investment was the food and tobacco sector, while the consumer products sector created the largest number of job opportunities.

Between 2012 and 2017, two investments were made into the Food and Tobacco sector. In the Mossel Bay municipal area, Nestle invested USD1.3 million into a wastewater treatment plant which extracts water from cow's milk to be reused for various purposes within the facility. The investment into the municipal area was spurred by the severe droughts experienced in the Province which necessitated the transformation of productive activities to those which are conducive to environmental sustainability.

The other investment into the food and tobacco sector was by DuPont, which invested USD13.0 million into a multi-crop research centre in Hoogekraal. The drought was again a motivating factor for the investment into the region, as the purpose of the research centre is to conduct multi-crop research with a particular focus on drought resistance.

The strong agricultural focus in the GRD has provided a number of opportunities for investment and development of the region due to the value of this sector. While the drought had put a strain on the economy of the District, it has also incentivised companies to invest in sustainable practices which will make the economy more resilient to exogenous factors and therefore less susceptible to economic downturns and job losses.

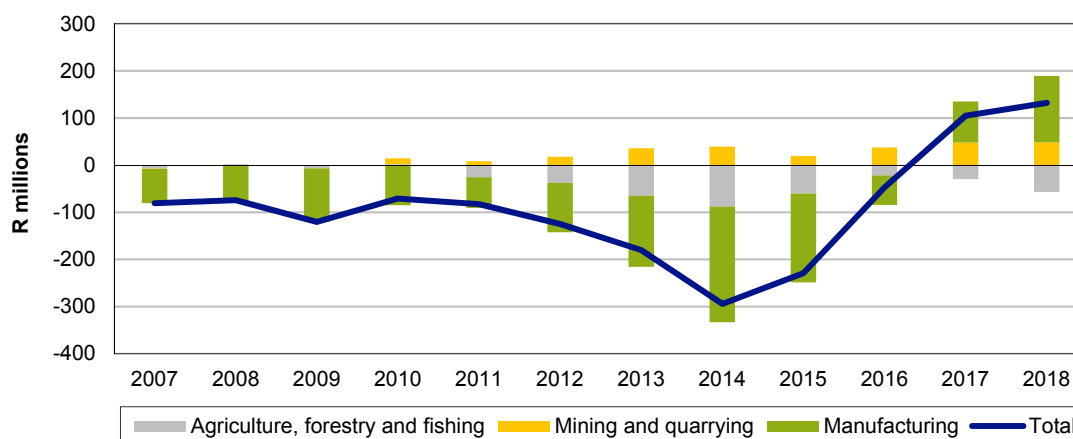
Table 3.4 Summary of investment into the Garden Route District by sector, 2012 - 2017

Sector	Total CAPEX (USDm)	Total jobs
Food and tobacco	14.3	45
Consumer products	7.2	136
Consumer electronics	4.0	31
Total	25.5	212

Source: Wesgro, 2019

3.2.2 George

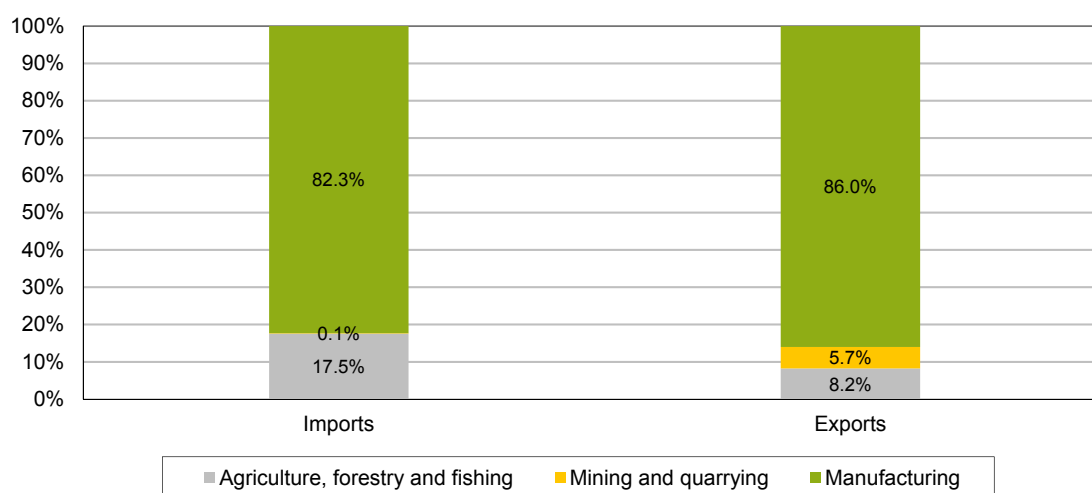
As demonstrated in Figure 3.3, between 2007 and 2016, the George municipal area registered a trade deficit, which was mainly driven by the large quantities of imported goods for the manufacturing and agricultural sectors. The first trade surplus was registered in 2017, which was driven by high volumes of exports (valued at R541 million) stemming from the manufacturing sector, resulting in a trade surplus of R105.2 million in this sector. Historically, the mining and quarrying sector has been the only sector in the George municipal area which has maintained a positive trade balance since 2010 due to low levels of imports into this sector. However, as mentioned in Section 2, mining and quarrying contributed only 0.4 per cent to total GDP in the GRD and is therefore not a core driver of economic activities in the region.

Figure 3.3 George trade balance, 2007 - 2018

Source: Quantec Research, 2019

In 2018, the George municipal area registered a trade surplus of R132.3 million, which was largely driven by the surplus experienced in the manufacturing sector (R140.9 million) and the mining and quarrying sector (R48.3 million). The persistent trade deficit experienced in the agricultural, forestry and fishing sector deepened in 2018 from R29.9 million in 2017 to R56.9 million in 2018.

With a total value of R728.2 million in 2018, imports were primarily for manufacturing activities, accounting for 82.3 per cent, as observed in Figure 3.4. Exports from the region were valued at R860.6 million, which were also mainly driven by manufactured goods. The balance of exports from the region was sourced from the agricultural sector (8.2 per cent) and the mining and quarrying sector (5.7 per cent).

Figure 3.4 George sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

An overview of the George municipal area's main trading partners and product categories is provided in Table 3.5. With a value of R113.1 million in 2018, fish was the largest imported item, sourced mainly from Africa. Namibia accounted for the highest proportion in this category, specifically exporting fish such as hake and mackerel to the George municipal area. Another dominant source of fish imports was Morocco, from which sardines were imported.

Aside from agricultural products, manufactured items accounted for a large proportion of imported goods in the municipal area, stemming mainly from China. In particular, the municipal area imported water filtering and purifying machines, forklift trucks, excavating equipment, and harvesting and threshing from China. Italy was another prominent trading partner for the importation of mechanical appliances and machinery for preparing, tanning and working hides, skins or leather. Raw hides, skins and leather were imported from Pakistan, Brazil and India.

India and China were the main sources of imported footwear (with outer soles of rubber and plastics) in the municipal area, while Lesotho was the main source of cotton products, such as t-shirts, vests, jerseys, pullovers and other knitted or crocheted materials.

Table 3.5 George main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Fish and crustaceans, molluscs and other aquatic invertebrates	R113.1	Namibia, Morocco	Unclassified	R253.9	United States
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R94.8	China, Italy, Germany	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	R74.5	Namibia, Swaziland, Botswana
3 Footwear, gaiters and the like; parts of such articles	R89.7	China, India	Footwear, gaiters and the like; parts of such articles	R68.2	Namibia, Botswana, Swaziland
4 Articles of apparel and clothing accessories, knitted or crocheted	R73.8	Lesotho	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R56.4	Kenya, Malawi
5 Raw hides and skins (other than furskins) and leather	R63.4	Pakistan, Brazil, India	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	R49.2	Lesotho, Namibia, Swaziland
Total imports	R728.2		Total exports	R860.6	

Source: Quantec Research, 2019

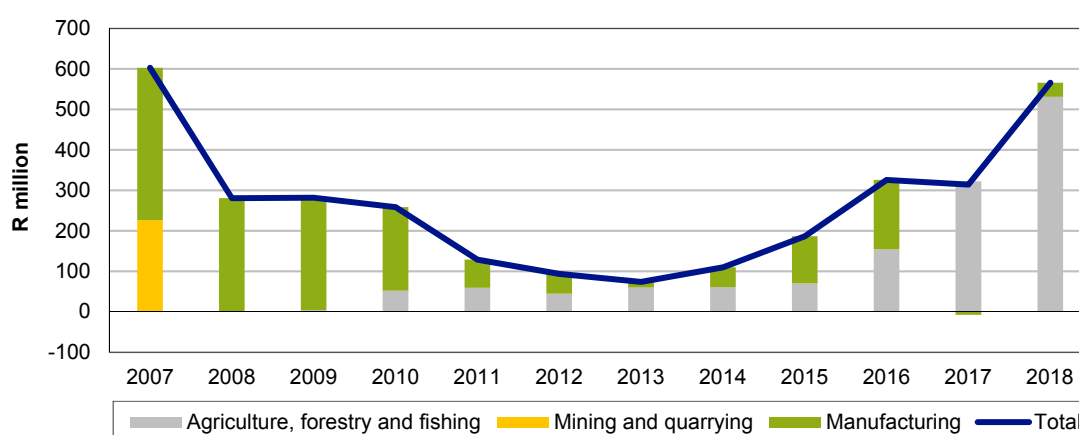
Accounting for approximately 30.0 per cent of total exports, the United States is the municipal area's primary export destination, followed by the African continent. In terms of agricultural produce, Namibia, Swaziland and Botswana are all importers of cheese and curd from the municipal area. These countries also account for a large proportion of footwear exports from the municipal area.

Motor cars and other motor vehicles are exported to Kenya, and tractors are exported to Malawi. Lesotho and Namibia are the main export destination of coal-related products, such as charcoal briquettes.

3.2.3 Mossel Bay

As indicated in Figure 3.5, the Mossel Bay municipal area has maintained a trade surplus between 2007 and 2018. While the manufacturing sector was the dominant source of the surplus between 2007 and 2012, the value of exports from the manufacturing sector has been declining, directly correlating with the contractions in GDP experienced in this sector, as discussed in Section 2. Barring 2015, the agricultural sector has been the main contributor to the trade surplus observed since 2013.

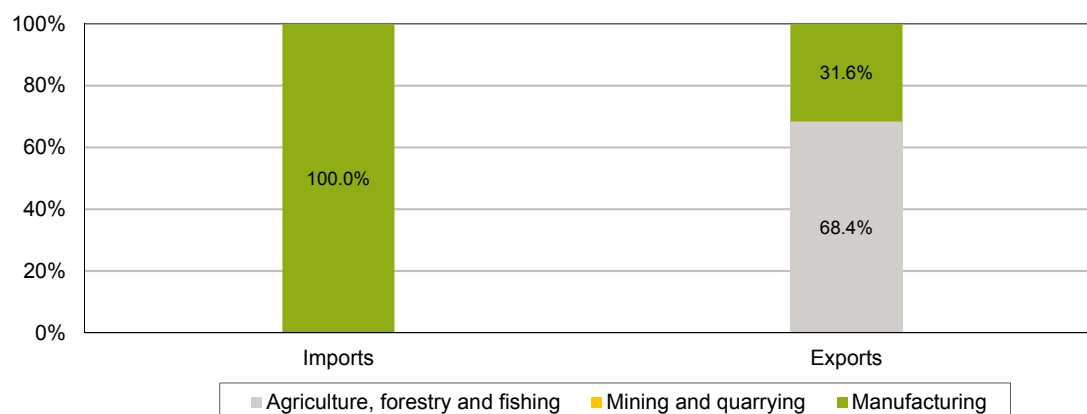
Figure 3.5 Mossel Bay trade balance, 2007 - 2018



Source: Quantec Research, 2019

In 2018, the municipal area registered a trade surplus of R565.7 million. Exports from the agricultural sector have been the predominant source of trade from the municipal area. In 2018, the value of exports from this sector amounted to R530.9 million. Figure 3.6 indicates that, of the R776.5 million total value of exports in 2018, agriculture accounted for 68.4 per cent, with the remaining 31.6 per cent being attributable to the manufacturing sector.

Figure 3.6 Mossel Bay sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

The municipal area was able to export some manufactured goods, but the economy in the region is still largely dependent on the agriculture, forestry and fishing sector, which is a large source of raw materials. Total imports in 2018 amounted to R210.8 million in 2018, 100.0 per cent of which were manufacturing-related goods.

Inorganic chemicals are the main product imported into the municipal area. With an import value of R39.9 million, Australia is the main import partner, from which copper oxides and hydroxides are imported to the region. Other suppliers of inorganic chemicals are Turkey, which supplies chromium oxides and hydroxides, and Malaysia, which supplies other inorganic acids and other inorganic oxygen compounds of non-metals.

Table 3.6 Mossel Bay main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	R100.4	Australia, Turkey, Malaysia	Edible fruit and nuts; peel of citrus fruit or melons	R499.3	China, Hong Kong, Netherlands
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R45.8	United States, Japan, United Kingdom	Raw hides and skins (other than furskins) and leather	R118.5	Italy, Mexico, France
3 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	R27.2	China, Germany, United Kingdom	Miscellaneous chemical products	R57.5	Tanzania, Swaziland, Uganda
4 Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	R10.6	China, Indonesia	Lac; gums, resins and other vegetable saps and extracts	R29.4	Argentina, Germany, Italy
5 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R10.0	United States, China, Mexico	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R23.3	Venezuela, Belgium, Tanzania
Total imports	R210.8		Total exports	R776.5	

Source: Quantec Research, 2019

Machinery is another dominant source of importation into the region. The municipal area imports harvesting or threshing machinery, as well as other agricultural equipment from the United States, Japan and the United Kingdom. Other machinery imported into the region are refrigerating and freezing equipment from the United States, filtering and purifying apparatus from the United Kingdom, and telephonic equipment sourced mainly from the United States, China and Mexico. Furthermore, the municipal area imports instruments and apparatus for physical and chemical analysis, as well as apparatus used for alpha, beta or gamma radiations.

China and Indonesia are the Mossel Bay municipal area's primary sources of furniture, specifically seats and parts thereof, as well as other furniture items.

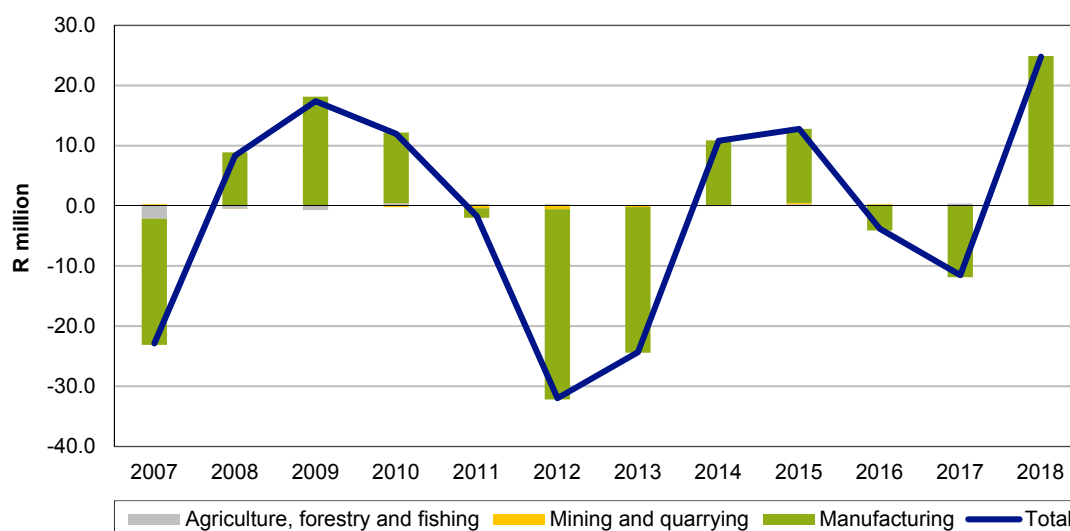
Exports from the municipal area largely consist of edible fruits - in particular, oranges and grapefruit - which are exported to China, Hong Kong and the Netherlands. China is the main destination for fruit exports, accounting for R404.5 million in 2018. The municipal area also exports large quantities of raw hides, skins and leather. While Italy and Mexico are bigger importers of the tanned or crust hides and skins, France mainly imports leather which has been further prepared after tanning or crusting.

Exports to African countries such as Tanzania, Swaziland and Uganda are primarily composed of chemical products, such as insecticides, rodenticides, and other plant-growth regulators which are packed for retail sale. Argentina, Germany and Italy are the primary importers of vegetable saps and extracts from the municipal area. The fifth-largest source of export revenue is various machinery such as crushing and grinding machinery, data processing machinery, and machinery used in construction, such as bulldozers and road rollers, which are exported to Venezuela, Belgium and Tanzania.

3.2.4 Knysna

The Knysna municipal area's trade balance has been fluctuating between 2007 and 2018, largely due to the manufacturing sector. The trade balance in the region improved between 2008 and 2010, after the trade deficit in 2007. In 2011, a negative trade balance was once again registered and further exacerbated in 2012. From 2013, the trade balance has been improving, with 2014 registering the first positive trade balance since 2010. Following two consecutive years of positive trade, in 2016 and 2017 trade deficits were again experienced. Following two years of deficits, data for 2018 indicates that the municipal area registered a positive trade balance during this year, with exports and imports amounting to R145.7 million and R120.9 million respectively, resulting in a trade surplus of R24.8 million.

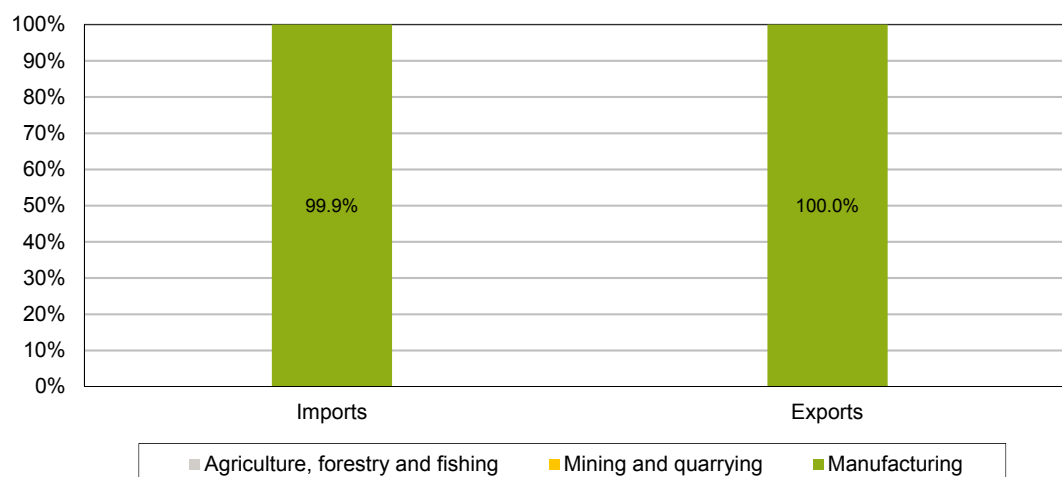
Figure 3.7 Knysna trade balance, 2007 - 2018



Source: Quantec Research, 2019

As illustrated in Figure 3.8, the goods economy in the Knysna municipal area is dominated by the manufacturing sector with both imports and exports being solely for and from the sector.

Figure 3.8 Knysna sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Some of the main imports to the region, as indicated in Table 3.7, were articles of stone, plaster, cement, asbestos and mica sourced from Italy, and plastics and articles thereof, mainly sourced from Thailand. The scenery in the municipal area is also excellent for photography and film, which has resulted in photographic cameras and related products being one of the main sources of imports. These items are primarily imported from France, Australia and Israel. Meat and edible offal, specifically from poultry, was another large source of imports into the region and sourced primarily from Ireland.

In 2018, exports from the municipal area were valued at R145.7 million. With a value of R30.6 million in 2018, sailboats to Australia and the Marshall Islands were the leading export from the region. Exports to African countries, specifically Lesotho, Tanzania and Mozambique, consisted largely of special purpose vehicles, other than those principally designed for the transport of persons or goods, i.e. crane lorries, fire fighting vehicles, road sweeper lorries, and spraying lorries, amongst others.

Other exports from the municipal area included lubricating preparations and other preparations used for oil or grease treatment which were exported to the Netherlands, Spain and the United States, and prefabricated building made from wood, which was exported to the Maldives, Mauritius and St Helena. The municipal area also exported various machinery to several African countries. Self-propelled bulldozers, angledozers, levellers, scrapers were exported to Burkina Faso, and other machinery such as air-conditioning machines and machines used for cleaning, sorting and grading seed, grain or dried leguminous vegetables were exported to Angola and Cote d'Ivoire.

Table 3.7 Knysna main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Articles of stone, plaster, cement, asbestos, mica or similar materials	R47.0	Italy, China, Hong Kong	Ships, boats and floating structures	R30.6	Australia, Marshall Islands
2 Meat and edible meat offal	R21.7	Ireland	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R17.6	Lesotho, Tanzania, Mozambique
3 Plastics and articles thereof	R11.5	Thailand	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparation	R16.2	Netherlands, Spain, United States
4 Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	R9.2	United States	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	R15.3	Maldives, Mauritius, St Helena
5 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	R5.5	France, Australia, Israel	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R9.3	Burkina Faso, Cote d'Ivoire, Angola
Total imports	R120.9		Total exports	R145.7	

Source: Quantec Research, 2019

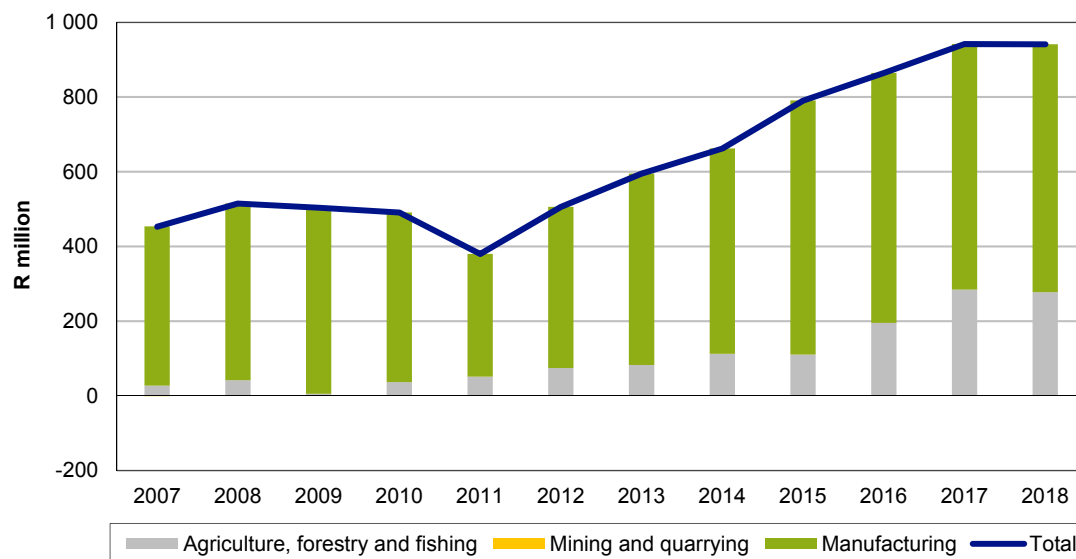
3.2.5 Oudtshoorn

As indicated in Figure 3.9, the Oudtshoorn municipal region maintained a positive trade balance between 2007 and 2017, which was mainly driven by the high value of exports from the manufacturing sector. In the latter years, the value of exports from the agriculture, forestry and fishing sector improved, from R40.1 million in 2007 to R362.0 million in 2017. However, with a trade surplus of R657.6 million in 2017, exports from the manufacturing sector remains the main source of the region's positive trade balance.

Since 2011, the trade balance in the municipal area has been increasing and has been boosted by an improvement of exports from the agriculture, forestry and fishing sector. In 2018, total exports from the region amounted to R1.0 billion, while total imports were valued at R74.3 million, resulting in a trade surplus of R940.9 million.

The manufacturing sector accounted for R663.7 million of the trade surplus, while the agriculture, forestry and fishing sector accounted for R277.4 million.

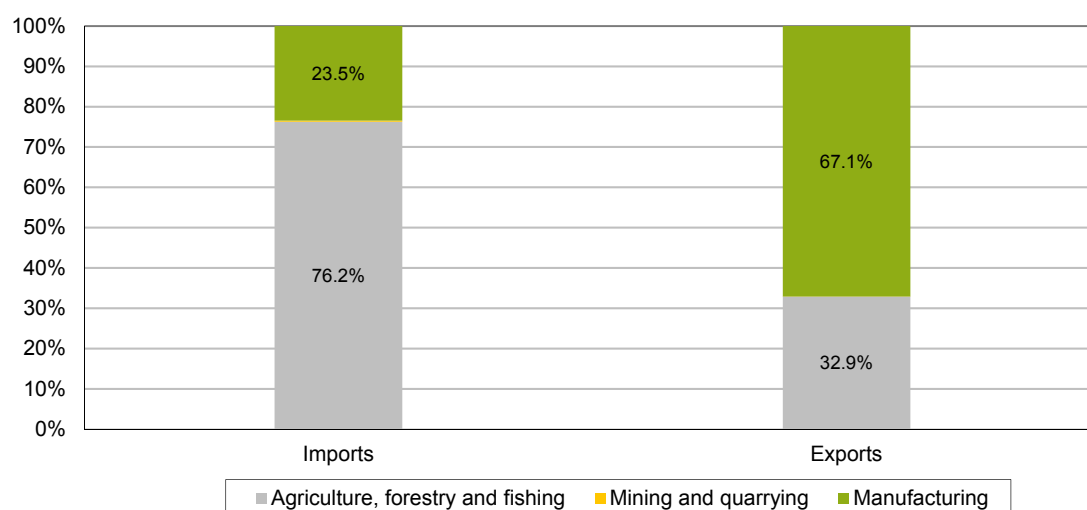
Figure 3.9 Oudtshoorn trade balance, 2007 - 2018



Source: Quantec Research, 2019

As indicated in Figure 3.10, imports into the municipal area were driven primarily by the agricultural sector, accounting for 76.2 per cent of all imports in 2018. Conversely, exports were primarily driven by the manufacturing sector. This is a positive indication that while the economy in the municipal area primarily imports raw materials, most of its exports are products to which value has been added.

Figure 3.10 Oudtshoorn sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Table 3.8 outlines the main import and export categories for the Oudtshoorn municipal area in 2018.

Table 3.8 Oudtshoorn main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R45.6	Netherlands, Australia, United States	Raw hides and skins (other than furskins) and leather	R343.0	United States, France, Italy
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R7.2	Italy, Netherlands, China	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	R309.8	Netherlands, United States, Japan
3 Cereals	R6.0	Australia, Zimbabwe, Thailand	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	R203.2	Vietnam, Hong Kong, China
4 Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	R2.7	Spain	Miscellaneous manufactured articles	R50.0	United States, Germany, Canada
5 Edible vegetables and certain roots and tubers	R1.8	Zimbabwe, China	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	R31.2	Zimbabwe, Mozambique, Zambia
Total Imports	R74.3		Total Exports	R1 015.2	

Source: Quantec Research, 2019

Imports for the agricultural sector were largely vegetable and lucerne seeds used for sowing, which are sourced from the Netherlands, Australia and the United States. Other goods which were imported to further agricultural production were live plants imported from Spain and grain sorghum from Australia.

Imports for direct consumption were sourced from Zimbabwe and China. Dried leguminous beans, in particular, were imported from both regions, with lentils imported from Zimbabwe and kidney beans imported from China.

Machinery imported into the municipal area was sourced from Italy, Netherlands and China. Italy was the primary source of machinery used for preparing, tanning and working hides, skins or leather, while machinery used for agricultural and horticultural purposes were imported from the Netherlands and China.

The predominant source of exports was leather products further prepared after tanning or crusting, which were exported to the United States and France. Italy was another importer of products of this source; however, imports to Italy were mainly tanned or crust hides and skins of animals which had not been further prepared. The ostrich industry is a large source of exports from the region, which does not only contribute towards the abovementioned exports but also to the tourism industry within the area.

While the municipal area imports vegetable and other seeds from the Netherlands and the United States, a large proportion of their exports are other seed variants to these same regions. The municipal area imports these seeds from the Netherlands to the value of R20.2 million, but the export value to the country far exceeds this amount, with a value of R95.6 million in 2018.

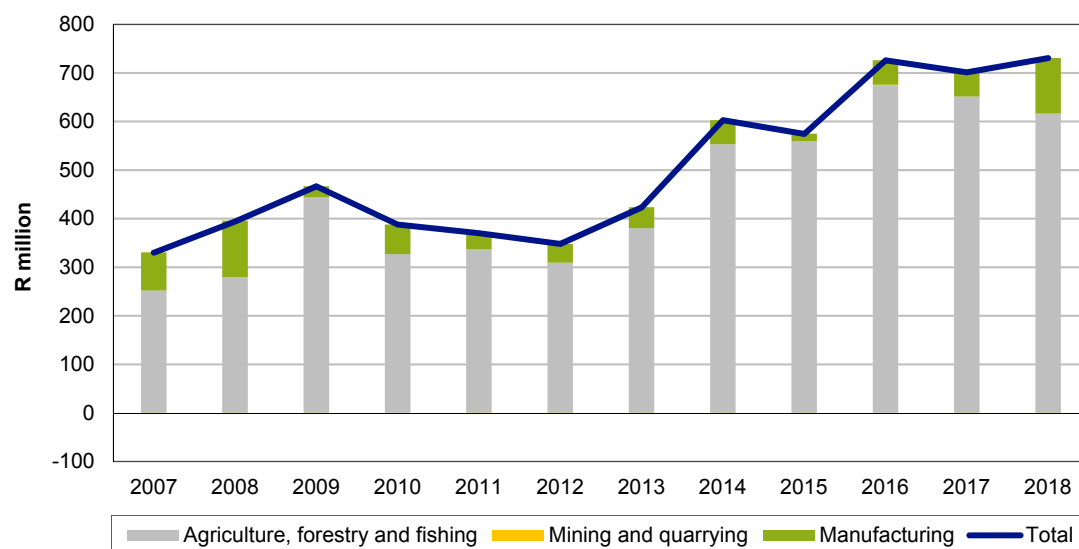
Countries in Asia are the primary importers of skin and other parts of birds with their feathers or down. With a total value of R203.2 million in 2014, exports of prepared feathers were mainly exported to Vietnam, as well as Hong Kong and China.

Other manufactured products that were exported from the municipal area were brooms, brushes, feather dusters, and other equipment used for cleaning. These goods were primarily exported to the United States, Germany and Canada. Textile articles, such as sacks and bags used for packaging goods, were primarily exported to African countries, such as Zimbabwe, Mozambique and Zambia.

3.2.6 Bitou

Between 2007 and 2018, the Bitou municipal area maintained a trade surplus, which has been increasing over the years. The agriculture, forestry and fishing sector was the main driver of the trade surplus experienced over the period, which has grown from an export value of R251.9 million in 2007 to R736.2 million in 2017. The manufacturing sector contributed approximately 7.1 per cent to the trade surplus of the municipal area, with a trade surplus of R49.9 million registered in this sector.

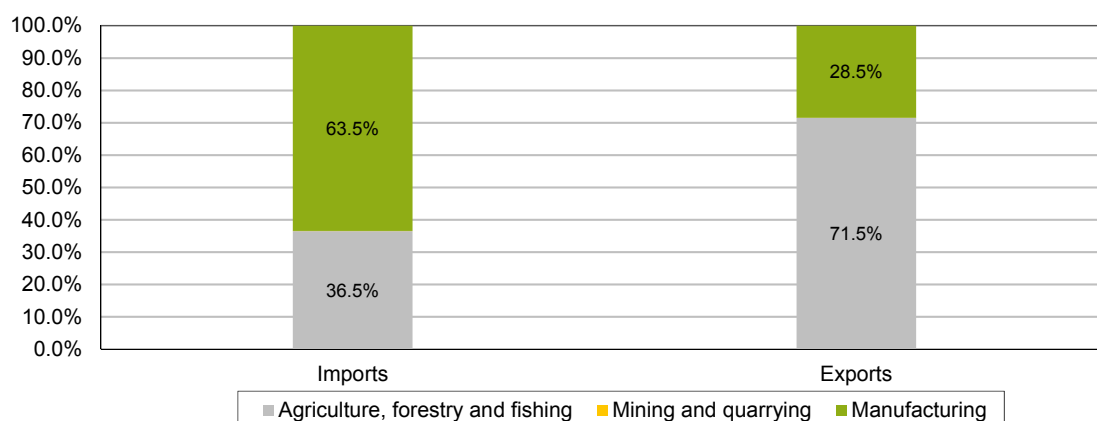
Figure 3.11 Bitou trade balance, 2007 - 2018



Source: Quantec Research, 2019

In 2018, the municipal area registered a trade surplus of R730.4 million. While the trade surplus in the agriculture, forestry and fishing sector declined between 2017 and 2018, the trade surplus from the manufacturing sector more than doubled, accounting for nearly 15.6 per cent of the surplus registered by the municipal region in 2018.

Goods to the value of R268.5 million were imported into the municipal area. As illustrated in Figure 3.12, the manufacturing sector accounted for 63.5 per cent of all imports, with the agricultural sector accounting for the remaining 36.5 per cent. Exports, on the other hand, were predominantly from the agricultural sector. With a total value of R999.0 million in 2018, 71.5 per cent of exports from the municipal region were from the agricultural sector, with only 28.5 per cent stemming from the manufacturing sector.

Figure 3.12 Bitou sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Exports from the agricultural sector are primarily driven by the exportation of citrus fruit, particularly oranges, lemons and limes. With an export value of R124.4 million in 2018, Saudi Arabia was the main trading partner to the Bitou municipal area. While Saudi Arabia mainly imports citrus fruit from the region, the country also imports other fruits, such as grapes, pears, apricots and peaches. Two other large importers of citrus fruit from the region are China and the Russian Federation. The endowment of grapes in the municipal area also enables the region to export wine. The United Kingdom (UK) is the most important destination for the Bitou municipal region's wine exports - with a value of R90.2 million, the United Kingdom accounts for more than half of total beverage exports.

Table 3.9 Bitou main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Live animals	R97.4	Namibia	Edible fruit and nuts; peel of citrus fruit or melons	R698.4	Saudi Arabia, China, Russian Federation
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R63.5	Portugal, Germany, China	Beverages, spirits and vinegar	R166.4	United Kingdom, France, United Arab Emirates
3 Wood and articles of wood; wood charcoal	R21.7	China, Hong Kong, Belgium	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	R26.5	Kenya, Malawi
4 Plastics and articles thereof	R11.1	Thailand, China	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R26.1	Zimbabwe, Namibia, the Democratic Republic of the Congo
5 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R10.1	China, Botswana, Germany	Fish and crustaceans, molluscs and other aquatic invertebrates	R16.3	Italy, Australia, United States
Total imports	R268.5		Total exports	R999.0	

Source: Quantec Research, 2019

Accounting for nearly a third of total imports, live bovine animals from Namibia were the main import into the municipal area, with a value of R97.4 million in 2018. The Bitou municipal region also imported wood and articles of wood from China, Hong Kong and Belgium. Plastics and articles thereof were primarily imported from Thailand and China.

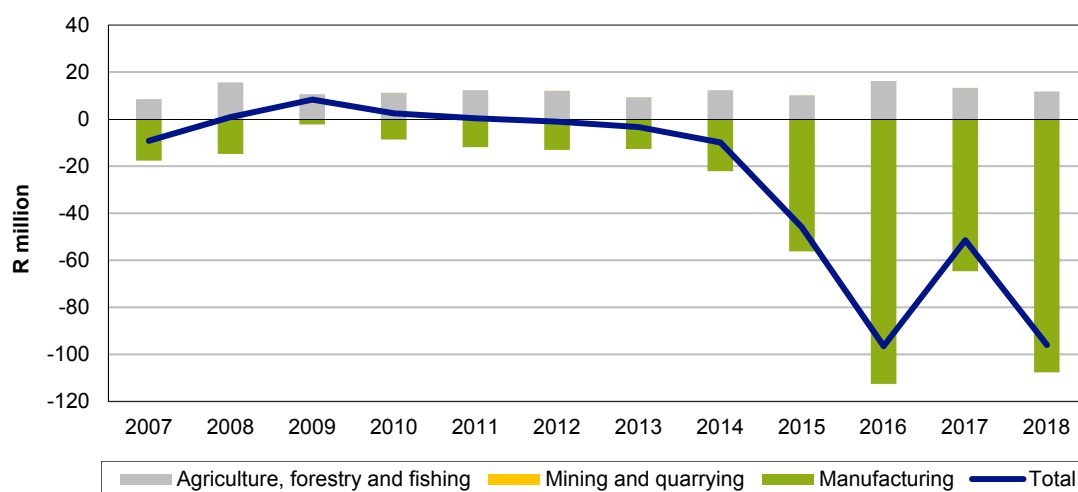
Machinery for various purposes was imported from Portugal, Germany and China. The Bitou municipal region imported refrigerating and freezing equipment from Portugal, particularly for storage and display. Germany was the primary source of machine tools imports, specifically saw machines for working wood, cork, bone, hard rubber, hard plastics or similar hard materials, as well as parts and accessories for machines of this nature. Heating, cooking and roasting equipment were imported from China.

3.2.7 Hessequa

As indicated in Figure 3.13, the trade balance in the Hessequa municipal area has been declining since 2009. The region has experienced trade deficits since 2012, which is largely attributable to the high level of imports of manufactured goods. Since 2015, imports for the sector have increased substantially - from R31.4 million in 2014 to R122.6 million in 2018. The agriculture, forestry and fishing sector is the only sector which experienced a positive trade balance throughout the period (approximately R13.2 million in 2017). This trade balance, however, has not been able to counter the deficit created by the manufacturing sector, which caused the municipal area to register a trade deficit of R51.5 million in 2017.

In 2018, the trade deficit in the Hessequa region deepened further. The municipal region's trade deficit of R95.9 million was driven by a sharp increase in imported manufactured goods. While the agriculture, forestry and fishing sector registered a surplus of R11.7 million, this amount was able to offset only 10.0 per cent of the trade deficit registered by the manufacturing sector (R107.7 million) in 2018.

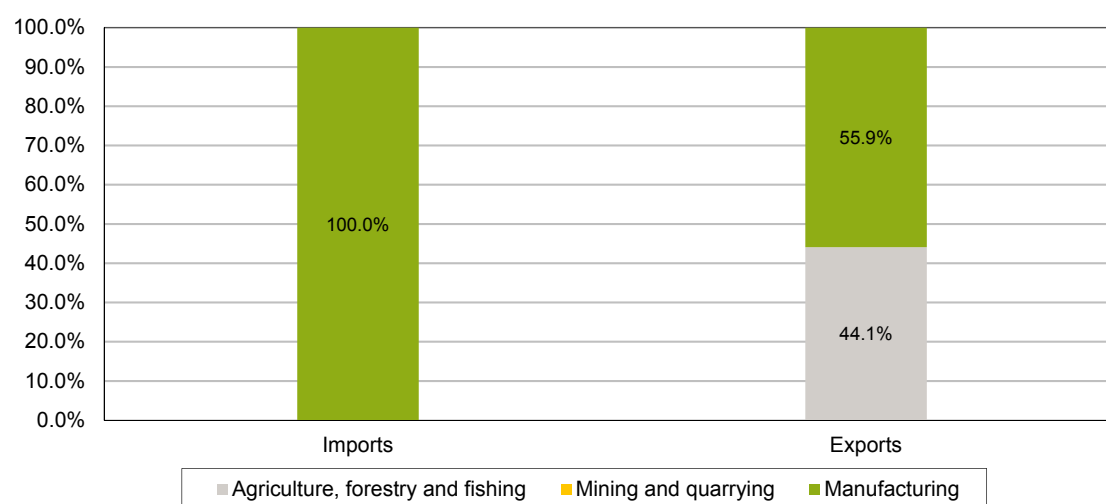
Figure 3.13 Hessequa trade balance, 2007 - 2018



Source: Quantec Research, 2019

As expected from the historical trends observed in Figure 3.14, imports in 2018 were dominated by the manufacturing sector. With a value of R122.6 million, the manufacturing sector accounted for 100.0 per cent of imports into the municipal area. Conversely, the sectoral distribution of exports in the region is spread between agriculture, forestry and fishing and manufacturing. With a value of R26.6 million in 2018, the manufacturing sector accounted for 55.9 per cent of total exports, with the agricultural sector accounting for the remaining 44.1 per cent. This is a clear indication that the municipal area is importing goods primarily for manufacturing purposes.

Figure 3.14 Hessequa sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Table 3.10 indicates that the main source of imports into the region in 2018 were plastics and articles thereof to the value of R80.6 million, which were mainly sourced from Saudi Arabia, China and Taiwan. Nuclear reactors, boilers, machinery, mechanical appliances and parts thereof were the second-largest source of imports in the region, with a value of R11.5 million in 2018. France was the primary destination from which filtering or purifying machinery was sourced, specifically for the filtering and purification of water. Mechanical appliances for the agricultural and horticultural industries were also a main source of imports in the Hessequa region, with imports mainly from Italy. Parts for milking machines and dairy machinery were imported from Ireland.

Glass and other glassware were the third most imported source in the region with a value of R9.37 million in 2018. Europe (France and Italy) was the primary source of glass used for storage, packaging and preserving. Glass fibres and articles were primarily sourced from the United States. Sourced from Germany, the fourth largest import - printed paper or paperboard labels - was valued at R3.9 million in 2018. Lastly, with a value of R3.1 million, were wood and wood articles imports from China.

Table 3.10 Hessequa main import and export categories, 2018

Imports			Exports		
Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1 Plastics and articles thereof	R80.6	Saudi Arabia, China, Taiwan	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	R7.6	Netherlands, United States, Spain
2 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R11.5	France, Italy, Ireland	Beverages, spirits and vinegar	R3.9	Germany, United States, Namibia
3 Glass and glassware	R9.4	France, Italy, United States	Vegetable plaiting materials; vegetable products not elsewhere specified or included	R2.5	Greece, United Kingdom, Portugal
4 Paper and paperboard; articles of paper pulp, of paper or of paperboard	R3.9	Germany	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	R2.5	Guinea, Germany, France
5 Wood and articles of wood; wood charcoal	R3.1	China	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	R2.2	Australia, United Kingdom
Total imports	R122.6		Total exports	R26.6	

Source: Quantec Research, 2019

Exports from the municipal area amounted to R26.6 million in 2018, with 55.9 per cent of exports stemming from the manufacturing sector, while the remaining 44.1 per cent was sourced from the agriculture sector. The Netherlands, the United States, and Spain were the primary destinations for the municipal area's primary export - live plants (including their roots), cuttings and slips, and foliage, branches and other parts of plants. The combined value of exports of this nature was R7.6 million in 2018. The second-largest export from the Hessequa region in 2018 was gin, with a combined value of R3.9 million in 2018. The main countries to which this product was exported to were Germany, the United States, and Namibia.

The rural nature of the region has also lent itself to being a source of vegetable plaiting materials for Greece, the United Kingdom, and Portugal. The municipal area also manufactures products using this plaited material, which it exports to Australia and the United Kingdom. Essential oils and resinoids are also main exports from the region. While France sources these essential oils in raw form, Guinea and Germany source these in the form of beauty or make-up preparations, as well as preparations for skincare.

3.3 Tourism trends²⁶

The Garden Route stretches along the south-eastern coastline of South Africa, from Mossel Bay to Storms River. The region is a popular destination for domestic and international visitors. It offers breathtaking sceneries, outdoor adventure activities and authentic heritage experiences. The Garden Route is known not only for its coastal drive, but also its inland attractions such as Route 62, the Cango Caves, the Klein Karoo

²⁶ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region due to its survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Further, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information as the sample sizes are not comparable.

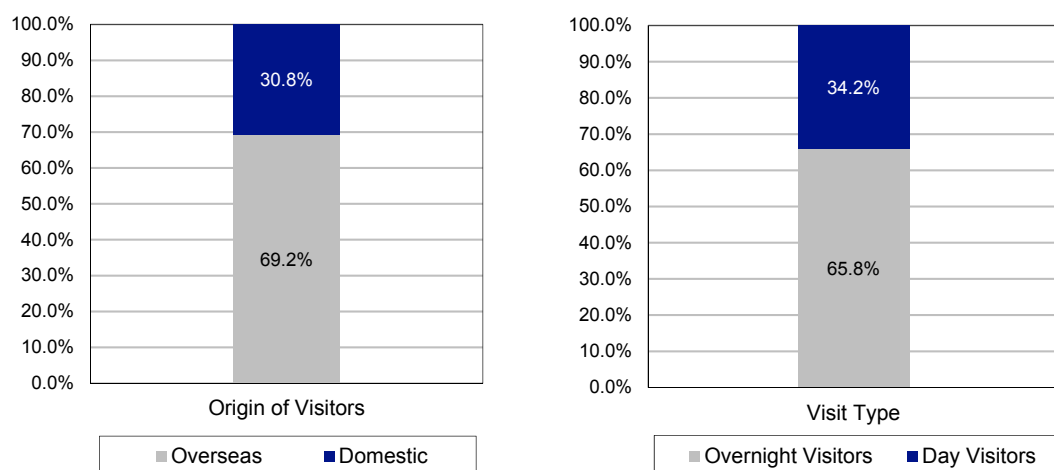
National Arts Festival, and so forth. Many of the towns thrive on tourism activities and secondary home visits. 496 962 international tourists visited the Garden Route in 2018 with a 4.0 per cent growth from the previous year²⁷. The region is investing in niche offerings relating to marine and coastal tourism, craft and authentic restaurants and breweries, edu-tourism, paleo-tourism, and luxury lodging²⁸.

3.3.1 Visitor trends

Most visitors to the GRD are international travellers (69.2 per cent), indicating the popularity of the region as a tourist destination²⁹.

Figure 3.15 also shows that more than half (65.8 per cent) of visitors to the region do stay overnight.

Figure 3.15 Visitor trend for the Garden Route District, 2018



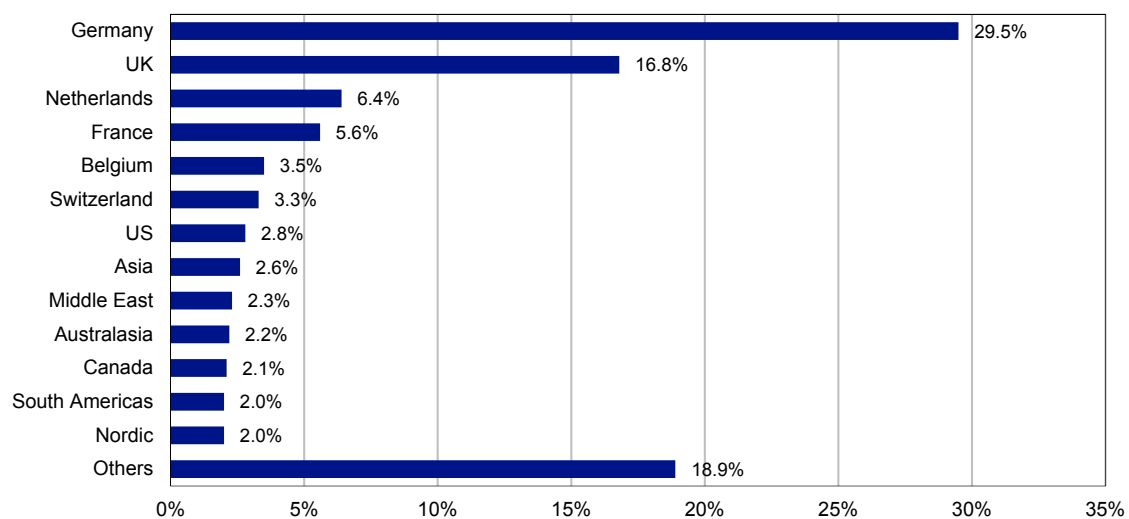
Source: Wesgro, 2019

The largest international markets visiting the GRD are from Germany (29.5 per cent), the UK (16.8 per cent), and other European countries, as seen in Figure 3.16. What is unique is the presence of Asian, South American and Middle Eastern countries, which are emerging markets for South Africa. The GRD should maintain its status as a must-see destination for well-travelled markets but also invest in the emerging markets.

²⁷ South African Tourism. Tourism Performance Report: January – December 2018

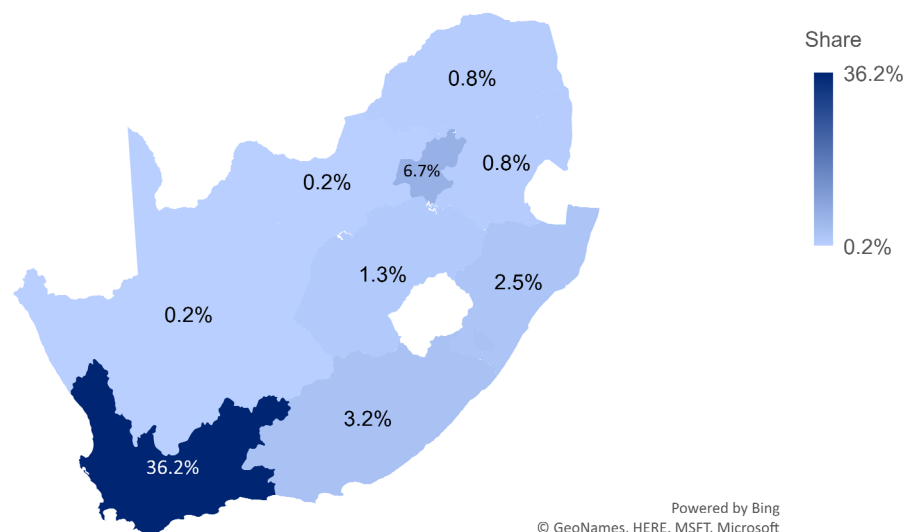
²⁸ Garden Route Investment Conference 2018

²⁹ Wesgro (2019)

Figure 3.16 Percentage share of international travellers, Garden Route District, 2018

Source: Wesgro, 2019

The domestic markets are more locally based, with 36.2 per cent of visitors to the area originating from the Western Cape itself, followed by Gauteng at 6.7 per cent and the Eastern Cape at 3.2 per cent. The GRD is seen as a prime holiday destination for locals and attracts domestic visitors with the promise of tranquillity, outdoor experiences and an authentic lifestyle.

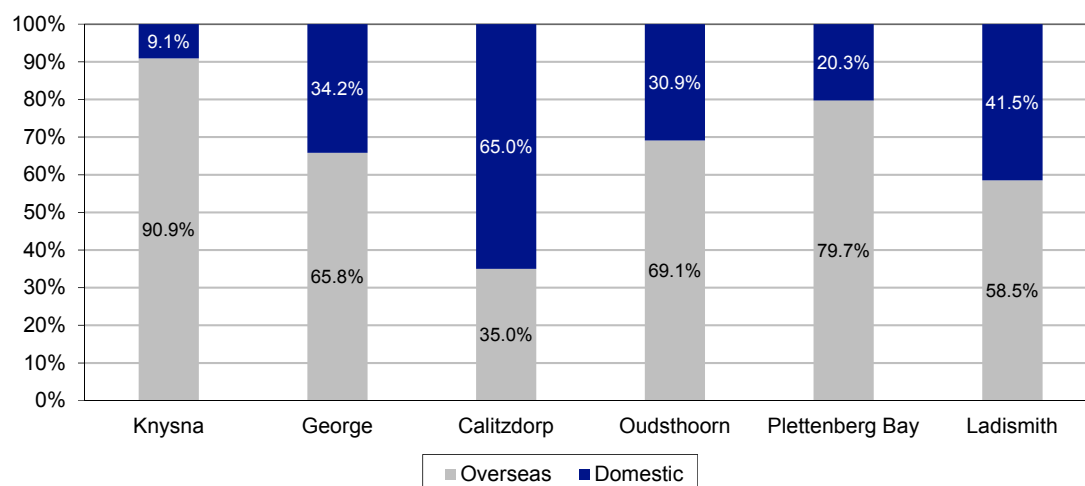
Map 3.1 Percentage share of domestic travellers, Garden Route District, 2018

Note: 48.1 per cent of responses were unspecified.

Source: Wesgro, 2019

Figure 3.17 depicts the visitor trends for the main tourist towns in the region. All these towns are more prone to receiving international tourists except for Calitzdorp. George, Calitzdorp, Plettenberg Bay and Ladismith mainly receive domestic visitors from the Western Cape and Gauteng.

Figure 3.17 Regional towns visitor trends, Garden Route District, 2018

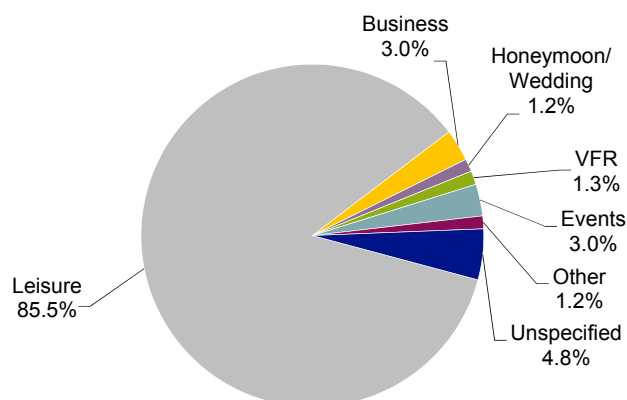


Source: Wesgro, 2019

3.3.2 Visitor profile

The majority of visitors to the region come for leisure purposes (85.5 per cent). Other reasons for visiting the region are business (3.0 per cent), events (3.0 per cent) and social purposes. This trend is similar for both international and domestic visitors. This means that the GRD is defined as a holiday destination.

Figure 3.18 Main purpose of visit to the Garden Route District, 2018

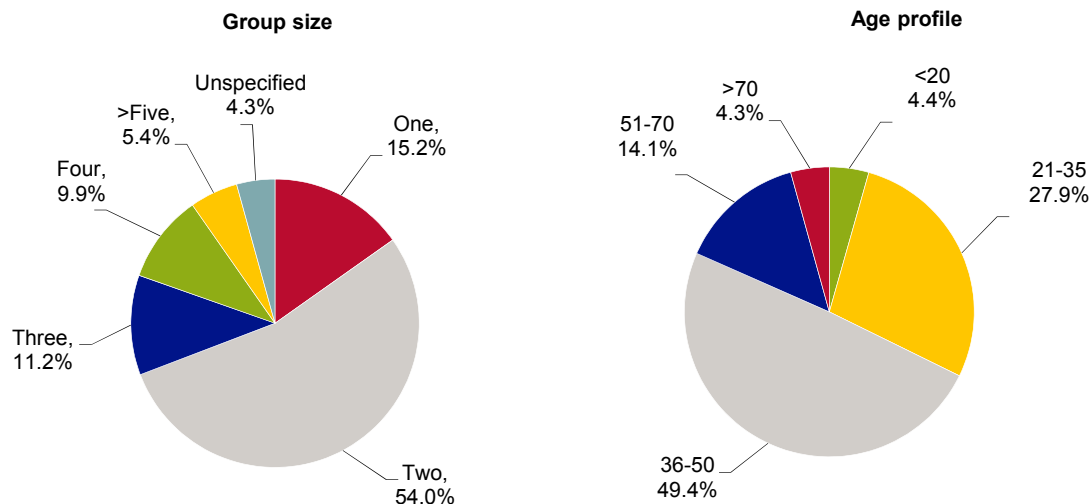


Source: Wesgro, 2019 (VFR denotes visiting friends or relatives)

More than half of visitors travel in pairs (54.0 per cent) in the region, with 57.9 per cent of international visitors travelling in pairs and 11.1 per cent in groups of three, where 45.2 per cent of domestic visitors travel in pairs and 29.3 per cent travel solo. These visitors also seem to have a relative mix in age groups, as seen in Figure 3.19. Just under half the visitors are between the ages of 36 and 50, which indicates that the market does have spending power and should be relatively situated in terms of family and

career development. These travellers also don't have enough time to travel due to work commitments. This means that they use their time off as efficiently as possible.

Figure 3.19 Visitor profile, Garden Route District, 2018



Source: Wesgro, 2019

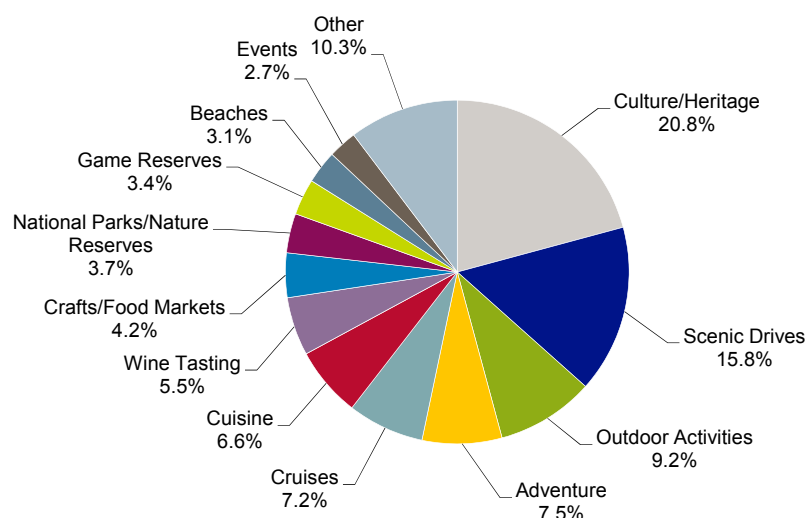
Another significant age group is the millennials, which is the up-and-coming generation with large spending power. This demographic spends more on experiential activities than materialistic goods. Taking this into consideration, over 20.2 per cent of international visitors to the region are millennials. At the opposite end of the spectrum, 10.6 per cent of international visitors are between the ages of 51 and 70. Therefore, the regions should provide product offerings that are both high-and low-intensity activities to attract different generations. This should also be applied to the domestic market.

3.3.3 Activities

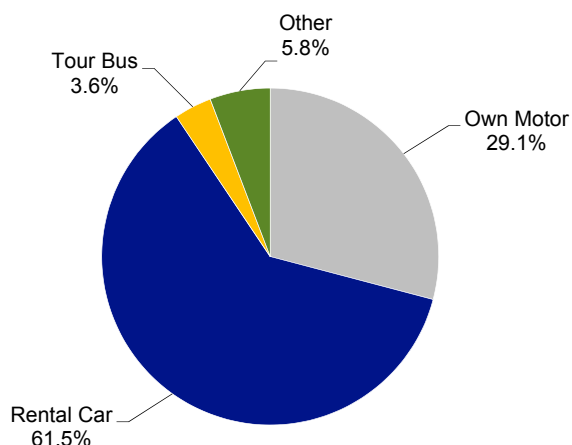
Figure 3.20 shows the top activities undertaken by visitors to the GRD. The most popular activities related to culture and heritage (20.8 per cent), scenic drives (15.8 per cent), outdoor and adventure activities (16.7 per cent), day or overnight cruises (7.2 per cent), culinary experiences (16.3 per cent), and wilderness and beach activities (10.2 per cent). The diverse mix of activities portrays the essence of the GRD, which means more investment could be made into niche product offerings to attract and grow the international and domestic markets.

Environmental protection and conservation have an important role to play for a sustainable tourism industry in the GRD. The Tsitsikamma National Park attracts the most tourists compared to other attractions. In 2018, this national park had 361 348 visitors. The Cango Caves (252 330 visitors) and Wilderness National Park (110 248 visitors) are also important attractions in the area³⁰.

³⁰ Wesgro (2019)

Figure 3.20 Top tourist activities undertaken, Garden Route District, 2018

Source: Wesgro, 2019

Figure 3.21 Mode of transport used by visitors, Garden Route District, 2018

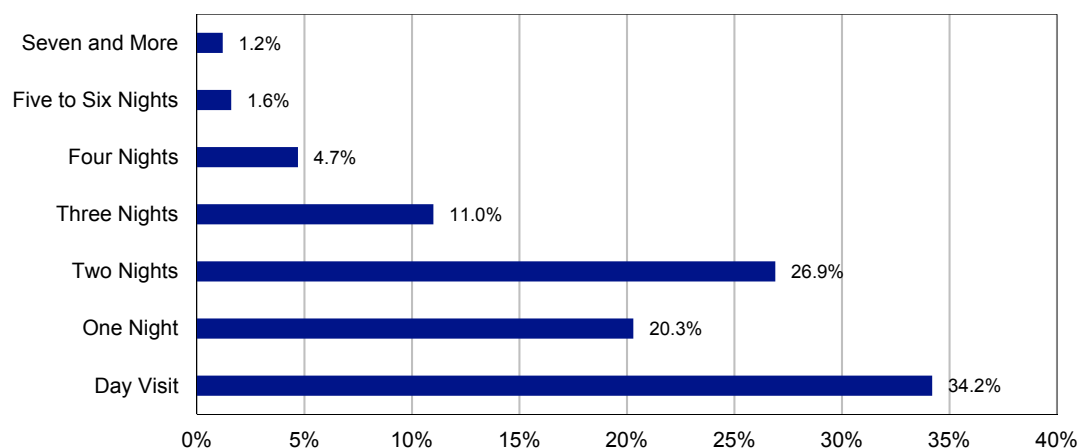
Source: Wesgro, 2019

It also appears that most visitors to the region prefer self-drive trips, as seen in Figure 3.21. Over 53.0 per cent of international visitors use rental cars in the region, where 44.1 per cent of domestic visitors use their own vehicle. However, 9.4 per cent of visitors use alternative modes of transport such as tour busses. This means there is an opportunity to grow the travel services industry in the region by motivating the use of tour operators or shuttle services along the route. However, investment still needs to continue in marketing and maintaining the GRD as a self-drive or independent traveller destination.

3.3.4 Visitor spend

International visitors spend more during their trip than domestic visitors in the region. Towns such as Knysna, which are prone to receiving mostly international visitors, see an average daily spend of over R1 000 per visitor, whereas places such as Ladismith, with a ratio split between domestic and international visitors, see average daily spending under R1 000 per visitor. The same trend is experienced in accommodation expenditure.

Figure 3.22 Average length of stay, Garden Route District, 2018

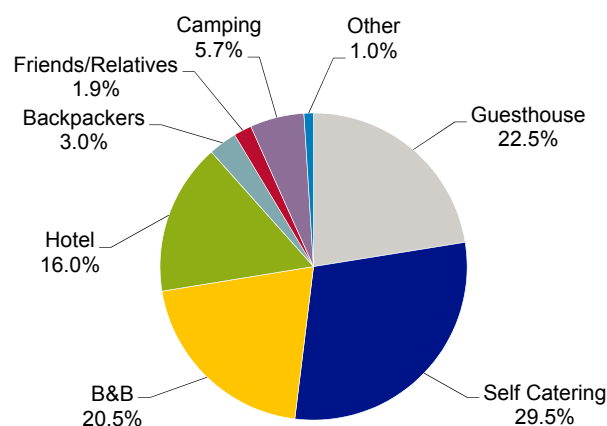


Source: Wesgro, 2019

Most overnight visitors stay less than three nights as seen in Figure 3.22, with international visitors more likely to stay two nights and domestic visitors staying for one night. The short stays could be due to visitors travelling up and down the route, using Cape Town as the main destination.

Figure 3.23 shows the type of accommodation visitors use during their stay in the GRD. Both international and domestic visitors primarily stay in self-catering units (29.5 per cent), followed by guesthouses (22.5 per cent) and bed and breakfasts (B&Bs) (20.5 per cent).

Figure 3.23 Accommodation usage, Garden Route District, 2018



Source: Wesgro, 2019

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.

3.4 Concluding remarks

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.

A close-up photograph of a bird, likely a species of lorikeet, perched on a thick, light-brown tree branch. The bird has a bright green head and neck, a small red eye, and a dark beak. Its body is primarily green, with a long, dark, almost black tail. The background is a soft-focus view of green foliage and branches, suggesting a natural, forested environment.

4

Municipal socio-economic analysis

4.1 Introduction

The purpose of this chapter is to describe the economic and social circumstances of households living in the GRD.

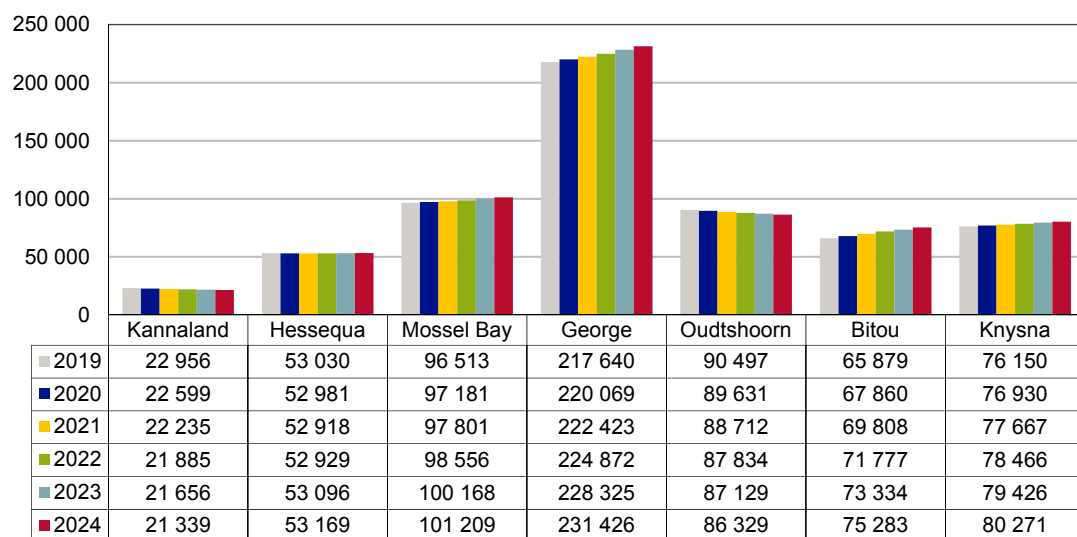
Indicators used to analyse population and income dynamics include the population growth rate, GDPR per capita, household income and the Gini coefficient. Human development within the region is assessed using indicators including the Human Development Index (HDI), education, health, human dwellings, access to basic services, and crime. These indicators are discussed in detail in the sections below.

4.2 Population dynamics

As of 2019, the size of the population in the GRD is 622 664 persons. A large proportion of the population in the GRD (Figure 4.1) is located in the George municipal area - with 217 640 persons in 2019, the George municipal area accounts for 35.0 per cent of the total population of the District. With a total growth of 6.2 per cent over the five-year period, the population in the George municipal area is expected to reach 231 426 persons by 2024.

Interestingly, the population of the Bitou municipal area is expected to experience the largest increase in population growth between 2019 and 2024. With a net increase of 9 404 persons, the Bitou municipal area's population is expected to increase by 14.3 per cent over the six-year period. Conversely, the Kannaland and Oudtshoorn municipal areas are expected to shrink in population size between 2019 and 2024, with declines in the population of 7.0 per cent and 4.6 per cent respectively.

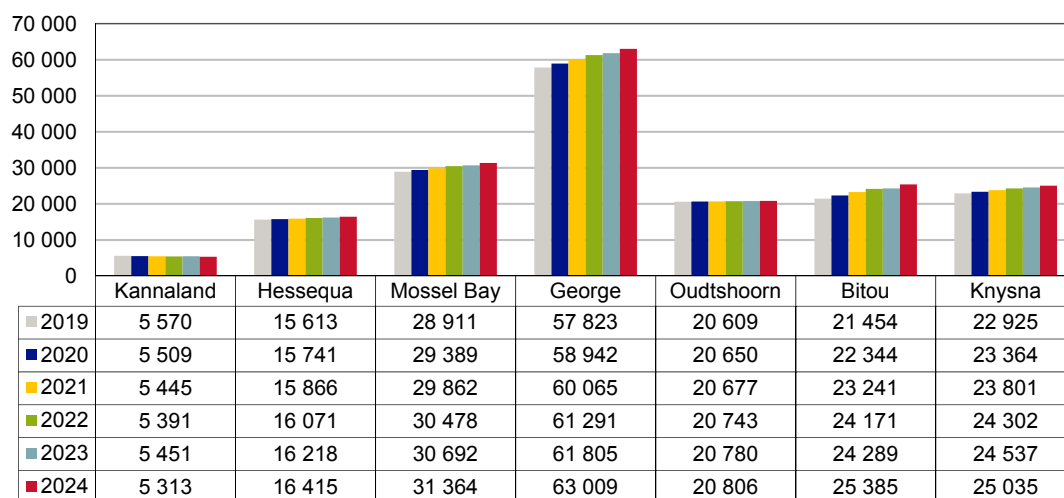
Figure 4.1 Future population growth, Garden Route District, 2019 - 2024



Source: Western Cape DSD, 2019

It is estimated that the GRD has 172 906 households in 2019. Based on the number of households, the George and Bitou municipal areas will have the largest household increases in the GRD between 2019 and 2024. It is expected that the number of households in the George and Bitou municipal area will respectively increase by 5 186 households and 3 931 households by 2024. Conversely, it is expected that the number of households in Kannaland will shrink by 257 households by 2024. While population estimates indicate that the Oudtshoorn municipal region will decrease by 4 168 persons, estimates indicate the number of households in the region will increase by 197 households.

Urbanisation can boost the local housing markets in towns such as Mossel Bay, George and Plettenberg Bay, however, it can also increase the need for government-assisted housing options.

Figure 4.2 Future household growth, Garden Route District, 2019 - 2024

Source: Western Cape DSD, 2019

The proportion of the population of working age (ages 15 to 64), as seen in Table 4.1, is broadly similar across the GRD. On average, 65.1 per cent of the population in the GRD are of working age as of 2019. This is estimated to decline slightly over the next five years to 65.0 per cent. While the distribution of the working-age population in 2019 is relatively even across the District, a higher concentration of working-age population is located in the Knysna municipal area, wherein 66.9 per cent of the population is aged between 15 and 64.

Table 4.1 Age cohorts, Garden Route District, 2019 - 2024

Municipality	Year	0 - 14		15 - 64		65+	
		Number	%	Number	%	Number	%
Kannaland	2019	168 884	27.1	402 784	64.7	50 997	8.2
	2024	170 800	26.3	419 655	64.7	58 571	9.0
Hessequa	2019	6 863	29.9	14 415	62.8	1 678	7.3
	2024	6 145	28.8	13 613	63.8	1 580	7.4
Mossel Bay	2019	13 134	24.8	33 348	62.9	6 549	12.3
	2024	12 457	23.4	33 279	62.6	7 433	14.0
George	2019	22 886	23.7	62 333	64.6	11 294	11.7
	2024	22 930	22.7	64 683	63.9	13 597	13.4
Oudtshoorn	2019	61 044	28.0	142 468	65.5	14 128	6.5
	2024	63 658	27.5	151 465	65.4	16 302	7.0
Bitou	2019	27 118	30.0	56 552	62.5	6 827	7.5
	2024	24 859	28.8	54 196	62.8	7 274	8.4
Knysna	2019	17 766	27.0	44 087	66.9	4 025	6.1
	2024	20 078	26.7	50 281	66.8	4 924	6.5
Garden Route District	2019	20 073	26.4	49 581	65.1	6 496	8.5
	2024	20 672	25.8	52 138	65.0	7 462	9.3

Source: Western Cape DSD, 2019

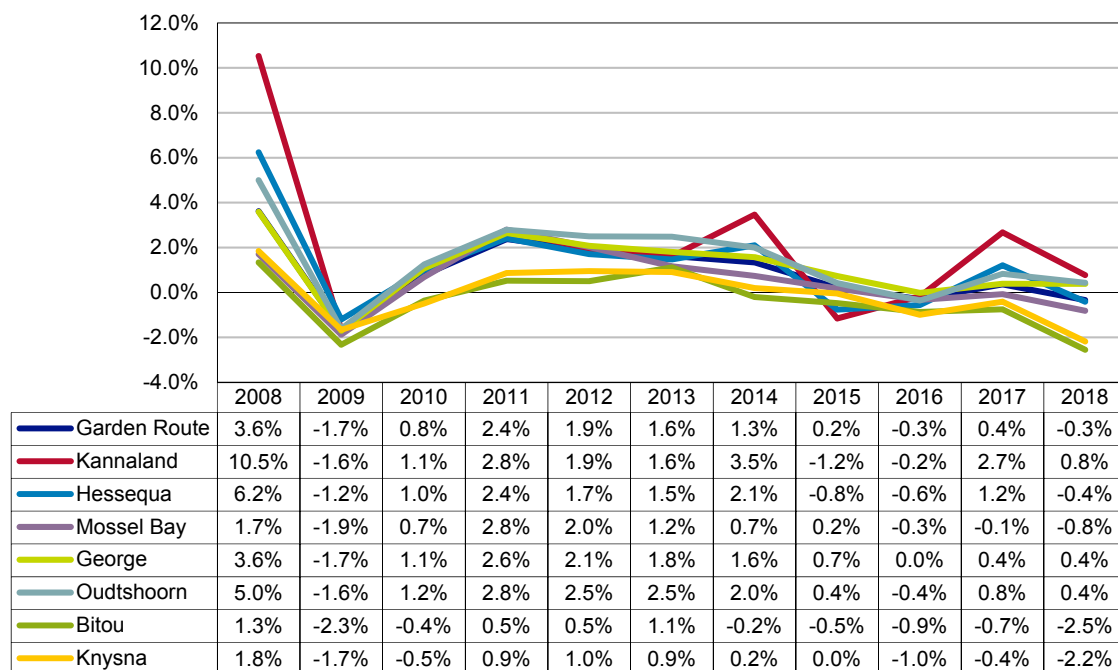
The two municipal areas with the highest concentration of people aged 65 years and older are the Mossel Bay municipal area (12.3 per cent) and the George municipal area (11.7 per cent). Both municipal areas are expected to experience an increase of 1.7 percentage points in this age group over the next five years. On average, the trend over the next five years is an increase in the proportion of the population over the age of 65, a decline in the proportion of the population under the age of 15, and a slight decrease in the proportion of the working-age population.

4.3 Perspectives on poverty and inequality

4.3.1 GDPR per capita growth in the Garden Route District

Figure 4.3 shows the GDPR per capita growth for the GRD. In 2017, the GRD's GDPR per capita in current prices was R71 669 compared to the average of R87 702 in the Western Cape Province. It is estimated that the difference in GDPR per capita between the GRD and the Province decreased slightly from R16 032 in 2017 to R15 652 in 2018 resulting in a GDPR per capita of R73 477 in 2018. However, in real terms, GDPR per capita contracted slightly by 0.3 per cent in 2018.

Figure 4.3 GDPR per capita growth, Garden Route District, 2008 - 2018



Source: Quantec Research, 2019

The economic downturn in 2009 saw sharp contractions in GDPR per capita across municipal areas in the GRD. The Kannaland municipal area was particularly affected, from growth in GDPR per capita of 10.5 per cent in 2008 to a contraction of 1.6 per cent in 2009. While most municipal areas recovered slightly in 2010, the Bitou and Knysna municipal areas continued to contract during the year. In 2011, the GRD experienced GDPR per capita growth of 2.4 per cent - the highest growth over the ten-year period.

The Bitou and Knysna municipal areas continued to lag behind, however, at 0.5 per cent and 0.9 per cent respectively.

Between 2014 and 2018, the average growth of GDPR per capita was stagnant. Only three of the seven municipal areas - Kannaland, George and Oudtshoorn - experienced slight improvements in GDPR per capita growth in 2018. The Bitou and Knysna municipal areas continued to be the worst-performing municipal areas in terms of GDPR per capita growth in 2018, with contractions of 2.5 per cent and 2.2 per cent respectively.

4.3.2 Household income

The average monthly household income in the GRD, as indicated in Table 4.2, was R16 286 in 2017 – 14.3 per cent lower than the average monthly household income in the Western Cape Province. Although the average household income in the George municipal area is the highest in the District at R18 450, it remains lower than the provincial average, which is indicative of the low levels of income in the District.

Table 4.2 Average monthly household income (current prices), Garden Route District, 2017

Municipality	Average Household Income 2017 (Current Prices)	Trend 2008 - 2017
Kannaland	R11 729.0	1.6
Hessequa	R14 005.0	1.4
Mossel Bay	R16 735.0	0.6
George	R18 450.0	0.6
Oudtshoorn	R17 913.0	0.9
Bitou	R12 099.0	-0.6
Knysna	R14 998.0	0.0
Garden Route District	R16 286.0	0.6
Western Cape	R18 611.0	-0.2

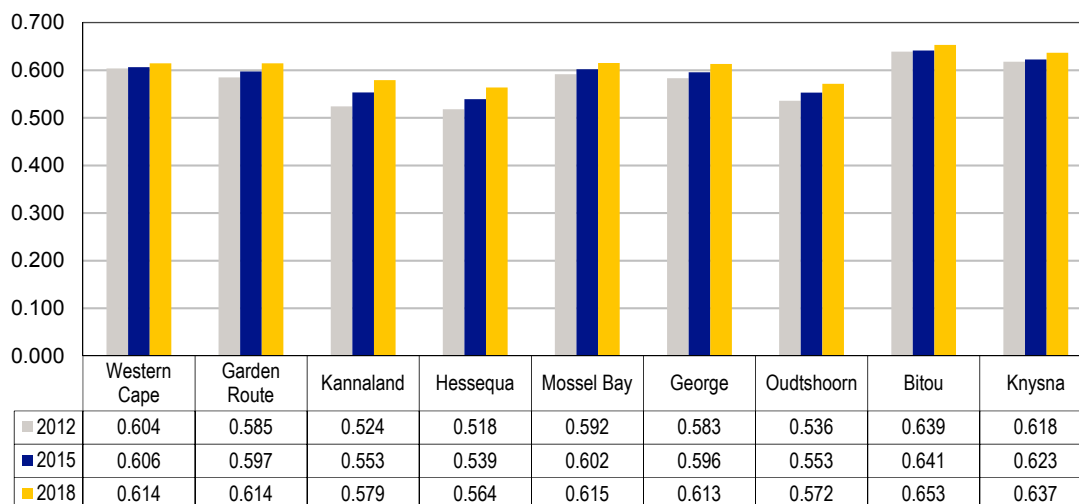
Source: Urban-Econ calculations based on Quantec Research, 2019

The Kannaland municipal area, which - at R11 729 - had the lowest average monthly household income in the Province, experienced the largest improvement over the preceding decade. Conversely, the Bitou municipal area, which has the second-lowest average household income, experienced net declines between 2008 and 2017. Overall, there have been insignificant changes to average household income over the ten-year period, with the GRD registering assumed average annual growth of 0.6 per cent over the period.

4.3.3 Income distribution in Garden Route District

The unequal distribution of income or wealth within an economy is estimated by using the Gini coefficient³¹. Figure 4.4 shows Gini coefficients for municipalities within the GRD.

Figure 4.4 Gini coefficients, Garden Route District municipal areas, 2012 - 2018



Source: IHS Markit, 2019

The income distribution in the GRD was slightly more even than in the Western Cape Province in 2012. However, between 2012 and 2018, inequality has increased from 0.585 to 0.614 and is now on par with provincial inequality. Within the GRD, inequality has increased in all seven municipal areas and is most prevalent in the Bitou, Knysna, George and Mossel Bay municipal areas.

4.3.4 Human development

The United Nations uses the Human Development Index (HDI)³² to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens as measured by their standard of education, health, human dwellings, household size, access to basic services, and crime, among others. Economists expect economic growth to result in improvements in human development and economic decline to have an adverse effect on human development.

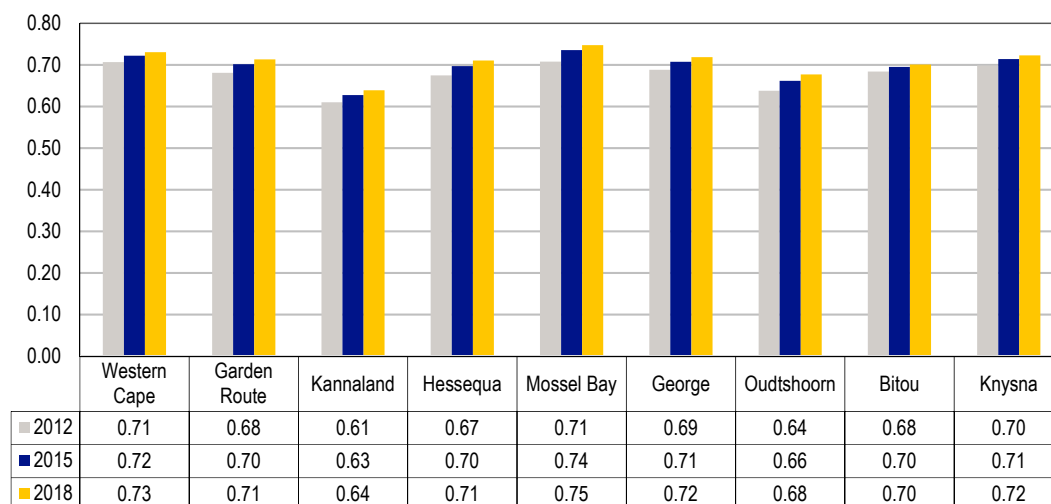
Figure 4.5 shows the HDIs per municipal area in the GRD. The HDI of the GRD is lower than that of the Western Cape Province. While improvements have been noted across

³¹ The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents. The figure varies between 0, which is an indication of complete or perfect equality and 1, which represents complete inequality in income distribution. The closer to 1, the more inequality exists and the closer to 0 shows less inequality.

³² The HDI is a composite indicator reflecting education levels, health, and income. It is a measure of peoples' ability to live a long and healthy life, to communicate, participate in the community and to have sufficient means to be able to afford a decent living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

municipal areas in the District between 2012 and 2018, only one municipal area - Mossel Bay - has a HDI higher than that of the Province. The Kannaland municipal area, with an HDI of 0.64, is the least developed region in the GRD, followed by the Oudtshoorn municipal area, which has an HDI of 0.68.

Figure 4.5 HDIs per municipal area in Garden Route District, 2012 - 2018



Source: IHS Markit, 2019

4.4 Education

The extent of improvement in educational circumstances of households in the GRD is discussed here using data on learner enrolment, Grade 10 to 12 retention rate³³, matric pass rates and learner-teacher ratios.

As indicated in Table 4.3, the Bitou municipal area has experienced an increase in learner enrolment numbers of 5.7 per cent between 2016 and 2018. The largest increase was noted between 2017 and 2018, during which learner enrolment increased from 8 041 learners in 2017 to 8 376 learners in 2018. The increase in learner enrolment is correlated with the increase in the learner-teacher ratio. Between 2016 and 2018, there has been an increase of 1.2 learners per teacher, to 30.6 learners per teacher in 2018. The Bitou municipal area had the highest learner-teacher ratio in the GRD in 2018.

Table 4.3 Educational development within Bitou, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	7 920	-	29.4	-	74.1	-	76.4	-
2017	8 041	1.5	30.5	1.1	55.5	-18.6	78.0	1.6
2018	8 376	4.2	30.6	0.1	56.8	1.3	82.2	4.2

Source: Western Cape Education Department, 2019

³³ The learner retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared to the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared to those enrolled in Grade 10 two years ago.

While learner enrolment numbers have increased, the Grade 10 to 12 retention rate has been disconcerting. Between 2016 and 2017, the retention rate declined by a staggering 18.6 percentage points, from 74.1 per cent in 2016 to 55.5 per cent in 2017. While a marginal improvement has been observed in 2018, the Grade 10 to 12 retention rate in the Bitou municipal area was the lowest in the GRD at 56.8 per cent in the year.

Positive is the increase in the matric pass rates in the Bitou municipal area. The matric pass rate has been consistently increasing between 2016 and 2018, from 76.4 per cent in 2016 to 82.2 per cent in 2018, with the largest improvement being noted between 2017 and 2018. However, given that the retention rate has dropped significantly in the area, the improvement in the matric pass rate should be viewed relative to the throughput rate of students, as improvements in the matric pass rate may merely be due to higher dropout rates.

For each year between 2016 and 2018, the George municipal area has had the highest proportion of learners enrolled in the GRD, which is not surprising given the region's population dynamics. As indicated in Table 4.4, learner enrolment numbers in the region have increased steadily year-on-year from 34 782 learners in 2016 to 36 174 learners in 2018. Positively, the increase in learner enrolment has not adversely affected the learner-teacher ratio. While the learner-teacher ratio increased from 28.2 learners per teacher to 29 learners per teacher between 2016 and 2017, the ratio has decreased to 28.6 learners per teacher in 2018.

Table 4.4 Educational development within George, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	34 782	-	28.2	-	73.6	-	83.4	-
2017	35 441	1.9	29.0	0.8	68.8	-4.8	83.7	0.3
2018	36 174	2.1	28.6	-0.4	73.0	4.2	79.9	-3.8

Source: Western Cape Education Department, 2019

The Grade 10 to 12 retention rate has fluctuated between 2016 and 2018. In 2016, the George municipal area had a retention rate of 73.6 per cent, which declined by 4.8 percentage points in 2017. In 2018, the retention rate improved to 73.0 per cent - the highest retention rate in the GRD during the year. While the retention rate improved between 2017 and 2018, the matric pass rate decreased by 3.8 percentage points over the same period. This highlights the inverse relationship between the matric pass rate and the retention rate and emphasises the importance of viewing the matric pass rate relative to the retention rate to ensure improvements in the pass rate are not merely due to a higher prevalence of dropouts.

As indicated in Table 4.5, while the Hessequa municipal area experienced a slight increase in learner enrolment numbers between 2016 and 2017, enrolment decreased slightly from 8 706 students in 2017 to 8 682 students in 2018. While learner enrolment had steadily increased between 2016 and 2017, there was a substantial increase in the learner-teacher ratio over the same period – from 26.4 learners per teacher in 2016 to 27.7 learners per teacher in 2017. In 2018, the learner-teacher ratio improved, however,

with the Hessequa municipal area registering the lowest learner-teacher ratio in the GRD in the year.

Table 4.5 Educational development within Hessequa, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	8 566	-	26.4	-	69.8	-	93.6	-
2017	8 706	1.6	27.7	1.3	64.4	-5.4	87.4	-6.2
2018	8 682	-0.3	26.9	-0.8	69.0	4.6	84.7	-2.7

Source: Western Cape Education Department, 2019

With a matric pass rate of 93.6 per cent, the Hessequa municipal area had the highest matric pass rate in the GRD in 2016. However, in 2017, both the matric pass rate, as well as the Grade 10 to 12 retention rate, dropped significantly, by 6.4 percentage points and 5.4 percentage points respectively. Positive is the improvement in the retention rate between 2017 and 2018, from 64.4 per cent in 2017 to 69.0 per cent in 2018. The improvement in the retention rate may, however, be a contributing factor to the decreases in the matric pass rate experienced between 2017 and 2018. The matric pass rate in the Hessequa municipal area has decreased further from 87.4 per cent in 2017 to 84.7 per cent in 2018, which has resulted in an 8.9 percentage point reduction over the three-year period.

Table 4.6 provides an overview of the educational development within the Kannaland municipal area.

Table 4.6 Educational development within Kannaland, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	4 651	-	26.1	-	60.7	-	88.9	-
2017	4 679	0.6	28.4	2.3	59.8	-0.9	89.2	0.3
2018	4 749	1.5	29.1	0.7	67.2	7.4	85.6	-3.6

Source: Western Cape Education Department, 2019

While learner enrolment numbers increased slightly between 2016 and 2017, a significant increase in the learner-teacher ratio was experienced over the period, from 26.1 learners per teacher in 2016 to 28.4 learners per teacher in 2017. The 1.5 per cent increase in learner enrolment in 2018 coincided with an increase in the learner-teacher ratio, from 28.4 learners per teacher in 2017 to 29.1 learners per teacher in 2018. While the Kannaland municipal area had the lowest learner-teacher ratio in 2016, the 3.0 percentage point increase over the three-year period has resulted in the region having the second-highest learner-teacher ratio in the GRD in 2018.

In the Kannaland municipal area, the Grade 10 to 12 retention rate decreased slightly between 2016 and 2017 by 0.9 percentage points. A significant improvement was, however, experienced in 2018, from 59.8 per cent in 2017 to 67.2 per cent in 2018.

Following a marginal improvement in the matric pass rate between 2016 and 2017, a 3.6 percentage point decline was experienced between 2017 and 2018. Considering, however, that there was a substantial increase in the throughput rate over the same period, the decrease in the matric pass rate is not surprising. With a matric pass rate of 85.6 per cent, the Kannaland municipal area had the highest matric pass rate in the GRD in 2018. It should be noted, however, that the Kannaland municipal area has the smallest proportion of students in the GRD, with only 4.5 per cent of the total number of students in the District residing in the area in 2018.

Learner enrolment in the Knysna municipal area, as pointed in Table 4.7, has increased from 12 103 learners in 2016 to 12 513 learners in 2018. Although learner enrolment numbers have been increasing, the learner-teacher ratio has decreased from 30.7 learners per teacher in 2016 to 28.8 learners per teacher in 2018, which is a positive indication of improvements in teaching resources.

Table 4.7 Educational development within Knysna, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	12 103	-	30.7	-	67.8	-	77.9	-
2017	12 326	1.8	31.2	0.5	64.7	-3.1	72.4	-5.5
2018	12 513	1.5	28.8	-2.4	59.2	-5.5	77.1	4.7

Source: Western Cape Education Department, 2019

The Grade 10 to 12 retention rate has been decreasing year-on-year between 2016 and 2018, from 67.8 per cent in 2016 to 59.2 per cent in 2018. Between 2016 and 2017, the matric pass rate in the Knysna municipal area decreased significantly from 77.9 per cent to 72.4 per cent. In 2018, the matric pass rate improved by 4.7 percentage points to 77.1 per cent. However, considering that the retention rate declined by 5.5 percentage points in the same year, this improvement may be due to the municipal area's low throughput rate. Despite the increase to 77.1 per cent in 2018, the Knysna municipal area had the lowest matric pass rate in the GRD in the year.

Table 4.8 provides an overview of the educational development in the Mossel Bay municipal area.

Table 4.8 Educational development within Mossel Bay, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Grade 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	16 401	-	27.7	-	67.5	-	87.4	-
2017	16 650	1.5	28.5	0.8	63.5	-4.0	83.5	-3.9
2018	16 986	2.0	28.5	0.0	66.2	2.7	83.1	-0.4

Source: Western Cape Education Department, 2019

Learner enrolment rates have been increasing year-on-year in the region, from 16 401 learners in 2016 to 16 986 learners in 2018. Although the learner-teacher ratio increased from 27.7 learners per teacher in 2016 to 28.5 learners per teacher in 2017, the 2.0 per cent increase in learner enrolment numbers in 2018 has been met with a constant learner-teacher ratio over the same period.

Following a 5.9 per cent decrease in the Grade 10 to 12 retention rate between 2016 and 2017, the retention rate has improved from 63.5 per cent in 2017 to 66.2 per cent in 2018. The decrease in the retention rate between 2016 and 2017 coincided with a 3.9 percentage point decrease in the matric pass rate during the same period. The matric pass rate has continued to decrease in 2018, albeit at a slower rate, from 83.5 per cent in 2017 to 83.1 per cent in 2018.

As indicated in Table 4.9, the Oudtshoorn municipal area has experienced slight increases in learner enrolment numbers between 2016 and 2018. While the learner enrolment numbers increased slightly between 2016 to 2017, the learner-teacher ratio increased quite significantly, from 28.1 learners per teacher in 2016 to 29.7 learners per teacher in 2017. However, the learner-teacher ratio decreased to 29.0 learners per teacher in 2018, which reflects a change of 0.9 percentage points between 2016 and 2018.

Table 4.9 Educational development within Oudtshoorn, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Gr 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	18 588	-	28.1	-	64.4	-	93.1	-
2017	18 657	0.4	29.7	1.6	66.4	2.0	80.1	-13.0
2018	18 809	0.8	29.0	-0.7	67.5	1.1	82.2	2.1

Source: Western Cape Education Department, 2019

The Grade 10 to 12 retention rate has been increasing year-on-year in the Oudtshoorn municipal area, from 64.4 per cent in 2016 to 67.5 per cent in 2018. While retention rates have been improving, noteworthy is the significant decrease in the matric pass rates between 2016 and 2017 from 93.1 per cent to 80.1 per cent. While the matric pass rates have marginally improved in 2018, there is still a 10.9 percentage point difference between the pass rates observed in 2016 and 2018.

Improving the local Grade 10 to 12 retention rate as well as the matric pass rate will ensure a good skills base for the GRD economy which has an increasing demand for semi-skilled, and skilled workers.

4.5 Health

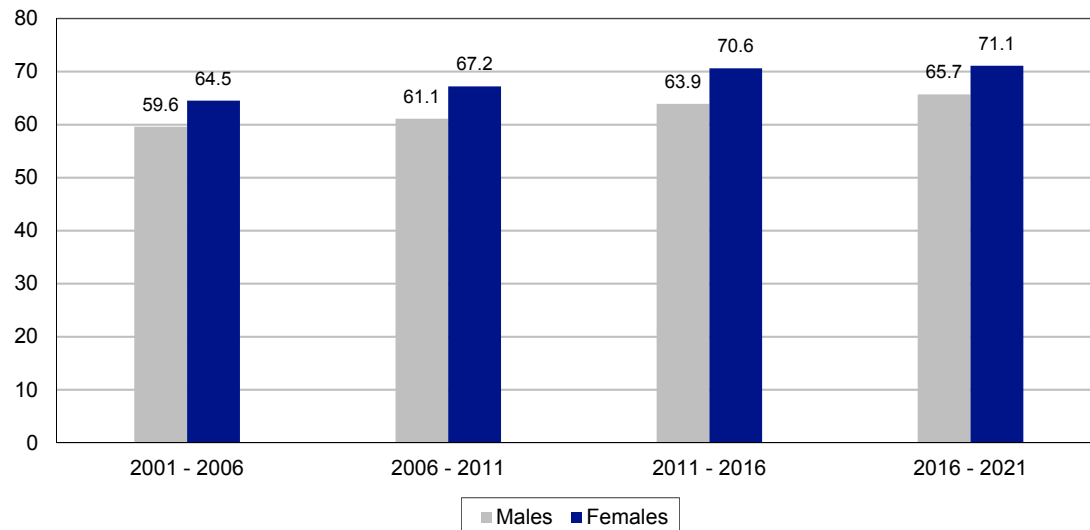
The health conditions of persons living within the GRD are analysed in this section by looking at the prevalence of tuberculosis (TB), human immunodeficiency virus (HIV), infant mortality rates, maternal death rates, and teenage pregnancies.

4.5.1 Life expectancy

Figure 4.6 provides an overview of the average life expectancy at birth in the Western Cape Province between 2001 and 2021. As pointed below, the average life expectancy has increased year-on-year for both males and females over the reference period, with the average life expectancy of females being higher than that of males for each five-year period under assessment.

The average life expectancy for males has increased from the five-year average of 59.6 years between 2001 and 2006 to an estimated five-year average of 65.7 years between 2016 and 2021. The average life expectancy of females has increased from 64.5 years to 71.1 years over the same period.

Figure 4.6 Average life expectancy at birth, Western Cape Province, 2001 - 2021

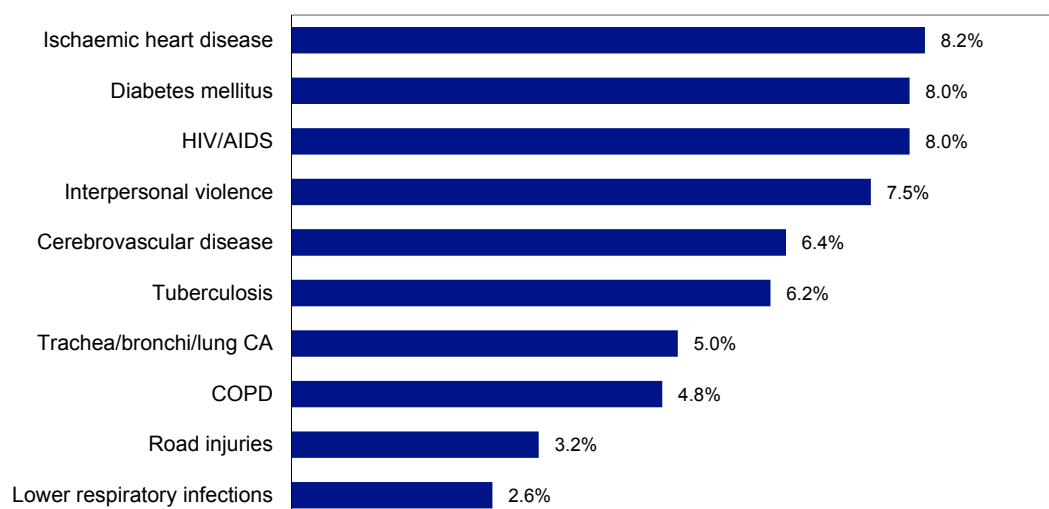


Source: Statistics South Africa, 2019

4.5.2 Mortality

Figure 4.7 provides the top ten causes of death in the Western Cape Province. In 2016, the leading cause of death in the Western Cape Province was ischaemic heart disease, which accounted for 8.2 per cent of all deaths in the Province, followed by diabetes mellitus and HIV/AIDS, which accounted for 8.0 per cent of deaths each.

Figure 4.7 Top ten causes of death, Western Cape Province, 2016



Source: Western Cape Health Department, 2019

Table 4.10 indicates the top ten causes of injury-related deaths in the GRD and the Western Cape Province in terms of the age-standardised death rate (ASR)³⁴. In 2016, the leading cause of injury-related deaths in both the Western Cape Province and the GRD was assault with a sharp object, accounting for 23.8 deaths per 100 000 persons and 22.3 deaths per 100 000 persons respectively.

Table 4.10 Top ten injury-related death rates by cause, Garden Route District and Western Cape Province, 2016

Western Cape Province			Garden Route District	
Rank	External cause	ASR	External cause	ASR
1	Assault: sharp object	23.8	Assault: sharp object	22.3
2	Assault w/incl firearm	18.5	Suicide	16.5
3	RTA: pedestrian	11.2	RTA: motor vehicle	10.4
4	Suicide	11.0	RTA: pedestrian	7.6
5	RTA: motor vehicle	10.2	Assault: blunt force	5.7
6	Assault: blunt force	6.6	Accident: other	4.7
7	Accident: fire	5.3	Accident: fire	4.7
8	Accident: drowning	3.8	Accident: drowning	4.1
9	Accident: falls	3.8	Accident: falls	2.7
10	Accident: other	3.6	Accident: overdose/poisoning	2.4

Source: Western Cape Health Department, 2019

The second leading cause of injury-related deaths in the GRD was suicide. Accounting for 16.5 deaths per 100 000 persons, the prevalence of suicide in the GRD was substantially higher than that of the provincial average of 11.0 deaths per 100 000 persons. Road traffic incidents also contributed significantly to injury-related deaths in the GRD. While the number of deaths due to motor vehicle road traffic incidents in the GRD (10.4 deaths per 100 000 persons) was slightly higher than the provincial average (10.2 deaths per 100 000 persons), the number of deaths due to pedestrian road traffic incidents in the GRD was significantly lower than that of the provincial average.

4.5.3 HIV/AIDS and TB

According to estimates based on the Thembisa model³⁵, an estimated 13.5 per cent of the South African population is HIV positive as of 2019. In the Western Cape, the estimated prevalence rate of HIV is 6.7 per cent.

Table 4.11 provides an overview of the trends in HIV testing, treatment and outcomes in the GRD between 2015/16 and 2018/19. As indicated below, 38 874 people in the District were aware of their HIV status in 2018/19. The proportion of people who were receiving Anti-Retroviral Therapy (ART) has been increasing year-on-year in the GRD

³⁴ The age-standardised death rate is a weighted mean of the age-specific death rates using a standard population and expressed per 100 000 population (Western Cape Health Department, 2018).

³⁵ The Thembisa model is used to calculate the prevalence of HIV in South Africa. The model has been developed specifically for South Africa, to provide an accurate estimate of HIV prevalence using age-specific HIV data (Thembisa Project, 2017).

from 52.1 per cent in 2015/16 to 62.8 per cent in 2018/19. Of those on ART, 70.9 per cent had a confirmed viral suppression³⁶ in 2018/19. The number of people with a confirmed viral suppression has been decreasing year-on-year in the GRD, from 73.3 per cent in 2016/17 to 70.9 per cent in 2018.

Table 4.11 Trends in HIV testing, treatment and outcomes, Garden Route District, 2015/16 - 2018/19

	2015/16	2016/17	2017/18	2018/19
Known HIV+ (Tested; n)	34 719	36 979	38 342	38 874
Of which: Clients started but no longer on ART (%)	31.8	35.6	41.2	50.3
Of which: Clients on ART (%)	52.1	56.4	60.6	62.8
Of which: Clients with confirmed viral suppression (%)	70.8	73.3	73.1	70.9

Source: Western Cape Health Department, 2019

In the Western Cape Province, tuberculosis was the third and fifth-largest contributor to mortality for males and females respectively.

Table 4.12 provides an overview of the TB notification and outcomes in the GRD between 2016/17 and 2018/19. The public health TB programme experienced a marginal improvement in success rates between 2016/17 and 2017/18, from 78.4 per cent to 79.2 per cent. However, there was a decline in the success rate for the treatment of Multi-Drug Resistant (MDR) TB over the same period, from a success rate of 41.6 per cent in 2016/17 to 38.6 per cent in 2017/18. The success rate in treatment of MDR TB improved to 41.3 per cent in 2018/19.

There has been a slight deterioration in programme outcomes in 2018/19, however, with the success rate decreasing to 78.3 per cent and the death rate increasing to 5.0 per cent. A contributing factor to this deterioration may be the disruption of treatment due to lower follow-ups, with the number of clients lost to follow-ups increasing from 12.6 per cent in 2017/18 to 13.1 per cent 2018/19.

Positively, the proportion of HIV persons who are coinfecting with TB has been declining year-on-year. In 2016/17, 35.0 per cent were coinfecting with TB and HIV, which decreased to 33.7 per cent in 2018/19.

Table 4.12 Trends in TB notification and outcomes, Garden Route District, 2016/17 - 2018/19

	2016/17	2017/18	2018/19
TB programme success rate (%)	78.4	79.2	78.3
TB client lost to follow up (%)	12.7	12.6	13.1
TB client death rate (%)	5.6	4.9	5.0
TB/HIV co-infected (%)	35.0	33.8	33.7
TB MDR treatment success rate (%)	41.6	38.6	41.3

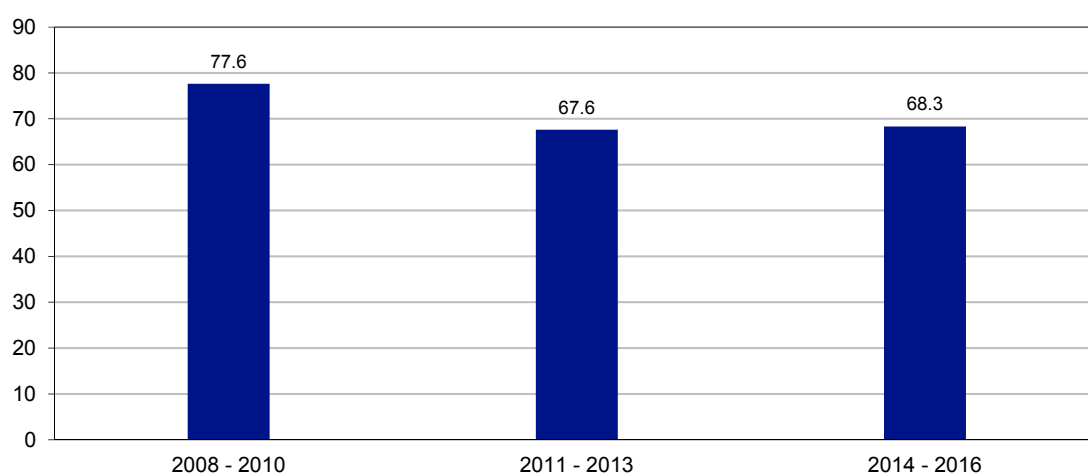
Source: Western Cape Health Department, 2019

³⁶ A confirmed viral suppression is a viral load of less than 1 000 copies per milliliter of blood.

4.5.4 Infant, child and maternal health

Figure 4.8 indicates the maternal death rates for three three-year periods in the Western Cape Province between 2008 and 2016. As pointed below, the maternal mortality rate dropped significantly in the first two periods, from 77.6 per 100 000 live births between 2008 and 2010 to 67.6 per 100 000 live births between 2011 and 2013. Between 2014 and 2016, however, there has been a slight increase in the number of maternal deaths to 68.3 per 100 000 live births, despite improved outcomes in antenatal visits.

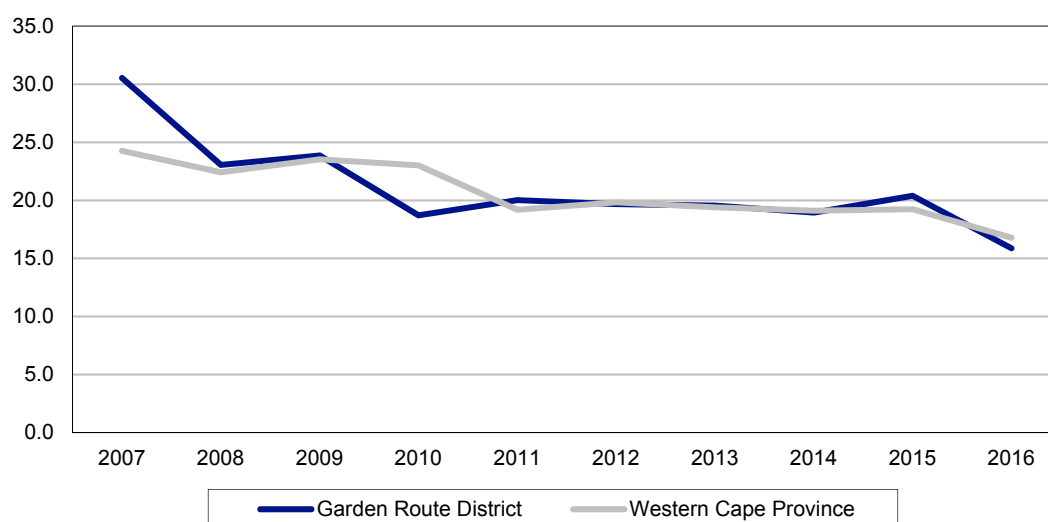
Figure 4.8 Maternal death rates per 100 000 live births, Western Cape Province, 2008 - 2016



Source: Western Cape Health Department, 2019

Figure 4.9 indicates infant mortality rates per 1 000 live births between 2007 and 2016 in the GRD and the Western Cape Province. As indicated below, both the District and the Province have experienced substantial declines in infant mortality rates over the ten-year period.

Figure 4.9 Infant mortality rates per 1 000 live births, Garden Route District and Western Cape Province, 2007 - 2016



Source: Western Cape Health Department, 2019

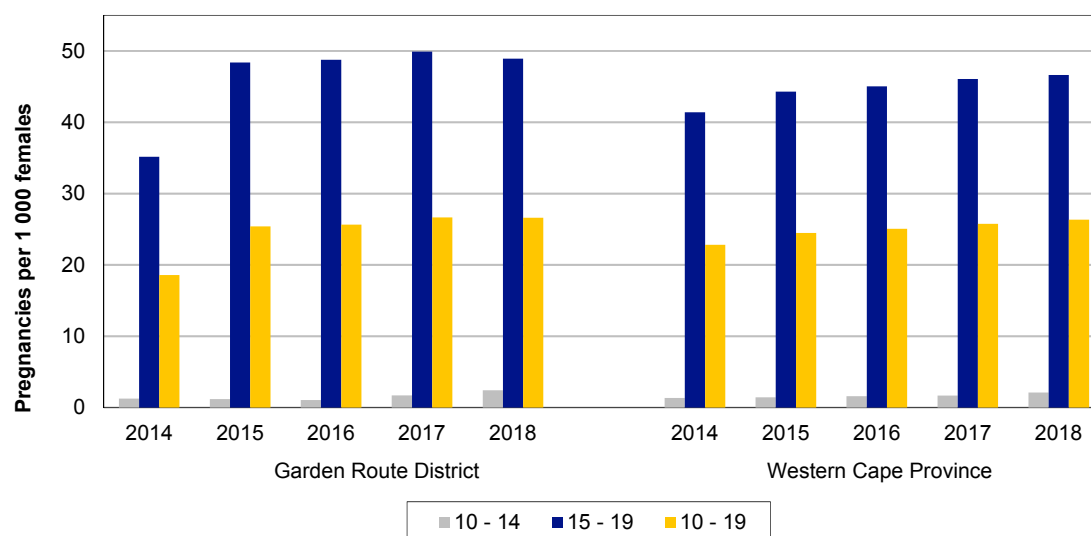
In 2007, the infant mortality rate in the GRD was substantially higher than that of the Province. However, between 2007 and 2008, the GRD experienced a significant decline, from 30.5 infant deaths per 1 000 live births in 2007 to 23.1 infant deaths per 1 000 live births in 2008. Between 2009 and 2010, the GRD experienced another significant improvement, with the infant mortality rate in the District being substantially better than the Province until 2011. Since then, the infant mortality rate in the District has closely mirrored that of the Province, with the District experiencing a slight increase in 2015. This trend did not persist, however, with the District experiencing fewer incidences of infant mortality than the Province in 2016.

4.5.5 Teenage pregnancy

Figure 4.10 provides an overview of the number of pregnancies per 1 000 females per age category between 2014 and 2018. The teenage fertility rate is the number of pregnancies per 1 000 females aged between 15 and 19.

The number of pregnancies of those aged between 10 and 14 in the GRD was lower than that in the Province between 2013 and 2015. However, due to a substantial increase from 1.1 pregnancies per 1 000 females in 2016 to 1.7 pregnancies per 1 000 females in 2017, the GRD had the same fertility rate as the Province. In 2018, a further increase to 2.42 pregnancies per 1 000 females in the District has seen the District experiencing higher fertility rates than the Province for girls aged between 10 to 14.

Barring 2014, the GRD has had higher fertility rates for girls aged between 15 and 19 for all years in the reference period. The number of pregnancies in this age category increased significantly between 2014 and 2015, from 35.2 pregnancies per 1 000 females in 2014 to 48.4 pregnancies per 1 000 females in 2015. Between 2015 and 2017, there have been slight year-on-year increases in the fertility rates of females between the ages of 15 and 19, with a marginal improvement registered in 2018, from 49.9 pregnancies per 1 000 females in 2017 to 48.9 pregnancies per 1 000 females in 2018. The number of pregnancies remained higher than the Province, which registered 46.6 pregnancies per 1 000 females aged between 15 and 19 in the same year.

Figure 4.10 Teenage fertility rates, Garden Route District and Western Cape Province, 2004 - 2018

Source: Western Cape Health Department, 2019

4.6 Housing and municipal services

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 4.13 shows the different types of dwellings for households living within the GRD in 2018.

Table 4.13 Number of dwellings, Garden Route District, 2018

Dwelling type	Garden Route Number	Kannaland Number	Hessequa Number	Mossel Bay Number	George Number	Oudtshoorn Number	Bitou Number	Knysna Number
House or brick structure on a separate stand or yard	131 752	6 797	16 026	21 865	42 927	17 952	11 432	14 753
Traditional dwelling/hut/structure made of traditional materials	1 150	28	139	180	324	161	175	143
Flat in a block of flats	4 046	48	295	850	1 480	476	248	649
Town/cluster/semi-detached house (simplex, duplex or triplex)	6 186	32	130	2 113	1 492	1 378	198	843
House/flat/room, in backyard	2 568	25	173	370	1 144	395	124	338
Informal dwellings	23 733	170	797	3 497	7 971	2 282	3 890	5 124
Room/flatlet not in backyard but on a shared property	1 156	7	71	408	368	105	85	112
Other/unspecified/NA	2 045	51	145	357	579	181	406	327
Total	172 636	7 159	17 775	29 639	56 285	22 930	16 558	22 289

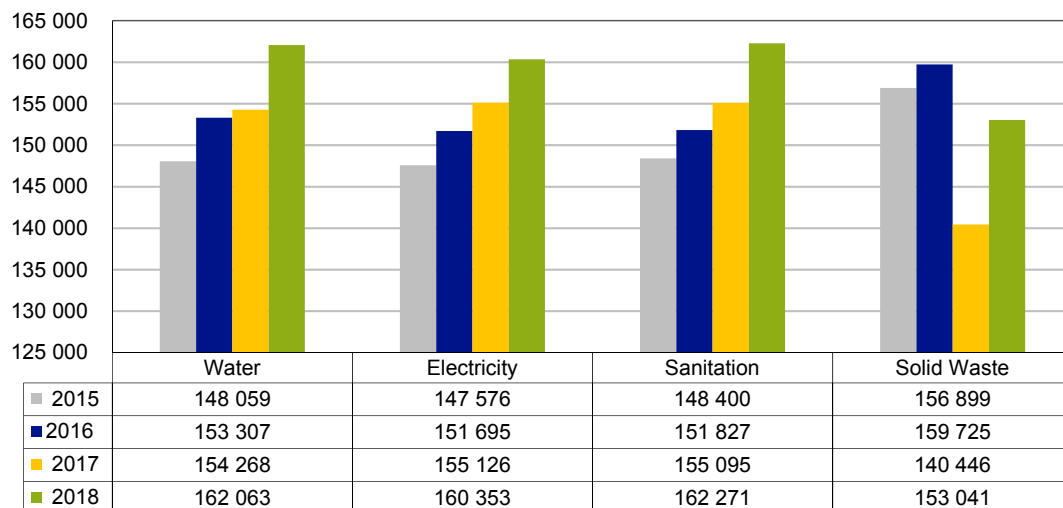
Source: Quantec Research, 2019

In the GRD, 76.3 per cent of households reside in a house or brick structure on a separate stand or yard. The Kannaland municipal area has the highest proportion of the population which reside in dwellings of this type - 94.9 per cent of the Kannaland municipal area's population reside in a house or brick structure on a separate stand or yard.

In the GRD, 13.7 per cent of households reside in informal dwellings, with the Bitou and Knysna municipal areas having the largest proportion of households living in informal dwellings, at 23.5 per cent and 23.0 per cent respectively.

Figure 4.11 illustrates the access to basic services in the GRD between 2015 and 2018.

Figure 4.11 Access to basic services, Garden Route District, 2015 - 2018



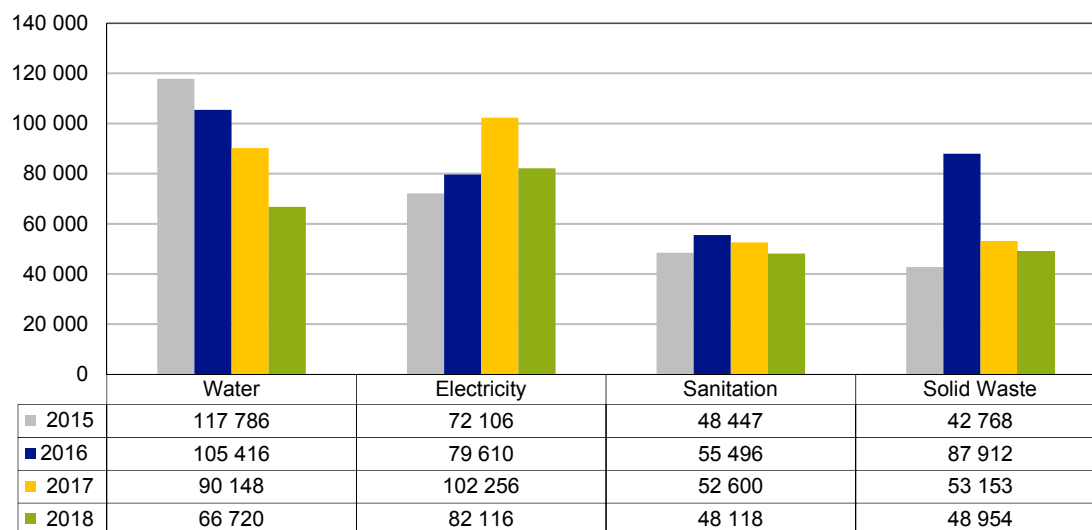
Source: *Non-financial Census of Municipalities, Stats SA; Quantec Research, 2019*

While most consumers in the District have near equal access to water, sanitation and electricity services, access to solid waste removal services remains significantly lower. Access to all levels of services increased considerably between 2015 and 2018. The largest increase was recorded for access to solid waste removal services; 12 595 more consumer had access to this service compared to 2016. Access to water services also increased substantially by 7 795 consumers while 7 176 more consumers had access to electricity. The increase in access to serviced originated mostly from the George municipal area; however, all other municipal areas also had an increased level of services in 2018 compared to 2017.

Figure 4.12 illustrates access to free basic services. Indigent households qualify for free basic water, electricity, sanitation and waste removal services. In 2018, the GRD had 47 372 indigent households; 2094 households more compared to 2017. This increase in the number of indigent households originates from increases in the George (841 households), Mossel Bay (774 households) and Oudtshoorn (551 households) municipal areas³⁷.

Despite the increase in indigent households, free basic services across all categories declined between 2017 and 2018. The largest decline was recorded for water (23 428 households) and electricity (20 140 households) services.

³⁷ Stats SA (2019)

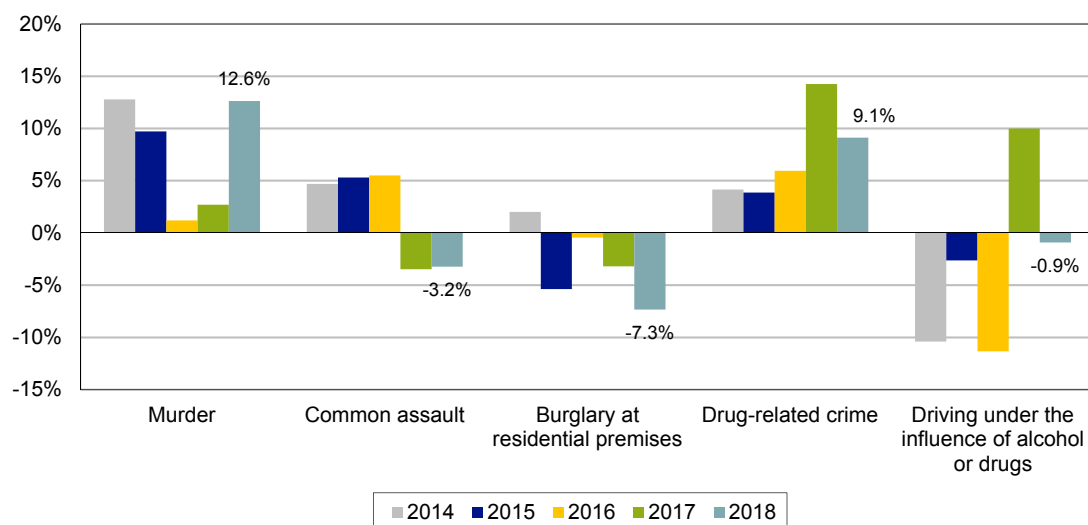
Figure 4.12 Access to free basic services, Garden Route District, 2015 - 2018

Source: Non-financial Census of Municipalities, Stats SA; Quantec Research, 2019

4.7 Crime

The trend in reported incidences of criminal activities is an important indicator for assessing the likelihood of criminal activities and ascertaining which types of criminal offences are most likely to be prevalent in a certain area. Figure 4.13 depicts the trends in the reported crime categories in the Western Cape Province.

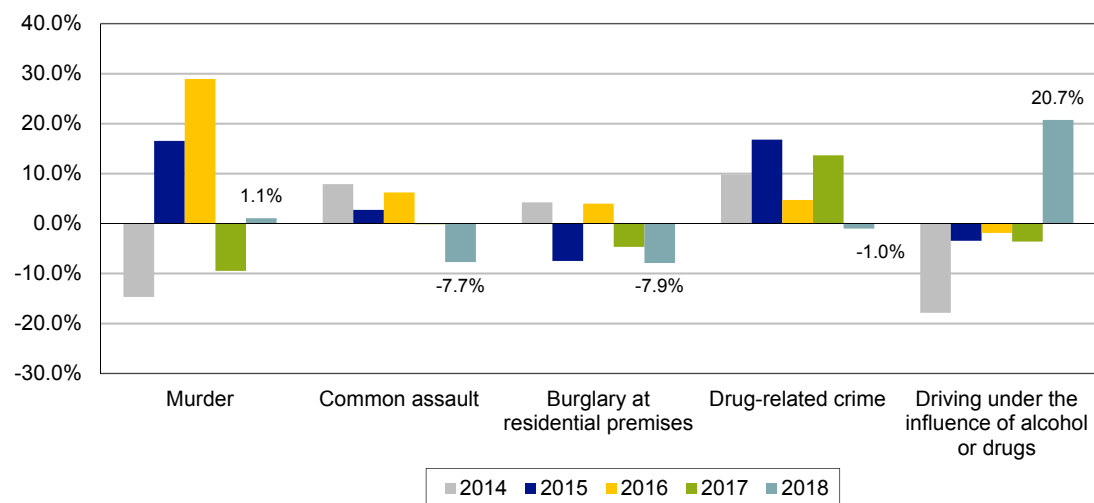
Although drug-related crimes are one of the most prevalent in the Western Cape Province, a slight decline in instances reported did occur in 2018. Compared to other crimes, the number of murders over the period of analysis was relatively low considering the size of the provincial population. However, the number of murders has increased exponentially since 2016.

Figure 4.13 Growth rates in reported crime categories, Western Cape, 2014 - 2018

Source: SAPS; Quantec, 2019

Figure 4.14 depicts the trends in the reported crime categories in the GRD. Of the crime categories analysed, drug-related crimes are most prevalent in the GRD, with 10 814 instances of crime in the District being drug-related. While drug-related crimes have been fluctuating between 2014 and 2018, positive is the decrease between 2017 and 2018 - from an incidence of 1 814.6 per 100 000 persons in 2017 to 1 776.5 per 100 000 persons in 2018. However, given the significant spikes in 2015 and 2017, drug-related crimes have increased by an average of 8.8 per cent over the period.

Figure 4.14 Growth rates in reported crime categories, Garden Route District, 2014 - 2018



Source: SAPS; Quantec, 2019

While the total number of murders in the GRD increased from 181 in 2017 to 183 in 2018, as a proportion of the population, the incidence has remained constant at 30.1 murders per 100 000 persons between 2017 and 2018. The incidence of common assault decreased from 891.4 incidents per 100 000 persons in 2017 to 813.6 incidents per 100 000 persons in 2018.

Another crime category which has shown a notable decline between 2014 and 2018 in the GRD is burglary at residential premises. In 2014, there were 1 063.6 incidents per 100 000 persons, while in 2018, 856 incidents of burglary were reported.

While most of the crime categories analysed saw a decline in the GRD, the incidence of driving under the influence of drugs and alcohol increased over the period. In 2017, the incidence per 100 000 persons was 239.5, while the incidence per 100 000 persons in 2018 was 286.1.

4.8 Summary and conclusion

This chapter explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the GRD, using a selected number of indicators. Table 4.14 is a summary of recent changes in various social indicators in the GRD.

Table 4.14 Changes in selected socio-economic indicators, Garden Route District

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 GDP 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 (2008 - 2017): Quantec/Urban-Econ	R16 286	R11 729	R14 005	R16 735	R18 450	R17 913	R12 099	R14 998
Gini coefficients trend (2017 - 2018): IHS markit	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Human Development Index trend (2017 - 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	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.

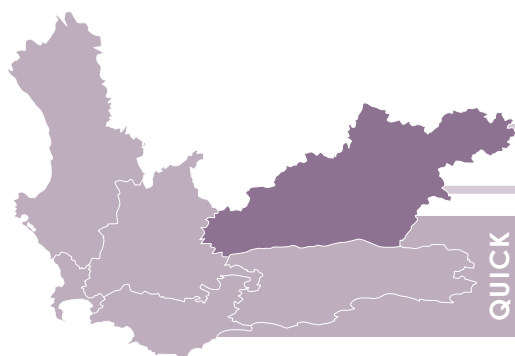
Despite households in the GRD having lower average monthly incomes compared to the provinces, the average household incomes have increased slightly over the last decade, expect in the Bitou municipal area, where household incomes are slowly declining. While the standard of living is improving in all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



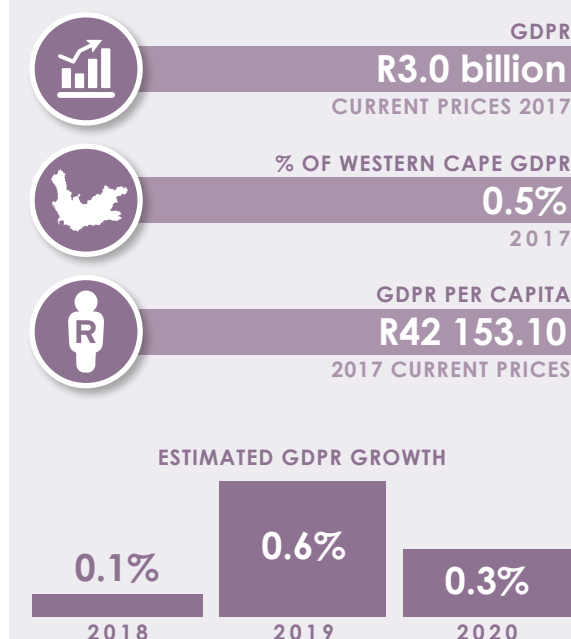
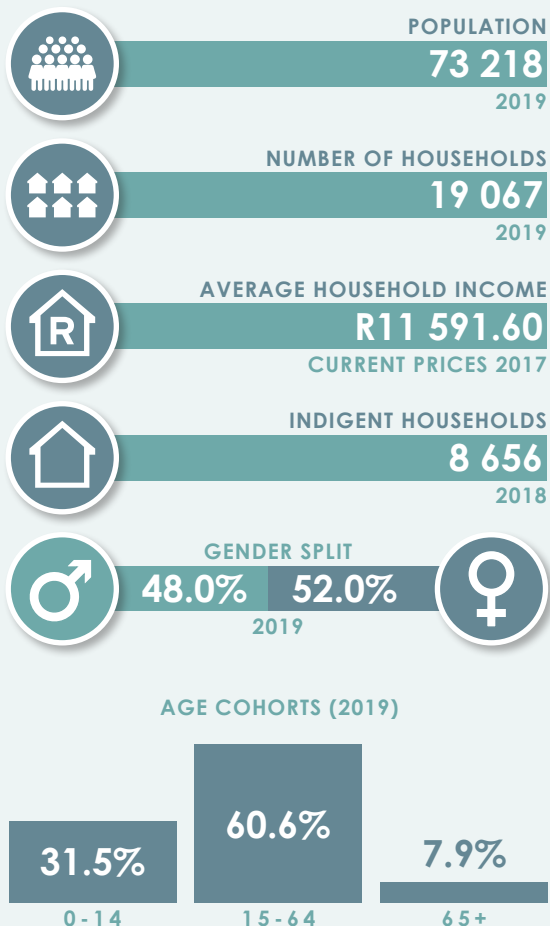
CENTRAL KAROO DISTRICT

CKD

QUICK FACTS

Area	38 854 km ²
Density	1.8/km ²
Seat	Beaufort West
Cities/Towns	Laingsburg, Prince Albert, Beaufort West

DEMOGRAPHICS

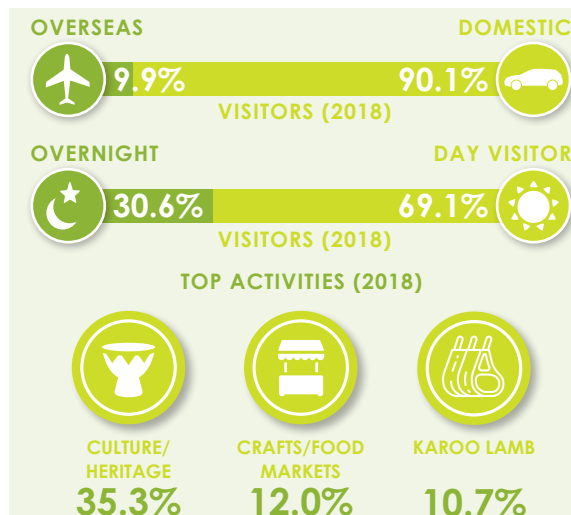


GROSS DOMESTIC PRODUCT

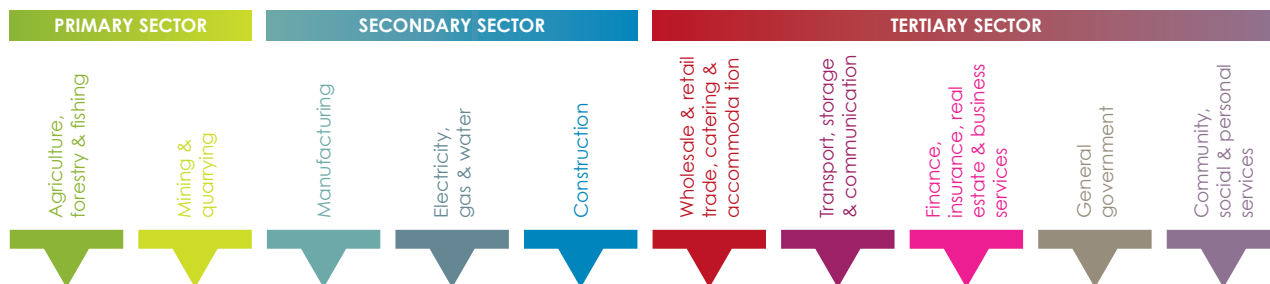


EMPLOYMENT

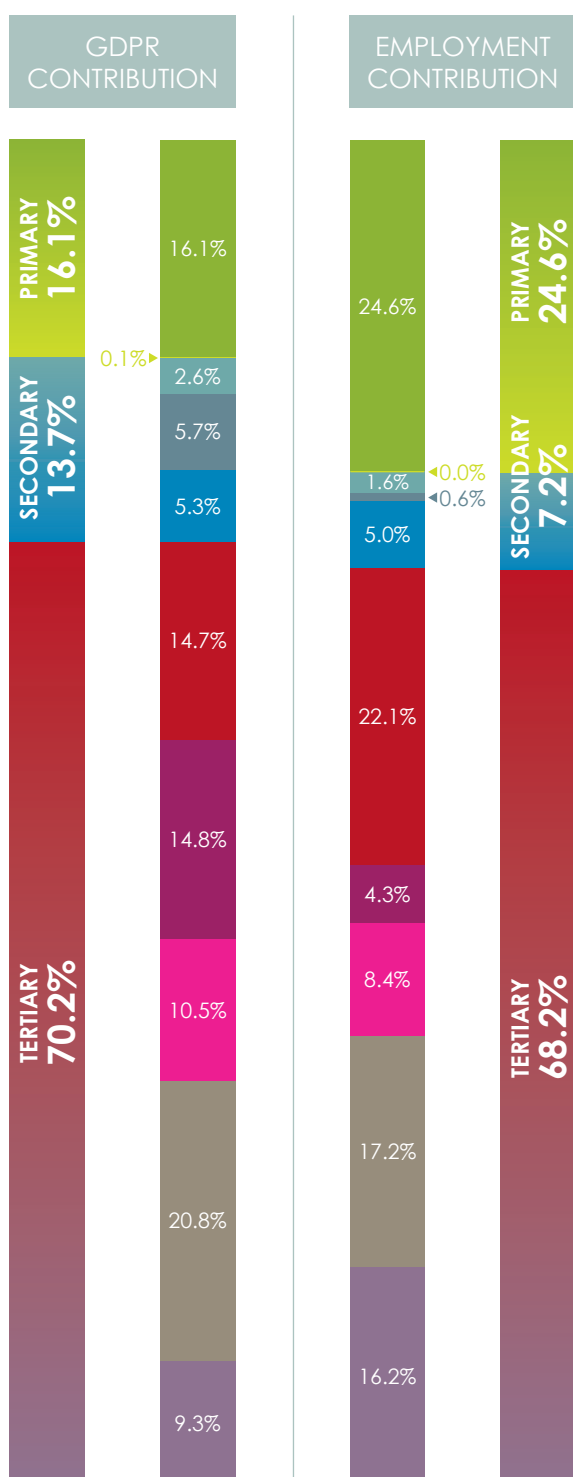
TRADE



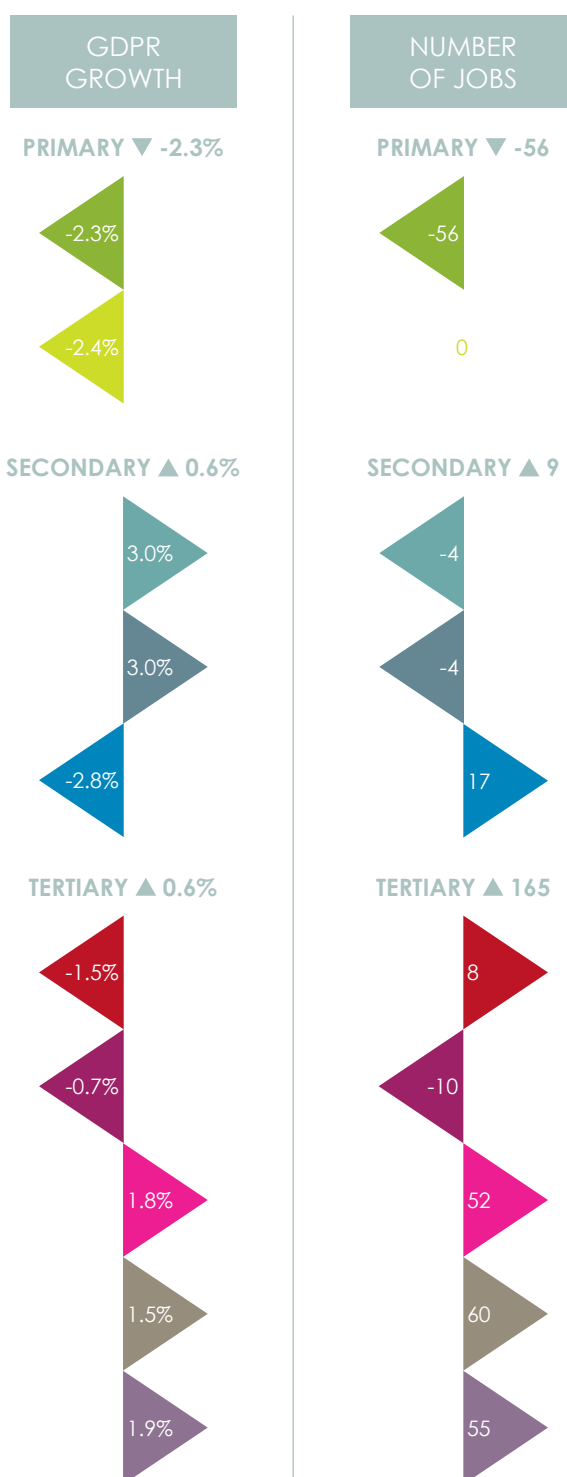
TOURISM



GROSS DOMESTIC PRODUCT AND EMPLOYMENT PER SECTOR (2017)



ESTIMATED GROSS DOMESTIC PRODUCT AND EMPLOYMENT SECTOR GROWTH (2018)





1

Regional economic review and outlook

1.1 Introduction

The Central Karoo District (CKD) is characterised by its sparse population and arid climate. The low population influences the scope of economic activity in the District. Beaufort West is the largest commercial town in the District. The CKD is traversed by the N1 which is a valuable transport route that connects the Western Cape to other provinces in South Africa. The three local municipal areas that make up the CKD are the Beaufort West, Laingsburg, and Prince Albert municipal areas. The 38 854 square kilometres of the CKD constitutes 30.0 per cent of the total Western Cape Province's size.

This chapter provides a macroeconomic outlook of the CKD, an overview of trends between 2008 and 2018, and an outlook regarding GDP for 2019 and 2020.

1.2 Growth in GDPR performance

This section briefly discusses the size of the CKD's economy, average GDPR contribution, and growth rates in the various municipal areas within the District. The period under review for MERO 2019 is between 2008 and 2017, with 2018¹ figures being estimated.

1.2.1 GDPR performance per municipal area

Table 1.1 indicates the average GDPR growth rates of the three municipal areas of the CKD. In 2017, the economy of the CKD was, in total, valued at R3.0 billion (in current prices). Compared to the size of the economy of the Western Cape Province, this means the GDPR of the CKD contributed 0.5 per cent to the GDPR of the Province.

The municipal area of Beaufort West has the largest economy, as it accounted for 69.9 per cent of the District's GDPR. The Prince Albert and Laingsburg municipal areas contribute 16.0 per cent and 14.1 per cent respectively to GDPR of the CKD.

Table 1.1 Central Karoo District GDPR contribution and average growth rates per municipal area, 2017

Municipality	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Laingsburg	425.4	14.1	2.7	0.3
Prince Albert	482.3	16.0	3.2	0.2
Beaufort West	2 107.4	69.9	1.9	0.0
Total Central Karoo District	3 015.0	100	2.2	0.1
Western Cape Province	568 420.7	-	2.0	0.9

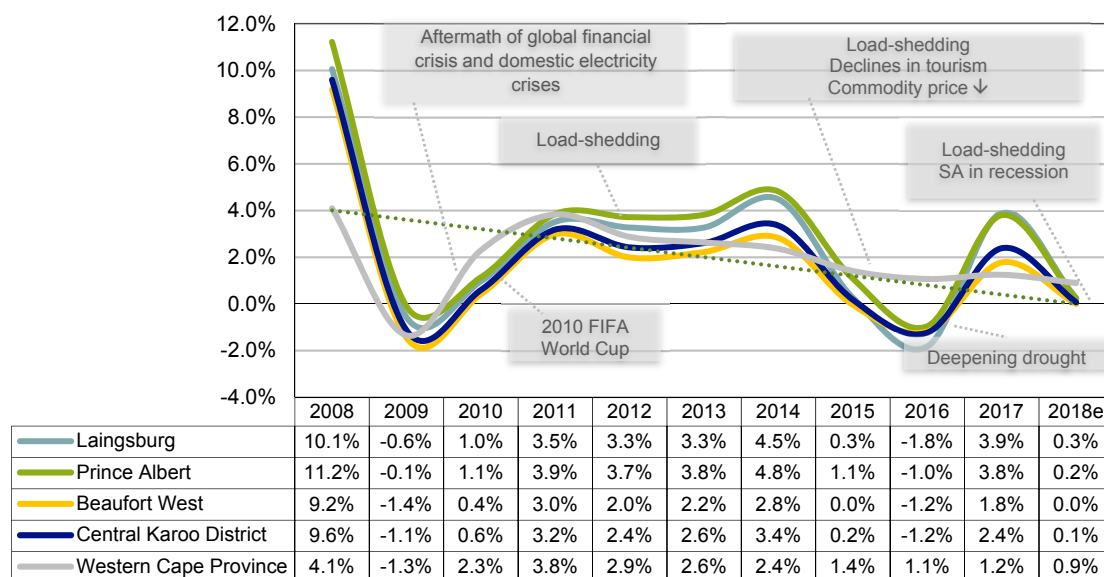
Source: Quantec Research, 2019 (e denotes estimate)

The economy of the CKD has grown by 2.2 per cent on average between 2008 and 2017. This is higher than the average growth rate observed for the Province. Notably, the smallest economies (Laingsburg and Prince Albert municipal areas) in the CKD registered higher growth rates than the district and provincial growth rates over the ten-year period due to their small size.

It is estimated that the economy of the CKD grew marginally by 0.1 per cent in 2018. This is linked to the low performance of the largest economy in the CKD in the same year (Beaufort West municipal area), which is estimated to have stagnated. Moreover, the economy of the Western Cape Province, in general, grew by 0.9 per cent, which is higher than the growth rate of the CKD of 0.1 per cent.

The graphical depiction of GDPR performance of the municipal areas in the CKD between 2008 and 2018 is shown in Figure 1.1.

¹ Statistics SA will only release official regional indicators for 2018 in 2020.

Figure 1.1 GDP growth per municipal area, Central Karoo District, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

The highest growth rate achieved by the economy of the CKD was in 2008 (9.6 per cent), based on the period under analysis. However, the economy contracted by 1.1 per cent in 2009 due to the aftermath of the global financial crisis, coupled with electricity shortages. This is no different to what was observed at a provincial level and the rest of the South African economy.

Similar to the trend observed in the Western Cape Province, the CKD recovered in 2011 and grew by 3.2 per cent. The highest growth rate since 2009 was in 2014 when the economy grew by 3.4 per cent. Thereafter, growth slowed down to 0.2 per cent in 2015 and contracted by 1.2 per cent in 2016. The drought that persisted since 2015 is one of the key factors that contributed to the slowdown in economic activity as well as the overall poor performance of the national economy.

Agriculture plays a vital role in the economy of the Western Cape Province, including the economy of the CKD. Therefore, drought and water stress conditions negatively affect the viability of the agriculture sector by altering optimal conditions for livestock and crop production². Consequently, this affects growth and job creation in the agriculture sector (and in the district at large), amongst other factors. Although the economy of the CKD grew by 2.4 per cent in 2017, it estimated that growth declined to 0.1 per cent in 2018. This slowdown in the estimated growth rate is attributable to electricity shortages and the economic recession on a national level.

The trends also show that the smallest economies (Laingsburg and Prince Albert municipal areas) achieved higher growth rates over the years when compared to the Beaufort West municipal area. This is, however, due to the fact that these areas were growing from a small base relative to the size of the Beaufort West municipal area.

² Botai, Botai, de Wit, Ncongwane, & Adeola (2017)

1.2.2 Sectoral GDPR performance

Table 1.2 reflects the CKD's GDPR performance in 2017.

Table 1.2 Central Karoo District GDPR performance per sector, 2017

Sector	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Primary Sector	485.5	16.1	5.5	-2.3
Agriculture, forestry and fishing	483.9	16.1	5.6	-2.3
Mining and quarrying	1.6	0.1	1.7	-2.4
Secondary Sector	413.1	13.7	1.4	0.6
Manufacturing	79.5	2.6	0.3	3.0
Electricity, gas and water	172.7	5.7	0.6	3.0
Construction	160.9	5.3	3.2	-2.8
Tertiary Sector	2 116.4	70.2	1.8	0.6
Wholesale and retail trade, catering and accommodation	444.3	14.7	1.0	-1.5
Transport, storage and communication	445.9	14.8	-0.3	-0.7
Finance, insurance, real estate and business services	317.8	10.5	2.8	1.8
General government	628.2	20.8	3.6	1.5
Community, social and personal services	280.2	9.3	1.6	1.9
Total Central Karoo District	3 015.0	100	2.2	0.1

Source: Quantec Research, 2019 (e denotes estimate)

A larger share of GDPR (70.2 per cent) is derived from the tertiary sector. The primary sector accounts for 16.1 per cent, while the secondary sector accounts for the smallest share of 13.7 per cent.

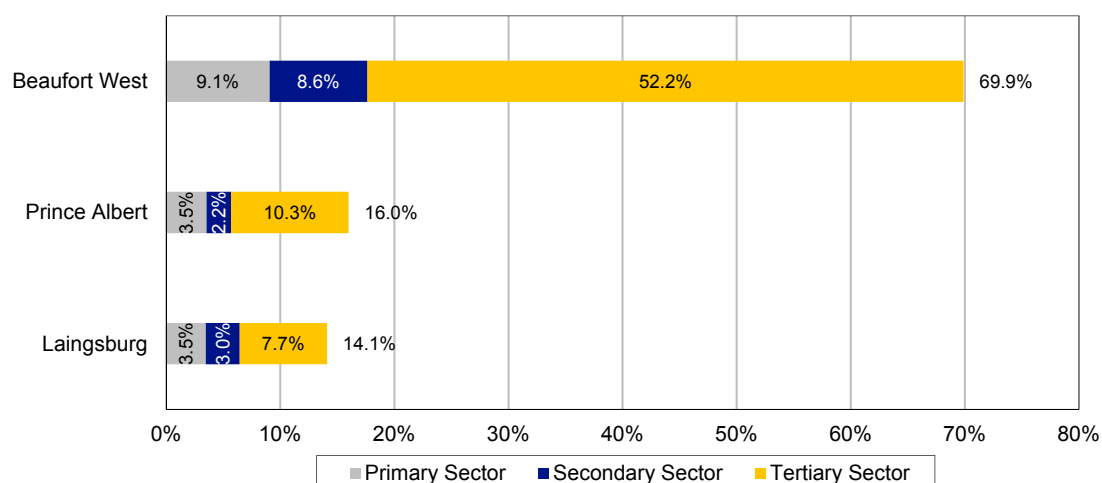
The primary sector relies mostly on the strength of the agriculture, forestry and fishing sector. On average, the primary sector has grown by 5.5 per cent between 2008 and 2017, of which agriculture, forestry and fishing grew by 5.6 per cent. However, it is estimated that both the agriculture, forestry and fishing and mining and quarrying sectors contracted in 2018, resulting in the overall contraction of the primary industry by 2.3 per cent.

In 2017, manufacturing activities accounts for the smallest proportion of GDPR contribution (2.6 per cent) in the secondary sector. The electricity, gas and water sector contributed 5.7 per cent, while the construction sector accounted for 5.3 per cent of the GDPR in 2017. Although construction-related activities grew by 3.2 per cent between 2008 and 2017, the sector is estimated to have contracted by 2.8 per cent in 2018. The electricity, gas and water and manufacturing sectors grew by 0.6 per cent and 0.3 per cent respectively over the ten-year period. It is estimated both sectors grew by 3.0 per cent in 2018. However, due to the sizeable contribution of construction activities to the manufacturing sector's GDPR, the estimated contraction in the construction sector will result in the secondary sector growing by 0.6 per cent in 2018. This is lower than the ten-year average growth rate of 1.4 per cent.

The general government sector contributes the most to the tertiary sector (and across all sectors), contributing 20.8 per cent to GDPR in 2017. The general government sector grew by 3.6 during the ten-year period and it is estimated to have grown by 1.5 per cent in 2018 resulting in this sector being one of the main economic drivers in the region.

Wholesale and retail trade, catering and accommodation (14.7 per cent) and transport, storage and communication (14.8 per cent) also make a sizeable contribution to the CKD's GDP in 2017. However, the two sectors exhibited a sluggish performance in the period analysed. Wholesale and retail trade, catering and accommodation grew by 1.0 per cent over the ten-year period, and it is estimated that it will contract by 1.5 per cent in 2018. On average, the transport, storage and communication sector contracted by 0.3 per cent over the ten-year period. This trend is expected to continue as the sector is expected to shrink by 0.7 per cent in 2018.

Figure 1.2 GDP contribution per municipal area, Central Karoo District, 2017 (%)

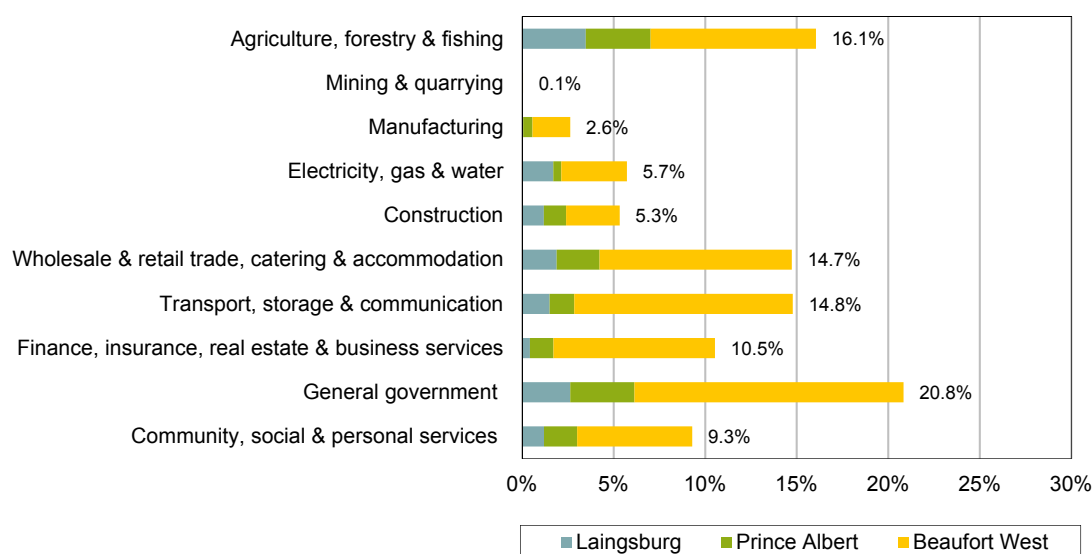


Source: Quantec Research, 2019

Figure 1.2 shows that the distribution of sectors is proportionately distributed across the local areas. In addition, the tertiary sector is the biggest contributor to GDP in each of the local municipal areas.

Figure 1.3 indicates the concentration of sectors per local municipality.

Figure 1.3 Central Karoo District GDP contribution per sector, 2017 (%)



Source: Quantec Research, 2019

The municipal area of Beaufort West contributes the largest portion to GDPR in every sector. There is little mining and quarrying activity in the CKD, and this applies to all the local municipal areas in the District. Manufacturing activities are concentrated mainly in the Beaufort West and Prince Albert municipal areas. In addition, there is little activity in the finance, insurance, real estate and business services sector in the economy of the Laingsburg municipal area.

1.2.3 GDPR performance per sector forecast (outlook)

Due to the fast pace at which the global and South African economies are changing, only a two-year forecast is conducted in this section. Table 1.3 indicates the GDPR forecast per sector for 2019 and 2020 for the CKD.

Table 1.3 GDPR forecast per sector, 2019 - 2020 (%)³

Sector	2019f	2020f	Trend 2019f - 2023f
Primary Sector			
Agriculture, forestry and fishing	3.0	0.4	0.6
Mining and quarrying	-0.4	3.7	3.8
Secondary Sector			
Manufacturing	0.8	2.2	1.9
Electricity, gas and water	1.6	3.6	5.1
Construction	-1.3	1.0	2.1
Tertiary Sector			
Wholesale and retail trade, catering and accommodation	-0.7	-1.9	-2.2
Transport, storage and communication	-1.0	-2.2	-3.4
Finance, insurance, real estate and business services	0.8	1.0	1.3
General government	0.8	1.5	2.0
Community, social and personal services	0.7	0.6	0.8
Total	0.6	0.3	0.4

Source: Urban-Econ based on BER, 2019 (f denotes forecast)

Forecasts indicate that the agriculture, forestry and fishing sector will recover and grow by 3.0 per cent in 2019. This makes it the leading sector in 2019, as it achieved the highest growth rate across all industries. However, growth in this sector is expected to decline to 0.4 per cent in 2020. On average, it is expected that the agriculture, forestry and fishing sector will grow by 0.6 per cent between 2019 and 2023 which is still significantly lower than historic trends.

Though the GDPR from mining and quarrying activities is expected to decline by 0.4 per cent in 2019, growth in this sector is likely to spike upwards by 3.7 per cent in 2020. In addition, the mining and quarrying sector is estimated to grow by 3.8 between 2019 and 2023. Growth in this sector could plausibly be explained by the increasing opportunities in the shale and gas industry in extraction and exploration in the area⁴.

³ Based on provincial GDPR forecasts done in July 2019 – Bureau for Economic Research (BER).

⁴ Wesgro (2019)

Within the secondary sector, construction-related activities are estimated to contract in 2019, although growth will be experienced over the medium term. Across industries in the secondary sector, the electricity, gas and water sector is likely to achieve the highest growth rates in the forecast period. The CKD is endowed with a vast and hot landscape which is favourable for solar renewable energy generation⁴. Considering that the South African economy has growing energy demands, the increased focus on renewable energy projects could be one of the reasons why the electricity, gas and water sector is likely to grow.

The GDPR of the wholesale and retail trade, catering and accommodation, and transport, storage and communication sectors are expected to decline in 2019, 2020, and between 2019 and 2023. However, the other three sectors in the tertiary sector are expected to grow above the forecasted average growth rates for 2019, 2020 and 2019 to 2023 period.

1.3 Labour trend analysis

This subsection discusses some of the key employment trends by outlining which local municipal areas are the largest contributors to employment creation in the CKD. It also highlights which areas experienced any significant changes in terms of employment patterns. Furthermore, it discusses the employment dynamics by identifying which sectors employ the most persons. Finally, it attempts to highlight which sectors have contributed more in creating new job opportunities (or have experienced job losses) in the district.

1.3.1 Employment per municipal area

Table 1.4 reflects the trend in employment growth in each municipal area in the CKD.

Table 1.4 Central Karoo District employment growth, 2017

Municipality	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Laingsburg	15.1	2 864	291	42
Prince Albert	20.1	3 803	205	30
Beaufort West	64.7	12 238	363	46
Total Central Karoo District	100	18 905	859	118
Western Cape Province	-	2 518 080	326 286	35 433

Source: Quantec Research, 2019 (e denotes estimate)

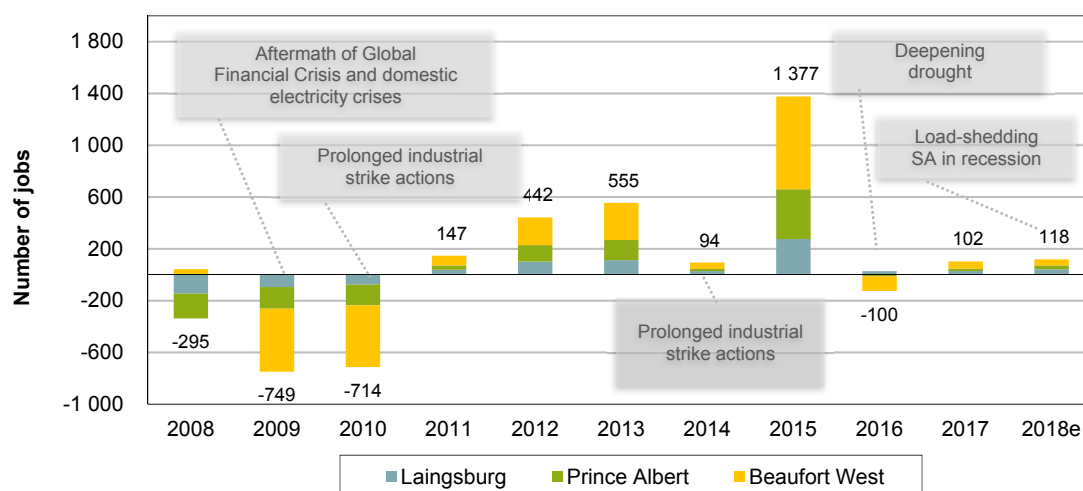
In 2017, 18 905 persons were employed in the economy of the CKD. The contribution of the CKD economy to employment in the Western Cape Province was therefore 0.8 per cent. Similar to the GDPR contribution, the economy of the Beaufort West municipal area had the largest workforce in the CKD. This suggests that the industries in the municipal area of Beaufort West are labour-intensive.

The employment trends indicate that the number of persons employed in the CKD increased by 859 between 2008 and 2017. This equates to a net increase of 86 additional labourers per annum over the ten-year period. It is estimated that the workforces of the CKD increased by 118 people in 2018.

A larger amount of the additional jobs created (363) between 2008 and 2017 were facilitated by the labour absorption in the Beaufort West economy. In addition, 46 out of the estimated 118 jobs were created in the same economy in 2018. Despite the relatively small workforce of the Laingsburg and Prince Albert local municipal areas, the two economies created a significant amount of jobs relative to the additional jobs created by the Beaufort West municipal area.

Figure 1.4 below indicates the changes in employment level per annum in the local municipal areas in the CKD and shows that employment creation follows the GDPR growth patterns in the CKD (refer to Figure 1.1).

Figure 1.4 Employment change per municipal area, Central Karoo District, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

Changes in the global economy as a result of the global financial crisis, coupled with electricity shortages and prolonged industrial actions, negatively affected the workforce in the CKD. A total of 295 jobs were lost in 2008, of which these were linked mainly to job losses in the Laingsburg and Prince Albert municipal areas. A reduction of CKD's workforce continued up to 2010, where the economy of Beaufort West experienced the greatest job losses. As a result, 1 758 jobs were shed from 2008 to 2010.

In line with an improvement in the GDPR growth rate, there was a positive result in terms of employment change in 2011. The trend in employment creation showed an upward slope between 2011 and 2013. A reoccurrence of the prolonged industrial actions is a contributing factor to the decline in the number of additional jobs created in 2014. However, it took the economy of CKD five years to create additional jobs which offset the number of jobs lost between 2008 and 2010⁵.

Most of the employment opportunities were created in 2015⁶. However, the prolonged worsening drought contributed to the decline in the labour absorption rate of the CKD.

⁵ Between 2011 and 2015, a total of 2 615 jobs were created, which is more than the job losses of 1 758 which occurred between 2008 and 2010.

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

Collectively, the workforce of the CKD was reduced by 100 jobs in 2016, with the economy of the Beaufort West municipal area experienced the greatest decline. Despite the load-shedding and the domestic economy being in a recession, employment creation slowly picked up in 2017 and 2018.

1.3.2 Sectoral employment

Table 1.5 indicates the trend in employment growth in each economic sector in the CKD. The tertiary sector employs most of the working persons in the CKD, as it absorbed 68.2 per cent of the labour force as of 2017.

Based on the 2017 employment values, the primary sector is the second largest contributor to employment (24.6 per cent), with the agriculture, forestry and fishing sector accounting for 24.6 per cent of the workforce. Overall, the hierarchy in terms of contributions of the primary, secondary and tertiary sectors to employment coincides with their respective contributions to GDP. This suggests that, in general, the industries in the economy of the CKD are labour-intensive.

The primary sector is anchored on the agriculture, forestry and fishing sector. As of 2017, this sector employed 4 649 persons of the 4 651 employed in the primary sector. In addition, the same sector employs the largest number of persons in the CKD. Between 2008 and 2017, it is estimated that a net of 1 382 jobs was shed. The agriculture, forestry and fishing sector had positive net employment changes in 2012, 2013 and 2015. However, the greatest decline in employment levels between 2008 and 2010 could not be offset by the additional jobs created in the subsequent years. Furthermore, it is estimated that the workforce of the agriculture, forestry and fishing sector shrunk by 56 jobs in 2018.

Table 1.5 Central Karoo District employment per sector, 2017

Sector	Contribution to employment (%) 2017	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	24.6	4 651	-1 382	-56
Agriculture, forestry and fishing	24.6	4 649	-1 382	-56
Mining and quarrying	0.0	2	0	0
Secondary Sector	7.2	1 364	104	9
Manufacturing	1.6	303	-69	-4
Electricity, gas and water	0.6	119	50	-4
Construction	5.0	942	123	17
Tertiary Sector	68.2	12 890	2 137	165
Wholesale and retail trade, catering and accommodation	22.1	4 175	587	8
Transport, storage and communication	4.3	818	153	-10
Finance, insurance, real estate and business services	8.4	1 582	111	52
General government	17.2	3 254	762	60
Community, social and personal services	16.2	3 061	524	55
Total Central Karoo District	100	18 905	859	118

Source: Quantec Research, 2019 (e denotes estimate)

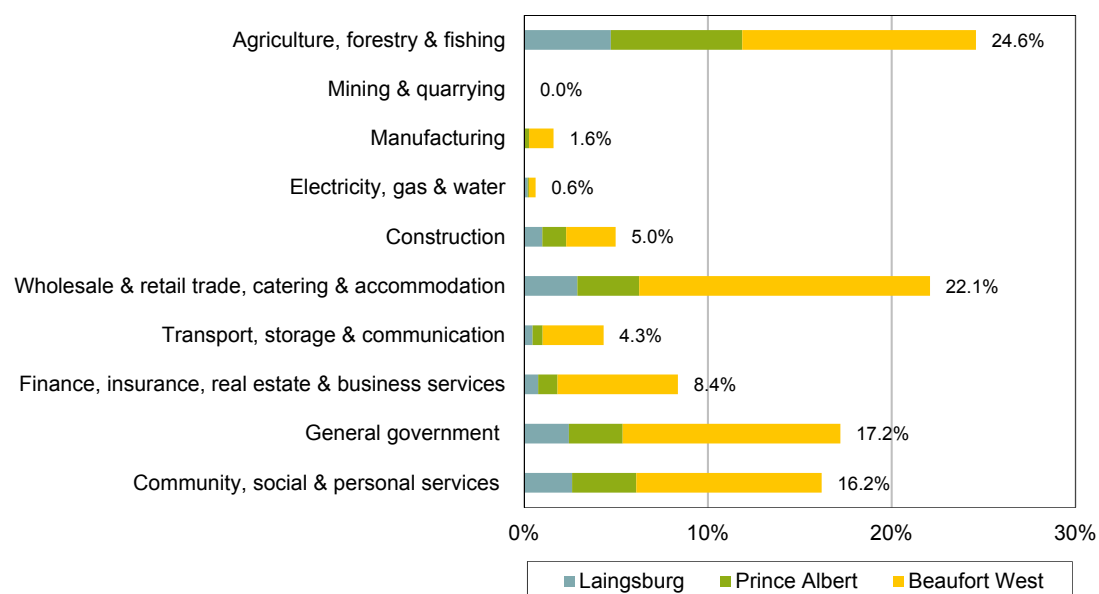
Although the electricity, gas and water sector contributes more to GDP than to employment in the secondary sector, it only employs 119 of the 1 364 people employed in the secondary sector. This is indicative of the high degree of mechanisation in this sector. Most of the persons employed in the secondary sector are engaged in construction-related activities (5.0 per cent). A total of 123 additional jobs were created in the construction sector over the ten-year period. It is further estimated that 17 extra jobs were created in 2018. Despite the workforce of the electricity, gas and water and manufacturing sectors shrinking by eight jobs in total, the secondary sector had a net change of nine additional jobs in 2018.

The wholesale and retail trade, catering and accommodation sector employs the largest share (22.1 per cent) of persons employed in the tertiary sector. This sector created 587 jobs between 2008 and 2017. This equates to an average of 59 additional jobs per year over the ten-year period. Furthermore, it is estimated that this sector absorbed eight more persons from the labour force in 2018.

Despite general government being the second largest contributor (17.2 per cent) to employment creation in the tertiary sector, it created more additional jobs (762) than any industry in the tertiary sector and across all industries in the economy of the CKD over the last ten years. It is estimated that this sector absorbed the largest number of persons (60 additional jobs) into the workforce in 2018. Overall, it is estimated that the tertiary sector created 165 additional jobs in 2018. This is mainly due to additional jobs created in the general government, community, social and personal services, and finance, insurance, real estate and business service sectors.

The sectoral contribution to employment in each of the municipal areas is depicted in Figure 1.5.

Figure 1.5 Sectoral employment contribution per municipal area, Central Karoo District, 2017 (%)



Source: Quantec Research, 2019

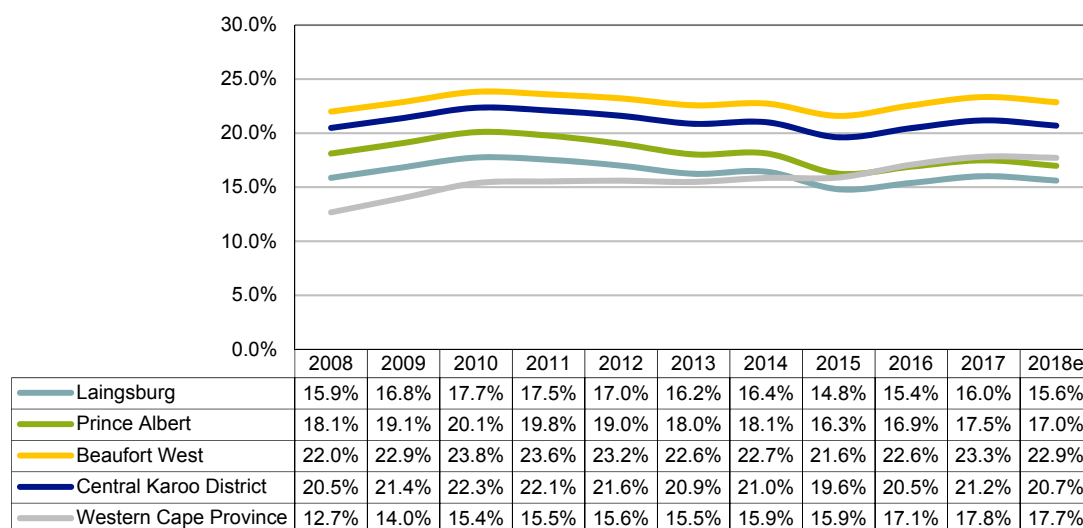
As observed with the GDP contribution, there are few mining and quarrying and activities in the CKD (see Figure 1.3). As such the workforce of this sector is insignificant across all local municipal areas. Manufacturing activities occur in the economies of the Beaufort West and Prince Albert local municipal areas.

The electricity, gas and water sector is one of the sectors that contributes a small share towards employment creation in the CKD. Production in this sector is undertaken mainly in the Beaufort West and Laingsburg municipal areas. In general, there is a proportional spread of the industries across the local municipal areas, except for the manufacturing sector. Manufacturing activities occur mainly in the Beaufort West municipal area.

Figure 1.6 outlines the official unemployment rate for each of the municipal areas in the CKD between 2008 and 2018.

Unemployed persons according to the official definition are those (aged 15 - 64 years) who were not employed in the reference week, actively looked for work or tried to start a business in the four weeks preceding the survey interview and were available for work or had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available⁷.

Figure 1.6 Central Karoo District unemployment rates, 2008 - 2018 (%)



Source: Quantec Research, 2019 (e denotes estimate)

Unemployment rates in the region have been significantly higher than those experienced in the provincial economy, with all municipal areas in the CKD experiencing unemployment rates higher than the Province between 2008 and 2014.

The unemployment rate has been relatively constant in the CKD over the reference period, from an employment rate of 20.5 per cent in 2008 to 20.7 per cent in 2018, with a marginal improvement between 2017 and 2018 being noted. Despite this improvement, the average unemployment rate remained 3.0 percentage points higher than the provincial economy in 2018.

⁷ Statistics South Africa (2019)

The Beaufort West municipal area had the highest unemployment rate in the CKD. Between 2008 and 2018, the Beaufort West municipal area experienced an average unemployment rate of 22.8 per cent. There has been a marginal improvement between 2017 and 2018, however, from 23.3 per cent in 2017 to 22.9 per cent in 2018. The Laingsburg municipal area had the lowest unemployment rate. While the Laingsburg municipal area experienced higher unemployment rates than the Province between 2008 and 2014, since 2015 the region has registered unemployment rates lower than the provincial economy. The unemployment rate in the Laingsburg municipal area has improved over the latter two years, from 16.0 per cent in 2017 to 15.6 per cent in 2018.

1.4 Concluding remarks

The economy of the CKD was valued at R3.0 billion and employed 18 905 persons in 2017. This equates to a contribution to GDP and employment of 5.3 per cent and 0.8 per cent respectively to the Western Cape Province. It is estimated that the GDP 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 GDP 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 GDP. 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 show 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.



2

Sectoral growth, employment and skills per municipal area

2.1 Introduction

This chapter provides a macroeconomic overview of the CKD economy at a municipal level and depicts the trends between 2008 and 2018. Employment and skills levels are also considered in this chapter.

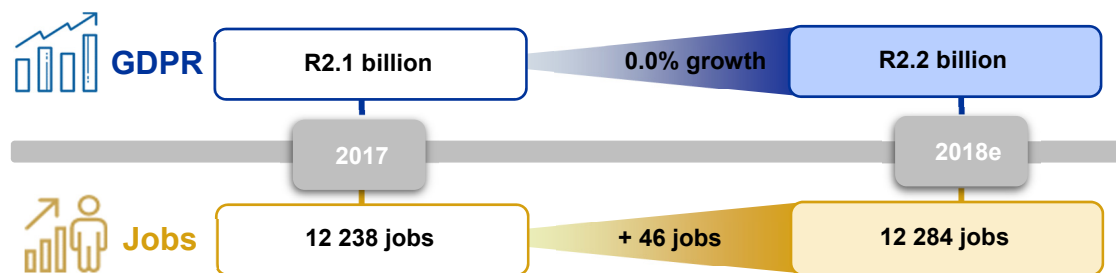
2.2 Beaufort West

The Beaufort West municipal area is considered the gateway to the broader Karoo area. The town of Beaufort West is the economic hub of the CKD and a popular rest stop for N1 travellers. Smaller towns in the municipal area include Merweville, Murraysburg and Nelspoort⁸.

2.2.1 GDPR and employment performance

Diagram 2.1 illustrates the status of the GDPR and employment in the Beaufort West municipal area in 2017. The economy was valued at R2.1 billion (in current prices) in 2017 and employed 12 238 workers. It is estimated that the economy created 46 additional jobs in 2018. The value of the economy was estimated to be R2.2 billion in 2018. Given that the economy stagnated, the increase in the GDPR (current prices) was mainly due to inflation.

Diagram 2.1 Beaufort West GDPR (current prices) and employment, 2017 and 2018e

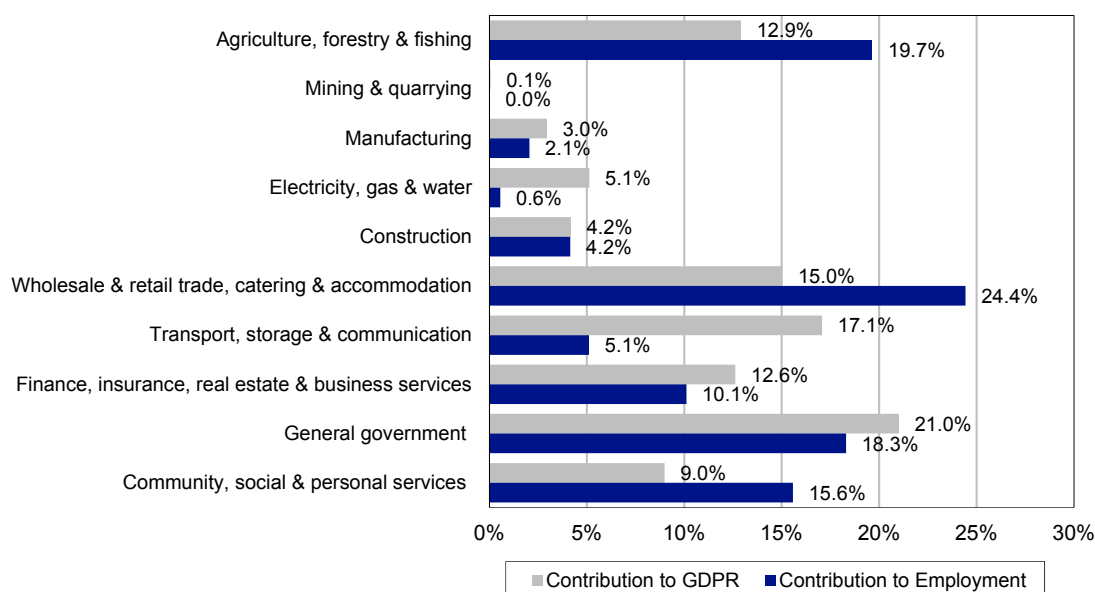


Source: Quantec Research, 2019 (e denotes estimate)

Figure 2.1 shows the contributions of the sectors to employment and GDPR in the local municipal area of Beaufort West. The general government sector is the biggest sector with respect to GDPR contribution (21.0 per cent) to the economy, while the wholesale and retail trade, catering and accommodation sector is the biggest employer (employment contribution of 24.4 per cent).

Other sectors employ more persons relative to their contribution to GDPR. These include the agriculture, forestry and fishing, wholesale and retail trade, catering and accommodation, and community, social and personal services sectors. Conversely, sectors such as the electricity, gas water and transport, storage and communication are more capital-intensive – they have a relatively small contribution to employment compared to their GDPR contribution.

⁸ Beaufort West Municipality (2017)

Figure 2.1 Beaufort West sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

Table 2.1 outlines the Beaufort West municipal area's GDP and employment performance per sector.

Table 2.1 Beaufort West GDP and employment performance per sector, 2017

Sector	GDP			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	273.6	7.7	-2.3	2 407	-659	-26
Agriculture, forestry and fishing	272.2	7.8	-2.3	2 405	-659	-26
Mining and quarrying	1.4	2.0	-2.3	2	0	0
Secondary Sector	258.6	0.7	0.5	830	-30	2
Manufacturing	62.3	0.2	2.8	252	-62	-1
Electricity, gas and water	108.2	0.0	2.5	69	25	-3
Construction	88.2	2.0	-3.4	509	7	6
Tertiary Sector	1 575.1	1.4	0.4	9 001	684	70
Wholesale and retail trade, catering and accommodation	316.8	0.8	-1.4	2 990	368	-1
Transport, storage and communication	359.8	-0.7	-1.2	626	88	-11
Finance, insurance, real estate and business services	266.0	2.6	1.7	1 238	-13	25
General government	443.0	3.2	1.3	2 240	454	34
Community, social and personal services	189.5	0.9	1.4	1 907	155	23
Total Beaufort West	2 107.4	1.9	0.0	12 238	363	46

Source: Quantec Research, 2019 (e denotes estimate)

In line with the contribution to GDP, the tertiary sector employs most of the working persons in the local municipal area. The workforce of the tertiary sector increased by 684 persons between 2008 and 2017. Although the wholesale and retail trade, catering and accommodation sector employed most of the working persons (2 990) in the tertiary sector, the general government sector created more employment opportunities (454) during the ten-year period.

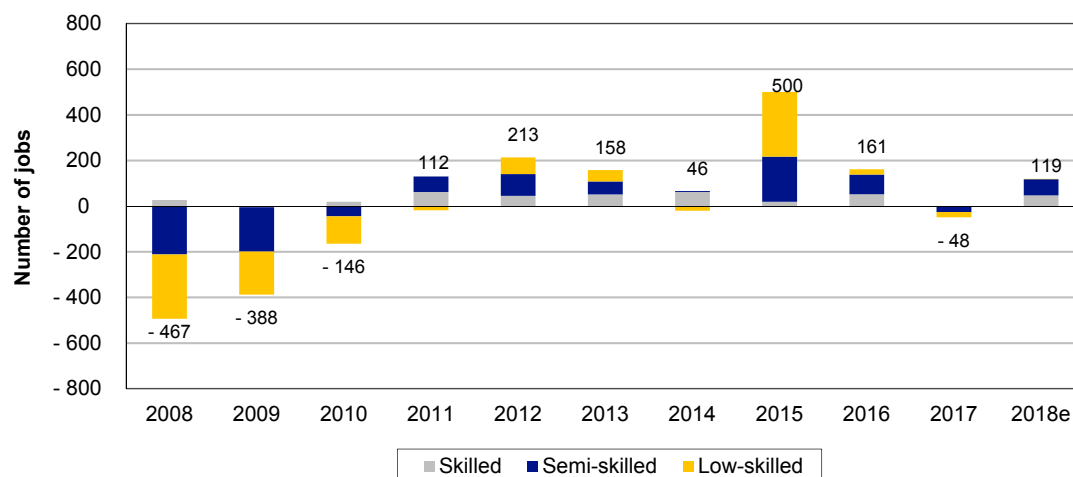
It is estimated that 70 additional jobs were created in the tertiary sector in 2018. However, the transport, storage and communication, and wholesale and retail trade, catering and accommodation sectors all experienced job losses in 2018. This can be linked to the anticipated contraction that occurred in the two sectors in the same year.

Across all industries, major job losses were experienced in the agriculture, forestry and fishing sector during the ten-year period. This is linked mainly to the job losses that occurred during the 2008 to 2010 period. Again, estimates indicate that this sector shed the greatest number of jobs (26 jobs lost) in 2018. It is estimated that the agriculture, forestry and fishing sector contracted by 2.3 per cent in 2018, which could plausibly explain the negative employment change in the same year.

2.2.2 Skills analysis

Figure 2.2 illustrates the changes in employment by skill levels between 2008 to 2018. In general, employment growth in the municipal area follows the employment growth trajectory depicted at a district level.

Figure 2.2 Beaufort West employment growth by skill levels, 2008 - 2018



Source: Quantec Research, 2019 (e denotes estimate)

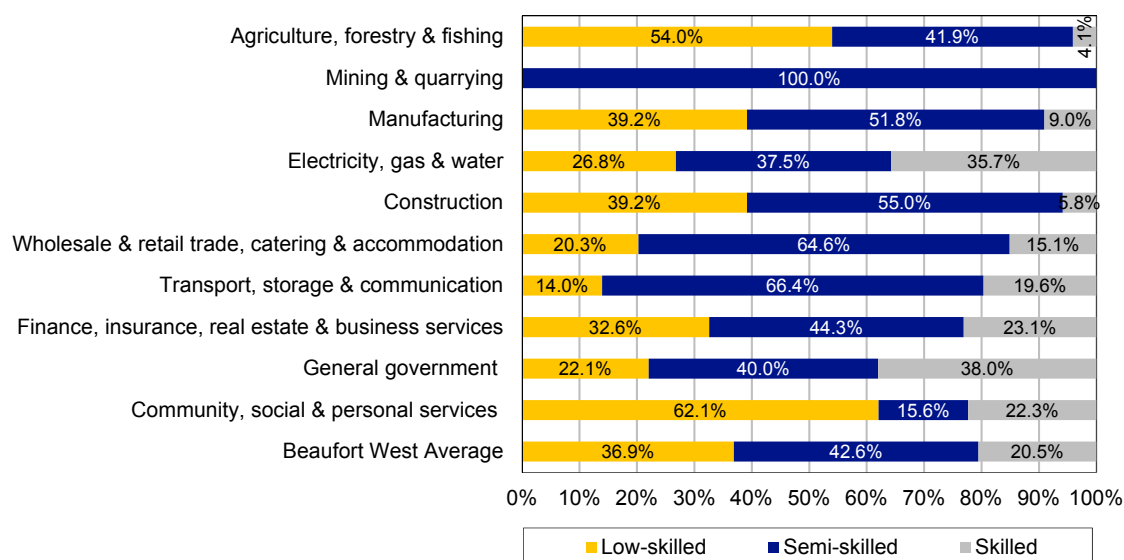
The workforce of the municipal area hugely contracted between 2008 and 2010. During this period, job losses were linked mainly to semi-skilled and low-skilled persons. A small number of skilled persons were, however, absorbed into the local economy. Employment creation improved between 2011 and 2013, particularly for semi-skilled

and skilled persons. The demand for low-skilled and semi-skilled persons spiked upwards in 2015⁹.

In 2016, however, the number of additional jobs created declined substantially from 500 additional jobs in 2015 to 161 extra jobs in 2016. The steep decline is attributable to the deepening drought that mostly affected low-skilled persons. Further job losses were experienced in 2017, where a total of 48 low and semi-skilled persons lost their jobs. The 119 jobs created in 2018 were mainly attributed to skilled and semi-skilled persons. Therefore, the 23 low-skilled jobs lost in 2017 were not recovered.

An overview of the skill levels of the employed persons per sector is depicted in Figure 2.3. On average, a sizeable proportion of the working persons in the Beaufort West municipal areas are semi-skilled (42.6 per cent). The second-largest group of the workforce is low-skilled. Skilled persons accounted for 20.5 per cent of the persons employed.

Figure 2.3 Beaufort West skill levels per sector, 2017 (%)



Source: Quantec Research, 2019

A significant proportion of skilled persons are employed in the general government sector (38.0 per cent). Though a few persons are employed in the electricity, gas and water sector (as outlined in Table 2.1), this sector also relies on a sizeable proportion of skilled persons (37.5 per cent).

Conversely, the community, social and personal services and the agriculture, forestry and fishing sectors absorb a larger proportion of unskilled persons in their industries. The agriculture, forestry and fishing sector has experienced job losses and a decline in growth in recent years. The unskilled workers in this sector are therefore vulnerable to job losses and will need to be reabsorbed in other sectors, which may require upskilling.

⁹ It should be noted that in 2015 a new master sample was implemented in the Quarterly Labour Force, which may have impacted these figures due to variations to its design (Stats SA, 2015).

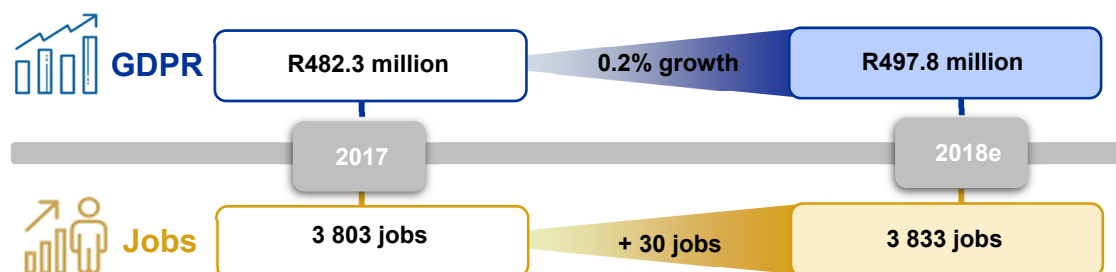
2.3 Prince Albert

The Prince Albert municipal area lies on the southern edge of Great Karoo bordered by the Swartberg Mountains. The town of Prince Albert is the economic hub of the municipal area with smaller towns including Leeu-Gamka and Klaarstroom. The area is well-known for its outdoor activities, and sheep, olive and fruit farms.

2.3.1 GDPR and employment performance

Diagram 2.2 depicts the value of the Prince Albert municipal economy and the size of the workforce in 2017. The diagram also shows estimates for 2018 for GDPR and employment. In 2017, the economy of the Prince Albert municipal area was valued at R482.3 million with 3 803 persons employed in the area. It is estimated that GDPR grew by 0.2 per cent to R497.8 million in 2018, creating 30 additional jobs in the process.

Diagram 2.2 Prince Albert GDPR (current prices) and employment, 2017 and 2018e

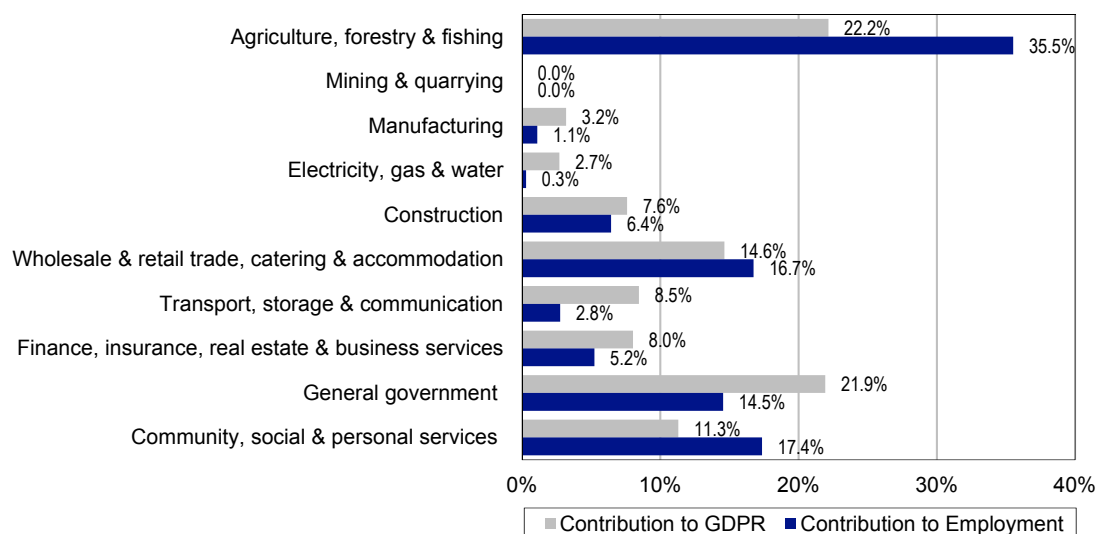


Source: Quantec Research, 2019 (e denotes estimate)

A breakdown of the sectors that contributed the most (or the least) to the GDPR and employment base of the Prince Albert municipal area is provided in Figure 2.4.

The agriculture, forestry and fishing sector employs most of the working persons in the municipal area (35.5 per cent). Agricultural related activities also account for the highest share (22.2 per cent) of GDPR contribution. The general government sector is the second largest contributor to GDPR, while the community, social and personal services sector is the second biggest industry in terms of labour absorption (contributing 17.4 per cent to employment).

Figure 2.4 also suggests that the mining and quarrying activities are insignificant in the municipal area. The manufacturing, and electricity, water and gas sectors are relatively small as they contribute a small proportion to GDPR and employment creation to the economy of the local municipal area. Furthermore, there are some sectors in the economy of the Prince Albert municipal area that are capital-intensive, as they have a small proportion of employees relative to their respective contribution to GDPR. These include the transport, storage and communication, manufacturing, and electricity, gas and water, and general government sectors. The labour-intensive sectors include the agriculture, forestry and fishing sector and community, social and personal services sectors.

Figure 2.4 Prince Albert sectoral GDPR and employment contribution, 2017 (%)

Source: Quantec Research, 2019

Table 2.2 outlines the Prince Albert municipal area's GDPR and employment performance per sector.

Table 2.2 Prince Albert GDPR and employment performance per sector, 2017

Sector	GDPR			Employment		
	R million value 2017	Trend 2008 - 2017	Real GDP Growth 2018e	Number of jobs 2017	Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	106.9	3.8	-2.2	1 351	-438	-22
Agriculture, forestry and fishing	106.9	3.8	-2.2	1 351	-438	-22
Mining and quarrying	-	-	-	0	0	0
Secondary Sector	65.0	2.3	-0.6	298	31	0
Manufacturing	15.3	1.3	4.4	42	-5	-3
Electricity, gas and water	13.0	3.6	3.6	11	5	0
Construction	36.7	2.5	-4.0	245	31	3
Tertiary Sector	310.4	3.3	1.2	2 154	612	52
Wholesale and retail trade, catering and accommodation	70.6	1.6	-4.0	637	133	4
Transport, storage and communication	40.8	2.6	2.5	105	35	0
Finance, insurance, real estate and business services	38.7	4.6	2.7	199	73	15
General government	105.8	4.6	2.5	553	161	12
Community, social and personal services	54.5	3.1	3.0	660	210	21
Total Prince Albert	482.3	3.2	0.2	3 803	205	30

Source: Quantec Research, 2019 (e denotes estimate)

In 2017, the tertiary sector made the largest contribution of R310.4 million to GDPR (in current prices) and employed 2 154 persons. It is estimated that the tertiary sector grew by 1.2 per cent in 2018 and created 52 jobs. Despite being one of the main sectors in the economy, estimates indicate that the wholesale and retail trade, catering and accommodation sector contracted, declining by 4.0 per cent in terms of GDPR in 2018.

Most of the persons employed in the tertiary sector are absorbed in the community, social and personal services sector (54.5 per cent). In addition, the community, social and personal services sector created more extra jobs (21 jobs) than any sector across all industries during the ten-year period and in 2018.

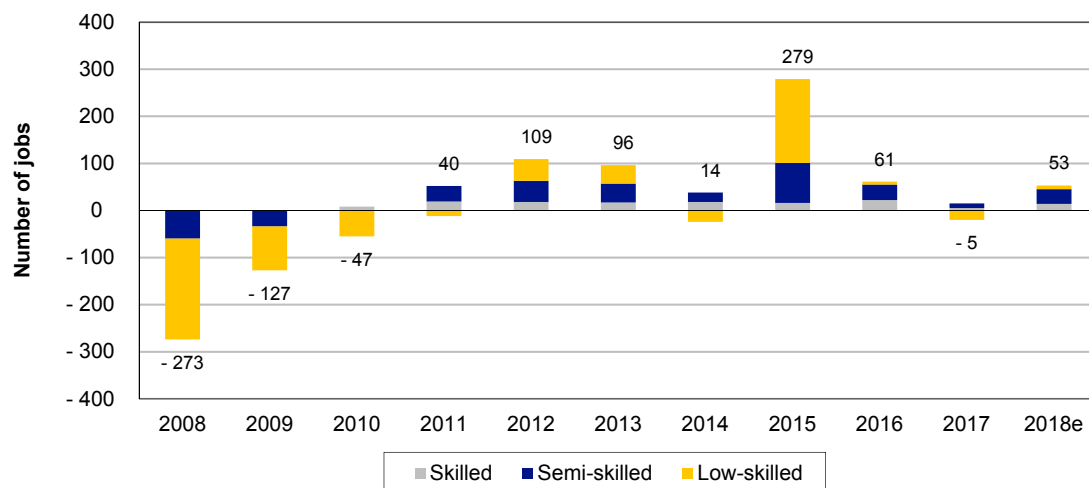
Construction activities generated R36.7 million of the GDP of the secondary sector in 2017. In addition, the sector employs a greater proportion of the workforce in the secondary sector. However, due to the estimated decline in the GDP of the construction sector by 4.0 per cent, the secondary sector incurred a net decline in GDP by 0.6 per cent in 2018.

The agriculture, forestry and fishing sector has the largest workforce across all industries, employing 1 351 persons. However, the trend shows that there were net job losses (438) between 2008 and 2017. This is largely due to jobs shed between 2008 and 2010, which were not offset by additional jobs created between 2012 and 2013, and in 2015. The decline in the workforce of the agriculture, forestry and fishing sector post- 2015 is linked to the persistent drought and electricity shortages which had a negative impact on the sector. Furthermore, it is estimated that the agriculture, forestry and fishing sector contracted by 2.2 per cent in 2018. This sector is one of the economic drivers in the Prince Albert municipal area, and its poor performance is likely to have a negative influence on the municipal economy as a whole. Diversifying economic activities, for example, promoting tourism, can make the local economy more resilient to external and internal shocks affecting the agriculture, forestry and fishing sector.

2.3.2 Skills analysis

Changes in employment by skill levels between 2008 and 2018 in the Prince Albert municipal area is depicted in Figure 2.5.

Figure 2.5 Prince Albert employment growth by skill levels, 2008 - 2018

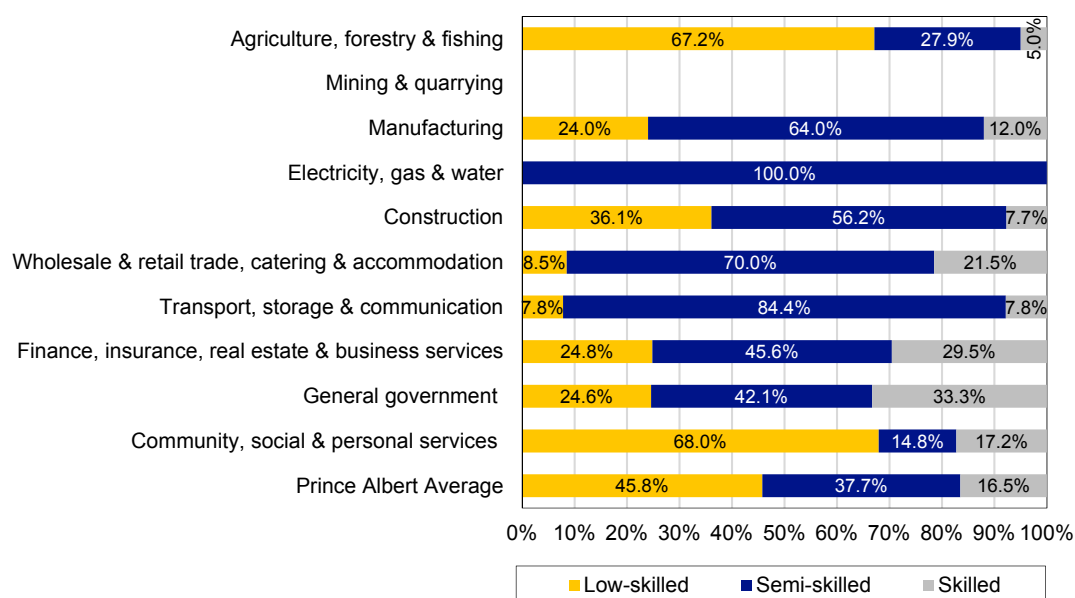


Source: Quantec Research, 2019 (e denotes estimate)

The pattern in employment growth in the municipal area is similar to the employment growth pattern shown at a district level. Severe job losses in the area were experienced mainly between 2008 and 2010. During this time, the municipal area shed a net 447 jobs, of which 80.8 per cent were low-skilled workers. After 2010, the majority of jobs created were mainly for semi-skilled workers. Some of the low-skilled workers that lost their jobs between 2008 and 2010 are still likely unemployed if they were unable to improve their skill level as there is little demand for low-skilled workers in the municipal area.

Figure 2.6 depicts the skill levels per sector in the municipal area. On average, 45.8 per cent of the employed persons were low-skilled. The proportion of skilled and semi-skilled 16.5 per cent and 37.7 per cent respectively.

Figure 2.6 Prince Albert skill levels per sector, 2017 (%)



Note: There are no formally employed workers in the mining and quarrying sector in this municipality.

Source: Quantec Research, 2019

Industries that absorb a larger portion of unskilled persons are the community, social and personal services (68.0 per cent) and agriculture, forestry and fishing sectors (67.2 per cent). The agriculture, forestry and fishing sector, in particular, has been shedding jobs over the last decade, which is likely to have affected low-skilled workers the most.

The sectors that have an above-average proportion of skilled workers are the general government sector (33.3 per cent), the finance, insurance, real estate and business services sector (29.5 per cent) and the wholesale and retail trade, catering and accommodation sector (21.5 per cent). These sectors are estimated to have performed well in 2018 highlighting that there are opportunities for workers that are skilled in these sectors.

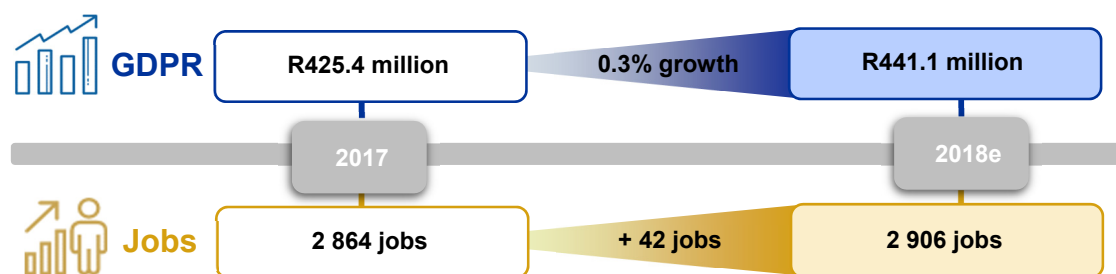
2.4 Laingsburg

The Laingsburg municipal area borders the Cape Winelands District, the Garden Route District and the Northern Cape. The area is sparsely populated, has vast farmlands and consists of three main areas, including Laingsburg, Matjiesfontein (a popular tourist destination) and Vleiland¹⁰.

2.4.1 GDPR and employment performance

The economy of the Laingsburg municipal area was valued at R425.4 million in 2017 and employed 2 864 persons, as illustrated in Diagram 2.3 below. It is estimated that the economy of the municipal area created 42 additional jobs in and grew by 0.3 per cent in 2018.

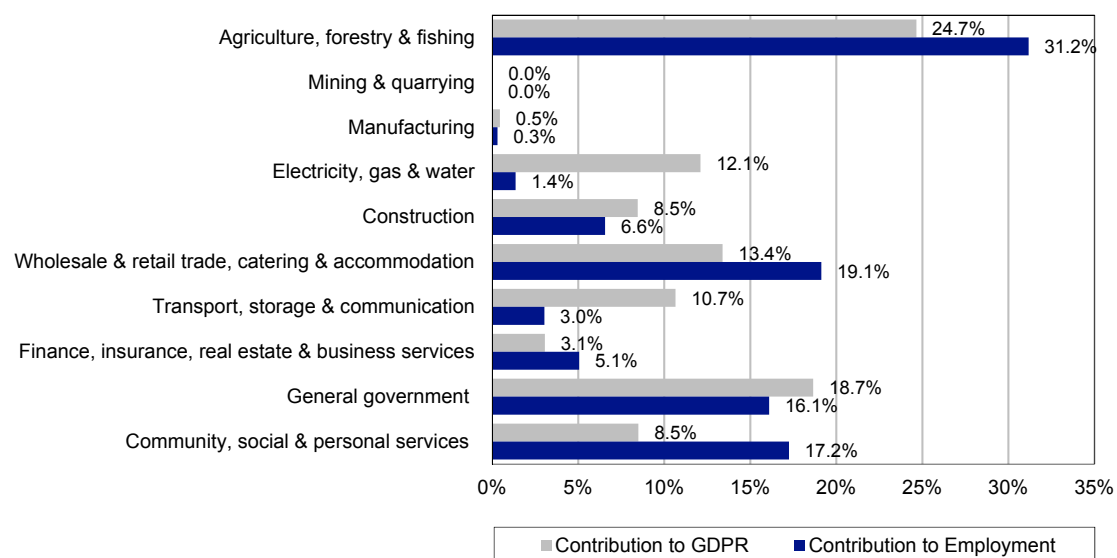
Diagram 2.3 Laingsburg GDPR (current prices) and employment, 2017 and 2018e



Source: Quantec Research, 2019 (e denotes estimate)

Figure 2.7 illustrates the breakdown of the sectors that contributed to the GDPR and employment base of the Laingsburg municipal area.

Figure 2.7 Laingsburg sectoral GDPR and employment contribution, 2017 (%)



Source: Quantec Research, 2019

¹⁰ Laingsburg Municipality (2017)

The agriculture, forestry and fishing sector contributed the largest share to GDP (24.7 per cent) and employment (31.2 per cent). The second-largest contributor to employment was the wholesale and retail trade, catering and accommodation sector (19.1 per cent), while the general government sector was the second-largest sector from a GDP contribution perspective (18.7 per cent).

Some of the sectors are capital-intensive as they generate a sizeable contribution to GDP relative to their small contribution to employment. These include electricity, gas, and water and transport, storage and communication sectors. On the contrary, the community, social and personal services, wholesale and retail trade, catering and accommodation and agriculture, forestry and fishing sector are amongst the sectors that are labour-intensive.

Table 2.3 outlines the Laingsburg municipal area's GDP and employment performance per sector.

Table 2.3 Laingsburg GDP and employment performance per sector, 2017

Sector	R million value 2017	GDP		Number of jobs 2017	Employment	
		Trend 2008 - 2017	Real GDP Growth 2018e		Trend 2008 - 2017	Employment (net change) 2018e
Primary Sector	105.0	3.0	-2.4	893	-285	-8
Agriculture, forestry and fishing	104.9	3.0	-2.4	893	-285	-8
Mining and quarrying	0.1	-1.3	-3.4	0	0	0
Secondary Sector	89.5	3.5	2.0	236	103	7
Manufacturing	1.9	-2.6	2.2	9	-2	0
Electricity, gas and water	51.5	1.3	3.9	39	20	-1
Construction	36.0	7.7	-0.1	188	85	8
Tertiary Sector	230.9	2.5	1.1	1 735	473	43
Wholesale and retail trade, catering and accommodation	57.0	1.6	0.6	548	86	5
Transport, storage and communication	45.3	0.4	0.0	87	30	1
Finance, insurance, real estate and business services	13.1	2.0	0.8	145	51	12
General government	79.4	4.5	1.3	461	147	14
Community, social and personal services	36.2	3.3	2.6	494	159	11
Total Laingsburg	425.4	2.7	0.3	2 864	291	42

Source: Quantec Research, 2019 (e denotes estimate)

An aggregation of the industries shows that the tertiary sector generated a larger proportion of the GDP and employed the largest number of persons. However, at an industry level, the agriculture, forestry and fishing sector had the largest workforce and generated most of the GDP across all industries. Despite the agriculture, forestry and fishing sector being the largest, it is estimated that its performance declined in 2018. This is illustrated by the estimated contraction of 2.4 per cent in GDP and a decline in the number of persons employed (8 jobs lost) in the same year. This contraction in GDP in the sector resulted in the overall poor GDP growth in the municipal economy.

The ten-year trend also shows that the agriculture, forestry and fishing sector shed 285 jobs. However, it should be noted that this sector did absorb more persons during 2012, 2013 and in 2015. The resultant net decline is due to the major losses that occurred between 2008 and 2010, which was not offset by the additional jobs created. Furthermore, the primary sector relies on the agriculture, forestry and fishing sector as there is little mining and quarrying activities in the municipal area.

The electricity, gas and water sector generated a larger amount of GDP in the secondary sector, while the construction sector employs most of the persons in the secondary sector. The electricity, gas and water sector is estimated to be the fastest growing sector in the municipal area in 2018, contributing substantially to economic growth. New investments in the area, such as the Roggeveld Wind Farm can further boost this sector and the economy of the municipal area. This R4.4 billion project is expected to create 386 jobs during the construction phase and 33 jobs in its operational phase¹¹. The base of the manufacturing sector is small relative to its counterparts in the secondary sector. The small contribution from the manufacturing sector to the local economy (0.5 per cent to GDP and 0.3 per cent to employment) highlights that little local beneficiation of raw products takes place in the municipal area, despite the relatively large agriculture sector. By promoting and investing in local beneficiation of products, new economic growth and employment opportunities can be unlocked¹².

The general government sector generated a larger proportion of GDP in the tertiary sector. In addition, the sector achieved the highest growth rate (4.5 per cent) within the tertiary sector over the ten-year period. This suggests that general government activities improved the overall performance of the tertiary sector with respect to GDP.

Moreover, the wholesale and retail trade sector absorbed most of the working persons (548) in the tertiary sector by 2017, although the community, social and personal services sector created more extra jobs (159) than any other industry between 2008 and 2017.

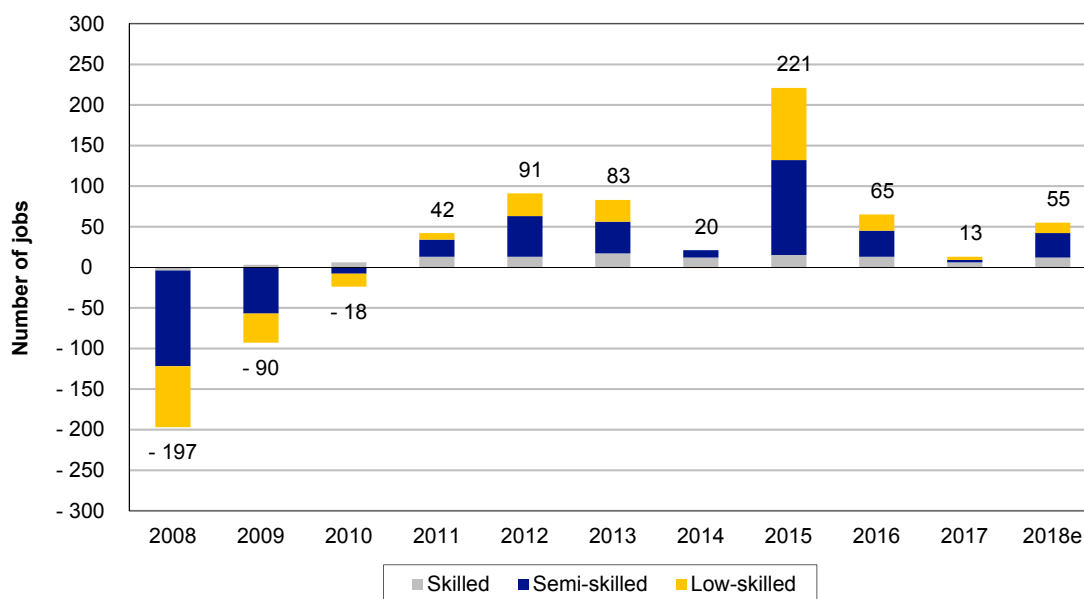
2.4.2 Skills analysis

Figure 2.8 illustrates changes in employment by skill levels between 2008 and 2018 in the Laingsburg municipal area. Overall, employment growth in the Laingsburg municipal area followed the patterns in employment changes shown at a district level.

Capacitating local labour will ensure that skilled and semi-skilled labour do not have to be imported for construction and operational activities of potential new investment. Ensuring that there is a high Grade 10 to 12 retention rate, as well as an improving the matric pass rate is one of the main components in building a skilled local labour force.

¹¹ Development Bank of Southern Africa (DBSA) (2018)

¹² Provincial Government Western Cape Municipal Perception Survey – Laingsburg Municipality (2019)

Figure 2.8 Laingsburg employment growth by skill levels, 2008 - 2018

Source: Quantec Research, 2019 (e denotes estimate)

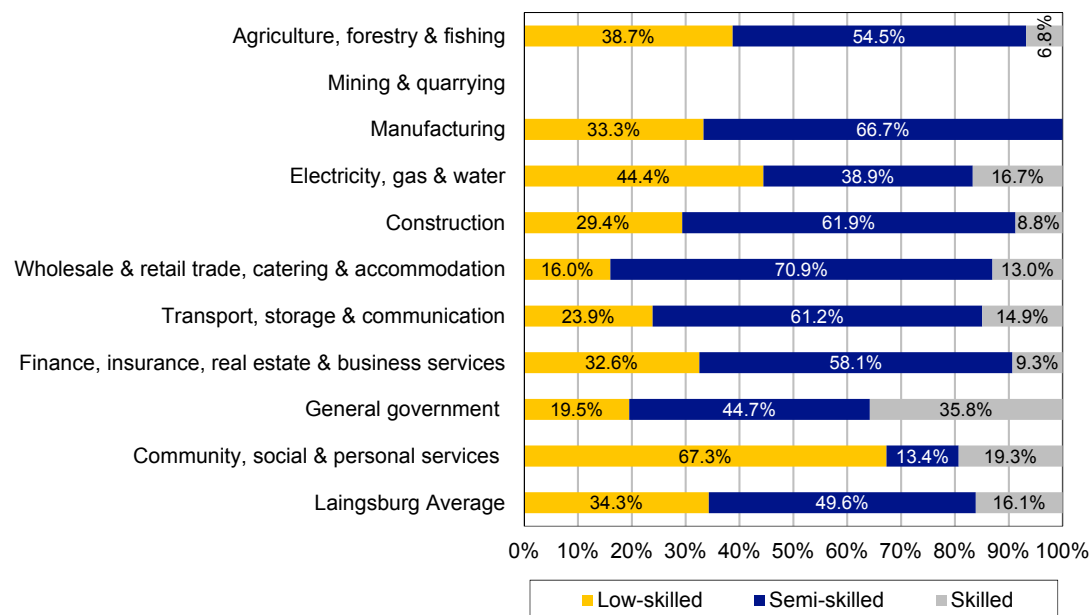
Between 2008 and 2010, the Laingsburg economy shed 305 jobs, of which 60.0 per cent were semi-skilled workers, followed by low-skilled workers (41.6 per cent). It took the Laingsburg economy approximately 5 years to recover the jobs lost over this period.

The demand for labourers increased between 2012 and 2013, where more semi-skilled persons were absorbed as part of the workforce. The few employment opportunities created in 2014 were linked to the need for semi- and skilled persons.

In 2015¹³, the economy of the Laingsburg municipal area absorbed the highest number of persons in the timeframe analysed. A substantial amount of jobs created absorbed mainly semi- and low-skilled employees. However, the economy of the Laingsburg municipal area was significantly affected by the drought which persisted since 2015, resulting in a negative impact on employment creation in the subsequent years. Moreover, it is estimated that the trend in employment creation improved between from 2017 to 2018.

Figure 2.9 shows the skill levels per sector in the Laingsburg municipal area. Semi-skilled persons account for the largest proportion of the workforce (49.6 per cent), followed by low-skilled persons (34.3 per cent). The remaining share of 16.1 per cent is attributable to persons who are considered skilled.

¹³ It should be noted that in 2015 a new master sample was implemented in the Quarterly Labour Force, which may have impacted these figures due to variations to its design (Stats SA, 2015).

Figure 2.9 Laingsburg skill levels per sector, 2017 (%)

Note: There are no formally employed workers in the mining and quarrying sector in this municipality.

Source: Quantec Research, 2019

Across all industries, the agriculture, forestry and fishing, and construction sectors absorbed the smallest proportions of skilled persons as part of their workforce (6.8 per cent and 8.8 per cent respectively). The general government; community, social and personal services; and electricity, gas and water sectors employ an above-average proportion of skilled persons. A larger proportion of low-skilled persons per sector was reflected in community, social and personal services, electricity, gas and water industries and the agriculture, forestry and fishing sector.

2.5 Concluding remarks

This chapter focused on the discussion of each municipal area in relation to sectoral growth, trends in employment creation and endowment of certain skill levels.

Though the Beaufort West municipal area has the highest contribution to GDP 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 GDP 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 GDP 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 GDP 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.

3

Trade and tourism

3.1 Introduction

The economy of a district or local municipality is influenced not only by the spending of local households. Businesses trade cross-border (locally and internationally) with goods and services while tourists (domestic and international) also visit towns and attractions in the CKD. Exports and tourism can therefore be seen as an injection into the economy while imports are considered leakages.

This section will explore trade and tourism dynamics on a district level in order to identify new opportunities for development or investment to maximise the value of potential injections into the local economy of the CKD.

3.2 Trade

3.2.1 Central Karoo District

3.2.1.1 Local trade dynamics

To determine the level of specialisation in the different economic sectors of the CKD, a location quotient is used. The location quotient is a ratio between two economies (in this case, the Provincial and District economies) which indicates whether the District is importing, self-sufficient or exporting goods and services from a particular sector.

A location quotient of more than one indicates that a comparative advantage exists in this local economy compared to the provincial economy, whereas a location quotient of less than one indicates that the representation of this industry is weaker in the local economy than in the provincial economy¹⁴. Furthermore, a location quotient of one indicates that the representation of the industry in the local economy is the same as its representation in the Province.

Table 3.1 provides further detail on the classification and interpretation of the location quotient.

Table 3.1 Location quotient interpretation

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

Source: *Urban-Econ*, 2019

It is important to note that a location quotient, as a tool, does not consider external factors such as government policies, investment incentives, proximity to markets, etc., which can influence the comparative advantage of an area in a particular sector.

Table 3.2 shows that the economy of the CKD has a high comparative advantage in the agriculture, forestry and fishing sector relative to the other sectors. This applies to both the GDPR and employment location quotients. Table 1.5 showed that the agriculture, forestry and fishing sector had the largest workforce across all industries. Therefore, the combined findings suggest the importance of agricultural-related activities as being the main economic driver in the economy of the CKD.

¹⁴ Fenning and DaCosta (2010)

Table 3.2 Location quotient in terms of GDPR and employment, Central Karoo District, 2017

Sector	In terms of GDPR	In terms of employment
Agriculture, forestry and fishing	3.8	2.4
Mining and quarrying	0.2	0.1
Manufacturing	0.2	0.2
Electricity, gas and water	2.0	1.7
Construction	1.0	0.8
Wholesale and retail trade, catering and accommodation	0.9	1.0
Transport, storage and communication	1.4	1.0
Finance, insurance, real estate and business services	0.4	0.4
General government	1.8	1.5
Community, social and personal services	1.4	1.0

Source: Quantec Research, 2019

The economy of the CKD also had a high degree of specialisation in producing electricity, gas and water relative to the capacity of the Western Cape Province. The computed location quotients for the electricity, gas and water sector in terms of GDPR and employment are the second largest after that of the agriculture, forestry and fishing sector.

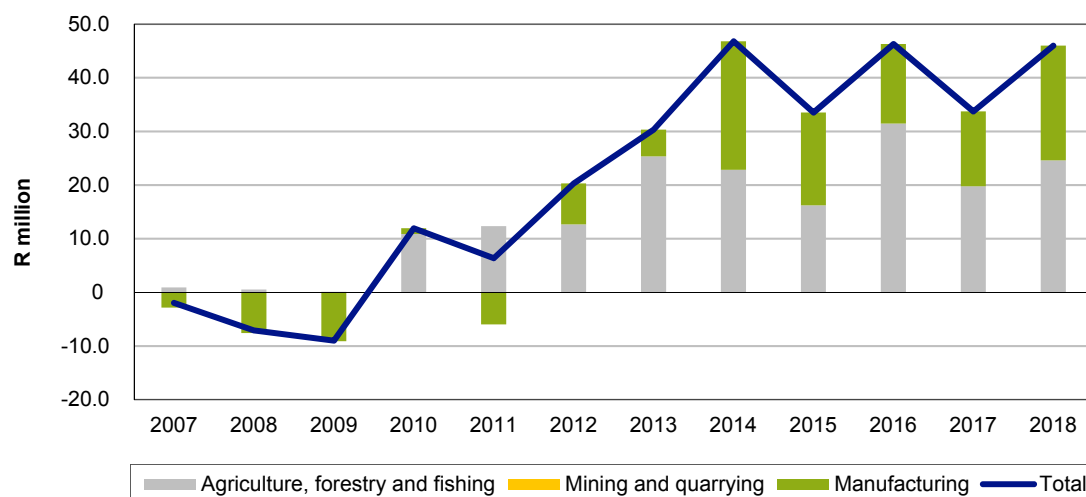
In addition, the economy of the CKD is self-reliant in the transport, storage and communication; general government and community, social and personal services sectors as the location quotients for both GDPR and employment are at least one. Despite the construction sector having a location quotient of one in terms of GDPR, construction-related activities rely on labour/expertise outside of the CKD.

The economy of the CKD also relies on importing good and services from other regions to meet some of its needs. This is due to the relatively low location quotient in the mining and quarrying, manufacturing, and finance, insurance, real estate and business services sectors for in terms of both GDPR and employment.

3.2.1.2 International trade flows

The figure below indicates the trade balance in the CKD between 2007 and 2018. The CKD had a negative trade balance between 2007 and 2009. However, growth in agricultural exports in 2010 resulted in a positive trade balance. The positive trade balance between 2010 and 2013 was sustained by the net exports achieved by the agriculture, forestry and fishing sector.

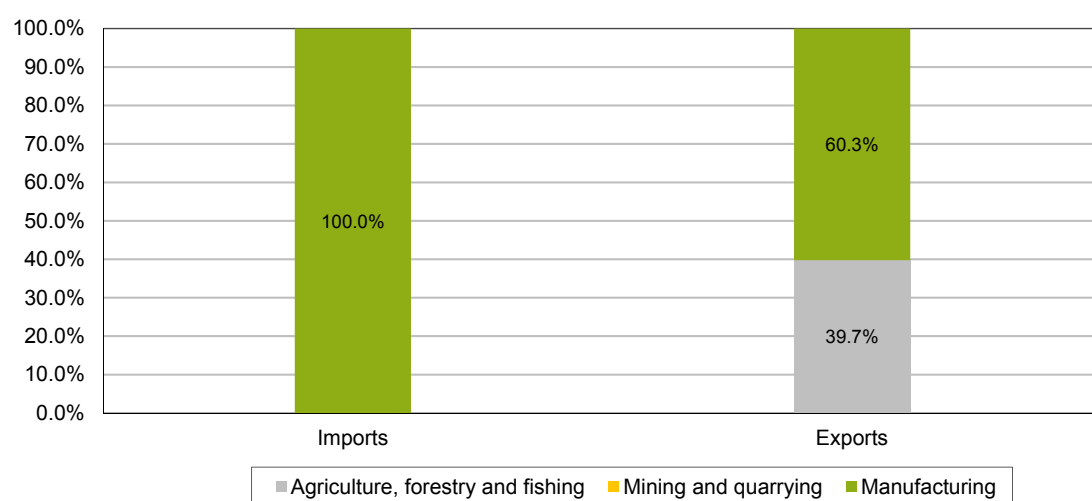
The vast rural nature of the CKD, together with the expansive gravel road network and distance from major ports results in high transportation costs which is a constraining factor to promoting international trade in the CKD.

Figure 3.1 Central Karoo District trade balance, 2007 - 2018

Source: Quantec Research, 2019

The contribution of the manufacturing sector outperformed the trade balance achieved by the agriculture, forestry and fishing sector between 2014 and 2015. Nevertheless, the agriculture, forestry and fishing sector regained its position as the main contributor to positive trade balances from 2016 until 2018. In 2018, the economy of the CKD exported goods worth R61.9 million, while importing goods worth R15.9 million. This resulted in a trade surplus of R46.0 million. The highest trade surplus achieved was in 2014, when the CKD economy generated a positive trade balance of R46.8 million.

Figure 3.2 shows the distribution between sectors in terms of imports and exports as of 2018. The manufacturing sector accounted for 60.3 per cent of the export revenue while the remaining 39.7 per cent of the export income is attributable to agricultural produce. Manufactured products and items for manufacturing account for all the commodities imported into the CKD economy. These range from animal feed, machinery for packing, and food preparations.

Figure 3.2 Central Karoo District sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Table 3.3 illustrates the value and main trading partners of the top five product categories that were imported and exported from the CKD.

Table 3.3 Central Karoo District main import and export categories, 2018

Imports				Exports		
	Product category	R million 2018	Main trading partners	Product category	R million 2018	Main trading partners
1	Residues and waste from the food industries; prepared animal fodder	R6.7	Netherlands	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	R26.5	Namibia, Zambia
2	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R4.0	China	Beverages, spirits and vinegar	R7.4	Germany, United Kingdom, Belgium
3	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	R3.2	Ireland	Miscellaneous edible preparations	R0.8	Malawi
4	Miscellaneous edible preparations	R1.2	Poland	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R0.8	Ghana, Namibia
5	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R0.3	China	Edible fruit and nuts; peel of citrus fruit or melons	R0.6	Namibia
Total imports		R15.9		Total exports	R61.9	

Source: Quantec Research, 2019

Residues and waste from the industries as well as prepared animal fodder was the main import into the CKD, valued at R6.7 million. In particular, the main commodity imported in this group was preparations used in animal feed, mostly imported from the Netherlands. This is due to the sheep commercial farming activities in the area which necessitates the need for animal feed¹⁵.

Machinery used for processing and packing purposes accounted for the biggest item in the second largest group of products imported. These are mainly sourced from China. Some of the commodities imported include butter from Ireland and food preparations from Poland.

The export market of the CKD economy relied mostly on dairy products as well as beverages. The types of dairy products exported include buttermilk, curdled milk and cream, milk and cream (either concentrated or not) and whey. Dairy products were mainly distributed to some of the African countries, where Namibia and Zambia are the main trading partners for this product category. In 2018, wine to the value of R7.1 million was exported to Namibia.

3.2.1.3 Value chains

This section briefly describes the core activities which are more apparent in the value chains of the economy of the CKD. The schematic diagram of the processes undertaken is depicted in Diagram 3.1.

¹⁵ Conradie & Piesse (2014)

The economy of the CKD mainly imported agricultural machinery and preparations for animal feed. This is due to the necessity of the farming inputs in the livestock farming activities, deemed as the backbone of the economy of the CKD¹⁶. Livestock farming in the CKD was based on goat and sheep farming, where 55.3 per cent and 25.5 per cent of the Provinces' sheep and goats respectively were farmed in the CKD¹⁶. While the municipal area of Beaufort West had the largest number of sheep, grape and olive production for wine and olive oil mainly occurred in the Prince Albert municipal area¹⁷.

A key challenge identified in the agriculture, forestry and fishing sector is the declining employment levels. This has been attributable to movement towards mechanisation by commercial farmers and a lack of support initiatives to enhance small-scale farmers to create employment opportunities¹⁸. In addition, climate change, livestock theft and predation are amongst some of the challenges which have affected profit margins of commercial livestock farmers in the area.

The impact of climate change has potentially negative effects on crop and livestock production. The CKD has been known to provide quality sheep meat with a distinct flavour due to fragrant bushes and shrubs in the area¹⁷. Therefore, extreme fluctuations in temperature and inadequate rainfall could affect the quality of grazing lands. Furthermore, agro-processing activities linked to livestock farming consume a lot of water. Washing one kilogram of wool consumes approximately 20 litres of water, while at least five of litres water are used to soak and wash one sheep skip¹⁷. It is also estimated that one cowhide utilises at least 10 litres to be soaked and washed. This also illustrates how inadequate water supply could affect production and related agro-processing activities.

While some farmers have failed to adapt to the primary constraints to sheep farming resulting in the sale of farms for holiday homes¹⁷, others have diversified their working farms to offer tourist accommodation facilities to earn extra income¹⁶. However, tourism activities in the CKD accounted for 1.0 per cent of the share of tourists who visited the Western Cape Province¹⁸. The low share of tourists (particularly international visitors) is due to insufficient advertising of tourism related to the area. Some of the notable major businesses in tourism operating in the CKD include the Karoo National Park, Prince Albert Game Farm and Beaufort West Game Farm¹⁹.

Fuel price hikes can constrain the tourism activities, as it affects the purchasing power of domestic tourists who travel by road. However, the recent upgrade of the airstrip in Beaufort West may increase the share of air-travel tourists if the developments and tourism activities are well-advertised. The use of the previous runway was limited particularly during times of heavy rains as it was gravel. The new runway is tarred, has night landing lights, and makes the use of air traffic controllers¹⁹.

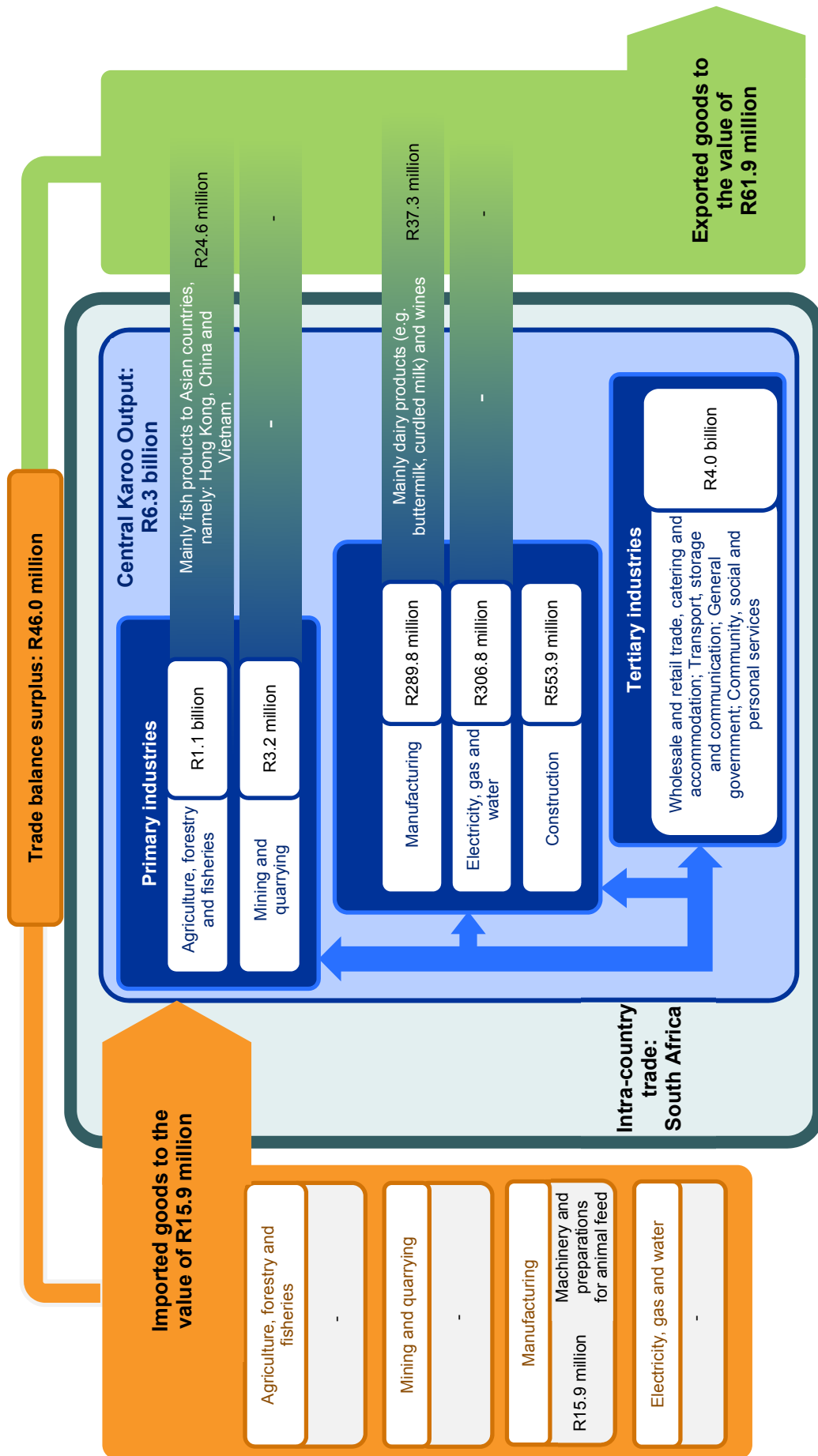
¹⁶ Western Cape Government (2017)

¹⁷ Western Cape Government (2016)

¹⁸ Western Cape Government (2015)

¹⁹ Wesgro (2019)

Diagram 3.1 Trade flows in the Central Karoo District and most commonly traded goods, current prices, 2018



Source: Urban-Econ/Quantec (2019)

It is estimated that the agriculture, forestry and fishing sector exported 2.0 per cent of its output in 2018. This is because the agricultural, forestry and fishing sector of the CKD was not well integrated into the international markets¹⁸. Agricultural products exported (through) the CKD were mainly in processed form, either dairy products or wine. This suggests that a larger proportion of the agricultural produce was consumed within the economy by households and tourists or traded locally.

Although agro-processing activities occur in the CKD, their contribution to the District's economy relative to the Western Cape average was low. In the case of sheep and goat farming, farmers in the Prince Albert municipal send their livestock to abattoirs in George¹⁷. The meat from George is then transported back to wholesale in the CKD. As a result, the economy of the CKD loses on beneficiation as cutting and packing of meat is outside the CKD.

Furthermore, abattoirs in the CKD have faced challenges in the export market of meat. Abattoirs that participate in the export market must have an export number which is granted if the abattoir has a veterinary-approved meat establishment¹⁷. In most cases, these abattoirs are graded class A or B. However, the CKD has abattoirs of a low-class grading, which are C, D and E class. Therefore, the grading and thus the inability to export sheep meat limits the market to domestic consumption. Of the manufactured/processed products, 12.9 per cent of the output was exported. There is thus an opportunity to strengthen the local meat processing and distribution value chains, which can lead to new opportunities such as the beneficiation of by-products.

This implies a larger portion of the processed products was consumed within the economy of South Africa through intra-regional trade. Overall, Diagram 3.1 shows that the tertiary sector contributes 63.4 per cent of the output of the CKD economy.

3.2.1.4 Investments

The CKD municipal area has a vast and hot landscape, which makes it attractive for solar-powered renewable energy projects¹⁹. In addition, increased support in the shale and gas industry will most likely result in additional jobs in the electricity, gas and water sector. Therefore, increased investment in renewable energy projects and the shale and gas industry will contribute to increased supply of electricity in the domestic economy.

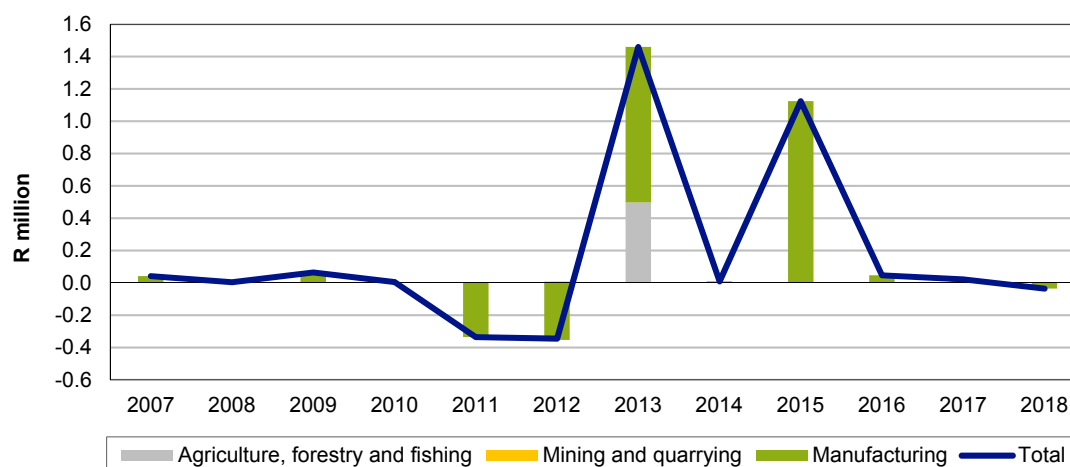
In addition, job creation manufacturing activities can be enhanced through the construction of gas to liquid (GTL) refineries¹⁹. As indicated in the value-chain section, there are minimal value-adding activities undertaken in the district. This has also been illustrated by the low contribution of the manufacturing sector to GDP and employment. Therefore, increased support in that regard will create value-adding activities in the area, create additional jobs, and increase the demand for skilled labour.

3.2.2 Beaufort West

Figure 3.3 indicates the balance of trade in the Beaufort West municipal area between 2007 and 2018. In 2018, the economy of Beaufort West municipal area exported goods

of the value of R29 701. The value of imports was R65 416. As a result, the Beaufort West municipal area registered a trade deficit of R35 715.

Figure 3.3 Beaufort West trade balance, 2007 - 2018

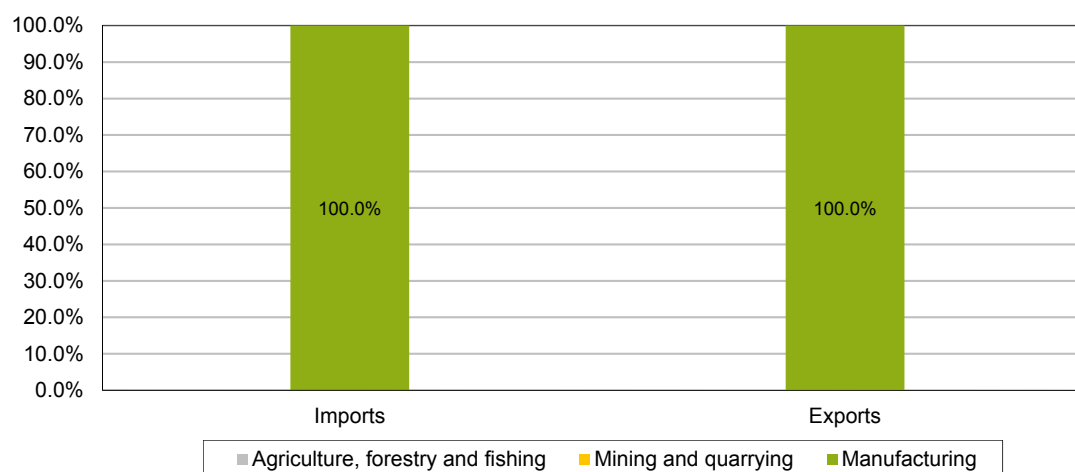


Source: Quantec Research, 2019

The highest positive trade balances achieved in the area were in 2013 and in 2015. This was largely due to the export of manufactured products contributing to the trade surplus. It is evident that trade in the Beaufort West municipal area is minimal and that the export market for this municipal area is not well developed. Given that the Beaufort West municipal area is the economic hub of the District, by developing the local value chain for niche products such as Karoo lamb or leather products, exports from the region can be promoted. The access to rail services as well as the N1 are valuable transport assets for trade given the rural nature of the region.

Figure 3.4 reflects the distribution between sectors in terms of imports and exports. The figure shows that the municipal area of Beaufort West municipal area mainly imported equipment for manufacturing/processing and processed products, and also relied on the manufacturing sector for the export market.

Figure 3.4 Beaufort West sectoral trade distribution (imports/exports), 2018



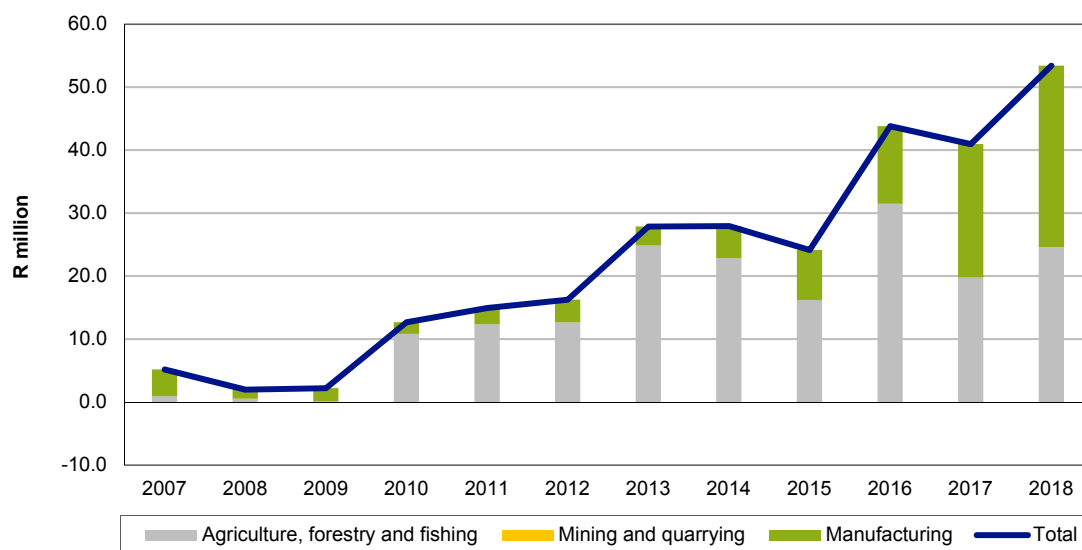
Source: Quantec Research, 2019

Trade in the Beaufort West municipal area in 2018 was limited to exports of wine worth R29 701 to the United Kingdom, and imports of yachts and other vessels for leisure or sport worth R64 826 from the United States.

3.2.3 Prince Albert

Figure 3.5 reflects the balance of trade in the Prince Albert municipal area between 2008 and 2018.

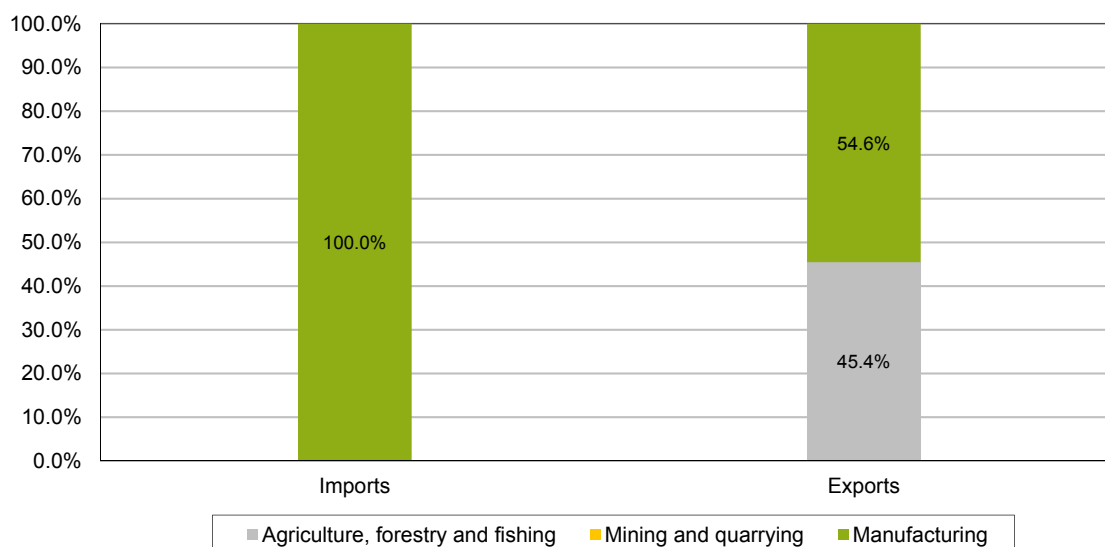
Figure 3.5 Prince Albert trade balance, 2007 - 2018



Source: Quantec Research, 2019

The economy of the Prince Albert municipal area achieved a positive trade balance between 2007 and 2018. Though goods from the manufacturing sector were the main driver to the trade surplus between 2007 and 2009, agricultural products contributed more to the positive trade balance between from 2010 to 2016. However, the manufacturing sector regained its position as the leading contributor to the economy's trade surplus in 2018. The economy imported goods worth R713 999.0. Exported goods were worth R54.1 million. This resulted in a positive trade balance of R53.4 million, which is the highest trade balance the economy has achieved over the timeframe analysed.

Figure 3.6 indicates the distribution between sectors in terms of imports and exports. The figure shows that the municipal area imported items for manufacturing/processing and processed products. In 2018, processed products accounted for the largest proportion (54.6 per cent) of the value of exported goods. Agricultural produce accounted for 45.4 per cent of the export revenue generated.

Figure 3.6 Prince Albert sectoral trade distribution (imports/exports), 2018

Source: Quantec Research, 2019

Table 3.4 provides the main trading partners of the top five product categories that were imported and exported from the Prince Albert municipal area.

Table 3.4 Prince Albert main import and export categories, 2018

Imports			Exports		
Product category	Rands 2018	Main trading partners	Product category	Rands 2018	Main trading partners
1. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R311 849.0	China	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	R20 599 407.0	Namibia
2. Works of art, collectors' pieces and antiques	R232 908.0	United Kingdom	Beverages, spirits and vinegar	R7 339 347.0	Germany, United Kingdom, Netherlands
3. Aluminium and articles thereof	R89 194.0	Pakistan	Edible fruit and nuts; peel of citrus fruit or melons	R624 229.0	Namibia
4. Paper and paperboard; articles of paper pulp, of paper or of paperboard	R69 954.0	China	Articles of apparel and clothing accessories, knitted or crocheted	R200 146.0	Namibia
5. Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	R8 783.0	Pakistan	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electromechanical) traffic signalling equipment of all kinds	R171 000.0	Malawi
Total imports	R713 999.0		Total exports	R54 108 017.0	

Source: Quantec Research, 2019

Imports into the Prince Albert municipal area was valued at R713 999 in 2018. The majority of imports of electrical machinery and equipment valued at R311 849 from China and works of art and collectors' pieces valued at R232 908 from the United Kingdom. The imports into the Prince Albert municipal area, therefore, do not make up a significant portion of inputs used in the agriculture, manufacturing or other industries.

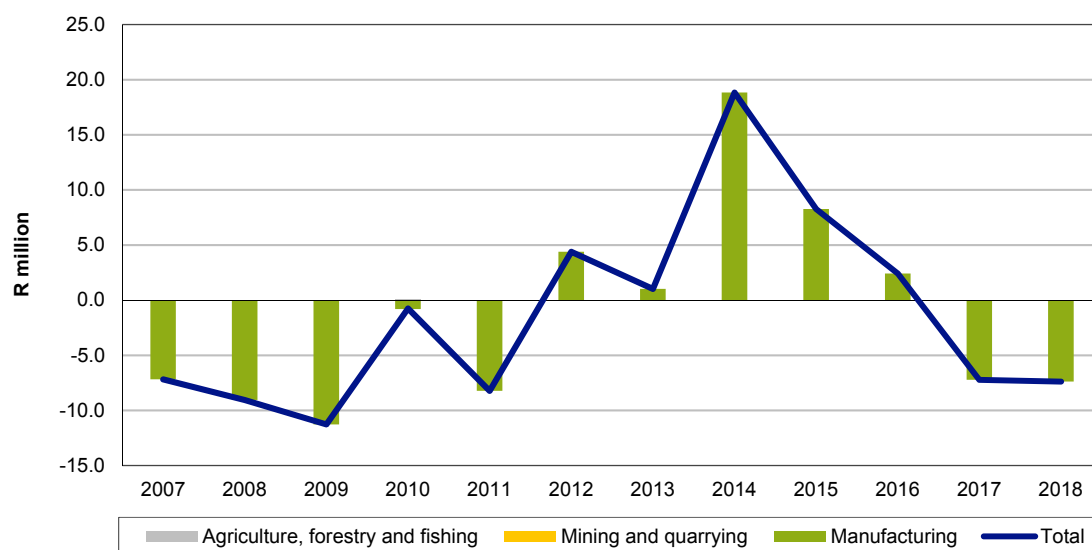
The main export from the Prince Albert municipal area was milk and cream as well as buttermilk to the value of R24.6 million exported to Namibia. The dairy value chain in the Prince Albert municipal area, therefore, has the potential to generate additional revenue for the local economy through exports.

The Prince Albert municipal area also exports some wine (valued at R6.9 million). Most of the agricultural produce and agro-processed goods in the Prince Albert municipal area are therefore traded locally.

3.2.4 Laingsburg

The balance of trade in the Laingsburg municipal area between 2007 and 2018 is depicted in Figure 3.7.

Figure 3.7 Laingsburg trade balance, 2007 - 2018



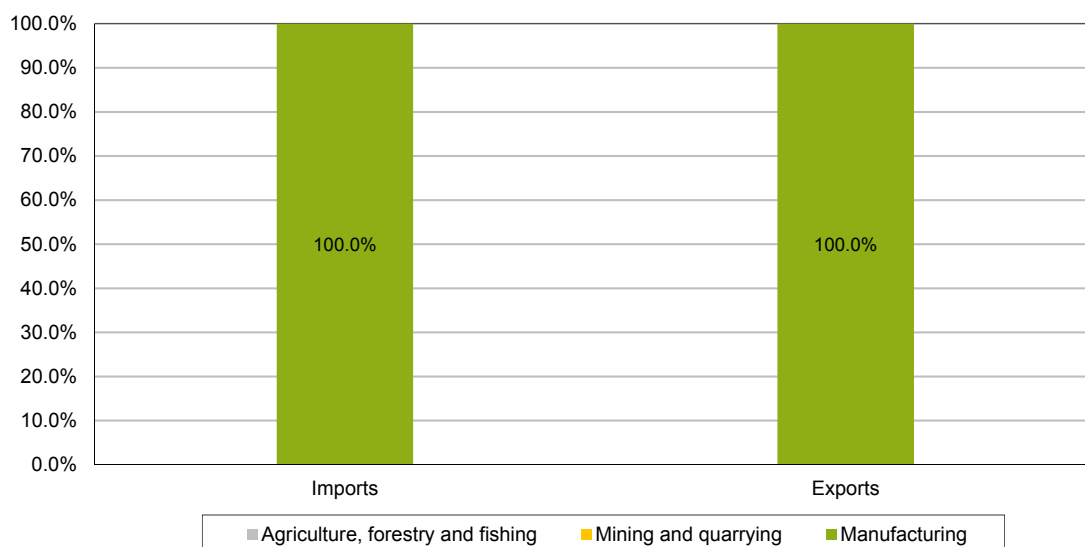
Source: Quantec Research, 2019

Goods exported from the Laingsburg municipal area were worth R7.7 million, and the economy imported goods worth R15.1 million in 2018. Therefore, the economy had a trade deficit of R7.4 million.

The highest trade balance registered by the municipal area was in 2014 of R18.8 million. However, the value of exports in the economy of Laingsburg municipal area has been declining since, reaching a negative trade balance in 2017 and 2018.

Figure 3.8 illustrates the distribution between sectors in terms of imports and exports. International trade in the Laingsburg municipal area is focused mainly on the importation of manufactured goods and processed commodities, while manufactured goods drive the export market of the municipal area.

Figure 3.8 Laingsburg sectoral trade distribution (imports/exports), 2018



Source: Quantec Research, 2019

Table 3.5 indicates the value and main trading partners of the top four categories that were imported and exported from the Laingsburg municipal area.

Table 3.5 Laingsburg main import and export categories, 2018

Imports				Exports			
Product category		Rands 2018	Main trading partners	Product category		Rands 2018	Main trading partners
1.	Residues and waste from the food industries; prepared animal fodder	R6 749 613.0	Netherlands	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included		R5 870 667.0	Zambia
2.	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	R4 003 190.0	China	Miscellaneous edible preparations		R825 529.0	Malawi
3.	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	R3 180 828.0	Ireland	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof		R750 853.0	Ghana
4.	Miscellaneous edible preparations	R1 167 648.0	Poland	Preparations of cereals, flour, starch or milk; pastry cooks' products		R284 764.0	Zambia
Total imports		R15 112 718.0		Total exports		R7 731 913.0	

Source: Quantec Research, 2019

The main imports into the Laingsburg municipal area include preparation used in animal feeding valued at R6.7 million (imported from the Netherlands) highlighting the impact of the drought on fodder production. The area also imported machinery for filling and sealing bottles, cans, jars etc. as well as wrapping which are used as inputs in the agro-processing industry. In 2018, the Laingsburg municipal area also imported butter worth R3.2 million from Ireland. Given that neighbouring areas have well-developed dairy value chains, products such as butter should rather be sourced locally.

The municipal area's main export in 2018 was various dairy products, particularly whey and products consisting of natural milk constituents to Zambia. Whey is a by-product of the cheese-making industry. There are no dairies in the Laingsburg municipal area, however, the neighbouring Kannaland municipal area (Garden Route District) had approximately 17 dairies²⁰, showcasing that infrastructure, such as road and rail that connect rural towns are an important component of promoting international trade.

3.3 Tourism trends²¹

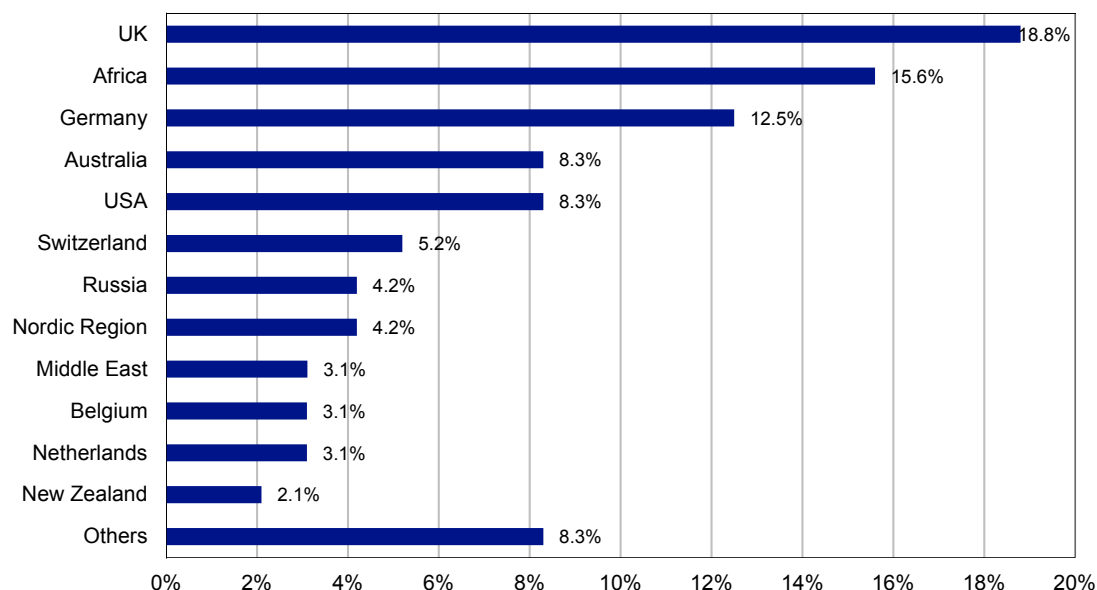
The Karoo region is vast and filled with history and wonder. People can see and experience the heritage of South Africa all the way back to the dinosaurs until the present day. This region is a popular stopover destination for people travelling to the Western Cape's coastline. Some of the unique offerings for the region relate to astro-tourism, the bushman/san culture, dinosaur fossils and the Karoo experience as defined by its landscape and people. Its wholesome hospitality and embedded culture are what charms travellers in wanting to experience its unique offering as part of their trip.

3.3.1 Visitor trends

The CKD is mostly a domestic tourism destination with 90.1 per cent of visitors being South African residents.

²⁰ Western Cape Department of Agriculture (2017)

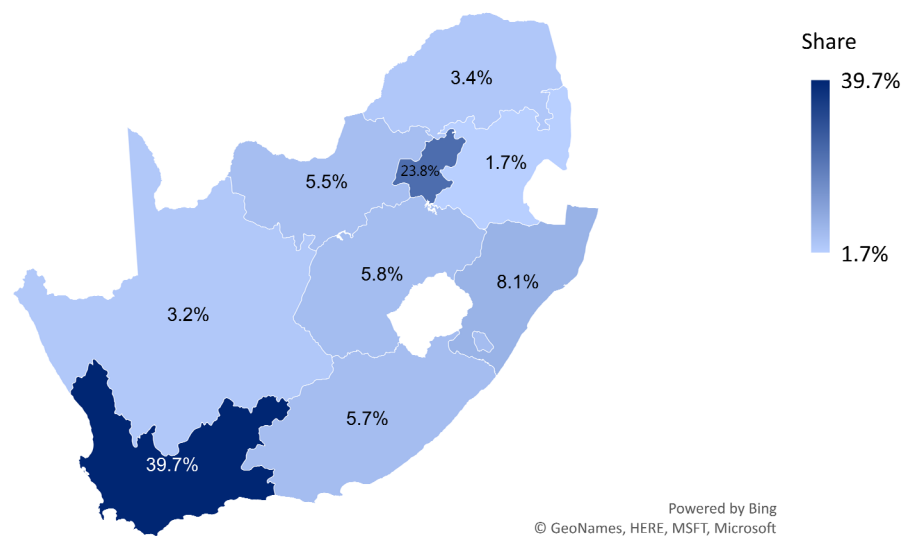
²¹ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region due to its survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Further, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information as the sample sizes are not comparable.

Figure 3.9 Percentage share of international travellers, Central Karoo District, 2018

Source: Wesgro, 2019

The small portion of international tourists travelling to this region (9.9 per cent of visitors) mainly originate from the United Kingdom (18.8 per cent), Germany (12.5 per cent), Australia (8.3 per cent), United States (8.3 per cent) and Africa (15.6 per cent). Some emerging international markets such as Russia (4.2 per cent) and the Middle East (3.1 per cent) also visit the region indicating the unique offering of the area. The Karoo could potentially tap into these emerging and core international markets by co-packaging with the Cape Winelands, West Coast or Garden Route as there is room for growth in these markets.

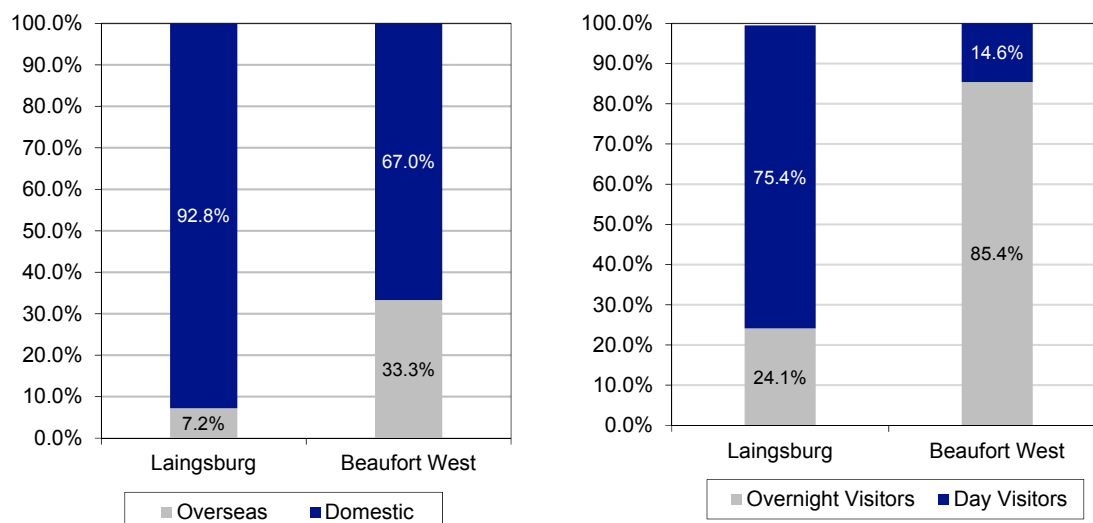
The domestic visitor market remains the region's core market. The major domestic markets travelling through the CKD are the Western Cape (39.7 per cent) itself and Gauteng (23.8 per cent), which constitutes more than half the domestic market. The Karoo is seen as the corridor between the north and the south of the country; thus, the region will always have a steady stream of travellers moving through its borders, creating opportunities for tourism product and service development.

Map 3.1 Percentage share of domestic travelers, Central Karoo District, 2018

Note: 3.0 per cent of responses were unspecified.

Source: Wesgro, 2019

Figure 3.10 depicts the visitor trends for these regional towns. Lesser-known towns such as Laingsburg are more prominent stopover towns for domestic travellers on route to their primary destination. Beaufort West is an often overnight destination in people's planned trips since it is the central gathering point for all main routes connecting the three corners of the Western Cape Province. It is also a more popular international visitor destination at 33.3 per cent representation.

Figure 3.10 Regional towns visitor trends, Central Karoo District, 2018

Source: Wesgro, 2019

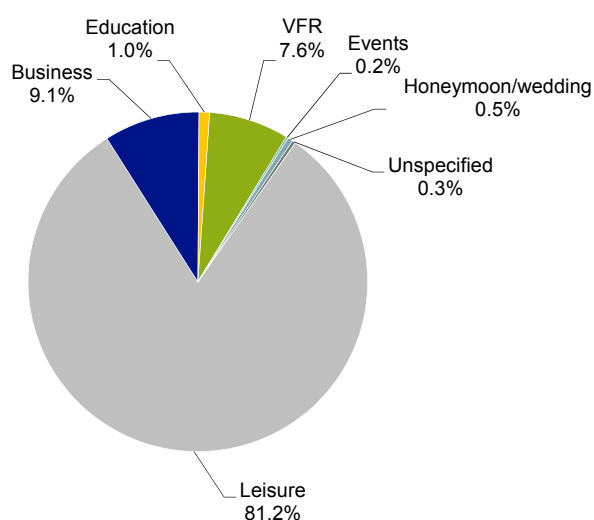
Currently, the Karoo region is seen as a secondary destination within travellers' itineraries. There is an opportunity to co-package and market the region as a must-see destination for people travelling the north-south corridors of the country, by motivating people to spend more time in the region instead of just seeing it as a pitstop.

3.3.2 Visitor profile

People travelling within or through the CKD visit mostly for leisure (81.2 per cent), with a smaller representation visiting friends and relatives (VFR) (7.6 per cent) or travelling for business (9.1 per cent). The region could leverage these visiting purposes by offering family-oriented activities or short low-intensity activities which allows travellers to engage more in the visitor economy.

Actively marketing the tourism product offering of the CKD can increase tourist numbers and spend as well as the length of stay. The top information sources in the district are word of mouth and visitor information centres²² which shows that there is potential to make better use of the various online platforms currently available to market the CKD as a destination and not a stopover.

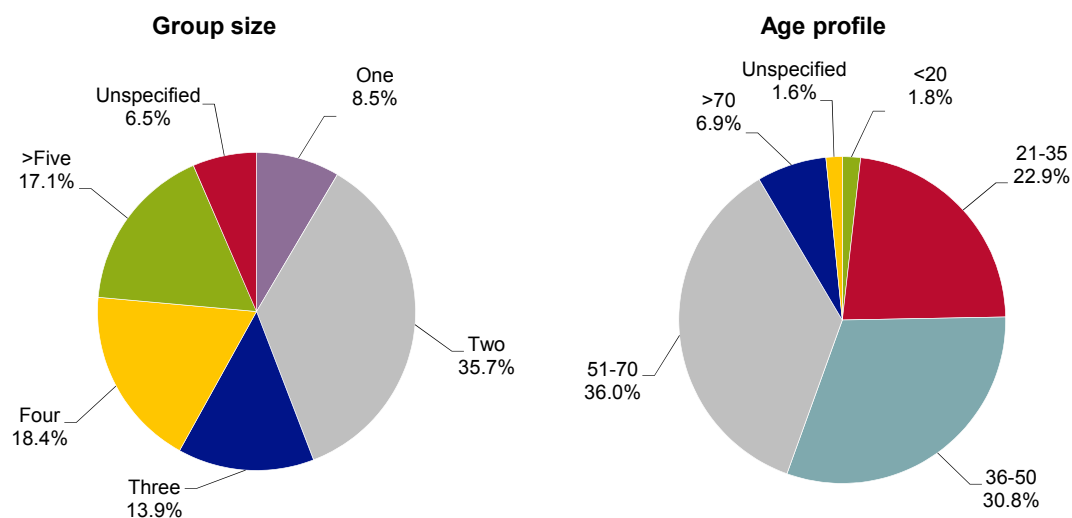
Figure 3.11 Main purpose of visit, Central Karoo District, 2018



Source: Wesgro, 2019

Over 49.6 per cent of visitors to the Karoo region travel in groups of two to three, with 35.5 per cent travelling in groups of four or more. This means that visitors could be travelling in family units, with spouses or in social groups. Further, over 66.8 per cent of visitors to the region are between the ages of 36 and 70. The visitor profile indicates that the Karoo attracts well-established families who should be advanced in their careers or family lifecycle. This premise also further extends to senior couples and empty nesters.

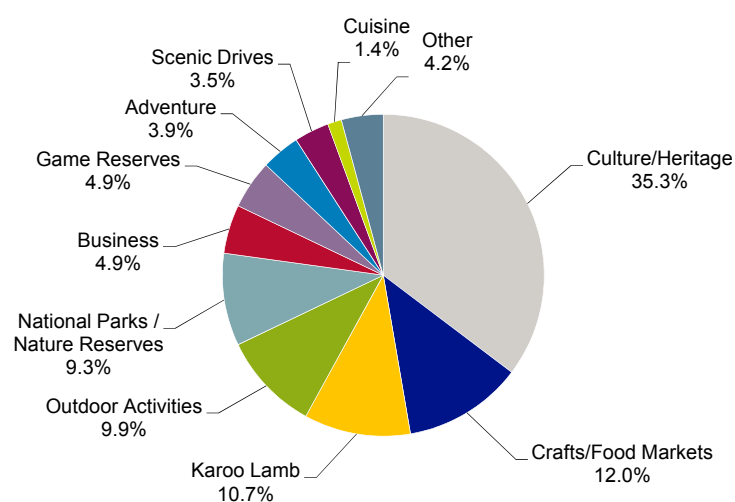
²² Wesgro (2019)

Figure 3.12 Visitor profile, Central Karoo District, 2018

Source: Wesgro, 2019

3.3.3 Activities

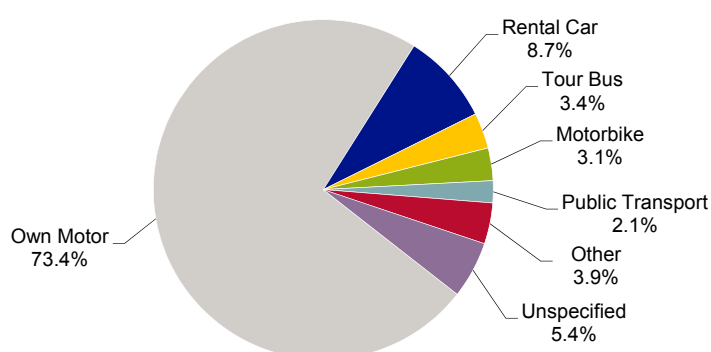
Figure 3.13 reflects the top activities undertaken by visitors to the CKD. Culture and heritage (35.3 per cent) was indicated as the most popular activity undertaken in the region. As part of the cultural experience, visitors also indicated that the crafts and food markets (12.0 per cent), and karoo lamb agri/culinary experience (10.7 per cent) are some of their top activities to experience in the region. This highlights again the importance of low-intensity activities. Nonetheless, outdoor (9.9 per cent) and adventure activities (3.9 per cent) were cited as activities undertaken by visitors. Therefore, there is a gap in the market to develop more intensive activities which could attract the younger generation to the area.

Figure 3.13 Top tourist activities undertaken, Central Karoo District, 2018

Source: Wesgro, 2019

Figure 3.14 shows the mode of transport used by visitors to travel to and within the CKD. As can be expected from the use of the north-south corridor, most visitors use their own transport (73.4 per cent). A smaller representation of visitors travel by rental car (8.7 per cent) and tour bus (3.4 per cent). There might be an opportunity in attracting more tour busses to the region as part of longer stay itineraries. What is of interest is the use of motorbikes (3.1 per cent) as the fourth largest means of transport, perhaps emphasising the use of the route as part of motorbike adventure tours or routes. There is potential to generate additional value from rail tourism in the CKD. The Shosholoza Meyl that travels between Johannesburg and Cape Town makes stops at Beaufort West, Prince Albert, Laingsburg and Matjiesfontein, while the luxury train, Rovos Rail, also stops at Matjiesfontein for a tour of the town.

Figure 3.14 Mode of transport used by visitors, Central Karoo District, 2018

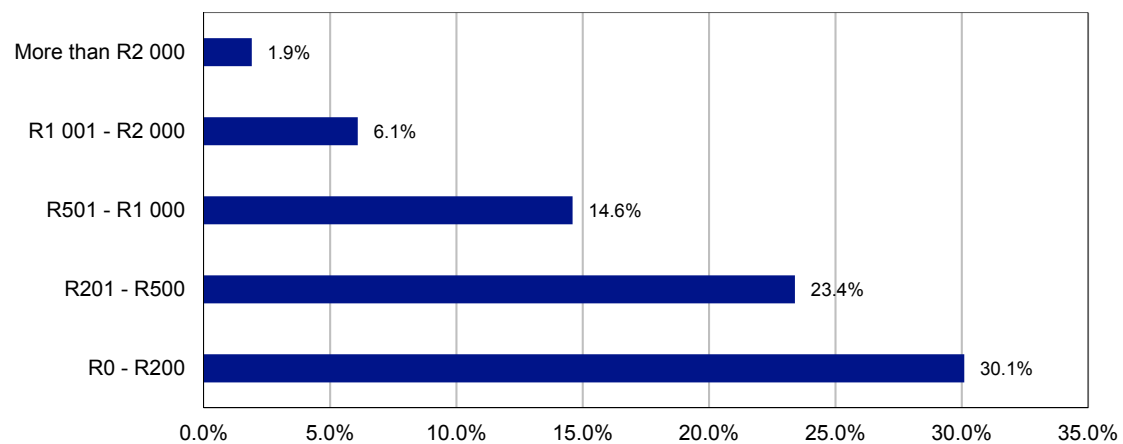


Source: Wesgro, 2019

Many tourists travel through the CKD between Gauteng and other provinces to reach their final destination in Cape Town or other coastal areas in the Province. The N1 is therefore a valuable tourism corridor for the CKD for which value can be generated by promoting stops along the road. Road safety and maintenance of the utmost importance to ensure that the N1 remains the preferred route.

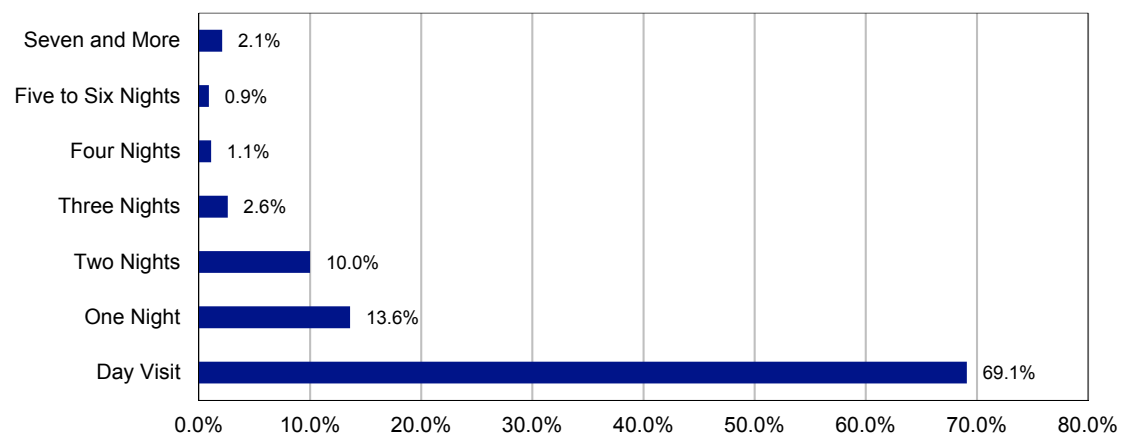
3.3.4 Visitor spend

Over 53.5 per cent of visitors to the CKD spend under R500 a day, with the majority (30.1 per cent) spending under R200 particularly in areas such as Laingsburg. This means that the impact of visitors to the region is minimal compared to other regions in the Western Cape. Efforts need to be undertaken to motivate increased spending by visitors.

Figure 3.15 Average daily expenditure by visitors, Central Karoo District, 2018

Source: Wesgro, 2019

A means of increasing the impact of visitors in the CKD is to motivate more stayovers, as currently 69.1 per cent of people to the region are only day visitors. The area should position itself more as a destination to include in a travel itinerary, instead of just being a stopover destination.

Figure 3.16 Average length of stay, Central Karoo District, 2018

Source: Wesgro, 2019

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.

3.4 Concluding remarks

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 GDP 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 net exports achieved by the manufacturing sector. However, the agriculture, forestry and fishing sector had the highest value of net exports in 2018.



4

Municipal socio- economic analysis

4.1 Introduction

The main aim of this chapter is to describe the economic and social circumstances of households living in the CKD.

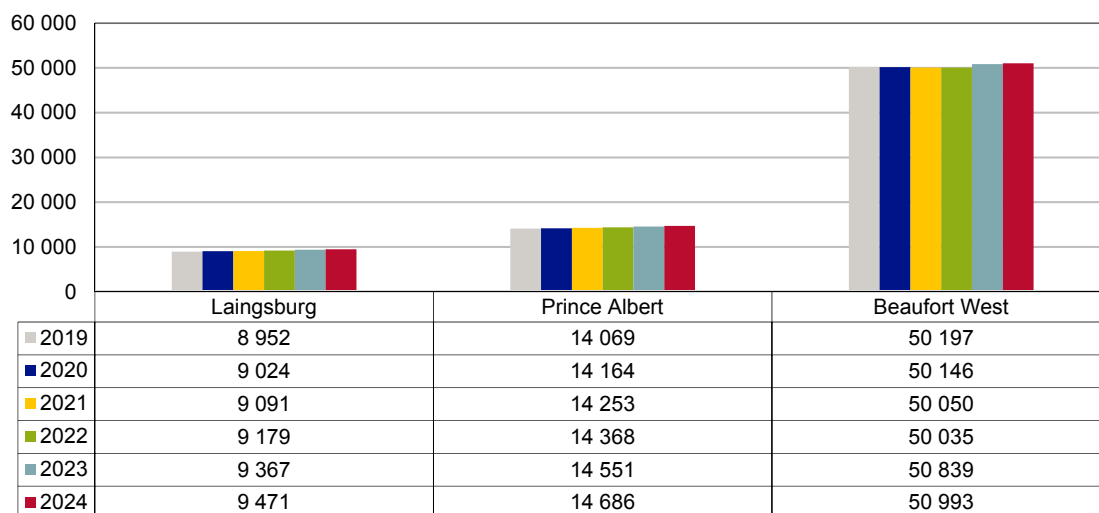
Indicators used to analyse population and income dynamics include the population growth rate, GDP per capita, household income, and the Gini coefficient. Human development within the region is assessed using indicators including the Human Development Index (HDI), education, health, human dwellings, access to basic services, and crime. These indicators are discussed in detail in the sections below.

4.2 Population dynamics

The future population growth of the CKD is presented in Figure 4.1 while the future household growth is depicted in Figure 4.2.

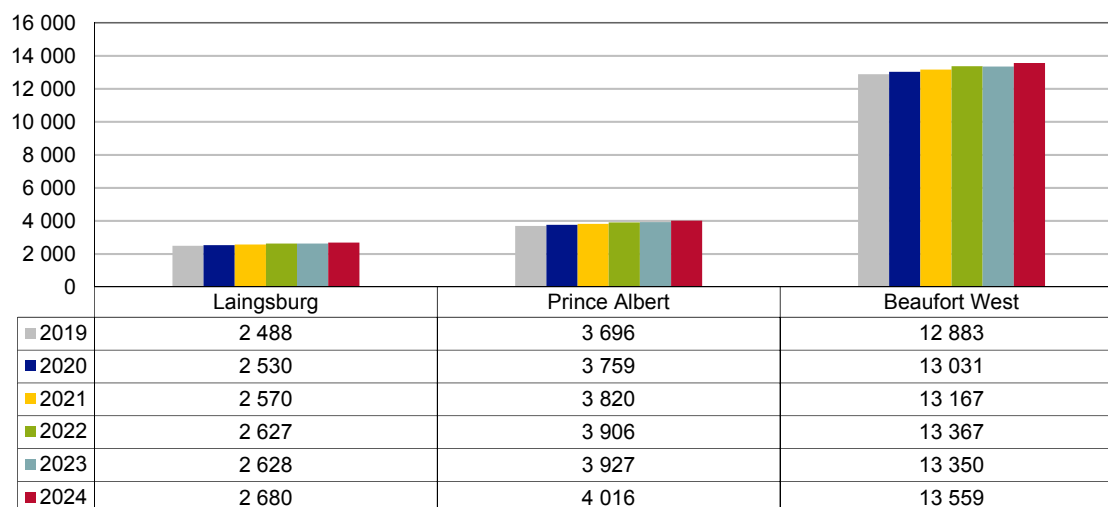
It is estimated that there will be 73 218 people in the CKD in 2019, with the population increasing to 75 150 by 2024. It is therefore estimated that the population of the District will grow on average by 0.5 per cent per annum, which is much slower than the 1.7 per cent per annum average growth rate expected for the Western Cape Province. A larger proportion of the CKD resides in the Beaufort West municipal area.

Figure 4.1 Future population growth, Central Karoo District, 2019 - 2024



Source: Western Cape DSD, 2019

It is projected that the population of the CKD will increase by 1 932 persons by 2024. Though the municipal area of Beaufort West is expected to have the largest increase in absolute terms, Laingsburg municipal area is expected to have the highest growth rate (growing at an average annual rate of 1.1 per cent). The rate of growth in population between 2019 and 2024 is projected to be 0.5 per cent in the CKD. However, the high growth rate exhibited by the Laingsburg municipal area is attributable to the fact that the population will be growing from a low base, relative to the population of the Prince Albert and Beaufort West municipal areas.

Figure 4.2 Future household growth, Central Karoo District, 2019 - 2024

Source: Western Cape DSD, 2019

It is estimated that there are 19 905 households in the CKD in 2019. The spread of households in the District mostly conforms to the population size, where the Beaufort West municipal area has the largest number of households and the municipal area of Laingsburg has the smallest number of households in the area.

The number of households in the CKD are projected to increase by 1 187 between 2019 and 2024. The average annual growth in the households in the timeframe projected is estimated to be 1.2 per cent. Although the municipal area of Beaufort West will have the largest increase in the number of households, the Prince Albert municipal area is forecast to have highest growth rate (1.7 per cent per annum on average) in the increment of households. The municipal area of Laingsburg is projected to have the second-highest growth rate of 1.5 per cent. However, Laingsburg and Prince Albert demonstrate these growth rates because the increment in households will be growing from a low base relative to the number of households in the Beaufort West municipal area.

Table 4.1 provides an overview of the age cohorts in the CKD. The working-age population for 2019 is estimated to be 60.6 per cent of the CKD population, while 31.5 per cent of the population is persons under the age of 15. The economically inactive persons above the age of 64 account for the remaining share of 7.9 per cent.

The share of the working-age population is unlikely to change by 2024. Notably, the share of persons above the age of 64 will marginally increase, while the share of economically inactive persons below the age of 15 will decrease slightly. This suggests a potential decline in the rate of organic growth of the population.

Table 4.1 Age cohorts, Central Karoo District, 2019 - 2024

Municipality	Year	0 – 14		15 – 64		65+	
		Number	%	Number	%	Number	%
Laingsburg	2019	2 438	27.2	5 684	63.5	830	9.3
	2024	2 512	26.5	6 013	63.5	946	10.0
Prince Albert	2019	4 172	29.7	8 829	62.8	1 068	7.6
	2024	4 128	28.1	9 367	63.8	1 191	8.1
Beaufort West	2019	16 436	32.7	29 890	59.5	3 870	7.7
	2024	16 531	32.4	30 112	59.1	4 350	8.5
Central Karoo District	2019	23 045	31.5	44 403	60.6	5 769	7.9
	2024	23 171	30.8	45 492	60.5	6 487	8.6

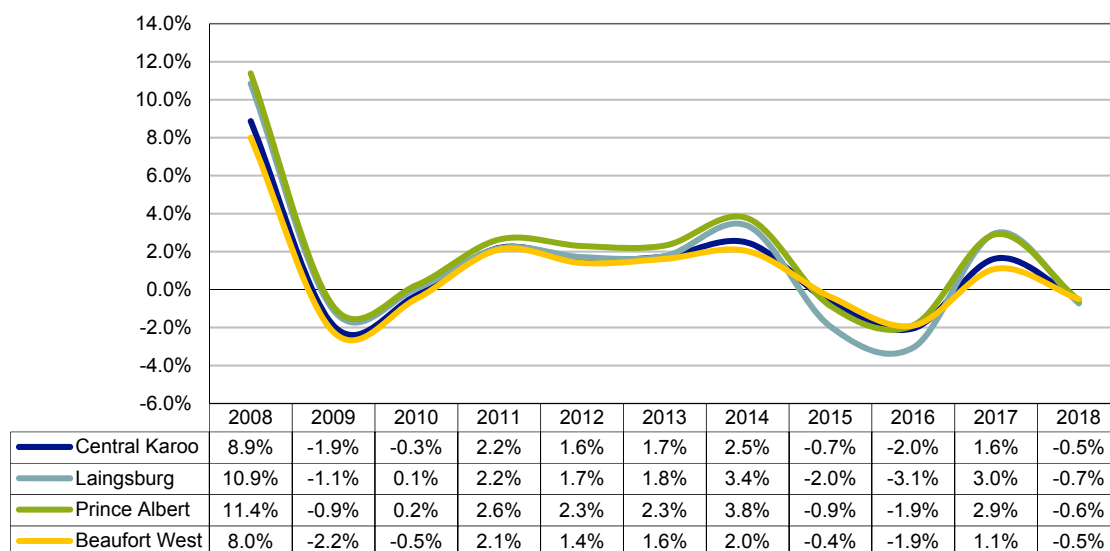
Source: Western Cape DSD, 2019

Across the various local municipal areas, Laingsburg's population has the highest ratio of working-age population and persons older than 65 and the lowest share of persons under the age of 15. This composition is not expected to change much by 2024. In contrast to the Laingsburg municipal area, the municipal area of Beaufort West has the largest share of persons below the age of 15 and a low proportion of the working-age population relative to the district's average.

4.3 Perspectives on poverty and inequality

4.3.1 GDPR per capita growth in the Central Karoo District

Figure 4.3 shows the growth in GDPR per capita between 2008 and 2018.

Figure 4.3 GDPR per capita growth, Central Karoo District, 2008 - 2018

Source: Quantec Research, 2019

In 2018, the GDPR per capita of the CKD was R27 395, which was significantly lower than the GDPR per capita of the Western Cape Province of R60 079. This suggests that the average household in the CKD is likely to earn significantly less income than other households located elsewhere in the Province.

Figure 4.3 shows that the highest growth rates in GDP per capita were experienced before and up to 2008. The CKD registered a growth rate of 8.9 per cent in GDP in 2008, which later contracted by 1.9 per cent in 2009. Although the growth in GDP per capita improved somewhat in 2010, the highest growth rate achieved post-2008 was in 2014. The GDP per capita grew by 2.5 per cent in 2014.

However, due to the recent persistent drought, among other factors, income generation from livestock farming also declined from 2015. In addition, employment generation in the agriculture, forestry and fishing sector declined. Consequently, it is believed that the GDP per capita income declined substantially between 2015 to 2016 – this is because the economy of the CKD relies mostly on agricultural activities for income and employment generation. Despite the improved growth in 2017, electricity shortages and the economic recession are amongst the factors that contribute to the contraction in GDP per capita in 2018.

4.3.2 Household income

On average, a household in the CKD earns R11 592 per month (in current prices). This is lower than the monthly average income of R18 611 of households in the Western Cape Province. However, the average monthly incomes of households in the CKD have improved by 1.1 per cent, while the average monthly income of households in the Western Cape Province has not improved (contracted by 0.2 per cent) between 2008 and 2017.

Table 4.2 Average monthly household income (current prices), Central Karoo District, 2017

Municipality	Average Household Income 2017 (Current Prices)	Trend 2008 - 2017
Laingsburg	R11 723.0	2.0
Prince Albert	R10 826.0	2.1
Beaufort West	R11 771.0	0.7
Central Karoo District	R11 592.0	1.1
Western Cape	R18 611.0	-0.2

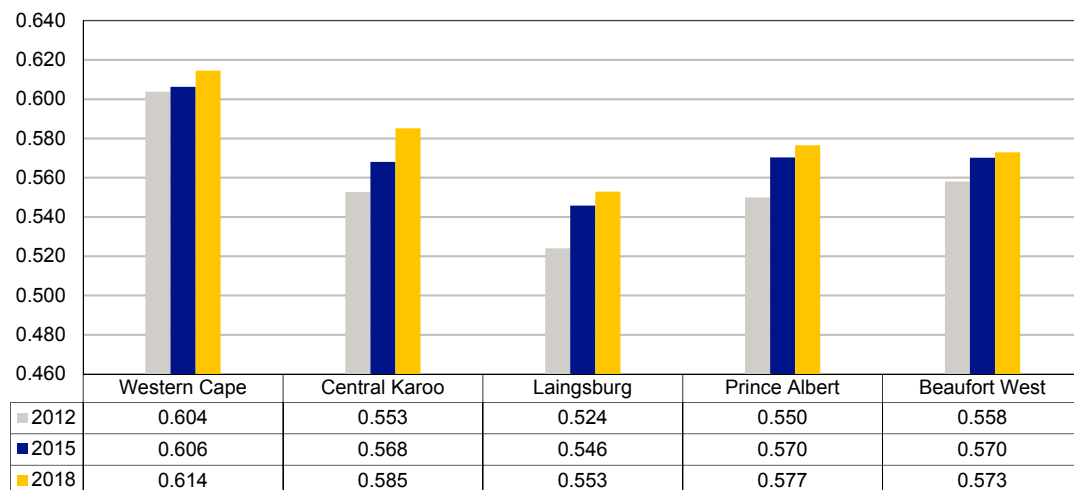
Source: Urban-Econ calculations based on Quantec Research, 2019

Households in the Beaufort West municipal area earn the highest average monthly income earned in the CKD (R11 771), though it is marginally higher than the District's household monthly average income of R11 592. Furthermore, households in the Prince Albert experienced the highest growth in monthly income (2.1 per cent) over the ten-year period, possibly attributable to their incomes growing from a small base relative to average household monthly incomes of the Laingsburg and Beaufort West municipal areas.

4.3.3 Income distribution in Central Karoo District

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient²³. Figure 4.4 shows Gini coefficients for municipalities within the CKD.

Figure 4.4 Gini coefficients, Central Karoo District municipal areas, 2012 - 2018



Source: IHS Markit, 2019

On average, the income and wealth disparity that exists in the CKD is less severe than the income inequality at a Provincial level. The municipal area of Laingsburg has the lowest level of income inequality, while the Beaufort West municipal area has the highest level of income inequality. Despite the CKD having a low Gini coefficient relative to the provincial average, inequality increased between 2012 and 2018 in all the municipal areas in the CKD.

4.3.4 Human development

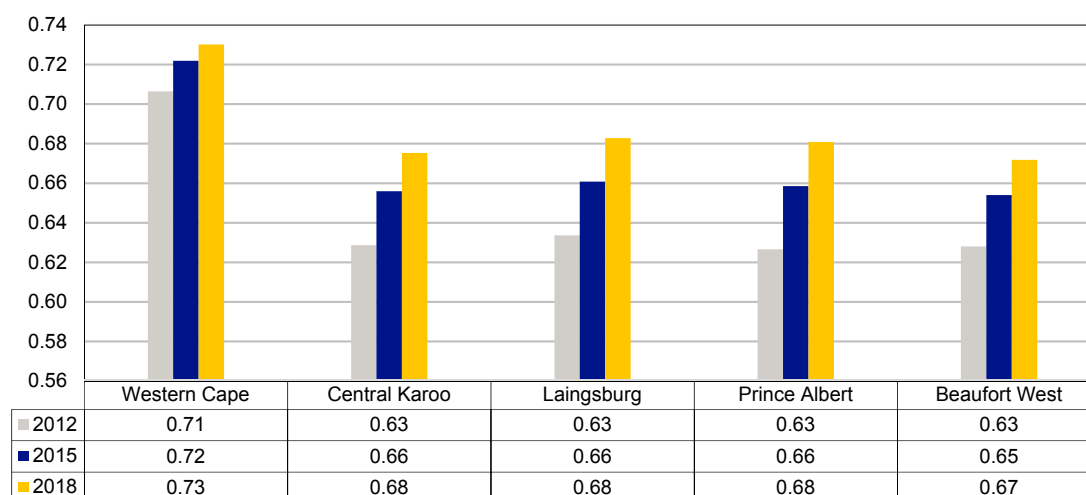
The United Nations uses the Human Development Index (HDI)²⁴ to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens as measured by, amongst others, their standards of education, health, dwellings, access to basic services, and crime levels. Economists expect economic growth to result in improvements in human development and economic decline to have an adverse effect on human development.

²³ The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents, and the figure varies between 0, which is an indication of complete or perfect equality and 1, which represents complete inequality in income distribution. The closer to 1, the more inequality exists, and the closer to 0 shows less inequality.

²⁴ The HDI is a composite indicator reflecting education levels, health, and income. It is a measure of peoples' ability to live a long and healthy life, to communicate, participate in the community and to have sufficient means to be able to afford a decent living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

Figure 4.5 shows the HDIs per municipal area in the CKD between 2012 and 2018.

Figure 4.5 HDIs per municipal area, Central Karoo District, 2012 - 2018



Source: IHS Markit, 2019

The levels of human development in the Western Cape Province is generally higher than those of the CKD residents. HDI is similar across the municipal areas of the CKD, albeit slightly lower for the Beaufort West municipal area. It is positive that the HDI is improving year-on-year despite the low levels of income and poor economic growth in the region.

4.4 Education

The extent of improvement in educational circumstances of households in the CKD is discussed here using data on learner enrolments, the Grade 10 to 12 retention rate²⁵, matric pass rates, and learner-teacher ratios.

The educational development that has taken place in the Beaufort West municipal area is outlined in Table 4.3.

Table 4.3 Educational development within Beaufort West, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Grade 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	10 943	-	30.5	-	62.0	-	76.6	-
2017	10 907	-0.3	30.5	0.0	58.7	-3.3	78.6	2.0
2018	11 142	2.2	30.8	1.0	59.3	0.6	79.2	0.6

Source: Western Cape Education Department, 2019

A total of 10 943 learners were enrolled in 2016. Although the number of learners enrolled in the area declined by 36 pupils in 2017, 235 more learners were enrolled in 2018.

²⁵ The learner retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared to the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared to those enrolled in Grade 10 two years ago.

The learner-teacher ratio has not changed significantly over the three-year period. The ratio marginally increased from 30.5 learners per teacher in 2016 to 30.8 learners per teacher in 2018. The learner-teacher ratio in the CKD is slightly higher than the provincial average of 28.5 learners per teacher.

In 2017 there was a 3.3 percentage point decline in the proportion of Grade 10 learners who progressed to Grade 12, from 62.0 per cent in 2016 to 58.7 per cent in 2017. Although the retention rate improved in 2018 to 59.3 per cent, it is still lower than the 2016 retention rate. The municipal area has progressed in relation to matric pass rates over the recent years. The greatest improvement was in 2017, when the matric pass rate rose by 2.0 percentage points to 78.6 per cent, before increasing marginally by 0.6 percentage points to 79.2 per cent in 2018.

Table 4.4 shows advancements in education development within the Prince Albert municipal area.

Table 4.4 Educational development within Prince Albert, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Grade 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	2 143	-	29.8	-	51.9	-	69.2	-
2017	2 122	-1.0	30.3	1.8	35.6	-16.3	89.7	20.5
2018	2 128	0.3	30.0	-1.1	43.2	7.6	71.2	-18.5

Source: Western Cape Education Department, 2019

A total of 2 143 learners were enrolled in 2016, but this number decreased by 21 in 2017. Although six extra learners were enrolled in 2018, the total number of learners enrolled in 2018 was lower than the total learners enrolled in 2016.

The learner-teacher ratio deteriorated from 29.8 learners per teacher in 2016 to 30.3 learners per teacher in 2017. However, the ratio improved somewhat to 30.0 learners per teacher in 2018. The Grade 10 to 12 retention rate declined substantially from 51.9 per cent in 2016 to 35.6 per cent in 2017. Although the retention rate improved between 2017 and 2018, the Grade 10 to 12 retention rate in 2018 (43.2 per cent) is still lower than the 2016 value of 51.9 per cent and the provincial average retention rate of 66.8 per cent.

The municipal area of Prince Albert experienced significant progress regarding the matric pass rate between 2017 and 2018. The share of matriculants who passed increased from 69.2 per cent in 2016 to 89.7 per cent in 2018, which can also be partly attributed to the large decline in the retention rate.

The developments in education that have taken place in the Laingsburg municipal area is provincial are indicated in Table 4.5.

Table 4.5 Educational development within Laingsburg, 2016 - 2018

Period	Learner enrolment	% change	Learner-teacher ratio	% change	Grade 10 - 12 retention rate (%)	Percentage point change	Matric pass rates (%)	Percentage point change
2016	1 247	-	29.0	-	27.7	-	90.3	-
2017	1 279	2.6	29.7	2.6	43.4	15.7	80.0	-10.3
2018	1 259	-1.6	27.4	-8.0	40.0	-3.4	80.6	0.6

Source: Western Cape Education Department, 2019

The municipal area of Laingsburg had 1 247 learners enrolled in 2016. This number increased by 32 in 2017. However, there were 20 fewer learners enrolled in 2018 when compared with the number of learners enrolled in 2017. Overall, the learner-teacher ratio has improved from 29.0 learners per teacher in 2016 to 27.4 learners per teacher in 2018.

The retention of Grade 10 to 12 learners experienced the greatest improvement (56.7 per cent change) between 2016 and 2017. However, the increase in the retention rate was not sustained as it declined from 43.4 per cent in 2017 to 40.0 per cent in 2018, which is below the provincial average of 66.8 per cent.

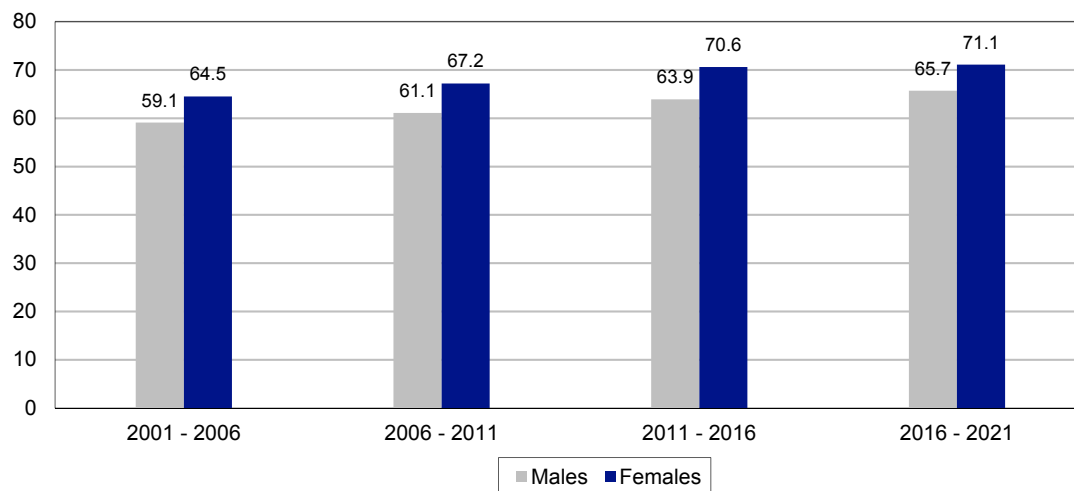
The highest matric pass rate achieved in the timeframe analysed was in 2016 when 90.3 per cent of the matriculants passed. However, the pass rate dropped to 80.0 per cent in 2017 and then increased slightly to 80.6 per cent in 2018.

4.5 Health

The health conditions of persons living within the CKD are analysed in this section by looking at the prevalence of tuberculosis (TB), human immunodeficiency virus (HIV), infant mortality rates, maternal death rates, and teenage pregnancies.

4.5.1 Life expectancy

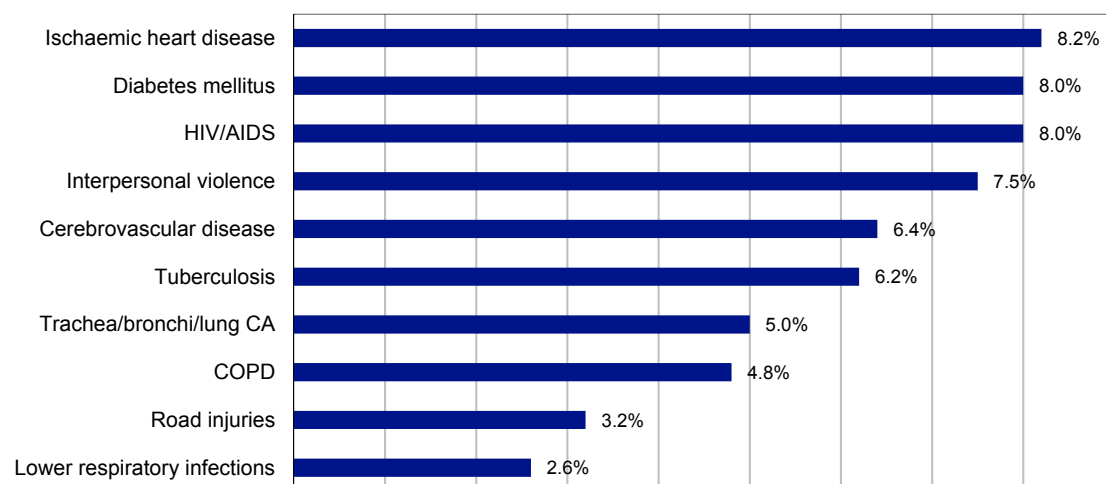
Figure 4.6 provides an overview of the average life expectancy at birth in the Western Cape Province between 2001 and 2021. As pointed below, the average life expectancy has increased year-on-year for both males and females over the reference period, with the average life expectancy of females being higher than that of males. The average life expectancy for males has increased from the five-year average of 59.1 years between 2001 and 2016 to an estimated five-year average of 65.7 years between 2016 and 2021, while the average life expectancy of females has increased from 64.5 years between 2001 and 2006 to 71.1 years between 2016 and 2021.

Figure 4.6 Average life expectancy at birth, Western Cape Province, 2001 - 2021

Source: Statistics South Africa, 2019

4.5.2 Mortality

The leading cause of death in the Western Cape Province was ischaemic heart disease. Ischaemic heart disease accounted for 8.2 per cent of deaths in the Province, followed by diabetes mellitus and HIV/AIDS, which accounted for 8.0 per cent of deaths each.

Figure 4.7 Top ten causes of death, Western Cape Province, 2016

Source: Western Cape Health Department, 2019

Table 4.6 provides a comparison of the top ten injury-related death rates by cause between the CKD and Western Cape Province in terms of the age-standardised death rate (ASR)²⁶. In 2016, the most common cause of injury-related death in the Province was assault with a sharp object at 23.8 deaths per 100 000 persons while the most prevalent cause of injury-related death was motor vehicle road traffic accidents, at 68.9 deaths per 100 000 persons. In the CKD, the number of deaths due to assaults with a sharp object was the second most prevalent cause of injury-related death and, at 31.3 deaths per 100 000 persons, it was higher than the prevalence of assaults with a sharp object in the Province.

Table 4.6 Top ten injury-related death rates by cause, Central Karoo District and Western Cape Province, 2016

Western Cape Province			Central Karoo District	
Rank	External cause	ASR	External cause	ASR
1	Assault: sharp object	23.8	RTA: motor vehicle	68.9
2	Assault w/incl firearm	18.5	Assault: sharp object	31.3
3	RTA: pedestrian	11.2	RTA: pedestrian	16.1
4	Suicide	11.0	Suicide	15.2
5	RTA: motor vehicle	10.2	Accident: other	8.4
6	Assault: blunt force	6.6	Assault: blunt force	6.6
7	Accident: fire	5.3	Accident: drowning	5.3
8	Accident: drowning	3.8	Assault: combination	4.4
9	Accident: falls	3.8	Assault w/incl firearm	2.7
10	Accident: other	3.6	Assault: other	1.6

Source: Western Cape Health Department, 2019

Injury-related deaths caused by pedestrian road traffic accidents were the third most prevalent in both the Province and the CKD at 11.2 deaths per 100 000 persons and 16.1 deaths per 100 000 persons respectively. This was followed by suicide as the fourth most prevalent cause of injury-related death at 11.0 deaths per 100 000 persons and 15.2 deaths per 100 000 persons respectively. Assaults with blunt force were the sixth most prevalent cause of injury-related death in the Province and CKD with 6.6 deaths per 100 000 persons respectively. While various accidents contributed significantly to the causes of injury-related deaths in the Province, various assaults with blunt force, firearms, a combination or other means were significant causes of the death in the CKD.

²⁶ The age-standardised death rate is a weighted mean of the age-specific death rates using a standard population and expressed per 100 000 population (Western Cape Health Department, 2018).

4.5.3 HIV/AIDS and TB

According to estimates based on the Thembisa model ²⁷, an estimated 13.5 per cent of the South African population is HIV positive as of 2019. In the Western Cape Province, the estimated prevalence rate of HIV is 6.7 per cent.

Table 4.7 provides the trends in the HIV testing, treatment and outcomes in the CKD from 2015/16 to 2018/19. Overall, the number of people who are known to have tested positive for HIV was 3 325 in 2018/19 which is an increase of 179 people since 2015/16. However, it is a decrease of 34 people on the number of people who are known to have tested positive in 2017/18. The percentage of people who start ART but are no longer on therapy has dropped from 30.9 per cent in 2015/16 to 48.4 per cent in 2018/19. Furthermore, the number of people on ART has shown an inverse relationship to this with the percentage increasing from 46.8 per cent in 2015/16 to 60.8 per cent in 2018/19. However, even with these positive trends, the percentage of people with confirmed viral suppression has decreased from 62.4 per cent to 51.2 per cent.

Table 4.7 Trends in HIV testing, treatment and outcomes, Central Karoo District, 2015/16 - 2018/19

	2015/16	2016/17	2017/18	2018/19
Known HIV+ (Tested; n)	3 146	3 291	3 359	3 325
Of which: Clients started but no longer on ART (%)	30.9	33.9	39.8	48.4
Of which: Clients on ART (%)	46.8	53.9	58.6	60.8
Of which: Clients with confirmed viral suppression (%)	62.4	63.3	62.9	51.2

Source: Western Cape Health Department, 2019

In the Western Cape Province, tuberculosis was the third and fifth-largest contributor to mortality for males and females respectively. Tuberculosis was also the third highest cause of premature mortality for both genders in the Province, as measured by the number of years of life lost.

Table 4.8 shows the trends in TB notification and outcomes in the CKD between 2016/17 and 2018/19. Concerningly, the TB programme success rate percentage decreased from 79.1 per cent in 2016/17 to 75.9 per cent in 2018/19. This is correlated with an increase in the number of people lost to follow-ups which have increased from 15.7 in 2016/17 to 18.2 in 2018/19. Interestingly, the success rate of the public health TB programme troughed in 2017/18 at 73.8 per cent which is the same year the number of TB clients lost to follow up peaked at 19.1 per cent and so there is an inverse correlation between the success rate of the programme and the number of people lost to follow up.

²⁷ The Tembisa model is used to calculate the prevalence of HIV in South Africa. The model has been developed specifically for South Africa, to provide an accurate estimate of HIV prevalence using age-specific HIV data (Thembisa Project, 2017).

The same trend is true of the TB death rate which has increased from 3.7 per cent in 2016/17 to 4.5 in 2018/19 but reached a maximum in 2017/18 of 5.4 per cent. This is in direct correlation with the proportion of TB clients lost to follow up and inverse correlation with the TB programme success rate percentage. The percentage of people co-infected with TB and HIV decreased from 31.5 per cent in 2016/17 to 29.4 in 2018/19. More positively, however, the percentage of Multi-Drug Resistant (MDR) TB treatment successes increased from 16.7 per cent in 2016/17 to 47.8 per cent in 2017/18.

Table 4.8 Trends in TB notification and outcomes, Central Karoo District, 2016/17 - 2018/19

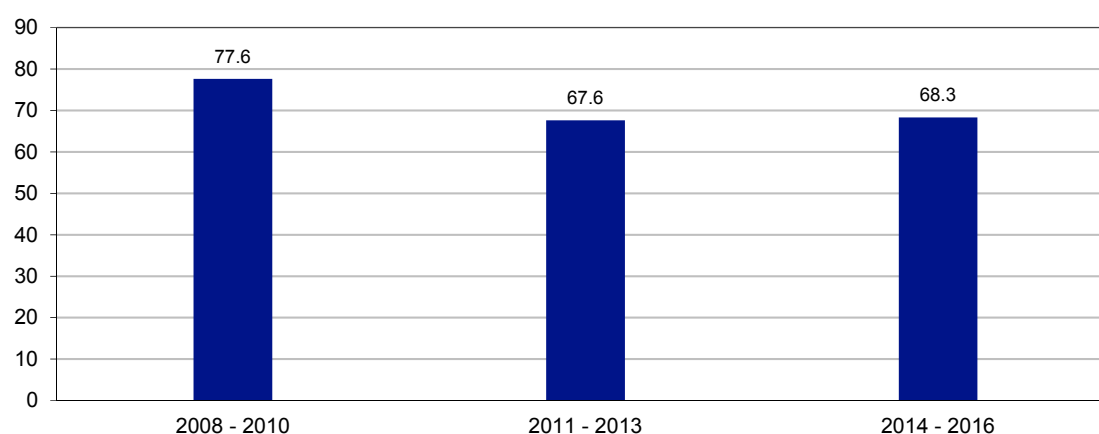
	2016/17	2017/18	2018/19
TB programme success rate (%)	79.1	73.8	75.9
TB client lost to follow up (%)	15.7	19.1	18.2
TB client death rate (%)	3.7	5.4	4.5
TB/HIV co-infected (%)	31.5	31.6	29.4
TB MDR treatment success rate (%)	64.3	16.7	47.8

Source: Western Cape Health Department, 2019

4.5.4 Infant, child and maternal health

Figure 4.8 reflects the maternal death rates for three three-year periods in the Western Cape Province between 2008 and 2016. As pointed below, the maternal mortality rate dropped significantly in the first two periods, from 77.6 per 100 000 live births between 2008 and 2010 to 67.6 per 100 000 live births between 2011 and 2013. Between 2014 and 2016, however, there has been a slight increase in the number of maternal deaths to 68.3 per 100 000 live births, despite improved outcomes in antenatal visits.

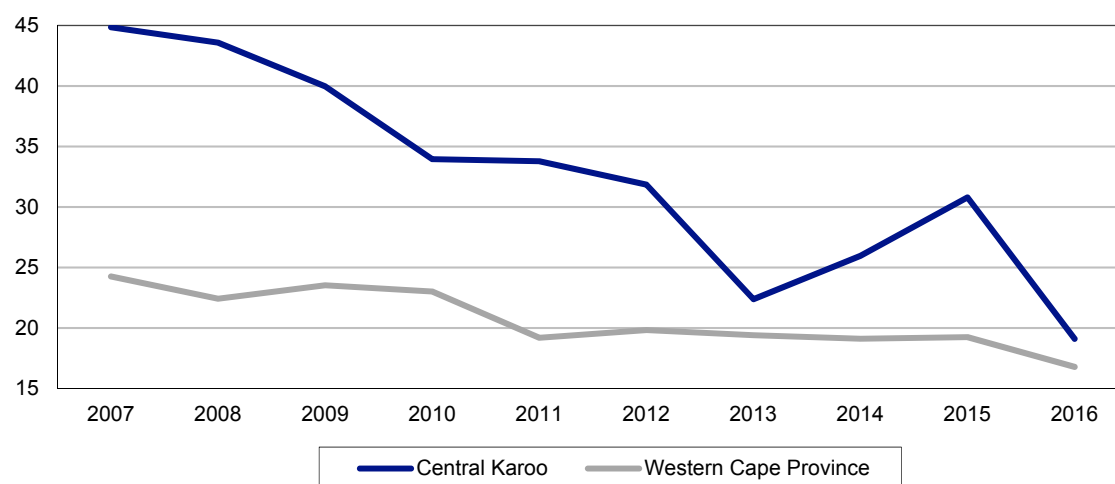
Figure 4.8 Maternal death rates per 100 000 live births, Western Cape Province, 2008 - 2016



Source: Western Cape Health Department, 2019

Figure 4.9 illustrates the infant mortality rates per 1 000 births in the CKD and the Western Cape Province between 2007 and 2016.

Figure 4.9 Infant mortality rates per 1 000 live births, Central Karoo District and Western Cape Province, 2007 - 2016



Source: Western Cape Health Department, 2019

While both regions have shown significant decreases in the number of infant deaths per 1 000 deaths, the CKD has seen the greatest decrease from 44.9 in 2007 to 19.1 infant deaths per 1 000 births in 2016 (a 57.5 per cent decrease). This is compared to the Province decrease of 24.3 in 2007 to 16.8 infant deaths per 1 000 births in 2016 (a decrease of 30.9 per cent).

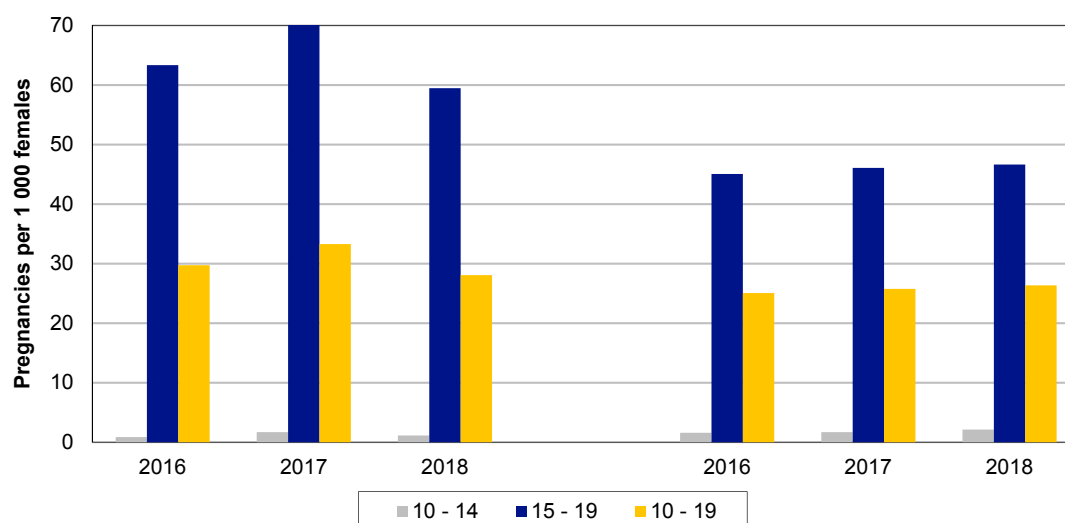
Between 2007 and 2010, the CKD saw a decrease from 44.9 infant deaths per 1 000 births to 33.9 infant deaths per 1 000 births. This decrease in the CKD was matched in the second three-year period, from 2010 to 2013, when infant deaths per 1 000 births decreased from 33.4 to 22.4. Although in 2016 the number of infant deaths per 1 000 births was 19.1, it increased in 2014 to 26 infant deaths per 1 000 births and then to 30.8 infant deaths per 1 000 births in 2015 before dropping to its new low in 2016.

4.5.5 Teenage pregnancy

Figure 4.10 shows the teenage fertility rates for different age groups in the CKD and in the Western Cape Province from 2016 to 2018. The teenage fertility rate is the number of pregnancies per 1 000 females aged between 15 and 19.

The fertility rate of females aged 15 - 19 years old between 2016 and 2018 in the CKD was higher than the corresponding fertility rate of the same aged females in the Province. The same is true for the fertility rate of females aged 10 - 19 which are higher in the CKD than in the Province.

Figure 4.10 Teenage fertility rates, Central Karoo District and Western Cape Province, 2016 - 2018



Source: Western Cape Health Department, 2019

In the CKD, the fertility rate for females aged 15 - 19 increased from 63.3 pregnancies per 1 000 females in 2016 to 70.1 in 2017. The trend then reversed with a decrease in pregnancies to 59.5 pregnancies per 1 000 females in 2018. The same trend occurred in the fertility of females aged 10 - 19 years old. It increased from 29.7 pregnancies per 1 000 females in 2016 to 33.3 in 2017. This then decreased to 28.1 pregnancies per 1 000 females in 2018. As opposed to the CKD trend of increasing from 2016 to 2017 and then falling in 2018, the fertility rates in the Province have slowly increased. The fertility rate of females aged 10 - 14 increased from 1.6 pregnancies per 1 000 females in 2016 to 2.1 in 2018. The fertility rate of females aged 15 - 19 increased from 45 pregnancies per 1 000 females in 2016 to 46.6 in 2018, while the increase in fertility rates of females aged 10 - 19 increased from 25.1 pregnancies per 1 000 females in 2016 to 26.3 in 2018.

4.6 Housing and municipal services

Access to formal housing is regarded as a basic human right and is an important indicator of the level of human development within an economy. Table 4.9 shows the different types of dwellings for households living within the CKD in 2018.

Table 4.9 Number of dwellings, Central Karoo District, 2018

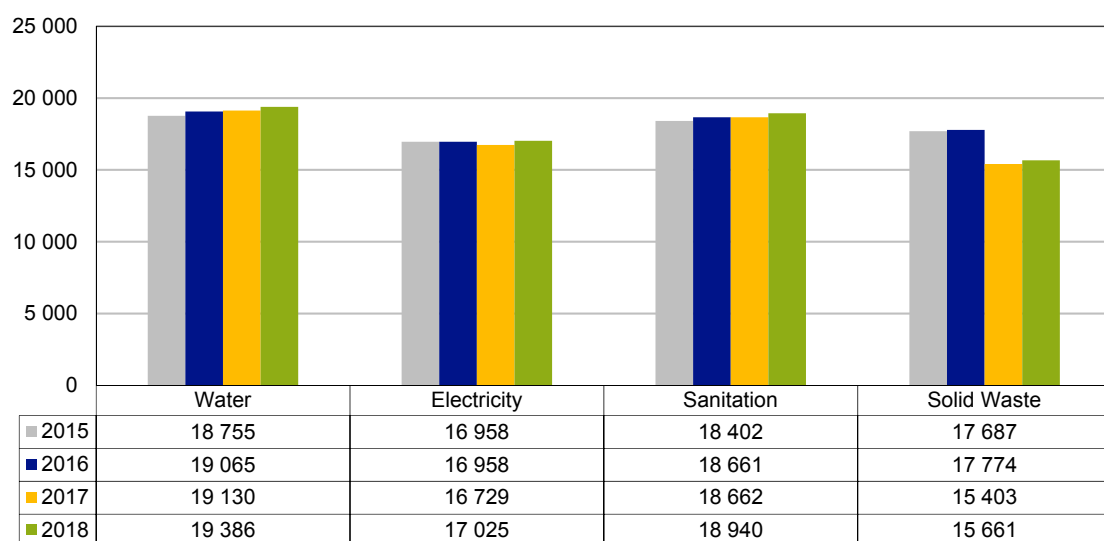
Dwelling type	Central Karoo District Number	Laingsburg Number	Prince Albert Number	Beaufort West Number
House or brick structure on a separate stand or yard	16 516	1 886	3 276	11 355
Traditional dwelling/hut/structure made of traditional materials	81	23	21	36
Flat in a block of flats	151	8	10	133
Town/cluster/semi-detached house (simplex, duplex or triplex)	1 501	336	44	1 121
House/flat/room, in backyard	368	43	31	294
Informal Dwellings	342	30	152	161
Room/flatlet not in backyard but on a shared property	81	34	30	17
Other/unspecified/NA	139	34	37	68
Total	19 179	2 392	3 601	13 186

Source: Quantec Research, 2019

As of 2018, it is estimated that there are 19 179 dwellings in the CKD. Formal structures (house or brick structure on a separate stand or yard) account for the largest share of dwellings (86.1 per cent). Informal dwellings account for 1.8 per cent, which is relatively low compared to other municipal areas in the Province.

Informal structures in the Laingsburg, Prince Albert and Beaufort West municipal areas account for 1.2 per cent, 4.2 per cent and 1.2 per cent respectively of the dwellings in each area. There is therefore potential to prioritise housing provision in the Prince Albert municipal area.

Figure 4.11 illustrates the access to services in the CKD between 2015 and 2018.

Figure 4.11 Access to basic services, Central Karoo District, 2015 - 2018

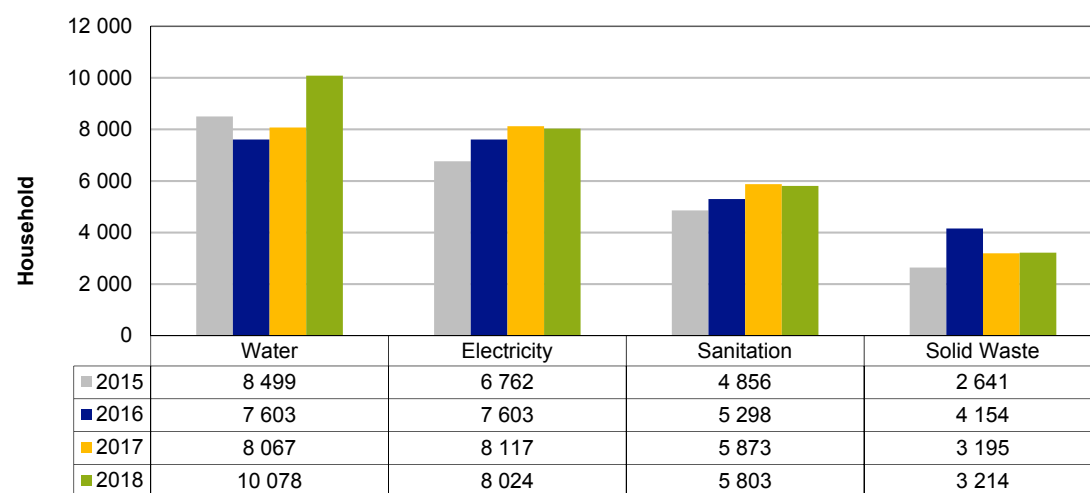
Source: Non-financial Census of Municipalities, Stats SA; Quantec Research 2019

In general, access to water, electricity and sanitation increased in the CKD between 2015 and 2018. On average, access to water increased by 1.1 per cent while access to sanitation increased by 1.0 per cent per annum. This is marginally higher than the estimated household growth rate of 0.9 per cent over the same period showing that the level of service delivery is improving for these services. Access to electricity declined by 229 households between 2016 and 2017 while access to solid waste removal services declined by 2 371 households in the same period. However, between 2017 and 2018 access to all services increased. The increase in access to electricity was the highest, at 296 more households having access to electricity in the CKD.

Figure 4.12 illustrates the access to free basic services in the CKD between 2015 and 2018. Free basic services are available to households who qualify as indigent households. In the CKD, approximately 8 656 households were classified as indigent in 2018, an increase of 537 households from 2017²⁸.

Between 2017 and 2018, access to free basic water increased by 2 011 households to 10 078 households. However, free basic access to electricity and sanitation declined by 93 and 70 households respectively. The service with the least amount of free access – solid waste removal services – also increased by 19 households to 3 214 in 2018.

Figure 4.12 Access to free basic services, Central Karoo District, 2015 - 2018



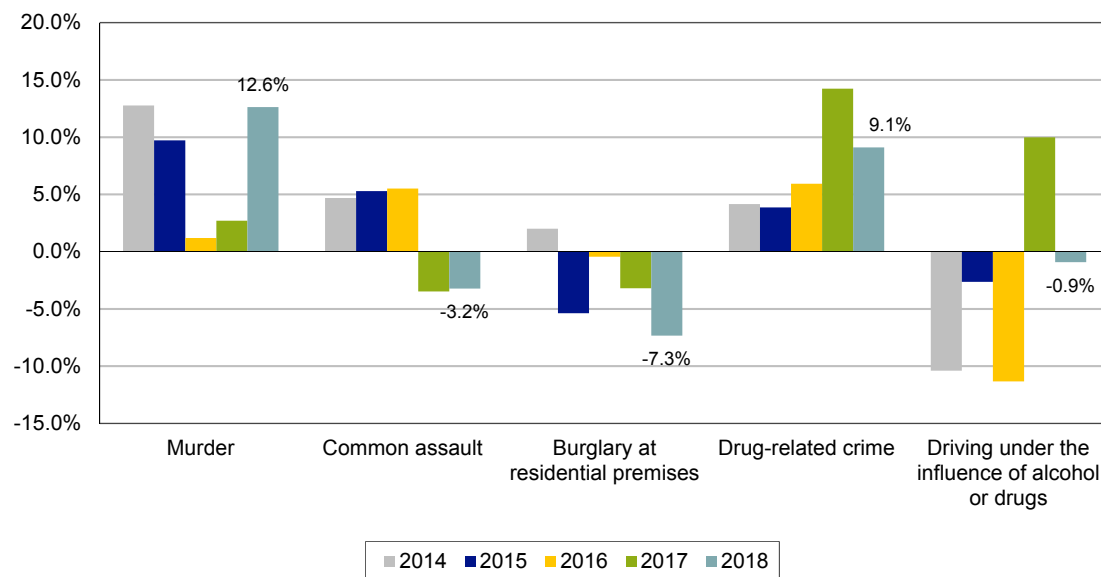
Source: Non-financial Census of Municipalities, Stats SA; Quantec Research 2019

²⁸ Stats SA (2019)

4.7 Crime

The trend in reported incidences of criminal activities is an important indicator of gauging the likelihood of the occurrence of criminal activities in general and ascertaining which types of criminal offences are most likely to be prevalent in a certain area. Figure 4.13 depicts the trends in the reported crime categories in the Western Cape Province.

Figure 4.13 Growth rates in reported crime categories, Western Cape, 2014 - 2018



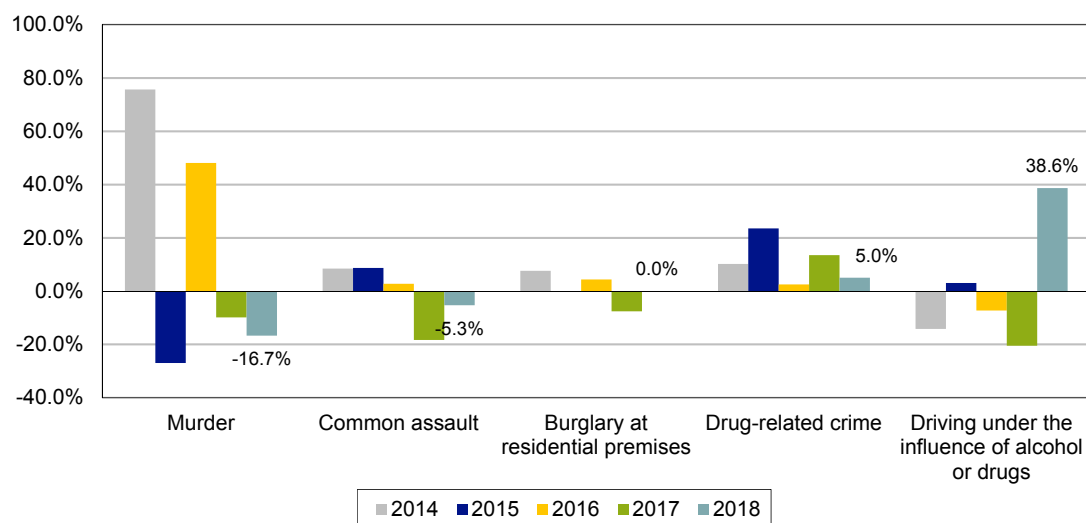
Source: SAPS; Quantec, 2019

The number of reported criminal offences increased in absolute terms between 2014 and 2018 in the categories analysed, but not at a higher rate when considering the population size.

Of the categories analysed, the economy of the Western Cape is confronted mainly by drug-related crime; the number of incidences has been increasing in the last few years. However, the growth rate is estimated to have declined between 2017 and 2018. Incidences relating to murder account for the lowest number of reported criminal offences of those analysed. However, efforts should also be steered towards mitigating against murder offences as the growth rate of this crime category has increased from 2016. Growth in the number of reported incidences relating to common assault charges and burglary at residential premises decreased between 2016 and 2018.

Figure 4.14 depicts the trends in the reported crime categories in the CKD.

Figure 4.14 Growth rates in reported crime categories, Central Karoo District, 2014 - 2018



Source: SAPS; Quantec, 2019

Drug-related crime is the most common crime category reported under those analysed, while murder cases account for the lowest crime reported. The growth rate in murder incidences reported decreased from 2016 to 2018, from 56.0 incidents per 100 000 people to 41.5. The trends also show that there was a decrease in the rate of common assault incidents reported since 2016, from 1 299.1 incidents per 100 000 people to 991.3. Drug related crime has been on an increasing trend since 2014, from 1 369.9 incidents per 100 000 people to 2 005.1 in 2018. Despite being on a decreasing trend since 2015, there was a sharp increase in incidents of driving under the influence of alcohol or drugs between 2017 and 2018. From 140.7 incidents per 100 000 people in 2017 to 193.9 in 2018.

4.8 Summary and conclusion

This chapter explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the CKD using selected indicators. Table 4.10 is a summary of recent changes in various socio-economic indicators in the CKD.

Table 4.10 Changes in selected socio-economic indicators, Central Karoo District

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 trend (2017 - 2018): IHS Markit	Increase	Increase	Increase	Increase
Human Development Index trend (2017 - 2018): IHS Markit	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	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.

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