Western Cape Government

2022-23

# Municipal Economic Review and Outlook

# Garden Route District

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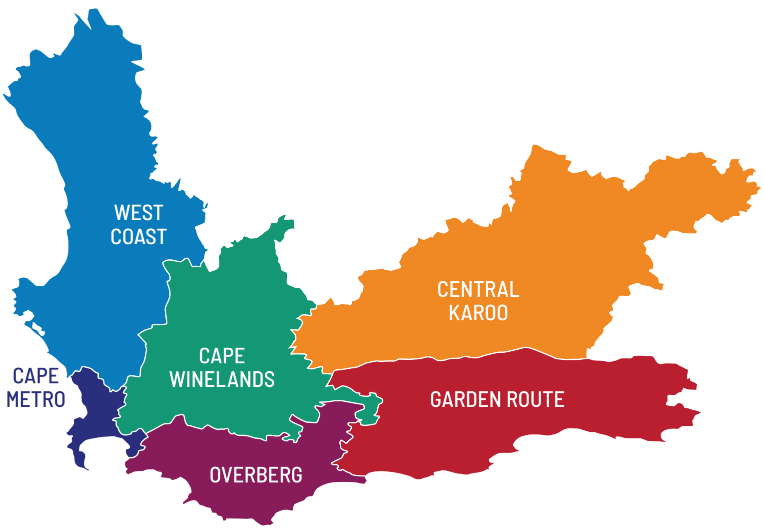

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# ABOUT THE MUNICIPAL ECONOMIC REVIEW AND OUTLOOK (MERO)

The Municipal Economic Review and Outlook (MERO) is an annual research publication produced by the Western Cape Provincial Treasury. Together with its companion publication, the Provincial Economic Review and Outlook (PERO), the MERO informs the Western Cape Government's (WCG's) evidence-based approach towards integrated planning and budgeting by guiding the equitable and sustainable distribution of financial resources in support of local economic development (LED) and growth. The MERO provides socio-economic intelligence at a municipal level, which feeds into municipal integrated development plans (IDPs), spatial development frameworks (SDFs), LED strategies, municipal reporting and the budget process of municipalities.

In support of the Joint District and Metro Approach, the MERO is disaggregated into separate district-specific publications to provide a more focused overview of the reality facing each Western Cape district. Socio-economic intelligence is made available in such a targeted manner due to each district having its own unique set of strengths, opportunities, threats and challenges which necessitates bespoke solutions.

The MERO commences by providing an analysis of macroeconomic performance and outlook at a global, national and Provincial level, summarising how these affect the growth outlook and labour market trends of all municipal areas within the Western Cape.

Aligned with the Western Cape Recovery Plan, the MERO analysis focuses on economic growth, jobs, safety and wellbeing in each of the Province's district and municipal economies. In doing so, it first provides an in-depth regional economic analysis that considers trends in sectoral growth and key insights into international trade and tourism for each district. An analysis of private and public sector investments follows, with a specific focus on public spending on small, medium and micro enterprises (SMMEs) within designated groups. The report proceeds with a detailed review of key employment trends, skill levels and comparative advantages of sectors within each district. The MERO concludes with an outline of the social circumstances of households and provides an overview of indicators such as population, health, education, housing markets, access to basic services, household income, crime and the Gini coefficient.

The 2022-23 MERO is the 11th edition since its inception in 2012 and can be accessed on the Provincial Treasury's website by using your mobile device to scan the QR code on the adjacent page.

# FOREWORD

The 2022/23 Municipal Economic Review and Outlook (MERO) is a crucial part of the Western Cape Government's planning cycle. It provides our citizens with a wealth of information for a better understanding of the various dynamics of the Province. This valuable information is intended to be used in the municipal integrated development plans (IDPs); spatial development frameworks (SDFs); local economic development (LED) strategies; and budgets for evidence-based decision-making, as well as implementation of the Joint District and Metro Approach to socio-economic development across the Province.

The data contained in the MERO supports private sector development by providing a succinct analysis of the investment potential, comparative advantage and economic specialisation of each region. This year, the MERO includes an analysis of the housing and property markets, as well as the tourism profile of each region.

The MERO continuously sources new data to expand the socio-economic intelligence available to its users. Innovations for the MERO this year include an analysis of COVID-19 vaccinations, the number and average income of taxpayers, mobile location data for the tourism profiles, new investment data and housing market studies within the Garden Route and Cape Winelands Districts, as well as public expenditure trends. Future editions will expand on innovative data sources that deepen the spatial granularity in the MERO analyses.

I wish to extend a special thank you to all the departments, municipalities and agencies that have provided the data analysed within the MERO. I would also like to express my gratitude to the research and development team for compiling this innovative and insightful publication. I trust that the reader, whether representing the public or private sector, will find it useful.

**Ms Mireille Wenger**
**Minister of Finance and Economic Opportunities**

24 November 2022

# ACRONYMS AND ABBREVIATIONS

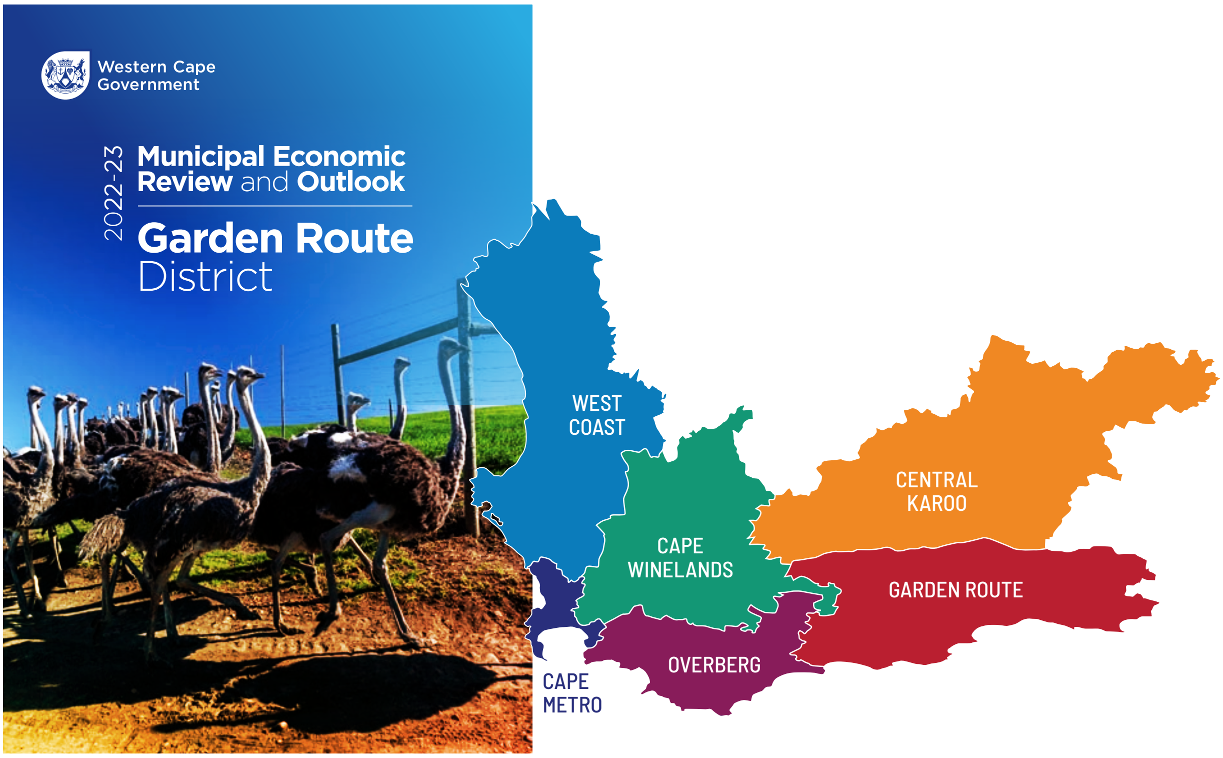
| | |
|---|---|
| AGOA | African Growth and Opportunity Act |
| ART | Antiretroviral Therapy |
| BBBEE | Broad-based Black Economic Empowerment |
| BCI | Business Confidence Index |
| BEE | Black Economic Empowerment |
| BER | Bureau for Economic Research |
| BESS | Battery Energy Storage System |
| BFAP | Bureau for Food and Agricultural Policy |
| CAHF | Centre for Affordable Housing Finance Africa |
| CCBSA | Coca-Cola Beverages South Africa |
| CGA | Citrus Growers' Association of Southern Africa |
| CIRAD | French Agricultural Research Centre for International Development |
| CKD | Central Karoo District |
| CMD | Cape Metro District |
| CoGTA | Cooperative Governance and Traditional Affairs |
| COVID-19 | Coronavirus Disease 2019 |
| CPI | Consumer Price Index |
| CSI | Corporate Social Investment |
| CSIR | Council for Scientific and Industrial Research |
| CSP | Customised Sector Programme |
| CTCP | Clothing and Textiles Competitiveness Programme |
| CTIA | Cape Town International Airport |
| CTICC | Cape Town International Convention Centre |
| CWD | Cape Winelands District |
| DALRRD | Department of Agriculture, Land Reform and Rural Development |
| DCD News | DatacenterDynamics News |
| DEA&DP | Department of Environmental Affairs and Development Planning |
| DEL | Department of Employment and Labour |
| DFFE | Department of Forestry, Fisheries and the Environment |
| DoH | Department of Health |
| DoHS | Department of Human Settlements |
| DSD | Department of Social Development |
| DSD MYPE PPU | Department of Social Development Mid-year Population Estimates Provincial Population Unit |

| | |
|---|---|
| DTIC | Department of Trade, Industry and Competition |
| DTPW | Department of Transport and Public Works |
| e | Estimate |
| EME | Exempted Micro Enterprise |
| EPWP | Expanded Public Works Programme |
| EU | European Union |
| EUR | Euro |
| EWN | Eyewitness News |
| f | Forecast |
| FDI | Foreign Direct Investment |
| FIA | Fédération Internationale de l'Automobile |
| FIFA | Fédération Internationale de Football Association |
| FPL | Food Poverty Line |
| GBP | Great British Pound |
| GDP | Gross Domestic Product |
| GDPR | Gross Domestic Product Per Region |
| GEOSS | Global Earth Observation System of Systems |
| GFCF | Gross Fixed Capital Formation |
| GRD | Garden Route District |
| GVA | Gross Value Added |
| HDI | Human Development Index |
| HIV | Human Immunodeficiency Virus |
| HSDG | Human Settlements Development Grant |
| IDP | Integrated Development Plan |
| IDZ | Industrial Development Zone |
| IHS | Information Handling Services |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |
| IPP | Independent Power Producer |
| IRDP | Integrated Residential Development Programme |
| IRM | Infrastructure Reporting Model |
| kl | Kilolitre |
| km | Kilometre |

| | |
|---|---|
| kWh | Kilowatt Hour |
| LBPL | Lower-Bound Poverty Line |
| LED | Local Economic Development |
| MDB | Municipal Demarcation Board |
| MDR | Multidrug-resistant |
| MER | Municipal Energy Resilience |
| MERO | Municipal Economic Review and Outlook |
| MPC | Monetary Policy Committee |
| MSCoA | Municipal Standard Chart of Accounts |
| MTEF | Medium Term Expenditure Framework |
| MW | Megawatt |
| MYPE | Mid-year Population Estimates |
| NCF | Net Capital Formation |
| OD | Overberg District |
| OECD | Organisation for Economic Co-operation and Development |
| OPMII | Overview of Provincial and Municipal Infrastructure Investment |
| PERO | Provincial Economic Review and Outlook |
| PPPFR | Preferential Procurement Policy Framework Regulations |
| PPU | Provincial Population Unit |
| PV | Photovoltaic |
| PwC | PricewaterhouseCoopers |
| QE | Quantitative Easing |
| QES | Quarterly Employment Statistics |
| QLFS | Quarterly Labour Force Survey |
| QR Code | Quick Response Code |
| QSE | Qualifying Small Enterprise |
| REIPPPP | Renewable Energy Independent Power Producer Procurement Programme |
| RMAA | Red Meat Abattoir Association |
| RMB | Rand Merchant Bank |
| SA | South Africa |
| SAACI | Southern African Association for the Conference Industry |
| SABC News | South African Broadcasting Corporation News |
| SACU | Southern African Customs Union |
| SAGIS | South African Grain Information Service |

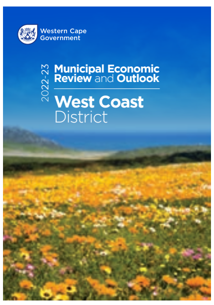
| | |
|---|---|
| SAICC | South Africa Israel Chamber of Commerce |
| SALBA | South African Liquor Brand Owners Association |
| SANRAL | South African National Roads Agency Limited |
| SAPS | South African Police Service |
| SARB | South African Reserve Bank |
| SARS | South African Revenue Service |
| SAWIS | SA Wine Industry Information and Systems |
| SBIDZ | Saldanha Bay Industrial Development Zone |
| SDF | Spatial Development Framework |
| SEZ | Special Economic Zone |
| SME | Small and Medium-sized Enterprise |
| SMME | Small, Medium and Micro Enterprise |
| SSEG | Small-scale Embedded Generation |
| Stats SA | Statistics South Africa |
| TB | Tuberculosis |
| TIDCA | Trade, Investment and Development Cooperation Agreement |
| TIFA | Trade and Investment Framework Agreement |
| UBPL | Upper-bound Poverty Line |
| UK | United Kingdom |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNAIDS | Joint United Nations Programme on HIV/AIDS |
| US | United States |
| USD | United States Dollar |
| USDA | United States Department of Agriculture |
| WCD | West Coast District |
| WCED | Western Cape Education Department |
| WCG | Western Cape Government |
| WCSEB | Western Cape Supplier Evidence Bank |
| WCWSS | Western Cape Water Supply System |
| WFH | Work From Home |
| WTO | World Trade Organization |
| ZAR | South African Rand |

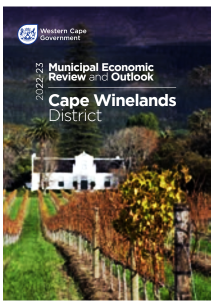
# CONTENTS

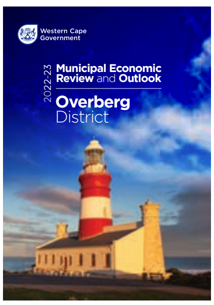


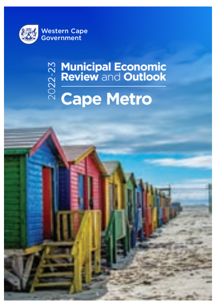


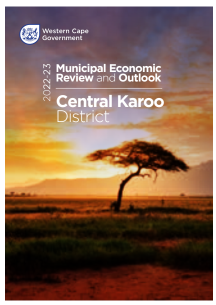

## THE OTHER **DISTRICTS**



# WC WESTERN CAPE

SEAT
Cape Town

AREA
129 462km²

DENSITY
52.9/km²

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

## DEMOGRAPHICS

**GENDER – POPULATION**

**7 102 683**
**POPULATION** 2021

49.4% | 50.6%
**Gender split** 2021

**AGE — HOUSEHOLDS**

Average **household income** 2020
**R18 995**

**Indigent households** 2021
**355 266**

| 0-14yrs | 15-64yrs | 65+yrs |
|---|---|---|
| 24.2% | 68.8% | 6.9% |

**Age split** 2021

## GROSS DOMESTIC PRODUCT

**GDPR** 2020
**R691.0 BILLION**

**GDPR** per capita
(2021 current prices)
**R81 650.2**

**GDPR** estimated growth

| 2021e | 2022f | 2023f |
|---|---|---|
| 4.6% | 2.3% | 0.3% |

## 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**

2021

## EMPLOYMENT

**PEOPLE EMPLOYED**
**2 378 802**
2020

**69 033**
Estimated **number** of **jobs lost** 2021

**25.1%**
Estimated **unemployment** rate 2021

## TRADE

2021

**IMPORTS**
**R235.6 BILLION**

**EXPORTS**
**R166.7 BILLION**

2021

**Top 3 exported** products
Citrus
Wine
Petroleum oils

**Top 3 export destinations**
United States
Netherlands
United Kingdom

## TOURISM

**VISITORS** 2021

**OVERSEAS** 20.4%
**DOMESTIC** 79.5%

2021

**OVERNIGHT** 39.7%
**DAY VISITORS** 51.0%

**ACTIVITIES**

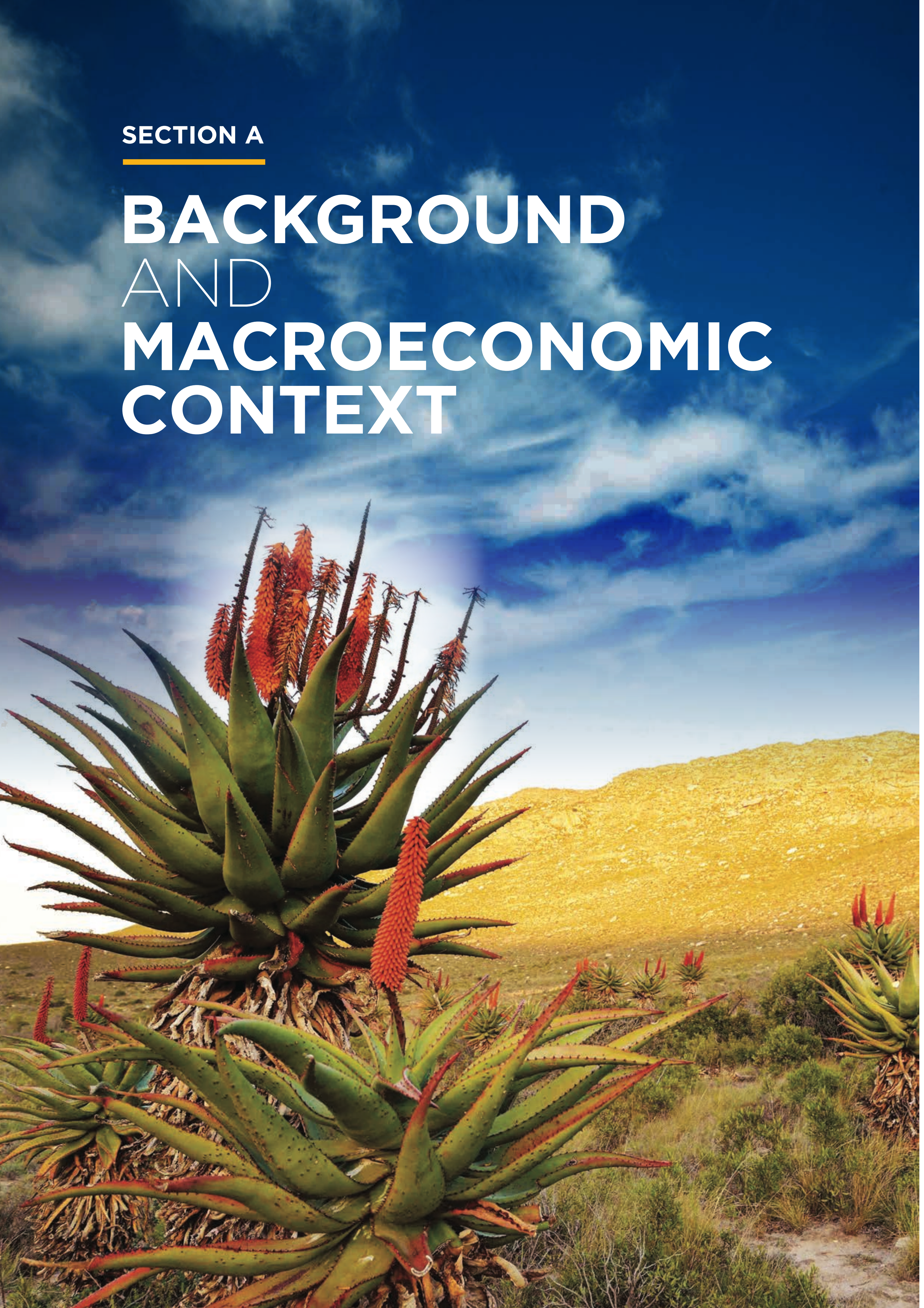
**Top activities** 2021

| Scenic drives | Outdoor activities | Cuisine |
|---|---|---|
| 17.7% | 15.6% | 13.6% |

| | GDPR 2020 GDPR CONTRIBUTION | GDPR 2021 GDPR GROWTH | EMPLOYMENT 2020 EMPLOYMENT CONTRIBUTION | EMPLOYMENT 2021 EMPLOYMENT GROWTH |
|---|---|---|---|---|
| **PRIMARY SECTOR** | R 4.2% | 7.2% | R 10.0% | -3.1% |
| AGRICULTURE, FORESTRY & FISHING | 3.9% | 8.3% | 9.9% | -3.1% |
| MINING & QUARRYING | 0.3% | -14.6% | 0.1% | -4.8% |
| **SECONDARY SECTOR** | 20.7% | 4.9% | 16.3% | -4.8% |
| MANUFACTURING | 14.6% | 7.1% | 10.1% | -3.7% |
| ELECTRICITY, GAS & WATER | 2.3% | 3.0% | 0.4% | -2.4% |
| CONSTRUCTION | 3.7% | -2.0% | 5.8% | -6.9% |
| **TERTIARY SECTOR** | 75.1% | 4.4% | 73.7% | -2.5% |
| WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION | 14.8% | 7.1% | 22.7% | -5.2% |
| TRANSPORT, STORAGE & COMMUNICATION | 8.0% | 5.2% | 4.3% | -9.1% |
| FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES | 30.6% | 3.6% | 20.2% | -2.1% |
| GENERAL GOVERNMENT | 10.6% | -0.7% | 6.5% | 1.1% |
| COMMUNITY, SOCIAL & PERSONAL SERVICES | 11.1% | 7.4% | 20.1% | 0.6% |

SECTION A

# BACKGROUND AND MACROECONOMIC CONTEXT



# 1. INTRODUCTION AND BACKGROUND

## 1.1 INTRODUCTION

The Municipal Economic Review and Outlook (MERO) provides extensive and comprehensive economic intelligence disaggregated at a metro, district and municipal level. The purpose of the MERO is to inform the determination of policy, planning and budget allocation at the local government level. Furthermore, the MERO is an accompanying document to the Provincial Economic Review and Outlook (PERO), which provides economic intelligence at a Provincial level.

The MERO employs a variety of data sources to provide a detailed analysis of the socio-economic trends displayed across the municipal areas within the Western Cape. National economic and employment data are sourced from Statistics South Africa (Stats SA), while the Western Cape gross domestic product per region (GDPR) and employment data are obtained from Quantec Research. To discuss the various indicators, the most recent available data sources are used. The publication makes use of regional GDPR data for the period 2011 to 2020, while figures for 2021 are estimated. Forecasts for 2022 and 2023 are based on the national forecast from the South African Reserve Bank (SARB), as well as the agriculture sector forecast from the Bureau for Food and Agricultural Policy (BFAP). Data sources for the various socio-economic indicators are sourced from Provincial departments, namely Treasury, Health, Education, Social Development, Transport and Public Works, and Local Government. Tourism data is sourced from Wesgro and IHS Markit, and crime data from the South African Police Service (SAPS). District and local municipalities also provided data by completing the Municipal Perception Survey.

## 1.2 OBJECTIVE OF THE RESEARCH

The objective of this research is to provide economic intelligence at a municipal level. It aims to inform municipal planning and budgeting, inclusive of municipal integrated development plans (IDPs), local economic development (LED) strategies and the budget processes of municipalities.

## 1.3 REPORT OUTLINE

The MERO 2022 publication is structured as follows:

**SECTION A: Macroeconomic context.** Provides a broad overview of the macroeconomic performance and outlook of South Africa and the Western Cape.

**SECTION B: Western Cape regions.** More detailed information for the Cape Metro area and the five districts in the Western Cape, namely the West Coast District (WCD), the Cape Winelands District (CWD), the Overberg District (OD), the Garden Route District (GRD) and the Central Karoo District (CKD). Additionally, the 24 local municipal areas are also discussed. An overview of each region is provided as follows:

- **Chapter 1: Economic growth** Overview of the macroeconomic context of each region and the respective municipal areas by focusing on GDPR performance and trends. The period under review is between 2016 and 2020; 2021 figures are provided as estimates. In addition, GDPR forecasts are provided for 2022 and 2023. Furthermore, this chapter provides key insights into international trade, investments and tourism for each district.

- **Chapter 2: Jobs** This chapter provides an in-depth overview of the key employment trends in each district and municipal area. This is followed by an overview of prevailing skill levels within each municipal area.

- **Chapter 3: Safety and wellbeing** This chapter provides an overview of the economic and social circumstances of households by analysing population, human development, housing, crime and access to basic services. It elaborates on human development in the region by assessing education levels, health and income.

# 2. ECONOMIC PERFORMANCE AND OUTLOOK

## 2.1 INTRODUCTION

This section provides an overview of the recent economic performance and medium-term prospects of the Western Cape. The overview is informed by global and national economic expectations and performances. **This section is an extract of Chapter 2 of the PERO. To read the full PERO scan the QR code.**

## 2.2 GLOBAL ECONOMIC PERFORMANCE

After the short-lived impact of the COVID-19 Omicron variant, the path to global economic recovery was interrupted by Russia's invasion of Ukraine. The invasion led to a humanitarian crisis in Eastern Europe, severe sanctions against Russia and a rapid increase in selected commodity prices such as oil and fertilisers. The imposed sanctions are bound to exacerbate rising global inflation and interest rates further. China also initiated wider-ranging and frequent COVID-19 lockdown measures, which slowed economic activity in China and caused renewed supply chain bottlenecks worldwide. The Russia-Ukraine war has severely set global economic recovery back by 0.4 percentage points from the April 2022 outlook to 3.2 per cent in 2022 and by 0.7 percentage points to 2.9 per cent in 2023.

Table 2.1
**MOST PROMINENT EXPORT AND TOURISM PARTNERS FOR THE WESTERN CAPE WITH REAL GDP OUTLOOK**

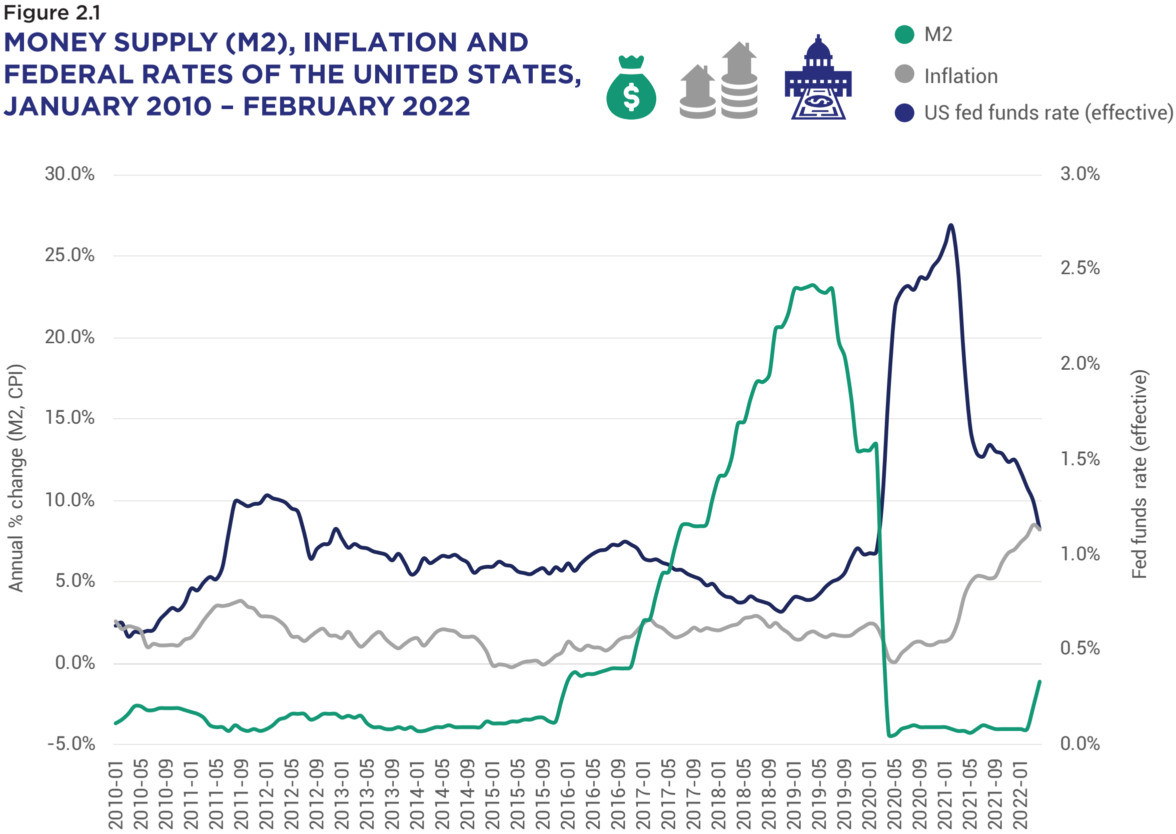
| | Share of South Africa | | Share of Western Cape | | GDP growth forecasts | | |
|---|---|---|---|---|---|---|---|
| | Exports | Tourism Feb 2022 | Exports | Tourism Feb 2022 | 2021(e) | 2022 | 2023 |
| Global economy | 100.0% | 100.0% | 100.0% | 100.0% | 6.1% | 3.2% | 2.9% |
| Advanced economies | 57.8% | 68.1% | 48.1% | 86.6% | 5.2% | 2.5% | 1.4% |
| Emerging-market and developing economies | 42.2% | 31.9% | 52.1% | 13.4% | 6.8% | 3.6% | 3.9% |
| United States | 10.6% | 7.5% | 10.2% | 7.8% | 5.7% | 2.3% | 1.0% |
| Netherlands | 3.4% | 5.2% | 8.6% | 8.3% | 5.0% | 2.9% | 2.0% |
| United Kingdom | 6.7% | 19.3% | 7.5% | 24.0% | 7.4% | 3.2% | 0.5% |
| Namibia | 2.8% | 2.1% | 6.7% | 2.3% | 2.8% | 3.7% | 2.4% |
| China | 11.0% | 0.4% | 6.1% | 0.1% | 8.1% | 3.3% | 4.6% |
| Germany | 8.2% | 12.7% | 3.1% | 22.0% | 2.8% | 1.2% | 0.8% |
| **South Africa** | | | | | **4.9%** | **1.7%** | **0.3%** |
| **Western Cape** | | | | | **4.8%** | **2.2%** | **0.3%** |

*Sources: IMF, Quantec Research, own calculations*

In advanced economies, supply shortages in selected sectors are expected to last until 2023. Supply chain bottlenecks are projected to ease as production responds to higher prices and new capacity becomes operational. A large portion of advanced economies (Europe) are in close geographical proximity to Russia and Ukraine, and are highly reliant on Russian fossil fuels and impacted by millions of refugees, who pose coordination and organisational challenges. Inflation has become a central concern and is projected to remain elevated for much longer than previously forecast. Fiscal support is generally set to decline in 2022 and 2023 as emergency measures to cushion the impact of the pandemic are gradually reduced. Advanced economies are projected to expand by 2.5 per cent in 2022 and 1.4 per cent in 2023.

Figure 2.1

**MONEY SUPPLY (M2), INFLATION AND FEDERAL RATES OF THE UNITED STATES, JANUARY 2010 – FEBRUARY 2022**




*Source: Economist Intelligence Unit*

**In the United States (US), the non-passage of the USD 1.7 trillion Build Back Better plan, in conjunction with continued supply chain disruptions, has depressed the growth prospects of the global economic superpower.** To stimulate investment in renewable energy, extend subsidies for health insurance and reduce the fiscal deficit, the US passed the Inflation Reduction Act of 2022. Growth expectations are further curtailed by the faster-than-expected withdrawal of monetary support in response to the severe buildup of inflation pressure. The US experienced its highest inflation in 40 years, mainly because of supply chain constraints, demand pressures from quantitative easing,[1] a rise in commodity prices owing to the Russia-Ukraine war and the implementation of stimulus cheques[2] during the COVID-19 pandemic. The US is expected to grow by 2.3 per cent in 2022 and 1.0 per cent in 2023.

[1] *The Federal Reserve Bank announced on 15 March 2020 that it would purchase government debt bonds and mortgage-backed securities worth USD 700.0 billion from domestic financial institutions over the coming months, which is a policy known as quantitative easing (QE).*

[2] *Between 2020 and 2021 total payments to individuals amounted to USD 391.0 billion, while businesses were offered USD 780.0 billion during two rounds of a payment protection programme.*

**The Russia-Ukraine war continues to weigh heavily on business and consumer sentiment in Germany, with consumer and producer price inflation reaching record highs in April 2022.** The bulk of Germany's gas supplies are sourced from Russia. Russian sanctions have led to energy shortages and increased energy prices, and have consequently dampened Germany's economic outlook. Economic growth will moderate this year, as Chinese lockdowns may lead to additional supply bottlenecks and could also weaken export demand. Germany's gross domestic product (GDP) is expected to expand by 1.2 per cent in 2022 and 0.8 per cent in 2023.

**The United Kingdom's (UK's) recovery is losing steam, brought about by a decline in disposable income, rising inflation and geopolitical tensions. Economic activity was hit by disruptions in energy and labour supply, and the implementation of Omicron restrictions.** The inflationary effects of the war in Ukraine and lockdowns in China have added to existing price pressures, affecting both consumer confidence and economic activity. Although accumulated savings provided for demand support, consumer spending power will be further squeezed by tax increases and record-high inflation. In April 2022, the UK recorded a 54.0 per cent rise in household energy bills. The UK's growth expectation of 3.2 per cent in 2022 is artificially inflated owing to the previous year's low base, and is expected to slow down to 0.5 per cent in 2023.

**The Netherlands entered the new year with increased uncertainty and evaporating economic growth on the back of falling household consumption and waning investment growth. Economic developments in the second quarter of 2022 were mixed, with rising business confidence and improved manufacturing operating conditions juxtaposed with deteriorating consumer sentiment in April and May, and double-digit inflation during April 2022.** Household spending is expected to remain constrained despite a further tightening of the labour market. As with most economies in Europe, economic growth in the Netherlands is expected to lose steam in 2022 owing to the impact of the invasion of Ukraine, inflation and supply chain restrictions. COVID-19 lockdowns in China will put additional stress on supply chains and undermine export demand. The Netherlands' economy is projected to expand by 2.9 per cent in 2022 and 2.0 per cent in 2023.

In emerging-market and developing economies, the Ukraine invasion has increased capital outflows, tightening financial conditions for both vulnerable borrowers and net importers of commodities, thereby weakening the local currencies of the most exposed countries. Russia's invasion placed emerging markets' debt in the crosshairs of a crisis, causing the asset class to suffer one of its worst drawdowns in recent history. Several countries with the same structural weaknesses as Sri Lanka stand out. Structural weaknesses include difficulty in collecting taxes, large portions of foreign-denominated debt and limited foreign exchange reserves. A continued tightening of monetary policy will place a wider range of emerging-market economies under economic pressure, with rising food and fuel prices that could significantly increase the risk of social unrest. Despite these factors, emerging-market and developing economies are projected to expand by 3.6 per cent in 2022 and 3.9 per cent in 2023.

**China's growth prospects are mainly constrained by COVID-19 lockdowns[3] in numerous cities, a crackdown on private technology companies, reduced export demand and subdued real estate investments.** The technology clampdown was attributable to large fines levied on companies such as Alibaba and Meituan to rein in monopolistic behaviour. Chinese real estate investments are hampered by cash flow, debt-servicing problems and a subsequent firmer stance on highly leveraged property developers. Contrary to the global trend of tighter monetary policy, China is the exception, where inflation remains low, and its central bank cut policy rates in January 2022 to support the recovery. The Chinese economy is expected to expand by 3.3 per cent in 2022 and 4.6 per cent in 2023.

**Namibia recorded a disappointing economic recovery of only 0.9 per cent in 2021, following a contraction of 8.5 per cent in 2020.** A more robust expansion in 2022 will largely depend on the performance of its mining sector, which contributes about 11.0 per cent to the total national GDP. The Namibian economy will benefit from rising prices in uranium, which recorded a 44.5 per cent average price increase in 2022 from the previous year. The uranium price increase is largely due to supply constraints brought about by the invasion of Ukraine in early 2022. Russia and Ukraine are both among the top 10 uranium producers in the world. The mining sector will be further supported by commodity price increases in diamonds (7.5 per cent) and copper (6.1 per cent) since the beginning of 2022. However, the economic recovery will be hampered by more restrictive monetary policy. Namibia increased its policy interest rate by 70 basis points in 2022. The economy of Namibia is expected to expand by 2.8 per cent in 2022 and 3.7 per cent in 2023.

Diminished growth prospects among the Western Cape's main sources of tourism and export partners provide for a softer outlook in tourism and export growth.

**In early July 2022, protestors swarmed President Gotabaya Rajapaksa's palace in Sri Lanka, forcing him to flee and step down.** Sri Lanka is in the midst of its worst financial crisis in seven decades, with depleted foreign reserves, daily power grid cuts, and food and fuel shortages. Inflation soared to 43.3 per cent in May 2022, while food prices increased by 58.0 per cent. The Sri Lankan government owes USD 51.0 billion in debt and cannot make any payments on loans. According to the United Nations (UN) World Food Programme, nine out of 10 families are skipping meals or otherwise skimping to stretch out their food, while three million are receiving emergency humanitarian aid. Sri Lanka is running out of foreign exchange reserves to pay for essential imports, including food, medicine and fuel.

The root of the crisis started with the 2019 suicide bombings at churches and hotels, which badly damaged tourism revenue, a key source of foreign exchange and an important engine of the Sri Lankan economy. During the pandemic, tourism flatlined. In an attempt to boost the economy, the Sri Lankan government embarked on large-scale infrastructure investments. The infrastructure investments were funded by foreign-currency-denominated debt instead of tax revenue. The prime minister subsequently announced the largest tax cuts in Sri Lankan history. These initiatives led to a credit downgrading, which blocked further foreign funding. In April 2021, the Sri Lankan government announced a ban on chemical fertilisers in a push to promote organic farming. The move decimated rice crops and increased the price of staples. In conjunction with rising oil prices, imports became unaffordable.

[3] *Shanghai's two-month lockdown ended on 30 May 2022.*

# 2.3 DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

## 2.3.1 Performance of the South African economy

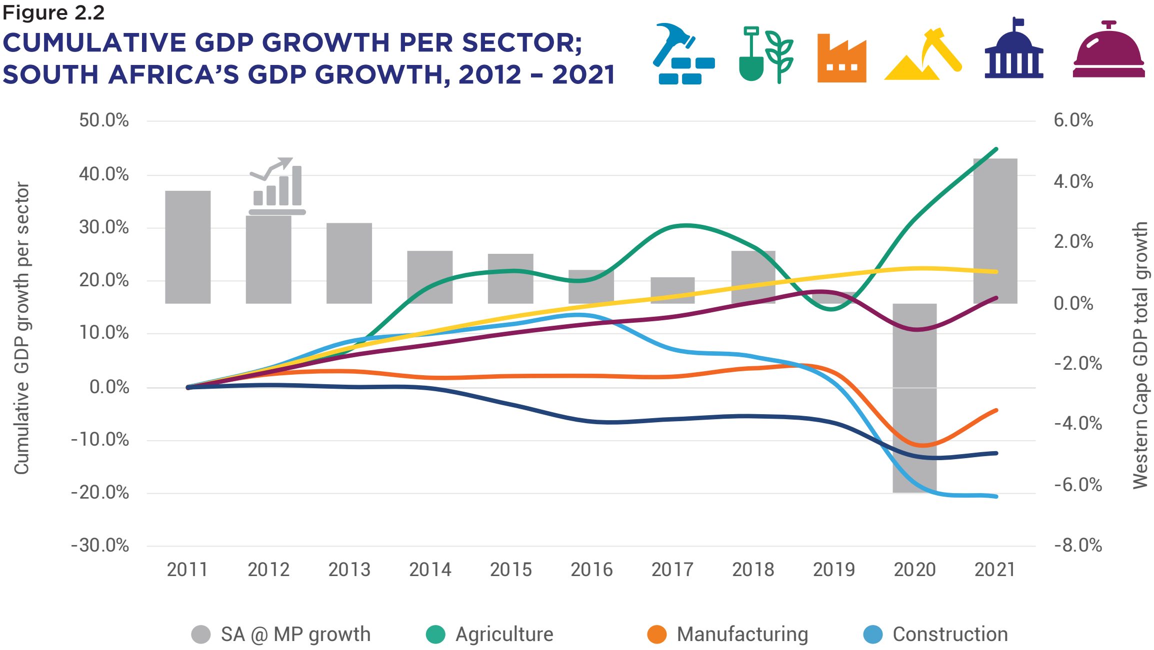
After two years, South Africa's GDP in the first quarter of 2022 finally recovered to levels seen in the first quarter of 2020. However, this was followed by a contraction in the second quarter of 2022, with the national economy facing new disruptions in the global commodity and energy markets caused by the Russian invasion of Ukraine and severe COVID-19 lockdown measures in China. South Africa also faces high unemployment, power outages and elevated public debt service costs, along with rising inflation and interest rates.

South Africa's economy recorded a 0.7 per cent contraction in the second quarter of 2022. Three industries expanded between the first and second quarter of 2022, with the transport (0.2 percentage points) and finance (0.6 percentage points) sectors making the largest growth contributions.

In 2021, South Africa recorded strong GDP growth of 4.9 per cent following a contraction of 6.4 per cent in 2020. The recovery was mainly driven by growth contributions from the finance (0.9 percentage points), manufacturing (0.9 percentage points) and community services (1.0 percentage points) sectors.

Figure 2.2

**CUMULATIVE GDP GROWTH PER SECTOR; SOUTH AFRICA'S GDP GROWTH, 2012 – 2021**




*Source: Stats SA*

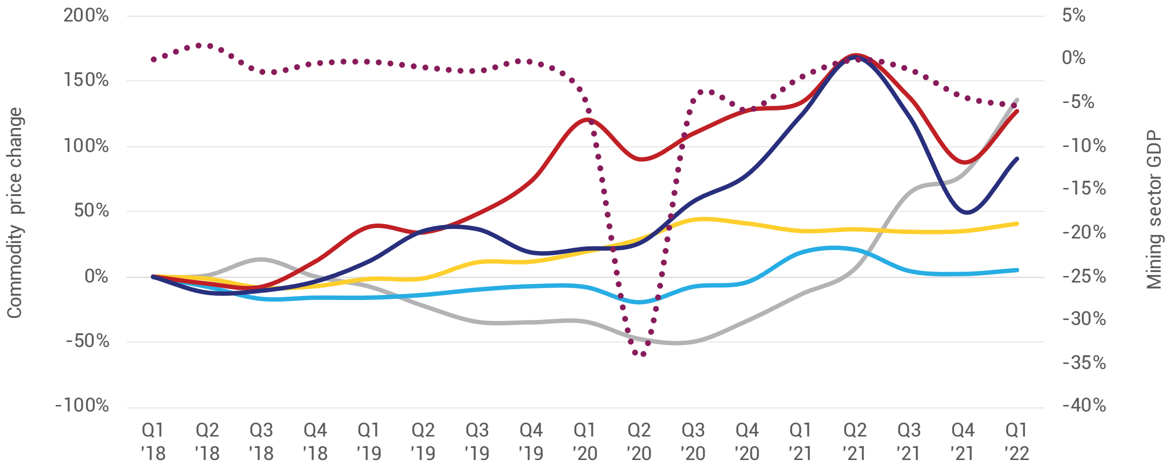
Over the past decade, the South African economy expanded by an average growth rate of 1.0 per cent and a cumulative growth rate of 9.5 per cent. The agriculture sector (55.4 per cent) recorded the highest cumulative growth over this period, followed by the general government (22.6 per cent) and community services[4] (14.5 per cent) sectors. However, the construction (-20.8 per cent), manufacturing (-5.7 per cent) and "Other" (-3.3 per cent) sectors were at lower GDP levels in 2021 than a decade ago. Within the "Other" sectors, both the mining (2.1 per cent) and utilities (-13.0 per cent) sectors have contracted over the last 10 years.

[4] *Includes all tertiary sectors excluding government.*

COVID-19 lockdown measures adopted by the end of March 2020 have had a significant impact on the national economy's cumulative growth since the second quarter of 2020. All sectors except for the agriculture sector contracted owing to the lockdown measures implemented from the second quarter of 2020.

Figure 2.3

**CUMULATIVE GROWTH IN SELECTED MINING COMMODITY PRICES, SOUTH AFRICAN MINING SECTOR GDP, 2018Q1 – 2022Q1**




*Source: Economist Intelligence Unit*

Coal | Gold | Iron ore | Palladium | Platinum | SA Mining sector GDP

The mining sector's GDP contraction (-1.5 per cent) since 2018 contrasts with a price surge among key mining commodities over the same period. Since 2018, there have been significant price increases in iron ore (90.7 per cent), palladium (127.4 per cent), gold (41.0 per cent) and coal (135.7 per cent). Factors that could also have impacted the mining sector's GDP growth performance over the period include load-shedding, above-inflation electricity price increases and the revised Mining Charter[5] in 2018.

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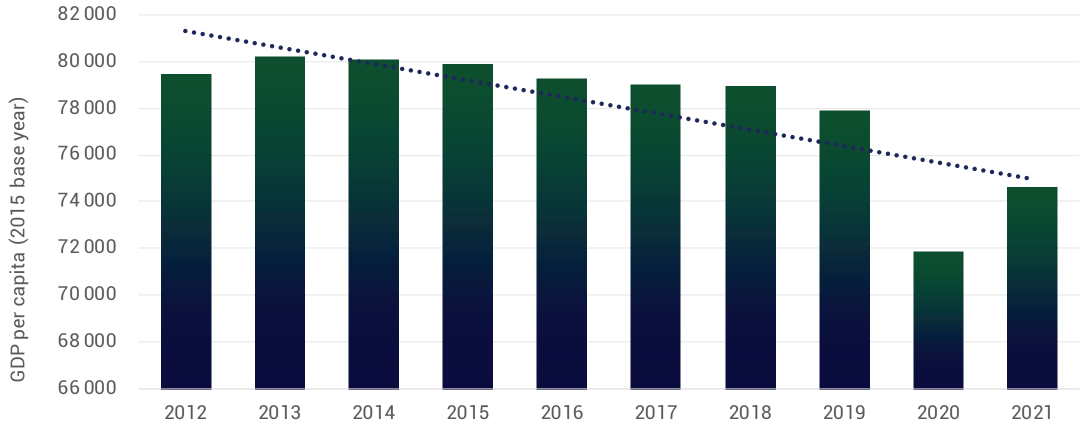
[5] *A mining right holder must increase its Black Economic Empowerment (BEE) shareholding from the minimum of 26.0 per cent to 30.0 per cent. The "once empowered always empowered" principle is only applicable for the duration of the mining right and is not applicable upon renewal or transferable upon sale. A non-diluting 5.0 per cent stake must be given to employees and 5.0 per cent to communities. Mining companies must procure 80.0 per cent of services from BEE entities, which must be South African companies; and 70.0 per cent of mining goods, which must be South African-manufactured and produced by BEE entities, women, youths or BEE entrepreneurs.*

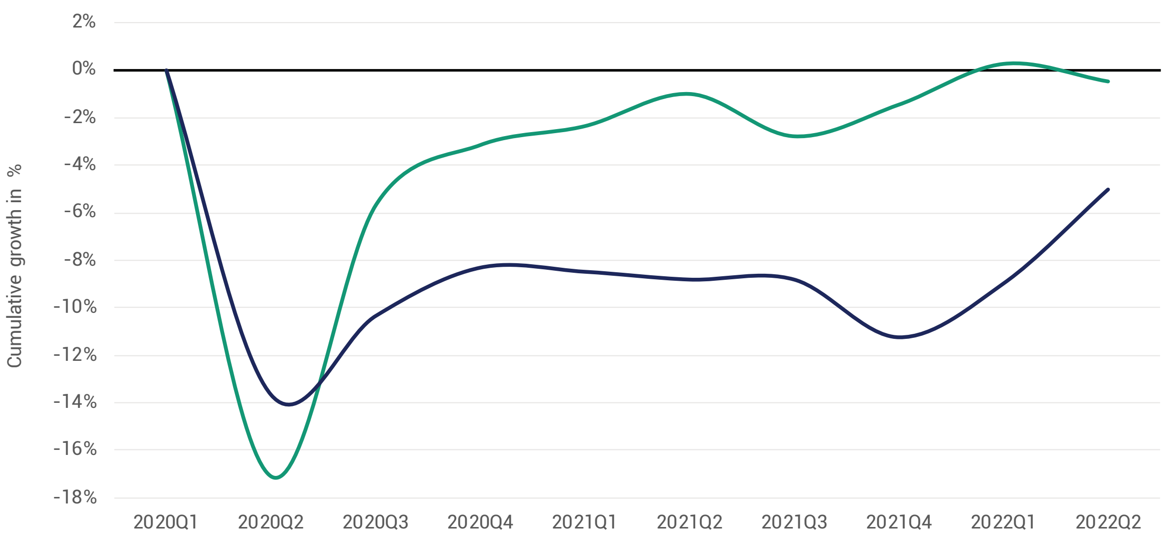
Figure 2.4
## REAL GDP PER CAPITA IN SOUTH AFRICA, 2012 – 2021




*Source: Quantec Research*

Since 2012, South Africa's estimated population has grown by 1.6 per cent per annum. Over the same period, GDP expanded at an average rate of 1.0 per cent. In real terms, South Africa's economic prosperity has declined since 2014. Since the start of 2014, South Africa's GDP per capita declined by 6.9 per cent from R80 193 to R74 655 in 2021. The COVID-19 lockdown measures implemented since 2020 significantly accelerated the deterioration in GDP per capita.

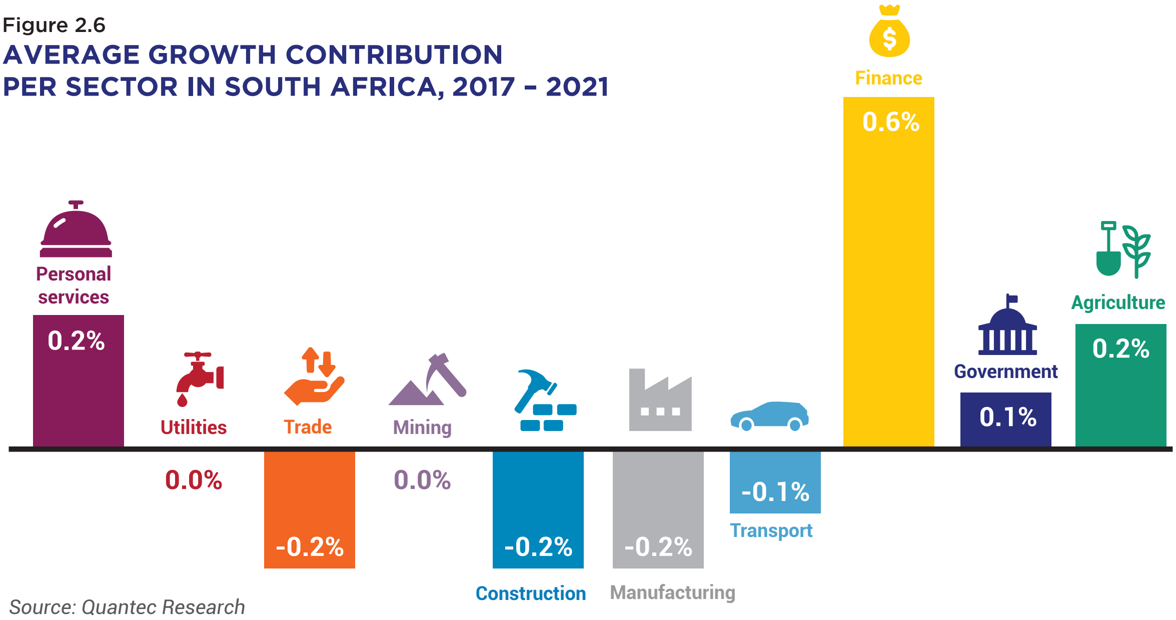
Figure 2.5
## SOUTH AFRICA'S CUMULATIVE RECOVERY IN GDP AND EMPLOYMENT, 2020Q1 – 2022Q2




In the second quarter of 2022, the South African economy contracted by 0.7 per cent, after expanding by 1.7 per cent in the first quarter of 2022. Except for transport (2.4 per cent), finance (2.4 per cent) and community services (0.1 per cent), all sectors recorded contractions during the quarter. By the second quarter of 2022, South Africa's GDP was 0.5 per cent lower than in the first quarter of 2020, while employment levels were still 820 697 or 5.0 per cent lower than pre-COVID-19 pandemic levels.

Figure 2.6

**AVERAGE GROWTH CONTRIBUTION PER SECTOR IN SOUTH AFRICA, 2017 – 2021**




*Source: Quantec Research*

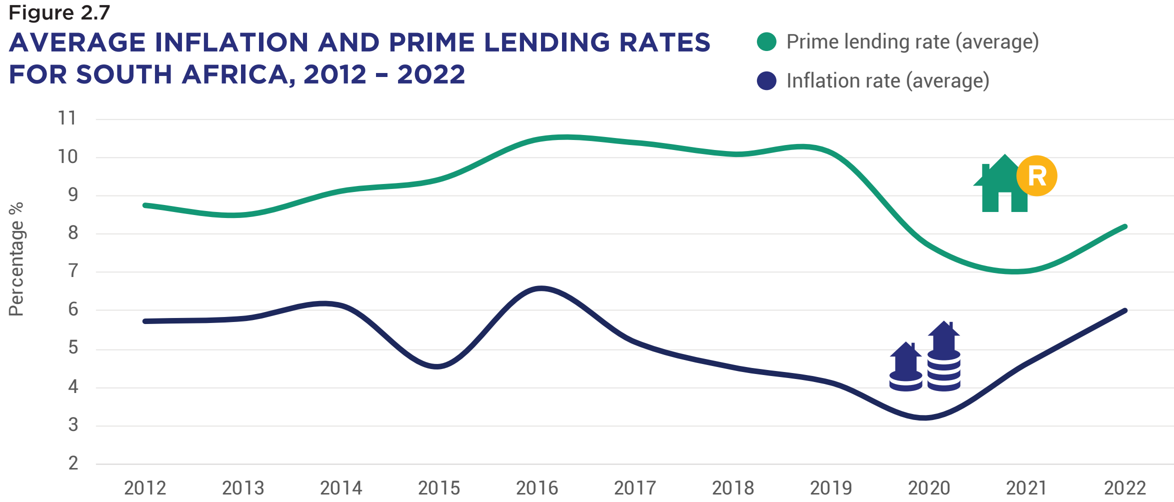
The average growth contribution of each sector in the last five years shows the important GDP growth contributions from the finance (0.6 percentage points), agriculture (0.2 percentage points) and community services (0.2 per cent) sectors, while the trade (-0.2 percentage points), construction (-0.2 percentage points), manufacturing (-0.2 percentage points) and transport (-0.1 percentage points) sectors showed diminished economic growth over the same period. Notably, most sectors that made negative contributions to GDP growth were the secondary or primary sectors, which typically provide employment opportunities for semi-skilled or unskilled workers.

## 2.3.2 Inflation in the South African economy

South Africa is in sync with the surging trend in global inflation. Global factors affecting South African inflation include the surge in key commodity prices (oil, wheat, sunflower seed oil, fertilisers) largely owing to the invasion of Ukraine. In addition to a rise in global commodity prices, South Africa's inflation is further being fuelled by above-inflationary electricity increases and loss of production owing to intermittent power outages.

Figure 2.7

**AVERAGE INFLATION AND PRIME LENDING RATES FOR SOUTH AFRICA, 2012 – 2022**

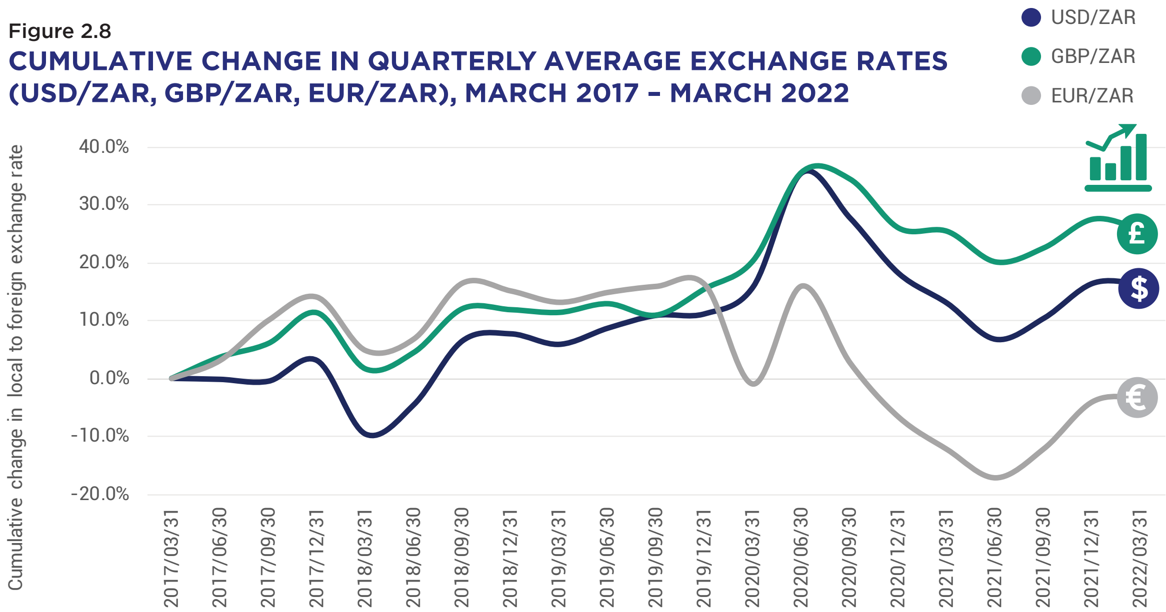



*Source: Economist Intelligence Unit*

A rising inflation trend in South Africa commenced in 2021, when annual average inflation increased from 3.2 per cent at the end of 2020 to 6.0 per cent by June 2022. Consequently, South Africa's average annual prime lending rate increased owing to repo rate increases, from an average of 7.0 per cent in 2021 to 8.2 per cent by June 2022. In 2016, for an average inflation rate of 6.6 per cent, the average prime lending rate was at 10.5 per cent, 446 basis points higher than the current average prime lending rate. Interest rate increases are likely to continue in 2022 as inflation remains above the upper limit of the SARB's inflation target for the remainder of the year and into the first quarter of 2023.[6] As a result, and as of September 2022 following the latest Monetary Policy Committee (MPC) decision, the repurchase rate has increased to levels prevailing prior to the onset of the COVID-19 pandemic.[7]

Figure 2.8

**CUMULATIVE CHANGE IN QUARTERLY AVERAGE EXCHANGE RATES (USD/ZAR, GBP/ZAR, EUR/ZAR), MARCH 2017 – MARCH 2022**




*Source: Quantec Research*

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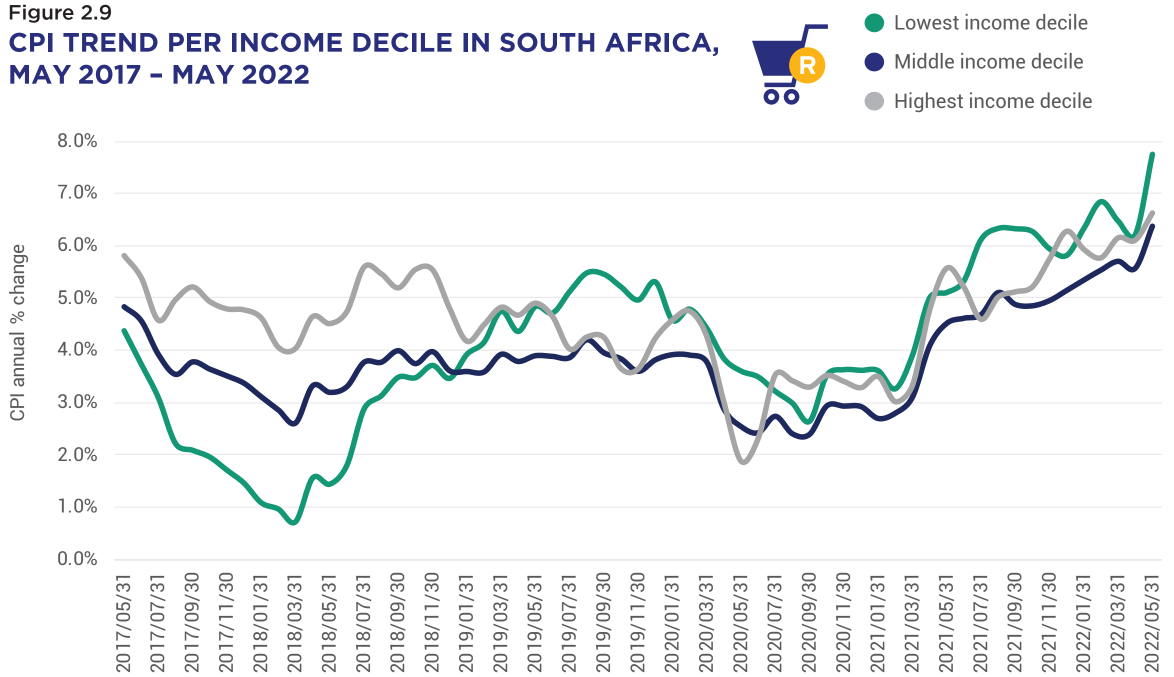
6 *(SARB, 2022).*
7 *(SARB, 2022).*

Exchange rate movements impact price inflation in South Africa through imported goods and services. The average quarterly exchange rate of the rand against the US dollar, British pound and euro appreciated from the third quarter of 2020 to the second quarter of 2021. (See Figure 2.8.) However, since the third quarter of 2021 the rand has depreciated against the US dollar, British pound and euro. Combined with commodity price increases, the depreciation of the rand will lead to higher import costs and inflation in South Africa.

Figure 2.9

**CPI TREND PER INCOME DECILE IN SOUTH AFRICA, MAY 2017 – MAY 2022**

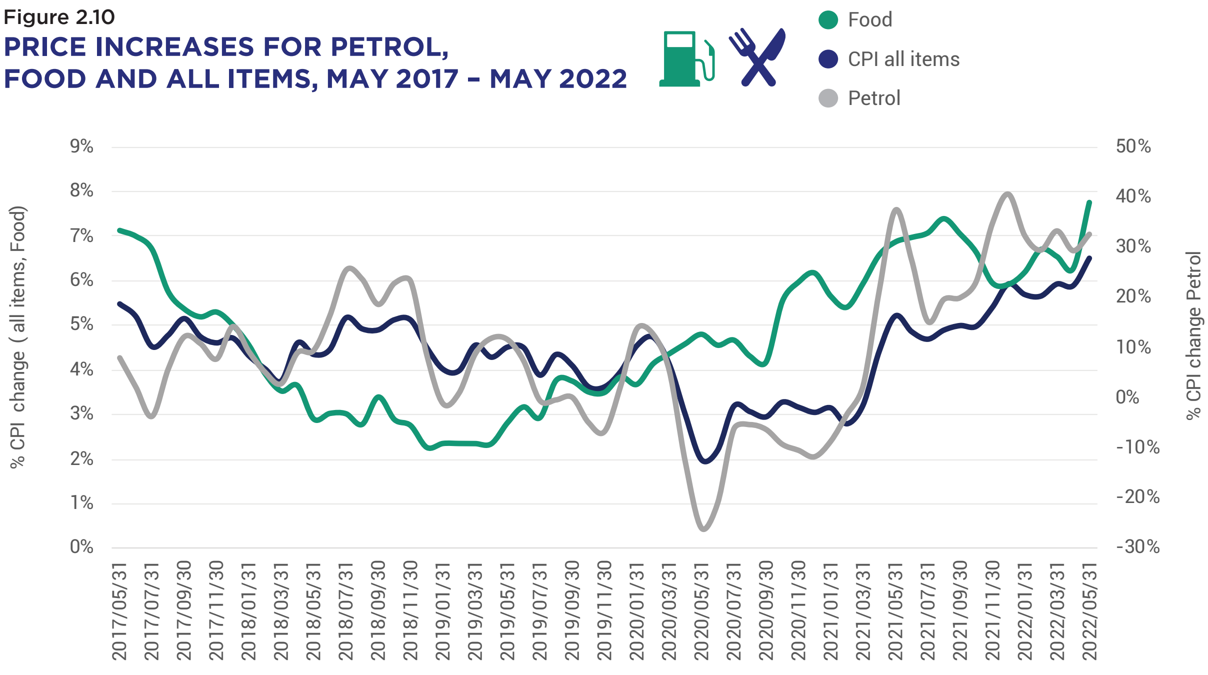



*Source: Quantec Research*

The lowest income groups have been more severely affected by inflation over the past two years. By May 2022, the inflation rate for the lowest income decile (7.8 per cent) was higher than both the highest income decile (6.6 per cent) and the middle income decile (6.1 per cent). The lowest income groups spent a larger portion of their income on food and transport.

Figure 2.10

**PRICE INCREASES FOR PETROL, FOOD AND ALL ITEMS, MAY 2017 – MAY 2022**




*Source: Quantec Research*

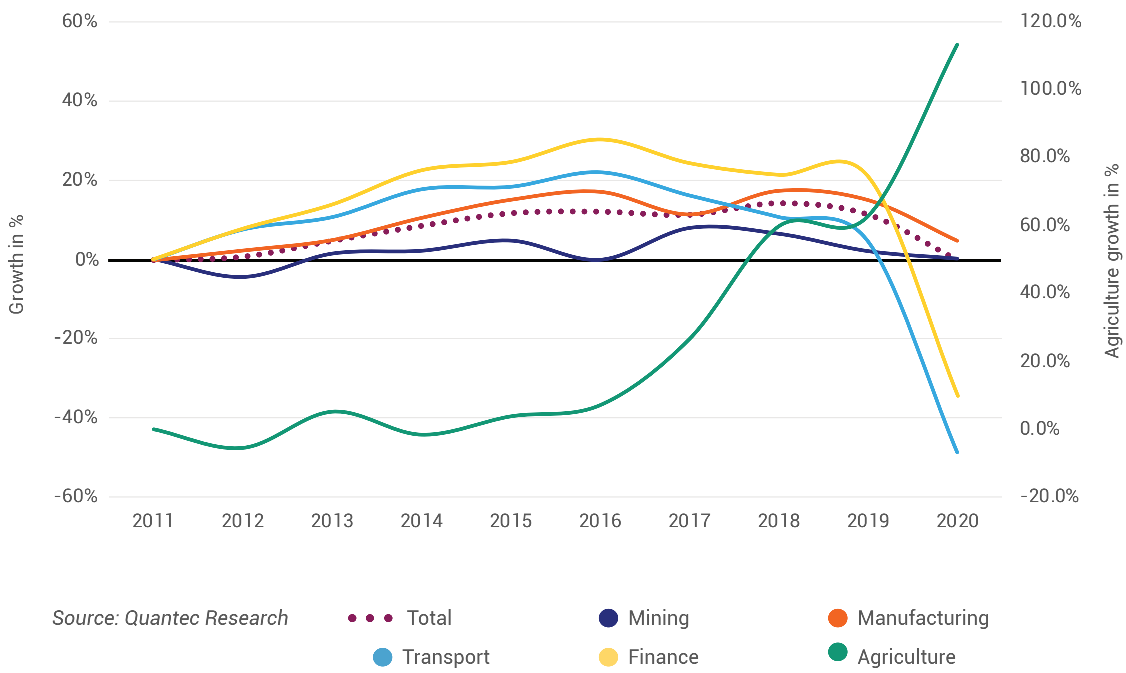
Since June 2019, a year before the headline and petrol inflation rates started to increase in July 2020, there has been an increasing trend in food inflation rates. Since the Russian invasion of Ukraine on 24 February 2022, the average petrol price has increased by 31.6 per cent (monthly, year-on-year), while average food and headline inflation has been 6.9 and 6.1 per cent respectively.

### 2.3.3 Trade performance of the South African economy

The integration of national economies into a global economic system has been one of the most important developments of the last century. Over the last two decades, trade has grown remarkably, with a quarter of total global production exported today. South Africa is known for its exports of mining commodities, manufacturing products such as vehicles and machinery, and agricultural produce including fruit and nuts. South Africa is also a significant importer of oil, electrical machinery and equipment, vehicles and pharmaceuticals.

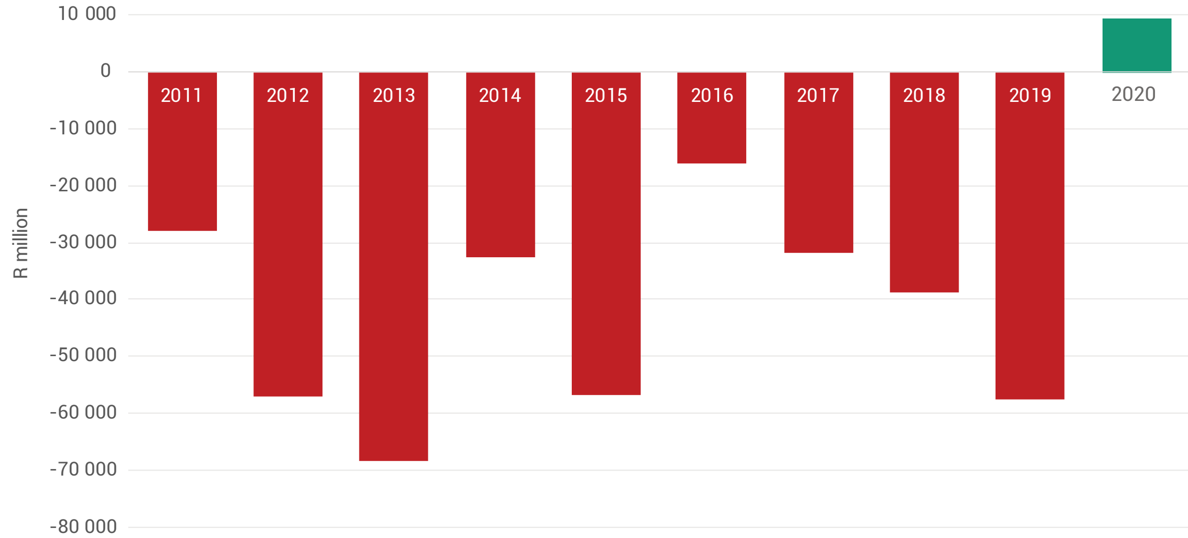
**Figure 2.11**

**REAL EXPORTS OF TOP FIVE EXPORTING SECTORS IN SOUTH AFRICA, 2011 – 2020**




*Source: Quantec Research*

Figure 2.12
## NET REAL EXPORTS FOR SOUTH AFRICA, 2011 – 2020




*Source: Quantec Research*

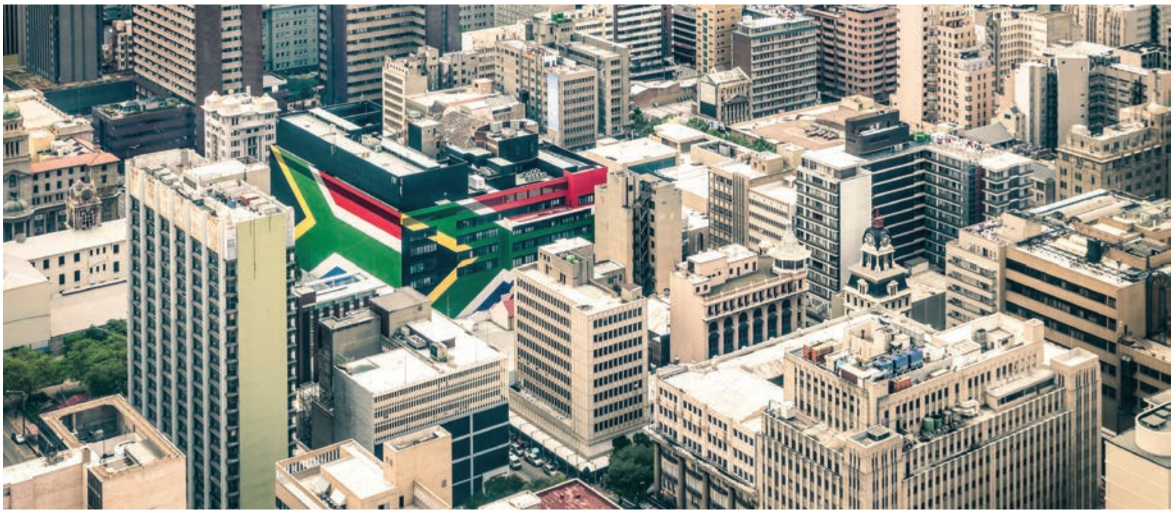
Between 2011 and 2020, South Africa's real imports exceeded its real exports every year except for 2020, when South Africa recorded a trade surplus of almost R9.5 billion. The trade surplus can be attributed to the COVID-19 lockdown measures, which reduced total imports by 16.6 per cent as opposed to a 10.6 reduction in exports in the same year. The manufacturing (62.5 per cent), transport (14.8 per cent) and mining (11.0 per cent) sectors made the most notable contributions to the import reductions in 2020.

Table 2.2
## MAJOR EXPORT AND IMPORT DESTINATION OF SOUTH AFRICA, 2012 AND 2021

| Country | Share of total imports | | % point difference | | Country | Share of total imports | | % point difference | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2021 | | | | 2012 | 2021 | | |
| China | 14.0% | 20.6% | ▲ | 6.5% | China | 10.4% | 11.0% | ▲ | 0.6% |
| Germany | 9.8% | 8.1% | ▼ | -1.7% | United States | 7.9% | 10.6% | ▲ | 2.8% |
| United States | 7.1% | 7.0% | ▼ | -0.1% | Germany | 4.5% | 8.2% | ▲ | 3.7% |
| India | 4.4% | 5.7% | ▲ | 1.3% | Japan | 5.6% | 6.7% | ▲ | 1.1% |
| Saudi Arabia | 7.6% | 4.4% | ▼ | -3.2% | United Kingdom | 3.3% | 6.7% | ▲ | 3.4% |
| Thailand | 2.6% | 3.2% | ▲ | 0.6% | Botswana | 5.1% | 6.6% | ▲ | 1.5% |
| Japan | 4.4% | 2.8% | ▼ | -1.6% | Mozambique | 2.4% | 3.6% | ▲ | (1.5%) |
| Italy | 2.5% | 2.8% | ▲ | 0.3% | India | 3.8% | 3.5% | ▼ | 1.1% |
| Nigeria | 3.6% | 2.4% | ▼ | -1.2% | Netherlands | 2.8% | 3.4% | ▲ | (0.4%) |
| France | 2.4% | 2.1% | ▼ | -0.3% | Belgium | 1.9% | 3.4% | ▲ | 0.5% |

*Sources: Quantec Research, own calculations*

In 2021, China was South Africa's largest export (11.0 per cent) and import (20.6 per cent) destination. Since 2012, China has become a more prominent source of imports, with its share of imports increasing significantly by 6.5 percentage points. Between 2012 and 2021, the US (2.8 percentage points), United Kingdom (3.4 percentage points) and Germany (3.7 percentage points) increased their share of South Africa's export destinations.

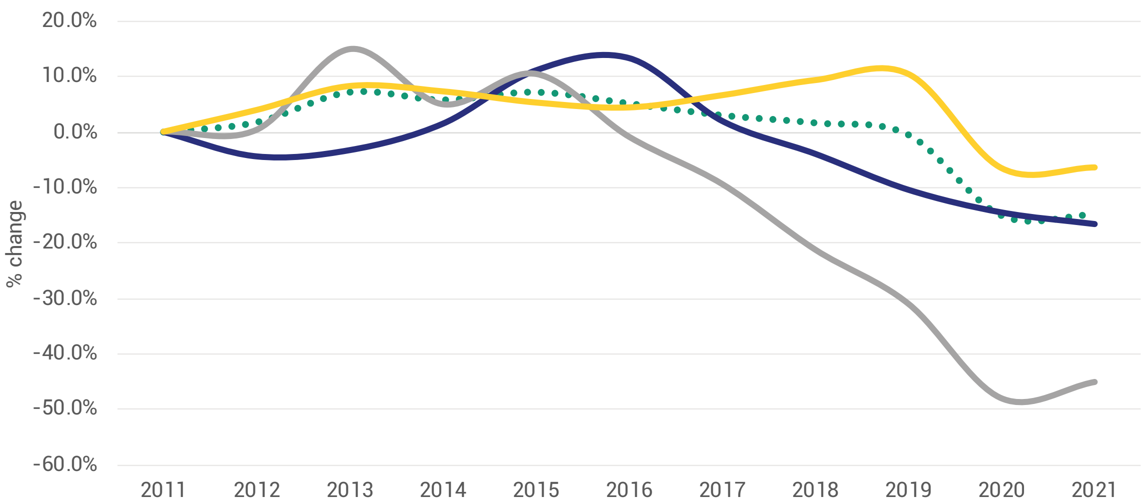


### 2.3.4 Fixed investment in South Africa

Capital formation, or the increase in capital stock, plays an important role in the modern productive system, as more goods can be produced with the aid of additional capital. Capital formation makes an important contribution to the productivity of workers and thus the economy as a whole, and is a key factor in accelerating economic growth.

Figure 2.13

**CUMULATIVE GROSS FIXED CAPITAL FORMATION BY ORGANISATION IN SOUTH AFRICA (REAL), 2011 – 2021**




*Source: Quantec Research*

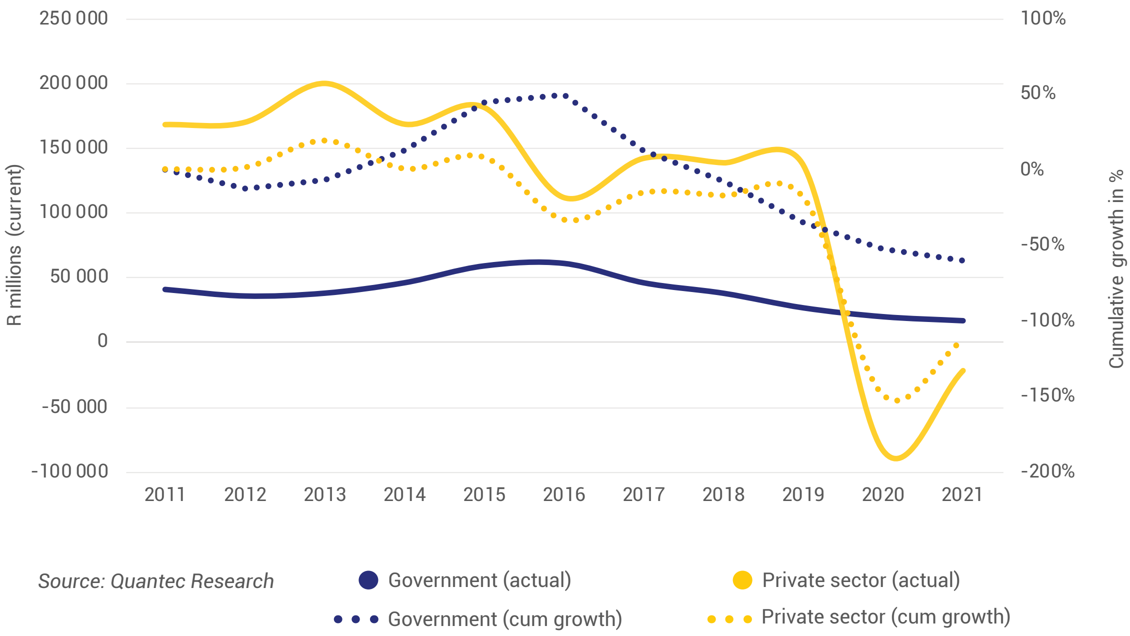
Gross fixed capital formation (GFCF) includes new capital investments and capital replacement costs. In 2021, GFCF in South Africa was 14.9 per cent less than in 2011. Some of the decline in GFCF over the period can be attributed to a contraction of 14.6 per cent in 2020. However, the decline of GFCF started back in 2016. Between 2016 and 2021, South Africa recorded a decline (-20.6 per cent) in GFCF.

In 2021, private business enterprises (70.7 per cent) were responsible for the largest portion of GFCF investments in South Africa. Contributions from general government (18.3 per cent) and public corporations (11.0 per cent) made up the balance. Cumulative GFCF contractions were more significant for general government (16.6 per cent) and public corporations (-45.0 per cent) than private business enterprises (6.5 per cent) between 2012 and 2021.

The GFCF decline in private business enterprises commenced in 2020, while the declining trends for general government and public corporations commenced in 2017 and 2016 respectively. Between 2012 and 2021, public corporations and general government combined were responsible for 72.1 per cent of GFCF decline in South Africa.

Figure 2.14

**NET CAPITAL FORMATION BY ORGANISATION TYPE (CURRENT), 2011 – 2021**

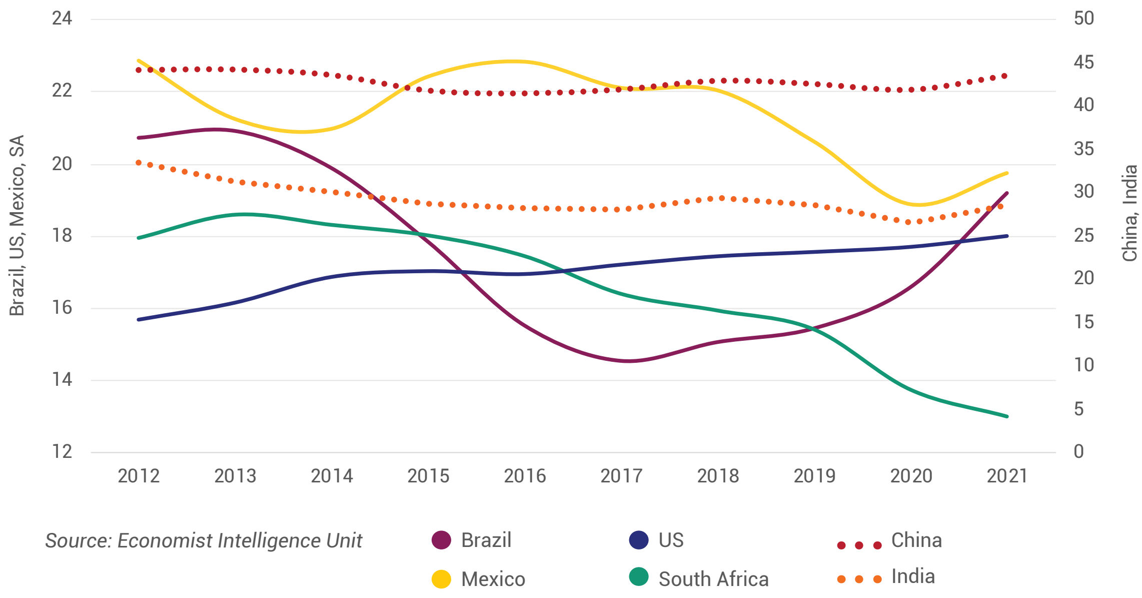



*Source: Quantec Research*

Net capital formation (NCF) excludes the depreciation or replacement of capital from GFCF. In current terms, NCF declined over the last decade for both the government (-59.7 per cent) and the private sector (-112.7 per cent). Although the bulk of the decline occurred in 2020, private sector NCF contracted in nominal terms from 2014 and for the government sector from 2017.

Figure 2.15

## FIXED INVESTMENT AS A PERCENTAGE OF GDP FOR SELECTED COUNTRIES, 2012 – 2021



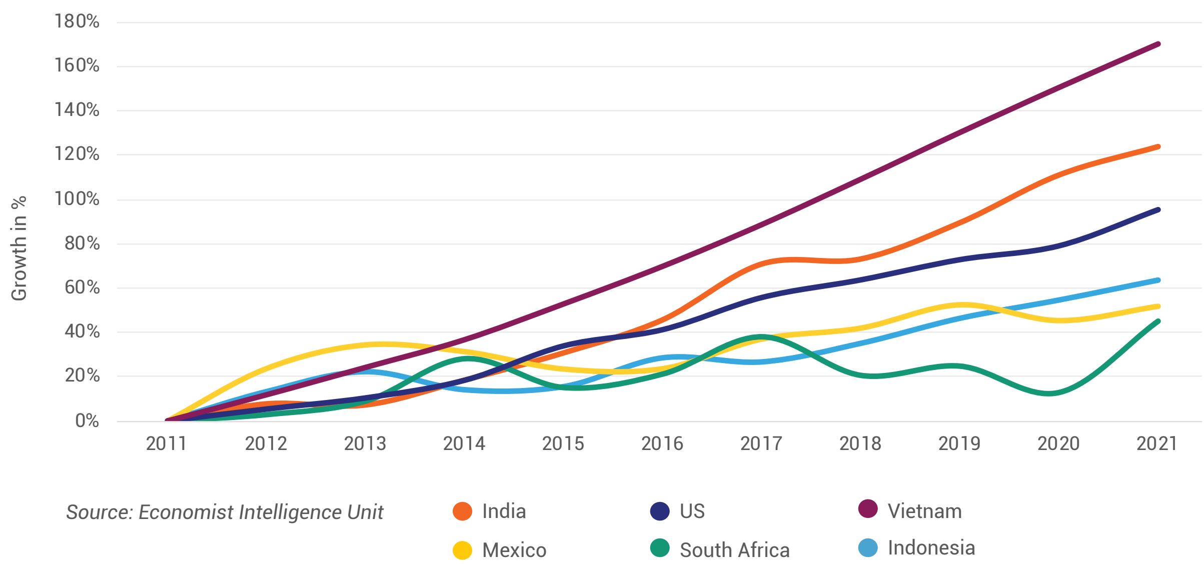

*Source: Economist Intelligence Unit*

In 2021, South Africa had a low and declining fixed investment ratio (13.0 per cent) in comparison to the US (18.0 per cent), Brazil (19.2 per cent) and Mexico (19.8 per cent). China (43.6 per cent) and India (28.6 per cent) are two countries with exceptionally high and stable fixed investment ratios.

Foreign direct investment (FDI) is particularly important to emerging-market and developing economies like South Africa. Foreign direct investment helps raise living standards, facilitates economic growth, provides project finance, creates employment opportunities, improves infrastructure and infuses new technology and technological know-how.

Figure 2.16

## CUMULATIVE GROWTH OF FOREIGN DIRECT INVESTMENT STOCK PER HEAD IN USD, 2011 – 2021




*Source: Economist Intelligence Unit*

Between 2012 and 2021, South Africa's FDI stock per head cumulatively expanded by 44.8 per cent, in comparison with Vietnam (170.0 per cent), India (123.7 per cent), the United States (95.2 per cent), Indonesia (63.8 per cent) and Mexico (51.9 per cent). The substantial increase in South African FDI in 2021 was mainly due to technology investor Prosus buying about 45.0 per cent of its South African parent Naspers. Between 2018 and 2020, FDI stock per head in South Africa declined by 18.2 per cent.

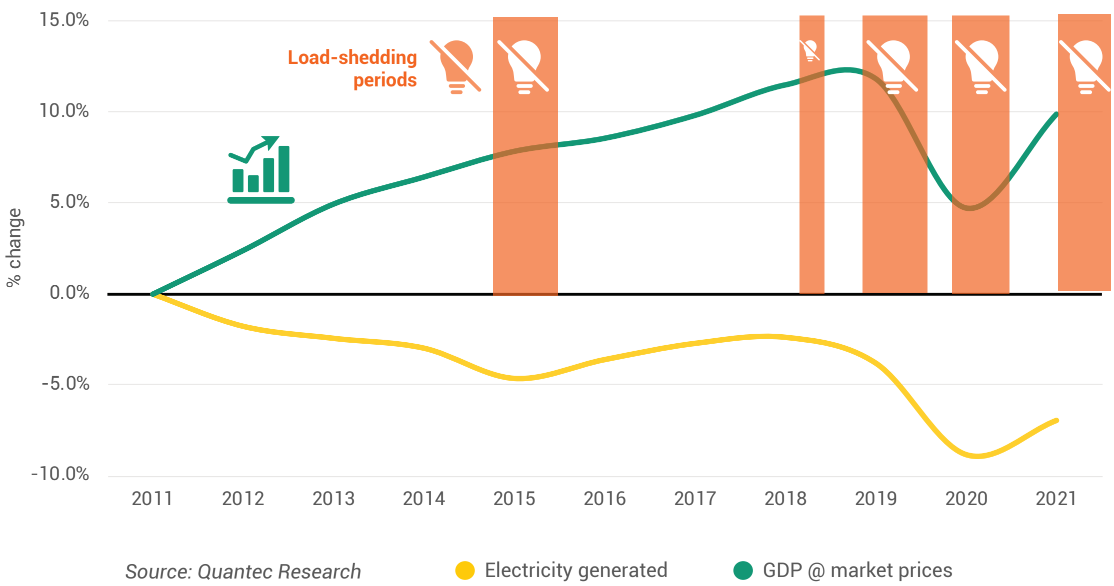
South Africa is currently yielding insufficient FDI to make significant inroads into economic growth and unemployment. The lack of FDI in South Africa can possibly be ascribed to elevated crime rates, high levels of social unrest (strikes and protests), corruption and structural issues in electricity supply and logistics. There are also concerns around the lack of clarity concerning policy and structural reforms.

### 2.3.5 The South African energy crisis

One of South Africa's largest obstacles to more robust economic growth is a shortage of reliable electricity supply accompanied by above-inflationary electricity price increases. Since late 2007, South Africa has been subjected to rolling electricity blackouts. The reasons for load-shedding include wet coal; sabotage; diesel shortages; the collapse of coal silos; lack of maintenance, which leads to plant breakdowns; and unlawful strike action.

Figure 2.17

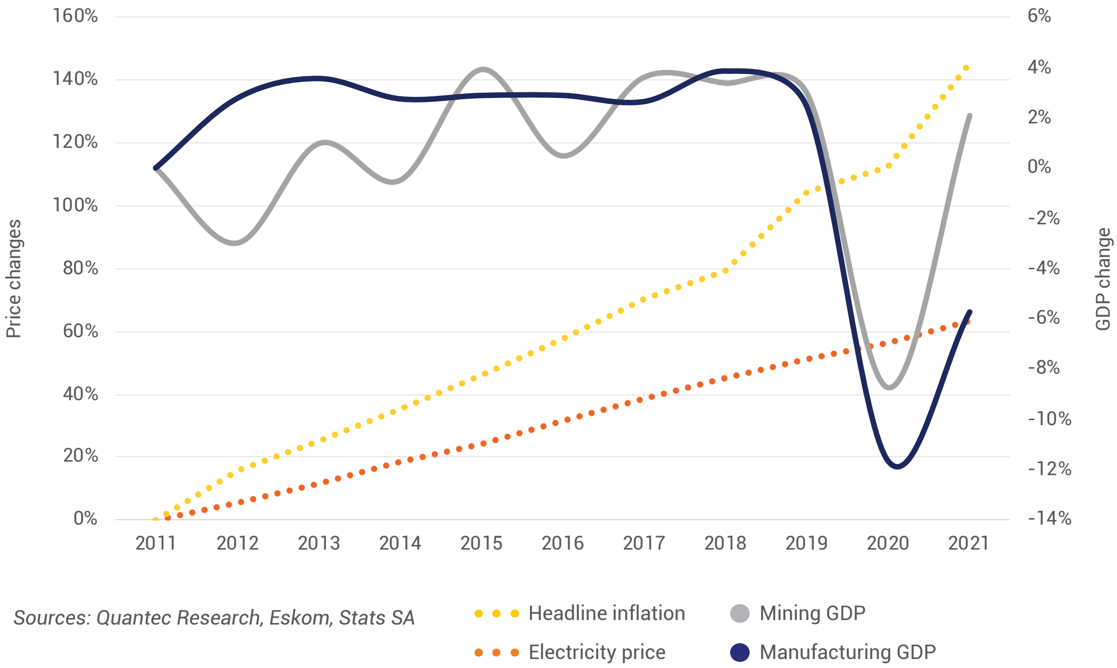
**CUMULATIVE ELECTRICITY GENERATED AND GDP IN SOUTH AFRICA, 2011 – 2021**



The average electricity generated in South Africa in 2021 was 6.9 per cent less than at the end of 2011. (See Figure 2.17.) Over the same period, the economy expanded cumulatively by 9.9 per cent. The estimated economic cost of load-shedding for the national economy is substantial. The financial services group the Efficient Group has conservatively estimated the South African economy to be between 8.0 and 10.0 per cent smaller as a direct consequence of load-shedding, while Alexforbes has estimated the cost of stage 6 load-shedding to be R4.0 billion per day. The impact of load-shedding on the national economy has led to an estimated one million fewer job opportunities.

Figure 2.18

**ESKOM AVERAGE ELECTRICITY PRICE INCREASES AND HEADLINE INFLATION IN SOUTH AFRICA, 2011 – 2021**




*Sources: Quantec Research, Eskom, Stats SA*

Average electricity price increases in South Africa have exceeded headline inflation. (See Figure 2.18.) Between 2012 and 2022, average electricity prices increased by 145.3 per cent compared with headline inflation of 63.2 per cent. Consequently, electricity costs have become a larger component of total costs for both consumers and producers in South Africa.

The manufacturing and mining sectors are two sectors that are particularly vulnerable to high electricity costs. Between 2012 and 2021, the manufacturing sector in South Africa contracted by 5.7 per cent, while the mining sector's GDP[8] was only 2.1 per cent higher.

[8] *GDP measured in basic prices.*

## IN RESPONSE TO A CRISIS

On 28 June 2022, South Africa experienced stage 6 load-shedding for the second time in history, with seven of the 12 largest coal power stations operating at less than 50.0 per cent capacity owing to deterioration in Eskom's generation units. South Africa's President, Cyril Ramaphosa, announced a recovery plan on 25 July 2022.

**The plan included the following:**

- The removal of the 100MW renewable licence threshold.
- Additional generation via gas and battery requirements.
- A boosted maintenance budget to cut out red tape, which delays purchases.
- The recruitment of former plant managers and engineers from the private sector.
- The purchase of additional electricity from private entities such as mines.
- More power purchases from Botswana and Zambia.
- Special legislation with a single approval point will be passed to speed up new power generation projects.
- The development of price structures to encourage solar power investments from businesses and households.
- Private and state-owned companies will be able to participate in the energy market.

The recovery will be coordinated by a Crisis Committee under the Presidency. The committee will use the best expertise from business, professional engineering entities, labour and civil society, with regular reporting by relevant ministers to the President.


*Sources: Daily Maverick, 26 July 2022; Rapport, 17 July 2022*

## THE MUNICIPAL ENERGY RESILIENCE (MER) PROJECT AND SMALL-SCALE EMBEDDED GENERATIONS (SSEG)

The Municipal Energy Resilience (MER) Project was developed following an amendment to Schedule 2 of the Electricity Regulation Act in 2020, allowing municipalities to generate their own electricity. The key objectives of the MER Project are development, support and capacity building to implement renewable energy projects in municipalities across the Province for municipalities, businesses and households to generate, procure and sell electricity. The project aims to secure reliable electricity supplies for the Province and increase economic resilience. The project includes four approaches: creating space for small-scale embedded generation (SSEG), providing assistance in procurement processes for municipalities to source energy from independent power producers (IPPs), building a business case for utility-scale gas to power generation, and finally, reforming the sector. The six candidate municipalities participating in the first phase of the MER Project in this financial year are:

- Drakenstein Municipality;
- Mossel Bay Municipality;
- Overstrand Municipality;
- Saldanha Bay Municipality;
- Stellenbosch Municipality; and
- Swartland Municipality.

This project will consider multiple pioneering renewable energy technologies and scales, cost options, the scale of investment required, location issues, risks, municipal readiness needs, infrastructure needs, timelines to get capacity on to the grid, transaction and procurement mechanisms, and regulatory issues.

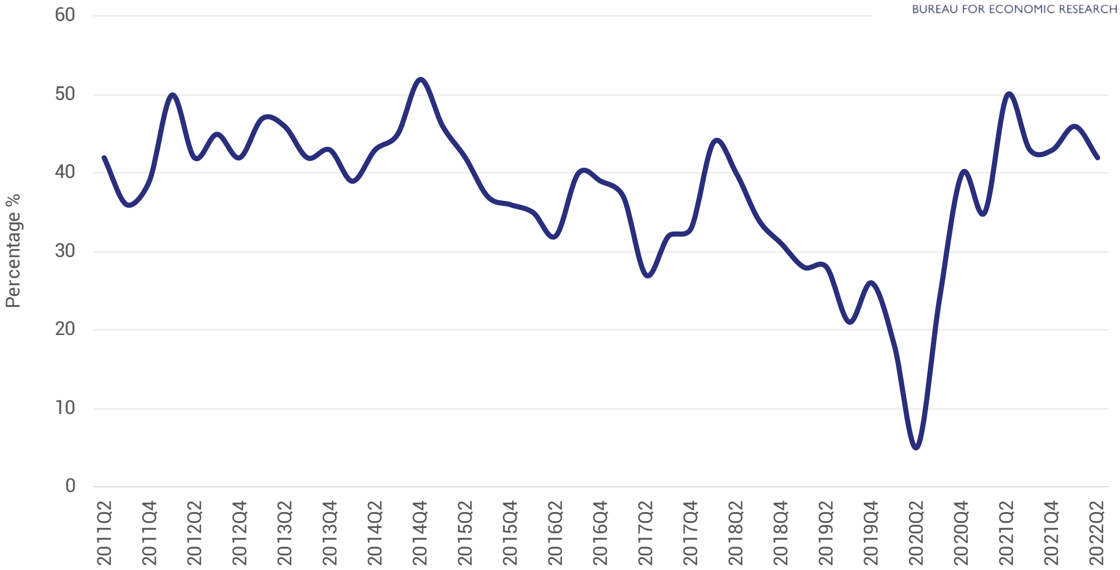
SSEG enables solar photovoltaic (PV) systems to be grid-tied and feed in any excess electricity generated. Registering a feed-in system allows you to export excess electricity to the grid and receive credit based on the SSEG tariff. It is structured to support PV system owners while covering the costs of their electricity service.

*Source: Western Cape Government, 2022*

## 2.3.6 Economic outlook of South Africa

The South African outlook on economic expansion is hampered by increasing inflation and interest rates, high unemployment, power shortages and slow reform momentum. High government debt, along with elevated debt service costs, is expected to constrain much-needed public investment.

Figure 2.19
**RMB/BER COMPOSITE BUSINESS CONFIDENCE INDEX, 2011Q2 – 2022Q2**




*Source: Quantec Research*

The RMB/BER Composite Business Confidence Index (BCI) takes the percentage of respondents who rate prevailing business conditions as satisfactory as an indicator or proxy of business confidence. The latest BCI shows that 42.0 per cent of respondents were positive. The BCI measures the unweighted mean of five sectoral indices: manufacturers, building contractors, retailers, wholesalers and new vehicle dealers. In the second quarter of 2022, the BCI declined by 4.0 percentage points to 42.0 per cent from the previous quarter, meaning that 58.0 per cent of respondents were negative about current business conditions in South Africa. The weakening of the BCI can potentially point to the relatively weaker GDP performance in the second quarter of 2022.

Table 2.3

## GDP GROWTH AND CONTRIBUTION TO GROWTH FORECAST PER SECTOR IN SOUTH AFRICA, 2022 AND 2023

| | % growth | | % point contribution | |
|---|---|---|---|---|
| **Sector** | **2022 (f)** | **2023 (f)** | **2022 (f)** | **2023 (f)** |
| Agriculture | 9.3% | 1.2% | 0.3% | 0.0% |
| Mining | -1.6% | 0.4% | -0.1% | 0.0% |
| Manufacturing | 3.0% | -0.6% | 0.4% | -0.1% |
| Utilities | 0.1% | 0.2% | 0.0% | 0.0% |
| Construction | 0.3% | 1.7% | 0.0% | 0.0% |
| Trade | 8.4% | 1.8% | 1.1% | 0.2% |
| Transport | 5.8% | 1.6% | 0.5% | 0.1% |
| Finance | -1.2% | -0.9% | -0.3% | -0.2% |
| Government | -1.1% | 0.3% | -0.1% | 0.0% |
| Personal services | -0.4% | 0.3% | -0.1% | 0.1% |
| **SA GDP@ MP** | **1.7%** | **0.3%** | **1.7%** | **0.3%** |

*Source: Quantec Research*

South Africa is expected to grow sluggishly at 1.7 per cent in 2022 and 0.3 per cent in 2023. Major growth contributions are expected from the agriculture (0.3 percentage points), manufacturing (0.4 percentage points), trade (1.1 percentage points) and transport (0.5 percentage points) sectors in 2022.

The growth outlook for the agriculture sector in 2022 remains positive (9.3 per cent), with a substantial jump expected in sunflower harvests (35.0 per cent) but with expected reductions in maize (11.0 per cent) and soya bean ( 4.0 per cent) crops. Animal product revenue is expected to increase by 4.5 per cent on the back of increased volumes and higher beef prices.

Supported by growth in real personal consumer spending and a return to in-person experiences, the trade sector is expected to increase substantially in 2022 (8.4 per cent). The mining sector is bracing itself for another tough year. Pressured by load-shedding and a three-month strike in the gold sector, the mining sector is expected to contract by 1.6 per cent in 2022. Potential growth in the finance sector is hampered by rising business interruption claims, while credit extension is limited by over-indebtedness and rising interest rates. The finance sector is expected to contract by 1.2 per cent in 2022.

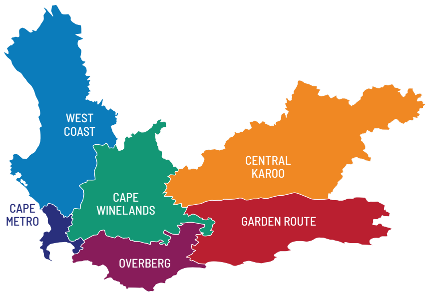
The South African economic outlook will significantly affect the economic prospects of the Western Cape economy.

## 2.3.7 Risks to the South African outlook

The outlook of the South African economy faces both global and domestic risks, including:

- A risk of high and increasing inflation with subsequent monetary policy tightening, fuelled by a long-term Russia-Ukraine war and global price disruptions.
- Ongoing power outages accompanied by above-inflation electricity price increases in South Africa.
- Weak economic growth, growing unemployment and subsequent socio-economic decline, with potential social unrest and escalating crime rates.
- A global stock market crash, a recession and rising policy interest rates in advanced economies, which could potentially cause large-scale capital outflows from emerging-market and developing economies, with significant currency depreciation.

## 2.4 DEVELOPMENTS IN THE WESTERN CAPE ECONOMY



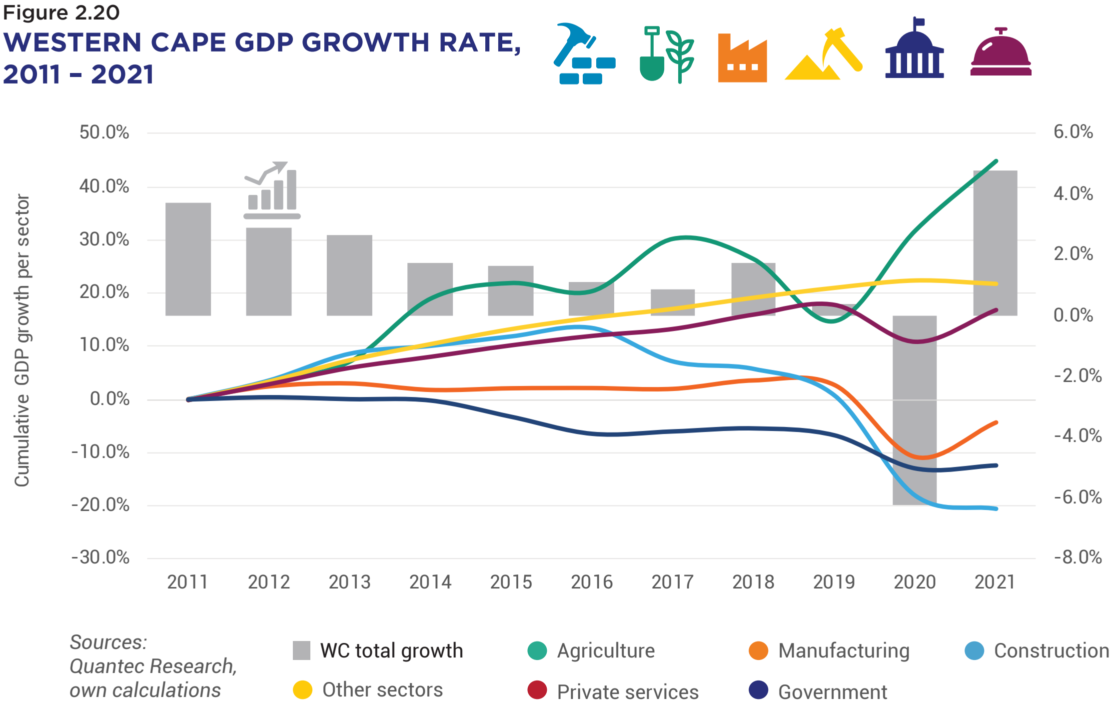

Compared with the rest of South Africa, the Western Cape has a more service-oriented economy, with a relatively strong contribution from the finance sector and a unique dependence on the tourism and wine industries. In 2021, the Western Cape was the third-largest regional economy in South Africa, accounting for 14.2 per cent of the South African economy, behind Gauteng (35.2 per cent) and KwaZulu-Natal (16.2 per cent).

Over the past decade, the Western Cape was among only three provinces that increased their contribution to national GDP, contributing 0.2 percentage points. Relative GDP contribution gains were also made by Gauteng (0.7 percentage points) and the Northern Cape (0.1 percentage points).

In the Western Cape, the GDP contribution of the finance sector is substantially larger than that of the national economy (31.3 per cent versus 25.2 per cent), while the mining (0.2 per cent versus 5.6 per cent) and community services (10.7 per cent versus 16.8 per cent) sectors make significantly smaller contributions to total GDP.

Figure 2.20

**WESTERN CAPE GDP GROWTH RATE, 2011 – 2021**




*Sources: Quantec Research, own calculations*

Between 2012 and 2021, the average estimated economic expansion of the Western Cape (1.2 per cent) was marginally higher than South Africa (1.0 per cent). The 2020 recession made a substantial dent in the average growth of the Western Cape economy (-6.2 per cent). Between 2012 and 2019, the average annual growth rate of the Western Cape was 1.6 per cent.

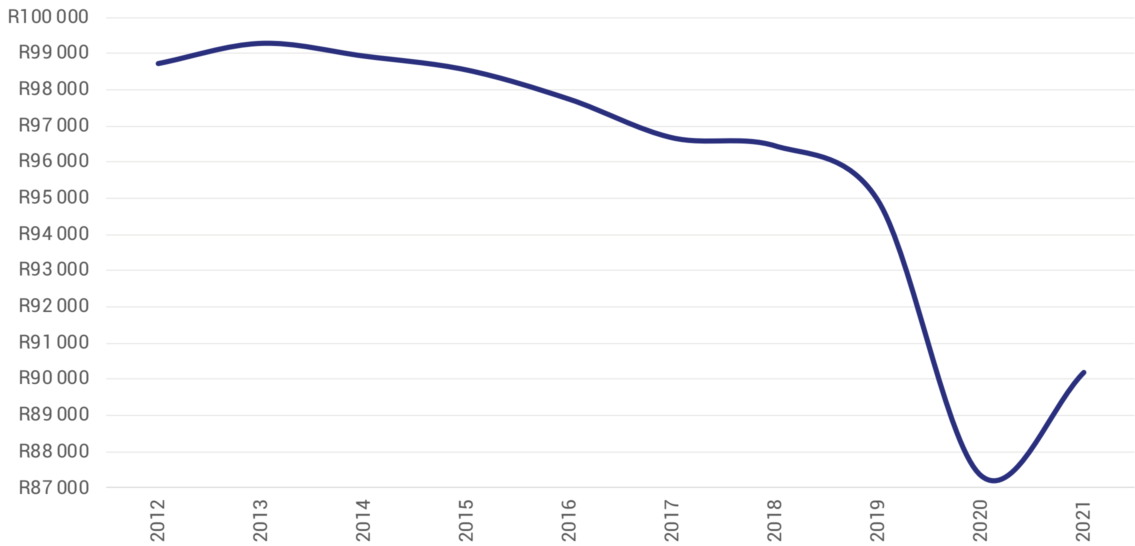
### 2.4.1 Sectoral performance

Between 2012 and 2021, the agriculture sector (44.9 per cent) outperformed all other sectors in the Province. This sound performance can be attributed to the sector's significant growth in exports over the same period. The rapid expansion took place despite harsh periods of drought between 2015 and 2019, and alcohol-related COVID-19 restrictions that impacted the wine industry in 2020. The wine industry reportedly lost R300.0 million per week during the level 5 lockdown measures.

In 2021, the estimated GDP in the construction (-20.7 per cent), "Other" (-12.5 per cent) and manufacturing (-4.4 per cent) sectors was smaller than in 2011. The contraction of these industries can largely be attributed to the reimplementation of load-shedding between 2015 and 2021, and the 2020 recession.

GDP per capita is a useful indicator to measure the overall standard of living and economic prosperity, and to describe how regional populations experience economic benefit. It divides a region's GDP by its population. It also helps to compare the wealth between different countries and regions.

Figure 2.21
**REAL GDP PER CAPITA IN THE WESTERN CAPE, 2012 – 2021**

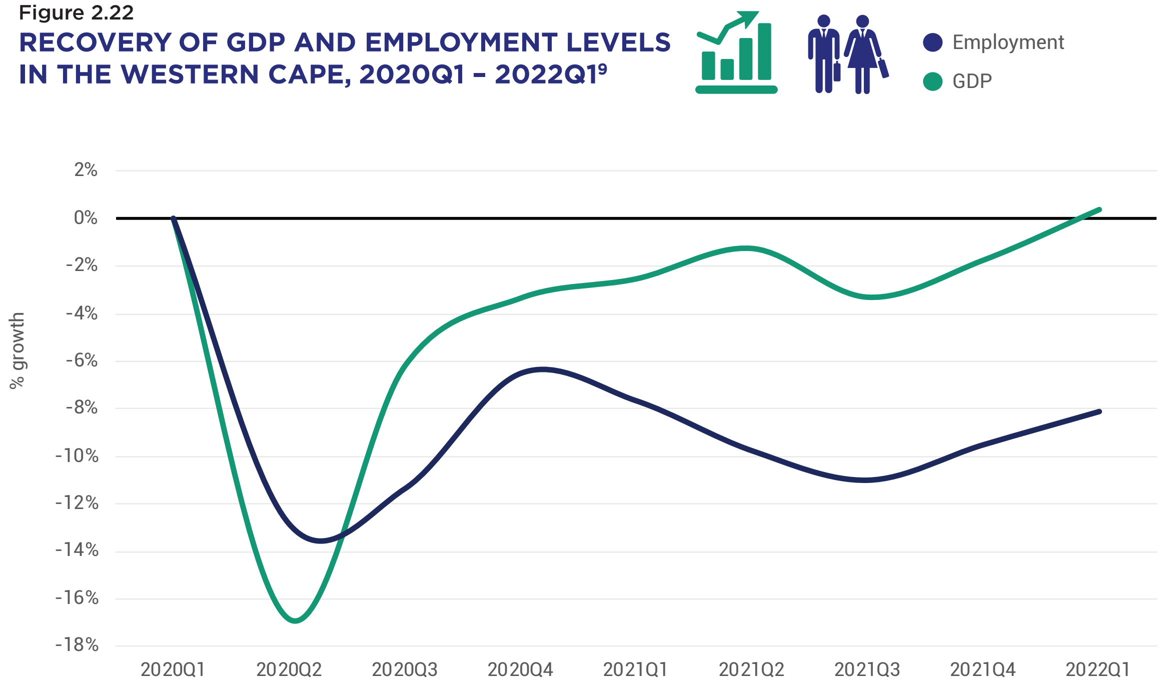



*Sources: Quantec Research, Stats SA, own calculations*

The Western Cape's economic prosperity (GDP per capita) has declined over the past decade. The decline is due to population growth (18.9 per cent) exceeding GDP growth (11.7 per cent) over the same period. The sluggish expansion of GDP can largely be attributed to the slow-growing national economy, a severe drought (2015 to 2019), the Cape Metro water crisis (2017/18), the 2020 recession and load-shedding (since 2015). In 2021, real GDP per capita was 9.2 per cent lower than in 2013. The highest GDP per capita level (R99 258) over the past decade was in 2013, while the lowest level (R87 332) was in 2020.

Figure 2.22

## RECOVERY OF GDP AND EMPLOYMENT LEVELS IN THE WESTERN CAPE, 2020Q1 – 2022Q1[9]

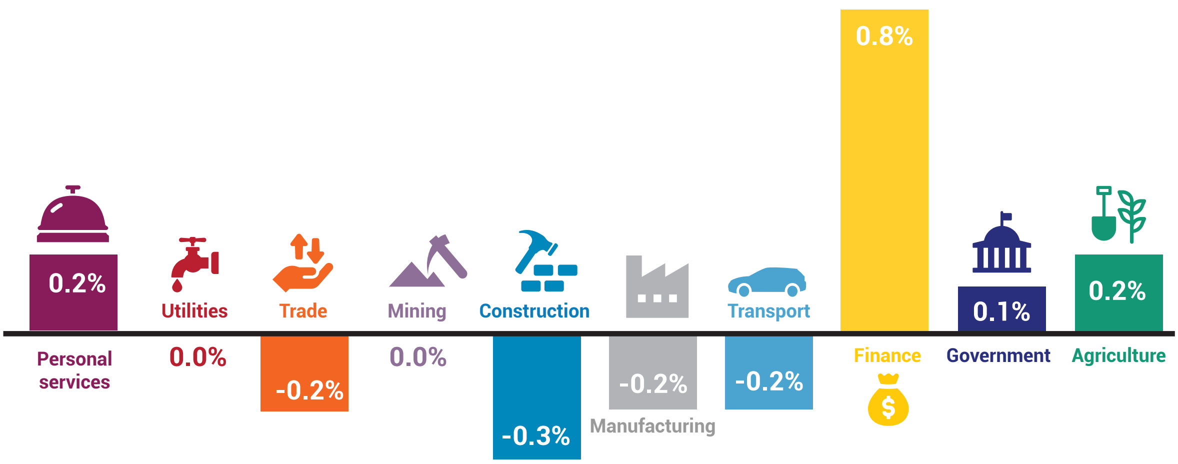



*Sources: Quantec Research, Stats SA, own calculations*

The COVID-19 pandemic and subsequent lockdown measures had a devastating impact on the Provincial economy. In the first quarter of 2022, the estimated GDP exceeded the first quarter of 2020 (pre-pandemic) by 0.4 per cent. However, employment levels in the Western Cape were still 8.1 per cent lower than the pre-pandemic level. Only the manufacturing (10.6 per cent), transport (3.3 per cent) and finance (1.0 per cent) sectors had higher employment levels than before the pandemic. Although one of the fastest-growing sectors (GDP) since the COVID-19 lockdown, the agriculture sector had one of the largest employment deficits (-20.2 per cent) compared with its pre-pandemic level. The slow recovery in employment levels follows the same trend as South Africa.

Figure 2.23

## AVERAGE GDP CONTRIBUTION PER SECTOR IN THE WESTERN CAPE, 2017 – 2021




*Sources: Quantec, Research, own calculations*

[9] *2020Q1 indexed to 0.*

Contribution to growth measures the relative impact of each sector on total growth in the Province and is a function of the relative size of each sector combined with the growth over a specific period.

Between 2017 and 2021, the Western Cape economy is estimated to have expanded by 0.3 per cent on average, with the finance (0.8 percentage points), agriculture (0.2 percentage points) and community services (0.2 percentage points) sectors making the largest contributions to growth. The finance sector's significant contribution to growth was mainly due to its size. Over the period the finance sector, as the largest sector by GDP contribution (29.8 per cent), expanded by 0.9 per cent on average. The agriculture sector's solid contribution to growth was largely due to its spectacular growth over the period. The relatively smaller agriculture sector (4.1 per cent) expanded by 4.2 per cent on average over the same period.

The construction sector (-0.3 percentage points) made the largest negative contribution to total growth in the Western Cape. The main challenges experienced by this sector over the period included the declining trend in fixed investments, a sluggish underlying economy, load-shedding, COVID-19 lockdown measures and the Cape Metro water crisis. Between 2017 and 2021, the construction sector had the largest average annual contraction (-6.7 per cent).

### 2.4.2 Regional performance

The Western Cape has a diverse landscape and people, consisting of five municipal districts and the Cape Metro. Each district makes a unique contribution to the Western Cape economy. In 2021, the Cape Metro (72.5 per cent) made the largest economic contribution and was the most service-inclined (68.3 per cent) regional economy in the Western Cape.

In 2021, the Cape Metro had the lowest GDP growth rate (4.3 per cent) of all the Western Cape districts. The largest growth contributions were made by the finance (1.1 percentage points), manufacturing (1.0 percentage point) and trade (0.9 percentage points) sectors.

Over the past decade, the Cape Metro had the lowest average growth rate (1.0 per cent) among the Provincial districts. The agriculture sector (4.4 per cent) had the highest average growth rate, while the construction sector (-2.1 per cent) contracted. The most important contribution to growth was made by the finance (0.7 percentage points), general government (0.2 percentage points) and community services (0.2 percentage points) sectors.

Table 2.4
**GDP AT BASIC PRICES PER WESTERN CAPE SECTORS AND DISTRICTS, 2012 – 2021**

| | % GDP GROWTH | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cape Town | | West Coast | | Cape Winelands | | Overberg | | Garden Route | | Central Karoo | |
| Sector | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) |
| **Total** | **4.3%** | **1.0%** | **6.2%** | **1.8%** | **5.3%** | **1.5%** | **5.5%** | **1.6%** | **4.7%** | **1.2%** | **4.8%** | **1.2%** |
| Agriculture | 8.9% | 4.4% | 8.6% | 4.1% | 7.9% | 3.2% | 7.4% | 2.5% | 7.6% | 2.7% | 8.0% | 3.6% |
| Mining | -14.4% | 0.6% | -16.0% | -0.8% | -14.1% | 0.4% | -14.3% | 1.0% | -14.0% | 0.5% | -14.0% | 1.1% |
| Manufacturing | 7.1% | -0.3% | 8.7% | 1.4% | 5.6% | -1.3% | 8.9% | 2.0% | 7.3% | 0.6% | 7.7% | 0.5% |
| Utilities | 3.0% | -1.9% | 2.0% | -2.8% | 3.5% | -0.3% | 3.3% | -1.6% | 2.7% | -2.0% | 3.9% | -0.6% |
| Construction | -1.8% | -2.1% | -4.0% | -2.3% | -1.2% | -0.4% | -1.5% | -1.8% | -3.8% | -3.5% | -6.1% | -3.3% |
| Trade | 6.9% | 0.3% | 7.7% | 0.9% | 8.0% | 1.5% | 7.8% | 1.2% | 7.0% | 0.1% | 6.7% | -1.4% |
| Transport | 5.1% | 0.2% | 4.4% | -1.2% | 6.2% | 1.1% | 6.0% | 1.2% | 5.3% | 0.7% | 3.3% | -1.5% |
| Finance | 3.3% | 2.1% | 4.9% | 2.9% | 4.9% | 3.7% | 4.6% | 2.8% | 4.3% | 3.1% | 3.8% | 2.6% |
| Government | -1.0% | 2.0% | **1.5%** | 2.2% | **0.2%** | 1.6% | -1.1% | 1.1% | **-1.0%** | 1.0% | **1.6%** | 2.7% |
| Personal services | 7.4% | 1.8% | 8.5% | 2.7% | 7.2% | 1.6% | 7.7% | 2.1% | 7.0% | 1.5% | 8.6% | 2.3% |

*Note: GDP at basic prices. Sources: Quantec Research, own calculations*

In 2021, the WCD made the third-smallest contribution (4.9 per cent) to the Provincial economy. However, the District made a notable GDP contribution (26.7 per cent) to the Western Cape agriculture sector. The District was the least service-oriented in 2021, with private services contributing only 43.0 per cent to the West Coast economy. In the same year, the agriculture (23.3 per cent) and mining (19.9 per cent) sectors made the largest contributions to the West Coast's total GDP.

In 2021, the WCD had the largest GDP expansion (6.2 per cent), largely owing to significant growth in the agriculture (8.6 per cent) and manufacturing (8.7 per cent) sectors. The manufacturing sector was of relatively high importance in the WCD and contributed a substantial portion (18.7 per cent) of total GDP in the District.

Between 2012 and 2021, the WCD had the highest average GDP growth rate (1.8 per cent). The outperformance of other Provincial districts was mainly due to the prominence of the agriculture sector in the District. Over the past decade, the agriculture sector has made the largest contribution to growth (0.8 percentage points) in the WCD.

Table 2.4 (continued)

**GDP AT BASIC PRICES PER WESTERN CAPE SECTORS AND DISTRICTS, 2012 – 2021**

| | CONTRIBUTION TO GDP GROWTH (% POINTS) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cape Town | | West Coast | | Cape Winelands | | Overberg | | Garden Route | | Central Karoo | |
| Sector | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) | 2021 | 2012 – 2021 (ave) |
| **Total** | **4.3%** | **1.0%** | **6.2%** | **1.8%** | **5.3%** | **1.5%** | **5.5%** | **1.6%** | **4.7%** | **1.2%** | **4.8%** | **1.2%** |
| Agriculture | 0.1% | 0.1% | 2.0% | 0.8% | 0.7% | 0.3% | 0.8% | 0.2% | 0.4% | 0.1% | 1.3% | 0.5% |
| Mining | 0.0% | 0.0% | -0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Manufacturing | 1.0% | 0.0% | 1.6% | 0.2% | 0.8% | -0.2% | 1.2% | 0.3% | 1.0% | 0.1% | 0.2% | 0.0% |
| Utilities | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% | 0.0% | 0.1% | 0.0% | 0.1% | 0.0% | 0.2% | 0.0% |
| Construction | -0.1% | -0.1% | -0.1% | -0.1% | -0.1% | 0.0% | -0.1% | -0.1% | -0.2% | -0.2% | -0.2% | -0.1% |
| Trade | 0.9% | 0.0% | 1.0% | 0.1% | 1.2% | 0.2% | 1.2% | 0.2% | 1.0% | 0.0% | 0.7% | -0.2% |
| Transport | 0.5% | 0.0% | 0.2% | -0.1% | 0.4% | 0.1% | 0.5% | 0.1% | 0.4% | 0.1% | 0.3% | -0.2% |
| Finance | 1.1% | 0.7% | 0.8% | 0.4% | 1.3% | 0.9% | 1.2% | 0.7% | 1.4% | 0.9% | 0.5% | 0.3% |
| Government | -0.1% | 0.2% | 0.2% | 0.2% | 0.0% | 0.1% | -0.1% | 0.1% | -0.1% | 0.1% | 0.3% | 0.5% |
| Personal services | 0.8% | 0.2% | 0.8% | 0.2% | 0.8% | 0.2% | 0.7% | 0.2% | 0.7% | 0.1% | 1.5% | 0.4% |

Table 2.5
## SECTOR CONTRIBUTION TO TOTAL DISTRICT GDP IN 2021

| | Cape Metro | West Coast | Cape Winelands | Overberg | Garden Route | Central Karoo |
|---|---|---|---|---|---|---|
| Agriculture | 1.7% | 23.3% | 9.6% | 11.0% | 5.6% | 16.3% |
| Mining | 0.1% | 0.7% | 0.1% | 0.1% | 0.2% | 0.0% |
| Manufacturing | 14.1% | 18.7% | 14.2% | 13.4% | 13.4% | 2.5% |
| Utilities | 1.9% | 1.2% | 1.5% | 1.6% | 1.9% | 3.9% |
| Construction | 3.5% | 3.1% | 4.6% | 5.1% | 4.0% | 3.2% |
| Trade | 13.9% | 13.1% | 15.6% | 16.2% | 14.8% | 11.1% |
| Transport | 9.3% | 5.2% | 7.2% | 8.1% | 8.1% | 10.0% |
| Finance | 34.0% | 15.2% | 26.7% | 26.8% | 32.8% | 14.0% |
| Government | 10.4% | 10.0% | 9.6% | 8.1% | 9.0% | 20.7% |
| Personal services | 11.2% | 9.5% | 10.9% | 9.6% | 10.2% | 18.2% |

*Sources: Quantec Research, own calculations*

The finance sector and wine industry have a strong presence in the CWD. Notable company headquarters in the Cape Winelands include Zeder, Capitec, Steinhoff and Distell. In 2021, the CWD made the second-largest contribution (11.1 per cent) to the Western Cape GDP. The finance (26.7 per cent), trade (15.6 per cent) and manufacturing (14.2 per cent) sectors made the largest contributions to total GDP in the District, while the agriculture sector in the District made a substantial contribution (24.9 per cent) to agriculture in the Province.

In 2021, the CWD had the third-highest GDP growth rate (5.3 per cent) in the Province. Within the District, the finance (1.3 percentage points) and trade (1.2 percentage points) sectors made the largest contributions to growth. Over the past decade, the CWD has expanded by 1.5 per cent, with the finance sector making the largest contribution (0.9 percentage points).

The OD is well known for its grain-farming activities, apple production in the Elgin Valley and whale watching in Hermanus. In 2021, the OD's GDP contribution (3.4 per cent) to the Western Cape GDP was the second smallest. In 2021, the Overberg's GDP expanded by 5.5 per cent. The trade, finance and manufacturing sectors (all at 1.2 percentage points) made the largest contributions to growth in 2021.

Over the past decade, the OD has grown at an average rate of 1.6 per cent, with the finance sector (0.7 percentage points) making the largest growth contribution.

Ecologically diverse vegetation with numerous estuaries and lakes makes the GRD a popular tourist destination. Trendy holiday towns include Knysna, Plettenberg Bay, Wilderness and George. In 2021, the Garden Route made the third-largest contribution to the Western Cape GDP. The District was the second most service-oriented district in the Western Cape, with a substantial contribution to total GDP (65.9 per cent) from the private services sector.

In 2021, the Garden Route expanded the least (4.7 per cent) out of all the rural districts. The underperformance compared with other rural districts was due to the relatively smaller contribution of the agriculture sector (5.6 per cent) to the District's economy. Over the past decade, the GRD has expanded at an average rate of 1.2 per cent, with the finance sector (0.9 percentage points) making the largest growth contribution.

The endless plains of semi-desert in the Central Karoo provide for the largest and most sparsely populated district in the Western Cape. In 2021, the CKD had the smallest economy and contributed 0.5 per cent to the Western Cape GDP. The CKD relies heavily on the general government sector. The general government sector (20.7 per cent) made the largest contribution to the District's total GDP, followed by the agriculture (16.3 per cent) and finance (14.0 per cent) sectors.

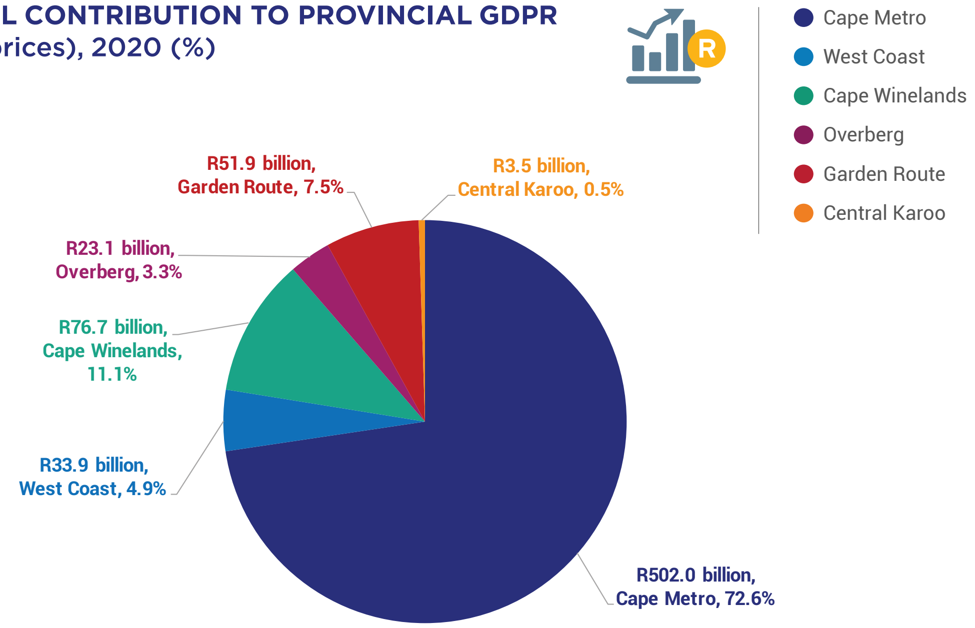
In 2021, the CKD's GDP expanded by 4.8 per cent. The bulk of the growth was contributed by the community services (1.5 percentage points) and agriculture (1.3 percentage points) sectors. Over the past decade the CKD's average growth rate was 1.2 per cent, with the general government and agriculture sectors making the largest contributions (0.5 percentage points each).

## 2.5 REGIONAL ECONOMIC OVERVIEW

This subsection provides an overview of the GDPR contributions to the Provincial economy. In addition, it provides GDPR growth rates from 2011 to 2020, estimates for 2021, and forecasts for 2022 and 2023. The subsection concludes with an overview of the regional sectoral contributions to the Provincial economy.

Figure 2.24 illustrates the GDPR contributions of each region to the economy of the Western Cape in 2020.

Figure 2.24
**REGIONAL CONTRIBUTION TO PROVINCIAL GDPR (current prices), 2020 (%)**




*Source: Quantec Research, 2022*

Valued at R502.0 billion in 2020, the Cape Metro area contributed the largest share to the Provincial economy at 72.6 per cent for the year. With a contribution of 11.1 per cent in 2020, the CWD accounted for the second-largest share of Provincial GDPR. The OD and CKD were the smallest contributors to the Provincial economy in 2020, with a cumulative contribution of 3.8 per cent.

Figure 2.25 indicates the GDPR growth trends between 2013 and 2020, with estimates provided for 2021, and forecasts for 2022 and 2023.

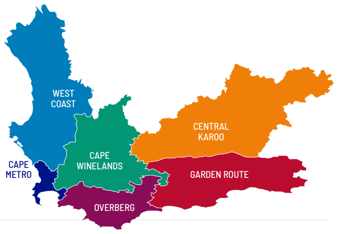
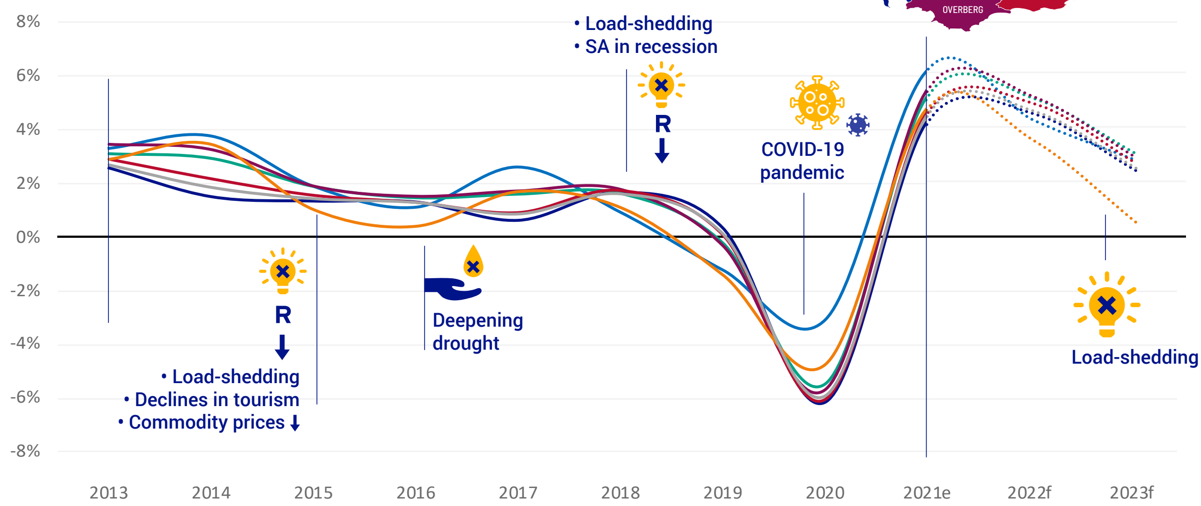



Figure 2.25

**GDPR GROWTH RATE PER REGION, 2013 – 2023**




| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e | 2022f | 2023f |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Western Cape | 2.7% | 1.9% | 1.5% | 1.3% | 0.9% | 1.6% | 0.1% | -5.9% | 4.6% | 2.3% | 0.3% |
| Cape Metro | 2.6% | 1.5% | 1.3% | 1.3% | 0.6% | 1.7% | 0.3% | -6.1% | 4.3% | 2.2% | 0.2% |
| West Coast | 3.3% | 3.8% | 1.9% | 1.1% | 2.6% | 0.9% | -1.2% | -3.1% | 6.2% | 3.4% | 1.1% |
| Cape Winelands | 3.1% | 2.9% | 1.9% | 1.5% | 1.6% | 1.6% | -0.2% | -5.5% | 5.3% | 2.5% | 0.8% |
| Overberg | 3.5% | 3.3% | 1.9% | 1.5% | 1.7% | 1.8% | -0.3% | -5.7% | 5.5% | 2.6% | 1.0% |
| Garden Route | 2.9% | 2.2% | 1.5% | 1.3% | 0.9% | 1.7% | 0.1% | -6.0% | 4.7% | 2.4% | 0.4% |
| Central Karoo | 2.9% | 3.4% | 1.0% | 0.4% | 1.7% | 1.1% | -1.4% | -4.7% | 4.8% | 2.8% | 0.7% |

*Source: Quantec Research, 2022 (e denotes estimate, f denotes forecast)*

The Provincial economy experienced an overall downward trend in annual growth rates between 2013 and 2020. In 2013, the Provincial economy recorded a growth rate of 2.7 per cent, with all regional economies recording annual growth rates in excess of 2.5 per cent. However, in 2014, growth in the Province slowed significantly to 1.9 per cent. The deterioration in the Province's growth performance can be attributed to the lower growth rate recorded in the Cape Metro area (1.5 per cent) relative to that of the Western Cape economy during the same year. This lower growth rate can be attributed to contractions in the construction and manufacturing sectors during 2014.

Between 2015 and 2017, growth in the Province continued to deteriorate, reaching a low of 0.9 per cent in 2017. Over the period, the Cape Metro area recorded the largest deterioration in annual growth, followed by the GRD and CWD. These declines in growth, in addition to that of the broader Provincial economy, can be ascribed to the below-average rainfall recorded in this period, which subsequently impacted agricultural and agro-processing activities.[10] Apart from the agriculture industry, most economic activity in the Cape Metro area was constrained by severe water shortages, with the Cape Metro area narrowly avoiding "Day Zero" in early 2018.[11]

[10] *(Otto, et al., 2018).*
[11] *(Alexander, 2019).*

Annual growth in the Province improved in 2018 and reached 1.6 per cent during the year, with recoveries recorded in the Cape Metro area, GRD and OD. However, in 2019 the Provincial economy registered near stagnant growth of 0.1 per cent, with all regions apart from the Cape Metro area and GRD recording contractions. The deterioration in growth recorded in the Provincial economy can be ascribed to the poor performance of the South African economy in 2019, with the national economy entering a technical recession in the fourth quarter of the year. Sectors such as transport and trade were the largest overall negative contributors to the performance of the South African economy, which was further exacerbated by load-shedding and subdued investor confidence.[12]

In 2020, annual growth in the Province deteriorated significantly, with the Provincial economy recording a contraction of 5.9 per cent during the year. It is worth noting that all regions in the Province recorded steep contractions, with the Cape Metro area recording the largest contraction of 6.1 per cent, followed by the GRD at 6.0 per cent. The contraction in economic activity recorded during the year was the result of the COVID-19 pandemic and subsequent lockdown measures to contain its spread. The impact of the lockdown restrictions was further amplified by restrictions on international travel and trade, which disrupted supply chains and the tourism economy in the Province.[13]

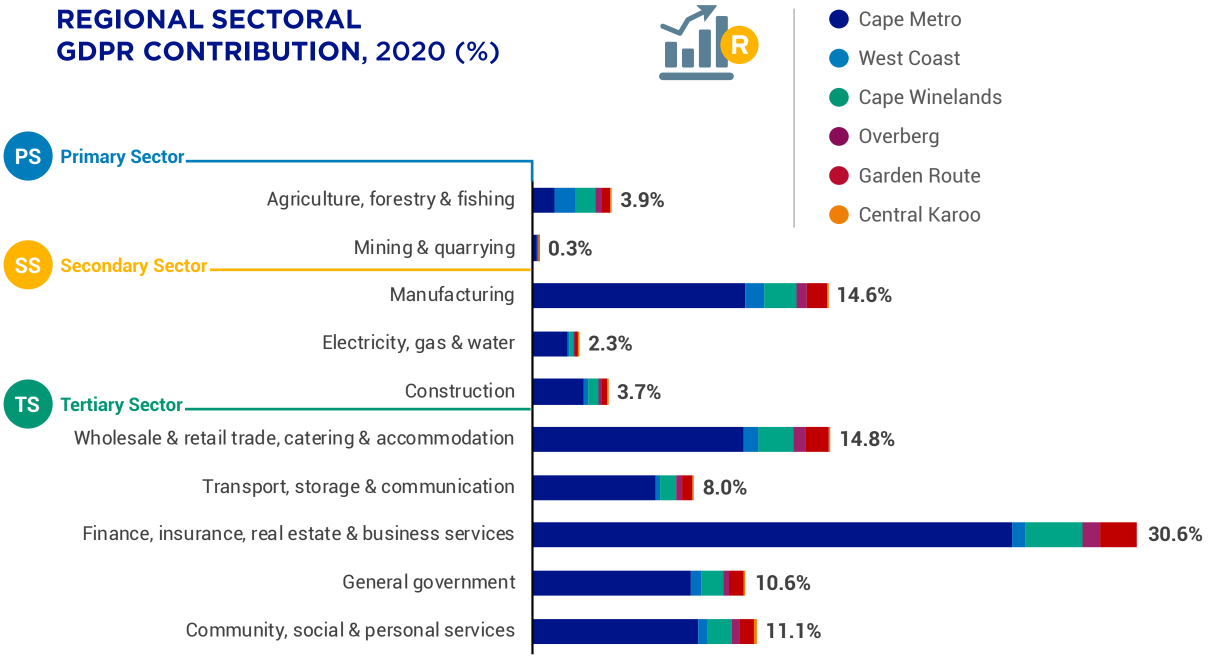
Estimates for 2021 indicate a marked recovery in GDPR growth, with the Provincial economy recording growth of 4.6 per cent. During the same year, the WCD and OD are expected to have recorded the highest growth rates, at 6.2 per cent and 5.5 per cent respectively. The recovery in economic activity was, in part, a result of the easing of COVID-19 restrictions as well as the improvement in domestic travel and, to a lesser extent, international travel.[14] Notwithstanding these positive effects, the recovery of the South African economy was further hampered by the July 2021 unrest in KwaZulu-Natal and Gauteng, and the third wave of COVID-19.

[12] *(Mathe, 2020).*
[13] *(Rogerson & Rogerson, 2020).*
[14] *(Wesgro, 2021).*

In the 2022 forecast period, growth in the Province is expected to decline to 2.3 per cent, before further declining to 0.3 per cent in 2023. Economic activity is expected to remain constrained owing to electricity supply constraints in addition to the onset of the Russia-Ukraine conflict. This has also resulted in higher international oil prices and, subsequently, increases in domestic fuel prices and consumer inflation. The anticipated decline in 2023 will probably be as a result of the return to pre-COVID-19 trend growth. Additionally, the conflict in Europe has caused ongoing disruptions in economic activity, which impact the South African economy.[15]

Figure 2.26 illustrates each region's sectoral GDPR contributions to the Western Cape economy in 2020.

Figure 2.26
**REGIONAL SECTORAL GDPR CONTRIBUTION, 2020 (%)**




*Source: Quantec Research, 2022*

In 2020, the finance sector was the leading contributor to GDPR at 30.6 per cent. This was followed by the trade and manufacturing sectors at 14.8 per cent and 14.6 per cent respectively.

The Cape Metro area accounted for 23.8 percentage points of the finance sector's contribution to the Provincial economy, followed by the CWD and GRD at 2.8 and 2.4 percentage points respectively. It should be noted that the Cape Metro is also the most dominant contributor to the finance sector within the Province. Similar proportions were recorded in the trade sector, where the Cape Metro area contributed 10.5 percentage points, followed by the CWD (1.8 percentage points) and the GRD (1.2 percentage points). Manufacturing activity was also concentrated largely in the Cape Metro area at 10.5 percentage points, followed by the CWD (1.7 percentage points) and the GRD (1.0 percentage points).

Within the primary sector, economic activity was again concentrated in the Cape Metro area, followed by the WCD and CWD.

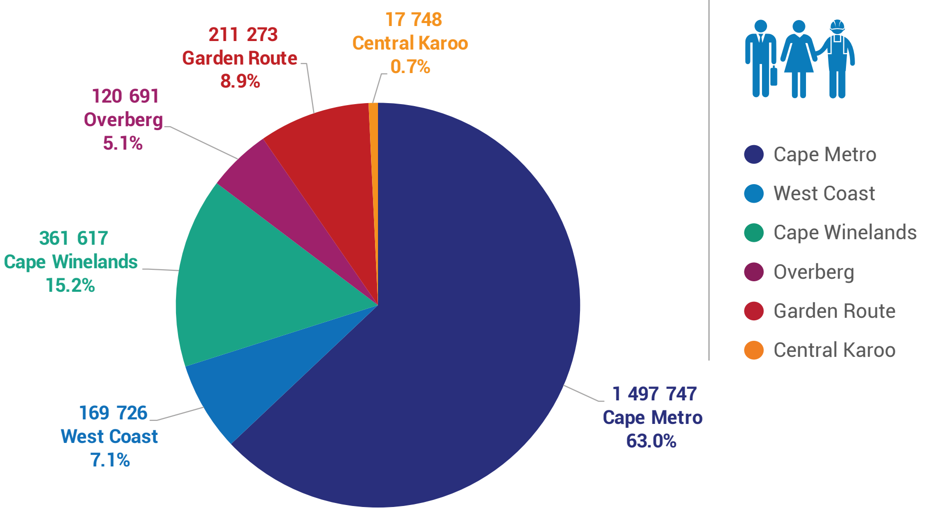
[15] *(International Monetary Fund, 2022).*

# 3. LABOUR MARKET DYNAMICS

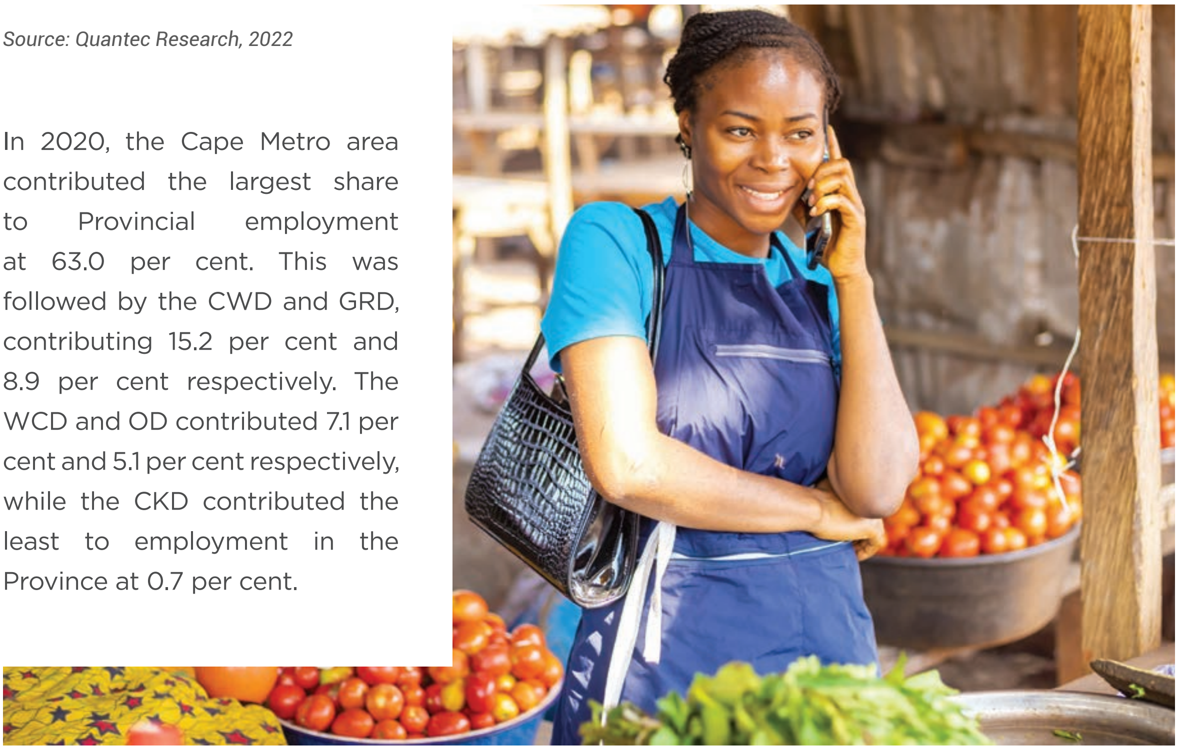
## 3.1 REGIONAL LABOUR TREND ANALYSIS

Contributions to Provincial employment in 2020 by each of the respective regions that comprise the Western Cape are illustrated in Figure 3.1. Broadly, the employment contribution by each region to Provincial employment in 2020 mirrors their respective contributions to GDPR. It should be noted that the Cape Metro is the largest contributor of the Province's GDP owing to the concentration of high-value industries within the metro that are less labour-intensive. Conversely, other regions in the Western Cape have a lower contribution to GDP with more intensive labour requirements.

Figure 3.1
**REGIONAL CONTRIBUTION TO PROVINCIAL EMPLOYMENT, 2020 (%)**



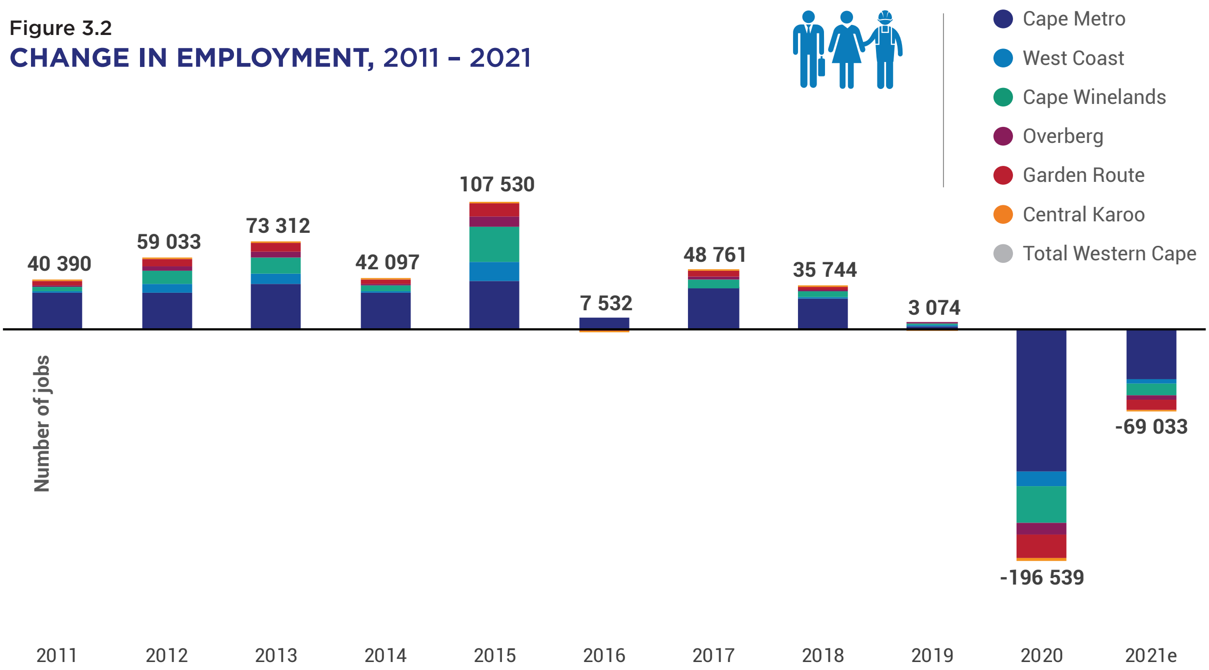

*Source: Quantec Research, 2022*



In 2020, the Cape Metro area contributed the largest share to Provincial employment at 63.0 per cent. This was followed by the CWD and GRD, contributing 15.2 per cent and 8.9 per cent respectively. The WCD and OD contributed 7.1 per cent and 5.1 per cent respectively, while the CKD contributed the least to employment in the Province at 0.7 per cent.

The employment trends in the districts and Cape Metro area between 2011 and 2021 are indicated in Figure 3.2.

Figure 3.2
**CHANGE IN EMPLOYMENT, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Western Cape | 40 390 | 59 033 | 73 312 | 42 097 | 107 530 | 7 532 | 48 761 | 35 744 | 3 074 | -196 539 | -69 033 |
| Cape Metro | 30 533 | 30 994 | 37 710 | 31 099 | 40 253 | 9 457 | 33 700 | 25 701 | 2 427 | -120 701 | -42 540 |
| West Coast | 718 | 6 851 | 8 383 | 648 | 16 370 | -472 | 840 | 953 | 517 | -12 572 | -4 103 |
| Cape Winelands | 4 318 | 11 337 | 14 770 | 4 525 | 29 490 | -255 | 7 076 | 4 770 | 932 | -30 783 | -10 226 |
| Overberg | 1 635 | 4 056 | 4 955 | 1 746 | 9 473 | -336 | 2 615 | 1 754 | 28 | -10 784 | -3 895 |
| Garden Route | 3 056 | 5 379 | 6 958 | 3 999 | 10 572 | -729 | 4 399 | 2 452 | -793 | -20 143 | -7 780 |
| Central Karoo | 130 | 416 | 536 | 80 | 1 372 | -133 | 131 | 114 | -37 | -1 556 | -489 |

*Source: Quantec Research, 2022 (e denotes estimate)*

Between 2011 and 2013, there were year-on-year increases in Provincial employment, which increased from 40 390 jobs in 2011 to 73 312 jobs in 2013. These recoveries can be attributed to the high GDPR growth rates recorded during the same period, as well as recoveries in the labour market following the global financial crisis. Furthermore, the high number of jobs created in 2013 can be ascribed to the roll-out of public infrastructure initiatives during the year.[16]

Despite recording a slowdown in new employment opportunities in 2014, Provincial employment increased substantially in 2015,[17] with 107 530 jobs created during the year. The Cape Metro area (40 253 jobs) contributed the largest share to this increase, followed by the CWD and WCD with 29 490 and 16 370 jobs respectively.

In 2016, all regions apart from the Cape Metro area recorded declines in employment opportunities. However, Provincial employment still increased by 7 532 jobs during the year. The slowdown in new employment opportunities was probably due to continued drought conditions throughout the Province, amplified by the Western Cape's reliance on the agriculture sector as a source of employment.

[16] *(Department of Employment and Labour, 2021).*
[17] *It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).*

The Province experienced a recovery in employment creation during 2017, with 48 761 jobs created during the year. However, in the two-year period thereafter, the number of new employment opportunities created in the Province declined significantly to reach a low of 3 074 jobs in 2019. This trend mirrors the GDPR performance of the Western Cape economy and that of the broader national economy over the same period.

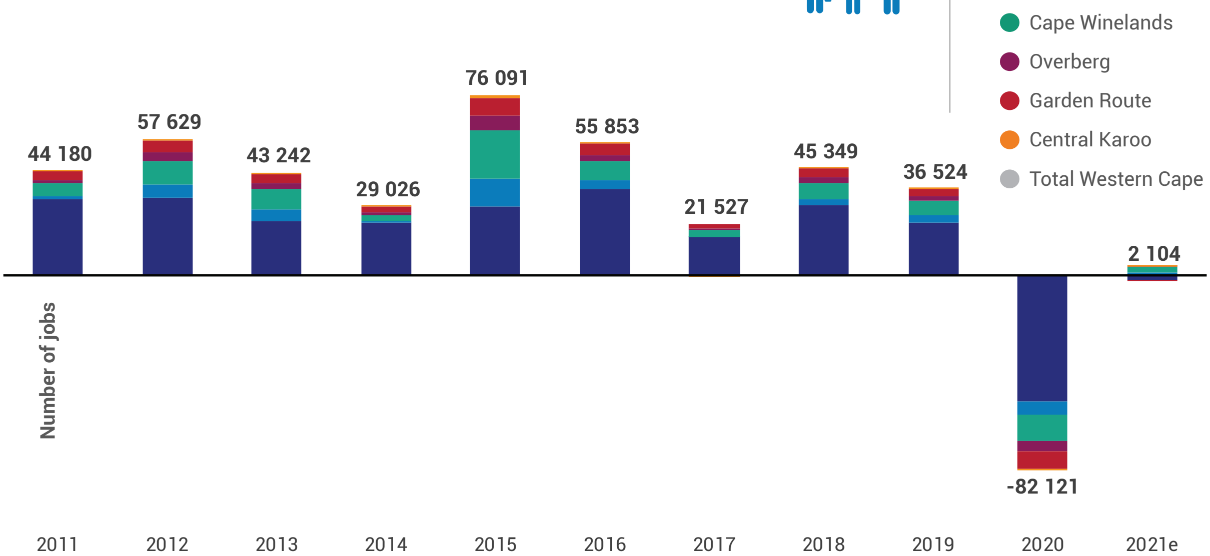
With 196 539 jobs lost in 2020, the Provincial economy saw considerable employment losses. The Cape Metro region lost the most jobs (120 701), followed by the CWD and GRD, which lost 30 783 and 20 143 jobs respectively. As with GDPR, the advent of COVID-19 in South Africa exacerbated labour market circumstances dramatically. However, job losses documented during the year were most likely mitigated in part by the Province's reliance on agriculture, which was less constrained by lockdown restrictions than other economic sectors.

Estimates for 2021 indicate a continuance of job-shedding in the Province. During the year, it is anticipated that 69 033 jobs were lost throughout the Province, with the Cape Metro area accounting for nearly two-thirds of all jobs lost. This occurrence is probably due to the lagged recovery in employment following the sharp contractions in GDPR recorded in 2020.

Figure 3.3 illustrates the formal employment[18] trend for each district and the Cape Metro area between 2011 and 2021.

Figure 3.3

**CHANGE IN FORMAL EMPLOYMENT, 2011 – 2021e**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Western Cape | 44 180 | 57 629 | 43 242 | 29 026 | 76 091 | 55 853 | 21 527 | 45 349 | 36 524 | -82 121 | 2 104 |
| Cape Metro | 32 020 | 32 876 | 22 842 | 22 140 | 29 281 | 36 773 | 16 074 | 29 576 | 22 119 | -53 383 | -1 954 |
| West Coast | 1 484 | 5 640 | 5 034 | 534 | 11 739 | 3 426 | 65 | 2 703 | 2 939 | -5 161 | 1 294 |
| Cape Winelands | 5 170 | 10 018 | 8 427 | 2 848 | 20 219 | 8 109 | 2 823 | 6 906 | 6 306 | -11 574 | 2 099 |
| Overberg | 1 816 | 3 498 | 2 792 | 968 | 6 503 | 2 651 | 1 050 | 2 348 | 2 025 | -3 856 | 594 |
| Garden Route | 3 489 | 5 199 | 3 817 | 2 458 | 7 345 | 4 619 | 1 543 | 3 561 | 2 913 | -7 511 | -7 |
| Central Karoo | 201 | 398 | 330 | 78 | 1 004 | 275 | -28 | 255 | 222 | -636 | 78 |

*Source: Quantec Research, 2022 (e denotes estimate)*

[18] *Formal employment is created through contractual arrangements between an incorporated company and an individual employee. (Source: Sustainable Energy Jobs Platform: http://sejplatform.org/Key-concepts/Employment-Formal-and-informal.)*

Changes in Provincial formal employment broadly follow the trends observed in total Provincial employment between 2011 and 2021.

Between 2011 and 2012, the number of new formal employment opportunities in the Province increased from 44 180 jobs to 57 629 jobs. During each year, the Cape Metro area accounted for the largest contributions to new formal employment opportunities created, followed by the CWD and GRD. However, the number of new formal employment opportunities in the Province slowed in 2013 and 2014.

The number of new formal employment opportunities generated in the Province peaked in 2015,[19] with 76 091 formal jobs created that year, and then mostly declined until 2020. The COVID-19 pandemic and limitations on formal economic activity were the reasons for the high formal job-shedding reported in 2020, with 82 121 formal jobs lost over the year. However, the number of formal employment losses documented throughout the year did not outnumber the number of informal job losses.

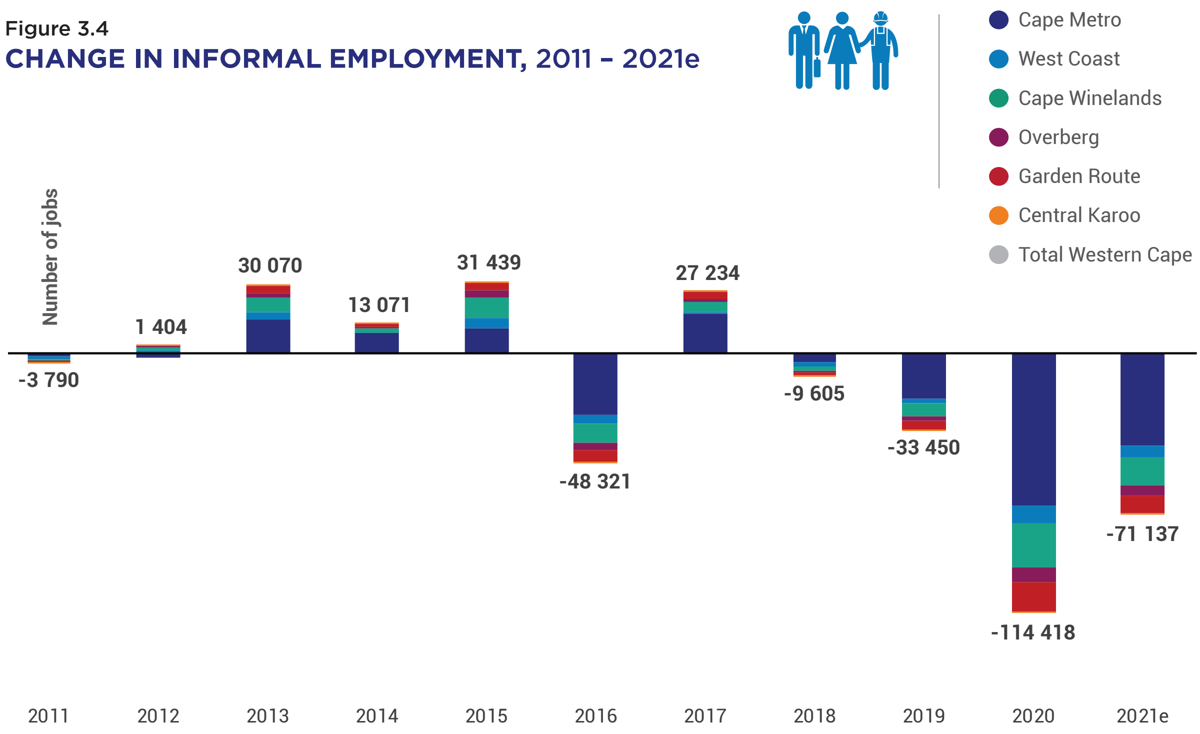
In 2021, a total of 2 104 formal jobs are expected to have been created in the Province. The CWD and WCD are expected to have accounted for the largest contributions to this total at 2 099 and 1 294 formal jobs respectively. However, the Cape Metro area is anticipated to have recorded job-shedding in 2021, with 1 954 formal jobs lost during the year. As there is a strong correlation between recoveries in formal economic activity and formal employment,[20] the slowed recovery of the Cape Metro area in 2021 relative to the majority of the remaining districts restrained the recovery of formal employment in the Province. In addition, an increase in formal economic activity may not have translated into a need for new formal jobs, as it is likely that businesses were able to increase production by increasing the number of hours worked by suspended or dismissed employees who had returned to work.[21]

*[19] It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design.*
*[20] (World Bank, 2019).*
*[21] (International Labour Organisation, 2021).*

Changes in informal jobs created between 2011 and 2021 are provided in Figure 3.4. Broadly, changes in informal employment followed overall changes in employment observed across the districts over the same period.

Figure 3.4

**CHANGE IN INFORMAL EMPLOYMENT, 2011 – 2021e**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Western Cape | -3 790 | 1 404 | 30 070 | 13 071 | 31 439 | -48 321 | 27 234 | -9 605 | -33 450 | -114 418 | -71 137 |
| Cape Metro | -1 487 | -1 882 | 14 868 | 8 959 | 10 972 | -27 316 | 17 626 | -3 875 | -19 692 | -67 318 | -40 586 |
| West Coast | -766 | 1 211 | 3 349 | 114 | 4 631 | -3 898 | 775 | -1 750 | -2 422 | -7 411 | -5 397 |
| Cape Winelands | -852 | 1 319 | 6 343 | 1 677 | 9 271 | -8 364 | 4 253 | -2 136 | -5 374 | -19 209 | -12 325 |
| Overberg | -181 | 558 | 2 163 | 778 | 2 970 | -2 987 | 1 565 | -594 | -1 997 | -6 928 | -4 489 |
| Garden Route | -433 | 180 | 3 141 | 1 541 | 3 227 | -5 348 | 2 856 | -1 109 | -3 706 | -12 632 | -7 773 |
| Central Karoo | -71 | 18 | 206 | 2 | 368 | -408 | 159 | -141 | -259 | -920 | -567 |

*Source: Quantec Research, 2022 (e denotes estimate)*

In 2011, decreases in informal employment were recorded, with the Province shedding 3 790 informal jobs. The decreases in informal employment during the year suggest that informal employment required a longer period of recovery when compared with formal employment following the global financial crisis. This is evident in the growth in informal jobs recorded in 2012.

Strong increases in informal employment opportunities were recorded between 2013 and 2015, peaking at 31 439 informal jobs created in 2015.[22] The Cape Metro area (10 972 informal jobs) accounted for the largest share in new informal employment opportunities created in the Province during the year. In 2016, declines in informal employment were recorded, with a total of 48 321 informal jobs lost throughout the Province.

Despite recovering in 2017, informal employment opportunities registered contractions in both 2018 and 2019, with a total of 43 055 informal jobs lost. Further contractions were recorded in 2020 amid the COVID-19 pandemic, with recorded losses of 114 418 informal jobs in the Province. Informal job-shedding throughout 2020 far exceeded that of formal job-shedding, as

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

informal workers are more likely to be vulnerable to economic shocks owing to their ineligibility for government support measures in some instances.[23] Overall, informal employment during the period under review was more volatile and vulnerable to economic shocks than the formal sector.

Estimates for 2021 suggest that informal jobs continued decreasing, with 71 137 informal jobs lost during the year. This represents a smaller decline when compared with the previous year owing to the easing of COVID-19 regulations. Furthermore, recoveries in informal employment are again expected to have lagged behind recoveries in formal employment, as was evident in the period following the global financial crisis.

The informal sector's economic and social contributions to employment,[24] livelihoods[25] and food security[26] are recognised in academic research but are not always fully acknowledged in local government policies and bylaws.

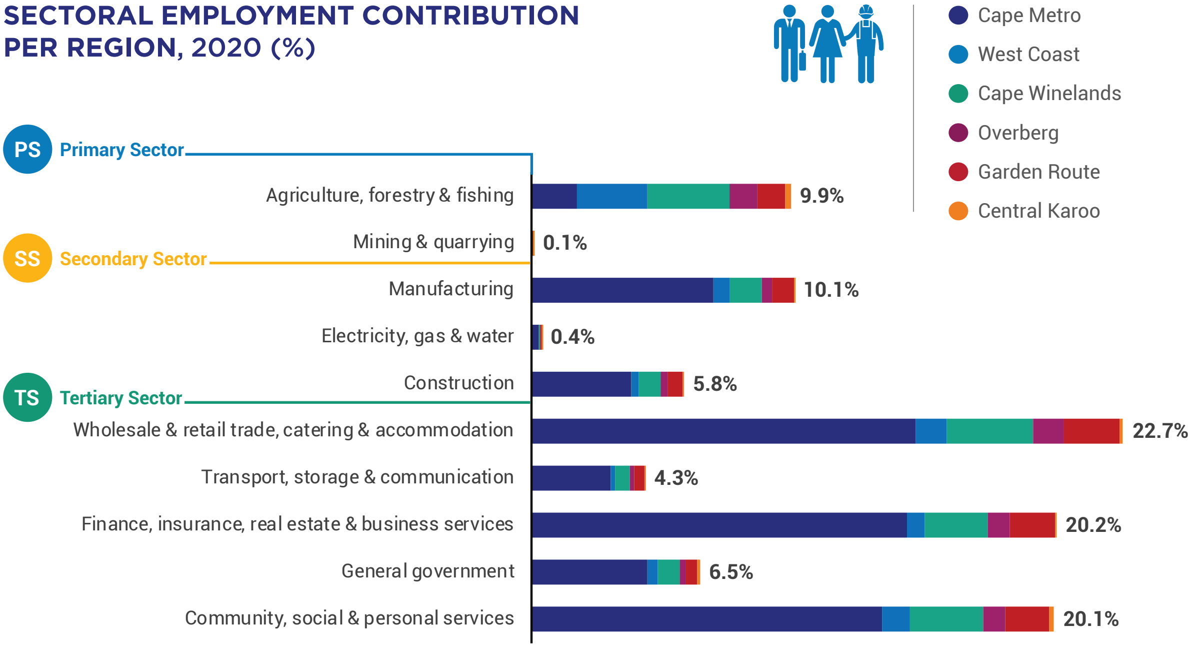
Informal job losses over the past two years have highlighted the sector's precarity, and as a response the following key themes should be considered by local government:

- **Regulation and enforcement:** Policies should better understand the nature of the informal sector and enable informal trade. Bylaws should be in line with the Constitution and encourage compliance from traders and officials.
- **Provision of services and infrastructure:** The provision and maintenance of basic services and necessary infrastructure are essential to support informal trade. Further training should be made available to traders as well as local municipal officials to improve skill levels.
- **Products and services:** Bylaws must accommodate different types of trade given the diversity of informal trade.
- **Tariff structure and participation:** Tariffs should be flexible and transparently administered, while informal traders need to be considered in the decision-making processes of local municipalities.[27]

[23] *(Stats SA, 2021).*
[24] *(Rogan & Skinner, 2022).*
[25] *(Blaauw, 2017).*
[26] *(Battersby, Marshak, & Mngqibisa, 2016).*
[27] *(Socio-Economic Rights Institute of South Africa, 2022).*

Figure 3.5 illustrates the sectoral employment contribution to the Provincial economy per region in 2020.

Figure 3.5
**SECTORAL EMPLOYMENT CONTRIBUTION PER REGION, 2020 (%)**




*Source: Quantec Research, 2022*

In 2020, the trade sector was the leading contributor to employment in the Western Cape, contributing 22.7 per cent. Other prominent contributions to employment were by the finance sector as well as the community services sector, which contributed 20.2 per cent and 20.1 per cent respectively.

The Cape Metro area accounted for 14.8 per cent of the trade sector's total employment contribution. This was followed by the CWD and GRD, with contributions of 3.3 per cent and 2.1 per cent respectively. Employment in the finance sector was also concentrated in the Cape Metro area, accounting for 14.4 per cent. Similar trends were seen in the community services sector, with the Cape Metro area (13.5 per cent) contributing the largest share, followed by the CWD (2.8 per cent) and GRD (1.7 per cent).

The CWD was the largest contributor to employment in the agriculture sector at 3.2 per cent. The WCD was the second-largest contributor in the agriculture sector at 2.7 per cent, followed by the Cape Metro area at 1.8 per cent. Furthermore, the Cape Metro area had the largest contribution to employment in the manufacturing sector, contributing 7.0 per cent of the sector's total employment.

# 4. CONCLUDING REMARKS

The global economy is estimated to have grown by 6.1 per cent in 2021. It should be noted that the strong growth recorded by the global economy in 2021 resulted from the constrained base of 2020. However, in 2022, global economic growth is expected to slow to 3.2 per cent before easing further to 2.9 per cent in 2023. The slowdown in global economic growth can possibly be ascribed to a significant decline in growth recorded in the Chinese economy, while the Russia-Ukraine conflict has contributed to rising global inflation and disruptions in economic activity in European economies.

Although the South African economy registered recoveries in the first quarter of 2022, the country's economy contracted by 0.7 per cent in the second quarter of the same year. This contraction is the result of disruptions in global energy and commodity markets stemming from the conflict in Europe and COVID-19 restrictions in China. In addition, South Africa's recovery from the COVID-19 pandemic has also been significantly restrained by power outages, rising inflation and interest rates, while the country's unemployment levels continue to remain high. Given these risks, the South African economy is anticipated to register a growth rate of 1.7 per cent in 2022, before easing to 0.3 per cent in 2023.

While recording a share contraction at 5.9 per cent in 2020, the Western Cape economy is estimated to have grown by 4.6 per cent in 2021. As with the global and national economies, this recovery stems from the sharp contractions recorded in 2020 and may not be sustainable as economic activity normalises. In the 2022 forecast periods, annual growth in the Province is expected to remain stagnant at 4.6 per cent. Economic activity is anticipated to remain constrained due to disruptions in electricity supply and global supply chain disruptions brought about by the Russia-Ukraine conflict. Subsequently, growth in the Western Cape is expected to slow to 2.5 per cent in 2023.

In conclusion, forecasts for 2023 are subdued owing to a range of international and local factors. The global economic slowdown experienced in 2022 is likely to continue into the coming year, partly because of the US's interest rate hiking cycle and the Russia-Ukraine conflict. Nationally, inflation and load-shedding will place unprecedented pressure on both consumers and producers. In response to these tough conditions, innovative projects such as the MER are good examples of innovations that may assist in protecting and creating jobs in the Western Cape.

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# GARDEN ROUTE DISTRICT

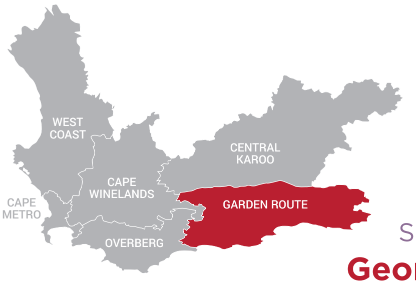
23 331KM²



# GARDEN ROUTE DISTRICT

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

INFOGRAPHIC SUMMARY




# GRD GARDEN ROUTE DISTRICT

SEAT George | AREA 23 331km² | DENSITY 25/km²

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

## DEMOGRAPHICS

**GENDER – POPULATION**

**627 265**
POPULATION 2021

47.9% | 52.1%
Gender split 2021

**AGE — HOUSEHOLDS**

Average **household income** 2020
**R18 068**

**Indigent households** 2021
**50 062**

| 0-14yrs | 15-64yrs | 65+yrs |
|---|---|---|
| 25.7% | 65.0% | 9.3% |

**Age split** 2020

## GROSS DOMESTIC PRODUCT

**GDPR** 2020
**R51.9 BILLION**
(7.5%)
of Western Cape

**GDPR** per capita
(2021 current prices)
**R69 164.9**

**GDPR** estimated growth

| 2021e | 2022f | 2023f |
|---|---|---|
| 4.7% | 2.4% | 0.4% |

## SERVICES

**97.8%** Access to **water** (piped or tap)

**91.0%** Access to **electricity**

**88.8%** Access to **solid waste removal**

**85.8%** Access to **improved sanitation**

2021

## EMPLOYMENT

**PEOPLE EMPLOYED**
**211 273**
2020

**7 780**
Estimated **number** of **jobs lost** 2021

**21.1%**
Estimated **unemployment** rate 2021

## TRADE

**IMPORTS** 2021
**R9.6 BILLION**

**EXPORTS** 2021
**R5.8 BILLION**

**Top 3 exported** products 2021
- Citrus fruit
- Leather items
- Apples, pears & quinces

**Top 3 export destinations**
- Netherlands
- United States
- United Kingdom

## TOURISM

**VISITORS** 2021

| OVERSEAS | DOMESTIC | OVERNIGHT | DAY VISITORS |
|---|---|---|---|
| 0.9% | 99.1% | 69.3% | 30.7% |

**ACTIVITIES**

**Top activities** 2021

| Knysna Waterfront | Anysberg Nature Reserve | Knysna Heads |
|---|---|---|
| 48.7% | 27.8% | 19.0% |

| | GDPR 2020: GDPR CONTRIBUTION | GDPR 2021: GDPR GROWTH | EMPLOYMENT 2020: EMPLOYMENT CONTRIBUTION | EMPLOYMENT 2021: EMPLOYMENT GROWTH |
|---|---|---|---|---|
| **PRIMARY SECTOR** | 5.5% | 6.6% | 12.3% | -3.1% |
| AGRICULTURE, FORESTRY & FISHING | 5.1% | 7.6% | 12.2% | -3.1% |
| MINING & QUARRYING | 0.4% | -14.0% | 0.1% | -4.5% |
| **SECONDARY SECTOR** | 20.3% | 4.3% | 15.7% | -5.8% |
| MANUFACTURING | 13.7% | 7.3% | 9.0% | -3.9% |
| ELECTRICITY, GAS & WATER | 2.5% | 2.7% | 0.4% | -2.8% |
| CONSTRUCTION | 4.1% | -3.8% | 6.3% | -8.8% |
| **TERTIARY SECTOR** | 74.2% | 4.6% | 72.0% | -3.3% |
| WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION | 15.6% | 7.0% | 24.1% | -6.5% |
| TRANSPORT, STORAGE & COMMUNICATION | 7.5% | 5.3% | 4.1% | -10.0% |
| FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES | 31.3% | 4.3% | 19.1% | -1.9% |
| GENERAL GOVERNMENT | 9.4% | -1.0% | 5.5% | 0.4% |
| COMMUNITY, SOCIAL & PERSONAL SERVICES | 10.3% | 7.0% | 19.1% | -0.4% |

# 1

# ECONOMIC GROWTH

## 1.1 INTRODUCTION

**The GRD is well known for its vast farmlands as well as its coastal holiday destinations. The District has seven local municipalities, five of which (the Hessequa, Mossel Bay, George, Knysna and Bitou municipal areas) are adjacent to the coast, while the other two (the Kannaland and Oudtshoorn municipal areas) are inland. At 23 331$km^2$, the GRD constitutes 18.0 per cent of the Western Cape's geographical area.[1]**

The period under review for MERO 2022 is between 2016 and 2020, with 2021[2] figures being estimated. Economic forecasting is also done for 2022 and 2023.

[1] *(Municipal Demarcation Board, 2018).*
[2] *Stats SA will only release official regional indicators for 2021 in 2023.*

# 1.2 REGIONAL GDPR PERFORMANCE

A brief overview of the key highlights of the GRD economy is provided in this section. This is inclusive of the size of the economy, sectoral GDPR contribution and the respective growth rates for the various municipal areas within the District.

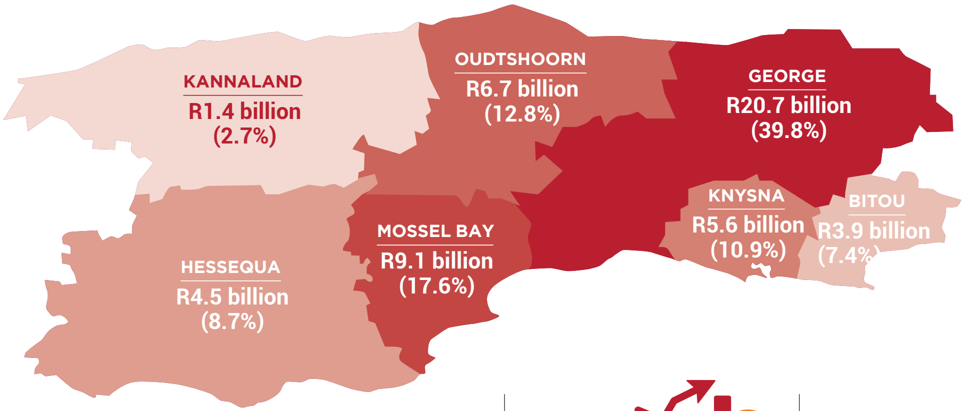


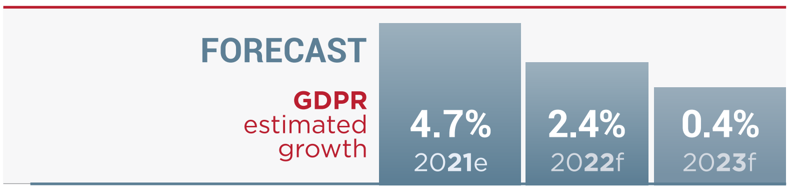

Diagram 1.1
**GDPR CONTRIBUTION AND AVERAGE GROWTH RATES PER MUNICIPAL AREA, Garden Route District**

**GARDEN ROUTE**
**R51.9 billion**

**WESTERN CAPE**
**R691.0 billion**

*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

| MUNICIPALITY | R value 2020 | Trend 2011 – 2020 (%) | Trend 2016 – 2020 (%) |
|---|---|---|---|
| Kannaland | R1.4 billion (2.7%) | 1.3% | -0.1% |
| Hessequa | R4.5 billion (8.7%) | 1.1% | -0.4% |
| Mossel Bay | R9.1 billion (17.6%) | 0.8% | -0.6% |
| George | R20.7 billion (39.8%) | 1.5% | 0.0% |
| Oudtshoorn | R6.7 billion (12.8%) | 1.1% | -0.3% |
| Bitou | R3.9 billion (7.4%) | 0.7% | -1.0% |
| Knysna | R5.6 billion (10.9%) | 0.0% | -1.5% |
| **Garden Route District** | **R51.9 billion (100.0%)** | **1.1%** | **-0.4%** |
| **Western Cape** | **R691.0 billion** | **1.0%** | **-0.4%** |




Valued at R51.9 billion, the GRD contributed 7.5 per cent to the Provincial economy in 2020. Between 2016 and 2020, both the District and the Province recorded an average contraction of 0.4 per cent per year.

The George municipal area was the largest contributor to the GRD economy in 2020 at 39.8 per cent. This was followed by the contributions of the Mossel Bay and Oudtshoorn municipal areas at 17.6 per cent and 12.8 per cent respectively. The Knysna municipal area contributed 10.9 per cent to the District economy, followed by the Hessequa municipal area with a contribution of 8.7 per cent.

The two smallest contributors to the District economy were the Bitou and Kannaland municipal areas, with contributions of 7.4 per cent and 2.7 per cent respectively.

Between 2016 and 2020, all municipal areas except the George municipal area recorded average contractions over the period. This resulted from investments made in the George municipal area, such as the development of the Blue Mountain Village residential offerings.[3] The Knysna municipal area recorded the largest contraction over the five-year period, with an average contraction of 1.5 per cent per year. The poor average annual performance of the municipal areas was due to restraints on industrial activity as a result of load-shedding.[4] In addition, the District's performance was adversely affected by the poor performance of the national economy in 2018 and 2019. Drought conditions in the Province and District further impacted growth in the District. However, this may have been somewhat mitigated by the operation of desalination plants in the GRD.[5] A series of wildfires in the District also resulted in adverse impacts on the GRD economy.[6] The District was also adversely affected by COVID-19-related restrictions on economic activity.

The GRD economy recorded a contraction of 6.0 per cent in 2020 resulting from the economic impact of the COVID-19 pandemic.[7] In 2021, the District economy is estimated to have grown by 4.7 per cent. This estimation is only marginally higher than that of the Province at 4.6 per cent during the same year. The George municipal area is estimated to have had the highest growth rate across all municipal areas in the District at 5.2 per cent in 2021. These estimations are largely a result of the easing of lockdown restrictions, which allowed for the resumption of economic activity in the District. This has also positively affected trade prospects in the District, as European Union (EU) restrictions have been eased. Other factors include the increase of rain in the Klein Karoo area, which presented an opportunity for agricultural and agro-processing benefits.[8]

Growth in the GRD is forecast to slow in 2022, with the District realising a growth rate of 2.4 per cent. Factors that will have a downward effect include higher commodity prices resulting from the Russia-Ukraine war,[9] as well as the increase in interest rates in the year.[10] Other factors that influence the forecast for 2022 include the EU's amended regulations on citrus exports, which are likely to decrease exports from the District and in turn have a negative effect on forecast growth.[11] The forecast of the District is only marginally greater than that of the Province at 2.3 per cent in 2022. This is also consistent across the municipal areas in the District, with growth across all municipal areas forecast to decline. The George municipal area is forecast to record the largest decrease in growth across all municipal areas, down from 5.2 per cent in 2021 to 2.0 per cent in 2022.

In the 2023 forecast period, growth in the District is anticipated to deteriorate further to 0.4 per cent. Similarly, the Provincial economy is expected to record a marginally lower growth rate of 0.3 per cent. Of all the municipal areas, the George municipal area is forecast to record the highest growth rate in the District at 0.8 per cent. The Bitou and Knysna municipal areas are forecast to have the smallest decline among all municipal areas in the District (1.2 percentage points), with a forecast growth rate of 0.7 per cent in 2023.

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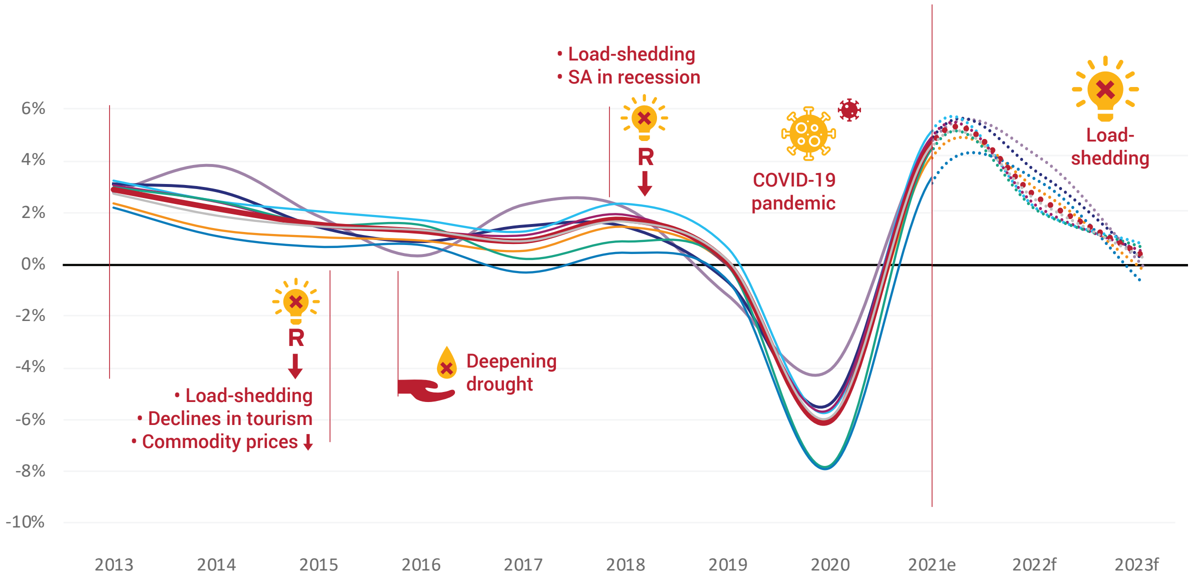
[3] *(Garden Route Investment Properties, 2022).*
[4] *(Council for Scientific and Industrial Research, 2021).*
[5] *(City of Cape Town, 2020).*
[6] *(Daniel, 2018).*
[7] *See Figure 1.1.*
[8] *(Marshall, 2021).*
[9] *(Selfin, 2022).*
[10] *(Kganyago, 2022).*
[11] *(Cape Times, 2022).*

Figure 1.1 provides an overview of the historical growth trends of the municipal areas in the District, as well as the annual growth rates of the GRD and the Province.

Figure 1.1
**GDPR GROWTH PER MUNICIPAL AREA, Garden Route District, 2013 – 2023**




| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e | 2022f | 2023f |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Western Cape | 2.7% | 1.9% | 1.5% | 1.3% | 0.9% | 1.6% | 0.1% | -5.9% | 4.6% | 2.3% | 0.3% |
| Garden Route District | 2.9% | 2.2% | 1.5% | 1.3% | 0.9% | 1.7% | 0.1% | -6.0% | 4.7% | 2.4% | 0.4% |
| Kannaland | 2.8% | 3.8% | 1.9% | 0.3% | 2.3% | 2.2% | -1.2% | -4.1% | 4.8% | 3.9% | 0.0% |
| Hessequa | 3.1% | 2.9% | 1.5% | 0.9% | 1.5% | 1.5% | -0.7% | -5.4% | 4.9% | 3.3% | 0.2% |
| Mossel Bay | 2.4% | 1.3% | 1.1% | 0.9% | 0.5% | 1.5% | -0.1% | -6.0% | 4.2% | 2.7% | -0.1% |
| George | 3.2% | 2.4% | 2.0% | 1.7% | 1.3% | 2.3% | 0.6% | -5.7% | 5.2% | 2.0% | 0.8% |
| Oudtshoorn | 3.0% | 2.4% | 1.5% | 1.3% | 1.1% | 1.9% | -0.1% | -5.6% | 4.9% | 2.1% | 0.5% |
| Bitou | 3.0% | 2.5% | 1.6% | 1.5% | 0.2% | 0.9% | 0.0% | -7.8% | 4.5% | 1.9% | 0.7% |
| Knysna | 2.2% | 1.1% | 0.7% | 0.7% | -0.3% | 0.5% | -0.6% | -7.9% | 3.4% | 3.1% | -0.6% |

*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

Between 2013 and 2019, the GRD recorded a downward trend in GDPR growth. This downward trend was also consistent with that of the Province. The downward trend in GDPR growth between 2013 and 2015 can be attributed to the ban on ostrich meat imports by the EU as a result of the avian influenza outbreak in the District.[12] Other factors include load-shedding in the District,[13] which impacts agro-processing output and other manufacturing activity. Lastly, tourism was greatly affected by the implementation of new visa regulations, as well as terrorism fears and economic crises in source markets.[14]

The continuation of downward trends in the District can largely be attributed to drought effects in the region, which were compounded by the effects of wildfires in the District between 2016 and 2017.[15] Despite an increase in year-on-year growth recorded in 2018, the District continued its downward trend in 2019.

[12] *(Burgin, 2015).*
[13] *(Council for Scientific and Industrial Research, 2021).*
[14] *(Department of Tourism, 2016).*
[15] *(Pieters, 2019).*

The District economy was greatly affected by the national technical recession recorded during the period,[16] as well as load-shedding.[17] This effect also resulted from low investor confidence in the country, which has also impacted the District economy and growth in the period.

The GRD was impacted by the effects of the global COVID-19 pandemic, subsequently recording a contraction of 6.0 per cent in 2020. This was marginally higher than the contraction recorded by the Province in 2020 (5.9 per cent). As the District economy is driven largely by the secondary and tertiary sectors,[18] the national lockdown greatly affected GDPR-contributing sectors in the District. Additionally, the COVID-19 pandemic brought greater impacts to agri-tourism in the District, as the limitation of tourists affected income within the agricultural and trade sectors during the year.[19]

The GRD is estimated to have grown by 4.7 per cent in 2021. Within the District, the George municipal area is estimated to have achieved the highest growth rate at 5.2 per cent. This is likely to be a result of factors such as increased tourism, as well as the return of events in the municipal area such as the George Old Car Show.[20] Other factors that influenced the estimate for the District include the predicted increase in rainfall[21] and dam levels in the District.[22] Additionally, the District invested in the Klein Karoo area through the provision of a pipeline that is expected to contribute to the cultivation of agricultural produce.[23] However, it must be noted that the estimated growth rates for the year are unlikely to be sustainable, as they originate from the constrained economic base of 2020.

Forecasts for 2022 and 2023 suggest that growth in the GRD is expected to decline to 2.4 per cent and 0.4 per cent respectively. The Kannaland municipal area is forecast to record the highest growth rate in 2022 at 3.9 per cent. This is a result of planned investments in the energy sector within the Kannaland municipal area.[24] This is also attributed to support from the Department of Agriculture in providing equipment to protect the fruit and wine commodity group against locust swarms.[25] Forecasts for 2023 suggest that the Mossel Bay and Knysna municipal areas are the only municipal areas to contract in 2023, by 0.1 per cent and 0.6 per cent respectively. The forecast contractions in the Mossel Bay and Knysna municipal areas are likely to be influenced by the impacts of trade as a result of new EU laws on citrus exports.[26]

*[16] (Stats SA, 2018).*
*[17] (Council for Scientific and Industrial Research, 2021).*
*[18] See Table 1.1.*
*[19] (Pienaar, 2020).*
*[20] (Buso, 2021).*
*[21] (Marshall, 2021).*
*[22] (Department of Water and Sanitation, 2022).*
*[23] (Pieters, 2021).*
*[24] (Kannaland Local Municipality, 2020).*
*[25] (Cape Times, 2022).*
*[26] (Cape Times, 2022).*

Table 1.1 illustrates the GDPR performance of the GRD in 2020 by providing an overview of sectoral contributions to the District economy, as well as their respective growth rates between 2016 and 2020, estimates for 2021 and forecasts for 2022 and 2023.

Table 1.1
**GDPR PERFORMANCE PER SECTOR, Garden Route District (%)**

| SECTOR | R million value 2020 | Trend | | Real GDPR growth | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2021e | 2022f | 2023f |
| **Primary Sector** | **R2 857.2 (5.5%)** | **2.1%** | **0.7%** | **6.6%** | **11.0%** | **-0.6%** |
| Agriculture, forestry & fishing | R2 660.4 (5.1%) | 2.1% | 0.7% | 7.6% | 10.8% | -0.4% |
| Mining & quarrying | R196.7 (0.4%) | 2.2% | 1.5% | -14.0% | 17.3% | -6.5% |
| **Secondary Sector** | **R10 555.9 (20.3%)** | **-0.9%** | **-3.2%** | **4.3%** | **2.2%** | **0.0%** |
| Manufacturing | R7 126.1 (13.7%) | 0.4% | -1.5% | 7.3% | 1.8% | 0.1% |
| Electricity, gas & water | R1 278.7 (2.5%) | -2.1% | -3.1% | 2.7% | 1.4% | 0.0% |
| Construction | R2 151.2 (4.1%) | -3.2% | -7.4% | -3.8% | 3.8% | -0.4% |
| **Tertiary Sector** | **R38 510.7 (74.2%)** | **1.6%** | **0.4%** | **4.6%** | **1.8%** | **0.6%** |
| Wholesale & retail trade, catering & accommodation | R8 101.3 (15.6%) | -0.2% | -2.9% | 7.0% | 8.4% | 1.8% |
| Transport, storage & communication | R3 909.6 (7.5%) | 0.6% | -2.0% | 5.3% | 6.2% | 2.3% |
| Finance, insurance, real estate & business services | R16 264.7 (31.3%) | 3.0% | 2.9% | 4.3% | -1.1% | -0.1% |
| General government | R4 875.2 (9.4%) | 1.4% | 0.5% | -1.0% | -1.0% | -0.2% |
| Community, social & personal services | R5 360.0 (10.3%) | 1.1% | 0.0% | 7.0% | 0.3% | -0.3% |
| **Total Garden Route District** | **R51 923.8 (100.0%)** | **1.1%** | **-0.4%** | **4.7%** | **2.4%** | **0.4%** |

*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

With a GDPR contribution of 74.2 per cent, the tertiary sector was the largest contributor in the GRD, with a total contribution of R38.5 billion in 2020. Between 2016 and 2020, the tertiary sector recorded an average growth rate of 0.4 per cent per year. As the District recorded an average contraction of 0.4 per cent over the same period, growth in the tertiary sector is likely to have mitigated contractions in the District.

Within the tertiary sector, the finance sector was the largest contributor to GDPR at 31.3 per cent in 2020. Between 2016 and 2020, the finance sector recorded the highest average growth rate across all subsectors of the tertiary sector at 2.9 per cent. This can possibly be ascribed to an increase in acquisition of properties such as land or housing in the District, which increases demand for financial, cash and risk management services.[27] Conversely, the trade sector recorded the highest average annual contraction over the period across all subsectors in the tertiary sector at 2.9 per cent. This was largely a result of declines in tourism activity in the District throughout the drought period, as well as during the COVID-19 pandemic. Another

[27] *(Johnston, 2020).*

reason for the decline in the trade sector was the decrease in demand within the District as a result of exogenous effects such as the technical recession, as well as endogenous effects such as the wildfires in the District.

In 2021, the tertiary sector is estimated to have grown by 4.6 per cent. The trade and community services sectors are estimated to have recorded the highest growth rates (both 7.0 per cent) across all subsectors in the tertiary sector in 2021. The estimated growth in the trade sector is possibly a result of the easing of lockdown restrictions, which allowed for the operation of the hospitality sector as well as increased tourism in the District.

Valued at R10.6 billion, the secondary sector contributed 20.3 per cent to the GRD economy in 2020. Between 2016 and 2020, the secondary sector recorded an average annual contraction of 3.2 per cent, being the only sector to record a contraction during the period. All subsectors in the secondary sector contracted in the same period.

Within the secondary sector, the manufacturing sector made the highest contribution to GDPR at 13.7 per cent in 2020. Between 2016 and 2020, the construction sector had the highest average contraction over the period, at 7.4 per cent per year. Despite this, the contraction of the manufacturing sector (1.5 per cent) is likely to have had a greater impact on the secondary sector because of its contribution to GDPR. This contraction is attributable to the manufacturing sector facing challenges regarding load-shedding, as well as the effects of international competitors on the District's manufacturing sector.[28]

The secondary sector is estimated to have grown by 4.3 per cent in 2021. Of all subsectors, the manufacturing sector is estimated to have achieved the highest growth in the sector at 7.3 per cent. This is likely a result of the easing of restrictions enforced during lockdown, which allowed for increased operations in the sector.

The primary sector contributed 5.5 per cent to the District economy in 2020 and was the smallest contributor to GDPR in the GRD. As the agriculture sector constitutes almost the entire primary sector, the average growth of the primary sector between 2016 and 2020 was determined by the agriculture sector. This suggests that the District may not have been significantly affected by drought conditions, probably as a result of the presence of desalination plants.

Within the primary sector, the agriculture sector had the highest contribution to GDPR at 5.1 per cent in 2020. Both subsectors in the primary sector grew between 2016 and 2020: the agriculture sector recorded an average growth of 0.7 per cent and the mining sector recorded an average growth of 1.5 per cent. The agriculture sector benefited from the lifeline given to farmers by the Western Cape Government (WCG) in order to sustain livestock farming.[29]

The primary sector is estimated to have grown by 6.6 per cent in 2021. The agriculture sector is estimated to have grown by 7.6 per cent, while the mining sector is estimated to have contracted by 14.0 per cent. This emphasises the contribution of the agriculture sector to the primary sector.

[28] *(Veldkornet, 2019).*
[29] *(Chambers, 2019).*

A large factor in the growth rate estimation of the agriculture sector is the rising dam levels in the District[30] experienced after heavy rainfall throughout the Province in 2021. In addition, the support for the agriculture sector in the District by the alleviation of drought effects contributed to the estimated growth in the sector.[31]

Forecasts for 2022 suggest that the tertiary sector is expected to record a growth rate of 1.8 per cent. This is lower than the forecast growth of the secondary sector (2.2 per cent) and the primary sector (11.0 per cent) in 2022. Forecasts for 2022 are likely to have been influenced by the effects of the Russia-Ukraine war, which impacted commodity prices[32] and led to rising interest rates.[33] Furthermore, the effects of load-shedding in 2022 are likely to have impacted forecasts for the District in 2022. Forecasts for 2022 for the tertiary sector are likely to be positively affected by the opening and operations of the Plettenberg Bay airport, which provides direct routes to the District, thereby helping to attract more tourists to the District.[34]

Forecasts for 2023 suggest that the agriculture sector will contract by 0.4 per cent during the year. The tertiary sector is forecast to grow by 0.6 per cent, while the secondary sector is forecast to remain stagnant during the year. Growth in the tertiary sector in 2023 will decline from 2022 forecasts. The investment made by the Transnet National Ports Authority in the Mossel Bay ports, designed to improve port efficiencies, are likely to impact positive growth in the District.[35] However, negative impacts on growth in the District are likely to arise from load-shedding effects on the secondary sector as well as the emergence of false codling moth affecting citrus crops and exports from the District.[36]

[30] *(Marshall, 2021).*
[31] *(Meyer, 2021).*
[32] *(Selfin, 2022).*
[33] *(Kganyago, 2022).*
[34] *(Stander, 2021).*
[35] *(Dludla, 2022).*
[36] *(Mwangi, 2022).*

## 1.3 GDPR PERFORMANCE PER MUNICIPAL AREA

This subsection provides a more in-depth macroeconomic outlook by considering the trends in GDPR for each of the municipal areas within the GRD.

### 1.3.1
# GEORGE

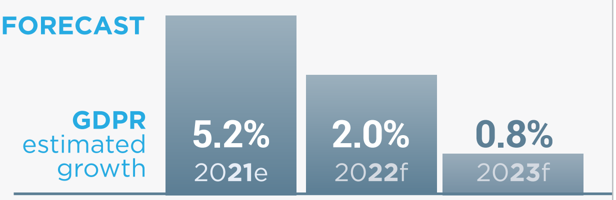

The George municipal area covers 5 191km², [37] stretching from the coastline, where Herold's Bay, Victoria Bay and Wilderness are popular tourist areas, to the drier climate of the Little Karoo in the north. George is the main town in the GRD and serves as a regional node for other municipal areas in the District. Less populated areas in the municipal area include Uniondale, Touwsranten, Haarlem, Hoekwil and Victoria Bay. The George municipal area is well connected to other districts and municipal areas via the N2, the N9 and the N12, as well as George Airport.[38] George Airport plays an integral role in the economy of the municipal area as well as the region, as it makes it easier to conduct business and to attract tourists.

Diagram 1.2
**GDPR (CURRENT PRICES)**
**George, 2020 and 2021e**

**GDPR**

| 2020 | | 2021e |
|---|---|---|
| R20.7 BILLION | ↑ 5.2% CONSTANT PRICE GROWTH | R22.8 BILLION |

FORECAST




*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

**R million (2020)**

**PS – Primary Sector**
- R731.2 million – Agriculture, forestry & fishing
- R37.1 million – Mining & quarrying

**SS – Secondary Sector**
- R2 963.8 million – Manufacturing
- R563.0 million – Electricity, gas & water
- R775.1 million – Construction

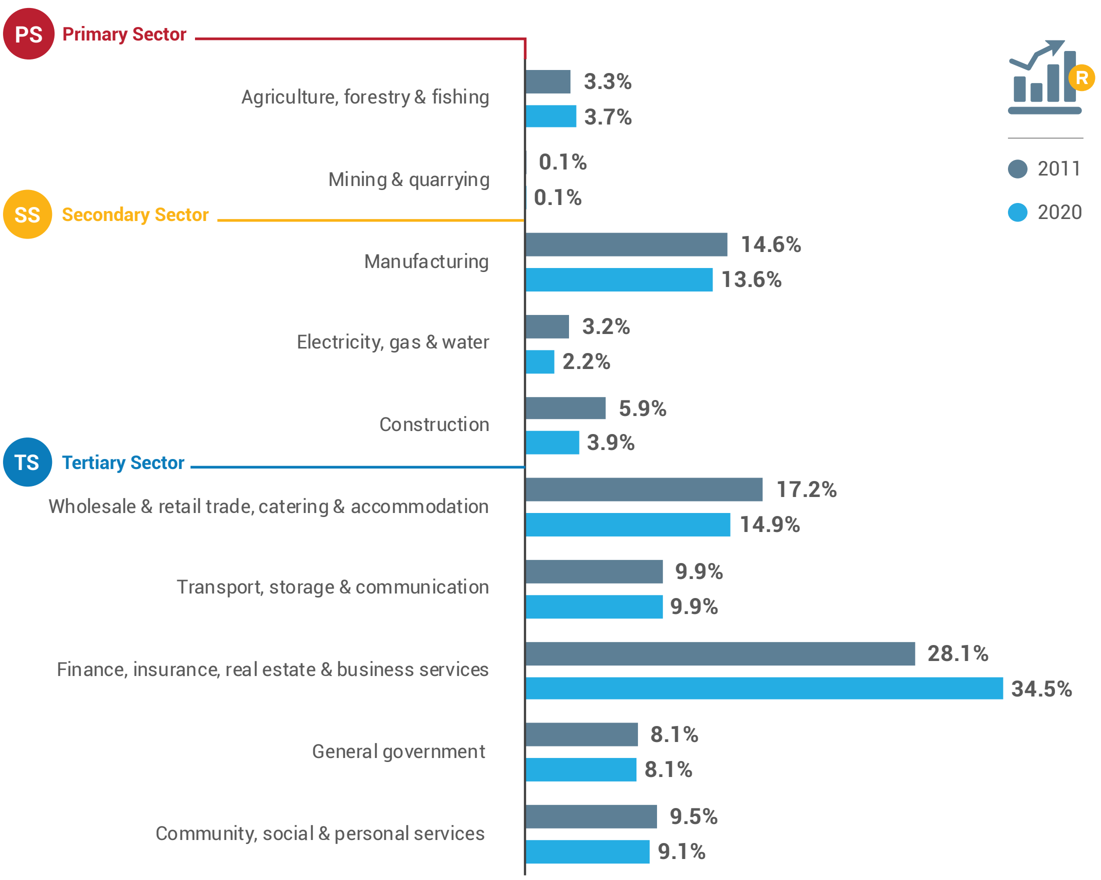
**TS – Tertiary Sector**
- R3 307.7 million – Wholesale & retail trade, catering & accommodation
- R1 842.9 million – Transport, storage & communication
- R6 853.3 million – Finance, insurance, real estate & business services
- R1 665.9 million – General government
- R1 949.3 million – Community, social & personal services

[37] *(Municipal Demarcation Board, 2018).*
[38] *(George Municipality, 2013).*

The George municipal area's GDPR was valued at R20.7 billion (current prices) in 2020 and is estimated to have increased by 5.2 per cent in 2021 in real terms. The positive growth of the municipal area's economy between 2020 and 2021 indicates the start of recovery from the economic pressure brought about by COVID-19. The finance sector was the leading contributor with R6.8 billion in 2020, followed by the trade sector with R3.3 billion and the manufacturing sector with a R2.9 billion contribution. It is forecast that the GDPR will increase by 2.0 per cent in 2022 and slow down to 0.8 per cent growth in 2023. This is attributed to load-shedding effects in the municipal area.[39]

Figure 1.2 depicts the sectoral contribution to GDPR in the George municipal area in 2011 and 2020.

Figure 1.2
**SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), George (%)**




*Source: Quantec Research, 2022*

In 2020, the finance sector was the largest contributor to GDPR in the municipal area, with 34.5 per cent. This was followed by the trade (14.9 per cent) and manufacturing (13.6 per cent) sectors. These main contributing sectors were the leading contributors in 2011 as well, with the finance sector contributing 28.1 per cent, followed by the trade (17.2 per cent) and manufacturing (14.6 per cent) sectors. Because of the lack of mineral resources in the municipal area, the mining sector was the smallest-contributing sector in 2011 as well as 2020.

[39] *(Tandwa, 2022).*

The finance sector recorded the largest growth in GDPR contribution between 2011 and 2020 in the municipal area, growing by 6.4 percentage points. Across all other sectors, the agriculture sector was the only sector to record growth in GDPR contribution between 2011 and 2020, growing by 0.4 percentage points. Growth in the GDPR contribution of the finance sector can be attributed to the increase in sales and average selling price of properties in the region.[40] The trade sector in the municipal area recorded the largest contraction in GDPR contribution among all sectors (2.3 percentage points) between 2011 and 2020. This is a result of factors such as the COVID-19 pandemic affecting operations in the sector.

The potential of honeybush, lucerne and tomato production in the Uniondale region should be a priority for the Municipality, as the agriculture sector is labour-intensive and has the potential to create a number of job opportunities and continue to benefit economic growth in the municipal area. Livestock farming and game breeding is also contributing to the economy of the agriculture sector as well as the trade sector in terms of trophy hunting for international tourists. The forestry and timber industry plays an important role in the area's economy and is well supported by Saasveld Forestry College, which trains foresters.

[40] *(Property24, 2022).*

Table 1.2 outlines the George municipal area's GDPR performance per sector.

Table 1.2
## GDPR PERFORMANCE PER SECTOR, George

| SECTOR | Trend | | Annual real GDPR growth | | |
|---|---|---|---|---|---|
| | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **2.5%** | **1.1%** | **-9.8%** | **12.8%** | **7.3%** |
| Agriculture, forestry & fishing | 2.5% | 1.1% | -10.1% | 13.0% | 8.0% |
| Mining & quarrying | 3.0% | 2.2% | -0.4% | 7.4% | -13.7% |
| **Secondary Sector** | **-0.4%** | **-2.5%** | **-1.0%** | **-13.1%** | **5.2%** |
| Manufacturing | 0.8% | -0.9% | 0.4% | -11.1% | 7.9% |
| Electricity, gas & water | -2.6% | -3.4% | -3.7% | -9.1% | 2.5% |
| Construction | -2.6% | -6.6% | -3.7% | -21.1% | -2.6% |
| **Tertiary Sector** | **2.0%** | **0.8%** | **1.6%** | **-4.4%** | **5.0%** |
| Wholesale & retail trade, catering & accommodation | 0.2% | -2.4% | -0.3% | -13.5% | 7.1% |
| Transport, storage & communication | 1.7% | -0.6% | 0.4% | -13.6% | 6.2% |
| Finance, insurance, real estate & business services | 3.6% | 3.4% | 3.4% | 2.0% | 5.1% |
| General government | 1.3% | 0.4% | 0.5% | -0.5% | -2.2% |
| Community, social & personal services | 0.8% | -0.2% | 0.9% | -2.5% | 6.8% |
| **Total George** | **1.5%** | **0.0%** | **0.6%** | **-5.7%** | **5.2%** |

*Source: Quantec Research, 2022 (e denotes estimate)*

The municipal area had a 1.5 per cent annual growth rate between 2011 and 2020, and stagnated between 2016 and 2020. The primary sector grew by 1.1 per cent between 2016 and 2020, with the agriculture sector growing by 1.1 per cent and the mining sector by 2.2 per cent. The positive growth could be related to the lucerne hay market price. Lucerne hay produced locally and certified by the National Lucerne Trust during 2020/21 increased by about 38.0 to 50.0 per cent, compared with production certified between 2014 and 2016.[41] The increase in lucerne hay over the past few years is mostly the result of more producers, traders, exporters and end users using the National Lucerne Trust Scheme to grade their lucerne hay, and not necessarily because there has been an increase in the actual production of the crop in South Africa.[42] The agriculture sector realised growth of 13.0 per cent in 2020.

The secondary sector contracted by an annual average of 2.5 per cent between 2016 and 2020. This was mostly because of the poor performance of the construction and electricity, gas and water sectors within the period, which contracted by an annual average of 6.6 per cent and 3.4 per cent respectively. The contraction was mostly because of the economic downturn experienced in 2020 as a result of COVID-19-related restrictions on economic activity. The tertiary sector realised an average annual growth rate of 0.8 per cent between 2016 and 2020.

[41] *(Farmer's Weekly, 2022).*
[42] *(Farmer's Weekly, 2022).*

The positive growth was mostly due to the performance of the finance sector, which grew by 3.4 per cent in the same period. The growth in the sector could be as a result of the municipal area making progress in expanding access to financial services. The estimated economic growth in 2021 in most of the sectors will have a positive effect on business services. Most of the sectors in the tertiary sector contracted in 2020, except for the finance sector, which experienced positive growth. The finance sector grew as a result of increased sales of property in the municipal area in 2021 compared with 2020, which created demand for financial services such as insurance in the District.[43]

The agriculture sector is estimated to have had the greatest growth (8.0 per cent) in 2021, followed by the manufacturing sector with 7.9 per cent. The trade sector is estimated to have increased by 7.1 per cent in 2021, as travel restrictions were lifted and tourism started to recover after strict travel restrictions during the pandemic.

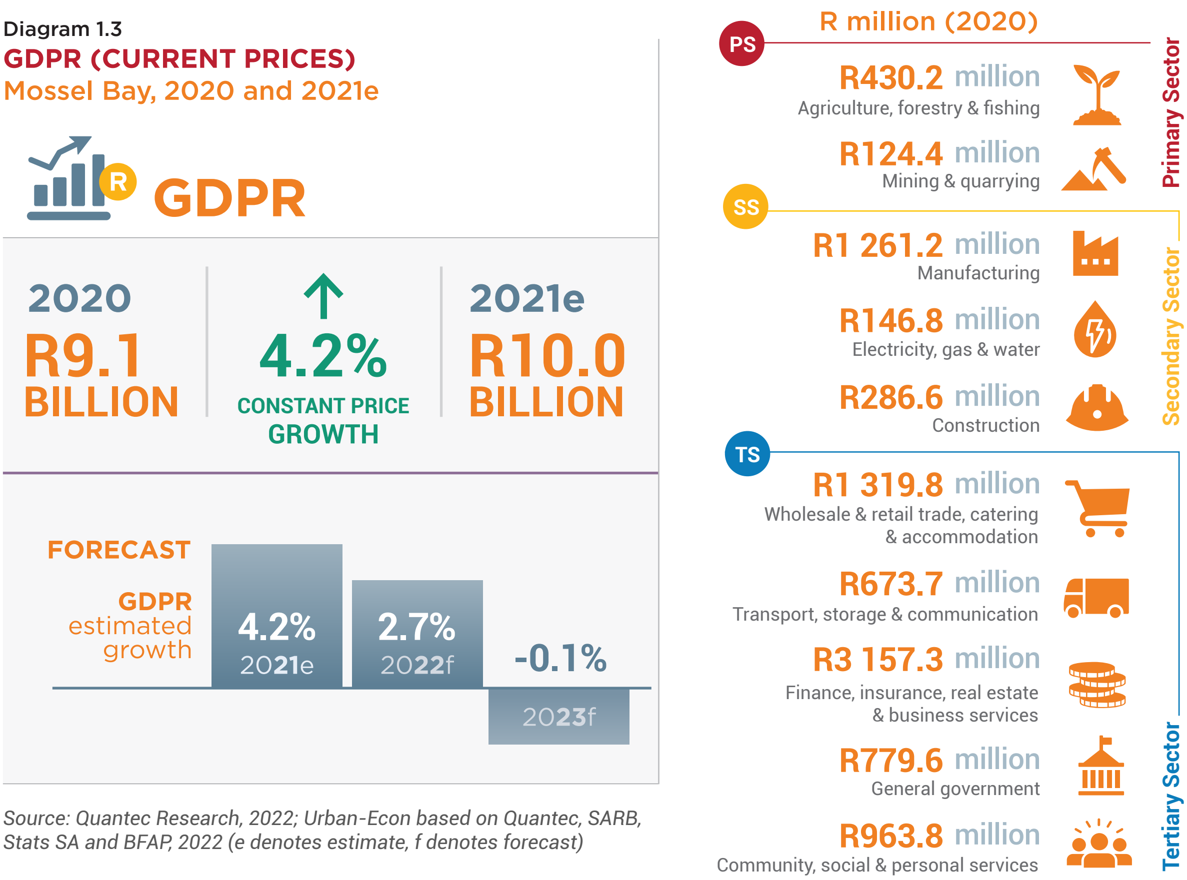
The George municipal area's coastline is popular as a tourist destination and also for second homes, particularly Herold's Bay, Wilderness, Touwsranten and Hoekwil. The popularity of these areas for residential development has a positive impact on the local economy, especially during peak holiday periods. Travel restrictions and the lockdown in the country impacted the trade sector significantly, with a 13.5 per cent decrease in 2020. The construction sector contracted by 21.1 per cent in the same year, which could be due to investors and contractors stopping construction on holiday homes and additional retail facilities as a result of COVID-19 regulations.

[43] *(Property24, 2022).*

## 1.3.2
# MOSSEL BAY


The Mossel Bay municipal area covers 2 001km$^2$ and is situated halfway between the Cape Town Metro area and Port Elizabeth in the Eastern Cape.[44] The municipal area has a 122km-long coastline that is characterised by three distinct bays – Vleesbaai, Dana Bay and Mossel Bay. The Mossgas plant and harbour are important infrastructure for employment creation and economic growth in the municipal area. The harbour serves the local fishing, gas and tourism sectors. The town of Mossel Bay is the main urban node in the municipal area, while smaller towns include Boggoms Bay, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Fraaiuitsig, Friemersheim, Great Brak River, Hartenbos, Herbertsdale, Hersham, KwaNonqaba, Little Brak River, Outeniqua Beach, Reebok, Ruiterbos, Southern Cross, Tergniet and Vleesbaai.[45]

Diagram 1.3
**GDPR (CURRENT PRICES)**
**Mossel Bay, 2020 and 2021e**




*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

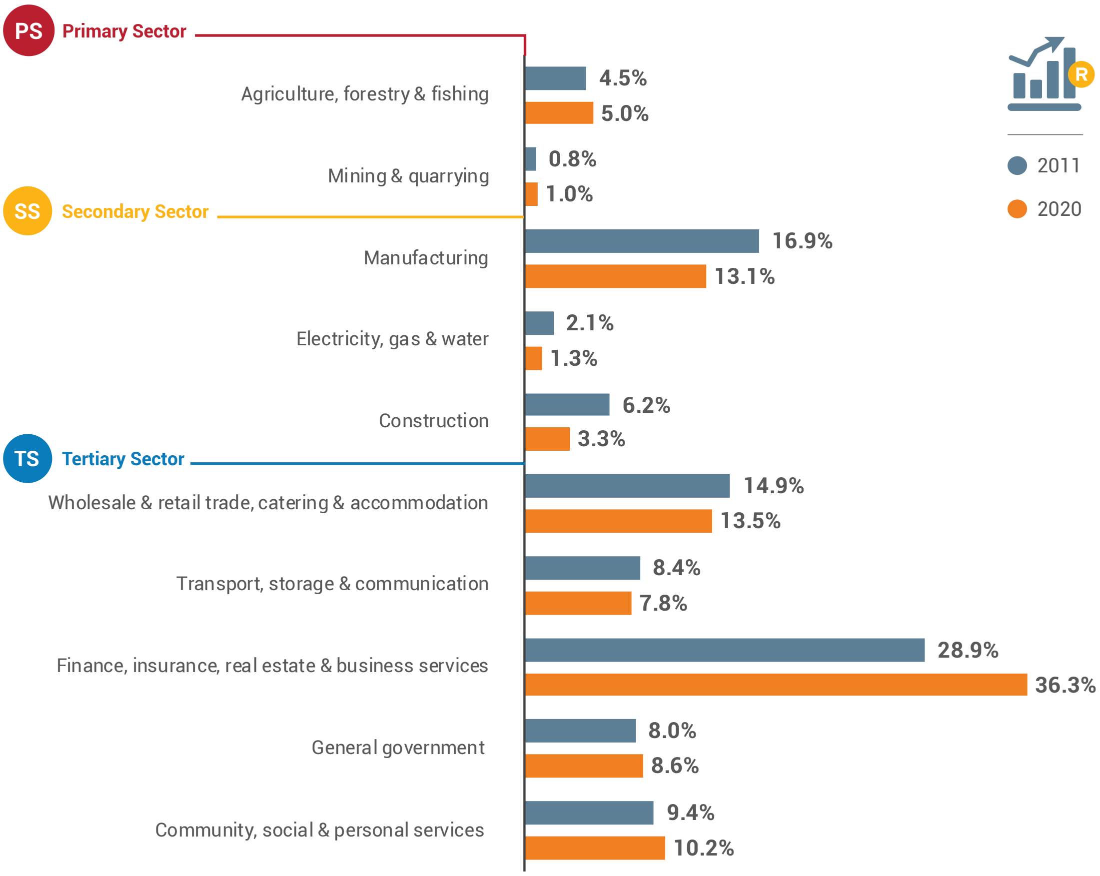
In 2020, the economy was valued at R9.1 billion (in current prices), and in 2021 the value of the economy was estimated to be R10.0 billion. The positive growth of the municipal area's economy between 2020 and 2021 indicates the start of recovery from the economic pressure brought about by COVID-19.

[44] *(Municipal Demarcation Board, 2018).*
[45] *(Mossel Bay Municipality, 2017).*

The finance sector was the leading contributor, with a R3.1 billion contribution, followed by the trade sector with R1.3 billion. It is forecast that the GDPR will increase by 2.7 per cent in 2022 and contract by 0.1 per cent in 2023.

Figure 1.3 illustrates the GDPR contribution per sector in the Mossel Bay municipal area in 2011 and 2020.

Figure 1.3
**SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Mossel Bay (%)**




*Source: Quantec Research, 2022*

The sectoral contribution in the Mossel Bay municipal area followed a similar trend in 2011 and 2020. The largest contributor to GDPR in the municipal area was the finance sector, contributing 28.9 per cent in 2011 and 36.3 per cent in 2020. This was followed by the trade sector, which contributed 13.5 per cent in 2020, and the manufacturing sector, with a 13.1 per cent contribution in the same year. The sizable trade sector can be attributed to the tourism industry in the municipal area, which offers access to various beaches and holiday destinations.

The finance sector recorded the largest growth between 2011 and 2020. This was largely a result of increased property sales in the municipal area, recording an upward trend in household sales and average sale price during the period.[46] The manufacturing sector recorded the largest contraction between 2011 and 2020 of 3.8 percentage points. This is likely a result of economic pressures recorded in the District, such as the impact of load-shedding in the municipal area as well as the reduced level of output as a result of the COVID-19 pandemic.

[46] *(Property24, 2022).*

A more detailed overview of sectoral contributions to GDPR is provided in Table 1.3.

Table 1.3
**GDPR PERFORMANCE PER SECTOR,** Mossel Bay

| SECTOR | Trend | | Annual real GDPR growth | | |
|---|---|---|---|---|---|
| | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **2.0%** | **0.8%** | **-7.5%** | **10.5%** | **4.1%** |
| Agriculture, forestry & fishing | 2.0% | 0.7% | -8.8% | 11.2% | 7.6% |
| Mining & quarrying | 2.1% | 1.5% | -0.7% | 6.9% | -14.0% |
| **Secondary Sector** | **-2.6%** | **-5.3%** | **-3.9%** | **-16.0%** | **2.3%** |
| Manufacturing | -1.3% | -3.8% | -2.4% | -14.4% | 4.6% |
| Electricity, gas & water | -4.3% | -5.0% | -5.3% | -10.5% | 0.9% |
| Construction | -5.7% | -9.9% | -8.3% | -23.7% | -6.7% |
| **Tertiary Sector** | **1.8%** | **0.6%** | **1.6%** | **-4.4%** | **4.7%** |
| Wholesale & retail trade, catering & accommodation | 0.0% | -2.6% | -0.1% | -14.2% | 7.0% |
| Transport, storage & communication | 0.3% | -2.5% | -0.8% | -16.8% | 5.6% |
| Finance, insurance, real estate & business services | 3.1% | 3.0% | 3.2% | 1.5% | 4.5% |
| General government | 1.4% | 0.5% | 0.7% | -0.4% | -2.2% |
| Community, social & personal services | 1.7% | 0.5% | 1.6% | -1.9% | 7.3% |
| **Total Mossel Bay** | **0.8%** | **-0.6%** | **-0.1%** | **-6.0%** | **4.2%** |

*Source: Quantec Research, 2022 (e denotes estimate)*

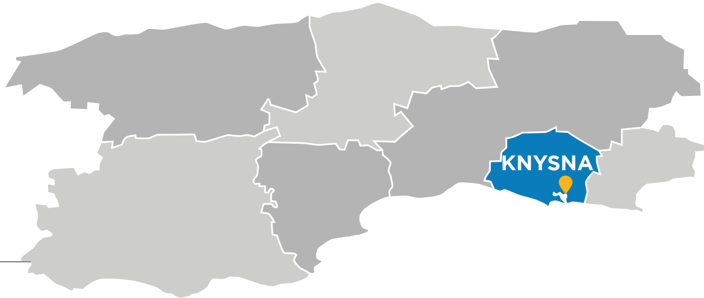
The Mossel Bay municipal area's economy experienced an annual increase of 0.8 per cent between 2011 and 2020. However, the economy contracted between 2016 and 2020, at an annual rate of 0.6 per cent. The COVID-19 pandemic put economic pressure on the local municipal area in 2020, which is one of the main reasons for the contraction experienced.

The primary sector experienced average annual growth between 2016 and 2020, at 0.8 per cent. This was mostly due to the strong performance of the agriculture sector in 2020 as a result of improved weather conditions and favourable commodity prices. The poor performance in the trade and transport sectors (a 14.2 per cent and 16.8 per cent contraction respectively) in 2020 lowered the overall performance of the tertiary sector between 2016 and 2020. The 23.7 per cent and 14.4 per cent contractions in 2020 for the construction and manufacturing sectors impacted the secondary sector severely and were most likely due to the lockdown restrictions and economic pressure as a result of COVID-19 in 2020. The secondary sector contracted by 5.3 per cent annually between 2016 and 2020.

The agriculture and community services sectors had the highest estimated growth in 2021, increasing by 7.6 per cent and 7.3 per cent respectively. The finance sector is estimated to have increased by 4.5 per cent, which will help the overall municipal area's economy, as this is the main contributing sector. The overall economy of the municipal area is estimated to have increased by 4.2 per cent in 2021.

## 1.3.3

# KNYSNA




The Knysna municipal area is a popular tourist destination and is well known for its estuary, beaches, scenic landscapes and farmlands. The municipal area covers 1 109km$^2$,[47] bordering the Outeniqua Mountains and Garden Route National Park to the north, the Knysna Lagoon and the Indian Ocean to the south, the Rondevlei Lake and Swartvlei Lake to the west, and the Harkerville Forest to the east. The town of Knysna is the primary regional service centre and the area consists of mostly tourism settlements such as Sedgefield, Brenton-on-Sea and Buffalo Bay. The municipal area also includes several rural towns such as Rheenendal and Karatara. The N2 is the primary access road to and through the municipal area.[48]

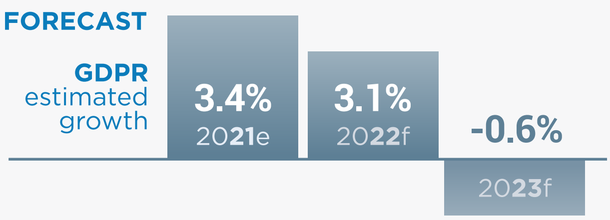
Diagram 1.4

**GDPR (CURRENT PRICES)**

**Knysna, 2020 and 2021e**

**GDPR**

| 2020 | | 2021e |
|---|---|---|
| R5.6 BILLION | 3.4% CONSTANT PRICE GROWTH | R6.2 BILLION |




*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

**R million (2020)**

**PS – Primary Sector**

- **R218.0 million** – Agriculture, forestry & fishing
- **R7.2 million** – Mining & quarrying

**SS – Secondary Sector**

- **R575.5 million** – Manufacturing
- **R105.2 million** – Electricity, gas & water
- **R323.5 million** – Construction

**TS – Tertiary Sector**

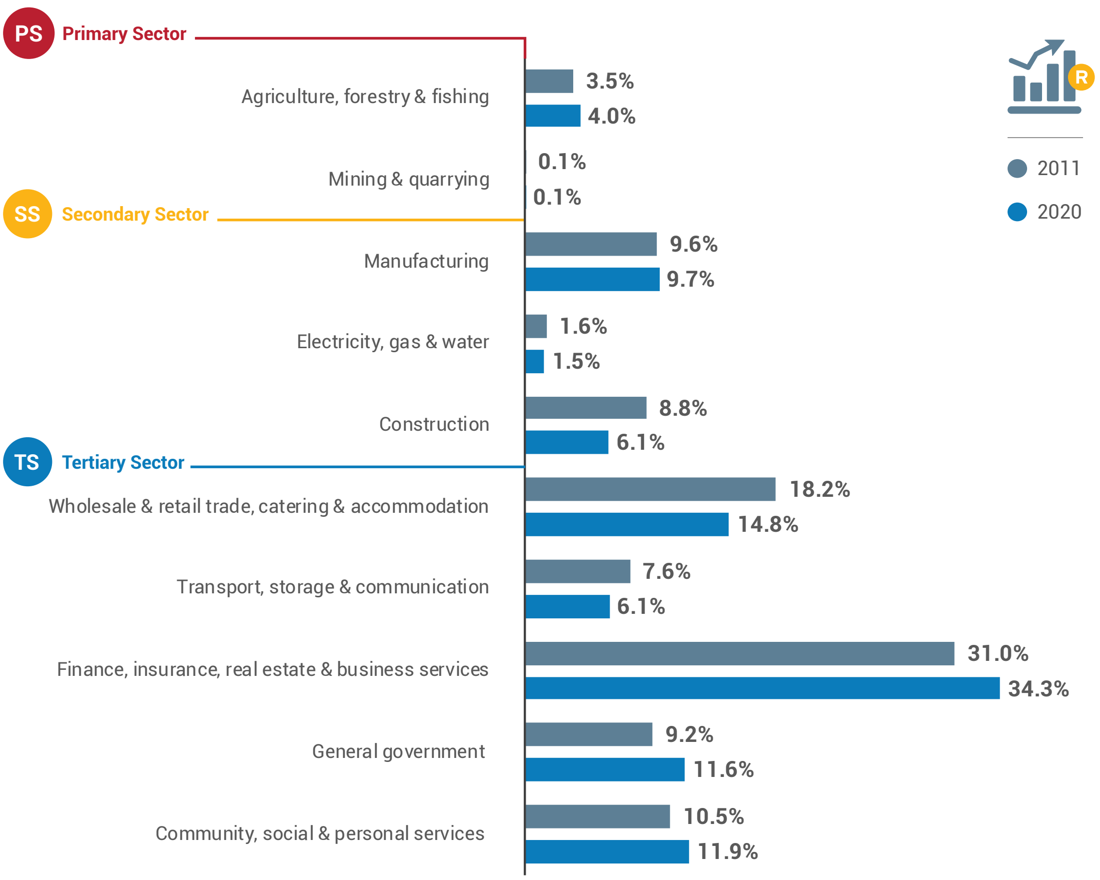
- **R931.3 million** – Wholesale & retail trade, catering & accommodation
- **R341.9 million** – Transport, storage & communication
- **R1 813.9 million** – Finance, insurance, real estate & business services
- **R643.3 million** – General government
- **R687.3 million** – Community, social & personal services

The Knysna municipal area's GDPR was valued at R5.6 billion (current prices) in 2020 and is estimated to have increased by 3.4 per cent in 2021 in real terms. The economy is estimated to have reached R6.2 billion in 2021. The tertiary sector was the largest contributor, with R4.4 billion, followed by the secondary sector with a R1.0 billion contribution, and the primary sector contributed R225.2 million in 2020. It is forecast that the municipal area's economy will further increase by 3.1 per cent in 2022 and will experience a contraction of 0.6 per cent in 2023.

[47] *(Municipal Demarcation Board, 2018).*
[48] *(Knysna Municipality, 2013).*

Figure 1.4 provides a breakdown of the sectoral contribution to GDPR in the Knysna municipal area in 2011 and 2020.

Figure 1.4
**SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Knysna (%)**




*Source: Quantec Research, 2022*

The finance and trade sectors were the largest economic contributors in 2020, accounting for 34.3 per cent and 14.8 per cent respectively. The finance sector contribution increased from 2011 to 2020, but the trade sector contracted from an 18.2 per cent contribution in 2011. The construction sector also experienced a contraction (2.7 percentage points) from 2011 to 2020. This is linked to the economic pressure brought about by COVID-19 in 2020. The community services sector contributed 11.9 per cent in 2020, which was an increase from 10.5 per cent in 2011.

Between 2011 and 2020, the finance sector recorded the largest growth in sectoral GDPR contribution for the municipal area, increasing by 3.3 percentage points. This was followed by the growth in the general government (2.4 percentage points) and the community services (1.4 percentage points) sectors. Growth in the finance sector is likely a result of property trends in the municipal area, as the municipal area has recorded upward trends in the number of sales and average sale price of properties.[49] Other factors influencing the growth in the finance sector are ongoing residential projects in the municipal area, which involved the building of an upmarket residence and a social responsibility rebuild in Khayalethu, a township in the municipal area.[50]

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[49] *(Property24, 2022).*
[50] *(Selcrete, 2016).*

The largest contraction in the municipal area was seen in the trade sector, where the contribution to GDPR by the sector declined by 3.4 percentage points. One of the main reasons for the contraction was the effects of the COVID-19 pandemic. Other reasons included the Knysna fires[51] as well as the drought effects on accommodation.[52]

[51] *(Working on Fire, 2022).*
[52] *(Dube, Chikodzi, & Nhamo, 2020).*

Table 1.4 provides a more detailed overview of sectoral contributions to GDPR in the Knysna municipal area.

Table 1.4

## GDPR PERFORMANCE PER SECTOR, Knysna

| SECTOR | Trend | | Annual real GDPR growth | | |
|---|---|---|---|---|---|
| | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **1.5%** | **0.1%** | **-8.5%** | **11.5%** | **7.1%** |
| Agriculture, forestry & fishing | 1.4% | 0.1% | -8.7% | 11.6% | 7.5% |
| Mining & quarrying | 4.2% | 3.2% | 0.6% | 8.4% | -12.9% |
| **Secondary Sector** | **-1.3%** | **-4.3%** | **-3.5%** | **-16.0%** | **2.0%** |
| Manufacturing | 0.5% | -1.5% | -0.5% | -13.2% | 6.8% |
| Electricity, gas & water | -0.6% | -1.5% | -1.1% | -4.9% | 3.1% |
| Construction | -3.5% | -8.2% | -7.8% | -22.2% | -5.9% |
| **Tertiary Sector** | **0.3%** | **-0.9%** | **0.5%** | **-6.7%** | **3.5%** |
| Wholesale & retail trade, catering & accommodation | -1.8% | -4.8% | -1.2% | -20.2% | 6.3% |
| Transport, storage & communication | -1.8% | -4.8% | -2.8% | -20.6% | 3.1% |
| Finance, insurance, real estate & business services | 0.9% | 0.9% | 1.4% | -0.4% | 1.9% |
| General government | 2.5% | 1.5% | 1.7% | 0.5% | 1.1% |
| Community, social & personal services | 1.4% | 0.3% | 1.3% | -2.1% | 7.0% |
| **Total Knysna** | **0.0%** | **-1.5%** | **-0.6%** | **-7.9%** | **3.4%** |

*Source: Quantec Research, 2022 (e denotes estimate)*

The Knysna municipal area's economy stagnated between 2011 and 2020. The economy contracted between 2016 and 2020, at an annual average rate of 1.5 per cent. The area was largely affected by severe drought between 2016 and 2019, as well as the economic pressure of COVID-19 in 2020, when the Knysna economy contracted by 7.9 per cent. The only years when marginal growth was experienced for the municipal area's economy were 2016 (0.7 per cent) and 2018 with 0.5 per cent.

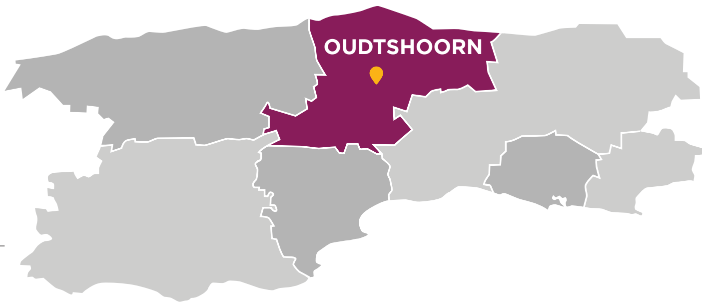
The trade sector, which is the main economic sector in the municipal area, experienced a 4.8 per cent contraction between 2016 and 2020, which was mostly due to the Knysna fires experienced in 2017 and the pandemic in 2020. Furthermore, restrictions on tourism in 2020 owing to COVID-19 resulted in a 20.2 per cent drop in the trade sector's GDPR. This emphasises the region's dependence on tourism, and how this creates vulnerability in the face of unforeseen events such as COVID-19 and the Knysna fires.

The local manufacturing sector is largely characterised by the production of wood and wood products. The fires that destroyed commercial plantations in 2017 therefore reduced activity in this sector. However, it is estimated that the manufacturing sector showed recovery in 2021, with an estimated GDPR growth rate of 6.8 per cent. The agriculture sector is estimated to have had the highest growth in 2021, with a 7.5 per cent increase, followed by the community services sector (7.0 per cent). The trade sector is estimated to have increased by 6.3 per cent in 2021, as travel restrictions were lifted and tourism activities resumed. The construction sector is estimated to have contracted by 5.9 per cent in 2021. This is emblematic of issues in the national construction sector, where significant projects were cancelled or delayed as a result of the COVID-19 pandemic and low economic performance.[53] The construction sector in the Knysna municipal area may also be influenced by the lack of implementation of the infrastructure delivery plan.[54]

[53] *(Hancock, 2022).*
[54] *(Hancock, 2022).*

## 1.3.4

# OUDTSHOORN

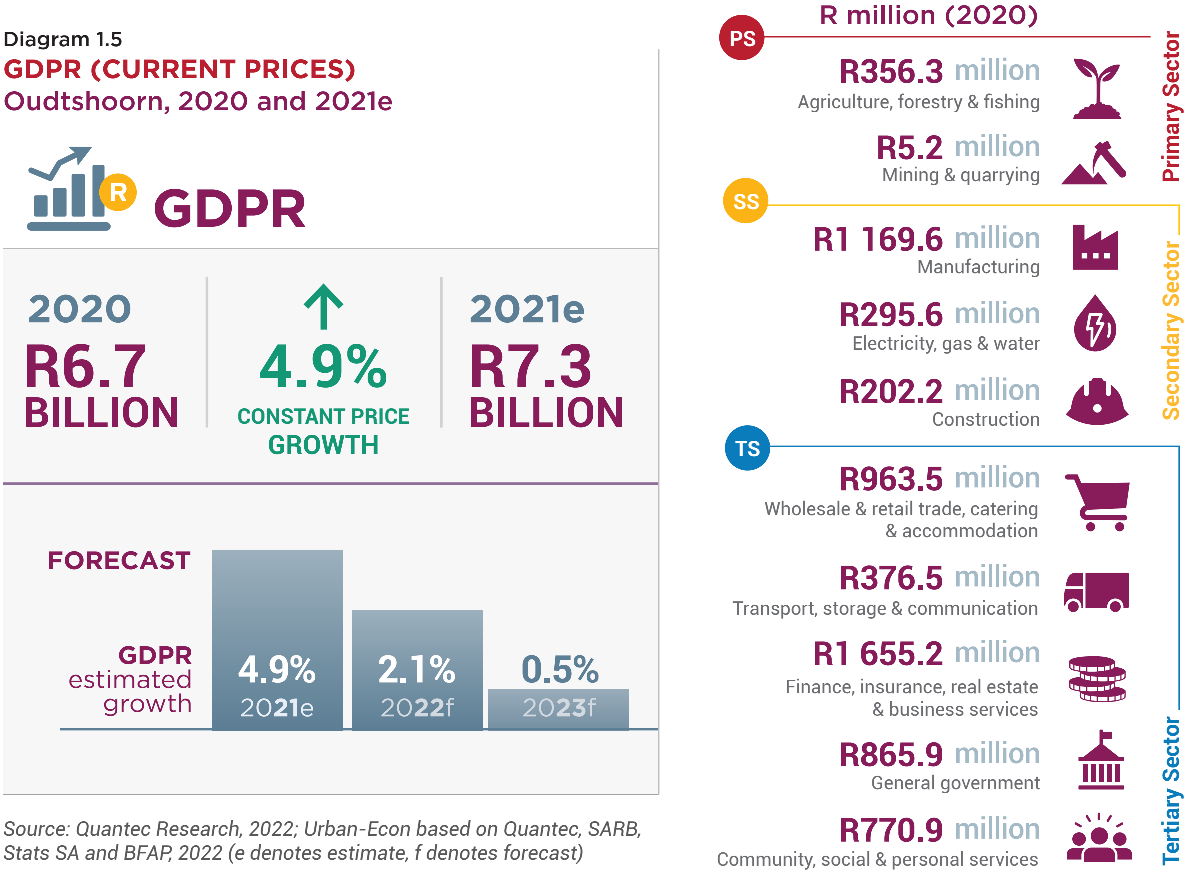



The Oudtshoorn municipal area, which is internationally renowned for its ostrich sector, is located in the heart of the Little Karoo and covers 3 540km².[55] The town of Oudtshoorn has the largest population in the region and is the main service centre. Other large towns in the municipal area include Dysselsdorp and De Rust, while Volmoed, Schoemanshoek, Spieskamp, De Hoop, Vlakteplaas, Grootkraal and Matjiesrivier are classified as rural settlements.[56]

Diagram 1.5

**GDPR (CURRENT PRICES)**

**Oudtshoorn, 2020 and 2021e**



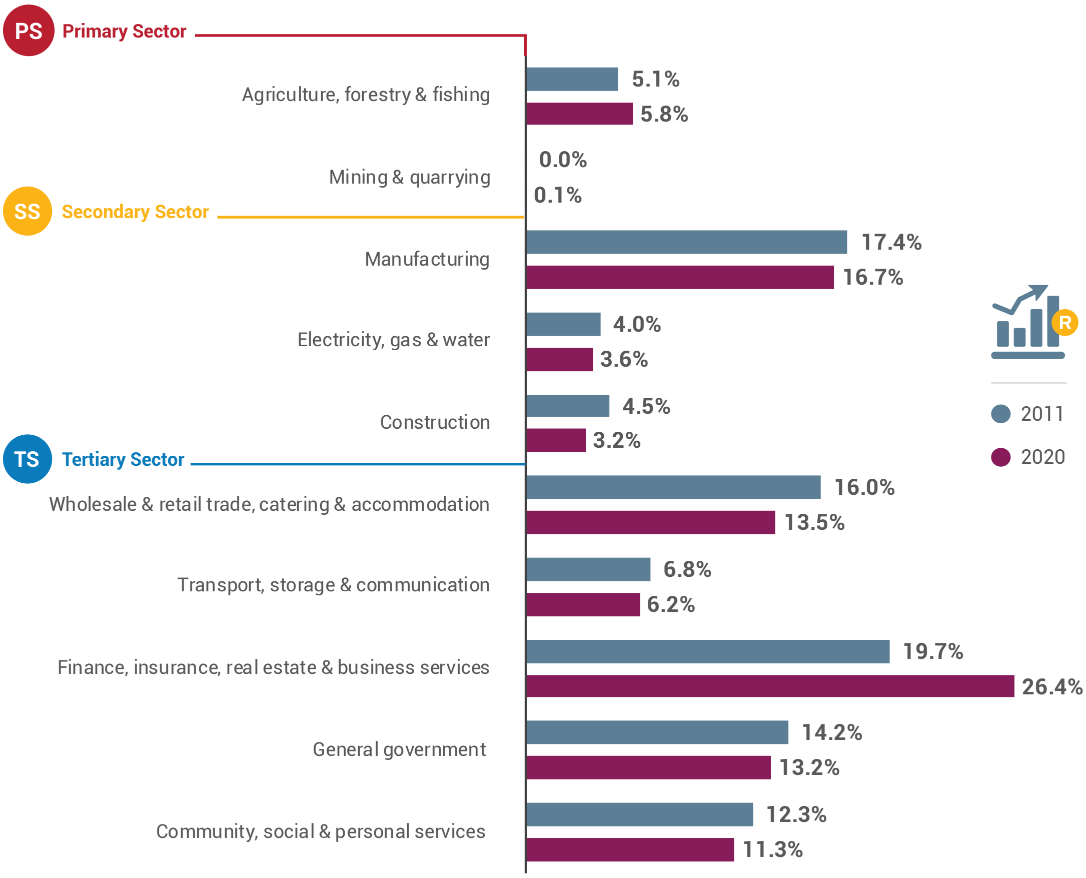

*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

The Oudtshoorn municipal area's GDPR was valued at R6.7 billion (current prices) in 2020 and is estimated to have increased by 4.9 per cent in 2021 in real terms. The finance sector was the leading contributor, with R1.6 billion in 2020, followed by the manufacturing sector with R1.2 billion and the trade sector with a R963.5 million contribution. It is forecast that the economy of the municipal area will increase by 2.1 per cent in 2022, and by 0.5 per cent in 2023.

[55] *(Municipal Demarcation Board, 2018).*
[56] *(Oudtshoorn Municipality, 2017).*

Figure 1.5 depicts the sectoral GDPR contribution in the Oudtshoorn municipal area in 2011 and 2020.

Figure 1.5
**SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Oudtshoorn (%)**




*Source: Quantec Research, 2022*

In 2020, the finance sector was the leading contributor (26.4 per cent) in terms of GDPR in the municipal area. The GDPR contribution of the finance sector increased by 6.7 percentage points from 2011 to 2020. This could be the result of improved access to financial services in the municipal area.

The manufacturing sector was the second-largest contributor in the municipal area in terms of economic contribution, with a 17.4 per cent contribution in 2011. However, the sector's contribution contracted to 16.7 per cent in 2020. Contraction in the manufacturing sector is attributable to the EU's ban on ostrich products as a result of the outbreak of avian influenza in 2013, as well as drought conditions impacting the processing of ostrich meat products.[57] The trade sector can also be seen as a main economic contributor in the municipal area, as the sector contributed 16.0 per cent in 2011. The trade sector's contribution contracted by 2.5 percentage points from 2011, contributing 13.5 per cent in 2020.

[57] *(Kawanda, 2019).*

Table 1.5 outlines the performance of GDPR per sector in the Oudtshoorn municipal area.

Table 1.5
**GDPR PERFORMANCE PER SECTOR, Oudtshoorn**

| SECTOR | Trend | | Annual real GDPR growth | | |
|---|---|---|---|---|---|
| | **2011 – 2020** | **2016 – 2020** | **2019** | **2020** | **2021e** |
| **Primary Sector** | **2.5%** | **1.0%** | **-11.0%** | **13.2%** | **7.6%** |
| Agriculture, forestry & fishing | 2.5% | 1.0% | -11.1% | 13.3% | 7.9% |
| Mining & quarrying | 2.7% | 2.3% | -1.0% | 8.0% | -13.6% |
| **Secondary Sector** | **0.2%** | **-1.9%** | **-1.3%** | **-11.9%** | **6.5%** |
| Manufacturing | 0.7% | -0.9% | -0.1% | -10.8% | 9.0% |
| Electricity, gas & water | 0.3% | -1.2% | -1.7% | -7.5% | 4.4% |
| Construction | -2.2% | -6.8% | -6.3% | -21.1% | -4.4% |
| **Tertiary Sector** | **1.4%** | **0.3%** | **1.3%** | **-4.7%** | **4.2%** |
| Wholesale & retail trade, catering & accommodation | -0.3% | -3.0% | -0.4% | -15.1% | 6.9% |
| Transport, storage & communication | 0.5% | -2.1% | -0.8% | -15.4% | 4.1% |
| Finance, insurance, real estate & business services | 4.3% | 4.1% | 4.2% | 2.4% | 4.8% |
| General government | 0.3% | -0.6% | -0.3% | -1.3% | -1.9% |
| Community, social & personal services | 0.1% | -0.8% | 0.5% | -3.0% | 6.8% |
| **Total Oudtshoorn** | **1.1%** | **-0.3%** | **-0.1%** | **-5.6%** | **4.9%** |

*Source: Quantec Research, 2022 (e denotes estimate)*

The municipal area had a 1.1 per cent annual average growth rate between 2011 and 2020, with a contraction of 0.3 per cent between 2016 and 2020. The primary sector increased by an average of 1.0 per cent annually between 2016 and 2020, with the agriculture sector increasing by 1.0 per cent. The considerable increase of 13.3 per cent in the agriculture sector in 2020 could be the result of an increase in rainfall in the municipal area compared with prior drought conditions, as well as an increase in product prices that year. The known agricultural activity in the municipal area is ostrich farming, and in 2018/2019 the Province had the largest portion of production area in the country, with 74.0 per cent.[58] The poor performance in the agriculture sector in 2018 and 2019 can be related to the fact that the EU banned South Africa from exporting ostrich meat, as the residue-testing procedures of the then Department of Agriculture, Forestry and Fisheries failed to meet the minimum requirements.[59] However, the ban was lifted in March 2019, and the agriculture sector experienced an increase of 13.3 per cent in 2020.

The secondary sector contracted by 1.9 per cent between 2016 and 2020. This was mostly because of the poor performance of the construction sector, which contracted by 6.8 per cent. The contraction was because of the economic downturn experienced in 2020 because of COVID-19.

[58] *(Department of Agriculture, Land Reform and Rural Development, 2020).*
[59] *(Western Cape Government, 2020).*

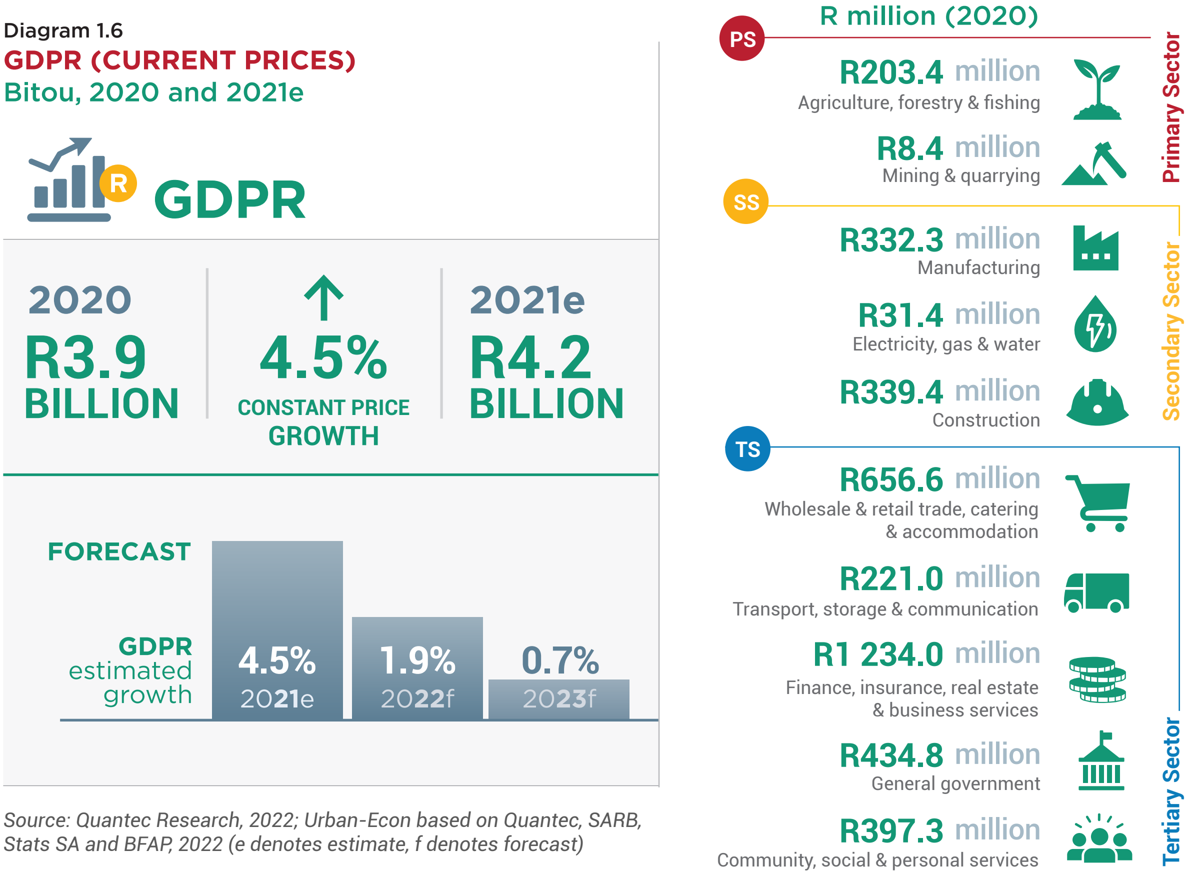
The tertiary sector increased by 0.3 per cent between 2016 and 2020. Its poor growth was mostly due to the substandard performance in the trade sector, which contracted by 3.0 per cent. The finance sector experienced growth of 4.1 per cent during the same period. The growth in this sector could be as a result of the municipal area making progress in expanding access to financial services. The overall recovery estimated for 2021 in most of the sectors will have a positive effect on business services.

Manufacturing activities are mainly agro-processing-related, which makes the sector dependent on the output of the agriculture sector. The manufacturing sector is estimated to have had the largest growth in 2021, with 9.0 per cent. This can be linked to the positive growth of the agriculture sector, which realised a 7.9 per cent increase in 2021. The positive growth of the agriculture sector in 2020 and 2021 could result in an increase of agro-processing activities in the municipal area.


## 1.3.5
# BITOU

The Bitou Municipality is the gateway to the Western Cape from the Eastern Cape. It is the smallest municipal area in the GRD in terms of geographical spread, covering 992km$^2$,[60] and is mostly rural, with the majority of the population scattered along the coast. Plettenberg Bay is the main service node in the Bitou municipal area and is a popular tourist destination. Other settlements include Keurboomstrand, Krantshoek, Kurland, Kwanokuthula, Nature's Valley and Wittedrift. The N2 is a valuable transport route traversing the municipal area.[61]

Diagram 1.6
**GDPR (CURRENT PRICES)**
**Bitou, 2020 and 2021e**



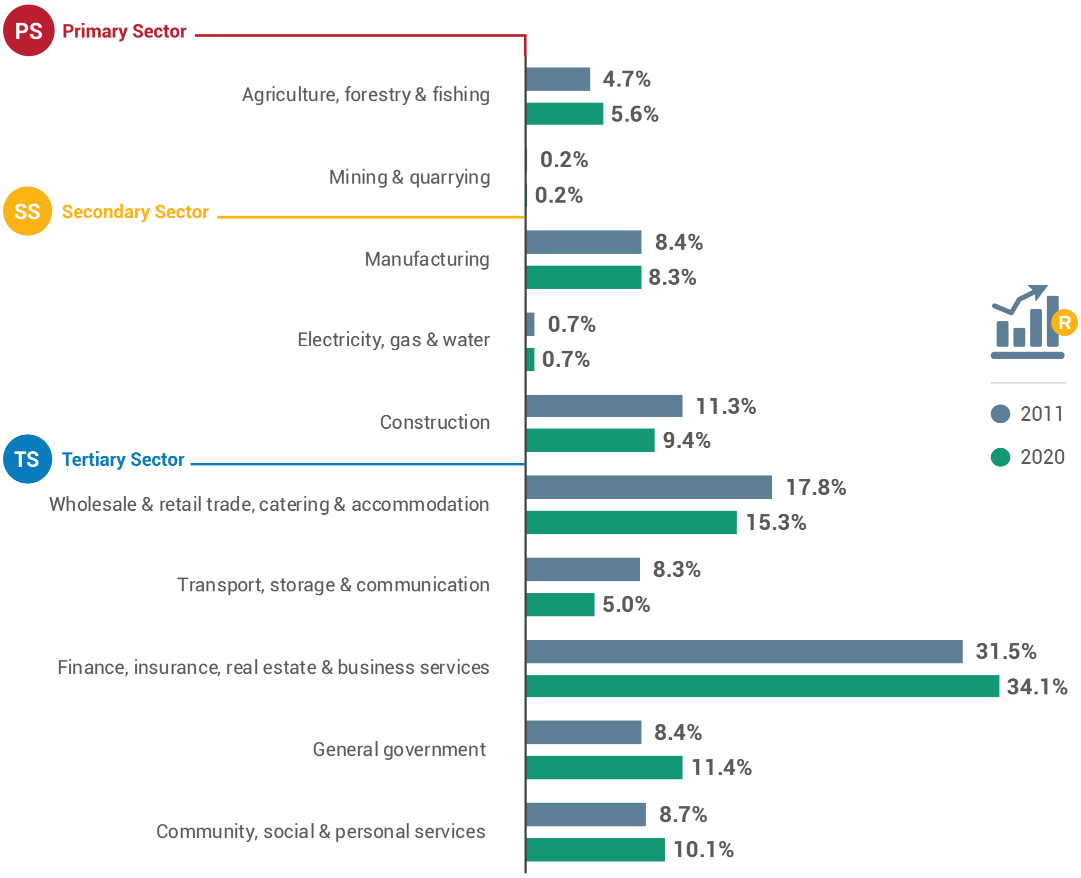

*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

In 2020, the economy was valued at R3.9 billion (in current prices), and in 2021 the value of the economy was estimated to be R4.2 billion. The positive growth (4.5 per cent) of the municipal area's economy between 2020 and 2021 indicates the start of recovery from the economic pressure as a result of COVID-19. The finance sector was the leading contributor, with a R1.2 billion contribution, followed by the trade sector with R656.6 million. It is forecast that the GDPR will increase by 1.9 per cent in 2022 and 0.7 per cent in 2023.

[60] *(Municipal Demarcation Board, 2018).*
[61] *(Bitou Municipality, 2013).*

Figure 1.6 illustrates the sectoral GDPR contribution in the Bitou municipal area in 2011 and 2020.

Figure 1.6
**SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES),** Bitou (%)




*Source: Quantec Research, 2022*

The sectoral contribution in the Bitou municipal area followed a similar trend in 2011 and 2020. The largest contributor to GDPR in the municipal area was the finance sector, contributing 31.5 per cent in 2011 and 34.1 per cent in 2020. This was followed by the trade sector, which contributed 15.3 per cent in 2020, and the general government sector, with an 11.4 per cent contribution in the same year. There is a large trade sector because of the tourism industry in the municipal area. The Municipality offers access to various beaches and holiday destinations. The mining and electricity, gas and water sectors contributed the least to GDPR in the municipal area in 2011 and 2020.

The general government sector recorded the largest growth (3.0 percentage points) across all sectors in the Bitou municipal area between 2011 and 2020. This was largely thanks to the investment made by the Provincial government in its roads and infrastructure.[62] The finance sector recorded growth of 2.6 percentage points. This is likely a result of increased real estate activity in the municipal area, with the municipal area recording increasing trends in property sales in the period.[63] The largest contraction recorded between 2011 and 2020 in the municipal area was in the transport sector, which contracted by 3.3 per cent.

[62] *(Grant, 2017).*
[63] *(Property24, 2022).*

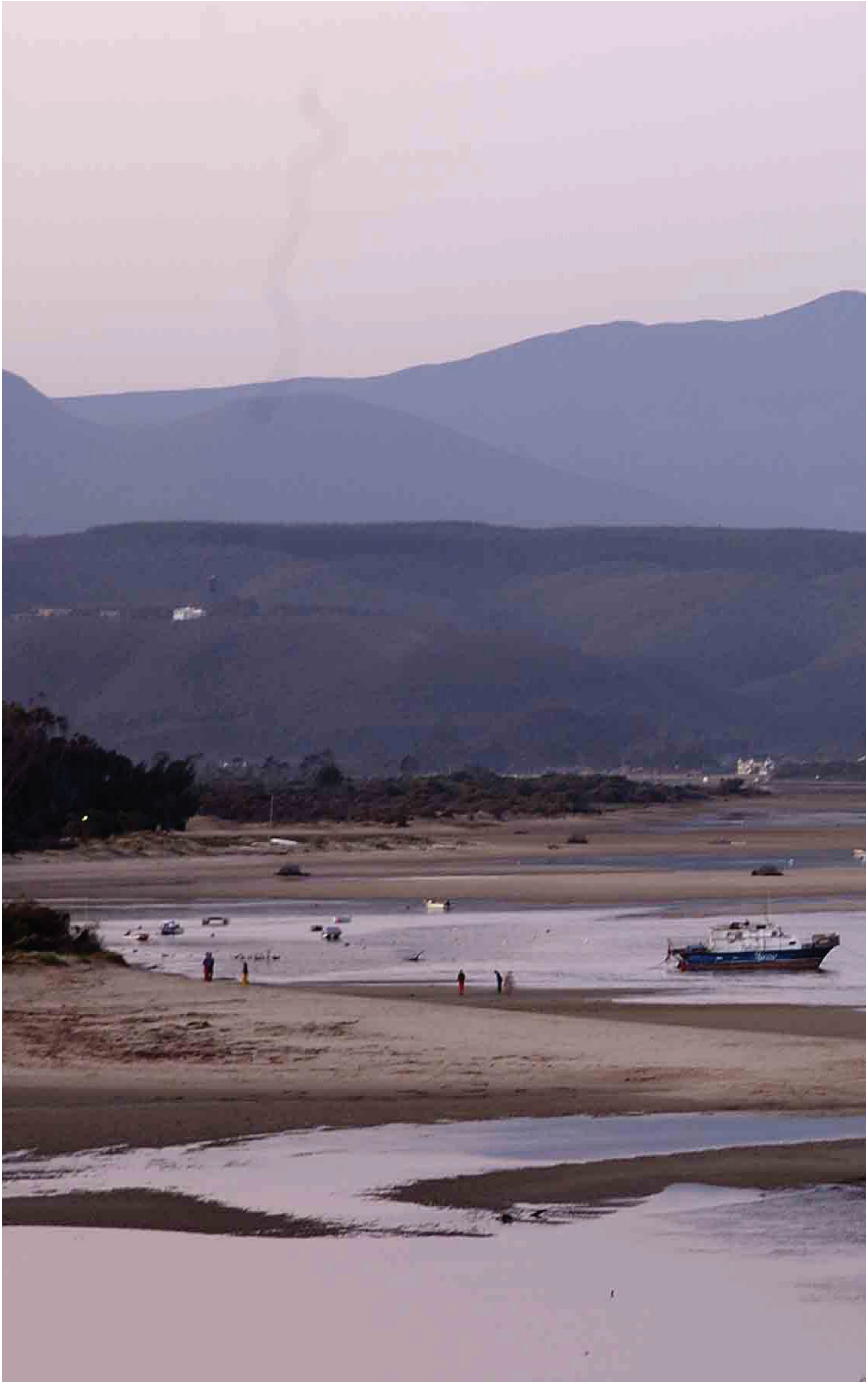


Table 1.6 provides a more detailed overview of sectoral contributions to GDPR in the Bitou municipal area.

Table 1.6

**GDPR PERFORMANCE PER SECTOR, Bitou**

| SECTOR | Trend | | Annual real GDPR growth | | |
|---|---|---|---|---|---|
| | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **2.7%** | **1.3%** | **-8.1%** | **11.9%** | **7.6%** |
| Agriculture, forestry & fishing | 2.8% | 1.4% | -8.2% | 12.1% | 8.2% |
| Mining & quarrying | 0.3% | -0.2% | -2.6% | 4.8% | -15.7% |
| **Secondary Sector** | **-0.2%** | **-3.4%** | **-1.4%** | **-16.0%** | **3.4%** |
| Manufacturing | 0.9% | -0.9% | -1.0% | -11.2% | 7.5% |
| Electricity, gas & water | 0.3% | -2.5% | -3.0% | -9.1% | 3.4% |
| Construction | -1.1% | -5.4% | -1.6% | -20.4% | -0.4% |
| **Tertiary Sector** | **0.9%** | **-0.5%** | **0.9%** | **-6.8%** | **4.5%** |
| Wholesale & retail trade, catering & accommodation | -0.6% | -3.6% | -0.3% | -18.4% | 7.2% |
| Transport, storage & communication | -3.9% | -8.0% | -4.9% | -28.7% | 2.0% |
| Finance, insurance, real estate & business services | 1.4% | 1.2% | 1.6% | -0.3% | 2.3% |
| General government | 4.1% | 3.0% | 3.5% | 1.9% | 5.9% |
| Community, social & personal services | 2.3% | 1.1% | 2.1% | -1.5% | 7.7% |
| **Total Bitou** | **0.7%** | **-1.0%** | **0.0%** | **-7.8%** | **4.5%** |

*Source: Quantec Research, 2022 (e denotes estimate)*

The municipal area had a 0.7 per cent annual average growth rate between 2011 and 2020, with a contraction of 1.0 per cent per annum between 2016 and 2020. The primary sector increased by 1.3 per cent between 2016 and 2020, with the agriculture sector increasing by 1.4 per cent and the mining sector contracting by 0.2 per cent. The agriculture sector indicated a large contraction in 2019 as a result of the extreme droughts experienced in the municipal area. This was followed by robust growth in 2020 (12.1 per cent), which could be as a result of improved weather conditions for agricultural activities and an increase in product prices. The municipal area has a high number of cattle, and the improved weather conditions and beef prices contributed to the positive growth in this sector. The average selling price of beef in January 2020 was R48,48 per kilogram, which increased to R56,97 per kilogram in December 2020.[64]

The tertiary sector realised a contraction of 0.5 per cent between 2016 and 2020. The contraction was mostly due to the poor performance of the trade and transport sectors, which contracted by 3.6 per cent and 8.0 per cent respectively. This is mostly because of the sector's 18.4 per cent contraction in 2020, as tourism was severely affected by COVID-19 restrictions and the municipal area is dependent on tourism.

[64] *(Red Meat Abattoir Association, 2020).*

The large decline in the trade sector was a result of lower tourist visitor numbers in coastal settlements such as Plettenberg Bay. This impacted the overall economy, as this sector is one of the main contributors for the municipal area.

The construction sector contracted by 5.4 per cent per annum between 2016 and 2020, which is a concern, as this sector contributed 11.3 per cent to the municipal area's economy in 2011 and 9.4 per cent in 2020. The contraction could be related to a decrease in demand for projects and the fact that new developments get outsourced to outside contractors.

It is estimated that the agriculture sector experienced the largest growth in 2021, with 8.2 per cent, followed by the community services sector with 7.7 per cent and the manufacturing sector with 7.5 per cent. The finance sector is estimated to have grown by 2.3 per cent in 2021 and the trade sector by 7.2 per cent, which can be related to an increase in tourism activity in the municipal area.

# 1.3.6 HESSEQUA


The Hessequa municipal area is bordered by the Indian Ocean and traversed by the N2. It is the largest municipal area in the GRD in terms of geographical spread, covering 5 733km$^2$.[65] The Hessequa municipal area has several scattered settlements, the largest of which include Riversdale, Albertinia and Heidelberg. Coastal towns in the municipal area include Witsand, Jongensfontein, Still Bay and Gouritsmond.[66] These are also popular tourist areas.

Diagram 1.7
**GDPR (CURRENT PRICES)**
**Hessequa, 2020 and 2021e**

**GDPR**

| 2020 | | 2021e |
|---|---|---|
| R4.5 BILLION | 4.9% CONSTANT PRICE GROWTH | R4.9 BILLION |

**FORECAST**

| GDPR estimated growth | 2021e | 2022f | 2023f |
|---|---|---|---|
| | 4.9% | 3.3% | 0.2% |

*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

**R million (2020)**

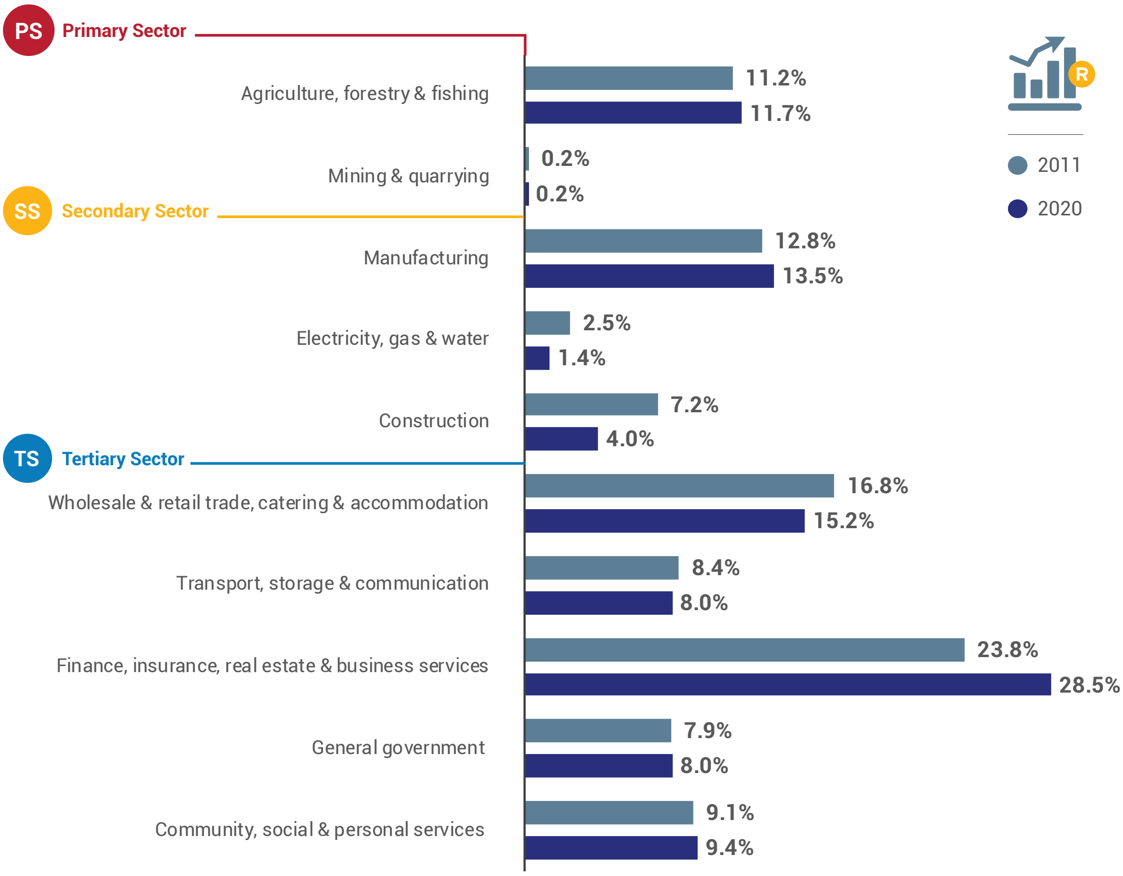
| | | |
|---|---|---|
| PS – Primary Sector | R496.3 million | Agriculture, forestry & fishing |
| | R14.4 million | Mining & quarrying |
| SS – Secondary Sector | R643.0 million | Manufacturing |
| | R79.0 million | Electricity, gas & water |
| | R172.2 million | Construction |
| TS – Tertiary Sector | R723.4 million | Wholesale & retail trade, catering & accommodation |
| | R347.8 million | Transport, storage & communication |
| | R1 230.7 million | Finance, insurance, real estate & business services |
| | R359.8 million | General government |
| | R440.1 million | Community, social & personal services |

The Hessequa municipal area's GDPR was valued at R4.5 billion (current prices) in 2020 and is estimated to have increased by 4.9 per cent in 2021 in real terms. The finance sector was the leading contributor with R1.2 billion in 2020, followed by the trade sector with R723.4 million and the manufacturing sector with a R643.0 million contribution. It is forecast that the GDPR will increase by 3.3 per cent in 2022 and slow down to 0.2 per cent growth in 2023.

[65] *(Municipal Demarcation Board, 2018).*
[66] *(Hessequa Municipality, 2017).*

Figure 1.7 provides a breakdown of the sectoral contribution to GDPR in the Hessequa municipal area in 2011 and 2020.

Figure 1.7
**SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES),** Hessequa (%)




*Source: Quantec Research, 2022*

The finance and trade sectors were the largest economic contributors in 2020, accounting for 28.5 per cent and 15.2 per cent respectively. The finance sector's contribution increased from 2011 to 2020 by 4.7 percentage points and the trade sector's contribution contracted by 1.6 percentage points in the same period. The manufacturing sector experienced an increase in GDPR contribution from 2011 to 2022, with a 12.8 per cent contribution in 2011 and 13.5 per cent in 2020. The municipal area also has a strong agriculture sector, which contributed 11.7 per cent towards the GDPR of the municipal area in 2020.

Between 2011 and 2020, the finance sector recorded the largest growth (4.7 percentage points) across all sectors in sectoral GDPR contribution for the municipal area. It was the only sector in the municipal area to record growth above 1.0 percentage point. The construction sector recorded the largest contraction across all sectors, having contracted by 3.2 percentage points. This is likely a result of low investment in the municipal area deterring construction projects. Additionally, as only the mining and electricity sectors had a smaller GDPR contribution to the municipal area than the construction sector in 2020, the contraction is probably also reflective of its size in the municipal area.

Table 1.7 provides a more detailed overview of sectoral contributions to GDPR in the Hessequa municipal area.

Table 1.7
## GDPR PERFORMANCE PER SECTOR, Hessequa

| SECTOR | Trend | | Annual real GDPR growth | | |
|---|---|---|---|---|---|
| | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **1.5%** | **0.1%** | **-10.5%** | **11.3%** | **6.5%** |
| Agriculture, forestry & fishing | 1.5% | 0.1% | -10.6% | 11.4% | 6.9% |
| Mining & quarrying | 0.6% | 0.2% | -2.7% | 6.1% | -15.1% |
| **Secondary Sector** | **-0.6%** | **-2.9%** | **-1.7%** | **-13.6%** | **4.8%** |
| Manufacturing | 1.9% | 0.0% | 1.1% | -10.5% | 8.7% |
| Electricity, gas & water | -4.8% | -6.0% | -5.8% | -11.1% | -0.6% |
| Construction | -4.9% | -9.2% | -8.1% | -23.2% | -6.2% |
| **Tertiary Sector** | **1.7%** | **0.3%** | **1.3%** | **-5.4%** | **4.6%** |
| Wholesale & retail trade, catering & accommodation | 0.3% | -2.2% | 0.1% | -13.6% | 6.9% |
| Transport, storage & communication | 1.1% | -2.0% | -0.5% | -16.8% | 4.6% |
| Finance, insurance, real estate & business services | 3.0% | 2.8% | 2.9% | 1.2% | 4.2% |
| General government | 1.2% | 0.3% | 0.5% | -0.6% | -1.5% |
| Community, social & personal services | 1.4% | 0.3% | 1.4% | -2.1% | 7.4% |
| **Total Hessequa** | **1.1%** | **-0.4%** | **-0.7%** | **-5.4%** | **4.9%** |

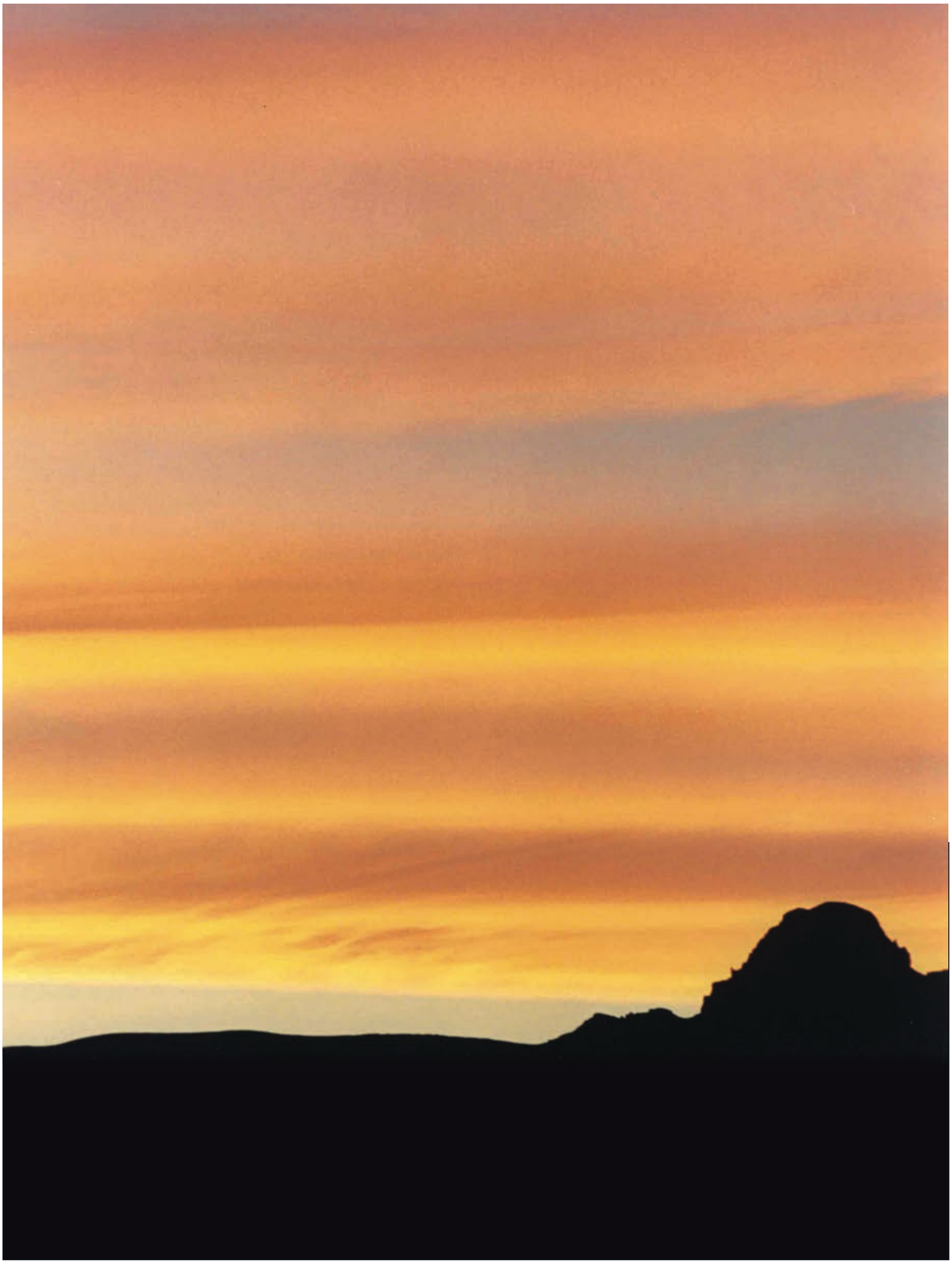
*Source: Quantec Research, 2022 (e denotes estimate)*

The Hessequa municipal area's economy experienced an average annual increase of 1.1 per cent between 2011 and 2020. However, the economy contracted between 2016 and 2020, at an annual rate of 0.4 per cent. The primary and tertiary sectors experienced marginal annual growth between 2016 and 2020, at 0.1 per cent and 0.3 per cent respectively. This was mostly due to the strong performance of the agriculture sector in 2020 as a result of improved weather conditions and higher commodity prices for wheat, barley and canola, which are the main commodities in the municipal area.[67] The poor performance of the trade sector (a 2.2 per cent contraction) lowered the overall performance of the tertiary sector between 2016 and 2020. The gin production near Still Bay and heritage attractions in the region such as the Blombos Cave attract tourists to the area. The travel and alcohol sale restrictions in 2020 impacted the tourism industry significantly, as the trade sector contracted by 13.6 per cent in 2020.

The secondary sector contracted by 2.9 per cent annually between 2016 and 2020, mostly as a result of the poor performance of the construction sector, especially in 2020 (a 23.2 per cent contraction).

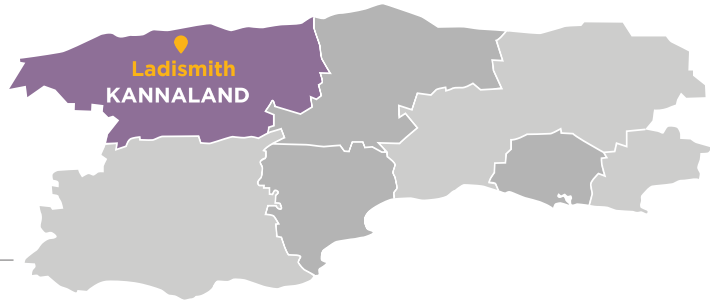
[67] *(Western Cape Department of Agriculture, 2022).*

The contraction recorded in 2020 is largely a result of projects delayed by the COVID-19 pandemic.[68] The manufacturing and community services sectors are estimated to have increased the most in 2021, with growth of 8.7 per cent and 7.4 per cent respectively. The finance sector is estimated to have increased by 4.2 per cent, which will help the overall municipal area's economy, as this is the largest sector. The overall economy of the municipal area is estimated to have increased by 4.9 per cent in 2021.



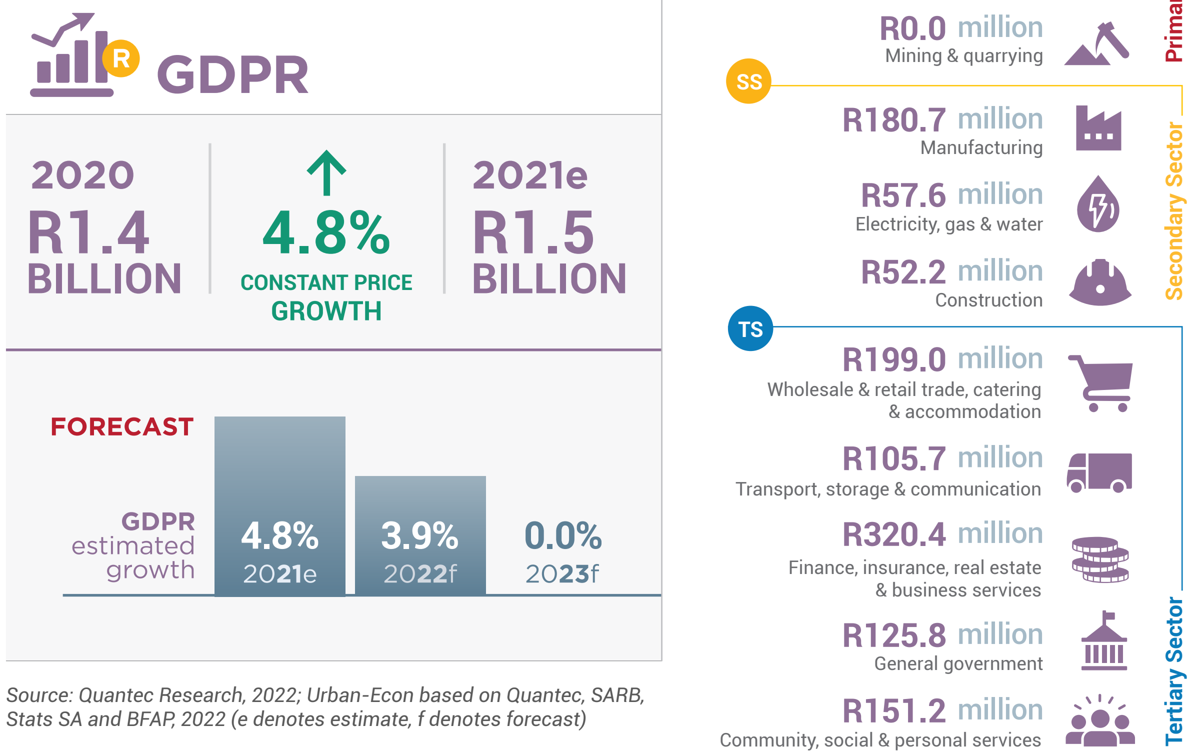
[68] *(Business Wire, 2022).*

## 1.3.7
# KANNALAND




The Kannaland municipal area is also located in the Little Karoo and covers 4 765 km$^2$.[69] The area stretches from the Swartberg Mountains in the north to the Bitou Mountains in the south. The Kannaland municipal area is positioned on the stretch along the R62 tourism route, which is also known as the Mountain Route. It is bordered by the Anysberg and Gamkaberg Mountains in the west and east. The main economic node in the Kannaland municipal area is Ladismith, while smaller towns include Calitzdorp (known as the port wine capital), Zoar, Van Wyksdorp and Hoeko.[70]

Diagram 1.8
**GDPR (CURRENT PRICES)**
Kannaland, 2020 and 2021e



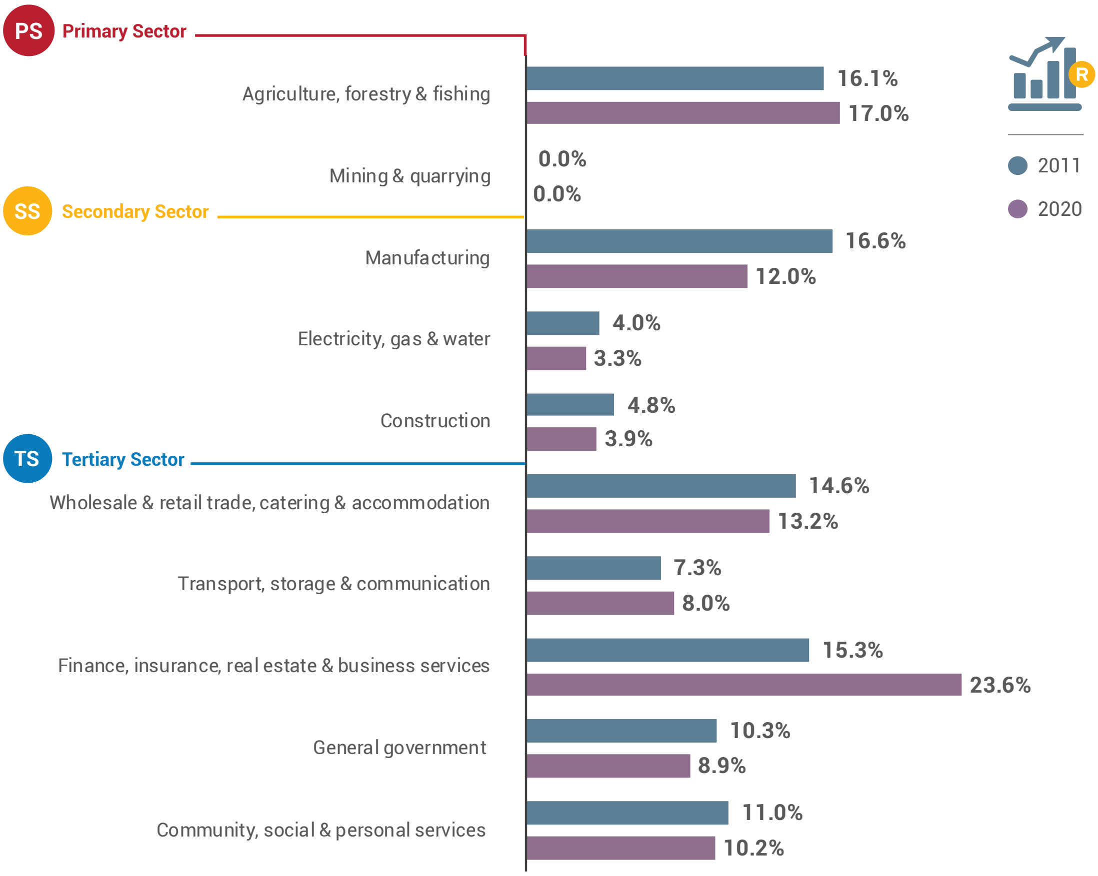

*Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)*

The municipal area's economy was valued at R1.4 billion in real terms in 2020, and this is estimated to have increased by 4.8 per cent to R1.5 billion in 2021. The finance sector was the leading contributor in 2020, with R320.4 million, followed by the agriculture sector (R225.0 million) and the trade sector (R199.0 million). It is forecast that the economy of the municipal area will increase by 3.9 per cent in 2022, and stagnate in 2023.

[69] *(Municipal Demarcation Board, 2018).*
[70] *(Kannaland Municipality, 2017).*

Figure 1.8 illustrates the GDPR contribution per sector in the Kannaland municipal area in 2011 and 2020.

Figure 1.8
**SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Kannaland (%)**




*Source: Quantec Research, 2022*

In 2020, the finance sector was the leading contributor (23.6 per cent) in terms of GDPR in the municipal area. The GDPR contribution of the finance sector increased by 8.3 percentage points from 2011 to 2020. This could be the result of improved access to financial services in the municipal area. The trade sector realised a contraction in economic contribution from 2011 to 2020. The sector contributed 14.6 per cent in 2011 and 13.2 per cent in 2020.

The agriculture sector contributed 16.1 per cent towards GDPR in 2011, which increased to 17.0 per cent in 2020, making it the second-largest contributor towards the economy of the municipal area. The agriculture sector is critical to the region's economy, especially in terms of local manufacturing. The manufacturing sector realised the largest contraction from 2011 to 2020, with a 16.6 per cent contribution in 2011 and 12.0 per cent in 2020. The lack of water security affected not only the primary production but also agro-processing, particularly in the Calitzdorp and Zoar regions, as they were categorised as high-risk areas for water shortages in 2018.[71]

[71] *(Garden Route District Municipality, 2019).*

Table 1.8 outlines the Kannaland municipal area's GDPR performance per sector.

Table 1.8
**GDPR PERFORMANCE PER SECTOR,** Kannaland

| SECTOR | Trend | | Annual real GDPR growth | | |
|---|---|---|---|---|---|
| | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **1.8%** | **0.3%** | **-12.2%** | **13.1%** | **7.4%** |
| Agriculture, forestry & fishing | 1.8% | 0.3% | -12.2% | 13.1% | 7.4% |
| Mining & quarrying | - | - | - | - | - |
| **Secondary Sector** | **-1.7%** | **-3.5%** | **-1.5%** | **-13.8%** | **1.3%** |
| Manufacturing | -2.3% | -3.3% | -0.2% | -13.0% | 2.1% |
| Electricity, gas & water | -0.6% | -1.9% | -2.3% | -8.2% | 3.6% |
| Construction | -0.6% | -5.4% | -4.7% | -20.3% | -3.2% |
| **Tertiary Sector** | **2.4%** | **1.1%** | **1.8%** | **-4.7%** | **5.1%** |
| Wholesale & retail trade, catering & accommodation | 0.6% | -2.0% | 0.4% | -14.0% | 7.2% |
| Transport, storage & communication | 3.0% | -0.2% | 1.1% | -14.1% | 5.4% |
| Finance, insurance, real estate & business services | 6.2% | 5.9% | 4.7% | 3.4% | 6.4% |
| General government | -0.3% | -1.2% | -1.1% | -2.0% | -3.4% |
| Community, social & personal services | 0.6% | -0.4% | 0.7% | -2.8% | 6.7% |
| **Total Kannaland** | **1.3%** | **-0.1%** | **-1.2%** | **-4.1%** | **4.8%** |

*Source: Quantec Research, 2022 (e denotes estimate)*

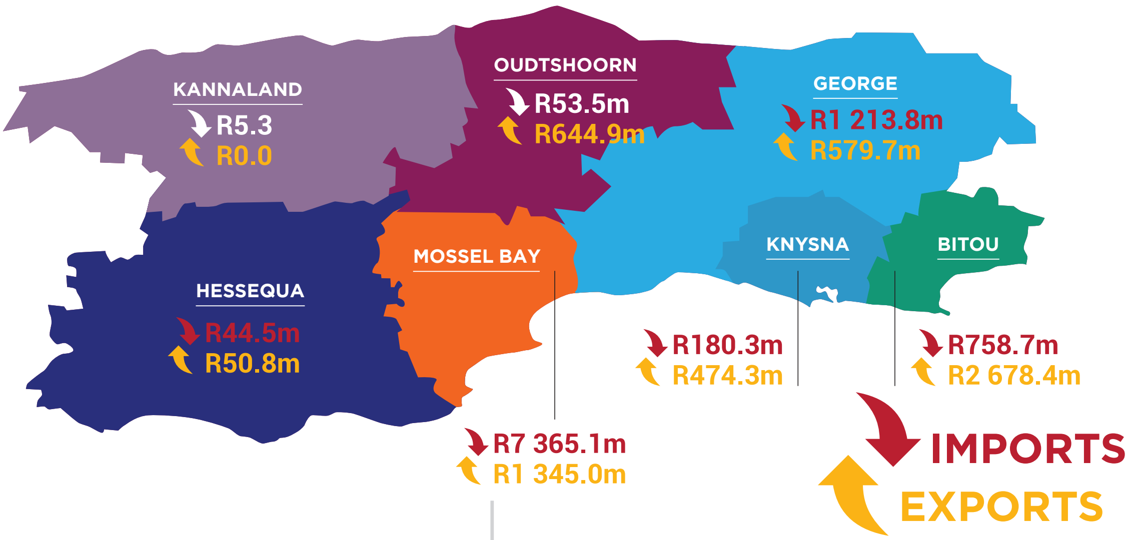
The municipal area realised an average annual growth rate of 1.3 per cent between 2011 and 2020. However, between 2016 and 2020, the municipal area's economy contracted by 0.1 per cent per annum. This was mostly due to the contraction in the manufacturing and construction sectors, which contracted on average by 3.3 per cent and 5.4 per cent per annum respectively. The finance sector realised the largest annual growth between 2016 and 2020, with 5.9 per cent, followed by the agriculture sector, which increased marginally by 0.3 per cent per annum. These were the only two sectors that experienced annual growth between 2016 and 2020 in the municipal area.

The municipal area's economy experienced a 4.1 per cent contraction in 2020 owing to the impacts of COVID-19. It is estimated that the municipal area started to show recovery in 2021, with an overall increase of 4.8 per cent in terms of GDPR. The agriculture sector is estimated to have increased by 7.4 per cent in 2021, as better weather conditions were experienced from 2020. The trade sector, which is highly dependent on tourism, experienced an estimated 7.2 per cent increase in 2021. It is clear that the sector was impacted severely in 2020, with a contraction of 14.0 per cent. The lifting of travel restrictions is estimated to have contributed to the growth of this sector in 2021, as international and domestic tourists are once again able to visit the numerous attractions in the municipal area.

The only two sectors that are estimated to have shown a contraction in 2021 are the construction and general government sectors.

## 1.4 INTERNATIONAL TRADE AND TOURISM

District and local economies are influenced not only by the spending of local households but also by regional economic activities such as the trade of goods and services, and domestic and international tourism. More specifically, exports and tourism can be considered injections into the economy, while imports are considered leakages. This subsection explores trade dynamics at a District level and for each of the municipal areas within the GRD. It also provides an overview of the District's tourism profile.




**GARDEN ROUTE TRADE**

| IMPORTS | 2021 | EXPORTS |
|---|---|---|
| R9.6 BILLION | | R5.8 BILLION |

### TOP 3 EXPORTED PRODUCTS (2021)

- Citrus fruit
- Leather
- Apples, pears and quinces

### TOP 3 EXPORT DESTINATIONS

- United Kingdom
- United States
- Netherlands

### TOP 3 IMPORTED PRODUCTS (2021)

- Unclassified imports
- Petroleum oils (other than crude)
- New rubber pneumatic tyres

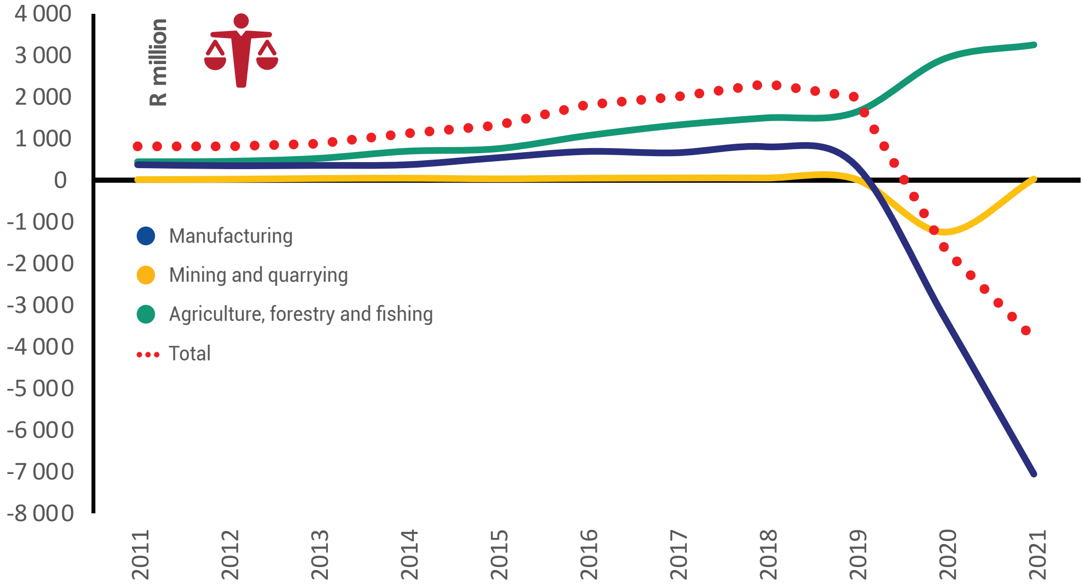
### TOP 3 IMPORT DESTINATIONS

- India
- China
- Qatar

### 1.4.1 Trade balance

A trade balance is the result of the value being exported and imported by a region or an area. Therefore, a trade surplus or a positive trade balance is when the region's value of exports is higher than the value of the imports. Conversely, when the value of the imports exceeds that of the exports, it will result in a trade deficit. The trade balances for the GRD for the period between 2011 and 2021 are provided in Figure 1.9. The total trade balance and the trade balance for the main economic sectors are presented.

Figure 1.9
**TRADE BALANCE, Garden Route District, 2011 – 2021**




*Source: Quantec Research, 2022*

The total trade balance for the GRD experienced mostly an upward trend, increasing from a R794.4 million surplus in 2011 to a R2 318.7 million surplus in 2018. Hereafter, the trade balance decreased to a trade surplus of R2 002.6 million in 2019 and dropped to a R1 703.8 million deficit in 2020 and a R3 848.1 million deficit in 2021.

The total trade balance of the GRD follows a similar trend to that of the manufacturing sector, which indicates that manufacturing significantly affects the District's trade balance.

The agriculture sector experienced a trade surplus for the entire period under review. A noticeable increase is seen, as the trade balance increased from a R1 484.0 million surplus in 2018 to a R3 236.7 million surplus in 2021.

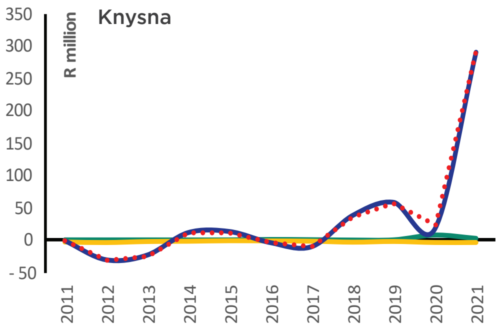
The mining sector experienced a trade surplus for most of the period under review. However, the sector experienced a R1 280.9 million trade deficit in 2020, which can mainly be attributed to the COVID-19 pandemic. The mining sector was affected by plummeted output during the lockdown period as well as the closure of all terminals of mining products and mineral products by Transnet.[72]

[72] *(Basquill, 2020).*

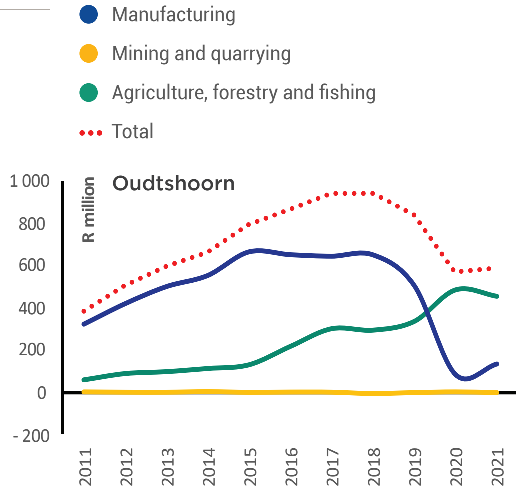
The manufacturing sector was responsible for almost all of the District's imports (99.0 per cent). The agriculture sector contributed 1.0 per cent to the District's imports. In terms of the District's exports, the agriculture sector accounted for 57.7 per cent of all exports, followed by the manufacturing sector, which accounted for 41.9 per cent. The mining sector contributed 0.4 per cent to the total exports.

The trade balance for the period between 2011 and 2021 for each of the municipal areas is provided in Figure 1.10.

Figure 1.10
**TRADE BALANCE PER MUNICIPAL AREA, Garden Route District, 2011 – 2021**




*Source: Quantec Research, 2022*




*Source: Quantec Research, 2022*

The trade balance for the **Knysna municipal area** fluctuated throughout the period under review. In 2011 this municipal area recorded a R1.7 million trade deficit, followed by a R32.0 million deficit in 2012. In 2014 and 2015 a trade surplus of R10.8 million and R12.8 million were recorded respectively, after which it dropped to a trade deficit of R3.8 million and R10.7 million in 2016 and 2017 respectively. From 2018 onwards, a trade surplus was recorded, increasing from R37.0 million in 2018 to R293.9 million in 2021. This surplus was influenced by the manufacturing sector, as both the mining and agriculture sectors remained balanced. Surplus in the manufacturing sector in the municipal area was supported by the increase in exports for steel products, which is present in the municipal area.[73] This was also supported by exports in the boat-manufacturing industry in the municipal area, as local manufacturers have an advantage in manufacturing custom-built boats and catamarans.[74] This was supported by an increase in boat demand in the established EU and North American markets, as the commercial adoption of boats has increased in the regions.[75]

The **Oudtshoorn municipal area** recorded a trade surplus over the entire period between 2011 and 2021. The trade balance increased from a R379.9 million surplus in 2011 to a R941.8 million surplus in 2017. This was followed by a downward trend, decreasing from a R940.9 million surplus in 2018 to R572.3 million in 2020. The trade balance has seen some recovery, as a trade surplus of R591.4 million was recorded in 2021.

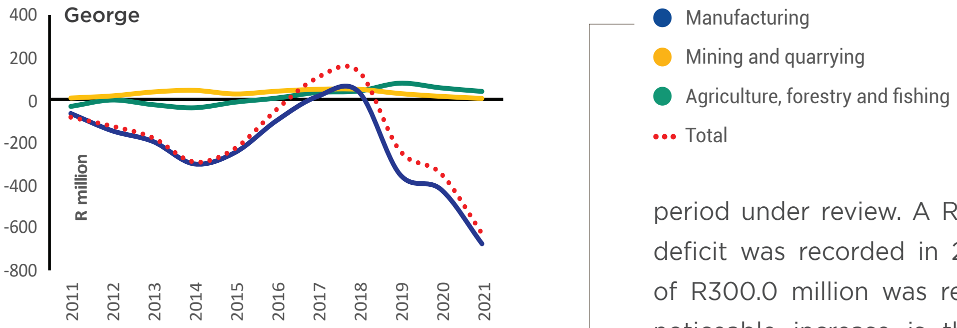
Both the manufacturing and agriculture sectors recorded a trade surplus for the entire period under review. The manufacturing sector experienced an increase from a R323.5 million surplus in 2011 to R648.9 million in 2016. For the period between 2016 and 2018 the manufacturing sector's trade balance was relatively stable, after which it experienced a rapid decline

[73] *(Omarjee, 2021).*
[74] *(Business Wire, 2021).*
[75] *(Business Wire, 2022).*

from a R504.3 million surplus in 2019 to an R87.5 million surplus in 2020. This sudden decline can be linked to the COVID-19 pandemic. The manufacturing sector's trade balance increased somewhat, as it recorded a surplus of R137.3 million in 2021.

The agriculture sector recorded a continuous increase, from a R56.4 million surplus in 2011 to a R484.8 million surplus in 2020. The trade balance for this sector declined in 2021, as it recorded a R454.2 million surplus for this period.

The mining sector recorded a zero trade balance for the largest part of the period between 2011 and 2021. The trade balance for this sector declined from a zero trade balance recorded in 2020 to a R0.1 million deficit in 2021.




*Source: Quantec Research, 2022*

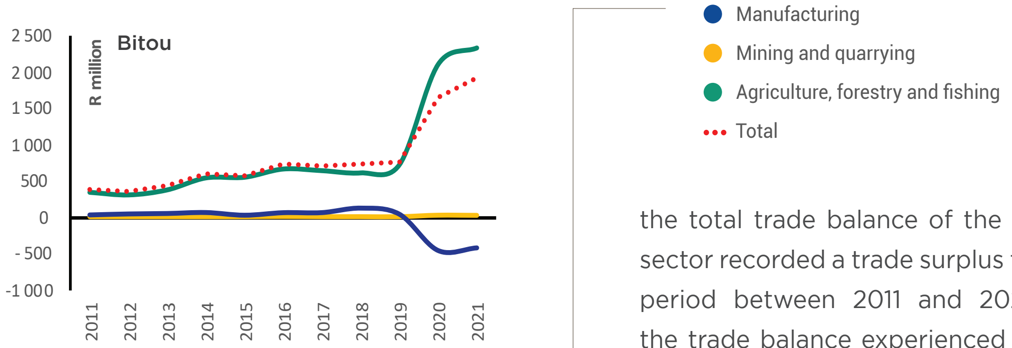
The total trade balance for the **George municipal area** fluctuated between 2011 and 2021. A downward trend is evident, with the trade balance decreasing from an R82.8 million deficit in 2011 to a R294.3 million deficit in 2014. An upward trend is then seen, with it increasing from a R229.2 million deficit in 2015 to a R133.6 million surplus in 2018. From 2019, the trade balance experienced a significant downturn, reaching a trade deficit of R634.1 million in 2021.

The mining sector experienced some fluctuations but recorded a trade surplus for the entire period under review. The mining trade balance was down from a R15.8 million surplus in 2020 to a R6.5 million surplus in 2021.

The manufacturing sector experienced extensive fluctuations throughout the period under review. A R60.0 million trade deficit was recorded in 2011, and a deficit of R300.0 million was reached in 2014. A noticeable increase is then seen, from a R245.2 million deficit in 2015 to a R43.7 million surplus in 2018. Similar to the District's total trade balance, the manufacturing sector also experienced a significant downward trend, reaching a R421.4 million deficit in 2019 and a R680.6 million deficit in 2021.

The municipal area's agriculture sector recorded a trade deficit for the period between 2011 and 2015. In 2016, the agriculture sector had an R8.5 million trade surplus, which increased to a R78.8 million surplus in 2019. In the following years this sector experienced a slight downturn, as it recorded a surplus of R56.7 million in 2020 and a R40.0 million surplus in 2021. This can mainly be attributed to the impacts of the COVID-19 pandemic. This impacted the agriculture sector in the municipal area to a lesser extent, as it was not restricted by the lockdown regulations.[76] However, industries such as agri-tourism, wine manufacturing and flowers were affected by the lockdown regulations and, therefore, the COVID-19 pandemic.[77]

[76] *(Pienaar, 2020).*
[77] *(Pienaar, 2020).*

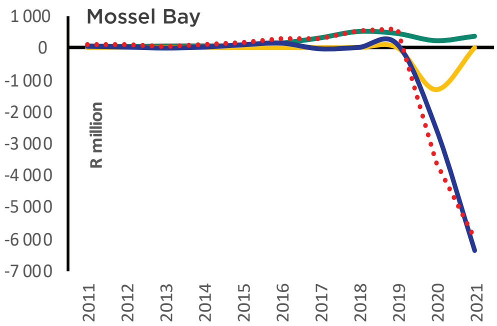



*Source: Quantec Research, 2022*

The **Bitou municipal area** recorded a trade surplus for the entire period under review. The trade balance increased from a R369.7 million surplus in 2011 to a R1 919.8 million surplus in 2021.

The trade balance trend for the agriculture sector experienced a similar trend to that of the total trade balance of the District. This sector recorded a trade surplus for the entire period between 2011 and 2021. However, the trade balance experienced a significant increase from a R716.9 million surplus in 2019 to a R2 331.1 million surplus in 2021. This can be attributed to an increase in agricultural export products as a result of increases in demand brought about by COVID-19.

For the manufacturing sector, a trade surplus was recorded for the period between 2011 and 2019. However, the trade balance dropped from a R43.8 million surplus in 2019 to a R428.2 million deficit in 2021.

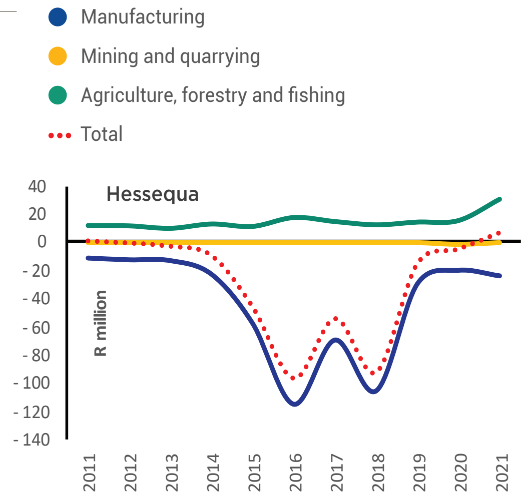



*Source: Quantec Research, 2022*

The **Mossel Bay municipal area** recorded a trade surplus for the period between 2011 and 2019. However, a significant downturn was recorded after this, as the trade balance decreased from a R602.6 million surplus in 2019 to a R6 020.1 million deficit in 2021. This downturn can be attributed to the impact of COVID-19 on the Mossel Bay municipal area's manufacturing sector. This sector also recorded a trade surplus between 2011 and 2019, after which it declined from a R135.3 million surplus in 2019 to a R6 397.9 million deficit in 2021.

The agriculture sector recorded a trade surplus for the entire period under review, increasing from a R60.1 million surplus in 2011 to a R377.8 million surplus in 2021.

The mining sector, on the other hand, recorded a zero trade balance for the period between 2011 and 2019. However, in 2020 it dropped to a R1 314.3 million deficit and returned to a zero trade balance in 2021.




*Source: Quantec Research, 2022*

The **Hessequa municipal area** experienced a trade deficit for most of the period under review, with a trade surplus only recorded in 2011 and 2021. The trade deficit throughout the period was attributed to large imports of manufactured goods in the municipal area. Large imports in the manufacturing sector were attributed to increased imports of machinery to support the agriculture sector in the municipal area.[78] In 2011, the municipal area recorded a R0.4 million surplus, after which it experienced a downward trend and recorded a R1.1 million deficit in 2012, a R96.6 million deficit in 2016 and a R92.3 million deficit in 2018. However, from 2019 a continuous upward trend has been recorded, with a R15.3 million deficit in 2019, a R5.4 million deficit in 2020 and a R6.3 million surplus in 2021.

The agriculture sector recorded a trade surplus for the entire period under review, increasing from a R12.3 million surplus in 2011 to a R30.7 million surplus in 2021. The mining sector experienced a zero trade balance for most of the period, except in 2020, when a R0.6 million deficit was recorded.

The manufacturing sector experienced a trade deficit for the entire period between 2011 and 2021. An R11.9 million deficit was recorded in 2011, a R114.5 million deficit in 2016 and a R24.4 million deficit in 2021.

[78] *(Phillips, 2021).*

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MADE IN THE CAPE

The Cape Trade Portal was officially launched in 2022 by Wesgro in partnership with the WCG and the City of Cape Town to assist local exporters in expanding their global footprint and to strengthen the Cape brand identity across global markets with an initial priority focus on the Province's top export markets internationally.

Leveraging on the Cape's reputation as an exporting powerhouse of premium, competitive, diverse and quality products and services, the portal acts as a dedicated resource centre, providing tools, insights and expertise to support Western Cape exporters on their journey. Among some of the other services offered by the platform are training and mentoring programmes, keeping exporters updated on upcoming trade exhibitions, offering support with non-tariff export barriers as well as assistance with regulatory and compliance requirements.

Wesgro has also developed a "Made in the Cape" brand story, supported by a robust digital marketing roll-out, to deepen and boost the brand story of the Cape as a region of origin of quality goods and services.

The campaign aims to strengthen the identity of Western Cape exports by connecting the Cape to quality by highlighting hard-hitting proof points across five products, including but not limited to rooibos (representative of Natural Products), citrus (representative of Agriculture), wine (representative of Wine and Spirits), software development (representative of Tech Innovation) and design (representative of Creative Industries).

To learn more about Made in the Cape quality products and services visit www.capetradeportal.com

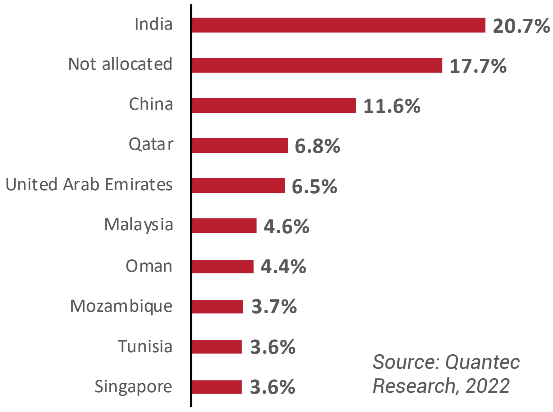
Western Cape Government FOR YOU | CITY OF CAPE TOWN ISIXEKO SASEKAPA STAD KAAPSTAD | INVEST CAPE TOWN | South Africa WESTERN CAPE Inspiring new ways | wesgro cape town & western cape tourism, trade & investment

## 1.4.2
# IMPORTS

The top 10 import partners for the GRD are illustrated in Figure 1.11.

Table 1.9 provides a more detailed overview of the top 10 products that were imported by the GRD.

Figure 1.11
**TOP 10 IMPORT PARTNERS, Garden Route District, 2021**




*Source: Quantec Research, 2022*

Table 1.9
**MAIN IMPORT PRODUCTS, Garden Route District, 2021**

| PRODUCT | R million 2021 | % share | Main trading partners |
|---|---|---|---|
| Petroleum oils and oils obtained from bituminous minerals, other than crude | 7 045.3 | 73.2% | India, Qatar, United Arab Emirates |
| Unclassified | 297.6 | 3.1% | China |
| New rubber pneumatic tyres | 232.1 | 2.4% | China |
| Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data | 110.2 | 1.1% | China |
| Parts and accessories of automatic data-processing machines and units thereof | 89.2 | 0.9% | China, Taiwan |
| Aluminium bars, rods and profiles | 81.9 | 0.9% | Mauritius |
| Frozen fish | 75.0 | 0.8% | Namibia |
| Knitted or crocheted T-shirts, singlets and other vests | 68.4 | 0.7% | Lesotho, Mauritius |
| Trunks, suitcases, vanity cases, executive cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling bags, insulated food or beverage bags | 67.9 | 0.7% | China, India, Indonesia |
| Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides | 66.4 | 0.7% | Australia |
| **Total imports** | **9 621.2** | | |

*Source: Quantec Research, 2022*

In 2021, the GRD's main import partner was India, accounting for 20.7 per cent of all imports, with a value of R2.0 billion. Imports from China accounted for 11.6 per cent of total imports and recorded a value of R1.7 billion. Products imported from Qatar accounted for 6.8 per cent of all imports, with a value of R1.1 billion.

The District's main import products in 2021 were petroleum oils and oils obtained from bituminous minerals (other than crude), accounting for 73.2 per cent of all imports and with a value of R7 045.3 million. These products were sourced from India, Qatar and the United Arab Emirates.

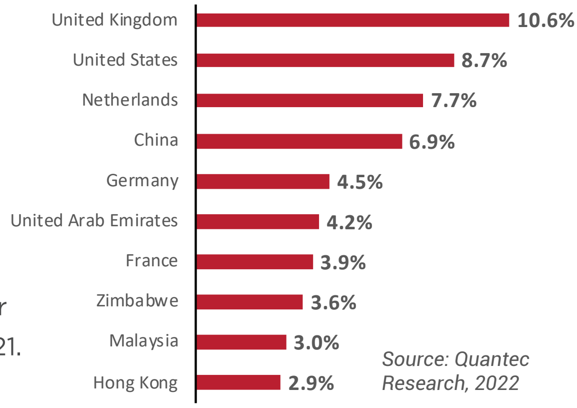
Unclassified products imported from China accounted for 3.1 per cent of all imports and recorded a value of R297.6 million. New rubber pneumatic tyres accounted for 2.4 per cent of imports, with a value of R232.1 million. These products were imported from China.

## 1.4.3
# EXPORTS

The GRD's top 10 export partners are illustrated in Figure 1.12.

As illustrated in Table 1.10, the agriculture sector was the main driver of the GRD's exports in 2021.

Figure 1.12
**TOP 10 EXPORT PARTNERS, Garden Route District, 2021**




*Source: Quantec Research, 2022*

Table 1.10
**MAIN EXPORT PRODUCTS, Garden Route District, 2021**

| PRODUCT | R million 2021 | % share | Main trading partners |
|---|---|---|---|
| Apples, pears and quinces | 1 446.1 | 25.0% | United Kingdom, Malaysia, Nigeria |
| Citrus fruit | 1 082.8 | 18.8% | China, Netherlands, Russian Federation |
| Leather further prepared after tanning or crusting, including parchment-dressed leather | 438.2 | 7.6% | France, United States, Mexico |
| Seeds, fruit and spores for sowing | 430.6 | 7.5% | Netherlands, Japan, United States |
| Unclassified | 283.5 | 4.9% | Zimbabwe, Germany |
| Skins and other parts of birds with their feathers or down, feathers, parts of feathers, down and articles thereof | 251.1 | 4.3% | China, Hong Kong |
| Yachts and other vessels for pleasure or sports, rowing boats and canoes | 145.5 | 2.5% | United States, Australia |
| Apricots, cherries, peaches, plums and sloes | 120.5 | 2.1% | United Arab Emirates, United Kingdom, Netherlands |
| Other prepared or preserved meat, meat offal or blood | 106.3 | 1.8% | Germany, United Kingdom, Belgium |
| Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products | 95.3 | 1.7% | Tanzania, Eswatini, Uganda |
| **Total exports** | **5 773.1** | | |

*Source: Quantec Research, 2022*

The GRD's main export partner in 2021 was the United Kingdom, accounting for 10.6 per cent of all exports. Products exported to the United Kingdom recorded a value of R611.9 million. The United States accounted for the second-largest share of exports at 8.7 per cent, with a value of R503.1 million. Products to the value of R443.7 million were exported to the Netherlands and accounted for 7.7 per cent of the District's exports.

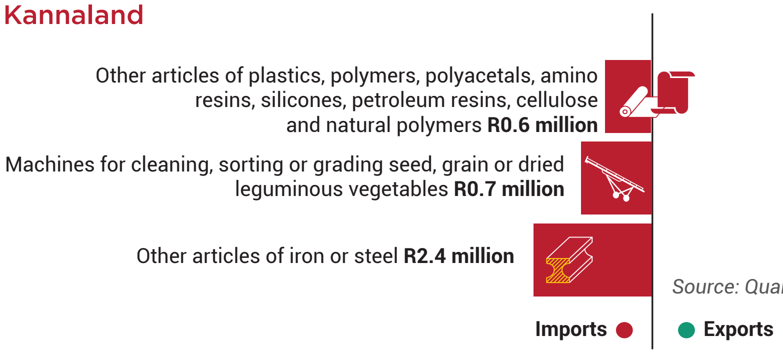
Apples, pears and quinces were the main products exported from the GRD in 2021. These products accounted for 25.0 per cent of all exports and recorded a value of R1 446.1 million. The main trading partners for these products were the United Kingdom, Malaysia and Nigeria. Citrus fruit to the value of R1 082.8 million accounted for 18.8 per cent of the total export value. The Russian Federation, China and the Netherlands were the main trading partners for these products. While petroleum products are not listed in the District's top 10 exports, it is recognised that PetroSA plays an important role in the local economy.

## 1.4.4 Municipal imports and exports

Imports and exports are a catalyst for economic growth and development. The import of goods is often required for individual consumers, and in other cases it's required for production in a given value chain. The main import and export products per municipal area are provided in Figure 1.13.

Figure 1.13
**TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA, Garden Route District, 2021**

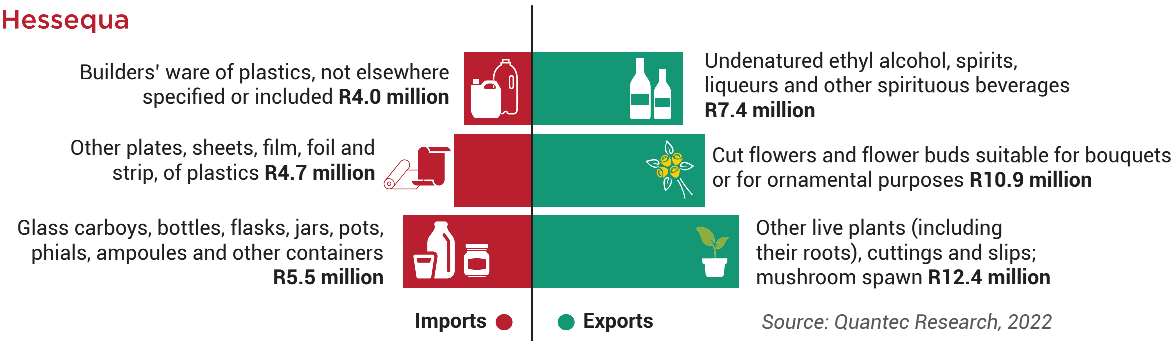
### Kannaland




*Source: Quantec Research, 2022*

The **Kannaland municipal area's** main import products in 2021 were other articles of iron or steel with a value of R2.4 million. Import products of machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables recorded a value of R0.7 million, while other articles of plastics, polymers, polyacetals, amino resins, silicones, petroleum resins, cellulose and natural polymers recorded a value of R0.6 million. There were no exports from the Kannaland municipal area.

### Hessequa

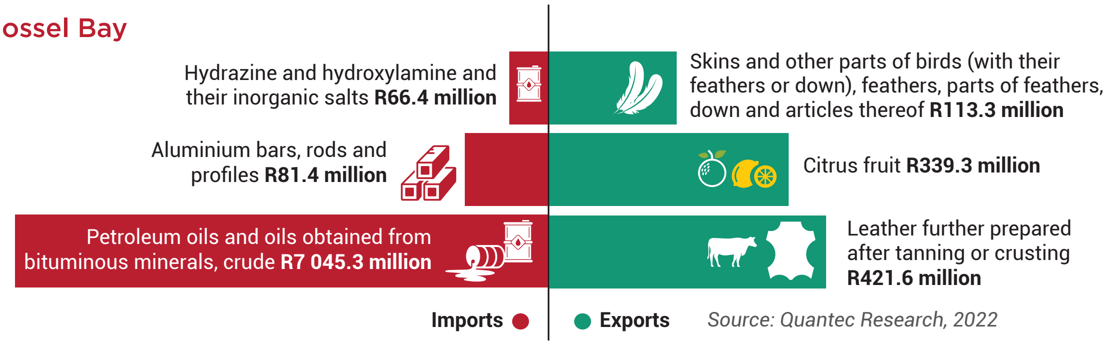



*Source: Quantec Research, 2022*

Glass carboys, bottles, flasks, jars, pots, phials, ampoules and other containers were the main import products of the **Hessequa municipal area**, with a value of R5.5 million. Imports of other plates, sheets, film, foil and strip (of plastics) had a value of R4.7 million, while builders' ware of plastics imports was valued at R4.0 million.

The municipal area's main export products were live plants (including their roots), cuttings and slips and mushroom spawn with a value of R12.4 million. Export products of cut flowers and flower buds suitable for bouquets or for ornamental purposes were valued at R10.9 million, while exports of undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages were valued at R7.4 million.

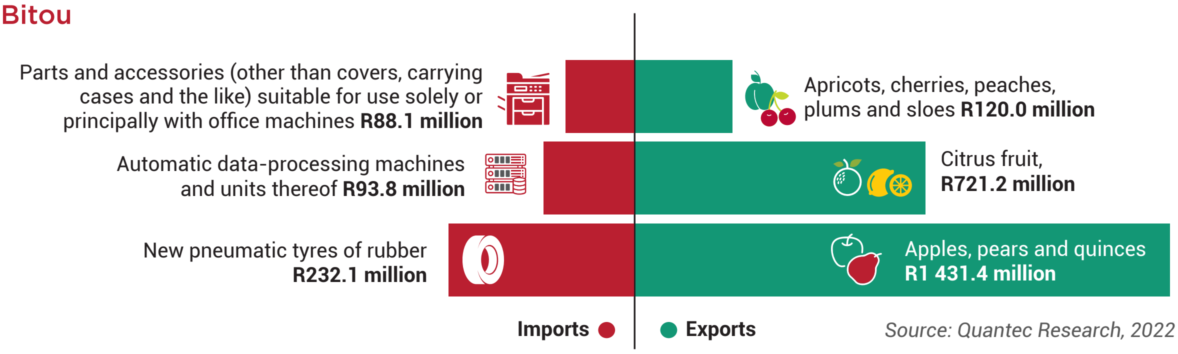
## Mossel Bay




*Source: Quantec Research, 2022*

Petroleum oils and oils obtained from bituminous minerals (other than crude) were this municipal area's main import product in 2021 and were valued at R7 045.3 million. Import products of aluminium bars, rods and profiles were the municipal area's second-largest classified import product and were valued at R81.4 million. Imports of hydrazine and hydroxylamine and their inorganic salts were valued at R66.4 million. **The Mossel Bay municipal area's** main export product was leather further prepared after tanning or crusting and was valued at R421.6 million in 2021. Citrus fruit also made a large contribution to the municipal area's exports and recorded a value of R339.3 million. Export products of skins and other parts of birds (with their feathers or down), feathers, parts of feathers, down and articles thereof had a value of R113.3 million. While petroleum products are not listed in the Mossel Bay municipal area's main exports, the importance of PetroSA to the municipal area's economy is recognised.

## Bitou




*Source: Quantec Research, 2022*

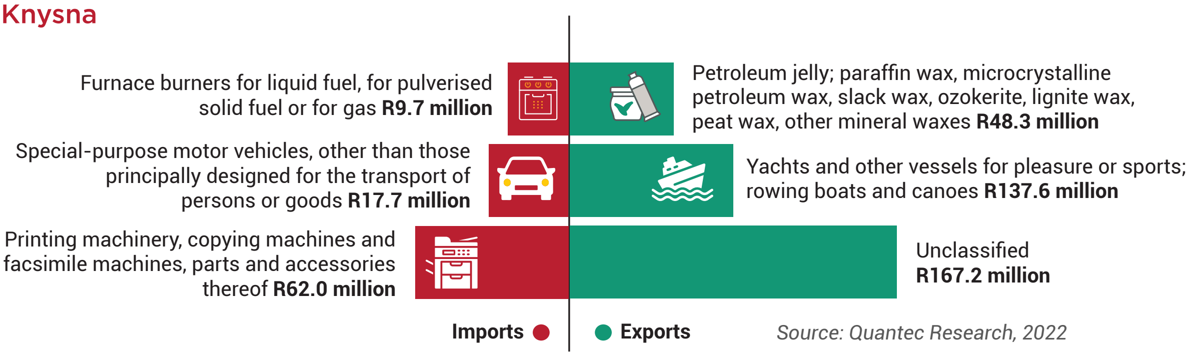
**Bitou municipal area's** main import products in 2021 were new pneumatic tyres of rubber at R232.1 million, automatic data-processing machines and units thereof at R93.8 million, and parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with office machines at R88.1 million.

## George


*Source: Quantec Research, 2022*

Unclassified items made up the largest share of the **George municipal area's** imports and were valued at R297.6 million. This was followed by frozen fish imports valued at R75.0 million and import products of knitted or crocheted T-shirts, singlets and other vests with a value of R68.3 million. The municipal area's main export products were motor cars and other motor vehicles principally designed for the transport of persons and these were valued at R55.8 million. Export products of other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery recorded a value of R40.1 million, while export products of skins and other parts of birds (with their feathers or down) were valued at R39.6 million.

## Knysna

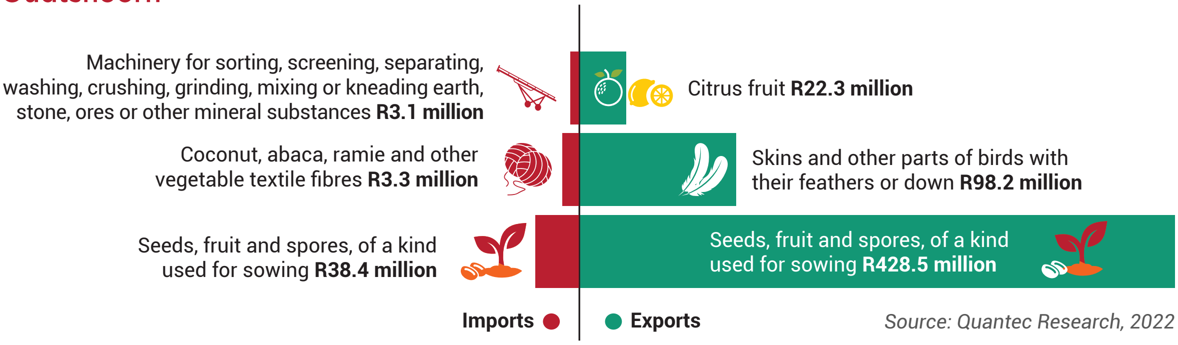



*Source: Quantec Research, 2022*

The main import products of the **Knysna municipal area** were printing machinery, copying machines and facsimile machines, parts and accessories thereof valued at R62.0 million. Special-purpose motor vehicles (other than those principally designed for the transport of persons or goods) made the second-largest contribution to the total imports and were valued at R17.7 million. Imports of furnace burners for liquid fuel, for pulverised solid fuel or for gas were valued at R9.7 million.

The main export products were unclassified items valued at R167.2 million. This was followed by exports of yachts and other vessels for pleasure or sports; rowing boats and canoes valued at R137.6 million. Petroleum jelly; paraffin wax, microcrystalline petroleum wax, slack wax, ozokerite, lignite wax, peat wax and other mineral waxes were the third-largest export products and recorded a value of R48.3 million.

## Oudtshoorn



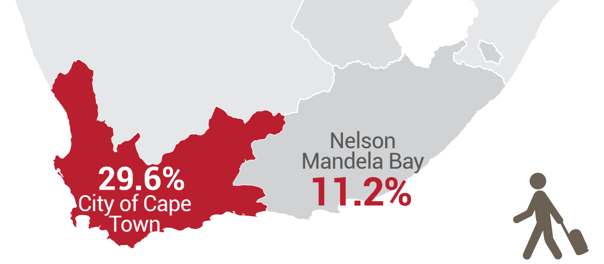

*Source: Quantec Research, 2022*

In 2021, the **Oudtshoorn municipal area's** main import products were seeds, fruit and spores (of a kind used for sowing) and were valued at R38.4 million, followed by import products of coconut, abaca, ramie and other vegetable textile fibres, yarn waste and garnetted stock worth R3.3 million. The value of imported machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances was R3.1 million and this machinery was the municipal area's third-largest import product.

The main export products were seeds, fruit and spores (of a kind used for sowing) valued at R428.5 million. Skins and other parts of birds (with their feathers or down) were also exported and were valued at R98.2 million. Exports of citrus fruit recorded a value of R22.3 million for the same period.

# TOURISM

## GARDEN ROUTE DISTRICT




### TOP 3 DOMESTIC TRAVELLERS 2021

### DOMESTIC VS INTERNATIONAL

**TRAVELLERS** 2021

| INTERNATIONAL | DOMESTIC |
|---|---|
| 0.9% | 99.1% |

### GROWTH IN BED-NIGHTS

TOTAL -4.9%

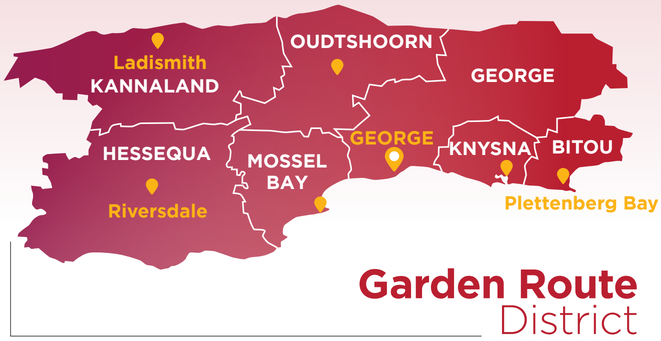
**ORIGIN** 2021

| INTERNATIONAL | DOMESTIC |
|---|---|
| -30.8% | 12.7% |

### TOP 3 INTERNATIONAL TRAVELLERS 2021

| United States | Brazil | Australia |
|---|---|---|
| 59.2% | 6.3% | 5.5% |

# **TOURISM** PROFILE




The GRD is a great destination for bird and nature lovers, and is a unique eco-destination offering many things to see and explore. Located between mountain ranges and a vivid blue coastline, the well-renowned Garden Route towns boast countless attractions, including their indigenous environment and culinary pleasures. The most popular activities for visitors in the GRD include scenic drives, sport and outdoor activities, as well as activities involving culture and heritage.

**Some of the notable must-see stops in the District include** the Wilderness National Park, the Knysna National Lake Area, Tsitsikamma National Park, Storms River Mouth, the Bloukrans Bridge, Plettenberg Bay, the Knysna Heads, Kaaimans River Bridge, the Cango Caves, the Post Office Tree and Mossel Bay.

**In 2021, the domestic growth in bed-nights in the GRD was 12.7 per cent, while international bed-nights declined by 30.8 per cent.** The reason for the decline in international bed-nights in 2021 is possibly because international source markets experienced lockdowns in their respective countries. Overall, bed-nights declined by 4.9 per cent in 2021.

### TOURISM SPEND AS A SHARE OF GDPR

| 2019 | 2020 | 2021 |
|---|---|---|
| 19.5% | 8.0% | 17.4% |

*Source: IHS Markit, 2022*

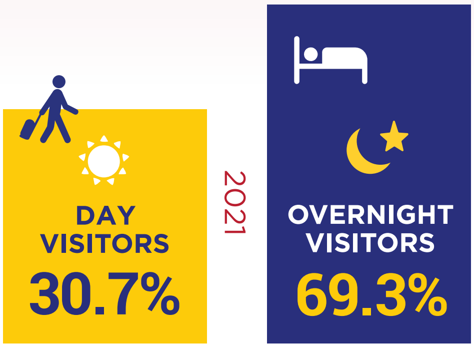
**The 2021 tourism spend in the GRD made up an estimated 17.4 per cent of the GDPR and is an increase of 9.4 per cent from 2020.** In 2019, tourism spend as a share of GDPR was 19.5 per cent, meaning the GRD is almost back to pre-pandemic levels.[79]

The tourism data for the GRD was collected by means of **mobile location data and as a result the insights are not inclusive of all tourists.** Mobile location data is geodata or spatial data collected from apps installed on smartphones. When a user installs an app, they are often asked to share their location and when users opt in to share this data, their phone collects data and shares it with the publisher companies. All data collected is anonymised and does not share any personal information.

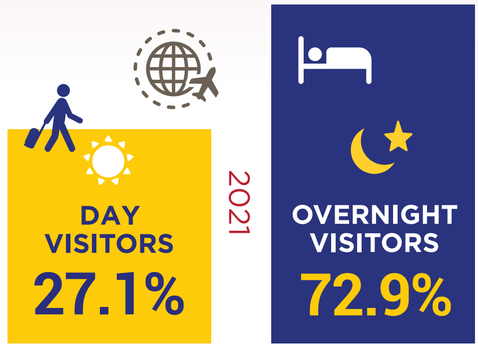
**According to the mobile location data, most of the visitors to the GRD in 2021 were domestic (99.1 per cent).** Domestic visitors to the area were mainly from the City of Cape Town (29.6 per cent), Nelson Mandela Bay (11.2 per cent) and the City of Tshwane (7.0 per cent). According to the mobile location data, in 2021 only 0.9 per cent of all travellers to the GRD were international visitors and originated mainly from the United States (59.2 per cent), Brazil (6.3 per cent) and Australia (5.5 per cent).

[79] *(IHS Markit, 2022).*

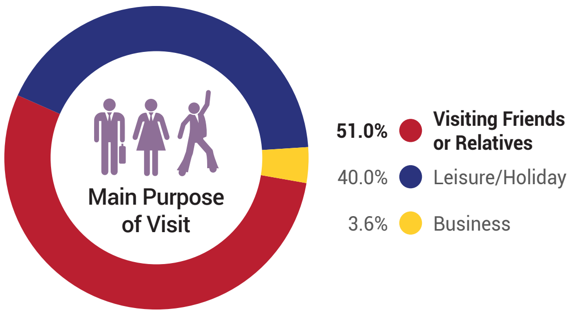
## DOMESTIC
## OVERNIGHT VS DAY VISITORS



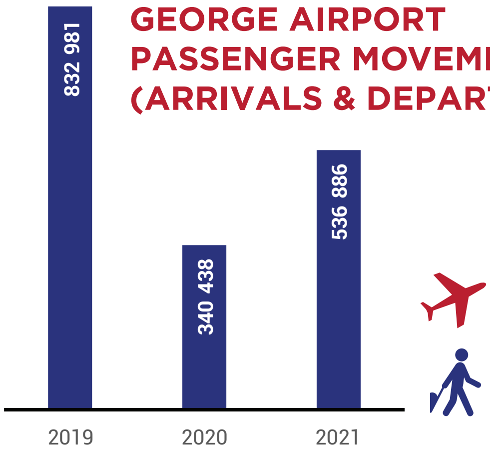

## INTERNATIONAL
## OVERNIGHT VS DAY VISITORS



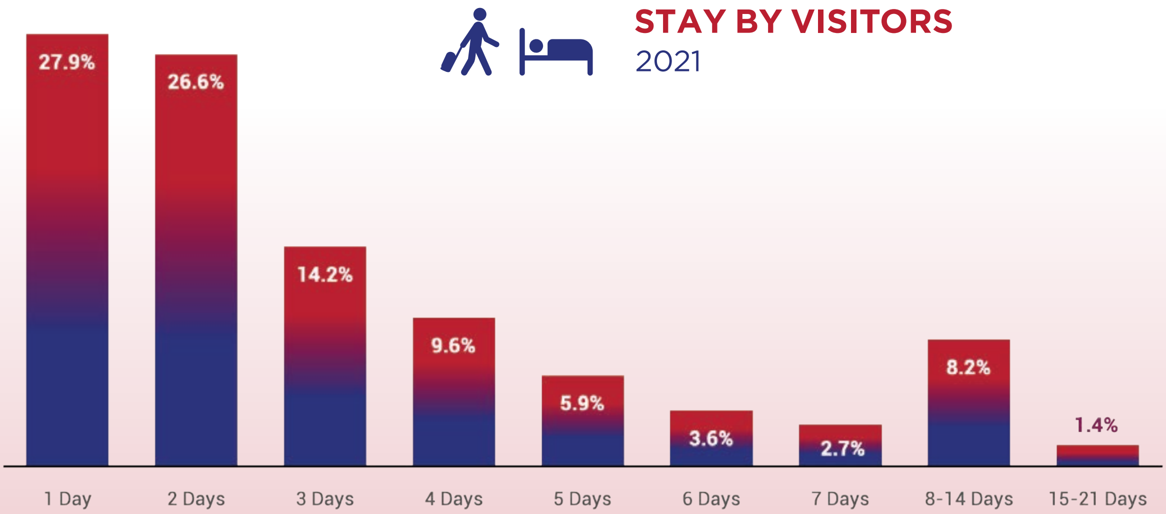

## TOP 3 MAIN PURPOSES OF VISIT
2021




## GEORGE AIRPORT PASSENGER MOVEMENT (ARRIVALS & DEPARTURES)




## AVERAGE LENGTH OF STAY BY VISITORS
2021



**George Airport reached its highest number of domestic arrivals for 2021 in December, with 39 988 passengers.** This is a 76.0 per cent recovery rate from the 2019 figure. There were 266 902 domestic arrivals and 269 984 departures at George Airport in 2021, collectively representing a recovery of 64.0 per cent from 2019. In terms of recovery to 2019 levels, April (89.0 per cent) was the best month. For domestic visitors, most visitors to the GRD were overnight visitors (69.3 per cent), with day visitors accounting for 30.7 per cent. International visitors were also mostly overnight visitors (72.9 per cent), with day visitors accounting for 27.1 per cent. The high percentage of overnight visitors is an indication that visitors are contributing more to the economy, as overnight visitors tend to spend more.

**The length of stay for one night was at 27.9 per cent, with 26.6 per cent of visitors spending two nights and 14.2 per cent spending three nights.** On average, tourists spent 3.3 nights in the District. The length of stay is one of the key elements in a tourist's decision-making process and is of great economic importance for the tourist destination. Therefore, promoting longer stays would have a positive economic impact, especially when targeting the international markets, as they tend to spend more.

**The purpose of visiting the GRD was mainly to visit friends and relatives** (51.0 per cent), while leisure and/or holiday was at 40.0 per cent and travelling for business accounted for 3.6 per cent of visits. Despite the COVID-19 regulations relating to travel, the trends indicate that the domestic market continued to travel to this region once the restrictions were eased, confirming that the Garden Route area is a popular destination for domestic tourists.

Points of interest in the GRD are location-specific where the mobile location data was captured, meaning that only specific points of interest, and not all activities, were monitored. **Top points of interest for tourists in the GRD in 2021 were the Knysna Waterfront (48.7 per cent), Anysberg Nature Reserve (27.8 per cent) and the Knysna Heads (19.0 per cent).**

## TOP POINTS OF INTEREST VISITED 2021

| Knysna Waterfront | Anysberg Nature Reserve | Knysna Heads | Knysna Forest – Elephant Park | Garden Route Game Lodge |
|---|---|---|---|---|
| **48.7%** | **27.8%** | **19.0%** | **2.9%** | **1.4%** |

### GARDEN ROUTE REGIONAL TRENDS 2021

The majority of the tourism indicators, unless otherwise stated, are sourced from *Garden Route Regional Trends 2021*, sourced from Wesgro. The full report can be accessed by means of the QR code. The report uses regional visitor-tracking surveys to compile a tourism profile per region. Visitor-tracking surveys can only be used as a proxy to indicate the key trends within the region owing to the survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Furthermore, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information, as the sample sizes are not comparable.

# 1.5 INVESTMENTS

This subsection discusses various forms of investments occurring in the GRD, including building plans passed and completed, as well as new investments from prominent local companies and a consolidated overview of municipal and Provincial infrastructural spending on contracted services and infrastructure.

## 1.5.1 Private sector investment

### 1.5.1.1 Sectoral investments and business expansion

A virtual Garden Route Skills Mecca Forum was held in the Garden Route, with the goal of discussing plans and projects for the region's usage of renewable energy in 2022. At the forum, it was announced that the German Federal Ministry for Economic Cooperation and Development and the Swiss Agency for Development and Cooperation had raised roughly €10.5 million (about R178,46 million) for Garden Route renewable energy initiatives.[80] The significance of renewable energy is becoming increasingly apparent in the municipal area as more people learn about its benefits.[81]

Due to semigrants' preference for coastal regions, the Garden Route has seen an increase in people investing in property. Sales recorded at the Deeds Office totalled 6 693 in 2020 and rose to 9 857 in 2021. Sales were estimated to be around 4 407 as at July 2022, and they are anticipated to increase throughout the course of the year.[82]

Real estate developers Latitude Properties and EPCM Holdings broke ground on the new 4 500m$^2$ Kunjani Mall in Concordia in March 2022. The mall is a component of the Kunjani plan, a pipeline of township and rural property developments designed to provide a portfolio of projects. It is projected that the development will cost R200.0 million in total. Furthermore, at least 200 builders and labourers will be employed in its construction and at least 100 permanent jobs will be created on completion.[83]

After a brief delay caused by the COVID-19 pandemic, Mediclinic Southern Africa confirmed the resumption of the development of its new hospital in George in November 2021. The hospital is scheduled to be completed in December 2023. The new hospital has a cardiac unit and is estimated to cost R1.0 billion.[84]

Furthermore, Transnet National Ports Authority has invested R2.2 billion towards the upgrades of the Port of Mossel Bay. The upgrades will increase the efficiency of the harbour and will create future capacity, making it easier for businesses to import and export through the harbour.[85]

The ***Garden Route Investment Prospectus*** is the official investment publication for the GRD. It showcases investment opportunities/regional catalytic opportunities of all seven local municipalities, as well as opportunities from the Garden Route District Municipality. **The prospectus is used as a marketing tool when targeting prospective investors. Scan the QR code for the full report.**

[80] *(Transformers Magazine, 2022).*
[81] *(ESI Africa, 2022).*
[82] *(BusinessTech, 2022).*
[83] *(Property Wheel, 2022).*
[84] *(George Herald, 2021).*
[85] *(Engineering News, 2022).*

Gross fixed capital formation (GFCF) is defined as the net acquisition of all existing and new capital assets, for instance machinery, construction works and buildings. These "produced assets" only come into existence as a result of a production process and can be purchased by the general government, private enterprises and state-owned corporations as long-term investments.[86]

Tracking GFCF growth is a helpful representative metric of the state of the economy, as it is an important driver in real gross domestic expenditure and real gross domestic product.

Table 1.11 provides the GRD's GFCF per sector with regard to trends over the period 2011 to 2020. An estimate for 2021 is also provided.

Table 1.11
**GROSS FIXED CAPITAL FORMATION, Garden Route District**

| SECTOR | R million 2020 | Trend | | Annual real growth | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **R675.6 (9.0%)** | **3.2%** | **-1.2%** | **-10.3%** | **6.5%** | **26.8%** |
| Agriculture, forestry & fishing | R588.9 (7.8%) | 3.6% | -1.5% | -12.6% | 8.5% | 31.6% |
| Mining & quarrying | R86.7 (1.2%) | 1.8% | 4.3% | 11.5% | -8.1% | -15.5% |
| **Secondary Sector** | **R1 811.4 (24.0%)** | **-0.5%** | **-6.7%** | **-3.8%** | **-16.5%** | **-1.0%** |
| Manufacturing | R1 087.7 (14.4%) | 2.9% | -0.9% | 2.6% | -13.3% | 3.2% |
| Electricity, gas & water | R484.2 (6.4%) | -4.1% | -15.3% | -14.6% | -20.8% | -12.7% |
| Construction | R239.6 (3.2%) | -2.2% | -4.5% | -4.2% | -20.9% | 4.0% |
| **Tertiary Sector** | **R5 053.0 (67.0%)** | **-0.8%** | **-4.8%** | **-1.6%** | **-17.9%** | **2.7%** |
| Wholesale & retail trade, catering & accommodation | R632.8 (8.4%) | 1.9% | -4.0% | -4.1% | -16.8% | 8.5% |
| Transport, storage & communication | R880.7 (11.7%) | 0.4% | -5.4% | -0.8% | -9.2% | -9.5% |
| Finance, insurance, real estate & business services | R2 070.9 (27.5%) | -1.7% | -4.3% | -0.9% | -25.3% | 4.9% |
| General government | R1 164.6 (15.4%) | -0.6% | -5.3% | -1.8% | -11.2% | 4.9% |
| Community, social & personal services | R304.0 (4.0%) | -0.8% | -5.2% | -2.7% | -10.8% | 3.5% |
| **Total Garden Route District** | **R7 540.0 (100.0%)** | **-0.5%** | **-5.1%** | **-2.8%** | **-15.9%** | **3.9%** |

*Source: Quantec Research, 2022 (e denotes estimate)*

In 2020, the GRD recorded the third-highest GFCF among all the districts at R7.5 billion. Between 2016 and 2020, the District recorded an average annual contraction in GFCF of 5.1 per cent. Among all sectors in the District, the tertiary sector was the largest contributor to GFCF in 2020 with a 67.0 per cent contribution to total capital investment. This was followed by the contributions of the secondary and primary sectors, having contributed 24.0 per cent and 9.0 per cent respectively. The District is estimated to have recorded a growth rate in GFCF of 3.9 per cent in 2021, which can largely be attributed to the estimated 26.8 per cent contribution of the primary sector.

[86] *(Stats SA, 2016).*

Investments in the primary sector over the period include the increase in berry (raspberry, strawberry and blueberry) orchards in the George municipal area.[87]

In 2020, the largest subsectors within the tertiary sector were the finance (27.5 per cent), general government (15.4 per cent) and transport (11.7 per cent) sectors. Although all subsectors in the tertiary sector recorded average annual contractions between 2016 and 2020, the transport sector recorded the largest contraction at 5.4 per cent. This was followed by the contractions of the general government and community services sectors, at 5.3 per cent and 5.2 per cent respectively.

The tertiary sector recorded estimated growth of 2.7 per cent in GFCF during 2021. Across all subsectors in the tertiary sector, the trade sector is estimated to have had the highest growth rate in GFCF (8.5 per cent). Furthermore, only the transport sector is estimated to have contracted in the year (9.5 per cent). Growth in the trade sector could be a result of investments made in reopening the Plettenberg Bay Airport in the District.[88] This may also result in knock-on effects, such as increased investment in accommodation in the District. Other factors include the proposed new Wilderness shopping complex in the District, which is likely to increase investment in the tertiary sector.[89]

The largest contributing subsector to GFCF in the secondary sector was the manufacturing sector, contributing 14.4 per cent of GFCF in 2020. The electricity, gas and water sector and the construction sector contributed 6.4 per cent and 3.2 per cent of GFCF respectively. Between 2016 and 2020, the electricity, gas and water sector recorded the largest annual average contraction (15.3 per cent). The other subsectors in the secondary sector also recorded average annual contractions, with the manufacturing and construction sectors recording average annual contractions of 0.9 per cent and 4.5 per cent respectively.

The secondary sector is estimated to have contracted by 1.0 per cent in 2021. This is as a result of the estimated contractions in the electricity, gas and water sector, which is estimated to have contracted by 12.7 per cent. The other subsectors in the secondary sector are estimated to have grown, with the construction and manufacturing sectors estimated to have grown at 4.0 per cent and 3.2 per cent respectively. Contractions in the electricity, gas and water sector in the District can largely be attributed to PetroSA's gas-to-liquids refinery, which has faced issues of decreasing domestic supplies, insolvency as well as illiquidity.[90] Furthermore, the current environment does not enable incentive-based investment. This has also had a negative impact on GFCF at the refinery.[91] However, estimated growth in the construction sector can probably be attributed to projects planned in the District, such as the construction of schools in the Mossel Bay municipal area.[92] Ongoing and proposed projects by Ruwacon, such as the Garden Route Mall Roads replacement and the Louis Fourie integrated Human Settlement Development in the District, also contributed to estimated GFCF growth. Estimated growth in the manufacturing sector can be attributed to the opening of a filament-manufacturing plant in Mossel Bay,[93] as well as the manufacturing of unmanned aircraft vehicles in Knysna.[94]

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[87] *(Pienaar, 2020).*
[88] *(Business Insider, 2021).*
[89] *(De Beer, 2021).*
[90] *(West, 2021).*
[91] *(West, 2021).*
[92] *(Parliamentary Monitoring Group, 2021).*
[93] *(Sign Africa, 2021).*
[94] *(defenceWeb, 2021).*

GFCF in the primary sector was dominated by the agriculture sector, which contributed 7.8 per cent of the total GFCF of the District in 2020. Conversely, the mining sector contributed 1.2 per cent of District GFCF in the year. Between 2016 and 2020, the primary sector recorded average annual contractions in GFCF of 1.2 per cent. The agriculture sector recorded average annual contractions of 1.5 per cent in the period, while the mining sector recorded average annual growth in GFCF of 4.3 per cent. Contractions in investment in the agriculture sector may largely be a result of drought effects in the District turning away potential investors in the sector. However, growth in the mining sector can possibly be attributed to investments made in pursuit of the proposed Kleinkrantz Sand Quarry in the District.[95]

Estimates in 2021 suggest that the primary sector grew by 26.8 per cent in GFCF. While the mining sector is estimated to have contracted by 15.5 per cent in the year, the agriculture sector is estimated to have recorded a growth rate of 31.6 per cent. The estimated growth of the agriculture sector in the District indicates the possible easing of drought conditions in the District, as well as a desire to increase agricultural output to counter the effects of the COVID-19 pandemic. It may also be linked to the agriculture sector's desire to mechanise labour to reduce the average costs of production. However, this has negative implications for labourers in the agriculture sector, which has shown to be more receptive to low-skilled and informal labourers.[96]

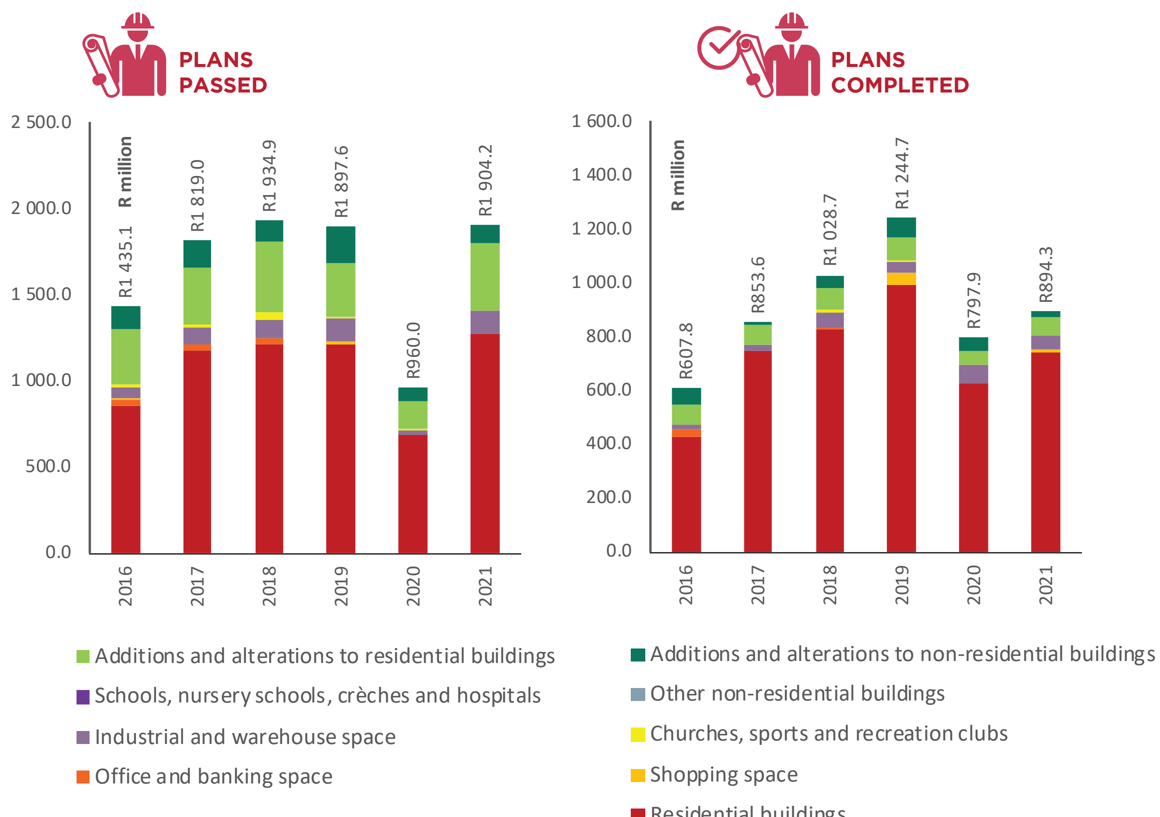
[95] *(The Edge, 2020).*
[96] *See Figure 2.19 of Chapter 2, Garden Route District.*

### 1.5.1.2 Building plans passed and completed

Building plans passed and completed are some of the indicators used to measure economic activity and business cycle changes. The value of building plans passed[97] can be used as a leading indicator, while building plans completed[98] can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting. Furthermore, building plans passed indicate the private sector's willingness to invest in an area, while business plans completed highlight money that has been spent. It should also be noted that the development of non-residential buildings has a positive impact on the local economy during the construction phase as well as the operational phase.

Stats SA's information on building plans passed and completed is only available for the George, Mossel Bay, Oudtshoorn, Knysna and Bitou municipal areas. Figure 1.14 illustrates the value of building plans passed and completed in the George municipal area between 2016 and 2021. The values of building plans passed and completed are expressed in current prices.

Figure 1.14
**VALUE OF BUILDING PLANS PASSED AND COMPLETED, George, 2016 – 2021 (R million)**




*Source: Stats SA & Quantec Research, 2022*

Building plans passed in the George municipal area increased in value over the review period, from R1.4 billion in 2016 to R1.9 billion in 2021. Construction sector inflation in 2021 saw price increases of 9.0 per cent for non-residential buildings and 14.0 per cent for residential buildings.[99]

[97] *Number of residential building plans passed for buildings larger than 80m².*
[98] *Value of non-residential buildings completed (constant prices).*
[99] *(Zarenski, 2022).*

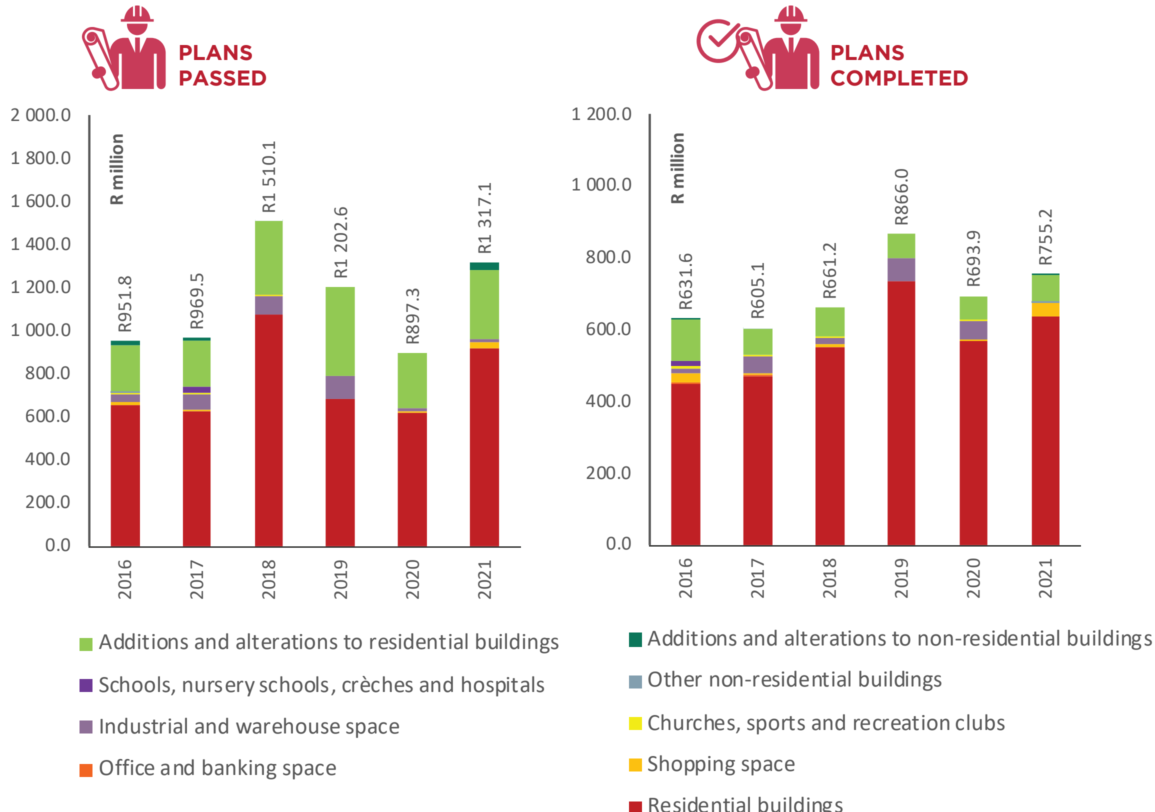
Residential buildings made up most of the building plans passed and were valued at R1.3 billion in 2021, after increasing from a value of R859.0 million in 2016. Additions and alterations to residential buildings also contributed significantly to building plans, and were valued at R392.2 million in 2021. Other types of building plans passed that had significant value in 2021 were additions and alterations to non-residential buildings (R107.1 million) and industrial and warehouse space (R126.3 million).

Buildings completed increased in value from R607.8 million in 2016 to R894.3 million in 2021, with a peak of R1.3 billion in 2019. The increase in value of buildings completed is mostly from residential building plans passed, which also increased from a value of R428.5 million in 2016 to R740.5 million in 2021. Another significant contribution was additions and alterations to residential buildings, with a value of R69.9 million in 2021. This is, however, a decline from the R75.6 million recorded in 2016. Industrial and warehouse space was completed at a considerable value of R49.0 million in 2021, and additions and alterations to non-residential buildings were completed at a value of R20.3 million in the same year.

The building plans passed and completed in the George municipal area both took a plunge in 2020, correlating with the COVID-19 pandemic and lockdown restrictions, which halted building activity. A recovery to the previous average can be observed for the value of building plans passed in 2021. However, the value of buildings completed has not yet recovered to previous trends. This suggests that, even though there is a positive development outlook, there are impediments to achieving completion status.

Figure 1.15 illustrates the value of building plans passed and completed in the Mossel Bay municipal area between 2016 and 2021.

Figure 1.15
**VALUE OF BUILDING PLANS PASSED AND COMPLETED, Mossel Bay, 2016 – 2021 (R million)**




*Source: Stats SA & Quantec Research, 2022*

In the Mossel Bay municipal area, the total value of building plans passed increased over the period of review, from R951.8 million in 2016 to R1.5 billion in 2018, before going down to R1.3 billion in 2021. During the period under review, residential building plans made up most of the value of building plans passed. This was followed by additions and alterations to residential buildings. In 2021, building plans passed for residential buildings were valued at R923.1 million, while building plans passed for additions and alterations to residential buildings were valued at R320.7 million. The rate at which building plans for industrial and warehouse space were passed increased between 2016 and 2019. However, the value decreased from a peak of R112.0 million in 2019 to R14.3 million in 2021. This resulted in additions and alterations to non-residential buildings and shopping space recording higher values in 2021 at R31.6 million and R27.2 million respectively.

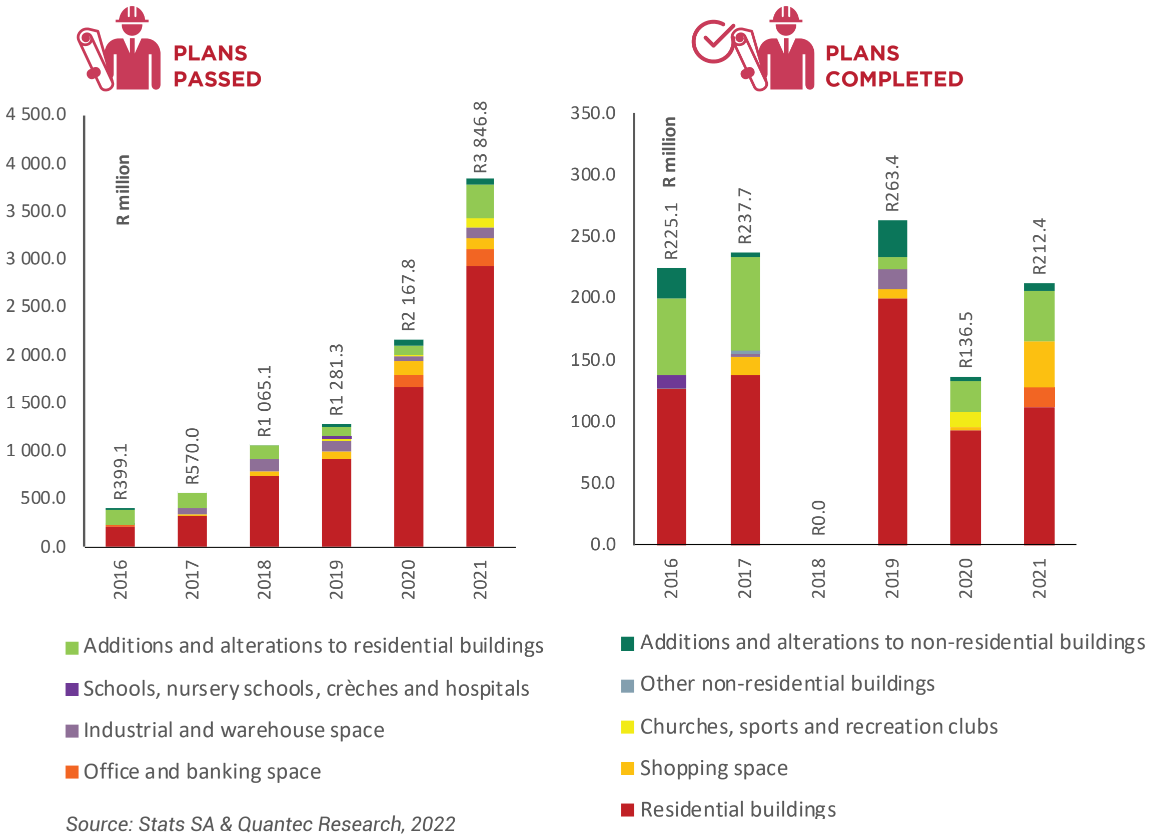
The total value of buildings completed in the Mossel Bay municipal area increased from R631.6 million in 2016 to R755.2 million in 2021, peaking at R866.0 million in 2019 during the review period. The value of residential buildings completed made up most of the value of buildings completed throughout the period under review, followed by additions and alterations to residential buildings. In 2021, residential buildings completed were valued at R636.3 million, while additions and alterations to residential buildings completed were valued at R71.6 million.

In terms of commercial property, most buildings completed during the reference period were for industrial and warehouse space, which increased from a value of R14.0 million in 2016 to R63.9 million in 2019, then declined to 53.5 million in 2020, with no buildings completed in 2021. Shopping space also made a significant contribution to buildings completed in the review period, increasing from a value of R27.1 million in 2016 to R41.1 million in 2021.

Figure 1.16 illustrates the value of building plans passed and completed in the Knysna municipal area between 2016 and 2021.

Figure 1.16

**VALUE OF BUILDING PLANS PASSED AND COMPLETED, Knysna, 2016 – 2021 (R million)**




*Source: Stats SA & Quantec Research, 2022*

Building plans passed in the Knysna municipal area increased significantly from R399.1 million in 2016 to R3.9 billion in 2021. The increase in building plans passed during the reference period is mostly from residential building plans passed, which also steadily increased from a value of R219.5 million in 2016 to R2.9 billion in 2021. Another significant contribution was from building plans passed for additions and alterations to residential buildings, which increased from R161.2 million in 2016 to R357.9 million in 2021. If these projects are realised, it will be a substantial boost not only for the local construction industry but also for tertiary sector activities.

Buildings completed decreased in value over the review period, from R225.1 million in 2016 to R212.4 million in 2021. Residential buildings made up most of the buildings completed and were valued at R111.7 million in 2021 – a decline from R126.7 million in 2016. Additions and alterations to residential buildings also made a significant contribution to buildings completed, and were valued at R41.9 million in 2021. Other types of buildings completed in 2021 with considerable values included shopping space with a value of R37.2 million and office and banking space valued at R15.9 million.

The value of buildings completed has decreased, while the value of building plans passed has significantly increased. Considering these trends, future large-scale developments in the Knysna municipal area could be constrained by shortages of well-located land for housing and urban development, as well as capacity constraints in the municipal planning and building control departments.[100]

Figure 1.17 illustrates the value of building plans passed and completed in the Oudtshoorn municipal area between 2016 and 2021.

Figure 1.17
**VALUE OF BUILDING PLANS PASSED AND COMPLETED, Oudtshoorn, 2016 – 2021 (R million)**


*Source: Stats SA & Quantec Research, 2022*

Building plans passed in the Oudtshoorn municipal area increased significantly in total value from R159.1 million in 2016 to R382.9 million in 2021. Most of the building plans passed during the period under review were for residential buildings and additions and alterations to residential buildings. Building plans passed for residential buildings tripled from a value of R62.1 million in 2016 to R199.1 million in 2021, and the building plans passed for additions and alterations to residential buildings increased from a value of R75.4 million in 2016 to R138.8 million in 2021. In 2020, only additions and alterations to residential buildings were completed. Shopping space completed recorded a considerable value of R16.3 million in 2021, after no building completions were previously recorded throughout the period of review.

[100] *(Knysna Municipality, 2021).*

Figure 1.18 illustrates the value of building plans passed and completed in the Bitou municipal area between 2016 and 2021.

Figure 1.18

**VALUE OF BUILDING PLANS PASSED AND COMPLETED, Bitou, 2016 – 2021 (R million)**


*Source: Stats SA & Quantec Research, 2022*

In the Bitou municipal area, the total value of building plans passed increased from R380.5 million in 2016 to R385.3 million in 2019, before declining to R257.7 million in 2020. The building plans passed recovered in 2021 to the long-term average. Throughout the period under review, most building plans passed were for residential buildings, the value of which increased from R210.2 million in 2016 to R219.6 million in 2021. Building plans passed for additions and alterations to residential buildings decreased from a value of R160.4 million in 2016 to R88.9 million in 2021. Also, additions and alterations to non-residential buildings decreased from a value of R8.6 million in 2016 to R200 000 in 2020, until no building plans were passed in 2021. Residential development was not only sustained but also increased over the period of review, while most other types of development decreased.

The value of building plans completed in the Bitou municipal area increased from R198.0 million in 2016 to R246.9 million in 2021, with a peak of R264.2 million recorded in 2017. The majority of building plans completed were for residential buildings, the value of which decreased from R171.2 million in 2016 to R170.2 million in 2021, despite a fluctuating trend during the period of review that peaked at R216.2 million in 2017. Other building plans that were completed continuously throughout the period of review were for additions and alterations to residential buildings, which increased from R25.7 million in 2016 to R30.0 million in 2021. On the other hand, shopping space was completed at a higher value than additions and alterations to residential buildings in 2021, despite no completions being recorded in previous years within the period.

An increase in developments naturally creates new jobs for businesses in an area. Furthermore, an increase in the development of housing may also be the result of an increase in residents in an area, which translates into an increase in the labour force and economic growth.

## 1.5.2 Public sector investment

Public sector spending has the potential to stimulate the growth of the local economy and create employment opportunities. Small, medium and micro enterprises (SMMEs) can be key role players in the development and creation of jobs through public sector investment.

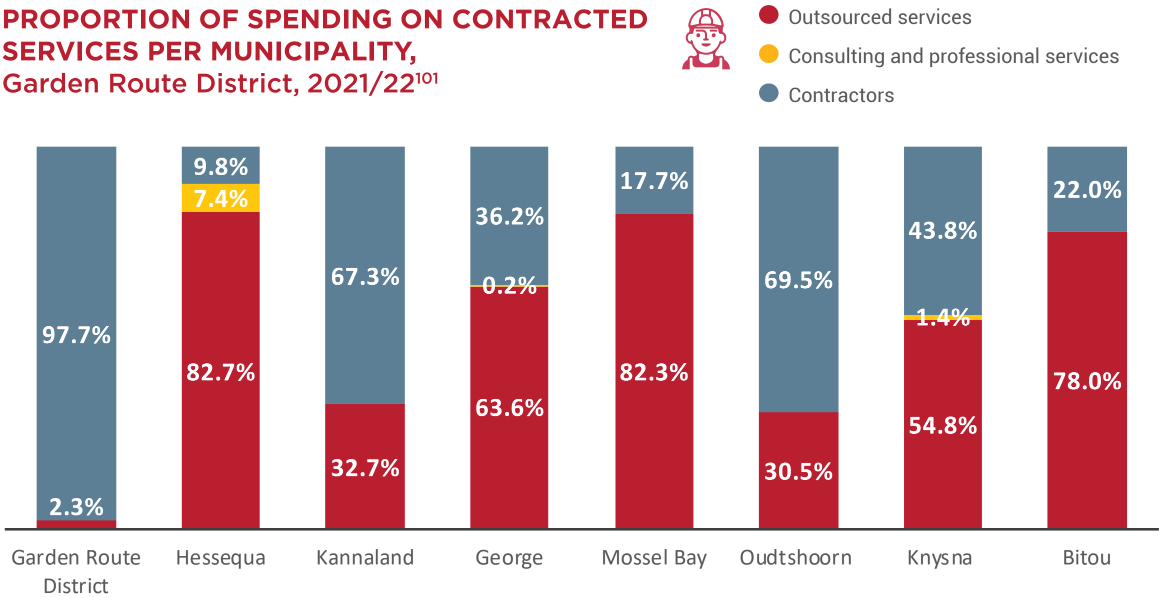
### 1.5.2.1 Municipal contracted services

The procurement processes of local municipalities can facilitate the development of local SMMEs that provide goods and services, while spending on infrastructure promotes the creation of an enabling environment for households and businesses to function optimally.

Figure 1.19 shows the distribution of municipal spending on contracted services in 2021/22. It must be noted that the GRD value in Figure 1.19 is not the sum total of all local municipalities in the District, but rather represents spending by the GRD Municipality.

Figure 1.19

**PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPALITY,**
**Garden Route District, 2021/22**[101]




*Source: Calculated from National Treasury, 2022*

In the GRD Municipality, nearly all expenditure on external services was allocated to contractors (97.7 per cent). Most of the money spent on contracted services was allocated to medical services, on which the GRD Municipality spent R7.0 million. Spending on medical doctors, nursing staff and associated items in municipal areas as discussed in this section can be attributed to the Department of Health. Between 2020 and 2021 the number of SMMEs registered on the GRD Municipality's Central Supplier Database increased from 19 to 32.

[101] *According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is unnecessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.*

More could be done to increase the number of registered SMMEs on the database. Increasing the number of suppliers on the database would encourage local spend. Spending money locally helps to boost local economic development (LED), creates local jobs and reduces economic leakages to outside areas.

In 2021/22, the Hessequa Local Municipality spent most of its external services budget on outsourced services (82.7 per cent), followed by contractors (9.8 per cent).

For the Kannaland Local Municipality, external service spending in 2021/22 was allocated to contractors (67.3 per cent) and outsourced services (32.7 per cent). These contracting services were mainly for medical services (R2.9 million).

In the George Local Municipality, the majority of spending on external services was allocated to outsourced services (63.6 per cent), followed by contractors (36.2 per cent). Outsourced services in the George municipal area were mostly for education (R4.9 million). Additionally, owing to the global COVID-19 pandemic, the George municipal area spent R3.1 million on medical doctors and R1.4 million on nursing staff. The number of SMMEs registered with the George Local Municipality increased significantly from 1 585 in 2020 to 1 926 in 2021. The increase in the number of registered SMMEs on the municipal database provides a wider range of contracted services for the Municipality to choose from and encourages spend locally. This drives LED and creates local jobs.

A large proportion of the Mossel Bay Local Municipality spending on external services was on outsourced services (82.3 per cent), followed by contractors (17.7 per cent). Spending on outsourced services in the municipal area in 2021/22 was mainly on medical and chemical waste removal (R1.3 million).

In the Oudtshoorn Local Municipality, most of the contracted spending was allocated to contractors (69.5 per cent), followed by outsourced services (30.5 per cent). Spending on contracted services mostly constituted maintaining and repairing fixed structures (R4.2 million) and maintaining and repairing machinery and equipment.

In 2021/22, the Knysna Local Municipality's spending on external services was mainly on outsourced services (54.8 per cent) and contractors (43.8 per cent). Outsourced spending was for the removal of medical and chemical waste (R1.3 million).

The Bitou Local Municipality spent the majority of its external services funds on outsourced services (78.0 per cent), followed by contractors (22.0 per cent). Outsourced services were mainly for medical and chemical waste removal, nursing staff and pharmacy professionals.

### 1.5.2.2 Infrastructure

Infrastructure spending by local and provincial governments is not only an important injection into the local economy, it also helps to create an enabling environment for economic and social development. Infrastructure capital spending has both short- and medium-term benefits. The capital injection not only boosts the economy from the initial injection but can also create numerous employment opportunities. Additionally, it can also stimulate economic activity from the operational activities that result from the initial capital spending. Despite the importance and necessity of maintaining existing infrastructure and investing in new infrastructure, local governments are under pressure, as generating their own revenue is becoming increasingly constrained owing to rising unemployment and poor economic growth, while income from provincial and national grants is declining.

Table 1.12 outlines the budgeted expenditure on infrastructure by the local municipalities in the GRD for 2022/23.

Table 1.12
**SPENDING ON INFRASTRUCTURE, Garden Route District, 2022/23**

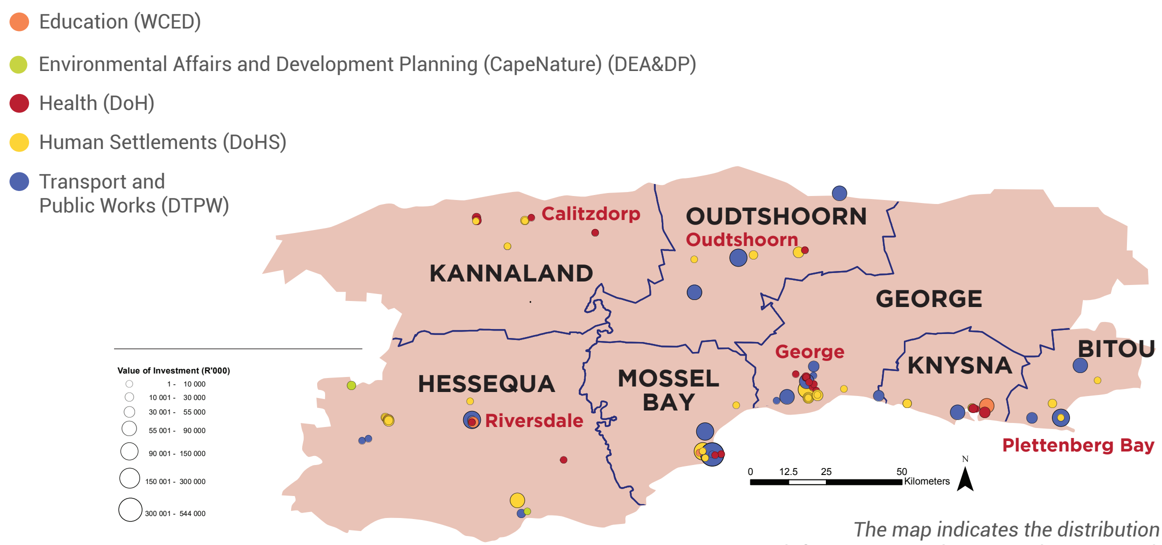
| DESCRIPTION R million | 2022/23 Municipal infrastructure spend (original budget) |
|---|---|
| **Economic infrastructure** | **240.3** |
| Road transport and public works | 238.1 |
| Environmental services | 2.2 |
| **Social infrastructure** | **82.2** |
| Education | - |
| Health | 1.8 |
| Social development | 20.3 |
| Housing | 60.1 |
| **Trading services** | **1 099.8** |
| Energy sources | 264.0 |
| Water management | 406.7 |
| Wastewater management | 292.6 |
| Waste management | 136.5 |
| **Other** | **198.0** |
| **Total infrastructure spend** | **1 620.3** |

*Source: Provincial Treasury, 2022*

The local municipalities in the GRD have collectively allocated R1.62 billion to capital expenditure budgets for 2022/23. This includes allocations made towards economic infrastructure, social infrastructure and trading services of R240.3 million, R82.2 million and R1.2 billion respectively. In addition, R198.0 million has been budgeted to be spent on other capital expenses, which include governance and administration, public safety, sport and recreation, planning and development, and environmental protection services.

Most of the budget allocations originate from municipal budgets of the GRD. Key municipal expenditure categories include water management (R406.7 million) and wastewater management (292.6 million). The local municipalities have committed a total of R1.6 billion towards capital expansions in 2022/23 compared with the Provincial estimated investment of R976.9 million in infrastructure within the District. Municipalities in the District have collectively prioritised trading services, with water and wastewater receiving top allocations for the 2022/23 financial year. In addition to these top priorities by municipalities in the GRD, substantial investments are also being made in road transport, housing and electricity infrastructure.

Provincial government infrastructure spend in the GRD over the 2022/23 to 2024/25 Medium Term Expenditure Framework (MTEF) amounts to R2.8 billion and accounts for 9.4 per cent of the total Provincial infrastructure budget. Mossel Bay receives the highest percentage of the investment at 23.0 per cent, although Hessequa has a larger per capita investment (R8 857), which is much higher than the per capita investment for the District (R4 530). Transfers to the District have seen a significant increase over the years, with the proportion increasing from 32.5 per cent in 2019/20 to 40.4 per cent in the 2021/22 adjusted budget.




*The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investment (projects and programmes) is indicated in the accompanying table for the applicable region or district.*

*Maps supplied by DEA&DP. Spatial Information Management*

Diagram 1.9

**TOTAL DEPARTMENTAL MTEF INFRASTRUCTURE BUDGET AND NUMBER OF PROJECTS & PROGRAMMES, Garden Route District, 2022/23 MTEF**

| WC PROVINCIAL DEPARTMENT | No of Projects & Programmes | 2022/23 MTEF (R'000) | 2023/24 MTEF (R'000) | 2024/25 MTEF (R'000) | MTEF Total (R'000) |
|---|---|---|---|---|---|
| Education (WCED) | 6 | 55 000 | 64 000 | 64 000 | **183 000** |
| Environmental Affairs and Development Planning (CapeNature) (DEA&DP) | 4 | 7 200 | 0 | 15 000 | **22 200** |
| Health (DoH) | 30 | 66 080 | 45 845 | 25 630 | **137 555** |
| Human Settlements (DoHS) | 56 | 320 451 | 429 303 | 161 722 | **911 476** |
| Transport and Public Works (DTPW) | 25 | 528 205 | 586 970 | 476 485 | **1 591 660** |
| **Total** | **121** | **976 936** | **1 126 118** | **742 837** | **2 845 891** |

*Source: The data represents an extract from the Provincial Infrastructure Reporting Model (IRM), as at 3 March 2022. Improving the accuracy of information in the reporting model is ongoing and continues to receive attention.*

The top WCG budget priority is road transport and public works as well as housing in the GRD, which together make up 86.9 per cent of the WCG's allocation towards infrastructure spending in the District.

In 2022/23, the WCG will invest a total of R535.4 million (54.8 per cent) in economic infrastructure throughout the GRD, almost exclusively to fund road transport and public works developments. An additional allocation of R7.2 million was made towards environmental services. These allocations are complemented by a R229.7 million allocation towards road transport and R1.6 million towards environmental services from the Municipality's capital budget. These will go a long way towards enhancing the District's natural beauty and crucial road infrastructure network.

The WCG will allocate R441.5 million or 45.2 per cent of the infrastructure budget to social infrastructure. This includes a R55.0 million allocation towards education, more specifically new and replaced infrastructure at primary schools in Knysna and Hessequa, as well as R66.1 million towards new and replaced health infrastructure, mostly at clinics within the Knysna and Kannaland municipal areas.

The largest allocation towards social infrastructure has, however, been made by the WCG for housing. The largest projects include R63.3 million towards 671 Integrated Residential Development Programme (IRDP) units at the George Metro Grounds, R61.0 million towards 4 203 services sites in Mossel Bay and R36.0 million towards 585 IRDP units on the Melkhout Farm in the Hessequa municipal area.

Within the GRD, the DTPW had the largest portion of infrastructure investment spend, with 56.0 per cent. The DoHS contributed 32.0 per cent of total infrastructure spend in 2022.


Information about the **2022/23 budgeted Provincial infrastructure spend** is provided in the *Overview of Provincial and Municipal Infrastructure Investment* (OPMII), published by Provincial Treasury.

### 1.5.3 Public sector spending on designated groups[102]

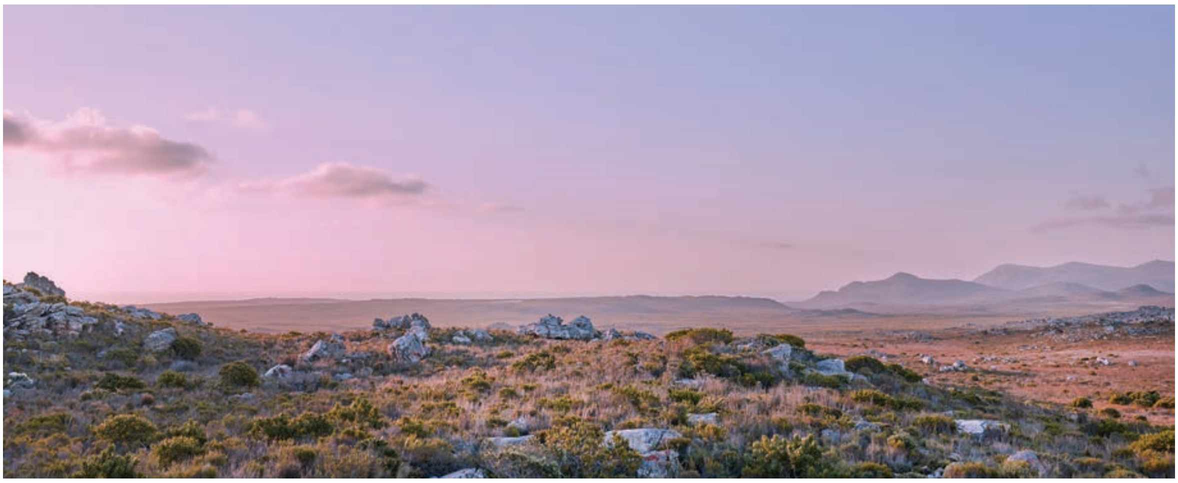
Public sector spending is the largest economic force in most local municipalities. Public sector spend on SMMEs increases LED and creates job opportunities. Additionally, public sector spending has the potential to either bring about societal good or reinforce historical patterns of exclusion.[103]

In the GRD, R116.2 million (50.8 per cent of the total spend on SMMEs) was spent on Exempted Micro Enterprises (EMEs) and an additional R65.3 million (28.6 per cent of total spend on SMMEs) on Qualifying Small Enterprises (QSEs). This means that a total amount of R181.5 million was spent on SMMEs. Money spent on SMMEs advances bottom-up LED and decreases economic leakages to outside areas. This is due to SMMEs having more linkages with other small enterprises than larger firms. SMMEs are also important for employment creation, as they typically would not automate processes, or insource or outsource labour.

Table 1.13
**EXPENDITURE ON REGISTERED SMMES ON THE WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB), Garden Route District, 2021/22[104]**

| | R million | % |
|---|---|---|
| EMEs[105] | R116.2 | 50.8% |
| Other Entities[106] | R47.1 | 20.6% |
| QSEs[107] | R65.3 | 28.6% |
| **Total** | **R228.6** | **100.0%** |

*Source: The Provincial Infrastructure Reporting Model (IRM)*



[102] *Designated groups mean – 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).*
[103] *The information for black ownership, black woman ownership and the other designated groups was split to avoid duplication of expenditure, as a supplier can be black-owned and a youth.*
[104] *The information extracted was for the below economic classifications, matched to suppliers registered on the WCSEB for the period 1 April 2021 to 31 March 2022: Goods & Services, Buildings & Other Fixed Structure, Machinery & Equipment and Software & Intangible Assets.*
[105] *EMEs are (regardless of the composition of their ownership) deemed to have a Level 4 BBBEE status and start-up enterprises (in the first year from formation or incorporation) are measured as EMEs. EMEs are entities with an annual total revenue of R10.0 million or less.*
[106] *"Other" refers to expenditure on suppliers not registered on the Western Cape Supplier Evidence Bank (WCSEB), petty cash payments, transfer payments and claim-backs.*
[107] *QSEs are enterprises with an annual total revenue of between R10.0 million and R50.0 million. The BBBEE status of QSEs is measured by reference to all five BBBEE elements in terms of a specific scorecard for QSEs in the BBBEE Codes.*

In the GRD, among the categories defined in the Preferential Procurement Policy Framework Regulations (PPPFR), public sector spend was the highest for the youth (94.9 per cent of the total PPPFR categorised spend), with a total of R61.4 million spent. (See Table 1.14.) This spend will aid in advancing technological innovation in the country, as the youth are known to drive innovation. As youth make up the second-highest population segment in the GRD,[108] it is justified that most of the public funds for PPPFR were spent on this group. (See Figure 3.3.)

Additionally, the minority groups of military veterans and people with disabilities received R3.1 million and R0.2 million of the PPPFR categorised public spend respectively. Money spent on these minority groups shows that public spend is aligned with legislative prescripts.

Table 1.14
**PAYMENTS TO SUPPLIERS PER DESIGNATED CATEGORIES DEFINED IN THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK REGULATIONS (PPPFR), Garden Route District, 2021/22**

| | R million | % |
|---|---|---|
| Military veterans | R3.1 | 4.8% |
| People with disabilities | R0.2 | 0.3% |
| Youth | R61.4 | 94.9% |
| **Total** | **R64.6** | **100.0%** |

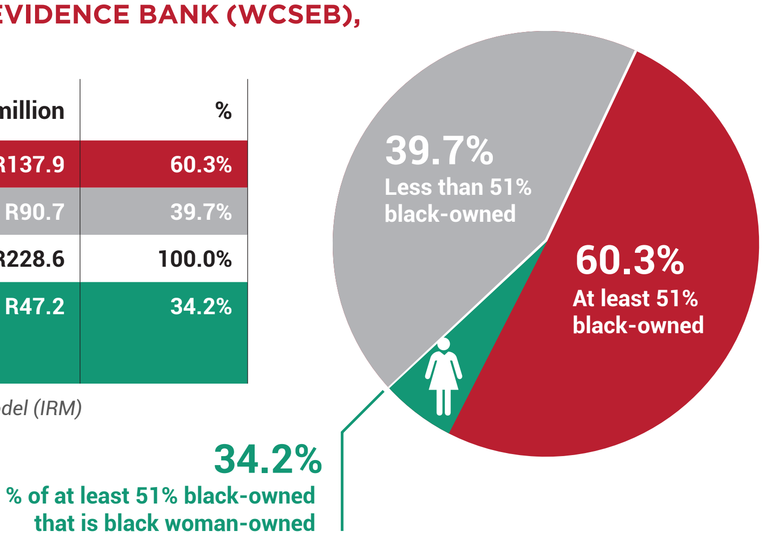
*Source: The Provincial Infrastructure Reporting Model (IRM)*

In the GRD, 60.3 per cent of all expenditure was spent on companies that are majority black-owned.[109] This reflects the racial composition of the District, as the majority of people are black.[110] A total of R47.2 million (34.2 per cent of total spend on companies that are majority black-owned) was spent on companies that are majority black woman-owned. Given the historical social exclusion of women, particularly black women, a greater share of public spend should be allocated to this designated group to reduce marginalisation created by past inequalities.

Table 1.15
**EXPENDITURE ON REGISTERED BLACK-OWNED COMPANIES ON THE WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB), Garden Route District, 2021/22[111]**

| | R million | % |
|---|---|---|
| At least 51% black-owned | R137.9 | 60.3% |
| Less than 51% black-owned | R90.7 | 39.7% |
| | R228.6 | 100.0% |
| % of at least 51% black-owned that is black woman-owned | R47.2 | 34.2% |

*Source: The Provincial Infrastructure Reporting Model (IRM)*




[108] *See Chapter 3, Garden Route District.*
[109] *See Table 1.15.*
[110] *(Stats SA, 2022).*
[111] *The information for black ownership, black woman ownership and the other designated groups was split to avoid duplication of expenditure, as a supplier can be black-owned and a youth.*

## 1.6 CONCLUDING REMARKS

In 2020, the GRD contributed 7.5 per cent of Provincial GDPR, making the District the third-largest contributor after the CWD and the Cape Metro area. Among all municipal areas in the District, the George municipal area made the largest contribution of 39.8 per cent. Furthermore, the District has shown that it is heavily reliant on the tertiary sector, as the sector contributed 74.2 per cent to GDPR. The District is estimated to have grown by 4.7 per cent in 2021, though growth is forecast to decline to 2.4 per cent in 2022 and 0.4 per cent in 2023. Considering the context, the District is estimated to have recorded economic recovery from the COVID-19 pandemic. However, beyond 2021 the District is forecast to record low levels of growth, and is likely to reach levels comparable to District growth rates in 2019.

The George municipal area has had the highest GDPR growth rate in the GRD over the past decade. As it is the largest economy in the GRD, this lifted the region's otherwise lacklustre average annual performance over this period. This will continue into 2023, when the George municipal area is forecast to register the highest GDPR growth in the District.

The Knysna municipal area has had the lowest GDPR growth rate in the GRD over the past decade. The COVID-induced semigration uptick of 2020 and 2021 will, however, create conditions for new forms of economic growth in the area. Resulting investments such as the R200.0 million Kunjani Mall will provide temporary stimulus for the local construction sector.

The R2.2 billion Transnet National Ports Authority upgrades in Mossel Bay will not only provide a longer-term boost for the local construction sector but will also facilitate growth in other sectors such as export-oriented manufacturing.

While much of the national focus has been on large-scale oil and gas developments around Mossel Bay, small-scale bottom-up approaches to LED remain relevant in smaller economies, as found in the Bitou, Kannaland and Hessequa municipal areas. In this regard, the GRD is the leading district in expenditure on youth-owned businesses in the Province (second only to the Cape Metro area). Such targeted procurement will be able to unlock latent potential from local enterprise.

More than half of national ostrich sales originate from the GRD,[112] with Oudtshoorn accounting for the majority of sales. The Western Cape Department of Agriculture has indicated that there are opportunities for exports of sales and meat to increase in the coming years beyond their current value of R578.0 million.[113]

The GRD recorded an increasing trade deficit between 2020 and 2021, largely influenced by trade patterns in the manufacturing sector. However, a substantial part of District exports are primary goods such as apples, quinces and pears, as well as citrus fruit. The manufacturing sector contributes 13.7 per cent to District GDPR, which probably necessitates greater imports of products within the sector in order to support a substantial contributor to the District economy.

Private sector investment in the GRD is estimated to have increased by 3.9 per cent in 2021, largely supported by the primary sector's investment growth of 26.8 per cent. Furthermore, all municipal areas recorded an increase in building plans passed or completed from 2020, to 2021, which also suggests an economic recovery from the effects of the COVID-19 pandemic.

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[112] *(Stats SA, 2020).*
[113] *(Western Cape Department of Agriculture, 2022).*

# 2

# JOBS

## 2.1 INTRODUCTION

**This chapter identifies and discusses some of the key employment trends in the District by indicating which municipal areas within the GRD are the largest contributors to employment creation. Furthermore, this chapter provides an overview of the historical employment trends in the local municipal areas.**

The chapter also discusses sectoral employment by identifying which sectors employ the most individuals and highlights which sectors have contributed more to creating new job opportunities (or have experienced job losses) in the District. The chapter also discusses the distribution of skilled and informal employment for each of the municipal areas. Finally, a summary of the unemployment rate, labour absorption rate and labour participation rate for each of the municipal areas in the GRD is provided in the chapter.

## 2.2 REGIONAL LABOUR TREND ANALYSIS

### 2.2.1 Employment growth

The status of employment in each municipal area in 2020, the average number of jobs created over the 2011 to 2020 period and the estimated net change in employment for 2021 are depicted in Diagram 2.1.

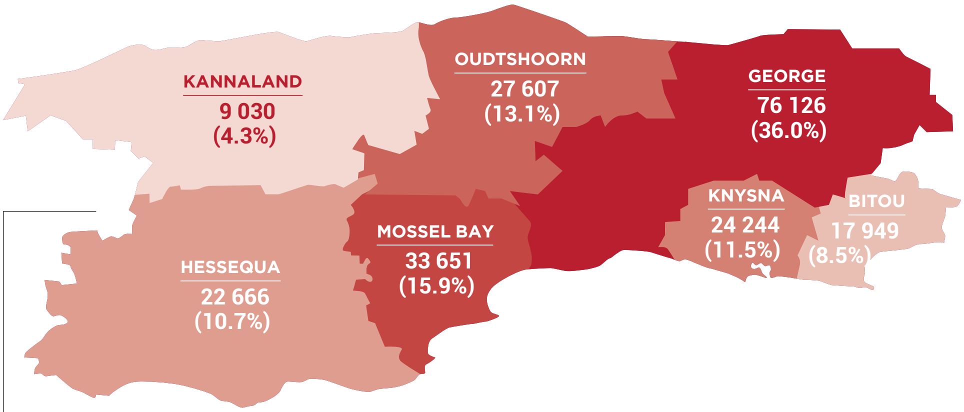



Diagram 2.1
**EMPLOYMENT CONTRIBUTION AND GROWTH, Garden Route District**

GARDEN ROUTE
**211 273 (100.0%)**

WESTERN CAPE
**2 378 802**

*Source: Quantec Research, 2022 (e denotes estimate)*

| MUNICIPALITY | Number of jobs 2020 | Average annual change 2011 – 2020 | Average annual change 2016 – 2020 | Net change 2021e |
|---|---|---|---|---|
| Kannaland | 9 030 (4.3%) | 26 | -265 | -429 |
| Hessequa | 22 666 (10.7%) | 88 | -529 | -1 108 |
| Mossel Bay | 33 651 (15.9%) | 129 | -557 | -1 368 |
| George | 76 126 (36.0%) | 763 | -690 | -2 380 |
| Oudtshoorn | 27 607 (13.1%) | 154 | -386 | -838 |
| Bitou | 17 949 (8.5%) | 215 | -178 | -682 |
| Knysna | 24 244 (11.5%) | 141 | -358 | -975 |
| **Garden Route District** | **211 273 (100.0%)** | **1 515** | **-2 963** | **-7 780** |
| **Western Cape** | **2 378 802** | **22 093** | **-20 286** | **-69 033** |

A total of 211 273 jobs were recorded in the GRD in 2020, which represents a contribution of 8.9 per cent of Provincial employment. Within the District, the largest contributor was the George municipal area, with 36.0 per cent of jobs recorded. The Kannaland municipal area recorded a contribution of 4.3 per cent of jobs in the District, making it the lowest contributor across all municipal areas in the GRD.

Between 2016 and 2020, the GRD lost an average of 2 963 jobs per year. Across all municipal areas in the District, the George municipal area lost the most jobs in the period, losing 690 jobs per year. The Bitou municipal area had the lowest number of job losses in the District, losing an average of 178 jobs per year. This is largely a result of factors including the drought in the District, which affected employment in the agricultural and agro-processing sector,[1] as well as average GDPR contractions between 2016 and 2020 causing declines in employment in the District.

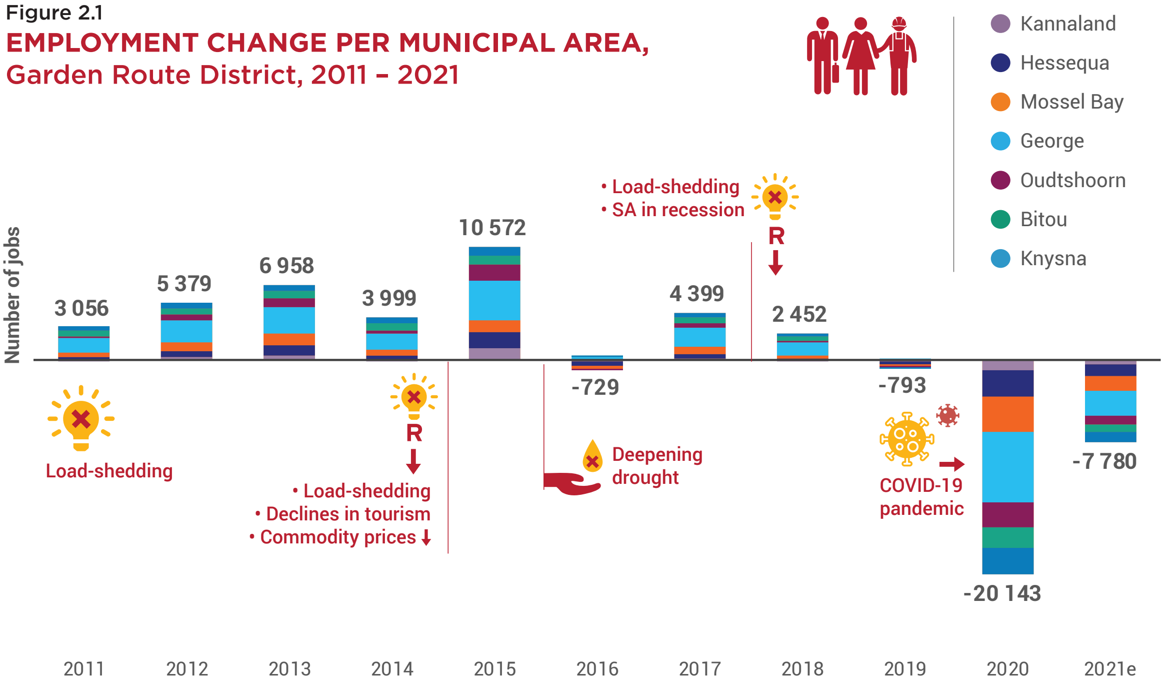
[1] *(Pienaar, 2019).*

Employment in the District was also impacted by the destruction of sawmills in the District after the Karatara wildfires, which resulted in retrenchments of staff.[2] Furthermore, employment in the District was impacted by the COVID-19 pandemic in 2020 owing to policy responses such as the national lockdown.

The GRD is estimated to have lost 7 780 jobs in 2021, which is 11.3 per cent of jobs lost across the Province. This is disproportionate to the District's contribution of 8.9 per cent to Provincial jobs. The George municipal area is estimated to have had the highest number of jobs lost (2 380). Job losses in the George municipal area were driven by losses in the tertiary sector.[3] Job losses in the District were also largely impacted by lagged employment recovery following the COVID-19 pandemic, compared with estimated GDPR growth in the same year for the District. Additionally, employment was also impacted by the job losses caused by PetroSA in the District.[4]

An overview of the historical employment trends experienced between 2011 and 2021 in the GRD is provided in Figure 2.1.

Figure 2.1
**EMPLOYMENT CHANGE PER MUNICIPAL AREA, Garden Route District, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Kannaland | -38 | 235 | 401 | -10 | 992 | -247 | 103 | -29 | -143 | -1 009 | -429 |
| Hessequa | 170 | 609 | 904 | 307 | 1 532 | -417 | 451 | 116 | -285 | -2 510 | -1 108 |
| Mossel Bay | 409 | 755 | 1 098 | 627 | 1 185 | -242 | 676 | 301 | -222 | -3 296 | -1 368 |
| George | 1 393 | 2 097 | 2 513 | 1 459 | 3 618 | 209 | 1 736 | 1 132 | 46 | -6 574 | -2 380 |
| Oudtshoorn | 241 | 498 | 838 | 363 | 1 527 | -62 | 416 | 186 | -68 | -2 403 | -838 |
| Bitou | 443 | 547 | 599 | 601 | 850 | 28 | 548 | 373 | -10 | -1 830 | -682 |
| Knysna | 438 | 638 | 605 | 652 | 868 | 2 | 469 | 373 | -111 | -2 521 | -975 |

*Source: Quantec Research, 2022 (e denotes estimate)*

[2] *(Schoonraad, 2018).*
[3] *See Table 2.3.*
[4] *(Burkhardt, 2021).*

The GRD recorded an upward trend in job creation between 2011 and 2015.[5] The Province recorded a similar upward trend. This can be attributed to economic recovery in the District pertaining to GDPR growth, as well as increased tourism activity over the period.[6]

In 2016, the GRD recorded a total of 729 jobs lost. The Hessequa municipal area made the largest contribution to job losses, with 417 jobs lost in the year. As the Hessequa municipal area is largely driven by horticultural production,[7] the drought in the municipal area significantly impacted employment. This impact is also seen in the District, where losses in employment were likely to have been caused by impacts of the drought on employment in the agricultural and agro-processing sector.

The GRD recovered jobs in 2017, recording an addition of 4 399 jobs in the year. The District's recovery in jobs was led by the George municipal area, with 1 736 jobs added in the year. This was largely due to increases in jobs in the tertiary sector during the year. The increase in tourism and a greater share of international tourists than domestic tourists in the year[8] had a direct positive impact on employment in the trade sector.[9] This also impacted employment indirectly, as sectors such as the transport sector had increased employment capacity to address the increase in tourism in the District.

Despite the recovery in 2017, the GRD experienced a downward trend in employment creation between 2017 and 2019. This is evident from a decrease in jobs added in the District in 2018 (2 452 jobs) and the loss of jobs in the District in 2019 (793 jobs). This downward trend is attributable to the poor economic performance of the District in the period, especially as a result of load-shedding impacts as well as the low performance of the national economy during this time. Furthermore, as the national credit rating was downgraded in the period,[10] foreign direct investment into the District is likely to have decreased, resulting in job losses.

Employment in the GRD was heavily affected by the COVID-19 pandemic, seen in the loss of jobs in the District in 2020. During the year, the District lost 20 143 jobs, with the George municipal area losing the most jobs (6 574 jobs). This impact was heavily felt in the trade sector, where the reduction of tourism in the District greatly impacted employment in the sector.

The GRD is estimated to have lost 7 780 jobs in 2021. All municipal areas in the District are estimated to have lost jobs during the year, with the largest loss recorded in the George municipal area (2 380 jobs). Losses in employment in the District were largely contributed by PetroSA's facility in Mossel Bay.[11] Job losses in the PetroSA gas-to-liquids refinery are likely to induce lower output and higher costs for fuel and oil produced in the facility. This is likely to impact job losses throughout the District in sectors such as the manufacturing and transport sectors, as increased production costs will induce lower demand for workers in the sectors.

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[5] *It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).*
[6] *(International Labour Organization, 2011).*
[7] *(Hessequa Local Municipality, 2021).*
[8] *(Wesgro, 2017).*
[9] *(Department of Tourism, 2018).*
[10] *(Ntshidi & Tefu, 2019).*
[11] *(Burkhardt, 2021).*

An overview of the employment dynamics in the GRD is provided in Diagram 2.2. This is provided by means of the depiction of the unemployment rate, labour absorption rate, labour force participation rate and the not economically active population as a proportion of the working-age population for each of the municipal areas.

Diagram 2.2

## LABOUR PROFILE, Garden Route District

**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.

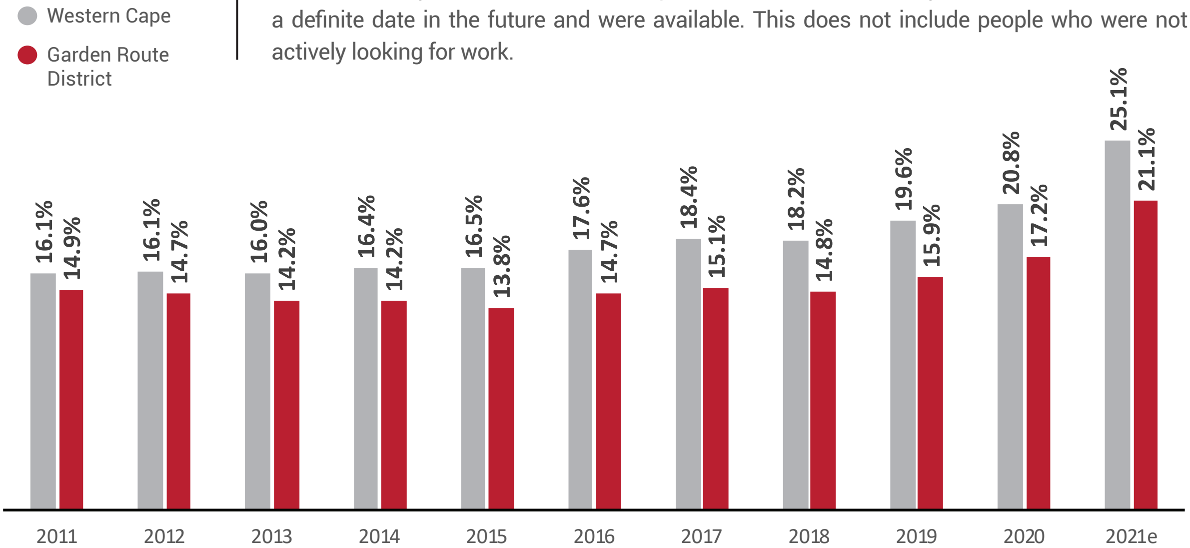
**Not economically active** refers to persons aged 15 to 64 years who were neither employed nor unemployed in the reference week.

| | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|
| | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| Garden Route District | 68.8% | 63.2% | 52.3% | 50.1% | 30.9% | 36.6% |
| Western Cape | 68.1% | 62.6% | 49.6% | 47.5% | 31.3% | 36.8% |

*Source: Quantec Research, 2022 (e denotes estimate)*

## UNEMPLOYMENT PROFILE, Garden Route District

**Unemployed persons**, according to the official Stats SA definition, are those (aged 15 to 64 years) who: a) were not employed in the reference week; and b) actively looked for work or tried to start a business in the four weeks preceding the survey interview; and c) were available for work, i.e. would have been able to start work or a business in the reference week; or d) had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available. This does not include people who were not actively looking for work.




*Source: Quantec Research, 2022 (e denotes estimate)*

Between 2011 and 2015, the GRD recorded a downward trend in unemployment. However, the District recorded an upward trend in unemployment between 2016 and 2020. Unemployment in the GRD is estimated to have increased to 21.1 per cent in 2021. This is below the estimated unemployment rate for the Province at 25.1 per cent. The increase in unemployment is likely to be the result of lagged employment responses, despite the District being estimated to have achieved recovery in GDPR growth rates in the same year. Other factors include job cuts seen at the gas-to-liquids refinery in the District during the year.[12]

The labour force participation rate for the GRD is estimated to have declined to 63.2 per cent in 2021. However, in the same year the District's labour force participation rate was still above that of the Province, which was estimated to be 62.6 per cent. The District's labour absorption rate declined from 52.3 per cent in 2020 to an estimated 50.1 per cent in 2021. The labour absorption rate of the Province is also estimated to have declined in 2021, to 47.5 per cent. The decline in the labour force participation rate can be attributed to the absence of employment opportunities in the District.

[12] *(Burkhardt, 2021).*

### 2.2.2 Sectoral employment

The employment per sector in the GRD is illustrated in Table 2.1. This includes the number of jobs in each sector and their contribution to employment in 2020, along with the trend observed between 2011 and 2020 as well as between 2016 and 2020. Estimates for 2021 are also provided.

Table 2.1
**EMPLOYMENT PER SECTOR, Garden Route District**

| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **25 982 (12.3%)** | **83** | **-1 126** | **-293** | **-2 282** | **-800** |
| Agriculture, forestry & fishing | 25 828 (12.2%) | 85 | -1 119 | -282 | -2 265 | -793 |
| Mining & quarrying | 154 (0.1%) | -2 | -8 | -11 | -17 | -7 |
| **Secondary Sector** | **33 074 (15.7%)** | **-45** | **-737** | **-1 258** | **-3 348** | **-1 934** |
| Manufacturing | 18 931 (9.0%) | -42 | -230 | -11 | -1 527 | -744 |
| Electricity, gas & water | 809 (0.4%) | 8 | -7 | -10 | -35 | -23 |
| Construction | 13 334 (6.3%) | -11 | -500 | -1 237 | -1 786 | -1 167 |
| **Tertiary Sector** | **152 217 (72.0%)** | **1 476** | **-1 100** | **758** | **-14 513** | **-5 046** |
| Wholesale & retail trade, catering & accommodation | 51 000 (24.1%) | 220 | -777 | 277 | -7 699 | -3 304 |
| Transport, storage & communication | 8 739 (4.1%) | 132 | -241 | 255 | -1 236 | -876 |
| Finance, insurance, real estate & business services | 40 437 (19.1%) | 1 128 | 738 | 853 | -1 449 | -764 |
| General government | 11 585 (5.5%) | 85 | -29 | -8 | -245 | 47 |
| Community, social & personal services | 40 456 (19.1%) | -89 | -791 | -619 | -3 884 | -149 |
| **Total Garden Route District** | **211 273 (100.0%)** | **1 515** | **-2 963** | **-793** | **-20 143** | **-7 780** |

*Source: Quantec Research, 2022 (e denotes estimate)*

In 2020, the tertiary sector recorded 157 217 jobs in the GRD, contributing 72.0 per cent to employment in the District. Within the tertiary sector, the largest contributing subsectors were the trade (24.1 per cent), community services (19.1 per cent) and finance (19.1 per cent) sectors. Between 2016 and 2020, the tertiary sector lost an average of 1 100 jobs per year. This was led by the community services sector, which lost an average of 791 jobs per year over the period. The bulk of job losses in the community services sector occurred in 2020, largely as a result of the national lockdown policy, which included the closing of recreational, sporting and other activities in the sector, such as hairdressing, thereby affecting employment. Other factors raising unemployment in the tertiary sector included the decline in the trade sector because of decreases in tourism recorded in 2020.[13]

The tertiary sector is estimated to have lost 5 046 jobs in 2021. This loss in jobs was driven by job losses in the trade sector (3 304 jobs), which are attributable to the lagged effects of the COVID-19 pandemic. Furthermore, as estimated job losses in the District are caused by job losses in the informal sector,[14] this is likely to be reflected in job losses in the trade and transport sectors.

[13] *(Stats SA, 2020).*
[14] *See Section A.*

The secondary sector contributed 15.7 per cent of jobs in the GRD in 2020, with 33 074 jobs. The manufacturing sector was the largest contributing subsector in the secondary sector, with 9.0 per cent of jobs in the District. This was followed by the construction sector at 6.3 per cent. Between 2016 and 2020, the secondary sector lost an average of 737 jobs per year. This was driven by job losses in the construction sector, which lost an average of 500 jobs per year during this time. As the economy contracted during the period, employment in the construction sector decreased because of lower investment in the industry. Another factor was the lack of protection for local industries pertaining to globalisation, stemming from policy failures.[15] Job losses in the secondary sector can also be attributed to the reduced output in horticultural production as a result of the drought, which affected agro-processing in the District. Job losses over the period can also be attributed to job losses by South African Breweries in response to the economic conditions in the country.[16]

It is estimated that the secondary sector lost 1 934 jobs in 2021. This is attributable to job losses at the gas-to-liquids refinery in the District during the year. The closure of the refinery is likely to have further affected other sectors.[17] Across the subsectors in the secondary sector, the construction sector (1 167 jobs) is estimated to have lost the most jobs.

The primary sector recorded 25 982 jobs in 2020, contributing 12.3 per cent to District employment. The agriculture sector was the largest contributor within the primary sector, contributing 12.2 per cent of jobs in the District. Between 2016 and 2020, the primary sector lost an average of 1 126 jobs per year, 1 119 of which were in the agriculture sector. This is attributable to drought conditions in the District during the period impacting employment. Job losses in the agriculture sector were also exacerbated by farmers paying workers the minimum wage as a result of farms coming under financial pressure during this time.[18]

The primary sector is estimated to have lost 800 jobs in 2021. Conversely, the primary sector is also estimated to have recorded a GDPR growth rate of 6.6 per cent in the year, probably as a result of increased commodity prices. Within the primary sector, the agriculture sector is estimated to have lost 793 jobs in the year. This is probably as a result of losses in income from international trade in horticultural outputs of the District, which occurred despite increases in commodity prices.[19] Jobless growth in the agriculture sector was also influenced by the poor economic performance of the sector in 2020, which impacted further job losses in 2021.

*[15] (Veldkornet, 2019).*
*[16] (Naidoo, 2020).*
*[17] (Burkhardt, 2021).*
*[18] (Dean, 2018).*
*[19] (Mkhabela, 2021).*

### 2.2.3 Location quotient

Throughout this subsection, the location quotient is used to identify and analyse the comparative advantage and level of specialisation of labour in the various economic sectors in the District. Location quotients are ratios which allow an area's distribution of employment in terms of industry, ownership and size class to be compared with the national industry.[20] A location quotient exceeding one indicates that the share of labour in the sector in the local economy is greater than that of the national economy. Should the location quotient be less than one, labour in the sector is less specialised in the District economy relative to the industry of the national economy. Furthermore, a location quotient of one indicates that the representation of labour in the sector within the District is the same as labour within the sector for the national economy.

As a tool, a location quotient does not take external factors such as government policies, investment incentives, proximity to markets, etc. into consideration. This may influence the comparative advantage of an area in a particular sector. Furthermore, the location quotient indicates the relative importance of the local economy to the national economy and does not necessarily indicate that the sector is small or large within a local economy, nor does it indicate the value of importance.

The location quotient in terms of employment for the GRD is depicted in Table 2.2.

Table 2.2

**LOCATION QUOTIENT IN TERMS OF EMPLOYMENT,**
**Garden Route District**

| SECTOR | 2011 | 2020 | Growth 2011 – 2020 |
|---|---|---|---|
| PS **Primary Sector** | 1.15 | 1.19 | **3.2%** |
| Agriculture, forestry & fishing | 1.86 | 1.73 | **-7.1%** |
| Mining & quarrying | 0.02 | 0.02 | **0.0%** |
| SS **Secondary Sector** | 1.05 | 1.01 | **-4.1%** |
| Manufacturing | 0.91 | 0.95 | **4.6%** |
| Electricity, gas & water | 0.83 | 0.87 | **5.1%** |
| Construction | 1.34 | 1.10 | **-17.4%** |
| TS **Tertiary Sector** | 0.97 | 0.97 | **0.0%** |
| Wholesale & retail trade, catering & accommodation | 1.13 | 1.11 | **-2.4%** |
| Transport, storage & communication | 0.89 | 0.96 | **7.5%** |
| Finance, insurance, real estate & business services | 0.91 | 1.04 | **13.6%** |
| General government | 0.88 | 0.85 | **-3.9%** |
| Community, social & personal services | 0.89 | 0.83 | **-6.3%** |

*Source: Quantec Research, 2022 and Urban-Econ, 2022*

[20] *(United States Bureau of Labor Statistics, 2022).*

| 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. |

The agriculture sector was the only subsector that held a high location quotient in terms of employment in the GRD at 1.73 in 2020. Therefore, the agriculture sector is an important employer in the District, as the District has a higher share of employment attributed to the sector compared with the national industry. Between 2011 and 2020, the agriculture sector contracted by 7.1 per cent.

Apart from the mining sector (and the agriculture sector, as mentioned above), all sectors in the GRD recorded a medium advantage in terms of location quotient in 2020. Within all those classified as having a medium advantage, the finance sector had the largest total growth in employment between 2011 and 2020, at 13.6 per cent. Additionally, the construction sector was the only subsector to decline in classification from a high advantage to a medium advantage in terms of employment. The District therefore has a level of contribution to employment comparable to that of the national economy in all sectors recorded to have a medium advantage.

The mining sector is the only subsector that was classified as having a low comparative advantage in terms of employment in 2020. Between 2011 and 2020, the mining sector remained stagnant, as it did not record any change in the location quotient. This suggests that labour within the mining sector in the District is less specialised and is a low contributor to employment in the sector for the national economy.

## 2.3 EMPLOYMENT AND SKILLS PER MUNICIPAL AREA


### 2.3.1
# GEORGE

Diagram 2.3
**EMPLOYMENT,**
George, 2020 and 2021e

**JOBS**

| 2020 | ↓ | 2021e |
|---|---|---|
| 76 126 | -2 380 LOSSES | 73 746 |

**2020 EMPLOYMENT BREAKDOWN**

| INFORMAL | FORMAL | | |
|---|---|---|---|
| 21.3% | 27.0% Skilled | 30.5% Semi-skilled | 21.2% Low-skilled |

The municipal area had 76 126 employed workers in 2020, and this is expected to have decreased by 2 380 workers in 2021. In 2020, the municipal area had 21.3 per cent informal employment, with the majority of the formally employed being semi-skilled (30.5 per cent), followed by skilled (27.0 per cent) and low-skilled workers (21.2 per cent). The unemployment rate is estimated to have increased from 15.9 per cent in 2020 to 19.5 per cent in 2021.

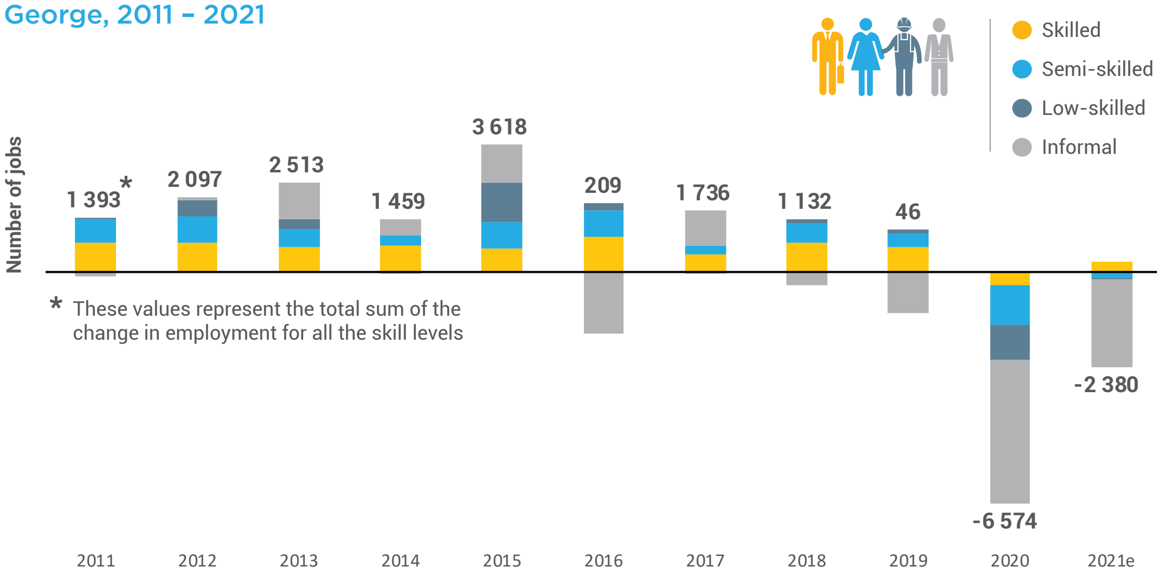
| Unemployment rate | | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|---|
| 2020 | 2021e ↑ | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| 15.9% | 19.5% | 70.6% | 65.1% | 54.7% | 52.5% | 29.0% | 34.6% |

*Source: Quantec Research, 2022 (e denotes estimate)*

Labour force participation is expected to have decreased from 70.6 per cent in 2020 to 65.1 per cent in 2021. The decline in labour force participation is in line with the increase in the not economically active population, as a lack of job supply, especially for the youth, has led to an increasing number of people exiting and not entering the job market. Furthermore, output in the municipal area will decrease as a result of increased economic inactivity, as the potential labour force in the municipal area is not fully utilised.

Figure 2.2 illustrates the changes in employment in the George municipal area between 2011 and 2021.

Figure 2.2
**CHANGE IN EMPLOYMENT,**
**George, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Skilled | 847 | 821 | 709 | 725 | 655 | 996 | 496 | 819 | 714 | -392 | 305 |
| Semi-skilled | 640 | 747 | 476 | 321 | 744 | 741 | 260 | 544 | 354 | -1 106 | -154 |
| Low-skilled | 31 | 449 | 296 | -52 | 1 129 | 216 | -7 | 145 | 137 | -991 | -37 |
| Informal | -125 | 80 | 1 032 | 465 | 1 090 | -1 744 | 987 | -376 | -1 159 | -4 085 | -2 494 |

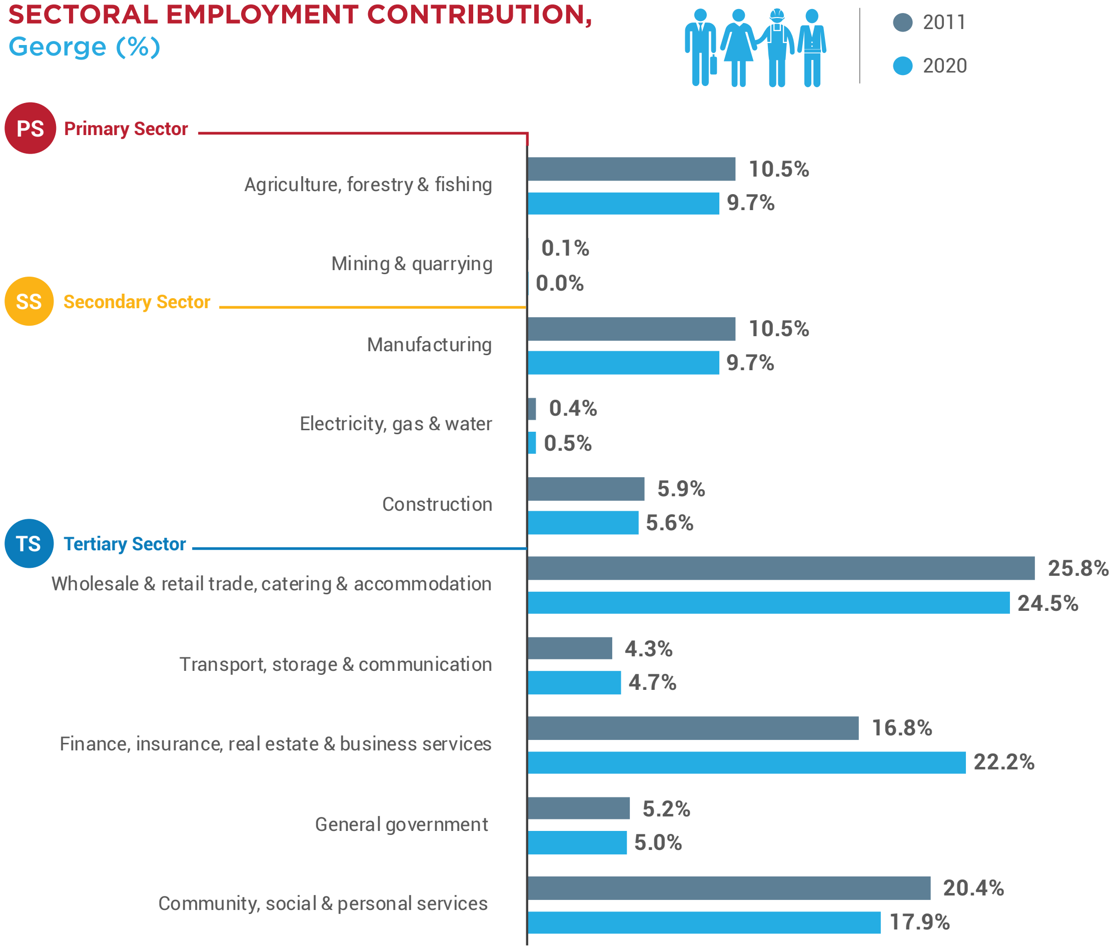
*Source: Quantec Research, 2022 (e denotes estimate)*

Between 2011 and 2020 a total of 7 629 jobs were created in the municipal area, with the majority of jobs created for skilled workers (6 390 jobs), followed by semi-skilled (3 721) jobs. A total of 3 835 informal jobs were lost between 2011 and 2020.

It is estimated that job losses continued in 2021, with an estimated 2 380 jobs lost. Skilled workers showed the most resilience. It is estimated that 305 jobs were created for skilled workers in 2021. A continued contraction is estimated to have been experienced in 2021, with low-skilled workers losing 37 jobs, semi-skilled workers losing 154 jobs and informal workers losing 2 494 jobs.

Figure 2.3 provides an overview of the sectoral employment contribution within the George municipal area.

Figure 2.3
**SECTORAL EMPLOYMENT CONTRIBUTION, George (%)**




*Source: Quantec Research, 2022*

The main employment driver in the George municipal area in 2020 was the tertiary sector, accounting for 74.4 percent between 2011 and 2020. Employment creation in the George municipal area was mainly driven by the trade sector, which experienced a decrease in the number of jobs. The sector contributed 25.8 per cent in 2011 and 24.5 per cent in 2020. This sector is labour-intensive, contributing the most employment for low-skilled workers and informal workers. Skills development and product development programmes are a key focus area in the municipal area to help workers and businesses to increase their level of skill and improve their capabilities.

The finance sector was the second-highest contributor to employment, contributing 16.8 per cent in 2011 and 22.2 per cent in 2020. The finance sector also recorded the largest growth in the George municipal area, growing by 5.4 percentage points. This may be a result of increased real estate activity in the municipal area increasing demand for financial services such as insurance and real estate agencies. This was followed by the community services sector, which contributed 20.4 per cent in 2011 and 17.9 per cent in 2020.

Table 2.3 outlines the George municipal area's GDPR and employment performance per sector.

Table 2.3
**EMPLOYMENT PERFORMANCE PER SECTOR,**
George

| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **7 444 (9.8%)** | **18** | **-335** | **-98** | **-669** | **-226** |
| Agriculture, forestry & fishing | 7 413 (9.7%) | 19 | -333 | -95 | -666 | -224 |
| Mining & quarrying | 31 (0.0%) | -0 | -1 | -3 | -3 | -2 |
| **Secondary Sector** | **12 012 (15.8%)** | **42** | **-158** | **-261** | **-1 003** | **-553** |
| Manufacturing | 7 393 (9.7%) | 17 | -34 | 58 | -496 | -217 |
| Electricity, gas & water | 343 (0.5%) | 4 | -2 | -8 | -14 | -10 |
| Construction | 4 276 (5.6%) | 21 | -122 | -311 | -493 | -326 |
| **Tertiary Sector** | **56 670 (74.4%)** | **703** | **-197** | **405** | **-4 902** | **-1 601** |
| Wholesale & retail trade, catering & accommodation | 18 630 (24.5%) | 98 | -241 | 68 | -2 557 | -1 053 |
| Transport, storage & communication | 3 614 (4.7%) | 68 | -69 | 122 | -497 | -326 |
| Finance, insurance, real estate & business services | 16 935 (22.2%) | 543 | 384 | 428 | -499 | -189 |
| General government | 3 829 (5.0%) | 28 | -9 | -10 | -83 | 23 |
| Community, social & personal services | 13 662 (17.9%) | -34 | -262 | -203 | -1 266 | -56 |
| **Total George** | **76 126 (100.0%)** | **763** | **-690** | **46** | **-6 574** | **-2 380** |

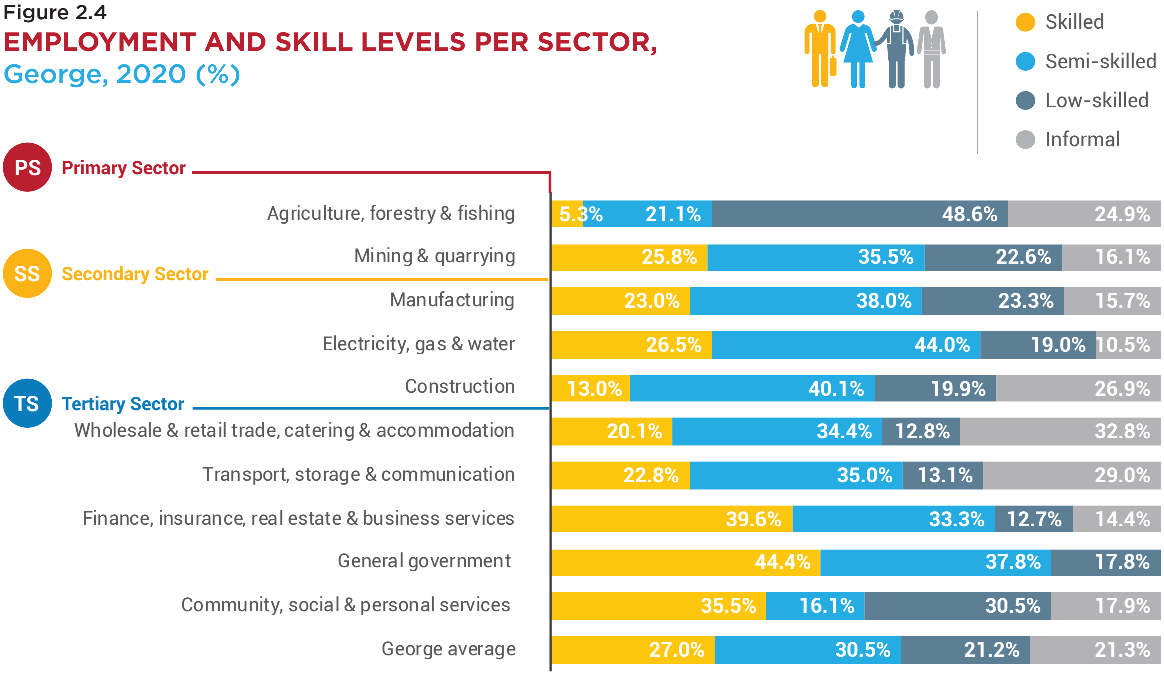
*Source: Quantec Research, 2022 (e denotes estimate)*

The George municipal area had a total of 76 126 jobs in 2020. The tertiary sector was the largest contributor with 56 670 jobs (74.4 per cent), followed by the secondary sector with 12 012 jobs (15.8 per cent) and the primary sector contributing 7 444 jobs (9.8 per cent). Between 2011 and 2020 the municipal area created an average of 763 jobs annually, with most jobs created in the finance sector (543 jobs). The municipal area lost an average of 690 jobs annually between 2016 and 2020, with COVID-19 being the reason for the large number of jobs lost in 2020. The only sector that created jobs between 2016 and 2020 was the finance sector, with 384 jobs created annually.

It is estimated that the effects of COVID-19 continued to result in job losses in 2021, with a total of 2 380 jobs lost. The trade sector had the most job losses, with 1 053 jobs lost. The sector employs the majority of semi-skilled and informal workers, and it is evident from Figure 2.2 that the majority of jobs lost fell within the semi-skilled and informal workforce. This necessitates skills development programmes for workers in the municipal area to ensure that they have the necessary skills to be employed. The only sector that is estimated to have created jobs in 2021 was the general government sector.

Figure 2.4 provides an overview of informal employment per sector in 2020 in the George municipal area, as well as an overview of the skill levels per sector for formal and informal employment.

Figure 2.4
**EMPLOYMENT AND SKILL LEVELS PER SECTOR, George, 2020 (%)**




*Source: Quantec Research, 2022*

The two sectors that predominantly used low-skilled workers in 2020 were the agriculture sector (48.6 per cent) and the community services sector (30.5 per cent). The labour needed in these sectors does not require a high level of education or skills to maintain proper workflow. The remaining sectors in the George municipal area employed a large proportion of semi-skilled workers, particularly the electricity, gas and water sector, in which 44.0 per cent of workers were classified as semi-skilled. The two sectors with the highest proportion of skilled workers were the general government sector (44.4 per cent) and the finance sector (39.6 per cent).

In 2021, only the general government sector is estimated to have created jobs, indicating that workers with higher skills have greater job security during economic downturns. Workers in this sector are more likely to have been able to work from home during the COVID-19 pandemic.

A large proportion of workers in the George municipal area are semi-skilled. This group encountered inconsistent demand and recurrent job losses between 2011 and 2021 as a result of changes in employment and the economy's skills structure. In addition, skilled workers, who also make up a large proportion of the workforce in the municipal area, saw inconsistent job growth and resilience during the time under consideration. The low-skilled population will put pressure on local municipalities for additional free basic services, as revenue in the municipal area will decrease owing to the contraction in employment and economic performance.

The sector that has the most informal employment is the trade sector, with 32.8 per cent informal workers in 2020. Numerous street vendors are located across the municipal area, and this is categorised as informal work. The transport sector also had a large proportion of informal employment in 2020 (29.0 per cent). The main reason for this is that a large number of workers in this sector are informally employed taxi drivers.

## 2.3.2
# MOSSEL BAY


Diagram 2.4
**EMPLOYMENT,**
Mossel Bay, 2020 and 2021e

## JOBS

| 2020 | | 2021e |
|---|---|---|
| 33 651 | -1 368 LOSSES | 32 283 |

### 2020 EMPLOYMENT BREAKDOWN

| INFORMAL | FORMAL | | |
|---|---|---|---|
| 24.2% | 26.7% Skilled | 30.4% Semi-skilled | 18.7% Low-skilled |

The municipal area had 33 651 employed workers in 2020. This is expected to have decreased by 1 368 workers in 2021. In 2020, the municipal area had 24.2 per cent informal employment, with the majority of formal employment being semi-skilled (30.4 per cent), followed by skilled (26.7 per cent) and low-skilled (18.7 per cent) workers. The unemployment rate is estimated to have increased from 16.9 per cent in 2020 to 20.7 per cent in 2021.

| Unemployment rate | | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|---|
| 2020 | 2021e ↑ | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| 16.9% | 20.7% | 68.6% | 63.0% | 52.4% | 50.1% | 31.1% | 36.9% |

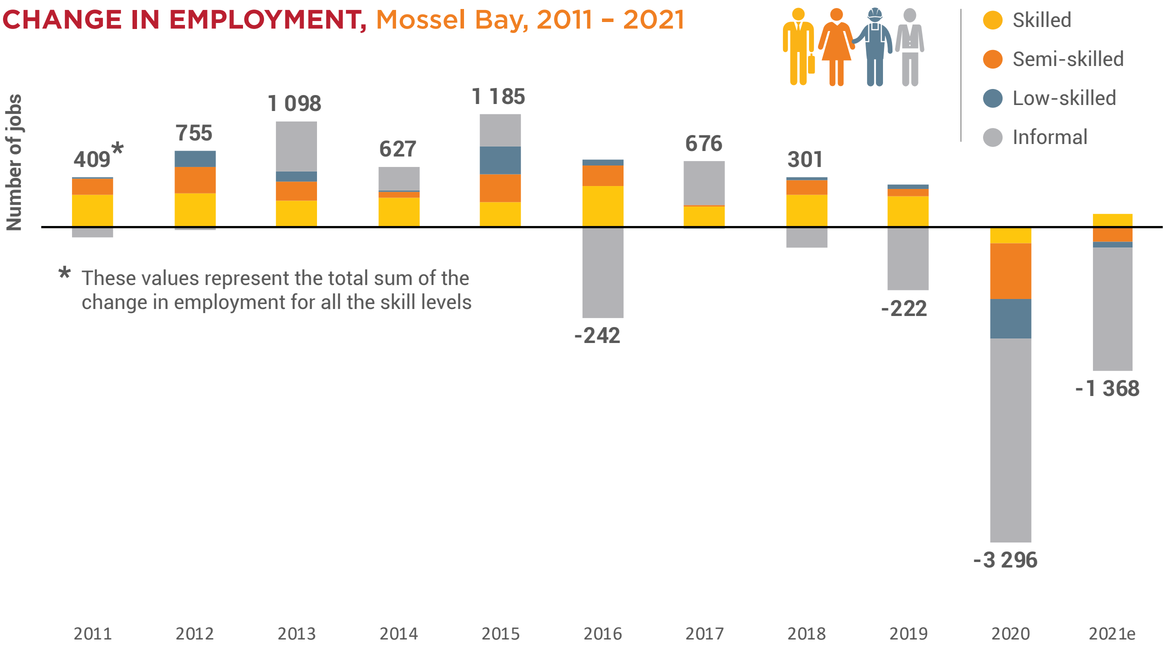
*Source: Quantec Research, 2022 (e denotes estimate)*

Labour force participation is expected to decrease from 68.6 per cent in 2020 to 63.0 per cent in 2021. The decline in labour force participation is in line with an increase in those who are economically inactive, as a lack of jobs, especially for the youth, has led to an increasing number of people exiting and not entering the job market. Given the job losses at the PetroSA facility in the Mossel Bay municipal area, economic output is likely to decline as economic inactivity across the working-age population increases.

Figure 2.5 provides an overview of the change in employment in the Mossel Bay municipal area between 2011 and 2021.

Figure 2.5

**CHANGE IN EMPLOYMENT, Mossel Bay, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Skilled | 339 | 348 | 279 | 308 | 266 | 432 | 211 | 330 | 313 | -169 | 138 |
| Semi-skilled | 172 | 284 | 195 | 60 | 288 | 218 | 16 | 154 | 91 | -579 | -153 |
| Low-skilled | 6 | 159 | 104 | 12 | 287 | 58 | -13 | 35 | 37 | -416 | -56 |
| Informal | -108 | -36 | 520 | 247 | 344 | -950 | 462 | -218 | -663 | -2 132 | -1 297 |

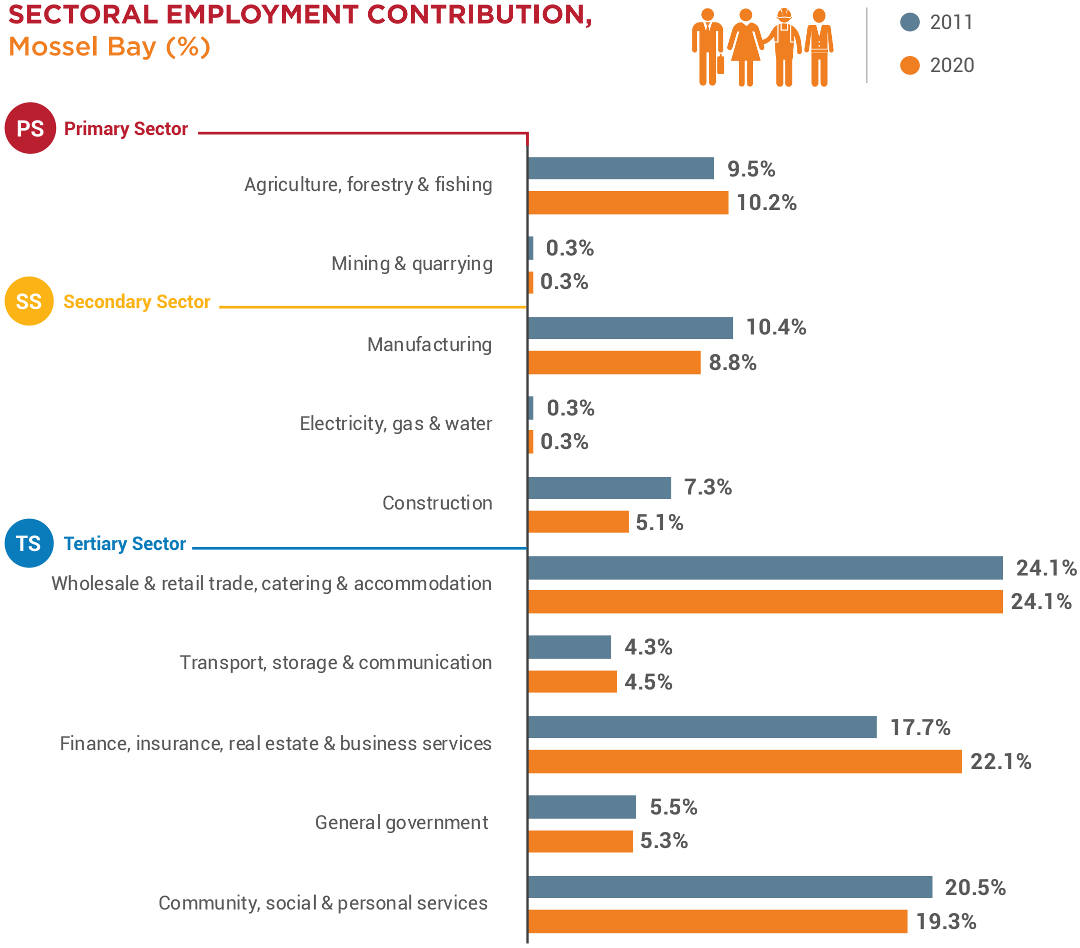
*Source: Quantec Research, 2022 (e denotes estimate)*

The municipal area experienced positive growth in employment between 2011 and 2019 for skilled jobs (2 657) and semi-skilled jobs (899). A total of 2 534 informal jobs were lost between 2011 and 2020. COVID-19 impacted employment in the Municipality severely, with a total of 3 296 jobs lost in 2020.

It is estimated that a further 1 368 jobs were lost in 2021. It is projected that formal employment will show recovery, with 138 jobs created for skilled labour only. Thus, it can be concluded that the skilled labour force is most likely to show resilience in difficult economic conditions. The contraction in informal employment will put pressure on the Municipality in terms of service delivery expectations.

Figure 2.6 provides a breakdown of the sectoral contribution to employment in the Mossel Bay municipal area in 2011 and 2020.

Figure 2.6
**SECTORAL EMPLOYMENT CONTRIBUTION, Mossel Bay (%)**




*Source: Quantec Research, 2022*

The biggest contribution to employment in the Mossel Bay municipal area between 2011 and 2020 was the trade sector. The sector contributed 24.1 per cent of all employment opportunities within the municipal area in both 2011 and 2020. This was followed by the finance sector, which experienced an increase from 17.7 per cent in 2011 to 22.1 per cent in 2020, and the community services sector, which experienced a decline from 20.5 per cent to 19.3 per cent. Collectively these three sectors employed 65.5 per cent of all employed people in the Mossel Bay municipal area. All subsectors in the secondary sector (the manufacturing, electricity, gas and water and construction sectors) recorded declines in employment contribution. This is likely a result of contractions caused in the manufacturing and construction sectors.

Table 2.4

## EMPLOYMENT PERFORMANCE PER SECTOR, Mossel Bay

| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **3 510 (10.4%)** | **23** | **-131** | **-22** | **-287** | **-128** |
| Agriculture, forestry & fishing | 3 421 (10.2%) | 23 | -127 | -17 | -278 | -126 |
| Mining & quarrying | 89 (0.3%) | -0 | -3 | -5 | -9 | -2 |
| **Secondary Sector** | **4 778 (14.2%)** | **-115** | **-222** | **-283** | **-607** | **-377** |
| Manufacturing | 2 969 (8.8%) | -56 | -84 | -38 | -299 | -172 |
| Electricity, gas & water | 93 (0.3%) | -1 | -3 | -2 | -7 | -3 |
| Construction | 1 716 (5.1%) | -58 | -135 | -243 | -301 | -202 |
| **Tertiary Sector** | **25 363 (75.4%)** | **221** | **-204** | **83** | **-2 402** | **-863** |
| Wholesale & retail trade, catering & accommodation | 8 119 (24.1%) | 35 | -122 | 33 | -1 196 | -506 |
| Transport, storage & communication | 1 528 (4.5%) | 20 | -46 | 43 | -226 | -157 |
| Finance, insurance, real estate & business services | 7 432 (22.1%) | 188 | 121 | 149 | -284 | -142 |
| General government | 1 793 (5.3%) | 6 | -14 | -13 | -48 | - |
| Community, social & personal services | 6 491 (19.3%) | -27 | -143 | -129 | -648 | -58 |
| **Total Mossel Bay** | **33 651 (100.0%)** | **129** | **-557** | **-222** | **-3 296** | **-1 368** |

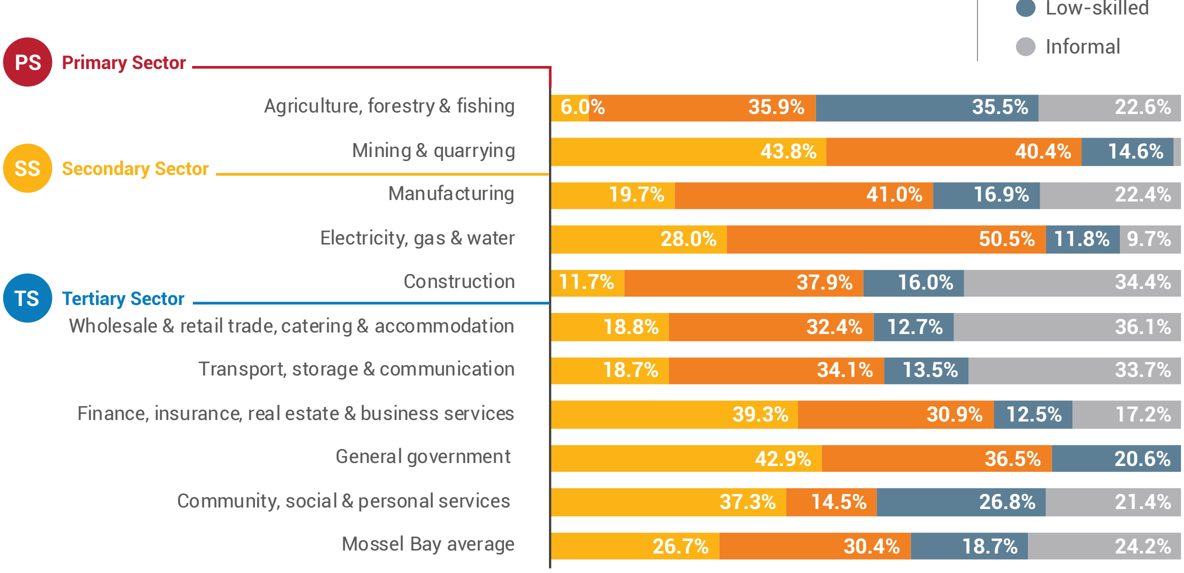
*Source: Quantec Research, 2022 (e denotes estimate)*

The main employment driver in the Mossel Bay municipal area in 2020 was the tertiary sector with 25 363 jobs, employing 75.4 per cent of the 33 651 total employed people in the area. Between 2011 and 2020, the municipal area created an average of 129 jobs per annum. This was mainly driven by the tertiary sector (221 jobs) and more specifically the finance sector, which created 188 jobs per annum on average. This was followed by the trade sector with 35 jobs.

However, estimates indicate that the Mossel Bay municipal area lost 1 368 jobs in 2021, largely because of the COVID-19 pandemic and the associated lockdown restrictions. Furthermore, estimated job losses in the municipal area also resulted from job losses at PetroSA. Therefore, reductions in output at the PetroSA facility in the municipal area were also likely to have resulted in indirect losses across sectors in the municipal area, as commodities produced within the facility are likely to have been more expensive. This would have resulted in reduced demand for employment in the municipal area. The sector projected to experience the most job losses is the trade sector, with an estimated loss of 506 jobs. The sector employs the majority of informal workers and, as is evident from Figure 2.5, the majority of jobs lost fall within the informal workforce. For workers to ensure that they have the necessary skills to be employed and retain their jobs, skills development programmes must be considered essential in the municipal area. All sectors are estimated to have lost jobs in 2021. The government, together with the private sector and other key stakeholders, should seek to devise measures to effectively enhance the recovery of the Mossel Bay communities and their businesses, particularly in light of the adverse effects of the COVID-19 pandemic.

Figure 2.7 illustrates the sectoral distribution of informal employment in the Mossel Bay municipal area in 2020, as well as a sectoral overview of the skill levels for formal employment.

Figure 2.7
**EMPLOYMENT AND SKILL LEVELS PER SECTOR,**
**Mossel Bay (%)**




*Source: Quantec Research, 2022*

The sector that provided the largest share of informal employment was the trade sector, accounting for 36.1 per cent of the sector's employment opportunities. This was followed by the construction (34.4 per cent), transport (33.7 per cent) and agriculture (22.6 per cent) sectors. In the agriculture sector, low-skilled workers accounted for 35.5 per cent of the formally employed in 2020. A focus on skills development programmes in the municipal area will ensure that low-skilled workers can seek jobs in other sectors as the economy fluctuates in the different sectors. The high number of job losses in the municipal area will increase financial strain on local households and will limit revenue collection by the local municipality, which will ultimately have an adverse effect on the service delivery capabilities of the Municipality.


## 2.3.3

# KNYSNA

Diagram 2.5
**EMPLOYMENT,**
Knysna, 2020 and 2021e

### JOBS

| 2020 | | 2021e |
|---|---|---|
| 24 244 | -975 LOSSES | 23 269 |

**2020 EMPLOYMENT BREAKDOWN**

| INFORMAL | FORMAL | | |
|---|---|---|---|
| 21.6% | 18.9% Skilled | 34.3% Semi-skilled | 25.2% Low-skilled |

*Source: Quantec Research, 2022 (e denotes estimate)*

The municipal area had 24 244 employed workers in 2020. This is expected to have decreased by 975 workers in 2021. In 2020, the municipal area had 21.6 per cent informal employment, with the majority of formal employment being semi-skilled (34.3 per cent), followed by low-skilled (25.2 per cent) and skilled (18.9 per cent) workers. The unemployment rate is estimated to have increased from 21.0 per cent in 2020 to 25.5 per cent in 2021.

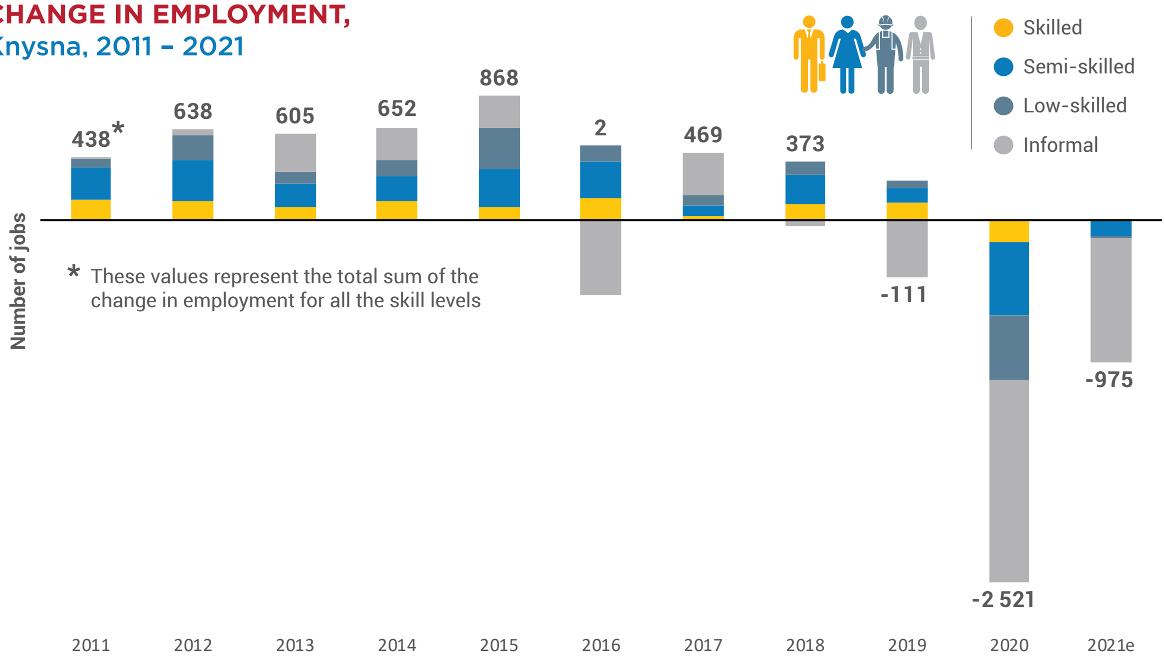
| Unemployment rate | | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|---|
| 2020 | 2021e ↑ | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| 21.0% | 25.5% | 70.1% | 64.4% | 50.9% | 48.6% | 29.7% | 35.4% |

*Source: Quantec Research, 2022 (e denotes estimate)*

Labour force participation is expected to have decreased from 70.1 per cent in 2020 to 64.4 per cent in 2021. The decline in labour force participation is in line with the increase in economic inactivity across the working-age population, as a lack of job supply – especially among the youth – and a lack of new opportunities have led to an increasing number of people exiting and not entering the market.

Figure 2.8 illustrates the changes in employment in the Knysna municipal area between 2011 and 2021.

Figure 2.8
**CHANGE IN EMPLOYMENT,**
**Knysna, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Skilled | 149 | 133 | 95 | 136 | 99 | 159 | 35 | 119 | 126 | -155 | 16 |
| Semi-skilled | 221 | 291 | 160 | 175 | 258 | 252 | 75 | 205 | 99 | -502 | -113 |
| Low-skilled | 67 | 173 | 89 | 108 | 286 | 112 | 62 | 89 | 58 | -459 | -10 |
| Informal | 1 | 41 | 261 | 233 | 225 | -521 | 297 | -40 | -394 | -1 405 | -868 |

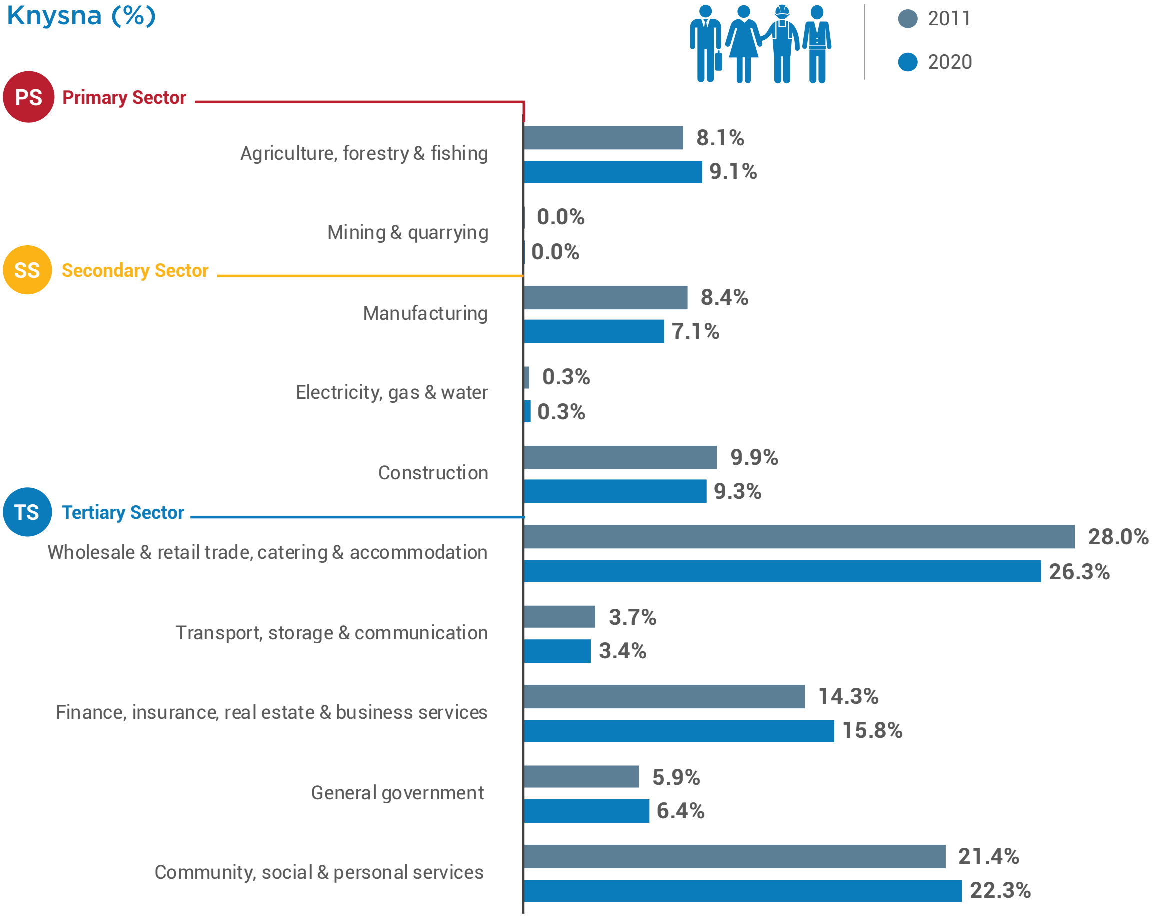
*Source: Quantec Research, 2022 (e denotes estimate)*

Between 2011 and 2020 a total of 1 413 jobs were created in the municipal area, with the majority of jobs created for semi-skilled workers (1 234 jobs), followed by skilled (896) jobs. A total of 1 302 informal jobs were lost between 2011 and 2020.

It is estimated that job losses continued in 2021, with an estimated 975 jobs lost. Skilled workers showed the most resilience. It is estimated that 16 jobs were created for skilled workers in 2021. An estimated 113 jobs were expected to be lost for semi-skilled workers, 10 jobs for low-skilled workers and 868 jobs for informal workers in 2021.

Figure 2.9 provides a breakdown of the sectoral contribution to employment in the Knysna municipal area in 2011 and 2020.

Figure 2.9
**SECTORAL EMPLOYMENT CONTRIBUTION,**
**Knysna (%)**




*Source: Quantec Research, 2022*

The two main sectors contributing towards employment in the Knysna municipal area between 2011 and 2020 were the trade and community services sectors. The trade sector was the leading contributor in 2011, with 28.0 per cent, and this decreased to 26.3 per cent in 2020. The community services sector contributed 21.4 per cent in 2011, which expanded to 22.3 per cent in 2020. The finance sector had a positive impact on employment in the municipal area, with 14.3 per cent in 2011, and this expanded to a 15.8 per cent contribution in 2020.

Table 2.5 outlines the performance of employment per sector in the Knysna municipal area.

Table 2.5
**EMPLOYMENT PERFORMANCE PER SECTOR,**
Knysna

| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **2 202 (9.1%)** | **27** | **-67** | **2** | **-162** | **-52** |
| Agriculture, forestry & fishing | 2 196 (9.1%) | 27 | -67 | 3 | -162 | -51 |
| Mining & quarrying | 6 (0.0%) | - | -0 | -1 | - | -1 |
| **Secondary Sector** | **4 063 (16.8%)** | **-15** | **-116** | **-252** | **-482** | **-261** |
| Manufacturing | 1 732 (7.1%) | -26 | -42 | -39 | -164 | -64 |
| Electricity, gas & water | 80 (0.3%) | 1 | 1 | 4 | -2 | - |
| Construction | 2 251 (9.3%) | 11 | -75 | -217 | -316 | -197 |
| **Tertiary Sector** | **17 979 (74.2%)** | **129** | **-175** | **139** | **-1 877** | **-662** |
| Wholesale & retail trade, catering & accommodation | 6 374 (26.3%) | -5 | -135 | 57 | -1 125 | -516 |
| Transport, storage & communication | 834 (3.4%) | 2 | -39 | 11 | -126 | -95 |
| Finance, insurance, real estate & business services | 3 821 (15.8%) | 60 | 25 | 56 | -179 | -128 |
| General government | 1 549 (6.4%) | 25 | 10 | 17 | -19 | 15 |
| Community, social & personal services | 5 401 (22.3%) | 46 | -35 | -2 | -428 | 62 |
| **Total Knysna** | **24 244 (100.0%)** | **141** | **-358** | **-111** | **-2 521** | **-975** |

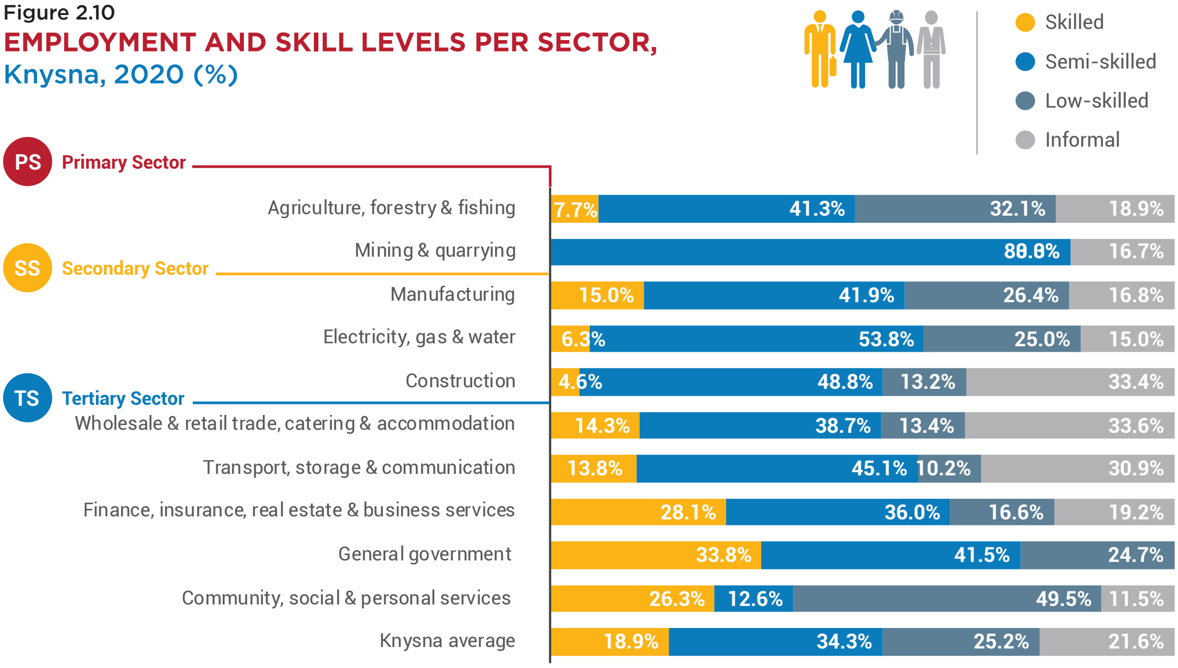
*Source: Quantec Research, 2022 (e denotes estimate)*

The Knysna municipal area had a total of 24 244 jobs in 2020. The tertiary sector was the largest contributor with 17 979 jobs (74.2 per cent), followed by the secondary sector with 4 063 jobs (16.8 per cent) and the primary sector contributing 2 202 jobs (9.1 per cent). Between 2011 and 2020 the municipal area created 141 jobs annually, on average, with most jobs created in the finance sector (60 jobs). The municipal area lost 358 jobs annually, on average, between 2016 and 2020, with COVID-19 being the reason for the large number of jobs lost in 2020.

It is estimated that the effects of COVID-19 continued to result in job losses in 2021, with a total of 975 jobs lost. The sector indicating the most job losses was the trade sector, with 516 jobs lost. It is necessary for the municipal area to provide skills development programmes for workers to ensure that they have the necessary skills to be employed. The sectors that were estimated to have created jobs in 2021 were the community services and general government sectors.

Figure 2.10 illustrates the proportion of informal employment and skill levels for formal employment per sector in the Knysna municipal area in 2020.

Figure 2.10
**EMPLOYMENT AND SKILL LEVELS PER SECTOR, Knysna, 2020 (%)**




*Source: Quantec Research, 2022*

The Knysna municipal area comprised 34.3 per cent semi-skilled workers in 2020, and the electricity, gas and water (53.8 per cent) and construction (48.8 per cent) sectors were the largest employers of semi-skilled workers. Skills development programmes and training in the municipal area are necessary to ensure that low-skilled workers can seek jobs in other sectors as the economy fluctuates throughout different sectors.

The sector that provided the largest share of informal employment opportunities in 2020 was the trade sector, which had an informal employment proportion of 33.6 per cent. Other notable sources of informal employment included the construction (33.4 per cent) and transport (30.9 per cent) sectors.


## 2.3.4
# OUDTSHOORN

Diagram 2.6
**EMPLOYMENT,**
**Oudtshoorn, 2020 and 2021e**

## JOBS

| 2020 | | 2021e |
|---|---|---|
| 27 607 | -838 LOSSES | 26 769 |

### 2020 EMPLOYMENT BREAKDOWN

| INFORMAL | FORMAL | | |
|---|---|---|---|
| 19.3% | 24.0% Skilled | 29.9% Semi-skilled | 26.9% Low-skilled |

The Oudtshoorn municipal area had 27 607 employed workers in 2020. This is expected to have decreased by 838 workers in 2021. In 2020, the municipal area had 19.3 per cent informal employment, with the majority of formal employment being semi-skilled (29.9 per cent), followed by low-skilled (26.9 per cent) and skilled (24.0 per cent) workers. The unemployment rate is estimated to have increased from 19.5 per cent in 2020 to 23.3 per cent in 2021.

| Unemployment rate | | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|---|
| 2020 | 2021e ↑ | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| 19.5% | 23.3% | 60.0% | 54.8% | 44.1% | 42.3% | 39.3% | 44.7% |

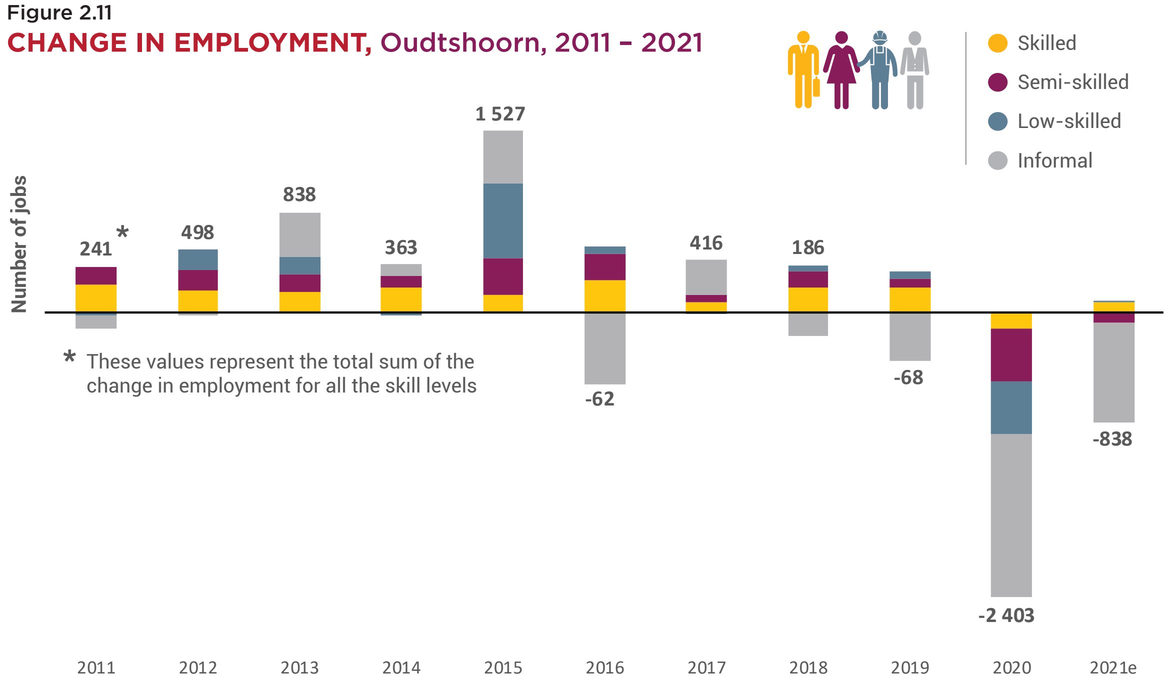
*Source: Quantec Research, 2022 (e denotes estimate)*

Labour force participation is expected to have decreased from 60.0 per cent in 2020 to 54.8 per cent in 2021. The decline in the labour force participation rate is in line with the increase in the working-age population that is not economically active, as a lack of job supply – especially for the youth – and a lack of new opportunities have led to an increasing number of people exiting and not entering the market.

Figure 2.11 illustrates the changes in employment in the Oudtshoorn municipal area between 2011 and 2021. An estimated change in employment has been calculated for 2021. The level of skilled and informal workers is also illustrated.

Figure 2.11

**CHANGE IN EMPLOYMENT, Oudtshoorn, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Skilled | 228 | 178 | 172 | 210 | 144 | 263 | 82 | 205 | 209 | -141 | 79 |
| Semi-skilled | 152 | 178 | 144 | 91 | 308 | 222 | 61 | 133 | 65 | -446 | -97 |
| Low-skilled | -28 | 169 | 142 | -36 | 625 | 70 | -23 | 53 | 72 | -444 | 18 |
| Informal | -111 | -27 | 380 | 98 | 450 | -617 | 296 | -205 | -414 | -1 372 | -838 |

*Source: Quantec Research, 2022 (e denotes estimate)*

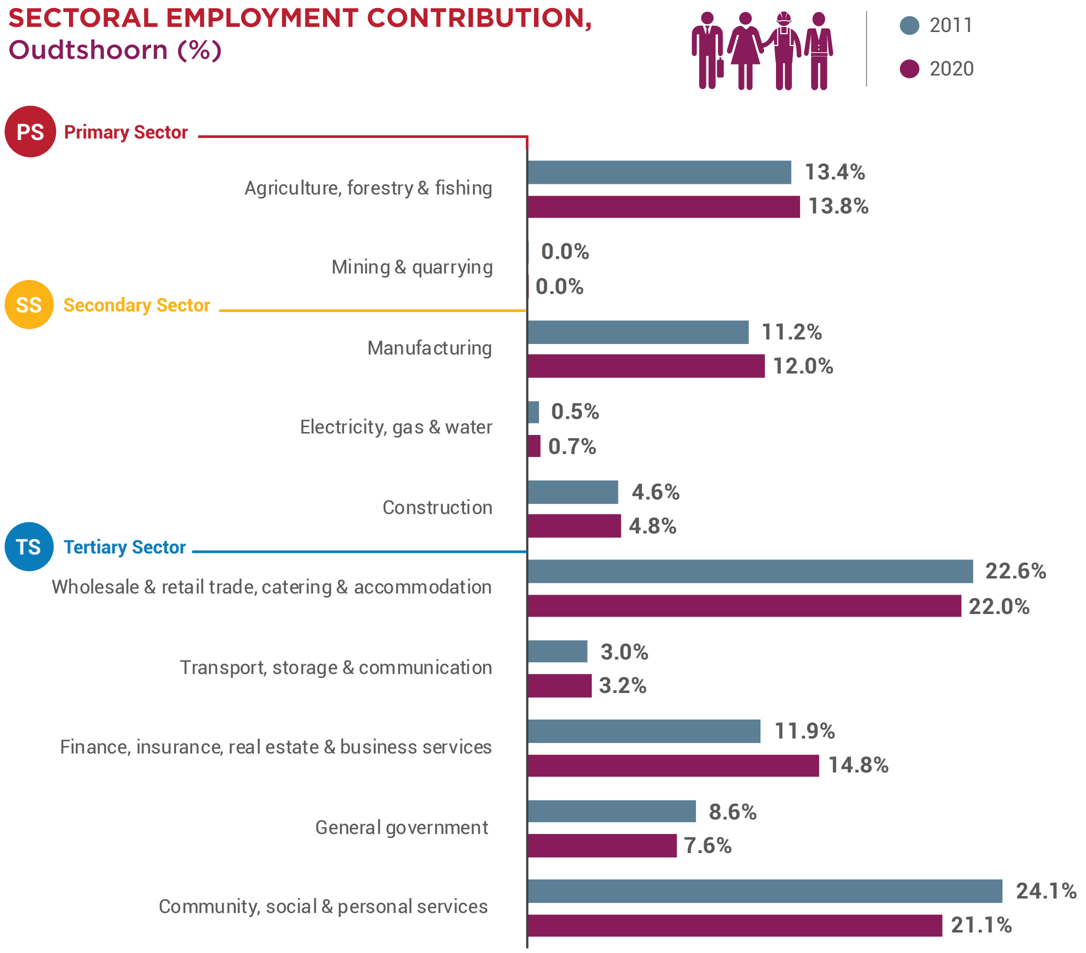
Employment in the municipal area fluctuated between 2011 and 2020. The Oudtshoorn municipal area created a total of 1 536 jobs between 2011 and 2020.

A total of 1 550 jobs were created for skilled labour between 2011 and 2020. The COVID-19 pandemic impacted the municipal area severely in 2020, resulting in 141 jobs lost for skilled labour. This was the only year that skilled labour was under pressure. It can be concluded that skilled labour shows strong resilience in economic downturns, as it lost the fewest jobs in 2020. The semi-skilled labour force created 908 jobs in this period (2011 to 2020), with 446 jobs lost in 2020. The low-skilled labour force fluctuated between 2011 and 2020, with job losses in 2011 (28 jobs), 2014 (36 jobs), 2017 (23 jobs) and 2020 (444 jobs). Informal labour lost 1 522 jobs between 2011 and 2020, bringing total employment creation in the municipal area down. In 2020 a total of 1 372 jobs were lost in the informal economy, indicating that the group was hard hit by the COVID-19 pandemic.

It is estimated that in 2021, 838 jobs were lost, with skilled and low-skilled labour being the only workforces to experience growth in employment, with 79 and 18 jobs created respectively.

Figure 2.12 depicts the sectoral employment contribution in the Oudtshoorn municipal area in 2011 and 2020.

Figure 2.12
**SECTORAL EMPLOYMENT CONTRIBUTION, Oudtshoorn (%)**




*Source: Quantec Research, 2022*

The two main sectors contributing towards employment in the Oudtshoorn municipal area between 2011 and 2020 were the trade and community services sectors. In 2011 the community services sector was the leading contributor, with 24.1 per cent, and this decreased to 21.1 per cent in 2020. The trade sector contributed 22.6 per cent in 2011 and contracted to 22.0 per cent in 2020. The finance sector had a positive impact on employment in the municipal area, with 11.9 per cent in 2011, and expanded to a 14.8 per cent contribution in 2020.

Table 2.6 outlines the performance of employment per sector in the Oudtshoorn municipal area.

Table 2.6
**EMPLOYMENT PERFORMANCE PER SECTOR,**
**Oudtshoorn**

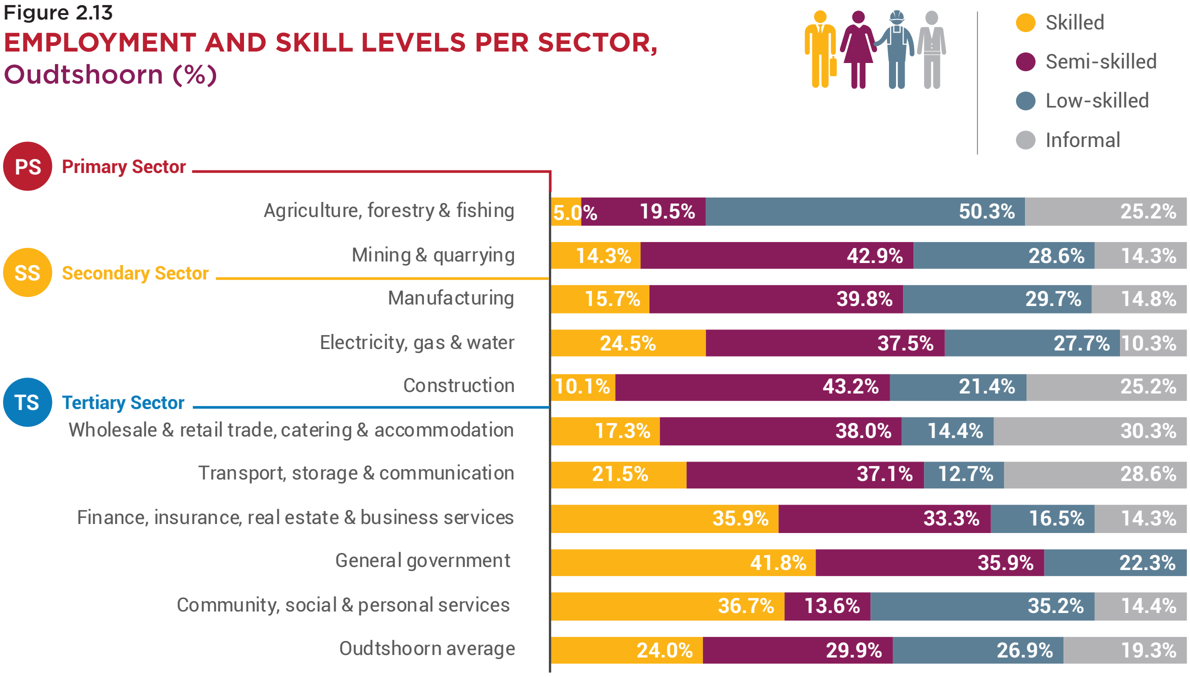
| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **3 821 (13.8%)** | **12** | **-171** | **-49** | **-343** | **-104** |
| Agriculture, forestry & fishing | 3 814 (13.8%) | 12 | -170 | -49 | -342 | -103 |
| Mining & quarrying | 7 (0.0%) | -0 | -0 | - | -1 | -1 |
| **Secondary Sector** | **4 816 (17.4%)** | **59** | **-23** | **-47** | **-382** | **-190** |
| Manufacturing | 3 320 (12.0%) | 36 | -0 | 47 | -224 | -94 |
| Electricity, gas & water | 184 (0.7%) | 5 | 1 | -1 | -5 | -3 |
| Construction | 1 312 (4.8%) | 18 | -24 | -93 | -153 | -93 |
| **Tertiary Sector** | **18 970 (68.7%)** | **83** | **-193** | **28** | **-1 678** | **-544** |
| Wholesale & retail trade, catering & accommodation | 6 074 (22.0%) | 22 | -81 | 34 | -849 | -366 |
| Transport, storage & communication | 0 891 (3.2%) | 13 | -21 | 24 | -114 | -85 |
| Finance, insurance, real estate & business services | 4 095 (14.8%) | 114 | 81 | 98 | -128 | -58 |
| General government | 2 085 (7.6%) | -7 | -25 | -20 | -61 | -9 |
| Community, social & personal services | 5 825 (21.1%) | -59 | -146 | -108 | -526 | -26 |
| **Total Oudtshoorn** | **27 607 (100.0%)** | **154** | **-386** | **-68** | **-2 403** | **-838** |

*Source: Quantec Research, 2022 (e denotes estimate)*

The main employment driver in the Oudtshoorn municipal area in 2020 was the tertiary sector with 18 970 jobs, employing 68.7 per cent of the 27 607 total employed people in the area. Between 2011 and 2020, the municipal area created an average of 154 jobs per annum. This was mainly driven by the tertiary sector (83 jobs) and more specifically the finance sector, which created 114 jobs per annum on average. This was followed by the manufacturing sector (36 jobs) and the trade sector, which created 22 jobs.

Figure 2.13 illustrates the proportion of informal employment and skill levels for formal employment per sector in the Oudtshoorn municipal area in 2020.

Figure 2.13
**EMPLOYMENT AND SKILL LEVELS PER SECTOR, Oudtshoorn (%)**




*Source: Quantec Research, 2022*

The Oudtshoorn municipal area comprised 29.9 per cent semi-skilled workers in 2020, and the construction (43.2 per cent) and mining (42.9 per cent) sectors were the largest employers of semi-skilled workers in the municipal area. The municipal area would benefit from skills development and training programmes to ensure that low-skilled workers can seek jobs in other sectors as the economy fluctuates in the different sectors. The trade sector has the most informal workers, with 30.3 per cent of workers being informally employed, followed by the transport sector with 28.6 per cent. The high number of job losses in the municipal area will increase financial strain on local households and will limit revenue collection by the local municipality, which will ultimately have an adverse effect on the service delivery capabilities of the Municipality.


## 2.3.5
# BITOU

Diagram 2.7
**EMPLOYMENT,**
Bitou, 2020 and 2021e

**JOBS**

| 2020 | | 2021e |
|---|---|---|
| 17 949 | -682 LOSSES | 17 267 |

**2020 EMPLOYMENT BREAKDOWN**

| INFORMAL | FORMAL | | |
|---|---|---|---|
| 23.3% | 17.0% Skilled | 33.7% Semi-skilled | 26.0% Low-skilled |

The Bitou municipal area had 17 949 employed workers in 2020, and this is expected to have decreased by 682 workers in 2021. In 2020, 23.3 per cent of workers were informally employed, with the majority of formal employment being semi-skilled (33.7 per cent), followed by low-skilled (26.0 per cent) and skilled workers (17.0 per cent). The unemployment rate is estimated to have increased from 26.6 per cent in 2020 to 32.0 per cent in 2021.

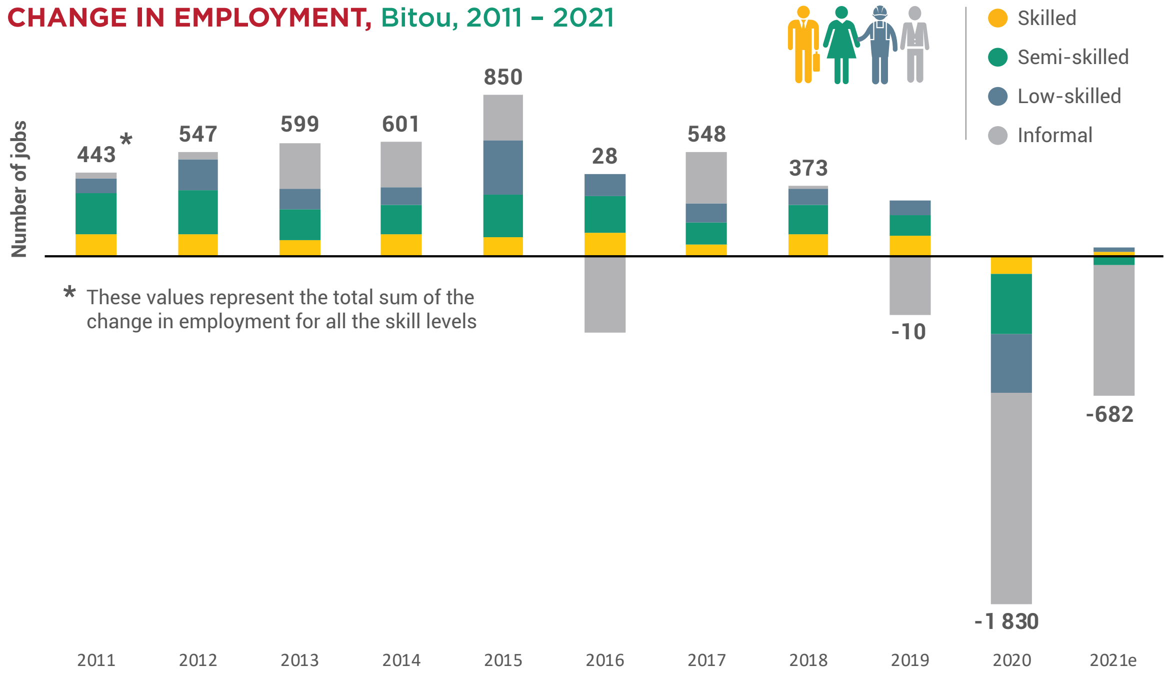
Labour force participation is expected to have decreased from 74.4 per cent in 2020 to 68.6 per cent in 2021.

| Unemployment rate | | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|---|
| 2020 | 2021e ↑ | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| 26.6% | 32.0% | 74.4% | 68.6% | 50.4% | 47.9% | 25.2% | 31.0% |

*Source: Quantec Research, 2022 (e denotes estimate)*

Figure 2.14 illustrates the changes in employment in the Bitou municipal area between 2011 and 2021.

Figure 2.14
**CHANGE IN EMPLOYMENT, Bitou, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Skilled | 114 | 114 | 89 | 120 | 99 | 122 | 59 | 113 | 110 | -92 | 22 |
| Semi-skilled | 220 | 237 | 161 | 148 | 229 | 196 | 118 | 161 | 108 | -314 | -48 |
| Low-skilled | 73 | 158 | 109 | 93 | 283 | 112 | 99 | 83 | 79 | -314 | 29 |
| Informal | 36 | 38 | 240 | 240 | 239 | -402 | 272 | 16 | -307 | -1 110 | -685 |

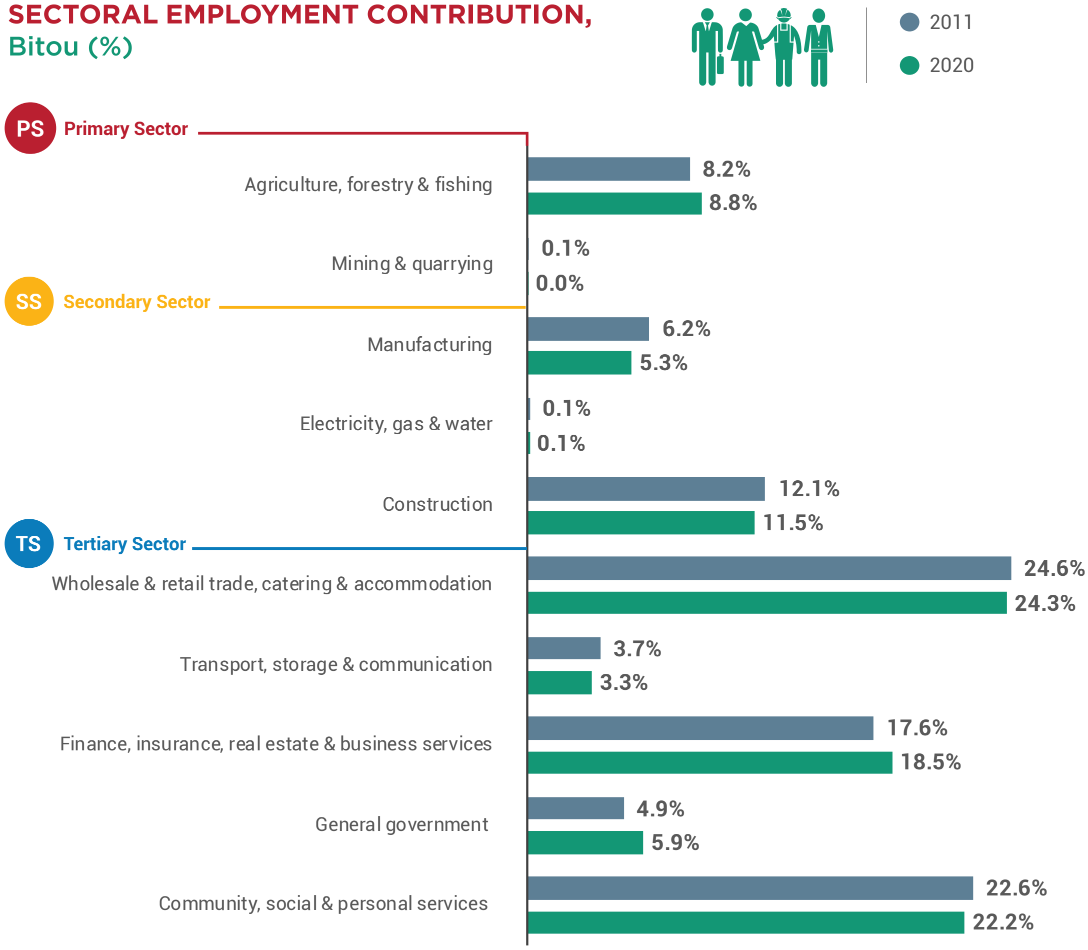
*Source: Quantec Research, 2022 (e denotes estimate)*

Between 2011 and 2020 a total of 2 149 jobs were created in the municipal area, with the majority of jobs created for semi-skilled (1 264 jobs) and skilled (848 jobs) workers. A total of 738 informal jobs were lost between 2011 and 2020.

It is estimated that job losses continued in 2021, with an estimated 682 jobs lost. Skilled and low-skilled workers showed the most resilience. It is estimated that 22 jobs were created for skilled workers in 2021, after this workforce lost 92 jobs in 2020. A total of 29 jobs were created for low-skilled workers in 2021.

Figure 2.15 illustrates the sectoral employment contribution in the Bitou municipal area in 2011 and 2020.

Figure 2.15
**SECTORAL EMPLOYMENT CONTRIBUTION, Bitou (%)**




*Source: Quantec Research, 2022*

The main contributing sectors in terms of employment for the municipal area are the trade, community services and finance sectors. The trade sector contributed 24.3 per cent in 2020, which was a slight decline from its 24.6 per cent contribution in 2011. The trade sector is known to be a labour-intensive industry, which aligns with the high number of workers in this sector. The community services sector also realised a slight contraction of 0.4 per cent in 2020 from its 22.6 per cent contribution in 2011. The finance sector contributed 18.5 per cent in 2020, which was an increase of 0.9 percentage points from 2011.

Table 2.7 provides a more detailed overview of sectoral contributions to employment in the Bitou municipal area.

Table 2.7
**EMPLOYMENT PERFORMANCE PER SECTOR,**
**Bitou**

| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **1 591 (8.9%)** | **22** | **-45** | **6** | **-115** | **-33** |
| Agriculture, forestry & fishing | 1 586 (8.8%) | 22 | -44 | 7 | -114 | -33 |
| Mining & quarrying | 5 (0.0%) | -0 | -1 | -1 | -1 | - |
| **Secondary Sector** | **3 036 (16.9%)** | **19** | **-66** | **-170** | **-339** | **-191** |
| Manufacturing | 952 (5.3%) | -7 | -21 | -18 | -90 | -41 |
| Electricity, gas & water | 18 (0.1%) | 0 | -0 | -1 | -1 | -1 |
| Construction | 2 066 (11.5%) | 26 | -44 | -151 | -248 | -149 |
| **Tertiary Sector** | **13 322 (74.2%)** | **174** | **-67** | **154** | **-1 376** | **-458** |
| Wholesale & retail trade, catering & accommodation | 4 367 (24.3%) | 51 | -40 | 89 | -736 | -312 |
| Transport, storage & communication | 589 (3.3%) | 2 | -37 | 9 | -94 | -72 |
| Finance, insurance, real estate & business services | 3 322 (18.5%) | 55 | 27 | 41 | -163 | -116 |
| General government | 1 059 (5.9%) | 32 | 22 | 30 | 3 | 19 |
| Community, social & personal services | 3 985 (22.2%) | 34 | -39 | -15 | -386 | 23 |
| **Total Bitou** | **17 949 (100.0%)** | **215** | **-178** | **-10** | **-1 830** | **-682** |

*Source: Quantec Research, 2022 (e denotes estimate)*

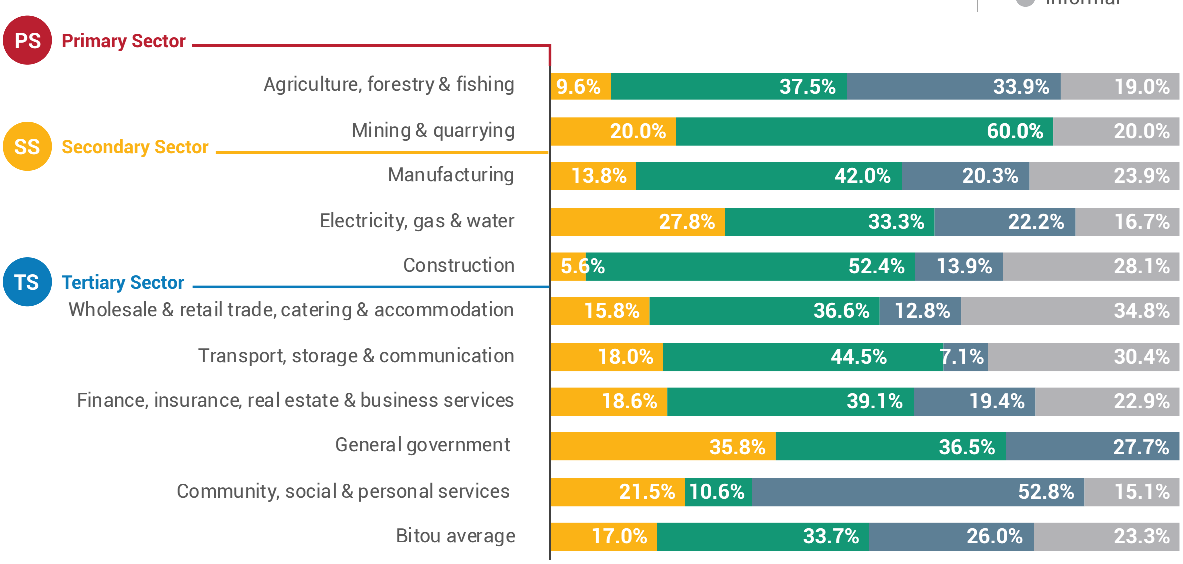
The municipal area's employment reached a total of 17 949 jobs in 2020. The majority of workers were employed in the tertiary sector (13 322 workers), followed by the secondary sector (3 036 workers), with the primary sector contributing 1 591 jobs. The trade sector had the majority of workers, with a total of 4 367 workers, followed by the community services (3 985 workers) and finance (3 322 workers) sectors.

Employment between 2011 and 2020 increased at an average rate of 215 jobs per annum. The tertiary sector added 174 jobs annually, followed by the primary and secondary sectors with 22 and 19 jobs respectively. The average annual change between 2016 and 2020 indicated a contraction in jobs created, with a loss of 178 jobs annually. However, average job losses in the period are skewed by the economic impacts of the COVID-19 pandemic. The only two sectors in the municipal area that created jobs during this period were the finance sector (27 jobs) and the general government sector (22 jobs).

It is estimated that a further 682 jobs were lost in 2021, with 312 jobs lost in the trade sector and 149 lost in the construction sector. The only sectors that are estimated to have created additional jobs in the municipal area in 2021 were the community services sector with 23 jobs and the general government sector with 19 jobs.

Figure 2.16 illustrates the proportion of informal employment per sector in the Bitou municipal area in 2020, as well as a sectoral overview of the skill levels for formal employment.

Figure 2.16
**INFORMAL EMPLOYMENT AND SKILL LEVELS PER SECTOR,**
**Bitou (%)**




*Source: Quantec Research, 2022*

The mining and construction sectors employed a substantial proportion of semi-skilled people (60.0 per cent and 52.4 per cent respectively). The transport sector also employed a large proportion of semi-skilled workers (44.5 per cent). The community services sector (52.8 per cent) as well as the agriculture sector (33.9 per cent) employed a large proportion of low-skilled workers. The nature of the work done in these two sectors explains the low level of skill necessary.

The trade sector (34.8 per cent) employed the largest proportion of informal workers, most of whom are likely to be informal traders and street vendors. The municipal area should, where possible, focus on training programmes to help people gain additional skills to ensure that they have the opportunity to work in different sectors as economic conditions change.

## 2.3.6
# HESSEQUA


Diagram 2.8
**EMPLOYMENT,**
Hesequa, 2020 and 2021e

## JOBS

| 2020 | | 2021e |
|---|---|---|
| 22 666 | -1 108 LOSSES | 21 558 |

### 2020 EMPLOYMENT BREAKDOWN

| INFORMAL | FORMAL | | |
|---|---|---|---|
| 32.0% | 16.2% Skilled | 27.8% Semi-skilled | 24.0% Low-skilled |

The Hessequa municipal area had 22 666 employed workers in 2020. This is expected to have decreased by 1 108 workers in 2021. In 2020, the municipal area had 32.0 per cent informal employment, with the majority of formal employment being semi-skilled (27.8 per cent), followed by low-skilled (24.0 per cent) and skilled (16.2 per cent) workers. The unemployment rate is estimated to have increased from 8.2 per cent in 2020 to 10.6 per cent in 2021.

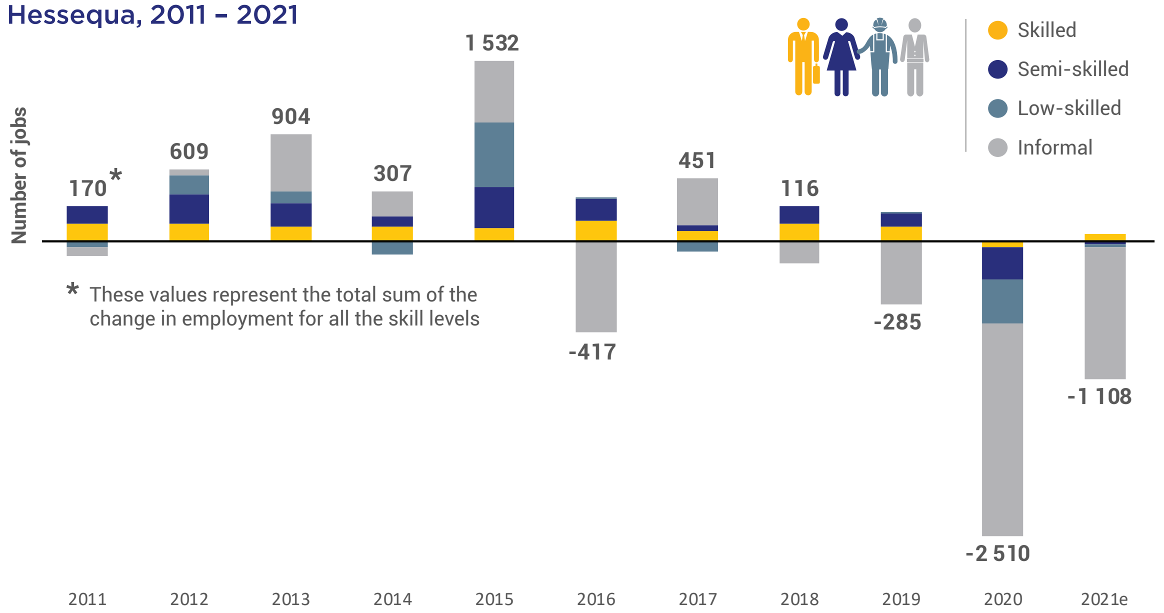
| Unemployment rate | | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|---|
| 2020 | 2021e ↑ | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| 8.2% | 10.6% | 73.3% | 67.3% | 61.8% | 59.1% | 27.0% | 32.9% |

*Source: Quantec Research, 2022 (e denotes estimate)*

The labour force participation rate is expected to have decreased from 73.3 per cent in 2020 to 67.3 per cent in 2021. The decline in the labour force participation rate is in line with the increase in the working-age population that is economically inactive, as a lack of job supply – especially among the youth – and a lack of new opportunities have led to an increasing number of people exiting and not entering the job market.

Figure 2.17 illustrates the changes in employment in the Hessequa municipal area between 2011 and 2021.

Figure 2.17
**CHANGE IN EMPLOYMENT,**
**Hessequa, 2011 – 2021**



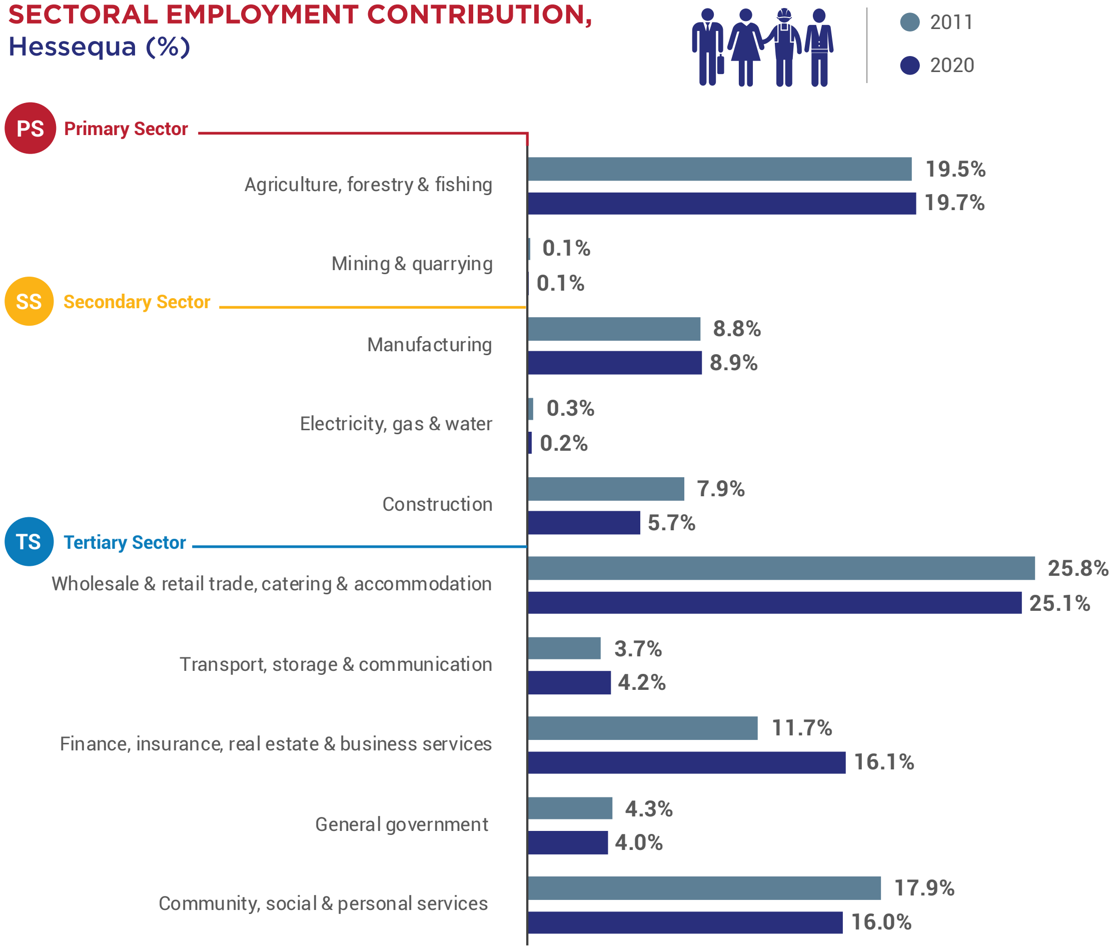

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Skilled | 144 | 143 | 119 | 127 | 115 | 172 | 82 | 146 | 128 | -53 | 63 |
| Semi-skilled | 149 | 260 | 198 | 77 | 340 | 188 | 49 | 155 | 109 | -278 | -25 |
| Low-skilled | -54 | 155 | 106 | -113 | 550 | 4 | -87 | -1 | 16 | -375 | -21 |
| Informal | -69 | 51 | 481 | 216 | 527 | -781 | 407 | -184 | -538 | -1 804 | -1 125 |

*Source: Quantec Research, 2022 (e denotes estimate)*

Between 2011 and 2020 a total of 877 jobs were created in the municipal area, with the majority of jobs created for semi-skilled workers (1 247 jobs), followed by skilled (1 123) jobs. A total of 1 694 informal jobs were lost between 2011 and 2020. It is estimated that job losses continued in 2021, with an estimated 1 108 jobs lost. Skilled workers showed the most resilience. It is estimated that 63 jobs were created for skilled workers in 2021, which will recover the 53 jobs lost in 2020. An estimated 25 jobs are expected to have been lost for semi-skilled workers, 21 jobs for low-skilled workers and a high number of 1 125 jobs for informal workers in 2021.

Figure 2.18 provides a breakdown of the sectoral contribution to employment in the Hessequa municipal area in 2011 and 2020.

Figure 2.18
**SECTORAL EMPLOYMENT CONTRIBUTION, Hessequa (%)**




*Source: Quantec Research, 2022*

The trade sector was the leading contributor in terms of employment in 2020, with a 25.1 per cent contribution. However, the sector contracted by 0.7 percentage points from 2011 to 2020. The second-largest contributor to employment was the agriculture sector, which accounted for 19.7 per cent in 2020, growing from a contribution of 19.5 per cent in 2011. The finance sector showed the best improvement in terms of employment contribution from 2011 to 2020, from an 11.7 per cent contribution to 16.1 per cent.

The mining (0.1 per cent) and electricity, gas and water (0.2 per cent) sectors were the smallest contributors towards employment in 2020.

Table 2.8 provides a more detailed overview of sectoral contributions to employment in the Hessequa municipal area.

Table 2.8
**EMPLOYMENT PERFORMANCE PER SECTOR, Hessequa**

| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** | **4 483 (19.8%)** | **-2** | **-214** | **-66** | **-411** | **-149** |
| Agriculture, forestry & fishing | 4 467 (19.7%) | -2 | -213 | -65 | -408 | -148 |
| Mining & quarrying | 16 (0.1%) | -1 | -1 | -1 | -3 | -1 |
| **Secondary Sector** | **3 356 (14.8%)** | **-30** | **-121** | **-192** | **-421** | **-276** |
| Manufacturing | 2 009 (8.9%) | 9 | -22 | -1 | -190 | -109 |
| Electricity, gas & water | 54 (0.2%) | -1 | -3 | -2 | -4 | -4 |
| Construction | 1 293 (5.7%) | -38 | -96 | -189 | -227 | -163 |
| **Tertiary Sector** | **14 827 (65.4%)** | **106** | **-194** | **-27** | **-1 678** | **-683** |
| Wholesale & retail trade, catering & accommodation | 5 681 (25.1%) | -4 | -123 | -7 | -938 | -417 |
| Transport, storage & communication | 951 (4.2%) | 18 | -23 | 32 | -133 | -104 |
| Finance, insurance, real estate & business services | 3 655 (16.1%) | 125 | 75 | 65 | -146 | -97 |
| General government | 917 (4.0%) | 2 | -8 | -7 | -26 | -1 |
| Community, social & personal services | 3 623 (16.0%) | -36 | -114 | -110 | -435 | -64 |
| **Total Hessequa** | **22 666 (100.0%)** | **88** | **-529** | **-285** | **-2 510** | **-1 108** |

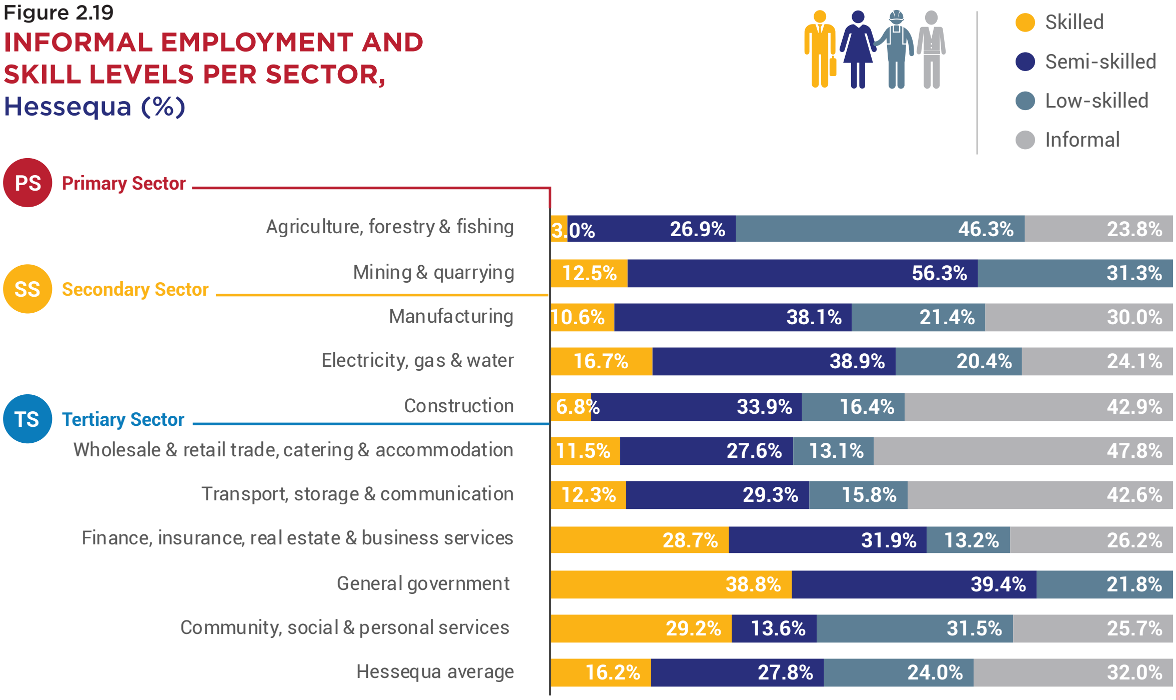
*Source: Quantec Research, 2022 (e denotes estimate)*

The Hessequa municipal area had a total of 22 666 jobs in 2020. The tertiary sector was the largest contributor with 14 827 jobs (65.4 per cent), followed by the primary sector with 4 483 jobs (19.8 per cent) and the secondary sector contributing 3 356 jobs (14.8 per cent). Between 2011 and 2020, the municipal area created an average of 88 jobs per annum. This was driven by the tertiary sector (106 jobs) and more specifically the finance sector, which created an average of 125 jobs per annum.

It is estimated that the effects of COVID-19 continued to result in job losses in 2021, with a total of 1 108 jobs lost. The sector indicating the most job losses was the trade sector, with 417 jobs lost. The sector employs the majority of semi-skilled and informal workers, and it is evident from Figure 2.17 that the majority of jobs lost were within the semi-skilled and informal workforce. It is important to focus on skills development and training programmes in the municipal area for the workers to ensure that they have the necessary skills to be employed. All sectors were expected to have a loss in jobs in 2021.

Figure 2.19 illustrates the sectoral distribution of informal employment and skill levels for formal employment in the Hessequa municipal area in 2020.

Figure 2.19
**INFORMAL EMPLOYMENT AND SKILL LEVELS PER SECTOR, Hessequa (%)**




*Source: Quantec Research, 2022*

The mining (56.3 per cent) and general government (39.4 per cent) sectors were the largest employers of semi-skilled workers in the municipal area. Skills development and training programmes are important in the municipal area to ensure that low-skilled workers can find jobs in other sectors, as the structure of the economy fluctuates across the different sectors.

The sector that provided the largest share of informal workers in 2020 was the trade sector, with 47.8 per cent in 2020. Other notable sources of informal employment included the construction (42.9 per cent) and transport (42.6 per cent) sectors.


## 2.3.7
# KANNALAND

Diagram 2.9
**EMPLOYMENT,**
Kannaland, 2020 and 2021e

### JOBS

| 2020 | | 2021e |
|---|---|---|
| 9 030 | -429 LOSSES | 8 601 |

**2020 EMPLOYMENT BREAKDOWN**

| INFORMAL | FORMAL | | |
|---|---|---|---|
| 33.3% | 12.8% Skilled | 22.6% Semi-skilled | 31.3% Low-skilled |

*Source: Quantec Research, 2022 (e denotes estimate)*

The Kannaland municipal area had 9 030 employed workers in 2020. This is expected to have decreased by 429 workers in 2021. In 2020, the municipal area had 33.3 per cent informal employment, with the majority of the formally employed being low-skilled (31.3 per cent), followed by semi-skilled (22.6 per cent) and skilled (12.8 per cent) workers. The unemployment rate is estimated to have increased from 10.0 per cent in 2020 to 12.6 per cent in 2021.

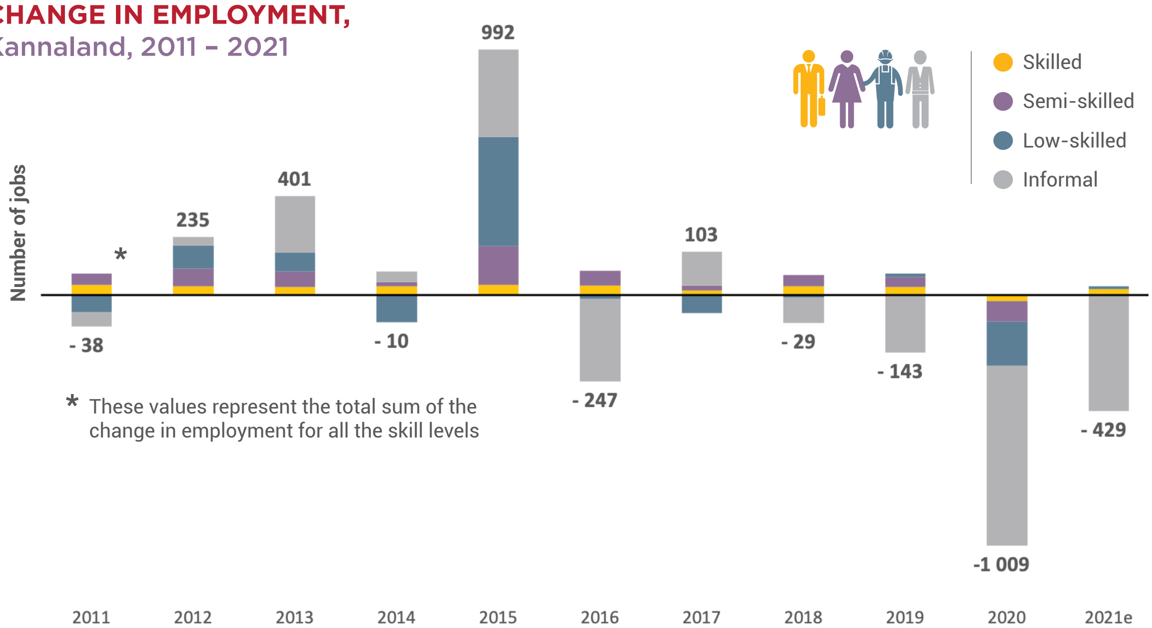
| Unemployment rate | | Labour force participation rate | | Labour absorption rate (employment-to-population ratio) | | Not economically active proportion of working-age population | |
|---|---|---|---|---|---|---|---|
| 2020 | 2021e ↑ | 2020 | 2021e ↓ | 2020 | 2021e ↓ | 2020 | 2021e ↑ |
| 10.0% | 12.6% | 62.5% | 56.7% | 51.1% | 48.6% | 37.4% | 43.3% |

*Source: Quantec Research, 2022 (e denotes estimate)*

Labour force participation is expected to have decreased from 62.5 per cent in 2020 to 56.7 per cent in 2021. The decline in the labour force participation rate is in line with the high unemployment rate across the country, especially among the youth.

Figure 2.20 illustrates the changes in employment in the Kannaland municipal area between 2011 and 2021.

Figure 2.20
**CHANGE IN EMPLOYMENT,**
**Kannaland, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Skilled | 41 | 37 | 34 | 36 | 43 | 40 | 19 | 38 | 34 | -22 | 25 |
| Semi-skilled | 46 | 72 | 62 | 19 | 156 | 59 | 21 | 45 | 39 | -82 | - |
| Low-skilled | -68 | 93 | 78 | -107 | 441 | -13 | -72 | -10 | 15 | -181 | 12 |
| Informal | -57 | 33 | 227 | 42 | 352 | -333 | 135 | -102 | -231 | -724 | -466 |

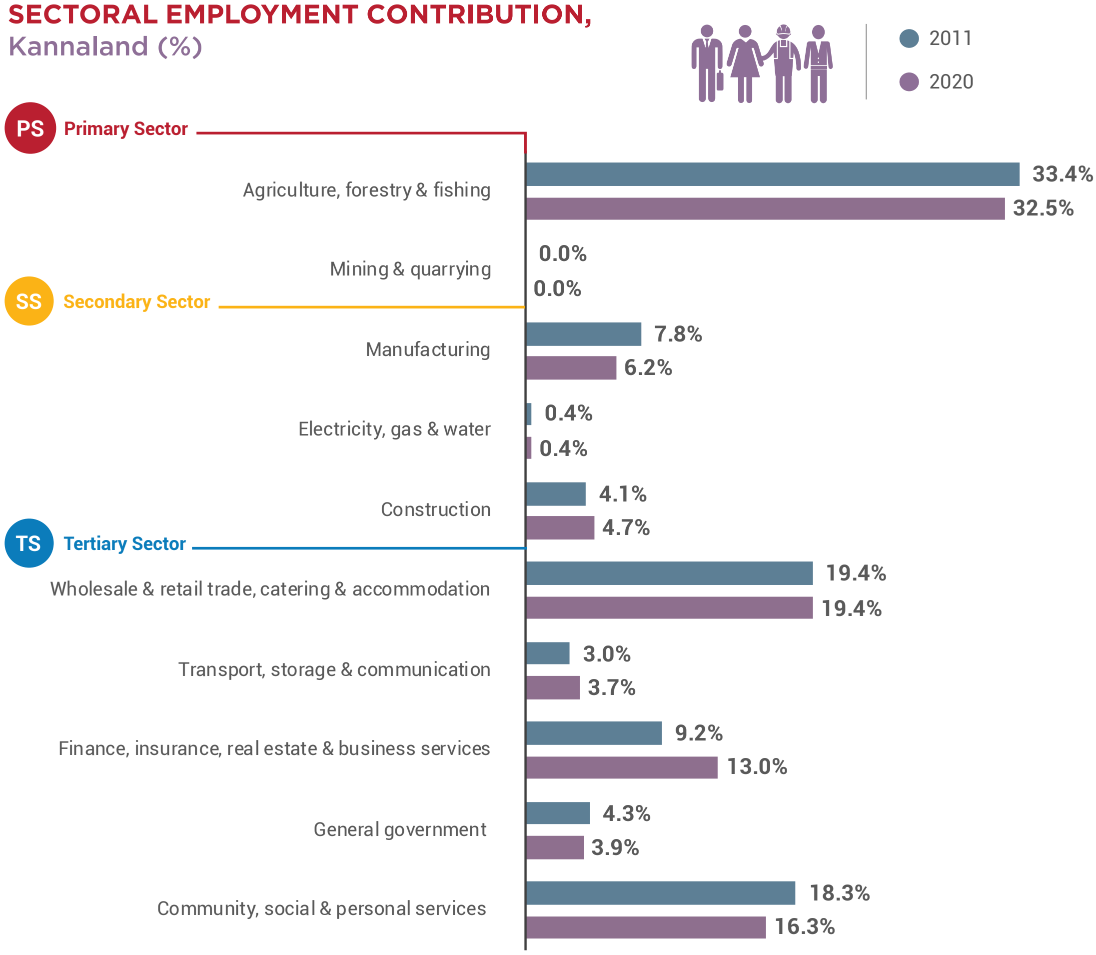
*Source: Quantec Research, 2022 (e denotes estimate)*

The municipal area experienced positive growth in employment between 2011 and 2019 for skilled jobs (322) and semi-skilled jobs (519). A total of 658 informal jobs were lost between 2011 and 2020. COVID-19 impacted employment in the municipal area severely, as the municipal area recorded a 10.1 per cent contraction in employment during the year.

It is estimated that a further 429 jobs were lost in 2021. It is projected that only skilled employment will show recovery, with 25 jobs created for the year. Thus, it can be concluded that the skilled labour force is most likely to show resilience in difficult economic conditions. The contraction in informal employment will put pressure on the Municipality in terms of service delivery expectations.

Figure 2.21 illustrates the employment contribution per sector in the Kannaland municipal area in 2011 and 2020.

Figure 2.21
**SECTORAL EMPLOYMENT CONTRIBUTION,**
Kannaland (%)




*Source: Quantec Research, 2022*

The leading contributor to employment in the municipal area in 2011 was the agriculture sector (33.4 per cent). This contracted to 32.5 per cent in 2020. The reason for the contraction could be the severe drought experienced in the municipal area between 2015 and 2019, as well as pressure on farmers owing to higher input costs in 2020. The trade sector was the second-largest contributor towards employment. This sector contribution remained constant between 2011 and 2020, accounting for 19.4 per cent.

The mining and electricity, gas and water sectors remained stagnant in terms of employment contribution from 2011 to 2020. These sectors recorded the lowest contributions to employment in the municipal area and are also the smallest contributing sectors in terms of GDPR contribution.

Table 2.9 outlines the Kannaland municipal area's employment performance per sector.

Table 2.9
**EMPLOYMENT PERFORMANCE PER SECTOR,**
Kannaland

| SECTOR | Number of jobs 2020 | Average annual change | | Annual change in employment | | |
|---|---|---|---|---|---|---|
| | | 2011 – 2020 | 2016 – 2020 | 2019 | 2020 | 2021e |
| **Primary Sector** (PS) | **2 931 (32.5%)** | **-16** | **-164** | **-66** | **-295** | **-108** |
| Agriculture, forestry & fishing | 2 931 (32.5%) | -16 | -164 | -66 | -295 | -108 |
| Mining & quarrying | 0 (0.0%) | - | - | - | - | - |
| **Secondary Sector** (SS) | **1 013 (11.2%)** | **-4** | **-32** | **-53** | **-114** | **-86** |
| Manufacturing | 556 (6.2%) | -14 | -26 | -20 | -64 | -47 |
| Electricity, gas & water | 37 (0.4%) | 0 | -1 | - | -2 | -2 |
| Construction | 420 (4.7%) | 9 | -5 | -33 | -48 | -37 |
| **Tertiary Sector** (TS) | **5 086 (56.3%)** | **46** | **-70** | **-24** | **-600** | **-235** |
| Wholesale & retail trade, catering & accommodation | 1 755 (19.4%) | 9 | -34 | 3 | -298 | -134 |
| Transport, storage & communication | 332 (3.7%) | 9 | -5 | 14 | -46 | -37 |
| Finance, insurance, real estate & business services | 1 177 (13.0%) | 43 | 25 | 16 | -50 | -34 |
| General government | 353 (3.9%) | -1 | -5 | -5 | -11 | - |
| Community, social & personal services | 1 469 (16.3%) | -14 | -51 | -52 | -195 | -30 |
| **Total Kannaland** | **9 030 (100.0%)** | **26** | **-265** | **-143** | **-1 009** | **-429** |

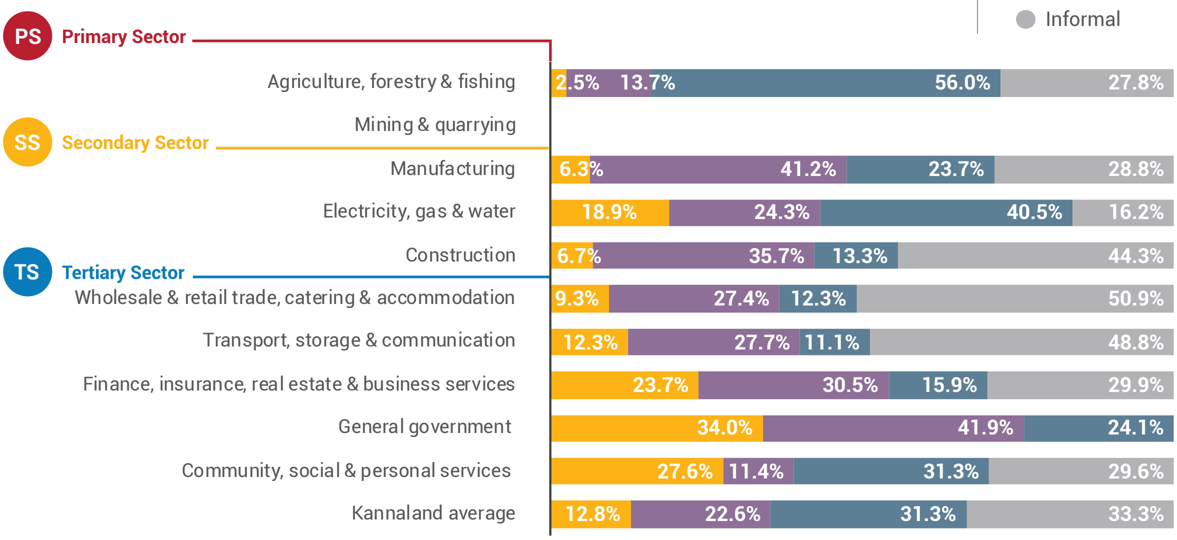
*Source: Quantec Research, 2022 (e denotes estimate)*

The Kannaland municipal area had a total of 9 030 jobs in 2020. The tertiary sector was the largest contributor with 5 086 jobs (56.3 per cent), followed by the primary sector with 2 931 jobs (32.5 per cent) and the secondary sector contributing 1 013 jobs (11.2 per cent). Between 2011 and 2020 the municipal area created an average of 26 jobs annually, with most jobs created in the finance sector (43 jobs). The municipal area lost an average of 265 jobs annually between 2016 and 2020, with COVID-19 being the reason for the large number of jobs lost in 2020. The only sector that created jobs between 2016 and 2020 was the finance sector, with 25 jobs created annually, on average.

It is estimated that the effects of COVID-19 continued to result in job losses in 2021, with a total of 429 jobs lost. The sector with the most job losses was the trade sector, with an estimated 134 jobs lost. The sector employs the majority of semi-skilled and informal workers, and it is evident from Figure 2.20 that the majority of jobs lost in 2020 fell within the low-skilled and informal workforce. Skills development and training programmes are necessary for workers in the municipal area to ensure that they have the necessary skills to be employed.

As illustrated in Figure 2.22, informal employment accounted for 33.3 per cent of the Kannaland municipal area's total employment in 2020.

Figure 2.22
**EMPLOYMENT AND SKILL LEVELS PER SECTOR,**
**Kannaland, 2020 (%)**




*Source: Quantec Research, 2022*

Within the agriculture sector, which is the sector with the largest share of low-skilled workers, 56.0 per cent of workers were low-skilled in 2020. The Kannaland municipal area comprised 12.8 per cent skilled workers in 2020, whereas the general government (34.0 per cent) and community services (27.6 per cent) sectors were the largest employers of skilled workers. Focus on skills development programmes in the municipal area will ensure that low-skilled workers can seek jobs in other sectors. The trade sector had the most informal workers (50.9 per cent) in 2020, followed by the transport sector (48.8 per cent).

## 2.4 CONCLUDING REMARKS

More than one in 10 GRD workers who were employed in 2019 have lost their jobs over the past two years, highlighting the severity of the pandemic in the local jobs markets. This exacerbated longer-term declines in traditional job-creating activities in the GRD such as ostrich farming and forestry. As a result, the GRD's comparative advantage in agriculture waned, as population growth outpaced the sector's ability to create new employment opportunities.

Given the location quotient and employment change and distribution in the District, the agriculture and construction sectors have the highest potential to generate jobs. The District will greatly benefit from programmes and institutions which address skills development for those considered economically active and potentially economically active. Looking ahead, investments in the regional oil and gas sector will not only mitigate job losses attributable to the Mossgas resource end-of-life but will also create opportunities for new skills uptake.


# 3

# SAFETY AND WELLBEING

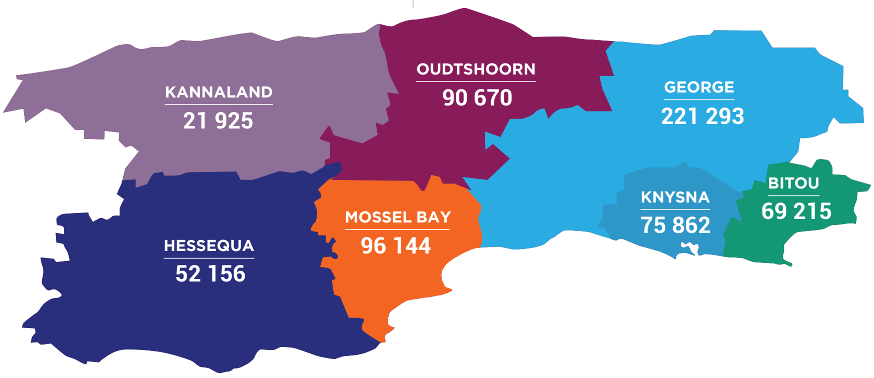
## 3.1 INTRODUCTION

This chapter provides an overview of the economic and social circumstances of households living in the GRD by analysing population, human development, housing, crime and access to basic services. More specifically, human development in the region is assessed by exploring income, education and health outcomes.

# GARDEN ROUTE DEMOGRAPHICS

## CURRENT POPULATION, Garden Route District, 2021

GARDEN ROUTE
627 265




### GENDER – POPULATION

**627 265**
**POPULATION** 2021

47.9% | 52.1%

**Gender split** 2021

Some of the key indicators used in the socio-economic analysis include the population growth rate, GDPR per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development and dwelling types. These indicators are discussed in detail in the sections to follow.

### Estimated **population growth** — PROJECTION

| 2022 | 2023f | 2024f | 2025f | 2026f |
|---|---|---|---|---|
| 0.6% | 0.8% | 1.1% | 0.9% | 0.9% |

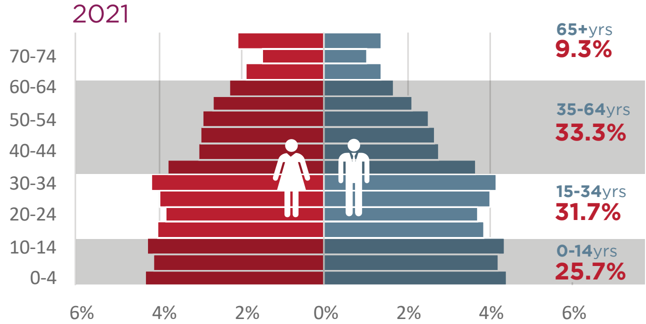
## AGE PROFILE

| 0-14yrs | 15-64yrs | 65+yrs |
|---|---|---|
| 25.7% | 65.0% | 9.3% |

**Age split** 2021

## GENDER AND AGE DYNAMICS

2021




## HOUSEHOLDS

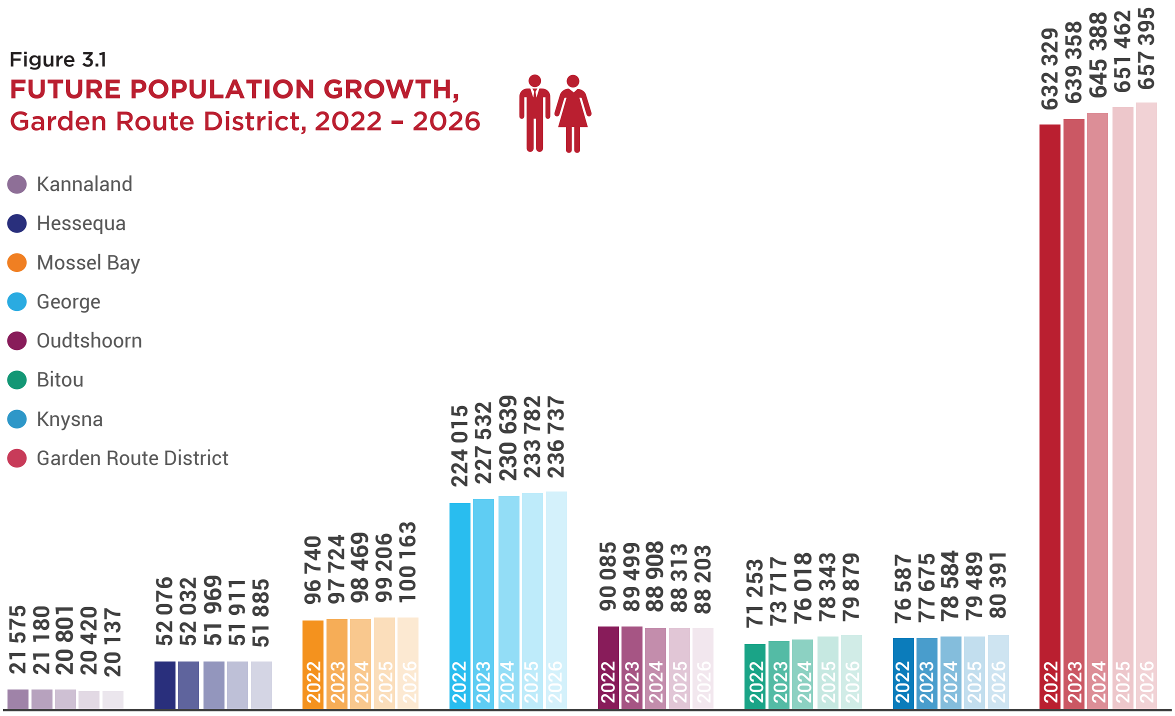
Average monthly **household income** 2020
**R18 068**

**Indigent households** 2021
**50 062**

## 3.2 POPULATION PROFILE

Figure 3.1 illustrates the projected growth of the population in the GRD between 2022 and 2026.

Figure 3.1
**FUTURE POPULATION GROWTH, Garden Route District, 2022 – 2026**




*Source: Western Cape Government PPU, 2022. Provincial, district and local municipality population estimates by sex and age (2002 to 2037) based on Stats SA MYPE series 2021 and 2022*

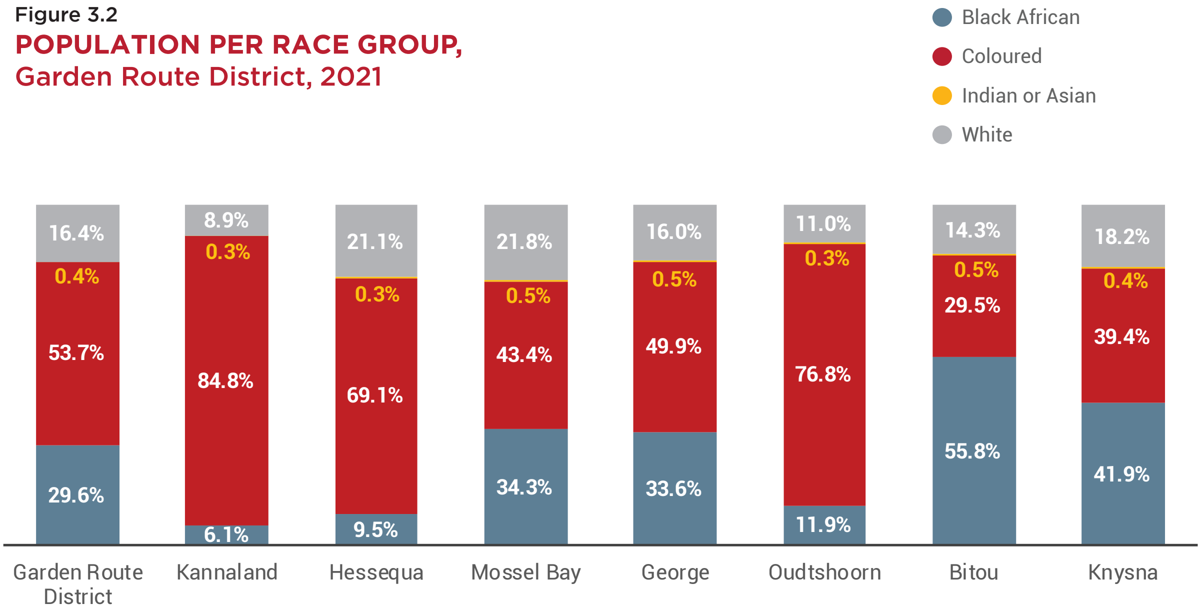
In 2022, the GRD had a total population of 632 329 people, and this is projected to increase to 657 395 people by 2026. The George municipal area has the largest population in the District (35.4 per cent of the total population). The least populated municipal area in the District is Kannaland, with a total population of 21 575 people (3.4 per cent of the total population).

The GRD has an anticipated growth rate of 1.0 per cent. Over the next five years, the populations of the Kannaland, Oudtshoorn and Hessequa municipal areas are expected to contract by 1.7 per cent, 0.6 per cent and 0.1 per cent respectively. These declines could be a result of young people seeking job opportunities in more developed regions. The decline in the working-age population will negatively impact the future economic growth of these municipal areas, as lack of labour will influence production capabilities. Bitou has the highest anticipated growth in the GRD (2.9 per cent), followed by the George (1.4 per cent), Knysna (1.2 per cent) and Mossel Bay (0.8 per cent) municipal areas.

Figure 3.2 shows the racial composition of the GRD in 2021.

Figure 3.2

**POPULATION PER RACE GROUP,**
**Garden Route District, 2021**



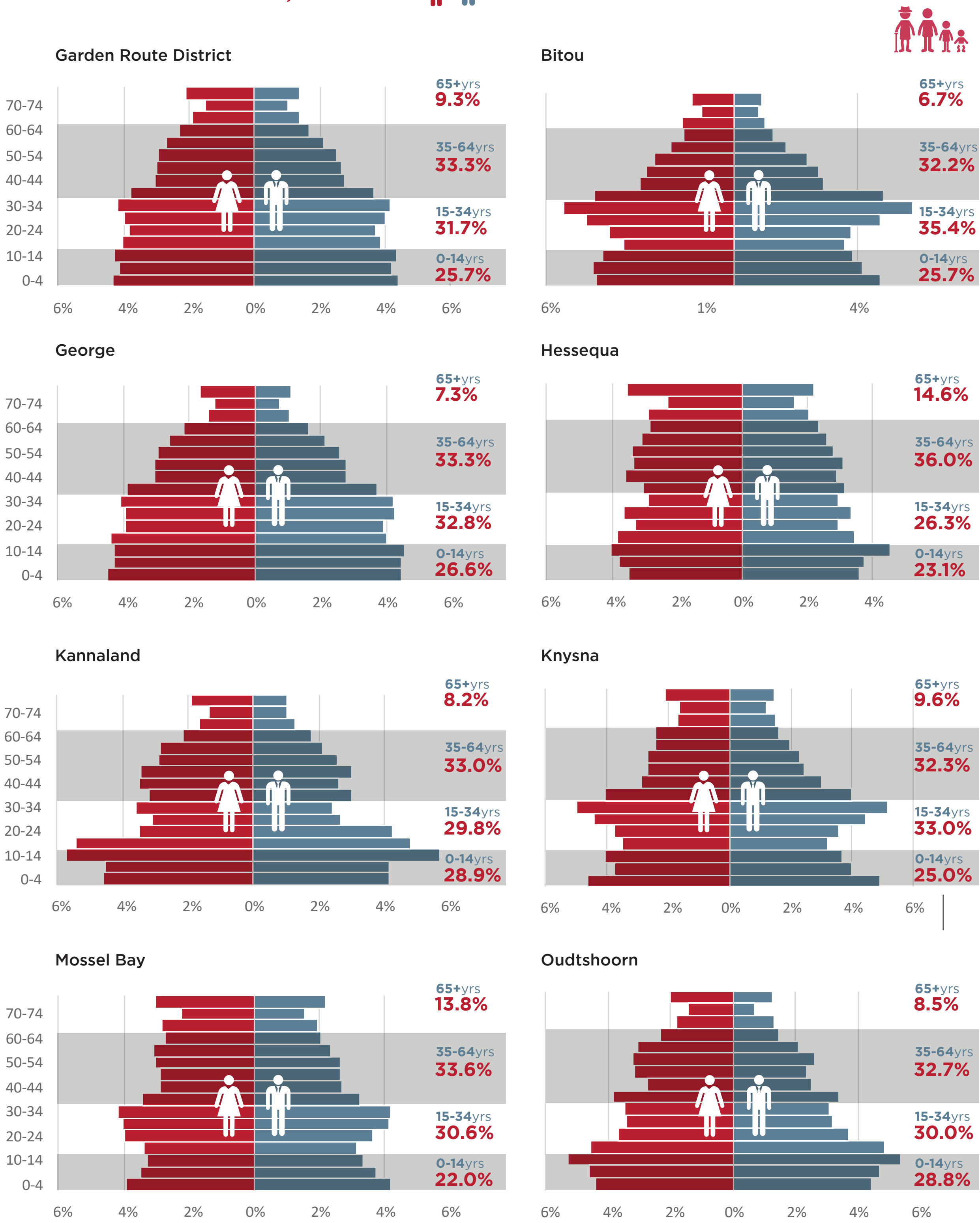

*Source: Quantec Research, 2022*

Across the GRD, the largest population segment in terms of race was the coloured population, contributing a share of 53.7 per cent. This was followed by the black African and white population groups, contributing a share of 29.6 and 16.4 per cent respectively. The Indian or Asian population in the District was a minority group, with 0.4 per cent of the total District population. Within the Kannaland, Hessequa, Mossel Bay and Oudtshoorn municipal areas the large race group was the coloured population. The black African population group was the largest group reported in the Bitou and Knysna municipal areas.

Inequalities often exist in terms of income levels, employment and education per race group, but it is acknowledged that statistics for these indicators disaggregated at the local municipal level are limited in availability. It is important that there is equitable access to opportunities to ensure socio-economic development benefits all groups and individuals in a municipal area.

Figure 3.3 uses population pyramids to illustrate the gender and age cohorts of the municipal areas in the GRD in 2021.

Figure 3.3
**GENDER AND AGE DYNAMICS, Garden Route District, 2021**




*Source: Western Cape Government PPU, 2021. Provincial, district and local municipality population estimates by sex and age (2022 to 2026) based on Stats SA MYPE series 2021 and 2022*

The GRD region consists mainly of people between the ages of 35 and 64 (33.3 per cent), followed by those between 15 and 34 (31.7 per cent). This means that the potentially economically active population is 65.0 per cent in the region. There is, however, a large dependency on those of the working-age population, as 25.7 percent of the population is made up of people younger than 15. Furthermore, most (52.1 per cent) of the population are female.

The Bitou municipal area has a large youth population (35.4 per cent), followed by people between the ages of 35 and 64 (32.2 per cent). Compared with the other municipal areas in the GRD, the Bitou municipal area has the largest proportion of youth. Youth typically have less work experience and lower skill levels, which contribute to the high unemployment rate of the Bitou municipal area. The municipal area has a large number of people dependent on the working-age population, as 25.7 percent of people are younger than 15. The Bitou municipal area consists largely of females, as they make up 51.1 per cent of the total population.

The majority (33.3 per cent) of the population in George are between the ages of 35 and 64, followed by those between the ages of 15 and 34 (32.8 per cent). This means that the potentially economically active population is 66.1 per cent of the George municipal area. The municipal area has a large number of people dependent on the working-age group, as 26.6 per cent of the population is below the age of 15. The George municipal area is made up of mostly females, who constitute 51.7 per cent of the total population.

The population of the Hessequa municipal area is dominated by people between the ages of 35 and 64 (36.0 percent). Compared with other municipal areas, the Hessequa municipal area has the highest cohort of people older than 64 (14.1 percent). This indicates that the Hessequa municipal area is a popular area for retirement. The municipal area consists mainly of females (52.9 per cent).

The population of the Kannaland municipal area consists mostly of people between the ages of 35 and 64 (33.0 per cent), followed by those between the ages of 15 and 34 (29.8 per cent). This means that the potentially economically active population is 62.8 per cent in the George municipal area. The George municipal area also has a large proportion (28.9 per cent) of people under the age of 15 who are dependent on the working-age population. The George municipal area is dominated by females, who make up 53.3 per cent of the population.

The population of the Knysna municipal area is mainly (33.0 per cent) between the ages of 15 and 34, followed by people between the ages of 35 and 64 (32.3 per cent). This means that the potentially economically active population is 65.3 per cent in the Knysna municipal area. The Knysna municipal area has a large proportion of people dependent on the working-age group, as 25.0 per cent of the population is below the age of 15. The municipal area consists mostly of females (51.7 per cent).

The Mossel Bay municipal area consists mostly of people between the ages of 35 and 64 (33.6 per cent). This is followed by the youth population between the ages of 15 and 34 (30.6 per cent). The Mossel Bay municipal area is another popular area for retirement, as 13.8 per cent of the population is above the age of 65. The population consists mostly of females (52.4 per cent).

People aged between 35 and 64 make up the majority (32.7 per cent) of the population in the Oudtshoorn municipal area. This is followed by people between the ages of 15 and 34 (30.0 per cent). Compared with the rest of the municipal areas, Oudtshoorn has the largest proportion of people below the age of 15 (28.8 per cent). The municipal area is dominated by females (53.0 per cent).

# 3.3 HUMAN DEVELOPMENT

Economists expect economic growth to result in improvements in human development and economic decline to have an adverse effect on human development. The UN uses the HDI to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining the quality of life for citizens, which is measured by the standard of education, health, dwellings, access to basic services and crime levels.

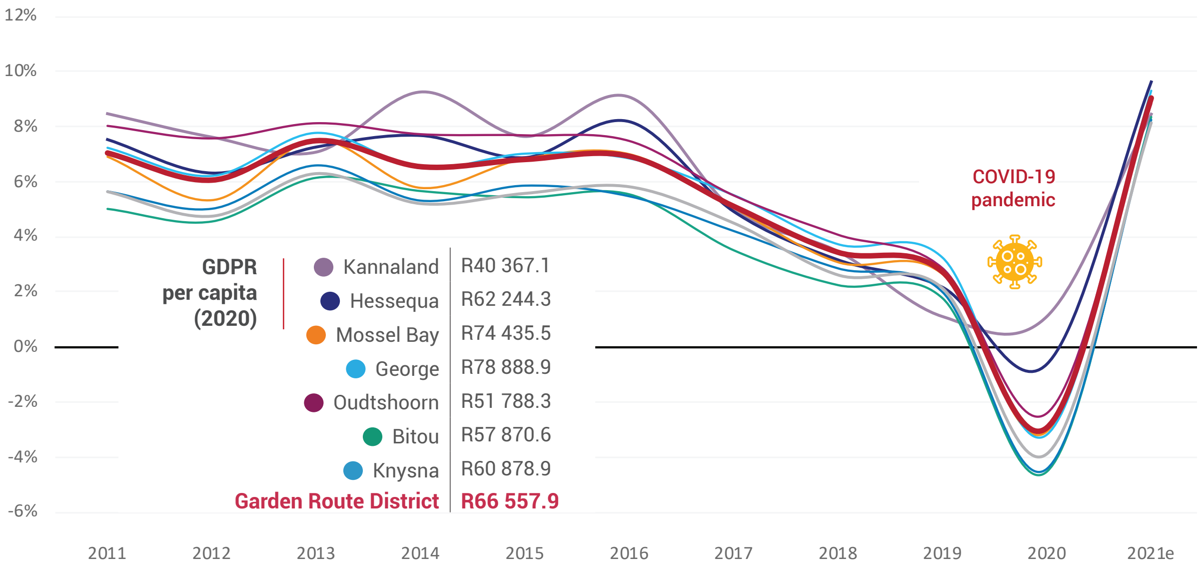
## 3.3.1 Income

In 2020, the GRD had a GDPR per capita of R66 558, which was lower than the Province's R79 243. The municipal areas with the highest GDPR per capita were George (R78 889) and Mossel Bay (R74 435.5).

Figure 3.4 illustrates the GDPR per capita growth for the GRD and its municipal areas between 2011 and 2021.

Figure 3.4

**GDPR PER CAPITA GROWTH, Garden Route District, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Western Cape | 5.6% | 4.7% | 6.3% | 5.2% | 5.6% | 5.8% | 4.5% | 2.6% | 2.1% | -3.9% | 8.1% |
| Garden Route District | 7.0% | 6.1% | 7.5% | 6.5% | 6.8% | 6.9% | 5.1% | 3.4% | 2.7% | -3.0% | 9.0% |
| Kannaland | 8.5% | 7.6% | 7.1% | 9.3% | 7.6% | 9.1% | 5.0% | 3.5% | 1.1% | 1.1% | 8.4% |
| Hessequa | 7.5% | 6.3% | 7.3% | 7.7% | 6.9% | 8.2% | 4.9% | 3.2% | 2.2% | -0.6% | 9.6% |
| Mossel Bay | 6.9% | 5.3% | 7.5% | 5.8% | 6.8% | 7.0% | 5.0% | 3.1% | 2.6% | -3.1% | 9.1% |
| George | 7.3% | 6.2% | 7.8% | 6.5% | 7.0% | 6.9% | 5.5% | 3.8% | 3.3% | -3.2% | 9.3% |
| Oudtshoorn | 8.0% | 7.6% | 8.1% | 7.7% | 7.7% | 7.5% | 5.5% | 4.1% | 2.9% | -2.4% | 8.8% |
| Bitou | 5.0% | 4.6% | 6.1% | 5.7% | 5.4% | 5.5% | 3.5% | 2.2% | 1.8% | -4.5% | 8.4% |
| Knysna | 5.7% | 5.0% | 6.6% | 5.3% | 5.9% | 5.5% | 4.2% | 2.9% | 2.0% | -4.4% | 8.3% |

*Source: Quantec Research, 2022 (e denotes estimate)*

In 2020, the GDPR per capita in the GRD experienced a decrease of 3.0 per cent, which was lower than the 3.9 per cent decline recorded in the Province during the same year. This downward trend for GDPR per capita occurred in all municipal areas apart from the Kannaland municipal area in 2020 owing to the COVID-19 pandemic and the associated lockdown regulations and restrictions imposed on movement and labour. In 2021, GDPR per capita in the GRD is estimated to have increased by 9.0 per cent, which is higher than the estimated increase of 8.1 per cent recorded in the Province.

Table 3.1 illustrates the average monthly household income of the GRD and its municipal areas in 2020.

Table 3.1
**AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES), Garden Route District, 2020**

| MUNICIPAL AREA | Average household income 2020 (current prices) | Trend 2016 – 2020 |
|---|---|---|
| Kannaland | R13 641 | 0.6% |
| Hessequa | R16 083 | 0.1% |
| Mossel Bay | R18 444 | -0.9% |
| George | R20 304 | -0.9% |
| Oudtshoorn | R20 064 | -0.8% |
| Bitou | R13 234 | -1.3% |
| Knysna | R16 603 | -1.0% |
| **Garden Route District** | **R18 068** | **-0.8%** |
| **Western Cape** | **R18 995** | **-1.8%** |

*Source: Urban-Econ calculations based on Quantec Research, 2022*

In 2020, the average household income in the GRD (R18 068) was lower than that of the Province (R18 995). However, the average household income experienced a 0.8 per cent average annual decline between 2016 and 2020 in the GRD, while that of the Province declined by an average annual rate of 1.8 per cent. Households in the George (R20 304), Oudtshoorn (R20 064) and Mossel Bay (R18 444) municipal areas had higher levels of income compared with the other municipal areas in the GRD. The Bitou municipal area recorded the lowest average household income in 2020 (R13 234). The Kannaland and Hessequa municipal areas were the only municipal areas that experienced an increase in average annual income during the period under review. However, the average household income growth in the GRD remains below inflation. Since 2016, annual inflation has been on a declining trend, while remaining within the targets set by the SARB. At an average rate of 3.3 per cent in 2020,[1] inflation was at its lowest level in more than a decade. However, average inflation started increasing in 2021 as a result of the economic downturn in 2020.

### 3.3.1.1 Taxpayers

The South African Income Tax Act of 1962 is used to enforce income taxes, which account for a sizable portion of the country's overall budget. These taxes are regularly used to pay for government obligations including managing the national debt and delivering public goods and services.[2]

[1] *(Stats SA, 2021).*
[2] *(South African Revenue Service, 2022).*

The total number of taxpayers and the average monthly taxable income for the Garden Route and its local municipal areas for the years 2019 and 2020 are depicted in Table 3.2 below.

Table 3.2
**INDIVIDUAL TAXPAYERS, Garden Route District, 2019 – 2020**

| | Number of taxpayers | | Average monthly taxable income | |
|---|---|---|---|---|
| **MUNICIPAL AREA** | **2019** | **2020** | **2019** | **2020** |
| Kannaland | 1 263 | 1 326 | R22 751 | R19 075 |
| Hessequa | 5 912 | 5 975 | R19 642 | R20 745 |
| Mossel Bay | 17 042 | 17 244 | R21 723 | R21 412 |
| George | 25 624 | 27 092 | R22 441 | R22 041 |
| Oudtshoorn | 9 183 | 9 651 | R20 163 | R20 937 |
| Bitou | 4 526 | 4 690 | R24 417 | R23 716 |
| Knysna | 9 088 | 9 347 | R23 580 | R22 527 |
| **Garden Route District** | **72 638** | **75 325** | **R22 028** | **R21 765** |
| **Western Cape** | **867 697** | **906 526** | **R28 622** | **R28 495** |

*Source: National Treasury and SARS, 2022*

In 2019, the total number of taxpayers in the GRD constituted 8.4 per cent of all taxpayers in the Western Cape, before decreasing marginally to 8.3 per cent in 2020. With 72 638 taxpayers in 2019 and 75 325 in 2020, the District experienced a 4.5 per cent increase in taxpayers between the two years. However, the District recorded a decrease in average monthly taxable income, with R21 765 in 2020 compared with R22 028 in 2019.

The region generally showed growth in its number of taxpayers between 2019 and 2020, with the George municipal area showing the highest growth of 5.7 per cent. The George municipal area had the most taxpayers, accounting for more than 35.0 per cent of the District's total taxpayers in both 2019 and 2020. Despite the increase in the number of taxpayers, the municipal area experienced a slight decline of 1.8 per cent in its average monthly taxable income.

The Kannaland municipal area had the fewest taxpayers in 2020. With a decline of 16.2 per cent in average monthly taxable income between 2019 and 2020, the municipal area saw the biggest decline in the District. This suggests that the COVID-19 pandemic had a significant negative influence on the local economy, resulting in lower employee salaries.

### 3.3.1.2 Poverty

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the FPL as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.[3]

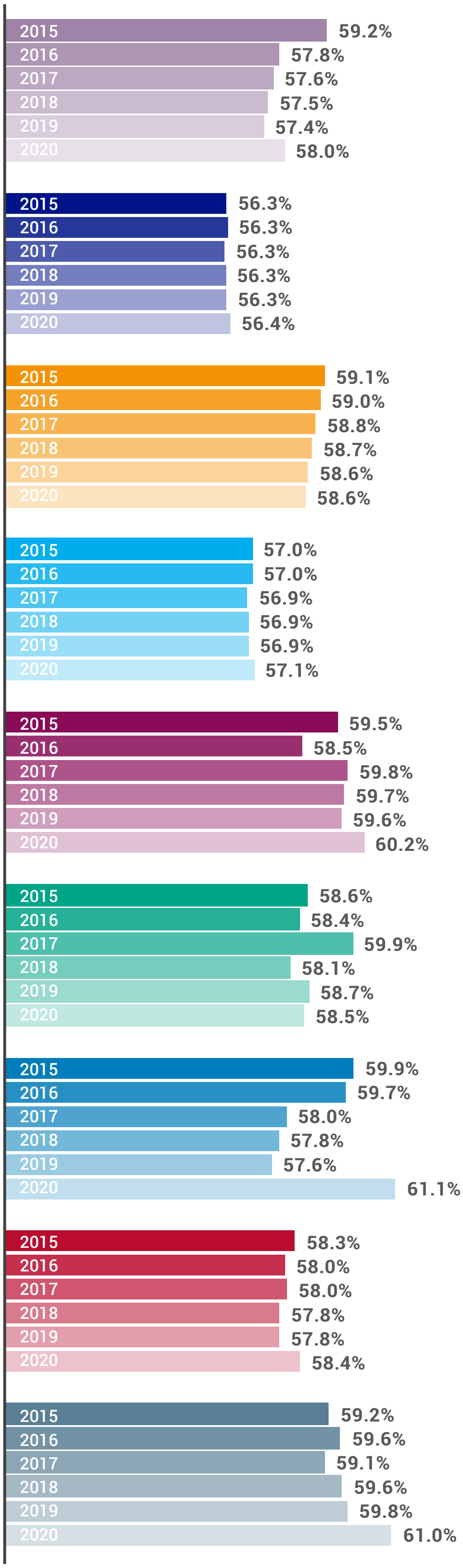
[3] *(Stats SA, 2017).*

Figure 3.5 details the proportion of the population that is considered to be at the UBPL.

There is a smaller proportion of the population living below the UBPL in the GRD compared with the Province over the reference period. The proportion of the District's population at the UBPL declined by 0.4 percentage points between 2015 and 2019 before increasing by 0.6 percentage points to 58.4 per cent in 2020.

Figure 3.5
**PROPORTION OF POPULATION LIVING UNDER UBPL, Garden Route District, 2015 – 2020**

- Kannaland
- Hessequa
- Mossel Bay
- George
- Oudtshoorn
- Bitou
- Knysna
- Garden Route District
- Western Cape




*Source: IHS Markit, 2022*

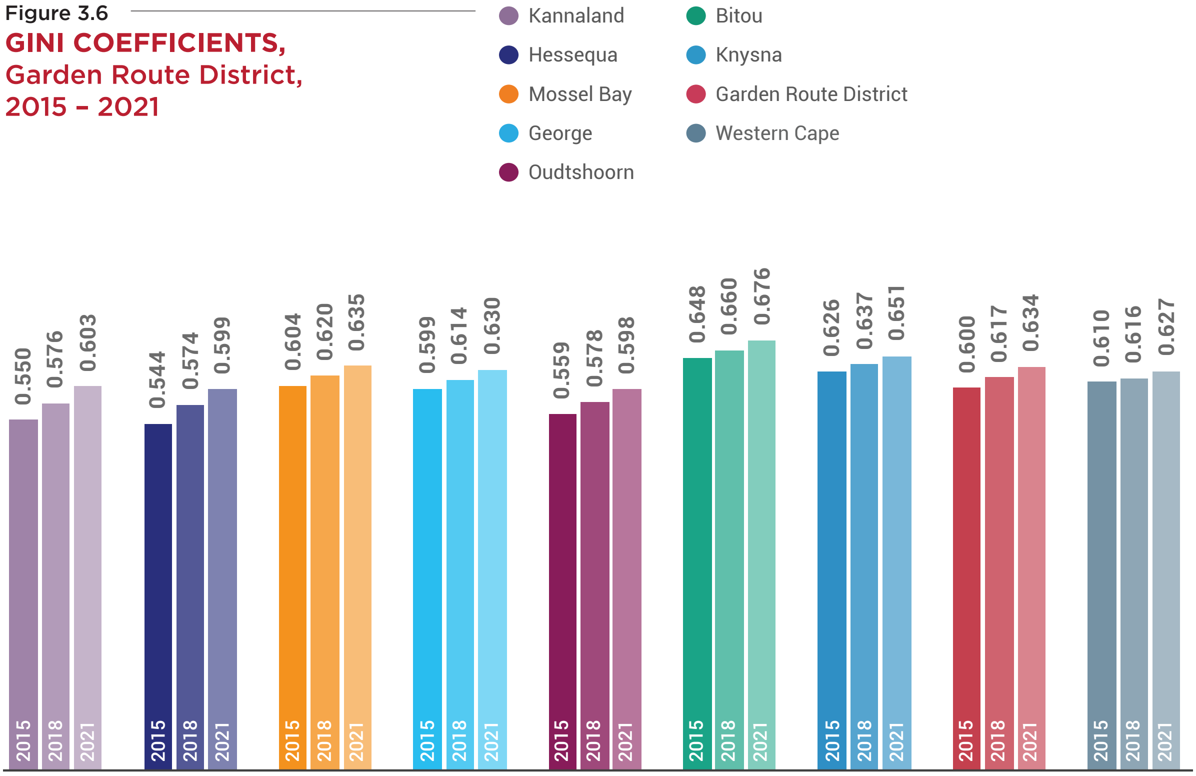
Within the region, three municipal areas recorded a declining trend in the proportion of the population living below the UBPL from 2015 to 2020, with the largest decline recorded in the Kannaland municipal area (1.2 percentage points). The Knysna municipal area had the largest proportion of the population living below the UBPL (61.1 per cent) in 2020, followed by the Oudtshoorn municipal area (60.2 per cent).

**There are numerous measurements of inequality in a society**, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.[4] However, at a local municipal level, data that is readily available and most widely used is the Gini coefficient, which can therefore be utilised to analyse income inequality at a local level.

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

Figure 3.6 illustrates the Gini coefficients for the municipal areas within the GRD between 2015 and 2021.

Figure 3.6
**GINI COEFFICIENTS, Garden Route District, 2015 – 2021**




*Source: IHS Markit, 2022*

> **The Gini coefficient** is an indicator of income inequality and ranges between 0 and 1, with 0 representing complete equality and 1 representing complete inequality.

With the highest Gini coefficient per district in the Province, the GRD's ratio increased from 0.600 in 2015 to 0.634 in 2021. The income inequality in the Bitou municipal area, which was the highest in the Province, increased from 0.648 in 2015 to 0.676 in 2021, and is impacted by the small size of the municipal area, tourism that dominates in Plettenberg Bay, and an economy that is not sufficiently diversified.

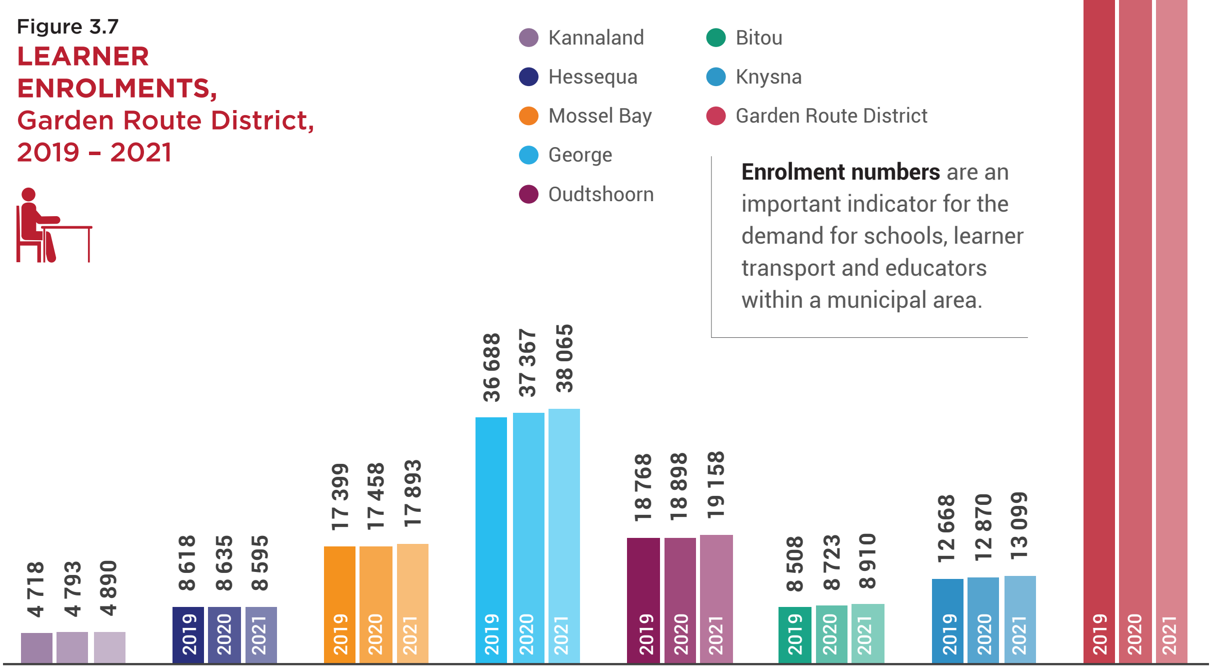
In 2021 the Knysna and Mossel Bay municipal areas recorded Gini coefficients of 0.651 and 0.635 respectively, which are higher than the average of the District. The Oudtshoorn municipal area had the lowest income inequality of all municipal areas in the District, with a Gini coefficient of 0.598 in 2021. This was followed by the Hessequa and Kannaland municipal areas, with Gini coefficients of 0.599 and 0.603 respectively in 2021. The income inequality in all municipal areas increased between 2015 and 2021.

## 3.3.2 Education

This subsection explores the educational circumstances of households in the GRD by analysing data on learner enrolments, the Grade 10 to 12 retention rate, matric pass rates and learner-teacher ratios.

Figure 3.7 illustrates the learner enrolment for the GRD and its municipal areas from 2019 to 2021.

Figure 3.7
**LEARNER ENROLMENTS, Garden Route District, 2019 – 2021**




*Source: Western Cape Education Department, 2022*

Between 2019 and 2021, the GRD experienced a substantial increase in its learner enrolments from 107 367 learners in 2019 to 110 610 learners in 2021. For the same period, most municipal areas in the GRD experienced an increase in learner enrolments. The Hessequa municipal area recorded a slight decrease in enrolments from 8 618 learners in 2019 to 8 595 learners in 2021. The George municipal area recorded the largest increase, with 1 377 more learners enrolled in 2021 than in 2019. Learner enrolments in Mossel Bay and Knysna increased by 494 learners and 431 learners respectively from 2019. The smallest increase in learner enrolments was recorded in the Kannaland municipal area (172 more learners than in 2019).

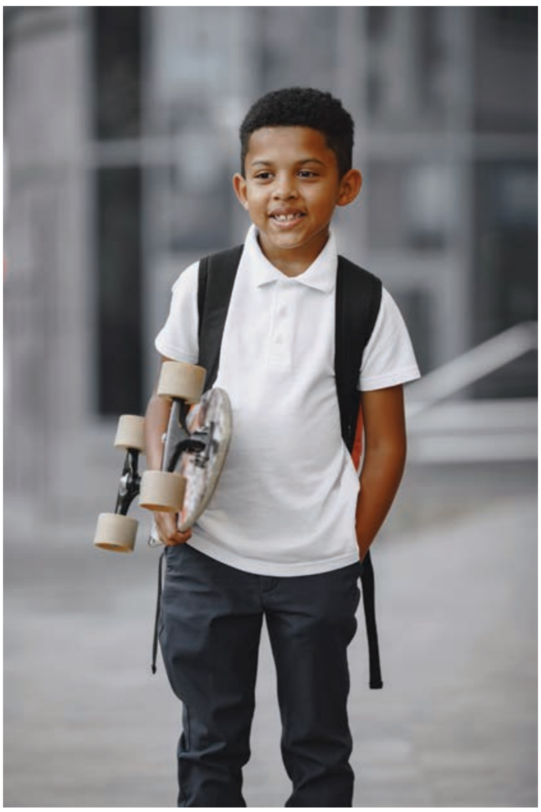
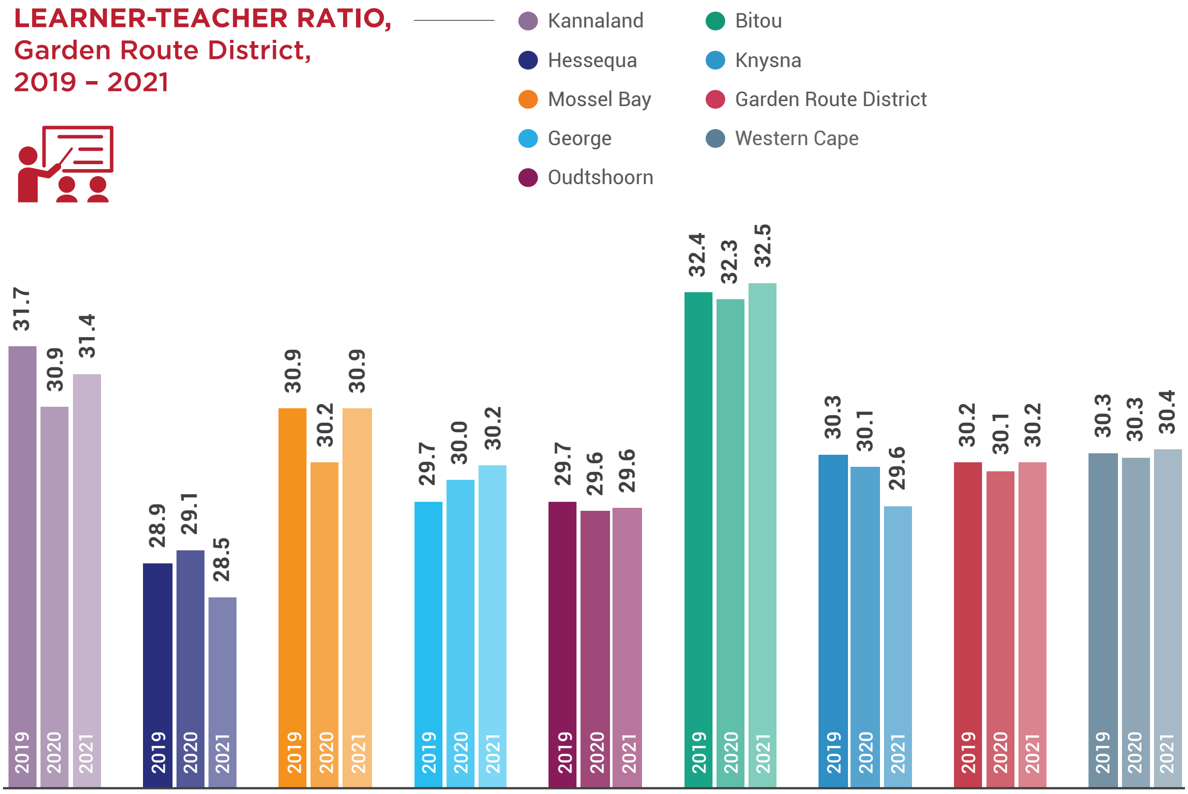


Figure 3.8 illustrates the learner-teacher ratio within the Western Cape, the GRD and its municipal areas between 2019 and 2021.

Figure 3.8
**LEARNER-TEACHER RATIO, Garden Route District, 2019 – 2021**




*Source: Western Cape Education Department, 2022*

**Learner-teacher ratios** are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.[5] Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.[6]

The learner-teacher ratio in the GRD for both 2019 and 2021 was 30.2 learners to one teacher. Throughout this period, the learner-teacher ratio for the GRD remained lower than the Western Cape's ratio, meaning that there are fewer learners per teacher, and more focused and personalised teaching, which should translate into improved academic achievements.

The learner-teacher ratio in the Hessequa and Knysna municipal areas improved from 2020 to 2021, showing that the number of educators increased sufficiently to accommodate the increased number of learners, and in the case of Hessequa it was because the number of learners declined. This ratio remained the same in the Oudtshoorn municipal area for both years. In the Kannaland, Mossel Bay, George and Bitou municipal areas the learner-teacher ratio increased, meaning that the number of teachers did not increase in line with the additional learner enrolments.

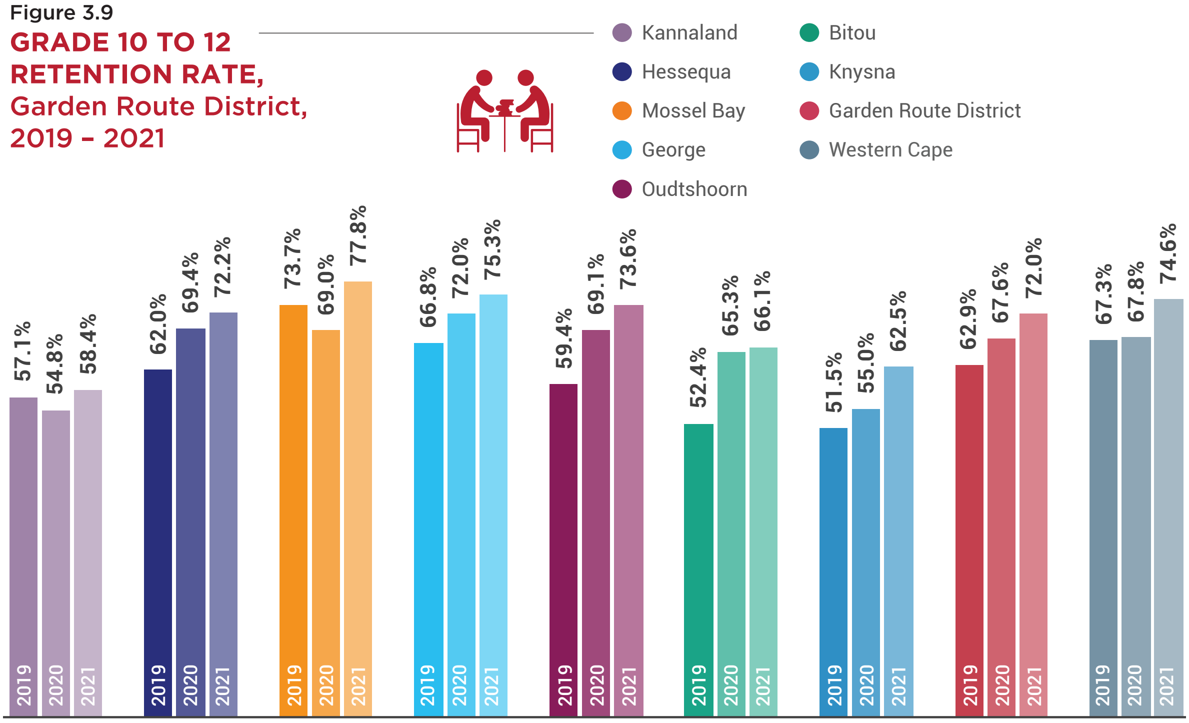
The learner-teacher ratio is a strong indicator of the students' level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio may result in teachers being able to provide more personalised teaching methods, which improves teaching and learning processes in schools as well as the academic progression of students. Research

[5] *(Sephton, 2017).*
[6] *(Moloi, 2011).*

has also shown that lower learner-teacher ratios are associated with better test results, fewer learners dropping out and higher graduation rates.[7]

Figure 3.9 illustrates the retention rate of learners from Grade 10 to 12 in the Western Cape, the GRD and its municipal areas between 2019 and 2021.

Figure 3.9
**GRADE 10 TO 12 RETENTION RATE, Garden Route District, 2019 – 2021**




*Source: Western Cape Education Department, 2022*

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

Although the Grade 10 to 12 learner retention rate in the GRD is marginally lower than that of the Western Cape, it improved from 62.9 per cent in 2019 to 72.0 per cent in 2021. The Mossel Bay municipal area recorded the highest Grade 10 to 12 retention rate in 2021 (77.8 per cent), followed by the George municipal area (75.3 per cent) and the Oudtshoorn municipal area (73.6 per cent). The retention rate in the Knysna and Hessequa municipal areas increased from 2019 to 2021 by 11.0 percentage points and 10.2 percentage points respectively. The largest improvement was recorded in the Bitou municipal area (13.7 percentage points).

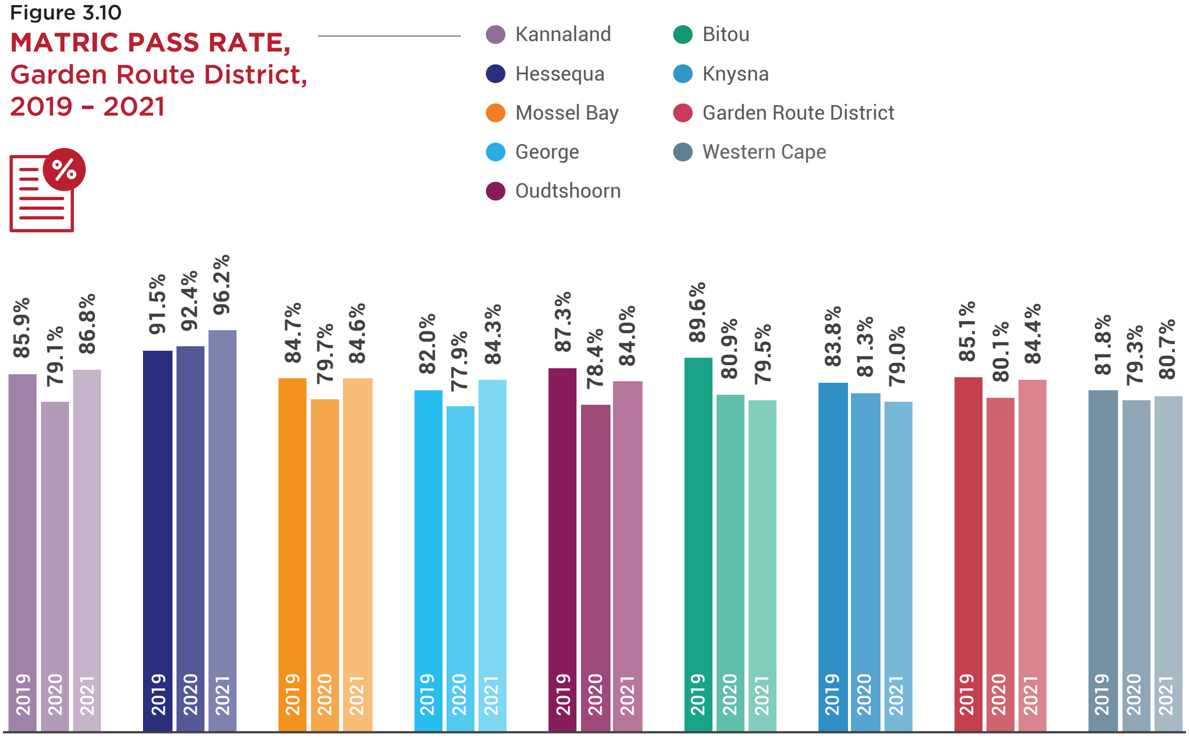
Access to education is an important indicator for labour market skills and access to economic opportunity. Local challenges that result in learners leaving school before Grade 12 need to be assessed, especially considering that most sectors require semi-skilled and skilled labour. Some of these local challenges may include teenage pregnancies or children from low-income households dropping out of school in order to provide an income to their households. According to the General Household Survey of 2021, the key reasons learners stop attending school include illness and disability, poor academic performance, the inability to pay fees and family commitments.[8]

[7] *(The Hun School of Princeton, 2019).*
[8] *(Stats SA, 2022).*

Together with several other variables not considered in this section, learner enrolment, learner-teacher ratios and Grade 10 to 12 retention rates all contribute towards an area's Grade 12 pass rate.

Figure 3.10 illustrates the matric pass rate of Grade 12 students in the Western Cape, the GRD and its municipal areas between 2019 and 2021.

Figure 3.10
**MATRIC PASS RATE, Garden Route District, 2019 – 2021**




*Source: Western Cape Education Department, 2022*

For the period under review, the matric pass rate in the GRD was higher than that of the Western Cape for each respective year. In the GRD, the matric pass rate decreased from 85.1 per cent in 2019 to 80.1 per cent in 2020, before increasing again to 84.4 per cent in 2021.

The Hessequa municipal area recorded improvements in the matric pass rate for three consecutive years. Between 2019 and 2020, the matric pass rate in the Hessequa municipal area increased by 0.9 percentage points, while the learner retention rate improved by 7.4 percentage points.

Apart from the Kannaland, Hessequa and George municipal areas, which experienced an increase in their matric pass rates from 2019 to 2021, all other municipal areas experienced decreases in their matric pass rates.

Even though COVID-19 lockdown measures were eased in 2021, the academic performance of many learners was still influenced owing to routine disruptions. Lockdown restrictions impacted the matric pass rate negatively, mostly owing to teaching time lost as well as the transition to online teaching.[9] This also impacted the class of 2021, as students in Grade 11 in 2020 lost more time than the matric class of 2020.[10]

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[9] *(Govender, 2022).*
[10] *(Makinana, 2020).*

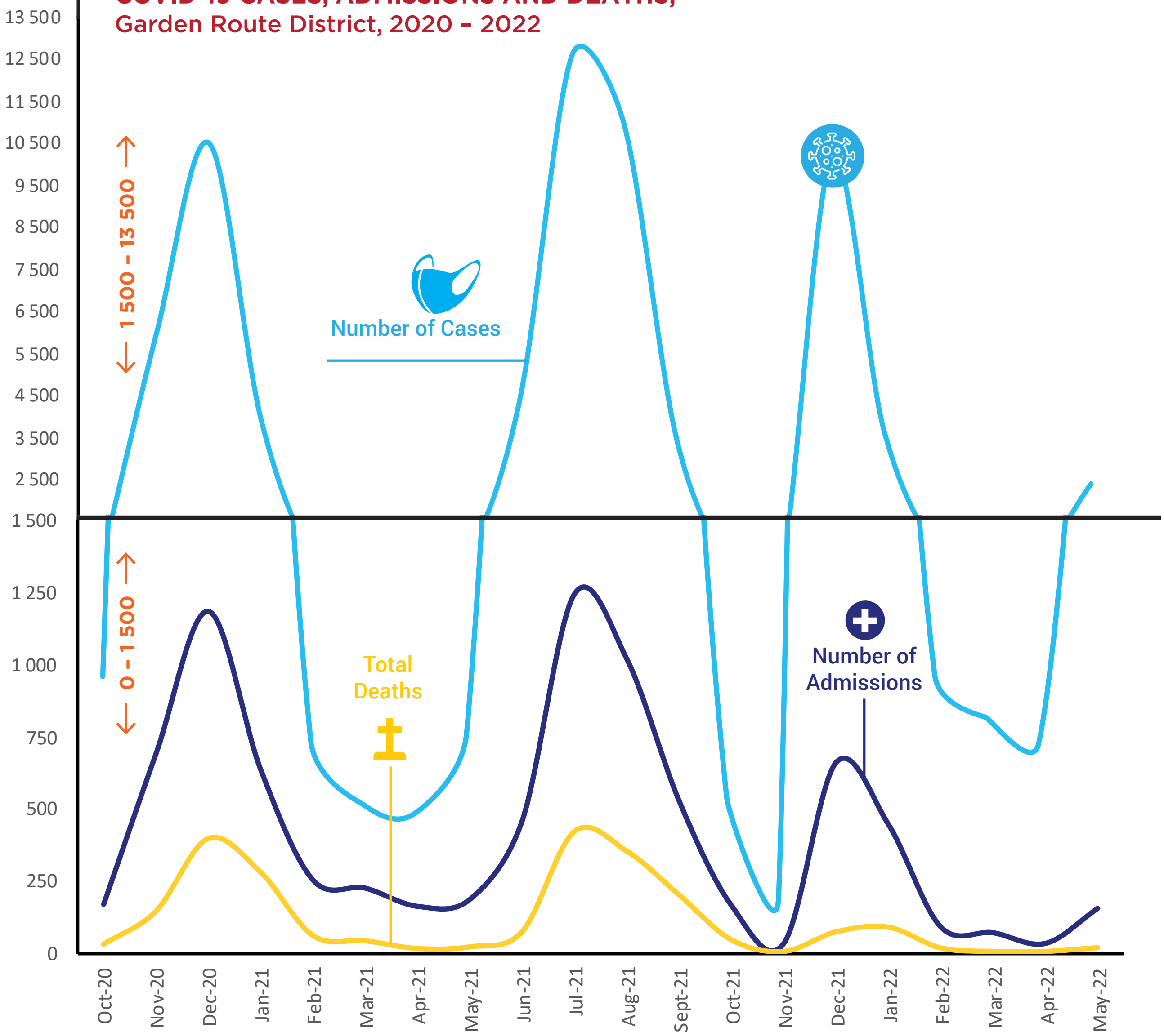
## 3.3.3 Health

This subsection analyses the health conditions of people living in the GRD by reviewing COVID-19, the causes of death, humanimmunodeficiency virus (HIV), tuberculosis (TB) and child and maternal health.

### 3.3.3.1 COVID-19

Figure 3.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group, in the GRD.

Figure 3.11
**COVID-19 CASES, ADMISSIONS AND DEATHS, Garden Route District, 2020 – 2022**



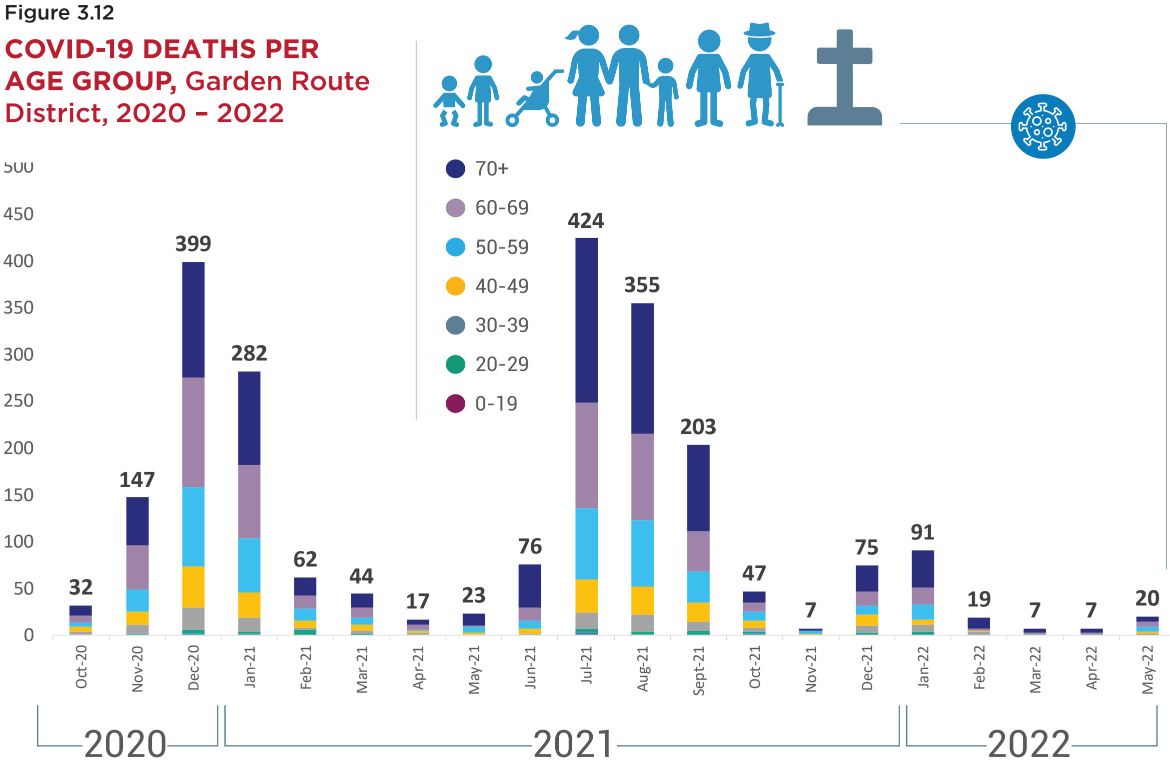

*Source: Western Cape Department of Health, 2022*

| | Oct 20 | Nov 20 | Dec 20 | Jan 21 | Feb 21 | Mar 21 | Apr 21 | May 21 | Jun 21 | Jul 21 | Aug 21 | Sep 21 | Oct 21 | Nov 21 | Dec 21 | Jan 22 | Feb 22 | Mar 22 | April 22 | May 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cases | 946 | 6 051 | 10 501 | 3 943 | 727 | 508 | 476 | 754 | 4 476 | 12 607 | 10 946 | 3 531 | 532 | 189 | 10 139 | 3 711 | 953 | 804 | 715 | 2 405 |
| Admissions | 172 | 692 | 1 184 | 638 | 256 | 228 | 165 | 189 | 461 | 1 244 | 1 019 | 529 | 168 | 37 | 662 | 448 | 94 | 74 | 37 | 158 |
| Deaths | 32 | 147 | 399 | 282 | 62 | 44 | 17 | 23 | 76 | 424 | 355 | 203 | 47 | 7 | 75 | 91 | 19 | 7 | 7 | 20 |

The number of COVID cases increased drastically in a short period of time during each of the four waves. The total number of cases during the first wave peaked in July 2020 at 4 797 new cases, after which the number of cases declined in September and October, and remained relatively low. During the second wave, the number of cases increased from 946 in October 2020 to 6 051 in November 2020 and peaked in December 2020, with a total of 10 501 cases recorded. During the third wave the number of cases peaked in July 2021, with a total of 12 607 cases recorded. During the fourth wave, the number of cases peaked at 10 139 in December 2021. The number of hospital admissions follows a similar trend to the number of cases recorded, peaking during the same months as the number of cases. However, only during the second and third wave did peaks in the number of deaths coincide with peaks in cases and hospital admissions. During the first and fourth waves, the number of deaths peaked a month after the number of cases and admissions.

**Figure 3.12**

**COVID-19 DEATHS PER AGE GROUP, Garden Route District, 2020 – 2022**




*Source: Western Cape Department of Health, 2022*

From the data shown below, it is evident that age is a significant factor in the recovery of people infected with COVID-19, as the number of deaths increased with each age category. It is evident that COVID-19 affects older people in particular, as most of the deaths recorded during the peaks of each wave were those of people older than 60. This proportion was 60.1 per cent during the first wave, 60.4 per cent during the second wave, 44.0 per cent during the third wave and 57.0 per cent during the fourth wave.

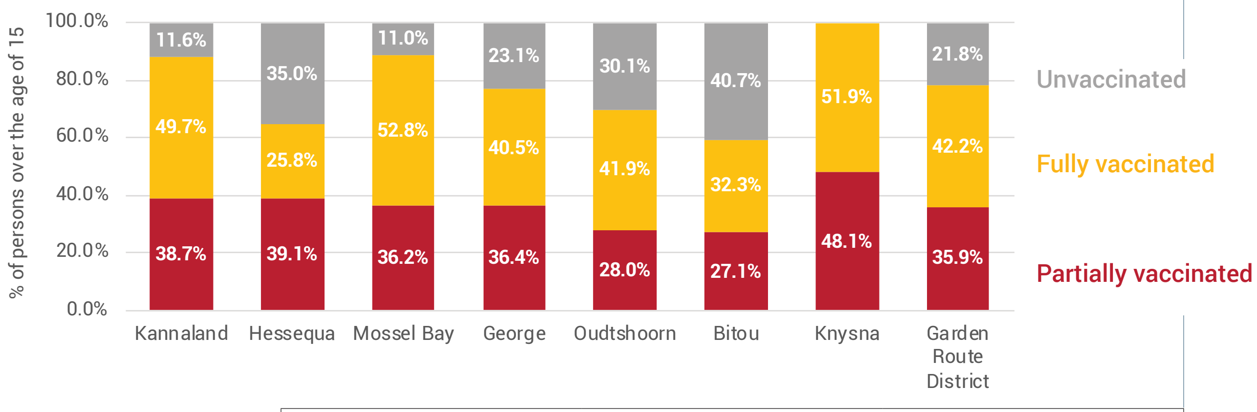
The South African Government had COVID-19 vaccine roll-outs from February 2021 for healthcare workers, with the Pfizer and Johnson & Johnson vaccines listed as the main options available. Initially, when vaccine dose supply was limited, the public roll-out was limited to the elderly population, as well as the population with comorbidities and those living in hostels and nursing homes from May 2021. The vaccine was only available for all adults from August 2021 and was available for children in October 2021.

COVID-19 vaccines are safe and effective at protecting people from getting seriously ill or being hospitalised.[11] They also offer added protection against new infections and variants of the virus. Furthermore, full vaccination is more beneficial than partial vaccination, as full dosages reinforce immune responses compared with a single dosage.[12] Going forward, boosters are encouraged, as they help people maintain strong protection from severe COVID-19 infection.[13] However, it is acknowledged that vaccine hesitancy occurs for several reasons, including health concerns, mistrust towards the pharmaceutical industry, misinformation, disinformation and a lack of education regarding vaccine efficacy.

Figure 3.13 depicts the population that has received full or partial vaccination, as well as the unvaccinated population in the GRD.

**Figure 3.13**

**COVID-19 VACCINATED POPULATION, Garden Route District, 2020 – 2022**




| | 2020 – 2022 | | |
|---|---|---|---|
| **Vaccinations**[14] | **Partially vaccinated**[15] | **Fully vaccinated**[16] | Unvaccinated |
| Kannaland | 57.8% | 30.6% | 11.6% |
| Hessequa | 53.1% | 33.8% | 13.2% |
| Mossel Bay | 57.7% | 31.3% | 11.0% |
| George | 48.9% | 28.0% | 23.1% |
| Oudtshoorn | 47.4% | 22.5% | 30.1% |
| Bitou | 37.9% | 21.4% | 40.7% |
| Knysna | 59.7% | 40.3% | 0.0% |
| **Garden Route District** | **50.9%** | **29.2%** | **20.0%** |

*Source: Western Cape Department of Health, 2022*

[11] *(Centers for Disease Control and Prevention, 2022).*
[12] *(Seladi-Schulman, 2021).*
[13] *(Maragakis & Kelen, 2022).*
[14] *It should also be noted that the vaccination numbers reported are based on the place of vaccination and not the clients' area of residence.*
[15] *Percentage of individuals who have received a Pfizer first dose.*
[16] *Percentage of individuals who have received a Johnson & Johnson vaccine or a Pfizer first dose and second dose.*

Overall, just over half of the population over the age of 15 in the GRD have been partially vaccinated (50.9 per cent). In six of the seven municipal areas, most people have been partially vaccinated (48.9 per cent to 59.7 per cent of the population). In the Bitou municipal area most of the population are unvaccinated (40.7 per cent). The Knysna municipal area has the greatest proportion (40.3 per cent) of fully vaccinated people out of all the municipal areas in the District.

The age group with the highest recorded number of first doses received were those between 35 and 49 at 68 288 doses. The age group with the most people who received second doses were those 60 and above, with a total of 55 904 people. The least vaccinated group were those in the age range of 12 to 17. In this group, 11 292 people received their first dose and 3 615 received their second dose. Another factor influencing low vaccination rates in the age group is different laws regarding vaccination for the age group arising from fears of myocarditis or pericarditis.[17]

COVID-19 vaccinations have shown to impact declines in COVID-19 cases and deaths. A study has shown that vaccinations are key in reducing incidents, hospitalisations and deaths, especially among individuals with comorbidities and risk factors associated with severe COVID-19 infections.[18] Furthermore, the Africa Centres for Disease Control and Prevention found that vaccination programmes which start earlier have resulted in larger reductions in COVID-19 cases, hospitalisations and deaths.[19] Increased vaccine roll-out in the District, especially in the Bitou municipal area, where 40.7 per cent of the population is recorded as unvaccinated, will decrease COVID-19 incidents and deaths.

[17] *(Mail & Guardian, 2021).*
[18] *(Moghadas, et al., 2020).*
[19] *(Africa Centres for Disease Control and Prevention, 2022).*

### 3.3.3.2 HIV/AIDS and TB

Table 3.3 provides an overview of the trends in HIV testing, treatment and outcomes in the GRD between 2018/19 and 2021/22.

HIV

Table 3.3
**TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES,**
**Garden Route District, 2018/19 and 2021/22**

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---|---|---|---|---|
| **Known HIV+ (Tested; n)** | **39 947** | **41 440** | **42 028** | **41 646** |
| Of which: Clients started but no longer on ART | 30.7% | 29.1% | 27.5% | 26.1% |
| **Of which: Clients on ART** | **61.6%** | **63.5%** | **65.5%** | **66.8%** |
| Of which: Clients with confirmed viral suppression | 72.5% | 74.1% | 73.2% | 78.9% |

*Source: Western Cape Department of Health, 2022*

The data trends for the GRD show that the number of people who tested positive for HIV increased from 39 947 in 2018/19 to 41 646 in 2021/22. The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving antiretroviral therapy (ART) and 90.0 per cent of people receiving ART would have viral suppression.[20] In line with the increase in the number of HIV-positive cases over the reference period, the number of patients receiving ART also increased, from 61.6 per cent in 2018/19 to 66.8 per cent in 2021/22. Discontinuation or interruption of ART may result in a viral rebound. In this regard, patients starting ART but no longer on treatment decreased from 30.7 per cent in 2018/19 to 26.1 per cent in 2021/22.

Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system can function.[21] The percentage of patients with confirmed viral suppression has increased from 72.5 per cent in 2018/19 to 78.9 per cent in 2021/22, despite a recorded decrease between 2019/20 and 2020/21. ART and viral suppression are important and play a critical role in the wellbeing of patients with HIV, as they can improve their health. These patients can therefore earn an income and also contribute to the local economy.


[20] *(UNAIDS, 2014).*
[21] *(Centers for Disease Control and Prevention, 2021).*

Table 3.4 shows the trends in TB notification and outcomes in the GRD between 2019/20 and 2021/22.

Table 3.4
**TRENDS IN TB NOTIFICATION AND OUTCOMES,**
**Garden Route District, 2019/20 – 2021/22**

TB

| | 2019/20 | 2020/21 | 2021/22 |
|---|---|---|---|
| TB programme success rate | 75.9% | 77.6% | 72.7% |
| TB clients lost to follow-up | 17.7% | 16.0% | 19.7% |
| TB client death rate | 5.8% | 5.1% | 5.9% |
| TB/HIV co-infected | 42.6% | 43.1% | 44.3% |
| TB MDR treatment success rate | 55.7% | 58.8% | 62.1% |

*Source: Western Cape Department of Health, 2022*

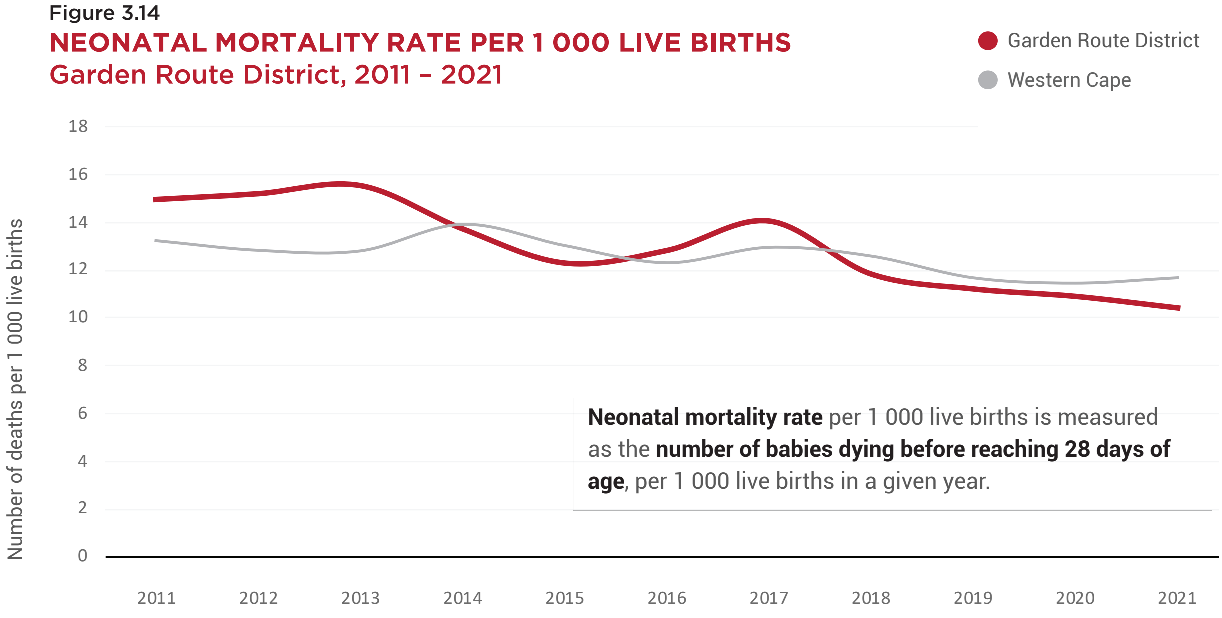
The TB programme success rate increased from 75.9 per cent in 2019/20 to 77.6 per cent in 2020/21, before decreasing to 72.7 per cent in 2021/22. The death rate decreased from 5.8 per cent in 2019/20 to 5.1 per cent in 2020/21 and increased to 5.9 per cent in 2021/22. The TB/HIV co-infected rate increased from 42.6 per cent in 2019/20 to 44.3 per cent in 2021/22. The proportion of TB clients lost to follow-up decreased from 17.7 per cent in 2019/20 to 16.0 per cent in 2020/21 but increased to 19.7 per cent in 2021/22. Despite the decline in the TB programme success rate, the TB multidrug-resistant (MDR) treatment success rate improved from 55.7 per cent in 2019/20 to 62.1 per cent in 2021/22.

Despite the pressure placed on health services in 2020/21 by the COVID-19 pandemic, HIV testing, treatment and outcomes trends indicated some stability, enabling access to improved quality of life and opportunities for economic growth. On the other hand, TB notifications and outcomes' recent data indicates deterioration, and further improvement in access to and the success of TB treatment is therefore needed.

### 3.3.3.3 Child and maternal health

Figure 3.14 depicts neonatal death rates in the GRD and the Western Cape between 2011 and 2022.

Figure 3.14
**NEONATAL MORTALITY RATE PER 1 000 LIVE BIRTHS**
**Garden Route District, 2011 – 2021**




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Garden Route District | 15.0 | 15.2 | 15.5 | 13.7 | 12.3 | 12.8 | 14.1 | 11.9 | 11.2 | 10.9 | 10.5 |
| Western Cape | 13.2 | 12.8 | 12.8 | 13.9 | 13.0 | 12.3 | 13.0 | 12.6 | 11.7 | 11.4 | 11.7 |

*Source: Western Cape Department of Health, 2022*

Neonatal mortality rates compared with the live birth rate for the GRD have shown a downward trend over the period under review. A decrease was experienced by the GRD from 15.0 to 10.5 in 2021, which was the lowest recorded rate in the period.

Table 3.5 provides the maternal death rates per 100 000 live births in the GRD between 2019 and 2021.

Table 3.5
**MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS,**
**Garden Route District, 2019 – 2021**

| MUNICIPAL AREA | 2019 | 2020 | 2021 |
|---|---|---|---|
| Kannaland | 0 | 0 | 0 |
| Hessequa | 0 | 0 | 0 |
| Mossel Bay | 0 | 0 | 0 |
| George | 85.9 | 230.6 | 122.4 |
| Oudtshoorn | 0 | 55.5 | 0.0 |
| Bitou | 0 | 0 | 0 |
| Knysna | 0 | 119.5 | 61.3 |
| **Garden Route District** | **33.4** | **121.5** | **56.8** |

*Source: Western Cape Department of Health, 2022*

**The maternal death rate** is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

The recorded maternal death rate in the GRD increased in the period under review. In 2019 the death rate was 33.4 deaths per 100 000 live births, which increased significantly to 121.5 deaths per 100 000 live births in 2020, before decreasing to 56.8 deaths per 100 000 live births in 2021. Various studies indicate that the risk of mortality increases for women contracting COVID-19 during pregnancy, especially women with underlying conditions such as HIV or hypertension.[22] The George municipal area recorded the highest number of maternal deaths per 100 000 live births in all three years between 2019 and 2021. Overall, child and maternal mortality have recently improved, indicating recovery from the impact on healthcare facilities. However, the trends assessed over the review period show instability.

[22] *(Basu, Chauke, & Magoro, 2021).*

### 3.3.3.4 Teenage pregnancy

Teenage pregnancies can perpetuate the poverty cycle while also resulting in early school drop-out by pregnant teenagers. Teenage pregnancy is influenced by several factors, including lack of knowledge about or access to contraceptives, access to healthcare services and other sociocultural factors. Table 3.6 provides a municipal breakdown of teenage pregnancies in the GRD between 2019 and 2021 by indicating the percentage of babies born to mothers aged between 10 and 19 years.

Table 3.6
**DELIVERY RATE TO WOMEN 10 – 19 YEARS,**
**Garden Route District, 2019 – 2021**

| MUNICIPAL AREA | 2019 | 2020 | 2021 |
|---|---|---|---|
| Kannaland | 12.1% | 13.2% | 9.3% |
| Hessequa | 18.6% | 18.5% | 17.6% |
| Mossel Bay | 16.8% | 15.2% | 16.0% |
| George | 15.0% | 13.2% | 13.6% |
| Oudtshoorn | 19.1% | 17.9% | 19.6% |
| Bitou | - | - | - |
| Knysna | 11.7% | 12.7% | 13.5% |
| **Garden Route District** | **15.6%** | **14.7%** | **15.4%** |

*Source: Western Cape Department of Health, 2022*

The Oudtshoorn and Hessequa municipal areas recorded the highest delivery rates across the period under review in the District. The Knysna municipal area recorded the largest increase in delivery rates to teenagers from 11.7 per cent in 2019 to 13.5 per cent in 2021. The largest decrease was recorded in the Kannaland municipal area, from 12.1 per cent in 2019 to 9.3 per cent in 2021. The Bitou municipal area recorded no teenage deliveries between 2019 and 2021.

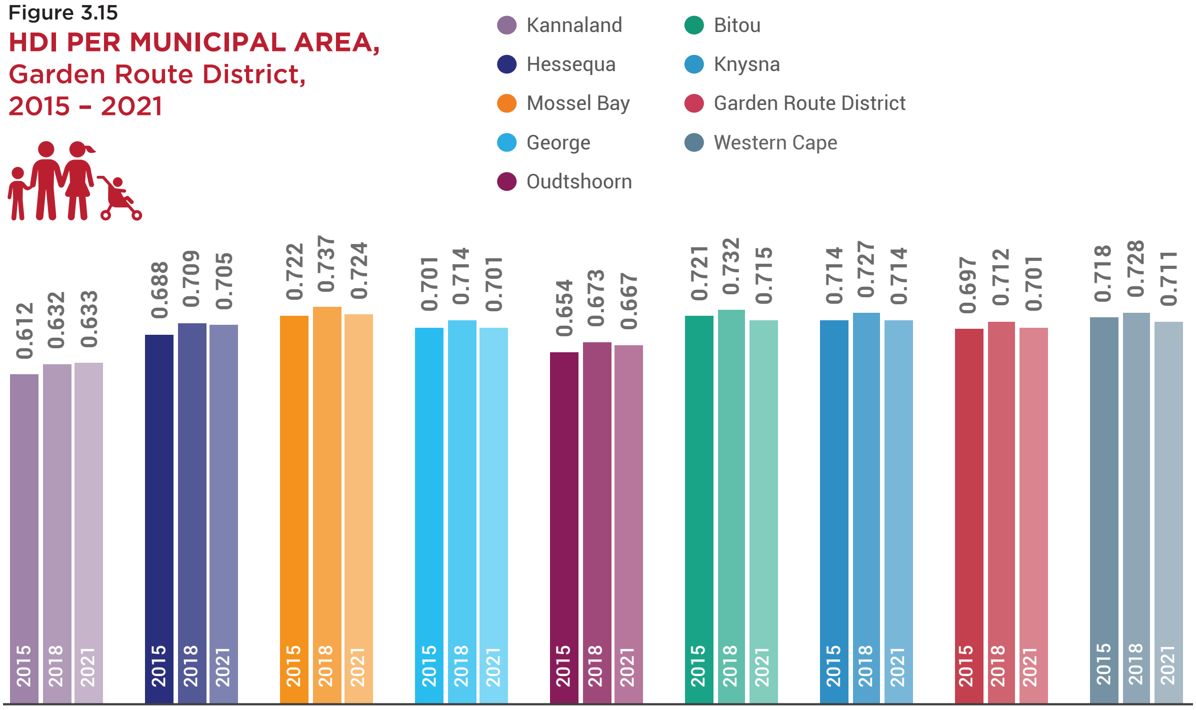
The delivery rate to teenagers in the GRD shows an overall decrease, with a significant decrease in 2020 despite reports of increased teenage pregnancies linked to COVID-19[23] in the Western Cape as access to contraceptives and public sector services decreased.[24] A decrease in delivery rates to teenagers reduces pressure on the public sector.

[23] *(Barron, Subedar, Letsoko, Maua, & Pillay, 2022).*
[24] *(Barron, Subedar, Letsoko, Maua, & Pillay, 2022).*

### 3.3.4 Human Development Index

The HDI is defined as a composite indicator reflecting education levels, health and income, and is used to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. Figure 3.15 illustrates changes in the HDI between 2015 and 2021.

Figure 3.15
**HDI PER MUNICIPAL AREA, Garden Route District, 2015 – 2021**




*Source: IHS Markit, 2022*

**The HDI** is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

In 2021, the HDI in the GRD (0.701) was lower than that of the Western Cape's HDI (0.711). However, an improvement in the HDI level is evident in the GRD, increasing from 0.697 in 2015 to 0.701 in 2021. All municipal areas have improved in terms of their HDI. In 2021 the Mossel Bay municipal area had the highest HDI at 0.724, whereas Kannaland had the lowest at 0.633. The overall decrease in HDI in the GRD between 2018 and 2021 can probably be attributed to the income declines and impact on health outcomes resulting from the COVID-19 pandemic.

#### GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),[25] South Africa was ranked 102nd in the world in 2021 with an HDI of 0.713. Although it was lower than the average world HDI of 0.732, South Africa's HDI was still considered high and was above the average HDI of developing countries (0.685). Globally, Switzerland had the highest HDI in 2021 (0.962), while South Sudan was ranked the lowest at 0.385. In 2021, the HDI in the Western Cape (0.711) was also considered high according to the UNDP classification and was above the world average. The 2021 HDI in the GRD (0.701) was high according to the HDI classification and on a par with that of Vietnam (0.703).

[25] *(United Nations Development Programme, 2022).*

# 3.4 ACCESS TO HOUSING AND BASIC SERVICES

## Future household growth

This section considers future changes in the distribution of households in the District's municipal areas.

The number of households in the GRD is expected to increase at an average annual rate of 1.8 per cent between 2021 and 2026. The Mossel Bay and Knysna municipal areas are projected to have the highest annual growth rates of all households (3.9 per cent and 1.8 per cent respectively). The increases in the Mossel Bay municipal area are a result of an influx of younger families, who are attracted to the area's adventurous and coastal lifestyle.[26] The number of households in the Bitou and Hessequa municipal areas is also expected to increase, at an average annual rate of 1.7 per cent and 0.8 per cent respectively. The number of households in Kannaland is expected to decrease at an average annual rate of 1.6 per cent. This decline is largely due to a decrease in the number of working-age people and is an indication of out-migration for work opportunities.[27]

## Dwellings

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 3.7 shows the different types of dwellings for households living within the GRD in 2021.

Table 3.7
**NUMBER AND PROPORTION OF DWELLINGS, Garden Route District, 2021**

| | Garden Route District | | Kannaland | | Hessequa | | Mossel Bay | |
|---|---|---|---|---|---|---|---|---|
| | Number | % of total | Number | % of total | Number | % of total | Number | % of total |
| Formal | 149 079 | 84.4% | 6 849 | 97.3% | 16 265 | 94.7% | 26 073 | 86.1% |
| Informal | 26 427 | 15.0% | 164 | 2.3% | 817 | 4.8% | 3 995 | 13.2% |
| Other | 1 199 | 0.7% | 28 | 0.4% | 88 | 0.5% | 207 | 0.7% |

| | George | | Oudtshoorn | | Bitou | | Knysna | |
|---|---|---|---|---|---|---|---|---|
| | Number | % of total | Number | % of total | Number | % of total | Number | % of total |
| Formal | 48 599 | 84.1% | 20 725 | 89.7% | 13 303 | 73.8% | 17 265 | 74.1% |
| Informal | 8 849 | 15.3% | 2 251 | 9.7% | 4 494 | 24.9% | 5 858 | 25.1% |
| Other | 345 | 0.6% | 118 | 0.5% | 225 | 1.2% | 188 | 0.8% |

*Source: Quantec Research, 2022*

**Formal dwelling** refers to a structure built according to approved plans, i.e., house on a separate stand, flat or apartment, townhouse, room in back yard, rooms or flatlet elsewhere.

**Informal dwelling** is a makeshift structure not erected according to approved architectural plans, e.g. shacks or shanties in informal settlements or in back yards.

[26] *(Property24, 2022).*
[27] *(Western Cape Government, 2021).*

In the GRD, 84.4 per cent of households lived in formal dwellings (up 1.7 per cent from 2020) in 2021, while 15.0 per cent of households lived in informal dwellings (down 0.5 per cent from 2020). The Kannaland (97.3 per cent) and Hessequa (94.7 per cent) municipal areas recorded the highest percentage of households living in formal dwellings. Compared with the previous year, this was up 0.9 per cent and 1.3 per cent respectively.

The Knysna (25.1 per cent) and Bitou (24.9 per cent) municipal areas had the highest percentages of households living in informal dwellings. Unemployment estimates indicate that these two municipal areas also had the highest unemployment rates in the GRD. Although the number of households living in informal dwellings is high for both the Knysna and Bitou municipal areas, these figures are gradually decreasing year by year, with Knysna recording a 0.7 per cent decline compared with the year before, and Bitou recording a 0.8 per cent decline.

In Knysna in particular, there were numerous complaints by residents about the increase in illegal shacks being built in the Knysna municipal area even before COVID-19. To combat this, the Knysna Municipality is looking at developing a piece of land where residents will be allowed to build temporary structures while waiting for permanent housing. This is in response to a steep increase in land invasion owing to a shortage of housing in the northern areas of Knysna.[28]

[28] *(Sgqolana, 2020).*

# HOUSING MARKET STUDY

Functional housing markets that respond to the diversity of residential accommodation needs of households across the spectrum of affordability, optimising the role of the private sector (from large-scale property developers to micro-landlords), are central to the economic and social wellbeing of our settlements, as well as for the financial sustainability of our towns and cities.

**The Western Cape Growth Diagnostic report (2022) notes that** "*a large gap between demand and supply has led to rising prices across the whole housing market from top to bottom. On the one hand, this raises the household wealth of homeowners. On the other, it raises the cost of accommodation, resulting in lower real ex-accommodation household incomes. It also results in upward wage pressure on local firms. Higher prices ripple across the housing market, making even the most affordable formal housing stock more expensive, with huge implications for living standards and inclusion.*" (intellidex, 2022)

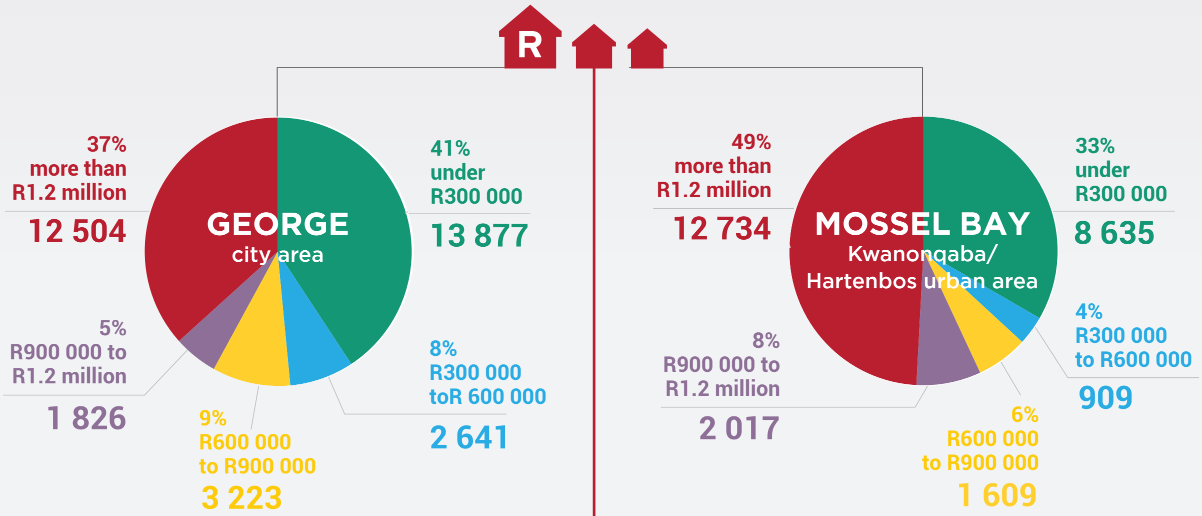
There are many avenues to respond to the challenge and the opportunity presented in better-performing housing markets. The challenge requires tackling matters at multiple levels in the property development value chain and housing ladder. This requires co-operation from all three spheres of government, the private sector and households. To be successful, factors that drive costs up and limit supply of more affordable housing, as well as factors such as creditworthiness and/or inaccessible finance sitting on the demand side of the housing market, need to be understood in order to be tackled appropriately.

**To start with, it is important to understand the performance of the housing markets in our urban centres.** Housing Market Studies gather intelligence on supply and demand, the residential market size and property types, new and resale transactions, lending, rental markets and the affordability gap.

**FOUR HOUSING MARKET STUDIES for Intermediate Cities/Larger Towns in the Western Cape** were prepared by the Centre for Affordable Housing Finance in Africa (CAHF) under the commission of the Western Cape Department of Environmental Affairs and Development Planning and the Western Cape Department of Human Settlements. Scan the QR code for the full reports.

**HIGHLIGHTS FROM THE STUDIES ON THE HOUSING MARKETS**
in George (city area) and Mossel Bay (Kwanonqaba/Hartenbos urban areas) are reflected below.


Figure 3.16
**NUMBER OF RESIDENTIAL PROPERTIES BY MARKET SEGMENT, 2021**




| George | Mossel Bay |
|---|---|
| **34 071** residential properties | **25 904** residential properties |
| **43% GSP** 94% of GSP over 8 years | **28% GSP** 89% of GSP over 8 years |

**GSP** is a Government Subsidised Property (properties valued at less than R300 000 and other factors used as proxy)

| George | Mossel Bay |
|---|---|
| **14% inside estates** 86% outside estates | **22% inside estates** 78% outside estates |

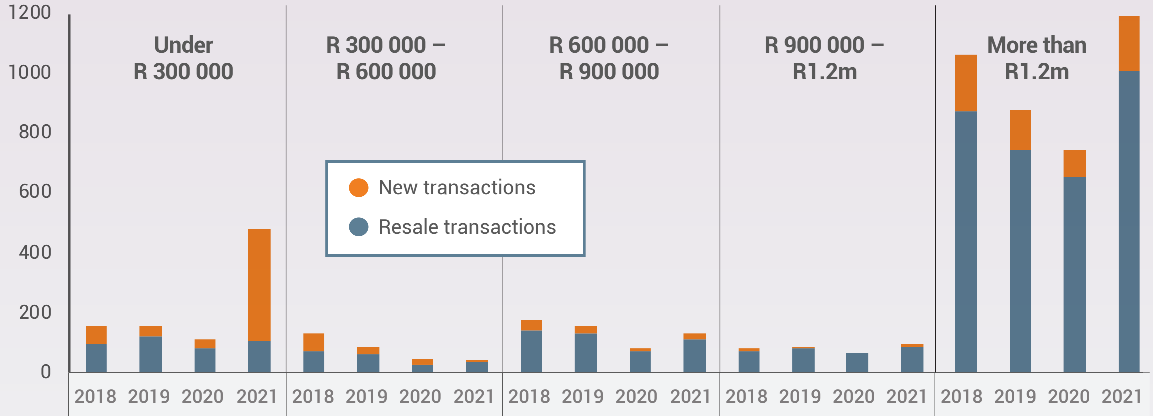
- George's housing market is **skewed, with 43% of properties built by government** (i.e. valued under R300 000), of which **94% are > 8 years so eligible for resale.**
- **More than a third (37%) of properties are valued > R1.2 million.**
- Only 22% of housing stock is in the affordable market (between **R300 000** and **R1.2 million**).

- Mossel Bay and surrounds' housing market is **skewed, in favour of properties valued at more than R1.2 million (49%).**
- **Almost a third (28%) are GSP build**, of which **89% are > 8 years so eligible for resale.**
- Only 18% of housing stock is in the affordable market (between **R300 000** and **R1.2 million**).

*CAHF's Citymark, using deeds registry data supplied by Lightstone Pty as at the end of December 2021 (sourced June 2022)*

Figure 3.17

## NUMBER OF NEW AND RESALE TRANSACTIONS PER MARKET SEGMENT, George, 2018 to 2021



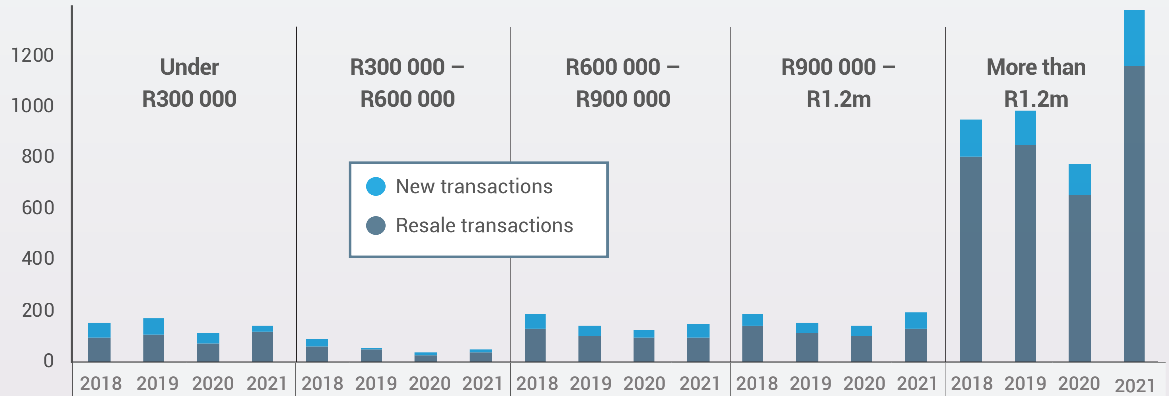

| | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New transactions | 56 | 31 | 32 | 371 | 59 | 22 | 19 | 7 | 35 | 27 | 9 | 21 | 11 | 8 | 0 | 8 | 190 | 136 | 91 | 183 |
| Resale transactions | 98 | 123 | 79 | 108 | 72 | 62 | 28 | 36 | 139 | 129 | 72 | 109 | 71 | 79 | 67 | 86 | 874 | 745 | 654 | 1 010 |

*CAHF's Citymark, using deeds registry data supplied by Lightstone Pty as at the end of December 2021 (sourced March 2022)*

- In 2021, **86% of new units built by private developers in George were > R1.2 million**, most of which were freehold properties in private estates.
- **Just 6% of new transactions were in the affordable market** (between **R300 000** and **R1.2 million**).
- Resale market is double the size of the new-build market, as most people acquire property through the resale market.
- Although **43% of properties are in the entry market < R300 000, only 8% of resale transactions are in this market segment.**
- **More than 75% of resale transactions in 2021 were for residential properties valued at more than R1.2 million.**

Figure 3.18

## NUMBER OF NEW AND RESALE TRANSACTIONS PER MARKET SEGMENT, Mossel Bay, Kwanonqaba and Hartenbos urban area, 2018 to 2021



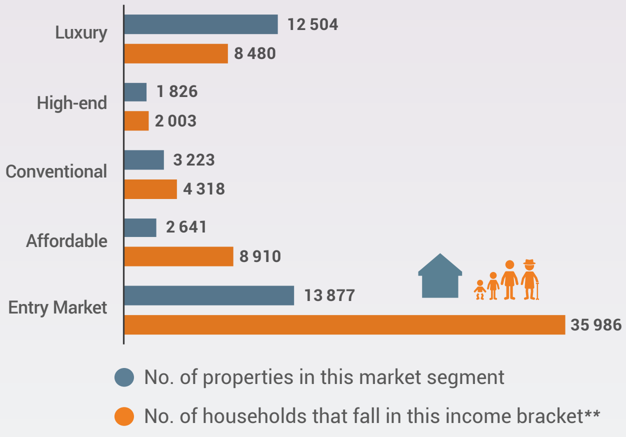

| | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New transactions | 59 | 66 | 40 | 24 | 26 | 6 | 9 | 15 | 56 | 38 | 30 | 47 | 47 | 38 | 36 | 67 | 145 | 134 | 125 | 219 |
| Resale transactions | 94 | 107 | 74 | 117 | 62 | 50 | 27 | 37 | 134 | 105 | 97 | 99 | 143 | 114 | 105 | 131 | 808 | 854 | 653 | 1 162 |

*CAHF's Citymark, using deeds registry data supplied by Lightstone Pty as at the end of December 2021 (sourced March 2022)*

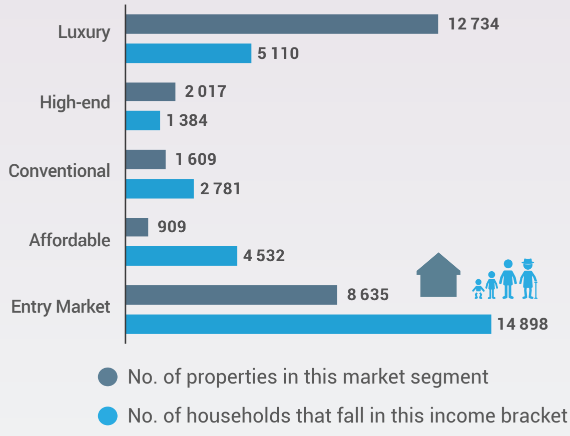
- **Private sector is largely developing high-value, freehold properties in residential estates.**
- **153 new units valued under R1.2 million were sold in 2021** (22 of which were GSP) **compared with 219 units in the luxury market.**
- Resale market is four times the size of the new-build market, and **is led by the luxury market.**
- There is little resale activity at the lower end of the market.
- **GSP is responsible for most property build at the lower end of the property ladder.**

## ESTIMATED AFFORDABILITY GAP:
### Number of properties per market segment and number of households in associated income bracket

#### George, 2021




#### Mossel Bay, Kwanonqaba and Hartenbos urban area, 2021




**Key findings**

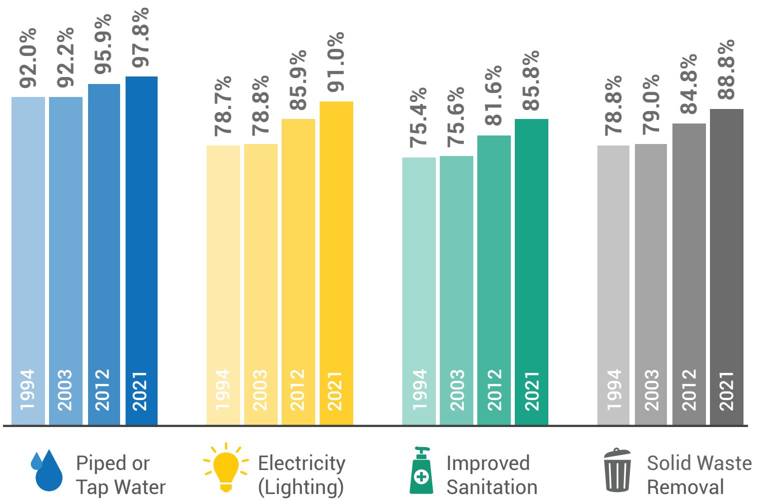
- **Insufficient supply/build of entry-level affordable properties.**
- **There is significant unmet need for affordable housing.**
- **An oversupply of properties in the high-end, luxury market.**

** Assuming 7.75% interest rate, 20-year loan tenure, 30% premium-to-income ratio, 10% deposit and no FLISP.*
*** Assuming even spread of number of households at each income level, within an income bracket.*
*Source: Lightstone data as of 31 December 2021; ©GEOTERRAIMAGE – Neighbourhood Lifestyle Index™© (NLI™©) Release 2021. Own calculations.*

The health, safety and wellbeing of communities are affected by access to basic services such as water and sanitation. Through the provision of basic services, municipalities create an enabling environment that will allow for private investment and entrepreneurship, which could create local economic opportunities. In some cases, households have access to electricity directly from Eskom, and not through a local authority. Figure 3.19 illustrates the access to basic services in the GRD.

Figure 3.19

**ACCESS TO BASIC SERVICES, Garden Route District, 1994 – 2021**




**Access to a basic level of piped or tap water** refers to having access to water inside a dwelling or yard.

**Access to improved sanitation** includes having access to a flush or chemical toilet or a pit toilet with ventilation.

**Access to a basic level of solid waste removal** services includes having refuse removed by local government or having access to a communal refuse container or collection point.[29]

*Source: Urban-Econ calculations based on Quantec Research, 2022*

Access to piped or tap water steadily increased by 5.8 percentage points between 1994 and 2021. Access to electricity improved the most (12.3 percentage points) during the reference period. Solid waste removal services also steadily increased over the reference period (10 percentage points). Access to improved sanitation and solid waste removal services lags that of other basic services owing to the high prevalence of informal dwellings in the Bitou and Knysna municipal areas. Despite this, access to improved sanitation and solid waste removal services increased by 10.4 and 10.0 percentage points respectively during the reference period.

[29] *(Quantec Research, 2022).*

## INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount as specified by each municipal area in an indigent policy. The poverty threshold for the GRD is indicated in Table 3.8 below.

Table 3.8
**POVERTY THRESHOLD, Garden Route District, 2021**

| Municipal Area | Indigent Policy |
|---|---|
| George | Total household income may not exceed twice the old-age grant and war veterans' grant (approximately R4 000).[30] |
| Mossel Bay | Total household income must not exceed a maximum of four times the monthly government old-age pension to qualify for indigent support.[31] |
| Knysna | Household income must not exceed R8 200 per month to be eligible for some indigent support.[32] |
| Oudtshoorn | The total household income must not exceed R4 000 per month.[33] |
| Kannaland | Household income must not exceed R6 500.[34] |
| Hessequa | The Hessequa Municipality stipulates that household income may not exceed R4 350 to qualify as an indigent household.[35] |
| Bitou | The upper threshold in the municipal area is identified as R3 500.[36] |

Table 3.9
**NUMBER OF INDIGENT HOUSEHOLDS, Garden Route District, 2019 – 2021**

A municipal breakdown of the number and percentage of indigent households in the GRD between 2019 and 2021 is provided in Table 3.9.

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Number | % of households | Number | % of households | Number | % of households |
| Kannaland | 2 572 | 36.7% | 2 497 | 35.5% | 2 560 | 36.4% |
| Hessequa | 5 359 | 31.3% | 5 471 | 31.9% | 5 375 | 31.3% |
| Mossel Bay | 10 858 | 36.5% | 9 063 | 30.1% | 9 714 | 32.1% |
| George | 15 832 | 28.0% | 19 730 | 34.5% | 19 220 | 33.3% |
| Oudtshoorn | 6 199 | 27.6% | 7 237 | 31.7% | 7 573 | 32.8% |
| Bitou | 1 891 | 10.8% | 2 357 | 13.3% | 3 931 | 21.8% |
| Knysna | 8 780 | 38.3% | 1 924 | 8.3% | 1 689 | 7.2% |
| **Garden Route District** | **51 491** | **29.7%** | **48 279** | **27.5%** | **50 062** | **28.3%** |

*Source: Department of Local Government, 2022*

The GRD recorded 50 062 indigent households in 2021, a share of 28.3 per cent of all households in the District. The largest contributor to indigent households in the District was the George municipal area, with a contribution of 38.4 per cent in 2021. The Knysna municipal area contributed 3.4 per cent of total indigent households in the District in 2021, being the smallest contributor in the District. The Knysna municipal area also had the lowest proportion of indigent households, with a share of 7.2 per cent of all households in the municipal area. The Kannaland municipal area recorded the largest proportion of indigent households, with a 36.4 per cent share.

[30] *(George Municipality, 2021).*
[31] *(Mossel Bay Municipality, 2021).*
[32] *(Knysna Municipality, 2021).*
[33] *(Oudtshoorn Municipality, 2022).*
[34] *(Kannaland Municipality, 2021).*
[35] *(Hessequa Municipality, 2022).*
[36] *(Bitou Municipality, 2021).*

Between 2020 and 2021, the GRD recorded an increase in indigent households of 3.7 per cent. Across all municipal areas, the Bitou municipal area recorded the largest relative increase in indigent households, having increased by 66.8 per cent in the period. This is notable, as the criteria for households to be considered indigent in the municipal area has not changed.[37] It is likely that interventions done by the Bitou Municipality, including creating seven different venues between 17 and 26 May 2021,[38] has resulted in the large relative increase in households. The increase may have also been affected by the reduction in employment in the municipal area over the period. The Knysna municipal area recorded a relative decrease of 12.2 per cent in indigent households in the period. This may not be indicative of interventions by the Knysna municipal area, but rather a change in the criteria for indigent households during the period.[39]

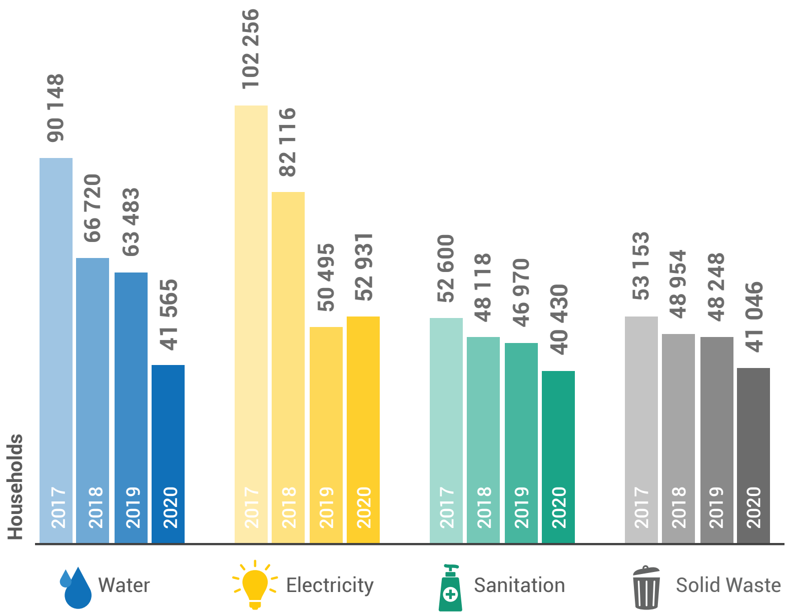
[37] *(Bitou Municipality, 2019; Bitou Municipality, 2020; Bitou Municipality, 2021).*

[38] *(Bitou Municipality, 2021).*

[39] *It should be noted that while the income threshold increased, child support and foster care grants were not counted as part of the total household income for the accepted policy for 2019/20, but were counted as part of income in 2020/21 (Knysna Municipality, 2019; Knysna Municipality, 2020).*

Figure 3.20 illustrates the number of households with access to free basic services. Indigent households qualify for free basic water, electricity, sanitation and waste removal services.

Figure 3.20
**ACCESS TO FREE BASIC SERVICES, Garden Route District, 2017 – 2020**



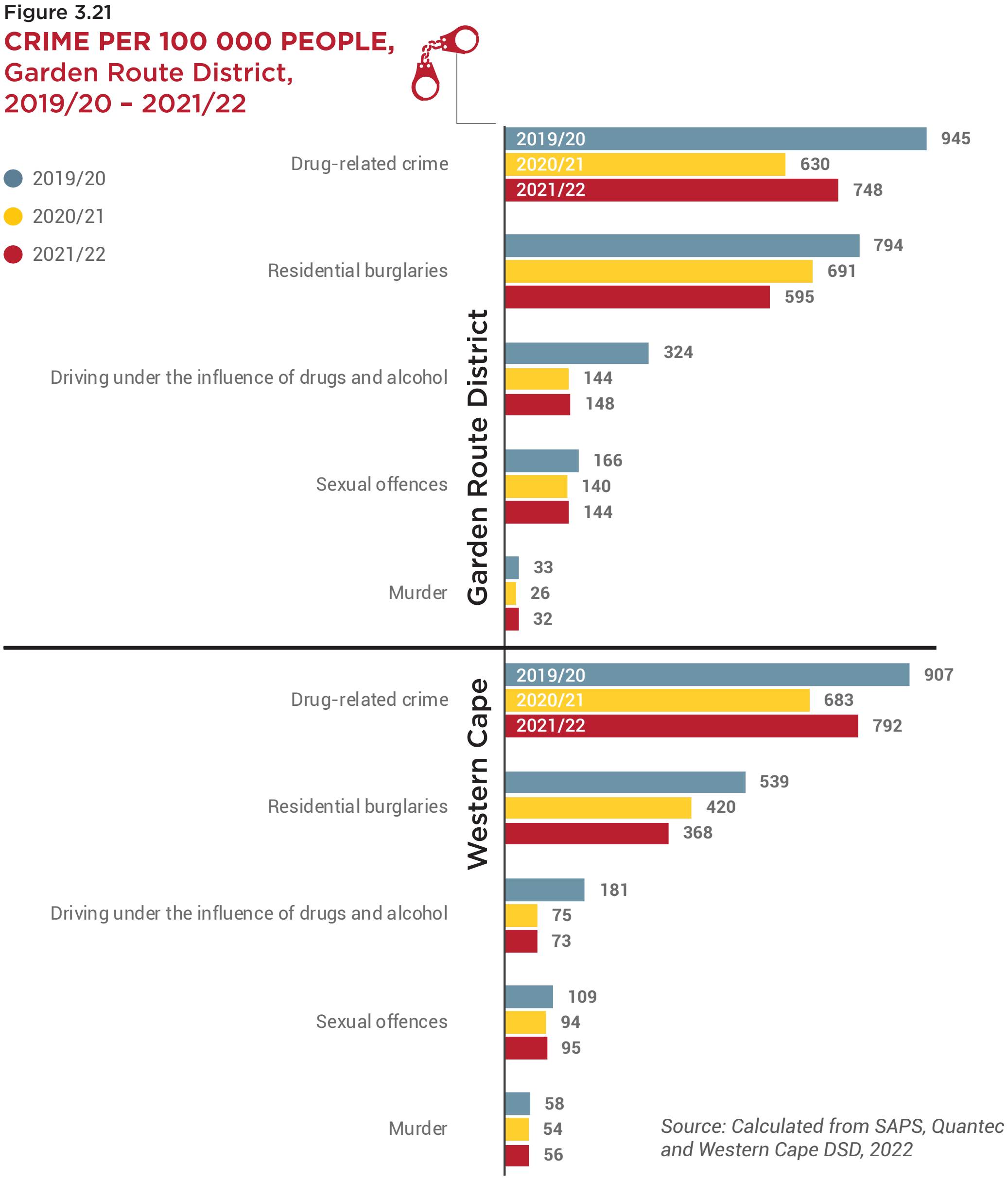

*Source: Non-financial Census of Municipalities, Stats SA, 2022*

The level of free basic services support is guided by the indigent policy of each local municipality. Most municipalities offer up to 6kl of water and up to 50kWh of electricity as free basic services – some of these municipalities also offer some limited support for sanitation and solid waste services. Therefore, the provision of free basic services differs based on the type of service, as access levels and policies differ across municipalities. The number of people with access to free basic services in the GRD was on a declining trend during the reference period. The number of households receiving free basic water decreased from 90 148 households in 2017 to 41 565 in 2020. Between 2017 and 2019, access to free basic electricity declined sharply from 102 256 households to 50 495, before slightly increasing to 52 931 households in 2020. Households with access to free basic sanitation services declined from 52 600 households in 2017 to 40 430 in 2020. Showing a similar decreasing trend, access to free basic solid waste services decreased from 53 153 households in 2017 to 41 046 in 2020. These decreases can be linked to a decline in the number of indigent households.

## 3.5 CRIME

An analysis of a region's crime trends can serve as a proxy for community safety, indicating the potential occurrence and types of criminal activities that are prevalent in the region. Figure 3.21 depicts the incidence of selected crime categories in the GRD and Western Cape between 2019/20 and 2021/22.

Figure 3.21
**CRIME PER 100 000 PEOPLE, Garden Route District, 2019/20 – 2021/22**




*Source: Calculated from SAPS, Quantec and Western Cape DSD, 2022*

For all crime categories under review, except murder and drug-related crime, more instances per 100 000 people were recorded in the GRD compared with the Province in 2021/22. However, crime rates reduced substantially between 2019/20 and 2021/22. The lockdown measures implemented to curb the spread of the COVID-19 pandemic are likely to have reduced crime levels. It is also likely that the District benefited from interventions by the Provincial government, which included increasing police presence, emergency response and engagements with local communities.[40]

[40] *(Western Cape Government, 2021).*

The murder rate in the GRD declined from 33 cases per 100 000 people in 2019/20 to 32 cases per 100 000 people in 2021/22. High levels of murder were recorded in the Mossel Bay (55 cases per 100 000 people) and George (34 murders per 100 000 people) municipal areas in 2021/22.

The number of sexual offences in the GRD declined from 166 per 100 000 people in 2019/20 to 144 per 100 000 people in 2021/22. The Knysna municipal area recorded an increase in the number of sexual offences between 2019/20 and 2020/21, while all municipal areas recorded a decline between 2019/20 and 2021/22. In 2021/22, the Kannaland, George, Oudtshoorn and Knysna municipal areas recorded above-average rates of sexual offences, with 182, 167, 149 and 199 per 100 000 people respectively. The GRD recorded the highest rate of sexual offences among all the regions of the Province.

Restrictions on the sale of alcohol in 2020 reduced the instances of driving under the influence of drugs or alcohol significantly, from 324 per 100 000 people in 2019/20 to 148 per 100 000 people in 2021/22. However, the Kannaland (340 per 100 000 people), Mossel Bay (299 per 100 000 people) and Knysna (190 per 100 000 people) municipal areas recorded above-average rates. The Oudtshoorn municipal area recorded a low rate of 47 per 100 000 people.

Residential burglary crimes in the GRD declined from 794 per 100 000 people in 2019/20 to 595 per 100 000 people in 2021/22. Between 2019/20 and 2020/21, all municipal areas except Hessequa recorded a decline in the number of residential burglaries per 100 000 people. However, despite the decline, the Knysna (777 per 100 000 people), Mossel Bay (672 per 100 000 people) and Bitou (619 per 100 000 people) municipal areas recorded high levels of residential burglary, while the Oudtshoorn municipal area recorded the lowest level (506 per 100 000 people).

## 3.6 CONCLUDING REMARKS

In 2021 the GRD had the highest matric pass rate in the Province, albeit from the second-lowest Grade 10 to 12 retention rate in the Western Cape. The high school drop-out rate is further compounded by a relatively high rate of teenage pregnancy. These factors contribute towards a high Gini coefficient, as poor educational equity and maternal health are strongly associated with inequality. The District benefited from improved education, including increased learner enrolments and retention as well as matric pass rates. The District also benefited from increased access to basic services, which also contributed to improvements in living conditions throughout the District. Increases in population will necessitate increases in healthcare, education and basic services in the District.

The District will benefit from improved living standards as well as the improved provision of services, and crime reduction. This will improve the District in terms of economic growth and labour provision. The decline in household sizes and the resultant increase in the number of households will also contribute to increased service delivery demands in the District.

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