

**Western Cape Government  
Provincial Treasury**

**Municipal Economic Review  
and Outlook  
2018**

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**PR363/2018**

**ISBN: 978-0-621-46698-0**

# 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.

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 is driving broad sector developments. This allows 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; providing recent information about Small, Micro and Medium Enterprises per region; and analysing the impact of economic activity on households living standards using socio-economic indicators including the HDI, Gini coefficient and the poverty rate amongst others.

The aim is to provide more recent information of the economic and sectoral environment, which in turn informs policy, planning and budgeting and responsive interventions required by policymakers for sustainable economic and human development.



# Foreword

The primary aim of the Municipal Economic Review and Outlook (MERO) is to provide evidence-based research to inform policy, planning and budgeting to mitigate economic and fiscal risks. It also provides an opportunity to assess the collective impact of various government programmes on the well-being of society. The MERO compliments the Provincial Economic Review and Outlook by disaggregating the socio-economic intelligence at a municipal level.

Municipalities, government departments, academic institutions and the private sector alike will use the MERO as a key policy indicator for research, planning, budgeting and implementation.

The South African political and socio-economic landscape can best be described as Volatile, Uncertain, Complex and Ambiguous (VUCA). At a time where global economic growth projections are being revised upwards, South Africa is finding itself in a technical recession. Recent economic growth trends reveal that the modest economic recovery experienced by South Africa in 2017 is not likely to be sustained in 2018. Growth in the Western Cape will be muted in 2018 as a result of the drought. The bleak economic growth prospects combined with increasing unemployment and increased demand for public services will require innovative service delivery models.

The 2018 MERO is a result of collaborative effort and I wish to extend the Provincial Treasury's sincere gratitude to our partners in various provincial government departments and municipalities as well as the research team for their valuable contributions.

A handwritten signature in black ink, appearing to read 'Ivan Meyer', with a horizontal line underneath.

**Dr Ivan Meyer**  
**Minister of Finance**  
**Western Cape Government**  
27 September 2018



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## Acronyms

AIDS	Acquired Immunodeficiency Syndrome
ARC	Agriculture Research Council
ASR	Age-standardised mortality rate
BCI	Business Confidence Index
BER	Bureau for Economic Research
BFAP	Bureau of Food and Agriculture Policy
BLS	Bureau of Labour Statistics
BoE	Bank of England
BPESA	Business Process Enabling South Africa
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India and South Africa
CBD	Central Business District
CCA	Customs Controlled Area
CDC	Childhood Development Centre
CIPC	Companies and Intellectual Property Commission
CKD	Central Karoo District
COPD	Chronic Obstructive Pulmonary Disease
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
CSD	Central Supplier Database
CWD	Cape Winelands District
DAFF	Department of Agriculture, Forestry and Fishing
DBSA	Development Bank of Southern Africa
DEDT	Department of Economic Development and Tourism
DOA	Department of Agriculture
DRDLR	Department of Rural Development and Land Reform
<b>the dti</b>	Department of Trade and Industry
DUI	Driving under influence
ECB	European Central Bank
ECD	Early Childhood Development
EU	European Union

FDI	Foreign Direct Investment
Fed	US Federal Reserve Bank
FOMC	Federal Open Market Committee
FPSU	Farmer Production Support Unit
GDP	Gross Domestic Product
GDPR	Gross Domestic Product per Region
GRI	Gestamp Renewable Industries
GTL	Gas-to-Liquid
GVA	Gross Value Added
ha	hectare
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HRM	Human Resource Management
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
ifo	Information and Forschung
IMF	International Monetary Fund
INEP	Integrated National Electrification Grant
IT	Information Technology
KKNK	Klein Karoo Arts Festival
LED	Local Economic Development
MERO	Municipal Economic Review and Outlook
MIG	Municipal Infrastructure Grant
MTEF	Medium Term Expenditure Framework
MTM	Marine Transport and Manufacturing
MTREF	Medium Term Revenue and Expenditure Framework
NDP	National Development Plan
NT	National Treasury
NUSP	National Upgrading Support Programme
OBD	Overberg District
ODTP	Organisational Development and Transformation Plan
OG	Oil and Gas Exploration

OSSB	Offshore Supply Base
PHA	Philippi Horticultural Area
PMI	Purchasing Managers Index
PRMG	Provincial Roads Maintenance Grant
PSG	Provincial Strategic Goal
PWC	Price Waterhouse Coopers
QE	Quantitative Easing
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RMB	Rand Merchant Bank
RUMC	Rural Urban Market Centre
SA	South Africa
SAB	South African Breweries
SAFEX	South African Futures Exchange
SAHTA	South African Honeybush Tea Association
SAMSA	South African Maritime Safety Authority
SANParks	South African National Parks
SANRAL	South African National Roads Agency
SARS	South African Revenue Services
SAWIS	SA Wine Industry Information and Systems
SBIDZ	Saldanha Bay Industrial Development Zone
SDF	Spatial Development Framework
SEDA	Small Enterprises Development Agency
SEZ	Special Economic Zone
SIC	Standard Industry Classification
SMME	Small, Medium and Micro-Sized Enterprises
SOE	State-Owned Enterprises
S&P	Standard and Poor Rating Agency
Stats SA	Statistics South Africa
TB	Tuberculosis
TCT	Transport for Cape Town (Cape Town Transport Authority)
TNPA	Transnet National Port Authority
UK	United Kingdom

UNESCO	United Nations Education, Scientific and Cultural Organisation
US	United States
USD	US Dollar
VAT	Value Added Tax
WC	Western Cape
WCBDC	West Coast Business Development Centre
WCD	West Coast District
WCDOA	Western Cape Department of Agriculture
WCG	Western Cape Government
WHO	World Health Organisation
WMA	Water Management Area
WOSA	Wines of South Africa
WWAP	World Water Assessment Programme
WWTW	Waste Water Treatment Works
YLL	Years of life lost
ZAR	South African Rand

# SECTION A: BACKGROUND AND MACROECONOMIC CONTEXT

## 1. Introduction and background

### 1.1 Introduction

The MERO research is intended to provide a source of economic intelligence to inform policy intervention and budgeting at local government. The Municipal Economic Review and Outlook (MERO) is an accompanying publication to the Provincial Economic Review and Outlook (PERO), which provides detailed economic intelligence on the Western Cape economy. The PERO aims to support Provincial Government sector departments with budgeting and policy formulation. The MERO seeks to provide in-depth economic analysis at a metro, district and local municipality level in the Western Cape Province.

### 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. The economic analysis focuses on identifying bottlenecks and constraints that may be hampering economic growth and employment.

### 1.3 Report outline

The MERO 2018 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. This section provides a regional context which includes an overview of key economic development initiatives in the Province and the impact of the drought.

**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. The section provides an overview of each district in terms of:

- **Chapter 1: Regional economic review and outlook** - This section provides a macroeconomic performance and outlook at the district level, an overview of trends between 2006 and 2016, an estimate for 2017 and an outlook in terms of Gross Domestic Product per Region (GDPR) for 2018 and 2019. International trade is also considered in this section, as well as the manufacturing subsectors' contribution and the availability of agriculture infrastructure.
- **Chapter 2: Sectoral growth, employment and skills per municipal area** - This section 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: Agriculture overview** - This section provides an overview of the latest agriculture industry information on a local level, obtained from the Department of Agriculture Fly-over project. This chapter discusses crops and infrastructure.
- **Chapter 4: Municipal infrastructure analysis** - This section reports on the trends in municipal infrastructure funding and spending per district. Investing in infrastructure is an important prerequisite for poverty relief and economic growth.
- **Chapter 5: Municipal socio-economic analysis** - This section assesses the extent to which economic performance impacts on 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

### Key findings:

- Global growth accelerated to 3.7 per cent in 2017 - its fastest pace since 2011. Furthermore, growth was broadly synchronised coming from advanced and developing and emerging economies.
- The outlook is less upbeat. There are signs that growth in key advanced economies, most notably the Euro Area and Japan, is on a slowing trajectory. In contrast, the outlook for the US, especially in 2018, is optimistic. Growth in developing and emerging economies is expected to remain stable, supported by continued growth in China and India.
- Economic output in South Africa rebounded to 1.3 per cent in 2017, from 0.6 per cent in 2016. A large part of the improved growth was due to higher primary sector activity. However, this has not continued into 2018. The South African economy contracted in both the first and second quarter of 2018, now being officially in a technical recession.

- Economic growth in the Western Cape outperformed the national economy in 2016 and moved in line with the national economy in 2017. However, due to the drought in the Province, output in the agriculture, forestry and fisheries and food and beverage manufacturing sectors are expected to contract sharply in 2018. This weighs heavily on the outlook for regional GDP in 2018.

## 2.1 Introduction

This chapter reviews economic growth, and its prospects, in the Western Cape against the background of the global and national economic experience and expectations. The better-than-expected performance of the global economy in 2017 will not continue into 2018 as the growth outlook and its associated risks are tilted mainly towards the downside. As such, the South African economy is set for a difficult 2018. In addition to the contraction in the first and second quarter of 2018, global developments have moved against emerging markets. Moreover, the negative impact of domestic political and policy uncertainty, with land reform at the forefront, will affect the economic growth impetus. The inter-linkages between the Western Cape and the world (including South Africa) are highlighted as a key feature of expected regional growth. Specific factors relating to the drought in the Province will see growth deviate from the rest of South Africa in 2018 and 2019.

## 2.2 Developments in the global economy<sup>1</sup>

### 2.2.1 Global economic performance

According to the International Monetary Fund (IMF), global economic output in 2017 advanced at its fastest pace, 3.7 per cent, since 2011<sup>2</sup>. This follows the growth of 3.2 per cent in 2016. The global uptick was broadly synchronised with advanced and emerging market economies sharing in growth. The momentum has changed somewhat during the first half of 2018. Growth in some major countries seems to have peaked and the overall pace is more uneven compared to 2017.

#### Performance of advanced economies

After expanding by 1.7 per cent in 2016, economic growth in advanced economies accelerated to 2.4 per cent in 2017. The uptick was broadly synchronised - in other words, most countries within this grouping registered higher growth - with the notable exception of Spain and the United Kingdom (UK).

In the United States (US), economic growth rose to 2.3 per cent in 2017, from 1.5 per cent in 2016. After a slow start to the year, economic growth was maintained at a reasonably robust pace (roughly 3 per cent quarter-on-quarter, seasonally adjusted and annualised) between the second and final quarter of 2017. The US economy lost some momentum in the first quarter of 2018. Growth slowed to

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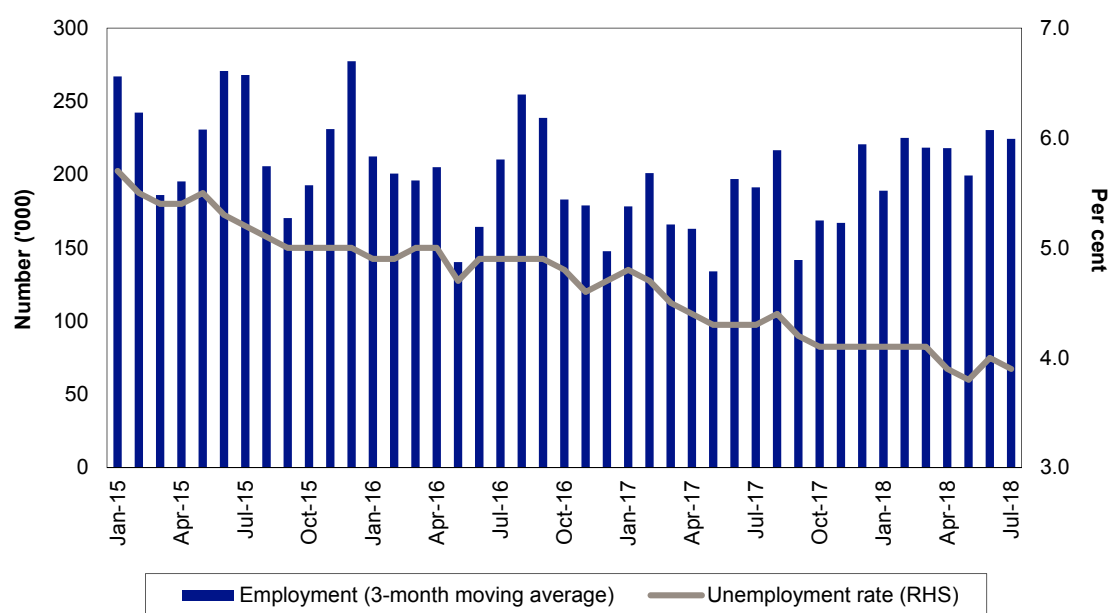
<sup>1</sup> This section is updated until 6 August 2018.

<sup>2</sup> Data in this section is disseminated on a year-on-year basis unless otherwise specified.

2.2 per cent quarter-on-quarter<sup>3</sup>. However, initial estimates<sup>4</sup> point to a sharp recovery in the second quarter of 2018 of 4.1 per cent quarter-on-quarter. According to the US Bureau for Economic Analysis, the main lift to Gross Domestic Product (GDP) growth in the second quarter of 2018 came from personal consumption expenditure, exports, non-residential investment and state spending.

Household spending remains well supported in the US, especially in terms of employment growth (Figure 1). According to the US Bureau of Labor Statistics (BLS), the US economy created 157 000 jobs in July 2018 - in addition to the 248 000 created in June 2018 - contributing to 215 000 jobs on average per month to date. In addition, unemployment in the US remains low at 3.9 per cent in July 2018 from 4.0 per cent in June 2018.

**Figure 1 US employment trends, 2015 - 2018**



Source: US Bureau for Labor Statistics, 2018

Reasonably robust economic growth - along with inflation close to the US Federal Reserve Bank's (Fed) 2 per cent target - has provided enough room for the Federal Open Market Committee (FOMC) to continue on its course of monetary policy tightening. The FOMC has raised the benchmark interest rate by 25 basis points in March 2018 and 25 basis points in June 2018.

Euro Area growth quickened to 2.4 per cent in 2017, from 1.8 per cent in 2016. Germany, the largest economy in the block, saw economic activity rise by 2.5 per cent in 2017 from 1.9 per cent in 2016. The French economy also registered faster growth of 2.3 per cent in 2017, from 1.1 per cent in 2016. Spain registered the fastest expansion in

<sup>3</sup> Quarter-on-quarter refers to the performance of the current calendar quarter to the previous quarter. In this chapter, the quarter-on-quarter data are also adjusted for seasonal factors and annualised (i.e. reproduced as an annual rate).

<sup>4</sup> The first estimate of GDP is usually revised twice before finalised.



economic output of 3.1 per cent in 2017. However, in this instance it represents a slowdown from the 3.3 per cent recorded in 2016.

Euro Area growth eased somewhat during the first half of 2018. Quarterly expansion declined to 0.4 per cent from 0.7 per cent in the fourth quarter of 2017. Economic activity slowed further to 0.3 per cent quarter-on-quarter in the second quarter of 2018 based on the first estimate. Growth in the region's two largest economies, Germany and France, decelerated to 0.3 per cent quarter-on-quarter and 0.2 per cent quarter-on-quarter from 0.6 per cent and 0.7 per cent previously. Other developments in the Euro Area influencing growth include a more aggressive approach to monetary policy by the European Central Bank (ECB). This has resulted in a reigning in of the Quantitative Easing (QE) programme in Europe in recent months.

In the UK, economic growth slowed for the second consecutive year to 1.7 per cent in 2017, from 1.8 per cent in 2016. In 2018, growth continued on this path. Growth of only 0.2 per cent quarter-on-quarter was recorded in the first quarter of 2018 compared to 0.4 per cent quarter-on-quarter in the fourth quarter of 2017. According to the Office for National Statistics, this slowdown was mainly due to a decline in business investment. The economic performance over the last two years has been reasonably robust (i.e. higher than expected) given the continued uncertainty surrounding Brexit negotiations.

Economic activity in Japan accelerated notably to 1.7 per cent in 2017, from 1.0 per cent in 2016. However, much of this growth was during the first half of 2017 with the growth momentum losing steam in the latter part of the year. This loss of momentum continued into the first quarter of 2018 with a contraction of 0.6 per cent quarter-on-quarter. A large part of the slowdown was due to a drawing down of private inventory holdings after a significant build up in the preceding quarter.

### **Performance of emerging and developing economies**

Growth in emerging and developing economies accelerated to 4.7 per cent in 2017, from 4.4 per cent in 2016. The higher growth came from only a few regions. This suggests that economic growth in emerging and developing countries is less synchronised than in advanced economies.

The Chinese economy expanded by 6.9 per cent in 2017, from 6.7 per cent in 2016. Growth remained relatively stable in the first half of 2018 at a rate of 6.8 per cent in the first quarter of 2018, slowing to 6.7 per cent in the second quarter of 2018. The process of 'rebalancing' the Chinese economy - to services-led instead of infrastructure-led growth - is now fully in place. In fact, part of the slowdown in the second quarter for 2018 was due to a more contained rise in infrastructure spending following a campaign to reduce excessive debt and financial risk.

In India, economic output rose by 6.7 per cent in 2017, from 7.1 per cent in 2016. With output measured at USD2.597 trillion, the World Bank ranked India as the sixth biggest economy in 2017, up one place from 2016. Growth ticked up to 7.7 per cent in the first quarter of 2018.

The Russian economy, after a mild 0.2 per cent contraction in 2016, expanded by 1.5 per cent in 2017. Economic growth gained further traction in the first quarter of 2018, accelerating to 2.8 per cent quarter-on-quarter. Despite continued sanctions, the higher global oil price, as well as extra spending related to the FIFA World Cup in June/July 2018, boosted the Russian economy. This happened, firstly, due to the increased infrastructure spending in the run up to the tournament, and then via the retail and tourism sectors during the tournament. The effect on quarterly growth may be reversed during the rest of the year, due to base effects.

In Brazil, growth in 2017 rose by a meagre 1.0 per cent, albeit an improvement on the 3.5 per cent contraction in 2016. The economy managed to gain momentum during the first quarter of 2018 accelerating to 1.8 per cent quarter-on-quarter. Political developments continue to cloud economic prospects with election campaigns starting on 20 July 2018. A series of strikes also plagued economic output. These factors, along with global determinants, have weighed on the Brazilian Real that has depreciated by more than 13 per cent since the start of 2018 (to the end of July 2018).

Economic growth in Sub-Saharan Africa accelerated to 2.8 per cent in 2017, from 1.5 per cent in 2016. This is partly due to economic recoveries in the region's two biggest economies, Nigeria and South Africa. Nigeria, after registering a contraction of 1.6 per cent in 2016, saw growth rebound somewhat to 0.8 per cent in 2017. Part of this was due to the higher oil price towards the end of 2017.

## **2.3 Developments in the South African economy<sup>5</sup>**

### **2.3.1 Performance of the South African economy**

After expanding by an upwardly revised 0.6 per cent in 2016, economic growth accelerated to 1.3 per cent in 2017. A sharp 17.7 per cent rebound in value added by the agriculture, forestry and fisheries sector and a 4.6 per cent rise in mining and quarrying output saw growth come largely from the primary sector. In the case of the agriculture, forestry and fisheries sector, some base effects played a role as output in the sector declined by 6.4 per cent in 2015 and 10.2 per cent in 2016 as rainfall patterns returned to normal in most of the country. In contrast, lower output was recorded in the wholesale, retail trade, catering and accommodation, construction, and manufacturing sectors. For the rest of the economic sectors growth was subdued.

### **2.3.2 Outlook for the South African economy**

The GDP contraction in the first and second quarter of 2018 weighs on full-year GDP growth. Real growth of 1.4 per cent is expected in 2018, a mild improvement from the 1.3 per cent registered in 2017 (see Table 1). Growth may reach 2.0 per cent in 2019.

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<sup>5</sup> This section is updated until 10 August 2018.

**Table 1 South African economic outlook<sup>6</sup>, 2018 - 2019**

	2017	2018f	2019f
<b>Final consumption expenditure, households (%)</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>
Durable goods	6.0	6.2	5.6
Semi-durable goods	3.1	3.6	4.0
Non-durable goods	1.1	1.4	1.7
Services	2.3	1.8	1.8
<b>Gross Fixed Capital Formation (%)</b>	<b>0.4</b>	<b>1.4</b>	<b>4.0</b>
Private	1.2	2.6	5.4
Government	-0.7	-4.2	-1.1
Public corporations	-1.3	2.2	3.4
<b>Exports of goods and services (%)</b>	<b>-0.1</b>	<b>1.2</b>	<b>2.5</b>
<b>Interest rates (fourth quarter averages)</b>			
3-month BA rate	7.1	6.9	6.8
10-year Government Bond	9.0	9.0	9.2
Prime overdraft rate	10.3	10.0	10.0
<b>Inflation (annual average %)</b>			
Producer prices	4.9	4.9	4.9
Consumer prices	5.3	4.9	5.3
Nominal wage rate (Private sector)	3.8	6.9	6.2
<b>Exchange rates (annual average)</b>			
R/US dollar	13.3	13.0	13.5
R/Euro	15.0	15.4	16.2
R/Pound sterling	17.2	17.6	18.2
Yen/R	8.4	8.4	8.1
<b>Gross Domestic Expenditure</b>	<b>1.9</b>	<b>2.0</b>	<b>2.5</b>
<b>Gross Domestic Product</b>	<b>1.3</b>	<b>1.4</b>	<b>2.0</b>
<b>Current account balance (R billion, seas. adj.)</b>	<b>-114.3</b>	<b>-187.8</b>	<b>-229.3</b>
<i>(as % of GDP)</i>	<b>-2.5</b>	<b>-3.8</b>	<b>-4.3</b>

Note: f denotes forecast

Source: Bureau for Economic Research, 2018

## Final household consumption expenditure

Annual growth in real consumer spending is forecast to remain stable at 2.2 per cent in 2018. This is largely due to higher consumer confidence (see Figure 2) and the expectation of a sustained recovery in household credit extension. On the negative front, the recent significant weakening of the rand should, with a lag, start to drive up retail prices. Muted price increases, this is inflation, have been a key support to the consumer over the last 12 months.

<sup>6</sup> The forecasts were formulated in July 2018.

**Figure 2 FNB/BER Consumer Confidence Index, 2009 - 2018**

Source: Bureau for Economic Research, 2018

Household income growth will also come under pressure due to modest employment growth. However, not only private sector employment growth is under pressure. Weak balance sheets at state-owned enterprises and rising government debt levels suggest that public sector employment growth will slow, if not decline. The recently concluded public sector wage deal - exceeded the 2018 National Budget estimates by R30 billion over three years - will put even more pressure on government employment.

### Gross fixed capital formation

Growth in fixed investment is expected to accelerate to 1.4 per cent in 2018, from 0.4 per cent in 2017. A further increase to 4.0 per cent is predicted for 2019. A number of factors have contributed to this outlook.

After increasing by 1.2 per cent in 2017, the growth in real private sector fixed investment is forecast to accelerate somewhat to 2.6 per cent in 2018 and 5.4 per cent during 2019. The improved outlook is underpinned by an expectation that the investment environment will gradually become more favourable, especially post the 2019 elections. Furthermore, specific projects already announced - such as independent power production - should boost private sector fixed investment.

From a public sector fixed investment perspective, liquidity issues and increasing debt levels may keep capital outlays by state owned enterprises and the general government under pressure. Indeed, government fixed investment is expected to contract in 2018 and 2019. State Owned Enterprises faces a similar situation, although modest fixed investment growth may result from the completion of some large projects such as Eskom's coal-fired power stations.

## Balance of payments and exchange rate outlook

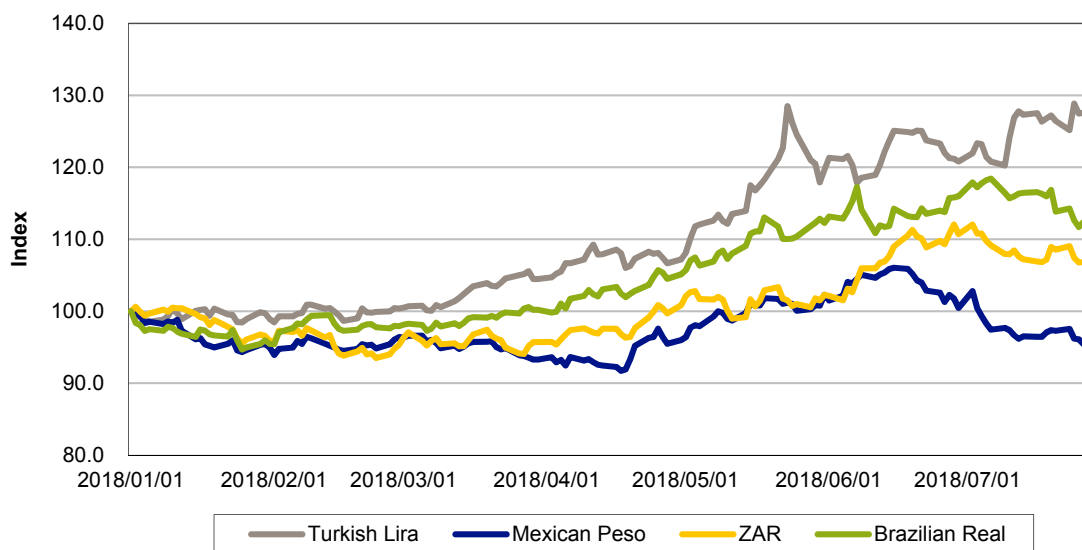
The rand has had a rollercoaster ride over the past seven months. After strengthening by about 13.5 per cent between December 2017 and end February 2018, the local currency lost all of the gains by the end of June 2018. Over the same period, the US dollar weakened by 2.3 per cent against the euro, before strengthening by about 5 per cent. The trend for the dollar has played a part in Rand moves so far in 2018.

The period between November 2017 and February 2018 saw the Rand outperform emerging market peer currencies amid the euphoria that greeted the election of State President Cyril Ramaphosa. In addition to a stronger US dollar in the second quarter of 2018, at least three key drivers may explain the reversal of the rand's earlier gains in recent months:

- A significant decline in investor sentiment towards emerging markets amid expectations of a further rise in US policy and long-term interest rates (see Figure 3).
- Disappointing domestic real economy data that suggest that the underlying economy has failed to gain traction from the initial spurt of confidence that followed political changes.
- A set of economic policy proposals - such as those on land reform - that are deemed not to conform to the expectation of a more business-friendly presidency.

Emerging markets with significant external imbalances (current account deficits) were particularly affected by advanced country developments. In the first quarter of 2018, South Africa's current account deficit (as a percentage of GDP) ballooned to 4.8 per cent, from 2.9 per cent in the fourth quarter of 2017. The underperformance by exports contributed greatly to this outcome.

**Figure 3 Rand exchange rate versus a selection of peers, 2018**



Note: All currencies were index against the US dollar

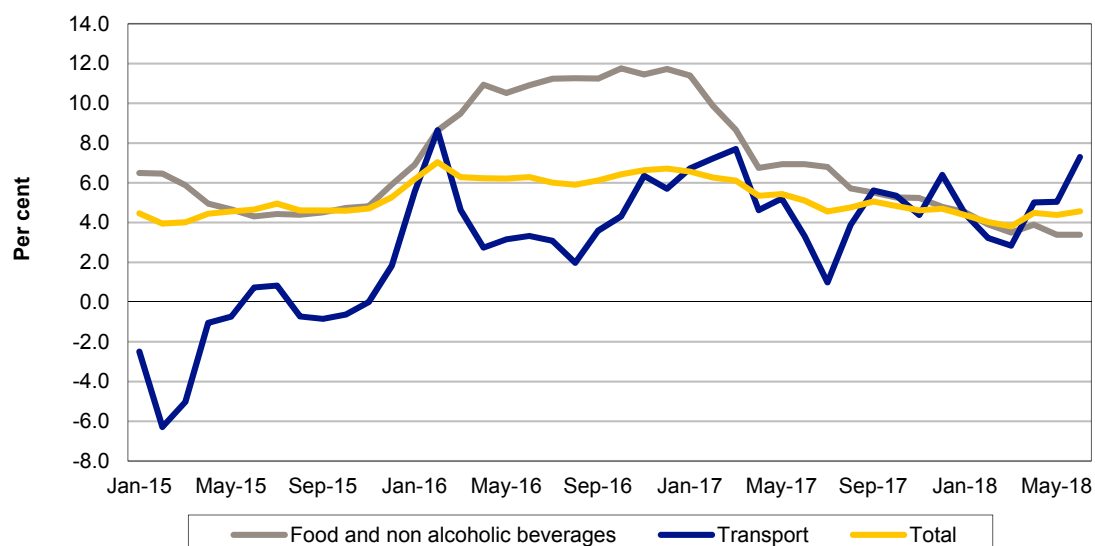
Source: Reuters, 2018 and own calculations

## Inflation and interest rate outlook

After reaching a seven-year low of 3.8 per cent year-on-year in March 2018, the headline consumer price index (CPI) accelerated to 4.6 per cent in June 2018 (see Figure 4). So far, the pass-through of the one percentage point VAT hike announced in the 2018 National Budget has been slower than expected. This, along with relatively benign food price hikes has kept consumer inflation reasonably low.

However, the upward pressure on prices became more pronounced. Besides the impact of the Value Added Tax (VAT) rise, affecting around 65 per cent of the goods and services in the consumer inflation basket, the significant rise in the domestic petrol price is also a key factor. After declining by R1/litre between December 2017 and March 2018 due to rand strength, domestic fuel costs have surged by more than R2/litre throughout August 2018. The combination of an increased fuel levy (from April 2018), the weaker rand and an elevated oil price, explains the much higher fuel price.

**Figure 4** Headline CPI inflation, 2015 - 2018



Source: Stats SA, 2018

Overall, headline consumer inflation is predicted to peak in the first quarter of 2019 before a somewhat stronger rand and lower oil price should see it easing again in the second half of 2019. Headline consumer inflation is likely to average 4.9 per cent and 5.3 per cent in 2018 and 2019. Although inflation may be contained below the upper end of the South African Reserve Bank's 6 per cent target over the forecast horizon, it is unlikely that the Central Bank will respond by lowering the interest rate. At the same time, economic growth remains too low to justify higher interest rates. In fact, the outlook is that the repo rate, or benchmark interest rate, will remain unchanged at 6.5 per cent throughout 2019.

### The impact of a VAT hike on economic growth

In February of 2018, the then Minister of Finance - Malusi Gigaba - announced a hike in the rate of Value Added Tax (VAT) to 15 per cent, from 14 per cent. While this is the first such move in South Africa in 20 years, VAT hikes have been observed in other countries in recent years, most notably the UK and Japan. The impetus behind the VAT increase is to raise tax revenue within the context of a widening fiscal deficit. Indeed, the increase is predicted to generate an additional R22.9 billion as part of a package of tax increases expected to be generated. There are a number of additional factors which have contributed to the VAT hike - such as the fact that it is historically low compared to other countries as well as its administrative simplicity from a revenue collection perspective. In contrast, one of the biggest arguments against higher VAT is its relative regressivity compared to other tax options, i.e. the poor will be burdened relatively more than the rich. To mitigate this, the National Treasury appointed an independent committee to investigate the current status quo regarding zero-rated items (i.e. items on which the effective tax rate is zero). Moreover, if the expenditure of the additional VAT revenue is taken into account, it is more than likely that a large enough proportion of it will be spent in a pro-poor manner, e.g. on health, education and social welfare, so that it will offset the regressivity of the VAT increase. The net fiscal effect of the VAT increase could be neutral, if not mildly progressive. Also, the equity dimension of VAT must be seen against the larger picture of a progressive personal income tax system and the existence of other taxes (see, for example, Fourie and Owen, 1993).

*Source: Bureau for Economic Research, 2018*

### 2.3.3 Main risks to the national outlook

Like the risks to the global outlook, the national economy risks are tilted towards the downside, that is, a likelihood of a worse-than-expected economic growth outcome. The main risks include:

- Recent policy proposals may weigh on business confidence. The “land expropriation without compensation” debate poses a risk to investment in the agricultural sector. Furthermore, the draft 2018 Mining Charter can inhibit the mining sector’s global competitiveness and growth.
- Recent global economic developments may also result in a more cautious investment approach from the domestic private sector. For one, the notably stronger US dollar and subsequent softer Rand will increase the cost of imported goods as inputs in the investment process. In addition, the ebbing of emerging market sentiment suggests that foreign investors may be less prepared to finance investment projects in South Africa. Furthermore, to the extent that the increased global trade tensions weigh on the global growth outlook, it will also have adverse implications for the domestic growth.
- Breaching national fiscal targets could see credit rating agencies revisit their stance towards South Africa, many of whom “upgraded” the country’s outlook to “stable” from “negative” during the first half of 2018.
- The management and government of State-Owned Enterprises (SOEs) also hold risk, especially for the fiscus. SOEs have become more debt-laden over the past few years, which has been underwritten (or guaranteed) by the state, if initiated, the repayment of this debt will place more pressure on state coffers.

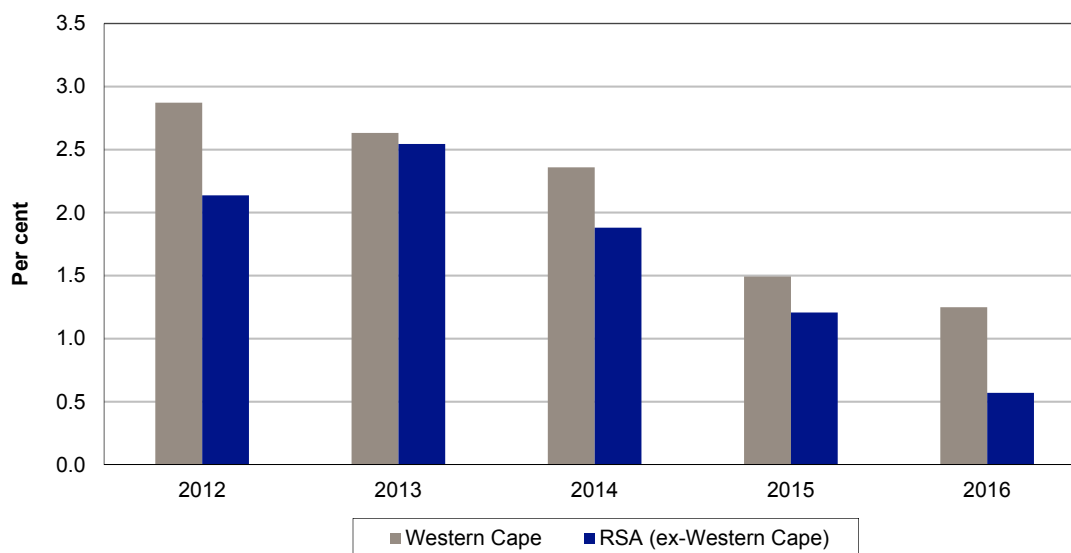
## 2.4 Developments in the Western Cape economy

### 2.4.1 Western Cape economic performance

According to Statistics South Africa, the Western Cape economy expanded by 1.2 per cent in 2016, down from 1.5 per cent in 2015. Leading growth in the region in 2016 was the finance, insurance, real estate and business services sector (2.3 per cent) followed by the wholesale, retail trade, catering and accommodation sector (2.2 per cent). In contrast, economic output in the agriculture, forestry and fisheries sector declined by 7.2 per cent on the back of the drought. The drop in output by this sector mirrors that of the national economy although less severe. The electricity, gas and water sector also recorded a contraction in value added (2.4 per cent).

Although overall Regional Gross Domestic Product (GDPR) was lower in 2016 than in 2015, the Western Cape still outperformed the rest of South Africa. In fact, the difference in growth in 2016 between the Western Cape and the rest of South Africa amounted to 0.6 percentage points i.e. the Western Cape economy grew at twice the rate of the rest of South Africa (see Figure 5). This outcome is due to divergent performances of the various sub-sectors. Most notably, the contraction in value added by the agriculture, forestry and fisheries sector in the Western Cape was much less pronounced than that registered in the rest of South Africa. The rest of South Africa also suffered due to a fall in mining sector output, which the Province was largely unaffected by (due to the small representation of mining activity in Western Cape GDPR). Finally, the wholesale, retail trade, catering and accommodation sector fared better in the Western Cape than in the rest of South Africa.

**Figure 5 GDP growth: Western Cape and the rest of South Africa, 2012 - 2016**

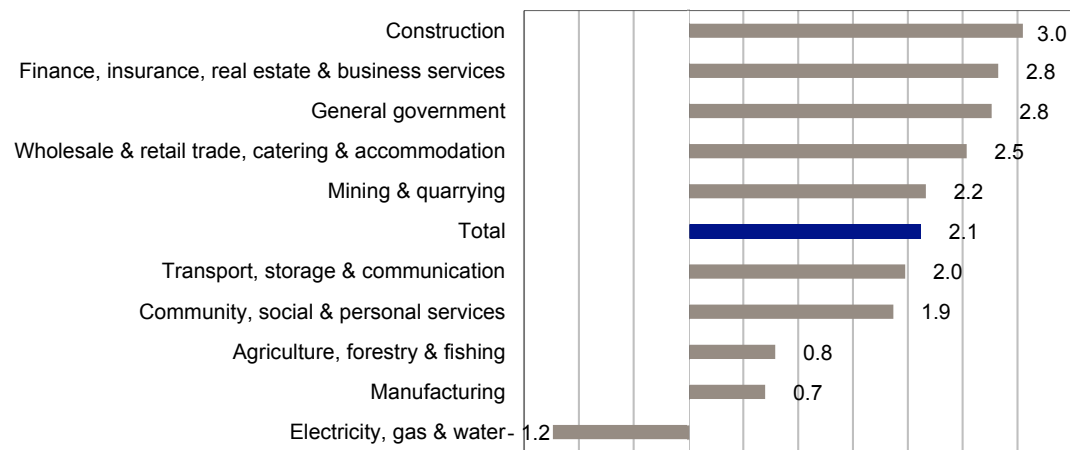


Source: Stats SA, 2018



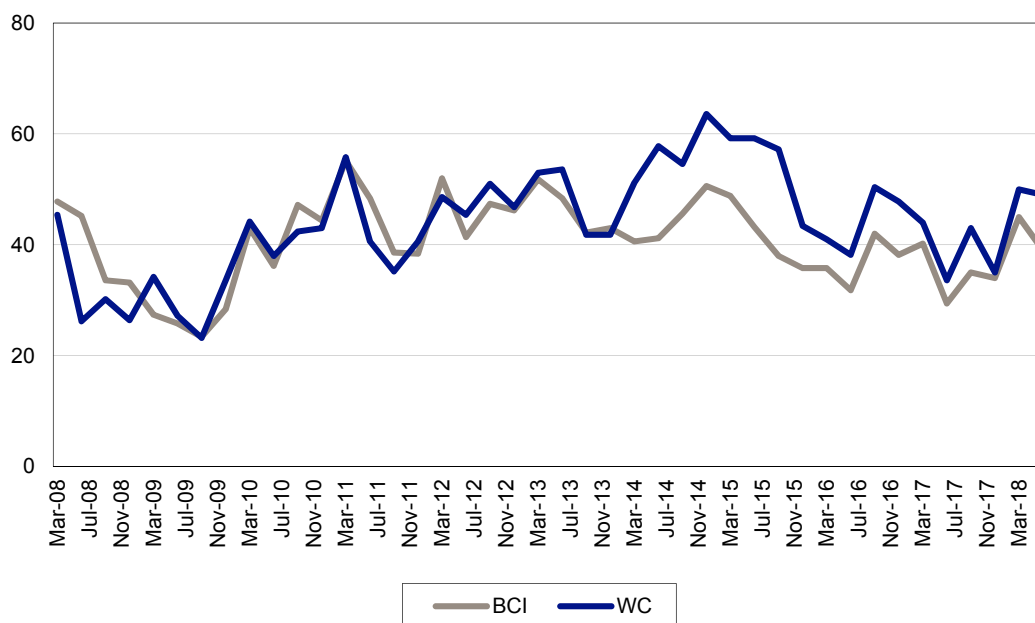
Over the longer term, the fastest growing sector in the Western Cape was the construction sector (3.0 per cent annually between 2012 and 2016) followed by the finance, insurance, real estate and business services and general government services sectors (2.8 per cent for both sectors) (see Figure 6). The worst performing sector was electricity, gas and water (1.2 per cent between 2012 and 2016). This was followed by the manufacturing sector (0.7 per cent) and the agriculture, forestry and fisheries sector (0.8 per cent). It is worth mentioning that the drought in the Province had a noticeable impact on the agriculture, forestry and fisheries sector in 2015 and 2016 already.

**Figure 6 Western Cape average output growth rate per sector, 2012 - 2016**



Source: Stats SA, 2018

Business confidence in the Western Cape averaged 39 index points in 2017, compared to an average of 44 index points in 2016 (see Figure 7). This suggests that growth in the Western Cape economy was under relatively more pressure in 2017. Moreover, national business confidence - as measured by the RMB/BER Business Confidence Index - averaged 35 index points in 2017, compared to 37 in 2016. The narrowing gap in confidence indicates a likelihood that the gap between economic growth in the national economy and the Western Cape economy narrowed too. This was especially true towards the end of 2017. In the fourth quarter of 2017, business confidence in the Western Cape was 35 index points, similar to the national economy level of 34. Accordingly, BER/Quantec estimates show only marginally better provincial growth of 1.3 per cent in 2017 (i.e. in line with the rest of South Africa).

**Figure 7 Western Cape compared to South African business confidence, 2008 - 2018**

Source: Bureau for Economic Research, 2018

Business confidence in the Western Cape recovered somewhat during the first half of 2018 (see Figure 7). It recorded an index level of 50 and 49 in the first and second quarter of 2018. This means that the ratio of businesses that are dissatisfied with the prevailing business environment is almost equal to the number of businesses that are satisfied with prevailing business conditions. The improvement in sentiment is somewhat surprising given the drought and demands on business in the Western Cape to reduce water consumption.

## 2.4.2 Outlook for the Western Cape economy

A sharp moderation in economic growth to 0.2 per cent is expected in the Western Cape in 2018. However, much of this is due to a contraction in output in the agriculture, forestry and fisheries sector because of the drought. Value added in the agriculture, forestry and fisheries sector might decline by close to 25 per cent in 2018. Related to this is the food and beverages manufacturing sector with a likely fall in output of 9.1 per cent in 2018. The poor performance of these sectors contributes greatly to the expectation of muted growth in 2018. Other negative developments include a slowdown in construction sector output as house price growth in the Western Cape becomes more subdued and government infrastructure spending is constrained. Growth in general government services is predicted to remain flat at 0.4 per cent. This is a noticeable turnaround from growth recorded in previous years (1.3 per cent in 2016). Due to base effects in the agriculture, forestry and fisheries sector, growth in the Western Cape is forecast to accelerate to 2.7 per cent in 2019.

The long-term outlook for the Western Cape is in line with that of the national economy (also 2.2 per cent over the period 2018 to 2022). This lack of divergence is skewed by the outlook for 2018 and 2019. In 2018, the Western Cape economy is forecast to underperform the national economy by 1.2 percentage points. However, growth in the Province could again outperform the national economy (by 0.7 percentage points) in 2019. Beyond the next two years, the Western Cape economy is likely to see a return to the trend of the past few years, which saw regional growth outperform the national economy. This is expected to be in the order of 0.1 percentage points in 2020 and 2021, widening to 0.2 percentage points in 2022.

**Table 2 Western Cape economic outlook<sup>7</sup>, 2018 - 2019**

Description	2016	2017 <sup>e</sup>	2018 <sup>f</sup>	2019 <sup>f</sup>	Forecast average (2018 - 2022)
Agriculture, forestry and fishing	-7.2	8.3	-24.6	20.1	1.1
Mining and quarrying	-0.1	2.2	2.1	2.5	2.2
Manufacturing	0.9	0.1	-1.6	3.0	1.7
Electricity, gas and water	-2.4	1.2	1.1	1.3	1.7
Construction	1.3	1.1	0.4	2.1	2.4
Wholesale and retail trade, catering and accommodation	2.2	-0.5	1.4	1.5	2.5
Transport, storage and communication	1.0	1.5	2.4	2.4	2.7
Finance, insurance, real estate and business services	2.3	2.1	2.5	2.5	2.8
Community, social and personal services	1.6	1.4	1.9	2.3	2.4
General government	1.3	0.4	0.4	1.1	1.0
<b>Regional Gross Domestic Product</b>	<b>1.2</b>	<b>1.3</b>	<b>0.2</b>	<b>2.7</b>	<b>2.2</b>

Note: e denotes estimate, f denotes forecast

Source: Bureau for Economic Research/Quantec Research, 2018

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

- After volatile growth in the agriculture, forestry and fisheries sector in 2018 and 2019, growth is forecast to stabilise between 2020 and 2022. Importantly, however, a recovery in output (i.e. where output returns to the level recorded before the water-related decline) is only likely to be achieved beyond the forecast horizon.
- Growth in the manufacturing sector is predicted to remain stable averaging just below 2.0 per cent between 2018 and 2022. The average between 2012 and 2016 was 0.7 per cent, so relative to this, the sector will fare much better. The volatile performance of the manufacturing sector in 2018 and 2019 is due to the previously mentioned shifts in agri-processing (or food and beverage manufacturing).
- Growth in construction activity is likely to fare poorly relative to previous years. Although the growth in activity is set to improve between 2020 and 2022, the average (2.4 per cent) is weaker than that recorded between 2012 and 2016 (3.0 per cent). Part of this relates to the weaker outlook for public sector infrastructure spending.

<sup>7</sup> The forecasts were formulated in July 2018.

- The biggest boost to growth is likely to come from the finance, insurance, real estate and business services sector. Growth has remained resilient over the past few years, due in part to rising house prices. While house price growth might cool over the near term, the sector should get support from broadly better GDP growth.
- Fiscal constraints are expected to remain a feature of the profile of economic growth; hence, the outlook for the general government sector is subdued, averaging 1.0 per cent between 2018 and 2022. Much of this could materialise towards the latter part of the forecast period.

### **2.4.3 Risks to the provincial outlook**

In addition to the risks on a national level, some key risks for the Western Cape include:

- The uncertain rainfall outlook for the Western Cape, especially given its reliance on the agricultural sector and agro-processing for GDP and employment growth.
- Consumer spending makes up a greater portion of regional GDP than in the rest of the country. Therefore, factors that may influence consumer income (or spending power) could have a greater impact in the Western Cape than for South Africa in general. For this reason, the 1 percentage point increase in VAT could negatively affect the Western Cape economy more than the rest of South Africa.
- In contrast, the Western Cape's relatively better performance with respect to unemployment could lift spending relative to the rest of the country.

## **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 as well as discuss some of the larger economic development initiatives that are expected to stimulate the local economy and promote job creation through their implementation. This section will further investigate the impact of the current drought.

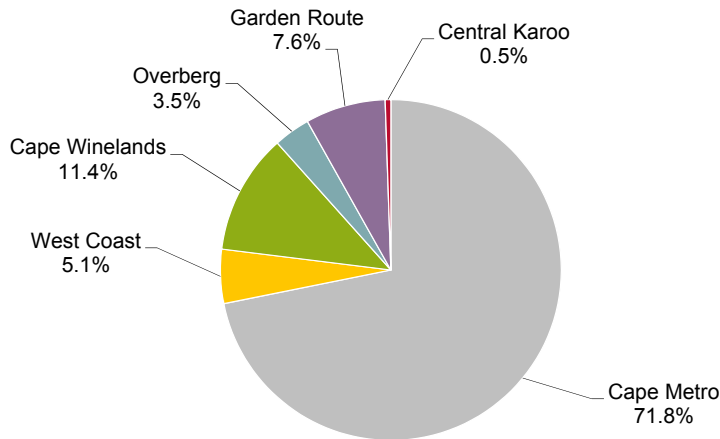
### **3.2 District economic overview**

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

#### **3.2.1 GDP contribution**

Figure 8 illustrates the GDP contribution of the regional areas to the Provincial economy in 2016.

**Figure 8 District contribution to Provincial GDP, 2016 (%)**

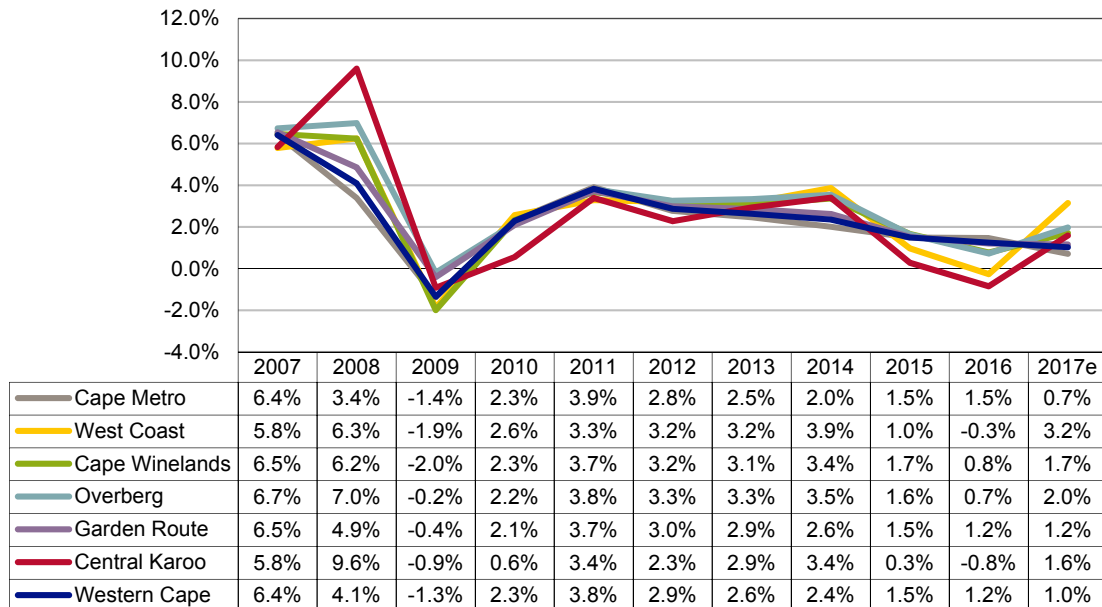


Source: Quantec Research, 2018

The Cape Metro area dominates the economy of the Western Cape, contributing 71.8 per cent (R380.7 billion) to the GDP of the Western Cape in 2016. The second largest economy in the Western Cape is that of the Cape Winelands region (11.4 per cent), followed by the Garden Route<sup>8</sup> region (7.6 per cent).

Figure 9 indicates the long-term GDP growth rate in the Western Cape, Cape Metro and the Districts.

**Figure 9 GDP growth rate per District, 2007 - 2017**



Source: Quantec Research, 2018 (e denotes estimate)

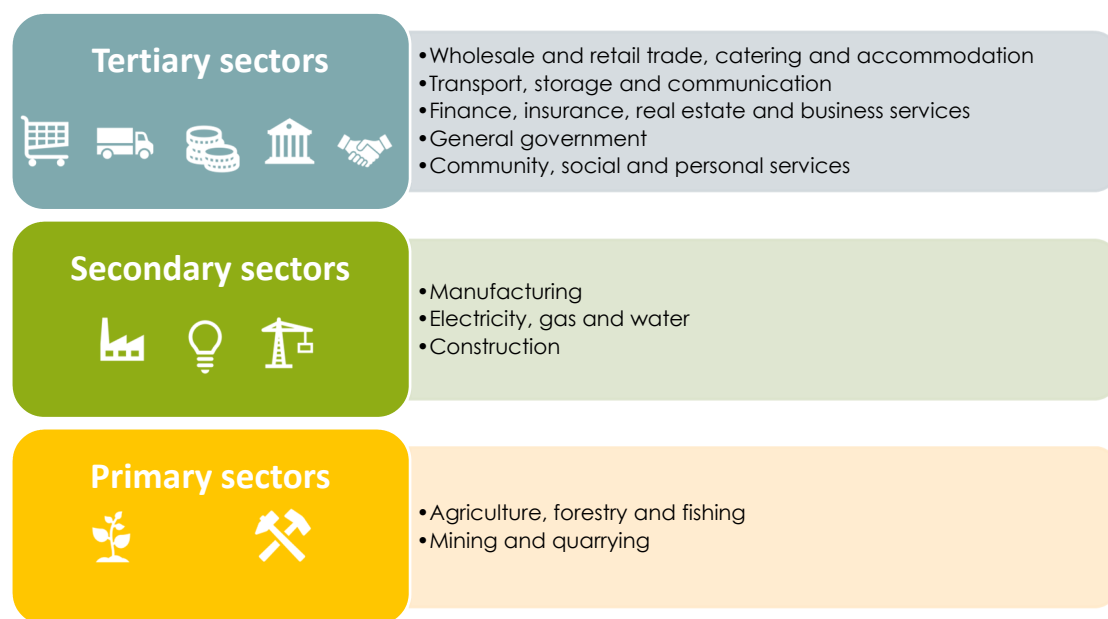
<sup>8</sup> The name of Eden District Municipality has been changed to Garden Route District Municipality in the Western Cape Provincial Gazette dated 24 August 2018.

Figure 9 indicates that growth improved after the 2009 economic recession, however, the GDP growth of the province has been steadily diminishing since 2011. This trend is replicated in the Districts, however, in 2014, there was a spike in growth in the West Coast, Central Karoo and Overberg Districts. These Districts have the smallest economies in the Western Cape, which often result in volatile growth, evident in the poor growth of 2016. It is, however, estimated that all Districts had stronger growth rates in 2017, except the Cape Metro area, on account of higher growth in the agriculture, forestry and fishing sector, which benefitted from positive economic conditions on a national level.

The similar GDP growth trends in the Districts of the Western Cape highlight the relationships and interconnectedness of local economies.

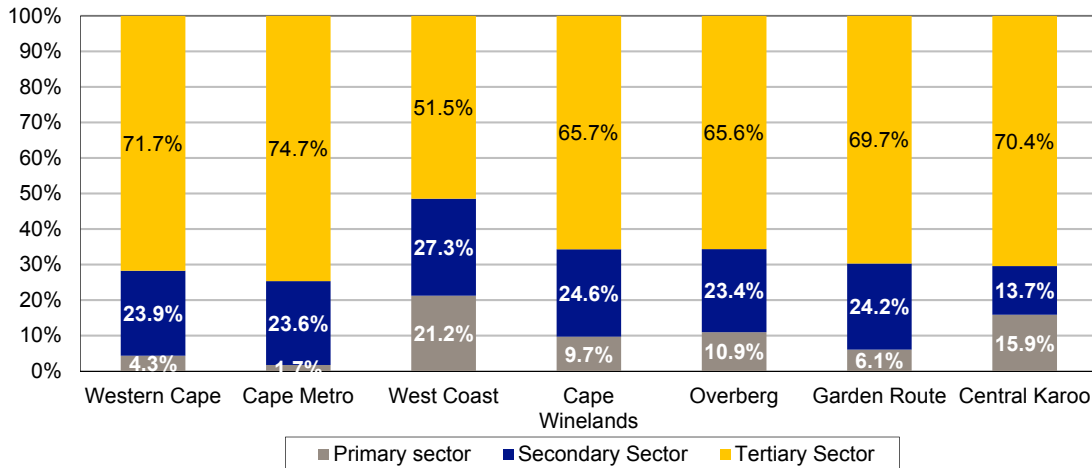
Diagram 1 indicates the GDP contribution of the primary, secondary and tertiary sectors in the Western Cape, the Cape Metro area and the districts. These broad classifications are groupings of sectors by their main activity in the economy as seen in Diagram 1.

**Diagram 1 Outline of economic sectors**



#### **Tourism's contribution to the economy**

Tourism is not a standalone sector and is therefore not listed in the Standard Industrial Classification (SIC) system that is used by Statistics SA to classify economic sectors as seen in Diagram 1. Tourism related activities span a multitude of sectors, for example, the provision of accommodation is included in the retail trade, catering and accommodation sector while services provided through tour buses are incorporated into the transport, storage and communication sector (Statistics SA, 2012).

**Figure 10 GDP contribution per main sector, 2016**

Source: Quantec Research, 2018

The Western Cape economy is dominated by tertiary sector activities (71.7 per cent of GDP), due to the influence of the Cape Metro area. In comparison to the Western Cape, the secondary sector contributes proportionally more to the economy of the West Coast District. The tertiary sector also contributes less to the economy of the West Coast District compared to its contribution to other Districts.

The primary sector, particularly the agriculture, forestry and fishing sector, makes a large contribution to the Districts of the Western Cape, whether through primary production or for inputs for the manufacturing sector.

Table 3 indicates the sectoral GDP per region in 2016.

**Table 3 Sectoral GDP contribution per District, 2016 (%)**

Sector	Western Cape	Cape Metro	West Coast	Cape Winelands	Overberg	Garden Route	Central Karoo
<b>Primary Sector</b>	<b>4.3</b>	<b>1.7</b>	<b>21.2</b>	<b>9.7</b>	<b>10.9</b>	<b>6.1</b>	<b>15.9</b>
Agriculture, forestry and fishing	4.1	1.5	20.2	9.5	10.8	5.7	15.8
Mining and quarrying	0.3	0.2	1.1	0.2	0.1	0.4	0.1
<b>Secondary Sector</b>	<b>23.9</b>	<b>23.6</b>	<b>27.3</b>	<b>24.6</b>	<b>23.4</b>	<b>24.2</b>	<b>13.7</b>
Manufacturing	15.4	15.3	20.3	15.7	13.5	14.5	2.5
Electricity, gas and water	2.9	3.0	2.0	2.3	2.5	3.1	5.7
Construction	5.6	5.3	5.0	6.6	7.4	6.6	5.6
<b>Tertiary Sector</b>	<b>71.7</b>	<b>74.7</b>	<b>51.5</b>	<b>65.7</b>	<b>65.6</b>	<b>69.7</b>	<b>70.4</b>
Wholesale and retail trade, catering and accommodation	17.1	16.9	15.3	18.4	19.1	17.9	14.5
Transport, storage and communication	11.0	11.5	8.2	9.5	10.8	10.0	14.9
Finance, insurance, real estate and business services	25.4	27.7	11.4	19.9	20.1	24.9	10.6
General government	11.5	12.0	10.5	10.5	9.0	10.2	20.9
Community, social and personal services	6.7	6.6	6.1	7.5	6.6	6.7	9.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

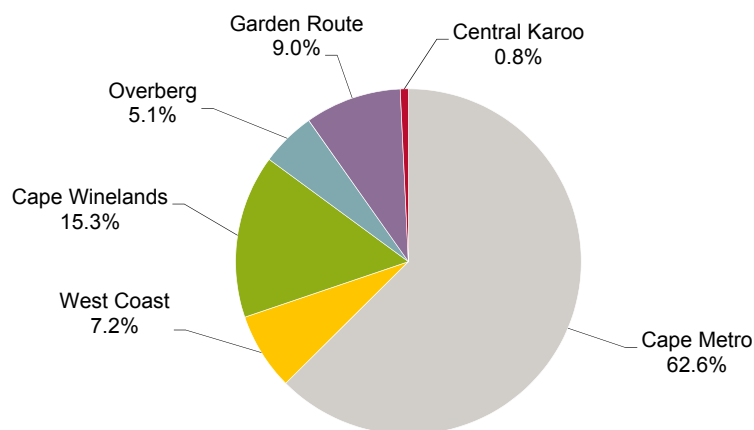
Source: Quantec Research, 2018

The manufacturing, the wholesale and retail trade, catering and accommodation, and the finance, insurance real estate and business services sectors are the main economic drivers of most regions in the Western Cape. The agriculture, forestry and fishing sector also makes a large contribution to the GDP of the West Coast and Central Karoo regions. The Central Karoo region has a different economic structure compared to other regions in that the general government is the largest economic sector, contributing 20.9 per cent to the District's economy.

### 3.2.2 Employment contribution

Figure 11 illustrates the contribution to Provincial employment by each District and the Cape Metro area.

**Figure 11 District contribution to Provincial employment, 2016 (%)**



Source: Quantec Research, 2018

The Cape Metro area contributes the most to employment in the Western Cape. Due to its close proximity to the Cape Winelands District, there is an interdependence between the Cape Metro area and the Cape Winelands District in terms of employment and economic activity. The Cape Winelands District contributed 15.3 per cent to employment in 2016 and the Garden Route District contributed 9 per cent. The Central Karoo has the lowest population in the Western Cape and contributed 0.8 per cent to employment in 2016.

Table 4 indicates the trend in employment growth in each District and the Cape Metro area.



**Table 4 Employment contribution and average growth rate per district, 2012 - 2017**

District	Number of Jobs 2016	Trend		Employment (Net Change)					
		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Cape Metro	1 539 808	223 962	144 538	29 220	35 904	28 857	40 380	10 177	31 971
West Coast	177 604	1 717	30 128	6 386	7 956	414	15 819	-447	1 493
Cape Winelands	376 381	32 228	57 166	10 677	14 111	4 215	28 400	-237	8 465
Overberg	126 425	10 535	18 663	3 740	4 692	1 501	9 146	-416	3 037
Garden Route	222 010	20 507	24 769	4 956	6 617	3 470	10 408	-682	4 979
Central Karoo	18 732	258	2 222	400	514	70	1 354	-116	156
<b>Western Cape Province</b>	<b>2 460 960</b>	<b>289 207</b>	<b>277 486</b>	<b>55 379</b>	<b>69 794</b>	<b>38 527</b>	<b>105 507</b>	<b>8 279</b>	<b>50 101</b>

Source: Quantec Research, 2018

Job creation slowed in 2016, with all the Districts shedding jobs. However, it is estimated that in 2017 job creation increased, recovering the jobs lost in 2016. It is estimated that the Cape Metro area contributed the most to employment creation in the Western Cape (31 971 jobs), followed by the Cape Winelands District (8 465).

Table 5 indicates the sectoral employment contribution to the Provincial economy by each district and the Cape Metro area.

**Table 5 Sectoral employment contribution per District, 2016 (%)**

Sector	Western Cape	Cape Metro	West Coast	Cape Winelands	Overberg	Garden Route	Central Karoo
<b>Primary Sector</b>	<b>10.7</b>	<b>3.0</b>	<b>39.5</b>	<b>22.7</b>	<b>22.7</b>	<b>13.2</b>	<b>25.7</b>
Agriculture, forestry and fishing	10.7	2.9	39.3	22.6	22.7	13.1	25.7
Mining and quarrying	0.1	0.1	0.3	0.0	0.0	0.1	0.0
<b>Secondary Sector</b>	<b>16.7</b>	<b>18.1</b>	<b>13.1</b>	<b>14.2</b>	<b>14.7</b>	<b>16.2</b>	<b>7.1</b>
Manufacturing	10.1	11.2	9.0	8.2	7.6	8.9	1.6
Electricity, gas and water	0.4	0.4	0.2	0.3	0.3	0.4	0.6
Construction	6.2	6.5	3.9	5.7	6.7	6.9	4.9
<b>Tertiary Sector</b>	<b>72.6</b>	<b>78.9</b>	<b>47.4</b>	<b>63.2</b>	<b>62.6</b>	<b>70.6</b>	<b>67.2</b>
Wholesale and retail trade, catering and accommodation	22.4	23.3	16.0	21.2	21.6	23.9	21.2
Transport, storage and communication	4.4	4.9	2.4	3.4	3.8	4.1	4.3
Finance, insurance, real estate and business services	18.6	21.4	8.4	14.5	15.4	17.3	8.3
General government	12.1	13.4	9.8	9.8	8.2	10.3	17.8
Community, social and personal services	15.1	15.9	10.7	14.4	13.6	15.1	15.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The sectoral employment contribution is similar to that of GDP contribution in that the most employment opportunities are created in the tertiary sector in the Western Cape. However, in the non-Metro District, the agriculture, forestry and fishing sector is one of the key sectors in terms of employment. Particularly in the West Coast, Cape Winelands, Overberg and Central Karoo Districts. The agriculture, forestry and fishing sector

provided employment for 39.3 per cent, 22.6 per cent, 22.7 per cent, and 25.7 per cent of workers respectively in these Districts in 2016.

### 3.2.3 Municipal procurement tenders' contribution to GDP

The Metro, District and local municipalities contribute to GDP through procurement tenders awarded to companies for various projects including construction, transport, business services, and information technology, among others. During the 2016/17 financial year, Western Cape municipalities awarded tenders amounting to just over R20 billion as shown in Table 6.

**Table 6 Procurement tenders awarded per Western Cape municipality, 2016/17**

<b>Municipality</b>	<b>Contract value (Rands)</b>
City of Cape Town	17 170 270 158.60
Drakenstein	947 667 071.70
Saldanha Bay	302 169 778.08
Overstrand	242 487 443.94
Breede Valley	202 995 224.15
Theewaterskloof	160 606 573.63
Mossel Bay	149 148 992.52
George	146 080 715.13
West Coast District	91 035 728.46
Hessequa	78 528 586.96
Langeberg	71 769 721.04
Witzenberg	70 592 226.00
Bitou	67 295 864.08
Bergrivier	52 213 361.58
Oudtshoorn	48 785 130.86
Stellenbosch	46 345 639.80
Cape Winelands District	44 948 293.29
Garden Route District	34 355 453.03
Swartland	32 719 960.03
Swellendam	27 884 755.97
Cape Agulhas	23 669 071.51
Overberg District	4 820 819.84
Laingsburg	4 448 987.90
Beaufort West	4 108 567.70
<b>Grand Total</b>	<b>20 024 948 125.80</b>

Source: Provincial Treasury Supply Chain Unit, 2018

The highest value of procurement contracts in 2016/17 was from the Cape Metro (R17.1 billion) while the lowest was from Beaufort West (R4.1 million). Besides the Cape Metro, seven other municipalities had procurement tenders amounting to over R100 million rand, including Drakenstein (R947.7 million), Saldanha Bay (R302.2 million), Overstrand (R242.5 million), and Breede Valley (R202.9 million). Of the 5 District Municipalities in the Province, the West Coast District Municipality had the highest value of procurement contracts (R91 million), followed by Cape Winelands District

(R44.9 million), Garden Route (R34.4 million) and Overberg (R4.8 million). No information is reflected for the Central Karoo District Municipality.

In total there were 3 522 procurement tenders awarded by Western Cape municipalities in 2016/17, in a wide range of areas including equipment hire, construction, financial services, engineering services, business services, and many more. The hundreds of companies winning the tender bids employ local labour in certain instances, thereby contributing to employment in the municipal areas. Table 7 shows the procurement contracts, number of tenders and number of companies winning procurement bids in the Western Cape Province between January and March 2018.

**Table 7 Procurement by Western Cape municipalities, January to March 2018**

Municipalities	Tender value (Rands)	Number of companies	Number of tenders	Economic sectors
City of Cape Town	172 167 606.04	9	13	Business services, construction, transport
Laingsburg	12 908 220.00	4	4	Construction; Business services
Oudtshoorn	4 512 590.80	4	4	Financial services, Business Services
Mossel Bay	113 937 978.38	4	4	Transport, Media, Business services, ICT
Hessequa	43 587 546.24	26	30	Business services, ICT, communication, Transport, Engineering, Construction
George	25 479 701.26	43	45	Business services, engineering, financial services, construction, IT, Transport
Garden Route District	6 741 032.05	6	6	Business services, ICT, communication, Transport, Engineering, Construction
Witzenberg	22 569 090.00	14	14	Business services, engineering, financial services, construction, IT
Langeberg	24 985 919.54	10	10	Transport, Media, Business services, ICT
Breede Valley	115 919 624.66	53	90	Business services, ICT, communication, Transport, Engineering, Construction
Drakenstein	185 831 563.29	100	264	Business services, engineering, financial services, construction, IT, Transport
Cape Winelands District	21 170 007.55	37	38	Business services, ICT, communication, Transport, Engineering, Construction
Theewaterskloof	22 889 713.86	22	23	Business services, engineering, financial services, construction, IT,
Overstrand	46 379 442.15	25	27	Transport, Media, Business services, ICT
Cape Agulhas	8 126 288.73	11	13	Business services, ICT, communication, Transport, Engineering, Construction
Bergrivier	1 300 731.00	4	4	Business services, engineering, financial services, construction, IT,
Saldanha Bay	30 420 529.88	70	89	Transport, Media, Business services, ICT
Swartland	3 120 082.09	14	16	Business services, ICT, communication, Transport, Engineering, Construction
West Coast District	2 357 748.72	6	6	Business services, engineering, financial services, construction, IT, Transport
<b>Total</b>	<b>804 637 234.55</b>	<b>462</b>	<b>700</b>	

Source: Provincial Treasury Supply Chain Unit, 2018

Table 7 shows that 700 procurement contracts amounting to R804.6 million were awarded to 462 companies within the first three months of 2018. Municipalities that are not on the list in the first three months of 2018 include Kannaland, Central Karoo District, Knysna, Bitou, Stellenbosch, Cape Agulhas, Swellendam, Overberg District, Prince Albert, Beaufort West and Matzikama. The reason could be challenges in the Supply Chain Management departments in these municipalities or there were simply no procurement tenders scheduled for that time period.

### 3.2.4 Infrastructure development

In fulfilment of Provincial Strategic Goal 1 (PSG 1) and its infrastructure-led approach towards broad-based growth and development, the Western Cape Government will spend R25.232 billion towards infrastructure development across the 2018 Medium Term Expenditure Framework (MTEF). These funds will be applied towards new assets, replacements, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets. An additional R1.457 billion will be invested in Broadband and R236.162 million in Public Private Partnerships.

The R25.232 billion will be split amongst the various districts by taking into consideration a wide array of socio-economic variables, most notably anticipated population growth trends as well as estimated economic growth potential, the latter being influenced largely by the 2014 Growth Potential Study of Towns (Donaldson et al, 2014).

**Table 8 Vote classification of infrastructure spend per District, 2018 MTEF**

Department	Across Districts	Cape Winelands	Central Karoo	City of Cape Town	Garden Route	Overberg	West Coast	Total
Cape Nature	106 744	-	-	-	-	16 000	-	122 744
Education	2 523 835	284 157	-	1 368 652	208 379	83 280	285 700	4 754 004
Health	871 565	158 699	32 389	1 127 929	59 647	54 649	280 689	2 585 567
Human Settlements	643 951	876 293	155 990	2 724 484	945 070	577 004	439 490	6 362 284
Public Works	888 138	90 094	-	408 881	79 222	56 686	89 847	1 612 868
Road Transport	618 377	2 313 137	301 740	2 307 401	1 831 129	1 035 030	1 362 821	9 769 638
Social Development	450	5 771	118	11 554	4 734	483	2 245	25 355
<b>Total</b>	<b>5 653 060</b>	<b>3 728 151</b>	<b>490 237</b>	<b>7 948 901</b>	<b>3 128 181</b>	<b>1 823 132</b>	<b>2 460 792</b>	<b>25 232 460</b>

Source: *Western Cape Estimates of Provincial Revenue and Expenditure, 2018*

The bulk of Provincial infrastructure spending will be directed towards the Cape Town Metro (R7.949 billion; 31.5 per cent). Substantial infrastructure development commitments have also been made towards the Cape Winelands (R3.728 billion; 14.8 per cent) and Garden Route (R3.128 billion; 12.4 per cent). Districts receiving smaller allocations are the West Coast (R2.461 billion; 9.8 per cent), Overberg (R1.823 billion; 7.2 per cent) and Central Karoo (R490.237 million; 1.9 per cent) regions.

Public infrastructure spend for each region, supplemented by data on municipal capital budget spend, will be unpacked in more depth throughout this publication.

### 3.3 Economic development initiatives

Project Khulisa was initialised by the Western Cape Government under the first goal of the Provincial Strategic Plan for the period 2014 to 2019. The goal is to create opportunities for economic growth and jobs. The focus areas for Project Khulisa include the following three sectors, namely, tourism, agri-processing and oil and gas (Western Cape Department of Agriculture, Department of Economic Development and Tourism, 2016).

Diagram 2 outlines the goal and strategic pillars that need to be implemented in order to reach the identified goals for each of the identified target sectors.

**Diagram 2 Project Khulisa goals**

	TOURISM	AGRI-PROCESSING	OIL and GAS
GOAL	Achieve an increase in tourism GVA from R17 billion to R28 billion and to grow tourism jobs by up to 100 000	Increase the sector's GVA contribution from R12 billion to R26 billion, potentially creating a further 100 000 formal jobs	Increase the sector's GVA contribution from R1 billion to R3 billion and increase direct jobs by up to 60 000
STRATEGIC PILLARS	<ul style="list-style-type: none"> <li>Boost awareness of the Western Cape in key markets</li> <li>Improve accessibility to Cape Town and the regions</li> <li>Boost the attractiveness of the region through competitive product offering and compelling packaging</li> </ul>	<ul style="list-style-type: none"> <li>Grow the Western Cape's share in the global Halal market from &lt;1% to 2% by 2025</li> <li>Double the value of wine and brandy exports to China and Angola by 2025</li> <li>Increase local production capacity to process agricultural products</li> </ul>	<ul style="list-style-type: none"> <li>Expand suitable infrastructure and service industrial facilities to transport Saldanha Bay into a free port and rig repair hub</li> </ul>

*Source: Adapted from Western Cape Department of Economic Development and Tourism, 2017*

The following subsections will provide an overview of some of the key initiatives that have been undertaken in order to implement Project Khulisa.

#### 3.3.1 Tourism - Cape Town Air Access

Improving access to Cape Town and thereby boosting tourism in the Western Cape is one of the key strategic pillars of Project Khulisa. Improving the air access also holds benefits for unlocking new investments and trade opportunities. The Cape Town Air Access initiative began in 2015 and by the end of 2016, the initiative assisted in establishing seven new air routes into Cape Town as well as expanding ten existing routes. These achievements have resulted in an additional estimated 600 000 seats to the Cape Town network at the time (Wesgro, 2017).

In March 2018, new routes were secured with three airlines, and an additional expansion of six routes connecting Cape Town with four new destinations were created. The new routes connect Cape Town to Kigali, Nairobi, Vienna and Hong Kong (DEDT, 2018).

### **3.3.2 Agro-processing - Halal Industrial Park**

In support of Provincial Strategic Goal 1: Create opportunities for growth and jobs, one of the strategic intents of the Western Cape provincial government is to capture a larger share of the global Halal market valued at USD 1.1 trillion in 2015. This market is expected to grow to north of USD 2 trillion by 2023 (Thomson Reuters: 2015).

With the aim of growing the Western Cape's share of the global Halal market from less than 1 per cent to at least 2 per cent by 2025, the provincial government has undertaken a feasibility study for a Halal Industrial Park. The Park is envisioned as an agglomeration of halal producers and service providers within a dedicated and bounded industrial area - which will improve market access. Concurrently, the provincial Department of Agriculture has undertaken a Value Chain Analysis to underscore the linkages which would support this proposed industrial park.

The Provincial government has identified three possible locations for the industrial park: Cape Town International Airport (Cape Metro area), Lynedoch (Stellenbosch Municipality) and in Klapmuts (Stellenbosch Municipality). The creation of this industrial park will not only contribute to the global Halal market but will increase the sectors GVA contribution and lead to substantial job creation.

At present, the Western Cape exports R10 billion (\$770 million) or 0.3 per cent of the global Halal food industry. New entrants to the industry are many non-Muslim majority countries, which have invested significant infrastructure in this niche industry. It is estimated that 70 per cent of halal products are produced by non-Muslims (Western Cape, 2018). For example, the South Korean government has invested in a Korean Institute of Halal Industry, which created the Korean National Halal Food Standard in collaboration with a Malaysian Halal food standards body. The Korean Institute has certified over 200 companies since 2014. (Western Cape, 2018) With growing markets in non-Muslim countries, such as Germany, France, the US and China, there is expected growth in the market. South Africa's current contribution, while small, speaks to the knowledge, skill and ability to grow in the niche market.

The Western Cape Provincial Government is also collaborating with industry, the Halal Consultative Forum and Halal Certifying Bodies, to promote Cape Town as the Halal Gateway to Africa, and the Western Cape, as a Halal investment and Muslim-friendly tourism destination.

### **3.2.3 Oil and gas - Saldanha Bay IDZ**

The Saldanha Bay IDZ plays a key role in promoting and developing the oil and gas sector in the Western Cape. Since the Saldanha Bay IDZ was designated in 2013 (South African Oil and Gas Alliance, 2018), its successes include (Saldanha Bay IDZ Licencing Company (SOC) Ltd, 2017):

- The Saldanha Bay Licencing Company (LiCo) was established in 2016
- Internal engineering services and the upgrade of the Saldanha Bay Waste Water Treat Works was completed in 2016

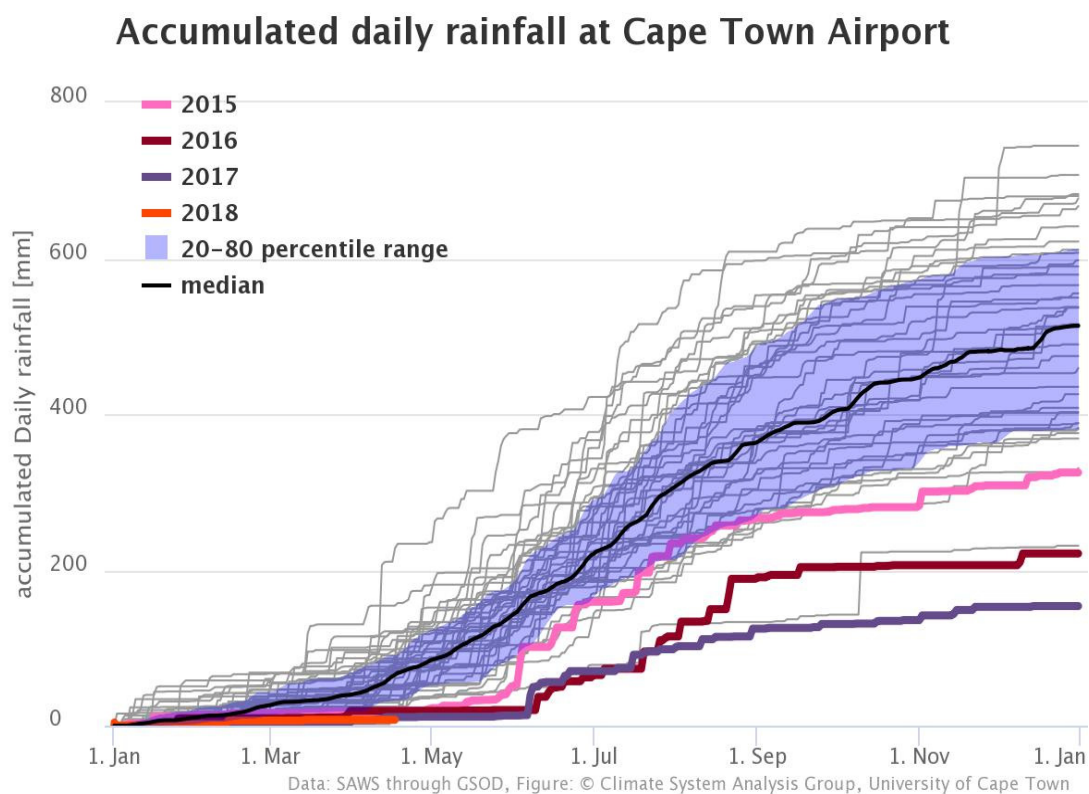
- In April 2017, the Department of Economic Development and Tourism became the 100 per cent shareholder of LiCo (DEDT, 2018)
- In 2017, 75 hectares of land in the IDZ was fully zoned, had internal engineering services and were ready for operation
- By June 2017, the IDZ had 41 potential investors (worth R15.8 billion), with the majority being domestic investors (70.7 per cent). The activities of the potential investors will be mainly fabrication and engineering- and logistics-related
- In the 2017/18 financial year, LiCo signed a lease agreement with Transnet National Port Authority (TNPA) for 35 hectares of land. This lease agreement will enable LiCo to provide infrastructure to ready the space for occupation by investors
- In the 2017/18 financial year, three investors signed agreements to occupy space at the IDZ (DEDT, 2018)

Another achievement in developing the oil and gas industry is the TNPA appointment of Saldecho as the operator for the Offshore Supply Base (OSSB) at the Port of Saldanha in April 2018. This will be South Africa's first dedicated facility supporting off-shore oil and gas activities (Transnet, 2018).

### **3.4 Provincial drought**

As seen in Section 3.1, the agriculture, forestry and fishing sector is a key contributor to the economy of the Western Cape and essential for employment. This section will provide an overview of the provincial drought and its expected impact on the economy of the Western Cape.

The Provincial drought had its onset in 2015 with lower than average rainfall. To illustrate the decline in rainfall in the province, Figure 12 outlines the daily rainfall measured at the Cape Town Airport below.

**Figure 12 Accumulated daily rainfall at Cape Town Airport**

Source: *Climate Systems Analysts Group, 2018*

The current drought in the Province is characterised by four different drought types, namely (Western Cape Department of Agriculture, 2017):

1. Meteorological drought, which is caused by an extended period with below long-term average rainfall.
2. Hydrological drought, where surface and subsurface water resources become stressed due to reduced rainfall.
3. Agricultural drought, where water availability is reduced to levels that are below optimal for growing crops, resulting in impaired growth and reduced yields.
4. Socio-economic drought, which occurs when the demand for freshwater exceeds the available supply.

With the lack of rainfall, dam levels declined, putting pressure households, industry and farmers across the Province. In May 2017, the continuing drought was declared a provincial disaster area (Western Cape Government, 2017), which escalated to the Western Cape, Northern Cape and Eastern Cape being declared national disaster areas in February 2018 (Department of Co-operative Governance and Traditional Affairs, 2018). This allowed additional funds to be made available for drought relief.



Table 9 outlines the declining water levels in the Western Cape state dams from 2015 to the beginning of 2018.

**Table 9 State dam levels in the Western Cape (% capacity), 2015 - 2018**

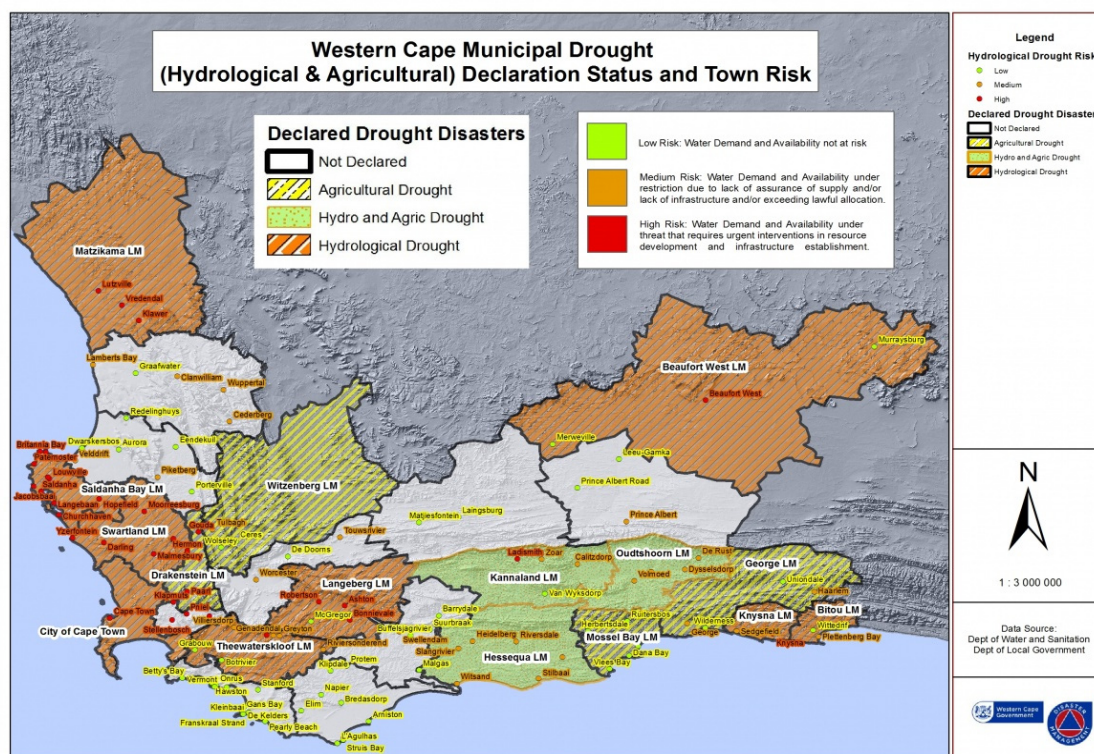
Dam	Nearest town	Municipal area	2015*	2016*	2017*	2018*	2018**
Theewaterskloof	Villiersdorp	Theewaterskloof (Overberg)	68	46	23	16	52.1
Brandvlei	Worcester	Breede Valley (Cape Winelands)	53	50	30	21	54.1
Voëllei	Tulbagh	Witzenberg (Cape Winelands)	38	63	27	21	83.7
Berg River	Franschhoek	Stellenbosch (Cape Winelands)	80	67	65	57	97.6
Clanwilliam	Clanwilliam	Cederberg (West Coast)	70	86	33	22	99.4
Floriskraal	Laingsburg	Laingsburg (Central Karoo)	24	12	2	1	6.3
Gamka	Beaufort West	Beaufort West (Central Karoo)	18	22	0	0	0
Kammanassie	Oudtshoorn	Oudtshoorn (Garden Route)	95	12	5	5	5.7
Stompdrift	De Rust	Oudtshoorn (Garden Route)	53	15	3	3	6
Wolwedans	Groot Brak River	Mossel Bay (Garden Route)	100	98	86	79	79.1
Garden Route	George	George (Garden Route)	100	75	76	78	70.9
Korentte-Vette	Riversdale	Hessequa (Garden Route)	100	91	63	53	37.8
Duiwenhoks	Heidelberg	Hessequa (Garden Route)	101	99	99	80	69.5
<b>Total</b>			<b>63</b>	<b>54</b>	<b>43</b>	<b>28</b>	<b>61.6</b>

Source: Adapted from Western Cape Department of Agriculture, 2016 - 2018 (\*Dam levels measured at 27/28 November and + 2018 dam levels measured at 8 January, ++ and 17 September)

Across the Province, dam levels declined significantly compared to levels in 2015. By January 2018, the majority of dams stood below 50 per cent capacity, except those in the Garden Route District and the Berg River dam in Franschhoek. Rainfall did improve in the 2018 winter, with the average dam level in September 2018 in the Western Cape standing at 61.6 per cent capacity (WCDa, 2018). Some areas are still however under stress with very low dam levels, including dams in the Central Karoo and Garden Route Districts, particularly the Floriskraal, Gamka, Kammanassie and Stompdrift dams.

Map 1 indicates the municipalities that are under pressure and the towns that are classified as 'high risk' for demand being greater than supply. These towns require interventions in resource development and infrastructure.

**Map 1 Western Cape municipal drought status, 2017**



Source: Western Cape Department of Water and Sanitation, and Department of Local Government, 2017

The only municipalities that did not have water restrictions in place by April 2018 were the Mossel Bay, Oudtshoorn and Swellendam Municipalities. The Municipalities that had the highest restrictions in place (Levels 5 - 6b) include the City of Cape Town and the Drakenstein, Saldanha, Stellenbosch and Swartland Municipalities, where residents were limited to 50 litres per person of water per day (Western Cape Government, 2018).

By September 2018 the winter rainfall and increasing dam levels did relieve some restrictions, with the City of Cape Town announcing a change from Level 6B to Level 5 commencing from 1 October 2018. Areas such as the Oudtshoorn Municipality that received less rain and where dams are still under stress (Map 1), had to implement restrictions (Western Cape Government, 2018).

### 3.4.1 Agricultural impact

The Western Cape economy is highly reliant on the agriculture sector and related industries. The agricultural sector in the Province consists of an estimated 6 653 large-scale commercial farmers as well as 9 480 emerging farmers. Furthermore, approximately 50 000 poorer families are dependent on irrigated backyard gardening (Pienaar & Boonzaier, 2018). These families are typically dependent on municipal water for their irrigation purposes. With municipal water restrictions in place, food security for many households is threatened (Pienaar & Boonzaier, 2018).

The drought has impacted the Province by leading to a decline in employment for farmworkers, exports, production and investment. It is estimated that since the onset of the drought, employment losses for farm workers range between 28 000 to 35 000, while exports are expected to decline by between 13 per cent and 20 per cent<sup>9</sup> (Pienaar & Boonzaaier, 2018).

Table 10 outlines the economic impact of the drought based on the main commodities produced in the Province.

**Table 10 Economic impact of the drought on the Western Cape agricultural sector**

Industry	Total production 2016/17 (million tonnes)	Estimated total production 2017/18 (million tonnes)	Production decline (%)	Gross value added (GVA) shock, 2016/17 vs 2017/18 (R million)	Job losses
Wine grapes	1.60	1.28	-20.0	-591.21	-2 809
Table grapes	0.19	0.15	-18.1	-787.36	-4 019
Pome fruit	1.38	1.26	-8.7	-898.26	-9 635
Stone fruit	0.32	0.29	-8.2	-458.26	-2 070
Citrus	0.31	0.29	-7.7	-259.24	-1 280
Alternative fruit (figs)	0.01	0.01	-8.5	-36.35	-220
Major vegetables (potatoes, onions, butternut, pumpkin, carrots, cabbage)	1.10	0.88	-20.2	-78.73	-2 716
Grains (wheat, canola, barley)	1.56	0.99	-36.7	-2 812.97	-7 482
<b>Total</b>	<b>6.46</b>	<b>5.15</b>	<b>-20.4</b>	<b>-5 922.37</b>	<b>-30 230</b>

Source: Adapted from Pienaar & Boonzaaier, 2018

It is estimated that agricultural production will decline by 20.4 per cent as a result of the drought, which translates to a GVA loss of R5.9 billion and 30 230 jobs in the agricultural sector.

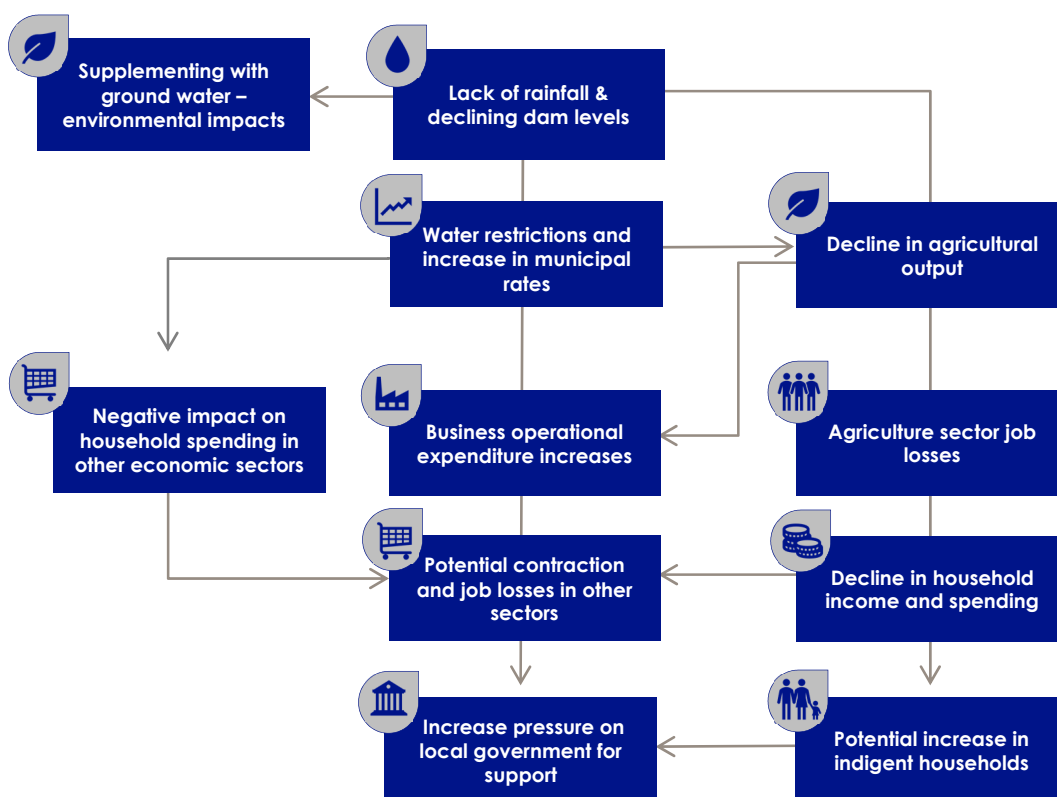
### 3.4.2 Broader impact

As discussed in the previous subsection, the drought is having a significant impact on the agriculture industry in terms of its contribution to the economy and employment. The impact of the drought is multiplied through its effect on local communities and municipalities, especially those who are highly dependent on the agricultural industry for employment.

<sup>9</sup> Excluding wine exports

Diagram 3 outlines the potential broader impact of the drought on local economies.

**Diagram 3 Broader economic impact**



Source: Urban-Econ, 2018

Job losses in the agricultural sector will reduce the spending of households in the local economy, and can lead to an increase in indigent households that are dependent on the local municipality for free basic water, electricity and sanitation services. The reduced household spending impacts other economic sectors, especially the retail and community and social services sectors.

With the lack of water to function optimally, businesses, especially those in manufacturing and construction will be negatively impacted, which can result in further job losses. As municipal rates increase in order to curb water usage, households' and businesses' payment of municipal accounts could decline, increasing municipal debt.

### 3.5 Concluding remarks

Global economic growth is set to accelerate further in 2018, led by the US. However, unlike in 2017, growth is likely to be less synchronized across countries. Risks to the outlook have intensified noticeably in recent months, especially those posed by current trade developments and capital outflow from emerging markets. Economic output in South Africa rebounded in 2017 on the back of a better performance by the primary sector. However, a poor start to the year as well as continued policy uncertainty has put a damper on growth in 2018. A more pronounced rise in economic growth is predicted for 2019, led by private sector fixed investment. This is largely due to an improved investment environment expected particularly after the 2019 elections. The Western Cape has followed a different growth pattern from that of the national economy. After increasing at twice the rate of the national economy in 2016, growth remained stable in 2017. However, the outlook for 2018 is weakened by the drought led fall in output in the agriculture, forestry and fisheries and agri-processing sectors. As such, a meagre growth of 0.2 per cent is expected. However, a rebound in the agriculture, forestry and fisheries and agri-processing sectors in 2019 should result in a strong uptick in GDP to 2.7 per cent. Over the longer term, growth is likely to average 2.2 per cent between 2018 and 2022. Towards the latter part of this period, the Western Cape may once again outperform the rest of the country.

Economic development initiatives in the Western Cape are geared towards the tourism industry, agro-processing and the oil and gas industry. Initiatives such as improving the air access to Cape Town, the Halal Industrial Park, and the Saldanha Bay IDZ is will unlock new investment, promote and develop key industries.



## **SECTION B: WESTERN CAPE REGIONS**

- **Cape Metro**
- **West Coast District**
- **Cape Winelands District**
- **Overberg District**
- **Garden Route District**
- **Central Karoo District**





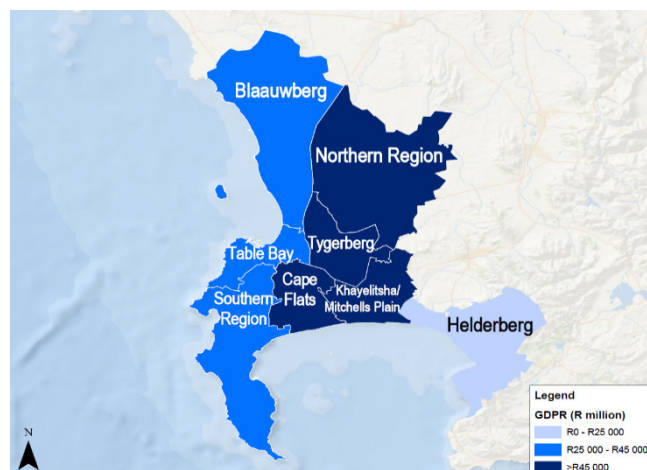
# Cape Metro

# 1

## Regional economic review and outlook

### 1.1 Introduction

The Cape Metro<sup>1</sup> area is a vibrant metropolitan area that dominates the economy of the Western Cape. The Cape Metro area is not only the commercial hub of the Province but is also a valuable national port and tourist destination. In 2016, the Cape Metro area contributed 71.8 per cent to the GDP of the Western Cape and provided employment for 1 539 808 people (62.6 per cent of employment in the Western Cape).



<sup>1</sup> City of Cape Town refers to the municipal entity, while the Cape Metro area refers to the geographical area that falls within the City of Cape Town service delivery area.

This chapter provides a macroeconomic outlook of the Cape Metro area, an overview of trends between 2012 and 2017 (estimated) and an outlook regarding GDP for 2018 and 2019. Further indicators of economic activity in the Cape Metro area are also discussed in this section, which includes an analysis of the location quotient, a breakdown of the manufacturing subsectors, international trade, and the local business environment.

## **1.2 Organisational Development and Transformation Plan (ODTP)**

During the 2017/18 financial year, the City of Cape Town has undertaken the Organisational Development and Transformation Plan (ODTP) in order to promote service delivery and spatial transformation in the Cape Metro area. As part of the ODTP, the City of Cape Town established an Area-Based Service Delivery Directorate which ensures that all service delivery departments are operational, functional and measurable within the strategic pillars as identified by the City of Cape Town. Furthermore, as part of the ODTP, the Cape Metro area has been divided into four areas that will form the basis of the area-based service delivery model. These four areas include (City of Cape Town, 2017):

- North - Mamre, Atlantis, Durbanville, Melkbos, Milnerton, Brooklyn, Maitland, Langa, Kraaifontein, Observatory, Cape Town, Sea Point, Camps Bay and Hout Bay (portions of the Table Bay, Blaauwberg and Northern planning districts)
- South - Constantia, Noordhoek, Cape Point, Muizenberg, Retreat, Philippi, Mitchells Plain, Newlands and Rondebosch (portions of the Cape Flats, Southern and Mitchells Plain/Khayelitsha planning districts)
- Central - Goodwood, Epping, Parow, Bellville, Delft, Manenberg, Gugulethu and Athlone (portions of the Table Bay, Tygerberg and Mitchells Plain/Khayelitsha planning districts)
- East - Kuils River, Khayelitsha, Eerste Rivier, Somerset West, Strand and Sir Lowry's Pass (portions of the Helderberg, Khayelitsha/Mitchells Plain and Tygerberg planning districts)

The area-based service delivery model ensures service delivery coordination and management as well as service standard monitoring at the level of the four delineated areas as outlined above (City of Cape Town, 2017).

The data source utilised for the MERO 2018 is Quantec Standardised Regional data, which is only available on the level of planning districts.

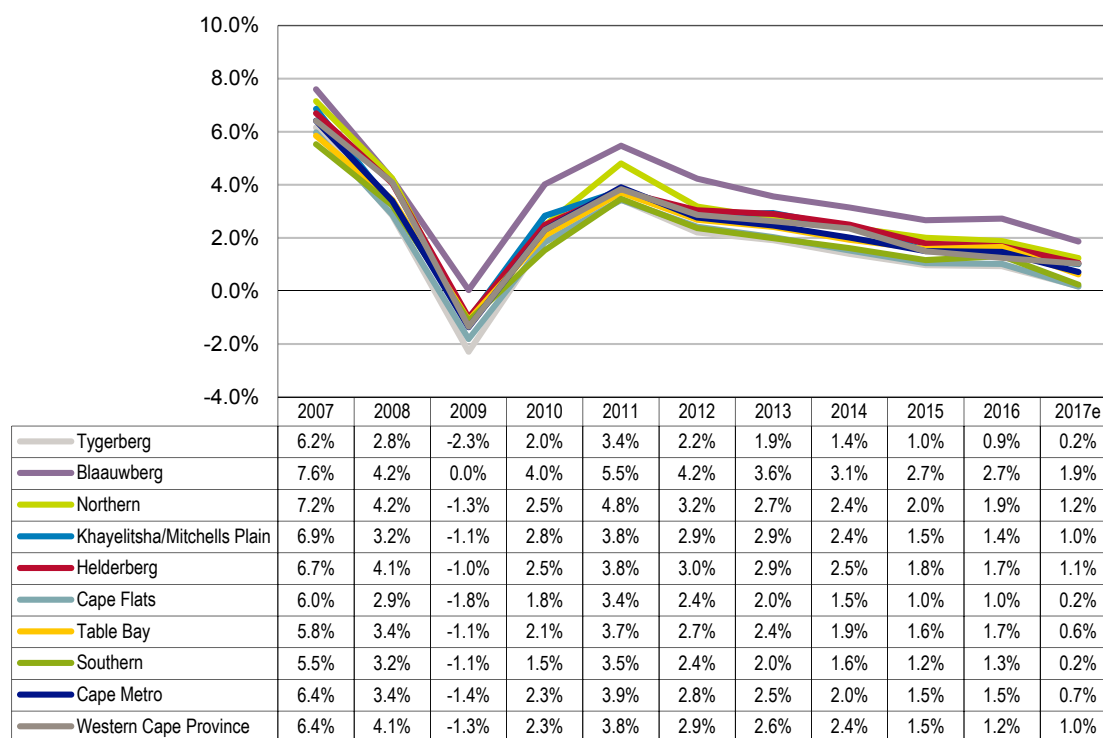
### 1.3 Growth in GDP performance

The period under review for MERO 2018 is between 2012 and 2016, together with an estimate for 2017<sup>2</sup>. It should be noted that economic data is compiled by the place of residence, and not the place of employment.

#### 1.3.1 GDP performance per planning district

Figure 1.1 indicates the GDP performance of the Cape Metro area and the planning districts between 2007 and 2017.

**Figure 1.1 Cape Metro GDP growth per planning district, 2007 - 2017**



Source: Quantec Research, 2018 (e denotes estimate)

Figure 1.1 indicates a further economic decline estimated in 2017, compared to 2016. This decline is mainly driven by the contraction of the secondary sectors and poor growth in the tertiary sectors. The national trend of volatile exchange rates, increasing inflation and the decline in business confidence has had an impact on the secondary and tertiary sectors in the Cape Metro area as well as in the Province.

It is estimated that the economy of the Cape Metro area grew by 0.7 per cent, which is slower than the Provincial growth of 1 per cent.

<sup>2</sup> Statistics SA will only release official regional indicators for 2017 in 2019.

Table 1.1 provides the GDP contribution and average growth rates for each planning district.

**Table 1.1 Cape Metro area GDP contribution and growth rates per planning district, 2012 - 2017**

Planning District	R million value 2016	Contribution to GDP (%) 2016	Trend		Real GDP Growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Tygerberg	67 669.3	17.8	2.0	1.1	2.2	1.9	1.4	1.0	0.9	0.2
Blaauwberg	34 537.5	9.1	3.8	2.8	4.2	3.6	3.1	2.7	2.7	1.9
Northern	56 580.2	14.9	3.0	2.1	3.2	2.7	2.4	2.0	1.9	1.2
Khayelitsha/Mitchells Plain	60 275.8	15.8	2.7	1.8	2.9	2.9	2.4	1.5	1.4	1.0
Helderberg	23 280.5	6.1	2.8	2.0	3.0	2.9	2.5	1.8	1.7	1.1
Cape Flats	60 142.4	15.8	2.0	1.2	2.4	2.0	1.5	1.0	1.0	0.2
Table Bay	35 592.4	9.3	2.4	1.6	2.7	2.4	1.9	1.6	1.7	0.6
Southern	42 599.8	11.2	2.1	1.3	2.4	2.0	1.6	1.2	1.3	0.2
<b>Total Cape Metro area</b>	<b>380 677.9</b>	<b>100.0</b>	<b>2.5</b>	<b>1.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.0</b>	<b>1.5</b>	<b>1.5</b>	<b>0.7</b>
Western Cape Province	529 927.7	-	2.6	1.8	2.9	2.6	2.4	1.5	1.2	1.0

Source: Quantec Research, 2018 (e denotes estimate)

The Cape Metro area contributed R380.7 billion to the Western Cape economy in 2016. The largest contributions were from the Tygerberg (R67.7 billion), Khayelitsha/Mitchells Plain (R60.3 billion) and Cape Flats (R60.1 billion) planning districts.

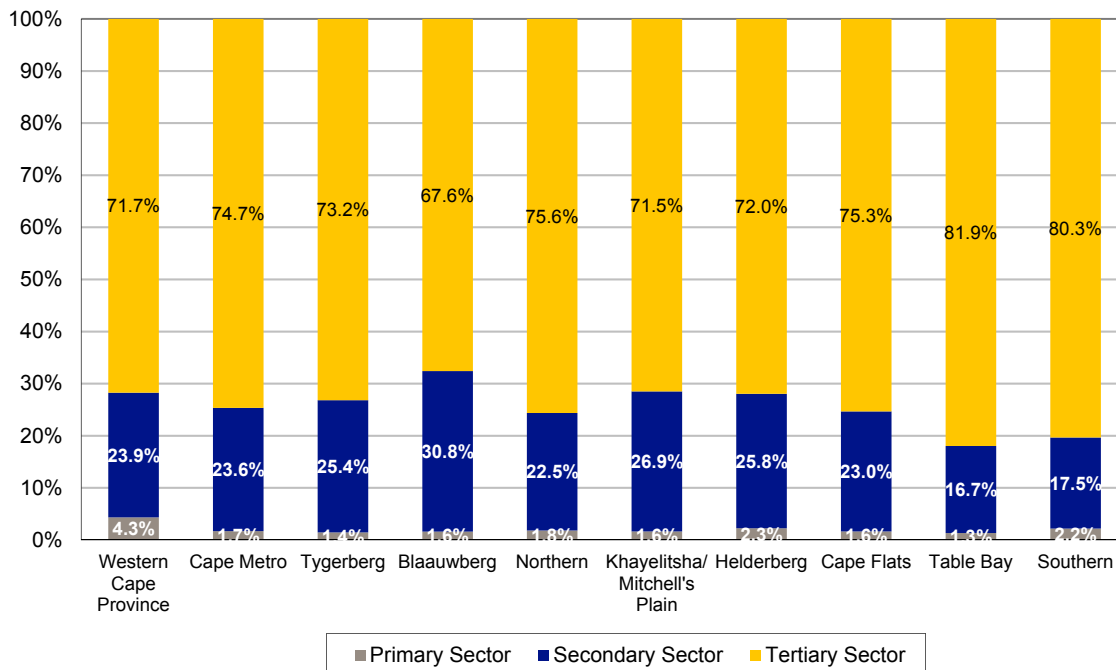
From Table 1.1 it is evident that local economies were influenced by the volatile national economy, specifically in 2015, 2016 and 2017. The economic growth in these three years has shown a steady decline and is significantly below the average 10-year economic growth rates.

The three planning districts with the lowest contributions to the Cape Metro economy include the Table Bay (R35.6 billion), Blaauwberg (R34.5 billion) and Helderberg (R23.3 billion) planning districts. It is estimated that these economies grew at 0.6 per cent, 1.9 per cent and 1.1 per cent respectively in 2017. Due to the low population in the Table Bay planning district, the planning district makes a relatively small contribution to the economy, however, the area has the largest economic node (Cape Town CBD) in the Cape Metro area.

### 1.3.2 GDP performance per sector

Figure 1.2 indicates the GDP contribution of the primary, secondary and tertiary sectors in the various planning districts of the Cape Metro area<sup>3</sup>.

**Figure 1.2 Cape Metro area GDP contribution per main sector, 2016**



Source: Quantec Research, 2018

Figure 1.2 shows that the economies in the Cape Metro area have a very low economic contribution from the primary sectors. This contribution is lower than the provincial contribution of 4.3 per cent. The local economies of the Cape Metro area have a proportionally higher contribution of tertiary sectors in comparison to the Provincial economy, which is an indication of the importance of the Cape Metro area as a service centre for the Province as a whole. Planning districts, such as the Blaauwberg, Khayelitsha/Mitchells Plain and Helderberg areas, also have a proportionally larger economic contribution from the secondary sector compared to the broader Cape Metro area and the Western Cape.

<sup>3</sup> Refer to Diagram 1 in Section A for a breakdown of the primary, secondary and tertiary sectors.

Table 1.2 indicates sectoral GDP contribution in the Cape Metro area.

**Table 1.2 Cape Metro area GDP contribution per sector, 2016 (%)**

Sector	Cape Metro	Tygerberg	Blaauwberg	Northern	Khayelitsha/ Mitchells Plain	Helderberg	Cape Flats	Table Bay	Southern
<b>Primary Sector</b>	<b>1.7</b>	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>	<b>1.6</b>	<b>2.3</b>	<b>1.6</b>	<b>1.3</b>	<b>2.2</b>
Agriculture, forestry and fishing	1.5	1.2	1.3	1.6	1.5	2.0	1.4	1.0	1.9
Mining and quarrying	0.2	0.2	0.3	0.2	0.2	0.3	0.2	0.3	0.3
<b>Secondary Sector</b>	<b>23.6</b>	<b>25.4</b>	<b>30.8</b>	<b>22.5</b>	<b>26.9</b>	<b>25.8</b>	<b>23.0</b>	<b>16.7</b>	<b>17.5</b>
Manufacturing	15.3	17.8	18.4	13.9	16.3	16.4	15.2	11.9	11.5
Electricity, gas and water	3.0	3.0	8.0	3.6	2.9	2.4	1.9	1.5	1.6
Construction	5.3	4.6	4.4	5.0	7.7	7.0	6.0	3.3	4.4
<b>Tertiary Sector</b>	<b>74.7</b>	<b>73.2</b>	<b>67.6</b>	<b>75.6</b>	<b>71.5</b>	<b>72.0</b>	<b>75.3</b>	<b>81.9</b>	<b>80.3</b>
Wholesale and retail trade, catering and accommodation	16.9	16.8	17.9	15.8	17.7	17.4	18.2	16.8	14.5
Transport, storage and communication	11.5	13.7	10.3	11.7	14.2	9.5	11.0	9.9	7.8
Finance, insurance, real estate and business services	27.7	23.9	26.1	32.0	18.2	27.8	24.8	36.9	39.0
General government	12.0	12.7	8.2	10.7	13.9	10.4	14.0	10.9	11.8
Community, social and personal services	6.6	6.0	5.1	5.6	7.4	6.9	7.4	7.4	7.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

In 2016, the main economic sectors in terms of GDP contribution in the Cape Metro area included:

- Finance, insurance, real estate and business services sector (27.7 per cent)
- Wholesale and retail trade, catering and accommodation (16.9 per cent)
- Manufacturing sector (15.3 per cent)

These sectors are highly impacted by the strength and stability of the national economy.

Table 1.3 indicates the planning district's GDP contribution to the economic sectors, providing a spatial aspect to economic activity in the Cape Metro area.

**Table 1.3 Cape Metro area GDPR contribution to sectors, 2016 (%)**

Sector	Tygerberg	Blaauwberg	Northern	Khayelitsha/ Mitchells Plain	Helderberg	Cape Flats	Table Bay	Southern	Total
<b>Primary Sector</b>	<b>15.1</b>	<b>8.6</b>	<b>16.0</b>	<b>15.3</b>	<b>8.1</b>	<b>15.3</b>	<b>7.3</b>	<b>14.3</b>	<b>100</b>
Agriculture, forestry and fishing	14.9	8.1	16.2	16.1	8.2	15.5	6.7	14.2	100
Mining and quarrying	16.4	11.8	14.6	10.6	7.4	13.7	10.4	15.1	100
<b>Secondary Sector</b>	<b>19.1</b>	<b>11.8</b>	<b>14.2</b>	<b>18.0</b>	<b>6.7</b>	<b>15.4</b>	<b>6.6</b>	<b>8.3</b>	<b>100</b>
Manufacturing	20.7	10.9	13.5	16.9	6.6	15.7	7.3	8.4	100
Electricity, gas and water	17.6	24.1	17.9	15.2	4.8	9.7	4.8	5.9	100
Construction	15.3	7.4	13.9	22.7	8.0	17.6	5.8	9.2	100
<b>Tertiary Sector</b>	<b>17.4</b>	<b>8.2</b>	<b>15.1</b>	<b>15.2</b>	<b>5.9</b>	<b>15.9</b>	<b>10.3</b>	<b>12.0</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	17.7	9.6	13.9	16.6	6.3	17.0	9.3	9.6	100
Transport, storage and communication	21.3	8.1	15.1	19.5	5.1	15.2	8.1	7.7	100
Finance, insurance, real estate and business services	15.4	8.6	17.2	10.4	6.1	14.1	12.5	15.8	100
General government	18.8	6.2	13.3	18.4	5.3	18.4	8.5	11.0	100
Community, social and personal services	16.3	7.0	12.5	17.7	6.3	17.6	10.5	12.1	100
<b>Total</b>	<b>17.8</b>	<b>9.1</b>	<b>14.9</b>	<b>15.8</b>	<b>6.1</b>	<b>15.8</b>	<b>9.3</b>	<b>11.2</b>	<b>100</b>

Source: Quantec Research, 2018

The sectoral contribution of the various planning districts is similar, albeit with locational variations:

- The Northern planning district has the highest local contribution to primary sectors (16 per cent), although the largest contribution from the mining and quarrying sector originates from the Tygerberg planning district.
- The Tygerberg planning district makes the largest contribution to the Cape Metro manufacturing sector (20.7 per cent), followed by the Khayelitsha/Mitchells Plain planning district and the Cape Flats planning district (16.9 per cent and 15.7 per cent respectively).
- The Blaauwberg planning district contributes 24.1 per cent to the GDPR of the electricity, gas and water sector.
- The Khayelitsha/Mitchells Plain and Cape Flats planning districts contributed the most to the Cape Metro construction sector (22.7 per cent and 17.6 per cent respectively).
- The majority of tertiary sector GDPR contributions originates from the Tygerberg planning district (17.4 per cent), particularly from the transport, storage and communication sector (21.3 per cent), the general government sector (18.8 per cent) and the wholesale and retail trade, catering and accommodation sector (17.7 per cent).

Table 1.4 outlines the Cape Metro area's GDPR performance per sector.

**Table 1.4 Cape Metro area GDPR performance per sector, 2012 - 2017**

Sector	R million value 2016	Trend		Real GDPR growth (%)					
		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>6 486.2</b>	<b>3.0</b>	<b>4.1</b>	<b>3.1</b>	<b>4.9</b>	<b>7.3</b>	<b>0.0</b>	<b>-3.2</b>	<b>11.3</b>
Agriculture, forestry and fishing	5 553.0	3.6	4.1	3.4	5.1	7.4	0.0	-3.7	11.8
Mining and quarrying	933.2	0.4	3.7	1.5	3.3	6.8	0.1	0.4	7.9
<b>Secondary Sector</b>	<b>90 000.1</b>	<b>1.4</b>	<b>0.4</b>	<b>2.0</b>	<b>1.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.8</b>	<b>-0.3</b>
Manufacturing	58 174.8	1.1	0.2	2.1	0.8	-0.3	-0.4	1.1	-0.3
Electricity, gas and water	11 491.1	-1.2	-1.2	-0.2	-0.9	-1.1	-2.1	-2.3	0.2
Construction	20 334.1	4.3	2.1	2.8	4.6	3.2	2.3	1.0	-0.5
<b>Tertiary Sector</b>	<b>284 191.6</b>	<b>2.8</b>	<b>1.9</b>	<b>3.0</b>	<b>2.8</b>	<b>2.4</b>	<b>2.0</b>	<b>1.8</b>	<b>0.8</b>
Wholesale and retail trade, catering and accommodation	64 329.9	2.3	1.3	3.8	2.3	1.6	1.8	1.9	-1.0
Transport, storage and communication	43 690.9	2.4	1.7	1.9	2.3	3.2	0.8	1.0	1.3
Finance, insurance real estate and business services	105 412.5	3.1	2.3	2.9	2.6	2.3	2.9	2.1	1.5
General government	45 576.6	3.8	2.3	3.6	4.7	3.6	1.3	1.5	0.5
Community, social and personal services	25 181.7	1.7	1.4	2.1	2.1	1.5	0.9	1.4	0.9
<b>Total Cape Metro area</b>	<b>380 677.9</b>	<b>2.5</b>	<b>1.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.0</b>	<b>1.5</b>	<b>1.5</b>	<b>0.7</b>

Source: Quantec Research, 2018 (e denotes estimate)

The sectors that contributed the most to the 0.7 per cent estimated GDPR growth rate for the Cape Metro area in 2017 include the finance, insurance, real estate and business services sector, the transport, storage and communication sector and the agriculture, forestry and fishing sector which grew at 1.5 per cent, 1.3 per cent and 11.8 per cent respectively.

The largest contributing sector, the finance, insurance, real estate and business services sector, shows a continued decline in economic growth. The other larger sectors in the Cape Metro area contracted in 2017; the wholesale and retail trade, catering and accommodation sector is estimated to have contracted by 1 per cent and the manufacturing sector is estimated to contract by 0.3 per cent in 2017. Another sector that contracted during 2017 is the construction sector (-0.5 per cent). This decline and contraction in economic growth are mainly due to the volatile national economy and the technical recession in the first quarter of 2017. Water restrictions in 2017 in the Cape Metro area influenced the production capabilities of the manufacturing sector as well as the construction sector, which is heavily reliant on water.



### 1.3.3 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 1.5 indicates the GDP forecast per sector for 2018 and 2019 in the Cape Metro area.

**Table 1.5 GDP forecast per sector, 2018 - 2019 (%)<sup>4</sup>**

Sector	2017e	2018f	2019f
<b>Primary Sector</b>			
Agriculture, forestry and fishing	11.8	-23.2	22.2
Mining and quarrying	7.9	-2.6	2.8
<b>Secondary Sector</b>			
Manufacturing	-0.3	-1.5	2.9
Electricity, gas and water	0.2	2.0	1.2
Construction	-0.5	1.5	1.8
<b>Tertiary Sector</b>			
Wholesale and retail trade, catering and accommodation	-1.0	1.4	1.2
Transport, storage and communication	1.3	2.2	2.3
Finance, insurance, real estate and business services	1.5	2.5	2.2
General government	0.5	0.7	1.3
Community, social and personal services	0.9	1.9	2.0
<b>Total</b>	<b>0.7</b>	<b>1.0</b>	<b>2.2</b>

Source: *Urban-Econ, 2018* (e denotes estimate f denotes forecast)

It is forecasted that the economy will grow at a rate of 1 per cent in 2018 and 2.2 per cent in 2019 in the Cape Metro area. The 2018 growth prospects are negatively influenced by the 23.2 per cent contraction of the agriculture, forestry and fishing sector, the 2.6 per cent contraction of the mining and quarrying sector and the 1.5 per cent contraction of the manufacturing sector.

The tertiary sectors are expected to show faster growth in 2018 compared to 2017. Following a 1 per cent contraction in 2017, the wholesale and retail trade, catering and accommodation sector is forecasted to recover in 2018, growing at 1.4 per cent.

<sup>4</sup> Based on provincial forecasts done in July 2018 - Bureau for Economic Research.

## 1.4 Growth in employment trends

### 1.4.1 Employment per planning district

Table 1.6 indicates the trend in employment growth in each planning district in the Cape Metro area.

**Table 1.6 Cape Metro area employment contribution and growth per planning district, 2012 - 2017**

Planning district	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Tygerberg	18.1	279 286	33 375	22 130	4 556	5 977	4 187	5 919	1 290	4 757
Blaauwberg	7.2	111 315	28 897	17 964	3 437	3 971	3 359	4 512	2 091	4 031
Northern	10.6	162 780	33 834	21 316	4 970	4 968	3 714	5 787	3 316	3 531
Khayelitsha/ Mitchells Plain	24.9	382 772	54 405	34 844	5 696	8 309	7 329	9 928	69	9 209
Helderberg	6.2	95 823	17 440	11 922	2 126	2 761	2 274	3 306	593	2 988
Cape Flats	17.9	276 060	27 031	19 491	4 107	5 072	4 029	5 571	1 103	3 716
Table Bay	7.4	113 629	13 579	8 871	1 762	2 196	1 718	2 457	536	1 964
Southern	7.7	118 143	15 401	10 751	2 566	2 650	2 247	2 900	1 179	1 775
<b>Total Cape Metro area</b>	<b>100</b>	<b>1 539 808</b>	<b>223 962</b>	<b>147 289</b>	<b>29 220</b>	<b>35 904</b>	<b>28 857</b>	<b>40 380</b>	<b>10 177</b>	<b>31 971</b>
Total Western Cape Province	-	2 460 960	289 207	272 208	55 379	69 794	38 527	105 507	8 279	50 101

Source: Quantec Research, 2018 (e denotes estimate)

Employment creation in the Cape Metro area is estimated to have improved in 2017 compared to 2016. It is estimated that in 2017 the Cape Metro area had a net increase in employment by 31 971 jobs which is higher than the 10 177 job opportunities created in 2016.

As seen in Table 1.6, the area that had the highest estimated net change in employment is the Khayelitsha/Mitchells Plain planning district which had 9 209 more people employed in 2017 compared to 2016. This area had the lowest net change in employment in 2016 (69 jobs).

### 1.4.2 Employment per sector

Table 1.7 indicates the sectoral contribution to employment amongst the planning districts of the Cape Metro area.

**Table 1.7 Cape Metro area sectoral employment contribution per planning district, 2016 (%)**

Sector	Cape Metro	Tygerberg	Blaauwberg	Northern	Khayelitsha/ Mitchells Plain	Helderberg	Cape Flats	Table Bay	Southern
<b>Primary Sector</b>	<b>3.0</b>	<b>2.2</b>	<b>2.8</b>	<b>4.4</b>	<b>2.6</b>	<b>3.8</b>	<b>2.7</b>	<b>1.9</b>	<b>4.9</b>
Agriculture, forestry and fishing	2.9	2.2	2.7	4.3	2.6	3.8	2.6	1.9	4.8
Mining and quarrying	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1
<b>Secondary Sector</b>	<b>18.1</b>	<b>20.0</b>	<b>21.9</b>	<b>16.5</b>	<b>19.2</b>	<b>19.2</b>	<b>18.2</b>	<b>12.8</b>	<b>12.8</b>
Manufacturing	11.2	14.3	15.3	9.9	10.6	9.7	11.0	8.9	7.6
Electricity, gas and water	0.4	0.4	1.1	0.6	0.3	0.3	0.2	0.2	0.2
Construction	6.5	5.3	5.5	6.0	8.2	9.1	7.0	3.7	5.0
<b>Tertiary Sector</b>	<b>78.9</b>	<b>77.8</b>	<b>75.3</b>	<b>79.1</b>	<b>78.1</b>	<b>77.0</b>	<b>79.2</b>	<b>85.2</b>	<b>82.3</b>
Wholesale and retail trade, catering and accommodation	23.3	23.8	24.8	21.6	23.4	24.2	23.9	23.6	19.9
Transport, storage and communication	4.9	5.6	4.9	5.2	5.1	3.9	4.6	5.1	4.0
Finance, insurance, real estate and business services	21.4	20.1	21.6	24.7	19.3	19.2	19.7	27.3	26.9
General government	13.4	14.2	10.3	14.0	12.9	11.2	14.7	12.6	15.0
Community, social and personal services	15.9	14.0	13.7	13.7	17.5	18.5	16.2	16.7	16.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The sectors that contributed the most to employment in the Cape Metro area in 2016 include the following:

- Wholesale and retail trade, catering and accommodation sector (23.3 per cent)
- Finance, insurance, real estate and business services sector (21.4 per cent)
- Community, social and personal services sector (15.9 per cent)
- General government services sector (13.4 per cent)

The importance of the tertiary sector as a source of employment (78.9 per cent of employment) highlights the importance of skills development as these sectors typically require semi-skilled and skilled workers. Furthermore, this large tertiary sector workforce highlights the importance of the Cape Metro area not only on a provincial scale as a regional node but also on a national level as one of the main hubs for employment creation.

Table 1.8 illustrates the contribution to sectoral employment by the planning districts of the Cape Metro area.

**Table 1.8 Planning district employment contribution to the Cape Metro area, 2016 (%)**

Sector	Tygerberg	Blaauwberg	Northern	Khayelitsha/ Mitchells Plain	Helderberg	Cape Flats	Table Bay	Southern	Total
<b>Primary Sector</b>	<b>13.6</b>	<b>6.8</b>	<b>15.6</b>	<b>22.2</b>	<b>8.1</b>	<b>16.1</b>	<b>4.9</b>	<b>12.8</b>	<b>100</b>
Agriculture, forestry and fishing	13.6	6.7	15.6	22.3	8.1	16.1	4.8	12.8	100
Mining and quarrying	16.3	9.3	12.5	17.7	6.6	16.1	8.7	12.8	100
<b>Secondary Sector</b>	<b>20.0</b>	<b>8.7</b>	<b>9.6</b>	<b>26.4</b>	<b>6.6</b>	<b>18.0</b>	<b>5.2</b>	<b>5.4</b>	<b>100</b>
Manufacturing	23.2	9.9	9.4	23.6	5.4	17.5	5.9	5.2	100
Electricity, gas and water	17.6	20.5	15.8	21.1	5.3	11.1	4.5	4.2	100
Construction	14.8	6.1	9.7	31.4	8.7	19.2	4.2	5.9	100
<b>Tertiary Sector</b>	<b>17.9</b>	<b>6.9</b>	<b>10.6</b>	<b>24.6</b>	<b>6.1</b>	<b>18.0</b>	<b>8.0</b>	<b>8.0</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	18.6	7.7	9.8	25.0	6.5	18.4	7.5	6.6	100
Transport, storage and communication	20.7	7.1	11.2	25.5	5.0	16.7	7.6	6.3	100
Finance, insurance, real estate and business services	17.0	7.3	12.2	22.4	5.6	16.5	9.4	9.6	100
General government	19.2	5.6	11.0	23.9	5.2	19.7	6.9	8.6	100
Community, social and personal services	16.0	6.2	9.1	27.4	7.3	18.3	7.8	7.9	100
<b>Total</b>	<b>18.1</b>	<b>7.2</b>	<b>10.6</b>	<b>24.9</b>	<b>6.2</b>	<b>17.9</b>	<b>7.4</b>	<b>7.7</b>	<b>100</b>

Source: Quantec Research, 2018

The sectoral employment distribution in 2016 is similar to the economic distribution in the planning districts. It is important to note that, in terms of employment distribution, the Khayelitsha/Mitchells Plain planning district contributes the most to the primary (22.2 per cent), secondary (26.4 per cent) and tertiary (24.6 per cent) sector employment. This highlights that this planning district is a large residential area and that many people travel daily to their place of work in other areas in the Cape Metro area as there is little commercial and industrial activity in this planning district. This large flow of people from the area emphasises the importance of transit infrastructure and public transport in the Cape Metro area.

Table 1.9 indicates the trend in employment growth in each economic sector in the Cape Metro area.

**Table 1.9 Cape Metro area employment numbers and growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>3.0</b>	<b>45 574</b>	<b>-8 043</b>	<b>8 357</b>	<b>3 554</b>	<b>3 688</b>	<b>-953</b>	<b>6 755</b>	<b>-659</b>	<b>-474</b>
Agriculture, forestry and fishing	2.9	44 619	-8 091	8 268	3 512	3 683	-969	6 705	-664	-487
Mining and quarrying	0.1	955	48	89	42	5	16	50	5	13
<b>Secondary Sector</b>	<b>18.1</b>	<b>279 060</b>	<b>-10 801</b>	<b>16 217</b>	<b>2 817</b>	<b>4 593</b>	<b>3 379</b>	<b>1 944</b>	<b>3 450</b>	<b>2 851</b>
Manufacturing	11.2	172 543	-26 472	3 693	-3 694	2 217	-1 219	1 286	-1 244	2 653
Electricity, gas and water	0.4	6 170	1 929	705	163	70	111	140	224	160
Construction	6.5	100 347	13 742	11 819	6 348	2 306	4 487	518	4 470	38
<b>Tertiary Sector</b>	<b>78.9</b>	<b>1 215 174</b>	<b>242 806</b>	<b>122 715</b>	<b>22 849</b>	<b>27 623</b>	<b>26 431</b>	<b>31 681</b>	<b>7 386</b>	<b>29 594</b>
Wholesale and retail trade, catering and accommodation	23.3	358 311	69 775	48 519	8 033	7 003	4 609	14 581	4 192	18 134
Transport, storage and communication	4.9	76 208	20 320	6 635	4 658	3 835	1 067	3 604	-4 130	2 259
Finance, insurance, real estate and business services	21.4	329 961	60 097	32 262	5 162	7 253	6 187	10 460	4 192	4 170
General government	13.4	206 538	51 247	3 491	3 843	-1 261	10 495	-3 425	4 042	-6 360
Community, social and personal services	15.9	244 156	41 367	31 808	1 153	10 793	4 073	6 461	-910	11 391
<b>Total Cape Metro area</b>	<b>100</b>	<b>1 539 808</b>	<b>223 962</b>	<b>147 289</b>	<b>29 220</b>	<b>35 904</b>	<b>28 857</b>	<b>40 380</b>	<b>10 177</b>	<b>31 971</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Cape Metro area provided 1.54 million employment opportunities in 2016. Most of these employment opportunities were provided in the wholesale and retail trade, catering and accommodation sector (358 311 jobs), finance, insurance, real estate and business services sector (329 961 jobs), community, social and personal services sector (244 156 jobs) and the general government services sector (206 538 jobs).

It is estimated that 31 971 new employment opportunities were created in 2017, with the largest number of jobs created in the wholesale and retail trade, catering and accommodation sector (18 134 jobs) and the community and social services sector (11 391 jobs). Sectors that recovered jobs lost (either in full or in part) in 2016 include the transport, storage and communication sector (2 259 jobs), the community, social and personal services sector (11 391 jobs) and the manufacturing sector (2 653 jobs). Some sectors are, however, estimated to have shed jobs; namely the general government sector (6 360 jobs) and the agriculture, forestry and fishing sector (487 jobs).

Table 1.10 indicates the unemployment rate in each planning district in the Cape Metro area between 2012 and 2017.

**Table 1.10 Cape Metro area unemployment rates, 2012 - 2017 (%)**

	2012	2013	2014	2015	2016	2017e
Tygerberg	15.6	15.7	16.0	16.5	17.5	18.3
Blaauwberg	13.5	13.4	13.5	13.8	14.6	15.1
Northern	9.5	9.3	9.3	9.4	9.9	10.2
Khayelitsha/Mitchells Plain	26.5	26.7	27.2	28.2	30.0	31.0
Helderberg	15.2	15.2	15.4	15.8	16.9	17.5
Cape Flats	20.5	20.6	21.0	21.8	23.1	24.2
Table Bay	12.0	12.0	12.2	12.5	13.4	13.9
Southern	7.9	7.9	7.9	8.2	8.7	9.1
<b>Cape Metro area</b>	<b>18.1</b>	<b>18.1</b>	<b>18.5</b>	<b>19.1</b>	<b>20.3</b>	<b>21.1</b>
Western Cape Province	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that the unemployment rate in the Cape Metro area is 21.1 per cent in 2017, which increased from 20.3 per cent in 2016. From Table 1.10 it is evident that the unemployment rate has been on an upward trend since 2013. The planning districts with the highest unemployment rates include the Khayelitsha/Mitchells Plain (31 per cent), Cape Flats (24.2 per cent) and Tygerberg (18.3 per cent) planning districts. This indicates that the areas contributing most towards economic growth and employment are attracting job seekers. This has implications for increased pressure on various planning districts in terms of infrastructure and service delivery.

## 1.5 Local and international trade dynamics

### 1.5.1 Location quotient

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 economy, which indicates whether the Cape Metro is importing, self-sufficient or exporting goods and services from a particular sector.

Table 1.11 provides the classification and interpretation of the location quotient.

**Table 1.11 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	Most local needs are being met by the sector. 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, 2018*

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

Table 1.12 indicates the sectoral location quotation for the Cape Metro area.

**Table 1.12 Location quotient in terms of GDP and employment, Cape Metro area, 2016**

Sector	In terms of GDP	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	1.0	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, 2018*

Most of the sectors in the Cape Metro area, excluding the agriculture, forestry and fishing sector, have a location quotient between 0.75 and 1.25 in terms of GDP and employment, indicating that local needs are being met by the sectors, however, importing and exporting of goods and services from the economic sectors of the Cape Metro area also occurs.

## 1.5.2 Manufacturing subsectors

Table 1.13 below reflects the subsector contribution to the manufacturing sector of the Cape Metro area for 2016.

**Table 1.13 Cape Metro manufacturing subsector GDPR contributions per planning district, 2016 (%)**

Subsector	Cape Metro	Tygerberg	Blaauwberg	Northern	Khayelitsha/ Mitchells Plain	Helderberg	Cape Flats	Table Bay	Southern
Food, beverages and tobacco	27.8	26.1	24.0	34.0	29.1	34.0	27.5	23.8	23.7
Textiles, clothing and leather goods	4.3	5.7	3.5	2.2	5.1	2.2	5.1	4.8	3.5
Wood, paper, publishing and printing	12.8	13.0	12.2	10.1	12.8	10.2	13.2	17.5	14.4
Petroleum products, chemicals, rubber and plastic	20.4	19.9	24.4	20.2	16.8	20.0	20.2	21.3	23.5
Other non-metal mineral products	2.4	2.5	2.2	3.1	2.8	2.6	2.0	1.5	2.2
Metals, metal products, machinery and equipment	13.6	14.4	13.6	13.9	15.1	13.4	12.0	12.3	12.6
Electrical machinery and apparatus	1.4	1.3	2.2	1.2	1.2	0.8	1.8	0.9	1.5
Radio, TV, instruments, watches and clocks	1.6	1.2	1.8	1.6	1.0	1.3	1.5	2.1	2.9
Transport equipment	6.9	6.5	9.8	6.9	5.9	6.3	7.3	6.1	6.3
Furniture and other manufacturing	8.8	9.4	6.2	6.8	10.2	9.2	9.5	9.7	9.3

Source: Quantec Research, 2018

The main contributing subsectors to the manufacturing sector GDPR for the Cape Metro area in 2016 include the following:

- Food, beverages and tobacco (27.8 per cent)
- Petroleum products, chemicals, rubber and plastics (20.4 per cent)
- Metals, metal products, machinery and equipment (13.6 per cent)

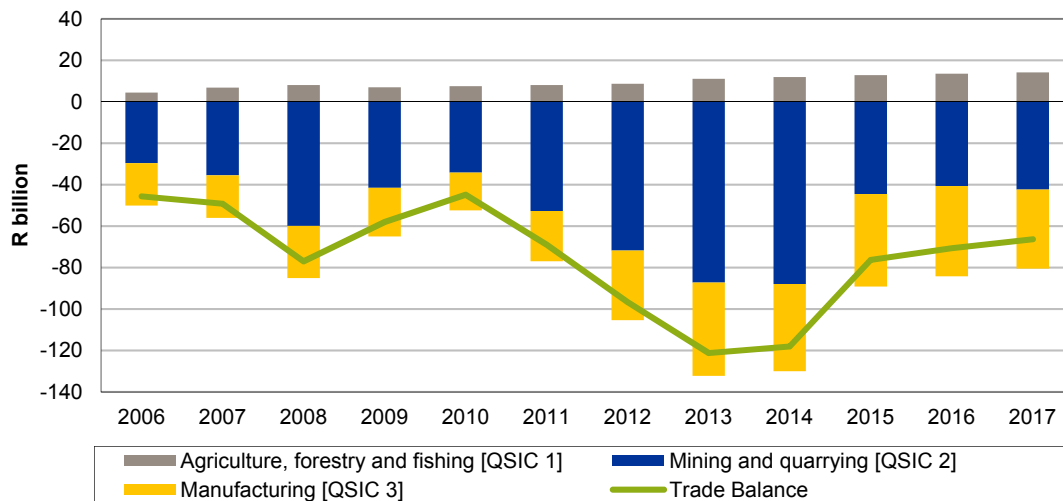
The food, beverages and tobacco subsectors in the Northern and Helderberg planning districts contributed 34 per cent respectively which indicates the importance of the linkage of these planning districts with the agricultural regions that border the Cape Metro area (i.e. the Stellenbosch, Drakenstein, Swartland and Theewaterskloof municipal areas).



### 1.5.3 International trade

Figure 1.3 indicates the Cape Metro area trade balance between 2006 and 2017.

**Figure 1.3 Cape Metro area trade balance, 2006 - 2017**



Source: Quantec Research, 2018

Overall, the Cape Metro area experienced a negative trade balance over the study period. The negative trade balance is a result of imports from the mining and quarrying sector and the manufacturing sector that exceed exports. From Figure 1.3 it is evident that there is a steady increase in the trade balance, which indicates that there is an increase in net exports in the Cape Metro area. The Cape Town Harbour and Cape Town International Airport are the main trade ports in the Western Cape that are used for exporting fruits such as apples, citrus and grapes as well as petroleum oils (Quantec Research, 2018).

Table 1.14 outlines the top ten exported products from the Cape Metro area.

**Table 1.14 Top 10 exports products, 2017**

Product	R billion value
1 Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, b.e.s.; waste oils containing mainly petroleum or bituminous minerals.	13.2
2 Citrus fruit, fresh or dried.	5.3
3 Apples, pears and quinces, fresh.	3.8
4 Grapes, fresh or dried.	3.1
5 Wine of fresh grapes	1.9
6 Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.	1.8
7 Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.	1.5
8 Parts suitable for use solely or principally with the engines of heading 84.07 or 84.08.	1.4
9 Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen.	1.4
10 Yachts and other vessels for pleasure or sports; rowing boats and canoes.	1.3

Source: Quantec Research, 2018

With infrastructure such as the harbour and the Cape Town International Airport, the Cape Metro area is the export hub of the Province. The top exports from the Cape Metro area in 2017 include petroleum oils (R13.2 billion), citrus (R5.3 billion), apples, pears and quinces (R3.8 billion) and grapes (R3.1 billion).

Table 1.15 outlines the top ten export partners for products from the Cape Metro area.

**Table 1.15 Top 10 export partners, 2017**

	<b>Country</b>	<b>R billion value</b>
1	Namibia	8.9
2	Botswana	5.6
3	United Kingdom	4.7
4	Netherlands	4.6
5	China	4.1
6	Germany	3.0
7	Ship/aircraft	2.8
8	Zambia	2.6
9	Angola	2.5
10	Lesotho	2.4

*Source: Quantec Research, 2018*

A large proportion of exports from the Cape Metro area are destined for other African countries, with the main export destination being Namibia (R8.9 billion in 2017). Other main trading partners include the United Kingdom, the Netherlands, China and Germany. African nations import mostly petroleum products. Exports to the United Kingdom and the Netherlands are mostly fresh produce or wine, while exports to Germany and China are typically manufactured products or products from the mining industry.

#### **1.5.4 Local businesses**

This section provides an overview of the local business environment within the Cape Metro area. Information for this subsection is collated from various sources including the Provincial Treasury Municipal survey response, information received from local business chambers and associations as well as the Small Enterprise Development Agency (SEDA). Local businesses, particularly SMMEs are the driving force in an economy and their growth will create new employment opportunities within an area.

One of the essential factors for stimulating the establishment of new enterprises in a local area is to create an enabling environment and ensure the ease of doing business.

Table 1.16 indicates the time of approval for business licences, land rezoning and building plan approvals in selected municipalities in the Cape Metro area.

**Table 1.16 Business processes, 2018**

Process	Cape Metro
Business licences	15 days - 11 months <sup>5</sup>
Rezoning of land	90 days
Building plan approvals	30 - 60 days

Source: *Provincial Treasury Municipal Survey, 2018*

Rezoning of land and building plan approvals are all within the timelines as prescribed by the by-law. The time to obtain a business license varies greatly in terms of the type of business the applicant wishes to operate. A hawker's licence can be obtained in 15 days, a food sale license can take up to 40 days, while an entertainment business licence can take between 8 to 11 months depending on if the main activity of the business is music related.

Other factors that contribute to a favourable business environment include the infrastructure capacity of business and industrial areas, service tariffs and the relationship between the private- and public sectors. The water restrictions in 2017 have not only had an impact on households, but also on businesses in the Cape Metro area, particularly enterprises involved in manufacturing and construction activities. Road congestion in the Cape Metro area is another challenge, particularly along main routes to the CBD during peak hours.

SMMEs play a vital role in the local economy and sometimes require additional support in order to become sustainable and make a continues contribution to the economy and employment creation. The City of Cape Town has 3 339 enterprises listed on the Central Supplier Database (CSD) as an "emerging micro enterprise", the most (73.6 per cent) being BBBEE Level 1 compliant. Furthermore, the Cape Metro area has approximately 14 000 informal traders operating in the area, with 3 500 being permitted traders.

SMMEs in the Cape Metro are impacted by limited access to markets, a shortage of skilled labour, crime, and a lack of awareness of available business support. SMMEs have also been impacted by the drought and water restrictions (Provincial Treasury Municipal survey, 2018).

Some of the support provided by the City of Cape Town for SMMEs include:

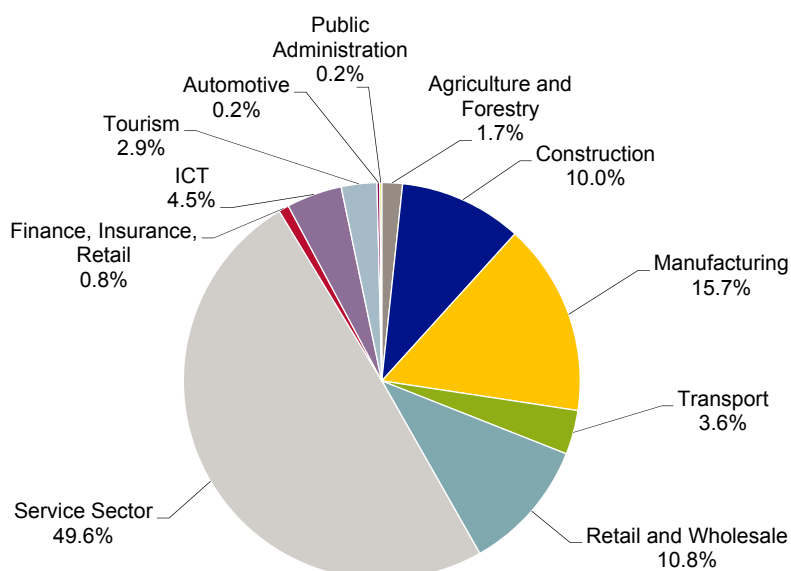
- The Small Business One Stop Shop that provides advisory services
- Red tape reduction
- Competitiveness development programmes

<sup>5</sup> From 15 days for a hawkers business licence to 11 months for entertainment business licences (due to noise impact assessments).

- Facilitating matching between corporate enterprises and SMMEs
- Reducing the cost of doing business

SEDA also plays an important role in providing support for SMMEs in the Cape Metro area. Figure 1.4 indicates the activities of the SMMEs that are supported by SEDA in the Cape Metro area.

**Figure 1.4 SMMEs supported by SEDA – business categories, 2018**



Source: SEDA, 2018

The majority of SMMEs in the Cape Metro area that are supported by SEDA are in the services sector (49.6 per cent), followed by the manufacturing sector (15.7 per cent), the retail and wholesale trade sector (10.8 per cent) and the construction sector (10 per cent). These sectors are also the main contributors to the economy of the Cape Metro area.

## 1.6 Concluding remarks

In 2016, the Cape Metro area economy had a GDP of R380.7 billion (71.8 per cent of Provincial GDP) and provided employment for 1.54 million people (62.6 per cent of Provincial employment). The Cape Metro economy had an estimated growth rate of 0.7 per cent in 2017, which is lower than the GDP growth rate of 2016 (1.5 per cent), showing a decline in economic activity in the Cape Metro area. The decline in growth is mainly a result of poor growth from the main economic sectors in the Cape Metro area.

The sectors that contributed the most to the economy of the Cape Metro area in 2016 include the finance, insurance, real estate and business services sector (27.7 per cent); the wholesale and retail trade, catering and accommodation sector (16.9 per cent) and the manufacturing sector (15.3 per cent). As mentioned previously, the poor performance in these main economic sectors had a negative impact on the growth

prospects of the Cape Metro area economy. It is estimated that in 2017 the finance, insurance, real estate and business services sector grew by 1.5 per cent, which is slower than the 2.1 per cent growth in 2016. The manufacturing sector and the wholesale and retail trade, catering and accommodation sector are estimated to have contracted in 2017 by 0.3 per cent and 1 per cent respectively.

It is forecasted that that economy of the Cape Metro area will expand by 1 per cent in 2018 and by a further 2.2 per cent in 2019. The agriculture, forestry and fishing sector, the mining and quarrying sector and the manufacturing sector is forecasted to contract in 2018 by 23.2 per cent, 2.6 per cent and 1.5 per cent respectively, which influences the overall growth projections for the Cape Metro area in 2018.

The sectors that contributed the most to employment in the Cape Metro area in 2016 include the wholesale and retail trade, catering and accommodation sector (23.3 per cent), the finance, insurance, real estate and business services sector (21.4 per cent) and the community, social and personal services sector (15.9 per cent). It is estimated that in 2017, the wholesale and retail trade, catering and accommodation sector contributed the most to job creation with a net change in employment of 18 134 jobs while the community, social and personal services sector had an estimated net change in employment of 11 391 jobs. Sectors that are estimated to have shed jobs in 2017 include the agriculture, forestry and fishing sector (487 jobs) and the general government sector (6 360 jobs).



# 2

## Sectoral growth, employment and skills per planning district

### 2.1 Introduction

This chapter provides a macroeconomic outlook for each of the planning districts in the Cape Metro area and an overview of trends between 2006 and 2016 with an estimate for 2017. Employment is also considered in this section, as well as skills levels and building plans passed and completed.

Notably, the GDP of an area is estimated based on employment and remuneration of workers who reside in the particular planning district. Since all planning districts are interlinked, workers in the Cape Metro area commute daily between the planning districts resulting in GDP data for certain areas appearing skewed.

### 2.2 Tygerberg Planning District

The Tygerberg planning district is centrally located in the Cape Metro area and comprises a number of well-established suburbs. Several significant land uses are included in the area i.e. industrial areas, commercial development concentrated in Goodwood, Parow, Bellville CBD and along Voortrekker Road, the Transnet Marshalling Yard and the Cape Town International Airport.

The Tygerberg planning district contributed 17.8 per cent to the Cape Metro area economy and also contributed 18.1 per cent to employment in 2016.

#### 2.2.1 GDP performance

The Tygerberg economy is mainly driven by the finance, insurance, real estate and business services (23.9 per cent), manufacturing (17.8 per cent) and the wholesale and retail trade, catering and accommodation (16.8 per cent) sectors. Collectively these

sectors contributed 58.5 per cent to the economy in 2016. This indicates the importance of these sectors to the overall strength and stability of the Tygerberg economy.

Table 2.1 indicates the Tygerberg planning district's GDP performance per sector between 2012 and 2017.

**Table 2.1 Tygerberg Planning District's GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>1.4</b>	<b>979.6</b>	<b>3.0</b>	<b>4.3</b>	<b>3.1</b>	<b>4.8</b>	<b>7.0</b>	<b>0.2</b>	<b>-2.3</b>	<b>12.0</b>
Agriculture, forestry and fishing	1.2	826.2	3.6	4.5	3.5	5.1	7.0	0.3	-2.7	12.7
Mining and quarrying	0.2	153.4	0.3	3.5	1.3	3.0	6.6	-0.1	0.2	7.7
<b>Secondary Sector</b>	<b>25.4</b>	<b>17 165.8</b>	<b>1.0</b>	<b>0.2</b>	<b>1.5</b>	<b>1.2</b>	<b>-0.2</b>	<b>-0.3</b>	<b>0.5</b>	<b>-0.5</b>
Manufacturing	17.8	12 033.0	0.7	0.0	1.4	0.9	-0.5	-0.6	0.8	-0.6
Electricity, gas and water	3.0	2 024.1	-1.5	-1.5	-0.6	-1.3	-1.4	-2.3	-2.5	0.0
Construction	4.6	3 108.7	4.3	2.1	3.6	4.8	2.7	2.8	0.6	-0.4
<b>Tertiary Sector</b>	<b>73.2</b>	<b>49 523.9</b>	<b>2.3</b>	<b>1.3</b>	<b>2.4</b>	<b>2.1</b>	<b>1.8</b>	<b>1.4</b>	<b>1.1</b>	<b>0.2</b>
Wholesale and retail trade, catering and accommodation	16.8	11 373.3	2.0	1.0	3.6	2.0	1.3	1.6	1.7	-1.3
Transport, storage and communication	13.7	9 302.5	2.0	1.3	1.4	1.9	2.8	0.4	0.7	0.7
Finance, insurance, real estate and business services	23.9	16 192.6	2.3	1.3	2.1	1.4	1.2	2.0	1.1	0.7
General government	12.7	8 561.6	3.4	1.9	3.2	4.3	3.3	1.0	1.1	0.1
Community, social and personal services	6.0	4 093.9	1.4	1.1	1.7	2.2	1.0	0.6	1.0	0.6
<b>Total Tygerberg Planning District</b>	<b>100</b>	<b>67 669.3</b>	<b>2.0</b>	<b>1.1</b>	<b>2.2</b>	<b>1.9</b>	<b>1.4</b>	<b>1.0</b>	<b>0.9</b>	<b>0.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

The largest contributing sectors, as indicated in Table 2.1, have shown a continued decline during the period being researched. The manufacturing sector is estimated to have contracted during 2017 by 0.6 per cent, while the wholesale and retail trade, catering and accommodation sector is also estimated to have contracted during 2017 (by 1.3 per cent). Even though the finance, insurance, real estate and business services sector is not estimated to have contracted, the estimate indicates a decline in growth from 1.1 per cent in 2016 to 0.7 per cent in 2017.

Overall, Table 2.1 shows that the Tygerberg planning district economy has lost momentum since 2012 and is estimated to have declined further in 2017 compared to 2016. This is mainly due to the estimated decline in growth in general as well as the contraction of two of the main contributing sectors.



## 2.2.2 Employment profile

The sectors that contributed the most to employment in the Tygerberg planning district in 2017 is the wholesale and retail trade, catering and accommodation (23.8 per cent), the finance, insurance, real estate and business services (20.1 per cent) and the manufacturing (14.3 per cent) sectors.

Table 2.2 indicates the trend in employment growth in each economic sector in the Tygerberg planning district between 2012 and 2017.

**Table 2.2 Tygerberg Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2.2</b>	<b>6 213</b>	<b>-685</b>	<b>1 176</b>	<b>542</b>	<b>552</b>	<b>-81</b>	<b>799</b>	<b>-47</b>	<b>-47</b>
Agriculture, forestry and fishing	2.2	6 057	-695	1 160	534	551	-83	791	-50	-49
Mining and quarrying	0.1	156	10	16	8	1	2	8	3	2
<b>Secondary Sector</b>	<b>20.0</b>	<b>55 908</b>	<b>-4 140</b>	<b>2 641</b>	<b>146</b>	<b>863</b>	<b>230</b>	<b>477</b>	<b>457</b>	<b>614</b>
Manufacturing	14.3	39 971	-7 434	313	-923	373	-454	207	-328	515
Electricity, gas and water	0.4	1 087	333	121	28	12	19	23	39	28
Construction	5.3	14 850	2 961	2 207	1 041	478	665	247	746	71
<b>Tertiary Sector</b>	<b>77.8</b>	<b>217 165</b>	<b>38 200</b>	<b>18 313</b>	<b>3 868</b>	<b>4 562</b>	<b>4 038</b>	<b>4 643</b>	<b>880</b>	<b>4 190</b>
Wholesale and retail trade, catering and accommodation	23.8	66 545	13 017	8 863	1 542	1 299	829	2 615	823	3 297
Transport, storage and communication	5.6	15 771	3 714	1 112	930	755	64	600	-672	365
Finance, insurance, real estate and business services	20.1	56 193	7 500	3 771	864	1 123	691	1 471	406	80
General government	14.2	39 623	8 946	125	638	-370	1 901	-768	683	-1 321
Community, social and personal services	14.0	39 033	5 023	4 442	-106	1 755	553	725	-360	1 769
<b>Total Tygerberg Planning District</b>	<b>100</b>	<b>279 286</b>	<b>33 375</b>	<b>22 130</b>	<b>4 556</b>	<b>5 977</b>	<b>4 187</b>	<b>5 919</b>	<b>1 290</b>	<b>4 757</b>

Source: Quantec Research, 2018 (e denotes estimate)

Overall it is estimated that employment creation in Tygerberg was higher in 2017 compared to 2016. It is estimated that 4 757 new employment opportunities were created in 2017, with the largest number of jobs created in the wholesale and retail trade, catering and accommodation sector (3 297 jobs) and the community and social services sector (1 769 jobs). The sectors that shed jobs include the agriculture, forestry and fishing sector (49 jobs) and the general government sector (1 321 jobs).

The sectors that are estimated to have recovered the jobs lost in 2016 (in whole or in part) include the transport, storage and communication sector; the manufacturing sector and the community, social and personal services sector.

### 2.2.3 Skills level

Table 2.3 indicates the skills levels of formally employed workers in the Tygerberg planning district.

**Table 2.3 Tygerberg Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	30.9	1.8	1.4	69 585	69 507
Semi-skilled	51.8	1.1	1.3	116 601	116 658
Low-skilled	17.2	0.2	0.9	38 790	38 812
<b>Total Tygerberg Planning District</b>	<b>100</b>	<b>1.2</b>	<b>1.3</b>	<b>224 976</b>	<b>224 977</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016 there were 224 976 formally employed workers in the Tygerberg planning district. It is estimated that formal employment increased to 224 977 in 2017. The majority of workers are either semi-skilled (51.8 per cent) or skilled (30.9 per cent).

Over the past five years, it is estimated that formal employment has increased by an average annual rate of 1.3 per cent, mainly driven by the growth in skilled and semi-skilled workers. This is in line with the large contribution from the tertiary sectors to job creation between 2013 and 2017, particularly from the wholesale and retail trade, catering and accommodation sector (8 863 jobs), the finance, insurance, real estate and business services sector (3 771 jobs) and the community, social and personal services sector (4 442 jobs).

## 2.3 Blaauwberg Planning District

The Blaauwberg planning district consists of an urban core, with large areas of agricultural and conservation land. The planning district includes some of the fastest growing new development areas in the Cape Metro area, but in contrast also includes a number of underdeveloped, low-income areas.

The Blaauwberg planning district contributed 9.1 per cent to the Cape Metro area economy in terms of GDP and 7.2 per cent to employment in 2016.

### 2.3.1 GDP performance

In 2016, the largest contributing economic sectors were the finance, insurance, real estate and business services (26.1 per cent), manufacturing (18.4 per cent) and the wholesale and retail trade, catering and accommodation (17.9 per cent) sectors. Collectively, these sectors contributed R21.5 billion towards the Cape Metro area economy (62.4 per cent). This shows that these sectors contribute significantly to the overall stability of the economy.

Table 2.4 indicates the Blaauwberg planning district's GDPR performance per sector.

**Table 2.4 Blaauwberg Planning District GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>1.6</b>	<b>560.4</b>	<b>3.7</b>	<b>4.7</b>	<b>3.8</b>	<b>7.1</b>	<b>7.9</b>	<b>0.4</b>	<b>-3.0</b>	<b>11.0</b>
Agriculture, forestry and fishing	1.3	450.7	4.5	4.8	4.2	7.9	8.0	0.3	-3.9	11.6
Mining and quarrying	0.3	109.7	1.1	4.3	2.2	3.9	7.4	0.8	0.9	8.7
<b>Secondary Sector</b>	<b>30.8</b>	<b>10 637.5</b>	<b>2.2</b>	<b>1.3</b>	<b>3.1</b>	<b>1.9</b>	<b>1.0</b>	<b>0.9</b>	<b>1.8</b>	<b>0.8</b>
Manufacturing	18.4	6 350.7	2.7	1.4	4.0	2.0	0.9	0.9	2.5	0.7
Electricity, gas and water	8.0	2 774.5	-0.9	-0.7	-0.2	-1.0	-0.9	-1.5	-1.4	1.2
Construction	4.4	1 512.4	6.2	4.1	4.4	6.8	5.1	4.6	3.1	1.0
<b>Tertiary Sector</b>	<b>67.6</b>	<b>23 339.6</b>	<b>4.4</b>	<b>3.4</b>	<b>4.7</b>	<b>4.2</b>	<b>3.9</b>	<b>3.4</b>	<b>3.2</b>	<b>2.1</b>
Wholesale and retail trade, catering and accommodation	17.9	6 168.7	4.1	2.9	5.9	4.2	3.1	3.3	3.4	0.3
Transport, storage and communication	10.3	3 555.3	4.7	3.6	4.0	4.2	5.1	2.8	2.8	2.9
Finance, insurance, real estate and business services	26.1	9 023.6	4.6	3.6	4.4	4.1	3.8	4.1	3.4	2.8
General government	8.2	2 830.1	5.7	3.9	5.3	6.4	5.5	3.0	2.9	1.9
Community, social and personal services	5.1	1 761.8	2.6	2.0	3.2	1.3	2.7	1.5	2.6	1.8
<b>Total Blaauwberg Planning District</b>	<b>100</b>	<b>34 537.5</b>	<b>3.8</b>	<b>2.8</b>	<b>4.2</b>	<b>3.6</b>	<b>3.1</b>	<b>2.7</b>	<b>2.7</b>	<b>1.9</b>

Source: Quantec Research, 2018 (e denotes estimate)

Table 2.4 shows that the GDPR growth of the largest contributing sectors is estimated to have declined in 2017 compared to 2016. Even though none of the sectors are estimated to contract in 2017, the overall growth is estimated to decline significantly in 2017 (1.9 per cent) compared to 2016 (2.7 per cent). The GDPR growth of the finance, insurance, real estate and business services sector is estimated to decline to 2.8 per cent in 2017 compared to 3.4 per cent in 2016. The GDPR growth of the manufacturing sector is estimated to decline to 0.7 per cent in 2017 compared to 2.5 per cent in 2016. Furthermore, the GDPR growth of the wholesale and retail trade, catering and accommodation sector is estimated to decline to 0.3 per cent in 2017 compared to 3.4 per cent in 2016.

### 2.3.2 Employment profile

Employment in the Blaauwberg planning district is mainly driven by the wholesale and retail trade, catering and accommodation (24.8 per cent), the finance, insurance, real estate and business services (21.6 per cent) and the manufacturing (15.3 per cent) sectors.

Table 2.5 indicates the trend in employment growth in each economic sector in the Blaauwberg planning district between 2012 and 2017.

**Table 2.5 Blaauwberg Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2.8</b>	<b>3 099</b>	<b>-467</b>	<b>638</b>	<b>228</b>	<b>235</b>	<b>-64</b>	<b>529</b>	<b>-39</b>	<b>-23</b>
Agriculture, forestry and fishing	2.7	3 010	-473	628	223	234	-65	523	-38	-26
Mining and quarrying	0.1	89	6	10	5	1	1	6	-1	3
<b>Secondary Sector</b>	<b>21.9</b>	<b>24 356</b>	<b>2 198</b>	<b>2 782</b>	<b>412</b>	<b>697</b>	<b>516</b>	<b>515</b>	<b>444</b>	<b>610</b>
Manufacturing	15.3	17 016	-42	1 398	-87	444	131	345	9	469
Electricity, gas and water	1.1	1 262	485	182	49	27	26	31	54	44
Construction	5.5	6 078	1 755	1 202	450	226	359	139	381	97
<b>Tertiary Sector</b>	<b>75.3</b>	<b>83 860</b>	<b>27 166</b>	<b>14 544</b>	<b>2 797</b>	<b>3 039</b>	<b>2 907</b>	<b>3 468</b>	<b>1 686</b>	<b>3 444</b>
Wholesale and retail trade, catering and accommodation	24.8	27 627	9 479	5 865	1 061	948	708	1 527	849	1 833
Transport, storage and communication	4.9	5 445	2 238	970	406	397	285	370	-356	274
Finance, insurance, real estate and business services	21.6	24 068	7 361	4 129	740	839	786	1 090	749	665
General government	10.3	11 506	4 150	994	360	113	751	-27	361	-204
Community, social and personal services	13.7	15 214	3 938	2 586	230	742	377	508	83	876
<b>Total Blaauwberg Planning District</b>	<b>100</b>	<b>111 315</b>	<b>28 897</b>	<b>17 964</b>	<b>3 437</b>	<b>3 971</b>	<b>3 359</b>	<b>4 512</b>	<b>2 091</b>	<b>4 031</b>

Source: Quantec Research, 2018 (e denotes estimate)

Compared to the 2 091 new jobs created in 2016, employment creation in the Blaauwberg planning district is estimated to improve in 2017 with 4 031 new employment opportunities. It is estimated that the majority of the new employment opportunities will be created in the tertiary sectors, with the wholesale and retail trade, catering and accommodation sector (1 833 jobs), the community, social and personal services sector (876 jobs) and the finance, insurance, real estate and business services sector (665 jobs) creating the most new jobs.

It is estimated that in 2017 the transport, storage and communication sector regained some of the jobs lost in 2016 while the agriculture, forestry and fishing sector (26 jobs) and the general government services sector (204 jobs) are estimated to have shed jobs.

### 2.3.3 Skills level

Table 2.6 indicates the skills levels of formally employed workers in the Blaauwberg Planning District.

**Table 2.6 Blaauwberg Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	34.6	3.4	2.8	30 604	31 141
Semi-skilled	47.8	3.1	2.9	42 293	43 201
Low-skilled	17.7	1.6	2.2	15 648	15 896
<b>Total Blaauwberg Planning District</b>	<b>100</b>	<b>2.9</b>	<b>2.7</b>	<b>88 545</b>	<b>90 238</b>

Source: Quantec Research, 2018 (e denotes estimate)

Table 2.6 indicates that in 2017 it is estimated that there are 90 238 formally employed people in the Blaauwberg planning district. This shows a positive increase in formal employment opportunities, with an increase from 88 545 in 2016. The estimated increase in formal employment is mainly a result of an increase in semi-skilled and skilled workers.

Over the last five years, formal employment has increased by an average annual rate of 2.7 per cent, with above average growth rates for skilled (2.8 per cent) and semi-skilled workers (2.9 per cent). This is in line with the large-scale job creation in the period in the wholesale and retail trade, catering and accommodation sector (5 865 jobs) as well as the finance, insurance, real estate and business services sector (4 129 jobs).

## 2.4 Northern Planning District

The Northern planning district is located to the north-east of the Cape Metro area and comprises of various land uses including agricultural land and major business service nodes including Durbanville and Tygervalley.

The Northern planning district contributed 14.9 per cent to the Cape Metro area economy in terms of GDP and 10.6 per cent to employment in 2016.

## 2.4.1 GDP performance

The largest contributing sectors to the Northern planning district economy are the finance, insurance, real estate and business services (32 per cent), the wholesale and retail trade, catering and accommodation (15.8 per cent) and the manufacturing (13.9 per cent) sectors. Collectively, these sectors contributed 61.6 per cent (R34.9 billion) of the total economy of the Northern planning district in 2016.

Table 2.7 indicates the Northern planning district's GDP performance per sector between 2012 and 2017.

**Table 2.7 Northern Planning District's GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>1.8</b>	<b>1 037.5</b>	<b>3.0</b>	<b>2.5</b>	<b>2.6</b>	<b>4.1</b>	<b>8.5</b>	<b>-1.1</b>	<b>-6.2</b>	<b>7.3</b>
Agriculture, forestry and fishing	1.6	901.5	3.6	2.4	2.9	4.2	8.8	-1.2	-7.0	7.2
Mining and quarrying	0.2	136.0	-0.1	3.3	1.1	2.8	6.4	-0.2	0.0	7.6
<b>Secondary Sector</b>	<b>22.5</b>	<b>12 755.2</b>	<b>1.9</b>	<b>1.1</b>	<b>2.4</b>	<b>1.5</b>	<b>0.8</b>	<b>0.6</b>	<b>1.6</b>	<b>1.2</b>
Manufacturing	13.9	7 881.1	1.7	1.0	2.9	1.1	0.3	0.4	1.8	1.4
Electricity, gas and water	3.6	2 052.0	-1.1	-1.0	-0.4	-1.1	-1.1	-1.8	-1.7	0.9
Construction	5.0	2 822.1	5.5	3.0	2.4	4.8	4.0	3.0	2.6	0.7
<b>Tertiary Sector</b>	<b>75.6</b>	<b>42 787.5</b>	<b>3.2</b>	<b>2.3</b>	<b>3.4</b>	<b>3.0</b>	<b>2.7</b>	<b>2.4</b>	<b>2.2</b>	<b>1.1</b>
Wholesale and retail trade, catering and accommodation	15.8	8 918.1	3.1	2.0	4.8	3.1	2.3	2.5	2.6	-0.4
Transport, storage and communication	11.7	6 601.2	2.9	2.2	2.3	2.8	3.9	1.5	1.5	1.5
Finance, insurance, real estate and business services	32.0	18 080.4	3.3	2.4	3.1	2.6	2.2	3.1	2.3	1.7
General government	10.7	6 040.8	4.1	2.5	4.0	4.9	3.8	1.5	1.6	0.7
Community, social and personal services	5.6	3 146.9	2.3	1.9	2.7	2.7	1.9	1.5	2.1	1.4
<b>Total Northern Planning District</b>	<b>100</b>	<b>56 580.2</b>	<b>3.0</b>	<b>2.1</b>	<b>3.2</b>	<b>2.7</b>	<b>2.4</b>	<b>2.0</b>	<b>1.9</b>	<b>1.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017 the economy of the Northern planning district grew at a slower rate (1.2 per cent) compared to 2016 (1.9 per cent), mainly because of poor growth from the main economic sectors. The wholesale and retail trade, catering and accommodation sector is estimated to have contracted in 2017 (by 0.4 per cent) compared to a growth of 2.6 per cent in 2016. Growth in the finance, insurance, real estate and business services sector is estimated to have declined to 1.7 per cent in 2017 compared to 2.3 per cent in 2016. Furthermore, the manufacturing sector is estimated to have declined to 1.4 per cent in 2017, from 1.8 per cent in 2016.

## 2.4.2 Employment profile

Employment in the Northern planning district is mainly driven by tertiary sectors with the main contributions from the finance, insurance, real estate and business services sector (24.7 per cent), wholesale and retail trade, catering and accommodation sector (21.6 per cent) and the general government services sector (14 per cent).

Table 2.8 indicates the trend in employment growth in each economic sector in the Northern planning district.

**Table 2.8 Northern Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>4.4</b>	<b>7 094</b>	<b>-2 067</b>	<b>1 311</b>	<b>390</b>	<b>435</b>	<b>-275</b>	<b>1 442</b>	<b>-171</b>	<b>-120</b>
Agriculture, forestry and fishing	4.3	6 975	-2 066	1 304	385	435	-276	1 438	-172	-121
Mining and quarrying	0.1	119	-1	7	5	0	1	4	1	1
<b>Secondary Sector</b>	<b>16.5</b>	<b>26 902</b>	<b>2 654</b>	<b>2 881</b>	<b>581</b>	<b>698</b>	<b>595</b>	<b>396</b>	<b>683</b>	<b>509</b>
Manufacturing	9.9	16 191	-1	1 309	-112	427	112	267	102	401
Electricity, gas and water	0.6	972	355	133	35	19	17	21	44	32
Construction	6.0	9 739	2 300	1 439	658	252	466	108	537	76
<b>Tertiary Sector</b>	<b>79.1</b>	<b>128 784</b>	<b>33 247</b>	<b>17 124</b>	<b>3 999</b>	<b>3 835</b>	<b>3 394</b>	<b>3 949</b>	<b>2 804</b>	<b>3 142</b>
Wholesale and retail trade, catering and accommodation	21.6	35 151	9 383	5 977	1 145	944	612	1 600	897	1 924
Transport, storage and communication	5.2	8 501	2 566	877	577	479	77	326	-228	223
Finance, insurance, real estate and business services	24.7	40 148	10 148	5 877	1 511	1 325	1 004	1 635	1 396	517
General government	14.0	22 720	6 115	584	486	-111	1 165	-327	515	-658
Community, social and personal services	13.7	22 264	5 035	3 809	280	1 198	536	715	224	1 136
<b>Total Northern Planning District</b>	<b>100</b>	<b>162 780</b>	<b>33 834</b>	<b>21 316</b>	<b>4 970</b>	<b>4 968</b>	<b>3 714</b>	<b>5 787</b>	<b>3 316</b>	<b>3 531</b>

Source: Quantec Research, 2018 (e denotes estimate)

Overall it is estimated that employment creation in the Northern planning district was higher in 2017 compared to 2016. It is estimated that 3 531 new employment opportunities were created in 2017, with the largest number of jobs created in the wholesale and retail trade, catering and accommodation sector (1 924 jobs) and the community and social services sector (1 136 jobs). The sectors that shed jobs include the agriculture, forestry and fishing sector (121 jobs) and the general government services sector (658 jobs).

It is estimated that in 2017 the transport, storage and communication sector was able to recover most of the jobs lost in 2016, while the agriculture, forestry and fishing sector and the general government services sector collectively shed 779 jobs in 2017.

### 2.4.3 Skills level

Table 2.9 indicates the skills levels of formally employed workers in the Northern planning district in 2016.

**Table 2.9 Northern Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	41.6	2.6	2.1	56 514	56 870
Semi-skilled	42.8	2.7	2.4	58 215	58 840
Low-skilled	15.6	0.6	1.8	21 181	21 289
<b>Total Northern Planning District</b>	<b>100</b>	<b>2.3</b>	<b>2.2</b>	<b>135 910</b>	<b>136 999</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, there were 135 910 formally employed people in the Northern planning district, and it is estimated that formal employment increased to 136 999 in 2017. The majority of workers are either semi-skilled (42.8 per cent) or skilled (41.6 per cent).

Over the past five years, formal employment increased by an average annual rate of 2.2 per cent, with an above average growth rate for semi-skilled employment (2.4 per cent) which is in line with the large number of jobs created in the wholesale and retail trade, catering and accommodation, and the finance, insurance, real estate and business services sector over the same period.

## 2.5 Khayelitsha/Mitchells Plain Planning District

The Khayelitsha/Mitchells Plain planning district has the largest population in the Cape Metro area in contrast to having a very low percentage of economic opportunities in relation to the rest of the Cape Metro area. The result of this is that people residing in this area need to travel to other areas to access major services and employment opportunities.

The Khayelitsha/Mitchells Plain planning district contributed 15.8 per cent (R60.3 billion) to the Cape Metro area economy and 24.9 per cent to employment in 2016. This planning district also had the highest unemployment rate in the Cape Metro area (30.0 per cent) in 2016.

### 2.5.1 GDP performance

The sectors that contribute the most to the economy of the Khayelitsha/Mitchells Plain planning district is the finance, insurance, real estate and business services sector (18.2 per cent), the wholesale and retail trade, catering and accommodation sector (17.7 per cent) and the manufacturing sector (16.3 per cent). Collectively these sectors contributed 52.2 per cent (R31.5 billion) to the total economy in 2016.



Table 2.10 indicates the Khayelitsha/Mitchells Plain planning district's GDP performance per sector.

**Table 2.10 Khayelitsha/Mitchells Plain Planning District GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>1.6</b>	<b>992.3</b>	<b>3.4</b>	<b>4.6</b>	<b>3.2</b>	<b>5.0</b>	<b>7.3</b>	<b>0.4</b>	<b>-2.1</b>	<b>12.7</b>
Agriculture, forestry and fishing	1.5	893.0	3.5	4.6	3.3	5.0	7.1	0.3	-2.5	13.1
Mining and quarrying	0.2	99.3	2.1	5.0	2.8	4.6	8.7	1.0	2.0	8.9
<b>Secondary Sector</b>	<b>26.9</b>	<b>16 191.6</b>	<b>1.3</b>	<b>0.4</b>	<b>1.3</b>	<b>1.7</b>	<b>0.5</b>	<b>-0.1</b>	<b>0.3</b>	<b>-0.4</b>
Manufacturing	16.3	9 827.0	0.7	0.2	1.0	1.1	-0.1	-0.4	0.6	-0.1
Electricity, gas and water	2.9	1 742.5	-0.3	-1.0	0.9	0.0	-0.4	-1.8	-2.5	-0.2
Construction	7.7	4 622.1	3.7	1.5	2.2	4.1	2.8	1.4	0.2	-1.1
<b>Tertiary Sector</b>	<b>71.5</b>	<b>43 091.9</b>	<b>3.2</b>	<b>2.3</b>	<b>3.4</b>	<b>3.3</b>	<b>3.0</b>	<b>2.1</b>	<b>1.8</b>	<b>1.2</b>
Wholesale and retail trade, catering and accommodation	17.7	10 698.3	2.5	1.3	3.8	2.2	1.4	1.9	1.8	-0.7
Transport, storage and communication	14.2	8 529.1	1.7	1.2	1.7	2.2	2.9	-0.3	0.2	1.2
Finance, insurance, real estate and business services	18.2	10 999.8	4.4	3.4	4.2	3.9	3.7	4.1	2.6	2.9
General government	13.9	8 408.3	4.4	2.8	4.0	5.2	4.4	1.9	1.9	0.9
Community, social and personal services	7.4	4 456.4	2.4	2.0	2.7	3.2	1.9	1.6	1.8	1.5
<b>Total Khayelitsha/Mitchells Plain Planning District</b>	<b>100</b>	<b>60 275.8</b>	<b>2.7</b>	<b>1.8</b>	<b>2.9</b>	<b>2.9</b>	<b>2.4</b>	<b>1.5</b>	<b>1.4</b>	<b>1.0</b>

Source: Quantec Research, 2018 (e denotes estimate)

The finance, insurance, real estate and business services sector is estimated to show an increase in growth in 2017 (2.9 per cent, compared to 2.6 per cent in 2016) in the Khayelitsha/Mitchells Plain planning district. However, this growth rate is still below the long run average growth rate of the sector. The other major contributing sectors are estimated to contract in 2017 with the wholesale and retail trade, catering and accommodation sector estimated to contract by 0.7 per cent and the manufacturing sector estimated to contract by 0.1 per cent.

Other sectors that contracted in the Khayelitsha/Mitchells Plain planning district include the electricity, gas and water sector (0.2 per cent) and the construction sector (-1.1 per cent).

Overall, Table 2.10 shows that the Khayelitsha/Mitchells Plain planning district economy is estimated to decline to 1 per cent in 2017.

## 2.5.2 Employment profile

In 2016, the sectors that contributed the most to employment were wholesale and retail trade, catering and accommodation sector (23.4 per cent), the finance, insurance, real estate and business services sector (19.3 per cent) and the community, social and personal services sector (17.5 per cent).

Table 2.11 indicates the trend in employment growth in each economic sector in the Khayelitsha/Mitchells Plain planning district for the period 2012 to 2017.

**Table 2.11 Khayelitsha/Mitchells Plain Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2.6</b>	<b>10 109</b>	<b>-1 550</b>	<b>1 823</b>	<b>847</b>	<b>879</b>	<b>-163</b>	<b>1 338</b>	<b>-149</b>	<b>-82</b>
Agriculture, forestry and fishing	2.6	9 940	-1 567	1 803	840	877	-167	1 328	-149	-86
Mining and quarrying	0.0	169	17	20	7	2	4	10	0	4
<b>Secondary Sector</b>	<b>19.2</b>	<b>73 578</b>	<b>-5 371</b>	<b>3 394</b>	<b>649</b>	<b>1 019</b>	<b>1 031</b>	<b>168</b>	<b>680</b>	<b>496</b>
Manufacturing	10.6	40 723	-8 074	327	-1 172	492	-391	228	-587	585
Electricity, gas and water	0.3	1 301	379	145	25	11	27	36	43	28
Construction	8.2	31 554	2 324	2 922	1 796	516	1 395	-96	1 224	-117
<b>Tertiary Sector</b>	<b>78.1</b>	<b>299 085</b>	<b>61 326</b>	<b>29 627</b>	<b>4 200</b>	<b>6 411</b>	<b>6 461</b>	<b>8 422</b>	<b>-462</b>	<b>8 795</b>
Wholesale and retail trade, catering and accommodation	23.4	89 461	15 903	11 369	1 693	1 649	1 097	3 617	263	4 743
Transport, storage and communication	5.1	19 437	5 093	1 473	1 095	759	-215	1 041	-688	576
Finance, insurance, real estate and business services	19.3	74 003	12 417	5 313	-362	1 187	1 497	2 059	-853	1 423
General government	12.9	49 297	13 963	2 021	1 094	23	2 814	-596	1 096	-1 316
Community, social and personal services	17.5	66 887	13 950	9 451	680	2 793	1 268	2 301	-280	3 369
<b>Total Khayelitsha/Mitchells Plain Planning District</b>	<b>100</b>	<b>382 772</b>	<b>54 405</b>	<b>34 844</b>	<b>5 696</b>	<b>8 309</b>	<b>7 329</b>	<b>9 928</b>	<b>69</b>	<b>9 209</b>

Source: Quantec Research, 2018 (e denotes estimate)

Employment creation in the Khayelitsha/Mitchells Plain planning district is estimated to improve in 2017 with 9 209 new employment opportunities compared to 69 new employment opportunities in 2016. It is estimated that the majority of the new employment opportunities will be created in the tertiary sectors, with the wholesale and retail trade, catering and accommodation sector (4 743 jobs), the community,

social and personal services sector (3 369 jobs) and the finance, insurance, real estate and business services sector (1 423 jobs) creating the most new jobs.

Job shedding is estimated to take place in the agriculture, forestry and fishing sector (86 jobs), the construction sector (117 jobs) and the general government services sector (1 316 jobs).

### 2.5.3 Skills level

Table 2.12 indicates the skill levels of formally employed workers in the Khayelitsha/Mitchells Plain planning district.

**Table 2.12 Khayelitsha/Mitchells Plain Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	18.1	3.1	2.3	52 613	53 021
Semi-skilled	52.9	1.3	1.4	153 662	154 073
Low-skilled	28.9	0.8	1.3	84 013	84 520
<b>Total Khayelitsha/ Mitchells Plain Planning District</b>	<b>100</b>	<b>1.4</b>	<b>1.5</b>	<b>290 288</b>	<b>291 614</b>

Source: Quantec Research, 2018

In 2017 it is estimated that there are 291 614 formally employed people in the Khayelitsha/Mitchells Plain planning district. This shows a positive increase in formal employment opportunities with an increase from 290 288 in 2016. Most workers in this planning district are semi-skilled (52.9 per cent).

Over the last five years, formal employment has increased on average by 1.5 per cent per annum, with skilled employment increasing by an average of 2.3 per cent per annum.

## 2.6 Helderberg Planning District

The Helderberg planning district consists of contrasting areas including very affluent areas and very low-income areas. The major economic activity areas include the Somerset West CBD and Strand CBD. The area as a whole is also seen as one of the major investment nodes in the Cape Metro area.

The Helderberg planning district contributed 6.1 per cent (R23.3 billion) to the Cape Metro area GDP and 6.2 per cent to employment in 2016.

### 2.6.1 GDP performance

The Helderberg planning district economy is driven mainly by the finance, insurance, real estate and business services, the wholesale and retail trade, catering and accommodation, and the manufacturing sectors. Collectively these sectors contributed R14.3 billion (61.6 per cent) to the economy in 2016. This indicates the importance of these sectors to the overall strength and stability of the economy.

Table 2.13 indicates the Helderberg planning district's GDPR performance per sector.

**Table 2.13 Helderberg Planning District GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 -2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2.3</b>	<b>524.0</b>	<b>3.0</b>	<b>2.5</b>	<b>3.0</b>	<b>3.9</b>	<b>8.3</b>	<b>-0.8</b>	<b>-5.5</b>	<b>6.6</b>
Agriculture, forestry and fishing	2.0	454.7	3.3	2.2	3.0	3.8	8.3	-1.0	-6.4	6.2
Mining and quarrying	0.3	69.3	1.6	5.0	2.7	4.6	8.2	1.3	1.5	9.4
<b>Secondary Sector</b>	<b>25.8</b>	<b>6 004.7</b>	<b>1.6</b>	<b>1.1</b>	<b>2.0</b>	<b>1.9</b>	<b>1.3</b>	<b>0.6</b>	<b>1.3</b>	<b>0.2</b>
Manufacturing	16.4	3 816.3	1.1	0.8	1.8	1.1	0.5	0.3	1.6	0.5
Electricity, gas and water	2.4	552.0	-0.2	-0.8	1.2	0.7	0.1	-1.7	-2.7	-0.6
Construction	7.0	1 636.3	4.4	2.5	2.8	5.0	4.3	2.0	1.7	-0.5
<b>Tertiary Sector</b>	<b>72.0</b>	<b>16 751.8</b>	<b>3.2</b>	<b>2.3</b>	<b>3.4</b>	<b>3.2</b>	<b>2.7</b>	<b>2.3</b>	<b>2.0</b>	<b>1.2</b>
Wholesale and retail trade, catering and accommodation	17.4	4 057.7	2.9	1.8	4.5	2.9	2.0	2.3	2.3	-0.4
Transport, storage and communication	9.5	2 215.2	3.3	2.4	2.6	2.9	3.8	1.6	1.5	2.1
Finance, insurance, real estate and business services	27.8	6 468.2	3.1	2.4	3.0	2.7	2.5	2.7	2.1	1.7
General government	10.4	2 413.2	4.3	2.7	4.1	5.1	4.1	1.7	1.8	0.9
Community, social and personal services	6.9	1 597.6	2.5	2.2	2.9	3.7	2.0	1.6	1.9	1.6
<b>Total Helderberg Planning District</b>	<b>100</b>	<b>23 280.5</b>	<b>2.8</b>	<b>2.0</b>	<b>3.0</b>	<b>2.9</b>	<b>2.5</b>	<b>1.8</b>	<b>1.7</b>	<b>1.1</b>

Source: Quantec Research, 2018 (e denotes estimate)

The largest contributing sectors, as indicated in Table 2.13, have shown a continued decline during the period being researched. The GDPR growth in the manufacturing sector is estimated to decline during 2017 to 0.5 per cent, while the finance, insurance, real estate and business services sector GDPR growth is estimated to decline to 1.7 per cent. Furthermore, the wholesale and retail trade, catering and accommodation sector is estimated to have contracted in 2017 by 0.4 per cent. Other sectors that are estimated to have contracted in 2017 are the construction sector (0.5 per cent) and the electricity, gas and water sector (0.6 per cent).

The Helderberg planning district economy is estimated to grow at a slower rate in 2017 (1.1 per cent) compared to 2016 (1.7 per cent). This is mainly due to the estimated decline in growth in general and the contraction for the wholesale and retail trade, catering and accommodation sector.

## 2.6.2 Employment profile

The sectors that contributed the most to employment in the Helderberg planning district in 2016 include the wholesale and retail trade, catering and accommodation (24.2 per cent), the finance, insurance, real estate and business services (19.2 per cent) and the community, social and personal services (18.5 per cent) sectors.

Table 2.14 indicates the trend in employment growth in each economic sector in the Helderberg planning district.

**Table 2.14 Helderberg Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>3.8</b>	<b>3 683</b>	<b>-1 067</b>	<b>658</b>	<b>228</b>	<b>233</b>	<b>-118</b>	<b>689</b>	<b>-86</b>	<b>-60</b>
Agriculture, forestry and fishing	3.8	3 620	-1 076	650	225	233	-121	685	-86	-61
Mining and quarrying	0.1	63	9	8	3	0	3	4	0	1
<b>Secondary Sector</b>	<b>19.2</b>	<b>18 368</b>	<b>598</b>	<b>1703</b>	<b>365</b>	<b>513</b>	<b>471</b>	<b>99</b>	<b>293</b>	<b>327</b>
Manufacturing	9.7	9 322	-490	560	-182	302	-8	66	-85	285
Electricity, gas and water	0.3	324	110	46	8	3	11	10	13	9
Construction	9.1	8 722	978	1097	539	208	468	23	365	33
<b>Tertiary Sector</b>	<b>77.0</b>	<b>73 772</b>	<b>17 909</b>	<b>9 561</b>	<b>1 533</b>	<b>2 015</b>	<b>1 921</b>	<b>2 518</b>	<b>386</b>	<b>2 721</b>
Wholesale and retail trade, catering and accommodation	24.2	23 155	5 004	3 373	524	511	314	1 031	110	1 407
Transport, storage and communication	3.9	3 780	1 272	490	237	208	82	248	-216	168
Finance, insurance, real estate and business services	19.2	18 354	4 508	2 499	315	467	536	728	257	511
General government	11.2	10 756	3 057	414	244	-9	596	-130	248	-291
Community, social and personal services	18.5	17 727	4 068	2 785	213	838	393	641	-13	926
<b>Total Helderberg Planning District</b>	<b>100</b>	<b>95 823</b>	<b>17 440</b>	<b>11 922</b>	<b>2 126</b>	<b>2 761</b>	<b>2 274</b>	<b>3 306</b>	<b>593</b>	<b>2 988</b>

Source: Quantec Research, 2018 (e denotes estimate)

Overall it is estimated that employment creation in the Helderberg planning district increased in 2017 compared to 2016. It is estimated that 2 988 new employment opportunities were created in 2017, with the largest number of jobs created in the wholesale and retail trade, catering and accommodation sector (1 407 jobs) and the community and social services sector (926 jobs). It is estimated that in 2017 some sectors recovered the jobs lost in 2016, either in whole or in part, including the transport, storage and communication sector, the manufacturing sector and the community, social and personal services sector.

However, some sectors shed jobs, including the agriculture, forestry and fishing sector (61 jobs) and the general government services sector (291 jobs).

### 2.6.3 Skills level

Table 2.15 indicates the skills levels of formally employed workers in the Helderberg planning district.

**Table 2.15 Helderberg Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	32.3	2.8	2.4	22 734	22 988
Semi-skilled	42.2	1.9	2.1	29 707	29 977
Low-skilled	25.5	1.2	1.9	17 992	18 214
<b>Total Helderberg Planning District</b>	<b>100</b>	<b>2.0</b>	<b>2.1</b>	<b>70 433</b>	<b>71 179</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016 there were 70 433 formally employed people in the Helderberg planning district, and it is estimated that formal employment increased to 71 179 in 2017. Most workers are either semi-skilled (42.2 per cent) or skilled (32.3 per cent).

Over the past five years, formal employment has increased by an average rate of 2.1 per cent per annum, with skilled employment increasing by 2.4 per cent per annum on average.

## 2.7 Cape Flats Planning District

The Cape Flats planning district is located to the southern part of the Cape Metro area. The planning district includes one of the largest horticultural areas within the Cape Metro area. There are also scattered industrial and commercial activities in the area with the major areas being Ottery, Gugulethu and Athlone.

In 2016, the Cape Flats planning district contributed 15.8 per cent (R60.1 billion) to the Cape Metro area GDP and 17.9 per cent to employment. In 2016 the Cape Flats planning district had an unemployment rate of 23.1 per cent.

### 2.7.1 GDP performance

The largest contributing sectors to the Cape Flats planning district economy in 2016 include the finance, insurance, real estate and business services sector (24.8 per cent), the wholesale and retail trade, catering and accommodation sector (18.2 per cent) and the manufacturing sector (15.2 per cent). Collectively these sectors contributed 58.2 per cent (R35 billion) to the total economy in 2016.

Table 2.16 reflects the Cape Flats planning district's GDP performance per sector.

**Table 2.16 Cape Flats Planning District GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>1.6</b>	<b>991.1</b>	<b>3.3</b>	<b>4.6</b>	<b>3.5</b>	<b>5.2</b>	<b>7.3</b>	<b>0.3</b>	<b>-2.6</b>	<b>12.9</b>
Agriculture, forestry and fishing	1.4	863.4	3.8	4.8	3.8	5.5	7.4	0.4	-3.0	13.6
Mining and quarrying	0.2	127.7	0.4	3.6	1.4	3.1	6.9	0.0	0.5	7.7
<b>Secondary Sector</b>	<b>23.0</b>	<b>13 841.3</b>	<b>0.9</b>	<b>-0.3</b>	<b>1.9</b>	<b>0.8</b>	<b>-0.3</b>	<b>-0.5</b>	<b>0.0</b>	<b>-1.3</b>
Manufacturing	15.2	9 147.7	0.6	-0.5	1.9	0.2	-0.9	-1.0	0.4	-1.3
Electricity, gas and water	1.9	1 112.6	-2.6	-2.8	-1.5	-2.2	-2.5	-3.6	-3.9	-1.6
Construction	6.0	3 581.0	3.4	1.4	2.9	4.1	2.3	2.0	-0.1	-1.2
<b>Tertiary Sector</b>	<b>75.3</b>	<b>45 310.0</b>	<b>2.3</b>	<b>1.5</b>	<b>2.6</b>	<b>2.3</b>	<b>1.9</b>	<b>1.5</b>	<b>1.4</b>	<b>0.3</b>
Wholesale and retail trade, catering and accommodation	18.2	10 942.0	1.6	0.7	2.9	1.4	1.0	1.2	1.3	-1.7
Transport, storage and communication	11.0	6 626.0	1.9	1.2	1.4	1.8	2.8	0.3	0.6	0.8
Finance, insurance, real estate and business services	24.8	14 898.2	2.8	2.0	2.7	2.1	1.9	2.6	1.9	1.3
General government	14.0	8 405.1	3.5	2.0	3.3	4.3	3.4	1.1	1.2	0.2
Community, social and personal services	7.4	4 438.7	1.2	0.9	1.7	2.6	0.8	0.3	0.6	0.4
<b>Total Cape Flats Planning District</b>	<b>100</b>	<b>60 142.4</b>	<b>2.0</b>	<b>1.2</b>	<b>2.4</b>	<b>2.0</b>	<b>1.5</b>	<b>1.0</b>	<b>1.0</b>	<b>0.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

The largest contributing sectors, as indicated in Table 2.16, have shown a continued decline during the period being researched. The manufacturing sector is estimated to have contracted during 2017 by 1.3 per cent, while the wholesale and retail trade, catering and accommodation sector is also estimated to have contracted during 2017 by 1.7 per cent. Even though the finance, insurance, real estate and business services sector did not contract, it is estimated that there was a decline in growth from 1.9 per cent in 2016 to 1.3 per cent in 2017.

Overall, the Cape Flats planning district economy is estimated to decline in 2017 compared to 2016. This is mainly due to the estimated decline in growth in general government and the contraction in the wholesale and retail trade, catering and accommodation sector (1.7 per cent) and the manufacturing sector (1.3 per cent). Furthermore, it is estimated that the electricity, gas and water sector continued to contract in 2017 (by 1.6 per cent) as well as the construction sector by 1.2 per cent.

## 2.7.2 Employment profile

In 2016, the main sectors that contributed the most to employment were the wholesale and retail trade, catering and accommodation sector (23.9 per cent), the finance, insurance, real estate and business services sector (19.7 per cent) and the community, social and personal services sector (16.2 per cent).

Table 2.17 indicates the trend in employment growth in each economic sector in the Cape Flats planning district.

**Table 2.17 Cape Flats Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2.7</b>	<b>7 351</b>	<b>-1 064</b>	<b>1 385</b>	<b>595</b>	<b>621</b>	<b>-140</b>	<b>1 056</b>	<b>-88</b>	<b>-64</b>
Agriculture, forestry and fishing	2.6	7 197	-1 075	1 368	588	619	-143	1 047	-88	-67
Mining and quarrying	0.1	154	11	17	7	2	3	9	0	3
<b>Secondary Sector</b>	<b>18.2</b>	<b>50 206</b>	<b>-5 514</b>	<b>1 502</b>	<b>345</b>	<b>402</b>	<b>300</b>	<b>203</b>	<b>520</b>	<b>77</b>
Manufacturing	11.0	30 262	-7 642	-413	-857	-2	-432	131	-276	166
Electricity, gas and water	0.2	684	116	24	7	-7	5	5	14	7
Construction	7.0	19 260	2 012	1 891	1 195	411	727	67	782	-96
<b>Tertiary Sector</b>	<b>79.2</b>	<b>218 503</b>	<b>33 609</b>	<b>16 604</b>	<b>3 167</b>	<b>4 049</b>	<b>3 869</b>	<b>4 312</b>	<b>671</b>	<b>3 703</b>
Wholesale and retail trade, catering and accommodation	23.9	66 084	9 364	7 155	1 172	937	603	2 270	600	2 745
Transport, storage and communication	4.6	12 730	2 913	838	756	604	129	493	-682	294
Finance, insurance, real estate and business services	19.7	54 405	7 986	4 135	768	1 060	714	1 490	549	322
General government	14.7	40 634	9 242	278	652	-334	2 001	-763	700	-1 326
Community, social and personal services	16.2	44 650	4 104	4 198	-181	1 782	422	822	-496	1 668
<b>Total Cape Flats Planning District</b>	<b>100</b>	<b>276 060</b>	<b>27 031</b>	<b>19 491</b>	<b>4 107</b>	<b>5 072</b>	<b>4 029</b>	<b>5 571</b>	<b>1 103</b>	<b>3 716</b>

Source: Quantec Research, 2018 (e denotes estimate)

Overall employment creation in the Cape Flats planning district is estimated to improve in 2017 with 3 716 new employment opportunities compared to 1 103 jobs created in 2016. It is estimated that the majority of the new employment opportunities were created in the tertiary sectors, with the wholesale and retail trade, catering and accommodation sector (2 745 jobs), the community, social and personal services sector (1 668 jobs) and the finance, insurance, real estate and business services sector (322 jobs) creating the most new jobs.

Job shedding is estimated to take place in the agriculture, forestry and fishing sector (67 jobs), the construction sector (96 jobs) and the general government services sector (1 326 jobs).



### 2.7.3 Skills level

Table 2.18 shows the skills levels for formally employed workers in the Cape Flats planning district.

**Table 2.18 Cape Flats Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	29.1	1.8	1.4	65 306	65 150
Semi-skilled	49.7	0.9	1.3	111 753	111 573
Low-skilled	21.2	0.1	0.7	47 585	47 531
<b>Total Cape Flats Planning District</b>	<b>100</b>	<b>1.0</b>	<b>1.2</b>	<b>224 644</b>	<b>224 254</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2017 it is estimated that there were 224 254 formally employed people in the Cape Flats planning district. This is a decrease in formally employed people in the Cape Flats planning district in comparison to 2016 (224 644). The majority of formally employed workers in the Cape Flats planning district are semi-skilled (49.7 per cent).

Over the last five years, formal employment has grown at an average annual rate of 1.2 per cent. Skilled employment increased over the period with an average annual rate of 1.4 per cent, mostly as a result of large-scale job creation in the tertiary sectors, particularly the finance, insurance, real estate and business services sector, and the community, social and personal services sector.

## 2.8 Table Bay Planning District

The Table Bay planning district includes the main commercial and tourist areas of the Cape Metro area. This includes the Cape Metro CBD, the City Bowl and the Atlantic Seaboard, all of which are prominent and globally recognised. The most significant economic infrastructure includes the Cape Town Harbour, Cape Town International Convention Centre and the V&A Waterfront.

The Table Bay planning district contributed 9.3 per cent (R35.6 billion) of the Cape Metro area economy and 7.4 per cent to employment in 2016.

### 2.8.1 GDP performance

In 2016, the largest contributing sectors to the Table Bay economy included the finance, insurance, real estate and business services sector (36.9 per cent), the wholesale and retail trade, catering and accommodation sector (16.8 per cent) and the manufacturing sector (11.9 per cent). Collectively these sectors contributed R23.3 billion (65.6 per cent) to the Table Bay planning district economy in 2016. The significant contribution of these sectors indicates the importance of the sectors in the overall strength and stability of the economy.

Table 2.19 indicates the Table Bay planning district's GDP performance per sector.

**Table 2.19 Table Bay Planning District GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>1.3</b>	<b>470.6</b>	<b>2.3</b>	<b>4.6</b>	<b>2.8</b>	<b>5.0</b>	<b>5.9</b>	<b>0.2</b>	<b>-1.9</b>	<b>14.0</b>
Agriculture, forestry and fishing	1.0	373.4	3.3	5.2	3.5	5.6	6.0	0.5	-2.2	15.9
Mining and quarrying	0.3	97.2	-0.7	2.6	0.2	2.8	5.4	-1.1	-0.9	6.7
<b>Secondary Sector</b>	<b>16.7</b>	<b>5 954.7</b>	<b>1.0</b>	<b>-0.2</b>	<b>2.3</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.6</b>	<b>0.6</b>	<b>-1.2</b>
Manufacturing	11.9	4 222.5	0.9	-0.4	2.7	0.2	-0.9	-1.0	0.9	-1.2
Electricity, gas and water	1.5	550.2	-2.4	-2.2	-1.5	-2.1	-2.2	-3.0	-3.1	-0.6
Construction	3.3	1 182.0	3.8	1.8	2.5	4.4	2.6	2.2	0.6	-1.0
<b>Tertiary Sector</b>	<b>81.9</b>	<b>29 167.0</b>	<b>2.7</b>	<b>1.9</b>	<b>2.8</b>	<b>2.7</b>	<b>2.3</b>	<b>2.0</b>	<b>1.9</b>	<b>0.8</b>
Wholesale and retail trade, catering and accommodation	16.8	5 984.7	1.9	1.0	3.3	2.0	1.2	1.5	1.7	-1.4
Transport, storage and communication	9.9	3 518.1	2.4	1.5	1.7	1.7	2.9	0.8	1.0	1.2
Finance, insurance, real estate and business services	36.9	13 132.6	3.3	2.7	2.9	3.4	2.7	3.1	2.5	1.7
General government	10.9	3 889.7	3.4	1.8	3.3	4.2	3.0	0.8	1.0	0.1
Community, social and personal services	7.4	2 641.9	0.6	0.3	1.2	-0.4	1.1	-0.2	0.9	0.1
<b>Total Table Bay Planning District</b>	<b>100</b>	<b>35 592.4</b>	<b>2.4</b>	<b>1.6</b>	<b>2.7</b>	<b>2.4</b>	<b>1.9</b>	<b>1.6</b>	<b>1.7</b>	<b>0.6</b>

Source: Quantec Research, 2018 (e denotes estimate)

From Table 2.19 it is evident that two of the largest economic sectors in the Table Bay planning district are estimated to contract in 2017. The manufacturing sector is estimated to contract by 1.2 per cent in 2017, while the wholesale and retail trade, catering and accommodation sector is estimated to contract by 1.4 per cent in 2017. Even though the finance, insurance, real estate and business services sector did not contract, it is estimated that growth declined to 1.7 per cent in 2017.

Overall, the Table Bay planning district economic growth is estimated to decline in 2017 compared to 2016. This is mainly due to the estimated decline in growth in general as well as the contraction of two of the main contributing sectors.

## 2.8.2 Employment profile

Employment in the Table Bay planning district is mainly driven by the finance, insurance, real estate and business services sector, the wholesale and retail trade, catering and accommodation sector, the community, social and personal services sector and the general government sector. Collectively these sectors contributed 80.2 per cent to employment in the planning district.

Table 2.20 indicates the trend in employment growth in each economic sector in the Table Bay planning district.

**Table 2.20 Table Bay Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>1.9</b>	<b>2 212</b>	<b>-227</b>	<b>409</b>	<b>197</b>	<b>198</b>	<b>-31</b>	<b>271</b>	<b>-10</b>	<b>-19</b>
Agriculture, forestry and fishing	1.9	2 129	-226	404	195	199	-32	267	-11	-19
Mining and quarrying	0.1	83	-1	5	2	-1	1	4	1	0
<b>Secondary Sector</b>	<b>12.8</b>	<b>14 600</b>	<b>-1 012</b>	<b>451</b>	<b>116</b>	<b>165</b>	<b>20</b>	<b>42</b>	<b>139</b>	<b>85</b>
Manufacturing	8.9	10 132	-1 605	36	-170	82	-128	21	-51	112
Electricity, gas and water	0.2	278	71	22	5	3	1	4	8	6
Construction	3.7	4 190	522	393	281	80	147	17	182	-33
<b>Tertiary Sector</b>	<b>85.2</b>	<b>96 817</b>	<b>14 818</b>	<b>8 011</b>	<b>1 449</b>	<b>1 833</b>	<b>1 729</b>	<b>2 144</b>	<b>407</b>	<b>1 898</b>
Wholesale and retail trade, catering and accommodation	23.6	26 792	4 113	3 201	482	391	254	1 034	347	1 175
Transport, storage and communication	5.1	5 769	1 317	421	353	326	278	264	-622	175
Finance, insurance, real estate and business services	27.3	30 984	5 232	3 204	607	650	475	995	765	319
General government	12.6	14 298	2 941	-180	206	-199	619	-318	231	-513
Community, social and personal services	16.7	18 974	1 215	1 365	-199	665	103	169	-314	742
<b>Total Table Bay Planning District</b>	<b>100</b>	<b>113 629</b>	<b>13 579</b>	<b>8 871</b>	<b>1 762</b>	<b>2 196</b>	<b>1 718</b>	<b>2 457</b>	<b>536</b>	<b>1 964</b>

Source: Quantec Research, 2018 (e denotes estimate)

Employment creation in the Table Bay planning district is estimated to improve between 2016 and 2017. The net change in employment increased from 536 jobs in 2016 to 1 964 jobs in 2017. It is estimated that most of the new employment opportunities were created in the tertiary sectors, with the wholesale and retail trade, catering and accommodation sector (1 175 jobs) and the community, social and personal services sector (742 jobs) creating the most new jobs.

Job shedding is estimated to take place in the agriculture, forestry and fishing sector (19 jobs), the construction sector (33 jobs) and the general government services sector (513 jobs).

### 2.8.3 Skills level

Table 2.21 indicates the skills levels of formally employed workers in the Table Bay planning district.

**Table 2.21 Table Bay Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)		Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e	
Skilled	42.6	1.9	1.7	38 998	39 106	
Semi-skilled	42.0	1.21	1.4	38 413	38 487	
Low-skilled	15.4	-0.3	0.4	14 128	14 082	
<b>Total Table Bay Planning District</b>	<b>100</b>	<b>1.22</b>	<b>0.5</b>	<b>91 539</b>	<b>91 675</b>	

Source: Quantec Research, 2018 (e denotes estimate)

Table 2.21 indicates that in 2017 it is estimated that there are 91 675 formally employed people in the Table Bay planning district. This shows a positive increase in formal employment opportunities in the Table Bay planning district, with an increase from 91 539 in 2016.

Compared to other planning districts, formal employment over the last five years has increased at a relatively slower rate, at 0.5 per cent per annum on average. Skilled and semi-skilled employment has increased by an average annual rate of 1.7 per cent and 1.4 per cent respectively. Most workers in this planning district are also either skilled and semi-skilled (42.6 per cent and 42 per cent respectively).

## 2.9 Southern Planning District

The Southern planning district is located to the south-west of the Cape Metro area. The planning district includes densely urbanised areas, including commercial activities, along the Main Road activity corridor, agricultural land and wine farms in the Constantia Valley as well as various tourist attractions.

In 2016, the Southern planning district contributed 11.2 per cent (R42.6 billion) to the Cape Metro area economy 7.7 per cent to employment.

### 2.9.1 GDP performance

The sectors that contributed the most to the Southern planning district economy in terms of GDP include the finance, insurance, real estate and business services sector (39 per cent) and the wholesale and retail trade, catering and accommodation sector (14.5 per cent). The manufacturing sector and the general government sector also made relatively large contributions to the Southern planning district economy in 2016, contributing 11.5 per cent and 11.8 per cent respectively.

Table 2.22 indicates the Southern planning district's GDP performance per sector.

**Table 2.22 Southern Planning District GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2.2</b>	<b>930.7</b>	<b>2.7</b>	<b>4.7</b>	<b>3.0</b>	<b>4.8</b>	<b>6.1</b>	<b>0.5</b>	<b>-1.5</b>	<b>13.6</b>
Agriculture, forestry and fishing	1.9	790.1	3.3	4.9	3.3	5.2	6.0	0.6	-1.7	14.6
Mining and quarrying	0.3	140.6	0.0	3.3	1.0	2.7	6.3	-0.2	-0.1	7.6
<b>Secondary Sector</b>	<b>17.5</b>	<b>7 449.3</b>	<b>1.3</b>	<b>-0.2</b>	<b>2.6</b>	<b>0.5</b>	<b>0.0</b>	<b>-0.5</b>	<b>1.0</b>	<b>-1.9</b>
Manufacturing	11.5	4 896.6	0.8	-0.7	2.8	-0.4	-0.9	-1.2	1.2	-2.4
Electricity, gas and water	1.6	683.1	-0.4	-0.9	1.0	0.6	0.0	-1.8	-2.6	-0.4
Construction	4.4	1 869.5	4.2	2.1	2.5	4.1	3.4	2.1	1.4	-0.4
<b>Tertiary Sector</b>	<b>80.3</b>	<b>34 219.9</b>	<b>2.3</b>	<b>1.5</b>	<b>2.3</b>	<b>2.2</b>	<b>1.8</b>	<b>1.5</b>	<b>1.4</b>	<b>0.3</b>
Wholesale and retail trade, catering and accommodation	14.5	6 187.1	1.3	0.5	2.8	1.4	0.8	1.0	1.2	-1.9
Transport, storage and communication	7.8	3 343.4	2.8	1.7	1.9	1.8	2.9	1.1	1.2	1.4
Finance, insurance, real estate and business services	39.0	16 617.1	2.4	1.7	2.1	2.3	1.8	2.1	1.7	0.8
General government	11.8	5 027.7	3.2	1.7	3.3	4.1	2.8	0.6	0.9	0.0
Community, social and personal services	7.1	3 044.6	1.3	1.1	1.9	1.0	1.6	0.4	1.4	0.9
<b>Total Southern Planning District</b>	<b>100</b>	<b>42 599.8</b>	<b>2.1</b>	<b>1.3</b>	<b>2.4</b>	<b>2.0</b>	<b>1.6</b>	<b>1.2</b>	<b>1.3</b>	<b>0.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

From Table 2.22 it is evident that two of the major contributing sectors are estimated to contract in 2017; the manufacturing sector is estimated to contract by 2.4 per cent in 2017, while the wholesale and retail trade, catering and accommodation sector is estimated to contract by 1.9 per cent in 2017. Even though the finance, insurance, real estate and business services sector is not estimated to contract, the growth is estimated to decline to 0.8 per cent from 1.7 per cent in 2016.

Overall, the Southern planning district economy is estimated to grow at a slower rate in 2017 (0.2 per cent) compared to 2016 (1.3 per cent). This is mainly due to the estimated decline in growth in general as well as the contraction of two of the main contributing sectors. Furthermore, it is estimated that the electricity, gas and water sector continued to contract in 2017 while the construction sector contracted by 0.4 per cent.

## 2.9.2 Employment profile

Employment in the Southern planning district is mainly driven by the finance, insurance, real estate and business services sector (26.9 per cent), the wholesale and retail trade,

catering and accommodation sector (19.9 per cent), and the community, social and personal services sector (16.4 per cent).

Table 2.23 indicates the trend in employment growth in each economic sector in the Southern planning district.

**Table 2.23 Southern Planning District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>4.9</b>	<b>5 813</b>	<b>-916</b>	<b>957</b>	<b>527</b>	<b>535</b>	<b>-81</b>	<b>631</b>	<b>-69</b>	<b>-59</b>
Agriculture, forestry and fishing	4.8	5 691	-913	951	522	535	-82	626	-70	-58
Mining and quarrying	0.1	122	-3	6	5	0	1	5	1	-1
<b>Secondary Sector</b>	<b>12.8</b>	<b>15 142</b>	<b>-214</b>	<b>863</b>	<b>203</b>	<b>236</b>	<b>216</b>	<b>44</b>	<b>234</b>	<b>133</b>
Manufacturing	7.6	8 926	-1 184	163	-191	99	-49	21	-28	120
Electricity, gas and water	0.2	262	80	32	6	2	5	10	9	6
Construction	5.0	5 954	890	668	388	135	260	13	253	7
<b>Tertiary Sector</b>	<b>82.3</b>	<b>97 188</b>	<b>16 531</b>	<b>8 931</b>	<b>1 836</b>	<b>1 879</b>	<b>2 112</b>	<b>2 225</b>	<b>1 014</b>	<b>1 701</b>
Wholesale and retail trade, catering and accommodation	19.9	23 496	3 512	2 716	414	324	192	887	303	1 010
Transport, storage and communication	4.0	4 775	1 207	454	304	307	367	262	-666	184
Finance, insurance real estate and business services	26.9	31 806	4 945	3 334	719	602	484	992	923	333
General government	15.0	17 704	2 833	-745	163	-374	648	-496	208	-731
Community, social and personal services	16.4	19 407	4 034	3 172	236	1 020	421	580	246	905
<b>Total Southern Planning District</b>	<b>100</b>	<b>118 143</b>	<b>15 401</b>	<b>10 751</b>	<b>2 566</b>	<b>2 650</b>	<b>2 247</b>	<b>2 900</b>	<b>1 179</b>	<b>1 775</b>

Source: Quantec Research, 2018 (e denotes estimate)

Overall it is estimated that employment creation in the Southern planning district increased in 2017 compared to 2016. It is estimated that 1 775 new employment opportunities were created in 2017, with the largest number of jobs created in the wholesale retail trade, catering and accommodation sector (1 010 jobs) and the community and social services sector (905 jobs).

The transport, storage and communication sector had an estimated positive net change in employment (184 jobs) in 2017, recovering some of the jobs lost in 2016 (666 jobs) while the manufacturing sector had a positive estimated net change in employment of 120 jobs in 2017, recovering the 28 jobs lost in 2016. The sectors that are estimated to have shed jobs in 2017 include the agriculture, forestry and fishing sector (58 jobs), the general government services sector (731 jobs) and the mining and quarrying sector (1 job).

### 2.9.3 Skills level

Table 2.24 indicates the skills levels of formally employed workers in the Southern planning district.

**Table 2.24 Southern Planning District skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	45.0	1.2	1.2	44 137	43 949
Semi-skilled	38.2	1.6	1.8	37 486	37 611
Low-skilled	16.8	1.1	1.7	16 532	16 703
<b>Total Southern Planning District</b>	<b>100</b>	<b>1.3</b>	<b>1.5</b>	<b>98 155</b>	<b>98 263</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016 there were 98 155 formally employed people in the Southern planning district, and it is estimated that formal employment increased to 98 263 in 2017. Most workers are either semi-skilled (38.2 per cent) or skilled (45 per cent).

Formal employment has increased on average by 1.5 per cent per annum since 2013, with semi-skilled and low-skilled formal employment increasing by an average annual rate of 1.8 per cent and 1.7 per cent respectively.

## 2.10 Building plans passed and completed

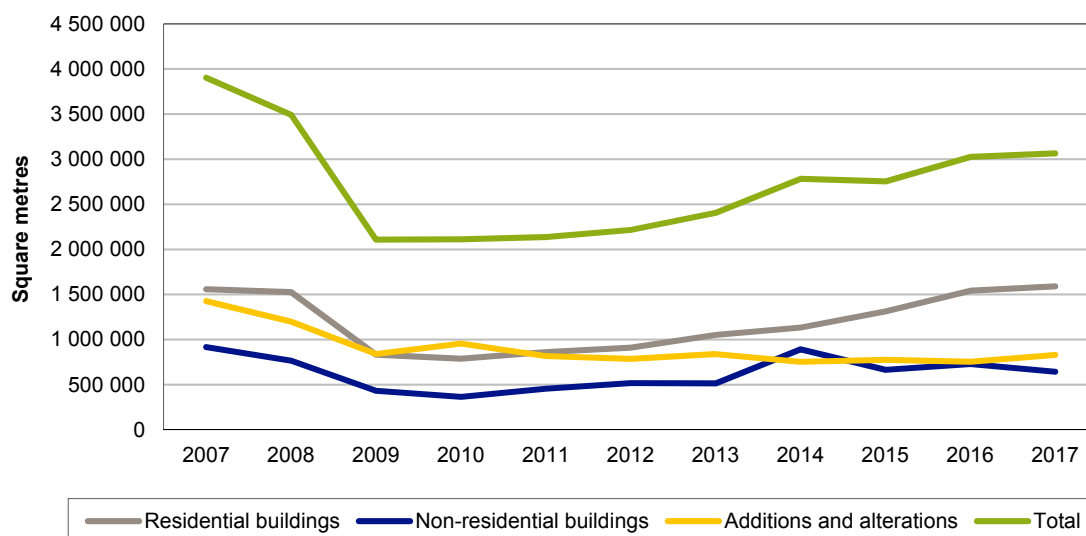
Building plans passed and completed are some of the indicators that are used to measure economic activity and business cycle changes. The value of building plans passed<sup>6</sup> can be used as a leading indicator while building plans completed<sup>7</sup> can be used as a lagging indicator. Building plans passed and completed has further implications for municipal spatial planning and budgeting.

Figure 2.1 indicates the total square metres of building plans passed between 2007 and 2017 in the Cape Metro area.

<sup>6</sup> Number of residential building plans passed larger than 80 m<sup>2</sup>.

<sup>7</sup> Value of non-residential buildings completed (constant prices).

**Figure 2.1 Cape Metro area building plans passed, 2007 - 2017**

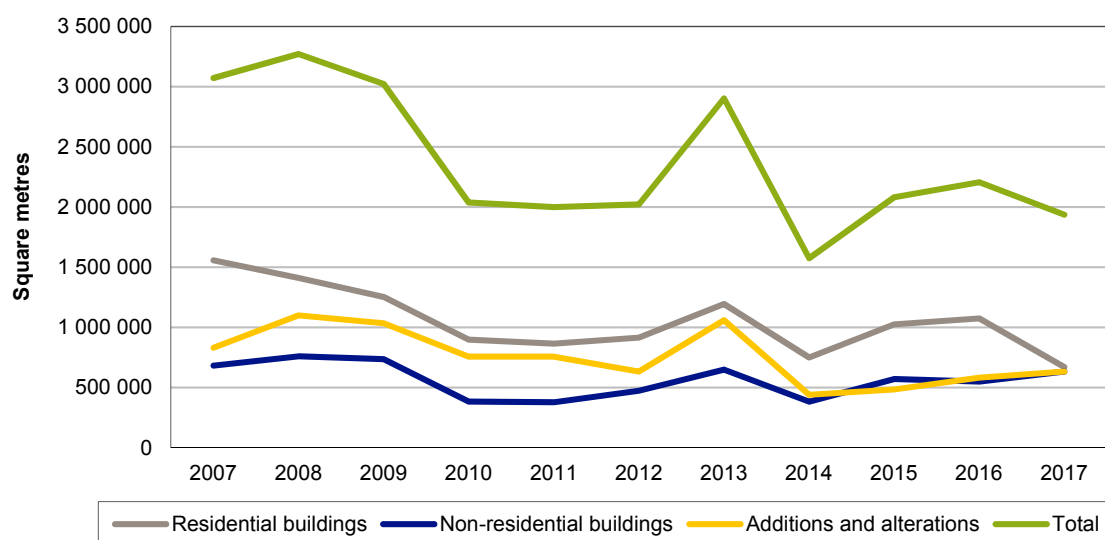


Source: Statistics SA & Quantec Research, 2018

Building plan applications in the Cape Metro area has steadily increased since 2012, with a slight decline experienced in 2015 compared to 2014. In 2017, 30.6 million m<sup>2</sup> of new building applications were passed, of which 15.8 million m<sup>2</sup> were for residential buildings. This indicates potential future developments and investment into the Cape Metro area.

Figure 2.2 indicates the total size building plans completed in the Cape Metro area between 2007 and 2017.

**Figure 2.2 Cape Metro area building plans completed, 2007 - 2017**



Source: Statistics SA & Quantec Research, 2018



Building plans completed showed a steady increase between 2014 and 2016, however, during 2017 there was a decline in building plans completed. This decline could be attributed to national economic instability and lack of confidence for investment. The increasing water restrictions in 2017 also had an impact on construction activities which is evident from the 0.5 per cent estimated contraction in the sector. In 2017 a total of 1.9 million m<sup>2</sup> of building plans were completed, but only 34.7 per cent (671 021 m<sup>2</sup>) of this was for new residential buildings.

## **2.11 Concluding remarks**

It is estimated that the economic performance declined in all the planning districts in the Cape Metro area, particularly in the Southern, Cape Flats, and Tygervalley planning districts. It is estimated that in 2017, economic growth declined to 0.2 per cent in all these planning districts. This decline in economic activity is mostly a result of the poor performing tertiary sectors as well as the manufacturing sector.

Employment creation is, however, estimated to have improved in 2017 compared to 2016, particularly in the Khayelitsha/Mitchells Plain, Tygerberg and Blaauwberg municipal areas, with a positive net change in employment of 9 209 jobs, 4 757 jobs and 4 031 jobs respectively. The sectors that contributed the most to job creation in these local municipal areas include the wholesale and retail trade, catering and accommodation sector, the community, social and personal services sector and the finance, insurance, real estate and business services sector.



# 3

## Agriculture overview

### 3.1 Introduction

Compared to other economic sectors in the Cape Metro area, the agriculture, forestry and fishing sector makes a minor contribution to the overall Cape Metro economy in terms of GDP and employment. However, this local sector does contribute significantly to the agriculture, forestry and fishing sector in the Western Cape. Furthermore, the wine industry in the Cape Metro area is a valuable tourist attraction, for domestic as well as international tourists.

This chapter will provide an overview of the agriculture industry in the Cape Metro area by highlighting the following indicators: hectares under production, infrastructure, and agritourism facilities. The information in this chapter is sourced from the Provincial Department of Agriculture's Fly-over Project (2018) conducted in 2017.

### 3.2 Sector overview

Table 3.1 outlines the GDP contribution and growth of the agriculture, forestry and fishing sector in the Cape Metro area.

**Table 3.1 Cape Metro agriculture, forestry and fishing sector GDP growth per planning district, 2012 - 2017**

Planning District	R million value 2016	Contribution to GDP (%) 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Tygerberg	826.2	1.2	3.6	4.5	3.5	5.1	7.0	0.3	-2.7	12.7
Blaauwberg	450.7	1.3	4.5	4.8	4.2	7.9	8.0	0.3	-3.9	11.6
Northern	901.5	1.6	3.6	2.4	2.9	4.2	8.8	-1.2	-7.0	7.2
Khayelitsha/Mitchells Plain	893.0	1.5	3.5	4.6	3.3	5.0	7.1	0.3	-2.5	13.1
Helderberg	454.7	2.0	3.3	2.2	3.0	3.8	8.3	-1.0	-6.4	6.2
Cape Flats	863.4	1.0	3.8	4.8	3.8	5.5	7.4	0.4	-3.0	13.6
Table Bay	373.4	1.0	3.3	5.2	3.5	5.6	6.0	0.5	-2.2	15.9
Southern	790.1	1.9	3.3	4.9	3.3	5.2	6.0	0.6	-1.7	14.6
<b>Cape Metro</b>	<b>5 553.0</b>	<b>1.5</b>	<b>3.6</b>	<b>4.1</b>	<b>3.4</b>	<b>5.1</b>	<b>7.4</b>	<b>0.0</b>	<b>-3.7</b>	<b>11.8</b>
Western Cape Province	21 522.4	4.1	2.5	2.0	2.5	3.3	7.5	-2.2	-7.2	8.4

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture, forestry and fishing sector contributed only 1.5 per cent (R5.6 billion) to the Cape Metro economy in 2016. This sector did, however, contributed 25.8 per cent to the provincial sector. The largest agriculture, forestry and fishing sectors are in the Northern, Khayelitsha/Mitchells Plain, Cape Flats and Tygerberg planning districts, contributing R901.5 million, R893 million, R863.4 million and R826.2 million to the economy of the Cape Metro area. A large proportion of this sector's activities are related to the fishing industry. In 2016, the fishing subsector contributed 45.8 per cent to the GDP of the agriculture, forestry and fishing sector (Quantec Research, 2018).

Growth in this sector has been volatile since 2015. The agriculture, forestry and fishing sector stagnated in 2015, contracted by 3.7 per cent in 2016, before expanding by 11.8 per cent in 2017. High production volumes in summer rainfall areas, favourable prices for horticultural exports and improving prices in the livestock industry (BFAP, 2018) in 2017, boosted the sector.

Table 3.2 indicates the employment trends in the agriculture, forestry and fishing sector.

**Table 3.2 Cape Metro agriculture, forestry and fishing sector employment growth per planning district, 2012 - 2017**

Planning district	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Tygerberg	2.2	6 057	-695	1160	534	551	-83	791	-50	-49
Blaauwberg	2.7	3 010	-473	628	223	234	-65	523	-38	-26
Northern	4.3	6 975	-2 066	1 304	385	435	-276	1 438	-172	-121
Khayelitsha/ Mitchells Plain	2.6	9 940	-1 567	1 803	840	877	-167	1 328	-149	-86
Helderberg	3.8	3 620	-1 076	650	225	233	-121	685	-86	-61
Cape Flats	2.6	7 197	-1 075	1 368	588	619	-143	1 047	-88	-67
Table Bay	1.9	2 129	-226	404	195	199	-32	267	-11	-19
Southern	4.8	5 691	-913	951	522	535	-82	626	-70	-58
<b>Cape Metro area</b>	<b>2.9</b>	<b>44 619</b>	<b>-8 091</b>	<b>8 268</b>	<b>3512</b>	<b>3 683</b>	<b>-969</b>	<b>6 705</b>	<b>-664</b>	<b>-487</b>
Western Cape Province	10.7	262 140	-106 268	37 592	13 927	16 319	-11 743	48 649	-10 112	-5 521

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the agriculture, forestry and fishing sector employed 44 619 people, with the most being in the Khayelitsha/Mitchells Plain, Cape Flats and Northern planning districts. The agriculture, forestry and fishing sector has shed jobs over the last two years. In 2016, the sector shed 664 jobs and it is estimated that the sector shed 487 jobs in 2017. This continued job shedding had the most impact on the Northern planning district which has shed 293 jobs in the two years.

Table 3.3 indicates the skills levels of formally employed agriculture, forestry and fishing sector workers in the Cape Metro area.

**Table 3.3 Cape Metro agriculture, forestry and fishing sector skills levels, 2016**

Skills level	Khayelitsha/ Mitchells Plain								
	Tygerberg	Blaauwberg	Northern	Helderberg	Cape Flats	Table Bay	Southern	Cape Metro	
Skilled	17.5	17.9	15.2	8.8	13.5	15.1	22.9	15.7	14.6
Semi-skilled	53.4	42.1	33.8	53.7	40.1	50.3	54.3	55.7	48.5
Low-skilled	29.1	39.9	51.0	37.6	46.3	34.7	22.7	28.5	36.9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018 (e denotes estimate)

In contrast to other Districts in the Western Cape, the majority of agriculture, forestry and fishing sector in the Cape Metro are semi-skilled (48.5 per cent) as opposed to low-skilled. The exception is the Northern as well as the Helderberg planning districts where the majority of workers in this sector are low-skilled (51 per cent and 46.3 per cent respectively). The large fishing industry influences the skills profile of this sector in the Cape Metro area, as this industry has different skills requirements than primary agriculture activities.

Table 3.4 outlines the employment change by skills levels in the Cape Metro area.

**Table 3.4 Cape Metro agriculture, forestry and fishing sector employment change by skills level, 2012 - 2017**

Formal employment by skills level	Contribution to employment (%) 2016	Number of Jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Skilled	14.6	5 108	-585	1 108	444	418	-100	808	68	-86
Semi-skilled	48.5	16 979	-2 964	3 192	1 525	1 391	-364	2 390	145	-370
Low-skilled	36.9	12 918	-3 433	2 480	951	879	-432	2 324	45	-336
<b>Total Cape Metro</b>	<b>100</b>	<b>35 005</b>	<b>-6 982</b>	<b>6 780</b>	<b>2 920</b>	<b>2 688</b>	<b>-896</b>	<b>5 522</b>	<b>258</b>	<b>-792</b>

Source: Quantec Research, 2018 (e denotes estimate)

In the last five years, employment fluctuations in the agriculture, forestry and fishing sector influence mostly semi-skilled workers, with the majority of jobs created for semi-skilled workers in 2016 (145 jobs). It is estimated that job losses in 2017 also impacted semi-skilled workers the most (370 jobs). However, job losses are estimated to have influenced all skills levels, resulting in a net decline in formal workers of 792 jobs in 2017.

### 3.3 Crops

Table 3.5 below provides an overview of the use of agricultural land in the Cape Metro area.

**Table 3.5 Cape Metro area hectares under production, 2017**

Type	Land use	Cape Metro
Winter crops	Irrigated fields	6 724.0
	Dry land fields	37 187.3
	Cultivated land	43 911.3
	Old fields	443.4
Summer crops	Irrigated fields	607.5

Source: WCDOA, 2018

Of the 43 911.3 hectares cultivated land used for winter crops, dry land fields in the Cape Metro area make up the majority of cultivated winter crops (84.7 per cent) with 6 724 hectares being irrigated fields.

Table 3.6 indicates the broad categories of winter crops under production as well as the number of hectares that are fallow. Furthermore, Table 3.6 indicates the hectares under production in the Cape Metro area as a proportion of crops cultivated in the Western Cape.

**Table 3.6 Cape Metro area winter crops, hectares under production, 2017**

Crops	Hectares	Proportion of Western Cape (%)
Grains, legumes and oilseeds	21 902.3	3.0
Pastures	11 977.9	2.0
Flowers	45.7	1.5
Vegetables	1 512.5	12.5
Grapes (wine and table)	5 093.6	4.9
Citrus	77.1	0.5
Stone fruit	79.8	0.5
Pome fruit	358.0	1.1
Olives	304.7	4.9
Other fruit	147.2	4.9
Nuts	4.3	0.4
Fallow and weeds	2 580.4	0.8
Other	261.8	4.1
<b>Total</b>	<b>44 345.5</b>	<b>2.3</b>

Source: WCDOA, 2018

The main crops, in terms of hectares under production, in the Cape Metro area include:

- Grains, legumes and oilseeds (21 902.3 hectares) - this includes 12 427.9 hectares of wheat, 5 955.8 hectares of small grains for grazing and 3 133.9 hectares of canola.
- Pastures (11 977.9 hectares) - this includes mainly planted pastures (7 015.1 hectares) and lucerne (4 938.2 hectares) which is used as feed for the livestock industry.
- Grapes (5 093.6 hectares) - the Cape Metro area produces mainly wine grapes (5 050.7 hectares). Wine grape production in the Cape Metro area forms part of the Stellenbosch winemaking region (Vinpro, 2018). This region had a smaller wine crop in 2018 compared to 2017 due to water shortages (Vinpro, 2018).
- Vegetables (1 512.5 hectares) - vegetable production is mixed in the Cape Metro area. The Philippi Horticultural Area (PHA) plays an important role for vegetable production in the Cape Metro area. The PHA has 35 active farmers farming on just over 1 200 hectares of land (Indego Consulting (on behalf of WCDoA), 2018).

Table 3.7 outlines the change in hectares under production between the 2013 and 2017 crop census.

**Table 3.7 Change in hectares under production, Cape Metro area (2013 vs 2017)**

<b>Crops</b>	<b>Cape Metro</b>
Grains, oilseeds and legumes	2 433.4
Vegetables	-463.1
Pome Fruit	63.2
Stone Fruit	-8.2
Grapes (table and wine)	-687.1
Citrus	62.0
Other fruit	-29.3
Olives	43.7
Berries	5.2
Other	4.3
<b>Total</b>	<b>1 424.0</b>

Source: WCDOA, 2018

Compared to 2013, the hectares under production in the Cape Metro area increased by 1 424 hectares by 2017. The large net increase in hectares under production is mainly due to a large increase in wheat production (2 633.4 hectares)<sup>8</sup>. The hectares under production for the other main crops, namely, wine grapes and vegetables, however, declined. Wine grapes declined by 715.2 hectares (12.4 per cent) while vegetables declined by 463.1 hectares (22.6 per cent).

Crops that had an increase in hectares under production include pome fruit (particularly apples), citrus and olives.

### 3.4 Infrastructure

The availability of infrastructure and agro-processing facilities are essential for the development and growth of the agriculture value chain on a local and Provincial level, as agriculture production and processing span across municipal and district borders.

Table 3.8 indicates the agricultural infrastructure and agro-processing facilities in the municipal areas of the Cape Metro area.

<sup>8</sup> Included in the category of 'grains, oilseeds and legumes'.



**Table 3.8 Cape Metro area agriculture infrastructure, 2017**

Infrastructure	Cape Metro
Abattoir	7
Agro-processing plant	229
Aquaculture	3
Auction facilities	1
Chicken batteries	82
Dairy	23
Feedlot	4
Grain dam	1
Nursery	30
Packhouse	5
Piggery	8
Shade netting	107
Silo bags	3
Silos	5
Timberlot	5

Source: WCDOA, 2018

With 7 abattoirs, 23 dairies, 8 piggeries and 82 chicken batteries it is evident that the Cape Metro area has a valuable meat value chain. The Cape Metro area also has a large number of agro-processing plants, consisting mostly of breweries, wine cellars and cold chain facilities. The breweries and wine cellars are also valuable assets for the tourism industry.

Table 3.9 indicates the number of hectares as well as the crops that are under shade netting in the Cape Metro area.

**Table 3.9 Cape Metro area hectares under shade netting, 2017**

Crops	Cape Metro
Flowers	0.1
Vegetables	16.6
Herbs	0.0
Grapes	0.0
Pome fruit	2.1
Other fruit	0.1
Citrus	0.1
Berries	5.2
Other	17.3
<b>Total</b>	<b>41.6</b>

Source: WCDOA, 2018

Compared to other areas in the Province, the Cape Metro area has only a limited number of hectares under shade netting (41.6 hectares). Vegetables are a popular crop to produce under shade netting (16.6 hectares) in the Cape Metro area.

### 3.5 Agritourism

An enterprise operated on a working farm that caters to visitors and which generates a supplementary income for farm owners is generally considered to contribute to agritourism (Agritourism South Africa, 2017).

Table 3.10 below indicates the number of agritourism facilities and activities available in the Cape Metro area.

**Table 3.10 Cape Metro area agritourism facilities and activities, 2017**

<b>Agritourism</b>	<b>Cape Metro</b>
Accommodation	51
Birding	4
Brewery	23
Camping	11
Cellar Tour	16
Conference facility	53
Distillery	4
Eco-tourism	24
Fishing	10
4x4	5
Farm market	9
Farm stall	4
Game	3
Hiking	26
Horse-riding	8
Mountain bike	13
Olive and wine cellar	4
Olive cellar	2
Ostrich	2
Other	115
Picnic	20
Quadbikes	2
Restaurants	67
Tasting	44
Wedding	37
Wine cellar	49
<b>Total</b>	<b>606</b>

Source: WCDOA, 2018

The Cape Metro area is a popular destination for domestic as well as international tourists. In 2017, 56 per cent of visitors were domestic tourists (Wesgro, 2018). Agritourism infrastructure plays an important role in the tourism market for the Cape Metro area as 13.2 per cent of visitors partook in wine tasting while 6.2 per cent partook in adventure activities (Wesgro, 2018). The Cape Metro area has 49 wine cellars with 44 offering tastings. In terms of adventure tourism, 26 facilities offer hiking and 13 offer mountain biking.

Other agritourism infrastructure that can be utilised to boost local tourism is the conference facilities (53) as well as wedding venues (37).

### **3.6 Concluding remarks**

The agriculture, forestry and fishing sector only make up a small proportion of the economy of the Cape Metro area, however, the sector does make a large contribution to the provincial agriculture, forestry and fishing sector. In 2016 the agriculture, forestry and fishing sector contributed R5.6 billion to the Cape Metro area economy and provided jobs for 44 619 people.

The Cape Metro area has a number of wine grape producers as well as cellars that are one of the main tourist attractions in the area while the vegetable production activities of the PHA provide a valuable source of employment and income and contributes significantly to food security in the area. Between 2013 and 2017, production of wheat increased by 2 633.4 hectares while wine grape and vegetable production declined by 715.2 hectares and 463.1 hectares respectively. The drought, as well as general challenges in the wine industry, most likely influenced the decline in hectares under production for wine grapes and vegetables.

The Cape Metro area has the agricultural infrastructure to support the full value chain of livestock farming as well as crop production.



# 4

## Municipal infrastructure analysis

### 4.1 Introduction

As per the Financial and Fiscal Commission Policy Brief of 2015, it is noted that the investment in socio-economic infrastructure is crucial in improving economic growth and development. The management of infrastructure budgets and spending efficiency by municipalities is an important consideration when looking at socio-economic outcomes. Kumo (2012) notes that infrastructure investment has a significant impact on regional development and productivity. Furthermore, Kumo (2012) finds that there is a strong causal link between economic infrastructure investment and both GDP growth and private sector employment rates. Economic infrastructure refers to the physical assets that provide services used in production and final consumption. Social infrastructure refers to those investments which accommodate social services; having either a direct or indirect impact on the quality of life. Institutional infrastructure is defined as a support structure to the other forms of infrastructure (Brown-Luthango, 2010; DBSA, 2006).

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth approach, which remains a key budget principle given the economic and social imperatives for infrastructure development. This Chapter will as such explore infrastructure investment within the Cape Metro at the hand of three broad themes i.e. Provincial infrastructure spend, municipal infrastructure spend as well as municipal capital budget funding sources.

## 4.2 Provincial Infrastructure Spend

The following section will unpack Provincial infrastructure spend within the Cape Metro area for the 2018 MTREF i.e. unpack Western Cape Government infrastructure investments within the geographical jurisdiction of the Cape Metro area. Such investments are funded and managed by the Provincial Government, funding is not directly transferred to a municipality and does not reflect within the City of Cape Town's annual budget schedules. It is important to note that the infrastructure allocations to be discussed below does not purely entail the construction of new infrastructure, but also refers to maintenance and repair projects.

The full development potential of enhanced infrastructure spend can only be realised through calculated deliberations, reasoning and more specifically, by ascribing to a holistic evidence-based allocation approach. Such an approach includes the consideration of various factors including, but not limited to cost-benefit analysis; efficient spending of available funds and effective implementation of projects from beginning to end; finding sustainable solutions to funding shortfalls; public consultation and debate; building partnerships between the private and public sectors; coordination between all participants and other stakeholders as well as strong leadership (Perkins, 2005).

Cognisance of such factors and the current socio-economic realities that jointly confront the Province and local municipal authorities, the Western Cape Government will continue to improve the lives of citizens in the Cape Metro through proactive and targeted investment in economic and social infrastructure.

Table 4.1 indicates that Provincial infrastructure spend within the Cape Metro will in 2018/19 amount to R1.459 billion. This allocation will grow to R1.734 billion in 2019/20 and R2.030 billion in 2020/21.

**Table 4.1 City of Cape Town: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	374 517	467 145	526 990	1 368 652
Health	308 564	377 674	441 691	1 127 929
Human Settlements	805 583	795 014	1 123 887	2 724 484
Public Works: General Buildings	142 224	132 931	133 726	408 881
Public Works: Transport	630 480	752 921	924 000	2 307 401
Social Development	3 628	3 832	4 094	11 554
<b>Total</b>	<b>2 264 996</b>	<b>2 529 517</b>	<b>3 154 388</b>	<b>7 948 901</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

Allocations towards **education** increase progressively across the MTREF, amounting to R1.369 billion, mostly to fund the construction of new schools. Examples include the Philippi (R55.0 million) and Crestway (R50.0 million) High Schools as well as primary schools in Blackheath (R51.5 million), Manenberg (R49.5 million) and Delft North (R48.0 million) to name but a few. In fact, all of the top 10 education projects for the 2018/19 MTREF are for the construction of new schools. Upgrades and additions will be

done at schools such as the Claremont (34.0 million) and Pelican Park High Schools (R17.0 million).

An amount of R308.6 million has been set aside for **health** infrastructure in 2018/19 which will grow to R377.7 million in 2019/20 and R441.7 million in 2020/21, a total of R1.128 billion across the MTREF. While the majority of education spend funded the construction of new assets, health allocations in the Cape Metro area will mostly be applied towards upgrades, additions to existing infrastructure as well as organisational design capacitation. Examples include a new emergency centre at the Victoria Hospital in Wynberg (R57.8 million), refurbishment of the ventilation and air conditioning system at the Groote Schuur Hospital (R27.5 million) and the refurbishment of health technology at the Tygerberg Hospital (R49.6 million). The Forensic Pathology Laboratory in Observatory will completely be replaced through a R179.4 million MTREF allocation whilst R59.0 million has been set aside for health technology at this facility.

Investments towards **public works: general buildings** mainly entail the provision, upgrading and maintenance of office accommodation. Allocations towards these functions will amount to R142.2 million, R132.9 million and R133.7 million across 2018/19, 2019/20 and 2020/21 respectively, totalling R408.9 million for the MTREF. Notable projects include the modernisation of 3 Dorp Street (R33.4 million across the MTREF) and 9 Dorp Street (multiple allocations towards various floors), refurbishment of the Shared Services Centre in the South East Metro (R79.8 million), an additional wing at the archives building in Roeland Street (R38.5 million) as well as upgrades to the reprographic centre at the Alexandra Precinct (R53.1 million).

Provincial Government will prioritise infrastructure investments in **road transport** to the extent of R2.307 billion across the MTREF in order to improve access to economic opportunities and to accelerate spatial integration across the CBD and its outlying planning districts/development corridors. These funds will not solely be applied towards the construction of new assets, but towards upgrades, refurbishments as well as routine and preventative maintenance to existing road transport infrastructure. Major projects include refurbishments to the C1090 N7 Wingfield-Melkbos (R325.0 million across the MTREF), upgrades, additions and extensions to the Durban Road interchange (R201.0 million across the MTREF) as well as the reseal of the C1049 Kromme Rhee Road (R108.0 million across the MTREF).

The Western Cape Government will invest a total of R11.6 million across the MTREF in infrastructure projects to enhance **social development** across the Cape Metro area. The initial allocation of R3.6 million in 2018/19 will grow to R3.8 million in 2019/20 and R4.1 million in 2020/21. These funds will exclusively be applied to transfer early childhood development centres in areas such as Atlantis, Elsies Rivier, Blackheath and Mfuleni, to name but a few.

Investments towards **human settlements** will amount to R2.724 billion across the MTREF. Projects include the development of the Penhill Greenfields service sites (R208.5 million across the MTREF), the construction of top structures and the further roll-out of service sites in Blue Downs: Forest Village (R203.7 million) as well as the development of service sites at the Airport Precinct (R173.0 million).

### 4.3 Municipal Infrastructure Spend

Successfully leveraging infrastructure investment as a catalyst for broad-based growth and development is not solely the responsibility of a single role-player, but rather a collective effort that requires contributions by all spheres of government as well as the private sector alike.

This section will as such elaborate upon the extent to which the City apply its own capital budget towards creating and maintaining the operational, economic and social infrastructure that will in time improve access to economic opportunities and essential basic services.

**Table 4.2 City of Cape Town: Capital Expenditure per Functional Classification, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 218/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	520 222	750 055	1 073 026	1 206 296	986 516	827 799	856 764
Community and public safety	1 341 328	640 879	773 993	808 387	1 082 792	1 006 810	880 569
Economic and environmental services	1 282 706	1 576 687	1 578 032	1 442 449	1 389 642	1 211 925	1 197 686
Trading services	2 111 807	2 521 327	2 474 957	4 216 440	4 939 787	6 761 392	7 166 070
<i>Energy sources</i>	898 889	1 050 923	1 131 636	1 065 474	1 071 737	1 422 800	1 643 542
<i>Water management</i>	524 051	641 907	608 426	2 301 319	2 366 730	3 097 400	3 297 047
<i>Waste water management</i>	460 858	680 773	659 092	658 872	1 135 113	1 673 849	1 716 148
<i>Waste management</i>	228 009	147 724	75 803	190 776	366 207	567 344	509 333
Other	82 878	381 192	372 549	182 907	58 011	48 026	48 764
<b>Total</b>	<b>5 338 941</b>	<b>5 870 140</b>	<b>6 272 557</b>	<b>7 856 479</b>	<b>8 456 748</b>	<b>9 855 952</b>	<b>10 149 854</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The City of Cape Town's strategic capital budget priorities have conventionally been well balanced between, on the one hand, allocations towards creating an environment that stimulates sustainable economic growth (Opportunity City) and, on the other, allocations towards basic service delivery excellence (Caring City). This notion is evident from the substantial capital budget allocations made towards economic and environmental services as well as trading services in the A5 Budget Schedules since 2014/15.

Substantial allocations towards economic and environmental services give effect to the City of Cape Town's vision of spatially transforming the built environment through transport orientated development i.e. optimizing the location of transport nodes and human settlement developments through targeted bulk infrastructure spend to ultimately allow all citizens equal access to economic opportunities.

Allocations within trading services have mostly been directed towards energy sources which speak particularly well to the City of Cape Town's efforts to expand the electricity network amidst enhanced economic growth, coupled with rising population numbers, which has resulted in soaring electricity consumption and demand. The City of Cape Town's capital budget has been proactive in this regard, evident from the



2017/18 IDP which indicated that should the City of Cape Town merely maintain the current status quo regarding the provision of electricity, consumption and emissions will double and energy costs will increase tenfold.

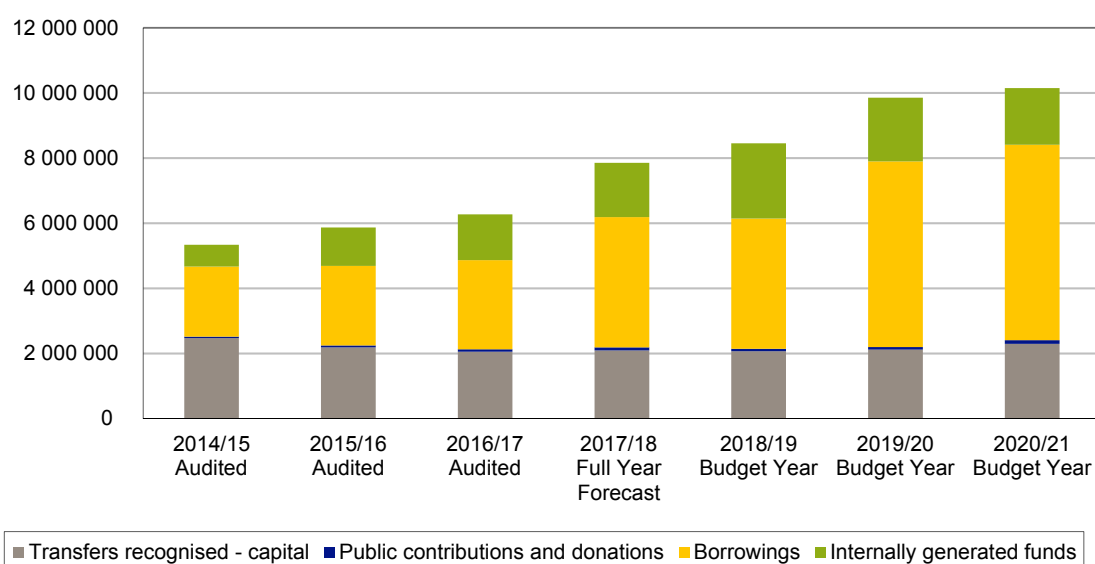
The responsive nature of the City of Cape Town's capital budget priorities is clearly visible within the allocation shift towards water management in 2017/18 to mitigate the impact of the drought. Sizable allocations were also made towards the sanitation function which is closely linked to sustainable water management practices. Towards the end of 2017/18, 8 of the top 10 capital projects were directed towards water augmentation as part of the City of Cape Town's phased approach towards mitigating risks associated with the current drought.

## 4.4 Funding Sources

Municipal capital budgets are to a large extent reliant on grants and transfers from National and Provincial Government. As a result of a constraining macro-economic environment, the national fiscus is coming under increasing pressure which is subsequently expected to lead to a notable reduction in grant support towards local authorities. This scenario will not only impact upon the enhanced roll-out of municipal infrastructure projects but seriously compromise the long-term sustainability of municipalities in general.

It is for this reason necessary to unpack the various funding sources that contribute towards the City's capital budget. The ultimate aim is to ascertain whether the City of Cape Town is mitigating the grant-reliant risk by proactively seeking external funding to apply towards enhanced infrastructure creation.

**Figure 4.1 City of Cape Town: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The City of Cape Town has historically been able to maintain a very well-balanced funding mix, drawing on grants and transfers, public contributions, borrowings as well

as internally generated funding. Grants and transfers, as a percentage of the total capital budget, has decreased notably in the last few years - where grants and transfers entailed almost half of the total capital budget in 2014/15, it decreased to just above 25.0 per cent in 2017/18. Grants and transfers continue to decrease across the first two years of the MTREF, before increasing slightly in 2020/21. Whilst grants and transfers as a percentage of the capital budget decreased between 2014/15 and 2016/17, the Municipality notably increased its own-revenue contributions across the same period. Internally generated funding amount to almost a quarter of the total capital budget in 2018/19, but decrease quit sharply across the MTREF.

The decrease in internally-generated funds across the MTREF is off-set by a strong reliance on external loans and borrowings which is anticipated to reach almost 60.0 per cent of the entire capital budget by 2020/21.

## **4.5 Summary and conclusion**

This chapter aimed to illustrate the manner in which the Western Cape Government, through targeted investments in economic, operational and social infrastructure, is fulfilling its role as a responsive and proactive government by contributing towards an environment that is conducive of broad-based economic growth and development to the ultimate benefit of society as a whole.

It has been mentioned previously that a constraining fiscal environment will potentially impact heavily on direct grant and transfer payments to local government. The reality is however that sluggish growth will also affect public infrastructure spend within the jurisdiction of local municipalities as national and provincial authorities will be forced to relook their funding priorities. The effects of such reduced public infrastructure spending are evident from recent reports of a struggling national construction sector that is gradually reducing its contributions to GDP as well as the total employment.

This chapter has shown that the Western Cape Government maintains spending on public infrastructure by increasing its investment in infrastructure across the MTREF within all districts of the Province.

It has however been emphasised that the creation of broad-based growth by means of proactive public investment in infrastructure can only be achieved through the complementary contributions of all spheres of government. This chapter, therefore, aimed to drive home this realisation that the onus of responsibility also falls upon local government to transcend their reliance on grants and transfers by seeking alternative funding sources to propel infrastructure expansions.

The success of public infrastructure spend as a catalyst for economic growth is just as much influenced by the quality therefore as it is by quantity. Targeted investments complimenting the geographical development potential of a region is therefore key, especially within the local sphere of government which acts as the coal-face of basic service delivery.

# 5

## Municipal socio-economic analysis

### 5.1 Introduction

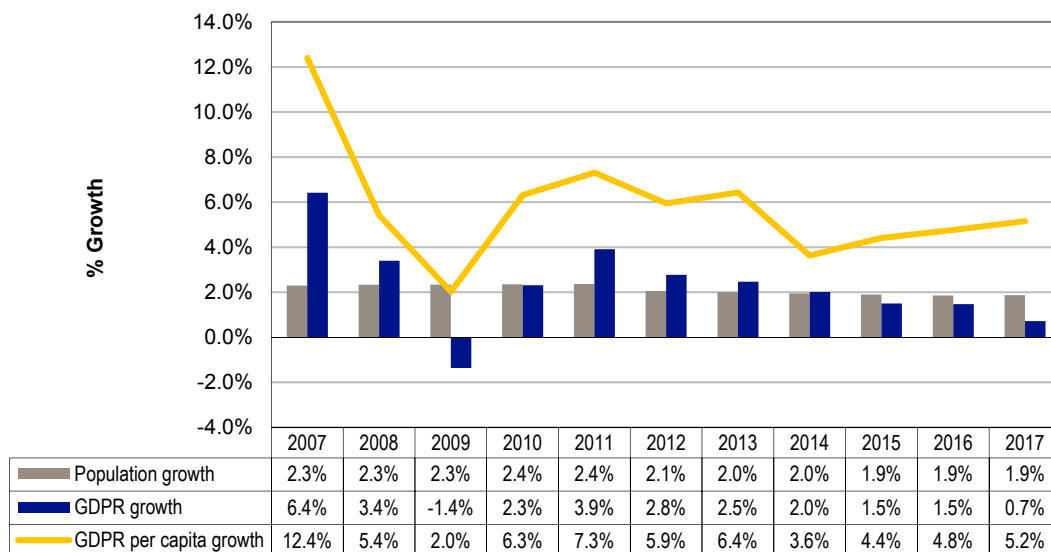
The main aim of this chapter is to describe the economic and social circumstances of households living in the Cape Metro over the last few years given the slow economic recovery from the 2008 - 2009 global recession and the recent drought. The data used is sourced from Statistics SA, the Western Cape Education and Health departments, Quantec, and IHS Markit, among others.

Indicators used to analyse population and income dynamics include the population growth rate, the GDPR 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, education, health, human dwellings, average household size, access to basic services, and crime. These indicators are discussed in detail in the sections below.

### 5.2 Population, GDPR per capita and income distribution

#### 5.2.1 Population growth, GDPR growth and GDPR per capita growth in the Cape Metro

When an economy grows faster than population growth it means more income becomes available to be shared by citizens and everyone is likely to be better off. On the contrary, when population growth is faster than economic growth, less income is available and it is stretched to accommodate the increasing population, resulting in lower income per person. Figure 5.1 below shows population growth rates and economic growth rates for the Cape Metro between 2007 and 2017.

**Figure 5.1 Population, GDP and GDP per capita growth in the Cape Metro, 2007 - 2017**

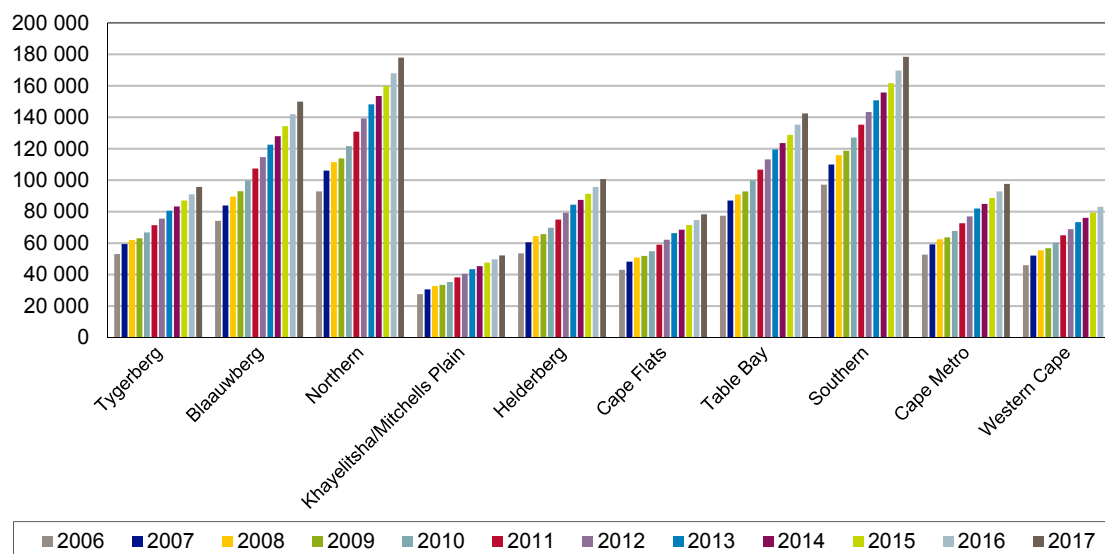
Source: Quantec Research, 2018

Figure 5.1 shows that population growth within the Cape Metro area has remained stable at about 2 per cent per annum over the last 10 years while GDP has fluctuated from over 6 per cent in 2007 to contracting by 1.4 per cent in 2009 and continuing with sluggish growth of around 2 per cent from 2014 to 2017. The percentage growth of the nominal GDP per capita<sup>9</sup> for households in the Cape Metro area also fluctuated from a high growth rate of 12.4 per cent in 2007 to 2.03 per cent during the recession in 2009 and 5.16 per cent in 2017. If an average annual inflation rate of about 5 per cent is taken into consideration, then the percentage growth in the nominal GDP per capita during the period under review becomes smaller and possibly negative in some years.

It is noted that although the economy slid into recession in 2009, the nominal GDP per capita remained in positive territory, growing by a meagre 2.03 per cent, which was far less than the rate of inflation of about 5 per cent. The percentage growth in the nominal GDP per capita would have to be significantly higher than the inflation rate for there to be an increase in the standard of living of households.

Figure 5.2 shows the nominal GDP per capita amounts of the different planning districts within the Cape Metro. Nominal GDP per capita tends to be lower in areas that have the biggest population and higher in areas where the population is smaller.

<sup>9</sup> Real GDP per capita is an indicator used by economists to estimate the income per person within an economy, and inherently the standard of living. It is calculated by dividing the real gross domestic product of an economy by the total population of that economy. GDP per capita is an estimate of the average income per person in an economy and is therefore not an accurate and true reflection of the annual incomes earned by various individuals or households.

**Figure 5.2 Nominal GDP per capita, Cape Metro, 2006 - 2017**

Source: Quantec Research, 2018

The Southern planning district has the highest nominal GDP per capita (R178 450 per annum in 2017), much higher than the Western Cape average of R87 110 in 2017. The Northern planning district has the second highest nominal GDP per capita of R177 930 (2017), followed by the Blaauwberg (R149 940), Table Bay (R142 461) and Helderberg (R100 665) planning districts. The Khayelitsha/Mitchells Plain planning district has the lowest nominal GDP per capita (R52 198) in 2017 given the high population of the area. However, the average nominal GDP per capita for the Cape Metro area (R97 684) in 2017 is higher than the Western Cape average.

Table 5.1 below provides a breakdown of the proportion of households in various income brackets in the Cape Metro area in 2017.

**Table 5.1 Percentage of households per income bracket in the Cape Metro, 2017 (%)**

Income category	Proportion of households	
No income	13.9	
R1 - R6 314	2.8	
R6 315 - R12 628	4.0	Low Income
R12 629 - R25 257	10.6	
R25 258 - R50 514	15.9	
<b>Subtotal</b>	<b>47.1</b>	
R50 515 - R101 028	14.4	Middle Income
R101 029 - R202 055	13.0	
R202 056 - R404 111	11.9	
<b>Subtotal</b>	<b>39.3</b>	
R404 112 - R808 221	8.6	High Income
R808 222 - R1 616 442	3.6	
R1 616 443 - R3 232 885	0.9	
R3 232 886+	0.5	
<b>Subtotal</b>	<b>13.6</b>	

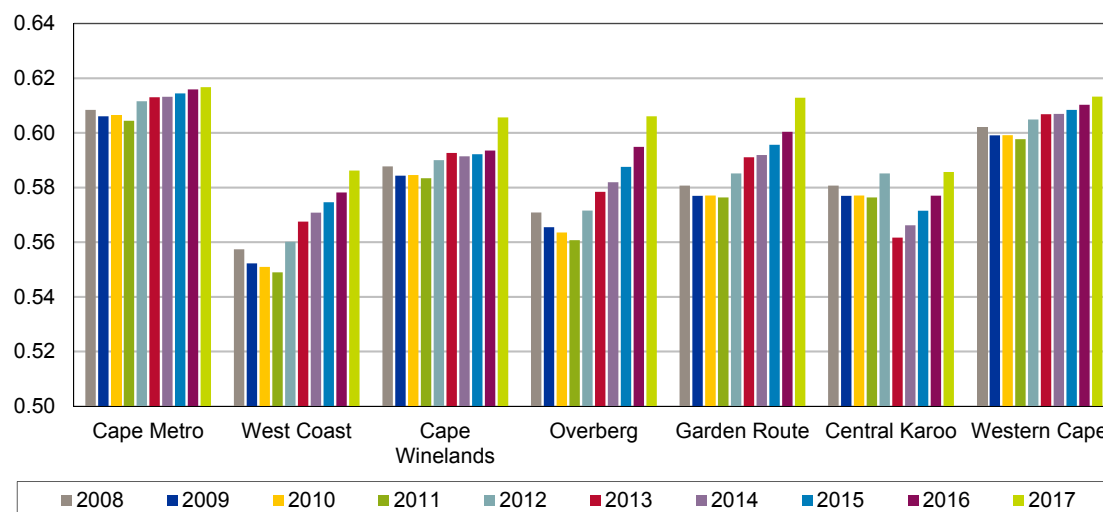
Source: Quantec Research, 2018

While the nominal GDP per capita estimates the average income for each individual within the Cape Metro area to be R97 684 in 2017, evidence based on Statistics South Africa surveys and Quantec models show that 13.9 per cent of households had no income. The majority of households in the Cape Metro area can be considered to be low-income households (47.1 per cent) followed by middle-income households (39.3 per cent).

## 5.2.2 Income distribution in the Cape Metro

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient.<sup>10</sup> Figure 5.3 shows the trend of the Gini coefficients for the six regions of the Western Cape Province over the past 10 years.

**Figure 5.3 Gini coefficients in Western Cape regions, 2008 - 2017**



Source: IHS Markit, 2018

Figure 5.3 shows that the inequalities in income distribution within the Cape Metro area remain the highest in the Province, followed by the Cape Winelands and Garden Route districts. Inequalities in income distribution are generally high in almost all the regions of the Province, with all Gini coefficients tending closer to 1 than to 0 in the last 10 years. The recent drought and difficult economic conditions ever since the recession have translated to rising inequalities in income distribution, with sharp increases reported for in 2017 in all regions of the Western Cape, except for the Cape Metro area.

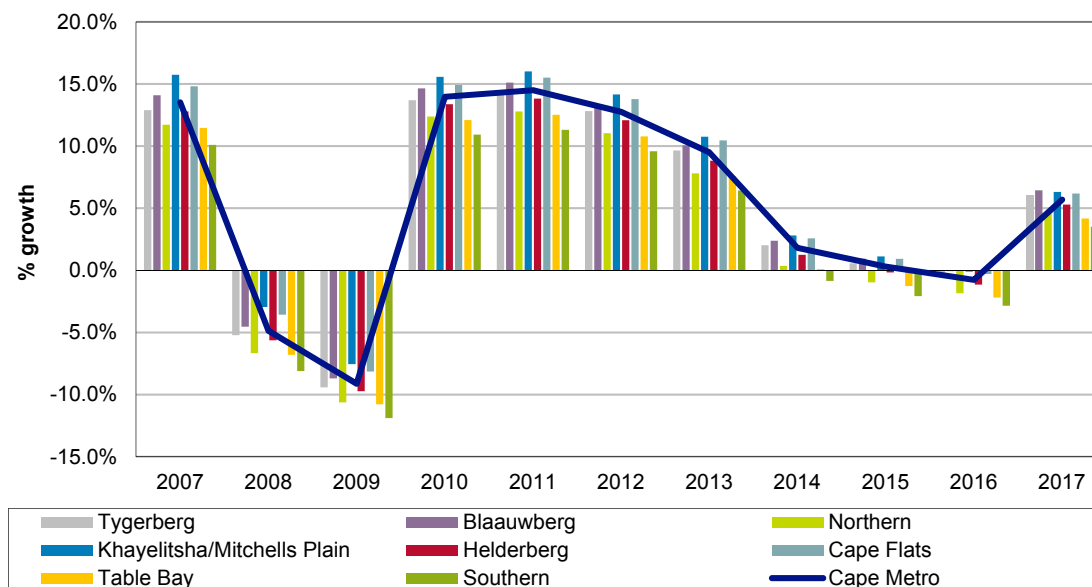
## 5.2.3 Household expenditure in the Cape Metro

Another way of looking at disparities in income distribution is to analyse expenditure by households on different product categories as well as on services. Economists expect households to consume durable goods and services when disposable income

<sup>10</sup> 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 and more inequality exists and the closer to 0 shows less and less inequality.

increases significantly and semi-durable or non-durable goods when disposable incomes are low. Figures 5.4 and 5.5 show the percentage change in household expenditure in the four different product categories over the past 10 years.

**Figure 5.4 Household expenditure on durable goods, Cape Metro, 2007 - 2017**

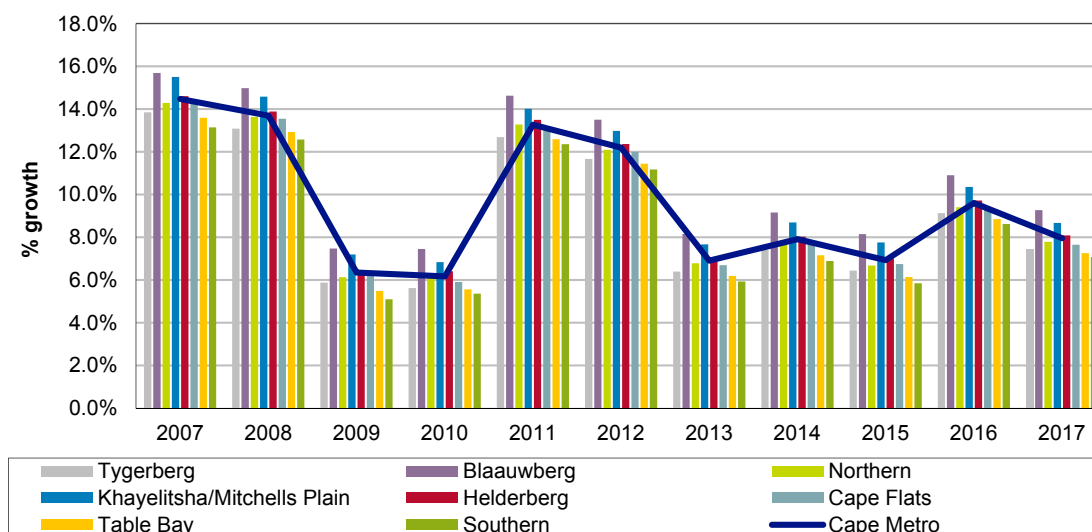


Source: Quantec Research, 2018

Figure 5.4 shows a decline in household expenditure on durable goods in all planning districts across the Cape Metro area in 2008 and 2009 during the recession and another dip between 2014 and 2016 when economic activity slowed down.

On the contrary, as seen in Figure 5.5, expenditure on non-durable goods has been growing by more than 5 per cent across all as Cape Metro planning districts as households who cannot afford durables spend their disposable income on basic necessities.

**Figure 5.5 Household expenditure on non-durable goods, Cape Metro, 2007 - 2017**

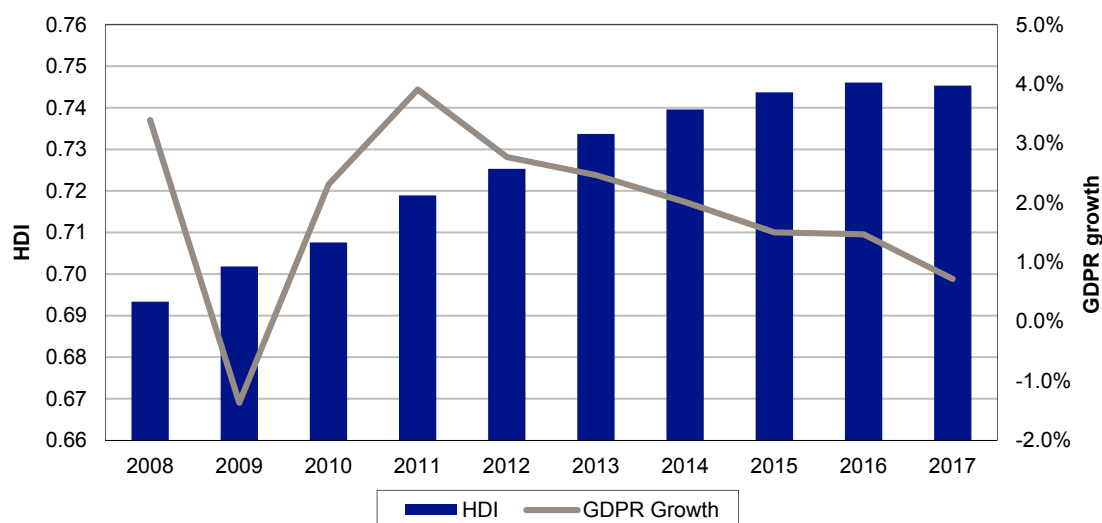


Source: Quantec Research, 2018

### 5.3 Human Development

The United Nations uses the Human Development Index (HDI)<sup>11</sup> 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 5.6 shows economic growth trends and changes in the HDI for the Cape Metro area between 2008 and 2017.

**Figure 5.6 GDP growth vs HDI growth in Cape Metro, 2008 - 2017**



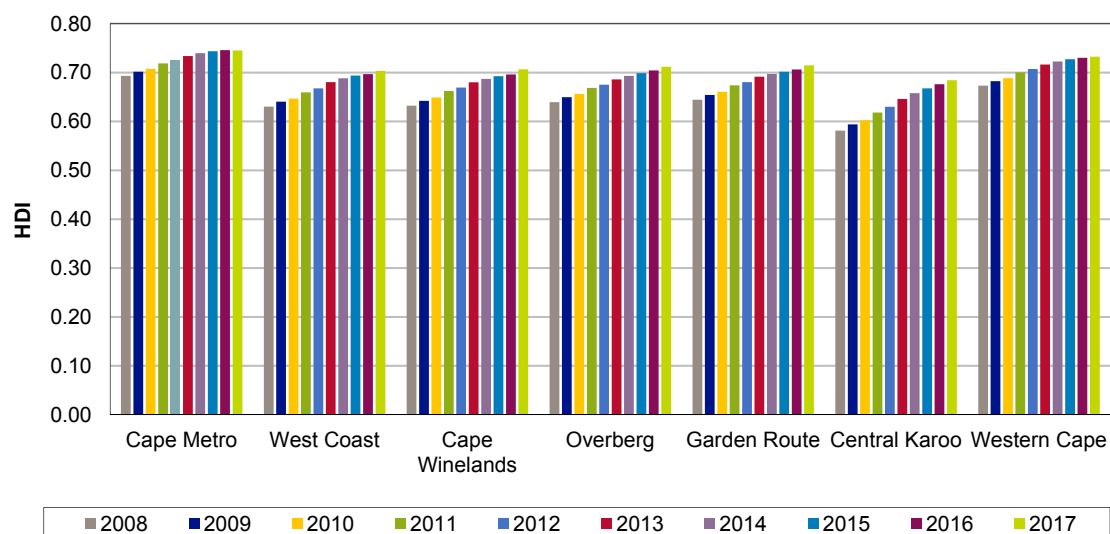
Source: Quantec Research 2018, IHS Markit, 2018

Economic growth and human development within the Cape Metro both increased between 2009 and 2011 indicating the possible positive impact of economic performance on livelihoods. While the HDI continued to rise marginally between 2012 and 2016, economic performance slowed down during the same period. In periods when the HDI increases despite a downturn in economic activity, it can be a result of lagged effects of economic growth from previous years. The slight decrease in the HDI for the Cape Metro from 0.746 in 2016 to 0.745 in 2017 could be attributed to the continued weak economic performance over the last few years.

Figure 5.7 below shows the HDIs per region in the Western Cape between 2008 and 2017.

<sup>11</sup> 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 5.7 HDIs per Western Cape region, 2008 - 2017**

Source: IHS Markit, 2018

There is a general increase in the HDI across all Western Cape regions between 2008 and 2017. The Cape Metro area has a higher HDI than the other regions in the Province, but the rate of increase has been smaller over the last few years as economic performance has taken its toll on household income. The HDI for the Cape Metro area decreased marginally to 0.745 in 2017 from 0.746 in 2016.

### 5.3.1 Educational development within Cape Metro

The extent of improvement in educational circumstances of households in the Cape Metro area is discussed in this section. The highest level of education is discussed first followed by learner enrolments, Grade 12 dropout rates and Matric pass rates. As a community develops, more individuals tend to get educated and the number of individuals without any formal schooling is expected to decrease.

**Table 5.2 Education levels of individuals within the Cape Metro, 2017**

	Cape Metro		Tygerberg		Blaauwberg		Northern		Khayelitsha/ Mitchells Plain		Helderberg		Cape Flats		Table Bay		Southern	
	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20	Number 2017	% of total population older than 20
No schooling	66 956	2.4	9 791	1.7	3 185	1.6	5 412	2.0	25 189	2.6	4 494	2.3	12 984	2.0	2 685	1.3	3 216	1.7
Some primary	245 532	8.7	44 099	7.6	12 612	6.4	17 271	6.5	85 591	8.8	15 892	8.0	52 749	8.0	9 404	4.6	7 915	4.1
Complete primary	139 496	4.9	29 028	5.0	6 706	3.4	7 720	2.9	45 872	4.7	7 698	3.9	32 612	5.0	5 634	2.8	4 226	2.2
<b>Subtotal</b>	<b>451 984</b>	<b>16.03</b>	<b>82 919</b>	<b>14.4</b>	<b>22 502</b>	<b>11.39</b>	<b>30 402</b>	<b>11.4</b>	<b>156 652</b>	<b>16.01</b>	<b>28 084</b>	<b>14.2</b>	<b>98 344</b>	<b>15.0</b>	<b>17 722</b>	<b>8.74</b>	<b>15 357</b>	<b>8.0</b>
Some secondary	1 091 023	38.7	199 249	34.6	56 895	28.8	63 254	23.7	383 570	39.2	58 388	29.5	239 136	36.4	50 473	24.9	40 058	20.7
Grade 12/ Std 10	830 205	29.4	145 810	25.3	55 772	28.2	76 353	28.6	232 875	23.8	49 923	25.2	154 395	23.5	60 000	29.6	55 078	28.5
Higher	445 998	15.8	65 793	11.4	39 832	20.2	66 784	25.0	48 416	4.9	33 341	16.9	67 476	10.3	56 943	28.1	67 413	34.9
<b>Subtotal</b>	<b>2 367 226</b>	<b>83.97</b>	<b>410 851</b>	<b>71.2</b>	<b>152 499</b>	<b>77.2</b>	<b>206 391</b>	<b>77.2</b>	<b>664 862</b>	<b>68.0</b>	<b>141 652</b>	<b>71.6</b>	<b>461 007</b>	<b>70.09</b>	<b>167 415</b>	<b>82.5</b>	<b>162 549</b>	<b>84.1</b>
<b>Total</b>	<b>2 819 210</b>	<b>100</b>	<b>576 688</b>	<b>100</b>	<b>197 504</b>	<b>100</b>	<b>267 195</b>	<b>100</b>	<b>978 166</b>	<b>100</b>	<b>197 821</b>	<b>100</b>	<b>657 696</b>	<b>100</b>	<b>202 860</b>	<b>100</b>	<b>193 263</b>	<b>100</b>

Source: Quantec Research, 2018

Table 5.2 shows that the total number of people older than 20 years of age with no schooling in the Cape Metro in 2017 amounted to 66 956 people, with the most (25 189 people) living in the Khayelitsha/Mitchells Plain, Cape Flats (12 984 people) and Tygerberg (9 791 people) planning districts. The Khayelitsha/Mitchells Plain, Cape Flats and Tygerberg planning districts have the largest population of individuals whose educational achievement is a completed primary schooling or less while the Southern and Table Bay planning districts have the largest proportion of individuals with high educational achievements.

**Table 5.3 Educational development, Cape Metro, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	594 320	-	40.5	-	80.5	-
2013	601 881	1.3	39.3	-3.0	83.2	3.4
2014	613 393	1.9	37.7	-4.1	80.7	-3.0
2015	628 048	2.4	32.4	-14.1	83.6	3.6
2016	639 251	1.8	33.7	4.0	85.4	2.2
2017	655 243	2.5	31.3	-7.1	81.6	-4.4

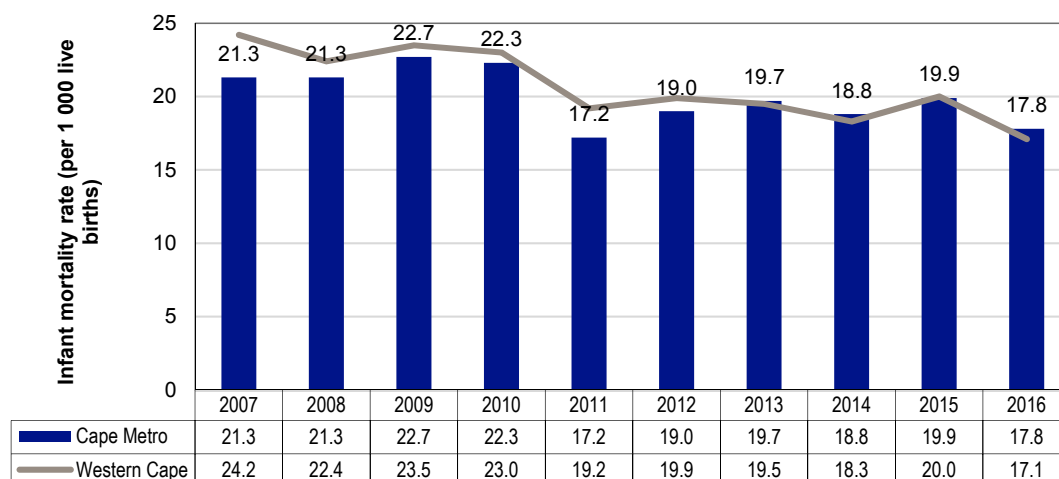
Source: Western Cape Education Department, 2018

The Cape Metro area has recorded increases in learner enrolment every year since 2012, with the biggest increase in 2017 when learner enrolment rose by 2.5 per cent to 655 243 learners from 639 251 in 2016. Although still high, the Grade 12 dropout rate within the Cape Metro area has dropped from 40.5 per cent in 2012 to 31.3 per cent in 2017. This high dropout rate of Grade 12 learners remains a big concern and the causes, as well as ways to resolve this, must be identified. The Matric pass rate also decreased to 81.6 per cent in 2017 from 85.4 per cent in 2016.

### 5.3.2 Health conditions of residents within the Cape Metro

The health conditions of persons living within the Cape Metro are analysed in this section by looking at infant mortality rates, the top 10 causes of death as well as the top 10 injuries that cause death. Longevity is one of the composite indicators used in the calculation of the HDI because healthy living is expected to result in long life. Life expectancy in the Western Cape between 2011 and 2016 averaged 64.8 years for males and 70.6 years for females according to the mid-year population estimates by Statistics SA in 2017. The average life expectancy is estimated for the period up to 2021 is 66.2 years for males and 72.1 years for females. These lifespans may be improvements compared to the recent past when HIV/AIDS was at its peak, but they are still below life expectancies in other similar or even poorer countries.

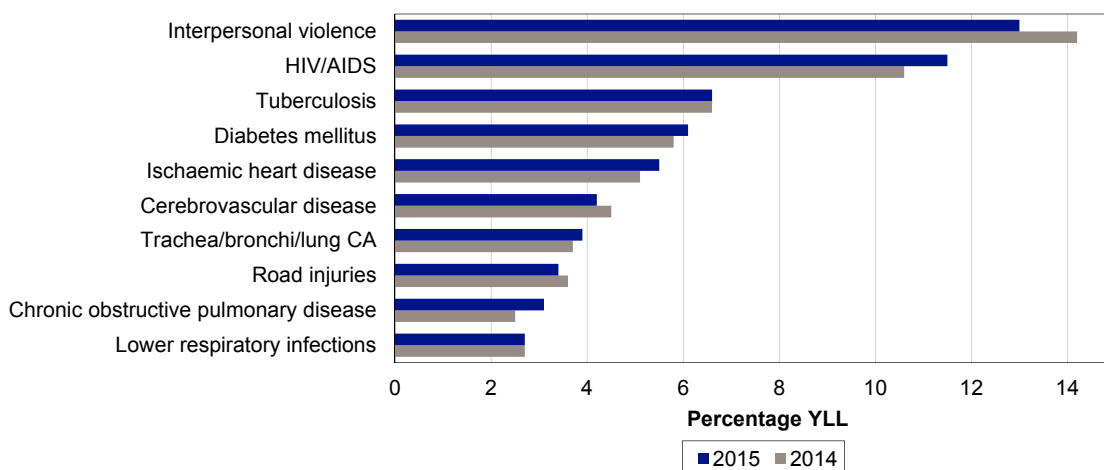
Figure 5.8 shows a decrease in infant mortality rates in the Cape Metro area between 2007 and 2016, which could indicate an improvement in child health care in the period under review.

**Figure 5.8 Infant mortality rates, Cape Metro, 2007 - 2016**

Source: Western Cape Health Department, 2018

The Cape Metro area had a lower infant mortality rate than the Western Cape average from 2007 to 2012, but the situation reversed between 2013 and 2016 when the infant mortality rate for the Cape Metro area was slightly higher than the average for the Province. However, the downward trend of the infant mortality rate for both the Cape Metro and the Province is encouraging although every mortality should be avoided if possible. For the Cape Metro area, the infant mortality decreased from 21.3 infants per 1000 live births in 2007 to 17.8 infants per 1 000 live births in 2016.

The percentage of years of life lost (YLL<sup>12</sup>) is a measure used in analysing the top causes of death. The measure takes into account the age at which deaths occur by giving greater weight to deaths at a younger age and a lower weight to deaths at an older age.

**Figure 5.9 Top 10 causes of death in the Cape Metro, 2014 - 2015**

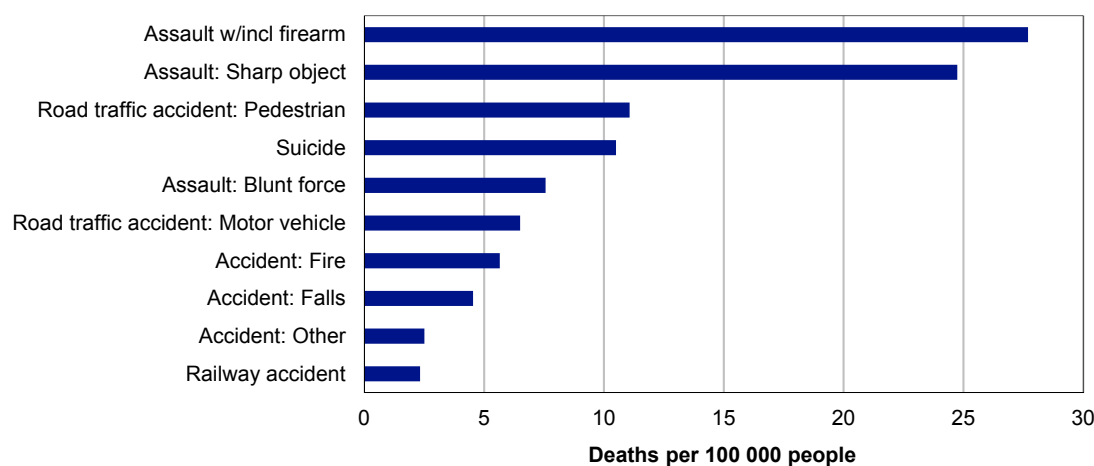
Source: Western Cape Health Department, 2018

<sup>12</sup> YLL are calculated from the number of deaths multiplied by a standard life expectancy at the age at which death occurs. The standard life expectancy used for YLL at each age is the same for deaths in all regions of the world.

The top cause of death in 2014 and 2015 in five of the six regions of the Western Cape Province was either HIV/AIDS or Tuberculosis, whereas the top cause of death in the Cape Metro was interpersonal violence, followed by HIV/AIDS or Tuberculosis. A decrease in years of life lost is positive as it implies more life before expected death while an increase in the years of life lost is negative as it implies dying much earlier than expected. Figure 5.9 above shows that between 2014 and 2015 years of life lost decreased for deaths caused by interpersonal violence (14.2 per cent to 13 per cent of life lost), cerebrovascular disease (4.5 per cent to 4.2 per cent) and road injuries (3.6 per cent to 3.4 per cent).

Deaths within the Cape Metro are also caused by injuries sustained from various incidences. Figure 5.10 shows the top 10 injuries that cause death in the Cape Metro, using the age-standardised mortality rate (ASR<sup>13</sup>).

**Figure 5.10 Top 10 deaths by injury type, Cape Metro, 2016**



Source: Western Cape Health Department, 2018

Figure 5.10 shows that the main injuries that caused death in the Cape Metro in 2016 were from assault and accidents. Figure 5.10 shows that injuries sustained from assault with a sharp object and assault without a firearm were the most dominant cause of death across all the districts. The Klipfontein health district had the highest incidences, followed by the Khayelitsha and Mitchells Plain health districts as well as the Tygerberg health district. The fact that assault using a sharp object or without the use of a firearm tops the list of injuries causing death supports the finding above that interpersonal violence is the top cause of death in the Cape Metro.

<sup>13</sup> The Age-Standardised Rate is a weighted average of the age-specific mortality rates per 100 000 persons, where the weights are the proportions of persons in the corresponding age groups of the WHO standard population.

### 5.3.3 Human settlements and access to basic services within the Cape Metro

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 5.4 shows the different types of dwellings for households living within the Cape Metro region in 2017, of which 261 144 or 21.8 per cent are informal.

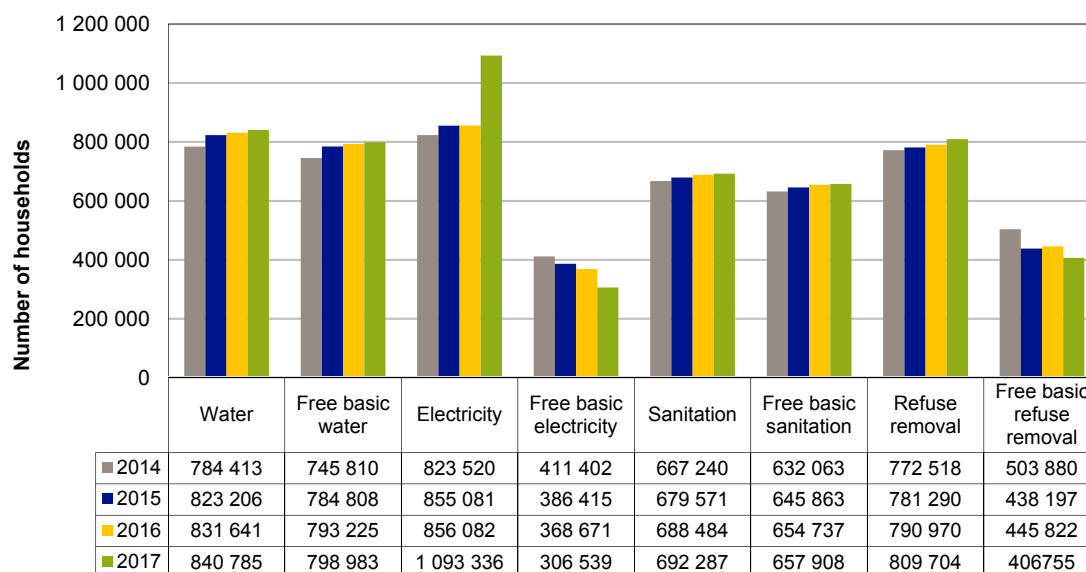
**Table 5.4 Dwellings within the Cape Metro, 2017**

Dwellings type	Cape Metro		Tygerberg		Blaauwberg		Northern		Khayelitsha/ Mitchells Plain		Helderberg		Cape Flats		Table Bay		Southern	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total
House or brick structure on a separate stand or yard	665 840	55.5	128 382	66.9	45 297	55.1	73 459	70.7	175 488	50.1	45 495	58.7	116 458	54.1	31 434	34.9	49 826	56.2
Traditional dwelling/hut/structure made of traditional materials	4 805	0.4	683	0.4	485	0.6	495	0.5	1 107	0.3	469	0.6	777	0.4	338	0.4	450	0.5
Flat in a block of flats	115 982	9.7	18 106	9.4	10 367	12.6	8 261	8.0	4 195	1.2	6 907	8.9	21 172	9.8	32 027	35.6	14 946	16.9
Town/cluster/semi-detached house (simplex, duplex or triplex)	111 310	9.3	18 871	9.8	5 922	7.2	7 484	7.2	27 214	7.8	9 723	12.5	22 493	10.5	12 765	14.2	6 837	7.7
House/flat/room, in backyard	18 732	1.6	2 699	1.4	2 374	2.9	954	0.9	4 091	1.2	1 274	1.6	4 385	2.0	1 665	1.9	1 290	1.5
<b>Informal dwellings</b>	<b>261 144</b>	<b>21.8</b>	<b>17 123</b>	<b>8.9</b>	<b>16 699</b>	<b>20.3</b>	<b>12 067</b>	<b>11.6</b>	<b>134 493</b>	<b>38.4</b>	<b>12 533</b>	<b>16.2</b>	<b>44 848</b>	<b>20.4</b>	<b>9 584</b>	<b>10.7</b>	<b>13 796</b>	<b>15.6</b>
Room/flatlet not in backyard but on a shared property	11 373	0.9	3 269	1.7	307	0.4	644	0.6	1 273	0.4	542	0.7	3 315	1.5	1 146	1.3	876	1.0
Other/unspecified/NA	10 300	0.9	2 652	1.4	728	0.9	514	0.5	2 365	0.7	577	0.7	1 798	0.8	998	1.1	669	0.8
<b>Total</b>	<b>1 199 486</b>	<b>100</b>	<b>191 787</b>	<b>100</b>	<b>82 178</b>	<b>100</b>	<b>103 879</b>	<b>100</b>	<b>350 228</b>	<b>100</b>	<b>77 520</b>	<b>100</b>	<b>215 247</b>	<b>100</b>	<b>89 958</b>	<b>100</b>	<b>88 690</b>	<b>100</b>

Source: Quantec Research, 2018

More than half of the informal dwellings in the Cape Metro are found within the Khayelitsha/Mitchells Plain planning district (134 493 dwellings) in 2017. Other areas with large numbers of informal dwellings include the by Cape Flats (44 848), Tygerberg (17 123) and Blaauwberg (16 699) planning districts. Table Bay is estimated to have 9 584 informal dwellings, the least in the Cape Metro area. Informal dwellings remain a cause for concern for municipalities due to the substantial cost to provide free basic services. Informal dwellings are a health risk as especially children are exposed to bad living conditions and crime. The average number of people per household within planning districts in the Cape Metro has remained stable at approximately four persons per household over the last decade.

The number of people having access to basic services including water, electricity, sanitation and refuse removal is an indication of the level of human development within a municipal area. Figure 5.11 shows the number of households receiving water, electricity, sanitation and waste removal services in the Cape Metro area between 2014 and 2017.

**Figure 5.11 Access to basic services in the Cape Metro, 2014 - 2017**

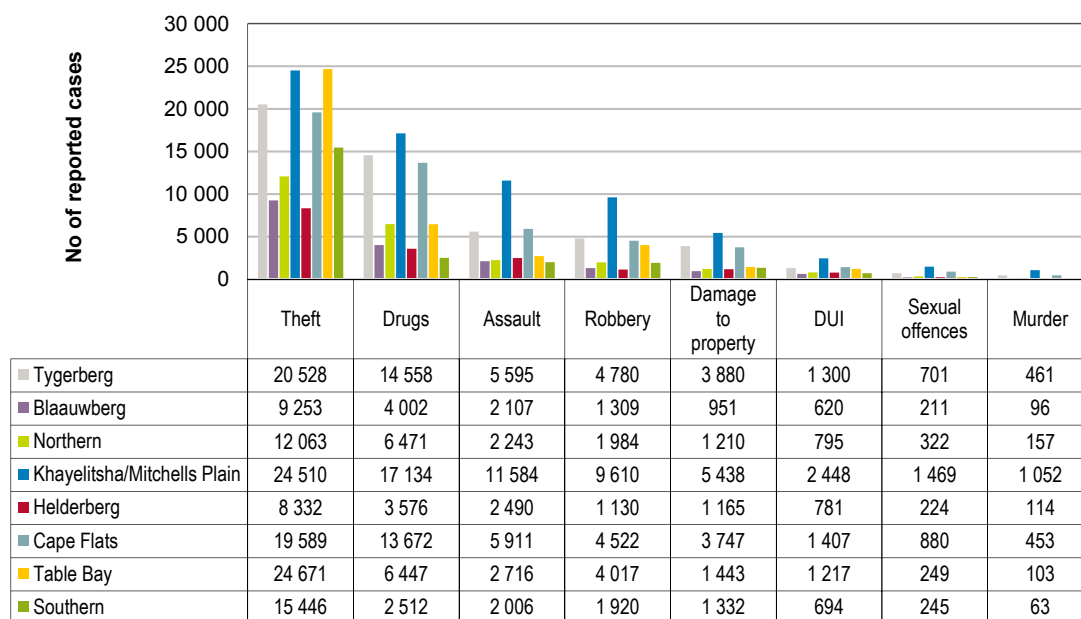
Source: Non-financial Census of Municipalities, Stats SA; Quantec Research, 2018

From Figure 5.11 it is evident that there has been an increase in the number of households receiving water, electricity, sanitation and refuse removal, within the Cape Metro. The number of households receiving free basic water also increased. The same applies to sewerage and sanitation services. A sharp increase was recorded in the number of households receiving electricity in 2017 (1 093 336) from 856 082 in 2016, probably as a result of new housing developments added onto the grid. At the same time, a drop is noted in the number of households receiving free basic electricity, as well as free basic refuse removal.

### 5.3.4 Crime statistics within the Cape Metro

The 2017/18 crime statistics released by SAPS indicate that there were increases in 10 categories of crime in the Western Cape. Truck hijacking increased the most (108.6 per cent), followed by murder (12.6 per cent). Nyanga township in the Western Cape had the highest murder rate in the country, with 308 murders recorded in 2017/18, up from 281 murders in 2016/17. Attempted murder increased by 9.2 per cent, robbery at non-residential premises was up 8.9 per cent, while stock theft rose by 7.7 per cent and robbery at non-residential premises increased by 7.6 per cent. Of the 30 top Police stations by serious crimes recorded in the country, 9 are in the WC and include Delft, Milnerton, Bellville, Worcester, Kraaifontein, Mitchells Plain, Nyanga, Stellenbosch, and Cape Town Central.

Figure 5.12 shows the reported number of crimes within the Cape Metro area, with drug-related crime, theft, burglary, common assault, and malicious damage to property among the leading crimes in 2017.

**Figure 5.12 Most serious recorded crimes by category, Cape Metro, 2017**

Source: SAPS; Quantec, 2018

The highest number of cases of crime reported in 2017 were for theft including burglaries at residential and non-residential premises, shoplifting, and stock-theft in Table Bay, Khayelitsha/Mitchells Plain, Tygerberg, Cape Flats and the Southern planning districts. The Khayelitsha/Mitchells Plain, Cape Flats and Tygerberg planning districts also had the highest number of cases involving drugs reported at police stations. Cases involving assault were also significant across all districts of the Metro, led by the Khayelitsha/Mitchells Plain, Cape Flats and Tygerberg planning districts. Other categories of crime that remain a concern in all districts include malicious damage to property, sexual offences, driving under the influence of alcohol or drugs and common robbery. There are still cases of murder reported across districts in the Cape Metro area, which indicates that crime remains a concern that needs to be addressed across.

## 5.4 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 5.5 is a summary of recent changes in various socio-economic indicators in the Cape Metro area.

**Table 5.5 Changes in selected socio-economic indicators, Cape Metro**

Indicator	Cape Metro	Tygerberg	Blaauwberg	Northern	Khayelitsha/ Mitchells Plain	Helderberg	Cape Flats	Table Bay	Southern
Average Population growth (2007 - 2017): Quantec	2.1%	1.8%	3.1%	2.2%	2.5%	2.5%	1.8%	1.7%	1.5%
Average GDP growth rate (2007 - 2017): Quantec	2.3%	1.8%	3.6%	2.8%	2.5%	2.6%	1.9%	2.3%	1.9%
Average GDP per capita (2007 - 2017): Quantec	R75 123	R74 098	R111 623	R135 293	R39 710	R77 319	R60 763	R109 819	R138 639
Informal settlements (2017): Quantec/ Urban-Econ	21.7%	8.9%	20.3%	11.6%	38.4%	16.1%	20.8%	10.6%	15.5%

Indicators moving into positive territory could be a result of positive economic performance within the Cape Metro, and vice versa.

Positive socio-economic indicators for the Cape Metro area include average economic growth rate higher than population growth rate, translating to an average nominal GDP per capita higher than the low income threshold of R50 000 per annum; an increasing trend in human development, albeit a slight decrease was recorded in 2017; increasing learner enrolment; decreasing Grade 12 dropout rates and increasing access to basic water, electricity, sanitation and refuse removal.

Areas of concern in the Cape Metro area include the increasing inequality in income distribution; significant proportion of low-income earners, decreasing Matric pass rate, informal dwellers, high number of deaths caused by interpersonal violence and HIV/AIDS, as well as through injuries sustained from assault; and crimes including theft, drugs, robbery, assault and malicious damage to property.



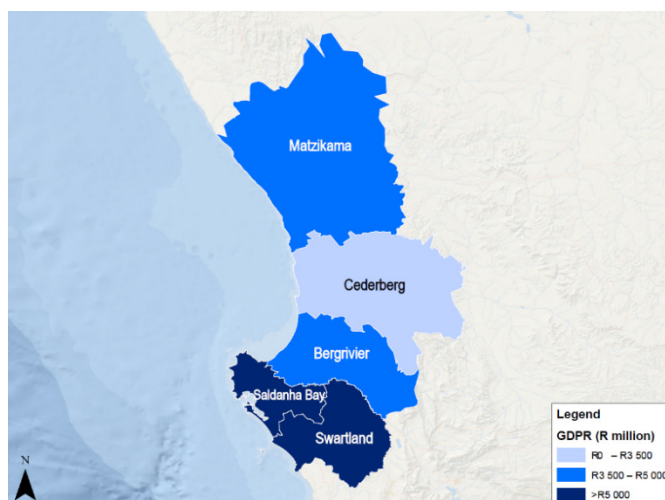
# West Coast District

# 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, Bergrivier, Cederberg, Matzikama and Saldanha Bay municipal areas all have unique characteristics that add value to the diverse economy of the WCD.



This chapter provides a macroeconomic outlook at the District level, an overview of trends from 2012 to 2017, and an outlook in terms of GDP for 2018 and 2019. Further indicators of economic activity in the WCD are also discussed in this section, which includes an analysis of the location quotient, the available agriculture infrastructure, a breakdown of the manufacturing subsectors, as well as international trade and the local business environment.

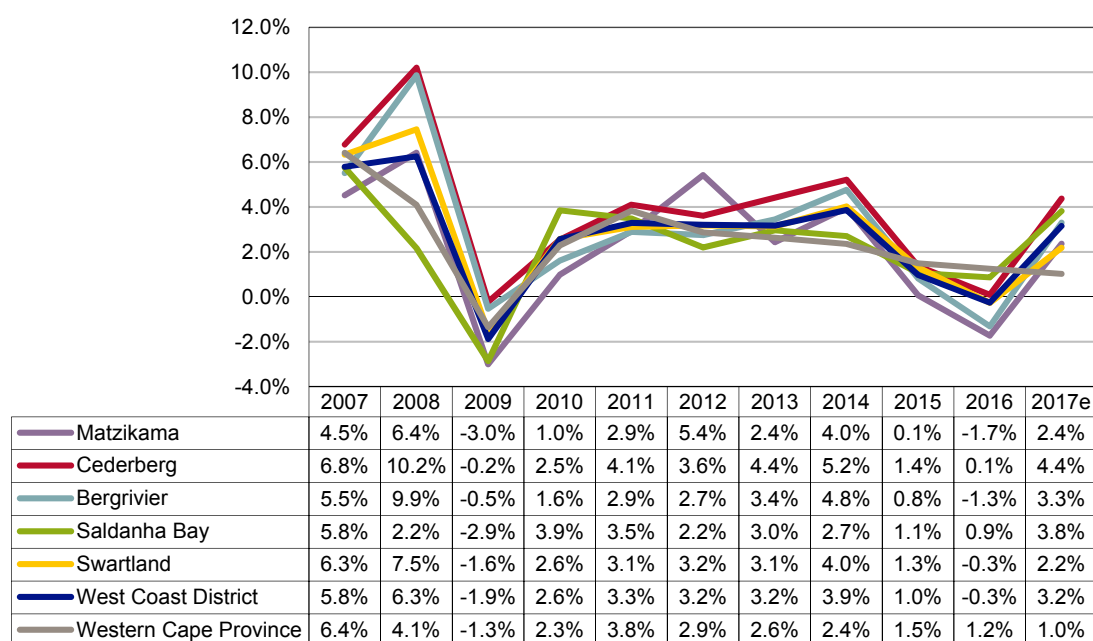
## 1.2 Growth in GDP performance

The period under review for MERO 2018 is between 2012 and 2016, together with an estimate for 2017<sup>1</sup>.

### 1.2.1 GDP performance per municipal area

Figure 1.1 indicates the GDP performance per WCD municipal area between 2007 and 2017.

**Figure 1.1 GDP growth per municipal area, 2007 - 2017**



Source: Quantec Research, 2018 (e denotes estimate)

In 2016 the WCD contracted by 0.3 per cent which was the first economic contraction since the global financial crises of 2009 in this District. All of the municipal areas, except the Cederberg and Saldanha Bay municipal areas had contracting economies in 2016. However, it is estimated that in 2017, economic growth improved to be in line with the growth rates achieved prior to 2015, with growth rates similar to the ten-year average growth rates. It is estimated that in 2017, the WCD economy grew by 3.2 per cent, which is faster than that of the Province (1.0 per cent).

<sup>1</sup> Statistics SA will only release official regional indicators for 2017 in 2019.

The faster estimated GDP growth rate in 2017 can be attributed to strong growth from the agriculture, forestry and fishing sector which, despite the drought, managed to perform at better levels than in 2015 and 2016. This was a result of positive influences from the national sector that had an exceptional year as well as a boost in exports.

Table 1.1 indicates the average GDP contribution and growth rates in the various municipal areas in the WCD.

**Table 1.1 West Coast District GDP contribution and average growth rates per municipal area, 2012 - 2017**

Municipality	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Matzikama	14.9	4 035.9	2.2	1.4	5.4	2.4	4.0	0.1	-1.7	2.4
Cederberg	12.7	3 441.2	3.8	3.1	3.6	4.4	5.2	1.4	0.1	4.4
Bergvrievier	14.7	4 002.4	3.0	2.2	2.7	3.4	4.8	0.8	-1.3	3.3
Saldanha Bay	30.6	8 321.7	2.2	2.3	2.2	3.0	2.7	1.1	0.9	3.8
Swartland	27.1	7 368.5	2.9	2.1	3.2	3.1	4.0	1.3	-0.3	2.2
<b>Total West Coast District</b>	<b>100</b>	<b>27 169.7</b>	<b>2.7</b>	<b>2.2</b>	<b>3.2</b>	<b>3.2</b>	<b>3.9</b>	<b>1.0</b>	<b>-0.3</b>	<b>3.2</b>
Western Cape Province	-	529 928	2.6	1.8	2.9	2.6	2.4	1.5	1.2	1.0

Source: Quantec Research, 2018 (e denotes estimate)

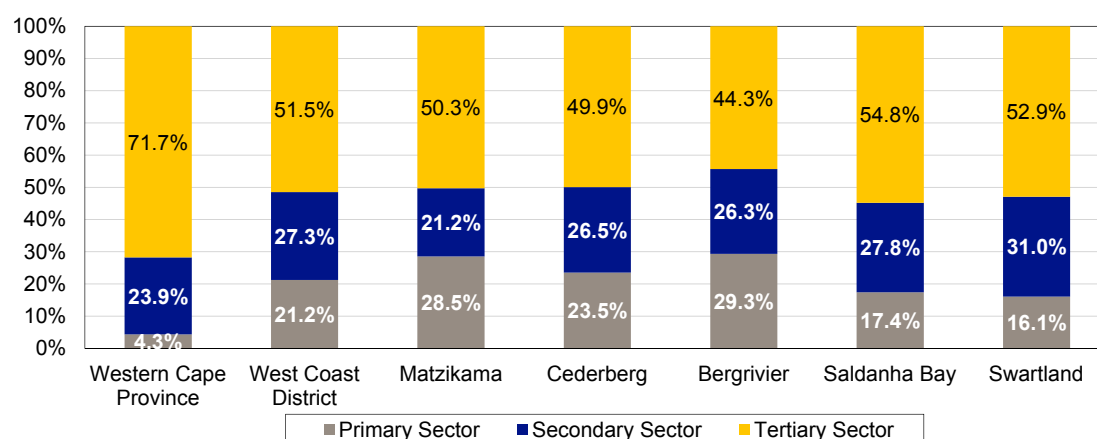
The largest economies in the WCD are those of the Saldanha Bay and Swartland municipal areas. These municipal areas contributed 30.6 per cent and 27.1 per cent respectively to the WCD GDP of R27.2 billion in 2016. All the municipal areas are estimated to have grown faster in 2017 than the five-year average.

The GDP growth of the WCD has been volatile since 2015, highlighting the influence of the national economy on that of the WCD economy. In 2015 the economic growth slowed to 1.0 per cent, contracted by 0.3 per cent in 2016 and it is estimated that growth recovered to pre-2015 levels in 2017. The municipal economies that grew faster than the WCD are the Cederberg (4.4 per cent), the Saldanha Bay (3.8 per cent) and the Bergvrievier (3.3 per cent) municipal areas. Notably, the GDP growth in Cederberg municipal area is from a small base as this municipal area has the smallest economy in the District.

## 1.2.2 GDP performance per sector

Figure 1.2 indicates the GDP contribution of the primary, secondary and tertiary sectors in the various municipal areas of the WCD<sup>2</sup>.

<sup>2</sup> Refer to Diagram 1 in Section A for a breakdown of the primary, secondary and tertiary sectors

**Figure 1.2 GDP contribution per main sector, 2016**

Source: Quantec Research, 2018

The structure of the economy of the WCD differs to that of the Province in that it has a much larger primary sector (21.2 per cent of GDP) and a smaller tertiary sector (51.5 per cent). The secondary sector also contributed more to the economy of the WCD (27.3 per cent) compared to the Province in 2016. This sector is particularly important to the Swartland municipal area as it contributed 31 per cent to the GDP of the municipal area. This sector forms an important component of any local economy, as it utilises inputs from the primary sector and adds additional value to raw materials - thus creating an opportunity to attract new investment and create jobs

The primary sector is especially important for the economies of the Matzikama and Bergrivier municipal areas - this sector contributes 28.5 per cent and 29.3 per cent respectively to these local economies.

Table 1.2 indicates the sector contributions to the WCD economy in 2016.

**Table 1.2 West Coast District GDP contribution per sector, 2016 (%)**

Sector	West Coast District	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland
<b>Primary Sector</b>	<b>21.2</b>	<b>28.5</b>	<b>23.5</b>	<b>29.3</b>	<b>17.4</b>	<b>16.1</b>
Agriculture, forestry and fishing	20.2	23.7	23.3	28.6	16.9	15.9
Mining and quarrying	1.1	4.8	0.2	0.7	0.5	0.2
<b>Secondary Sector</b>	<b>27.3</b>	<b>21.2</b>	<b>26.5</b>	<b>26.3</b>	<b>27.8</b>	<b>31.0</b>
Manufacturing	20.3	13.3	19.3	20.9	21.5	22.9
Electricity, gas and water	2.0	3.0	2.1	1.6	1.2	2.3
Construction	5.0	4.9	5.1	3.9	5.1	5.7
<b>Tertiary Sector</b>	<b>51.5</b>	<b>50.3</b>	<b>49.9</b>	<b>44.3</b>	<b>54.8</b>	<b>52.9</b>
Wholesale and retail trade, catering and accommodation	15.3	16.2	13.7	13.3	14.7	17.5
Transport, storage and communication	8.2	7.5	12.1	5.3	8.8	7.5
Finance, insurance, real estate and business services	11.4	9.6	10.3	10.4	14.8	9.6
General government	10.5	10.7	8.6	9.9	10.4	11.5
Community, social and personal services	6.1	6.2	5.2	5.4	6.1	6.9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

In 2016, the main economic sectors in the WCD included the following:

- Manufacturing (20.3 per cent);
- Agriculture, forestry and fishing (20.2 per cent); and
- Wholesale and retail trade, catering and accommodation (15.3 per cent)

Most of the municipal areas have a similar sectoral structure compared to the WCD, however, the Saldanha Bay municipal area also has a prominent finance, insurance, real estate and business services sector, which contributed 14.8 per cent to the economy in 2016.

Table 1.3 indicates the municipal GDP contribution to each economic sector, providing a spatial aspect to economic activity in the WCD.

**Table 1.3 Municipal GDP contribution to district sectors, 2016 (%)**

Sector	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	Total
<b>Primary Sector</b>	<b>20.0</b>	<b>14.0</b>	<b>20.3</b>	<b>25.1</b>	<b>20.6</b>	<b>100</b>
Agriculture, forestry and fishing	17.5	14.6	20.9	25.6	21.4	100
Mining and quarrying	67.5	2.6	9.8	15.8	4.3	100
<b>Secondary Sector</b>	<b>11.5</b>	<b>12.3</b>	<b>14.2</b>	<b>31.2</b>	<b>30.8</b>	<b>100</b>
Manufacturing	9.7	12.0	15.1	32.5	30.6	100
Electricity, gas and water	22.8	13.8	12.2	19.1	32.1	100
Construction	14.3	12.8	11.3	30.7	30.8	100
<b>Tertiary Sector</b>	<b>14.5</b>	<b>12.3</b>	<b>12.7</b>	<b>32.6</b>	<b>27.9</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	15.7	11.3	12.7	29.3	30.9	100
Transport, storage and communication	13.7	18.8	9.7	33.1	24.8	100
Finance, insurance, real estate and business services	12.5	11.5	13.5	39.8	22.8	100
General government	15.2	10.4	14.0	30.4	30.0	100
Community, social and personal services	15.1	10.8	13.0	30.7	30.4	100
<b>Total</b>	<b>14.9</b>	<b>12.7</b>	<b>14.7</b>	<b>30.6</b>	<b>27.1</b>	<b>100</b>

Source: Quantec Research, 2018

The economic sectors of the Saldanha Bay and Swartland municipal areas contributed the most to that of the WCD in 2016, particularly the secondary, and tertiary sectors. These two municipal areas have larger urban towns that serve as economic nodes for smaller towns in more rural municipal areas. However, the mining and quarrying sector in the Matzikama municipal area contributes 67.5 per cent to the mining sector in the WCD.

Table 1.4 indicates the WCD's GDPR performance per sector between 2012 and 2017.

**Table 1.4 West Coast District GDPR performance per sector, 2012 - 2017**

Sector	R million value 2016	Trend		Real GDPR growth (%)					
		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>5 769.9</b>	<b>3.0</b>	<b>3.0</b>	<b>4.8</b>	<b>4.1</b>	<b>8.1</b>	<b>-1.5</b>	<b>-6.2</b>	<b>10.5</b>
Agriculture, forestry and fishing	5 482.3	3.3	3.0	5.0	4.3	8.2	-1.6	-6.5	10.7
Mining and quarrying	287.6	-0.5	2.4	0.9	1.5	6.5	-1.0	-1.6	6.3
<b>Secondary Sector</b>	<b>7 418.6</b>	<b>1.8</b>	<b>1.5</b>	<b>1.2</b>	<b>1.9</b>	<b>2.3</b>	<b>1.3</b>	<b>0.4</b>	<b>1.7</b>
Manufacturing	5 513.7	1.6	1.5	1.0	1.4	2.1	1.3	0.1	2.3
Electricity, gas and water	533.1	-1.9	-2.5	-1.0	-1.9	-2.2	-3.3	-3.7	-1.2
Construction	1 371.8	4.9	3.4	3.2	6.3	5.3	2.4	2.8	0.0
<b>Tertiary Sector</b>	<b>13 981.1</b>	<b>3.1</b>	<b>2.2</b>	<b>3.5</b>	<b>3.4</b>	<b>2.8</b>	<b>1.9</b>	<b>2.0</b>	<b>1.0</b>
Wholesale and retail trade, catering and accommodation	4 169.8	3.2	2.1	4.7	3.1	2.3	2.7	2.8	-0.3
Transport, storage and communication	2 214.6	0.7	0.5	1.1	1.6	2.5	-1.4	-0.8	0.5
Finance, insurance, real estate and business services	3 093.7	3.8	3.0	3.7	3.2	3.2	3.4	2.9	2.5
General government	2 839.2	3.7	2.2	3.2	4.5	3.7	1.3	1.3	0.3
Community, social and personal services	1 663.8	3.2	2.7	3.9	4.7	2.3	2.1	2.4	2.1
<b>Total West Coast District</b>	<b>27 169.7</b>	<b>2.7</b>	<b>2.2</b>	<b>3.2</b>	<b>3.2</b>	<b>3.9</b>	<b>1.0</b>	<b>-0.3</b>	<b>3.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

The estimated GDPR growth of 3.2 per cent in 2017 was mainly a result of the strong estimated growth in the agriculture, forestry and fishing sector of 10.7 per cent. Growth in this sector has been volatile with the sector contracting by 1.6 per cent in 2015 and a further 6.5 per cent in 2016. Despite the provincial drought, the sector was boosted by exceptional growth on a national level, which grew at an estimated rate of 17.7 per cent (Quantec Research, 2018).

With an estimated growth rate of 2.3 per cent in 2017, the manufacturing sector grew faster than the five-year average growth rate of 1.5 per cent, highlighting the linkage between the agriculture, forestry and fishing sector as well as the manufacturing sector in the WCD.

Furthermore, it is estimated that in 2017 the construction sector stagnated and the wholesale and retail trade, catering and accommodation sector and the electricity, gas and water sector both contracted by 0.3 per cent and 1.2 per cent respectively. The stagnating construction sector and the poor performance of the wholesale and retail trade, catering and accommodation sector are indicators of the influence of the volatile national economy on the economy of the WCD.

### 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 done. Table 1.5 indicates the GDPR forecast per sector for 2018 and 2019 in the WCD.

**Table 1.5 West Coast District GDP forecast per sector, 2018 - 2019 (%)<sup>3</sup>**

Sectors	2017e	2018f	2019f
<b>Primary Sector</b>			
Agriculture, forestry and fishing	10.7	-23.7	21.5
Mining and quarrying	6.3	-3.8	1.6
<b>Secondary Sector</b>			
Manufacturing	2.3	-0.6	3.8
Electricity, gas and water	-1.2	0.8	0.0
Construction	0.0	2.6	2.9
<b>Tertiary Sector</b>			
Wholesale and retail trade, catering and accommodation	-0.3	2.2	2.0
Transport, storage and communication	0.5	1.0	1.1
Finance, insurance, real estate and business services	2.5	3.3	2.9
General government	0.3	0.5	1.1
Community, social and personal services	2.1	3.3	3.5
<b>Total</b>	<b>3.2</b>	<b>-4.0</b>	<b>5.8</b>

Source: *Urban-Econ, 2018 (e denotes estimate; f denotes forecast)*

In 2018 the economy of the WCD is forecasted to contract by 4 per cent, before recovering in 2019 with a forecasted growth of 5.8 per cent. The contraction in 2018 is due to the severe shrinking of the agriculture, forestry and fishing sector (by 23.7 per cent) as a result of the water restrictions imposed in 2017 and reduced rainfall that will lead to a reduction in agricultural output. Other sectors that are also forecasted to contract in 2018 is the mining and quarrying sector (by 3.8 per cent) and the manufacturing sector (by 0.6 per cent).

The sectors that contracted in 2017 are, however, expected to recover in 2018, particularly the wholesale and retail trade, catering and accommodation sector which is forecasted to grow by 2.2 per cent.

## 1.3 Growth in employment trends

### 1.3.1 Employment per municipal area

Table 1.6 indicates the trend in employment growth in each municipal area in the WCD. The Saldanha Bay and Swartland municipal areas provide the most employment opportunities in the WCD, jointly contributing 53.2 per cent to employment.

<sup>3</sup> Based on provincial forecasts done in July 2018 - Bureau for Economic Research.

**Table 1.6 West Coast District employment growth, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of Jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Matzikama	15.7	27 833	-670	3 890	872	1 055	-138	2 941	-177	209
Cederberg	14.6	25 866	-40	4 315	983	1 250	22	2 797	-35	281
Bergrivier	16.5	29 361	-2 459	4 258	990	1 264	-253	3 582	-320	-15
Saldanha Bay	27.9	49 564	1 697	5 677	2 135	2 621	410	2 374	-154	426
Swartland	25.3	44 980	3 189	7 095	1 406	1 766	373	4 125	239	592
<b>Total West Coast District</b>	<b>100</b>	<b>177 604</b>	<b>1 717</b>	<b>25 235</b>	<b>6 386</b>	<b>7 956</b>	<b>414</b>	<b>15 819</b>	<b>-447</b>	<b>1 493</b>
Western Cape Province	-	2 460 960	289 207	272 208	55 379	69 794	38 527	105 507	8 279	50 101

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that employment creation improved in 2017 compared to 2016. There were more jobs created in 2017 than the 447 lost in 2016. In 2016 all the municipal areas shed jobs except the Swartland municipal area. It is estimated that only the Bergrivier municipal area continued to shed jobs in 2017. The municipal areas that contributed the most to the estimated 1 493 jobs created in 2017 are the Saldanha Bay (426 jobs) and the Swartland (592 jobs) municipal areas, further emphasising the economic importance of these two municipal areas.

### 1.3.2 Employment per sector

Table 1.7 indicates the sectoral contribution to employment in the municipal areas of the WCD.

**Table 1.7 Sectoral employment contribution per municipal area, 2016 (%)**

Sector	West Coast District	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland
<b>Primary Sector</b>	<b>39.5</b>	<b>42.3</b>	<b>44.4</b>	<b>51.9</b>	<b>36.4</b>	<b>30.4</b>
Agriculture, forestry and fishing	39.3	41.1	44.3	51.8	36.3	30.3
Mining and quarrying	0.3	1.2	0.0	0.1	0.1	0.1
<b>Secondary Sector</b>	<b>13.1</b>	<b>10.4</b>	<b>12.7</b>	<b>10.5</b>	<b>14.1</b>	<b>15.7</b>
Manufacturing	9.0	6.2	8.4	7.7	10.0	10.8
Electricity, gas and water	0.2	0.4	0.2	0.2	0.1	0.3
Construction	3.9	3.8	4.0	2.6	4.0	4.6
<b>Tertiary Sector</b>	<b>47.4</b>	<b>47.3</b>	<b>42.9</b>	<b>37.6</b>	<b>49.5</b>	<b>54.0</b>
Wholesale and retail trade, catering and accommodation	16.0	16.9	14.0	12.6	15.9	19.0
Transport, storage and communication	2.4	2.3	3.4	1.5	2.7	2.3
Finance, insurance, real estate and business services	8.4	7.0	7.4	6.1	10.8	8.6
General government	9.8	9.8	7.8	8.8	9.9	11.5
Community, social and personal services	10.7	11.3	10.3	8.6	10.2	12.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018



The sector that provides the most employment opportunities in the WCD is the agriculture, forestry and fishing sector, which contributed 39.3 per cent to employment in 2016. This sector is a particularly important source of employment in the Matzikama, Cederberg and Bergrivier municipal areas where it contributes 41.1 per cent, 44.3 per cent and 51.8 per cent to employment, respectively.

The wholesale and retail trade, catering and accommodation sector also provides a large number of jobs (16 per cent in the WCD), particularly in the Swartland municipal area where it contributes 19 per cent to employment.

Even though the manufacturing sector is one of the largest economic sectors in the WCD, it only contributes 9 per cent to employment which is indicative of more capital-intensive manufacturing activities.

Table 1.8 illustrates the municipal contribution to sectoral employment in the WCD, indicating the main areas for sectoral employment creation.

**Table 1.8 Municipal employment contribution to district sectors, 2016 (%)**

Sector	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	Total
<b>Primary Sector</b>	<b>16.8</b>	<b>16.4</b>	<b>21.7</b>	<b>25.7</b>	<b>19.5</b>	<b>100</b>
Agriculture, forestry and fishing	16.4	16.4	21.8	25.8	19.6	100
Mining and quarrying	72.6	2.2	7.7	12.3	5.3	100
<b>Secondary Sector</b>	<b>12.4</b>	<b>14.1</b>	<b>13.3</b>	<b>30.1</b>	<b>30.2</b>	<b>100</b>
Manufacturing	10.8	13.6	14.2	31.0	30.4	100
Electricity, gas and water	23.6	13.6	13.4	17.2	32.2	100
Construction	15.4	15.2	11.1	28.5	29.7	100
<b>Tertiary Sector</b>	<b>15.7</b>	<b>13.2</b>	<b>13.1</b>	<b>29.2</b>	<b>28.9</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	16.6	12.7	13.0	27.7	30.1	100
Transport, storage and communication	14.6	20.4	10.1	30.7	24.3	100
Finance, insurance, real estate and business services	13.1	12.8	12.1	36.1	25.9	100
General government	15.6	11.6	14.9	28.2	29.7	100
Community, social and personal services	16.6	14.0	13.2	26.6	29.6	100
<b>Total</b>	<b>15.7</b>	<b>14.6</b>	<b>16.5</b>	<b>27.9</b>	<b>25.3</b>	<b>100</b>

Source: Quantec Research, 2018

The two municipal areas that make the largest contribution to the economic sectors in terms of employment in the WCD are the Saldanha Bay and Swartland municipal areas. Notable other sector contributions for other municipal areas in the WCD include:

- The Matzikama municipal area contributed 72.6 per cent to employment in the mining and quarrying sector, as well as 23.6 per cent to employment in the electricity, gas and water sector in 2016.
- The Cederberg municipal area contributed 20.4 per cent to employment in the transport, storage and communication sector in 2016.

Table 1.9 indicates the trend in employment growth in each economic sector in the WCD.

**Table 1.9 West Coast District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>39.5</b>	<b>70 167</b>	<b>-22 088</b>	<b>10 854</b>	<b>4 156</b>	<b>4 971</b>	<b>-2 761</b>	<b>12 253</b>	<b>-2 562</b>	<b>-1 047</b>
Agriculture, forestry and fishing	39.3	69 711	-22 036	10 858	4 142	4 979	-2 760	12 236	-2 552	-1 045
Mining and quarrying	0.3	456	-52	-4	14	-8	-1	17	-10	-2
<b>Secondary Sector</b>	<b>13.1</b>	<b>23 322</b>	<b>1 352</b>	<b>2 983</b>	<b>41</b>	<b>637</b>	<b>855</b>	<b>861</b>	<b>553</b>	<b>77</b>
Manufacturing	9.0	16 001	98	1 832	-352	463	482	749	99	39
Electricity, gas and water	0.2	419	103	33	8	3	3	5	14	8
Construction	3.9	6 902	1 151	1 118	385	171	370	107	440	30
<b>Tertiary Sector</b>	<b>47.4</b>	<b>84 115</b>	<b>22 451</b>	<b>11 398</b>	<b>2 189</b>	<b>2 348</b>	<b>2 320</b>	<b>2 705</b>	<b>1 562</b>	<b>2 463</b>
Wholesale and retail trade, catering and accommodation	16.0	28 434	7 563	4 976	881	771	605	1 357	676	1 567
Transport, storage and communication	2.4	4 336	1 187	325	259	148	-139	199	17	100
Finance, insurance, real estate and business services	8.4	14 893	4 475	2 294	396	501	429	644	348	372
General government	9.8	17 432	4 893	713	382	3	993	-208	388	-463
Community, social and personal services	10.7	19 020	4 333	3 090	271	925	432	713	133	887
<b>Total West Coast District</b>	<b>100</b>	<b>177 604</b>	<b>1 717</b>	<b>25 235</b>	<b>6 386</b>	<b>7 956</b>	<b>414</b>	<b>15 819</b>	<b>-447</b>	<b>1 493</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 177 604 people were employed in the WCD, the majority of which were in the agriculture, forestry and fishing sector (39.3 per cent). The estimated net change in employment is positive (1 493 new jobs in 2017), however, the main employing sector shed 1 045 jobs. This is the second year that this sector has shed jobs. Other sectors that are also estimated to have shed jobs in 2017 are the mining and quarrying sector (2 jobs) and the general government sector (463 jobs).

The sectors that are estimated to have contributed the most to employment creation in the WCD in 2017 include the wholesale and retail trade, catering and accommodation sector (1 567 jobs) and the community, social and personal services sector (887 jobs).

Table 1.10 shows the unemployment rate in the WCD and its municipal areas.

**Table 1.10 West Coast District unemployment rate, 2012 - 2017 (%)**

Municipality	2012	2013	2014	2015	2016	2017e
Matzikama	10.8	10.3	11.1	9.8	10.9	11.8
Cederberg	6.6	6.3	6.8	5.9	6.7	7.4
Bergrivier	4.8	4.5	5.0	4.2	4.8	5.3
Saldanha Bay	13.3	12.8	13.9	13.1	14.8	16.2
Swartland	8.9	8.6	9.3	8.5	9.5	10.4
<b>West Coast District</b>	9.6	9.2	10.0	9.0	10.1	11.1
Western Cape Province	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2018 (e denotes estimate)

Despite increasing annually, the unemployment rate in the WCD is lower than that of the Province. It is estimated that in 2017 the WCD had an unemployment rate of 11.1 per cent, while the Province had an unemployment rate of 18.2 per cent. The municipal areas with unemployment rates that are higher than average are the Saldanha Bay and Matzikama municipal areas.

## 1.4 Local and international trade dynamics

### 1.4.1 Location quotient

To determine the level of specialisation in the different economic sectors of the WCD, a location quotient is used. The location quotient is a ratio between two economies, in this case, the Provincial and District economies, which indicate whether the District is importing, self-sufficient or exporting goods and services from a particular sector. Table 1.11 indicates an interpretation of the location quotient classification.

**Table 1.11 Locational 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	Most local needs are being met by the sector. 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, 2018

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, which can influence the comparative advantage of an area in a certain sector.

Table 1.12 outlines the sectoral location quotient for the WCD.

**Table 1.12 Location quotient in terms of GDPR and employment, West Coast District, 2016**

Sector	In terms of GDPR	In terms of employment
Agriculture, forestry and fishing	5.0	3.7
Mining and quarrying	3.7	3.5
Manufacturing	1.3	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	0.4
General government	0.9	0.8
Community, social and personal services	0.9	0.7

Source: Quantec Research, 2018

The WCD has a location quotient larger than 1.25 in the agriculture, forestry and fishing sector, and the mining and quarrying sector (in terms of GDPR and employment), indicating that these local sectors are serving the needs beyond the district's border and are exporting products.

## 1.4.2 Manufacturing subsectors

Table 1.13 indicates the economic contribution of the manufacturing sector in the WCD.

**Table 1.13 West Coast District manufacturing subsector GDPR contribution, 2016 (%)**

Subsector	West Coast District	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland
Food, beverages and tobacco	67.7	59.0	66.2	73.2	63.2	73.0
Textiles, clothing and leather goods	1.5	0.7	1.2	1.1	1.9	1.8
Wood, paper, publishing and printing	6.1	5.3	3.2	8.2	6.5	5.9
Petroleum products, chemicals, rubber and plastic	6.5	7.7	7.0	6.0	7.1	5.4
Other non-metal mineral products	3.1	7.3	1.6	3.1	2.2	3.2
Metals, metal products, machinery and equipment	9.5	9.1	14.2	4.9	13.6	5.6
Electrical machinery and apparatus	0.1	0.0	0.1	0.0	0.1	0.0
Radio, TV, instruments, watches and clocks	0.5	0.4	0.0	0.1	0.6	0.7
Transport equipment	2.0	2.3	1.4	1.8	2.6	1.6
Furniture and other manufacturing	3.2	8.2	5.3	1.5	2.3	2.7

Source: Quantec Research, 2018

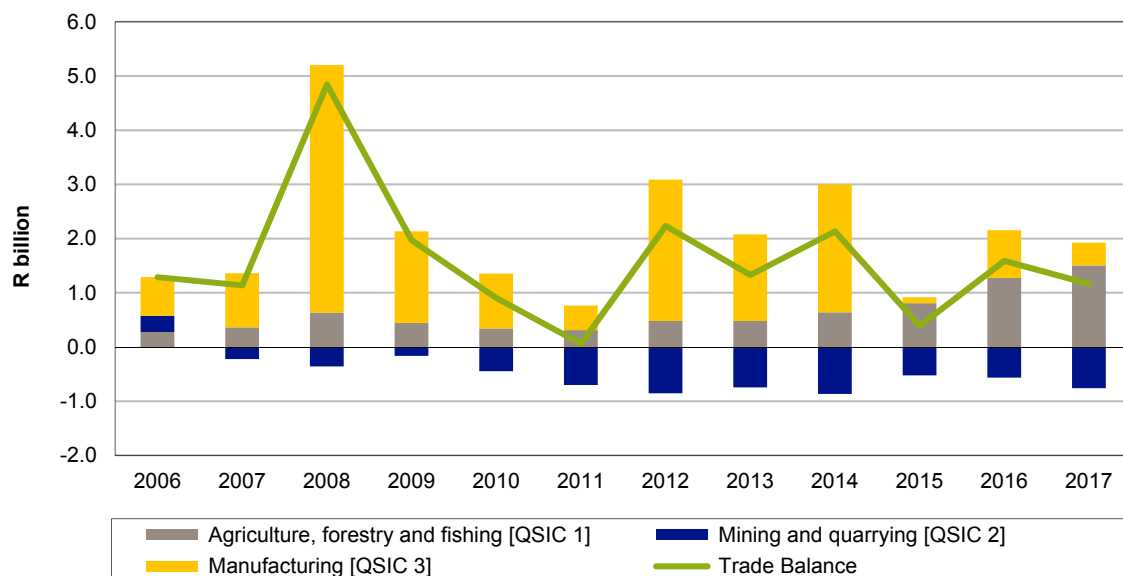
The manufacturing of food, beverages and tobacco is the main manufacturing subsector in the WCD and its local municipal areas. This subsector contributed 67.7 per cent to the manufacturing sector GDPR in 2016. Other manufacturing activities in the WCD include the manufacturing of:

- Metals, metal products, machinery and equipment (9.5 per cent of manufacturing sector GDPR), particularly in the Saldanha Bay and Cederberg municipal areas;
- Petroleum products, chemicals, rubber and plastic (6.5 per cent of manufacturing sector GDPR), particularly in the Matzikama, Cederberg and Saldanha Bay municipal areas; and
- Wood, paper, publishing and printing (6.1 per cent of manufacturing sector GDPR), particularly in the Bergrivier municipal area.

### 1.4.3 International trade

Figure 1.3 indicates the WCD trade balance between 2006 and 2017.

**Figure 1.3 West Coast District trade balance, 2006 - 2017**



Source: Quantec Research, 2018

The trade balance of the WCD recovered in 2016 but declined slightly in 2017 due to an increased amount of mining and quarrying products being imported as well as a decline in manufacturing products. The WCD is a net exporter of produce from the agriculture, forestry and fishing sector and it is estimated that net exports from this sector increased in 2017. The majority of exports from the WCD, produced in the Saldanha Bay municipal area, are iron and steel (Quantec Research, 2018). The WCD is also a large exporter of citrus fruit.

Ways to stimulate exports from the WCD include (Provincial Treasury Municipal Survey, 2018):

- Determining the value chain of export products, identifying exporters in the WCD and understanding the needs and challenges of exporters;
- Supporting small-scale and emerging farmers to enter the mainstream economy and provide them with training in terms of trade, increasing production and quality; and
- Promote the WCD as an investment destination for agro-processing companies.

Table 1.14 outlines the top ten exported products from the WCD.

**Table 1.14 Top 10 exports products, 2017**

Product	R million value
1 Flat-rolled products of iron or non-alloy steel, hot rolled – not clad, plated or coated	2 494
2 Flat-rolled products iron or non-alloy steel clad, plated or coated	1 681
3 Citrus fruit, fresh or dried	908
4 Locust beans, seaweeds and other algae, sugar beet and sugar cane	563
5 Wine	479
6 Flat-rolled products of iron or non-alloy steel, cold rolled - not clad, plated or coated	397
7 Fish, frozen, excluding fish fillets	48
8 Molluscs	41
9 Semi-finished products or iron or non-alloy steel	38
10 Cereal groats, meal and pellets	29

Source: Wesgro, 2018

The main export products from the WCD are products from the iron and steel, highlighting the importance of developments such as the Saldanha Bay IDZ. Other products are sourced from the agriculture, forestry and fishing sector, either fresh or processed.

Table 1.15 outlines the top ten export partners for products from the WCD.

**Table 1.15 Top 10 export partners, 2017**

Country	R million value
1 United States	2 489
2 Kenya	2 007
3 Netherlands	454
4 Tanzania	413
5 United Kingdom	376
6 Germany	260
7 Namibia	201
8 Japan	138
9 Spain	87
10 Lesotho	78

Source: Wesgro, 2018

The main trading partners for the export products from the WCD include the United States (R2.5 billion) and Kenya (R2 billion). These two countries are large scale importers of flat-rolled products of iron or non-alloy steel.

#### 1.4.4 Local businesses

This section provides an overview of the local business environment in the WCD. Information for this subsection is collated from various sources including the Provincial Treasury Municipal survey responses, information received from local business chambers and associations, and SEDA. Local businesses, particularly SMMEs are the driving force in an economy and their growth will create new employment opportunities in an area.

One of the essential factors for stimulating the establishment of new enterprises in a local area is to create an enabling environment and ensure the ease of doing business. Table 1.16 indicates the time of approval for business licences, land rezoning and building plan approvals based on the Provincial Treasury Municipal Survey responses received.

**Table 1.16 Business processes, 2018**

Process	Matzikama	Bergrivier	Saldanha Bay	Swartland
Business licences	± 7 days	3 - 5 days	14 days	3 days
Rezoning of land	± 7 months	103 - 162 days <sup>4</sup>	3 - 4 months	14 days
Building plan approvals	30 - 60 days	30 - 60 days	15 - 30 days	15 days

Source: Provincial Treasury Municipal Survey, 2018

The municipalities of the WCD are all similarly aligned in terms of business processes, except for the Swartland municipal area in terms of rezoning. For the local private sector, the timeous and costly process of land rezoning is a challenge for local developers in some areas.

Other factors that contribute to a favourable business environment include the infrastructure capacity of business and industrial areas, service charges and the relationship between the private and public sectors. The expansive gravel road network in the WCD can be a deterrent to tourist activities and commercial investment, especially strategic roads, like the R364 between Doringbaai and Lamberts Bay. The WCD has a lack of skilled labour, particularly artisans that are also impacting commercial activity and investment in the region.

Formal business chambers in the WCD have good working relationships with their respective municipalities and there is regular interaction between them. There are, however, local constraints in some areas, which include access to bulk water (mostly as a result of water restrictions due to the drought), increasing electricity demand and

<sup>4</sup> 103 days for an Authorised Official resolution and an average of 162 days for a Municipal Planning Tribunal resolution.

high tariffs, and constrained waste water treatment works due to an influx of people to urban areas in the WCD.

SMMEs that play a vital role in the local economy sometimes require additional support in order to become sustainable and make a continued contribution to the economy and employment creation. SEDA plays a vital role in providing support for SMMEs in the WCD. Local municipalities also utilise SMMEs for construction, services and goods procurement and realise the importance of these businesses for local economies. Consequently, these municipalities also have a range of services to provide support.

Table 1.17 outlines the number of SMMEs that are registered on the municipal databases based on the Provincial Treasury Municipal survey responses.

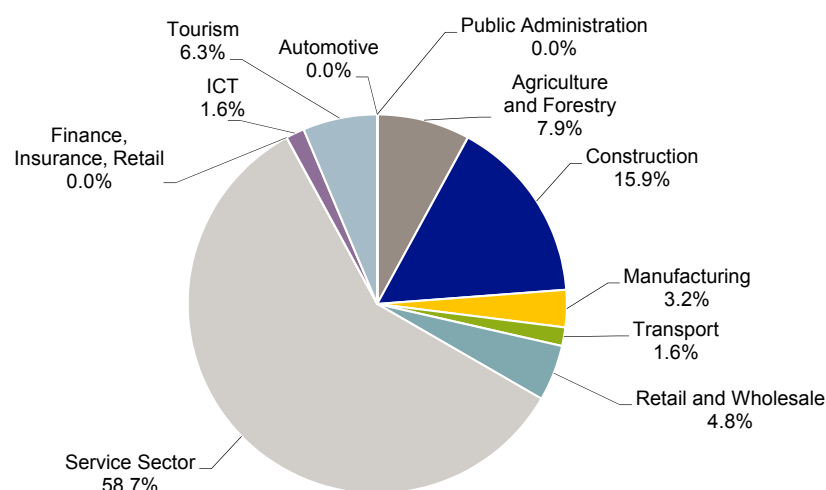
**Table 1.17 SMMEs registered on municipal databases, 2018**

Municipality	Number
Matzikama	161
Bergvriervier	293
Saldanha Bay	1 200
Swartland	No own database, makes use of Central Supplier Database (CSD).

Source: Provincial Treasury Municipal Survey, 2018

Figure 1.4 indicates the activities of the SMMEs that are supported by SEDA in the WCD.

**Figure 1.4 SMMEs supported by SEDA - business categories, 2018**



Source: SEDA, 2018

The majority of SMMEs in the WCD that are supported by SEDA are in the services sector (58.7 per cent), followed by the construction sector (15.9 per cent) and the agriculture and forestry sector (7.9 per cent).



SMMEs in the WCD require the most support in the following areas (Provincial Treasury Municipal Survey, 2018):

- Ensuring quality of work and products;
- Lack of funding;
- Mentorship in business management;
- Registering on the CSD database;
- Access to markets and new opportunities;
- Lack of consistency of work; and
- Business capacity.

The West Coast Business Development Centre (WCBDC) is one of the main SMME support institutions in the WCD. The WCBDC aims to create an enabling environment for SMMEs by providing services such as business training, entrepreneurial development training, promoting business linkages, assisting SMMEs with tenders as well as business advice and counselling (WCBDC, 2018). Additional support provided by municipalities in the WCD includes:

- The Matzikama Municipality has an SMME forum and a Black Business Chamber that provide networking opportunities and support to SMMEs.
- The Swartland Municipality is establishing a box park facility in Malmesbury assisting SMMEs with tender documents, connecting SMMEs with other support structures available and encouraging SMME owners to connect with organised businesses and networks.
- The Grow-Net opportunities portal in the Saldanha Bay municipal area connects SMMEs with large corporations for procurement of goods and supports SMMEs with training, mentorship, equipment and funding. The Grow-Net portal is a joint initiative from the Western Cape Government and the Department of Trade and Industry (**the dti**) (Grow-Net, 2018).
- The Bergrivier Municipality provides office space for the WCBDC, provides training, and hosts expos and workshops to promote business linkages between SMMEs and corporations. The Bergrivier Municipality has also changed the procurement policy to favour local SMMEs for bids valued under R30 000.

## 1.5 Concluding remarks

In 2016, the GDP in the WCD was R27.2 billion and the economy provided employment for 177 604 people. The WCD economy had an estimated growth rate of 3.2 per cent in 2017, which is a significant recovery after the 0.3 per cent contraction in 2016. The faster estimated GDP growth in 2017 is mainly as a result of the recovering of the agriculture, forestry and fishing sector which grew for the first time since 2014 after contracting by 1.6 per cent in 2015 and 6.5 per cent in 2016. Despite the local drought, the sector was boosted by good national sector growth.

The sectors that contributed the most to the GDP of the WCD in 2016 include the manufacturing sector (20.3 per cent); the agriculture, forestry and fishing sector (20.2 per cent); and the wholesale and retail trade, catering and accommodation sector (15.3 per cent). The manufacturing sector in the WCD is highly dependent on the local agriculture, forestry and fishing sector as the food, beverages and tobacco subsector contributes the most to the manufacturing sector GDP (67.7 per cent in 2016).

Over the last five years, the manufacturing sector has grown at a rate of 1.5 per cent. This is slower than the average five-year growth of the economy of the WCD which grew at an average rate of 2.2 per cent per annum. The agriculture, forestry and fishing sector and the wholesale and retail trade, catering and accommodation sector have grown at average rates of 3.0 per cent and 2.1 per cent respectively since 2013.

In the WCD, the agriculture, forestry and fishing sector contributed the most to employment in 2016 (39.3 per cent). In the more rural municipal area, such as the Matzikama, Cederberg and Bergrivier municipal areas, the agriculture, forestry and fishing sector contributed 41.1 per cent, 44.3 per cent and 51.8 per cent respectively to employment in 2016. This sector is estimated to have shed 1 045 jobs in 2017, which follows this sector shedding 2 552 jobs in 2016. Since this sector is a valuable source of employment, particularly in the more rural municipal areas, the continued job losses in this sector can contribute to the increase in poverty and the need for support from government institutions.

# 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 2012 to 2017 in GDP and employment. This chapter 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 area (Saldanha Bay Municipality, 2017).

#### 2.2.1 GDP performance

Table 2.1 indicates the Saldanha Bay municipal area's GDP performance per sector. The largest economic sectors in the Saldanha Bay municipal area include the manufacturing sector; the agriculture, forestry and fishing sector; the finance, insurance, real estate and business services sector; and the wholesale and retail trade, catering and accommodation sector. Collectively these sectors contributed 67.8 per cent to the R8.3 billion GDP of the Saldanha Bay municipal area in 2016.

**Table 2.1 Saldanha Bay GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>17.4</b>	<b>1 448.4</b>	<b>2.3</b>	<b>5.7</b>	<b>2.1</b>	<b>5.2</b>	<b>5.1</b>	<b>0.0</b>	<b>-0.7</b>	<b>18.8</b>
Agriculture, forestry and fishing	16.9	1 403.0	2.5	5.8	2.2	5.4	5.2	0.1	-0.7	19.3
Mining and quarrying	0.5	45.4	-1.8	1.2	-0.9	0.7	4.4	-2.4	-1.9	5.0
<b>Secondary Sector</b>	<b>27.8</b>	<b>2 313.8</b>	<b>0.7</b>	<b>0.4</b>	<b>-0.1</b>	<b>1.0</b>	<b>1.0</b>	<b>-0.3</b>	<b>-0.6</b>	<b>0.8</b>
Manufacturing	21.5	1 790.0	0.3	0.0	-0.5	0.3	0.4	-0.6	-1.1	1.1
Electricity, gas and water	1.2	102.0	-0.8	-0.7	-0.3	-1.5	-1.2	-1.4	-1.1	1.7
Construction	5.1	421.8	4.1	2.6	2.1	5.4	4.6	1.8	2.2	-1.0
<b>Tertiary Sector</b>	<b>54.8</b>	<b>4 559.4</b>	<b>3.0</b>	<b>2.2</b>	<b>3.4</b>	<b>3.3</b>	<b>2.9</b>	<b>2.0</b>	<b>2.0</b>	<b>1.1</b>
Wholesale and retail trade, catering and accommodation	14.7	1 222.0	3.3	2.2	4.7	3.2	2.4	2.7	2.8	-0.2
Transport, storage and communication	8.8	734.0	-0.6	-0.8	-0.3	0.2	1.2	-2.6	-2.1	-0.5
Finance, insurance, real estate and business services	14.8	1 230.0	4.2	3.5	4.1	3.7	3.7	3.9	3.3	2.9
General government	10.4	863.2	3.6	2.2	3.2	4.4	3.6	1.3	1.3	0.3
Community, social and personal services	6.1	510.2	3.3	2.9	4.1	4.8	2.4	2.2	2.6	2.3
<b>Total Saldanha Bay</b>	<b>100</b>	<b>8 321.7</b>	<b>2.2</b>	<b>2.3</b>	<b>2.2</b>	<b>3.0</b>	<b>2.7</b>	<b>1.1</b>	<b>0.9</b>	<b>3.8</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that the economy of the Saldanha Bay municipal area grew by 3.8 per cent in 2017 which is above the five-year average growth rate. The GDPR growth rate in the Saldanha Bay municipal area was boosted by the strong estimated growth rate (19.3 per cent) of the agriculture, forestry and fishing sector in 2017. The secondary sectors are also estimated to have grown at above-average rates, except the construction sector, which is estimated to have contracted by 1 per cent in 2017.

In contrast to the performance of the primary and secondary sectors, the tertiary sectors are estimated to have grown at slower rates than in 2016. The wholesale and retail trade, catering and accommodation sector and the transport, storage and communication sector contracted by 0.2 per cent and 0.5 per cent respectively.

## 2.2.2 Employment profile

Table 2.2 indicates the trend in employment growth in each economic sector in the Saldanha Bay municipal area.

**Table 2.2 Saldanha Bay employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>36.4</b>	<b>18 028</b>	<b>-4 117</b>	<b>1 989</b>	<b>1 632</b>	<b>1 806</b>	<b>-413</b>	<b>1 440</b>	<b>-624</b>	<b>-220</b>
Agriculture, forestry and fishing	36.3	17 972	-4 107	1 990	1 631	1 807	-412	1 437	-623	-219
Mining and quarrying	0.1	56	-10	-1	1	-1	-1	3	-1	-1
<b>Secondary Sector</b>	<b>14.1</b>	<b>7 009</b>	<b>-701</b>	<b>361</b>	<b>-117</b>	<b>108</b>	<b>127</b>	<b>132</b>	<b>61</b>	<b>-67</b>
Manufacturing	10.0	4 968	-896	100	-219	72	29	115	-50	-66
Electricity, gas and water	0.1	72	26	10	3	2	1	1	3	3
Construction	4.0	1 969	169	251	99	34	97	16	108	-4
<b>Tertiary Sector</b>	<b>49.5</b>	<b>24 527</b>	<b>6 515</b>	<b>3 327</b>	<b>620</b>	<b>707</b>	<b>696</b>	<b>802</b>	<b>409</b>	<b>713</b>
Wholesale and retail trade, catering and accommodation	15.9	7 864	2 070	1 382	234	212	170	384	177	439
Transport, storage and communication	2.7	1 331	179	-17	60	28	-47	51	-61	12
Finance, insurance, real estate and business services	10.8	5 370	1 570	821	138	180	149	232	127	133
General government	9.9	4 912	1 331	172	101	-3	275	-65	102	-137
Community, social and personal services	10.2	5 050	1 365	969	87	290	149	200	64	266
<b>Total Saldanha Bay</b>	<b>100</b>	<b>49 564</b>	<b>1 697</b>	<b>5 677</b>	<b>2 135</b>	<b>2 621</b>	<b>410</b>	<b>2 374</b>	<b>-154</b>	<b>426</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 49 564 workers were employed in the Saldanha Bay municipal area. The sectors that contributed the most to employment include the:

- Agriculture, forestry and fishing sector (36.3 per cent); and
- Wholesale and retail trade, catering and accommodation sector (15.9 per cent).

It is estimated that in 2017, 426 jobs were created, recovering the 154 jobs lost in 2016. The sectors that contributed the most to employment creation are the wholesale and retail trade, catering and accommodation sector (439 jobs) and the community, social and personal services sector (266 jobs). Despite the large increases in jobs in these sectors, some sectors also shed jobs. The sectors that are estimated to have shed the most jobs in 2017 include the agriculture, forestry and fishing sector (219 jobs), the general government sector (137 jobs) and the manufacturing sector (66 jobs).

### 2.2.3 Skills level

Table 2.3 indicates the skills levels of formally employed workers in the Saldanha Bay municipal area.

**Table 2.3 Saldanha Bay skills level, 2016**

Formal employment by skill	Skill level contribution (%) 2016	Average growth (%)		Number of jobs	
		2006 - 2016	2013 - 2017e	2016	2017e
Skilled	18.0	2.7	2.4	6 813	6 848
Semi-skilled	41.6	-0.3	1.0	15 751	15 539
Low-skilled	40.4	0.2	1.8	15 270	15 185
<b>Total Saldanha Bay</b>	<b>100</b>	<b>0.4</b>	<b>1.6</b>	<b>37 834</b>	<b>37 572</b>

Source: Quantec Research, 2018 (e denotes estimate)

The majority of workers in the Saldanha Bay municipal area are semi-skilled (41.6 per cent) and low-skilled (40.4 per cent). In 2016, 37 834 workers were formally employed in the Saldanha Bay municipal area. This is estimated to have declined to 37 572 in 2017. The decline of formally employed workers can be attributed to the decline of the semi-skilled and low-skilled workers.

Over the last five years, formal sector employment has increased by an average rate of 1.6 per cent per annum, with above-average growth rates of formally employed skilled (2.4 per cent) and low-skilled workers (1.8 per cent). In this time period, the agriculture, forestry and fishing sector; the wholesale and retail trade, catering and accommodation sector; and the community, social and personal services sector contributed the most to job creation.

## 2.3 Swartland

The Swartland municipal area consists mostly of farmland where Malmesbury is the main economic node in the area. The protected coastline of the Swartland municipal area is mostly uninhabited, however, 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 (Swartland Municipality, 2018).

The Swartland municipal area has the second largest economy in the WCD, with a GDP of R7.4 billion in 2016.

### 2.3.1 GDP performance

Table 2.4 indicates the Swartland municipal area's GDP performance per sector. The main economic sectors in the Swartland economy in 2016 include the manufacturing sector; the wholesale and retail trade, catering and accommodation sector; and the agriculture, forestry and fishing sector. Collectively these sectors contributed 56.3 per cent to the local economy in 2016.

**Table 2.4 Swartland GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>16.1</b>	<b>1 185.9</b>	<b>3.3</b>	<b>1.8</b>	<b>2.8</b>	<b>3.8</b>	<b>9.2</b>	<b>-2.1</b>	<b>-8.6</b>	<b>6.8</b>
Agriculture, forestry and fishing	15.9	1 173.4	3.3	1.8	2.8	3.8	9.3	-2.1	-8.7	6.8
Mining and quarrying	0.2	12.5	0.2	3.4	1.0	2.7	7.0	-0.5	0.6	7.0
<b>Secondary Sector</b>	<b>31.0</b>	<b>2 283.0</b>	<b>2.2</b>	<b>1.8</b>	<b>2.2</b>	<b>1.8</b>	<b>2.6</b>	<b>2.1</b>	<b>0.5</b>	<b>1.8</b>
Manufacturing	22.9	1 689.0	2.1	1.8	1.9	1.2	2.6	2.4	0.6	2.5
Electricity, gas and water	2.3	171.1	-1.7	-2.1	-0.4	-1.2	-1.5	-2.9	-3.5	-1.3
Construction	5.7	422.9	4.6	2.9	5.1	6.3	4.5	2.6	1.4	-0.3
<b>Tertiary Sector</b>	<b>52.9</b>	<b>3 899.6</b>	<b>3.3</b>	<b>2.4</b>	<b>3.8</b>	<b>3.6</b>	<b>3.0</b>	<b>2.1</b>	<b>2.2</b>	<b>1.0</b>
Wholesale and retail trade, catering and accommodation	17.5	1 289.2	3.8	2.6	5.3	3.6	2.8	3.2	3.2	0.2
Transport, storage and communication	7.5	549.0	1.2	1.0	1.5	2.2	2.9	-0.9	-0.2	0.9
Finance, insurance, real estate and business services	9.6	704.7	3.1	2.2	2.9	2.4	2.2	2.5	2.0	1.7
General government	11.5	851.0	4.6	3.1	4.1	5.4	4.6	2.2	2.1	1.0
Community, social and personal services	6.9	505.6	3.1	2.5	3.7	4.2	2.2	1.9	2.3	1.9
<b>Total Swartland</b>	<b>100</b>	<b>7 368.5</b>	<b>2.9</b>	<b>2.1</b>	<b>3.2</b>	<b>3.1</b>	<b>4.0</b>	<b>1.3</b>	<b>-0.3</b>	<b>2.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017 the economy of the Swartland municipal area grew by 2.2 per cent, which is marginally faster than the five-year average GDP growth rate of 2.1 per cent. This strong growth rate can be attributed to the 6.8 per cent estimated growth rate in the agriculture, forestry and fishing sector and the 2.5 per cent growth rate in the manufacturing sector.

The strong growth in the agriculture, forestry and fishing sector can be attributed to the exceptional growth of this sector on a national level, as well as the lower base for growth due to the sector contracting in 2015 and 2016.

The tertiary sectors of the Swartland municipal area had a slower estimated GDP growth rate in 2017 (1 per cent) compared to 2016 (2.2 per cent).

### 2.3.2 Employment profile

Table 2.5 indicates the trend in employment growth in each economic sector in the Swartland municipal area. The sectors that contributed the most to the 44 980 jobs created in 2016 in the Swartland municipal area are the agriculture, forestry and fishing sector (30.3 per cent) and the wholesale and retail trade, catering and accommodation sector (10.8 per cent).

**Table 2.5 Swartland employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>30.4</b>	<b>13 660</b>	<b>-4 620</b>	<b>2 434</b>	<b>634</b>	<b>801</b>	<b>-631</b>	<b>2 981</b>	<b>-499</b>	<b>-218</b>
Agriculture, forestry and fishing	30.3	13 636	-4 621	2 431	633	801	-631	2 978	-499	-218
Mining and quarrying	0.1	24	1	3	1	0	0	3	0	0
<b>Secondary Sector</b>	<b>15.7</b>	<b>7 046</b>	<b>739</b>	<b>1 022</b>	<b>80</b>	<b>232</b>	<b>274</b>	<b>311</b>	<b>173</b>	<b>32</b>
Manufacturing	10.8	4 858	417	725	-39	179	180	282	53	31
Electricity, gas and water	0.3	135	39	13	2	2	0	4	5	2
Construction	4.6	2 053	283	284	117	51	94	25	115	-1
<b>Tertiary Sector</b>	<b>54.0</b>	<b>24 274</b>	<b>7 070</b>	<b>3 639</b>	<b>692</b>	<b>733</b>	<b>730</b>	<b>833</b>	<b>565</b>	<b>778</b>
Wholesale and retail trade, catering and accommodation	19.0	8 552	2 658	1 694	304	272	218	441	256	507
Transport, storage and communication	2.3	1 052	351	116	70	39	-37	53	30	31
Finance, insurance, real estate and business services	8.6	3 862	1 231	612	108	133	116	169	88	106
General government	11.5	5 181	1 855	460	157	56	343	-10	160	-89
Community, social and personal services	12.5	5 627	975	757	53	233	90	180	31	223
<b>Total Swartland</b>	<b>100</b>	<b>44 980</b>	<b>3 189</b>	<b>7 095</b>	<b>1 406</b>	<b>1 766</b>	<b>373</b>	<b>4 125</b>	<b>239</b>	<b>592</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017 the Swartland municipal area had a net change in employment of 592 jobs. This positive change in employment was mostly as a result of large-scale employment creation in the tertiary sectors, particularly the community, social and personal services sector (223 jobs) and the wholesale and retail trade, catering and accommodation sector (507 jobs). Despite the overall positive change in employment, some sectors are estimated to have shed jobs in 2017, including the:

- Agriculture, forestry and fishing sector (218 jobs)
- General government sector (89 jobs)

### 2.3.3 Skills level

Table 2.6 indicates the skills levels of formally employed people in the Swartland municipal area. Due to the large majority contribution to employment from the agriculture, forestry and fishing sector, the majority of formally employed workers in the Swartland municipal area are low-skilled (50.1 per cent).



**Table 2.6 Swartland skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	15.2	2.8	2.5	5 376	5 397
Semi-skilled	34.6	1.4	2.4	12 237	12 261
Low-skilled	50.1	0.0	3.0	17 717	17 640
<b>Total Swartland</b>	<b>100</b>	<b>0.9</b>	<b>2.7</b>	<b>35 330</b>	<b>35 298</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 35 330 workers were formally employed in the Swartland municipal area and it is estimated that this has declined to 35 298 workers in 2017, mainly as a result of a decline in low-skilled workers, which is in line with the estimated job losses in the agriculture, forestry and fishing sector.

Over the last five years, however, the growth in low-skilled workers has been above average at 3.0 per cent per annum, mainly due to large increases in agriculture, forestry and fishing sector employment in 2015.

## 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 east (Matzikama Municipality, 2017). The majority of 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 is 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, Klaver, 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 and the Northern Cape and Namibia.

The Matzikama municipal area had the third largest economy in the WCD in 2016, contributing 14.9 per cent (R4 billion) to the District's economy and 15.7 per cent to employment.

### 2.4.1 GDP performance

Table 2.7 indicates the GDP performance per sector in the Matzikama municipal area. The sectors that contributed the most to the Matzikama municipal economy in 2016 include the agriculture, forestry and fishing sector (23.7 per cent); the wholesale and retail trade, catering and accommodation sector (16.2 per cent); and the manufacturing sector (13.3 per cent).

**Table 2.7 Matzikama GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>28.5</b>	<b>1 151.7</b>	<b>4.0</b>	<b>2.2</b>	<b>14.2</b>	<b>3.8</b>	<b>9.2</b>	<b>-1.7</b>	<b>-7.4</b>	<b>7.4</b>
Agriculture, forestry and fishing	23.7	957.6	5.2	2.1	17.1	4.1	9.6	-2.0	-8.6	7.5
Mining and quarrying	4.8	194.1	0.0	2.8	1.7	1.8	7.4	-0.4	-1.5	6.8
<b>Secondary Sector</b>	<b>21.2</b>	<b>855.0</b>	<b>0.4</b>	<b>0.5</b>	<b>0.9</b>	<b>0.4</b>	<b>1.3</b>	<b>0.2</b>	<b>-0.1</b>	<b>0.8</b>
Manufacturing	13.3	536.7	0.6	0.9	1.6	-0.2	1.2	1.2	0.2	1.9
Electricity, gas and water	3.0	121.7	-4.7	-6.1	-3.1	-3.8	-4.7	-7.0	-8.4	-6.6
Construction	4.9	196.6	5.0	3.8	1.8	6.2	6.1	1.7	3.6	1.2
<b>Tertiary Sector</b>	<b>50.3</b>	<b>2 029.3</b>	<b>2.1</b>	<b>1.4</b>	<b>2.6</b>	<b>2.5</b>	<b>1.9</b>	<b>1.1</b>	<b>1.2</b>	<b>0.1</b>
Wholesale and retail trade, catering and accommodation	16.2	655.8	2.4	1.4	3.9	2.2	1.6	2.0	2.0	-0.9
Transport, storage and communication	7.5	302.4	-1.5	-1.9	-1.3	-0.8	0.1	-3.6	-3.3	-2.0
Finance, insurance, real estate and business services	9.6	386.3	3.0	2.4	3.0	2.3	2.6	2.9	2.5	2.0
General government	10.7	432.9	3.1	1.7	2.7	3.9	3.2	0.8	0.8	-0.2
Community, social and personal services	6.2	251.9	3.0	2.5	3.6	4.9	1.8	1.9	2.0	1.8
<b>Total Matzikama</b>	<b>100</b>	<b>4 035.9</b>	<b>2.2</b>	<b>1.4</b>	<b>5.4</b>	<b>2.4</b>	<b>4.0</b>	<b>0.1</b>	<b>-1.7</b>	<b>2.4</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016 the Matzikama municipal area economy contracted by 1.7 per cent; however, the economy is estimated to have recovered with an estimated growth rate of 2.4 per cent in 2017. This is mostly a result of the recovery of the agriculture, forestry and fishing sector which grew by 7.5 per cent, after contracting by 2 per cent in 2015 and 8.6 per cent in 2016. Other sectors that are estimated to have recorded above-average growth rates in 2017 include the mining and quarrying sector (6.8 per cent) and the manufacturing sector (1.9 per cent).

The economic growth prospects of the Matzikama municipal area in 2017 were negatively influenced by the poor performance of the electricity, gas and water sector; the wholesale and retail trade catering and accommodation sector; the transport, storage and communication sector; and the general government sector (0.2 per cent) which is estimated to have contracted by 6.6 per cent, 0.9 per cent, 2.0 per cent and 0.2 per cent respectively.

## 2.4.2 Employment profile

Table 2.8 indicates the trend in employment growth within each economic sector in the Matzikama municipal area. The sectors that contributed the most to the 27 833 jobs in 2016 in the Matzikama municipal area include the agriculture, forestry and fishing sector (41.1 per cent); and the wholesale and retail trade, catering and accommodation sector (16.9 per cent).

**Table 2.8 Matzikama employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>42.3</b>	<b>11 772</b>	<b>-3 900</b>	<b>2 036</b>	<b>541</b>	<b>676</b>	<b>-533</b>	<b>2 502</b>	<b>-429</b>	<b>-180</b>
Agriculture, forestry and fishing	41.1	11 441	-3 870	2 041	530	683	-535	2 493	-421	-179
Mining and quarrying	1.19	331	-30	-5	11	-7	2	9	-8	-1
<b>Secondary Sector</b>	<b>10.37</b>	<b>2 887</b>	<b>330</b>	<b>417</b>	<b>49</b>	<b>76</b>	<b>110</b>	<b>77</b>	<b>106</b>	<b>48</b>
Manufacturing	6.2	1 722	130	234	-8	56	44	60	31	43
Electricity, gas and water	0.4	99	-4	-7	-2	-5	0	0	1	-3
Construction	3.8	1 066	204	190	59	25	66	17	74	8
<b>Tertiary Sector</b>	<b>47.3</b>	<b>13 174</b>	<b>2 900</b>	<b>1 437</b>	<b>282</b>	<b>303</b>	<b>285</b>	<b>362</b>	<b>146</b>	<b>341</b>
Wholesale and retail trade, catering and accommodation	16.9	4 708	995	676	120	101	68	196	68	243
Transport, storage and communication	2.3	631	95	1	29	16	-31	18	-9	7
Finance, insurance, real estate and business services	7.0	1 955	395	189	30	47	32	62	23	25
General government	9.8	2 721	740	89	61	-5	150	-37	58	-77
Community, social and personal services	11.3	3 159	675	482	42	144	66	123	6	143
<b>Total Matzikama</b>	<b>100</b>	<b>27 833</b>	<b>-670</b>	<b>3 890</b>	<b>872</b>	<b>1 055</b>	<b>-138</b>	<b>2 941</b>	<b>-177</b>	<b>209</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017, the economy of the Matzikama municipal area recovered the 177 jobs lost in 2016 with a positive net change in employment of 209 jobs. The wholesale and retail trade, catering and accommodation sector and the community, social and personal services sector contributed the most to job creation, with an estimated 243 and 143 new jobs respectively in 2017. Despite the agriculture, forestry and fishing sector showing substantial GDP growth, it is estimated that the sector shed 179 jobs, which is the second year that this main employing sector has shed jobs. Other sectors that are also estimated to have shed jobs in 2017 are the mining and quarrying; electricity, gas and water; and general government sectors, shedding 81 jobs collectively.

### 2.4.3 Skills level

Table 2.9 indicates the skills levels of those who are formally employed in the Matzikama municipal area. In 2016, 53.3 per cent of formally employed workers in the Matzikama municipal area were low-skilled. This is mainly a result of the large number of workers employed in the agriculture, forestry and fishing sector (41.1 per cent).

**Table 2.9 Matzikama skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	14.1	2.0	1.9	2 971	2 965
Semi-skilled	32.6	0.5	1.9	6 858	6 820
Low-skilled	53.3	-1.1	2.7	11 235	11 110
<b>Total Matzikama</b>	<b>100</b>	<b>-0.2</b>	<b>2.3</b>	<b>21 064</b>	<b>20 895</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 21 064 workers were formally employed, and it is estimated that the number of formally employed workers declined to 20 895 in 2017 as a result of a decline in workers across all skills levels. The estimated job losses in the general government sector contributed to a decline in skilled and semi-skilled workers. The decline in jobs in the agriculture, forestry and fishing sector also impacted semi-skilled workers as well as low skilled workers.

Even though it is estimated that in 2017 formal employment declined, on average over the last five years, formal employment has increased by 2.3 per annum, with above average growth rates for low-skilled workers. This can be attributed to large-scale employment in the agriculture, forestry and fishing sector in 2015.

## 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 Velddrift and Dwarskersbos. The N7 traverses this local municipal area, which forms part of the Cape Town-Namibia transit route (Bergrivier Municipality, 2017).

With a GDPR of R4.0 billion in 2016, the Bergrivier municipal area contributed 14.7 per cent to the GDPR of the WCD. The Bergrivier municipal area is also the third largest employer in the District with 29 361 jobs in 2016 (16.5 per cent of the District's employment).

## 2.5.1 GDP performance

The main economic sectors in the Bergrivier municipal area are the agriculture, forestry and fishing sector; the manufacturing sector and the wholesale and retail trade, catering and accommodation sector. These sectors contributed 28.6 per cent, 20.9 per cent and 13.3 per cent respectively to the GDP of the Bergrivier municipal area in 2016.

**Table 2.10 Bergrivier GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>29.3</b>	<b>1 174.0</b>	<b>3.3</b>	<b>2.4</b>	<b>3.0</b>	<b>4.1</b>	<b>8.9</b>	<b>-1.8</b>	<b>-7.5</b>	<b>8.1</b>
Agriculture, forestry and fishing	28.6	1 145.9	3.5	2.4	3.1	4.2	9.1	-1.7	-7.6	8.2
Mining and quarrying	0.7	28.1	-2.7	0.0	-1.8	-0.3	3.2	-3.5	-3.1	3.6
<b>Secondary Sector</b>	<b>26.3</b>	<b>1 054.1</b>	<b>3.1</b>	<b>2.6</b>	<b>1.2</b>	<b>3.1</b>	<b>3.7</b>	<b>2.8</b>	<b>0.9</b>	<b>2.5</b>
Manufacturing	20.9	834.5	3.1	2.7	1.4	3.0	3.8	3.1	0.5	3.0
Electricity, gas and water	1.6	64.8	-1.6	-1.5	-1.0	-2.4	-2.2	-2.2	-1.9	1.0
Construction	3.9	154.8	5.2	3.7	1.1	5.9	5.8	2.5	4.5	-0.2
<b>Tertiary Sector</b>	<b>44.3</b>	<b>1 774.3</b>	<b>2.9</b>	<b>2.0</b>	<b>3.4</b>	<b>3.2</b>	<b>2.4</b>	<b>1.8</b>	<b>1.9</b>	<b>0.7</b>
Wholesale and retail trade, catering and accommodation	13.3	530.5	2.4	1.4	3.8	2.2	1.6	1.9	2.0	-1.0
Transport, storage and communication	5.3	213.9	1.5	0.9	1.6	2.1	2.9	-0.9	0.0	0.7
Finance, insurance, real estate and business services	10.4	418.0	4.4	3.5	4.2	3.7	3.5	3.8	3.8	2.8
General government	9.9	396.2	2.1	0.6	1.8	2.9	2.0	-0.3	-0.2	-1.2
Community, social and personal services	5.4	215.7	4.1	3.5	4.8	6.1	2.7	2.8	3.0	2.8
<b>Total Bergrivier</b>	<b>100</b>	<b>4 002.4</b>	<b>3.0</b>	<b>2.2</b>	<b>2.7</b>	<b>3.4</b>	<b>4.8</b>	<b>0.8</b>	<b>-1.3</b>	<b>3.3</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that the economy of the Bergrivier municipal area recovered in 2017, with an above average GDP growth of 3.3 per cent. The sectors that contributed the most to this above-average growth rate is the agriculture, forestry and fishing sector and the manufacturing sector, which is estimated to have grown by 8.2 per cent and 3.0 per cent respectively.

It is estimated that the tertiary sector in the Bergrivier municipal area mostly experienced slower growth rates in 2017 compared to 2016, with the wholesale and retail trade, catering and accommodation sector, and the general government sector contracting by 1 per cent and 1.2 per cent respectively.

## 2.5.2 Employment profile

Table 2.11 indicates the trend in employment growth within each economic sector in the Bergrivier municipal area. The agriculture, forestry and fishing sector is the main source of employment in this local municipal area, with 51.8 per cent of workers employed in this sector in 2016.

**Table 2.11 Bergrivier employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>51.9</b>	<b>15 231</b>	<b>-5 131</b>	<b>2 604</b>	<b>752</b>	<b>940</b>	<b>-680</b>	<b>3 148</b>	<b>-561</b>	<b>-243</b>
Agriculture, forestry and fishing	51.8	15 196	-5 120	2 606	752	940	-678	3 146	-560	-242
Mining and quarrying	0.1	35	-11	-2	0	0	-2	2	-1	-1
<b>Secondary Sector</b>	<b>10.5</b>	<b>3 096</b>	<b>203</b>	<b>470</b>	<b>-8</b>	<b>89</b>	<b>159</b>	<b>164</b>	<b>67</b>	<b>-9</b>
Manufacturing	7.7	2 272	72	352	-52	76	119	154	12	-9
Electricity, gas and water	0.2	56	19	6	3	1	1	0	2	2
Construction	2.6	768	112	112	41	12	39	10	53	-2
<b>Tertiary Sector</b>	<b>37.6</b>	<b>11 034</b>	<b>2 469</b>	<b>1 184</b>	<b>246</b>	<b>235</b>	<b>268</b>	<b>270</b>	<b>174</b>	<b>237</b>
Wholesale and retail trade, catering and accommodation	12.6	3 686	723	492	90	71	47	144	58	172
Transport, storage and communication	1.5	439	132	43	30	16	-10	17	11	9
Finance, insurance, real estate and business services	6.1	1 802	606	322	67	69	60	84	65	44
General government	8.8	2 589	261	-174	4	-65	93	-89	7	-120
Community, social and personal services	8.6	2 518	747	501	55	144	78	114	33	132
<b>Total Bergrivier</b>	<b>100</b>	<b>29 361</b>	<b>-2 459</b>	<b>4 258</b>	<b>990</b>	<b>1 264</b>	<b>-253</b>	<b>3 582</b>	<b>-320</b>	<b>-15</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Bergrivier municipal area is estimated to have shed jobs for the second year in a row, with a net decrease in employment of 15 jobs. This is mostly as a result of the agriculture, forestry and fishing sector and the general government sector, shedding 242 jobs and 120 jobs respectively. The sectors that are estimated to have contributed the most to job creation in 2017 in the Bergrivier municipal area is the wholesale, and retail trade, catering and accommodation sector (172 jobs) and the community, social and personal services sector (132 jobs).

### 2.5.3 Skills level

Table 2.12 indicates the skills levels of formally employed workers in the Bergrivier municipal area.

**Table 2.12 Bergrivier skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	13.8	2.6	2.8	3 063	3 070
Semi-skilled	30.7	-0.3	1.6	6 826	6 717
Low-skilled	55.5	-1.7	2.7	12 322	12 081
<b>Total Bergrivier</b>	<b>100</b>	<b>-0.8</b>	<b>2.4</b>	<b>22 211</b>	<b>21 868</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 22 211 workers were formally employed in the Bergrivier municipal area. On account of the large agriculture, forestry and fishing sector workforce, the most workers who are formally employed are low-skilled (55.5 per cent). It is estimated that formal employment declined to 21 868 jobs in 2017. This is mainly as a result of a decline in semi-skilled and low-skilled workers in the municipal area.

Since 2013, the number of skilled workers in the Bergrivier municipal area has increased by an average rate of 2.4 per cent annually due to large-scale job creation for low-skilled as well as skilled workers. This is in line with the 2 606 agriculture, forestry and fishing jobs created between 2013 and 2017 as well as job creation in the majority of tertiary sectors.

## 2.6 Cederberg

The Cederberg municipal area is centrally located in the WCD and also 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, Leipoldtville, Wupperthal, Algeria and the coastal towns of Elands Bay and Lamberts Bay (Cederberg Municipality, 2018).

With a GDP of R3.4 billion, the Cederberg municipal area had the smallest economy in the WCD in 2016, contributing 12.7 per cent to the WCD GDP and 14.6 per cent to employment.

### 2.6.1 GDP performance

Table 2.13 indicates the Cederberg municipal area's GDP performance per sector. The main economic sectors in the Cederberg municipal area in 2016 were the agriculture, forestry and fishing sector; the manufacturing sector; the wholesale and retail trade, catering and accommodation sector; and the transport, storage and communication sector. Collectively, these sectors contributed 68.4 per cent to the Cederberg municipal area economy in 2016.

**Table 2.13 Cederberg GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>23.5</b>	<b>810.0</b>	<b>2.6</b>	<b>2.6</b>	<b>2.2</b>	<b>3.7</b>	<b>8.0</b>	<b>-2.2</b>	<b>-7.1</b>	<b>10.4</b>
Agriculture, forestry and fishing	23.3	802.5	2.6	2.5	2.2	3.7	8.0	-2.2	-7.1	10.4
Mining and quarrying	0.2	7.6	0.4	3.5	1.3	3.0	6.9	-0.1	0.6	7.4
<b>Secondary Sector</b>	<b>26.5</b>	<b>912.6</b>	<b>4.8</b>	<b>3.9</b>	<b>3.2</b>	<b>5.5</b>	<b>4.8</b>	<b>2.7</b>	<b>2.4</b>	<b>4.1</b>
Manufacturing	19.3	663.5	4.5	3.8	3.1	5.3	4.5	2.6	1.8	4.7
Electricity, gas and water	2.1	73.5	2.5	0.5	1.8	0.4	0.4	-0.3	-0.4	2.4
Construction	5.1	175.6	7.7	5.7	4.8	8.7	8.1	4.5	5.7	1.7
<b>Tertiary Sector</b>	<b>49.9</b>	<b>1 718.5</b>	<b>4.0</b>	<b>3.1</b>	<b>4.5</b>	<b>4.3</b>	<b>4.0</b>	<b>2.6</b>	<b>2.6</b>	<b>1.8</b>
Wholesale and retail trade, catering and accommodation	13.7	472.3	3.7	2.6	5.2	3.5	2.8	3.1	3.3	0.2
Transport, storage and communication	12.1	415.3	5.0	4.0	5.6	5.7	6.7	1.7	2.2	3.8
Finance, insurance, real estate and business services	10.3	354.6	4.2	3.3	3.9	3.8	3.8	3.6	2.9	2.6
General government	8.6	295.9	4.3	2.9	3.8	5.1	4.5	2.0	1.9	0.8
Community, social and personal services	5.2	180.5	2.8	2.3	3.5	3.9	2.1	1.7	2.1	1.7
<b>Total Cederberg</b>	<b>100</b>	<b>3 441.2</b>	<b>3.8</b>	<b>3.1</b>	<b>3.6</b>	<b>4.4</b>	<b>5.2</b>	<b>1.4</b>	<b>0.1</b>	<b>4.4</b>

Source: Quantec Research, 2018 (e denotes estimate)

The economy of the Cederberg municipal area is estimated to have grown at an above average rate of 4.4 per cent in 2017. The estimated economic growth was boosted by strong growth in the agriculture, forestry and fishing sector (10.4 per cent) and the manufacturing sector (4.7 per cent). Not all sectors have performed equally well in the Cederberg municipal area, specifically, the tertiary sectors which grew at a slower rate in 2017 (1.8 per cent) compared to 2016 (2.6 per cent).

## 2.6.2 Employment profile

Table 2.14 indicates the trend in employment growth in each economic sector in the Cederberg municipal area. The sectors that contributed the most to employment in the Cederberg municipal area in 2016 include the agriculture, forestry and fishing sector (44.4 per cent) and the wholesale and retail trade, catering and accommodation sector (14.0 per cent).



**Table 2.14 Cederberg employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>44.4</b>	<b>11 476</b>	<b>-4 318</b>	<b>1 791</b>	<b>597</b>	<b>748</b>	<b>-504</b>	<b>2 182</b>	<b>-449</b>	<b>-186</b>
Agriculture, forestry and fishing	44.3	11 466	-4 318	1 790	596	748	-504	2 182	-449	-187
Mining and quarrying	0.0	10	0	1	1	0	0	0	0	1
<b>Secondary Sector</b>	<b>12.7</b>	<b>3 284</b>	<b>781</b>	<b>713</b>	<b>37</b>	<b>132</b>	<b>185</b>	<b>177</b>	<b>146</b>	<b>73</b>
Manufacturing	8.4	2 181	375	421	-34	80	110	138	53	40
Electricity, gas and water	0.2	57	23	11	2	3	1	0	3	4
Construction	4.0	1 046	383	281	69	49	74	39	90	29
<b>Tertiary Sector</b>	<b>42.9</b>	<b>11 106</b>	<b>3 497</b>	<b>1 811</b>	<b>349</b>	<b>370</b>	<b>341</b>	<b>438</b>	<b>268</b>	<b>394</b>
Wholesale and retail trade, catering and accommodation	14.0	3 624	1 117	732	133	115	102	192	117	206
Transport, storage and communication	3.4	883	430	182	70	49	-14	60	46	41
Finance, insurance, real estate and business services	7.4	1 904	673	350	53	72	72	97	45	64
General government	7.8	2 029	706	166	59	20	132	-7	61	-40
Community, social and personal services	10.3	2 666	571	381	34	114	49	96	-1	123
<b>Total Cederberg</b>	<b>100</b>	<b>25 866</b>	<b>-40</b>	<b>4 315</b>	<b>983</b>	<b>1 250</b>	<b>22</b>	<b>2 797</b>	<b>-35</b>	<b>281</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the Cederberg municipal area's economy shed 35 jobs, however, it is estimated that jobs were recovered in the sectors that shed jobs, except the agriculture, forestry and fishing sector, which shed 187 jobs. It is estimated that in 2017 the Cederberg municipal area economy had a positive net change in employment of 281 jobs.

The sectors that are estimated to have contributed the most to employment creation in 2017 include the wholesale and retail trade, catering and accommodation sector (206 jobs) and the community, social and personal services sector (123 jobs).

### 2.6.3 Skills level

Table 2.15 indicates the skills levels of formally employed workers in the Cederberg municipal area.

**Table 2.15 Cederberg skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	11.9	2.5	2.6	2 324	2 336
Semi-skilled	35.0	1.8	3.1	6 817	6 871
Low-skilled	53.0	-1.3	2.7	10 314	10 175
<b>Total Cederberg</b>	<b>100</b>	<b>0.1</b>	<b>2.8</b>	<b>19 455</b>	<b>19 382</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 19 455 workers were formally employed in the Cederberg municipal area and it is estimated that this declined to 19 382 workers in 2017. The estimated decline in formally employed workers is as a result of a decline in low-skilled workers, which is in line with the job losses in the agriculture, forestry and fishing sector.

In the last five years, formal employment has grown at a rate of 2.8 per cent per annum, with the largest growth in semi-skilled employment (3.1 per cent per annum) which can be attributed to employment creation in the wholesale and retail, catering and accommodation sector.

## 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 passed<sup>5</sup> can be used as a leading indicator while building plans completed<sup>6</sup> 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.

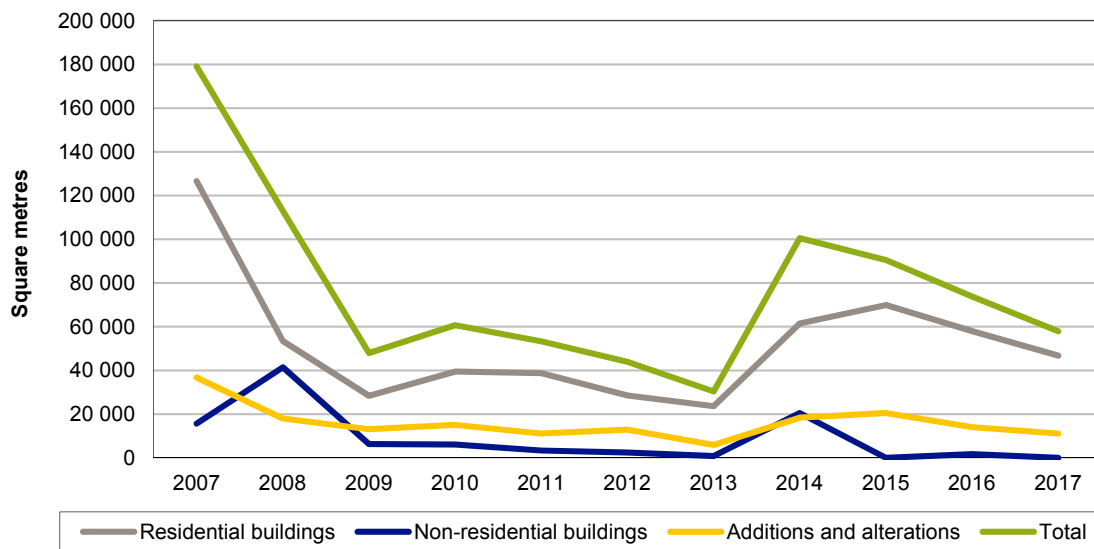
### 2.7.1 Saldanha Bay

Figure 2.1 indicates the total square metres of building plans passed between 2007 and 2017 in the Saldanha Bay municipal area.

<sup>5</sup> Number of residential building plans passed larger than 80 m<sup>2</sup>.

<sup>6</sup> Value of non-residential buildings completed (constant prices).

**Figure 2.1 Saldanha Bay building plans passed, 2007 - 2017**

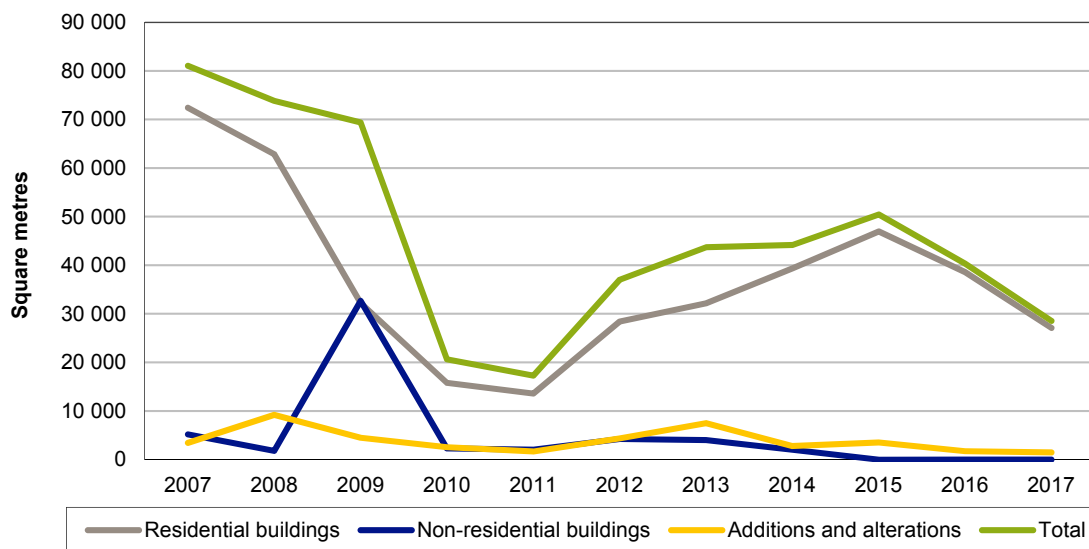


Source: Statistics SA & Quantec Research, 2018

The majority of building plans passed in the Saldanha Bay municipal area is for residential buildings, however, this has been declining since 2015. There have been no building plan applications for non-residential buildings in 2015, 2016 and 2017.

Figure 2.2 indicates the building plans completed in the Saldanha Bay municipal area between 2007 and 2017.

**Figure 2.2 Saldanha Bay building plans completed, 2007 - 2017**



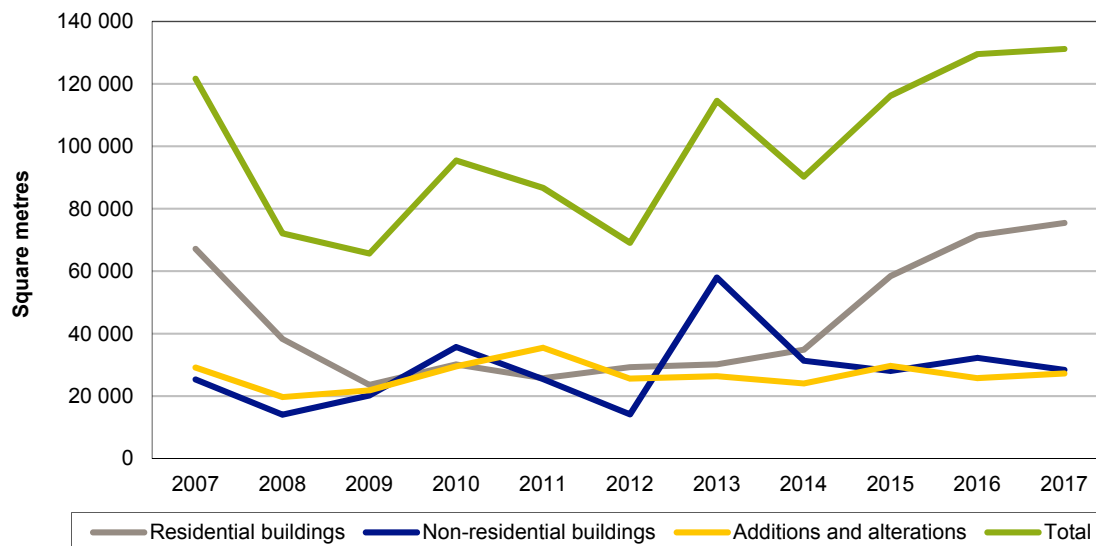
Source: Statistics SA & Quantec Research, 2018

Between 2007 and 2017, the majority of building plan completions in the Saldanha Bay municipal area have been residential buildings. However, this has sharply declined since 2015 which is in line with the below average growth in the construction sector in these three years. It is estimated that in 2017, the construction sector in Saldanha Bay contracted by 1 per cent.

### 2.7.2 Swartland

Figure 2.3 indicates the total square metres of building plans passed between 2007 and 2017 in the Swartland municipal area.

**Figure 2.3 Swartland building plans passed, 2007 - 2017**

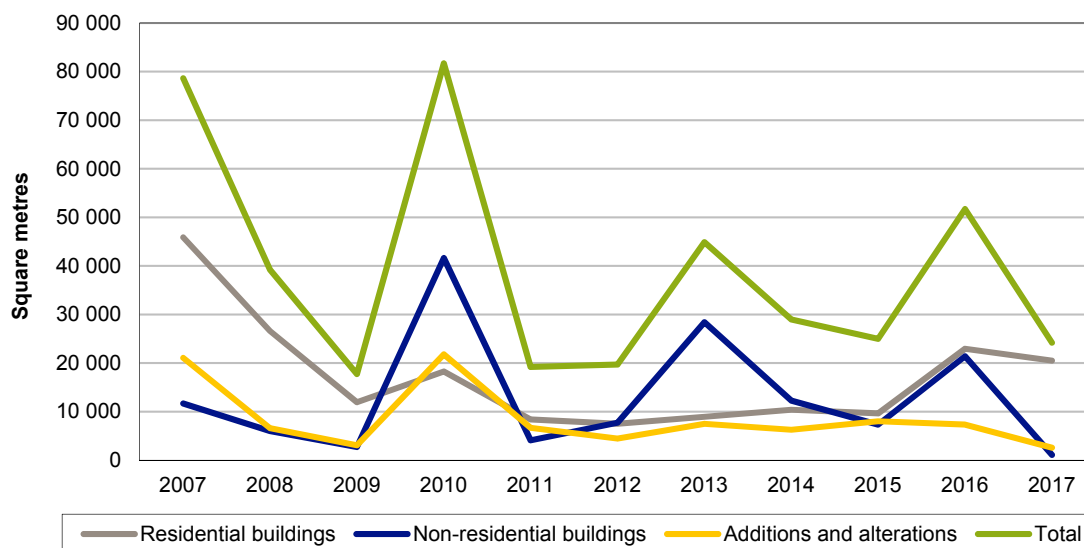


Source: Statistics SA & Quantec Research, 2018

Since 2014 there has been a steady increase in building plan applications for residential buildings in the Swartland municipal area. There have also been constant applications for non-residential buildings, as well as additions and alterations.

Figure 2.4 indicates the building plans completed in the Swartland municipal area between 2007 and 2017.

**Figure 2.4 Swartland building plans completed, 2007 - 2017**



Source: Statistics SA & Quantec Research, 2018

The building plans completed have fluctuated over the research period, with significant increases in building plans completed in 2010, 2013 and 2016. These increases in building plans completed are as a result of increases in non-residential buildings completed, particularly in 2010 and 2013. In 2016, the total square metres of residential buildings completed also increased but declined slightly in 2017.

## 2.8 Concluding remarks

It is estimated that the economy of the WCD performed better in 2017 than in 2016, growing at an estimated rate of 3.2 per cent in 2017. However, the estimated sector growth rates are lower than the five-year average in all sectors except in the agriculture, forestry and fishing sector; the mining and quarrying sector; and the manufacturing sector which grew at above-average rates of 10.7 per cent, 6.3 per cent and 2.3 per cent. The two largest municipal economies in the WCD, the Saldanha Bay and Swartland municipal areas, grew at an estimated rate of 3.8 per cent and 2.2 per cent in 2017.

It is estimated that all local municipalities that shed jobs in 2016, recovered these jobs in 2017, except the Bergrivier municipal area that continued to shed jobs. It is estimated that 1 493 jobs were created in the WCD in 2017. Some sectors did, however, shed jobs, such as the agriculture, forestry and fishing sector and the general government sector which shed jobs in all municipal areas. The wholesale and retail trade, catering and accommodation sector and the community, social and personal services sector contributed the most to employment creation in 2017.

Most workers in the WCD are low-skilled workers, which is in line with the large proportion of people employed in the agriculture, forestry and fishing sector. The continued job shedding of this sector in 2015 and 2016 means that low-skilled workers are laid off which can have broader socio-economic implications for the WCD.



# 3

## Agriculture Overview

### 3.1 Introduction

The agriculture industry is a major contributor to employment and the economy of the WCD. Through the production of raw products and the processing, packaging, exporting and sale thereof, value is added not only to the economy of the WCD but also to that of the Western Cape.

This chapter provides an overview of the agriculture industry in the WCD by highlighting the following indicators: hectares under production, infrastructure, and agritourism facilities. The information in this chapter is sourced from the Provincial Department of Agriculture's Fly-over Project (2018) conducted in 2017.

### 3.2 Sector overview

The agriculture, forestry and fishing sector contributed R5.5 billion (20.2 per cent) to the GDP of the WCD in 2016 and provided employment for 69 711 workers (39.3 per cent of employment).

Table 3.1 outlines the GDP contribution and growth of the agriculture, forestry and fishing sector in the WCD.

**Table 3.1 West Coast District agriculture, forestry and fishing sector GDP growth per municipal area, 2012 – 2017**

Municipality	R million value 2016	Contribution to GDP (%) 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Matzikama	957.6	23.7	5.2	2.1	17.1	4.1	9.6	-2.0	-8.6	7.5
Cederberg	802.5	23.3	2.6	2.5	2.2	3.7	8.0	-2.2	-7.1	10.4
Bergrivier	1 145.9	28.6	3.5	2.4	3.1	4.2	9.1	-1.7	-7.6	8.2
Saldanha Bay	1 403.0	16.9	2.5	5.8	2.2	5.4	5.2	0.1	-0.7	19.3
Swartland	1 173.4	15.9	3.3	1.8	2.8	3.8	9.3	-2.1	-8.7	6.8
<b>West Coast District</b>	<b>5 482.3</b>	<b>20.2</b>	<b>3.3</b>	<b>3.0</b>	<b>5.0</b>	<b>4.3</b>	<b>8.2</b>	<b>-1.6</b>	<b>-6.5</b>	<b>10.7</b>
Western Cape Province	21 522	4.1	2.5	2.0	2.5	3.3	7.5	-2.2	-7.2	8.4

Source: Quantec Research, 2018 (e denotes estimate)

In the WC, the agriculture, forestry and fishing sector contributed 4.1 per cent to the provincial economy in 2016, with the WCD contributing 25.5 per cent to the provincial sector GDP. This sector makes a larger contribution to the local economies which are more rural, such as the Matzikama, Cederberg and Bergrivier municipal areas (23.7 per cent, 23.3 per cent and 28.6 per cent respectively). The agriculture, forestry and fishing sector in the Saldanha Bay municipal area is driven mainly by the fishing industry, with only a small contribution to the overall sector from land-based driven agricultural activities.

The agriculture, forestry and fishing sector in the WCD contracted in 2015 and 2016 (by 1.6 per cent and 6.5 per cent respectively) but had an estimated growth rate of 10.7 per cent in 2017. The local sector benefitted from strong growth in the national sector which was supported by high production volumes in summer rainfall areas, favourable prices for horticultural exports as well as improved prices in the livestock industry (BFAP, 2018).

Table 3.2 indicates the employment trends in the agriculture, forestry and fishing sector in the WCD.

**Table 3.2 West Coast District agriculture, forestry and fishing sector employment growth per municipal area, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Matzikama	41.1	11 441	-3 870	2 041	530	683	-535	2 493	-421	-179
Cederberg	44.3	11 466	-4 318	1 790	596	748	-504	2 182	-449	-187
Bergrivier	51.8	15 196	-5 120	2 606	752	940	-678	3 146	-560	-242
Saldanha Bay	36.3	17 972	-4 107	1 990	1 631	1 807	-412	1 437	-623	-219
Swartland	30.3	13 636	-4 621	2 431	633	801	-631	2 978	-499	-218
<b>West Coast District</b>	<b>39.3</b>	<b>69 711</b>	<b>-22 036</b>	<b>10 858</b>	<b>4 142</b>	<b>4 979</b>	<b>-2 760</b>	<b>12 236</b>	<b>-2 552</b>	<b>-1 045</b>
Western Cape Province	10.7	262 140	-106 268	37 592	13 927	16 319	-11 743	48 649	-10 112	-5 521

Source: Quantec Research, 2018 (e denotes estimate)



Agriculture, forestry and fishing is one of the main contributing sectors to employment contributing 39.3 per cent to employment in the WCD in 2016. In more rural municipal areas, such as Matzikama, Cederberg and Bergrivier, this sector contributed 41.1 per cent, 44.3 per cent and 51.8 per cent to employment in 2016.

Employment in this sector has been volatile over the last five years, with job losses in 2014 (2 760 jobs), 2016 (2 552 jobs) and 2017 (1 045 jobs). It is estimated that in 2017 job losses occurred across all municipal areas, but the majority of job losses occurred in the Bergrivier, Saldanha Bay and Swartland municipal areas. Even though the sector grew in 2017 as a result of improved prices, the drought still affected local employment.

Table 3.3 indicates the skills levels of formally employed agriculture, forestry and fishing sector workers in the WCD.

**Table 3.3 West Coast District agriculture, forestry and fishing sector skills levels, 2016**

Skills level	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Skilled	3.8	4.3	4.3	6.4	4.3	4.8
Semi-skilled	18.8	22.7	20.1	40.2	19.6	25.3
Low-skilled	77.3	73.0	75.6	53.4	76.1	69.9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018 (e denotes estimate)

The majority (69.9 per cent) of formally employed agriculture, forestry and fishing sector workers in the WCD are low-skilled. In the Matzikama, Swartland and Bergrivier municipal areas 77.3 per cent, 76.1 per cent and 75.6 per cent of agriculture, forestry and fishing sector workers are low-skilled. The Saldanha Bay municipal area has proportionally less low-skilled workers (53.4 per cent). The agriculture, forestry and fishing sector in the Saldanha Bay municipal area is largely dependent on the fishing industry, which has different skill requirements compared to land-based agricultural activities.

Table 3.4 outlines the employment change by skills level in the WCD.

**Table 3.4 West Coast District agriculture, forestry and fishing sector employment change by skills level, 2012 - 2017**

Formal employment by skill	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Skilled	4.8	2 241	-511	414	178	169	-74	367	12	-60
Semi-skilled	25.3	11 952	-3 680	1 858	952	884	-446	1 799	-15	-364
Low-skilled	69.9	32 962	-12 273	5 682	2 038	1 923	-1 599	6 609	-139	-1 112
<b>Total West Coast District</b>	<b>100</b>	<b>47 155</b>	<b>-16 464</b>	<b>7 954</b>	<b>3 168</b>	<b>2 976</b>	<b>-2 119</b>	<b>8 775</b>	<b>-142</b>	<b>-1 536</b>

Source: Quantec Research, 2018 (e denotes estimate)

Employment changes in the agriculture, forestry and fishing sector impact mostly low-skilled workers. It is estimated that in 2017, there was a decline of 1 112 low-skilled jobs in the agriculture, forestry and fishing sector in the WCD. The large number of low-skilled workers that lose their jobs in the WCD has a significant socio-economic impact

on the municipal areas. Furthermore, the lack of skills has an impact on the ability of these workers to find jobs in other sectors, which increases local unemployment.

### 3.3 Crops

Table 3.5 provides an overview of the use of agricultural land in the WCD.

**Table 3.5 West Coast District hectares under production, 2017**

Type	Land use	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Winter crops	Irrigated fields	11 779.1	16 735.4	10 087.1	514.4	16 252.9	55 368.8
	Dry land fields	75 038.6	112 956.0	187 256.8	66 374.4	233 488.8	675 114.7
	Cultivated land	86 817.7	129 691.5	197 343.9	66 888.7	249 741.7	730 483.5
	Old fields	5 540.0	5 794.2	4 909.7	1 681.8	3 331.5	21 257.2
Summer crops	Irrigated fields	677.7	3 002.7	1 946.1	102.6	1 284.3	7 013.3

Source: WCDOA, 2018

Farming in the WCD mostly occurs using dry-land methods, with only 7.6 per cent of cultivated land under irrigation. Municipal areas, such as the Cederberg and Matzikama municipal areas, are more reliant on irrigation with 13.6 per cent and 12.9 per cent of cultivated winter crops under irrigation. The Clanwilliam Dam and linked canal system in this region are essential for the availability of irrigation water.

The effect of the water restrictions in 2017 will, therefore, have a significant impact on the 2018 harvest season, which will influence the GDP growth and employment in this sector in 2018.

Table 3.6 indicates the broad categories of winter crops under production and the number of hectares that are fallow in 2017.

**Table 3.6 West Coast District winter crops, hectares under production, 2017**

Crops	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Grains, legumes and oilseeds	6 010.8	14 867.5	99 426.7	35 660.5	155 845.8	311 811.4
Pastures	5 697.6	12 310.4	41 933.3	24 198.4	71 972.0	156 111.7
Flowers	0.0	107.6	399.7	37.5	0.5	545.3
Vegetables	293.4	2 368.4	1 684.2	47.7	370.1	4 763.8
Grapes	10 491.2	1 438.6	2 456.3	0.7	12 196.7	26 583.4
Citrus	24.6	9 019.6	1 585.2	0.0	379.1	11 008.6
Stone fruit	27.4	483.2	166.3	0.0	103.5	780.3
Pome fruit	0.0	36.0	560.8	0.0	1.5	598.3
Olives	13.9	66.2	274.8	39.5	418.6	813.0
Other fruit	10.3	146.7	344.9	1.6	251.8	755.3
Berries	0.0	0.4	74.3	0.0	0.0	74.7
Nuts	36.3	27.0	26.6	0.0	91.1	181.0
Fallow and weeds	61 191.4	59 983.9	37 066.8	7 415.2	11 014.7	176 672.1
Rooibos	8 327.9	33 867.5	15 723.4	805.7	20.7	58 745.2
Other	198.8	415.4	509.3	352.0	384.7	1 860.1
<b>Total</b>	<b>92 323.6</b>	<b>135 138.3</b>	<b>202 232.8</b>	<b>68 558.8</b>	<b>253 050.6</b>	<b>751 304.1</b>

Source: WCDOA, 2018

The main winter crops in the WCD are:

- Grains, legumes and oilseeds (311 811.4 hectares), mostly farmed in the Swartland (155 845.8 hectares) and Bergrivier (99 426.7 hectares) municipal areas; the main crops in this category are wheat, with 177 300.1 hectares under production and small grains for grazing (100 630.2 hectares).
- Pastures (156 111.7 hectares), mostly farmed in the Swartland (71 927 hectares) and the Bergrivier (41 933.3 hectares) municipal areas, highlighting that these areas are important livestock producing areas.
- Rooibos (58 745.2 hectares); the Cederberg area is well-known for its rooibos, with 33 867.5 hectares under production in this municipal area.
- Grapes (26 583.4 hectares) are mostly farmed in the Swartland (12 196.7 hectares) and Matzikama (10 491.2 hectares) municipal areas. These areas form part of the coastal and Olifants River wine producing regions as defined by Wines of South Africa (WOSA) (2018). According to Vinpro (2018), the wine grape harvest in the Swartland area and Olifants River region was higher in 2017 than in 2016. However, during 2017, water restrictions resulted in only 20 per cent of the normal water quota being available to wine grape farmers in the Olifants River region leading to a smaller 2018 harvest. The harvest in the Swartland area was also lower compared to 2017 (Vinpro, 2018).

A large proportion of available agricultural land in the WCD is not in use (176 672.1 hectares). This land is either old fields, left fallow, covered in weeds or stubble. This may be a result of drought and the water restrictions of 2017 influencing farmer's decisions to cultivate their land.

Table 3.7 outlines the change in hectares under production between the 2013 and 2017 crop census.

**Table 3.7 Change in hectares under production, West Coast District (2013 vs 2017)**

<b>Crops</b>	<b>Matzikama</b>	<b>Cederberg</b>	<b>Bergrivier</b>	<b>Saldanha Bay</b>	<b>Swartland</b>	<b>West Coast District</b>
Grains, legumes and oilseeds	-2 256.9	2 031.0	2 709.8	-1 484.6	5 914.5	6 913.8
Vegetables	-1 079.7	-3 797.9	-1 006.8	55.0	-1 245.1	-7 074.5
Pome fruit	0.0	8.2	103.1	0.0	-7.4	103.9
Stone fruit	-2.1	71.3	-151.7	0.0	-55.5	-138.0
Grapes (Table and Wine)	-969.1	-56.2	-329.3	0.7	-2 423.5	-3 777.4
Citrus	23.3	1 570.7	760.8	0.0	269.3	2 624.1
Other fruit	-4.1	87.2	-51.1	1.6	91.9	125.5
Olives	11.8	21.9	-58.7	8.7	-28.9	-45.3
Berries	0.0	0.4	-10.4	0.0	0.0	-9.9
Rooibos tea	2 455.5	6 312.3	13 352.2	805.7	20.7	22 946.4
Other	36.4	27.0	24.0	0.0	91.1	178.5
<b>Total</b>	<b>-2 256.9</b>	<b>2 031.0</b>	<b>2 709.8</b>	<b>-1 484.6</b>	<b>5 914.5</b>	<b>6 913.8</b>

Source: WCDOA, 2018

Comparing the crop census data of 2013 and 2017, it is evident that there has been a large increase in total hectares under crop production (6 913.8 hectares). However, the Matzikama and Saldanha Bay areas had a large decline in hectares under crop production between the two census years. Hectares under crop production in Matzikama municipal area declined by 2 256.9 hectares while hectares under crop production declined by 1 484.6 hectares in the Saldanha Bay municipal area. This decline in hectares is mostly a result of a decline in hectares used for grains, oilseeds and legumes, as well as a decline in hectares used for vegetables and grapes in the Matzikama municipal area. In the WCD, the crops that had the largest decline in hectares under production are vegetables and grapes. Vegetable production is highly reliant on irrigation water, and with a reduction in the water allocation in 2017, many farmers could not plant any vegetables for the season.

Table 3.8 indicates the WCD proportion of hectares under production in 2017 compared to that of the Western Cape.

**Table 3.8 West Coast District winter crops, hectares under production, proportion of Western Cape (%), 2017**

Crops	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Grains, legumes and oilseeds	0.8	2.0	13.5	4.9	21.2	42.5
Pastures	1.0	2.1	7.1	4.1	12.2	26.4
Flowers	0.0	3.6	13.5	1.3	0.0	18.4
Vegetables	2.4	19.6	13.9	0.4	3.1	39.3
Grapes	10.1	1.4	2.4	0.0	11.8	25.7
Citrus	0.2	57.1	10.0	0.0	2.4	69.6
Stone fruit	0.2	2.9	1.0	0.0	0.6	4.7
Pome fruit	0.0	0.1	1.7	0.0	0.0	1.9
Olive	0.2	1.1	4.4	0.6	6.7	13.1
Other fruit	0.3	4.9	11.5	0.1	8.4	25.2
Berries	0.0	0.1	11.0	0.0	0.0	11.1
Nuts	3.2	2.4	2.3	0.0	7.9	15.8
Fallow and weeds	19.0	18.7	11.5	2.3	3.4	55.0
Rooibos	14.2	57.6	26.7	1.4	0.0	99.9
Other	3.1	6.5	7.9	5.5	6.0	28.9
<b>Total</b>	<b>4.8</b>	<b>7.1</b>	<b>10.6</b>	<b>3.6</b>	<b>13.3</b>	<b>39.4</b>

Source: WCDOA, 2018

In terms of hectares under production, the WCD makes a significant contribution to the production of the following crops in the Western Cape:

- Rooibos - 99.9 per cent
- Citrus - 69.6 per cent
- Grains, legumes and oilseeds (mainly wheat) - 42.5 per cent
- Vegetables (mostly potatoes and onions) - 39.3 per cent
- Pastures - 26.4 per cent
- Grapes - 25.7 per cent

### 3.4 Infrastructure

The availability of infrastructure and agro-processing facilities are essential for the development and growth of the agriculture value chain on a local and Provincial level, as agriculture production and processing span municipal and district borders.

Table 3.9 indicates the agricultural infrastructure and agro-processing facilities in the municipal areas of the WCD in 2017.

**Table 3.9 West Coast District agriculture infrastructure, 2017**

Infrastructure	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Abattoir	2	6	2	2	5	17
Agro-processing plant	46	82	52	18	58	256
Aquaculture	1	-	-	13	1	15
Auction facilities	1	-	3	1	3	8
Chicken batteries	-	-	7	10	77	94
Dairy	-	6	29	11	51	97
Feedlot	-	-	7	3	7	17
Grain bunker	-	-	3	-	1	4
Grain dam	-	-	1	-	1	2
Nursery	6	7	4	4	11	32
Pack house	16	59	60	1	28	164
Piggery	-	4	14	2	34	54
Shade netting	181	96	121	28	143	569
Silo bags	-	-	9	10	22	41
Silos	-	1	14	4	13	32
Timber lot	6	1	-	2	571	580
Tunnels	170	36	43	18	74	341
<b>Total</b>	<b>429</b>	<b>298</b>	<b>369</b>	<b>127</b>	<b>1 100</b>	<b>2 323</b>

Source: WCDOA, 2018

The WCD has a wide range of agriculture infrastructure, ranging from timberlots (580), shade netting (569), tunnels (341), agro-processing plants (256) and pack houses (164). The highest concentration of agriculture infrastructure in the WCD is in the Swartland (1 100) and Matzikama (429) municipal areas. The least is in Saldanha Bay (127).

Compared to the 2013 Flyover project data, there has been a considerable increase in shade netting in the WCD. Shade netting is often used to decrease water usage as it decreases evaporation. Table 3.10 indicates the extent of crops (measured in hectares) that are grown under shade netting in the WCD in 2017.

**Table 3.10 West Coast District hectares under shade netting, 2017**

Crops	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Flowers	0.0	0.1	0.8	2.9	6.4	10.2
Vegetables	31.1	4.1	0.0	0.6	6.0	41.9
Herbs	0.0	0.0	0.0	0.0	0.0	0.0
Grapes	226.4	58.1	145.8	0.1	232.8	663.1
Fruit	2.0	23.9	6.0	0.0	13.0	44.9
Citrus	2.0	39.1	86.0	0.0	9.4	136.6
Berries	0.0	0.0	6.9	0.0	0.0	6.9
Other	20.4	19.2	1.3	1.3	55.3	97.5
<b>Total</b>	<b>281.9</b>	<b>144.6</b>	<b>246.7</b>	<b>4.9</b>	<b>323.0</b>	<b>1 001.1</b>

Source: WCDOA, 2018

In the WCD there are 1 001.1 hectares under shade netting, mostly used for grape (663.1 hectares) and citrus (136.6 hectares) farming. The Swartland and Matzikama municipal areas have the largest areas covered by shade netting (323 hectares and 281.9 hectares respectively).

### 3.5 Agritourism

An enterprise operated on a working farm that caters to visitors and which generates a supplementary income for farm owners is generally considered to contribute to agritourism (Agritourism South Africa, 2017).

Table 3.11 indicates the number of agritourism facilities and activities available in the WCD in 2017.

**Table 3.11 West Coast District agritourism facilities and activities, 2017**

Agritourism	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	West Coast District
Accommodation	33	74	55	30	46	238
Birding	6	17	26	11	4	64
Brewery	2	5		1	3	11
Camping	13	37	16	7	9	82
Cellar tour	2	2	1		10	15
Conference	14	13	15	8	18	68
Distillery	1	1			1	3
Eco-tourism	2	19	17	7	16	61
Fishing	4	17	13	8	12	54
4x4	7	16	9	6	8	46
Farm market	3	2	2		1	8
Farm stall	3	11	5	2	7	28
Game		8	8	4	6	26
Hiking	8	43	39	14	18	122
Horse riding	1	5	4	4	1	15
Hunting		2		1		3
Mountain biking	5	24	20	6	5	60
Picnics	5	28	4	5	5	47
Quadbikes	2	4	4	1	2	13
Restaurants	15	17	9	11	26	78
Tasting	12	6	3	1	26	48
Wedding	6	17	8	8	14	53
Olive and wine cellar	-	1			2	3
Olive cellar	-		1		3	4
Other	51	105	65	46	62	329
Wine cellar	13	4	4	0	25	46
<b>Total</b>	<b>208</b>	<b>478</b>	<b>328</b>	<b>181</b>	<b>330</b>	<b>1 525</b>

Source: WCDOA, 2018

The WCD is a popular tourist area, particularly for domestic tourists. In 2017, 71.8 per cent of visitors were domestic tourists. This makes the tourism industry in this area vulnerable to economic conditions that impact the spending power of consumers. In 2017, 55.5 per cent of tourists were day visitors while 44.2 per cent were overnight visitors (Wesgro, 2017). As seen in Table 3.11, the WCD has 238 tourist accommodation facilities, the majority of which are in the Cederberg and Bergrivier municipal areas. The main activities for tourists visiting the WCD in 2017 included scenic drives (20.2 per cent), cuisine (10.7 per cent) and visiting culture and heritage attractions (15.9 per cent) (Wesgro, 2017).

From Table 3.11, it is evident that the WCD has a large number of outdoor activities (hiking, mountain biking, camping etc.) as well as restaurants, conference facilities and wedding venues.

### **3.6 Concluding remarks**

The agriculture industry, including primary production, agro-processing and value-added activities, such as agritourism, plays an essential role in the economy of the WCD. Not only does it contribute significantly to the local economy, but it is also an important source of employment for workers across all skills levels.

In 2016, the agriculture, forestry and fishing sector contributed R5.5 billion to the economy of the WCD (contribution 25.5 per cent to the provincial sector) and employed 69 711 people. The agriculture, forestry and fishing sector contracted in 2015 and 2016 and is estimated to have grown by 10.7 per cent in 2017. However, the sector has shed a sum total of 3 597 jobs in 2016 and 2017. The municipal areas that have shed the most jobs in this sector in 2016 and 2017 are the Bergrivier and Saldanha Bay municipal areas. The majority of workers in this sector are low-skilled (69.9 per cent), with job shedding mostly impacting those that are low skilled. It is estimated that in 2017, there was a decline in 1 112 low-skilled workers in the WCD.

The WCD has a large livestock industry and is a major producer of grains, such as wheat, as well as rooibos tea, citrus, and wine and table grapes. Rooibos tea and citrus are valuable export commodities.



# 4

## Municipal infrastructure analysis

### 4.1 Introduction

As per the Financial and Fiscal Commission Policy Brief of 2015, it is noted that the investment in socio-economic infrastructure is crucial in improving economic growth and development. The management of infrastructure budgets and spending efficiency by municipalities is an important consideration when looking at socio-economic outcomes. Kumo (2012) notes that infrastructure investment has a significant impact on regional development and productivity. Furthermore, Kumo (2012) finds that there is a strong causal link between economic infrastructure investment and both GDP growth and private sector employment rates. Economic infrastructure refers to the physical assets that provide services used in production and final consumption. Social infrastructure refers to those investments which accommodate social services; having either a direct or indirect impact on the quality of life. Institutional infrastructure is defined as a support structure to the other forms of infrastructure (Brown-Luthango, 2010; DBSA, 2006).

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth approach, which remains a key budget principle given the economic and social imperatives for infrastructure development. This chapter will as such explore three broad infrastructure themes per local municipality within the West Coast District.

In the **first instance**, an overview will be provided of Provincial infrastructure spend for the 2018 MTREF i.e. unpack Western Cape Government infrastructure investments within the geographical jurisdiction of a specific district and local municipality. Such investments are funded and managed by the Provincial Government, funding is not directly transferred to a district or local authority nor does it reflect within an annual municipal budget. It is important to note that the infrastructure allocations to be discussed below does not purely entail the construction of new infrastructure, but also refers to maintenance and repair projects.

Successfully leveraging infrastructure investment as a catalyst for broad-based growth and development is not solely the responsibility of a single role-player, but rather a collective effort that requires contributions by all spheres of government as well as the private sector alike.

Chapter 4 will therefore, in the **second instance**, elaborate upon the extent to which the various local municipalities in the WCD apply their own capital budgets towards creating and maintaining operational, economic and social infrastructure that will in time improve access to economic opportunities and essential basic services.

Municipal capital budgets are however to a large extent reliant on grants and transfers from National and Provincial Government. As a result of a constraining macro-economic environment, the national fiscus is coming under increasing pressure which is subsequently expected to lead to a notable reduction in grant support towards local authorities. This scenario will not only impact upon the enhanced roll-out of municipal infrastructure projects, but seriously compromise the long-term sustainability of municipalities in general.

It is for this reason that Chapter 4 will, in the **third instance**, unpack the various funding sources that contribute towards municipal capital budgets. The ultimate aim is to ascertain whether municipalities are mitigating the grant-reliant risk by proactively seeking external funding to apply towards enhanced infrastructure creation.

The following section will unpack each of above specified themes, namely provincial infrastructure spend, municipal infrastructure spend and municipal capital budget funding sources, for each of the municipalities in the broader West Coast region. Section 4.2 will provide aggregated spending totals, meaning the sum total of expenditure by the District Municipality as well as the various local municipalities for a particular time period. The sub-sections to 4.2 will, in turn, unpack infrastructure spend for each of the respective municipalities (District as well as the local municipalities).

## 4.2 West Coast District

As mentioned previously, provincial infrastructure spend refers to infrastructure investment within the geographical jurisdiction of a municipality. Depending on its location, most provincial infrastructure projects are then linked to a specific municipality on the provincial database. Certain projects, which span across local municipal boundaries, but still within a single district, will as such be linked to the relevant district municipality. An example of such projects will be road transport initiatives. If a project extends over district boundaries, it will be classified as a cross-district project.

As per Table 4.1, Provincial infrastructure spend linked to the WCD Municipality and each of the various local municipalities in the District, will in 2018/19 amount to R875.0 million, the majority of which will be focussed towards road transport (R569.0 million) and health (R145.6 million) projects.

**Table 4.1 West Coast District: Provincial infrastructure spend, 2018/19 (R'000)**

Department	West Coast District Municipality	Bergvriervier	Matzikama	Swartland	Saldanha Bay	Cederberg	Total
Education	-	800	-	5 500	10 500	400	17 200
Health	-	1 770	700	81 250	60 601	1 251	145 572
Human Settlements	-	7 000	24 230	40 220	34 450	16 800	122 700
Public Works: General Buildings	-	-	-	-	-	19 590	19 590
Public Works: Transport	221 726	56 500	-	134 000	156 000	1 000	569 226
Social Development	-	38	569	100	-	-	707
<b>Total</b>	<b>221 726</b>	<b>66 108</b>	<b>25 499</b>	<b>261 070</b>	<b>261 551</b>	<b>39 041</b>	<b>874 995</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

The majority of the provincial infrastructure spend within the WCD will in 2018/19 be directed towards transport and public works. This strong concentration supports the vision of establishing the WCD as a prominent growth corridor by expanding the road transport network along the N7. Allocations towards transport and public works decrease across the MTREF as projects are concluded.

Significant allocations will also be made towards human settlements (R122.7 million) and smaller allocations towards education (R17.2 million) and social development (R707 000).

The majority of provincial infrastructure investments will in 2018/19 be made towards the Saldanha Bay (R261.6 million) and Swartland (R261.1 million) regions.

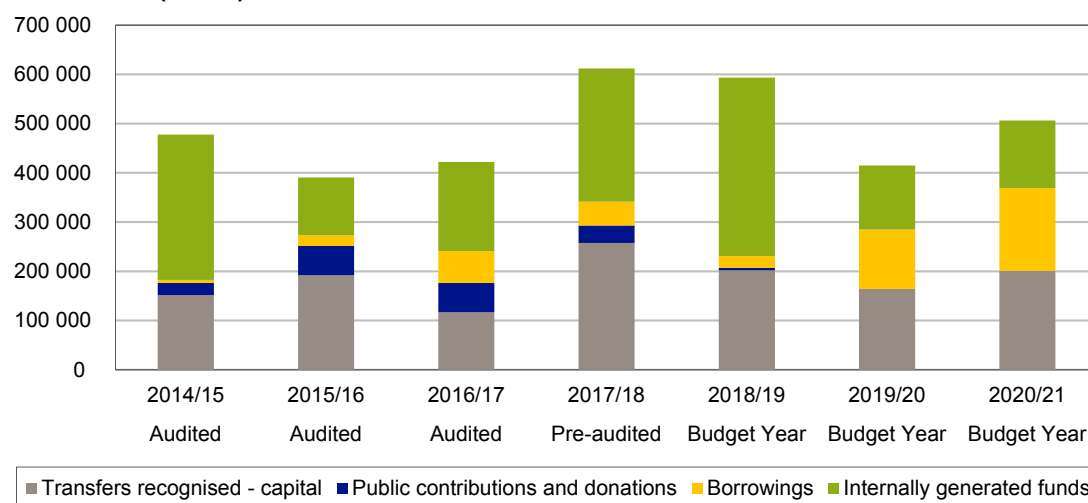
**Table 4.2 West Coast District: Sum total of district and local municipal capital expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	69 010	89 750	113 726	50 330	45 156	26 598	16 655
Community and public safety	63 921	81 503	68 921	64 503	63 254	23 482	41 768
Economic and environmental services	84 634	77 227	83 995	153 986	133 951	95 397	100 018
Trading services	259 993	141 340	155 448	342 976	350 977	269 521	347 702
Energy sources	42 792	35 159	41 291	43 588	49 977	63 014	76 814
Water management	61 693	61 131	35 183	185 121	205 660	106 343	154 750
Waste water management	81 427	36 124	67 452	71 096	53 967	65 567	87 342
Waste management	74 082	8 926	11 521	43 171	41 373	34 597	28 795
Other	-	564	-	8	20	-	-
<b>Total</b>	<b>477 559</b>	<b>390 384</b>	<b>422 089</b>	<b>611 803</b>	<b>593 358</b>	<b>414 999</b>	<b>506 142</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Figure 4.1 reflects a sum total of capital budget expenditure for the WCD Municipality as well as each of the local municipalities within the District for the period 2014/15 to 2020/21. Capital budget allocations amongst the various local municipalities of the WCD has predominantly been directed towards water and waste water management between 2014/15 and 2016/17. The dramatic shift towards the water management function in 2017/18 can be attributed towards drought mitigation projects across the District as a whole. These allocations resulted in a substantial increase in the overall capital budget for all municipalities combined. As these projects concluded, the overall capital budget figures decrease across the MTREF. Allocations towards trading services do however increase again notably in the outer year of the MTREF.

**Figure 4.1 West Coast District: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Grants and transfers, as a percentage of total capital expenditure for the WCD, fluctuate notably across the period 2014/15 to 2020/21 but more than doubles in monetary value between 2016/17 and 2017/18. This spike can to a large extent be attributed to support provided by National and Provincial Government to mitigate the impact of the drought and to expand human settlements.

A welcoming trend is however observed between 2015/16 and 2018/19 whereby the contribution of internally generated funds increases quite substantially.

#### 4.2.1 West Coast District Municipality

Provincial infrastructure spend within the jurisdiction of the WCD Municipality amounts to R221.7 million in 2018/19, before increasing to R261.2 million in 2019/20. As projects conclude, the allocation is estimated to decrease to R198.4 million in 2020/21.

**Table 4.3 West Coast District Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Transport	221 726	261 174	198 421	681 321
<b>Total</b>	<b>221 726</b>	<b>261 174</b>	<b>198 421</b>	<b>681 321</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

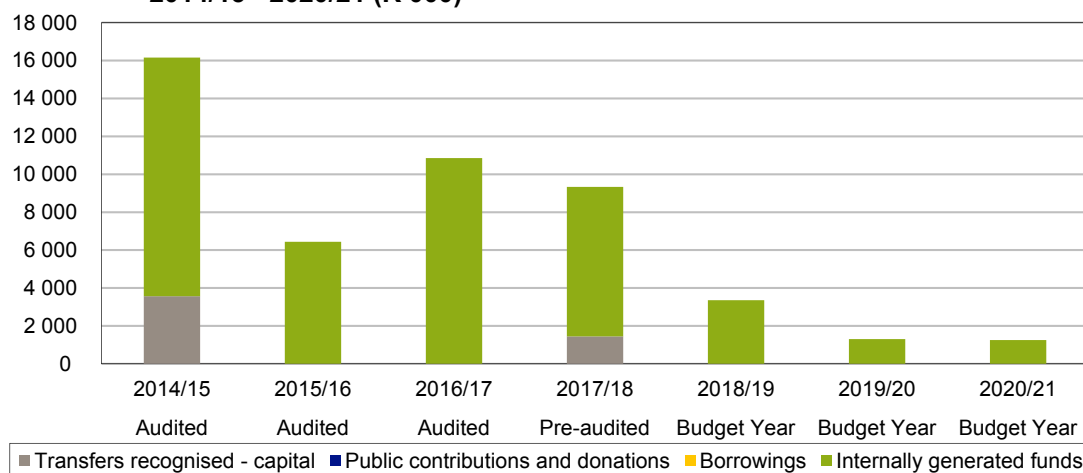
Provincial infrastructure spend within the WCD will solely be applied towards the road transport function across the MTREF to fund the maintenance of district roads spanning across the region. Specific projects entail the refurbishment and rehabilitation of the C1097: Dwarskersbos - Elandsbaai (R140.4 million across the MTREF) as well as upgrades and additions to the C967.1: Hopefield (R50.0 million).

**Table 4.4 West Coast District Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	1 599	99	570	322	1 565	160	110
Community and public safety	3 017	2 338	2 830	3 700	1 790	1 143	1 140
Economic and environmental services	-	-	-	10	-	-	-
Trading services	11 539	4 003	7 452	5 304	-	-	-
<i>Water management</i>	11 539	4 003	7 452	5 304	-	-	-
<b>Total</b>	<b>16 155</b>	<b>6 440</b>	<b>10 852</b>	<b>9 335</b>	<b>3 355</b>	<b>1 303</b>	<b>1 250</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Due to its nature as a Category C municipal authority, the WCD Municipality does not provide a conventional basket of basic services and does as such not have an extensive social infrastructure network to maintain. Although the District is responsible for bulk water supply to a few of the local municipalities within the region, the associated infrastructure has recently been transferred to the local municipalities; this includes the related management and maintenance thereof. The District has therefore not budgeted for water management for the 2018/19 MTREF.

**Figure 4.2 West Coast District Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Since 2014/15, the WCD Municipality's capital budget has almost exclusively been sourced from internally generated funds. This occurrence bucks the general trend as district municipalities often have very limited own-revenue generating capacity. The Municipality did, however, receive grant funding in 2014/15 (bulk infrastructure allocation from National Government) and 2017/19 (Fire Services Capacity Building Grant from Provincial Government).

## 4.2.2 Bergrivier

Provincial infrastructure spend within the Bergrivier municipal area in 2018/19 amount to R66.1 million. This amount will increase to R67.4 million in 2019/20 before pulling back to R43.8 million in 2020/21. The total provincial infrastructure allocation in Bergrivier will amount to R173.3 million across the MTREF.

**Table 4.5 Bergrivier Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Transport	-	56 000	2 000	58 000
Social Development	38	40	42	120
Public Works	56 500	-	-	56 500
Human Settlements	7 000	1 140	-	8 140
Health	1 770	6 194	3 799	11 763
Education	800	4 000	38 000	42 800
Cape Nature	-	-	-	-
<b>Total</b>	<b>66 108</b>	<b>67 374</b>	<b>43 841</b>	<b>173 323</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

The reassuring aspect of the provincial infrastructure allocations within Bergrivier can be found in the prioritising of roads (R58.0 million) which is a key determinant in Economic connectivity. Roads are the arteries through which the economy pulses. By linking producers to markets, workers to jobs, students to school, and the sick to hospitals, roads are vital to any development agenda. From a municipal perspective, the call is for the Transport strategy to align accordingly. Transport services affect almost every economic activity to a varying degree, so isolating specific impacts is challenging. Furthermore, investments in this specific area should target specific areas with high potential.

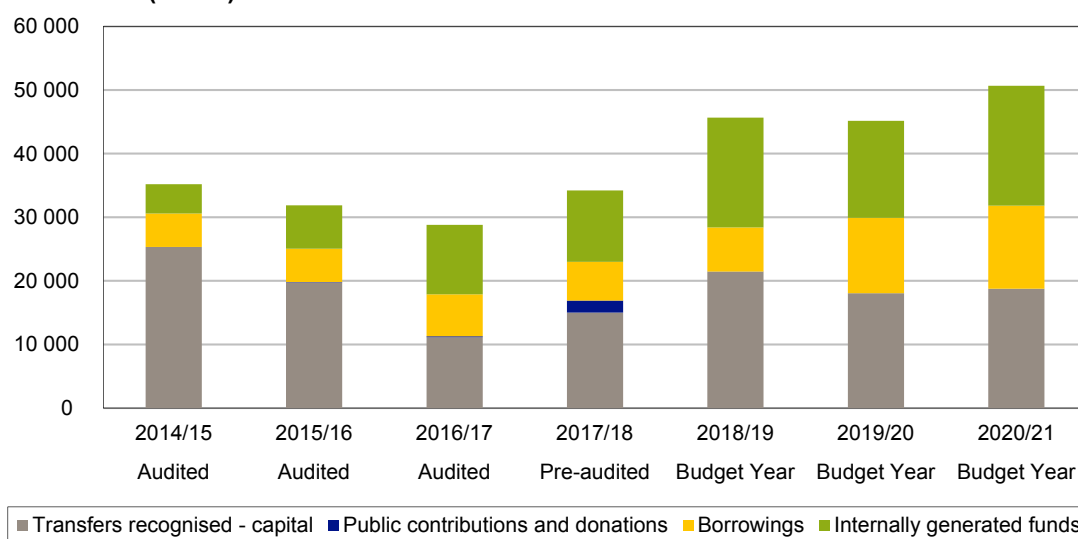
Notable transport and public works projects for 2018/19 include the tarring of the C821: Porterville - Piketberg (R29.0 million) and the resealing of the C1094: Redelinghuys - Elandsbaai (R25.0 million).

**Table 4.6 Bergrivier Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	1 594	2 220	4 736	2 003	4 455	4 975	5 389
Community and public safety	9 436	4 591	6 812	5 421	8 209	4 205	5 647
Economic and environmental services	3 600	4 215	3 211	5 012	7 263	9 028	8 450
Trading services	20 559	20 273	14 036	21 774	25 737	26 940	31 188
Energy sources	4 117	4 965	3 745	1 650	5 267	6 663	9 645
Water management	13 738	12 000	5 016	3 618	6 305	9 372	2 335
Waste water management	2 123	3 309	2 307	13 403	13 063	8 199	15 190
Waste management	581	-	2 967	3 102	1 102	2 706	4 018
Other	-	564	-	-	-	-	-
<b>Total</b>	<b>35 189</b>	<b>31 863</b>	<b>28 795</b>	<b>34 211</b>	<b>45 664</b>	<b>45 148</b>	<b>50 674</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

For 2014/15, 2015/16 and 2016/17, the Municipality's capital budget was prioritised towards water management. The strategic focus however shifted towards waste water management in 2017/18 and 2018/19, before striking a balance between water and waste water management in 2019/20. The largest share of the capital budget for trading services will in 2020/21 be directed towards waste water management.

**Figure 4.3 Bergrivier Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Although the Municipality's capital budget has since 2014/15 mostly been funded through grant and transfer receipts, it is clear that the Municipality is proactively reducing its dependence on external funding sources i.e. internally generated funds as a percentage of the total capital budget increase gradually across the period 2014/15 to 2016/17.

Grants and transfers as a percentage of the total capital budget does again increase in 2017/18 and 2018/19. This increase can however be attributed to additional Municipal Infrastructure Grant (MIG) and Integrated National Electrification

Programme (INEP) funding received. The Municipality's own contributions again increase between 2017/18 and 2018/19 and although it slightly decreased in 2019/20, it continues to grow in the outer year of the 2018 MTREF.

The Municipality has historically relied on borrowings to fund capital expansions. It is however notable that borrowings, as a percentage of the total capital budget, increase quite significantly across the outer years of the MTREF.

### 4.2.3 Matzikama

Provincial infrastructure spend within the Matzikama municipal area will amount to R25.5 million in 2018/19. This amount will increase significantly to R79.7 million in 2019/20 before increasing to R91.9 million in 2020/21. The total provincial infrastructure allocation in Matzikama will amount to R197.1 million across the MTREF.

**Table 4.7 Matzikama Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Social Development	569	599	638	1 806
Public Works	-	12 856	32 348	45 204
Human Settlements	24 230	65 740	56 400	146 370
Health	700	500	2 500	3 700
<b>Total</b>	<b>25 499</b>	<b>79 695</b>	<b>91 886</b>	<b>197 080</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

Human settlements are prioritised for Matzikama, especially in the outer years of the MTREF cycle (R65.7 million and R56.4 million in 2019/20 and 2020/21 respectively). The impact of human settlements on the environment increases with population growth, settlement expansion, economic growth and increased consumption. All indications are that the impact of human settlements on environmental resources is increasing. Also, the connectivity of these Human Settlement strategies within the municipal area must be closely aligned to the economic development agenda of the Municipality (SDF/LED strategy to be closely aligned).

Major human settlement projects for 2018/19 include 400 services sites on Erf 1288 in Lutzville (R17.1 million) and the construction of 44 top structures in Nuwerus (R5.7 million). Other major projects envisaged include the construction of an office building in Vredendal in 2019/20 (R12.9 million) as well as general upgrades and maintenance to the Vredendal Hospital (R500 000).

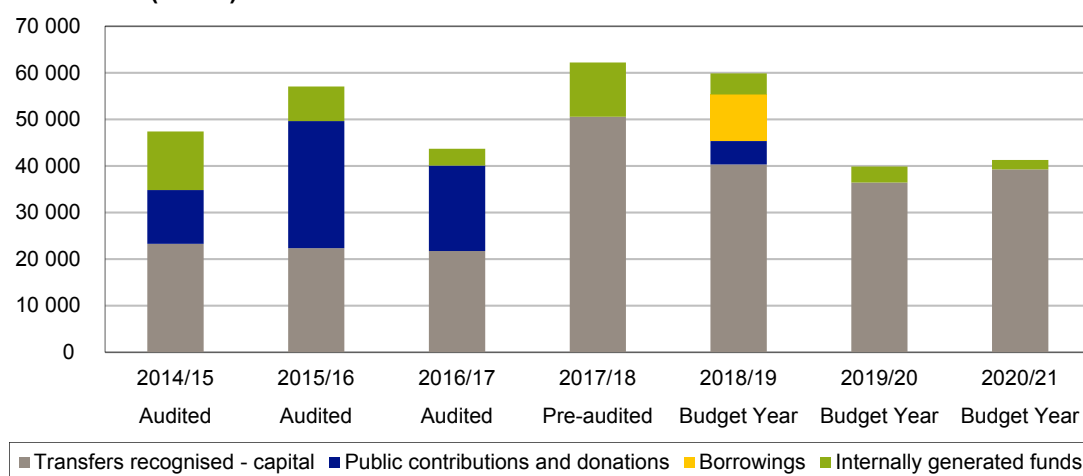


**Table 4.8 Matzikama Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	398	389	430	2 371	1 600	400	300
Community and public safety	9 516	2 045	1 700	3 439	2 225	650	8 470
Economic and environmental services	7 624	19 153	21 696	20 828	22 636	12 008	4 500
Trading services	29 845	35 467	19 840	35 559	33 402	26 814	27 991
Energy sources	1 507	2 425	3 627	2 340	6 900	5 120	6 400
Water management	5 459	14 090	2 931	29 221	19 510	15 400	15 091
Waste water management	14 274	13 777	12 952	2 988	1 892	6 254	6 500
Waste management	8 606	5 175	329	1 010	5 100	40	-
<b>Total</b>	<b>47 383</b>	<b>57 054</b>	<b>43 666</b>	<b>62 197</b>	<b>59 862</b>	<b>39 872</b>	<b>41 261</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

In 2014/15 and 2016/17, the Municipality directed the majority of its capital budget for trading services towards waste water management, whilst prioritising water management in 2015/16. Water management has since 2016/17 commanded the largest share of the capital budget with substantial allocations being directed towards this functional area across the 2018 MTREF largely as a result of drought mitigation projects.

**Figure 4.4 Matzikama Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Grants and transfers to the Municipality gradually decreased in monetary terms for the period 2014/15 to 2016/17, which in turn resulted in a shrinking capital budget. Notably, the Municipality more than halved its own internally generated contributions to the capital budget.

Capital budget contributions from grants and transfers increase significantly in 2017/18, as a result of funding received in the form of a Water Services Infrastructure Grant, whilst internal own funding contributions also increased notably. The Municipality diversified its funding mix in 2018/19, sourcing a large portion of the capital budget from external borrowings. Internally generated funding does, however, decrease towards the outer years of the 2018 MTREF.

## 4.2.4 Swartland

Provincial infrastructure spend within the Swartland municipal area will amount to R261.0 million in 2018/19. This amount will decrease notably to R162.586 million in 2019/20 before pulling further to R109.4 million in 2020/21. The total provincial infrastructure allocation in Swartland will amount to R533.1 million across the MTREF.

**Table 4.9 Swartland Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Transport	134 000	70 000	2 000	206 000
Social Development	100	105	114	319
Human Settlements	40 220	29 480	31 800	101 500
Health	81 250	21 001	6 500	108 751
Education	5 500	42 000	69 000	116 500
<b>Total</b>	<b>261 070</b>	<b>162 586</b>	<b>109 414</b>	<b>533 070</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

For Swartland Municipality, Health (R81.2 million in 2018/19) and Roads (R134.0 million in 2018/19) are key focus areas. Education features prominently in the outer years of the MTREF (R42.0 million in 2019/20 and R69.0 million in 2020/21) which is reassuring from a socio-economic perspective. With the growth of the Swartland Municipality in recent times, the need for closer inspection and unpacking of the Swartland labour force and the school graduates being absorbed by the municipality's labour force should be paramount to the municipality's strategic documents (LED/IDP).

Large road transport projects for 2018/19, will include the reseal of C1098: Klipheuwel (R80.0 million) and the rehabilitation of C1082: Malmesbury - Hermon (R30.0 million). Significant allocations will also be directed towards health infrastructure, specifically to repair fire damage to the Swartland Hospital. In terms of human settlements, R31.7 million will in 2018/19 be applied towards the development of 270 service sites in Riebeeck West.

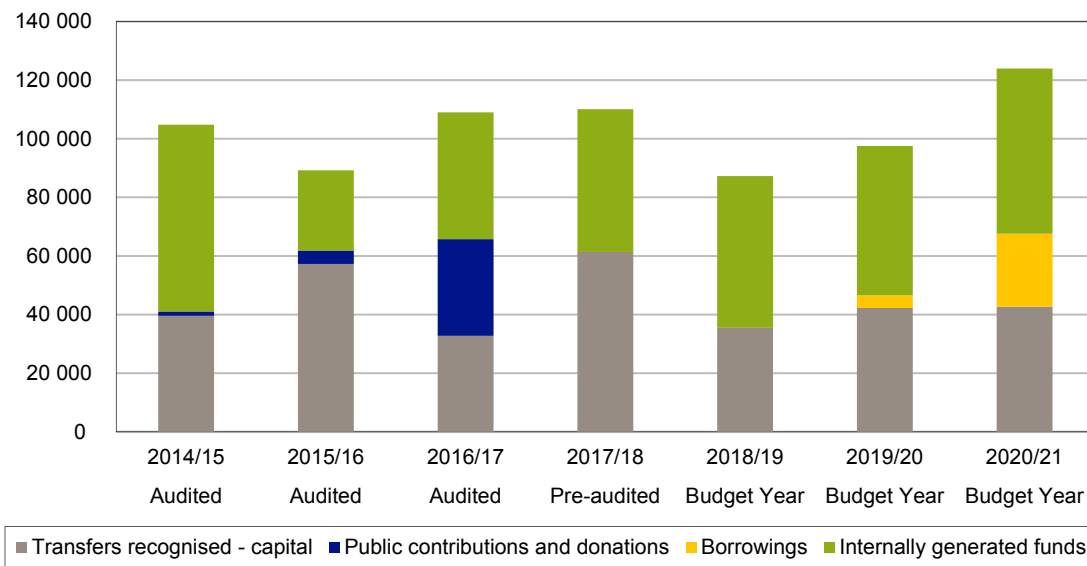
**Table 4.10 Swartland Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	11 283	7 180	37 959	10 901	2 437	7 998	2 286
Community and public safety	16 277	37 355	23 655	15 648	16 275	6 213	19 897
Economic and environmental services	11 489	21 322	21 172	27 014	20 337	18 192	24 718
Trading services	65 744	23 359	26 197	56 511	48 197	65 141	77 074
<i>Energy sources</i>	18 040	11 674	9 041	11 230	14 794	23 501	25 070
<i>Water management</i>	3 365	8 068	8 592	19 710	11 775	8 700	519
<i>Waste water management</i>	42 316	3 603	6 612	14 662	15 468	25 426	48 069
<i>Waste management</i>	2 024	14	1 953	10 909	6 160	7 513	3 416
<b>Total</b>	<b>104 793</b>	<b>89 216</b>	<b>108 983</b>	<b>110 073</b>	<b>87 246</b>	<b>97 544</b>	<b>123 975</b>

Source: *NT Database, Final Adopted 2018/19 Budgets - Schedule A5*

In 2014/15, Swartland's capital budget was heavily concentrated towards the waste water management function as a result of upgrades to the Riebeek West and Riebeek Kasteel Waste Water Treatment Works. The focus shifted towards energy services in 2016/17 as the Municipality commenced with the renewal of their ageing electrical network. The Municipality has in response to the drought and associated water scarcity risks directed the largest share of its 2017/18 trading services capital budget towards water management. The largest share of the capital budget across the 2018 MTREF will be applied towards the creation of energy and waste water infrastructure, the latter which will primarily be funded from own revenue sources.

**Figure 4.5 Swartland Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The Municipality has historically been able to balance its capital budget funding mix through substantial contributions from its own internally generated revenue sources. In fact, own funding contributed the largest share to the capital budget in 2014/15, 2016/17 as well as across the MTREF.

The notable increase in grants and transfers as a percentage of the total capital budget in 2017/18, can be attributed to a Human Settlements Development Grant received from Provincial Government. Although the Municipality's own contributions increase marginally between 2017/18 and 2019/20, capital expansions are supplemented through funding from borrowings and loans in the outer two years of the 2018 MTREF.

#### 4.2.5 Saldanha Bay

Provincial infrastructure spend within the Saldanha Bay municipal area will amount to R261.5 million in 2018/19. This amount will increase to R338.2 million in 2019/20, before pulling back to R229.9 million in 2020/21. The total provincial infrastructure allocation in Saldanha Bay will amount to R829.6 million across the MTREF.

**Table 4.11 Saldanha Bay Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Transport	156 000	158 000	90 000	404 000
Public Works	-	9 451	25 053	34 504
Human Settlements	34 450	41 560	52 670	128 680
Health	60 601	73 153	20 670	154 424
Education	10 500	56 000	41 500	108 000
<b>Total</b>	<b>261 551</b>	<b>338 164</b>	<b>229 893</b>	<b>829 608</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

Similarly, to Swartland, the immediate focus over the ensuing MTREF is placed on Health (R60.6 million) and Roads (R156.0 million). Roads, in particular, have wide-reaching economic benefits for the West Coast region. Of particular interest is the opportunity that is presented by the Saldanha Bay IDZ and infrastructure linkages that could result with other Municipalities. This could potentially benefit the agricultural sector in Swartland and Bergvliet which is linked to the manufacturing sector.

Noteworthy projects for 2018/19 include tarring of the C975.1 AFR Saldanha Bay IDZ (R100.0 million) as well as the C415.2 AFR Saldanha Bay TR77 (R52.0 million) road, upgrades to the Vredenburg Hospital (R54.5 million) and planning towards the Vredenburg Urban Regeneration Land Acquisition project (R10.0 million).

**Table 4.12 Saldanha Bay Municipality: Capital Expenditure, 2014/15 - 2019/20 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF	MTREF	MTREF
					2018/19	2019/20	2020/21
Governance and Administration	25 926	41 958	68 727	28 659	31 301	11 695	7 680
Community and public safety	25 635	25 469	32 466	29 044	18 398	9 852	5 294
Economic and environmental services	61 920	32 537	34 274	65 036	69 785	41 884	47 716
Trading services	112 726	58 238	66 058	196 731	209 636	131 862	190 785
Energy sources	19 118	16 095	21 366	22 999	19 458	22 388	29 204
Water management	25 926	22 971	6 320	106 013	139 003	61 786	125 086
Waste water management	22 459	15 435	33 430	39 621	22 813	24 488	16 784
Waste management	45 224	3 737	4 942	28 098	28 361	23 199	19 711
Other	-	-	-	-	20	-	-
<b>Total</b>	<b>226 207</b>	<b>158 202</b>	<b>201 525</b>	<b>319 471</b>	<b>329 140</b>	<b>195 293</b>	<b>251 474</b>

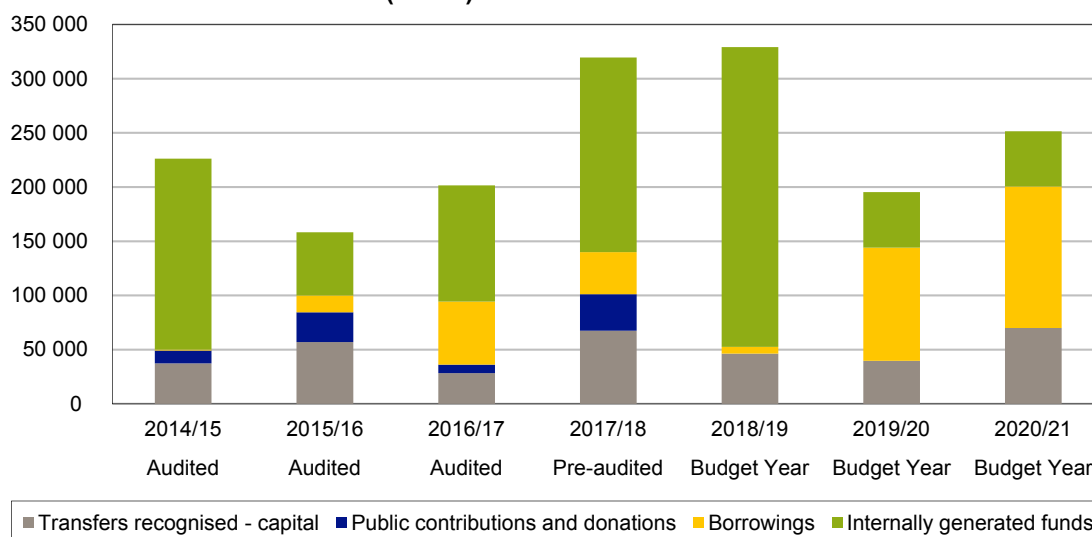
Source: *NT Database, Final Adopted 2018/19 Budgets - Schedule A5*

Saldanha Bay serves as the commercial hub of the WCD and as such, regional economic activities are largely concentrated within the Municipality's jurisdiction. High levels of economic activity, coupled with an ever growing population, increase the demand for goods and services within Saldanha Bay which has, in turn, put pressure on the existing economic and social infrastructure network.

The Municipality has as such over the years allocated substantial amounts of its capital budgets towards economic and environmental services as well as trading services to specifically address backlogs and extend its service range.

The onset of the drought necessitated the Municipality to shift funding towards the water management function in 2017/18 and 2018/19. The majority of the capital budget will in 2018/19 be applied to construct bulk mains at the Langebaan Road Aquifer.

**Figure 4.6 Saldanha Bay Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The Municipality has proactively sought additional funding to satisfy the demand for economic and social infrastructure, evident from the large percentage of the capital budget sourced from internally generated funding. In fact, the majority of the Municipality's capital budgets have since 2014/15 been funded through internal funding sources. The Municipality has also been able to diversify its funding mix by introducing public contributions and borrowings as supplementary capital budget sources.

The Municipality's capital budget will in 2018/19 almost entirely sourced from internally generated funds. Consideration of the 2018/19 Budget Report indicates that these internally generated funds are sourced from the Municipality's capital replacement reserves (CRR). The trend to almost exclusively apply own funding is however reversed in the outer years of the 2018 MTREF as the Municipality intends to source more than half of the capital budget from external loans/borrowings in 2019/20 and 2020/21.

#### 4.2.6 Cederberg

Provincial infrastructure spend within the Cederberg municipal area will amount to R39.0 million in 2018/19. This amount will decrease to R28.3 million in 2019/20 whilst remaining unchanged towards 2020/21 (R28.5 million). The total provincial infrastructure allocation in Cederberg will amount to R95.8 million across the MTREF.

**Table 4.13 Cederberg Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Transport	1 000	-	-	1 000
Public Works	19 590	-	-	19 590
Human Settlements	16 800	25 500	12 500	54 800
Health	1 251	800	-	2 051
Education	400	2 000	16 000	18 400
<b>Total</b>	<b>39 041</b>	<b>28 300</b>	<b>28 500</b>	<b>95 841</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

Human Settlements has been prioritised in 2018/19 (R16.8 million) and 2019/20 (R25.5 million). Policy-makers within Cederberg Municipality must consider linking the human settlements plan/strategy to the key LED considerations and to ensure that the greater planning strategies 'housed' within the municipal IDP are somehow linked to these new areas erected within the municipal boundaries. Major human settlement developments for 2018/19 include 492 service sites on Erf 168 in Lamberts Bay (R12.0 million) as well as 900 service sites on Erf 279 in Clanwilliam (R4.8 million).

A total of R19.6 million (transport and public works) has been set aside for the construction of a dormitory at the Clanwilliam Child and Youth Care Centre.

**Table 4.14 Cederberg Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	32 085	752	1 287	6 057	3 798	1 370	890
Community and public safety	33	8 595	1 458	7 278	16 358	1 419	1 320
Economic and environmental services	-	1 397	3 644	36 087	13 930	14 285	14 633
Trading services	18 616	33 272	21 865	27 096	34 006	18 765	20 664
<i>Energy sources</i>	11	2 705	3 512	5 369	3 559	5 342	6 495
<i>Water management</i>	703	3 871	4 872	21 253	29 068	11 085	11 719
<i>Waste water management</i>	255	25 328	12 150	421	730	1 200	800
<i>Waste management</i>	17 647	1 368	1 330	52	650	1 138	1 650
<b>Total</b>	<b>50 734</b>	<b>44 496</b>	<b>28 253</b>	<b>76 517</b>	<b>68 091</b>	<b>35 839</b>	<b>37 507</b>

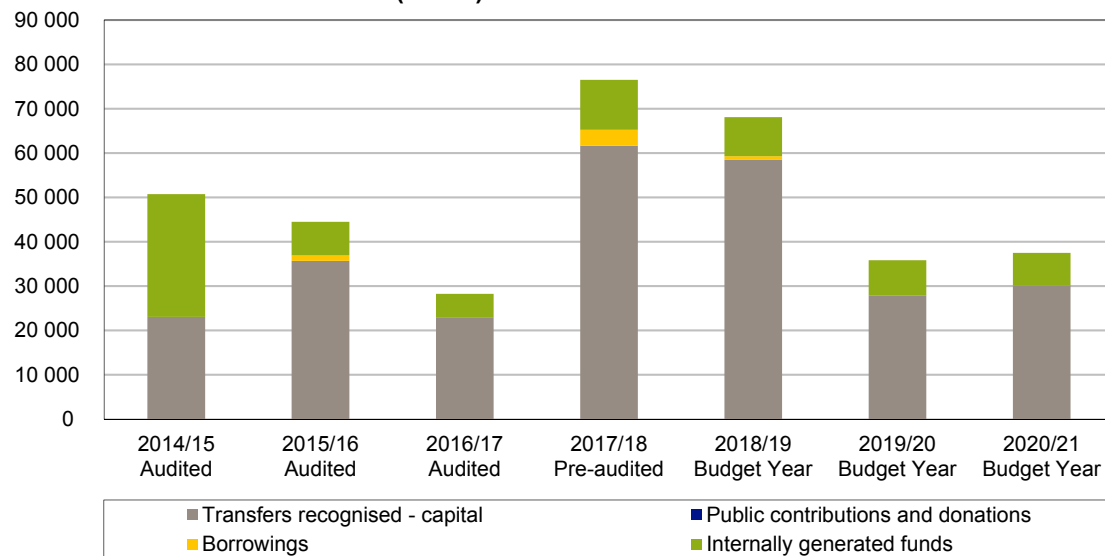
Source: *NT Database, Final Adopted 2018/19 Budgets - Schedule A5*

In 2014/15, the capital budget was concentrated within the Governance and Administration function, whilst allocations towards trading services were directed to waste management for upgrades to waste water treatment works.

In 2015/16 and 2016/17, the Municipality's capital budget for trading services was predominantly directed towards waste water management. This strategic focus however shifted in 2017/18 with the onset of the drought as the Municipality prioritised water management.

The capital allocation towards water management increases significantly between 2017/18 and 2018/19. As per Support Schedule SA36 in the Municipality's adopted 2018 MTREF budget, the allocation for water management will mostly be applied towards the Lambert's Bay Regional Water Supply and Desalination project.

**Figure 4.7 Cederberg Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The notable capital budget increase in 2017/18 and 2018/19 can be attributed to a sizable Human Settlements Development Grant allocation received from the Provincial Government. The Municipality's own internally generated revenue contributions decrease since 2016/17, and although it almost doubled between 2018/19 and 2019/20, the capital remains heavily dependent on grants and transfers to fund capital expansions.

### 4.3 Conclusion

This chapter aimed to illustrate the manner in which the Western Cape Government, through targeted investments in economic, operational and social infrastructure, is fulfilling its role as a responsive and proactive government by contributing towards an environment that is conducive of broad-based economic growth and development to the ultimate benefit of society as a whole.

It has been mentioned previously that a constraining fiscal environment will potentially impact heavily on direct grant and transfer payments to local government. The reality is however that sluggish growth will also affect public infrastructure spend within the jurisdiction of local municipalities as national and provincial authorities will be forced to relook their funding priorities. The effects of such reduced public infrastructure spending are evident from recent reports of a struggling national construction sector that is gradually reducing its contributions to GDP as well as the total employment.

This chapter has shown that the Western Cape Government maintains public infrastructure spend by increasing its investment in infrastructure across the MTREF within all districts of the Province. It has however been emphasised that the creation of broad-based growth by means of proactive public investment in infrastructure can only be achieved through the complementary contributions of all spheres of government. This chapter, therefore, aimed to drive home this realisation that the onus of responsibility also falls upon local government to transcend their reliance on grants

and transfers by seeking alternative funding sources to propel infrastructure expansions.

Enhanced infrastructure spend can also contribute toward the achievement of economies of scale i.e. whenever a firm's marginal costs of production decrease. This reduction in the firm level marginal cost of production can result from changes on a macroeconomic level, such as reduced borrowing costs or new infrastructure, or from improvements on a business-specific level. More specifically, new or improved infrastructure, as mentioned previously, may lead to greater efficiencies through improved road networks or increased access to cheaper inputs notably water and energy. This means a firm can sometimes realise economies of scale, or diseconomies of scale, based on variables outside of its control and hence makes government's hand in the provision of Economic infrastructure all the more imperative.

The success of public infrastructure spend as a catalyst for economic growth is just as much influenced by the quality therefore as it is by quantity. Targeted investments complimenting the geographical development potential of a region is therefore key, especially within the local sphere of government which acts as the coal-face of basic service delivery. Investment in economic infrastructure within the WCD will as such be most effective if focused on the major growth centres in the Saldanha Bay area. With the development of the IDZ in Saldanha Bay, infrastructure investment within this area is crucial to enhancing its performance. The success of the project depends significantly on a complex interplay of factors. Studies done in the West Coast region, particularly feasibility studies on establishing Saldanha Bay as an IDZ, have highlighted the importance of infrastructure investment to the success of the projects.



# 5

## Municipal socio-economic analysis

### 5.1 Introduction

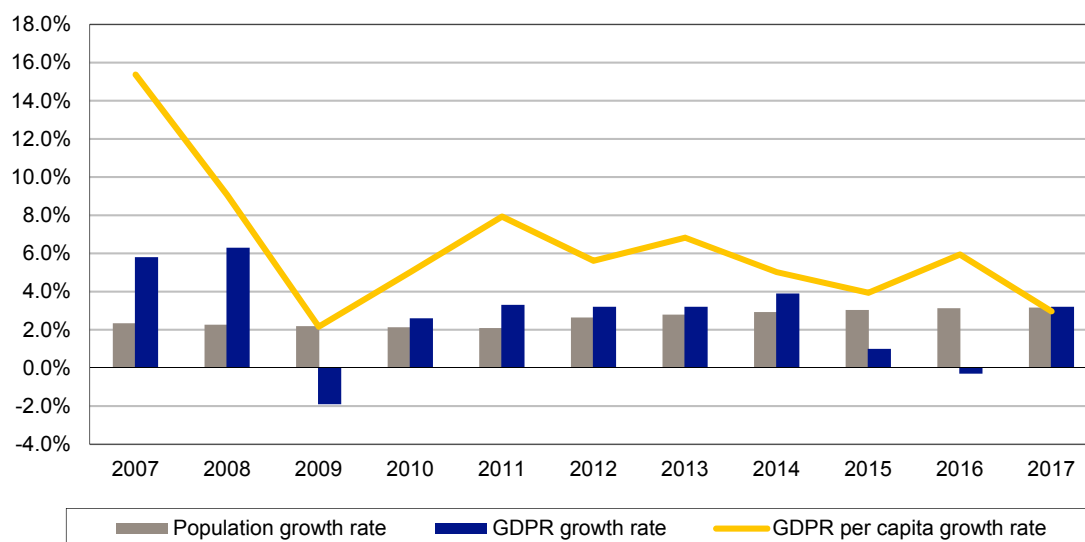
The main aim of this chapter is to describe the economic and social circumstances of households living in the WCD over the last few years given the slow economic recovery from the 2008 - 2009 global recession and the recent drought. The data used in this chapter is sourced from, amongst others, Statistics South Africa, the Western Cape Education and Health departments, Quantec and IHS Markit.

Indicators used to analyse population and income dynamics include the population growth rate, the GDP 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, dwellings, average household size, access to basic services and crime. These indicators are discussed in the sections below.

### 5.2 Population, GDP per capita and income distribution

#### 5.2.1 Population growth, GDP growth and GDP per capita growth in WCD

When economic growth is faster than population growth, it means that more income becomes available to be shared by the citizens and everyone is likely to be better off. On the contrary, when population growth is faster than economic growth, less income is available per person and it is stretched to accommodate the increasing population, resulting in a lower per capita income. Figure 5.1 shows population growth rates and economic growth rates for the WCD between 2007 and 2017.

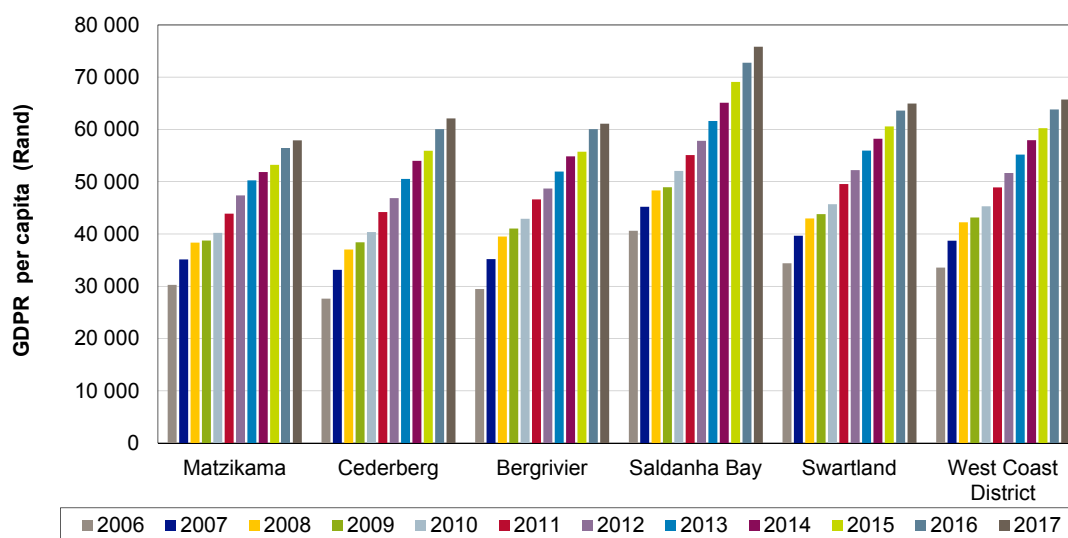
**Figure 5.1 Population, GDPR and GDPR per capita growth in West Coast District, 2007 - 2017**

Source: Quantec Research, 2018

In 2007 and 2008, the WCD economy grew much faster than population growth, but the global recession of 2009 changed this, with a significant drop in GDPR while population growth remained steady. The economic recovery between 2011 and 2014 resulted in GDPR growth rates again exceeding population growth rates, but the situation reversed significantly in 2015 and 2016 as population growth in the WCD exceeded GDPR growth rates.

On the back of steady population growth rates and volatile GDPR growth rates between 2007 and 2017, the growth in income per person as indicated by the GDPR per capita<sup>7</sup> has also been volatile.

<sup>7</sup> Real GDPR per capita is an indicator used by economists to estimate the income per person within an economy, and inherently the standard of living. It is calculated by dividing the real gross domestic product of an economy by the total population of that economy. GDPR per capita is an estimate of the average income per person in an economy and is therefore not an accurate and true reflection of the annual incomes earned by various individuals or households.

**Figure 5.2 Nominal GDP per capita, West Coast District, 2006 - 2017**

Source: Quantec Research, 2018

When comparing GDP per capita levels in the West Coast, in 2017, at R75 836, Saldanha Bay was by far the highest in the region and the only municipality above the District's average of R65 711. It was followed by Swartland (R64 954), Cederberg (R62 095), Bergrivier (R61 102), with the lowest being Matzikama (R57 924).

Table 5.1 provides a breakdown of the proportion of households in various income brackets in the WCD in 2017.

**Table 5.1 Percentage of households per income bracket in West Coast District, 2017 (%)**

Income category	West Coast District	Matzikama	Cederberg	Bergrivier	Saldanha Bay	Swartland	
No income	10.7	8.1	9.6	9.4	14.1	10.4	
R1 - R6 314	1.8	1.8	1.6	1.5	2.3	1.4	
R6 315 - R12 628	3.1	3.3	3.3	1.9	3.9	2.9	
R12 629 - R25 257	14.0	17.3	18.3	13.7	10.9	13.1	Low income
R25 258 - R50 514	21.8	24.9	25.2	22.4	17.4	22.1	
<b>Subtotal</b>	<b>51.4</b>	<b>55.3</b>	<b>58.1</b>	<b>49.0</b>	<b>48.6</b>	<b>49.9</b>	
R50 515 - R101 028	19.2	18.3	20.7	21.8	16.6	20.1	
R101 029 - R202 055	13.2	11.6	10.4	14.0	15.2	13.0	Middle Income
R202 056 - R404 111	9.4	8.5	6.5	9.1	11.5	9.5	
<b>Subtotal</b>	<b>41.8</b>	<b>38.4</b>	<b>37.7</b>	<b>45.0</b>	<b>43.3</b>	<b>42.7</b>	
R404 112 - R808 221	4.9	4.4	3.2	4.5	5.7	5.3	
R808 222 - R1 616 442	1.3	1.1	0.7	0.8	1.7	1.6	
R1 616 444 - R3 232 885	0.4	0.5	0.2	0.4	0.5	0.3	High Income
R3 232 886 +	0.3	0.3	0.1	0.4	0.3	0.2	
<b>Subtotal</b>	<b>6.8</b>	<b>6.3</b>	<b>4.2</b>	<b>6.1</b>	<b>8.1</b>	<b>7.5</b>	

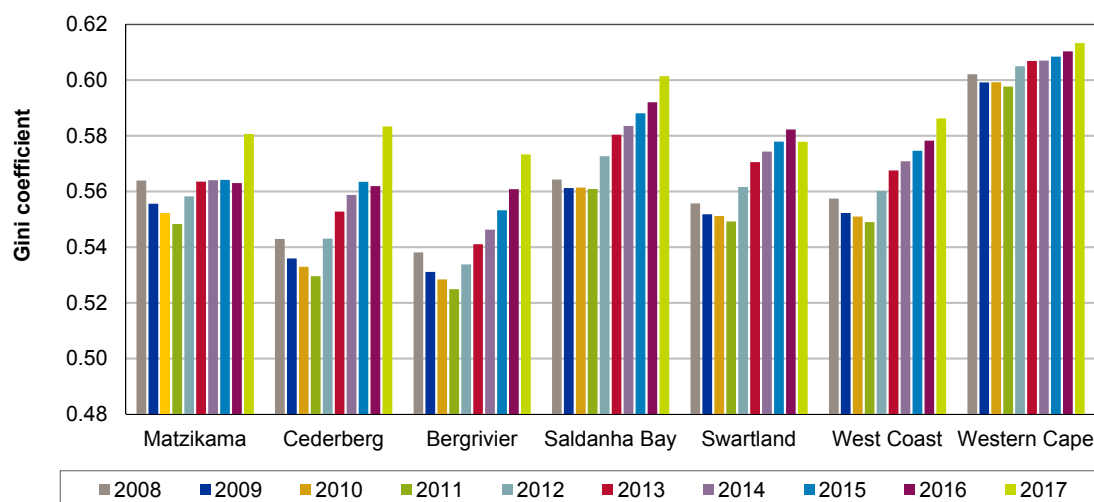
Source: Quantec Research, 2018

Saldanha Bay had the highest proportion (14.1 per cent) of households without income and Matzikama had the lowest (8.1 per cent). Furthermore, Cederberg has the highest proportion (58.1 per cent) of low-income earners followed by the Matzikama (55.3 per cent), Swartland (49.9 per cent), Bergrivier (49.0 per cent) and Saldanha Bay (48.6 per cent) municipal areas. Bergrivier has the highest proportion of middle-income earners (45.0 per cent) while Saldanha Bay (8.1 per cent) and Swartland (7.5 per cent) have the highest proportions of high income earners.

## 5.2.2 Income distribution in West Coast District

The unequal distribution of income within an economy is estimated by using the Gini coefficient<sup>8</sup>. Figure 5.3 shows Gini coefficients for municipalities within the WCD. It shows that inequality in income distribution remains high in most municipal areas within the WCD, with none of the Gini coefficients below the halfway mark of 0.50. Figure 5.3 shows a generally increasing trend in income inequality across all local municipalities in the WCD from 2012 onward.

**Figure 5.3 Gini coefficients in West Coast District municipal areas, 2008 - 2017**



Source: IHS Markit, 2018

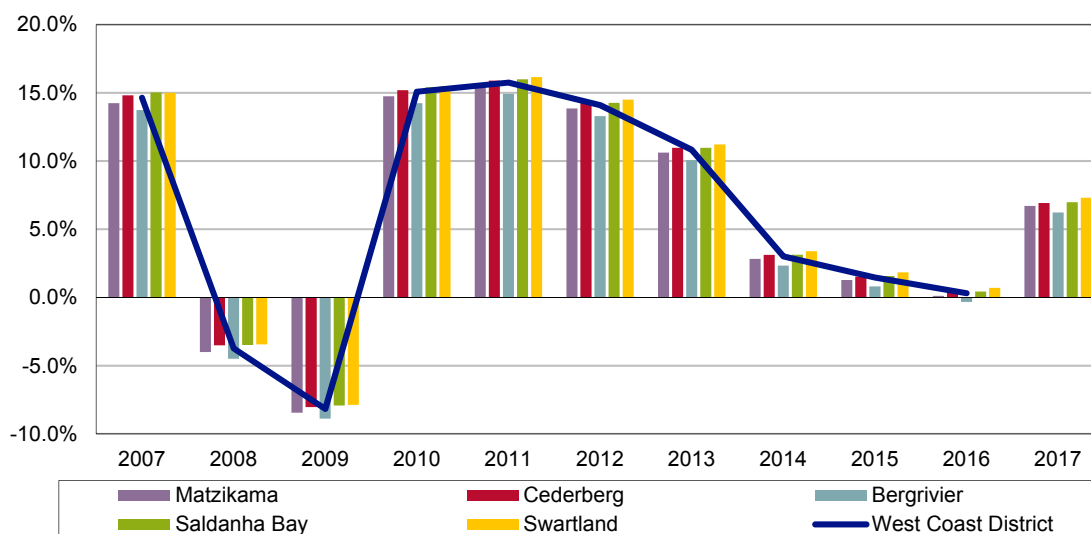
Sharp increases in income inequalities can be observed particularly in Cederberg and Matzikama between 2016 and 2017. The reason for this could be the impact of the drought, which could possibly have a more severe impact on households in rural communities that are dependent on agriculture, compared with those in urban areas, where there are more alternative income sources. Bergrivier and Saldanha Bay recorded smaller increases in income inequality while Swartland recorded a marginal decrease, the only municipal area within the region to experience an improvement. Overall, income inequality in the WCD in 2017 (0.586) is lower than the average for the Province (0.613).

<sup>8</sup> 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 and more inequality exists and the closer to 0 shows less and less inequality.

### 5.2.3 Household expenditure in West Coast District

Another way of looking at disparities in income distribution is to analyse household expenditure on durable, semi-durable, non-durable and services. Economists expect households to consume more durable goods and services when disposable income is higher and more semi-durable or non-durable goods when disposable incomes are lower. Figures 5.4 to 5.5 below show the percentage change in household expenditure over the past 10 years for these different categories of goods.

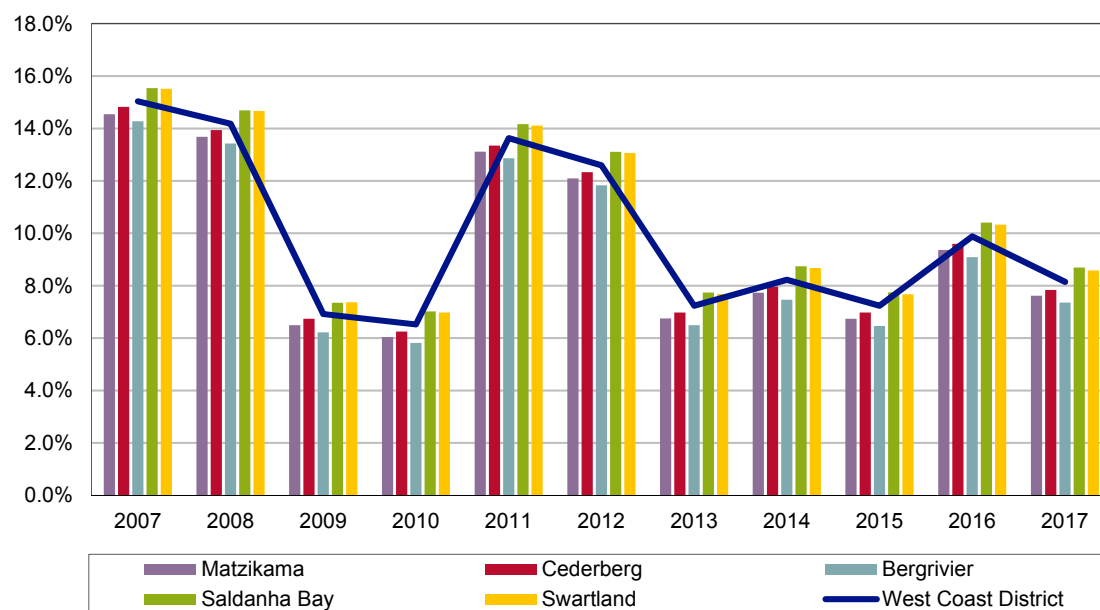
**Figure 5.4 Household expenditure growth on durable goods, West Coast District, 2007 - 2017**



Source: Quantec Research, 2018

Figure 5.4 shows that in 2008, household expenditure on durable goods decreased in all municipal areas within the West Coast region and decreased further in 2009 during the recession. However, from 2010, expenditure on durable goods increased sharply, before slowing down between 2014 and 2016 as the economy again recorded low growth levels. The increase in economic growth in 2017 saw expenditure on durable goods picking up across all municipalities in the region.

As weak economic performance persisted, expenditure growth on semi-durable goods has tapered off since 2011, however, this is still high when compared with expenditure growth on durable goods. As shown in Figure 5.5, household expenditure on non-durable goods within the WCD has been growing by over 6 per cent per annum, over the past 10 years, including the recession years and years of low economic growth.

**Figure 5.5 Household expenditure growth on non-durable goods, West Coast District, 2007 - 2017**

Source: Quantec Research, 2018

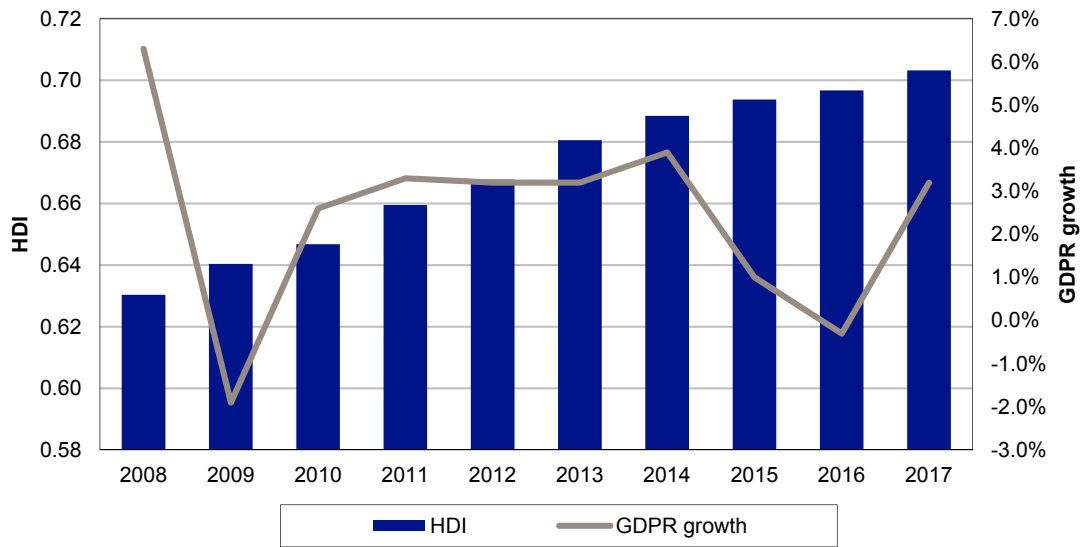
Expenditure growth in non-durable goods for Bergrivier dipped marginally below the 6 per cent mark for 2010.

### 5.3 Human Development

The United Nations uses the Human Development Index (HDI)<sup>9</sup> 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. Figure 5.6 shows economic growth trends and changes in the HDI for the West Coast region between 2008 and 2017.

<sup>9</sup> 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 5.6 GDP growth vs HDI growth in West Coast District, 2008 - 2017**

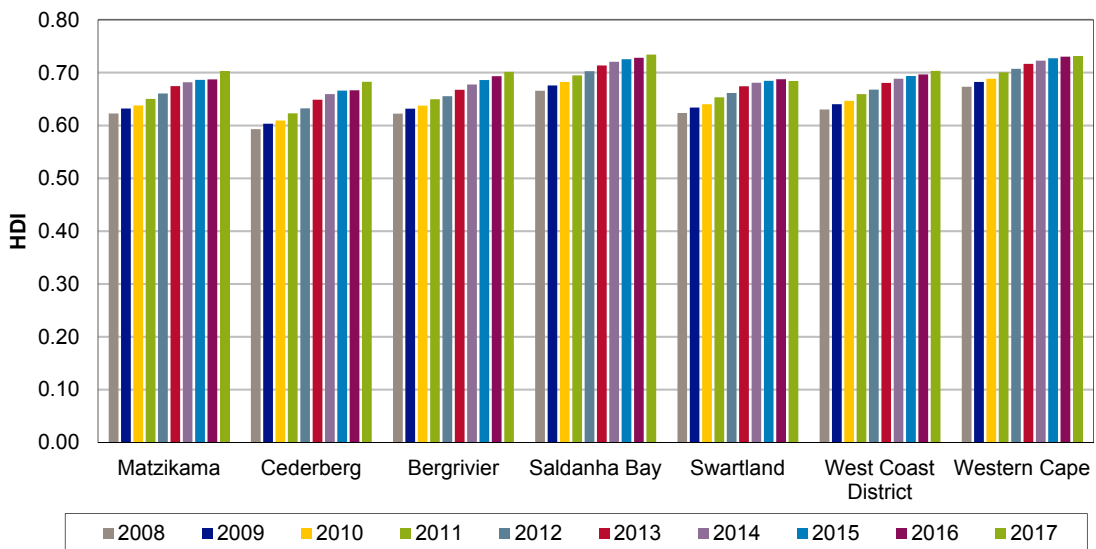


Source: Quantec Research, 2018, IHS Markit, 2018

Over the past decade, there are instances where economic growth and human development within the West Coast region have both increased, as shown in Figure 5.6 during 2010 - 2011, 2014 as well as 2017. In periods when human development increased despite a downturn in economic activity, it could be a result of lagged effects of economic growth from previous years. The HDI for the West Coast region has increased continuously over the last 10 years.

Figure 5.7 shows the HDIs per municipal area in the WCD between 2008 and 2017.

**Figure 5.7 HDIs per municipal area in West Coast District, 2008 - 2017**



Source: IHS Markit, 2018

In 2017, Saldanha Bay had the highest HDI (0.734) in the West Coast region, followed by Matzikama (0.704), Bergrivier (0.701), Swartland (0.684) and Cederberg (0.683). The latest (2017) HDIs for Saldanha Bay and Matzikama are higher than the average for the WCD (0.703), with Saldanha Bay even being marginally above the Western Cape average (0.733). Swartland is the only municipality in the region to record a marginal drop in 2017 when compared with the 2016 figure.

### 5.3.1 Educational development within the West Coast District

Education within the WCD is discussed using data on learner enrolments, Grade 12 dropout rates and matric pass rates. Between 2016 and 2017, the West Coast recorded an overall increase in learner enrolment; at the same time while three municipalities experienced declines in their Grade 12 dropout rates, others exhibited significant increases; mixed results for 2017 for matric pass rates were also evident across the municipalities within the West Coast.

**Table 5.2 Enrolment, dropout and Matric pass rates in West Coast District, 2016 - 2017**

Municipality	Learner enrolment			Grade 12 dropout rate (%)			Matric pass rates (%)		
	2016	2017	% change	2016	2017	% change	2016	2017	% change
Matzikama	10 247	10 352	1.0	33.0	28.8	-12.7	91.1	93.9	3.1
Cederberg	7 647	7 710	0.8	28.7	33.9	18.1	89.5	85.1	-4.9
Bergrivier	8 212	8 309	1.2	31.7	21.6	-31.9	92.6	87.0	-6.1
Saldanha Bay	16 886	17 584	4.1	29.5	31.3	6.1	81.3	84.3	3.7
Swartland	17 356	17 647	1.7	23.2	20.2	-12.9	89.4	83.5	-6.6

Source: Western Cape Education Department, 2018

In 2017, Swartland and Saldanha Bay had the highest learner enrolment, the latter increasing by a large margin (4.13 per cent) between 2016 and 2017. Cederberg had the highest Grade 12 dropout rate in the WCD in 2017, having increased from 28.7 per cent in 2016 to 33.9 per cent in 2017; Swartland had the lowest dropout rate, decreasing to 20.2 per cent in 2017. At 93.9 per cent, Matzikama had the highest matric pass rate in 2017, with Swartland and Saldanha Bay having the lowest at 83.5 and 84.3 per cent respectively.

**Table 5.3 Educational development within Matzikama, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	9 886	-	40.5	-	88.0	-
2013	9 809	-0.8	44.5	9.9	92.0	4.6
2014	9 913	1.1	36.6	-17.8	93.7	1.9
2015	10 004	0.9	30.8	-15.8	93.8	0.1
2016	10 247	2.4	33.0	7.1	91.1	-2.9
2017	10 352	1.0	28.8	-12.7	93.9	3.1

Source: Western Cape Education Department, 2018



Table 5.3 shows that while learner enrolment in Matzikama increased by around the 1 per cent mark from 2014 onward, growth in 2016 was significantly stronger at 2.4 per cent. The Grade 12 dropout rate shows a generally decreasing trend, with a high of 44.5 per cent in 2015 and low of 28.8 per cent in 2017, while the Matric pass rate remained over 90 per cent from 2013 onward, reaching a high in 2017 of 93.9 per cent. The high Grade 12 dropout rate remains a concern in Matzikama.

**Table 5.4 Educational development within Cederberg, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	7 498	-	52.1	-	90.9	-
2013	7 551	0.7	41.3	-20.7	91.6	0.8
2014	7 464	-1.2	42.7	3.4	88.2	-3.7
2015	7 546	1.1	37.9	-11.2	89.0	0.9
2016	7 647	1.3	28.7	-24.3	89.5	0.6
2017	7 710	0.8	33.9	18.1	85.1	-4.9

Source: Western Cape Education Department, 2018

Learner enrolment in Cederberg increased by between 53 and 101 learners per year between 2013 and 2017, with the exception of 2014, which recorded a drop in learner enrolment of 87 learners. Following an extremely high 52.1 per cent Grade 12 dropout rate in 2012, the overall trend from 2013 onward showed a general improvement; however, with an increase again in 2017 to 33.9 per cent. The matric pass rate over the entire period (2012 to 2017) has remained above 85 per cent, however the generally decreasing trend is cause for concern.

**Table 5.5 Educational development within Bergrivier, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	8 090	-	40.0	-	89.1	-
2013	8 064	-0.3	29.2	-27.0	85.2	-4.4
2014	7 981	-1.0	28.2	-3.4	84.1	-1.3
2015	8 126	1.8	28.2	0.0	91.9	9.3
2016	8 212	1.1	31.7	12.4	92.6	0.8
2017	8 309	1.2	21.6	-31.9	87.0	-6.1

Source: Western Cape Education Department, 2018

Learner enrolment in Bergrivier decreased between 2012 and 2014, and increased sharply by 1.8 per cent in 2015, with growth slowing to 1.0 per cent and 1.2 per cent in 2016 and 2017 respectively. In 2017, learner enrolment in Bergrivier totalled 8 309. Bergrivier's Grade 12 dropout rate exhibited a downward trend, starting from a high 40.0 per cent in 2012, declining to 21.6 per cent in 2017; the overall progress over the period of a near 20 per cent drop which is very encouraging. The matric pass rate over the entire period (2012 to 2017) has remained in the 84 to 93 per cent range; however, the latest figure (2017) shows a significant drop compared to the two prior years.

**Table 5.6 Educational development within Saldanha Bay, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	14 705	-	39.4	-	86.4	-
2013	15 082	2.6	33.1	-16.0	90.5	4.8
2014	15 530	3.0	37.3	12.7	87.9	-2.9
2015	16 300	5.0	32.2	-13.7	87.9	0.0
2016	16 886	3.6	30.0	-8.4	81.3	-7.5
2017	17 584	4.1	31.3	6.1	84.3	3.7

Source: Western Cape Education Department, 2018

Learner enrolment in Saldanha Bay has increased at consistently high rates of over 2.5 per cent between 2013 and 2017, peaking with growth of 4.96 per cent in 2015 and 4.13 per cent in 2017. The Grade 12 dropout rate has shown an overall decline over the period, but with increases in 2014 and again in 2017. Even though the matric pass rate increased to 84.3 per cent in 2017, the generally decreasing trend is a cause for concern.

**Table 5.7 Educational development within Swartland, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	15 977	-	26.1	-	85.2	-
2013	16 383	2.5	27.3	4.6	85.3	0.1
2014	16 933	3.4	20.1	-26.4	86.5	1.4
2015	16 933	0.0	20.1	0.0	86.5	0.0
2016	17 356	2.5	23.2	15.4	89.4	3.4
2017	17 647	1.7	20.2	-12.9	83.5	-6.6

Source: Western Cape Education Department, 2018

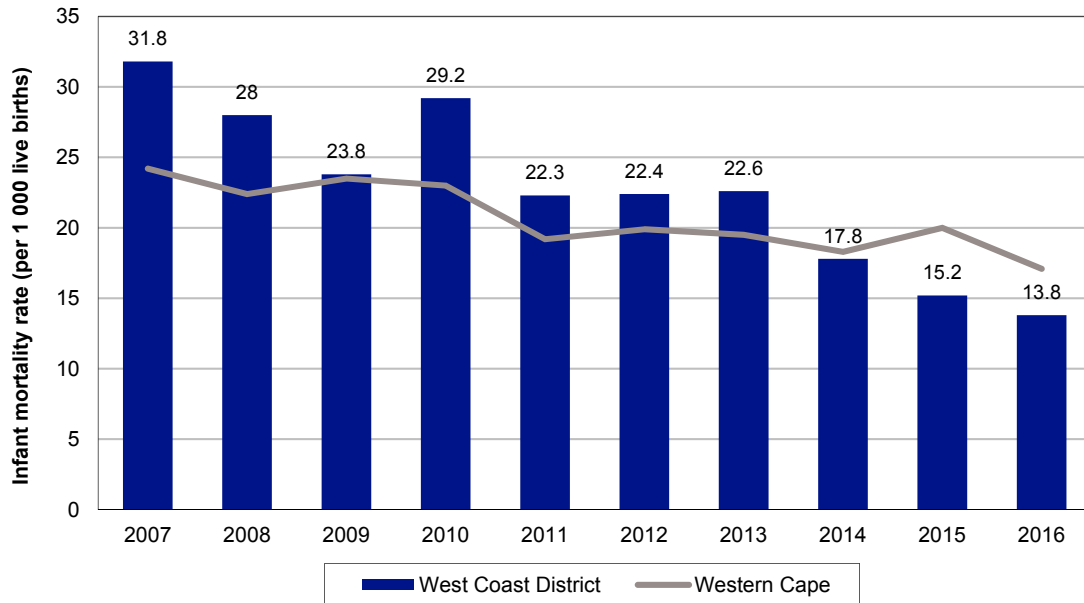
Learner enrolment in Swartland has increased consistently between 2012 and 2017, with increases ranging between 228 and 550 additional learners per year over this period. Although there was a decline in the Grade 12 dropout rate from 27.3 in 2013 to 20.1 in 2015, it increased again in 2016, before dropping down to 20.2 in 2017. Although the matric pass rate has, with the exception of 2015, increased between 2012 and 2016, a significant decline in the pass rate in 2017 was experienced, bringing the matric pass rate down to the lowest pass rate over the entire period. Although comparatively low when compared with the rest of the District, the dropout rate, as well as the recent decline in the matric pass rate, is cause for concern.

### 5.3.2 Health development within West Coast

The mortality conditions of persons living within the West Coast region are analysed in this section by looking at infant mortality rates, the top 10 causes of death as well as the top 10 injuries that cause death. Life expectancy in the Western Cape between 2011 and 2016 averaged 64.8 years for males and 70.6 years for females according to Statistics South Africa's 2017 mid-year population estimates. For the period between 2016 and 2021, the average life expectancy is expected to be higher, at 66.2 years for males and 72.1 years for females.

Figure 5.8 shows a general decrease in infant mortality rates in the West Coast between 2007 and 2016, indicating an improvement in child health care over the period under review.

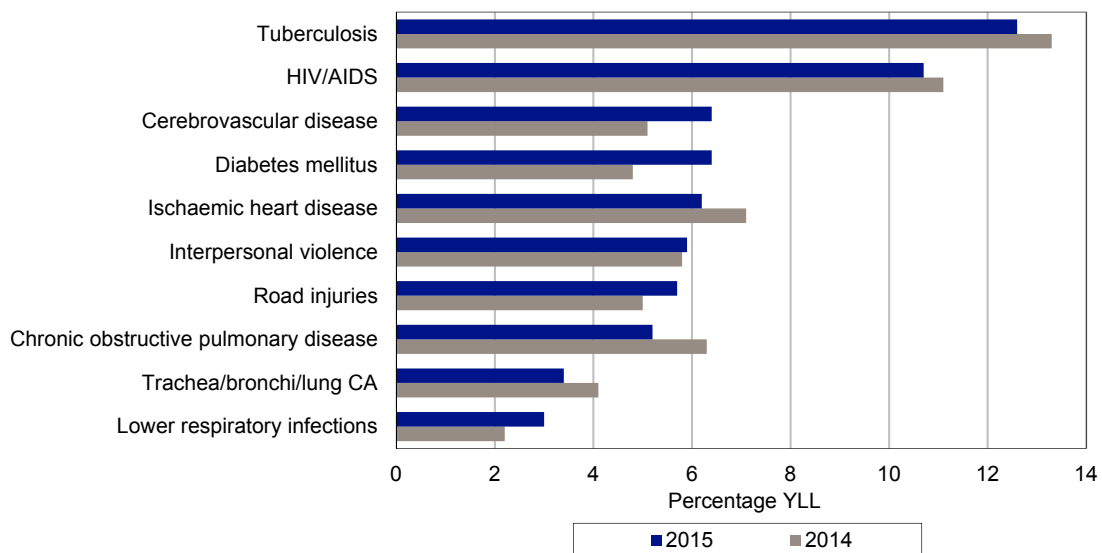
**Figure 5.8 Infant mortality rates, West Coast, 2007 - 2016**



Source: Western Cape Health Department, 2018

In 2016, there were 13.8 infant deaths (per 1 000 live births) in the West Coast, which is significantly less than the 31.8 deaths (per 1 000 live births) recorded in 2007. Figure 5.9 also shows that there were fewer infant deaths in the West Coast compared to the Western Cape average between 2014 and 2016.

**Figure 5.9 Top 10 causes of death in West Coast District, 2014 - 2015**

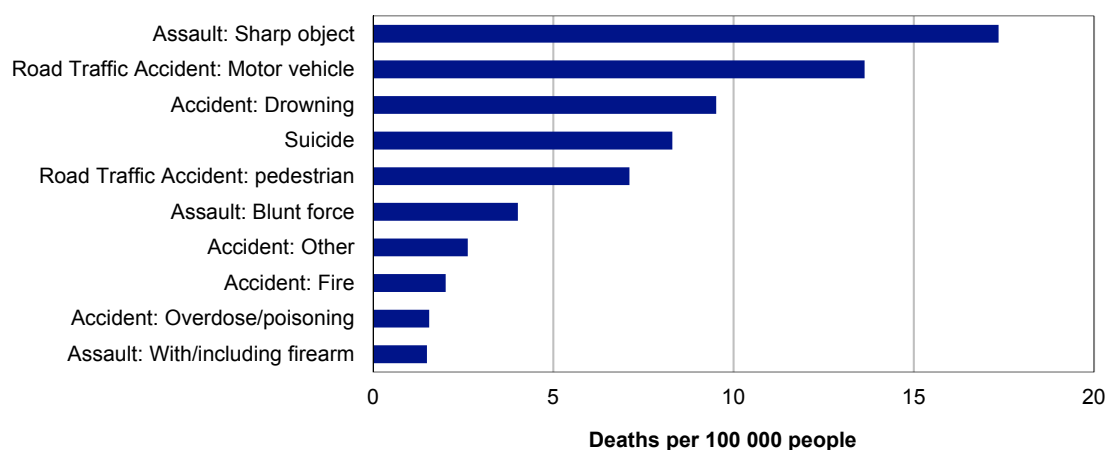


Source: Western Cape Health Department, 2018

The top 10 causes of death are measured using the percentage of years of life lost (YLL<sup>10</sup>), which takes into account the age at which deaths occur by giving greater weight to deaths at a younger age and a lower weight to deaths at an older age. Tuberculosis remains at the top of causes of death in the West Coast region with persons losing 12.6 years of life at death in 2015, down from 13.3 years of life lost at death in 2014. HIV/AIDS is the second highest cause of death in the region, with persons losing an average of 10.7 years of life at death in 2015. Between 2014 and 2015 increases in the percentage of years of life lost at death were experienced for cerebrovascular disease, diabetes, interpersonal violence, road injuries and lower respiratory infections while decreases were experienced in deaths due to tuberculosis, HIV/AIDS, ischaemic heart disease, COPD (*Chronic obstructive pulmonary disease*) and trachea/bronchi/lung CA (carcinoma cancer).

Deaths in the WCD are also caused by injuries sustained from various incidences. Figure 5.10 shows the top 10 injuries that resulted in deaths within the West Coast in 2016, using the age-standardised mortality rate (ASR<sup>11</sup>).

**Figure 5.10 Top 10 deaths by injury type, West Coast, 2016**



Source: Western Cape Health Department, 2018

Figure 5.10 shows that there were 17.53 deaths per 100 000 people in West Coast as a result of assault with sharp objects, followed by 13.64 deaths per 100 000 people as a result of injuries sustained from road traffic accidents involving motor vehicles.

<sup>10</sup> YLL are calculated from the number of deaths multiplied by a standard life expectancy at the age at which death occurs. The standard life expectancy used for YLL at each age is the same for deaths in all regions of the world.

<sup>11</sup> The Age-Standardised Rate is a weighted average of the age-specific mortality rates per 100 000 persons, where the weights are the proportions of persons in the corresponding age groups of the WHO standard population.

### 5.3.3 Human settlements and access to basic services within West Coast

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 5.8 shows the different types of dwellings for households living within the West Coast region in 2017. At this time, 13 461 or 11.9 per cent were informal or traditional dwelling/hut/structure made of traditional material and 98 368 or 86.7 per cent were formal dwellings, including structures in backyards or on a shared property; 1 587 or 1.4 per cent were classified as other/unspecified or not applicable.

**Table 5.8 Dwellings within West Coast District, 2017**

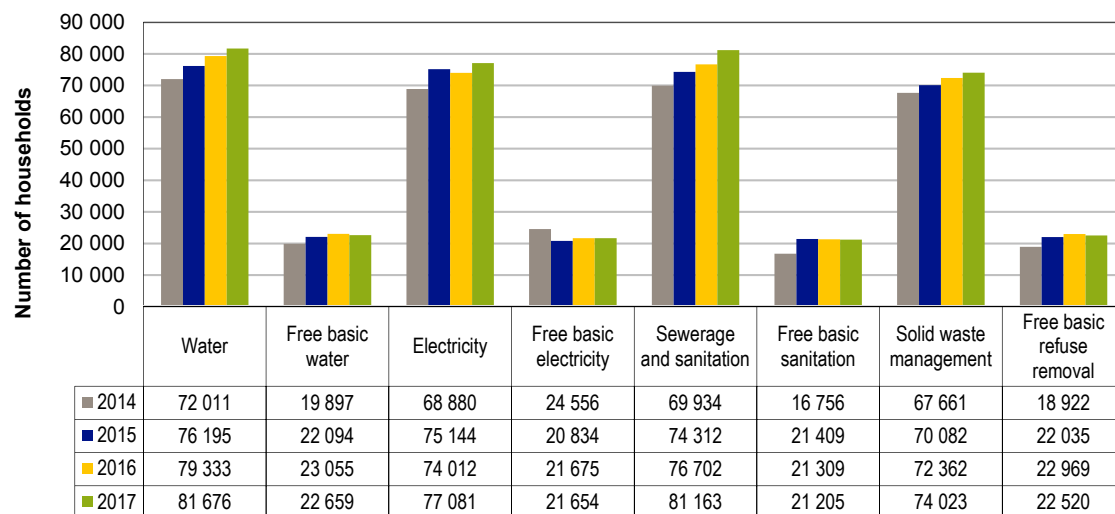
Dwelling type	West Coast District		Matzikama		Cederberg		Bergrivier		Saldanha Bay		Swartland	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
House or brick structure on a separate stand or yard	89 136	78.6	15 180	77.9	12 035	79.4	13 459	79.7	24 605	76.2	23 857	80.6
Traditional dwelling/hut/structure made of traditional materials	746	0.7	126	0.7	141	0.9	196	1.2	153	0.5	130	0.4
Flat in a block of flats	2 091	1.8	405	2.1	295	2.0	335	2.0	370	1.2	686	2.3
Town/cluster/semi-detached house (simplex, duplex or triplex)	4 790	4.2	1 150	5.9	542	3.6	1 117	6.6	436	1.4	1 546	5.2
House/flat/room, in backyard	1 516	1.3	296	1.5	144	1.0	373	2.2	273	0.8	430	1.5
Informal dwelling/shack, in backyard	5 339	4.7	567	2.9	484	3.2	461	2.7	1 931	6.0	1 896	6.4
Informal dwelling/ shack, NOT in backyard, e.g. in an informal/squatter settlement	7 376	6.5	1 375	7.1	1 238	8.2	158	1.0	4 159	12.9	447	1.5
Room/flatlet not in backyard but on a shared property	835	0.7	104	0.5	63	0.4	386	2.3	130	0.4	152	0.5
Other/unspecified/NA	1 587	1.4	294	1.5	215	1.4	413	2.4	221	0.7	444	1.5
<b>Total</b>	<b>113 417</b>	<b>100</b>	<b>19 498</b>	<b>100</b>	<b>15 157</b>	<b>100</b>	<b>16 897</b>	<b>100</b>	<b>32 276</b>	<b>100</b>	<b>29 588</b>	<b>100</b>

Source: Quantec, 2018

Saldanha Bay had by far the largest number and proportion of informal/traditional dwellings (6 243 households or 19.3 per cent); although Swartland at 2 473 had the second highest number of informal/traditional dwellings, Cederberg, with 12.3 per cent, had the second largest proportion. The high number of households without access to formal housing remains a risk and a serious concern.

The number of people with access to basic services (water, electricity, sanitation and refuse removal) is an indication of the level of human development within a municipal area. Figure 5.11 shows the number of households receiving water, electricity, sanitation and waste removal services in the WCD between 2014 and 2017. It can be seen that there has been an increase in the number of households receiving water, electricity, sanitation and refuse removal services between 2014 and 2017.

Although there were fluctuations in the number of households receiving free basic services over the 2014 to 2017 period, there has been an overall increase in the number of households receiving free basic water, sanitation and refuse removal services between 2014 and 2017, while the number of households receiving free basic electricity services has declined over this period.

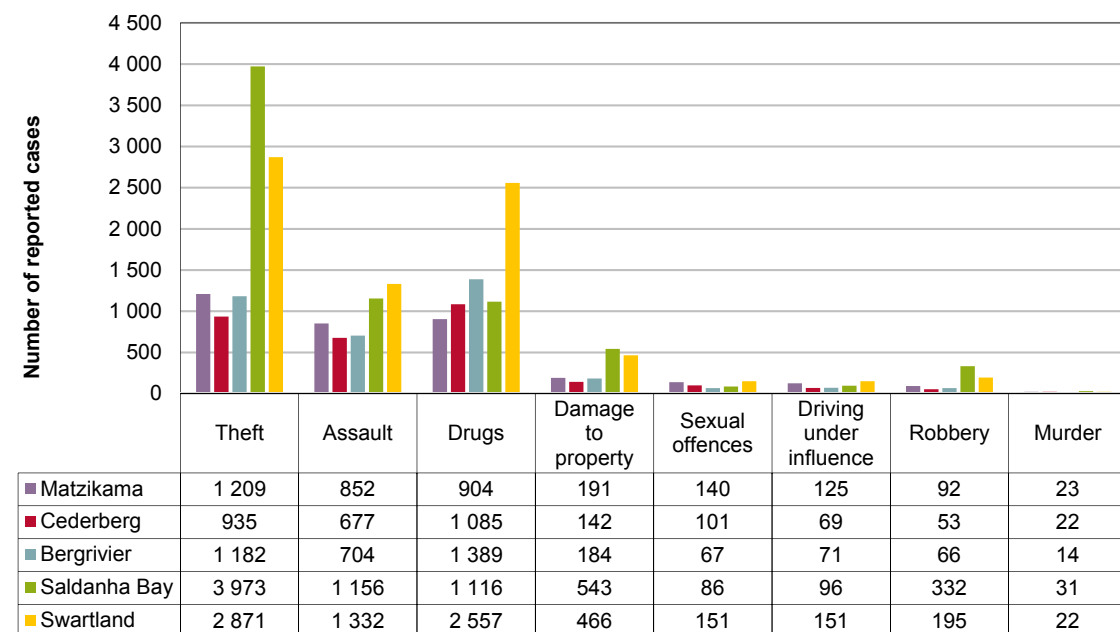
**Figure 5.11 Access to basic services in West Coast District, 2014 - 2017**

Source: Non-financial Census of Municipalities, Stats SA; Quantec 2018

### 5.3.4 Crime statistics within West Coast District

The 2017/18 crime statistics released by SAPS indicate that there were increases in 10 categories of crime in the WC. Truck hijacking increased the most (108.6 per cent), followed by murder (12.6 per cent). Nyanga township in the WC had the highest murder rate in the country, with 308 murders recorded in 2017/18, up from 281 murders in 2016/17. Attempted murder increased by 9.2 per cent, robbery at non-residential premises was up 8.9 per cent, while stock theft rose by 7.7 per cent and robbery at non-residential premises increased by 7.6 per cent. Of the 30 top Police stations by serious crimes recorded in the country, 9 are in the WC and include Delft, Milnerton, Bellville, Worcester, Kraaifontein, Mitchells Plain, Nyanga, Stellenbosch, and Cape Town Central.

Figure 5.12 shows trends in crime levels within the West Coast region for 2017, with drug-related crime, theft (including burglaries), assault and malicious damage to property among the leading crimes.

**Figure 5.12 Most serious recorded crimes by category in the West Coast District, 2017**

Source: SAPS; Quantec, 2018

Figure 5.12 shows that of the categories of crime as indicated, theft had the highest number of cases reported in 2017 in Saldanha Bay and Swartland, which includes burglaries at residential and non-residential premises, shoplifting and stock-theft. Swartland also had the highest number of cases of drug related crime (2 557), followed by Bergrivier (1 389), Saldanha Bay (1 116) and Cederberg (1 085). Cases involving assault were also significant across all municipal areas in the region, led by Swartland (1 332) and Saldanha Bay (1 156).

Other categories of crime that remain a concern in all municipal areas include malicious damage to property, sexual offences, driving under the influence of alcohol or drugs and robbery, which includes common robbery and robbery with aggravating circumstances. Saldanha Bay had the highest number of cases involving damage to property (543) and robbery (332), while Swartland had the highest number of cases in sexual offences (151) and driving under the influence (151). There are also still cases of murder reported across municipal areas in the region, which indicates that serious violent crime is also a concern that needs to be addressed across all municipal areas.

## 5.4 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 5.9 is a summary of recent changes in various socio-economic indicators in the WCD.

**Table 5.9 Changes in selected socio-economic indicators, West Coast District**

Indicator	West Coast District	Matzikama	Cederberg	Bergervier	Saldanha Bay	Swartland
Average annual population growth (2007 - 2017): Quantec	2.6%	2.2%	2.5%	2.2%	2.8%	3.2%
Average Annual GDP growth rate (2007 - 2017): Quantec	2.4%	1.9%	3.5%	2.7%	2.0%	2.5%
GDP per capita 2017: Quantec	R65 711	R57 924	R62 095	R61 102	R75 836	R64 954
Annual household income < R50 000 (2017): Urban-Econ	51.4%	55.3%	58.1%	49.0%	48.6%	49.9%
Gini coefficients (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase	Decrease
Human Development Index (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase	Decrease
Learner enrolment (2012 - 2017): WCED	Increase	Increase	Increase	Increase	Increase	Increase
Grade 12 Dropout rate (2016 - 2017): WCED	-	Decrease	Increase	Decrease	Increase	Decrease
Matric pass rate (2016 - 2017): WCED	-	Increase	Decrease	Decrease	Increase	Decrease
Informal/traditional dwellings (2017): Quantec/Urban-Econ	11.9%	10.6%	12.3%	4.8%	19.3%	8.4%
Access to basic services (2016 - 2017): Stats SA	Increase	Increase	Unchanged	Increase	Increase	Increase
Access to free basic services (2016 - 2017): Stats SA	Decrease	Increase	Decrease	Increase	Decrease	Decrease

Table 5.9 shows the positive or negative movement of selected social and economic indicators in municipalities within the WCD in the recent past. Indicators moving in positively could be a result of positive economic performance within the District and vice versa.

Positive socio-economic indicators in WCD include an increasing trend in human development; increasing learner enrolment and increasing access to basic services. Areas of concern in the District include, among others, the large proportion of low income earners, economic growth rate lower than population growth rate, translating into lower GDP per capita; increasing inequality in income distribution; high proportion of deaths caused by tuberculosis and HIV/AIDS, high proportion of injuries through violence, informal dwellings and increasing drug-related crime.



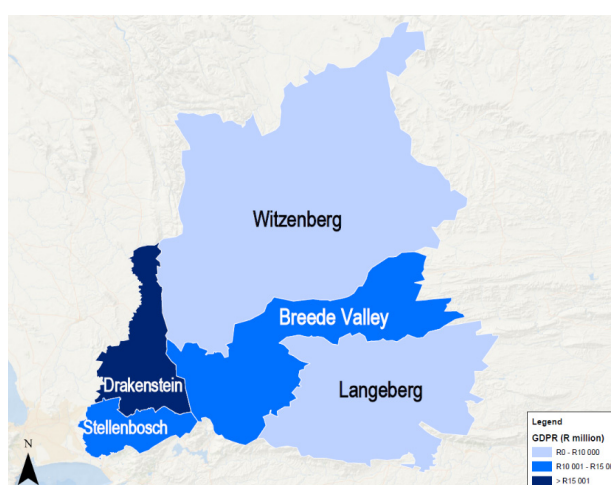
# Cape Winelands District

## 1

## Regional economic review and outlook

### 1.1 Introduction

The Cape Winelands District (CWD) is the heart of the provincial wine industry and includes 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 (Cape Winelands District Municipality, 2017).



This chapter provides a macroeconomic outlook of the CWD, an overview of trends between 2012 and 2017 (estimated) and an outlook regarding GDP for 2018 and 2019. Further indicators of economic activity in the CWD are also discussed in this section, which includes an analysis of the location quotient, a breakdown of the manufacturing subsectors, international trade, and the local business environment.

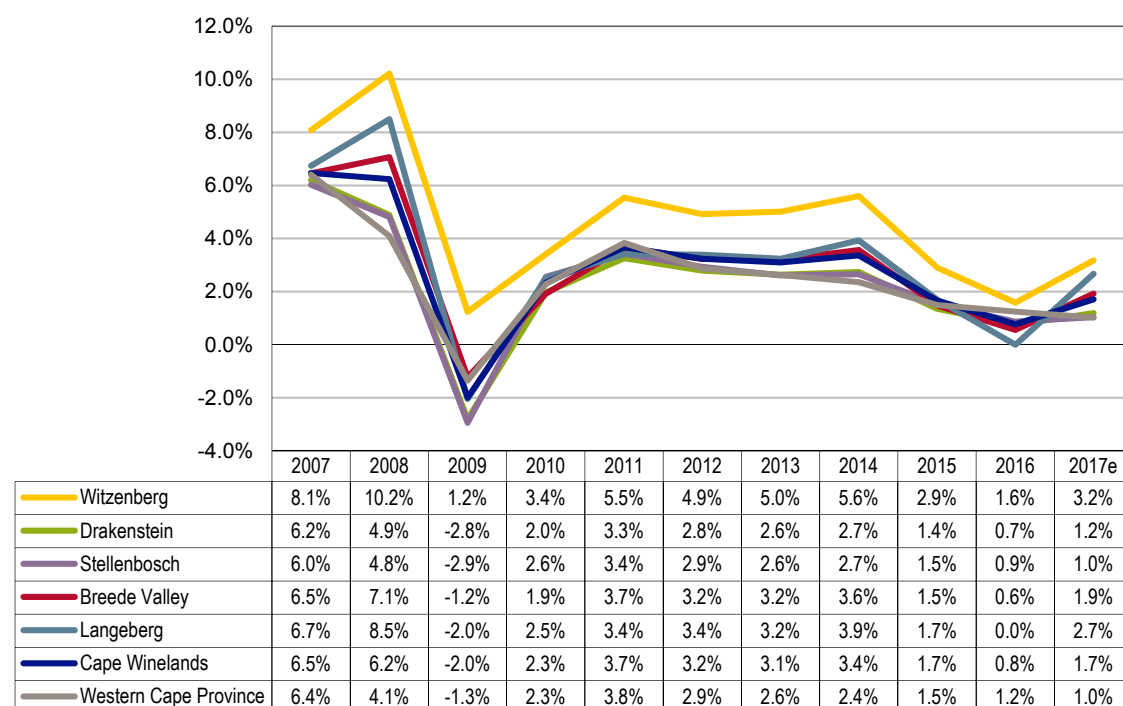
## 1.2 Growth in GDP performance

The period under review for MERO 2018 is between 2012 and 2016, together with an estimate for 2017<sup>1</sup>.

### 1.2.1 GDP performance per municipal area

Figure 1.1 indicates the GDP performance per CWD municipal area between 2007 and 2017.

**Figure 1.1 GDP growth per municipal area, 2007 - 2017**



Source: Quantec Research, 2018 (e denotes estimate)

Figure 1.1 indicates a slight economic recovery in 2017, mainly driven by growth in the agriculture, forestry and fishing sector. Despite the continuing provincial drought, production levels of the 2017 harvest remained mostly stable and the sector was boosted by a strong national sector growth driven by higher levels of production in the summer rainfall areas as the drought in these areas eased. Notably, the sector contracting in 2015 and 2016 resulted in a low base for growth.

<sup>1</sup> Statistics SA will only release official regional indicators for 2017 in 2019.

In 2017, the CWD economy grew by an estimated 1.7 per cent which is higher than the provincial growth of 1 per cent.

Table 1.1 indicates the average GDP contribution and growth rates in the various municipal areas in the CWD.

**Table 1.1 Cape Winelands District GDP contribution and average growth rates per municipal area, 2012 - 2017**

Municipality	R million value 2016	Contribution to GDP (%) 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Witzenberg	8 197.9	13.5	4.9	3.7	4.9	5.0	5.6	2.9	1.6	3.2
Drakenstein	19 896.8	32.9	2.4	1.7	2.8	2.6	2.7	1.4	0.7	1.2
Stellenbosch	14 561.2	24.0	2.5	1.7	2.9	2.6	2.7	1.5	0.9	1.0
Breede Valley	11 665.3	19.3	3.0	2.1	3.2	3.2	3.6	1.5	0.6	1.9
Langeberg	6 234.7	10.3	3.1	2.3	3.4	3.2	3.9	1.7	0.0	2.7
<b>Total Cape Winelands District</b>	<b>60 555.9</b>	<b>100</b>	<b>2.9</b>	<b>2.1</b>	<b>3.2</b>	<b>3.1</b>	<b>3.4</b>	<b>1.7</b>	<b>0.8</b>	<b>1.7</b>
Western Cape Province	529 927.7	-	2.6	1.8	2.9	2.6	2.4	1.5	1.2	1.0

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the CWD contributed R60.6 billion to the economy of the Western Cape, with the largest contributions made by the Drakenstein (R19.9 billion) and Stellenbosch (R14.6 billion) municipal areas. The economies of these two municipal areas grow at very similar rates, and it is estimated that between 2013 and 2017, the Drakenstein and Stellenbosch municipal areas' economies grew at an annual average rate of 1.7 per cent.

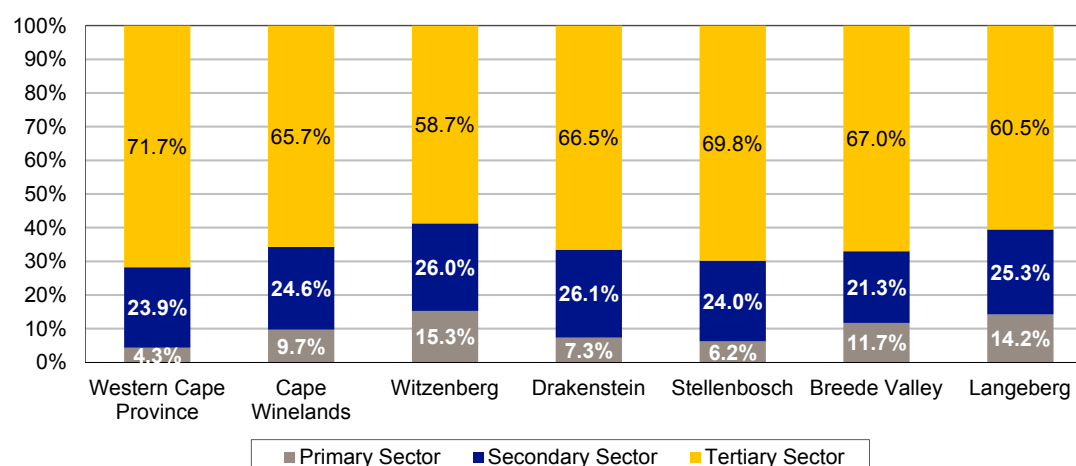
From Table 1.1 it is clear that the local economies were influenced by the volatile national economy, especially in 2015, 2016 and 2017. The economic growth in these three years has fluctuated sporadically and is still much lower than the average 10-year economic growth rates.

The municipal areas with the smallest economies, namely Witzenberg (R8.2 billion) and Langeberg (R6.2 billion), have experienced very volatile growth rates mainly due to growth coming from a small base. It is estimated that these two economies grew at 3.2 per cent and 2.7 per cent respectively in 2017.

## 1.2.2 GDP performance per sector

Figure 1.2 indicates the GDP contribution of the primary, secondary and tertiary sectors in the various municipal areas of the CWD. These broad classifications are groupings of sectors by their main activity in the economy<sup>2</sup>.

<sup>2</sup> Refer to Diagram 1 in Section A for a breakdown of the primary, secondary and tertiary sectors.

**Figure 1.2 GDP contribution per main sector, 2016**

Source: Quantec Research, 2018

Comparing Figure 1.2 with Table 1.2, it is evident that the smallest economies in the CWD, namely the Langeberg and Witzenberg municipal areas, have larger primary sectors relative to their economies and therefore also smaller tertiary sectors. The municipal areas that have a higher degree of urbanisation and therefore larger towns that serve as service centres for the broader areas, such as Drakenstein and Stellenbosch, have larger tertiary sectors, and larger economies.

The contribution of the secondary sector to the local economies of the CWD are all relatively in line with the District, and Provincial sector contributions. This sector forms an important component of any local economy, as it utilises inputs from the primary industry to generate new products and add additional value to raw material - thus creating an opportunity to attract new investment and create jobs. This sector is mainly driven by the manufacturing sector.

Table 1.2 indicates the sectors that contributed the most to the CWD economy in 2016.

**Table 1.2 Cape Winelands District GDP contribution per sector, 2016 (%)**

Sector	Cape Winelands	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg
<b>Primary Sector</b>	<b>9.7</b>	<b>15.3</b>	<b>7.3</b>	<b>6.2</b>	<b>11.7</b>	<b>14.2</b>
Agriculture, forestry and fishing	9.5	15.2	7.0	6.0	11.5	14.1
Mining and quarrying	0.2	0.0	0.3	0.2	0.2	0.2
<b>Secondary Sector</b>	<b>24.6</b>	<b>26.0</b>	<b>26.1</b>	<b>24.0</b>	<b>21.3</b>	<b>25.3</b>
Manufacturing	15.7	14.1	15.8	17.1	13.5	18.0
Electricity, gas and water	2.3	3.5	2.6	1.4	2.0	1.9
Construction	6.6	8.5	7.7	5.4	5.8	5.4
<b>Tertiary Sector</b>	<b>65.7</b>	<b>58.7</b>	<b>66.5</b>	<b>69.8</b>	<b>67.0</b>	<b>60.5</b>
Wholesale and retail trade, catering and accommodation	18.4	17.4	17.6	20.0	18.2	18.7
Transport, storage and communication	9.5	7.1	8.7	10.7	10.6	10.4
Finance, insurance, real estate and business services	19.9	15.9	21.2	21.6	20.2	16.9
General government	10.5	11.3	10.8	10.7	10.1	8.1
Community, social and personal services	7.5	7.0	8.2	6.7	7.9	6.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

In 2016, the main economic sectors in the CWD included the following:

- Finance, insurance, real estate and business services sector (19.9 per cent)
- Wholesale and retail trade, catering and accommodation sector (18.4 per cent)
- Manufacturing sector (15.7 per cent)

These sectors are highly dependent on the strength and stability of the national economy, which influences investment in these sectors, as well as the local agriculture, forestry and fishing sector that provides inputs for agro-processing.

Table 1.3 indicates the municipal GDPR contribution to each economic sector, providing a spatial aspect to economic activity in the CWD.

**Table 1.3 Municipal GDPR contribution to District sectors, 2016 (%)**

Sector	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Total
<b>Primary Sector</b>	<b>21.3</b>	<b>24.8</b>	<b>15.5</b>	<b>23.3</b>	<b>15.1</b>	<b>100</b>
Agriculture, forestry and fishing	21.7	24.4	15.3	23.3	15.2	100
Mining and quarrying	1.9	46.0	23.0	20.8	8.3	100
<b>Secondary Sector</b>	<b>14.3</b>	<b>34.9</b>	<b>23.5</b>	<b>16.7</b>	<b>10.6</b>	<b>100</b>
Manufacturing	12.1	33.1	26.3	16.6	11.8	100
Electricity, gas and water	20.8	38.4	15.3	17.0	8.6	100
Construction	17.3	38.0	19.6	16.8	8.3	100
<b>Tertiary Sector</b>	<b>12.1</b>	<b>33.3</b>	<b>25.5</b>	<b>19.6</b>	<b>9.5</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	12.8	31.4	26.2	19.0	10.5	100
Transport, storage and communication	10.1	30.0	27.2	21.4	11.2	100
Finance, insurance, real estate and business services	10.8	35.0	26.0	19.5	8.7	100
General government	14.7	34.0	24.7	18.7	8.0	100
Community, social and personal services	12.7	36.3	21.6	20.4	8.9	100
<b>Total</b>	<b>13.5</b>	<b>32.9</b>	<b>24.0</b>	<b>19.3</b>	<b>10.3</b>	<b>100</b>

Source: Quantec Research, 2018

The Drakenstein municipal area dominates the CWD economy since 24.8 per cent of primary sector activities, 34.9 per cent of secondary sector activities, and 33.3 per cent of tertiary sector activities in the District originate from this municipal area.

In terms of primary sector activities, the Breede Valley, Drakenstein and Witzenberg municipal areas contribute the most to the agriculture, forestry and fishing sector in the CWD while the Drakenstein municipal area makes the largest contribution to the District's mining and quarrying sector (46 per cent).

Table 1.4 indicates the CWD's GDPR performance per sector between 2012 and 2017.

**Table 1.4 Cape Winelands District GDPR performance per sector, 2012 - 2017**

Sector	R million value 2016	Trend		Real GDPR growth (%)					
		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>5 871.5</b>	<b>1.8</b>	<b>0.5</b>	<b>1.3</b>	<b>2.2</b>	<b>7.6</b>	<b>-3.5</b>	<b>-9.5</b>	<b>5.9</b>
Agriculture, forestry and fishing	5 749.7	1.8	0.5	1.3	2.2	7.6	-3.6	-9.7	5.8
Mining and quarrying	121.8	0.4	3.2	1.3	3.1	7.1	-0.3	-1.2	7.5
<b>Secondary Sector</b>	<b>14 888.3</b>	<b>0.7</b>	<b>0.5</b>	<b>1.4</b>	<b>0.9</b>	<b>1.0</b>	<b>0.6</b>	<b>0.1</b>	<b>-0.3</b>
Manufacturing	9 498.8	-0.6	-0.6	0.3	0.9	0.4	-0.3	-0.5	-0.9
Electricity, gas and water	1 364.5	0.8	-0.2	1.9	1.0	0.4	-1.4	-2.4	1.1
Construction	4 025.0	6.6	4.3	5.3	7.4	5.9	4.1	3.0	1.3
<b>Tertiary Sector</b>	<b>39 796.1</b>	<b>4.0</b>	<b>3.0</b>	<b>4.2</b>	<b>4.0</b>	<b>3.5</b>	<b>2.9</b>	<b>2.6</b>	<b>1.8</b>
Wholesale and retail trade, catering and accommodation	11 117.6	4.0	2.7	5.3	3.7	3.0	3.3	3.2	0.4
Transport, storage and communication	5 752.4	3.4	2.8	3.4	3.8	4.5	1.4	1.5	2.8
Finance, insurance, real estate and business services	12 079.5	4.9	3.9	4.7	4.4	4.1	4.4	3.5	3.2
General government	6 328.7	3.0	1.6	2.8	3.9	3.0	0.7	0.8	-0.2
Community, social and personal services	4 517.8	3.0	2.5	3.6	4.2	2.3	1.9	2.1	1.9
<b>Total Cape Winelands District</b>	<b>60 555.9</b>	<b>2.9</b>	<b>2.1</b>	<b>3.2</b>	<b>3.1</b>	<b>3.4</b>	<b>1.7</b>	<b>0.8</b>	<b>1.7</b>

Source: Quantec Research, 2018 (e denotes estimate)

The estimated economic growth of 1.7 per cent in the CWD in 2017 was largely influenced by the 5.8 per cent growth in the agriculture, forestry and fishing sector. This growth is mainly as a result of good national sector growth, and growth originating from a low base due to the sector contracting in 2015 and 2016.

The largest economic sectors in the District have experienced continued declining growth, mainly as a result of a volatile national economy in 2017. The manufacturing sector continued to contract, while the wholesale and retail trade, catering and accommodation sector grew by only 0.4 per cent and the finance, insurance, real estate and business services sector grew at 3.2 per cent. This is slightly slower than what was experienced in 2016. Another sector that contracted was the general government sector, which is estimated to have contracted by 0.2 per cent in 2017.

### 1.2.3 GDPR performance per sector forecast (outlook)

Due to the fast pace at which the global economies, as well as the SA economy, are changing, only a two-year forecast was done. Table 1.5 indicates the GDPR forecast per sector for 2018 and 2019 in the CWD.

**Table 1.5 GDP forecast per sector, 2018 - 2019 (%)<sup>3</sup>**

Sector	2017e	2018f	2019f
Primary Sector			
Agriculture, forestry and fishing	5.8	-25.7	18.3
Mining and quarrying	7.5	-3.0	2.4
Secondary Sector			
Manufacturing	-0.9	-2.4	1.9
Electricity, gas and water	1.1	3.2	2.4
Construction	1.3	3.8	4.1
Tertiary Sector			
Wholesale and retail trade, catering and accommodation	0.4	2.8	2.6
Transport, storage and communication	2.8	3.4	3.4
Finance, insurance, real estate and business services	3.2	4.2	3.8
General government	-0.2	-0.1	0.6
Community, social and personal services	1.9	3.0	3.2
<b>Total</b>	<b>1.7</b>	<b>-0.6</b>	<b>4.0</b>

Source: *Urban-Econ, 2018 (e denotes estimate; f denotes forecast)*

It is forecasted that the CWD economy will contract by 0.6 per cent in 2018 before growing by 4 per cent in 2019. The economic contraction forecasted for 2018 is due to the agriculture, forestry and fishing sector shrinking by 25.7 per cent. It is expected that the sector will be severely influenced by the water restrictions imposed in 2017 which will lead to a reduction in output in 2018. The decline in output from the agriculture, forestry and fishing sector will also have an influence on the manufacturing sector. It is forecasted that this sector will contract by 2.4 per cent in 2018.

The tertiary sectors will, however, grow faster in 2018 compared to 2017, except for the general government sector, which is forecasted to contract by a further 0.1 per cent in 2018.

The recovering agriculture, forestry and fishing, mining and quarrying, and manufacturing sectors in 2019 will boost the GDP growth in 2019.

<sup>3</sup> Based on provincial forecasts done in July 2018 - Bureau for Economic Research.

## 1.3 Growth in employment trends

### 1.3.1 Employment per municipal area

Table 1.6 indicates the trend in employment growth in each municipal area in the CWD. The Drakenstein municipal area provides the most employment opportunities in the CWD, contributing 28.6 per cent to employment in 2016.

**Table 1.6 Cape Winelands District employment growth, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Witzenberg	16.1	60 633	6 588	11 803	2 471	2 815	886	6 082	723	1 297
Drakenstein	28.6	107 760	10 271	14 151	2 865	3 500	1 346	6 755	449	2 101
Stellenbosch	19.9	74 877	7 801	9 251	1 738	2 504	1 001	4 167	-171	1 750
Breede Valley	21.8	81 940	4 691	11 791	2 240	3 018	610	6 758	-309	1 714
Langeberg	13.6	51 171	2 877	7 958	1 363	2 274	372	4 638	-929	1 603
<b>Total Cape Winelands District</b>	<b>100</b>	<b>376 381</b>	<b>32 228</b>	<b>54 954</b>	<b>10 677</b>	<b>14 111</b>	<b>4 215</b>	<b>28 400</b>	<b>-237</b>	<b>8 465</b>
Western Cape Province	-	2 460 960	289 207	272 208	55 379	69 794	38 527	105 507	8 279	50 101

Source: Quantec Research, 2018 (e denotes estimate)

Employment creation in the CWD improved in 2017 compared to 2016. It is estimated that employment creation occurred in all local municipalities, with the highest change in employment estimated for the Drakenstein municipal area (2 101 jobs). The estimated positive change in employment in 2017 is a positive sign as the CWD had job losses in 2016, specifically in the Stellenbosch, Breede Valley and Langeberg municipal areas.

### 1.3.2 Employment per sector

Table 1.7 indicates the sectoral contribution to employment in each of the municipal areas of the CWD.



**Table 1.7 Sectoral employment contribution per municipal area, 2016 (%)**

Sector	Cape Winelands	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg
<b>Primary Sector</b>	<b>22.7</b>	<b>32.2</b>	<b>17.8</b>	<b>14.8</b>	<b>25.7</b>	<b>28.1</b>
Agriculture, forestry and fishing	22.6	32.2	17.8	14.7	25.7	28.1
Mining and quarrying	0.0	0.0	0.1	0.0	0.0	0.0
<b>Secondary Sector</b>	<b>14.2</b>	<b>12.9</b>	<b>15.6</b>	<b>15.7</b>	<b>12.2</b>	<b>13.6</b>
Manufacturing	8.2	6.1	8.6	10.3	7.1	8.7
Electricity, gas and water	0.3	0.4	0.3	0.2	0.2	0.2
Construction	5.7	6.5	6.7	5.1	4.9	4.7
<b>Tertiary Sector</b>	<b>63.2</b>	<b>54.9</b>	<b>66.5</b>	<b>69.5</b>	<b>62.1</b>	<b>58.2</b>
Wholesale and retail trade, catering and accommodation	21.2	18.6	20.8	24.4	20.0	22.2
Transport, storage and communication	3.4	2.4	3.2	4.1	3.6	3.7
Finance, insurance, real estate and business services	14.5	10.1	15.6	16.7	15.3	12.6
General government	9.8	10.9	11.3	10.3	8.6	6.4
Community, social and personal services	14.4	13.0	15.6	14.0	14.7	13.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The sectors that contributed the most to employment in the CWD include:

- Agriculture, forestry and fishing sector (22.6 per cent)
- Wholesale and retail trade, catering and accommodation sector (21.2 per cent)
- Finance, insurance, real estate and business service sector (14.5 per cent)
- Community, social and personal services (14.4 per cent)

Even though the manufacturing sector contributes significantly to the GDP of the CWD (15.7 per cent), its employment contribution is relatively small. In contrast, the agriculture, forestry and fishing sector is the main employer, but its economic contribution is relatively small (9.5 per cent), highlighting the linkages between these sectors and the importance of agro-processing. Large-scale employment provided by the agriculture, forestry and fishing sector also has significant implications for the socio-economic development of the District.

Table 1.8 illustrates the municipal contribution to sectoral employment in the CWD indicating the main areas for sectoral employment creation.

**Table 1.8 Municipal employment contribution to District sectors, 2016 (%)**

<b>Sector</b>	<b>Witzenberg</b>	<b>Drakenstein</b>	<b>Stellenbosch</b>	<b>Breede Valley</b>	<b>Langeberg</b>	<b>Total</b>
<b>Primary Sector</b>	<b>22.9</b>	<b>22.6</b>	<b>13.0</b>	<b>24.7</b>	<b>16.9</b>	<b>100</b>
Agriculture, forestry and fishing	22.9	22.5	13.0	24.7	16.9	100
Mining and quarrying	3.3	47.8	17.6	20.9	10.4	100
<b>Secondary Sector</b>	<b>14.6</b>	<b>31.6</b>	<b>22.0</b>	<b>18.8</b>	<b>13.1</b>	<b>100</b>
Manufacturing	11.9	29.9	25.0	18.8	14.4	100
Electricity, gas and water	21.7	34.6	15.2	18.1	10.4	100
Construction	18.3	33.8	17.9	18.8	11.2	100
<b>Tertiary Sector</b>	<b>14.0</b>	<b>30.2</b>	<b>21.9</b>	<b>21.4</b>	<b>12.5</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	14.2	28.1	22.9	20.5	14.2	100
Transport, storage and communication	11.2	27.2	24.1	22.8	14.6	100
Finance, insurance, real estate and business services	11.2	30.9	23.0	23.1	11.8	100
General government	17.9	33.0	21.0	19.1	9.0	100
Community, social and personal services	14.6	31.1	19.4	22.2	12.7	100
<b>Total</b>	<b>16.1</b>	<b>28.6</b>	<b>19.9</b>	<b>21.8</b>	<b>13.6</b>	<b>100</b>

Source: Quantec Research, 2018

The 2016 sectoral employment distribution is similar to that of the economic distribution (Table 1.3). The majority of labour per sector is distributed amongst the Drakenstein, Stellenbosch and Breede Valley municipal areas. However, the Witzenberg municipal area provides employment for 22.9 per cent of agriculture, forestry and fishing sector workers and 21.7 per cent of electricity, gas and water sector workers in the CWD.

Table 1.9 indicates the trend in employment growth in each economic sector in the CWD.

**Table 1.9 Cape Winelands District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>22.7</b>	<b>85 278</b>	<b>-44 948</b>	<b>10 707</b>	<b>3 258</b>	<b>4 269</b>	<b>-4 960</b>	<b>17 874</b>	<b>-4 171</b>	<b>-2 305</b>
Agriculture, forestry and fishing	22.6	85 096	-44 941	10 695	3 254	4 269	-4 962	17 865	-4 169	-2 308
Mining and quarrying	0.0	182	-7	12	4	-	2	9	-2	3
<b>Secondary Sector</b>	<b>14.2</b>	<b>53 379</b>	<b>3 793</b>	<b>5 779</b>	<b>782</b>	<b>1 588</b>	<b>1 347</b>	<b>964</b>	<b>1 028</b>	<b>852</b>
Manufacturing	8.2	30 965	-2 946	1 169	-771	774	-11	427	-441	420
Electricity, gas and water	0.3	1 018	353	163	22	16	38	37	41	31
Construction	5.7	21 396	6 386	4 447	1 531	798	1 320	500	1 428	401
<b>Tertiary Sector</b>	<b>63.2</b>	<b>237 724</b>	<b>73 383</b>	<b>38 468</b>	<b>6 637</b>	<b>8 254</b>	<b>7 828</b>	<b>9 562</b>	<b>2 906</b>	<b>9 918</b>
Wholesale and retail trade, catering and accommodation	21.2	79 700	24 553	15 663	2 578	2 516	2 070	4 266	1 465	5 346
Transport, storage and communication	3.4	12 791	5 154	2 078	882	795	268	970	-641	686
Finance, insurance, real estate and business services	14.5	54 463	19 708	10 201	1 619	2 214	2 084	2 772	1 197	1 934
General government	9.8	36 736	9 275	852	689	-171	1 936	-564	733	-1 082
Community, social and personal services	14.4	54 034	14 693	9 674	869	2 900	1 470	2 118	152	3 034
<b>Total Cape Winelands District</b>	<b>100</b>	<b>376 381</b>	<b>32 228</b>	<b>54 954</b>	<b>10 677</b>	<b>14 111</b>	<b>4 215</b>	<b>28 400</b>	<b>-237</b>	<b>8 465</b>

Source: Quantec Research, 2018 (e denotes estimate)

The CWD provided employment opportunities for 376 381 people in 2016, with the majority of workers employed in the agriculture, forestry and fishing sector (85 096) and the wholesale and retail trade, catering and accommodation sector (79 700).

The estimated change in employment for 2017 is positive with 8 465 new employment opportunities, the majority of which stem from the tertiary sectors, particularly the wholesale and retail trade, catering and accommodation sector (5 346) and the community, social and personal services sector (3 034). The sectors that shed jobs include the government services sector (1 082) and the agriculture, forestry and fishing sector (2 308).

Table 1.10 outlines the official unemployment rate for each of the municipal areas in the CWD.

**Table 1.10 Cape Winelands District unemployment rate, 2012 - 2017 (%)**

Municipality	2012	2013	2014	2015	2016	2017e
Witzenberg	6.4	6.1	6.5	5.6	6.3	6.7
Drakenstein	12.7	12.4	13.0	12.2	13.4	14.1
Stellenbosch	9.5	9.3	9.8	9.3	10.4	11.0
Breede Valley	9.9	9.6	10.1	9.2	10.2	10.7
Langeberg	6.4	6.2	6.6	5.9	6.8	7.1
<b>Cape Winelands District</b>	<b>9.7</b>	<b>9.4</b>	<b>9.9</b>	<b>9.1</b>	<b>10.1</b>	<b>10.7</b>
Western Cape Province	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2018 (e denotes estimate)

The estimated unemployment rate increased in the CWD from 10.1 per cent in 2016 to 10.7 per cent in 2017. In general, there is a steady rise in the unemployment rate, with fluctuations of this upward trend in 2013 and 2015, when unemployment slightly declined. The municipal areas with the highest unemployment rate include the Drakenstein (14.1 per cent), Stellenbosch (11 per cent) and Breede Valley (10.7 per cent) municipal areas. This highlights that larger economies tend to attract people who are looking for work, adding pressure on local municipalities for services and housing. With the employment losses in the agriculture, forestry and fishing sector, further migration to towns can be expected.

## 1.4 Local and international trade dynamics

### 1.4.1 Location quotient

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 importing, self-sufficient or exporting goods and services from a particular sector. Table 1.11 provides the classification and interpretation of the location quotient.

**Table 1.11 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, 2018

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.

Table 1.12 outlines the sectoral location quotient for the CWD.

**Table 1.12 Location quotient in terms of GDP and employment, Cape Winelands District, 2016**

Sector	In terms of GDP	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, 2018

The majority of the sectors in the CWD have a medium comparative advantage, indicating that these sectors in the CWD are meeting most local needs but imports and exports in the sectors most likely also occur. The only sector that has a high location quotient in terms of GDP and employment is the agriculture, forestry and fishing sector, highlighting the importance of this sector to the local economy. The recent job losses in this sector and the drought conditions experienced in 2017, will have a negative impact on the 2018 harvest, and, therefore, have a negative impact on the local economy of the CWD. It is estimated that on a provincial level, production will decline by 20.4 per cent as a result of the drought (Pienaar & Boonzaier, 2018). This will have a significant impact on local economies that are heavily reliant on the agriculture, forestry and fishing sector, such as the CWD.

## 1.4.2 Manufacturing subsectors

Table 1.13 indicates the economic contribution of the manufacturing subsectors to the manufacturing main sector in the CWD.

**Table 1.13 Cape Winelands District manufacturing subsector GDPR contribution, 2016 (%)**

Subsector	Cape Winelands					
	District	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg
Food, beverages and tobacco	42.9	48.8	42.9	40.0	38.0	50.3
Textiles, clothing and leather goods	4.0	3.1	3.3	5.0	4.4	3.8
Wood, paper, publishing and printing	11.6	10.8	12.1	12.8	11.8	8.2
Petroleum products, chemicals, rubber and plastic	13.4	16.0	11.7	13.3	15.2	13.0
Other non-metal mineral products	2.6	2.7	2.9	2.5	2.6	1.8
Metals, metal products, machinery and equipment	10.4	6.6	11.1	10.3	12.6	9.5
Electrical machinery and apparatus	0.8	0.2	1.2	1.1	0.4	0.2
Radio, TV, instruments, watches and clocks	1.0	0.4	1.0	1.4	1.0	0.6
Transport equipment	5.0	2.6	5.3	6.0	6.0	3.5
Furniture and other manufacturing	8.3	8.7	8.5	7.5	8.1	9.1

Source: Quantec Research, 2018

The manufacturing of food, beverages and tobacco is the main manufacturing subsector in the CWD and its local municipal areas. This subsector contributes 42.9 per cent to manufacturing activities in the CWD. Some other manufacturing activities also occur in the CWD, including the manufacturing of:

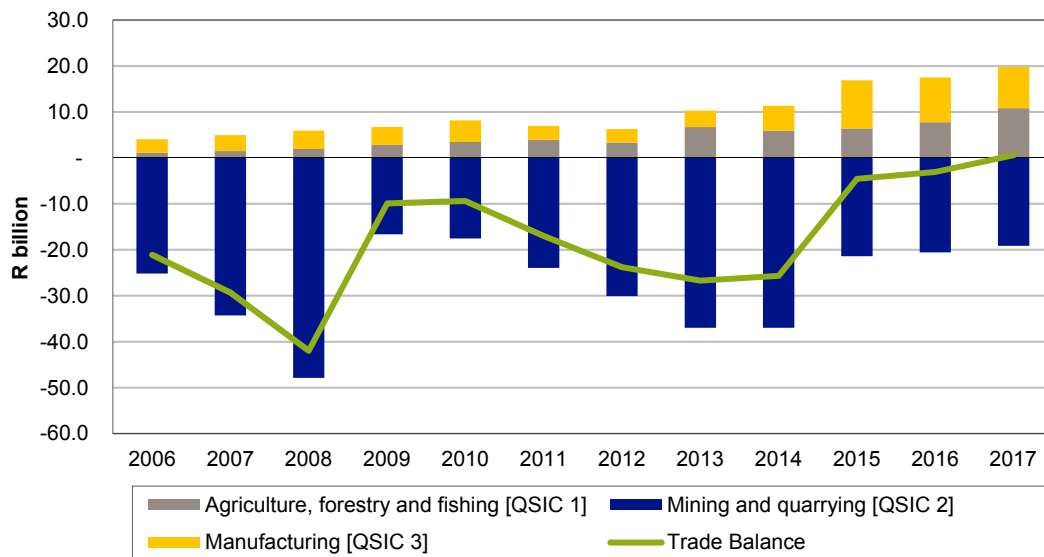
- Petroleum products, chemicals, rubber and plastic (13.4 per cent)
- Wood, paper, publishing and printing (11.6 per cent)
- Metals, metal products, machinery and equipment (10.4 per cent)

In the Witzenberg and Langeberg municipal areas, the food, beverages and tobacco manufacturing subsector contributed 48.8 per cent and 50.3 per cent respectively to overall manufacturing activities in 2016 which emphasises the importance of the agriculture, forestry and fishing sector in these areas.

### 1.4.3 International trade

Figure 1.3 indicates the CWD trade balance between 2006 and 2017. The CWD is a net exporter of products from the agriculture, forestry and fishing sector as well as the manufacturing sector, and a net importer of products from the mining and quarrying sector. The mining sector contributes fairly little to the economy of the CWD due to lack of local resources and the importance of agricultural land.

**Figure 1.3 Cape Winelands District trade balance, 2006 - 2017**



Source: Quantec Research, 2018

The CWD had a positive trade balance in 2017, mainly as a result of increased net exports from the agriculture, forestry and fishing sector. The CWD exports large volumes of wine and fruit, particularly citrus, grapes, apples and pears.

Exports can play a valuable role in local economies in terms of job creation and attracting new investment. From the private sector's perspective in the CWD, exports can be stimulated by reducing red tape and improving transport systems and networks which will reduce the cost of shipping, especially from rural farming communities (Urban-Econ 2018 business survey).

Other interventions to improve exports from the CWD include improved relations and cooperation between the different spheres of government departments and agencies such as Wesgro and the private sector, improving market access for small businesses as well as marketing the products of the region.

Table 1.14 outlines the top ten exported products from the CWD.

**Table 1.14 Top 10 exports products, 2017**

Product	R billion value
1 Wine	6.01
2 Citrus fruit	4.01
3 Grapes	3.51
4 Apples, pears, and quinces	2.81
5 Fruit, nuts and other edible parts of plants	1.81
6 Fruit juices	1.61
7 Undenatured ethyl alcohol	0.95
8 Apricots, cherries, peaches	0.94
9 Other fruit, fresh	0.71
10 Other fermented beverages	0.57

Source: Wesgro, 2018

In 2017, the top ten exports from the CWD were valued at R28.9 billion. The main exports from the CWD are all products from the agriculture, forestry and fishing sector or from the agro-processing industry. The forecasted decline in the agriculture industry in 2018 will also have a significant impact on the exports from the CWD.

Table 1.15 outlines the top ten export partners for products from the CWD.

**Table 1.15 Top 10 export partners, 2017**

Country	R billion value
1 United Kingdom	3.84
2 Netherlands	3.49
3 Namibia	2.14
4 Germany	1.67
5 Botswana	1.23
6 United States	1.23
7 United Arab Emirates	1.09
8 Canada	1.07
9 China	1.04
10 Russian Federation	0.91

Source: Wesgro, 2018

The three main exports destinations from the CWD are the United Kingdom (R3.8 billion), the Netherlands (R3.49 billion) and Namibia (R2.1 billion). The top products exported to these markets include (Wesgro, 2018):

- United Kingdom – wine of fresh grapes (R798 million); grapes (R574 million); apricots, cherries, peaches, plums and sloes, fresh (R382 million); citrus fruits (R375 million) and other fruits (R334 million).
- Netherlands – grapes (R1.2 billion); citrus fruit (R683 million); wine of fresh grapes (R589 million); apricots, cherries, peaches, plums and sloes, fresh (R310 million) and apples, pears and quinces (R287 million).



- Namibia – wine of fresh grapes (R427 million); fruit juices (R228 million); undenatured ethyl alcohol (R215 million); other fermented beverages (R149 million); sauces and preparations thereof (R101 million).

#### 1.4.4 Local businesses

This section provides an overview of the local business environment in the CWD. Information for this subsection is collated from various sources including the Provincial Treasury Municipal survey responses, information received from local business chambers and associations, as well as the Small Enterprise Development Agency (SEDA). Local businesses, particularly SMMEs are the driving force in an economy and their growth will create new employment opportunities in an area.

One of the essential factors for stimulating the establishment of new enterprises in a local area is to create an enabling environment and ensure the ease of doing business. Table 1.16 indicates the time of approval for business licences, land rezoning and building plan approvals for municipalities in the CWD based on the Provincial Treasury Municipal survey responses.

**Table 1.16 Business processes, 2018**

Process	Witzenberg	Drakenstein	Stellenbosch	Langeberg
Business licences	5 business days	20 - 25 business days	1 business day	21 business days
Rezoning of land	7 months	8 - 12 months	4 months	3 - 9 months
Building plan approvals	30 days	21 days	30 days	30 - 60 days

Source: Provincial Treasury Municipal Survey, 2018

The municipalities of the CWD are all similarly aligned in terms of business processes, however, the approval of business licenses varies greatly between the different municipalities. Local business chambers have commented positively on the turnaround for building plan approvals, especially where electronic systems are being used. However, the time-consuming and costly process of land rezoning is a challenge for local developers in some areas. Other factors that contribute to a favourable business environment include the infrastructure capacity of business and industrial areas, service charges and the relationship between the private and public sectors.

Formal business chambers in the CWD have good working relationships with their respective municipalities and there is regular interaction between them. There are, however, local constraints in some areas which include high water and electricity tariffs that mostly impact the manufacturing sector, the lack of available land for development as well as electrical and landfill capacity constraints in some areas.

SMMEs, who play a vital role in the local economy, sometimes require additional support in order to become sustainable and make a continuous contribution to the economy and employment creation. SEDA plays a vital role in providing support for SMMEs in the CWD. Local municipalities also utilise SMMEs for construction, services and goods procurement and realise the importance of these businesses for local economies and thus, also have a range of services to provide support.

Table 1.17 below outlines the number of SMMEs that are registered on the CWD and municipal databases as per the Provincial Treasury Municipal survey responses.

**Table 1.17 SMMEs registered on municipal databases, 2018**

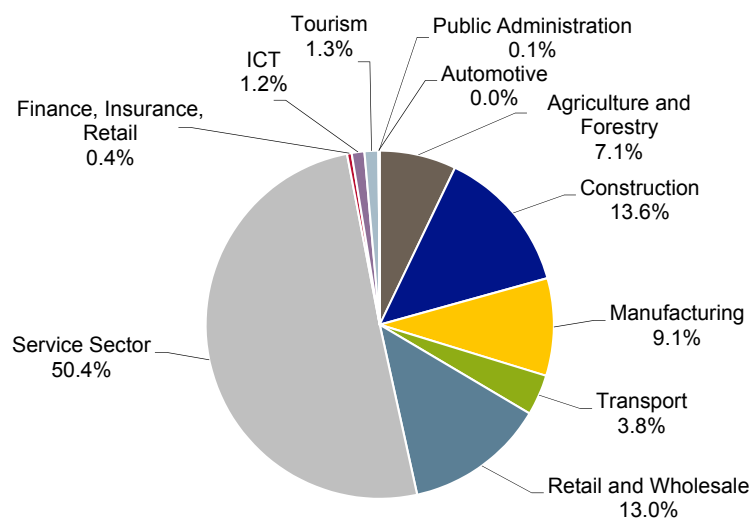
Municipality	Number
Cape Winelands District	1 742
Witzenberg	± 120
Drakenstein	2 500
Stellenbosch	1 005 (local) and 1 427 (non-local)
Langeberg	123

Source: Provincial Treasury Municipal survey, 2018

The Drakenstein and Stellenbosch municipal areas have the most SMMEs registered on their databases. These two municipalities have the largest economies in the CWD with more opportunities for small enterprises. The two smallest local economies, Witzenberg and Langeberg municipal areas, only have 120 and 123 SMMEs registered on their databases respectively. The Cape Winelands District Municipality also has an extensive database of 1 742 SMMEs.

Figure 1.4 below indicates the activities of the SMMEs that are supported by SEDA in the CWD.

**Figure 1.4 SMMEs supported by SEDA - business categories, 2018**



Source: SEDA, 2018

The majority of SMMEs in the CWD that are supported by SEDA are in the services sector (50.4 per cent), followed by the construction sector (13.6 per cent), the retail and wholesale trade sector (13 per cent) and the manufacturing sector (9.1 per cent). These sectors are also the main contributors to the economy of the CWD, excluding the construction sector.

SMMEs in the CWD require the most support in the following areas (Provincial Treasury Municipal survey, 2018):

- Access to funding and working capital

- Affordable space and equipment
- Planning for and managing competitors and rising input costs
- Access to markets
- Red tape
- Skills development, particularly business management

Support programmes in the CWD for SMMEs (besides SEDA) include the Cape Winelands Entrepreneurial Seed Fund and Mentorship Programme, the Cape Winelands Business Retention and Expansion Programme aimed at businesses in the tourism industry as well as outreach programmes and support offered by local municipalities. The successful implementation of these programmes will capacitate SMMEs to grow and create job opportunities thereby contributing to the economic growth of the CWD.

Other local programmes that capacitate individuals that can have a positive impact on the District's economy are the CWD Experiential and Internship Training Programme and the Small Farmer Support Programme.

## 1.5 Concluding remarks

In 2016, the CWD economy had a GDP of R60.6 billion and provided employment for 376 381 people. The CWD economy had an estimated growth rate of 1.7 per cent in 2017, which was slightly higher than the estimated provincial growth rate of 1 per cent. The higher estimated growth rate of 2017 compared to that of 2016 (0.8 per cent) is mainly as a result of a recovering agriculture, forestry and fishing sector which grew for the first time since contracting in 2015 and 2016, despite the drought.

The sectors that contributed the most to the economy of the CWD in 2016 include the finance, insurance, real estate and business services sector (19.9 per cent); the wholesale and retail trade, catering and accommodation sector (18.4 per cent); and the manufacturing sector (15.7 per cent). The manufacturing sector in the CWD is highly dependent on the agriculture, forestry and fishing sector since the food, beverages and tobacco subsector contributed 42.9 per cent to the overall GDP of the CWD manufacturing sector in 2016.

The main economic sectors in the CWD have experienced a continual decline in growth with the manufacturing sector contracting over the last five years at an average annual rate of 0.6 per cent. This decline in growth and contraction of the main economic sectors indicates that there is a need for intervention on a local level in the main sectors that will attract new investment, thereby stimulating the local economy. However, the regional economy is influenced and dependent on the national economy. Economic volatility will have an impact on local households and businesses, which can explain the declining growth in the main sectors as a result of the technical recession in 2017.

It is forecasted that in 2018, the CWD economy will contract by 0.6 per cent. This contraction is a result of the forecasted 25.7 per cent contraction of the agriculture, forestry and fishing sector. The severe loss of output from the agriculture and forestry sector in 2018 can be attributed to the water restrictions imposed in 2017 and the continued drought.

In the CWD, the agriculture, forestry and fishing sector contributed the most to employment in 2016 (22.6 per cent), particularly in municipal areas that are more rural such as Witzenberg and Langeberg. Despite this sector growing in 2017 at an estimated rate of 5.8 per cent, this sector shed an estimated 2 308 jobs in 2017. This follows the sector also shedding jobs in 2016. Since this sector is a valuable source of employment, particularly in rural areas, the continued job losses in the CWD can contribute to the increase in poverty and the need for support from government institutions.

# 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 2012 to 2017 for GDP, employment and skills 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. Some agro-processing also occurs (Witzenberg Municipality, 2017).

The Witzenberg municipality has a relatively small economy, contributing R8.2 billion to the economy of the CWD (13.5 per cent) and provides employment for 60 633 people (16.1 per cent of the total CWD employment).

#### 2.2.1 GDP performance

The largest economic sectors in the Witzenberg economy in 2016 included the wholesale and retail trade, catering and accommodation sector (17.4 per cent); the finance, insurance, real estate and business services sector (15.9 per cent); and the agriculture, forestry and fishing sector (15.2 per cent). Collectively, these sectors contributed R4.0 billion to the Witzenberg economy (48.5 per cent) in 2016, emphasising the importance of these sectors locally and the impact of the sectoral performance on the overall stability of the Witzenberg municipal area economy.

Table 2.1 indicates the Witzenberg municipal area's GDP performance per sector.

**Table 2.1 Witzenberg GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>15.3</b>	<b>1 251.9</b>	<b>2.5</b>	<b>1.1</b>	<b>1.9</b>	<b>2.8</b>	<b>8.3</b>	<b>-3.0</b>	<b>-8.9</b>	<b>6.2</b>
Agriculture, forestry and fishing	15.2	1 249.6	2.5	1.1	1.9	2.8	8.3	-3.0	-9.0	6.2
Mining and quarrying	0.0	2.3	4.6	7.4	5.0	7.0	12.0	2.7	4.6	10.6
<b>Secondary Sector</b>	<b>26.0</b>	<b>2 133.3</b>	<b>4.5</b>	<b>3.5</b>	<b>4.2</b>	<b>4.5</b>	<b>4.6</b>	<b>3.9</b>	<b>2.7</b>	<b>1.8</b>
Manufacturing	14.1	1 153.4	2.9	2.8	3.2	2.7	3.6	3.9	2.4	1.5
Electricity, gas and water	3.5	283.3	4.2	1.2	4.3	3.2	2.3	0.3	-0.9	1.2
Construction	8.5	696.6	9.1	5.9	6.6	9.1	7.6	5.2	4.7	2.8
<b>Tertiary Sector</b>	<b>58.7</b>	<b>4 812.7</b>	<b>5.8</b>	<b>4.5</b>	<b>6.2</b>	<b>5.9</b>	<b>5.2</b>	<b>4.4</b>	<b>4.2</b>	<b>2.9</b>
Wholesale and retail trade, catering and accommodation	17.4	1 423.3	5.0	3.5	6.4	4.6	3.8	4.0	4.1	1.0
Transport, storage and communication	7.1	582.9	3.9	3.2	4.2	4.4	5.1	1.3	2.1	3.1
Finance, insurance, real estate and business services	15.9	1 301.8	7.7	6.2	7.4	7.3	6.5	6.6	5.8	5.0
General government	11.3	928.9	5.8	4.1	5.2	6.5	5.9	3.3	3.1	1.9
Community, social and personal services	7.0	575.8	5.3	4.3	5.7	6.0	4.1	3.8	4.0	3.4
<b>Total Witzenberg</b>	<b>100</b>	<b>8 197.9</b>	<b>4.9</b>	<b>3.7</b>	<b>4.9</b>	<b>5.0</b>	<b>5.6</b>	<b>2.9</b>	<b>1.6</b>	<b>3.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

Economic growth in the Witzenberg municipal area has been relatively volatile due to its small base and reliance on the agriculture, forestry and fishing sector which is influenced by national trends and climatic conditions. It is estimated that the economy grew by 3.2 per cent in 2017, which follows the low growth of 1.6 per cent in 2016. The estimated growth in 2017 is mainly due to the boost from the agriculture, forestry and fishing sector. Despite the local drought, national conditions for this sector were very positive (17.7 per cent) (Quantec Research, 2018), which also influenced sectors on a local level.

The primary sectors in this local economy were the only sectors that are estimated to have outperformed sectoral growth in 2016. Growth in the secondary sectors are estimated to have declined to 1.8 per cent and growth in the tertiary sectors declined to 2.9 per cent.

## 2.2.2 Employment profile

Table 2.2 indicates the trend in employment growth in each economic sector in the Witzenberg municipal area.

**Table 2.2 Witzenberg employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>32.2</b>	<b>19 515</b>	<b>-9 516</b>	<b>2 647</b>	<b>791</b>	<b>1 023</b>	<b>-1 062</b>	<b>4 080</b>	<b>-918</b>	<b>-476</b>
Agriculture, forestry and fishing	32.2	19 509	-9 517	2 646	791	1 023	-1 062	4 079	-918	-476
Mining and quarrying	0.01	6	1	1	-	-	-	1	-	-
<b>Secondary Sector</b>	<b>12.89</b>	<b>7 817</b>	<b>2 221</b>	<b>1 745</b>	<b>277</b>	<b>360</b>	<b>406</b>	<b>325</b>	<b>426</b>	<b>228</b>
Manufacturing	6.1	3 676	257	530	-36	156	103	148	44	79
Electricity, gas and water	0.4	221	106	53	8	7	11	11	13	11
Construction	6.5	3 920	1 858	1 162	305	197	292	166	369	138
<b>Tertiary Sector</b>	<b>54.9</b>	<b>33 301</b>	<b>13 883</b>	<b>7 411</b>	<b>1 403</b>	<b>1 432</b>	<b>1 542</b>	<b>1 677</b>	<b>1 215</b>	<b>1 545</b>
Wholesale and retail trade, catering and accommodation	18.6	11 293	4 528	2 812	505	470	436	697	455	754
Transport, storage and communication	2.4	1 432	654	273	111	82	24	101	-3	69
Finance, insurance, real estate and business services	10.1	6 122	2 726	1 486	250	279	284	370	267	286
General government	10.9	6 580	2 848	909	254	143	504	53	260	-51
Community, social and personal services	13.0	7 874	3 127	1 931	283	458	294	456	236	487
<b>Total Witzenberg</b>	<b>100</b>	<b>60 633</b>	<b>6 588</b>	<b>11 803</b>	<b>2 471</b>	<b>2 815</b>	<b>886</b>	<b>6 082</b>	<b>723</b>	<b>1 297</b>

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture, forestry and fishing sector employed the most people in the Witzenberg municipal area in 2016 contributing 32.2 per cent to local employment (19 509 people). Another sector that employed a large proportion of workers (18.6 per cent) is the wholesale and retail trade, catering and accommodation sector (11 293 people).

The agriculture, forestry and fishing sector has experienced a decrease in the number of workers, shedding 918 jobs in 2016 and an estimated 476 jobs in 2017. Another sector that is estimated to have shed jobs in 2017 is the general government sector (51 jobs). Despite these job losses, the net change in total employment in 2017 is estimated to be 1 297 jobs, with the wholesale and retail trade, catering and accommodation sector creating the most jobs in 2017.

### 2.2.3 Skills level

Table 2.3 indicates the skills levels in the Witzenberg municipal area. Skills levels can only be analysed for formal employment, which accounted for 79.2 per cent of jobs in 2016.

**Table 2.3 Witzenberg skills level, 2016**

Skill level	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	14.8	4.4	3.7	7 081	7 224
Semi-skilled	35.0	3.3	3.8	16 819	17 153
Low-skilled	50.2	-0.3	3.2	24 094	24 091
<b>Total Witzenberg</b>	<b>100</b>	<b>1.5</b>	<b>3.5</b>	<b>47 994</b>	<b>48 468</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the Witzenberg municipal area provided formal employment to 47 994 people, with the majority of workers (50.2 per cent) being low skilled. Over the last 10 years, formal sector employment has increased, on average, by approximately 1.5 per cent per annum, with higher growth rates for skilled (4.4 per cent per annum) and semi-skilled workers (3.3 per cent per annum). This growth originates mostly from a low base, however, sector employment trends (such as the higher employment growth in tertiary sectors) indicates that there is a need for more semi-skilled and skilled labour locally – emphasising the need for skills development.

## 2.3 Drakenstein

The Drakenstein municipality is very well connected with the N1 traversing the area. Paarl is the main service centre and has a rich history and a number of 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 (Drakenstein Municipality, 2018). The Drakenstein municipal area is well known for its fruit and wine production and processing, as well as tourist attractions.

The Drakenstein municipal area had the largest economy in the CWD in 2016, contributing R19.9 billion to the economy of the District (32.9 per cent of District GDP) and contributing 28.6 per cent to employment on a District level.

### 2.3.1 GDP performance

The Drakenstein municipal economy is heavily reliant on the finance, insurance, real estate and business services sector; the wholesale and retail trade, catering and accommodation sector; and the manufacturing sector, collectively contributing 54.6 per cent to the economy in 2016. The majority of goods manufactured in the Drakenstein municipal area are in the food, beverages and manufacturing subsector, thereby also indicating the importance of the agriculture, forestry and fishing sector for this local economy.



Table 2.4 indicates the Drakenstein municipal area's GDP performance per sector.

**Table 2.4 Drakenstein GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>7.3</b>	<b>1 457.6</b>	<b>2.1</b>	<b>1.0</b>	<b>1.7</b>	<b>2.7</b>	<b>8.0</b>	<b>-3.0</b>	<b>-9.0</b>	<b>6.1</b>
Agriculture, forestry and fishing	7.0	1 401.6	2.2	0.9	1.8	2.7	8.1	-3.1	-9.2	6.1
Mining and quarrying	0.3	56.0	0.0	2.7	1.2	3.0	6.9	-0.4	-3.2	7.2
<b>Secondary Sector</b>	<b>26.1</b>	<b>5 202.7</b>	<b>-0.3</b>	<b>-0.5</b>	<b>0.3</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-1.1</b>
Manufacturing	15.8	3 148.6	-2.1	-2.1	-1.2	-2.4	-2.1	-1.9	-1.9	-2.1
Electricity, gas and water	2.6	524.4	1.5	0.1	3.0	2.1	1.2	-1.0	-2.1	0.1
Construction	7.7	1 529.7	6.4	4.1	4.7	7.0	5.5	3.8	2.9	1.2
<b>Tertiary Sector</b>	<b>66.5</b>	<b>13 236.5</b>	<b>3.6</b>	<b>2.6</b>	<b>3.9</b>	<b>3.6</b>	<b>3.2</b>	<b>2.5</b>	<b>2.4</b>	<b>1.5</b>
Wholesale and retail trade, catering and accommodation	17.6	3 494.9	3.8	2.5	5.2	3.6	2.8	3.1	3.1	0.1
Transport, storage and communication	8.7	1 724.3	2.0	1.7	2.2	2.5	3.4	0.1	0.6	1.8
Finance, insurance, real estate and business services	21.2	4 225.6	4.3	3.3	4.0	3.7	3.5	3.8	3.1	2.6
General government	10.8	2 150.5	3.1	1.7	2.8	3.9	3.0	0.7	0.8	-0.1
Community, social and personal services	8.2	1 641.2	3.5	2.9	4.1	4.4	2.7	2.4	2.5	2.2
<b>Total Drakenstein</b>	<b>100</b>	<b>19 896.8</b>	<b>2.4</b>	<b>1.7</b>	<b>2.8</b>	<b>2.6</b>	<b>2.7</b>	<b>1.4</b>	<b>0.7</b>	<b>1.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

Two of the main economic sectors, as indicated in Table 2.4 have experienced declining growth rates. The manufacturing sector continually contracted in the period being reviewed; it is estimated that the manufacturing sector contracted by a further 2.1 per cent in 2017, following a contraction of 1.9 per cent in 2016. The wholesale, and retail trade, catering and accommodation sector had a large decline in growth, growing only by an estimated 0.1 per cent in 2017. Furthermore, the finance, insurance, real estate and business services sector also recorded slower growth in 2017, with an estimated year-on-year growth rate of 2.6 per cent.

Overall, the municipal economy of Drakenstein is estimated to have performed better in 2017 compared to 2016, mainly as a result of stronger growth from the agriculture, forestry and fishing sector, which was favoured by improving national conditions for this sector. The slower growth noted in tertiary sectors can be attributed to slow national economic growth and reduced investor confidence over the period.

### 2.3.2 Employment profile

The Drakenstein municipal area is more urbanised compared to other local municipal areas in the CWD and as a result of this, the tertiary sectors provide the most employment opportunities, particularly the wholesale and retail trade, catering and

accommodation sector, which contributed 20.8 per cent to employment in 2016. The agriculture, forestry and fishing sector is also a major employer, contributing 17.8 per cent to employment.

Table 2.5 indicates the trend in employment growth in each economic sector in the Drakenstein municipal area.

**Table 2.5 Drakenstein employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>17.8</b>	<b>19 233</b>	<b>-9 474</b>	<b>2 577</b>	<b>771</b>	<b>992</b>	<b>-1 073</b>	<b>4 033</b>	<b>-891</b>	<b>-484</b>
Agriculture, forestry and fishing	17.8	19 146	-9 467	2 575	768	992	-1 073	4 030	-890	-484
Mining and quarrying	0.1	87	-7	2	3	0	0	3	-1	0
<b>Secondary Sector</b>	<b>15.6</b>	<b>16 849</b>	<b>-482</b>	<b>1 031</b>	<b>151</b>	<b>292</b>	<b>271</b>	<b>116</b>	<b>262</b>	<b>90</b>
Manufacturing	8.6	9 270	-2 443	-320	-343	67	-147	-17	-210	-13
Electricity, gas and water	0.3	352	123	59	7	6	14	14	15	10
Construction	6.7	7 227	1 838	1 292	487	219	404	119	457	93
<b>Tertiary Sector</b>	<b>66.5</b>	<b>71 678</b>	<b>20 227</b>	<b>10 543</b>	<b>1 943</b>	<b>2 216</b>	<b>2 148</b>	<b>2 606</b>	<b>1 078</b>	<b>2 495</b>
Wholesale and retail trade, catering and accommodation	20.8	22 423	6 532	4 213	716	657	525	1 150	502	1 379
Transport, storage and communication	3.2	3 483	1 079	363	220	178	42	215	-213	141
Finance, insurance, real estate and business services	15.6	16 810	5 074	2 696	474	584	511	751	391	459
General government	11.3	12 134	2 820	125	201	-93	605	-218	217	-386
Community, social and personal services	15.6	16 828	4 722	3 146	332	890	465	708	181	902
<b>Total Drakenstein</b>	<b>100</b>	<b>107 760</b>	<b>10 271</b>	<b>14 151</b>	<b>2 865</b>	<b>3 500</b>	<b>1 346</b>	<b>6 755</b>	<b>449</b>	<b>2 101</b>

Source: Quantec Research, 2018 (e denotes estimate)

Employment creation in the Drakenstein municipal area is estimated to have been higher compared to 2016, mainly as a result of employment creation in the tertiary sectors, particularly the wholesale and retail trade, catering and accommodation sector, which had an estimated net change of 1 379 jobs in 2017. Even though there was an estimated net change of 2 101 jobs in the Drakenstein municipal area, some sectors still shed jobs, such as the agriculture, forestry and fishing sector (484 jobs); the manufacturing sector (13 jobs); and the general government sector (386 jobs). The continuing drought conditions in 2017 impacted employment in the agriculture, forestry and fishing sector.

Job shedding in the manufacturing sector coincides with the continued contraction of this sector in terms of GDP. The estimated decline of agriculture, forestry and fishing sector workers follows a decline in employment in 2016. This sector employs a large proportion of workers in the Drakenstein area and the continued job losses in this sector can have a major negative impact on the local economy, particularly impacting farming communities in the Drakenstein municipal area.

### 2.3.3 Skills level

Table 2.6 indicates the skills levels of the Drakenstein municipal area. Skills levels can only be determined for formal employment. In 2016, 77.5 per cent of workers in the municipal area were formally employed.

**Table 2.6 Drakenstein skills level, 2016**

Skill level	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	23.0	3.2	2.6	19 216	19 417
Semi-skilled	38.2	1.3	1.9	31 857	31 952
Low-skilled	38.8	-0.4	2.2	32 420	32 353
<b>Total Drakenstein</b>	<b>100</b>	<b>1.0</b>	<b>2.2</b>	<b>83 493</b>	<b>83 722</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, there were 83 493 people formally employed in the Drakenstein municipal area, and it is estimated that formal employment increased to 83 722 in 2017. The majority of workers are either low-skilled (38.8 per cent) or semi-skilled (38.2 per cent).

Over the last 10-years, it is estimated that formal employment has increased by an average rate of 1 per cent, mostly driven by the growth of skilled and semi-skilled employment as low skilled employment has declined on average by 0.4 per cent per annum. The availability of semi-skilled and skilled workers in the Drakenstein municipal area has attracted companies to relocate to the area in the past; between 2011 and 2015, Rhodes Foods and Douglas Green Bottling has expanded, and companies that moved into the municipal area include Imperial Cargo, Pearl Valley Estates, Val de Vie Estates, KWV and BKB (Drakenstein Municipality, 2018).

## 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 include 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 (Stellenbosch Municipality, 2018).

The Stellenbosch municipal area has the second largest economy in the CWD, contributing 24 per cent to the District's GDP and 19.9 per cent to employment in 2016.

## 2.4.1 GDP performance

The Stellenbosch municipal economy is driven by the wholesale and retail trade sector; the finance, insurance, real estate and business services sector; and the manufacturing sector. Collectively, these sectors contribute 58.7 per cent (R8.6 billion) to the municipal GDP. The manufacturing sector in the Stellenbosch municipal area is highly reliant on the agriculture, forestry and fishing sector, as 40 per cent of manufacturing sector activities are within the food, beverages and tobacco subsector.

Table 2.7 indicates the Stellenbosch municipal area's GDP performance per sector.

**Table 2.7 Stellenbosch GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>6.2</b>	<b>908.5</b>	<b>1.1</b>	<b>0.0</b>	<b>0.6</b>	<b>1.6</b>	<b>6.7</b>	<b>-3.8</b>	<b>-9.4</b>	<b>4.9</b>
Agriculture, forestry and fishing	6.0	880.4	1.1	-0.1	0.6	1.5	6.7	-3.9	-9.7	4.8
Mining and quarrying	0.2	28.1	1.2	3.9	1.6	3.4	7.1	0.2	0.6	8.0
<b>Secondary Sector</b>	<b>24.0</b>	<b>3 491.8</b>	<b>0.0</b>	<b>-0.2</b>	<b>1.3</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>-0.3</b>	<b>-1.1</b>
Manufacturing	17.1	2 496.1	-1.0	-1.0	0.5	-1.4	-0.9	-0.6	-0.7	-1.5
Electricity, gas and water	1.4	208.3	0.4	-0.7	1.6	0.7	0.1	-1.6	-2.5	-0.1
Construction	5.4	787.5	5.4	3.4	5.1	6.6	4.8	3.7	1.6	0.5
<b>Tertiary Sector</b>	<b>69.8</b>	<b>10 160.9</b>	<b>3.6</b>	<b>2.6</b>	<b>3.8</b>	<b>3.6</b>	<b>3.1</b>	<b>2.5</b>	<b>2.3</b>	<b>1.4</b>
Wholesale and retail trade, catering and accommodation	20.0	2 913.9	3.9	2.7	5.2	3.7	3.1	3.3	3.2	0.3
Transport, storage and communication	10.7	1 564.3	5.4	4.1	4.9	5.2	5.7	3.0	2.9	3.8
Finance, insurance, real estate and business services	21.6	3 144.2	3.6	2.8	3.3	3.1	2.9	3.3	2.5	2.1
General government	10.7	1 562.0	2.6	1.2	2.4	3.4	2.5	0.3	0.4	-0.6
Community, social and personal services	6.7	976.5	1.7	1.2	2.4	3.5	1.0	0.4	0.7	0.7
<b>Total Stellenbosch</b>	<b>100</b>	<b>14 561.2</b>	<b>2.5</b>	<b>1.7</b>	<b>2.9</b>	<b>2.6</b>	<b>2.7</b>	<b>1.5</b>	<b>0.9</b>	<b>1.0</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Stellenbosch municipal area economy is estimated to have grown slightly faster in 2017 compared to 2016, mainly as a result of higher growth in the agriculture, forestry and fishing sector, which experienced contractions in 2015 and 2016. Even though the manufacturing sector contributes significantly to the local economy, this sector has also contracted by an average annual rate of 1 per cent over the last five years. Slower growth is also estimated in 2017 for the wholesale and retail trade, catering and accommodation sector (0.3 per cent) and the finance, insurance, real estate and business services sector (2.1 per cent).

Other local sectors that are estimated to have contracted in 2017 are the electricity, gas and water sector (0.1 per cent) and the general government sector (0.6 per cent).

The tourism industry also makes a large contribution to the economy of the Stellenbosch municipal area and is valuable to the local economy for the ample job opportunities it can create. It is estimated that this industry contributes up to 10 per cent to the local economy of the Stellenbosch municipal area (Stellenbosch Local Municipality, 2018).

## 2.4.2 Employment profile

The sectoral employment distribution in 2016 in the Stellenbosch municipal area is similar to that of the sectoral GDP distribution in that the wholesale and retail trade, catering and accommodation sector and the finance, insurance, real estate and business services sector contributes the most to employment (24.4 per cent and 16.7 per cent respectively). However, the Stellenbosch municipal area has a large farming community and the agriculture, forestry and fishing sector contributed 14.7 per cent to employment in 2016 making it the 3<sup>rd</sup> largest contributor to employment.

Table 2.8 indicates the trend in employment growth in each economic sector in the Stellenbosch municipal area.

**Table 2.8 Stellenbosch employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 -2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>14.8</b>	<b>11 076</b>	<b>-5 933</b>	<b>1 333</b>	<b>461</b>	<b>557</b>	<b>-601</b>	<b>2 212</b>	<b>-526</b>	<b>-309</b>
Agriculture, forestry and fishing	14.7	11 044	-5 934	1 328	460	557	-603	2 210	-525	-311
Mining and quarrying	0.0	32	1	5	1	0	2	2	-1	2
<b>Secondary Sector</b>	<b>15.7</b>	<b>11 729</b>	<b>267</b>	<b>859</b>	<b>117</b>	<b>316</b>	<b>159</b>	<b>156</b>	<b>110</b>	<b>118</b>
Manufacturing	10.3	7 745	-568	217	-147	192	-42	88	-104	83
Electricity, gas and water	0.2	155	50	24	4	3	5	5	6	5
Construction	5.1	3 829	785	618	260	121	196	63	208	30
<b>Tertiary Sector</b>	<b>69.5</b>	<b>52 072</b>	<b>13 467</b>	<b>7 059</b>	<b>1 160</b>	<b>1 631</b>	<b>1 443</b>	<b>1 799</b>	<b>245</b>	<b>1 941</b>
Wholesale and retail trade, catering and accommodation	24.4	18 284	4 890	3 200	506	496	394	913	227	1 170
Transport, storage and communication	4.1	3 087	1 378	596	222	220	107	247	-160	182
Finance, insurance, real estate and business services	16.7	12 539	3 721	1 911	311	446	374	547	215	329
General government	10.3	7 698	1 639	-9	110	-79	367	-155	120	-262
Community, social and personal services	14.0	10 464	1 839	1 361	11	548	201	247	-157	522
<b>Total Stellenbosch</b>	<b>100</b>	<b>74 877</b>	<b>7 801</b>	<b>9 251</b>	<b>1 738</b>	<b>2 504</b>	<b>1 001</b>	<b>4 167</b>	<b>-171</b>	<b>1 750</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017 employment creation improved compared to 2016, with an estimated net change in employment of 1 750 jobs. This positive change in employment is mostly a result of the 1 710 jobs created in the wholesale and retail trade, catering and accommodation sector. Although the Stellenbosch municipal area had a higher estimated net change in total employment in 2017, some sectors still shed jobs, such as the agriculture, forestry and fishing sector (311 jobs) and the general government sector (262 jobs).

### 2.4.3 Skills level

Table 2.9 indicates the skills levels of formally employed workers in the Stellenbosch municipal area. Skills levels can only be determined for formal employment, and in 2016, 73.1 per cent of workers in the local municipal area were formally employed.

**Table 2.9 Stellenbosch skills level, 2016**

Skill level	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	23.8	2.3	1.9	13 030	13 068
Semi-skilled	42.7	2.0	2.4	23 392	23 593
Low-skilled	33.5	-1.0	1.5	18 307	18 128
<b>Total Stellenbosch</b>	<b>100.0</b>	<b>1.0</b>	<b>2.0</b>	<b>54 729</b>	<b>54 789</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 54 729 people were formally employed and increased slightly to 54 789 people in 2017. The largest proportion of people who were formally employed in the Stellenbosch municipal area in 2016 are semi-skilled (42.7 per cent) labour.

Employment for semi-skilled workers has grown at a higher rate (2.4 per cent per annum) over the last five years compared to other skills levels, which indicates a rising demand for semi-skilled workers and highlights the importance of skills development. The higher growth and large proportion of workers who are semi-skilled are in line with the large proportion of workers in the wholesale and retail trade, catering and accommodation sector (24.4 per cent) and the large net change in employment in this sector over the last five years (3 200 workers).

## 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 Rivier (Breede Valley Municipality, 2017).

The Breede Valley municipal area has the third largest economy in the CWD, contributing 19.3 per cent to the District's economy (R11.7 billion). In terms of employment, this municipal area contributes 21.8 per cent to the employment of the District which is the second highest employment contribution by a municipal area in the CWD.

### 2.5.1 GDP performance

Similar to the Drakenstein and Stellenbosch municipal areas, the Breede Valley municipal area economy is driven by the wholesale and retail trade sector, the finance, insurance, real estate and business services sector and the manufacturing sector which collectively make up 51.9 per cent of the municipal economy. The

manufacturing sector in the Breede Valley municipal area is dependent on the local agriculture, forestry and fishing sector for inputs since 38 per cent of manufacturing GDP originates from the food, beverages and tobacco manufacturing subsector.

Table 2.10 indicates the Breede Valley municipal area's GDP performance per sector.

**Table 2.10 Breede Valley GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 -2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>11.7</b>	<b>1 367.1</b>	<b>1.4</b>	0.3	<b>0.9</b>	<b>1.9</b>	<b>7.4</b>	<b>-4.0</b>	<b>-10.1</b>	<b>6.1</b>
Agriculture, forestry and fishing	11.5	1 341.8	1.5	0.2	0.9	1.9	7.4	-4.1	-10.2	6.0
Mining and quarrying	0.2	25.3	0.3	3.4	1.1	2.9	6.9	-0.4	0.4	7.4
<b>Secondary Sector</b>	<b>21.3</b>	<b>2 484.7</b>	<b>2.1</b>	1.4	<b>2.3</b>	<b>1.9</b>	<b>2.0</b>	<b>1.2</b>	<b>1.3</b>	<b>0.6</b>
Manufacturing	13.5	1 577.8	1.5	0.8	2.0	0.7	1.1	0.7	1.0	0.6
Electricity, gas and water	2.0	231.8	-2.9	-3.4	-1.8	-2.6	-2.8	-4.1	-4.8	-2.5
Construction	5.8	675.2	6.9	5.0	5.6	8.0	6.9	4.5	4.1	1.4
<b>Tertiary Sector</b>	<b>67.0</b>	<b>7 813.5</b>	<b>3.6</b>	2.7	<b>4.0</b>	<b>3.8</b>	<b>3.3</b>	<b>2.7</b>	<b>2.3</b>	<b>1.6</b>
Wholesale and retail trade, catering and accommodation	18.2	2 117.4	3.5	2.4	4.8	3.3	2.6	3.0	2.9	0.1
Transport, storage and communication	10.6	1 233.8	2.1	1.8	2.3	2.7	3.6	0.3	0.4	1.9
Finance, insurance, real estate and business services	20.2	2 356.7	5.9	4.8	5.7	5.5	5.1	5.4	4.2	4.0
General government	10.1	1 182.8	1.7	0.3	1.6	2.5	1.5	-0.7	-0.5	-1.4
Community, social and personal services	7.9	922.8	2.3	1.8	2.8	3.5	1.6	1.2	1.5	1.2
<b>Total Breede Valley</b>	<b>100</b>	<b>11 665.3</b>	<b>3.0</b>	<b>2.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.6</b>	<b>1.5</b>	<b>0.6</b>	<b>1.9</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017, the Breede Valley municipal economy grew by 1.9 per cent, which is an improvement on the economic growth of 2015 and 2016, although growth is still lower than the 10-year average.

The higher estimated growth rate in 2017 is mainly as a result of higher growth in the primary sector, particularly the agriculture, forestry and fishing sector. However, the main economic sectors all grew at lower rates compared to 2016, with the wholesale, and retail trade, catering and accommodation sector growing at an estimated rate of 0.1 per cent, the manufacturing sector by 0.6 per cent and the finance insurance and real estate sector growing at an estimated 4 per cent, which is lower than the five-year average growth rates for these sectors.

## 2.5.2 Employment profile

Even though the agriculture, forestry and fishing sector only contributed 11.5 per cent to the local economy in terms of GDP in 2016, the sector provided employment for the most people (25.7 per cent of workers) in the Breede Valley area. Other sectors that also contributed significantly to employment were the wholesale and retail trade, catering and accommodation sector (20 per cent); the finance, insurance, real estate and business services sector (15.3 per cent) and the community, social and personal services sector (14.7 per cent).

Table 2.11 indicates the trend in employment growth in each economic sector in the Breede Valley municipal area.

**Table 2.11 Breede Valley employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>25.7</b>	<b>21 059</b>	<b>-11 768</b>	<b>2 513</b>	<b>749</b>	<b>1 014</b>	<b>-1 310</b>	<b>4 483</b>	<b>-1 056</b>	<b>-618</b>
Agriculture, forestry and fishing	25.7	21 021	-11 767	2 511	749	1 014	-1 310	4 481	-1 056	-618
Mining and quarrying	0.0	38	-1	2	0	0	0	2	0	0
<b>Secondary Sector</b>	<b>12.2</b>	<b>10 010</b>	<b>1 372</b>	<b>1 443</b>	<b>193</b>	<b>352</b>	<b>338</b>	<b>247</b>	<b>249</b>	<b>257</b>
Manufacturing	7.1	5 812	-30	456	-103	170	56	117	-38	151
Electricity, gas and water	0.2	184	35	10	1	-2	3	3	4	2
Construction	4.9	4 014	1 367	977	295	184	279	127	283	104
<b>Tertiary Sector</b>	<b>62.1</b>	<b>50 871</b>	<b>15 087</b>	<b>7 835</b>	<b>1 298</b>	<b>1 652</b>	<b>1 582</b>	<b>2 028</b>	<b>498</b>	<b>2 075</b>
Wholesale and retail trade, catering and accommodation	20.0	16 348	4 813	3 128	498	494	423	859	296	1 056
Transport, storage and communication	3.6	2 918	1 100	423	194	166	34	215	-139	147
Finance, insurance, real estate and business services	15.3	12 568	5 199	2 632	379	551	570	695	271	545
General government	8.6	7 029	1 049	-288	51	-137	278	-200	62	-291
Community, social and personal services	14.7	12 008	2 926	1 940	176	578	277	459	8	618
<b>Total Breede Valley</b>	<b>100</b>	<b>81 940</b>	<b>4 691</b>	<b>11 791</b>	<b>2 240</b>	<b>3 018</b>	<b>610</b>	<b>6 758</b>	<b>-309</b>	<b>1 714</b>

Source: Quantec Research, 2018 (e denotes estimate)

Following the 309 job losses in 2016, it is estimated that employment in the Breede Valley municipal area increased by 1 714 jobs in 2017. This large positive change in total employment can be attributed to large-scale job creation in the wholesale and retail trade, catering and accommodation sector (1 056 jobs), the finance, insurance, real estate and business services sector (545 jobs) and the community, social and personal services sector (618 jobs).

The agriculture, forestry and fishing sector has shed jobs in 2016 (1 056 jobs) and again in 2017 (with an estimated 618 jobs), which is a concern as this sector provides the most employment in the area.



### 2.5.3 Skills level

Table 2.12 indicates the skills levels of the formally employed labour force in the Breede Valley municipal area. In 2016, formal employment accounted for 73.8 per cent of total employment in the area.

**Table 2.12 Breede Valley skills level, 2016**

Skill level	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	18.0	2.9	2.5	10 895	10 982
Semi-skilled	39.3	1.6	2.6	23 759	23 963
Low-skilled	42.7	-1.2	2.2	25 789	25 588
<b>Total Breede Valley</b>	<b>100</b>	<b>0.5</b>	<b>2.4</b>	<b>60 443</b>	<b>60 533</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the Breede Valley municipal area provided formal employment opportunities for 60 443 people, which is estimated to have increased to 60 533 people in 2017. Since the agriculture, forestry and fishing sector employs the most people in the Breede Valley municipal area, it is to be expected that the majority of workers will be low skilled (42.7 per cent).

Over the last five years, formal employment has increased by an average annual rate of 2.4 per cent, mainly as a result of more skilled and semi-skilled workers being employed. This is in line from the large-scale employment creation in sectors such as the wholesale and retail trade, catering and accommodation sector and the finance, insurance, real estate and business services sector who typically require skilled and semi-skilled workers.

## 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 destination (Langeberg Municipality, 2017).

The Langeberg municipal area has the smallest economy in the CWD, contributing 10.3 per cent to the District's GDP (R6.2 billion) and 13.6 per cent to employment.

### 2.6.1 GDP performance

Due to the more rural nature of the Langeberg municipal area, the tertiary sectors in this economy contribute less compared to these sectors' contribution to other municipal areas in the CWD. The largest economic sectors in the Langeberg municipal area in 2016 were the wholesale and retail trade sector (18.7 per cent contribution to GDP); the finance, insurance, real estate and business services sector (16.9 per cent contribution to GDP); the manufacturing sector (18 per cent contribution to GDP);

and the agriculture, forestry and fishing sector (14.1 per cent per cent contribution to GDP). Not only does the agriculture, forestry and fishing sector make a large contribution to the total GDP, but it is also the main input contributor to the manufacturing sector as 50.3 per cent of this sector's GDP originates from the food, beverages and tobacco manufacturing subsector.

Table 2.13 indicates Langeberg's GDP performance per sector and the sectoral contribution to GDP in 2016.

**Table 2.13 Langeberg GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>14.2</b>	886.5	1.3	0.0	0.8	1.8	7.3	-4.3	-10.5	5.6
Agriculture, forestry and fishing	14.1	876.3	1.3	0.0	0.8	1.7	7.3	-4.3	-10.6	5.6
Mining and quarrying	0.2	10.1	0.3	3.3	0.9	2.7	7.1	-0.8	0.5	7.0
<b>Secondary Sector</b>	<b>25.3</b>	<b>1 575.7</b>	<b>0.3</b>	<b>0.1</b>	<b>0.9</b>	<b>0.3</b>	<b>0.6</b>	<b>0.4</b>	<b>-1.0</b>	<b>0.4</b>
Manufacturing	18.0	1 123.0	-0.6	-0.7	0.0	-1.0	-0.2	-0.3	-1.4	-0.8
Electricity, gas and water	1.9	116.8	0.3	2.3	1.0	0.0	0.3	-1.1	-2.4	14.4
Construction	5.4	336.0	5.7	3.4	5.5	6.7	4.5	3.8	1.1	0.9
<b>Tertiary Sector</b>	<b>60.5</b>	<b>3 772.5</b>	<b>5.1</b>	<b>3.8</b>	<b>5.2</b>	<b>4.9</b>	<b>4.3</b>	<b>3.9</b>	<b>3.0</b>	<b>2.9</b>
Wholesale and retail trade, catering and accommodation	18.7	1 168.1	4.6	3.2	5.7	4.1	3.3	3.9	3.2	1.2
Transport, storage and communication	10.4	647.1	5.6	4.3	5.1	5.7	5.9	3.4	2.3	4.4
Finance, insurance, real estate and business services	16.9	1 051.3	6.9	5.4	6.5	5.7	5.7	6.1	4.5	4.9
General government	8.1	504.5	3.0	1.6	2.7	3.8	3.0	0.6	0.7	-0.3
Community, social and personal services	6.4	401.5	3.5	2.8	3.8	4.6	2.7	2.2	2.2	2.5
<b>Total Langeberg</b>	<b>100</b>	<b>6 234.7</b>	<b>3.1</b>	<b>2.3</b>	<b>3.4</b>	<b>3.2</b>	<b>3.9</b>	<b>1.7</b>	<b>0.0</b>	<b>2.7</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that economic growth improved in 2017, growing by 2.7 per cent, following economic stagnation in 2016. The local economy was boosted in 2017 by a recovery in the agriculture, forestry and fishing sector which is estimated to have grown by 5.6 per cent in 2017, this follows the contraction of 10.6 per cent in 2016 and a contraction of 4.3 per cent in 2015. This sector has been relatively volatile over the past five years, with severe contractions and expansions resulting in an overall stagnation of the sector.

The wholesale and retail trade, catering and accommodation sector experienced very slow growth that is below the five-year average of 3.2 per cent per annum. The finance, insurance, real estate and business services sector had slightly faster growth compared to 2016 however, the 2017 estimated growth is also below the five-year average growth.

Even though the manufacturing sector is one of the largest local sectors, it has continually contracted, with an estimated average five-year contraction of 0.7 per cent per annum.

## 2.6.2 Employment profile

The largest employment sector in the Langeberg municipal area is the agriculture, forestry and fishing sector, contributing 28.1 per cent to employment in 2016 (employing 14 376 people). Another sector that contributes significantly to employment is the wholesale and retail trade, catering and accommodation sector, which contributed 22.2 per cent to employment (employing 11 352 people) in 2016.

Table 2.14 indicates the trend in employment growth in each economic sector in the Langeberg municipal area.

**Table 2.14 Langeberg employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>28.1</b>	<b>14 395</b>	<b>-8 257</b>	<b>1 637</b>	<b>486</b>	<b>683</b>	<b>-914</b>	<b>3 066</b>	<b>-780</b>	<b>-418</b>
Agriculture, forestry and fishing	28.1	14 376	-8 256	1 635	486	683	-914	3 065	-780	-419
Mining and quarrying	0.0	19	-1	2	0	0	0	1	0	1
<b>Secondary Sector</b>	<b>13.6</b>	<b>6 974</b>	<b>415</b>	<b>701</b>	<b>44</b>	<b>268</b>	<b>173</b>	<b>120</b>	<b>-19</b>	<b>159</b>
Manufacturing	8.7	4 462	-162	286	-142	189	19	91	-133	120
Electricity, gas and water	0.2	106	39	17	2	2	5	4	3	3
Construction	4.7	2 406	538	398	184	77	149	25	111	36
<b>Tertiary Sector</b>	<b>58.2</b>	<b>29 802</b>	<b>10 719</b>	<b>5 620</b>	<b>833</b>	<b>1 323</b>	<b>1 113</b>	<b>1 452</b>	<b>-130</b>	<b>1 862</b>
Wholesale and retail trade, catering and accommodation	22.2	11 352	3 790	2 310	353	399	292	647	-15	987
Transport, storage and communication	3.7	1 871	943	423	135	149	61	192	-126	147
Finance, insurance, real estate and business services	12.6	6 424	2 988	1 476	205	354	345	409	53	315
General government	6.4	3 295	919	115	73	-5	182	-44	74	-92
Community, social and personal services	13.4	6 860	2 079	1 296	67	426	233	248	-116	505
<b>Total Langeberg</b>	<b>100</b>	<b>51 171</b>	<b>2 877</b>	<b>7 958</b>	<b>1 363</b>	<b>2 274</b>	<b>372</b>	<b>4 638</b>	<b>-929</b>	<b>1 603</b>

Source: Quantec Research, 2018 (e denotes estimate)

Total employment is estimated to have increased by 1 603 jobs in 2017, following the loss of 929 jobs in 2016. The majority of jobs occurred in the tertiary sector while the general government is estimated to have shed 92 jobs. Another sector that has shed a large number of jobs is agriculture, forestry and fishing which is estimated to have shed 419 jobs in 2017, following the loss of 780 jobs in 2016.

The manufacturing sector performed well in terms of job creation, despite contracting by 0.8 per cent. It is estimated that 120 jobs were created in 2017, almost recovering the 133 jobs that were lost in 2016. Other sectors that have recovered jobs lost in 2016

include the community, social and personal services sector and the transport, storage and communication sector.

### 2.6.3 Skills level

Table 2.15 indicates the skills levels of employees in the Langeberg municipal area. The skills levels can only be estimated with formal employment statistics. In the Langeberg municipal area, 61.2 per cent of workers are estimated to be formally employed.

**Table 2.15 Langeberg skills level, 2016**

Skill level	Skill level contribution (%) 2016	Average growth (%)		Number of jobs	
		2006 - 2016	2013 - 2017e	2016	2017
Skilled	16.0	3.6	3.0	5 018	5 086
Semi-skilled	36.5	2.3	2.9	11 448	11 603
Low-skilled	47.5	-2.1	2.1	14 875	14 602
<b>Total Langeberg</b>	<b>100</b>	<b>0.1</b>	<b>2.5</b>	<b>31 341</b>	<b>31 291</b>

Source: Statistics SA & Quantec Research, 2018 (e denotes estimate)

Total formal employment is estimated to have decreased by 50 jobs in the Langeberg municipal area between 2016 and 2017. This is due to job losses in the agriculture, forestry and fishing sector impacting low skilled workers. Low skilled workers make up 47.6 per cent of the formally employed workers.

Over the last five years, formal employment has increased on average by 2.5 per cent per annum, mainly due to the increased employment of skilled and semi-skilled workers, which is in line with the large number of jobs created by tertiary sectors (5 620 jobs) over the period.

## 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 passed<sup>4</sup> can be used as a leading indicator while building plans completed<sup>5</sup> can be used as a lagging indicator. Building plans passed and completed have 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 Stellenbosch, Drakenstein and Breede Valley municipal areas.

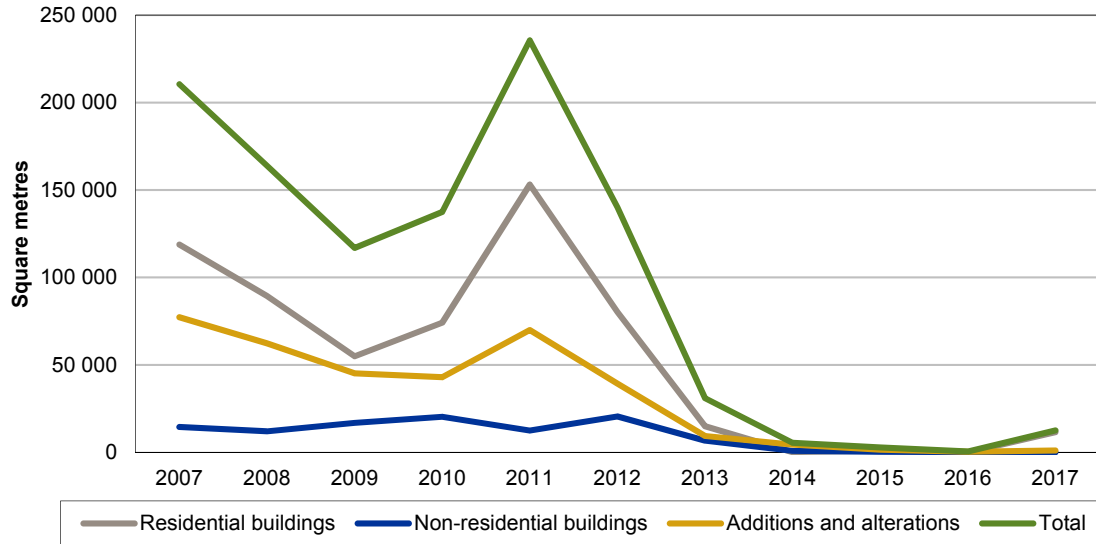
<sup>4</sup> Number of residential building plans passed larger than 80 m<sup>2</sup>.

<sup>5</sup> Value of non-residential buildings completed (constant prices).

### 2.7.1 Drakenstein

Figure 2.1 illustrates the size building plans passed in the Drakenstein municipal area.

**Figure 2.1 Drakenstein building plans passed, 2007 - 2017**

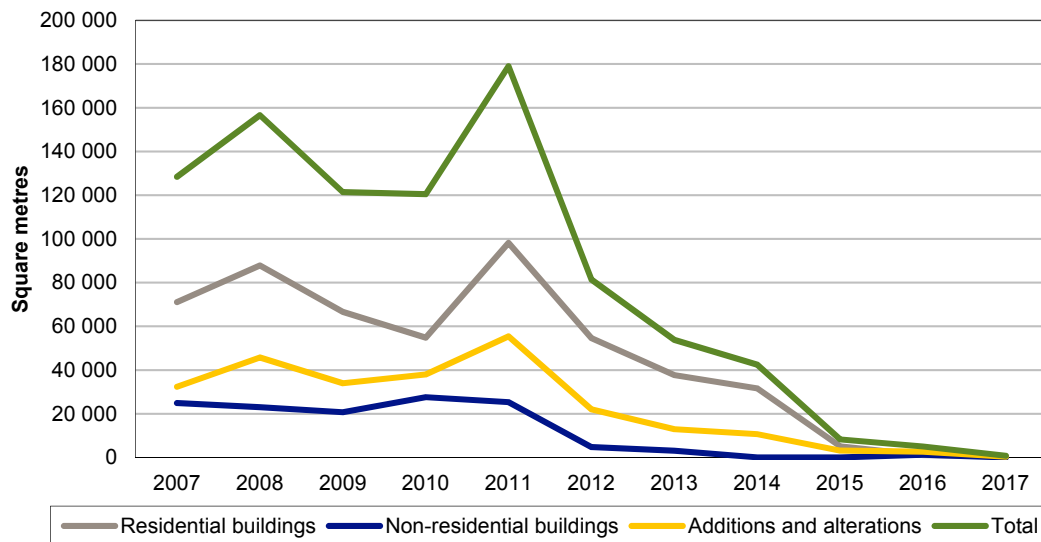


Source: Statistics SA & Quantec Research, 2018

Applications for building renovations in the Drakenstein municipal area have dwindled after 2011, however, there has been a slight increase in 2017, with building applications for 11 253 m<sup>2</sup> of residential buildings. This indicates potential future construction activities and renewed investment in the local area.

Figure 2.2 illustrates the building plans completed in the Drakenstein municipal area.

**Figure 2.2 Drakenstein building plans completed, 2007 - 2017**



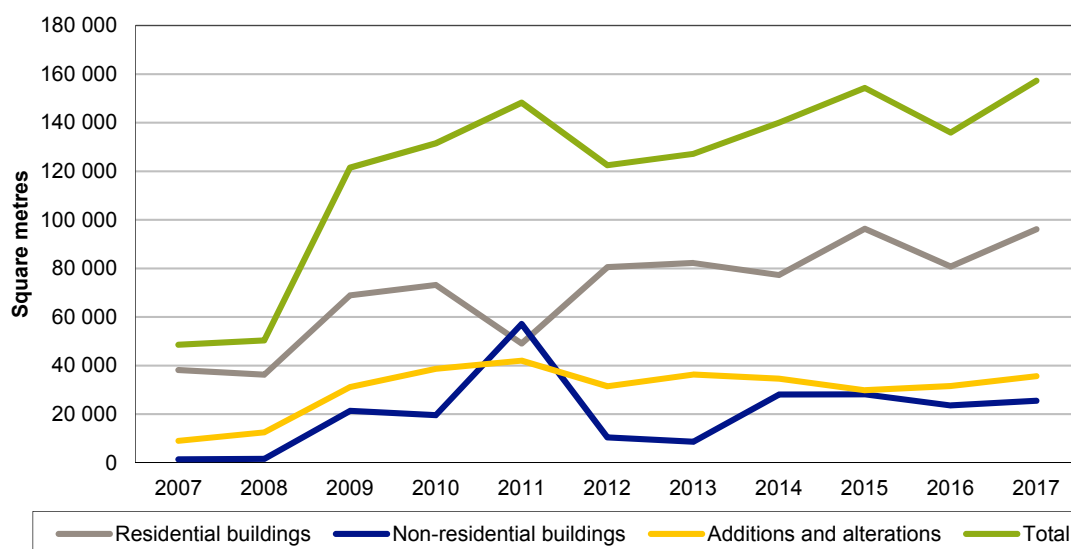
Source: Statistics SA & Quantec Research, 2018

Due to the decline in building plans passed, building plans completed also declined since 2011 which is in line with a decline in the construction sector's growth in the area. However, with the slight increase in building plans passed in 2016, more construction, and therefore building plans completed, can be expected in the future.

### 2.7.2 Stellenbosch

Figure 2.3 indicates the building plans passed (in m<sup>2</sup>) per building category between 2007 and 2017. The most building plans passed in the Stellenbosch municipal area have been for residential buildings.

**Figure 2.3 Stellenbosch building plans passed, 2007 - 2017**

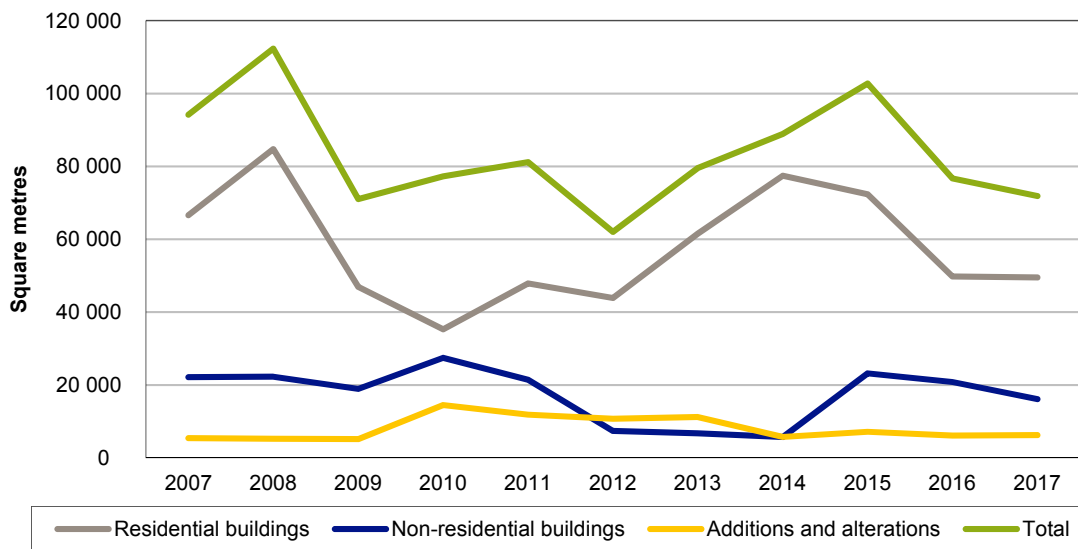


Source: Statistics SA & Quantec Research, 2018

The total building plans passed (measured in size) in the Stellenbosch municipal area have been volatile since 2014. The total square meters declined in 2016 but is again on an upward trend in 2017, particularly for residential buildings. The Stellenbosch area is popular for estate developments and, with the influx of students every year, there is a great demand for housing. Building plans passed for non-residential buildings have remained somewhat stagnant since 2014, with only a slight increase of 1 956 m<sup>2</sup> in 2017, indicating cautious commercial sector investment in the area.

Figure 2.4 indicates the building plans completed, in terms of m<sup>2</sup> between 2007 and 2017.

**Figure 2.4 Stellenbosch building plans completed, 2007 - 2017**



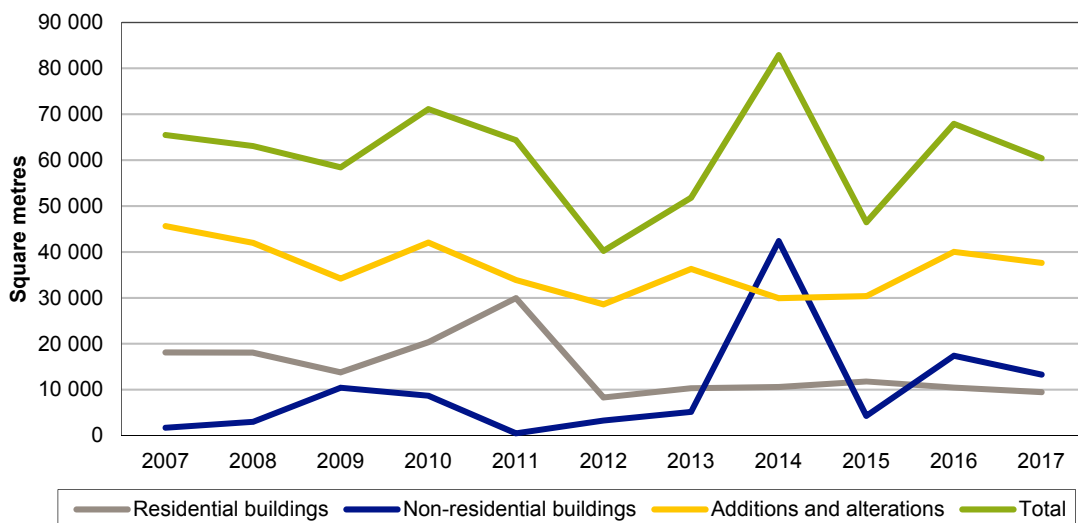
Source: Statistics SA & Quantec Research, 2018

Building plans completed reached a five-year high in 2014 for residential buildings and in 2015 for non-residential buildings. Since then, building plans completed have declined annually. The rising building costs and national economic volatility has impacted construction activity on a local level, which is also seen by the declining growth in the construction sector, which grew by 1.6 per cent in 2016 and an estimated 0.5 per cent in 2017.

### 2.7.3 Breede Valley

Figure 2.5 indicates the building plans passed (in m<sup>2</sup>) between 2007 and 2017 in the Breede Valley municipal area. The most building plans passed in the area have been for alterations and additions.

**Figure 2.5 Breede Valley building plans passed, 2007 - 2017**

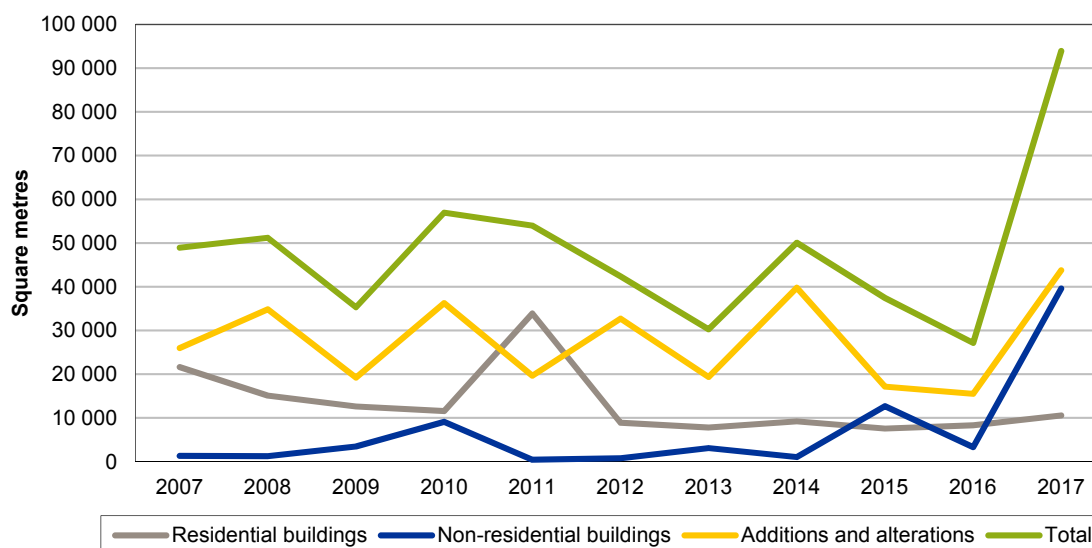


Source: Statistics SA & Quantec Research 2018

Building plans passed reached a peak in 2014 with large-scale non-residential building plans passed, and increased again in 2016, driven by applications for additions and alterations and non-residential buildings. Applications for residential buildings have been somewhat stagnant in recent years with building plans passed declining for residential and non-residential buildings as well as additions and alterations in 2017.

Figure 2.6 illustrates the building plans completed between 2007 and 2017 in the Breede Valley municipal area in terms of m<sup>2</sup>.

**Figure 2.6 Breede Valley building plans completed, 2007 - 2017**



Source: Statistics SA & Quantec Research, 2018

In 2017 building plans completed increased to new highs, driven by the completion of non-residential buildings as well as additions and alterations, which indicates that there has been investment in commercial building activity in recent years. One major investment in the Breede Valley area in 2017 has been the commissioning of a waste-to-value facility at the Rainbow Foods processing facility that treats waste water and provides renewable energy to the plant (RCL Foods, 2017).

## 2.8 Concluding remarks

It is estimated that the economy performed better in 2017 than in 2016 in the local municipal areas of the CWD. However, the estimated growth rates are still generally low and less than the 5-year and 10-year average annual growth rates, except in the Langeberg municipal area. The two largest economies in the CWD, namely the Stellenbosch and Drakenstein municipal areas grew at an estimated 1 per cent and 1.2 per cent respectively, while the Breede Valley, Witzenberg and Langeberg municipal areas had estimated growth rates of 1.9 per cent, 3.2 per cent 2.7 per cent respectively in 2017.

Local municipal areas in the CWD are not isolated from national economic volatility which is evident in the strong growth in the agriculture, forestry and fishing sector, the declining tertiary sector growth as well as the contracting manufacturing sector.



In terms of employment, it is estimated that all local municipal areas in the CWD had a positive net change in employment in 2017, despite large-scale job losses in the agriculture, forestry and fishing sector. This sector plays a vital role in the local economies of the CWD and in many cases, is a backbone for economic activity, especially in rural areas. Job losses in this sector thus have widespread socio-economic impacts and will influence the performance of other sectors in the future.



# 3

## Agriculture overview

### 3.1 Introduction

The agriculture industry is a major contributor to employment as well as the economy of the CWD. Through the production of raw products and the processing, packaging, exporting and sale thereof, value is added, not only to the economy of the CWD but also to that of the Western Cape.

This chapter will provide an overview of the agriculture industry in the CWD by highlighting the following indicators: hectares under production, infrastructure, and agritourism facilities. The information in this chapter is sourced from the Provincial Department of Agriculture's Fly-over Project (2018) conducted in 2017.

### 3.2 Sector overview

The agriculture, forestry and fishing sector contributed R5.7 billion (9.5 per cent) to the GDP of the CWD in 2016 and provided employment for 85 096 workers (22.6 per cent of employment).

Table 3.1 outlines the GDP contribution and growth of the agriculture, forestry and fishing sector in the CWD.

**Table 3.1 Cape Winelands District agriculture, forestry and fishing sector GDP growth per municipal area, 2012 - 2017**

Municipality	R million value 2016	Contribution to GDP (%) 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Witzenberg	1 249.6	15.2	2.5	1.1	1.9	2.8	8.3	-3.0	-9.0	6.2
Drakenstein	1 401.6	7.0	2.2	0.9	1.8	2.7	8.1	-3.1	-9.2	6.1
Stellenbosch	880.4	6.0	1.1	-0.1	0.6	1.5	6.7	-3.9	-9.7	4.8
Breede Valley	1 341.8	11.5	1.5	0.2	0.9	1.9	7.4	-4.1	-10.2	6.0
Langeberg	876.3	14.1	1.3	0.0	0.8	1.7	7.3	-4.3	-10.6	5.6
<b>Total Cape Winelands District</b>	<b>5 749.7</b>	<b>9.5</b>	<b>1.8</b>	<b>0.5</b>	<b>1.3</b>	<b>2.2</b>	<b>7.6</b>	<b>-3.6</b>	<b>-9.7</b>	<b>5.8</b>
Western Cape Province	21 522.4	4.1	2.5	2.0	2.5	3.3	7.5	-2.2	-7.2	8.4

Source: Quantec Research, 2018 (e denotes estimate)

In the CWD, the agriculture, forestry and fishing sector contributed 9.1 per cent to the region's economy in 2016. This sector makes a larger contribution to the local economies which are more rural, such as the Witzenberg, Breede Valley and Langeberg municipal areas (15.2 per cent, 11.5 per cent and 14.1 per cent respectively).

The agriculture, forestry and fishing sector in the CWD contracted in 2015 and 2016 (by 3.6 per cent and 9.7 per cent respectively), and had an estimated growth rate of 5.8 per cent in 2017. The local sector benefitted from strong growth in the national sector which was supported by high production volumes in summer rainfall areas, favourable prices for horticultural exports as well as improved prices in the livestock industry (BFAP, 2018).

Table 3.2 indicates the employment trends in the agriculture, forestry and fishing sector.

**Table 3.2 Cape Winelands District agriculture, forestry and fishing sector employment growth per municipal area, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Witzenberg	32.2	19 509	-9 517	2 646	791	1 023	-1 062	4 079	-918	-476
Drakenstein	17.8	19 146	-9 467	2 575	768	992	-1 073	4 030	-890	-484
Stellenbosch	14.7	11 044	-5 934	1 328	460	557	-603	2 210	-525	-311
Breede Valley	25.7	21 021	-11 767	2 511	749	1 014	-1 310	4 481	-1 056	-618
Langeberg	28.1	14 376	-8 256	1 635	486	683	-914	3 065	-780	-419
<b>Total Cape Winelands District</b>	<b>22.6</b>	<b>85 096</b>	<b>-44 941</b>	<b>10 695</b>	<b>3 254</b>	<b>4 269</b>	<b>-4 962</b>	<b>17 865</b>	<b>-4 169</b>	<b>-2 308</b>
Western Cape Province	10.7	262 140	-106 268	37 592	13 927	16 319	-11 743	48 649	-10 112	-5 521

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture, forestry and fishing sector is one of the main contributing sectors to employment. The sector contributed 22.6 per cent to employment in the CWD in 2016; in more rural municipal areas, such as Witzenberg, Breede Valley and Langeberg, this sector contributed 32.2 per cent, 25.7 per cent and 28.1 per cent respectively to employment in 2016.

Employment in this sector has been volatile over the last five years, with job losses in 2014 (4 962 jobs), 2016 (4 169 jobs) and 2017 (2 308 jobs). It is estimated that in 2017 the majority of job losses occurred in the Breede Valley, Witzenberg and Drakenstein municipal areas. Even though the sector grew in 2017 as a result of improved prices, the drought still had an impact on local employment.

Table 3.3 indicates the skills levels of formally employed agriculture, forestry and fishing sector workers in the CWD.

**Table 3.3 Cape Winelands District agriculture, forestry and fishing sector skills levels, 2016**

Skills level	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Cape Winelands
Skilled	4.0	4.7	6.1	3.2	2.6	4.0
Semi-skilled	17.3	19.4	23.9	23.2	13.5	19.5
Low-skilled	78.8	75.9	70.1	73.6	83.9	76.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The majority (76.5 per cent) of formally employed agriculture, forestry and fishing sector workers in the CWD are low-skilled. In the Witzenberg and Langeberg municipal areas, 78.8 per cent and 83.9 per cent of agriculture, forestry and fishing sector workers are low-skilled.

Table 3.4 outlines the employment change by skills levels in the CWD.

**Table 3.4 Cape Winelands District agriculture, forestry and fishing sector employment change by skills level, 2012 - 2017**

Formal employment by skill	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Skilled	4.0	2 319	-953	404	131	120	-114	492	-13	-81
Semi-skilled	19.5	11 309	-5 765	1 668	610	537	-609	2 333	-132	-461
Low-skilled	76.5	44 399	-26 058	5 995	2 008	1 835	-2 889	9 826	-754	-2 023
<b>Total Cape Winelands</b>	<b>100</b>	<b>58 027</b>	<b>-32 776</b>	<b>8 067</b>	<b>2 749</b>	<b>2 492</b>	<b>-3 612</b>	<b>12 651</b>	<b>-899</b>	<b>-2 565</b>

Source: Quantec Research, 2018 (e denotes estimate)

Employment changes in the agriculture, forestry and fishing sector affect mostly low-skilled workers. It is estimated that in 2017, there was a decline in 2 023 low-skilled jobs in the agriculture, forestry and fishing sector. The large number of low-skilled workers that lose their jobs in the CWD have a significant socio-economic impact on the municipal areas. The lack of skills has an influence on the ability of these workers to find jobs in other sectors, which increases local unemployment.

### 3.3 Crops

Table 3.5 below provides an overview of the use of agricultural land within the CWD.

**Table 3.5 Cape Winelands District hectares under production, 2017**

Type	Land use	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Cape Winelands District
Winter crops	Irrigated fields	25 727.4	19 078.4	15 315.0	24 890.2	25 565.2	110 576.2
	Dry land fields	46 340.2	40 074.5	8 014.0	12 820.2	29 020.5	136 269.5
	Cultivated land	72 067.6	59 152.9	23 329.0	37 710.4	54 585.7	246 845.7
	Old fields	3 812.9	4 458.4	46.8	1 570.4	4 458.4	14 346.8
Summer crops	Irrigated fields	1 211.7	412.6	227.7	1 211.7	1 799.2	4 862.7

Source: WCDOA, 2018

In the CWD, 45 per cent of cultivated winter crops are under irrigation while 55 per cent is farmed on dry land. In the Breede Valley and Stellenbosch municipal areas, 66 per cent of cultivated land is under irrigation, highlighting the importance of water availability for irrigation purposes in these areas. The impact of the water restrictions in 2017, will therefore, have a significant impact in the 2018 harvest season, which will impact the GDP growth and employment in this sector.

Table 3.6 indicates the broad categories of winter crops under production as well as the number of hectares that are fallow.

**Table 3.6 Cape Winelands winter crops, hectares under production, 2017**

Crops	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Cape Winelands District
Grains, legumes and oilseeds	17 159.9	21 855.9	515.5	440.5	5 700.1	45 671.8
Pastures	18 451.9	16 695.3	5 733.6	2 195.2	12 617.4	55 693.5
Flowers	19.5	44.6	131.2	5.7	182.7	383.7
Vegetables	2 054.7	234.3	216.0	377.8	250.7	3 133.5
Grapes	4 341.8	14 209.6	13 052.5	21 510.2	14 388.2	67 502.2
Citrus	132.7	833.1	289.5	538.6	1 746.9	3 540.9
Stone fruit	4 512.8	1 225.2	886.6	690.7	5 457.0	12 772.3
Pome fruit	13 514.1	77.3	144.0	519.8	708.2	14 963.4
Olives	294.1	1 319.0	315.4	604.3	374.2	2 907.0
Other fruit	96.8	436.8	187.9	49.8	306.0	1 077.3
Berries	39.2	117.3	78.9	0.3	14.0	249.6
Nuts	5.9	19.5	2.2	35.3	130.1	193.0
Fallow and weeds	13 821.4	1 799.5	1 529.0	12 135.2	16 787.7	46 072.7
Rooibos	4.5	8.5	0.0	0.0	0.0	13.0
Other	1 321.6	457.0	293.6	177.4	346.3	2 595.8
<b>Total</b>	<b>75 771.0</b>	<b>59 332.9</b>	<b>23 375.8</b>	<b>39 280.8</b>	<b>59 009.3</b>	<b>256 769.8</b>

Source: WCDOA, 2018

The main crops in the CWD, in terms of hectares under production, are:

- Wine and table grapes (67 502.2 hectares) – wine grape farming is the main agricultural commodity in all municipal areas, except the Witzenberg municipal area. According to Vinpro (2017), the wine harvest of 2017 was higher than anticipated. The continued drought was thought to have reduced the harvest, however, the harvest in the Langeberg, Drakenstein and Breede Valley areas produced more grapes than in 2016. The Stellenbosch area had a smaller harvest compared to 2016. Compared to the 2013 crops census, the hectares utilised for wine grape farming declined by 16.3 per cent in the CWD. The areas that had the largest decline in wine grapes under cultivation are the Drakenstein (20.5 per cent), Stellenbosch (19.9 per cent) and Witzenberg municipal areas (22.2 per cent). The cultivated land under table grape production in the CWD did, however, increase between 2013 and 2017, by 2.1 per cent (172.1 hectares).
- Pastures (55 693.5 hectares) – pastures include planted pastures, perennial planted pastures and lucerne that is used as feed for livestock farming.
- Grains, legumes and oilseeds (45 671.8 hectares) – this mostly consists of wheat (21 486.1 hectares) and small grains for grazing (18 568.5). The largest grain production areas in the CWD is the Langeberg municipal area as well as the Drakenstein municipal area. Compared to the 2013 crop census, the hectares used for wheat production increased by 27.9 per cent (4 693.2 hectares). Other crops such as canola, maize and triticale also had an increase in hectares under production (1 627.5 hectares, 315.4 hectares and 1 386 hectares respectively).
- Pome and stone fruit (27 735.7 hectares) – the Ceres region in the Witzenberg municipal area is a well-known apple and pear producing area while peach farming is the main stone fruit being farmed in the Langeberg area and often used for manufacturing dried fruit. Compared to the 2013 crop census, there has been a decline in the hectares used for pear production (10 per cent), while the number of hectares under apple production increased by 7.0 per cent. The number of hectares utilised for apricots, nectarines and peaches also declined between 2013 and 2017.

A large proportion of available agricultural land in the CWD is not in use (46 072.7 hectares). This land is either old fields, left fallow, covered in weeds or stubble. This may be a result of drought and water restrictions of 2017 influencing farmers' decisions to cultivate their land.

Table 3.7 outlines the change in hectares under production between the 2013 and 2017 crop census.

**Table 3.7 Change in hectares under production, Cape Winelands District (2013 vs 2017)**

	Breede Valley	Drakenstein	Langeberg	Stellenbosch	Witzenberg	Cape Winelands District
Grains, oil seeds and legumes	-943.4	3 423.4	1190.6	102.6	2 061.7	5 834.8
Vegetables	-424.3	-247.2	53.0	-89.0	-3 660.2	-4 367.7
Pome fruit	74.8	-15.1	28.5	-30.8	-3 12.0	-254.4
Stone fruit	143.9	-214.3	188.7	-18.0	-830.7	-730.4
Grapes (Table and Wine)	-1 228.5	-3 221.8	-2 517.1	-3 261.4	-1 192.8	-11 421.6
Citrus	334.1	128.4	1 264.9	40.9	-19.7	1 748.7
Other fruit	36.8	0.5	-19.8	-26.6	31.8	22.8
Olives	-44.6	-58.8	-6.3	0.9	-91.5	-200.2
Berries	0.2	-2.8	72.2	-2.1	53.3	120.7
Other	35.3	28.0	130.1	0.5	10.4	204.3
<b>Total</b>	<b>-2 015.6</b>	<b>-179.7</b>	<b>384.9</b>	<b>-3 283.0</b>	<b>-3 949.6</b>	<b>-9 043.0</b>

Source: WCDOA, 2018

Comparing the crop census data of 2013 to that of 2017, it is evident that there has been a large decline in hectares under crop production (9 043 hectares). This decline is mainly due to a decline in grape (particularly wine grape) and vegetable production. These changes in crop production can be as a result of the drought having an impact on certain crops, such as vegetables, but also farmers reacting to industry challenges and market changes. There has been an increase in the hectares under production for high-value crops, such as berries, as well as citrus.

Table 3.8 indicates the CWD proportion of hectares under production compared to that of the Western Cape.

**Table 3.8 Cape Winelands District winter crops under production, proportion of Western Cape (%), 2017**

Crops	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Cape Winelands District
Grains, legumes and oilseeds	2.3	3.0	0.1	0.1	0.8	6.2
Pastures	3.1	2.8	1.0	0.4	2.1	9.4
Flowers	0.7	1.5	4.4	0.2	6.2	12.9
Vegetables	17.0	1.9	1.8	3.1	2.1	25.9
Grapes	4.2	13.7	12.6	20.8	13.9	65.3
Citrus	0.8	5.3	1.8	3.4	11.1	22.4
Stone fruit	27.0	7.3	5.3	4.1	32.6	76.3
Pome fruit	42.1	0.2	0.4	1.6	2.2	46.6
Olive	4.7	21.3	5.1	9.7	6.0	46.8
Other fruit	3.2	14.6	6.3	1.7	10.2	35.9
Berries	5.8	17.4	11.7	0.0	2.1	37.0
Nuts	0.5	1.7	0.2	3.1	11.3	16.8
Fallow and weeds	4.3	0.6	0.5	3.8	5.2	14.3
Rooibos	0.0	0.0	0.0	0.0	0.0	0.0
Other	20.5	7.1	4.6	2.8	5.4	40.3
<b>Total</b>	<b>4.0</b>	<b>3.1</b>	<b>1.2</b>	<b>2.1</b>	<b>3.1</b>	<b>13.5</b>

Source: WCDOA, 2018



Wine and table grape production is not only the main agricultural activity in the CWD, but the most grape production in the province occurs in this District (65.3 per cent). The CWD is also the main stone fruit producing area (76.3 per cent) and a large contributor to pome fruit production (46.6 per cent) as well as the production of olives (46.8 per cent), berries (37 per cent) and other fruit (35.9 per cent).

### 3.4 Infrastructure

The availability of infrastructure and agro-processing facilities are essential for the development and growth of the agriculture value chain on a local and Provincial level, as agriculture production and processing span across municipal and district borders.

Table 3.9 indicates the agricultural infrastructure and agro-processing facilities in the municipal areas of the CWD.

**Table 3.9 Cape Winelands District agriculture infrastructure, 2017**

Infrastructure	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Cape Winelands District
Abattoir	2	6	1	3	3	15
Agro processing plant	95	168	256	63	123	705
Aquaculture	1	8	5	1	4	19
Auction facilities	2	4	1	1	0	8
Chicken batteries	11	106	26	26	4	173
Dairy	12	19	10	10	30	81
Feedlot	1	4	0	0	8	13
Nursery	6	27	31	4	9	77
Packhouse	145	82	67	160	38	492
Piggery	4	9	18	2	2	35
Shade netting	135	177	71	77	261	721
Silo bags	32	19	3	0	1	55
Silos	3	5	0	0	1	9
Timberlot	0	2	0	3	7	12
Tunnels	35	163	133	14	22	367
<b>Total</b>	<b>484</b>	<b>799</b>	<b>622</b>	<b>364</b>	<b>513</b>	<b>2 782</b>

Source: WCDOA, 2018

The CWD has a large number of agro-processing plants (705), particularly in the Drakenstein, Stellenbosch and Langeberg municipal areas. These areas are the main wine producing areas in the CWD. The large number of nurseries, packhouses, tunnels and shade nets also emphasise that the CWD is a well-established fruit and vegetable producing area with a well-developed value chain.

Compared to the 2013 crop census, there has been a considerable increase in shade netting in the CWD (shade netting is often used to decrease water usage as it decreases evaporation).

Table 3.10 indicates the number of hectares as well as the crops that are under shade netting in the CWD.

**Table 3.10 Cape Winelands hectares under shade netting, 2017**

Crops	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Cape Winelands District
Flowers	0.4	0.3	0.2	0.0	0.0	0.9
Vegetables	0.1	7.3	4.9	0.0	3.6	15.9
Herbs	0.0	1.9	0.1	0.7	0.7	3.4
Grapes	27.3	59.4	0.5	76.8	81.1	245.2
Fruit	83.5	6.6	2.5	26.6	6.7	126.0
Citrus	60.0	21.3	8.9	63.9	300.2	454.2
Berries	37.6	8.6	12.0	0.0	58.2	116.5
Other	23.8	14.1	6.2	0.9	3.0	48.0
<b>Total</b>	<b>232.7</b>	<b>119.6</b>	<b>35.3</b>	<b>168.8</b>	<b>453.5</b>	<b>1 009.9</b>

Source: WCDOA, 2018

The Langeberg municipal area has the largest area covered in shade netting (453.5 hectares) which is mostly used for citrus farming. In the Witzenberg municipal area, where 232.7 hectares are under shade netting, mostly fruit, citrus and grapes are covered under shade netting.

### 3.5 Agritourism

An enterprise operated on a working farm that caters to visitors and which generates a supplementary income for farm owners is generally considered to contribute to agritourism (Agritourism South Africa, 2017).

Table 3.11 below indicates the number of agritourism facilities and activities available in the CWD.

**Table 3.11 Cape Winelands District agritourism facilities and activities, 2017**

Agritourism	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	Cape Winelands District
Accommodation	102	116	225	69	141	653
Birding	22	10	12	15	14	73
Brewery	1	11	27	1	2	42
Camping	21	12	9	19	27	88
Cellar Tour	8	26	75	18	28	155
Conference	21	88	147	40	36	332
Distillery	1	6	5	2	6	20
Eco-tourism	15	16	16	14	28	89
Fishing	27	9	14	20	42	112
4x4	14	2	3	7	20	46
Farm market	4	9	8	1	1	23
Farm stall	12	21	21	8	18	80
Game	10	5	6	6	10	37
Hiking	48	26	34	29	62	199
Horse riding	12	20	23	3	9	67
Hunting	4	0	0	0	0	4
Mountain biking	38	15	36	19	45	153
Ostrich farming	0	0	4	0	1	5

<b>Agritourism</b>	<b>Witzenberg</b>	<b>Drakenstein</b>	<b>Stellenbosch</b>	<b>Breede Valley</b>	<b>Langeberg</b>	<b>Cape Winelands District</b>
Picnics	37	42	47	26	26	178
Quadbikes	6	4	3	2	6	21
Restaurants	26	69	145	25	41	306
Tasting	22	74	200	32	62	390
Wedding	22	68	105	32	35	262
Olive and wine cellar	3	5	9	0	1	18
Olive cellar	2	6	5	2	7	22
Other	116	150	194	93	157	710
Wine cellar	20	67	184	32	59	362
<b>Total</b>	<b>614</b>	<b>877</b>	<b>1 557</b>	<b>518</b>	<b>884</b>	<b>4 450</b>

Source: WCDOA, 2018

The CWD is a popular tourist area, particularly for day visitors. Between June and July 2017, 72 per cent of visitors were day visitors. The main activities for tourists included (Wesgro, 2017):

- For international tourists – wine tastings (22 per cent), culture and heritage activities (20.7 per cent) and gourmet restaurants (16.6 per cent)
- For domestic tourists – gourmet restaurants (18.3 per cent), culture and heritage attractions (23.1 per cent), and wine tastings (18 per cent)

From Table 3.11, it is evident that the CWD has a large number of restaurants, wine cellars, conference and wedding venues as well as a range of outdoor activities.

### 3.6 Concluding remarks

The agriculture industry, including primary production, agro-processing and value-added activities, such as agritourism, plays an essential role in the economy of the CWD. Not only does it contribute significantly to the local economy, but it is also an important source of employment for workers across all skill levels. The sector contributed 9.5 per cent to the GDP in 2016 and provided employment opportunities for 85 096 people.

The CWD is a major producer of grapes and wine, fruit, and livestock (evident from the large pastures and meat value-chain infrastructure). These crops are highly dependent on water availability, with a large proportion of cultivated land under irrigation, particularly in the Breede Valley and Stellenbosch municipal areas. The drought is therefore likely to have a significant negative impact in these areas.

Compared to 2013, there has been a decline of 9 043 hectares utilised for crop production. This is mostly as a result of a decline in hectares utilised for grape production as well as vegetables. The CWD is one of the main wine producing areas, the decline in hectares under wine grape production can have a large impact on local labour in this sector as well as the output and exports of wine from the region.



# 4

## Municipal infrastructure analysis

### 4.1 Introduction

As per the Financial and Fiscal Commission Policy Brief of 2015, it is noted that the investment in socio-economic infrastructure is crucial for improving economic growth and development. The management of infrastructure budget and spending efficiency by municipalities is an important consideration when looking at socio-economic outcomes. Kumo (2012) notes that infrastructure investment has a significant impact on regional development and productivity. Furthermore, Kumo (2012) finds that there is a strong causal link between economic infrastructure investment and both GDP growth and private sector employment rates. Economic infrastructure refers to the physical assets that provide services used in production and final consumption. Social infrastructure refers to those investments which accommodate social services; having either a direct or indirect impact on the quality of life. Institutional infrastructure is defined as a support structure to the other forms of infrastructure (Brown-Luthango, 2010; DBSA, 2006).

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth approach, which remains a key budget principle given the economic and social imperatives for infrastructure development. This chapter will explore three broad infrastructure themes per local municipality within the CWD.

In the **first instance**, an overview will be provided of Provincial infrastructure spend for the 2018 MTREF i.e. unpack Western Cape Government infrastructure investments within the geographical jurisdiction of a specific district and local municipality. Such investments are funded and managed by the Provincial Government, funding is not directly transferred to a district or local authority nor does it reflect within an annual municipal budget. It is important to note that the infrastructure allocations to be discussed below does not purely entail the construction of new infrastructure, but also refers to maintenance and repair projects.

Successfully leveraging infrastructure investment as a catalyst for broad-based growth and development is not solely the responsibility of a single role-player, but rather a collective effort that requires contributions by all spheres of government as well as the private sector alike.

Chapter 4 will, therefore, in the **second instance**, elaborate upon the extent to which the various local municipalities in the CWD apply their own capital budgets towards creating and maintaining the operational, economic and social infrastructure that will in time improve access to economic opportunities and essential basic services.

Municipal capital budgets are however to a large extent reliant on grants and transfers from National and Provincial Government. As a result of a constraining macro-economic environment, the national fiscus is coming under increasing pressure which is subsequently expected to lead to a notable reduction in grant support towards local authorities. This scenario will not only impact upon the enhanced roll-out of municipal infrastructure projects but seriously compromise the long-term sustainability of municipalities in general.

It is for this reason that Chapter 4 will, in the **third instance**, also unpack the various funding sources that contribute towards municipal capital budgets. The ultimate aim is to ascertain whether municipalities are mitigating the grant-reliant risk by proactively seeking external funding to apply towards enhanced infrastructure creation.

The following section will unpack each of above specified themes, namely provincial infrastructure spend, municipal infrastructure spend and municipal capital budget funding sources, for each of the municipalities in the broader Cape Winelands region. Section 4.2 will provide aggregated spending totals, meaning the sum total of expenditure by the District Municipality as well as the various local municipalities for a particular time period. The sub-sections to 4.2 will, in turn, unpack infrastructure spend for each of the respective municipalities (District as well as the local municipalities).

## 4.2 Cape Winelands District

As mentioned previously, provincial infrastructure spend refers to infrastructure investment within the geographical jurisdiction of a municipality. Depending on its location, most provincial infrastructure projects are then linked to a specific municipality on the provincial database. Certain projects, which span across local municipal boundaries, but still within a single district, will as such be linked to the relevant district municipality. An example of such projects will be road transport initiatives. If a project extends over district boundaries, it will be classified as a cross-district project.

As per Table 4.1, Provincial infrastructure spend linked to the Cape Winelands District Municipality and each of the various local municipalities in the District, will in 2018/19 amount to R1.030 billion, the majority of which will be focussed towards road transport (R702.0 million) and human settlement (R273.0 million) projects.

**Table 4.1 Cape Winelands District: Provincial infrastructure spend, 2018/19 (R'000)**

Department	Cape Winelands District Municipality	Witzenberg	Drakenstein	Breede Valley	Langeberg	Total
Education	-	6 000	2 900	18 000	3 400	30 300
Health	-	7 270	2 930	8 501	450	19 151
Human Settlements	-	32 839	101 810	118 080	20 290	273 019
Public Works: General Buildings	-	-	0	4 000	-	4 000
Public Works: Transport	249 393	110 000	28 000	74 000	240 600	701 993
Social Development	-	206	196	928	481	1 811
<b>Total</b>	<b>249 393</b>	<b>156 315</b>	<b>135 836</b>	<b>223 509</b>	<b>265 221</b>	<b>1 030 274</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018

In 2018/19, infrastructure investment by the Western Cape Government in the CWD will predominantly be focussed within the Langeberg (R265.2 million) and Breede Valley (R223.5 million) municipal areas. Allocations towards the former municipal area will mostly be attributed towards road transport (Ashton-Montagu developments), whilst the latter investments will be directed towards human settlement projects. The Drakenstein municipal area will also receive a substantial allocation for human settlements (R101.8 million). Education and Health receive relatively small allocations, although R18.0 million has been set aside for upgrades to a primary school in Breede Valley. Substantial allocations will also be directed towards projects across the district as a whole (R249.4 million).

**Table 4.2 Cape Winelands District: Sum total of District and Local Municipal Capital Expenditure, 2014/15 - 2020/21 (R'000)**

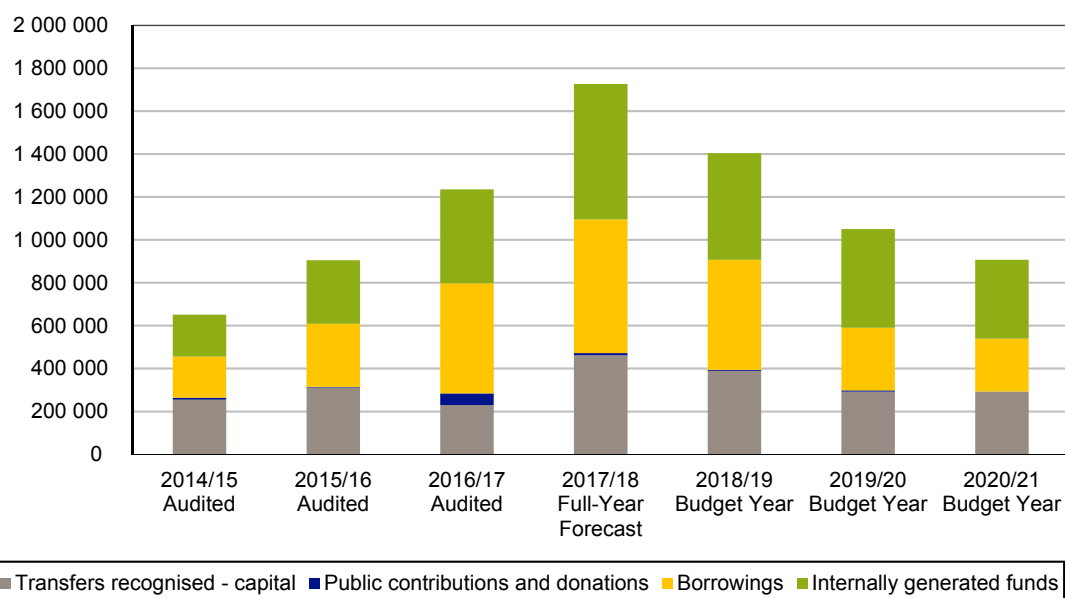
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	63 073	66 276	93 155	153 321	95 990	75 593	61 420
Community and public safety	65 988	107 434	96 334	217 414	227 138	179 558	110 946
Economic and environmental services	138 843	137 955	162 373	221 394	237 721	155 544	178 413
Trading services	383 457	593 323	883 456	1 132 690	843 297	639 666	555 231
<i>Energy sources</i>	83 887	93 110	179 492	239 792	284 634	238 059	165 694
<i>Water management</i>	172 043	198 629	227 862	422 147	268 206	211 635	208 393
<i>Waste water management</i>	110 076	272 451	447 205	436 744	263 196	147 833	160 465
<i>Waste management</i>	17 451	29 134	28 897	34 006	27 261	42 140	20 678
Other	-	48	274	1 674	20	400	1 000
<b>Total</b>	<b>651 362</b>	<b>905 036</b>	<b>1 235 592</b>	<b>1 726 492</b>	<b>1 404 166</b>	<b>1 050 761</b>	<b>907 010</b>

Source: NT Database, Final Approved 2018/19 Budgets - Schedule A5

Table 4.2 reflects a sum total of capital budget expenditure for the Cape Winelands District Municipality as well as each of the local municipalities within the District for the period 2014//15 to 2020/21. Capital budget allocations amongst the various local municipalities of the CWD has predominantly been directed towards water and waste water management between 2014/15 and 2016/17. The noticeable increase towards the water management function in 2017/18 can be attributed towards drought

mitigation projects across the District as a whole. These allocations resulted in a substantial increase in the overall capital budget for all municipalities combined. As these projects concluded, the overall capital budget figures decrease across the MTREF.

**Figure 4.1 Cape Winelands District: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Approved 2018/19 Budgets - Schedule A5

The contribution of internally generated funds towards capital expenditure across the Cape Winelands District increased between 2014/15 and 2016/17. Although grants and transfers recognised decrease notably towards 2016/17, it again increased in 2017/18, largely as a result of support provided by National and Provincial Government to mitigate the impact of the drought. Own-revenue contributions increase as a percentage of overall capital spend in 2019/20.

#### 4.2.1 Cape Winelands District Municipality

Provincial infrastructure spend within the jurisdiction of the CWD amounts to R249.4 million for 2018/19 and R705.5 million in total across the 2018 MTREF. Table 4.3 below further unpacks this amount per vote classification across the MTREF.

**Table 4.3 Cape Winelands District Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Public Works: Transport	249 393	233 517	222 627	705 537
<b>Total</b>	<b>249 393</b>	<b>233 517</b>	<b>222 627</b>	<b>705 537</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018



Provincial infrastructure spend within the CWD will entirely be directed towards the road transport function. Routine maintenance across the District will amount to R62.0 million, R62.0 million and R68.4 million respectively 2018/19, 2019/20 whilst R78.0 million, R87.6 million and R93.5 million have been budgeted for maintenance to specifically blacktop/tarred roads across the MTREF. Road C1080 in Stellenbosch will be resealed through an R30.0 million allocation in 2018/19.

**Table 4.4 Cape Winelands District Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	2 848	2 894	6 168	9 895	17 364	12 099	10 015
Community and public safety	1 565	1 425	4 468	8 965	11 729	10 532	6 390
Economic and environmental services	493	454	715	1 187	2 388	5 184	1 670
Other	-	-	-	274	-	-	-
<b>Total</b>	<b>4 906</b>	<b>4 773</b>	<b>11 351</b>	<b>20 320</b>	<b>31 481</b>	<b>27 815</b>	<b>18 075</b>

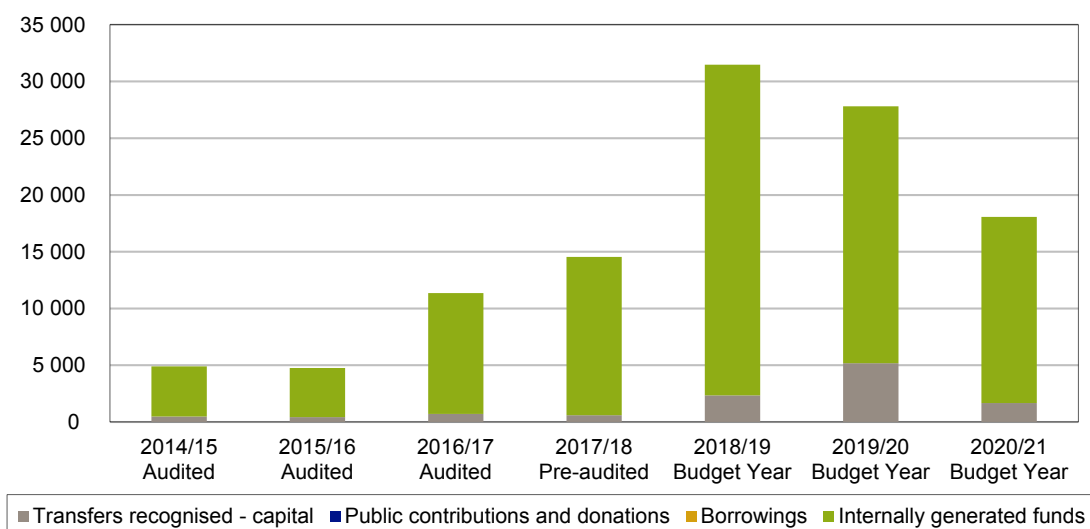
Source: Cape Winelands District, Final Approved 2018/19 Budgets - Schedule A5

As the Municipality does not provide a basket of basic services, capital budget allocations are not directed towards trading services.

In 2017/18, the Municipality split its capital budget quite evenly between Governance and Administration, Community and Public Safety. Consideration of Support Schedule SA36 in the 2017/18 adopted budget indicates that these allocations were primarily applied towards general building maintenance and information technology (Engineering Directorate) as well as capacitating its firefighting function.

The Governance and Administration, Community and Public Safety functions receive substantial allocations in 2018/19 whilst funding will also be directed towards Economic and Environmental Services for planning and development and road transport purposes.

**Figure 4.2 Cape Winelands District Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: Cape Winelands District Municipality, Final Approved 2018/19 Budgets - Schedule A5

Due to its nature as a Category C municipal authority, the Cape Winelands District Municipality does not provide a basket of basic services and does as such not have an extensive social infrastructure network to maintain.

Since 2014/15, the Cape Winelands District Municipality's capital budget has almost exclusively been sourced from internally generated funds. This occurrence bucks the general trend of district municipalities often having very limited own-revenue generating capacity. The Municipality increases the contribution of internally generated funds towards the capital budget quite substantially across the MTREF, largely to fund general building maintenance, the purchase of information technology as well as to strengthen its firefighting capacity.

#### 4.2.2 Witzenberg

Provincial infrastructure spend within the Witzenberg municipal area will amount to R156.3 million in 2018/19. This amount is almost cut in half in 2019/20 (R84.5 million) before increasing again notable by 2020/21 (R100.0 million). Total provincial infrastructure spend in Witzenberg will amount to R340.8 million across the MTREF.

**Table 4.5 Witzenberg Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	6 000	17 000	31 000	54 000
Health	7 270	5 890	19 550	32 710
Human Settlements	32 839	41 430	45 200	119 469
Public Works: Transport	110 000	20 000	4 000	134 000
Social Development	206	218	232	656
<b>Total</b>	<b>156 315</b>	<b>84 538</b>	<b>99 982</b>	<b>340 835</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018

In 2018/19, the Western Cape Government will invest R110.0 million in road transport infrastructure within the jurisdiction of the Witzenberg Municipality. This investment will in totality be attributed to a single project, namely the tarring of C751.2 PRMG TR23/3 (Gouda-Kleinberggrivier). In 2018/19 a notable R32.8 million will also be directed to human settlements, predominantly to be applied towards the development of service sites and top structure construction as part of the Vredebes IRDP project. These projects will near completion in 2019/20, hence the notable decrease in Provincial infrastructure investment in the second year of the 2018 MTREF.

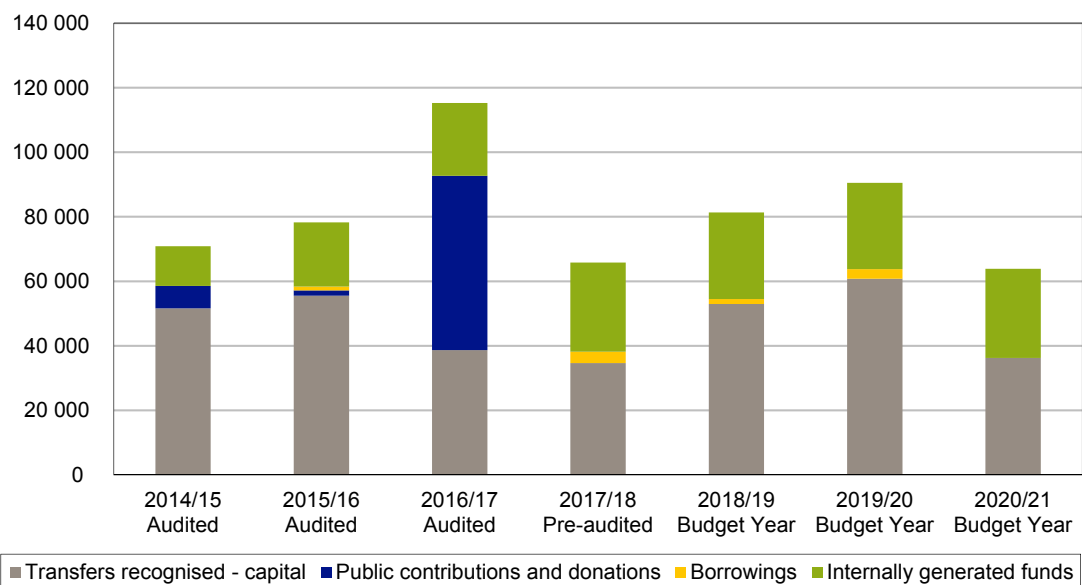
Substantial allocations are anticipated to be made towards social infrastructure (education and health) in the outer year of the MTREF. Projects include the design development of the Waveren Secondary School as well as general upgrades, extensions and maintenance to the Ceres Community Day Centre.

**Table 4.6 Witzenberg Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	7 504	2 042	843	2 708	1 340	1 062	770
Community and public safety	8 408	4 827	8 703	3 695	4 384	4 865	845
Economic and environmental services	13 561	13 203	28 107	10 950	28 504	11 365	13 542
Trading services	41 405	57 065	78 254	46 713	41 748	53 212	27 931
<i>Energy sources</i>	3 583	6 387	31 971	2 550	9 768	7 756	5 565
<i>Water management</i>	15 800	19 151	23 761	24 954	14 746	27 063	5 039
<i>Waste water management</i>	22 022	29 530	19 692	15 904	16 063	8 969	6 228
<i>Waste management</i>	-	1 996	2 830	3 305	1 171	9 424	11 099
<b>Total</b>	<b>70 877</b>	<b>77 137</b>	<b>115 907</b>	<b>64 067</b>	<b>75 975</b>	<b>70 504</b>	<b>43 088</b>

Source: Witzenberg Municipality, Final Approved 2018/19 Budgets - Schedule A5

In 2014/15 the Municipality directed most of its capital budget towards waste water management. In 2015/16, the total capital budget increase notable and although the largest trading services allocation is applied towards waste management, the single largest capital allocation is made towards Economic and Environmental Services (road transport). The Municipality again prioritised waste management in 2016/17 before directing the majority of the trading services budget to water management, largely as a result of the ensuing drought. Trading services allocations across the MTREF fluctuate between water management and energy sources.

**Figure 4.3 Witzenberg Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: Witzenberg Municipality, Final Approved 2018/19 Budgets - Schedule A5

Internally generated funds have been a prominent contributor to the Municipality's capital budget since 2014/15. Although internal funds as a percentage of the total capital budget decreased between 2015/16 and 2016/17, it was offset by a substantial public contribution/donation. It is noted that contribution from grants and transfers

increase between 2017/18, 2018/19 and 2019/20. This increase can be attributed to funding received from National Government in the form of an Integrated National Electrification Grant (INEP) and a regional bulk infrastructure allocation.

### 4.2.3 Drakenstein

Provincial infrastructure spend within the Matzikama municipal area will amount to R135.8 million in 2018/19. This amount will almost double in 2019/20 to R238.3 million before increasing again notably towards 2020/21 (R382.3 million). The total provincial infrastructure allocation in Drakenstein will amount to R756.5 million across the MTREF.

**Table 4.7 Drakenstein Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	2 900	15 000	25 500	43 400
Health	2 930	4 120	36 465	43 515
Human Settlements	101 810	134 020	60 160	295 990
Public Works: Transport	28 000	85 000	260 000	373 000
Social Development	196	207	220	623
<b>Total</b>	<b>135 836</b>	<b>238 347</b>	<b>382 345</b>	<b>756 528</b>

Source: *Western Cape Estimates of Provincial Revenue and Expenditure, 2018*

Drakenstein has in recent years experienced a prominent population increase as people move towards better economic opportunities. This influx has given rise to the demand for basic services, most notably, the demand for adequate housing. The Provincial infrastructure allocation towards Drakenstein will in 2018/19 respond particularly well to this demand through a R101.8 million investment in human settlements to fund projects such as the development of service sites at Paarl Vlakkeland (R86.7 million), Drakenstein Schoongezicht (R8.0 million) and top structure construction at Mbokweni (R5.0 million).

In addition to the continuation of human settlement investments in 2019/20, a large allocation of R85.0 million will be made towards the road transport function to fund the reseal and rehabilitation of C1029 PRMG Hermon-Gouda.

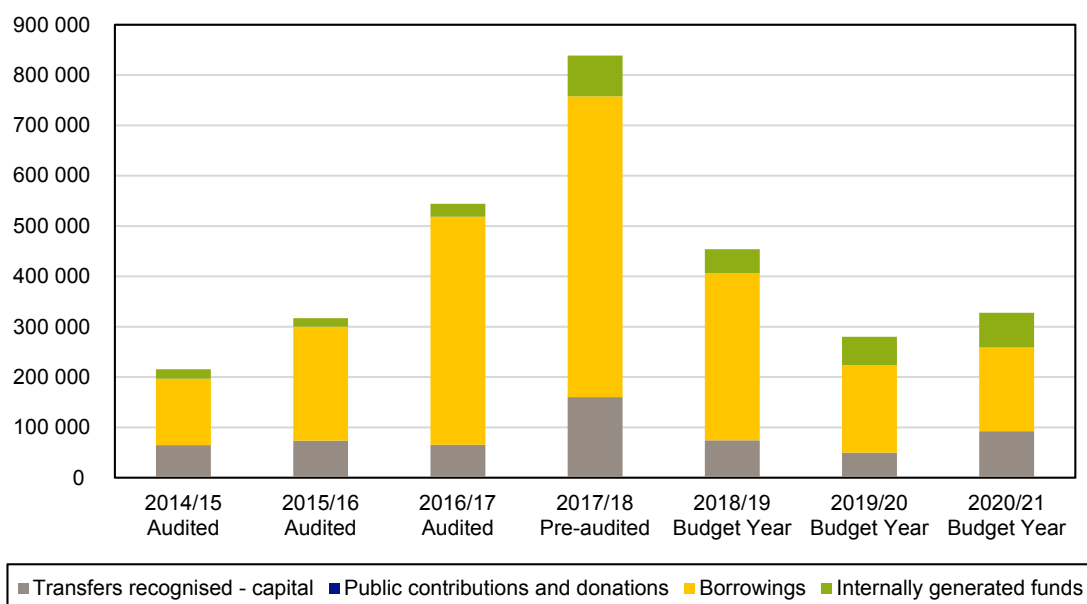
Provincial infrastructure spend in Drakenstein will balloon from R238.3 million in 2019/20 to R382.3 million in the outer year of the MTREF. Road transport will again receive a substantial allocation to the amount of R260.0 million which will primarily fund three projects i.e. the refurbishment and rehabilitation of C749.2 PRMG Paarl-Franschhoek (R128.0 million), construction of the Gouda Weighbridge (R70.0 million) and the resealing of C1102 PRMG Windmeul (R60.0 million).

**Table 4.8 Drakenstein Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	25 354	25 616	27 301	57 417	33 888	22 104	32 244
Community and public safety	14 968	30 431	36 061	90 855	73 826	51 738	45 419
Economic and environmental services	54 758	61 588	69 785	82 623	61 958	38 613	87 874
Trading services	120 324	199 505	410 841	607 774	284 368	167 181	161 125
<i>Energy sources</i>	17 850	33 969	89 871	149 168	129 470	59 907	67 745
<i>Water management</i>	53 470	72 091	124 472	187 708	105 282	89 398	73 930
<i>Waste water management</i>	42 910	81 540	191 144	253 721	46 616	17 876	19 450
<i>Waste management</i>	6 094	11 904	5 354	17 176	3 000	-	-
Other	-	-	-	-	-	400	1 000
<b>Total</b>	<b>215 404</b>	<b>317 140</b>	<b>543 989</b>	<b>838 669</b>	<b>454 040</b>	<b>280 037</b>	<b>327 662</b>

Source: Drakenstein Municipality, Final Approved 2018/19 Budgets - Schedule A5

For the period 2014/15 to 2017/18, the Municipality's capital budget ballooned exponentially, largely as a result of increased allocations to the waste water management function to fund upgrades and extensions to the Paarl and Wellington Waste Water Treatment Works. In 2018/19, the capital budget focus shifted towards energy due to the prioritisation of electricity infrastructure replacement and the electrification of housing projects. A large allocation is also made towards water management in 2018/19 largely as a result of the ensuing drought. Water continues to remain the Municipality's single most prominent capital budget priority in 2019/20 whilst a large allocation is directed towards Economic and Environmental Services in the outer year of the MTREF.

**Figure 4.4 Drakenstein Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: Drakenstein Municipality, Final Approved 2018/19 Budgets - Schedule A5

Above Figure indicates that capital expansions within Drakenstein are largely funded through external borrowings. Although the Municipality is not relying on grants and transfers, the potential exists that the Municipality will in time develop and less than favourable gearing ratio that can severely stunt infrastructure investment should the funding mix not be diversified.

#### 4.2.4 Stellenbosch

In 2018/19, Provincial infrastructure spend within the Stellenbosch municipal area will amount to R313.3 million before decreasing notably to R243.5 million in 2019/20. The allocation increases to R295.8 million in 2020/21. The total provincial infrastructure allocation in Stellenbosch will amount to R852.5 million across the MTREF.

**Table 4.9 Stellenbosch Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	49 000	12 500	14 857	76 357
Health	800	2 000	7 899	10 699
Human Settlements	48 094	39 280	41 000	128 374
Public Works: General Buildings	12 366	53 709	20 019	86 094
Public Works: Transport	203 000	136 000	212 000	551 000
Social Development	-	-	-	-
<b>Total</b>	<b>313 260</b>	<b>243 489</b>	<b>295 775</b>	<b>852 524</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018

In 2018/19, the single largest Provincial infrastructure investment in Stellenbosch will be made towards road transport (R203.0 million) to fund the refurbishment and rehabilitation of road projects such as C921 Annandale Road (R45.0 million), C914.2 PRMG Spier Road (R100.0 million) and the reseal of C1087 PRMG Stellenbosch-Klapmuts (R54.0 million). Substantial allocations will also be made towards education (R49.0 million) and human settlements (R48.1 million). Education funding will be applied towards the construction of the P.C. Peterson Primary School (R23.0 million, design phase) and the upgrades to the Cloetesville Primary School (R26.0 million) whilst human settlements initiatives will include the development of service sites in Klapmuts (R17.8 million) and Idas Valley (R15.9 million).

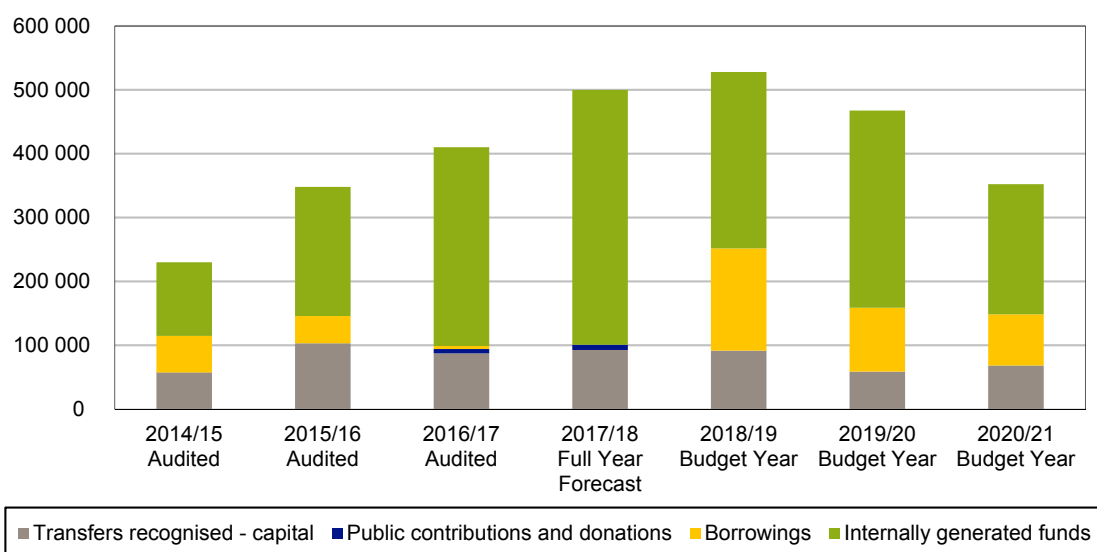
Infrastructure investment will remain focused on road transport across the MTREF whilst notable allocations will also be made towards human settlements and general public works initiatives.

**Table 4.10 Stellenbosch Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	16 622	14 590	43 255	30 056	21 165	31 215	13 790
Community and public safety	27 650	31 565	29 026	94 645	113 981	99 711	50 801
Economic and environmental services	42 335	38 072	48 583	91 416	89 055	52 271	46 770
Trading services	143 336	263 744	289 065	282 338	303 820	284 465	240 945
<i>Energy sources</i>	39 435	40 105	43 063	56 650	84 900	137 480	59 550
<i>Water management</i>	62 283	86 520	51 625	115 509	66 850	47 350	90 950
<i>Waste water management</i>	35 723	134 499	182 018	102 627	140 585	85 200	81 200
<i>Waste management</i>	5 894	2 620	12 360	7 552	11 485	14 435	9 245
Other	-	48	274	1 400	20	-	-
<b>Total</b>	<b>229 942</b>	<b>348 019</b>	<b>410 203</b>	<b>499 855</b>	<b>528 041</b>	<b>467 662</b>	<b>352 306</b>

Source: Stellenbosch Municipality, Final Approved 2018/19 Budgets - Schedule A5

Since 2014/15, the Municipality's trading services budget has steadily grown as a result of large capital allocations towards waste water management for 2015/16 and 2016/17. The impact of the drought is clearly visible in 2017/18 with the largest capital budget allocation directed towards water management. Notably water projects for 2017/18 included general upgrades to the main water supply, the bulk water supply pipe reservoir in the Dwars Rivier, as well as work to the water treatment works in Paradyskloof. The capital budget will in 2018/19 mostly be directed towards waste water management for projects such as the new Plankenburg outfall sewer and extension and upgrades to the Stellenbosch and Pniel waste water treatment works. The Municipality is budgeting for large electricity and water-related projects in the outer years of the MTREF.

**Figure 4.5 Stellenbosch Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: Stellenbosch Municipality, Final Approved 2018/19 Budgets - Schedule A5

It is evident from above that the Municipality does not rely on grants and transfers to fund capital expansions, but that the majority of the capital budget has historically been funded through internally generated funds. The Municipality has also been able to diversify its funding mix, incorporating borrowings as well as public contributions and donations. The total capital budget decreases towards the outer years of the MTREF as a result of reductions in borrowings and internally generated funds.

#### 4.2.5 Breede Valley

In 2018/19, Provincial infrastructure spend within the Breede Valley municipal area will amount to R223.5 million whilst the allocation will slightly decrease to R215.0 million in 2019/20. Total provincial infrastructure spend will decrease substantially in 2020/21. The total provincial infrastructure allocation in Breede Valley will amount to R520.5 million across the MTREF.

**Table 4.11 Breede Valley Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	18 000	27 000	20 000	65 000
Health	8 501	30 700	14 000	53 201
Human Settlements	118 080	108 300	45 000	271 380
Public Works: General Buildings	4 000	-	-	4 000
Public Works: Transport	74 000	48 000	2 000	124 000
Social Development	928	980	1 056	2 964
<b>Total</b>	<b>223 509</b>	<b>214 980</b>	<b>82 056</b>	<b>520 545</b>

Source: *Western Cape Estimates of Provincial Revenue and Expenditure, 2018*

Provincial infrastructure spend in Breede Valley will amount to R223.5 million in 2018/19 and R215.0 million in 2019/20 before decreasing notably to R82.1 million in the outer year of the MTREF. The decrease can largely be attributed to a noticeable reduction in the human settlements allocation as a result of project completion.

Notable projects across the MTREF will include the development of service sites in Worcester: Transhex (R106.3 million in 2018/19, R86.0 million in 2019/20 and R26.0 million in 2020/21), rehabilitation and refurbishment of C1089 PRMG Worcester-Roberston (R70.0 million in 2018/19 and R48.0 million in 2019/20), upgrades to the Stofpad Primary School (R18.0 million in 2018/19, R25.0 million in 2019/20 and R10.0 million in 2020/21) and the replacement of the De Doorns Ambulance Station (R3.5 million in 2018/19, R9.5 million in 2019/20).

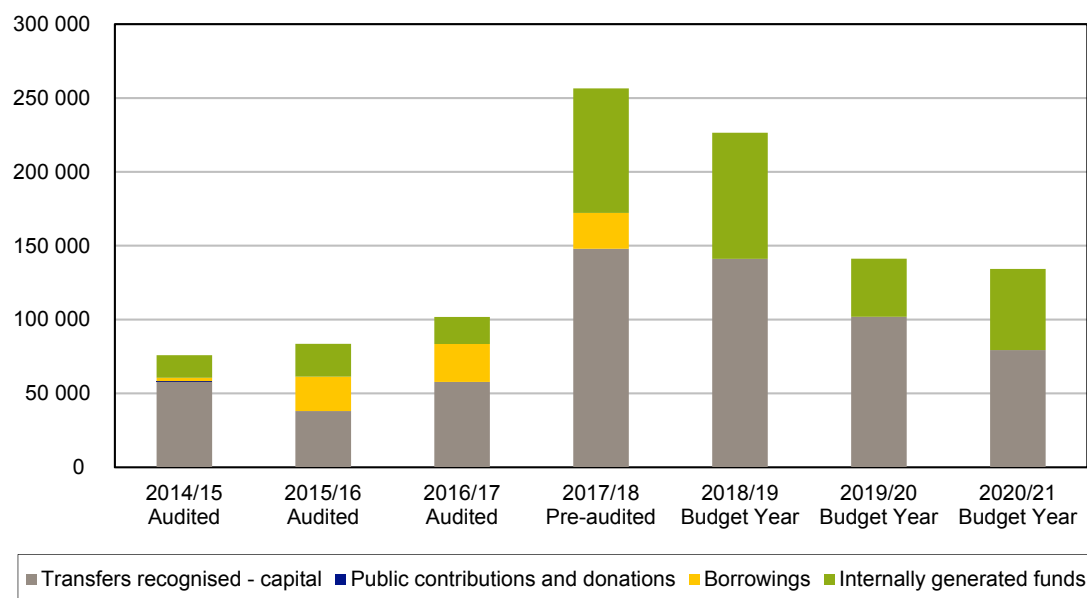


**Table 4.12 Breede Valley Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	7 267	16 647	9 820	49 459	14 933	1 913	800
Community and public safety	6 042	11 765	11 167	8 900	21 299	11 713	6 293
Economic and environmental services	24 376	18 844	9 078	31 003	30 352	25 161	8 200
Trading services	38 211	36 315	71 646	158 398	159 933	102 417	118 947
<i>Energy sources</i>	10 977	6 732	8 420	24 607	38 281	15 815	30 052
<i>Water management</i>	16 769	19 788	18 073	64 215	55 171	38 433	34 974
<i>Waste water management</i>	8 413	4 922	44 369	63 602	59 932	35 438	53 587
<i>Waste management</i>	2 053	4 873	783	5 974	6 550	12 731	335
<b>Total</b>	<b>75 896</b>	<b>83 570</b>	<b>101 711</b>	<b>247 760</b>	<b>226 517</b>	<b>141 203</b>	<b>134 240</b>

Source: Breede Valley Municipality, Final Approved 2018/19 Budgets - Schedule A5

The capital budget more than doubles between 2016/17 and 2017/18 as a result of an exponential increase in a Human Settlements Development Grant allocation which will mostly be applied towards energy sources, water and waste water management. Although the capital budget decreased notably between 2018/19 and 2019/20, the Municipality continues to prioritise water and waste water management across the MTREF whilst a sizable allocation will also be made towards energy sources in 2020/21.

**Figure 4.6 Breede Valley Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: Breede Valley Municipality, Final Approved 2018/19 Budgets - Schedule A5

The Municipality has historically maintained a balanced funding mix, relying not only on grants and transfers, but also borrowings and own-funding as capital budget sources. As mentioned above, the total capital budget increased substantially in 2017/18 as a result of a Human Settlements Development Grant received from the Provincial Government. Although grants and transfers and own-funding contributions remain relatively unchanged towards 2018/19, the Municipality does not take up any

borrowings which would explain the decrease in the overall capital budget for 2018/19. The contribution of grants and transfers towards the capital budget decrease across the MTREF and although the Municipality's own contributions also decrease substantially between 2018/19 and 2019/20, internally generated funds again increase in 2020/21.

#### 4.2.6 Langeberg

Provincial infrastructure spend within the Langeberg municipal area will amount to R265.2 million in 2018/19. This amount will decrease to R151.2 million and R91.8 million across the outer two years of the MTREF. Total provincial infrastructure spend in Langeberg will amount to R508.2 million across the MTREF.

**Table 4.13 Langeberg Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	3 400	12 000	30 000	45 400
Health	450	3 500	14 624	18 574
Human Settlements	20 290	21 160	19 630	61 080
Public Works: Transport	240 600	114 000	27 000	381 600
Social Development	481	508	539	1 528
<b>Total</b>	<b>265 221</b>	<b>151 168</b>	<b>91 793</b>	<b>508 182</b>

Source: *Western Cape Estimates of Provincial Revenue and Expenditure (2018)*

A notable decline is observed in Provincial infrastructure spend in Langeberg across the MTREF as the developments conclude on the C818: Ashton - Montagu project. Allocations towards this project amount to R180.0 million in 2018/19, R110.0 million in 2019/20 and R27.0 million in 2020/21.

Smaller allocations will also be made towards human settlements across the MTREF for the development of various service site projects such as Robertson: Nkanini (R10.5 million in 2018/19; R14.8 million in 2019/20), Bonnievale: Boekenhoutskloof (R13.4 million in 2020/21) and Montagu: Mandela Square (R6.0 million in 2018/19; R4.4 million in 2019/20).

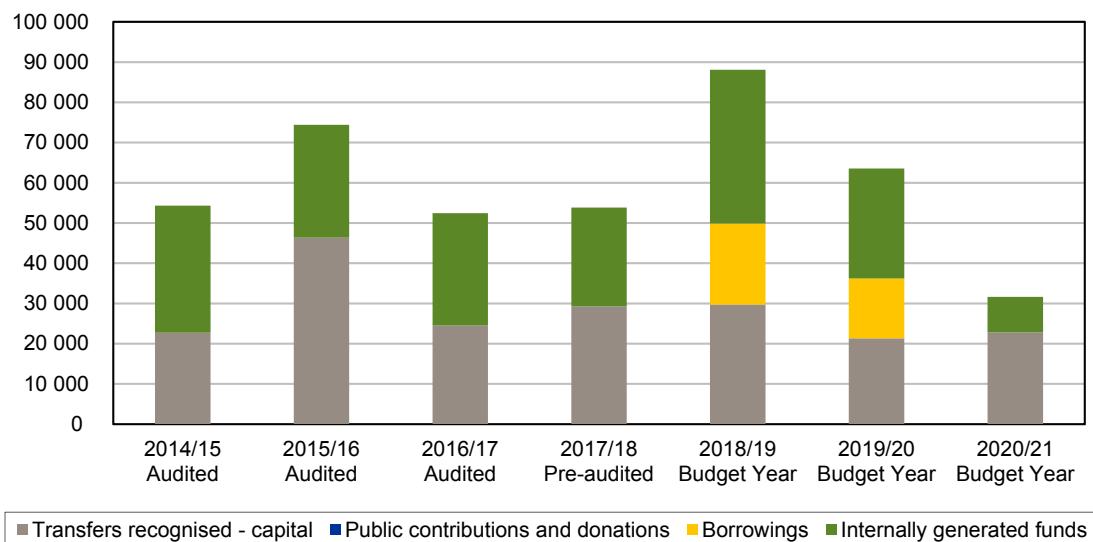
A substantial allocation will be made towards education in 2020/21 to construct the new Langeberg Secondary School (R10.0 million) and upgrades to the Wakkerstroom-Wes Primary School (R20.0 million).

**Table 4.14 Langeberg Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	3 479	4 486	5 768	3 786	7 300	7 200	3 800
Community and public safety	7 355	27 421	6 909	10 353	1 919	1 000	1 200
Economic and environmental services	3 321	5 794	6 104	4 215	25 465	22 950	20 357
Trading services	40 182	36 694	33 650	37 467	53 428	32 392	6 283
<i>Energy sources</i>	12 042	5 917	6 167	6 817	22 216	17 102	2 783
<i>Water management</i>	23 722	1 078	9 930	29 760	26 157	9 390	3 500
<i>Waste water management</i>	1 007	21 959	9 983	890	-	350	-
<i>Waste management</i>	3 411	7 741	7 570	-	5 055	5 550	-
<b>Total</b>	<b>54 335</b>	<b>74 395</b>	<b>52 431</b>	<b>55 821</b>	<b>88 111</b>	<b>63 541</b>	<b>31 640</b>

Source: Langeberg Municipality, Final Approved 2018/19 Budgets - Schedule A5

The capital budget has remained relatively stable between 2014/15 and 2017/18, the exception being a notable increase towards Community and Public Safety in 2015/16. The increase was attributed to a Human Settlement Development Grant allocation. The Municipality reprioritised its capital budget for 2017/18 towards water management mainly to mitigate the risks associated with the drought through the expansion of bulk water infrastructure. The capital budget reduces quite notably towards 2020/21.

**Figure 4.7 Langeberg Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: Langeberg Municipality, Final Approved 2017/18 Budgets - Schedule A5

The notable increase in grant and transfer funding in 2015/16 can be attributed to a sizable Human Settlements Development Grant allocation received from the Provincial Government. The Municipality however gradually decreased its own contribution to the capital budget between 2014/15 and 2017/18 but increased it by more than 50.0 per cent in 2018/19. The Municipality diversified its funding mix in 2018/19 by introducing external borrowings as a capital budget source which has subsequently

resulted in a substantial increase in the overall capital budget. The capital budget decreases substantially across the outer years of the MTREF due to reductions in own-revenue contributions.

### **4.3 Summary and conclusion**

This chapter aimed to illustrate the manner in which the Western Cape Government, through targeted investments in economic, operational and social infrastructure, is fulfilling its role as a responsive and proactive government by contributing towards an environment that is conducive of broad-based economic growth and development to ultimately benefit of society as a whole.

It has been mentioned previously that a constraining fiscal environment will potentially impact heavily on direct grant and transfer payments to local government. The reality is however that sluggish growth will also affect public infrastructure spend within the jurisdiction of local municipalities as national and provincial authorities will be forced to relook their funding priorities. The effects of such reduced public infrastructure spending are evident from recent reports of a struggling national construction sector that is gradually reducing its contributions to GDP as well as the total employment.

This chapter has shown that the Western Cape Government backs the trend of reduced public infrastructure spend by increasing its investment in infrastructure across the MTREF within all districts of the Province. It has however been emphasised that the creation of broad-based growth by means of proactive public investment in infrastructure can only be achieved through the complementary contributions of all spheres of government. This chapter, therefore, aimed to drive home this realisation that the onus of responsibility also falls upon local government to transcend their reliance on grants and transfers by seeking alternative funding sources to propel infrastructure expansions.

The success of public infrastructure spend as a catalyst for economic growth is just as much influenced by the quality therefore as it is by quantity. Targeted investments complimenting the geographical development potential of a region is therefore key, especially within the local sphere of government which acts as the coal-face of basic service delivery. Investment in economic infrastructure within the CWD will as such be most effective if focused on the major growth nodes in the Drakenstein and Stellenbosch areas. The developmental potential of smaller municipalities such as Breede Valley and Langeberg should however not be overlooked, especially as investment in these municipalities can translate to improved socio-economic conditions.

# 5

## Municipal socio-economic analysis

### 5.1 Introduction

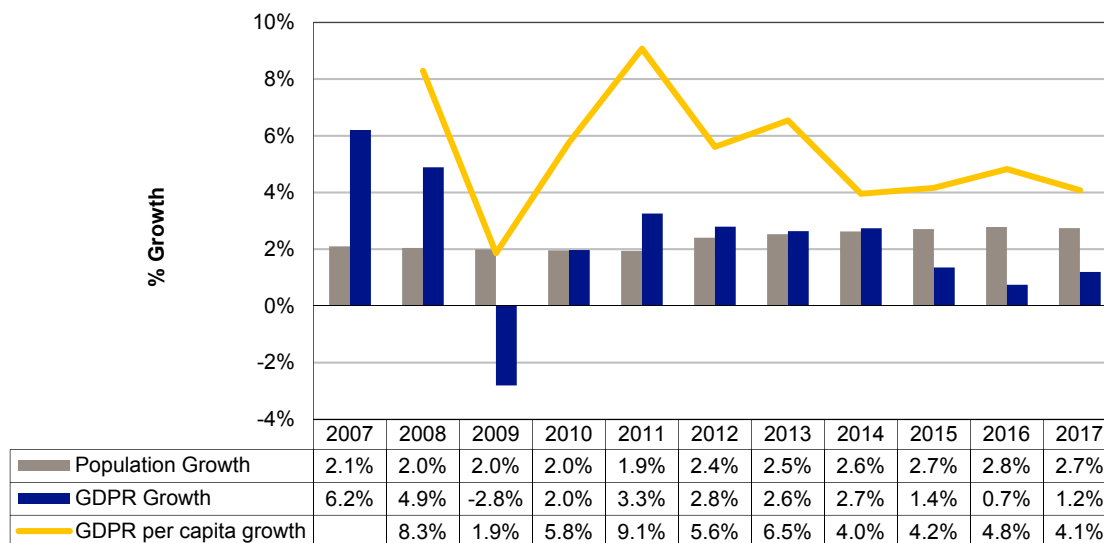
The main aim of this chapter is to describe the economic and social circumstances of households living in the CWD over the last few years given the slow economic recovery from the 2008 - 2009 global recession and the recent drought. The data used is sourced from Statistics SA, the Western Cape Education and Health departments, Quantec, and IHS Markit, among others.

Indicators used to analyse population and income dynamics include the population growth rate, the GDP 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. These indicators are discussed in detail in the sections below.

### 5.2 Population, GDP per capita and income distribution

#### 5.2.1 Population growth, GDP growth and GDP per capita growth in CWD

When an economy grows faster than population growth it means more income becomes available to be shared by citizens and everyone is likely to be better off. On the contrary, when population growth is faster than economic growth, less income is available and it is stretched to accommodate the increasing population, resulting in lower income per person. Figure 5.1 below shows population growth rates and economic growth rates for the CWD between 2007 and 2017.

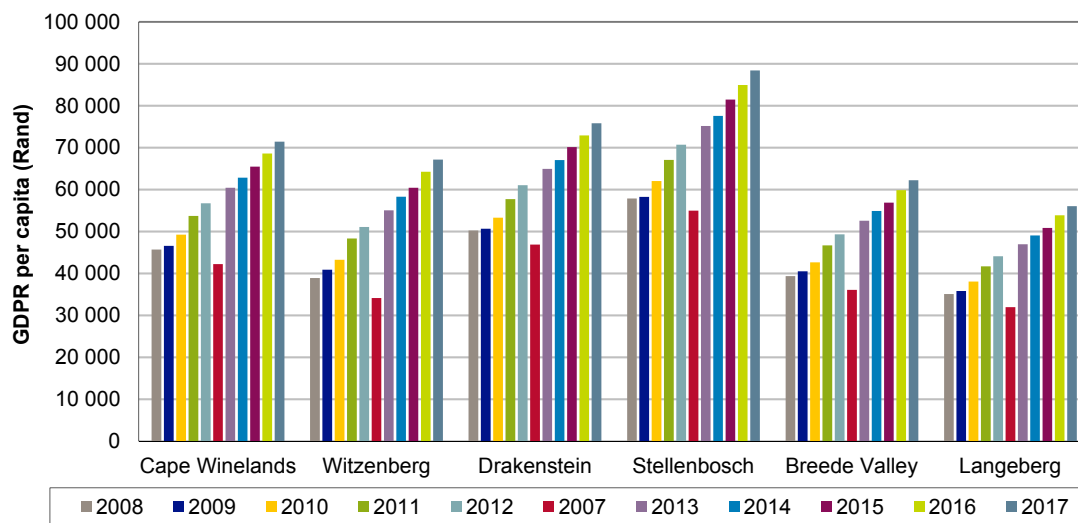
**Figure 5.1 Population, GDPR and GDPR per capita growth in Cape Winelands District, 2007- 2017**

Source: Quantec Research, 2018

In 2007 and 2008, the CWD economy grew much faster than population growth, but the global recession of 2009 changed this, with a significant drop in GDPR while population growth remained steady. The economic recovery between 2011 and 2014 resulted in GDPR growth rates marginally exceeding population growth rates, but the situation reversed significantly since 2015 as population growth in the CWD exceeded GDPR growth rates as indicated in Figure 5.1 above.

On the back of steady population growth rates and volatile GDPR growth rates between 2007 and 2017, the growth in the income per person, as indicated by the GDPR per capita<sup>6</sup>, has also been volatile as shown in Figure 5.1 above. An important trend to note is that the GDPR per capita growth rate has been much higher than both the population and GDPR growth rates, implying increasing living standards among CWD households.

<sup>6</sup> Real GDPR per capita is an indicator used by economists to estimate the income per person within an economy, and inherently the standard of living. It is calculated by dividing the real gross domestic product of an economy by the total population of that economy. GDPR per capita is an estimate of the average income per person in an economy and is therefore not an accurate and true reflection of the annual incomes earned by various individuals or households.

**Figure 5.2 Nominal GDP per capita within Cape Winelands District, 2007 - 2017**

Source: Quantec Research, 2018

The standard of living in Stellenbosch is likely to be higher than that of other municipal areas in the Cape Winelands since Stellenbosch has the highest GDP per capita as shown in Figure 5.2. Stellenbosch and Drakenstein have GDP per capita amounts higher than the average for the District while Langeberg has the lowest. It is interesting to observe Witzenberg's GDP per capita exceeded that of Breede Valley from 2008 to 2017, whereas before the recession, Breede Valley had a higher GDP per capita. Witzenberg's economy grew faster than that of Breede Valley between 2009 to 2017.

Table 5.1 below provides a breakdown of the proportion of households in various income brackets in the CWD in 2017.

**Table 5.1 Percentage of households per income bracket in Cape Winelands District, 2017 (%)**

Income category	Cape Winelands	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg	
<b>No income</b>	<b>13.1</b>	<b>6.4</b>	<b>12.8</b>	<b>20.4</b>	<b>12.0</b>	<b>10.0</b>	
R1 - R6 314	1.9	1.7	1.8	2.0	1.7	2.5	Low Income
R6 315 - R12 628	3.5	4.0	3.2	3.5	3.1	4.3	
R12 629 - R25 257	13.4	18.7	10.7	10.6	15.2	15.8	
R25 258 - R50 514	20.1	25.8	17.1	16.6	21.8	24.3	
<b>Subtotal</b>	<b>51.9</b>	<b>56.6</b>	<b>45.5</b>	<b>53.1</b>	<b>53.8</b>	<b>57.0</b>	
R50 515 - R101 028	18.4	20.6	18.7	15.5	18.6	19.8	Middle Income
R101 029 - 202 055	12.3	10.6	13.9	11.6	12.7	10.8	
R202 056 - R404 111	8.8	6.8	10.7	8.5	8.5	7.3	
<b>Subtotal</b>	<b>39.4</b>	<b>38.0</b>	<b>43.2</b>	<b>35.6</b>	<b>39.8</b>	<b>38.0</b>	
<b>R404 112 - R808 221</b>	<b>5.7</b>	<b>3.9</b>	<b>7.6</b>	<b>6.5</b>	<b>4.7</b>	<b>3.6</b>	High Income
R808 222 - R1 616 442	2.0	1.1	2.5	3.3	1.0	1.0	
R1 616 444 - R3 232 885	0.5	0.3	0.6	1.0	0.3	0.2	
R3 232 886+	0.4	0.2	0.4	0.7	0.3	0.2	
<b>Subtotal</b>	<b>8.6</b>	<b>5.4</b>	<b>11.2</b>	<b>11.4</b>	<b>6.4</b>	<b>5.0</b>	

Source: Quantec Research, 2018

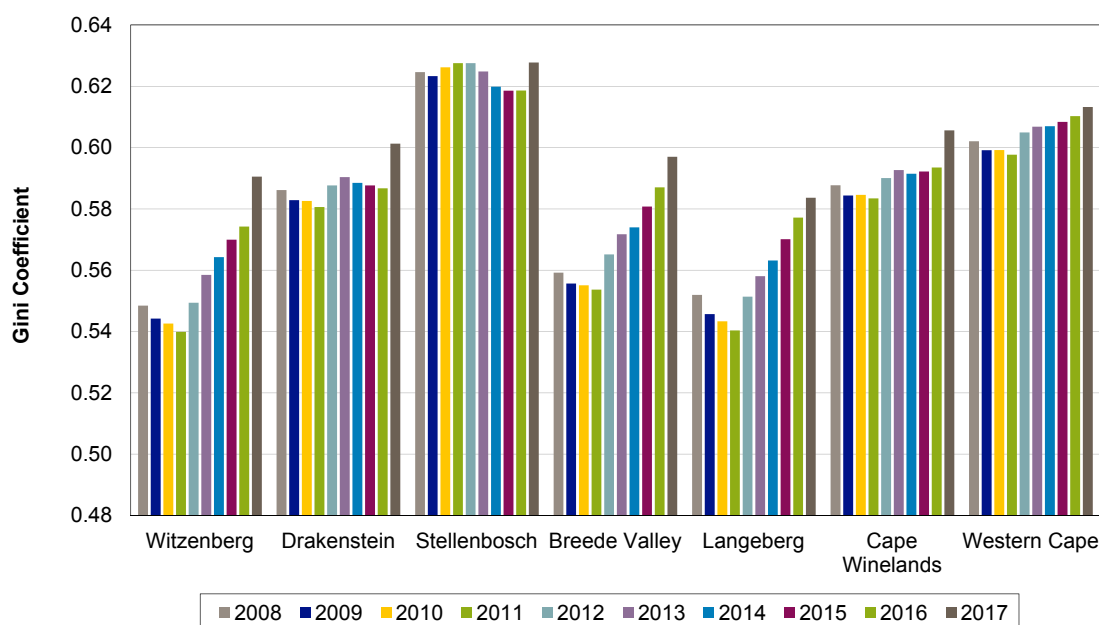
In Table 5.1 above, Stellenbosch had the highest proportion (20.4 per cent) of households without income and Witzenberg had the lowest (6.4 per cent). Furthermore,

Langeberg has the highest proportion (57 per cent) of low-income earners followed by Witzenberg (56.6 per cent), Breede Valley (53.8 per cent), Stellenbosch (53.1 per cent) and Drakenstein (45.5 per cent). Drakenstein has the highest proportion of middle-income earners (45.5 per cent) while Stellenbosch has the highest proportion of high-income earners (11.4 per cent). Many large companies and academic institutions in the region are based in these two municipal areas.

## 5.2.2 Income distribution in Cape Winelands District

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient.<sup>7</sup> Figure 5.3 shows that the Gini coefficient increased for all municipal areas within the CWD between 2016 and 2017.

**Figure 5.3 Gini coefficients in Cape Winelands District municipal areas, 2008 - 2017**



Source: IHS Markit, 2018

Witzenberg experienced the biggest increase in income inequality, with the Gini coefficient rising from 0.574 in 2016 to 0.590 in 2017. Drakenstein also experienced a high increase from 0.586 in 2016 to 0.601 in 2017 while Langeberg experienced the lowest increase, from 0.577 in 2016 to 0.583 in 2017. Income inequality is highest in Stellenbosch, with a Gini coefficient of 0.627 in 2017, followed by Drakenstein (0.601 in 2017) and Breede Valley (0.597 in 2017). Income inequality tends to be high in large urban economies and lower in small rural areas. Although income inequality in the CWD in 2017 (0.605) is lower than the average for the Province (0.613), Stellenbosch's level is higher than the provincial average.

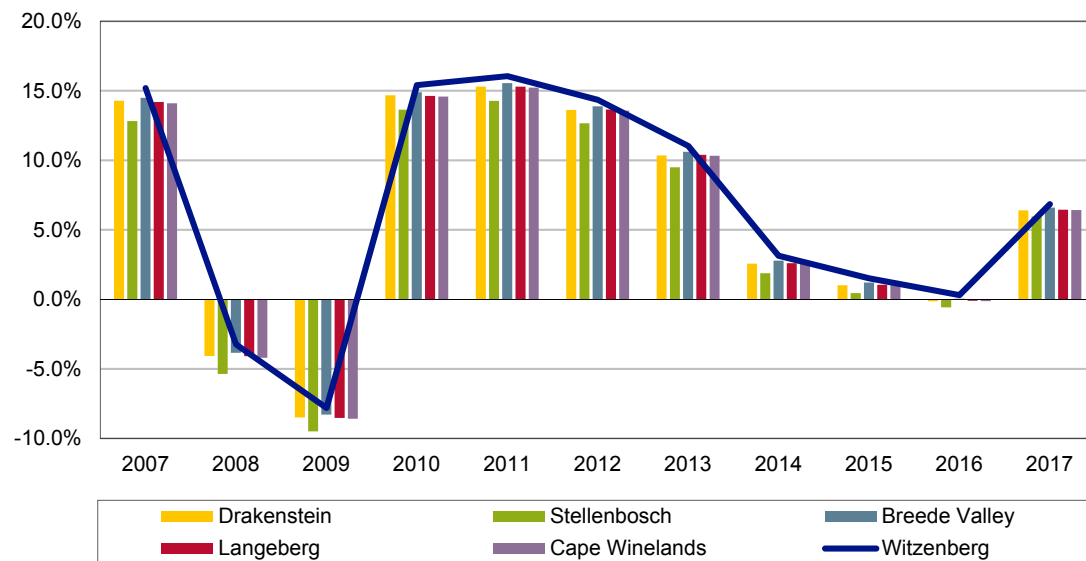
<sup>7</sup> The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents, and the figure varies between 0, which is an indication of complete or perfect equality and 1, which represents complete inequality in income distribution. The closer to 1 means more and more inequality exists and the closer to 0 shows less and less inequality.



### 5.2.3 Household expenditure in Cape Winelands District

Another way of looking at disparities in income distribution is to analyse household expenditure on durable, semi-durable, non-durable and services. Economists expect households to consume durable goods and services when disposable income increases significantly and semi-durable or non-durable goods when disposable incomes are low. Figures 5.4 and 5.5 show the percentage change in household expenditure over the past 10 years.

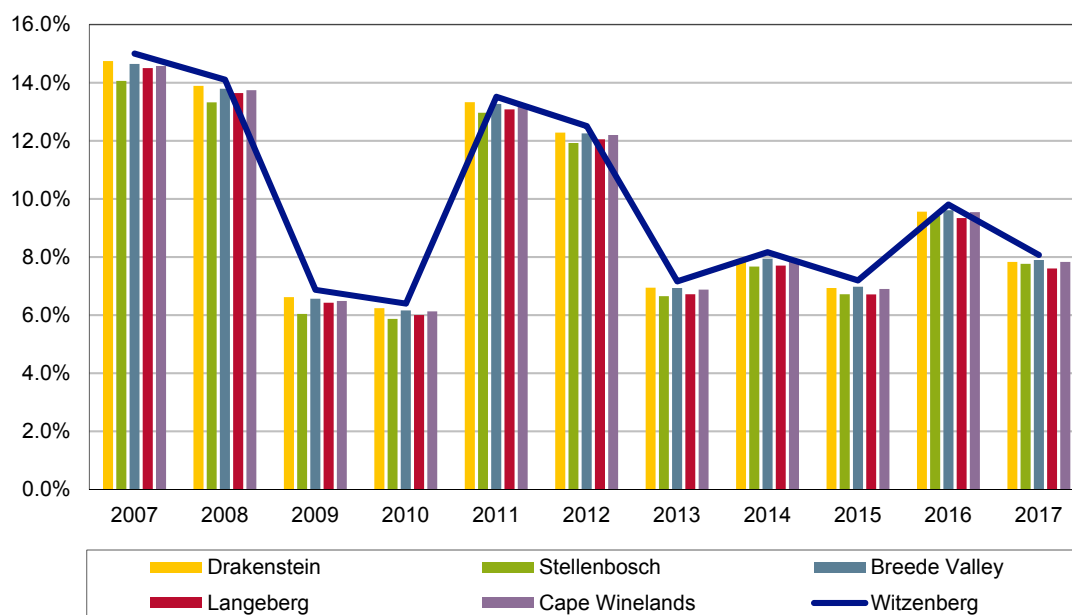
**Figure 5.4 Household expenditure growth on durable goods, Cape Winelands District, 2007 - 2017**



Source: Quantec Research, 2018

Figure 5.4 shows that household expenditure on durable goods in all municipal areas within the CWD decreased in 2008 and decreased further in 2009 during the recession. However, from 2010 expenditure on durable goods increased sharply, before slowing down between 2014 and 2016 as the economy again recorded low growth levels. The increase in economic growth in 2017 saw expenditure picking up across all municipalities in the region.

As shown in Figure 5.5 below households' expenditure on non-durable goods within the CWD has been growing by over 6 per cent per annum over the past 10 years, including the recession years and years of very low economic growth.

**Figure 5.5 Household expenditure growth on non-durable goods, Cape Winelands District, 2007 - 2017**

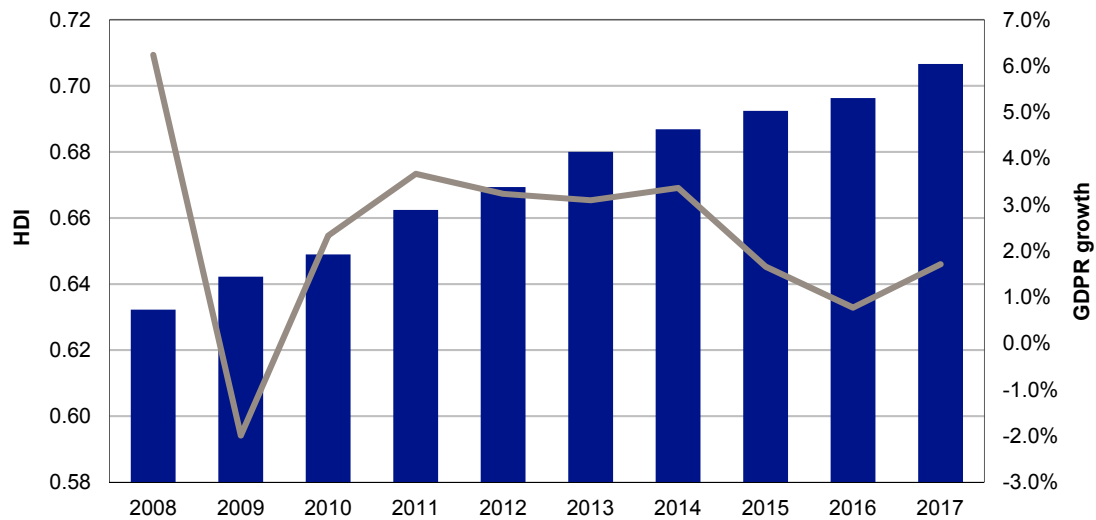
Source: Quantec Research, 2018

### 5.3 Human Development

The United Nations uses the Human Development Index (HDI)<sup>8</sup> 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 5.6 shows economic growth trends and changes in the HDI for the CWD between 2008 and 2017.

<sup>8</sup> 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 5.6 GDP growth vs HDI growth in Cape Winelands District, 2008 - 2017**

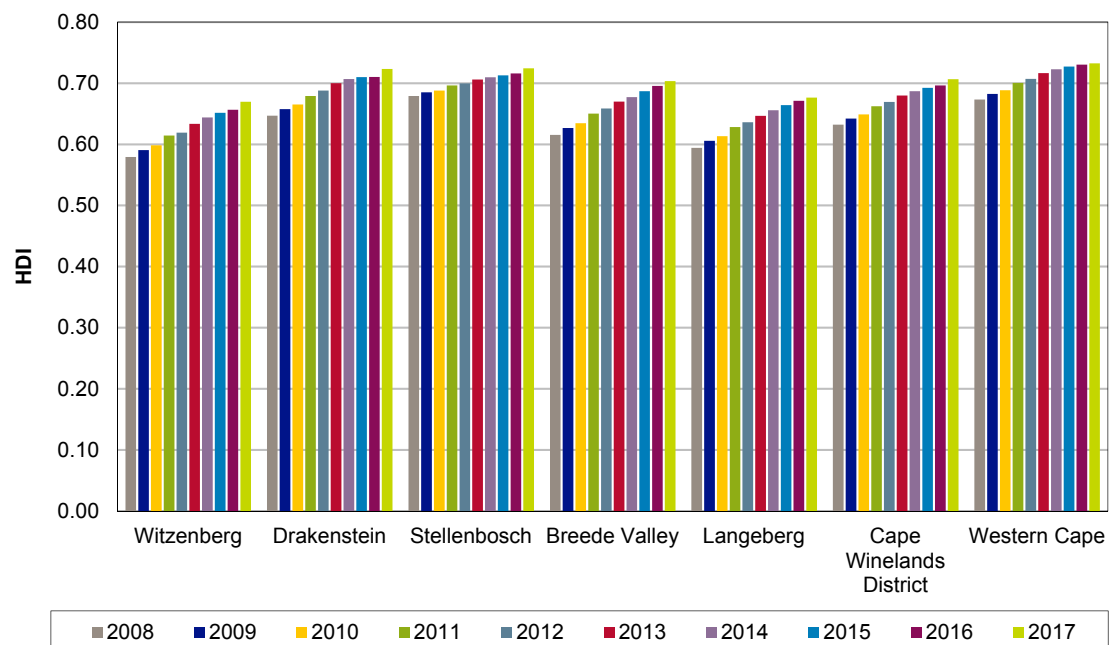


Source: Quantec Research, 2018, IHS Markit, 2018

Over the past decade, there are instances where economic growth and human development within the Cape Winelands region have both increased, as shown in Figure 5.6 above during 2009 - 2011, 2013 - 2014 as well as 2016 - 2017. In periods when human development increased despite a downturn in economic activity, it could be a result of lagged effects of economic growth from previous years. The HDI for the Cape Winelands region has increased continuously over the last 10 years.

Figure 5.7 below shows the HDIs per municipal area in the CWD between 2008 and 2017.

**Figure 5.7 HDIs per municipal area, Cape Winelands District, 2008 - 2017**



Source: IHS Markit, 2018

The Stellenbosch municipal area has the highest HDI (0.725 in 2017) in the CWD, followed by Drakenstein (0.723), Breede Valley (0.704), Langeberg (0.676) and Witzenberg (0.670) municipal areas. The HDIs for Stellenbosch and Drakenstein municipal areas are higher than the average for the CWD (0.707), but slightly below the Western Cape average (0.733).

### 5.3.1 Educational development within Cape Winelands

The extent of improvement in educational circumstances of households in the CWD is discussed here using data on learner enrolments, Grade 12 dropout rates and Matric pass rates. Between 2016 and 2017, the District recorded increases in learner enrolment, an overall decrease in Grade 12 dropout rates and a decrease in the average Matric pass rate as indicated in Table 5.2.

**Table 5.2 Enrolment, dropout and matric pass rates in Cape Winelands District, 2016 - 2017**

Municipality	Learner enrolment			Grade 12 dropout rate (%)			Matric pass rates (%)		
	2016	2017	% change	2016	2017	% change	2016	2017	% change
Witzenberg	18 048	18 070	0.1	35.5	36.6	3.1	74.5	72.1	-3.2
Drakenstein	47 601	48 208	1.3	26	28.8	10.8	86.7	85.4	-1.5
Stellenbosch	26 085	26 544	1.8	23	25.6	11.3	86.9	85.5	-1.6
Breede Valley	32 558	32 860	0.9	32.7	30.1	-8.0	84.2	80.2	-4.8
Langeberg	17 838	18 213	2.1	46.8	40.5	-13.5	85.7	79.5	-7.2

Source: Western Cape Education Department, 2018

In 2017, the Drakenstein municipal area had the highest learner enrolment, but it was in Langeberg where learner enrolment increased by a big margin (2.1 per cent) between 2016 and 2017. The Langeberg municipal area had the highest Grade 12 dropout rate in the CWD in 2017, having dropped from an even higher rate in 2016. However, the Stellenbosch municipal area had the biggest increase in the dropout rate between 2016 and 2017. The Stellenbosch municipal area also had the highest Matric pass rate in 2017. All of the municipal areas in CWD recorded decreases in the Matric pass rate between 2016 and 2017, with the most decrease recorded in the Langeberg municipal area.

**Table 5.3 Educational development within Witzenberg, 2012 - 2017**

Period	Learner Enrolment	% change	Gr 12 dropout rate	% Change	Matric Pass Rates (%)	% change
2012	17 639	-	38	-	78.7	-
2013	17 757	0.7	38.5	1.3	84.7	7.6
2014	18 038	1.6	38.5	0.0	75.1	-11.3
2015	18 181	0.8	29	-24.7	72.5	-3.5
2016	18 048	-0.7	35.5	22.4	74.5	2.8
2017	18 070	0.1	36.6	3.1	72.1	-3.2

Source: Western Cape Education Department, 2018

Table 5.3 shows that learner enrolment in Witzenberg decreased by 0.7 per cent between 2015 and 2016; the Grade 12 dropout rate decreased significantly in 2015 (24.6 per cent) and increased sharply (by 22.4 per cent) in 2016; the Matric pass rate decreased sharply in 2014 (by 11.3 per cent) and decreased further in 2015 (3.4 per cent) and in 2017 (3.2 per cent). The high Grade 12 dropout rates and the decreasing Matric pass rates remain a concern in the Witzenberg municipal area.

**Table 5.4 Educational development within Drakenstein, 2012 - 2017**

Period	Learner Enrolment	% change	Gr 12 dropout rate	% change	Matric Pass Rates (%)	% change
2012	45 149	-	28.6	-	83.0	-
2013	45 689	1.2	36.1	26.2	89.4	7.7
2014	46 474	1.7	28.6	-20.8	83.8	-6.3
2015	46 988	1.1	27.1	-5.2	86.7	3.5
2016	47 601	1.3	26	-4.1	86.7	0.0
2017	48 208	1.3	28.8	10.8	85.4	-1.5

Source: Western Cape Education Department, 2018

Learner enrolment in Drakenstein increased by more than 500 learners per year between 2012 and 2017, with 2014 recording the highest (785 learners or 1.7 per cent) increase. Following a 26.2 per cent Grade 12 dropout rate in 2013, improvements in learner dropout rates were recorded from 2014 to 2016, but a sharp increase (10.8 per cent) was reported in 2017, as well as a marginal decrease in the Matric pass rate (1.5 per cent in 2017). The Grade 12 dropout rate remains very high (28.8 per cent in 2017) and the matric pass rate remains significantly high at 85.4 per cent in 2017, although it is well below the peak of 89.4 per cent achieved in 2013. The high dropout rate for Grade 12 learners and the decrease in the Matric pass rate is a concern within the Drakenstein municipal area.

**Table 5.5 Educational development within Stellenbosch, 2012 - 2017**

Period	Learner Enrolment	% Change	Gr 12 dropout rate	% Change	Matric Pass Rates (%)	% Change
2012	24 110	-	31.9	-	85.6	-
2013	24 745	2.6	26.6	-16.6	88.1	2.9
2014	25 274	2.1	31.9	19.9	87.2	-1.0
2015	26 129	3.4	21.7	-32.0	85.6	-1.8
2016	26 085	-0.2	23.0	6.0	86.9	1.5
2017	26 544	1.8	25.6	11.3	85.5	-1.6

Source: Western Cape Education Department, 2018

Learner enrolment in Stellenbosch decreased by 44 learners (0.2 per cent) from 26 129 in 2015 to 26 085 in 2016 and increased by 459 learners (1.8 per cent) to 26 544 in 2017. However, the Grade 12 dropout rate increased by 11.3 per cent from 23 per cent in 2016 to 25.6 per cent in 2017. Although the Matric pass rate remains significant at 85.5 per cent in 2017, and the highest in the region, it is lower than the peak of 88.1 per cent achieved in 2013, as shown in Table 5.5. The high and increasing dropout rate and the decreasing Matric pass rate is a concern in Stellenbosch.

**Table 5.6 Educational development within Breede Valley, 2012 - 2017**

Period	Learner Enrolment	% change	Gr 12 dropout rate	% Change	Matric Pass Rates (%)	% change
2012	31 411	-	40.9	-	85.9	-
2013	31 929	1.6	36.6	-10.5	81.4	-5.2
2014	32 076	0.5	32.9	-10.1	82.1	0.9
2015	32 466	1.2	32.3	-1.8	82.4	0.4
2016	32 558	0.3	32.7	1.2	84.2	2.2
2017	32 860	0.9	30.1	-8.0	80.2	-4.8

Source: Western Cape Education Department, 2018

The learner enrolment in Breede Valley has increased consistently between 2012 and 2017, with increases ranging between 147 additional learners in 2014 and 518 extra learners in 2013. Furthermore, the Grade 12 dropout rate has been declining although it remains very high (30.1 per cent in 2017), while the Matric pass rate increased between 2014 and 2016 before dropping by 4.8 per cent in 2017. The high Grade 12 dropout rate and the decreasing Matric pass rate is a concern in Breede Valley.

**Table 5.7 Educational development within Langeberg, 2012 - 2017**

Period	Learner Enrolment	% change	Gr 12 dropout rate	% change	Matric Pass Rates (%)	% change
2012	16 891	-	48.3	-	90	-
2013	17 132	1.4	40.6	-15.9	88.9	-1.2
2014	17 226	0.5	35.7	-12.1	84.2	-5.3
2015	17 499	1.6	38.7	8.4	84.5	0.4
2016	17 838	1.9	46.8	20.9	85.7	1.4
2017	18 213	2.1	40.5	-13.5	79.5	-7.2

Source: Western Cape Education Department, 2018

Learner enrolment in Langeberg has increased consistently between 2012 and 2017, with increases ranging between 94 additional learners in 2014 and 375 or 2.10 per cent extra learners in 2017. The Grade 12 dropout rate has fluctuated from significant decreases in certain years to significant increases in other years. The 40.5 per cent Grade 12 dropout rate in 2017 is the highest in the region. The Matric pass rate also dropped from a peak of 88.9 per cent in 2013 to 79.5 per cent in 2017, the second lowest achievement rate in the region.

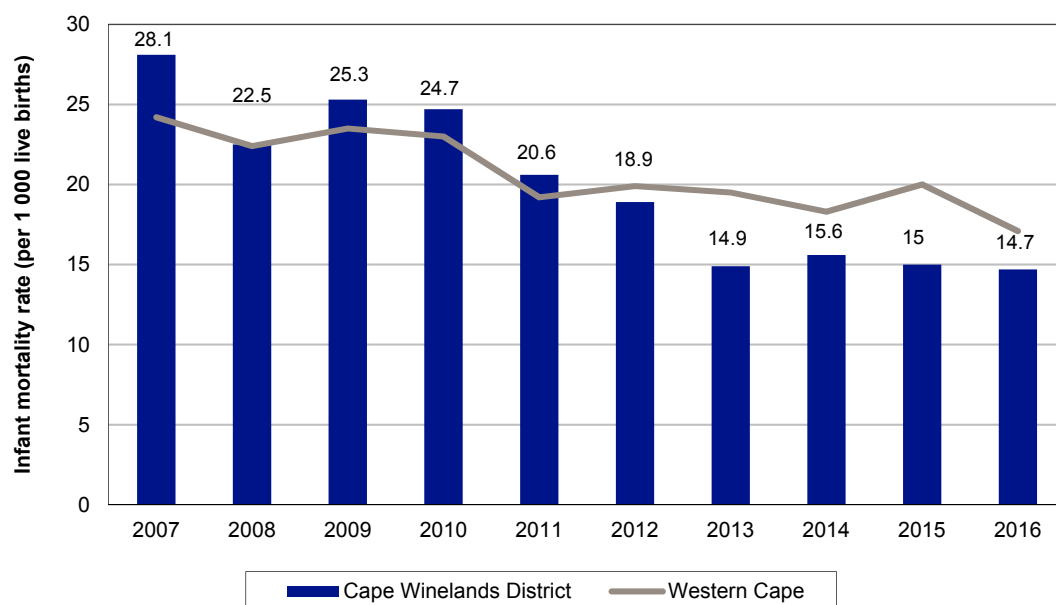
In summary, the above analysis on education indicators within the CWD shows a general increase in learner enrolment year-on-year between 2012 and 2017 across all municipal areas, with the exception of minor decreases in Witzenberg and Stellenbosch in 2016. Grade 12 dropout rates have fluctuated during the period under review but remain very high, with Langeberg experiencing the highest levels. The Matric pass rates have also fluctuated between 2012 and 2017 but decreases were recorded in 2017 for all municipal areas, with Langeberg recording the biggest decrease.

### 5.3.2 Health development within Cape Winelands District

The health conditions of persons living within the CWD are analysed in this section by looking at infant mortality rates, the top 10 causes of death as well as the top 10 injuries that cause death. Life expectancy in the Western Cape between 2011 and 2016 averaged 64.8 years for males and 70.6 years for females according to the mid-year population estimates by Statistics SA in 2017. For the period between 2016 and 2021, the average life expectancy is expected to be higher at 66.2 years for males and 72.1 years for females.

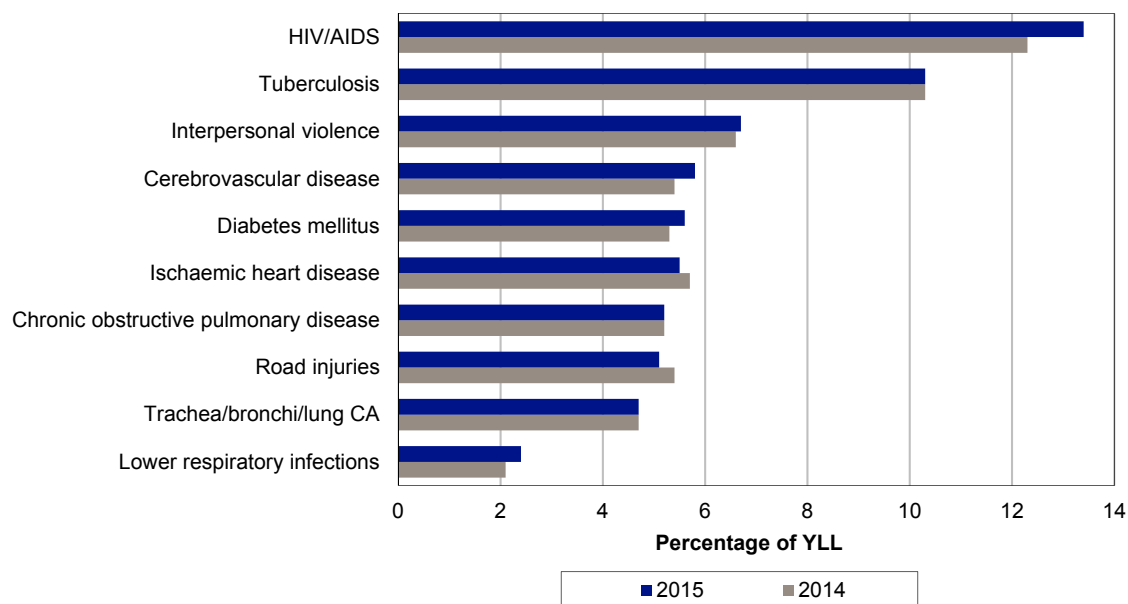
Figure 5.8 below shows a decrease in infant mortality rates in Cape Winelands between 2007 and 2016, indicating an improvement in child health care in the period under review.

**Figure 5.8 Infant mortality rates, Cape Winelands District, 2007 - 2016**



Source: Western Cape Health Department, 2018

In 2016, there were 14.7 infant deaths (per 1 000 live births) in CWD, which is almost half of the 28.1 deaths (per 1 000 live births) recorded in 2007. Figure 5.8 also shows that there were fewer infant deaths in the Cape Winelands compared to the Western Cape average between 2012 and 2016.

**Figure 5.9 Top 10 causes of death in Cape Winelands District, 2014 - 2015**

Source: Western Cape Health Department, 2018

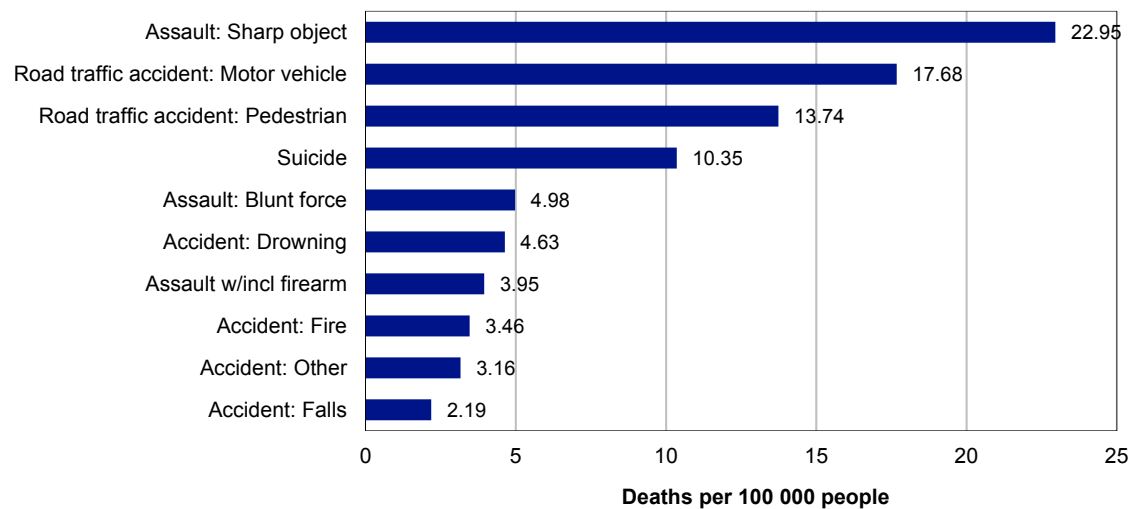
The top 10 causes of death are measured using the percentage of years of life lost (YLL<sup>9</sup>), which takes into account the age at which deaths occur by giving greater weight to deaths at a younger age and a lower weight to deaths at an older age. HIV/AIDS remains at the top of causes of death in the CWD with persons losing 13.4 years of life at death in 2015, up from 12.3 years of life lost at death in 2014. Tuberculosis is the second highest cause of death in the region, with persons losing an average of 10.3 years of life at death. Between 2014 and 2015 increases in the percentage of years of life lost at death were experienced for HIV/AIDS, interpersonal violence, cerebrovascular disease, diabetes and lower respiratory infections while decreases were experienced in deaths due to ischaemic heart disease and road injuries.

Deaths in the CWD are also caused by injuries sustained from various incidences. Figure 5.10 shows the top 10 injuries that result in death in the CWD, using the age-standardised mortality rate (ASR<sup>10</sup>).

<sup>9</sup> YLL are calculated from the number of deaths multiplied by a standard life expectancy at the age at which death occurs. The standard life expectancy used for YLL at each age is the same for deaths in all regions of the world.

<sup>10</sup> The Age-Standardised Rate is a weighted average of the age-specific mortality rates per 100,000 persons, where the weights are the proportions of persons in the corresponding age groups of the WHO standard population.



**Figure 5.10 Top 10 deaths by injury type, Cape Winelands, 2016**

Source: Western Cape Health Department, 2018

Figure 5.10 above shows that there were 22.95 deaths per 100 000 people in the CWD as a result of assault with sharp objects, followed by 17.58 deaths per 100 000 people as a result of injuries sustained from road traffic accidents involving motor vehicles.

### 5.3.3 Human settlements and access to basic services within Cape Winelands

Access to descent formal housing is regarded as a basic human right and an important indicator for the level of human development within an economy. Table 5.8 shows the different types of dwellings for households living within the Cape Winelands region in 2017, of which 37 849 or 14.4 per cent are informal and 186 444 or 83.1 per cent are formal dwellings.

**Table 5.8 Human dwellings within Cape Winelands, 2017**

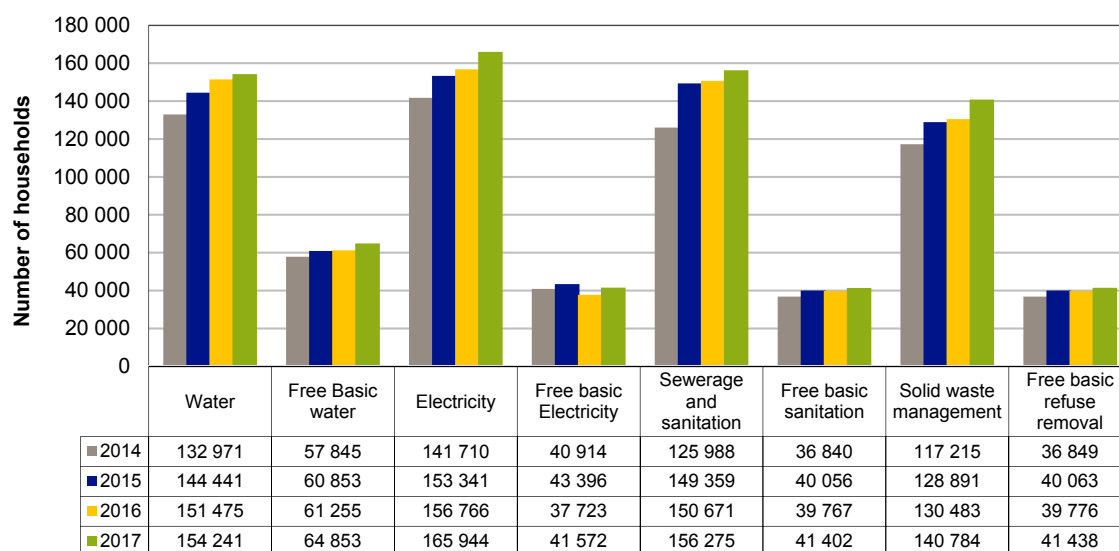
Dwelling type	Cape Winelands		Witzenberg		Drakenstein		Stellenbosch		Breede Valley		Langeberg	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total
House or brick structure on a separate stand or yard	152 225	67.9	23 423	77.2	45 564	69.6	27 515	56.4	30 294	50.4	25 430	84.8
Traditional dwelling/hut/structure made of traditional materials	1 451	0.6	248	0.8	387	0.6	326	0.7	347	0.6	144	0.5
Flat in a block of flats	12 236	5.5	361	1.2	4 176	6.4	4 462	9.2	2 848	4.7	389	1.3
Town/cluster/semi-detached house (simplex, duplex or triplex)	13 334	5.9	1 673	5.5	3 762	5.0	2 904	5.9	4 051	6.7	945	3.2
House/flat/room, in backyard	2 705	1.2	197	0.7	948	1.3	503	1.0	782	1.3	275	0.9
Informal dwellings	37 849	16.8	3 744	12.3	9 367	12.5	11 852	24.3	10 418	17.3	2 468	8.2
Room/flatlet not in backyard but on a shared property	1 433	0.6	192	0.6	578	0.8	313	0.5	279	0.6	70	0.2
Other/unspecified/NA	3 060	1.4	498	1.6	712	1.0	878	1.4	712	1.8	261	0.9
<b>Total</b>	<b>224 293</b>	<b>100</b>	<b>30 337</b>	<b>100</b>	<b>65 493</b>	<b>100</b>	<b>48 754</b>	<b>100</b>	<b>49 730</b>	<b>100</b>	<b>29 980</b>	<b>100</b>

Source: Quantec Research, 2018

Stellenbosch has the largest number of informal dwellings (11 852 households or 24.3 per cent) followed by Breede Valley (10 418 households or 17.3 per cent) and Drakenstein (9 367 or 14.3 per cent). Although Witzenberg and Langeberg municipal areas have lower numbers of informal dwellings compared to the bigger municipal areas in the region, these remain a risk and a concern. The average number of people per household within municipal areas in the CWD has remained stable at approximately four persons per household over the last decade.

The number of people having access to basic services including water, electricity, sanitation and refuse removal is an indication of the level of human development within a municipal area. Figure 5.11 below shows the number of households receiving water, electricity, sanitation and waste removal services in CWD between 2014 and 2017.

**Figure 5.11 Access to basic services in Cape Winelands District, 2014 - 2017**



Source: Non-financial Census of Municipalities, Stats SA; Quantec Research 2018

It can be seen from Figure 5.11 that there has been an increase in the number of households receiving water, electricity, sanitation and refuse removal, with significant increases noted for electricity and refuse removal services between 2016 and 2017. In terms of free basic services, it can be seen that a higher number of households receive free basic water, than the other three services. Furthermore, there have been smaller increases in the number of households receiving free basic services between 2014 and 2017.

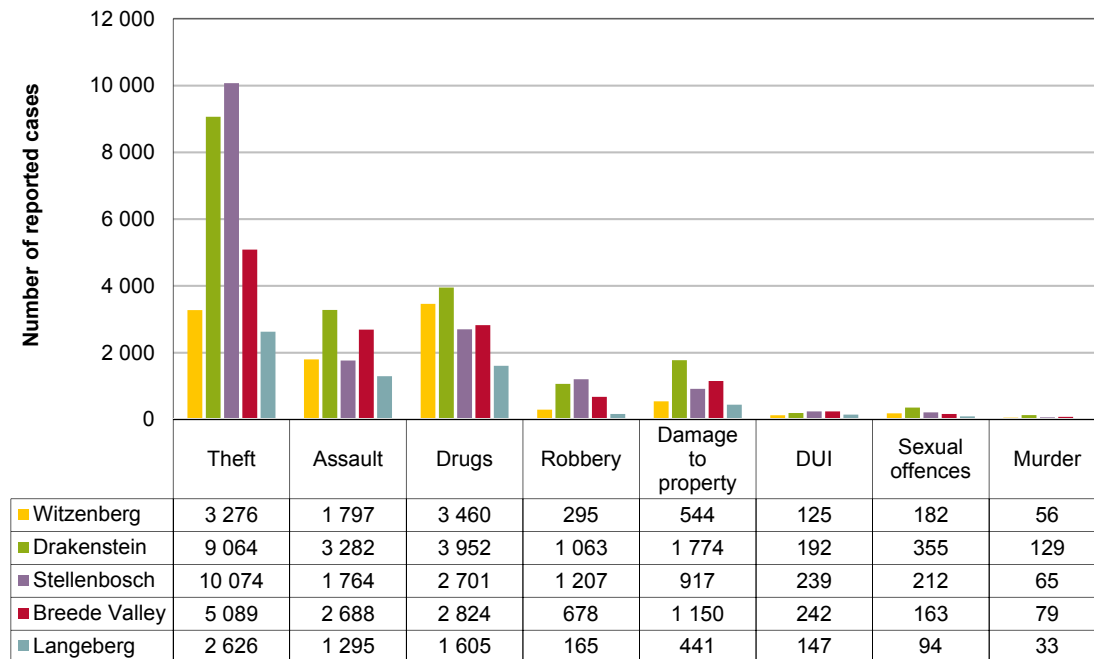
### 5.3.4 Crime statistics within Cape Winelands District

The 2017/18 crime statistics released by SAPS indicate that there were increases in 10 categories of crime in the Western Cape. Truck hijacking increased the most (108.6 per cent), followed by murder (12.6 per cent). Nyanga township in the Western Cape had the highest murder rate in the country, with 308 murders recorded in 2017/18, up from 281 murders in 2016/17. Attempted murder increased by 9.2 per cent, robbery at non-residential premises was up 8.9 per cent, while stock theft rose by

7.7 per cent and robbery at non-residential premises increased by 7.6 per cent. Of the 30 top Police stations by serious crimes recorded in the country, 9 are in the Western Cape and include Delft, Milnerton, Bellville, Worcester, Kraaifontein, Mitchells Plain, Nyanga, Stellenbosch, and Cape Town Central.

Figure 5.12 below shows trends in crime levels within the CWD over the past 10 years, with drug-related crime, theft, burglary, common assault, and malicious damage to property among the leading crimes in 2017.

**Figure 5.12 Most serious recorded crimes by category, Cape Winelands District, 2017**



Source: SAPS; Quantec, 2018

Stellenbosch had the most reported cases (10 074) of theft in 2017 including theft from vehicles, burglaries at residential and non-residential premises as well as shoplifting. Drakenstein had the second highest reported cases of theft (9 064), and Breede Valley the third highest at 5 089 cases. In Witzenberg reported crimes relating to drugs were the highest (3 460 in 2017) followed by theft (3 276). In terms of assault, Drakenstein had the highest number of cases in 2017 (3 282) followed by Breede Valley (2 688). There were increases between 2016 and 2017, in other crimes including murder and attempted murder, illegal possession of firearms, driving under the influence of alcohol or drugs and arson. Although decreases were experienced in certain categories between 2016 and 2017, the total reported crimes remain a concern for the region.

## 5.4 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 5.9 is a summary of recent changes in various social indicators in the CWD.

**Table 5.9 Changes in selected socio-economic indicators, Cape Winelands District**

Indicator	Cape Winelands	Witzenberg	Drakenstein	Stellenbosch	Breede Valley	Langeberg
Average Population growth (2007 - 2017): Quantec	2.4%	2.6%	2.4%	2.5%	2.12%	2.15%
Average GDPGR growth rate (2007 - 2017): Quantec	2.8%	4.7%	2.3%	2.3%	2.90%	3.1%
Average GDPGR per capita (2007 - 2017): Quantec	R56 641	R51 081	R60 981	R70 778	R49 193	R43 961
Annual household income < R50 000 (2017): Urban-Econ	51.9%	56.60%	45.5%	53.1%	53.80%	57.0%
Gini coefficients (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase	Increase
Human Development Index (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase	Increase
Learner enrolment (2012 - 2017): WCED	Increase	Increase	Increase	Increase	Increase	Increase
Grade 12 Dropout rate (2016 - 2017): WCED		Increase	Increase	Increase	Decrease	Decrease
Matric pass rate (2016 - 2017): WCED		Decrease	Decrease	Decrease	Decrease	Decrease
Informal settlements (2017): Quantec/ Urban-Econ	16.9%	12.3%	14.3%	24.6%	20.9%	8.2%
Access to basic services (2016 - 2017): Stats SA	Increase	Increase	Increase	Increase	Increase	Increase
Access to free basic services (2016 - 2017): Stats SA	Increase	Decrease	Increase	Decrease	Increase	Increase

Table 5.9 shows the positive or negative movement of selected social and economic indicators in municipalities within the CWD in the recent past. Indicators moving in positive territory could be a result of positive economic performance within the District, and vice versa.

Indicators that have moved in a positive direction for the CWD include average economic growth rate higher than population growth rate, translating to GDPGR per capita higher than the low income threshold of R50 000 per annum; decreasing inequality in income distribution; an increasing trend in human development; increasing learner enrolment and increasing access to basic water, electricity, sanitation and refuse removal. Areas of concern in the district include the large proportion of low-income earners, high Grade 12 dropout rates, decreasing matric pass rate, deaths caused by HIV/AIDS, injuries through violence, informal dwellers, increasing provision of free basic services and drug-related crime, among others.

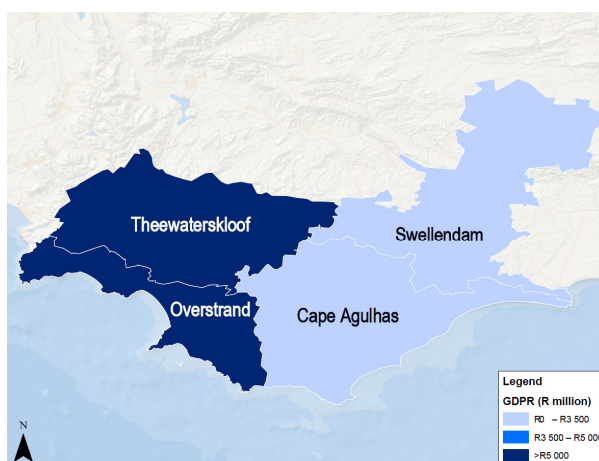
# Overberg District

## 1

## Regional economic review and outlook

### 1.1 Introduction

The Overberg District (OBD) is known for its coastline and vast farmlands. The OBD is bordered by the Garden Route District, the Cape Winelands District and the Cape Metro area. The Overberg District (OBD) is the second smallest economy in the Western Cape and made a 3.5 per cent contribution to the Provincial GDP in 2016. The four local municipal areas in the OBD include the Theewaterskloof, Overstrand, Cape Agulhas and Swellendam municipal areas.



This chapter provides a macroeconomic outlook for the OBD, an overview of trends between 2012 and 2016 and an outlook in terms of GDP for 2018 and 2019. Further indicators of economic activity in the OBD are also discussed in this section, which includes an analysis of the location quotient, a breakdown of the manufacturing subsectors, international trade and local businesses.

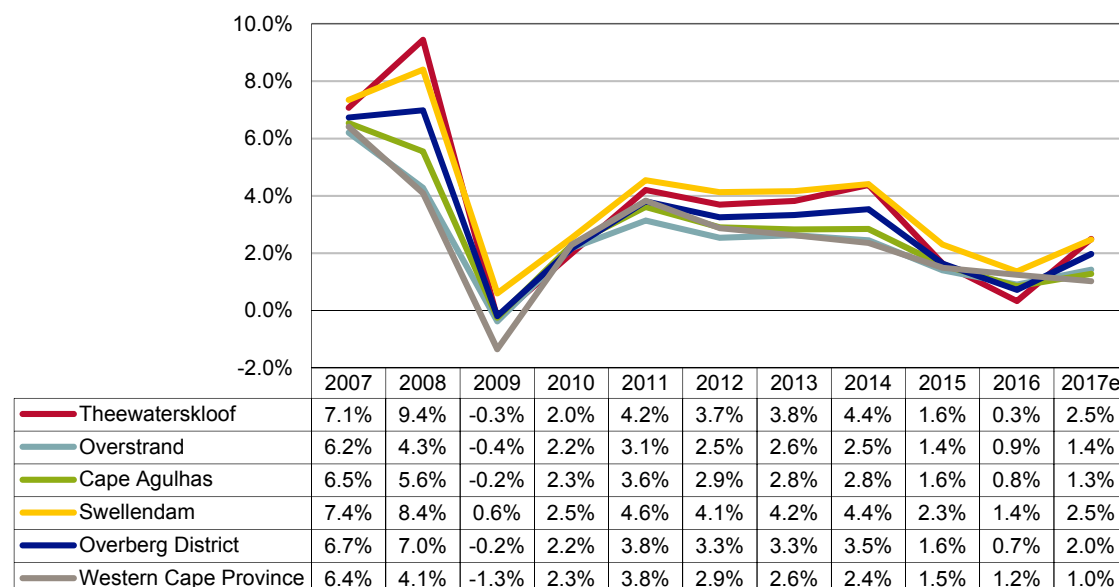
## 1.2 Growth in GDP performance

The period under review for MERO 2018 is therefore between 2012 and 2016, together with an estimate for 2017<sup>1</sup>.

### 1.2.1 GDP performance per municipal area

Figure 1.1 shows the GDP performance per municipal area in the OBD between 2007 and 2017.

**Figure 1.1 GDP growth per municipal area, 2007 - 2017**



Source: Quantec Research, 2018

The OBD experienced an average GDP growth rate of 3.2 per cent between 2006 and 2016, which is marginally higher than the average provincial GDP growth rate (2.6 per cent) over the same period. The municipal areas which constitute the OBD grew at comparable rates, suggesting strong interlinkages between the local economies.

The economy of both the District and the Province have struggled to grow at rates experienced prior to the global financial crisis, with economic growth declining sharply between 2014 and 2016. However, it is estimated that economic growth was boosted in 2017 with a growth rate of 2 per cent. Even though the growth rate improved, it is still

<sup>1</sup> Statistics SA will only release official regional indicators for 2017 in 2019.

lower than the long-term average growth rate (3.2 per cent). In 2017, economic growth improved in all the local municipal areas with the Theewaterskloof and Swellendam municipal areas recording the fastest growth rates in the OBD, with an estimated growth rate of 2.5 per cent in both municipal areas.

Table 1.1 indicates the average GDP contribution and growth rates in the various municipal areas in the OBD.

**Table 1.1 Overberg District GDP contribution and average growth rates per municipal area, 2012 - 2017**

Municipality	R million value 2016	Contribution to GDP (%) 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Theewaterskloof	7 537	40.9	3.6	2.5	3.7	3.8	4.4	1.6	0.3	2.5
Overstrand	5 755	31.2	2.5	1.8	2.5	2.6	2.5	1.4	0.9	1.4
Cape Agulhas	2 752	14.9	2.9	1.9	2.9	2.8	2.8	1.6	0.8	1.3
Swellendam	2 374	12.9	4.0	2.9	4.1	4.2	4.4	2.3	1.4	2.5
<b>Total Overberg District</b>	<b>18 418</b>	<b>100</b>	<b>3.2</b>	<b>2.2</b>	<b>3.3</b>	<b>3.3</b>	<b>3.5</b>	<b>1.6</b>	<b>0.7</b>	<b>2.0</b>
Western Cape Province	529 928	-	2.6	1.8	2.9	2.6	2.4	1.5	1.2	1.0

Source: Quantec Research, 2018 (e denotes estimate)

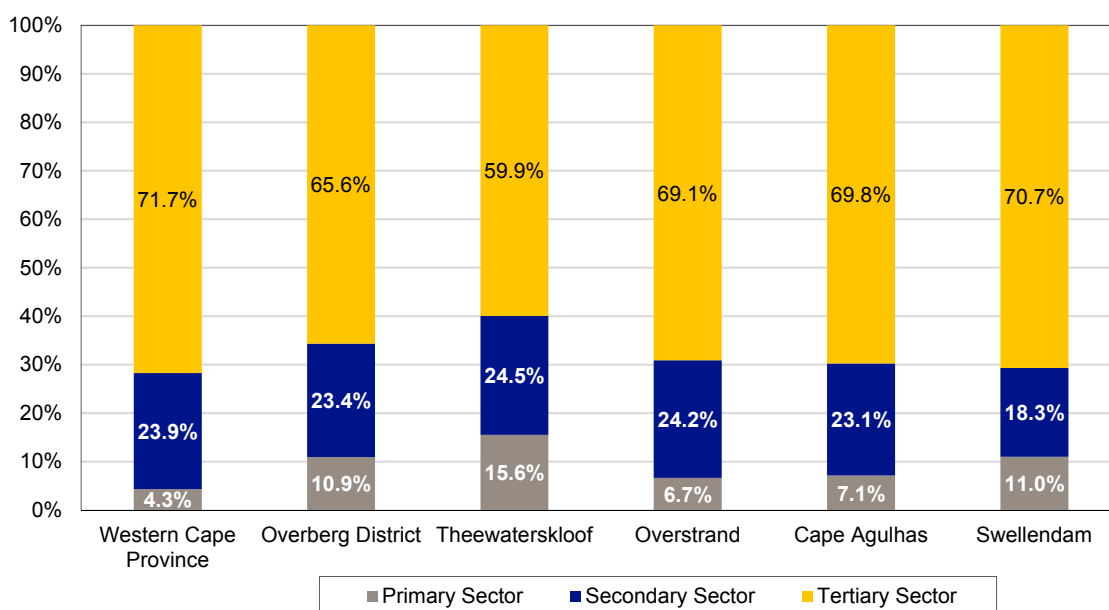
In 2016 the OBD contributed R18.4 billion to the economy of the Western Cape. The Theewaterskloof and Overstrand municipal areas are the primary contributors to the District economy, collectively contributing 72.2 per cent towards the OBD GDP in 2016.

While the economy of the OBD has not fully recovered to pre-recession growth rates and has experienced declining growth rates since 2015, the expected growth rate for 2017 is 2 per cent which is significantly higher than the 0.7 per cent growth rate in 2016.

## 1.2.2 GDP performance per sector

Figure 1.2 indicates the GDP contribution of the primary, secondary and tertiary sectors in the various municipal areas of the OBD<sup>2</sup>.

<sup>2</sup> Refer to Diagram 1 in Section A for a breakdown of the primary, tertiary and secondary sectors

**Figure 1.2 GDP contribution per main sector, 2016**

Source: Quantec Research, 2018

The tertiary sector dominates the OBD economy across all municipal areas. The secondary and primary sectors, while relatively small compared to the tertiary sectors, are important contributors to the OBD economy. The OBD's primary sector contribution is proportionally higher than the Province's, while the tertiary sector is proportionally smaller.

The sectoral mix of the municipal areas of the OBD is similar to that of the District, however, the primary and secondary sectors contribute proportionally more in the Theewaterskloof municipal area (15.6 per cent and 24.5 per cent respectively).

As seen in Table 1.2, the agriculture, forestry and fishing sector constitutes the largest portion of the District's primary sector (contributing 10.8 per cent to GDP), while the manufacturing sector serves as the largest secondary sector (contributing 13.5 per cent to GDP). There is a strong link between the agriculture and manufacturing (agri-processing) industries in this District.



Table 1.2 indicates the sector contributions to the OBD's economy.

**Table 1.2 Overberg District GDP contribution per sector, 2016 (%)**

Sector	Overberg District	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam
<b>Primary Sector</b>	<b>10.9</b>	<b>15.6</b>	<b>6.7</b>	<b>7.1</b>	<b>11.0</b>
Agriculture, forestry and fishing	10.8	15.5	6.5	7.0	11.0
Mining and quarrying	0.1	0.1	0.2	0.2	0.1
<b>Secondary Sector</b>	<b>23.4</b>	<b>24.5</b>	<b>24.2</b>	<b>23.1</b>	<b>18.3</b>
Manufacturing	13.5	13.6	14.7	14.0	9.6
Electricity, gas and water	2.5	3.0	2.1	2.4	2.3
Construction	7.4	7.9	7.4	6.7	6.4
<b>Tertiary Sector</b>	<b>65.6</b>	<b>59.9</b>	<b>69.1</b>	<b>69.8</b>	<b>70.7</b>
Wholesale and retail trade, catering and accommodation	19.1	17.7	19.2	22.1	19.7
Transport, storage and communication	10.8	10.9	10.9	10.9	9.9
Finance, insurance, real estate and business services	20.1	16.3	24.3	19.9	22.4
General government	9.0	8.5	8.4	10.2	10.7
Community, social and personal services	6.6	6.6	6.2	6.6	8.0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The sectors that contributed the most to the OBD economy in 2016 include:

- Finance, insurance, real estate and business services sector (20.1 per cent);
- Wholesale and retail trade, catering and accommodation sector (19.1 per cent); and
- Manufacturing sector (13.5 per cent).

Overall, the municipal areas' sectoral contributions to their respective economies are similar, except for the agriculture, forestry and fishing sector which accounts for 15.5 per cent of Theewaterskloof. This is proportionally higher than the other municipal areas.

Table 1.3 indicates the municipal GDP contribution to each economic sector, providing a spatial aspect to economic activity in the OBD.

**Table 1.3 Municipal GDP contribution to District sectors, 2016 (%)**

Sector	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Total
<b>Primary Sector</b>	<b>58.2</b>	<b>19.0</b>	<b>9.8</b>	<b>13.0</b>	<b>100</b>
Agriculture, forestry and fishing	58.6	18.8	9.6	13.0	100
Mining and quarrying	21.7	46.0	25.5	6.9	100
<b>Secondary Sector</b>	<b>42.8</b>	<b>32.3</b>	<b>14.7</b>	<b>10.1</b>	<b>100</b>
Manufacturing	41.3	34.1	15.5	9.1	100
Electricity, gas and water	48.3	25.9	14.0	11.9	100
Construction	43.7	31.4	13.6	11.2	100
<b>Tertiary Sector</b>	<b>37.4</b>	<b>32.9</b>	<b>15.9</b>	<b>13.9</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	<b>37.9</b>	<b>31.5</b>	<b>17.3</b>	<b>13.3</b>	<b>100</b>
Transport, storage and communication	41.4	31.6	15.1	11.8	100
Finance, insurance, real estate and business services	33.2	37.7	14.8	14.4	100
General government	38.5	29.2	16.9	15.3	100
Community, social and personal services	40.4	29.4	14.8	15.5	100
<b>Total</b>	<b>40.9</b>	<b>31.2</b>	<b>14.9</b>	<b>12.9</b>	<b>100</b>

Source: Quantec Research, 2018

In 2016, the Theewaterskloof municipal area contributed 58.6 per cent of the District's agriculture, forestry and fishing sector, 48.3 per cent of the District's electricity, gas and water sector and 43.7 per cent of the construction sector. Overall, the Theewaterskloof municipal area contributed the most to eight (8) of the District's sectors in 2016. The Overstrand municipal area contributed 46 per cent to the mining and quarrying sector and 37.7 per cent to the finance, insurance, real estate and business services sectors. The Cape Agulhas and Swellendam municipal areas contributed the least in all sectors.

Table 1.4 indicates the OBD's GDP performance per sector.

**Table 1.4 Overberg District GDP performance per sector, 2012 - 2017**

Sector	R million Value 2016	Trend		Real GDP growth (%)					
		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2 013.8</b>	<b>1.1</b>	<b>0.2</b>	<b>0.6</b>	<b>1.7</b>	<b>6.6</b>	<b>-3.8</b>	<b>-9.3</b>	<b>5.8</b>
Agriculture, forestry and fishing	1 994.2	1.1	0.2	0.6	1.7	6.6	-3.8	-9.4	5.8
Mining and quarrying	19.6	0.9	4.5	1.2	3.0	7.0	5.7	0.1	7.0
<b>Secondary Sector</b>	<b>4 312.7</b>	<b>3.3</b>	<b>2.1</b>	<b>2.9</b>	<b>3.5</b>	<b>2.6</b>	<b>1.8</b>	<b>1.6</b>	<b>1.3</b>
Manufacturing	2 488.1	3.4	2.6	3.3	3.4	2.7	2.2	2.5	2.0
Electricity, gas and water	465.9	-0.6	-1.2	0.4	-0.7	-0.9	-2.0	-2.5	0.0
Construction	1 358.7	4.7	2.2	2.9	5.0	3.5	1.9	0.8	-0.1
<b>Tertiary Sector</b>	<b>12 091.2</b>	<b>3.6</b>	<b>2.7</b>	<b>3.9</b>	<b>3.6</b>	<b>3.3</b>	<b>2.6</b>	<b>2.3</b>	<b>1.6</b>
Wholesale and retail trade, catering and accommodation	3 517.1	3.8	2.6	5.1	3.5	2.8	3.2	3.0	0.3
Transport, storage and communication	1 989.3	4.1	3.1	3.9	4.2	4.9	1.8	1.7	3.0
Finance, insurance, real estate and business services	3 704.4	3.9	3.2	3.8	3.6	3.4	3.7	2.6	2.7
General government	1 656.7	2.9	1.4	2.6	3.7	2.8	0.5	0.6	-0.4
Community, social and personal services	1 223.7	2.4	2.0	2.8	2.9	2.1	1.5	1.9	1.6
<b>Total Overberg District</b>	<b>18 417.7</b>	<b>3.2</b>	<b>2.2</b>	<b>3.3</b>	<b>3.3</b>	<b>3.5</b>	<b>1.6</b>	<b>0.7</b>	<b>2.0</b>

Source: Quantec Research, 2018 (e denotes estimate)

The improved estimated economic growth rate of 2 per cent in the OBD was mainly as a result of the strong growth in the agriculture, forestry and fishing sector (5.8 per cent), the transport, storage and communication sector (3 per cent) and the finance, insurance, real estate and business services sector (2.7 per cent).

Not all sectors in the OBD performed equally well in 2017. Despite the stronger growth in the transport, storage and communication sector and the finance, insurance, real estate and business services sector, growth in the tertiary sectors declined (to an average of 1.6 per cent). It is estimated that the wholesale and retail trade, catering and accommodation sector had a growth rate of 0.3 per cent, while the general government sector contracted by 0.4 per cent. Another sector that is estimated to have contracted in 2017 is the construction sector (0.1 per cent).

### 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 1.5 indicates the GDP forecast per sector for 2018 and 2019 in the OBD.

**Table 1.5 GDP forecast per sector, 2018 - 2019 (%)<sup>3</sup>**

Sector	2017e	2018f	2019f
<b>Primary Sector</b>			
Agriculture, forestry and fishing	5.8	-26.0	17.8
Mining and quarrying	7.0	-2.0	3.5
<b>Secondary Sector</b>			
Manufacturing	2.0	0.6	5.2
Electricity, gas and water	0.0	2.1	1.3
Construction	-0.1	1.6	1.9
<b>Tertiary Sector</b>			
Wholesale and retail trade, catering and accommodation	0.3	2.6	2.4
Transport, storage and communication	3.0	3.7	3.8
Finance, insurance, real estate and business services	2.7	3.4	3.1
General government	-0.4	-0.3	0.4
Community, social and personal services	1.6	2.5	2.7
<b>Total</b>	<b>2.0</b>	<b>-0.9</b>	<b>4.2</b>

Source: *Urban-Econ, 2018 (e denotes estimate; f denotes forecast)*

Despite the improved estimated GDP growth of 2 per cent in 2017, it is forecasted that the OBD economy will contract by 0.9 per cent in 2018. This contraction is mainly due to the forecasted contraction of the agriculture, forestry and fishing sector (26 per cent), due to the provincial drought. However, it is forecasted that the tertiary economies will perform better in 2018 than in 2017. The electricity, gas and water sector and the construction sector are forecasted to grow at 2.1 per cent and 1.6 per cent respectively.

It is expected that the economy will recover in 2019, with a forecasted growth of 4.2 per cent, mainly bolstered by strong growth from the agriculture, forestry and fishing sector, following the severe contraction forecasted in 2018.

<sup>3</sup> Based on provincial forecasts done in July 2018 – Bureau for Economic Research

## 1.3 Growth in employment trends

### 1.3.1 Employment per municipal area

Table 1.6 indicates the trend in employment growth in each municipal area in the OBD.

**Table 1.6 Overberg District employment growth, 2012 - 2017**

Municipality	Contribution to employment (%)	Number of jobs 2016	Trend		Employment (net change)					
	2016		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Theewaterskloof	47.0	59 360	2 369	9 123	1 928	2 338	331	5 490	-247	1 211
Overstrand	27.5	34 830	4 357	4 116	859	1 211	672	1 478	-277	1 032
Cape Agulhas	12.2	15 425	1 894	2 019	442	481	266	841	99	332
Swellendam	13.3	16 810	1 915	2 702	511	662	232	1 337	9	462
<b>Total Overberg District</b>	<b>100</b>	<b>126 425</b>	<b>10 535</b>	<b>17 960</b>	<b>3 740</b>	<b>4 692</b>	<b>1 501</b>	<b>9 146</b>	<b>-416</b>	<b>3 037</b>
Western Cape Province	-	2 460 960	289 207	272 208	55 379	69 794	38 527	105 507	8 279	50 101

Source: Quantec Research, 2018 (e denotes estimate)

The Theewaterskloof and Overstrand municipal areas constitute 74.5 per cent of employment in the OBD. In 2016, the OBD economy shed 416 jobs. However, it is estimated that 3 037 jobs were created in the OBD in 2017, mainly in the Theewaterskloof and Overstrand municipal areas, recovering the jobs lost in 2016.

Over the last five years, the Theewaterskloof and Overstrand municipal areas contributed the most to employment creation in the District (creating 9 123 jobs and 4 116 jobs, respectively).

### 1.3.2 Employment per sector

Table 1.7 indicates the sectoral contribution to employment in the municipal areas of the OBD.

**Table 1.7 Sectoral employment contribution per municipal area, 2016 (%)**

Sector	Overberg District	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam
<b>Primary Sector</b>	<b>22.7</b>	<b>30.9</b>	<b>12.6</b>	<b>14.3</b>	<b>22.5</b>
Agriculture, forestry and fishing	22.7	30.9	12.6	14.2	22.5
Mining and quarrying	0.0	0.0	0.0	0.0	0.0
<b>Secondary Sector</b>	<b>14.7</b>	<b>13.9</b>	<b>17.1</b>	<b>16.5</b>	<b>10.7</b>
Manufacturing	7.6	7.0	9.2	9.3	5.1
Electricity, gas and water	0.3	0.3	0.3	0.3	0.3
Construction	6.7	6.5	7.6	6.9	5.3
<b>Tertiary Sector</b>	<b>62.6</b>	<b>55.2</b>	<b>70.3</b>	<b>69.2</b>	<b>66.8</b>
Wholesale and retail trade, catering and accommodation	21.6	18.3	25.7	26.1	20.9
Transport, storage and communication	3.8	3.4	4.3	4.6	3.4
Finance, insurance, real estate and business services	15.4	13.6	17.2	15.9	17.3
General government	8.2	7.2	8.4	10.0	9.7
Community, social and personal services	13.6	12.7	14.7	12.6	15.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The sectors that contributed the most to employment in the OBD in 2016 include:

- Agriculture, forestry and fishing (22.7 per cent);
- Wholesale and retail trade, catering and accommodation (21.6 per cent); and
- Finance, insurance, real estate and business services (15.4 per cent).

Employment statistics reflect the importance of various sectors on their respective municipal areas. The wholesale and retail trade, catering and accommodation sector contributes significantly more to the coastal municipalities (the Overstrand and Cape Agulhas municipal areas) as tourism plays an important role in these economies, especially over peak holiday times.

Table 1.8 illustrates the municipal contribution to sectoral employment in the OBD, indicating the main areas for sectoral employment creation.

**Table 1.8 Municipal employment contribution to District sectors, 2016 (%)**

Sector	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Total
<b>Primary Sector</b>	63.9	15.3	7.7	13.2	<b>100</b>
Agriculture, forestry and fishing	63.9	15.3	7.7	13.2	100
Mining and quarrying	32.3	38.7	19.4	9.7	100
<b>Secondary Sector</b>	44.5	32.1	13.7	9.7	<b>100</b>
Manufacturing	43.2	33.1	14.8	8.9	100
Electricity, gas and water	48.5	24.8	13.7	12.9	100
Construction	45.8	31.2	12.6	10.5	100
<b>Tertiary Sector</b>	41.4	30.9	13.5	14.2	<b>100</b>
Wholesale and retail trade, catering and accommodation	39.6	32.8	14.7	12.9	100
Transport, storage and communication	42.3	31.2	14.7	11.9	100
Finance, insurance, real estate and business services	41.6	30.8	12.6	15.0	100
General government	41.4	28.1	14.9	15.7	100
Community, social and personal services	43.7	29.8	11.3	15.2	100
<b>Total</b>	<b>47.0</b>	<b>27.5</b>	<b>12.2</b>	<b>13.3</b>	<b>100</b>

Source: Quantec Research, 2018

The Theewaterskloof municipal area contributes the most to employment in the sectors of the OBD, followed by the Overstrand municipal area. The distribution of workers by locality is in line with the economic output of each municipal area. Due to these economies contributing the most to the economic sectors of the OBD in terms of employment, they tend to attract people from rural areas that are looking for work. The migration of people will increase the demand for basic services and infrastructure, especially housing.

Table 1.9 indicates the trend in employment growth in each economic sector in the OBD.

**Table 1.9 Overberg District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 -2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>22.7</b>	<b>28 741</b>	<b>-15 413</b>	<b>3 319</b>	<b>1 233</b>	<b>1 498</b>	<b>-1 585</b>	<b>5 602</b>	<b>-1 382</b>	<b>-814</b>
Agriculture, forestry and fishing	22.7	28 710	-15 415	3 315	1 233	1 498	-1 587	5 601	-1 382	-815
Mining and quarrying	0.0	31	2	4	0	0	2	1	0	1
<b>Secondary Sector</b>	<b>14.7</b>	<b>18 524</b>	<b>2 610</b>	<b>2 496</b>	<b>533</b>	<b>587</b>	<b>643</b>	<b>370</b>	<b>462</b>	<b>434</b>
Manufacturing	7.6	9 666	1 277	1 432	-9	399	220	344	66	403
Electricity, gas and water	0.3	371	114	45	11	4	8	12	11	10
Construction	6.7	8 487	1 219	1 019	531	184	415	14	385	21
<b>Tertiary Sector</b>	<b>62.6</b>	<b>79 160</b>	<b>23 338</b>	<b>12 145</b>	<b>1 974</b>	<b>2 607</b>	<b>2 443</b>	<b>3 174</b>	<b>504</b>	<b>3 417</b>
Wholesale and retail trade, catering and accommodation	21.6	27 364	7 782	5 018	807	798	641	1 398	377	1 804
Transport, storage and communication	3.8	4 800	2 072	866	340	311	104	372	-191	270
Finance, insurance, real estate and business services	15.4	19 413	7 479	3 729	520	804	847	1 026	275	777
General government	8.2	10 368	2 529	146	183	-59	528	-178	184	-329
Community, social and personal services	13.6	17 215	3 476	2 386	124	753	323	556	-141	895
<b>Total Overberg District</b>	<b>100</b>	<b>126 425</b>	<b>10 535</b>	<b>17 960</b>	<b>3 740</b>	<b>4 692</b>	<b>1 501</b>	<b>9 146</b>	<b>-416</b>	<b>3 037</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2017, it is estimated that job growth in the OBD was 3 037, a substantial turnaround from 416 jobs lost in 2016. This significant change is attributed to a strong increase in jobs in the tertiary sectors. The tertiary sectors that contributed the most to employment creation in 2017 include the wholesale and retail trade, catering and accommodation sector (1 804 jobs), the community, social and personal services sector (895 jobs), and the finance, insurance, real estate and business services sector (777 jobs). These sectors have contributed the most to employment creation over the last five years.

The sectors that shed jobs in 2016 are estimated to have recovered these jobs in 2017, except for the agriculture, forestry and fishing sector. In 2016 the agriculture, forestry and fishing sector shed 1 382 jobs and shed a further 815 jobs in 2017. Another sector that is estimated to have shed jobs in 2017 is the general government sector (329 jobs).

Table 1.10 indicates the trend in the unemployment rate in each municipal area in the OBD.

**Table 1.10 Overberg District unemployment rate, 2012 - 2017 (%)**

Municipality	2012	2013	2014	2015	2016	2017e
Theewaterskloof	9.1	8.8	9.4	8.5	9.7	10.3
Overstrand	13.2	13.2	14.0	13.7	15.6	16.6
Cape Agulhas	8.4	8.2	8.7	8.2	9.1	9.7
Swellendam	7.4	7.1	7.5	6.8	7.6	7.9
<b>Overberg District</b>	<b>10.0</b>	<b>9.8</b>	<b>10.5</b>	<b>9.8</b>	<b>11.1</b>	<b>11.8</b>
Western Cape Province	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2018 (e denotes estimate)

Unemployment in the OBD (11.8 per cent) has remained lower than the provincial unemployment rate (18.2 per cent) over the past five years. In the District, Overstrand has experienced the highest unemployment rate over the past five years, while Swellendam has experienced the lowest unemployment rate. While there is an increase in employment opportunities in the District, the unemployment rate is indicative of an increase in job seekers relative to the rate of job creation.

## 1.4 Trade and informal enterprises

### 1.4.1 Location quotient

To determine the level of specialisation in the different economic sectors of the OBD, 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 specific sector.

Table 1.11 provides a classification and interpretation of the location quotient.

**Table 1.11 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	Most local needs are being met by the sector. 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, 2018

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, which can influence the comparative advantage of an area in a certain sector.



Table 1.12 outlines the location quotient for the OBD.

**Table 1.12 Location quotient in terms of GDP and employment, Overberg District, 2016**

Sector	In terms of GDP	In terms of employment
Agriculture, forestry and fishing	2.7	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, 2018

The agriculture, forestry and fishing sector has a location quotient that is greater than 1.25 in terms of GDP and employment, indicating that this sector serves local needs and that exports are likely to occur. The construction sector also has a location quotient greater than 1.25 in terms of GDP. Most of the other economic sectors have a location quotient that is between 0.75 and 1, except for the mining and quarrying sector and the general government sector (in terms of employment). This indicates that local sectors serve some of the local needs, however, imports and exports of goods and services likely occur in these sectors.

## 1.4.2 Manufacturing subsectors

Table 1.13 indicates the economic contribution of the manufacturing subsectors to the manufacturing main sector in the OBD.

**Table 1.13 Overberg District manufacturing subsector GDP contribution, 2016 (%)**

Subsector	Overberg District	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam
Food, beverages and tobacco	35.0	35.9	35.3	28.3	41.0
Textiles, clothing and leather goods	4.1	4.0	4.0	4.0	4.7
Wood, paper, publishing and printing	12.2	11.2	12.7	12.7	13.5
Petroleum products, chemicals, rubber and plastic	13.8	13.3	14.6	13.5	13.3
Other non-metal mineral products	3.6	4.1	3.3	2.7	4.1
Metals, metal products, machinery and equipment	13.5	14.0	12.9	15.9	9.2
Electrical machinery and apparatus	0.4	0.2	0.4	1.1	0.0
Radio, TV, instruments, watches and clocks	0.7	0.3	1.0	1.4	0.7
Transport equipment	5.9	5.2	6.3	7.2	5.5
Furniture and other manufacturing	10.9	11.8	9.5	13.2	8.1

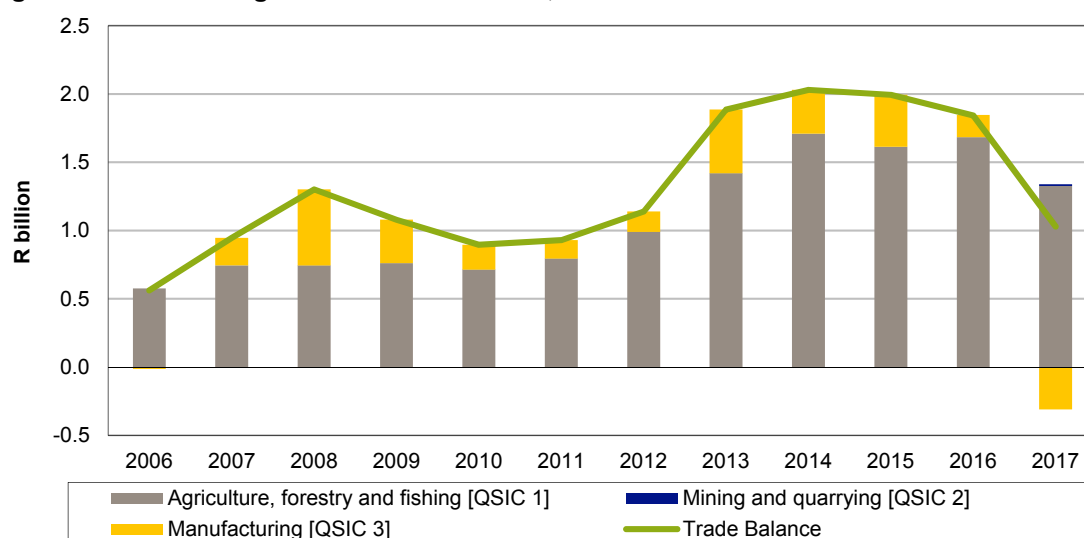
Source: Quantec Research, 2018

Overberg's manufacturing industry is centred on the food, beverages and tobacco subsector which contributed 35 per cent to the manufacturing sector GDP in 2016. Other dominant subsectors are the petrochemical, rubber and plastic subsector (13.8 per cent), the metals, machinery and equipment subsector (13.5 per cent) and the wood, paper, publishing and printing subsector (12.2).

### 1.4.3 International trade

Figure 1.3 indicates the OBD's trade balance between 2006 and 2017.

**Figure 1.3 Overberg District trade balance, 2006 - 2017**



Source: Quantec Research, 2018

In 2014 the trade balance peaked at R2.1 billion before declining in 2016 and further declined in 2017. The decline in the estimated 2017 trade balance is as a result of increased imports particularly in products from the agriculture, forestry and fishing sector. Manufacturing imports was also larger than exports from this sector, which resulted in a negative trade balance for this sector.

Table 1.14 outlines the top ten exported products from the OBD.

**Table 1.14 Top 10 exports products, 2017**

Product	R million value
1 Apples, pears and quinces, fresh	583.0
2 Citrus fruit, fresh or dried	273.0
3 Wine	237.0
4 Apricots cherries, peaches (including nectarines), plums and sloes, fresh	221.0
5 Molluscs	175.0
6 Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	163.0
7 Other fruit, fresh	114.0
8 Foliage, branches and other parts of plants without flowers or buds	75.0
9 Undenatured ethyl alcohol of strength by volume if less than 80% vol	72.2
10 Crustaceans	27.5

Source: Wesgro, 2018

The top export product category, in terms of value, from the OBD are apples, pears and quinces (R583.0 million) followed by citrus fruit, wine and stone fruit. This highlights the importance of the agriculture, forestry and fishing sector to the local economy of the OBD. Exporting fresh produce is highly dependent on cold chain infrastructure, not only in the OBD but also in the Cape Metro area, as the Cape Town International Airport is a valuable port for the export of fresh produce from the Western Cape.

Table 1.15 outlines the top ten export partners for products from the OBD.

**Table 1.15 Top 10 export partners, 2017**

Country	R million value
1 Netherlands	410.7
2 Hong Kong	312.8
3 United Kingdom	307.2
4 Germany	116.6
5 Malaysia	76.2
6 France	72.4
7 Spain	69.2
8 Singapore	67.8
9 United Arab Emirates	61.7
10 United States	57.7

Source: Wesgro, 2018

Exports from the OBD is mainly destined for Europe, Asia and the Middle East. The top five destinations for products exported from the OBD in 2017 was valued at R1.2 billion. The main export destinations include the Netherlands, Hong Kong, the United Kingdom and Germany with exports valued at R410.7 million, R312.8 million, R307.2 million and R116.6 million in 2017.

#### 1.4.4 Local businesses

This section provides an overview of the local business environment in the OBD. Information for this subsection is collated from various sources including the Provincial Treasury Municipal survey responses, information received from local business chambers and associations and SEDA. Local businesses, particularly SMMEs are the driving force in an economy and their growth will create new employment opportunities in an area.

One of the essential factors for stimulating the establishment of new enterprises in a local area is to create an enabling environment and ensure the ease of doing business. Table 1.16 indicates the time of approval for business licences, land rezoning and building plan approvals in the municipalities in the OBD based on the Provincial Treasury Municipal survey responses received.

**Table 1.16 Business processes, 2018**

Process	Overstrand	Cape Agulhas	Swellendam
Business licences	30 days	1 day	1 week
Rezoning of land	4 months	3 months	3 months
Building plan approvals	21 business days	15 days	30 days

Source: Provincial Treasury Municipal survey, 2018

The municipalities of the OBD are all similarly aligned in terms of business processes, except for the approval of business licenses. In Cape Agulhas, this can be achieved in one day, whereas in the Overstrand municipal area this can occur in 30 days.

SMMEs that play a vital role in the local economy sometimes require additional support in order to become sustainable and make a continuous contribution to the economy and employment creation. SEDA plays a vital role in providing support for SMMEs in the OBD.

Table 1.17 outlines the number of SMMEs that are registered on the municipal databases based on the Provincial Treasury Municipal survey responses received.

**Table 1.17 SMMEs registered on municipal databases, 2018**

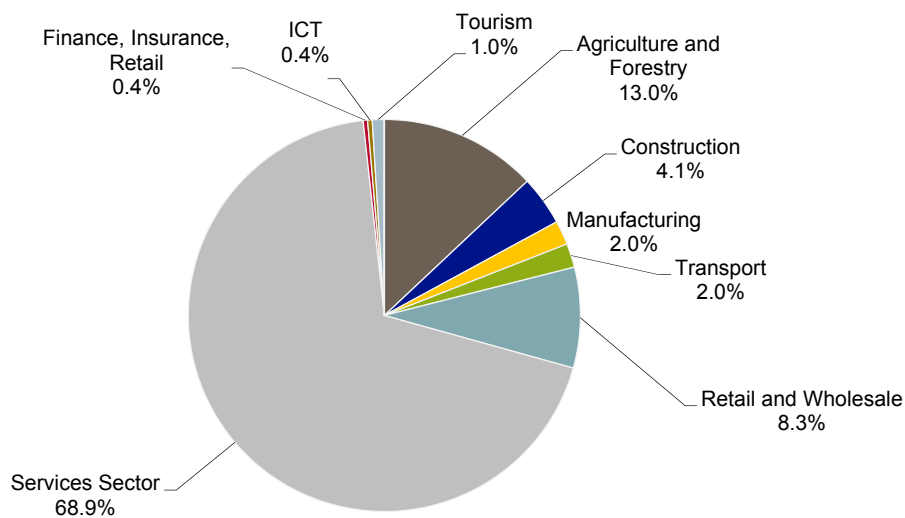
Municipality	Number
Overstrand	702
Cape Agulhas	1 073 (of which 329 are local)
Swellendam	720

Source: Provincial Treasury Municipal survey responses, 2018

The municipalities of the OBD have a large number of SMMEs registered on their databases, particularly the Cape Agulhas Municipality (1 073 SMMEs), however, only 329 are local. This indicates that SMMEs are operating beyond municipal borders in the OBD in order to be successful.

Figure 1.4 indicates the activities of the SMMEs that are supported by SEDA in the OBD.

**Figure 1.4 SMMEs supported by SEDA - business categories, 2018**



Source: SEDA, 2018

The majority of SMMEs in the OBD that are supported by SEDA are in the services sector (68.9 per cent), followed by the agriculture and forestry sector (13 per cent) and retail and wholesale (8.3 per cent).

SMMEs in the OBD require the most support in the following areas (Provincial Treasury Municipal survey, 2018)

- Funding;
- Better access to markets and suppliers;
- Skills development in terms of bidding processes; and
- Business mentoring.

Support provided by Municipalities in the OBD includes:

- The Swellendam Municipality provides training and development support by hosting open days for SMMEs.
- The Cape Agulhas Municipality hosts supplier open days and encourages SMMEs to join the local business chambers.

## 1.5 Concluding remarks

With a GDP of R18.4 billion, the economy of the OBD contributed 3.5 per cent to the economy of the Province in 2016. Furthermore, the OBD economy provided employment for 126 425 people. In 2016, the Theewaterskloof municipal area contributed the most to the District GDP (40.9 per cent), followed by the Overstrand (31.2 per cent), Cape Agulhas (14.9 per cent) and Swellendam (12.9 per cent) municipal areas.

Over the past decade, the OBD has experienced 3.2 per cent GDP growth between 2006 and 2016, which is slightly higher than the Provincial GDP growth rate of 2.6 per cent over the same period. Between 2014 and 2016, economic growth in the OBD declined annually, however, it is estimated that in 2017 the OBD economy grew by 2 per cent. This 2 per cent growth follows the 0.7 per cent growth in 2016. It is estimated that growth in 2017 was boosted by strong growth in the agriculture, forestry and fishing sector, the transport storage and communication sector, and the finance, insurance, real estate and business services sector.

The two largest economies of the OBD, namely the Theewaterskloof and Overstrand economies, contributed the most to employment in the OBD by 47 per cent and 27.5 per cent, respectively. The main economic sectors in terms of employment in the OBD include the agriculture, forestry and fishing sector, the wholesale and retail trade, catering and accommodation sector and the finance, insurance, real estate and business services sector. Collectively these sectors contributed 59.7 per cent to employment in 2016. These sectors have also contributed the most to employment creation in the last five years. However, it is estimated that in 2016 and 2017, the agriculture, forestry and fishing sector has shed 2 197 jobs (1 382 jobs in 2016 and 815 jobs in 2017). Another sector that is estimated to have shed jobs in 2017 is the general government sector (329 jobs).

# 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 2011 to 2017 for GDP, employment and skills levels in each of the municipal areas of the OBD. This Chapter further provides information on building plans passed and completed in selected municipalities.

### 2.2 Theewaterskloof

The Theewaterskloof municipal area is the most populated in the OBD and contributed 40.9 per cent to the economy of the District in 2016. 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 Villiersdorp (Theewaterskloof Municipality, 2017).

#### 2.2.1 GDP performance

The main economic sectors in the Theewaterskloof municipal area include the wholesale and retail trade, catering and accommodation sector, the finance, insurance, real estate and business services sector, the agriculture, forestry and fishing sector and the manufacturing sector. Collectively these sectors contributed 63.1 per cent (R4.8 billion) to the economy of the Theewaterskloof municipal area in 2016.

Table 2.1 indicates the Theewaterskloof municipal area's GDP performance per sector.

**Table 2.1 Theewaterskloof GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>15.6</b>	<b>1 172.2</b>	<b>1.1</b>	<b>-0.4</b>	<b>0.5</b>	<b>1.4</b>	<b>7.0</b>	<b>-4.3</b>	<b>-10.4</b>	<b>4.5</b>
Agriculture, forestry and fishing	15.5	1 167.9	1.1	-0.4	0.5	1.4	7.0	-4.3	-10.4	4.5
Mining and quarrying	0.1	4.3	0.9	3.9	1.6	3.3	7.7	-0.2	1.2	7.4
<b>Secondary Sector</b>	<b>24.5</b>	<b>1 847.1</b>	<b>4.0</b>	<b>2.7</b>	<b>3.6</b>	<b>4.2</b>	<b>3.1</b>	<b>2.4</b>	<b>2.1</b>	<b>1.9</b>
Manufacturing	13.6	1 028.3	3.8	3.0	3.7	4.0	3.1	2.7	3.0	2.4
Electricity, gas and water	3.0	225.1	-0.6	-1.5	0.7	-0.2	-0.8	-2.4	-3.3	-1.0
Construction	7.9	593.7	6.9	3.6	4.6	6.3	4.6	3.6	2.0	1.7
<b>Tertiary Sector</b>	<b>59.9</b>	<b>4 517.7</b>	<b>4.4</b>	<b>3.4</b>	<b>4.8</b>	<b>4.5</b>	<b>4.0</b>	<b>3.2</b>	<b>2.8</b>	<b>2.2</b>
Wholesale and retail trade, catering and accommodation	17.7	1 333.0	4.5	3.1	5.8	4.2	3.4	3.7	3.7	0.7
Transport, storage and communication	10.9	824.5	3.4	2.8	3.6	3.9	4.7	1.2	1.2	2.8
Finance, insurance, real estate and business services	16.3	1 228.6	6.1	4.9	5.9	5.5	5.3	5.4	4.0	4.2
General government	8.5	637.6	3.3	1.8	3.1	4.1	3.1	0.8	1.0	0.0
Community, social and personal services	6.6	494.1	2.7	2.3	3.2	3.5	2.3	1.8	2.1	1.9
<b>Total Theewaterskloof</b>	<b>100</b>	<b>7 537.0</b>	<b>3.6</b>	<b>2.5</b>	<b>3.7</b>	<b>3.8</b>	<b>4.4</b>	<b>1.6</b>	<b>0.3</b>	<b>2.5</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Theewaterskloof municipal area economy is dominated by the tertiary sector, however, the agriculture, forestry and fishing sector is the third largest contributor to the municipal area's economic activity (15.5 per cent). The subdued performance in the agriculture, forestry and fishing sector in 2015 and 2016 contributed to poor growth rates, and the strong estimated performance in 2017 in this sector has contributed to the estimated growth of 2.5 per cent for the municipal area.

The finance, insurance, real estate and business services sector, despite a slight decline in growth between 2015 and 2016, has continued to be the best performing sector in the last five years. The estimated decline in growth in the wholesale and retail trade, catering and accommodation sector in 2017 (0.7 per cent) and the stagnation of the general government sector, has also influenced the growth prospects of the economy in the Theewaterskloof municipal area.



## 2.2.2 Employment profile

In addition to having the largest local economy in the District, this municipal area also has the largest number of people employed in the District. Table 2.2 indicates the trend in employment growth in each economic sector in the Theewaterskloof municipal area.

**Table 2.2 Theewaterskloof employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>30.9</b>	<b>18 356</b>	<b>-10 546</b>	<b>2 080</b>	<b>668</b>	<b>862</b>	<b>-1 106</b>	<b>3 825</b>	<b>-950</b>	<b>-551</b>
Agriculture, forestry and fishing	30.9	18 346	-10 547	2 079	668	862	-1 106	3 825	-951	-551
Mining and quarrying	0.02	10	1	1	0	0	0	0	1	0
<b>Secondary Sector</b>	<b>13.89</b>	<b>8 243</b>	<b>2 081</b>	<b>1 443</b>	<b>334</b>	<b>319</b>	<b>337</b>	<b>222</b>	<b>293</b>	<b>272</b>
Manufacturing	7.0	4 178	770	689	38	180	99	159	64	187
Electricity, gas and water	0.3	180	48	19	5	0	4	6	5	4
Construction	6.5	3 885	1 263	735	291	139	234	57	224	81
<b>Tertiary Sector</b>	<b>55.2</b>	<b>32 761</b>	<b>10 834</b>	<b>5 600</b>	<b>926</b>	<b>1 157</b>	<b>1 100</b>	<b>1 443</b>	<b>410</b>	<b>1 490</b>
Wholesale and retail trade, catering and accommodation	18.3	10 848	3 787	2 390	400	391	337	629	277	756
Transport, storage and communication	3.4	2 030	900	368	149	121	18	157	-39	111
Finance, insurance, real estate and business services	13.6	8 072	3 335	1 623	201	344	371	435	110	363
General government	7.2	4 291	1 094	88	81	-23	220	-66	86	-129
Community, social and personal services	12.7	7 520	1 718	1 131	95	324	154	288	-24	389
<b>Total Theewaterskloof</b>	<b>100</b>	<b>59 360</b>	<b>2 369</b>	<b>9 123</b>	<b>1 928</b>	<b>2 338</b>	<b>331</b>	<b>5 490</b>	<b>-247</b>	<b>1 211</b>

Source: Quantec Research, 2018 (e denotes estimate)

The tertiary sector employs 55.2 per cent of workers in the municipal area, while the agriculture, forestry and fishing sector is the largest sector with 18 346 employees (30.9 per cent) of the contribution to employment. It is estimated that that in 2017, 1 211 new job opportunities were created in the Theewaterskloof municipal area, recovering the 247 jobs lost in 2016. The sectors that contributed the most to employment creation in 2017 were the wholesale and retail, catering and accommodation sector (756 jobs), the community, social and personal services sector (389 jobs) and the finance, insurance, real estate and business services sector (363 jobs).

Even though most of the sectors that shed jobs in 2016 recovered them in 2017, it is estimated that the agriculture, forestry and fishing sector continued to shed 551 jobs. Another sector that shed jobs in the Theewaterskloof municipal area is the general government sector (129 jobs).

### 2.2.3 Skills level

Table 2.3 indicates the skills levels of formally employed workers in the Theewaterskloof municipal area.

**Table 2.3 Theewaterskloof skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	12.7	3.0	2.8	5 472	5 520
Semi-skilled	39.3	2.1	2.9	17 005	17 225
Low-skilled	48.0	-1.4	2.3	20 753	20 561
<b>Total Theewaterskloof</b>	<b>100</b>	<b>0.3</b>	<b>2.6</b>	<b>43 230</b>	<b>43 306</b>

Source: Quantec Research, 2018

Most workers (48 per cent) in Theewaterskloof are low-skilled, which correlates to the large number of employees in the agriculture, forestry and fishing sector. There has been growth in both semi-skilled (2.9 per cent) and skilled (2.8 per cent) employment over the past five years, signalling a potential for greater skill capacity.

## 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, however, there are a number of smaller towns and settlements along the coast. Other main towns include Gansbaai, Hawston, Kleinmond and Stanford (Overstrand Municipality, 2017). The Overstrand municipal area is a popular tourist destination. Hermanus and the smaller coastal settlements are popular areas for second homes.

As the second largest local economy in the District, the Overstrand municipal area accounts for 31.2 per cent of the OBD economy in terms of GDP and 27.5 per cent of employment.

### 2.3.1 GDP performance

The main economic sectors which contributed the most to the economy of the Overstrand municipal area in 2016 are the finance, insurance, real estate and business services sector (24.3 per cent), the wholesale and retail trade, catering and accommodation sector (19.2 per cent) and the manufacturing sector (14.7 per cent). The main contributor to the manufacturing sector is the food, beverages and tobacco subsector, which contributed 35.3 per cent in 2016, indicating a high reliance on the agriculture, forestry and fishing sector.

Table 2.4 indicates the Overstrand municipal area's GDP performance per sector.

**Table 2.4 Overstrand GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>6.7</b>	<b>383.5</b>	<b>1.4</b>	<b>2.4</b>	<b>1.0</b>	<b>2.8</b>	<b>5.3</b>	<b>-1.9</b>	<b>-4.8</b>	<b>10.8</b>
Agriculture, forestry and fishing	6.5	374.5	1.4	2.4	1.0	2.8	5.3	-1.9	-4.9	10.9
Mining and quarrying	0.2	9.0	0.0	3.2	0.9	2.7	6.5	-0.6	0.0	7.2
<b>Secondary Sector</b>	<b>24.2</b>	<b>1 395.0</b>	<b>2.8</b>	<b>1.6</b>	<b>2.3</b>	<b>3.0</b>	<b>2.2</b>	<b>1.0</b>	<b>1.1</b>	<b>0.6</b>
Manufacturing	14.7	847.3	3.2	2.2	3.1	3.2	2.6	1.6	2.1	1.7
Electricity, gas and water	2.1	120.5	1.5	1.0	1.8	0.5	0.8	0.4	0.3	3.2
Construction	7.4	427.2	2.2	0.1	0.4	3.1	1.8	-0.3	-1.0	-2.8
<b>Tertiary Sector</b>	<b>69.1</b>	<b>3 976.7</b>	<b>2.6</b>	<b>1.8</b>	<b>2.8</b>	<b>2.5</b>	<b>2.2</b>	<b>1.9</b>	<b>1.4</b>	<b>0.9</b>
Wholesale and retail trade, catering and accommodation	19.2	1 107.8	3.1	2.0	4.3	2.8	2.1	2.6	2.3	0.0
Transport, storage and communication	10.9	629.3	5.1	3.8	4.5	4.9	5.4	2.7	2.4	3.5
Finance, insurance, real estate and business services	24.3	1 395.7	1.7	1.1	1.6	1.4	1.2	1.7	0.7	0.8
General government	8.4	484.5	3.0	1.5	2.5	3.8	3.0	0.6	0.6	-0.4
Community, social and personal services	6.2	359.4	1.7	1.4	2.0	1.8	1.6	0.9	1.3	1.2
<b>Total Overstrand</b>	<b>100</b>	<b>5 755.3</b>	<b>2.5</b>	<b>1.8</b>	<b>2.5</b>	<b>2.6</b>	<b>2.5</b>	<b>1.4</b>	<b>0.9</b>	<b>1.4</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017 the Overstrand municipal economy grew by 1.4 per cent. The economy was boosted by strong growth in the agriculture, forestry and fishing sector (10.9 per cent), the transport, storage and communication sector (3.5 per cent) and the finance, insurance, real estate and business services sector (0.8 per cent). The mining and quarrying sector, as well as the electricity, gas and water sector, grew at above-average rates of 7.2 per cent and 3.2 per cent in 2017, however, these sectors make a relatively small contribution to the Overstrand economy (0.2 per cent and 2.1 per cent respectively).

However, not all sectors performed equally well in 2017. It is estimated that growth dipped in the manufacturing sector (to 1.7 per cent), while the wholesale and retail trade, catering and accommodation sector stagnated. Furthermore, the construction sector and the general government sector contracted by 2.8 per cent and 0.4 per cent respectively. The construction sector has contracted for the third consecutive year in the Overstrand municipal area.

### 2.3.2 Employment profile

The Overstrand municipal area contributed 27.5 per cent to employment in the District in 2016. The sectors that contributed the most to employment in 2016 include the wholesale and retail trade, catering and accommodation sector (25.7 per cent), the

finance, insurance, real estate and business services sector (17.2 per cent) and the community, social and personal services sector (14.7 per cent).

Table 2.5 indicates the trend in employment growth in each economic sector in the Overstrand municipal area.

**Table 2.5 Overstrand employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>12.6</b>	<b>4 400</b>	<b>-1 651</b>	<b>503</b>	<b>327</b>	<b>335</b>	<b>-135</b>	<b>547</b>	<b>-151</b>	<b>-93</b>
Agriculture, forestry and fishing	12.6	4 388	-1 652	500	327	335	-137	546	-150	-94
Mining and quarrying	0.0	12	1	3	0	0	2	1	-1	1
<b>Secondary Sector</b>	<b>17.1</b>	<b>5 942</b>	<b>-2</b>	<b>457</b>	<b>86</b>	<b>145</b>	<b>157</b>	<b>50</b>	<b>39</b>	<b>66</b>
Manufacturing	9.2	3 203	280	405	-37	140	63	101	-21	122
Electricity, gas and water	0.3	92	44	19	3	4	3	5	3	4
Construction	7.6	2 647	-326	33	120	1	91	-56	57	-60
<b>Tertiary Sector</b>	<b>70.3</b>	<b>24 488</b>	<b>6 010</b>	<b>3 156</b>	<b>446</b>	<b>731</b>	<b>650</b>	<b>881</b>	<b>-165</b>	<b>1 059</b>
Wholesale and retail trade, catering and accommodation	25.7	8 962	2 007	1 322	189	207	146	406	-39	602
Transport, storage and communication	4.3	1 496	670	292	103	109	53	127	-92	95
Finance, insurance, real estate and business services	17.2	5 981	1 835	933	118	208	223	285	29	188
General government	8.4	2 913	729	54	53	-9	155	-50	50	-92
Community, social and personal services	14.7	5 136	769	555	-17	216	73	113	-113	266
<b>Total Overstrand</b>	<b>100</b>	<b>34 830</b>	<b>4 357</b>	<b>4 116</b>	<b>859</b>	<b>1 211</b>	<b>672</b>	<b>1 478</b>	<b>-277</b>	<b>1 032</b>

Source: Quantec Research, 2018 (e denotes estimate)

Despite 277 job losses in 2016, it is estimated that 1 032 jobs were created in 2017. The sectors that contributed the most to the increase in employment in the Overberg municipal area in 2017 are the wholesale and retail trade, catering and accommodation sector, the community, social and personal services sector and the finance, insurance, real estate and business services sector. It is estimated that collectively these sectors created 1 056 jobs in 2017.

Sectors that are estimated to have shed jobs in 2017 include the construction sector (60 jobs), the general government sector (92 jobs) and the agriculture, forestry and fishing sector (94 jobs). In 2016, the agriculture, forestry and fishing sector also shed jobs (150 jobs).

### 2.3.3 Skills level

Table 2.6 indicates the skills levels of formally employed workers in the Overstrand municipal area.

**Table 2.6 Overstrand skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	21.0	2.3	2.1	4 924	4 944
Semi-skilled	46.8	1.4	2.0	10 998	11 045
Low-skilled	32.3	0.1	1.6	7 580	7 574
<b>Total Overstrand</b>	<b>100</b>	<b>1.1</b>	<b>1.9</b>	<b>23 502</b>	<b>23 563</b>

Source: Quantec Research, 2018

Formally employed workers in the Overstrand municipal area are mostly semi-skilled (46.8 per cent). With such a large base of semi-skilled workers, Overstrand is better suited than other municipal areas in tapping into human capital to further diversify their economy. It is estimated that in the last five years formal employment has increased by 1.9 per cent per annum on average, while skilled and semi-skilled employment has increased by 2.1 per cent and 2 per cent per annum, respectively.

## 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 villages (Cape Agulhas Municipality, 2017).

The Cape Agulhas municipal area has the third largest economy in the OBD, contributing 14.9 per cent to GDP and 12.2 per cent to employment in 2016.

### 2.4.1 GDP performance

The Cape Agulhas municipal economy contributed R2.8 billion to the OBD economy in 2016. The sectors that contributed the most to the economy in 2016 include the wholesale and retail trade, catering and accommodation sector (22.1 per cent), the finance, insurance, real estate and business services sector (19.9 per cent) and the manufacturing sector (14 per cent).

Table 2.7 indicates the Cape Agulhas municipal area's GDP performance per sector.

**Table 2.7 Cape Agulhas GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>7.1</b>	<b>196.6</b>	<b>1.2</b>	<b>0.3</b>	<b>0.7</b>	<b>1.7</b>	<b>6.6</b>	<b>-3.0</b>	<b>-8.9</b>	<b>5.3</b>
Agriculture, forestry and fishing	7.0	191.6	1.2	0.2	0.7	1.7	6.6	-3.5	-9.1	5.3
Mining and quarrying	0.2	5.0	3.7	9.1	1.9	3.6	7.6	28.7	-0.8	6.2
<b>Secondary Sector</b>	<b>23.1</b>	<b>635.7</b>	<b>2.6</b>	<b>1.2</b>	<b>2.1</b>	<b>2.5</b>	<b>1.4</b>	<b>1.2</b>	<b>0.3</b>	<b>0.8</b>
Manufacturing	14.0	385.3	2.7	1.7	2.4	2.5	1.6	1.6	1.1	1.4
Electricity, gas and water	2.4	65.0	-1.5	-1.6	-0.7	-1.8	-1.7	-2.3	-2.4	0.3
Construction	6.7	185.3	3.9	1.0	2.3	4.0	1.8	1.1	-1.0	-0.7
<b>Tertiary Sector</b>	<b>69.8</b>	<b>1 919.5</b>	<b>3.2</b>	<b>2.3</b>	<b>3.4</b>	<b>3.0</b>	<b>2.9</b>	<b>2.2</b>	<b>2.1</b>	<b>1.0</b>
Wholesale and retail trade, catering and accommodation	22.1	608.6	3.2	2.1	4.5	3.0	2.5	2.8	2.8	-0.4
Transport, storage and communication	10.9	301.3	4.3	3.0	3.6	3.7	4.5	1.9	2.0	2.8
Finance, insurance, real estate and business services	19.9	548.3	3.9	3.2	3.8	3.4	3.5	3.7	3.0	2.7
General government	10.2	280.3	1.3	-0.2	0.7	2.0	1.3	-1.1	-1.1	-2.1
Community, social and personal services	6.6	181.0	2.2	1.7	2.5	2.6	2.0	1.2	1.7	1.2
<b>Total Cape Agulhas</b>	<b>100</b>	<b>2 751.8</b>	<b>2.9</b>	<b>1.9</b>	<b>2.9</b>	<b>2.8</b>	<b>2.8</b>	<b>1.6</b>	<b>0.8</b>	<b>1.3</b>

Source: Quantec Research, 2018 (e denotes estimate)

Economic growth in the Cape Agulhas municipal area has declined steadily from 2.9 per cent in 2012 to 0.8 per cent in 2016. However, it is estimated that the local economy grew by 1.3 per cent in 2017. This boost in growth can be attributed to the strong growth in the agriculture, forestry and fishing sector (5.3 per cent), the transport, storage and communication sector (2.8 per cent) and the finance, insurance, real estate and business services sector (2.7 per cent). The strong growth estimated for the mining and quarrying sector (6.2 per cent) originates from a low base as this sector only contributed 0.2 per cent to the economy in 2016.

Growth prospects in the Cape Agulhas municipal area for 2017 were negatively influenced by the contraction of the construction sector, the wholesale and retail trade, catering and accommodation sector and the general government sector. These sectors contracted by 0.7 per cent, 0.4 per cent and 2.1 per cent, respectively.

## 2.4.2 Employment profile

Cape Agulhas contributed 12.2 per cent to employment in the OBD in 2016 and had an estimated unemployment rate of 9.7 per cent in 2017. Table 2.8 indicates the trend in employment growth in each economic sector in the Cape Agulhas municipal area.

**Table 2.8 Cape Agulhas employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>14.3</b>	<b>2 204</b>	<b>-1 055</b>	<b>294</b>	<b>108</b>	<b>122</b>	<b>-107</b>	<b>423</b>	<b>-86</b>	<b>-58</b>
Agriculture, forestry and fishing	14.2	2 198	-1 055	294	108	122	-107	423	-86	-58
Mining and quarrying	0.04	6	0	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>16.5</b>	<b>2 547</b>	<b>178</b>	<b>279</b>	<b>53</b>	<b>58</b>	<b>69</b>	<b>42</b>	<b>69</b>	<b>41</b>
Manufacturing	9.3	1 429	90	188	-9	45	29	46	16	52
Electricity, gas and water	0.3	51	15	5	1	1	0	1	2	1
Construction	6.9	1 067	73	86	61	12	40	-5	51	-12
<b>Tertiary Sector</b>	<b>69.2</b>	<b>10 674</b>	<b>2 771</b>	<b>1 446</b>	<b>281</b>	<b>301</b>	<b>304</b>	<b>376</b>	<b>116</b>	<b>349</b>
Wholesale and retail trade, catering and accommodation	26.1	4 033	963	635	110	91	72	181	78	213
Transport, storage and communication	4.6	704	272	115	47	46	30	49	-44	34
Finance, insurance, real estate and business services	15.9	2 447	954	479	97	106	103	128	62	80
General government	10.0	1 541	217	-64	7	-26	64	-44	7	-65
Community, social and personal services	12.6	1 949	365	281	20	84	35	62	13	87
<b>Total Cape Agulhas</b>	<b>100</b>	<b>15 425</b>	<b>1 894</b>	<b>2 019</b>	<b>442</b>	<b>481</b>	<b>266</b>	<b>841</b>	<b>99</b>	<b>332</b>

Source: Quantec Research, 2018 (e denotes estimate)

Wholesale and retail trade, catering and accommodation sector accounts for 26.1 per cent of employment in the municipal area, followed by the finance, insurance, real estate and business services sector (15.9 per cent). It is estimated that in 2017 net employment in the Cape Agulhas municipal area increased by 332 jobs. The sector that is estimated to have created the most new jobs in 2017 is the wholesale and retail trade, catering and accommodation sector (213 jobs).

Some sectors did, however, shed jobs in 2017. It is estimated that the agriculture, forestry and fishing sector shed jobs for the second consecutive year (86 jobs in 2016 and 58 jobs in 2017), while the construction sector shed 12 jobs and the general government sector shed 65 jobs.

### 2.4.3 Skills level

Table 2.9 indicates the skills levels of formally employed workers in the Cape Agulhas municipal area.

**Table 2.9 Cape Agulhas skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	21.0	2.8	2.4	2 544	2 564
Semi-skilled	45.6	1.5	2.1	5 520	5 549
Low-skilled	33.4	0.1	2.0	4 046	4 043
<b>Total Cape Agulhas</b>	<b>100</b>	<b>1.2</b>	<b>2.1</b>	<b>12 110</b>	<b>12 156</b>

Source: Quantec Research, 2018 (e denotes estimate)

Formal employment is estimated to have increased to 12 156 workers in 2017 due to increases in the number of skilled and semi-skilled workers. The Cape Agulhas municipal area has a substantial semi-skilled workforce (45.6 per cent).

Over the last five years, formal employment has increased by 2.1 per cent, with above average growth rates for skilled workers (2.4 per cent) and on par growth for semi-skilled workers (2.1 per cent). This indicates that there is a demand for more skilled and semi-skilled workers in the Cape Agulhas municipal area.

## 2.5 Swellendam

The Swellendam municipal area has the smallest economy in the OBD. The Swellendam municipal area is well connected with the N2 and Route 62 traversing the area. The town of Swellendam is the main economic hub, however, 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, Suurbrack, Buffelsjagsrivier and Ouplaas (Swellendam Municipality, 2017).

### 2.5.1 GDPR performance

The main economic sectors in the Swellendam municipal area are the finance, insurance, real estate and business services sector (22.4 per cent of GDPR) and the wholesale and retail trade, catering and accommodation sector (19.7 per cent of GDPR).

Table 2.10 indicates the Swellendam municipal area's GDPR performance per sector.



**Table 2.10 Swellendam GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>11.0</b>	<b>261.5</b>	<b>1.1</b>	<b>-0.4</b>	<b>0.5</b>	<b>1.5</b>	<b>7.1</b>	<b>-4.4</b>	<b>-10.8</b>	<b>4.8</b>
Agriculture, forestry and fishing	11.0	260.1	1.1	-0.4	0.5	1.5	7.1	-4.4	-10.8	4.8
Mining and quarrying	0.1	1.3	-0.2	2.9	0.5	2.2	6.4	-1.0	0.1	6.6
<b>Secondary Sector</b>	<b>18.3</b>	<b>434.8</b>	<b>3.6</b>	<b>2.8</b>	<b>3.5</b>	<b>3.7</b>	<b>3.4</b>	<b>2.6</b>	<b>2.6</b>	<b>1.4</b>
Manufacturing	9.6	227.1	4.0	3.1	4.0	3.4	3.3	3.3	3.5	2.2
Electricity, gas and water	2.3	55.3	-3.3	-3.7	-2.2	-3.2	-3.4	-4.4	-5.0	-2.6
Construction	6.4	152.4	6.6	4.5	5.2	7.3	6.4	3.7	3.7	1.2
<b>Tertiary Sector</b>	<b>70.7</b>	<b>1 677.3</b>	<b>4.7</b>	<b>3.6</b>	<b>5.0</b>	<b>4.8</b>	<b>4.1</b>	<b>3.5</b>	<b>3.2</b>	<b>2.4</b>
Wholesale and retail trade, catering and accommodation	19.7	467.7	4.2	2.9	5.7	4.0	3.0	3.4	3.3	0.6
Transport, storage and communication	9.9	234.3	3.4	2.7	3.5	3.7	4.6	1.4	1.2	2.7
Finance, insurance, real estate and business services	22.4	531.8	6.3	5.2	5.9	6.1	5.5	5.6	4.6	4.2
General government	10.7	254.3	3.8	2.3	3.7	4.7	3.5	1.2	1.4	0.4
Community, social and personal services	8.0	189.2	3.4	2.7	3.8	3.9	2.9	2.2	2.5	2.2
<b>Total Swellendam</b>	<b>100</b>	<b>2 373.6</b>	<b>4.0</b>	<b>2.9</b>	<b>4.1</b>	<b>4.2</b>	<b>4.4</b>	<b>2.3</b>	<b>1.4</b>	<b>2.5</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017, the GDP of the Swellendam municipal area increased to 2.5 per cent from 1.4 per cent in 2016. This improved growth is mainly a result of strong growth in the agriculture, forestry and fishing sector (4.8 per cent), the finance, insurance, real estate and business services sector (4.2 per cent) and the transport, storage and communication sector (2.7 per cent). The 6.6 per cent growth in the mining and quarrying sector had a marginal impact on the economy of the Swellendam municipal area due to its small GDP contribution (0.1 per cent).

However, in general, economic growth is declining in the Swellendam municipal area despite the estimated recovery in 2017. In 2017, secondary sectors grew at an estimated average rate of 1.4 per cent (down from the 2.6 per cent growth in 2016) and tertiary sectors grew at an average annual rate of 2.4 per cent (down from the 3.2 per cent growth in 2016). The tertiary sectors that recorded the slowest growth rate in 2017 are the wholesale and retail trade, catering and accommodation sector (0.6 per cent) and the general government sector (0.4 per cent).

## 2.5.2 Employment profile

The Swellendam municipal area contributed 13.3 per cent to employment in the District in 2017. Furthermore, the Swellendam municipal area had the lowest unemployment rate in the District at 7.9 per cent in 2016. Table 2.11 indicates the trend in employment growth in each economic sector in the Swellendam municipal area.

**Table 2.11 Swellendam employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>22.5</b>	<b>3 781</b>	<b>-2 161</b>	<b>442</b>	<b>130</b>	<b>179</b>	<b>-237</b>	<b>807</b>	<b>-195</b>	<b>-112</b>
Agriculture, forestry and fishing	22.5	3 778	-2 161	442	130	179	-237	807	-195	-112
Mining and quarrying	0.0	3	0	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>10.7</b>	<b>1 792</b>	<b>353</b>	<b>317</b>	<b>60</b>	<b>65</b>	<b>80</b>	<b>56</b>	<b>61</b>	<b>55</b>
Manufacturing	5.1	856	137	150	-1	34	29	38	7	42
Electricity, gas and water	0.3	48	7	2	2	-1	1	0	1	1
Construction	5.3	888	209	165	59	32	50	18	53	12
<b>Tertiary Sector</b>	<b>66.8</b>	<b>11 237</b>	<b>3 723</b>	<b>1 943</b>	<b>321</b>	<b>418</b>	<b>389</b>	<b>474</b>	<b>143</b>	<b>519</b>
Wholesale and retail trade, catering and accommodation	20.9	3 521	1 025	671	108	109	86	182	61	233
Transport, storage and communication	3.4	570	230	91	41	35	3	39	-16	30
Finance, insurance, real estate and business services	17.3	2 913	1 355	694	104	146	150	178	74	146
General government	9.7	1 623	489	68	42	-1	89	-18	41	-43
Community, social and personal services	15.5	2 610	624	419	26	129	61	93	-17	153
<b>Total Swellendam</b>	<b>100</b>	<b>16 810</b>	<b>1 915</b>	<b>2 702</b>	<b>511</b>	<b>662</b>	<b>232</b>	<b>1 337</b>	<b>9</b>	<b>462</b>

Source: Quantec Research, 2018 (e denotes estimate)

As the third largest contributor to Swellendam's economy, the agriculture, forestry and fishing sector is the area's largest employer (22.5 per cent). The wholesale and retail trade, catering and accommodation sector comes in second with 20.9 per cent. The seasonal nature of agricultural work and relatively lower wages have an impact on annual employment statistics in the agriculture industry.

It is estimated that in 2017, employment in the Swellendam municipal area increased by 462 jobs. The sectors that contributed the most to this increase in jobs are the wholesale and retail trade, catering and accommodation sector (233 jobs), the community, social and personal services sector (153 jobs) and the finance, insurance, real estate and business services sector (146 jobs).

The agriculture, forestry and fishing sector is estimated to have shed jobs for the second consecutive year (195 jobs in 2016 and 112 jobs in 2017), while the general government sector also shed 43 jobs.

### 2.5.3 Skills level

Table 2.12 indicates the skills levels of formally employed workers in the Swellendam municipal area.

**Table 2.12 Swellendam skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	19.3	4.2	3.4	2 362	2 406
Semi-skilled	41.0	2.6	3.0	5 007	5 086
Low-skilled	39.7	-1.1	2.3	4 846	4 818
<b>Total Swellendam</b>	<b>100</b>	<b>1.2</b>	<b>2.8</b>	<b>12 215</b>	<b>12 310</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017 the number of formally employed workers increased to 12 310 in 2017, mainly because of an increase in skilled and semi-skilled workers. The majority of formally employed persons are classified as semi-skilled workers (41 per cent). Over the last five years, the number of formally employed workers has increased by an average annual rate of 2.8 per cent, with the number of skilled and semi-skilled workers growing by 3.4 per cent and 3 per cent per annum, indicating the growing demand for semi-skilled and skilled workers in the Swellendam municipal area.

## 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 passed<sup>4</sup> can be used as a leading indicator while building plans completed<sup>5</sup> can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting.

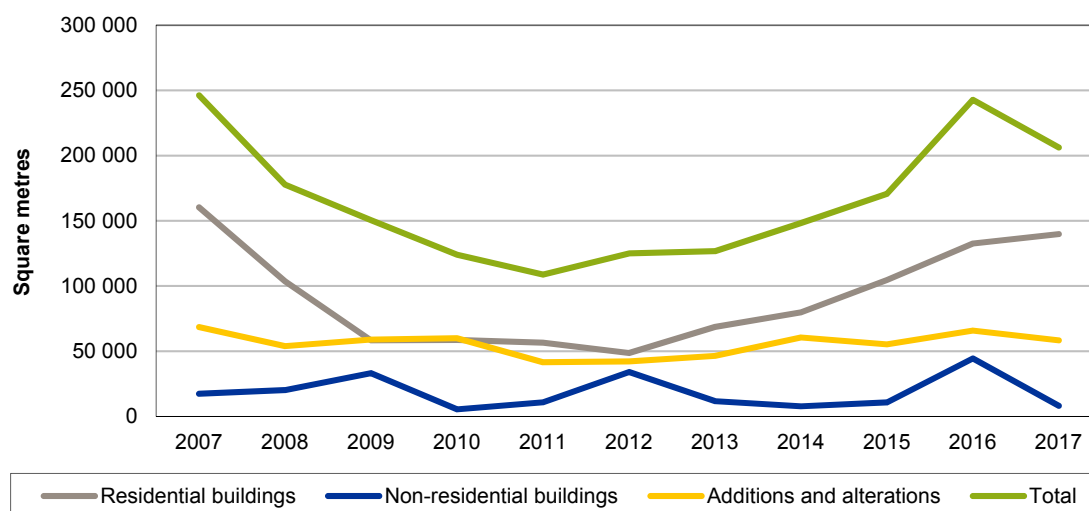
Official data from Statistics SA has information on building plans passed and completed available only for the Overstrand municipal area in the OBD.

<sup>4</sup> Number of residential building plans passed larger than 80 m<sup>2</sup>.

<sup>5</sup> Value of non-residential buildings completed (constant prices).

Figure 2.1 indicates the building plans passed (in total square metres) per building category between 2007 and 2017 in the Overstrand municipal area.

**Figure 2.1 Overstrand building plans passed, 2007 - 2017**

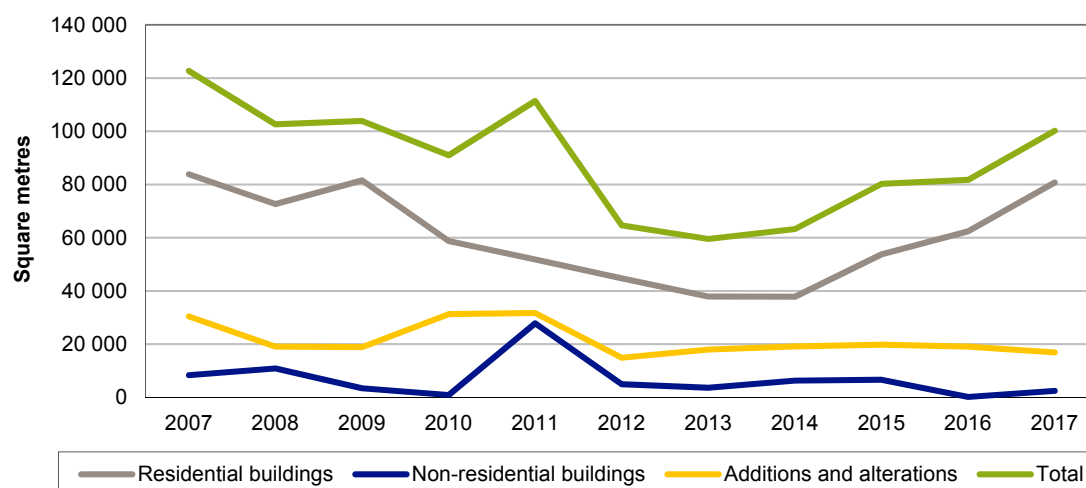


Source: Statistics SA & Quantec Research, 2018

The number of building plans passed (in square metres) declined steadily from 2007 to 2011 before increasing again. The number started to decline again in 2017. Most plans passed are residential buildings, highlighting the popularity of the area for second and retirement homes. The total for non-residential buildings (commercial and industrial) have been below 50 000 square metres in the last ten years.

Figure 2.2 indicates the building plans completed in the Overstrand municipal area between 2007 and 2017.

**Figure 2.2 Overstrand building plans completed, 2007 - 2017**



Source: Statistics SA & Quantec Research, 2018

The number of building plans completed (in square metres) declined from 2007 to 2013, since then there was a continuing increase in completed building plans. Most plans completed are residential buildings. There are limited building plans completed for non-residential buildings over the study period, with the exception of 2011. The continuing increase in residential buildings completed highlights the increase in demand for service delivery in the Overstrand municipal area.

## **2.7 Concluding remarks**

The municipal areas in the Overberg District have experienced mirroring trends in their GDP growth and employment in recent years. The main economic sectors in the Overberg District are the finance, insurance real estate and business services sector (20.1 per cent), the wholesale and retail trade, catering and accommodation sector (19.1 per cent) and the manufacturing sector (13.5 per cent).

The regional economy, like the rest of the Province, has benefitted from growth in the agricultural industry. OBD's forward and backward linkages to the agricultural sector have a direct impact on other sectors in the municipal area. National factors, which contributed to the weakening of the South African economy, have increased pressure on municipalities in the OBD.



# 3

## Agriculture overview

### 3.1 Introduction

The agriculture industry is a major contributor to employment and the economy of the OBD. Through the production of raw products and the processing, packaging, exporting and sale thereof, value is added not only to the economy of the OBD but also to that of the Western Cape.

This chapter will provide an overview of the agriculture industry in the OBD by highlighting the following indicators: hectares under production, infrastructure and agritourism facilities. The information in this chapter is sourced from the Provincial Department of Agriculture Fly-over Project (2018) conducted in 2017.

### 3.2 Sector overview

The agriculture, forestry and fishing sector contributed R2 billion (10.8 per cent) to the GDP of the OBD in 2016 and provided employment for 28 710 workers (22.7 per cent of employment).

Table 3.1 outlines the GDPR contribution and growth of the agriculture, forestry and fishing sector in the OBD.

**Table 3.1 Overberg District agriculture, forestry and fishing sector GDPR growth per municipal area, 2012 - 2017**

Municipality	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Theewaterskloof	15.5	1 167.9	1.1	-0.4	0.5	1.4	7.0	-4.3	-10.4	4.5
Overstrand	6.5	374.5	1.4	2.4	1.0	2.8	5.3	-1.9	-4.9	10.9
Cape Agulhas	7.0	191.6	1.2	0.2	0.7	1.7	6.6	-3.5	-9.1	5.3
Swellendam	11.0	260.1	1.1	-0.4	0.5	1.5	7.1	-4.4	-10.8	4.8
<b>Overberg District</b>	<b>10.8</b>	<b>1 994.2</b>	<b>1.1</b>	<b>0.2</b>	<b>0.6</b>	<b>1.7</b>	<b>6.6</b>	<b>-3.8</b>	<b>-9.4</b>	<b>5.8</b>
Western Cape Province	4.1	21 522.4	2.5	2.0	2.5	3.3	7.5	-2.2	-7.2	8.4

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture, forestry and fishing sector makes a large contribution to the economy of the OBD, particularly in the Theewaterskloof and Swellendam municipal areas (15.5 per cent and 11 per cent). The fishing subsector is a large contributor to the agriculture, forestry and fishing sector's performance in the Overstrand municipal area.

The agriculture, forestry and fishing sector in the OBD contracted in 2015 and 2016 (by 3.8 per cent and 9.4 per cent, respectively) and had an estimated growth rate of 5.8 per cent in 2017. The estimated growth rate in the OBD in 2017 is well below that of the Western Cape. The regional agriculture, forestry and fishing sector benefitted from strong growth in the national sector which was supported by high production volumes in summer rainfall areas and favourable prices for horticultural exports and in the livestock industry (BFAP, 2018).

Table 3.2 indicates the employment trends in the agriculture, forestry and fishing sector.

**Table 3.2 Overberg District agriculture, forestry and fishing sector employment growth per municipal area, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Theewaterskloof	30.9	18 346	-10 547	2 079	668	862	-1 106	3 825	-951	-551
Overstrand	12.6	4 388	-1 652	500	327	335	-137	546	-150	-94
Cape Agulhas	14.2	2 198	-1 055	294	108	122	-107	423	-86	-58
Swellendam	22.5	3 778	-2 161	442	130	179	-237	807	-195	-112
<b>Overberg District</b>	<b>22.7</b>	<b>28 710</b>	<b>-15 415</b>	<b>3 315</b>	<b>1 233</b>	<b>1 498</b>	<b>-1 587</b>	<b>5 601</b>	<b>-1 382</b>	<b>-815</b>
Western Cape Province	10.7	262 140	-106 268	37 592	13 927	16 319	-11 743	48 649	-10 112	-5 521

Source: Quantec Research, 2018 (e denotes estimate)



The agriculture, forestry and fishing sector is the main contributing sector to employment in the OBD, contributing 22.5 per cent to employment in 2016. In the Theewaterskloof and Swellendam municipal areas, this sector contributed 30.9 per cent and 22.7 per cent to employment in 2016.

It is estimated that the agriculture, forestry and fishing sector shed 815 jobs in 2017. This follows 1 382 jobs lost in 2016. The Theewaterskloof and Swellendam municipal areas shed the most jobs in this sector (551 and 112, respectively). Even though the sector grew in 2017 because of improved prices, the drought still impacted local employment. In the long term (between 2006 and 2016), the agriculture, forestry and fishing sector shed 15 415 jobs in the OBD, mainly in the Theewaterskloof municipal area (10 547 jobs).

Table 3.3 indicates the skills levels of formally employed agriculture, forestry and fishing sector workers in the OBD.

**Table 3.3 Overberg District agriculture, forestry and fishing sector skills levels, 2016**

Skills levels	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Overberg District
Skilled	3.7	7.2	7.2	3.7	4.5
Semi-skilled	19.5	46.5	36.4	21.0	25.5
Low-skilled	76.8	46.4	56.4	75.3	70.0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The majority (70 per cent) of formally employed agriculture, forestry and fishing sector workers in the OBD are low-skilled. The Theewaterskloof and Swellendam municipal areas have proportionally more low-skilled workers (76.8 per cent and 75.3 per cent, respectively) than other municipal areas. Workers in the agriculture, forestry and fishing sector in the Overstrand and Cape Agulhas municipal areas have higher skill levels, with 46.5 per cent and 36.4 per cent being semi-skilled and 7.2 per cent being skilled.

Table 3.4 outlines the employment change by skills levels in the OBD.

**Table 3.4 Overberg District agriculture, forestry and fishing sector employment change by skills level, 2012 - 2017**

Formal employment by skill	Number of jobs 2016	Contribution to employment (%) 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Skilled	907	4.5	-438	131	52	50	-49	176	-9	-37
Semi-skilled	5 088	25.5	-2 485	672	332	282	-233	882	-58	-201
Low-skilled	13 985	70.0	-8 431	1 770	660	582	-890	2 979	-251	-650
<b>Total Overberg District</b>	<b>19 980</b>	<b>100</b>	<b>-11 354</b>	<b>2 573</b>	<b>1 044</b>	<b>914</b>	<b>-1 172</b>	<b>4 037</b>	<b>-318</b>	<b>-888</b>

Source: Quantec Research, 2018 (e denotes estimate)

Employment changes in the agriculture, forestry and fishing sector affect mostly low-skilled workers. It is estimated that in 2017, there was a decline of 650 low-skilled jobs in the agriculture, forestry and fishing sector. This follows a decline of 251 low-skilled jobs in 2016. The large number of low-skilled workers that lose their jobs in the OBD has a

significant socio-economic impact on the municipal areas. Furthermore, the lack of skills influences the ability of these workers to find jobs in other sectors, which increases local unemployment.

### 3.3 Crops

Table 3.5 provides an overview of the use of agricultural land in the OBD.

**Table 3.5 Overberg District hectares under production, 2017**

Type	Land use	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Overberg District
Winter crops	Irrigated fields	18 803.46	1 810.83	695.41	6 840.59	28 150.29
	Dryland fields	124 931.72	14 631.86	149 137.70	142 308.77	431 010.05
	Cultivated fields	143 735.18	16 442.69	149 833.11	149 149.36	459 160.33
	Old fields	155.445	178.478	339.295	2 112.92	2 786.14
Summer crops	Irrigated fields	1 822.64	413.56	176.57	2 918.83	5 331.59

Source: WCDOA, 2018

Farming in the OBD mostly occurs on dry land (93.9 per cent of cultivated winter crops), making farming dependent on climatic conditions. However, 28 150.3 hectares are under irrigation in the OBD, of which 18 803.5 hectares are in the Theewaterskloof municipal area.

Table 3.6 indicates the broad categories of winter crops under production and the number of hectares that are fallow.

**Table 3.6 Overberg winter crops, hectares under production, 2017**

Crops	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Overberg District
Grains, legumes and oilseeds	80 744.1	3 883.4	80 356.1	76 314.9	241 298.5
Pastures	40 729.6	10 057.4	61 383.6	59 327.9	171 498.6
Flowers	172.6	669.4	696.3	101.4	1 639.7
Vegetables	193.9	57.0	4.2	91.0	346.2
Grapes	1 450.2	825.5	258.4	190.3	2 724.3
Citrus	181.7	0.0	0.0	881.3	1 063.0
Stone fruit	482.7	2.7	0.0	697.0	1 182.4
Pome fruit	13 585.0	216.0	0.0	539.6	14 340.5
Olive	155.0	150.2	30.0	376.5	711.7
Other fruit	151.1	7.1	44.2	94.5	296.9
Berries	92.1	3.4	0.0	83.0	178.5
Nuts	5.4	0.0	0.0	128.7	134.1
Fallow and weeds	5 574.1	654.8	7 213.0	12 164.1	25 606.0
Rooibos	0.0	0.0	58.5	0.0	58.5
Other	368.9	94.3	122.3	263.9	849.5

Source: WCDOA, 2018

The main crops in the OBD, in terms of hectares under production, are:

- Grains, legumes and oilseed (241 298.5 hectares) - Grain, legume and oilseed activities are the main agricultural commodity in all municipal areas, except the Overstrand municipal area. The main crops include wheat (89 108.9 hectares), barley (66 165.5 hectares), canola (39 861.9 hectares) and small grains for grazing (41 678 hectares).
- Pastures (171 498.6 hectares) - Pastures include planted pastures, perennial planted pastures and lucerne that is used as feed for livestock farming.
- Pome fruit (14 340.5 hectares) - the Theewaterskloof municipal area is well-known for its apple and pear farming and processing activities. In 2017, the Theewaterskloof municipal area had 11 012.1 hectares and 2 572.8 hectares under apple and pear production, respectively. The production of apples and pears are important inputs in the manufacturing sector and outputs in the export market.

A relatively small proportion of available agricultural land in the OBD is not in use (25 606 hectares). This land is either old fields, left fallow, covered in weeds or stubble.

Table 3.7 outlines the change in hectares under production between the 2013 and 2017 crop census.

**Table 3.7 Change in hectares under production, Overberg (2013 vs 2017)**

Crops	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Overberg District
Grains, oil seeds and legumes	5 567.6	-78.6	-3 836.7	-1 402.3	250.1
Vegetables	-247.5	38.1	-42.6	43.7	-208.3
Pome Fruit	-6.4	4.0	0.0	42.6	40.1
Stone Fruit	-363.8	0.0	0.0	-127.1	-490.9
Grapes (table and wine)	-379.2	-67.7	-46.7	-30.4	-524.0
Citrus	-73.9	0.0	0.0	212.3	138.4
Other Fruit	-34.3	6.2	-2.6	-24.5	0.0
Olives	-5.9	-0.8	0.0	8.6	2.0
Berries	30.3	-14.0	13.1	11.2	40.7
Rooibos tea	0.0	0.0	58.5	0.0	58.5
Honeybush tea	1.0	26.5	-10.2	-3.6	13.8
Other	1.0	0.0	0.0	127.9	128.9
<b>Total</b>	<b>4 489.1</b>	<b>-86.2</b>	<b>-3 867.2</b>	<b>-1 141.6</b>	<b>-550.7</b>

Source: WCDOA, 2018

Between the crop census of 2013 and 2017, there has been a decline of crops under production (550.7 hectares) in the OBD. The hectares under production in the Cape Agulhas, Swellendam and Overstrand municipal areas declined by 3 867.7 hectares, 1 141.6 hectares and 86.2 hectares, respectively. However, in the Theewaterskloof municipal area, the total hectares under production increased by 4 489.1 hectares.

The largest change in production (in terms of hectares cultivated) is in the production of grains, oilseeds and legumes. The Cape Agulhas municipal area had a decline of

3 836.7 hectares and the Swellendam municipal area had a decline of 1 402.3 hectares:

- Farmers in the Cape Agulhas municipal area increased the hectares under production for barley and canola while decreasing the hectares under production for wheat and lupines resulting in a negative net change in hectares under production.
- Farmers in the Swellendam municipal area decreased the number of hectares under production for barley and canola while increasing their production of wheat, also resulting in a negative net decline in hectares under production.

In the Theewaterskloof municipal area, the hectares under production for grains, oilseeds and legumes increased by 5 567.6 hectares. In this municipal area, farmers also substituted barley and canola for wheat, resulting in a net positive change in hectares under production.

Between 2013 and 2017 the hectares under production of crops that are more reliant on irrigation water also had a decline in hectares under production in the OBD, this includes vegetables, stone fruit and grapes.

Table 3.8 indicates the OBD proportion of hectares under production compared to that of the Western Cape.

**Table 3.8 Overberg winter crops under production, proportion of Western Cape (%), 2017**

Crop	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Overberg District
Grains, legumes and oilseeds	11.0	0.5	11.0	10.4	32.9
Pastures	6.9	1.7	10.4	10.0	29.0
Flowers	5.8	22.6	23.5	3.4	55.3
Vegetables	1.6	0.5	0.0	0.8	2.9
Grapes	1.4	0.8	0.2	0.2	2.6
Citrus	1.1	0.0	0.0	5.6	6.7
Stone fruit	2.9	0.0	0.0	4.2	7.1
Pome fruit	42.3	0.7	0.0	1.7	44.7
Olive	2.5	2.4	0.5	6.1	11.5
Other fruit	5.0	0.2	1.5	3.2	9.9
Berries	13.7	0.5	0.0	12.3	26.5
Nuts	0.5	0.0	0.0	11.2	11.7
Fallow and weeds	1.7	0.2	2.2	3.8	8.0
Rooibos	0.0	0.0	0.1	0.0	0.1
Other	5.7	1.5	1.9	4.1	13.2

Source: WCDOA, 2018

Overberg is a significant contributor to the Province's agricultural activities, as demonstrated by the large proportions of winter crops under production. The most significant being grains, legumes and oilseeds which contribute 32.9 per cent of the Western Cape production and pastures which contribute 29 per cent. The production of flowers contributes 55.3 per cent of the Western Cape's total production. Pome fruit, a large agricultural product of Theewaterskloof municipal area, accounts for 44.7 per cent of production of the province, while berries, which has one of the smallest hectare coverages in the District (178.5 ha) accounts for 26.5 per cent of production in the Western Cape.

### 3.4 Infrastructure

The availability of infrastructure and agro-processing facilities are essential for the development and growth of the agriculture value chain on a local and Provincial level, as agriculture production and processing span across municipal and district borders.

Table 3.9 indicates the agricultural infrastructure and agro-processing facilities in the municipal areas of the OBD.

**Table 3.9 Overberg District agriculture infrastructure, 2017**

Infrastructure	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Overberg District
Abattoir	4	1	3	5	13
Agro processing plant	97	39	12	14	162
Aquaculture	1	6	-	-	7
Auction facilities	3	2	1	2	8
Chicken batteries	17	21	3	6	47
Dairy	55	17	46	102	220
Feedlot	6	-	5	-	11
Grain bunker	4	-	2	-	6
Grain dam	2	-	-	-	2
Nursery	8	14	4	6	32
Packhouse	166	8	2	22	198
Piggery	5	2	-	-	7
Shade netting	93	102	31	31	257
Silo bags	8	-	23	12	43
Silos	19	1	14	14	48
Timberlot	14	1	274	2	291
Tunnels	50	50	8	28	136
<b>Total</b>	<b>552</b>	<b>264</b>	<b>428</b>	<b>244</b>	<b>1 488</b>

Source: WCDOA, 2018

Agricultural infrastructure is necessary for the production, processing and transportation of products from producer to consumer. Overberg primary infrastructure resources are timberlots (291), shade netting (257) and dairies (220). The OBD also has 162 agro-processing plants, of which the majority are in the Theewaterskloof municipal area (97). Due to the large-scale cultivation of apples and pears, the OBD municipal

area has a large number agro-processing plants include fruit packers and cold chain facilities (36).

**Table 3.10 Overberg District hectares under shade netting, 2017**

Crops	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	Overberg District
Flowers	0.2	0.1	0.2	0.0	0.6
Vegetables	3.0	0.9	0.0	0.2	4.1
Herbs	0.7	0.0	0.0	0.0	0.8
Grapes	0.0	0.0	0.0	0.0	0.0
Fruit	54.8	0.0	30.8	0.1	85.7
Citrus	0.0	0.0	0.0	9.8	9.8
Berries	19.3	72.0	13.1	8.1	112.6
Other	10.0	0.7	0.0	4.3	15.1
<b>Total</b>	<b>88.0</b>	<b>73.8</b>	<b>44.2</b>	<b>22.4</b>	<b>228.4</b>

Source: WCDOA, 2018

Almost half of the OBD's crops under shade netting are berries (49.3 per cent). The OBD has 70.1 hectares of blueberries and 42.5 hectares of raspberries under shade netting, most of which are in the Overstrand municipal area. Fruit accounts for 37.5 per cent of the hectares under shade netting. In the Theewaterskloof municipal area, 54.8 hectares under shade netting is used for apple production and in the Cape Agulhas municipal area, 30.8 hectares under shade netting is used for figs.

### 3.5 Agritourism

An enterprise operated on a working farm that caters to visitors and which generates a supplementary income for farm owners is generally considered to contribute to agritourism (Agritourism South Africa, 2017).

Table 3.11 indicates the number of agritourism facilities and activities available in the OBD.

**Table 3.11 Overberg District agritourism facilities and activities, 2017**

<b>Agritourism</b>	<b>Theewaterskloof</b>	<b>Overstrand</b>	<b>Cape Agulhas</b>	<b>Swellendam</b>	<b>Overberg District</b>
Accommodation	94	77	50	67	288
Birding	23	11	4	22	60
Brewery	3	3	2		8
Camping	17	12	1	9	39
Cellar tour	9	7	4		20
Conference	39	32	11	10	92
Distillery	2	3	-	-	5
Eco-tourism	15	12	16	14	57
Fishing	27	14	4	19	64
4x4	8	7	-	1	16
Farm market	7	8	-	2	17
Farm stall	7	13	3	7	30
Game	2	4	4	7	17
Hiking	52	44	25	32	153
Horse riding	7	13	4	7	31
Hunting		2			2
Mountain biking	46	26	17	17	106
Picnics	18	25	5	10	58
Quadbikes	7	6			13
Restaurants	25	41	8	24	98
Tasting	34	24	6	6	70
Wedding	23	33	10	11	77
Olive and wine cellar	1	2	-	-	3
Olive cellar	2	1	-	-	3
Other	115	98	53	76	342
Wine cellar	36	23	7	5	71
<b>Total</b>	<b>619</b>	<b>541</b>	<b>234</b>	<b>346</b>	<b>1 740</b>

Source: WCDOA, 2018

Due to its close proximity to the Cape Metro area, the OBD is a popular tourist area. Whale watching and the southernmost tip of Africa in Cape Agulhas are some of the main attractions in the area. From Table 3.11 it is evident that the area offers a wide variety of outdoor activities and accommodation facilities and restaurants, particularly in the Overstrand and Theewaterskloof municipal areas. In 2017, 92.5 per cent of visitors were overnight visitors. The main activities for tourists included (Wesgro, 2017):

- For international tourists - scenic drives (41 per cent), culture and heritage activities (13 per cent) and gourmet restaurants (14 per cent).
- For domestic tourists - scenic drives (36 per cent), gourmet restaurants (11 per cent), culture and heritage attractions (20 per cent).

### **3.6 Concluding remarks**

The agriculture, forestry and fishing sector contributed 10.8 per cent to the OBD's economy in terms of GDP and 22.7 per cent to employment in 2016. This sector is particularly important in the Theewaterskloof and Swellendam municipal areas, where it contributed 15.5 per cent and 11 per cent to GDP respectively and 30.9 per cent and 22.5 per cent to employment. This sector contracted by 3.8 per cent in 2015 and 9.4 per cent in 2016, however, it is estimated that the sector somewhat recovered with a 5.8 per cent growth in 2017. Despite the boosted GDP growth, the sector continued to shed jobs in 2017. The agriculture, forestry and fishing sector shed 1 382 jobs in 2016 and it is estimated to have shed a further 815 jobs in the OBD in 2017. This decline in employment from one of the main employing sectors has a large influence on local households and will have a multiplying effect on the economy due to the decline in income.

The apple, barley, canola and tourism industries are significant contributors to direct employment in the Overberg and indirect employment for numerous support industries in the area. A major challenge regarding labour is the lack of skilled labour as this hampers growth in other value-adding industries, particularly in the small coastal towns.



# 4

## Municipal infrastructure analysis

### 4.1 Introduction

As per the Financial and Fiscal Commission Policy Brief of 2015, it is noted that the investment in socio-economic infrastructure is crucial in improving economic growth and development. The management of infrastructure budgets and spending efficiencies by municipalities is an important consideration when looking at socio-economic outcomes. Kumo (2012) notes that infrastructure investment has a significant impact on regional development and productivity. Furthermore, Kumo (2012) finds that there is a strong causal link between economic infrastructure investment and both GDP growth and private sector employment rates. Economic infrastructure refers to the physical assets that provide services used in production and final consumption. Social infrastructure refers to those investments which accommodate social services; having either a direct or indirect impact on the quality of life. Institutional infrastructure is defined as a support structure to the other forms of infrastructure (Brown-Luthango, 2010; DBSA, 2006).

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth approach, which remains a key budget principle given the economic and social imperatives for infrastructure development. This Chapter will as such explore three broad infrastructure themes per local municipality within the region.

In the **first instance**, an overview will be provided of Provincial infrastructure spend for the 2018 MTREF i.e. unpack Western Cape Government infrastructure investments within the geographical jurisdiction of a specific district and local municipality. Such investments are funded and managed by the Provincial Government, funding is not directly transferred to a district or local authority nor does it reflect within an annual municipal budget. It is important to note that the infrastructure allocations to be discussed below does not purely entail the construction of new infrastructure, but also refers to maintenance and repair projects.

Successfully leveraging infrastructure investment as a catalyst for broad-based growth and development is not solely the responsibility of a single role-player, but rather a collective effort that requires contributions by all spheres of government as well as the private sector alike.

Chapter 4 will therefore, in the **second instance**, elaborate upon the extent to which the various local municipalities in the OBD apply their own capital budgets towards creating and maintaining the operational, economic and social infrastructure that will in time improve access to economic opportunities and essential basic services.

Municipal capital budgets are however to a large extent reliant on grants and transfers from National and Provincial Government. As a result of a constraining macro-economic environment, the national fiscus is coming under increasing pressure which is subsequently expected to lead to a notable reduction in grant support towards local authorities. This scenario will not only impact upon the enhanced rollout of municipal infrastructure projects, but seriously compromise the long-term sustainability of municipalities in general.

It is for this reason that Chapter 4 will, in the **third instance**, also unpack the various funding sources that contribute towards municipal capital budgets. The ultimate aim is to ascertain whether municipalities are mitigating the grant-reliant risk by proactively seeking external funding towards enhanced infrastructure creation.

## 4.2 Overview of the Overberg District

Provincial infrastructure spending within the geographical jurisdiction of the Overberg region, inclusive of expenditure within the local municipalities, will amount to R469.3 million in 2018/19, the majority of which will be focussed towards road transport (R243.6 million) and human settlements (R164.7 million) projects.

**Table 4.1 Overberg District: Provincial infrastructure spending, 2018/19 (R'000)**

Department	Overberg District Municipality					Total
	Overstrand	Swellendam	Theewaterskloof	Cape Agulhas		
Education	-	20 000	-	15 780	-	35 780
Cape Nature	-	16 000	-	-	-	16 000
Health	-	3 450	2 600	2 100	949	9 099
Human Settlements	-	59 100	8 110	61 255	36 230	164 695
Public Works: Transport	94 595	20 000	35 000	92 000	2 000	243 595
Social Development	-	-	-	151	-	151
<b>Total</b>	<b>94 595</b>	<b>118 550</b>	<b>45 710</b>	<b>171 286</b>	<b>39 179</b>	<b>469 320</b>

Source: *Western Cape Estimates of Provincial Revenue and Expenditure, 2018*

Infrastructure investment by the Western Cape Government in the Overberg District will in 2018/19 be concentrated in Theewaterskloof (R171.3 million), predominantly to fund human settlement and road transport projects. Substantial investments are also made in Overstrand (R118.6 million) and although the largest allocations within this municipal area are again directed towards human settlements and road transport, sizable amounts are also allocated for education, environmental (Cape Nature) and health

purposes. It is clear that economic infrastructure (road transport) will receive preference in the Overberg District across the MTREF.

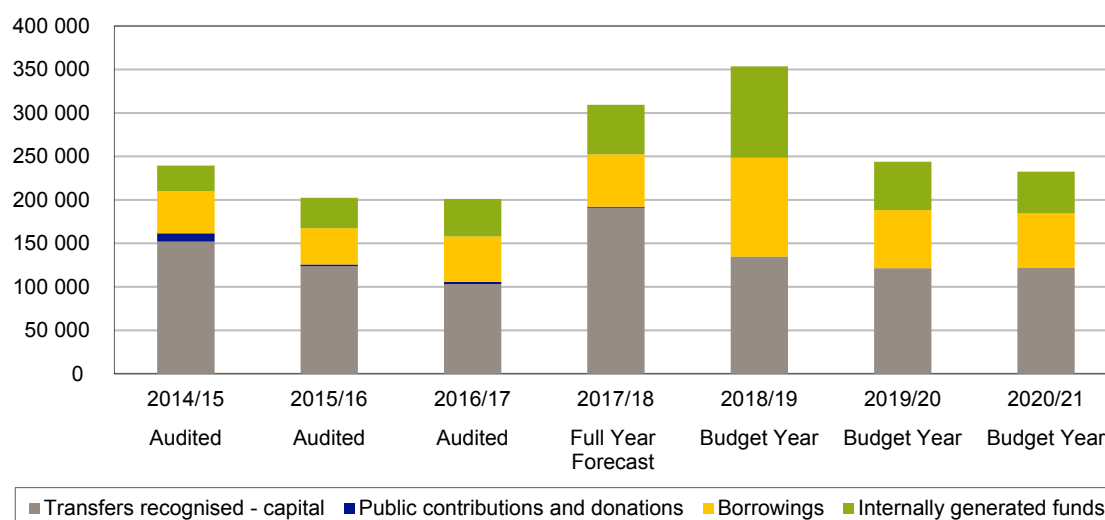
**Table 4.2 Overberg region: District and local municipal capital expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	20 541	17 215	13 279	15 255	16 965	26 553	25 929
Community and public safety	84 104	53 287	37 397	104 432	93 814	43 829	39 319
Economic and environmental services	24 204	28 525	32 197	52 042	43 782	24 976	11 161
Trading services	100 974	103 387	118 090	137 635	199 093	148 479	156 111
Energy sources	23 862	38 913	46 594	37 406	35 215	43 069	43 173
Water management	23 910	25 656	28 488	42 831	44 941	47 327	52 141
Waste water management	43 935	35 443	40 032	50 548	76 155	42 049	53 525
Waste management	9 267	3 375	2 976	6 849	42 781	16 034	7 272
<b>Total</b>	<b>229 823</b>	<b>202 413</b>	<b>200 963</b>	<b>309 363</b>	<b>353 654</b>	<b>243 837</b>	<b>232 520</b>

Source: NT Database, Final Approved 2018/19 Budgets - Schedule A5

Capital budget allocations amongst the various local municipalities of the Overberg District has predominantly been directed towards electricity and waste water management between 2014/15 and 2016/17. The noticeable increase towards the water and waste water management function in 2017/18 can be attributed towards drought mitigation projects across the District as a whole. These allocations resulted in a substantial increase in the overall capital budget for all municipalities combined. The increase in waste water allocations in 2018/19 can mostly be attributed to spending by the Overstrand Municipality towards a waste water treatment works (WWTW). Whilst allocations towards trading services are equally spread between energy, water and waste water management in 2019/20, water and waste water infrastructure continues to receive top priority in the outer year of the MTREF.

**Figure 4.1 Overberg region: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Approved 2018/19 Budgets - Schedule A5

Grants and transfers, as a percentage of the total capital budget, decrease gradually between 2014/15 and 2016/17 while internally generated funds in turn increase. There is a notable increase in the total value of capital budgets in 2017/18 which can be attributed to an increase in grants and transfers, specifically allocations for human settlements, energy sources as well as drought support. Although the overall capital budget again increases towards 2018/19, grants and transfers as a percentage of the total capital budget decreased substantially. The reduction in grants and transfers is offset by an increase in borrowings associated with the development of a landfill site by the District Municipality. The Overberg District has overall been able to maintain a well-diversified funding mix to contribute towards capital expansions across the region.

### 4.3 Overberg District Municipality

Provincial infrastructure spending within the jurisdiction of the Overberg District Municipality amounts to R94.6 million and R100.1 million in 2018/19 and 2019/20 respectively. The allocation increases notably to R208.4 million in the outer year of the MTREF. It should be noted that these totals do not include the allocations in the various local municipalities, but rather reflects funding for projects across the District as a whole, hence why allocations are directed towards district road projects that span the width of the District.

**Table 4.3 Overberg District Municipality: Provincial infrastructure spending, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Public Works: Transport	94 595	100 080	208 355	403 030
<b>Total</b>	<b>94 595</b>	<b>100 080</b>	<b>208 355</b>	<b>403 030</b>

Source: *Western Cape Estimates of Provincial Revenue and Expenditure, 2018*

Provincial infrastructure spending within the Overberg District will entirely be directed towards the road transport function to the extent of R94.6 million, R100.1 million and R208.4 million for respectively 2018/19, 2019/20 and 2020/21. These allocations will predominantly be applied towards various routine maintenance (R35.7 million, R37.5 million and R40.5 million) regravelling (R19.4 million, R20.3 million and R21.4 million) and resal (R14.5 million, R15.2 million and R16.5 million) projects across the respective years of the MTREF.

**Table 4.4 Overberg District Municipality: Capital expenditure, 2014/15 - 2020/21 (R'000)**

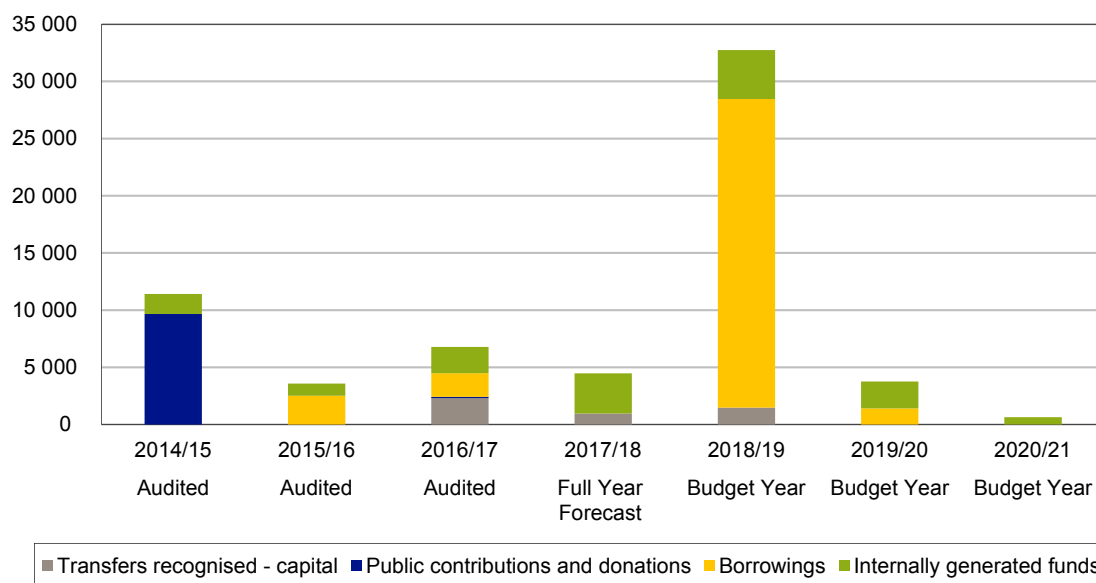
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and administration	398	1 202	2 708	998	643	218	218
Community and public safety	1 283	1 823	3 687	3 358	5 059	2 086	386
Economic and environmental services	64	551	276	113	62	36	36
Trading services	-	-	111	-	26 977	1 415	-
<i>Water management</i>	-	-	111	-	-	-	-
<i>Waste management</i>	-	-	-	-	26 977	1 415	-
<b>Total</b>	<b>1 745</b>	<b>3 576</b>	<b>6 782</b>	<b>4 470</b>	<b>32 741</b>	<b>3 755</b>	<b>640</b>

Source: *Overberg District Municipality, Final Approved 2018/19 Budgets - Schedule A5*

As the District Municipality does not provide a basket of conventional basic services, capital budget allocations are not directed towards trading services. Rather, the capital budget has since 2014/15 mostly been directed towards community and public safety and enhancing the Municipality's emergency response capabilities (firefighting services). This function has also been supported through notable allocations from Provincial Government in the form of the Fire Services Capacity Building Grant.

The sizable allocation towards waste management in 2018/19 will be applied to develop a waste management facility.

**Figure 4.2 Overberg District Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: Overberg District Municipality, Final Approved 2018/19 Budgets - Schedule A5

Due to its nature as a category C municipal authority, the Overberg District Municipality does not provide a basket of conventional basic services and does as such not receive extensive grants and transfers. Since 2014/15, the Overberg District Municipality's capital budget has almost exclusively been sourced from internally generated funds. Transfers were received in 2016/17 and 2017/18 through a Fire Service Capacity Building Grant. This allocation will again be extended to the Municipality in 2018/19, but not across the outer two years of the MTREF. The spike in borrowings can be attributed to developments at the Karwyderskraal landfill site which will be funded through external loans.

## 4.4 Overstrand

Provincial infrastructure spending within the Overstrand municipal area will in 2018/19 amount to R118.6 million. This amount grows substantially to R215.1 million in 2019/20 before decreasing slightly to R195.2 million in 2020/21. Total provincial infrastructure spend in Overstrand will amount to R528.8 million across the MTREF.

**Table 4.5 Overstrand Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	20 000	5 000	-	25 000
Cape Nature	16 000	-	-	16 000
Health	3 450	13 950	6 180	23 580
Human Settlements	59 100	81 140	69 000	209 240
Public Works: Transport	20 000	115 000	120 000	255 000
Social Development	-	-	-	-
<b>Total</b>	<b>118 550</b>	<b>215 090</b>	<b>195 180</b>	<b>528 820</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018

The Western Cape Government will in 2018/19 invest R59.1 million towards human settlements within the jurisdiction of the Overstrand Municipality. The majority of this allocation will in 2018/19 be applied towards the development of service sites in Gansbaai (R20.5 million) and Hawston (R23.4 million). Sizeable allocations for 2018/19 are also made towards education (construction at the Qhayiya Secondary School) and environmental affairs (construction of chalets, conference facilities at the Kogelbay Nature Reserve).

Road transport does, however, remain the largest priority area (in terms of expenditure) across the MTREF to continue the refurbishment and rehabilitation of the C1000.1 road between Hermanus and Gansbaai.

**Table 4.6 Overstrand Municipality: Capital expenditure, 2014/15 - 2020/21 (R'000)**

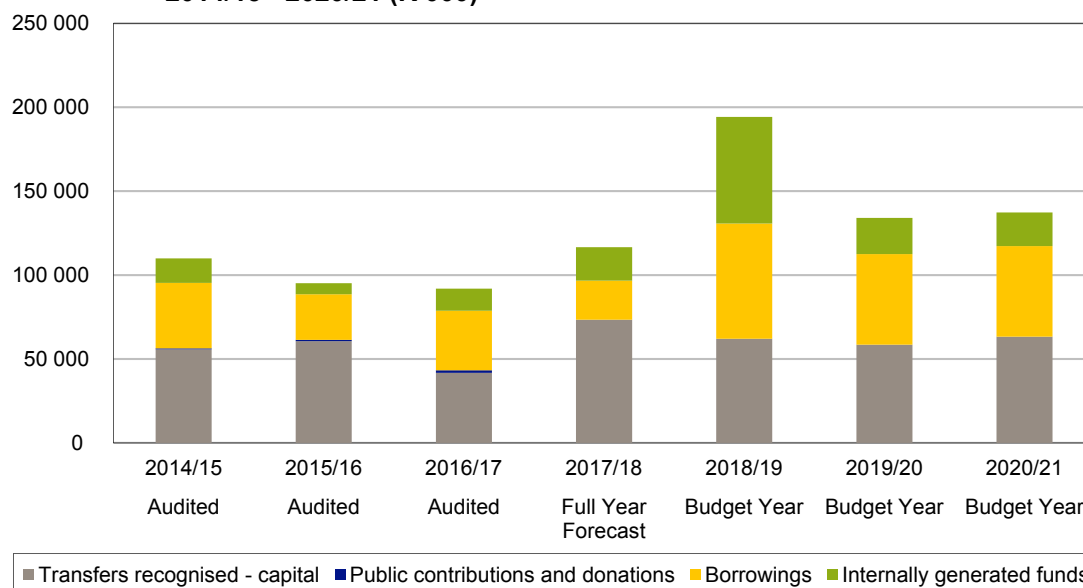
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and administration	11 973	4 809	957	2 355	6 331	20 000	20 000
Community and public safety	39 184	32 729	14 135	50 209	57 710	38 480	37 813
Economic and environmental services	6 300	13 226	13 279	13 996	18 821	4 000	2 000
Trading services	52 444	44 369	63 498	50 060	111 375	71 550	77 436
Energy sources	13 682	18 237	30 496	16 520	24 772	20 040	21 400
Water management	16 275	14 232	15 772	4 037	30 077	32 072	32 075
Waste water management	13 221	11 875	17 217	27 923	54 987	19 438	23 961
Waste management	9 267	25	12	1 580	1 540	-	-
<b>Total</b>	<b>109 902</b>	<b>95 133</b>	<b>91 868</b>	<b>116 620</b>	<b>194 237</b>	<b>134 030</b>	<b>137 249</b>

Source: Overstrand Municipality, Final Approved 2018/19 Budgets - Schedule A5

In 2014/15, the Municipality directed most of its trading services capital budget towards water management whilst also making sizable allocations to expand its electricity and sanitation networks. The capital budget was in 2015/16 strongly weighted towards energy sources due to an increase in Integrated National Electrification Programme (INEP) Grant allocation received from National Government. Energy sources remained a top priority in 2016/17. Allocations towards community and public safety increased notably in 2017/18, and continues across the MTREF, as a result of a substantial Human Settlements Development Grant received from Provincial Government.

The Municipality's water supply is not solely reliant on the main network but supplemented by underground sources. As such, the impact of the drought was not as severe within Overstrand. The Municipality however still allocated notable allocations towards water management in 2017/18 and 2018/19. In 2018/19, the largest share of the trading services capital budget will be directed to waste water management which was applied towards the Stanford Waste Water Treatment Works (WWTW). Water management remains a priority for the Municipality across the MTREF.

**Figure 4.3 Overstrand Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: Overstrand Municipality, Final Approved 2018/19 Budgets - Schedule A5

Figure 4.3 reveals a strong reliance by the Overstrand Municipality on grants and transfers to fund capital expansions. Internally generated funds have gradually increased as a percentage of the total capital budget since 2016/17, but is anticipated to decline notably towards the outer years of the MTREF. The Municipality has, however, been able to maintain a diversified funding mix through the annual introduction of external loans and borrowings. The Municipality's 2018/19 adopted budget report indicates that the notable increase in internally generated funds in 2018/19 can be attributed to a rise in surpluses generated on the operating statement of financial performance, cash-backed reserves and proceeds on land sales.

## 4.5 Swellendam

Provincial infrastructure spend within the Swellendam municipal area will in 2018/19 amount to R45.7 million. This amount more than doubles to R95.7 million in 2019/20. Allocations for 2020/21 remains limited. The total provincial infrastructure allocation in Swellendam will amount to R143.4 million across the MTREF.

**Table 4.7 Swellendam Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Health	2 600	2 970	-	5 570
Human Settlements	8 110	15 730	-	23 840
Public Works: Transport	35 000	77 000	2 000	114 000
<b>Total</b>	<b>45 710</b>	<b>95 700</b>	<b>2 000</b>	<b>143 410</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018

Notable allocations towards road transport infrastructure bode well to improve Swellendam's relevance as the most prominent transport hub connecting the garden route corridor with the inland regions of the Province. These funds will solely be applied across the MTREF to continue the developments on the C1091: Ashton-Swellendam project.

Allocations towards the health functions are earmarked for upgrades to the Swellendam Ambulance Station whilst the investment for human settlements has mostly been set aside for the development of service sites Barrydale/Smitsville.

**Table 4.8 Swellendam Municipality: Capital expenditure, 2014/15 - 2020/21 (R'000)**

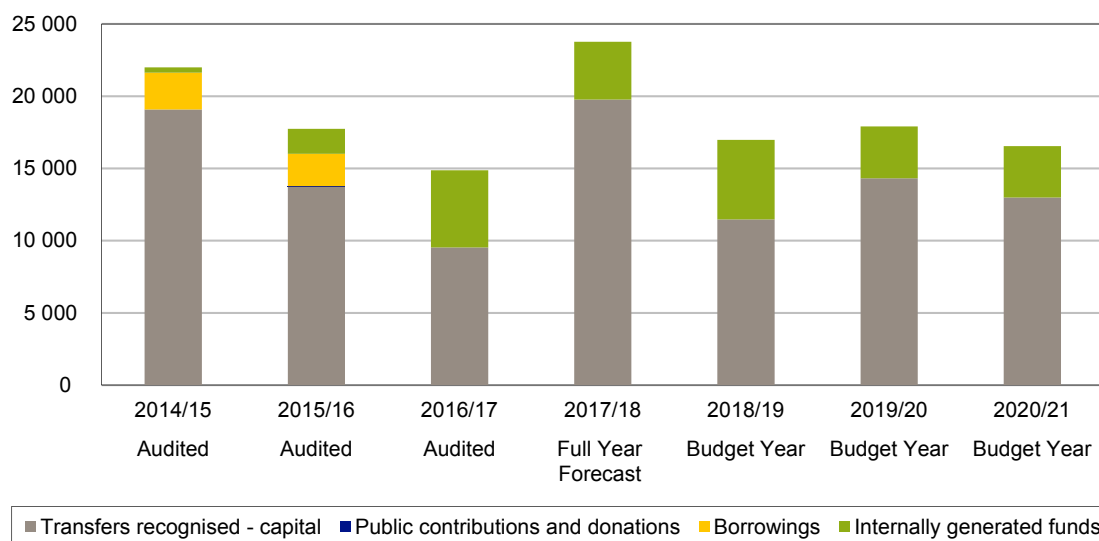
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Pre-audited 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	1 852	507	749	831	1 091	2 190	1 956
Community and public safety	559	1 034	3 788	8 303	319	-	-
Economic and environmental services	1 845	7 604	9 189	5 178	4 436	6 953	1 600
Trading services	17 736	8 597	1 150	9 461	11 129	8 760	12 990
<i>Energy sources</i>	-	3 255	230	2 205	2 005	4 452	2 783
<i>Water management</i>	3 797	4 505	919	6 107	6 459	4 308	10 207
<i>Waste water management</i>	13 939	737	-	1 142	2 151	-	-
<i>Waste management</i>	-	100	-	7	515	-	-
<b>Total</b>	<b>21 992</b>	<b>17 742</b>	<b>14 876</b>	<b>23 773</b>	<b>16 975</b>	<b>17 903</b>	<b>16 546</b>

Source: Swellendam Municipality, Final Approved 2018/19 Budgets – Schedule A5

The Municipality directed the majority of its overall capital budget towards waste water management in 2014/15 to upgrade its sewerage network (Swellendam and Buffeljags Waste Water Treatment Works). The trading services capital budget was in 2015/16 more evenly split between energy sources and water management as a result of an increase in the Integrated National Electrification Programme (INEP) allocation received from National Government. In 2016/17, the Municipality directed the capital budget away from trading services towards economic and environmental services to fund its road transport function.

There was a notable increase in the capital budget between 2016/17 and 2017/18 as a result of a Human Settlement Development Grants received from both National and Provincial Government. Understandably, with the onset of the drought, the Municipality directed a large percentage of the 2017/18 capital budget towards water management (upgrades to bulk water infrastructure). The Municipality will continue to prioritise water management across the MTREF.



**Figure 4.4 Swellendam Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: Swellendam Municipality, Final Approved 2018/19 Budgets - Schedule A5

Since 2014/15 there has been a gradual decrease in grants and transfers recognised as a percentage of the total capital budget whilst the Municipality notably increased its own internally generated funding contributions across the same period. Grants and transfers recognised however almost doubled between 2016/17 and 2017/18 as a result of grants towards human settlement developments that were received from National and Provincial Government. Grants and transfers in turn decrease towards 2018/19 due to a reduction on the Municipal Infrastructure Grant allocation. The Municipality will receive additional funding towards the Integrated National Electrification Programme across the MTREF which explains the increase in grants in 2019/20.

## 4.6 Theewaterskloof

Provincial infrastructure spend within the Theewaterskloof municipal area will in 2018/19 amount to R171.3 million before increasing notably to R227.1 million in 2019/20. The allocation decreases slightly to R201.1 million in 2020/21. The total provincial infrastructure allocation in Theewaterskloof will amount to R599.5 million across the MTREF.

**Table 4.9 Theewaterskloof Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	15 780	16 000	26 500	58 280
Health	2 100	11 600	6 700	20 400
Human Settlements	61 255	76 869	64 500	202 624
Public Works: General Buildings	0	15 443	41 243	56 686
Public Works: Transport	92 000	107 000	62 000	261 000
Social Development	151	159	173	483
<b>Total</b>	<b>171 286</b>	<b>227 071</b>	<b>201 116</b>	<b>599 473</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018

The single largest Provincial Infrastructure investment in Theewaterskloof will in 2018/19 be made towards road transport (R92.0 million) to fund resealing projects i.e. C1093: N2-Villiersdorp (R40.0 million), C1088: Stanford-Riviersondered (R26.0 million) and C984 Grabouw-Villiersdorp (R20.0 million). Substantial allocations are also made towards human settlements which will fund projects such as the construction of top structures and the development of service sites in Grabouw and Riviersonderend.

Although road transport and human settlements receive the largest allocations across the MTREF, sizable investments are made for education and health. Projects in this regard include construction at the Umyezo Wama Apile Secondary School and upgrades and refurbishments to the Caledon Ambulance Station and Caledon Hospital.

Albeit small, the Province is also investing in early childhood development centres (Social Development) in the Swellendam municipal area.

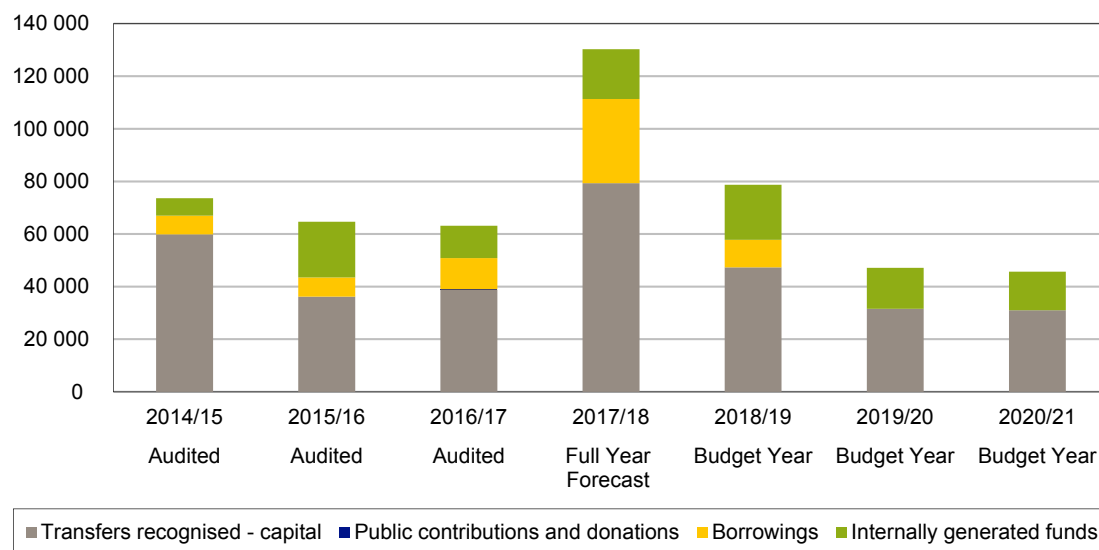
**Table 4.10 Theewaterskloof Municipality: Capital expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Pre- audited 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	3 694	8 703	3 943	7 936	6 149	800	800
Community and public safety	40 409	10 935	13 481	39 540	26 058	625	-
Economic and environmental services	3 461	3 518	696	16 777	7 277	2 632	-
Trading services	26 035	41 519	45 038	66 031	39 272	43 054	44 893
<i>Energy sources</i>	7 470	13 081	11 520	15 157	3 515	8 348	7 950
<i>Water management</i>	2 526	6 581	9 382	28 909	6 336	6 647	6 579
<i>Waste water management</i>	16 039	18 857	21 236	19 305	18 686	16 440	23 091
<i>Waste management</i>	-	3 000	2 899	2 660	10 734	11 619	7 272
<b>Total</b>	<b>73 598</b>	<b>64 675</b>	<b>63 157</b>	<b>130 284</b>	<b>78 756</b>	<b>47 110</b>	<b>45 693</b>

Source: Theewaterskloof Municipality, Final Approved 2018/19 Budgets – Schedule A5

It is evident that the Municipality's capital budget priorities have since 2014/15 mostly been the provision of electricity and waste water services. Despite a notable decrease in the overall capital budget between 2014/15 and 2016/17, the Municipality increased the allocations towards waste water management. The capital budget more than doubled in 2017/18, largely as a result of substantial increases to Human Settlements Development Grant and Integrated National Electrification Programme (INEP) Grant allocations. The Municipality also received an Emergency Disaster Relief Grant to mitigate the effects of the drought and a notable allocation from SANRAL which was recognised as part of an adjustments budget process.

It is evident that the Municipality channelled much of its capital budget towards water management initiatives in 2017/18 whilst the increase in the allocation towards community and public safety can be attributed to the human settlements grant being classified as part of the housing function. The Municipality will prioritise waste water initiatives across the MTREF to upgrade waste water treatments works.

**Figure 4.5 Theewaterskloof Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: Theewaterskloof Municipality, Final Approved 2018/19 Budgets - Schedule A5

The overall capital budget decreased between 2014/15 and 2015/16 due to a substantial reduction in grants and transfers recognised. Simultaneously, the Municipality more than doubled its own contributions towards capital infrastructure investment. Despite the increase in the uptake of external borrowings, the capital budget remained relatively unchanged in size in 2016/17 - the increase in borrowings was offset by a reduction in own revenue contributions. The marked increase in the capital budget and more specifically, grants and transfers recognised for 2017/18 can be attributed to a sizeable increase in a Human Settlements Development Grant allocation, an Emergency Disaster Relief Grant received from Provincial Government as well as funding received from SANRAL.

## 4.7 Cape Agulhas

Provincial infrastructure spend within the Cape Agulhas municipal area will amount to R39.2 million in 2018/19. The allocation will increase notably to R53.6 million in 2019/20 before slightly increasing to R55.6 million in 2020/21. The total provincial infrastructure allocation in Cape Agulhas will amount to R148.4 million across the MTREF.

**Table 4.11 Cape Agulhas Municipality: Provincial infrastructure spend, 2018 MTREF (R'000)**

Department	2018/19	2019/20	2020/21	Total
Health	949	3 050	1 100	5 099
Human Settlements	36 230	50 530	54 540	141 300
Public Works: Transport	2 000	-	-	2 000
<b>Total</b>	<b>39 179</b>	<b>53 580</b>	<b>55 640</b>	<b>148 399</b>

Source: Western Cape Estimates of Provincial Revenue and Expenditure, 2018

Provincial infrastructure investment in Cape Agulhas will remain focussed on human settlements across the MTREF, more specifically, to fund the construction of top structures within the Bredasdorp region. Smaller allocations will also be made towards the health function to be applied towards the refurbishment of the Otto du Plessis Hospital. The R2.0 million allocations for road transport will be spent to conclude the reseal of C995: Stormsvlei-Bredasdorp.

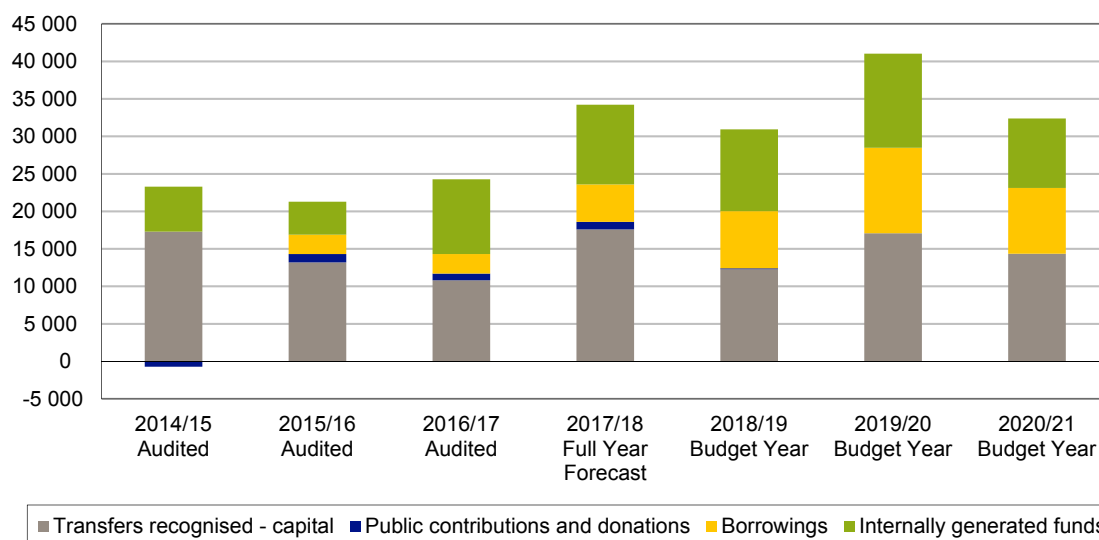
**Table 4.12 Cape Agulhas Municipality: Capital expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Pre-audited 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	2 623	1 994	4 923	3 135	2 751	3 345	2 955
Community and public safety	2 670	6 765	2 306	3 021	4 669	2 638	1 120
Economic and environmental services	12 534	3 626	8 757	15 978	13 186	11 356	7 525
Trading services	4 758	8 902	8 294	12 083	10 340	23 699	20 792
Energy sources	2 710	4 340	4 347	3 525	4 924	10 229	11 040
Water management	1 311	338	2 303	3 778	2 070	4 300	3 280
Waste water management	737	3 974	1 579	2 178	331	6 171	6 473
Waste management	-	250	64	2 602	3 015	3 000	-
<b>Total</b>	<b>22 586</b>	<b>21 287</b>	<b>24 280</b>	<b>34 217</b>	<b>30 946</b>	<b>41 038</b>	<b>32 393</b>

Source: Cape Agulhas Municipality, Final Approved 2018/19 Budgets - Schedule A5

The Municipality's trading services capital budget for the period 2014/15 to 2016/17 was mostly directed towards energy sources. Funds were in 2017/18 spread more equally between the various trading services, with the largest allocation being attributed to water management, presumably to mitigate risks associated with the widespread drought. Energy is once again prioritised in 2018/19 as well as across the outer years of the MTREF, mostly as a result of increases in the Integrated National Electrification Programme (INEP) allocation received from National Government.

**Figure 4.6 Cape Agulhas Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: Cape Agulhas Municipality, Final Approved 2018/19 Budgets - Schedule A5

Grants and transfers, as a percentage of the Municipality's capital budget, decreased between 2014/15 and 2015/16; as the Municipality was not able to offset this decrease through internal contributions, the overall capital budget decreased in 2015/16. Although grants and transfers again decreased towards 2016/17, the Municipality was however able to offset the decrease through its own revenue contributions and by introducing borrowings as part of the funding mix.

A notable increase in the overall capital budget was observed in 2017/18 due to the increase in grants and transfers. Consideration of the Municipality's 2018/19 adopted budget schedules reveal that this increase was attributed to a substantial Human Settlements Development Grant allocation received from Provincial Government. This grant will also be extended across the MTREF which explains the increase in grants and transfers recognised as a percentage of the total capital budget in the outer years.

## 4.8 Summary and conclusion

This chapter aimed to illustrate the manner in which the Western Cape Government, through targeted investments in economic, operational and social infrastructure, is fulfilling its role as a responsive and proactive government by contributing towards an environment that is conducive of broad-based economic growth and development to the ultimate benefit of society as a whole.

It has been mentioned previously that a constraining fiscal environment will potentially impact heavily on direct grant and transfer payments to local government. The reality is however that sluggish growth will also affect public infrastructure spend within the jurisdiction of local municipalities as national and provincial authorities will be forced to relook their funding priorities. The effects of such reduced public infrastructure spending are evident from recent reports of a struggling national construction sector that is gradually reducing its contributions to GDP as well as the total employment.

This chapter has shown that the Western Cape Government backs the trend of reduced public infrastructure spend by increasing its investment in infrastructure across the MTREF within all districts of the Province. It has however been emphasised that the creation of broad-based growth by means of proactive public investment in infrastructure can only be achieved through the complementary contributions of all spheres of government. This chapter, therefore, aimed to drive home this realisation that the onus of responsibility also falls upon local government to transcend their reliance on grants and transfers by seeking alternative funding sources to propel infrastructure expansions.

The success of public infrastructure spend as a catalyst for economic growth is just as much influenced by the quality therefore as it is by quantity. Targeted investments complimenting the geographical development potential of a region is therefore key, especially within the local sphere of government which acts as the coal-face of basic service delivery. Investment in economic infrastructure within the OBD will as such be most effective if focused on the major growth nodes in the Theewaterskloof and Overstrand areas. The developmental potential of smaller municipalities such as Cape Agulhas and Swellendam should however not be overlooked, especially as investment in these municipalities can translate to improved socio-economic conditions.



# 5

## Municipal socio-economic analysis

### 5.1 Introduction

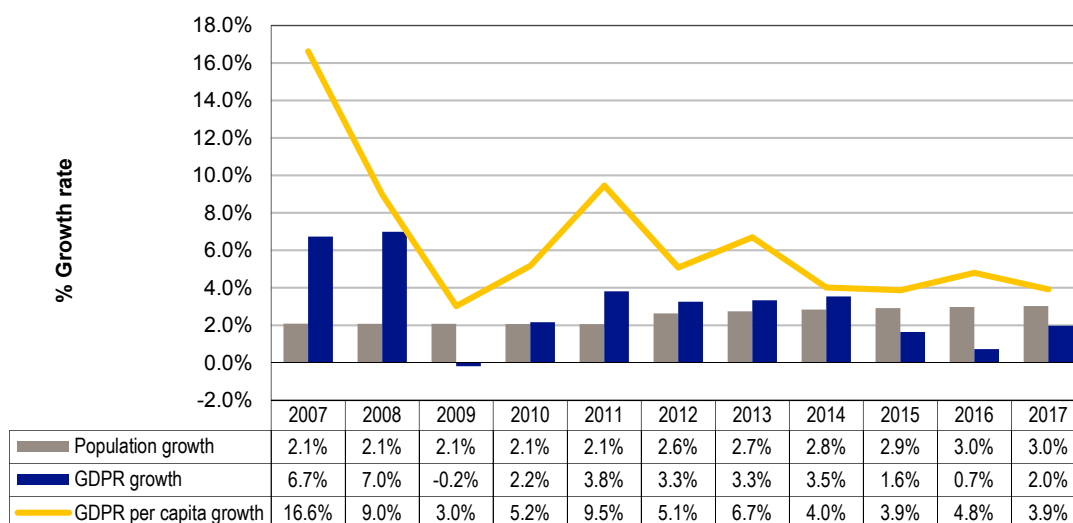
The main aim of this chapter is to describe the economic and social circumstances of households living in the OBD over the last few years given the slow economic recovery from the 2008 - 2009 global recession and the recent drought. The data used is sourced from Statistics South Africa, the Western Cape Education and Health departments, Quantec, and IHS Markit, among others.

Indicators used to analyse population and income dynamics include the population growth rate, the GDP 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. These indicators are discussed in detail in the sections below.

### 5.2 Population, GDP per capita and income distribution

#### 5.2.1 Population growth, GDP growth and GDP per capita growth in Overberg District

When an economy grows faster than population growth it means more income becomes available to be shared by citizens and everyone is likely to be better off. On the contrary, when population growth is faster than economic growth, less income is available, and it is stretched to accommodate the increasing population, resulting in lower income per person. Figure 5.1 shows population growth rates and economic growth rates for the OBD between 2007 and 2017.

**Figure 5.1 Population, GDPR and GDPR per capita growth in Overberg District, 2007 - 2017**

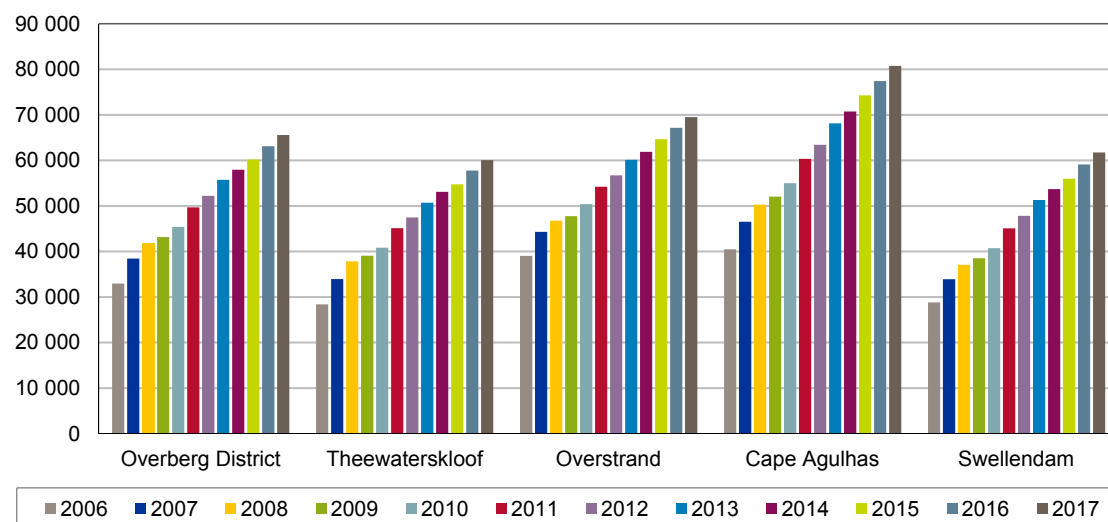
Source: Quantec Research, 2018

In 2007 and 2008, the OBD economic growth was much faster than population growth, but the global recession in 2009 changed this, with a significant drop in GDPR while population growth remained steady. The economic recovery between 2011 and 2014 resulted in GDPR growth rates exceeding population growth rates, but the situation reversed significantly since 2015 as population growth in the OBD exceeded GDPR growth rates as indicated in Figure 5.1.

On the back of steady population growth rates and volatile GDPR growth rates between 2007 and 2017, the growth in the income per person, as indicated by the GDPR per capita<sup>6</sup>, has been steady as shown in Figure 5.1. An important trend to note is that the GDPR per capita growth rate has been much higher than both the population and GDPR growth rates, implying increasing living standards among OBD households, specifically between 2011 and 2014.

<sup>6</sup> Real GDP per capita is an indicator used by economists to estimate the income per person within an economy, and inherently the standard of living. It is calculated by dividing the real gross domestic product of an economy by the total population of that economy.



**Figure 5.2 Nominal GDP per capita within Overberg municipalities, 2006 - 2017**

Source: Quantec Research, 2018

The standard of living in Cape Agulhas is higher than that of other municipal areas in the Overberg since Cape Agulhas has the highest GDP per capita as shown in Figure 5.2. Cape Agulhas followed by Overstrand have GDP per capita amounts higher than the average for the District; while Theewaterskloof and Swellendam have the lowest.

GDP per capita is an estimate of the average income per person in an economy and is therefore not an accurate and true reflection of the annual incomes earned by various individuals or households. Table 5.1 provides a breakdown of the proportion of households in various income brackets in the OBD in 2017.

**Table 5.1 Percentage of households per income bracket in Overberg District, 2017 (%)**

Income category	Overberg	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam	
No income	12.6	11.8	15.9	9.8	8.1	
R1 - R6 314	2.2	2.0	2.9	1.4	1.4	
R6 315 - R12 628	3.6	3.4	4.2	2.8	3.0	
R12 629 - R25 257	14.6	17.3	12.4	12.9	14.5	Low income
R25 258 - R50 514	21.2	23.1	17.3	22.2	25.7	
<b>Subtotal</b>	<b>54.1</b>	<b>57.7</b>	<b>52.8</b>	<b>49.1</b>	<b>52.8</b>	
R50 515 - R101 028	18.0	19.4	15.2	19.6	20.3	
R101 029 - R202 055	12.8	11.6	13.9	14.1	12.3	Middle income
R202 056 - R404 111	8.9	6.8	10.4	10.7	8.8	
<b>Subtotal</b>	<b>39.8</b>	<b>37.8</b>	<b>39.5</b>	<b>44.5</b>	<b>41.3</b>	
R404 112 - R808 221	4.3	3.3	5.1	4.6	4.4	
R808 222 - R1 616 442	1.3	0.9	1.8	1.3	0.8	High income
R1 616 444 - R3 232 885	0.3	0.1	0.4	0.3	0.4	
R3 232 886+	0.2	0.2	0.3	0.1	0.4	
<b>Subtotal</b>	<b>6.1</b>	<b>4.5</b>	<b>7.7</b>	<b>6.4</b>	<b>6.0</b>	

Source: Quantec Research, 2018

In Table 5.1, Overstrand had the highest proportion (15.9 per cent) of households without income and Swellendam's had the lowest (8.1 per cent). Furthermore,

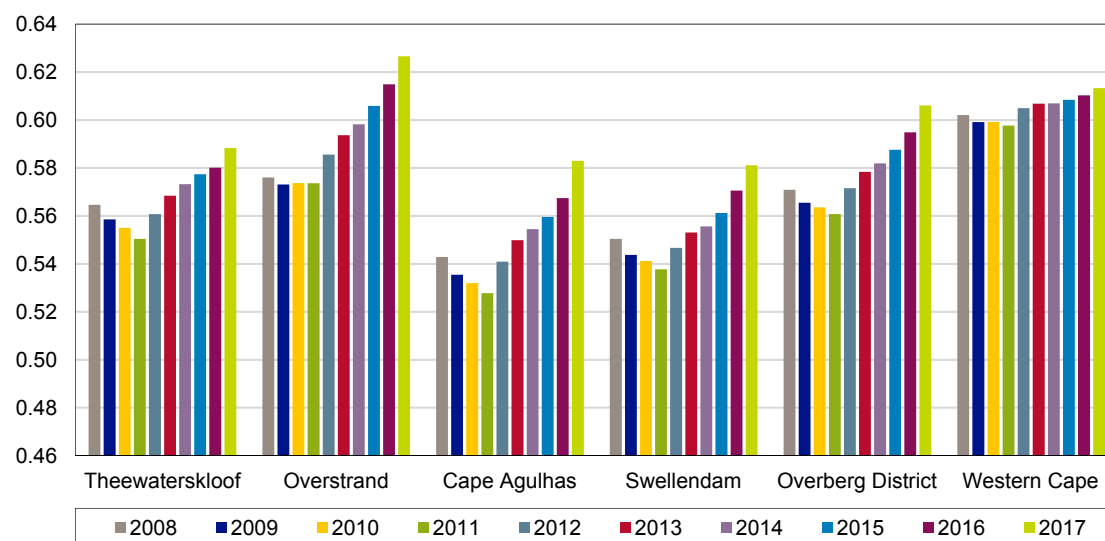
Theewaterskloof has the highest proportion (57.7 per cent) of low-income earners followed by the Overstrand and Swellendam (52.8 per cent) and Cape Agulhas (49.1 per cent) municipal areas. These have implications for the household's ability to pay for services rendered by the municipalities.

Cape Agulhas has the highest proportion of middle-income earners (44.5 per cent) while Overstrand has the highest proportion of high-income earners (7.7 per cent) and Theewaterskloof has the least proportion of high-income earners.

## 5.2.2 Income distribution in Overberg District

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient<sup>7</sup>. Figure 5.3 shows Gini coefficients for municipalities within the OBD. Figure 5.3 shows that the inequalities in income distribution remain high in most municipal areas within the OBD, with none of the Gini coefficients below the halfway mark of 0.50. The graph shows increasing income inequalities were recorded for the Theewaterskloof, Overstrand, Cape Agulhas and Swellendam municipal areas between 2016 and 2017.

**Figure 5.3 Gini coefficients in Overberg District municipal areas, 2008 - 2017**



Source: IHS Markit, 2018

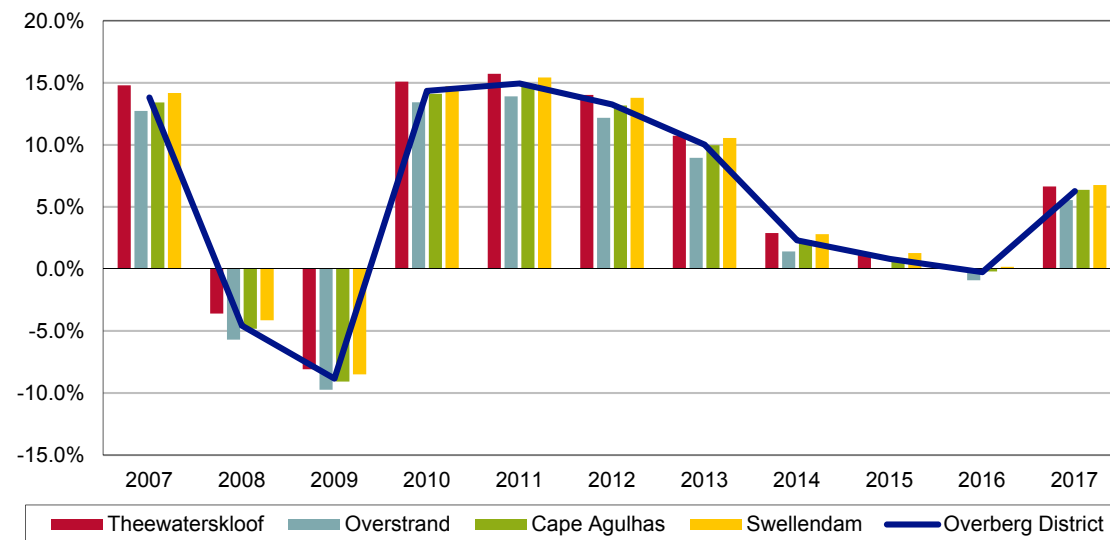
Sharp increases in income inequality can be observed in Overstrand between 2012 and 2017. Inequality has worsened for all the Overberg municipal areas. This could be the fact that the drought has had a more severe impact on households in rural communities which are dependent on agriculture than in urban areas where there are alternative income sources. Although income inequality in the OBD in 2017 (0.61) is lower than the average for the Province (0.613), Overstrand has higher inequalities with a coefficient of 0.63.

<sup>7</sup> 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 and more inequality exists and the closer to 0 shows less and less inequality.

### 5.2.3 Household expenditure in OBD

Another way of looking at disparities in income distribution is to analyse household expenditure on durable, semi-durable and non-durable goods and as well as services. Economists expect households to consume durable goods and services when disposable income increases significantly and semi-durable or non-durable goods when disposable incomes are low. Figures 5.4 and 5.5 show the percentage change in household expenditure over the past 10 years.

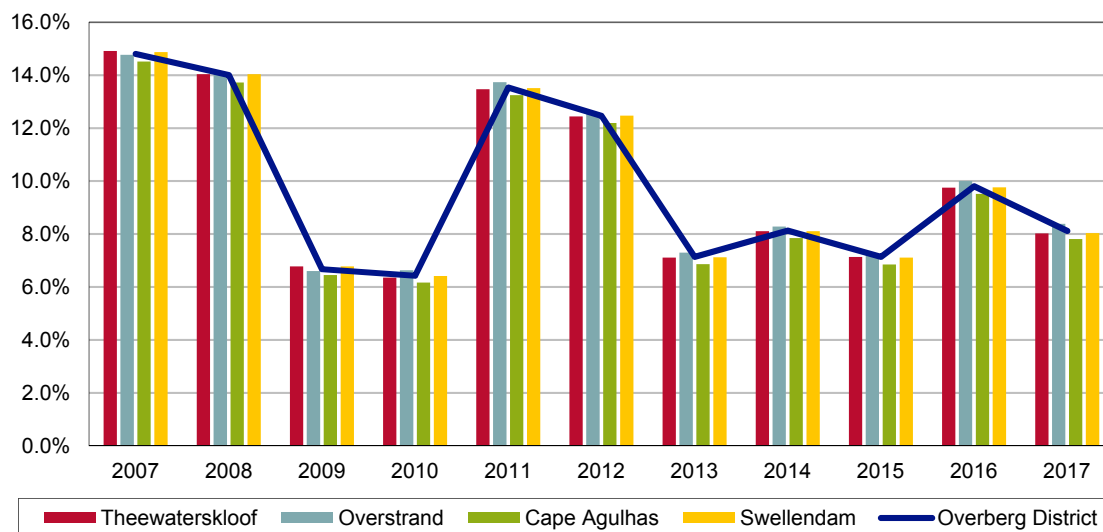
**Figure 5.4 Household expenditure growth on durable goods, Overberg District, 2007 - 2017**



Source: Quantec Research, 2018

Figure 5.4 shows that household expenditure on durable goods in all municipal areas within the Overberg region decreased in 2008 and decreased further in 2009 during the recession. However, from 2010 expenditure on durable goods increased sharply, before slowing down between 2014 and 2016 as the economy again recorded low growth levels. The increase in economic growth in 2017 saw expenditure picking up across all municipalities in the region.

As shown in Figure 5.5 households' expenditure on non-durable goods within the OBD has been growing by over 6 per cent per annum over the past 10 years, including the recession years and years of very low economic growth.

**Figure 5.5 Household expenditure growth on non-durable goods, Overberg District, 2007 - 2017**

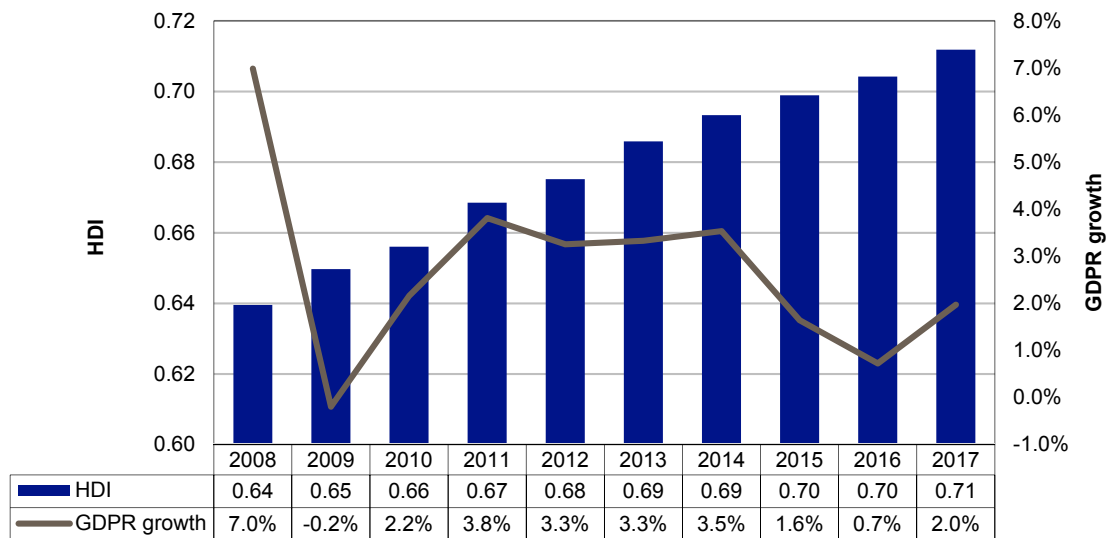
Source: Quantec Research, 2018

### 5.3 Human Development

The United Nations uses the Human Development Index (HDI)<sup>8</sup> 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 5.6 shows economic growth trends and changes in the HDI for the Overberg region between 2008 and 2017.

<sup>8</sup> 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 5.6 GDP growth vs HDI growth in Overberg, 2008 - 2017**

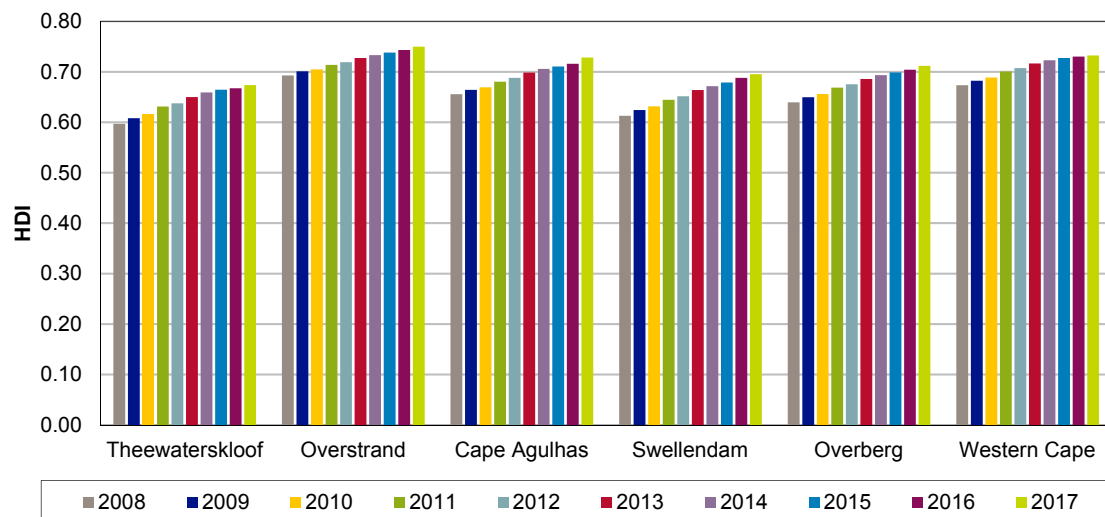


Source: Quantec Research 2018, IHS Markit, 2018

Over the past decade, there are instances where economic growth and human development within the Overberg region have both increased, as shown in Figure 5.6 during 2010 - 2011, 2013 - 2014 as well as 2016 - 2017. In periods when human development increased despite a downturn in economic activity, it could be a result of lagged effects of economic growth from previous years. The HDI for the Overberg region has increased continuously over the last 10 years.

Figure 5.7 shows the HDIs per municipal area in the OBD between 2008 and 2017.

**Figure 5.7 HDIs per municipal area in Overberg, 2008 - 2017**



Source: IHS Markit, 2018

The Overstrand municipal area has the highest HDI (0.75 in 2017) in the Overberg region, followed by the Cape Agulhas (0.73), Swellendam (0.69), and Theewaterskloof (0.67) municipal areas. The HDI for Overstrand and Cape Agulhas is higher than the average for the OBD (0.71) and the Western Cape average (0.73). HDI for Cape

Agulhas, on the other hand, is higher than the average for the OBD (0.71) but lower than the Western Cape average (0.73).

### 5.3.1 Educational development within Overberg

The extent of improvement in educational circumstances of households in the OBD is discussed here using data on learner enrolments, Grade 12 dropout rates and Matric pass rates. Between 2016 and 2017 Overberg recorded increases in learner enrolment, an overall decrease in Grade 12 dropout rates and a decrease in the average Matric pass rate as indicated in Table 5.2.

**Table 5.2 Enrolment, dropout and Matric pass rates in Overberg District, 2016 - 2017**

Municipality	Learner enrolment		% change	Grade 12 dropout rate		% change	Matric pass rates		% change
	(2016)	(2017)		(2016)	(2017)		(2016)	(2017)	
Theewaterskloof	18 815	19 291	2.5	31.7	38	19.9	92.4	86.8	-6.1
Overstrand	11 696	12 211	4.4	40.6	28.6	-29.6	90.9	88.2	-3.0
Swellendam	5 724	5 751	0.5	37.2	40.6	9.1	92.7	88.2	-4.9
Cape Agulhas	4 606	4 691	1.8	27.1	32.4	19.6	97.3	89.1	-8.4

Source: Western Cape Education Department, 2018

In 2017, Theewaterskloof had the highest learner enrolment, but it was in Overstrand where learner enrolment increased by a big margin (4.4 per cent) between 2016 and 2017. Swellendam had the highest Grade 12 dropout rate in the OBD in 2017, having increased from 2016. Overstrand had the biggest improvement in the dropout rate between 2016 and 2017. All municipal areas recorded decreases in the Matric pass rate between 2016 and 2017, with the biggest decrease recorded for Cape Agulhas and Theewaterskloof.

**Table 5.3 Educational development within Theewaterskloof, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	17 607	-	40.8	-	84.5	-
2013	18 063	2.6	33.9	-16.9	88.8	5.1
2014	18 245	1.0	48.3	42.5	88.8	0.0
2015	18 815	3.1	41.9	-13.3	88	-0.9
2016	18 815	0.0	31.7	-24.3	92.4	5.0
2017	19 291	2.5	38	19.9	86.8	-6.1

Source: Western Cape Education Department, 2018

Table 5.3 shows that learner enrolment in Theewaterskloof increased by 3.1 per cent between 2015 and 2016; the Grade 12 dropout rate decreased in 2016 (-24.3 per cent) and increased sharply (by 19.9 per cent) in 2017; the Matric pass rate decreased marginally in 2015 (by 0.9 per cent) and decreased further in 2017 (by 6.1 per cent). The high Grade 12 dropout rates and the decreasing Matric pass rates remain a concern in Theewaterskloof.

**Table 5.4 Educational development within Overstrand, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	10 468	-	49.5	-	88.2	-
2013	10 691	2.1	40.1	-19.0	92	4.3
2014	11 118	4.0	34.2	-14.7	86.4	-6.1
2015	11 436	2.9	32.5	-5.0	88.2	2.1
2016	11 696	2.3	40.6	24.9	90.9	3.1
2017	12 211	4.4	28.6	-29.6	88.2	-3.0

Source: Western Cape Education Department, 2018

Learner enrolment in Overstrand increased by more than 348 learners per year between 2012 and 2017, with 2017 recording the (highest 515 learners or 4.4 per cent) increase. Following a 40.1 per cent Grade 12 dropout rate in 2013, improvements in learner dropout rates were recorded from 2014 to 2015, but a sharp increase (24.9 per cent) was reported in 2016, as well as an improvement in the Matric pass rate in 2017). Although the Grade 12 dropout rate has improved is still remains a concern. The Matric pass rate of 88.2 per cent in 2017 is below the peak of 90.9 per cent achieved in 2016.

**Table 5.5 Educational development within Cape Agulhas, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	4 539	-	40	-	81.2	-
2013	4 553	0.3%	32.6	-18.5%	92.1	13.4%
2014	4 527	-0.6%	31.9	-2.1%	87.8	-4.7%
2015	4 565	0.8%	23.7	-25.7%	94	7.1%
2016	4 606	0.9%	27.1	14.3%	97.3	3.5%
2017	4 691	1.8%	32.4	19.6%	89.1	-8.4%

Source: Western Cape Education Department, 2018

Learner enrolment in Cape Agulhas increased slightly by 41 learners or 0.9 per cent from 4 565 in 2015 to 4 606 in 2016 and increased by 85 learners or 1.85 per cent to 4 691 in 2017. However, the Grade 12 dropout rate increased to 19.6 per cent between 2016 and 2017. Although the Matric pass rate remains significant at 89.1 per cent in 2017, and the highest in the region, it is lower than the peak of 97.3 per cent achieved in 2016, as shown in Table 5.5. The high and increasing dropout rate is a concern in Cape Agulhas.

**Table 5.6 Educational development within Swellendam, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	5 559	-	34.7	-	90.6	-
2013	5 539	-0.4%	26.8	-22.8%	86.9	-4.1%
2014	5 652	2.0%	32.4	20.9%	88.2	1.5%
2015	5 685	0.6%	22.3	-31.2%	94.9	7.6%
2016	5 724	0.7%	37.2	66.8%	92.7	-2.3%
2017	5 751	0.5%	40.6	9.1%	88.2	-4.9%

Source: Western Cape Education Department, 2018

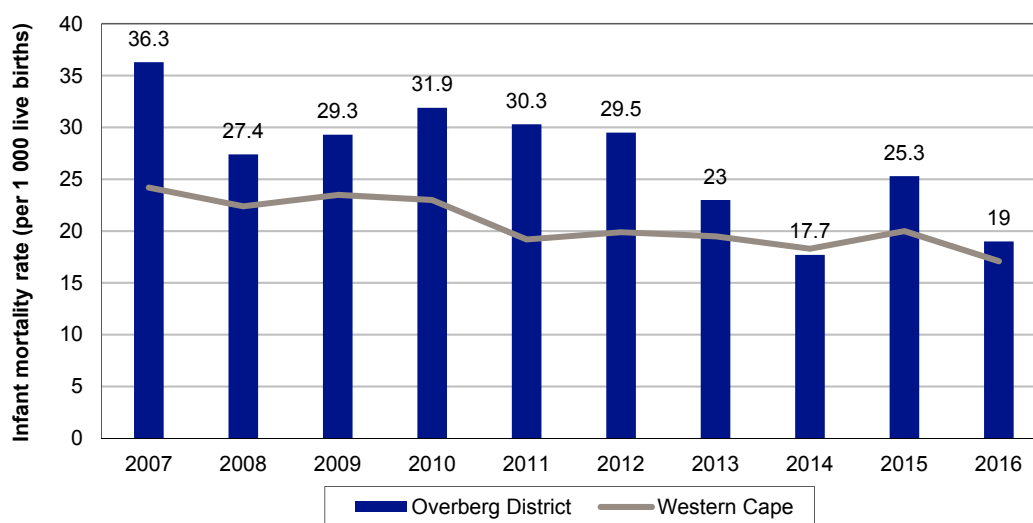
Learner enrolment in Swellendam has increased between 2012 and 2017, with 192 additional learners. Furthermore, the Grade 12 dropout rate has been worsening and remains very high (40.6 per cent in 2017), while the Matric pass rate increased between 2014 and 2015 and declined in 2016 and 2017 by 2.3 per cent and 4.8 per cent respectively. The high Grade 12 dropout rate and the decreasing Matric pass rate is a concern in Swellendam.

### 5.3.2 Health development within Overberg

The health conditions of persons living within the Overberg region are analysed in this section by looking at infant mortality rates, the top 10 causes of death as well as the top 10 injuries that cause death. Life expectancy in the Western Cape between 2011 and 2016 averaged 64.8 years for males and 70.6 years for females according to the mid-year population estimates by Statistics South Africa in 2017. For the period between 2016 and 2021, the average life expectancy is expected to be higher at 66.2 years for males and 72.1 years for females.

Figure 5.8 shows a decrease in infant mortality rates in Overberg between 2007 and 2016, indicating an improvement in child health care in the period under review.

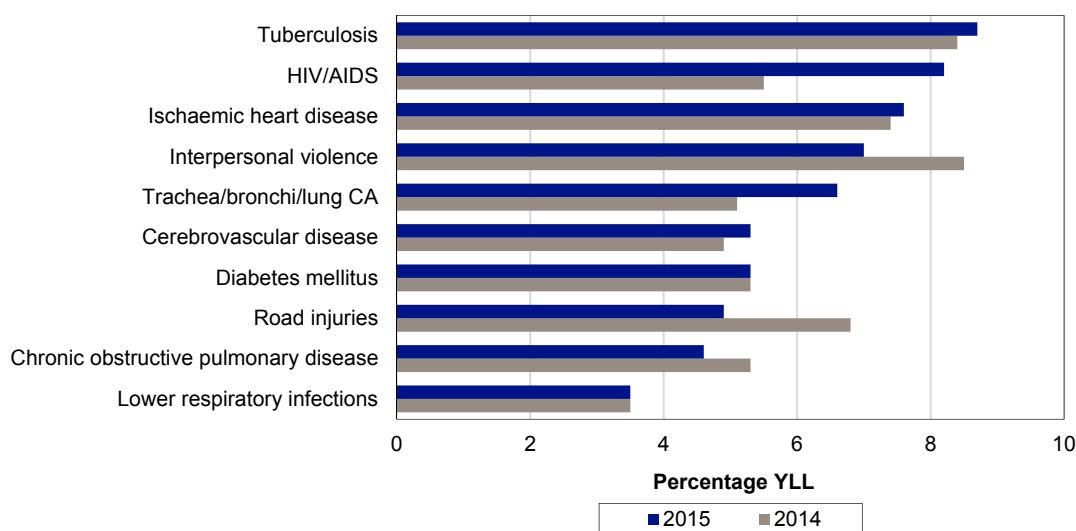
**Figure 5.8 Infant mortality rates, Overberg District, 2007 - 2016**



Source: Western Cape Health Department, 2018

In 2016, there were 19.0 infant deaths (per 1 000 live births) in Overberg, compared to 36.3 deaths (per 1 000 live births) recorded in 2007. Figure 5.9 also shows that there were more infant deaths in the Overberg compared to the Western Cape average between 2013 and 2016.



**Figure 5.9 Top 10 causes of death in Overberg District, 2014 - 2015**

Source: Western Cape Health Department, 2018

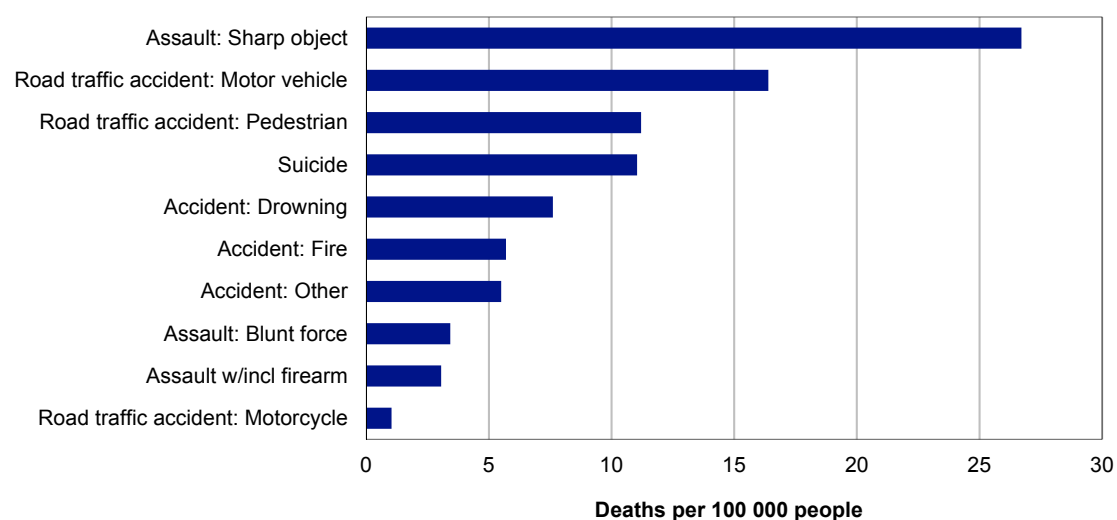
The top 10 causes of death are measured using the percentage of years of life lost (YLL<sup>9</sup>), which takes into account the age at which deaths occur by giving greater weight to deaths at a younger age and a lower weight to deaths at an older age. Tuberculosis is the top cause of death in the region, with persons losing an average of 8.7 per cent of years of life at death.

HIV/AIDS is the second highest cause of death in the Overberg region with persons losing 8.2 per cent of years of life at death in 2015, up from 5.5 per cent of years of life lost at death in 2014. Between 2014 and 2015, improvement in the percentage of years of life lost at death were interpersonal violence, road injuries and chronic obstructive pulmonary disease (COPD). No changes were recorded for diabetes and lower respiratory infections.

Deaths in the OBD are also caused by injuries sustained from various incidences. Figure 5.10 shows the top 10 injuries that result in death within the Overberg, using the age-standardised mortality rate (ASR<sup>10</sup>).

<sup>9</sup> YLL are calculated from the number of deaths multiplied by a standard life expectancy at the age at which death occurs. The standard life expectancy used for YLL at each age is the same for deaths in all regions of the world.

<sup>10</sup> The Age-Standardised Rate is a weighted average of the age-specific mortality rates per 100 000 persons, where the weights are the proportions of persons in the corresponding age groups of the WHO standard population.

**Figure 5.10 Top 10 deaths by injury type, Overberg, 2016**

Source: Western Cape Health Department, 2018

There were 26.7 deaths per 100 000 people in Overberg from assault with sharp objects, followed by 16.4 deaths per 100 000 people as a result of injuries sustained from road traffic accidents involving motor vehicles.

### 5.3.3 Human settlements and access to basic services within Overberg

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 5.7 shows the different types of dwellings for households living within the Overberg region in 2017, of which 14 511 dwellings (16.2 per cent) are informal and 74 957 or 83.8 per cent are formal dwellings.

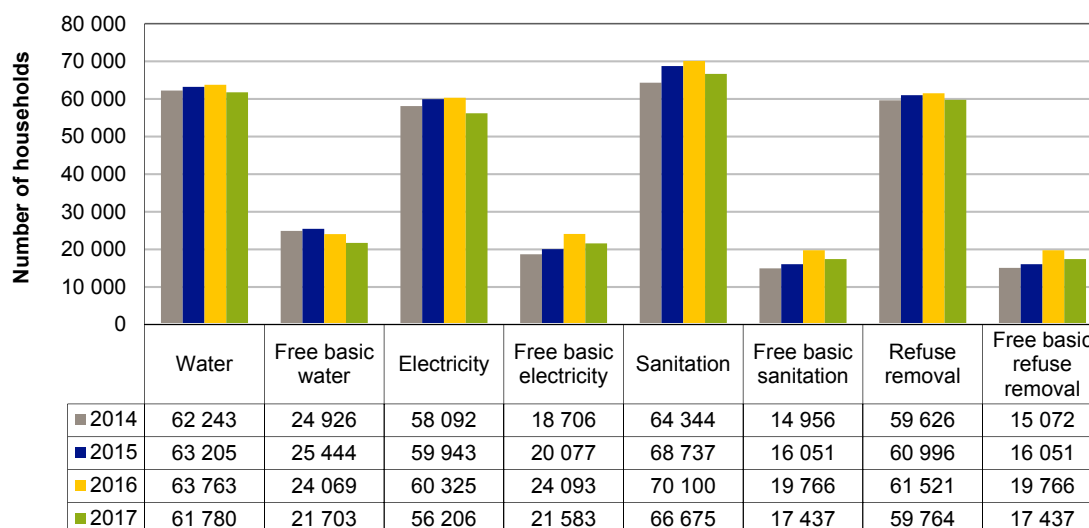
**Table 5.7 Human dwellings within Overberg, 2017**

Dwelling type	Overberg		Theewaterskloof		Overstrand		Cape Agulhas		Swellendam	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total
House or brick structure on a separate stand or yard	65 356	73.1	24 474	69.7	23 151	72.6	8 776	78.7	8 956	79.3
Traditional dwelling/hut/structure made of traditional materials	1 169	1.3	630	1.8	374	1.2	83	0.7	83	0.7
Flat in a block of flats	2 119	2.4	1 124	3.2	741	2.3	163	1.5	91	0.8
Town/cluster/semi-detached house (simplex, duplex or triplex)	3 075	3.4	1 359	3.9	739	2.3	233	2.1	744	6.6
House/flat/room, in backyard	1 070	1.2	431	1.2	399	1.3	164	1.5	76	0.7
<b>Informal dwellings</b>	<b>14 511</b>	<b>16.2</b>	<b>6 053</b>	<b>17.2</b>	<b>5 814</b>	<b>18.2</b>	<b>1 496</b>	<b>13.4</b>	<b>1 148</b>	<b>10.2</b>
Room/flatlet not in backyard but on a shared property	411	0.5	151	0.4	102	0.3	71	0.6	86	0.8
Other/unspecified/NA	1 756	2.0	888	2.5	586	1.8	169	1.5	112	1.0
<b>Total</b>	<b>89 468</b>	<b>100</b>	<b>35 109</b>	<b>100</b>	<b>31 906</b>	<b>100</b>	<b>11 155</b>	<b>100</b>	<b>11 297</b>	<b>100</b>

Source: Quantec Research, 2018

Theewaterskloof has the largest number of informal dwellings (6 053 households or 17.24 per cent) followed by Overstrand (5 814 households or 18.2 per cent). Although Cape Agulhas and Swellendam municipal areas have lower numbers of informal dwellings compared to the bigger municipal areas in the region, these remain a risk and a concern. The average number of people per household within municipal areas in the Overberg has remained stable at approximately four persons per household over the last decade.

**Figure 5.11 Access to basic services in Overberg District, 2014 - 2017**



Source: Non-financial Census of Municipalities, Stats SA; Quantec, 2018

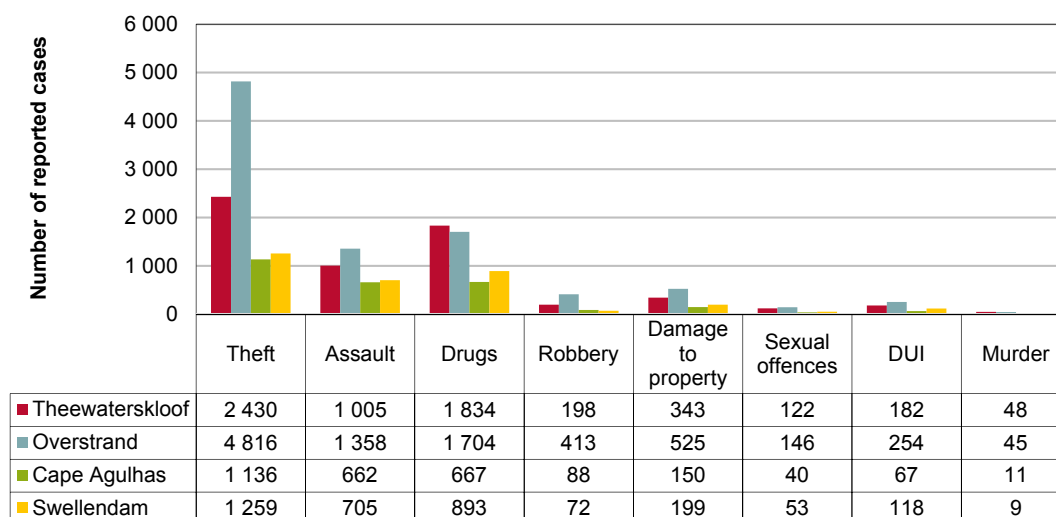
The number of people having access to basic services including water, electricity, sanitation and refuse removal is an indication of the level of human development within a municipal area. Figure 5.11 shows the number of households receiving water, electricity, sanitation and waste removal services in Overberg between 2014 and 2017. There has been a decrease in the number of households receiving water, electricity, sanitation and refuse removal services between 2016 and 2017. In terms of free basic services, it can be seen that a higher number of households receive free basic sanitation than the other three services. Furthermore, there has been a decrease in the number of households receiving free basic services between 2016 and 2017.

### 5.3.4 Crime statistics within Overberg

The 2017/18 crime statistics released by SAPS indicate that there were increases in 10 categories of crime in the Western Cape. Truck hijacking increased the most (108.6 per cent), followed by murder (12.6 per cent). Nyanga township in the Western Cape had the highest murder rate in the country, with 308 murders recorded in 2017/18, up from 281 murders in 2016/17. Attempted murder increased by 9.2 per cent, robbery at non-residential premises was up 8.9 per cent, while stock theft rose by 7.7 per cent and robbery at non-residential premises increased by 7.6 per cent. Of the 30 top Police stations by serious crimes recorded in the country, 9 are in the Western Cape and include Delft, Milnerton, Bellville, Worcester, Kraaifontein, Mitchells Plain, Nyanga, Stellenbosch, and Cape Town Central.

Figure 5.12 shows the number of reported crimes in the Overberg region for 2017, with drug-related crime, theft (including burglaries), assault and malicious damage to property among the leading crimes.

**Figure 5.12 Most serious recorded crimes by category in the Overberg District, 2017**



Source: SAPS; Quantec Research, 2018

Figure 5.12 shows that of the categories of crime as indicated, theft had the highest number of cases reported in 2017 in the Overstrand and Theewaterskloof municipal areas which include burglaries at residential and non-residential premises, shoplifting and stock-theft. Theewaterskloof also had the highest number of cases of drug-related crime (1 834), followed by Overstrand (1 704), Swellendam (893) and Cape Agulhas (667). Cases involving assault were also significant across all municipal areas in the region, led by Overstrand (1 358) and Theewaterskloof (1 005).

Other categories of crime that remain a concern in all municipal areas include malicious damage to property, sexual offences, driving under the influence of alcohol or drugs and robbery, which includes common robbery and robbery with aggravating circumstances. Overstrand had the highest number of cases involving damage to property (525) and robbery (413), sexual offences (146) and driving under the influence (254). There are also still cases of murder reported across municipal areas in the region, which indicates that serious violent crime is also a concern that needs to be addressed across all municipal areas.

## 5.4 Summary and conclusion

This section explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the OBD using a selected number of indicators. Table 5.8 is a summary of recent changes in various social indicators in the OBD.

**Table 5.8 Changes in selected socio-economic indicators, Overberg District**

Indicator	Overberg	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam
Average. Population growth (2007 - 2017): Quantec	2.5%	2.3%	2.95%	2.2%	2.4%
Average. GDPR growth rate (2007 - 2017): Quantec	3.1%	3.5%	2.4%	2.7%	3.8%
Ave. GDPR per capita (2007 - 2017): Quantec	R52 138	R47 342	R56 685	R63 552	R47 725
Annual household income < R50 000 (2017): Urban-Econ	54.1%	57.7%	52.8%	49.1%	52.8%
Gini coefficients (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase
Human Development Index (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase
Learner enrolment (2012 - 2017): WCED	Increase	Increase	Increase	Increase	Increase
Grade 12 Dropout rate (2016 - 2017): WCED	-	Increase	Increase	Decrease	Decrease
Matric pass rate (2016 - 2017): WCED	-	Decrease	Decrease	Decrease	Decrease
Informal settlements (2017): Quantec/Urban-Econ	16.2%	17.2%	18.2%	13.4%	10.2%
Access to basic services (2016 - 2017): Stats SA	Increase	Decrease	Increase	Increase	Increase

Table 5.8 shows the positive or negative movement of selected social and economic indicators in municipalities within the OBD in the recent past. Indicators moving in positive territory could be a result of positive economic performance within the District, and vice versa.

Indicators that have moved in a positive direction for the OBD include average economic growth rate higher than population growth rate, translating to GDPR per capita higher than the low-income threshold of R50 000 per annum; an increasing trend in human development; increasing learner enrolment and increasing access to basic water, electricity, sanitation and refuse removal. Areas of concern in the district include the increasing inequality in income distribution, large proportion of low income earners, high Grade 12 dropout rates, decreasing matric pass rate, deaths caused by Tuberculosis and HIV/AIDS, injuries through assault with a sharp object, informal dwellers, increasing provision of free basic services and drug-related crime, among others.



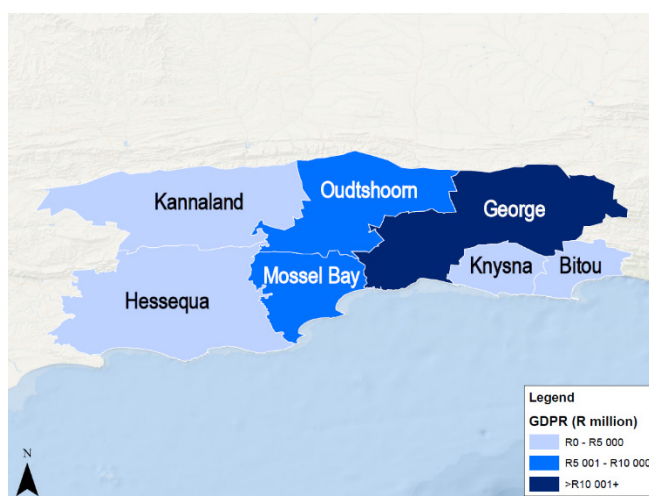
# Garden Route District

## 1

## Regional economic review and outlook

### 1.1 Introduction

The Garden Route District is the third largest district in the Western Cape and is well-known for its coastal holiday towns and vast farmlands. The N2 is a valuable transport route for goods and tourists alike and connects the District to the Overberg District and the Cape Metro area in the west and the Eastern Cape Province to the east, while the N12 and the R62 links the District with inland areas to the north.



The seven local municipalities that make up this District include Kannaland, Hessequa, Oudtshoorn, Mossel Bay, George, Knysna and Bitou (Eden District, 2017).

This chapter provides a macroeconomic outlook on the Garden Route District, an overview of trends between 2012 and 2017 and an outlook in terms of GDP between 2018 and 2019. Further indicators of economic activity in the Garden Route District are also discussed in this chapter, which includes an analysis of the location quotients, a breakdown of the manufacturing subsectors, international trade and the local business environment.

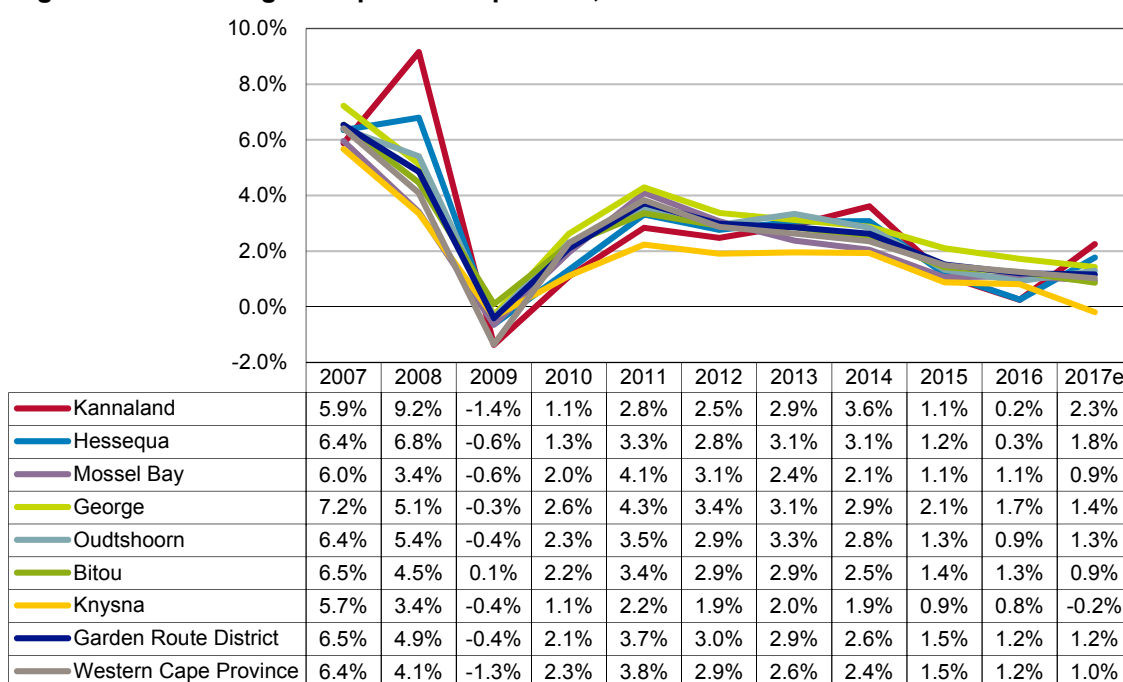
## 1.2 Growth in GDP performance

The period under review for MERO 2018 is between 2012 and 2016, together with an estimate for 2017<sup>1</sup>.

### 1.2.1 GDP performance per municipal area

Figure 1.1 indicates the GDP performance of municipal areas in the Garden Route District between 2007 and 2017.

**Figure 1.1 GDP growth per municipal area, 2007 - 2017**



Source: Quantec Research, 2018 (e denotes estimate)

The estimated 2017 economic performance of the Garden Route District was on par with that of 2016 with a GDP growth rate of 1.2 per cent. This is slightly faster than that of the Province (1 per cent). Not all municipal areas in the Garden Route District performed equally well in 2017, with declining growth rates estimated for the Mossel Bay (0.9 per cent), George (1.4 per cent) and Bitou (0.9 per cent) municipal areas. Furthermore, the Knysna economy is estimated to have contracted by 0.2 per cent. The devastating fires that erupted in June 2017 in the Sedgefield, Knysna

<sup>1</sup> Statistics SA will only release official regional indicators for 2017 in 2019.



and Plettenberg areas led to a significant loss of infrastructure and commercial forestry plantations (Frost, et al., 2018), and therefore also had a negative impact on the growth prospects for the local municipalities affected by the fires.

Table 1.1 indicates the average real GDP contribution and growth rates between the various municipal areas.

**Table 1.1 Garden Route District GDP contribution and average growth rates per municipal area, 2012 - 2017**

Municipality	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Kannaland	2.9	1 166	2.8	2.0	2.5	2.9	3.6	1.1	0.2	2.3
Hessequa	8.8	3 557	2.8	1.9	2.8	3.1	3.1	1.2	0.3	1.8
Mossel Bay	17.3	6 951	2.4	1.5	3.1	2.4	2.1	1.1	1.1	0.9
George	39.7	15 988	3.2	2.3	3.4	3.1	2.9	2.1	1.7	1.4
Oudtshoorn	12.8	5 144	2.9	1.9	2.9	3.3	2.8	1.3	0.9	1.3
Bitou	7.4	2 990	2.8	1.8	2.9	2.9	2.5	1.4	1.3	0.9
Knysna	11.1	4 475	2.0	1.1	1.9	2.0	1.9	0.9	0.8	-0.2
<b>Total Garden Route District</b>	<b>100</b>	<b>40 271</b>	<b>2.8</b>	<b>1.9</b>	<b>3.0</b>	<b>2.9</b>	<b>2.6</b>	<b>1.5</b>	<b>1.2</b>	<b>1.2</b>
Western Cape Province	-	529 928	2.6	1.8	2.9	2.6	2.4	1.5	1.2	1.0

Source: Quantec Research, 2018 (e denotes estimate)

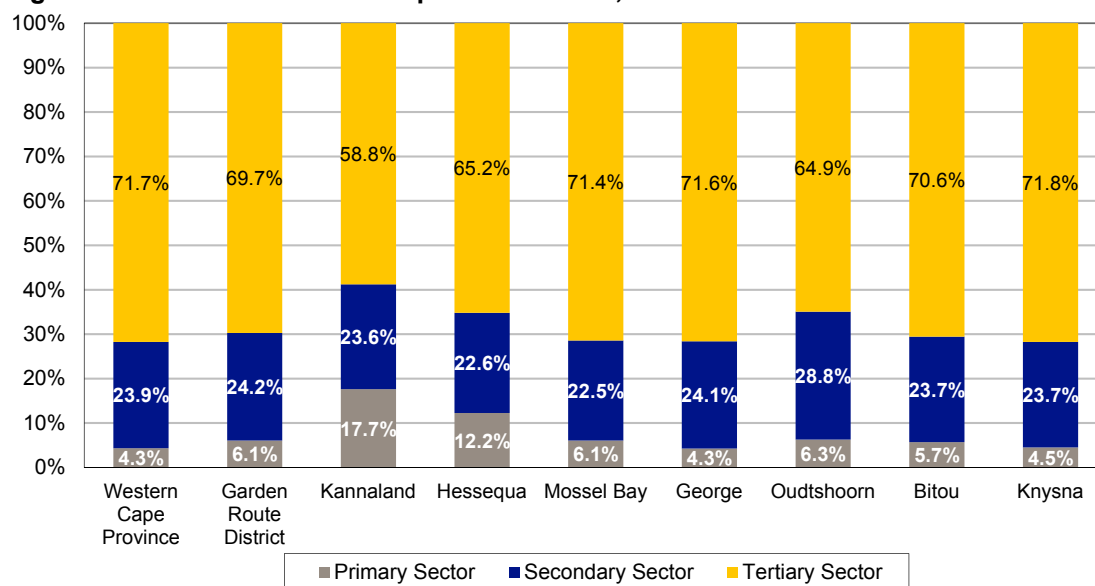
In 2016, the Garden Route District contributed R40.3 billion to the economy of the Western Cape. The municipal area with the largest local economy in the region is that of the George municipal area which contributed 39.7 per cent to the Garden Route District's economy in 2016. The George municipal area had a slightly faster growth rate estimated in 2017 (1.4 per cent) compared to that of the District (1.2 per cent), however, this was slower than the growth rate recorded in 2016 and lower than the average five-year GDP growth of 2.3 per cent.

The Kannaland municipal area is the smallest economy in the Garden Route District, contributing 2.9 per cent to GDP in 2016. This municipal area recorded the highest estimated economic growth in 2017 (2.3 per cent), however, it should be noted that growth originates from a low base.

## 1.2.2 GDP performance per sector

Figure 1.2 indicates the GDP contribution of the primary, secondary and tertiary sectors in the various municipal areas of the Garden Route District<sup>2</sup>.

<sup>2</sup> Refer to Diagram 1 in Section A for a breakdown of the primary, secondary and tertiary sectors

**Figure 1.2 GDP contribution per main sector, 2016**

Source: Quantec Research, 2018

The main sector contributions to the economy of the Garden Route District are similar to that of the Province, with the tertiary sectors contributing the most (69.7 per cent), followed by the secondary (24.2 per cent) and lastly the primary sector (6.1 per cent). The primary sector contributes more to the economies of the Hessequa (12.2 per cent) and Kannaland (17.7 per cent) municipal areas compared to other local municipal areas. These two municipalities are more rural in nature with fewer urban areas.

The contribution made by the secondary sector to the respective local economies of the Garden Route District is in line with that of this sector's contribution to the District, except in the Oudtshoorn municipal area, where the secondary sector contributes 28.8 per cent to the Oudtshoorn local economy. This is mainly a result of a dominating manufacturing sector in this local economy.

Table 1.2 indicates the sectoral breakdown of GDP contribution in the Garden Route District.

**Table 1.2 Garden Route District GDP contribution per sector, 2016 (%)**

Sector	Garden Route District	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna
<b>Primary Sector</b>	<b>6.1</b>	<b>17.7</b>	<b>12.2</b>	<b>6.1</b>	<b>4.3</b>	<b>6.3</b>	<b>5.7</b>	<b>4.5</b>
Agriculture, forestry and fishing	5.7	17.7	11.9	4.7	4.1	6.2	5.5	4.4
Mining and quarrying	0.4	0.0	0.3	1.3	0.2	0.1	0.2	0.1
<b>Secondary Sector</b>	<b>24.2</b>	<b>23.6</b>	<b>22.6</b>	<b>22.5</b>	<b>24.1</b>	<b>28.8</b>	<b>23.7</b>	<b>23.7</b>
Manufacturing	14.5	13.3	13.9	15.0	15.0	18.3	9.7	12.1
Electricity, gas and water	3.1	4.8	2.3	2.1	3.5	5.4	1.0	2.1
Construction	6.6	5.5	6.4	5.4	5.7	5.0	13.0	9.5
<b>Tertiary Sector</b>	<b>69.7</b>	<b>58.8</b>	<b>65.2</b>	<b>71.4</b>	<b>71.6</b>	<b>64.9</b>	<b>70.6</b>	<b>71.8</b>
Wholesale and retail trade, catering and accommodation	17.9	15.9	18.9	17.1	18.3	16.8	18.7	18.6
Transport, storage and communication	10.0	9.3	10.6	10.1	11.5	7.6	7.6	8.4
Finance, insurance, real estate and business services	24.9	17.3	21.1	27.9	26.7	19.1	25.3	24.8
General government	10.2	9.5	8.6	9.6	8.9	14.5	11.0	11.7
Community, social and personal services	6.7	6.8	6.1	6.8	6.1	6.9	8.0	8.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

In 2016, the main economic sectors contributing the most to the Garden Route District economy included the following:

- Finance, insurance, real estate and business services (24.9 per cent)
- Wholesale and retail trade, catering and accommodation (17.9 per cent)
- Manufacturing (14.5 per cent)

These sectors are highly dependent on the strength and stability of the national economy, which influences investment in these sectors, as well as the local agriculture, forestry and fishing sector that provides inputs for agro-processing.

Table 1.3 indicates the municipal GDP contribution to each economic sector, providing a spatial aspect to economic activity in the Garden Route District.

**Table 1.3 Municipal GDPR contribution to District sectors, 2016 (%)**

Sector	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Total
<b>Primary Sector</b>	<b>8.4</b>	<b>17.8</b>	<b>17.3</b>	<b>27.9</b>	<b>13.3</b>	<b>7.0</b>	<b>8.3</b>	<b>100</b>
Agriculture, forestry and fishing	9.0	18.5	14.4	28.4	14.0	7.1	8.6	100
Mining and quarrying	0.0	7.6	63.0	18.7	2.7	4.4	3.5	100
<b>Secondary Sector</b>	<b>2.8</b>	<b>8.2</b>	<b>16.0</b>	<b>39.6</b>	<b>15.2</b>	<b>7.3</b>	<b>10.9</b>	<b>100</b>
Manufacturing	2.6	8.4	17.8	40.8	16.1	5.0	9.2	100
Electricity, gas and water	4.5	6.5	12.0	44.5	22.5	2.5	7.5	100
Construction	2.4	8.6	14.1	34.5	9.7	14.6	16.1	100
<b>Tertiary Sector</b>	<b>2.4</b>	<b>8.3</b>	<b>17.7</b>	<b>40.8</b>	<b>11.9</b>	<b>7.5</b>	<b>11.4</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	2.6	9.3	16.5	40.4	11.9	7.7	11.5	100
Transport, storage and communication	2.7	9.4	17.4	45.9	9.7	5.6	9.3	100
Finance, insurance, real estate and business services	2.0	7.5	19.3	42.7	9.8	7.6	11.1	100
General government	2.7	7.4	16.2	34.7	18.2	8.0	12.8	100
Community, social and personal services	2.9	8.0	17.4	36.2	13.1	8.8	13.6	100
<b>Total</b>	<b>2.9</b>	<b>8.8</b>	<b>17.3</b>	<b>39.7</b>	<b>12.8</b>	<b>7.4</b>	<b>11.1</b>	<b>100</b>

Source: Quantec Research, 2018

The majority of economic activity in the Garden Route District originates from the George municipal area, contributing 27.9 per cent to the primary sector activities, 39.6 per cent to secondary sector activities and 40.8 per cent to tertiary sector activities. Second to the George municipal area, the Mossel Bay municipal area is also a major contributor to the economy in most sectors.

Due to the offshore gas deposits, the majority of mining activities occur in the Mossel Bay municipal area; 63 per cent of the mining sector GDPR originates from this municipal area. Other notable local municipal area contributions to the economy of the Garden Route District include:

- The Hessequa municipal area makes a large contribution to the agriculture, forestry and fishing sector (18.5 per cent);
- The Oudtshoorn municipal area is a major contributor to the general government sector (18.2 per cent) as well as the electricity, gas and water sector (22.5 per cent); and
- The Knysna and Bitou municipal areas make sizable contributions to the local construction sector (16.1 per cent and 14.6 per cent respectively).

Table 1.4 indicates the Garden Route District's GDP performance per sector.

**Table 1.4 Garden Route District GDP performance per sector, 2012 - 2017**

Sector	R million value 2016	Trend		Real GDP growth (%)					
		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>2 443</b>	<b>1.4</b>	<b>0.5</b>	<b>0.9</b>	<b>1.8</b>	<b>6.4</b>	<b>-2.7</b>	<b>-7.3</b>	<b>4.4</b>
Agriculture, forestry and fishing	2 295	1.5	0.4	0.9	1.7	6.4	-2.9	-7.7	4.2
Mining and quarrying	148	0.2	3.5	1.2	2.7	6.8	-0.1	0.5	7.7
<b>Secondary Sector</b>	<b>9 750</b>	<b>1.8</b>	<b>0.8</b>	<b>2.2</b>	<b>2.0</b>	<b>1.0</b>	<b>0.2</b>	<b>0.9</b>	<b>-0.2</b>
Manufacturing	5 854	1.9	0.9	2.8	1.7	0.6	0.3	1.6	0.4
Electricity, gas and water	1 245	-1.1	-1.4	-0.7	-0.7	-1.2	-2.2	-2.7	-0.1
Construction	2 652	3.2	1.2	1.6	3.9	2.9	0.6	0.4	-1.8
<b>Tertiary Sector</b>	<b>28 078</b>	<b>3.3</b>	<b>2.4</b>	<b>3.5</b>	<b>3.2</b>	<b>2.8</b>	<b>2.4</b>	<b>2.1</b>	<b>1.3</b>
Wholesale and retail trade, catering and accommodation	7 223	2.5	1.4	3.9	2.4	1.5	1.9	1.9	-0.7
Transport, storage and communication	4 020	3.4	2.5	2.9	3.2	4.0	1.5	1.5	2.4
Finance, insurance, real estate and business services	10 014	4.2	3.4	4.0	3.8	3.5	3.9	3.2	2.7
General government	4 106	2.7	1.2	2.4	3.5	2.6	0.3	0.4	-0.6
Community, social and personal services	2 714	2.1	1.6	2.5	2.5	1.8	1.1	1.5	1.2
<b>Total Garden Route District</b>	<b>40 271</b>	<b>2.8</b>	<b>1.9</b>	<b>3.0</b>	<b>2.9</b>	<b>2.6</b>	<b>1.5</b>	<b>1.2</b>	<b>1.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

The best performing sectors in the Garden Route District include the agriculture, forestry and fishing sector; the transport, storage and communication sector; and the mining and quarrying sector with estimated growth rates in 2017 of 4.2 per cent, 2.4 per cent and 7.7 per cent respectively. The mining sector is, however, very small in the Garden Route District and the high growth can, therefore, be attributed to its small base. The agriculture, forestry and fishing sector is estimated to have grown for the first time since 2015 when it contracted by 2.9 per cent and again by 7.7 per cent in 2016. The growth in this sector can be attributed to exceptional growth on a national level and higher exports which also boosts local sectors.

The growth prospects of the Garden Route District economy were limited by the contraction of some sectors. These include the:

- Electricity, gas and water sector (0.1 per cent)
- Construction sector (1.8 per cent)
- Wholesale and retail trade, catering and accommodation sector (0.7 per cent)
- General government sector (0.6 per cent)

### 1.2.3 GDP performance per sector forecast (outlook)

Due to the fast pace at which the global and the SA economy are changing, only a two-year forecast is done. Table 1.5 indicates the GDP forecast per sector for 2018 and 2019.

**Table 1.5 GDP forecast per sector, 2018 - 2019 (%)<sup>3</sup>**

Sector	2017e	2018f	20189
<b>Primary Sector</b>			
Agriculture, forestry and fishing	4.2	-25.9	18.1
Mining and quarrying	7.7	-2.8	2.6
<b>Secondary Sector</b>			
Manufacturing	0.4	-0.8	3.7
Electricity, gas and water	-0.1	1.8	1.0
Construction	-1.8	0.6	0.9
<b>Tertiary Sector</b>			
Wholesale and retail trade, catering and accommodation	-0.7	1.5	1.3
Transport, storage and communication	2.4	3.0	3.1
Finance, insurance, real estate and business services	2.7	3.6	3.3
General government	-0.6	-0.5	0.2
Community, social and personal services	1.2	2.1	2.3
<b>Total</b>	<b>1.2</b>	<b>0.1</b>	<b>3.1</b>

Source: *Urban-Econ, 2018 (e denotes estimate; f denotes forecast)*

Economic growth is expected to slump in 2018 to 0.1 per cent on account of the forecasted contraction of 25.9 per cent in the agriculture, forestry and fishing sector. Other sectors that are expected to contract are the mining and quarrying sector (by 2.8 per cent) and the manufacturing sector (0.8 per cent). The tertiary sectors of the Garden Route District (except the general government sector) are expected to grow at a faster rate in 2018 compared to 2017.

In 2019, the economy is expected to expand with a forecasted growth rate of 3.1 per cent, mainly due to the improved growth outlook for the agriculture, forestry and fishing sector and the manufacturing sector.

## 1.3 Growth in employment trends

### 1.3.1 Employment per municipal area

Similar to GDP contribution, the George municipal area contributes the most to employment in the Garden Route District (35.6 per cent), followed by the Mossel Bay (15.9 per cent) and Oudtshoorn municipal areas (13.1 per cent).

<sup>3</sup> Based on provincial forecasts done in July 2018 – Bureau for Economic Research

Table 1.6 indicates the trend in employment growth in each municipal area in the Garden Route District.

**Table 1.6 Garden Route District employment growth, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Kannaland	4.5	9 909	-449	1 248	214	388	-30	959	-250	181
Hessequa	10.9	24 278	903	2 785	553	848	224	1 508	-418	623
Mossel Bay	15.9	35 353	2 968	3 317	663	1 046	525	1 185	-221	782
George	35.6	79 045	10 033	9 405	1 963	2 439	1 304	3 584	209	1 869
Oudtshoorn	13.1	29 193	1 557	2 932	467	775	306	1 473	-80	458
Bitou	8.4	18 757	3 161	2 561	507	572	548	838	35	568
Knysna	11.5	25 475	2 334	2 544	589	549	593	861	43	498
<b>Total Garden Route District</b>	<b>100.0</b>	<b>222 010</b>	<b>20 507</b>	<b>24 792</b>	<b>4 956</b>	<b>6 617</b>	<b>3 470</b>	<b>10 408</b>	<b>-682</b>	<b>4 979</b>
Western Cape Province	-	2 460 960	289 207	272 208	55 379	69 794	38 527	105 507	8 279	50 101

Source: Quantec Research, 2018 (e denotes estimate)

Following the job losses in 2016, it is estimated that employment increased by 4 979 jobs in 2017. The George and Mossel Bay municipal areas had the largest estimated net change in employment in this period with 1 869 jobs and 782 jobs respectively. These two municipal areas are more urbanised, offering more potential for job creation in the secondary and tertiary sectors.

Other municipal areas that shed jobs in 2016 and recovered with a large estimated net change in employment in 2017 include the Hessequa municipal area (623 jobs) and the Oudtshoorn municipal area (458 jobs). The Kannaland municipal area also had a positive estimated net change in employment of 181 jobs, which was, however, less than the 250 jobs lost in 2016.

### 1.3.2 Employment per sector

Table 1.7 indicates the sectoral contribution to each sector in the municipal areas of the Garden Route District.

**Table 1.7 Sectoral employment contribution per municipal area, 2016 (%)**

Sector	Garden Route District	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna
<b>Primary Sector</b>	<b>13.2</b>	<b>34.4</b>	<b>21.1</b>	<b>11.0</b>	<b>10.7</b>	<b>14.9</b>	<b>9.3</b>	<b>9.4</b>
Agriculture, forestry and fishing	13.1	34.4	21.0	10.7	10.7	14.9	9.2	9.4
Mining and quarrying	0.1	0.0	0.1	0.3	0.0	0.0	0.0	0.0
<b>Secondary Sector</b>	<b>16.2</b>	<b>11.3</b>	<b>15.3</b>	<b>15.3</b>	<b>16.1</b>	<b>17.3</b>	<b>17.9</b>	<b>17.8</b>
Manufacturing	8.9	6.2	8.6	9.0	9.5	11.7	5.4	7.4
Electricity, gas and water	0.4	0.4	0.3	0.3	0.5	0.7	0.1	0.3
Construction	6.9	4.6	6.5	6.0	6.1	5.0	12.4	10.2
<b>Tertiary Sector</b>	<b>70.6</b>	<b>54.3</b>	<b>63.6</b>	<b>73.7</b>	<b>73.2</b>	<b>67.7</b>	<b>72.8</b>	<b>72.7</b>
Wholesale and retail trade, catering and accommodation	23.9	18.6	24.6	23.8	24.4	21.5	24.0	26.3
Transport, storage and communication	4.1	3.4	4.0	4.5	4.7	3.1	3.3	3.5
Finance, insurance, real estate and business services	17.3	11.4	14.3	20.0	20.3	13.2	16.8	14.3
General government	10.3	7.3	7.6	10.3	9.9	14.5	9.1	10.9
Community, social and personal services	15.1	13.7	13.1	15.0	13.9	15.4	19.6	17.8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The sectors that contributed the most to employment in the Garden Route District in 2016 include the:

- Wholesale and retail trade, catering and accommodation sector (23.9 per cent)
- Finance, insurance, real estate and business services sector (17.3 per cent)
- Community, social and personal services sector (15.1 per cent)
- Agriculture, forestry and fishing sector (13.1 per cent)

The areas where the agriculture, forestry and fishing sector makes an above average contribution to employment include the Kannaland (34.4 per cent) and the Hessequa (21 per cent) municipal areas. These areas are therefore highly dependent on this sector and any sector shocks will have significant negative impacts on these economies.



Table 1.8 illustrates the municipal contribution to sectoral employment in the Garden Route District, indicating the main areas for sectoral employment creation.

**Table 1.8 Municipal employment contribution to District sectors, 2016 (%)**

Sector	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Total
<b>Primary Sector</b>	<b>11.6</b>	<b>17.4</b>	<b>13.3</b>	<b>28.8</b>	<b>14.8</b>	<b>5.9</b>	<b>8.2</b>	<b>100</b>
Agriculture, forestry and fishing	11.7	17.4	13.0	28.9	14.9	5.9	8.2	100
Mining and quarrying	0.0	11.1	57.1	20.1	4.2	3.7	3.7	100
<b>Secondary Sector</b>	<b>3.1</b>	<b>10.4</b>	<b>15.1</b>	<b>35.4</b>	<b>14.1</b>	<b>9.4</b>	<b>12.7</b>	<b>100</b>
Manufacturing	3.1	10.6	16.2	38.2	17.3	5.2	9.5	100
Electricity, gas and water	4.7	7.1	12.0	42.7	22.3	2.4	8.8	100
Construction	3.0	10.3	13.8	31.3	9.5	15.2	16.9	100
<b>Tertiary Sector</b>	<b>3.4</b>	<b>9.9</b>	<b>16.6</b>	<b>36.9</b>	<b>12.6</b>	<b>8.7</b>	<b>11.8</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	3.5	11.3	15.9	36.4	11.8	8.5	12.7	100
Transport, storage and communication	3.7	10.8	17.6	41.1	10.1	6.9	9.8	100
Finance, insurance, real estate and business services	2.9	9.1	18.4	41.8	10.1	8.2	9.5	100
General government	3.2	8.1	16.1	34.5	18.5	7.5	12.2	100
Community, social and personal services	4.0	9.5	15.8	32.8	13.4	11.0	13.5	100
<b>Total</b>	<b>4.5</b>	<b>10.9</b>	<b>15.9</b>	<b>35.6</b>	<b>13.1</b>	<b>8.4</b>	<b>11.5</b>	<b>100</b>

Source: Quantec Research, 2018

Similar to GDP contribution, the area that contributes the most to employment across all sectors in the Garden Route District is the George municipal area. The Mossel Bay area also makes a significant contribution in certain sectors, particularly the mining sector (57.1 per cent of employment in this sector).

The Hessequa municipal area also makes a large contribution to employment in the agriculture, forestry and fishing sector (17.4 per cent), highlighting the importance of this sector in the Hessequa municipal area, but also in the District, in terms of employment creation.

Table 1.9 indicates the trend in employment growth in each economic sector in the Garden Route District.

**Table 1.9 Garden Route District employment growth per sector, 2012 - 2017**

Sector	Contribution to Employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>13.2</b>	<b>29 381</b>	<b>-13 853</b>	<b>3 656</b>	<b>1 584</b>	<b>1 633</b>	<b>-1 203</b>	<b>5 166</b>	<b>-1 189</b>	<b>-751</b>
Agriculture, forestry and fishing	13.1	29 192	-13 860	3 639	1 575	1 633	-1 207	5 155	-1 188	-754
Mining and quarrying	0.1	189	7	17	9	0	4	11	-1	3
<b>Secondary Sector</b>	<b>16.2</b>	<b>35 905</b>	<b>-569</b>	<b>2 568</b>	<b>428</b>	<b>788</b>	<b>816</b>	<b>222</b>	<b>353</b>	<b>389</b>
Manufacturing	8.9	19 715	-553	1 558	-356	645	190	341	-192	574
Electricity, gas and water	0.4	875	279	105	23	7	20	25	35	18
Construction	6.9	15 315	-295	905	761	136	606	-144	510	-203
<b>Tertiary Sector</b>	<b>70.6</b>	<b>156 724</b>	<b>34 929</b>	<b>18 568</b>	<b>2 944</b>	<b>4 196</b>	<b>3 857</b>	<b>5 020</b>	<b>154</b>	<b>5 341</b>
Wholesale and retail trade, catering and accommodation	23.9	52 954	9 520	6 835	955	977	615	2 214	80	2 949
Transport, storage and communication	4.1	9 062	2 972	1 121	566	574	270	607	-753	423
Finance, insurance, real estate and business services	17.3	38 357	12 948	7 069	1 136	1 503	1 436	1 941	950	1 239
General government	10.3	22 767	4 262	-415	262	-306	1 019	-550	279	-857
Community, social and personal services	15.1	33 584	5 227	3 958	25	1 448	517	808	-402	1 587
<b>Total Garden Route District</b>	<b>100</b>	<b>222 010</b>	<b>20 507</b>	<b>24 792</b>	<b>4 956</b>	<b>6 617</b>	<b>3 470</b>	<b>10 408</b>	<b>-682</b>	<b>4 979</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016 the Garden Route District provided employment to 222 010 people. Over the last five years, it is estimated that the area created 24 792 additional job opportunities, mostly in the tertiary sectors, particularly the finance, insurance, real estate and business services; wholesale and retail trade, catering and accommodation; and the community, social and personal services sectors.

It is estimated that in 2017, the Garden Route District generated 4 979 additional jobs despite job losses in the construction (203 jobs), general government (857 jobs) and agriculture, forestry and fishing (754 jobs) sectors. The agriculture, forestry and fishing sector is estimated to have shed jobs for the second year (1 188 job losses in 2016) which can have severe implications for local economies as this sector contributes significantly to employment, specifically in more rural municipal areas. The sectors that are estimated to have contributed the most to new jobs created in 2017 include the wholesale and retail trade, catering and accommodation sector; the finance, insurance, real estate and business services sector; and the community, social and personal services sector.

Table 1.10 outlines the official unemployment rate for each of the municipal areas in Garden Route District.

**Table 1.10 Garden Route District unemployment rates, 2012 - 2017 (%)**

Municipality	2012	2013	2014	2015	2016	2017e
Kannaland	9.4	9.2	9.5	8.9	9.9	10.3
Hessequa	7.7	7.5	7.7	7.4	8.2	8.5
Mossel Bay	14.3	14.1	14.4	14.5	15.8	16.5
George	14.2	14.0	14.3	14.1	15.3	15.8
Oudtshoorn	19.6	19.2	19.4	18.9	20.0	20.6
Bitou	19.8	20.1	20.7	21.1	23.3	24.6
Knysna	17.3	17.3	17.7	17.8	19.4	20.3
<b>Garden Route District</b>	<b>15.0</b>	<b>14.8</b>	<b>15.1</b>	<b>15.0</b>	<b>16.3</b>	<b>17.0</b>
Western Cape Province	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2010 (e denotes estimate)

The unemployment rate in the Garden Route District has been steadily increasing over the reference period as seen in Table 1.10. The estimated Garden Route District unemployment rate of 17 per cent in 2017 is close to that of the Province (18.2 per cent). Some areas in the District still have a very low unemployment rate, including the Kannaland (10.3 per cent) and Hessequa (8.5 per cent) municipal areas. The Oudtshoorn, Bitou and Knysna municipal areas have the highest unemployment rates in the District at 20.6 per cent, 24.6 per cent and 20.3 per cent respectively in 2017.

## 1.4 Local and international trade dynamics

### 1.4.1 Location quotient

To determine the level of specialisation in the different economic sectors of the Garden Route District, 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 1.11 indicates an interpretation of the location quotient classification.

**Table 1.11 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	Most local needs are being met by the sector. 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, 2018

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 certain sector.

Table 1.12 outlines the sectoral location quotient for the Garden Route District.

**Table 1.12 Location quotient in terms of GDP and employment, Garden Route District, 2016**

Sector	In terms of GDP	In terms of employment
Agriculture, forestry and fishing	1.4	1.2
Mining and quarrying	1.3	1.2
Manufacturing	0.9	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, 2018

In terms of employment, the economic sectors of the Garden Route District all have a location quotient of between 0.8 and 1.2 indicating that most local needs are being met by the sectors, however, imports and exports are also likely to occur within sectors.

However, in terms of GDP, the location quotient for the agriculture, forestry and fishing sector and the mining and quarrying sector is more than 1.25 highlighting the importance of these sectors on a provincial level. These sectors in the Garden Route District are serving the needs beyond the borders of the District.

#### 1.4.2 Manufacturing subsectors

Table 1.13 indicates the contribution of manufacturing subsectors to the main sector in the Garden Route District.

**Table 1.13 Garden Route District manufacturing subsector GDP contribution, 2016 (%)**

Subsector	Garden Route District	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna
Food, beverages and tobacco	31.3	63.0	27.7	29.1	33.7	33.0	20.1	22.6
Textiles, clothing and leather goods	3.9	3.0	5.2	4.1	3.0	6.9	2.3	1.4
Wood, paper, publishing and printing	15.1	6.6	13.2	13.0	12.1	9.3	33.4	37.3
Petroleum products, chemicals, rubber and plastic	16.7	6.1	17.1	25.6	17.0	13.6	9.2	10.1
Other non-metal mineral products	2.9	1.2	3.2	2.3	2.9	2.0	9.3	2.9
Metals, metal products, machinery and equipment	12.0	10.5	15.7	9.2	13.9	11.7	7.9	8.5
Electrical machinery and apparatus	0.8	0.7	0.1	0.5	1.4	0.4	0.2	0.4
Radio, TV, instruments, watches and clocks	1.1	0.0	1.3	1.3	1.5	0.4	0.3	0.6
Transport equipment	5.8	0.0	2.8	5.9	6.1	7.3	5.0	6.3
Furniture and other manufacturing	10.4	8.8	13.6	9.1	8.4	15.2	12.3	9.9

Source: Quantec Research, 2018

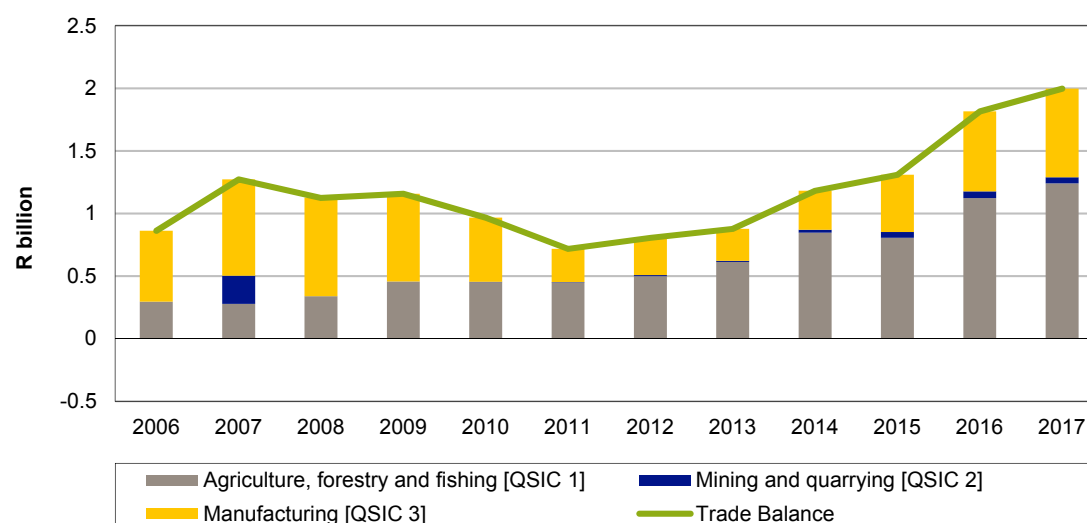
The food, beverages and tobacco subsector in the Garden Route District contributed the most to the manufacturing sector (31.3 per cent) in 2016, highlighting the importance of the local agriculture, forestry and fishing sector. In the Kannaland municipal area, this subsector contributed 63 per cent to the overall manufacturing sector. Other manufacturing subsectors that made a relatively large contribution to the manufacturing sector of the Garden Route District in 2016 include:

- Petroleum products, chemicals, rubber and plastic (16.7 per cent)
- Wood, paper, publishing and printing (15.1 per cent)
- Metals, metal products, machinery and equipment (12 per cent)

The petroleum products, chemicals, rubber and plastic subsector makes the largest contribution to the manufacturing sector in the Mossel Bay municipal area (25.6 per cent) due to the operations of the PetroSA Mossgas refinery in Mossel Bay.

### 1.4.3 International trade

Figure 1.3 indicates the positive Garden Route District trade balance between 2006 and 2017.

**Figure 1.3 Garden Route District trade balance, 2006 - 2017**

Source: Quantec Research, 2018

The trade balance has increased annually since 2011 due to increasing net exports from the agriculture, forestry and fishing sector as well as the manufacturing sector.

Exports can play a valuable role in local economies in terms of job creation and attracting new investment. From the private sector's perspective in the Garden Route District, exports can be stimulated by optimally using the Mossel Bay harbour and George airport as cargo terminals and providing information to the private sector on export opportunities (Urban-Econ business survey, 2018).

Other interventions to improve exports from the Garden Route District include reducing red tape, approval of the Mossel Bay Special Economic Zone (SEZ), improving marketing and assistance from the national government for niche products and industries such as the ostrich leather and meat industry. SMMEs should also be supported to become export ready (Provincial Treasury Municipal survey, 2018).

Table 1.14 outlines the top ten exported products from the Garden Route District.

**Table 1.14 Top 10 exports products, 2017**

Product	R million value
1 Citrus, fruit, fresh or dried	978.0
2 Seeds, fruit and spores (used for sowing)	322.0
3 Prepared leather other than chamois	309.0
4 Bird skins, feather	170.0
5 Tanned or crust hides, and skins of other animals, without wool or hair on, whether or not split, but not fully prepared	118.0
6 Other meat and edible meat offal, fresh, chilled or frozen	98.1
7 Other prepared or preserved meat, meat offal or blood	95.7
8 Wine	74.9
9 Cheese and curd	62.9
10 Yachts and other vessels for pleasure or sports, rowing boats and canoes	53.5

Source: Wesgro, 2018

The top ten exports from the Garden Route District was valued at R3.4 billion in 2017. The largest export product from the Garden Route District in 2017 was citrus fruit (R978 million), followed by seeds, fruit and spores (R322 million) and prepared leather (309.0 million). The majority of the top exports from the Garden Route District are all products from the agriculture, forestry and fishing sector or the agro-processing industry, highlighting the importance of the agricultural value chain of the Garden Route District to the economy of the region.

Table 1.15 outlines the top ten export partners for products from the Garden Route District.

**Table 1.15 Top 10 export partners, 2017**

Country	R million value
1 China	392
2 United States	292
3 Netherlands	204
4 France	192
5 Namibia	176
6 Hong Kong	158
7 Italy	154
8 United Kingdom	141
9 Saudi Arabia	121
10 Japan	116

Source: Wesgro, 2018

The main export partners of the Garden Route District include China, United States, the Netherlands, France and Namibia. The main products exported to these markets include (Wesgro, 2018):

- China - citrus fruit, wine, bird skins and feathers, prepared leather, onions, garlics and leeks
- United States - prepared leather, seed, fruit and spores, yachts and other sporting vessels, brooms, brushes, mops, feather dusters and paint pads, and bird skins and feathers
- Netherlands - seeds, fruit and spores, citrus, prepared leather, fruit and vegetable juices, meat and edible meat offal
- France - prepared leather, wine, prepared or preserved meat, meat offal and blood, meat and edible meat offal, and prefabricated buildings
- Namibia - cheese and curd, other footwear, parts of aircrafts and gliders, footwear of rubber, plastic or leather, boards, panels, consoles, desks, cabinets and other bases

### 1.4.4 Local businesses

This section provides an overview of the local business environment in the Garden Route District. Information for this subsection is collated from various sources including the Provincial Treasury Municipal survey responses, information received from local business chambers and associations as well as the Small Enterprise Development Agency (SEDA). Local businesses, particularly SMMEs are the driving force in an economy and their growth will create new employment opportunities in an area.

One of the essential factors for stimulating the establishment of new enterprises in a local area is to create an enabling environment and ensure the ease of doing business. Table 1.16 indicates the time of approval for business licenses, land rezoning and building plan approvals in the Garden Route District based on the Provincial Treasury Municipal survey responses that were received.

**Table 1.16 Business processes, 2018**

Process	Hessequa	Mossel Bay	George	Knysna
Business licenses	< 30 days	21 days	1 - 2 days and 30 days for entertainment licenses	1 day (informal trading permits)
Rezoning of land	< 30 days	3 - 6 months	*	6 months
Building plan approvals	< 30 days	30 days	*	26 days

Source: Provincial Treasury Municipal survey, 2018 \*missing information in response

The municipalities of the Garden Route District are all similarly aligned in terms of business processes, however, the approval of business licences varies greatly between the different municipalities.

Formal business chambers in the Garden Route District have good working relationships with their respective municipalities and there is regular interaction between them. There are, however, local constraints in some areas. For example, the large influx of people to urban areas such as George are increasing the demand for housing, and road infrastructure are under pressure.

SMMEs play a vital role in the local economy and sometimes require additional support in order to become sustainable and make a continues contribution to the economy and employment creation. SEDA plays a vital role in providing support for SMMEs in the Garden Route District. Local municipalities also utilise SMMEs for construction, services and goods procurement and realise the importance of these businesses for local economies and thus also have a range of services to provide support.

Table 1.17 below outlines the number of SMMEs that are registered on municipal databases based on the Provincial Treasury Municipal survey responses.



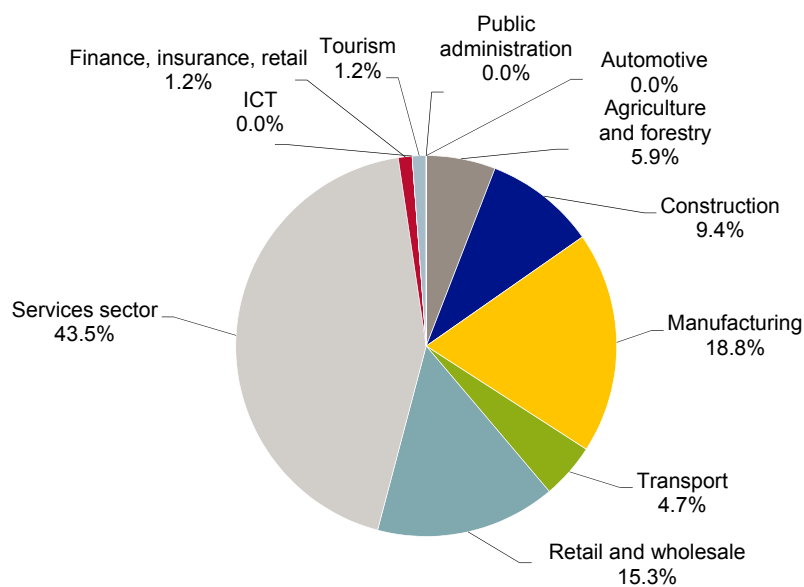
**Table 1.17 SMMEs registered on municipal databases, 2018**

Municipality	Number
Mossel Bay	No municipal supplier database
George	792
Knysna	1 256

Source: Provincial Treasury Municipal survey, 2018

The George Municipality and the Knysna Municipality have 792 and 1 256 SMMEs registered on their respective databases, while the Mossel Bay Municipality does not have their own supplier database.

Figure 1.4 below indicates the activities of the SMMEs that are supported by SEDA in the Garden Route District.

**Figure 1.4 SMMEs supported by SEDA - business categories, 2018**

Source: SEDA, 2018

The majority of SMMEs in the Garden Route District that are supported by SEDA are in the services sector (43.5 per cent), followed by the manufacturing sector (18.8 per cent) and the wholesale and retail trade sector (15.3 per cent). These sectors are also the main contributors to the economy of the Garden Route District.

SMMEs in the Garden Route District require the most support in the following areas (Provincial Treasury Municipal survey, 2018):

- Compliance with legislative requirements such as SARS, CIPC, health and safety regulations etc.
- Support to be able to tender for larger projects
- Financial management
- Start-up capital

Besides SEDA, local municipalities in the Garden Route District also provide non-financial support to local SMMEs, in the following ways (Provincial Treasury Municipal survey, 2018):

- The George Municipality has an enterprise agreement with ABSA bank to finance local SMMEs to purchase start-up material at a minimal rate and SMMEs in this local municipality are also encouraged to join local business chambers.
- The Hessequa Municipality supports SMMEs through training initiatives and provides assistance with obtaining the needed certifications.
- The Knysna Municipality assists local SMMEs through an incubator programme, business skills training as well as business mentoring.
- The Mossel Bay Municipality has an SMME development office.

## 1.5 Concluding remarks

In 2016, the Garden Route District had a GDP of R40.3 billion making it the second largest non-metro economy following the CWD. The Garden Route District also provided employment for 220 010 people in 2016. The Garden Route District's economy is estimated to have grown by 1.2 per cent in 2017, which on par with the growth recorded for 2016. The Garden Route District economy had limited potential for growth because of the weakened economies of the Mossel Bay, Bitou and George municipal areas and the contraction of the Knysna economy.

The sectors that contributed the most to the Garden Route District's economy in 2016 include the finance, insurance, real estate and business services sector (24.9 per cent); the wholesale and retail trade, catering and accommodation sector (17.9 per cent) and the manufacturing sector (14.5 per cent). These sectors are the dominating sectors in all municipal areas, however, the municipal economies of Kannaland and Hessequa are also highly dependent on the agriculture, forestry and fishing sector, which contributes 17.7 per cent and 11.9 per cent to the respective economies.

The main economic sectors in the Garden Route District had lower estimate growth rates in 2017 compared to 2016, highlighting the slow economic growth. The finance, insurance, real estate and business services sector's growth declined to 2.7 per cent, and the manufacturing sector growth declined to 0.4 per cent. Furthermore, the wholesale and retail trade, catering and accommodation sector is estimated to have contracted by 0.7 per cent. Other sectors that are estimated to have contracted in 2017 include the electricity, gas and water (0.1 per cent), construction (1.8 per cent), and general government (0.6 per cent) sectors.

This decline in growth and contraction of the main economic sectors indicates there is a need for intervention on a local level in the main sectors that will attract new investment, thereby stimulating the local economy. However, the local economy is influenced and dependent on the national economy. Volatility in the national economy will have an impact on local households and businesses, which can explain

the declining growth in the main sectors in 2017. The Knysna fires also impacted the local economy, resulting in the destruction of infrastructure and a decline in tourism.

It is estimated that employment in the Garden Route District increased in 2017 by 4 979 jobs, recovering the jobs that were lost in 2016. The sectors that contributed the most to job creation in the Garden Route District include the wholesale and retail trade, catering and accommodation sector; the finance, insurance, real estate and business services sector; and the community, social and personal services sector.



# 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 2012 to 2017, employment and skills levels in each of the local municipal areas of the Garden Route District. This chapter further provides information on buildings plans passed and completed for selected local municipalities<sup>4</sup>.

### 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 Garden Route District. 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 airport (George Municipality, 2013).

The George municipal area economy is the largest in the Garden Route District. This municipal area contributed 39.7 per cent to the GDPR and 35.6 per cent to employment in the Garden Route District in 2016.

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<sup>4</sup> Statistics SA only publishes data for buildings passed and completed based on their monthly survey of metropolitan municipalities and large local municipalities. In the Garden Route District this includes the Bitou, George, Knysna, Mossel Bay and Oudtshoorn municipalities.

## 2.2.1 GDPR performance

The largest economic sectors in the George municipal areas include the finance, insurance, real estate and business services sector (26.7 per cent); the wholesale and retail trade, catering and accommodation sector (18.3 per cent); and the manufacturing sector (15 per cent).

Table 2.1 indicates the GDPR performance per sector in this municipal area.

**Table 2.1 George GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>4.3</b>	<b>680.6</b>	<b>1.8</b>	<b>0.3</b>	<b>1.2</b>	<b>1.8</b>	<b>6.9</b>	<b>-2.6</b>	<b>-7.7</b>	<b>3.0</b>
Agriculture, forestry and fishing	4.1	652.9	1.8	0.2	1.2	1.7	6.9	-2.7	-7.9	2.8
Mining and quarrying	0.2	27.7	1.2	4.4	2.0	3.9	7.9	0.5	1.2	8.5
<b>Secondary Sector</b>	<b>24.1</b>	<b>3 858.8</b>	<b>2.0</b>	<b>1.1</b>	<b>2.1</b>	<b>2.0</b>	<b>1.1</b>	<b>0.7</b>	<b>1.2</b>	<b>0.4</b>
Manufacturing	15.0	2 391.2	2.4	1.5	2.8	2.0	1.2	1.0	2.1	1.1
Electricity, gas and water	3.5	554.0	-1.7	-1.7	-0.9	-1.7	-1.7	-2.5	-2.7	-0.1
Construction	5.7	913.6	3.5	1.3	1.7	3.9	2.4	1.5	0.2	-1.4
<b>Tertiary Sector</b>	<b>71.6</b>	<b>11 448.7</b>	<b>3.7</b>	<b>2.7</b>	<b>3.9</b>	<b>3.6</b>	<b>3.1</b>	<b>2.8</b>	<b>2.5</b>	<b>1.6</b>
Wholesale and retail trade, catering and accommodation	18.3	2 920.2	2.7	1.6	4.2	2.6	1.7	2.1	2.1	-0.6
Transport, storage and communication	11.5	1 845.1	4.1	3.1	3.5	3.9	4.7	2.3	2.2	2.7
Finance, insurance, real estate and business services	26.7	4 275.5	4.9	4.0	4.7	4.4	4.0	4.6	3.7	3.2
General government	8.9	1 425.4	2.5	1.0	2.3	3.3	2.3	0.1	0.2	-0.7
Community, social and personal services	6.1	982.5	2.0	1.5	2.3	2.2	1.6	1.0	1.5	1.1
<b>Total George</b>	<b>100</b>	<b>15 988.1</b>	<b>3.2</b>	<b>2.3</b>	<b>3.4</b>	<b>3.1</b>	<b>2.9</b>	<b>2.1</b>	<b>1.7</b>	<b>1.4</b>

Source: Quantec Research, 2018 (e denotes estimate)

The George municipal area had a GDPR of R16 billion in 2016. The economy grew by an estimated rate of 1.4 per cent in 2017, which is marginally slower than the 1.7 per cent that was recorded in 2016. The slower GDPR growth can be attributed to the contraction of the construction, wholesale and retail trade, catering and accommodation sector and the general government sector.

Of the main economic sectors in the George municipal area, only the finance, insurance, real estate and business services sector is estimated to have recorded strong growth in 2017 (3.2 per cent). Growth in this sector is, however, declining compared to previous periods, and is less than the five-year average growth rate.

It is estimated that the agriculture, forestry and fishing sector grew by 2.8 per cent in 2017, following its contraction of 2.7 per cent in 2015 and a further contraction of 7.9 per cent in 2016. The transport, storage and communication sector also had a higher estimated GDPR growth rate compared to 2016 at 2.7 per cent growth,

highlighting the important linkages between these two sectors. The increase in domestic passengers at the George airport of 8.7 per cent between the 2016/17 and 2017/18 financial years also contributed to the growth in this sector (ACSA, 2018).

## 2.2.2 Employment profile

The sectors that contribute the most to employment in the George municipal area include the wholesale and retail trade, catering and accommodation sector (24.4 per cent), the finance, insurance, real estate and business services sector (20.3 per cent) and the community, social and personal services sector (13.9 per cent). George (town) is a large urban area and a regional service centre which means there are more employment opportunities in the tertiary sectors.

Table 2.2 indicates the trend in employment growth in each economic sector in the George municipal area.

**Table 2.2 George employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>10.7</b>	<b>8 463</b>	<b>-4 117</b>	<b>1 089</b>	<b>423</b>	<b>437</b>	<b>-353</b>	<b>1 578</b>	<b>-357</b>	<b>-216</b>
Agriculture, forestry and fishing	10.7	8 425	-4 122	1 086	421	437	-354	1 576	-357	-216
Mining and quarrying	0.0	38	5	3	2	0	1	2	0	0
<b>Secondary Sector</b>	<b>16.1</b>	<b>12 695</b>	<b>299</b>	<b>955</b>	<b>199</b>	<b>297</b>	<b>231</b>	<b>100</b>	<b>167</b>	<b>160</b>
Manufacturing	9.5	7 525	-31	578	-82	230	48	115	-22	207
Electricity, gas and water	0.5	374	129	46	10	5	9	9	15	8
Construction	6.1	4 796	201	331	271	62	174	-24	174	-55
<b>Tertiary Sector</b>	<b>73.2</b>	<b>57 887</b>	<b>13 851</b>	<b>7 361</b>	<b>1 341</b>	<b>1 705</b>	<b>1 426</b>	<b>1 906</b>	<b>399</b>	<b>1 925</b>
Wholesale and retail trade, catering and accommodation	24.4	19 251	3 502	2 419	384	354	185	763	83	1 034
Transport, storage and communication	4.7	3 729	1 305	527	242	248	110	235	-231	165
Finance, insurance, real estate and business services	20.3	16 027	5 915	3 277	623	727	624	862	567	497
General government	9.9	7 860	1 547	-134	102	-109	344	-185	110	-294
Community, social and personal services	13.9	11 020	1 582	1 272	-10	485	163	231	-130	523
<b>Total George</b>	<b>100</b>	<b>79 045</b>	<b>10 033</b>	<b>9 405</b>	<b>1 963</b>	<b>2 439</b>	<b>1 304</b>	<b>3 584</b>	<b>209</b>	<b>1 869</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that the net change in employment increased substantially in 2017 compared to 2016, with 1 869 new employment opportunities created in 2017. The majority of new employment opportunities stem from the wholesale and retail trade, catering and accommodation sector (1 034 jobs) despite the sector contracting by 0.6 per cent.

It is estimated that the transport, storage and communication; community, social and personal services; and the manufacturing sectors regained most of the jobs lost in 2016. Some sectors did, however, shed jobs, including the general government sector (294 jobs), the agriculture, forestry and fishing sector (216 jobs) and the construction sector (55 jobs).

### 2.2.3 Skills level

Table 2.3 indicates the skills levels of formally employed workers in the George municipal area.

**Table 2.3 George skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	31.8	3.9	3.1	18 835	19 176
Semi-skilled	40.0	1.1	1.6	23 689	23 697
Low-skilled	28.2	-0.6	1.5	16 685	16 575
<b>Total George</b>	<b>100</b>	<b>1.3</b>	<b>2.0</b>	<b>59 209</b>	<b>59 448</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 59 209 workers in the George municipal area were formally employed. This is estimated to have increased slightly to 59 448 in 2017, mainly as a result of an increase in semi-skilled workers, which is in line with the large estimated increase of wholesale and retail trade, catering and accommodation sector workers in 2017.

In the last five years, the number of skilled workers has increased by an average rate of 3.1 per cent per annum. In 2016, 31.8 per cent of workers were skilled; together with the above average growth rate in this skills category, it is indicative of a higher demand for skilled workers in the area which is in line with the urbanisation of the George municipal area, tertiary sector job creation as well as economic growth.

## 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 (Mossel Bay Municipality, 2017). The MossGas plant and harbour are important infrastructure to the municipal area. The harbour serves the local fishing industry and the gas industry and to a smaller extent the tourism industry (Mossel Bay Municipality, 2017). 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, Hershams, KwanNonqaba, Little Brak River, Outeniqua Beach, Reebok, Ruitersbos, Southern Cross, Tergniet and Vleesbaai (Mossel Bay Municipality, 2017).



### 2.3.1 GDPR performance

The economy of the Mossel Bay municipal area is dominated by the wholesale and retail trade, catering and accommodation; finance, insurance, real estate and business services; and manufacturing sectors. Collectively these sectors make up 60 per cent (R4.2 billion) of the Mossel Bay municipal economy. Even though the agriculture, forestry and fishing sector contributed only 4.7 per cent to the economy of the Mossel Bay municipal area, 29.1 per cent of the manufacturing sector GDPR is contributed by the food, beverages and tobacco manufacturing subsector.

Table 2.4 indicates the Mossel Bay municipal area's GDPR performance per sector.

**Table 2.4 Mossel Bay GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>6.1</b>	<b>422.9</b>	<b>1.0</b>	<b>2.1</b>	<b>0.8</b>	<b>2.4</b>	<b>5.3</b>	<b>-1.7</b>	<b>-4.2</b>	<b>8.6</b>
Agriculture, forestry and fishing	4.7	329.6	1.2	1.8	0.7	2.3	5.0	-2.2	-5.3	8.9
Mining and quarrying	1.3	93.3	0.2	3.6	1.2	2.9	6.7	0.0	0.5	7.7
<b>Secondary Sector</b>	<b>22.5</b>	<b>1 564.4</b>	<b>0.0</b>	<b>-2.1</b>	<b>2.2</b>	<b>-0.6</b>	<b>-1.7</b>	<b>-3.2</b>	<b>-1.6</b>	<b>-3.2</b>
Manufacturing	15.0	1 041.3	0.2	-2.0	3.7	-0.9	-2.1	-3.4	-0.9	-2.9
Electricity, gas and water	2.1	149.3	-3.4	-3.5	-2.7	-3.5	-3.5	-4.2	-4.4	-1.9
Construction	5.4	373.8	0.6	-1.7	-1.0	1.5	0.0	-2.1	-3.2	-4.9
<b>Tertiary Sector</b>	<b>71.4</b>	<b>4 963.8</b>	<b>3.4</b>	<b>2.5</b>	<b>3.6</b>	<b>3.4</b>	<b>3.0</b>	<b>2.6</b>	<b>2.3</b>	<b>1.5</b>
Wholesale and retail trade, catering and accommodation	17.1	1 191.9	2.7	1.5	4.0	2.4	1.7	2.1	2.1	-0.6
Transport, storage and communication	10.1	699.2	3.0	2.3	2.7	3.0	3.6	1.3	1.3	2.3
Finance, insurance, real estate and business services	27.9	1 937.5	4.3	3.6	4.1	4.2	3.7	4.1	3.3	2.8
General government	9.6	663.9	2.8	1.4	2.6	3.7	2.7	0.4	0.5	-0.4
Community, social and personal services	6.8	471.4	2.3	1.7	2.7	2.0	2.1	1.2	1.8	1.5
<b>Total Mossel Bay</b>	<b>100</b>	<b>6 951.1</b>	<b>2.4</b>	<b>1.5</b>	<b>3.1</b>	<b>2.4</b>	<b>2.1</b>	<b>1.1</b>	<b>1.1</b>	<b>0.9</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Mossel Bay municipal area had an estimated growth rate of 0.9 per cent in 2017. The poor performing tertiary sectors, which grew at below average rates, and the contracting of the secondary sectors was offset by strong growth in the agriculture, forestry and fishing sector, diminishing the negative impacts of poor performing sectors on the overall economic growth.

Even though the manufacturing sector makes a relatively large contribution to the economy of the Mossel Bay municipal area (15 per cent), it has contracted by an average annual rate of 2 per cent per annum over the research period, with an estimated contraction of 2.9 per cent in 2017. Other sectors that are estimated to have contracted in 2017 in the Mossel Bay municipal area include the wholesale and retail

trade, catering and accommodation sector (0.6 per cent); the general government sector (0.4 per cent); the electricity, gas and water sector (1.9 per cent) and the construction sector (4.9 per cent).

The tourism industry in the Mossel Bay municipal area is a major contributor to sectors such as the wholesale and retail trade, catering and accommodation; the community, social and personal services sector and the financial, insurance, real estate and business services sector (Mossel Bay Municipality, 2018).

### 2.3.2 Employment profile

Table 2.5 indicates the trend in employment growth in each economic sector in the Mossel Bay municipal area.

**Table 2.5 Mossel Bay employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>11.0</b>	<b>3 893</b>	<b>-1 500</b>	<b>422</b>	<b>288</b>	<b>282</b>	<b>-109</b>	<b>465</b>	<b>-131</b>	<b>-85</b>
Agriculture, forestry and fishing	10.7	3 785	-1 510	408	283	281	-112	458	-132	-87
Mining and quarrying	0.3	108	10	14	5	1	3	7	1	2
<b>Secondary Sector</b>	<b>15.3</b>	<b>5 404</b>	<b>-1 186</b>	<b>-124</b>	<b>-71</b>	<b>52</b>	<b>15</b>	<b>-79</b>	<b>-84</b>	<b>-28</b>
Manufacturing	9.0	3 186	-496	56	-131	90	-18	5	-88	67
Electricity, gas and water	0.3	105	19	2	2	-1	0	0	3	0
Construction	6.0	2 113	-709	-182	58	-37	33	-84	1	-95
<b>Tertiary Sector</b>	<b>73.7</b>	<b>26 056</b>	<b>5 654</b>	<b>3 019</b>	<b>446</b>	<b>712</b>	<b>619</b>	<b>799</b>	<b>-6</b>	<b>895</b>
Wholesale and retail trade, catering and accommodation	23.8	8 420	1 536	1 092	152	158	95	349	8	482
Transport, storage and communication	4.5	1 592	511	188	93	102	43	109	-142	76
Finance, insurance, real estate and business services	20.0	7 070	2 162	1 223	189	256	238	342	180	207
General government	10.3	3 656	746	-47	50	-41	167	-86	50	-137
Community, social and personal services	15.0	5 318	699	563	-38	237	76	85	-102	267
<b>Total Mossel Bay</b>	<b>100</b>	<b>35 353</b>	<b>2 968</b>	<b>3 317</b>	<b>663</b>	<b>1 046</b>	<b>525</b>	<b>1 185</b>	<b>-221</b>	<b>782</b>

Source: Quantec Research, 2018 (e denotes estimate)

The sectors that contribute the most to employment in the Mossel Bay municipal area are the wholesale and retail trade (23.8 per cent); finance, insurance, real estate and business services (20 per cent) and the community, social and personal services (15 per cent) sectors. Even though the manufacturing sector is one of the main contributing sectors to the GDP of the Mossel Bay municipal area, the sector only contributes 9 per cent to employment, indicating more capital-intensive manufacturing activities. The manufacturing sector did, however, manage to recover some of the jobs lost in 2016, despite the sector GDP contracting by 2.9 per cent.

It is estimated that net employment increased by 782 jobs in 2017, recovering the 221 jobs lost in 2016. The sectors that contributed the most to employment creation in the Mossel Bay municipal area include the wholesale and retail trade, catering and accommodation sector (482 jobs); the finance, insurance, real estate and business services sector (207 jobs) and the community, social and personal services sector (267 jobs).

Sectors that are estimated to have shed jobs in 2017 are the construction sector, the general government sector and the agriculture, forestry and fishing sector.

### 2.3.3 Skills level

Table 2.6 indicates the skills levels of formally employed workers in the Mossel Bay municipal area.

**Table 2.6 Mossel Bay skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	32.3	3.6	3.0	8 166	8 307
Semi-skilled	41.9	0.0	0.9	10 606	10 517
Low-skilled	25.8	-0.6	0.9	6 528	6 471
<b>Total Mossel Bay</b>	<b>100</b>	<b>0.8</b>	<b>1.6</b>	<b>25 300</b>	<b>25 295</b>

Source: Quantec Research, 2018 (e denotes estimate)

In the Mossel Bay municipal area, 25 300 workers were formally employed in 2016 and it is estimated that this was mostly sustained in 2017. Over the last five years, the growth in skilled workers has been above average (3 per cent).

## 2.4 Knysna

The Knysna municipal area is a popular tourist area and is well known for its estuary, the beaches, its 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 area (Knysna Municipality, 2013).

In 2017 the Knysna municipal area was severely affected by wildfires that resulted in the death of 7 people, the evacuation of over 10 000 people, and the destruction of property (Frost, et al., 2018).

### 2.4.1 GDP performance

The main sectors in the Knysna municipal economy in 2016 include the finance, insurance, real estate and business services sector (24.8 per cent) and the wholesale

and retail trade, catering and accommodation sector (18.6 per cent). The Knysna municipal economy is highly dependent on the local tourism industry. The activities in this sector are not listed in a particular sector, as the activities of tourists are captured in a multitude of sectors such as the wholesale and retail trade, catering and accommodation sector community and personal services sector and the transport, storage and communication sector.

Table 2.7 indicates the Knysna municipal area's GDPR performance per sector.

**Table 2.7 Knysna GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>4.5</b>	<b>203.2</b>	<b>1.3</b>	<b>-0.7</b>	<b>0.3</b>	<b>0.2</b>	<b>4.5</b>	<b>-1.5</b>	<b>-4.3</b>	<b>-2.6</b>
Agriculture, forestry and fishing	4.4	197.9	1.3	-0.8	0.3	0.2	4.5	-1.6	-4.4	-2.8
Mining and quarrying	0.1	5.2	2.4	5.6	3.4	5.2	9.0	1.7	2.3	9.7
<b>Secondary Sector</b>	<b>23.7</b>	<b>1 061.0</b>	<b>2.0</b>	<b>1.3</b>	<b>1.4</b>	<b>2.3</b>	<b>2.2</b>	<b>0.9</b>	<b>1.9</b>	<b>-0.9</b>
Manufacturing	12.1	541.1	1.4	1.3	2.0	0.6	0.9	2.1	2.9	-0.1
Electricity, gas and water	2.1	92.9	0.5	-0.9	-2.7	2.4	1.4	-1.7	-4.0	-2.5
Construction	9.5	426.9	3.4	1.7	1.3	4.7	4.3	-0.4	1.7	-1.7
<b>Tertiary Sector</b>	<b>71.8</b>	<b>3 211.0</b>	<b>2.0</b>	<b>1.2</b>	<b>2.2</b>	<b>2.0</b>	<b>1.6</b>	<b>1.1</b>	<b>1.0</b>	<b>0.2</b>
Wholesale and retail trade, catering and accommodation	18.6	833.9	1.5	0.3	2.7	1.4	0.2	0.7	0.9	-1.6
Transport, storage and communication	8.4	373.9	1.7	0.8	1.4	1.4	2.4	-0.4	-0.3	1.1
Finance, insurance, real estate and business services	24.8	1 108.5	1.8	1.2	1.6	1.6	1.3	1.4	0.9	0.6
General government	11.7	524.9	3.8	2.3	3.4	4.6	3.9	1.4	1.4	0.4
Community, social and personal services	8.3	369.9	2.2	1.9	2.4	2.3	2.2	1.6	2.0	1.4
<b>Total Knysna</b>	<b>100</b>	<b>4 475.2</b>	<b>2.0</b>	<b>1.1</b>	<b>1.9</b>	<b>2.0</b>	<b>1.9</b>	<b>0.9</b>	<b>0.8</b>	<b>-0.2</b>

Source: Quantec Research, 2018 (e denotes estimate)

The GDPR is estimated to have contracted by 0.2 per cent in 2017 as a result of the following sectors contracting:

- Agriculture, forestry and fishing (2.8 per cent)
- Manufacturing (0.1 per cent)
- Electricity, gas and water (2.5 per cent)
- Construction (1.7 per cent)
- Wholesale and retail trade, catering and accommodation (1.6 per cent)

The Knysna fires that erupted in June 2017 had a severe impact on the area, resulting in a loss of property and agricultural land. The fire directly impacted 134 businesses with 935 employees; 47 business premises were destroyed; 43 business premises were

damaged, and 43 businesses were indirectly impacted. Furthermore, the number of tourists also declined (Knysna Municipality, 2018). These factors collectively contributed to the contraction of the Knysna economy.

## 2.4.2 Employment profile

Table 2.8 indicates the trend in employment growth in each economic sector in the Knysna area.

**Table 2.8 Knysna employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>9.4</b>	<b>2 405</b>	<b>-939</b>	<b>287</b>	<b>211</b>	<b>147</b>	<b>12</b>	<b>247</b>	<b>-65</b>	<b>-54</b>
Agriculture, forestry and fishing	9.4	2 398	-940	285	211	146	12	247	-65	-55
Mining and quarrying	0.0	7	1	2	0	1	0	0	0	1
<b>Secondary Sector</b>	<b>17.8</b>	<b>4 543</b>	<b>-196</b>	<b>296</b>	<b>100</b>	<b>35</b>	<b>155</b>	<b>19</b>	<b>89</b>	<b>-2</b>
Manufacturing	7.4	1 874	-318	15	-34	-6	21	18	-25	7
Electricity, gas and water	0.3	77	15	8	0	-2	3	4	2	1
Construction	10.2	2 592	107	273	134	43	131	-3	112	-10
<b>Tertiary Sector</b>	<b>72.7</b>	<b>18 527</b>	<b>3 469</b>	<b>1 961</b>	<b>278</b>	<b>367</b>	<b>426</b>	<b>595</b>	<b>19</b>	<b>554</b>
Wholesale and retail trade, catering and accommodation	26.3	6 703	748	708	68	78	68	269	-3	296
Transport, storage and communication	3.5	888	189	45	46	42	21	45	-92	29
Finance, insurance, real estate and business services	14.3	3 645	788	427	36	72	96	142	21	96
General government	10.9	2 769	699	75	50	-6	152	-41	51	-81
Community, social and personal services	17.8	4 522	1 045	706	78	181	89	180	42	214
<b>Total Knysna</b>	<b>100</b>	<b>25 475</b>	<b>2 334</b>	<b>2 544</b>	<b>589</b>	<b>549</b>	<b>593</b>	<b>861</b>	<b>43</b>	<b>498</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 25 475 people were employed in the Knysna municipal area, the majority of which were in the wholesale and retail trade, catering and accommodation (26.3 per cent); the community, social and personal services (17.8 per cent); and the finance, insurance, real estate and business services (14.3 per cent) sectors.

Even with the economy contracting by an estimated 0.2 per cent in 2017, the Knysna municipal area economy had a net growth in employment in 498 jobs, mainly due to employment increases in the community, social and personal services sector (214 jobs) and the wholesale and retail trade, catering and accommodation sector (296 jobs). These two sectors have contributed the most to employment creation over the last five years.

It is however estimated that some sectors shed jobs in 2017, including the general government sector (81 jobs), the agriculture, forestry and fishing sector (55 jobs) and the construction sector (10 jobs).

### 2.4.3 Skills level

Table 2.9 indicates the skills levels of formally employed workers in the Knysna municipal area.

**Table 2.9 Knysna skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	22.4	2.0	2.1	4 295	4 312
Semi-skilled	44.4	0.6	1.6	8 534	8 507
Low-skilled	33.2	0.6	1.8	6 375	6 403
<b>Total Knysna</b>	<b>100</b>	<b>0.9</b>	<b>1.8</b>	<b>19 204</b>	<b>19 222</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 19 204 workers were formally employed in the Knysna municipal area and it is estimated that this increased to 19 222 workers in 2017. This increase in formal employment is mainly as a result of increases in skilled, and low-skilled workers. The majority of formally employed workers in the Knysna municipal area are semi-skilled workers. Employment growth for semi-skilled workers is below average over the last five years.

## 2.5 Oudtshoorn

The Oudtshoorn municipal area is in the heart of the Little Karoo and internationally renowned for its ostrich industry. The majority 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 being classified as rural settlements (Oudtshoorn Municipality, 2017).

The Oudtshoorn municipal area had the third largest economy in the Garden Route District in 2016, contributing 12.8 per cent (R5.1 billion) to the District's GDP and 13.1 per cent to employment (29 193 jobs).

### 2.5.1 GDP performance

The largest economic sectors in the Oudtshoorn municipal area in 2016 were the finance, insurance, real estate and business services sector; the wholesale and retail trade, catering and accommodation sector; the manufacturing sector; and the general government sector. Collectively these sectors contributed 68.7 per cent (R3.5 billion) to the local economy.

Table 2.10 indicates the Oudtshoorn municipal area's GDPR performance per sector.

**Table 2.10 Oudtshoorn GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>6.3</b>	<b>324.2</b>	<b>2.0</b>	<b>0.6</b>	<b>1.5</b>	<b>2.4</b>	<b>8.0</b>	<b>-3.4</b>	<b>-9.8</b>	<b>5.4</b>
Agriculture, forestry and fishing	6.2	320.2	2.0	0.5	1.5	2.4	8.0	-3.4	-9.9	5.4
Mining and quarrying	0.1	3.9	0.1	3.7	1.3	3.2	7.6	-0.6	0.8	7.2
<b>Secondary Sector</b>	<b>28.8</b>	<b>1 479.8</b>	<b>3.1</b>	<b>2.2</b>	<b>2.7</b>	<b>3.9</b>	<b>2.4</b>	<b>1.3</b>	<b>1.8</b>	<b>1.6</b>
Manufacturing	18.3	942.1	3.1	2.3	2.8	4.2	2.2	1.5	1.9	2.0
Electricity, gas and water	5.4	280.3	1.6	0.7	2.4	1.1	0.8	-0.2	-0.4	2.3
Construction	5.0	257.4	4.7	3.1	2.0	5.8	5.2	2.2	3.0	-0.5
<b>Tertiary Sector</b>	<b>64.9</b>	<b>3 340.1</b>	<b>2.9</b>	<b>2.0</b>	<b>3.2</b>	<b>3.2</b>	<b>2.4</b>	<b>1.8</b>	<b>1.7</b>	<b>0.8</b>
Wholesale and retail trade, catering and accommodation	16.8	863.0	2.2	1.2	3.6	2.1	1.3	1.7	1.7	-1.0
Transport, storage and communication	7.6	389.6	2.8	2.1	2.6	2.8	3.6	0.9	1.2	1.9
Finance, insurance, real estate and business services	19.1	982.8	5.3	4.3	5.1	5.0	4.5	4.8	4.0	3.4
General government	14.5	748.3	1.4	-0.1	1.1	2.1	1.1	-1.1	-0.9	-1.8
Community, social and personal services	6.9	356.4	1.4	0.9	2.0	3.4	0.6	0.1	0.3	0.4
<b>Total Oudtshoorn</b>	<b>100</b>	<b>5 144.1</b>	<b>2.9</b>	<b>1.9</b>	<b>2.9</b>	<b>3.3</b>	<b>2.8</b>	<b>1.3</b>	<b>0.9</b>	<b>1.3</b>

Source: Quantec Research, 2018 (e denotes estimate)

The estimated GDPR growth of 2017 improved to 1.3 per cent following the subdued 2016 growth rate of 0.9 per cent. The economic growth is still, however, lower than the five-year average. The increased growth is mostly related to strong growth estimated for the agriculture, forestry and fishing sector (5.4 per cent), the manufacturing sector (2 per cent) and the finance, insurance, real estate and business services sector (3.4 per cent).

Even though the wholesale and retail trade, catering and accommodation sector is one of the main economic sectors; it is estimated to have contracted by 1 per cent in 2017. Other sectors that have contracted include the construction sector (0.5 per cent) and the general government sector (1.8 per cent). The general government sector has contracted for three consecutive periods in the Oudtshoorn municipal area.

## 2.5.2 Employment profile

In 2016, the Oudtshoorn municipal area had 29 193 employed workers. The wholesale and retail trade, catering and employment sector contributed the most to employment (21.5 per cent). Other sectors that made near equal contributions to employment include the:

- Community, social and personal services sector (15.4 per cent)

- Agriculture, forestry and fishing sector (14.9 per cent)
- General government sector (14.5 per cent)

Table 2.11 indicates the trend in employment growth in each economic sector in the Oudtshoorn municipal area.

**Table 2.11 Oudtshoorn employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>14.9</b>	<b>4 360</b>	<b>-2 047</b>	<b>639</b>	<b>174</b>	<b>223</b>	<b>-243</b>	<b>950</b>	<b>-182</b>	<b>-109</b>
Agriculture, forestry and fishing	14.9	4 352	-2 045	639	174	223	-243	950	-182	-109
Mining and quarrying	0.0	8	-2	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>17.3</b>	<b>5 060</b>	<b>579</b>	<b>822</b>	<b>63</b>	<b>208</b>	<b>175</b>	<b>144</b>	<b>126</b>	<b>169</b>
Manufacturing	11.7	3 403	313	569	-25	168	94	120	29	158
Electricity, gas and water	0.7	195	90	42	10	6	7	7	13	9
Construction	5.0	1 462	176	211	78	34	74	17	84	2
<b>Tertiary Sector</b>	<b>67.7</b>	<b>19 773</b>	<b>3 025</b>	<b>1 471</b>	<b>230</b>	<b>344</b>	<b>374</b>	<b>379</b>	<b>-24</b>	<b>398</b>
Wholesale and retail trade, catering and accommodation	21.5	6 264	944	726	106	99	61	238	30	298
Transport, storage and communication	3.1	918	287	103	60	56	20	58	-70	39
Finance, insurance, real estate and business services	13.2	3 863	1 251	685	114	141	134	178	112	120
General government	14.5	4 220	205	-409	-19	-135	122	-169	-10	-217
Community, social and personal services	15.4	4 508	338	366	-31	183	37	74	-86	158
<b>Total Oudtshoorn</b>	<b>100</b>	<b>29 193</b>	<b>1 557</b>	<b>2 932</b>	<b>467</b>	<b>775</b>	<b>306</b>	<b>1 473</b>	<b>-80</b>	<b>458</b>

Source: Quantec Research, 2018 (e denotes estimate)

Following the 80 job losses in 2016, it is estimated that 458 more employment opportunities were created in 2017. The majority of these were in the wholesale and retail trade, catering and accommodation sector, the community, social and personal services sector and the manufacturing sector.

The contraction of the general government sector resulted in job losses for three consecutive years. The has shed a total of 409 jobs over the last five years. It is also estimated that the agriculture, forestry and fishing sector has shed jobs (109 jobs in 2017) for the second consecutive year.



### 2.5.3 Skills level

Table 2.12 indicates the skills levels of formally employed workers in the Oudtshoorn municipal area.

**Table 2.12 Oudtshoorn skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	26.7	2.7	2.4	6 018	6 066
Semi-skilled	39.1	0.4	1.2	8 834	8 784
Low-skilled	34.2	-0.8	1.6	7 720	7 660
<b>Total Oudtshoorn</b>	<b>100</b>	<b>0.5</b>	<b>1.6</b>	<b>22 572</b>	<b>22 510</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 22 572 workers in the Oudtshoorn municipal area were formally employed. This is estimated to have declined slightly in 2017 to 22 510, mainly due to job losses for semi-skilled and low-skilled workers. On average, the number of skilled workers has increased at an annual rate of 2.4 per cent, indicating a higher need in the local economy for skilled workers.

## 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 Garden Route District, the N2 is a valuable transport route traversing the municipal area (Bitou Municipality, 2013).

The economy of the Bitou municipal area is the second smallest in the Garden Route District. In 2016, the Bitou municipal area had a GDP of R3 billion (7.4 per cent of the District's GDP) and provided employment for 18 757 people.

### 2.6.1 GDP performance

The sectors that contributed the most to the economy of the Bitou municipal area in 2016 include the finance, insurance, real estate and business services sector; the wholesale, and retail trade, catering and accommodation sector; and the construction sector. Collectively these sectors made up 57 per cent of the municipal economy. Compared to other municipal areas in the region, the construction sector contributes more to the economy of the Bitou municipal area, mainly as a result of the popularity of coastal towns as a location for a second home, resulting in increased building activity.

Table 2.13 indicates the Bitou municipal area's GDP performance per sector.

**Table 2.13 Bitou GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>5.7</b>	<b>170.6</b>	<b>2.42</b>	<b>1.6</b>	<b>1.7</b>	<b>2.5</b>	<b>6.3</b>	<b>-1.1</b>	<b>-4.7</b>	<b>5.3</b>
Agriculture, forestry and fishing	5.5	164.1	2.4	1.7	1.8	2.7	6.3	-1.1	-4.8	5.3
Mining and quarrying	0.2	6.6	-1.	1.0	0.1	-3.6	5.3	-1.6	-1.2	6.2
<b>Secondary Sector</b>	<b>23.7</b>	<b>709.3</b>	<b>3.5</b>	<b>2.2</b>	<b>3.9</b>	<b>4.1</b>	<b>2.3</b>	<b>1.6</b>	<b>2.9</b>	<b>0.3</b>
Manufacturing	9.7	290.7	2.4	1.9	2.6	2.3	0.7	1.4	4.4	0.5
Electricity, gas and water	1.0	31.0	1.5	3.6	-0.3	18.7	-0.6	-0.9	-0.9	2.0
Construction	13.0	387.6	5.0	2.5	5.5	4.8	4.0	1.9	1.8	0.0
<b>Tertiary Sector</b>	<b>70.6</b>	<b>2 109.6</b>	<b>2.6</b>	<b>1.7</b>	<b>2.7</b>	<b>2.6</b>	<b>2.2</b>	<b>1.6</b>	<b>1.3</b>	<b>0.7</b>
Wholesale and retail trade, catering and accommodation	18.7	559.1	2.6	1.4	4.0	2.7	1.3	1.8	1.9	-0.6
Transport, storage and communication	7.6	226.5	1.3	0.1	1.0	0.2	1.2	-1.2	-0.7	1.0
Finance, insurance, real estate and business services	25.3	757.3	2.1	1.3	1.8	2.1	1.6	1.6	0.7	0.6
General government	11.0	328.7	5.5	3.9	4.6	6.2	5.8	3.1	2.8	1.6
Community, social and personal services	8.0	238.0	2.7	2.2	3.1	2.3	2.9	1.7	2.4	1.9
<b>Total Bitou</b>	<b>100</b>	<b>2 989.6</b>	<b>2.8</b>	<b>1.8</b>	<b>2.9</b>	<b>2.9</b>	<b>2.5</b>	<b>1.4</b>	<b>1.3</b>	<b>0.9</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that the economic growth of the Bitou municipal area continued to decline in 2017, with an estimated growth of 0.9 per cent, which is the lowest in five years. The decline in growth can be attributed to a general decline in growth from the main economic sectors between 2016 and 2017:

- The finance, insurance, real estate and business services sector GDP growth is estimated to have declined from 0.7 per cent to 0.6 per cent;
- The wholesale and retail trade, catering and accommodation sector GDP growth is estimated to have contracted by 0.6 per cent in 2017 following increasing growth rates in 2015 and 2016; and
- The construction sector stagnated in 2017.

## 2.6.2 Employment profile

Table 2.14 indicates the trend in employment growth in each economic sector in the Bitou municipal area.

**Table 2.14 Bitou employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>9.3</b>	<b>1 739</b>	<b>-577</b>	<b>248</b>	<b>131</b>	<b>117</b>	<b>-32</b>	<b>245</b>	<b>-47</b>	<b>-35</b>
Agriculture, forestry and fishing	9.2	1 732	-574	250	130	118	-32	244	-45	-35
Mining and quarrying	0.0	7	-3	-2	1	-1	0	1	-2	0
<b>Secondary Sector</b>	<b>17.9</b>	<b>3 362</b>	<b>231</b>	<b>357</b>	<b>112</b>	<b>77</b>	<b>135</b>	<b>24</b>	<b>87</b>	<b>34</b>
Manufacturing	5.4	1 019	-101	73	-24	32	18	18	-23	28
Electricity, gas and water	0.1	21	8	3	0	0	0	2	1	0
Construction	12.4	2 322	324	281	136	45	117	4	109	6
<b>Tertiary Sector</b>	<b>72.8</b>	<b>13 656</b>	<b>3 507</b>	<b>1 956</b>	<b>264</b>	<b>378</b>	<b>445</b>	<b>569</b>	<b>-5</b>	<b>569</b>
Wholesale and retail trade, catering and accommodation	24.0	4 506	1 044	769	100	106	94	240	60	269
Transport, storage and communication	3.3	623	134	37	35	35	45	48	-119	28
Finance, insurance, real estate and business services	16.8	3 145	761	398	8	68	104	123	-8	111
General government	9.1	1 698	645	188	55	28	127	2	54	-23
Community, social and personal services	19.6	3 684	923	564	66	141	75	156	8	184
<b>Total Bitou</b>	<b>100</b>	<b>18 757</b>	<b>3 161</b>	<b>2 561</b>	<b>507</b>	<b>572</b>	<b>548</b>	<b>838</b>	<b>35</b>	<b>568</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the Bitou municipal area provided employment opportunities for 18 757 workers. The net change in employment was very low in 2016 (35 jobs) however, despite a slowing economy, it is estimated this has increased to 568 jobs in 2017. The most employment opportunities that were created was in the wholesale and retail trade, catering and accommodation sector and the community, social and personal services sector.

The transport, storage and communication sector, the finance, insurance, real estate and business services sector, and the manufacturing sector managed to recover some of the jobs that were lost in 2016 while other sectors shed jobs in 2017, namely the general government sector (23 jobs) and the agriculture, forestry and fishing sector (35 jobs).

### 2.6.3 Skills level

Table 2.15 indicates the skills levels of formally employed workers in the Bitou municipal area.

**Table 2.15 Bitou skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	20.6	3.0	2.9	2 827	2 865
Semi-skilled	44.5	1.6	2.1	6 116	6 149
Low-skilled	34.9	1.5	2.5	4 804	4 875
<b>Total Bitou</b>	<b>100</b>	<b>1.8</b>	<b>2.4</b>	<b>13 747</b>	<b>13 889</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 13 747 workers in the Bitou municipal area were formally employed, which is estimated to have increased to 13 889 workers in 2017. Over the last five years, the average growth in skilled workers (2.9 per cent) and low-skilled workers (2.5 per cent) have been above average. This is in line with the job creation in the community, and personal services sector which provides employment for low-skilled workers, and the finance, insurance, real estate and business services sector which mostly provides employment for skilled workers.

## 2.7 Hessequa

The Hessequa 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 Gouritsmond (Hessequa Municipality, 2017). These areas are also popular tourist areas.

The Hessequa municipal area contributes 8.8 per cent to the economy of the Garden Route District with a GDPR of R3.6 billion in 2016. Employment in this local economy in 2016 was recorded at 24 278 workers (10.9 per cent of District employment).

## 2.7.1 GDPR performance

Table 2.16 outlines the Hessequa municipal area's GDPR performance per sector.

**Table 2.16 Hessequa GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>12.2</b>	<b>435.7</b>	<b>0.7</b>	<b>0.0</b>	<b>0.2</b>	<b>1.4</b>	<b>5.9</b>	<b>-3.8</b>	<b>-8.9</b>	<b>5.7</b>
Agriculture, forestry and fishing	11.9	424.5	0.8	0.0	0.2	1.4	5.9	-3.9	-9.1	5.7
Mining and quarrying	0.3	11.3	-1.3	1.6	-0.6	1.0	5.1	-2.2	-1.2	5.1
<b>Secondary Sector</b>	<b>22.6</b>	<b>802.1</b>	<b>2.3</b>	<b>1.3</b>	<b>2.0</b>	<b>3.3</b>	<b>1.6</b>	<b>0.4</b>	<b>0.9</b>	<b>0.2</b>
Manufacturing	13.9	492.8	3.6	2.6	3.8	4.4	2.2	1.5	2.6	2.1
Electricity, gas and water	2.3	81.5	-3.8	-4.5	-3.1	-3.8	-3.7	-5.1	-6.2	-3.7
Construction	6.4	227.9	1.6	-0.2	-0.2	2.9	1.8	-0.8	-1.5	-3.8
<b>Tertiary Sector</b>	<b>65.2</b>	<b>2 319.0</b>	<b>3.4</b>	<b>2.4</b>	<b>3.6</b>	<b>3.4</b>	<b>3.0</b>	<b>2.5</b>	<b>1.9</b>	<b>1.5</b>
Wholesale and retail trade, catering and accommodation	18.9	670.5	3.0	1.9	4.1	2.6	2.1	2.6	2.0	-0.1
Transport, storage and communication	10.6	377.0	3.7	3.0	3.5	4.1	4.7	1.7	1.3	3.0
Finance, insurance, real estate and business services	21.1	750.8	4.1	3.3	3.8	3.6	3.4	3.8	2.8	2.8
General government	8.6	304.1	2.5	1.1	2.2	3.3	2.4	0.1	0.2	-0.8
Community, social and personal services	6.1	216.6	2.5	2.0	2.9	3.6	1.8	1.3	1.4	1.7
<b>Total Hessequa</b>	<b>100</b>	<b>3 556.9</b>	<b>2.8</b>	<b>1.9</b>	<b>2.8</b>	<b>3.1</b>	<b>3.1</b>	<b>1.2</b>	<b>0.3</b>	<b>1.8</b>

Source: Quantec Research, 2018 (e denotes estimate)

The sectors that contributed the most to the Hessequa municipal area in 2016 include the finance, insurance, real estate and business services sector (21.1 per cent); the wholesale and retail trade, catering and accommodation sector (18.9 per cent); and the manufacturing sector (13.9 per cent).

It is estimated that in 2017, the economy of the Hessequa municipal area grew by 1.8 per cent, which marginally less than the five-year average of 1.9 per cent but still below the ten-year average of 2.8 per cent. The sectors that contributed the most to the higher estimated 2017 GDPR growth rate were the finance, insurance, real estate and business services sector; the agriculture, forestry and fishing sector; the transport, storage, and communication sector; and the manufacturing sector, all of which showed promising growth.

The overall growth prospects of the Hessequa municipal area were diminished as some sectors were estimated to have contracted in 2017; these include the wholesale and retail trade, catering and accommodation sector; the electricity, gas and water sector the construction sector and the general government sector.

## 2.7.2 Employment profile

Table 2.17 indicates the trend in employment growth in each economic sector in the Hessequa municipal area.

**Table 2.17 Hessequa employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>21.1</b>	<b>5 111</b>	<b>-2 699</b>	<b>575</b>	<b>245</b>	<b>268</b>	<b>-256</b>	<b>940</b>	<b>-228</b>	<b>-149</b>
Agriculture, forestry and fishing	21.0	5 090	-2 695	575	244	269	-256	939	-228	-149
Mining and quarrying	0.1	21	-4	0	1	-1	0	1	0	0
<b>Secondary Sector</b>	<b>15.3</b>	<b>3 724</b>	<b>-317</b>	<b>165</b>	<b>22</b>	<b>80</b>	<b>74</b>	<b>2</b>	<b>-32</b>	<b>41</b>
Manufacturing	8.6	2 090	168	261	-31	108	30	61	-37	99
Electricity, gas and water	0.3	62	4	-2	2	-3	0	1	0	0
Construction	6.5	1 572	-489	-94	51	-25	44	-60	5	-58
<b>Tertiary Sector</b>	<b>63.6</b>	<b>15 443</b>	<b>3 969</b>	<b>2 045</b>	<b>286</b>	<b>500</b>	<b>406</b>	<b>566</b>	<b>-158</b>	<b>731</b>
Wholesale and retail trade, catering and accommodation	24.6	5 971	1 329	828	106	133	79	265	-76	427
Transport, storage and communication	4.0	977	386	149	67	65	23	79	-77	59
Finance, insurance, real estate and business services	14.3	3 477	1 524	790	124	177	175	217	65	156
General government	7.6	1 844	334	-44	20	-25	81	-48	20	-72
Community, social and personal services	13.1	3 174	396	322	-31	150	48	53	-90	161
<b>Total Hessequa</b>	<b>100</b>	<b>24 278</b>	<b>903</b>	<b>2 785</b>	<b>553</b>	<b>848</b>	<b>224</b>	<b>1 508</b>	<b>-418</b>	<b>623</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 24 278 people were employed in the Hessequa municipal area, mostly in the wholesale and retail trade, catering and accommodation (24.6 per cent) and the agriculture, forestry and fishing (21 per cent) sectors. Other sectors that also provide a large amount of employment is the finance, insurance, real estate and business services (14.3 per cent) and the community, social and personal services (13.1 per cent) sectors.

In 2016, the economy of the Hessequa municipal area shed 418 jobs, however, it is estimated that 623 new employment opportunities were created in 2017, recovering the jobs in the sectors that shed jobs in 2016. Only the agriculture, forestry and fishing sector shed jobs for the second consecutive year, with 149 jobs estimated to be lost in 2017. Since this sector is crucial for a large proportion of the labour force in the area, the continued job losses can have a significant impact on the overall strength of the local economy in the future.

### 2.7.3 Skills level

Table 2.18 indicates the skills levels of formally employed workers in the Hessequa municipal area.

**Table 2.18 Hessequa skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	21.3	3.6	3.0	3 298	3 350
Semi-skilled	41.4	0.7	1.9	6 411	6 399
Low-skilled	37.2	-2.0	1.2	5 763	5 655
<b>Total Hessequa</b>	<b>100</b>	<b>0.1</b>	<b>1.9</b>	<b>15 472</b>	<b>15 404</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 15 472 people were formally employed in the Hessequa municipal area, the majority of which are semi-skilled (41.4 per cent) and low-skilled (37.2 per cent) workers. The number of formally employed workers is estimated to have declined slightly to 15 404 in 2017, mainly as a result of a decline in semi-skilled and low-skilled workers. This is in line with the job losses in the agriculture, forestry and fishing sector, which mostly provide employment opportunities for low-skilled workers.

The number of skilled workers has grown at an above average rate annually (3 per cent) over the last five years indicating an increasing need for skilled workers in the Hessequa municipal area.

## 2.8 Kannaland

Like the Oudtshoorn municipal area, the Kannaland Municipality is also in the Little Karoo and stretches from the Swartberg mountains in the north to the Langeberg mountains in the south and 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 (which is known as the port wine capital), Zoar, Van Wyksdorp and Hoeko (Kannaland Local Municipality, 2017).

The Kannaland municipal area has the smallest economy in the Garden Route District, with a GDP of R1.2 billion (2.9 per cent of District GDP) in 2016 and provides employment for 9 909 people.

### 2.8.1 GDP performance

The main economic sectors in the Kannaland municipal area include the agriculture, forestry and fishing sector (17.7 per cent GDP contribution); the finance, insurance, real estate and business services sector (17.3 per cent GDP contribution); the wholesale and retail trade, catering and accommodation sector (15.9 per cent GDP contribution) and the manufacturing sector (13.3 per cent GDP contribution). The food, beverage and manufacturing subsector contributed 63 per cent to the

manufacturing sector GDPR in 2016, highlighting the importance of the agriculture industry value chain in this local economy.

Table 2.19 indicates the Kannaland municipal area's GDPR performance per sector.

**Table 2.19 Kannaland GDPR performance per sector, 2012 - 2017**

Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>17.7</b>	<b>205.8</b>	<b>1.2</b>	<b>-0.2</b>	<b>0.7</b>	<b>1.7</b>	<b>7.4</b>	<b>-4.5</b>	<b>-10.9</b>	<b>5.5</b>
Agriculture, forestry and fishing	17.7	205.8	1.2	-0.2	0.7	1.7	7.4	-4.5	-10.9	5.5
Mining and quarrying	0.0	-	-	-	-	-	-	-	-	-
<b>Secondary Sector</b>	<b>23.6</b>	<b>274.8</b>	<b>0.1</b>	<b>-0.5</b>	<b>-0.7</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.6</b>	<b>-1.9</b>	<b>-1.1</b>
Manufacturing	13.3	154.6	-1.5	-2.2	-2.4	-1.9	-2.4	-0.2	-4.0	-2.5
Electricity, gas and water	4.8	55.6	0.7	0.1	1.3	0.2	0.4	-0.6	-1.2	1.6
Construction	5.5	64.6	6.4	4.6	4.4	7.6	6.7	4.1	3.7	0.9
<b>Tertiary Sector</b>	<b>58.8</b>	<b>685.4</b>	<b>4.5</b>	<b>3.7</b>	<b>4.4</b>	<b>4.4</b>	<b>3.7</b>	<b>3.3</b>	<b>4.6</b>	<b>2.4</b>
Wholesale and retail trade, catering and accommodation	15.9	184.8	3.3	2.1	4.3	2.9	2.3	2.9	2.2	0.4
Transport, storage and communication	9.3	108.6	5.5	4.4	5.1	5.7	6.1	3.6	2.3	4.3
Finance, insurance, real estate and business services	17.3	202.0	8.4	7.4	7.1	7.0	6.2	6.7	11.7	5.4
General government	9.5	110.8	1.0	-0.6	0.7	1.7	0.7	-1.5	-1.4	-2.3
Community, social and personal services	6.8	79.2	2.4	1.9	2.7	3.8	1.6	1.3	1.2	1.6
<b>Total Kannaland</b>	<b>100</b>	<b>1 166.0</b>	<b>2.8</b>	<b>2.0</b>	<b>2.5</b>	<b>2.9</b>	<b>3.6</b>	<b>1.1</b>	<b>0.2</b>	<b>2.3</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Kannaland municipal area grew at an estimated rate of 2.3 per cent in 2016 which is higher than the average five-year growth rate. Taking into consideration the small base of this economy, the strong growth rates in the agriculture, forestry and fishing sector (5.5 per cent), the transport, storage and communication sector (4.3 per cent) and the finance, insurance, real estate and business services sector (5.4 per cent) boosted the local economy. The manufacturing sector and the general government sector have however continued to contract in 2017.

Following the contraction of 4.5 per cent in 2015 and 10.9 per cent in 2016, the agriculture, forestry and fishing sector is estimated to have grown by 5.5 per cent in 2017. This highlights that the sector is relatively volatile and is likely to be negatively affected in future as a result of the provincial drought.

## 2.8.2 Employment profile

In 2016, the Kannaland municipal area economy employed 9 909 people. The sectors that employed the most people in the Kannaland municipal area in 2016 were the



agriculture, forestry and fishing sector (34.4 per cent) and the wholesale and retail trade, catering and accommodation sector (18.6 per cent).

Table 2.20 indicates the trend in employment growth in each economic sector in the Kannaland municipal area.

**Table 2.20 Kannaland employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>34.4</b>	<b>3 410</b>	<b>-1 974</b>	<b>396</b>	<b>112</b>	<b>159</b>	<b>-222</b>	<b>741</b>	<b>-179</b>	<b>-103</b>
Agriculture, forestry and fishing	34.4	3 410	-1 974	396	112	159	-222	741	-179	-103
Mining and quarrying	0.00	0	0	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>11.3</b>	<b>1 117</b>	<b>21</b>	<b>97</b>	<b>3</b>	<b>39</b>	<b>31</b>	<b>12</b>	<b>0</b>	<b>15</b>
Manufacturing	6.2	618	-88	6	-29	23	-3	4	-26	8
Electricity, gas and water	0.4	41	14	6	-1	2	1	2	1	0
Construction	4.6	458	95	85	33	14	33	6	25	7
<b>Tertiary Sector</b>	<b>54.3</b>	<b>5 382</b>	<b>1 504</b>	<b>151</b>	<b>99</b>	<b>190</b>	<b>161</b>	<b>206</b>	<b>-71</b>	<b>269</b>
Wholesale and retail trade, catering and accommodation	18.6	1 839	467	59	39	49	33	90	-22	143
Transport, storage and communication	3.4	335	160	14	23	26	8	33	-22	27
Finance, insurance, real estate and business services	11.4	1 130	547	54	42	62	65	77	13	52
General government	7.3	720	86	-9	4	-18	26	-23	4	-33
Community, social and personal services	13.7	1 358	244	33	-9	71	29	29	-44	80
<b>Total Kannaland</b>	<b>100</b>	<b>9 909</b>	<b>-449</b>	<b>250</b>	<b>214</b>	<b>388</b>	<b>-30</b>	<b>959</b>	<b>-250</b>	<b>181</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the Kannaland municipal area economy shed 250 jobs, some of which were recovered in 2017 with a positive estimated net change in employment of 181 jobs. The sector that is estimated to have created the most jobs in 2017 was the wholesale and retail trade, catering and accommodation sector (143 jobs).

Despite the above average GDP growth, the agriculture, forestry and fishing sector is estimated to have shed 103 jobs, following the 179 jobs that were lost in 2016. Another sector that shed jobs was the government services sector (33 jobs).

### 2.8.3 Skills level

Table 2.21 indicates the skills levels of formally employed workers in the Kannaland municipal area.

**Table 2.21 Kannaland skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	16.7	2.8	2.7	1 033	1 038
Semi-skilled	34.1	0.7	2.2	2 103	2 096
Low-skilled	49.2	-2.9	1.6	3 032	2 948
<b>Total Kannaland</b>	<b>100</b>	<b>-1.0</b>	<b>2.0</b>	<b>6 168</b>	<b>6 082</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016 the Kannaland local economy had 6 168 formally employed workers, most of which are low-skilled (49.2 per cent). This is estimated to have declined to 6 082 jobs in 2017. This decline is mainly a result of a decline in low-skilled workers, which is in line with the job losses in the agriculture, forestry and fishing sector. Over a ten-year period, the number of low-skilled workers in this municipal area has declined by 2.9 per cent per annum indicating a higher demand for semi-skilled and skilled workers, emphasising the need for skills development.

## 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 passed<sup>5</sup> can be used as a leading indicator while building plans completed<sup>6</sup> can be used as a lagging indicator. Building plans passed and completed has further implications for municipal spatial planning and budgeting.

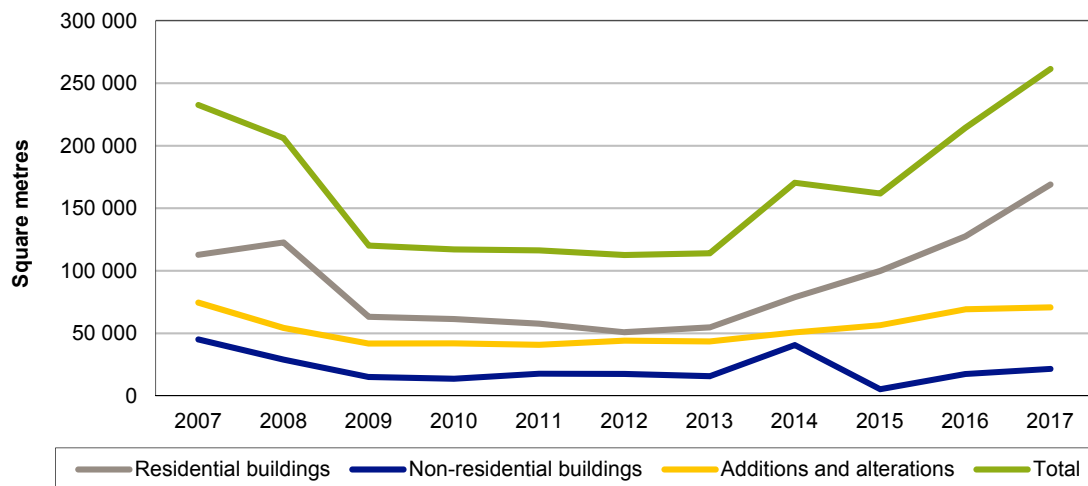
Statistics SA's information on building plans passed and completed is only available for the George, Mossel Bay, Oudtshoorn, Knysna and Bitou municipal areas.

### 2.9.1 George

Figure 2.1 indicates the total square metres of building plans passed between 2007 and 2017 in the George municipal area.

<sup>5</sup> Number of residential building plans passed larger than 80 m<sup>2</sup>.

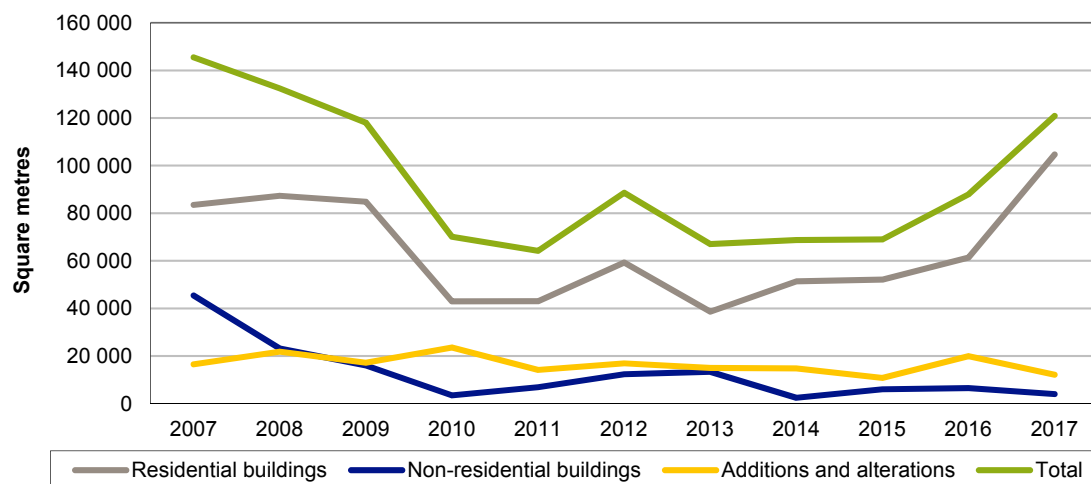
<sup>6</sup> Value of non-residential buildings completed (constant prices).

**Figure 2.1 George building plans passed, 2007 - 2017**

Source: Statistics SA & Quantec Research, 2018

In 2017, 169 077 m<sup>2</sup> of building plans were passed for residential buildings. The building plans passed for residential buildings have steadily increased since 2015. Applications for non-residential buildings have generally been low, however, this has also started to increase since 2015 highlighting the growth of George as an urban regional node.

Figure 2.2 indicates the size of building plans completed in the George municipal area between 2007 and 2017.

**Figure 2.2 George building plans completed, 2007 - 2017**

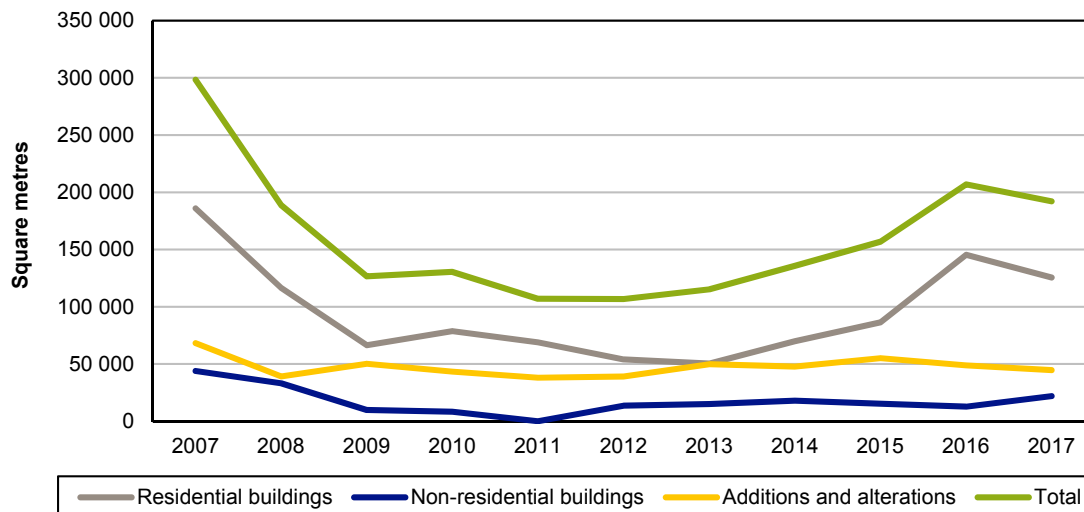
Source: Statistics SA & Quantec Research, 2018

Residential buildings are the largest proportion of completed building plans in the George municipal area, representing 72.7 per cent of completing building plans in 2017. Completed residential buildings have increased year-on-year since 2013, reaching a peak in 2017. There was, however, a slight decline in non-residential buildings constructed in 2017 as well as a decline in additions and alterations.

## 2.9.2 Mossel Bay

Figure 2.3 indicates the total square metres of building plans passed between 2007 and 2017 in the Mossel Bay municipal area.

**Figure 2.3 Mossel Bay building plans passed, 2007 - 2017**

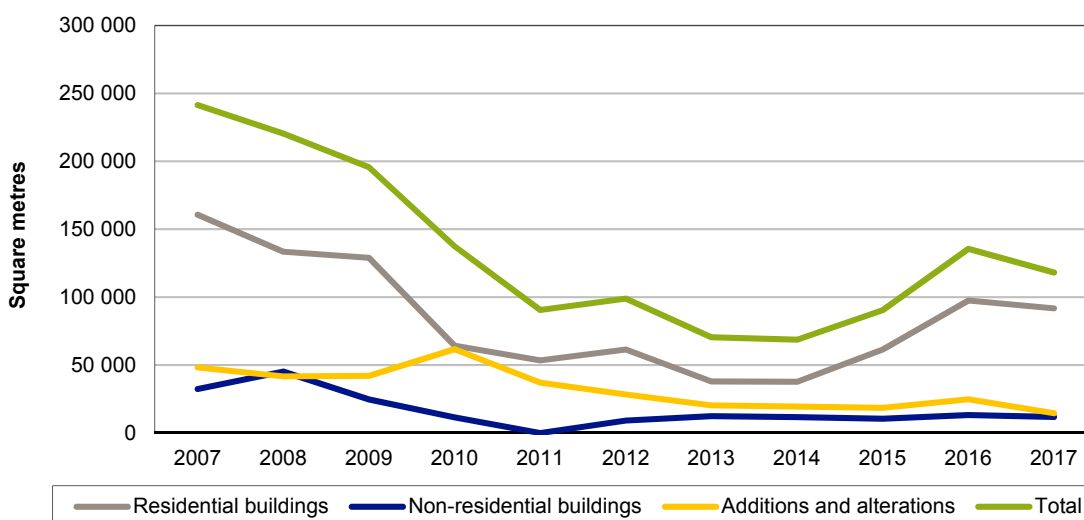


Source: Statistics SA & Quantec Research, 2018

In 2017, 192 199 m<sup>2</sup> of building plans were passed in the Mossel Bay municipal area, which is a slight decline from building plans passed in 2016. The majority of building plans passed were for residential buildings. There was a slight increase in building plans passed for non-residential buildings, indicating that there is some optimism from the private sector and that investment is likely to occur in future.

Figure 2.4 indicates the size of building plans completed in the Mossel Bay municipal area between 2007 and 2017.

**Figure 2.4 Mossel Bay building plans completed, 2007 - 2017**



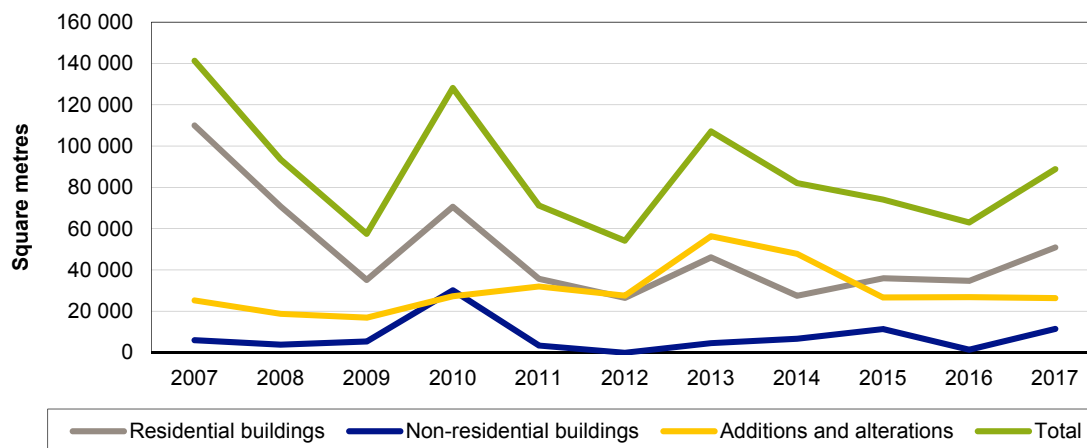
Source: Statistics SA & Quantec Research, 2018

In 2017, 118 168 m<sup>2</sup> of buildings were completed in 2017, the majority of which being residential buildings. There was, however, a slight decline in buildings completed compared to 2016 across all building types.

### 2.9.3 Knysna

Figure 2.5 indicates the total square metres of building plans passed between 2007 and 2017 in the Knysna area.

**Figure 2.5 Knysna building plans passed, 2007 - 2017**

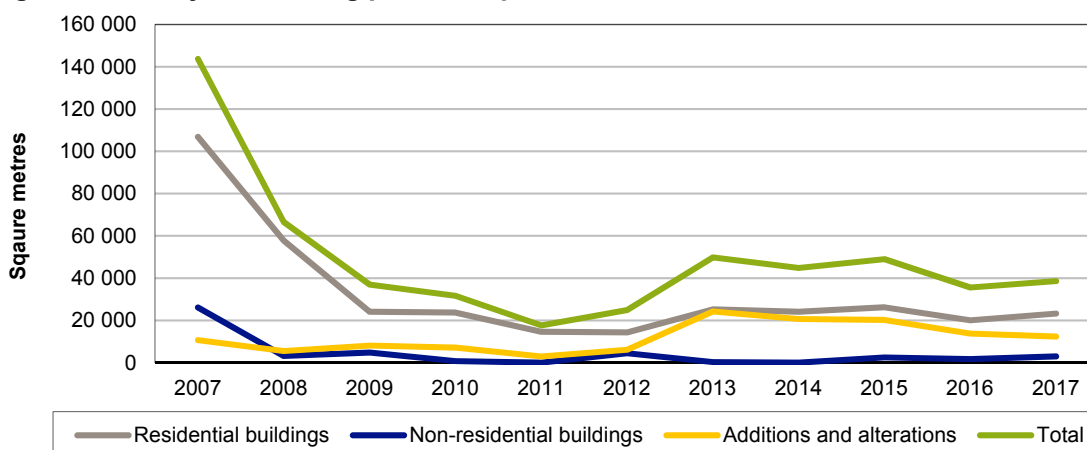


Source: Statistics SA & Quantec Research, 2018

Building plans passed in the Knysna municipal area has increased in 2017 for residential and non-residential buildings. Many homes and businesses in the Knysna municipal area were lost in the fire and had to be rebuilt.

Figure 2.6 indicates the total size of buildings completed in the Knysna municipal area between 2007 and 2017.

**Figure 2.6 Knysna building plans completed, 2007 - 2017**



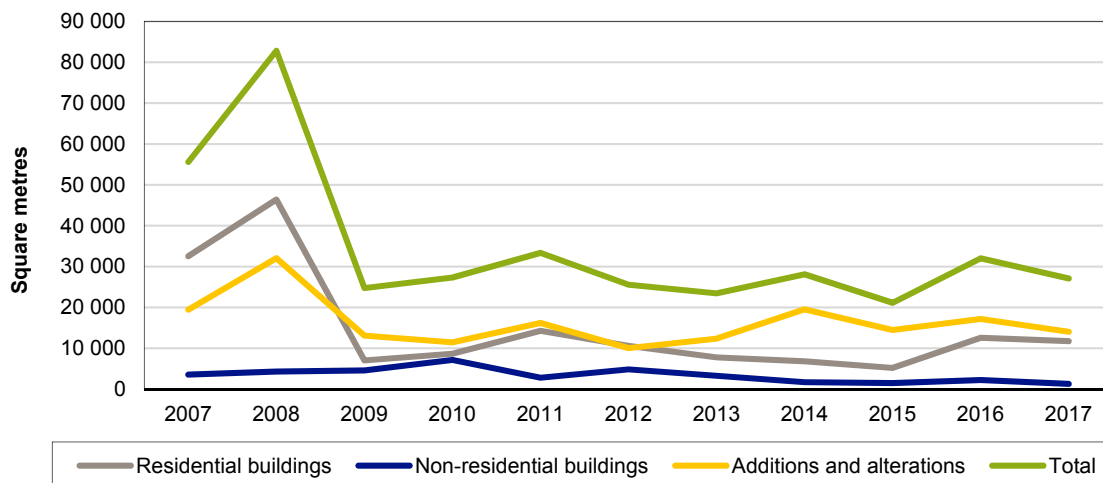
Source: Statistics SA & Quantec Research, 2018

There was a slight increase in buildings completed in Knysna in 2017. It is expected that this will increase further in 2018 as the reconstruction of lost property is finalised.

### 2.9.4 Oudtshoorn

Figure 2.7 indicates the total square metres of building plans passed between 2007 and 2017 in the Oudtshoorn municipal area.

**Figure 2.7 Oudtshoorn building plans passed, 2007 - 2017**

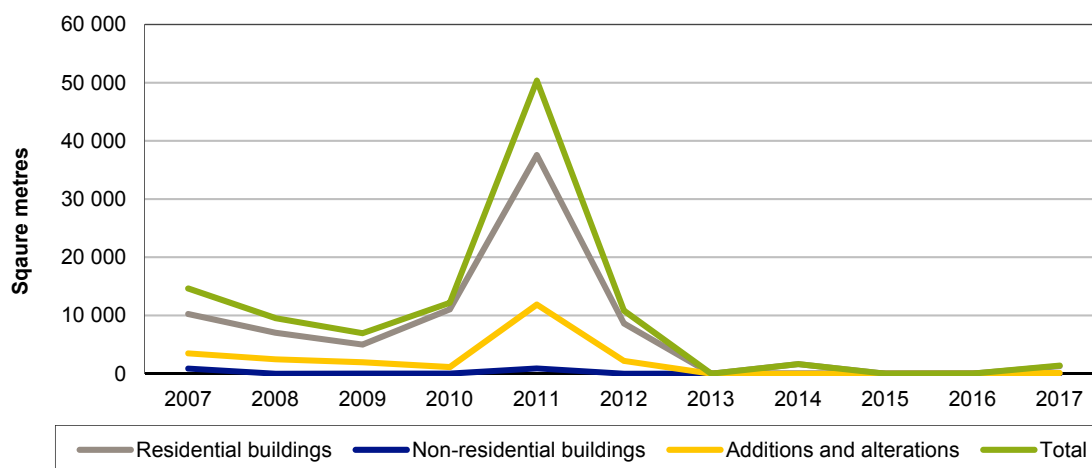


Source: Statistics SA & Quantec Research, 2018

The total size of building plans passed declined in 2017 to 27 112 m<sup>2</sup>. The majority of building plans passed are for residential buildings (11 769 m<sup>2</sup>), and additions and alterations (14 053 m<sup>2</sup>). The majority of plans passed for residential buildings in the Oudtshoorn Municipality are for dwelling houses larger than 80 m<sup>2</sup> (Statistics South Africa, 2018).

Figure 2.8 indicates the building plans completed in the Oudtshoorn municipal area between 2007 and 2017.

**Figure 2.8 Oudtshoorn building plans completed, 2007 - 2017<sup>7</sup>**



Source: Statistics SA & Quantec Research, 2018

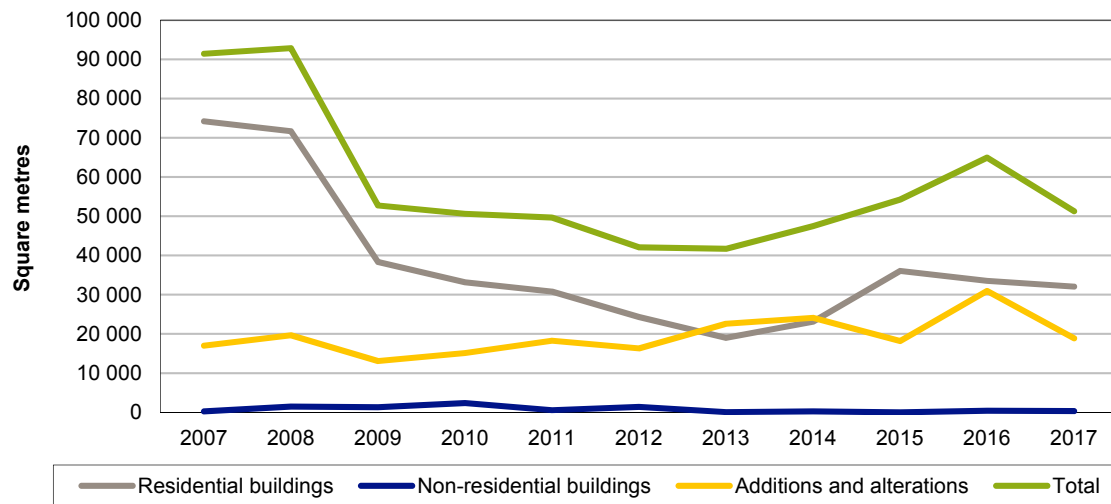
<sup>7</sup> No data for 2013, 2015 & 2016.

Limited building activity occurred in the Oudtshoorn municipal area after 2013. In 2017, 1 412 m<sup>2</sup> of buildings were completed, the majority of which were residential buildings. The residential buildings completed were 7 dwellings, all larger than 80 m<sup>2</sup> with a total value of R7.8 million.

### 2.9.5 Bitou

Figure 2.9 indicates the total square metres of building plans passed between 2007 and 2017 in the Bitou municipal area.

**Figure 2.9 Bitou building plans passed, 2007 - 2017**

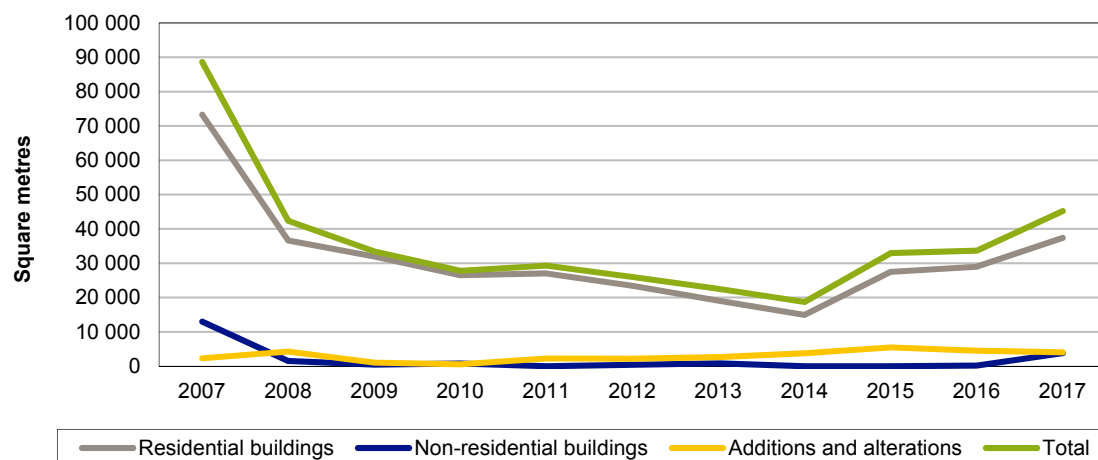


Source: Statistics SA & Quantec Research, 2018

The number of building plans passed in the Bitou municipal area declined in 2017 after continual increases between 2013 and 2016. Since the Bitou municipal area is a popular area for second homes, the economic instability of 2017 may have resulted in cautious property investors in the area.

Figure 2.10 displays the trend in buildings completed in Bitou between 2007 and 2017.

**Figure 2.10 Bitou building plans completed, 2007 - 2017**



Source: Statistics SA & Quantec Research, 2018

The total buildings completed in the Bitou municipal area has increased steadily since 2014, with the most buildings completed being residential buildings. In 2017, 3 796 m<sup>2</sup> of non-residential buildings were completed, which is the most amount of non-residential buildings in one year since 2008. The largest non-residential buildings completed in 2017 were four industrial spaces (3 594 m<sup>2</sup>) to the value of R20.4 million (Statistics South Africa, 2018).

## 2.10 Concluding remarks

The estimated economic performance of the municipal areas of the Garden Route District varied in 2017; the Kannaland, Hessequa and Oudtshoorn municipal economies are estimated to have grown at a faster rate in 2017 compared to 2016, the George, Bitou and Mossel Bay municipal areas had an estimated decline in growth rate and the Knysna municipal area economy is estimated to have contracted by 0.2 per cent.

The improved economic growth in the Kannaland and Hessequa municipal area can be attributed to strong growth in the agriculture, forestry and fishing sectors as well as the finance, insurance and real estate services sectors. The Oudtshoorn municipal area economy also fared better due to strong growth in these sectors and a 2 per cent growth in the manufacturing sector. The sector that is estimated to have contracted in all municipal areas, diminishing the growth prospects in these areas, is the wholesale and retail trade, catering and accommodation sector.

In terms of employment, it is estimated that all local municipal areas in the Garden Route District had a positive net change in employment in 2017 despite continued job losses in the agriculture, forestry and fishing sector. This sector plays a vital role in many of the local economies of the Garden Route District and is the backbone for economic activity, especially in rural areas such as the Kannaland, Hessequa and Oudtshoorn municipal areas. Thus, job losses in this sector have widespread socio-economic impacts and will influence the performance of other sectors in the future.



# 3

## Agriculture Overview

### 3.1 Introduction

The agriculture industry is a major contributor to employment and the economy of the Garden Route District. Through the production of raw products and the processing, packaging, exporting and sale thereof, value is added not only to the economy of the Garden Route District but also to the economy of the Western Cape.

This chapter provides an overview of the agriculture industry in the Garden Route District by highlighting the following indicators: crops, infrastructure, and agritourism facilities. Information for this chapter is sourced from the Provincial Department of Agriculture Fly-over Project (2018).

### 3.2 Sector overview

The agriculture, forestry and fishing sector contributed R2.3 billion (5.7 per cent) to the GDP of the Garden Route District in 2016 and provided employment for 29 192 workers (13.1 per cent of employment). The Garden Route District's agriculture, forestry and fishing sector contributed 10.7 per cent to the provincial sector GDP in 2016.

Table 3.1 outlines the GDP contribution and growth of the agriculture, forestry and fishing sector in the Garden Route District.

**Table 3.1 Garden Route District agriculture, forestry and fishing sector GDP growth per municipal area, 2012 - 2017**

Municipality	R million value 2016	Contribution to GDP (%) 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Kannaland	205.8	17.7	1.2	-0.2	0.7	1.7	7.4	-4.5	-10.9	5.5
Hessequa	424.5	11.9	0.8	0.0	0.2	1.4	5.9	-3.9	-9.1	5.7
Mossel Bay	329.6	4.7	1.2	1.8	0.7	2.3	5.0	-2.2	-5.3	8.9
George	652.9	4.1	1.8	0.2	1.2	1.7	6.9	-2.7	-7.9	2.8
Oudtshoorn	320.2	6.2	2.0	0.5	1.5	2.4	8.0	-3.4	-9.9	5.4
Bitou	164.1	5.5	2.4	1.7	1.8	2.7	6.3	-1.1	-4.8	5.3
Knysna	197.9	4.4	1.3	-0.8	0.3	0.2	4.5	-1.6	-4.4	-2.8
<b>Garden Route District</b>	2 295.1	5.7	1.5	0.4	0.9	1.7	6.4	-2.9	-7.7	4.2
Western Cape Province	21 522.4	4.1	2.5	2.0	2.5	3.3	7.5	-2.2	-7.2	8.4

Source: Quantec Research, 2018 (e denotes estimate)

The largest agriculture, forestry and fishing sectors in the Garden Route District are those of the George (R652.9 million), Hessequa (R424.5 million), Mossel Bay (R329.6 million) and Oudtshoorn (R320.2 million) municipal areas. However, in relation to the total size of the economy, the municipal areas of Kannaland and Hessequa are more dependent on the strength and stability of this sector. The agriculture, forestry and fishing sector contributed 17.7 per cent to the economy of the Kannaland municipal area and 11.9 per cent to the economy of the Hessequa municipal area in 2016. The performance of agriculture, forestry and fishing sector is mainly dependent on land-based agriculture, however, the coastal regions of the Garden Route District have some fishing activities, particularly in the Mossel Bay, Knysna and Bitou municipal areas.

The agriculture, forestry and fishing sector in all of the municipal areas contracted in 2015 and 2016 before recovering in 2017 (except in the Knysna municipal area where the sector contracted by a further 2.8 per cent). On a municipal area level, the agriculture, forestry and fishing sector benefitted from strong growth in the national sector in 2017. High production volumes in summer rainfall areas, as well as favourable prices for horticultural exports as well as in the livestock industry, were key factors of the strong national sector growth (BFAP, 2018).

Table 3.2 indicates the employment trends in the agriculture, forestry and fishing sector.

**Table 3.2 Garden Route District agriculture, forestry and fishing sector employment growth per municipal area, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Kannaland	34.4	3 410	-1 974	396	112	159	-222	741	-179	-103
Hessequa	21.0	5 090	-2 695	575	244	269	-256	939	-228	-149
Mossel Bay	10.7	3 785	-1 510	408	283	281	-112	458	-132	-87
George	10.7	8 425	-4 122	1 086	421	437	-354	1 576	-357	-216
Oudtshoorn	14.9	4 352	-2 045	639	174	223	-243	950	-182	-109
Bitou	9.2	1 732	-574	250	130	118	-32	244	-45	-35
Knysna	9.4	2 398	-940	285	211	146	12	247	-65	-55
<b>Garden Route District</b>	<b>13.1</b>	<b>29 192</b>	<b>-13 860</b>	<b>3 639</b>	<b>1 575</b>	<b>1 633</b>	<b>-1 207</b>	<b>5 155</b>	<b>-1 188</b>	<b>-754</b>
Western Cape Province	10.7	262 140	-106 268	37 592	13 927	16 319	-11 743	48 649	-10 112	-5 521

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture forestry and fishing sector is an important source of employment, particularly in the Kannaland, Hessequa and Oudtshoorn municipal areas, where it contributed 34.4 per cent, 21 per cent and 14.9 per cent to employment in 2016. Employment in this sector has been volatile, with large-scale job losses recorded in 2014, 2016 and 2017. It is estimated that in 2017, the George and Hessequa sector shed the most agriculture, forestry and fishing sector jobs in the Garden Route District.

Table 3.3 indicates the skills levels of formally employed agriculture, forestry and fishing sector workers in the Garden Route District.

**Table 3.3 Garden Route District agriculture, forestry and fishing sector skills levels, 2016**

Skills levels	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Garden Route District
Skilled	3.5	3.9	7.7	6.8	6.6	11.6	9.4	6.6
Semi-skilled	18.9	34.7	46.1	27.8	25.8	45.8	50.7	33.3
Low-skilled	77.6	61.4	46.3	65.4	67.6	42.6	39.9	60.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018 (e denotes estimate)

Most of the formal agriculture, forestry and fishing sector workers in the Garden Route District are low-skilled (60.1 per cent). Only 6.6 per cent of formal workers are skilled while 33.3 per cent are semi-skilled. The sector is more reliant on low-skilled workers in the Kannaland, George and Oudtshoorn municipal areas where 77.6 per cent, 65.4 per cent and 67.6 per cent of workers are low-skilled. In the Bitou and Knysna municipal areas, there is a higher reliance on semi-skilled workers. The Mossel Bay municipal area has a near equal distribution of semi-skilled and low-skilled workers (46.1 per cent and 46.3 per cent respectively).

Table 3.4 outlines the employment change by skills levels in the Garden Route District.

**Table 3.4 Garden Route District agriculture, forestry and fishing sector employment change by skills level, 2012 - 2017**

Formal employment by skill	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Skilled	1 848	5.8	-463	240	101	84	-38	237	-2	-41
Semi-skilled	10 076	31.8	-3 045	943	536	416	-220	1 057	-50	-260
Low-skilled	19 724	62.3	-7 039	1 698	681	561	-681	2 556	-186	-552
<b>Total Garden Route District</b>	<b>31 648</b>	<b>100</b>	<b>-10 547</b>	<b>2 881</b>	<b>1 318</b>	<b>1 061</b>	<b>-939</b>	<b>3 850</b>	<b>-238</b>	<b>-853</b>

Source: Quantec Research, 2018 (e denotes estimate)

When the agriculture, forestry and fishing sector sheds jobs, such as in 2014, 2016 and 2017, more low-skilled workers are laid off compared to semi-skilled and skilled workers. It is estimated that in 2017 the agriculture, forestry and fishing sector shed 552 low-skilled jobs, which follows the decline of 186 low-skilled jobs in 2016. In municipal areas that are highly reliant on the agriculture, forestry and fishing sector for employment, the decline of low-skilled workers will have a broader economic and socio-economic impact, as transitioning to other sectors will be more difficult with a lack of skills.

### 3.3 Crops

Table 3.5 below provides an overview of the use of agricultural land in the Garden Route District.

**Table 3.5 Garden Route District hectares under production, 2017**

Type	Land use	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Garden Route District
Winter crops	Irrigated fields	9 581.2	5 974.5	3 811.0	8 399.0	12 539.7	477.8	1 236.3	42 019.5
	Dry land fields	3 645.7	190 313.3	48 568.4	52 459.2	13 897.6	5 548.3	4 695.3	319 127.8
	Cultivated land	13 226.9	196 287.8	52 379.4	60 858.2	26 437.3	6 026.1	5 931.6	361 147.3
	Old fields	1 038.9	3 546.5	1 082.7	7 600.0	1 247.4	25.9	103.9	14 645.3
Summer crops	Irrigated fields	1 171.6	3 375.5	2 799.3	4 628.9	2 773.5	329.4	1 229.1	16 307.3

Source: WCDOA, 2018

In the Garden Route District, 88.4 per cent of cultivated winter crops are dry land crops, making the area highly dependent on rainfall. The only municipal area that is more reliant on irrigation is the Kannaland municipal area where 72.4 per cent of cultivated winter crops are under irrigation.

Table 3.6 indicates the broad categories of winter crops under production and the number of hectares that are fallow.

**Table 3.6 Garden Route District winter crops, hectares under production, 2017**

<b>Crops</b>	<b>Kannaland</b>	<b>Hessequa</b>	<b>Mossel Bay</b>	<b>George</b>	<b>Oudtshoorn</b>	<b>Bitou</b>	<b>Knysna</b>	<b>Garden Route District</b>
Grains, legumes and oilseeds	65.1	93 613.7	8 410.5	8 973.1	1 576.7	33.7	138.8	112 811.7
Pastures	6 924.7	94 863.9	39 164.6	25 684.2	13 370.2	5 579.9	5 127.5	190 715.1
Flowers	0.1	138.8	119.6	61.9	5.2	9.3	16.5	351.6
Vegetables	392.0	124.0	189.1	590.1	518.8	2.7	36.8	1 853.5
Grapes	985.4	55.7	16.3	122.1	154.5	84.7	0.0	1 418.6
Citrus	11.1	85.6	2.3	1.3	0.1	0.0	14.1	1 14.5
Stone fruit	1 156.9	38.1	0.0	418.7	36.7	0.0	1.2	1 651.6
Pome fruit	69.5	10.2	0.0	1765.1	0.0	0.0	0.0	1 844.8
Olives	351.5	336.1	25.3	16.5	187.0	4.7	1.3	922.4
Other fruit	114.8	144.3	211.7	115.0	12.5	0.6	31.5	630.3
Berries	0.9	1.1	36.3	121.9	0.0	0.0	11.2	171.5
Nuts	57.2	103.9	152.3	229.0	34.6	20.5	6.0	603.5
Fallow and weeds	4 035.6	10 165.1	4 991.7	30 156.1	11 690.6	284.3	623.1	61 946.4
Honeybush	0.0	4.2	6.3	4.6	0.0	5.3	0.0	20.5
Other	100.5	147.6	120.3	171.6	91.1	26.3	27.4	684.8
<b>Total</b>	<b>14 265.4</b>	<b>199 832.3</b>	<b>53 446.5</b>	<b>68 431.2</b>	<b>27 678.0</b>	<b>6 052.0</b>	<b>6 035.5</b>	<b>375 740.8</b>

Source: WCDOA, 2018

The main crops in the Garden Route District are:

- Pastures (190 715.1 hectares) - pastures include planted pastures, perennial planted pastures and lucerne that is used as feed for livestock farming. The largest pastures under cultivation are in the Hessequa and Mossel Bay municipal areas (49.7 per cent and 20.5 per cent respectively).
- Grains, legumes and oilseeds (112 811.7 hectares) - this consists mostly of wheat (33 969.8 hectares), small grains for grazing (21 242.7 hectares), canola (18 162.7 hectares) and barley (17 987.5 hectares) in the Hessequa municipal area.

A large proportion of available agricultural land in the Garden Route District is not in use (61 946.4 hectares). This land is either old fields, left fallow, covered in weeds or stubble. This may be a result of the drought and water restrictions of 2017 influencing farmers' decisions to cultivate their land.

Table 3.7 indicates the change in hectares under production between the 2013 and 2017 crop census.

**Table 3.7 Change in hectares under production, Garden Route District (2013 vs 2017)**

<b>Crops</b>	<b>Kannaland</b>	<b>Hessequa</b>	<b>Mossel Bay</b>	<b>George</b>	<b>Oudtshoorn</b>	<b>Bitou</b>	<b>Knysna</b>	<b>Garden Route District</b>
Grains, oil seeds and legumes	-27.0	7 411.9	3 238.3	33.2	-518.6	-16.7	-96.7	10 024.4
Vegetables	-350.4	-187.3	-155.1	-282.4	-150.1	-12.0	62.7	-1 074.6
Pome fruit	5.0	1.5	0.0	-108.7	-0.2	0.0	0.0	-102.5
Stone Fruit	-83.2	-74.7	0.0	39.1	-22.0	0.0	-0.9	-141.7
Grapes (Table and Wine)	-119.9	-62.9	-29.8	64.7	-46.2	41.4	0.0	-152.7
Citrus	11.1	25.8	-14.3	1.3	-10.9	0.0	-6.8	6.1
Other fruit	44.7	-23.7	88.7	41.1	1.2	-0.6	-2.2	149.2
Olives	76.0	17.2	-5.8	1.2	31.4	3.7	-0.4	123.3
Berries	0.9	1.3	28.5	151.9	0.0	-9.1	7.9	181.4
Honeybush	0.0	-74.0	-2.8	-8.1	0.0	-12.0	0.0	-96.9
Nuts	53.5	94.2	152.4	229.0	34.6	20.5	6.0	590.1
Other	20.2	0.0	-9.9	90.8	126.9	0.0	0.0	228.0
<b>Total</b>	<b>-369.3</b>	<b>7 129.3</b>	<b>3 290.3</b>	<b>253.0</b>	<b>-553.9</b>	<b>15.2</b>	<b>-30.5</b>	<b>9 734.2</b>

Source: WCDOA, 2018

The Garden Route District had a net change in hectares under production of 9 734.2 hectares, mainly due to the increase of 10 024.4 hectares of grains, oilseeds and legumes, mainly in the Hessequa and Mossel Bay municipal areas. Other crops that had an increase in hectares under production include fruit, olives, berries and nuts.

Vegetable production declined by 1 074.6 hectares between 2013 and 2017 in the Garden Route District, which is mainly a result of the drought conditions.

Table 3.8 indicates the Garden Route District's proportion of hectares under production to that of the Western Cape.

**Table 3.8 Garden Route District winter crops under production, proportion of Western Cape (%), 2017**

Crops	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Garden Route District
Grains, legumes and oilseeds	0.0	12.8	1.1	1.2	0.2	0.0	0.0	15.4
Pastures	1.2	16.0	6.6	4.3	2.3	0.9	0.9	32.3
Flowers	0.0	4.7	4.0	2.1	0.2	0.3	0.6	11.9
Vegetables	3.2	1.0	1.6	4.9	4.3	0.0	0.3	15.3
Grapes	1.0	0.1	0.0	0.1	0.1	0.1	0.0	1.4
Citrus	0.1	0.5	0.0	0.0	0.0	0.0	0.1	0.7
Stone fruit	6.9	0.2	0.0	2.5	0.2	0.0	0.0	9.9
Pome fruit	0.2	0.0	0.0	5.5	0.0	0.0	0.0	5.7
Olive	5.7	5.4	0.4	0.3	3.0	0.1	0.0	14.9
Other fruit	3.8	4.8	7.1	3.8	0.4	0.0	1.1	21.0
Berries	0.1	0.2	5.4	18.1	0.0	0.0	1.7	25.4
Nuts	5.0	9.1	13.3	20.0	3.0	1.8	0.5	52.6
Fallow and weeds	1.3	3.2	1.6	9.4	3.6	0.1	0.2	19.3
Honeybush	0.0	7.1	10.6	7.7	0.0	9.0	0.0	34.4
Other	0.2	0.2	0.2	0.3	0.1	0.0	0.0	1.1
<b>Total</b>	<b>0.7</b>	<b>10.5</b>	<b>2.8</b>	<b>3.6</b>	<b>1.5</b>	<b>0.3</b>	<b>0.3</b>	<b>19.7</b>

Source: WCDOA, 2018

The Garden Route District contributes 19.7 per cent to agricultural crop production in the Western Cape. The Garden Route District is a large producer of honeybush tea, nuts, berries and fruit. Furthermore, 32.3 per cent of land cultivated for pastures in the Western Cape is in the Garden Route District, highlighting the importance of this District's contribution in the livestock market value chain, in terms of meat and dairy.

The George municipal area has 20 per cent of nuts under cultivation and 18.1 per cent of berries under cultivation while the Mossel Bay and Bitou areas have 19.6 per cent of honeybush under cultivation in the Western Cape.

### 3.4 Infrastructure

The availability of infrastructure and agro-processing facilities are essential for the development and growth of the agriculture value chain on a local and Provincial level, as agriculture production and processing span across municipal and district borders.

Table 3.9 indicates the agricultural infrastructure and agro-processing facilities in the municipal areas of the Garden Route District.

**Table 3.9 Garden Route District agriculture infrastructure, 2017**

Infrastructure	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Garden Route District
Abattoir	1	7	4	3	4	1	4	24
Agro-processing plant	16	14	10	30	13	12	4	99
Aquaculture	-		1	5	-	-	-	6
Auction facilities	-	2	1	2	2	1	-	8
Chicken batteries	-	3	2	11		2	1	19
Dairy	17	141	57	54	30	9	23	331
Feedlot	10	8	-	2	7	-	-	27
Grain bunker	-	-	1	-	-	-	-	1
Nursery	-	2	6	24	2	10	7	51
Packhouse	27	5	7	36	7	4	3	89
Piggery	-	2	1	12	3	1	1	20
Shade netting	10	22	46	105	13	13	14	223
Silo bags	-	4	2	-	14	-	1	21
Silos	-	25	3	1	4	-	2	35
Timberlot	-	11	1	-	-	-	-	12
Tunnels	6	27	9	143	39	12	24	260
<b>Total</b>	<b>87</b>	<b>273</b>	<b>151</b>	<b>428</b>	<b>138</b>	<b>65</b>	<b>84</b>	<b>1 226</b>

Source: WCDOA, 2018

It is evident from Table 3.3 that the livestock value chain is an important value chain in the local agricultural industry. The Garden Route District has 24 abattoirs, 331 dairies and 27 feedlots.

In the George municipal area, fruit and vegetable production results in a large number of shade netting, tunnels and nurseries. Table 3.9 indicates the crops (hectares) that are under shade netting in the Garden Route District.

**Table 3.10 Garden Route District hectares under shade netting, 2017**

Crops	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Garden Route District
Flowers	0.0	0.1	0.6	0.2	0.0	6.0	0.0	1.2
Vegetables	0.1	0.0	0.8	0.0	1.2	0.8	0.1	2.9
Herbs	0.0	0.0	0.0	4.2	0.0	0.0	0.0	4.2
Grapes	2.5	0.0	0.0	0.0	0.0	0.0	0.0	2.5
Fruit	0.0	0.1	0.0	4.9	1.1	0.0	0.0	36.9
Citrus	0.0	18.7	0.0	0.0	0.0	0.0	0.0	18.7
Berries	0.0	0.1	29.0	112.9	0.0	0.0	0.1	155.3
Other	0.0	1.4	8.5	16.1	0.6	1.0	0.9	28.6
<b>Total</b>	<b>2.5</b>	<b>20.4</b>	<b>39.0</b>	<b>138.4</b>	<b>2.9</b>	<b>7.8</b>	<b>1.1</b>	<b>250.3</b>

Source: WCDOA, 2018

The George municipal area has the most hectares under shade netting in the Garden Route District (138.4 hectares) which is used mostly for berries, particularly strawberries. The strawberry farms in the George municipal area are also a popular tourist attraction.



### 3.5 Agritourism

An enterprise operated on a working farm that caters to visitors and which generates a supplementary income for farm owners is generally considered to contribute to agritourism (Agritourism South Africa, 2017).

Table 3.11 indicates the number of agritourism facilities and activities available in the Garden Route District.

**Table 3.11 Garden Route District agritourism facilities and activities, 2017**

Agritourism	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	Garden Route District
Accommodation	57	51	37	100	65	98	58	466
Birding	12	11	3	18	16	22	20	102
Brewery	0	0	0	1	0	2	3	6
Camping	15	10	4	18	10	11	7	75
Cellar Tour	3	1	0	0	0	0	0	4
Conference	6	11	10	18	15	27	12	99
Distillery	0	2	0	0	0	0	0	2
Eco-tourism	13	20	8	8	18	36	18	121
Fishing	7	17	5	14	12	12	14	81
4x4	19	6	3	4	6	2	0	40
Farm market	0	1	2	3	3	2	3	14
Farm stall	6	13	4	13	8	10	3	57
Game	4	2	6	6	9	7	0	34
Hiking	25	23	7	26	34	36	14	165
Horse riding	3	8	6	14	6	15	5	57
Hunting	0	1	0	1	1	0	0	3
Mountain biking	21	19	5	20	21	12	13	111
Ostrich farming	3	0	0	0	8	1	0	12
Picnics	10	11	10	6	7	13	14	71
Quadbikes	1	3	4	3	2	2	1	16
Restaurants	17	15	16	33	30	49	23	183
Tasting	7	4	2	3	7	11	1	35
Wedding	3	9	11	19	15	22	10	89
Olive and wine cellar	1	0	0	0	1	3	0	5
Olive cellar	0	0	0	0	3	0	0	3
Other	81	76	58	140	78	123	95	651
Wine cellar	9	4	2	3	2	6	0	26
<b>Total</b>	<b>323</b>	<b>318</b>	<b>203</b>	<b>471</b>	<b>377</b>	<b>522</b>	<b>314</b>	<b>2 528</b>

Source: WCDOA, 2018

The Garden Route District is a popular tourist area, particularly for overseas tourists. In 2017, 59.7 per cent of visitors were overseas tourists and 40.3 per cent were domestic tourists. Tourists to the Garden Route District typically stay overnight (59.1 per cent). The main activities for tourists include (Wesgro, 2017):

- For international tourists - scenic drives (41 per cent), culture and heritage activities (13 per cent) and gourmet restaurants (14.4 per cent); and

- For domestic tourists - scenic drives (36 per cent), culture and heritage attractions (20 per cent), and gourmet restaurants (11 per cent).

From Table 3.11, it is evident that the Garden Route District has a large number of accommodation facilities and restaurants, and a range of outdoor activities, particularly in the George and Bitou municipal areas. The Garden Route District also has 12 ostrich farms (57.9 per cent of ostrich farms in the Western Cape), which are major tourist attractions. This industry also produces meat and other by-products for the local and international market. The 2017 bird flu outbreak in the Province also had an impact on ostrich farmers as some farms were placed under quarantine which meant slaughtering and exports to Europe could not occur (Urban-Econ business survey, 2018).

### **3.6 Concluding remarks**

The agriculture industry, including primary production, agro-processing and value-added activities, such as agritourism, plays an essential role in the economy of the Garden Route District. Not only does it contribute significantly to the local economy, but it is also an important source of employment for workers across all skills levels.

The Garden Route District is a major producer of dairy products, livestock (evident from the large pastures and meat value-chain infrastructure), ostriches and nuts and berries in the George municipal area.

# 4

## Municipal infrastructure analysis

### 4.1 Introduction

As per the Financial and Fiscal Commission Policy Brief of 2015, it is noted that the investment in socio-economic infrastructure is crucial in improving economic growth and development. The management of infrastructure budget and spending efficiency by municipalities is an important consideration when looking at socio-economic outcomes. Kumo (2012) notes that infrastructure investment has a significant impact on regional development and productivity. Furthermore, Kumo (2012) finds that there is a strong causal link between economic infrastructure investment and both GDP growth and private sector employment rates. Economic infrastructure refers to the physical assets that provide services used in production and final consumption. Social infrastructure refers to those investments which accommodate social services; having either a direct or indirect impact on the quality of life. Institutional infrastructure is defined as a support structure to the other forms of infrastructure (Brown - Luthango, 2010; DBSA, 2006).

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth approach, which remains a key budget principle given the economic and social imperatives for infrastructure development. This chapter will explore three broad infrastructure themes per local municipality within the Garden Route District.

In the **first instance**, an overview will be provided of Provincial infrastructure spend for the 2018 MTREF i.e. unpack Western Cape Government infrastructure investments within the geographical jurisdiction of a specific district and local municipality. Such investments are funded and managed by the Provincial Government, funding is not directly transferred to a district or local authority nor does it reflect within an annual municipal budget. It is important to note that the infrastructure allocations to be discussed below does not purely entail the construction of new infrastructure, but also refers to maintenance and repair projects.

Successfully leveraging infrastructure investment as a catalyst for broad-based growth and development is not solely the responsibility of a single role-player, but rather a collective effort that requires contributions by all spheres of government as well as the private sector alike.

Chapter 4 will therefore, in the **second instance**, elaborate upon the extent to which the various local municipalities in the Garden Route District apply their own capital budgets towards creating and maintaining operational, economic and social infrastructure that will in time improve access to economic opportunities and essential basic services.

Municipal capital budgets are however to a large extent reliant on grants and transfers from National and Provincial Government. As a result of a constraining macro-economic environment, the national fiscus is coming under increasing pressure which is subsequently expected to lead to a notable reduction in grant support towards local authorities. This scenario will not only impact upon the enhanced roll-out of municipal infrastructure projects, but seriously compromise the long-term sustainability of municipalities in general.

It is for this reason that Chapter 4 will, in the **third instance**, also unpack the various funding sources that contribute towards municipal capital budgets. The ultimate aim is to ascertain whether municipalities are mitigating the grant-reliant risk by proactively seeking external funding to apply towards enhanced infrastructure creation.

The following section will unpack each of above specified themes, namely provincial infrastructure spend, municipal infrastructure spend and municipal capital budget funding sources, for each of the municipalities in the broader Garden Route region. Section 4.2 will provide aggregated spending totals, meaning the sum total of expenditure by the District Municipality as well as the various local municipalities for a particular time period. The sub-sections to 4.2 will, in turn, unpack infrastructure spend for each of the respective municipalities (District as well as the local municipalities).

## 4.2 Garden Route District

As mentioned previously, provincial infrastructure spend refers to infrastructure investment within the geographical jurisdiction of a municipality. Depending on its location, most provincial infrastructure projects are then linked to a specific municipality on the provincial database. Certain projects, which span across local municipal boundaries, but still within a single district, will as such be linked to the relevant district municipality. An example of such projects will be road transport initiatives. If a project extends over district boundaries, it will be classified as a cross district project.

As per Table 4.1, Provincial infrastructure spend linked to the Garden Route District Municipality and each of the various local municipalities in the District will amount to R973.0 million in 2018/19, the majority of which will be focussed towards road transport (R554.5 million) and human settlements (R322.9 million) projects.

**Table 4.1 Garden Route District: Provincial infrastructure spend, 2018/19 (R'000)**

Department	Garden Route District								Total
	Municipality	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	
Education	-	-	5 000	24 000	19 000	-	-	10 000	<b>67 879</b>
Health	-	400	-	3 555	1 590	300	-	10 000	<b>16 995</b>
Human Settlements	-	380	750	35 700	141 520	21 346	39 580	70 564	<b>322 900</b>
Public Works: General Buildings	-	-	-	29 029	37 529	-	-	-	<b>9 164</b>
Public Works: Transport	209 698	45 400	4 800	103 000	153 000	103 000	-	-	<b>554 456</b>
Social Development	-	180	-	61	412	515	135	196	<b>1 575</b>
<b>Total</b>	<b>209 698</b>	<b>46 360</b>	<b>10 550</b>	<b>195 345</b>	<b>353 051</b>	<b>125 161</b>	<b>39 715</b>	<b>90 760</b>	<b>972 969</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

The majority of the provincial infrastructure spend within the Garden Route District will be directed towards transport and public works in 2018/19. Given its status as one of South Africa's most alluring tourist destinations, the Garden Route District has immense growth potential. The focused investment towards road transport will as such contribute significantly to open up new markets and economic development opportunities across the region. Other than general repairs and maintenance to district roads, road transport infrastructure spend will be focussed in the George municipal area in 2018/19.

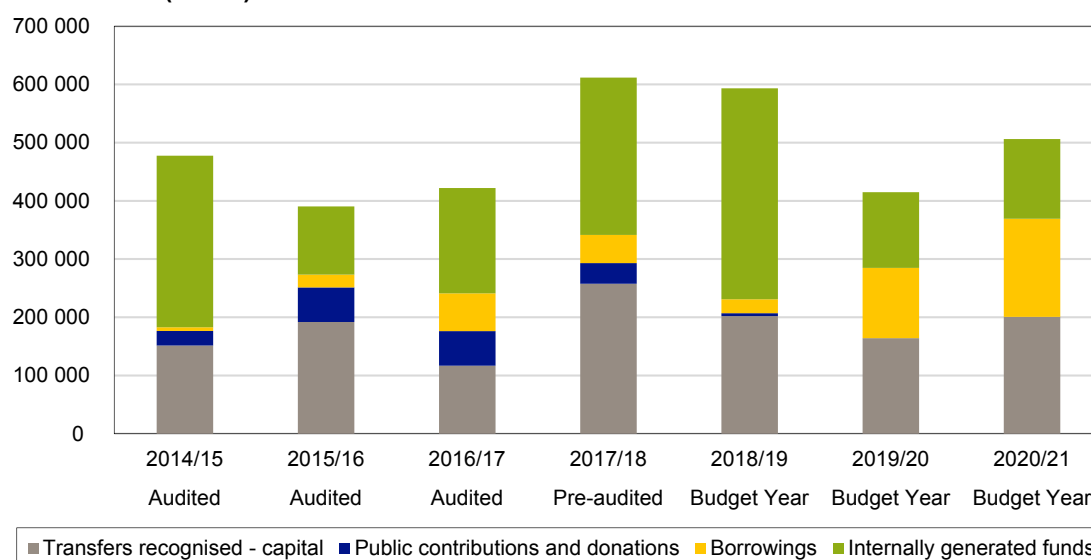
Its potential for growth, development and economic prosperity has in recent years made the Garden Route a destination of choice which has resulted in a noteworthy population influx. Such a population increase is closely associated with an increase in the demand for basic services and adequate housing opportunities. There is also a high demand for housing amongst previously disadvantaged citizens in the Garden Route District. In response to these demands, the Western Cape Government is directing substantial infrastructure allocations towards the development of human settlements specifically within the George, Knysna and Mossel Bay areas. Infrastructure allocations towards education and health will mostly be directed towards Mossel Bay, George and Knysna in 2018/19.

**Table 4.2 Garden Route District: Sum total of District and Local Municipal Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	80 914	50 129	50 042	52 569	41 268	73 181	52 441
Community and public safety	56 257	91 780	114 390	150 866	122 266	105 497	119 355
Economic and environmental services	139 191	216 289	291 579	254 080	166 299	128 883	164 361
Trading services	296 059	342 869	322 671	516 162	645 742	702 467	663 618
<i>Energy sources</i>	94 134	121 299	95 545	156 153	142 270	199 101	141 453
<i>Water management</i>	68 417	81 189	112 031	186 625	210 712	245 808	317 287
<i>Waste water management</i>	108 898	116 390	100 788	146 631	258 853	243 765	188 069
<i>Waste management</i>	24 611	23 991	14 307	26 754	33 906	13 793	16 809
Other	47	2 441	1 662	3 163	463	70	29
<b>Total</b>	<b>572 468</b>	<b>703 508</b>	<b>780 342</b>	<b>976 840</b>	<b>976 037</b>	<b>1 010 098</b>	<b>999 803</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Table 4.2 reflects a sum total of capital budget expenditure for the Garden Route District Municipality as well as each of the local municipalities within the District for the period 2014/15 to 2020/21. The provision of electricity and waste water infrastructure received top priority in 2014/15 and 2015/16 largely as a result of increased INEP and MIG allocations received from National Government. Although these two priority areas continued to receive substantial allocations in 2016/17, municipalities directed most of their trading service budgets towards water management, most likely as a result of the onset of the drought. This trend continued into 2017/18 as municipalities prioritised drought mitigation projects. Water and waste water management remain key priority areas across the MTREF. Substantial allocations are also made towards economic and environmental services, specifically to be applied towards expanding the road transport network.

**Figure 4.1 Garden Route District: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

It appears at face value that the municipalities of the Garden Route District have been able to maintain a well-diversified funding mix between 2014/15 and 2017/18, striking a balance between grants and transfers, borrowings, internally generated funds and, to a lesser extent, public contributions and donations. Although grants and transfers did in monetary terms increase across this period, it decreased gradually as a percentage of the total capital. In turn, own-revenue contributions remained relatively unchanged as a percentage of the total capital budget but did increase notably in monetary terms. It is clear that municipalities become less reliant on grants and transfers across the MTREF by increasing their own contributions to the capital budget. Borrowings increased substantially between 2017/18 and 2018/19 and continue to contribute a large share across the MTREF. Whilst the uptake of borrowings is a viable option to fund capital expansions, many municipalities are reaching the upper limits of their gearing ratios.

#### 4.2.1 Garden Route District Municipality

Provincial infrastructure spend within the jurisdiction of the Garden Route District Municipality amounts to R209.7 million in 2018/19, before increasing to R220.5 million in 2019/20. The allocation is estimated to increase exponentially to R856.0 million in 2020/21. The total provincial infrastructure allocation in the Garden Route District will amount to R855.9 million across the MTREF.

**Table 4.3 Garden Route District Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Public Works: Transport	209 698	220 456	425 775	855 929
<b>Total</b>	<b>209 698</b>	<b>220 456</b>	<b>425 775</b>	<b>855 929</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

Provincial infrastructure spend within the jurisdiction of the broader Garden Route District Municipality will solely be applied towards the road transport function across the MTREF to fund the maintenance of district roads spanning across the region. Specific projects include the reseal of the C1100 PRMG: Holgatien (R60.0 million), the C1103 PRMG Grootrivier and Bloukrans (R40.0 million) as well as the C1104: Meiringspoort (R37.0 million).

**Table 4.4 Garden Route District Municipality: Capital Expenditure, 2014/15 - 2019/20 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Community and public safety	2 122	924	1 251	2 450	7 833	2 800	1 000
Economic and environmental services	43	-	12	173	30	-	-
Trading services	-	-	373	-	-	-	-
Waste management	-	-	373	-	-	-	-
<b>Total</b>	<b>8 842</b>	<b>2 017</b>	<b>6 181</b>	<b>4 677</b>	<b>9 303</b>	<b>2 820</b>	<b>1 010</b>

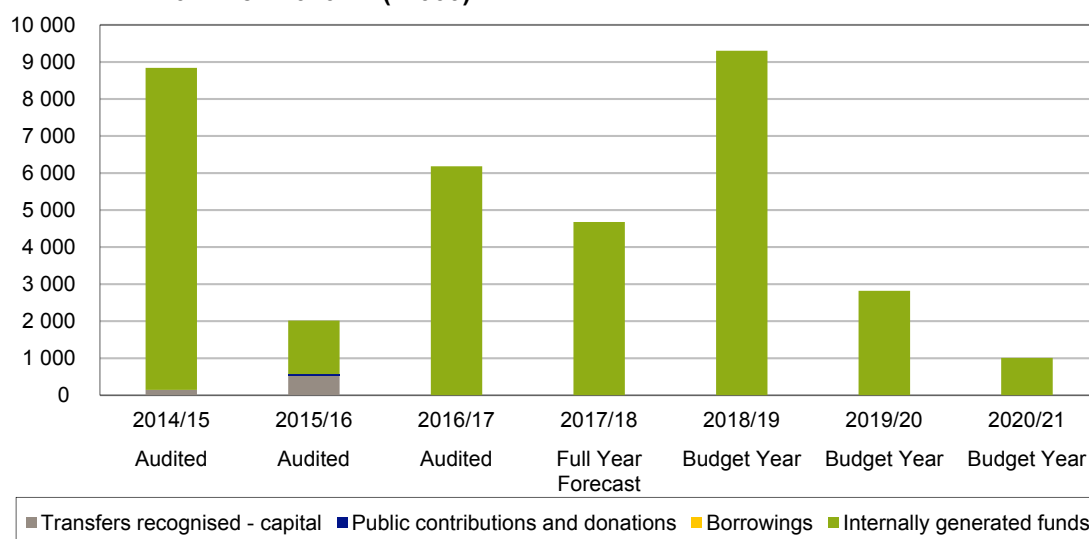
Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Due to its nature as a Category C municipal authority, the Garden Route District Municipality does not provide a basket of basic services and does as such not have an extensive social infrastructure network to maintain.

The Municipality's capital budget in 2016/17 mostly directed towards governance and administration in order to fund general council expenses such as office furniture and equipment. The community and public safety allocation was applied towards the sport and recreation function, specifically to fund upgrades to the Swartvlei camping area. The allocation towards waste management in 2016/17 was for bulk infrastructure. The capital budget was in 2017/18 balances between governance and administration; and community and public safety.

In 2018/19, the budget will be heavily focussed towards the community and public safety function to bolster the Municipality's firefighting capacity, procure ICT equipment and to commence with upgrades to resorts.

**Figure 4.2 Garden Route District Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Since 2014/15, the Garden Route District Municipality's capital budget has almost exclusively been sourced from internally generated funds. This occurrence bucks the general trend as district municipalities often have very limited own-revenue generating capacity. Consideration of the municipal budget schedules reveal that the Municipality often fund capital expansions through its capital replacement reserve (CRR).

#### 4.2.2 Kannaland

Provincial infrastructure spend within the Kannaland municipal area will amount to R46.4 million in 2018/19. This amount will decrease drastically to R15.3 million in 2019/20 before decreasing further to R10.7 million in 2020/21. The total provincial infrastructure allocation in Kannaland will amount to R72.3 million across the MTREF.



**Table 4.5 Kannaland Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Health	400	5 070	10 500	15 970
Human Settlements	380	-	-	380
Public Works: Transport	45 400	10 000	-	55 400
Social Development	180	190	201	571
<b>Total</b>	<b>46 360</b>	<b>15 260</b>	<b>10 701</b>	<b>72 321</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

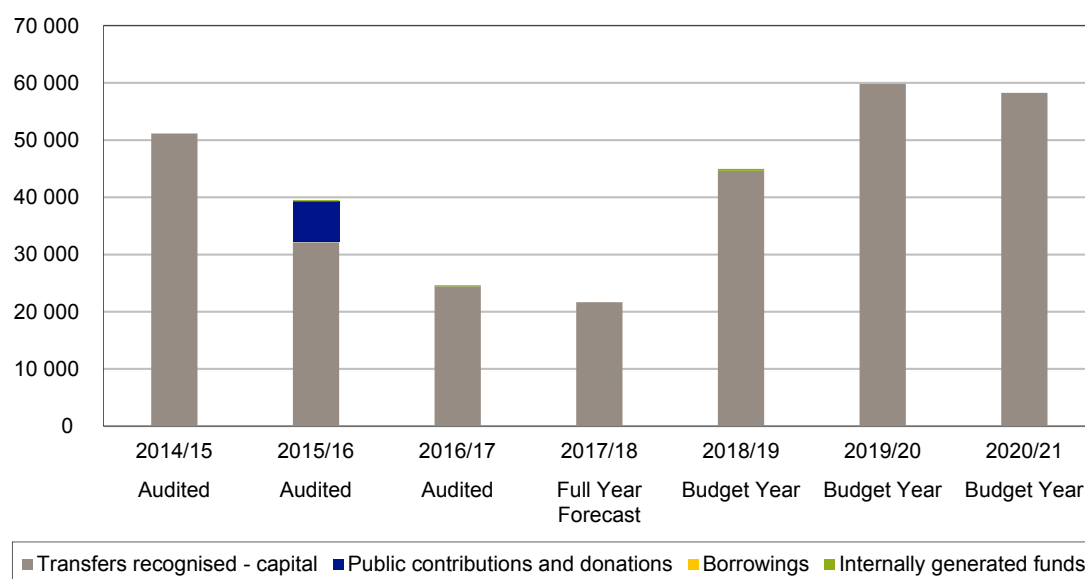
Provincial infrastructure spend in Kannaland will mostly be concentrated towards road transport, specifically to reseal the C1086: Calitzdorp - Oudtshoorn to the total value of R45.0 million in 2018/19 and R10.0 million in 2019/20. Notable allocations are also made towards the health function in the outer years of the MTREF to replace the Ladismith Clinic (R15.4 million) and to upgrade health technology at this facility (R500 000). Minor amounts have also been set aside to commence with a procurement process for the Flinkies Dinkies early childhood development centre (ECD) while the human settlement allocations will fund planning towards the development of service sites in Zoar (Protea Park) and Ladismith (Parmalat).

**Table 4.6 Kannaland Municipality: Capital Expenditure, 2014/15 – 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	51 167	18 187	1 610	-	-	-	-
Community and public safety	-	621	77	-	3 176	-	-
Economic and environmental services	-	3 570	9 282	9 852	330	9 757	10 060
Trading services	-	17 141	13 647	11 800	41 472	50 071	48 200
<i>Energy sources</i>	-	701	11 854	8 000	2 303	3 071	3 200
<i>Water management</i>	-	16 324	181	3 800	29 169	20 000	15 000
<i>Waste water management</i>	-	-	1 612	-	10 000	27 000	30 000
<i>Waste management</i>	-	116	-	-	-	-	-
<b>Total</b>	<b>51 167</b>	<b>39 519</b>	<b>24 616</b>	<b>21 652</b>	<b>44 978</b>	<b>59 828</b>	<b>58 260</b>

Source: *NT Database, Final Adopted 2018/19 Budgets - Schedule A5; 2018 MTREF information was sourced from the Municipality's adopted 2018/19 budget schedules. A more detailed breakdown of the 2014/15 audited information could not be sourced*

The Municipality's trading services capital budget was in 2015/16 almost exclusively directed towards water management whilst the priority shifted to energy sources in 2016/17 as a result of an Integrated National Electrification Programme (INEP) allocation received from National Government. The provision of electricity remains a priority in 2017/18. The onset of the drought resulted in the majority of the capital budget being shifted towards water and waste water management in 2018/19. These funds are scheduled to be applied towards the construction of the new Swartberg Dam as well as upgrades to the Ladismith Waste Water Treatment Works (WWTW) across the MTREF.

**Figure 4.3 Kannaland Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5; 2018 MTREF information was sourced from the Municipality's adopted 2018/19 budget schedules

Other than a public donation received in 2015/16 and minor own revenue contributions recognised in 2015/16 and 2016/17, the Municipality's capital budget has exclusively been funded by grants and transfers. This posed a significant financial sustainability risk which ultimately contributed to the circumstances that necessitated the Western Cape Executive to approve an intervention through Section 139(5) of the Constitution and the subsequent roll-out of a support package by National and Provincial Government. Provincial Treasury, in conjunction with the Department of Local Government also prepared a Financial Recovery Plan for the Municipality.

### 4.2.3 Hessequa

Provincial infrastructure spend within the Hessequa municipal area will amount to R10.6 million in 2018/19. This amount will increase significantly to R47.8 million in 2019/20 before decreasing to R36.8 million in 2020/21. The total provincial infrastructure allocation in Hessequa will amount to R95.1 million across the MTREF.

**Table 4.7 Hessequa Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	5 000	23 000	22 500	50 500
Human Settlements	750	24 780	14 250	39 780
Public Works: Transport	4 800	-	-	4 800
<b>Total</b>	<b>10 550</b>	<b>47 780</b>	<b>36 750</b>	<b>95 080</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

Education will receive the largest share of provincial infrastructure spending within the Hessequa municipal area across the MTREF. This funding will be directed towards

upgrades and additions to the Panorama Primary School (R33.5 million) as well as the construction of the De Waalville Primary School (R17.0 million).

Substantial investments are also made towards human settlements for the development of services sites in Kwanokuthula (R15.8 million), Heidelberg (R5.3 million) and Slangrivier (R14.3 million). Planning is also underway to develop additional service sites in Heidelberg in the outer year of the MTREF (R15.8 million).

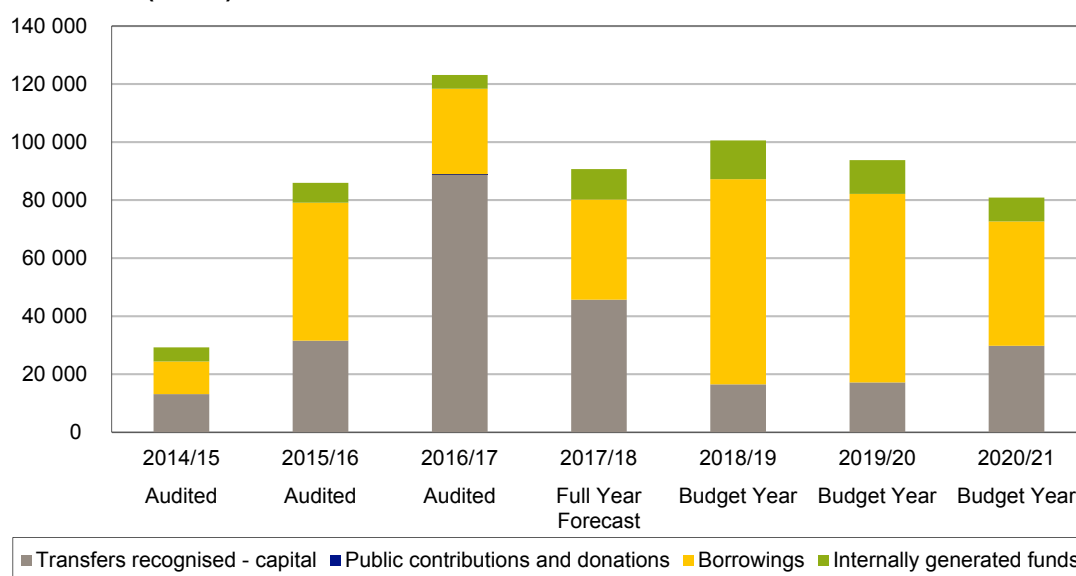
The R4.8 million towards road transport will mostly be applied to continue the upgrades to the C989: N2 - Stilbaai.

**Table 4.8 Hessequa Municipality: Capital Expenditure, 2014/15 – 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	2 662	1 816	2 621	4 818	5 557	16 320	5 533
Community and public safety	5 794	3 537	5 606	9 772	9 171	9 802	21 869
Economic and environmental services	4 380	14 428	90 200	18 562	15 311	9 706	13 581
Trading services	16 412	66 174	24 710	57 520	70 543	57 981	39 897
<i>Energy sources</i>	7 958	32 293	5 516	9 628	20 387	20 275	10 369
<i>Water management</i>	555	5 141	8 838	26 521	17 139	18 096	20 465
<i>Waste water management</i>	6 677	25 833	9 738	19 855	32 768	17 510	7 613
<i>Waste management</i>	1 223	2 907	618	1 517	250	2 100	1 450
Other		12	1	9	-	-	13
<b>Total</b>	<b>29 249</b>	<b>85 967</b>	<b>123 138</b>	<b>90 682</b>	<b>100 582</b>	<b>93 809</b>	<b>80 893</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The budget ballooned in 2015/16 due to a Flood Damage Grant received from National Government, the majority of which was applied towards repairs to the electricity and sanitation networks. The Municipality also directed substantial Municipal Infrastructure Grant (MIG) funding and borrowings towards the road transport function in 2016/17 to commence with flood-damage repairs to road infrastructure. The onset of the drought necessitated the Municipality to channel funds towards water management in 2017/18. In 2018/19, the Municipality will prioritise upgrades to sewerage and waste water treatment works whilst also directing funding towards the provision of electricity as a result of an increase in the Integrated National Electrification Programme (INEP) Grant. Allocations towards water management increase gradually across the MTREF for the construction of reservoirs.

**Figure 4.4 Hessequa Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Grants and transfers to the Municipality increased almost threefold between 2014/15 and 2015/16 due to flood-support, but decreased as a percentage of the total capital budget as substantial borrowings were incorporated as part of the funding mix in 2015/16. From 2016/17 to 2018/19, the contribution of grants and transfers to the capital budget decreased year-on-year, while the Municipality gradually increased its own internally generated contributions. The capital budget will in the first two years of the MTREF largely be funded through external borrowings, which does raise certain sustainability concerns.

#### 4.2.4 Mossel Bay

Provincial infrastructure spend within the Mossel Bay municipal area will amount to R195.3 million in 2018/19. This amount will increase notably to R249.4 million in 2019/20 before decreasing considerably to R140.7 million in 2020/21. The total provincial infrastructure allocation in the Mossel Bay municipal area will amount to R585.5 million across the MTREF.

**Table 4.9 Mossel Bay Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	24 000	6 879	3 000	33 879
Health	3 555	4 757	11 566	19 878
Human Settlements	35 700	62 180	69 060	166 940
Public Works: General Buildings	29 029	550		29 579
Public Works: Transport	103 000	175 000	57 000	335 000
Social Development	61	64	69	194
<b>Total</b>	<b>195 345</b>	<b>249 430</b>	<b>140 695</b>	<b>585 470</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

It is clear that the Western Cape Government will over the MTREF prioritise road transport developments (R335.0 million) in Mossel Bay, the two largest projects being the refurbishment and rehabilitation of the C822: Hartenbos-Groot Brak Rivier (R194.0 million) and upgrades and additions to the C964.2 Mossel Bay - Hartenbos (R120.0 million). These two projects bode well to further unlock the growth potential of the region.

Given promising growth prospects and its relevance as a commercial hub within the region, Mossel Bay has in recent years experienced notable population growth as people move into the region in search of better employment opportunities. This trend has as such not only given rise to a demand for basic services, but also adequate housing. Provincial infrastructure allocations respond accordingly through substantial allocations towards human settlements. Noteworthy projects include the development of National Upgrading Support Programme (NUSP) service sites (R60.0 million) in the broader Mossel Bay area as well as planning towards service sites in Hartenbos: Sonskynvalley. Top structures will be constructed in Asazani and Inzinyoka to the value of R33.3 million.

From an education perspective, an amount of R33.9 million has been set aside for the construction of the Diaz Primary School, while R11.1 million will be directed towards health for upgrades and additions to the Mossel Bay Hospital. Several other health technology projects are also planned across the MTREF.

The R29.6 million allocation towards public works will fund the modernisation of the House De Klerk Hostel.

**Table 4.10 Mossel Bay Municipality: Capital Expenditure, 2014/15 – 2020/21 (R'000)**

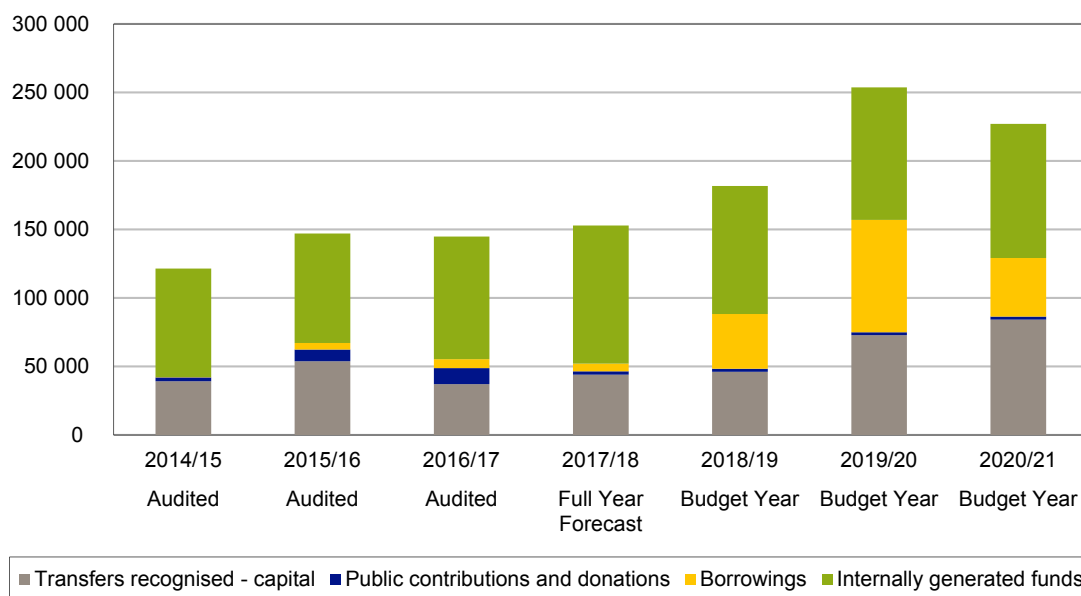
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	5 490	4 251	10 266	10 411	9 093	49 756	40 212
Community and public safety	16 195	29 765	19 364	27 250	25 215	48 244	63 907
Economic and environmental services	25 671	36 586	25 226	26 551	25 479	25 302	39 091
Trading services	74 147	76 363	89 960	88 613	121 968	130 340	83 874
<i>Energy sources</i>	22 581	24 108	30 988	26 028	27 317	34 943	22 098
<i>Water management</i>	19 807	18 796	27 493	30 258	33 125	34 874	12 773
<i>Waste water management</i>	28 237	31 491	31 287	28 540	48 041	56 373	44 853
<i>Waste management</i>	3 523	1 969	192	3 787	13 485	4 150	4 150
Other	6	58	9	20	-	-	-
<b>Total</b>	<b>121 510</b>	<b>147 023</b>	<b>144 823</b>	<b>152 845</b>	<b>181 755</b>	<b>253 642</b>	<b>227 084</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Between 2014/15 and 2016/17, Mossel Bay's capital budget for trading services was mostly directed towards waste water management (increased Municipal Infrastructure Grant allocations) and to a lesser extent, energy resources (Integrated National Electrification Programme Grant, INEP). The single largest capital budget priority for 2017/18 was water management as the Municipality expanded its water supply network to mitigate the effects of the drought. These expansions are not only funded through grants and transfers, but also a substantial contribution from the Municipality's

capital replacement reserve (CRR). The Municipality is anticipated to prioritise waste water management across the MTREF to refurbish and upgrade Waste Water Treatment Works (WWTW) and to expand the sewer network.

**Figure 4.5 Mossel Bay Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

It is evident from Figure 4.5 that the Municipality has historically been able to fund capital expansions through the application of its own internal funding and have not been overly reliant on grants and transfers. From 2017/18 onwards, the Municipality does, however, decrease its own contributions as a percentage of the total capital budget. This decrease is offset by a notable increase in borrowings across the MTREF, which attests to a diversified funding mix.

#### 4.2.5 George

Provincial infrastructure spend within the George municipal area will amount to R353.1 million in 2018/19. This amount will decrease to R206.7 million in 2019/20 but will, however, increase to R340.0 million in 2020/21. The total provincial infrastructure allocation in the George municipal area will amount to R899.8 million across the MTREF.

**Table 4.11 George Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	19 000	16 000	49 000	84 000
Health	1 590	22	501	2 113
Human Settlements	141 520	122 660	145 560	409 740
Public Works: General Buildings	37 529	8 614	3 500	49 643
Public Works: Transport	153 000	59 000	141 000	353 000
Social Development	412	435	459	1 306
<b>Total</b>	<b>353 051</b>	<b>206 731</b>	<b>340 020</b>	<b>899 802</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

Given its status as a prominent development hub within the Garden Route District, the George municipal area will receive substantial infrastructure allocations from the Western Cape Government for the 2018 MTREF.

The majority of infrastructure investments in the George municipal area will be directed towards human settlements to the value of R409.7 million to fund a wide array of projects. These include, but are not limited to, the construction of top structures in Thembaletu PHEP (R58.5 million), Blanco Golden Valley (R18.2 million) as well as Thembaletu Extensions 42 & 58 (R11.7 million). Service sites will further be developed at the Metro Grounds: Erf 464 (R67.5 million) and Europe extensions (R30.0 million) while planning is currently underway for additional service sites at Rosedale: Syferfontein (R181.6 million), Wilderness Heights: Erf 329 (R13.8 million) and the Thembaletu N2 Project (R1.0 million).

Substantial amounts will also be invested for road transport expansions. Planning is currently underway to reseal the C993.2: Holgaten - Oudtshoorn (R71.0 million) and the C1083 PRMG De Rust-Uniondale (R40.0 million). The C823.1: Hoekwil - Saasveld road will be refurbished for an amount of R88.0 million, whilst the single largest road transport project in George will be the construction of the C377.1: George West bypass (R140.0 million). This project will amount to R140.0 million across the MTREF.

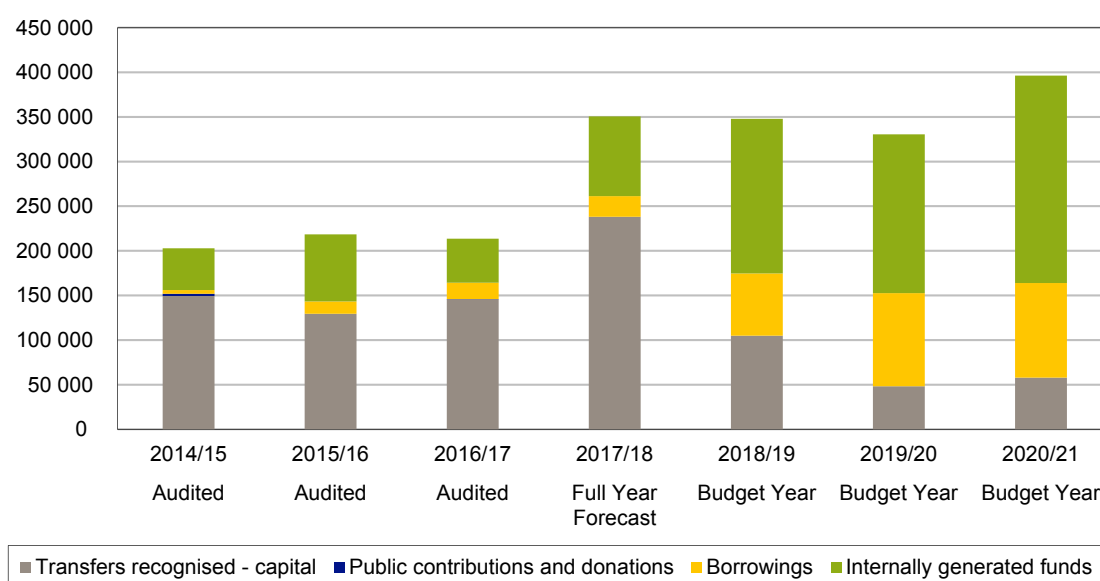
**Table 4.12 George Municipality: Capital Expenditure, 2014/15 – 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	5 614	11 944	6 623	18 244	12 859	4 972	5 194
Community and public safety	8 115	14 359	20 999	18 799	29 608	19 627	19 143
Economic and environmental services	90 493	118 682	99 437	153 369	72 708	26 490	50 989
Trading services	98 474	73 377	86 357	160 157	232 538	279 282	321 046
Energy sources	25 127	27 659	14 538	44 006	48 724	82 112	69 340
Water management	4 663	13 835	41 004	41 650	49 803	84 195	172 800
Waste water management	57 725	26 052	25 511	61 068	119 847	107 032	69 297
Waste management	10 959	5 831	5 304	13 434	14 164	5 943	9 609
Other	41	19	122	116	263	70	16
<b>Total</b>	<b>202 738</b>	<b>218 381</b>	<b>213 537</b>	<b>350 685</b>	<b>347 976</b>	<b>330 441</b>	<b>396 388</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Between 2014/15 and 2017/18, the Municipality's capital budget was largely concentrated within economic and environmental services as a result of substantial Public Transport Infrastructure Grant allocations towards the Go George Initiative. From a trading services perspective, the Municipality prioritised waste water management in 2014/15 and 2015/16, whilst shifting its focus towards water infrastructure in 2016/17 and 2017/18 with the onset of the drought. Substantial allocations are made towards expanding the sanitation network in 2018/19 and 2019/20 whereas the majority of the capital budget will in the outer year of the MTREF be channelled towards extending waterworks.

**Figure 4.6 George Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Between 2014/15 and 2016/17, the Municipality's capital budget was mostly funded through grants and transfers as a result of the Go George Initiative for which the Municipality received substantial support from National Government. The Municipality however constantly contributed sizable amounts from its own internally generated funding sources across this period whilst also bringing in external borrowings. Internally generated funding increase exponentially as a percentage of the total capital budget across the MREF, a large portion of which can be attributed to the utilisation of the Municipality's capital replacement reserves (CRR). Bearing in mind its current gearing ratio, the Municipality also increase contributions from external funding sources in the form of loans and borrowings.

#### 4.2.6 Oudtshoorn

Provincial infrastructure spend within the Oudtshoorn municipal area will amount to R125.2 million in 2018/19. This amount will slightly decrease to R120.0 million in 2019/20 before decreasing substantially to R61.9 million towards 2020/21. The total provincial infrastructure allocation in Oudtshoorn will amount to R307.1 million across the MTREF.



**Table 4.13 Oudtshoorn Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Health	300	-	-	300
Human Settlements	21 346	29 500	27 290	78 136
Public Works: Transport	103 000	90 000	34 000	227 000
Social Development	515	544	576	1 635
<b>Total</b>	<b>125 161</b>	<b>120 044</b>	<b>61 866</b>	<b>307 071</b>

Source: *Estimates of Provincial Revenue and Expenditure, 2018*

A total of R227.0 million will be invested in road transport infrastructure by the Western Cape Government in Oudtshoorn in the 2018 MTREF. The majority of this amount will be applied towards the refurbishment and rehabilitation of the C918 PRMG Oudtshoorn - De Rust in 2018/19 and 2019/20 (R180.0 million), while R30.0 million will go towards the rehabilitation of the C1008.1: Caltizdorp - Oudtshoorn (Spa Road) in 2020/21.

The development of human settlements will receive an R78.1 million allocation across the MTREF to construct top structures in Rosevalley (R43.3 million) and to plan for service sites as part of the GG Kamp, Kanaal and Black Joint Tavern Project (R21.0 million).

Minor allocations are made towards social development in order to commence with the procurement process of early childhood development centres (ECDs). Health investments are limited to the purchase of health technology for the De Rust Clinic.

**Table 4.14 Oudtshoorn Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

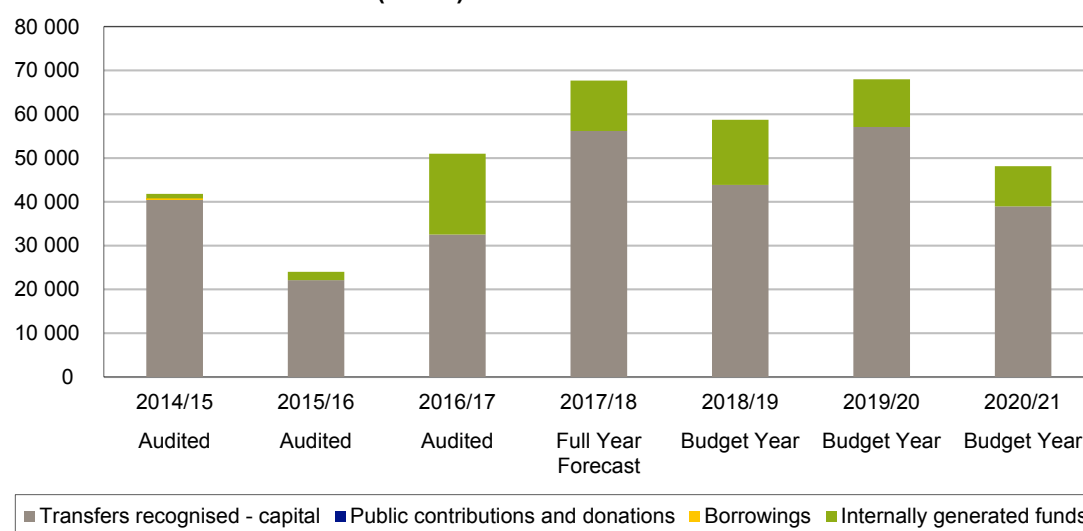
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	982	539	15 663	4 725	5 371	271	-
Community and public safety	1 732	4 362	833	21 901	11 721	13 324	9 961
Economic and environmental services	5 782	3 522	16 062	12 158	2 482	9 544	10 789
Trading services	33 310	14 472	18 440	28 921	39 158	44 854	27 378
Energy sources	10 518	3 736	8 884	12 417	4 639	13 310	3 250
Water management	18 729	2 905	1 829	13 449	29 739	26 787	19 671
Waste water management	4 063	7 830	3 200	1 738	1 304	4 757	4 457
Waste management	-	-	4 527	1 316	3 477	-	-
Other	-	1 133	-	-	-	-	-
<b>Total</b>	<b>41 806</b>	<b>24 027</b>	<b>50 998</b>	<b>67 705</b>	<b>58 732</b>	<b>67 993</b>	<b>48 128</b>

Source: *NT Database, Final Adopted 2018/19 Budgets - Schedule A5*

Across 2014/15 to 2016/17 the Municipality's strategic capital priorities towards trading service alternated between water, waste water management as well as energy sources. Through substantial drought-support from National and Provincial Government (Municipal Bulk Infrastructure Grant, Regional Bulk Infrastructure Grant, Water Services Infrastructure Grant), the Municipality prioritised water infrastructure in 2017/18. Provincial Treasury specifically allocated drought-relief funding to the Municipality to secure revenue sources that were impacted by the decrease in water

consumption. The Municipality continues to invest in water management across the outer years of the MTREF.

**Figure 4.7 Oudtshoorn Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

In 2014/15 and 2015/16, the Municipality's capital budget was almost exclusively funded by grants and transfers. Grants and transfers increase gradually towards 2016/17, but does decrease as a percentage of the total capital budget as the Municipality exponentially increased its own internal contributions. The sharp increase in grants and transfers in 2017/18 can be attributed to enhanced drought support. The Municipality remains heavily grant reliant across the MTREF which places its long-term financial sustainability at risk.

#### 4.2.7 Bitou

Provincial infrastructure spend within the Bitou municipal area will amount to R60.1 million in 2018/19. This amount will decrease to R39.7 million in 2019/20 and R26.1 million in 2020/21. The total provincial infrastructure allocation in Bitou will amount to R126.0 million across the MTREF.

**Table 4.15 Bitou Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Human Settlements	60 000	39 580	26 000	125 580
Social Development	128	135	143	406
<b>Total</b>	<b>60 128</b>	<b>39 715</b>	<b>26 143</b>	<b>125 986</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

Provincial infrastructure investments in Bitou will primarily be channelled towards human settlements to the value of R125.6 million across the MTREF. These funds will mostly be applied to develop service sites (R27.5 million) and to construct top structures (R34.0 million) as part of the Bossiegif/Qolweni development in Plettenberg Bay. An amount of R51.5 million has also been allocated for top structure construction in

Kwanokuthula. Minor allocations have been made towards social development in order to commence with a procurement planning for the Bonulethu Home Educare and Flaming Educare Childhood Development Centres (CDCs).

**Table 4.16 Bitou Municipality: Capital Expenditure, 2014/15 – 2020/21 (R'000)**

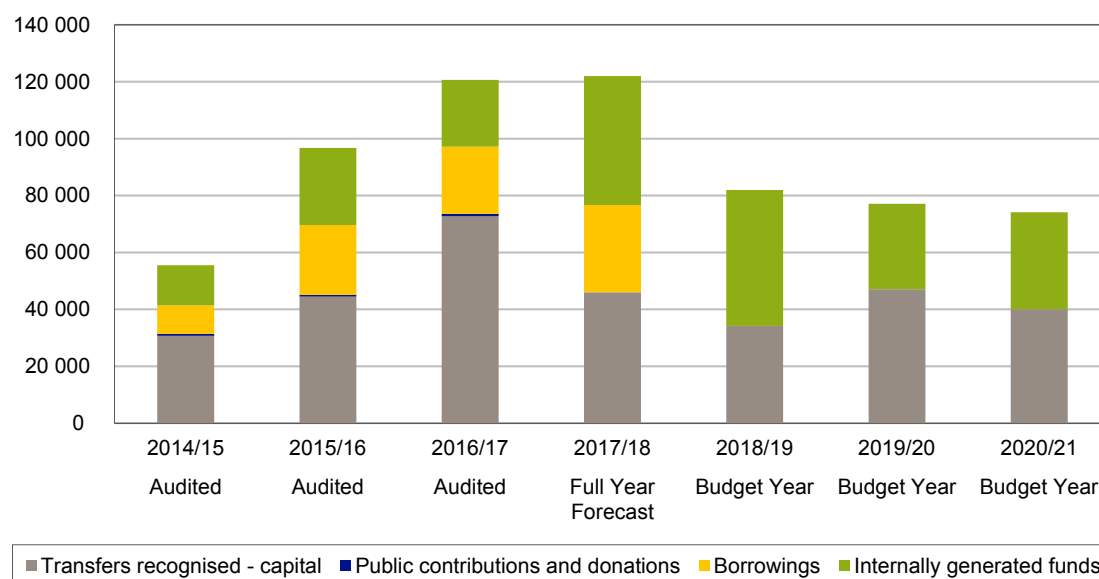
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	2 041	8 034	1 207	4 570	3 492	1 786	1 436
Community and public safety	4 554	3 722	28 290	13 879	6 031	4 242	2 500
Economic and environmental services	10 323	30 273	49 438	28 514	25 718	24 753	26 768
Trading services	38 579	53 514	40 179	72 015	46 528	46 325	43 423
<i>Energy sources</i>	15 721	21 462	12 482	27 513	12 306	12 048	13 365
<i>Water management</i>	6 615	10 031	12 117	27 198	13 820	17 537	17 254
<i>Waste water management</i>	7 735	11 461	13 307	16 305	19 402	15 741	11 804
<i>Waste management</i>	8 508	10 560	2 273	1 000	1 000	1 000	1 000
Other	-	1 219	1 530	3 018	200	-	-
<b>Total</b>	<b>55 497</b>	<b>96 762</b>	<b>120 645</b>	<b>121 995</b>	<b>81 969</b>	<b>77 105</b>	<b>74 126</b>

Source: NT Database, Final Adopted 2018/19 Budgets – Schedule A5; 2015/16 and 2016/17 Audited information sourced from the Municipality's adopted 2018/19 budget schedules.

In 2014/15 and 2015/16, the Municipality's capital budget for trading services was predominantly directed towards the provision of electricity, whilst it was more evenly split between the various functional areas in 2016/17. The single largest capital budget allocation in 2016/17 was directed towards economic and environmental services to fund road transport expansions. There was also a notable increase in the allocations towards community and public safety as a result of a substantial housing grant received from the Provincial Government.

In 2017/18, substantial drought-relief support was received, evident from the increase in the allocations towards water management. There was also an increase in the Integrated National Electrification Programme (INEP) Grant which explains the strong funding concentration towards energy sources.

In 2018/19, the capital budget towards trading services will mostly fund upgrades and maintenance to the sanitation network whilst the Municipality prioritises water management in the outer years of the MTREF.

**Figure 4.8 Bitou Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5; 2015/16 and 2016/17 Audited information sourced from the Municipality's adopted 2018/19 budget schedules

The Municipality's capital budget grew substantially across the period 2014/15 to 2016/17 as a result of increases to both grants and transfers recognised as well as internally generated funding. Despite receiving drought-relief support in 2017/18, grants and transfers dropped off considerably as a percentage of the total capital budget. This decrease in the overall capital budget was offset by a sharp increase in own-revenue contributions. The Municipality reached the upper limits of its gearing ratio and can as such not rely on external borrowings across the MTREF, hence the notable decrease in the capital budget.

#### 4.2.8 Knysna

Provincial infrastructure spend within the Knysna municipal area will amount to R90.8 million in 2018/19 after which it will decrease across the outer years of the MTREF to R73.6 million and R22.2 million in 2019/20 and 2020/21 respectively. The total provincial infrastructure allocation in the Knysna municipal area will amount to R186.5 million across the MTREF.

**Table 4.17 Knysna Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Education	10 000	22 000	8 000	40 000
Health	10 000	7 146	4 240	21 386
Human Settlements	70 564	44 200	9 750	124 514
Social Development	196	207	219	622
<b>Total</b>	<b>90 760</b>	<b>73 553</b>	<b>22 209</b>	<b>186 522</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

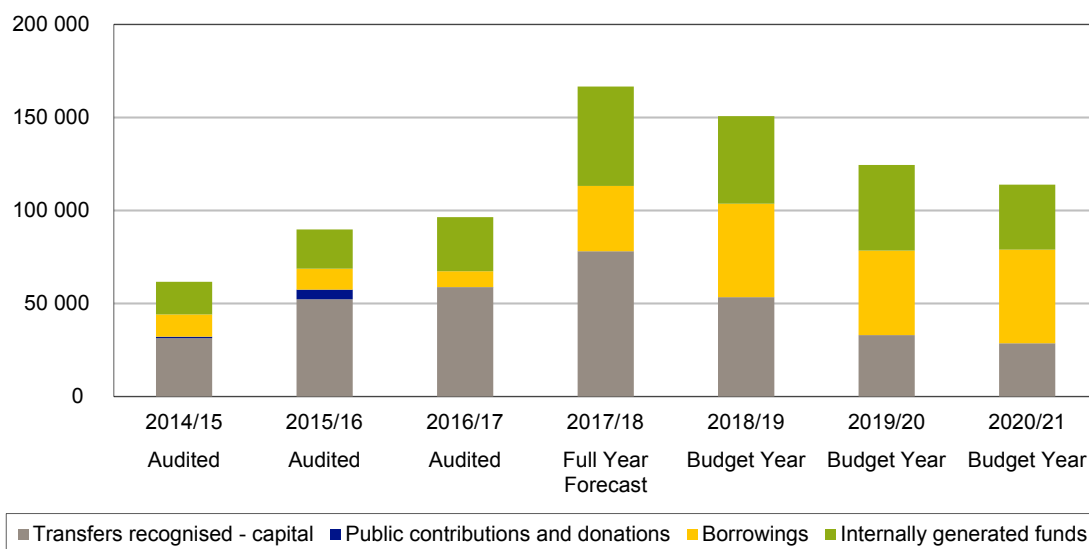
An amount of R124.5 million has been earmarked for human settlement developments in Knysna across the MTREF. Major projects include the roll-out of service sites in the Hornlee (R19.5 million) and Bloemfontein (R13.0 million) development areas as well as the construction of top structures in as part of the Knysna Vision 2002 Project (R26.0 million across the MTREF). Investments in education infrastructure will solely be directed towards the construction of the Concordia Primary School. Sizable allocations are also made towards the health function to replace the mortuary at the Knysna Forensic Pathology Laboratory (R19.8 million across the MTREF) and to upgrade technology at this facility (R1.6 million).

**Table 4.18 Knysna Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	6 282	4 266	7 508	7 746	3 456	56	56
Community and public safety	17 744	34 489	37 970	56 815	29 511	7 459	974
Economic and environmental services	2 499	9 228	1 921	4 903	24 240	23 330	13 084
Trading services	35 135	41 829	49 005	97 136	93 535	93 614	99 800
<i>Energy sources</i>	12 229	11 340	11 283	28 561	26 594	33 342	19 831
<i>Water management</i>	18 047	14 157	20 569	43 749	37 919	44 319	59 324
<i>Waste water management</i>	4 461	13 723	16 133	19 126	27 492	15 353	20 045
<i>Waste management</i>	398	2 609	1 020	5 700	1 530	600	600
<b>Total</b>	<b>61 661</b>	<b>89 812</b>	<b>96 404</b>	<b>166 599</b>	<b>150 742</b>	<b>124 459</b>	<b>113 914</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Prior to 2017/18, the Municipality's primary trading services priority was the provision of potable water, evident from the capital budget allocations being strongly concentrated towards water management across the period 2014/15 to 2016/17. The capital budget increased substantially in 2017/18 as a result of drought-relief support received. The Municipality continues to receive water management support across the MTREF mostly in the form of increased Municipal Infrastructure Grant (MIG) allocations to be applied towards water supply infrastructure. Substantial allocations are also directed towards the electricity function as a result of increased funding received from National Government in the form of Energy Efficiency and Demand Side Management Integrated National Electrification Programme (INEP) grants.

**Figure 4.9 Knysna Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Although the capital budget was mostly funded through grants and transfers between 2014/15 and 2016/17, the Municipality was during this time able to diversify its funding mix by incorporating external borrowings and internally generated revenue as funding sources. Grants and transfers increased notably in 2017/18, as a result of drought-relief support where after it gradually decreases across the MTREF. The Municipality's own-revenue contributions remain relatively stable in 2018/19 and 2019/20, but decrease notably in the outer year of the MTREF. Almost half of the capital budget is anticipated to be sourced from external borrowings in 2020/21.

### 4.3 Key Infrastructure considerations: Garden Route District

This chapter aimed to illustrate the manner in which the Western Cape Government, through targeted investments in economic, operational and social infrastructure, is fulfilling its role as a responsive and proactive government by contributing towards an environment that is conducive of broad-based economic growth and development to the ultimate benefit of society as a whole.

It has been mentioned previously that a constraining fiscal environment will potentially impact heavily on direct grant and transfer payments to local government. The reality is however that sluggish growth will also affect public infrastructure spend within the jurisdiction of local municipalities as national and provincial authorities will be forced to relook their funding priorities. The effects of such reduced public infrastructure spending are evident from recent reports of a struggling national construction sector that is gradually reducing its contributions to GDP as well as the total employment.

This chapter has shown that the Western Cape Government bucks the trend of reduced public infrastructure spend by increasing its investment in infrastructure across the MTREF within all districts of the Province.

It has, however, been emphasised that the creation of broad-based growth by means of proactive public investment in infrastructure can only be achieved through the complementary contributions of all spheres of government. This chapter, therefore, aimed to drive home this realisation that the onus of responsibility also falls upon local government to transcend their reliance on grants and transfers by seeking alternative funding sources to propel infrastructure expansions.

The success of public infrastructure spend as a catalyst for economic growth is just as much influenced by the quality therefore as it is by quantity. Targeted investments complimenting the geographical development potential of a region is therefore key, especially within the local sphere of government which acts as the coal-face of basic service delivery. Investment in economic infrastructure within the Garden Route District will as such be most effective if focused on the major growth centres in George, Mossel Bay and Knysna.





# 5

## Municipal socio-economic analysis

### 5.1 Introduction

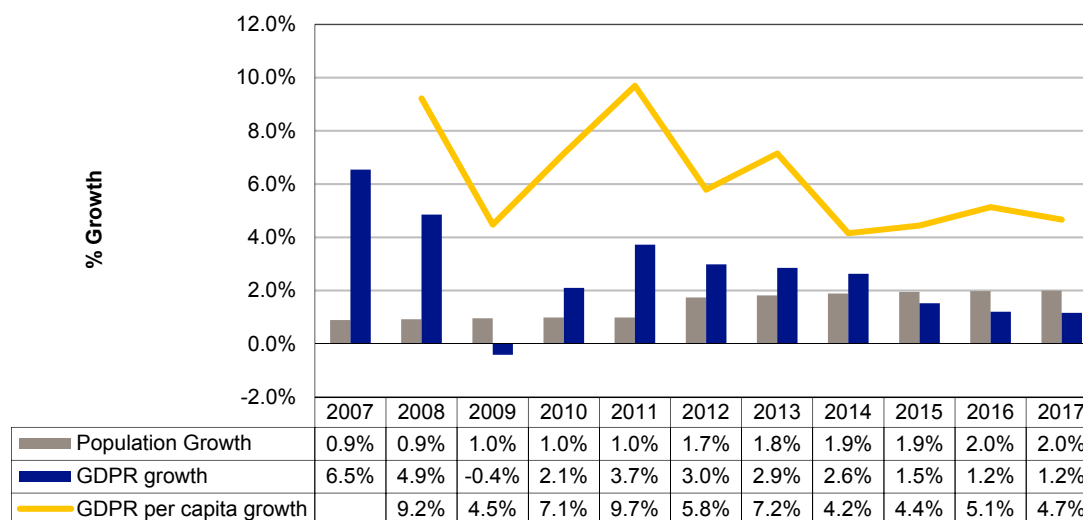
The main aim of this chapter is to describe the socio-economic circumstances of households living in the Garden Route District over the last few years given the slow economic recovery from the 2008 - 2009 global recession and the recent drought. The data used is sourced from Statistics South Africa, the Western Cape Education and Health departments, Quantec, and IHS Markit, among others.

Indicators used to analyse population and income dynamics include the population growth rate, the GDP 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. These indicators are discussed in detail in the sections below.

### 5.2 Population, GDP per capita and income distribution

#### 5.2.1 Population growth, GDP growth and GDP per capita growth in Garden Route District

When an economy grows faster than population growth, it means more income becomes available to be shared by citizens and everyone is likely to be better off. On the contrary, when population growth is faster than economic growth, less income is available, and it is stretched to accommodate the increasing population, resulting in lower income per person. Figure 5.1 shows population growth rates and economic growth rates for Garden Route District between 2007 and 2017.

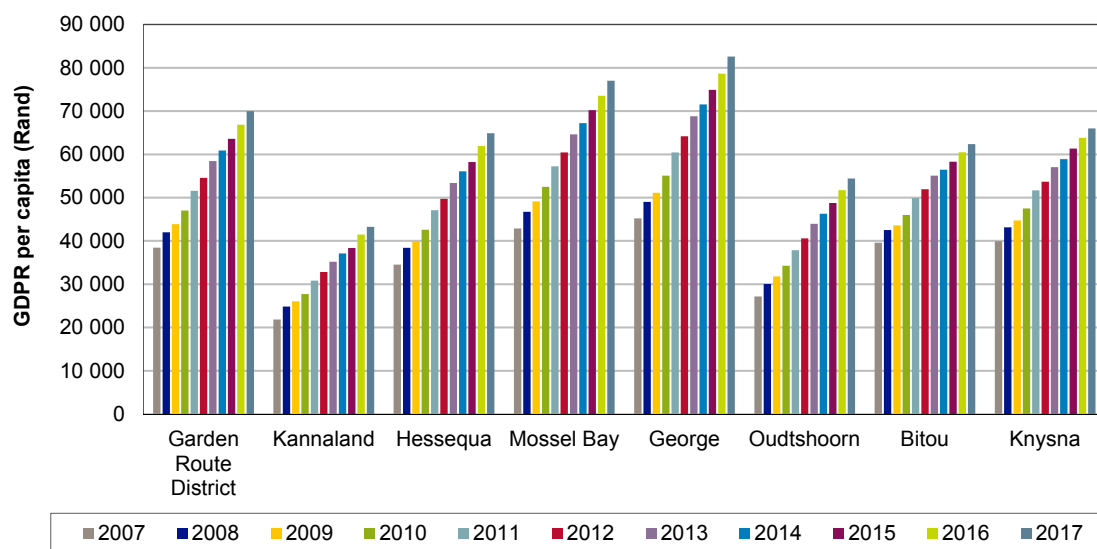
**Figure 5.1 Population, GDP and GDP per capita growth in Garden Route, 2007 - 2017**

Source: Quantec Research, 2018

In 2007 and 2008, the Garden Route economy grew much faster than population growth, but the global recession of 2009 changed this, with a significant drop in GDP while population growth remained steady. The economic recovery between 2011 and 2014 resulted in GDP growth rates marginally exceeding population growth rates, but the situation reversed significantly since 2015 as population growth in Garden Route exceeded GDP growth rates as indicated in Figure 5.1.

On the back of steady population growth rates and volatile GDP growth rates between 2007 and 2017, the growth in the income per person, as indicated by the GDP per capita<sup>8</sup>, has also been volatile as shown in Figure 5.1. An important trend to note is that the GDP per capita growth rate has been declining, implying lowering living standards among households in the Garden Route District.

<sup>8</sup> Real GDP per capita is an indicator used by economists to estimate the income per person within an economy, and inherently the standard of living. It is calculated by dividing the real gross domestic product of an economy by the total population of that economy. GDP per capita is an estimate of the average income per person in an economy and is therefore not an accurate and true reflection of the annual incomes earned by various individuals or households.

**Figure 5.2 Nominal GDP per capita within Garden Route District, 2007 - 2017**

Source: Quantec Research, 2018

The Mossel Bay, George, Bitou and Knysna municipal areas had higher GDP per capita than the Garden Route District average from 2007 to 2008. The Bitou Municipality fell below the Garden Route District average between 2009 to 2011 whereafter the Mossel Bay and George municipal areas were the only two municipal areas that exceeded the Garden Route District average GDP per capita from 2012 to 2017.

Table 5.1 provides a breakdown of the proportion of households in various income brackets in Garden Route region in 2017.

**Table 5.1 Percentage of households per income bracket in Garden Route, 2017 (%)**

Income category	Garden Route								
	Route	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna	
No income	13.4	8.7	7.9	18.0	12.5	9.0	17.7	16.3	
R1 - R6 314	2.8	2.1	1.5	2.9	2.6	2.3	4.5	3.3	
R6 315 - R12 628	4.4	4.1	3.0	4.2	4.4	4.9	5.7	4.6	Low Income
R12 629 - R25 257	14.3	21.1	14.2	12.6	13.1	16.1	16.3	14.0	
R25 258 - R50 514	19.8	27.8	22.9	15.1	19.4	23.5	19.4	18.9	
<b>Subtotal</b>	<b>54.7</b>	<b>63.8</b>	<b>49.6</b>	<b>52.8</b>	<b>51.9</b>	<b>55.8</b>	<b>63.6</b>	<b>57.1</b>	
R50 515 - R101 028	16.9	17.4	21.5	15.6	17.3	18.6	14.0	14.6	
R101 029 - 202 055	12.0	9.2	14.8	13.1	12.6	11.1	9.1	11.1	Middle Income
R202 056 - R404 111	9.0	6.5	9.2	10.5	9.7	8.4	6.5	8.5	
<b>Subtotal</b>	<b>37.9</b>	<b>33.0</b>	<b>45.5</b>	<b>39.1</b>	<b>39.6</b>	<b>38.2</b>	<b>29.6</b>	<b>34.2</b>	
R404 112 - R808 221	5.1	2.1	3.4	5.2	6.0	4.6	4.3	5.9	
R808 222 - R1 616 442	1.5	0.7	1.0	1.8	1.7	0.8	1.6	1.7	High Income
R1 616 444 - R3 232 885	0.5	0.2	0.3	0.6	0.5	0.3	0.4	0.6	
R3 232 886+	0.3	0.2	0.2	0.4	0.3	0.2	0.5	0.5	
<b>Subtotal</b>	<b>7.4</b>	<b>3.2</b>	<b>4.9</b>	<b>8.1</b>	<b>8.5</b>	<b>6.0</b>	<b>6.8</b>	<b>8.7</b>	

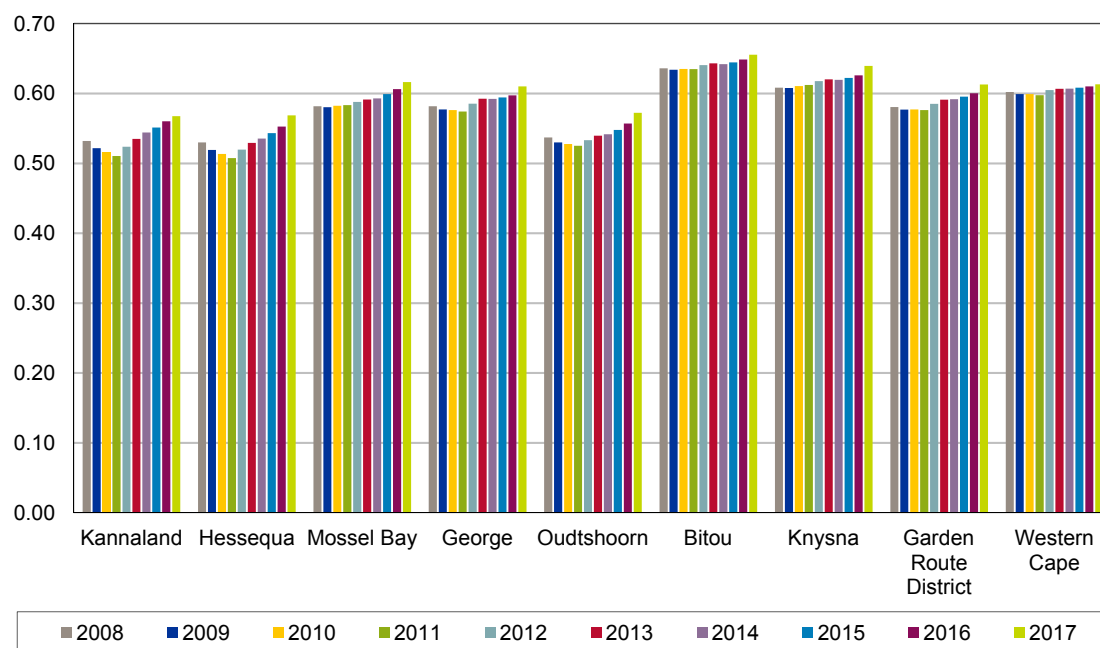
Source: Quantec Research, 2018

Mossel Bay had the highest proportion (18 per cent) of households without income and Hessequa had the lowest (7.9 per cent). Furthermore, Kannaland has the highest proportion (63.8 per cent) of low income earners followed by Bitou (63.6 per cent), Knysna (57.1 per cent), Oudtshoorn (55.8 per cent) and Mossel Bay (52.8 per cent) as well as George (51.9 per cent). Hessequa has the highest proportion of middle income earners (45.5 per cent) while Knysna has the highest proportion of high income earners (8.7 per cent). In Hessequa the largest proportion of middle income households falls within the R50 515 - R101 028 income category whereas the largest proportion of high income earners in Knysna falls within the R404 112 - R808 221 income category.

### 5.2.2 Income distribution in Garden Route District

The unequal distribution of income and wealth within an economy is estimated by using the Gini coefficient.<sup>9</sup> Figure 5.3 shows Gini coefficients for municipalities within the Garden Route District. Figure 5.3 shows that the inequalities in income distribution remain high in most municipal areas within the Garden Route District with none of the Gini coefficients below the halfway mark of 0.50. The graph shows increasing income inequalities were recorded for all the local municipalities within the Garden Route District between 2016 and 2017.

**Figure 5.3 Gini coefficients in Garden Route municipal areas, 2008 - 2017**



Source: IHS Global Insights, 2018

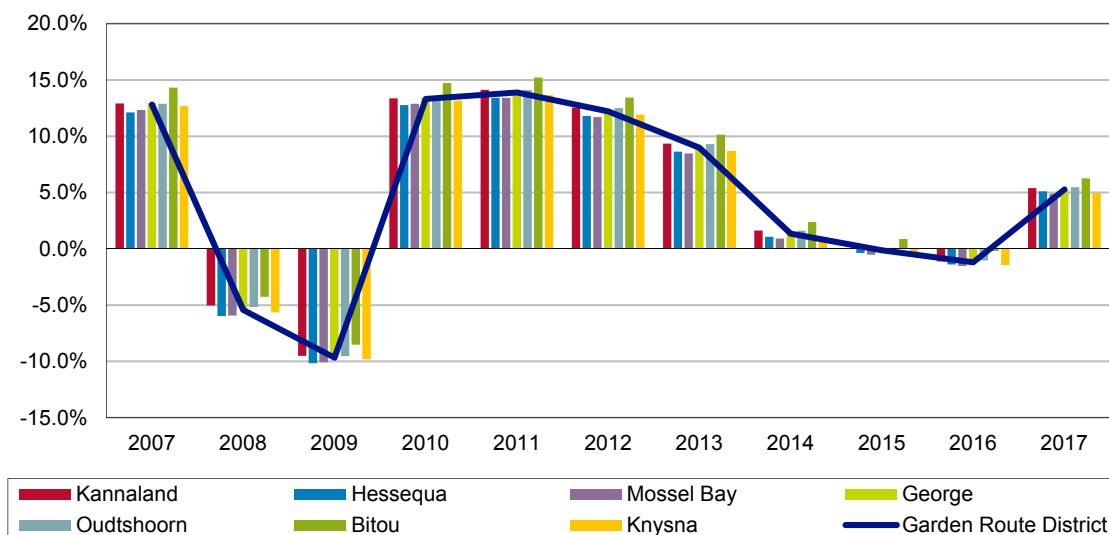
<sup>9</sup> The Gini coefficient is a measure of statistical dispersion intended to represent the distribution of income among a nation's residents, and the figure varies between 0, which is an indication of complete or perfect equality and 1, which represents complete inequality in income distribution. The closer to 1 means more and more inequality exists and the closer to 0 shows less and less inequality.

The highest increases in income inequalities were recorded in Hessequa, George, Oudtshoorn and Knysna municipalities whereas marginal increases were recorded in Kannaland, Mossel Bay and Bitou municipalities between 2016 and 2017.

### 5.2.3 Household expenditure in Garden Route District

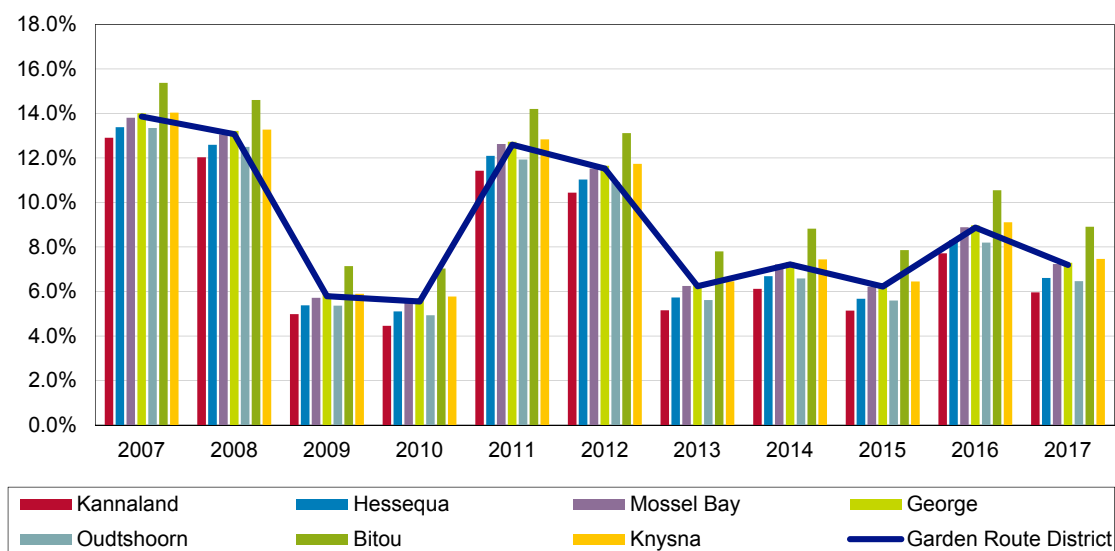
Another way of looking at disparities in income distribution is to analyse household expenditure on durable, semi-durable, non-durable and services. Economists expect households to consume durable goods and services when disposable income increases significantly and semi-durable or non-durable goods when disposable incomes are low. This section analyses the change in household expenditure over the past 10 years.

**Figure 5.4 Household expenditure growth on durable goods, Garden Route District, 2007 - 2017**



Source: Quantec Research, 2018

Figure 5.4 shows that household expenditure on durable goods in all municipal areas within the Garden Route region decreased in 2008 and decreased further during the recession in 2009. However, from 2010 expenditure on durable goods increased sharply, before slowing down between 2014 and 2016 as the economy again recorded low growth levels. Household expenditure on durable goods picked up across all municipalities in the region in 2017.

**Figure 5.5 Household expenditure growth on non-durable goods, Garden Route Districts, 2007 - 2017**

Source: Quantec Research, 2018

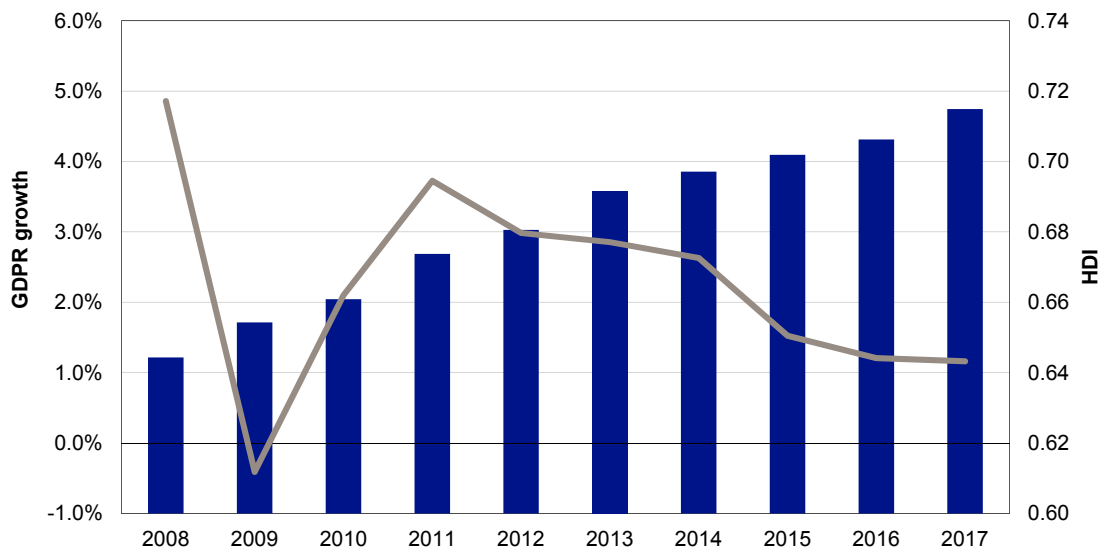
As shown in Figure 5.5, households' expenditure on non-durable goods within the Garden Route District has been growing by over 6 per cent per annum over the past 10 years, including the recession years and years of very low economic growth.

### 5.3 Human Development

The United Nations uses the Human Development Index (HDI)<sup>10</sup> 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 5.6 shows economic growth trends and changes in the HDI for the Garden Route region between 2009 and 2017.

<sup>10</sup> 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 5.6 GDP growth vs HDI growth in Garden Route District, 2008 - 2017**

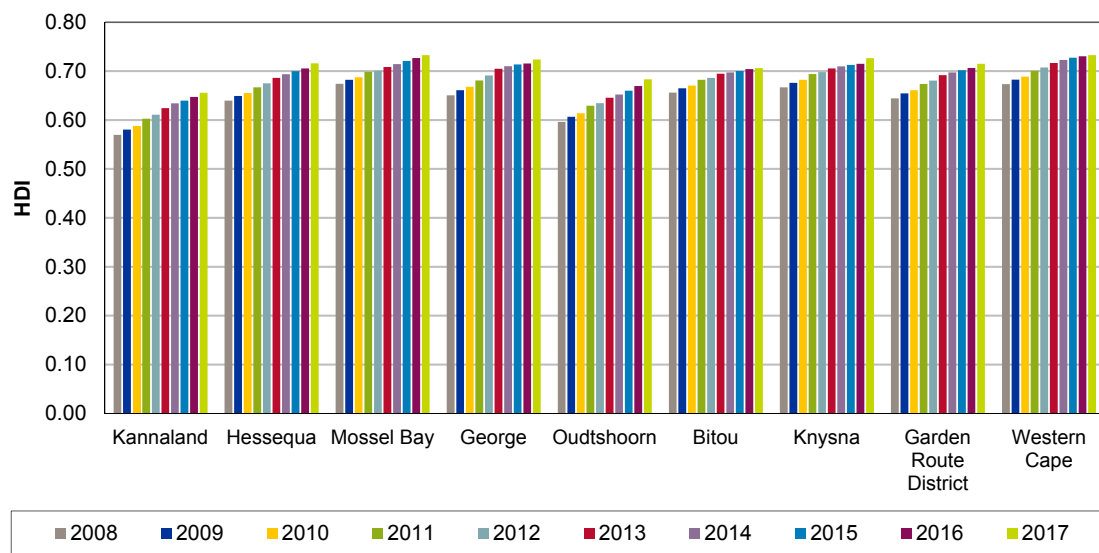


Source: Quantec Research, 2018, IHS Markit, 2018

Over the past decade, economic growth and human development within the Garden Route region have both increased during 2009 - 2011. Despite the decline in economic growth after 2011, the HDI continued improving from 2011 to 2017.

Figure 5.7 shows the HDIs per municipal area in the Garden Route between 2008 and 2017.

**Figure 5.7 HDIs per municipal area in Garden Route District, 2008 - 2017**



Source: IHS Markit, 2018

In 2017, the Mossel Bay and Knysna municipal areas had the highest HDI (0.73) in the Garden Route region, followed by George and Hessequa (0.72), Bitou (0.71) and lastly Oudtshoorn and Kannaland (0.66 and 0.68). The Garden Route District and Western Cape average HDI's are 0.71 and 0.73 respectively.

### 5.3.1 Educational development within the Garden Route District

The extent of improvement in educational circumstances of households in the Garden Route District discussed here using data on learner enrolments, Grade 12 dropout rates and Matric pass rates. Between 2016 and 2017 the Garden Route District recorded increases in learner enrolment, an overall decrease in Grade 12 dropout rates and a decrease in the average Matric pass rate as indicated in Table 5.2.

**Table 5.2 Enrolment, dropout and Matric pass rates in Garden Route District, 2016 - 2017**

Municipality	Learner enrolment (2016)	Learner enrolment (2017)	% change	Grade 12 dropout rate (2016)	Grade 12 dropout rate (2017)	% change	Matric pass rates (2016)	Matric pass rates (2017)	% change
Bitou	8 041	8 041	0.0	44.5	44.5	0.0	78	78.0	0.0
George	34 782	35 441	1.9	26.4	31.2	18.2	83.4	83.7	0.4
Hessequa	8 566	8 706	1.6	30.2	35.6	17.9	93.6	87.4	-6.6
Kannaland	4 651	4 679	0.6	39.3	40.2	2.3	88.9	89.2	0.3
Knysna	12 103	12 326	1.8	32.2	35.3	9.6	77.9	72.4	-7.1
Mossel Bay	16 401	16 650	1.5	32.5	36.5	12.3	87.4	83.5	-4.5
Oudtshoorn	18 588	18 657	0.4	35.6	33.6	-5.6	93.1	80.1	-14.0

Source: Western Cape Education Department, 2018

Most of the municipalities within the Garden Route area have high learner enrolment numbers which is, however, accompanied by high dropout rates exceeding 30 per cent amongst Grade 12 learners in 2016 and 2017. The highest dropout rates are reflected in Bitou (44.5 per cent) and Kannaland (40.2 per cent). The highest matric pass rates in excess of 85 per cent were recorded in Hessequa and Kannaland in 2017, indicating positive education outcomes in these areas.

**Table 5.3 Educational development within Bitou, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	6 981	-	36	-	82.8	-
2013	7 306	4.7	22.6	-37.2	74	-10.6
2014	7 535	3.1	31.5	39.4	73.9	-0.1
2015	7 659	1.6	26.9	-14.6	74.8	1.2
2016	8 041	5.0	44.5	65.4	78	4.3
2017	8 041	0.0	44.5	0.0	78	0.0

Source: Western Cape Education Department, 2018

Table 5.3 shows that learner enrolment in Bitou increased by 5 per cent between 2015 and 2016 and remained unchanged between 2016 and 2017. The Grade 12 dropout rate increased significantly with 65.4 per cent between 2015 and 2016, which does not bode well for socio-economic development within the Bitou area. The Matric pass rate improved from 74.8 per cent in 2015 to 78 per cent in 2016.



**Table 5.4 Educational development within George, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	33 594	-	37.9	-	90.2	-
2013	34 063	1.4	30.6	-19.3	89.2	-1.1
2014	34 158	0.3	29.7	-2.9	81.9	-8.2
2015	34 460	0.9	31.8	7.1	84.6	3.3
2016	34 782	0.9	26.4	-17.0	83.4	-1.4
2017	35 441	1.9	31.2	18.2	83.7	0.4

Source: Western Cape Education Department, 2018

Learner enrolment in George increased by almost 1 per cent annually between 2012 and 2016, with 2017 recording the highest (659 learners or 1.9 per cent) increase. The learner dropout rates remained above 30 per cent since 2012 with the exception of 2014 and 2016 when it dropped to 29.7 per cent and 26.4 per cent respectively. George reflected high matric pass rates above 80 per cent from 2012 to 2017, which indicates positive education outcomes for the area.

**Table 5.5 Educational development within Hessequa, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	8 313	-	33.9	-	92.4	-
2013	8 397	1.0	37.4	10.3	96.5	4.4
2014	8 520	1.5	30.7	-17.9	85.9	-11.0
2015	8 585	0.8	21.4	-30.3	88.3	2.8
2016	8 566	-0.2	30.2	41.1	93.6	6.0
2017	8 706	1.6	35.6	17.9	87.4	-6.6

Source: Western Cape Education Department, 2018

Learner enrolment in Hessequa increased by 0.8 per cent annually between 2012 and 2017, with 2017 recording the highest (140 learners or 1.6 per cent) increase. The learner dropout rates remained above 30 per cent since 2012 with the exception of 2015 when it dropped to 21.4 per cent. Hessequa reflected high matric pass rates above 85 per cent from 2012 to 2017, which indicates positive education outcomes for the area.

**Table 5.6 Educational development within Kannaland, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	4 667	-	47.2	-	92.6	-0
2013	4 719	1.1	28.5	-39.6	88.6	-4.3
2014	4 685	-0.7	45	57.9	85.3	-3.7
2015	4 671	-0.3	39.7	-11.8	92.4	8.3
2016	4 651	-0.4	39.3	-1.0	88.9	-3.8
2017	4 679	0.6	40.2	2.3	89.2	0.3

Source: Western Cape Education Department, 2018

Learner enrolment in Kannaland increased marginally in 2013, but dropped slightly from 2014 to 2016 and increased slightly again in 2017. The learner dropout rates are extremely high within Kannaland with almost half of the learners dropping out of school before completing Grade 12. Kannaland reflected high matric pass rates above 80 per cent from 2012 to 2017, which indicates positive education outcomes for the area.

**Table 5.7 Educational development within Knysna, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	11 246	-	36.5	-	83	-
2013	11 353	1.0	34.9	-4.4	81.1	-2.3
2014	11 728	3.3	52.3	49.9	72.2	-11.0
2015	12 006	2.4	32.1	-38.6	81.6	13.0
2016	12 103	0.8	32.2	0.3	77.9	-4.5
2017	12 326	1.8	35.3	9.6	72.4	-7.1

Source: Western Cape Education Department, 2018

Learner enrolment in Knysna has increased consistently between 2012 and 2017 at an annual average of 1.5 per cent per year. The Grade 12 dropout rate has remained above 30 per cent between 2012 and 2017. The 52.3 per cent Grade 12 dropout rate in 2014 was the highest in the region. The Matric pass rate also dropped from a peak of 83 per cent in 2012 to 72.4 per cent in 2017, which is the lowest achievement rate in the region.

**Table 5.8 Educational development within Mossel Bay, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	14 903	-	40.4	-	83.7	-
2013	15 141	1.6	44.2	9.4	92.6	10.6
2014	15 679	3.6	23.8	-46.2	83	-10.4
2015	16 105	2.7	28.8	21.0	88.1	6.1
2016	16 401	1.8	32.5	12.8	87.4	-0.8
2017	16 650	1.5	36.5	12.3	83.5	-4.5

Source: Western Cape Education Department, 2018

Learner enrolment in Mossel Bay has increased consistently between 2012 and 2017 at an annual average growth of 1.9 per cent. The Grade 12 dropout rate has reflected significantly high, over 40 per cent between 2012 and 2013 and improved to below 30 per cent in 2014 to 2015. The Grade 12 dropout rate thereafter increased above 30 per cent between 2016 and 2017. Mossel Bay reflected high matric pass rates above 85 per cent from 2012 to 2017 (except in 2014 and 2017), which indicates positive education outcomes for the area.

**Table 5.9 Educational development within Oudtshoorn, 2012 - 2017**

Period	Learner enrolment	% change	Gr 12 dropout rate	% change	Matric pass rates (%)	% change
2012	18 967	-	26.6	-	88.1	-
2013	18 778	-1.0	28.6	7.5	89.4	1.5
2014	18 860	0.4	25.8	-9.8	84.5	-5.5
2015	18 926	0.3	23.1	-10.5	91.3	8.0
2016	18 588	-1.8	35.6	54.1	93.1	2.0
2017	18 657	0.4	33.6	-5.6	80.1	-14.0

Source: Western Cape Education Department, 2018

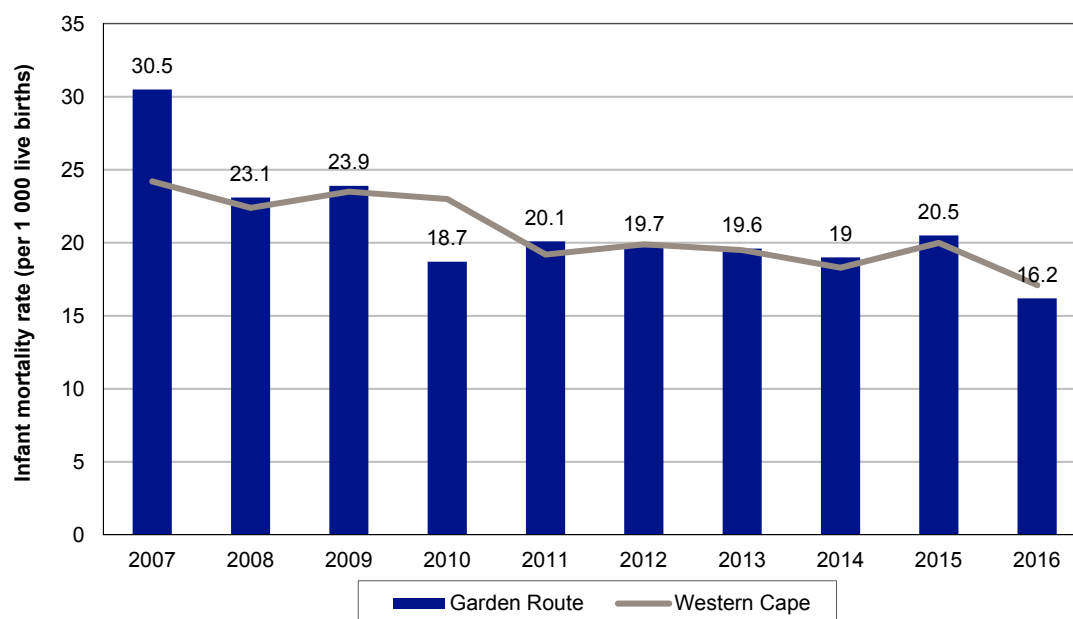
Learner enrolment in Oudtshoorn has varied marginally at just over 18 500 learners between 2012 and 2017. The Grade 12 dropout rate has reflected below 30 per cent between 2012 and 2015, but increased to above 30 per cent in 2016 and 2017. Oudtshoorn reflected high matric pass rates above 85 per cent between 2012 and 2016, peaking at 93.1 per cent in 2016, which indicates positive education outcomes for the area. However, Matric pass rates declined by 14 per cent to 80.1 per cent in 2017.

### 5.3.2 Health development within Garden Route District

The health conditions of persons living within the Garden Route region are analysed in this section by looking at infant mortality rates, the top 10 causes of death as well as the top 10 injuries that cause death. Between 2011 and 2016 life expectancy in the Western Cape averaged 64.8 years for males and 70.6 years for females according to the mid-year population estimates by Statistics South Africa in 2017. For the period between 2016 and 2021 the average life expectancy is expected to be higher at 66.2 years for males and 72.1 years for females.

Figure 5.8 shows a decrease in infant mortality rates in Garden Route District between 2007 and 2016, indicating an improvement in child health care in the period under review.

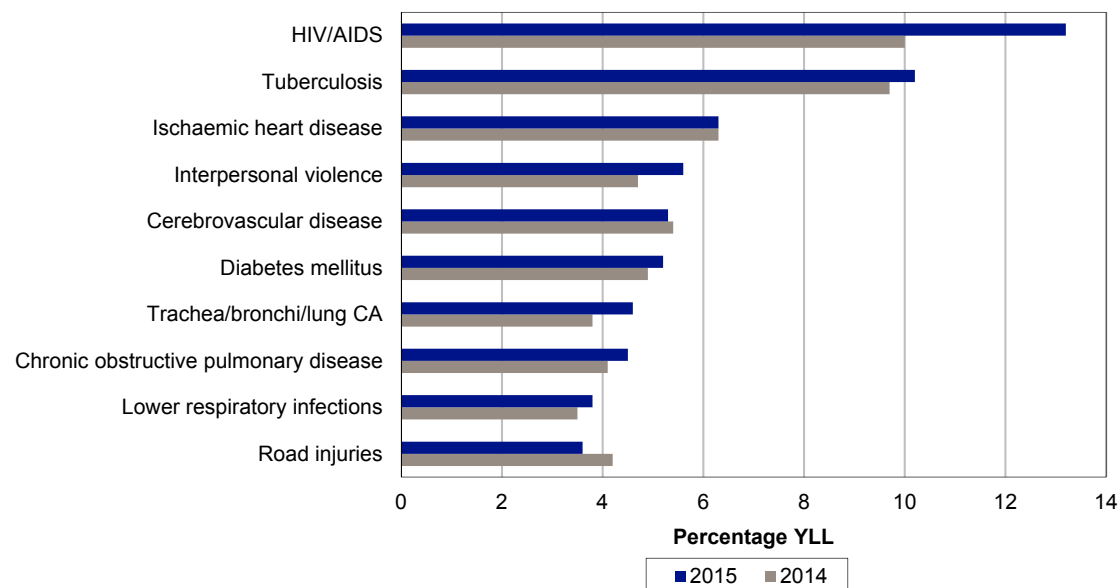
**Figure 5.8 Infant mortality rates, Garden Route District, 2007 - 2016**



Source: Western Cape Health Department, 2018

In 2016, there were 16.2 infant deaths (per 1 000 live births) in Garden Route District, which is almost half of the 30.5 deaths (per 1 000 live births) recorded in 2007. Figure 5.9 also shows that infant deaths in Garden Route District exceeded the Western Cape average between 2007 to 2016 with exception of 2010 and 2016, when infant deaths dropped below the Western Cape average.

**Figure 5.9 Top 10 causes of death in Garden Route, 2014 - 2015**

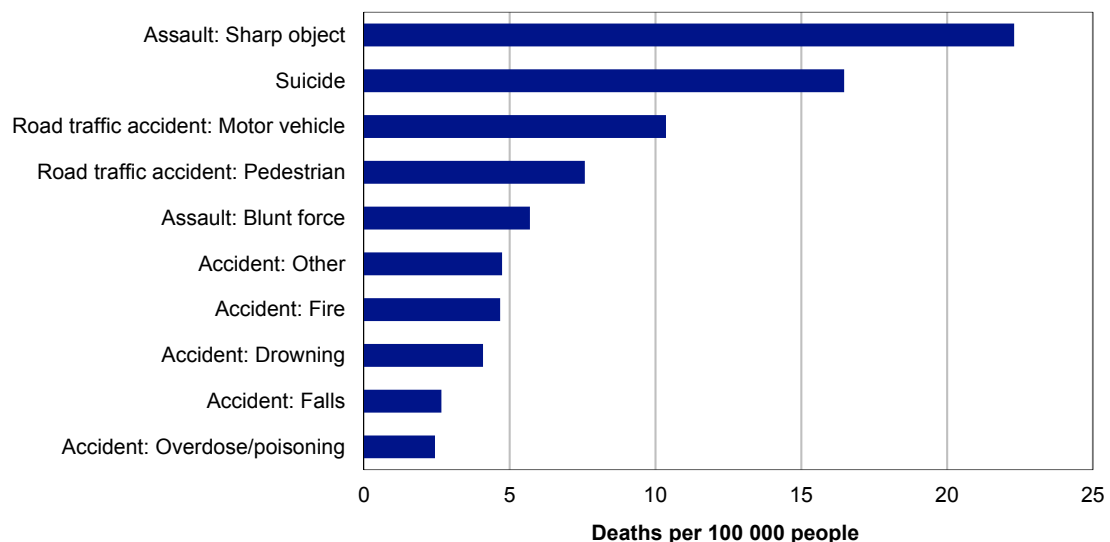


Source: Western Cape Health Department, 2018

The top 10 causes of death are measured using the percentage of years of life lost (YLL<sup>11</sup>), which takes into account the age at which deaths occur by giving greater weight to deaths at a younger age and a lower weight to deaths at an older age. HIV/AIDS remains at the top of causes of death in the Garden Route region with persons losing 13.2 years of life at death in 2015, up from 10 years of life lost at death in 2014. Tuberculosis is the second highest cause of death in the region, with persons losing an average of 10.3 years of life at death. Between 2014 and 2015 increases in the percentage of years of life lost at death were experienced for HIV/AIDS, tuberculosis, interpersonal violence and lung infections, diabetes, chronic obstructive pulmonary disease (COPD) and lower respiratory infections while decreases were experienced in deaths due to ischaemic heart disease, cerebrovascular disease and road injuries.

Deaths in the Garden Route District are also caused by injuries sustained from various incidences. Figure 5.10 shows the top 10 injuries that result in death within the Garden Route District, using the age-standardised mortality rate (ASR<sup>12</sup>).

**Figure 5.10 Top 10 deaths by injury type, Garden Route District, 2016**



Source: Western Cape Health Department, 2018

Figure 5.10 shows that there were 22.3 deaths per 100 000 people in Garden Route District as a result of assault with sharp objects, followed by 16.5 deaths per 100 000 people as a result of suicide and thereafter 10.4 deaths per 100 000 people sustained from road traffic accidents involving motor vehicles.

<sup>11</sup> YLL are calculated from the number of deaths multiplied by a standard life expectancy at the age at which death occurs. The standard life expectancy used for YLL at each age is the same for deaths in all regions of the world

<sup>12</sup> The Age-Standardised Rate is a weighted average of the age-specific mortality rates per 100 000 persons, where the weights are the proportions of persons in the corresponding age groups of the WHO standard population.

### 5.3.3 Human settlements and access to basic services within Garden Route District

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 5.10 shows the different types of dwellings for households living within the Garden Route region in 2017, of which 27 874 or 15.2 per cent are informal and 154 934 or 84.8 per cent are formal dwellings.

**Table 5.10 Human dwellings within Garden Route District, 2017**

Dwelling type	Garden Route		Kannaland		Hessequa		Mossel Bay		George		Oudtshoorn		Bitou		Knysna	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total
House or brick structure on a separate stand or yard	137 361	75.1	6 897	94.8	16 255	89.7	22 912	72.8	44 929	75.2	18 283	78.3	12 645	67.8	15 440	64.0
Traditional dwelling/hut/structure made of traditional materials	1 358	0.7	30	0.4	152	0.8	197	0.6	392	0.7	191	0.8	201	1.1	195	0.8
Flat in a block of flats	4 013	2.2	47	0.6	293	1.6	861	2.7	1 445	2.4	463	2.0	255	1.4	650	2.7
Town/cluster/semi-detached house (simplex, duplex or triplex)	6 168	3.4	34	0.5	131	0.7	2 128	6.8	1 468	2.5	1 356	5.8	197	1.1	853	3.5
House/flat/room, in backyard	2 672	1.5	27	0.4	177	1.0	385	1.2	1 184	2.0	405	1.7	138	0.7	357	1.5
Informal dwelling/shack, in backyard	11 066	6.1	82	1.1	467	2.6	1 691	5.4	4 522	7.6	1 071	4.6	1 781	9.5	1 453	6.0
Informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement	16 808	9.2	94	1.3	418	2.3	2 534	8.0	4 839	8.1	1 285	5.5	2 927	15.7	4 712	19.5
<b>Informal dwellings</b>	<b>27 874</b>	<b>15.2</b>	<b>176</b>	<b>2.4</b>	<b>885</b>	<b>4.9</b>	<b>4 224</b>	<b>13.4</b>	<b>9 361</b>	<b>15.7</b>	<b>2 356</b>	<b>10.1</b>	<b>4 708</b>	<b>25.2</b>	<b>6 165</b>	<b>25.6</b>
Room/flatlet not in backyard but on a shared property	1 161	0.6	10	0.1	71	0.4	392	1.2	367	0.6	109	0.5	95	0.5	117	0.5
Other/unspecified/NA	2 200	1.2	52	0.7	152	0.8	388	1.2	640	1.1	198	0.8	418	2.2	351	1.5
<b>Total</b>	<b>182 808</b>	<b>100</b>	<b>7 273</b>	<b>100</b>	<b>18 117</b>	<b>100</b>	<b>31 487</b>	<b>100</b>	<b>59 785</b>	<b>100</b>	<b>23 360</b>	<b>100</b>	<b>18 657</b>	<b>100.0</b>	<b>24 128</b>	<b>100</b>

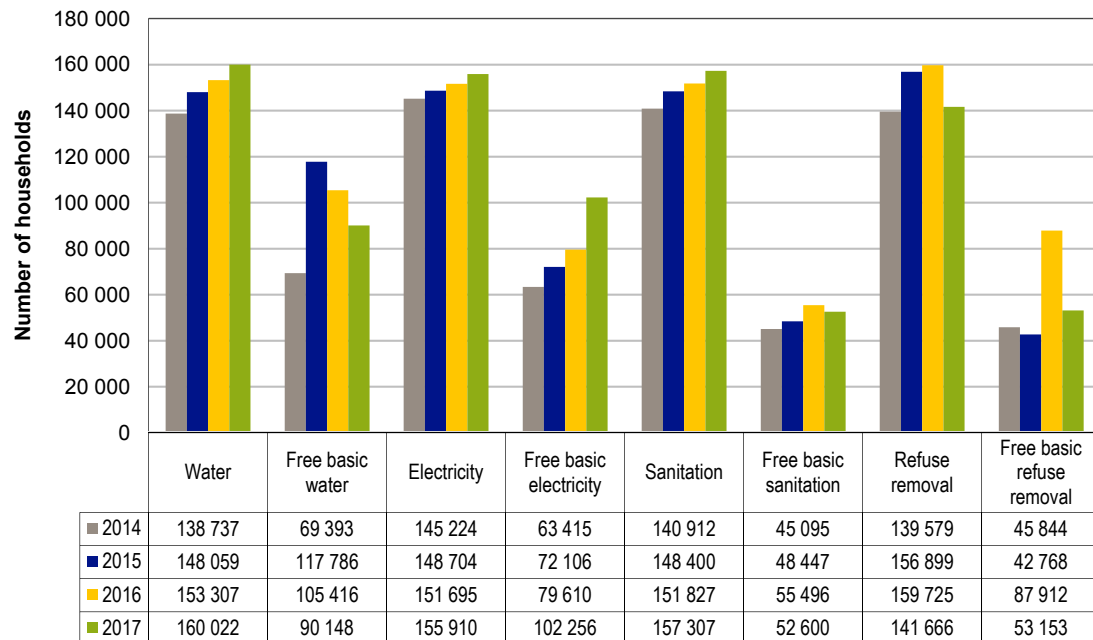
Source: Quantec Research, 2018

George has the largest number of informal dwellings (9 361 households or 15.7 per cent) followed by Knysna (6 165 households or 25.6 per cent) and Bitou (4 708 or 25.2 per cent). Although the Kannaland and Hessequa municipal areas have lower numbers of informal dwellings compared to the bigger municipal areas in the region, these remain a risk and a concern. The average number of people per household within municipal areas in the Garden Route region has remained stable at approximately four persons per household over the last decade.

The number of people having access to basic services including water, electricity, sanitation and refuse removal is an indication of the level of human development within a municipal area. Figure 5.11 below shows the number of households receiving water, electricity, sanitation and waste removal services in the Garden Route District between 2014 and 2017. It can be seen from Figure 5.11 that there has been an increase in the number of households receiving water, electricity, sanitation and refuse removal, with significant increases noted for electricity and refuse removal services between 2016 and 2017. In terms of free basic services, it can be seen that a higher number of households receive free basic water between 2014 and 2016 but free

electricity exceeded free basic water in 2017. Furthermore, there have been significant increases in the number of households receiving free basic services between 2014 and 2015 which declined between 2016 and 2017.

**Figure 5.11 Access to basic services in Garden Route District, 2014 - 2017**

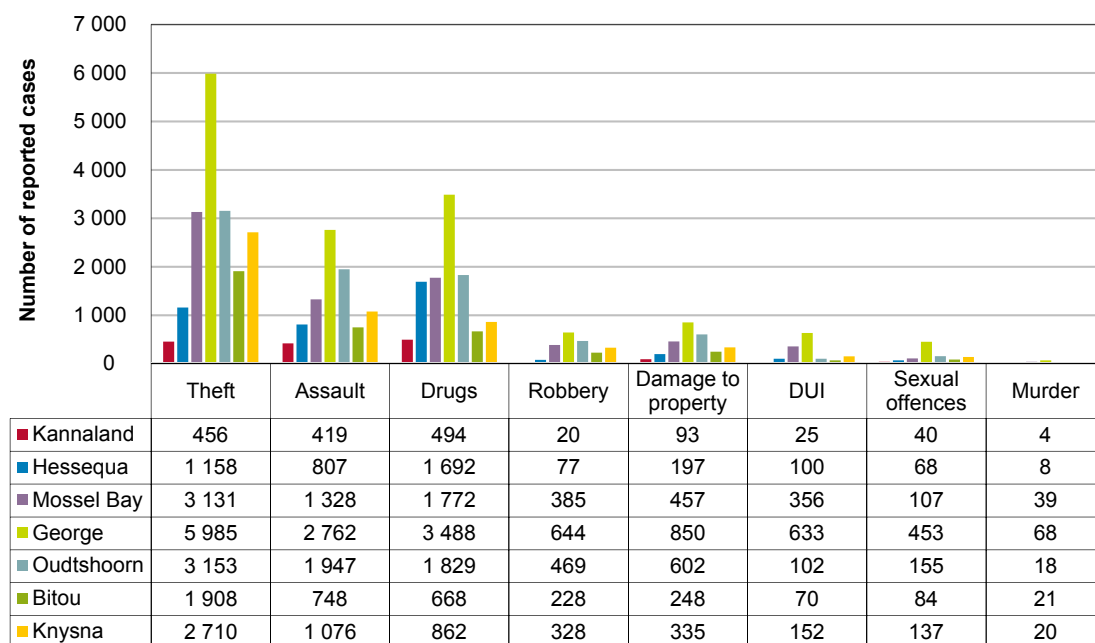


Source: Non-financial Census of Municipalities, Stats SA; Quantec Research, 2018

### 5.3.4 Crime statistics within Garden Route District

The 2017/18 crime statistics released by SAPS indicate that there were increases in 10 categories of crime in the Western Cape. Truck hijacking increased the most (108.6 per cent), followed by murder (12.6 per cent). Nyanga township in the Western Cape had the highest murder rate in the country, with 308 murders recorded in 2017/18, up from 281 murders in 2016/17. Attempted murder increased by 9.2 per cent, robbery at non-residential premises was up 8.9 per cent, while stock theft rose by 7.7 per cent and robbery at non-residential premises increased by 7.6 per cent. Of the 30 top Police stations by serious crimes recorded in the country, 9 are in the Western Cape and include Delft, Milnerton, Bellville, Worcester, Kraaifontein, Mitchells Plain, Nyanga, Stellenbosch, and Cape Town Central.

Figure 5.12 shows trends in crime levels within the Garden Route region over the past 10 years, with drug-related crime, theft, burglary, common assault, and malicious damage to property among the leading crimes in 2017.

**Figure 5.12 Most serious recorded crimes by category in the Garden Route District, 2017**

Source: SAPS; Quantec Research, 2018

Between 2016 and 2017 increases in reported crime cases were experienced in the Garden Route region. The leading crime categories that were reported across all the municipal areas are theft related offences followed by drugs and assault. The George, Oudtshoorn and Mossel Bay municipal areas have the most theft, drug and assault related cases reported indicating that offenders are attracted to the larger more urban areas where there are economic opportunities.

## 5.4 Summary and conclusion

This chapter explored the impact of economic performance on the socio-economic conditions of communities living in municipalities within the Garden Route region using a selected number of indicators. Table 5.11 is a summary of recent changes in various social indicators in the Garden Route region.



**Table 5.11 Changes in selected socio-economic indicators, Garden Route District**

Indicator	Garden Route	Kannaland	Hessequa	Mossel Bay	George	Oudtshoorn	Bitou	Knysna
Average Population growth (2007 - 2017): Quantec	1.5%	0.5%	0.9%	1.4%	1.7%	0.9%	2.92%	1.7%
Average GDP R growth rate (2007 - 2017): Quantec	2.7%	2.8%	2.7%	2.3%	3.1%	2.7%	2.6%	1.8%
Average GDP R per capita (2007 - 2017): Quantec	R54 285	R32 677	R49 707	R60 133	R63 774	R40 621	R51 472	R53 426
Annual household income < R50 000 (2017): Urban-Econ	54.7%	63.8%	49.6%	52.8%	51.9%	55.8%	63.6%	57.1%
Gini coefficients (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Human Development Index (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Learner enrolment (2012 - 2017): WCED	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Grade 12 Dropout rate (2016 - 2017): WCED	Increase	Increase	Increase	Increase	Increase	Decrease	Unchanged	Increase
Matric pass rate (2016 - 2017): WCED	Decrease	Increase	Decrease	Decrease	Increase	Decrease	Unchanged	Decrease
Informal settlements (2017): Quantec/ Urban-Econ	15.3%	2.4%	4.9%	13.4%	15.7%	10.08%	25.2%	25.6%
Access to basic services (2016 - 2017): Stats SA	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Access to free basic services (2016 - 2017): Stats SA	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Top injuries causing death (2014 - 2015): WCDH	1. Assault with sharp object 2. Suicide	1. Assault with sharp object 2. Road traffic accident	1. Road traffic accidents 2. Suicide	1. Assault with sharp object 2. Suicide	1. Assault with sharp object 2. Suicide	1. Assault with sharp object 2. Suicide	1. Assault with sharp object 2. Pedestrian accidents	1. Assault with sharp object 2. Suicide
Number of cases of top serious crimes (2017): SAPS/Quantec	1. Theft - 18 504 2. Drugs - 10 925 3. Assault - 8 972	1. Drugs - 494 2. Theft - 456 3. Assault - 419	1. Drugs - 1 692 2. Theft - 1 158 3. Assault - 807	1. Theft - 3 131 2. Drugs - 1 772 3. Assault - 1 328	1. Theft - 5 985 2. Drugs - 3 488 3. Assault - 2 762	1. Theft - 3 153 2. Drugs - 1 947 3. Assault - 1 829	1. Theft - 1 908 2. Drugs - 748 3. Assault - 668	1. Theft - 2 710 2. Assault - 1 076 3. Drugs - 862

Table 5.11 shows the positive or negative movement of selected social and economic indicators in municipalities within the Garden Route region in the recent past. Indicators moving in positive territory could be a result of positive economic performance within the District, and vice versa.

Positive socio-economic indicators for the Garden Route District include average economic growth rate higher than population growth rate, translating to GDP R per capita higher than the low income threshold of R50 000 per annum; decreasing inequality in income distribution; an increasing trend in human development; increasing learner enrolment and increasing access to basic water, electricity, sanitation and refuse removal. Areas of concern in the District include the large proportion of low income earners, high Grade 12 dropout rates, decreasing matric pass rate, deaths caused by HIV/AIDS, injuries through violence, informal dwellers, increasing provision of free basic services and drug-related crime, among others.



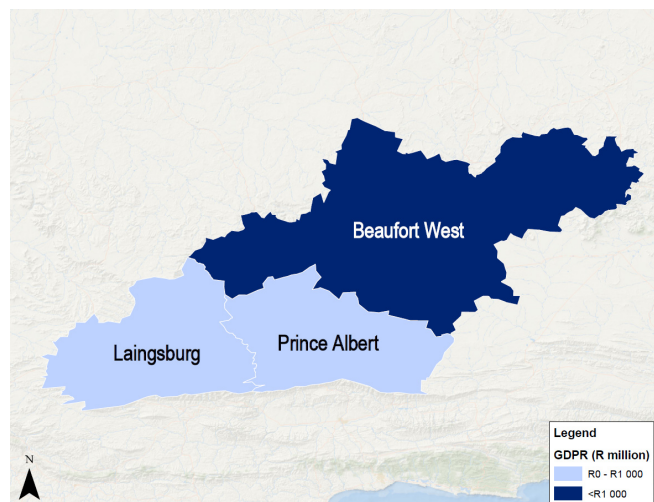
# Central Karoo District

## 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.



This chapter provides a macroeconomic outlook of CKD, an overview of trends between 2012 and 2016, and an outlook regarding GDP for 2018 and 2019. Further indicators of economic activity in the CKD are also discussed in this chapter. This includes an analysis of the location quotient, a breakdown of the manufacturing sector, international trade and the local business environment.

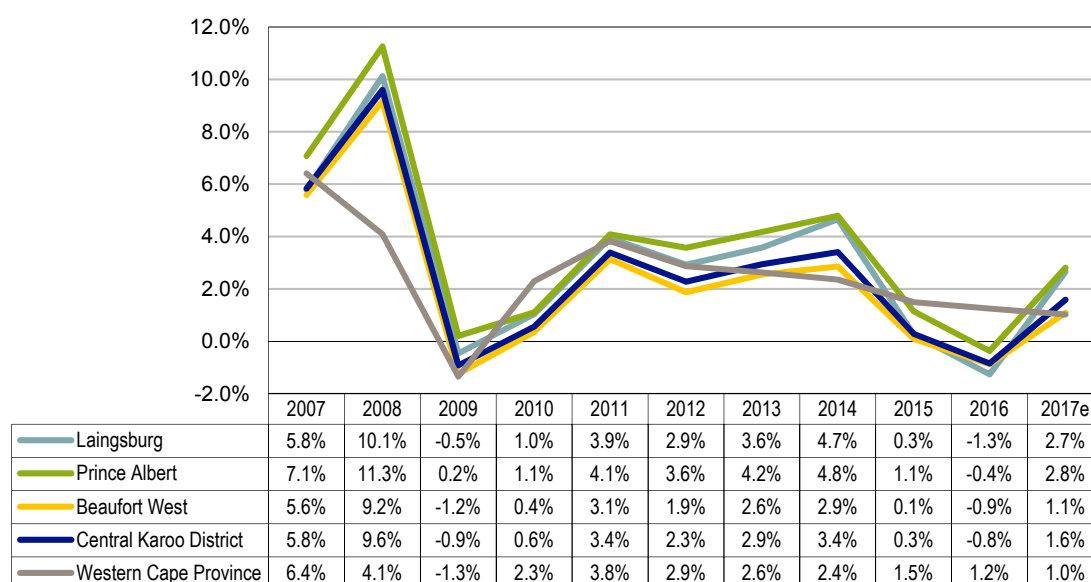
## 1.2 Growth in GDP performance

The period under review for MERO 2018 ranges from 2012 to 2016, together with an estimate for 2017<sup>1</sup>.

### 1.2.1 GDP performance per municipal area

Figure 1.1 reflects the GDP performance of the municipal areas in the CKD between 2007 and 2017.

**Figure 1.1 GDP growth per municipal area, 2007 - 2017**



Source: Quantec Research, 2018 (e denotes estimate)

The CKD had an average GDP growth rate of 2.7 per cent between 2007 and 2016, which is in line with the provincial economic growth rate of 2.6 per cent over the same period. Since 2015, the CKD has underperformed compared to the Province, with the GDP contracting in all three municipal areas in 2016. However, in 2017 the economic performance improved in the CKD with an estimated growth rate of 1.6 per cent, which is higher than the estimated provincial growth rate (1 per cent).

<sup>1</sup> Statistics SA will only release official regional indicators for 2017 in 2019.

Table 1.1 indicates the average GDP growth rates of the three municipal areas of the CKD.

**Table 1.1 Central Karoo District GDP contribution and average growth rates per municipal area, 2012 - 2017**

Municipality	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Laingsburg	14.2	402.6	3.1	2.0	2.9	3.6	4.7	0.3	-1.3	2.7
Prince Albert	16.0	454.2	3.7	2.5	3.6	4.2	4.8	1.1	-0.4	2.8
Beaufort West	69.8	1 978.9	2.4	1.1	1.9	2.6	2.9	0.1	-0.9	1.1
<b>Total Central Karoo District</b>	<b>100</b>	<b>2 835.7</b>	<b>2.7</b>	<b>1.5</b>	<b>2.3</b>	<b>2.9</b>	<b>3.4</b>	<b>0.3</b>	<b>-0.8</b>	<b>1.6</b>
Western Cape Province	-	529 927.7	2.6	1.8	2.9	2.6	2.4	1.5	1.2	1.0

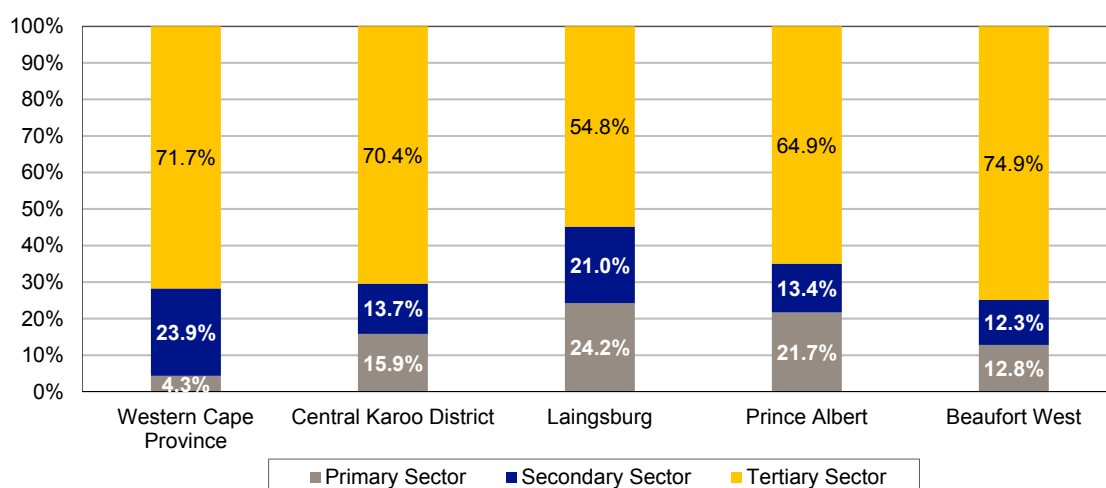
Source: Quantec Research, 2018 (e denotes estimate)

The Beaufort West municipal area serves as the economic hub of the CKD, contributing 69.8 per cent to the District's GDP in 2016. Beaufort West's economic growth is closely aligned to that of the CKD, indicating that the economic activity of the Beaufort West municipal area determines growth in the District at large. The Laingsburg and Prince Albert municipal areas are characterised by volatile growth, as highlighted by the above-average growth rates between 2011 and 2014, and less than average growth rates in 2015 and 2016. It is estimated that in 2017, the economies of the Laingsburg and Prince Albert municipal areas grew at 2.7 per cent and 2.8 per cent respectively, which is faster than the estimated economic growth of 1.1 per cent in the Beaufort West municipal area in 2017.

## 1.2.2 GDP performance per sector

Figure 1.2 indicates the GDP contribution of the primary, secondary and tertiary sectors in the various municipal areas of the CKD<sup>2</sup>.

<sup>2</sup> Refer to Diagram 1 in Section 1 for a breakdown of the primary, secondary and tertiary sectors.

**Figure 1.2 GDP contribution per main sector, 2016**

Source: Quantec Research, 2018

The tertiary sector is the dominant economic sector in the District and all three municipal areas. The Beaufort West municipal area has the proportionally largest tertiary sector relative to the other municipal areas (contributing 74.9 per cent to the economy). The contributions of the primary and secondary sectors to GDP in the CKD are significantly different compared to the provincial economic composition. With 24.2 per cent of the GDP reliant on the primary sector, the Laingsburg municipal area economy is more susceptible to primary sector shocks. The secondary sector's contribution to the CKD is also relatively smaller than that of the Province (13.7 per cent compared to 23.9 per cent).

Table 1.2 indicates the sector contribution per local municipal area for the CKD economy in 2016.

**Table 1.2 Central Karoo District GDP contribution per sector, 2016 (%)**

Sector	Central Karoo District	Laingsburg	Prince Albert	Beaufort West
<b>Primary Sector</b>	<b>15.9</b>	<b>24.2</b>	<b>21.7</b>	<b>12.8</b>
Agriculture, forestry and fishing	15.8	24.2	21.7	12.7
Mining and quarrying	0.1	0.0	0.0	0.1
<b>Secondary Sector</b>	<b>13.7</b>	<b>21.0</b>	<b>13.4</b>	<b>12.3</b>
Manufacturing	2.5	0.5	2.6	2.8
Electricity, gas and water	5.7	11.8	2.7	5.1
Construction	5.6	8.6	8.1	4.4
<b>Tertiary Sector</b>	<b>70.4</b>	<b>54.8</b>	<b>64.9</b>	<b>74.9</b>
Wholesale and retail trade, catering and accommodation	14.5	13.1	14.4	14.8
Transport, storage and communication	14.9	10.6	8.4	17.3
Finance, insurance, real estate and business services	10.6	3.3	8.0	12.7
General government	20.9	19.1	21.8	21.1
Community, social and personal services	9.5	8.8	12.3	8.9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

In 2016, the sectors contributing the most to the GDP of the CKD included:

- General government sector (20.9 per cent)
- Agriculture, forestry and fishing (15.8 per cent)
- Transport, storage and communication (14.9 per cent)
- Wholesale and retail trade, catering and accommodation (14.5 per cent)

The economies of the Laingsburg and Prince Albert municipal areas have a similar composition. The agriculture, forestry and fishing sector makes a proportionally larger contribution to these local economies (24.2 per cent and 21.7 per cent), with proportionally smaller contributions from tertiary sectors.

Table 1.3 indicates the municipal GDP contribution to each economic sector, providing a spatial aspect to economic activity in the CKD.

**Table 1.3 Municipal GDP contribution to district sectors, 2016 (%)**

Sector	Laingsburg	Prince Albert	Beaufort West	Total
<b>Primary Sector</b>	<b>21.7</b>	<b>21.9</b>	<b>56.4</b>	<b>100</b>
Agriculture, forestry and fishing	21.7	22.0	56.3	100
Mining and quarrying	9.0	0.0	91.0	100
<b>Secondary Sector</b>	<b>21.7</b>	<b>15.6</b>	<b>62.7</b>	<b>100</b>
Manufacturing	2.8	17.2	80.0	100
Electricity, gas and water	29.7	7.5	62.8	100
Construction	21.9	23.1	54.9	100
<b>Tertiary Sector</b>	<b>11.1</b>	<b>14.8</b>	<b>74.2</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	12.8	15.8	71.4	100
Transport, storage and communication	10.1	9.0	80.9	100
Finance, insurance, real estate and business services	4.4	12.1	83.5	100
General government	12.9	16.7	70.4	100
Community, social and personal services	13.2	20.9	65.9	100
<b>Total</b>	<b>14.2</b>	<b>16.0</b>	<b>69.8</b>	<b>100</b>

Source: Quantec Research, 2018

The Beaufort West municipal area contributed the most to all the sectors in the CKD in 2016. This municipal area is the manufacturing, transport, shopping and commercial hub of the CKD, with large contributions to the following sectors:

- Manufacturing (80 per cent)
- Wholesale and retail trade, catering and accommodation (71.4 per cent)
- Transport, storage and communication (80.9 per cent)
- Finance, insurance, real estate and business services (83.5 per cent)

Table 1.4 indicates the CKD's GDPR performance per sector between 2012 and 2017.

**Table 1.4 Central Karoo District GDPR performance per sector, 2012 - 2017**

Sector	R million/ value 2016	Trend		Real GDPR growth (%)					
		2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>449.6</b>	<b>4.6</b>	<b>0.9</b>	<b>1.9</b>	<b>2.9</b>	<b>8.5</b>	<b>-3.1</b>	<b>-9.9</b>	<b>6.1</b>
Agriculture, forestry and fishing	448.1	4.6	0.9	1.9	2.9	8.5	-3.1	-10.0	6.1
Mining and quarrying	1.5	1.3	4.3	1.5	4.0	8.1	0.0	0.9	8.5
<b>Secondary Sector</b>	<b>389.2</b>	<b>2.1</b>	<b>1.5</b>	<b>0.4</b>	<b>2.0</b>	<b>2.7</b>	<b>0.4</b>	<b>1.8</b>	<b>0.8</b>
Manufacturing	69.9	0.5	0.3	1.5	0.1	0.8	0.0	-0.1	0.9
Electricity, gas and water	160.8	0.7	0.4	1.1	-0.1	0.3	-0.2	-0.4	2.5
Construction	158.4	4.9	3.4	-0.8	5.3	6.2	1.1	4.8	-0.7
<b>Tertiary Sector</b>	<b>1 997.0</b>	<b>2.5</b>	<b>1.6</b>	<b>2.6</b>	<b>3.1</b>	<b>2.3</b>	<b>1.1</b>	<b>1.0</b>	<b>0.7</b>
Wholesale and retail trade, catering and accommodation	411.5	1.6	0.3	2.9	1.1	0.2	0.8	0.5	-1.2
Transport, storage and communication	423.0	0.3	0.1	0.6	1.1	2.1	-1.6	-1.3	0.3
Finance, insurance, real estate and business services	301.5	3.4	2.4	2.2	2.4	2.6	2.8	2.1	2.1
General government	593.0	4.3	2.8	3.9	5.1	4.3	1.9	1.9	0.8
Community, social and personal services	268.0	2.9	2.5	3.4	6.0	1.1	2.0	1.9	1.8
<b>Total Central Karoo District</b>	<b>2 835.7</b>	<b>2.7</b>	<b>1.5</b>	<b>2.3</b>	<b>2.9</b>	<b>3.4</b>	<b>0.3</b>	<b>-0.8</b>	<b>1.6</b>

Source: Quantec Research, 2018 (e denotes estimate)

The District economy contracted in 2016 by 0.8 per cent due to poor performance in the main economic sectors. However, it is estimated that economic activity in the District improved in 2017, with a GDPR growth rate of 1.6 per cent. The regional economy in 2017 was boosted by strong growth in the agriculture, forestry and fishing sector which is estimated to have grown by 6.1 per cent. This strong growth rate follows the sector contracting in 2015 (by 3.1 per cent) and in 2016 (by 10 per cent).

The economic growth potential in 2017 was reduced by the estimated contraction of the wholesale and retail trade, catering and accommodation sector as well as the construction sector. These two sectors contracted by 1.2 per cent and 0.7 per cent respectively.

### 1.2.3 GDPR performance per sector forecast (outlook)

Due to the fast pace at which the global and the SA economy are changing, only a two-year forecast is conducted in this section. Table 1.5 indicates the GDPR forecast per sector for 2018 and 2019 for the CKD.



**Table 1.5 GDP forecast per sector, 2018 - 2019 (%)<sup>3</sup>**

Sector	2017e	2018f	2019f
<b>Primary Sector</b>			
Agriculture, forestry and fishing	6.1	-25.4	18.8
Mining and quarrying	8.5	-2.1	3.3
<b>Secondary Sector</b>			
Manufacturing	0.9	-1.5	3.0
Electricity, gas and water	2.5	3.7	2.8
Construction	-0.7	2.0	2.2
<b>Tertiary Sector</b>			
Wholesale and retail trade, catering and accommodation	-1.2	0.4	0.2
Transport, storage and communication	0.3	0.6	0.7
Finance, insurance, real estate and business services	2.1	2.5	2.2
General government	0.8	1.1	1.7
Community, social and personal services	1.8	3.1	3.2
<b>Total</b>	<b>1.6</b>	<b>-3.1</b>	<b>3.9</b>

Source: *Urban-Econ, 2018 (e denotes estimate; f denotes forecast)*

It is forecasted that the economy of the CKD will contract by 3.1 per cent in 2018. This contraction is mainly a result of the provincial drought which will impact the agriculture, forestry and fishing sector, which is expected to contract by 25.4 per cent. Since the local agricultural industry provides inputs for the manufacturing sector, it is also forecasted that the manufacturing sector will contract by 1.5 per cent in 2018.

Other economic sectors in the CKD, particularly the tertiary sectors are expected to grow faster in 2018 than in 2017. Economic growth is expected to stabilise somewhat in 2019, with a forecasted growth rate of 3.9 per cent, largely due to the recovery of the agriculture, forestry and fishing sector and associated manufacturing sector activities.

## 1.3 Growth in employment trends

### 1.3.1 Employment per municipal area

Table 1.6 indicates the trend in employment growth in each municipal area in the CKD.

<sup>3</sup> Based on provincial GDP forecast done in July 2018 – Bureau for Economic Research.

**Table 1.6 Central Karoo District employment growth, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Laingsburg	15.1	2 834	154	455	97	109	23	273	25	25
Prince Albert	20.2	3 778	23	556	113	147	12	381	-17	33
Beaufort West	64.7	12 120	81	967	190	258	35	700	-124	98
<b>Total Central Karoo District</b>	<b>100</b>	<b>18 732</b>	<b>258</b>	<b>1 978</b>	<b>400</b>	<b>514</b>	<b>70</b>	<b>1 354</b>	<b>-116</b>	<b>156</b>
Western Cape Province	-	2 460 960	289 207	272 208	55 379	69 794	38 527	105 507	8 279	50 101

Source: Quantec Research, 2018 (e denotes estimate)

The Beaufort West municipal area contributed 64.7 per cent to employment in the District in 2016. This corresponds to the population distribution and the economic contribution of the municipal areas. Over a 5-year period, 1 978 jobs were created in the CKD, the majority of which were in the Beaufort West municipal area.

It is estimated that in 2017, 156 more job opportunities were created, recovering the 116 jobs lost in 2016.

### 1.3.2 Employment per sector

Table 1.7 indicates the sectoral contribution to each employment in the municipal areas of the CKD.

**Table 1.7 Sectoral employment contribution per municipal area, 2016 (%)**

Sector	Central Karoo District	Laingsburg	Prince Albert	Beaufort West
<b>Primary Sector</b>	<b>25.7</b>	<b>32.7</b>	<b>37.0</b>	<b>20.5</b>
Agriculture, forestry and fishing	25.7	32.7	37.0	20.5
Mining and quarrying	0.0	0.0	0.0	0.0
<b>Secondary Sector</b>	<b>7.1</b>	<b>7.9</b>	<b>7.8</b>	<b>6.7</b>
Manufacturing	1.6	0.3	1.1	2.0
Electricity, gas and water	0.6	1.3	0.3	0.6
Construction	4.9	6.3	6.3	4.1
<b>Tertiary Sector</b>	<b>67.2</b>	<b>59.4</b>	<b>55.2</b>	<b>72.8</b>
Wholesale and retail trade, catering and accommodation	21.2	18.6	16.0	23.4
Transport, storage and communication	4.3	3.0	2.7	5.1
Finance, insurance, real estate and business services	8.3	4.8	5.0	10.1
General government	17.8	16.6	15.0	19.0
Community, social and personal services	15.6	16.4	16.5	15.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018

The sectors that contributed the most to employment in the CKD in 2016 include:

- Agriculture, forestry and fishing (25.7 per cent)

- Wholesale and retail trade, catering and accommodation (21.2 per cent)
- General government (17.8 per cent)
- Community, social and personal services (15.6 per cent)

The Beaufort West municipal area has the largest proportion of tertiary sector workers (72.8 per cent), which coincides with the large economic contribution from this sector in the Beaufort West municipal area. The primary sector contributes proportionally more to employment in the Laingsburg and Prince Albert municipal areas (32.7 per cent and 37 per cent respectively).

Even though the transport, storage and communication sector is one of the main economic sectors in terms of its GDP contribution, it only contributed 4.3 per cent to employment in the CKD.

Table 1.8 illustrates the municipal contribution to sectoral employment in the CKD, indicating the main areas for sectoral employment creation.

**Table 1.8 Municipal employment contribution to district sectors, 2016 (%)**

Sector	Laingsburg	Prince Albert	Beaufort West	Total
<b>Primary Sector</b>	<b>19.3</b>	<b>29.1</b>	<b>51.7</b>	<b>100</b>
Agriculture, forestry and fishing	19.3	29.1	51.7	100
Mining and quarrying	0.0	0.0	100.0	100
<b>Secondary Sector</b>	<b>16.9</b>	<b>22.1</b>	<b>61.0</b>	<b>100</b>
Manufacturing	3.1	14.6	82.3	100
Electricity, gas and water	31.9	10.3	57.8	100
Construction	19.5	26.0	54.6	100
<b>Tertiary Sector</b>	<b>13.4</b>	<b>16.6</b>	<b>70.1</b>	<b>100</b>
Wholesale and retail trade, catering and accommodation	13.2	15.2	71.6	100
Transport, storage and communication	10.7	12.7	76.6	100
Finance, insurance, real estate and business services	8.7	12.3	79.0	100
General government	14.1	17.0	69.0	100
Community, social and personal services	15.9	21.3	62.8	100
<b>Total</b>	<b>15.1</b>	<b>20.2</b>	<b>64.7</b>	<b>100</b>

Source: Quantec Research, 2018

The Beaufort West municipal area employs the largest share of employees per sector for all three main sectors. This can be attributed to the relatively large size of the space economy in relation to the other municipal areas.

Table 1.9 indicates the trend in employment growth in each economic sector in the CKD.

**Table 1.9 Central Karoo District employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>25.7</b>	<b>4 814</b>	<b>-1 925</b>	<b>817</b>	<b>211</b>	<b>257</b>	<b>-258</b>	<b>1 087</b>	<b>-157</b>	<b>-112</b>
Agriculture, forestry and fishing	25.7	4 812	-1 925	817	211	257	-258	1 087	-157	-112
Mining and quarrying	0.0	2	0	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>7.1</b>	<b>1 330</b>	<b>49</b>	<b>150</b>	<b>28</b>	<b>25</b>	<b>57</b>	<b>10</b>	<b>46</b>	<b>12</b>
Manufacturing	1.6	294	-79	12	-17	9	3	1	-10	9
Electricity, gas and water	0.6	116	55	21	4	4	3	5	5	4
Construction	4.9	920	73	117	41	12	51	4	51	-1
<b>Tertiary Sector</b>	<b>67.2</b>	<b>12 588</b>	<b>2 134</b>	<b>1 011</b>	<b>161</b>	<b>232</b>	<b>271</b>	<b>257</b>	<b>-5</b>	<b>256</b>
Wholesale and retail trade, catering and accommodation	21.2	3 970	415	366	42	52	33	142	-56	195
Transport, storage and communication	4.3	802	137	3	36	17	-31	29	-22	10
Finance, insurance, real estate and business services	8.3	1 550	167	59	-14	12	15	34	-23	21
General government	17.8	3 343	951	159	75	-1	199	-32	75	-82
Community, social and personal services	15.6	2 923	464	424	22	152	55	84	21	112
<b>Total Central Karoo District</b>	<b>100</b>	<b>18 732</b>	<b>258</b>	<b>1 978</b>	<b>400</b>	<b>514</b>	<b>70</b>	<b>1 354</b>	<b>-116</b>	<b>156</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, the CKD provided employment opportunities for 18 732 people, with most workers employed in the agriculture, forestry and fishing sector (4 812 jobs), the wholesale and retail trade, catering and accommodation sector (3 970 jobs), the general government sector (3 343 jobs) and the community, social and personal services sector (2 923 jobs).

The agriculture, forestry and fishing sector experienced the greatest change in employment with a loss of 1 925 employees over a 10-year period. This contrasts with the tertiary sector which has seen a 2 134 increase in jobs over the same 10-year period. With a quarter of the contribution to the employment of the District, the agriculture sector is characterised as volatile because production volumes determine labour needs.

It is estimated that the sectors which shed jobs in 2016 recovered the jobs in 2017, either in whole or in part, resulting in a positive net change of 156 jobs in the CKD. Only the agriculture, forestry and fishing sector continued to shed jobs in 2017. Other sectors that are also estimated to have shed jobs in 2017 are the general government sector (82 jobs) and the construction sector (1 job).

Table 1.10 outlines the official unemployment rate for each of the municipal areas in the CKD between 2012 and 2017.

**Table 1.10 Central Karoo District unemployment rates, 2012 - 2017 (%)**

Municipality	2012	2013	2014	2015	2016	2017e
Laingsburg	18.0	17.6	18.2	16.9	18.0	19.0
Prince Albert	20.1	19.5	20.0	18.5	19.5	20.4
Beaufort West	23.9	23.7	24.3	23.6	25.0	26.2
<b>Central Karoo District</b>	<b>22.4</b>	<b>22.1</b>	<b>22.6</b>	<b>21.7</b>	<b>23.0</b>	<b>24.0</b>
Western Cape Province	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2018 (e denotes estimate)

The unemployment rate in the CKD is higher than that of the Province and has been continually increasing since 2013. It is estimated that in 2017, the CKD recorded the highest unemployment rate in the investigation period of 24 per cent. The Beaufort West municipal area is estimated to have the highest unemployment rate (26.2 per cent) because larger towns tend to attract households from rural areas looking for employment, which often results in an increasing unemployment rate.

## 1.4 Local and international trade dynamics

### 1.4.1 Location quotient

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, between the provincial and district economies which indicate whether the District is importing, self-sufficient or exporting goods and services from a particular sector. Table 1.11 provides the classification and interpretation of the location quotients.

**Table 1.11 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	Most local needs are being met by the sector. 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, 2018

It is important to note that a location quotient, as a tool, does not take into account 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.

**Table 1.12 Location quotient in terms of GDP and employment, Central Karoo District, 2016**

Sector	In terms of GDP	In terms of employment
Agriculture, forestry and fishing	3.9	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	0.8	0.9
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, 2018

While none of the sectors have attained the “very high” classification, the agriculture, forestry and fishing sector dominate as the largest sector, with a location quotient of 3.9 per cent in terms of GDP and 2.4 in terms of employment. Its classification is “high” indicating that the sector reaches beyond the borders of the region.

Sectors with a classification of “low” in terms of GDP and employment include:

- Mining and quarrying
- Manufacturing
- Finance, insurance, real estate and business services

This indicates that local needs are not being met by these sectors and imports occur.

## 1.4.2 Manufacturing subsectors

Table 1.13 indicates the economic contribution of the manufacturing sector in the CKD.

**Table 1.13 Central Karoo District manufacturing subsector GDP contribution, 2016 (%)**

Subsector	Central Karoo District	Laingsburg	Prince Albert	Beaufort West
Food, beverages and tobacco	54.7	51.0	81.0	49.2
Textiles, clothing and leather goods	0.9	14.5	0.0	0.6
Wood, paper, publishing and printing	3.8	27.0	4.8	2.8
Petroleum products, chemicals, rubber and plastic	7.5	0.0	0.0	9.4
Other non-metal mineral products	11.0	7.4	0.0	13.5
Metals, metal products, machinery and equipment	7.2	0.0	14.2	5.9
Electrical machinery and apparatus	0.0	0.0	0.0	0.0
Radio, TV, instruments, watches and clocks	0.9	0.0	0.0	1.2
Transport equipment	5.1	0.0	0.0	6.4
Furniture and other manufacturing	8.9	0.0	0.0	11.1

Source: Quantec Research, 2018

The food, beverage, and tobacco subsector is the primary contributor to the manufacturing sector in the CKD. This subsector contributed 54.7 per cent to the manufacturing sector GDP in 2016. Other manufacturing subsectors that make a relatively large contribution to the manufacturing sector GDP of the CKD include:

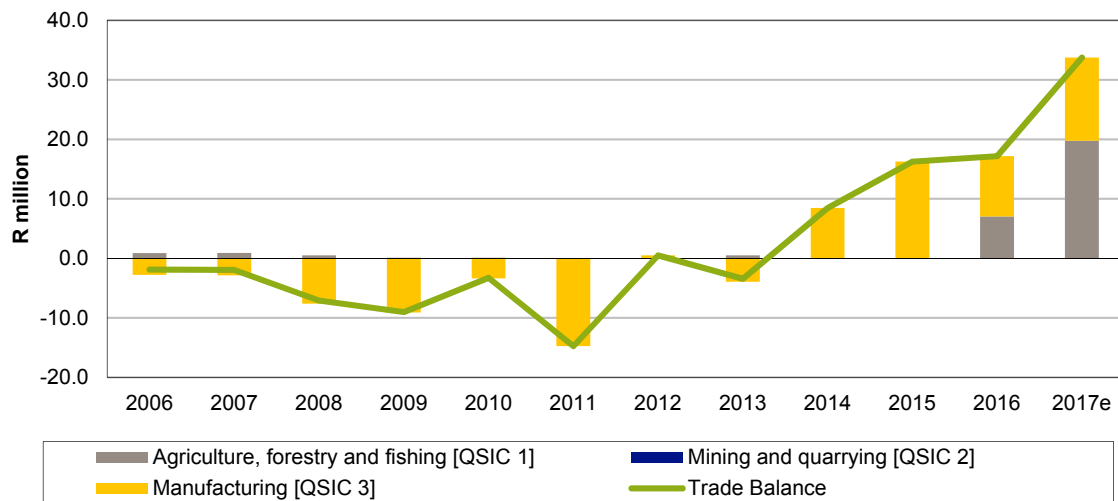
- Other non-metal mineral products (11 per cent)
- Furniture and other manufacturing (8.9 per cent)
- Petroleum products, chemicals, rubber and plastic (7.5 per cent)

In the Laingsburg municipal area, the manufacturing of wood, paper, publishing and printing products, contributed 27 per cent to the manufacturing sector GDP in 2016. The food, beverages and tobacco subsector makes a proportionally larger contribution to the manufacturing sector of the Prince Albert municipal area (81 per cent).

### 1.4.3 International trade

Figure 1.3 indicates the CKD trade balance between 2006 and 2017. The trade balance is obtained by subtracting total imports from total exports.

**Figure 1.3 Central Karoo District trade balance, 2006 - 2017**



Source: Quantec Research, 2018 (e denotes estimate)

The trade balance has been positive in the CKD since 2014, reaching a peak in 2017, mainly as a result of increased net exports from the agriculture, forestry and fishing sector. Direct international trade from CKD is limited, with an estimated R50.6 million worth of exports from the CKD and R16.9 million worth of imports in 2017.

Table 1.14 outlines the top ten exported products from the CKD.

**Table 1.14 Top 10 exports products, 2017**

Product	R million value
1 Crustaceans	19.5
2 Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream	8.6
3 Wine of fresh grapes, including fortified wines	6.0
4 Whey	3.0
5 Milk and cream, concentrated or containing added sugar or other sweetening matter	2.8
6 Food preparations not elsewhere specified or included	2.6
7 Milk and cream, not concentrated nor containing added sugar or other sweetening matter	2.5
8 Butter and other fats and oils derived from milk	1.7
9 Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	1.7
10 Cheese and curd	0.5

Source: Wesgro, 2018

The top export product, in terms of value, from the CKD is crustaceans (R19.5 million or 38.4 per cent of exports) followed by dairy products, wine and fruit. This highlights the importance of the agriculture, forestry and fishing sector to the local economy of the CKD.

Table 1.15 outlines the top ten export partners for products from the CKD.

**Table 1.15 Top 10 export partners, 2017**

Country	R million value
1 Vietnam	17.2
2 Namibia	17.1
3 Zambia	3.9
4 Malawi	2.9
5 Germany	2.6
6 China	1.8
7 Botswana	1.2
8 Hong Kong	1.1
9 United Kingdom	0.7
10 Netherlands	0.5

Source: Wesgro, 2018

The main countries where products are exported to from the CKD are Vietnam (R17.2 million worth of exports) and Namibia (R17.1 million worth of exports). The N1 and N12 are two strategic roads that allow trade to and from the CKD. Trade from the CKD is also dependent on ports in the Cape Metro area.

#### 1.4.4 Local businesses

This section provides an overview of the local business environment within the CKD. Information for this subsection is collated from various sources including the Provincial Treasury Municipal survey responses as well as SEDA. Local businesses, particularly SMMEs are the driving force in an economy and their growth will create new employment opportunities within an area.



One of the essential factors for stimulating the establishment of new enterprises in a local area is to create an enabling environment and ensure the ease of doing business. Table 1.16 indicates the time of approval for business licences, land rezoning and building plan approvals based on the responses received from the Provincial Treasury Municipal survey (2018).

**Table 1.16 Business processes, 2018**

Process	Prince Albert
Business licence	5 days
Rezoning of land	6 - 8 weeks
Building plan approvals	5 - 21 days

Source: Provincial Treasury Municipal Survey, 2018

SMMEs play a vital role in the local economy sometimes require additional support in order to become sustainable and make a continues contribution to the economy and employment creation. SEDA plays a vital role in providing support for SMMEs in the CKD. Local municipalities also utilise SMMEs for construction, services and goods procurement and realise the importance of these businesses for local economies.

Table 1.17 outlines the number of SMMEs that are registered on municipal databases as per the responses received from the Provincial Treasury Municipal survey (2018).

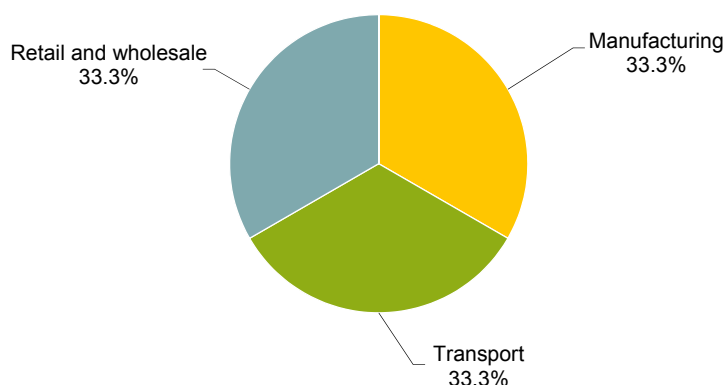
**Table 1.17 SMMEs registered on municipal databases, 2018**

Municipality	Number
Prince Albert	23

Source: Provincial Treasury Municipal Survey, 2018

Figure 1.4 indicates the activities of the SMMEs that are supported by SEDA in the CKD.

**Figure 1.4 SMMEs supported by SEDA - business categories, 2018**



Source: SEDA, 2018

The SMMEs in the CKD that are supported by SEDA are producing goods and services in the manufacturing sector (33.3 per cent), the transport sector (33.3 per cent) and the retail and wholesale trade sector (33.3 per cent). The manufacturing sector in the CKD makes a relatively small contribution to the economy (2.5 per cent of GDP in 2016), indicating the SMMEs are operating on a small scale in this District.

SMMEs in the CKD require the most support in the following areas (Provincial Treasury Municipal Survey, 2018):

- Access to funding and working capital
- Skills development
- Registering on supply chain databases and meeting legislative requirements

The Prince Albert Municipality support local SMMEs by ensuring that they are paid timeously for their work and by providing equipment and material. The Municipality also supports SMMEs with training and business registration.

## 1.5 Concluding remarks

An expansive area coupled with a low population has framed the CKD's economic activities. In 2016, the CKD contributed R2.8 billion to the economy of the Western Cape (0.5 per cent of provincial GDP) and provided employment for 18 732 people. Over the past decade, the District has achieved a 2.7 per cent annual GDP growth, which is in line with the provincial average of 2.6 per cent. The economy of the CKD recovered as the economy has grown by an estimated 1.6 per cent in 2017 compared to the 0.8 per cent contraction in 2016. The recovery is supported by improved conditions in the agricultural, forestry and fishing sector nationally.

The sectors that contributed the most to the GDP of the CKD in 2016 is the general government sector (20.9 per cent) and the agriculture, forestry and fishing sector (15.8 per cent). Other sectors that also make relatively large contributions to the GDP include the wholesale and retail trade, catering and accommodation sector (14.5 per cent) and the transport, storage and accommodation sector (14.9 per cent).

These sectors have experienced either declining or contracting growth rates over the last five years, influencing the overall growth potential of the CKD. However, it is estimated that the agriculture, forestry and fishing sector as well as the transport, storage and communication sector grew in 2017 after contracting in 2015 and 2016.

It is expected that the provincial drought will have a severe impact in the agriculture, forestry and fishing sector in 2018, contributing to the forecasted economic contraction of 3.1 per cent in 2018. However, it is expected that the economy will recover in 2019, with a forecasted growth rate of 3.9 per cent in 2019.

In terms of employment, the agriculture, forestry and fishing sector contributed the most to employment in 2016 (25.7 per cent), followed by the wholesale and retail trade, catering and accommodation sector (21.2 per cent), the general government sector (17.8 per cent) and the community, social and personal services sector (15.6 per cent). Overall, the CKD economy recovered the 116 jobs lost in 2016, with a positive net change in employment of 156 jobs. However, the agriculture, forestry and fishing sector and the general government sector shed 112 and 82 jobs respectively. Job shedding in the main employing sectors can have widespread socio-economic implications for the Municipalities in the CKD.

# 2

## Sectoral growth, employment and skills per municipal area

### 2.1 Introduction

This chapter provides a macroeconomic overview of the economy at a municipal level and depicts the trends between 2012 and 2017. 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 Central 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 Nelpoort (Beaufort West Municipality, 2017).

In 2016, the Beaufort West municipal area had a GDP of R2 billion, contributing 69.8 per cent to the CKD GDP. Furthermore, the Beaufort West municipal area contributed 64.7 (12 120 jobs) per cent to employment in the CKD in 2016.

#### 2.2.1 GDP performance

The tertiary sector dominates the Beaufort West municipal area's economy (74.9 per cent) in which the general government sector contributes 21.1 per cent to the GDP, followed by a 17.3 per cent contribution from the transport, storage and communication sector.

Table 2.1 indicates the Beaufort West municipal area's GDP performance per sector.

**Table 2.1 Beaufort West GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>12.8</b>	<b>253.5</b>	<b>6.8</b>	<b>0.9</b>	<b>1.9</b>	<b>3.0</b>	<b>8.5</b>	<b>-3.0</b>	<b>-9.8</b>	<b>6.0</b>
Agriculture, forestry and fishing	12.7	252.2	6.8	0.9	1.9	3.0	8.5	-3.0	-9.9	6.0
Mining and quarrying	0.1	1.3	1.6	4.6	1.8	4.3	8.5	0.2	1.1	8.9
<b>Secondary Sector</b>	<b>12.3</b>	<b>244.0</b>	<b>1.3</b>	<b>0.8</b>	<b>0.1</b>	<b>1.2</b>	<b>1.7</b>	<b>-0.2</b>	<b>1.0</b>	<b>0.3</b>
Manufacturing	2.8	55.9	0.5	0.2	1.7	0.1	0.5	-0.4	0.0	0.8
Electricity, gas and water	5.1	101.1	0.1	-0.1	0.5	-0.5	-0.2	-0.7	-0.9	1.9
Construction	4.4	87.0	3.8	2.2	-1.8	4.0	4.8	0.4	3.7	-1.7
<b>Tertiary Sector</b>	<b>74.9</b>	<b>1 481.4</b>	<b>2.1</b>	<b>1.3</b>	<b>2.1</b>	<b>2.7</b>	<b>2.0</b>	<b>0.7</b>	<b>0.6</b>	<b>0.4</b>
Wholesale and retail trade, catering and accommodation	14.8	293.7	1.4	0.1	2.5	0.8	0.1	0.6	0.3	-1.4
Transport, storage and communication	17.3	342.1	-0.2	-0.3	0.2	0.7	1.8	-2.1	-1.9	-0.1
Finance, insurance, real estate and business services	12.7	251.9	3.1	2.2	1.7	2.3	2.4	2.6	1.9	1.8
General government	21.1	417.2	3.9	2.4	3.6	4.7	3.8	1.5	1.5	0.5
Community, social and personal services	8.9	176.5	2.0	1.8	2.5	5.5	0.5	1.1	0.9	1.1
<b>Total Beaufort West</b>	<b>100</b>	<b>1 978.9</b>	<b>2.4</b>	<b>1.1</b>	<b>1.9</b>	<b>2.6</b>	<b>2.9</b>	<b>0.1</b>	<b>-0.9</b>	<b>1.1</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016 the Beaufort West municipal area's economy contracted by 0.9 per cent, which was boosted to an estimated 1.1 per cent in 2017. The estimated 2017 economic growth rate is on par with the five-year average economic growth rate. The estimated increase in the economic growth is mainly because of the strong growth in the agriculture, forestry and fishing sector (6 per cent). The economic growth prospects in the Beaufort West municipal area was negatively influenced by the estimated contraction of the construction (1.7 per cent), the wholesale and retail trade, catering and accommodation (1.4 per cent) and the transport, storage and communication (0.1 per cent) sectors.

The main economic sector in the Beaufort West municipal area, namely, the general government sector, had an estimated growth of 0.5 per cent, which is significantly lower than the five-year average growth rate of 2.4 per cent.

## 2.2.2 Employment profile

As the driver of the District economy, the Beaufort West municipal area employs the largest amount of people in the CKD. The Beaufort West municipal area also has the highest unemployment rate in the CKD, as it attracts work-seekers from rural areas.

Table 2.2 indicates the trend in employment growth in each economic sector in the Beaufort West municipal area.

**Table 2.2 Beaufort West employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>20.5</b>	<b>2 488</b>	<b>-935</b>	<b>436</b>	<b>115</b>	<b>134</b>	<b>-127</b>	<b>560</b>	<b>-77</b>	<b>-54</b>
Agriculture, forestry and fishing	20.5	2 486	-935	436	115	134	-127	560	-77	-54
Mining and quarrying	0.0	2	0	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>6.7</b>	<b>811</b>	<b>-66</b>	<b>52</b>	<b>7</b>	<b>10</b>	<b>27</b>	<b>-3</b>	<b>11</b>	<b>7</b>
Manufacturing	2.0	242	-72	9	-14	7	2	-1	-10	11
Electricity, gas and water	0.6	67	27	9	2	2	1	3	1	2
Construction	4.1	502	-21	34	19	1	24	-5	20	-6
<b>Tertiary Sector</b>	<b>72.8</b>	<b>8 821</b>	<b>833</b>	<b>479</b>	<b>68</b>	<b>114</b>	<b>135</b>	<b>143</b>	<b>-58</b>	<b>145</b>
Wholesale and retail trade, catering and accommodation	23.4	2 841	249	228	22	32	15	96	-60	145
Transport, storage and communication	5.1	614	75	-17	24	9	-32	24	-24	6
Finance, insurance, real estate and business services	10.1	1 225	42	6	-21	-1	2	20	-22	7
General government	19.0	2 306	589	70	44	-8	129	-32	44	-63
Community, social and personal services	15.1	1 835	127	192	-1	82	21	35	4	50
<b>Total Beaufort West</b>	<b>100</b>	<b>12 120</b>	<b>81</b>	<b>967</b>	<b>190</b>	<b>258</b>	<b>35</b>	<b>700</b>	<b>-124</b>	<b>98</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2016, 63 per cent of employed individuals in the Beaufort West municipal area worked in the agriculture, forestry and fishing sector; the wholesale and retail trade, catering and accommodation sector; and the general government sector combined. While the agriculture, forestry and fishing sector does not contribute as much in terms of the GDP, it is a major employer in the municipal area.

In conjunction with the 2017 estimated increase in GDP of 1.1 per cent, some sectors created new jobs in this period. The wholesale and retail trade, catering and accommodation sector (145 jobs) and the community, social and personal services sector (50 jobs) created the most new jobs. These contributed to the overall increase in net employment for the 2017 period, however, not all jobs that were lost in 2016 were recovered. The agriculture, forestry and fishing sector continued to shed 54 jobs, the general government sector shed 63 jobs, and the construction sector shed 6 jobs.

### 2.2.3 Skills level

Table 2.3 indicates the skills levels of formally employed labour in the Beaufort West municipal area.

**Table 2.3 Beaufort West skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	20.4	2.1	1.3	1 882	1 869
Semi-skilled	42.7	0.0	1.2	3 937	3 876
Low-skilled	36.9	-0.9	1.5	3 409	3 371
<b>Total Beaufort West</b>	<b>100</b>	<b>0.0</b>	<b>1.4</b>	<b>9 228</b>	<b>9 116</b>

Source: Quantec Research, 2018 (e denotes estimate)

The formal sector provided employment for 9 228 people in 2016, indicating that 23.9 per cent of people are informally employed in the Beaufort West municipal area. The majority of formally employed workers are either low-skilled (36.9 per cent) or semi-skilled (42.7 per cent). Over the past decade (2006 - 2016) there has been no change on average per annum in formal employment.

The prevalence of low and semi-skilled workers can be attributed to two of the largest sectors, accounting for over 40 per cent of jobs (the agriculture, forestry and fishing sector and wholesale and retail trade, catering and accommodation sector).

## 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.

The Prince Albert municipal area experienced an estimated 2.8 per cent GDPR growth in 2017 and contributed 16 per cent (R454.2 million) to the GDPR of the CKD in 2016. In 2016 the Prince Albert municipal area contributed 20.2 per cent (3 778 jobs) to employment in the CKD.

### 2.3.1 GDPR performance

At 21.7 per cent of the GDPR, the agriculture, forestry and fishing sector is one of the cornerstones of the Prince Albert municipal area economy. The agriculture, forestry and fishing sector is quite vulnerable since it is dependent on external factors such as drought, fluctuation in fuel cost, feed prices, local pests, diseases and changes in consumer demand. The municipal area has a relatively large general government sector (21.8 per cent contribution to GDPR) and wholesale, retail trade, catering and accommodation sector (14.4 per cent contribution to GDPR).

Table 2.4 indicates the Prince Albert municipal area's GDPR performance per sector.

**Table 2.4 Prince Albert GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>21.7</b>	<b>98.5</b>	<b>2.8</b>	<b>1.4</b>	<b>2.3</b>	<b>3.3</b>	<b>9.0</b>	<b>-3.0</b>	<b>-9.7</b>	<b>6.7</b>
Agriculture, forestry and fishing	21.7	98.5	2.8	1.4	2.3	3.3	9.0	-3.0	-9.7	6.7
Mining and quarrying	0.0	-	-	-	-	-	-	-	-	-
<b>Secondary Sector</b>	<b>13.4</b>	<b>60.8</b>	<b>3.2</b>	<b>2.0</b>	<b>0.4</b>	<b>3.6</b>	<b>4.9</b>	<b>1.0</b>	<b>2.0</b>	<b>0.3</b>
Manufacturing	2.6	12.0	0.7	1.5	1.1	1.0	2.7	2.5	-0.8	2.2
Electricity, gas and water	2.7	12.1	3.9	2.6	2.9	1.9	3.7	2.9	0.5	3.9
Construction	8.1	36.7	4.2	2.1	-0.5	5.1	6.0	0.0	3.5	-1.3
<b>Tertiary Sector</b>	<b>64.9</b>	<b>294.9</b>	<b>4.2</b>	<b>3.3</b>	<b>4.6</b>	<b>4.6</b>	<b>3.2</b>	<b>2.8</b>	<b>2.7</b>	<b>2.0</b>
Wholesale and retail trade, catering and accommodation	14.4	65.2	2.2	1.4	3.6	1.9	0.8	1.4	1.2	-0.5
Transport, storage and communication	8.4	38.1	3.2	2.6	2.8	3.6	3.4	1.6	2.1	2.3
Finance, insurance, real estate and business services	8.0	36.5	5.5	4.4	5.8	3.5	4.3	4.7	3.9	4.1
General government	21.8	99.0	5.3	3.9	5.0	6.1	5.2	2.7	2.7	1.6
Community, social and personal services	12.3	56.1	4.9	4.3	5.4	7.0	2.0	3.8	3.9	3.3
<b>Total Prince Albert</b>	<b>100</b>	<b>454.2</b>	<b>3.7</b>	<b>2.7</b>	<b>3.6</b>	<b>4.2</b>	<b>4.8</b>	<b>1.1</b>	<b>-0.4</b>	<b>2.8</b>

Source: Quantec Research, 2018 (e denotes estimate)

In 2017 it is estimated that the Prince Albert municipal area's economy grew by 2.8 per cent. This is a significant turnaround since Prince Albert's economy contracted by 0.4 per cent in 2016. The growth in the agriculture, forestry and fishing (6.7 per cent) sector contributed significantly to the improved economy in the Prince Albert municipal area in 2017. The agriculture, forestry and fishing sector growth, is, however, from a low base as this sector contracted in 2015 and 2016 by 3 per cent and 9.7 per cent respectively.

Most tertiary sectors experienced a decline in growth, while the wholesale and retail trade, catering and accommodation sector is estimated to have contracted by 0.5 per cent in 2017. Another sector that is estimated to have contracted in 2017 is the construction sector (by 1.3 per cent).

### 2.3.2 Employment Profile

The agriculture, forestry and fishing sector employed the most people in the area in 2016 (37 per cent of local jobs). Other sectors that also employed a large proportion of workers include the wholesale and retail trade, catering and accommodation sector (16 per cent), the community, social and personal services sector (16.5 per cent) and the general government sector (15 per cent).

Table 2.5 shows the trend in employment growth in each economic sector in the Prince Albert municipal area.

**Table 2.5 Prince Albert employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>37.0</b>	<b>1 399</b>	<b>-597</b>	<b>224</b>	<b>56</b>	<b>74</b>	<b>-78</b>	<b>315</b>	<b>-54</b>	<b>-33</b>
Agriculture, forestry and fishing	37.0	1 399	-597	224	56	74	-78	315	-54	-33
Mining and quarrying	0.0	0	0	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>7.8</b>	<b>294</b>	<b>23</b>	<b>37</b>	<b>7</b>	<b>7</b>	<b>14</b>	<b>5</b>	<b>13</b>	<b>-2</b>
Manufacturing	1.1	43	-3	3	-3	2	1	3	-1	-2
Electricity, gas and water	0.3	12	8	3	0	0	1	1	1	0
Construction	6.3	239	18	31	10	5	12	1	13	0
<b>Tertiary Sector</b>	<b>55.2</b>	<b>2 085</b>	<b>597</b>	<b>356</b>	<b>50</b>	<b>66</b>	<b>76</b>	<b>61</b>	<b>85</b>	<b>68</b>
Wholesale and retail trade, catering and accommodation	16.0	603	105	74	10	12	9	24	-4	33
Transport, storage and communication	2.7	102	32	11	6	5	1	3	-2	4
Finance, insurance, real estate and business services	5.0	190	75	33	4	7	9	8	0	9
General government	15.0	567	192	44	17	2	37	-1	18	-12
Community, social and personal services	16.5	623	193	133	13	40	20	27	12	34
<b>Total Prince Albert</b>	<b>100</b>	<b>3 778</b>	<b>23</b>	<b>556</b>	<b>113</b>	<b>147</b>	<b>12</b>	<b>381</b>	<b>-17</b>	<b>33</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Prince Albert municipal area had a total of 3 778 jobs in 2016. This reflects the relatively small population of the municipal area and its economy, as this is much less than the 12 120 jobs in the Beaufort West municipal area. The Prince Albert municipal area had a positive net change in employment in 2017 (33 jobs), roughly a third of the net change in Beaufort West (98 jobs), indicating that the economy was able to recover the 17 jobs lost in 2016.

Job creation is mostly attributed to the tertiary sector, particularly the wholesale and retail, trade, catering and accommodation sector, and the community, social and personal services sector. Sectors that are estimated to have shed jobs in 2017 include the agriculture, forestry and fishing sector and the general government sector.



### 2.3.3 Skill Level

Table 2.6 indicates the skills levels of formally employed workers in the Prince Albert municipal area.

**Table 2.6 Prince Albert skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	16.3	3.1	2.7	459	459
Semi-skilled	37.3	1.4	2.8	1 050	1 048
Low-skilled	46.4	-1.6	2.3	1 305	1 282
<b>Total Prince Albert</b>	<b>100</b>	<b>0.1</b>	<b>1.6</b>	<b>2 814</b>	<b>2 789</b>

Source: Quantec Research, 2018

In 2016, the formal sector provided 2 814 jobs, indicating that 25.5 per cent of workers are informally employed. The majority of the formally employed people are low-skilled (46.4 per cent) and semi-skilled (37.3 per cent), which is in line with the sectors as represented in the Prince Albert municipal area.

Formal employment has increased at an annual rate of 1.6 per cent per annum since 2013, with the highest average growth in semi-skilled and skilled jobs (2.8 per cent and 2.7 per cent respectively). This is in line with employment growth in the tertiary sectors within the Prince Albert municipal area.

## 2.4 Laingsburg

The Laingsburg municipal area borders the CWD, the Garden Route District and the Northern Cape. The area is sparsely populated, has vast farmlands and consist of three main areas, including Laingsburg, Matjiesfontein (a popular tourist destination) and Vleiland. The area has a rich history with many historical buildings in the town of Laingsburg. The most notable historical event is the 1981 flood (Laingsburg Municipality, 2017).

As the least populated municipal area, The Laingsburg municipal area makes the smallest contribution to the District GDPR. In 2016, the Laingsburg municipal area contributed 14.2 per cent (R402.6 million) to the CKD GDPR and 15.1 per cent (2 834 jobs) to employment.

### 2.4.1 GDPR performance

The sectors that contributed the most to the economy in the Laingsburg municipal area in 2016 include the agriculture, forestry and fishing sector (24.2 per cent) and the general government sector (19.1 per cent).

Table 2.7 indicates the GDP performance of the Laingsburg municipal area.

**Table 2.7 Laingsburg GDP performance per sector, 2012 - 2017**

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>24.2</b>	<b>97.5</b>	<b>2.0</b>	<b>0.6</b>	<b>1.6</b>	<b>2.6</b>	<b>8.2</b>	<b>-3.4</b>	<b>-10.4</b>	<b>5.9</b>
Agriculture, forestry and fishing	24.2	97.4	2.0	0.6	1.6	2.6	8.2	-3.4	-10.4	5.9
Mining and quarrying	0.0	0.1	-1.5	1.4	-1.1	1.2	4.6	-2.2	-1.1	4.5
<b>Secondary Sector</b>	<b>21.0</b>	<b>84.4</b>	<b>4.2</b>	<b>3.5</b>	<b>1.7</b>	<b>3.7</b>	<b>4.6</b>	<b>2.0</b>	<b>4.5</b>	<b>2.7</b>
Manufacturing	0.5	1.9	-1.6	-1.9	-3.7	-5.8	-1.4	-1.7	1.8	-2.6
Electricity, gas and water	11.8	47.7	1.4	1.0	2.0	0.5	0.5	0.2	0.5	3.3
Construction	8.6	34.8	9.7	7.2	1.8	9.3	10.6	4.4	9.4	2.5
<b>Tertiary Sector</b>	<b>54.8</b>	<b>220.7</b>	<b>3.4</b>	<b>2.3</b>	<b>4.0</b>	<b>4.0</b>	<b>2.9</b>	<b>1.7</b>	<b>1.8</b>	<b>1.2</b>
Wholesale and retail trade, catering and accommodation	13.1	52.6	2.3	0.5	4.1	1.9	-0.1	0.6	0.9	-0.6
Transport, storage and communication	10.6	42.8	1.0	0.9	1.5	1.9	2.9	-1.1	-0.1	0.8
Finance, insurance, real estate and business services	3.3	13.1	3.2	2.0	4.1	0.7	2.2	3.1	1.4	2.4
General government	19.1	76.8	5.3	3.7	4.6	6.0	5.5	2.9	2.6	1.5
Community, social and personal services	8.8	35.4	4.8	4.0	5.3	7.5	2.5	3.6	3.5	2.9
<b>Total Laingsburg</b>	<b>100</b>	<b>402.6</b>	<b>3.1</b>	<b>2.0</b>	<b>2.9</b>	<b>3.6</b>	<b>4.7</b>	<b>0.3</b>	<b>-1.3</b>	<b>2.7</b>

Source: Quantec Research, 2018 (e denotes estimate)

The Laingsburg municipal area's GDP measured R402.6 million in 2016. The economy is estimated to have grown by 2.7 per cent in 2017, following a contraction of 1.3 per cent in 2016. As with the other two municipal areas in the CKD, this growth can be attributed primarily to the agriculture, forestry and fishing sector, which accounts for 24.2 per cent of the GDP, and grew by an estimated 5.9 per cent in 2017.

Even though the economy is estimated to have performed at an above average rate (compared to the average five-year growth) in 2017, some sectors contracted, impacting the overall growth potential of the Laingsburg municipal area. The wholesale, and retail trade, catering and accommodation sector and the manufacturing sector contracted by 0.6 per cent and 2.6 per cent respectively. Even though the general government sector is one of the main economic sectors in the Laingsburg municipal area, this sector has experienced a decline in growth over the research period, with an estimated growth rate of 1.5 per cent in 2017.

## 2.4.2 Employment profile

The agriculture, forestry and fishing sector contributed the most to employment in the Laingsburg municipal area in 2016 (32.7 per cent). Other sectors that made a notable contribution to employment include the wholesale and retail trade, catering and accommodation sector (18.6 per cent), the government sector (16.6 per cent) and the community, social and personal services sector (16.4 per cent).

Table 2.8 indicates the trend in employment growth in each economic sector in the Laingsburg municipal area.

**Table 2.8 Laingsburg employment growth per sector, 2012 - 2017**

Sector	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	<b>32.7</b>	<b>927</b>	<b>-393</b>	<b>157</b>	<b>40</b>	<b>49</b>	<b>-53</b>	<b>212</b>	<b>-26</b>	<b>-25</b>
Agriculture, forestry and fishing	32.7	927	-393	157	40	49	-53	212	-26	-25
Mining and quarrying	0.0	0	0	0	0	0	0	0	0	0
<b>Secondary Sector</b>	<b>7.94</b>	<b>225</b>	<b>92</b>	<b>61</b>	<b>14</b>	<b>8</b>	<b>16</b>	<b>8</b>	<b>22</b>	<b>7</b>
Manufacturing	0.3	9	-4	0	0	0	0	-1	1	0
Electricity, gas and water	1.3	37	20	9	2	2	1	1	3	2
Construction	6.3	179	76	52	12	6	15	8	18	5
<b>Tertiary Sector</b>	<b>59.4</b>	<b>1 682</b>	<b>455</b>	<b>237</b>	<b>43</b>	<b>52</b>	<b>60</b>	<b>53</b>	<b>29</b>	<b>43</b>
Wholesale and retail trade, catering and accommodation	18.6	526	61	64	10	8	9	22	8	17
Transport, storage and communication	3.0	86	30	9	6	3	0	2	4	0
Finance, insurance, real estate and business services	4.8	135	50	20	3	6	4	6	-1	5
General government	16.6	470	170	45	14	5	33	1	13	-7
Community, social and personal services	16.4	465	144	99	10	30	14	22	5	28
<b>Total Laingsburg</b>	<b>100</b>	<b>2 834</b>	<b>154</b>	<b>455</b>	<b>97</b>	<b>109</b>	<b>23</b>	<b>273</b>	<b>25</b>	<b>25</b>

Source: Quantec Research, 2018 (e denotes estimate)

It is estimated that in 2017 the Laingsburg municipal area had a net increase in employment of 25 jobs, which is mainly as a result of job creation in the wholesale and retail trade, catering and accommodation sector (17 jobs) and the community, social and personal sector jobs (28 jobs). Even though the area had a boost in economic growth and an overall positive net change in employment, some sectors still shed jobs. The agriculture, forestry and fishing sector shed 25 jobs (which follows the decline in jobs in 2016). The general government sector is also estimated to have shed 7 jobs.

### 2.4.3 Skills level

Table 2.9 indicates the skills levels of formally employed people in the Laingsburg municipal area.

**Table 2.9 Laingsburg skills level, 2016**

Formal employment by skill	Skill level contribution (%)	Average growth (%)		Number of jobs	
	2016	2006 - 2016	2013 - 2017e	2016	2017e
Skilled	16.0	2.7	2.5	376	377
Semi-skilled	49.7	0.3	2.8	1 169	1 161
Low-skilled	34.3	0.1	2.8	805	803
<b>Total Laingsburg</b>	<b>100</b>	<b>0.5</b>	<b>2.1</b>	<b>2 350</b>	<b>2 341</b>

Source: Quantec Research, 2018

In 2016, 2 350 people were formally employed in the Laingsburg municipal area, most of which were semi- or low skilled workers (49.7 per cent and 34.3 per cent respectively). It is estimated the formal employment declined to 2 341 jobs in 2017.

While skilled workers form the smallest portions of formal employment in the municipal area, growth in this skill level (2.7 per cent over the last decade) is indicative of a diversification of the local economy.

## 2.5 Concluding remarks

The three municipal areas are significantly dependent on their respective agriculture industries. The minimal contribution of the manufacturing sector is indicative of the lack of local beneficiation in the CKD.

The general government sector is another large contributor to the GDP of the District. This sector contributed 19.1 per cent, 21.8 per cent and 21.1 per cent to the economies of the Laingsburg, Prince Albert, and Beaufort West municipal areas respectively in 2016.

In 2017 it is estimated that all the economies of the municipal areas grew, contributing to the District's 1.6 per cent growth. This growth is mainly attributed to improved performance of the agriculture, forestry and fishing sector.

Given the volatility that affects the primary and secondary sector, a shift towards a more diversified economy could substantially change the long-term growth of the CKD.

# 3

## Agriculture overview

### 3.1 Introduction

The agriculture industry is a major contributor to employment and the economy of the CKD. Through the production of raw products and the processing, packaging, exporting and sale thereof, value is added to the economies of the CKD and the Western Cape.

This chapter provides an overview of the agriculture industry in the CKD by highlighting the following indicators: hectares under production, infrastructure, and agritourism facilities. The information in this chapter is sourced from the Provincial Department of Agriculture Fly-over Project (2018) conducted in 2017.

### 3.2 Sector overview

The agriculture, forestry and fishing sector contributed R448.1 million (15.8 per cent) to the GDP of the CKD in 2016 and provided employment for 4 812 workers (25.7 per cent of employment).

Table 3.1 outlines the GDP contribution and growth of the agriculture, forestry and fishing sector in the CKD.

**Table 3.1 Central Karoo District agriculture, forestry and fishing sector GDP growth per municipal area, 2012 - 2017**

Municipality	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Laingsburg	24.2	97.4	2.0	0.6	1.6	2.6	8.2	-3.4	-10.4	5.9
Prince Albert	21.7	98.5	2.8	1.2	2.3	3.3	9.0	-3.0	-9.7	6.7
Beaufort West	12.7	252.2	6.8	0.9	1.9	3.0	8.5	-3.0	-9.9	6.0
<b>Central Karoo District</b>	<b>15.8</b>	<b>448.1</b>	<b>4.6</b>	<b>0.9</b>	<b>1.9</b>	<b>2.9</b>	<b>8.5</b>	<b>-3.1</b>	<b>-10.0</b>	<b>6.1</b>
Western Cape Province	4.1	21 522.4	2.5	2.0	2.5	3.3	7.5	-2.2	-7.2	8.4

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture, forestry and fishing sector is one of the main contributors to the economy of the CKD. In 2016, this sector contributed 24.2 per cent to the Laingsburg municipal area, 21.7 per cent to the Prince Albert municipal area and 12.7 per cent to the Beaufort West municipal area.

The agriculture, forestry and fishing sector in the CKD contracted in 2015 and 2016 (by 3.1 per cent and 10 per cent respectively) and had an estimated growth rate of 6.1 per cent in 2017, which is lower than the estimated provincial sectoral growth rate (8.4 per cent). The local sector benefitted from strong growth in the national sector which was supported by high production volumes in summer rainfall areas, favourable prices for horticultural exports as well as in the livestock industry (BFAP, 2018).

Table 3.2 indicates the employment trends in the agriculture, forestry and fishing sector.

**Table 3.2 Central Karoo District agriculture, forestry and fishing sector employment growth per municipal area, 2012 - 2017**

Municipality	Contribution to employment (%) 2016	Number of jobs 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Laingsburg	32.7	927	-418	157	40	49	-53	212	-26	-25
Prince Albert	37.0	1 399	-630	224	56	74	-78	315	-54	-33
Beaufort West	20.5	2 486	-989	436	115	134	-127	560	-77	-54
<b>Central Karoo District</b>	<b>25.7</b>	<b>4 812</b>	<b>-2 037</b>	<b>817</b>	<b>211</b>	<b>257</b>	<b>-258</b>	<b>1 087</b>	<b>-157</b>	<b>-112</b>
Western Cape Province	10.7	262 140.0	-111 789	37 592	13 927	16 319	-11 743	48 649	-10 112	-5 521

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture, forestry and fishing sector is one of the main contributing sectors to employment in the CKD. The sector contributed 25.7 per cent to employment in the CKD in 2016. In the Laingsburg and Prince Albert municipal areas, this sector contributed 32.7 per cent and 37 per cent respectively to employment in 2016.

Employment in this sector has been volatile over the last five years, with job losses in 2014 (258 jobs), 2016 (157 jobs) and 2017 (112 jobs). Even though the sector grew in 2017 because of improved prices, the drought still impacted local employment.

Table 3.3 indicates the skills levels of formally employed agriculture, forestry and fishing sector workers in the CKD.

**Table 3.3 Central Karoo District agriculture, forestry and fishing sector skills levels, 2016**

Skills level	Laingsburg	Prince Albert	Beaufort West	Central Karoo District
Skilled	6.8	4.9	4.0	4.8
Semi-skilled	54.5	27.7	41.8	40.6
Low-skilled	38.7	67.4	54.1	54.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Research, 2018 (e denotes estimate)

The majority (54.6 per cent) of formally employed agriculture, forestry and fishing sector workers in the CKD are low-skilled. The Laingsburg municipal area has proportionally less low-skilled workers (38.7 per cent) with proportionally more semi-skilled workers (54.5 per cent) as well as skilled workers (6.8 per cent).

Table 3.4 outlines the employment change by skills levels in the CKD.

**Table 3.4 Central Karoo District agriculture, forestry and fishing sector employment change by skills level, 2012 - 2017**

Formal employment by skill	Number of jobs 2016	Contribution to employment (%) 2016	Trend		Employment (net change)					
			2006 - 2016	2013 - 2017e	2012	2013	2014	2015	2016	2017e
Skilled	176	4.8	-19	45	12	11	-7	43	2	-4
Semi-skilled	1 477	40.6	-550	284	79	73	-77	342	-6	-48
Low-skilled	1 988	54.6	-982	322	93	90	-123	458	-23	-80
<b>Total Central Karoo</b>	<b>3 641</b>	<b>100</b>	<b>-1 551</b>	<b>651</b>	<b>184</b>	<b>174</b>	<b>-207</b>	<b>843</b>	<b>-27</b>	<b>-132</b>

Source: Quantec Research, 2018 (e denotes estimate)

Employment changes in the agriculture, forestry and fishing sector affect mostly low-skilled workers. It is estimated that in 2017, there was a decline in 80 low-skilled jobs in the agriculture, forestry and fishing sector. The large number of low-skilled workers that lose their jobs in the CKD has a significant socio-economic impact on the municipal areas. Furthermore, the lack of skills influences the ability of these workers to find jobs in other sectors, which increases local unemployment.

### 3.3 Crops

Table 3.5 provides an overview of the use of agricultural land in the CKD.

**Table 3.5 Central Karoo District hectares under production, 2017**

Type	Land use	Laingsburg	Prince Albert	Beaufort West	Central Karoo District
Winter crops	Irrigated fields	1 101.1	1 812.1	2 786.8	5 700.0
	Dry land fields	2 618.2	1 379.6	3 853.9	7 851.7
	Cultivated land	3 719.4	3 191.7	6 640.6	13 551.7
	Old fields	506.1	102.7	1 518.4	2 127.2
Summer crops	Irrigated fields	269.4	790.3	1 435.2	2 494.9

Source: WCDOA, 2018

In the CKD, 42.1 per cent of the is cultivated land is under irrigation highlighting the importance of water availability for irrigation purposes in these areas. The water

restrictions in 2017 will, therefore, have a significant effect in the 2018 harvest season, which will impact the GDP growth and employment in this sector. In the Beaufort West and Prince Albert municipal area particularly, water availability is essential as 42 per cent and 56.8 per cent of cultivated winter crops are under irrigation.

Table 3.6 indicates the broad categories of winter crops under production and the number of hectares that are fallow.

**Table 3.6 Central Karoo District winter crops, hectares under production, 2017**

Crops	Laingsburg	Prince Albert	Beaufort West	Central Karoo District
Grains, legumes and oilseeds	124.7	42.8	119.2	286.7
Pastures	853.4	1 206.4	3 059.5	5,119.3
Vegetables	310.9	155.7	32.3	498.8
Grapes	34.7	70.2	5.7	110.7
Citrus	2.7	1.2	0.2	4.1
Stone fruit	199.4	64.8	2.7	266.8
Pome fruit	12.3	0.0	0.0	12.3
Olives	61.8	374.4	110.6	546.8
Other fruit	7.7	19.8	62.9	90.5
Nuts	15.4	9.9	5.3	30.7
Fallow and weeds	2 539.2	1 324.8	4 671.5	8 535.6
Other	53.8	24.4	87.8	166.0
<b>Total</b>	<b>4 216.0</b>	<b>3 294.4</b>	<b>8 157.8</b>	<b>15 668.3</b>

Source: WCDOA, 2018

The crops under production in the CKD are:

- Pastures (5 119.3 hectares) - pastures include planted pastures, perennial planted pastures and lucerne that is used as feed for livestock farming.
- Olives (546.8 hectares) - mainly in the Prince Albert municipal area (374.4 hectares).
- Vegetables (498.8 hectares) - particularly onions, in the Laingsburg municipal area.

A large proportion of available agricultural land in the CWD is not in use (8 535.6 hectares). This land is either old fields, left fallow, covered in weeds or stubble.

Table 3.7 outlines the change in hectares under production between the 2013 and 2017 crop census.



**Table 3.7 Change in hectares under production, Central Karoo District (2013 vs 2017)**

Crops	Laingsburg	Prince Albert	Beaufort West	Central Karoo District
Grains, oil seeds and legumes	-371.2	-5.1	2.3	-374.0
Vegetables	51.3	-9.9	33.4	74.9
Pome fruit	2.4	0.0	0.0	2.4
Stone fruit	-9.4	-23.2	2.2	-30.4
Grapes (Table and wine)	-7.1	-49.9	4.0	-53.0
Citrus	-2.1	-0.9	0.2	-2.7
Other fruit	0.4	11.1	62.5	74.0
Olives	7.7	90.7	17.7	116.0
Berries	0.0	4.5	0.0	4.5
Other	16.6	9.9	5.6	32.2
<b>Total</b>	<b>-311.3</b>	<b>27.2</b>	<b>127.9</b>	<b>-156.2</b>

Source: WCDOA, 2018

The CKD had a net decline in hectares under production between 2013 and 2017 of 156.2 hectares. In the Laingsburg municipal area, the hectares under production declined by 311.3 hectares, while the hectares under production increased by 127.9 hectares in the Beaufort West municipal areas.

The decline in the hectares under production in the Laingsburg municipal area was mostly because of a 363.9 hectare decline in maize. Other main changes in crop production include:

- Decline of 49.9 hectares of grapes under production in the Prince Albert municipal area.
- Increase of 90.7 hectares of olives in the Prince Albert municipal area.
- Increase of 62.5 hectares of fruit orchards in the Beaufort West municipal area, mainly because of an increase of hectares utilised for pomegranates and prickly pears

Table 3.8 indicates the CKD proportion of hectares under production compared to that of the Western Cape.

**Table 3.8 Central Karoo District winter crops under production, proportion of Western Cape (%), 2017**

Crops	Laingsburg	Prince Albert	Beaufort West	Central Karoo District
Pastures	0.5	0.1	0.2	0.9
Vegetables	0.3	2.6	1.3	4.1
Grapes	0.0	0.0	0.1	0.1
Stone fruit	0.0	1.2	0.4	1.6
Olive	1.8	1.0	6.0	8.8
Other fruit	2.1	0.3	0.7	3.0
Nuts	0.5	1.3	0.9	2.7
Fallow and weeds	1.5	0.8	0.4	2.7
Other	1.4	0.8	0.4	2.6
<b>Total</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.8</b>

Source: WCDOA, 2018

The CKD provides little to no contribution to the provincial winter crop production. The largest contribution is from olives at 8.8 per cent and the vegetables at 4.1 per cent of provincial hectares under production.

### 3.4 Infrastructure

The availability of infrastructure and agro-processing facilities are essential for the development and growth of the agriculture value chain on a local and Provincial level, as agriculture production and processing span across municipal and district borders.

Table 3.9 indicates the agricultural infrastructure and agro-processing facilities in the municipal areas of the CKD.

**Table 3.9 Central Karoo District agriculture infrastructure, 2017**

Infrastructure	Laingsburg	Prince Albert	Beaufort West	Central Karoo District
Abattoir	2	1	12	15
Agro-processing plant	3	9	2	14
Auction facilities	-	-	2	2
Feedlot	-	-	6	6
Nursery	-	1	1	2
Packhouse	21	13	-	34
Piggery	-	-	1	1
Shade netting	1	7	2	10
Silos	1	-	1	2
Tunnels	6	1	1	8
<b>Total</b>	<b>34</b>	<b>32</b>	<b>28</b>	<b>94</b>

Source: WCDOA, 2018

The CKD has a small amount of agriculture infrastructure (94); with 34 in the Laingsburg municipal area, 32 in the Prince Albert municipal area and 28 in the Beaufort West municipal area. The large number of abattoirs, packhouses, agro-processing plants and shade nets also emphasise that the CKD is a relatively established fruit and vegetable producing area with a well-developed livestock value chain, despite the low production of these products. Agro-processing plants in the CKD include fruit packers, cold chain facilities, wine and olive cellars (WCDoA, 2018).

Table 3.10 indicates the number of hectares and crops that are under shade netting in the CWD.

**Table 3.10 Central Karoo District hectares under shade netting, 2017**

Crops	Laingsburg	Prince Albert	Beaufort West	Central Karoo District
Grapes	0.1	0.0	0.0	0.1
Fruit	0.0	0.2	0.0	0.2
Berries	0.0	4.5	0.0	4.5
Other	0.0	0.0	0.0	0.1
<b>Total</b>	<b>0.1</b>	<b>4.7</b>	<b>0.1</b>	<b>4.8</b>

Source: WCDOA, 2018

The CKD has a total of 4.8 hectares of crops under shade netting, most of which are in the Prince Albert municipal area (4.7 hectares), which is used for berry production.

### 3.5 Agritourism

An enterprise operated on a working farm that caters to visitors and which generates a supplementary income for farm owners is generally considered to contribute to agritourism (Agritourism South Africa, 2017).

Table 3.11 indicates the number of agritourism facilities and activities available in the CKD.

**Table 3.11 Central Karoo District agritourism facilities and activities, 2017**

<b>Agritourism</b>	<b>Laingsburg</b>	<b>Prince Albert</b>	<b>Beaufort West</b>	<b>Central Karoo District</b>
Accommodation	31	32	66	129
Birding	21	7	21	49
Brewery	-	1	-	1
Camping	13	8	13	34
Cellar Tour	-	3		3
Conference facility	5	2	15	22
Eco-tourism	13	13	27	53
Fishing	10	5	8	23
4x4	22	5	21	48
Farm market	-	1	-	1
Farm stall	1	3	8	12
Game	10	6	15	31
Hiking	24	14	34	72
Horse riding	5	2	15	22
Hunting	2	4	15	21
Mountain biking	19	9	27	55
Olive cellar	1	1	1	3
Other	64	43	82	189
Picnic	30	12	31	73
Quadbikes	4	2	11	17
Restaurant	2	7	10	19
Tasting	1	4	-	5
Wedding	3	4	3	10
Wine cellar	-	3	-	3
<b>Total</b>	<b>281</b>	<b>191</b>	<b>423</b>	<b>895</b>

Source: WCDOA, 2018

Agritourism in the CKD is mainly centered around farm stays and outdoor and adventure tourism activities such as hiking, 4x4 trails, picnics and mountain biking. Beaufort West is a popular tourist stop-over for those travelling on the N1, which is highlighted by the number of accommodation facilities in the Beaufort West municipal area (66).

Promoting tourism, and particularly agri-tourism developments, will assist farmers during tough economic conditions and can also have a multiplier effect on the municipal economies of the CKD as tourists demand a variety of goods and services.

### **3.6 Concluding remarks**

The CKD is sustained by the agriculture, forestry and fishing sector and the general government sector. Although the economy is mainly driven by the farming industry, additional industries act as linkages in this regard and are thus important to consider when discussing the economic potential of the area. In 2016, the agriculture, forestry and fishing sector contributed 15.8 per cent (R448.1 million) to the District's economy and provided employment to 4 812 people (25.7 per cent of the employment in the CKD).

Over the last five years, the agriculture, forestry and fishing sector has grown at an average annual rate of 0.9 per cent in the CKD, 1.2 per cent in the Prince Albert municipal area, 0.9 per cent in the Beaufort West municipal area, and 0.6 per cent in the Laingsburg municipal area. On a provincial level, this sector has grown at an average annual rate of 2 per cent over a five-year period. It is estimated that in 2017, the agriculture, forestry and fishing sector grew by 6.1 per cent in the CKD which follows a contraction of 10 per cent in 2016. Despite the improved GDP growth, this sector continued to shed jobs in 2017 (112 jobs).

The main agricultural commodities in the CKD are livestock farming, as well as vegetables and olives. The Laingsburg municipal area has the largest number of hectares under vegetable production, while olives are mainly produced in the Prince Albert municipal area. From the 2013 crop census to the 2017 crop census, there has been a decline in the hectares under production for grains, oilseeds and legumes as well as grapes and stone fruit, while there was a large increase in the hectares under production of olives.

# 4

## Municipal infrastructure analysis

### 4.1 Introduction

As per the Financial and Fiscal Commission Policy Brief of 2015, it is noted that the investment in socio-economic infrastructure is crucial in improving economic growth and development. The management of infrastructure budget and spending efficiency by municipalities is an important consideration when looking at socio-economic outcomes. Kumo (2012) notes that infrastructure investment has a significant impact on regional development and productivity. Furthermore, Kumo (2012) finds that there is a strong causal link between economic infrastructure investment and both GDP growth and private sector employment rates. Economic infrastructure refers to the physical assets that provide services used in production and final consumption. Social infrastructure refers to those investments which accommodate social services; having either a direct or indirect impact on the quality of life. Institutional infrastructure is defined as a support structure to the other forms of infrastructure (Brown-Luthango, 2010; DBSA, 2006).

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth approach, which remains a key budget principle given the economic and social imperatives for infrastructure development. This chapter will as such explore three broad infrastructure themes per local municipality within the CKD.

In the **first instance**, an overview will be provided of Provincial infrastructure spend for the 2018 MTREF i.e. unpack Western Cape Government infrastructure investments within the geographical jurisdiction of a specific district and local municipality. Such investments are funded and managed by the Provincial Government, funding is not directly transferred to a district or local authority nor does it reflect within an annual municipal budget. It is important to note that the infrastructure allocations to be discussed below does not purely entail the construction of new infrastructure, but also refers to maintenance and repair projects.

Successfully leveraging infrastructure investment as a catalyst for broad-based growth and development is not solely the responsibility of a single role-player, but rather a collective effort that requires contributions by all spheres of government as well as the private sector alike.

Chapter 4 will, therefore, in the **second instance**, elaborate upon the extent to which the various local municipalities in the CKD apply their own capital budgets towards creating and maintaining the operational, economic and social infrastructure that will in time improve access to economic opportunities and essential basic services.

Municipal capital budgets are however to a large extent reliant on grants and transfers from National and Provincial Government. As a result of a constraining macro-economic environment, the national fiscus is coming under increasing pressure which is subsequently expected to lead to a notable reduction in grant support towards local authorities. This scenario will not only impact upon the enhanced roll-out of municipal infrastructure projects but seriously compromise the long-term sustainability of municipalities in general.

It is for this reason that Chapter 4 will, in the **third instance**, also unpack the various funding sources that contribute towards municipal capital budgets. The ultimate aim is to ascertain whether municipalities are mitigating the grant-reliant risk by proactively seeking external funding to apply towards enhanced infrastructure creation.

The following section will unpack each of above specified themes, namely provincial infrastructure spend, municipal infrastructure spend and municipal capital budget funding sources, for each of the municipalities in the broader Central Karoo region. Section 4.2 will provide aggregated spending totals, meaning the sum total of expenditure by the District Municipality as well as the various local municipalities for a particular time period. The sub-sections to 4.2 will, in turn, unpack infrastructure spend for each of the respective municipalities (District as well as the local municipalities).

## 4.2 Central Karoo District

As mentioned previously, provincial infrastructure spend refers to infrastructure investment within the geographical jurisdiction of a municipality. Depending on its location, most provincial infrastructure projects are then linked to a specific municipality on the provincial database. Certain projects, which span across local municipal boundaries, but still within a single district, will as such be linked to the relevant district municipality. An example of such projects will be road transport initiatives. If a project extends over district boundaries, it will be classified as a cross-district project.

As per Table 4.1, Provincial infrastructure spend linked to the Central Karoo region and each of the various local municipalities in the District, will in 2018/19 amount to R176.3 million, the majority of which will be focussed towards road transport (R120.8 million) and to a lesser extent, human settlement (R53.8 million).

**Table 4.1 Central Karoo District: Provincial infrastructure spend, 2018/19 (R'000)**

Department	Central Karoo District Municipality	Beaufort West	Laingsburg	Prince Albert	Total
Health	-	339	750	500	1 589
Human Settlements	-	35 160	-	18 590	53 750
Public Works: transport	45 800	20 000	15 000	40 000	120 800
Social Development	179	-	-	-	179
<b>Total</b>	<b>45 979</b>	<b>55 499</b>	<b>15 750</b>	<b>59 090</b>	<b>176 318</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

Infrastructure investment by the Western Cape Government in the CKD will in 2018/19 be relatively evenly concentrated in Beaufort West (R55.5 million) and Prince Albert (R59.1 million). Whilst the majority of spend in Prince Albert will be applied towards road transport projects, investment in Beaufort West will go towards human settlements. Investments in Laingsburg will almost exclusively fund road transport projects. Substantial allocations will also be directed towards road transport projects across the District as a whole (R45.8 million).

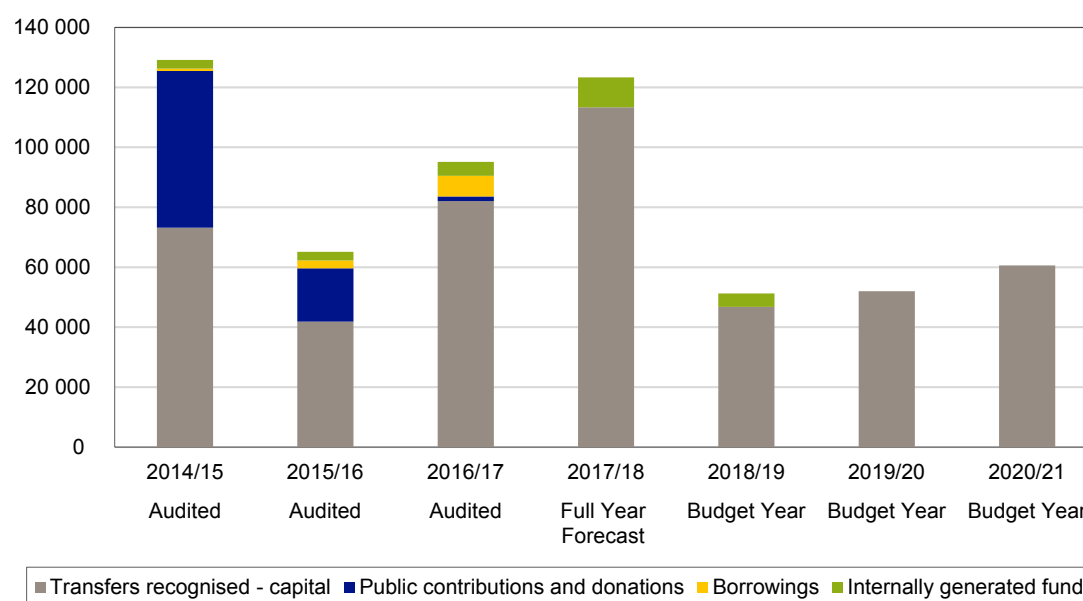
**Table 4.2 Central Karoo District: Sum total of district and local municipal capital expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	4 583	2 374	34 756	3 241	1 239	393	1 060
Community and public safety	66 204	3 806	5 925	16 381	3 673	5 717	833
Economic and environmental services	14 296	8 923	7 963	9 356	10 799	9 091	17 595
Trading services	44 193	33 033	46 512	92 187	35 557	36 773	41 087
<i>Energy sources</i>	16 148	11 024	8 925	13 345	18 310	19 230	16 960
<i>Water management</i>	9 081	3 852	3 756	56 805	13 342	12 183	23 360
<i>Waste water management</i>	17 648	17 451	31 495	21 449	1 217	4 828	767
<i>Waste management</i>	1 317	706	2 337	588	2 688	533	-
Other	-	-	-	155	-	-	-
<b>Total</b>	<b>129 276</b>	<b>48 137</b>	<b>95 156</b>	<b>121 321</b>	<b>51 269</b>	<b>51 974</b>	<b>60 575</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Table 4.2 reflects a sum total of capital budget expenditure for the Central Karoo region as well as each of the local municipalities within the District for the period 2014/15 to 2020/21. Capital budget allocations amongst the various local municipalities of the CKD has predominantly been directed towards the provision of electricity and sanitation services between 2014/15 and 2016/17. Capital budgets were weighted strongly towards waste water management in 2016/17 due to a large Human Settlements Development Grant allocation provided to Beaufort West Municipality.

Whilst water management remains a priority area across the MTREF, notable allocations are also made towards energy services as municipalities expand their electricity networks as part of human settlement developments.

**Figure 4.1 Central Karoo District: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**

Source: NT Database, Final Adopted 2017/18 and 2018/19 Budgets – Schedule A5

Although allocations from National and Provincial Government fluctuate across the period 2014/15 to 2020/21, grants and transfers, as a percentage of CKD capital budgets increase year-on-year. This being said, the municipalities of the CKD did attempt to diversify their funding mix between 2015/16 and 2017/18, evident from the notable increase in own-revenue contributions that doubled year-on-year across this period. Public contributions and external borrowings did also form part of the funding mix for the period 2014/15 to 2016/17. It is however concerning to note that capital budgets will in the outer two years of the MTREF solely be funded through grants and transfers.

### 4.2.1 Central Karoo District Municipality

Provincial infrastructure spend within the jurisdiction of the CKD amounts to R46.0 million for 2018/19 and R144.3 million in total across the 2018 MTREF. Table 4.3 below further unpacks this amount per vote classification across the MTREF.

**Table 4.3 Central Karoo District Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Public Works: Transport	45 800	47 775	50 165	143 740
Social Development	179	189	200	568
<b>Total</b>	<b>45 979</b>	<b>47 964</b>	<b>50 365</b>	<b>144 308</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

Provincial infrastructure spend within the CKD will almost entirely be directed towards the road transport function for the re-gravel (R74.1 million across the MTREF) and routine maintenance (R69.4 million across the MTREF) of district main roads.



Minor allocations will be made towards social development to commence with procurement planning of early childhood development centres in the Beaufort West municipal area.

**Table 4.4 Central Karoo District Municipality: Capital Expenditure, 2014/15 – 2020/21 (R'000)**

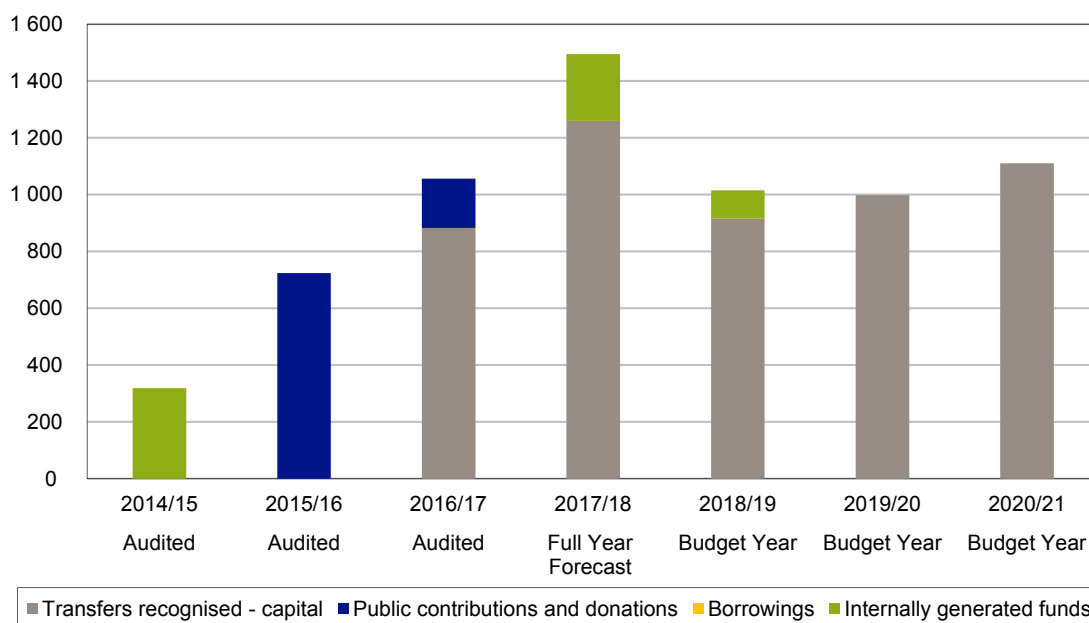
Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	319	724	1 056	267	719	393	1 060
Community and public safety	-	-	-	1 128	164	600	-
Economic and environmental services	-	-	-	100	132	5	50
<b>Total</b>	<b>319</b>	<b>724</b>	<b>1 056</b>	<b>1 495</b>	<b>1 015</b>	<b>998</b>	<b>1 110</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

Due to its nature as a district authority, the Municipality performs limited revenue-generating functions which makes it highly dependent on grants and transfers from either National or Provincial Government. This limited revenue-raising capacity renders the Municipality extremely vulnerable, at least, from a financial sustainability point of view. The result is that the Municipality has very limited resources available to invest in value-adding and game-changing initiatives (local economic development, LED).

The Municipality's capital budget is as such mostly applied towards the procurement of office equipment, machinery and furniture for its various directorates. Smaller allocations have however in the past been made to strengthen the Municipality's firefighting and district health services capacity.

**Figure 4.2 Central Karoo District Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The Municipality's reliance on grants and transfers is evident upon consideration of Figure 4.2. Provincial Treasury provides ongoing support to the Municipality to improve its long-term financial position and to attract external funding which could unlock the region's economic development potential.

## 4.2.2 Beaufort West

Provincial infrastructure spend within the Beaufort West municipal area will amount to R55.5 million and R54.1 million for 2018/19 and 2019/20 respectively, before decreasing notably to R37.2 million in 2020/21. Total provincial infrastructure spend in Beaufort West will amount to R147.1 million across the MTREF.

**Table 4.5 Beaufort West Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Health	339	1 350	7 500	9 189
Human Settlements	35 160	32 700	30 020	97 880
Public Works: Transport	20 000	20 000	-	40 000
<b>Total</b>	<b>55 499</b>	<b>54 050</b>	<b>37 520</b>	<b>147 069</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

The Western Cape Government will in 2018/19 invest R35.2 million for the development of human settlements within the jurisdiction of the Beaufort West Municipality, the majority of which will be applied to the construction of top structures. The R32.7 million allocation towards human settlements in 2019/20 fund top structure constructions in Beaufort West (R19.5 million) and planning towards the development of service sites in Murraysburg (R13.2 million).

An amount of R20 million will be allocated for each of 2018/19 and 2019/20 to commence with the planning phase to reseal the C1085: Beaufort West - Willowmore Road.

The allocation towards health services is concentrated within the outer year of the MTREF which will be applied to ward repairs at the Nelspoort Hospital.

**Table 4.6 Beaufort West Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	1 259	1 138	1 010	1 404	500	-	-
Community and public safety	53 242	2 275	3 902	13 676	3 009	3 011	833
Economic and environmental services	8 059	3 899	6 563	5 860	6 301	6 583	10 982
Trading services	30 237	11 212	41 914	67 386	14 377	18 280	26 892
Energy sources	12 388	2 701	5 405	6 800	14 060	9 600	9 920
Water management	1 878	439	2 711	39 137	-	5 893	16 972
Waste water management	15 841	8 071	31 462	21 449	317	2 255	-
Waste management	130	1	2 337	-	-	533	-
<b>Total</b>	<b>92 797</b>	<b>18 524</b>	<b>53 389</b>	<b>88 326</b>	<b>24 187</b>	<b>27 873</b>	<b>38 707</b>

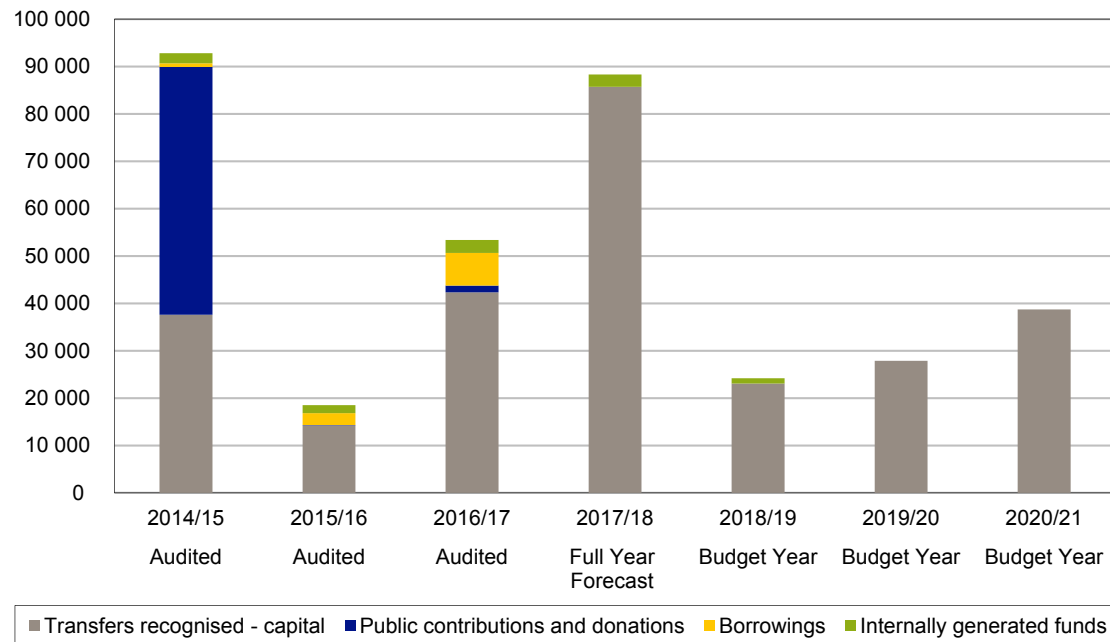
Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The budget increases substantially between 2015/16 and 2016/17 due to additional funding received from the Provincial Government in the form of a Human Settlements Development Grant. This funding was applied towards the waste water management function to create sanitation infrastructure (service sites).

The capital budget again increases in 2017/18 largely as a result of drought support as well as a sizeable allocation from National Government (Department of Rural Development and Land Reform).

The Municipality will continue to prioritise the provision of electricity services across the MTREF, whilst the largest share of the budget will in the outer year of the MTREF be applied towards water management as a result of a Regional Bulk Infrastructure Grant.

**Figure 4.3 Beaufort West Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

The majority of the Municipality's capital budget was in 2014/15 sourced from public contributions and donations. Grants and transfers as a percentage of the total capital budget increased almost threefold between 2015/16 and 2016/17 and again doubled between 2016/17 and 2017/18 as a result of substantial Municipal Infrastructure Grant (MIG) and Integrated National Electrification Programme (INEP) Grant allocations received from National Government. Despite its dependence on grants and transfers in 2015/16 and 2016/17, the Municipality was to a certain extent able to diversify its funding mix by introducing its own contributions as well as external borrowings. These contributions, however, diminish across the MTREF where the capital budget is estimated to be exclusively funded through grants and transfers in the outer years of the MTREF.

### 4.2.3 Laingsburg

Provincial infrastructure spend within the Laingsburg municipal area will amount to R54.8 million across the MTREF. After an initial investment of R15.8 million in 2018/19, expenditure will increase notably to R23.0 million in 2019/20 before decreasing to R16.0 million in 2020/21.

**Table 4.7 Laingsburg Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Health	750	5 000	15 000	20 750
Public Works: Transport	15 000	18 000	1 000	34 000
<b>Total</b>	<b>15 750</b>	<b>23 000</b>	<b>16 000</b>	<b>54 750</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

Public infrastructure spend by the Provincial Government in Laingsburg is limited to allocations towards health and road transport. These allocations will in fact only fund two projects across the MTREF i.e. upgrades and additions to the Laingsburg Clinic as well as the regravelling of the C1053.6: Seweweekspoort.

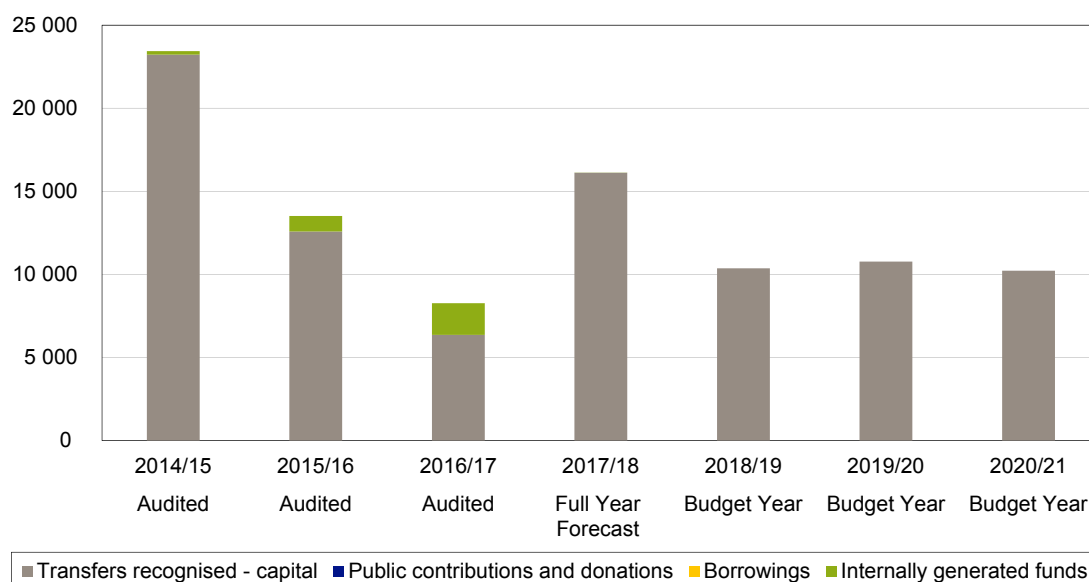
**Table 4.8 Laingsburg Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF 2018/19	MTREF 2019/20	MTREF 2020/21
Governance and Administration	3 005	304	251	1	-	-	-
Community and public safety	9 350	897	2 023	948	-	-	-
Economic and environmental services	6 139	4 222	1 400	-	-	-	-
Trading services	4 954	8 095	4 598	15 169	10 367	10 770	10 228
<i>Energy sources</i>	2 047	5 665	3 520	1 995	2 000	4 480	3 840
<i>Water management</i>	593	1 407	1 045	13 174	8 367	6 290	6 388
<i>Waste water management</i>	1 127	1 022	33	-	-	-	-
<i>Waste management</i>	1 187	-	-	-	-	-	-
<b>Total</b>	<b>23 447</b>	<b>13 517</b>	<b>8 272</b>	<b>16 118</b>	<b>10 367</b>	<b>10 770</b>	<b>10 228</b>

Source: NT Database, Final Adopted 2018/19 Budgets - Schedule A5

For the period 2014/15 to 2016/17, the Municipality directed its trading services budget towards improving access to electricity services. This focus shifted in 2017/18 with the onset of the drought as the Municipality received an increased Municipal Infrastructure Grant (MIG) to fund upgrades to the bulk water network. The Municipality will continue to prioritise water management across the MTREF.

**Figure 4.4 Laingsburg Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: Drakenstein Municipality, Final Approved 2018/19 Budgets - Schedule A5

Laingsburg Municipality's capital budget has since 2014/15 almost entirely been funded through grants and transfers. Therefore, as grants and transfers decreased between 2014/15 and 2016/17, the Municipality's total capital budget also decreased notably.

The sharp increase in the capital budget in 2017/18 is attributed to a substantial Municipal Infrastructure Grant (MIG) received from National Government. The MIG allocation is again extended across the MTREF, albeit at a smaller scale. The Municipality also receives a sizeable Integrated National Electrification Programme (INEP) Grant allocation across the MTREF.

#### 4.2.4 Prince Albert

Provincial infrastructure spend within the Prince Albert municipal area will in 2018/19 amount to R59.1 million. The allocation drops off significantly to R15.0 million in 2019/20 before increasing to R70.5 million in 2020/21. The total provincial infrastructure allocation in Prince Albert will amount to R144.6 million across the MTREF.

**Table 4.9 Prince Albert Municipality: Provincial infrastructure spend, 2018/19 - 2020/21 (R'000)**

Department	2018/19	2019/20	2020/21	Total
Health	500	1 500	450	2 450
Human Settlements	18 590	12 480	27 040	58 110
Public Works: Transport	40 000	1 000	43 000	84 000
<b>Total</b>	<b>59 090</b>	<b>14 980</b>	<b>70 490</b>	<b>144 560</b>

Source: Estimates of Provincial Revenue and Expenditure, 2018

The single largest Provincial infrastructure investment in Prince Albert will in 2018/19 be made towards road transport (R40.0 million) to fund the reseal of C1037: Prince Albert Road. The R43.0 million budgeted for the outer year of the MTREF will, in turn, be applied towards the refurbishment of C809: Klaarstroom - Beaufort West.

Substantial allocations will also be made towards human settlements (R58.1 million across the MTREF) to construct top structures within Prince Albert itself.

In terms of health infrastructure, R2.5 million will be applied across the MTREF to commence with upgrades to the Prince Albert Ambulance Station (wash-bay construction), inclusive of the installation of health technology.

**Table 4.10 Prince Albert Municipality: Capital Expenditure, 2014/15 - 2020/21 (R'000)**

Functional classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Full Year Forecast 2017/18	MTREF		
					2018/19	2019/20	2020/21
Governance and Administration	-	209	32 439	1 570	20	-	-
Community and public safety	3 612	634	-	630	500	2 106	-
Economic and environmental services	99	802	-	3 396	4 366	2 504	6 563
<i>Trading services</i>	9 002	13 727	-	9 632	10 813	7 723	3 967
<i>Energy sources</i>	1 713	2 658	-	4 550	2 250	5 150	3 200
<i>Water management</i>	6 610	2 006	-	4 494	4 975	-	--
<i>Waste water management</i>	679	8 358	-	-	900	2 573	767
<i>Waste management</i>	-	705	-	588	2 688	-	-
Others	-	-	-	155	-	-	-
<b>Total</b>	<b>12 713</b>	<b>15 372</b>	<b>32 439</b>	<b>15 383</b>	<b>15 700</b>	<b>12 333</b>	<b>10 530</b>

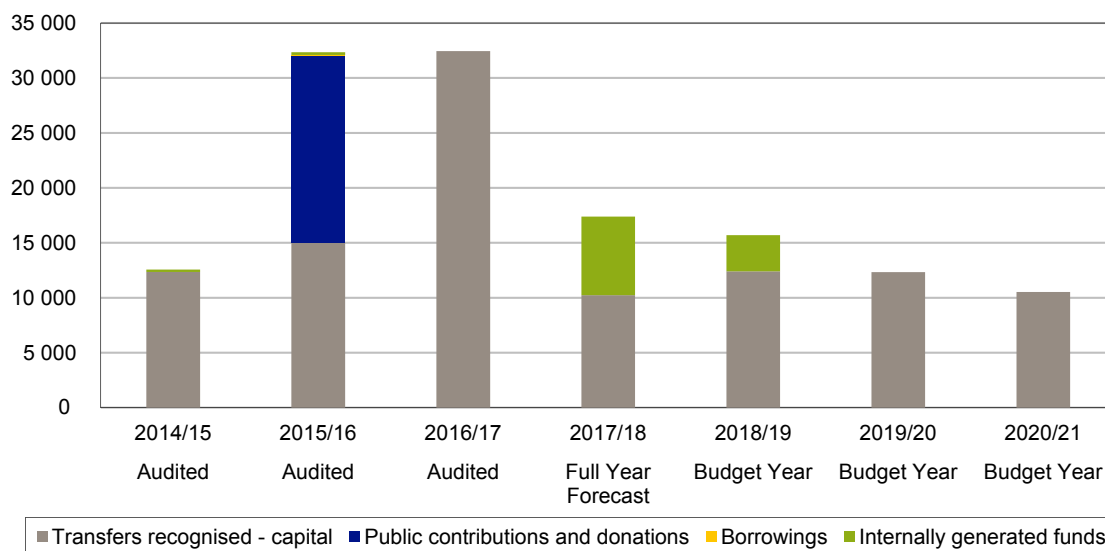
Source: 2017/18 and 2018/19 Final Adopted Budget - Schedule A5. 2016/17 Audited figures sourced from the NT Database. A more detailed breakdown of the 2016/17 figures were however not available.

In 2014/15 and 2015/16, the Municipality prioritised water and waste water management respectively, funded through allocations received in the form of a Municipal Infrastructure Grant (MIG) and Human Settlements Development Grant.

The Municipality's capital budget towards trading services was in 2017/18 evenly split between energy sources and water management as the Municipality received notable Integrated National Electrification Programme (INEP) and drought-relief funding. Additional support towards the drought will in 2018/19 be recognised (Water Services Infrastructure Grant) resulting in the majority of the capital budget towards trading services being focussed on water management. The sizeable allocation towards waste management will be applied to purchase a refuse removal vehicle.

An increase in INEP allocations across the MTREF directs the capital budget towards energy sources whilst substantial allocations are also observed for Economic and Environmental Services to fund road transport expansions.

**Figure 4.5 Prince Albert Municipality: Capital budget funding sources, 2014/15 - 2020/21 (R'000)**



Source: 2017/18 and 2018/19 Final Adopted Budget - Schedule A5. 2016/17 Audited figures sourced from the NT Database. A more detailed breakdown of the 2016/17 figures were however not available.

It is evident from Figure 4.5 that the Municipality's capital budget is almost entirely dependent on grants and transfers, with limited to no capacity to generate its own internal funds. The Municipality did contribute its own funding towards drought relief projects in 2017/18 and 2018/19 but does not extend this contribution across the outer years of the MTREF.

### 4.3 Summary and conclusion

This chapter aimed to illustrate the manner in which the Western Cape Government, through targeted investments in economic, operational and social infrastructure, is fulfilling its role as a responsive and proactive government by contributing towards an environment that is conducive of broad-based economic growth and development to the ultimate benefit of society as a whole.

It has been mentioned previously that a constraining fiscal environment will potentially impact heavily on direct grant and transfer payments to local government. The reality is however that sluggish growth will also affect public infrastructure spend within the jurisdiction of local municipalities as national and provincial authorities will be forced to relook their funding priorities. The effects of such reduced public infrastructure spending are evident from recent reports of a struggling national construction sector that is gradually reducing its contributions to GDP as well as the total employment. This chapter has shown that the Western Cape Government maintains public infrastructure spending by increasing its investment in infrastructure across the MTREF within all districts of the Province.

It has however been emphasised that the creation of broad-based growth by means of proactive public investment in infrastructure can only be achieved through the complementary contributions of all spheres of government. This chapter, therefore, aimed to drive home this realisation that the onus of responsibility also falls upon local government to transcend their reliance on grants and transfers by seeking alternative funding sources to propel infrastructure expansions.

The CKD is characterised by severe socio-economic hardship, high levels of poverty and unemployment which aggravates the presence and influence of various social and health-related ills. These concerns aside, the region does offer immense growth potential which can be unlocked by means of effective and efficient local economic development (LED) strategies and initiatives. Consideration of the IDPs of the various municipalities reveal that although there is no shortage of catalyst projects, initiatives and game changing ideas, a lack of funding to implement such projects severely undermines local growth and development efforts. Municipalities in the CKD should, therefore, decrease its reliance on grants and transfers and proactively strive to improve their own-revenue generating capabilities to not only fund infrastructure expansions, but local economic development efforts.



# 5

## Municipal socio-economic analysis

### 5.1 Introduction

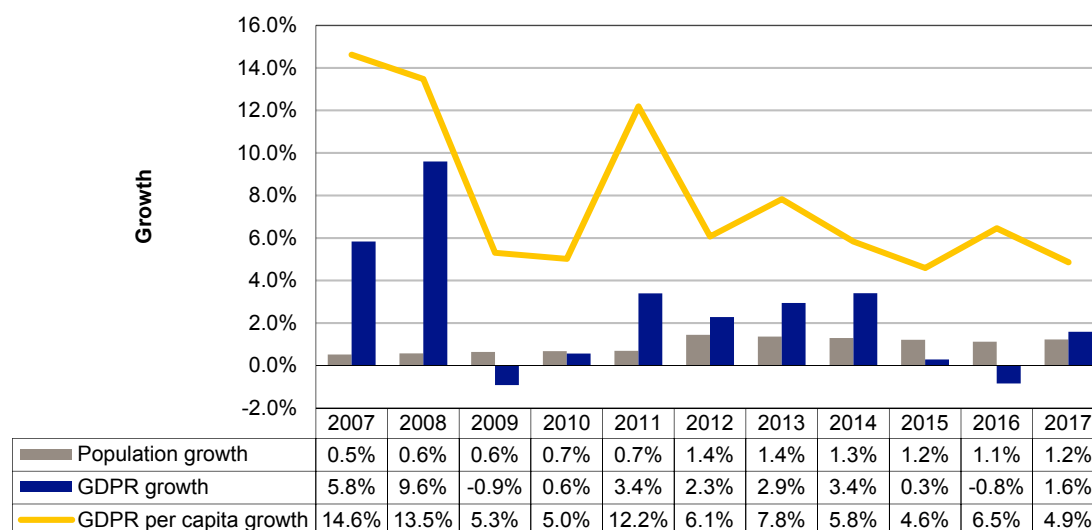
The main aim of this chapter is to analyse the economic and social circumstances of households living in the Central Karoo District over the last few years given the slow economic recovery from the 2008 - 2009 global recession and the recent drought. The data used here is sourced from, amongst others, Statistics South Africa, the Western Cape Education and Health departments, Quantec, and IHS Markit.

Indicators used to analyse population and income dynamics include the population growth rate, the GDP 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, dwellings, average household size, access to basic services and crime. These indicators are discussed in detail in the sections below.

### 5.2 Population, GDP per capita and income distribution

#### 5.2.1 Population growth, GDP growth and GDP per capita growth in Central Karoo District

When economic growth is faster than population growth, it means that more income becomes available to be shared by the citizens and everyone is likely to be better off. On the contrary, when population growth is faster than economic growth, less income is available per person and it is stretched to accommodate the increasing population, resulting in a lower income per person. Figure 5.1 shows population growth rates and economic growth rates for the CKD between 2007 and 2017.

**Figure 5.1 Population, GDP and GDP per capita growth in Central Karoo District, 2007 - 2017**

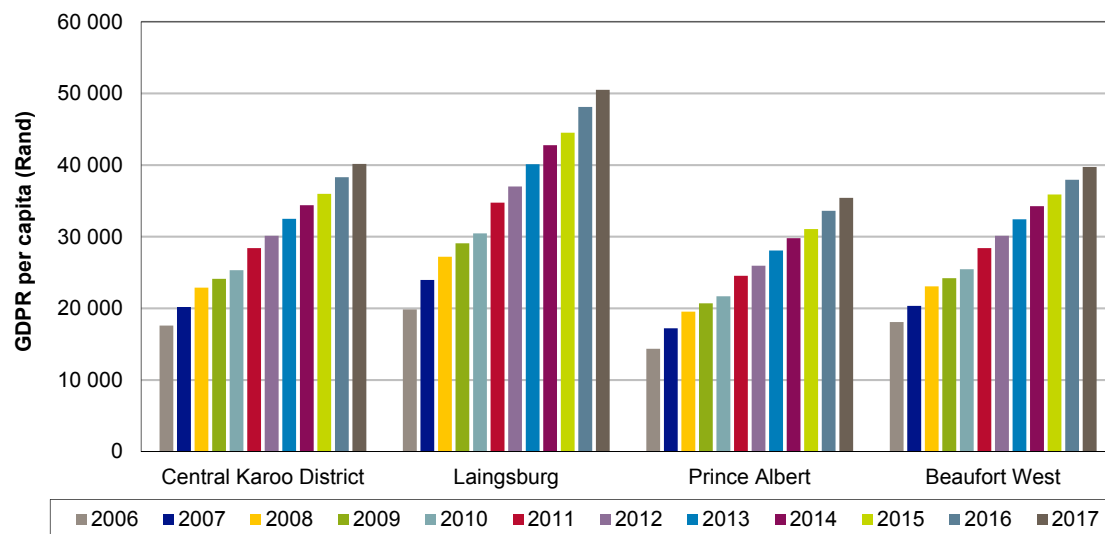
Source: Quantec Research, 2018

In 2007 and 2008, the CKD economy grew much faster than population growth, but the global recession in 2009 changed this, with a significant drop in GDP while population growth remained steady. The economic recovery between 2011 and 2014 resulted in GDP growth rates again exceeding population growth rates, but the situation reversed significantly in 2015 and 2016 as population growth in the CKD exceeded GDP growth rates.

On the back of steady population growth rates and volatile GDP growth rates between 2007 and 2017, the growth in income per person as indicated by the nominal GDP per capita<sup>4</sup> has also been volatile.

GDP per capita is an estimate of the average income per person in an economy and is therefore not an accurate and true reflection of the annual incomes earned by various individuals or households.

<sup>4</sup> Real GDP per capita is an indicator used by economists to estimate the income per person within an economy, and inherently the standard of living. It is calculated by dividing the real gross domestic product of an economy by the total population of that economy.

**Figure 5.2 Nominal GDP per capita, Central Karoo District, 2006 - 2017**


Source: Quantec Research, 2018

When comparing GDP per capita levels in the CKD in 2017, the Laingsburg municipal had the highest amount at R50 505 per annum, possibly due to a lower population compared to the other two municipal areas. The Laingsburg nominal GDP per capita for 2017 is higher than the district average (R40 167). Prince Albert had the lowest nominal GDP per capita in 2017 (R35 433). Although nominal GDP per capita has been increasing over the last 10 years, the rate of growth has been slowing down, especially in the recent past, as economic performance slowed down. Table 5.1 provides a breakdown of the proportion of households in various income brackets in the CKD in 2017.

**Table 5.1 Percentage of households per income bracket in Central Karoo District, 2017 (%)**

Income category	Central Karoo District	Laingsburg	Prince Albert	Beaufort West	
No income	8.5	5.2	6.7	9.6	
R1 - R6 314	3.1	1.9	3.2	3.2	
R6 315 - R12 628	5.4	2.9	5.7	5.8	Low Income
R12 629 - R25 257	21.5	21.0	20.5	21.8	
R25 258 - R50 514	24.4	26.0	26.4	23.5	
<b>Subtotal</b>	<b>62.8</b>	<b>57.0</b>	<b>62.6</b>	<b>63.9</b>	
R50 515 - R101 028	16.3	21.0	16.6	15.3	Middle Income
R101 029 - 202 055	9.9	11.3	9.8	9.6	
R202 056 - R404 111	6.3	5.9	5.6	6.6	
<b>Subtotal</b>	<b>32.5</b>	<b>38.1</b>	<b>32.0</b>	<b>31.6</b>	
R404 112 - R808 221	3.3	3.3	4.0	3.2	High Income
R808 222 - R1 616 442	0.8	1.1	0.7	0.8	
R1 616 444 - R3 232 885	0.3	0.5	0.4	0.3	
R3 232 886+	0.2	0.0	0.3	0.2	
<b>Subtotal</b>	<b>4.7</b>	<b>4.9</b>	<b>5.4</b>	<b>4.5</b>	

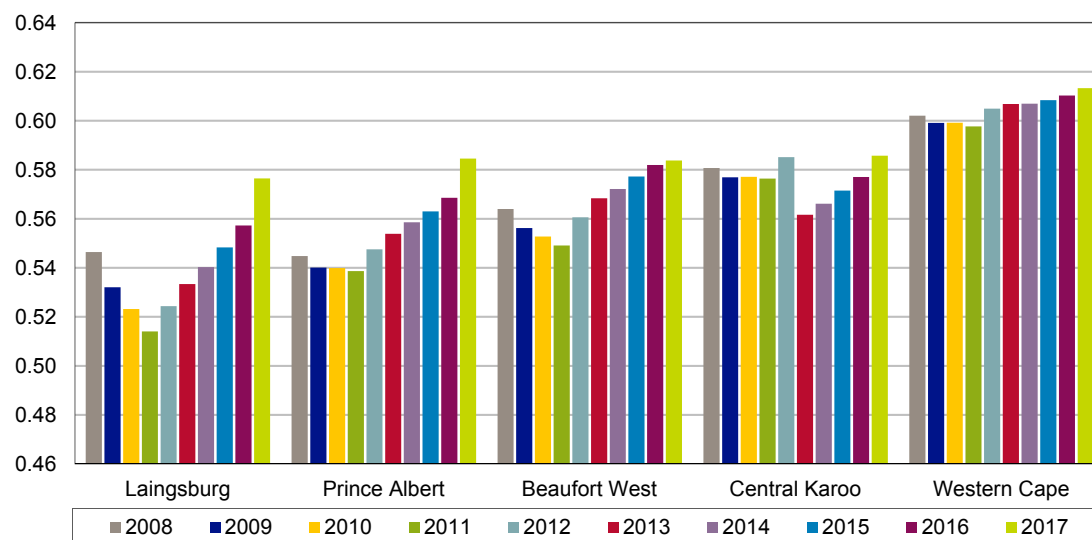
Source: Quantec Research, 2018

Beaufort West had the highest proportion (9.6 per cent) of households without income and Laingsburg had the lowest (5.2 per cent). Beaufort West had the highest proportion (63.9 per cent) of low income earners followed by Prince Albert (62.6 per cent), and Laingsburg (57 per cent). Prince Albert had the highest proportion of high income earners (5.4 per cent) while Laingsburg has the highest proportion of middle income earners (38.1 per cent).

## 5.2.2 Income distribution in Central Karoo District

The unequal distribution of income within an economy is estimated by using the Gini coefficient<sup>5</sup>. Figure 5.3 shows Gini coefficients for municipalities within the CKD. It shows that inequality in income distribution remains high in most municipal areas within the CKD, with none of the Gini coefficients below the halfway mark of 0.50. It is evident that there has been a generally increasing trend in income inequality across all local municipalities in the CKD from 2012 onward.

**Figure 5.3 Gini coefficients in Central Karoo District municipal areas, 2008 - 2017**



Source: IHS Markit, 2018

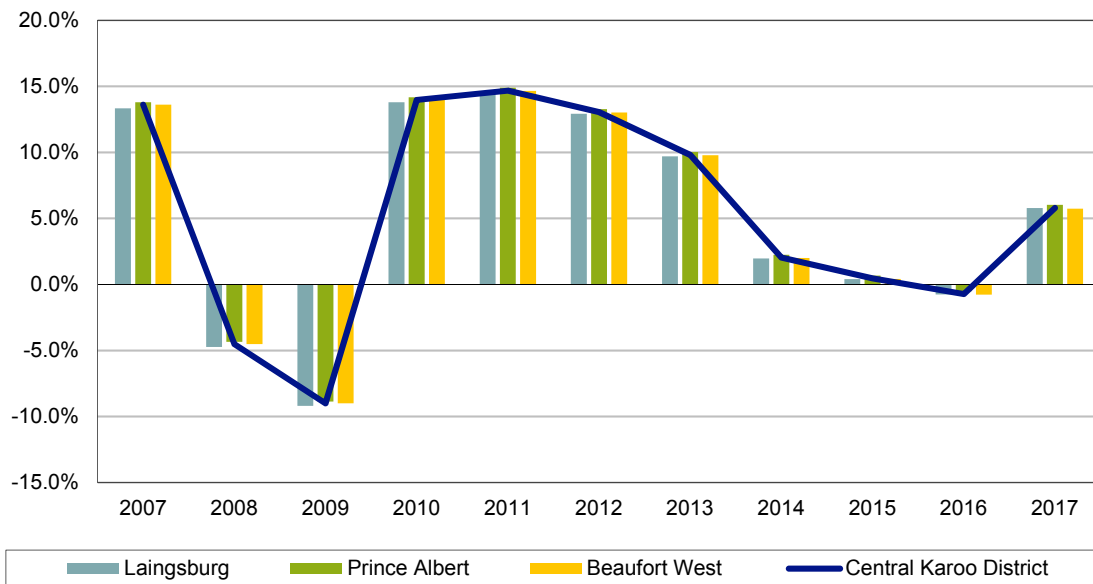
Sharp increases in income inequalities can be observed in Laingsburg and Prince Albert between 2016 and 2017. The reason for this could be the impact of the drought, which possibly had a more severe impact on households in rural communities, and communities that are dependent on agriculture, compared with those in urban areas, where there are more alternative income sources. Beaufort West recorded a smaller increase in income inequality between 2016 and 2017. Overall, the Gini coefficient in the CKD in 2017 (0.585) is lower than the average for the Province (0.613).

<sup>5</sup> 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 and more inequality exists and the closer to 0 shows less and less inequality.

### 5.2.3 Household expenditure in Central Karoo District

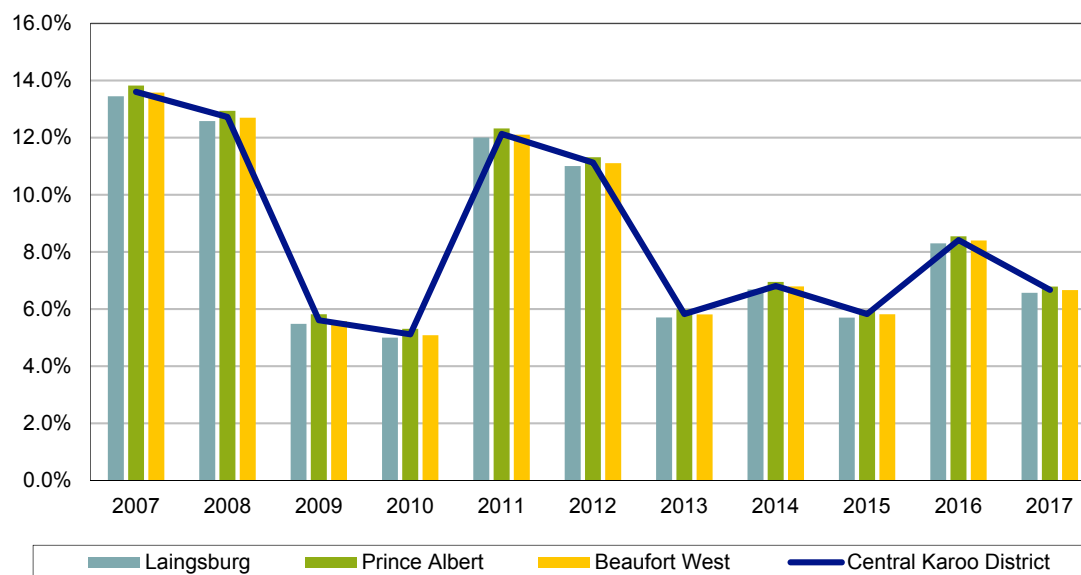
Another way of looking at disparities in income distribution is to analyse household expenditure on durable, semi-durable, non-durable and services. Economists expect households to consume more durable goods and services when disposable income is higher and more semi-durable or non-durable goods when disposable incomes are lower. Figures 5.4 to 5.5 show the percentage change in household expenditure over the past 10 years for these different categories of goods.

**Figure 5.4 Household expenditure growth on durable goods, Central Karoo District, 2007 - 2017**



Source: Quantec Research, 2018

Figure 5.4 shows that in 2008, household expenditure on durable goods decreased in all municipal areas within the Central Karoo region and decreased further in 2009 during the recession. However, from 2010, expenditure on durable goods increased sharply, before slowing down again between 2014 and 2016 as economic growth receded. The slight increase in economic growth in 2017 saw expenditure on durable goods picking up across all municipalities in the region.

**Figure 5.5 Household expenditure growth on non-durable goods, Central Karoo District, 2007 - 2017**

Source: Quantec Research, 2018

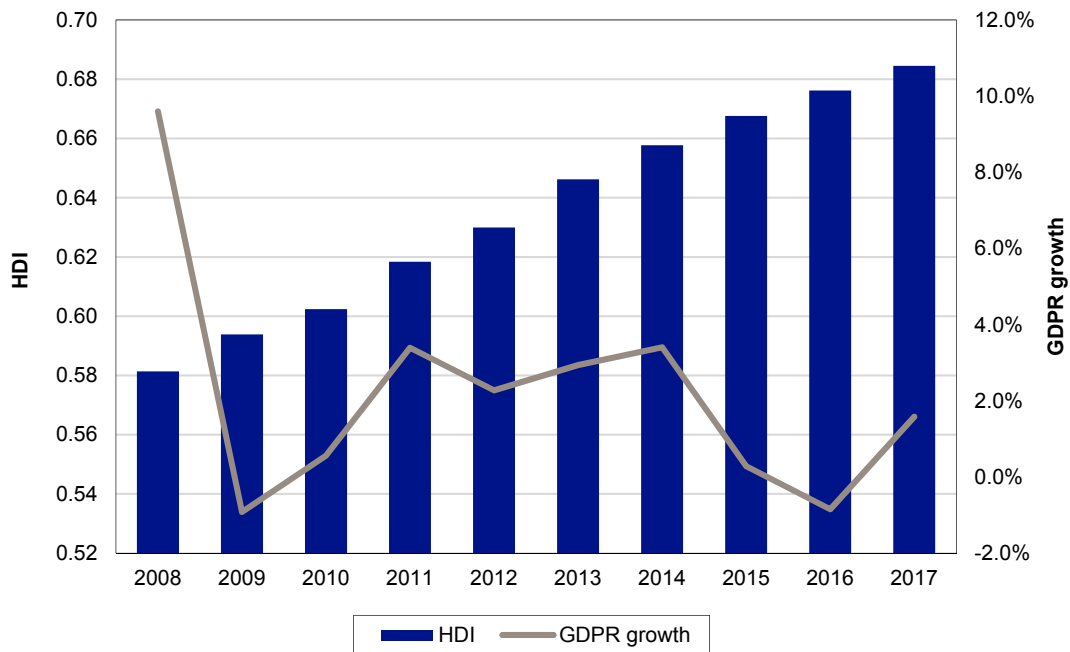
Household expenditure on non-durable goods grew by just over 6 per cent across all municipal areas in the CKD in 2017 compared to the 4 per cent growth in expenditure on semi-durable goods.

### 5.3 Human Development

The United Nations uses the Human Development Index (HDI)<sup>6</sup> 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. Figure 5.6 shows economic growth trends and changes in the HDI for the Central Karoo region between 2008 and 2017.

<sup>6</sup> 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 5.6 GDP growth vs HDI growth in Central Karoo District, 2008 - 2017**

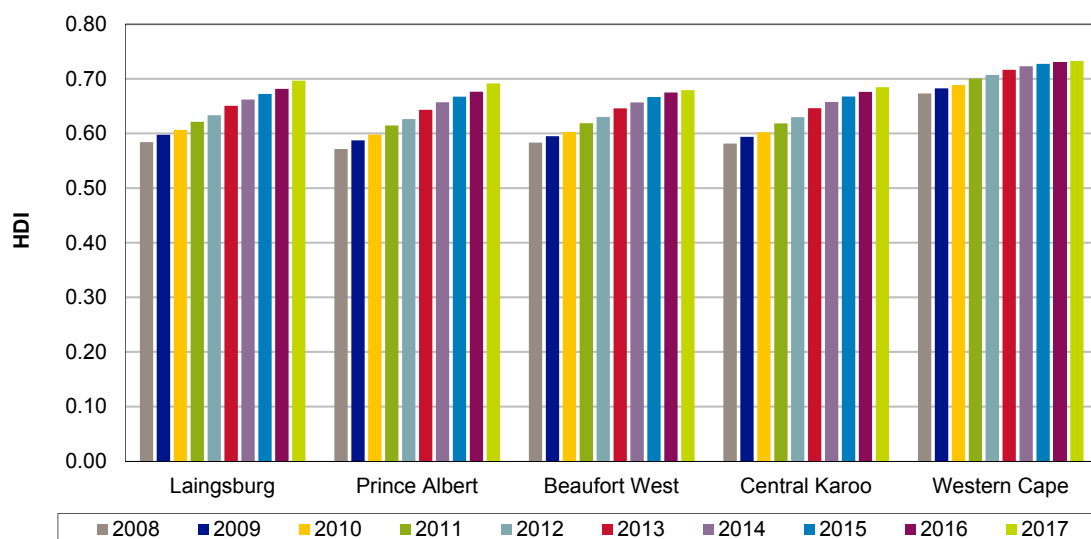


Source: Quantec Research, 2018, IHS Markit, 2018

Over the past decade, there are instances where economic growth and human development within the Central Karoo region have both increased, as shown in Figure 5.6 above during 2009 - 2011, 2012 - 2014 as well as 2016 - 2017. In periods when human development increased despite a downturn in economic activity, it could be a result of lagged effects of economic growth from previous years. The HDI for the Central Karoo region has increased continuously over the last 10 years.

Figure 5.7 shows the HDIs per municipal area in the CKD between 2008 and 2017.

**Figure 5.7 HDIs per municipal area in Central Karoo District, 2008 - 2017**



Source: IHS Markit, 2018

Laingsburg had the highest HDI in the CKD, (0.696 in 2017) despite having a smaller economy than Beaufort West. The HDI for Beaufort West was recorded as 0.679 in 2017, and Prince Albert had a recording of 0.691, which is slightly lower than that of Laingsburg. Laingsburg has the lowest population in the district and therefore education and health services are accessed by fewer households and individuals than in Beaufort West where the population is much higher. In 2017, the HDI for the CKD (0.684) is lower than the Western Cape average for 2017 (0.733).

### 5.3.1 Educational development within the Central Karoo District

Education within the CKD is discussed here using data on educational achievements of individuals over 20 years of age, learner enrolments, Grade 12 dropout rates and matric pass rates. As a community develops, more individuals tend to get educated and the number of individuals without any formal schooling is expected to decrease.

**Table 5.2 Educational achievements for individuals over 20 years, Central Karoo District, 2017**

Educational level	Central Karoo District		Laingsburg		Prince Albert		Beaufort West	
No schooling	5 303	12.3%	704	13.8%	870	10.9%	3 729	12.4%
Some primary	8 264	19.1%	1 122	21.9%	1 866	23.5%	5 276	17.5%
Complete primary	3 241	7.5%	357	7.0%	732	9.2%	2 153	7.1%
<b>Subtotal</b>	<b>16 808</b>	<b>38.9%</b>	<b>2 183</b>	<b>42.7%</b>	<b>3 468</b>	<b>43.6%</b>	<b>11 157</b>	<b>37.0%</b>
Some secondary	14 585	33.8%	1 741	34.1%	2 559	32.2%	10 285	34.1%
Grade 12/Std 10	8 835	20.5%	762	14.9%	1 298	16.3%	6 775	22.5%
Higher	2 973	6.9%	425	8.3%	622	7.8%	1 926	6.4%
<b>Subtotal</b>	<b>26 393</b>	<b>61.1%</b>	<b>2 929</b>	<b>57.3%</b>	<b>4 478</b>	<b>56.4%</b>	<b>18 985</b>	<b>63.0%</b>
<b>Total</b>	<b>43 201</b>	<b>100%</b>	<b>5 112</b>	<b>100%</b>	<b>7 947</b>	<b>100%</b>	<b>30 142</b>	<b>100%</b>

Source: Quantec Research, 2018

Table 5.2 shows that the total number of people older than 20 years of age with no schooling in the CKD in 2017 amounted to 5 303, with the most (3 729 people) living in Beaufort West. Laingsburg had the highest proportion of people without schooling. Prince Albert has the largest (43.6 per cent) population of individuals whose educational achievement is a completed primary schooling or less while Beaufort West has the most (62.9 per cent) individuals with high educational achievements.

**Table 5.3 Learner enrolment, Grade 12 dropout and Matric pass rates in Central Karoo District, 2016 - 2017**

Municipality	Learner enrolment (2016)	Learner enrolment (2017)	% change	Grade 12 dropout rate (2016)	Grade 12 dropout rate (2017)	% change	Matric pass rates (2016)	Matric pass rates (2017)	% change
Laingsburg	1 247	1 279	2.6	72.3	56.6	-21.7	90.3	80	-11.4
Prince Albert	2 143	2 122	-1.0	48.1	64.4	33.9	69.2	89.7	29.6
Beaufort West	10 943	10 907	-0.3	38	41.3	8.7	76.6	78.6	2.6

Source: Western Cape Education Department, 2018



In 2017, Beaufort West recorded a slight decrease (-0.3 per cent) in learner enrolment, and Prince Albert also reported a decrease (-1 per cent) while Laingsburg experienced a 2.6 per cent increase. Another positive outcome for Laingsburg was the significant decline (-21.7 per cent) in the Grade 12 dropout rate although the rate itself for 2017 is extremely high (56.6 per cent) compared to that of other regions in the Western Cape. It would seem that dropout rates are especially high in rural and agriculture based municipal areas. In terms of Matric pass rates for 2017, Prince Albert recorded the highest, 89.7 per cent, a big jump from 69.2 per cent in 2016. The smaller municipal areas in the CKD, that is, Laingsburg and Prince Albert achieved higher pass rates than Beaufort West, the biggest municipal area in the region.

**Table 5.4 Educational development within Laingsburg, 2012 - 2017**

Period	Learner enrolment	% Change	Gr 12 dropout rate	% Change	Matric pass rates (%)	% Change
2012	1 178	-	65.9	-	89.3	-
2013	1 159	-1.6	57.5	-12.7	88.9	-0.4
2014	1 220	5.3	56.1	-2.4	75	-15.6
2015	1 216	-0.3	64.6	15.2	90.9	21.2
2016	1 247	2.5	72.3	11.9	90.3	-0.7
2017	1 279	2.6	56.6	-21.7	80	-11.4

Source: Western Cape Education Department, 2018

Table 5.4 shows that learner enrolment in Laingsburg increased between 2012 and 2017, with the biggest increase (5.3 per cent) recorded in 2014. In 2017 learner enrolment in Laingsburg increased by 2.5 per cent to 1 279. However, the Grade 12 dropout rate has remained high (72.3 per cent in 2016), although a significant drop was recorded in 2017. Laingsburg had impressive pass rates of 90.9 per cent and 90.3 per cent in 2015 and 2016, but the 11.4 percentage point drop in 2017 to 80 per cent is a cause for concern.

**Table 5.5 Educational development within Prince Albert, 2012 - 2017**

Period	Learner enrolment	% Change	Gr 12 dropout rate	% Change	Matric pass rates (%)	% Change
2012	2 126	-	39.2	-	72.5	-
2013	2 092	-1.6	52.2	33.2	100	37.9
2014	2 097	0.2	44.6	-14.6	85.5	-14.5
2015	2 068	-1.4	40	-10.3	98.3	15.0
2016	2 143	3.6	48.1	20.3	69.2	-29.6
2017	2 122	-1.0	64.4	33.9	89.7	29.6

Source: Western Cape Education Department, 2018

Learner enrolment in Prince Albert has remained stable from 2012 to 2017, with just over 2 000 learners enrolled every year. The dropout rate of Grade 12 learners, 64.4 per cent in 2017, was the highest in Prince Albert over the last six years. Lack of income, especially in rural municipal areas, due to the difficult economic conditions, could be attributed to the high dropout rates. In 2013 Prince Albert achieved a 100 per cent Matric pass rate and in 2015 it was still impressive at 98.3 per cent. The drop in 2016 to 69.2 per cent was a concern but in 2017 the pass rate rose to 89.7 per cent.

**Table 5.6 Educational development within Beaufort West, 2012 - 2017**

Period	Learner enrolment	% Change	Gr 12 dropout rate	% Change	Matric pass rates (%)	% Change
2012	10 710	-	41	-	81.1	-
2013	10 719	0.1	43.2	5.4	78.4	-3.3
2014	10 834	1.1	37.6	-13.0	67.6	-13.8
2015	10 898	0.6	34.2	-9.0	76.6	13.3
2016	10 943	0.4	38	11.1	76.6	0.0
2017	10 710	-0.3	41.3	8.7	78.6	2.61

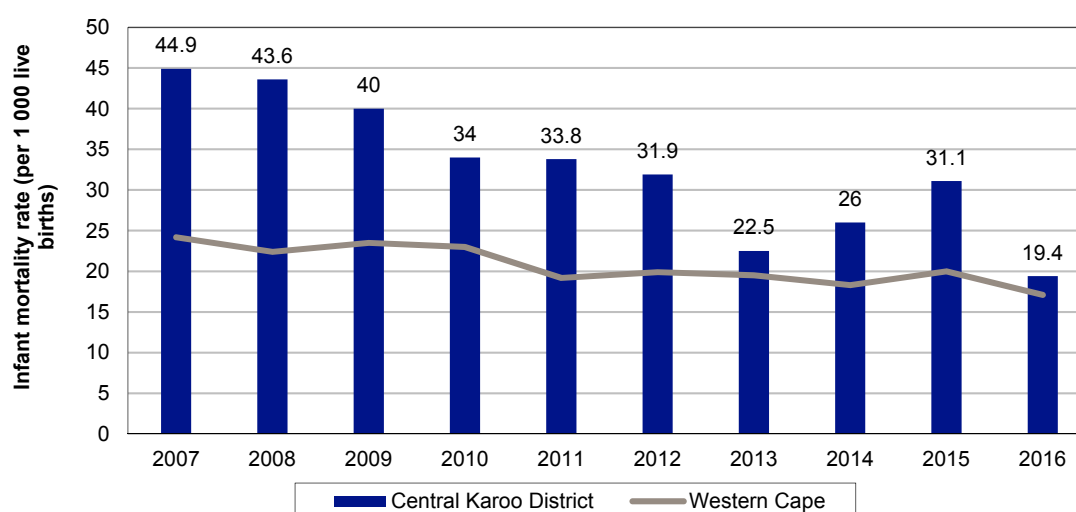
Source: Western Cape Education Department, 2018

Learner enrolment in Beaufort West has increased marginally over the last six years, from 10 710 learners in 2012 to 10 907 in 2017. The dropout rate for Grade 12 learners is also high at Beaufort West, standing at 41.3 per cent in 2017, a drop from 43.2 per cent recorded in 2013. The biggest concern in educational outcomes in Beaufort West is the lower Matric pass rate compared to the rest of the region. The pass rate in 2017 was recorded as 78.6 per cent, from a low of 67.6 in 2014.

### 5.3.2 Health development within Central Karoo District

The mortality conditions of persons living within the Central Karoo region are analysed in this section by looking at infant mortality rates, the top 10 causes of death as well as the top 10 injuries that cause death. Life expectancy in the Western Cape between 2011 and 2016 averaged 64.8 years for males and 70.6 years for females according to Statistics South Africa's 2017 mid-year population estimates. For the period between 2016 and 2021, the average life expectancy is expected to be higher, at 66.2 years for males and 72.1 years for females.

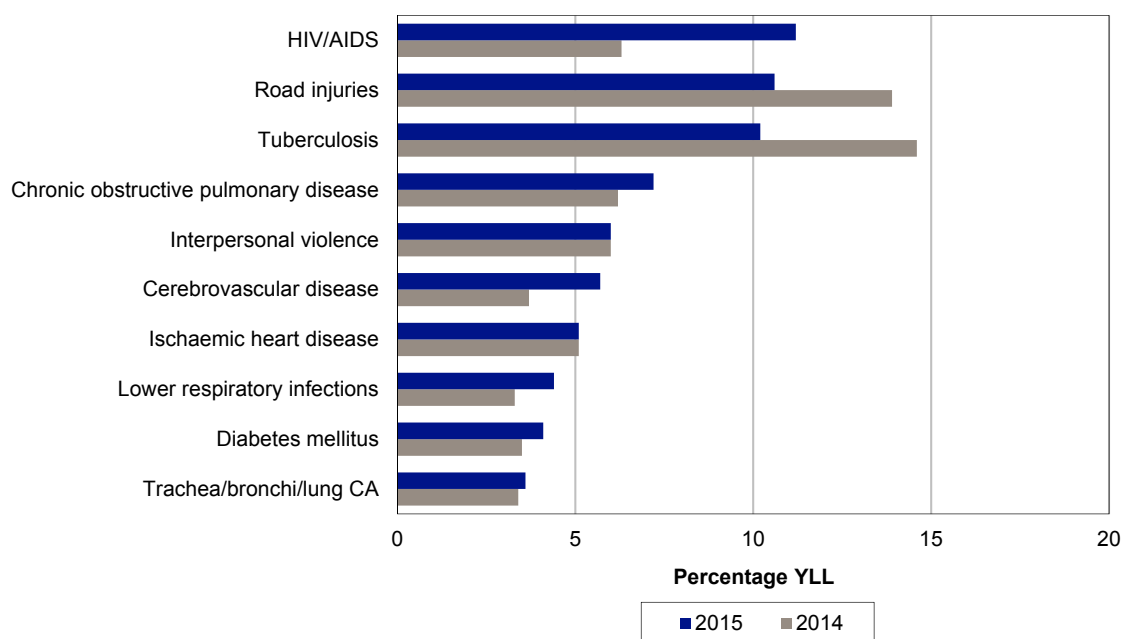
Figure 5.8 shows a general decrease in infant mortality rates in the CKD between 2007 and 2016, indicating an improvement in child health care in the period under review.

**Figure 5.8 Infant mortality rates, Central Karoo District, 2007 - 2016**

Source: Western Cape Health Department, 2018

Infant deaths within the Central Karoo region remain higher than the average for the Western Cape Province although the rate has come down from what it was 10 years ago. There were 19.4 infant deaths per 1 000 live births in 2016, which is far less than the 44 deaths per 1 000 live births recorded in 2007. This decrease in the number of infant deaths could be a result of improved health services in the District or improvements in the health of mothers.

**Figure 5.9 Top 10 causes of death in Central Karoo District, 2014 - 2015**

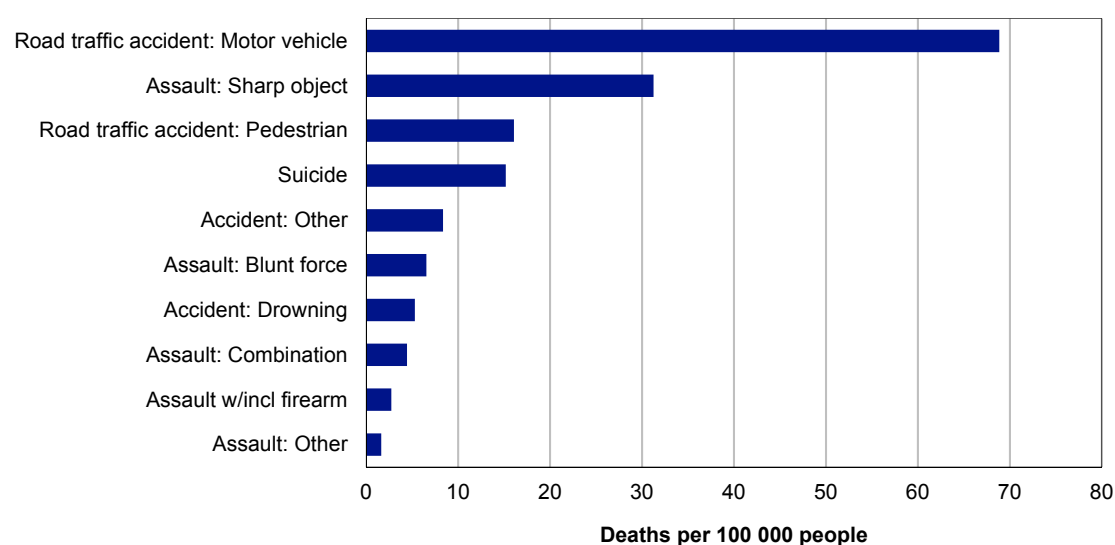


Source: Western Cape Health Department, 2018

The top 10 causes of death are measured using the percentage of years of life lost (YLL<sup>7</sup>), which takes into account the age at which deaths occur by giving greater weight to deaths at a younger age and a lower weight to deaths at an older age. Figure 5.10 shows that HIV/AIDS is at the top of causes of death in the Central Karoo region contributing 11.2 per cent to the total years of life lost in 2015. Figure 5.10 shows that TB was at the top of causes of death in the CKD in 2014, accounting for 14.6 per cent of the total years of life lost. In 2015, TB was the third highest cause of death in the region, accounting for 10.2 per cent of the total years of life lost. Deaths caused by road injuries also improved from 13.9 per cent of total years of life lost in 2014 to 10.6 per cent of total years of life lost in 2015. Deaths in the CKD are also caused by injuries sustained from various incidences. Figure 5.10 shows the top 10 injuries that resulted in deaths within the CKD in 2016, using the age-standardised mortality rate (ASR<sup>8</sup>).

<sup>7</sup> YLL are calculated from the number of deaths multiplied by a standard life expectancy at the age at which death occurs. The standard life expectancy used for YLL at each age is the same for deaths in all regions of the world.

<sup>8</sup> The Age-Standardised Rate is a weighted average of the age-specific mortality rates per 100 000 persons, where the weights are the proportions of persons in the corresponding age groups of the WHO standard population.

**Figure 5.10 Top 10 deaths by injury type, Central Karoo District, 2016**

Source: Western Cape Health Department, 2018

Figure 5.10 shows that death caused by injuries sustained from road traffic accidents were the highest in the CKD, with 68 deaths per 100 000 persons in 2016. Pedestrians killed through injuries sustained from road traffic were the third highest in the CKD, with 16 deaths per 100 000 persons.

### 5.3.3 Human settlements and access to basic services within Central Karoo District

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 5.7 shows the different types of dwellings for households living within the Central Karoo region in 2017.

**Table 5.7 Dwellings in municipal areas within Central Karoo District, 2017**

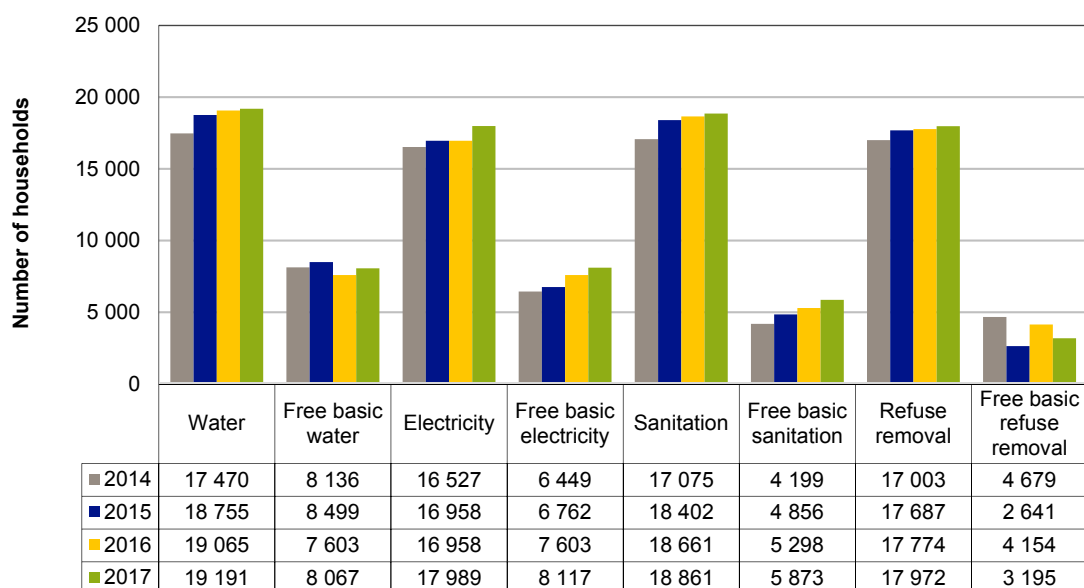
Dwelling type	Central Karoo District		Laingsburg		Prince Albert		Beaufort West	
	Number	%	Number	%	Number	%	Number	%
House or brick structure on a separate stand or yard	17 011	86.1	1 895	78.8	3 241	90.8	11 875	86.2
Traditional dwelling/hut/structure made of traditional materials	91	0.5	23	1.0	24	0.7	44	0.3
Flat in a block of flats	159	0.8	9	0.4	10	0.3	141	1.0
Town/cluster/semi-detached house (simplex, duplex or triplex)	1 495	7.6	335	13.9	42	1.2	1 118	8.1
House/flat/room, in backyard	394	2.0	45	1.9	31	0.9	319	2.3
<b>Informal dwellings</b>	<b>367</b>	<b>1.9</b>	<b>30</b>	<b>1.2</b>	<b>153</b>	<b>4.3</b>	<b>183</b>	<b>1.3</b>
Room/flatlet not in backyard but on a shared property	85	0.4	36	1.5	30	0.8	19	0.1
Other/unspecified/NA	145	0.7	33	1.4	38	1.1	74	0.5
<b>Total</b>	<b>19 747</b>	<b>100</b>	<b>2 406</b>	<b>100</b>	<b>3 569</b>	<b>100</b>	<b>13 773</b>	<b>100</b>

Source: Quantec Research, 2018

It can be seen from Table 5.7 that the CKD had 367 informal dwellings (or 1.8 per cent) in 2017, which is much lower than the numbers for other districts in the Province. The 91 traditional dwellings can also be considered informal. Prince Albert has the highest proportion (153 informal dwellings or 4.3 per cent), followed by Beaufort West (183 or 1.3 per cent). The high number of households without access to formal housing remains a risk and a serious concern.

The number of people with access to basic services (water, electricity, sanitation and refuse removal) is an indication of the level of human development within a municipal area. Figure 5.11 shows the number of households receiving water, electricity, sanitation and waste removal services in the CKD between 2014 and 2017. It can be seen that there has been an increase in the number of households receiving water, electricity, sanitation and refuse removal services between 2014 and 2017, with access to electricity increasing the most in 2017.

**Figure 5.11 Access to basic services in Central Karoo District, 2014 - 2017**



Source: Non-financial Census of Municipalities, Stats SA; Quantec Research, 2018

Although there were fluctuations in the number of households receiving free basic services over the 2014 to 2017 period, there has been an overall increase in the number of households receiving free basic electricity and sanitation, while the number of households receiving free basic refuse removal declined over this period.

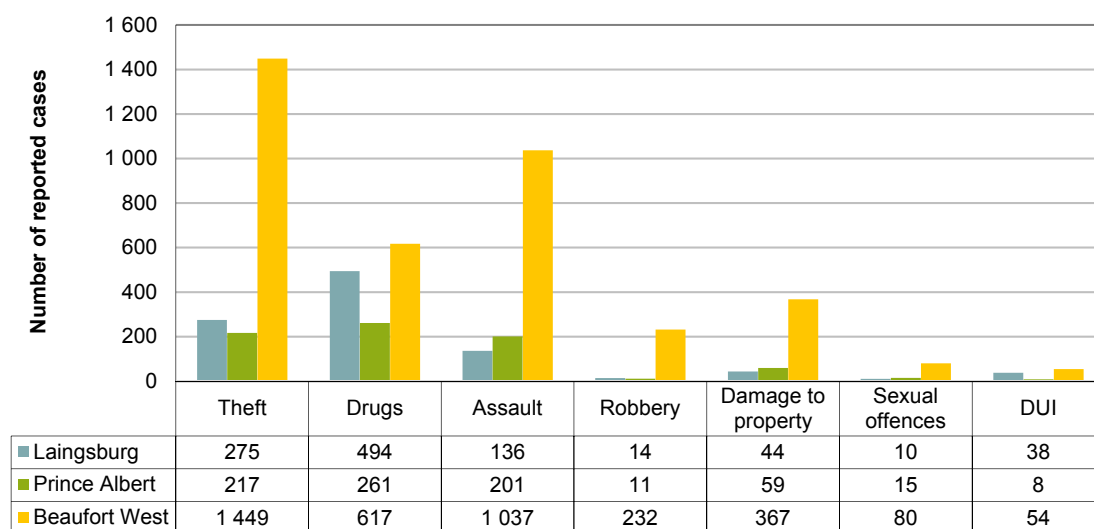
### 5.3.4 Crime statistics within the Central Karoo District

The 2017/18 crime statistics released by SAPS indicate that there were increases in 10 categories of crime in the Western Cape. Truck hijacking increased the most (108.6 per cent), followed by murder (12.6 per cent). Nyanga township in the Western Cape had the highest murder rate in the country, with 308 murders recorded in 2017/18, up from 281 murders in 2016/17. Attempted murder increased by 9.2 per cent, robbery at non-residential premises was up 8.9 per cent, while stock theft rose by

7.7 per cent and robbery at non-residential premises increased by 7.6 per cent. Of the 30 top Police stations by serious crimes recorded in the country, 9 are in the Western Cape and include Delft, Milnerton, Bellville, Worcester, Kraaifontein, Mitchells Plain, Nyanga, Stellenbosch, and Cape Town Central.

Figure 5.12 shows trends in crime levels within the Central Karoo region for 2017, with drug-related crime, theft (including burglaries), assault and malicious damage to property among the leading crimes.

**Figure 5.12 Most serious reported crimes by category in municipal areas within the Central Karoo District, 2017**



Source: SAPS; Quantec Research, 2018

Figure 5.12 shows that theft, drugs, assault, robbery, damage to property, sexual offences and driving under the influence are the key crimes reported in municipal areas within the CKD. Beaufort West had the highest number of reported cases in all the categories. Cases of theft were the highest, including burglaries at residential and non-residential premises, shoplifting and stock-theft. There are still cases of murder reported across municipal areas in the region, which indicates that serious violent crime is also a concern that needs to be addressed across all municipal areas in the CKD.

## 5.4 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 5.8 is a summary of recent changes in various socio-economic indicators in the CKD.

**Table 5.8 Changes in selected socio-economic indicators, Central Karoo District**

Indicators	Central Karoo District	Laingsburg	Prince Albert	Beaufort West
Average Annual Population growth (2007 - 2017): Quantec	0.9%	1.0%	1.0%	1.0%
Average Annual GDP growth rate (2007 - 2017): Quantec	2.6%	3.0%	3.6%	2.2%
GDP per capita 2017: Quantec	R40 167	R50 505	R35 433	R39 735
Annual household income < R50 000 (2017): Urban-Econ	62.8%	57.0%	62.6%	63.9%
Gini coefficients (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase
Human Development Index (2016 - 2017): IHS Markit	Increase	Increase	Increase	Increase
Learner enrolment (2012 - 2017): WCED	Increase	Increase	Decrease	Increase
Grade 12 Dropout rate (2016 - 2017): WCED	-	Decrease	Increase	Increase
Matric pass rate (2016 - 2017): WCED	-	Decrease	Increase	Increase
Informal/traditional dwellings (2017) Quantec/Urban-Econ	1.9%	1.2%	4.3%	1.3%
Access to basic services (2016 - 2017): Stats SA	Increase	Increase	Increase	Increase
Access to free basic services (2016 - 2017): Stats SA	Increase	Increase	Increase	Increase

Table 5.8 shows the positive or negative movement of selected social and economic indicators in municipalities within the CKD in the recent past. Indicators moving in positively could be a result of positive economic performance within the region and vice versa.

Indicators that have moved in a positive direction for the CKD include an increasing trend in human development; increasing learner enrolment and increasing access to basic services. Areas of concern in the region include, among others, the large proportion of low income earners; low GDP per capita; increasing inequality in income distribution; high proportion of deaths caused by HIV/AIDS, high proportion of deaths from injuries sustained from road traffic accidents, informal dwellings and crime, including theft, assault, drugs, and malicious damage to property.





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