Western Cape

SOCIO ECONOMIC PROFILE: OVERBERG DISTRICT 2006

PR246/2006
ISBN:0-621-36944-6

The *Socio Economic Profile: Overberg District* is compiled using available information from the Western Cape Provincial Government and other sources. Some of the information is unaudited and may have been revised by the time of publication.

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Foreword

The local government sphere has, since the new democratic era evolved, become a major influence in shaping the country's social fibre. The Municipal Financial Management Act (MFMA) that came into effect in June 2004 and read together with the Municipal Structures and Systems acts, was an instrumental landmark policy in entrenching good fiscal governance in and strengthening the role of local government.

Although the National Minister of Finance retained his legislative role and direct monitoring role over the larger municipalities, the major oversight role is entrusted to provinces under the guardianship of the MECs of Finance, acting in partnership with MEC's of Local Government.

As the custodian of provincial resources, and in the interest of making the Western Cape "Home for All", we are mindful of the local government's mandate to:

- foster governance and accountability;
- provide services to communities in a sustainable manner;
- promote social and economic development;
- promote safe and health environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

South Africa's macroeconomic story has over the past 12 years been impressive. However, we need to get a better understanding of why the fruits of our country's economic growth have stubbornly remained beyond the reach of the wider segment of the population.

In the Western Cape, the oversight role of the Provincial Treasury has made it imperative that we understand the spatial dimension of economic activity and government's interventions, to equip decision makers with a much needed evidence-based approach to resource deployment and hopefully improve service delivery.

Unemployment, poverty and inequality remain the Achilles' heel of our economy, but the magnitude of its adverse impact varies from area to area. Challenges in local government therefore remain. Economic benefits are not equitably shared across communities, and multiple deprivation in terms of access to employment, income, health, education, and living environment widens the rift between the rich and the poor.

The Overberg District, though predominantly agrarian has potential to expand tourism opportunities such as eco-tourism and guest farms. The natural environment and coastline are unique assets for Overberg District, but also pose several challenges and risks to spatial development in Overberg. Its strategic position along the N2 corridor provides an important link for major economic activities in the province.

The conception of the *Socio Economic Profile: Overberg District*, benefited immeasurably from the contribution of different sources, helping us to bring together a wide range data in one publication. This Profile thus attempts to paint a picture of the current state of affairs drawing from a wide range of quantitative and qualitative data sources to assist and encourage a spatial approach to planning and capacity building.

In taking the development debate further, this publication is intended to empower councillors, policy makers in both the provincial and national government spheres and every citizen of the province to gauge developments in their respective municipalities while stimulating municipal ward discussions and actions towards a better future for all.

In closing, it’s been a long road from the point where we first conceptualised this Profile, and we would like to express our appreciation for the inputs and many suggestions received from municipalities in finalising this product.

Lynne Brown
MEC of Finance and Tourism
Western Cape Government

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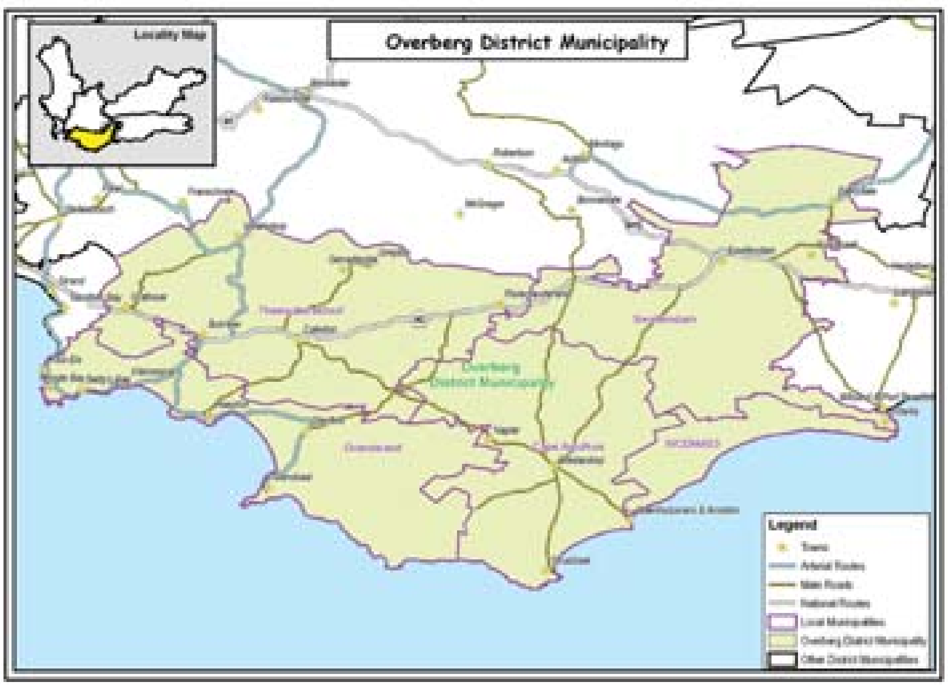
Overberg District Municipality



Real GDPR (2004)	:	R3,3 billion
Total population (2006)	:	323 590
Urban /rural ratio	:	75,7% : 24,3%
No. of wards	:	32

Introduction

The Overberg District is situated in the south of the Western Cape and borders the Indian and Atlantic Oceans to the south, and Cape Town, Cape Winelands and Eden in the west, north and east.

The District includes the following municipalities – Theewaterskloof, Cape Agulhas, Overstrand, Swellendam and the Overberg District Management Area (DMA). The Overberg District Municipality is classified as a 'Category C' municipality.

The region is characterised by stunning mountain ranges, a large rolling inland plateau and a costal plateau and part of the Karoo landscape to the north. Tourism is a major driver of economic activity in Overberg District, which is also known as the 'Golden Gateway' to the famous Garden Route.

Major tourist activities are located along the coastlines of the Indian and Atlantic Oceans. The Overberg's natural environment is unique, including large areas of pristine fynbos vegetation, and the district offers viable economic opportunities.

The Overberg District economy contributed 2.4 per cent to the Western Cape's regional Gross Domestic Product (GDPR[1]) in 2004 and grew at an average annual rate of 2.4 per cent between 1995 and 2004, lower than the provincial average annual growth rate of 3.4 per cent.

The sectoral distribution reflects an economy that, although fairly well diversified, remains dependent on agrarian activities.

The agricultural sector contributed 21.1 per cent of Overberg's total GDPR in 2004. Major agricultural activities range from wheat, barley, dairy, and lamb production to deciduous fruit production.

The Overberg District's population grew by 2.5 per cent per annum from 205 945 people in 2001 to 232 590 people in 2006. Between 2006 and 2010, the region's population is expected to increase at an average annual rate of 1.9 per cent to 251 201 people. The population of Overberg DM is quite young, with 68 per cent of the population aged 39 years and below.

[1] Regional gross domestic product (GDPR) refers to the total value of final goods and services produced within a particular region, e.g. province or municipal area

Overberg District Municipality socio-economic trends and indicators

Total Population: 2001: 205 945
2006: 232 590
2010: 251 201

Dependency ratios: 2001:52.7%
2006:52.4%
2010:53.1%

Households in rural areas: 24.3%
Households in urban areas: 75.7%
Number of wards: 32

Population growth rates (average annual)	**Oveberg District**
2001 – 2006	2.5%
2006 – 2010	1.9%

Centre for Actual Research, 2005 (Population projections for the Western Cape 2001 – 2025)

Socio-economic indicators

GDPR 2004	R3,3 billion
Unemployment rate 2001	18.6%
Number of unemployed 2001	16 359
Proportion of households with no income (2001)	9.7%
Number of households with no income (2001)	5 686

Source: Statistics South Africa; Census 2001, Quantec Research

Health			
Number of medical facilities	47	Nurse: patient ratio (National target: 34)	29
Percentage of births under 2,5 kg (National target :<10%)	16%	Proportion under 1 with 1st measles immunisation (National target 90%)	75%
TB prevalence per 100 000 people	1 142	TB Cure rate % (National target:85)	74
HIV/AIDS prevelance rate (2005)	4.1%	HIV/AIDS prevelance rate (2010)	4.9%
Number of HIV/AIDS deaths (2005)	2 527	Number of HIV/AIDS deaths (2010)	3 108
Education			
Number of schools (Primary and high)	77	Educator: learner ratio	37
Percentage of people over 14 illiterate (less than grade 7)	27%		
Crimes (reported cases)			
Number of police stations (2004/05)	13	Total number of cases reported (2004/05)	15 294
Number of murders (2004/05)	118	Number of rapes (2004/05)	272
Drug related crimes (2002/03)	843	Drug related crimes (2004/05)	1 976

Source: SAPS (2005), Department of Health (2005), WCED (2005)

Strengths and challenges

Strengths	**Challenges**
Low nurse patient ratio	High unemployment
Growth opportunities in the tourism industry	Increasing drug related crimes
Opportunities exist in the export of agricultural products	High illiteracy rates

Overberg District Economic profile

Overberg District is fourth largest economy in the Western Cape, which contributed 2.4 per cent or R3.3 billion of the total Western Cape GDPR in 2004. Within the Overberg District, Theewaterskloof LM is the largest economy, which contributed 41.0 per cent or R1.37 billion of Overberg's GDPR in 2004.

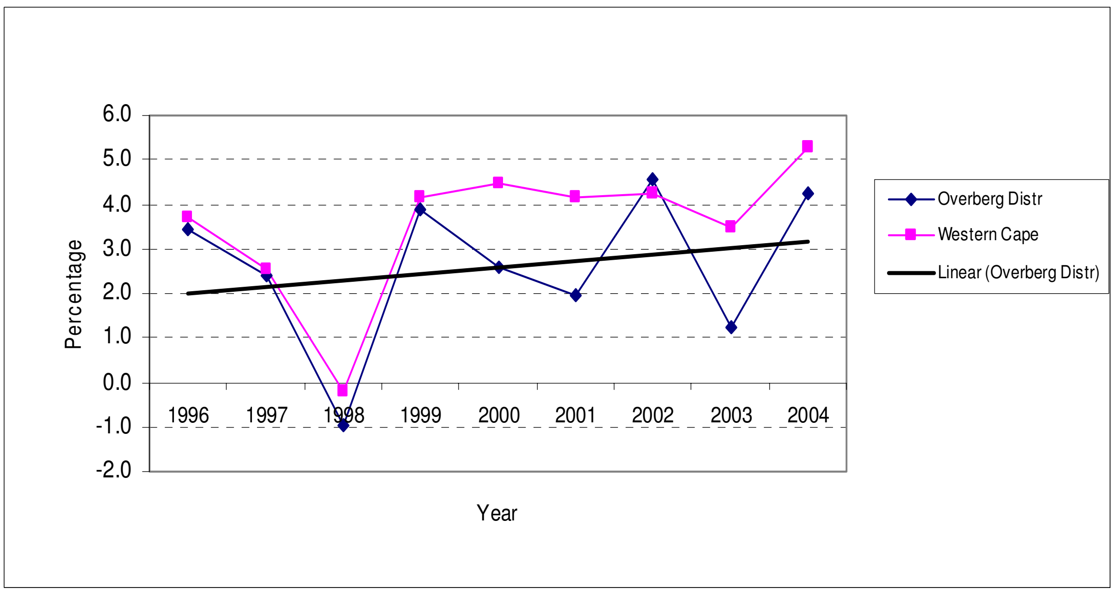
Overstrand LM is the second largest economy, which contributed 31.0 per cent or R1.04 billion of Overberg's GDPR in 2004. Swellendam and Cape Agulhas economies contributed 14.1 per cent and 13.7 per cent of Overberg DM's GDPR respectively for the same period.

Economic growth

Overall, the Overberg District economy has been growing at a slower pace than the Western Cape economy. Between 1995 and 2004, the Western Cape grew at an average annual rate of 3.5 per cent compared to the Overberg District's performance averaging 2.6 per cent per annum for the same period.

The linear fit to the Overberg District growth trend indicates positive and increasing economic output over time. The District still has to unlock its economic potential and improve its growth trajectory.

Figure 1: GDPR growth trends Overberg District vs. Western Cape, 1996-2004



Source: Own calculations based on Quantec Research data

Contribution to GDPR by individual sectors

The sectoral distribution reflects an economy that, although fairly well diversified, remains dependent on agrarian activities. Economic activity in Overberg is predominantly driven by the Agricultural, forestry & fishing sector, which contributed 21.14 per cent of GDPR in 2004 (see Figure 1).

In terms of contribution to total GDPR, the share of agricultural activities has marginally declined by 1.1 per cent between 1995 and 2004. Grains and deciduous fruit farming mainly drive the agricultural sector. The grain based economic belt, is the mainstay of growth and development in the areas such as Caledon, Swellendam and Bredasdorp.

The major challenges to this sector are global competition, a result of the liberalisation and deregulation of grain markets in South Africa.

The impact is mainly felt in the wheat market whose short-term outlook is not bright due to current surpluses in the market[2.] However, there are prospects in this sector, barley farming for malt production in ‘lager beer’ is a lucrative crop in Overberg, due to the rapid growth in the beer industry and the opening up of African markets. There is also expected growth in the hops industry due to expected high demand for beer.

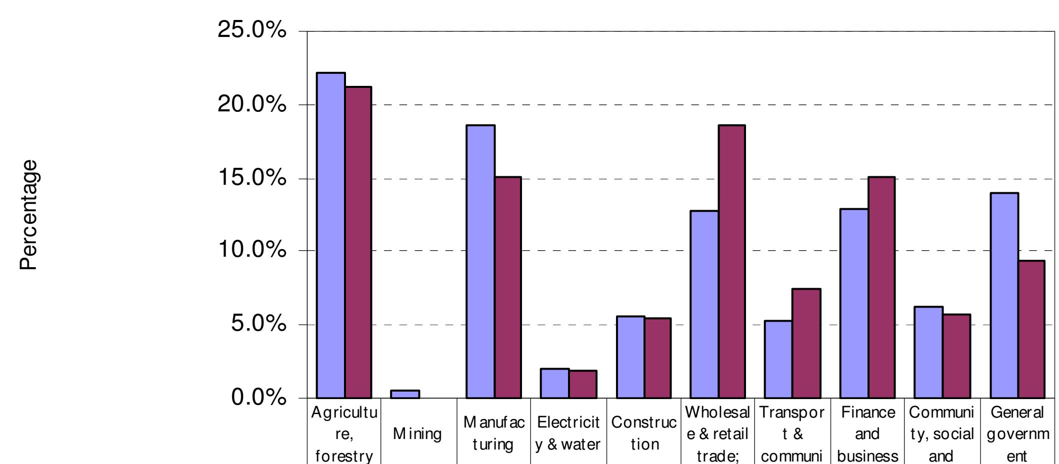
The Overberg District also boosts a deciduous fruit fringe, which stretches from around Grabouw, northwards intersecting with the Winelands and eastwards including Villersdorp and Barrydale, which intersects with the fruit farming areas of the Breede River. This sector/area has experienced more rapid growth (both economic and employment) when compared to traditional agriculture, especially due to growth in fruit exports.

Other important agricultural activities in Overberg District include dairy products, lamb/mutton, wool and onions farming. Farmers in the region are now diversifying and investing in expanding niche markets such as high quality wheat and floriculture, and looking at tourism opportunities such as eco-tourism, guest-farms.

Other major contributing sectors are the Wholesale and retail trade: catering & accommodation (18.6%) and Finance & business services (15.0%) and Manufacturing (15.1%) .The Wholesale and Retail trade sector increased its contribution substantially by 5.9 per cent and Finance & business services (2.1%) between 1995 and 2004 while the share of the Manufacturing sector declined by 3.5 per cent during the same period.

General Government services declined by 4.6 per cent. On the other hand, the District has limited Construction (5.4%), Electricity & water (1.9%) and Mining (0.1%) sector activities.

Figure 2: Overberg District changes in sectoral contribution GDPR, 1995-2004



	Agriculture, forestry	Mining	Manufacturing	Electricity & water	Construction	Wholesale & retail trade;	Transport & communi	Finance and business	Community, social and	General government
%contribution per sector 1995	22.2%	0.5%	18.6%	2.0%	5.6%	12.7%	5.3%	12.9%	6.3%	14.0%
%contribution per sector 2004	21.1%	0.1%	15.1%	1.9%	5.4%	18.6%	7.5%	15.0%	5.7%	9.4%

Source: Own calculations based on Quantec Research data

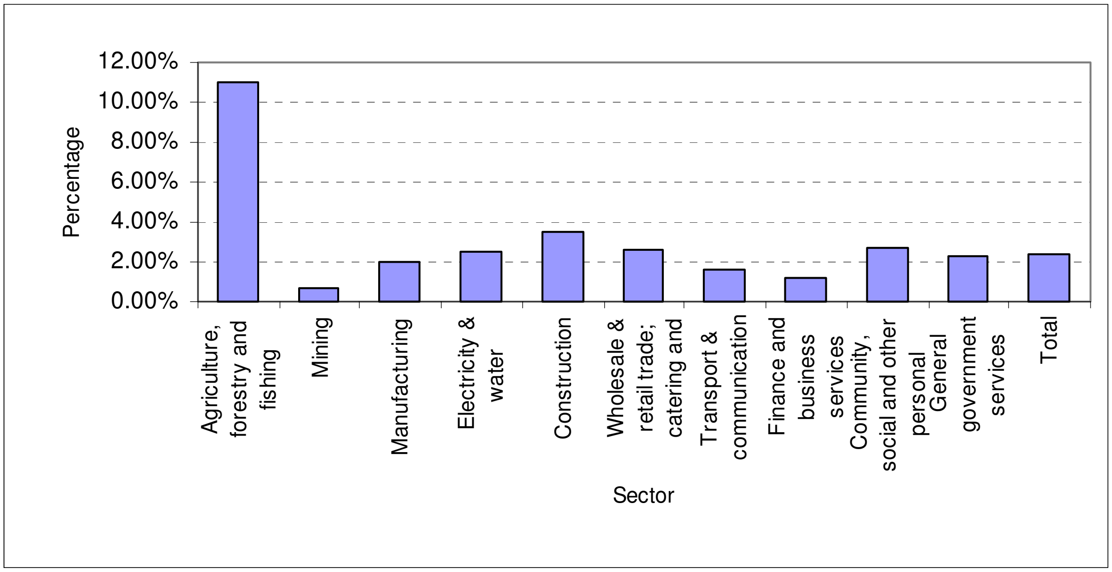
[2] Source: www.wesgro.co.za

Contribution to Western Cape Sectors

The only significant contribution to the Western Cape economy is done by the Agriculture, forestry & fishing sector, which contributed 11.0 per cent in 2004. The Construction sector is also marginally important. It contributed 3.5 per cent of Construction output in the Western Cape.

Meanwhile, the Mining, Transport & communication and Finance & business services sectors contributed less than 2.0 per cent to the corresponding Western Cape sectors.

Figure 2: Overberg Contribution to Western Cape Sectors, 2004



Source: Own calculations based on Quantec Research data

Table 1 below shows growth trends for individual sectors in the Overberg District. The fastest growing sector for the period between 1995 and 2004 was the Wholesale and retail trade; catering & accommodation (7.0%), which was followed by Transport & communication (6.6%), although the latter sector is relatively small constituting about 7.5 per cent of total GDPR in 2004.

Another fast growing sector is the Finance & business services sector, which grew at an average annual rate of 4.31 per cent between 1995 and 2004.When considering a most recent period between 2000 and 2004, this sector registered stronger growth of 5.8 per cent per annum.

Strong performance was also registered for the Wholesale and retail trade; catering & accommodation sector (11.1 %) if one considers the most recent and shorter period between 2003 and 2004. Sectors that are on the decline are General Government services and Mining, which declined by minus 1.8 per cent and 18.4 per cent respectively between 1995 and 2004.

Table 1: Overberg sectoral growth 1995-2004.

Sector	GDPR 2004, (Constant 2000 Prices) R million	Average annual growth 1995-2004 (%)	Average annual growth 2000-2004 (%)	% change 2003-2004
Agriculture, forestry and fishing	705.0	2.0	1.3	1.6
Mining	2.0	-18.4	-10.9	-7.5
Manufacturing	504.2	0.3	0.2	4.4
Electricity & water	64.8	2.3	2.8	5.1
Construction	181.7	2.3	3.4	3.5
Wholesale & retail trade; catering and Accommodation	620.3	7.0	7.3	11.1
Transport & communication	249.3	6.6	5.5	4.7
Finance and business services	501.5	4.3	5.8	5.0
Community, social and other personal services	191.5	1.6	1.1	-0.1
General government services	314.1	-1.8	-0.5	-0.8
Total	**3,334.3**	**2.6**	**3.0**	**4.3**

Source: Own calculations based on Quantec Research data

Trends in the Manufacturing sub-sectors

Table 2 below shows the key trends in the manufacturing sub-sectors between 1995 and 2004.The largest manufacturing sub-sector in terms of contribution to total manufacturing output in 2004 was the Food, beverages & tobacco manufacturing, which contributed 33.3 per cent.

This represents value-added downstream agro-processing of agricultural products, which include beverages and milk. However, the contribution of this sub-sector has declined from 40.8 per cent in 1995 to 33.3 per cent in 2004.

Table 2:Trends in the Overberg District Manufacturing sub-sectors, 1995-2004

Manufacturing sub-sectors	Output 2004 R million	Contribution per sub-sector to manufacturing 1995(%)	Contribution per sub-sector to manufacturing 2004 (%)	Average annual growth 1995-2004 (%)	Average annual growth 2000-2004 (%)	Percentage change 2003-2004
Food, beverages and tobacco	169.4	**40.8%**	**33.6%**	-1.9	-1.4	5.4
Textiles, clothing and leather goods	9.2	2.2%	1.8%	-1.8	0.6	4.8
Wood and paper; publishing and printing	29.8	7.4%	5.9%	-2.1	-2.4	2.1
Petroleum products, chemicals, rubber and plastic	108.3	**19.1%**	**21.5%**	1.6	-1.5	0.9
Other non-metal mineral products	19.0	4.5%	3.8%	-1.8	2.2	**6.7**
Metals, metal products, machinery and equipment	69.1	**10.8%**	**13.7%**	2.9	4.8	4.5
Electrical machinery and apparatus	24.7	3.5%	4.9%	4.0	1.4	2.9
Radio, TV, instruments, watches and clocks	17.1	2.7%	3.4%	2.8	4.8	**13.2**
Transport equipment	15.5	1.9%	3.1%	5.7	5.5	**9.6**
Furniture and other manufacturing	42.1	**7.1%**	**8.3%**	2.1	2.3	5.8
Total	**504.2**	**100.0%**	**100.0%**	**0.3**	**0.2**	**4.4**

Source: Own calculations based of Quantec Research

The Petroleum products, chemicals, rubber & plastics sub-sector that produces chemical products & pesticides for input into agriculture in the District municipality gained some ground, increasing its share of contribution increasing from 19.1 per cent in 1995 to 21.5 per cent in 2004.

The Metals, metal products, machinery & equipment, which produces agriculture and forestry machinery for the local farming community also increased its contribution from 10.8 per cent in 1995 to 13.7 per cent in 2004.

Moreover, there is also a strong showing of Furniture and other manufacturing sub-sector, which contributed 8.3 per cent in 2004. This sub-sector is largely driven by the presence of forestry activities in municipalities such as Theewaterskloof.

In terms of growth, the fastest growing sub sectors are Transport equipment (9.6%); Radio TV, instruments watches & clocks (13.2%); and Other non-metal & mineral products (6.7%). However, these sub-sectors make quite small contributions to total manufacturing output. The largest sub-sectors have put on a sluggish growth over time.

For example, the Food, beverage & tobacco sub sector was shrinking on average by 1.9 per cent between 1995 and 2004. The same holds for the Metals, metal products, machinery & equipment, which also declined by 1.8 per cent on average during the same period.

Economic infrastructure

The major access route to the Overberg district is through the N2 road transport link from Cape Town, west of Port Elizabeth and East London and Durban. It runs through Overberg from Grabouw to Swellendam and is a major driver of economic activities in the District. Besides the N2 road network, there are two railway networks, one between Cape Town and Mossel Bay and Cape Town and Bredasdorp, which transports goods and people.

There are also three licensed airfields in the region. Due to the development of the casino-entertainment and hospitality centre in Caledon, there are suggestions to upgrade the airfield at Hermanus, and this could boost regional growth in the near future.

The region has small and relatively underdeveloped harbours at Hermanus and Gaansbaai, which cater for the fishing industry. Further development of these harbours lead to the realisation of the District's economic potential.

Demographic profile

The Overberg District's total population for 2006 was projected at 232 590 people. Between 2001 and 2006, the District municipality's population grew by 2.5 per cent per annum from 205 945 people in 2001 to 232 590 people in 2006. The Overberg District's population is projected to increase at a lower average annual rate of 1.9 per cent to 251 201 people between 2006 and 2010.

Majority or 43.8 per cent of the district's population in 2006 reside in Theewaterskloof LM, followed by Overstrand LM with 30.3 per cent, Swellendam (13.0%), Cape Agulhas (12.7%) and the Overberg DMA (0.2%). By 2010, Theewaterskloof proportion of total population is projected to decline to 42.6 per cent while Overstrand's proportion is projected to increase to 32.0 per cent.

Racial composition

In terms of racial composition, majority (57.0%) of the District's population is classified as Coloured[3], followed by Whites who constitute the second largest proportion (23.0%) and Black Africans at 20.0 per cent. Cape Agulhas (67.0%) and Theewaterskloof (64.0%) have the largest concentration of Coloured people in the District while Overstrand (39.0%) has the largest proportion of White people. Black Africans constitute roughly a quarter of the total population in all the municipalities (excluding the DMA) except for Cape Agulhas, which has the least proportion of Black Africans (4.0%).

Rural-urban split

Majority of households in the Overberg District are predominantly urban, with 75.7 per cent of the households residing in urban areas (see Table 3 below). Only 24.3 per cent of households are classified as rural. There are disparities if one considers individual local municipalities in the Overberg District.

Overstrand (91.2%) has the highest proportion of urban households, followed by Cape Agulhas with 83.2 per cent. Theewaterskloof (35.8%) and Swellendam (34.8%) have the highest proportion of rural dwellers.

Table 3: Overberg District, Rural- urban split of the total population, 2001

Municipality	Households in rural areas (Per cent)	Households in urban areas (Per cent)
Cape Agulhas	16.8%	83.2%
Overstrand	8.8%	91.2%
Theewaterskloof	35.8%	64.2%
Swellendam	34.8%	65.2%
Overberg District Municipality	***24.3%***	***75.7%***

Source: Adapted from the Municipal Demarcation Board Assessment of Capacity, 2005/06

[3] The Asian population is presumed to be incorporated into the Coloured population

The population of Overberg District is quite young, with 68.0 per cent of the population aged 39 years and below and has a median age of 29 years (see Figure 4). Table 4 below presents the age-dependency[4] ratios of the Overberg District Municipality and the respective local municipalities.

The average age-dependency ratio for the District for 2001 is 52.7 per cent and it is projected to decline marginally to 52.4 per cent in 2006.

A slight increase is projected for 2010 i.e. up to 53.1(dependency is considered very high). For 2006, the highest dependency ratios are projected for Overstrand (57.8%), rising to 60.6 per cent by 2010. The lowest ratio is for Theewaterskloof, registering 49.0 per cent and 48.9 per cent for 2006 and 2010 respectively.

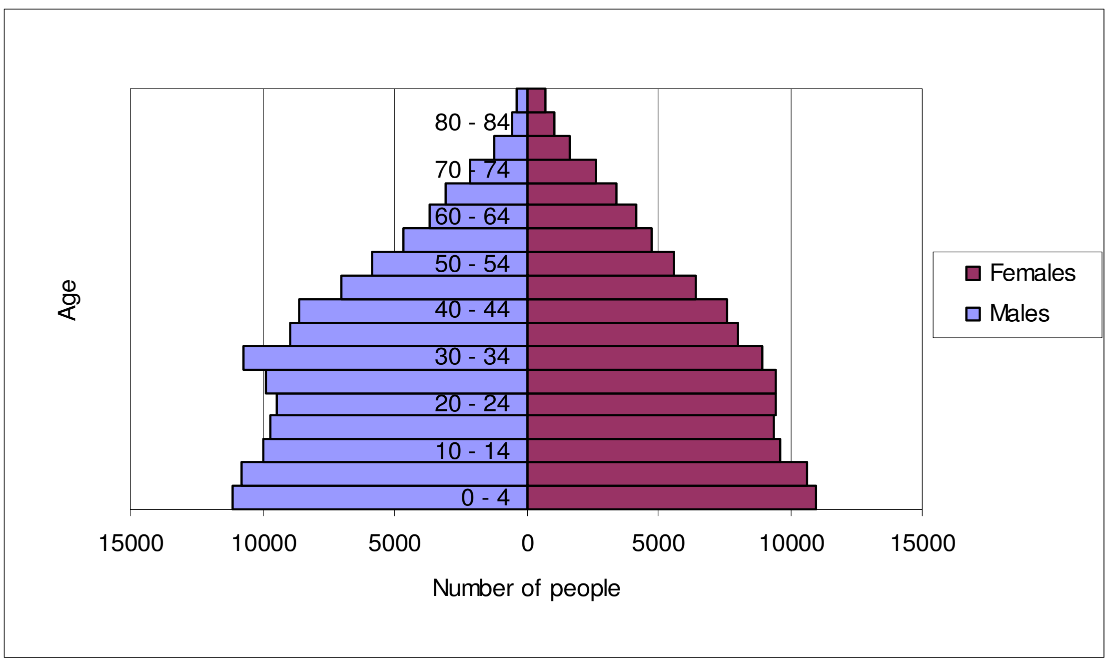
Table 4: Overberg District projected age-dependency ratios, 2001-2010

Municipality	2001	2006	2010
Overstrand	55.7%	57.8%	60.6%
Swellendam	54.4%	51.9%	50.9%
Theewaterskloof	49.4%	49.0%	48.9%
Cape Agulhas	56.4%	52.8%	52.3%
DMA	34.9%	43.9%	44.5%
Overberg District	***52.7%***	***52.4%***	***53.1%***

Source: Calculations based on Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001 – 2025)

The fastest population growth rate was recorded for the 70-74 years age group (7.64%) and the 85+ years of age cohort, which grew at 7.1 per cent (coming off a low base) between 2001 and 2006. The young age groups are growing slowly, for example the 10-14 and 24-29 age-cohorts grew at 0.5 per cent during the same period.

Figure 4: Population pyramid total population 2006



Source: Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001 – 2025)

[4] (Total number of 0-14 year-olds plus 65+ year olds)/working age population i.e. number of 15-64 year olds.

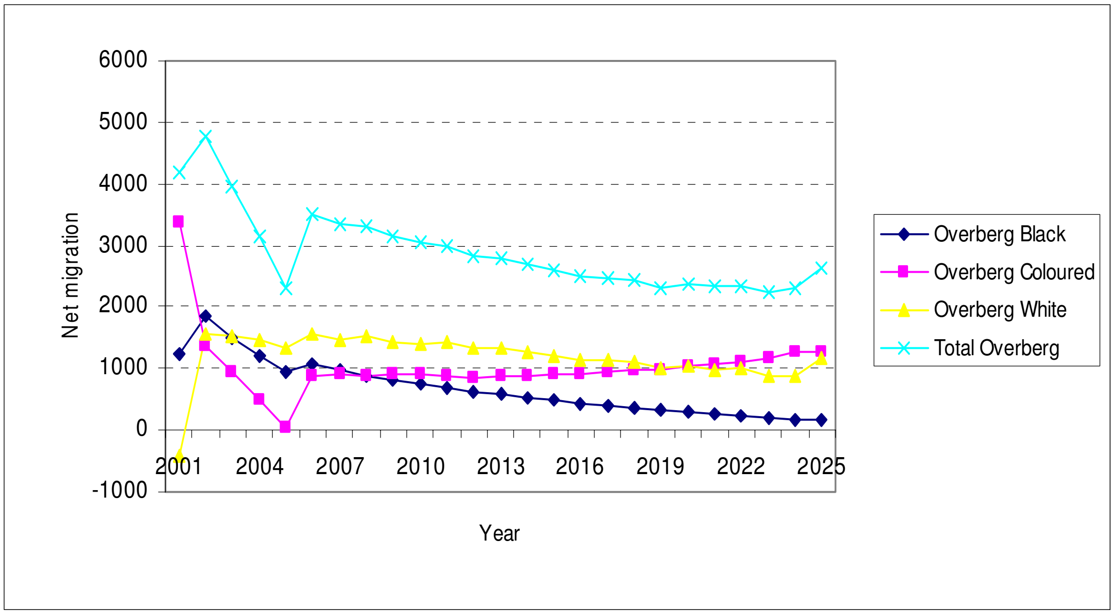
Migration

The projected net migration trend for the Overberg District municipality indicates a slowly declining net migration trend up to 2025.Differences occur within municipalities and across racial and gender groups.

In Swellendam for example, the White and Coloured population groups are projected to leave the municipality on a net basis while there is stable but low net inflow of Black Africans.

In Overstrand, Whites are projected to have the highest net migration numbers across the years followed by Coloureds whilst Black Africans are projected to have the lowest net migration numbers compared to the other two population groups.

Figure 5: Overberg DM: Projected net migration by racial group, 2001-2025



Source: Own calculations, Centre for Actual Research, 2005, Population projections for the Western Cape

Well being of households

This section discusses the relevant indicators of the socio-economic status of the households in the Overberg DM. These include access to education, educational attainment, labour force participation, income distribution, city and human development and access to basic services among other indicators. In addition, health status indicators such as HIV/Aids, deaths and projected prevalence, infant mortality rates are also discussed.

Educational attainment

The Overberg District has a total of 77 of schools and an average educator learner ratio of 37 learners per educator. The illiteracy rate (i.e. the percentage of people over 14 years of age with less than grade 7) of 27.0 per cent is very high and there are huge disparities across the district.

The highest illiteracy rates are in Swellendam (35.0%) and Theewaterskloof (32.0%) while other municipalities such as Overstrand are performing much better at 19.0 per cent. Census 2001 results indicate that 7.3 per cent in the Overberg District Municipality had no schooling[5] compared to 5.7 per cent for the Western Cape (see Table 5 below).

Higher education attainment of 8.7 per cent in the Overberg District is also lagging behind the provincial performance of 11.2 per cent.

Table 5: Overberg DM vs. Western Cape, educational attainment, 2001

Education levels	Western Cape	Overberg District Municipality
No schooling	5.7%	7.3%
Some primary	15.2%	21.9%
Completed primary	7.9%	10.0%
Some secondary	36.5%	32.8%
Grade 12/Std 12	23.4%	19.4%
Higher	11.2%	8.7%
Total	**100%**	**100%**

Source: Census 2001

Labour market profile

The labour market section discusses key trends in the labour market from 1996 to 2001 based on 1996 and 2001 censuses. The labour force participation rate[6] decreased from 68.3 per cent to 64.3 per cent between the two census periods. Table 6 below shows that employment creation did not keep pace with the labour force growth probably reflecting skills mismatch. This has important implications for the standard of living and the conduct of policy.

There are huge disparities in unemployment across municipalities in Overberg District, with some municipalities fairing better than others for example, unemployment is high in Overstrand LM at 21.7 per cent in 2001 while Swellendam LM registered 15.9 per cent for the same period.

The average unemployment rate for the Overberg District doubled between the two census periods, increasing from 9.3 per cent in 1996 to 18.6 per cent in 2001 (using the Labour Force Survey (LFS), an unemployment rate of 22.1 per cent was registered in 2004).

[5] Highest attainment for individuals ages 20 years and above

[6] The labour force participation percentages are based on working age population except unemployed which is based on economically active

The major causes of unemployment in the region vary from the shrinking agricultural sector, which is quite often the largest employer, to capital intensity within this sector and poor labour absorption rates within the manufacturing sector.

Table 6: Labour force participation, employment and unemployment ,1996-2001

Overberg District Municipality	Employed	% Employed	Unemployed	% Unemployed	Labour force	Labour force participation rate (%)	Not economically active	Total pop 15-65 year
1996	60 486	90.7	6 237	9.3	66 723	68.3	30 981	97 704
2001	71 564	81.4	16 359	18.6	87 923	64.3	48 818	136 742
2004	**76 883**	**77.9**	**21 839**	**22.1**	**98 721**	**61.5**	**61 804**	**160 525**

Source: Census 1996, 2001

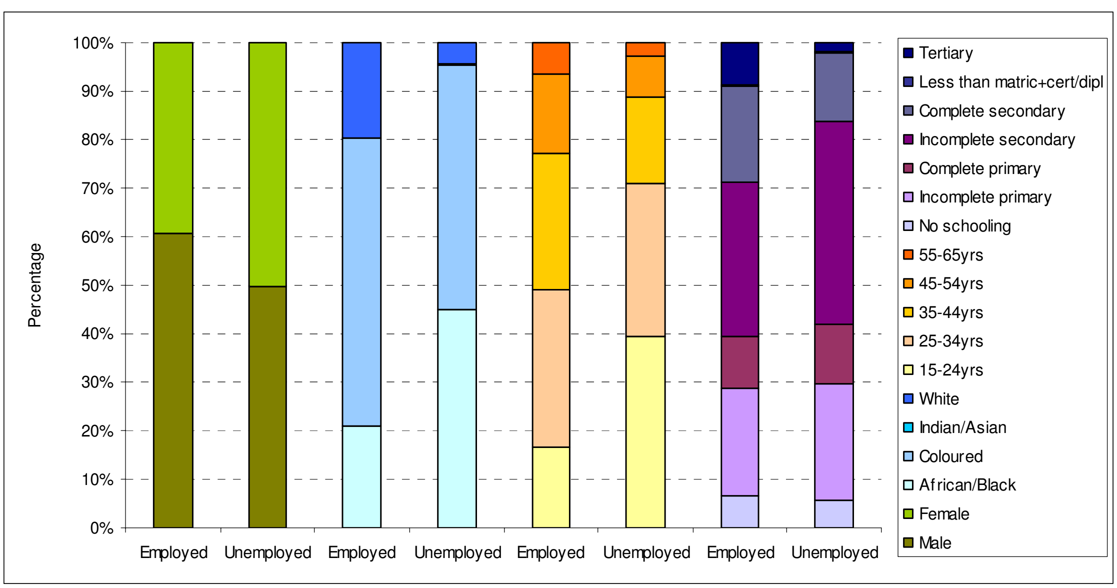
Composition of employment and unemployment

Figure 6 below provides a summary of the composition of employment and unemployment in Overberg District. Males, Coloureds, incomplete secondary education were better presented amongst the employed than the unemployed.

Black Africans and Coloureds are more represented in unemployment than employment. Close to 70,0 per cent of the unemployed people are below the age of 35 years, pointing to a serious problem of youth unemployment, which has negative implications for the social capital of the local municipality.

These patterns of employment and unemployment vary across local municipalities in the region, but the there is a cross-cutting problem of youth unemployment.

Figure 6: Employment and unemployment by gender, education, race and age, 2001



Source: Census 2001

Distribution of employed by industry

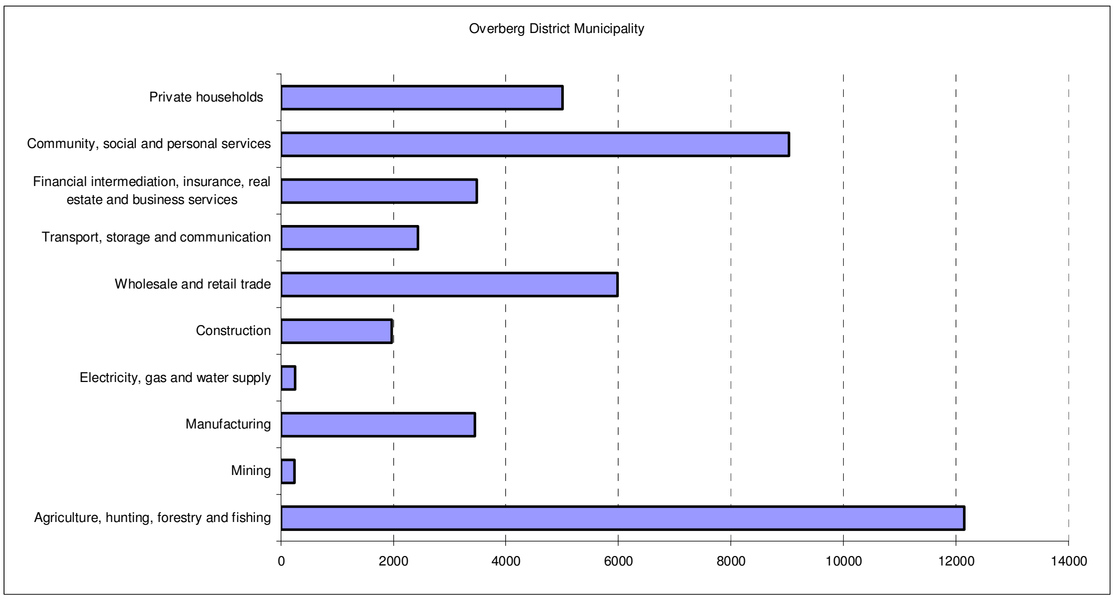
Figure 7 below shows that Agriculture, hunting, forestry and fishing, Community social and personal services, and Wholesale and retail trade; catering and accommodation sectors were the major contributors to employment in 2001.

About 50.0 per cent of the labour force is considered low skilled, and 36.0 per cent is skilled. This can be explained by the dominance of agricultural employment, which does not often demand high skills.

However, of the sectors employing large proportions of the labour force, only the Wholesale and retail trade sector is growing fast (7.0%), while Agriculture, and Community social and personal services did not experience sufficient growth between 1995 and 2004.

The Manufacturing sector is not one of the leading employers in the region. In the context of high unemployment, growth in the Manufacturing is important for employment creation.

Figure 7: Distribution of employed by industry, 2001



Source: Census 2001

Labour compensation

Table 7 below compares labour compensation trends within respective municipal boundaries. Its proportion of contribution to total provincial labour compensation declined to 2.3 per cent by 2004, after a peak of 2.5 per cent last seen in 1999, making it the second lowest contributor to compensation of labour. Overberg lagged behind other district municipalities in terms of growth in labour compensation from 2001 onwards.

Table 7: Labour compensation[7] growth rate, 1996-2004

Municipality	1996	1997	1998	1999	2000	2001	2002	2003	2004
West Coast District Municipality	7.9%	8.5%	8.1%	8.1%	7.2%	5.7%	8.5%	10.2%	9.0%
Boland District Municipality	8.8%	9.4%	8.8%	8.4%	8.5%	6.2%	8.5%	10.4%	9.0%
Overberg District Municipality	7.2%	9.3%	8.6%	8.1%	7.9%	5.0%	8.4%	9.6%	8.3%
Eden District Municipality	9.8%	9.5%	8.6%	9.5%	9.8%	5.8%	9.8%	11.4%	9.2%
Central Karoo District Municipality	11.2%	10.6%	7.6%	8.5%	8.1%	6.5%	9.5%	11.7%	9.8%
City of Cape Town	10.4%	10.1%	8.7%	9.8%	9.9%	7.2%	9.0%	11.7%	9.3%
Western Cape	***10.0%***	***9.9%***	***8.7%***	***9.5%***	***9.6%***	***6.9%***	***9.0%***	***11.4%***	***9.2%***

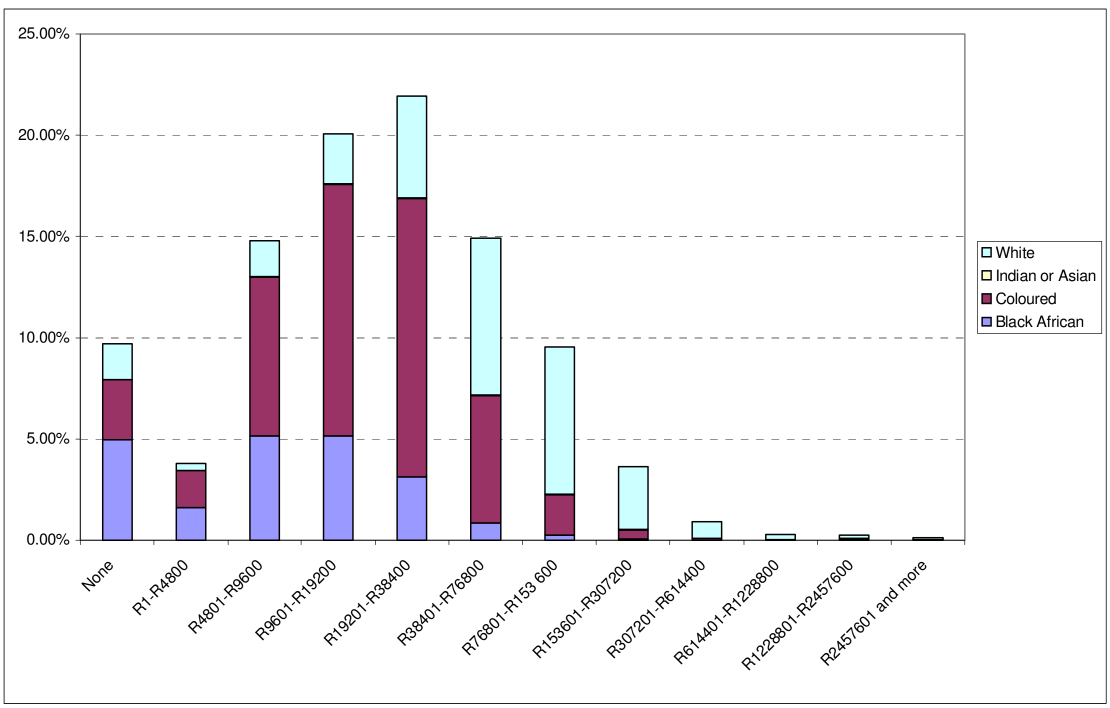
Source: StatsSA

Income poverty

Approximately 28.3 per cent of households earned less than R9, 600 dominated by Coloureds. The R9,600 - R38,400 per annum income range was once again dominated by Coloureds with 24,609 households or 42.0 per cent. Close to 10.0 per cent of the households earn no income and about 50.0 per cent of these households are Black Africans.

Whites are mainly high earners dominating the top end of the scale which makes 29.7 per cent of the total population earning above R38,400. Black Africans do not feature at income bands exceeding R300, 000 per annum.

Figure 8: Overberg District Municipality Income Distribution by population group



Source: Census 2001

[7] Compensation & Employment by place of work

Other selected indicators

The prevalence of tuberculosis(TB)in Overberg District was 1 142 per 100 000 people with a cure rate of 74.0 per cent in 2005. The reported ante-natal survey[8] HIV prevalence ranges from 14.0 per cent in Theewaterskloof/Overstrand to 1.1 per cent in Swellendam/Cape Agulhas.

The high HIV prevalence in Theewaterskloof and Overstrand together with a high percentage of child-headed households indicates that children are bearing a heavier burden of nursing the sick and managing households with overstretched resources.

The number of reported violent crimes (murder and rape) decreased from 388 reported cases in 2002/03 to 350 in 2003/04 increasing to 390 in 2004/05. After asharp increases (43) in 2003/04, neglect and ill-treatment of children declined rapidly from 31 cases in 2002/03 to 15 cases in 2004/05. Drug-related crimes escalated from 843 reported cases in 2002/03 to 1 976 cases in 2004/05.

Table 8: Several socio-economic indicators

Education			
Number of schools	77		
Percentage of people over 14 illiterate (less than grade 7)	27	Learner educator ratio	37
Health measures			
Percentage of births under 2500g	16	TB prevelance per 100 000	1142
Immunisation coverage (%) under 1	75	TB Cure rate %	74
Crime measures	**2002/2003**	**2003/2004**	**2004/2005**
Murder	120	100	118
Rape	268	250	272
Neglect and ill-treatment of children	31	43	15
Drug related crime	843	1324	1976

Source: Department of Health (2005) SAPS (2005),WCED (2005)

Access to Basic Services

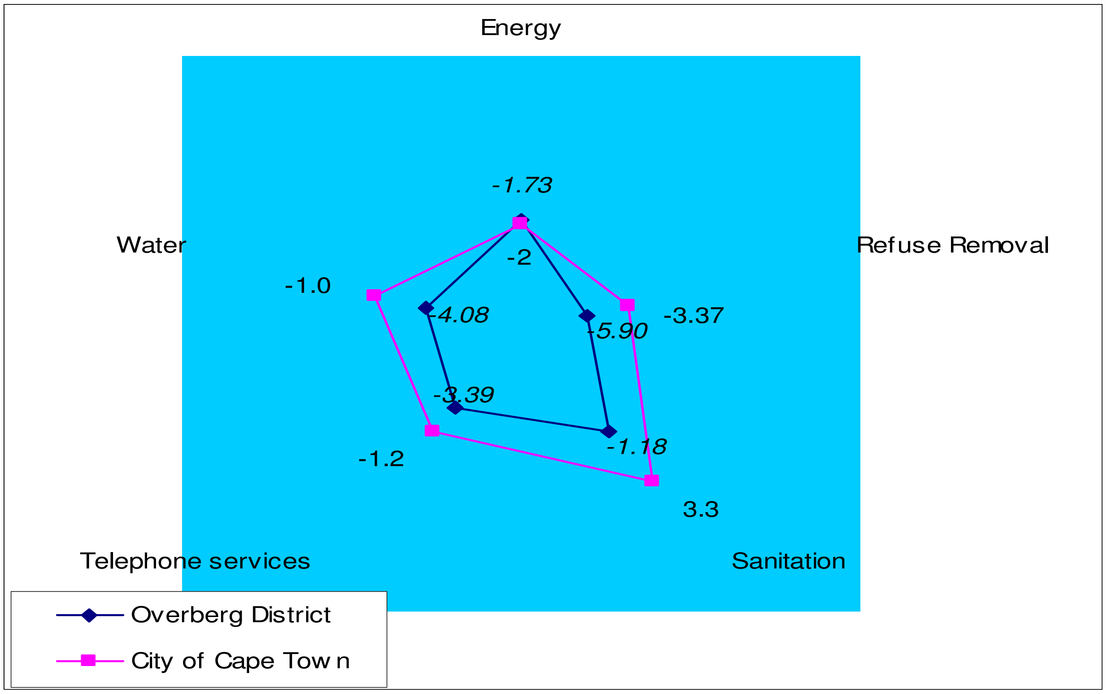
Access to basic services has considerable influence on the standards of living and quality of life of people living in any region. Figure 9 below shows that the Overberg District performed better than the Cape Metropole with respect to the delivery of all basic services except for energy[9].

Although this may indicate improvement in the households livelihoods, the results should be seen in the context of Overberg's population size, and the urban/rural split compared to the City of Cape Town, reflecting differences in demand for certain types of access to basic services.

[8]

[9] Energy - gas, paraffin, candles and other.

Figure 9: Change in households with access to below basic services, 1996-2001.



Source: Statistics South Africa: 2001 Census: Community profile database – DBSA

Between 1996 and 2001,the proportion of households with below basic access to sanitation[10] declined by 1.2 per cent (1 395 households) and water[11] declined by 4.1 per cent (1 468 households) .For other basic services (refuse removal[12] , telephone services[13]) there was a discernible improvement in service delivery by the District municipality. Sanitation remains a major challenge across the District especially in informal settlements in Project Consolidate municipalities.

Table 9: Changes in access to basic services between 1996 and 2001

Overberg District	Energy	Refuse removal	Sanitation	Telephone services	Water
Percentage change 1996-2001	-1.7	-5.9	-1.2	-3.4	-4.1
Number of households	2 033	494	1 395	926	1 468

Source: Statistics South Africa: 2001 Census: Community profile database – DBSA

[10] Sanitation - bucket latrine, and none.
[11] Refuse removal- own refuse dump, and no rubbish disposal.
[12] Water - borehole, spring, rainwater tank, dam/pool/stagnant water, river/stream, water vendor, and other
[13] Telephone services -telephone at another location not nearby and no access to a telephone.

Revenue Capacity

The Overberg District Municipality has a total revenue base of R836 million in 2005/06, which is projected to grow by 23.2 per cent between 05/06 and 06/07 (see Table 10). The projected growth in total revenue over the Medium-term Expenditure Framework (MTEF) period is 6.0 per cent.

The District Municipality is largely dependent on own-sourced revenue, which constitutes 48 per cent of total revenue for the 2005/06 financial year. The major sources of own-revenue are property rates and electricity charges, which constitute 15.0 per cent of total revenue each in 2005/06. Water, sanitation and refuse removal charges also make substantial contributions.

Table 10: Overberg DM major revenue sources and MTEF projections

Revenue Source	Budget	Per cent of total Revenue	Budget	Medium Term estimate		Growth	
R'000	**2005/06**	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**05/06-06/07**	**MTEF**
Transfers	**129 840**	**16%**	**180 505**	**169 437**	**171 430**	**39.0%**	**9.7%**
Main sources of own revenue of which	**405 342**	**48%**	**455 613**	**493 324**	**533 439**	**12.4%**	**9.6%**
Property rates	125 211	**15%**	144 139	157 766	172 542	15.1%	11.3%
Electricity	125 573	**15%**	140 955	152 965	166 033	12.2%	9.8%
Water	70 766	**8%**	77 918	82 999	87 842	10.1%	7.5%
Sanitation	39 728	**5%**	44 043	47 723	51 473	10.9%	9.0%
Refuse removal	41 484	**5%**	45 595	48 739	52 247	9.9%	8.0%
Other	2 580	**0%**	2 963	3 131	3 303	14.8%	8.6%
All other sources of revenue	**301 052**	**36%**	**394 242**	**318 070**	**291 118**	**31.0%**	**-1.1%**
Total revenue	**836 234**	**100%**	**1 030 360**	**980 831**	**995 987**	**23.2%**	**6.0%**

Source: Provincial Treasury Local Government revenue database (2006)

Transfers from national and provincial governments constitute only 16.0 per cent of total revenue. Other sources of revenue such as external loans (R40 million), internal advances (R32 million) adhoc financing e.t.c constitute a substantial 36.0 per cent of total revenue. Over the MTEF period, transfers are projected to increase by 9.7 per cent and own-sourced revenue is expected to grow by 9.6 per cent.

Property rates, electricity and water charges will continue to be the major sources of income for the LM. These three sources are projected to contribute 31.6 per cent 30.9 per cent and 17.1 per cent of total own revenue in 2006/07 respectively. All 'Other' sources of revenue are projected to decline by minus 1.1 per cent over the MTEF period.

Conclusion and outlook

The Overberg District has potential for expansion in the services sectors as the district becomes more popular with domestic and international holidaymakers and as more high-skilled in-migrants settle in the municipality.

Farmers in the region are now diversifying and expanding into tourism opportunities such as eco-tourism, guest-farms. The deciduous fruit sector, together with the processing of high value-added fruit; fruit juices and fruit related beverages are key sectors for further investment and growth in the region.

Of major importance in the Overberg District is the N2 road transport link from Cape Town, west of Port Elizabeth and East London and Durban, which runs through Overberg from Grabouw to Swellendam and drives major economic activities. Upgrading of other major routes, harbours and airfields in the region will lead to further expansion of economic activities.

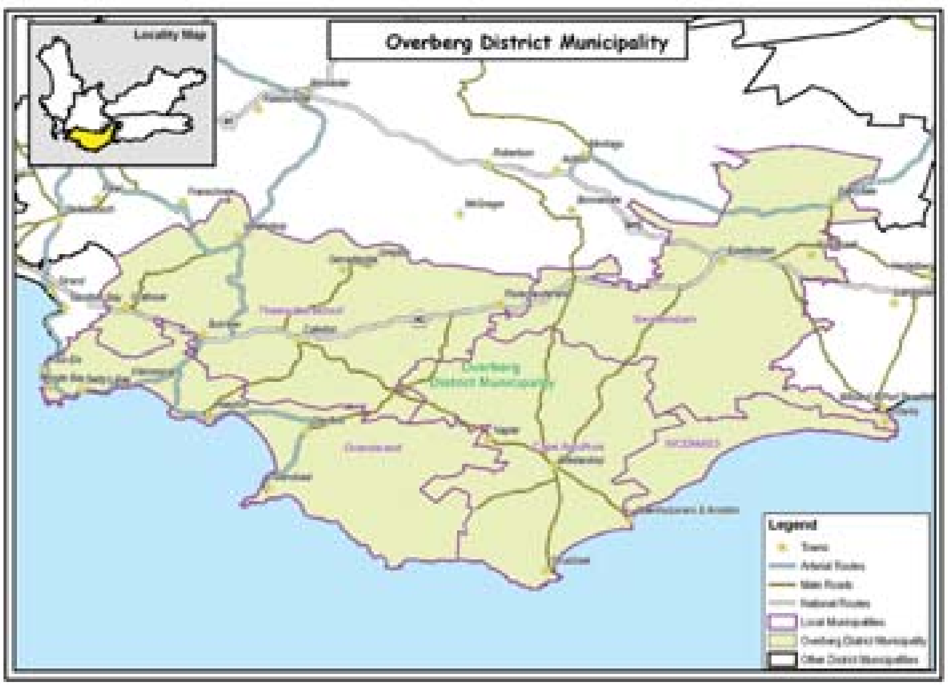
The region has well-drained soils and is rich in surface and underground water, with the Breede River as the most important river, a large number of reservoirs and dams also exist, Theewaterskloof dam is the most important of them. However some areas such as Overstrand suffer from water stress.

While a unique natural asset, the environment also poses several challenges and risks to development in Overberg. The District has a sensitive natural ecosystem, which place great demand for careful spatial planning.

The District faces cross-cutting challenges found in the Western Cape. These key challenges include high unemployment, increasing drug-related crimes, HIV/AIDS-related deaths and ageing infrastructure stock.

2

Theewaterskloof Local Municipality



Major areas

Villiersdorp
Grabouw
Botrivier
Caledon/Myddleton
Genadendal
Greyton
Riviersonderend
Tesselaarsdal

Nominal GDPR (2004)	:	R1.40 billion
Total population (2006)	:	101 798
Urban/rural population	:	64.2% : 35.8%
No. of wards	:	12

Introduction

The Theewaterskloof Local Municipality (LM) has the largest geographic area in the Overberg District. It covers areas such as Villiersdorp, Grabouw, Botrivier, Caledon/Myddleton, Genadendal, Greyton and Riviersonderend.

The local municipality is classified as a 'Category B' municipality with medium capacity. It shares executive and legislative authority with category C, or district municipality within whose area it falls, in this case the Overberg District Municipality (DC3). The key administrative and economic activities are located in Caledon.

Theewaterskloof LM is part of the Project Consolidate initiative. The transversal challenges in all Project Consolidate municipalities include the following; huge housing backlogs, continued existence of the bucket system and capacity constraints at both staff and financial level[1].

Other pressing issues facing Project Consolidate municipalities are lack economic development strategies and integrated strategies for early childhood and youth development.

Theewaterskloof LM contributed 41.0 per cent or R1,4 billion of the total Regional Gross Domestic Product (GDPR)[2] of the Overberg District in 2004. However, between 1995 and 2004 the local municipality's economy grew at the slowest rate in the region, only 1.8 per cent per annum compared to the district average of 2.6 per cent. The Theewaterskloof economy is predominantly agrarian.

The local municipality is rich in natural resources, with amongst others good water resources and fertile soils. Tourism, forestry and agro-processing are the key economic activities.

The population of the Theewaterskloof LM (43.8% of the total Overberg DM in 2006) grew at 1.9 per cent per annum from 92 777 people in 2001 to 101 798 people in 2006, the lowest population growth rate in the district. Population growth was faster in the 55-59 (5.7%) and 70-74 (6.4%) age groups.

Between the periods 1996 to 2001,unemployment more than doubled from 8.9 per cent to 18.6 per cent. Theewaterskloof LM has lower educational attainment levels than any other local municipality in the district. About 79.0 per cent of the work forces have less than complete secondary education.

[1] Source: Executive summary of Project Consolidate Municipal Imbizo, October 2005

[2] Regional Gross Domestic Product (GDPR) refers to the total value of final goods and services produced within a particular region, e.g. a province or municipal area.

Theewaterskloof Municipality: Socio-economic trends and indicators

Total Population: 2001: 92 777 (205 945)
2006:101 798 (235 590)
2010: 107 009 (251 201)

Dependency ratios : 2001 :49.4%
2006:49.0%
2010:48. 9%

Households in rural areas: 35.8 % (24.3%)

Households in urban areas: 64.2 %(75.7%)

Number of wards: 12

Population growth rates (average annual)	Theewaterskloof LM	Overberg DM
2001 – 2006	1.9%	2.5%
2006 – 2010	1.3%	1.9%

Centre for Actual Research, 2005 (Population projections for the Western Cape 2001 – 2025)

Socio-economic indicators

	Theewaterskloof LM	Overberg DM
Unemployment rate (2001)	18.6%	18.6%
Number of unemployed (2001)	8 029	16 359
Proportion of households with no income (2001)	10.8%	9.7%
Number of households with no income (2001)	2 627	5 686
GDPR 2004	R1,4 billion	R3,3 billion

Source: Statistics South Africa; Census 2001, Quantec Research

Health

Number of medical facilities	17(47%)	Nurse patient ratio *(National target:34)*	25(29)
Percentage of births under 2,5 kg *(National target<10%)*	17 %(16%)	Proportion under 1 with 1st measles immunisation *(National target:90%)*	74 %(75%)
TB prevalence per 100 000 people	1 352(1 142)	TB Cure rate % *(National target:85%)*	77 %(74%)
HIV/AIDS prevelance rate (2005)	4.7 %(4.1%)	HIV/AIDS prevelance rate (2010)	5.7 %(4.9%)
Number of HIV/AIDS deaths (2005)	995(2 527)	Number of HIV/AIDS deaths (2010)	1 202(3 108)

Education

Number of schools (Primary and high)	37(77)	Educator: learner ratio	37(37)
Percentage of people over 14 illiterate (less than grade 7)	32 %(27%)		

Crime (reported)

Number of police stations (2004/05)	4(13)	Total number of cases reported (2004/05)	6 502(15 294)
Number of murders (2004/05)	64(118)	Number of rapes (2004/05)	131(272)
Drug related crimes (2002/03)	442(843)	Drug related crimes (2004/05)	1 079(1 976)

Source: SAPS (2005), Department of Health (2005), WCED (2005)

Strengths and challenges

Strengths	Challenges
Lower nurse : patient ratio	Less diversified economy
Opportunities growth in agricultural exports	High illiteracy rates
	Increasing drug-related crimes.
	Growing HIV/aids prevalence

Economic profile

This section presents the economic profile of the Theewaterskloof LM for the period 1995 to 2004. This entails analysis of sectoral contribution, changes in the contribution by individual sectors and the growth rates of each sector. In addition, trends in the manufacturing sub-sectors are discussed.

Theewaterskloof LM contributed 41.0 per cent or R1,4 billion of the total GDPR of the Overberg District in 2004. The local economy is predominantly agrarian, with Agriculture, forestry and fishing contributing almost 35.0 per cent of the total GDPR in 2004(see Figure 1).

The Agriculture, forestry and fishing sector maintained its significance as the mainstay of the Theewaterskloof economy between 1995 and 2004 by registering a marginal increase in its contribution of 0.7 per cent. During 2004 agricultural activities in Theewaterskloof constituted a massive 67.9 per cent of the agricultural activities in Overberg District (see Figure 3).

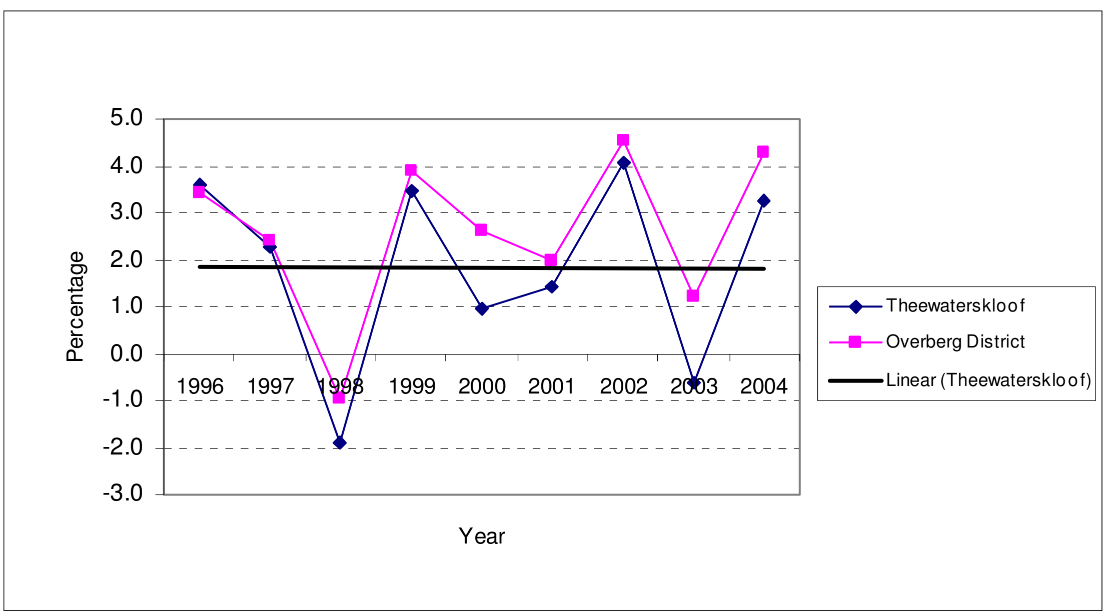
Economic growth

The Theewaterskloof LM registered an average annual growth rate of 1.8 per cent in GDPR between 1996 and 2004, which is the lowest growth rate in the district. During this period, the local municipality has been growing slower than the district average of 2.6 per cent per annum (see Figure 1).

Fluctuations (volatility) in economic growth in the local municipality reflected the district performance, for example both the local and district municipalities experienced negative growth rates in 1998 and recoveries in 2002 and 2004.

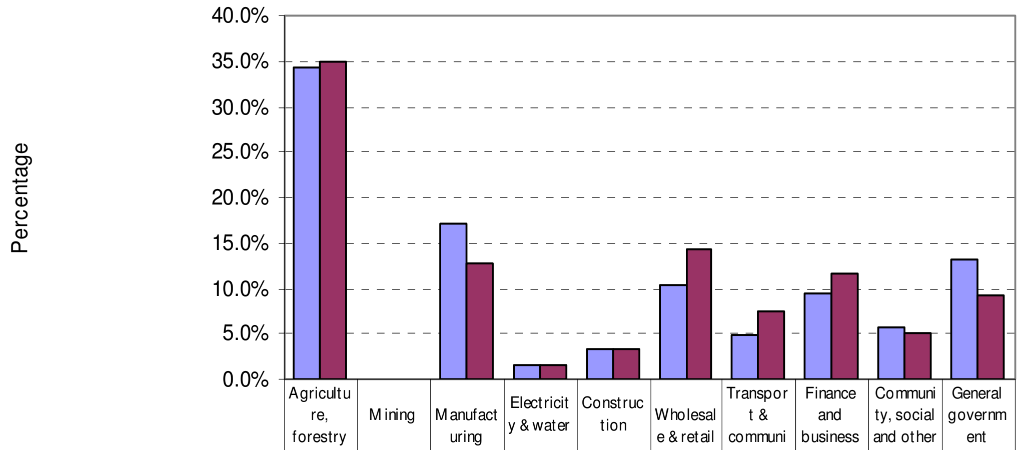
A linear fit to the growth trend shows that Theewaterskloof LM stagnated during the period under consideration, implying that the municipality has not yet unlocked its economic potential, and that higher growth rates can be achieved.

Figure 1: GDPR growth Theewaterskloof vs. ODM, 1996-2004



Source: Own calculations based on Quantec Research Data

Figure 2: Sectoral contribution to GDPR 1995 -2004



	Agriculture, forestry	Mining	Manufacturing	Electricity & water	Construction	Wholesale & retail	Transport & communi	Finance and business	Community, social and other	General government
%Contribution per sector 1995	34.3%	0.0%	17.2%	1.5%	3.3%	10.2%	4.8%	9.6%	5.8%	13.3%
%Contribution per sector 2004	35.0%	0.0%	12.7%	1.5%	3.2%	14.2%	7.5%	11.5%	5.1%	9.3%

Source: Own calculations based on Quantec Research Data

Major agricultural activities in Theewaterskloof include the rearing of merino sheep, production of deciduous fruit cultivars, wheat and barley, dairy farming, vines, vegetables and flowers. Farmers have shown interest to diversify into canola and vegetable farming. Forestry activities also play a major role although by international standards it is considered to be small to medium scale.

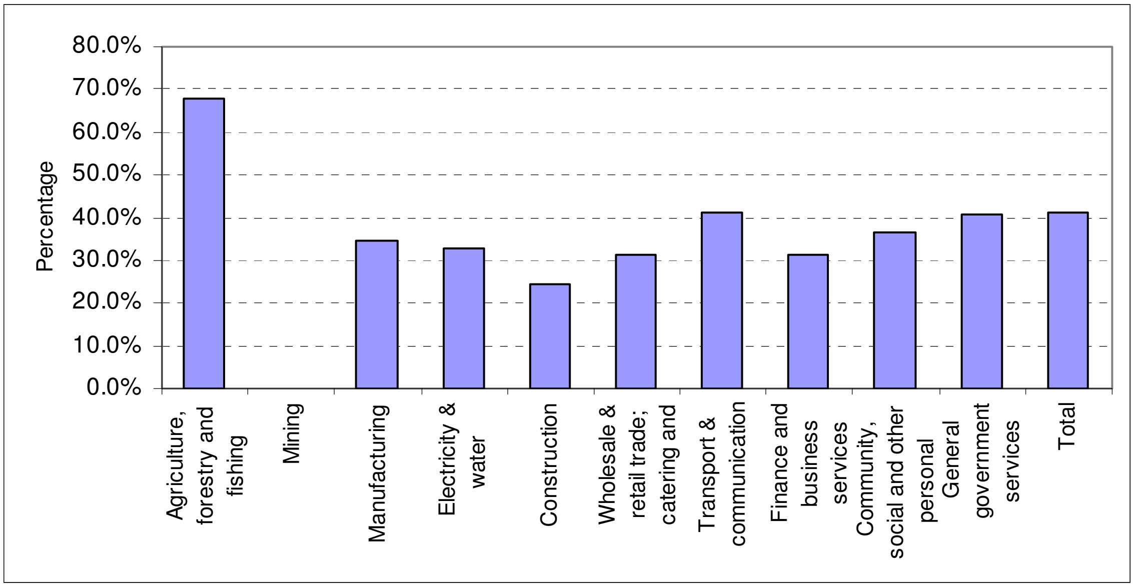
The second and third largest contributors to economic output in 2004 were the Wholesale and retail trade; and catering and accommodation and Manufacturing sectors contributing 14.2 per cent and 12.7 per cent GDPR respectively.

Manufacturing activities mainly involve agro-processing of well-known brands of fruit juices and beverage industries located in the Grabouw-Elgin valley. Value-adding agro-processing industries in the region have the potential to grow through exports (subject to risks arising from exchange rate situations, of course). A lucrative market does exist.

Between 1995 and 2004 the Manufacturing sector contribution declined (from 17.2 per cent to 12.7 per cent), and General government services also registered a decline (13.3 to 9.3 per cent) in their respective contributions to the GDPR of the Theewaterskloof LM. The contribution of the Construction, Electricity and water sector and Community and social and other personal services sectors to the GDPR remained stable between 1995 and 2004.

Given the dominance of the Agriculture, forestry and fishing sector, the Theewaterskloof economy is not sufficiently diversified and is also not satisfactorily represented in the fast growing services sectors in the Western Cape. The Wholesale and retail trade; catering and accommodation sector (14.2%) and the Finance and business services sector (11.5%) are relatively small in size.

Figure 3: Theewaterskloof sectors contribution to Overberg sectors, 2004



Source: Own calculations based on Quantec Research Data

Sectoral growth

The Transport and communication sector recorded the highest economic growth rate between 1995 and 2004, averaging 6.9 per cent per annum, followed by the Wholesale and retail trade; catering and accommodation sector at 5.6 per cent per annum (see Table 1). During the same period, the Finance and business services sector also registered a remarkable growth rate estimated at 4.0 per cent per annum.

Despite a higher contribution to the GDPR, the Agriculture, forestry and fishing sector grew slowly at 2.02 per cent per annum. This sector is susceptible to downside risks such as drought, and exports from this sector to external markets are exposed to currency fluctuations.

When considering the shorter and most recent periods, the performance of the Agriculture, forestry and fishing sector is still below average, growing at only 1.2 per cent between 2000 and 2004. In 2004 the sector grew at 1.6 per cent per annum.

For the period 1995 to 2004 the Manufacturing sector was shrinking on average, registering an average annual growth rate of minus 1.6 per cent. However, over the one-year period ended in 2004, the sector showed signs of recovery, recording above-average growth of 3.6 per cent.

Other slow-growing sectors include the Community, social and other personal services and the General government services sectors that declined by minus 1.3 per cent and 1.2 per cent respectively between 2003 and 2004. The General government services sector was adversely affected by the prevailing fiscal policy at that time.

Table 1: Sectoral growth, Theewaterskloof 1996 – 2004

Sector	GDPR 2004, Constant 2000 prices, Rm	Average annual growth 1995-2004 (percentage)	Average annual growth 2000-2004 (percentage)	Percentage change 2003-2004
Agriculture, forestry and fishing	479	2.0	1.2	1.6
Mining	-	-	0.0	0.0
Manufacturing	173	-1.6	-1.6	3.6
Electricity & water	21	2.2	2.7	5.0
Construction	44	1.4	2.5	2.5
Wholesale & retail trade; catering and accommodation	194	5.6	5.8	9.7
Transport & communication	103	6.9	6.2	6.2
Finance and business services	158	4.0	5.6	4.4
Community, social and other personal services	70	0.4	-0.1	-1.3
General government services	128	-2.1	-0.8	-1.2
Total	**1,370**	**1.8**	**2.0**	**3.2**

Source: Own calculations based on Quantec Research Data

Trends in the manufacturing sub-sectors

Food, beverages and tobacco manufacturing constituted about 63.7 per cent of the total manufacturing output during 2004(see Table 2). The major activities in this sub-sector involve the manufacturing of canned or processed fruit and vegetables, and the manufacturing of soft drinks and mineral water.

However, this sub-sector has been shrinking over the years, registering negative average annual growth rates of minus 2.1 per cent between 1995 and 2004, and 1.6 per cent when considering a shorter and more recent period between 2000 and 2004.

The decline can be attributed to the reliance on the agricultural, which has been shrinking. The sub-sector has, shown signs of recovery when its output increased by 5.2 per cent between 2003 and 2004.

Petroleum products, chemicals, rubber and plastic is the second largest sub-sector contributing 13.7 per cent of total manufacturing output. The sub sector produces pesticides and agro-chemicals for the local agricultural sector.

Other important sub-sectors in terms of contribution to manufacturing output are Petroleum products, chemicals, rubber and plastics (13.7%), Furniture and other manufacturing (3.1%), and Wood, paper, printing and publishing (6.8%) the latter is primarily due forestry-related activities in the region.

Table 2: Trends in Theewaterskloof manufacturing sub-sectors, 1995-2004

Manufacturing sub-sectors	Output 2004, R m	Contribution per subsector to manufacturing 1995	Contribution per subsector to manufacturing 2004	Average annual growth 1995-2004 (%)	Average annual growth 2000-2004 (%)	Percentage change 2003-2004
Food, beverages and tobacco	110.5	66.5%	63.7%	-2.1	-1.6	5.2
Textiles, clothing and leather goods	2.0	1.0%	1.2%	0.6	3.1	7.4
Wood and paper; publishing and printing	11.8	7.7%	6.8%	-3.0	-3.4	0.9
Petroleum products, chemicals, rubber and plastic	23.7	13.1%	13.7%	-1.1	-4.7	-2.9
Other non-metal mineral products	4.3	1.8%	2.5%	2.0	5.9	10.4
Metals, metal products, machinery and equipment	14.3	5.7%	8.3%	2.5	4.3	4.0
Electrical machinery and apparatus	0.0	0.0%	0.0%	0.0	0.0	0.0
Radio, TV, instruments, watches and clocks	0.0	0.0%	0.0%	0.0	0.0	0.0
Transport equipment	1.5	0.5%	0.9%	5.7	5.5	9.6
Furniture and other manufacturing	5.4	3.7%	3.1%	-3.6	-4.1	-1.3
Total	**173.5**	**100.0%**	**100.00%**	**-1.6**	**-1.6**	**3.6**

Source: Own calculations based on Quantec Research Data

The fastest growing manufacturing sub-sectors such as Other non-metal mineral products and Transport equipment which grew at 5.9 per cent and 5.7 per cent respectively between 2003 and 2004, made marginal contributions to the total manufacturing output in the region.

In summary, the manufacturing sector is not well diversified and is heavily reliant on the Agriculture, forestry and fishing sector.

Demographic profile

Theewaterskloof LM is the population centre of the Overberg district with an estimated total population of 101 798 in 2006, which translates to 43.8 per cent of the total Overberg district population.

The population of Theewaterskloof LM grew at an average annual rate of 1.9 per cent from 92 777 in 2001 to 101 798 people in 2006, and is projected to grow at a slower rate of 1.3 per cent per annum to 107 009 people by 2010.

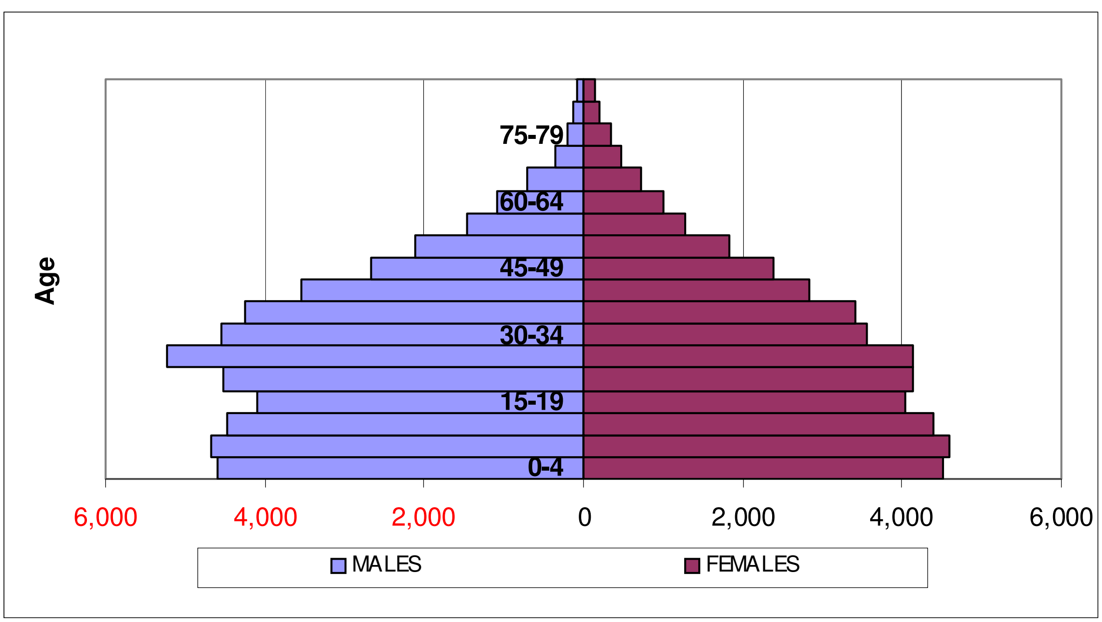
Population growth in the municipality is lower than the district averages of 2.5 per cent and 1.9 per cent between 2001-2006 and 2006-2010 respectively. The population of the Theewaterskloof LM is (2006) predominantly Coloured[3] (64.0%), with Black Africans constituting the second highest proportion at 25.0 per cent, whereas White people are the minority at 11.0 per cent.

More than half of the local municipality's households reside in urban areas (64.2%) and a sizable proportion of households are classified as rural (35.8%).

The municipality's population is relatively young, with 72.0 per cent of the total population aged 39 years and younger. The median age is 27 years. The age-distribution of the pyramid indicates a broad base of younger groups with a noticeable bulge on the mid-aged male groups, which can be attributed to immigration of the working-age males.

The age[4] dependency ratio of 49.4 per cent for the Theewaterskloof LM in 2001 was the second lowest in the district if one excludes the District Management Area (DMA), and is much lower than the district average of 52.3 per cent. However, the ratio is projected to decline marginally to 49.0 per cent in 2006 and 48.9 per cent by 2010.

Figure 4: Theewaterskloof pyramid - total population, 2006



Source: Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001 – 2025)

[3] The Asian population is presumed to be incorporated into the coloured population.

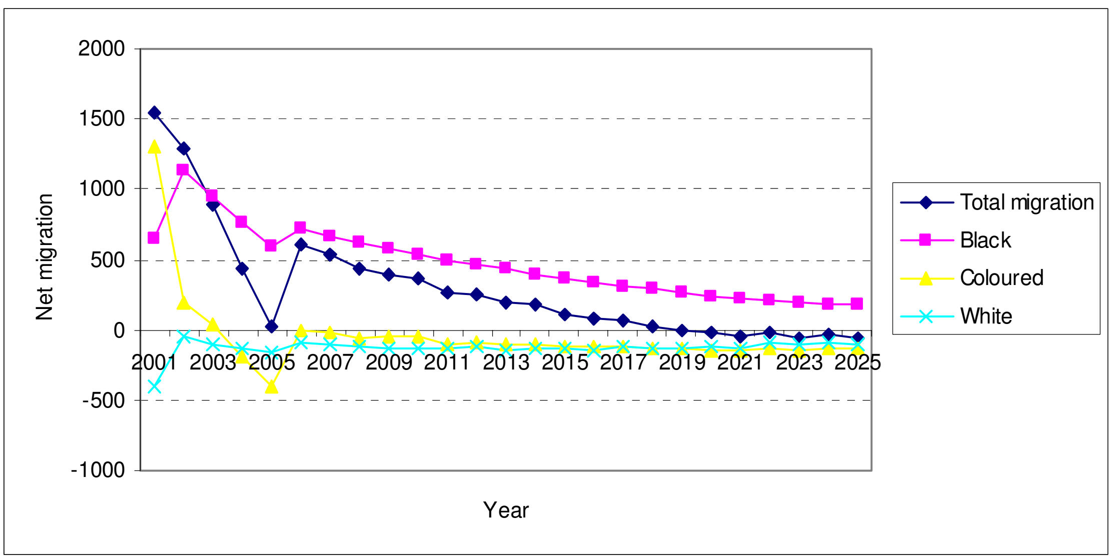
[4] Total number of 0-14-year-olds plus 65+ year-olds)/working age population, i.e. the number of 15-64-year-olds.

Population growth occurred across all age groups between 2001 and 2006, except for the 20-24 and 25-29-year age groups, which declined by 0.2 per cent and 0.1 per cent respectively. Growth was faster in the 55-59 (5.7%) and 70-74 (6.4%) year age groups.

Migration trends

Figure 5 below shows projected net migration in Theewaterskloof for the period 2001 to 2025. The total net migration was high in 2001 and the few succeeding years, but the general trend indicates a steady decline up to 2017 and a net outflow of people thereafter. The White and Coloured population groups are projected to leave the municipality on a net basis for the entire period, while there will be a stable but low net inflow of Black Africans into Theewaterskloof until 2025.

Figure 5: Theewaterskloof migration by population group, 2001-2025



Source: Own calculations based on Centre for Actual Research, 2005 (Population projections for the Western Cape 2001 – 2025)

Well-being of households

This section discusses the relevant indicators of the socio-economic status of households in Theewaterskloof LM. These include access to education, educational attainment, labour force participation, income distribution, city and human development, and access to basic services among other indicators. In addition, health status indicators such as HIV/aids projected prevalence and deaths and infant mortality rates are also discussed.

Education

Theewaterskloof LM has 48.1 per cent of the 77 schools in the Overberg district (about 43.77 per cent of Overberg district population resides in Theewaterskloof) and an educator: learner ratio of 37, which is on par with the district average.

The illiteracy rate (i.e. the percentage of people over 14 years of age with less than grade 7) of 32.0 per cent is very high and well above the district average of 27.0 per cent. The level of poor literacy manifests itself in low educational attainment.

Census 2001 indicates that 9.0 per cent of the population[5] had no schooling and that 25.4 per cent had some primary schooling compared to 7.3 per cent for the district. Only 5.0 per cent of the population attained higher education, which is very low when compared to the district and provincial higher education attainment rates of 11.2 per cent and 8.7 per cent respectively.

Table 3: Theewaterskloof educational attainment, 2001

Education levels	Western Cape	Overberg District Municipality	Theewaterskloof Local Municipality
No schooling	5.7%	7.3%	9.0%
Some primary schooling	15.2%	21.9%	25.4%
Completed primary schooling	7.9%	10.0%	11.7%
Some secondary schooling	36.5%	32.8%	33.8%
Grade 12/Std 12	23.4%	19.4%	15.0%
Higher	11.2%	8.7%	5.0%

Source: Statistics South Africa, Census 2001

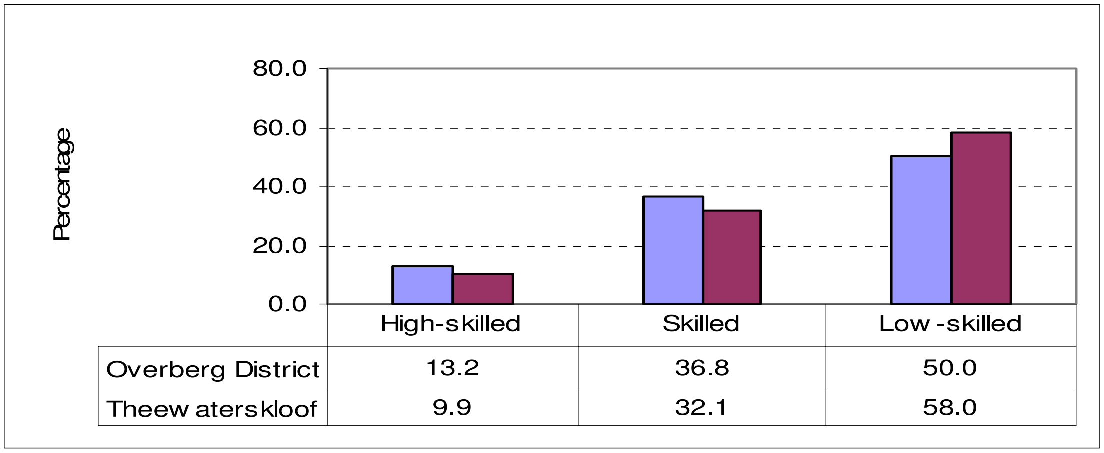
Skills profile

The low educational attainment resulted in the poor skills composition for the Theewaterskloof LM (see Figure 6 below). A very high proportion (58.0%) of the people are classified as low-skilled (performing much worse than the district at 50 per cent and the highest in the district.).

A low proportion (9.9%) is considered to be high-skilled compared to the district average of 13.1 per cent. The low skills situation can be attributed to the dominance of agricultural employment, which does not demand high skills.

[5] Highest attainment for people aged 20 years and above.

Figure 6: Theewaterskloof LM: Skills distribution, 2001



Source: Statistics South Africa, Census 2001

Labour-market profile

Theewaterskloof LM's labour force increased by 10 432 people between 1996 and 2001, growing at an average annual rate of 5.7 per cent during this period. The labour force participation rate decreased from 71.4 per cent to 67.4 per cent between 1996 and 2001.

Unemployment rose from 8.9 per cent to 18.6 per cent over the same period, growing at an average annual rate of 22.3 per cent — far outstripping the growth in employment for the same period at 3.3 per cent. This implies that the additional 5 299 jobs created during the period under consideration were not adequate to significantly reduce unemployment.

The largest employer in Theewaterskloof is the Agriculture, forestry and fishing sector, employing 50.1 per cent of the labour force in 2001, followed by Community, social and personal services (11.4%). The Manufacturing sector's share of employment in 2001 was very small at 4.0 per cent.

Increasing capital intensity in agricultural activity in coupled with the declining share of agricultural employment (from 53.7 % in 1996 to 50.1% in 2001) are some of the reasons for increasing unemployment in this local municipality. The seasonal nature of employment in this sector especially in Grabouw and Villiersdorp deepens the problem.

Table 4: Theewaterskloof labour force, employment & unemployment, 1996-2001

Theewaterskloof	Employed	Percentage employed	Unemployed	Percentage unemployed	Labour force	Labour force participation rate (percentage)	Not economically active	Total population 15-65 years
1996	29 821	91.1	2 896	8.9	32 717	71.4	13 098	45 815
2001	35 20	81.4	8 029	18.6	43 149	67.4	20 847	63 995

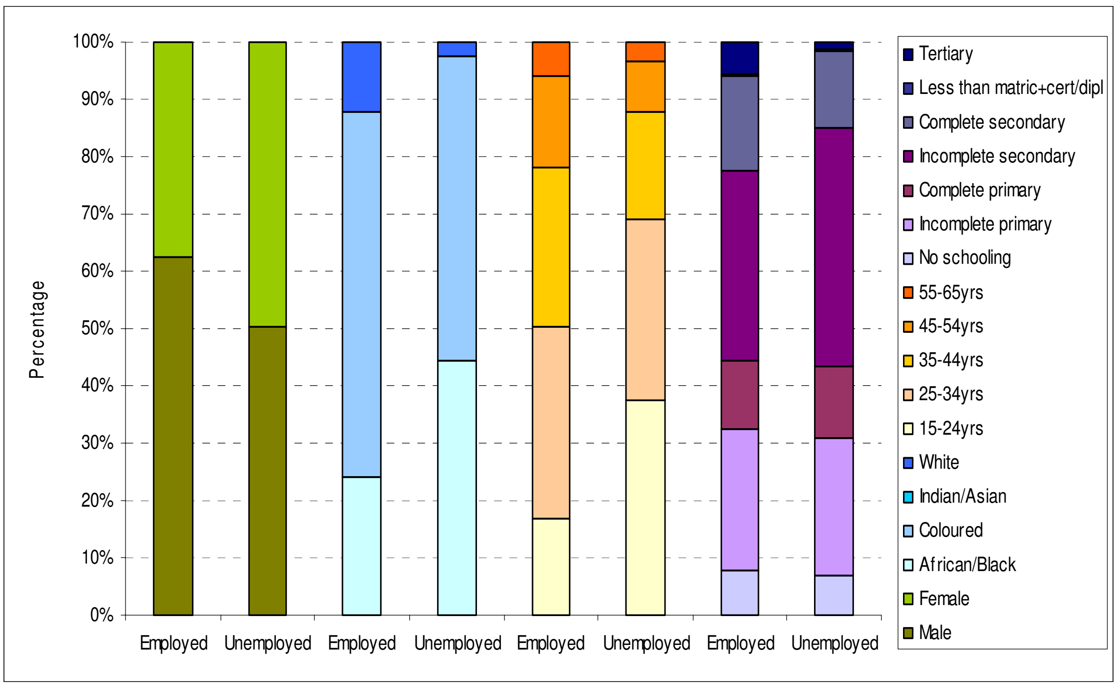
Source: Statistics South Africa: Census 1996, 2001

Composition of employment and unemployment

Figure 7 below provides a summary of the composition of employment and unemployment in Theewaterskloof. Males, Coloureds, Indian/Asians and Whites, those with higher than completed secondary education and people older than 25 years were better presented amongst the employed than the unemployed.

Black Africans are more represented in unemployment than employment. Close to 70,0 per cent of the unemployed people are below the age of 35 years, pointing to a serious problem of youth unemployment, which has negative implications for the social capital of the local municipality.

Figure 7: Theewaterskloof, employment and unemployment, 2001



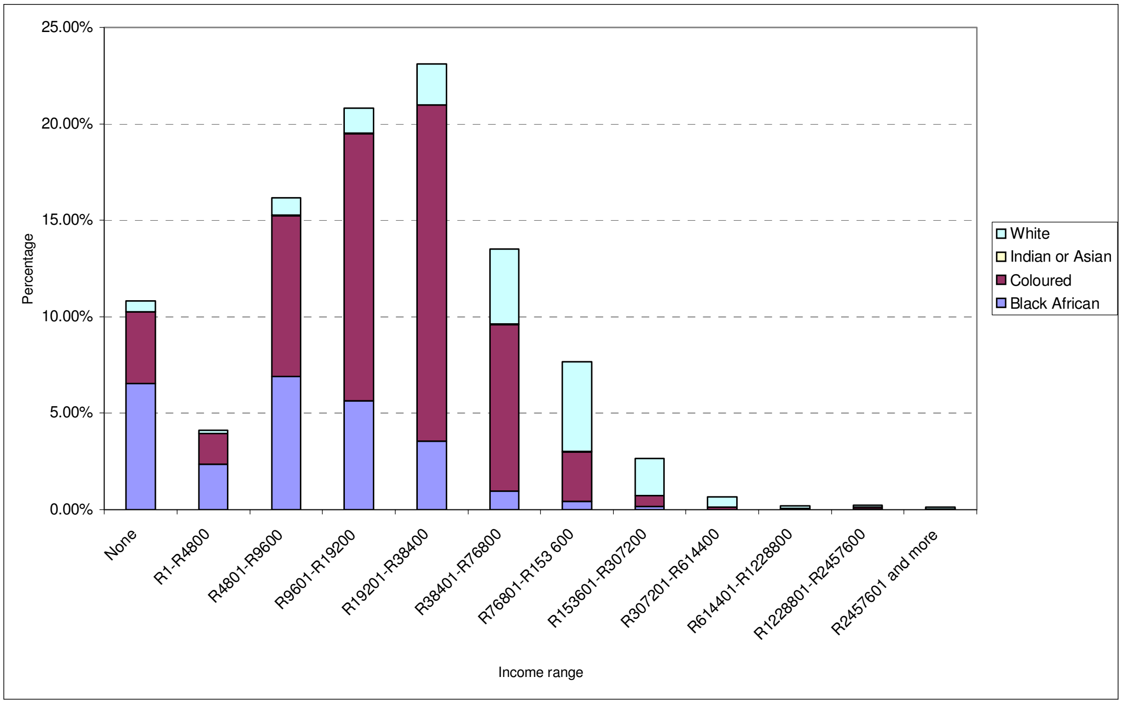
Source: Statistics South Africa, Census 2001

Income distribution

The proportion of households with no income at all was 10.8 per cent, which is the highest in the district, and Black Africans constitute more than 50.0 per cent of these households. The proportion of households in the R9 600 to R76 800 per annum income bracket was 57.4 per cent, more than the district's 56.9 per cent.

At the same time fewer households fell in the higher than R76 800 per year income brackets in the municipality (11.5%) than in the district (14.7%). This income bracket was dominated by the White population group.

Figure 8: Income distribution by population group,2001



Source: Statistics South Africa, Census 2001

Health indicators

In terms of health indicators (see Table 5), the Theewaterskloof LM recorded a first measles immunisation rate of 74.0 per cent, which is almost on par with the district average of 75.0 per cent, although both are performing far below the national target of 90.0 per cent.

TB prevalence is acutely high in this municipality, registering 1 352 cases per 100 000 people as compared to a district average of 1 142 cases. The TB cure rate of 77.0 per cent is much better than the district average of 74.0 per cent.

The municipality still needs to improve on the management of TB since the cure rate is lagging behind the national target of 85.0 per cent. However, the proportion of underweight babies born in Theewaterskloof is not significantly different from the district average of 16.0 per cent.

Table 5: Health measures, 2005

Health measures	Theewaterskloof LM	Overberg DM
Percentage of new-born babies under 2 500 g	17	16
Proportion under 1 with 1st measles immunisation (%)	74	75
TB prevalence per 100 000	1 352	1 142
TB cure rate (%)	77	74

Source: Department of Health, 2005

Projected HIV/AIDS prevalence and deaths

The demographic projections[6] indicate that the HIV/AIDS prevalence rate for the Theewaterskloof LM was 4.7 per cent in 2005, which is the highest in the Overberg district and higher than the district average of 4.1 per cent.

HIV/AIDS prevalence is expected to increase to 5.7 per cent by 2010, and HIV/AIDS-related deaths are projected to increase from 995 cases in 2005 to 1 202 cases by 2010. HIV/AIDS has a huge impact on the general burden of disease and on the productivity of the working-age population.

Human and City development measures (HDIs and CDIs)

This sub-section analyses the state of development in Theewaterskloof by means of the City Development Index (CDI) and the Human Development Index (HDI) presented in Table 6 below. There is an overlap between these two development indices in terms of components such as income, education and health.

Table 6: Selected socio-economic indicators

Education	**Theewaterskloof LM**	**Overberg DM**
Percentage of illiterate people over 14 (less than grade 7)	32	27
Human Development Index *Comprising*	**Theewaterskloof LM** **0.71**	**Province 0.72**
Health	0.63	0.63
Income	0.74	0.84
Education	0.75	0.68
City Development Index *Comprising*	**Theewaterskloof LM** **0.73**	**Province** **0.81**
Infrastructure	0.67	0.79
Waste	0.75	0.89
Health	0.68	0.68
Education	0.81	0.86
Income	0.74	0.82

Source: Department of Health, 2005, Department of the Premier, 2005

The City Development Index (CDI) is measured as an average of the following indices: infrastructure[7], health[8], education[9] and income[10]. Overall, the CDI score for Theewaterskloof of 0.73 is much lower than the Western Cape average of 0.81.

When considering individual indices, with the exception of the health index, which is on par at 0.68, Theewaterskloof LM performed below the provincial average in all areas of service delivery under consideration, i.e. infrastructure, income, education and waste.

[6] Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001–2025)

[7] Water, sewerage, telephones and electricity

[8] Life expectancy, divided by infant mortality

[9] Adult literacy and gross enrolment ratio

[10] Mean household income

This implies that the local municipality needs to improve in these areas, especially income, where the disparities are quite high as noted earlier.

The Human Development Index (HDI) is measured by averaging the following indices: health (based on life expectancy), education (based on adult literacy and gross enrolment indices) and income (based on mean household income).

The overall HDI score for Theewaterskloof is almost on par with the provincial average of 0.72. When considering individual indices, the municipality performed better than the provincial average in terms of the education index (0.75 vs. 0.68).

The municipality needs to raise the mean household income and reduce income disparities, as the performance in this area is unsatisfactory.

The Provincial Index of Multiple Deprivation (PIMD), which measures small area deprivation based on five domains [11], depicts the existence of multifaceted deprivation. One ward from the Overberg District features on the list of the 50 most deprived in the Western Cape, namely Caledon, which is ranked number 45 with a PIMD score of 290.49.

No ward fell in the ranks of the least deprived 25 per cent, but an estimated 60.0 per cent of the sample wards fell within the 25-50 per cent of the most deprived wards and 10.0 per cent within the most deprived 25 per cent in Theewaterskloof.

Crime measures

The number of reported violent crimes (murder and rape) decreased between 2002 and 2003 and increased from 2003 to 2004. After doubling in 2003, the reported cases of neglect and ill-treatment of children plummeted.

The number of drug-related crimes more than doubled over the period 2002 to 2004, growing by a staggering 144 per cent - the second fastest rate in the district.

Table 7: Reported crimes per category, 2000-2005

Number of cases reported	2002/2003	2003/2004	2004/2005
Murder	66	44	64
Rape	141	120	131
Neglect and ill-treatment of children	13	27	9
Drug-related crime	442	747	1079

Source: South African Police Service, 2005

Access to basic services

Figure 9 below compares the performance of Theewaterskloof LM to that of the Overberg DM with respect to the delivery of basic services such as energy[12], refuse removal[13], water[14], telephone services[15] and sanitation[16].

[11] Income and Material Deprivation, Employment Deprivation, Health Deprivation, Education Deprivation, and Living Environment Deprivation

[12] Energy - gas, paraffin, candles and other

[13] Refuse removal - own refuse dump, or no rubbish disposal

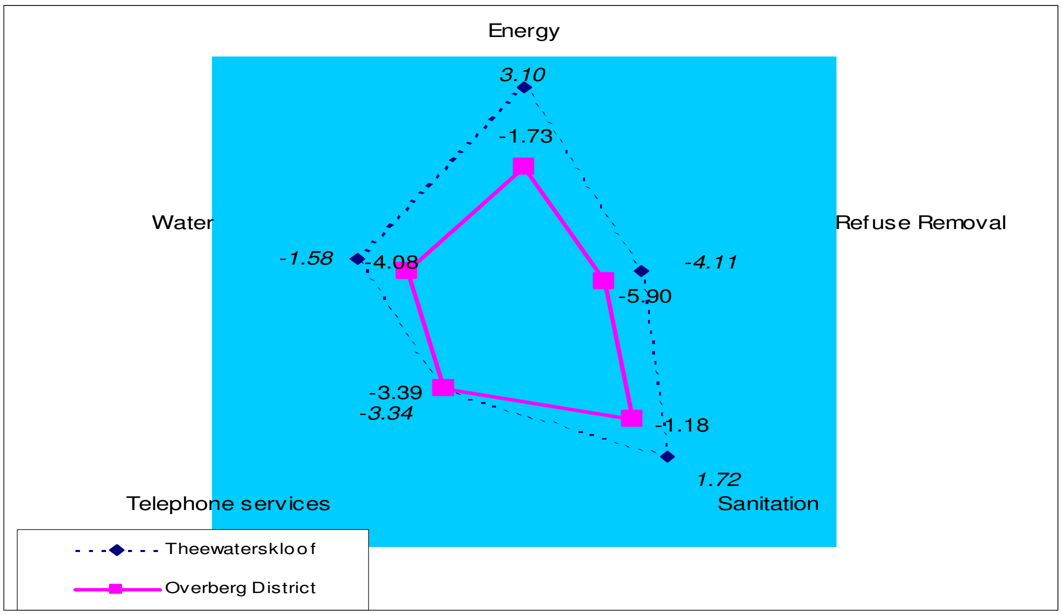
[14] Water - borehole, spring, rainwater tank, dam/pool/stagnant water, river/stream, water vendor, and other

[15] Telephone services - telephone at another location not nearby or no access to a telephone

[16] Sanitation - bucket latrine, or none

The municipality performed much worse than the district with respect to the delivery of all basic services. However, the local municipality decreased the proportion of households with below basic access to water by 1.6 per cent (229 households) between 1996 and 2001 and to telephone services by 3.3 per cent. The municipality made the most progress in the area of refuse removal, reducing the proportion of households with below basic access by 4.1 per cent.

Figure 9: Change in households with below basic access to services, 1996-2001



Source: Statistics South Africa, Census 2001, DBSA

Sanitation is a major problem in Grabouw's informal settlements[17] .The "Waterworks" area is accommodating about 1200 people in informal structures, who have access to only 14 broken down toilets. According to the report "long drops" are overflowing, and the community is compelled to make use of open fields in order to relieve themselves.

Table 8: Changes in access to basic services between 1996 and 2001

	Energy	Refuse removal	Sanitation	Telephone services	Water
Percentage change in proportion of households	3.1	-4.1	1.7	-3.3	-1.6
Number of households affected	1 774	549	1 231	407	229

Source: Statistics South Africa, Census 2001, DBSA

[17] Source: Service Delivery Audit of the Western Cape Report to the MEC: Local Government & Housing *20 July 2005*

Municipal financial issues

Theewaterskloof LM has a total revenue base of R238 million in the 2005/06 financial year , which is projected to grow by 8.3 per cent between 2005/2006 and 2006/2007 (see Table 9). The projected overall MTEF growth in total revenue is 2.2 per cent.

The local municipality is less dependent on own-sourced revenue (the lowest percentage in the district), which constitutes 41.0 per cent of total revenue for the 2005/2006 financial year. Transfers from national and provincial government constitute a substantial 29.0 per cent of total revenue (the highest in the district).

Table 9: Theewaterskloof major sources and MTEF projections

Source	Budget	Percentage of total revenue	Budget	Medium-term estimate		Growth	
R'000	2005/06	2005/06	2006/07	2007/08	2008/09	05/06-06/07	MTEF
Transfers	68 557	29%	93 406	79 801	85 278	36.2%	7.5%
Main sources of own revenue	96 578	41%	107 965	111 863	116 351	11.8%	6.4%
Property rates	38 465	16%	40 982	42 031	43 633	6.5%	4.3%
Electricity	18 964	8%	21 023	22 074	23 178	10.9%	6.9%
Water	17 345	7%	21 789	22 379	22 898	25.6%	9.7%
Sanitation	10 364	4%	11 071	11 635	12 206	6.8%	5.6%
Refuse removal	10 768	5%	12 295	12 910	13 555	14.2%	8.0%
Other	672	0%	805	834	881	19.8%	9.4%
All other sources of revenue	73 123	31%	56 571	83 432	52 961	-22.6%	-10.2%
Grand total	**238 258**	**100%**	**257 942**	**275 096**	**254 590**	**8.3%**	**2.2%**

Source: Provincial Treasury Local Government Revenue Database (2006)

The major sources of own revenue are property rates, electricity and water charges, which constitute 16.0 per cent, 8.0 per cent and 7.0 per cent respectively of the total revenue in 2005/2006. Other sources of revenue, such as external loans (R12,4 million), internal advances and ad hoc financing, constitute 31.0 per cent of the total revenue.

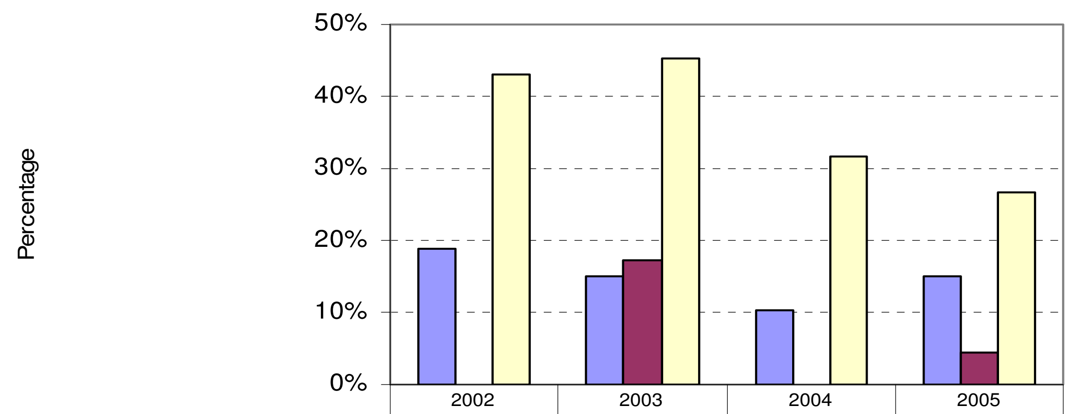
Over the MTEF period, total transfers are projected to increase by 7.5 per cent and own-sourced revenue is expected to grow by 6.4 per cent. Property rates and water and electricity charges will continue to be the major sources of income for the municipality.

These three sources are projected to contribute 38.0 per cent, 20.2 per cent and 19.5 per cent respectively of the total own revenue in 2006/2007. All other sources of revenue are projected to decline by minus 10.2 per cent over the MTEF period.

Although Theewaterskloof LM has managed to reduce its long-term debt to total income ratio from a very high level of 19.0 per cent in 2002 to 10.0 per cent in 2004, the trend has started to pick up, with the ratio increasing to 15.0 per cent in 2005 (see Figure 10 below). Rising indebtedness often results in high debt servicing costs, which tend to divert resources towards interest payments, thereby leaving less room to deliver basic services.

A high proportion of staff costs to total income (45.0%) in 2003 also limits the municipality's ability to roll out basic services. However, there has been a significant decline in the trend, as the ratio dropped to 26.7 per cent in 2005.

Figure 10: Theewaterskloof selected financial ratios, 2002-2005



	2002	2003	2004	2005
Long-term Debt/Total Income	19%	15%	10%	15%
Consumer Debtors/Total Income	0.00%	17.34%	0.00%	4.56%
Staff Cost/Total Expenditure	42.97%	45.15%	31.60%	26.68%

Source: INCA database

Political environment

Theewaterskloof LM had 10 ward seats that were contested in 2000 and 12 ward seats in 2006. In the past two municipal elections, two political parties managed to obtain ward seats. In 2000 the African National Congress (ANC) and the Democratic Alliance (DA) each obtained five or 50.0 per cent of the ward seats.

The ANC took the lead in the 2006 municipal elections by obtaining seven or 58.3 per cent of the total number of ward seats, with the DA obtaining five or 41.7 per cent of the total number of ward seats. The trend indicates that continuity in is not threatened, given the relatively unchanged political composition within the municipality.

Table 10: Municipal elections results, 2000 and 2006

Theewaterskloof LM	Municipal Election 2000			Municipal Election 2006		
Leading party by ward	**Total Ward Seats**	**Ward Seats Won**	**Percentage won**	**Total Ward Seats**	**Ward Seats Won**	**Percentage won**
African National Congress	10	5	50.00%	12	7	58.33%
Democratic Alliance	10	5	50.00%	12	5	41.67%
Independent Democrats	10	x	X	12	x	x

Source: www.iec.org.za

Conclusion and outlook

Theewaterskloof is the largest economy in the Overberg region, contributing 41.0 per cent of the total GDPR in 2004.

A major threat to the economy lies in a lack of diversification in economic activities, as it is evident that the municipality relies more on agriculture and its downstream manufacturing activities for employment and growth.

Agriculture is highly susceptible to climatic changes and currency volatility especially for the performance of agricultural exports.

The majority of the Overberg district population (43.8%) resides in Theewaterskloof. The local municipality faces major challenges of unemployment and poverty and poor health indicators.

There is a greater need to address growth and development constraining factors such as bulk infrastructure and backlogs to unlock economic potential. Being part of the Project Consolidate initiative, there is need for Theewaterskloof LM to plan beyond the consolidation phase and a firm recovery plan is of paramount importance, given the pressing need to enhance the economic potential of the region.

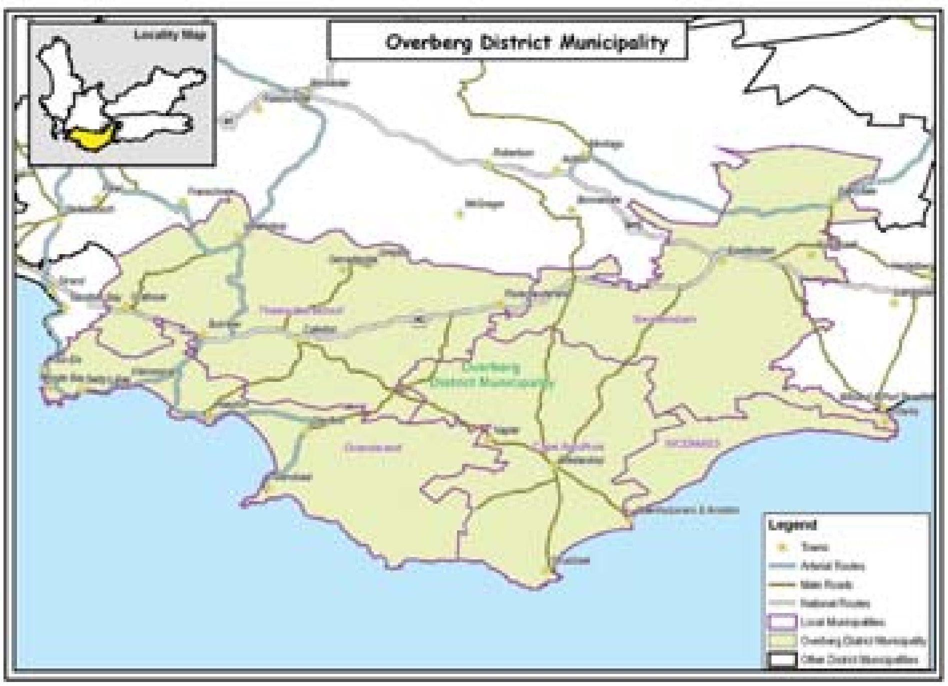
The forward-looking recovery plan will assist the municipality in addressing hard-pressing issues such as housing backlogs, eradication of the bucket system and backlogs in infrastructure maintenance to improve the community's quality of life.

There are opportunities for growth, since the region has adequate water resources such as the Theewaterskloof reservoir, which also supplies water to the City of Cape Town. In addition, there is potential for growth in recreation activities at Theewaterskloof dam.

The proposed upgrading of airfields and the Caledon business hub that is on the cards will bring further economic opportunities to Theewaterskloof.

3

Overstrand Local Municipality



Major towns

Hangklip/Kleinmond
Greater Hermanus
Stanford
Gansbaai

Peri-urban/rural dense areas

Baardskeerdersbos
Spanjaardskloor
Sandfontein
Buffeljags
Viljoenshof (Wolwngat)

Nominal GDPR (2004)	: R1.0 billion
Total population (2006)	: 70 466
Urban/rural population	: 98.2% : 8.8%
No. of wards	: 10

Introduction

The Overstrand Local Municipality (LM) was established in 2000 and covers areas such as Hangklip/Kleinmond, Greater Hermanus, Stanford and Gansbaai. Overstrand LM has been classified as a high-capacity and Category ‘B’ municipality.

A category ‘B’ municipality shares municipal executive and legislative authority with a category ‘C’ or district municipality within whose area it falls, in this case the Overberg District Municipality (DC3). Hermanus is the administrative centre of the Overstrand LM and makes a large economic contribution in terms of tourism, fishing, aquaculture and agriculture.

The Municipality has a land area of approximately 2 125 km^2, with a population density of 27 people per square kilometre. The Municipal area has a coastline of approximately 200 km, stretching from Rooi Els in the west to Quinn Point in the east and including two remarkable beaches, namely Grotto and Hawson.

The Overstrand LM is a major growth point for the Overberg District. Between 1995 and 2004, the Overstrand economy grew by 3.4 per cent per annum (faster than the District average of 2.6%) and constituted 31.3 per cent of the total Overberg District's Regional Gross Domestic Product (GDPR[1]) in 2004.

The local economy is driven largely by the Wholesale and retail trade; catering and accommodation sector and the Finance and business-services sector, which contributed 24.0 per cent and 22.3 per cent of economic output respectively.

The Overstrand LM is also characterised by the most rapid population growth in the Overberg District. Between 2001 and 2006, the Overstrand LM's population grew by 4.0 per cent per annum compared to the District average of 2.5 per cent.

[1] "Regional gross domestic product (GDPR)" refers to the total value of final services produced within a particular region, e.g. a provincial or a municipal area.

Overstrand Municipality: Socio-economic trends and indicators

Total population:	2001: 58 332 (205 945)* 2006: 70 446 (235 590) 2010: 80 451 (251 201)	Dependency ratios:	2001: 55.7% 2006: 57.8% 2010: 60.6%
Households in rural areas: 8.8%		Households in urban areas: 98.2%	

Number of wards: 10

Population growth rates (average annual)	Overstrand LM	Overberg DM
2001–2006	4.0%	2.5%
2006–2010	3.4%	1.9%

Source: Centre for Actual Research, 2005 (population projections for the Western Cape 2001–2025)

Socio-economic indicators

	Overstrand LM	Overberg DM
GDPR 2004	R1,0 billion	R3,3 billion
Unemployment rate 2001	21.7%	18.6%
Number of unemployed 2001	5 171	16 539
Proportion of households with no income (2001)	11.7%	9.7%
Number of households with no income (2001)	2 202	5 686

Sources: Statistics South Africa: Census 2001; Quantec research

Health			
Number of medical facilities	11 (47)	Nurse:patient ratio	37 (29)
Percentage of births under 2.5 kg *(National target < 10%)*	12.0% (16%)	Proportion under 1 with 1st measles immunisation *(National target: 90%)*	80% (75%)
TB prevalence per 100 000 people	1 092 (1 142)	TB cure rate % *(National target: 85%)*	73% (74%)
HIV/Aids prevelance rate (2005)	4.5% (4.1%)	HIV/Aids prevelance rate (2010)	5.2% (4.9%)
Number of HIV/Aids deaths (2005)	897 (2 527)	Number of HIV/Aids deaths (2010)	1 168 (3 108)
Education			
Number of schools (primary and high)	21 (77)	Educator:learner ratio	39 (37)
Percentage of illiterate people over 14 (less than Grade 7)	19.0% (27%)		
Crime (reported)			
Number of police stations (2004/05)	4 (13)	Total number of cases reported (2004/05)	5 484 (15 294)
Number of murders (2004/05)	31 (118)	Number of rapes (2004/05)	74 (272)
Drug-related crimes (2002/03)	176 (843)	Drug-related crimes (2004/05)	459 (1 976)

Sources: SAPS (2005); Department of Health (2005); WCED (2005)

Strengths	Challenges
Fairly diversified economy and room for further growth	Escalating drug-related crimes
Potential for tourism growth	High TB prevalence
Room for capital expenditure	Growing population, unemployment and poverty
Less exposed to agriculture	Limited human and natural resources
Dependent on own revenue generation	Ageing infrastructure accompanied by backlogs

* District statistics in brackets

Economic profile

Estimates for the GDPR of the Overstrand LM indicate that the total amounted to R1,0 billion (at constant 2000 prices) in 2004. The Overstrand LM contributed 31.3 per cent of the total Overberg District economic output of R3,3 billion in 2004, which makes Overstrand the second-largest economy in the Overberg District after Theewaterskloof.

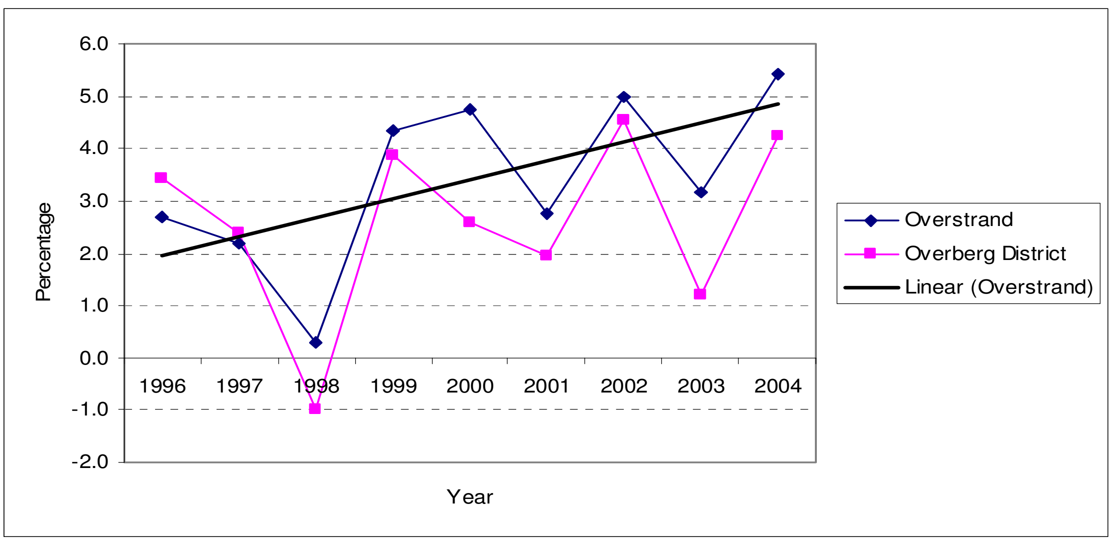
Hermanus contributes significantly to the economic base of the Overstrand Municipality. Tourism is a major sector that is rapidly expanding in coastal regions, such as Hermanus and Gansbaai.

Economic growth

The Overstrand economy grew at an average annual rate of 3.4 per cent between 1995 and 2004, which is substantially faster than the District average of 2.6 per cent per annum, making the Overstrand the fastest growing municipality in the District (see Figure 1).

During this period, the volatile economic performance of the Municipality mirrored that of the Overberg District. However, a linear fit to the growth trend shows that economic growth in the Overstrand has strong positive growth performance.

Figure 1: Overstrand vs. Overberg District economic growth trends, 1996–2004



Source: Own calculations based on Quantec research data

Individual economic sectors did not share the same fortunes. Some sectors registered remarkable growth, while other sectors shrank over time. Between 1995 and 2004, above-average annual growth rates (see Table 1) were registered in Transport and communication (8.7%), Wholesale and retail trade; catering and accommodation (8.0%); and Finance and business services (4.9%) sectors.

The Manufacturing and Agriculture and the forestry and fishing sectors were sluggish, growing at the average annual rates of 0.2 per cent and 2.3 per cent, respectively for the same period under review. The Mining sector recorded the largest decline in growth (-21.6% per annum), followed by Electricity and water sector, which declined by 5.6 per cent per annum, albeit from a low base.

Table 1: Sectoral contribution to the GDPR at 2004 & annual average growth

Sector	GDPR 2004 constant 2000 prices, R million	Percentage contribution per sector (2004)	Average annual growth (1995-2004) (%)	Average annual growth 2000-2004 (%)	Percentage change 2003-2004
Agriculture, forestry & fishing	64	6.2%	2.4	1.6	2.0
Mining	1	0.1%	-21.6	-15.8	-14.1
Manufacturing	179	17.2%	0.9	0.6	4.1
Electricity & water	7	0.7%	-5.6	-7.1	-7.0
Construction	85	8.2%	2.2	3.4	3.5
Wholesale & retail trade; catering & accommodation	249	24.0%	8.0	8.3	12.0
Transport & communication	81	7.8%	8.7	7.4	5.4
Finance & business services	232	22.4%	4.9	6.4	5.9
Community, social & other personal services	58	5.6%	0.2	-0.4	-1.5
General government services	81	7.8%	-1.2	0.2	-0.1
Total	**1 038**	**100.0**	**3.4**	**4.1**	**5.4**

Source: Own calculations based on Quantec research data

Contribution to GDPR by individual sectors

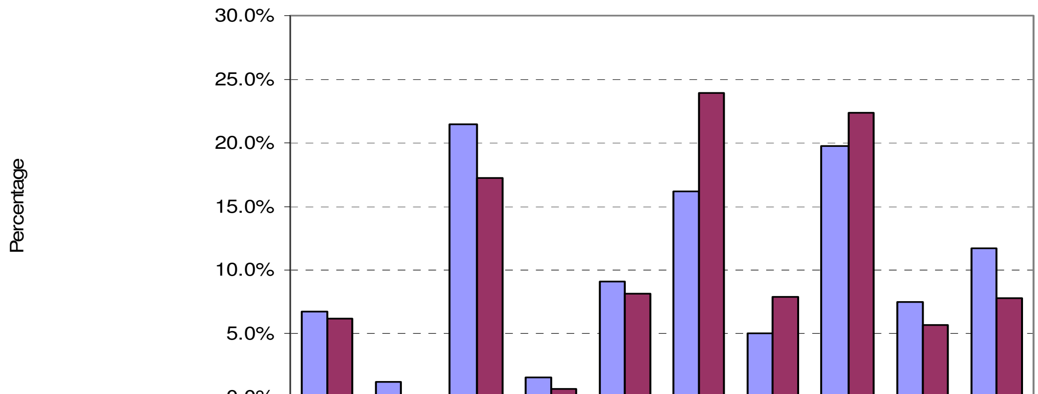
The largest sectors in terms of contribution to the GDPR in 2004 were the Wholesale and retail trade, catering and accommodation (24.0%), Finance and business services (22.4%) and the Manufacturing sector at 17.2 per cent (see Figure 2). Other important sectors in the Municipal area are Construction (8.2%), Transport and communication (7.8%) and General government services (7.8%) sectors.

This indicates that the Overstrand economy is well represented in the fastest growing services sectors in the Western Cape and is fairly well diversified. The Overstrand LM has very limited mining, and water and electricity sector activities though.

The Agriculture, forestry and fishing sector is relatively small in the Overstrand, contributing only 6.2 per cent to the GDPR in 2004, compared to the District average of 21.1 per cent. Major agricultural activities include mixed farming (production crops and animals), fishing, fruits, beverage crops production and aquaculture[2].

[2] Source: Overberg District Municipality, economic profile 2003

Figure 2: Sectoral contribution to the Overstrand GDPR, 1995 and 2004



	Agriculture, forestry	Mining	Manufacturing	Electricity & water	Construction	Wholesale & retail trade;	Transport & communi	Finance and business	Community, social and other	General government
%contribution per sector 1995	6.8%	1.2%	21.4%	1.5%	9.1%	16.2%	5.0%	19.7%	7.4%	11.6%
%contribution per sector 2004	6.2%	0.1%	17.2%	0.7%	8.2%	24.0%	7.8%	22.4%	5.6%	7.8%

Source: Own calculations based on Quantec research data

Figure 2 also shows that the importance of individual economic sectors in terms of their contribution to the GDPR has been changing between 1995 and 2004. Notably, the Wholesale and retail trade; catering and accommodation increased its share by 7.8 per cent (up from 16.2% in 1995 to 24.0% in 2004).

Other sectors, such as Transport and communication, and Finance and business services, registered marginal increases in their share of the GDPR during the period under consideration. The Manufacturing and the General government services sectors registered sharp declines in their contribution to the GDPR, declining by 4.2 per cent and 3.8 per cent, respectively.

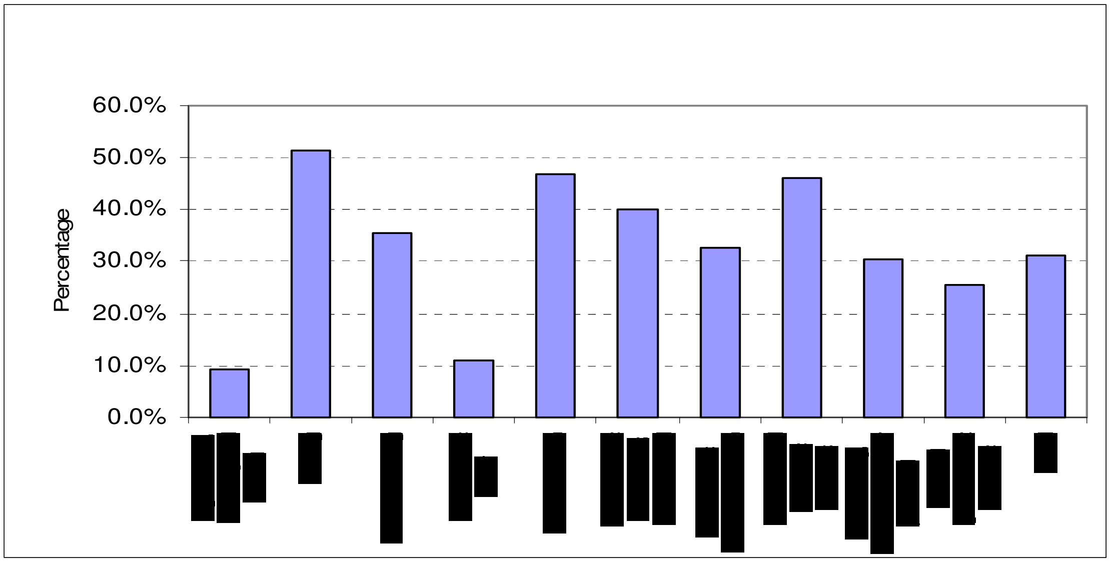
Overstrand contribution to Overberg sectors

As noted earlier, the Overstrand is the key to the economic development of the Overberg District through its contribution of 31.3 per cent of the region's economic output. Its individual sectors make significant contributions to the Overberg District sectoral output (see Figure 3). More than half of the mining output (51.6%) in the Overberg District emanates from the Overstrand LM. However, the province is not a mining-based economy, hence the small rand value (R1 million in 2004) of this sectors' output.

A significant contribution was made by the Construction sector, which constituted46.9 per cent of the Overberg's construction output. The main construction activities in the Overstrand are the construction of non-residential property, which reflects the strong presence of trade and services sectors in the local economy.

Finance and business services (mainly real-estate services) contributed 46.3 per cent and Wholesale and retail trade, and catering and accommodation contributed 40.2%. The remaining sectors, except for Agriculture, forestry and fishing, and Electricity and water, contribute more than 25.0 per cent to the respective Overberg sectors.

Figure 3: Overstrand contribution to the Overberg sectors, 2004



Source: Own calculations based on Quantec research data

Trends in the manufacturing sub-sectors

The Manufacturing sector contributed R179 million or 17.0 per cent of the total Overstrand LM GDPR in 2004. An analysis of the sub-sectors indicates that the major manufacturing activities in the Overstrand are the manufacturing of Petroleum products, chemicals (mostly fertilisers and pesticides) and rubber and plastics (39.9%), followed by Food, beverages and tobacco (14.0%).

The Food, beverages and tobacco sub-sector activities involve the processing of fish (due to the substantial presence of the fishing sub-sector in agriculture) and beverages (soft and alcoholic) manufacturing.

Metals, metal products, machinery and equipment constituted 11.1 per cent of total manufacturing output. Transport equipment (6.2%), Furniture and other manufacturing (4.1%) and Metals, metal products, machinery and equipment (3.4%) were the fastest growing manufacturing sub-sectors between 1995 and 2004.

The leading sectors in terms of contribution to manufacturing output discussed earlier declined over the period 1995 to 2004. For example, the Food, beverages and tobacco manufacturing sector declined by 2.3 per cent per annum.

Table 2 Overstrand: Trends in the manufacturing sub-sectors, 1995-2004

Manufacturing sub-sector	Output 2004 (R m)	Sub-sector contribution to manufacturing 1995	Sub-sector contribution to manufacturing 2004	Average annual growth 1995-2004 (%)	Average annual growth 2000-2004 (%)	% change 2003-2004
Food, beverages & tobacco	25.13	18.7%	14.0%	-2.26	-1.84	4.94
Textiles, clothing & leather goods	3.07	3.5%	1.7%	-6.79	-5.51	-2.53
Wood & paper; publishing & printing	12.98	9.5%	7.3%	-2.11	-2.32	2.15
Petroleum products, chemicals, rubber & plastic	71.46	34.7%	39.9%	2.53	-0.50	2.08
Other non-metal mineral products	8.82	8.7%	4.9%	-5.22	-1.79	2.19
Metals, metal products, machinery & equipment	24.68	11.1%	13.8%	3.40	5.29	5.00
Electrical machinery & apparatus	1.52	0.7%	0.8%	2.54	0.13	1.67
Radio, TV, instruments, watches & clocks	9.48	4.5%	5.3%	2.67	4.63	13.03
Transport equipment	10.59	3.7%	5.9%	6.23	5.91	10.02
Furniture & other manufacturing	11.24	4.8%	6.3%	4.10	4.08	7.57
Total	**178.98**	**100.00%**	**100.0%**	**0.93**	**0.55**	**4.11**

Source: Own calculations based on Quantec research data

Economic infrastructure

Investing in infrastructure creates an enabling environment for economic growth and is an important precondition for sustainable growth. Overstrand LM has harbours at Hermanus and Gansbaai that are predominantly used by small and medium-sized fishing vessels. These harbours are relatively underdeveloped but have the potential to boost economic growth in the Overstrand if they are further developed.

Although the Overstrand has a potential for growth at much higher rates, failure to improve the current state of the infrastructure poses a serious threat to the local economy. The provision of electricity is another long-term growth-constraining factor, following the backlogs in the maintenance of existing infrastructure.

The deterioration of networks in the coastal areas and rapid development, which is not matched by growing capital expenditure, further exacerbate the situation. The road maintenance and upgrading needs of the Municipality have been identified; projects include the upgrading of roads, such as at Hemel and Aarde. This initiative is directed at boosting the tourism potential of the Municipality.

Water shortages pose a serious threat to the Overstrand's long-term sustainability given the severe water stress in Greater Hermanus. In this regard, the Overstrand Municipality is investigating alternative sources of water, such as desalination options, to relieve the water stress.

Social infrastructure

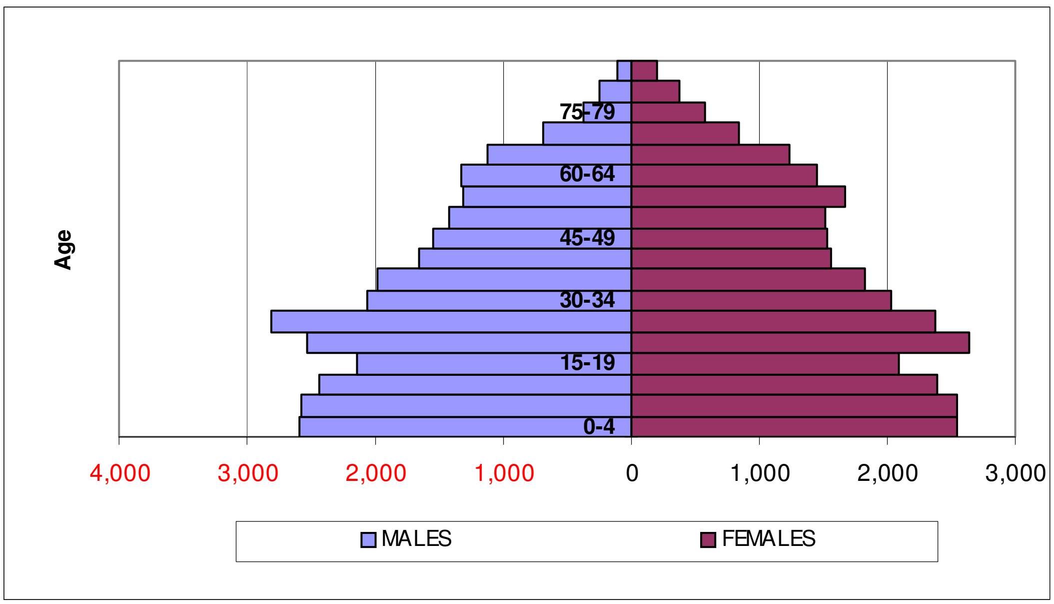
The Municipality has 10 informal settlements of various sizes spread throughout, with the biggest of these settlements being Zwelihle in Hermanus. Basic services in the informal settlements are lacking, with limited access to clean water, electricity and sewerage being the state of affairs. The housing backlog is estimated at 9 500 subsidised housing units. Some areas still have the bucket system, which the government aims to eradicate.

Demographic Profile

The Overstrand LM has the second-largest population in the Overberg DM, constituting 70 446 people or 30 per cent of the total Overberg District population in 2006.The Overstrand LM's population grew at an average annual rate of 4 per cent from 58 332 people in 2001 to 70 446 people in 2006, the fastest rate in the District. Meanwhile, the Municipality's population is projected to increase to 80 451 people by 2010.

The population of the Overstrand is predominantly White (39%), followed by Coloureds at 36 per cent, while Black Africans constitute 25 per cent of the total Overstrand population. Majority of the Overstrand LM's households reside in urban areas (91.2%), compared to 8.8 per cent of households that are classified as rural[3]. The Overstrand LM has the highest proportion of urban dwellers in the Overberg District.

Figure 4: Overstrand population pyramid, 2006



Source: Centre for Actual Research, 2005 (population projections for the Western Cape 2001–2025)

The age-dependency ratio[4] for the Overstrand is projected to increase from 55.70 per cent in 2001 to 57.81 per cent in 2006 (the highest in the Overberg District), rising to 60.61 per cent by 2010.The high dependence ratio implies that more than half the Municipality's population are too young and too old to look after themselves, thereby placing a huge burden on the working-age population.

This is reflected in the shape of the population pyramid (see Figure 4 above), which has a bulge at the bottom and at the top. The median age of the Overstrand population for 2006 is 30.

All age cohorts recorded positive growth between 2001 and 2006, for both males and females. Particularly fast growth occurred in the 85+ years of age-cohort, which grew at an average of 11 per cent per annum, although coming off a small base. Faster growth was also registered for the 70 - 74 (9.6%), 75 - 79 (8.5%) and 30 - 34 (7.1%) years age-cohorts. Slower growth occurred for people aged between 55 and 59 and 20 and 24 years of age.

[3] Source: Census 2001

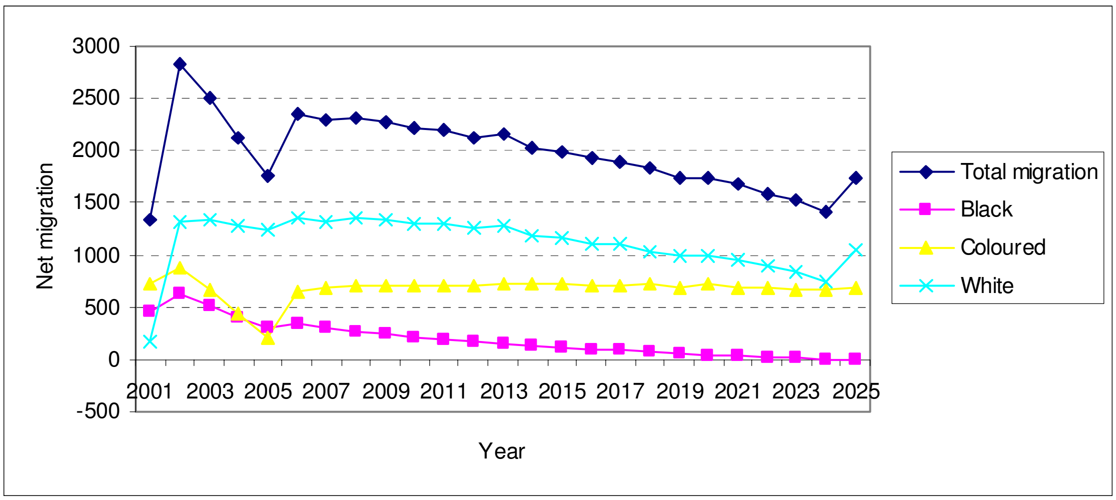
[4] (Total number of 0-14-year olds plus 65+-year olds)/working-age population, i.e. number of 15-64-year olds

Migration

Figure 5 below shows the projected net migration in the Overstrand for the period 2001 to 2025. Total net migration was evidently high in 2003 but the general trend indicates a relatively steady but slow decline in net migration up to 2024.

In other words, the trend suggests that migration has already peaked and there are no expectations of any huge influxes of people into the Overstrand LM in the near future. Whites are projected to have the highest net migration numbers across the years, followed by Coloureds, whereas Black Africans are projected to show the lowest net migration. Net migration for Black Africans is expected to taper-off faster than the other racial groups.

Figure 5: Overstrand, net migration by racial group, 2001-2025



Source: Centre for Actual Research, 2005 (population projections for the Western Cape 2001–2025)

Well-being of households

This section provides a snapshot of various measures of the quality of life of Overstrand LM residents. Key variables for consideration include educational attainment, income poverty, the crime situation, labour-force participation, unemployment, access to basic services (such as water, sanitation, energy and refuse removal) and human development. In addition, health-status indicators, such as HIV/Aids, projected prevalence and deaths, and infant mortality rates, are also discussed.

Education levels

The Overstrand LM has 27 per cent of the 77 schools in the Overberg District and an educator: learner ratio of 39, which is higher than the District average of 37. The illiteracy rate (i.e. the percentage of people over 14 years of age with less than Grade 7) is fairly low at 19.0 per cent in the Overstrand compared to the corresponding rate of 27 per cent for the Overberg District.

Census 2001 results confirm the above assessment, which shows that only 4.2 per cent of the people[5] in the Overstrand had no schooling, compared to 7.3 per cent for the Overberg District and 5.7 per cent for the Western Cape.

Table 3: Overstrand, highest level of education attained, 2001

Education levels	Western Cape	ODM	Overstrand
No schooling	5.7%	7.3%	4.2%
Some primary	15.2%	21.9%	14.7%
Completed primary	7.9%	10.0%	7.1%
Some secondary	36.5%	32.8%	33.8%
Grade 12/Std 12	23.4%	19.4%	26.7%
Higher	11.2%	8.7%	13.5%

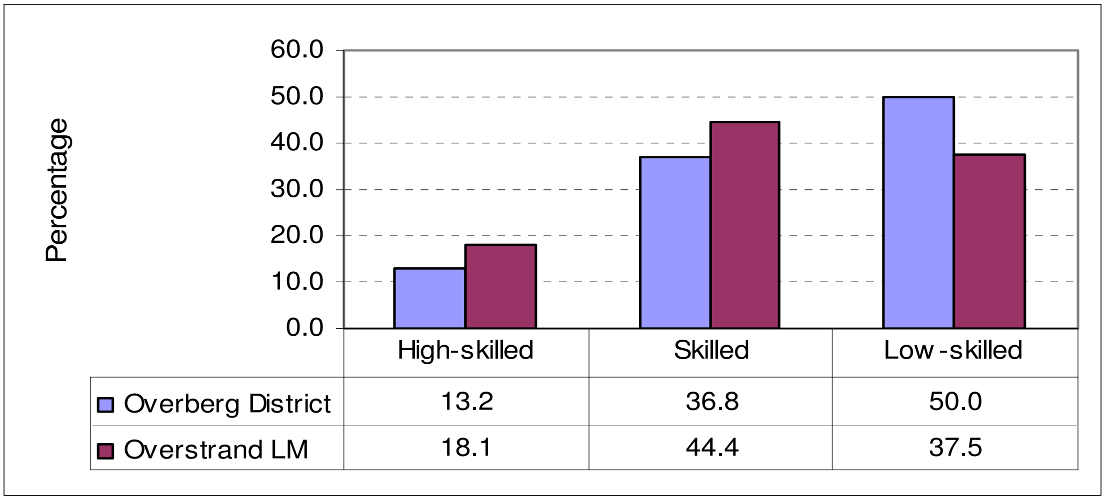
Source: Census 2001

Skills distribution

The high educational attainment translates into a better-skilled labour force for the Overstrand LM (see Table 3) About 37.5 per cent of the labour force is classified as low-skilled, performing much better than the rest of the District, which registered 50.0 per cent.

[5] Highest education level for people aged 20 years and above

Figure 6: Overstrand vs. Overberg DM: Skills distribution, 2001



Source: Census 2001

The Municipality has a very high proportion of people who are considered highly skilled (44.4%) and the proportion of highly skilled individuals is fairly high at 18.1 per cent. The better-skilled workforce in the Overstrand can be attributed to the well-diversified economic base, as opposed to other municipalities in the region, such as Swellendam and Theewaterskloof, which are predominantly agrarian. Agriculture contributed less than 7.0 per cent of total Overstrand economic output in 2004.

Labour market profile

Between 1996 and 2001, about 4 568 new jobs were created in the Overstrand LM. However, the labour-force participation rate decreased from 65.7 per cent to 63.4 per cent during this period. On the other hand, the labour force grew at an average annual rate of 8.6 per cent. It is clearly evident that employment creation lagged behind growth in the labour force.

The unemployment rate is also on the rise in the Overstrand; increasing from 10.6 per cent in 1996 to 21.1 per cent in 2001.The new jobs mentioned earlier were evidently inadequate and could not cope with unemployment, which grew at an annual average rate of 25.3 per cent during the same period.

The largest employers in the Overstrand LM in 2001 were the Wholesale and retail trade; catering and accommodation (19.3%), Agriculture, forestry and fishing (16.1%) and Community, social and other personal services (15.2%).

The Manufacturing sector, although registering a significantly high share of the GDPR (17.2%), was not absorbing much of the labour force. About 7.0 per cent of the labour force was employed in the manufacturing sector in 2001.

Table 4: Labour force participation, employment and unemployment

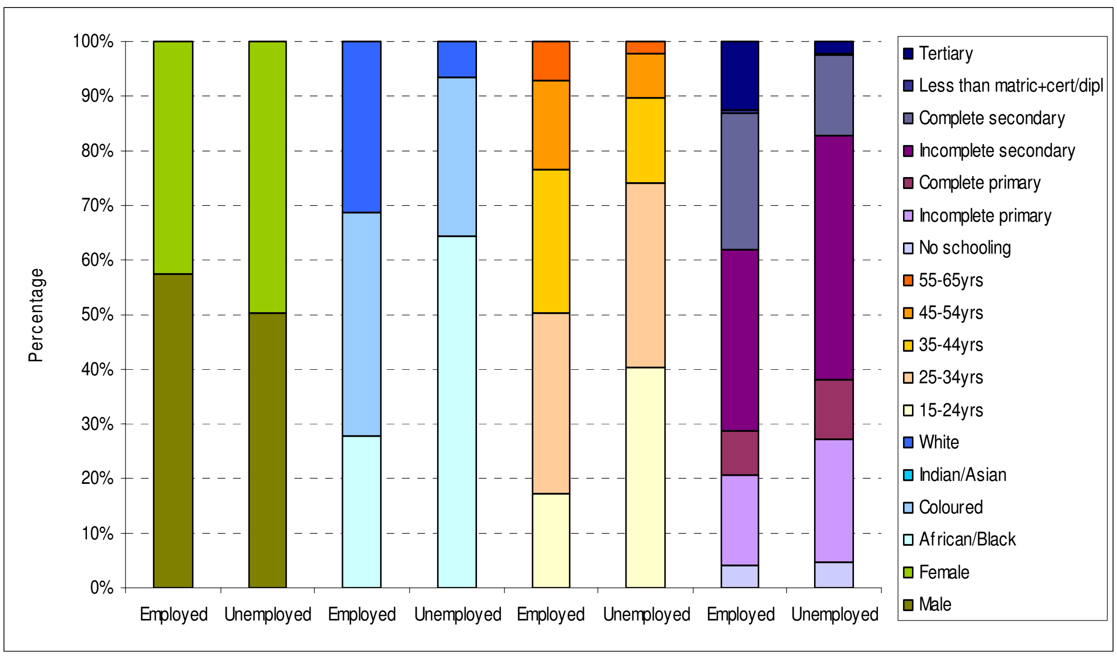
Overstrand	Employed	Employed (%)	Unemployed	Unemployed (%)	Labour force	Labour-force participation rate (%)	Not economically active	Total population 15-65 years
1996	14 051	89.4	1 674	10.6	15 725	65.7	8 198	23 923
2001	18 619	78.3	5 171	21.7	23 790	63.4	13 735	37 527

Source: Statistics South Africa: Census 1996 and 2001

Composition of employment and unemployment

The graph below maps the composition of employment and unemployment against various population-group characteristics. Women, Black Africans, the youth and those with lower education levels experienced high unemployment rates, while higher employment rates prevailed for men, Whites and Indians and for those with secondary and higher levels of formal education. Youth unemployment is particularly striking, at 39.0 per cent.

Figure 7: Distribution of employment and unemployment, 2001



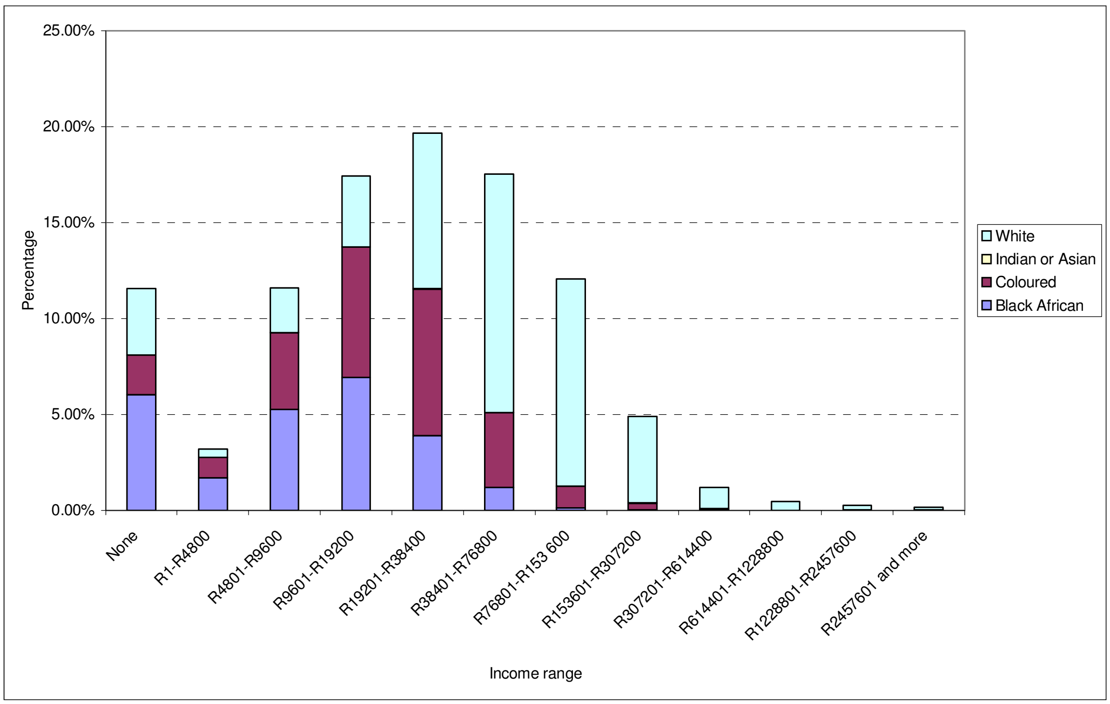
Source: Statistics South Africa: Census 2001

Income poverty

According to Census 2001 data, the population of the Overstrand is relatively well-off, compared to the rest of the District. A larger proportion of households earned between R9 600 and R76 800 per year (57.6% compared to 55.9% for the District), while a smaller proportion earned less than R9 600 per year: 26.3 per cent compared to 28.3 per cent.

In addition, a significantly higher proportion of households earned more than R76 800 (19.5%), compared to 14.8 per cent in 2001. However, a larger percentage of households earned no income in the Overstrand compared to the District (10.8% compared to 9.7%). African households dominated the group of households earning less than R9 600. Whites dominated the upper-income brackets.

Figure 8: Overstrand Municipality income distribution by population group, 2001



Source: Statistics South Africa: Census 2001

Other indicators

Health indicators, such as immunisation, underweight births and tuberculosis (TB) prevalence, performed better in the Overstrand LM than the District. The percentage of underweight births is quite low for the Overstrand LM, at 12 per cent compared to the District (16.0%), which is also the lowest in the District (see Table 5).

First measles immunisation is also quite impressive at 80.0 per cent compared to the District (75%), although both are performing far below the national target of 90.0 per cent.

However, TB prevalence per 100 000 people of 1 092 is very high, especially with the Municipality having a low TB cure rate of 73.0 per cent (much lower than the national target of 85.0%). This suggests that more work is needed in the management of TB.

Projected HIV/Aids prevalence and deaths

The demographic projections[6] indicate that the HIV/Aids prevalence rate for the Overstrand LM was 4.5 per cent in 2005, which is higher than the District average rate of 4.1 per cent (see the summary in Table 5) and the second highest after Theewaterskloof (4.7%).

HIV/Aids prevalence is expected to increase to 5.2 per cent by 2010 and HIV/Aids-related deaths are projected to more than double, from 1 252 in 2005 to 3 108 by 2010. HIV/Aids management is crucial for this LM, given its implications for the labour force, Aids orphans and the demand for health-care services.

Table 5: Health measures, 2005

Health measures	Overstrand LM	Overberg DM
Percentage of births under 2 500 g	12	16
Proportion under 1 with 1st measles immunisation (%)	80	75
TB prevalence per 100 000	1 092	1 142
TB cure rate (%)	73	74

Source: Department of Health, 2005

Human and City development measures

This subsection analyses the state of development in the Overstrand using the following measures: the Human Development Index (HDI) and the City Development Index (CDI), presented in Table 6 below. There is an overlap between these two development indices in terms of components, such as income, education and health.

Table 6: Selected socio-economic indicators

Education	**Overstrand LM**	**Overberg DM**
Percentage of illiterate people over 14 (less than Grade 7)	19	27
HDI *Comprising*	**Overstrand LM: 0.73**	**Province: 0.72**
Health	0.64	0.63
Income	0.79	0.84
Education	0.77	0.68
CDI *Comprising*	**Overstrand LM: 0.79**	**Province: 0.81**
Infrastructure	0.76	0.79
Waste	0.89	0.89
Health	0.68	0.68
Education	0.82	0.86
Income	0.79	0.82

Sources: Department of the Premier, 2005

[6] Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001–2025)

City Development Index (CDI)

The CDI is measured as an average of the following indices: infrastructure[7], health[8], education[9] and income[10]. Overall, the Overstrand has a lower CDI score of 0.79 compared to 0.81 for the rest of the Western Cape province.

When considering individual indices, the Overstrand LM was outperformed by the Province in the provision of infrastructure (0.76) and education (0.82) compared to the respective provincial indices of 0.79 and 0.82.The mean household income index for the Overstrand (0.79) is also trailing the Provincial index of 0.82. The Municipality performed on par with the Province in the provision of education and waste services. There is a need to improve on health-care delivery.

Human Development Index (HDI)

The HDI is measured by averaging the following indices: health (based on life expectancy), education (based on adult literacy and gross-enrolment indices) and income (based on mean household income).

The overall HDI score for the Overstrand LM (0.73) is higher than the Provincial average of 0.72. In the consideration of individual indices, the Municipality performed better than the Provincial average in terms of the health index, scoring 0.64, and education, scoring 0.77, compared to the respective Provincial indices of 0.63 and 0.68.The income index for the Overstrand (0.79) performed below the Provincial index of 0.84, implying that the Municipality has to raise the level of mean household incomes.

Crime measures

The number of reported rapes increased between 2003/04 and 2004/05, while there has been a decline in murders and instances of the neglect and ill-treatment of children during the same period (see Table 7). Reported drug-related crimes more than doubled between 2002/03 and 2004/05, which is a major concern for the Overstrand LM in terms of social-capital implications.

Table 7: Crime statistics, 2002-2005

Crime measures (Number of cases reported)	**2002/2003**	**2003/2004**	**2004/2005**
Murder	34	36	31
Rape	66	60	74
Neglect and ill-treatment of children	10	2	1
Drug-related crime	176	248	459

Source: SAPS, 2005

Access to basic services

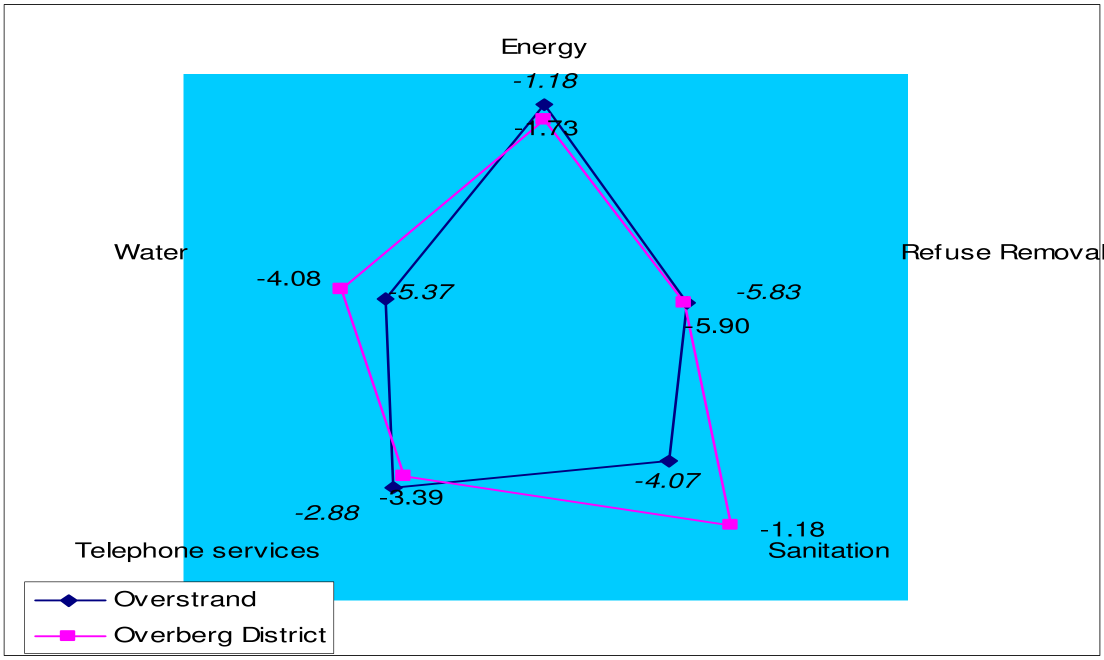
Figure 9 compares the performance the Overstrand LM against that of the Overberg DM in respect of the delivery of basic services, i.e. energy[11], water[12], refuse removal[13], telephone services[14] and sanitation[15]. The Municipality decreased the proportion of households with less than basic access to

[7] Water, sewerage, telephone and electricity
[8] Life expectancy divided by infant mortality
[9] Adult literacy and gross-enrolment ratio
[10] Mean household income

[11] Energy: Gas, paraffin, candles and other
[12] Refuse removal: Own refuse dump and no rubbish disposal
[13] Water: Borehole, spring, rainwater tank, dam/pool/stagnant water, river/stream, water vendor and other
[14] Telephone services: Telephone at another location not nearby and no access to a telephone
[15] Sanitation: Bucket latrine and none

services faster than the District in water and sanitation provision and performed on par with the District in the other areas.

Figure 9 Change in households with below basic access to services, 1996-2001



Sources: Statistics South Africa: Census 2001; DBSA: Community profile database

Between 1996 and 2001, the proportion of households with below basic access to sanitation declined by 4.1 per cent (109 households), water by 5.4 per cent (542 households) and refuse removals by 5.8 per cent (58 households). For other basic services (energy and telephone services), there was a smaller improvement in service delivery.

Table 8: Changes in access to basic services between 1996 and 2001

Overstrand	Energy	Refuse removal	Sanitation	Telephone	Water
Percentage change in proportion of households	-1.2	-5.8	-4.1	-2.9	-5.4
Number of households affected	1 099	58	109	259	542

Sources: Statistics South Africa: Census 2001; DBSA: Community profile database

Revenue capacity

The Municipality has a total revenue base of R325 million in the 2005/06 financial year, which is projected to grow by 38.8 per cent between 2005/06 and 2006/07. The projected overall Medium-term Expenditure Framework (MTEF) growth in total revenue is 7.3 per cent.

The Municipality is heavily dependent on own-sourced revenue, which constituted 65.1 per cent of total revenue for the 2005/06 financial year. Transfers from national and provincial governments constituted 10.4 per cent of total revenue.

Table 9: Overstrand major revenue sources and projected MTEF growth in revenue

Source	**Adj budget**	**Percentage of total revenue**	**Budget**	**Medium-term estimate**		**Growth**	
R'000	**2005/06**	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**05/06-06/07**	**MTEF**
Transfers	**33 790**	**10.4%**	**37 110**	**36 649**	**29 267**	**9.8%**	**-4.7%**
Main sources of own revenue, *of which*	**211 559**	**65.1%**	**236 446**	**259 084**	**286 254**	**11.8%**	**10.6%**
Property rates	60 037	18.5%	70 466	77 513	87 590	17.4%	13.4%
Electricity	68 542	21.1%	77 823	86 384	95 886	13.5%	11.8%
Water	37 565	11.6%	38 442	41 517	44 839	2.3%	6.1%
Sanitation	21 901	6.7%	24 672	26 646	28 778	12.7%	9.5%
Refuse removal	22 774	7.0%	24 266	26 208	28 304	6.6%	7.5%
Other	740	0.2%	777	816	857	5.0%	5.0%
All other sources of revenue	**79 698**	**24.5%**	**177 656**	**91 506**	**85 547**	**122.9%**	**2.4%**
Grand total	**325 047**	**100.0%**	**451 212**	**387 239**	**401 068**	**38.8%**	**7.3%**

Source: Provincial Treasury Local Government revenue database

In the 2005/06 financial year, own revenue is dominated by electricity charges and property rates, which contributed21.1 per cent and 18.5 per cent of total revenue respectively. Other sources of revenue, such as external loans (R21 million), internal advances (R24.6 million) and ad hoc financing, constituted 24.5 per cent of total revenue.

Over the MTEF period, transfers are projected to decline by minus 4.7 per cent, while own-sourced revenue is expected to grow by 10.6 per cent. In the case of own sourced revenue, it is important to consider whether the growth is a result of an increase in the size of the revenue base or of tariff hikes, the latter might not be sustainable as services might become unaffordable to the poor.

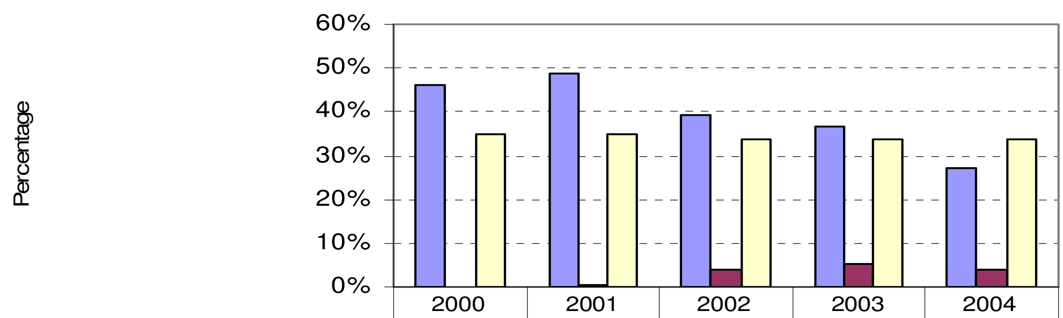
Electricity and property rates will continue to be the major sources of income for the Overstrand LM. For example, electricity charges are projected to contribute 32.9 per cent and 33.3 per cent of total own revenue in 2006/07 and 2007/08, respectively. All other sources of revenue are projected to grow by 2.4 per cent over the MTEF period.

Other financial indicators

The Overstrand LM has a relatively higher long-term debt: income ratio among the Overberg District Municipalities. The long-term debt: income ratio has been decreasing steadily between 2001 and 2004 (see Figure 10).

The ratio of staff costs: total expenditure is stable, averaging 33.0 per cent per year. Consumer debtors as a proportion of total income ratio are very low, averaging less than 5.0 per cent per year during the period under consideration.

Figure 10: Overstrand LM selected financial ratios, 2000-2004



	2000	2001	2002	2003	2004
Long-term Debt/Total Income	46%	49%	39%	37%	27%
Consumer Debtors/Total Income	0.00%	0.38%	3.85%	4.97%	3.70%
Staff Cost/Total Expenditure	34.95%	35.04%	33.73%	33.66%	33.87%

Source: INCA database

Political governance

The Overstrand LM has nine ward seats that were contested in 2000 and 10 ward seats in 2006. In the past two municipal elections, two political parties managed to obtain ward seats and, in 2000, the African National Congress (ANC) obtained two or 22.2 per cent of ward seats, while the Democratic Alliance (DA) obtained a majority of the seats, i.e. seven or 77.8 per cent of the ward seats.

The DA remained the leading party in 2006, although its percentage of total seats declined to 60.0 per cent (six seats), with the ANC obtaining four seats or 40.0 per cent of total ward seats. The trend suggests continuity in the Municipality, as the political composition has been relatively unchanged over the two election cycles.

Table 10: Overstrand LM: Changes in political governance between 2001 and 2006

Overstrand LM	**Municipal Election 2000**			**Municipal Election 2006**		
Leading party by ward	**Total Ward Seats**	**Ward Seats Won**	**Percentage won**	**Total Ward Seats**	**Ward Seats Won**	**Percentage won**
African National Congress	9	2	22.2%	10	4	40.0%
Democratic Alliance	9	7	77.8%	10	6	60.0%
Independent Democrats	9	X	X	10	X	X

Source:www.iec.org.za

Conclusion and outlook

The Overstrand LM remains one of the key strategic players in influencing the Overberg District's economic performance, given its huge contribution to economic development in the regional economy. The Overstrand LM contributed 31.3 per cent of the GDPR in the Overberg, with most of the economic activity occurring in Hermanus.

While boasting a relatively diversified economy, the Municipality faces major challenges to future development, which might threaten the Municipality's long-term sustainability.

Taking a long-term developmental perspective is important for the Overstrand, as the combined impact of ageing key infrastructure and insufficient human and water resources pose serious threats to the local economy. With regard to water shortages, the Overstrand Municipality is investigating alternative sources of water, such as desalination options, to relieve the water stress.

In addition, there is limited land for further housing and other developments due to the sensitive nature of the ecological environment. The Municipality's natural resources, while being an economic asset in terms of growth potential, are also sensitive and need to be developed in a sustainable manner, particularly in view of rapid population growth.

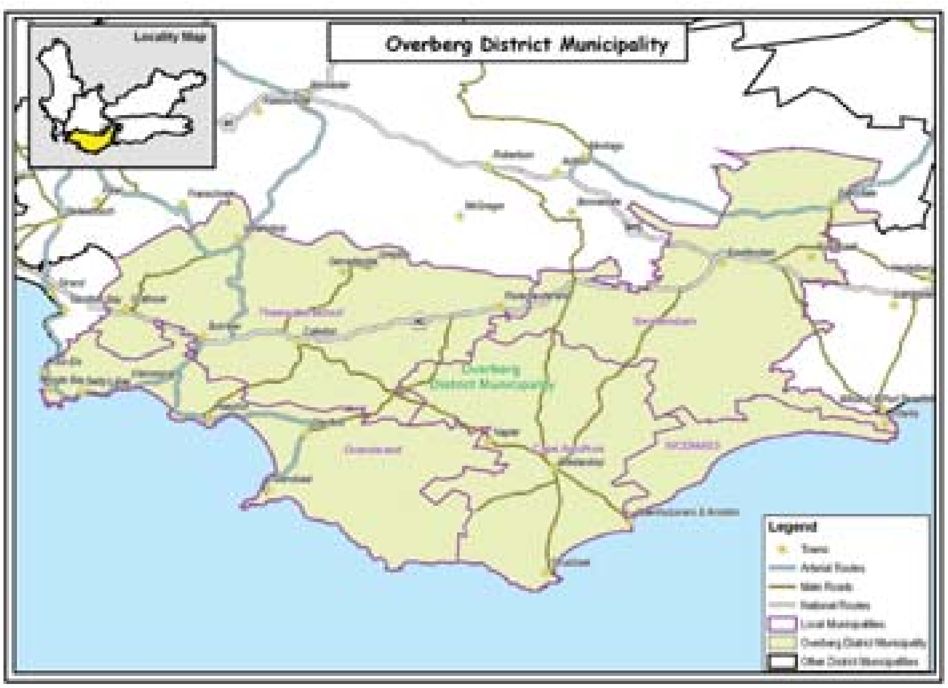
The Municipality's financial health is commendable, with marked improvement in the recovery of bad debt. It is more reliant on own-revenue sources rather than government grants.

Poverty and inequality are evident, especially in informal settlements. Unemployment in the Overstrand LM is quite high at 21.7 per cent in 2001, outstripping employment creation. Labour-intensive sectors, such as manufacturing (which has been adversely affected by macroeconomic development), need further stimulation.

In addition, the upgrading of roads between Hemel and Ararde is on the cards, which has potential to boost tourism and the efficient mobility of people and goods. Lastly, bulk infrastructure constraints can be self-limiting for the region's growth prospects. Bulk infrastructure constraints can be self-limiting for the region's growth prospects.

4

Cape Agulhas Local Municipality



Major areas

Urban

Bredasdorp
Napier
Struisbaai
L'Agulhas
Waenhuiskrans/Arniston
Suiderstrand

Rural dense areas

Elim
Klipdale
Protem

Nominal GDPR (2004)	:	R0,47 billion
Total population (2006)	:	29 672
Urban/rural population	:	83.2% : 16.8%
No. of wards	:	5

Introduction

Cape Agulhas Local Municipality (LM) is situated in the northeast of the Western Cape Province, and Swellendam, Overberg, Overstrand and Theewaterskloof local municipalities border the municipality. Cape Agulhas LM comprises the towns of Napier, Bredasdorp, Struisbaai, Elim, L'Agulhas and Waenhuiskrans/Arniston. The municipality contains the southern-most tip of Africa, known as the 'foot of Africa'.

The local municipality has been classified as a category 'B' or a local municipality that shares municipal executive and legislative authority with a category 'C' or district municipality within whose area it falls, in this case the Overberg District Municipality (DC3). Cape Agulhas municipality is also classified as a 'low capacity municipality'. About 83.2 per cent of households reside in urban areas, and only 16.6 per cent in rural areas.

The Cape Agulhas municipal area has a well-diversified economy, with a long established, but slowly growing manufacturing sector and agriculture, forestry and fishing dominating the inland areas, and coastal areas that also offer large tourism potential.

Cape Agulhas LM contributed 13.7 per cent of the Overberg District output in 2004, making it the smallest economy in the region. There is a strong presence of wholesale and retail trade, catering and accommodation sector activities, which contributed well to growth, recording the second highest growth in the district at a rate of 6.5 per cent per annum between 1995 and 2004.

Between 2001 and 2006, Cape Agulhas LM recorded the second lowest population growth rate of 2.1 per cent per annum in the Overberg District Municipality (DM).

While unemployment is still relatively low in the municipality (at 14.2 per cent in 2001), compared to the district, low levels of formal education and job experience amongst the unemployed present a challenge for local socio-economic welfare. The rate of joblessness among the youth is high, with youth unemployment standing at a level of 32.0 per cent. This is high compared to the workforce overall.

Socio-economic trends and indicators

Total population: 2001: 26 715 (205 945)*
2006: 29 672 (232 590)
2010: 31 742 (251 201)

Dependency ratios : 2001 :56.4%
2006: 52.84%
2010: 52.3%

Households in rural areas: (16.8%)

Households in urban areas: (83.2%)

Number of wards: 5

Population growth rates (average annual)	Cape Agulhas LM	Overberg DM
2001–2006	2.1%	2.5%
2006–2010	1.7%	1.9%

Centre for Actual Research, 2005 (Population projections for the Western Cape 2001–2025)

Socio-economic indicators

	Cape Agulhas LM	Overberg DM
GDPR 2004	R470 million	R3,3 billion
Unemployment rate 2001	14.2%	(18.6%)
Number of unemployed 2001	1 446	(16 359)
Proportion of households with no income (2001)	6.06%	9.71%
Number of households with no income (2001)	457	5 686

Source: Statistics South Africa; Census 2001

Health			
Number of medical facilities	8 (47)	Nurse-patient ratio (National target:34)	33 (29)
Percentage of births under 2,5 kg (National target:<10%)	23% (16%)	Proportion under 1 with 1st measles immunisation (National target:90%)	77% (75%)
TB prevalence per 100 000 people	617 (1 142)	TB cure rate % (National target:85%)	73%(74%)
HIV/AIDS prevelance rate (2005)	2.1% (4.1%)	HIV/AIDS prevelance rate (2010)	2.7% (4.9%)
Number of HIV/AIDS deaths (2005)	327 (2 527)	Number of HIV/AIDS deaths (2010)	382 (3 108)
Education			
Number of schools (primary and high)	12 (77)	Teacher-learner ratio	37 (37)
Percentage of people over 14 illiterate (less than Grade 7)	24 (27)		
Crime (reported)			
Number of police stations (2004/05)	2 (13)	Total number of cases reported (2004/05)	725 (15 294)
Number of murders (2004/05)	7 (118)	Number of rapes (2004/05)	11 (272)
Drug-related crimes (2002/03)	75 (843)	Drug-related crimes (2004/05)	131 (1 976)

Source: SAPS (2005), Department of Health (2005), WCED (2005)

Strengths and challenges

Relatively low unemployment	Escalating drug-related crimes
Low population growth	Limited economic growth opportunities
Well-diversified economy	Shrinking labour absorptive sectors
	Bulk infrastructure maintenance

*District statistics in brackets

Economic profile

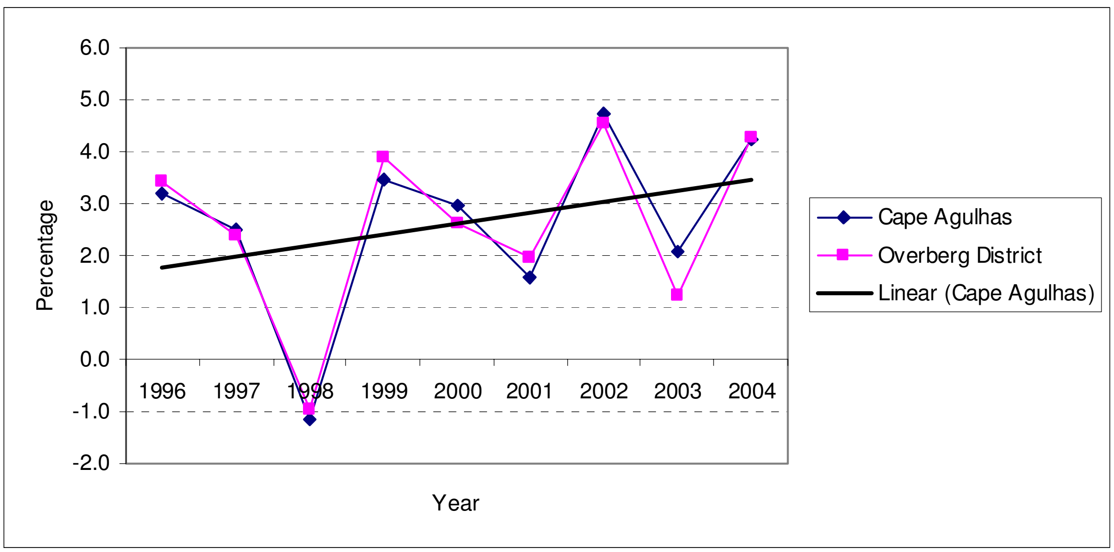
This section discusses trends in the economic output of the Cape Agulhas LM i.e. sectoral contribution to Regional Gross Domestic Product (GDPR[1]), Cape Agulhas's contribution to total Overberg District output and growth trends for each economic sector for the period 1995 to 2004. Lastly, the section takes a closer look at the manufacturing sub-sectors in terms of their contribution to total manufacturing output and growth over the same period.

Estimates for GDPR at constant 2000 prices indicate that the total contribution of Cape Agulhas LM to the Overberg DM economy was 14.1 per cent or R470 million in 2004, making it the third largest regional economy after Theewaterskloof and Overstrand local municipalities.

Economic growth – Cape Agulhas

The Cape Agulhas LM registered an annual average growth rate of 2.6 per cent in GDPR between 1995 and 2004. The local municipality only outperforms Theewaterskloof LM, which grew at 1.8 per cent per annum during the same period. Its growth trend traces that of the Overberg District. Overall, Cape Agulhas LM is experiencing an upward or positive growth trend as shown by the linear fit to the growth trend in Figure 1 below.

Figure 1: Economic growth Cape Agulhas vs. ODM, 1996-2004



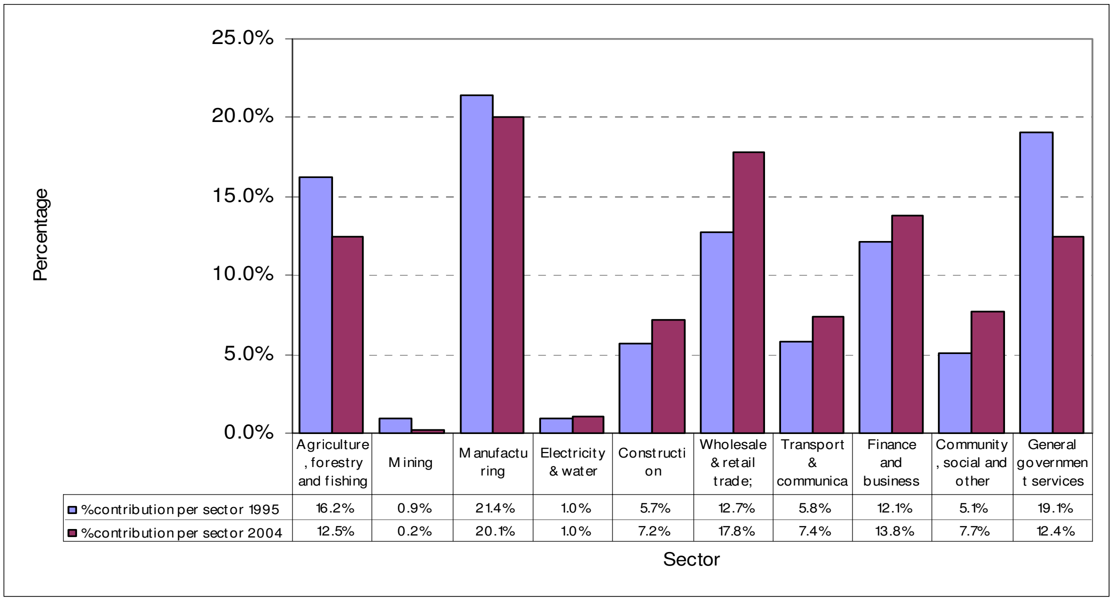
Source: Own calculations based on Quantec Research data

The Manufacturing (20.1%) and Wholesale and retail trade, catering and accommodation (18.0%) sectors were the largest contributors to GDPR for the local municipality (see Figure 1). Another important sector is the Finance and business services (13.8%) sector, comprising mainly life insurance and pension funding and commercial banking activities.

Agriculture, forestry and fishing (12.5%) and General government services (12.4%) sectors followed closely in terms of contribution to GDPR in 2004. The Electricity and water and the Mining sectors make very small contributions to the Cape Agulhas economic output.

[1] Regional gross domestic product (GDPR) refers to the total value of final goods and services produced within a particular region, e.g. province or municipal area.

Figure 2: Cape Agulhas: changes in sectoral contribution, 1995-2004



Source: Own calculations based on Quantec Research data

The Manufacturing sector has a stronger showing in the Cape Agulhas LM compared to the district average of 15.1 per cent in 2004. This is in contradiction with the rest of the municipalities in the district, which are dominated predominantly agrarian economies. For example, Theewaterskloof has an Agricultural sector base of 35.0 per cent versus 12.7 per cent of manufacturing activities. However, the contribution of the Manufacturing sector in Cape Agulhas declined marginally from 21.4 per cent to 20.1 per cent between 1995 and 2004.

Agricultural activities in Cape Agulhas LM are mainly composed of mixed farming (animals and crops) and forestry. The contribution of the agriculture, forestry and fishing sector to total GDPR has declined sharply from 16.2 per cent in 1995 to 12.5 per cent in 2004 (see Figure 2 above).

Notably, the General government services also experienced a sharp decline from 19.1 per cent in 1995 to 12.4 per cent in 2004 whereas the Wholesale and retail trade; catering and accommodation sector gained in terms of its share of total GDPR, up from 12.7 per cent in 1995 to 17.8 per cent in 2004.

The downward shift in Manufacturing, Agricultural and General government activities can be largely attributed to the underlying macroeconomic environment, monetary policy and fiscal policy changes between 1995 and 2004.

There is a considerable shift towards the services sector as the contribution of the Finance and business services sector gained marginally in addition to the gains made by the Wholesale and retail trade; catering and accommodation sector.

The Transport and communication sector's share of total output also increased from 5.8 per cent in 1995 to 7.4 per cent in 2004.Another sector that recorded marginal increases in its share of total output is the Construction sector, which increased from 5.7 per cent in 1995 to 7.2 per cent in 2004. This sector is dominated by the construction of homes and electrical contracting.

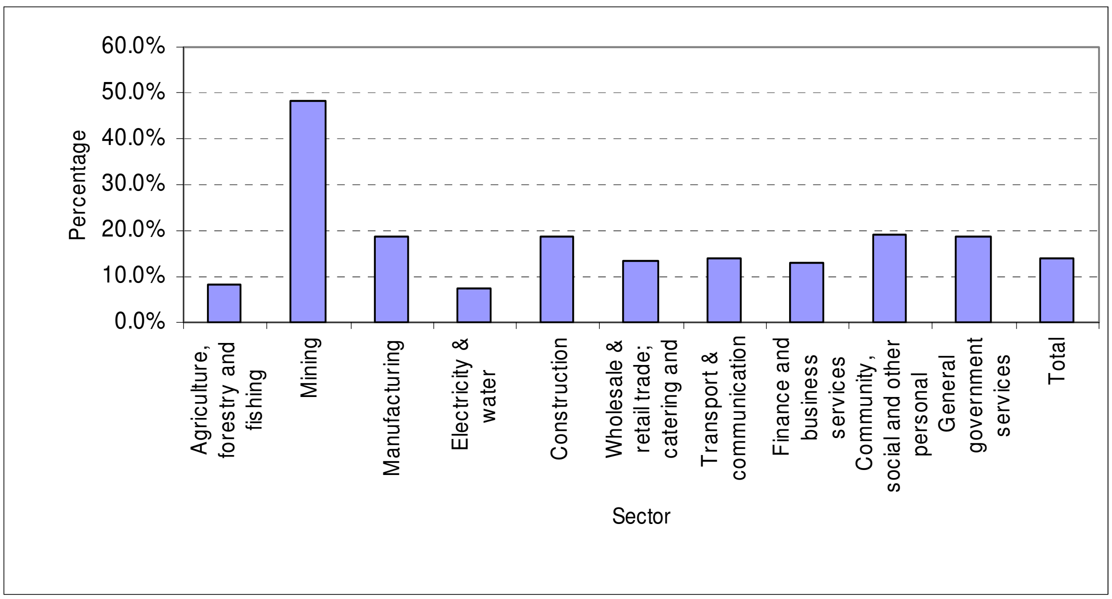
Contribution to Overberg sectors

Figure 2 below shows the contribution made by the Cape Agulhas economic sectors to the overall Overberg district sectors. Overall, the Cape Agulhas LM contributes 14.1 per cent of the Overberg District GDPR.

The largest contributing sector is Mining, which contributed 48.4 per cent of the Overberg's mining output in 2004. However, it is worth noting that the district has limited mining activity. The rand value of Cape Agulhas's mining output amounted to R1 million or 0.2 per cent of the municipality's output in 2004.

The municipality has four sectors, which make relatively large contributions to the Overberg sectoral output, with each contributing close to 20 per cent. These are Community, social and other personal services (18.9%), Manufacturing (18.7%), General government services (18.6%) and Construction (18.5%). The Agriculture, forestry and fishing sector in Cape Agulhas contributes only 8.3 per cent of the total Overberg District's agricultural output.

Figure 3: Contribution to Overberg sectors, 2004



Source: Own calculations based on Quantec Research data

In terms of individual sectors, the Community, social and personal services sector registered the highest annual growth rate (7.5%) between 1995 and 2004; however, the sector's contribution to output is very low at 7.7 per cent in 2004. Other fast growing sectors include the Wholesale and retail trade, catering and accommodation (6.5%), Transport and communication (5.4%) and Construction (5.1%).

The Mining sector registered the largest negative annual average growth of minus 12.0 per cent. Other declining sectors are General government services (-2.2%) and Agriculture, forestry and fishing, which declined by minus 0.4 per cent per annum during the same period.

The most recent growth trends show stronger growth in the Manufacturing sector, which grew by 5.19 per cent between 2003 and 2004 . The Agriculture, forestry and fishing (-1.2%) and the General government services (-1.3%) sectors continue to decline even when shorter and most recent periods are considered.

Table 1. Cape Agulhas economic growth by sector, 1996–2004

Cape Agulhas				
Sector	**GDPR 2004, constant 2000 prices, Rm**	**Average annual growth 1995-2004 (Percentage)**	**Average annual growth 2000-2004 (Percentage)**	**Percentage change 2003-2004**
Agriculture, forestry and fishing	59	-0.4	-1.4	-1.2
Mining	1	-12.7	-3.8	0.7
Manufacturing	94	1.9	2.0	5.2
Electricity and water	5	3.2	3.5	5.8
Construction	34	5.1	6.1	6.2
Wholesale and retail trade; catering and accommodation	84	6.5	6.7	10.6
Transport and communication	35	5.4	4.7	3.2
Finance and business services	65	4.1	5.5	4.7
Community, social and other personal services	36	7.5	6.4	4.9
General government services	58	-2.2	-0.9	-1.3
Total	**470**	**2.6**	**3.1**	**4.2**

Source: Own calculations based on Quantec Research data

Manufacturing sub-sectors

The major manufacturing sub-sectors in Cape Agulhas are Metals, metal products, machinery and equipment (22.1%), and Electrical machinery and apparatus (21.5%), which have increased their share of contribution to the manufacturing output between 1995 and 2004(see Table 2 below).

Moreover, these two sub-sectors have registered positive growth over this period, with the Metals, metal products, machinery and equipment sub-sector growing by 3.5 per cent per annum and Electrical machinery and apparatus growing by 3.2 per cent between 2003 and 2004. The Electrical machinery and apparatus sub-sector feeds into the construction sector, where electrical contracting is very important.

The Food, beverages and tobacco manufacturing sub-sector, which represents value added downstream agro-processing of agricultural products (milk, canning, distilling of wine, beer and spirits) has declined substantially in terms of its contribution to the manufacturing sub-sector, i.e. from 25.8 per cent in 1995 to 14.4 per cent in 2004.

This sub-sector has also registered negative average annual growth of minus 4.6 per cent during the period 1995 to 2004, although it has started showing signs of recovery from 2003 to 2004 when the sub-sector registered a low but positive growth rate of 1.6 per cent. This trend can be attributed to the shrinking Agriculture, forestry and fishing sector as discussed earlier.

Table 2: Cape Agulhas, Trends in the manufacturing sub-sectors, 1995–2004

Sub-sector	Output 2004, R million	Contribution per sub-sector to manufacturing 1995	Contribution per sub-sector to manufacturing 2004	Average annual growth 1995–2004 (%)	Average annual growth 2000–2004 (%)	Per cent change 2003–2004
Food, beverages and tobacco	13.5	25.8%	14.4%	-4.6	-4.6	1.6
Textiles, clothing and leather goods	3.8	3.6%	4.0%	3.1	5.4	9.7
Wood and paper; publishing and printing	2.8	2.1%	3.0%	5.6	5.2	10.0
Petroleum products, chemicals, rubber and plastic	9.2	7.6%	9.8%	4.8	1.8	4.5
Other non-metal mineral products	3.1	2.6%	3.2%	4.5	8.0	12.3
Metals, metal products, machinery and equipment	20.9	21.9%	22.1%	1.9	3.8	3.5
Electrical machinery and apparatus	20.3	17.4%	21.5%	4.3	1.7	3.2
Radio, TV, instruments, watches and clocks	7.6	7.2%	8.0%	3.1	5.0	13.4
Transport equipment	0.0	0.0%	0.0%	–	–	0.0
Furniture and other manufacturing	13.1	11.6%	13.9%	3.9	3.9	7.4
Total	**94.3**	**100.00%**	**100.0%**	**1.9**	**2.0**	**5.2**

Source: Own calculations based on Quantec Research Data

Other manufacturing sub-sectors featuring strongly in Cape Agulhas in terms of contribution to manufacturing output are Furniture and other manufacturing (13.9%) and Petroleum products, chemicals, rubber and plastic, contributing 9.8 per cent in 2004. The Petroleum products, chemicals, rubber and plastic sub-sector although relatively small, is very important as it supplies pesticides, agro-chemicals and fertilisers for the local agricultural sector.

Although coming off a low base, Radio, TV instruments, watches and clocks (13.4%), Other non-metal mineral products (12.3%), Wood and paper, publishing and printing (10.0%) registered the fastest growth rates between 2003 and 2004.The Textiles, clothing and leather goods sub-sector is very small, contributing only 4.0 per cent of manufacturing output in 2004, however, it is showing a positive growth trend.

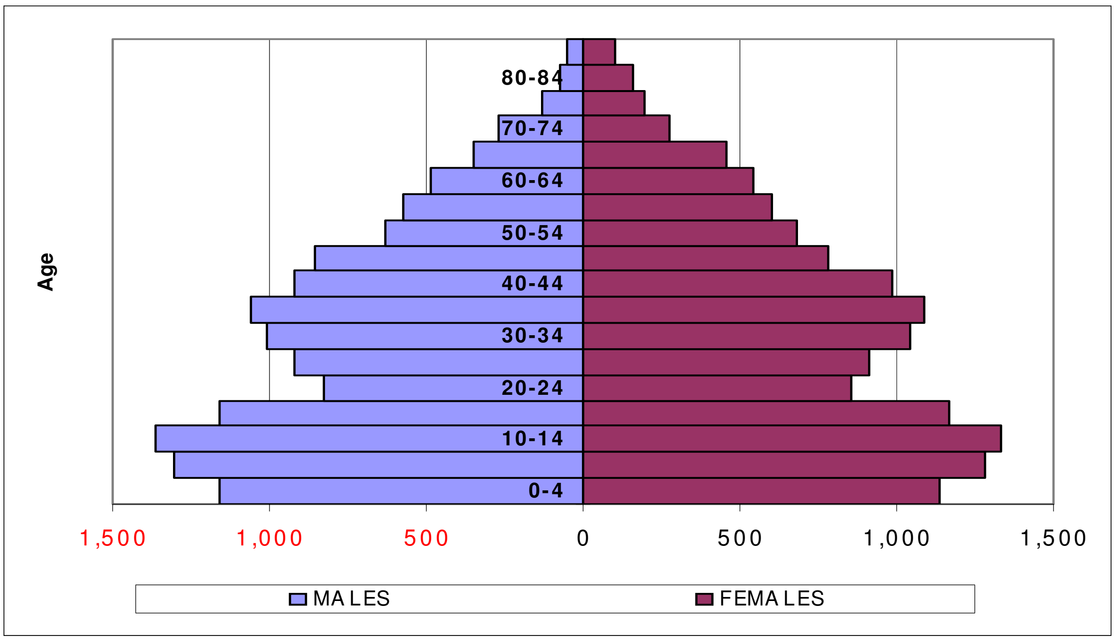
Demographic profile

The projected population for the Cape Agulhas LM for 2006 is 29 762 people or 12.8 per cent of the total Overberg district population which makes Cape Agulhas the smallest municipality in terms of population size. The population of Cape Agulhas LM grew at an average annual rate of 2.1 per cent, from 26 715 people in 2001 to 29 672 people in 2006 and it is projected to grow to 31 742 people by 2010.

The projected population of the Cape Agulhas municipality as at 2006 is predominantly Coloured[2] (67.0%), with Whites constituting the second highest proportion at 29.0 per cent, whereas Black Africans are the minority at 4.0 per cent.

The majority of households in Cape Agulhas i.e. 83.2 per cent reside in urban areas, the second highest proportion after Overstrand with 92.8 per cent urban residents. The remaining 16.8 per cent of households are classified as rural.

Figure 4: Cape Agulhas population pyramid, 2006



Source: Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001–2025)

The Cape Agulhas LM has a fairly young population (see Figure 4), with 72.0 per cent of the population in 2006 being 39 years or younger and a median age of 30 years.

The normal age[3] dependency ratio for the Cape Agulhas LM for 2001 of 56.4 per cent was higher than the district average of 52.6 per cent and the highest in the Overberg District. However, the dependency ratio was projected to decline substantially to 52.9 per cent in 2006 and then to further decline marginally to 52.3 per cent (below district average of 53.1%) by 2010.

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[2] The Asian population is presumed to be incorporated into the coloured population.

[3] (Total number of 0–14-year-olds plus 65+-year-olds)/working age population, i.e. number of 15–64-year-olds

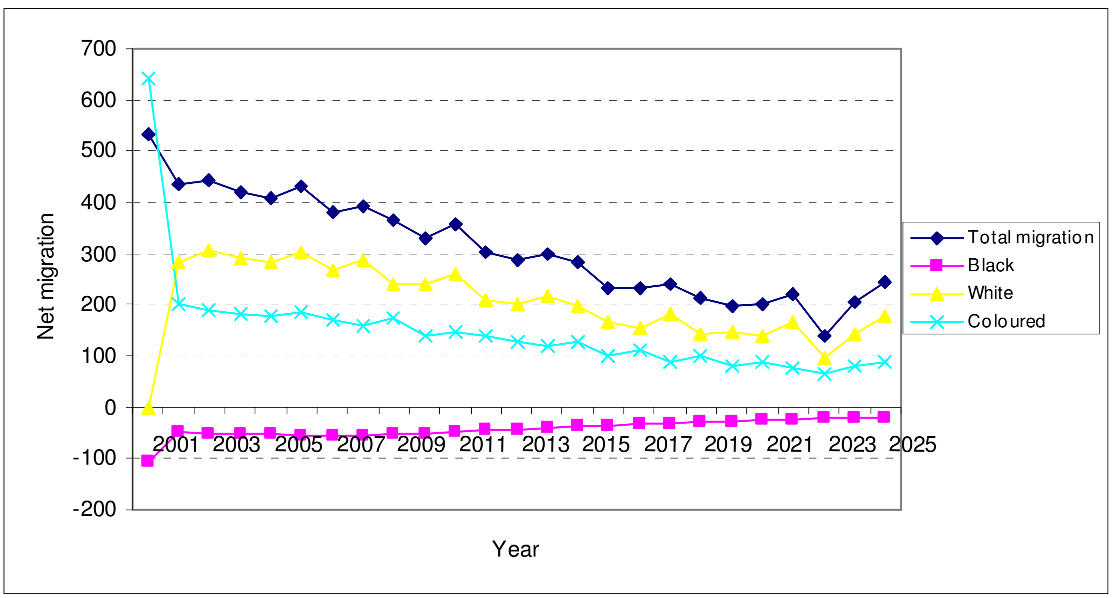
Between 2001 and 2006 the population grew in all age cohorts, except for the 20-24 year and the 25-29 year age-cohorts, which declined by 0.2 per cent and 0.1 per cent respectively. Faster growth occurred in the 30 to 74 year cohorts, with the highest growth (an annual average rate of 6.4 %) in the 70-74 year cohort. In 2006, the proportion of 60+ year-olds is relatively higher at 13.0 per cent than that of a comparable community such as Swellendam at 9.0 per cent.

Migration

Figure xx below shows the projected net migration in Cape Agulhas for the period 2001 to 2025. Net migration into the municipal area amounted to 302 people in 2001. Total net migration was relatively high in 2001 and the succeeding years, but the general trend indicates a steady but slow decline up to 2022.In other words, the trend suggests that migration has already peaked and we do not expect any huge influxes of people into the Cape Agulhas LM in future.

White people are projected to have the highest net migration numbers across the years followed by Coloureds whereas Black Africans are projected to leave the municipality.

Figure 5: Cape Agulhas projected net migration by population group, 2001–2025



Source: Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001–2025)

Well being of households

This section discusses various measures of quality of life of residents of the Cape Agulhas LM. Key variables for consideration include educational attainment, income poverty, labour force participation, unemployment, access to basic services such as water, sanitation, energy and refuse removal. In addition, health status indicators such as HIV/AIDS-related deaths and projected prevalence as well as infant mortality rates are also reviewed.

Education

The Cape Agulhas LM has 12 (or 15.6 per cent) of schools in the Overberg District (about 12.7 per cent of the Overberg District population resides in Cape Agulhas) and an educator-learner ratio of 37, which is on par with the district average of 37 learners per educator. The local municipality's illiteracy rate (i.e. the percentage of people over 14 years of age with less than Grade 7) of 24.0 per cent is quite high and worrying although it is lower than the corresponding rate of 27.0 per cent for the Overberg District.

Table 3: Cape Agulhas educational attainment[4], 2001

Education levels	Western Cape	ODM	Cape Agulhas LM
No schooling	5.7%	7.3%	6.2%
Some primary	15.2%	21.9%	20.2%
Completed primary	7.9%	10.0%	11.0%
Some secondary	36.5%	32.8%	31.7%
Grade 12/Std 12	23.4%	19.4%	19.4%
Higher	11.2%	8.7%	11.6%

Source: Statistics South Africa, Census 2001

Results from Census 2001 confirm the assessment made above in terms of poor literacy (see Table 3). An estimated 2.0 per cent of people in Cape Agulhas have had no schooling, compared to the Overberg District average of 7.3 per cent.

Almost 37.4 per cent of the people did not have any secondary schooling. About 11.6 per cent of the people attained higher education, which is higher than the district and provincial higher education attainment rates of 11.2 per cent and 8.7 per cent respectively.

The low educational attainment translates into the poor skills set for the local municipality (see Figure 6 below) resulting in a high proportion (40.4%) of the people being classified as low-skilled (performing better than the district at 50.0 per cent).

However, the local municipality has a fairly high proportion of people who are skilled, at 43.3 per cent and 16.2 per cent considered highly-skilled. The municipality is heavily reliant on the Cape Metropole's higher education institutions, which impacts on skills negatively on skills development efforts in the area. .

[4] Highest attainment for people aged 20 years and above

Figure 6: Cape Agulhas vs. Overberg District skills distribution, 2001

Source: Statistics South Africa census, 2001

Labour markets

Between 1996 and 2001 about 138 new jobs were created in Cape Agulhas LM. These new jobs created were not enough to keep up with the high unemployment rate, which increased from 8.9 per cent in 1996 to 14.2 per cent in 2001.

Moreover, the labour force participation rate declined from 64.0 per cent to 60.2 per cent during this period. In average growth terms, employment growth (2.4%) lagged behind growth in unemployment (13.7%).

The largest employers in the Cape Agulhas LM in 2001 were Agriculture (19.9%), Wholesale and retail trade (17.8%) and Community, social and other personal services (19.4%). The seasonal nature of employment in the agricultural sector is one of the major reasons for high unemployment in the municipality. Moreover, the share of agricultural employment has declined sharply from 25.8 per cent in 1996 to 19.9 per cent in 2001, mainly due to the increase in capital intensity of agricultural activities.

In addition, the Manufacturing sector has not been absorbing much of the labour force despite registering a significantly high share of GDPR. About 7.3 per cent of the labour force was employed in the manufacturing sector in 2001. Investment in labour intensive sectors will go a long way in reducing unemployment in Cape Agulhas.

Table 4: Labour force participation, employment and unemployment, (1996–2001)

Cape Agulhas	Employed	Employed (Per cent)	Unemployed	Unemployed (Per cent)	Labour force	Labour force participation rate (Per cent)	Not economically active	Total population 15-65
1996	77 65	91.1%	759	8.9%	8 524	64.0%	4 800	13 324
2001	87 38	85.8%	1 445	14.2%	10 183	60.2%	6 736	16 920

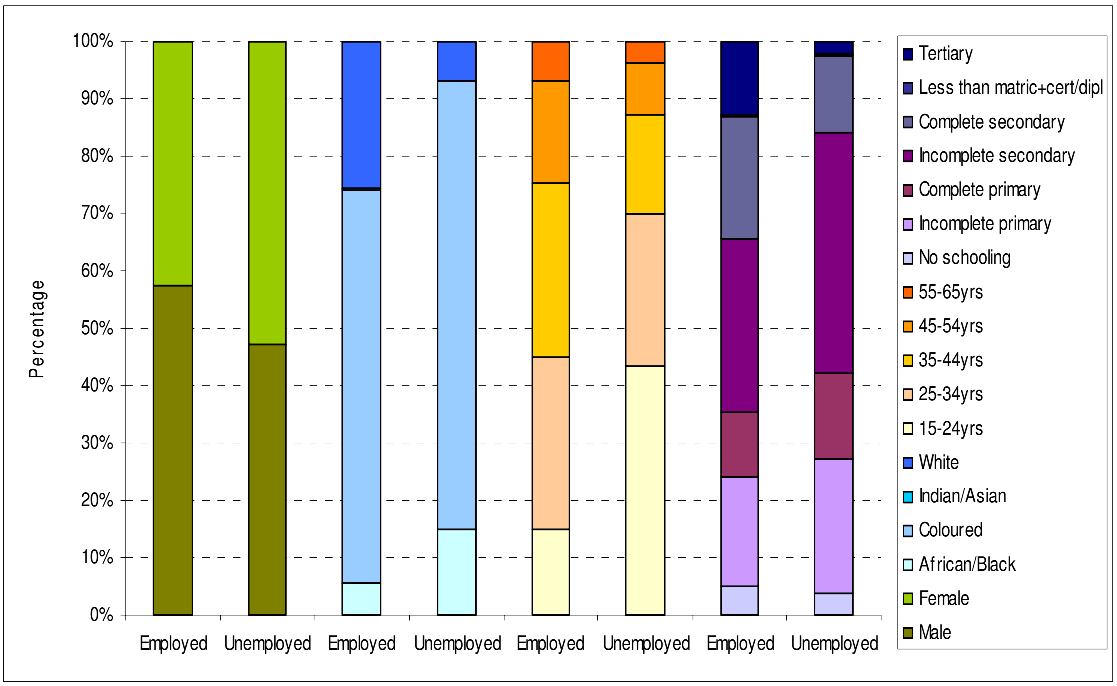
Source: Census1996, 2001

Figure 7 below provides a snapshot of the nature of employment and unemployment against various population characteristics. The graph indicates that people aged 15 to 34 years represented about 70.0 per cent of the unemployed in Cape Agulhas pointing out a huge problem of youth unemployment, which has negative implications on the social capital of the local municipality.

Unemployment is also higher for females compared to their male counterparts. If one considers educational attainment, those individuals with incomplete secondary and incomplete primary education are more represented in unemployment rather than employment.

The Coloured population, which constitutes 67.0 per cent of the Cape Agulhas population in 2006, dominates employment in the municipality as well as unemployment. However, Whites are more represented in employment than unemployment. Black Africans are more represented in unemployment than employment, but Black Africans constitute a very small proportion of the Cape Agulhas total population, at 4.0 per cent in 2006.

Figure 7: Composition of employment and unemployment, 2001



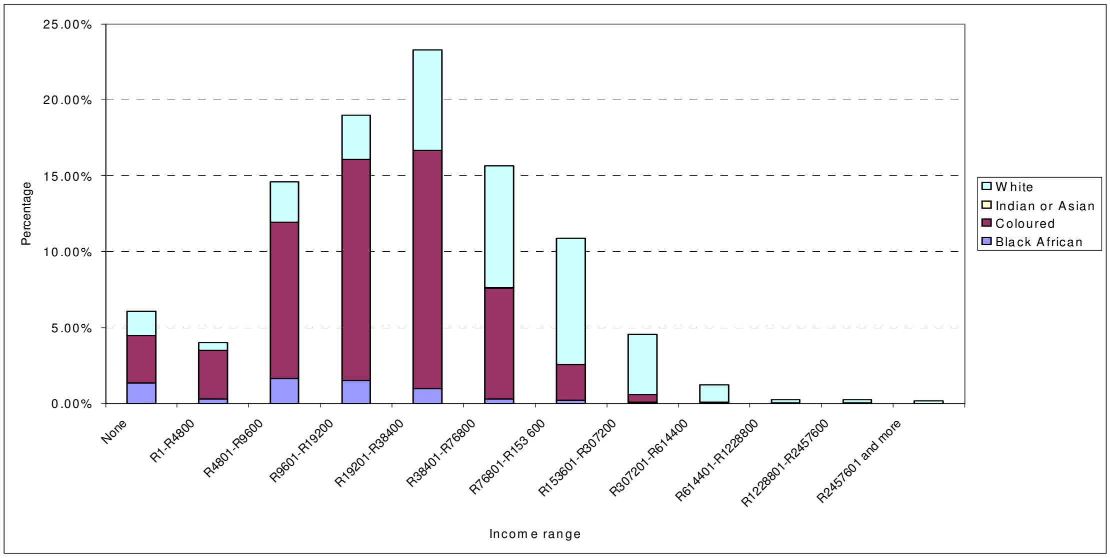
Source: Statistics South Africa: Census 2001

Income distribution/poverty

Income poverty in Cape Agulhas is relatively low compared to the Overberg district average. About 6.1 per cent or 457 households in the Cape Agulhas LM earned no income in 2001, the second lowest proportion in the district (average 9.7%).

A high proportion (58.0%) of households earned between R9 600 and R76 800 per year (see Figure 8), compared to the district average of 56.9 per cent. Just under a quarter of households earned less than R9 600 (including those without an income), less than the district overall (28.3 per cent), while 17.4 per cent earned more than R76 800, compared to 14.8 per cent for the district.

Figure 8: Income distribution by population group, 2001



Source: Statistics South Africa: Census 2001

The White population dominates the upper income categories, while Black Africans are disproportionately represented in the lower income brackets and fade away at higher income brackets. Coloureds appear more prominently in the middle-income categories ranging from R4 801 to R76 800.

Health indicators

Cape Agulhas LM has 17.0 per cent of all public sector health care facilities in the Overberg District. The adequacy of these facilities can only be fairly assessed if a measure of access to private health care is also incorporated. The workload at these facilities as measured by the patients per nurse ratio of 33 is relatively high when compared to the district average of 29, but it is marginally lower than the national target of 34 patients per nurse.

In terms of health indicators, the Cape Agulhas LM performed better than the district and other local municipalities when considering first measles immunisation (77.0%) against the district average of 75.0 per cent, although both are performing far below the national target of 90.0 per cent (see Table 5).

TB prevalence per 100 000 people is almost double for the district at 1 142 people compared to 617 people for Cape Agulhas LM. However, the proportion of babies who are born underweight is very high in Cape Agulhas LM at 23.0 per cent, which indicates the need for improvement in health care services.

Another area that requires improvement in Cape Agulhas LM is the TB cure rate of 73.0 per cent, which is almost on par with the district average but is still lagging behind the national target of 85.0 per cent.

According to projections from the demographic model[5], the HIV/AIDS prevalence rate for the Cape Agulhas LM in 2005 was at 2.1 per cent (almost half the district average and the lowest amongst the local municipalities IN Overberg District). HIV/AIDS prevalence is expected to increase to 2.7 percent by 2010 and HIV/AIDS-related deaths are projected to increase from 327 in 2005 to 382 by 2010.

[5] Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001–2025)

Table 5: Selected socio-economic indicators

Education	**Cape Agulhas LM**		**Overberg DM**
Percentage of people over 14 illiterate (less than grade 7)	24		27
Human Development Index	**Cape Agulhas LM**		
Comprising	**0.69**		**Province** **0.72**
Health	0.67		0.63
Income	0.78		0.84
Education	0.6		0.68
City Development Index			
Comprising	**Cape Agulhas LM** **0.**		**Province** **0.81**
Infrastructure	0.8		0.79
Waste	0.84		0.89
Health	0.7		0.68
Education	0.8		0.86
Income	0.78		0.82
Health measures	**Cape Agulhas LM**		**Overberg DM**
Percentage of births under 2500g	23		16
Proportion under 1 with 1st measles immunisation %	77		75
TB prevalence per 100 000	617		1142
TB Cure rate %	73		74
Crime measures (Number of cases reported)	**2002/2003**	**2003/2004**	**2004/2005**
Murder	5	3	7
Rape	13	10	11
Neglect and ill-treatment of children	0	2	1
Drug related crime	75	112	131

Source: South African Police Services (2005), Department of Health (2005), Department of the Premier (2005)

Human and City development measures (HDIs and CDIs)

This section analyses the state of development in Cape Agulhas LM using the following measures, the City Development Index (CDI) and the Human Development Index (HDI) presented in Table 5. There is an overlap between the development indices in terms of components such as income, education and health.

The City Development Index is an average of the following indices: infrastructure[6], health[7], education[8]and income[9]. Overall, the Cape Agulhas LM has a lower CDI of 0.78 compared to 0.81 for the rest of the Western Cape Province. When considering individual indices, Cape Agulhas LM marginally outperformed the Province in terms of infrastructure (0.80 vs. 0.79) and health (0.70 vs. 0.68). Income, education and waste indices are well below the Provincial average.

The Human Development Index is measured by averaging the following indices: health, which is based on life expectancy, education (based of adult literacy and gross enrolment indices) and income, which is based on mean household income. Cape Agulhas LM has a lower HDI of 0.69 compared to the Provincial average of 0.72. The local municipality performed better than the provincial average in

[6] Water, sewerage, telephone and electricity

[7] Life expectancy, divided by infant mortality

[8] Adult literacy and gross enrolment ratio

[9] Mean household income

terms of the health index (0.67 vs 0.63). The major challenges for Cape Agulhas LM lie in the income and education indices, which are far below provincial average.

Multiple Deprivation Index

The Multiple Deprivation Index is a ward-based measure of relative levels of deprivation published by the Human Science Research Council (HSRC) in 2006 highlighted the existence of multifaceted deprivation in Cape Agulhas LM. The index is compiled from a combination of five main types of domains measuring deprivation ranging from income and material deprivation, employment, health and education to living environment deprivation.

Within the number of wards surveyed in the Western Cape, Cape Agulhas LM has no wards ranked in the least deprived 25 percent. However, 0.9 per cent of wards were in the least deprived 25-30 per cent. The percentage of wards in the most deprived 25-30 per cent came in at 1.8 per cent, and 0.6 per cent of the wards belonged to the most deprived 25 per cent.

Crime measures

While the number of reported murders, rapes and instances of neglect and ill-treatment of children was stable, reported drug-related crimes almost doubled between 2002/3 and 2004/5.The growth rate however is the lowest in the Overberg District.

Access to Basic Services

The Cape Agulhas LM is mandated to provide water, energy, sanitation and refuse removal services to its residents. Of the estimated total of 7 424 households in Cape Agulhas LM, 6 943 households receive free basic water, 6 079 households free basic energy, and 1 149 beneficiaries of free basic sanitation.

Figure 9 below shows the performance of Cape Agulhas LM compared to the Overberg DM with respect to the delivery of basic services, i.e. energy[10], water[11]; refuse removal[12], telephone services[13] and sanitation[14].

While the municipality outperformed the district in reducing the number of households with less than basic access to energy and sanitation, it performed worse than the district in the delivery of water and refuse removal, but performed at the same rate as the district with regard to the delivery of telephone services.

[10] Energy – gas, paraffin, candles and other.

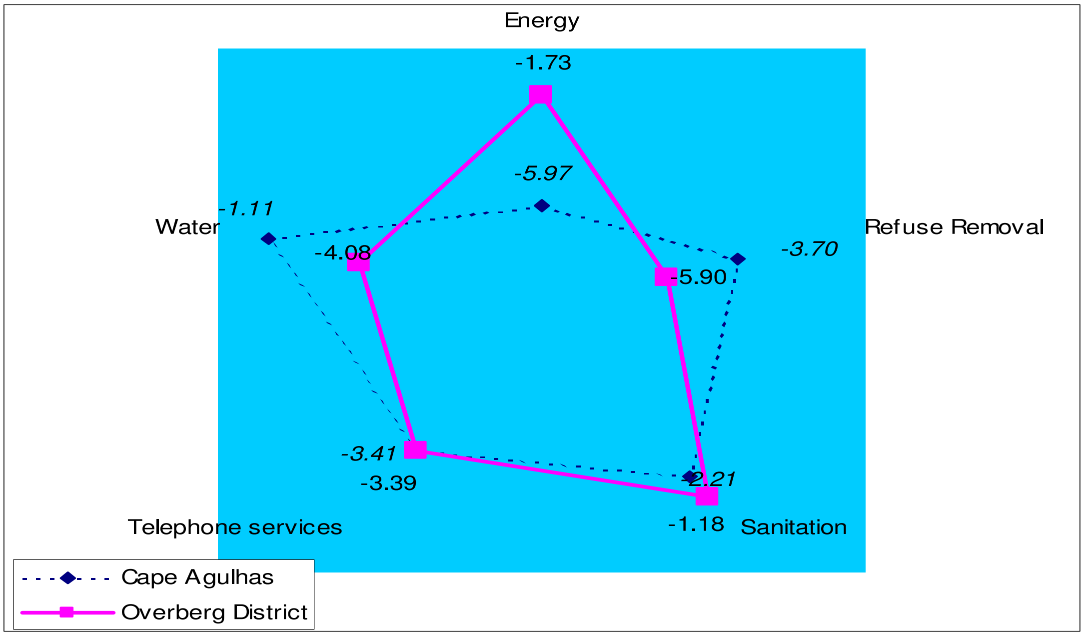
[11] Refuse removal – own refuse dump, and no rubbish disposal.

[12] Water – borehole, spring, rainwater tank, dam/pool/stagnant water, river/stream, water vendor, and other.

[13] Telephone services – telephone at another location not nearby and no access to a telephone.

[14] Sanitation – bucket latrine, and none.

Figure 9: Change in households with below basic access to services, 1996 and 2001



Source: Statistics South Africa: Census 2001, DBSA: Community profile database

Between 1996 and 2001, the proportion of households with below basic access to sanitation declined by 2.2 per cent (72 households), energy by 6.1 per cent (165 households) and refuse removal by 3.7 per cent or 95 households (see Table xx).

For other basic services (water and telephone services), there was a much smaller improvement in service delivery. There are major challenges that need to be addressed in specific areas, such as water scarcity in Arniston, sewerage problems in Struisbaai and refuse removal problems in Struisbaai and Elim.

Table 6: Changes in access to basic services, 1996 and 2001

	Energy	Refuse Removal	Sanitation	Telephone services	Water
Percentage change in proportion of households	-5.97	-3.7	-2.2	-3.4	-1.1
Number of households affected	165	95	72	151	48

Source: Statistics South Africa: Census 2001, DBSA: Community profile database

Municipal capacity

Financial sustainability

The Cape Agulhas LM has a relatively small revenue base amounting to R89.32 million in 2005/06, which is projected to grow by 29.0 per cent between the 2005/06 and 2006/07 financial years. The projected overall growth in total revenue over the Medium-term Expenditure Framework (MTEF) is 11.2 per cent.

Cape Agulhas LM is heavily dependent on own-sourced revenue (62.7%), whilst transfers from national and provincial governments constitute 13.3 per cent for the 2005/06 financial year. Own revenue is dominated by electricity and property rates, which contribute 24.7 per cent and 18.7 per cent of the total revenue in 2005/06 respectively. Other sources of revenue, such as internal advances (R5.7 million) and ad hoc financing constitute 24.0 per cent of total revenue.

Table 7: Cape Agulhas revenue, major sources projected and growth, 2005/06 – 2008/09

Source	Budget	Per cent of total revenue	Budget	Medium-term estimate		Growth	
R'000	**2005/06**	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**05/06-06/07**	**MTEF**
Transfers	**11 904**	**13.3%**	**10 599**	**12 552**	**13 705**	**-11.0%**	**4.8%**
Main sources of own revenue	**55 999**	**62.7%**	**64 534**	**72 497**	**77 511**	**15.2%**	**11.4%**
Property rates	*16 668*	*18.7%*	*21 345*	*25 969*	*28 086*	*28.1%*	*19.0%*
Electricity	*22 096*	*24.7%*	*24 736*	*26 265*	*27 815*	*11.9%*	*8.0%*
Water	*8 812*	*9.9%*	*9 100*	*9 829*	*10 089*	*3.3%*	*4.6%*
Sanitation	*2 494*	*2.8%*	*2 601*	*3 288*	*3 842*	*4.3%*	*15.5%*
Refuse removal	*4 762*	*5.3%*	*5 371*	*5 665*	*6 115*	*12.8%*	*8.7%*
Other	*1 167*	*1.3%*	*1 381*	*1 481*	*1 565*	*18.3%*	*10.3%*
All 'other' sources of revenue	**21 391**	**24.0%**	**40 098**	**30 095**	**31 613**	**87.5%**	**13.9%**
Grand total	**89 294**	**100.0%**	**115 231**	**115 144**	**122 829**	**29.0%**	**11.2%**

Source: Western Cape Provincial Treasury, Local Government revenue database (2006).

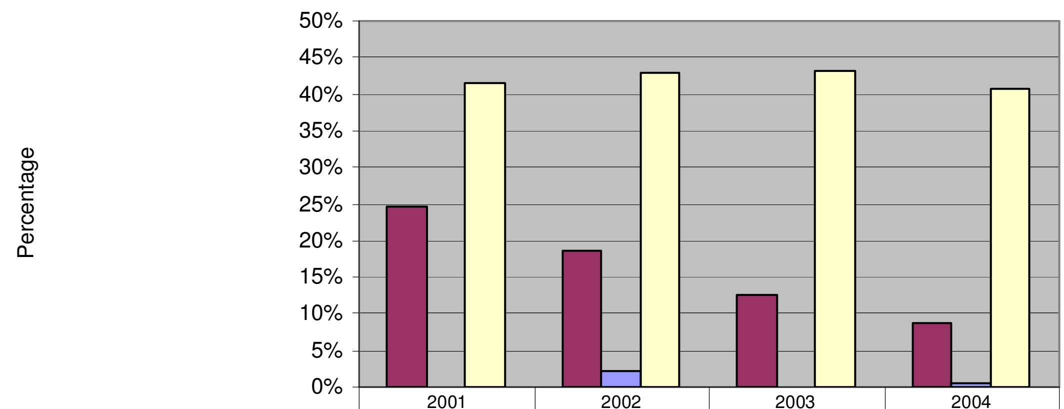
Over the MTEF period, total transfers are projected to grow by 4.8 per cent and own-sourced revenue by 11.4 per cent. In the case of own-sourced revenue, it is important to consider whether the growth is a result of growth in the revenue base or tariff hikes. The latter may not be sustainable, as services might become unaffordable to the poor**.**

Selected financial ratios

Cape Agulhas Local Municipality has managed to contain its long-term debt to total income ratio from a very high level of 25.0 per cent in 2001 to 9.0 per cent in 2004. Consumer debtors constitute a very low proportion of total income during the period 2001 to 2004 (see Figure 10 below).

However, staff cost constituted a high proportion of total expenditure during the period under consideration, averaging 42.0 per cent. This is much higher than the norm of 35 per cent implying that only 58.0 per cent of the total income was allocated for core business of the municipality, i.e. local economic development and delivery of basic services.

Figure 10: Selected financial ratios, 2001–2004



	2001	2002	2003	2004
Long-term Debt/Total Income	25%	18%	13%	9%
Consumer Debtors/Total Income	0.00%	2.28%	0.00%	0.60%
Staff Cost/Total Expenditure	41.47%	42.91%	43.05%	40.81%

Source: INCA database

Political environment

The Cape Agulhas LM has five wards that were contested in the past two municipal elections. Only two political parties managed to obtain ward seats. In 2000, the African National Congress (ANC) obtained 2 or 40.0 per cent of ward seats while the Democratic Alliance (DA) obtained 3 or 60.0 per cent of the ward seats.

The 2006 municipal elections brought a change in political governance in the Cape Agulhas LM with the ANC obtaining 4 or 80.0 per cent of the ward seats whereas the DA obtained 1 or 20.0 per cent of the ward seats.

Table 8: Cape Agulhas, changes in political governance between 2001and 2006

Cape Agulhas LM	Municipal Election 2000			Municipal Election 2006		
Leading party by ward	Total ward seats	Ward seats won	Percentage won	Total ward seats	Ward seats won	Percentage won
African National Congress	5	2	40.0%	5	4	80.0%
Democratic Alliance	5	3	60.0%	5	1	20.0%
Independent Democrats	5	X	x	5	x	X

Source: www.iec.org.za

Conclusion and outlook

The Cape Agulhas LM has been characterised by a gradual shift away from agriculture towards a service-oriented economy. Agricultural output, especially in the flower trade sub-sector and employment opportunities in this sector have been slowing down.

The municipality has shown a positive growth trend and needs to unleash its potential through infrastructure maintenance and by growing tourism-related sectors. Its coastline enhances its eco-tourism, which can be unlocked. Another tourism opportunity exists in Elim, a natural heritage site that can encourage sustainable tourism.

There is also land that can be unlocked for economic development in the municipality. In addition, the proposed upgrading of road connections between Gansbaai and Bredasdorp would improve economic development through efficient mobility of labour, goods and services.

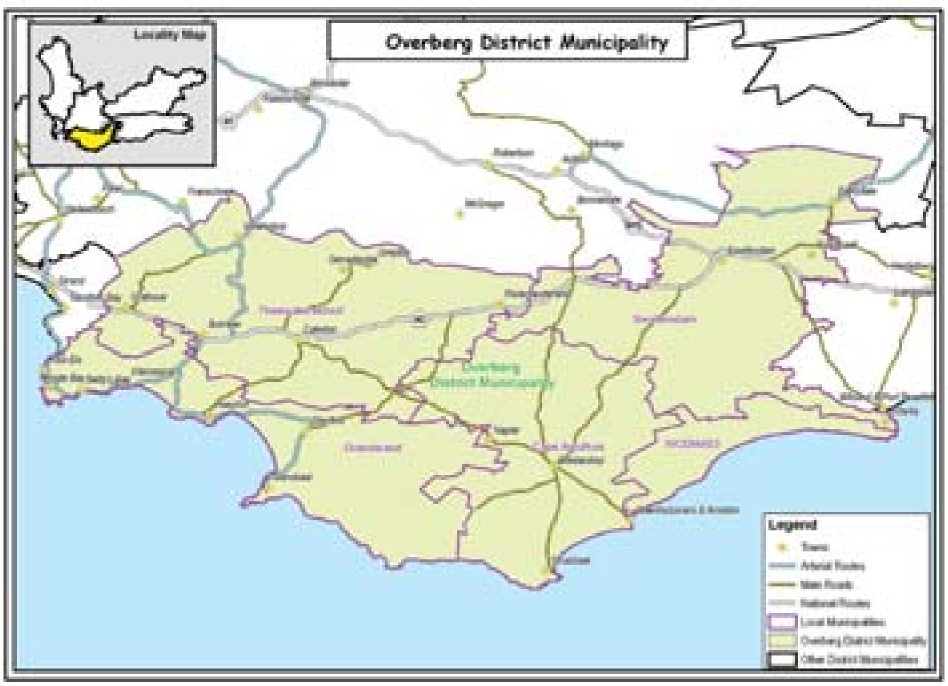
Although there are signs of multifaceted deprivation in some wards, households in the Cape Agulhas LM are relatively well off. There are more households falling in the higher income categories and less households falling in the lower income brackets than in the rest of the district.

Unemployment is still relatively low in the municipality (at 14.2 per cent in 2001). Low levels of formal education and job experience amongst the unemployed present a challenge for local socio-economic welfare.

On the delivery of basic services, there are challenges that need to be addressed, such as water scarcity in Arniston, sewerage problems in Struisbaai and refuse removal problems in Struisbaai and Elim.

5

Swellendam Local Municipality



Major areas

Railton
Buffelsjagtsrivier
Suurbraak
Barrydale
Leeurivier
Stormsvlei
Malagas
Infanta
Mullersrus

Nominal GDPR (2004)	:	R0,46 billion
Total population (2006)	:	30 180
Urban/rural population	:	65.2% : 34.8%
No. of wards	:	5

Introduction

Swellendam Local Municipality (LM) is the second largest municipality within the Overberg District Municipality (DM) in terms of geographical area. Towns such as Barrydale, Swellendam, Suurbraak, Malagas, Stormsvlei and Infanta fall under the Swellendam LM.

The municipality has been classified as a category 'B' or a local municipality with low capacity that shares municipal executive and legislative authority with a category 'C' or District Municipality within whose area it falls, in this case Overberg District Municipality (DC3).

The Local Municipality is the second smallest in population size, estimated at 30 180 people in 2006. Population growth for Swellendam LM (2.2%) between 2001 and 2006 was slightly lower than the District average of 2.5%.

The lower population growth rates imply that basic service delivery is under less pressure in the Swellendam LM than in the other municipalities in the District.

From 1995 to 2004 the Municipality recorded the second highest economic growth rate in the District, at 3.2% per annum. In terms of sectoral contribution in 2004, the largest sectors were Agriculture (22.6%), Wholesale & retail trade; catering & accommodation (20.4%) and Manufacturing (12.6%).

The fast growing sectors were the Wholesale & retail trade; catering & accommodation (8.1%) and Electricity & water at 5.4% (however, the latter sector grew from a low base).

Unemployment is particularly marked among the youth and those with incomplete secondary education. In addition, the Municipality has the second lowest level of educational attainment in the workforce, with 73.2% of the labour force having less than completed secondary education. Furthermore, the Municipality has the lowest proportion of households without income (5.3%) in the District.

Swellendam Municipality: Socio-economic trends and indicators

Total Population: 2001: 27 897
2006: 30 180
2010: 31 124

Dependence ratios: 2001: 54.4%
2006: 51.9%
2010: 50.9%

Households in rural areas: 34.8%
Households in urban areas: 65.2%
Number of wards: 5

Population growth rates (average annual)	Swellendam LM	Overberg DM
2001 – 2006	2.2%	2.5%
2006 – 2010	0.8%	1.9%

Centre for Actual Research, 2005 (Population projections for the Western Cape 2001 – 2025)

Socio-economic indicators

	Swellendam	Overberg District
GDPR 2004	R456 million	R3,3 billion
Unemployment rate 2001	15.9%	18.6%
Number of unemployed 2001	1 691	16 359
Proportion of households with no income (2001)	5.26%	9.71%
Number of households with no income (2001)	400	5 686

Source: Statistics South Africa; Census 2001, Quantec Research

Health (Overberg District Municipality figures in brackets)			
Number of medical facilities	11(47)	Nurse:patient ratio *(National target: 34)*	24 (29)
Percentage of births under 2,5 kg *(National target: < 10%)*	15%(16%)	Proportion under 1 with 1st measles immunisation *(National target: 90%)*	69 (75%)
TB prevalence per 100 000 people	1 042 (1 142)	TB cure rate % *(National target: 85%)*	69 (74%)
HIV/Aids prevalence rate (2005)	2.9 % (4.1%)	HIV/Aids prevalence rate (2010)	3.8 % (4.9%)
Number of HIV/Aids deaths (2005)	306 (2 527)	Number of HIV/AIDS deaths (2010)	349 (3 108)
Education			
Number of schools (primary and high)	23 (77)	Educator: learner ratio	35 (37)
Percentage of people over 14 illiterate (less than Grade 7)	35% (27%)		
Crime (reported)			
Number of police stations (2004/05)	3 (13)	Total number of cases reported (2004/05)	2 583 (15 294)
Number of murders (2004/05)	16 (118)	Number of rapes (2004/05)	56 (272)
Drug-related crimes (2002/03)	150 (843)	Drug-related crimes (2004/05)	307 (1 976)

Source: SAPS (2005), Department of Health (2005), WCED (2005)

Strengths	Challenges
Slow population growth	Water scarcity and sensitive natural ecosystems
Significant own revenue, though from low base	Increased demand for spatial planning and land use
Outperformed District's economic growth rate	Increasing drug-related crime
	Youth unemployment and high illiteracy level
	Low income base

Economic profile

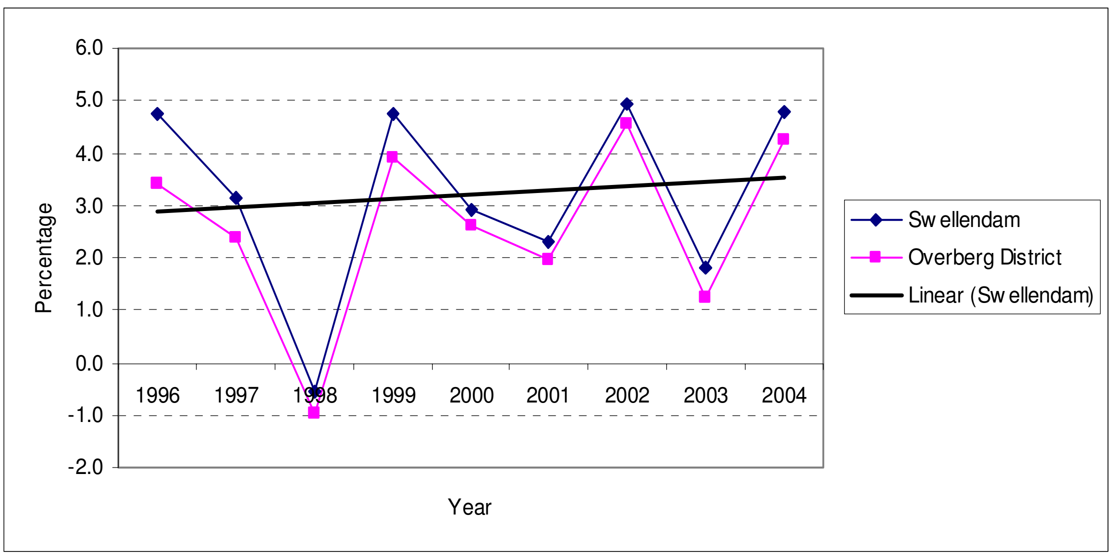
This section discusses the trends in the economic output of the Swellendam LM, in terms of sectoral contribution to Regional Gross Domestic Product (GDPR[1]), Swellendam's contribution to total Overberg District sectoral output and growth trends for each economic sector during the period 1995 to 2004. Lastly, this section takes a closer look at the manufacturing sub-sectors, i.e. their contribution to total manufacturing output and growth over the same period.

Economic growth

The Municipality registered an average annual growth rate of 3.2 per cent in GDPR from 1995 to 2004, the second highest rate in the District (after Overstrand, which grew at 3.4%). When considering the most recent data and shorter periods, economic growth was higher than the long-term average, averaging 3.5 per cent between 2000 and 2004 and 4.8 per cent between 2003 and 2004.

Overall, Swellendam exhibits a positive linear growth trend (see Figure 1 below), and has been outperforming the District average. However, the difference between the Municipality and the District's growth rates is marginal. The Municipality closely traces the fluctuations in economic growth experienced by the District over the period under consideration.

Figure 1:GDPR growth trends, Swellendam vs. Overberg District, 1996-2004



Source: Own calculations based on Quantec Research data

The Wholesale & retail trade; catering & accommodation sector recorded the highest economic growth, averaging 8.1 per cent between 1995 and 2004, followed by the Electricity & water sector at 5.4 per cent per annum.

However, growth in the Electricity & water sector came off a very low base. Agriculture, forestry & fishing (3.6%) and Finance & business services (3.2%) are some of the sectors experiencing significant expansion. The main Finance & Business sector activities in Swellendam comprise commercial banking and activities of estate agencies.

For the period 1995 to 2004, the Manufacturing sector registered below average growth performance of 2.1 per cent. However, the most recent trend shows that the Manufacturing sector is recovering, recording an above-average growth rate of 6.5 per cent between 2003 and 2004.

[1] Regional gross domestic product (GDPR) refers to the total value of final goods and services produced within a particular region, e.g. a province or municipal area.

The Agriculture, forestry & fishing sector recorded slow growth, averaging 2.8 per cent between 2000 and 2004. This growth is despite the fact that the sector experienced a general decline.

Other slow growing sectors include the Construction sector, which grew at an average annual growth rate of 0.2 per cent between 1995 and 2004.

Civil engineering works and electrical contracting dominate this sector, whereas residential construction is minimal[2].

The Community, social & other personal services and General Government services sectors declined annually by 1.8 per cent and 1.7 per cent, respectively, between the period 1995 and 2004.

Table 1: Swellendam sectoral growth ,1995-2004

Sector	GDPR 2004 (Constant 2000 Prices) Rm	Average annual growth 1995-2004 (%)	Average annual growth 2000-2004 (%)	% change 2003-2004
Agriculture, forestry and fishing	103	3.6	2.8	3.2
Mining	-	-	0.0	0.0
Manufacturing	57	2.1	2.4	6.5
Electricity & water	32	5.5	5.8	8.2
Construction	19	0.2	1.2	1.2
Wholesale & retail trade; catering and accommodation	93	8.1	8.4	12.3
Transport & communication	31	3.0	0.3	0.3
Finance and business services	46	3.2	4.7	3.1
Community, social and other personal services	27	1.8	1.3	0.2
General government services	47	-1.7	-0.4	-0.7
Total	**456**	**3.2**	**3.5**	**4.8**

Source: Own calculations based on Quantec Research data

Contribution to GDPR by individual sectors

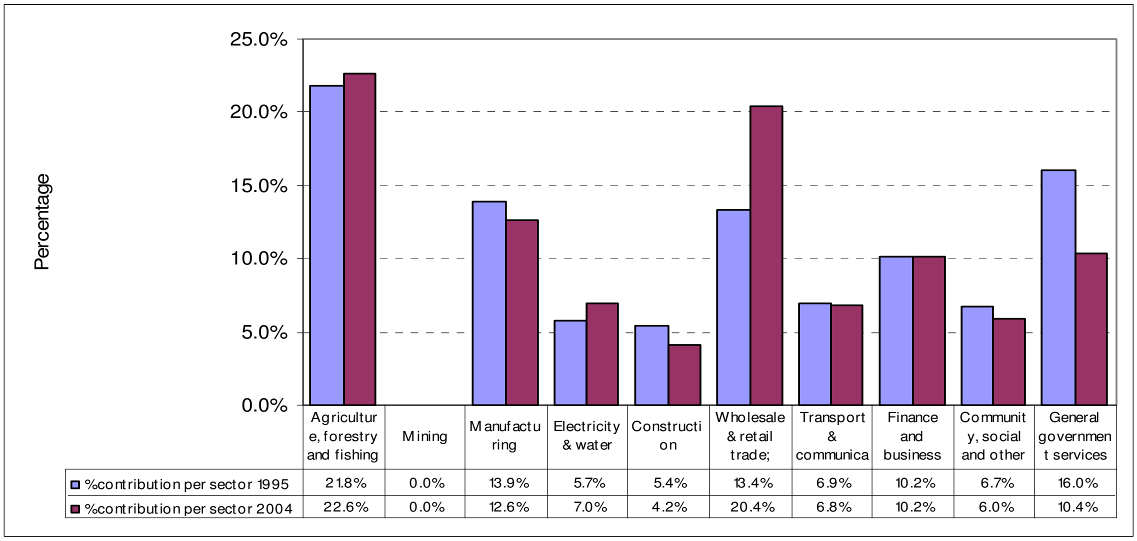
The Swellendam LM contributed 13.7 per cent (R456 million) of Overberg District's total GDPR. In 2004, the largest sectors were Agriculture, forestry & fishing (22.6%), Wholesale & retail trade; catering & accommodation (20.4%) and Manufacturing (12.6%).

Mixed farming activities – the rearing of animals and crop production – dominates agricultural activities in Swellendam and there is notable production of fruits and nuts.

Mining is non-existent in the Municipality, whereas Construction (4.2%) and Community, social & other personal services (6.0%) are relatively small sectors. The Western Cape is not a mining economy.

[2]Overberg economic development document(2003)

Figure 2: Swellendam sectoral contribution to GDPR, 1995-2004



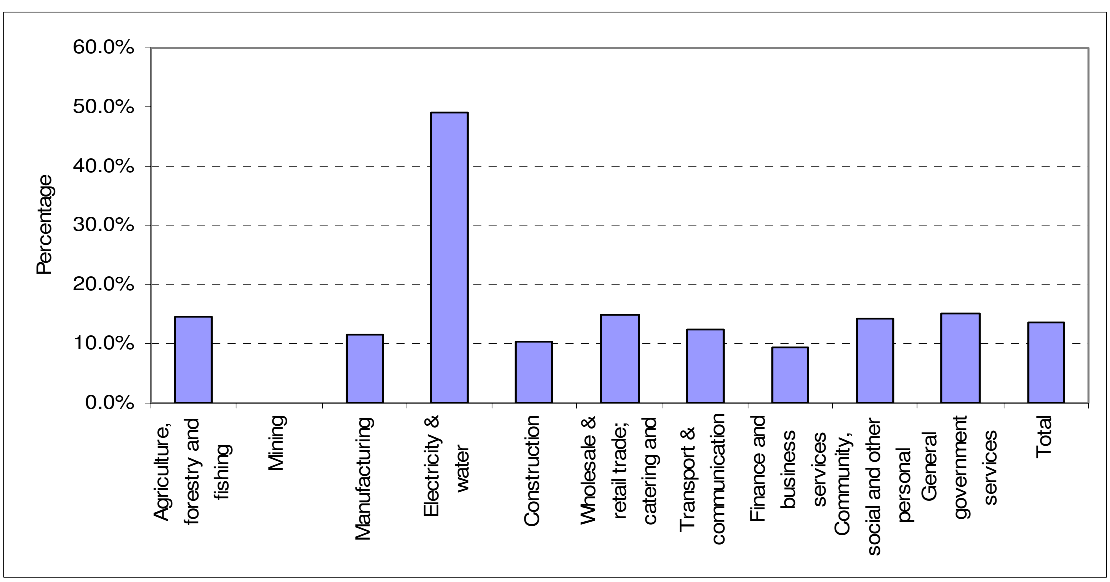
Source: Own calculations based on Quantec Research data

Between 1995 and 2004, the contribution to GDPR by the Wholesale & retail trade; catering & accommodation sector increased significantly, by 7.0 percentage points, while Agriculture, forestry & fishing increased its share marginally by 0.8 percentage points.

The Electricity & water sector also registered a marginal increase of 1.3 percentage points, while the Transport & Communication and Finance & business services sectors' contributions remained the same. A large decline was registered for the General Government services sector (5.6 percentage points), and the Manufacturing sector declined by 1.3 percentage points.

The contribution by individual economic sectors in Swellendam to the economic output of the Overberg District is generally below 20.0 per cent (see Figure 3 below), with the exception of the Water & electricity sector, which is very important for the Overberg District and which contributed close to 50.0% of the District's electricity and water output.

Figure 3: Swellendam sectoral contribution to Overberg sectors, 2004



Source: Own calculations based on Quantec Research data

Trends in the Manufacturing sub-sectors

The Food, beverages & tobacco manufacturing sector, which represents value-added downstream agro-processing of agricultural products (milk, canning, distilling of wine, beer and spirits), is well represented in Swellendam, contributing about 35.2 per cent of total manufacturing output.

This sub-sector has shown positive growth especially during the short and recent periods; for example, the sub-sector registered 10.16 per cent between 2003 and 2004. Furniture & other manufacturing contributed 21.4 per cent.

Table 2: Trends in the Manufacturing sub-sectors 1995-2004

Manufacturing sub-sectors	Output 2004 R m	Contribution per sub-sector to manufacturing 2004	Average annual growth 1995-2004 (%)	Average annual growth 2000-2004 (%)	% change 2003-2004
Food, beverages and tobacco	20.26	35.2%	2.48	2.98	10.16
Textiles, clothing and leather goods	0.34	0.6%	1.43	3.94	8.24
Wood and paper; publishing and printing	2.26	3.9%	-4.12	-4.76	-0.80
Petroleum products, chemicals, rubber and plastic	3.91	6.8%	-1.74	-5.55	-3.90
Other non-metal mineral products	2.78	4.8%	1.44	5.41	9.97
Metals, metal products, machinery and equipment	9.27	16.1%	5.05	6.88	6.54
Electrical machinery and apparatus	2.91	5.1%	2.88	0.44	1.98
Radio, TV, instruments, watches and clocks	0.00	0.0%	0.00	-	0.00
Transport equipment	3.42	5.9%	4.33	4.17	8.31
Furniture and other manufacturing	12.33	21.4%	2.09	2.23	5.74
Total	**57.47**	**100.0%**	**2.10**	**2.35**	**6.54**

Source: Own Calculations based on Quantec Research data

There is also a substantial presence of the manufacturing of metals, metal products, machinery & equipment, constituting 16.1%, in the form of agriculture & forestry machinery for the local farming community.

Other notable manufacturing sub-sectors include the Petroleum products, chemicals, rubber & plastic industry (6.8%), that produces chemical products and pesticides for input into agriculture. In summary, there is strong presence of value-added downstream agro-processing and agriculture suppliers.

The manufacturing sector is not well diversified, as there is strong evidence of the reliance on agriculture, forestry & fishing sector.

Section 2: Demographic Profile

The projected population for the Swellendam Local Municipality for 2006 is 30 180 people or 12.98 per cent of the total Overberg District population.

Between 2001 and 2006 the population of Swellendam LM grew at an average annual rate of 2.2 per cent, slower than the District average of 2.5 per cent per annum. The population growth rate is expected to slow down to 0.8 per annum per annum between 2006 and 2010, i.e. by 2010, Swellendam LM is projected have a population of 31 124 people.

The population of the Swellendam LM as at 2006 is predominantly Coloured[3] (57%), with Whites constituting the second largest proportion at 23.0 per cent, and Black Africans at 20 per cent.

[3] The Asian population is presumed to be incorporated into the Coloured population.

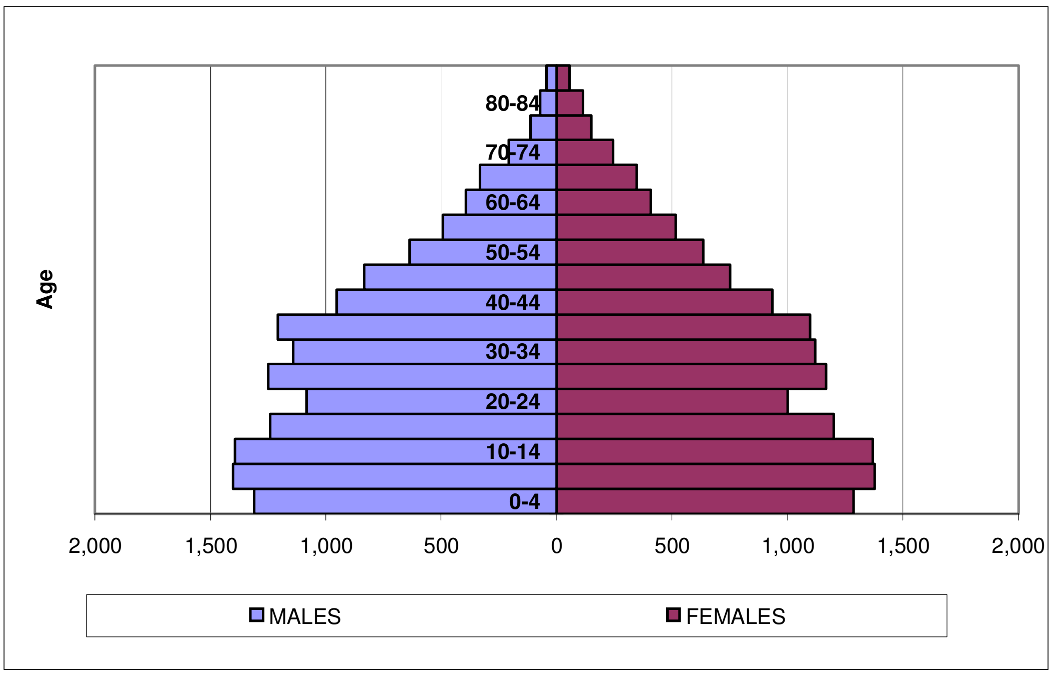
The majority of this population, i.e. 65.2 per cent, reside in urban areas, the second lowest proportion in the District, after Theewaterskloof with 64.2 per cent of its population living in urban areas. The remaining 34.8 per cent of households are classified as rural residents.

The population of Swellendam is relatively young, with 68 per cent of the population being younger than 39 years of age in 2006 and a median age of 28 years (see Figure 4). The age-dependence ratio[4] for the Swellendam LM for 2001 of 54.4per cent was higher than the District average of 52.7 per cent.

The high dependence ratio implies that more than half of the Municipality's population is too young or too old to fend for themselves, placing a huge burden on the working-age population.

However, the dependence ratio is projected to decline substantially to 51.9 per cent in 2006 and then further decline to 50.9 per cent (below the District average of 53.1% by 2010).

Figure 4: Swellendam LM population pyramid, 2006



Source: Centre for Actual Research, 2005 (Population projections for the Western Cape 2001 – 2025)

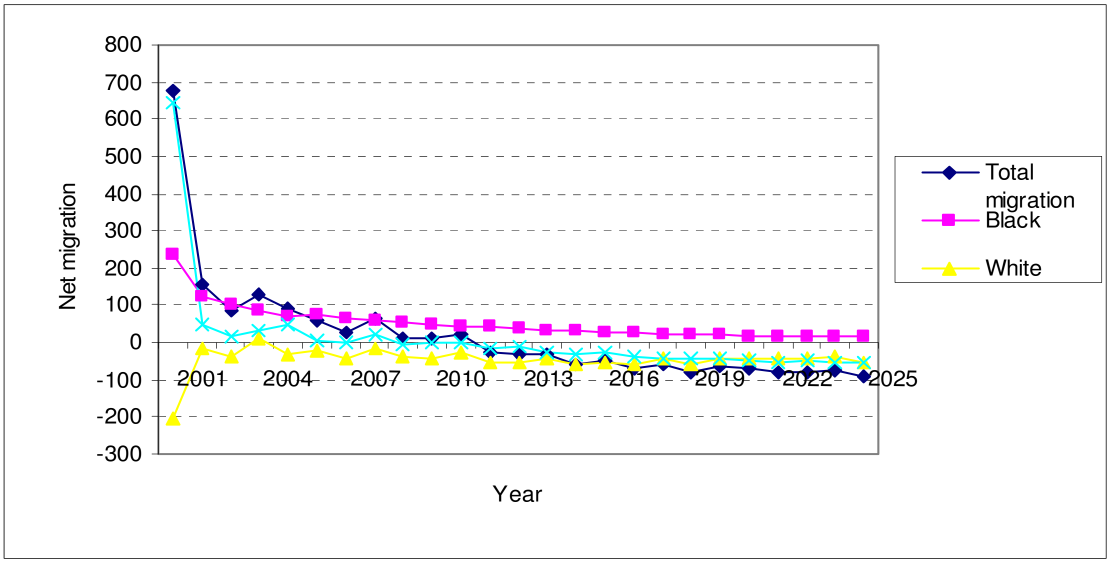
Population growth occurred in most of the age cohorts, the highest growth rate being registered in the 85+ (7.2%), 75-79 (4.8%) and the 20-24 (4.3%) age groups between 2001 and 2006. The largest decline in population was registered for the 25–29 years age group, which declined by 2.2 per cent during the same period.

Migration

Figure 5 below shows projected net migration in Swellendam LM for the period 2001 to 2025. The local municipality recorded high total net migration in 2001, but the general trend indicates a decline up to 2010, and thereafter a net outflow of people from Swellendam is projected until 2025. The White and Coloured population groups are projected to leave the municipality on a net basis, while there is declining net inflow of Black Africans into Swellendam.

[4] Total number of 0-14 year olds plus 65+ year olds / working-age population, i.e. number of 15-64 year olds

Figure 5: Swellendam: Projected net migration by population group, 2001-2025



Source: Centre for Actual Research, 2005 (Population projections for the Western Cape 2001 – 2025)

Well-being of households

This section provides a snapshot of various measures of the quality of life of the Swellendam LM residents. Key variables under consideration include educational attainment, income poverty, the crime situation, labour force participation, unemployment, access to basic services such as water, sanitation, energy and refuse removal, and human development among other indicators. In addition, health status indicators such as HIV/Aids, projected prevalence and deaths, and infant mortality rates are also discussed.

Education levels

Swellendam LM has 29.9 per cent of the 77 schools in the Overberg District (about 13.0% of the Overberg District's population resides in Swellendam) and an educator: learner ratio of 35, which is lower than the District average of 37. The illiteracy rate (i.e. the percentage of people over 14 years of age with less than Grade 7) of 35 per cent is worrying and way above the District average of 27 per cent.

Table 3: Swellendam Local Municipality Educational Attainment, 2001

Education levels	Western Cape	ODM	Swellendam
No schooling	5.7%	7.3%	9.0%
Some primary	15.2%	21.9%	27.6%
Completed primary	7.9%	10.0%	9.4%
Some secondary	36.5&	32.8%	28.5%
Grade 12/Std 10	23.4%	19.4%	18.0%
Higher	11.2%	8.7%	7.6%
Total	**100%**	**100%**	**100%**

Source: Census 2001

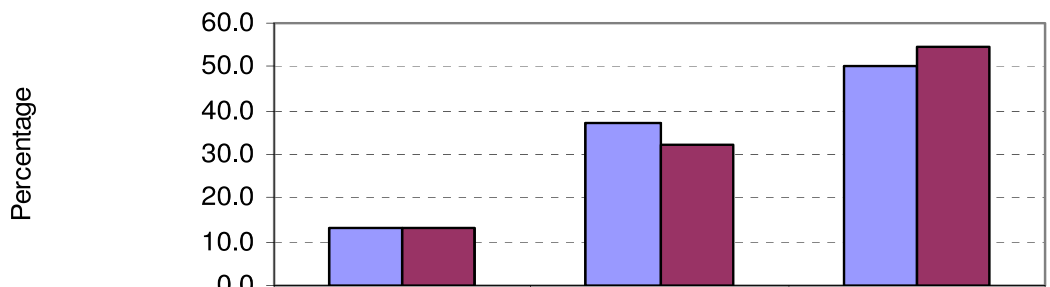
The level of poor literacy is confirmed by the results from the Census 2001, which indicate that 9.0 per cent of people[5] in Swellendam had no schooling, compared to 7.3 per cent for the District. In addition, 46.0 per cent of the people did not attain secondary schooling.

Only 7.6 per cent of the people attained higher education, which is lower than both the District and Provincial higher education attainment rates of 11.2 per cent and 8.7 per cent respectively.

The low educational attainment resulted in the poor skills set for the LM (see Figure 6 below) i.e. a very high proportion (54.8%) of the people is classified as low skilled (performing much worse than the District at 50%).

The dominance of the Agricultural sector, which employs close to 40 per cent[6] of people in Swellendam, is one of the major reasons for low skills in the municipality. A low proportion is considered skilled (32.2%) and the proportion of highly skilled individuals is on a par with the Provincial average of 13.1 per cent.Given the fact that there are no nearby opportunities for Further Education and Training (FET) for school leavers from Swellendam, the economy will struggle to obtain skills for the changing economic base.

Figure 6: Swellendam vs. Overberg District skills distribution, 2001



	High-skilled	Skilled	Low -skilled
Overberg District	13.2	36.8	50.0
Sw ellendam	13.1	32.2	54.8

Source: Statistics South Africa Census, 2001

Labour market profile

Between 1996 and 2001, about 138 new jobs were created in Swellendam LM. However, the labour force participation rate decreased from 64 per cent to 60.2 per cent during this period, representing growth in employment of only 0.3 per cent per annum. On the other hand, the labour force grew at an annual rate of 1.8 per cent.

It is clear that employment creation lagged behind growth in the labour force. The new jobs mentioned earlier were inadequate and could not cope with unemployment, which grew at an annual average rate of 13.3 per cent during the same period.

The unemployment rate is also on the rise in Swellendam, increasing from 9.3 per cent in 1996 to 15.9 per cent in 2001. High unemployment in Swellendam can be attributed to the low industrial base in the Municipality, coupled with the seasonal nature of employment in the agricultural sector.

[5] Highest attainment for people aged 20 years and above

[6] Census 2001

The largest employers in the Swellendam Local Municipality in 2001 were Agriculture, forestry & fishing (40.0%), Community, social & other personal services (13.0%), and Wholesale & retail trade; catering & accommodation (12.7%).

The Manufacturing sector, although registering a significantly high share of GDPR (12.6%), has not been absorbing much of the labour force. About 3.8 per cent of the labour force was employed in the manufacturing sector in 2001.

Table 4: Labour force participation rates, employment and unemployment ,2001

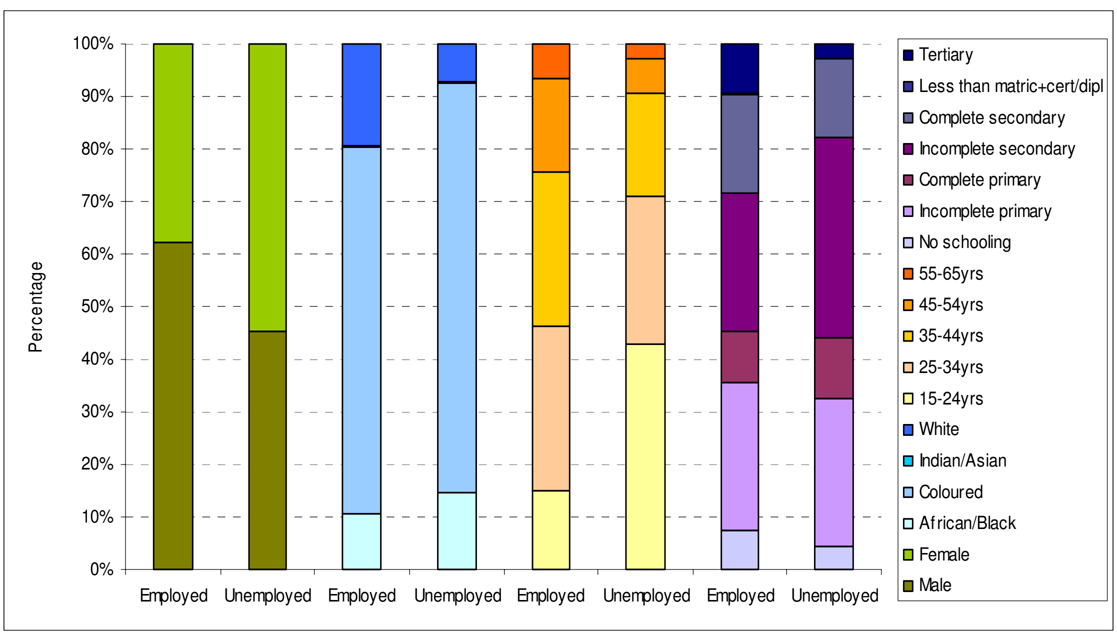
Year	Employed	Employed %	Unemployed	Unemployed %	Labour force	Labour force participation rate	Not economically active	Total population 15-65 years
1996	8 838	90.7	908	9.3	9 746	66.6	4 884	14 630
2001	8 976	84.1	1 691	15.9	10 667	58.9	7 456	18 125

Source: Statistics South Africa: Census 1996, 2001

Figure 7 below shows the composition of employment and unemployment across different population group characteristics. Females and Coloureds were better represented amongst the employed than the unemployed.

Unemployment is higher among males, people below 35 years of age (50% of the total unemployed people) and Coloureds (who constitute a majority of the total population in Swellendam). Whites are well represented in the ranks of the employed, while Black Africans are more represented in unemployment than employment.

Figure 7: Swellendam, Composition of employment and unemployment, 2001



Source: Statistics South Africa: Census 2001

The employment rate profile of the Swellendam LM is similar to that of other municipalities in the Province, where:

- The Agriculture sector forms a significant part of the economy,
- People with no education have a relatively high employment rate,
- Employment decreases as education levels increase, with those with uncompleted secondary education having the highest level of unemployment.
- Higher employment rates are found for people with completed secondary or some form of post-school formal education (tertiary).

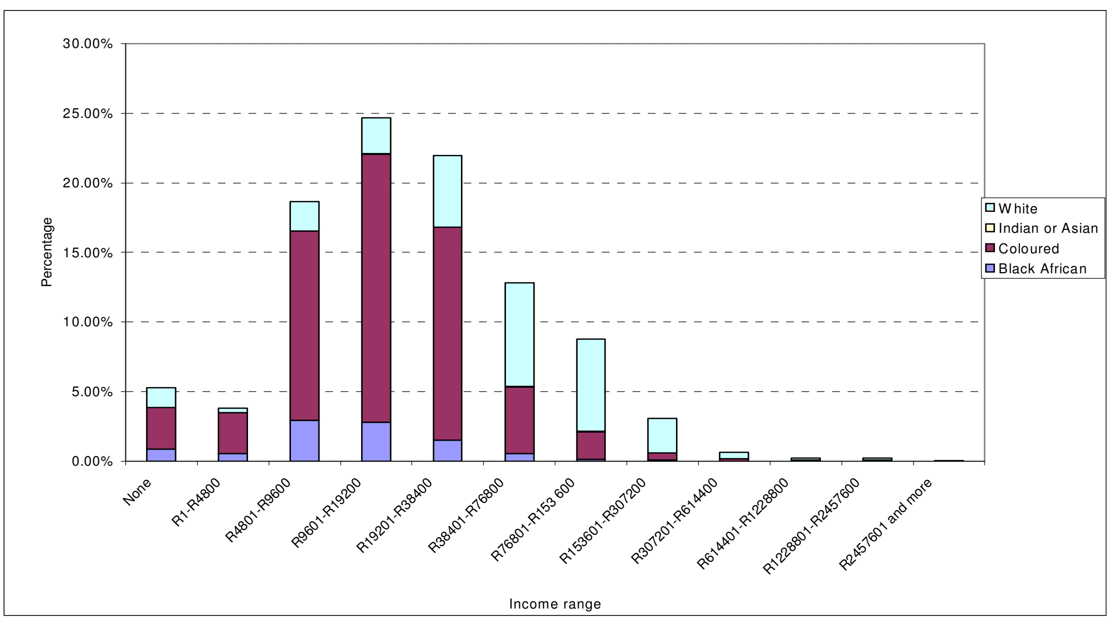
Income Distribution

In 2001, approximately 5.26 per cent of households in Swellendam earned no income at all, implying a lower rate of abject poverty when compared to the District (9.7%). An estimated 27.7 per cent of households earned an income of less than R9 600 per year, slightly less than the District, where 28.3 per cent of households fell in this income bracket.

Altogether 59.4 per cent of households earned between R9 600 and R75 800 per year (compared to 56.9% for the District), and only 12.9 per cent earned more than R76 800 (14.8% for the District).

More households therefore fall in the lower to middle income brackets. Whites dominate the upper income brackets, while Coloureds dominate in the lower to middle brackets and Black Africans do not feature in high-income brackets.

Figure 8: Swellendam Municipality Income Distribution by population group, 2001



Source: Statistics South Africa: Census 2001

Health indicators

In terms of health indicators (see Table 5), the Swellendam Local Municipality performed much worse than the District when considering first measles immunisation (69% vs. the District average of 75%), although both are performing far below the national target of 90 per cent.

The Local Municipality's TB prevalence of 1 042 per 100 000 people is very high, especially with the Municipality having a quite low TB cure rate of 69 per cent (much lower than the District average of 74% and the national target of 85%).

However, the proportion of babies who are born underweight in Swellendam is not significantly different from the District average of 16 per cent. More needs to be done in the area of TB management.

Table 5: Health measures

Health measures	Swellendam LM	Overberg DM
Percentage of births under 2 500 g	15	16
Proportion under 1 with 1st measles immunisation %	69	75
TB prevalence per 100 000	1 042	1 142
TB Cure rate %	69	74

Source: Department of Health (2005),

HIV/AIDS prevalence and projected deaths

According to demographic projections[7] the HIV/AIDS prevalence rate for the Swellendam LM was at 2.9 per cent in 2005, which is much lower than the District average rate of 4.1 per cent. HIV/AIDS prevalence is projected to increase to 3.8 per cent by 2010 and the total number HIV/AIDS-related deaths are also projected to increase from 306 in 2005 to 349 by 2010.

Table 6: Selected socio-economic indicators

Education	Swellendam LM	Overberg DM
Percentage of people over 14 illiterate (less than Grade 7)	35	27
Human Development Index *Comprising*	**Swellendam LM 0.72**	**Province 0.72**
Health	0.67	0.63
Income	0.73	0.84
Education	0.75	0.68
City Development Index Comprising	**Swellendam LM 0.74**	**Province 0.81**
Infrastructure	0.75	0.79
Waste	0.72	0.89
Health	0.70	0.68
Education	0.79	0.86
Income	0.73	0.82

Source: Department of the Premier (2005)

[7] Centre for Actuarial Research, 2005 (Population projections for the Western Cape 2001–2025)

Human and City Development measures (HDI and CDI)

This section analyses the state of development in Swellendam using the following measures, the City Development Index (CDI) and the Human Development Index (HDI) presented in Table 6 . There is an overlap between these two development indices in terms of components such as income, education and health.

The City Development Index (CDI) is an average of the following indices: infrastructure[8], health[9], education[10], income[11] and waste. Overall, the Swellendam LM has a lower CDI of 0.74 compared to 0.81 for the rest of the Western Cape Province.

When considering individual indices, the Province outperformed Swellendam LM in all areas of service delivery, i.e. infrastructure, income, education and waste. However, the Local Municipality performed above the provincial average in terms of the health index (0.70 vs. 0.68).

The Human Development Index (HDI) is measured by averaging the following indices: health, which is based on life expectancy, education (based on adult literacy and gross enrolment indices) and income, which is based on mean household income.

The overall HDI score for Swellendam LM is on a par with the provincial average of 0.72.

When considering individual indices, the Municipality performed better than the provincial average in terms of the health index (0.67 vs. 0.63) and education (0.75 vs. 0.68).

The major challenge for Swellendam is income (0.73), which performed below the provincial index of 0.84 (see Table 6), implying that the Municipality has to raise the level of mean household incomes.

Provincial Index of Multiple Deprivation (PIMD)

The PIMD, which measures small area deprivation based on five domains[12], confirmed the existence of multifaceted deprivation. No wards in Swellendam fall within the least deprived quartile of wards in the Western Cape, with 60 per cent of all wards in Swellendam falling within the third quartile. In other words, 60 per cent of all wards in Swellendam fall within the second most deprived category. Approximately 20 per cent of all wards in Swellendam fall within the most deprived ward category.

Crime measures

While the number of reported murders, rapes and instances of neglect and ill-treatment of children increased between 2002/03 and 2003/04, there has been a significant decline in these crime categories during 2004/05.Reported drug-related crimes doubled between 2002/03 and 2004/05, which is a major concern for the District and has serious implications for social capital in the Local Municipality.

Table 7: Crime measures

Crime measures (Number of cases reported)	**2002/2003**	**2003/2004**	**2004/2005**
Murder	15	17	16
Rape	48	60	56
Neglect and ill-treatment of children	8	12	4
Drug related crime	150	217	307

Source: South African Police Service (2005

[8] Water, sewerage, telephone and electricity
[9] Life expectancy, divided by infant mortality
[10] Adult literacy and gross enrolment ratio
[11] Mean household income
[12] Income and Material Deprivation, Employment Deprivation, Health Deprivation, Education Deprivation, and Living Environment Deprivation

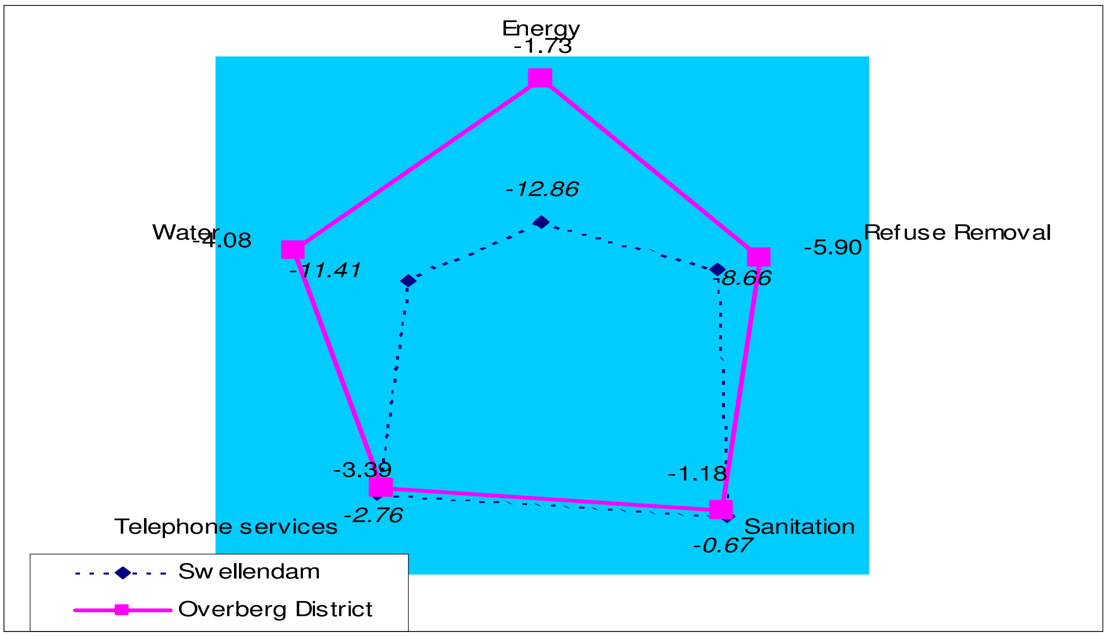
Access to Basic Services

The delivery of basic services improved between 1996 and 2001 in Swellendam. Figure 10 below shows how the Swellendam LM has performed compared to the Overberg DM with respect to the delivery of basic services, i.e. energy[13], water[14], refuse removal[15], telephone services[16] and sanitation[17].

The Municipality performed better than the District with respect to the delivery of all basic services, except for sanitation, where it reduced the proportion of households with less than basic delivery at a slower rate than the District, and telephone services, where it performed on a par with the District Municipality.

The Municipality has therefore succeeded in reducing the number of households with less than basic access in water, energy and refuse removal significantly more than the District. The housing backlog is also modest compared to elsewhere in the District.

Figure 9: Change in households with below basic access to services, 1996- 2001



Source: Statistics South Africa: Census 2001, DBSA: Community profile database

The proportion of households with below basic access to energy declined by 12.9 per cent (609 households), water by 11.4 per cent (643 households) and refuse removal by 8.7 per cent (130 households). Sanitation and telephone services service delivery also improved, but at a slower rate.

[13] Energy - gas, paraffin, candles and other.

[14] Refuse removal – own refuse dump, and no rubbish disposal.

[15] Water – borehole, spring, rainwater tank, dam/pool/stagnant water, river/stream, water vendor, and other.

[16] Telephone services – telephone at another location not nearby and no access to a telephone.

[17] Sanitation – bucket latrine, and none.

Table 8: Changes in access to basic services between 1996 and 2001

Swellendam	Energy	Refuse removal	Sanitation	Telephone services	Water
% change in proportion of households with below basic access	-12.9	-8.7	-0.7	-2.8	-11.4
Number of households affected	609	130	97	55	643

Source: Statistics South Africa: 2001 Census: Community profile database – DBSA

Revenue generating capacity

The Municipality had a total revenue base of R53,6 million in 2005/06, which is projected to grow by 35.9 per cent between 2005/06 and 2006/07 (see Table 9). The projected overall growth in total revenue over the Medium-term Expenditure framework (MTEF) period is 15.3 per cent.

The Municipality is heavily dependent on own-sourced revenue (the highest percentage in the District), which constitutes 76.9 per cent of total revenue for the 2005/06 financial year.

Transfers from national and provincial government constitute only 3.7 per cent of total revenue. The major sources of own-revenue are electricity charges and property rates, which contributed 29.8 per cent and 18.7 per cent, respectively, of total revenue in 2005/06.

Other sources of revenue such as external loans, internal advances and *ad hoc* financing constituted 24.5 per cent of total revenue (the lowest percentage in the District).

Table 9: Swellendam: Major sources of revenue and MTEF projections

Source	Budget	Percentage of total Revenue	Budget	Medium Term Estimate		Growth	
R'000	**2005/06**	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**05/06-06/07**	**MTEF**
Transfers	**1 966**	**3.7%**	**6 908**	**4 910**	**5 484**	**251.4%**	**40.8%**
Main sources of own revenue, of which	**41 205**	**76.9%**	**46 668**	**49 879**	**53 323**	**13.3%**	**9.0%**
Property rates	*10 041*	*18.7%*	*11 346*	*12 253*	*13 233*	*13.0%*	*9.6%*
Electricity	*15 971*	*29.8%*	*17 373*	*18 242*	*19 154*	*8.8%*	*6.2%*
Water	*7 044*	*13.1%*	*8 587*	*9 274*	*10 016*	*21.9%*	*12.4%*
Sanitation	*4 969*	*9.3%*	*5 699*	*6 154*	*6 647*	*14.7%*	*10.2%*
Refuse removal	*3 180*	*5.9%*	*3 663*	*3 956*	*4 273*	*15.2%*	*10.3%*
Other		*0.0%*					
All 'other' sources of revenue	**10 445**	**19.5%**	**19 271**	**21 595**	**23 466**	**84.5%**	**31.0%**
Grand total	**53 616**	**100.0%**	**72 847**	**76 384**	**82 273**	**35.9%**	**15.3%**

Source: Provincial Treasury Local Government revenue database.

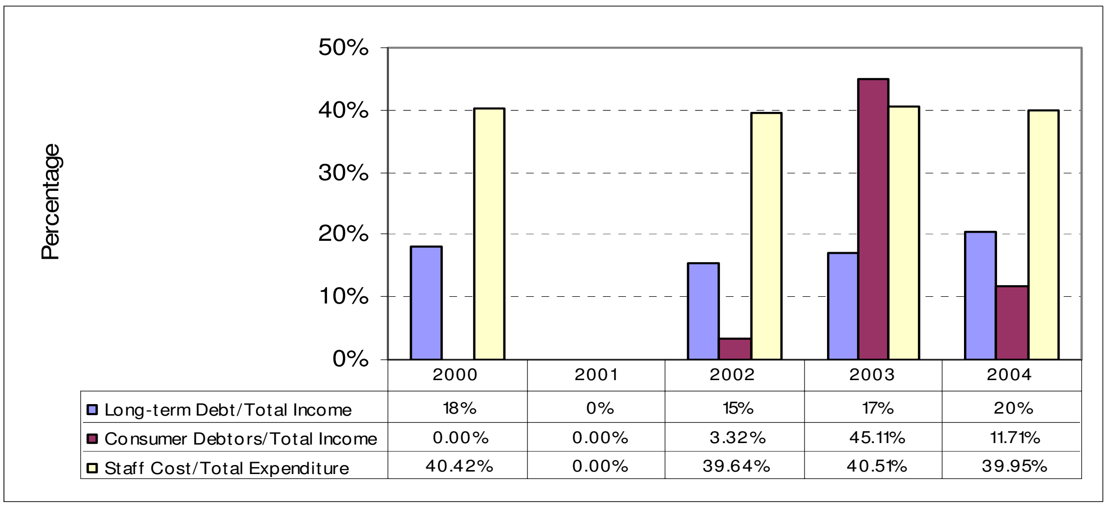
Over the MTEF period, transfers are projected to increase by 40.8 per cent and own-sourced revenue is expected to grow by 9.0 per cent. The Municipality has a low revenue base and coupled with slow economic growth and high unemployment, which renders residents less able to pay for municipal services, it poses a major risk to further growth in own revenue.

Electricity and property rates and water charges will continue to be the major sources of income for the LM. These three sources are projected to contribute 38.3 per cent, 31.1 per cent and 14.1 per cent, respectively, of total own revenue in 2006/07. All 'Other' sources of revenue are projected to grow by 13.9 per cent over the MTEF period.

Swellendam Local Municipality has a high staff cost to total expenditure ratio, averaging 40 per cent during the period 2000 to 2004 (see Figure 11 below). The long-term debt to income ratio has been increasing steadily from 15 per cent in 2002 to 20 per cent in 2004.

Consumer debtors as a proportion of total income rose sharply from 3.32 per cent in 2002 to 45.1 per cent in 2003, but there was a sharp drop in the ratio to 11.7 per cent in 2004.

Figure 10: Swellendam LM selected financial ratios, 2000-2004



Source: INCA database

Political environment

The Swellendam Local Municipality has five ward seats that were contested in 2000 and 2006. In the 2000 municipal elections, two political parties managed to obtain ward seats. The African National Congress (ANC) obtained two (or 40% of) ward seats, while the Democratic Alliance (DA) obtained the majority of the seats (i.e. three or 60% of the ward seats).

The ANC became the leading party in 2006 by obtaining three or 60 per cent of the total ward seats. The remaining two seats were split equally between the DA and the Independent Democrats (ID). Continuity, in terms of political leadership, is important for accelerating the pace of service delivery in municipalities.

Table 10: Swellendam LM: changes in political governance between 2001and 2006

Swellendam LM	Municipal Election 2000			Municipal Election 2006		
Leading party by ward	Total Ward Seats	Ward Seats Won	Percentage won	Total Ward Seats	Ward Seats Won	Percentage won
African National Congress	5	2	40.00%	5	3	60.00%
Democratic Alliance	5	3	60.00%	5	1	20.00%
Independent Democrats	5	N/A	N/A	5	1	20.00%

Source: www.iec.org.za

Conclusion and outlook

Although Swellendam is a relatively small municipality in terms of its contribution to the economic output of the Overberg region, it is one of the fast growing economies in the District.

It registered a growth rate of 3.2 per cent per annum between 1995 and 2004. In addition, the Swellendam economy is fairly diversified.

Tourism opportunities exist in areas such as Cape Infanta, where the Breede River enters the sea; it is known as the whale nursery of the Cape and offers river and coastal recreation.

Major business possibly coming to Swellendam in the near future include retailers such as Pick 'n Pay and Woolworths[18], and this will boost opportunities in the Wholesale & retail trade sector.

A large portion of the Swellendam Municipality lies on land that can be described as the Rûens, which is thinly populated and in some instances dry.

Unemployment in the Local Municipality is relatively low, at 15.9 per cent in 2001; however, employment creation is not keeping pace with growth in the labour force. Abject poverty is relatively low in Swellendam, with only 5.3 per cent of households registering no income in 2001.

Major challenges are ineffective delivery of basic services, a low-income base and a relatively small capital and operational budget. The Municipality also faces internal capacity problems, as key positions are not being filled.

The Municipality has a disturbing increasing trend in drug-related crimes and rising projected HIV/Aids prevalence and deaths. However, this is a common trend across the Overberg District and the Western Cape.

[18] Source: Local Government MTEC assessments document (May 2005)