Western Cape Government

2023-24

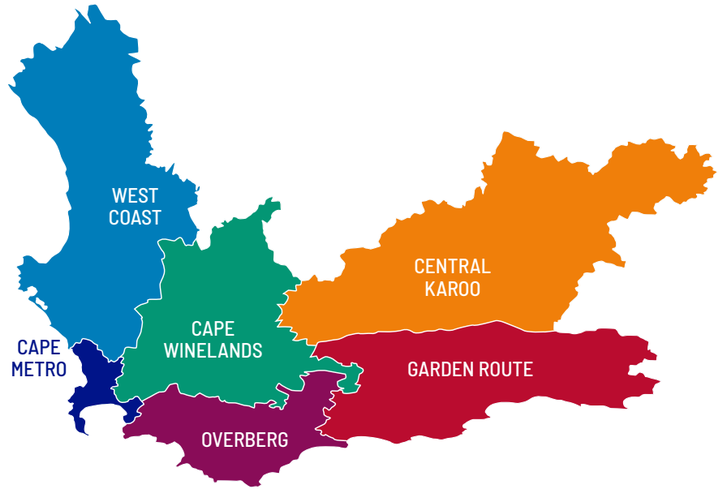
Municipal Economic Review and Outlook

Garden Route District

Western Cape Government

2023-24

Municipal Economic Review and Outlook



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PR 317/2023

ISBN: 978-0-621-51629-6

ACKNOWLEDGEMENTS

The successful completion of the 2023-24 Municipal Economic Review and Outlook (MERO) has been made possible through the collaborative efforts of a diverse group of individuals, each contributing their unique expertise to the publication. Our appreciation goes to the researchers, authors, coordinators, designers and editors – whose collective work has shaped the content of the 2023-24 MERO this year. This document stands as a testament to their hard work, relentless efforts and passion for quality research. To each individual who contributed to the 2023-24 MERO, your determination and unwavering dedication are greatly appreciated – thank you.

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2023-24 MERO FOREWORD

The Western Cape's distinct and incredible regions have buoyed its diversified economy, supporting job creation and economic recovery. Despite the many challenges the Province faces, its favourable economic trajectory perseveres, demonstrating its flexibility and agility to respond to shifting economic paradigms.

While urgent crises like the power emergency, ineffective logistics and transportation, slow economic growth, unemployment, poverty, and rising living expenses must be actively addressed, the Province also has a number of growth prospects that, when taken advantage of, have the potential to significantly boost the Western Cape economy.

The 2023–24 Municipal Economic Review and Outlook (MERO) provides valuable insights, enriching our understanding of the region's multifaceted dynamics stemming from an abundance of information contained in this impressive document.

The MERO provides critical information which will inform the Western Cape Government's and municipalities' next planning cycle, providing the ability to use the up-to-date data to address economic concerns and take advantage of numerous opportunities, especially within a constrained fiscal environment.

The economic intelligence informs municipal integrated development plans, spatial development frameworks, local economic development strategies and budgets, aiding evidence-based decision-making and the implementation of the Joint District and Metro approach to enable Province-wide socio-economic development.

To provide access to a wider range of socio-economic intelligence, the MERO is constantly sourcing fresh data. The innovations in the 2023-24 MERO include an examination of geographical tax data that offers economic information at the town level, trends in the real estate market, information on social grants, as well as migration and urbanisation. Deepening the spatial granularity of the MERO studies is achieved through the use of maps for data representation.

We trust that all users will find this publication most useful, giving a fresh approach to planning and policy development. We especially want to thank all the departments, agencies, municipalities, and the research and development team for their contributions to this cutting-edge publication.

Ms Mireille Wenger
Minister of Finance and Economic Opportunities

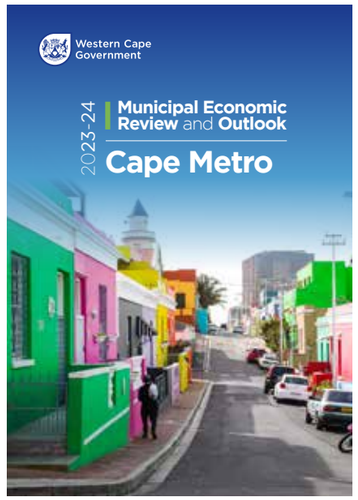
24 November 2023

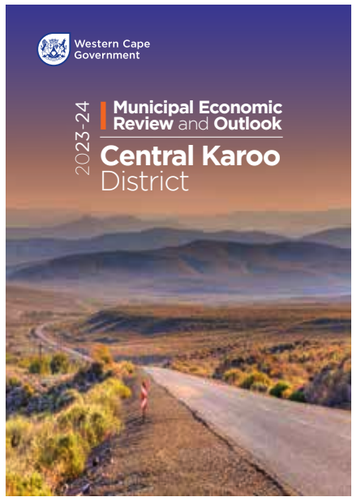
ACRONYMS AND ABBREVIATIONS

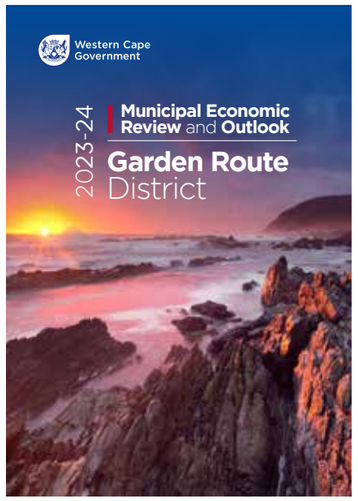
ACVV	Afrikaanse Christelike Vrouevereniging
ASFR	Age-Specific Fertility Rate
BFAP	Bureau for Food and Agricultural Policy
BPO	Business Process Outsourcing
CBD	Central Business District
CKD	Central Karoo District
COVID-19	Coronavirus
CPI	Consumer Price Index
CSIR	Council for Scientific and Industrial Research
CTICC	Cape Town International Convention Centre
CWD	Cape Winelands District
DOL	Department of Labour
DRIM	Directorate Research and Information Management
DSD	Department of Social Development
EME	Exempted Micro Enterprise
EU	European Union
FET	Further Education and Training
FLISP	Finance Linked Individual Subsidy
FNB	First National Bank
FPL	Food Poverty Line
FTE	Full-Time Equivalent
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GDPR	Gross Domestic Product Per Region
GFCF	Gross Fixed Capital Formation
GRD	Garden Route District
GWh	Gigawatt Hour
HDI	Human Development Index

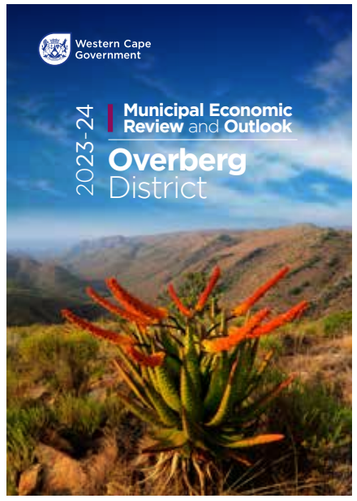
HSRC	Human Sciences Research Council
HUG	Help Us Grow
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IRDP	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
IT	Information Technology
KET	Karoo Eisteddfod Trust
KFC	Kentucky Fried Chicken
KWV	Koöperatieve Wijnbouwers Vereniging Van Suid-Afrika
LGSETA	Local Government Sector Education and Training Authority
MERO	Municipal Economic Review and Outlook
MFSI	Municipal Financial Sustainability Index
MICE	Meetings, Incentives, Conferences and Exhibitions
MOD	Mass participation; Opportunity and access; Development and growth (MOD) Programme
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MW	Megawatt
MYPE	Mid-Year Population Estimate
NASA	National Aeronautics and Space Administration
NDP	National Development Plan
NGO	Non-governmental Organisation
NPO	Non-profit Organisation
NSC	National Senior Certificate
OD	Overberg District
OPMII	Overview of Provincial and Municipal Infrastructure & Investment
PERO	Provincial Economic Review and Outlook
PFA	Priority Focus Area

PPPFR	Preferential Procurement Policy Framework Regulations
PPU	Provincial Population Unit
PYEI	Presidential Youth Employment Initiative
QR	Quick Response
QSE	Qualifying Small Enterprise
RCL	Rainbow Chicken Limited
RDP	Reconstruction and Development Programme
SA	South Africa
SAB	South African Breweries
SANSA	South African National Space Agency
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SMEC	Snowy Mountains Engineering Corporation
SMME	Small, Medium and Micro Enterprise
SSEG	Small-Scale Embedded Generation
TFG	The Foschini Group
TVET	Technical Vocational Education and Training
UISP	Upgrading of Informal Settlements Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VAT	Value Added Tax
WCD	West Coast District
WCED	Western Cape Education Department
WCSEB	Western Cape Supplier Evidence Bank
WHO	World Health Organization
WWF	World Wide Fund For Nature
YES	Youth Employment Service









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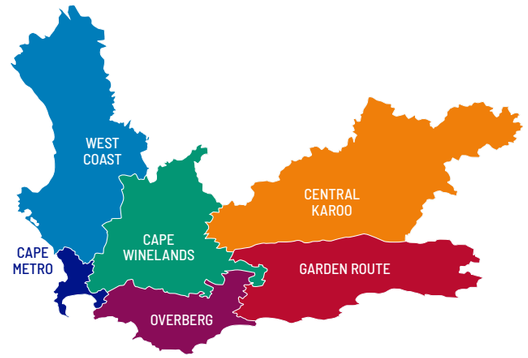
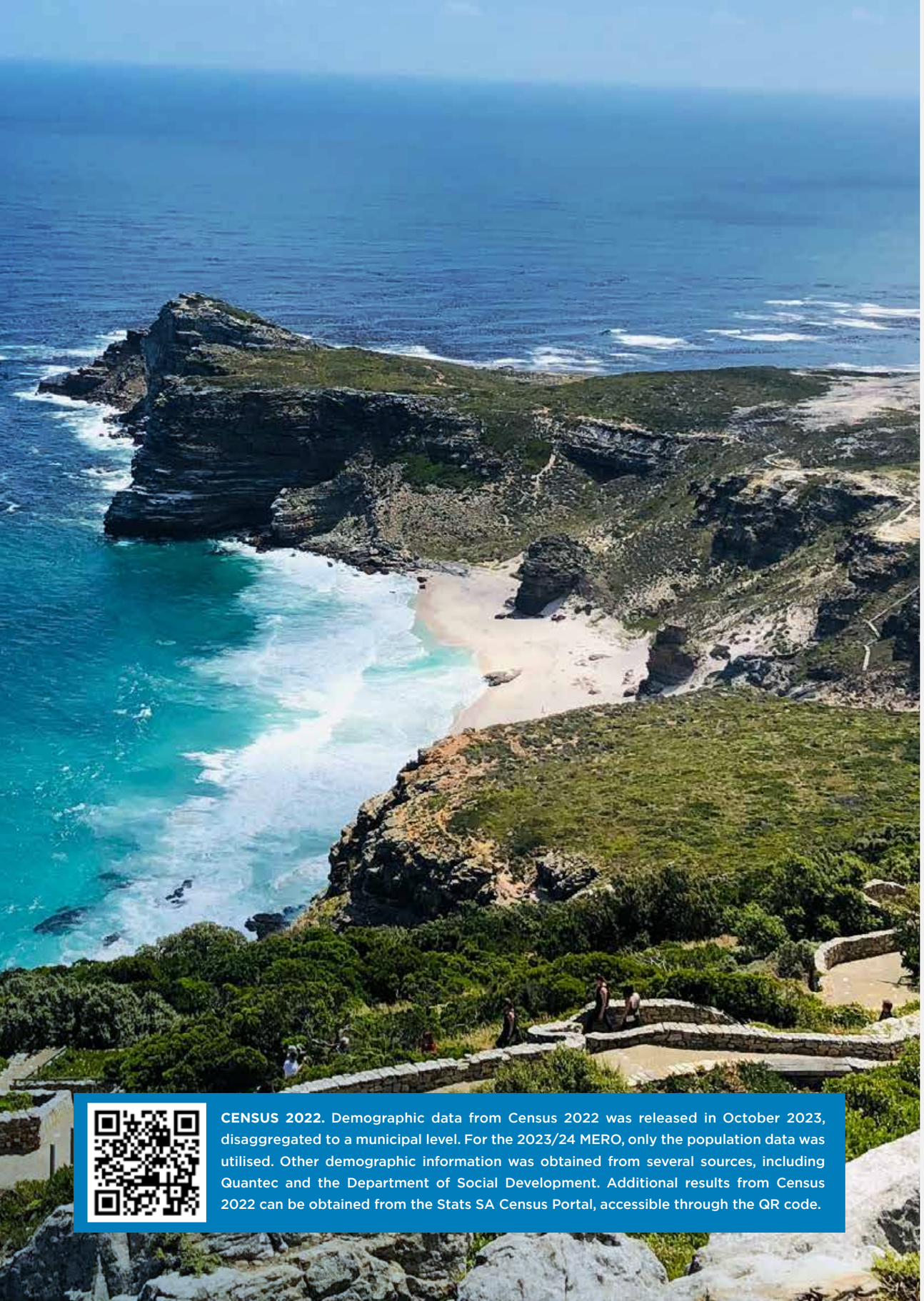




CENSUS 2022. Demographic data from Census 2022 was released in October 2023, disaggregated to a municipal level. For the 2023/24 MERO, only the population data was utilised. Other demographic information was obtained from several sources, including Quantec and the Department of Social Development. Additional results from Census 2022 can be obtained from the Stats SA Census Portal, accessible through the QR code.

1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The mosaic that is the Western Cape encompasses the vibrant Cape Metro, internationally renowned as one of the world's premier cities, as well as the expansive vistas of the Karoo. The fynbos-clad peaks of the Overberg and the alluring coastlines of the Garden Route draw both domestic and international travellers. Agriculture is a defining feature of the Province, extending from the Olifants River along the West Coast, where wheat fields thrive, to the vineyards of the Cape Winelands and the apple and pear orchards of the Overberg. Against this backdrop, Local Government fosters an environment that propels communities and enterprises towards prosperity.

Through evidence-based decision-making, opportunities for growth and development can be unlocked. To this end, the Municipal Economic Review and Outlook (MERO) makes use of a variety of data sources to provide a detailed analysis of socio-economic trends in municipal areas of the Western Cape. It is hoped that this analysis will inform policy, planning and budget allocation at the Local Government level. The MERO is an accompanying document to the Provincial Economic Review and Outlook (PERO), which provides economic intelligence at the Provincial level.

The comprehensive economic overview presented in the MERO is disaggregated at the metro, District and municipal levels. National economic and employment data are sourced from Statistics South Africa (Stats SA), while data pertaining to gross domestic product for the various regions of the Western Cape (GDPR) and Provincial employment data are obtained from Quantec. The most recent available statistics are used to ensure an accurate assessment of trends. The publication uses regional GDPR data for 2012 to 2021, while figures for 2022 are estimated.

Data for the various socio-economic indicators is sourced from Provincial departments, namely Treasury, Health, Education, Infrastructure, Social Development and Local Government. Tourism data is sourced from Wesgro and S&P Global and crime data from the South African Police Service (SAPS). District and local municipalities have provided additional insights into recent local development by completing the annual Municipal Perception Survey.

Lastly, the **review employs Spatial Tax Panel data developed by the National Treasury and the Human Sciences Research Council (HSRC), the first-ever use of data from this source in a MERO.** The Spatial Tax Panel was developed as part of a project by the Cities Support Programme that is aimed at mining the administrative tax data available within the Secure Data Facility of the National Treasury. The MERO can now present town-level information related to full-time equivalent (FTE) employment and wages at a subsector level thanks to Spatial Tax Panel data. This adds substantial value to the analysis of overarching municipal trends presented by previous publications. In addition, the Western Cape Government has developed a dashboard to display economic, gender, equality and youth trends between 2014 and 2022. The dashboard can be accessed by scanning the QR code.

DATA DISCLAIMER. The South African Revenue Service (SARS) Spatial Tax Panel data only accounts for the activities of individuals and firms in the formal sector, and the spatial component is based on postal codes. The data excludes information concerning the informal sector and non-tax-registered firms. Furthermore, the data excludes individuals earning less than R2 000 per annum.

1.2 REPORT OUTLINE

The 2023/24 MERO is structured as follows:

SECTION A: MACROECONOMIC PERFORMANCE AND OUTLOOK

In the wake of COVID-19, it is evident that the contours of global economies have been reshaped by the pandemic. This transformation is not merely a product of the direct effects of COVID-19, but also of a complex interplay of forces that have rippled through nations and markets. Geopolitical tensions, economic fluctuations and environmental challenges have converged to create a landscape where uncertainty prevails. South Africa has not been spared these international impacts. This section discusses key elements that influenced the country's economy – and that of the Western Cape – in 2022 and the first quarter of 2023.

SECTION B: ECONOMIC GROWTH AND JOBS

Given the rapid population growth in the Western Cape, promoting economic growth and facilitating job creation are of paramount importance. Chapters in this section therefore address the following:

- **GDPR and employment**
  This section analyses the performance of the economy in 2022, with a particular focus on economic recovery post-2020. An in-depth review of FTE employment at a town level and a disaggregated sector level compared with what is presented for GDPR data generates a new understanding of economic intricacies at a municipal level. The assessment of town-level employment data also enables greater insight into the spatial dynamics of where citizens work and live. In addition, an economic outlook for 2023 and 2024 is provided in the District and municipal economy review.

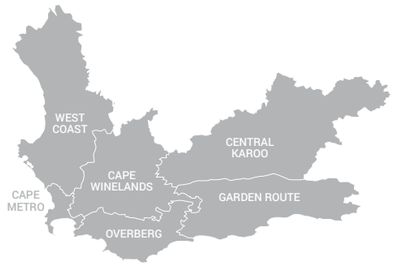
- **International trade**
  Beyond the exchange of goods, international trade is an enabler of economic growth and attracting new investment. This section takes an in-depth look at historical trade trends and identifies the leading products imported to and exported from the District. Identification of the leading trading partners enables analyses of current and potential challenges to increasing exports and points to possible opportunities for trade.

- **Tourism**
  The Western Cape is a world-renowned tourism destination. Each of the five districts and the Cape Metro offers unique natural landscapes, diverse activities and a range of accommodation services – a combination that proves attractive to domestic and international tourists alike. The industry has the potential to transform the economic prospects and employment opportunities of the various districts. As such, trends for 2022 are reviewed to identify the key markets and opportunities.

- **Investment**
  Public sector investment serves as a catalyst for private sector investment, nurturing communities and supporting sustainable development. This section reviews current and future public sector infrastructure budgets as well as spending on contractors in 2021/22. In addition, it provides a glimpse of private sector sentiments through an analysis of building plans passed and completed and of gross fixed capital formation (GFCF) trends.

SECTION C: SAFETY AND WELLBEING

This section delves into the social trends that shape the identity of the District. Population dynamics, income, housing needs and essential services are reviewed to provide a detailed illustration of the socio-economic dynamics within the District and municipal areas, shedding light on social disparities. The section includes a nuanced examination of healthcare, education and crime metrics. Overall, it provides a comprehensive view of community wellbeing and future prospects, showing the interplay of social and economic undercurrents in the District.



2022 WESTERN CAPE

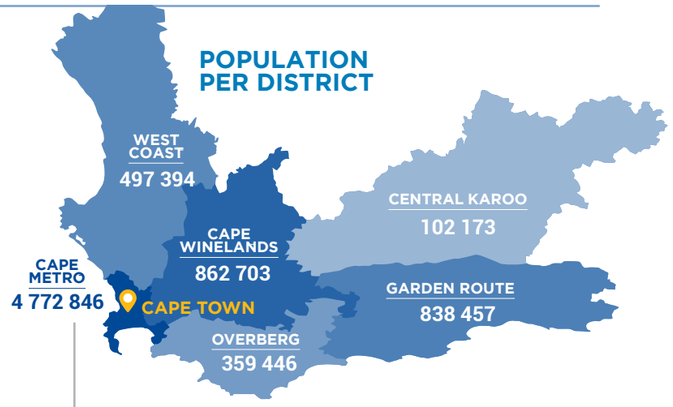
AREA	AREA	DENSITY	SEAT
129 462.2km²	10.6% OF SOUTH AFRICA	55.7/km²	Cape Town

CAPE METRO, WEST COAST DISTRICT, CAPE WINELANDS DISTRICT, OVERBERG DISTRICT, GARDEN ROUTE DISTRICT, CENTRAL KAROO DISTRICT

POPULATION
7 433 020

Male 49.4%
Female 50.6%

POPULATION PER DISTRICT



AGE SPLIT

0-14yrs	15-64yrs	65+yrs
24.1%	68.9%	7.1%

ESTIMATED **POPULATION GROWTH**

2022e	2023f	2024f	2025f	2026f
1.5%	1.6%	1.6%	1.6%	1.6%

Number of
HOUSEHOLDS
2 145 570

R7 689 Average **median income**

349 056 **Indigent households**

ACCESS TO SERVICES

- 99.4% Access to **water** (piped or tap)
- 96.6% Access to **electricity**
- 97.9% Access to **solid waste removal**
- 95.2% Access to **improved sanitation**

TOURISM

VISITORS

OVERSEAS	DOMESTIC	OVERNIGHT	DAY VISITORS
18.5%	81.5%	44.4%	35.1%

ACTIVITIES

Top activities

Cuisine	Scenic drives	Culture/ heritage
14.4%	13.9%	10.5%

2021

GDPR
R764.7 BILLION

13.7% CONTRIBUTION TO SOUTH AFRICA

GDPR FORECAST: 2.3% (2022e), 0.5% (2023f), 1.1% (2024f)

R107 661 GDPR PER CAPITA (2021 current prices)

JOBS
2 301 352 EMPLOYED

15.9% CONTRIBUTION TO SOUTH AFRICA

Estimated 2022e **125 491 JOB GAINS**

24.5% Estimated 2022e UNEMPLOYMENT RATE

INTERNATIONAL TRADE 2022

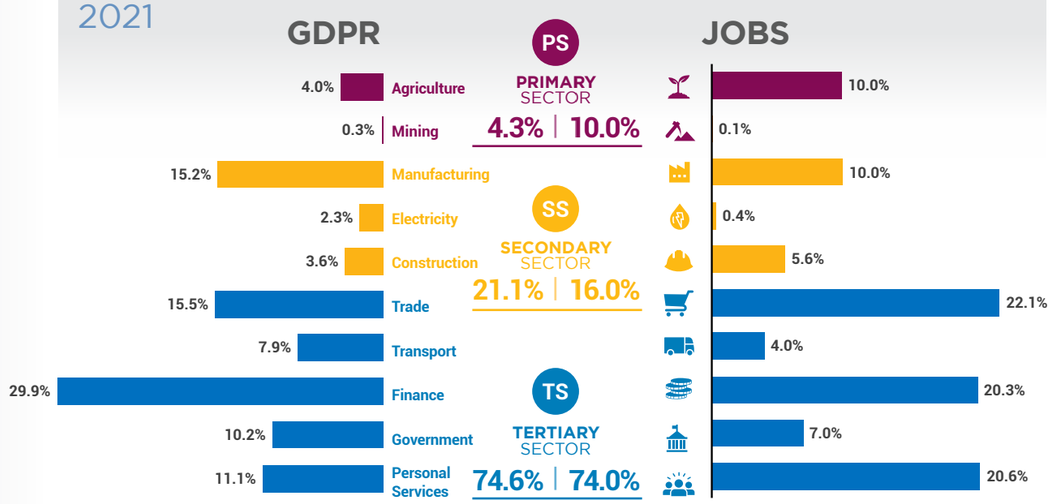
IMPORTS	EXPORTS
R337.2 BILLION	R188.7 BILLION

Top 3 exported products: Citrus fruit; Petroleum oils other than crude; Grapes

Top 3 export destinations: Netherlands; United States; United Kingdom

SECTORAL CONTRIBUTION

2021



See reference list for sources

SECTION A

MACROECONOMIC PERFORMANCE AND OUTLOOK

1. GLOBAL ECONOMIC CONTEXT

The PERO provides an in-depth analysis of macroeconomic and socio-economic trends pertaining to the Western Cape and can be accessed through the QR code.

As the world emerged from the COVID-19 pandemic, Europe grappled with the intensifying Ukraine-Russia conflict. The reverberations of these events were felt along supply chains, resulting in a relentless uptick in inflation across the globe, with food and energy prices soaring to unprecedented highs in 2022.

While commodity prices eased in the first quarter of 2023, they look set to remain above the benchmarks established before the pandemic. The Ukraine conflict continues to impact oil and wheat prices. Should this geopolitical turmoil continue, it may further elevate food, fuel and fertiliser prices. Alongside these events, El Niño threatens to wreak havoc on global crop yields in 2023, affecting food security and pushing food prices to even higher levels.[1]

In a bid to tackle inflation, the world's central banks – including the Federal Reserve, the Bank of Canada, the Bank of England and the European Central Bank – hiked interest rates in 2022 and continued their strategic stance in 2023. As a result, global headline inflation, which hit 8.7 per cent in 2022, is predicted to decline to 5.2 per cent in 2024.

Amid these conditions, the International Monetary Fund downgraded global GDP growth projections from the 3.5 per cent estimated for 2022 to a more muted 3.0 per cent for 2023 and 2024.

Given the turbulence in Ukraine and the slower-than-expected recovery of the Chinese economy, uncertainty about trade persists. Furthermore, other variables – including inflation rate volatility and the unpredictable responses of financial markets to monetary policy changes – can impact GDP projections, leaving economies navigating uncharted waters in 2024 and beyond.

[1] *(International Monetary Fund, 2023).*

2. DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

South Africa has not been sheltered from the push and pull of global economic currents, and the South African Reserve Bank (SARB) has aligned its response to inflation with that of its international counterparts. In the course of 2022, South Africa also found itself grappling with the dual challenge of floods in KwaZulu-Natal and persistent load-shedding, making this an arduous period for the country.

Amid this turbulence, South Africa's GDP increased by 0.4 per cent in the first quarter of 2023, predominantly buoyed by the finance and manufacturing sectors.

In the context of a slow recovery from the setbacks of 2020 and 2021, the labour market struggled with ongoing job losses and surging unemployment, which stood at 32.6 per cent in the second quarter of 2023. In addition, a surge in inflation mid-2022 saw food prices outpace the Consumer Price Index (CPI) for other goods. The relentless rise in petrol prices, together with the unyielding repo rate increase, chipped away at household purchasing power throughout 2022. Households were finally able to breathe a sigh of relief in July 2023 when inflation waned to 4.7 per cent. This development prompted the SARB to hold the repo rate steady at 8.25 per cent, thereby concluding the interest rate hiking cycle initiated in November 2021. July 2023 marked a shift, with petrol prices falling as the South African rand gained ground against major international currencies.

These improvements notwithstanding, business confidence is faltering in 2023 in the face of ongoing load-shedding, escalating government debt and rising production costs. It is anticipated that the performance of the finance, transport and mining sectors will steadily improve as manufacturing, construction, trade and general government services strive to stay afloat.

GDP growth prospects remain subdued, with a modest increase of 0.4 per cent projected for 2023 and a rise of 1.0 per cent for 2024.[2]

The prospect of continued load-shedding in 2023 affects businesses and households alike. The effect of the outages on the mining sector, a key player in the economy, is especially harmful, not least at a time that the sector is also affected by reduced commodity prices. South Africa's economic prospects going into 2024 are thus uncertain, with GDP growth expected to be subdued compared with expansion in other developing market economies.

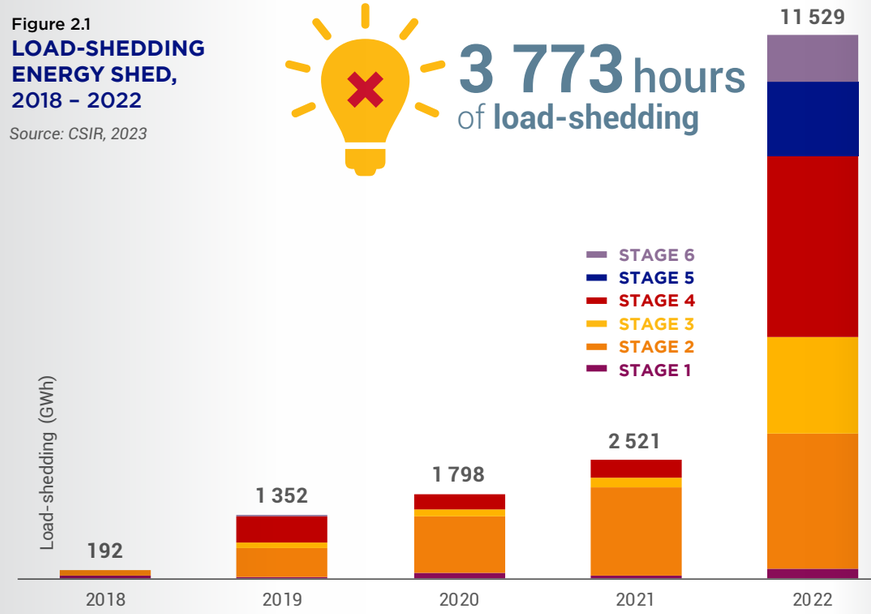
[2] *(South African Reserve Bank, 2023).*

THE SOUTH AFRICAN ENERGY CRISIS

Eskom

Adequate access to electricity is at the heart of economic activity, especially for sectors such as mining and manufacturing, and is a basic necessity for South African households. However, 2022 was a year of substantial challenges in generating sufficient electricity to meet demand: 3 773 hours of load-shedding were recorded, which amounted to 11 529 gigawatt hours (GWh). The resultant knock-on effect was a drop in income for businesses and employees alike – negatively affecting business expansion, consumer expenditure and the economy as a whole. These trends have continued into 2023, with load-shedding occurring on most days.

Figure 2.1
LOAD-SHEDDING ENERGY SHED, 2018 – 2022
Source: CSIR, 2023



Load-shedding severely curtailed productivity in 2022, affecting output and, ultimately, GDP. The SARB has estimated that load-shedding reduced GDP by between 0.7 and 3.2 percentage points. Other institutions[3] put the loss at between 0.4 and 4.2 percentage points.[4]

Ever reliant on coal, South Africa aims to increase power generation through the use of other energy sources, including nuclear energy, natural gas, solar energy and wind, as it decommissions its coal power stations over the next 10 to 30 years. Furthermore, even as they lack a reliable supply of power, South African households and businesses are paying considerably more for electricity, with prices having increased by 139.8 per cent since 2013. By comparison, the CPI increased by 56.0 per cent during the same period.

In an effort to be less reliant on Eskom, many households and businesses are investing in rooftop solar generation, battery storage solutions and diesel-operated generators, the latter being an unsustainable option given escalating fuel prices. Diesel is significantly more expensive than electricity. In an effort to keep their doors open, businesses have had to bear the brunt of rising operating costs and reduced profit margins.

[3] *These institutions include Absa, First National Bank, Investec, PwC South Africa and Intellidex.*
[4] *(Janse van Rensburg & Morema, 2023).*

3. DEVELOPMENTS IN THE WESTERN CAPE ECONOMY

Less reliant on the mining and personal services sectors, and with a more finance-oriented economy than other provinces, the **Western Cape increased its contribution to the South African economy by 0.1 of a percentage point in 2022, accounting for 14.3 per cent of GDP in this year.** This uptick has been chiefly attributed to significant growth in the finance, trade and transport sectors.

Capitalising on global demand for South African produce and wines, the agriculture sector has expanded by an impressive 37.1 per cent over the past decade. Furthermore, the finance and personal services sectors grew by 27.5 per cent and 21.9 per cent respectively over the same period, indicative of the rapid urbanisation that has occurred in many parts of the Western Cape in recent years. Urbanisation, fuelled by semigration, has led to a hike in property prices and increased the demand for housing and other public services in the Province.

An estimated 2.3 per cent growth in GDPR in 2022 notwithstanding, the prospects for economic expansion within the Western Cape were limited during this year by load-shedding and logistical difficulties at the Port of Cape Town and with the national rail network.

On the employment front, the Western Cape made notable gains in 2022, with finance, personal services, manufacturing and trade being the principal catalysts of job creation. As a result, **unemployment in the Province stood at 24.5 per cent in 2022 – a rate considerably lower than the 33.9 per cent unemployment in the country overall.**

The first quarter of 2023 witnessed further job growth as the unemployment rate declined to 21.6 per cent, the lowest in the nation. Moreover, the Western Cape had the highest labour market absorption rate in South Africa in the first quarter of 2023: 53.6 per cent. Despite these gains, both Provincial and national labour markets face persistent challenges, including elevated unemployment among the youth and individuals with low levels of education. Joblessness has led to poverty within these groups and necessitated the provision of governmental support. Given the substantial youth demographic, addressing youth unemployment is of great importance.

The **Western Cape recorded Greenfield investments worth R13.3 billion in 2022, resulting in the creation of 2 315 employment opportunities.** International trade has provided further stimulation of the Provincial economy. The Western Cape has become a powerhouse in the export of fresh and processed food, with a substantial volume of grapes, oranges, apples, mandarins, pears and lemons being sent to countries such as the Netherlands, the United Arab Emirates, the United Kingdom, China and Russia in 2022.

However, amid the opportunities lie challenges that constrain farmers. These include escalating input and transport costs, suboptimal operations at the Port of Cape Town and disruptions in power supply. Stringent regulations aimed at combating the proliferation of the false codling moth and the spread of the citrus black spot in Europe may constitute additional obstacles for citrus growers.

Globally renowned for its superb wines, the Western Cape's viniculture sector contributes substantially to international trade, with wine ranking as the third most exported product in 2022. The sector has carved out a distinctive niche within the broader tourism spectrum that renders the Western Cape an exceptional destination for both domestic and international tourists. Slightly impacted by a global dip in wine consumption, exports observed a slight decline in 2022. Furthermore, the wine sector is contending with dwindling profitability, a trend that is putting the livelihoods of about 45 610 individuals working in primary production activities at risk.

The foremost international portal into the Province, Cape Town International Airport has registered growth in passenger numbers since 2020. In 2022, the number of domestic and international arrivals rose to 6.1 million and 2.2 million respectively. This marked a decrease in domestic arrivals relative to the figure for 2019 (8.1 million). International arrivals, however, showed near complete recovery from the hardship inflicted by COVID-19 (the number of international arrivals for 2019 was 2.4 million).[5] By April 2023, the number of international arrivals had fully rebounded to pre-pandemic levels while domestic arrivals were at 80.0 per cent of the 2019 total. This indicates that the outlook for the tourism sector in 2023 is promising.[6]

While the prospects for trade, tourism and investment in the Western Cape are good, the Province cannot be viewed in isolation from South Africa as a whole. As such, the poor outlook for national energy security and lack of business confidence in the country overall may compromise growth in the Western Cape.

> **Against this background, the forecast for Provincial GDPR growth in 2023 is a modest 0.5 per cent, which is expected to reach 1.1 per cent in 2024.[7]**

[5] *(Airports Company South Africa, 2023).*
[6] *(Wesgro, 2023).*
[7] *The GDPR forecast for the Western Cape is derived from the South African Reserve Bank (SARB) July 2023 national forecast using the Standardised Regional data from Quantec released in August 2023.*

ENERGY RESILIENCE IN THE WESTERN CAPE

Through the Energy Resilience Programme, the Western Cape Government aims to reduce the Province's reliance on Eskom for electricity.

The Programme comprises six strategic intervention categories, namely:

- Disaster mitigation and management to minimise the impact of load-shedding.
- A Provincial Integrated Resource Plan to provide an evidence-based and cost-optimal series of energy options to enable planning and investment.
- A demand-side management programme to enable proper sizing and cost reductions regarding alternative energy systems along with negotiations about load-shedding buffering for the Province.
- A new energy generation programme to enable the generation, procurement and trading of low-carbon energy.
- A network development programme providing for the maintenance and expansion of the required grid infrastructure to enable the movement of energy.
- Increased investment in the energy sector.[8]

For the Western Cape Government to achieve the goal of an efficient, sustainable and affordable electricity supply, a considerable amount of public investment is required. The Cape Metro has allocated 10.7 per cent of the region's municipal capital expenditure towards energy infrastructure, while the Garden Route District (GRD) aims to spend 21.5 per cent of its municipal capital budget on energy infrastructure. Reliable electricity in the Cape Metro, the business capital of the Province, is of paramount importance in maintaining productivity.

ON A LARGER SCALE, the Western Cape, especially the Central Karoo District (CKD), is uniquely positioned to make use of both wind and solar energy to generate electricity. In 2022, 16 environmental authorisation applications were submitted for wind and solar developments in the Province, 13 of which are planned for the CKD.[9] If realised, these projects could contribute significantly to new economic opportunities.

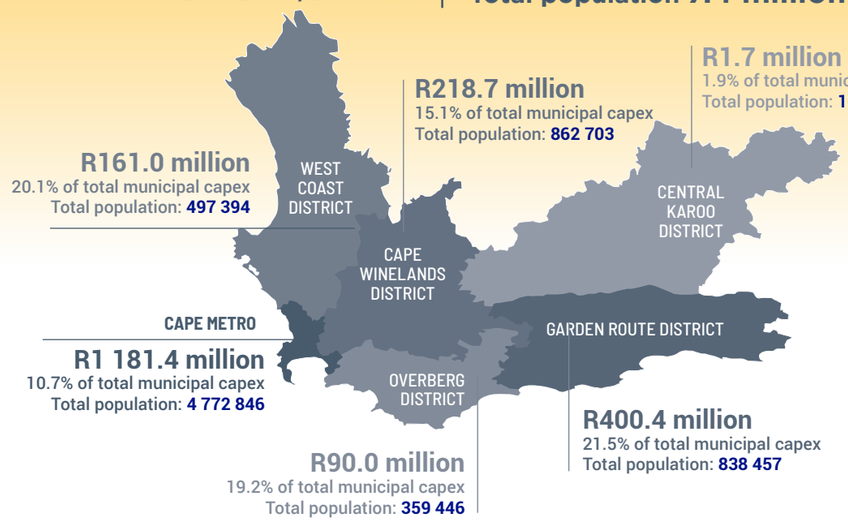
[8] *(Western Cape Government, 2023).*
[9] *(Department of Forestry, Fisheries and the Environment, 2023).*

2023/24 MTREF MUNICIPAL ENERGY INFRASTRUCTURE EXPENDITURE

2023/24 ENERGY INFRASTRUCTURE ALLOCATIONS PER METRO/DISTRICT

Province-wide R2 052.5 million

Total population 7.4 million



Energy infrastructure projects comprise 16.5% of total municipal capital expenditure for 2023/24

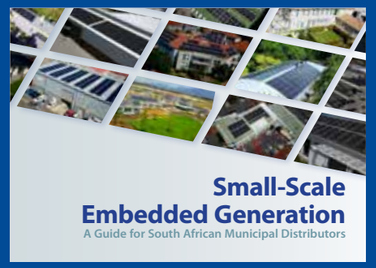
Ultimately, the Western Cape Growth for Jobs Strategy has the goal of reducing reliance on Eskom by 5 700MW, a level of investment that would end load-shedding in the Province.

Source: Western Cape Provincial Treasury, 2023

Along with investing in energy infrastructure projects, **municipalities across the Western Cape are adopting small-scale embedded generation (SSEG) programmes.**[10] In addition, **wheeling is being piloted in the City of Cape Town as well as by the George Municipality.**[11]

By adopting SSEG programmes, municipalities can reduce their reliance on Eskom and move towards carbon neutrality – all while stimulating private sector investment in solar rooftop installations and thus job creation.

SSEG programmes allow consumers to generate their own electricity through solar rooftop installations, while feeding excess supply back into the grid.

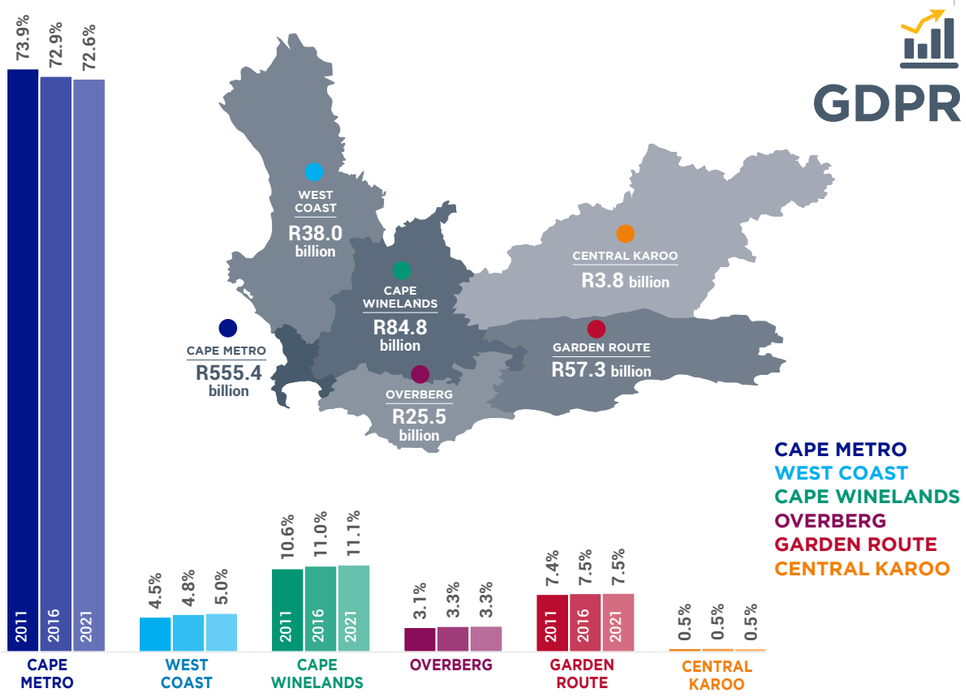


Wheeling is the transportation of electricity from a supplier to a third party, through a network not owned, controlled or leased by either party.

[10] *(GreenCape, 2023).*
[11] *(South African Local Government Association, 2023).*

3.1 REGIONAL GDPR AND EMPLOYMENT PERFORMANCE

Figure 3.1
REGIONAL CONTRIBUTIONS TO PROVINCIAL GDPR (CURRENT PRICES), 2012 – 2021

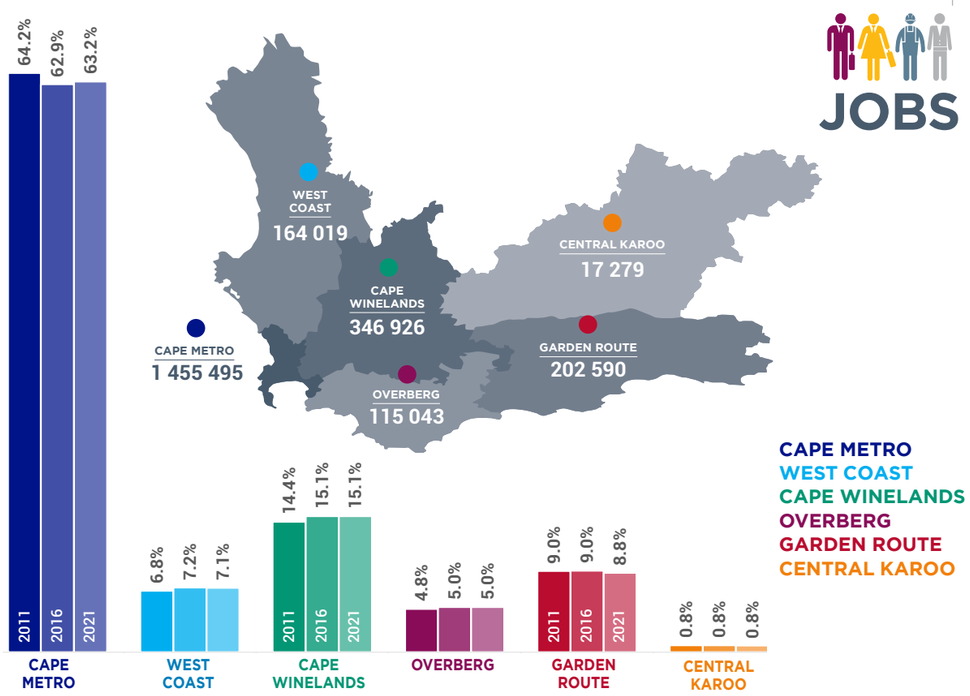


Source: Quantec research, 2023

With a GDPR of R555.4 billion in 2021, the Cape Metro dominated the economic landscape of the Western Cape during that year, contributing 72.6 per cent of Provincial GDPR and accounting for 63.2 per cent of employment in the Western Cape. The finance and general government sectors are foundational to the Cape Metro's economy, which features a concentration of capital-intensive industries that rely on skilled labour. By contrast, the districts tend to rely on labour-intensive forms of agriculture for employment, resulting in the employment contributions of these regions exceeding their GDPR contributions.

A noticeable shift has occurred over the past decade, with the Cape Metro's contribution to the Provincial economy decreasing and the contributions from most other districts – especially the West Coast District (WCD) and the Cape Winelands District (CWD) – increasing. The increase in the contributions from the WCD and CWD is largely as a result of the strong growth in the agriculture sectors of these two regions in recent years. The contributions of the CKD, which has a limited amount of economic activity, have seen little change.

Figure 3.2
REGIONAL CONTRIBUTIONS TO PROVINCIAL EMPLOYMENT, 2012 – 2021



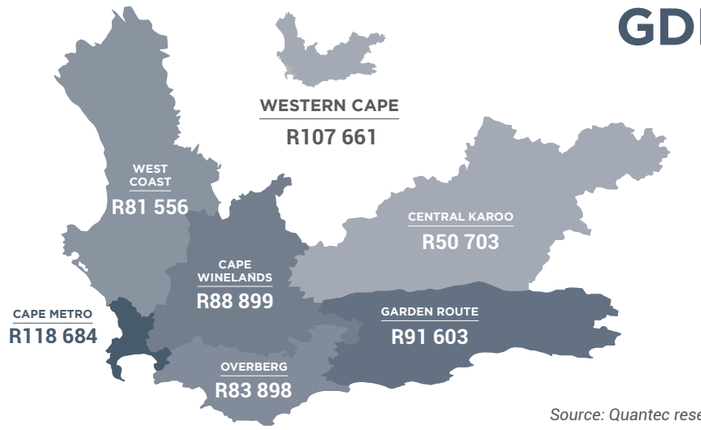
Source: Quantec research, 2023

GDPR PER CAPITA

GDPR per capita is useful in assessing a population's economic wellbeing and living standards. It shows the average economic output generated per individual, thereby providing a valuable measure of the overall prosperity and quality of life across the Province. As an international service and trade hub, the Cape Metro area has the largest regional economy and the highest living standards in the Western Cape. While the GRD has the third-largest economy of the Province in terms of GDPR, it leads the districts with regard to living standards, followed closely in the rankings by the CWD. The population of the Western Cape is constantly expanding, fuelled by in-migration; however, the historical long-term economic growth trend has been declining, and GDPR per capita is thus also on a downward trend.

Map 3.1
GDPR PER CAPITA, (CURRENT PRICES), 2021

GDPR



Source: Quantec research, 2023

As much as GDPR per capita serves as a gauge of average living standards, it doesn't reflect how wealth is distributed within a population. The GRD has the highest income inequality in the Province, recording a Gini coefficient of 0.608 in 2022. This was primarily due to high levels of income inequality in the Bitou and Knysna municipal areas. By contrast, the CKD, where residents have a lower standard of living than the inhabitants of other districts, had a below-average level of income inequality in 2022.

Figure 3.3
REGIONAL SECTORAL GDPR CONTRIBUTIONS TO PROVINCIAL GDPR, 2021 (%)

GDPR

	CAPE METRO	WEST COAST	CAPE WINELANDS	OVERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
Agriculture, forestry & fishing	1.1%	1.1%	1.0%	0.3%	0.4%	0.1%	4.0%
Mining & quarrying	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%
Manufacturing	11.0%	1.0%	1.7%	0.5%	1.1%	0.0%	15.2%
Electricity, gas & water	1.7%	0.1%	0.2%	0.1%	0.2%	0.0%	2.3%
Construction	2.5%	0.2%	0.5%	0.2%	0.3%	0.0%	3.6%
Wholesale & retail trade, catering & accommodation	11.0%	0.7%	1.9%	0.6%	1.2%	0.1%	15.5%
Transport, storage & communication	6.0%	0.3%	0.8%	0.3%	0.6%	0.1%	7.9%
Finance, insurance, real estate & business services	23.3%	0.7%	2.7%	0.8%	2.3%	0.1%	29.9%
General government	7.6%	0.5%	1.1%	0.3%	0.7%	0.1%	10.2%
Community, social & personal services	8.2%	0.5%	1.2%	0.3%	0.8%	0.1%	11.1%

Figure 3.4
REGIONAL SECTORAL EMPLOYMENT[12] CONTRIBUTIONS TO PROVINCIAL EMPLOYMENT, 2021 (%)

JOBS

	CAPE METRO	WEST COAST	CAPE WINELANDS	OVERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
Agriculture, forestry & fishing	1.8%	2.7%	3.2%	1.1%	1.1%	0.2%	10.0%
Mining & quarrying	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Manufacturing	6.9%	0.7%	1.2%	0.4%	0.8%	0.0%	10.0%
Electricity, gas & water	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
Construction	3.7%	0.3%	0.8%	0.3%	0.5%	0.0%	5.6%
Wholesale & retail trade, catering & accommodation	14.4%	1.2%	3.2%	1.1%	2.1%	0.2%	22.1%
Transport, storage & communication	2.9%	0.2%	0.5%	0.2%	0.3%	0.0%	4.0%
Finance, insurance, real estate & business services	14.7%	0.7%	2.4%	0.9%	1.7%	0.1%	20.3%
General government	4.8%	0.4%	0.9%	0.2%	0.5%	0.1%	7.0%
Community, social & personal services	13.8%	1.1%	2.8%	0.9%	1.7%	0.2%	20.6%

Source: Quantec research, 2023

The activities of the finance, trade, personal services and manufacturing sectors in the Cape Metro contribute substantially to Provincial GDPR and employment. This trade hub is known for its tech and business process outsourcing (BPO) industries. Key manufacturing industries include clothing, textiles, food and beverages, and electronics. The BPO industry is becoming an essential driver of job creation and an important means of attracting foreign investment to the Province, having created 3 257 new jobs in 2022. The Cape Metro area is also the epicentre of the Western Cape's promising film and media industry.

The growing urban centres of Paarl and Stellenbosch, in the CWD, are leading growth among regional areas through the trade, finance and personal services sectors. At the same time, the rising popularity of George as a tertiary service centre for the GRD means that it is also a growing contributor to the Provincial GDPR. Despite offering several opportunities for the mining and renewable energies industries, the sparsely populated CKD contributes the least to the Provincial economy and employment.

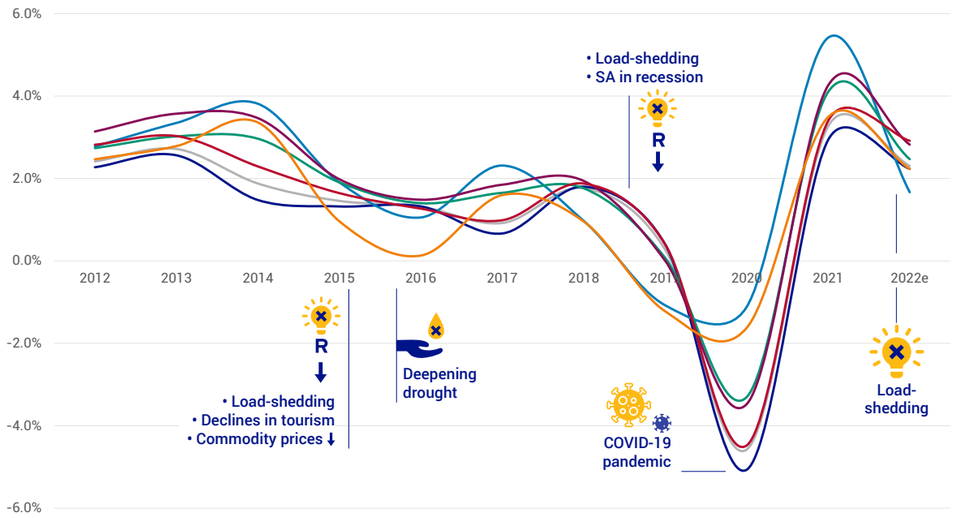
[12] *Includes formal and informal employment.*

Thanks to the strong performance of the agriculture sector in 2021, GDPR in the districts witnessed a recovery in the course of this year from the lows induced by the COVID-19 pandemic, although the Cape Metro's GDPR lagged behind that of 2019. However, in 2022, the estimated 2.2 per cent GDPR growth in the Cape Metro surpassed that of 2019. The Cape Metro was the primary source of GDPR growth in the Western Cape in 2022 (accounting for 1.7 percentage points of the growth), while the CWD and GRD contributed 0.3 of a percentage point and 0.2 of a percentage point respectively.

Unfortunately, employment trends did not follow that of the GDPR. Although large-scale job gains were recorded in the Cape Metro, CWD and GRD in 2022, they did not make up for the severe losses recorded in 2020 and 2021.

Figure 3.5
REGIONAL GDPR GROWTH RATES, 2012 – 2022e

GDPR

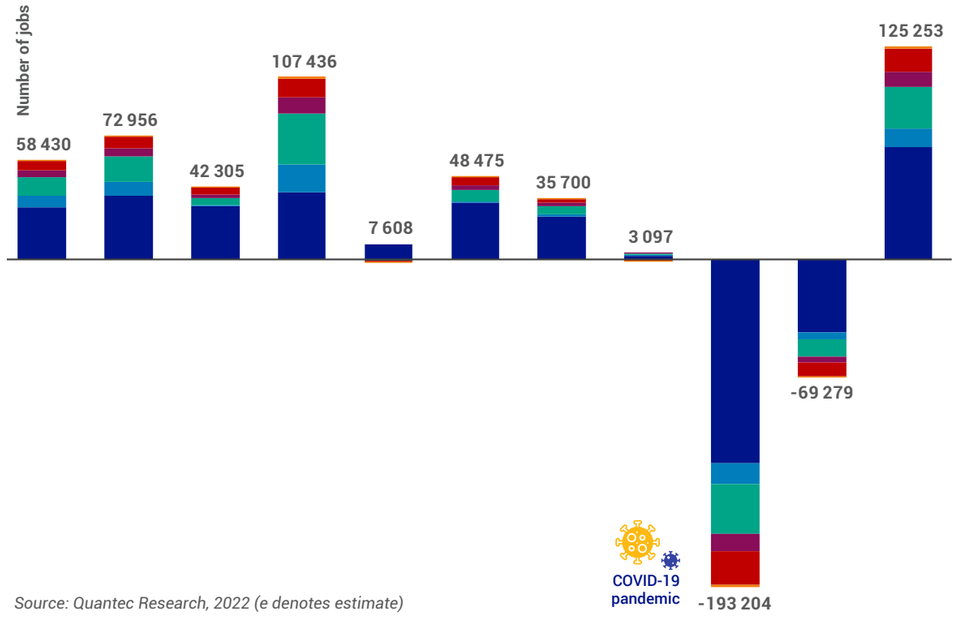


Source: Quantec research, 2023 (e denotes estimate)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Western Cape	2.4%	2.7%	1.9%	1.5%	1.3%	0.9%	1.8%	0.3%	-4.6%	3.3%	2.3%
Cape Metro	2.3%	2.6%	1.5%	1.3%	1.3%	0.7%	1.8%	0.4%	-5.1%	2.9%	2.2%
West Coast	2.8%	3.3%	3.8%	1.9%	1.1%	2.3%	1.0%	-1.1%	-1.1%	5.4%	1.7%
Cape Winelands	2.7%	3.0%	3.0%	1.9%	1.4%	1.7%	1.8%	0.1%	-3.3%	4.1%	2.5%
Overberg	3.1%	3.6%	3.5%	2.0%	1.5%	1.8%	1.9%	0.0%	-3.5%	4.3%	2.8%
Garden Route	2.8%	3.0%	2.3%	1.6%	1.3%	1.0%	1.9%	0.4%	-4.5%	3.4%	2.9%
Central Karoo	2.5%	2.8%	3.4%	1.0%	0.1%	1.6%	1.0%	-1.2%	-1.6%	3.5%	2.2%

Figure 3.6
REGIONAL CHANGE IN TOTAL EMPLOYMENT,[13] 2012 – 2022e

JOBS



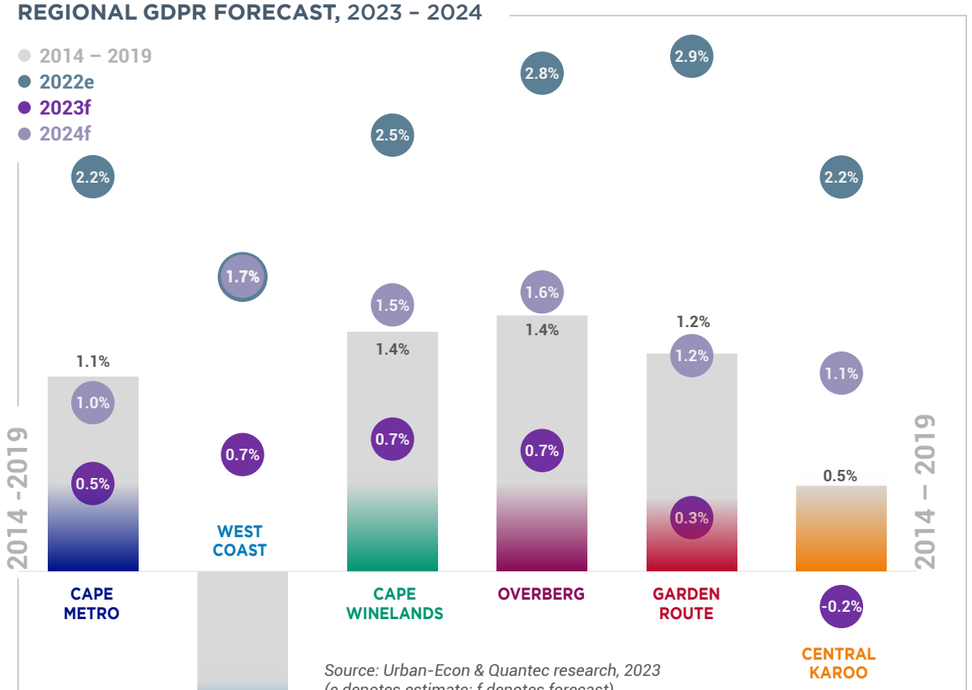
Source: Quantec Research, 2022 (e denotes estimate)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Western Cape	58 430	72 956	42 305	107 436	7 608	48 475	35 700	3 097	-193 204	-69 279	125 253
Cape Metro	30 480	37 356	31 127	39 676	8 925	33 233	25 274	1 766	-119 943	-43 255	65 911
West Coast	6 811	8 359	706	16 247	-393	922	1 030	594	-12 186	-4 072	10 882
Cape Winelands	11 121	14 657	4 396	29 703	-97	7 027	4 924	1 255	-29 444	-9 863	24 944
Overberg	4 092	5 007	1 799	9 658	-160	2 678	1 860	238	-10 256	-3 755	8 999
Garden Route	5 499	7 043	4 210	10 791	-527	4 493	2 514	-707	-19 801	-7 824	13 514
Central Karoo	427	534	67	1 361	-140	122	98	-49	-1 574	-510	1 003

[13] *Includes formal and informal employment estimates.*

Despite the momentum gained in 2022, it is forecast that GDPR will slow across the districts in 2023, with growth in the CKD expected to contract by 0.2 per cent. GDPR will probably expand in 2024 if the effects of inflation, interest rate hikes and load-shedding on consumer and business confidence can be contained. If job growth coincides with the stabilisation of inflation, interest rate hikes and load-shedding, these GDPR gains can translate into improved living standards. The outlook for 2024, however, remains above the five-year average GDPR growth recorded before the COVID-19 pandemic for most regions.

Figure 3.7
REGIONAL GDPR FORECAST, 2023 – 2024



Source: Urban-Econ & Quantec research, 2023
(e denotes estimate; f denotes forecast)

WESTERN CAPE GROWTH FOR JOBS STRATEGY

Over recent years, the Western Cape Government has identified the need for a strategy to increase the Provincial economic growth rate and, to the extent that growth continues to falter in South Africa, decouple the Province's growth trajectory from that of the rest of the country. This gave rise to the Western Cape Growth for Jobs Strategy, issued in 2023. The strategy has several important aspects:

- **Clear principles are set out in a strategic framework** that has guided thinking and decisions.
- **Crucial priority focus areas (PFAs)** shape decisions about the nature of the interventions needed to maximise impact.
- **Key levers, enablers and accelerators** facilitate the achievement of these goals.

The strategy's vision is for a Provincial economy that achieves breakout economic growth, resulting in sufficient employment and opportunity, and a sustainable, resilient, diverse and thriving economy – one that generates confidence, hope and prosperity for all.

This vision is further expressed through the goal that by 2035, the Western Cape will be a R1-trillion inclusive economy in real terms and growing between 4.0 per cent and 6.0 per cent annually. This will be achieved through enabling a competitive business environment in which growth is driven through businesses seizing opportunities.

PRIORITY FOCUS AREAS FOR HORIZON 1 (UP TO 2026)

The full Growth for Jobs Strategy can be viewed using the QR code:

Source: Western Cape Government, 2023

Building on agriculture and agro-processing industries, the regions of the Western Cape are becoming more service-oriented. The finance, transport, personal services and trade sectors were among the most significant contributors to regional GDPR in 2022. Furthermore, the trade sector played an important role in creating employment, with 6 513 new formal full-time opportunities created for retail workers in non-specialised stores in 2022, most of which were in the Cape Metro area (99.8 per cent).

The agriculture sector is estimated to have stagnated or contracted across the Province in 2022. This was primarily due to a normalisation of trends, as the sector had recorded exceptional growth since 2020 because of high international commodity prices. Despite this, 5 950 new jobs were created in the perennial crop industry, mainly in pome and stone fruit farming in the CWD, bush fruit and nut farming in the Overberg District (OD) and citrus farming in the WCD.

The WCD and OD manufacturing sectors also contributed to the positive GDPR performance of the two districts. Food and beverage manufacturing is becoming increasingly important to the economy of the WCD, with seafood processing, winemaking, grain processing and rooibos tea production adding value to primary agriculture and fishing sector activities.

Featuring rolling canola fields, fruit orchards and an extensive coastline, the OD has a manufacturing sector that is dominated by food production. However, strong growth in manufacturing industries such as printing, the production of motor vehicle parts and accessories, and the production of paper and plastic goods signals potential economic diversification and strengthening of the local agricultural value chain. The provision of goods for the transport industry and of the packaging which ensures that fresh and processed food from the OD can be distributed nationally as well as globally adds depth and resilience to the District's economy.

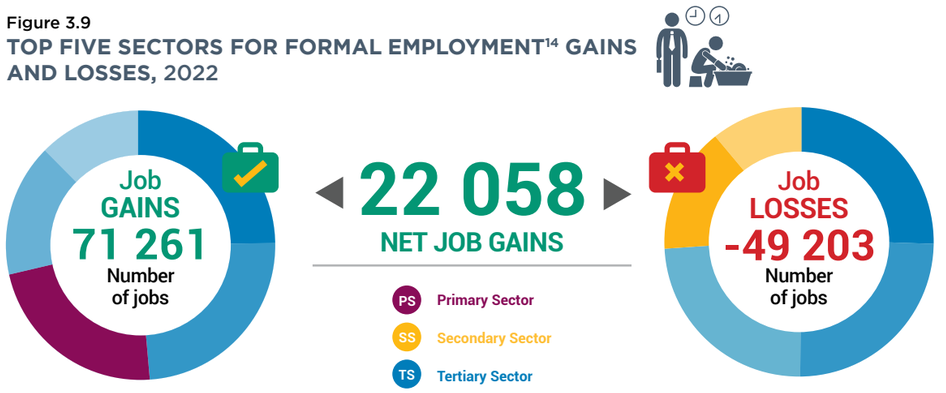
GDPR

Figure 3.8
SECTORAL CONTRIBUTIONS TO REGIONAL GDP GROWTH, 2022e

	CAPE METRO	WEST COAST	CAPE WINELANDS	OVERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
Total	**2.2%**	**1.7%**	**2.5%**	**2.8%**	**2.9%**	**2.2%**	**2.3%**
Agriculture, forestry & fishing	0.0%	-0.2%	-0.3%	-0.3%	-0.1%	-0.4%	-0.1%
Mining & quarrying	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing	-0.1%	0.2%	-0.3%	0.2%	0.1%	0.0%	-0.1%
Electricity, gas & water	-0.1%	-0.1%	0.0%	0.0%	-0.1%	-0.1%	-0.1%
Construction	-0.2%	-0.2%	-0.2%	-0.2%	-0.3%	-0.3%	-0.2%
Wholesale & retail trade, catering & accommodation	0.4%	0.4%	0.7%	0.7%	0.7%	0.6%	0.4%
Transport, storage & communication	0.8%	0.5%	0.8%	1.0%	0.9%	1.0%	0.8%
Finance, insurance, real estate & business services	1.0%	0.6%	1.3%	1.2%	1.5%	0.4%	1.1%
General government	0.0%	0.0%	0.0%	0.0%	-0.1%	0.2%	0.0%
Community, social & personal services	0.4%	0.4%	0.4%	0.4%	0.3%	0.7%	0.4%

Source: Quantec research, 2023 (e denotes estimate)

Figure 3.9
TOP FIVE SECTORS FOR FORMAL EMPLOYMENT[14] GAINS AND LOSSES, 2022



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

While certain industries saw employment creation in 2022, others continued to shed jobs, a trend emblematic of the general decline of the South African economy. Amid job losses, households are coming under pressure from rising food and fuel prices, and higher interest rates. The increasing cost of living has damaged the domestic tourism industry, resulting in 4 493 formal job losses in short-term accommodation activities in the Province (mostly in the Cape Metro, GRD and OD). Surprisingly, the CKD recorded an increase of 43 jobs in this industry, signalling the return of business travel through this District.

[14] *Because of the in-depth data made available through SARS and the HSRC, this publication is able to present FTE employment data at a more disaggregated level than would be possible using only GDPR data, which is aggregated to a 10-sector level.*

INFORMAL EMPLOYMENT[15]

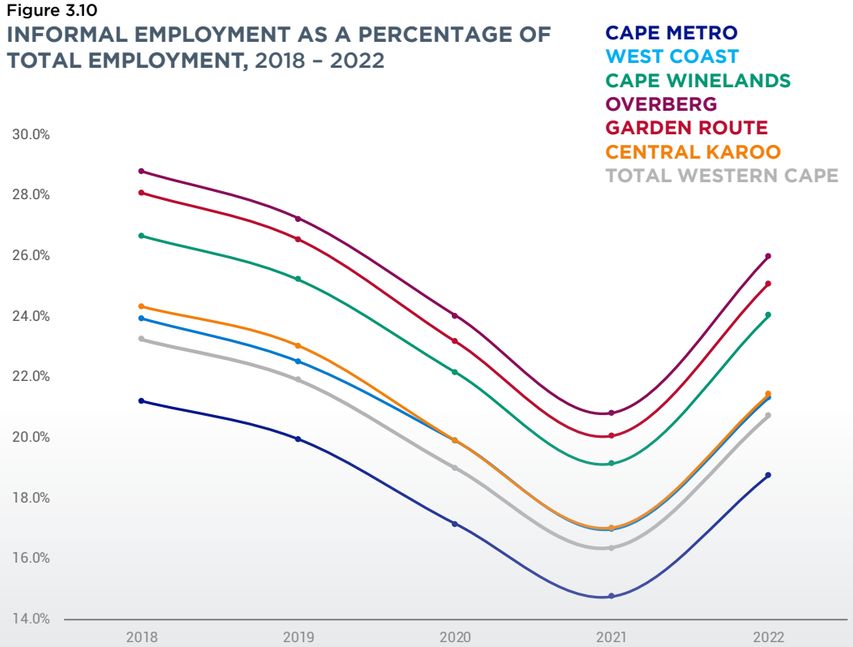
From spaza shop owners in the Cape Metro to the hairdresser operating from a Beaufort West home in the Central Karoo, the informal sector is pivotal in generating employment opportunities in the Province.

Typically, the informal economy creates jobs during economic downturns as those departing formal employment find jobs in the informal sector or become self-employed. However, the sector has not taken on this role in South Africa post-COVID, indicating that the informal economy is recovering from the pandemic at a slower pace than the formal economy.

In the Western Cape, the share of total employment originating in the informal sector has varied over time, declining from 23.3 per cent in 2018 to 16.4 per cent in 2021 as businesses dealt with the effects of COVID-19 restrictions. Encouragingly, a resurgence of informal employment was recorded in 2022, when the informal economy increased its contribution to overall employment to 20.7 per cent.

The trade sector, in particular, has a high proportion of informal jobs, accounting for 32.2 per cent of the informally employed. The construction industry also provides a significant number of informal employment opportunities, although this total has waned in recent years.

Figure 3.10
INFORMAL EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT, 2018 – 2022



Source: Quantec research, 2023

[15] *Quantec obtains its employment information from South Africa's most authoritative labour data sources, namely the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS), both produced by Stats SA. The QES data is sourced from a subset of non-agricultural businesses and provides a quantification of formal employment (note that domestic staff are also excluded from this subset). The QLFS is based on household data and provides statistics for both formal and informal employment. To reconcile variations between the formal employment values derived from these datasets, Quantec adopts the QES formal employment figure, augmenting it with the figures for formal agricultural and domestic worker employment. The aggregate employment data gleaned from the QLFS is then utilised to determine informal employment, which is deduced as a residual. This remainder surpasses the QLFS-reported tally for employment because of the incorporation of small, medium and micro enterprises (SMMEs), a segment that the QES does not encompass.*

Figure 3.11
SECTORAL INFORMAL EMPLOYMENT CONTRIBUTION TO TOTAL EMPLOYMENT, 2022

JOBS

	CAPE METRO	WEST COAST	CAPE WINELANDS	OVERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
Primary sector	26.2%	18.8%	29.0%	28.5%	27.2%	24.6%	21.7%
Agriculture, forestry & fishing	26.4%	19.0%	29.2%	28.5%	27.3%	24.7%	21.6%
Mining & quarrying	8.5%	9.3%	5.5%	12.8%	7.7%	6.6%	50.0%
Secondary sector	20.4%	19.4%	15.5%	22.0%	25.4%	25.4%	29.6%
Manufacturing	14.8%	13.5%	12.9%	18.1%	19.1%	20.1%	29.7%
Electricity, gas & water	11.4%	9.5%	12.1%	15.6%	14.9%	16.4%	21.3%
Construction	31.0%	31.4%	23.1%	28.5%	34.1%	33.9%	30.7%
Tertiary sector	20.0%	18.6%	16.7%	23.0%	25.7%	25.1%	20.6%
Wholesale & retail trade, catering & accommodation	32.2%	30.7%	27.1%	35.1%	36.7%	38.2%	41.6%
Transport, storage & communication	28.7%	26.0%	30.2%	36.1%	37.0%	34.8%	36.8%
Finance, insurance, real estate & business services	15.3%	14.0%	12.9%	18.4%	21.4%	19.5%	18.7%
Community, social & personal services	15.6%	15.1%	11.6%	16.9%	19.6%	19.4%	9.2%

Source: Quantec research, 2023

In the CKD, where economic activity is primarily driven by the general government sector, employment hinges on the activities of small, medium and micro enterprises (SMMEs) more than in any other region. Such enterprises are fundamental to the region's prosperity, as compensation for those who are informally employed is typically lower than pay earned by their formal counterparts. This is especially true of the trade, construction and agriculture sectors.

Across the districts, employment in informal agriculture contributes substantially to the overall jobs total, especially in the WCD, CWD and OD. However, informal agricultural workers typically earn less than the minimum wage, meaning that informal agricultural employment, while essential, does not always enable workers to escape the poverty trap.

4. CONCLUDING REMARKS

Post-COVID, the global economy continues to face challenges linked to the aftereffects of the pandemic, notably the disruption of supply chains. Russia's invasion of Ukraine has added to the stress on the economy, mainly through exacerbating food and fuel price inflation. Furthermore, additional geopolitical tensions and uncertainties linked to climate change are taking a toll on economic activity.

South Africa's economic journey is being influenced by these global dynamics, as the country is grappling with inflation, unemployment and energy security concerns. The economic evolution of the Western Cape is marked by a strategic shift towards a service-oriented economy prompted by the expansion of the finance, trade and transport sectors. Job creation and growth continue despite the numerous difficulties with which the Province is currently confronted, reflecting the Western Cape's adaptability in the face of changing economic paradigms.

GRD

GARDEN ROUTE DISTRICT

23 331.1km²

18.0% | OF **WESTERN CAPE**

GARDEN ROUTE DISTRICT

GRD

2022

AREA	AREA	DENSITY	SEAT
23 331.1km²	18.0% OF WESTERN CAPE	27.0/km²	George

MUNICIPALITIES

KANNALAND, HESSEQUA, MOSSEL BAY, GEORGE, OUDTSHOORN, BITOU, KNYSNA

POPULATION

838 457

Male 47.9%

Female 52.1%

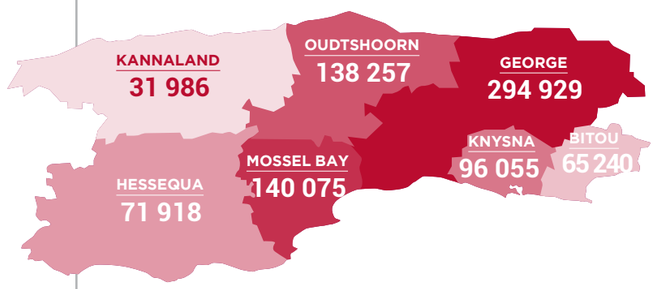
AGE SPLIT

0-14yrs	15-64yrs	65+yrs
25.4%	65.3%	9.4%

ESTIMATED POPULATION GROWTH

2022	2023f	2024f	2025f	2026f
0.8%	0.9%	0.9%	1.0%	1.0%

POPULATION PER MUNICIPALITY



Number of

HOUSEHOLDS

183 441

R5 616 Average **median income**

46 173 **Indigent households**

ACCESS TO SERVICES

97.7%	94.5%	95.7%	96.9%
Access to **water** (piped or tap)	Access to **electricity**	Access to **solid waste removal**	Access to **improved sanitation**

TOURISM

VISITORS

OVERSEAS	DOMESTIC	OVERNIGHT	DAY VISITORS
4.3%	95.7%	67.7%	32.3%

ACTIVITIES

Top activities

Knysna Waterfront	Anysberg Nature Reserve	Knysna Heads
10.0%	3.1%	3.4%

GDPR R57.3 BILLION 2021

7.5% CONTRIBUTION TO WESTERN CAPE

GDPR FORECAST

2022e	2023f	2024f
2.9%	0.3%	1.2%

R91 603 GDPR PER CAPITA (2021 current prices)

JOBS 202 590 EMPLOYED

8.8% CONTRIBUTION TO WESTERN CAPE

13 514 Estimated 2022e JOB GAINS

19.9% Estimated 2022e UNEMPLOYMENT RATE

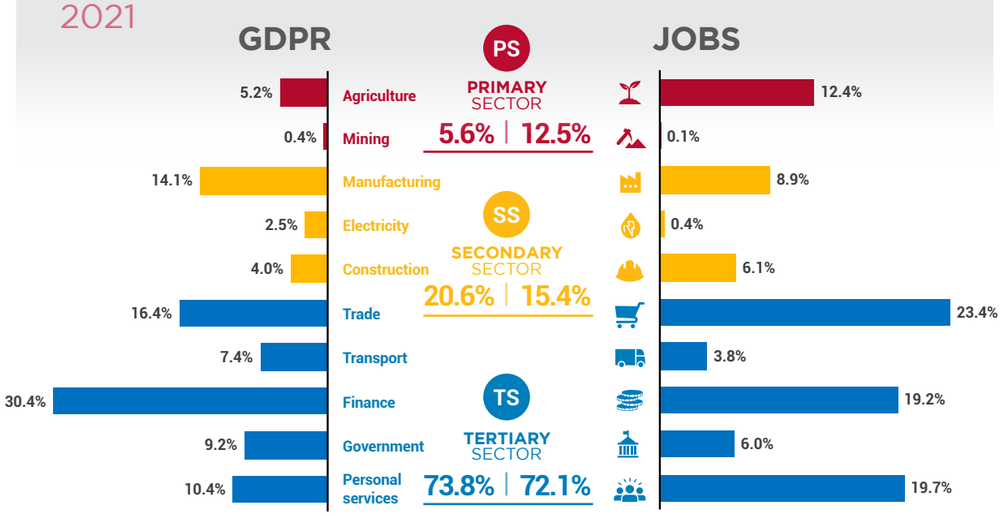
INTERNATIONAL TRADE 2022

IMPORTS	EXPORTS
R15.7 BILLION	R7.6 BILLION

Top 3 exported products: Apples, pears & quinces; Citrus fruit; Prepared leather

Top 3 export destinations: Norway; United States; United Kingdom

SECTORAL CONTRIBUTION



See reference list for sources

SECTION B

ECONOMIC GROWTH AND JOBS

1. INTRODUCTION

Spanning an expansive 23 331.1km², the GRD is a kaleidoscope of contrasts. The GRD encompasses the ever-popular coastline of the Hessequa, Mossel Bay, George, Knysna and Bitou municipal areas, the internationally renowned ostrich farms and Swartberg mountains of the Oudtshoorn municipal area and the rural expanse of the Kannaland municipal area, well known for its dairies and wineries.

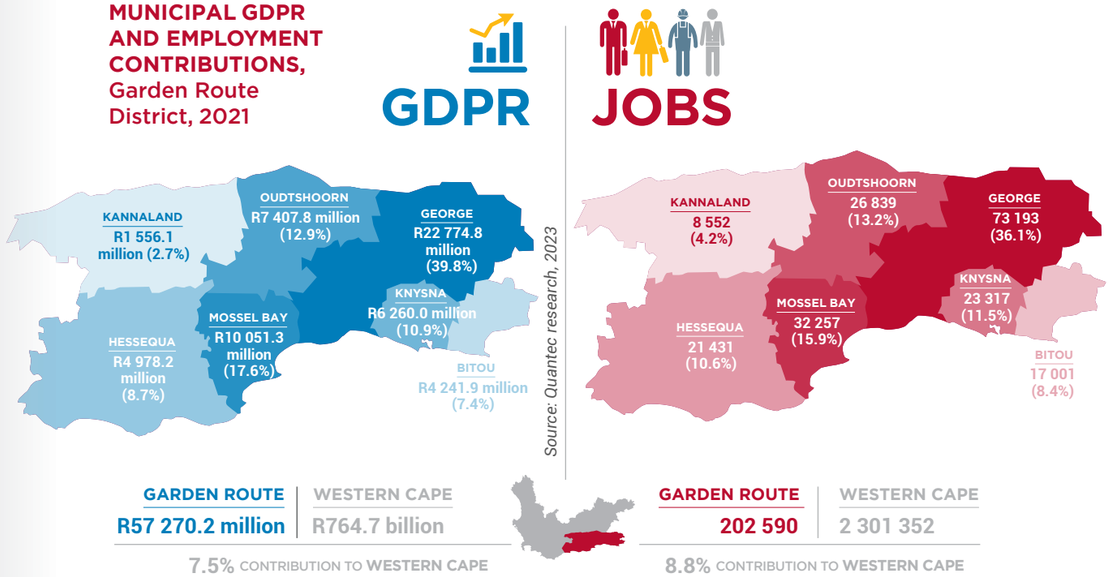
Located halfway between the metropoles of Cape Town and Gqeberha and strategically positioned along the N2 (a vital transport route for the GRD), the George municipal area serves as the economic hub of the District. It is also the seat of the GRD.

Several sectors' performances underpin the District's economic prospects, with international trade, tourism, and private and public sector investments serving as catalysts for new economic opportunities, job creation and the overall wellbeing of local communities, all discussed in this section.

2. REGIONAL GDPR AND EMPLOYMENT PERFORMANCE

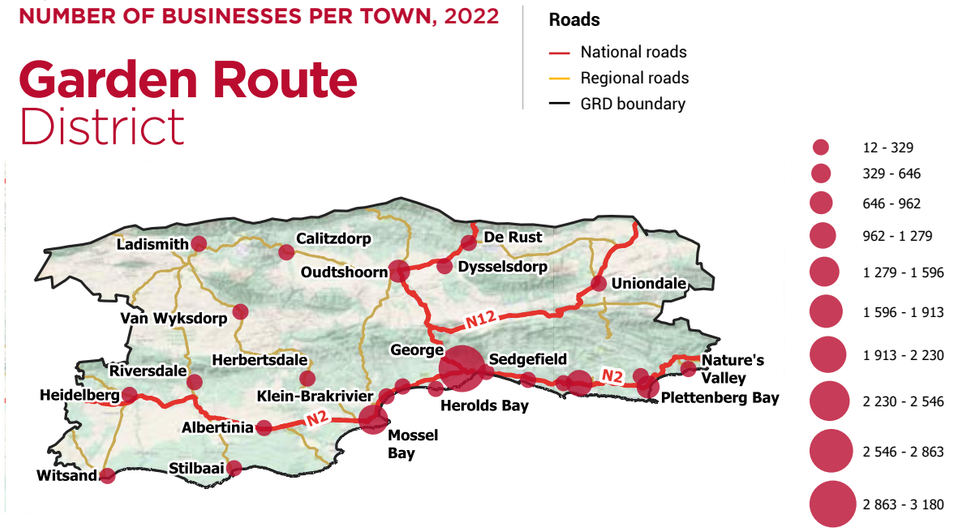
2.1 Trends and GDPR forecast

Diagram 2.1
MUNICIPAL GDPR AND EMPLOYMENT CONTRIBUTIONS, Garden Route District, 2021



Map 2.1
NUMBER OF BUSINESSES PER TOWN, 2022

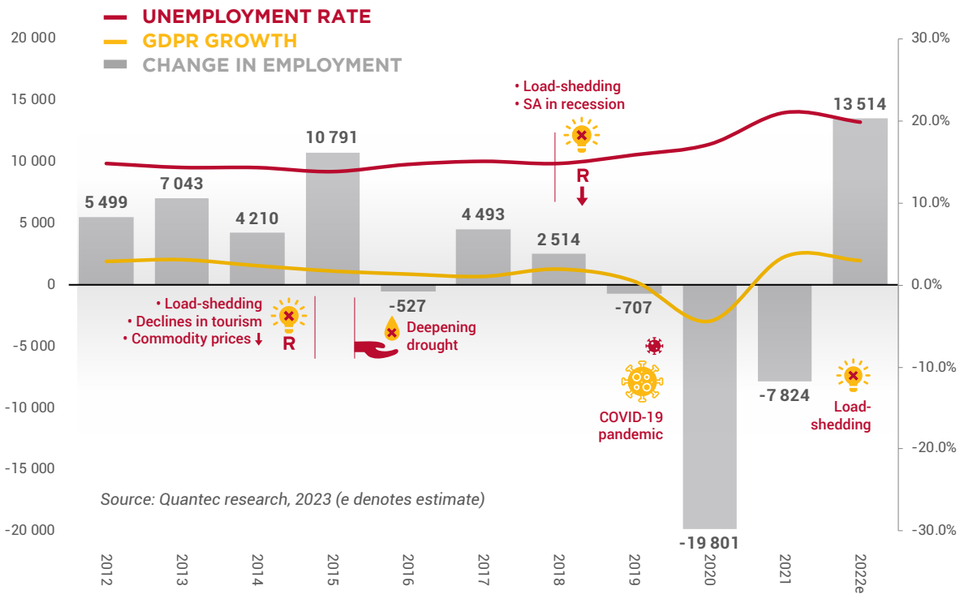
Garden Route District



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 2.1

GDPR, EMPLOYMENT GROWTH AND UNEMPLOYMENT RATE, Garden Route District, 2012 – 2022e



Source: Quantec research, 2023 (e denotes estimate)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Change in employment	5 499	7 043	4 210	10 791	-527	4 493	2 514	-707	-19 801	-7 824	13 514
GDPR growth	2.8%	3.0%	2.3%	1.6%	1.3%	1.0%	1.9%	0.4%	-4.5%	3.4%	2.9%
Unemployment rate	14.8%	14.3%	14.3%	13.8%	14.7%	15.1%	14.8%	15.9%	17.2%	21.1%	19.9%

The economic performance of the GRD has been similar to that of the Province over the past decade, with periods of contraction when the national economy was affected by strike action, load-shedding and the COVID-19 pandemic. With a growth rate of 3.4 per cent in 2021, the GRD economy partially recovered from the 4.5 per cent contraction of 2020. Growth subsequently slowed, but estimates for 2022 indicate a full economic recovery from the downturn in 2020, with a GDPR increase of 2.9 per cent. This was accompanied by an increase in formal and informal employment opportunities following a period of continuous job losses that began in 2018. However, the 13 514 jobs created have brought only slight relief to those affected by unemployment, as the economy is yet to operate at levels where all of those who lost their jobs over the last five years can be re-employed.

Diagram 2.2

LABOUR PROFILE, Garden Route District, 2021 – 2022e

Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.

Employment-to-population ratio (labour absorption rate) is the proportion of the working-age population that is employed.

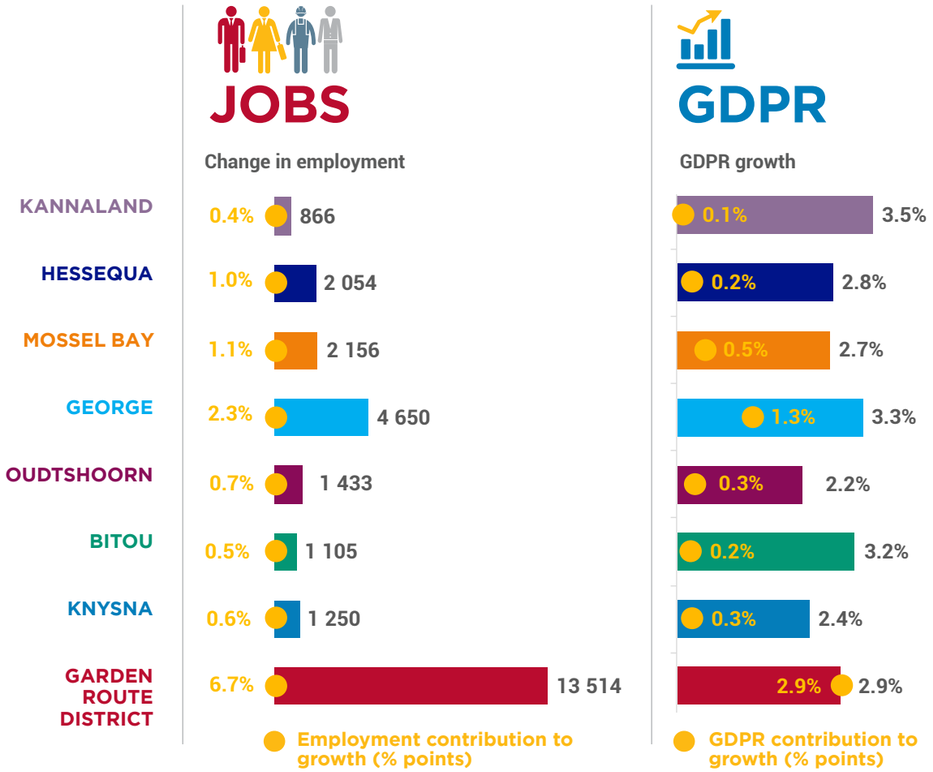
Not economically active refers to persons aged 15 to 64 years who were neither employed nor unemployed in the reference week.

	Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
	2021	2022e	2021	2022e	2021	2022e
Garden Route District	63.2%	65.8%	49.9%	52.7%	36.8%	34.2%
Western Cape	63.1%	64.9%	47.3%	49.0%	36.9%	35.1%

Source: Quantec research, 2023 (e denotes estimate)

While the COVID-19 pandemic resulted in a significant decline in the labour force participation rate, a steady uptick in this metric has since been recorded. While it has not regained pre-pandemic levels, the labour force participation rate stood at 65.8 per cent in 2022, slightly higher than that of the Province (64.9 per cent). The return of workers to the labour market coincided with an increase in the number of employed workers, with the labour absorption rate rising to 52.7 per cent, up from the 49.9 per cent recorded in 2021. These positive labour market outcomes resulted in a decline in the unemployment rate. The unemployment rate in the GRD decreased by 1.2 percentage points to 19.9 per cent in 2022.

Figure 2.2
MUNICIPAL CONTRIBUTIONS TO GDPR AND EMPLOYMENT GROWTH,
Garden Route District, 2022e



Source: Quantec research, 2023 (e denotes estimate)

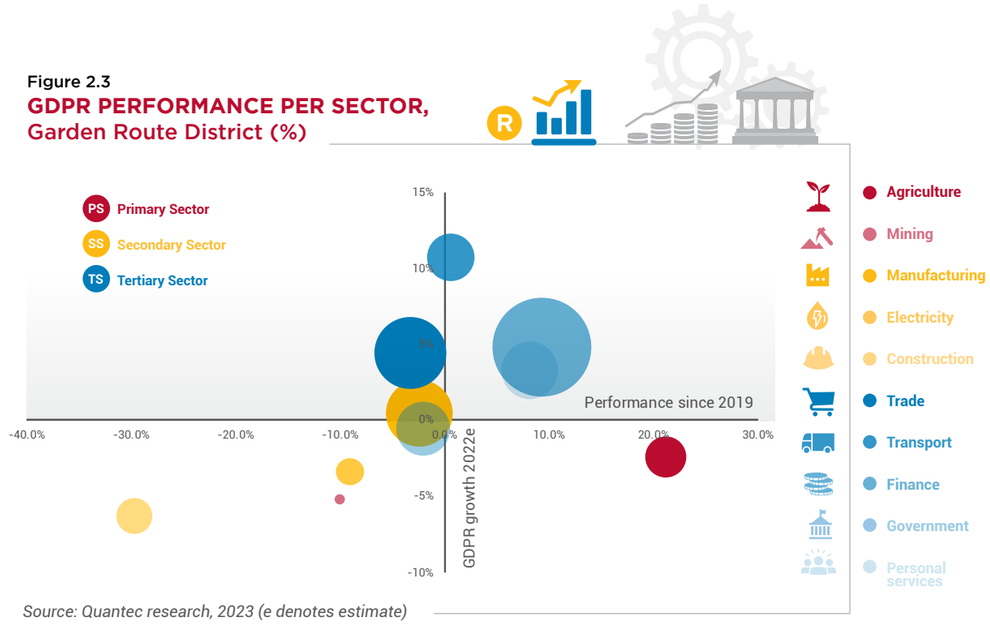
Economic growth in the GRD is mainly driven by the exceptional performance of the George municipal area, which contributed 1.3 percentage points to the overall estimated GDPR growth of the District for 2022. The Mossel Bay and Oudtshoorn municipal areas, which contributed 0.5 and 0.3 of a percentage point, respectively, were also important contributors to the District's GDPR growth in 2022. These three municipal areas have unique economic specialisations, bringing diversity to the region and allowing for a wide range of investment and employment opportunities.

While the rural hinterland of the GRD is focused on agriculture and agro-processing activities, with most businesses in the towns providing goods and services for these industries, the finance sector is the most significant economic sector in terms of GDPR contribution. This sector contributed R17.4 billion to the District GDPR in 2021, comprising 30.4 per cent of the GDPR. Other prominent sectors include the trade and manufacturing sectors, which contributed 16.4 per cent and 14.1 per cent, respectively. The trade sector in the GRD is heavily reliant on domestic and international tourists. Short-term accommodation services provided employment for 3 298 people in 2022, while restaurants and mobile food service activities contributed a further 3 095 jobs. However, because of the slow recovery of the tourism industry in 2022, the accommodation sector shed 401 formal jobs.

With an estimated GDPR growth rate of 4.8 per cent in 2022, the finance sector contributed the most to the economic growth recorded during this year (1.5 percentage points). George is growing as an urban hub, and the finance sector's performance buoyed the GRD's economy during the COVID-19 pandemic. It was one of only a handful of sectors that expanded during 2020, a development made possible by remote working opportunities allowing the sector to remain productive.

The work-from-home trend also led to semigration into the GRD, stimulating the property market and attracting lower-skilled job seekers now residing in informal settlements. Business services make up the most significant component of the finance sector. They include advertising, legal, architectural, engineering, accounting services, data processing and software development, equipment rental and real estate activities. As the GRD becomes more urbanised, these business services will continue forming an environment in which other industries can thrive.

Figure 2.3
GDPR PERFORMANCE PER SECTOR,
Garden Route District (%)



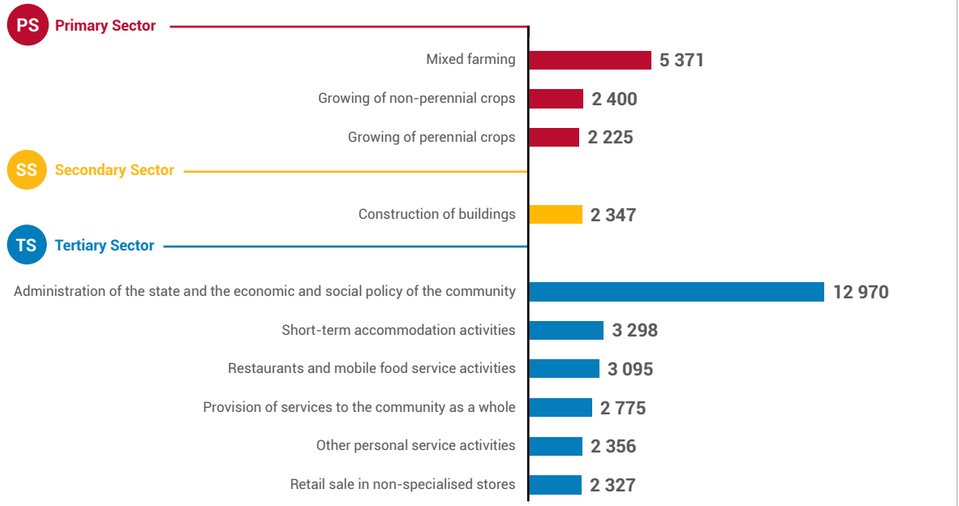
Source: Quantec research, 2023 (e denotes estimate)

The 2022 GDPR estimates indicate that most sectors have recovered from the declining growth experienced in 2020. However, the manufacturing, electricity, gas and water, construction and general government sectors have not fully recovered. Meat and dairy processing are the leading sources of manufacturing activity in the GRD. While high meat prices may have favoured producers in 2022, the increase in input costs caused by the Russia-Ukraine conflict and the effects of load-shedding have created substantial challenges for the industry, especially given its refrigeration needs.

Eskom plans to optimise the utilisation of the Gourikwa Power Station in Mossel Bay by switching from coal to gas. However, the uncertainty about the future of the PetroSA gas-to-liquids refinery because of the lack of local feedstock has been worrisome. The Luiperd and Brulpadda gas finds by TotalEnergies could offer substantial opportunities for revitalising the sector. The finds may also benefit local businesses, which can be service providers for gas field operations. While the general government sector faltered in 2022, it remained the leading formal sector employer in the GRD, accounting for 12 970 jobs (487 more than in 2021). These posts are concentrated in George, Knysna, Mossel Bay, Oudtshoorn, Plettenberg Bay and Riversdale.

JOBS

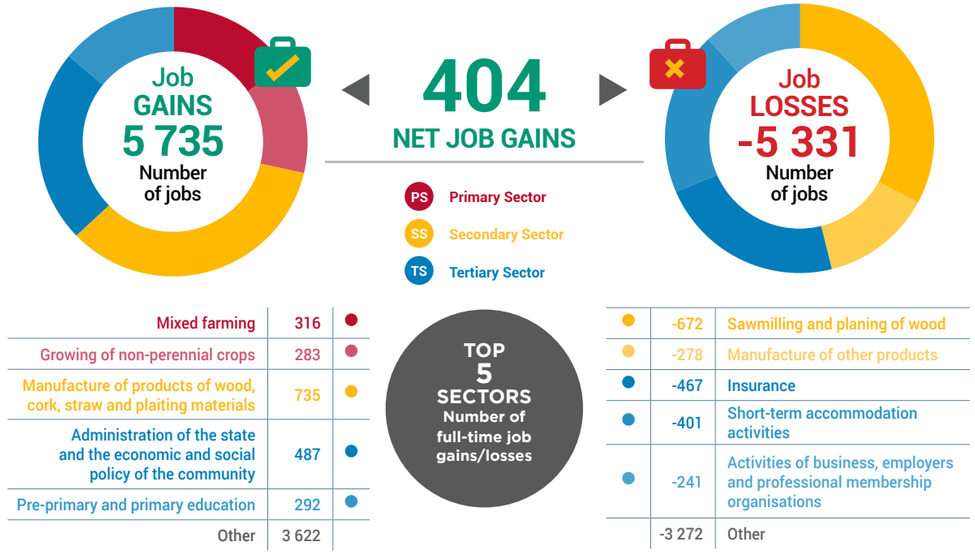
Figure 2.4
TOP 10 SECTORS BY NUMBER OF FTE JOBS, Garden Route District, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

While the agriculture sector shrank by an estimated 2.4 per cent in 2022 because of rising input costs and weak consumer purchasing power, it is still performing at elevated levels, boosted by the 17.8 per cent and 5.8 per cent growth it recorded in 2020 and 2021, respectively. This sector is also one of the largest employers in the GRD, with mixed farming and cultivation of perennial (mainly bush and fruit trees) and non-perennial crops (especially vegetables) providing ample formal job opportunities. Despite the sector's contraction, mixed farming and non-perennial crop cultivation provided 599 additional jobs in 2022.

Figure 2.5
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES, Garden Route District, 2021 – 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The GRD has a well-established forestry and wood-processing industry that is concentrated in George and Knysna. Dating back to the 1700s, the industry is a valued local employer and exporter. The extensive fires of 2017 were a blow to the industry, resulting in a lack of sawlogs. Rising input costs, an unreliable energy supply and the lack of sawlogs resulted in 672 job losses in the GRD in the sector in 2022, which have significantly impacted the surrounding forestry-centred communities.

Table 2.1
GDPR FORECAST PER SECTOR, Garden Route District (%), 2015 – 2024f

SECTOR	Trend 2015 – 2019	2020	2021	2022e	2023f	2024f
Primary Sector	**-1.6%**	**16.5%**	**5.7%**	**-2.6%**	**-3.3%**	**-1.4%**
Agriculture, forestry & fishing	-1.6%	17.8%	5.8%	-2.4%	-3.4%	-1.3%
Mining & quarrying	-0.9%	-8.3%	3.5%	-5.2%	0.8%	-2.3%
Secondary Sector	**-0.1%**	**-12.2%**	**4.1%**	**-1.4%**	**-0.4%**	**-0.5%**
Manufacturing	1.4%	-10.2%	7.4%	0.4%	0.5%	-0.6%
Electricity, gas & water	-2.3%	-7.8%	2.2%	-3.4%	0.1%	-0.3%
Construction	-2.7%	-19.0%	-4.3%	-6.3%	-3.6%	-0.2%
Tertiary Sector	**1.9%**	**-3.7%**	**3.0%**	**4.5%**	**0.8%**	**2.0%**
Wholesale & retail trade, catering & accommodation	0.3%	-13.5%	5.9%	4.4%	-1.4%	0.6%
Transport, storage & communication	2.1%	-9.0%	-1.1%	10.7%	0.4%	2.6%
Finance, insurance, real estate & business services	3.4%	1.4%	3.1%	4.8%	3.6%	3.2%
General government	1.0%	1.2%	-2.7%	-0.6%	-3.0%	-0.2%
Community, social & personal services	0.8%	-2.7%	7.6%	3.2%	-1.4%	1.3%
Total Garden Route District	**1.2%**	**-4.5%**	**3.4%**	**2.9%**	**0.3%**	**1.2%**

Source: Quantec research, 2023 (e denotes estimate; f denotes forecast)

Amid further weakening of the agriculture, trade and construction sectors, the GDPR of the GRD is forecast to grow by only 0.3 per cent in 2023. However, the GDPR is forecast to expand by 1.2 per cent in 2024 because of an expected rebound in the retail market and strong anticipated growth of the transport and finance sectors, as the popularity of the area will continue to boost property sales. The 2024 GDPR equals the average annual economic performance between 2015 and 2019, indicating a normalisation of the economic performance post-2020.

2.1 Comparative advantage

The sectoral comparative advantages of the GRD can be leveraged to promote local economic growth and job creation. When a sector has a comparative advantage in a region relative to the rest of the country, it means that businesses within the sector tend to have a greater presence in this region than they do nationally – meaning that the region can capitalise on its local strengths in efficiency and production. The sector is typically able to meet local needs while also serving a market outside the region. In the GRD, this is the case for the agriculture, construction, trade, finance and manufacturing sectors.

Table 2.2
LOCATION QUOTIENT IN TERMS OF GDPR AND EMPLOYMENT, Garden Route District, 2021

	GDPR	JOBS
Primary Sector	**0.71**	**1.20**
Agriculture, forestry & fishing	1.80	1.75
Mining & quarrying	0.05	0.02
Secondary Sector	**1.07**	**1.01**
Manufacturing	1.03	0.95
Electricity, gas & water	0.77	0.86
Construction	1.52	1.13
Tertiary Sector	**1.02**	**0.97**
Wholesale & retail trade, catering & accommodation	1.16	1.11
Transport, storage & communication	0.99	0.95
Finance, insurance, real estate & business services	1.24	1.03
General government	1.00	0.86
Community, social & personal services	0.60	0.83

Source: Quantec research, 2023

Location quotients provide a way of assessing whether a sector has a comparative advantage in a region. A location quotient measures the local representation of a sector against the national representation of this sector.

A location quotient greater than one indicates that the sector in question has a comparative advantage in the region relative to its competitiveness nationally. A location quotient of less than one suggests that the sector's position in the region is weaker than its position nationally. A location quotient of one indicates that the sector has the same advantage regionally that it does nationally.

LOCATION QUOTIENT	Classification	Interpretation
Less than 0.75	Low	Regional needs are 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 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.

By reviewing the changes over time to the location quotients in terms of the employment of various sectors, it is possible to group the sectors according to their potential for further development in the local economy.

Diagram 2.3

SECTORAL POTENTIAL

Garden Route District

PS Primary Sector SS Secondary Sector TS Tertiary Sector

EMERGING SECTORS

Low and medium comparative advantage, but growing

SS
- Manufacturing
- Electricity, gas & water

TS
- Transport, storage & communication

Emerging sectors have a location quotient of less than one, but the location quotient is increasing over time. While the comparative advantage of such sectors is low, targeted interventions can be used to help them improve their comparative advantage.

MATURE SECTORS

High comparative advantage and growing

- Finance, insurance, real estate & business services — TS

Mature sectors have a location quotient of more than 1. The quotient is increasing over time, indicating that the local comparative advantage of these sectors is growing relative to the advantage they have elsewhere in the country. Such sectors should be the focus of development initiatives.

TROUBLED SECTORS

Low and medium comparative advantage, but declining

PS
- Mining & quarrying

TS
- Community, social & personal services
- General government

Troubled sectors have a location quotient of less than one that is diminishing over time. There is little possibility that these sectors will enable large-scale economic growth and job creation.

MATURE SECTORS THAT ARE LOSING GROUND

High comparative advantage, but declining

- Agriculture, forestry & fishing — PS
- Construction — SS
- Wholesale & retail trade — TS

Mature sectors that are losing ground have a location quotient of more than one; however, their comparative advantage is diminishing. These sectors are at risk and therefore need special investigation and intervention to help them retain their comparative advantage.

Source: Quantec research, 2023

The GRD, especially the George municipal area, is growing as a service hub, with work-from-home trends further increasing its appeal and contributing to the finance sector's comparative advantage in terms of employment. Furthermore, this comparative advantage has been increasing over the past decade. The George municipal area is home to the head offices of companies such as Dotsure insurance, a subsidiary of Badger Holdings, and is also home to the regional offices of companies such as Aurecon, SMEC, Royal HaskoningDHV, Zutari, Kantey & Templer (consulting engineers), Mazars and Ernst & Young (the latter providing tax, audit and advisory services). There is also a strong presence of banks, insurance providers and real estate agents.

The GRD has become increasingly popular and there has been a growing demand for other business services, such as private security. This led to the security industry being the leading source of business service jobs in the GRD in 2022, formally employing 1 087 people full-time. Other large-scale employers include real estate agencies (which provided 1 081 formal full-time jobs) and non-life insurance companies (804 jobs). The booming property market has resulted in 520 formal full-time posts being created over the last five years in the real estate sector – the most significant job growth in the GRD's finance sector, which includes real estate activities. Other notable employment increases occurred among credit providers (255 jobs), in landscape care and maintenance services (183 jobs) and in management consultancy (168 jobs).

The creation of an enabling environment by the public sector is essential for the development of the finance sector. If towns are safe, have well-maintained infrastructure and offer good service delivery, businesses can operate effectively and the towns become desirable locations. Skills development and the value of education should be emphasised to ensure that residents can take advantage of new employment opportunities that stem from growth in this sector.

Sectors such as trade and construction also flourish in an environment favourable to businesses and households. However, despite the strength that these sectors display in the GRD, comparative advantage in terms of employment has declined over the last decade. The slow recovery of the tourism industry, together with weak consumer spending in light of reduced purchasing power, has constrained the trade sector, which has been characterised by job losses, especially in the informal sector. However, the weakened comparative advantage is likely to be only temporary, as tourism is still recovering from the impacts of the COVID-19 pandemic. Rising input costs in the construction sector have made for a challenging environment for the sector. That said, with substantial increases in the number of building plans passed in 2022 for residential buildings in Bitou, Knysna, Mossel Bay and George, the amount of construction sector activity should grow. Government infrastructure spending will further boost construction.

Sectors with a growing comparative advantage include manufacturing, transport and electricity, gas and water. Public sector investment has contributed substantially to the growth in the comparative advantage of the transport sector in the GRD, with investments such as the Go George bus service and transport hub. Having an efficient public transport system is one of the key building blocks when it comes to community wellbeing, as it creates an enabling environment to attract investment and workers have easy access to their place of work.

The proposed gas extraction from the Brulpadda and Luiperd gas fields, which could revitalise the PetroSA gas-to-liquids refinery in Mossel Bay, and renewable energy projects such as the solar farm planned in the George municipal area will further strengthen the electricity, gas and water sector. There are also several opportunities in the GRD for biomass and bioenergy production, which can attract investment.[1] However, this sector typically requires highly skilled labour. Capacity building to ensure that local workers benefit from employment opportunities in this sector will increase community benefits.

Projects promoting energy resilience will boost the local electricity, gas and water sector, and help meet the high energy needs of the manufacturing sector. The manufacturing industry in the GRD is diverse, with a significant concentration of agro-processors. The clothing and footwear manufacturing industries, led by Tradelink Textile Industries and Watson Shoes, are also important sources of employment and are currently enjoying a growing comparative advantage.

[1] *(Garden Route District Municipality, 2021).*

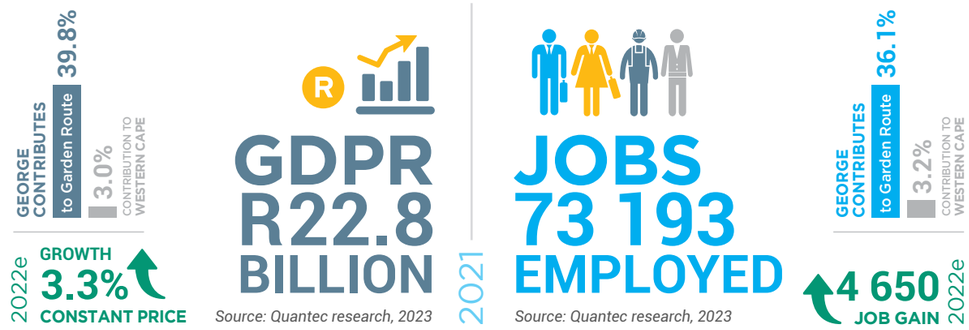
3. MUNICIPAL GDPR AND EMPLOYMENT PERFORMANCE

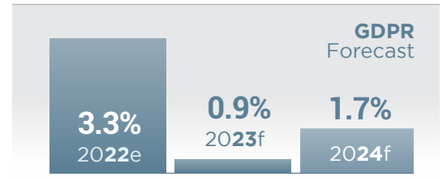
3.1 GEORGE MUNICIPAL AREA

5 191.0km² | 22.2% of the Garden Route

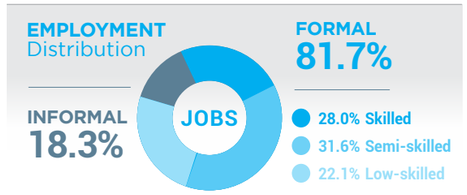
George, a small coastal municipal area located between rolling hills and the Indian Ocean, boasts a plethora of unique characteristics. The largest town in the area, George, is well connected via road and air to metropolitan areas and is the commercial hub of the GRD. Uniondale provides goods and services to local farmers while also serving as the ideal base from which to explore the little Karoo. Wilderness offers the duality of forest and ocean – perfect for leisure seekers. Once reliant on traditional fishing and agriculture, the economy of the George municipal area has since expanded to include industries such as boutique tourism and artisanal crafts.

Diagram 3.1
GDPR (CURRENT PRICES) AND EMPLOYMENT, George





Source: Urban-Econ based on Quantec and SARB, 2023



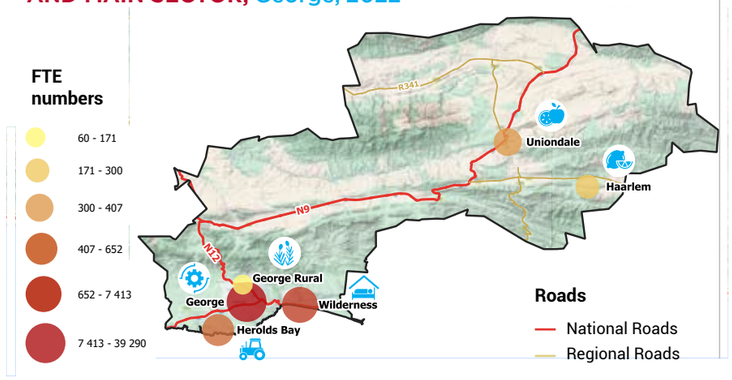
Source: Quantec research, 2023

EMPLOYMENT PROFILE

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2021 ↓	2022e	2021 ↑	2022e	2021 ↑	2022e	2021 ↓	2022e
19.6%	18.4%	64.9%	67.4%	52.2%	55.0%	35.1%	32.6%

Source: Quantec research (e denotes estimate)

Map 3.1
NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, George, 2022

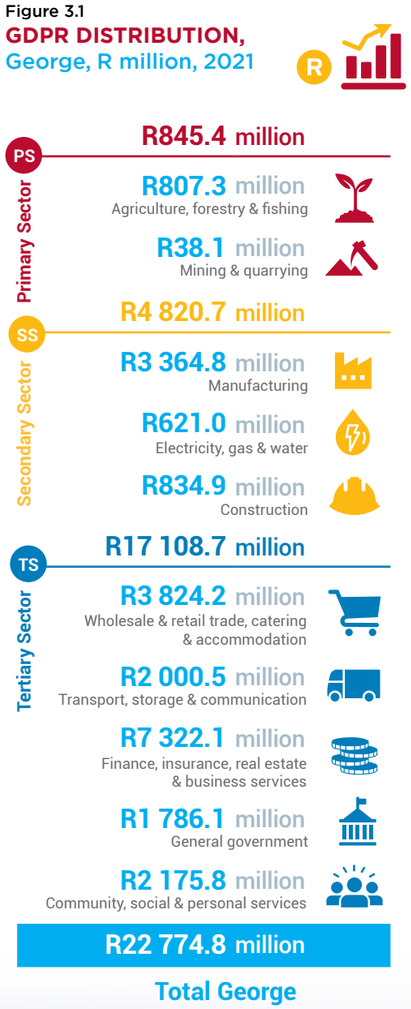


Main sector for employment

- General public administration at Local Government level
- Growing of other perennial crops
- Growing of citrus fruits
- Mixed farming
- Growing of pome fruits and stone fruits
- Short-term accommodation activities

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.1
GDPR DISTRIBUTION,
George, R million, 2021



Source: Quantec research, 2023

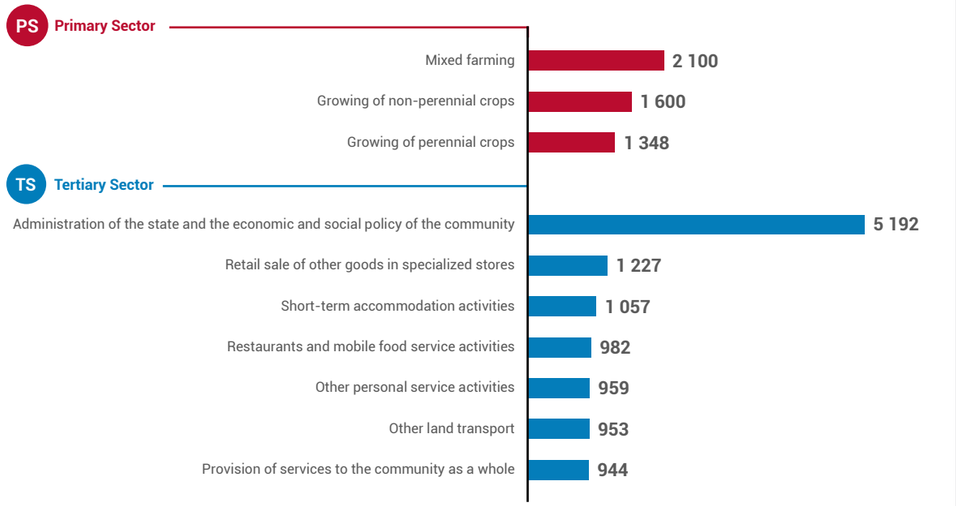
The economy of the George municipal area was valued at R22.8 billion in 2021, with sectors such as finance (32.2 per cent), trade (16.8 per cent) and manufacturing (14.8 per cent) leading the way in terms of GDPR contributions. The town of George is the epicentre of general government services and retail activities. The larger municipal area, in turn, has a thriving agriculture sector specialising in mixed farming and non-perennial crops. The municipal area is considered a hub for dairy processing, with Clover, Lancewood, Morning Milk, Butlers Farmhouse Cheeses and Silver Lily Cheese Farm operating in the area and providing 829 formal jobs in 2022. Beyond George, tourism is an important local employer, with the short-term accommodation industry being the largest employer in Wilderness. The Herolds Bay, Uniondale, Haarlem and Waboomskraal economies rely extensively on agriculture. These areas specialise in mixed farming, vegetable production and cultivating pome and stone fruits.

Since the tertiary sector is the largest contributor to GDPR and employment, most workers in the George municipal area are either semi-skilled (31.6 per cent) or skilled (28.0 per cent). Over the last decade, most new formal employment opportunities have been for skilled workers – a testament to George's growth as a commercial hub in the GRD. The informal sector also plays an integral role in employment, with 18.3 per cent of workers being informally employed, typically in the construction, trade and transport sectors. Informal traders are a valuable source of employment in the trade sector – with licensed traders increasing from 80 in 2021 to 102 in 2022.[2]

[2] *(George Municipality, 2023).*

JOBS

Figure 3.2
TOP 10 SECTORS BY NUMBER OF FTE JOBS,
George, 2022

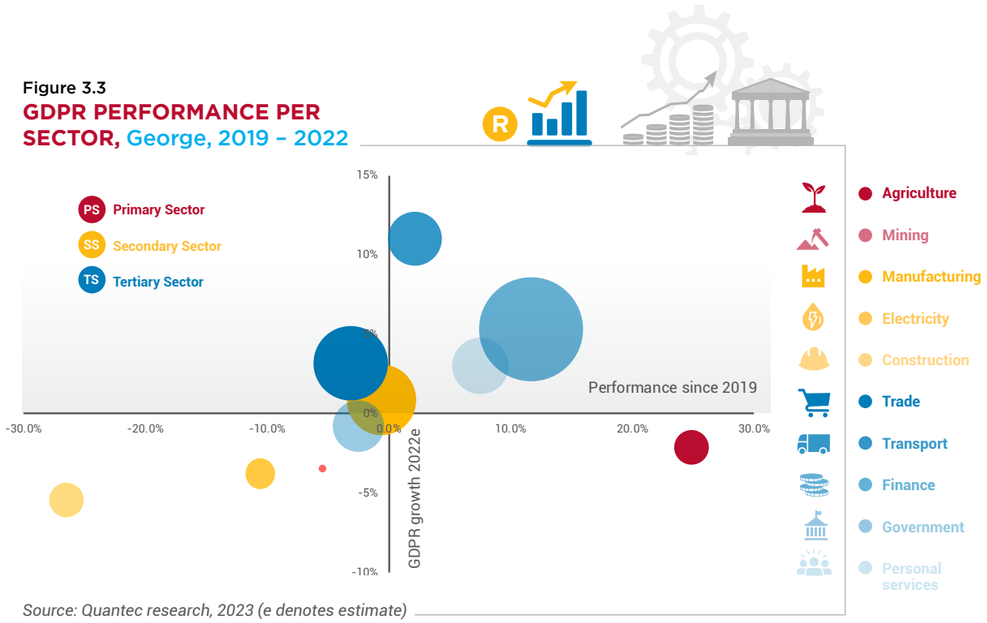


Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

GDPR growth for 2022, estimated at 3.3 per cent, enabled the creation of 4 650 additional job opportunities, primarily in the informal sector, as the formal sector shed 661 jobs. Despite these losses, the unemployment rate declined by 1.1 percentage points to 18.4 per cent in 2022. Another labour market gain contributing to the wellbeing of communities was the 2.4 percentage point decline in the not economically active population. In 2022, 32.6 per cent of the working-age population in the George municipal area was not economically active, marginally less than the Provincial total of 35.1 per cent.

The sectors that contributed the most to economic growth in 2022 were finance (an estimated 1.8 percentage points) and transport (1.1 percentage points). The finance sector was boosted by developments in the call centre industry, while the transport sector benefited from an increase in arrivals at George Airport, which grew from 539 637 in 2021 to 747 848 in 2022.[3] Notwithstanding this trend, airport traffic has yet to return to pre-pandemic levels.

Figure 3.3
GDPR PERFORMANCE PER SECTOR, George, 2019 – 2022



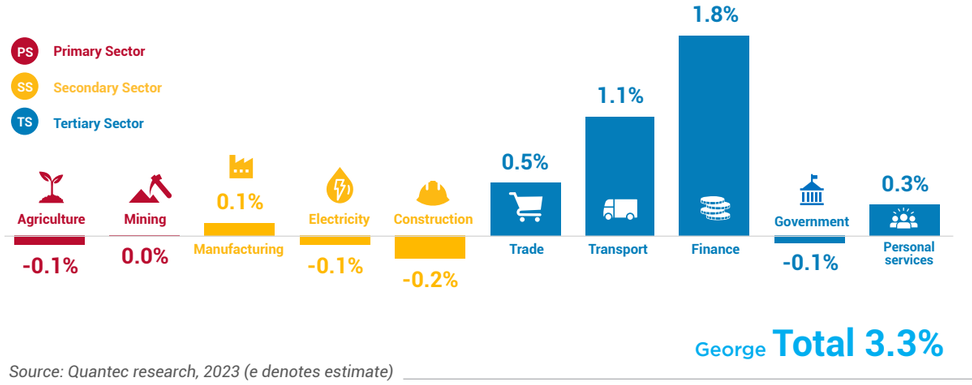
Source: Quantec research, 2023 (e denotes estimate)

The local freight industry benefits from the fact that both the N2 and the N12 pass through George. The N2 connects Cape Town to Gqeberha, while the N12 forms part of the critical north-south corridor. While the transport sector registered an estimated GDPR growth of 11.0 per cent in 2022, indicating a full recovery from the impacts of COVID-19, it remains vulnerable amid the slow recovery of tourism and high petrol prices. Land transport (predominantly freight) recorded an increase in jobs (130 posts were created), but transport support activities shed 152 jobs.

[3] *(Wesgro, 2023).*

The slow return of tourists to the area is further evidenced by the performance of the trade sector. Following a 13.0 per cent contraction in 2020, this sector delivered growth of 6.8 per cent in 2021 and an estimated 3.1 per cent in 2022. Nonetheless, it has not yet fully recovered from the impacts of COVID-19. In some measure, this is a reflection of reduced purchasing power on the part of households that have been battered by high inflation and rising interest rates. Despite this, the growing population of the municipal area has resulted in several new stores opening in 2022, including a Spar in George and Wilderness, and a Pick n Pay in Pacaltsdorp.[4]

Figure 3.4
SECTORAL CONTRIBUTION TO GDPR GROWTH (PERCENTAGE POINTS), George, 2022e



Source: Quantec research, 2023 (e denotes estimate)

[4] *(George Municipality, 2023).*

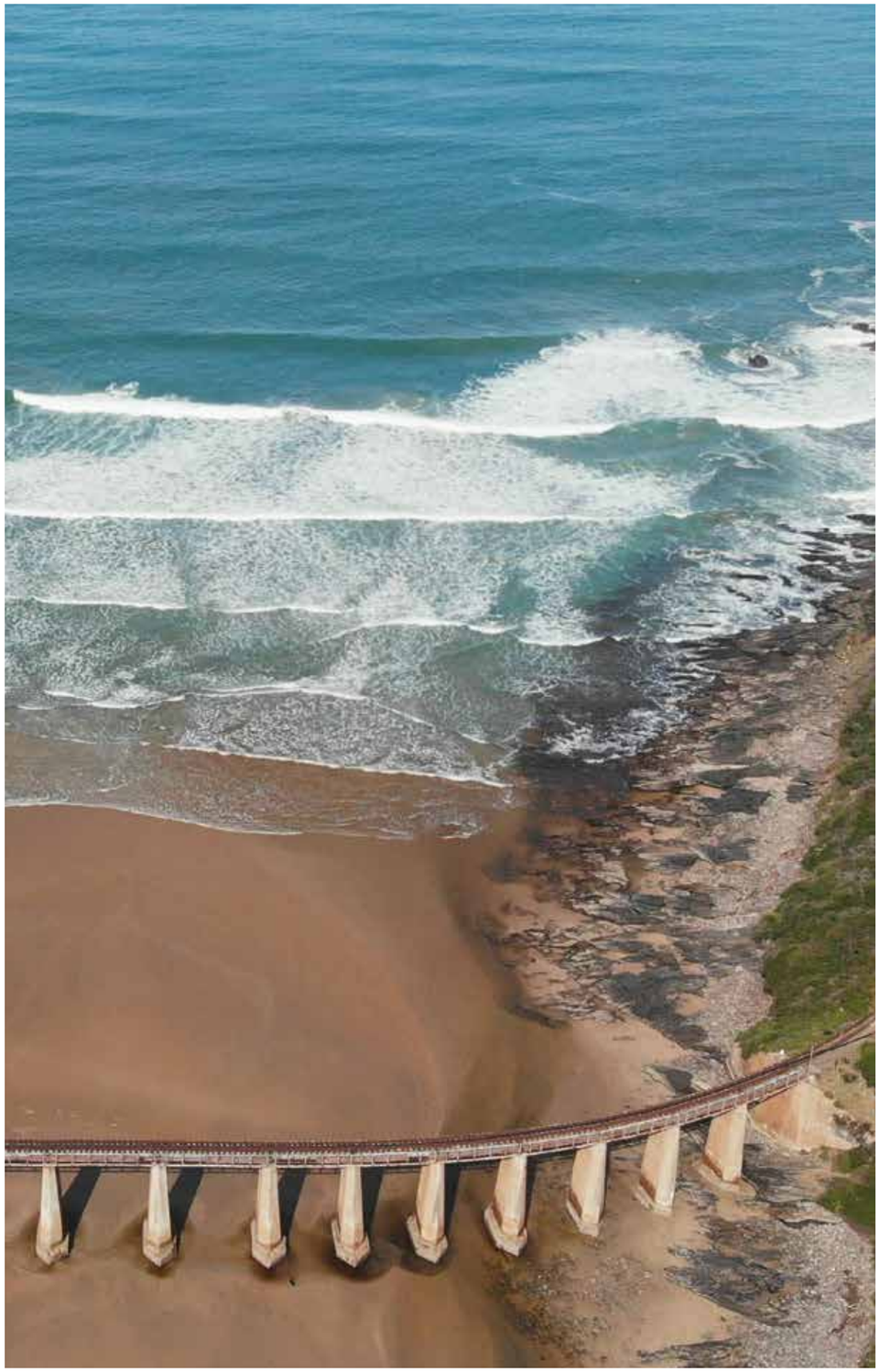
Figure 3.5

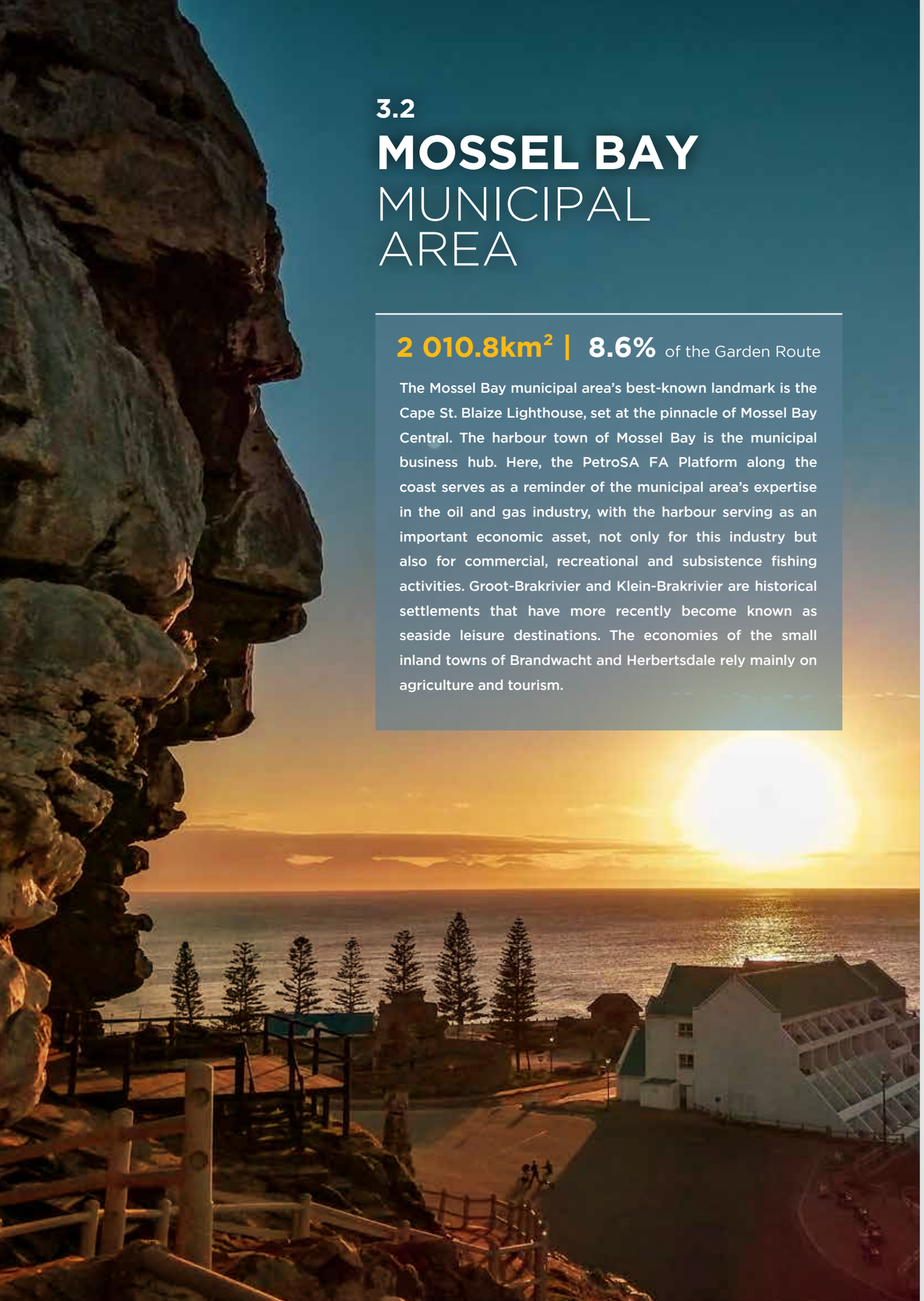
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES, George, 2021 – 2022

Electrical, plumbing and other construction installation activities	120	●	●	-92	Construction of buildings
Manufacture of products of wood, cork, straw and plaiting materials	345	●	●	-443	Sawmilling and planing of wood
Growing of non-perennial crops	209	●	●	-235	Activities of business, employers and professional membership organisations
Other land transport	130	●	●	-152	Support activities for transportation
Administration of the state and the economic and social policy of the community	350	●	●	-501	Insurance
Other	1 390			-1 782	Other

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Other sectors that have yet to recover from the contractions in GDPR growth that they recorded in 2020 include the mining, manufacturing, electricity, gas and water, and construction sectors. Amid load-shedding concerns, the GDPR of the George municipal area is forecast to expand by only 0.9 per cent in 2023. Continued decline is anticipated for the agriculture sector, given high input prices and a reduction in international commodity prices. However, this trend is expected to ease in 2024 as markets normalise. Strong growth on the part of the finance, transport and personal services sectors is expected to stabilise the economy in 2024, with GDPR growth of 1.7 per cent forecast for that year.



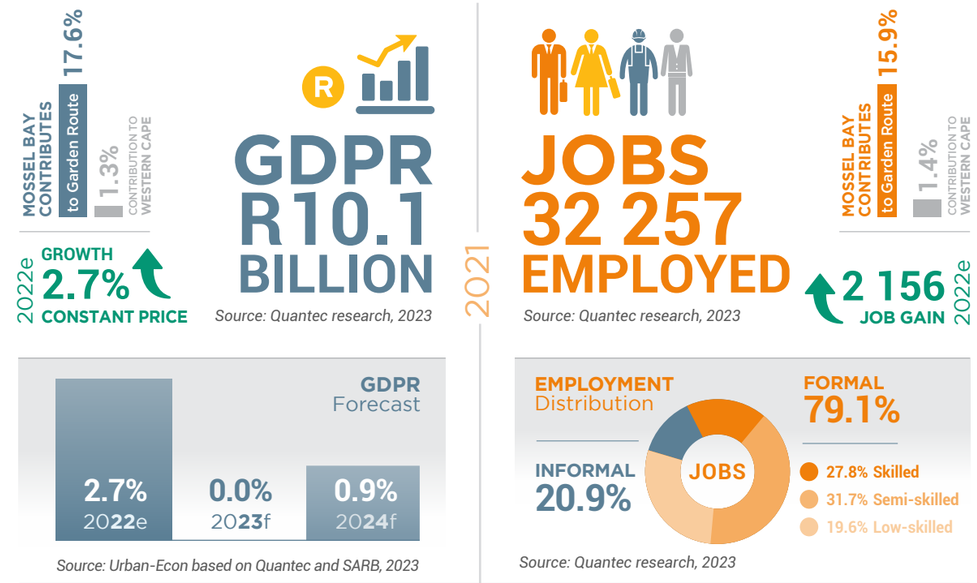


3.2
MOSSEL BAY MUNICIPAL AREA

2 010.8km² | 8.6% of the Garden Route

The Mossel Bay municipal area's best-known landmark is the Cape St. Blaize Lighthouse, set at the pinnacle of Mossel Bay Central. The harbour town of Mossel Bay is the municipal business hub. Here, the PetroSA FA Platform along the coast serves as a reminder of the municipal area's expertise in the oil and gas industry, with the harbour serving as an important economic asset, not only for this industry but also for commercial, recreational and subsistence fishing activities. Groot-Brakrivier and Klein-Brakrivier are historical settlements that have more recently become known as seaside leisure destinations. The economies of the small inland towns of Brandwacht and Herbertsdale rely mainly on agriculture and tourism.

Diagram 3.2
GDPR (CURRENT PRICES) AND EMPLOYMENT, Mossel Bay

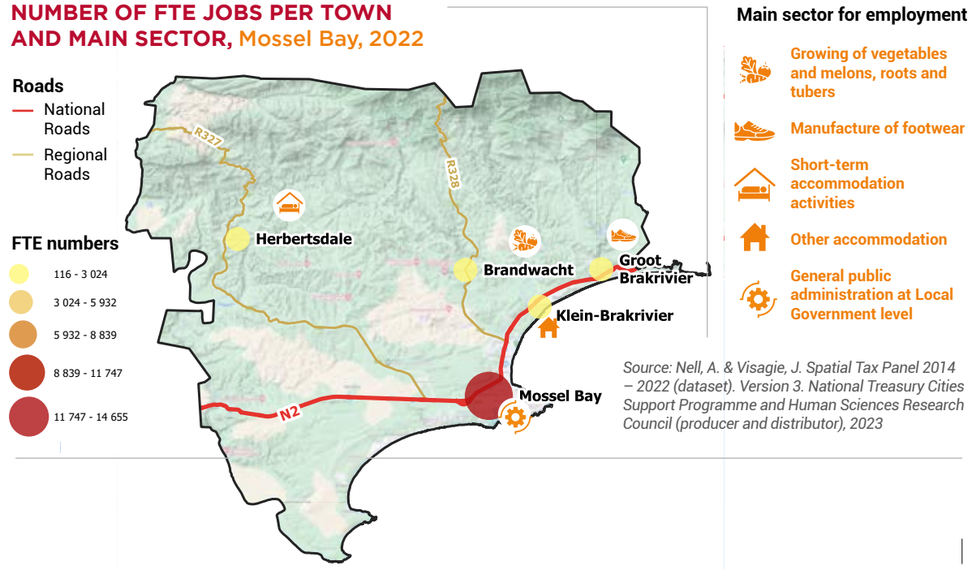


EMPLOYMENT PROFILE

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2021	2022e	2021	2022e	2021	2022e	2021	2022e
20.7%	19.5%	62.9%	65.5%	49.9%	52.7%	37.1%	34.5%

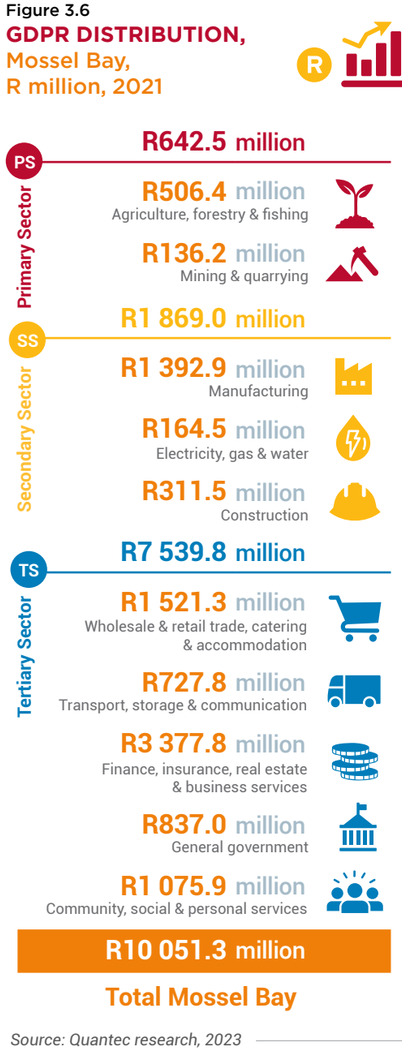
Source: Quantec research (e denotes estimate)

Map 3.2
NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, Mossel Bay, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.6
GDPR DISTRIBUTION, Mossel Bay, R million, 2021

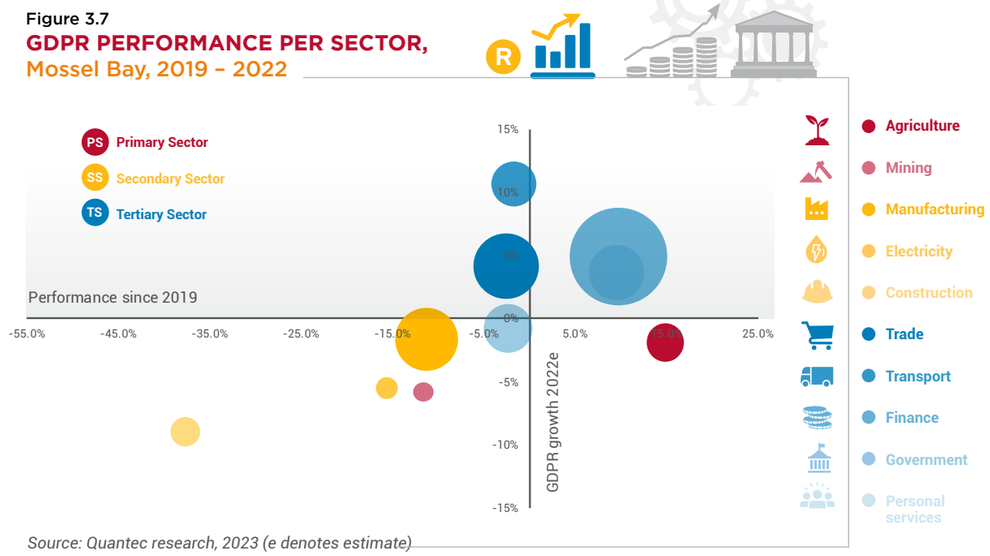


Source: Quantec research, 2023

The GDPR of the Mossel Bay municipal area was R10.1 billion in 2021, with the finance sector making the most significant contribution to this total (33.6 per cent), followed by the trade sector (15.1 per cent) and the manufacturing sector (13.9 per cent). The town of Mossel Bay has a diverse economy, providing legal, accounting, financial and real estate services for individuals and businesses alike. However, public administration and natural gas extraction are the cornerstones of employment. Given this sectoral composition, employment has favoured skilled workers in recent years.

Groot-Brakrivier has a vibrant manufacturing sector, which includes companies that range from Rheebok Bricks (a producer of clay bricks) to the Watsons Shoes factory and PG Bison, a timber processor. The economies of Herbertsdale and Klein-Brakrivier mainly rely on tourism and agriculture, while the Brandwacht community's livelihoods are linked to farming activities.

Figure 3.7
GDPR PERFORMANCE PER SECTOR, Mossel Bay, 2019 – 2022

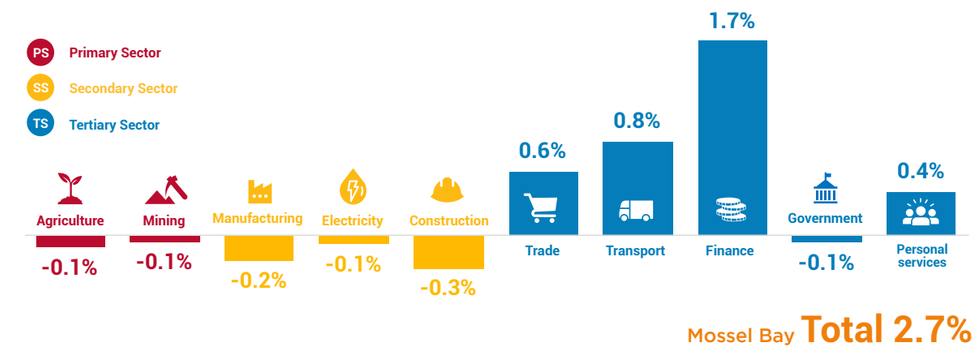


Source: Quantec research, 2023 (e denotes estimate)

It is estimated that the economy expanded by 2.7 per cent in 2022, marking a full recovery from the impact of the COVID-19 pandemic. The positive economic performance resulted in an increase in both formal and informal employment.

The positive economic performance was met with a 2.6 percentage point increase in the labour force participation rate as many hopefuls returned to the job market. In addition, there was a 2.6 percentage point decline in the proportion of people who are not economically active. The increase in employment resulted in a welcome reduction in the unemployment rate, which fell from 20.7 per cent in 2021 to 19.5 per cent in 2022.

Figure 3.8
SECTORAL CONTRIBUTION TO GDPR GROWTH (PERCENTAGE POINTS), Mossel Bay, 2022e



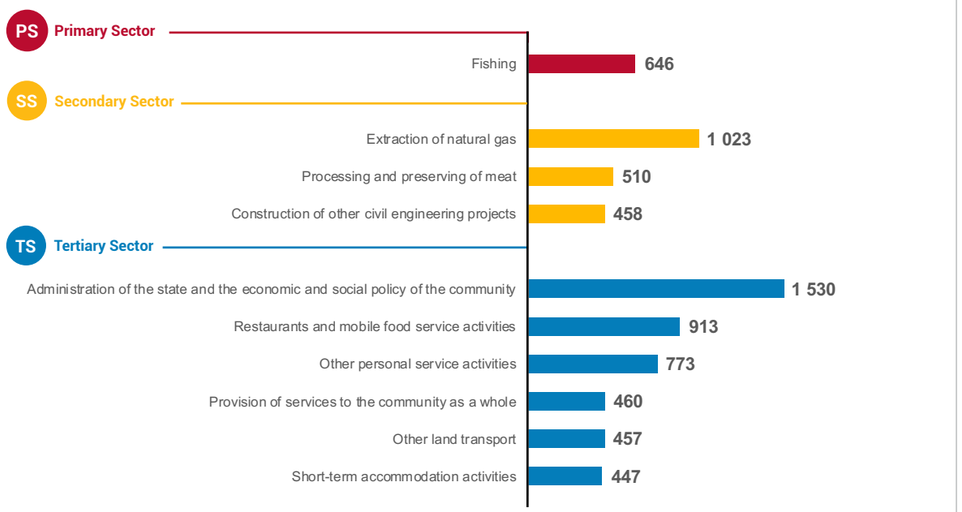
Source: Quantec research, 2023 (e denotes estimate)

The 2.7 per cent expansion estimated in 2022 was primarily the result of an expansion in the finance, transport and trade sectors, which contributed 1.7, 0.8 and 0.6 percentage points to GDPR growth, respectively. The trade sector has benefited from increased tourist activity, with restaurants being the largest source of new formal jobs in the Mossel Bay municipal area in 2022 (186 jobs). However, the impact of inflation on the purchasing power of households is taking a toll on the sector, and a number of retailers had to cut formal jobs in 2022.

Economic growth was curtailed by the continued poor performance of the construction and manufacturing sectors. The high levels of load-shedding had a significant negative impact on the manufacturing sector, with some of the highest levels of job losses in the Mossel Bay municipal area recorded in sawmilling and other manufacturing activities. However, not all industries were equally affected: wood product manufacturers and meat processors in the GRD were among the leading sources of job creation.

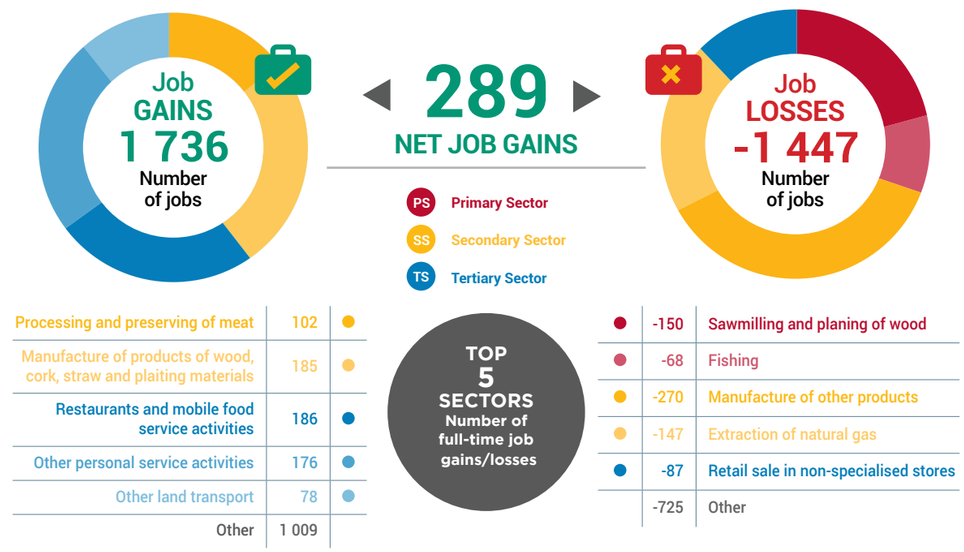
JOBS

Figure 3.9
TOP 10 SECTORS BY NUMBER OF FTE JOBS,
Mossel Bay, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.10
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES,
Mossel Bay, 2021 – 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Despite current challenges in the oil and gas industry and concerning energy security, Mossel Bay is at the epicentre of substantial opportunity for industry growth – Eskom has announced plans to use gas as a feedstock for the Gourikwa Power Station, and the Brulpadda and Luiperd gas finds could substantially boost the industry if developed for production. However, the uncertain future of PetroSA's gas-to-liquids refinery remains of concern. Furthermore, the natural gas industry shed 147 jobs in 2022.

Given the substantial impact of load-shedding on the manufacturing sector, the uncertainties in the oil and gas industry, and households' reduced purchasing power, the economy of the Mossel Bay municipal area is forecast to stagnate in 2023. Growth of 0.9 per cent is anticipated in 2024, as the outlook for the trade sector is expected to improve.

3.3

KNYSNA MUNICIPAL AREA

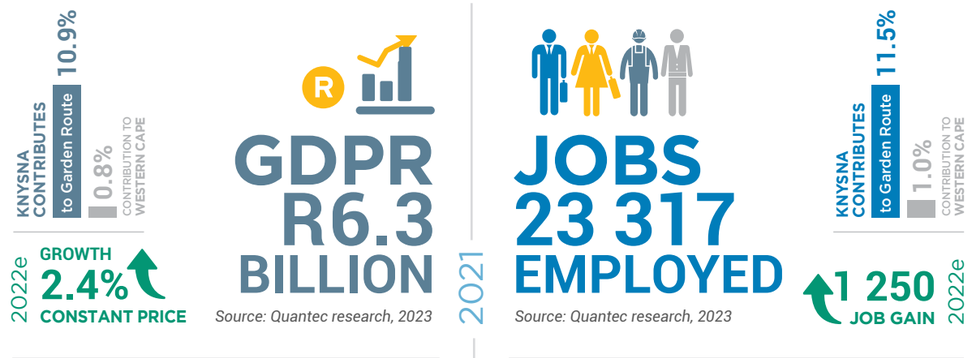
1 108.8km² | 4.8% of the Garden Route

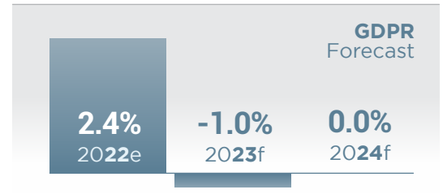
The Knysna municipal area is well known for the Knysna Heads, located at the mouth of the Knysna River. The town of Sedgefield, west of Knysna Central, has the relaxed air of a village, a contrast to the bustling activity of the town of Knysna. The charm of this municipal area is vested in its breathtaking natural surroundings, which also form the basis of the region's economy. The municipal area has transformed from its historical roots as a timber hub into a prominent South African tourism destination.

Visitors are drawn to the famous waterfront area, which includes art galleries, boutiques and seafood restaurants. The annual Knysna Oyster Festival celebrates the region's succulent oysters and dynamic lifestyle, attracting tourists from around the globe.

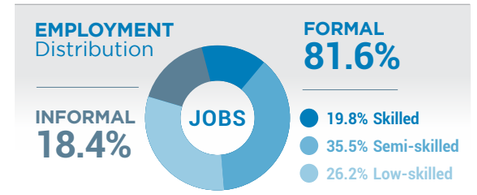
Diagram 3.3

GDPR (CURRENT PRICES) AND EMPLOYMENT, Knysna





Source: Urban-Econ based on Quantec and SARB, 2023



Source: Quantec research, 2023

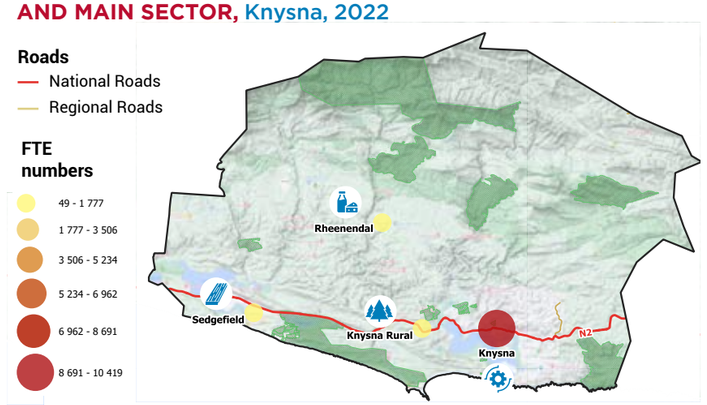
EMPLOYMENT PROFILE

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2021	2022e	2021	2022e	2021	2022e	2021	2022e
25.3%	24.3%	65.0%	67.2%	48.5%	50.9%	35.0%	32.8%

Source: Quantec research, 2023 (e denotes estimate)

Map 3.3

NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, Knysna, 2022

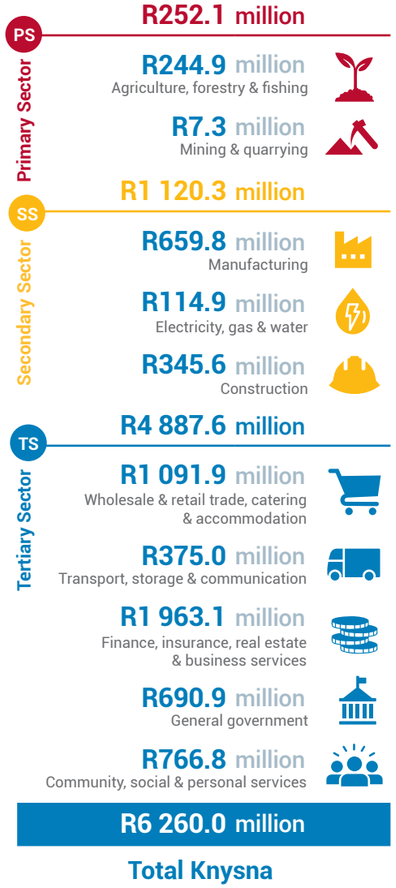


Main sector for employment

- General public administration at Local Government level
- Silviculture and other forestry activities
- Manufacture of dairy products
- Manufacture of veneer sheets and wood-based panels

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.11
GDPR DISTRIBUTION,
Knysna, R million, 2021



Source: Quantec research, 2023

The Knysna economy is one of the smaller economies in the District, contributing R6.3 billion to the economy of the GRD in 2021 (10.9 per cent of District GDPR). Local workers are mainly semi-skilled (35.5 per cent) or low-skilled (26.2 per cent), and a large share of the workforce is employed in the informal sector (18.4 per cent), primarily in trade.

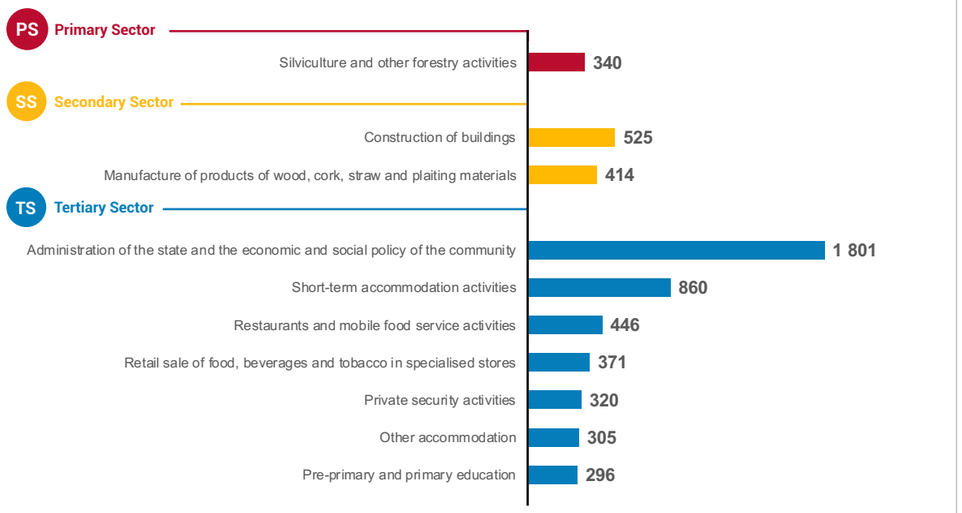
The most significant economic sectors in the Knysna municipal area are the finance and trade sectors, contributing R2.0 billion and R1.1 billion, respectively, to the economy in 2021 (31.4 per cent and 17.4 per cent of municipal GDPR, respectively). The significant contribution from the trade sector points to the importance of tourism, which is also one of the leading employers in the municipal area. In 2022, short-term and other accommodation providers employed 1 165 formal workers, while the restaurant industry formally employed 446 workers.

Businesses within the finance sector are mainly located in the town of Knysna, where there is a large concentration of real estate agents and household and business service providers, including those specialising in security, accounting and legal services. The town of Knysna is also the administrative centre of the municipal area, and a substantial cohort of public administration workers thus resides there. This sector is one of the largest employers in the municipal area, with a workforce of 1 801 people in 2022.

The economy of Sedgefield largely relies on the silviculture and wood-manufacturing industries, as well as tourism. Silviculture and forestry activities are also the single largest employer in Karatara, making this community especially vulnerable to current challenges in the industry (principally a lack of sawlogs). Rheenendal also lacks a diversified economy, with the Leeuwenbosch Dairy being one of the few large-scale employers in this small community.

JOBS

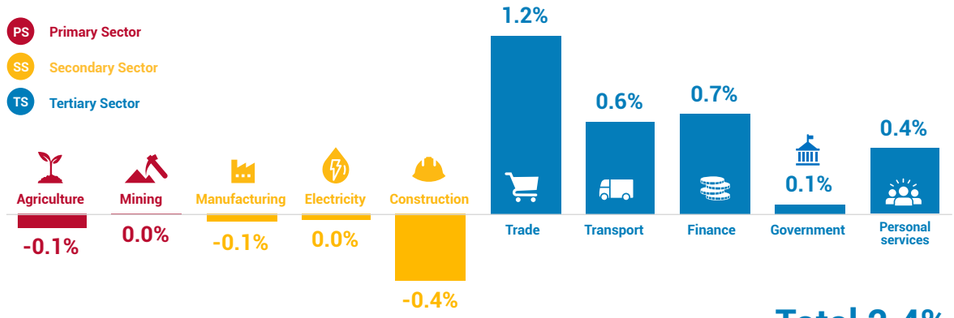
Figure 3.12
TOP 10 SECTORS BY NUMBER OF FTE JOBS,
Knysna, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

It is estimated that the economy grew by 2.4 per cent in 2022. Nevertheless, it has not yet regained the ground lost in 2020. The leading source of economic growth in 2022 was the trade sector, which contributed 1.2 percentage points to the estimated GDPR growth, followed by the finance and transport sectors (0.7 and 0.6 of a percentage point, respectively). Only the tertiary sector contributed positively to the growth estimated to have occurred in 2022, with the primary and secondary sectors recording declines. At a sectoral level, only the agriculture, finance, general government and personal services sectors are operating above pre-COVID-19 levels. The agriculture sector is recording marginal contractions as market prices stabilise after the exceptional growth of 2020 and 2021.

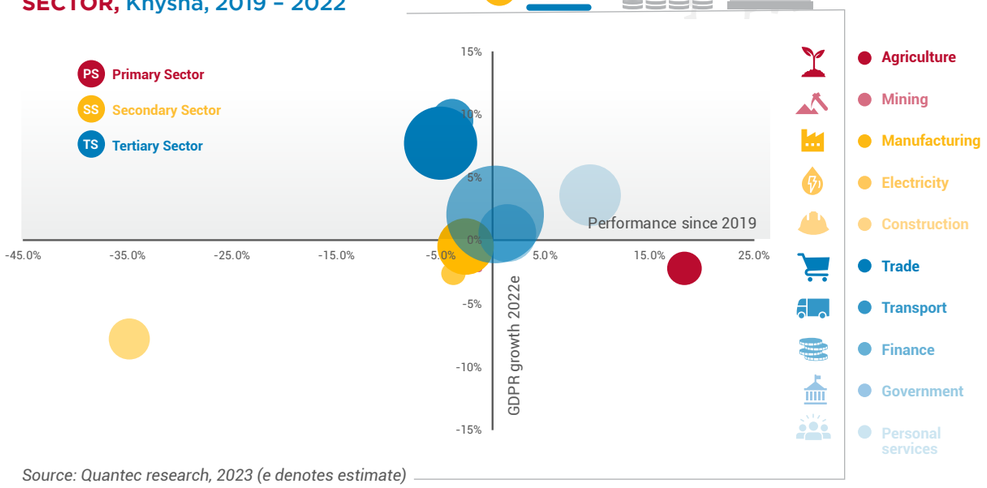
Figure 3.13
SECTORAL CONTRIBUTION TO GDPR GROWTH (PERCENTAGE POINTS), Knysna, 2022e



Source: Quantec research, 2023 (e denotes estimate)

The performance of the finance sector in 2022 was boosted by semigration, which buoyed the local property market. The average sale price of property increased by 10.3 per cent between 2021 and 2022, even as the number of property sales in the Wilderness, Knysna and Sedgefield areas declined by an average of 4.7 per cent. The extent of the price increase is apparent when considering the average Provincial property price increase over the same period, recorded at 5.9 per cent.[5]

Figure 3.14
GDPR PERFORMANCE PER SECTOR, Knysna, 2019 – 2022

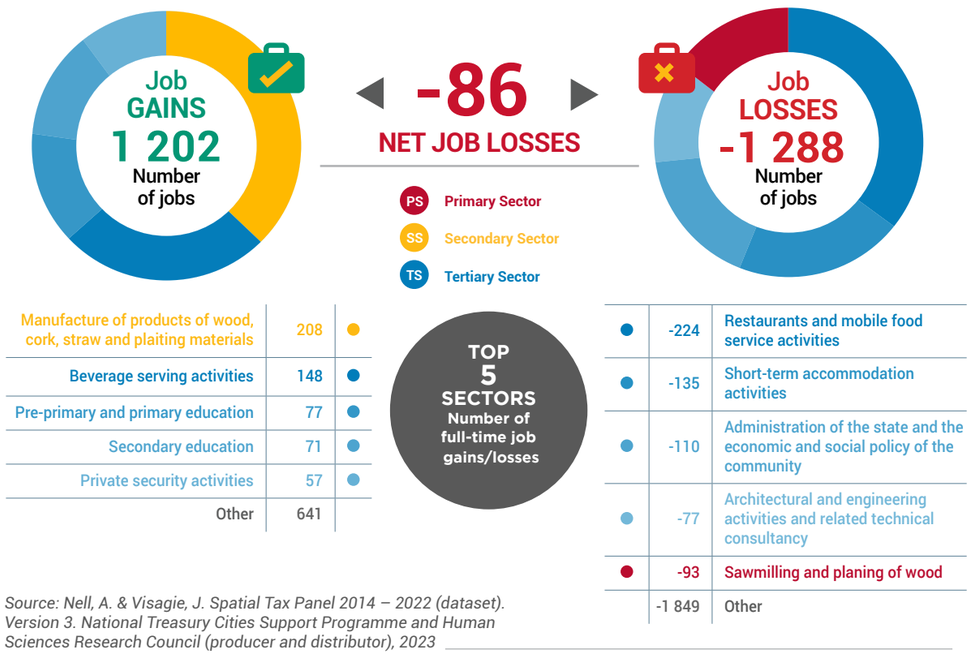


Source: Quantec research, 2023 (e denotes estimate)

Population growth has given rise to an increase in the number of learners. This has led to an increase in the number of jobs for teachers in the Knysna municipal area, with an additional 148 pre-primary, primary and secondary school educators being employed in 2022. Semigration is also fuelling the demand for services such as private security, which recorded an increase of 57 jobs in 2022. Growing demand for services emphasises the importance of providing skills development

[5] *(Property24, 2023).*

Figure 3.15
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES, Knysna, 2021 – 2022



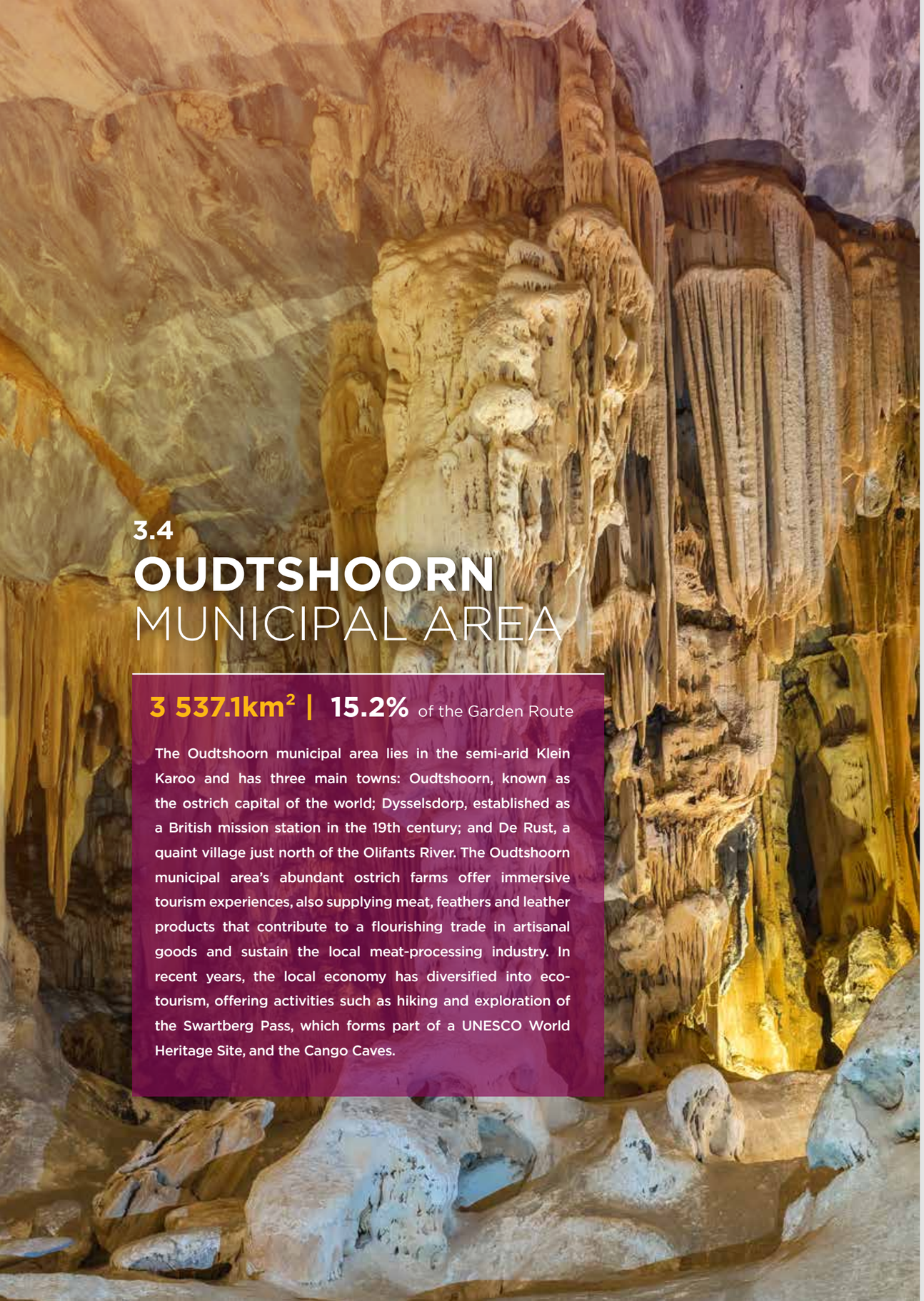
Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

initiatives in the area to ensure that local workers are able to take advantage of this trend, as most employment opportunities in recent years have been for skilled or semi-skilled workers.

The inability of most sectors to recover from the downturn of 2020 has affected job creation in the Knysna municipal area. The formal sector continued to shed jobs in 2022 (1 288 posts), with the informal sector accounting for the overall rise in the number of jobs (1 250). Strong growth in the trade sector and a significant increase in formal employment in the beverage-serving industry signal the recovery of the tourism industry. Nonetheless, the industry remains constrained, as tourism was also the leading source of job losses in 2022, with restaurants and short-term accommodation services collectively shedding 359 formal jobs.

Notwithstanding the challenging labour market conditions, the unemployment rate of the Knysna municipal area declined by 1.0 percentage point to 24.3 per cent in 2022. This decline is marginally less than the average decline in the unemployment rate for the GRD over the same period, further emphasising the economic challenges in the Knysna municipal area. The job growth of 2022 constitutes only a partial recovery of the jobs lost between 2020 and 2021.

The economy of the Knysna municipal area is mainly dependent on household spending, either on tourist activities or for the acquisition of goods and services within local communities. This makes the economy particularly vulnerable to the conditions affecting the national economy. It is forecast that the municipal economy will contract by a further 1.0 per cent in 2023 before stagnating in 2024, primarily because of continued declines in the construction sector and poor growth prospects for the trade sector.



3.4

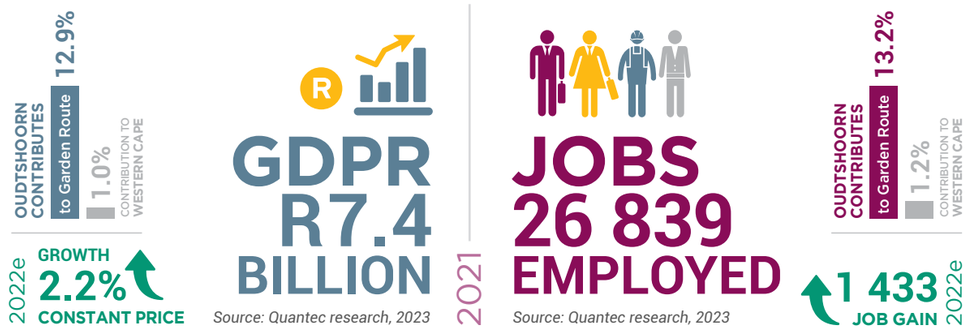
OUDTSHOORN MUNICIPAL AREA

3 537.1km² | 15.2% of the Garden Route

The Oudtshoorn municipal area lies in the semi-arid Klein Karoo and has three main towns: Oudtshoorn, known as the ostrich capital of the world; Dysselsdorp, established as a British mission station in the 19th century; and De Rust, a quaint village just north of the Olifants River. The Oudtshoorn municipal area's abundant ostrich farms offer immersive tourism experiences, also supplying meat, feathers and leather products that contribute to a flourishing trade in artisanal goods and sustain the local meat-processing industry. In recent years, the local economy has diversified into eco-tourism, offering activities such as hiking and exploration of the Swartberg Pass, which forms part of a UNESCO World Heritage Site, and the Cango Caves.

Diagram 3.4

GDPR (CURRENT PRICES) AND EMPLOYMENT, Oudtshoorn



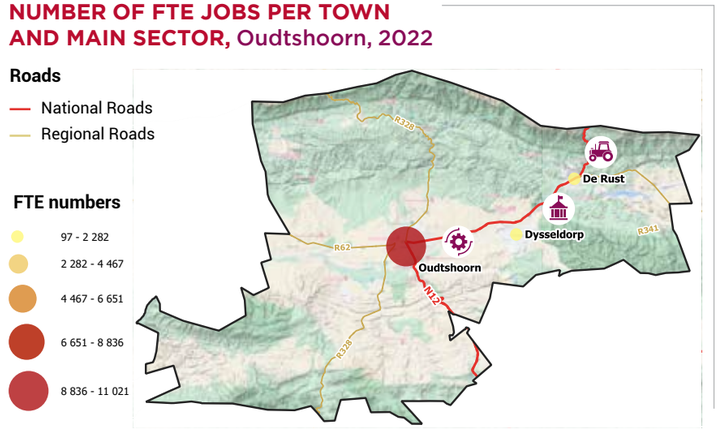
EMPLOYMENT PROFILE

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2021 ↓	2022e	2021 ↑	2022e	2021 ↑	2022e	2021 ↓	2022e
23.4%	22.2%	55.2%	57.4%	42.3%	44.6%	44.8%	42.6%

Source: Quantec research, 2023 (e denotes estimate)

Map 3.4

NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, Oudtshoorn, 2022



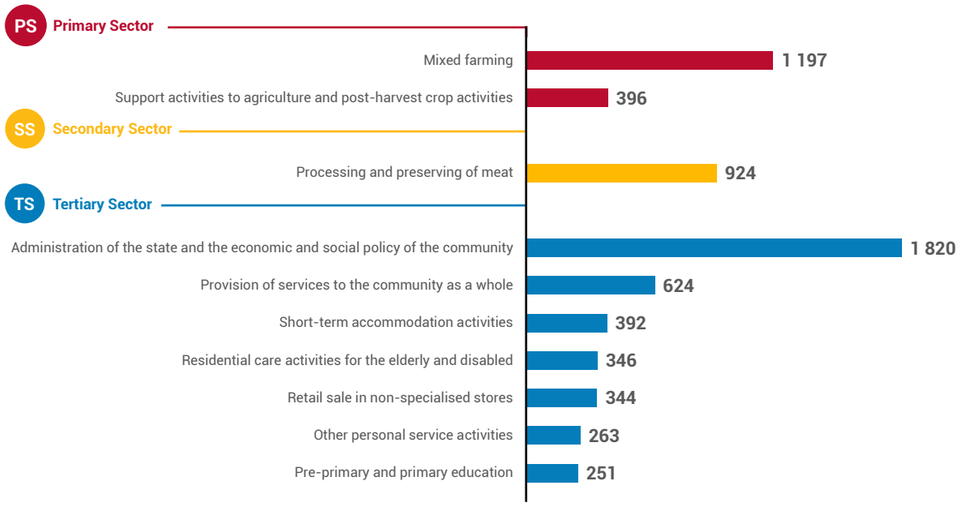
Main sector for employment

- Mixed farming
- Public order and safety activities at National Government level
- General public administration at Local Government level

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

JOBS

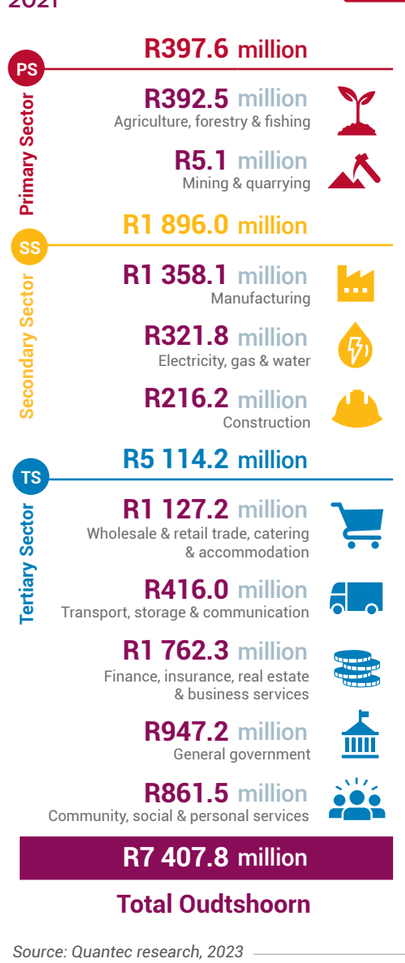
Figure 3.16
TOP 10 SECTORS BY NUMBER OF FTE JOBS, Oudtshoorn, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

In 2021, the Oudtshoorn municipal area had a GDPR of R7.4 billion and 26 839 people in employment. While local economic activity is based mainly on agriculture, finance (23.8 per cent), manufacturing (18.3 per cent) and trade (15.2 per cent) are the leading economic sectors in terms of GDPR. Klein Karoo (Pty) Ltd, a local giant operating in these sectors, provides credit, machinery and other inputs for farming and is the world's leading producer of ostrich feathers, leather and meat. It provides these services to local farmers and customers around the world through its various subsidiaries, namely Klein Karoo Agri, Klein Karoo See Production and Cape Karoo International. The ostrich industry therefore has a well-developed local value chain. It also offers a unique tourism experience, attracting domestic and international visitors to the Little Karoo. As such, mixed farming and meat processing are among the largest employers in the municipal area, with 1 197 and 924 formal jobs, respectively, but the single largest employer in the municipal area remains public administration (1 820 jobs).

Figure 3.17
GDPR DISTRIBUTION, Oudtshoorn, R million, 2021



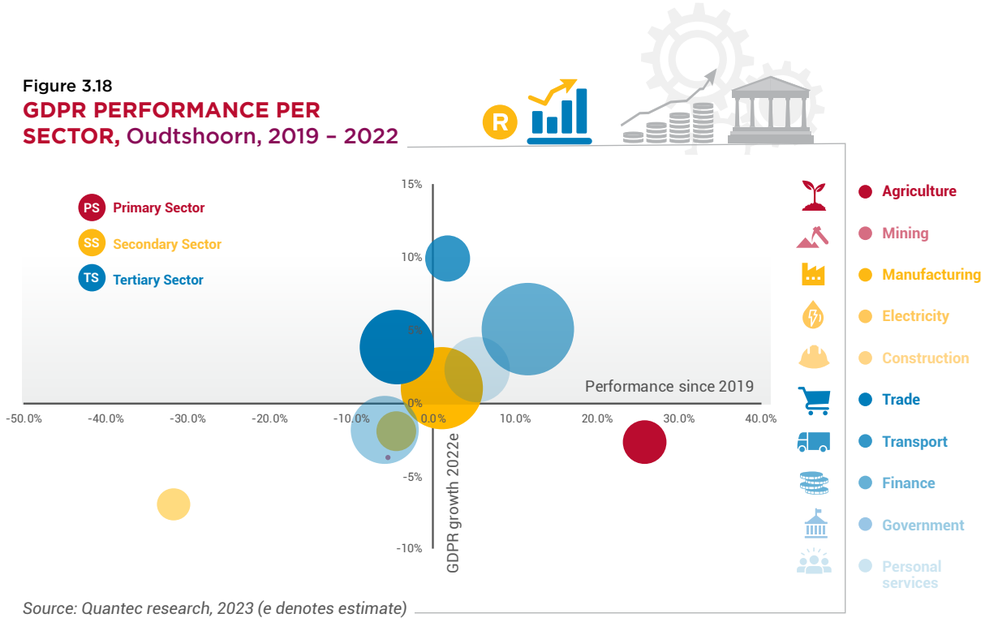
Source: Quantec research, 2023

Labour in the Oudtshoorn municipal area is mostly semi-skilled (30.9 per cent) and low-skilled (27.9 per cent). Semi-skilled workers tend to be concentrated in the trade, finance and manufacturing sectors. By contrast, low-skilled workers are usually employed in agriculture and personal services. As tertiary sector activities in the Oudtshoorn municipal area have grown over the past decade, the number of skilled workers in the area has increased, especially in the finance sector. New job opportunities for low-skilled workers have been more prevalent in the agriculture and manufacturing sectors.

Economic expansion in 2022, estimated at 2.2 per cent, resulted in the economy reaching full recovery from the downturn of 2020. The sectors that contributed the most to this expansion included finance (1.3 percentage points), transport (0.6 of a percentage point) and trade (0.5 of a percentage point). Contractions in the agriculture, electricity, gas and water, construction and general government sectors dampened the economic prospects for growth in 2022.

While the economy as a whole has recovered, the mining, electricity, gas and water, construction and trade sectors have not yet recovered the losses recorded in 2020. On the other hand, despite contracting in 2022, the agriculture sector is still performing at elevated levels because of its exceptional performance in 2020 and 2021. The ostrich industry came under pressure in 2022 as feed and fuel prices soared and poor rains affected water availability. The beneficiation of ostrich products was also constrained by numerous challenges. Lower slaughter rates were reported in 2022 relative to 2021, leading to a reduction in the availability of ostrich meat.[6] Furthermore, despite increased demand for ostrich feathers, logistical challenges in China and the United States dampened sales. International demand for ostrich products overall remained strong, however, boosting regional exports and benefiting the local manufacturing sector.

Figure 3.18
GDPR PERFORMANCE PER SECTOR, Oudtshoorn, 2019 – 2022

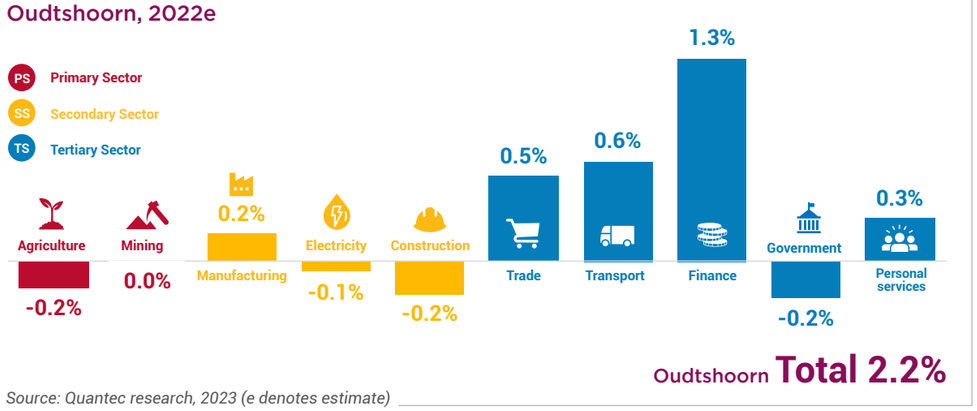


Source: Quantec research, 2023 (e denotes estimate)

[6] *(Klein Karoo Eiendoms Beperk, 2022).*

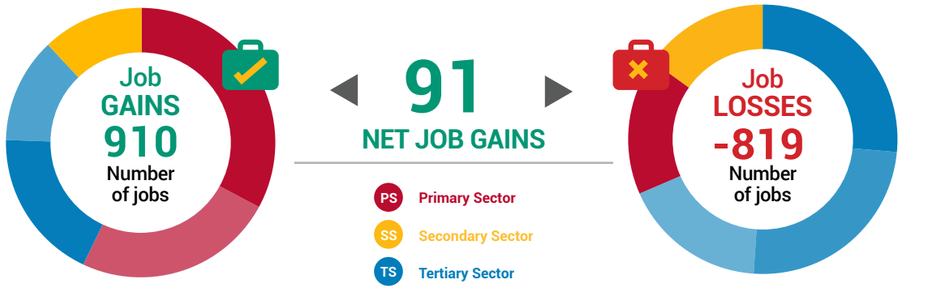
In 2022, workers returned to the labour force, as evidenced by the 2.2 percentage point increase in the labour force participation rate. This rate, the lowest in the GRD, reached 57.4 per cent. Consequently, the Oudtshoorn municipal area had the largest proportion of people in the District who were not economically active (42.6 per cent). It should be noted, however, that these statistics may reflect the presence of the South African Army Infantry School and the South Cape TVET College campus in Oudtshoorn.

Figure 3.19
SECTORAL CONTRIBUTION TO GDPR GROWTH (PERCENTAGE POINTS), Oudtshoorn, 2022e



Source: Quantec research, 2023 (e denotes estimate)

Figure 3.20
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES,
Oudtshoorn, 2021 – 2022



91
NET JOB GAINS

PS Primary Sector
SS Secondary Sector
TS Tertiary Sector

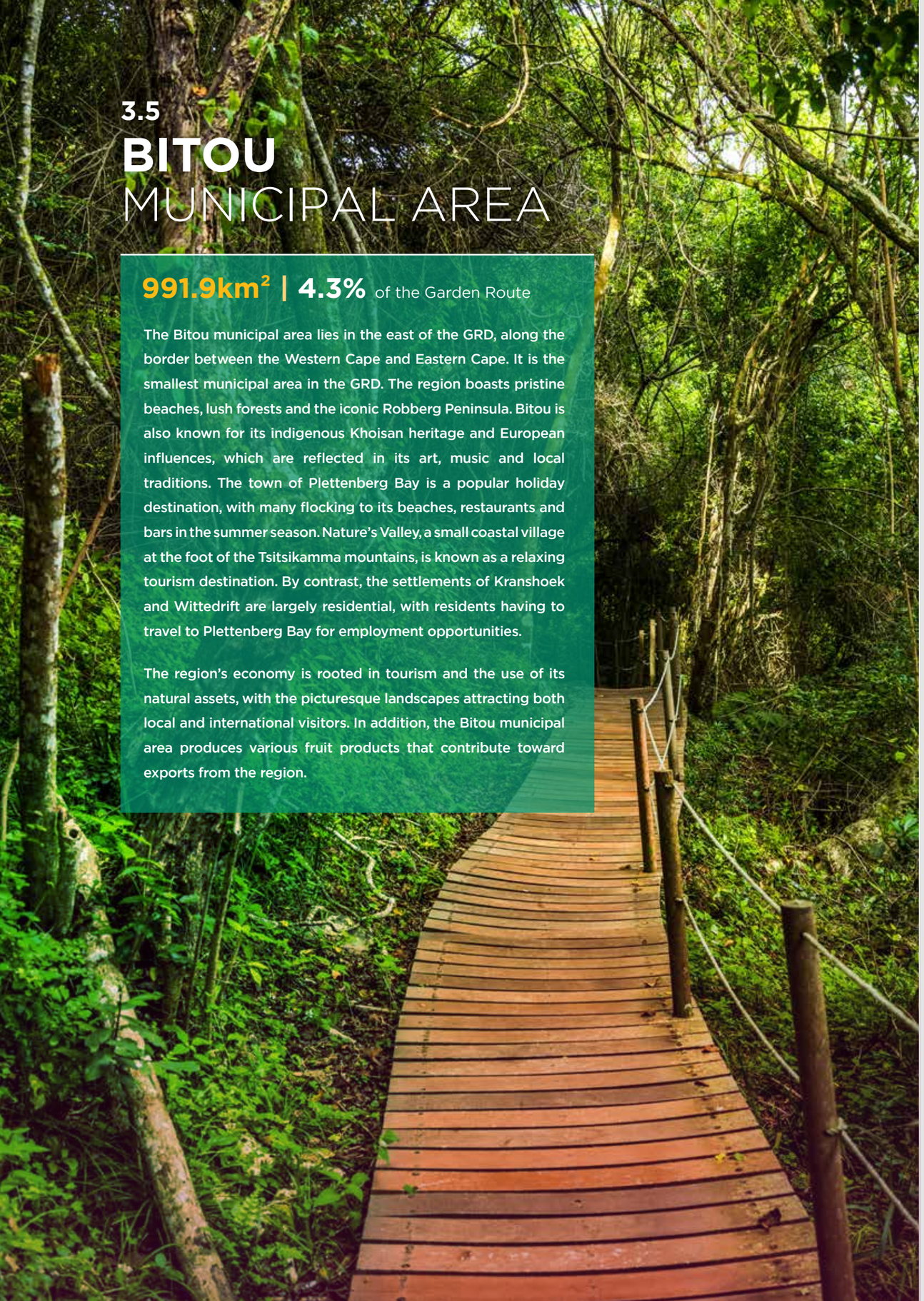
Mixed farming	134	
Growing of non-perennial crops	100	
Security systems service activities	75	
Other personal service activities	51	
Electrical, plumbing and other construction installation activities	49	
Other	501	

TOP 5 SECTORS
Number of full-time job gains/losses

	-98	Retail sale of food, beverages and tobacco in specialised stores
	-92	Short-term accommodation activities
	-65	Support activities to agriculture and post-harvest crop activities
	-61	Animal production
	-56	Spinning, weaving and finishing of textiles
	-447	Other

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The agriculture sector's precarious performance has resulted in some subsectors creating jobs while others shed jobs. For example, the employment of mixed farming and non-perennial crop cultivators increased, while those working in animal production and agricultural support activities lost their jobs. However, the most significant job losses were recorded for retail workers and those working in short-term accommodation facilities, underscoring both the importance of tourism for local jobs and the slow recovery of tourism in the area. Given this slow recovery of tourism, the reduction in consumer purchasing power and fears that the trade and agriculture sectors will continue to shrink, GDPR growth in the Oudtshoorn municipal area is expected to increase marginally by 0.4 per cent in 2023. However, the expectation is that household spending will subsequently improve, prompting growth of 1.2 per cent in 2024.



3.5 BITOU MUNICIPAL AREA

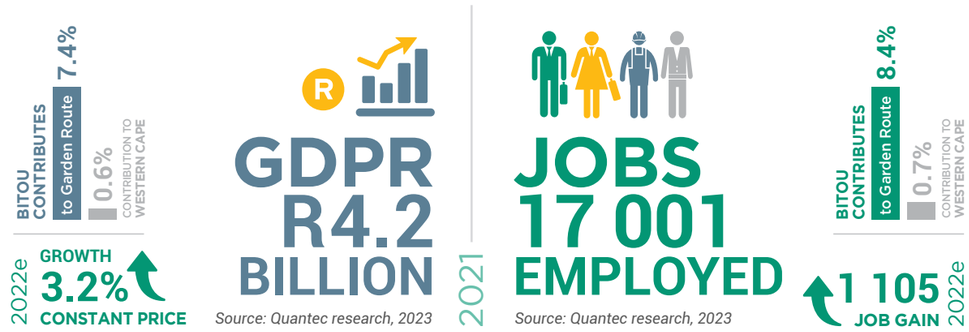
991.9km² | 4.3% of the Garden Route

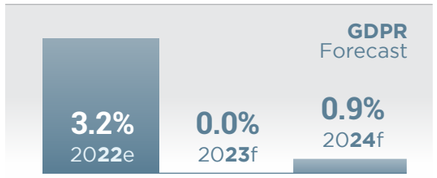
The Bitou municipal area lies in the east of the GRD, along the border between the Western Cape and Eastern Cape. It is the smallest municipal area in the GRD. The region boasts pristine beaches, lush forests and the iconic Robberg Peninsula. Bitou is also known for its indigenous Khoisan heritage and European influences, which are reflected in its art, music and local traditions. The town of Plettenberg Bay is a popular holiday destination, with many flocking to its beaches, restaurants and bars in the summer season. Nature's Valley, a small coastal village at the foot of the Tsitsikamma mountains, is known as a relaxing tourism destination. By contrast, the settlements of Kranshoek and Wittedrift are largely residential, with residents having to travel to Plettenberg Bay for employment opportunities.

The region's economy is rooted in tourism and the use of its natural assets, with the picturesque landscapes attracting both local and international visitors. In addition, the Bitou municipal area produces various fruit products that contribute toward exports from the region.

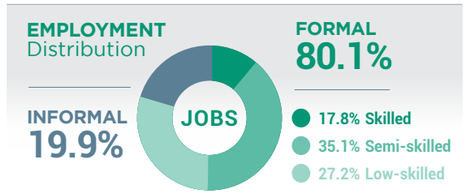
Diagram 3.5

GDPR (CURRENT PRICES) AND EMPLOYMENT, Bitou





Source: Urban-Econ based on Quantec and SARB, 2023



Source: Quantec research, 2023

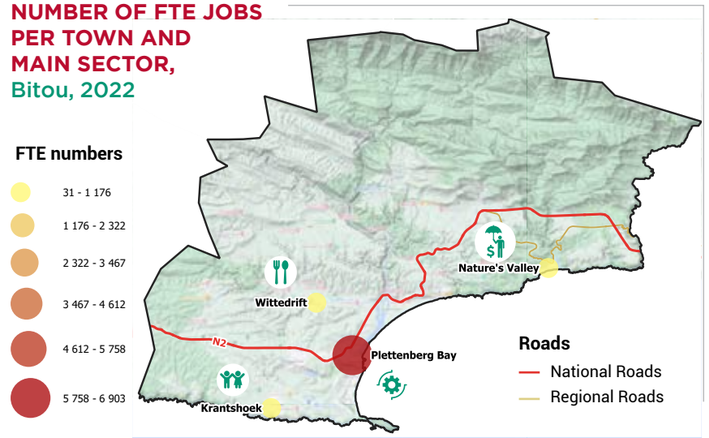
EMPLOYMENT PROFILE

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2021 ↓	2022e	2021 ↑	2022e	2021 ↑	2022e	2021 ↓	2022e
31.8%	30.9%	69.9%	72.2%	47.7%	49.9%	30.1%	27.8%

Source: Quantec research, 2023 (e denotes estimate)

Map 3.5

NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, Bitou, 2022



Main sector for employment

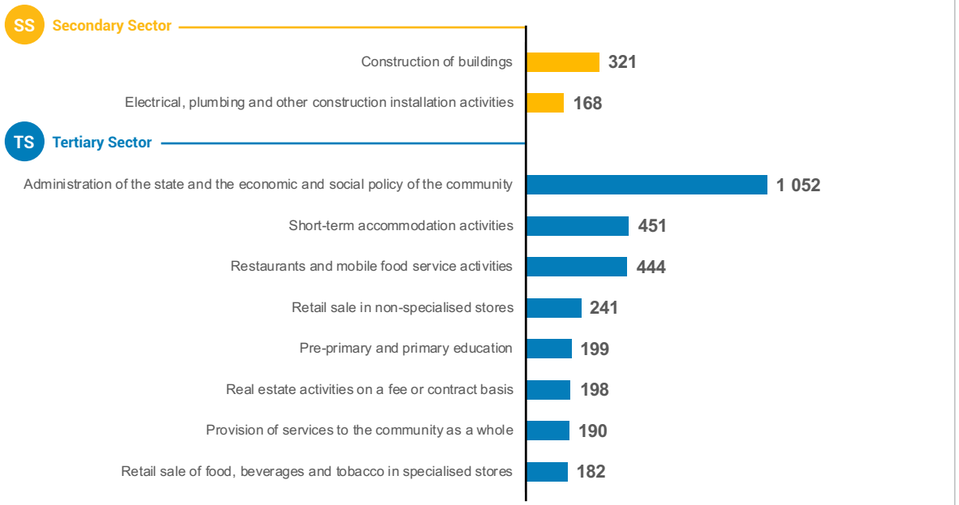
- Pre-primary and primary education
- Activities of holding companies
- General public administration at Local Government level
- Restaurants and mobile food service activities

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The GDPR of the Bitou municipal area was R4.2 billion in 2021. The finance (31.2 per cent), trade (18.0 per cent) and general government (11.0 per cent) sectors emerged as key contributors to GDPR, with the multifaceted finance sector encompassing activities ranging from accounting and research and development to property letting and insurance. Most of the economic activity occurs in Plettenberg Bay, with the Bitou Municipality being a prominent employer in the area and residential real estate activities adding substantial value to the finance sector. The considerable contribution of the trade sector in 2021 speaks to the importance of tourism for the local economy – as such, accommodation services and restaurants also contribute substantially to employment in the municipal area. However, tourism is highly seasonal, with peak periods being school holidays.

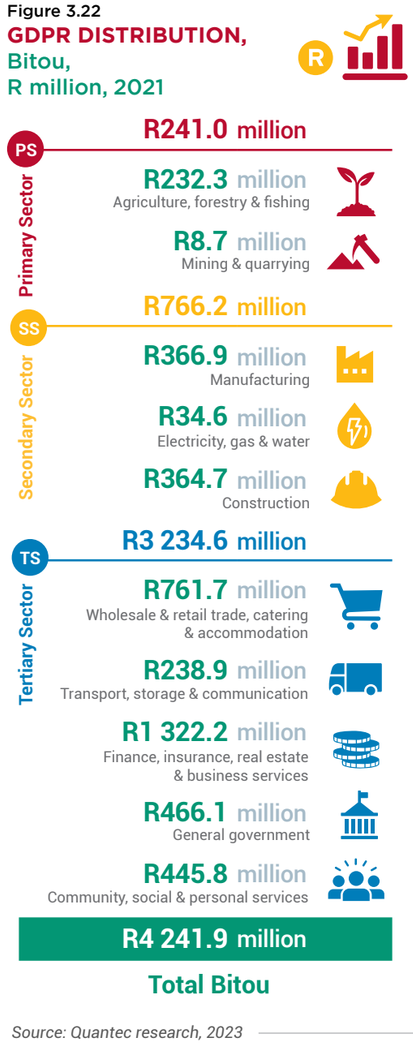
JOBS

Figure 3.21
TOP 10 SECTORS BY NUMBER OF FTE JOBS, Bitou, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.22
GDPR DISTRIBUTION, Bitou, R million, 2021



Source: Quantec research, 2023

Given the dependence on tourism, the economy of the Bitou municipal area was severely impacted by the COVID-19 pandemic but has been on a recovery trajectory since then. Following the 5.8 per cent contraction in 2020, the economy expanded by 2.8 per cent in 2021 and is estimated to have expanded further in 2022. The growth rate signified a recovery from the downturn in 2020. In conjunction with the GDPR growth, employment also increased for the first time since 2020, with 1 105 formal and informal jobs being created in 2022. With 19.9 per cent of workers being informally employed, the informal sector has become an important source of employment for the Bitou municipal area. The job growth recorded in 2022 lowered the unemployment rate by 1.0 percentage point to 30.9 per cent. However, the unemployment rate remains the highest in the District and exceeds that of the Province (24.5 per cent). Given the prominence of the trade, tourism and general government sectors, there is a growing need for semi-skilled and skilled workers in those industries, emphasising the value of targeted skills development initiatives.

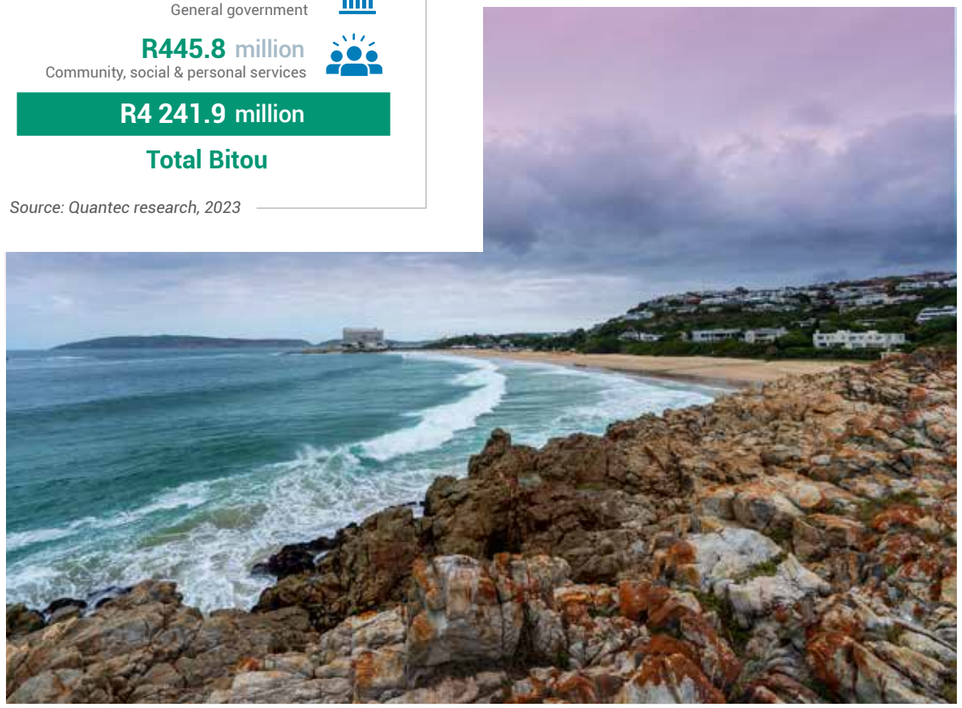
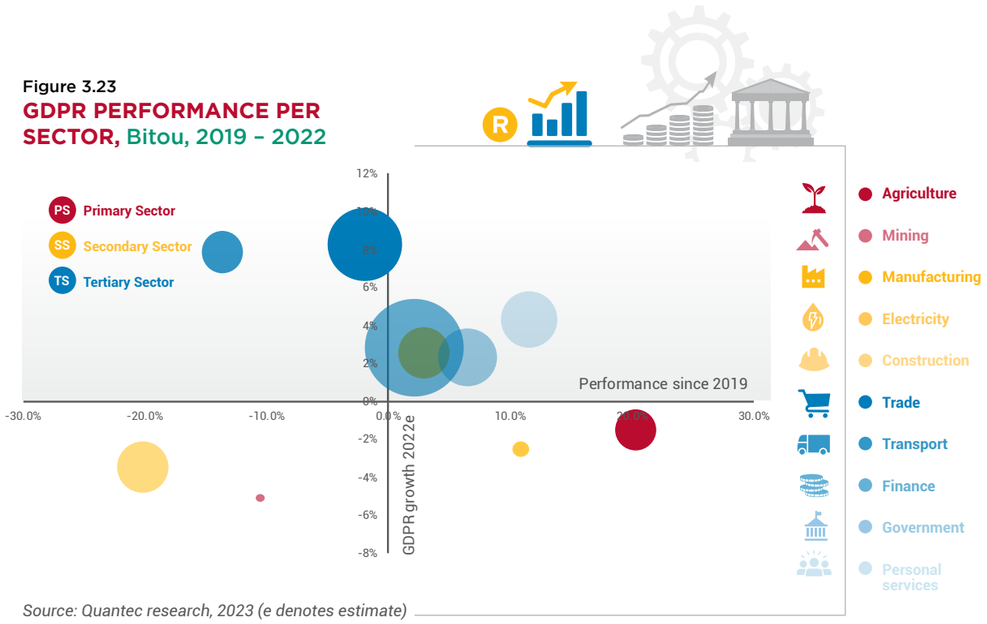


Figure 3.23

GDPR PERFORMANCE PER SECTOR, Bitou, 2019 – 2022



Source: Quantec research, 2023 (e denotes estimate)

The trade sector is estimated to have grown by 8.3 per cent in 2022, a 1.3 percentage point contribution to the region's overall projected growth. While this sector contributed the most to the overall economic performance in 2022, it still lags behind its 2019 performance, highlighting the slow recovery of tourism. The trade sector also contributed substantially to employment growth in the region, with employment in retail stores increasing by 35 jobs and restaurant and mobile food service jobs increasing with 156 workers. Despite these positive trends, as the tourism industry remains constrained in light of poor purchasing power from households, accommodation services shed jobs in the Bitou municipal area in 2022.

The finance sector also contributed substantially to the overall economic performance in 2022. With an estimated growth rate of 2.8 per cent, the sector has fully recovered from the losses recorded in 2020. Semigration is having a substantial positive impact on the property market in coastal towns such as Plettenberg Bay, where property sales reached 1 590, the highest since 2014, with an average property value of R1.9 million.[7] Despite the popularity of the area generating significant activity in the property market, the construction sector is yet to recover from the disruptions to building activity that occurred in 2020. With an estimated 3.5 per cent contraction in 2022, the sector is affected by rising input costs and high interest rates, deterring investments in large-scale construction works and residential property.

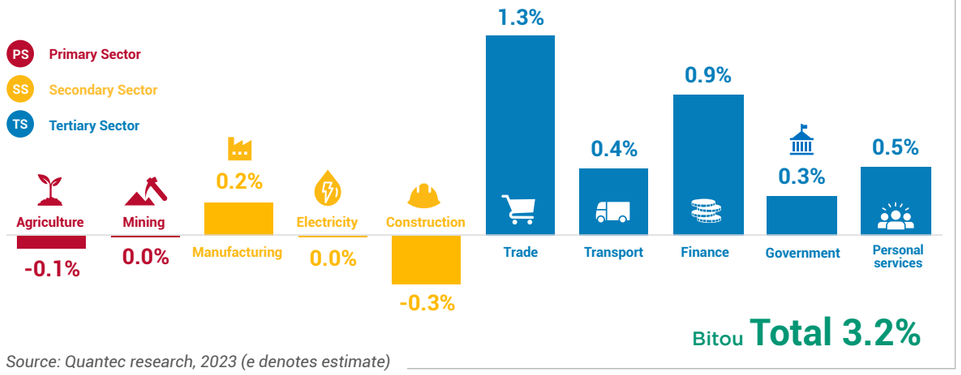
[7] *(Property24, 2023).*

However, 2022 also marked a substantial rise in the value of building plans passed and completed, which could have a positive impact on the sector in future.

The agriculture sector made a small yet valuable contribution to the GDPR of the Bitou municipal area in 2021 (R232.3 million). The cultivation of deciduous fruits, stone fruits and citrus fruits positively influenced the region's trade balance in the course of this year, also providing 1 547 employment opportunities. Most of those employed in agriculture fell into the semi-skilled and low-skilled employment categories (62.3 per cent). An estimated 109 new jobs were created in the sector in 2022, despite a 1.5 per cent contraction in agricultural GDPR.

Figure 3.24

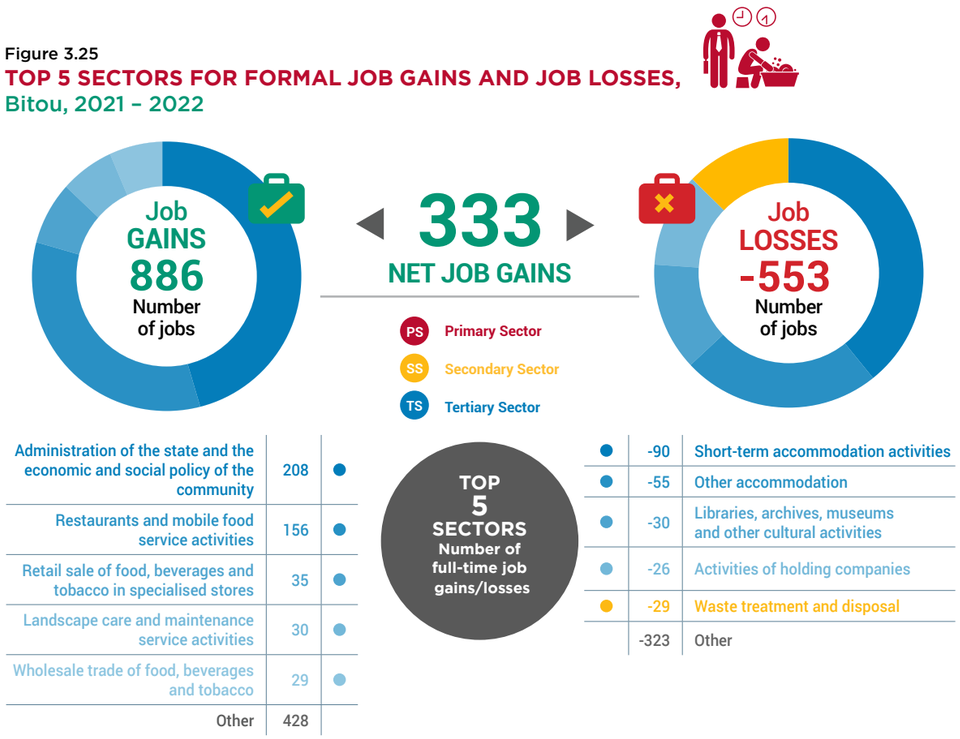
SECTORAL CONTRIBUTION TO GDPR GROWTH (PERCENTAGE POINTS), Bitou, 2022e



Source: Quantec research, 2023 (e denotes estimate)

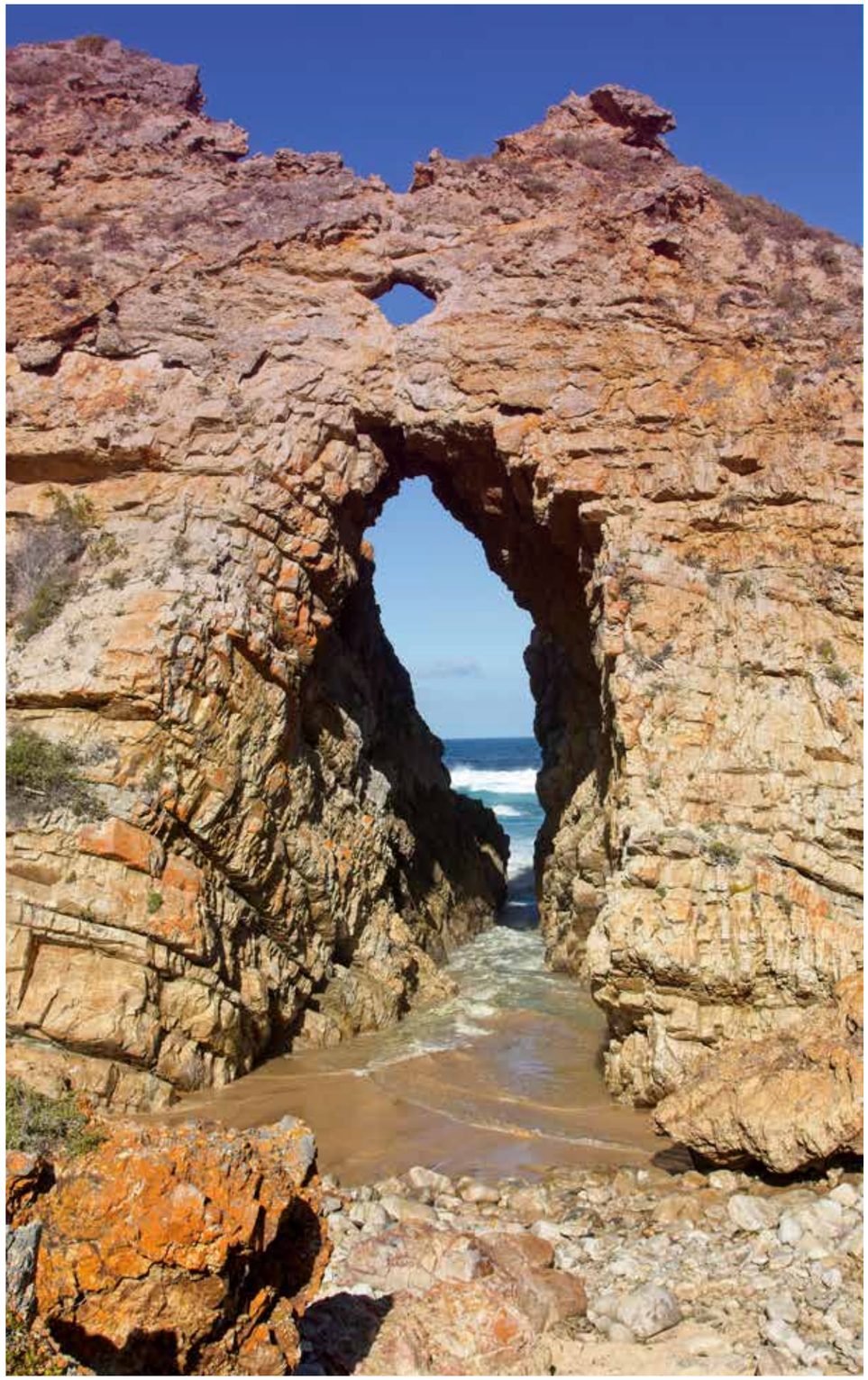
Figure 3.25

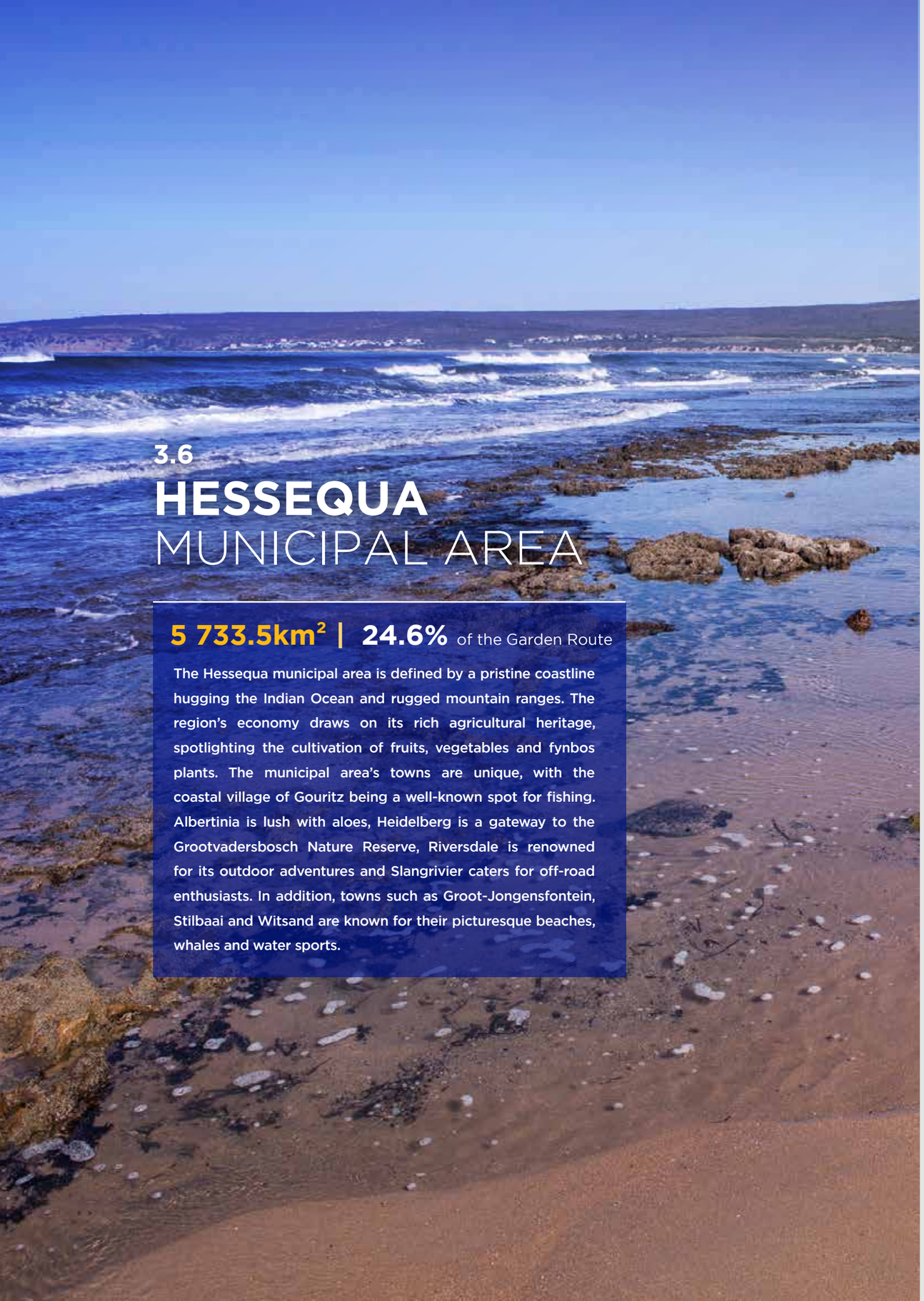
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES, Bitou, 2021 – 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The GDPR of the Bitou municipal area is forecast to stagnate in 2023, followed by a marginal increase of 0.9 per cent in 2024. The finance sector, a significant contributor to GDPR, is forecast to grow by 2.0 per cent in 2023 and a further 1.2 per cent in 2024. However, the positive effects of this growth are likely to be dampened by the shrinking of other major sectors, including an anticipated contraction of 3.1 per cent in the trade sector in 2023, as households have to curb spending in light of high interest rates. The contraction is forecast because of a slowdown in tourist activity in the wake of the deteriorating national economy constraining household spending. Ensuring safe beaches for tourists and local communities through initiatives such as the Plett Shark Action Group after the shark attacks of 2022 plays an integral role in the stability of the tourism market. The small but productive agriculture sector is also anticipated to contract in 2023 and 2024 (by 2.7 per cent and 0.8 per cent, respectively), as a consequence of declining global commodity prices, a weakening exchange rate and rising input costs.



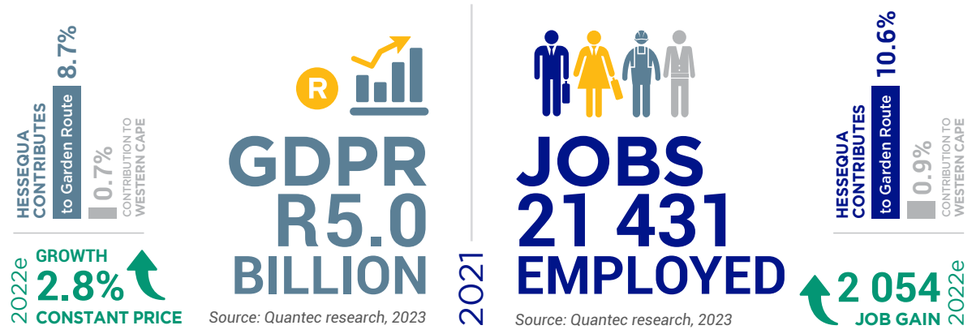


3.6 HESSEQUA MUNICIPAL AREA

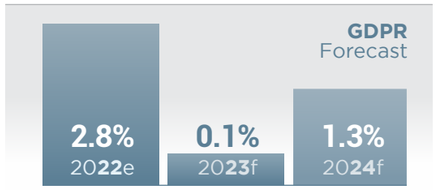
5 733.5km² | 24.6% of the Garden Route

The Hessequa municipal area is defined by a pristine coastline hugging the Indian Ocean and rugged mountain ranges. The region's economy draws on its rich agricultural heritage, spotlighting the cultivation of fruits, vegetables and fynbos plants. The municipal area's towns are unique, with the coastal village of Gouritz being a well-known spot for fishing. Albertinia is lush with aloes, Heidelberg is a gateway to the Grootvadersbosch Nature Reserve, Riversdale is renowned for its outdoor adventures and Slangrivier caters for off-road enthusiasts. In addition, towns such as Groot-Jongensfontein, Stilbaai and Witsand are known for their picturesque beaches, whales and water sports.

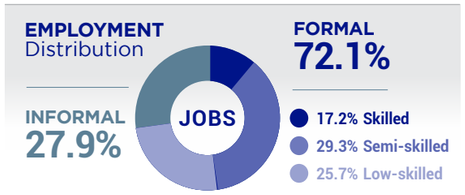
Diagram 3.6
GDPR (CURRENT PRICES) AND EMPLOYMENT, Hessequa



Source: Quantec research, 2023



Source: Urban-Econ based on Quantec and SARB, 2023



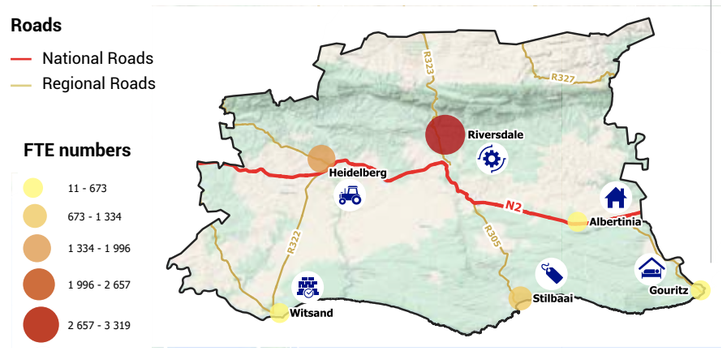
Source: Quantec research, 2023

EMPLOYMENT PROFILE

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2021	2022e	2021	2022e	2021	2022e	2021	2022e
10.5%	9.4%	65.7%	69.4%	58.8%	62.9%	34.3%	30.6%

Source: Quantec research, 2023 (e denotes estimate)

Map 3.6
NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, Hessequa, 2022

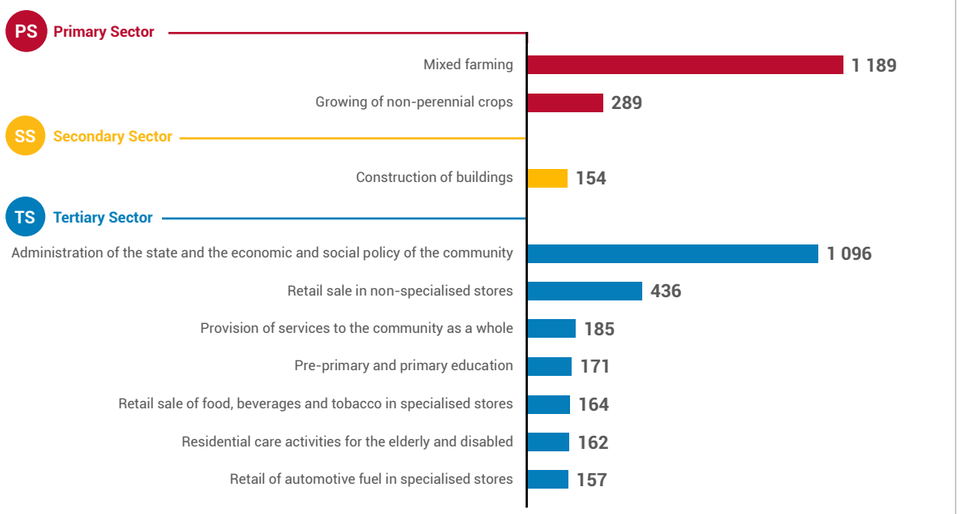


Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

In 2021, the Hessequa municipal area had a GDPR of R5.0 billion while employment stood at 21 431 workers, 27.9 per cent of whom were informally employed. The proportion of informally employed workers in the Hessequa municipal area is significantly more than in other areas of the GRD, highlighting the importance of small, medium and micro enterprises (SMMEs) as employers in this area. SMMEs are typically more affected during periods of economic instability, which could be considered a risk for this municipal area. Large concentrations of informal workers are engaged in activities in the construction, trade and transport sectors in the Hessequa municipal area.

JOBS

Figure 3.26
TOP 10 SECTORS BY NUMBER OF FTE JOBS, Hessequa, 2022

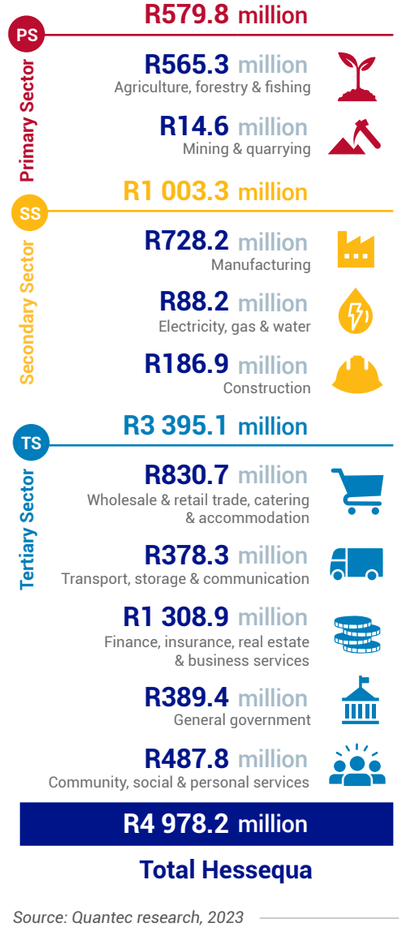


Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

While the landscape is dominated by agricultural activities, mainly grain, livestock and vegetable farming, it is the finance sector that added the most value to the economy, with a contribution of 26.3 per cent to the GDPR of 2021. The strength of this sector lies in real estate activities, especially along the coast, where property demand is fuelled by semigration as well as people purchasing holiday homes. The popularity of the area as a place of residence as well as for vacation results in a vibrant local retail sector, especially in areas such as Stilbaai. The N2 traversing the municipal area is another economic asset benefiting the retail sector, as tourists exploring the Garden Route and transporters often stop for fuel, food and beverages. This sector contributed 16.7 per cent to the GDPR of 2021.

Beneficiation of agricultural products is the predominant manufacturing activity in the area, especially meat processing. In 2021, the manufacturing sector contributed 14.6 per cent to the local economy. Local abattoirs include the Hessequa Abattoir (Riversdale), Albertinia Abattoir and Midkins Poultry Abattoir (Riversdale).

Figure 3.27
GDPR DISTRIBUTION, Hessequa, R million, 2021



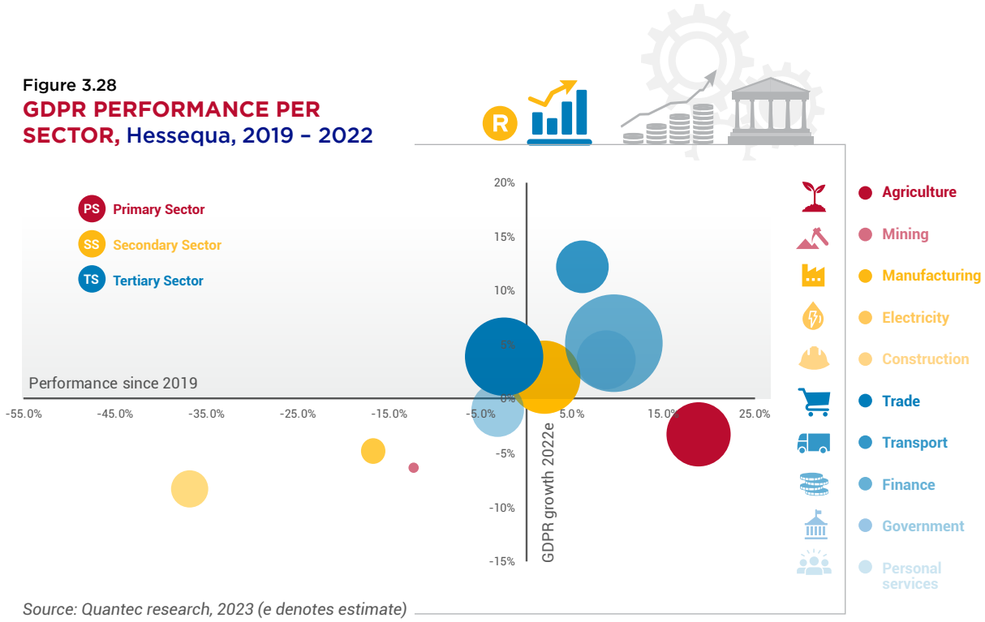
Source: Quantec research, 2023

Mixed farming was the most significant contributor to formal jobs in the Hessequa municipal area in 2022, providing 1 189 jobs. The second-largest employer was the general government sector (1 096 jobs) in the same year. Riversdale is the main centre for operations, with the local municipality office situated here, as well as the 50-bed District hospital and an office for the Western Cape Department of Agriculture. Given the importance of these two sectors as employers, it follows that 25.7 per cent of workers are low-skilled while 29.3 per cent are semi-skilled.

It is estimated that the economy of Hessequa grew by 2.8 per cent in 2022, while formal and informal jobs increased by 2 054. This job growth largely stemmed from the informal sector, especially trade. This positive trend led to a 1.1 percentage point decline in the unemployment rate of the municipal area – from 10.5 per cent in 2021 to 9.4 per cent in 2022. Despite fluctuations, Hessequa has consistently had the lowest unemployment rate in the GRD over the last decade.

The tertiary sector was the driver of economic growth in the municipal area, contributing 3.3 percentage points to overall GDPR growth in 2022 – with the finance sector alone contributing 1.4 percentage points. Because of semigration, there was a substantial increase in property sales and the value of property in 2022 – property sales increased by 18.4 per cent between 2021 and 2022, while property prices escalated by 13.1 per cent over the same period.[8] The growing population is increasing the demand for a variety of services, which has resulted in an increase in employment for those in education and social work. Given these employment trends, there is a growing demand for skilled and semi-skilled workers in the Hessequa municipal area.

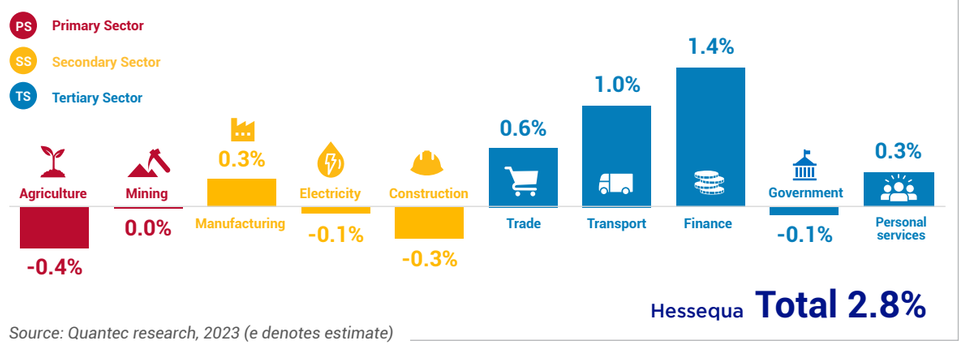
Figure 3.28
GDPR PERFORMANCE PER SECTOR, Hessequa, 2019 – 2022



Source: Quantec research, 2023 (e denotes estimate)

[8] *Calculated by Urban-Econ from Property24.*

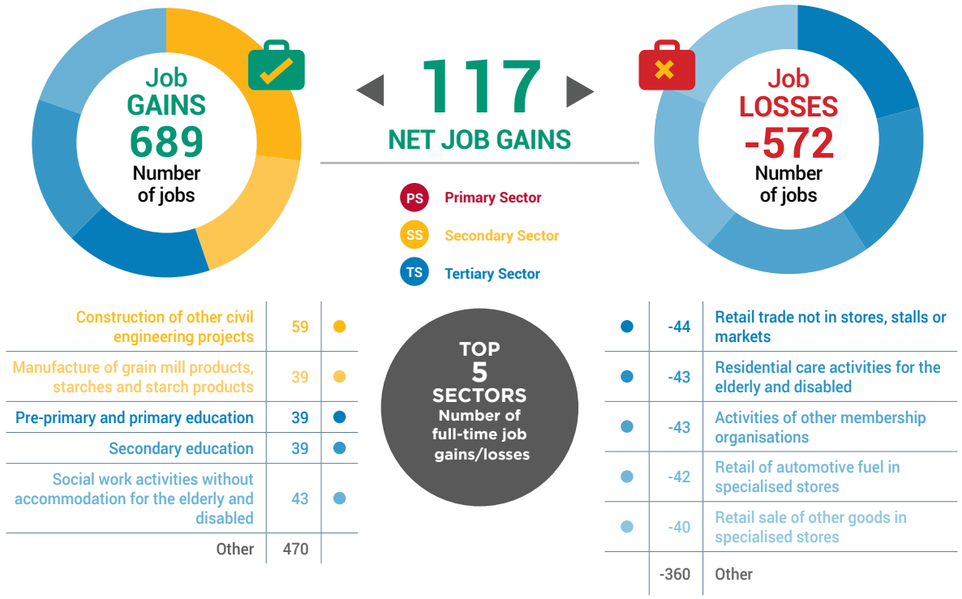
Figure 3.29
SECTORAL CONTRIBUTION TO GDPR GROWTH (PERCENTAGE POINTS), Hessequa, 2022e



Source: Quantec research, 2023 (e denotes estimate)

Figure 3.30

TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES, Hessequa, 2021 – 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Despite the strength of the retail sector, the reduced household purchasing power because of increased living costs has resulted in the sector operating below the levels recorded in 2019, with a large number of formal job losses in 2022. In Heidelberg, the local KFC closed permanently. In contrast to this trend, informal employment in the trade sector grew for the first time since 2017. Other sectors that have also not recovered the losses from 2020 include mining, electricity, gas and water, construction and general government. The government sector has been operating in a constrained fiscal environment, while the construction sector has been on a declining trend since before 2020 because of persistently increasing input costs. However, public sector investment can make a valuable contribution to growing this sector.

Despite GDPR contracting by an estimated 8.3 per cent in 2022, 59 formal jobs were created on civil engineering projects. Prominent civil works projects undertaken by the municipality in 2021/22 included the refurbishment of the Albertinia Waste Water Treatment Works, from which 6 372 residents stand to benefit from improved service delivery, as well as the upgrading of the Riversdale Waste Water Treatment Works, which will benefit approximately 16 177 residents.[9]

[9] *(Hessequa Municipality, 2023).*

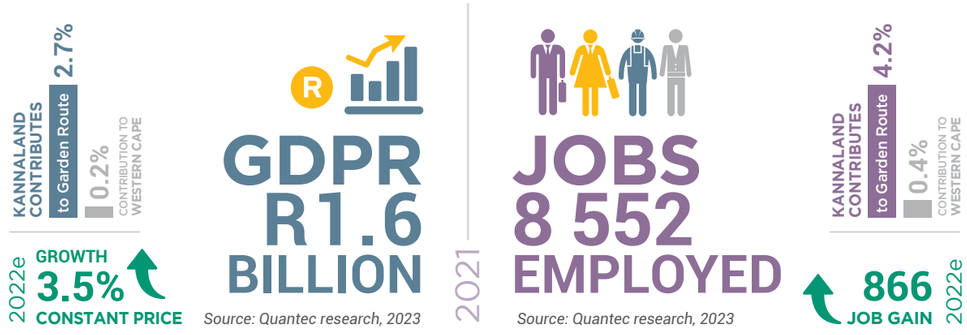
Looking ahead, the Hessequa municipal area is anticipated to grow marginally in 2023 (by 0.1 per cent) and by a further 1.3 per cent in 2024. The primary drivers of growth in the region are the finance and manufacturing sectors, which are anticipated to grow by 3.5 per cent and 1.7 per cent, respectively, in 2023. The slow GDPR growth expected in the municipal area is forecast to be primarily caused by losses in the construction and agriculture sectors, with the GDPR of these sectors anticipated to decrease by 6.0 per cent and 3.9 per cent, respectively. Both sectors are expected to contract further in 2024. Adverse effects on the agriculture sector have been brought on by a decline in international commodity prices, a weakening exchange rate and rising input costs. Moreover, the construction sector has not yet recovered to the levels of 2019, leaving the growth of the sector stunted.

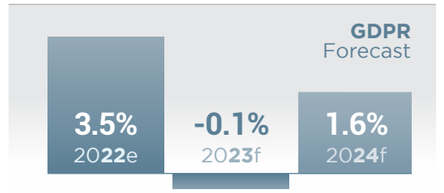
3.7 KANNALAND MUNICIPAL AREA

4 758.1km² | **20.4%** of the Garden Route

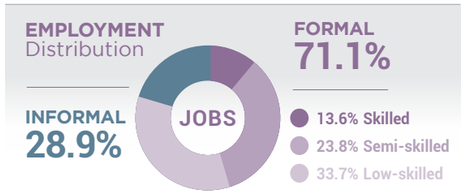
This remote and scenic region of the GRD is known for the cultivation of vegetables and fruits, including olives, as well as for the rich heritage of the San community. Noteworthy towns include Calitzdorp, located at the foot of the Huis River Pass and well known for its fresh and dried fruit production as well as its well-preserved architecture and cultural sites; Ladismith, nestled at the foot of the Klein Swartberg mountains and abundant in flowers in spring and autumn; Van Wyksdorp, positioned along the banks of the Groot River and perfect for thrill seekers looking to engage with nature; and Zoar, a small settlement located west of the Paardenberg Nature Reserve.

Diagram 3.7
GDPR (CURRENT PRICES) AND EMPLOYMENT, Kannaland





Source: Urban-Econ based on Quantec and SARB, 2023



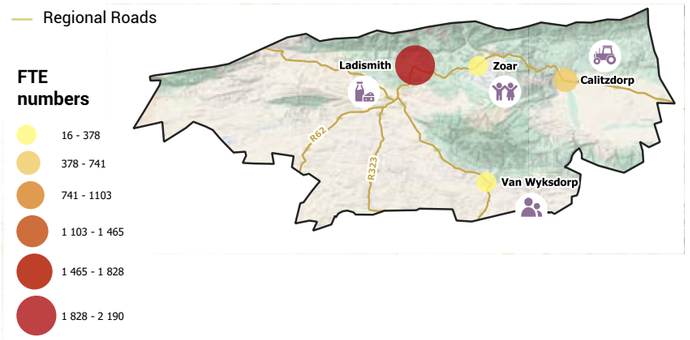
Source: Quantec research, 2023

EMPLOYMENT PROFILE

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2021	2022e	2021	2022e	2021	2022e	2021	2022e
12.5%	11.4%	55.3%	58.9%	48.4%	52.2%	44.7%	41.1%

Source: Quantec research, 2023 (e denotes estimate)

Map 3.7
NUMBER OF FTE JOBS PER TOWN AND MAIN SECTOR, Kannaland, 2022

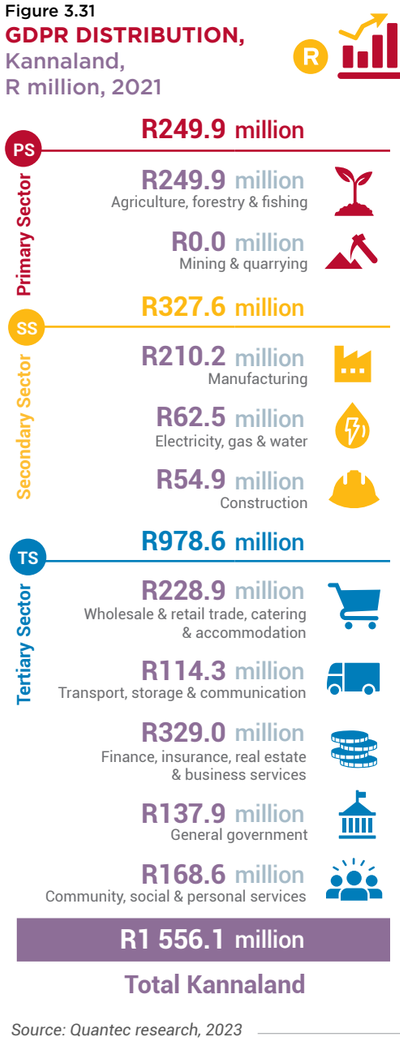


Main sector for employment

- Mixed farming
- Manufacture of dairy products
- Other social work activities without accommodation
- Pre-primary and primary education

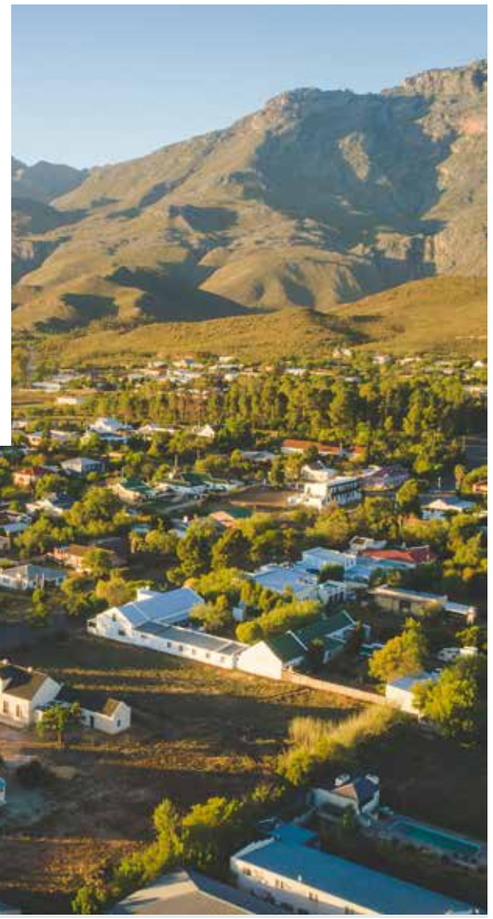
Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.31
GDPR DISTRIBUTION,
Kannaland,
R million, 2021



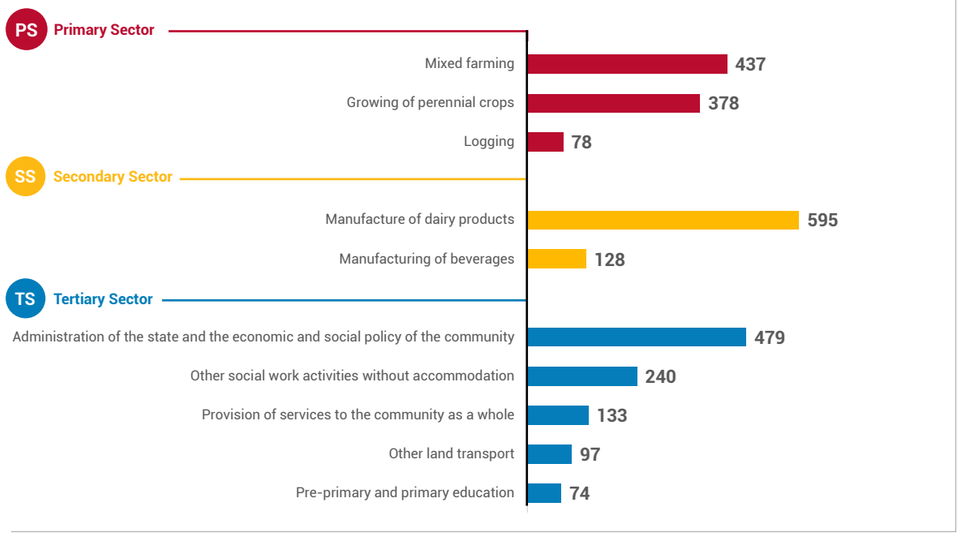
Source: Quantec research, 2023

The total GDPR for the Kannaland municipal area was R1.6 billion in 2021. This consisted mainly of contributions from the tertiary sector, led by the finance sector (R329.0 million), which contributed 21.1 per cent of the total GDPR in 2021. Given the region's agricultural prowess, which is attributable to ideal climate conditions for fruit, grains and livestock farming, the agriculture sector followed with a GDPR of R249.9 million in the same year and a contribution of 16.1 per cent to the overall GDPR. Not only is the agriculture sector a key contributor to GDPR, it is also the leading source of employment for formal work. This was followed by the manufacturing sector, which specialises in producing milk. Morning Milk cheese factory and Jireh cheese factory add value to the local dairy value chain in the Kannaland municipal area. Consequently, the dairy industry provided full-time employment to 595 people in 2022.



JOBS

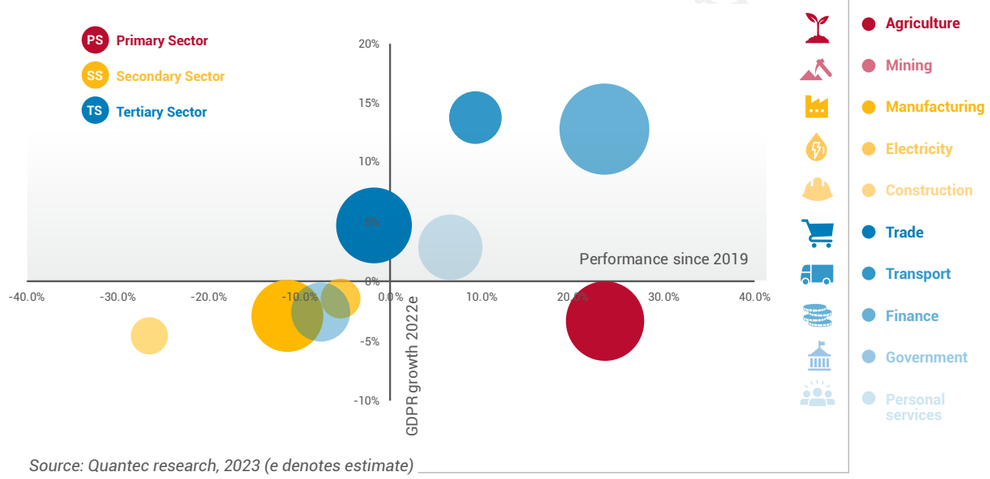
Figure 3.32
TOP 10 SECTORS BY NUMBER OF FTE JOBS,
Kannaland, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The estimated GDPR growth for the Kannaland municipal area in 2022 was 3.5 per cent. The transport sector (13.8 per cent) and the finance sector (12.8 per cent) showed the highest estimated growth for the same year, contributing 1.1 and 2.8 percentage points to GDPR growth, respectively. The transport sector is a valuable link in the local agricultural value chain due to the distance from prominent markets.

Figure 3.33
GDPR PERFORMANCE PER SECTOR,
Kannaland, 2019 – 2022

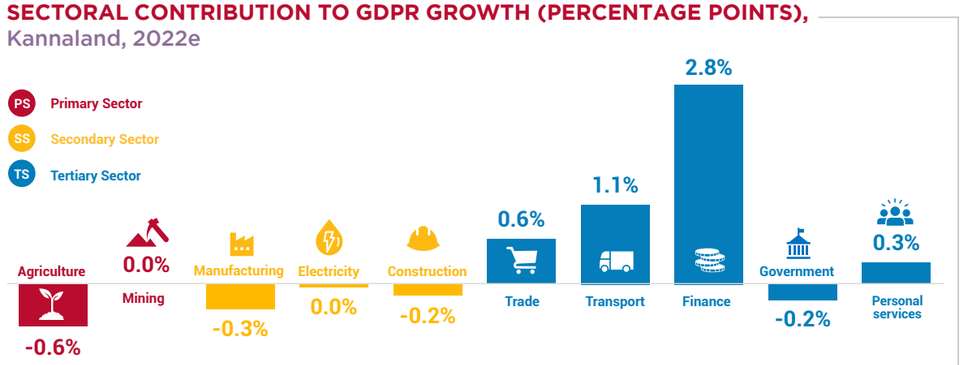


Source: Quantec research, 2023 (e denotes estimate)

Conversely, the construction sector contracted by an estimated 4.6 per cent, still having not regained its pre-COVID-19 levels. The COVID-19 pandemic had detrimental effects on this sector, predominantly because of the economic distress brought about by lockdown regulations and increasing input costs. The industry has been slow in making up lost ground because of rising input costs, and its GDPR for 2022 is anticipated to be 26.4 per cent lower than that of 2019. Other sectors' performances that also lag those of 2019 include manufacturing, electricity, gas and water, trade and general government. The fiscally constrained environment has had a negative impact on the performance of the general government sector, yet it remains an important local employer, providing formal employment to 479 people. Most of these workers are concentrated in Ladismith since Kannaland Municipality, along with the Western Cape Department of Agriculture, operates from here. The magistrate's court and prison also provide several job opportunities.

The activities undertaken in Calitzdorp are an important aspect of the municipal area's agricultural competence. This town is known as the port wine capital of South Africa because of its top-quality port wines, which are mainly produced by Boplaas, De Krans, Axe Hill and Calitzdorp Cellar. These producers are also some of the main local tourist attractions. Despite the significant contribution of the agriculture sector to the area's GDPR, its contraction in 2022 reduced the growth of the Kannaland GDPR by 0.6 of a percentage point. Rising input costs, load-shedding and locust swarms that descended on the Little Karoo in 2022 made for a challenging environment for this sector.

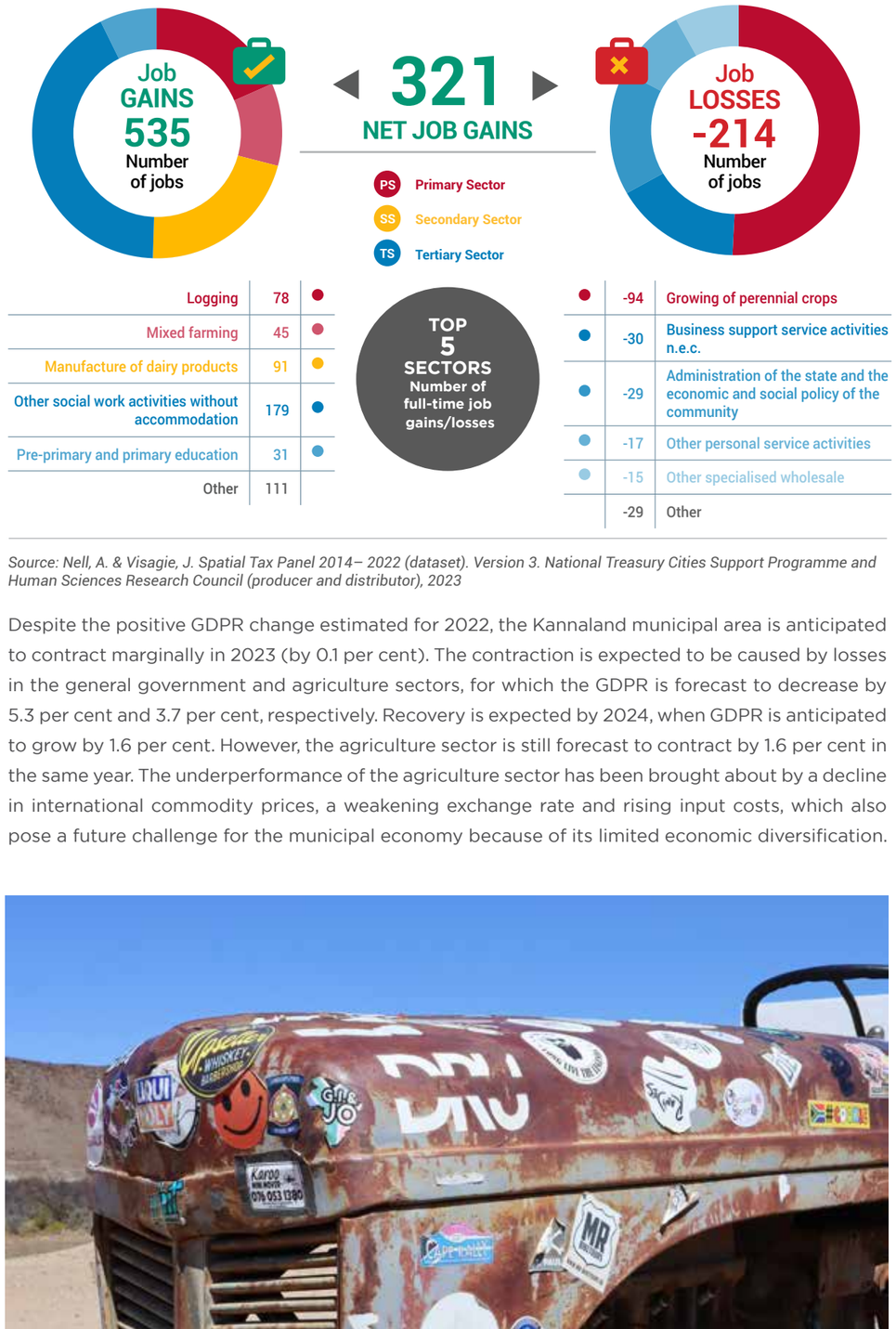
Figure 3.34
SECTORAL CONTRIBUTION TO GDPR GROWTH (PERCENTAGE POINTS),
Kannaland, 2022e



Source: Quantec research, 2023 (e denotes estimate)

The labour market in the Kannaland municipal area predominantly consisted of low-skilled workers in 2021 (33.7 per cent) because of the agricultural nature of employment opportunities in the region. Agricultural labour is highly seasonal, often resulting in increases in the unemployment rate. Despite this, the unemployment rate is estimated to have dropped to 11.4 per cent in 2022, 1.1 percentage points lower than the rate recorded in 2021 – and below the District's estimated rate of 19.9 per cent for 2022. Moreover, both the labour force participation rate and labour absorption rate are anticipated to have increased by an estimated 3.6 per cent and 3.8 per cent, respectively, in 2022. The informal sector has been an important source of job creation in the Kannaland municipal area, while in the formal arena, the area recorded a substantial increase in social workers (179 jobs) in 2022, followed by people working in dairy manufacturing (91 jobs). However, not all sectors showed a positive trend, with the perennial crop production sector as well as some personal and business services shedding jobs, emphasising that while the economy is growing, the business environment, as well as household spending, remain under pressure.

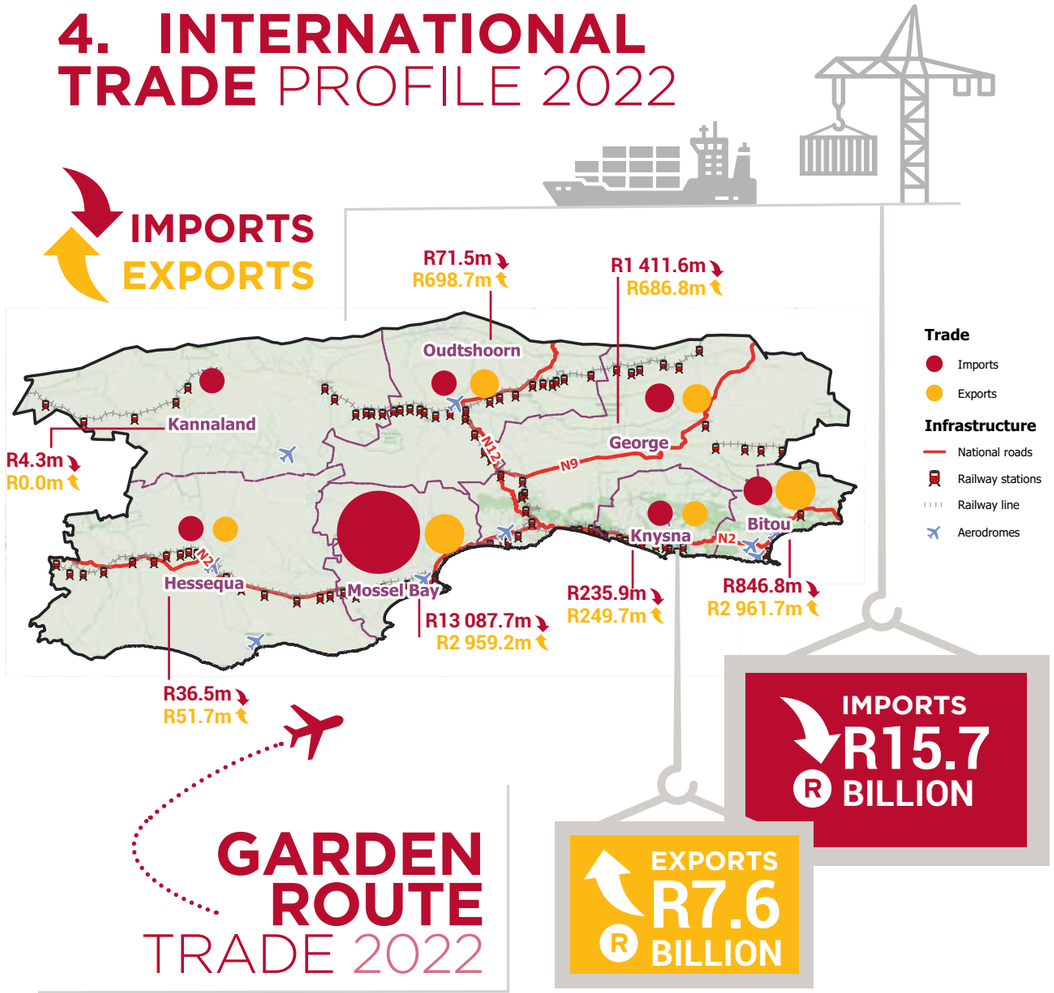
Figure 3.5
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES,
Kannaland, 2021 – 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014– 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Despite the positive GDPR change estimated for 2022, the Kannaland municipal area is anticipated to contract marginally in 2023 (by 0.1 per cent). The contraction is expected to be caused by losses in the general government and agriculture sectors, for which the GDPR is forecast to decrease by 5.3 per cent and 3.7 per cent, respectively. Recovery is expected by 2024, when GDPR is anticipated to grow by 1.6 per cent. However, the agriculture sector is still forecast to contract by 1.6 per cent in the same year. The underperformance of the agriculture sector has been brought about by a decline in international commodity prices, a weakening exchange rate and rising input costs, which also pose a future challenge for the municipal economy because of its limited economic diversification.

4. INTERNATIONAL TRADE PROFILE 2022



GARDEN ROUTE TRADE 2022

TOP 3 EXPORTED PRODUCTS

- Apples, pears & quinces
- Citrus fruit
- Prepared leather

TOP 3 EXPORT DESTINATIONS

- Norway
- United States
- United Kingdom

TOP 3 IMPORTED PRODUCTS

- Petroleum oils & oils other than crude
- New rubber pneumatic tyres
- Aluminium bars, rods & profiles

TOP 3 IMPORT DESTINATIONS

- India
- China
- Malaysia

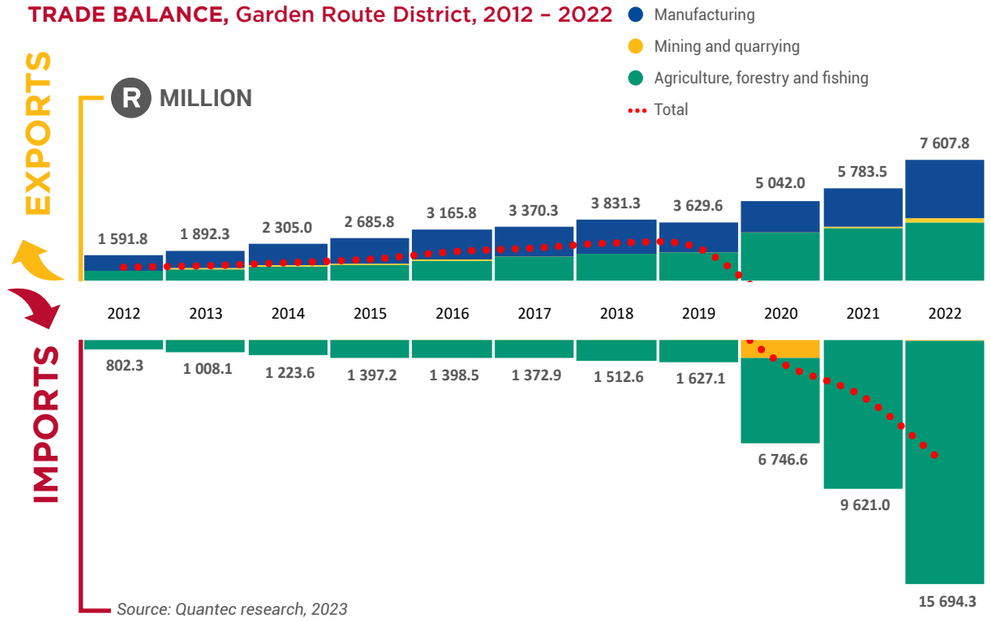
Source: Quantec research, 2023

The GRD's economy, known for agriculture, agro-processing and manufacturing, is not isolated. International trade has become a central part of the District's economic landscape even though the Kannaland and Hessequa municipal areas barely participate in such trade. The growing importance of international trade is primarily due to economic activity in the Bitou and Mossel Bay municipal areas: exports accounted for 30.6 per cent and 12.1 per cent, respectively, of the regional output at basic prices of these two areas in 2022.

While the District is well known for its vast sheep and ostrich farms and dairy production, these economic strengths did not translate into a positive trade balance from 2020 to 2022.

The GRD's trade balance could not remain positive in the face of challenges such as those presented by the COVID-19 pandemic, the Ukraine-Russia war, market fluctuations, exchange rate volatility and an unreliable electricity supply. Even though there is an airport in George and a harbour in Mossel Bay, it is Cape Town Harbour and Cape Town International Airport – accessed via the N2 – that are most used for the transport of goods intended for export.

Figure 4.1
TRADE BALANCE, Garden Route District, 2012 – 2022

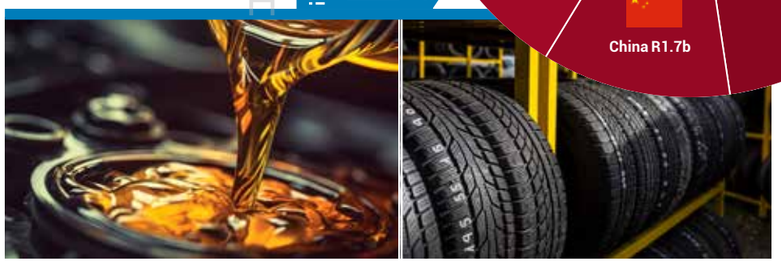


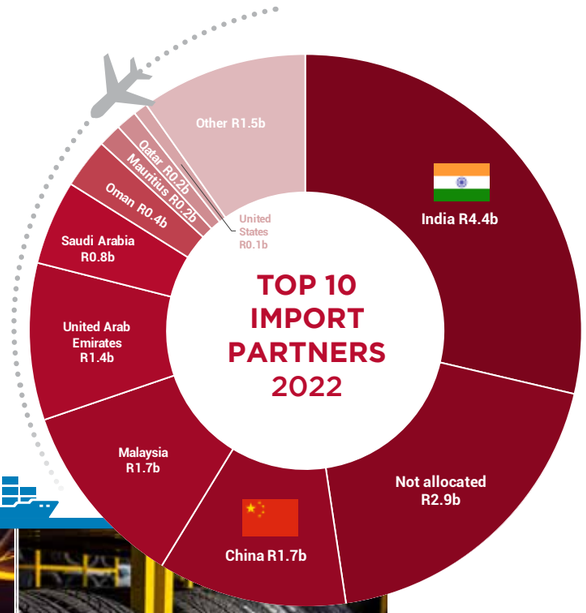
Source: Quantec research, 2023

Manufacturing and agriculture have been the best-performing sectors in terms of trade during the past decade, accounting for 48.4 per cent and 47.6 per cent of the District exports, respectively. With cheesemakers and flower and foliage farmers in George, ostrich farmers in Oudtshoorn, aloe cosmetics and health product manufacturers in Albertinia, and fresh and frozen fish suppliers in Plettenberg Bay, the GRD is a diverse and fruitful region for agriculture and agro-processing activities.

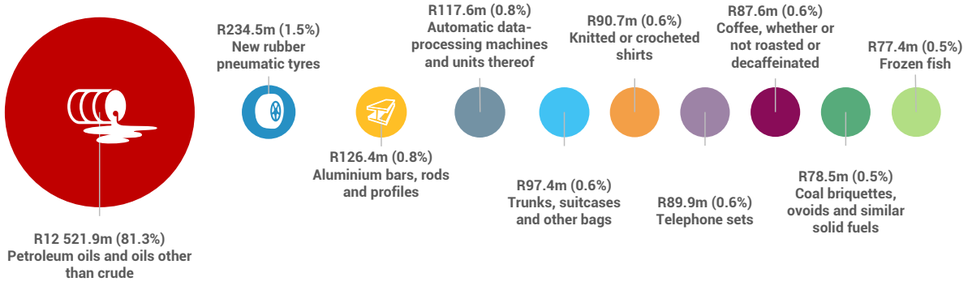
IMPORTS
Garden Route District, 2022

TOTAL R15.7 BILLION





TOP 10 IMPORTED PRODUCTS

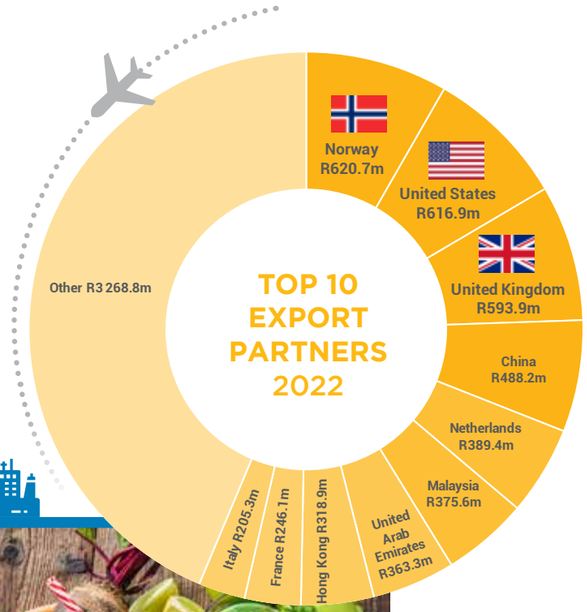


Source: Quantec research, 2023

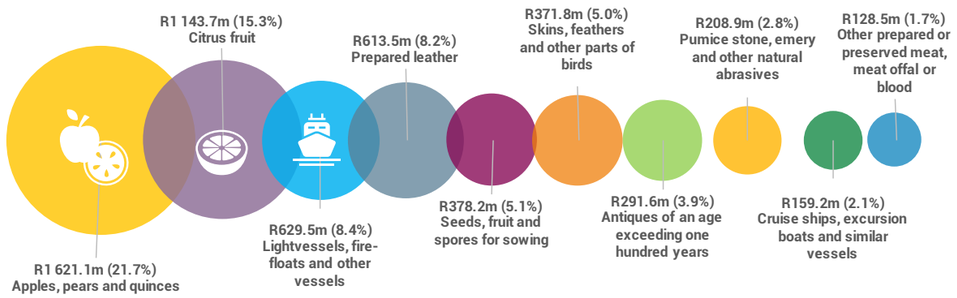
A good understanding of the District's trade operations can be gained by examining the primary imports required by the local agro-processing industry. Petroleum oils and oils obtained from bituminous substances accounted for 81.3 per cent of GRD imports in 2022. These products are typically used for producing petrochemicals, such as at the PetroSA gas-to-liquids refinery in Mossel Bay. New rubber pneumatic tyres (1.5 per cent of imports) are used in handling machinery essential to the agriculture sector, such as tractors and forklifts. Aluminium bars, rods and profiles (0.8 per cent of imports) are most commonly used in construction but can also be used for machinery, again highlighting the importance of agriculture and manufacturing in the District.

EXPORTS
Garden Route District, 2022

TOTAL R7.6 BILLION



TOP 10 EXPORTED PRODUCTS



Source: Quantec research, 2023

Given the extensive agricultural activities, it is expected that fruit farming contributes the most to exports from the GRD. Farmed in the Witfontein hills northwest of George and in the Langkloof Valley, pome fruit accounted for 21.7 per cent of total exports (worth R1.6 billion) in 2022.

In addition, citrus fruit cultivated in the surrounds of Riversdale was distributed extensively to countries such as China, the Netherlands and the United Arab Emirates, contributing 15.3 per cent to total exports (a share valued at R1.1 billion). The European Union (EU) has expressed concern about the false codling moth, which affects citrus fruit, and has called for stricter cold treatment measures to curb the spread of the insect. This would require high levels of investment, which the Citrus Growers' Association considers unnecessary.[10]

[10] *(News24, 2023).*

The matter has highlighted the importance of diversifying trade partners. As the leading importers of citrus from the GRD are not solely in Europe, possible shocks to demand from Europe will have less of an effect.

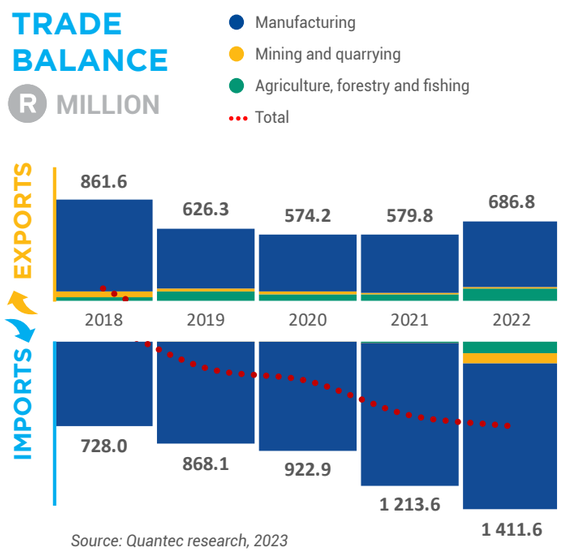
The importation of frozen fish (0.5 per cent of imports) supplements the local supply of frozen fish, compensating for seasonal slumps and ensuring that demand for fish is met in areas where seafood restaurants are a valuable tourism asset. Leather, skins and other parts of birds produced by companies such as Klein Karoo International, located in Oudtshoorn, and Mosstrich (Pty) Ltd, located in Mossel Bay, accounted for 8.2 per cent and 5.0 per cent of total exports, respectively. The GRD's economy is boosted by trade from agriculture and manufacturing, and while there are barriers to trade, such as the distance to ports, the area has a competitive advantage in terms of trade in ostrich products and recreational vessels (the third-largest export from the region), which can be used to leverage economic growth and job creation.

4.1 Municipal imports and exports

GEORGE TRADE PROFILE 2022

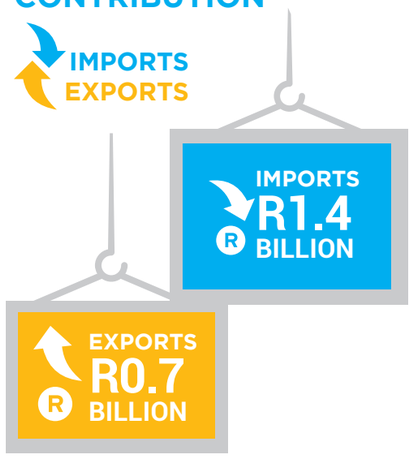
TRADE BALANCE

R MILLION



Source: Quantec research, 2023

ECONOMIC CONTRIBUTION



Source: Quantec research, 2023

TOP 3 EXPORTED PRODUCTS

R115.0m	R62.8m	R46.9m
Other agricultural machinery	Motor cars & other motor vehicles	Fresh fruit

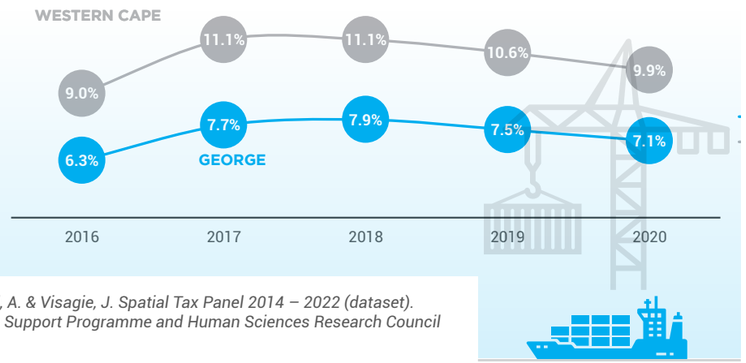
TOP 3 IMPORTED PRODUCTS

R96.6m	R90.5m	R87.2m
Trunks, suitcases & other bags	Knitted or crocheted shirts	Coffee, whether or not roasted or decaffeinated

Source: Quantec research, 2023

PERCENTAGE OF BUSINESSES REGISTERED AS EXPORTERS

REGISTERED EXPORTERS



Source: Quantec research and Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The George municipal area is the primary service centre of the GRD, known for its fertile farmlands, timber plantations, fruit orchards (in the Langkloof area) and grazing areas (in the Little Karoo). However, the trade balance of this area has been deteriorating in recent years, primarily because of the declining trade balance of the manufacturing sector. By contrast, favourable farming conditions have enabled agriculture to thrive: this was the only sector to record a positive trade balance in 2022. Local farmers and agricultural manufacturers specialise in, inter alia, the production and export of berries and machinery used in beer-making. Major transport routes between Cape Town and Gqeberha pass through the George municipal area, which also has a regional airport and is a growing urban hub. However, exports only accounted for 1.2 per cent of the municipal area's output at basic prices in 2022. Imports into the George municipal area are largely everyday consumer goods such as trunks, suitcases, vanity cases and the like (R96.6 million), knitted or crocheted shirts (R90.5 million) and coffee (R87.2 million) for resale nationally. Importers of these goods, situated in George, include Frasers, Marunic Coffee and Silhouett.

The George municipal area is home to agricultural companies such as South African Breweries, which specialises in hop farming; Cape Pine, which manufactures wooden furniture; and Golden Harvest, which harvests fresh fruit. Unsurprisingly, the municipal area's top exported products were agricultural machinery[11] (R115.0 million) and fresh fruit (R46.9 million), especially strawberries.

[11] *Agricultural machinery other than that used for soil preparation or cultivation, harvesting or threshing, milking and other dairy machines, or machines used for making wine, cider, juice and other beverages.*
[12] *(Redberry Farm, 2023).*
[13] *(South Cape Fruit, 2023).*
[14] *(Blue Mountain Berries, 2023).*

Berries

The oceanic climate of the George municipal area has proven to be ideal for the farming of berries such as strawberries and blueberries, proven in the large quantities of exported strawberries from the region, which amounted to R46.0 million in 2022 – 54.4 per cent higher than the previous year. The berry industry is growing, with the value of exported raspberries, mulberries, blackberries and loganberries increasing from just R6 720 in 2020 to R502 270 in 2022. Prominent local producers such as Redberry Farm, South Cape Fruit and Blue Mountain Berries contribute to this growth and, in turn, help to improve the local economic performance as well as the socio-economic standing of local communities.

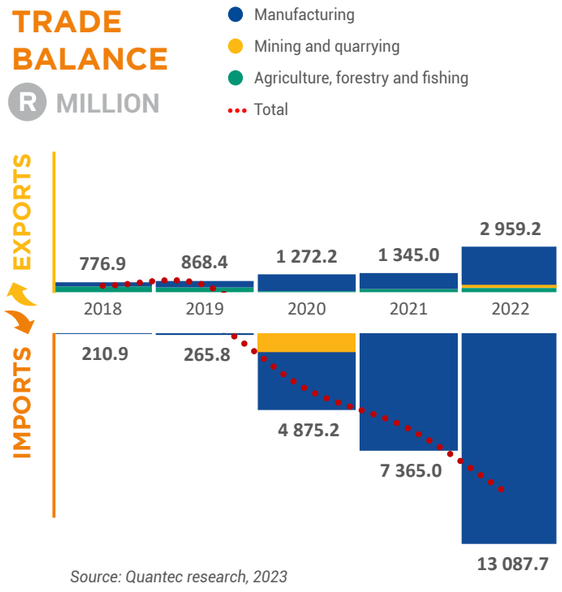
The local berry-farming communities are dedicated to socio-economic upliftment, with companies all playing a part in improving the livelihoods of their employees. Redberry Farm employs 200 farm workers and conducts in-house training for internal promotion opportunities in an effort to upskill and empower the local workforce.[12] South Cape Fruit takes a similar approach, offering a number of training opportunities to its staff, including first aid, food safety, firefighting and management courses.[13] Blue Mountain Berries is not only involved with the training and education of its 148 permanent and 1 000 seasonal workers but has also expanded to community programmes such as local crèche funding and the construction of worker facilities in surrounding areas.[14]

In fostering an environment conducive to economic empowerment, not only will the berry industry continue its upward trajectory in the George municipal area, but positive knock-on effects, including improved local employment rates and income levels, will continue to uplift communities throughout the region.

MOSSEL BAY TRADE PROFILE 2022

TRADE BALANCE

R MILLION



Source: Quantec research, 2023

ECONOMIC CONTRIBUTION

Source: Quantec research, 2023

TOP 3 EXPORTED PRODUCTS

R629.5m	R595.6m	R366.6m
Lightvessels, fire-floats & other vessels	Prepared leather	Citrus fruit

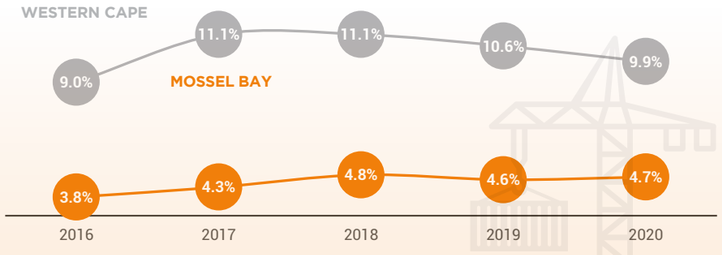
TOP 3 IMPORTED PRODUCTS

R12 521.9m	R125.9m	R76.9m
Petroleum oils & oils other than crude	Aluminium bars, rods & profiles	Hydrazine and hydroxylamine & other inorganic bases

Source: Quantec research, 2023

PERCENTAGE OF BUSINESSES REGISTERED AS EXPORTERS

REGISTERED EXPORTERS



Source: Quantec research and Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The Mossel Bay municipal area is positioned along the coastline and houses the Port of Mossel Bay. The trade balance of the Mossel Bay municipal area has been deteriorating since the outbreak of COVID-19 and has struggled to recover from the effects of the pandemic. Imports have far outweighed exports, valued at 53.2 per cent of the municipal area's output at basic prices in 2022, indicating that local production processes are not adding substantial value to these imports, which would grow the economy. By contrast, exports totalled 12.1 per cent of output in the same year. The declining trade balance is mainly due to the trade balance of the manufacturing sector decreasing substantially between 2021 and 2022.

Petroleum oils and oils from bituminous minerals other than crude (R12.5 billion) were one of the top imports into the area in 2022. Given the current oil and gas infrastructure available, Mossel Bay harbour is utilised for these imports, whereas other imports are via Cape Town's harbour. Other leading imports are also indicative of the type of primary production undertaken by the local manufacturing sector. They include aluminium bars (R125.9 million) and hydrazine, hydroxylamine and other inorganic bases (R76.9 million). Hydroxylamine can be used to remove hair from animal hides and, as such, serves as an important input into the local leather production industry.

Mossel Bay is also known for its agricultural activity, with local farmers specialising in the cultivation of aloes and vegetables, and in the farming and production of cattle, ostriches, sheep, wine and dairy products. The municipal area is home to various ostrich farms and abattoirs, such as Mosstrich. Ostrich leather exports contributed R595.6 million to regional export revenue in 2022. Citrus fruit exports, in turn, generated R366.6 million during the same year. Indigo Fruit Farming is a significant player in the citrus industry, offering products and services globally for fruit farming and packing. Despite the presence of the harbour, most goods destined for the international market utilise the harbour in Cape Town.

PetroSA

PetroSA, South Africa's national oil company and a subsidiary of the government-owned Central Energy Fund, engages in various business activities, including oil and gas exploration, synthetic fuel production from gas, and the trade of oil and petrochemicals within the country. Synthetic fuel production primarily occurs at the Mossel Bay refinery.

Historically, the Mossel Bay refinery relied on offshore gas fields and oil rigs for raw materials. However, the diminishing natural gas reserves have adversely impacted the local economy. Additionally, the cost of imported petroleum oils required to maintain production levels surged from R18 618 in 2018 to R12.5 billion in 2022.

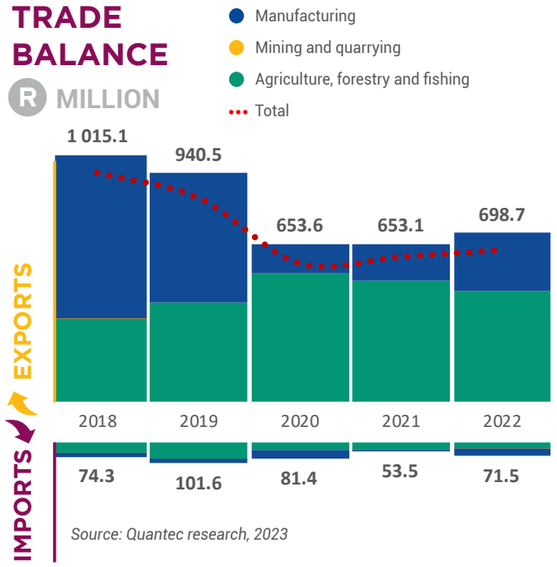
Recent gas field discoveries off the Mossel Bay coast offer hope for revitalising the oil and gas industry, potentially reducing petroleum oil imports and restoring the local petrochemical sector's trade balance.

PetroSA's site also serves as a regional landfill for waste from various municipalities. However, it's nearing capacity, prompting plans for a new landfill adjacent to the existing site, funded by the Garden Route District Municipality. This expansion is essential to ensure adequate waste disposal facilities for communities before the current landfill reaches capacity in 2024.

OUDTSHOORN TRADE PROFILE 2022

TRADE BALANCE

R MILLION



Source: Quantec research, 2023

ECONOMIC CONTRIBUTION

Source: Quantec research, 2023

TOP 3 EXPORTED PRODUCTS

R376.7m	R194.5m	R20.8m
Seeds, fruit & spores for sowing	Skins, feathers & other parts of birds	Other raw hides & skins

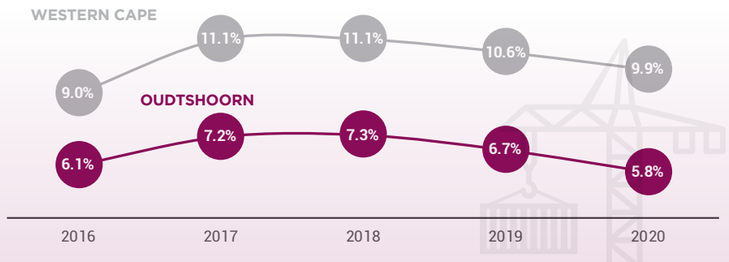
TOP 3 IMPORTED PRODUCTS

R39.9m	R11.4m	R3.8m
Seeds, fruit & spores for sowing	Aircraft launching gear	Machinery for screening, crushing, grinding, mixing or kneading earth

Source: Quantec research, 2023

PERCENTAGE OF BUSINESSES REGISTERED AS EXPORTERS

REGISTERED EXPORTERS



Source: Quantec research and Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

The Oudtshoorn municipal area has a solid and well-established agricultural sector, with numerous farming units that are primarily dedicated to field crops and animal production. An area of particular strength is ostrich farming and the associated value chain. Thanks to its agricultural and agro-processing industries, the Oudtshoorn municipal area has maintained a positive trade balance in recent years, one that reached R627.2 million in 2022. In the same year, the area's exports contributed 3.8 per cent to the municipal output at basic prices. Klein Karoo International is an agricultural entity in the region that focuses on ostrich products, seed production and selling agricultural machinery.

Oudtshoorn is famous for livestock farming, specifically ostriches. It is therefore no surprise that ostrich products are among the top exports of this municipal area, with skins and other parts of the birds generating R194.5 million in export earnings in 2022 and other raw hides and skins bringing in R20.8 million. Remarkably, South Africa accounted for 49.0 per cent of the total global exported value of skins, feathers and other parts of birds in 2022 – primarily due to the high volume of ostriches farmed in Oudtshoorn.[15]

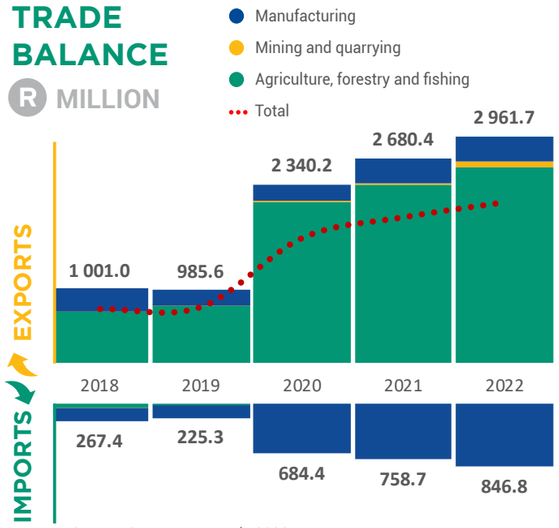
The top imports into the region are indicative of the municipal area's other production capabilities, with seeds, fruit and spores (R39.9 million) and machinery for sorting earth or stone (R3.8 million) being among the most significant imports. Imports of seeds, fruit and spores are required by the large seed production industry. This includes the Klein Karoo Seed Production company, located in the town of Oudtshoorn, which offers services such as seed production, cleaning and quality control. The firm also ships crops such as vegetables, pasture crops and agronomy crops across the globe. In addition to being a critical import, seeds, fruit and spores collectively constitute the most significant export from the municipal area (R376.7 million).

[15] *(ITC Trade Map, 2023).*

BITOU TRADE PROFILE 2022

TRADE BALANCE

R MILLION



Source: Quantec research, 2023

ECONOMIC CONTRIBUTION

Source: Quantec research, 2023

TOP 3 EXPORTED PRODUCTS

R1 605.6m	R766.1m	R111.8m
Apples, pears & quinces	Citrus fruit	Apricots, cherries, peaches, plums & sloes

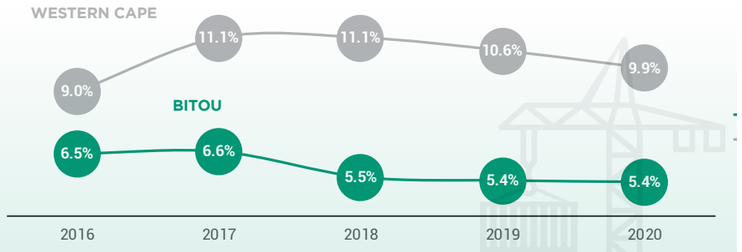
TOP 3 IMPORTED PRODUCTS

R234.3m	R58.3m	R55.6m
New rubber pneumatic tyres	Calculating machines & pocket-sized data-recorders	Parts & accessories of machinery

Source: Quantec research, 2023

PERCENTAGE OF BUSINESSES REGISTERED AS EXPORTERS

REGISTERED EXPORTERS



Source: Quantec research and Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

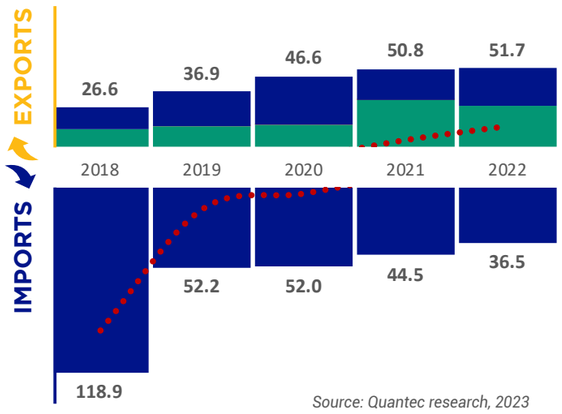
Despite having the smallest geographical area in the GRD, Bitou recorded the highest trade surplus of all GRD municipal areas in 2022, namely R2.1 billion. In the same year, exports accounted for a very high share of municipal output at basic prices – 30.6 per cent. The agriculture sector was the main contributor to the surplus, given that the area has abundant fruit, vegetable and herb production, as well as some livestock farming. The agricultural value chain of the municipal area is evident from its trade profile, with imports such as new pneumatic tyres of rubber (R234.3 million), calculating machines (R58.3 million) and parts and accessories for machinery (R55.6 million) contributing to agricultural machinery production and agro-processing in the region. Even though only 5.4 per cent of businesses were registered exporters in 2020, total exports amounted to R3.0 billion in 2022. The top three exports from the municipal area were apples, pears and quinces (R1.6 billion), citrus fruit (R766.1 million) and apricots, cherries, peaches, plums and sloes (R111.8 million), showing the extent and importance of agricultural production in Bitou.

HESSEQUA TRADE PROFILE 2022

TRADE BALANCE

R MILLION

Manufacturing
Mining and quarrying
Agriculture, forestry and fishing
Total



Source: Quantec research, 2023

ECONOMIC CONTRIBUTION

Source: Quantec research, 2023

TOP 3 EXPORTED PRODUCTS

R18.4m	R7.4m	R5.1m
Other live plant cuttings, slips & mushroom spawn	Spirits, liqueurs & other spirituous beverages	Vegetable materials used for plaiting

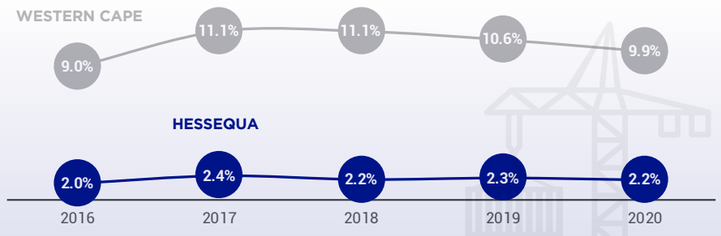
TOP 3 IMPORTED PRODUCTS

R3.5m	R2.6m	R2.6m
Other plates, sheets, film, foil & strip, of plastics	Harvesting or threshing machinery	Milking machines & dairy machinery

Source: Quantec research, 2023

PERCENTAGE OF BUSINESSES REGISTERED AS EXPORTERS

REGISTERED EXPORTERS



Source: Quantec research and Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

From sheep farming and wool production to vineyards, fynbos flower farms and rolling wheat, barley and canola fields, Hessequa is rich in agricultural activity. While exports accounted for just 0.4 per cent of the municipal area's output at basic prices in 2022, the region recorded a positive trade balance of R15.1 million in the same year. The top imports into the municipal area included harvesting or threshing machinery (R2.6 million) and milking and dairy machines (R2.4 million). This gives insight into the specific farming activities in the region, including canola and lucerne production and dairy milk processing, which is evident from the large number of dairies dotted throughout the region.

While only 2.2 per cent of businesses were registered exporters in 2020, a considerable amount of revenue was generated in the region during 2022 by exports: the top three exports alone provided earnings amounting to R30.9 million.

The exports, a testament to the agricultural strengths of the area, included live plants (R18.4 million) and vegetable materials used for plaiting (R5.1 million). Among the top exports was undenatured ethyl alcohol of an alcoholic strength of less than 80.0 per cent volume to the value of R7.4 million. This probably reflects the export success of Inverroche, a distillery in Stilbaai that produces a range of fynbos-infused gins that has achieved renown both locally and internationally.

Inverroche

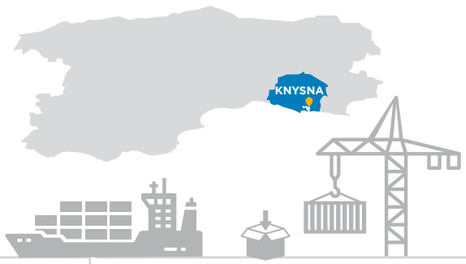
Founded in 2011, Inverroche pays homage to the wonders of the Cape Floral Kingdom by producing a sustainable, fynbos-based gin. The company grows and harvests the required ingredients, sourcing local flora from surrounding farmers and nurseries. The plants used include fynbos, African sage, sour figs and citrus buchu, all incorporated into an award-winning gin.

The founder of Inverroche, a previous deputy mayor of the local municipality, has close ties to the Hessequa community and a great passion for social upliftment and development. For this reason, Inverroche has prioritised women's economic empowerment, with approximately 70.0 per cent of all employees being local women. This has a knock-on effect that positively impacts about 45 families in Stilbaai and its surroundings.[16]

The export of Inverroche has increased rapidly in recent years, and the list of international buyers has grown to more than 15 countries, including the United Kingdom and the United States. International growth is expected to continue, with a partnership with Pernod Ricard having commenced in 2019. The evolution of Inverroche is exciting for the Stilbaai community and the Hessequa municipal area.

[16] *(Inverroche, 2023).*

KNYSNA TRADE PROFILE 2022



TRADE BALANCE

R MILLION

Manufacturing
Mining and quarrying
Agriculture, forestry and fishing
Total

Source: Quantec research, 2023

ECONOMIC CONTRIBUTION

Source: Quantec research, 2023

TOP 3 EXPORTED PRODUCTS

R22.6m	R11.0m	R10.3m
Petroleum jelly, paraffin wax & other mineral waxes	Telephone sets	Plaits & similar products of plaiting materials

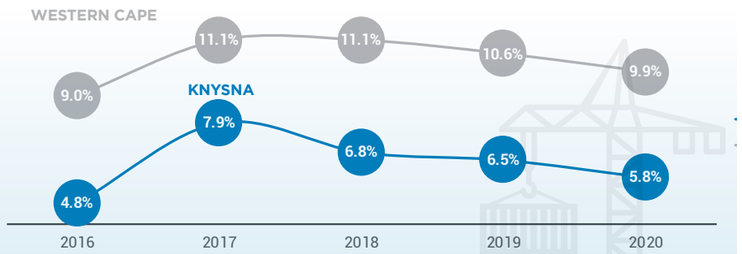
TOP 3 IMPORTED PRODUCTS

R50.7m	R21.3m	R16.9m
Printing machinery	Radar apparatus & radio navigational aid apparatus	Photographic cameras & apparatus

Source: Quantec research, 2023

PERCENTAGE OF BUSINESSES REGISTERED AS EXPORTERS

REGISTERED EXPORTERS



Source: Quantec research and Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Knysna is a popular holiday destination known for its beaches and breathtaking scenery. Trade is not of great significance within this area, with exports accounting for just 1.0 per cent of municipal output at basic prices in 2022. Despite specialising in industries unrelated to international trade, the Knysna municipal area recorded a trade surplus of R13.8 million in 2022, with the agriculture and manufacturing sectors being the main contributors to trade.

Imports into the municipal area are not indicative of any particular industry specialisation but rather of various types of production. Top imports into the Knysna municipal area in 2022 included printing machinery (R50.7 million), radar apparatus (R21.3 million) probably used by the local boatbuilding industry, and photographic cameras (R16.9 million), imported for the assembly and resale of drones. Launched in 2012, SteadiDrone, with its headquarters in Knysna, manufactures drones for various uses and exports its products worldwide.

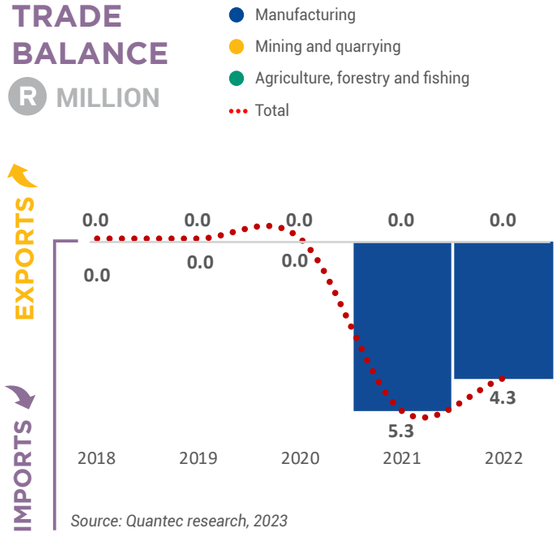
Among the top exports from the Knysna municipal area were petroleum jelly, paraffin wax and other similar products obtained by syntheses (R22.6 million) and an ingredient used in the production of plaits and similar products of plaiting materials as well as in wood finishing products (R10.3 million). These products are associated with the timber industry in Knysna, which has been a primary source of South African timber since the 18th century. Today, the timber industry in the region has been identified as a promising sector for local economic development, as many woodworkers and timber manufacturers are based in the Knysna municipal area.[17]

[17] *(Knysna Timber Festival, 2020).*

KANNALAND TRADE PROFILE 2022

TRADE BALANCE

R MILLION



Source: Quantec research, 2023

ECONOMIC CONTRIBUTION

Source: Quantec research, 2023

EXPORTS

R0.0m

TOP 3 IMPORTED PRODUCTS

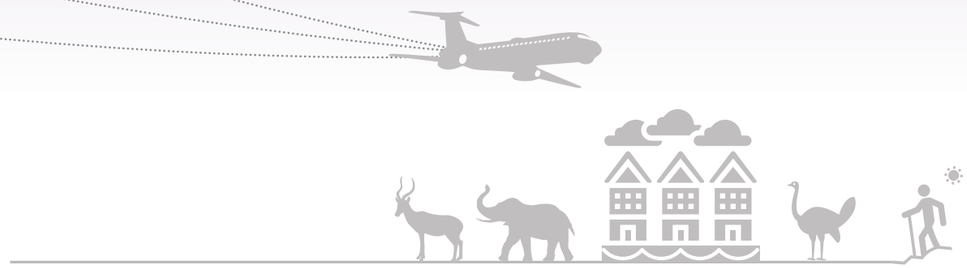
R0.9m	R0.8m	R0.2m
Machines for cleaning & sorting seed, grain or dried legumes	Prefabricated buildings	Air or vacuum pumps, air or other gas compressors & fans

Source: Quantec research, 2023

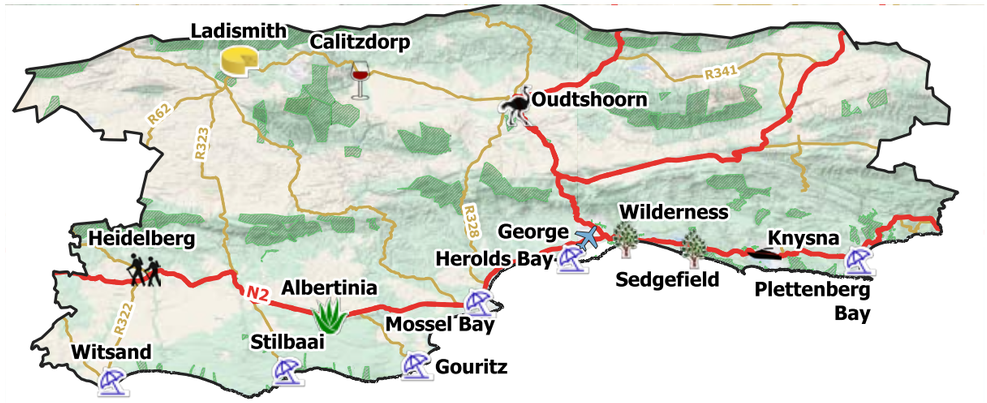
The Kannaland municipal area is well known for its cheese and wine production. While vineyards are dotted throughout the region, they are largely concentrated around Ladismith and Calitzdorp. Local farmers grow other fruit in the valleys near Zoar, including pears, peaches and apricots. This diverse agricultural production notwithstanding, the Kannaland municipal area registered a trade deficit during the period under review. In 2021, the deficit amounted to R5.3 million, which decreased to R4.3 million in 2022. Imports into the Kannaland municipal area were valued at only 0.1 per cent of the area's output at basic prices in 2022 and comprised mainly goods utilised by the local agriculture sector. Moreover, the municipal area recorded no exports during this period, a result of locally produced goods being exported through agents outside the municipal area.

5. TOURISM

GARDEN ROUTE DISTRICT



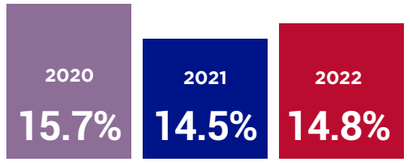
In the small towns of Gouritz, Wilderness, Klein-Brakrivier, Herbertsdale and Sedgefield, tourism is the mainstay of local employment. A thriving leisure and holiday market, accounting for 52.1 per cent of visitors, forms the driving force of this industry, while persons visiting friends and relatives constitute the second largest share of visitors (34.0 per cent). A small but notable 8.3 per cent of visits in 2022 were motivated by business engagements. The growing commercial hub of George and opportunities to expand industries such as oil and gas in Mossel Bay will act as a further drawcard for business travel in future.



Spanning approximately 300km of the picturesque Indian Ocean coastline, the GRD is one of South Africa's sought-after tourist havens. With attractions that range from sandy beaches and more rugged shores to indigenous forests and appealing towns, the GRD is an ideal destination for birders, nature enthusiasts and those in search of a relaxing beach holiday.

The tourism industry is an essential component of the economy. Tourism expenditure constituted 14.8 per cent of the District's GDPR in 2022 – despite a meagre 0.3 of a percentage point increase relative to expenditure in 2021. In the Knysna and Bitou municipal areas, markedly less diversified than their GRD counterparts, tourism expenditure accounted for 27.6 and 27.4 per cent of GDPR, respectively. The limits of this reliance on tourism were thrown into sharp relief during the COVID-19 pandemic when travel restrictions slowed the flow of tourists to a trickle. However, an encouraging rising trajectory has taken root in these municipal areas post-2020, marked by an increase of 3.1 and 2.8 percentage points in the industry's contribution to GDPR growth in 2022, respectively. Nevertheless, expansion has not occurred across the board; Kannaland has only documented a 0.6 of a percentage point upswing in tourism spending as a percentage of GDPR since 2021, while Hessequa municipal area has borne the brunt of a 2.9 percentage point contraction in the same period.

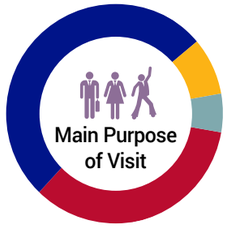
TOURISM SPEND AS A SHARE OF GDPR



Source: S&P Global, 2023

There are various tourist attractions and activities in the GRD, from outdoor pursuits and scenic drives to immersive cultural and heritage tours. Among these, the Cango Caves near Oudtshoorn is a unique drawcard embraced by local and international visitors (tallying 124 541 in 2022). The Tsitsikamma National Park, Wilderness National Park, Knysna National Park and Cango Caves have experienced a steady increase in visitors since 2020, with a total of 474 298 people visiting these attractions in 2022. However, this number falls short of the 2019 (i.e. pre-COVID) total of 729 128 visitors. Iconic attractions such as the Knysna Waterfront, Knysna Heads, Anysberg Nature Reserve, Knysna Elephant Park, Garden Route Game Lodge and Storms River Suspension Bridge continue to draw tourists.

TOP 4 MAIN PURPOSES OF VISIT 2022



52.1%	**Leisure/Holiday**
34.0%	Visiting Friends or Relatives
8.3%	Business
5.6%	Other (Medical/Religious, etc.)

2022 TOP 5 TOURIST ACTIVITIES

Knysna Waterfront	Knysna Heads	Anysberg Nature Reserve	Knysna Forest – Elephant Park	Garden Route Game Lodge
10.0%	3.4%	3.1%	0.4%	0.4%

2022 TRAVELLERS

INTERNATIONAL	DOMESTIC
4.3%	95.7%

GROWTH IN BED-NIGHTS ▶ TOTAL **75.6%**

INTERNATIONAL	DOMESTIC
193.0%	-3.7%

Source: S&P Global, 2023

The GRD predominantly attracts domestic tourists, with 95.7 per cent of 2022 visitors hailing from within South Africa's borders. The City of Cape Town (29.6 per cent), Nelson Mandela Bay (12.9 per cent) and the City of Tshwane (6.7 per cent) served as the primary source markets of these local travellers in 2022. Given these source markets of visitors, there is a high number of overnight stays among the domestic crowd, making up 67.7 per cent of visitors.

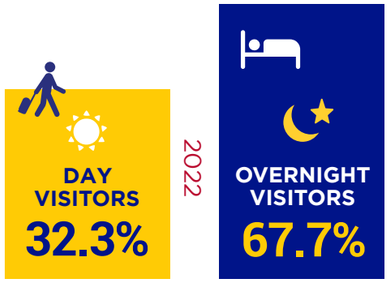
TOP 3 DOMESTIC TRAVELLERS

29.6%	12.9%	6.7%
City of Cape Town	Nelson Mandela Bay	City of Tshwane

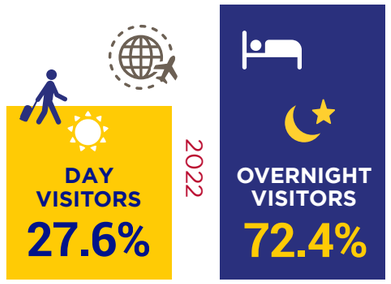
TOP 3 INTERNATIONAL TRAVELLERS

United Kingdom	United States	Australia
20.7%	20.0%	7.4%

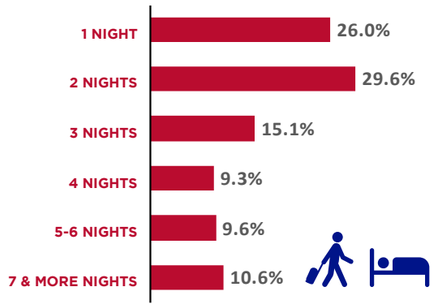
DOMESTIC
OVERNIGHT VS DAY VISITORS



INTERNATIONAL
OVERNIGHT VS DAY VISITORS



2022
AVERAGE LENGTH OF STAY BY VISITORS



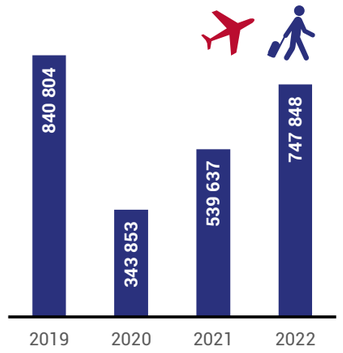
Nevertheless, as the cost of living surged in 2022, household travel was curtailed, resulting in a 3.7 per cent reduction in the number of domestic bed-nights recorded in the District. The GRD's appeal as a favoured extended weekend escape is underscored by the ingress of domestic tourists on Thursdays or Fridays and their departure on Sundays or Mondays. Via the well-trodden N2, these visitors typically explore the region in their own vehicles, a trend that underlines the importance of road maintenance and measures to ensure road safety.

Notably, domestic visitors tend to extend their stays, staying for an average of 3.3 days in the GRD, which surpasses the Provincial norm of 2.5 days – a promising indicator for the burgeoning accommodation sector in the GRD.

Benefiting from a weakened South African rand, international tourists who visited the GRD in 2022 predominantly hailed from the United Kingdom (20.7 per cent), the United States (20.0 per cent) and Australia (7.4 per cent). A distinguishing trait among these visitors is their tendency to stay for longer periods, as 72.4 per cent opted for overnight accommodation – a trend surpassing the Provincial average of 66.5 per cent in 2022.

The international tourism sector, having bounced back substantially from its 2020 slump, registered a 193.0 per cent surge in bed-nights during 2022. 23.2 per cent stayed in the GRD for one day in 2022, with 32.2 per cent remaining for two days and 44.6 per cent visiting three days or more. These extended stays result in greater expenditure and are thus a welcome boost to the local economy.

GEORGE AIRPORT PASSENGER MOVEMENT (ARRIVALS & DEPARTURES)



George Airport is a crucial gateway, facilitating access by leisure and business travellers seeking the GRD. Yet, the realities of a constricted travel landscape are palpable in the airport's passenger flow, with arrivals in 2022 (747 848) still trailing the bustling figures of 2019 (840 804). Moreover, the accommodation sector's shedding of formal full-time employment (449 jobs) underscores the pivotal role played by the domestic tourism market. Within this dynamic, towns such as Plettenberg Bay, Oudtshoorn and Knysna bore the brunt, collectively relinquishing 318 positions. Nonetheless, in a testament to resilience, Mossel Bay and Ladismith emerged as exceptions, creating 58 and 19 jobs, respectively.

In the wake of the pandemic, the GRD's tourism trends provide a story of both resilience and adaptation. They are a testament to the attraction of its landscapes and reveal the dynamic forces at play within its travel and economic sectors.

GARDEN ROUTE TOURISM TRENDS 2022

Unless otherwise stated, tourism indicators are sourced from *Garden Route & Klein Karoo Tourism Trends 2022*, published by Wesgro. The full report can be accessed using the QR code. The report uses regional visitor-tracking surveys to compile a tourism profile per region. Given the survey collection method and sample sizes, visitor-tracking surveys can only provide a partial sense of key trends within a region, and the figures derived from the surveys should not be considered precise. Furthermore, the information cannot be compared with that collected in other regions or in previous years, or with information released by South African Tourism.

The tourism data for the GRD was collected using mobile location data. As a result, the insights are not inclusive of all tourists. Mobile location data is geodata or spatial data gathered from smartphone apps. Users who install an app are often asked to share their location. When users agree to share this data, their phone collects data and sends it to publisher companies. All data collected is anonymised and thus cannot reveal any personal information.[18]

[18] The data is from mobile location data insights as reported by Wesgro.

6. INVESTMENTS

Both public and private sector investments play a pivotal role in the economic growth of the GRD. Public sector investment catalyses private sector engagement, leading to a transformative impact on communities and towns. The public sector directly enhances residents' quality of life by channelling resources into critical infrastructure. It creates an attractive environment for private enterprises. These enterprises, enticed by improved accessibility, reliable utilities and a skilled workforce fostered by public investments, are more inclined to establish businesses and expand their operations in these regions. In 2021, private investment contributed R8.3 billion to the District's GDPR. As the private sector flourishes, job opportunities multiply, local economies diversify and incomes rise, ultimately improving the socio-economic fabric of the community. Thus, the synergy between public and private investments generates a virtuous growth cycle, driving sustainable development and economic empowerment.

6.1 Public sector investment

Dotted throughout the foothills and mountain ranges of the GRD are municipal areas and towns in which public sector investment by Provincial and Local Government plays a significant role in shaping an environment suitable for social wellbeing and economic growth. In the short term, the injection of funds breathes life into the local economy, as communities reap the rewards of increased expenditure and have the prospect of new job opportunities. However, the true reward unfolds in the long run when the operational activities resulting from these investments stimulate growth across the District.

Obstacles to public sector investment have become more prevalent, with constraints such as load-shedding, ageing electrical infrastructure, a lack of alternative energy sources, and illegal and unsafe connections remaining a matter of concern for most GRD municipalities. Maintaining existing infrastructure and investing in new infrastructure are becoming difficult for Local Governments, as their revenue-generating capabilities are negatively affected by reduced electricity sales, rising unemployment and poor economic growth. Furthermore, the income from Provincial and national grants is declining. However, in the face of adversity, the resolve of the local municipalities remains unyielding, and investing in infrastructure remains a priority.

The GRD's susceptibility to drought and its growing population have made managing water, wastewater and waste management a priority for the District. The George Municipality budgeted R1.0 billion for infrastructure – 79.4 per cent of which was dedicated to trading services.[19] R380.3 million of the trading services allocation was budgeted for water management. Given that George is the largest municipal area by population and that agriculture plays a large part in the region's economy, access to water is paramount for the area's success. Other areas prioritising water management expenditure include Bitou and Oudtshoorn, which budgeted R27.3 million and R18.0 million, respectively. The Kannaland and Mossel Bay municipalities have the most significant budget allocations for wastewater management: 49.5 per cent and 33.1 per cent of their total budgets, respectively. Wastewater management is essential to the District, as the capacity for adequate treatment of water is dwindling because of population growth. It is anticipated that the population of the District will increase by an average of 0.9 per cent annually between 2023 and 2027. Poor wastewater management poses an additional threat to water sources in the region, which are already vulnerable to drought and shortages.

Table 6.1
BUDGETED CAPITAL EXPENDITURE
Garden Route District, 2023/24

DESCRIPTION R million	Kannaland	Hessequa	George	Mossel Bay	Bitou	Knysna	Oudts-hoorn	Garden Route District
Municipal governance and administration	**R0.0**	**R10.3**	**R10.3**	**R36.0**	**R20.9**	**R0.7**	**R2.2**	**R8.9**
Executive and council	R0.0	R0.1	R0.0	R0.1	R1.0	R0.0	R0.3	**R0.0**
Finance and administration	R0.0	R10.2	R10.3	R36.0	R19.9	R0.7	R1.9	**R8.9**
Internal audit	R0.0	R0.0	R0.1	R0.0	R0.0	R0.0	R0.0	**R0.0**
Community and public safety	**R0.0**	**R7.5**	**R78.9**	**R54.5**	**R4.3**	**R10.5**	**R17.7**	**R1.5**
Community and social services	R0.0	R0.6	R15.6	R4.1	R2.9	R0.8	R0.0	**R0.0**
Sports and recreation	R0.0	R1.9	R20.0	R13.4	R1.0	R7.2	R12.3	**R0.8**
Public safety	R0.0	R3.1	R34.7	R3.8	R0.4	R2.5	R5.4	**R0.7**
Housing	R0.0	R2.0	R7.3	R33.3	R0.0	R0.0	R0.0	**R0.0**
Health	R0.0	R0.0	R1.3	R0.0	R0.0	R0.0	R0.0	**R0.0**
Economic and environmental services	**R0.0**	**R33.9**	**R120.6**	**R34.6**	**R14.0**	**R25.3**	**R14.6**	**R4.0**
Planning and development	R0.0	R0.1	R20.7	R4.3	R0.3	R0.2	R0.4	**R4.0**
Road transport	R0.0	R33.7	R99.9	R29.9	R13.7	R25.1	R14.2	**R0.0**
Environmental protection	R0.0	R0.2	R0.0	R0.3	R0.0	R0.0	R0.0	**R0.0**
Trading services	**R13.7**	**R58.6**	**R812.4**	**R256.5**	**R70.3**	**R74.3**	**R25.1**	**R144.0**
Energy sources	R0.5	R24.2	R259.8	R66.1	R23.7	R47.2	R3.0	**R0.0**
Water management	R6.4	R19.1	R380.3	R59.8	R27.3	R12.1	R18.0	**R0.0**
Wastewater management	R6.8	R15.2	R155.3	R126.2	R17.9	R13.5	R4.1	**R0.0**
Waste management	R0.0	R0.2	R16.9	R4.4	R1.4	R1.4	R0.0	**R144.0**
Other	**R0.0**	**R0.0**	**R0.8**	**R0.0**	**R0.0**	**R0.0**	**R0.0**	**R0.0**
Total infrastructure spend	**R13.7**	**R110.4**	**R1 023.0**	**R381.7**	**R109.4**	**R110.7**	**R59.5**	**R158.3**
Infrastructure spend as a percentage of GDPR	**0.9%**	**2.2%**	**4.5%**	**3.8%**	**2.6%**	**1.8%**	**0.8%**	**0.3%**

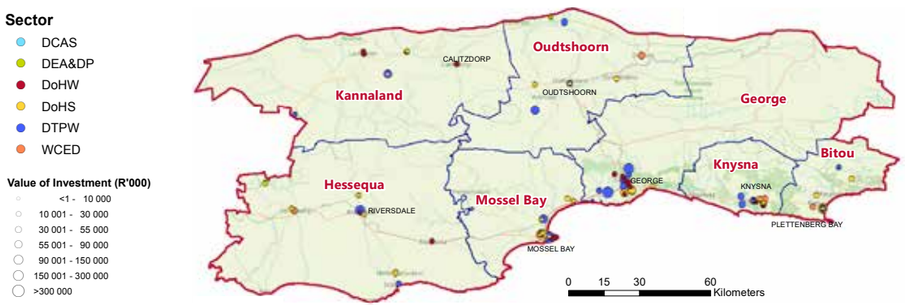
Source: Western Cape Provincial Treasury, 2023

[19] *Electricity, water, waste and wastewater services.*

With the municipalities in the District taking steps to develop sustainable, renewable energy sources, the Knysna and Hessequa municipalities have allocated 42.7 and 22.0 per cent of their total infrastructure spending budget to energy sources. There is an opportunity in the Knysna municipal area for waste beneficiation processes whereby biomass is transformed into a sustainable form of heat energy, ensuring that the lights stay on for longer throughout the District. To address capacity constraints at the current site, the Garden Route District Municipality is funding the development of a new regional landfill with a budget allocation of R144.0 million in 2023/24 and R90.5 million in 2024/25. The landfill will have a service capacity of 25 years and will replace the current landfill. Several waste-to-energy opportunities exist within the GRD that can be utilised to contribute to energy security while also creating sustainable jobs.

Total Provincial infrastructure investment in the GRD will amount to R3.0 billion over the 2023/24 Medium Term Expenditure Framework (MTEF) and account for 8.4 per cent of the total Provincial infrastructure budget in this period.

The Western Cape Government will invest R725.5 million in road transport and public works in the District as part of its 2023/24 primary budget allocations towards economic infrastructure.



Map 6.1

TOTAL DEPARTMENTAL MTEF INFRASTRUCTURE BUDGET AND NUMBER OF PROJECTS, Garden Route District, 2023 – 2026

Maps supplied by DEA&DP: Spatial Information Management

WC PROVINCIAL DEPARTMENT	No. of Projects & Programmes	2023/24 MTEF (R'000)	2024/25 MTEF (R'000)	2025/26 MTEF (R'000)	MTEF Total (R'000)
Education (WCED)	5	155 000	70 000	40 000	**265 000**
Health and Wellness (DoHW)	37	50 677	21 279	14 828	**86 784**
Infrastructure (Human Settlements; DoHS)	54	444 533	349 051	300 960	**1 094 544**
Infrastructure (Transport and Public Works; DTPW)	26	725 495	437 915	372 371	**1 535 781**
Environmental Affairs and Development Planning (DEA&DP)	2	4 000	15 000	0	**19 000**
Total	**124**	**1 379 705**	**893 245**	**728 159**	**3 001 109**

Source: Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury; 2023

The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investment (projects and programmes) are indicated in the accompanying table for the applicable region or district. Source: The data represents an extract from the Provincial Infrastructure Reporting Model (IRM), as of 28 February 2023. Monitoring the accuracy of information in the reporting model is ongoing and continues to receive attention with the aim to progressively make improvements.

The upgrading and renovating of the Mossel Bay-Hartenbos portion of the N2 roadway to the value of R140.0 million is the largest infrastructure project over the MTEF period. This portion of the road connects the business hub of Mossel Bay to a primarily residential area, allowing for easier access to the city centre of Mossel Bay and thus employment and business opportunities. Moreover, Hartenbos is a family holiday town that is usually busy during school holidays. In addition to benefiting residents travelling to Mossel Bay for work, relieving congestion through a road upgrade will therefore also improve the tourism appeal of Hartenbos. Well-maintained roads ensure that tourists and locals can easily access the District's key coastal attractions and economic activities. They are thus central to maintaining the success of the GRD tourism sector.

To address challenges related to housing and access to services in the District, Provincial social infrastructure spending in 2023/24 will amount to R444.5 million for human settlements, R155.0 million for education and R50.7 million for health functions. Such investments will promote equitable urban development and improve access to education and healthcare services throughout the District.

Over the MTEF period, the most significant housing development will be the construction of 1 678 Integrated Residential Development Programme (IRDP) units in Syferfontein East, an informal settlement south of the Pacaltsdorp suburb in George. The upgrading of this settlement will result in improved access to basic services and transportation mechanisms that will enable residents to travel to the economic hub of George. This will enhance employment opportunities and therefore the income levels of the settlement's residents.

Other housing investments include 436 IRDP units in Metro Grounds (also located in the George municipal area) and 734 sites in New Horizons Ebenhaezer (situated in the Bitou municipal area). Given the rising demand for affordable housing in the District, fuelled by the growing population and in-migration from neighbouring provinces, the large allocation for human settlements is significant.

The GRD has a youthful population, with just over a third of residents being under the age of 20, indicating a substantial need to maintain and develop educational infrastructure in the District. To combat high youth unemployment rates in the area, R40.0 million of the 2023/24 MTEF budget allocation has been set aside for constructing the Mossel Bay Technical High School in the Heiderand area – making technical training accessible to the broader Mossel Bay community. Technical schools offer hands-on courses in agriculture, hospitality and trades. Such training opportunities are essential for the youth of this area, given the prevalence in the GRD of the agriculture and tourism industries.

Other noteworthy developments concerning education-related infrastructure include the provision of new infrastructure valued at R40.0 million at Concordia Primary School located east of Knysna Central, and the replacement of infrastructure at Kwanokuthula High School in Plettenberg Bay (an initiative valued at R30.0 million). Currently, the town of Oudtshoorn is considered a centre of education in the GRD because of the presence of the South African Army Infantry School and a Technical and Vocational Education and Training (TVET) campus.[20] However, high-quality education is relatively inaccessible for most people in the District due to the remoteness of several of the municipal areas.

Over the long term, additional education-specific infrastructure, such as new schools and additional classrooms, as well as maintenance of existing facilities, will be required in the GRD if access to education is to expand throughout the District and keep pace with the growing demand for schooling. Better educational outcomes will ultimately enable learners in the District to take advantage of higher-paying employment opportunities after leaving school and thus generate more income.

The Western Cape Government is committed to investing in several critical projects in health-related infrastructure, notably the relocation of the Hornlee Clinic in the Knysna municipal area at a cost of R26.0 million. The clinic will be rebuilt on the site of the unused Hornlee taxi rank, a location that will enable the facility to increase the number of patients from surrounding communities to whom it can provide care.

Other allocations include R7.2 million towards the relocation of the Knysna Forensic Pathology Laboratory. The intention is to move the lab from the South African Police Service station in Knysna, considered an unsuitable site, to the Knysna District Hospital. In addition, R2.1 million has been set aside for renovation of the entrance, admissions and emergency care areas of the Mossel Bay Hospital. Such renovations will facilitate optimal patient outcomes, as the upgraded infrastructure will allow for faster processing and admittance of patients, increased capacity and improved patient experiences.

The ***Overview of Provincial and Municipal Infrastructure Investment*** (OPMII), published by the Provincial Treasury, provides further information about the 2023/24 budgeted Provincial Government infrastructure spend. The report can be accessed by scanning the QR code.

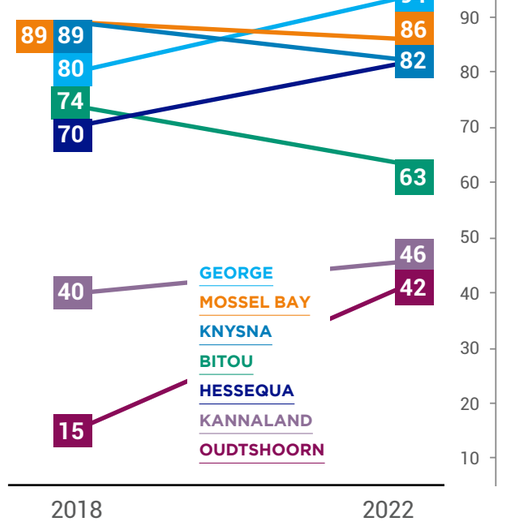
[20] *(Garden Route District Municipality, 2021).*

Infrastructure Development Score, Garden Route District, 2022

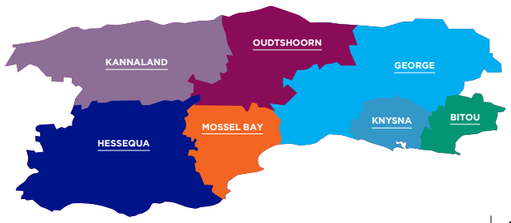
Ratings Afrika's well-known Municipal Financial Sustainability Index (MFSI) measures the operating performance, liquidity management, debt governance, budget position, affordability and infrastructure development of local municipalities in South Africa. Each component is scored out of a hundred. The MFSI aims to support municipalities in their decision-making so that they will achieve financial sustainability, defined by Ratings Afrika as "the financial ability of a municipality to deliver services and to develop and maintain the infrastructure required by its residents without unplanned increases in rates and tariffs, or a reduction in the level of services. Furthermore, without external financial assistance, the municipality should be able to absorb financial shocks caused by natural, economic, political and other disasters, such as COVID-19."

In the GRD, the George municipal area scored the highest in infrastructure development in 2022, increasing by 14 points from the score it obtained in 2018. The Oudtshoorn municipal area experienced the largest improvement in scoring between 2018 and 2022, rising from 15 points to 42 points. While many of the municipalities significantly improved their scoring, Mossel Bay, Knysna and Bitou experienced a reduction in their scores over the same four-year period. To bolster their scores (and fully accommodate their growing populations), these municipal areas will need to invest further in infrastructure – particularly the Bitou municipal area, where the population is expected to grow by an average of 2.6 per cent per annum between 2022 and 2027.

Figure 6.1
INFRASTRUCTURE DEVELOPMENT SCORE, Garden Route District, 2022



Source: Ratings Afrika, 2023



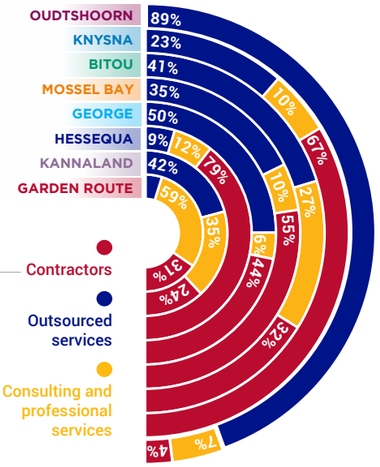
6.2 Public sector procurement

Public sector procurement processes in the GRD can facilitate the development of local SMMEs. Moreover, procuring goods and services from SMMEs and other designated groups advances bottom-up local economic development and creates a competitive local market. While this kind of spending has benefits, the National Treasury recommends that it be between 2.0 and 5.0 per cent of total expenditure. Only the Bitou and Oudtshoorn municipalities in the GRD are aligned with this recommendation.

A considerable share of the expenditure on contracted services in the Knysna, Mossel Bay and Hessequa municipalities (67.0 per cent, 55.0 per cent and 79.0 per cent of contracted spend, respectively) was allocated to infrastructure development initiatives relating to road network improvements, including the refurbishment of Barrington Road in Knysna and the Riversdale to Ladismith road in Hessequa.

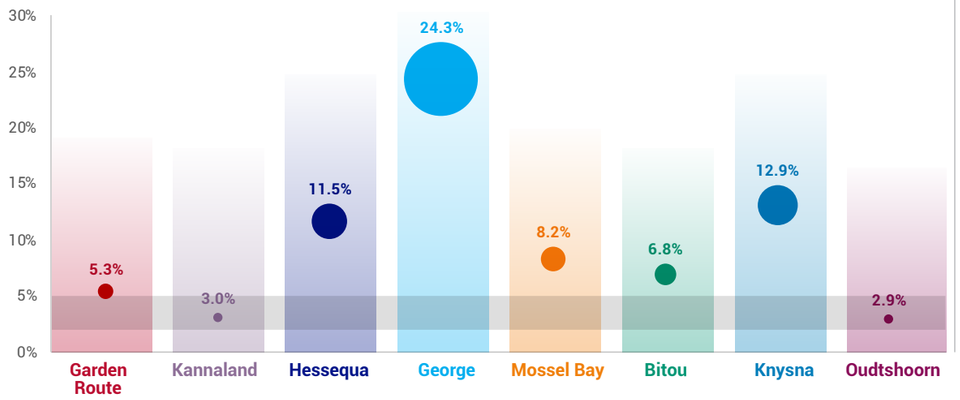
Preferential procurement policies[21] provided for under the Preferential Procurement Policy Framework Act (Act No. 5 of 2000), Section 217 allow for a fair, equitable and transparent mechanism to empower persons or categories of persons disadvantaged by unfair discrimination.

Figure 6.2
PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPAL AREA, Garden Route District, 2022/23[22]



Source: Western Cape Provincial Treasury, 2023

Figure 6.3
CONTRACTED SERVICES AS A PERCENTAGE OF TOTAL OPERATIONAL EXPENDITURE, Garden Route District, 2022/23



National Treasury recommends that contracted services should be between 2% and 5% of total expenditure.

Source: Western Cape Provincial Treasury, 2023

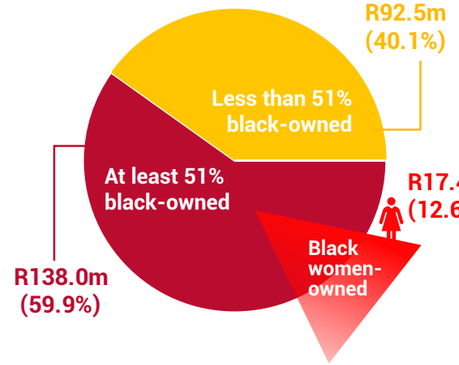
[21] *Data on business ownership by blacks, black women and other designated groups was split to avoid overstating expenditure on B-BBEE procurement, as a supplier can be both black-owned and youth-owned.*
[22] *The "Garden Route" value is not the sum of municipal spending but rather the spending by the Garden Route District Municipality.*

Tourism, together with the population growth of the District, has put pressure on road systems. Therefore, such developments are significant in maintaining adequate road linkages that promote economic connectivity and support tourism. Ensuring local procurement for such infrastructure projects can enhance the benefits of these projects. Municipalities can support local SMMEs with training and information sessions to facilitate businesses registering on the supplier database – especially in areas such as Knysna, where the number of businesses registered on the supplier database declined from 36 in 2021 to 21 in 2022.[23] In contrast to this trend, the George Municipality recorded a substantial increase of SMMEs on its supplier database – from 1 926 in 2021 to 4 034 in 2022,[24] which emphasises the fact that George is growing as the business hub of the region.

Outsourced services in the Oudtshoorn (89.0 per cent), Bitou (41.0 per cent), George (50.0 per cent) and Kannaland (42.0 per cent) municipalities accounted for the highest proportions of contracted service expenditure in these areas, indicating that they lack adequate public service delivery systems.

6.3 Public sector spending on designated groups[25]

Figure 6.4
EXPENDITURE ON REGISTERED BLACK-OWNED COMPANIES, Garden Route District, 2022/23

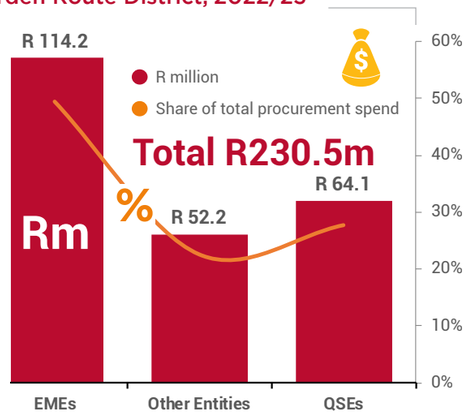


Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

In the GRD, a noteworthy investment of R138.0 million was directed towards procuring goods and services from majority black-owned companies in 2022/23, with a significant portion of these funds reserved for majority black women-owned companies (R17.4 million or 12.6 per cent of the total). Given the historical social exclusion of women, particularly black women, this shows that public spending is committed to addressing the effects of past inequalities and the marginalisation of women, particularly black women.

[23] *(Knysna Municipality, 2023).*
[24] *(George Municipality, 2023).*
[25] *Designated groups means a) black designated groups; b) black people; c) women; d) people with disabilities; or e) small enterprises as defined in Section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996).*

Figure 6.5
EXPENDITURE ON REGISTERED SMMES, Garden Route District, 2022/23[26]



Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

In the context of the GRD, R114.2 million was spent on exempted micro enterprises (EMEs) – 49.5 per cent of the total expenditure directed towards SMMEs. Procurement from EMEs was mainly related to property payment services and transport services. Procurement spending on qualifying small enterprises (QSEs) was most extensive in the George Industria area. This included payments for fixed structure development, transport services and building services. Spending on large enterprises mainly concerned property payment services such as those for leasing buildings and purchasing various supplies. A total of R178.3 million was spent on EMEs and QSEs in the 2022/23 period but only R2.7 million on large enterprises, a trend indicative of the District's intention to promote local economic growth and foster a vibrant business environment.

Figure 6.6
PAYMENTS TO DESIGNATED SUPPLIERS, Garden Route District, 2022/23

Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

[26] *The information extracted was for the following economic classifications, matched to suppliers registered on the Western Cape Supplier Evidence Bank (WCSEB) for the period 1 April 2022 to 31 March 2023: Goods & Services, Buildings & Other Fixed Structures, Machinery & Equipment and Software & Intangible Assets.*

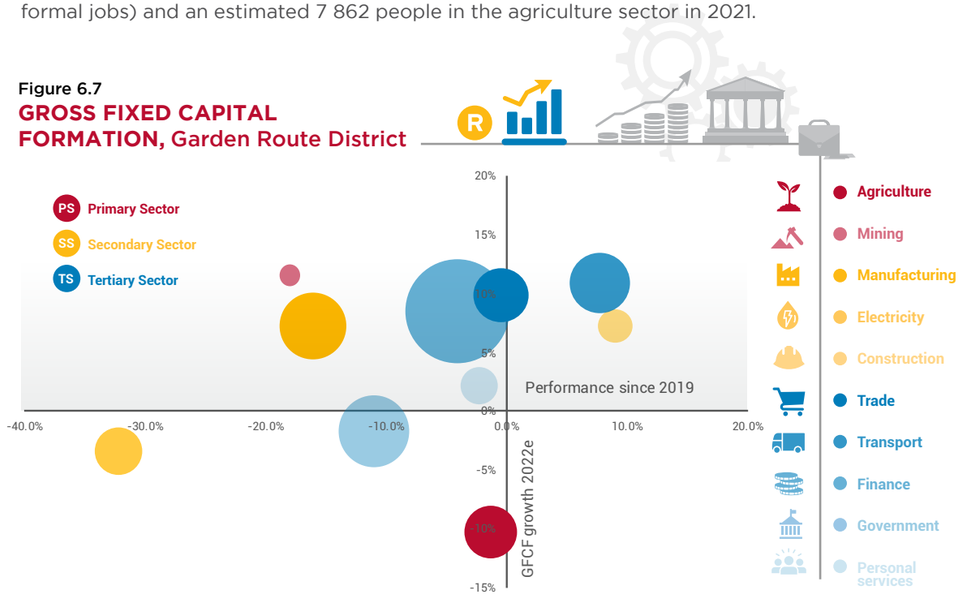
Procurement spending on goods and services provided by military veterans and people with disabilities in the GRD made up only 1.2 per cent of total procurement in 2022/23. This is considerably less than the expenditure in the previous period, which saw military veterans and people with disabilities account for 5.1 per cent of total procurement. Procurement from youth-owned[27] enterprises constituted 19.6 per cent of total procurement in the GRD in 2022/23, 26.5 per cent (R16.3 million) less than procurement in 2021/22. Procuring goods from youth-owned enterprises and supporting companies owned by the youth to register on the Western Cape Supplier Evidence Bank (WCSEB) is critical when it comes to reducing the high youth unemployment rate in the District.

[27] *According to the National Youth Policy (2020), young people are defined as those between the ages of 14 and 35 (Department of Women, Youth and Persons with Disabilities, 2020).*

6.4 Private sector investment

The GRD has positioned itself as an attractive destination for private investments. The beauty of the District and its coastal villages invites residents to invest in a scenic, quiet retirement or laid-back lifestyle, while businesses take advantage of the booming tourism sector and the District's diverse agricultural opportunities. This is particularly evident in the George municipal area, which employed the most significant proportion of people through the accommodation sector in the District (1 236 formal jobs) and an estimated 7 862 people in the agriculture sector in 2021.

Figure 6.7
GROSS FIXED CAPITAL FORMATION, Garden Route District



Gross fixed capital formation (GFCF) refers to the acquisition or development of assets used to enable production or generating higher levels of income.

	R million 2021	Percentage contribution	Performance since 2019	GFCF growth 2022e
Primary Sector	**R746.6**	**9.0%**	**-3.8%**	**-8.5%**
Agriculture, forestry & fishing	R642.6	7.7%	-1.3%	-10.2%
Mining & quarrying	R104.0	1.3%	-18.0%	11.6%
Secondary Sector	**R1 863.7**	**22.5%**	**-17.8%**	**4.3%**
Manufacturing	R1 059.9	12.8%	-16.0%	7.2%
Electricity, gas & water	R530.8	6.4%	-32.2%	-3.4%
Construction	R273.0	3.3%	9.0%	7.2%
Tertiary Sector	**R5 689.2**	**68.5%**	**-3.9%**	**6.6%**
Wholesale & retail trade, catering & accommodation	R698.8	8.4%	-0.5%	9.8%
Transport, storage & communication	R872.7	10.5%	7.7%	10.9%
Finance, insurance, real estate & business services	R2 571.9	31.0%	-4.1%	8.5%
General government	R1 216.4	14.7%	-11.0%	-1.7%
Community, social & personal services	R329.4	4.0%	-2.3%	2.2%
Total Garden Route District	**R8 299.5**	**100.0%**	**-7.5%**	**4.8%**

Source: Quantec research, 2023 (e denotes estimate)

In 2021, gross fixed capital formation (GFCF) grew by 2.5 per cent, reaching a total value of R8.3 billion. This growth was primarily driven by increased investments in the transport and finance sectors, which played a pivotal role in bolstering economic activity. In 2022, it is estimated that the mining and quarrying sector experienced the most significant growth in GFCF (11.6 per cent) despite the small size of the sector. Following closely on the heels of this sector, the transport sector witnessed a substantial surge in GFCF, with an estimated increase of 10.9 per cent. Furthermore, it is estimated that the trade sector registered a 9.8 per cent increase.

Despite these positive developments, it is essential to note that few sectors have fully returned to pre-pandemic GFCF levels, with the secondary sector still 17.8 per cent below its 2019 position. Nevertheless, there is a glimmer of hope, as the construction sector managed to expand by 9.0 per cent between 2020 and 2022 despite lockdown regulations halting all construction works in 2020. The values of building plans passed and completed were relatively stable between 2018 and 2020, with both declining somewhat in 2021 as rising interest rates curtailed investment in new buildings. However, while the value of building plans completed remained subdued in 2022, leading to a decline in formal job opportunities, the value of building plans passed increased substantially – a promising outlook for future construction work and employment in the region.

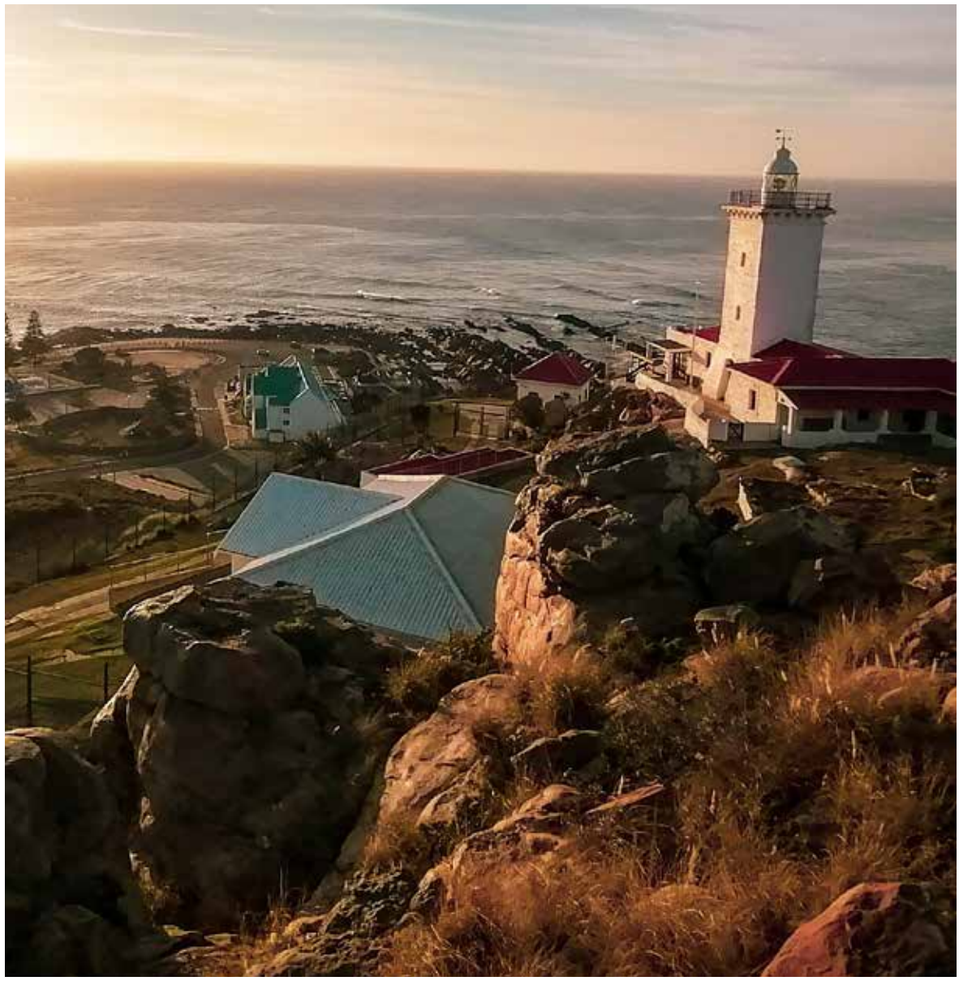
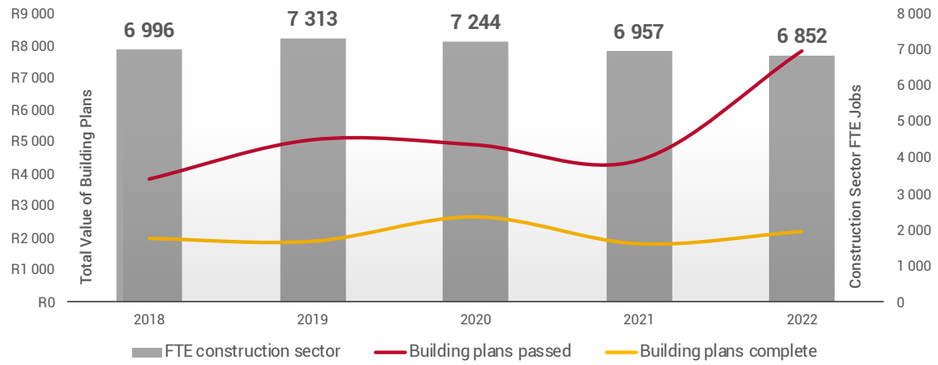


Figure 6.8

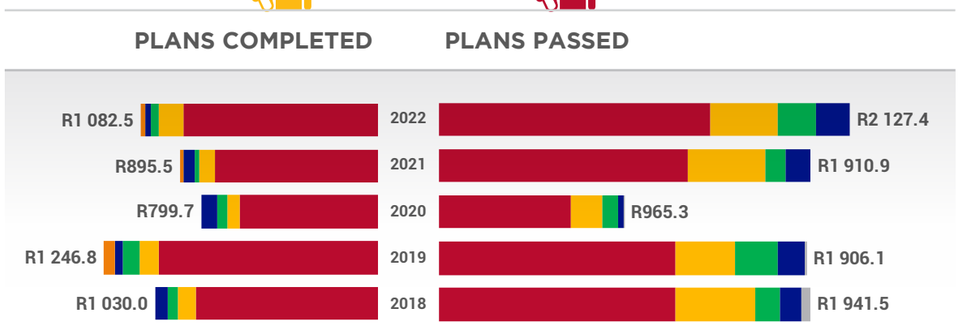
TOTAL VALUE OF BUILDING PLANS PASSED AND COMPLETED, CONSTRUCTION SECTOR FTE JOBS, Garden Route, 2018 – 2022 (R million)[28]



Sources: Stats SA and Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 6.9

VALUE OF BUILDING PLANS PASSED AND COMPLETED, George, 2018 – 2022 (R million)[29]



Source: Stats SA, 2023

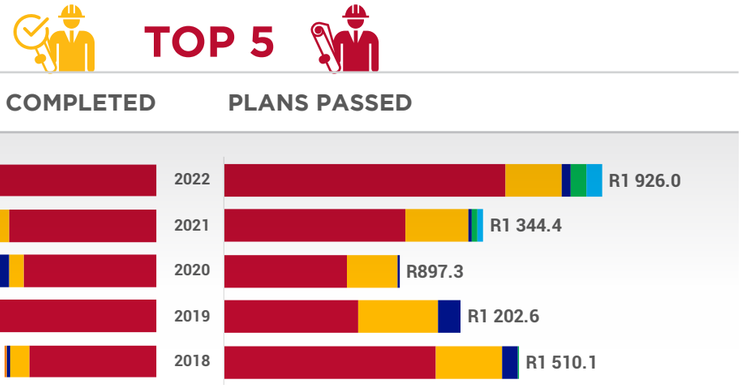
The value of building plans passed[30] can be a leading indicator of development investment, while building plans completed[31] can be a lagging indicator. This means that the value of building plans passed can give an indication of future construction investment into the GRD, while the value of building plans completed provides a snapshot of the current level of construction investment in the District.

- Residential buildings
- Additions and alterations to residential buildings
- Additions and alterations to non-residential buildings
- Industrial and warehouse space
- Shopping space
- Office and banking space
- Interior alterations
- Churches, sports and recreation clubs

[28] *Stats SA published building plans passed and completed for selected municipalities across South Africa. For the GRD, only statistics for the George, Mossel Bay, Oudtshoorn, Knysna and Bitou municipalities are presented.*
[29] *Stats SA does not report any data for building plans completed in 2018.*
[30] *Number of residential building plans passed for buildings larger than 80m².*
[31] *Value of non-residential buildings completed (constant prices).*

Figure 6.10

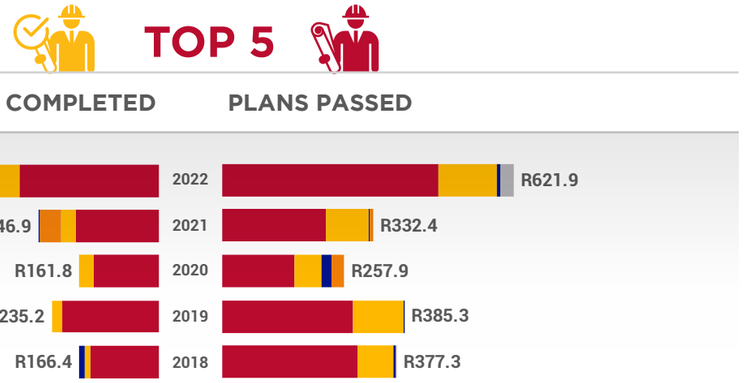
VALUE OF BUILDING PLANS PASSED AND COMPLETED, Mossel Bay, 2018 – 2022 (R million)



Source: Stats SA, 2023

Figure 6.11

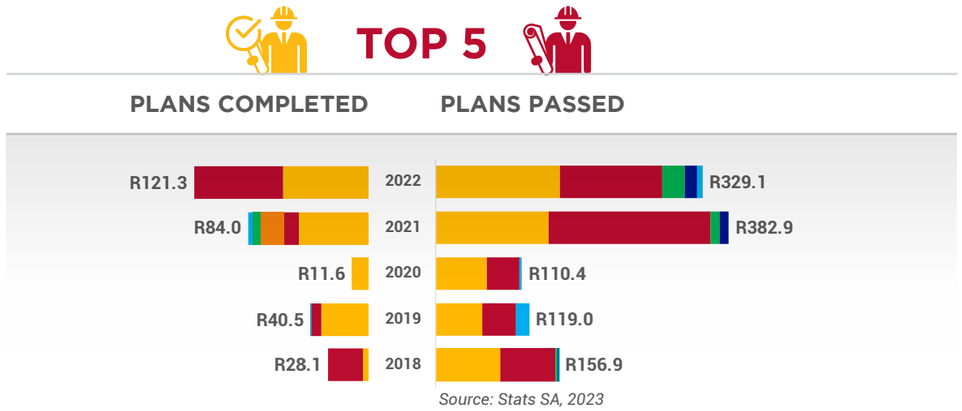
VALUE OF BUILDING PLANS PASSED AND COMPLETED, Bitou, 2018 – 2022 (R million)



Source: Stats SA, 2023

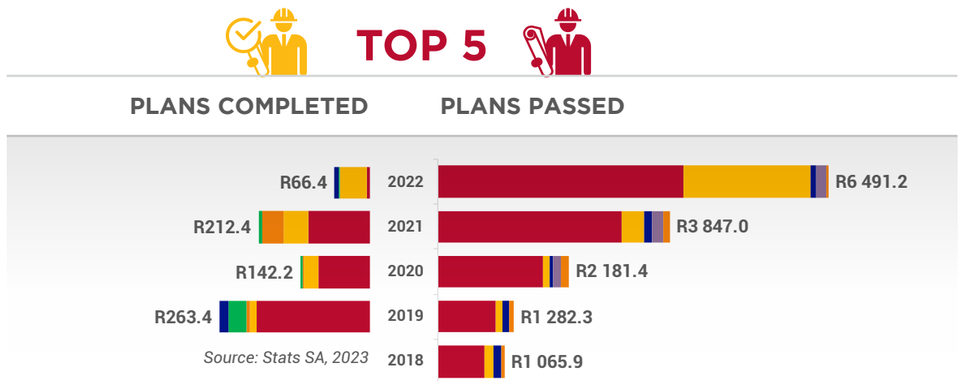
- Residential buildings
- Additions and alterations to residential buildings
- Additions and alterations to non-residential buildings
- Industrial and warehouse space
- Shopping space
- Office and banking space
- Interior alterations
- Churches, sports and recreation clubs

Figure 6.12
VALUE OF BUILDING PLANS PASSED AND COMPLETED, Oudtshoorn, 2018 – 2022 (R million)



Source: Stats SA, 2023

Figure 6.13
VALUE OF BUILDING PLANS PASSED AND COMPLETED, Knysna, 2018 – 2022 (R million)



Source: Stats SA, 2023

Residential construction and alterations have been critical drivers of development in the GRD, reflecting both post-pandemic economic recovery and significant in-migration. In the Bitou municipal area, residential construction has made a notable comeback, with building plans worth R1.4 billion approved between 2018 and 2022, and residential buildings to the value of R922.3 million completed in the same period. This is a 66.2 per cent increase in completed residential building plans and a significant rise in plans passed between 2021 and 2022. In the same year, there was a 106.8 per cent increase in the number of plans passed.

Similarly, in the George municipal area, residential building plans approved totalled R1.4 billion in 2022, with developments such as the One on York townhouse complex in the city centre and Herolds Bay Country Estate intended to provide a diverse array of housing options for both retirees and young families. Furthermore, residential alterations totalling R341.3 million were undertaken in the same year.

Between 2018 and 2022, residential plans worth R10.2 billion were approved in the Knysna municipal area, with ongoing developments such as the Seahorse in Knysna Central and the Entabeni Urban Farm development reflecting the region's popularity among retirees, holidaymakers and those looking to enjoy a life away from metropolitan areas. Furthermore, the Knysna municipal area has not neglected its business sector, with R162.8 million invested into passed building plans for office and banking space in 2022. A substantial expansion of retail space is occurring along the Knysna main road, with shopping-related building plans worth R46.9 million completed between 2018 and 2022, and retail plans worth R507.5 million passed.

Notably, phase one in the construction of Kunjani Mall in Concordia, a mixed-use development, began in early 2023. In addition to a shopping mall, the 4 500m² development will also provide affordable housing opportunities and amenities such as a day clinic, sports fields and a daycare centre. This development, with a total estimated construction value of R200.0 million, is expected to create 100 permanent jobs once completed.

The Mossel Bay municipal area recorded R959.6 million in residential building completions in 2022, with plans worth R1.4 billion passed in the same year. Developments such as Mossel Cove, where new apartments are scheduled to be available in 2024, cater to a high-end market. The Oudtshoorn municipal area also embraced residential development and alterations, with plans for alteration projects with a total value of R489.4 million approved between 2018 and 2022. During the same period, plans for residential buildings with a total value of R103.7 million were completed.

In terms of industrial and warehouse space, the George municipal area's contributions to building plans passed amounted to R172.9 million in 2022. In the Mossel Bay municipal area, plans for industrial and warehouse space worth a total value of R265.2 million were passed between 2018 and 2022, with R179.2 million in completed developments recorded within the same period.

7. CONCLUDING REMARKS

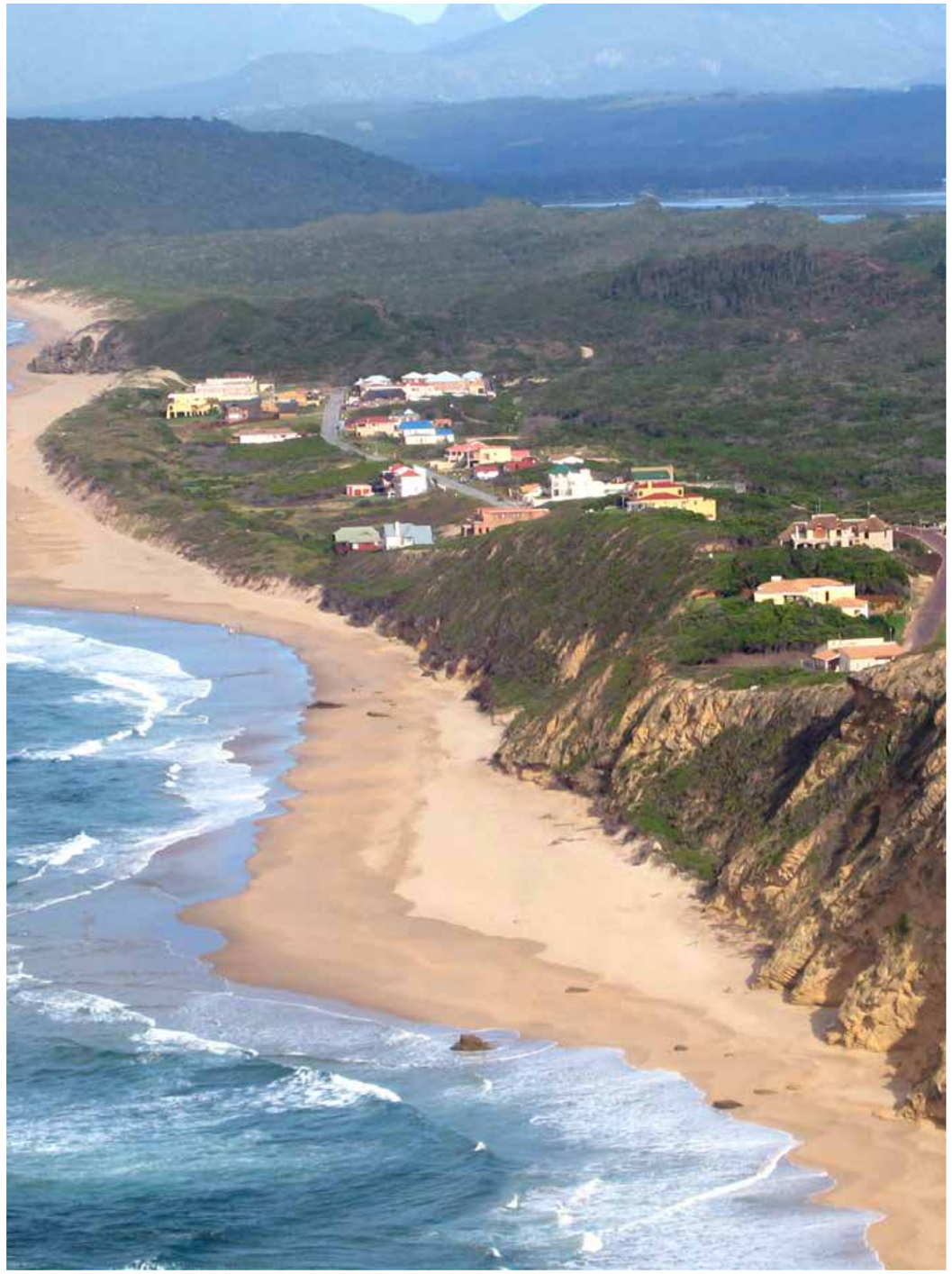
The GRD has shown resilience in its economic journey, mirroring the broader Provincial trends while contending with disruptions such as strikes, load-shedding and the lingering effects of the COVID-19 pandemic. The District witnessed a notable growth rate of 3.4 per cent in 2021, an expansion that enabled partial recovery from the stark 4.5 per cent contraction of 2020. Although this momentum tapered off in 2022, the latest estimates paint a picture of complete economic recovery, with a 2.9 per cent growth in GDPR. Encouragingly, this resurgence was accompanied by the generation of formal and informal employment opportunities, providing a welcome reprieve for those affected by years of job losses.

Despite these positive strides, the 13 514 jobs created do not signify a full recovery of the jobs lost over the last five years. While steadily improving, the labour force participation rate has yet to regain pre-pandemic levels. The District's economic landscape is enriched by unique economic specialisations within its municipal areas, led by the remarkable performance of George, Mossel Bay and Oudtshoorn. However, challenges persist, with sectors such as mining, manufacturing, electricity, gas and water, construction, trade and general government still in the process of recovery.

The GRD's diverse economic landscape encompasses agriculture, agro-processing, manufacturing and tourism, with international trade also playing a significant role in the economic prosperity of several municipal areas. Kannaland and Hessequa participate in international trade only to a limited extent. However, the Bitou and Mossel Bay municipal areas are noteworthy exporters. Tourism, accounting for a substantial portion of GDPR, is both a strength and a point of vulnerability. It experienced a significant decline in 2020 but has since seen a positive trajectory.

The path forward appears promising. Substantial public sector infrastructure investments planned for the medium term are set to facilitate new economic activity while improving the wellbeing of local communities. At the same time, forecasts indicate a gradual increase in the GDPR and various sectors are poised for a rebound, particularly trade, transport and finance. However, challenges relating to input costs, energy reliability and industry-specific hurdles remain on the horizon, underscoring the need for ongoing efforts to ensure sustainable economic growth.

To promote economic growth and job creation in the GRD, it is crucial to diversify economic specialisations, invest in workforce development, support SMMEs, enhance infrastructure, promote sustainable tourism, address sector-specific challenges and encourage international trade. Collaboration among municipalities, businesses, and regional organisations is essential to leverage resources effectively. Through this, the region can accelerate its economic recovery and foster economic resilience while improving the overall wellbeing of its communities.



SECTION C

SAFETY AND WELLBEING

1. INTRODUCTION

This section explores the social trends that are shaping the GRD, as well as key indicators regarding health and wellbeing in the District. By examining indicators relating to population dynamics, housing demand, essential services, household stability, healthcare, education and crime, valuable insights can be gained into the lives of citizens and the local economy. Population dynamics provide glimpses into the evolving landscape of the GRD, offering a profound understanding of key aspects of society and their implications for economic development, labour markets and resource allocation. Data on population dynamics helps build an understanding of demographic shifts in the GRD and the implications of such changes for economic development, labour markets and resource allocation.

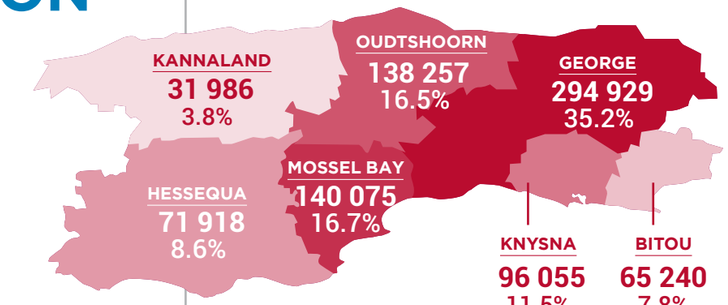
Access to basic services such as water, electricity, sanitation and waste removal is crucial for community wellbeing and progress. Indicators pertaining to healthcare, educational outcomes and crime are examined to grasp the GRD's broader social and economic conditions. These pillars, encompassing health, education and safety, reflect wellbeing, future generations' potential and the community's challenges.

2022 GARDEN ROUTE DEMOGRAPHICS

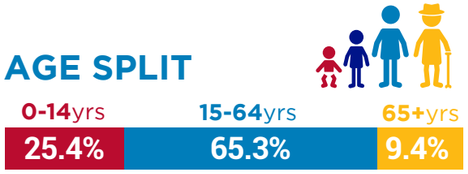
POPULATION

838 457

Male **47.9%**
Female **52.1%**

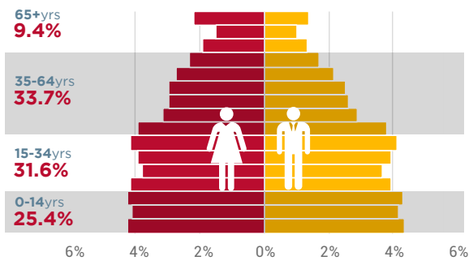


AGE SPLIT

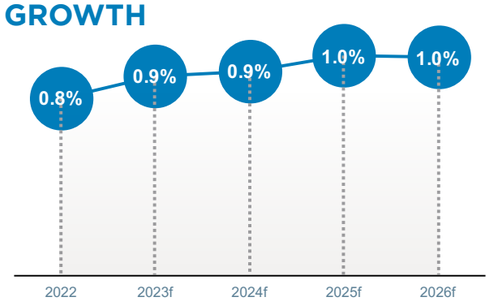


POPULATION PER MUNICIPALITY

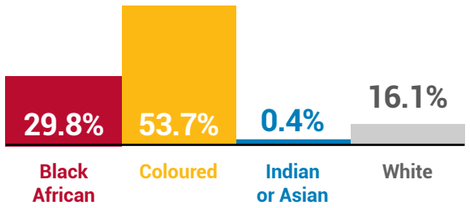
GENDER AND AGE DYNAMICS



Estimated POPULATION GROWTH



RACIAL SPLIT



Number of HOUSEHOLDS

183 441

R5 616
Average **median income**

46 173
Indigent households

The Socio-Economic Profiles (SEPs) released by Provincial Treasury will contain an analysis of the age, race and gender distributions from Census 2022. Furthermore, an overview of household numbers and access to services will be provided. These Census 2022 indicators are excluded from the MERO due to the late release of the data by Stats SA.

2. DEMOGRAPHICS

In 2022, the GRD was home to a population of 838 457 individuals, reflecting a steady increase in recent years. The population distribution in the GRD is skewed towards developed areas such as the George and Mossel Bay municipal areas, which also serve as the economic and administrative centres of the District. Distribution is sparser in the rural, less developed areas of the GRD, namely the Hessequa and Kannaland municipal areas. Between 2023 and 2027, the population of the GRD is projected to grow by an average of 0.9 per cent annually, and the number of households in the District is set to increase at an average annual rate of 1.8 per cent, primarily because of declining household sizes during this period. The GRD's population primarily comprises individuals within the working-age range of 15 to 64, who constitute 65.3 per cent of the total population. Children (defined as people younger than 14 years) make up 25.4 per cent of the population and the elderly (those aged 65 and older) account for 9.4 per cent of the District's residents. Females make up 52.1 per cent of the population, while males constitute the remaining 47.9 per cent.

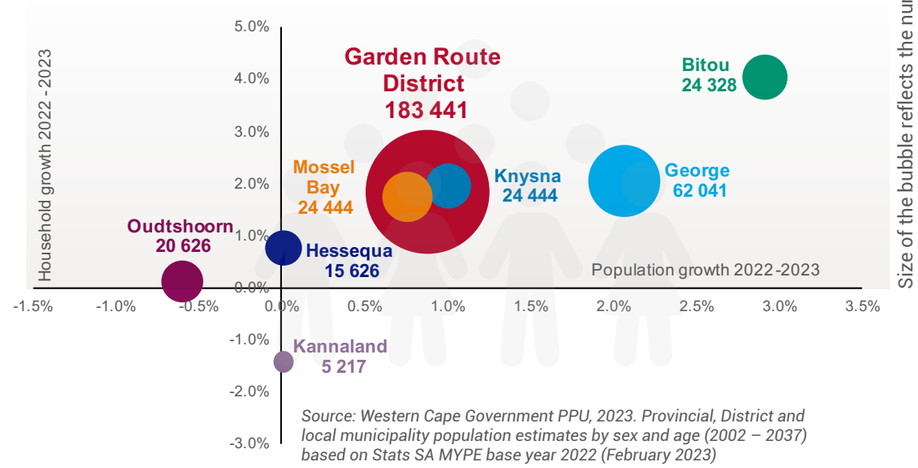
A number of benefits are associated with having a population of which a significant share consists of potentially economically active people – notably, these individuals are able to generate income and support dependants among the young and the elderly. Furthermore, having many people in the working-age bracket enables enhanced labour participation while opening the door to heightened productivity and overall economic expansion. Promoting the creation of employment opportunities for the working-age demographic has thus become pivotal in the GRD, given this population's integral role in propelling the local economy.

A country experiencing a simultaneous increase in its youth population and a decrease in fertility rates has the opportunity to benefit from a "demographic dividend". This refers to an increase in economic productivity resulting from a growing workforce in comparison to the number of dependants.[32]

With overall population growth, a higher ratio of working-age persons means a bigger labour force for production. A lower dependency ratio means less diversion of resources and time from productive work to care for the young and elderly. If this scenario occurs, the increased growth that results constitutes a demographic dividend.[33]

[32] *(UNFPA, 2020).*
[33] *(Stats SA, 2017).*

Figure 2.1
POPULATION AND HOUSEHOLD GROWTH, Garden Route District, 2022



Source: Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022 (February 2023)

The distribution of males and females in the District is influenced by the availability of work opportunities and other factors, including the in-migration of young individuals and international buyers seeking small-town benefits. Where there are physically demanding jobs (such as those in the agriculture sectors of Hessequa and Kannaland), males tend to be more prevalent. The GRD, known for its urban vitality, saw 34.8 per cent of its residents living in the towns of George, Mossel Bay and Knysna as of 2021. The coastal towns experience growth because of in-migration not only from the Little Karoo but also from other areas and provinces, such as the Eastern Cape. However, this surge in the population has also led to an increase in informal settlements, highlighting the challenge of providing affordable housing for job seekers.

The most prominent racial segment in the GRD is the coloured population, which accounts for 53.7 per cent of the population. The black African and white populations make up 29.8 per cent and 16.1 per cent of the population, respectively. The Indian or Asian population of the District constitutes a minority group, accounting for just 0.4 per cent of the total population.

The George municipal area had the largest population within the District in 2022, accounting for 35.2 per cent of the entire GRD population. George has also consistently shown growth, with its expanding population aligning with an anticipated average household growth rate of 2.0 per cent between 2023 and 2027.

This growth rate has positioned George as the second-fastest-growing municipal area of the GRD. Regarding the demographics of George, 33.8 per cent of its population fell within the group of persons aged 35 to 64 in 2022. The youth population (aged 15 to 34) accounted for 32.7 per cent of the total population. These statistics underscore the reliance of the municipal area on the working-age group. The demographic composition of George aligns with the potential of a demographic dividend. Additionally, 26.3 per cent of the population was younger than 14, resulting in a relatively high dependency on the working-age population. This sizable youth population signifies that the demand for education and employment is likely to increase in the George area.

The GRD has a projected an average annual population growth rate of 0.9 per cent over the 2023 to 2027 period. This forecast trajectory has led to divergent narratives for two specific municipal areas: Kannaland and Oudtshoorn. These areas have faced the challenge of population contractions, with the number of residents projected to decline by an annual average rate of 1.5 per cent and 0.5 per cent, respectively, over the reference period. The declines are attributed to young individuals seeking opportunities in more developed regions. Unfortunately, the decline of the working-age population in Kannaland and Oudtshoorn has had negative consequences, casting a shadow on prospects for economic growth in the two municipal areas. The production capabilities of these areas may be impacted by a scarcity of workers, which would present a challenge to their economic development. The Kannaland municipal area has defied the growth trend seen in the other municipal areas in the GRD and now faces a decline in household growth, which is set to fall by an average of 1.7 per cent annually between 2023 and 2027. The Oudtshoorn municipal area, however, is projected to experience stagnation in household growth over this period.

The Kannaland municipal area had a population of 31 986 individuals in 2022, 3.4 per cent of the overall populace of the District. The population of this area was dominated by individuals between the ages of 35 and 64, who made up 33.4 per cent of residents. It also had the most significant proportion of children younger than 14, who accounted for 28.5 per cent of the population. This underscores the pressing need for early childhood development initiatives and for establishing high-quality primary school facilities in the municipal area. The large child population signifies possible future demand for further education, training and employment opportunities in the Kannaland municipal area.

Amid these fluctuations, the Bitou municipal area – which is anticipated to have the highest average annual population growth rate of all areas in the District (2.6 per cent over the 2023 to 2027 period) – has emerged as a beacon of growth and promise within the GRD. The George municipal area is expected to have the second-highest average annual population growth rate (1.3 per cent), while the Knysna and Mossel Bay municipal areas are forecast to have an average annual population growth rate in the same period of 1.1 per cent and 0.9 per cent, respectively.

The Bitou municipal area is also projected to experience the highest average household growth rate during the reference period (3.9 per cent). This growth is expected to spur increased demand for housing, employment and essential services. Challenges related to biodiversity loss, urban sprawl, joblessness and limited healthcare and education persist.

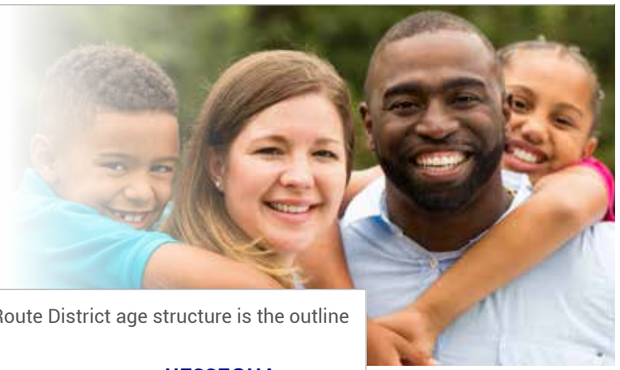
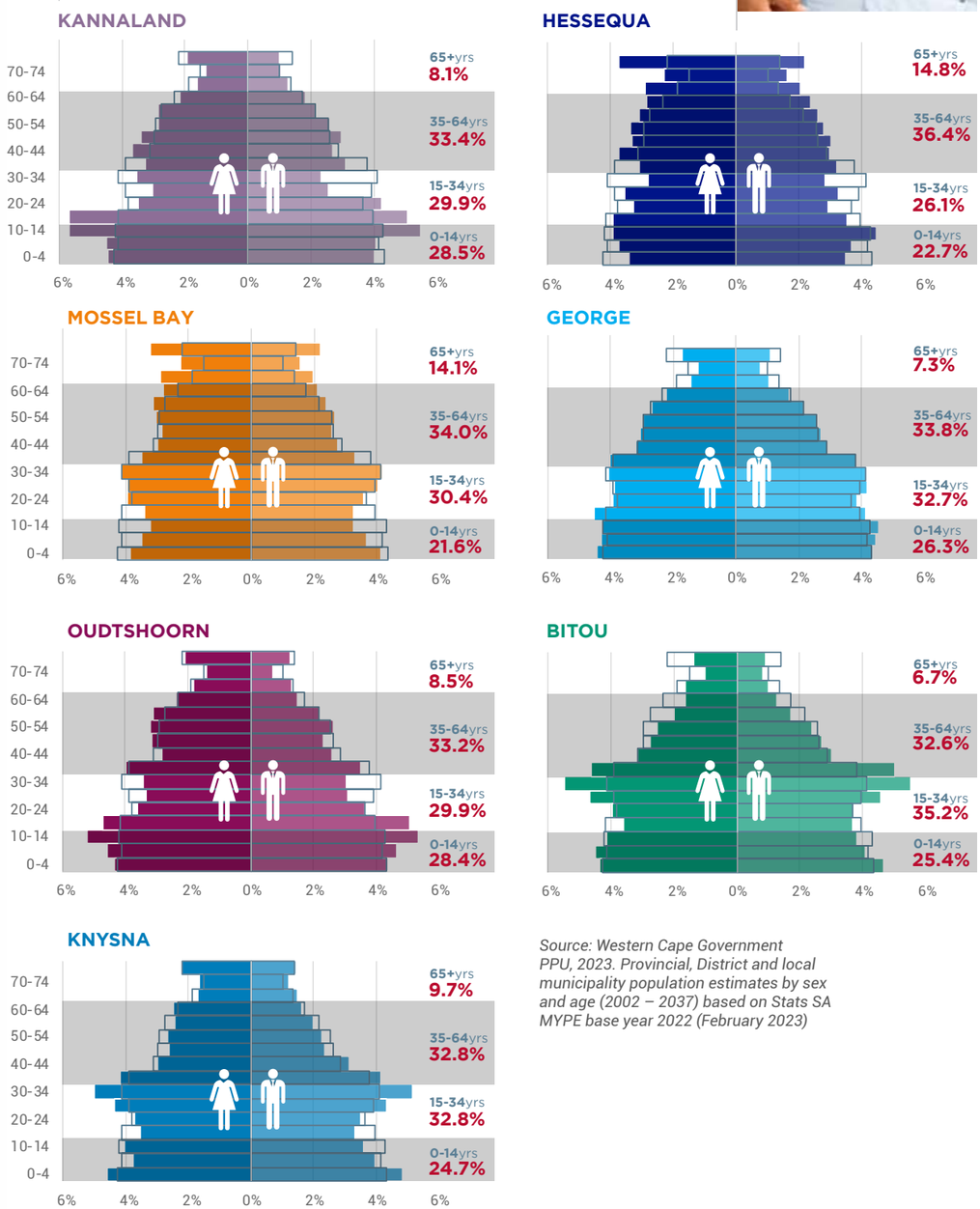


Figure 2.2
GENDER AND AGE DYNAMICS, Garden Route District, 2022

Garden Route District age structure is the outline

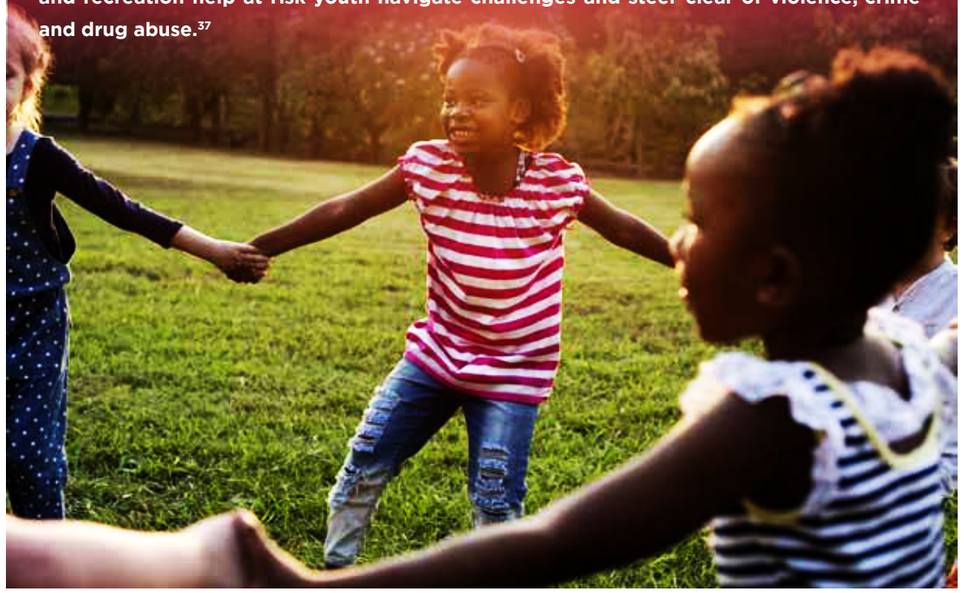


Source: Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022 (February 2023)

Urban growth also spurs unrest because of the government's inability to address basic needs.[34] Bitou's population was dominated by young people, who accounted for 35.2 per cent of the total population aged between 15 and 34 in 2022. Compared with the other municipal areas, the Bitou municipal area also had the lowest proportion of individuals older than 64, who made up only 6.7 per cent of the total population. This suggests that the Bitou municipal area is not a popular choice for retirement, attracting a younger demographic instead.

This is in contrast to the Hessequa municipal area, where 14.8 per cent of the population is older than 64, constituting the highest proportion of this population group in the District. In addition, persons aged 35 to 64 make up the largest population group in Hessequa, accounting for 36.4 per cent of residents. Rural areas, such as the Hessequa municipal area, often have a higher proportion of older individuals, which is attributed to younger people leaving in search of better educational and job opportunities in urban centres, leaving behind an ageing population. Furthermore, Hessequa's economy is primarily based on agriculture; nevertheless, excellent opportunities exist for light industry, manufacturing, agro-processing and tourism – especially in the hotel and sports/leisure activity sectors.[35] This can contribute to a higher proportion of younger working people.

Sports and recreation are vital for promoting culture, improving health and wellbeing, advancing education, boosting the economy and fostering social upliftment in communities. This is particularly important in areas with a large youth cohort, including the GRD. Challenges such as high unemployment, crime, substance abuse and gender-based violence (GBV) affect both the youth and the overall community of the GRD.[36] Given that youth development is crucial for regional economic growth, the importance of promoting sports and recreation among young people cannot be underestimated. As such, the GRD municipalities have collectively allocated R50.4 million towards sports and recreation infrastructure in the region in the municipal infrastructure budget for 2022/23. By providing valuable opportunities for developing essential life skills, sports and recreation help at-risk youth navigate challenges and steer clear of violence, crime and drug abuse.[37]

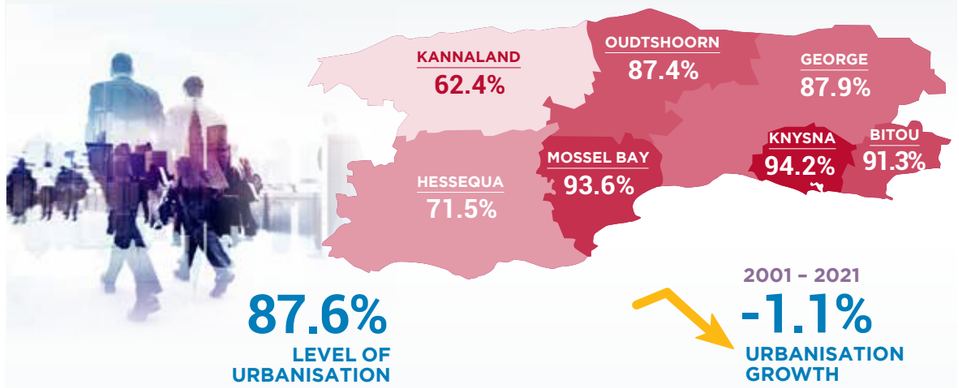


[34] *(Bitou Municipality, 2022).*
[35] *(Hessequa Local Municipality, 2021).*
[36] *(Garden Route District Municipality, 2022).*
[37] *(United Nations Office on Drugs and Crime, 2022).*

URBANISATION

From 2001 to 2021, the GRD estimated that 88.7 per cent of the District's population was located in urban areas in 2001 and about 87.6 per cent in 2021. Urbanisation in the District therefore declined by 1.1 percentage points between 2001 and 2021.

Map 2.1
LEVEL OF URBANISATION, Garden Route District, 2021



Source: Western Cape Department of Social Development, Provincial Population Unit, 2023

Urbanisation in the Knysna municipal area, which has the most urbanised population in the District, was estimated to have increased by 6.8 percentage points from 2001 to 2021. About 73.1 per cent of the population was estimated to reside in the town of Knysna, while 13.5 per cent lived in Sedgefield, a charming and peaceful coastal town known for its natural beauty. Notably, Rheenendal exhibits a significantly higher population density than the Municipality's main areas.

Although Knysna was the most urbanised municipal area during the reference period, it is the Bitou municipal area that experienced the highest estimated urbanisation rate, with urbanisation increasing by 15.0 percentage points over the 2001 to 2021 period. A significant portion of the population in Bitou resides in the larger Plettenberg Bay area, encompassing Plettenberg Bay town, KwaNokuthula, New Horizons and Kranshoek, contributing to the large urban population. The rise in the urban population coincided with a decrease (15.0 percentage points) in the rural population proportion between 2001 and 2021. Areas with high population density during this period included Bossiesgerf, New Horizons and Kurland.

In 2001 and 2021, Kannaland was recognised as the least urbanised municipal area within the GRD, showing the smallest overall population and a potential decrease in population size. This decline was primarily observed in urban areas. Still, it was counterbalanced by a slight increase in the rural population from 2001 to 2021. In 2021, 37.6 per cent of the population was concentrated in the Kannaland rural region. The largest urban settlements in Kannaland by 2021 were Calitzdorp, Zoar and Ladismith. Additionally, Nissenville had the highest percentage of estimated urban change during the reference period and also the highest density change over the same period.

In 2021, Mossel Bay, the second-largest municipal area in terms of population, recorded an impressive urbanisation rate of 93.6 per cent. The majority of the population is concentrated in Mossel Bay town and KwaNonqaba, with only about 6.4 per cent residing in rural areas. The remaining population lives in smaller urban towns and suburbs, particularly along the coast. The increase in urbanisation is primarily attributed to growth in Hartenbos, Vyf Brakke Fonteinen, Reebok/Tergniet and Brandwacht. Areas with notably high population density include Isinyoka, KwaNonqaba and Blue Ridge.

The George municipal area stands out because of its unique circumstances. Although the urban population grew, certain developments around the town of George extended into the rural area, inaccurately raising the rural share. Notably, there was a significant urban population within the town of George, where the majority of people (57.9 per cent) are situated. Additionally, Thembalethu township, situated within George, and the coastal town of Wilderness also contributed to urbanisation growth. Thembalethu in particular stood out for its high population density, which increased from 21.4 per cent of the George municipal population in 2001 to 23.3 per cent in 2021.

Oudtshoorn experienced the most significant decline in urbanisation of 12.6 percentage points over the 2001 to 2021 period, accompanied by an increase in the rural population during the same period. Most of its population is believed to reside primarily in Oudtshoorn town, Bridgeton and Bongolethu. Bridgeton and Bongolethu also have the highest population density, with Bridgeton showing a substantial increase in density over the reference period.

Hessequa's urbanisation rate remained constant at 71.5 per cent over the 2001 to 2021 period. A total of 28.5 per cent of the population resides in rural regions, while urban areas such as Riversdale account for approximately 23.3 per cent of the urban population. Heidelberg, Slangrivier, Albertinia and Stilbaai house the largest urban population. The increase in urbanisation is estimated to have been driven by growth in Stilbaai and Heidelberg, and, to a lesser extent, Melkhoutfontein. Melkhoutfontein also had the highest density change over this period. However, this increase was counterbalanced by a decline in the urban population share in Riversdale and Albertinia.

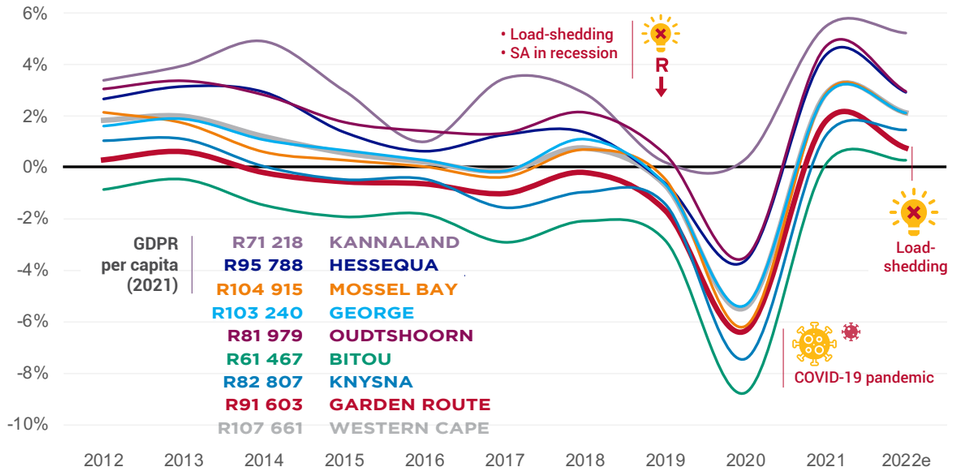
Source: Department of Social Development (DSD), Directorate Research and Information Management (DRIM), Provincial Population Unit (PPU), 2023. Western Cape Urbanisation 2001 to 2021, Additional: Districts and Local Municipalities version 1 (July 2023)

3. INCOME AND INEQUALITY

3.1 Income levels

In 2021, the GDPR per capita of the GRD was R91 603, notably lower than that of the Province (R107 661). However, in this region, George, Mossel Bay and Hessequa were exceptions to the lower GDPR per capita trend, recording GDPR per capita figures that surpassed the District average. It is worth noting that these areas have diverse economies encompassing sectors such as tourism, agriculture, manufacturing and business services. This diversity contributes to their economic resilience, enabling a notable level of economic activity within the three areas. This observation suggests that, on average, individuals in the areas mentioned above generate more economic output than residents of regions such as Bitou and Kannaland. In 2021, Bitou and Kannaland reported very low GDPR per capita values. Both areas are characterised by a reliance on farming and agriculture. In essence, higher GDPR per capita implies a higher standard of living within the area in question or greater economic prosperity.

Figure 3.1
GDPR PER CAPITA GROWTH, Garden Route District, 2012 – 2022



Source: Quantec research, 2023
(e denotes estimate)

GDPR per capita measures the total economic output level relative to the population's size. Given that populations and economies differ from one region to another, the GDPR per capita is useful for comparing living standards across regions. Growth in GDPR per capita is a summary indicator of economic development in a region.

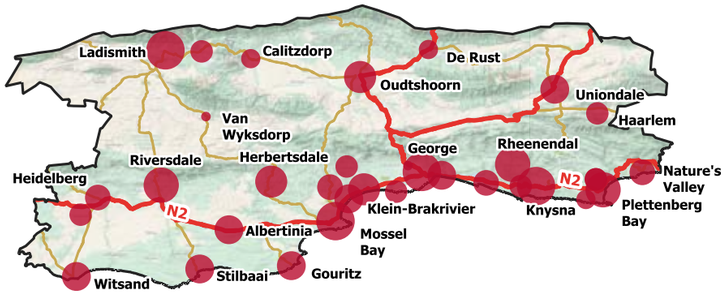
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Western Cape	0.3%	0.6%	-0.2%	-0.6%	-0.6%	-1.0%	-0.2%	-1.7%	-6.4%	1.8%	0.8%
Garden Route District	1.8%	2.0%	1.2%	0.6%	0.2%	-0.1%	0.7%	-0.7%	-5.5%	2.8%	2.1%
Kannaland	3.4%	3.9%	4.9%	3.0%	1.0%	3.4%	2.9%	0.2%	0.3%	5.5%	5.2%
Hessequa	2.7%	3.2%	2.9%	1.4%	0.6%	1.3%	1.4%	-0.6%	-3.6%	4.4%	2.9%
Mossel Bay	2.1%	1.7%	0.6%	0.3%	0.0%	-0.4%	0.7%	-0.5%	-6.2%	2.8%	2.1%
George	1.6%	1.9%	1.1%	0.6%	0.3%	-0.2%	1.1%	-0.7%	-5.4%	2.8%	2.1%
Oudtshoorn	3.0%	3.3%	2.8%	1.7%	1.4%	1.3%	2.1%	0.5%	-3.5%	4.7%	2.9%
Bitou	-0.9%	-0.5%	-1.5%	-1.9%	-1.8%	-2.9%	-2.1%	-2.9%	-8.8%	0.1%	0.3%
Knysna	1.0%	1.1%	0.0%	-0.5%	-0.5%	-1.6%	-1.0%	-1.4%	-7.5%	1.2%	1.4%

While GDPR per capita is often considered a gauge of a population's economic wellbeing, it is essential to note that a high GDPR per capita can conceal vast disparities in wealth distribution. In other words, an increase in GDPR per capita within a given region does not mean that all individuals residing there will experience a proportional increase in their income.

The GDPR per capita of the GRD will only increase if the economic growth rate of the District exceeds the population growth rate. In 2021, the Kannaland, Oudtshoorn and Hessequa municipal areas experienced the highest levels of GDPR per capita growth in the GRD: 5.5 per cent, 4.7 per cent and 4.4 per cent, respectively. The high GDPR per capita growth in Kannaland and Oudtshoorn resulted from a combination of population decline and strong GDPR growth prompted by the post-pandemic economic recovery.

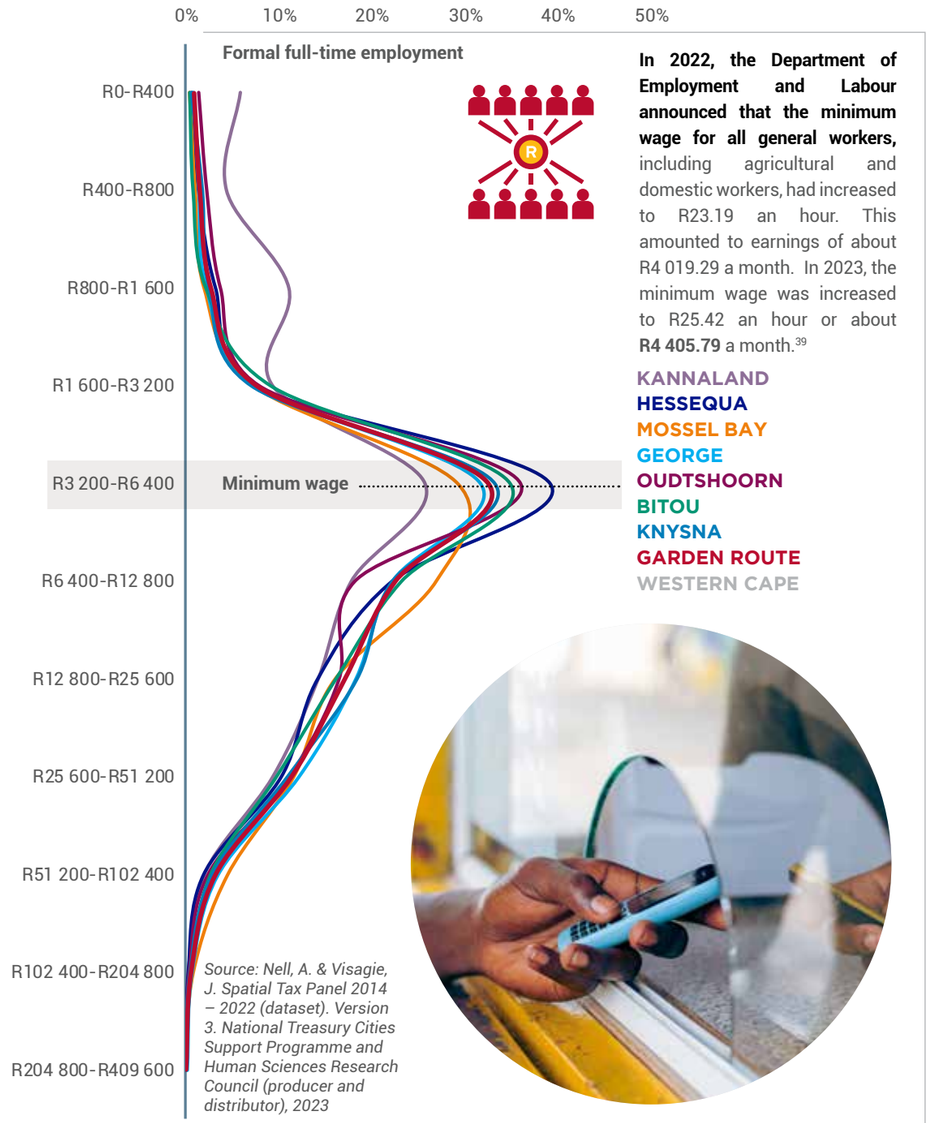
Bitou, the smallest municipal area in the District, has the highest anticipated population growth, with the rate of expansion between 2023 and 2027 estimated to be an average of 2.6 per cent annually. However, this above-average population growth has had a negative impact on GDPR per capita growth in Bitou. In 2021, Bitou reported the lowest GDPR per capita (R61 467) and the slowest GDPR per capita growth (just 0.1 per cent). Nevertheless, the GDPR per capita of the Bitou municipal area was estimated to have increased by 0.3 per cent in 2022.

Map 3.1
MEDIAN INCOME PER TOWN, Garden Route District, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

Figure 3.2
WAGE DISTRIBUTION PER MUNICIPAL AREA, Garden Route District, 2022



In 2022, the Department of Employment and Labour announced that the minimum wage for all general workers, including agricultural and domestic workers, had increased to R23.19 an hour. This amounted to earnings of about R4 019.29 a month. In 2023, the minimum wage was increased to R25.42 an hour or about **R4 405.79** a month.[39]

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

	R0-R400	R400-R800	R800-R1 600	R1 600-R3 200	R3 200-R6 400	R6 400-R12 800	R12 800-R25 600	R25 600-R51 200	R51 200-R102 400	R102 400-R204 800	R204 800-R409 600
Kannaland	5.9%	4.4%	11.1%	9.3%	25.7%	17.8%	14.2%	9.3%	2.0%	0.3%	0.0%
Hessequa	0.6%	1.3%	3.1%	7.5%	39.1%	22.1%	14.1%	10.2%	1.9%	0.2%	0.0%
Mossel Bay	0.4%	1.0%	2.0%	7.4%	29.2%	26.9%	16.1%	11.6%	4.5%	0.8%	0.0%
George	0.8%	1.3%	2.2%	7.5%	31.6%	22.1%	18.2%	12.1%	3.4%	0.6%	0.1%
Oudtshoorn	1.4%	2.3%	3.8%	7.9%	36.0%	18.2%	16.5%	11.1%	2.4%	0.4%	0.0%
Bitou	0.5%	0.8%	2.2%	9.2%	34.9%	23.2%	16.2%	9.8%	2.7%	0.6%	0.0%
Knysna	0.6%	1.8%	2.5%	7.1%	33.2%	22.2%	18.4%	10.9%	2.9%	0.5%	0.0%
Garden Route District	**0.9%**	**1.5%**	**2.7%**	**7.7%**	**32.5%**	**22.5%**	**17.1%**	**11.4%**	**3.2%**	**0.6%**	**0.0%**

[38] *(Department of Employment and Labour, 2022).*
[39] *(Department of Employment and Labour, 2023).*

The GRD's employment sector encompasses an interesting blend of traditional industries, including agriculture and emerging sectors such as tourism, hospitality and trade. The Knysna municipal area has a significant tourism industry that affords numerous employment opportunities. However, in 2022, job losses were recorded in the restaurant and short-term accommodation subsectors. The George municipal area also stands out, not only for its agricultural prowess but also because it is the service centre of the District. Administrative and professional services flourished in this dynamic hub in 2022.

As the administrative capital of the GRD, George naturally has a concentration of government offices and administrative functions. This has led to more government jobs, with workers here earning the highest median incomes in 2022. About 12.1 per cent of them enjoyed salaries ranging from R25 600 to R51 200. Skilled professionals found meaningful employment in various government departments, strengthening the area's economy. In 2021, the George municipal area also had the highest number of taxpayers in the District, accounting for 35.3 per cent of the taxpayers in the GRD.

The economy of Mossel Bay, influenced by its coastal location, is diverse and multifaceted. A range of economic activities occurs within this municipal area, including agriculture, the production of petrochemicals, fishing and tourism. This is one of the factors that led to the town of Mossel Bay having the highest monthly median income in the GRD in 2022 – R8 021.

Certain towns in the region had lower incomes, including Groot-Brakrivier (R6 171) and Herbertsdale (R5 860). However, the median incomes recorded in these localities in 2022 still exceeded the District median income of R5 616. This underscores the resilience of the agricultural activities in these small rural towns. Additionally, Mossel Bay had the second-highest number of taxpayers in the GRD in 2021, accounting for 24.3 per cent of the total.

In the Kannaland municipal area, Ladismith registered the third-highest median income (R7 523). Ladismith houses two cheese factories, Parmalat and Ladismith Cheese, as well as the LadiSmith Cellar, making it a significant contributor to both tourism and local manufacturing.[40] The Kannaland municipal area relies heavily on agriculture and small businesses to drive employment and wages. This area faces challenges in delivering basic services and generating employment opportunities in other sectors. The Kannaland municipal area consistently records the lowest number of taxpayers in the GRD, a trend that is unsurprising given the low median incomes in smaller towns such as Calitzdorp (R3 540) and Van Wyksdorp (R1 150).

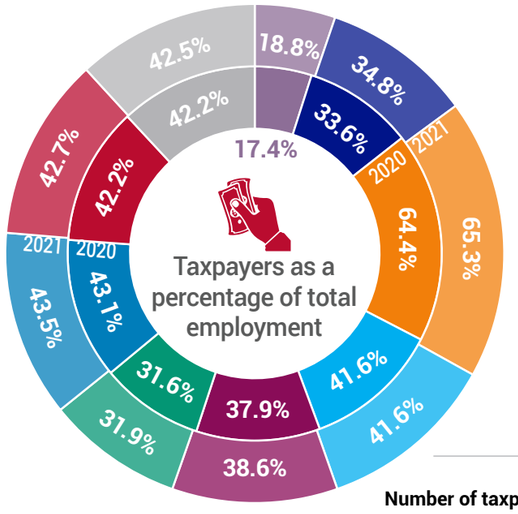
From 2020 to 2021, the number of taxpayers in the GRD dropped from 89 081 to 86 792, a decline of 2.6 per cent. However, the Kannaland municipal area proved an exception to this trend, recording a 2.8 per cent increase in the number of taxpayers over the period in question. The impact of the COVID-19 pandemic on local businesses and consequent salary reductions resulted in a 4.1 per cent decline in average monthly taxable income in the GRD in 2021. Average monthly taxable income also declined in each of the District's seven municipal areas during this year.

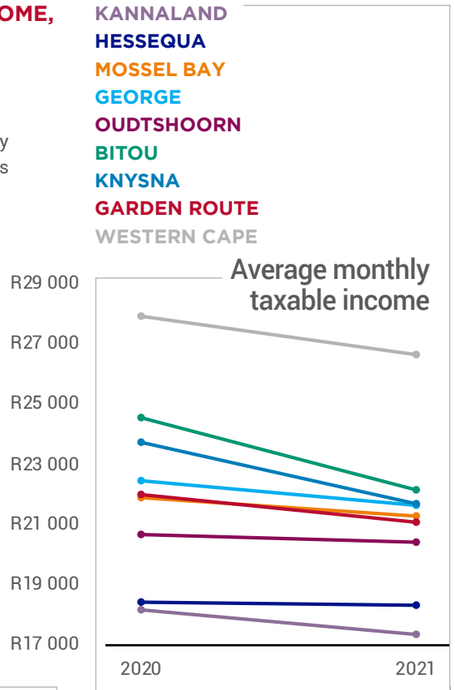
[40] *(SA-Venues, 2023).*

Figure 3.3

INDIVIDUAL TAXPAYERS AND TAXABLE INCOME, Garden Route District, 2020 – 2021

The Income Tax Act of 1962 (the Act) governs the imposition of income taxes in South Africa. Under the Act, tax is levied on taxable income, which is essentially gross income less any relevant exemptions and deductions permitted by law.[41] Taxes enable the financing of public sector goods and services.





Number of taxpayers

MUNICIPAL AREA	2020	2021
Kannaland	1 572	1 616
Hessequa	7 610	7 509
Mossel Bay	21 681	21 068
George	31 637	30 647
Oudtshoorn	10 457	10 328
Bitou	5 679	5 500
Knysna	10 445	10 124
Garden Route District	89 081	86 792
Western Cape	1 003 326	980 607

Average monthly taxable income

2020	2021
R18 183	R17 378
R18 452	R18 311
R21 878	R21 308
R22 484	R21 628
R20 656	R20 414
R24 564	R22 167
R23 751	R21 698
R21 983	R21 082
R27 892	R26 633

Sources: Quantec research, National Treasury and SARS, 2023

[41] *(South African Revenue Service, 2022).*

3.2 Income inequality

From 2019 to 2022, there was a notable reduction in the Gini coefficient for the Province, GRD and municipal areas within this District, particularly in 2022. In 2020, the Gini coefficient peaked for the Province, District and municipal areas because of the adverse effects of the COVID-19 pandemic, which resulted in job losses and income reductions. The pandemic largely affected low-skilled workers, as skilled jobs proved to be more resilient. This, in turn, widens the income gap between the rich and poor. By 2022, however, signs of economic recovery and a return to normalcy were evident. That said, it is important to note that despite these improvements, income inequality in the GRD (0.608) remained higher than that of the Province (0.601) in 2022.

The Bitou municipal area had the highest Gini coefficient in the District from 2019 to 2022, although the ratio fell during this period from 0.669 to 0.650. Several factors contributed to this, including the municipal area's relatively small size. Because of its limited geographical area, economic opportunities and resources are often concentrated in specific sectors, exacerbating income disparities.

Additionally, the dominance of tourism in the popular destination of Plettenberg Bay plays a crucial role in contributing to inequality. While tourism can be a significant driver of economic growth, it often leads to a dual economy. There are high-paying jobs and businesses catering for tourists, but there may be a large informal or low-income workforce in service-related positions.

This disparity in income levels between those employed in the tourism sector and those in other industries can widen the wealth gap within the municipal area. Hence, Bitou's heavy reliance on tourism can lead to income inequality, as it often results in a two-tiered economy with significant variations in income levels among its residents.

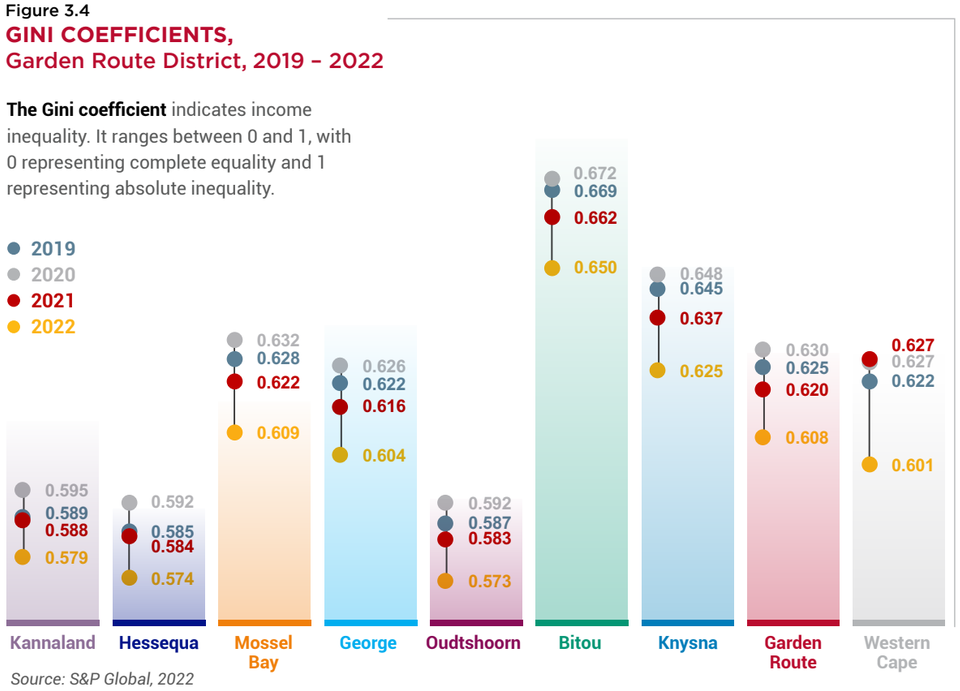
Various methods can be employed to assess societal inequality, encompassing income, expenditure, assets, employment, education, health, access to basic services, and social mobility. By adopting a multidimensional perspective, the broader context of South Africans' challenges can be better defined regarding inequality.

Ratios and indices utilised to measure inequality encompass the Gini coefficient, the Theil index, general entropy, the Palma ratio, and the Atkinson index.[42] Nonetheless, the Gini coefficient stands out at the local municipal level as the most readily available and widely used data for measuring inequality.

[42] *(Stats SA, 2019).*

Figure 3.4
GINI COEFFICIENTS, Garden Route District, 2019 – 2022

The Gini coefficient indicates income inequality. It ranges between 0 and 1, with 0 representing complete equality and 1 representing absolute inequality.



Source: S&P Global, 2022

The National Development Plan (NDP) sets forth a vision for 2030, which includes reducing the number of households with a monthly income of less than R419 per person from 39.0 per cent to zero and lowering the Gini coefficient from 0.69 to 0.6. Achieving this vision necessitates tackling the fundamental drivers of poverty and inequality, transitioning from short-term policies to evidence-based ones, and, most importantly, guaranteeing a "decent standard of living" for all South Africans by 2030.[43]

Additionally, a lack of industry diversity in smaller settlements such as Wittedrift and Kranshoek, which had the lowest average median incomes per town, led to their economies being primarily driven by agricultural and farming activities.

The municipal areas of Knysna and Mossel Bay also recorded above-average levels of income inequality in 2022, with Gini coefficients of 0.625 and 0.609, respectively. The economy of Friemersheim, a town in rural Mossel Bay, revolves around traditional activities such as farming and small-scale local industries. The average monthly income in this town is one of the lowest, amounting to R3 794 per month. By comparison, a distinct segment of the Mossel Bay population enjoys high average median incomes (R8 021) per month. This economic disparity within the Mossel Bay municipal area is one of the factors contributing to the overall income inequality experienced in the area.

Income inequality was less pronounced in the Oudtshoorn municipal area, which recorded a Gini coefficient of 0.573 in 2022. The Hessequa and Kannaland municipal areas echoed this trend, with Gini coefficients of 0.574 and 0.579, respectively. These three regions are similar in several ways: all are battling a scarcity of job opportunities and have economies that are dominated by agriculture. This has resulted in low median incomes across the board.

[43] *(National Planning Commission, 2012).*

4. POVERTY

4.1 Indigent households

A household is classified as indigent if its occupants earn a combined income that is less than the threshold specified in the indigent policy of a municipal area.

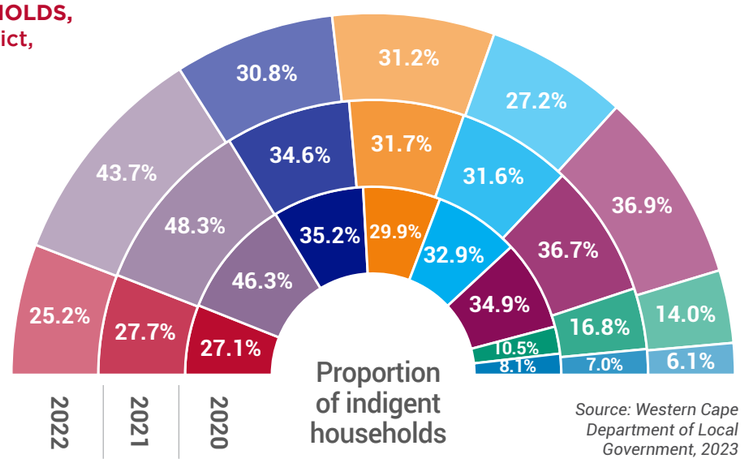
Table 3.1
POVERTY THRESHOLDS, Garden Route District, 2022

Municipal Area	Indigent Policy
Kannaland	All occupants' total gross monthly income does not exceed the amount determined by the Council.
Hessequa	The total monthly gross income of the registered owner/tenant and his/her spouse or life companion is not more than an amount determined by Council from time to time (R4 500).
Mossel Bay	The total household income does not exceed twice the government pension (R4 200).
George	The verified collective gross monthly household income should not exceed twice the state pension (R5 160).
Oudtshoorn	The joint gross income of all the people living on the premises may not exceed R3 900 per month.
Bitou	You will qualify if you are the property's legal owner or tenant; the household earns a total gross income of less than R1 800 per month.
Knysna	The monthly household income may not exceed R3 800.

Figure 4.1
PROPORTION OF INDIGENT HOUSEHOLDS, Garden Route District, 2020 – 2022

46 174
TOTAL Indigent households

KANNALAND
HESSEQUA
MOSSEL BAY
GEORGE
OUDTSHOORN
BITOU
KNYSNA
GARDEN ROUTE



Source: Western Cape Department of Local Government, 2023

Differences between the municipal areas of the GRD, as regards the number of indigent households in these regions, reflect significant socio-economic disparities. Fewer indigent households suggests the ability to afford basic services, higher incomes and an improved quality of life. By contrast, areas with more indigent households face poverty-related challenges, indicating limited access to essential services and highlighting the need for targeted interventions to address socio-economic inequalities and improve residents' wellbeing.

Between 2020 and 2021, a slight uptick was observed in the number and proportion of indigent households within the GRD. This was despite a consistent decline in the number and percentage of such households in the Hessequa, George and Knysna municipal areas over the same period. The number of indigent households in the Mossel Bay municipal area remained unchanged between 2021 and 2022. Apart from Oudtshoorn, all the municipal areas of the GRD experienced a reduction in the number of indigent households between 2021 and 2022.

The Oudtshoorn municipal area continued to experience an upward trend in the percentage of indigent households during the same period, with 36.9 per cent of households listed as indigent in 2022. The Kannaland municipal area had the highest percentage of indigent households of all municipal areas in the GRD. Nonetheless, it saw a decrease in the number of indigent households between 2021 and 2022. A trend of declining indigent households was also observed in the Bitou municipal area.

Consequently, it may be concluded that 2022 marked a phase of economic stabilisation, leading to decreased dependence on Local Government support among the populace of the GRD. This suggests that demand for discounted or free services in these areas may decline.

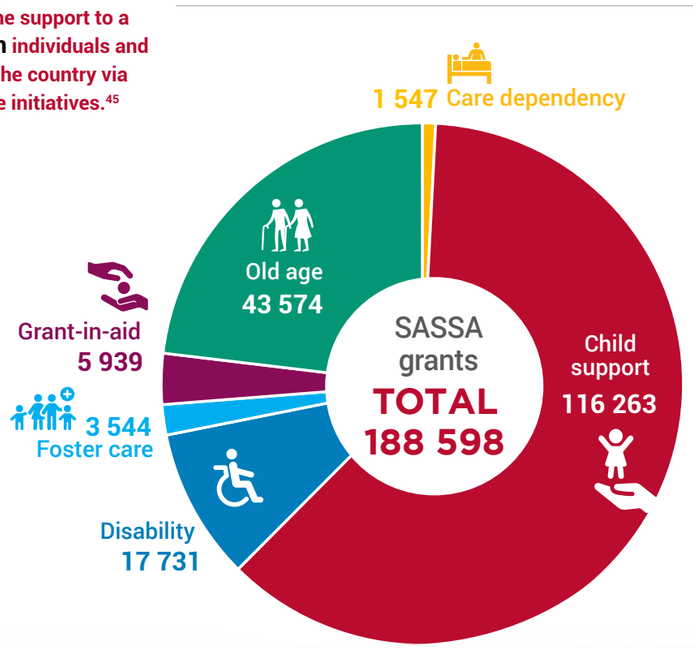
4.2 Social grants

Figure 4.2
DISTRIBUTION OF SASSA GRANTS,
Garden Route District, 2021

A social grant in South Africa refers to a financial allocation provided by the government to individuals in need. These grants are awarded monthly for a predetermined or extended duration. They are intended for candidates residing in South Africa with citizenship, permanent residency or refugee status.[44] **Social assistance through social grants is one of the most effective programmes to uplift impoverished individuals.** Its primary objective is to prevent further impoverishment among vulnerable South Africans. Notably, the South African Social Security Agency (SASSA) played a crucial role in this endeavour during the 2020/21 period.

By the end of this period, SASSA had provided essential income support to a staggering 11.5 million individuals and households throughout the country via various social assistance initiatives.[45]

Source:
SASSA, 2021



[44] *(South African Social Security Agency, 2023).*
[45] *(Parliament of South Africa, 2021).*

With high unemployment rates in the GRD, there is a growing demand for income support. Despite the considerable expense of such support, the GRD hosts two SASSA centres, located in George and Oudtshoorn. In 2021, a total of 188 598 people (30.2 per cent of the District's population) were beneficiaries of various social grants totalling R178.9 million. The assistance provided encompassed child support grants, disability grants, foster care grants, grant-in-aid grants and care dependency grants.

A comparison between the two offices in the District revealed that Oudtshoorn had the lowest number of recipients in 2021, with only 51 362 individuals receiving grants. The George municipal area recorded a significantly higher number of beneficiaries, issuing grants to 137 236 individuals.

Much of the work at the George and Oudtshoorn centres revolves around issuing child support grants. In 2021, the centres disbursed grants to the value of R38.5 million and R14.9 million, respectively. Recipients of child support grants made up 61.1 per cent of beneficiaries assisted by the George office and 63.2 per cent of those assisted by the Oudtshoorn office.

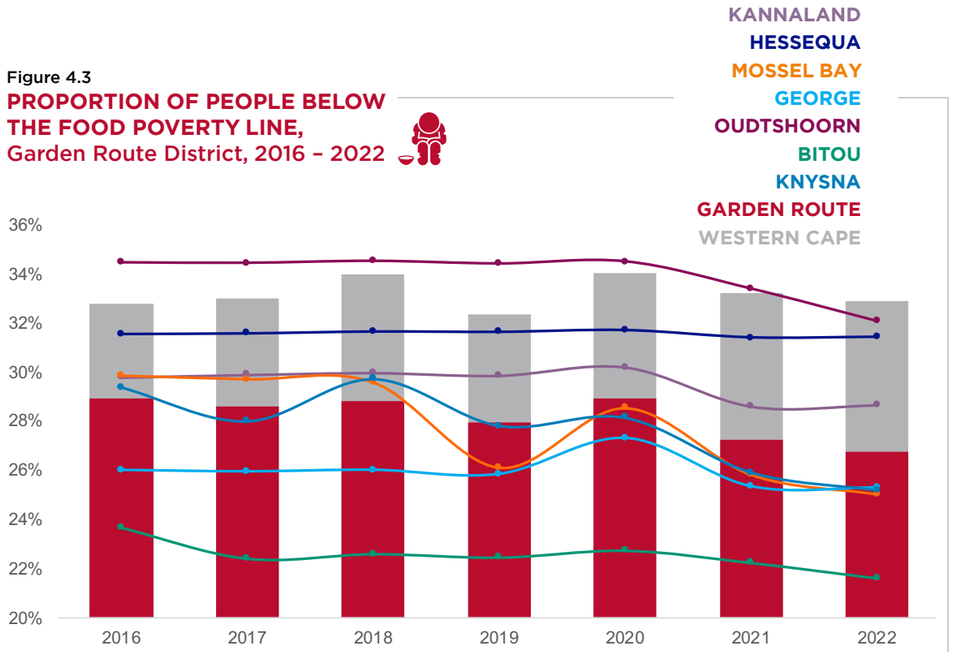
Following closely were beneficiaries of the old age grant. Specifically, a total of 43 574 pensioners were recipients of the old age grant, representing 23.1 per cent of the individuals supported within the GRD. This pension serves as a lifeline, enabling pensioners to meet fundamental needs such as sustenance, shelter and healthcare. This stipend elevates their overall quality of life by mitigating the risk of poverty. An old age pension transcends the financial realm, standing as a cornerstone for uplifting wellbeing, preserving dignity and enhancing the quality of life for pensioners.

Adequate income support programmes and social safety nets can help mitigate the impact of low incomes and unemployment on food security. Economic growth and job creation can positively impact income levels and reduce the proportion of people who are below the food poverty line (FPL).

4.3 Food security

Food security is the state of having consistent access to sufficient, safe and nutritious food. According to the Bureau for Food and Agricultural Policy (BFAP), inflation in the cost of food and non-alcoholic beverages reached 13.9 per cent between April 2022 and April 2023, a trend driven by spiralling global food prices, currency depreciation, rising fuel and electricity costs, and ongoing load-shedding. Higher prices for vegetables, bread and cereals, dairy and eggs, fish, sugar and non-alcoholic beverages contributed to the steep inflation.

Figure 4.3
PROPORTION OF PEOPLE BELOW THE FOOD POVERTY LINE, Garden Route District, 2016 – 2022



Source: Quantec research, 2023

	2016	2017	2018	2019	2020	2021	2022
Western Cape	32.8%	33.0%	34.0%	32.4%	34.0%	33.2%	32.9%
Garden Route District	28.9%	28.6%	28.8%	28.0%	28.9%	27.3%	26.8%
Kannaland	29.8%	29.9%	30.0%	29.9%	30.2%	28.6%	28.6%
Hessequa	31.5%	31.6%	31.6%	31.6%	31.7%	31.4%	31.4%
Mossel Bay	29.8%	29.7%	29.6%	26.1%	28.5%	25.8%	25.0%
George	26.0%	26.0%	26.0%	25.9%	27.3%	25.3%	25.3%
Oudtshoorn	34.5%	34.4%	34.5%	34.4%	34.5%	33.4%	32.1%
Bitou	23.7%	22.4%	22.6%	22.4%	22.7%	22.2%	21.6%
Knysna	29.4%	28.0%	29.7%	27.8%	28.1%	25.9%	25.2%

Source: Quantec research, 2023

The percentage of the population in the GRD that is below the FPL fluctuated between 2016 and 2022. Percentages in Kannaland, Hessequa and George remained unchanged between 2021 and 2022, while the remaining municipal areas and the Province saw a decline in the proportion of people below the FPL. This reduction indicates enhanced overall access to sufficient nutritional food and a consequent decrease in food insecurity among the population. More individuals could afford a balanced diet, resulting in improved health outcomes and an elevated quality of life.

The Oudtshoorn municipal area had the highest proportion of people living below the FPL: at 33.4 per cent in 2021 and 32.1 per cent in 2022. Of the three main towns in the area, only Oudtshoorn, the epicentre of the services sector in the municipal area, had a median income above the municipal average. Dysselsdorp and De Rust are small towns that serve surrounding agricultural communities that are mainly involved in ostrich farming. Poverty has become a significant factor in these towns, as most young people have jobs in Oudtshoorn or work as seasonal labourers on neighbouring farms.[46] The lack of diversity in employment opportunities and low incomes make individuals in this area more likely to fall below the FPL.

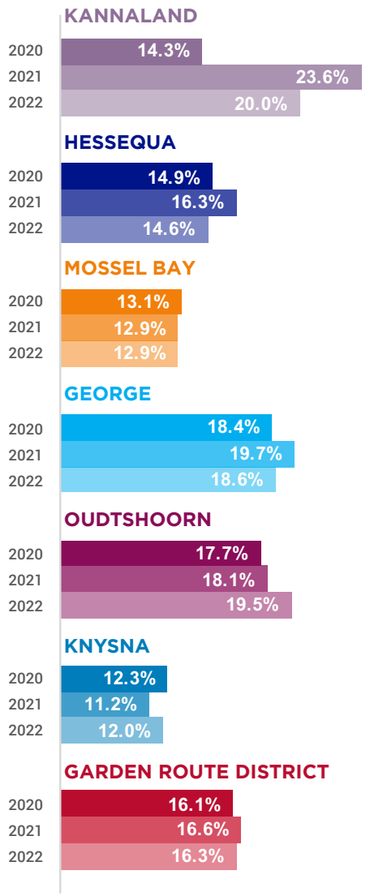
There is a close relationship between income and food poverty, as income level directly affects an individual's or a household's capacity to afford a balanced and nourishing diet. The median incomes in the Mossel Bay, Knysna, George and Bitou municipal areas all exceeded the District median income of R5 616 in 2022. Additionally, these regions had the lowest percentages in the GRD of residents who fell below the food poverty threshold in 2022.

To meet the minimum required daily energy intake,
a person needs to be able to spend R663 on food each month.[47]

[46] *(Oudtshoorn Municipality, 2022).*
[47] *(Stats SA, 2022).*

Figure 4.4
LOW BIRTH WEIGHT RATE, Garden Route District, 2020 – 2022

According to the World Health Organization (WHO), a birth weight of less than 2 500g is considered low. Weight at birth is regarded as a core health indicator. Low birth weight is linked to long-term maternal malnutrition, ill health and poor healthcare during pregnancy.[48] Additionally, low birth weight is associated with high neonatal mortality, emphasising the need for greater allocation of resources to neonatal care and intensive-care beds.[49]



Source: Western Cape Department of Health, 2023

The low birth weight rate in the GRD increased in 2021 but decreased slightly in 2022. The most significant shift in this regard occurred in the Kannaland municipal area. Between 2020 and 2021, the low birth weight rate in this area surged dramatically, rising by 9.3 percentage points. Fortunately, the rate decreased slightly to 20.0 per cent in 2022. However, the situation in Kannaland remains concerning, as it has the highest low birth weight rate in the GRD. Additionally, severe acute malnutrition continued to escalate across the GRD from 2020 to 2022.

While Knysna has consistently maintained the lowest level of low birth weight in the District, it experienced a notable increase in the low birth weight rate between 2021 and 2022, and an increase in severe acute malnutrition cases during the same period. These trends underscore the need for continued monitoring and intervention in addressing the rising problem of malnutrition in Knysna. By contrast, the low birth weight rate improved in the Mossel Bay municipal area in 2021. This trend continued in 2022, with the low birth weight rate in the Mossel Bay municipal area remaining unchanged.

Throughout this period, the Oudtshoorn municipal area registered a continuous increase in the low birth weight rate, as well as a continuous increase in severe acute malnutrition. Notably, this area also had the highest proportion of residents living below the FPL from 2016 to 2022.

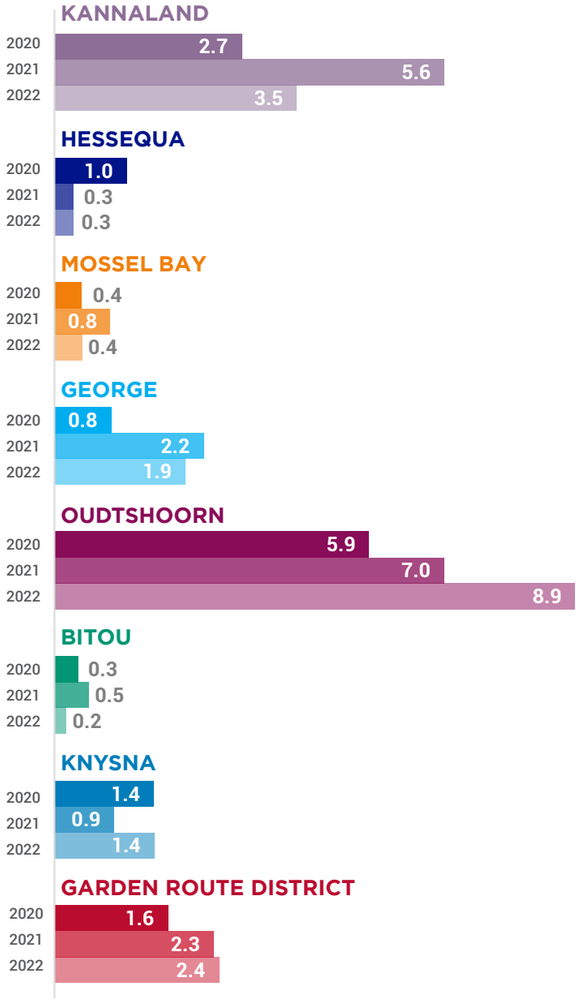
[48] *(World Health Organization, 2023).*
[49] *(Musiime G. M., Lloyd, McCaul, Van Zyl, & Holgate, 2022).*

This underscores that a significant proportion of the population in the Oudtshoorn area is struggling to access and afford sufficient nutritious food.

The urgency of the need to address low birth weight rates cannot be overstated, as this condition is directly linked to high neonatal mortality. The persistence of low birth weights emphasises the importance of allocating more resources to neonatal care and providing intensive-care beds to ensure the wellbeing of vulnerable infants.[50]

The impact of severe acute malnutrition was particularly severe in the District in 2022. This led to high mortality rates, especially among sick children in under-resourced public medical facilities. More resources and interventions are necessary to address this pressing health challenge and ensure the wellbeing of the region's most vulnerable population.[51]

Figure 4.5
SEVERE ACUTE MALNUTRITION PER 1 000 CHILDREN UNDER FIVE YEARS, Garden Route District, 2020 – 2022



Source: Western Cape Department of Health, 2023

[50] *(Musiime G. M., Lloyd, McCaul, Van Zyl, & Holgate, 2022).*
[51] *(Mandla, Mackay, & Mda, 2022).*

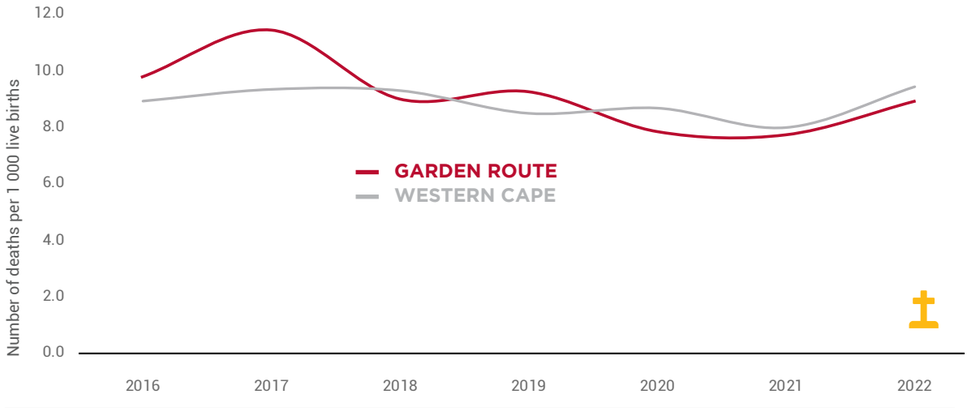
5. HEALTH

5.1 Maternal and child health

The wellbeing of a population plays a crucial role in driving economic performance, primarily through its impact on labour productivity. An aspect that has immense potential in promoting labour force participation is the advancement of women's health.[52]

An analysis of the indicators related to child and maternal health provides valuable insights into the population's overall wellbeing. By assessing factors such as infant mortality rates and maternal healthcare access, we can gauge progress in promoting the health and welfare of mothers and children within the region.

Figure 5.1
NEONATAL MORTALITY RATE PER 1 000 LIVE BIRTHS, Garden Route District, 2016 – 2022



	2016	2017	2018	2019	2020	2021	2022
Garden Route District	9.8	11.4	9.0	9.2	7.8	7.7	8.9
Western Cape	8.9	9.3	9.3	8.5	8.7	8.0	9.4

Source: Western Cape Department of Health, 2023

Neonatal mortality rate per 1 000 live births is measured as the **number of babies dying before reaching 28 days of age**, per 1 000 live births in a given year.

Table 5.1
MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, Garden Route District, 2020-2022

MUNICIPAL AREA	2020	2021	2022
Bitou	0.0	0.0	0.0
George	230.6	122.4	98.5
Hessequa	0.0	0.0	0.0
Kannaland	0.0	0.0	0.0
Knysna	119.5	61.3	60.8
Mossel Bay	72.3	0.0	150.4
Oudtshoorn	55.5	0.0	0.0
Garden Route District	132.5	56.8	72.2

The maternal death rate is based on the number of maternal deaths per 100 000 live births occurring in health facilities. Maternal death refers to death occurring during pregnancy, childbirth, the puerperium or within 42 days of termination of pregnancy (irrespective of the duration and site of pregnancy or the cause of death, i.e. whether obstetric or non-obstetric).

[52] *(Bloom, Kuhn, & Prettner, 2018).*

During the period under review, the GRD experienced fluctuations in its maternal death rate. In 2020, the death rate stood at 132.5 deaths per 100 000 live births. However, there was a significant decrease in 2021, when the rate dropped to 56.8 deaths per 100 000 live births. Unfortunately, the rate increased again in 2022, reaching 72.2 deaths per 100 000 live births.

The neonatal mortality pattern in the GRD also showed variations over the assessed period. The District's peak rate within this timeframe occurred in 2017, reaching 11.4 deaths per 1 000 live births. Despite experiencing a minor increase in neonatal mortality in 2022, the District remained in a favourable position compared with the Province.

Among the municipal areas of the GRD, the Mossel Bay municipal area recorded the highest number of maternal deaths per 100 000 live births in 2022. The George and Knysna municipal areas were the only regions to consistently report maternal death rates in each of the three years from 2020 to 2022.

Overall, maternal mortality remains a concern for the GRD. While there was a decrease in the death rate from 2020 to 2021, the subsequent increase in 2022 highlights the need for continued efforts to improve maternal health and reduce maternal mortality in the District.

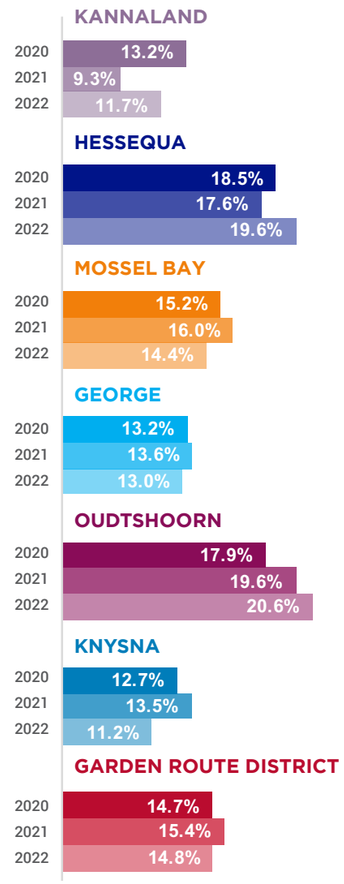
Figure 5.2
DELIVERY RATE TO WOMEN 10 – 19 YEARS,
Garden Route District, 2020 – 2022

TEENAGE PREGNANCY

Teenage pregnancies are a pressing challenge in the GRD. The numbers speak volumes about the challenges these young mothers face, as well as the underlying factors that drive this phenomenon.

Between 2002 and 2020, the average number of live births to teenage mothers within the GRD was estimated at 25 104. This was, on average, 1 321 births annually and contributed to the 11.5 per cent of live births to teenage mothers (10 to 19-year-olds) registered annually in the whole of the Western Cape for the same period. Most of these births were in the George and Oudtshoorn municipal areas, which had 567 and 104 live births to teenage mothers, respectively.

The timing of these pregnancies followed a distinct pattern. Most births to teenage mothers occurred during the months of August and September, with November and December (when schools are closed) standing out as months of high conception rates.



Source: Western Cape Department of Health, 2023

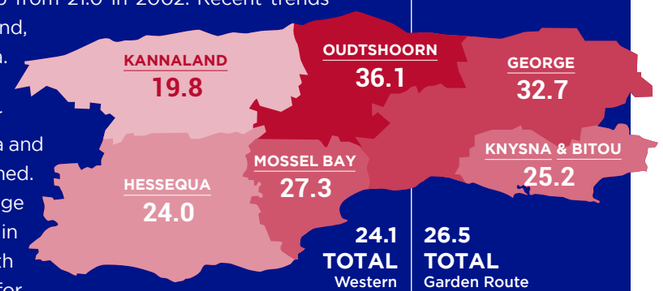
In 2022, births to teenage mothers made up 14.8 per cent of total live births in the District, with Oudtshoorn (20.6 per cent) and Hessequa (19.6 per cent) having the highest proportions of births to teenage mothers.

Related figures offer a glimpse into the complexities of teenage relationships and the involvement of partners of varying ages. Data relating to the age of fathers of children born to these young mothers paints a diverse and disconcerting picture, showing that ages range from 17 to 30 years. A few outliers were as old as 55, but fathers were mostly aged 20 to 25. It was further reported that, on average, only 13.1 per cent of fathers were named on birth certificates in the Western Cape between 2002 and 2020.

The age-specific fertility rate (ASFR) – i.e. the number of females aged between 10 and 19 years per 1 000 who have given birth – presents a better reflection of the challenges concerning teenage pregnancies that municipalities face.

Map 5.1
ASFR PER 1 000 LIVE BIRTHS, Garden Route District, 2002 – 2020

Source: Stats SA, Live Births, 2023



Oudtshoorn leads with 39.4 teenagers giving birth per 1 000 births in 2020, an increase from the 26.5 such births registered in 2002. This increase in birth rate was followed by the George municipal area, with an ASFR of 28.0 in 2020, up from 21.0 in 2002. Recent trends were unavailable for Kannaland, Hessequa, Bitou and Knysna. However, the average ASFR from 2002 to 2012 was 19.8 for Kannaland, 24.0 for Hessequa and 25.2 for Knysna/Bitou combined. It should be noted that teenage pregnancies are on the rise in Mossel Bay and George, with a slight decline reported for Oudtshoorn for the 2002 to 2022 period. These figures indicate the areas that require focused attention and targeted interventions.

But what fuels this teenage pregnancy trend? The answer lies in underlying social and economic factors. Poverty, limited education and employment prospects, GBV and cultural beliefs all play a role in shaping the lives of these young mothers. Furthermore, the lack of access to comprehensive sexuality education and sexual and reproductive health services amplifies their risk of pregnancy.

A reproductive justice approach could be taken to address the challenges associated with teenage pregnancies through the following suggested actions: making abortion services known and accessible; training and supporting all clinic staff in providing patient-centred nonjudgmental care; tackling sexual and GBV with rigour; training and supporting sexuality education teachers in providing relevant, open and dialogical training; vigorously tackling youth unemployment; and extending the rights enjoyed by working people to pregnant learners.[53]

Source: Department of Social Development (DSD) DRIM: Provincial Population Unit (PPU), 2023. Teen Births in the Western Cape: A quantitative exploration – Districts and Local Municipalities

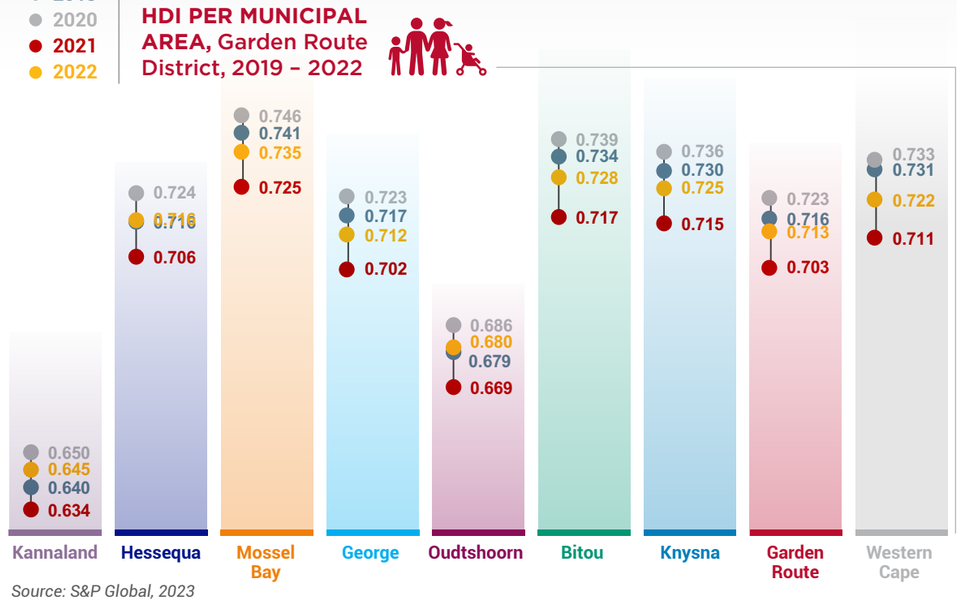
[53] *(Macleod & Feltham-King, 2021).*

HUMAN DEVELOPMENT INDEX

Between 2019 and 2022, both the Province and the GRD experienced fluctuations in their HDI, culminating in a positive increase in the HDI in 2022. This increase indicates progress in enhancing the standard of living of local communities. In 2021, a decline in HDI scores was observed across all municipal areas as well as the Province because of the impact of COVID-19 on life expectancy and the adverse effects of job losses on income levels. These factors eroded the gains made in previous years.

All the municipal areas within the GRD have witnessed improvements in their HDI scores. The Mossel Bay municipal area secured the highest HDI score in 2022, 0.735, while Kannaland registered the lowest HDI score (0.645). These statistics mirror the varying degrees of socio-economic development across the District, vividly illustrating disparities in wellbeing and quality of life between the various municipal areas of the GRD. The high HDI scores in regions such as Mossel Bay, Knysna and Bitou are indicative of the robust economies of these areas, which are characterised by elevated income and economic activity levels. Inhabitants of these areas generally enjoy superior job prospects and higher wages. Conversely, areas such as Kannaland and Oudtshoorn grapple with low HDI scores. Here, towns such as Van Wyksdorp and De Rust have the lowest average median incomes in the District (R1 150 and R3 340, respectively). Income levels tend to be lower, and this, coupled with the low HDI scores, contributes to the high poverty levels.

Figure 5.3
HDI PER MUNICIPAL AREA, Garden Route District, 2019 – 2022



Source: S&P Global, 2023

The Human Development Index (HDI) provides a multidimensional view of a region's socio-economic development. A region's economic performance holds immense significance in determining the quality of life of its residents. As economies thrive, human development tends to improve, translating into better lives for individuals. The prosperity and growth of an economy can foster advancements in education, healthcare and access to resources, which in turn contribute to the overall wellbeing of the population. The HDI is a measure created by the United Nations Development Programme (UNDP) to assess a country's overall progress. It allows for evaluation in terms of three fundamental aspects of human development: life expectancy, education and standard of living. The index serves as a metric to gauge the average level of achievement across these aspects within a country.

6. EDUCATION

Education, literacy levels and skills development play a vital role in shaping the future socio-economic landscape of the GRD. They empower the population and significantly impact the local economy's development and the region's human resource capacity.

In 2022, the literacy rate in the GRD (60.9 per cent) was lower than the Provincial average (66.2 per cent). Literacy rates play an important role in people's opportunities for skills development, further education and employability. Poor literacy rates in certain groups within the GRD contribute to poverty and income inequality in the District. The coloured population had the lowest literacy rate in the GRD in 2022 (53.6 per cent), 32.5 percentage points less than the rate of the white population (86.1 per cent). Furthermore, while literacy rates increased for most population groups over the 2012 to 2022 period, they declined by 1.7 percentage points for the coloured population. The rate for whites improved by 4.3 percentage points and there was an improvement of 3.3 percentage points for the Asian/Indian population. However, literacy levels for black Africans improved at a notably slower pace, rising by only 1.7 percentage points.

Ensuring that school-age children both have access to schools and are enrolled there is essential for improving literacy levels. Poverty levels and food insecurity in informal settlements, which have predominantly black African populations, could deter learners from attending school or increase the likelihood of drop-outs. Farm-based coloured people in municipal areas such as Kannaland, Hessequa and Oudtshoorn also need additional support in accessing schools, highlighting the importance of scholar transport support by the Western Cape Education Department.

Figure 6.1
FUNCTIONAL LITERACY RATE, Garden Route District, 2012 – 2022 (%)

The functional literacy rate is the proportion of people who are older than 20 whose level of education exceeds Grade 7.

Source: Quantec research, 2023

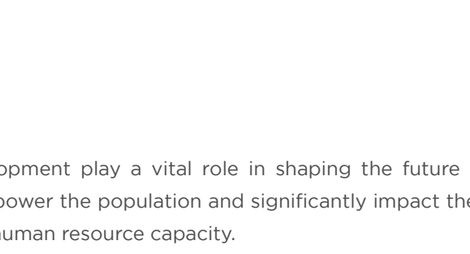
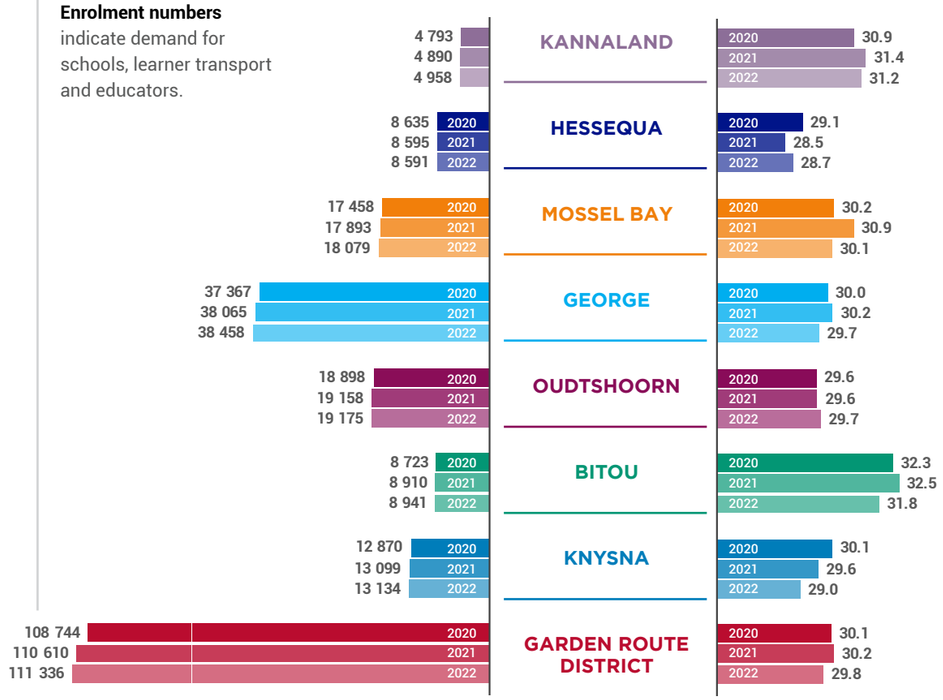


Figure 6.2
LEARNER ENROLMENT, Garden Route District, 2020 – 2022

Figure 6.3
LEARNER-TEACHER RATIO, Garden Route District, 2020 – 2022

Enrolment numbers indicate demand for schools, learner transport and educators.



The Department of Education set the upper limit for the **learner-teacher ratio** in ordinary primary schools at 40:1; for ordinary high schools, it was set at 35:1.[54] Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.[55] A low learner-teacher ratio positively impacts the quality of learning, fosters solid learner-teacher relationships and enables the use of personalised teaching methods.

Source: Western Cape Education Department, 2023

Between 2020 and 2022, the GRD witnessed a surge in learner enrolment, with the number of pupils increasing from 108 744 to 111 336. Enrolments rose in six of the seven municipal areas within the District. Hessequa, where the population is shrinking, was an exception to this trend, recording a 0.5 per cent decrease in enrolment. Hessequa, as the only municipal area with declining learner enrolments over the three years, also exhibited the lowest learner-teacher ratio.

A distinctive feature of the GRD in 2022 was its low learner-teacher ratio. Both the District and the Province witnessed a decline in this ratio, resulting in an average class size of 30 learners per teacher. The recruitment of additional teachers in the Western Cape between 2020 and 2022 contributed to this positive change. Rising enrolment numbers will need to be matched by an increase in educator numbers if the current learner-teacher ratio is to be maintained, and thus ensure high-quality education within the Province.[56]

[54] *(Sephton, 2017).*
[55] *(Moloi & Chetty, 2011).*
[56] *(Western Cape Government, 2022).*

Among the municipal areas, George recorded the highest number of enrolled learners in the GRD in 2022, followed by the Oudtshoorn municipal area. Given the large size of the population in George, this was to be expected. This municipal area has experienced substantial growth in learner enrolment, with the number of pupils increasing by 1 091 from 2020 to 2022. This was probably due to an expanding working-age population in the area, which offers job opportunities that attract individuals seeking employment and better economic prospects. Families moving to the area for work-related reasons typically have school-age children, consequently boosting learner enrolment. This influx of learners was positively met with a decrease in the learner-teacher ratio, which fell below the Provincial average by 2022.

A low learner-teacher ratio positively impacts the quality of learning, fosters solid learner-teacher relationships and enables the use of personalised teaching methods. This contributes to improved test results, reduced drop-out rates and increased graduation rates. However, other factors affecting overall education quality must also be considered in the push for optimal educational outcomes.

YOUTH EMPLOYMENT INTERVENTION

In a concerted effort to combat youth unemployment and offer crucial classroom assistance, the WCED recruited 20 500 education assistants for the 2023 school year. This initiative falls under the Presidential Youth Employment Intervention (PYEI) and aims to support schools throughout the Province. This programme addresses the need for additional classroom support. It is crucial for creating work opportunities for unemployed youth throughout the Western Cape.[57]

[57] *(Western Cape Government, 2022).*

LANGUAGE AND MATHEMATICS PASS RATES

A study on Western Cape public schools (2020 to 2021) revealed that COVID-19 lockdowns resulted in significant learning losses. The approximately 80 000 learners surveyed were shown to have lost nearly three-quarters of a school year on average. The deficit was most severe with regard to mathematics, with surveyed learners losing more than a year of learning compared with the performance of pupils in 2019. For language subjects, the loss amounted to about three-quarters of a year.

Pass rates declined, especially for Grade 4 learners transitioning languages from their home language to English as the primary language of teaching and learning from Grade 4 onwards.

The effects of lockdowns were reflected in declining pass rates in 2022. This was particularly the case for Grade 4 learners, for whom the year would have been challenging even if the COVID-19 outbreak had not occurred. Learners receive instruction in their home language until Grade 3. Still, they are taught all subjects in English from Grade 4 onwards (their home language excepted). The difficulties of this language transition were compounded by the pandemic.

Mathematics performance declined across all grades, with some areas falling below 50.0 per cent and even 20.0 per cent proficiency levels. The study suggested solutions such as providing learners with catch-up time, prioritising mathematics and languages, implementing diagnostic assessments, employing educator assistants and streamlining the curriculum to ensure a focus on essential skills.[58]

[58] *(Van der Berg, Hoadley, Galant, Van Wyk, & Böhmer, 2022).*

Figure 6.4

GRADE 3, 6 AND 9 LANGUAGE AND MATHEMATICS PASS RATES,
Garden Route District, 2019, 2021 and 2022

LANGUAGE		GRADE 3	GRADE 6	GRADE 9
KANNALAND	2019	20.9%	29.4%	46.2%
	2021	9.0%	24.1%	43.5%
	2022	7.2%	18.5%	37.9%
HESSEQUA	2019	38.2%	43.4%	59.3%
	2021	28.5%	45.1%	59.7%
	2022	35.0%	39.3%	65.0%
MOSSEL BAY	2019	45.2%	43.8%	48.7%
	2021	37.3%	38.7%	53.7%
	2022	42.0%	37.1%	48.7%
GEORGE	2019	38.0%	37.8%	50.9%
	2021	27.1%	41.8%	51.9%
	2022	29.3%	34.7%	51.2%
OUDTSHOORN	2019	36.1%	38.9%	46.9%
	2021	21.6%	30.1%	50.5%
	2022	20.3%	29.7%	47.7%
BITOU	2019	36.0%	35.7%	43.7%
	2021	25.6%	30.6%	46.6%
	2022	33.9%	34.1%	50.4%
KNYSNA	2019	34.2%	32.6%	46.2%
	2021	21.4%	27.4%	43.4%
	2022	21.5%	30.7%	48.8%

Because of the challenges posed by COVID-19 to the teaching and learning environment in 2020, no data was collected during this year.

MATHEMATICS		GRADE 3	GRADE 6	GRADE 9
KANNALAND	2019	30.6%	17.1%	6.2%
	2021	4.6%	9.9%	5.0%
	2022	11.8%	6.1%	8.7%
HESSEQUA	2019	51.7%	33.6%	29.0%
	2021	39.6%	32.7%	32.2%
	2022	43.7%	40.7%	30.0%
MOSSEL BAY	2019	63.0%	41.4%	20.5%
	2021	49.7%	34.4%	20.6%
	2022	51.9%	35.0%	18.1%
GEORGE	2019	55.4%	35.4%	23.5%
	2021	37.6%	30.8%	22.5%
	2022	40.2%	35.5%	19.9%
OUDTSHOORN	2019	47.8%	26.6%	22.4%
	2021	28.4%	19.9%	23.1%
	2022	27.2%	25.7%	20.3%
BITOU	2019	56.2%	31.2%	21.2%
	2021	44.9%	33.4%	19.2%
	2022	56.2%	34.7%	27.4%
KNYSNA	2019	41.9%	31.2%	12.3%
	2021	33.1%	22.4%	18.2%
	2022	34.8%	32.0%	19.3%

Source: Western Cape Education Department, 2023

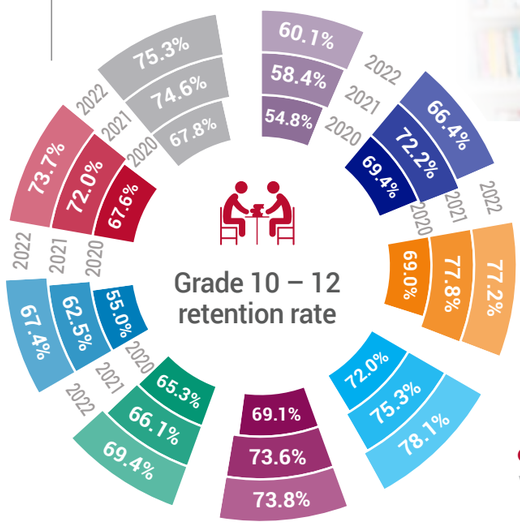
In 2022, across all grades and subjects, the GRD had worse outcomes than the Province. Interestingly, the learner-teacher ratios in the District and Province were almost identical. Both the language and mathematics pass rates were higher in 2019. However, they decreased for Grade 3 and Grade 6, indicating the effect that COVID-19 had on education and the need for students to catch up because of severe learning gaps brought about by the pandemic. Only the Grade 9 results for languages and mathematics showed an improvement in 2022.

In 2022, the Hessequa municipal area had the highest pass rates for language subjects for Grade 6 (39.3 per cent) and Grade 9 (65.0 per cent), and the highest mathematics pass rates for both Grades 6 and 9. On the other hand, the Kannaland municipal area struggled with the lowest pass rates in Grade 6 (18.5 per cent) and Grade 9 (37.9 per cent) in both language subjects and mathematics throughout the 2019 to 2022 period. In addition, declining pass rates were registered in the Oudtshoorn municipal area among Grade 3 learners for both language subjects and mathematics during the period in question.

The pass rates of Grade 9 learners in crucial subjects such as mathematics and languages significantly impact their educational journey from Grade 10 to Grade 12. While education is compulsory until Grade 9, poor performance during this critical year increases the risk of learners dropping out before the further education and training (FET) phase, i.e. Grades 10 to 12. Even for those who proceed to the FET phase, inadequate educational achievement in Grade 9 can increase their risk of dropping out in the higher grades.

Currently, a considerable share of young people find themselves with an incomplete secondary education, which negatively impacts their job prospects. The lack of a National Senior Certificate (NSC) often puts them at a disadvantage, as employers frequently stipulate that job applicants should have this qualification. Thus, subpar Grade 9 educational outcomes can have lasting consequences, restricting career prospects and limiting opportunities for advancement.

Figure 6.5
GRADE 10 TO 12 RETENTION RATE, Garden Route District, 2020 – 2022



73.7% **of learners in the GRD who were in Grade 10 in 2020 progressed to Grade 12 by 2022.**

KANNALAND
HESSEQUA
MOSSEL BAY
GEORGE
OUDTSHOORN
BITOU
KNYSNA
GARDEN ROUTE
WESTERN CAPE

The Grade 10 to 12 retention rate is obtained by comparing the number of Grade 12 learners of a particular cohort with the number of Grade 10 learners from the same cohort who were present two years earlier. This shows the proportion of students who progressed to Grade 12.

Source: Western Cape Education Department, 2023

Between 2020 and 2022, the Western Cape and the GRD experienced notable developments in learner retention from Grade 10 to Grade 12. In the Western Cape, there has been an encouraging improvement in the retention rate since 2020 (7.5 percentage points). Similarly, within the GRD, learner retention has increased by 6.1 percentage points since 2020. A similar trend was observed among the municipal areas, with only the Hessequa (5.8 percentage points) and Mossel Bay (0.6 of a percentage point) municipal areas recording a decline in 2022 compared with 2021. The retention rate in Hessequa is probably affected by population growth trends, with learners moving away from the area and not necessarily dropping out of school. Alternatively, it could be that poor-performing learners are dropping out or not progressing to matric. Consequently, only the top-performing learners are left in matric, possibly resulting in lower learner-teacher ratios and, in turn, a higher matric pass rate.

When examining specific municipal areas within the GRD, the George municipal area stood out, as it had the highest Grade 10 to 12 retention rate in 2022 (78.1 per cent). Following closely behind were the Mossel Bay municipal area with a retention rate of 77.2 per cent and the Oudtshoorn municipal area, with a rate of 73.8 per cent.

The efforts to improve learner retention from Grade 10 to Grade 12 signify a commitment to providing students with better educational opportunities and support, thereby setting them on a path towards successfully completing their secondary education. However, it is essential to address the full range of factors affecting retention rates to ensure that learners have the necessary resources and encouragement to stay in school and achieve their academic goals.

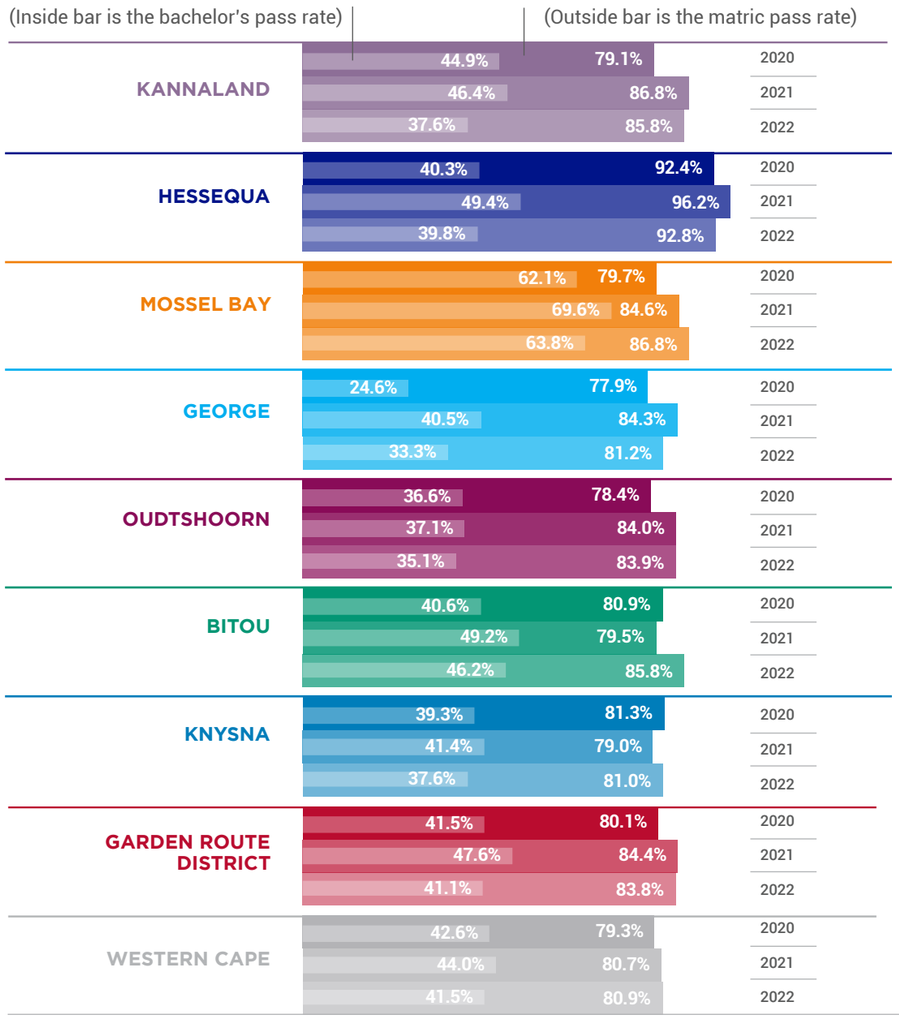
Numerous factors determine learner retention rates, including the economic status of households. Social concerns such as teenage pregnancies also play a role. According to the 2021 General Household Survey, learners stop attending school because of illness and disability, poor academic performance, inability to pay fees and family commitments.[59]

[59] *(Department of Basic Education, 2021).*

Figure 6.6

GRADE 12 PASS RATE AND BACHELOR'S PASS RATE

Garden Route District, 2020 – 2022



To pass Grade 12 and obtain a National Senior Certificate (NSC), a learner must achieve at least 40.0 per cent for three subjects (which are to include their home language), at least 30.0 per cent for two other subjects and a minimum of 20.0 per cent in a sixth subject.[60] A matriculant who obtains a bachelor's pass can enrol in a bachelor's degree course at a university. A learner must pass six of their seven subjects to get a bachelor's pass, achieving at least 50.0 per cent in four subjects and at least 30.0 per cent in their language of teaching and learning.

Source: Western Cape Education Department, 2023

[60] *(Department of Basic Education, 2021).*

While learners in the GRD have been underperforming in the foundational (Grade 1 to 3), intermediate (Grade 4 to 6) and senior phases (Grade 7 to 9), the Grade 12 pass rate in the GRD has consistently exceeded that of the Western Cape. In the GRD, the matric pass rate increased from 80.1 per cent in 2020 to 84.4 per cent in 2021 before slightly decreasing to 83.8 per cent in 2022. Notably, none of the municipal areas within the GRD recorded an increase in the bachelor's pass rate between 2021 and 2022.

The Mossel Bay municipal area achieved a notable improvement in its Grade 12 pass rate, which increased by 7.1 percentage points over the 2020 to 2022 period. However, the Knysna municipal area experienced a marginal decline in matric pass rates from 2020 to 2022. All other municipal areas within the GRD recorded an increase in their matriculation pass rates.

In 2022, the Hessequa municipal area continued to maintain the highest achievement in terms of Grade 12 pass rates. Additionally, this area had the third-highest proportion of bachelor's passes, although it saw a decline of 9.6 percentage points in this pass rate compared with its performance in 2021.

In contrast, the Kannaland, George and Oudtshoorn municipal areas not only saw a slight dip in matric pass rates between 2021 and 2022 but also had the lowest bachelor's pass rates in the District. However, even though the Hessequa municipal area had the highest matric pass rate, it also experienced a decline in its matric pass rate between 2021 and 2022.

While it is positive to note that a larger percentage of students performed well in their Grade 12 examinations in the GRD in 2022 compared to 2020, the decrease in the number of bachelor's passes and the generally lower levels of achievement in pass rates raise concerns. These emerging trends may have consequences for issues such as youth unemployment and the employability prospects of young individuals and potentially limit their access to higher education and training.

These unfolding trends are expected to have far-reaching implications, affecting youth unemployment rates, the employability of young individuals and the income levels of the youth population within the GRD. Efforts to address these issues and support educational achievement for all students are becoming increasingly important in light of these challenges.

Between 2021 and 2022, employment growth was generally slow in the GRD with a similar trend observed for youth employment, which increased by only 0.1%.

44.1%
of youth employed in the District in 2022 earned an income between R3 200 and R6 400 per month,

COVID-19 pandemic had a devastating impact on employment further fuelling joblessness among the youth.

Strategic youth development initiatives must be implemented in collaboration with the private sector to address the challenge of youth unemployment.

The sectors that employ the largest youth cohort in the GRD include state administration (12.7 per cent) and mixed farming (7.9 per cent). The leading sources of new full-time formal jobs for the youth in 2022 included manufacturing of wood products (384), state administration (260) and pre-primary and primary education (207). These sectors all require some level of skills, again highlighting the importance of learners completing their secondary education.

reflecting not only the extent to which youth with minimal skills were engaged in the primary sector but also the fact that young individuals who are new to the job market often have limited work experience and may not yet possess specialised skills or qualifications that can command higher wages. As a result, they might be offered lower salaries as they begin to work until they build up skills and gain experience.

This was exacerbated by underemployment and a concerning mismatch between the skills required by industry and those on offer among the youth. This mismatch has added to the high unemployment rate in combination with youth underemployment.

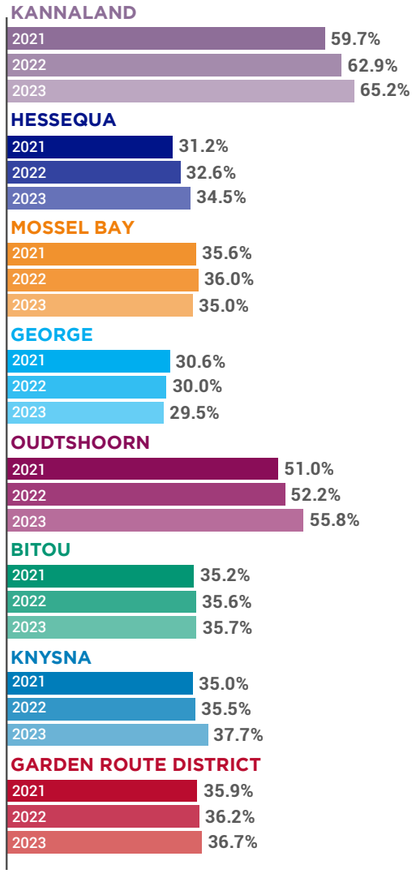
Such programmes must be accompanied by streamlined policies for education and training beyond Grade 12 and university to foster a shift towards better-paying, skill-oriented technical jobs for the youth.

7. HOUSING AND ACCESS TO BASIC SERVICES

From 2021 to 2023, the GRD experienced a surge in housing demand, surpassing the projected growth of households. As the number of households continues to rise, there is a pressing need for housing solutions, whether through government-subsidised initiatives or privately developed affordable housing. However, a significant backlog in housing provision exists, especially for those residing in informal settlements.

The Kannaland municipal area faces the most significant housing demand within the GRD, as evidenced by 65.2 per cent of households in this area being listed on the Western Cape Housing Demand Database.[61]

Figure 7.1
WESTERN CAPE HOUSING DEMAND, Garden Route District, 2021 – 2023



Source: Western Cape Department of Infrastructure, 2023

The South African Constitution recognises adequate housing as a basic human right. Access to housing is intertwined with migration, labour market dynamics and other demographic trends. Access to affordable housing is the cornerstone of sustainable communities that can contribute to the economy.

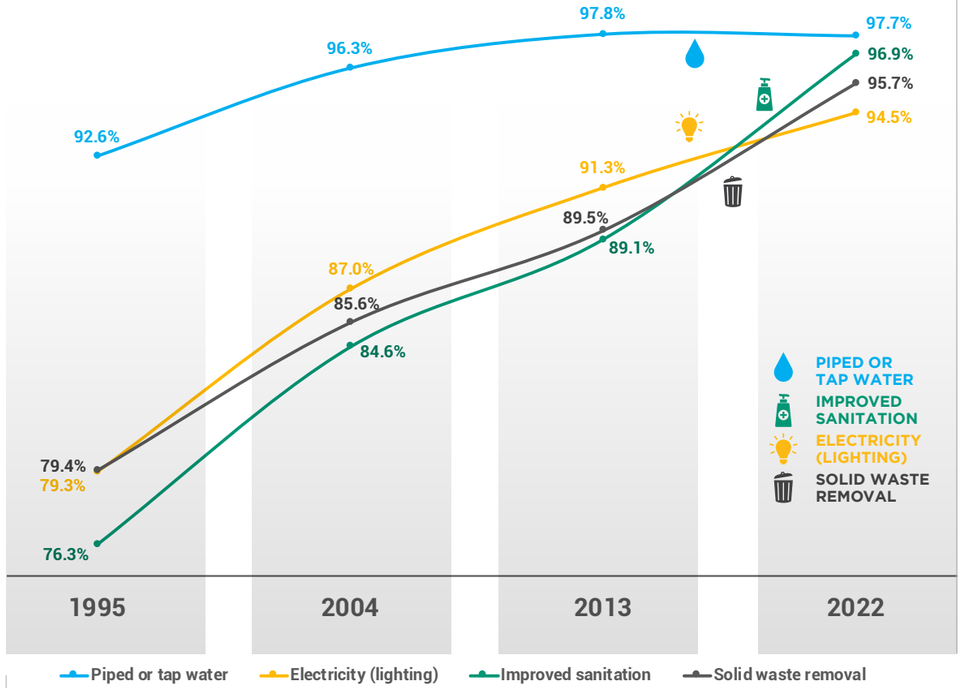
[61] *More than one person within a household can be registered on the Western Cape Housing Demand Database.*

The demand reflects the proliferation of informal settlements in Kannaland and the lower wages offered in areas such as Calitzdorp and Van Wyksdorp. To tackle this concern, housing assistance initiatives such as the Upgrading of Informal Settlements Programme (UISP) and the Integrated Residential Development Programme (IRDP) have pinpointed intervention sites for the 2023/24 MTEF period.

Notably, there has been substantial growth in households in the Oudtshoorn municipal area, resulting in a 3.5 percentage point increase in the share of registered households seeking housing support in 2023. This percentage now stands at 55.8 per cent of households. The government faces challenges in delivering essential services and housing support without a corresponding rise in government revenue.

Despite experiencing the highest population growth in the GRD, the George municipal area reported the lowest housing demand in 2023, with only 29.5 per cent of households having registered their need for housing in that area. The relatively modest increase in housing demand (38 households between 2022 and 2023) and the below-average household demand for government aid suggest that many individuals relocating to the region can afford appropriate housing. The various Metro Grounds housing projects aim to further address housing needs in the medium term.

Figure 7.2
ACCESS TO BASIC SERVICES, Garden Route District, 1995 – 2022



According to Stats SA, improved sanitation services means that a household either has access to flush toilet which is connected to the public sewerage system or a septic tank, or has access to a pit toilet with ventilation.[62]

Source: Urban-Econ calculations based on Quantec research, 2023

Basic services are a package of services necessary for human wellbeing and usually include water, sanitation, electricity and waste management. Each municipality must ensure the provision of these basic services to its community. As a testament to the Local Government's commitment to local communities, households in the GRD have generally high levels of access to basic services.

[62] *(Stats SA, 2022)*

Between 1995 and 2022, there was a notable increase in the percentage of the GRD population that has access to piped or tap water; this share of residents rose by 5.1 percentage points to reach 97.7 per cent. Nearly every housing unit in the District now has access to this fundamental utility. Furthermore, significant progress was also achieved in expanding access to other essential services. The proportion of the population with access to electricity increased by 15.1 percentage points from 1995 to 2022. At the same time, the number of residents provided with sanitation and solid waste removal services grew by 20.6 and 16.2 percentage points, respectively. These improvements underscore a solid commitment by the government to elevate living conditions and infrastructure throughout the GRD.

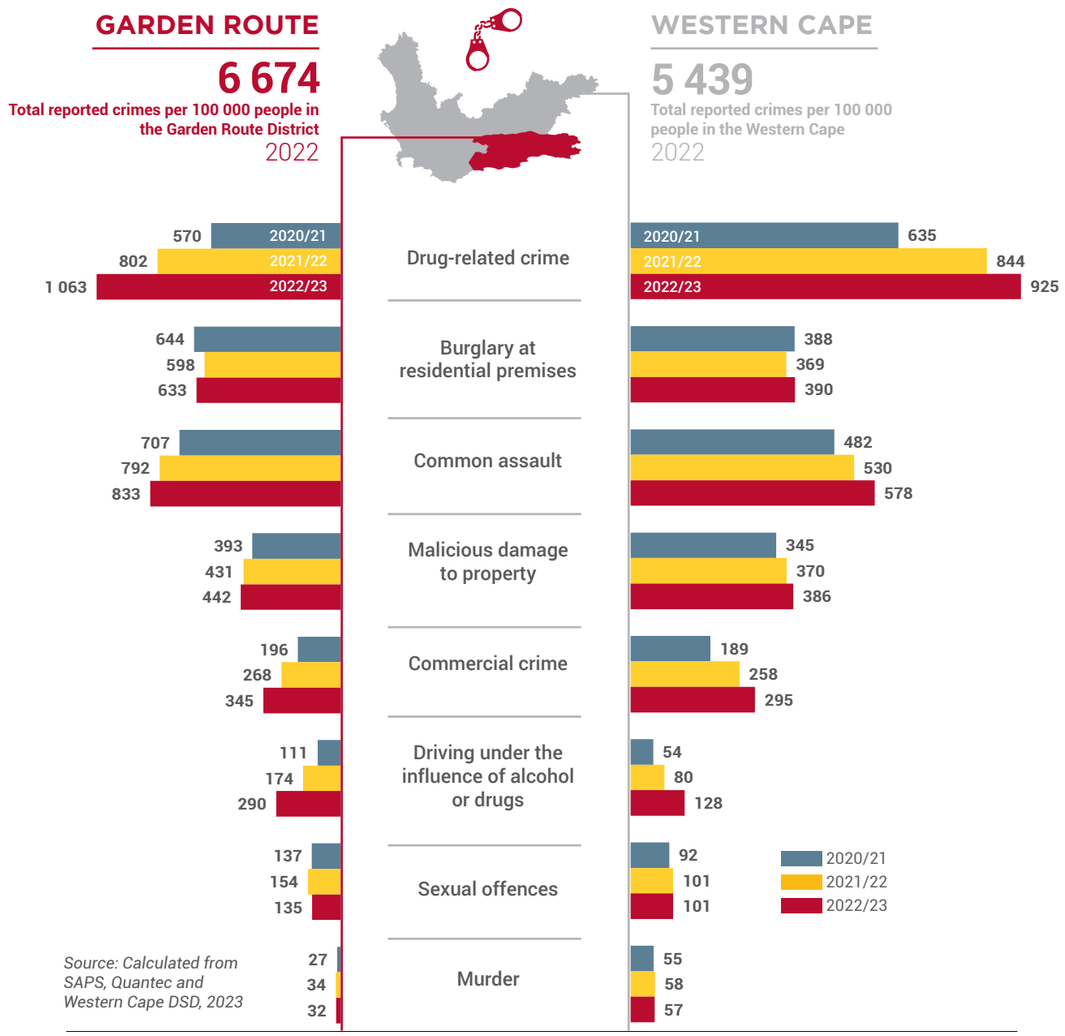
It is worth noting that the distinctive settlement patterns in the GRD, with numerous households situated on farms, have presented a unique challenge in terms of infrastructure development. Specifically, efforts to advance the provision of solid waste removal services have encountered a minor setback because of this geographical factor.

While on an aggregate basis there are generally high levels of access to services in the GRD, disparities still exist along racial lines, primarily because of settlement patterns within urban areas. In 1995, approximately 53.5 per cent and 10.6 per cent of black Africans and coloured people lived in informal settlements. This affected access to services, with black Africans having lower access to electricity and improved sanitation. Since then, the disparities between the groups have declined substantially. However, access to basic services for black Africans and coloured people remains marginally below average.

8. CRIME

Communities in the GRD are grappling with crime, experiencing higher crime rates per 100 000 people since 2020/21 compared with the broader Province. It is important to highlight that COVID-19 lockdown regulations implemented in 2020/21 played a role in the overall decrease in crime during that year. More individuals remained at home, thereby reducing opportunities for criminals. The primary factors contributing to crime in the GRD include the absence of surveillance cameras in high-risk areas, inadequate lighting, high unemployment rates, drug and alcohol abuse, instances of domestic violence, repeat offences by released prisoners, the seasonal influx of labourers and social intolerance.[63] However, since then, crime has been on an upward trend. By 2022/23, the crime rate exceeded the pre-COVID-19 rate, with only the incidences of sexual offences and murder declining in 2022/23.

Figure 8.1
CRIMES PER 100 000 PEOPLE, Garden Route District, 2020/21 – 2022/23



Source: Calculated from SAPS, Quantec and Western Cape DSD, 2023

[63] *(Garden Route District Municipality, 2022).*

The leading source of reported crime, which also recorded the largest increase in 2022/23, was drug-related crime. The Kannaland (1 592 incidents per 100 000 people), Hessequa (1 535 incidents per 100 000 people) and Oudtshoorn (1 267 incidents per 100 000 people) municipal areas reported significant incidents of drug-related crimes in 2022/23. These numbers greatly exceeded the District's average. It is often observed that drug-related crimes are associated with poverty and inequality, which can constrain the choices of individuals and open the door to criminal conduct.[64] Substance misuse is prevalent among the youth across the GRD, and there is a rising trend in the number of young individuals involved in drug abuse, which is often associated with crimes in efforts to maintain addiction.

Incidents of commercial crime are on the rise in the GRD – the District recorded more instances of commercial crime (345 incidents per 100 000) than the Province (295 incidents per 100 000) in 2022/23. The challenging living conditions prompted by the economic climate in 2022 have contributed to this increase, which can severely impact local businesses, especially SMMEs. Failure to curb commercial crime can lead to a vicious cycle of declining economic activity and joblessness that fuels poverty and gives rise to other crimes across the District.

The number of burglary incidents at residential premises in the GRD was significantly higher than in the Province. These incidents increased by 5.9 per cent in 2022/23. However, the number of such incidents declined in the George and Knysna municipal areas.

Between 2021/22 and 2022/23, incidents of driving under the influence of drugs and alcohol had the second-highest increase in absolute terms, surging from 174 incidents per 100 000 people to 290 incidents per 100 000 people (a rise of 67.1 per cent). Alcohol use is a leading factor in road traffic crashes. It impairs driving ability and influences drivers' attitudes, decision-making, alertness, judgment, responses and motor vehicle control. Alcohol use also affects the judgement of pedestrians and is thus a significant contributing factor with regard to motor vehicle crashes that involve pedestrians.[65]

The prevalence of violence and crime in South Africa points to underlying problems regarding poverty and inequality. Violence and crime are articulated in a variety of ways. Furthermore, given that certain crimes tend to be under-reported, with GBV being a prime example, it can be challenging to make a comprehensive assessment of the extent of crime and violence in the country. What is not in doubt is that the impact of crime and violence is widespread. The consequences of these social ills include pain and trauma, economic loss, the erosion of social cohesion, unfulfilled human potential and a persistent climate of fear that does damage to the national psyche.[66]

[64] *(The World Wide Fund for Nature – South Africa, 2020).*
[65] *(Road Traffic Management Corporation [RTMC], 2019).*
[66] *(SPRINT, 2021).*

GBV includes any action that causes or is likely to cause physical, sexual or psychological harm or suffering to women. This includes threats, coercion or unjust restrictions on their freedom, regardless of whether such actions occur in public or private settings.[67] The OD's IDP highlighted GBV as one of the challenges facing the District, together with crime and substance abuse. Approximately 400 cases of GBV were reported in the Western Cape between 1 April 2021 and 31 March 2022. Physical violence dominated the statistics, with 207 cases reported in the Province.[68]

9. CONCLUDING REMARKS

The population of the GRD encompasses large cohorts of young and working-age individuals. Furthermore, these groups are steadily increasing in size. This scenario presents a valuable opportunity for a demographic dividend, one that could enable the government to redirect investments towards health and education, laying the ground for future development and economic growth. Such initiatives would seek both to strengthen the workforce and to facilitate the creation of high-quality employment opportunities.

Despite a rise in the number of taxpayers, there has been a decline in the average monthly taxable income in the GRD. This reduction has affected living standards, potentially impeding access to necessities such as education and healthcare. Encouragingly, the GRD has observed a reduction in income inequality. This may enhance social stability by mitigating the effects of economic disparities. Ultimately, a more even distribution of resources can elevate numerous individuals and families above the poverty threshold.

A continuous rise in the number of households within the GRD is driving an increased demand for housing. This heightened demand underscores the importance of enhancing critical services across the District. Sustainable job creation is essential, as is facilitating the creation of strategies to improve average median income and refine wage distribution. Such measures would elevate median income and optimise wage distribution, ultimately enhancing housing affordability for residents.

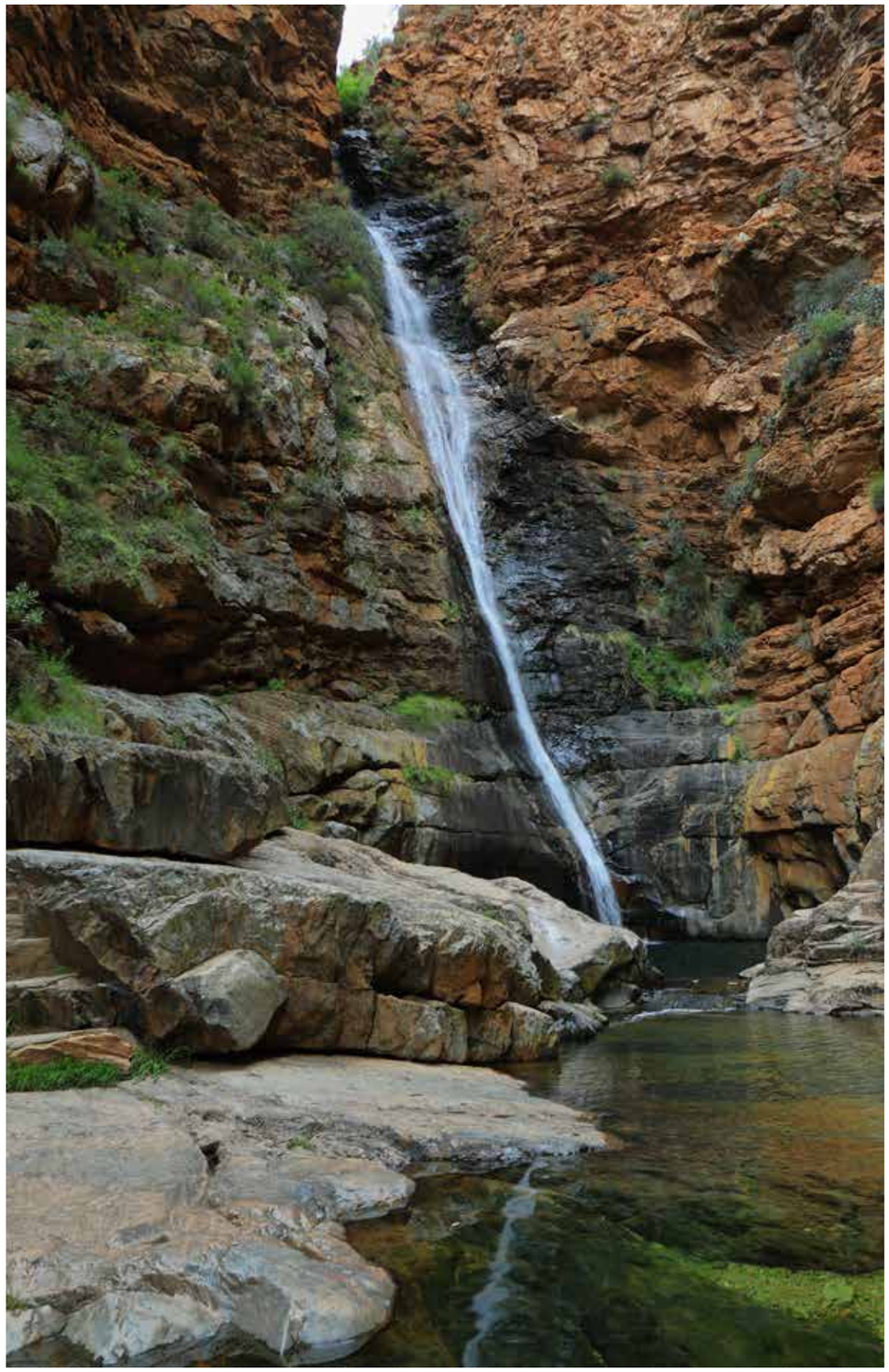
It's important to consider that while all crimes decreased in 2020/21, this decline should be seen in the context of the COVID-19 pandemic, which brought about various restrictions and adjustments throughout the reporting period. As lockdown levels were gradually eased, crime rates began to rise steadily, and by 2022/23, marginally exceeded the crime levels recorded prior to the COVID-19 pandemic. Therefore, it is imperative to acknowledge that crime levels in the GRD continue to be a matter of concern.

[67] *(Government Communication and Information System [GCIS], 2019).*
[68] *(Western Cape Education Department, 2022).*

The educational landscape of the GRD features promising advancements, including an increase in learner enrolments and a declining learner-teacher ratio. These trends are indicative of progress within the educational sphere, notably concerning improved educational access and potentially superior learning outcomes. However, despite higher matriculation rates, a significant proportion of young individuals in the GRD have incomplete secondary education. This hinders their pursuit of skilled occupations and compromises future income prospects.

A rise in overall neonatal and maternal death rates points to the need for improvements in the GRD's health sector. It should be noted, however, that these rates have not risen in all municipal areas. The rise in severe acute malnutrition indicates an increase in the proportion of the GRD population that is food insecure, with children being particularly affected by this trend. Although there has been a slight decline in low birth weight rates over the 2021 to 2022 period, this decrease has been modest overall.

It is crucial to prioritise investments in education and healthcare services, especially for the growing young and working-age population. Efforts should also continue to reduce income inequality and promote equitable resource distribution. Sustainable job creation, income optimisation, and improved housing affordability must be key goals, given the rising demand for housing in the region. Strengthening crime prevention measures, community-based policing and awareness campaigns are essential to address the higher crime rate. Bridging the gap in incomplete secondary education and improving maternal and child health, nutrition and food security are critical for long-term wellbeing and sustainable development in the GRD.



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Infographic Indicator References		
Indicator	Source	Year
Land area Population density Households Gender Age Estimated population growth	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023
Population	Stats SA, Census 2022 Provinces at a glance	2023
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2023
Indigent households	Western Cape Department of Local Government	2023
Access to services	Quantec, RHHF – Development Indicators– Households' facilities by population group at 2011 local municipal-/ward-based metro region level	2023
Tourism indicators	Wesgro, Cape Town Visitor Trends: Jan – Dec 2022	2023
Total GDPR Sectoral GDPR	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level	2023
Total employment Sectoral employment	Quantec, REMP – Labour – Employment and compensation by skill level, industry and 2011 local municipal-/ward-based metro region level	2023
GDPR forecast	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level South African Reserve Bank, QPM forecast summary table July 2023 MPC Press report	2023

GDPR per capita	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023
Unemployment rate	Quantec, RUEM – Labour – Employment and unemployment by 2011 municipal-/ward-based metro region level	2023
International trade indicators	Quantec, TRD12 – RSA Regional Trade QSIC Quantec, TRD11 – RSA Regional Trade HST 6-digit	2023

Section C Infographic Indicator References		
Indicator	Source	Year
Households Gender Age Estimated population growth	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023
Population	Stats SA, Census 2022 Provinces at a glance	2023
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2023
Indigent households	Western Cape Department of Local Government	2023
Race	Quantec, RPOP – Population, Number of Households and Densities by population group at 2011 local municipal-/ward-based metro region level	2023

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Western Cape Government

PR 317/2023
ISBN: 978-0-621-51629-6