CAPE AGULHAS MUNICIPALITY

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ECONOMIC RECOVERY PLAN

INTRODUCTION

- The Minister of Cooperative Governance and Traditional Affairs (Cogta) declared a national disaster on 15 March 2020 due to the magnitude and severity of the Covid – outbreak.
- Following the declaration, the Minister issued the COVID-19 regulation in a bid to respond and contain the spread of the disease.
- Subsequently, on 23 March 2020, the President announced a nationwide lockdown for the initial period of 21 days which commenced on 26 March 2020. The lockdown was further extended by two weeks until 30 April 2020.
- Covid – 19 presents a deep and long-lasting economic crisis for South Africa, it has already begun to put tremendous strain on existing municipal resources and capacity.
- As the engines for the national economy, municipalities are disproportionately exposed to the economic fall-out.

CHALLENGES OF COVID – 19 PANDEMIC TO THE MUNICIPALITY

- Decline in intergovernmental fund transfers to municipalities as national government see their own budgets constrained by inability to collect taxes, tariffs and fees as businesses and households battle to pay taxes.
- Loss in revenue from property rates and taxes. This will be significantly affected as a result of the inability of households, businesses to pay, job losses and businesses closing.
- Generation of revenue from electricity has been adversely affected because the sales from electricity has declined significantly.
- The challenge is now upon us to look at means to reviving the economy beyond Covid – 19.

ECONOMIC ANALYSIS

The section below deals with our situational analysis pre-lock down:

1.ECONOMIC GROWTH

Economic growth at municipal level is essential for the attainment of economic development, the reduction of poverty and improved accessibility. Fostering such growth requires an in-depth understanding of the economic landscape within which each respective municipality operates.

2.ECONOMIC SECTOR PERFORMANCE

The local economy of the Cape Agulhas municipal area was in 2018 dominated by the wholesale &retail trade, catering & accommodation (R660.8 million; 22.3 per cent), finance, insurance, real estate and business services (R578.9 million; 19.5 per cent) and the manufacturing (R428.5 million; 14.5 per cent) sectors. Combined, these top three sectors contributed (R1.668 billion or 56.3 per cent) to the Cape Agulhas municipal economy, which was estimated to be worth R2.961 billion in 2017.

GDPR PERFORMANCE PER SECTOR

Cape Agulhas: GDPR performance per sector, 2006 - 2019									
	Contribution to GDPR (%) 2017	**R million value 2017**	**Trend**		**Real GDPR growth (%)**				
Sector			**2008 - 2017**	**2014 - 2018e**	**2014**	**2015**	**2016**	**2017**	**2018e**
Primary sector	**7.2**	**212.3**	**2.1**	**-0.2**	**6.5**	**-3.1**	**-8.7**	**9.0**	**-4.6**
Agriculture, forestry & fishing	7.0	207.1	2.1	-0.3	6.5	-3.1	-9.3	9.2	-4.6
Mining & quarrying	0.2	5.2	4.0	6.6	7.7	0.2	28.4	0.5	-3.9
Secondary sector	**23.5**	**696.2**	**2.1**	**1.4**	**1.7**	**1.5**	**1.6**	**0.9**	**1.3**
Manufacturing	14.5	428.5	2.4	2.0	1.6	1.7	2.3	1.7	2.6
Electricity, gas & water	2.3	69.0	-1.5	-1.0	-1.7	-2.1	-2.5	0.1	1.3
Construction	6.7	198.7	2.6	0.6	3.0	1.9	1.1	-0.9	-2.0
Tertiary sector	**69.3**	**2 052.8**	**2.6**	**1.9**	**2.8**	**2.1**	**1.9**	**1.2**	**1.3**
Wholesale & retail trade, catering & accommodation	22.3	660.8	2.6	1.8	2.5	3.0	2.7	0.0	0.6
Transport, storage & communication	10.9	324.1	3.6	2.7	4.5	2.0	2.3	2.5	2.2
Finance, insurance, real estate & business services	19.5	578.9	3.3	3.0	3.3	3.4	2.6	3.0	2.6
General government	9.8	291.5	0.8	-1.2	1.1	-1.7	-1.7	-2.1	-1.4
Community, social & personal services	6.7	197.5	2.0	1.6	1.9	1.4	2.0	1.8	0.8
Total Cape Agulhas	**100.0**	**2 961.3**	**2.5**	**1.6**	**2.9**	**1.6**	**1.0**	**1.7**	**0.8**

Source: Socio-Economic Profile 2019

The 10-year trend between 2008 and 2017 shows that mining and quarrying registered the highest average growth rate (4.0 per cent) followed by transport, storage & communication (3.6 per cent) and the finance and business services (3.3 per cent) sectors. The electricity and, gas & water reflects a contraction over the 2008 - 2017 period.

3.LABOUR

This section highlights key trends in the labour market within the Cape Agulhas municipal area, beginning with a breakdown of skills of the labour force, followed by employment numbers per sector as well as the unemployment levels.

The wholesale and retail trade, catering and accommodation sector contributed the most jobs in the Cape Agulhas municipal area in 2016 (4 257; 27.1 per cent), followed by the finance and businesses (2 517; 16.0 per cent) and the agriculture, forestry and fishing (2 056; 13.1 per cent) sectors. Combined, these three sectors contributed 8 830 or 56.7 per cent 15 570 jobs in 2017.

TABLE 1 TRENDS LABOUR FORCE SKILLS

Cape Agulhas: Employment growth per sector, 2006 – 2019										
Sector	**Contribution to employment (%)**	**Number of jobs**	**Trend**		**Employment (net change)**					
	2017	**2017**	**2008 - 2017**	**2014 - 2018e**	**2014**	**2015**	**2016**	**2017**	**2018e**
Primary sector	**13.1**	**2 062**	**-782**	**110**	**-101**	**415**	**-84**	**-83**	**-37**
Agriculture, forestry & fishing	13.1	2 056	-781	110	-101	415	-84	-83	-37
Mining & quarrying	0.0	6	-1	0	0	0	0	0	0
Secondary sector	**16.6**	**2 610**	**235**	**277**	**76**	**48**	**70**	**57**	**26**
Manufacturing	9.4	1 480	125	171	32	49	21	50	19
Electricity, gas & water	0.3	52	13	2	0	2	0	2	-2
Construction	6.9	1 078	97	104	44	-3	49	5	9
Tertiary sector	**70.3**	**11 038**	**2 818**	**1 483**	**319**	**394**	**125**	**358**	**287**
Wholesale & retail trade, catering & accommodation	27.1	4 257	1 081	653	80	189	83	205	96
Transport, storage & communication	4.7	736	295	88	30	55	-46	32	17
Finance, insurance, real estate & business services	16.0	2 517	931	555	108	132	67	95	153
General government	9.4	1 480	111	-41	65	-47	7	-65	-1
Community, social & personal services	13.0	2 048	400	228	36	65	14	91	22
Total Cape Agulhas	**100.0**	**15 710**	**2 271**	**1 870**	**294**	**857**	**2 374**	**332**	**276**

Source: Socio-Economic Profile 2019

Only the primary sector (-782) in the Cape Agulhas municipal area reported an average decrease in jobs between 2008 and 2017, which is mainly attributed to job losses reported in the agriculture, forestry and fishing sector. This is a major cause for concern considering the notable contribution of this sector to the local economy. The sector which reported the largest increase in jobs between 2014 and 2018 was wholesale, retail and trade (653), followed by financial and business services (555), and community and social services (228).

TABLE 2 TRENDS IN LABOUR FORCE SKILLS

Cape Agulhas: Trends in labour force skills, 2014 - 2018				
Formal employment by skill	**Skill level contribution (%)**	**Average growth (%)**	**Number of jobs**	
	2017	**2014 – 2018e**	**2017**	**2018e**
Skilled	21.1	3.1	2 583	2 661
Semi-skilled	45.8	3.3	5 590	5 755
Low-skilled	33.1	2.9	4 044	4 097
Total Cape Agulhas	100.0	3.1	12 217	12 513

Source: Socio-Economic Profile 2019

The majority of workers in the Cape Agulhas labour force in 2017 was dominated by semi-skilled workers (45.8 per cent), while only 21.1 per cent were skilled. The number of semi-skilled workers increased fractionally more than that of low- skilled and skilled workers during the period of 2014 and 2018.

TABLE 3 UNEMPLOYMENT RATE

Unemployment Rates for the Western Cape (%)											
Area	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Cape Agulhas	5.2	6.3	7.4	7.6	7.5	7.2	7.5	6.8	7.5	7.9	7.8
Overberg District	6.6	8.0	9.5	9.8	9.6	9.2	9.6	8.6	9.7	10.2	10.1
Western Cape	12.7	14.0	15.4	15.5	15.6	15.5	15.9	15.9	17.1	17.8	17.7

Source: Socio-Economic Profile 2019

Over the last decade, the unemployment rate has been rising steadily. Unemployment in the Cape Agulhas municipal area started at 5.2 per cent in 2008, rising steadily to reach 7.8 per cent in 2018. The Cape Agulhas unemployment rate of 7.8 per cent in 2018 is lower than the District's 10.1 per cent and the Province's 17.7 per cent.

4.EMPLOYMENT TRENDS

Poverty is exacerbated by unemployment. It is important to distinguish between narrow and broad unemployment, as its interpretation and use as an indicator may have contrasting consequences on policy formulation. Narrow unemployment is defined as the number of people who have not worked for two weeks prior to the survey date but have taken active steps to look for work/employment. Broad employment is defined as the number of people seeking employment two weeks prior to the survey date and includes persons that did not take active steps to look for work/employment, for example, discouraged work-seekers.

TABLE 4 UNEMPLOYMENT RATES

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Western Cape	12.7	14.0	15.4	15.5	15.6	15.5	15.9	15.9	17.1	17.8	17.7

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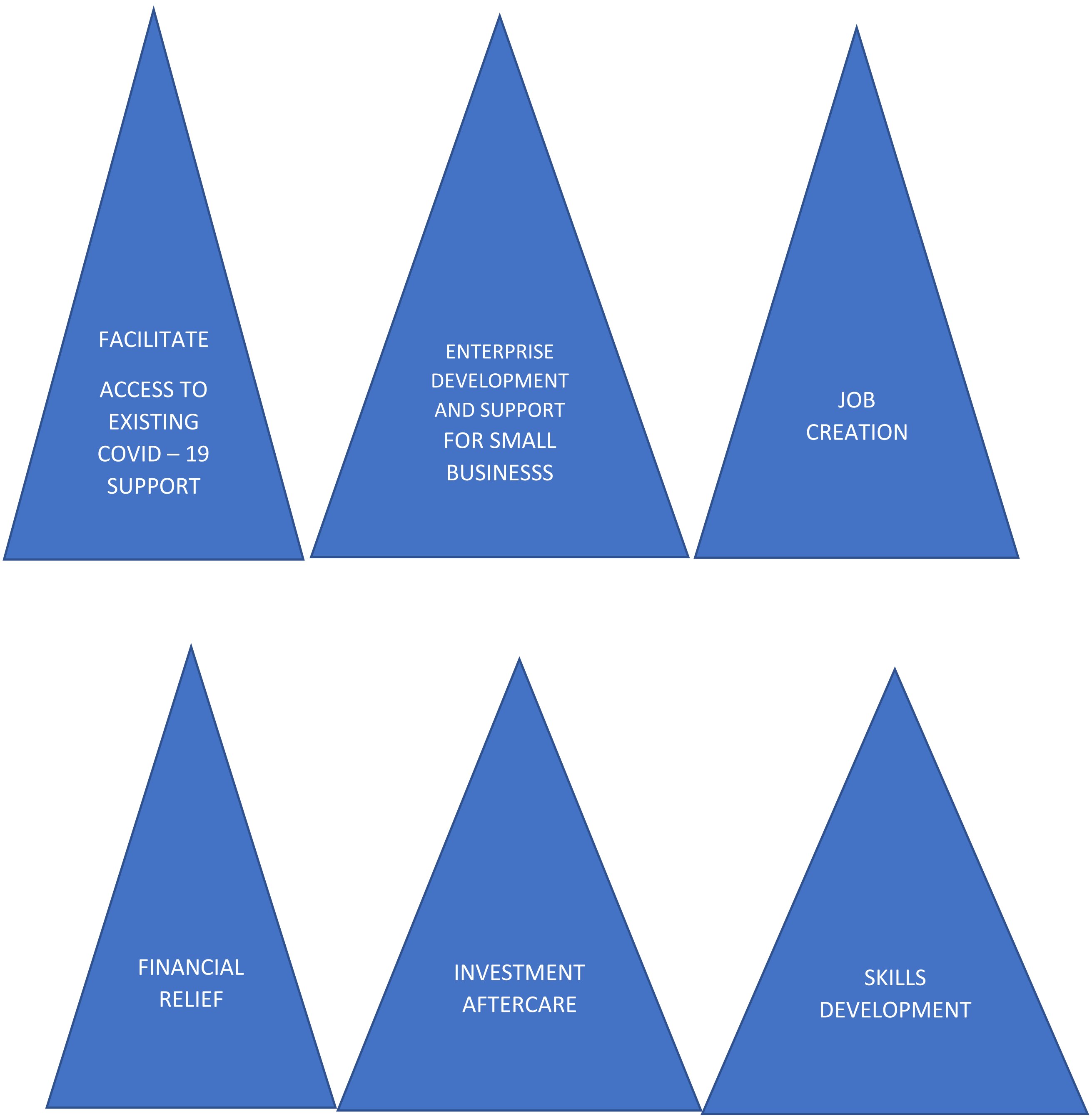
PILLARS OF OUR ECONOMIC RECOVERY PLAN



ACCESS TO EXISTING COVID-19 SUPPORT

- Facilitate access for qualifying small-business to National and Provincial Covid-19 Relief funding programmes (Informal businesses, Cooperatives, SMME's, Tourism, etc.)

ENTERPRISE DEVELOPMENT AND SUPPORT FOR SMALL BUSINESSES

- Preferential procurement opportunities to small businesses
- Bias towards procuring locally made goods

JOB CREATION

- Facilitate creation of jobs through the implementation of capital projects and intensify EPWP and CWP gains
- Partner with companies for the establishment of a job placement centre to be able to quickly identify and fill jobs where there is a need

FINANCIAL RELIEF

- Payment holiday for those leasing municipal LED-business units
- Payment holiday for street vendors and other informal businesses
- Consider payment of invoices from small business within seven (7) business days and intensify 30-day payment regulations

INVESTMENT AFTERCARE

- Implement the proposals of the Investment Conference which was held earlier
- Honour infra-structure and service delivery pacts in order to retain existing investors
- Fast-track approval processes for investment through our Strategic Management Committee (SMT)
- Implement resolutions of SMT relating to economic growth
- Automation of building applications and fast-tracking of business permits and clearance certificates

SKILLS DEVELOPMENT

- Facilitate skills development opportunities through institutions such as the SETA's
- Partnering with skills development centres/colleges ie. Africa School of Skills for the roll-out of skills development programmes locally
- Funding of skills development programmes

KEY CONSIDERATIONS

- Pre-determined progress reporting and assessment
- Dedicated and targeted communication of interventions

- Embedding of data-driven, evidence - based decision making to achieve desired outcomes.

IMMEDIATE IMPACT PROJECTS

An online meeting was conducted with stakeholders in the business and tourism fraternity to determine their needs and how government could assist them with Covid related relief measures.

• Covid 19 – safety assistance kits were provided to entrepreneurs to further enhance their efforts to curb the spread of the pandemic.

• Our tourism office is in the process of conducting compliance checks at the premises of all our product owners, and at the same time assist them with road signage applications on-site.

• The re-organisation of our informal traders'structure, in order for them to operate more effectively.

• Free space for informal traders in specially demarcated areas.

• The cut-off of water and electricity to those users that are in default on their accounts were suspended.

• Food-parcels were distributed to affected and impoverished communities.

• A payment-holiday of two months were introduced to the tenants of our municipal business units.

• We have arranged a hydroponics-workshop for the recipients of JoJo-tank's, and are in the process of rolling it out to other stakeholders. It forms part of our strategy to assist in the provision of food security.

• We have partnered with the Department of Small Business Development on a project which saw the hand-over of equipment and appliances worth almost R 1 million.

• We have secured funding for the roll-out of various job-creation projects.

• The above funding will see the implementation of job-creation projects which will start in November and run over a period of three months covering the following:

1) Cleansing of neighbourhoods and informal settlements.

2) A door-to-door survey, and skills audit.

3) The deforestation of our Hot-agter-Klip facility to make way for the establishment of an informal market over the next two months.

4) Drivers Licence-campaign – to make unemployed people more attractive for the labour market

• We have concluded agreements with some of our local retailers for the selling of products provided and manufactured by upcoming entrepreneurs, to give last mentioned access to a more extensive market.

• We are in the final stages of sealing a partnership with Africa Skills Development Centre for the local roll-out of skills development programmes and the upskilling of semi-skilled artisans.