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**BUFFALO CITY
METROPOLITAN MUNICIPALITY**



**BUFFALO CITY METRO
MUNICIPALITY SOCIO ECONOMIC
REVIEW AND OUTLOOK, 2017**



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Foreword

ECSECC was founded in July 1995 as an institutional mechanism for partnership between government, business, labour and the NGO sector to address underdevelopment and poverty in the Eastern Cape. The local government sector and the higher education sector joined ECSECC in 2003. ECSECC's mandate of stakeholder co-ordination and multi-stakeholder policy making stems from the realization that Government cannot defeat poverty, unemployment and inequality on its own, but needs to build deliberate and active partnerships to achieve prioritized development outcomes.

ECSECCs main partners are: the shareholder, the Office of the Premier; national, provincial and local government; organised business and industry; organised labour; higher education; and the organised NGO sectors that make up the board, SALGA and municipalities.

One of ECSECCs goals is to be a socio-economic knowledge hub for the Eastern Cape Province. We seek to actively serve the Eastern Cape's needs to socio-economic data and analysis. As part of this ECSECC regularly issues statistical and research based publications. Publications, reports and data can be found on ECSECCs website www.ecsecc.org.

We trust you find the 2017 series of municipal socio-economic review and outlook publications useful. A report has been issued for each of district, local and metropolitan municipality in the province. We would appreciate your feedback.

ECSECC acknowledges that a large part of the information and descriptive analysis in this publication has been generated from IHS ReX Publisher, a product of IHS Information and Insight.

Regards,

Mr Andrew Murray

CEO

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1. BACKGROUND¹

1.1. INTRODUCTION

The report seeks to reflect on the current socio-economic developments in Buffalo City Metro Municipality with the view of providing a strong conceptual and empirical basis for policy-making, especially in turbulent times such as these. It provides the demographic patterns, labour dynamics, economic developments, and other socio economic indices related to the triple challenge of poverty, inequality and unemployment. These indices highlight performance and trends of selected development indicators and set the basis for planning, action prioritisation to improve the lives of people in the local municipality. The report can serve as a diagnostic document that articulates key questions which should be addressed by a long-term plan and strategy for the development of Buffalo City Metro Municipality. Trend analysis in this report shows the extent to which the Metro has recovered from the economic meltdown in 2009.

This report draw heavily from the analysis compiled by IHS Global Insight. It uses both the data provided by the IHS Regional Explorer and the analysis provided in the Rex Publisher. Additional information was drawn from the International Monetary Funds (IMF) for global economic outlook and Statistics South Africa (Census 2011 Census and 2016 Community Survey) for demographic data. Statistics South Africa, the official data provider does not provide labour and economic statistics at local and districts levels. Therefore, the document drew labour and economic data from IHS Global Insight (IHS, 2017).

1.1 OVERVIEW OF BUFFALO CITY METRO MUNICIPALITY

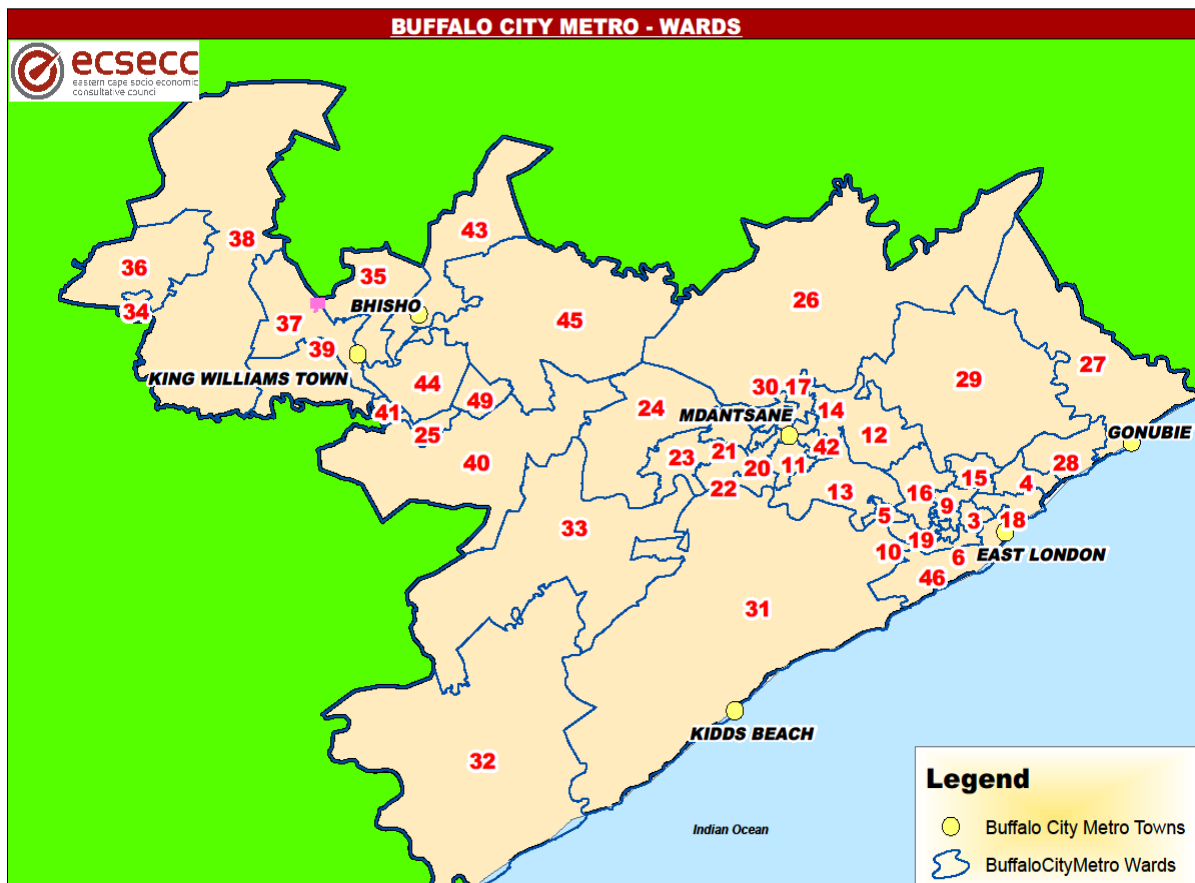
The Buffalo City Metropolitan (BCM) Municipality (Area: 2 536 km²) is a Category A municipality situated on the east coast of the Eastern Cape Province. The boundaries of the newly established municipality now include a large area characterized by very different features. Two former municipalities, Transitional Local Councils – that of East London and King William's Town – have merged into one. Other areas that were previously not included in either of them are now part of Buffalo City.

¹ Section one of this report was compiled by ECSECC. The rest of the document was compiled by IHS.

The municipality was established as a local municipality in 2000 after South Africa's reorganization of municipal areas and is named after the Buffalo River, at whose mouth lies the only river port in South Africa. Buffalo City Local Municipality (LM) was separated from Amathole District Municipality (DM) on 18 May 2011 it was separated and converted into a metropolitan municipality. The area has a well-developed manufacturing base, with the auto industry playing a major role. The climate is mild, with year-round sunshine. Average rainfall is 850mm. The main Cities/Towns in the Buffalo City Metro Municipality are: Bisho, Dimbaza, East London, Kidd's Beach, King William's Town, Mdantsane, Phakamisa, Zwelitsha. The main economic sectors are: Community services, finance, manufacturing, trade, and transport.

With its world-wide renowned for developed manufacturing base, with the auto industry playing major role, the analysis of Buffalo City Metro Municipality must be contextualised globally. The map below shows Buffalo City Metro Municipalites with its Cities or Towns and Wards.

Map 1: Buffalo City Metro by Cities or Towns and Wards



The next section provides both the global and local economic outlooks.

1.3 FROM GLOBAL TO LOCAL ECONOMIC OUTLOOK

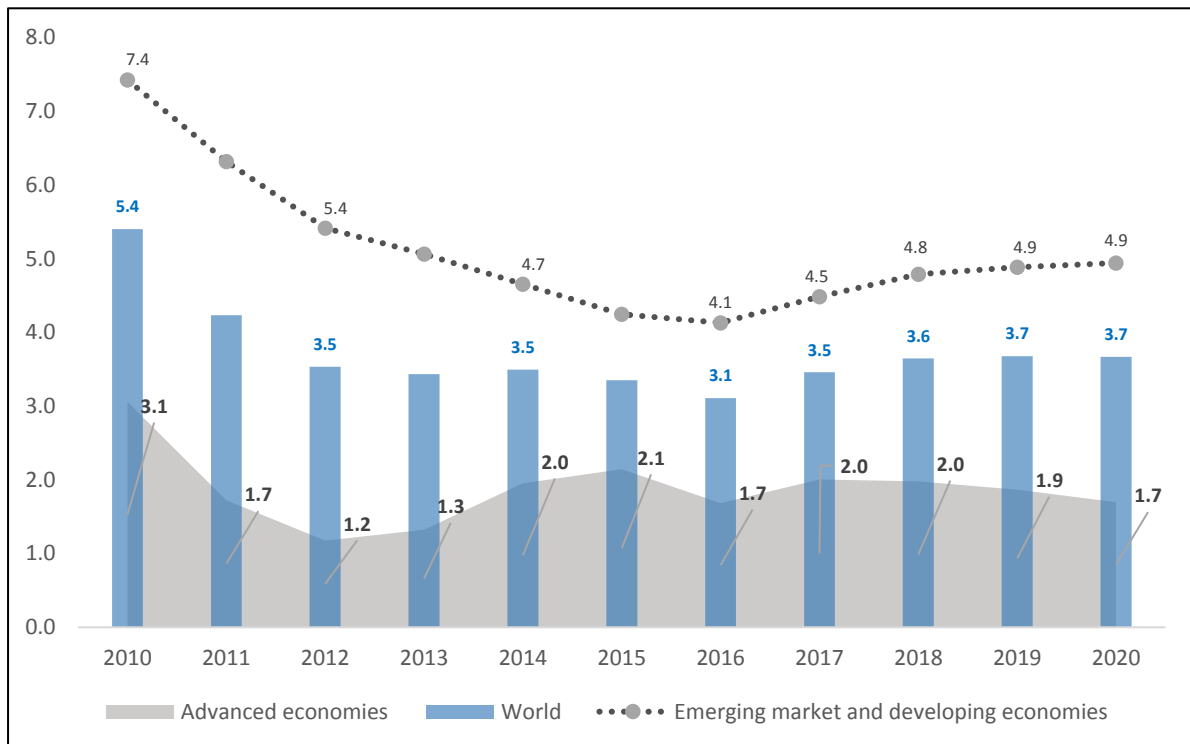
1.3.1 GLOBAL ECONOMIC OUTLOOK

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade. According to the IMF report, world economic growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018 (See Chart 1). Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges. While growth is still expected to pick up notably for the emerging market and developing economies group, weaker than-expected activity in some large countries has led to small downward revisions to the group's growth prospects for 2017.

For advanced economies, projected growth has been revised upward in the United States, reflecting the assumed fiscal policy easing and an uptick in confidence, which, if it persists, will reinforce the cyclical momentum. The outlook has also improved for Europe and Japan based on a cyclical recovery in global manufacturing and trade that started in the second half of 2016.

The downward revisions to growth forecasts for emerging market and developing economies result from a weaker outlook in several large economies, especially in Latin America and the Middle East, reflecting continued adjustment to the decline in their terms of trade in recent years, oil production cuts, and idiosyncratic factors. The 2017 and 2018 growth forecasts have been marked up for China, reflecting stronger-than-expected policy support, as well as for Russia, where activity appears to have bottomed out and higher oil prices bolster the recovery.

CHART 1. WORLD ECONOMIC OUTLOOK: 2010 - 2020



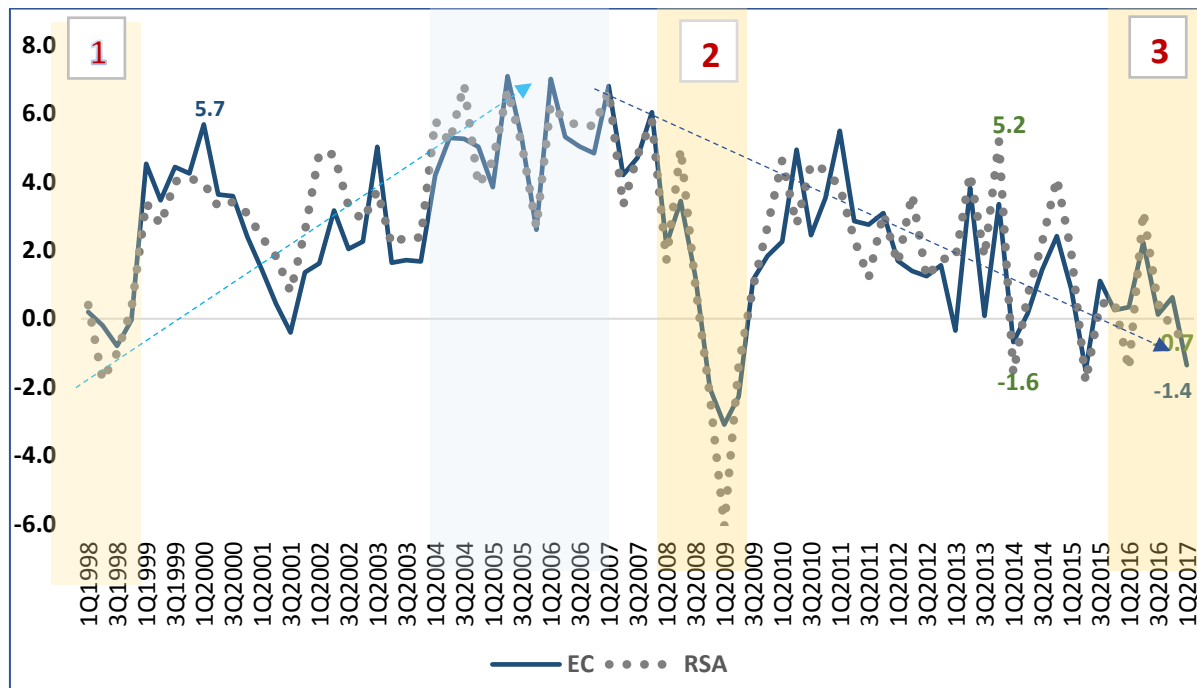
Source: IMF: World Economic Outlook (Database: October 2017)

1.3.2. SOUTH AFRICA AND EASTERN CAPE ECONOMIC OUTLOOKS

According to the IMF, South Africa’s economic growth is projected to increase to 1 percent in 2017. This is a 0.2 of a percentage point more than an earlier projection of 0.8 percent. However, South Africa’s National Treasury expects growth of 1.3 percent in 2017.

In Chart 2 below, shows how the South African economy moved into recession. During the first quarter of 2017, Statistics South Africa reported a decrease of 0,7 percent in GDP, following a 0,3 percent contraction in the fourth quarter of 2016. In 2008–2009 there was a recession over three quarters when the country became caught up in the global financial crisis. In total, South Africa has experienced three recession since 1997 (See Chart 2).

CHART 2. SOUTH AFRICA HAS EXPERIENCED THREE RECESSIONS SINCE 1997



Source: Statistics South Africa and ECSECC (2017)

During the first quarter of 2017, both the secondary and tertiary sectors recorded negative growth rates. The trade and manufacturing industries were the major heavyweights that stifled production, with trade falling by 5,9% and manufacturing by 3,7%. On the positive side, agriculture and mining industry contributed positively to growth, but not enough to avoid the recession. Trade experienced production falls across the board, particularly in catering and accommodation, and wholesale trade. Manufacturing found itself hamstrung by lower production levels primarily in food and beverages and petroleum and chemical products. The current economic meltdown necessitates a radical reprioritisation and refocus on catalytic projects. The section below both the national and provincial development priorities. The question here should be to check whether these priorities are still relevant in the current economic meltdown dispensation.

1.4 NATIONAL AND PROVINCIAL DEVELOPMENT PRIORITIES

1.4.1 NATIONAL DEVELOPMENT PLAN (NDP) AND VISION 2030

What is the NDP? South Africa’s National Development Plan is a detailed blueprint for how the country can eliminate poverty and reduce inequality by the year 2030. The NDP is a plan to unite South Africans, unleash the energies of its citizens, grow an inclusive economy, build capabilities, and enhance the capability of the state and leaders working together to solve complex problems. It defines

a desired destination and identifies the role different sectors of society need to play in reaching that goal.

What are the broad objectives of the **National Development Plan**? As a long-term strategic plan, the NDP serves four broad objectives:

1. Providing overarching goals for what we want to achieve by 2030.
2. Building consensus on the key obstacles to us achieving these goals and what needs to be done to overcome those obstacles.
3. Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP.
4. Creating a basis for making choices about how best to use limited resources.

What is the aim of the NDP and the targets that the NDP seeks to realise? The Plan aims to ensure that all South Africans attain a decent standard of living through the elimination of poverty and reduction of inequality. The core elements of a decent standard of living identified in the Plan are: Housing, water, electricity and sanitation; Safe and reliable public transport; Quality education and skills development; Safety and security; Quality health care; Social protection; Employment; Recreation and leisure; Clean environment and Adequate nutrition. These are some of the targets that should be realised by 2030.

What are the main priorities articulated in the NDP? Given the complexity of national development, the plan sets out six interlinked priorities:

1. Uniting all South Africans around a common programme to achieve prosperity and equity.
2. Promoting active citizenry to strengthen development, democracy and accountability.
3. Bringing about faster economic growth, higher investment and greater labour absorption.
4. Focusing on key capabilities of people and the state.
5. Building a capable and developmental state.
6. Encouraging strong leadership throughout society to work together to solve problems.

Implementation, monitoring and evaluation of the NDP remain a critical element if the country is to address its challenges.

1.4.2 PROVINCIAL PLANNING PRIORITIES

What is the Eastern Cape Vision 2030 all about? The provincial vision and long-term plan are intended to mobilise all citizens and sectors of the Eastern Cape around a common vision. The aim is to provide an opportunity for revisiting social partnerships and development of common goals among citizens, the state and the private sector. The plan promotes mutual accountability between the state, citizens and private sector and enable coherence of the three spheres of the state. It sets the development agenda and priorities for the next 15 years (2015-2030), building on the Provincial Growth and Development Plan (PGDP) of 2004-2014.

What are the priorities articulated in the Eastern Cape Vision 2030? The plan addresses the following priorities:

- Redistributive, inclusive and spatially equitable economic development and growth
- Quality Health
- Education, Training & Innovation
- Institutional Capabilities

This set of priorities gives rise to the following five goals of the Vision 2030 PDP:

- Goal 1: A growing, inclusive and equitable economy which seeks to ensure a larger and more efficient provincial economy; more employment; and reduced inequalities of income and wealth.
- Goal 2: A healthy population through an improved health care system for the Eastern Cape.
- Goal 3: An educated, innovative citizenry. This goal seeks to ensure that people are empowered to define their identity, are capable of sustaining their livelihoods, live healthy lives and raise healthy families, develop a just society and economy, and play an effective role in the politics and governance of their communities and nation.
- Goal 4: Vibrant communities. This goal seeks to generate a shift from the focus on state driven quantitative housing delivery that has trumped the need for people to make own decisions, build their own liveable places and transform spatial patterns as basis for vibrant and unified communities.
- Goal 5: Capable, conscientious and accountable institutions. This goal seeks to build capable, resilient and accountable institutions to enable and champion rapid inclusive development.

It is vital that the province becomes more coherent and unified around the development agenda it seeks to pursue. This must include strong policy co-ordination and leadership at provincial level (located in the Office of the Premier), and the bedding down of the often complex and unwieldy multi-level governance arrangements that hamstringing development.

The provincial priorities for 2017/18 have been pronounced as follows by the Premier of the Eastern Cape:

- Province response to the economic downturn and economic uncertainty, particularly through improving efficiency in budget expenditure, reduction in the ratio of compensation of employees to total budget and increased revenue generation.
- Development and implementation of a Provincial Spatial Development Framework, including
 - Small town revitalization
 - Local economic development
 - Integrated Human Settlements and
 - Improved roads network infrastructure
- Improved integration of government programmes and functional local government.
- Transforming agriculture (including aquaculture, fisheries and forestry)
- Improving the effectiveness of provincial institutions (departments and entities)
- Drive the seven-point education plan.
- Improving provincial infrastructure through the Rapid Response Team and the implementation of the 2030 Infrastructure Plan.
- ICT in province, including: Bhisho campus network; broadband and use of transversal contracts.
- Improve health profile of province

1.4.3 LOCAL PLANNING PRIORITIES

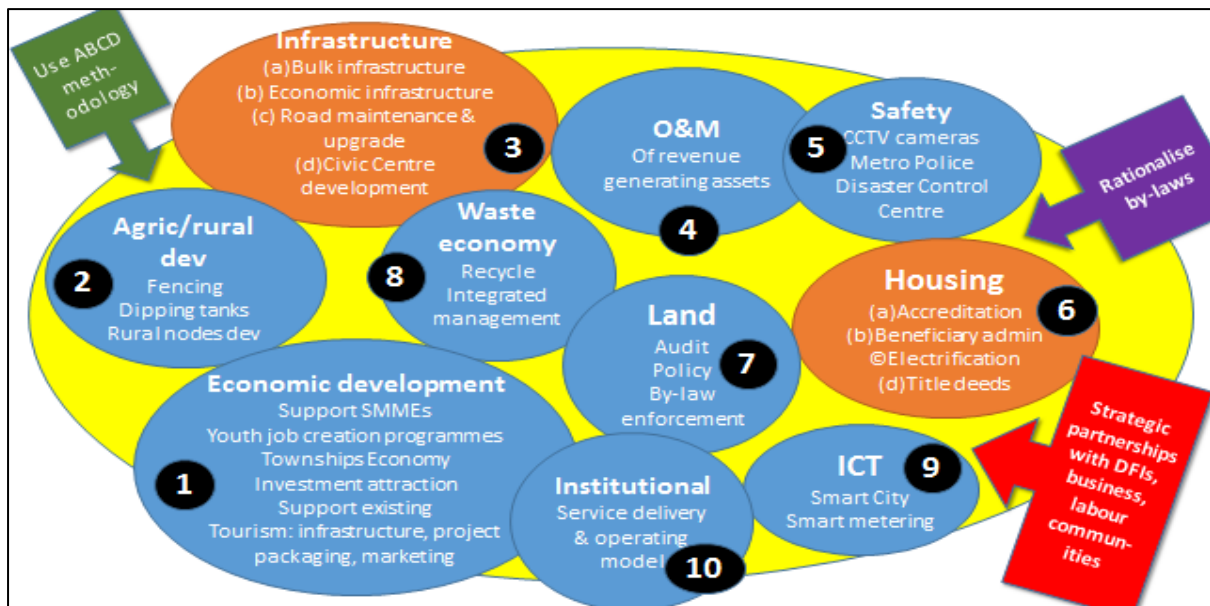
1.4.3.1 NDP plan for local government

The NDP Plan for local government highlights the need to strengthen the ability of local government to fulfil its developmental role. Municipal Integrated Development Plans (IDPs) need to be used more strategically to focus attention on critical priorities in the NDP that relate to the mandate of local government such as spatial planning, infrastructure and basic services. Like provincial planning processes, municipal IDPs should be used to focus on aspects of the NDP that fit within a municipality's core responsibilities. This would allow the IDP process to become more manageable and the

participation process more meaningful, thus helping to narrow the gap between the aspirations contained in these documents and what can actually be achieved. To do this effectively, the IDP process needs to be led by municipal staff, not outsourced to consultants. As for provinces, there are also many areas where municipalities could start implementation immediately by engaging with aspects of the Plan that speak to their core competencies and identifying how they can action proposals for improving implementation.

1.4.3.2 Buffalo City Metropolitan municipality’s priorities

BCMM identified ten (10) priorities that the City will focus on for the remainder of the current term. The priorities are as follows:



Source: Buffalo City IDP (2017-2018)

1.5 SUMMARY OF KEY DEMOGRAPHIC AND SOCIO-ECONOMIC HIGHLIGHTS OF BUFFALO CITY METRO MUNICIPALITY

Demographics	2011		2016	
	Number	Percent	Number	Percent
Population	781 027		834 997	
Population growth				1.3
Population profile				
Black African	668 499	85.6	713 453	85.4
Coloured	45 488	5.8	56 072	6.7
Indian or Asian	6 257	0.8	7 458	0.9
White	58 273	7.5	58 015	6.9
Population density				
Population by home language				
Afrikaans	52 957	6.9	56 153	6.9
English	81 555	10.7	67 742	8.3
IsiXhosa	605 364	79.4	684 959	83.8
IsiZulu	3 238	0.4	2 221	0.3
Sesotho	2 497	0.3	1 016	0.1
Other	16 711	2.2	5 780	0.7
Number of households	239 922		253 477	
Households size	3.3		3.3	
Gender				
Male	370 857	47.5	404 155	48.4
Female	410 170	52.5	430 842	51.6
Age				
0 - 14	207 252	26.5	263 537	31.6
15 - 34	281 357	36.0	288 234	34.5
35 - 64	244 916	31.4	223 958	26.8
65 +	47 502	6.1	59 269	7.1

Household Services	2011		2016	
	Number	Percent	Number	Percent
Access to housing				
Formal	165 773	71.9	177 913	70.2
Traditional	12 024	5.2	10 600	4.2
Informal	51 075	22.2	62 980	24.9
Other	1 643	0.7	1 944	0.8
Access to water				
Access to piped water	232 219	97.3	247 655	97.7
No Access to piped water	6 410	2.7	5 822	2.3
Access to sanitation				
Flush toilet	163 754	71.0	191 174	75.4
Chemical	3 932	1.7	6 963	2.7
Pit toilet	43 380	18.8	40 289	15.9
Bucket	3 182	1.4	2 954	1.2
None	16 539	7.2	7 605	3.0
Energy for lighting				
Electricity	190 837	80.2	219 398	87.0
Other	47 207	19.8	32 641	13.0
Energy for cooking				
Electricity	174 903	73.5	206 817	82.1
Other	63 198	26.5	45 139	17.9
Access to refuse removal				
Removed by local authority at least once a week	162 191	68.0	144 677	57.1
Removed by local authority less often	2 045	0.9	6 803	2.7
Communal refuse dump	7 775	3.3	24 219	9.6
Own refuse dump	54 566	22.9	62 251	24.6
No rubbish disposal	8 673	3.6	10 546	4.2

Employment	2011		2016	
	Number	Percent	Number	Percent
Employed	188 011			
Unemployed	102 182			
Employment by industry				
Formal				
Informal				
Private Households				
Economically active population	290 193			
Labour force participation rate		55.1		
Absorption rate		35.7		
Unemployment rate		35.2		

Rating of quality of municipal services	2011		2016	
	Number	Percent	Number	Percent
Water (good)			155 035	62.0
Electricity supply (good)			125 641	55.5
Sanitation (good)			134 488	56.7
Refuse removal (good)			79 583	38.6

Ratio	2011		2016	
	Number	Percent	Number	Percent
Dependency ratio		48.4		55.4
Poverty head count ratio		0.0		0.0
Sex ratio		90.4		93.8

Employment at municipality	2014		2015	
	Number	Percent	Number	Percent
Full-time	4 307		4 510	
Part-time	27		23	
Vacant post	824		791	
Total	5 158		5 324	

Agriculture	2011		2016	
	Number	Percent	Number	Percent
Agricultural households			39 247.0	15.5
Cattle				
1 - 10			5 605	74.7
11 - 100			1 727	23.0
100+			176	2.3
Total			7 508	100.0
Sheep				
1 - 10			361	40.3
11 - 100			485	54.2
100+			49	5.5
Total			895	100.0
Goat				
1 - 10			4 317	69.5
11 - 100			1 871	30.1
100+			26	0.4
Total			6 214	100.0
Type of agric activity				
Livestock production			17 157.0	49.8
Poultry production			15 886.0	48.2
Vegetable production			18 762.0	69.1
Other			7 963.0	7.8

Education	2011		2016	
	Number	Percent	Number	Percent
Level of education (20+)				
No schooling	25 069	5.1	20 260	4.1
Some primary	54 728	11.2	39 963	8.0
Completed primary	25 524	5.2	21 428	4.3
Some secondary	184 191	37.8	190 562	38.2
Grade 12/Matric	131 850	27.1	156 154	31.3
Higher	62 509	12.8	66 380	13.3
Other	3 402	0.7	4 472	0.9

Free Basic Services	2014		2015	
	Number	Percent	Number	Percent
Indigent Households	61 960		76 891	
Water	61 960		58 797	
Electricity	61 960		76 891	
Sewerage & Sanitation	61 960		58 797	
Solid Waste Management	61 960		58 797	

Infrastructure	2011		2016	
	Number	Percent	Number	Percent
Access to telephone lines	33 283	13.9	23 459	9.5
Access to cellular phones	204 347	85.7	230 974	92.5
Access to Internet	76 176	31.9	24 041	9.6

Source: Stats SA, Census 2011 & Community Survey 2016

2. DEMOGRAPHY

"Demographics", or "population characteristics", includes analysis of the population of a region. Distributions of values within a demographic variable, and across households, as well as trends over time are of interest.

In this section, an overview is provided of the demography of the Buffalo City Metropolitan Municipality and all its neighbouring regions, the Eastern Cape Province and South Africa as a whole.

2.1 TOTAL POPULATION

Population statistics is important when analysing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income.

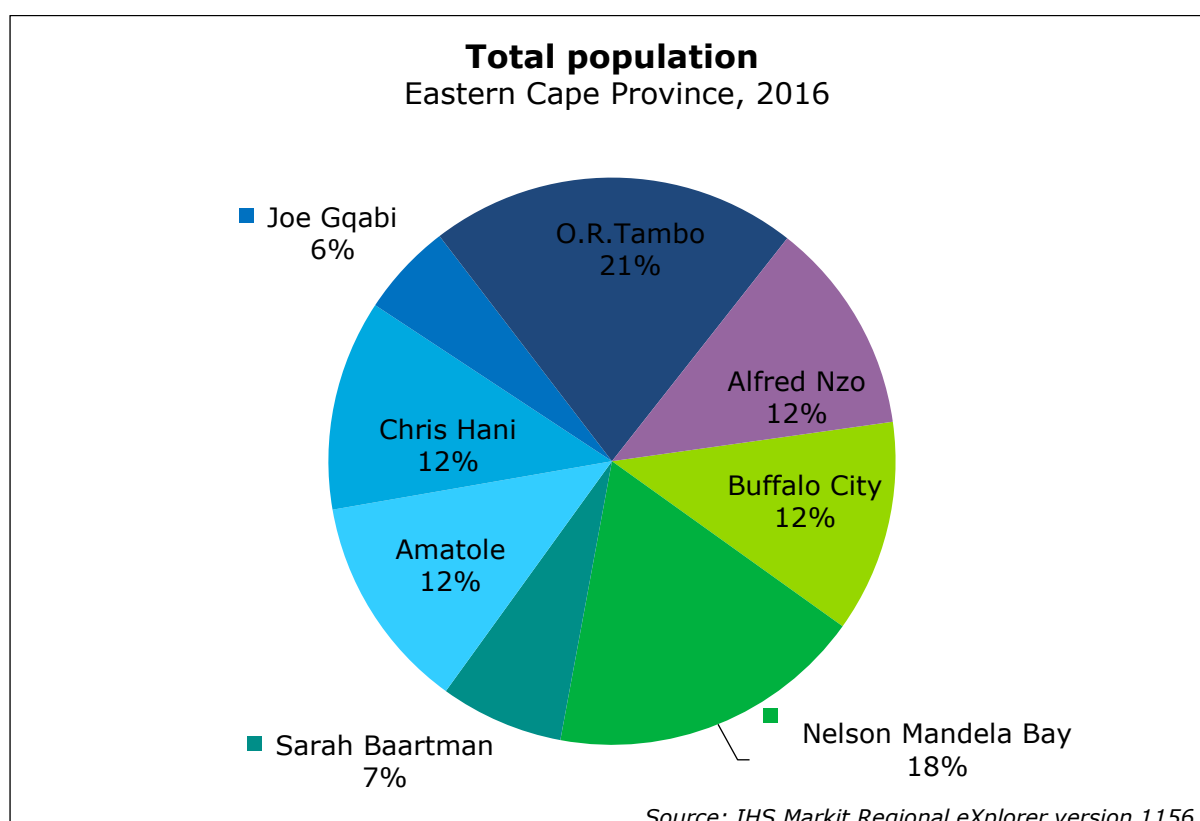
TABLE 1. TOTAL POPULATION - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBERS PERCENTAGE]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
2006	767,000	6,450,000	47,800,000	11.9%	1.60%
2007	770,000	6,470,000	48,400,000	11.9%	1.59%
2008	775,000	6,500,000	49,100,000	11.9%	1.58%
2009	782,000	6,540,000	49,800,000	11.9%	1.57%
2010	790,000	6,600,000	50,700,000	12.0%	1.56%
2011	798,000	6,650,000	51,500,000	12.0%	1.55%
2012	807,000	6,710,000	52,400,000	12.0%	1.54%
2013	817,000	6,780,000	53,200,000	12.1%	1.53%
2014	827,000	6,850,000	54,100,000	12.1%	1.53%
2015	838,000	6,930,000	54,900,000	12.1%	1.53%
2016	848,000	7,010,000	55,700,000	12.1%	1.52%
Average Annual growth					
2006-2016	1.01%	0.83%	1.54%		

Source: IHS Markit Regional eExplorer version 1156

With 848 000 people, the Buffalo City Metropolitan Municipality housed 1.5% of South Africa's total population in 2016. Between 2006 and 2016 the population growth averaged 1.01% per annum which is close to half than the growth rate of South Africa as a whole (1.54%). Compared to Eastern Cape's average annual growth rate (0.83%), the growth rate in Buffalo City's population at 1.01% was slightly higher than that of the province.

CHART 3. TOTAL POPULATION - BUFFALO CITY AND THE REST OF EASTERN CAPE, 2016 [PERCENTAGE]



When compared to other regions, Buffalo City Metropolitan Municipality accounts for a total population of 848,000, or 12.1% of the total population in Eastern Cape Province ranking as the most populous metropolitan municipality in 2016. Buffalo City increased in importance from ranking sixth in 2006 to fifth in 2016. In terms of its share Buffalo City Metropolitan Municipality was slightly larger in 2016 (12.1%) compared to what it was in 2006 (11.9%). When looking at the average annual growth rate, it is noted that Buffalo City ranked third (relative to its peers in terms of growth) with an average annual growth rate of 1.0% between 2006 and 2016.

TABLE 2. TOTAL POPULATION - SUB-METRO REGIOIES OF BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006, 2011 AND 2016 [NUMBERS PERCENTAGE]

	2006	2011	2016	Average Annual growth
Macleantown, Sandisiwe	53,200	54,200	57,100	0.70%
King Williams Town, Bisho	208,000	215,000	227,000	0.91%
Mdantsane, Chalumna	235,000	246,000	262,000	1.08%
East London	271,000	283,000	302,000	1.09%
Buffalo City	766,899	798,215	848,328	1.01%

Source: IHS Markit Regional eXplorer version 1156

The East London sub-metro region increased the most, in terms of population, with an average annual growth rate of 1.09%, the Mdantsane, Chalumna sub-metro region had the second highest growth in terms of its population, with an average annual growth rate of 1.08%. The Macleantown, Sandisiwe

sub-metro region had the lowest average annual growth rate of 0.70% relative to the other within Buffalo City Metropolitan Municipality.

2.1.1 POPULATION PROJECTIONS

Based on the present age-gender structure and the present fertility, mortality and migration rates, Buffalo City's population is projected to grow at an average annual rate of 1.1% from 848 000 in 2016 to 898 000 in 2021.

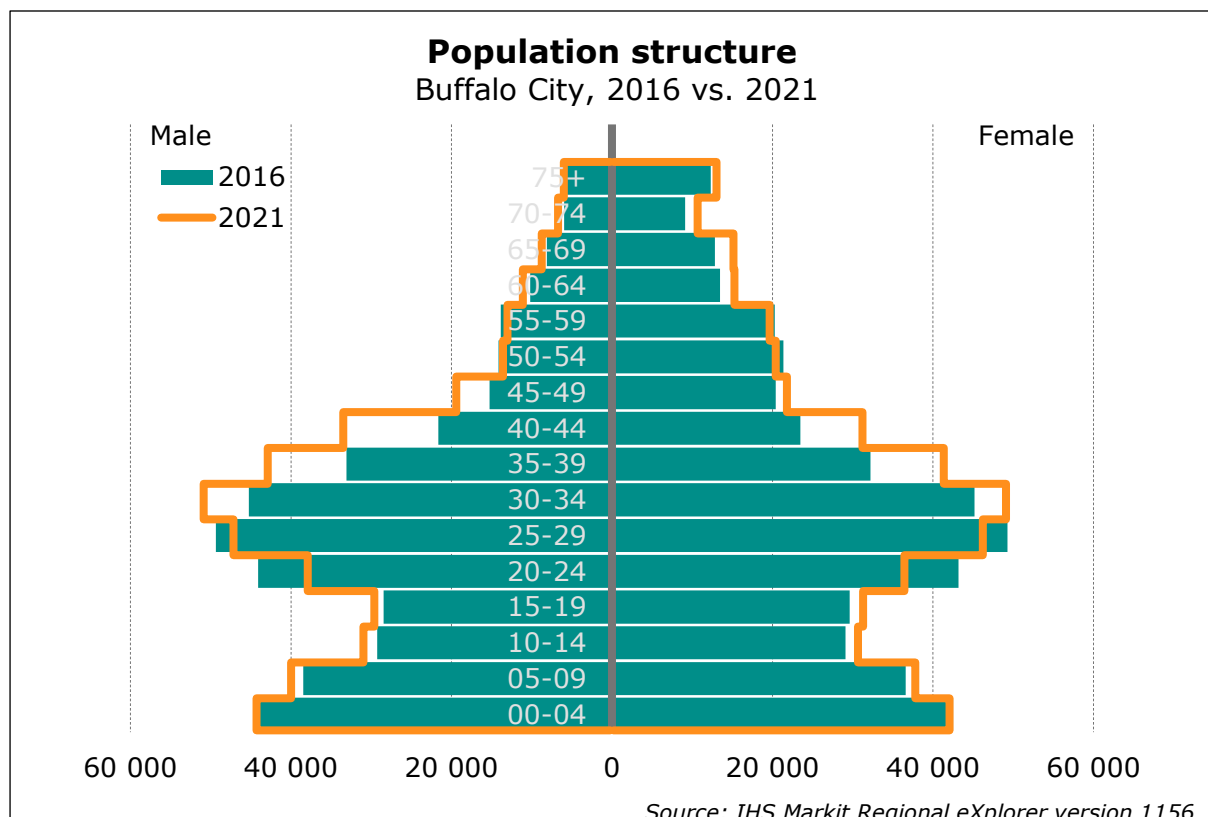
TABLE 3. POPULATION PROJECTIONS - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016-2021 [NUMBERS PERCENTAGE]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
2016	848,000	7,010,000	55,700,000	12.1%	1.52%
2017	859,000	7,080,000	56,500,000	12.1%	1.52%
2018	869,000	7,160,000	57,400,000	12.1%	1.52%
2019	879,000	7,240,000	58,100,000	12.1%	1.51%
2020	889,000	7,310,000	58,900,000	12.2%	1.51%
2021	898,000	7,380,000	59,600,000	12.2%	1.51%
Average Annual growth					
2016-2021	1.14%	1.05%	1.37%		

Source: IHS Markit Regional eXplorer version 1156

When looking at the population projection of Buffalo City Metropolitan Municipality shows an estimated average annual growth rate of 1.1% between 2016 and 2021. The average annual growth rate in the population over the forecasted period for Eastern Cape Province and South Africa is 1.0% and 1.4% respectively. The Eastern Cape Province is estimated to have average growth rate of 1.0% which is lower than the Buffalo City Metropolitan Municipality. South Africa as a whole is estimated to have an average annual growth rate of 1.4% which is higher than that of Buffalo City's growth rate.

CHART 4. POPULATION PYRAMID - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 VS. 2021 [PERCENTAGE]



The population pyramid reflects a projected change in the structure of the population from 2016 and 2021. The differences can be explained as follows:

- In 2016, there is a significantly larger share of young working age people between 20 and 34 (32.6%), compared to what is estimated in 2021 (29.8%). This age category of young working age population will decrease over time.
- The fertility rate in 2021 is estimated to be slightly higher compared to that experienced in 2016.
- The share of children between the ages of 0 to 14 years is projected to be slightly smaller (25.1%) in 2021 when compared to 2016 (26.0%).

In 2016, the female population for the 20 to 34 years age group amounts to 16.2% of the total female population while the male population group for the same age amounts to 16.3% of the total male population. In 2021, the male working age population at 15.1% still exceeds that of the female population working age population at 14.7%, although both are at a lower level compared to 2016.

2.2 POPULATION BY POPULATION GROUP, GENDER AND AGE

The total population of a region is the total number of people within that region measured in the middle of the year. Total population can be categorised according to the population group, as well as the sub-categories of age and gender. The population groups include African, White, Coloured and Asian, where the Asian group includes all people originating from Asia, India and China. The age subcategory divides the population into 5-year cohorts, e.g. 0-4, 5-9, 10-13, etc.

TABLE 4. POPULATION BY GENDER - BUFFALO CITY AND THE REST OF EASTERN CAPE PROVINCE, 2016 [NUMBER].

	Male	Female	Total
Buffalo City	407,000	441,000	848,000
Nelson Mandela Bay	611,000	653,000	1,260,000
Sarah Baartman	244,000	249,000	494,000
Amatole	411,000	451,000	862,000
Chris Hani	405,000	437,000	841,000
Joe Gqabi	178,000	194,000	373,000
O.R.Tambo	688,000	784,000	1,470,000
Alfred Nzo	397,000	456,000	853,000
Eastern Cape	3,340,000	3,670,000	7,010,000

Source: IHS Markit Regional eXplorer version 1156

Buffalo City Metropolitan Municipality's male/female split in population was 92.4 males per 100 females in 2016. The Buffalo City Metropolitan Municipality appears to be a fairly stable population with the share of female population (51.97%) being very similar to the national average of (51.07%). In total there were 441 000 (51.97%) females and 408 000 (48.03%) males. This is different from Eastern Cape Province as a whole where the female population counted 3.67 million which constitutes 52.31% of the total population of 7.01 million.

TABLE 5. POPULATION BY POPULATION GROUP, GENDER AND AGE - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [NUMBER].

	African		White		Coloured		Asian	
	Female	Male	Female	Male	Female	Male	Female	Male
00-04	38,800	40,900	1,410	1,370	2,100	2,170	167	232
05-09	33,100	34,500	1,380	1,660	1,950	2,020	183	235
10-14	25,300	25,200	1,590	1,820	1,970	2,010	194	203
15-19	25,800	24,800	1,550	1,530	2,130	1,990	147	165
20-24	39,200	40,100	1,550	1,500	2,230	2,310	189	150
25-29	45,000	45,200	1,850	1,880	2,110	2,110	319	197
30-34	41,300	41,200	1,790	2,000	1,710	1,730	364	303
35-39	28,300	29,100	1,880	1,960	1,760	1,730	313	312
40-44	19,300	17,800	2,040	1,940	1,840	1,570	288	348
45-49	16,600	11,500	1,990	1,930	1,520	1,540	275	258
50-54	17,600	10,500	2,190	2,060	1,320	1,370	274	248
55-59	16,700	10,500	2,170	2,120	1,240	1,030	198	191
60-64	10,400	7,350	1,870	1,860	999	805	177	182
65-69	10,200	5,930	1,720	1,510	734	550	126	140
70-74	7,070	4,370	1,430	1,120	500	378	107	106
75+	8,750	3,610	2,920	1,600	532	287	116	104
Total	383,000	353,000	29,300	27,800	24,600	23,600	3,440	3,370

Source: IHS Markit Regional eXplorer version 1156

In 2016, the Buffalo City Metropolitan Municipality's population consisted of 86.77% African (736 000), 6.74% White (57 200), 5.68% Coloured (48 200) and 0.80% Asian (6 810) people.

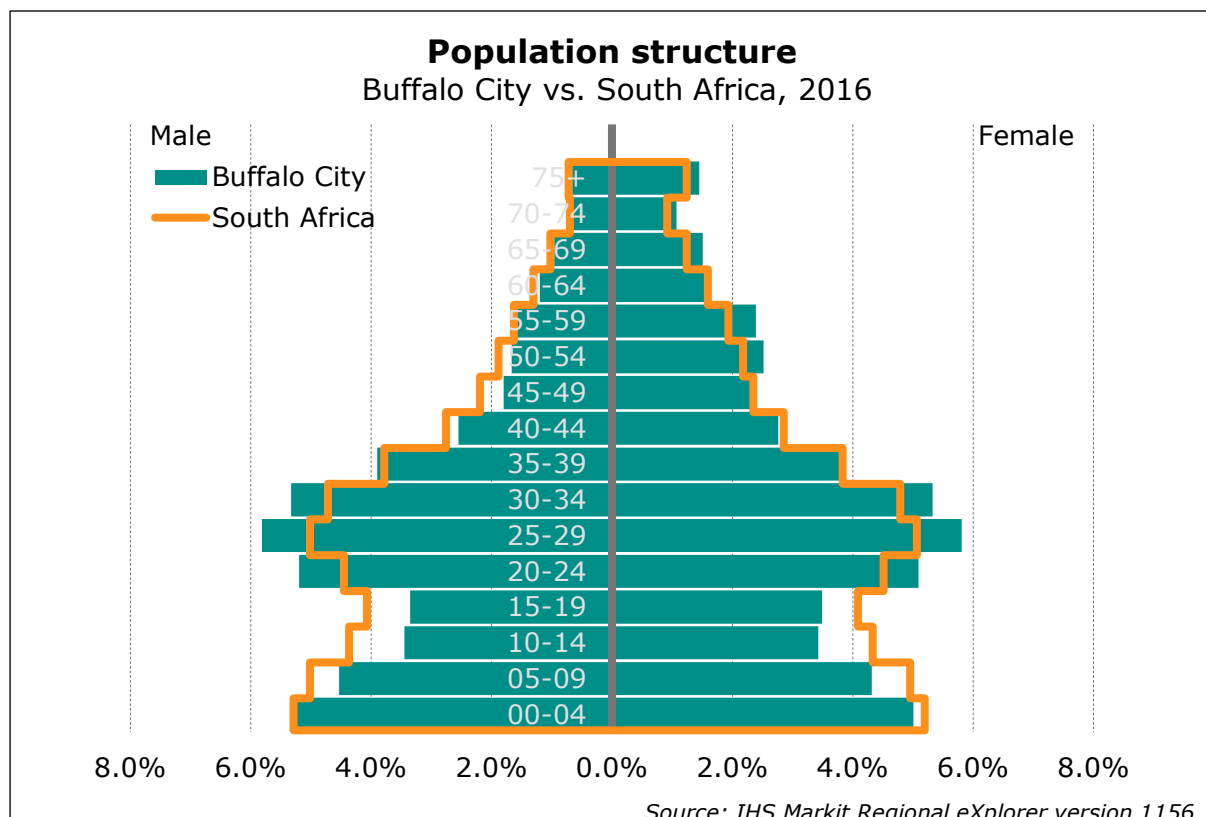
The largest share of population is within the young working age (25-44 years) age category with a total number of 299 000 or 35.3% of the total population. The age category with the second largest number of people is the babies and kids (0-14 years) age category with a total share of 26.0%, followed by the teenagers and youth (15-24 years) age category with 145 000 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 53 900 people, as reflected in the population pyramids below.

2.2.1 POPULATION PYRAMIDS

Definition: A population pyramid is a graphic representation of the population categorised by gender and age, for a specific year and region. The horizontal axis depicts the share of people, where the male population is charted on the left-hand side and the female population on the right-hand side of the vertical axis. The vertical axis is divided in 5-year age categories.

With the African population group representing 86.8% of the Buffalo City Metropolitan Municipality's total population, the overall population pyramid for the region will mostly reflect that of the African population group. The chart below compares Buffalo City's population structure of 2016 to that of South Africa.

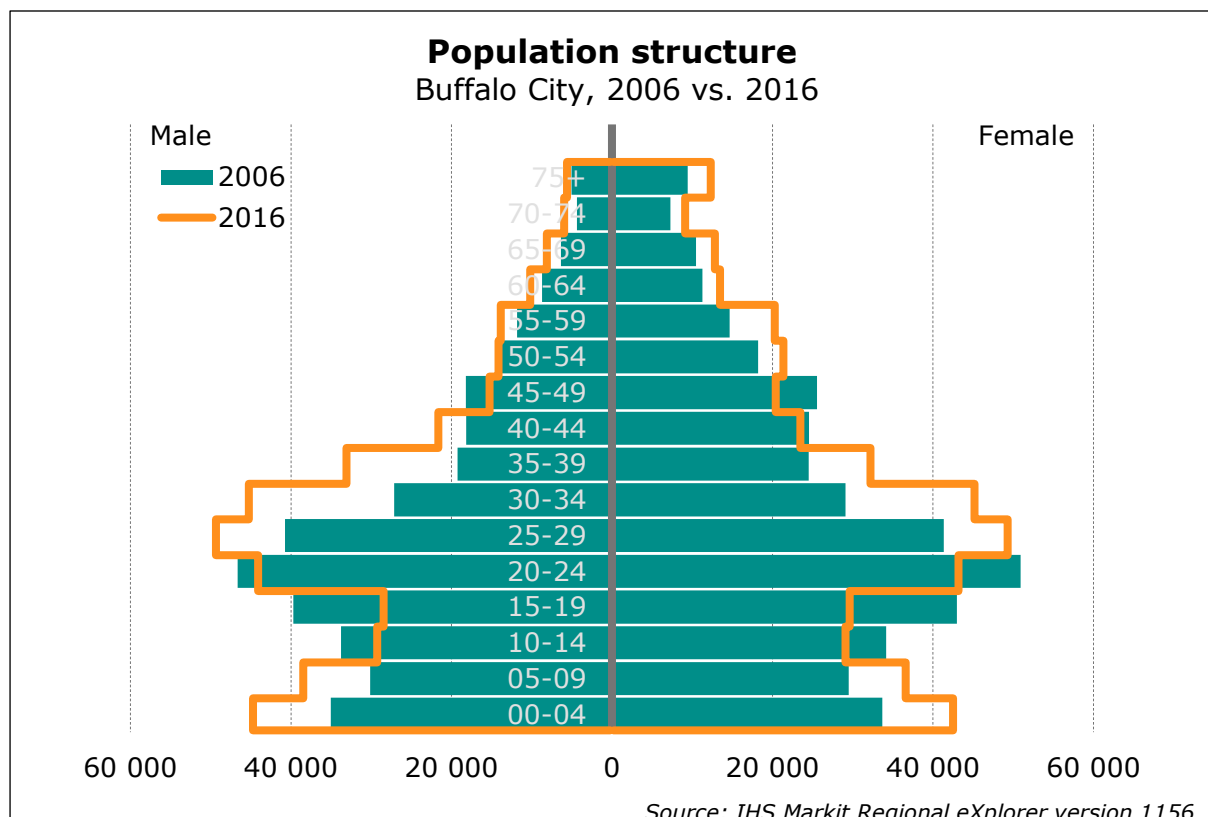
CHART 5. POPULATION PYRAMID - BUFFALO CITY METROPOLITAN MUNICIPALITY VS. SOUTH AFRICA, 2016
[PERCENTAGE]



By comparing the population pyramid of the Buffalo City Metropolitan Municipality with the national age structure, the most significant differences are:

- There is a significantly larger share of young working age people - aged 20 to 34 (32.6%) - in Buffalo City, compared to the national picture (28.6%).
- The area appears to be a migrant receiving area, with many of people migrating into Buffalo City, either from abroad, or from the more rural areas in the country looking for better opportunities.
- Fertility in Buffalo City is slightly lower compared to South Africa as a whole.
- Spatial policies changed since 1994.
- The share of children between the ages of 0 to 14 years is significant smaller (26.0%) in Buffalo City compared to South Africa (29.2%). Demand for expenditure on schooling as percentage of total budget within Buffalo City Metropolitan Municipality will therefore be lower than that of South Africa.

CHART 6. POPULATION PYRAMID - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006 VS. 2016 [PERCENTAGE]



Comparing the 2006 with the 2016 population pyramid for Buffalo City Metropolitan Municipality, interesting differences are visible:

- In 2006, there were a significant smaller share of young working age people - aged 20 to 34 (30.8%) - compared to 2016 (32.6%).
- Fertility in 2006 was significant lower compared to that of 2016.
- The share of children between the ages of 0 to 14 years is slightly smaller in 2006 (25.6%) compared to 2016 (26.0%).
- Life expectancy is increasing.

In 2016, the female population for the 20 to 34 years age group amounted to 15.8% of the total female population while the male population group for the same age amounted to 14.9% of the total male population. In 2006 the male working age population at 16.3% still exceeds that of the female population working age population at 16.2%.

2.3 NUMBER OF HOUSEHOLDS BY POPULATION GROUP

Definition: A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own.

An individual is considered part of a household if he/she spends at least four nights a week within the household. To categorise a household according to population group, the population group to which the head of the household belongs, is used.

If the number of households is growing at a faster rate than that of the population it means that the average household size is decreasing, and vice versa. In 2016, the Buffalo City Metropolitan Municipality comprised of 248 000 households. This equates to an average annual growth rate of 1.52% in the number of households from 2006 to 2016. With an average annual growth rate of 1.01% in the total population, the average household size in the Buffalo City Metropolitan Municipality is by implication decreasing. This is confirmed by the data where the average household size in 2006 decreased from approximately 3.6 individuals per household to 3.4 persons per household in 2016.

TABLE 6. NUMBER OF HOUSEHOLDS - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBER PERCENTAGE]

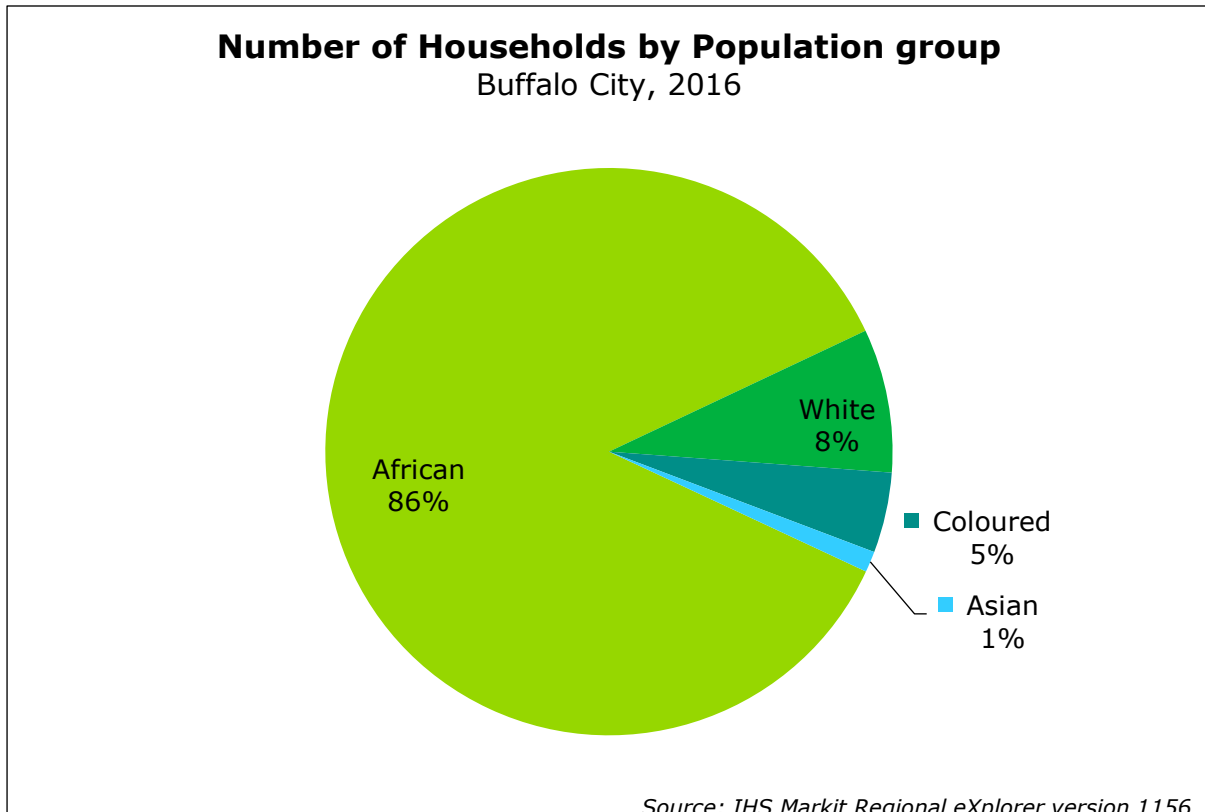
	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
2006	214,000	1,570,000	13,000,000	13.6%	1.65%
2007	217,000	1,590,000	13,100,000	13.6%	1.65%
2008	222,000	1,620,000	13,400,000	13.6%	1.65%
2009	229,000	1,670,000	13,700,000	13.7%	1.66%
2010	231,000	1,680,000	13,900,000	13.7%	1.66%
2011	233,000	1,700,000	14,200,000	13.8%	1.65%
2012	237,000	1,720,000	14,500,000	13.8%	1.64%
2013	239,000	1,730,000	14,700,000	13.8%	1.62%
2014	241,000	1,740,000	15,000,000	13.8%	1.60%
2015	245,000	1,770,000	15,400,000	13.8%	1.59%
2016	248,000	1,790,000	15,800,000	13.9%	1.58%
Average Annual growth					
2006-2016	1.52%	1.32%	1.97%		

Source: IHS Markit Regional eXplorer version 1156

Relative to the province, the Buffalo City Metropolitan Municipality had a higher average annual growth rate of 1.52% from 2006 to 2016. In contrast, South Africa had a total of 15.8 million households, with a growth rate of 1.97%, thus growing at a higher rate than the Buffalo City.

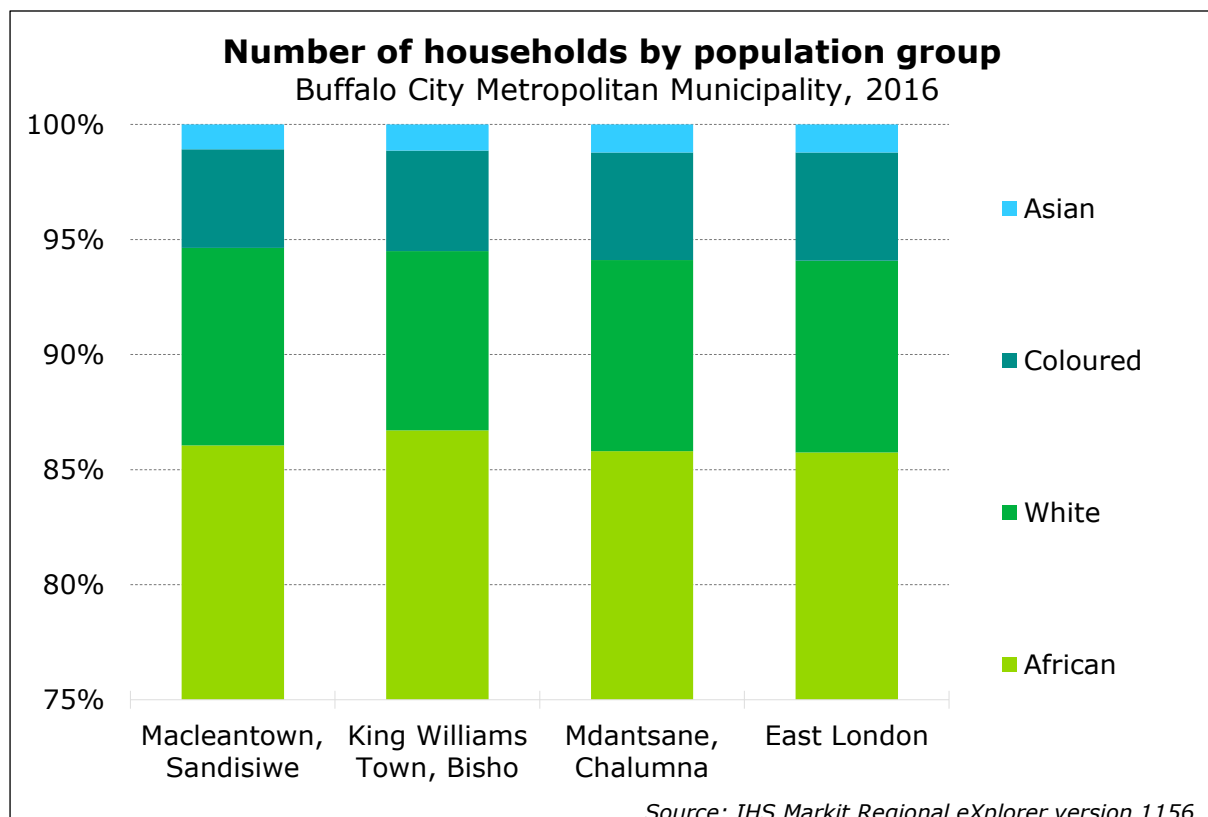
The composition of the households by population group consists of 86.0% which is ascribed to the African population group with the largest amount of households by population group. The White population group had a total composition of 8.2% (ranking second). The Coloured population group had a total composition of 4.6% of the total households. The smallest population group by households is the Asian population group with only 1.2% in 2016.

CHART 7. NUMBER OF HOUSEHOLDS BY POPULATION GROUP - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE]



The growth in the number of African headed households was on average 1.72% per annum between 2006 and 2016, which translates in the number of households increasing by 33 500 in the period. Although the Asian population group is not the biggest in size, it was however the fastest growing population group between 2006 and 2016 at 3.93%. The average annual growth rate in the number of households for all the other population groups has increased with 1.49%.

CHART 8. NUMBER OF HOUSEHOLDS BY POPULATION GROUP - SUB-METRO REGIOIES OF BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE]



2.4 HIV+ AND AIDS ESTIMATES

HIV and AIDS can have a substantial impact on the growth of a particular population. However, there are many factors affecting the impact of the HIV virus on population progression: adult HIV prevalence rates; the speed at which the virus progresses; age distribution of the virus; the mother-to-child transmission; child treatment; adult treatment; and the percentage by which the virus decreases total fertility. ARV treatment can also prolong the lifespan of people that are HIV+. In the absence of any treatment, people diagnosed with HIV live for approximately 10 years before reaching the final stage of the disease (called AIDS). When patients reach this stage, recovery is highly unlikely.

HIV+ and AIDS estimates are defined as follows:

The HIV+ estimates are calculated by using the prevalence rates from the HIV/AIDS model built by the Actuarial Society of Southern Africa (ASSA-2008). These rates are used as base rates on a provincial level. IHS slightly adjusted the provincial ASSA-2008 data to more accurately reflect the national HIV Prevalence rate per population group as used in the national demographic models. The ASSA model in turn uses the prevalence rates from various primary data sets, in particular the HIV/AIDS surveys

conducted by the Department of Health and the Antenatal clinic surveys. Their rates are further adjusted for over-reporting and then smoothed.

TABLE 7. NUMBER OF HIV+ PEOPLE - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBER AND PERCENTAGE]

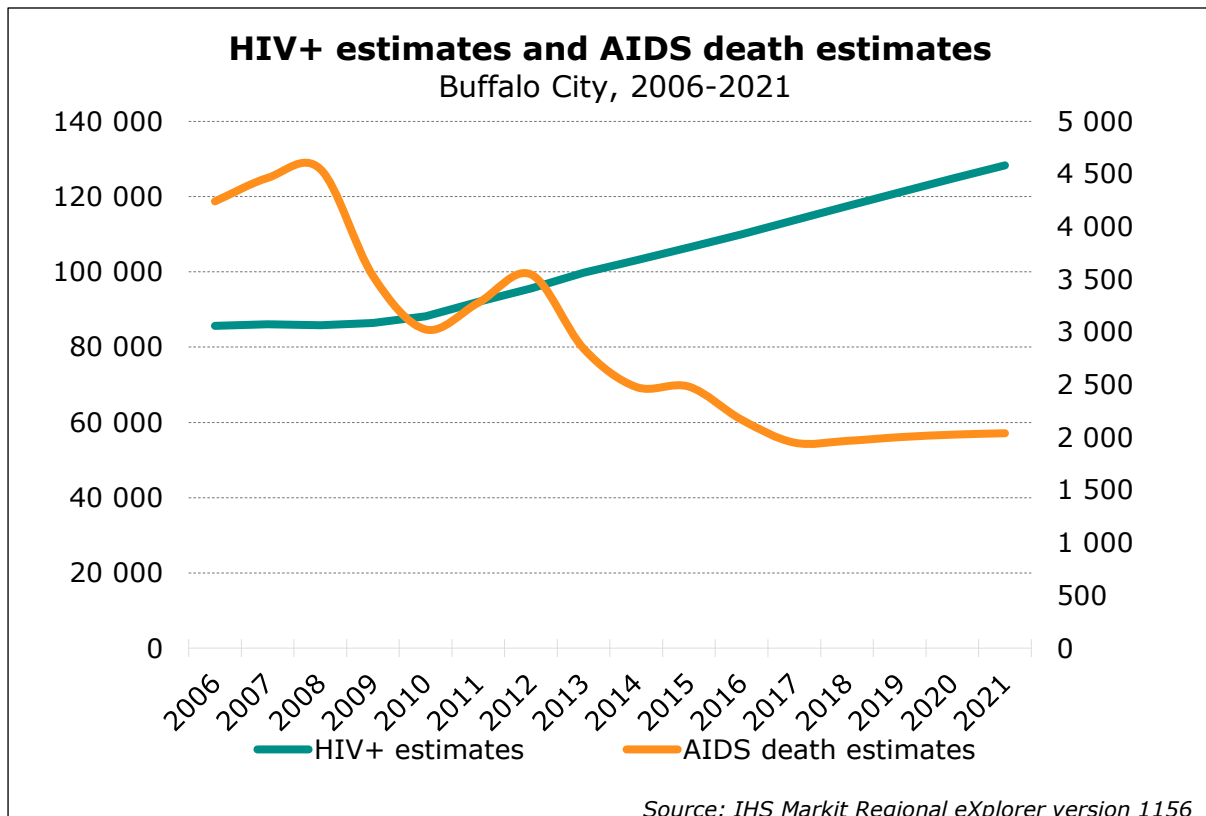
	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
2006	85,700	622,000	5,320,000	13.8%	1.61%
2007	86,100	626,000	5,370,000	13.8%	1.60%
2008	85,800	631,000	5,400,000	13.6%	1.59%
2009	86,500	643,000	5,480,000	13.4%	1.58%
2010	88,200	660,000	5,590,000	13.4%	1.58%
2011	92,100	676,000	5,680,000	13.6%	1.62%
2012	95,600	691,000	5,760,000	13.8%	1.66%
2013	99,800	712,000	5,880,000	14.0%	1.70%
2014	103,000	736,000	6,010,000	14.0%	1.72%
2015	106,000	760,000	6,130,000	14.0%	1.74%
2016	110,000	786,000	6,280,000	14.0%	1.75%
Average Annual growth					
2006-2016	2.53%	2.37%	1.67%		

Source: IHS Markit Regional eXplorer version 1156

In 2016, 110 000 people in the Buffalo City Metropolitan Municipality were infected with HIV. This reflects an increase at an average annual rate of 2.53% since 2006, and in 2016 represented 12.97% of the metropolitan municipality's total population. Eastern Cape Province had an average annual growth rate of 2.37% from 2006 to 2016 in the number of people infected with HIV, which is lower than that of the Buffalo City Metropolitan Municipality. When looking at South Africa as a whole it can be seen that the number of people that are infected increased from 2006 to 2016 with an average annual growth rate of 1.67%.

The lifespan of people that are HIV+ could be prolonged with modern ARV treatments. In the absence of any treatment, people diagnosed with HIV can live for 10 years and longer before they reach the final AIDS stage of the disease.

CHART 9. AIDS PROFILE AND FORECAST - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2021
[NUMBERS]



Presenting the number of HIV+ people against the number of people living with AIDS, the people with AIDS added up to 4240 in 2006 and 2170 for 2016. This number denotes an decrease from 2006 to 2016 with a high average annual rate of -6.49% (or -2070 people). For the year 2016, they represented 0.26% of the total population of the entire metropolitan municipality.

3. ECONOMY

The economic state of Buffalo City Metropolitan Municipality is put in perspective by comparing it on a spatial level with its neighbouring metropolitan municipalities, Eastern Cape Province and South Africa. The section will also allude to the economic composition and contribution of the regions within Buffalo City Metropolitan Municipality.

The Buffalo City Metropolitan Municipality does not function in isolation from Eastern Cape, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. Information is needed that will empower the municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

3.1 GROSS DOMESTIC PRODUCT BY REGION (GDP-R)

The Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

Definition: Gross Domestic Product by Region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies.

GDP-R can be measured using either current or constant prices, where the current prices measures the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

TABLE 8. GROSS DOMESTIC PRODUCT (GDP) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [R BILLIONS, CURRENT PRICES]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
2006	28.5	142.2	1,839.4	20.1%	1.55%
2007	33.0	168.2	2,109.5	19.6%	1.57%
2008	34.0	174.1	2,369.1	19.5%	1.43%
2009	37.6	191.2	2,507.7	19.7%	1.50%
2010	41.4	211.6	2,748.0	19.5%	1.51%
2011	44.2	226.1	3,023.7	19.5%	1.46%
2012	49.6	252.2	3,253.9	19.7%	1.53%
2013	54.6	273.2	3,539.8	20.0%	1.54%
2014	59.4	293.9	3,807.7	20.2%	1.56%
2015	63.8	315.6	4,049.8	20.2%	1.57%
2016	68.3	337.8	4,338.9	20.2%	1.57%

Source: IHS Markit Regional eExplorer version 1156

With a GDP of R 68.3 billion in 2016 (up from R 28.5 billion in 2006), the Buffalo City Metropolitan Municipality contributed 20.21% to the Eastern Cape Province GDP of R 338 billion in 2016 increasing

in the share of the Eastern Cape from 20.08% in 2006. The Buffalo City Metropolitan Municipality contributes 1.57% to the GDP of South Africa which had a total GDP of R 4.34 trillion in 2016 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2006 when it contributed 1.55% to South Africa, but it is lower than the peak of 1.57% in 2015.

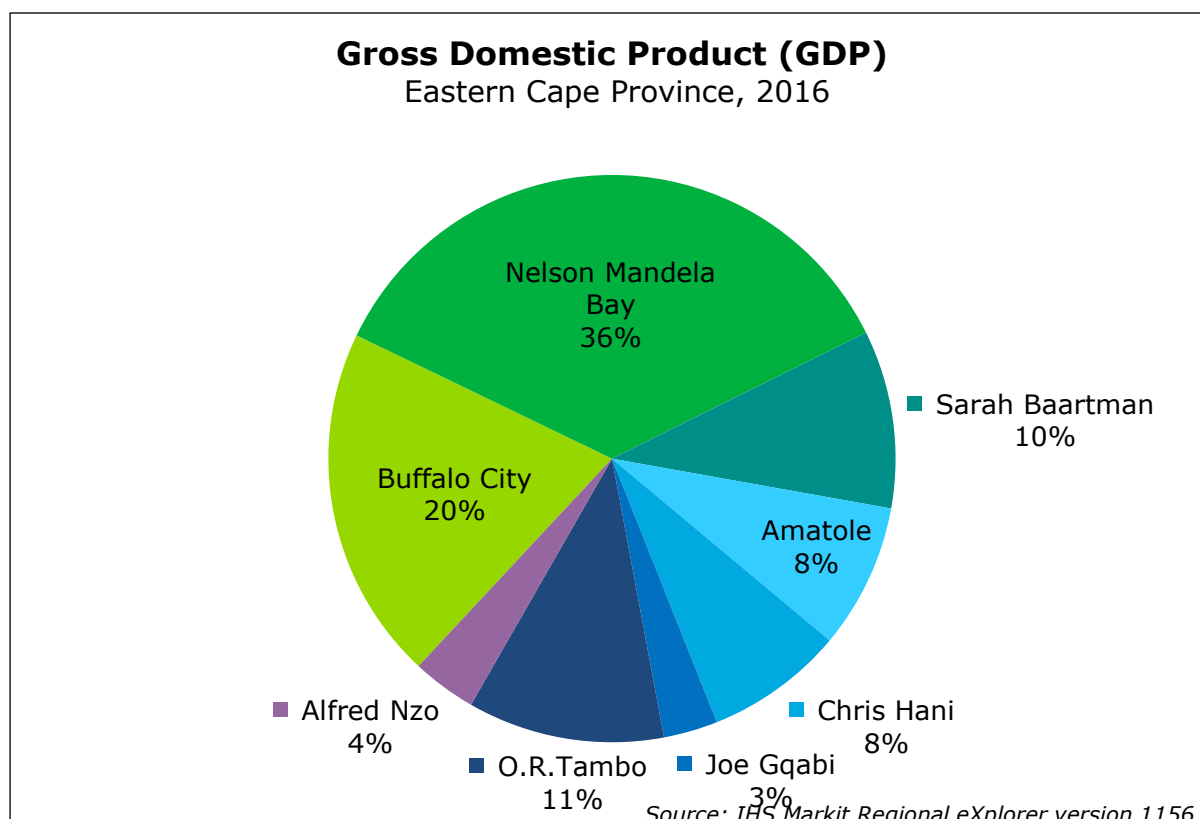
TABLE 9. GROSS DOMESTIC PRODUCT (GDP) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [ANNUAL PERCENTAGE CHANGE, CONSTANT 2010 PRICES]

	Buffalo City	Eastern Cape	National Total
2006	5.3%	5.3%	5.3%
2007	3.4%	5.3%	5.4%
2008	2.7%	3.2%	3.2%
2009	0.0%	-1.0%	-1.5%
2010	1.8%	2.4%	3.0%
2011	3.9%	3.7%	3.3%
2012	2.4%	2.0%	2.2%
2013	2.3%	1.4%	2.5%
2014	2.0%	1.1%	1.7%
2015	0.4%	0.7%	1.3%
2016	0.3%	0.2%	0.3%
Average Annual growth 2006-2016+	1.91%	1.89%	2.12%

Source: IHS Markit Regional eXplorer version 1156

In 2016, the Buffalo City Metropolitan Municipality achieved an annual growth rate of 0.35% which is a very similar GDP growth than the Eastern Cape Province's 0.25%, and is higher than that of South Africa, where the 2016 GDP growth rate was 0.28%. Contrary to the short-term growth rate of 2016, the longer-term average growth rate for Buffalo City (1.91%) is slightly lower than that of South Africa (2.12%). The economic growth in Buffalo City peaked in 2006 at 5.27%.

CHART 10. GROSS DOMESTIC PRODUCT (GDP) - BUFFALO CITY METROPOLITAN MUNICIPALITY AND THE REST OF EASTERN CAPE, 2016 [PERCENTAGE]



The Buffalo City Metropolitan Municipality had a total GDP of R 68.3 billion and in terms of total contribution towards Eastern Cape Province the Buffalo City Metropolitan Municipality ranked second relative to all the regional economies to total Eastern Cape Province GDP. This ranking in terms of size compared to other regions of Buffalo City remained the same since 2006. In terms of its share, it was in 2016 (20.2%) slightly larger compared to what it was in 2006 (20.1%). For the period 2006 to 2016, the average annual growth rate of 1.9% of Buffalo City was the fourth relative to its peers in terms of growth in constant 2010 prices.

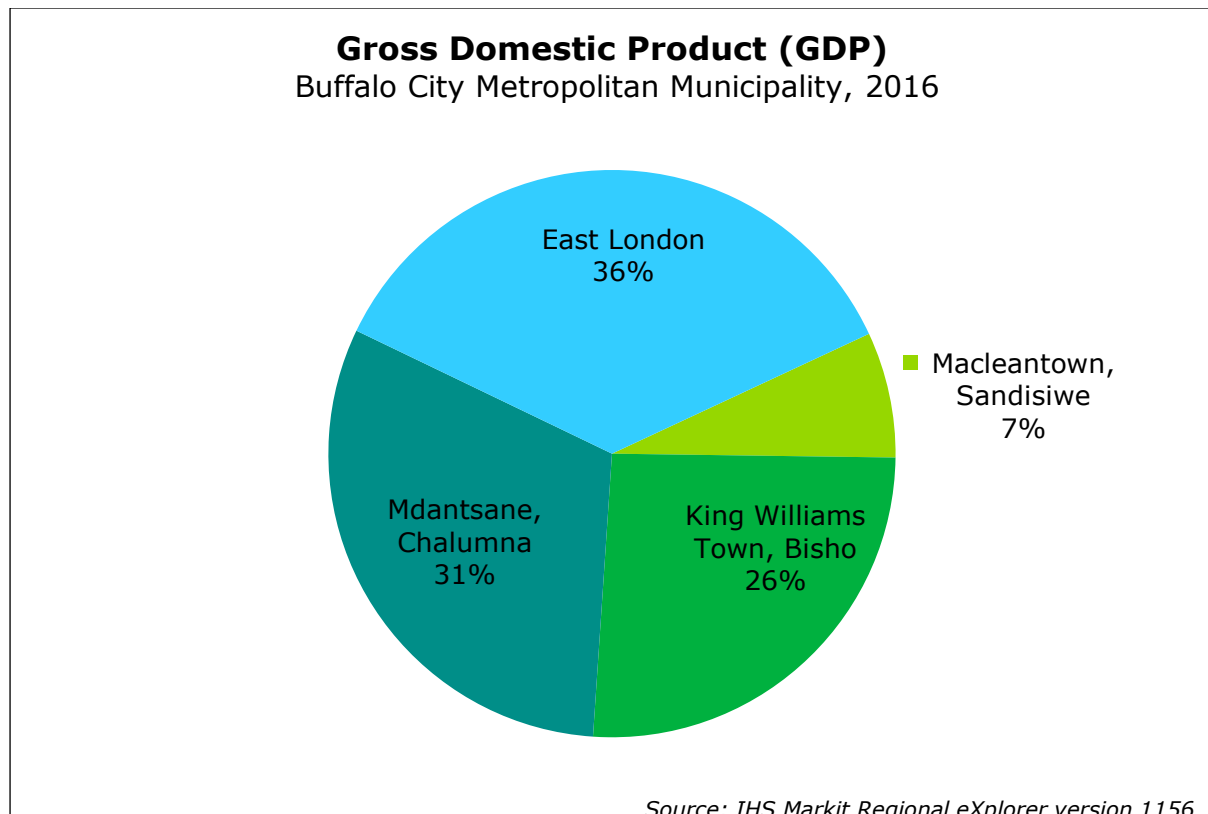
TABLE 10. GROSS DOMESTIC PRODUCT (GDP) - SUB-METRO REGIOIES OF BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006 TO 2016, SHARE AND GROWTH

	2016 (Current prices)	Share of metropolitan municipality	2006 (Constant prices)	2016 (Constant prices)	Average Annual growth
Macleantown, Sandisiwe	4.89	7.16%	2.74	3.31	1.92%
King Williams Town, Bisho	17.65	25.85%	9.90	11.92	1.88%
Mdantsane, Chalumna	21.21	31.07%	11.84	14.33	1.93%
East London	24.52	35.92%	13.68	16.56	1.93%
Buffalo City	68.27		38.16	46.13	

Source: IHS Markit Regional eXplorer version 1156

East London had the highest average annual economic growth, averaging 1.93% between 2006 and 2016, when compared to the rest of the regions within the Buffalo City Metropolitan Municipality. The Mdantsane, Chalumna sub-metro region had the second highest average annual growth rate of 1.93%. King Williams Town, Bisho sub-metro region had the lowest average annual growth rate of 1.88% between 2006 and 2016.

CHART 11. GDP CONTRIBUTION - SUB-METRO REGIOIES OF BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [CURRENT PRICES, PERCENTAGE]

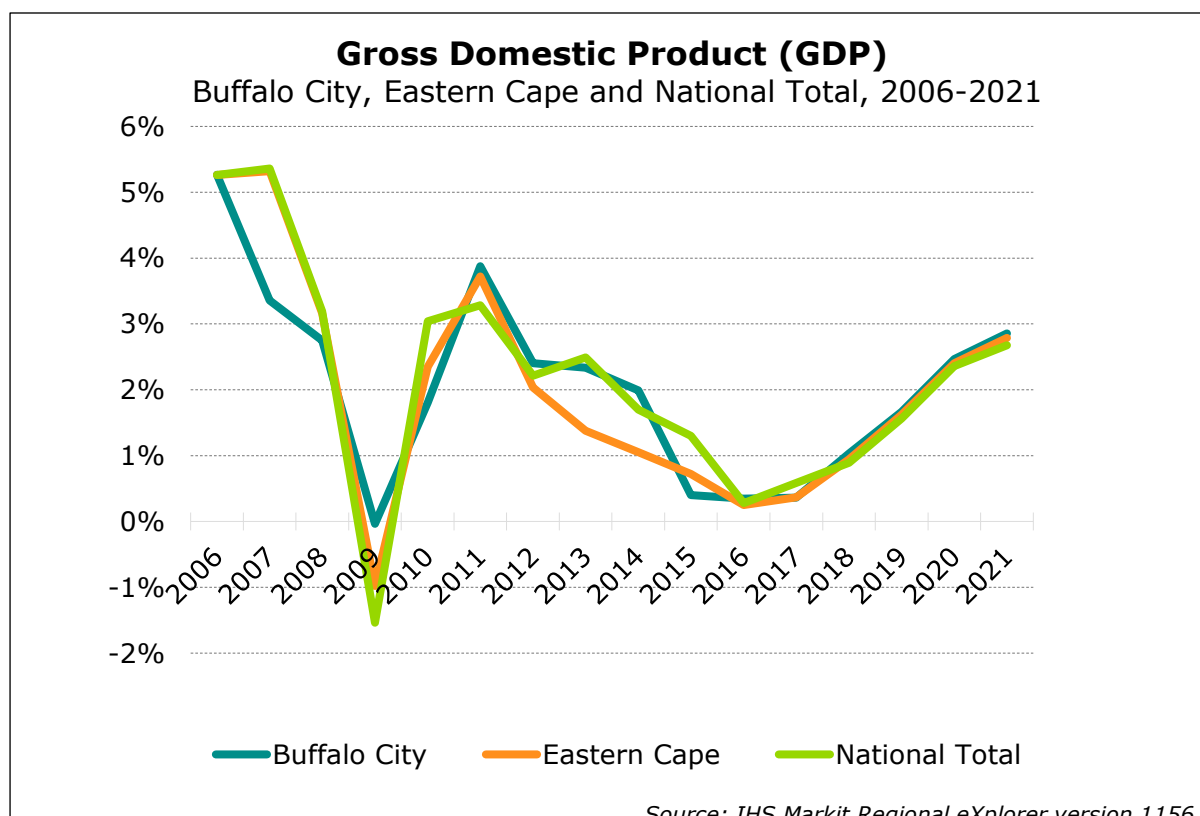


The greatest contributor to the Buffalo City Metropolitan Municipality economy is the East London sub-metro region with a share of 35.92% or R 24.5 billion, increasing from R 10.2 billion in 2006. The economy with the lowest contribution is the Macleantown, Sandisiwe sub-metro region with R 4.89 billion growing from R 2.05 billion in 2006.

3.1.1 ECONOMIC GROWTH FORECAST

It is expected that Buffalo City Metropolitan Municipality will grow at an average annual rate of 1.67% from 2016 to 2021. The average annual growth rate of Eastern Cape Province and South Africa is expected to grow at 1.62% and 1.61% respectively.

CHART 12. GROSS DOMESTIC PRODUCT (GDP) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2021 [AVERAGE ANNUAL GROWTH RATE, CONSTANT 2010 PRICES]



In 2021, Buffalo City's forecasted GDP will be an estimated R 50.1 billion (constant 2010 prices) or 20.0% of the total GDP of Eastern Cape Province. The ranking in terms of size of the Buffalo City Metropolitan Municipality will remain the same between 2016 and 2021, with a contribution to the Eastern Cape Province GDP of 20.0% in 2021 compared to the 19.9% in 2016. At a 1.67% average annual GDP growth rate between 2016 and 2021, Buffalo City ranked the third compared to the other regional economies.

TABLE 11. GROSS DOMESTIC PRODUCT (GDP) - SUB-METRO REGIOIES OF BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 TO 2021, SHARE AND GROWTH

	2021 (Current prices)	Share of metropolitan municipality	2016 (Constant prices)	2021 (Constant prices)	Average Annual growth
Macleantown, Sandisiwe	6.88	13.74%	3.31	3.60	1.69%
King Williams Town, Bisho	24.82	49.53%	11.92	12.94	1.65%
Mdantsane, Chalumna	29.87	59.61%	14.33	15.57	1.68%
East London	34.54	68.92%	16.56	18.00	1.68%
Buffalo City	96.12		46.13	50.11	

Source: IHS Markit Regional eXplorer version 1156

When looking at the regions within the Buffalo City Metropolitan Municipality it is expected that from 2016 to 2021 the Macleantown, Sandisiwe sub-metro region will achieve the highest average annual growth rate of 1.69%. The region that is expected to achieve the second highest average annual growth rate is that of East London sub-metro region, averaging 1.68% between 2016 and 2021. On the other hand the region that performed the poorest relative to the other regions within Buffalo City Metropolitan Municipality was the King Williams Town, Bisho sub-metro region with an average annual growth rate of 1.65%.

3.2 GROSS VALUE ADDED BY REGION (GVA-R)

The Buffalo City Metropolitan Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its *value added* produced in the local economy.

Definition: Gross Value Added (GVA) is a measure of output (total production) of a region in terms of the value that was created within that region. GVA can be broken down into various production sectors.

The summary table below puts the Gross Value Added (GVA) of all the regions in perspective to that of the Buffalo City Metropolitan Municipality.

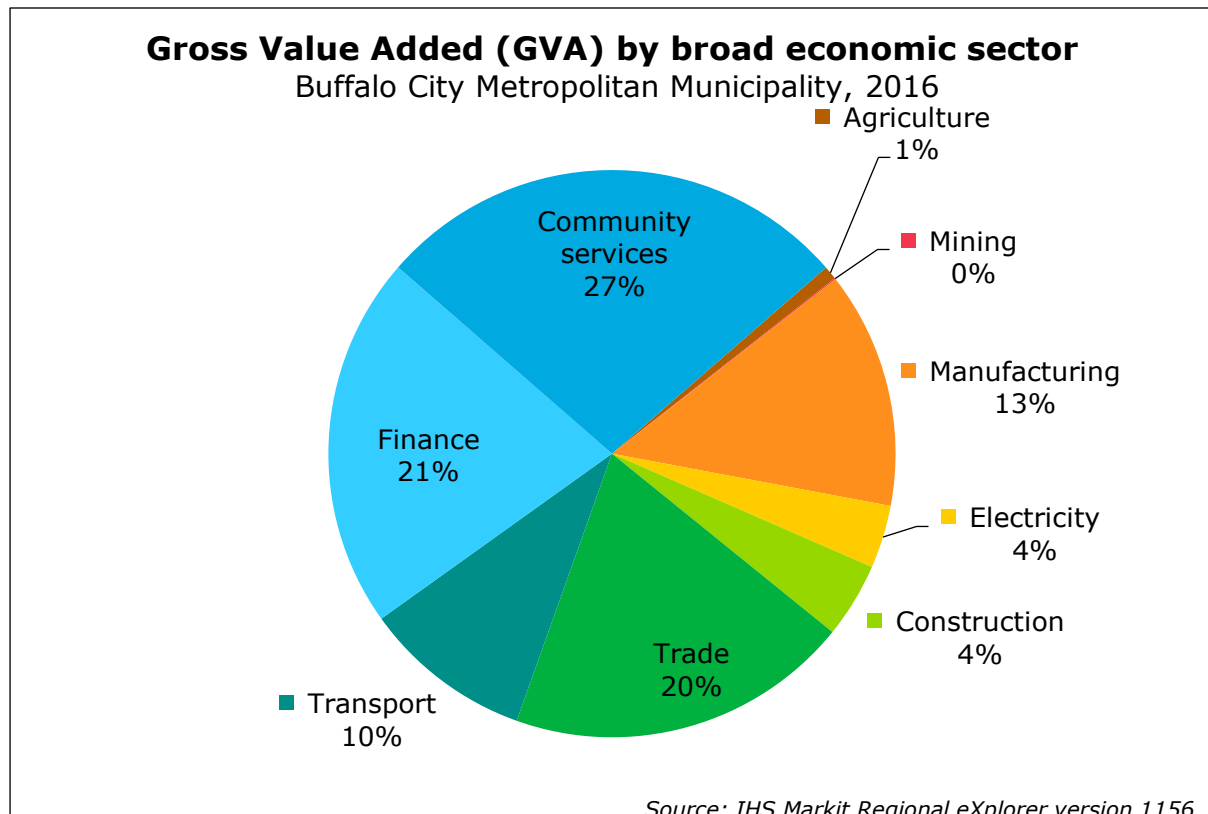
TABLE 12. GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [R BILLIONS, CURRENT PRICES]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
Agriculture	0.5	5.9	94.4	7.9%	0.49%
Mining	0.0	0.5	306.2	9.4%	0.01%
Manufacturing	8.2	36.3	517.4	22.5%	1.58%
Electricity	2.2	6.2	144.1	35.3%	1.51%
Construction	2.6	13.2	154.3	19.7%	1.68%
Trade	11.9	61.5	589.7	19.3%	2.02%
Transport	5.9	27.5	389.2	21.3%	1.50%
Finance	12.9	60.5	781.7	21.3%	1.65%
Community services	16.5	89.7	894.1	18.4%	1.84%
Total Industries	60.6	301.2	3,871.2	20.1%	1.57%

Source: IHS Markit Regional eXplorer version 1156

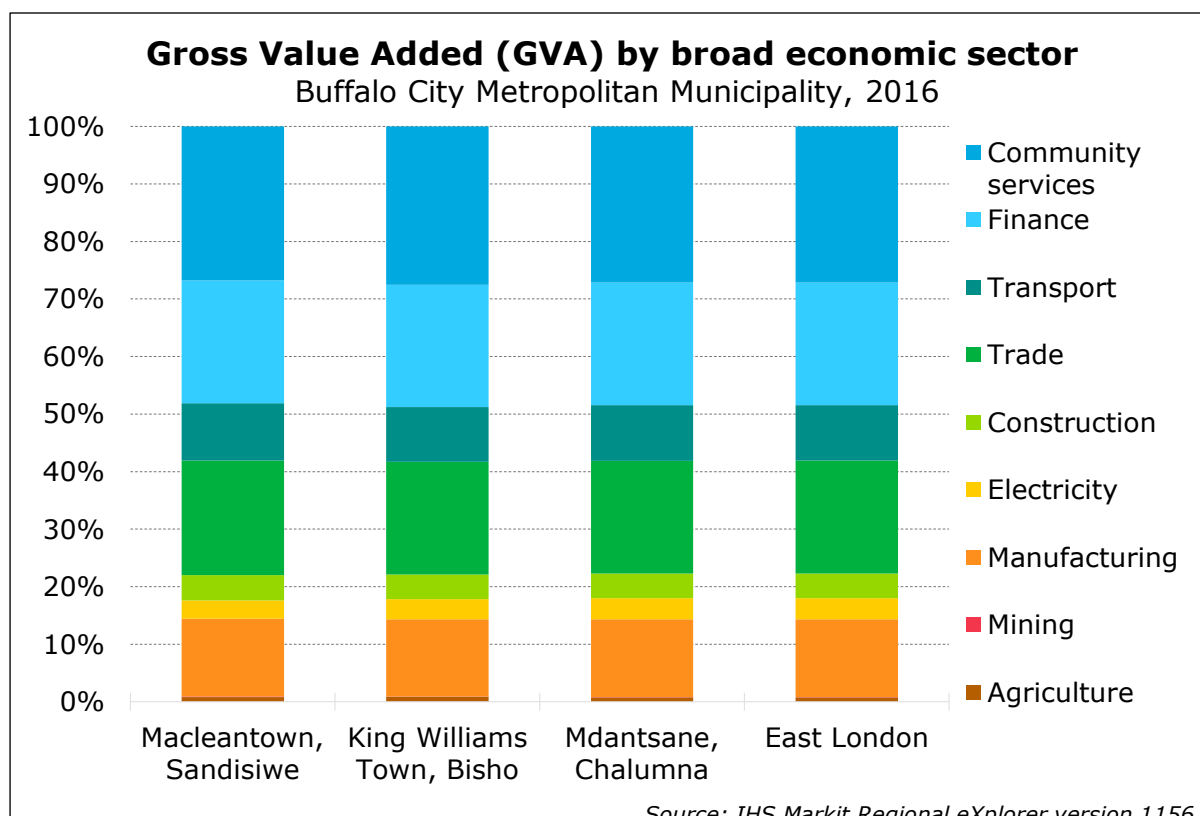
In 2016, the community services sector is the largest within Buffalo City Metropolitan Municipality accounting for R 16.5 billion or 27.2% of the total GVA in the metropolitan municipality's economy. The sector that contributes the second most to the GVA of the Buffalo City Metropolitan Municipality is the finance sector at 21.3%, followed by the trade sector with 19.6%. The sector that contributes the least to the economy of Buffalo City Metropolitan Municipality is the mining sector with a contribution of R 42.8 million or 0.07% of the total GVA.

CHART 13. GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE COMPOSITION]



The community sector, which includes the government services, is generally a large contributor towards GVA in smaller and more rural local municipalities. When looking at the regions within Buffalo City Metropolitan Municipality it is clear that community services sector within the East London sub-metro region contributed 35.79% towards its own GVA. The East London sub-metro region contributed R 21.8 billion or 35.91% to the GVA of Buffalo City Metropolitan Municipality. The region within Buffalo City Metropolitan Municipality that contributes the most to the GVA of the metropolitan municipality was the Macleantown, Sandisiwe sub-metro region with a total of R 4.35 billion or 7.18%.

CHART 14. GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - SUB-METRO REGIOIES OF BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE COMPOSITION]



3.2.1 HISTORICAL ECONOMIC GROWTH

For the period 2016 and 2006, the GVA in the electricity sector had the highest average annual growth rate in Buffalo City at 9.89%. The industry with the second highest average annual growth rate is the construction sector averaging at 3.61% per year. The manufacturing sector had an average annual growth rate of 0.49%, while the mining sector had the lowest average annual growth of -1.18%. Overall a positive growth existed for all the industries in 2016 with an annual growth rate of 0.25% since 2015.

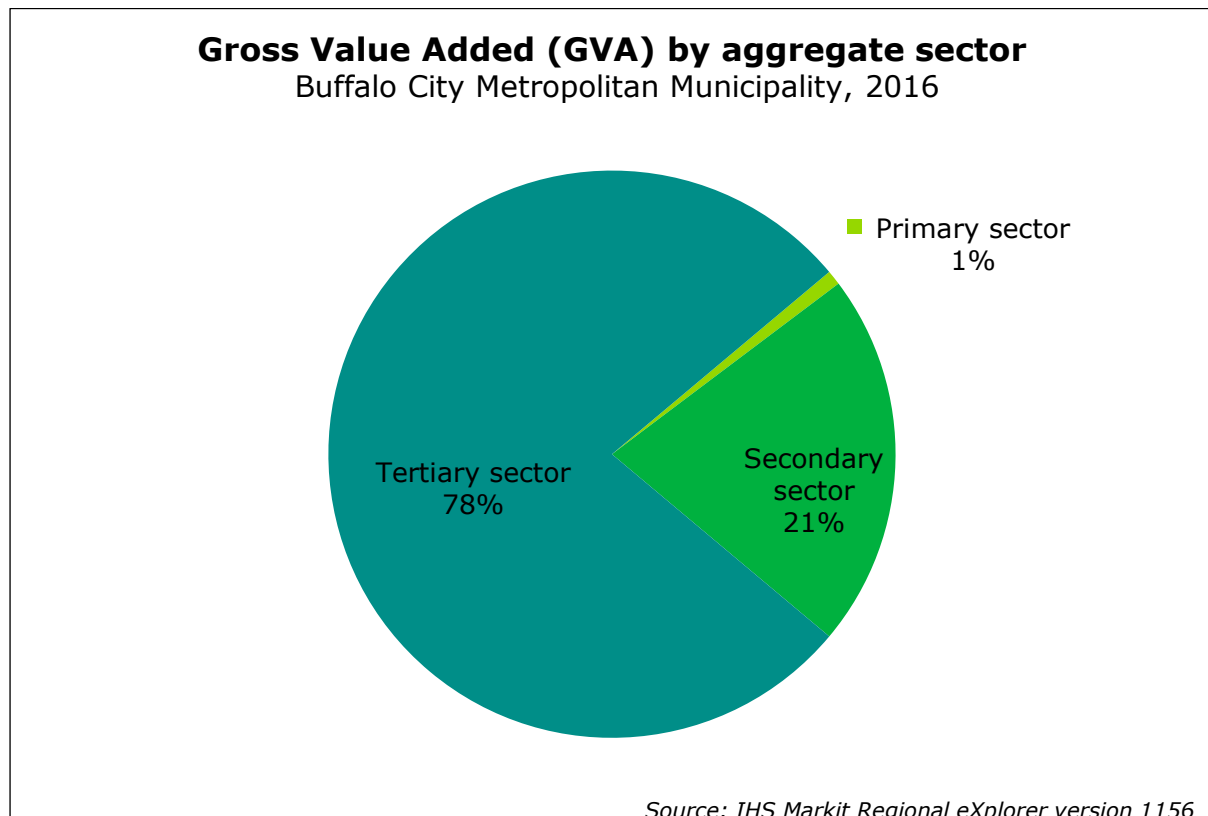
TABLE 13. GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006, 2011 AND 2016 [R BILLIONS, 2010 CONSTANT PRICES]

	2006	2011	2016	Average Annual growth
Agriculture	0.21	0.27	0.25	1.79%
Mining	0.06	0.05	0.05	-1.18%
Manufacturing	6.01	6.25	6.31	0.49%
Electricity	0.34	0.36	0.87	9.89%
Construction	1.14	1.48	1.62	3.61%
Trade	6.55	7.42	7.98	2.00%
Transport	3.20	3.53	3.72	1.49%
Finance	7.40	8.40	9.15	2.14%
Community services	9.34	10.70	11.65	2.23%
Total Industries	34.26	38.48	41.60	1.96%

Source: IHS Markit Regional eXplorer version 1156

The tertiary sector contributes the most to the Gross Value Added within the Buffalo City Metropolitan Municipality at 77.8%. This is slightly higher than the national economy (68.6%). The secondary sector contributed a total of 21.4% (ranking second), while the primary sector contributed the least at 0.8%.

CHART 15. GROSS VALUE ADDED (GVA) BY AGGREGATE ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE]

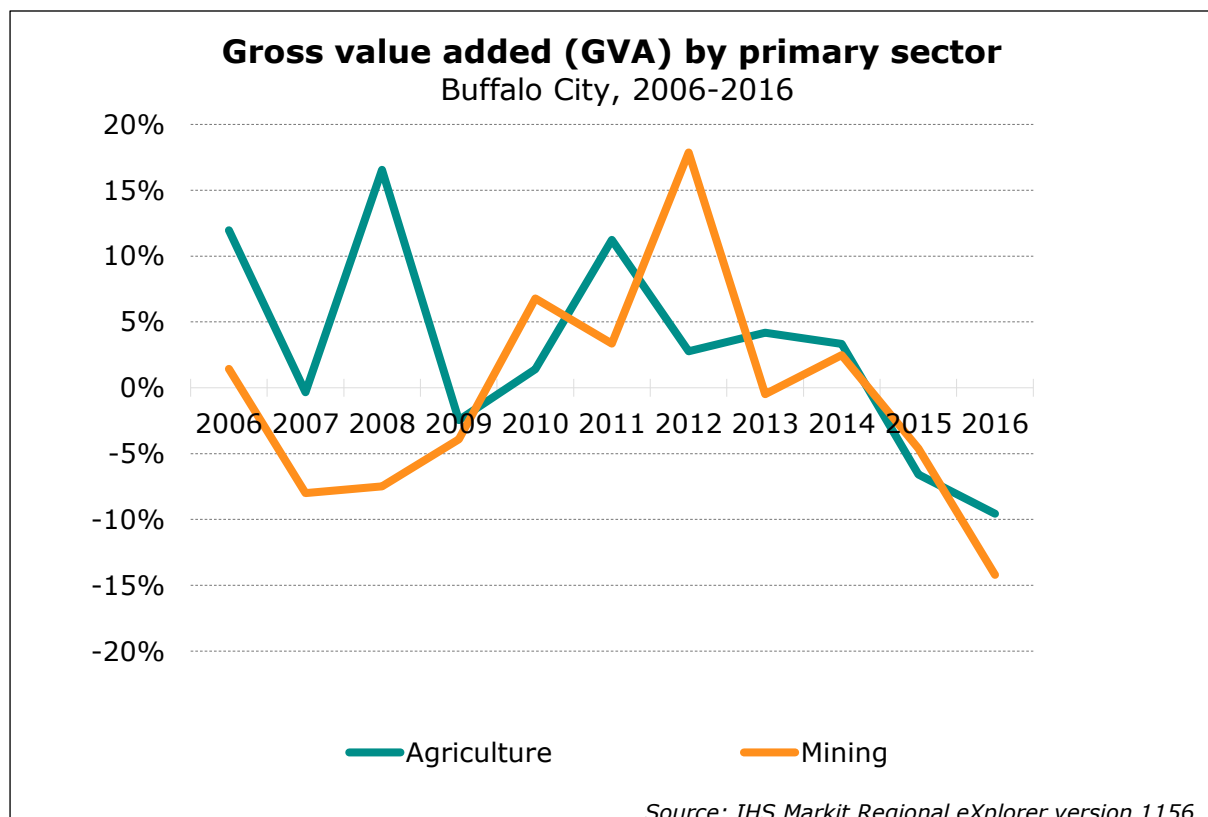


The following is a breakdown of the Gross Value Added (GVA) by aggregated sector:

3.2.1.1 Primary Sector

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector. The following chart represents the average growth rate in the GVA for both of these sectors in Buffalo City Metropolitan Municipality from 2006 to 2016.

CHART 16. GROSS VALUE ADDED (GVA) BY PRIMARY SECTOR - BUFFALO CITY, 2006-2016 [ANNUAL PERCENTAGE CHANGE]

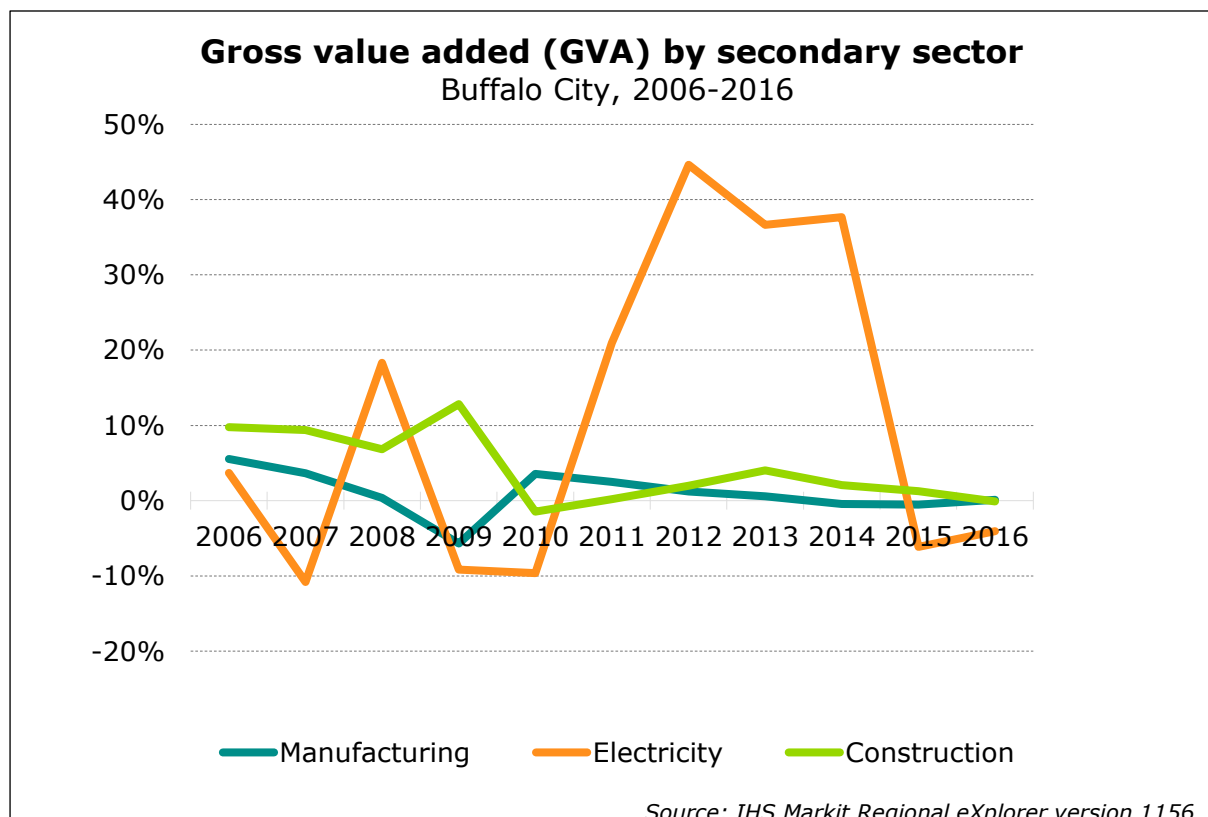


Between 2006 and 2016, the agriculture sector experienced the highest positive growth in 2008 with an average growth rate of 16.6%. The mining sector reached its highest point of growth of 17.9% in 2012. The agricultural sector experienced the lowest growth for the period during 2016 at -9.6%, while the mining sector also had the lowest growth rate in 2016 and it experiences a negative growth rate of -14.2% which is higher growth rate than that of the agricultural sector. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period.

3.2.1.2 Secondary Sector

The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector. The following chart represents the average growth rates in the GVA for these sectors in Buffalo City Metropolitan Municipality from 2006 to 2016.

CHART 17. GROSS VALUE ADDED (GVA) BY SECONDARY SECTOR - BUFFALO CITY, 2006-2016 [ANNUAL PERCENTAGE CHANGE]

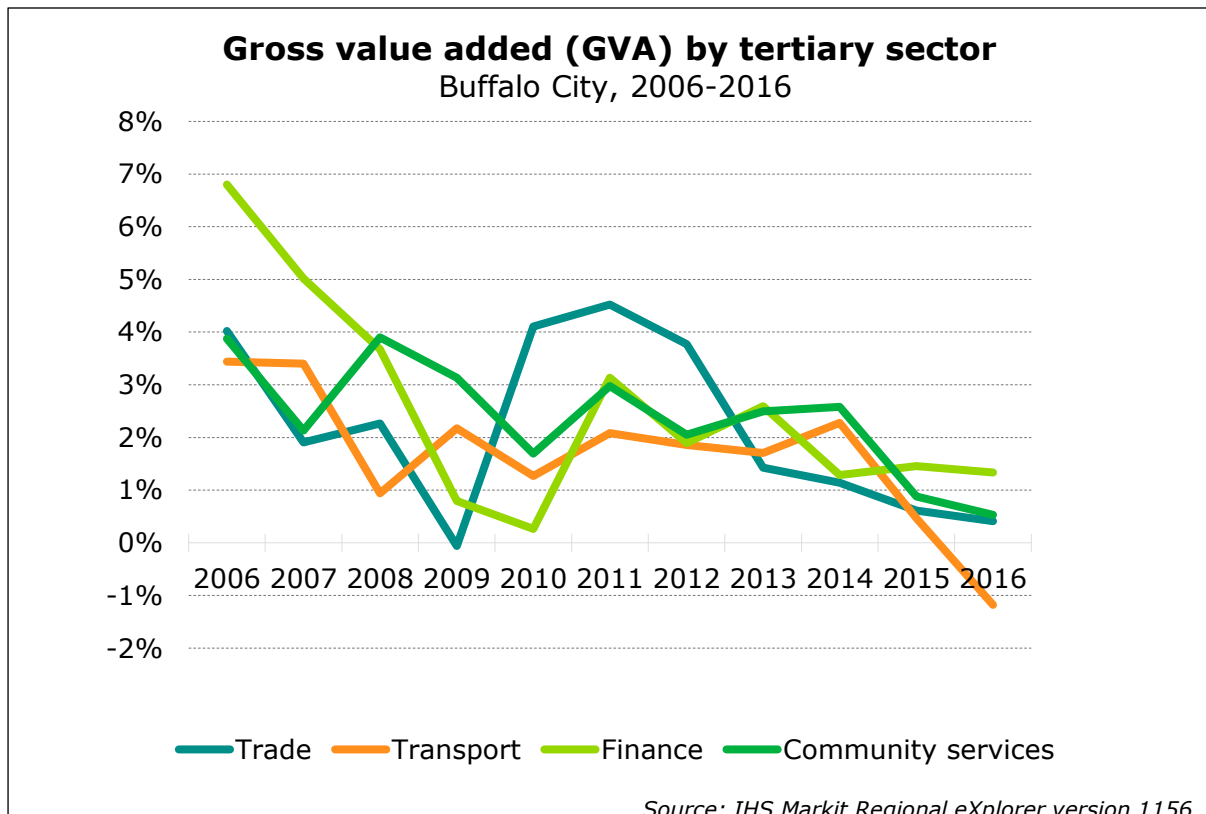


Between 2006 and 2016, the manufacturing sector experienced the highest positive growth in 2006 with a growth rate of 5.5%. The construction sector reached its highest growth in 2009 at 12.8%. The manufacturing sector experienced its lowest growth in 2010 of -5.7%, while construction sector reached its lowest point of growth in 2010 a with -1.5% growth rate. The electricity sector experienced the highest growth in 2012 at 44.6%, while it recorded the lowest growth of -10.8% in 2007.

3.2.1.3 Tertiary Sector

The tertiary sector consists of four broad economic sectors namely the trade, transport, finance and the community services sector. The following chart represents the average growth rates in the GVA for these sectors in Buffalo City Metropolitan Municipality from 2006 to 2016.

CHART 18. GROSS VALUE ADDED (GVA) BY TERTIARY SECTOR - BUFFALO CITY, 2006-2016 [ANNUAL PERCENTAGE CHANGE]



The trade sector experienced the highest positive growth in 2011 with a growth rate of 4.5%. The transport sector reached its highest point of growth in 2006 at 3.4%. The finance sector experienced the highest growth rate in 2006 when it grew by 6.8% and recorded the lowest growth rate in 2010 at 0.3%. The Trade sector had the lowest growth rate in 2009 at -0.1%. The community services sector, which largely consists of government, experienced its highest positive growth in 2008 with 3.9% and the lowest growth rate in 2016 with 0.5%.

3.2.2 SECTOR GROWTH FORECAST

The GVA forecasts are based on forecasted growth rates derived from two sources: historical growth rate estimates and national level industry forecasts. The projections are therefore partly based on the notion that regions that have performed well in the recent past are likely to continue performing well (and vice versa) and partly on the notion that those regions that have prominent sectors that are forecast to grow rapidly in the national economy (e.g. finance and telecommunications) are likely to perform well (and vice versa). As the target year moves further from the base year (2010) so the emphasis moves from historical growth rates to national-level industry growth rates.

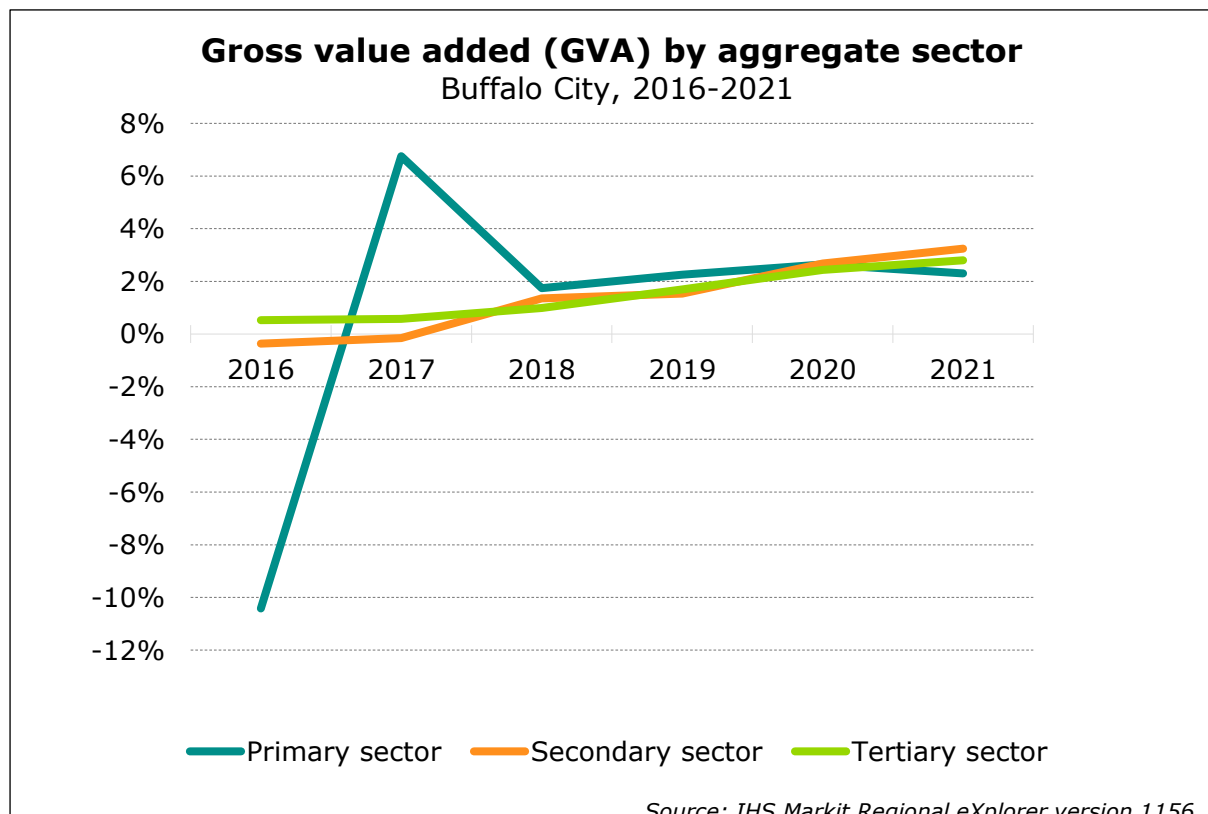
TABLE 14. GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016-2021 [R BILLIONS, CONSTANT 2010 PRICES]

	2016	2017	2018	2019	2020	2021	Average Annual growth
Agriculture	0.25	0.27	0.28	0.28	0.29	0.30	3.58%
Mining	0.05	0.05	0.05	0.06	0.06	0.06	0.89%
Manufacturing	6.31	6.25	6.32	6.40	6.57	6.77	1.43%
Electricity	0.87	0.90	0.92	0.94	0.96	0.99	2.57%
Construction	1.62	1.64	1.68	1.71	1.76	1.83	2.41%
Trade	7.98	8.02	8.14	8.32	8.59	8.89	2.17%
Transport	3.72	3.75	3.80	3.87	3.98	4.11	2.05%
Finance	9.15	9.16	9.30	9.51	9.78	10.07	1.95%
Community services	11.65	11.76	11.75	11.85	12.02	12.27	1.04%
Total Industries	41.60	41.80	42.24	42.95	44.02	45.29	1.71%

Source: IHS Markit Regional eXplorer version 1156

The agriculture sector is expected to grow fastest at an average of 3.58% annually from R 251 million in Buffalo City Metropolitan Municipality to R 299 million in 2021. The community services sector is estimated to be the largest sector within the Buffalo City Metropolitan Municipality in 2021, with a total share of 27.1% of the total GVA (as measured in current prices), growing at an average annual rate of 1.0%. The sector that is estimated to grow the slowest is the mining sector with an average annual growth rate of 0.89%.

CHART 19. GROSS VALUE ADDED (GVA) BY AGGREGATE ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016-2021 [ANNUAL GROWTH RATE, CONSTANT 2010 PRICES]



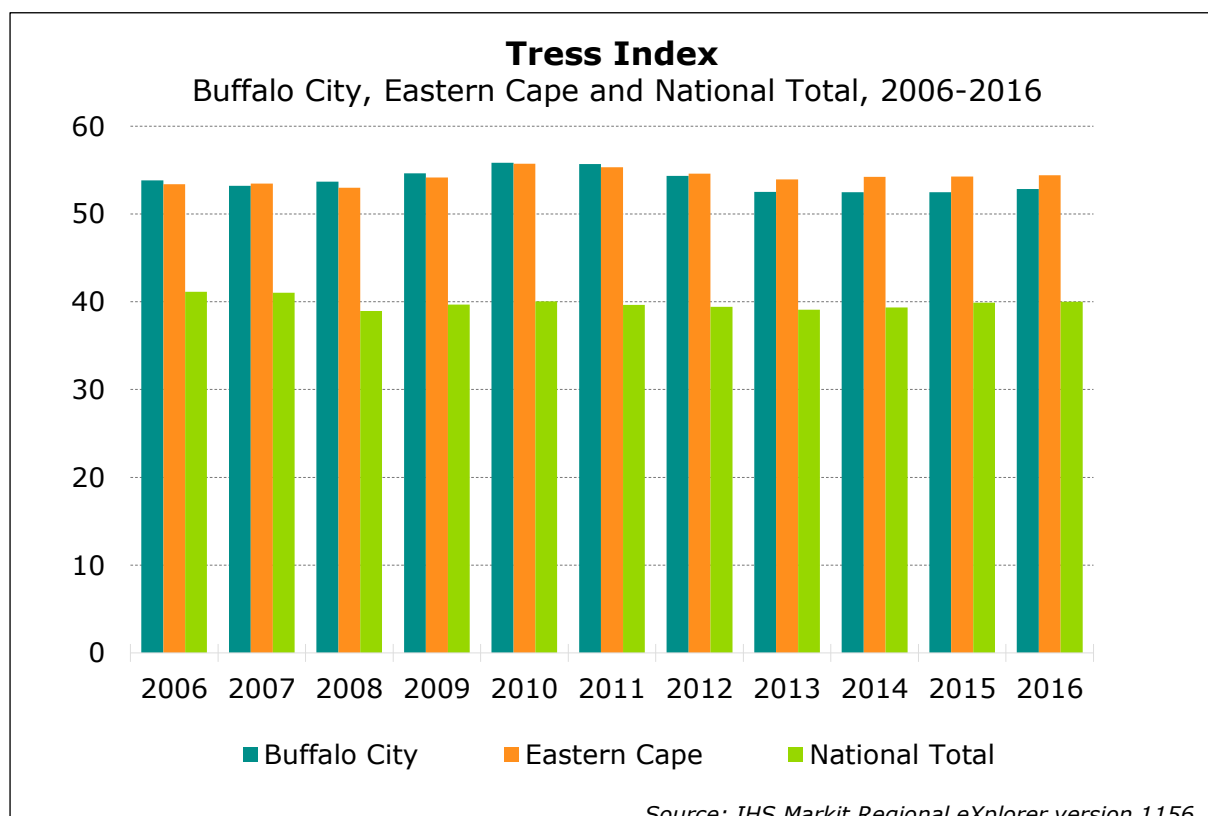
The Primary sector is expected to grow at an average annual rate of 3.12% between 2016 and 2021, with the Secondary sector growing at 1.72% on average annually. The Tertiary sector is expected to grow at an average annual rate of 1.69% for the same period.

Based on the typical profile of a developing country, we can expect faster growth in the secondary and tertiary sectors when compared to the primary sector. Also remember that the agricultural sector is prone to very high volatility as a result of uncertain weather conditions, pests and other natural causes - and the forecasts presented here is merely a long-term trend rather than trying to forecast the unpredictable weather conditions.

3.3 TRESS INDEX

Definition: The Tress index measures the degree of concentration of an area's economy on a sector basis. A Tress index value of 0 means that all economic sectors in the region contribute equally to GVA, whereas a Tress index of 100 means that only one economic sector makes up the whole GVA of the region.

CHART 20. TRESS INDEX - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBER]



In 2016, Buffalo City's Tress Index was estimated at 52.8 which are lower than the 54.4 of the province and higher than the 40.0 of the South Africa as a whole. This implies that - on average - Buffalo City Metropolitan Municipality is less diversified in terms of its economic activity spread than the national's economy.

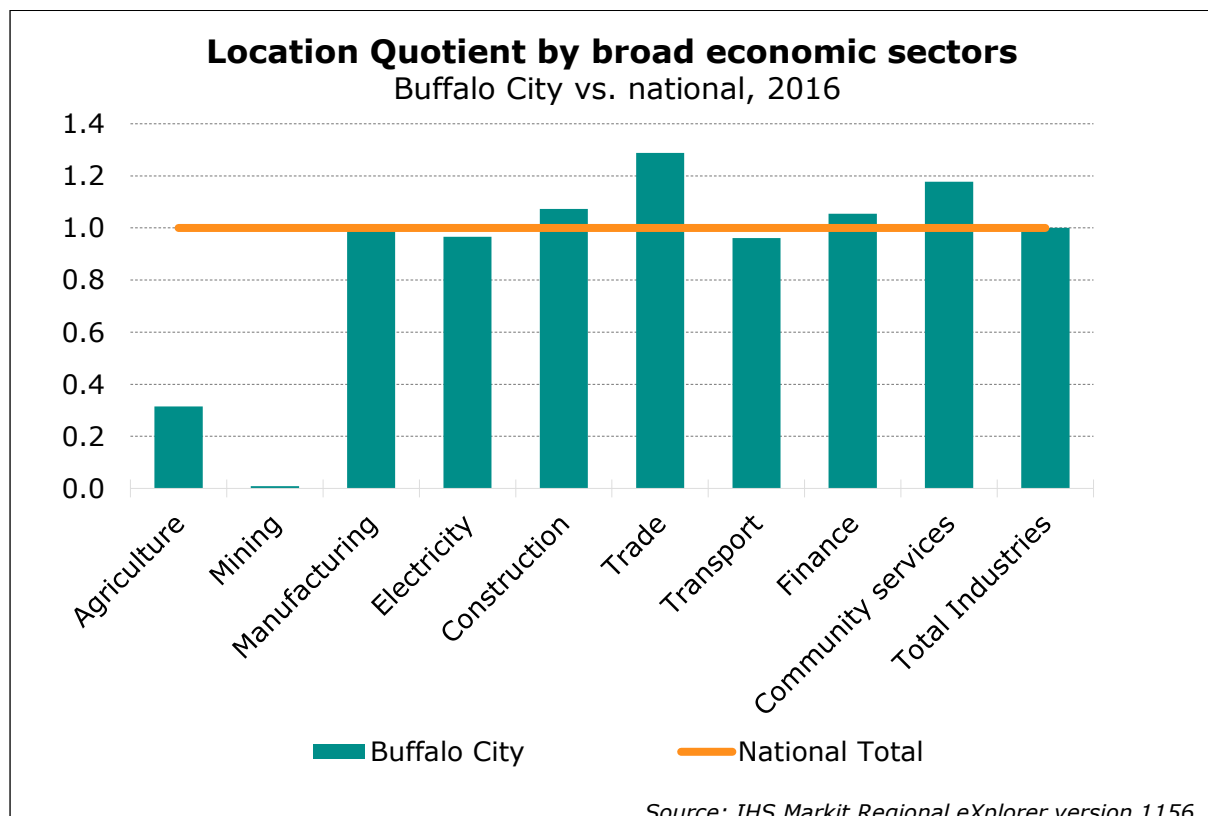
The more diverse an economy is, the more likely it is to create employment opportunities across all skills levels (and not only - for instance - employment opportunities that cater for highly skilled labourers), and maintain a healthy balance between labour-intensive and capital-intensive industries. If both economic growth and the alleviation of unemployment are of concern, clearly there need to be industries that are growing fast and also creating jobs in particular the lower skilled categories. Unfortunately, in practice many industries that are growing fast are not those that create many employment opportunities for unskilled labourers (and alleviate unemployment).

3.4 LOCATION QUOTIENT

Definition: A specific regional economy has a comparative advantage over other regional economies if it can more efficiently produce the same good. The location quotient is one way of measuring this comparative advantage.

If the location quotient is larger than one for a specified sector within a region, then that region has a comparative advantage in that sector. This is because the share of that sector of the specified regional economy is greater than the same sector in the national economy. The location quotient is usually computed by taking the percentage share of the sector in the regional economy divided by the percentage share of that same sector in the national economy.

CHART 21. LOCATION QUOTIENT BY BROAD ECONOMIC SECTORS - BUFFALO CITY METROPOLITAN MUNICIPALITY AND SOUTH AFRICA, 2016 [NUMBER]



For 2016 Buffalo City Metropolitan Municipality has a comparative advantage in the trade sector. The community services sector has a comparative advantage. The construction also has a comparative advantage when comparing it to the South Africa economy as a whole, although less prominent. The Buffalo City Metropolitan Municipality has a comparative disadvantage when it comes to the mining and agriculture sector which has a very large comparative disadvantage. In general mining is a very concentrated economic sector. Unfortunately the Buffalo City Metropolitan Municipality area currently does not have a lot of mining activity, with an LQ of only 0.00893.

4. LABOUR

The labour force of a country consists of everyone of working age (above a certain age and below retirement) that are participating as workers, i.e. people who are actively employed or seeking employment. This is also called the economically active population (EAP). People not included are students, retired people, stay-at-home parents, people in prisons or similar institutions, people employed in jobs or professions with unreported income, as well as discouraged workers who cannot find work.

TABLE 15. WORKING AGE POPULATION IN BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006 AND 2016 [NUMBER]

	Buffalo City		Eastern Cape		National Total	
	2006	2016	2006	2016	2006	2016
15-19	82,700	58,100	803,000	634,000	5,290,000	4,550,000
20-24	97,600	87,300	701,000	694,000	5,260,000	5,000,000
25-29	82,100	98,600	530,000	684,000	4,550,000	5,620,000
30-34	56,200	90,400	355,000	589,000	3,570,000	5,300,000
35-39	43,700	65,300	288,000	438,000	2,930,000	4,240,000
40-44	42,700	45,100	286,000	298,000	2,610,000	3,120,000
45-49	43,800	35,700	286,000	247,000	2,290,000	2,530,000
50-54	32,500	35,500	241,000	249,000	1,880,000	2,260,000
55-59	26,500	34,100	205,000	249,000	1,520,000	1,990,000
60-64	20,000	23,600	171,000	207,000	1,170,000	1,610,000
Total	527,691	573,770	3,866,790	4,289,261	31,071,485	36,220,290

Source: IHS Markit Regional eXplorer version 1156

The working age population in Buffalo City in 2016 was 574 000, increasing at an average annual rate of 0.84% since 2006. For the same period the working age population for Eastern Cape Province increased at 1.04% annually, while that of South Africa increased at 1.55% annually.

In theory, a higher or increasing population dividend is supposed to provide additional stimulus to economic growth. People of working age tend to uphold higher consumption patterns (Final Consumption Expenditure, FCE), and a more dense concentration of working age people is supposed to decrease dependency ratios - given that the additional labour which is offered to the market, is absorbed.

4.1 ECONOMICALLY ACTIVE POPULATION (EAP)

The economically active population (EAP) is a good indicator of how many of the total working age population are in reality participating in the labour market of a region. If a person is economically active, he or she forms part of the labour force.

Definition: The economically active population (EAP) is defined as the number of people (between the age of 15 and 65) who are able and willing to work, and who are actively looking for work. It includes both employed and unemployed people. People, who recently have not

taken any active steps to find employment, are not included in the measure. These people may (or may not) consider themselves unemployed. Regardless, they are counted as discouraged work seekers, and thus form part of the non-economically active population.

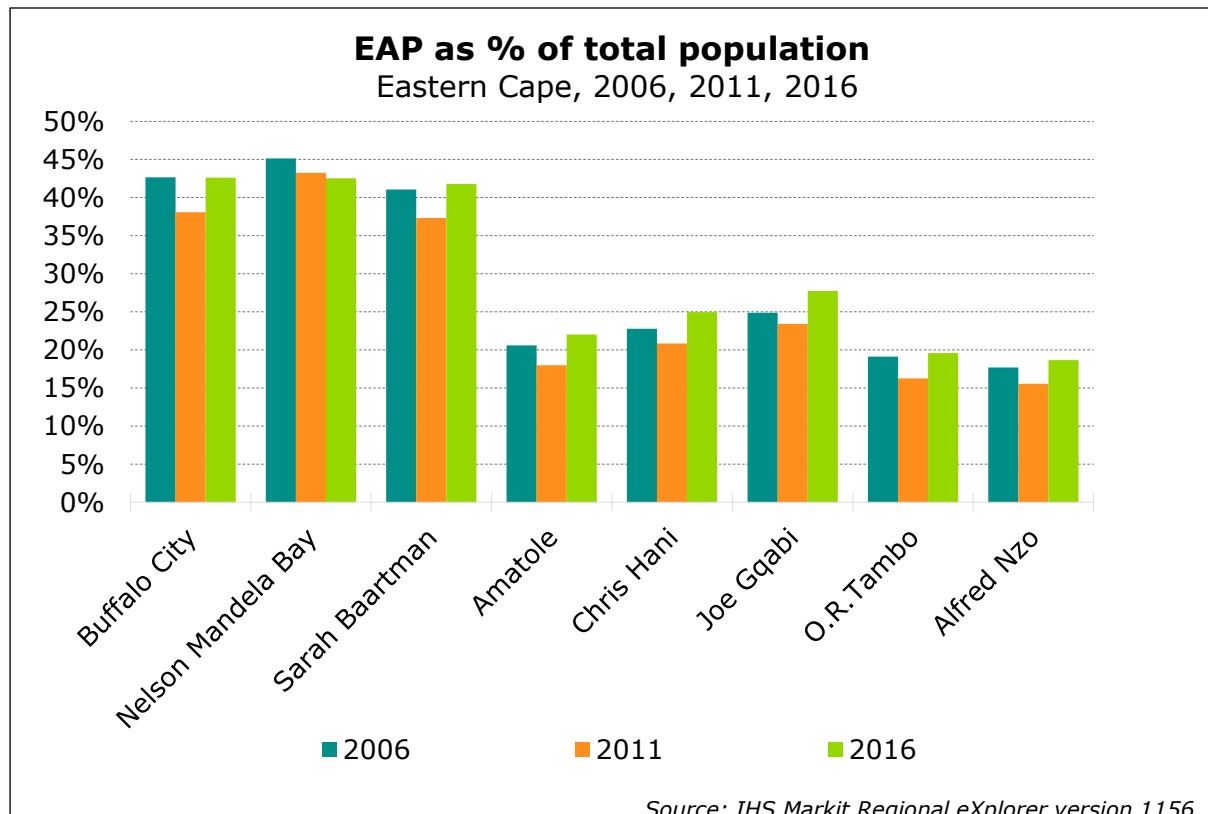
TABLE 16. ECONOMICALLY ACTIVE POPULATION (EAP) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBER, PERCENTAGE]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
2006	327,000	1,840,000	17,500,000	17.8%	1.87%
2007	325,000	1,850,000	18,000,000	17.6%	1.81%
2008	322,000	1,840,000	18,400,000	17.5%	1.75%
2009	314,000	1,790,000	18,300,000	17.5%	1.71%
2010	305,000	1,730,000	18,100,000	17.6%	1.68%
2011	304,000	1,740,000	18,300,000	17.5%	1.66%
2012	309,000	1,770,000	18,700,000	17.4%	1.65%
2013	322,000	1,840,000	19,300,000	17.5%	1.67%
2014	341,000	1,940,000	20,100,000	17.6%	1.69%
2015	352,000	2,000,000	20,800,000	17.6%	1.70%
2016	362,000	2,060,000	21,300,000	17.6%	1.70%
Average Annual growth					
2006-2016	1.01%	1.12%	1.97%		

Source: IHS Markit Regional eExplorer version 1156

Buffalo City Metropolitan Municipality's EAP was 362 000 in 2016, which is 42.63% of its total population of 848 000, and roughly 17.59% of the total EAP of the Eastern Cape Province. From 2006 to 2016, the average annual increase in the EAP in the Buffalo City Metropolitan Municipality was 1.01%, which is 0.106 percentage points lower than the growth in the EAP of Eastern Cape's for the same period.

CHART 22. EAP AS % OF TOTAL POPULATION - BUFFALO CITY AND THE REST OF EASTERN CAPE, 2006, 2011, 2016 [PERCENTAGE]



In 2006, 42.6% of the total population in Buffalo City Metropolitan Municipality were classified as economically active which decreased to 42.6% in 2016. Compared to the other regions in Eastern Cape Province, Buffalo City metropolitan municipality had the highest EAP as a percentage of the total population within its own region relative to the other regions. On the other hand, Alfred Nzo metropolitan municipality had the lowest EAP with 18.6% people classified as economically active population in 2016.

4.1.1 LABOUR FORCE PARTICIPATION RATE

Definition: The labour force participation rate (LFPR) is the Economically Active Population (EAP) expressed as a percentage of the total working age population.

The following is the labour participation rate of the Buffalo City, Eastern Cape and National Total as a whole.

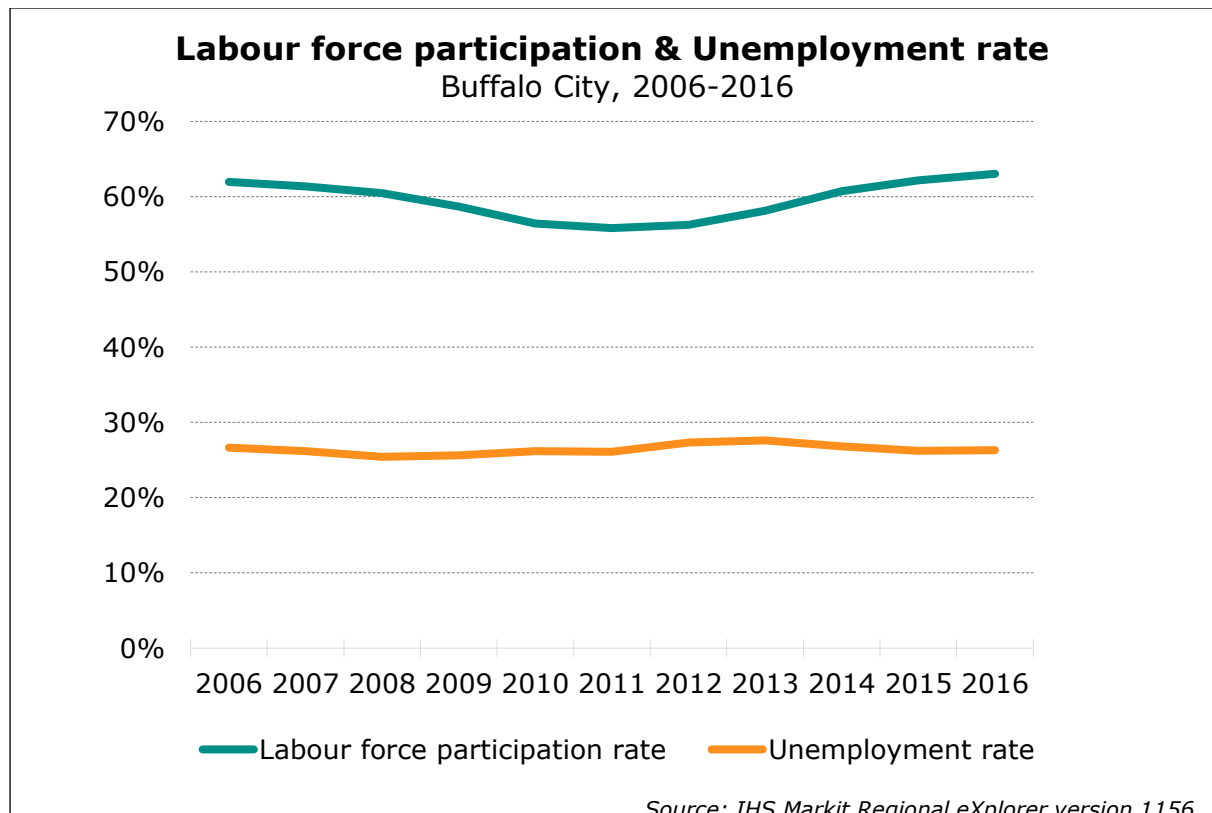
TABLE 17. THE LABOUR FORCE PARTICIPATION RATE - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [PERCENTAGE]

	Buffalo City	Eastern Cape	National Total
2006	62.0%	47.6%	56.4%
2007	61.4%	47.3%	57.0%
2008	60.5%	46.5%	57.4%
2009	58.7%	44.9%	56.2%
2010	56.4%	42.9%	54.5%
2011	55.8%	42.6%	54.3%
2012	56.2%	43.1%	54.7%
2013	58.1%	44.4%	55.7%
2014	60.7%	46.2%	57.1%
2015	62.2%	47.3%	58.1%
2016	63.0%	47.9%	58.8%

Source: IHS Markit Regional eExplorer version 1156

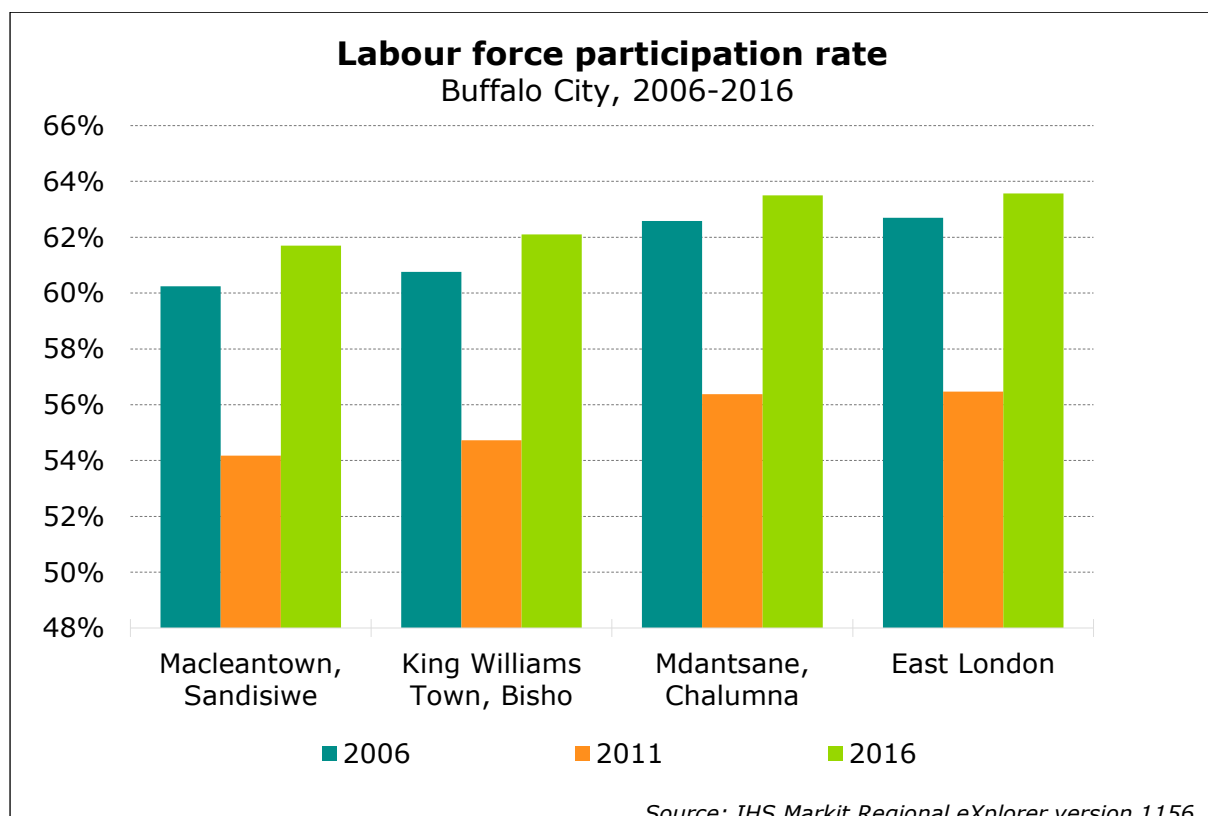
The Buffalo City Metropolitan Municipality's labour force participation rate increased from 61.97% to 63.03% which is an increase of 1.1 percentage points. The Eastern Cape Province increased from 47.58% to 47.93%, South Africa increased from 56.37% to 58.77% from 2006 to 2016. The Buffalo City Metropolitan Municipality labour force participation rate exhibited a higher percentage point change compared to the Eastern Cape Province from 2006 to 2016. The Buffalo City Metropolitan Municipality had a higher labour force participation rate when compared to South Africa in 2016.

CHART 23. THE LABOUR FORCE PARTICIPATION RATE - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [PERCENTAGE]



In 2016 the labour force participation rate for Buffalo City was at 63.0% which is slightly higher when compared to the 62.0% in 2006. The unemployment rate is an efficient indicator that measures the success rate of the labour force relative to employment. In 2006, the unemployment rate for Buffalo City was 26.6% and decreased overtime to 26.3% in 2016. The gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for the employment within Buffalo City Metropolitan Municipality.

CHART 24. THE LABOUR FORCE PARTICIPATION RATE - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2006, 2011 AND 2016 [PERCENTAGE]



East London sub-metro region had the highest labour force participation rate with 63.6% in 2016 increasing from 62.7% in 2006. Macleantown, Sandisiwe sub-metro region had the lowest labour force participation rate of 61.7% in 2016, this increased from 60.2% in 2006.

4.2 TOTAL EMPLOYMENT

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.

Definition: Total employment consists of two parts: employment in the formal sector, and employment in the informal sector

TABLE 18. TOTAL EMPLOYMENT - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBERS]

	Buffalo City	Eastern Cape	National Total
2006	233,000	1,330,000	13,000,000
2007	233,000	1,350,000	13,500,000
2008	233,000	1,350,000	14,100,000
2009	226,000	1,320,000	14,000,000
2010	217,000	1,260,000	13,600,000
2011	217,000	1,260,000	13,800,000
2012	216,000	1,270,000	14,000,000
2013	224,000	1,310,000	14,500,000
2014	240,000	1,370,000	15,100,000
2015	250,000	1,430,000	15,500,000
2016	257,000	1,460,000	15,700,000
Average Annual growth			
2006-2016	0.98%	0.91%	1.89%

Source: IHS Markit Regional eXplorer version 1156

In 2016, Buffalo City employed 256 000 people which is 17.61% of the total employment in Eastern Cape Province (1.46 million), 1.64% of total employment in South Africa (15.7 million). Employment within Buffalo City increased annually at an average rate of 0.98% from 2006 to 2016.

TABLE 19. TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR - BUFFALO CITY AND THE REST OF EASTERN CAPE, 2016 [NUMBERS]

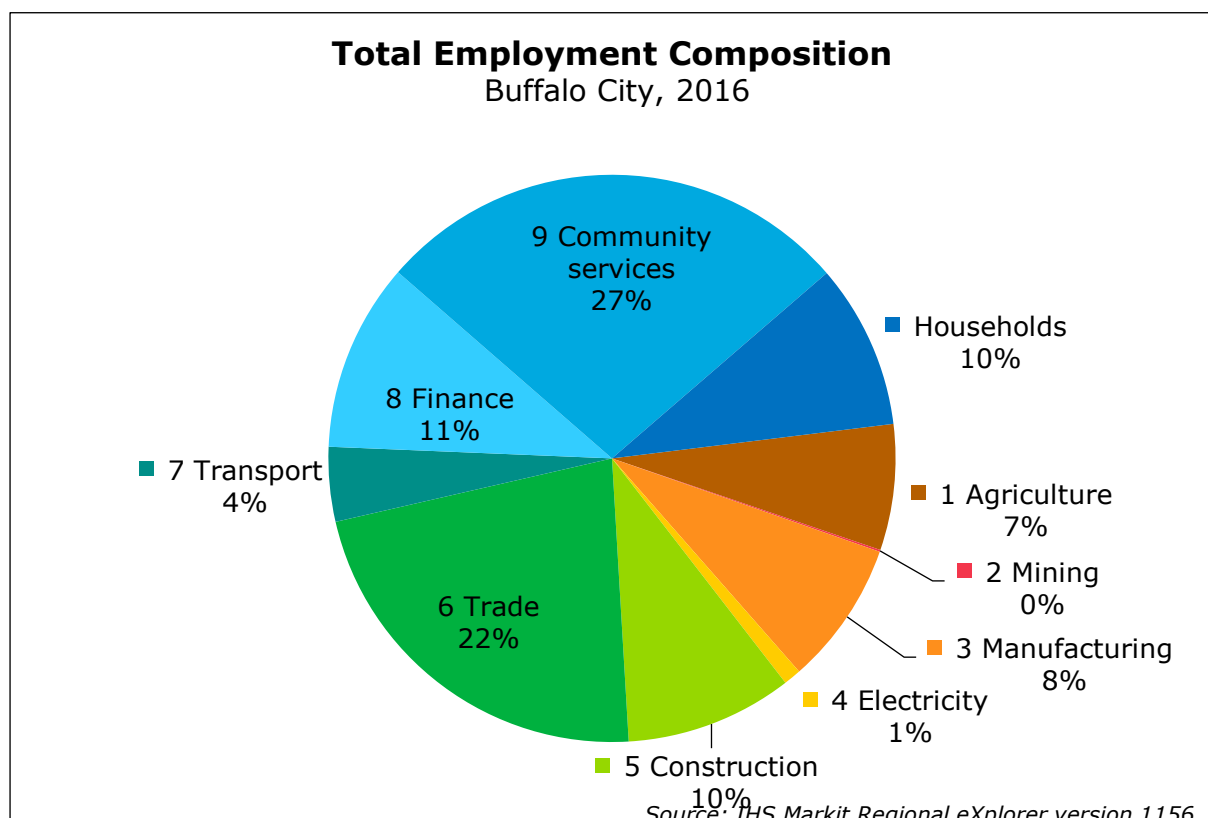
	Buffalo City	Nelson Mandela Bay	Sarah Baartman	Amatole	Chris Hani	Joe Gqabi	O.R.Tambo	Alfred Nzo	Total Eastern Cape
Agriculture	18,400	9,340	27,600	9,020	11,000	7,960	5,900	3,910	93,181
Mining	274	214	35	128	122	75	299	88	1,235
Manufacturing	21,000	72,600	16,500	7,420	6,490	3,620	5,950	3,360	136,965
Electricity	2,550	812	374	419	464	237	658	252	5,763
Construction	24,500	32,200	18,000	15,400	17,900	10,400	22,000	15,700	156,045
Trade	57,300	83,300	36,000	33,600	28,400	15,800	43,700	20,500	318,641
Transport	10,900	25,500	7,760	5,990	5,190	2,820	8,610	4,070	70,879
Finance	27,600	53,400	13,800	13,100	12,000	5,570	19,400	8,310	153,087
Community services	70,000	96,600	32,500	43,100	45,400	20,900	62,800	27,300	398,511
Households	24,100	25,700	17,300	12,500	12,800	8,370	14,700	7,250	122,505
Total	257,000	400,000	170,000	141,000	140,000	75,700	184,000	90,700	1,456,812

Source: IHS Markit Regional eXplorer version 1156

Buffalo City Metropolitan Municipality employs a total number of 256 000 people within its metropolitan municipality. The metropolitan municipality that employs the highest number of people relative to the other regions within Eastern Cape Province is Nelson Mandela Bay metropolitan municipality with a total number of 400 000. The metropolitan municipality that employs the lowest number of people relative to the other regions within Eastern Cape Province is Joe Gqabi metropolitan municipality with a total number of 75 700 employed people.

In Buffalo City Metropolitan Municipality the economic sectors that recorded the largest number of employment in 2016 were the community services sector with a total of 70 000 employed people or 27.3% of total employment in the metropolitan municipality. The trade sector with a total of 57 300 (22.3%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 274 (0.1%) is the sector that employs the least number of people in Buffalo City Metropolitan Municipality, followed by the electricity sector with 2 550 (1.0%) people employed.

CHART 25. TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE]



4.3 FORMAL AND INFORMAL EMPLOYMENT

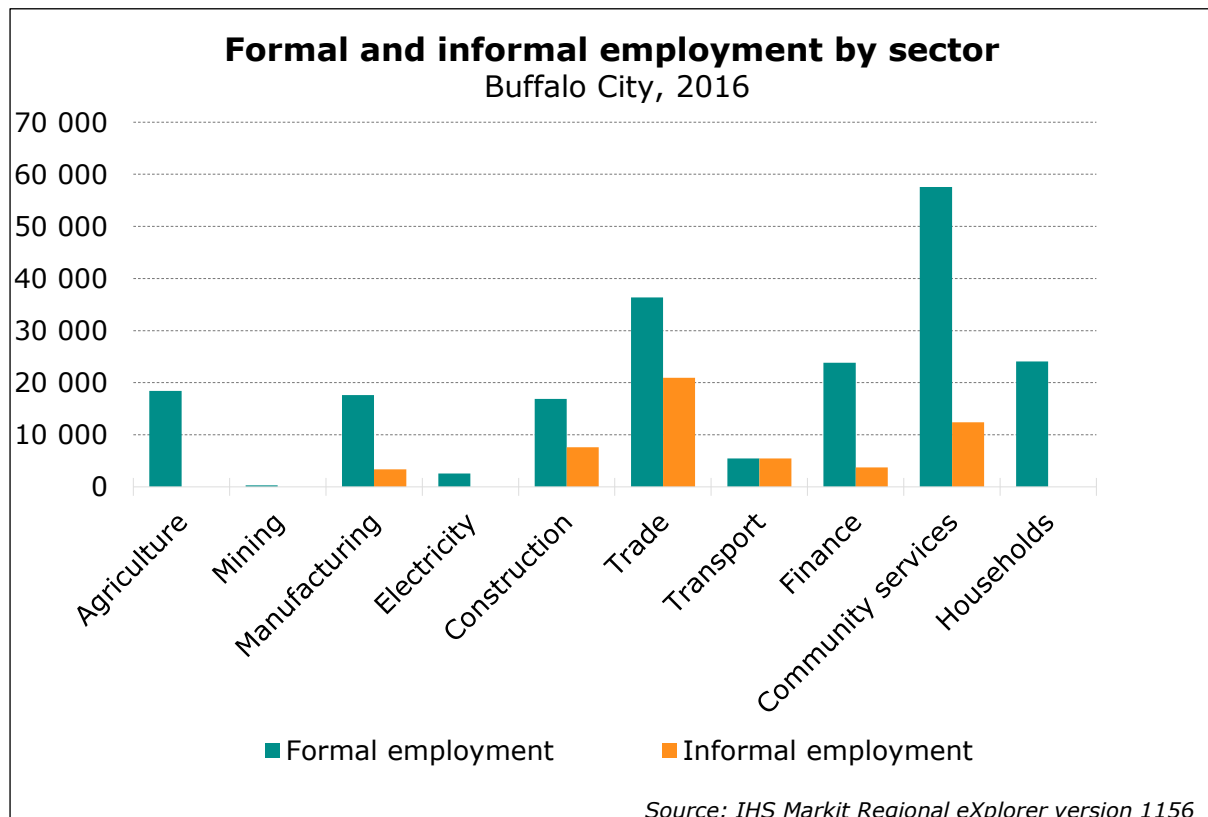
Total employment can be broken down into formal and informal sector employment. Formal sector employment is measured from the formal business side, and the informal employment is measured from the household side where formal businesses have not been established.

Formal employment is much more stable than informal employment. Informal employment is much harder to measure and manage, simply because it cannot be tracked through the formal business side of the economy. Informal employment is however a reality in South Africa and cannot be ignored.

The number of formally employed people in Buffalo City Metropolitan Municipality counted 203 000 in 2016, which is about 79.14% of total employment, while the number of people employed in the

informal sector counted 53 500 or 20.86% of the total employment. Informal employment in Buffalo City increased from 51 600 in 2006 to an estimated 53 500 in 2016.

CHART 26. FORMAL AND INFORMAL EMPLOYMENT BY BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [NUMBERS]



Some of the economic sectors have little or no informal employment:

Mining industry, due to well-regulated mining safety policies, and the strict registration of a mine, has little or no informal employment. The Electricity sector is also well regulated, making it difficult to get information on informal employment. Domestic Workers and employment in the Agriculture sector is typically counted under a separate heading.

In 2016 the Trade sector recorded the highest number of informally employed, with a total of 21 000 employees or 39.19% of the total informal employment. This can be expected as the barriers to enter the Trade sector in terms of capital and skills required is less than with most of the other sectors. The Manufacturing sector has the lowest informal employment with 3 360 and only contributes 6.28% to total informal employment.

TABLE 20. FORMAL AND INFORMAL EMPLOYMENT BY BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [NUMBERS]

	Formal employment	Informal employment
Agriculture	18,400	N/A
Mining	274	N/A
Manufacturing	17,600	3,360
Electricity	2,550	N/A
Construction	16,900	7,580
Trade	36,400	21,000
Transport	5,450	5,450
Finance	23,800	3,750
Community services	57,600	12,400
Households	24,100	N/A

Source: IHS Markit Regional eXplorer version 1156

The informal sector is vital for the areas with very high unemployment and very low labour participation rates. Unemployed people see participating in the informal sector as a survival strategy. The most desirable situation would be to get a stable formal job. But because the formal economy is not growing fast enough to generate adequate jobs, the informal sector is used as a survival mechanism.

4.4 UNEMPLOYMENT

Definition: The unemployed includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).

The choice of definition for what constitutes being unemployed has a large impact on the final estimates for all measured labour force variables. The following definition was adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, 1982): The "unemployed" comprise all persons above a specified age who during the reference period were:

- "Without work", i.e. not in paid employment or self-employment;
- "Currently available for work", i.e. were available for paid employment or self-employment during the reference period; and
- "Seeking work", i.e. had taken specific steps in a specified reference period to seek paid employment or self-employment. The specific steps may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land.

TABLE 21. UNEMPLOYMENT (OFFICIAL DEFINITION) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBER PERCENTAGE]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
2006	87,100	512,000	4,510,000	17.0%	1.93%
2007	85,200	503,000	4,460,000	17.0%	1.91%
2008	81,900	488,000	4,350,000	16.8%	1.88%
2009	80,500	483,000	4,370,000	16.7%	1.84%
2010	79,900	480,000	4,490,000	16.6%	1.78%
2011	79,300	485,000	4,570,000	16.3%	1.73%
2012	84,300	508,000	4,690,000	16.6%	1.80%
2013	89,000	542,000	4,850,000	16.4%	1.83%
2014	91,400	569,000	5,060,000	16.1%	1.81%
2015	92,400	583,000	5,290,000	15.9%	1.75%
2016	95,100	603,000	5,600,000	15.8%	1.70%
Average Annual growth					
2006-2016	0.88%	1.65%	2.19%		

Source: IHS Markit Regional eExplorer version 1156

In 2016, there were a total number of 95 100 people unemployed in Buffalo City, which is an increase of 7 970 from 87 100 in 2006. The total number of unemployed people within Buffalo City constitutes 15.77% of the total number of unemployed people in Eastern Cape Province. The Buffalo City Metropolitan Municipality experienced an average annual increase of 0.88% in the number of unemployed people, which is better than that of the Eastern Cape Province which had an average annual increase in unemployment of 1.65%.

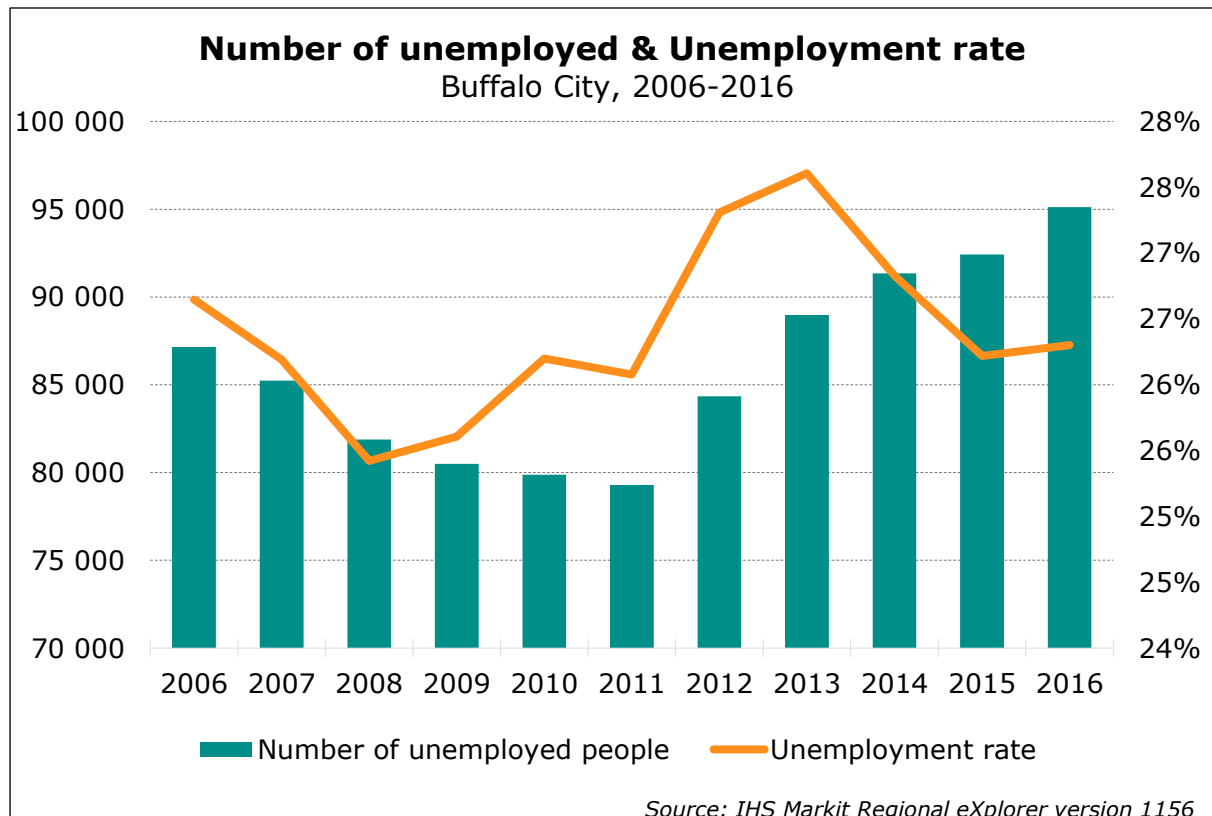
TABLE 22. UNEMPLOYMENT RATE (OFFICIAL DEFINITION) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [PERCENTAGE]

	Buffalo City	Eastern Cape	National Total
2006	26.6%	27.8%	25.8%
2007	26.2%	27.2%	24.8%
2008	25.4%	26.6%	23.6%
2009	25.6%	26.9%	23.8%
2010	26.2%	27.7%	24.8%
2011	26.1%	27.9%	24.9%
2012	27.3%	28.7%	25.0%
2013	27.6%	29.4%	25.1%
2014	26.8%	29.4%	25.1%
2015	26.2%	29.1%	25.5%
2016	26.3%	29.3%	26.3%

Source: IHS Markit Regional eExplorer version 1156

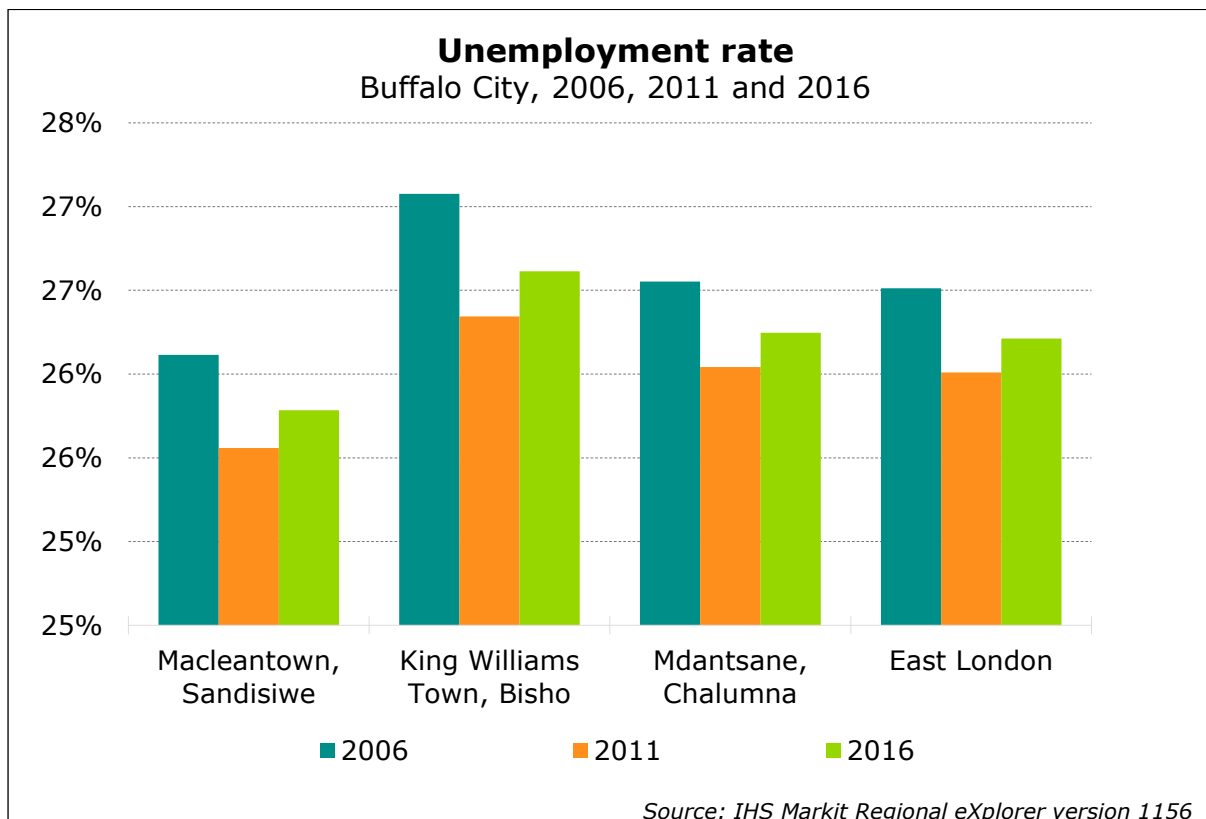
In 2016, the unemployment rate in Buffalo City Metropolitan Municipality (based on the official definition of unemployment) was 26.30%, which is a decrease of -0.346 percentage points. The unemployment rate in Buffalo City Metropolitan Municipality is lower than that of Eastern Cape. The unemployment rate for South Africa was 26.33% in 2016, which is a increase of -0.563 percentage points from 25.77% in 2006.

CHART 27. UNEMPLOYMENT AND UNEMPLOYMENT RATE (OFFICIAL DEFINITION) - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER PERCENTAGE]



When comparing unemployment rates among regions within Buffalo City Metropolitan Municipality, King Williams Town, Bisho sub-metro region has indicated the highest unemployment rate of 26.6%, which has decreased from 27.1% in 2006. It can be seen that the Macleantown, Sandisiwe sub-metro region had the lowest unemployment rate of 25.8% in 2016, which decreased from 26.1% in 2006.

CHART 28. UNEMPLOYMENT RATE - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2006, 2011 AND 2016 [PERCENTAGE]



5. INCOME AND EXPENDITURE

In a growing economy among which production factors are increasing, most of the household incomes are spent on purchasing goods and services. Therefore, the measuring of the income and expenditure of households is a major indicator of a number of economic trends. It is also a good marker of growth as well as consumer tendencies.

5.1 NUMBER OF HOUSEHOLDS BY INCOME CATEGORY

The number of households is grouped according to predefined income categories or brackets, where income is calculated as the sum of all household gross disposable income: payments in kind, gifts, homemade goods sold, old age pensions, income from informal sector activities, subsistence income, etc.). Note that income tax is included in the income distribution.

Income categories start at R0 - R2,400 per annum and go up to R2,400,000+ per annum. A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own. These income brackets do not take into account inflation creep: over time, movement of households "up" the brackets is natural, even if they are not earning any more in real terms.

TABLE 23. HOUSEHOLDS BY INCOME CATEGORY - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [NUMBER PERCENTAGE]

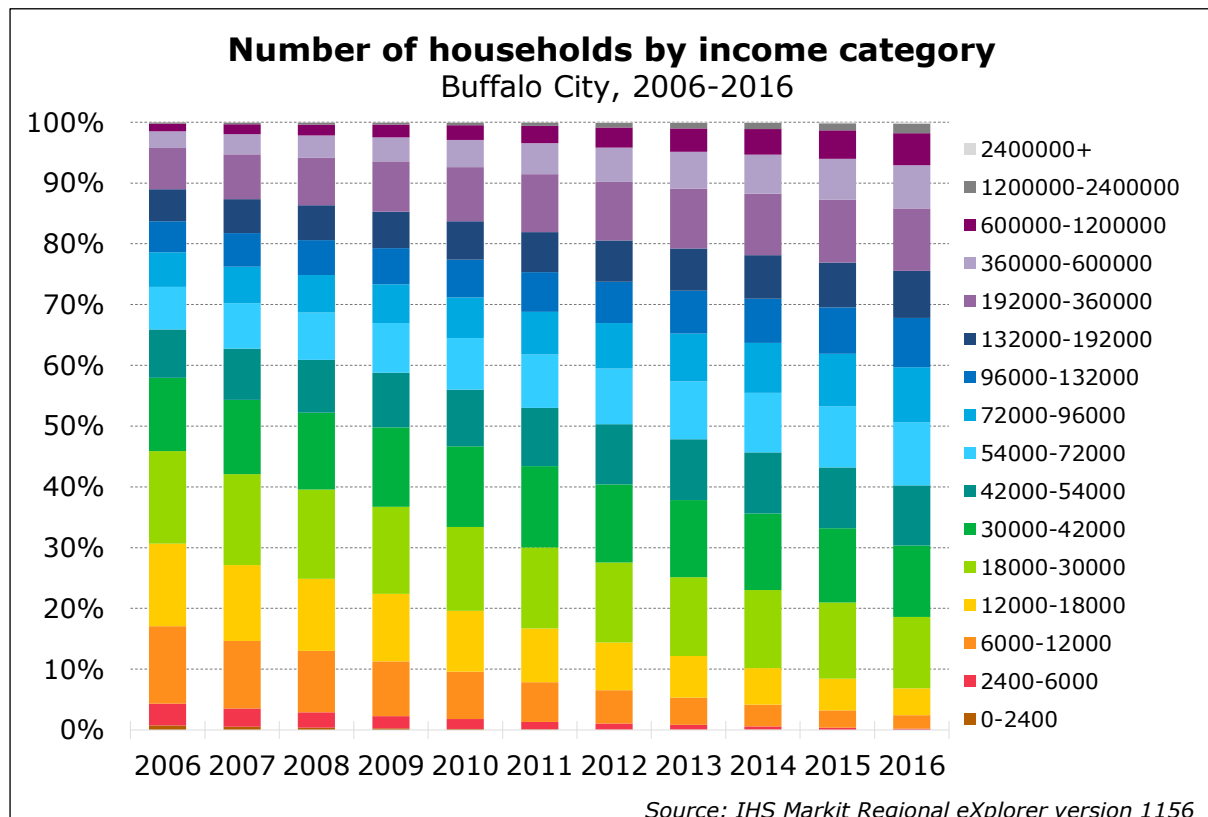
	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
0-2400	28	206	1,880	13.7%	1.50%
2400-6000	517	3,800	33,300	13.6%	1.55%
6000-12000	5,470	38,400	314,000	14.3%	1.74%
12000-18000	10,900	76,400	624,000	14.3%	1.75%
18000-30000	28,900	220,000	1,720,000	13.1%	1.69%
30000-42000	29,000	231,000	1,730,000	12.6%	1.68%
42000-54000	24,400	204,000	1,520,000	12.0%	1.61%
54000-72000	25,700	217,000	1,630,000	11.9%	1.58%
72000-96000	22,300	185,000	1,490,000	12.1%	1.50%
96000-132000	20,100	156,000	1,390,000	12.9%	1.45%
132000-192000	19,000	133,000	1,320,000	14.3%	1.44%
192000-360000	25,400	150,000	1,690,000	17.0%	1.50%
360000-600000	17,600	88,200	1,090,000	19.9%	1.61%
600000-1200000	13,000	59,000	785,000	22.0%	1.66%
1200000-2400000	3,840	17,600	238,000	21.8%	1.61%
2400000+	581	2,670	39,100	21.8%	1.49%
Total	247,000	1,780,000	15,600,000	13.8%	1.58%

Source: IHS Markit Regional eXplorer version 1156

It was estimated that in 2016 18.58% of all the households in the Buffalo City Metropolitan Municipality, were living on R30,000 or less per annum. In comparison with 2006's 45.90%, the number is about half. The 30000-42000 income category has the highest number of households with

a total number of 29 000, followed by the 18000-30000 income category with 28 900 households. Only 28 households fall within the 0-2400 income category.

CHART 29. HOUSEHOLDS BY INCOME BRACKET - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [PERCENTAGE]



For the period 2006 to 2016 the number of households earning more than R30,000 per annum has increased from 54.10% to 81.42%. It can be seen that the number of households with income equal to or lower than R6,000 per year has decreased by a significant amount.

5.2 ANNUAL TOTAL PERSONAL INCOME

Personal income is an even broader concept than labour remuneration. Personal income includes profits, income from property, net current transfers and net social benefits.

Definition: Annual total personal income is the sum of the total personal income for all households in a specific region. The definition of income is the same as used in the income brackets (Number of Households by Income Category), also including the income tax. For this variable, current prices are used, meaning that inflation has not been taken into account.

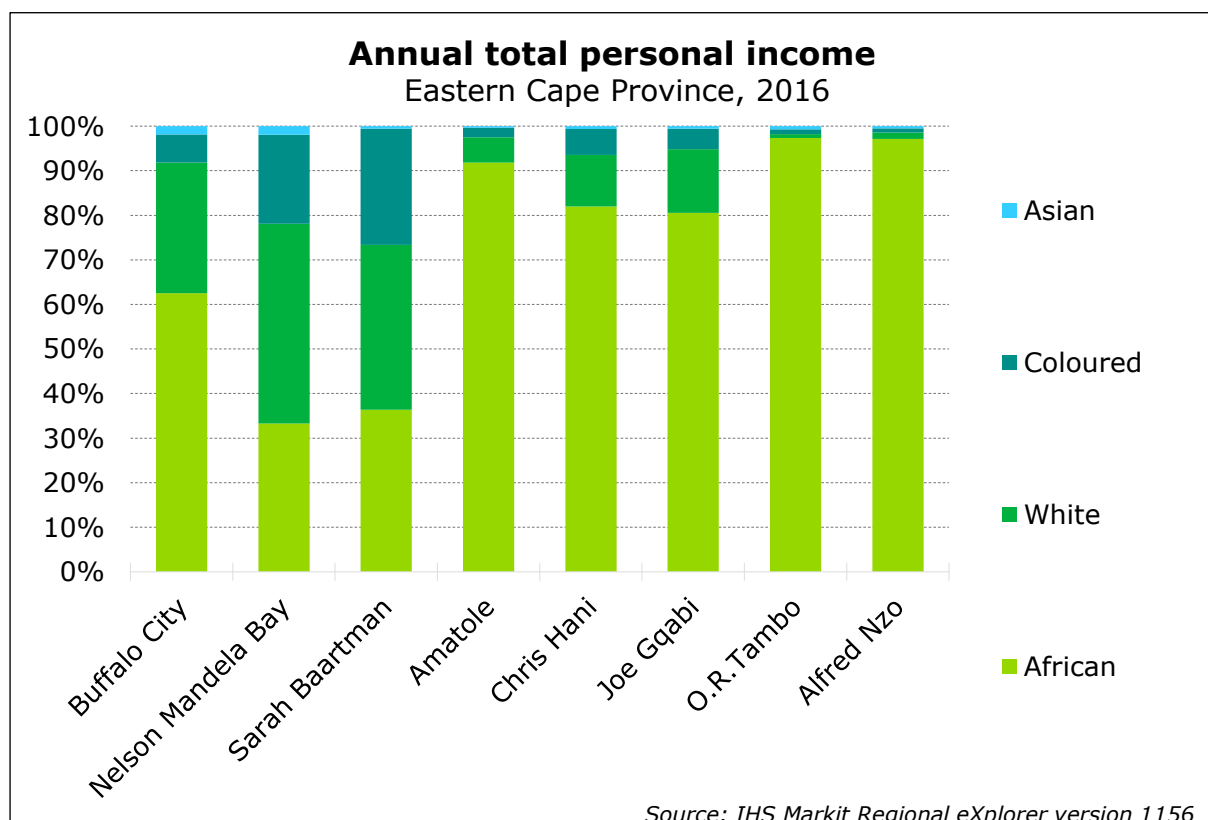
TABLE 24. ANNUAL TOTAL PERSONAL INCOME - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL [CURRENT PRICES, R BILLIONS]

	Buffalo City	Eastern Cape	National Total
2006	18.7	106.6	1,259.4
2007	21.5	121.0	1,432.2
2008	23.9	134.0	1,587.9
2009	25.7	143.3	1,695.1
2010	28.0	154.3	1,843.3
2011	30.8	168.2	2,033.0
2012	34.1	187.5	2,226.5
2013	36.9	204.6	2,414.5
2014	39.1	220.0	2,596.7
2015	42.2	239.4	2,783.4
2016	47.7	264.5	2,995.4
Average Annual growth			
2006-2016	9.81%	9.52%	9.05%

Source: IHS Markit Regional eXplorer version 1156

Buffalo City Metropolitan Municipality recorded an average annual growth rate of 9.81% (from R 18.7 billion to R 47.7 billion) from 2006 to 2016, which is more than both Eastern Cape's (9.52%) as well as South Africa's (9.05%) average annual growth rates.

CHART 30. ANNUAL TOTAL PERSONAL INCOME BY POPULATION GROUP - BUFFALO CITY AND THE REST OF EASTERN CAPE [CURRENT PRICES, R BILLIONS]



The total personal income of Buffalo City Metropolitan Municipality amounted to approximately R 47.7 billion in 2016. The African population group earned R 29.8 billion, or 62.48% of total personal

income, while the White population group earned R 14 billion, or 29.35% of the total personal income. The Coloured and the Asian population groups only had a share of 6.29% and 1.88% of total personal income respectively.

TABLE 25. ANNUAL TOTAL PERSONAL INCOME - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES[CURRENT PRICES, R BILLIONS]

	Macleantown, Sandisiwe	King Williams Town, Bisho	Mdantsane, Chalumna	East London
2006	1.23	4.89	5.84	6.75
2007	1.41	5.61	6.70	7.75
2008	1.56	6.24	7.46	8.63
2009	1.67	6.71	8.04	9.29
2010	1.81	7.29	8.75	10.11
2011	1.99	8.02	9.64	11.15
2012	2.20	8.88	10.66	12.33
2013	2.38	9.62	11.55	13.35
2014	2.52	10.20	12.23	14.14
2015	2.72	11.02	13.20	15.26
2016	3.07	12.44	14.93	17.25
Average Annual growth 2006-2016	9.57%	9.78%	9.84%	9.84%

Source: IHS Markit Regional eXplorer version 1156

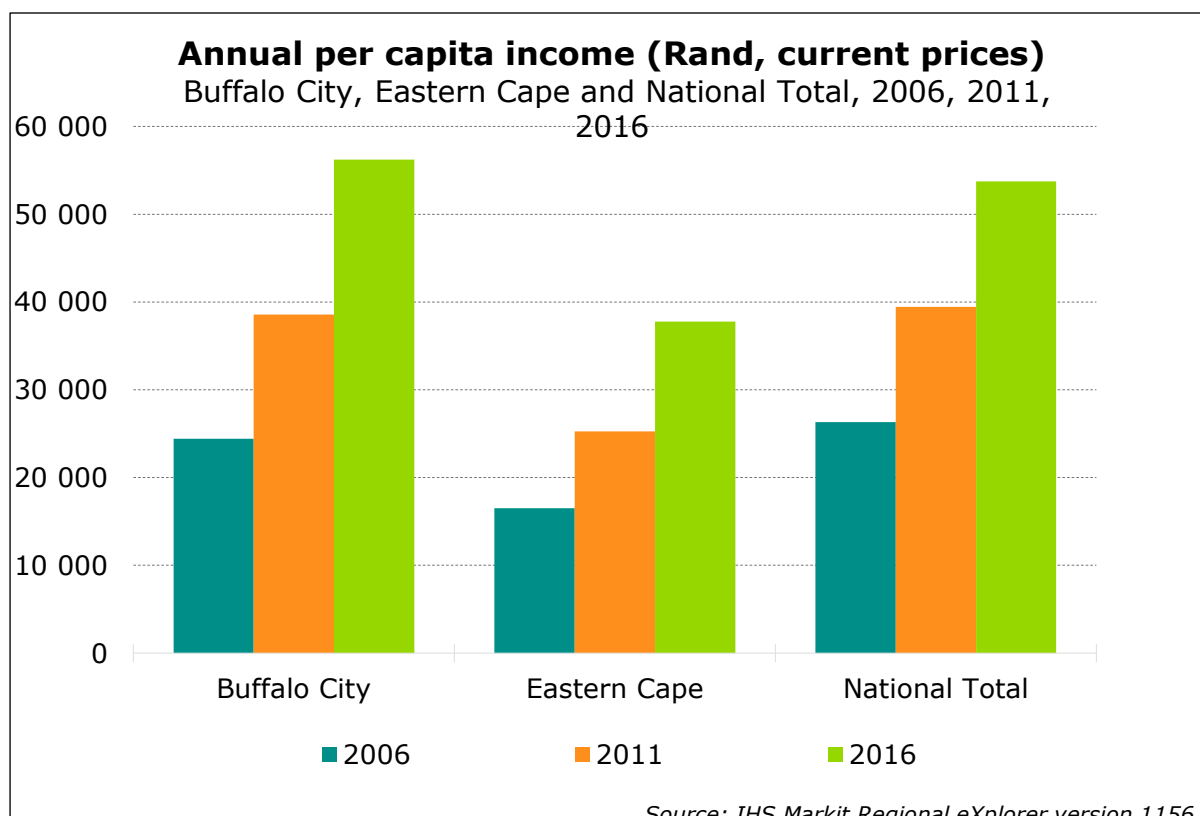
When looking at the annual total personal income for the regions within Eastern Cape Province it can be seen that the East London sub-metro region had the highest total personal income with R 17.3 billion which increased from R 6.75 billion recorded in 2006. It can be seen that the Macleantown, Sandisiwe sub-metro region had the lowest total personal income of R 3.07 billion in 2016, this increased from R 1.23 billion in 2006.

5.3 ANNUAL PER CAPITA INCOME

Definition: Per capita income refers to the income per person. Thus, it takes the total personal income per annum and divides it equally among the population.

Per capita income is often used as a measure of wealth particularly when comparing economies or population groups. Rising per capita income usually indicates a likely swell in demand for consumption.

CHART 31. PER CAPITA INCOME - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [RAND, CURRENT PRICES]



The per capita income in Buffalo City Metropolitan Municipality in 2016 is R 56,200 which is higher than both the National Total (R 53,800) and of the Eastern Cape Province (R 37,800) per capita income.

TABLE 26. PER CAPITA INCOME BY POPULATION GROUP - BUFFALO CITY AND THE REST OF EASTERN CAPE PROVINCE, 2016 [RAND, CURRENT PRICES]

	African	White	Coloured	Asian
Buffalo City	40,500	245,000	62,200	131,000
Nelson Mandela Bay	30,900	206,000	51,100	115,000
Sarah Baartman	32,100	181,000	38,800	83,000
Amatole	27,100	186,000	39,500	72,800
Chris Hanani	28,600	203,000	47,800	85,100
Joe Gqabi	29,100	228,000	46,800	N/A
O.R.Tambo	23,600	107,000	56,700	75,700
Alfred Nzo	20,100	131,000	44,400	64,600

Source: IHS Markit Regional eXplorer version 1156

Nelson Mandela Bay metropolitan municipality has the highest per capita income with a total of R 58,800. Buffalo City metropolitan municipality had the second highest per capita income at R 56,200, whereas Alfred Nzo metropolitan municipality had the lowest per capita income at R 20,500. In Buffalo City Metropolitan Municipality, the White population group has the highest per capita income, with R 245,000, relative to the other population groups. The population group with the second highest per capita income within Buffalo City Metropolitan Municipality is the Asian population

group (R 131,000), where the Coloured and the African population groups had a per capita income of R 62,200 and R 40,500 respectively.

5.4 INDEX OF BUYING POWER

Definition: The Index of Buying Power (IBP) is a measure of a region's overall capacity to absorb products and/or services. The index is useful when comparing two regions in terms of their capacity to buy products. Values range from 0 to 1 (where the national index equals 1), and can be interpreted as the percentage of national buying power attributable to the specific region. Regions' buying power usually depends on three factors: the size of the population; the ability of the population to spend (measured by total income); and the willingness of the population to spend (measured by total retail sales).

TABLE 27. INDEX OF BUYING POWER - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [NUMBER]

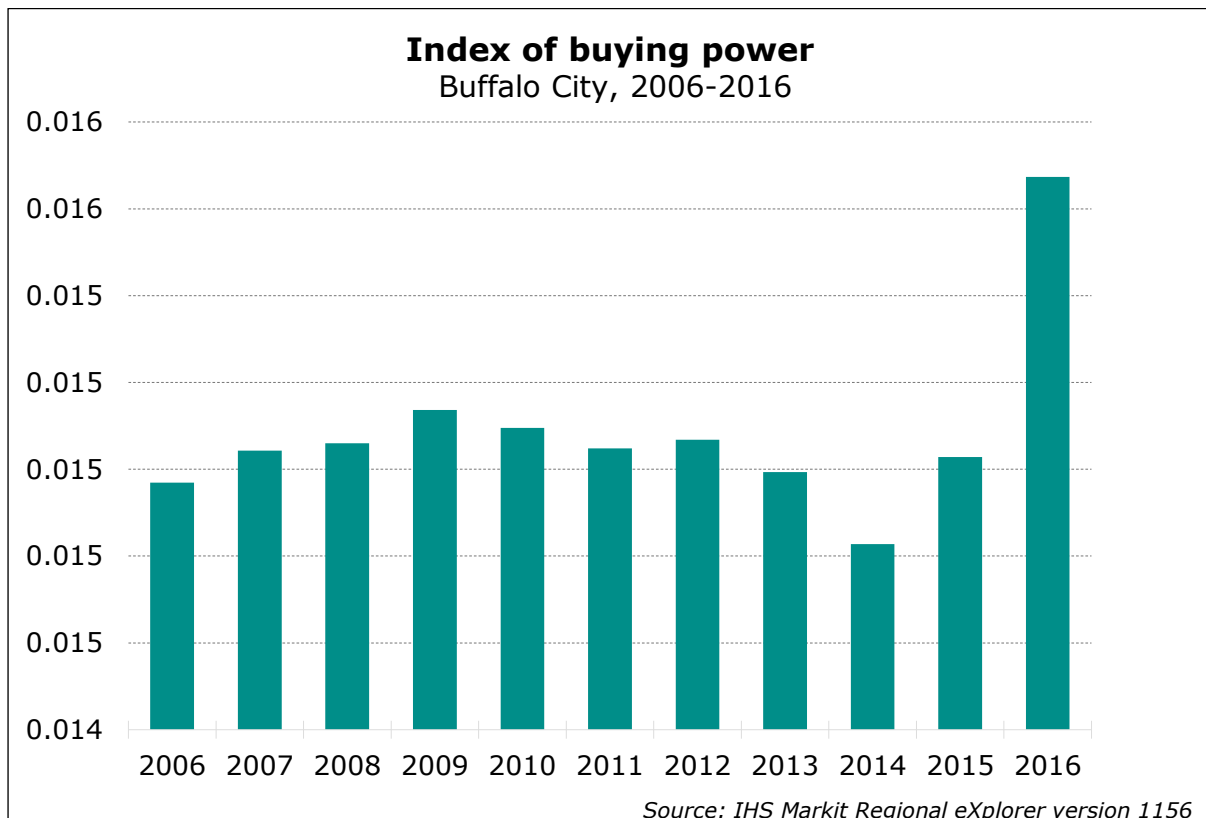
	Buffalo City	Eastern Cape	National Total
Population	848,328	7,006,876	55,724,934
Population - share of national total	1.5%	12.6%	100.0%
Income	47,694	264,506	2,995,448
Income - share of national total	1.6%	8.8%	100.0%
Retail	14,200,369	79,545,670	926,561,000
Retail - share of national total	1.5%	8.6%	100.0%
Index	0.02	0.09	1.00

Source: IHS Markit Regional eXplorer version 1156

Buffalo City Metropolitan Municipality has a 1.5% share of the national population, 1.6% share of the total national income and a 1.5% share in the total national retail, this all equates to an IBP index value of 0.016 relative to South Africa as a whole. Eastern Cape has an IBP of 0.091, were South Africa has and IBP index value of 1 relative to South Africa as a whole.

The considerable low index of buying power of the Buffalo City Metropolitan Municipality suggests that the metropolitan municipality has access to only a small percentage of the goods and services available in all of the Eastern Cape Province. Its residents are most likely spending some of their income in neighbouring areas.

CHART 32. INDEX OF BUYING POWER BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [INDEX VALUE]



Between 2006 and 2016, the index of buying power within Buffalo City Metropolitan Municipality increased to its highest level in 2016 (0.01567) from its lowest in 2014 (0.01483). Although the buying power within Buffalo City Metropolitan Municipality is relatively small compared to other regions, the IBP increased at an average annual growth rate of 0.46%.

6. DEVELOPMENT

Indicators of development, like the Human Development Index (HDI), Gini Coefficient (income inequality), poverty and the poverty gap, and education, are used to estimate the level of development of a given region in South Africa relative to the rest of the country.

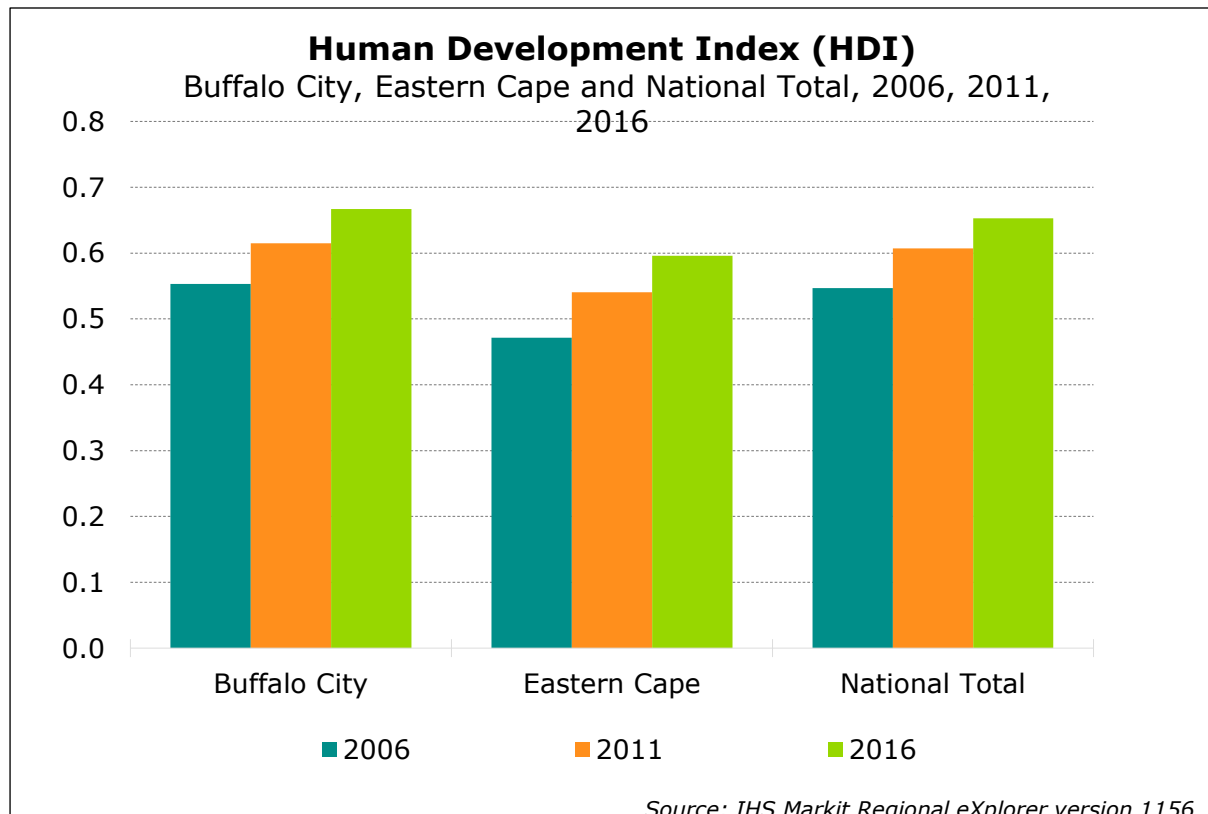
Another indicator that is widely used is the number (or percentage) of people living in poverty. Poverty is defined as the deprivation of those things that determine the quality of life, including food, clothing, shelter and safe drinking water. More than that, other "intangibles" is also included such as the opportunity to learn, and the privilege to enjoy the respect of fellow citizens. Curbing poverty and alleviating the effects thereof should be a premise in the compilation of all policies that aspire towards a better life for all.

6.1 HUMAN DEVELOPMENT INDEX (HDI)

Definition: The Human Development Index (HDI) is a composite relative index used to compare human development across population groups or regions.

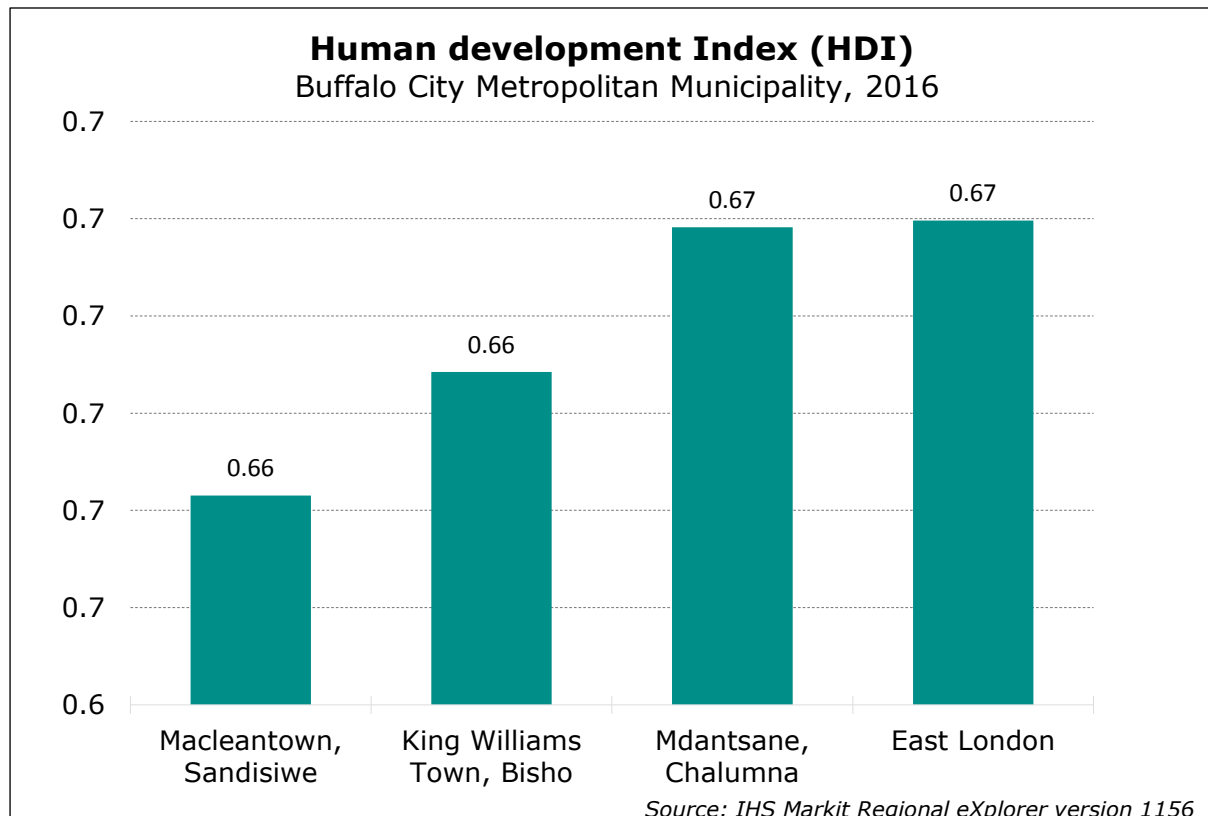
HDI is the combination of three basic dimensions of human development: A long and healthy life, knowledge and a decent standard of living. A long and healthy life is typically measured using life expectancy at birth. Knowledge is normally based on adult literacy and / or the combination of enrolment in primary, secondary and tertiary schools. In order to gauge a decent standard of living, we make use of GDP per capita. On a technical note, the HDI can have a maximum value of 1, indicating a very high level of human development, while the minimum value is 0, indicating no human development.

CHART 33. HUMAN DEVELOPMENT INDEX (HDI) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006, 2011, 2016 [NUMBER]



In 2016 Buffalo City Metropolitan Municipality had an HDI of 0.667 compared to the Eastern Cape with a HDI of 0.596 and 0.653 of National Total as a whole. Seeing that South Africa recorded a lower HDI in 2016 when compared to Buffalo City Metropolitan Municipality which translates to better human development for Buffalo City Metropolitan Municipality compared to South Africa. South Africa's HDI increased at an average annual growth rate of 1.79% and this increase is lower than that of Buffalo City Metropolitan Municipality (1.89%).

CHART 34. HUMAN DEVELOPMENT INDEX (HDI) - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2016 [NUMBER]



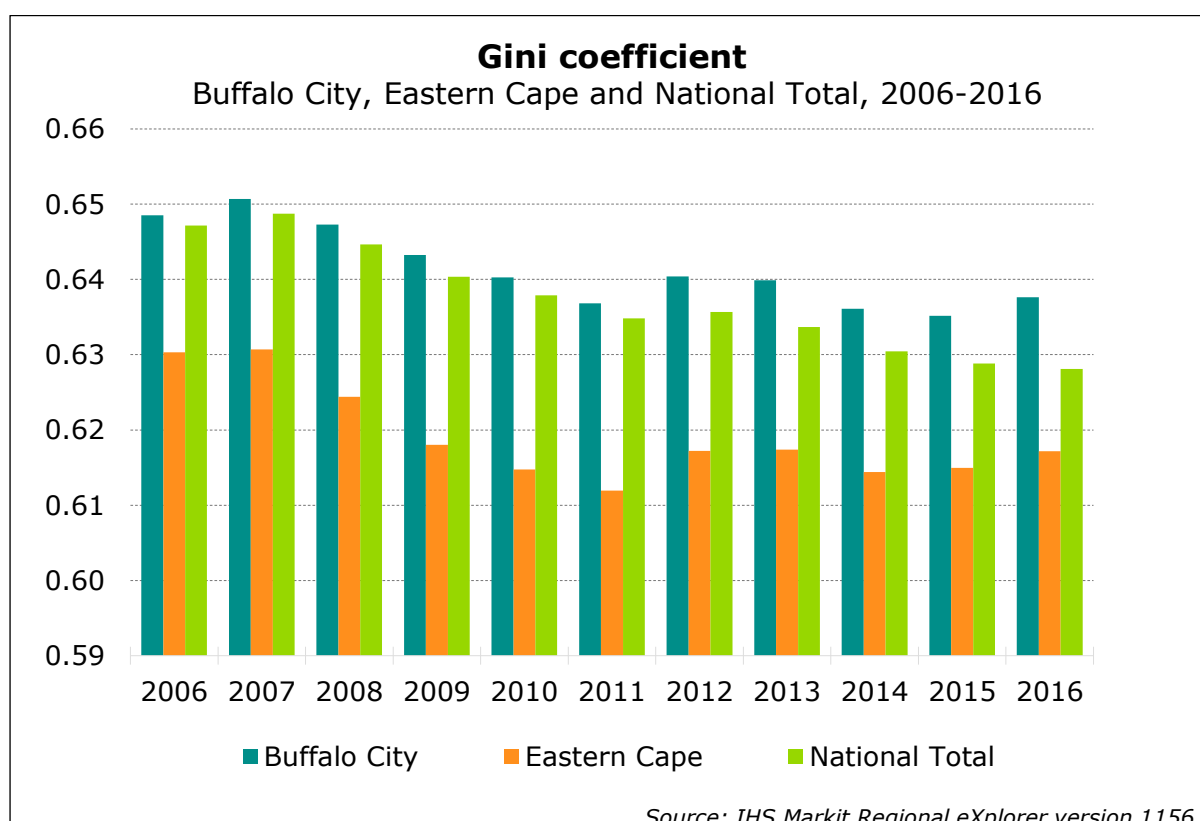
In terms of the HDI for each the regions within the Buffalo City Metropolitan Municipality, East London sub-metro region has the highest HDI, with an index value of 0.67. The lowest can be observed in the Macleantown, Sandisiwe sub-metro region with an index value of 0.656.

6.2 GINI COEFFICIENT

Definition: The Gini coefficient is a summary statistic of income inequality. It varies from 0 to 1.

If the Gini coefficient is equal to zero, income is distributed in a perfectly equal manner, in other words there is no variance between the high and low income earners within the population. In contrast, if the Gini coefficient equals 1, income is completely inequitable, i.e. one individual in the population is earning all the income and the rest has no income. Generally this coefficient lies in the range between 0.25 and 0.70.

CHART 35. GINI COEFFICIENT - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [NUMBER]



In 2016, the Gini coefficient in Buffalo City Metropolitan Municipality was at 0.638, which reflects a decrease in the number over the ten-year period from 2006 to 2016. The Eastern Cape Province and South Africa had a Gini coefficient of 0.617 and 0.628 respectively. Buffalo City Metropolitan Municipality had the highest Gini Coefficient when comparing to Eastern Cape Province and South Africa as a whole.

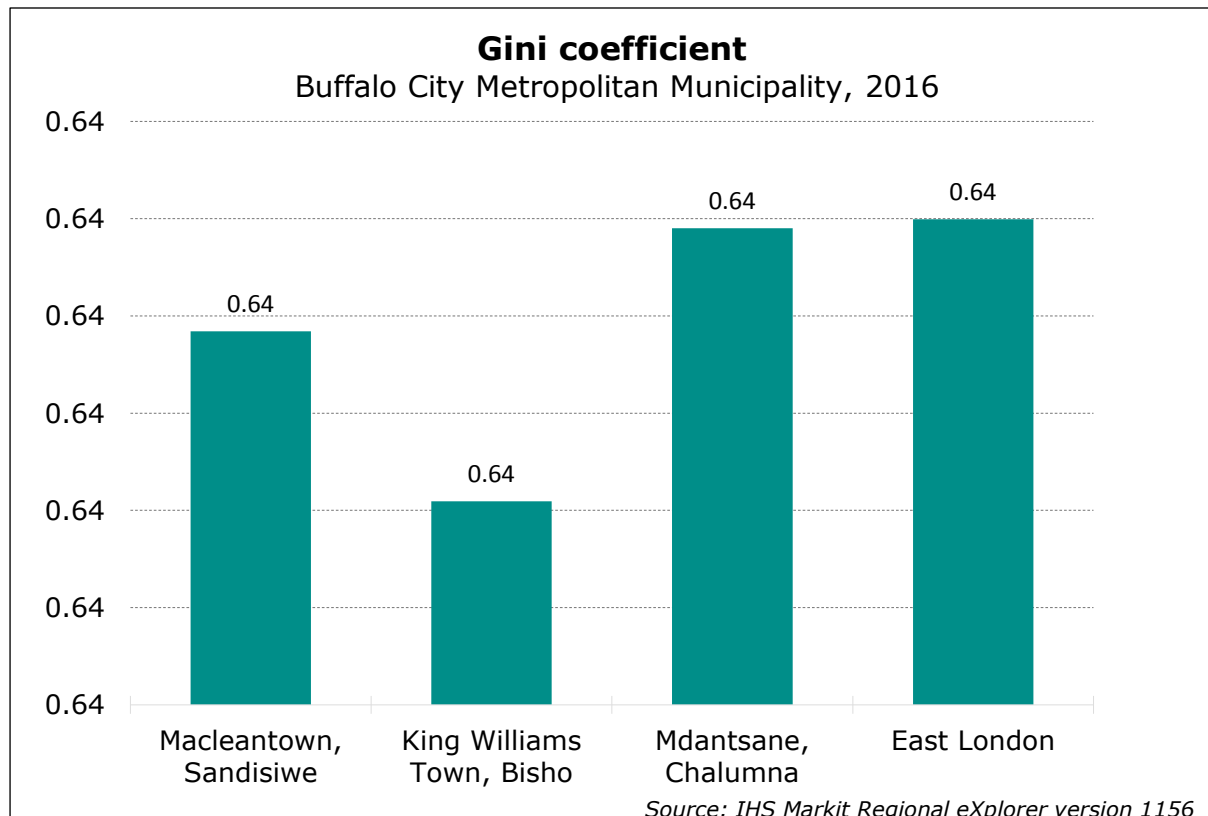
TABLE 28. GINI COEFFICIENT BY POPULATION GROUP - BUFFALO CITY, 2006, 2016 [NUMBER]

	African	White	Coloured	Asian
2006	0.61	0.47	0.56	0.50
2016	0.61	0.41	0.55	0.48
Average Annual growth				
2006-2016	0.10%	-1.21%	-0.14%	-0.34%

Source: IHS Markit Regional eXplorer version 1156

When segmenting the Buffalo City Metropolitan Municipality into population groups, it can be seen that the Gini coefficient for the African population group increased the most amongst the population groups with an average annual growth rate of 0.10%. The Gini coefficient for the White population group decreased the most with an average annual growth rate of -1.21%.

CHART 36. GINI COEFFICIENT - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2016 [NUMBER]

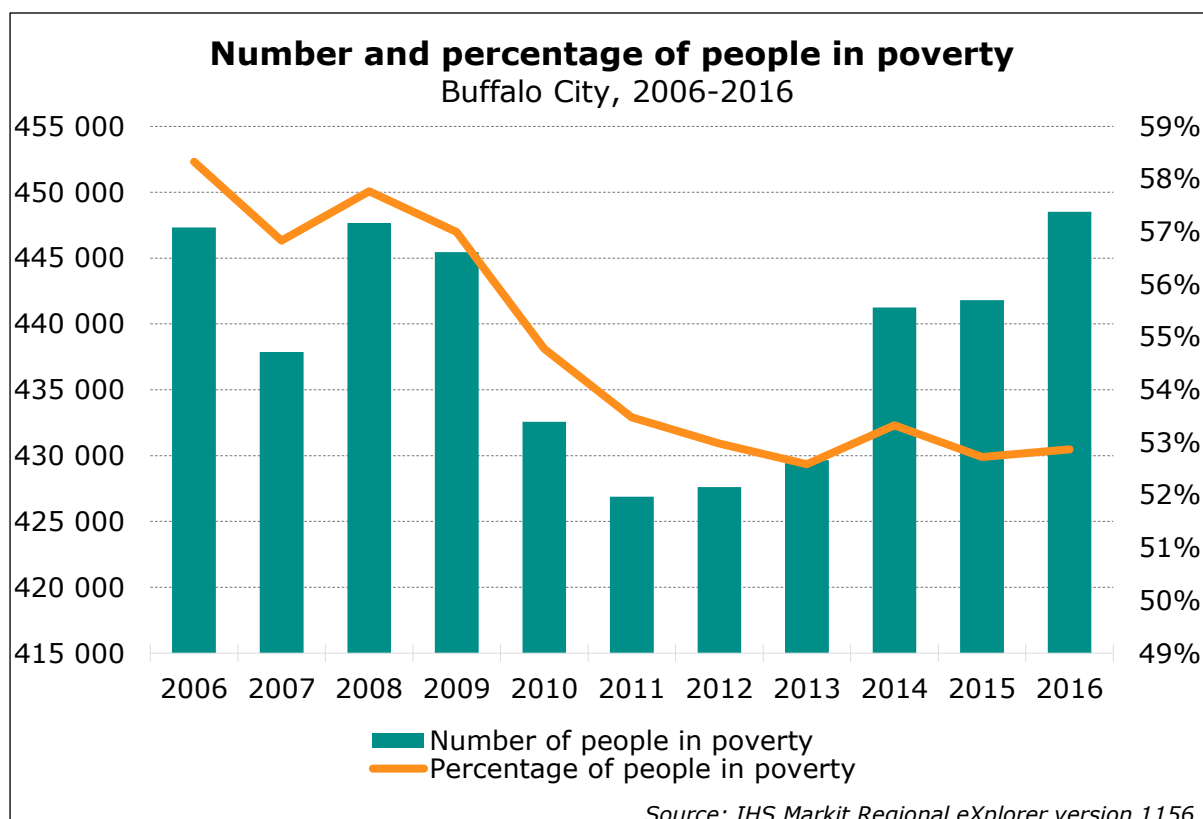


In terms of the Gini coefficient for each of the regions within the Buffalo City Metropolitan Municipality, East London sub-metro region has the highest Gini coefficient, with an index value of 0.638. The lowest Gini coefficient can be observed in the King Williams Town, Bisho sub-metro region with an index value of 0.637.

6.3 POVERTY

Definition: The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. This variable measures the number of individuals living below that particular level of consumption for the given area, and is balanced directly to the official upper poverty rate as measured by StatsSA.

CHART 37. NUMBER AND PERCENTAGE OF PEOPLE LIVING IN POVERTY - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER PERCENTAGE]



In 2016, there were 448 000 people living in poverty, using the upper poverty line definition, across Buffalo City Metropolitan Municipality - this is 0.26% higher than the 447 000 in 2006. The percentage of people living in poverty has decreased from 58.33% in 2006 to 52.87% in 2016, which indicates a decrease of 5.46 percentage points.

TABLE 29. PERCENTAGE OF PEOPLE LIVING IN POVERTY BY POPULATION GROUP - BUFFALO CITY, 2006-2016 [PERCENTAGE]

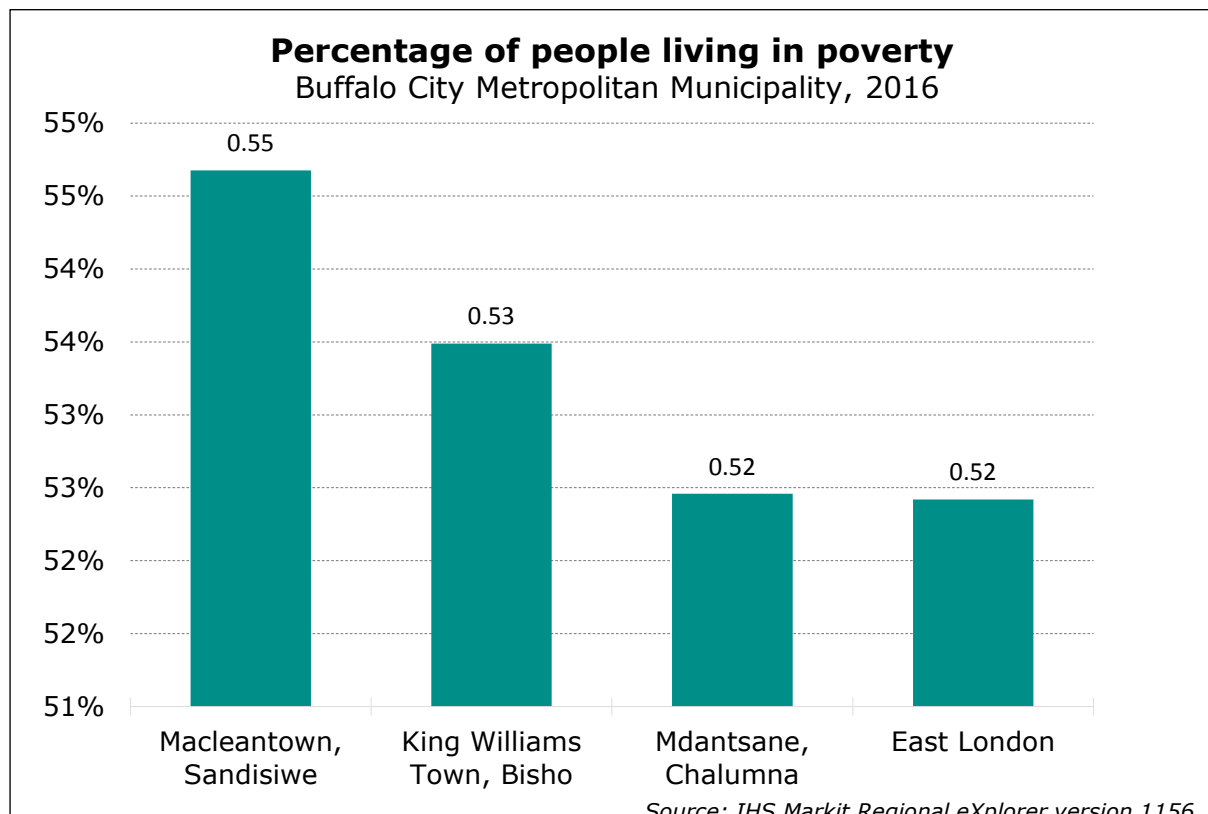
	African	White	Coloured	Asian
2006	65.2%	0.6%	39.4%	3.4%
2007	63.6%	0.8%	36.6%	4.4%
2008	64.6%	1.3%	37.0%	6.6%
2009	63.8%	1.4%	35.3%	6.5%
2010	61.2%	1.0%	34.5%	5.0%
2011	59.7%	0.8%	34.2%	4.6%
2012	59.0%	0.8%	34.5%	4.9%
2013	58.5%	0.8%	34.4%	5.0%
2014	59.2%	0.8%	35.1%	5.7%
2015	58.5%	0.9%	34.4%	6.2%
2016	58.6%	0.4%	34.8%	6.4%

Source: IHS Markit Regional eXplorer version 1156

In 2016, the population group with the highest percentage of people living in poverty was the African population group with a total of 65.2% people living in poverty, using the upper poverty line definition. The proportion of the African population group, living in poverty, decreased by 6.63 percentage

points, as can be seen by the change from 65.19% in 2006 to 58.56% in 2016. In 2016 0.38% of the White population group lived in poverty, as compared to the 0.61% in 2006. The Asian and the Coloured population group saw a decrease in the percentage of people living in poverty, with a decrease of -3.08 and 4.64 percentage points respectively.

CHART 38. PERCENTAGE OF PEOPLE LIVING IN POVERTY - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES,2016 [PERCENTAGE]



In terms of the percentage of people living in poverty for each of the regions within the Buffalo City Metropolitan Municipality, Macleantown, Sandisiwe sub-metro region has the highest percentage of people living in poverty, using the upper poverty line definition, with a total of 54.7%. The lowest percentage of people living in poverty can be observed in the East London sub-metro region with a total of 52.4% living in poverty, using the upper poverty line definition.

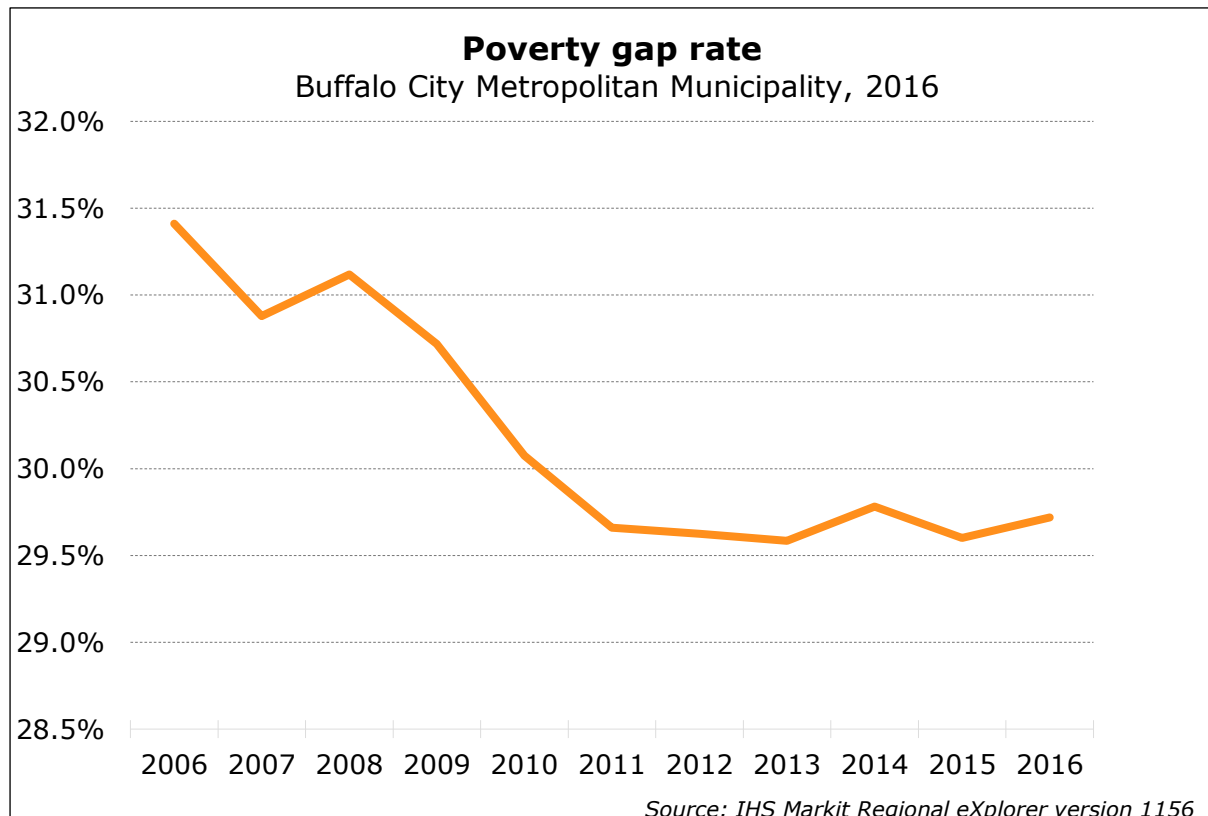
6.3.1 POVERTY GAP RATE

Definition: The poverty gap is used as an indicator to measure the depth of poverty. The gap measures the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. The Poverty Gap deals with a major shortcoming of the poverty rate, which does not give any indication of the depth, of poverty. The upper poverty line is defined by StatsSA as the level of

consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other.

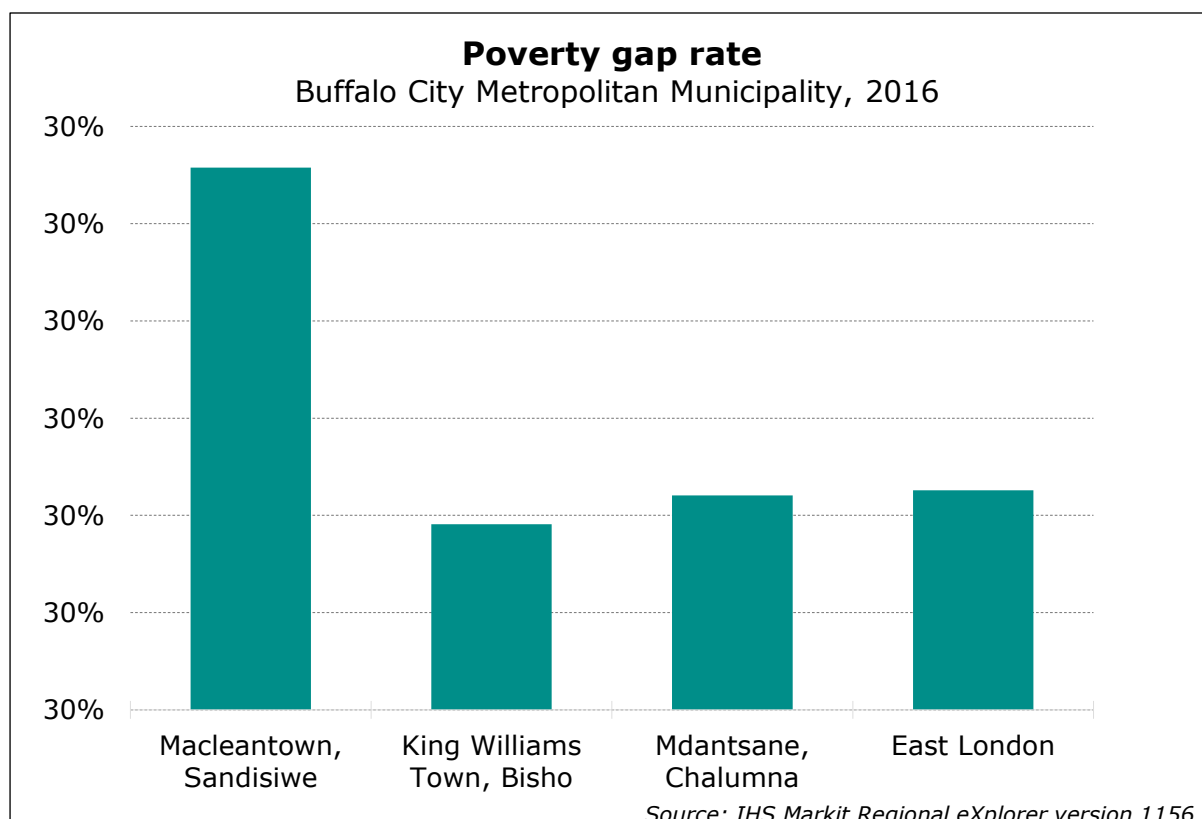
It is estimated that the poverty gap rate in Buffalo City Metropolitan Municipality amounted to 29.7% in 2016 - the rate needed to bring all poor households up to the poverty line and out of poverty.

CHART 39. POVERTY GAP RATE BY POPULATION GROUP - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [PERCENTAGE]



In 2016, the poverty gap rate was 29.7% and in 2006 the poverty gap rate was 31.4%, it can be seen that the poverty gap rate decreased from 2006 to 2016, which means that there were improvements in terms of the depth of the poverty within Buffalo City Metropolitan Municipality.

CHART 40. POVERTY GAP RATE - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES,2016 [PERCENTAGE]



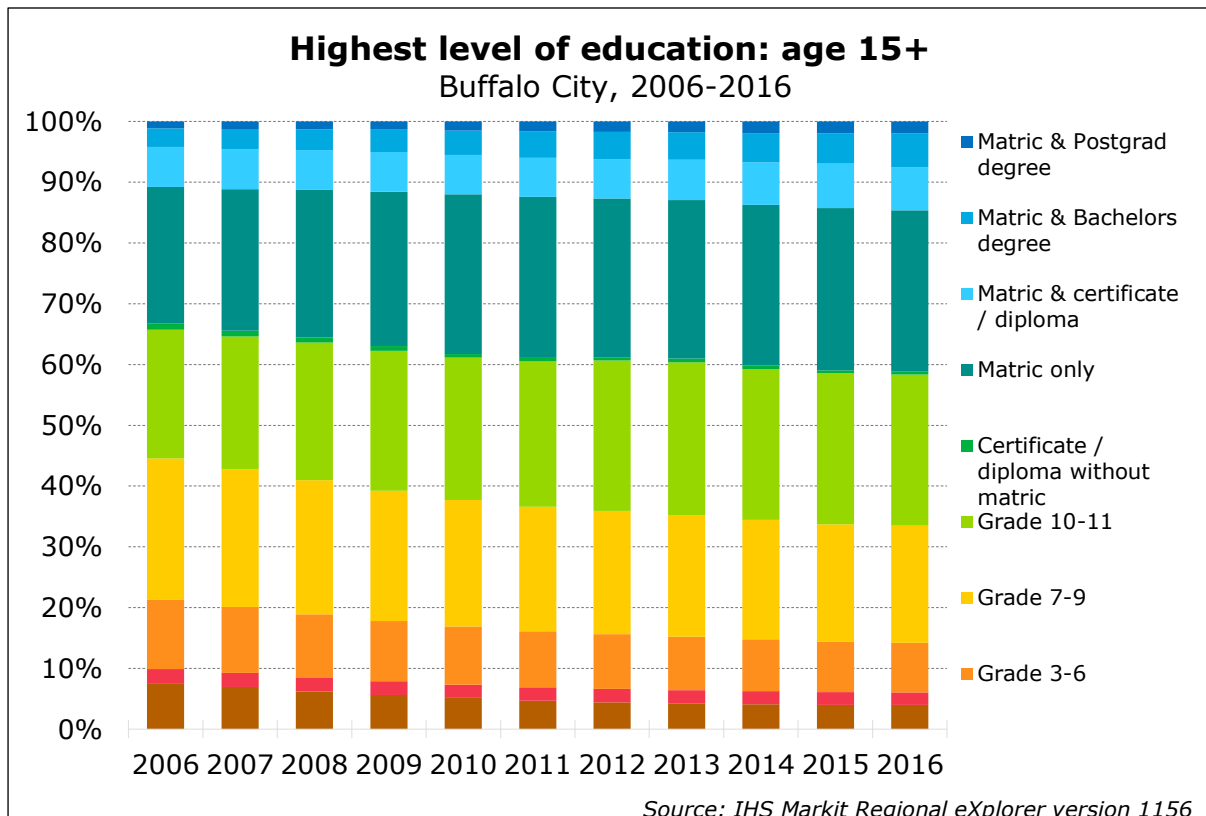
In terms of the poverty gap rate for each of the regions within the Buffalo City Metropolitan Municipality, Macleantown, Sandisiwe sub-metro region had the highest poverty gap rate, with a rate value of 30.9%. The lowest poverty gap rate can be observed in the King Williams Town, Bisho sub-metro region with a total of 29.7%.

6.4 EDUCATION

Educating is important to the economic growth in a country and the development of its industries, providing a trained workforce and skilled professionals required.

The education measure represents the highest level of education of an individual, using the 15 years and older age category. (According to the United Nations definition of education, one is an adult when 15 years or older. IHS uses this cut-off point to allow for cross-country comparisons. Furthermore, the age of 15 is also the legal age at which children may leave school in South Africa).

CHART 41. HIGHEST LEVEL OF EDUCATION: AGE 15+ - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [PERCENTAGE]



Within Buffalo City Metropolitan Municipality, the number of people without any schooling decreased from 2006 to 2016 with an average annual rate of -4.72%, while the number of people within the 'matric only' category, increased from 110,000 to 151,000. The number of people with 'matric and a certificate/diploma' increased with an average annual rate of 2.29%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 7.96%. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education.

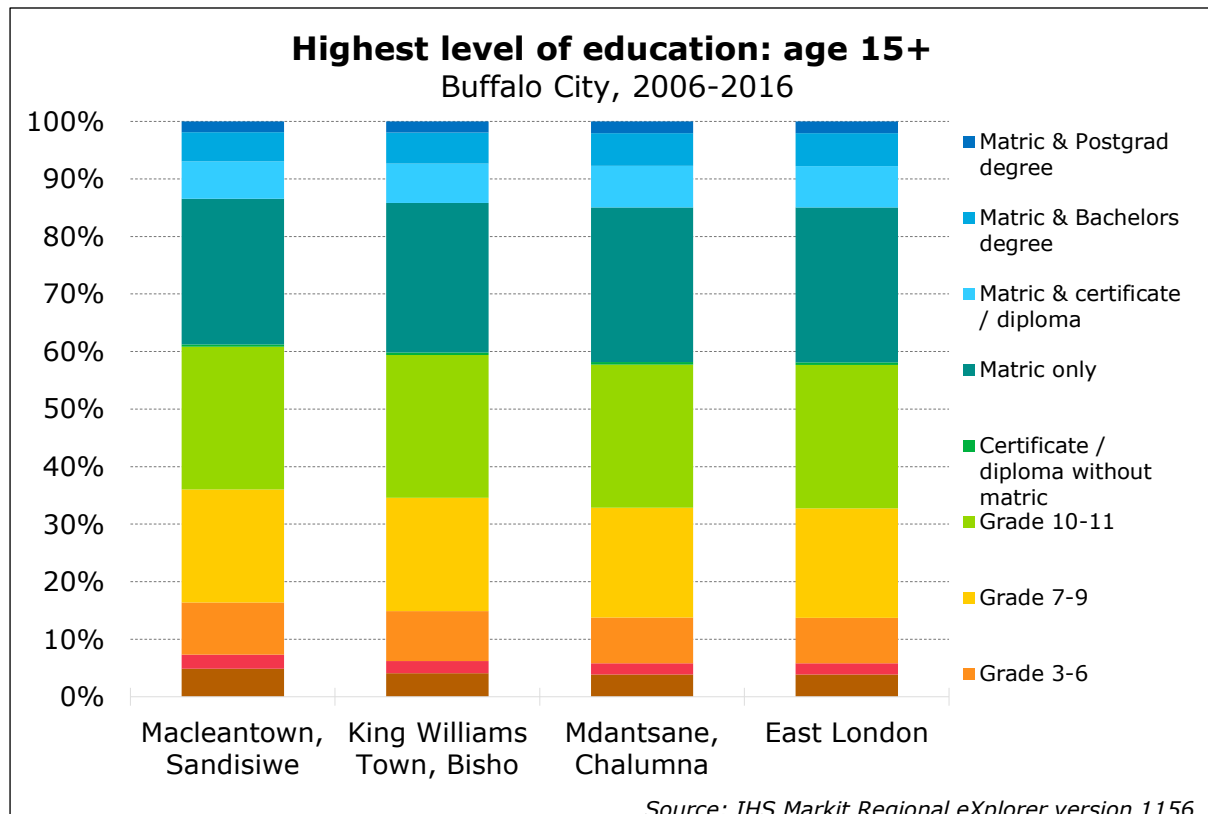
TABLE 30. HIGHEST LEVEL OF EDUCATION: AGE 15+ - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [NUMBERS]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
No schooling	22,800	328,000	2,380,000	6.9%	0.96%
Grade 0-2	11,500	123,000	712,000	9.4%	1.62%
Grade 3-6	46,700	561,000	3,180,000	8.3%	1.47%
Grade 7-9	110,000	934,000	6,030,000	11.8%	1.82%
Grade 10-11	142,000	958,000	8,140,000	14.8%	1.74%
Certificate / diploma without matric	2,590	14,500	176,000	17.8%	1.47%
Matric only	151,000	841,000	10,100,000	18.0%	1.50%
Matric certificate / diploma	40,200	184,000	1,960,000	21.9%	2.06%
Matric Bachelors degree	31,900	137,000	1,600,000	23.2%	1.99%
Matric Postgrad degree	11,300	50,700	693,000	22.3%	1.63%

Source: IHS Markit Regional eXplorer version 1156

The number of people without any schooling in Buffalo City Metropolitan Municipality accounts for 6.94% of the number of people without schooling in the province and a total share of 0.96% of the national. In 2016, the number of people in Buffalo City Metropolitan Municipality with a matric only was 151,000 which is a share of 17.98% of the province's total number of people that has obtained a matric. The number of people with a matric and a Postgrad degree constitutes 23.19% of the province and 1.99% of the national.

CHART 42. HIGHEST LEVEL OF EDUCATION: AGE 15+, MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES 2016 [PERCENTAGE]



6.5 FUNCTIONAL LITERACY

Definition: For the purpose of this report, IHS defines functional literacy as the number of people in a region that are 20 years and older and have completed at least their primary education (i.e. grade 7).

Functional literacy describes the reading and writing skills that are adequate for an individual to cope with the demands of everyday life - including the demands posed in the workplace. This is contrasted with illiteracy in the strictest sense, meaning the inability to read or write. Functional literacy enables individuals to enter the labour market and contribute towards economic growth thereby reducing poverty.

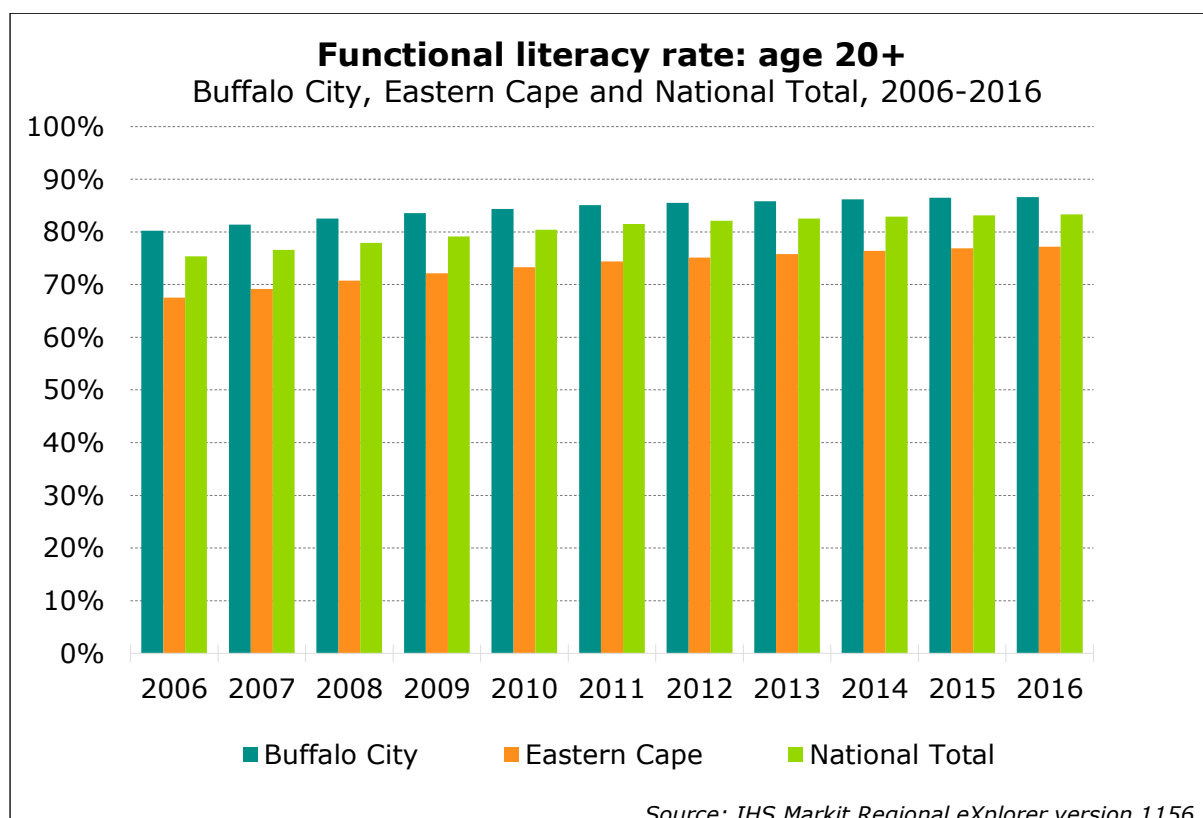
TABLE 31. FUNCTIONAL LITERACY: AGE 20+, COMPLETED GRADE 7 OR HIGHER - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER PERCENTAGE]

	Illiterate	Literate	%
2006	112,923	457,691	80.2%
2007	106,990	467,392	81.4%
2008	100,927	476,756	82.5%
2009	95,703	486,523	83.6%
2010	91,751	496,016	84.4%
2011	88,384	504,770	85.1%
2012	86,799	511,704	85.5%
2013	85,723	519,356	85.8%
2014	84,624	527,741	86.2%
2015	83,695	536,217	86.5%
2016	84,037	543,673	86.6%
Average Annual growth			
2006-2016	-2.91%	1.74%	0.77%

Source: IHS Markit Regional eXplorer version 1156

A total of 544 000 individuals in Buffalo City Metropolitan Municipality were considered functionally literate in 2016, while 84 000 people were considered to be illiterate. Expressed as a rate, this amounts to 86.61% of the population, which is an increase of 0.064 percentage points since 2006 (80.21%). The number of illiterate individuals decreased on average by -2.91% annually from 2006 to 2016, with the number of functional literate people increasing at 1.74% annually.

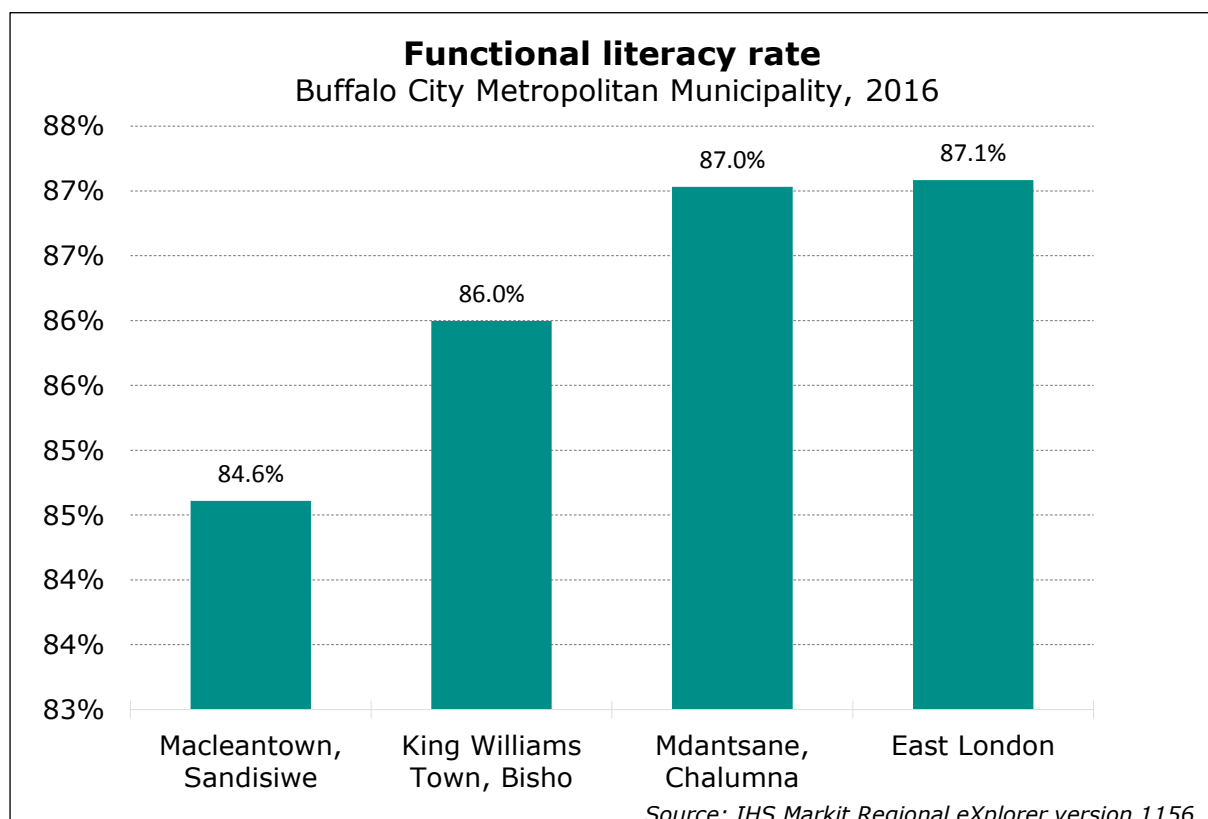
CHART 43. FUNCTIONAL LITERACY: AGE 20+, COMPLETED GRADE 7 OR HIGHER - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [PERCENTAGE]



Buffalo City Metropolitan Municipality's functional literacy rate of 86.61% in 2016 is higher than that of Eastern Cape at 77.18%. When comparing to National Total as whole, which has a functional literacy rate of 83.31%, it can be seen that the functional literacy rate is lower than that of the Buffalo City Metropolitan Municipality.

A higher literacy rate is often associated with higher levels of urbanization, for instance where access to schools is less of a problem, and where there are economies of scale. From a spatial breakdown of the literacy rates in South Africa, it is perceived that the districts with larger cities normally have higher literacy rates.

CHART 44. LITERACY RATE - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2016 [PERCENTAGE]

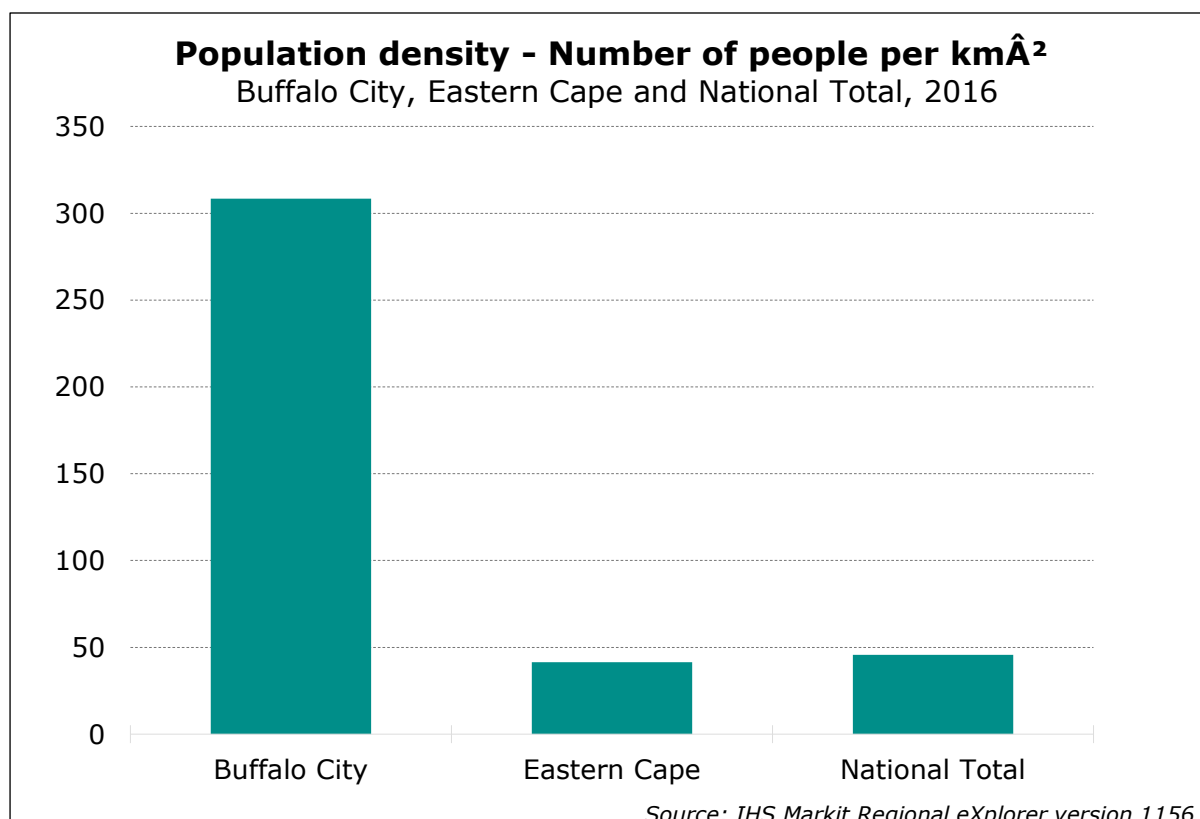


In terms of the literacy rate for each of the regions within the Buffalo City Metropolitan Municipality, East London sub-metro region had the highest literacy rate, with a total of 87.1%. The lowest literacy rate can be observed in the Macleantown, Sandisiwe sub-metro region with a total of 84.6%.

6.6 POPULATION DENSITY

Definition: Population density measures the concentration of people in a region. To calculate this, the population of a region is divided by the area size of that region. The output is presented as the number of people per square kilometre.

CHART 45. POPULATION DENSITY - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [NUMBER OF PEOPLE PER KM]



In 2016, with an average of 308 people per square kilometre, Buffalo City Metropolitan Municipality had a higher population density than Eastern Cape (41.5 people per square kilometre). Compared to South Africa (45.6 per square kilometre) it can be seen that there are more people living per square kilometre in Buffalo City Metropolitan Municipality than in South Africa.

TABLE 32. POPULATION DENSITY - BUFFALO CITY AND THE REST OF EASTERN CAPE, 2006-2016 [NUMBER OF PEOPLE PER KM]

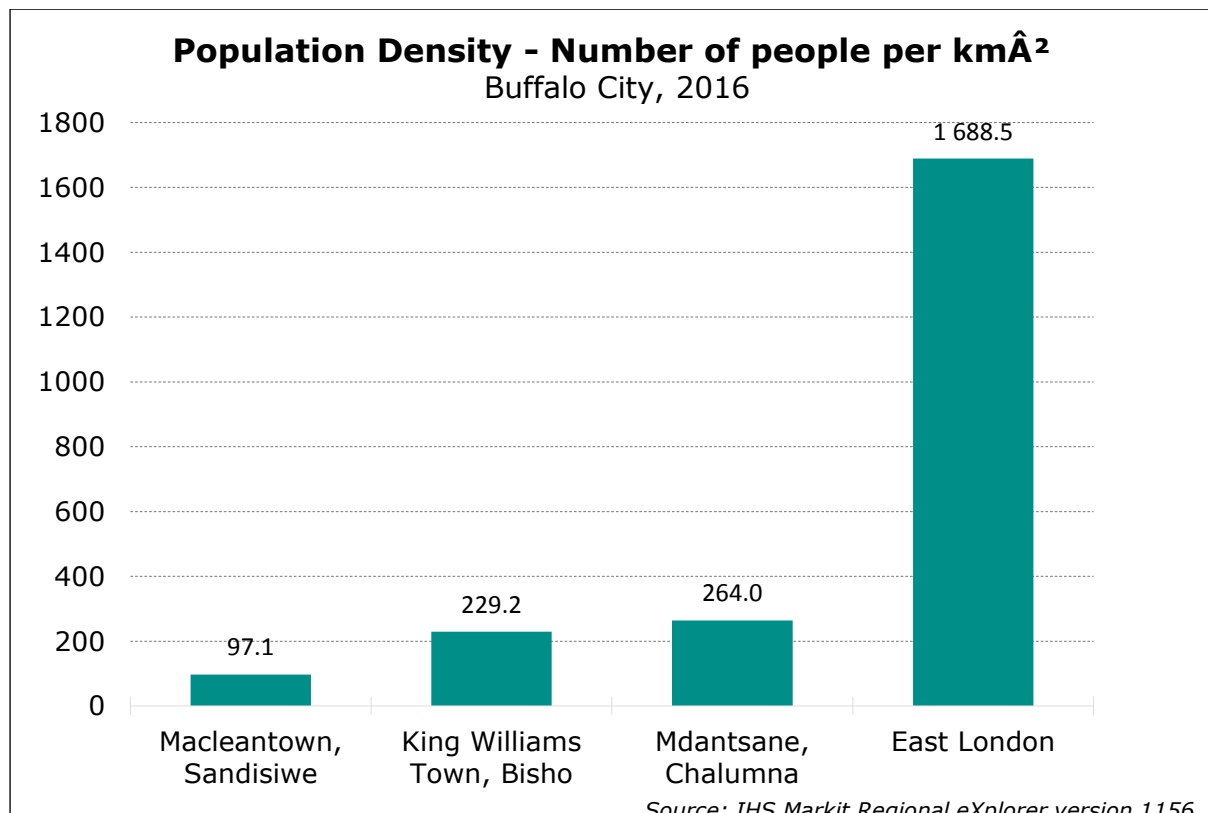
	Buffalo City	Nelson Mandela Bay	Sarah Baartman	Amatole	Chris Hani	Joe Gqabi	O.R.Tambo	Alfred Nzo
2006	278.84	554.54	7.20	42.29	22.07	13.63	110.45	73.96
2007	280.13	560.85	7.29	41.86	22.03	13.62	110.91	74.07
2008	281.76	568.30	7.40	41.48	22.06	13.62	111.58	74.28
2009	284.17	577.15	7.52	41.20	22.14	13.65	112.51	74.67
2010	287.13	586.76	7.66	40.99	22.24	13.73	113.61	75.19
2011	290.23	596.48	7.79	40.81	22.33	13.83	114.76	75.77
2012	293.47	606.28	7.93	40.65	22.42	13.94	115.84	76.34
2013	297.07	616.32	8.07	40.59	22.56	14.07	117.10	77.03
2014	300.86	626.34	8.21	40.61	22.73	14.22	118.44	77.80
2015	304.68	636.12	8.34	40.69	22.91	14.39	119.84	78.62
2016	308.45	645.53	8.48	40.82	23.11	14.55	121.27	79.47
Average Annual growth								
2006-2016	1.01%	1.53%	1.65%	-0.35%	0.46%	0.65%	0.94%	0.72%

Source: IHS Markit Regional eXplorer version 1156

In 2016, Buffalo City Metropolitan Municipality had a population density of 308 per square kilometre and it ranked highest amongst its peers. The region with the highest population density per square kilometre was the Nelson Mandela Bay with a total population density of 646 per square kilometre per annum. In terms of growth, Buffalo City Metropolitan Municipality had an average annual growth in its population density of 1.01% per square kilometre per annum. The region with the highest growth rate in the population density per square kilometre was Sarah Baartman with an average annual growth rate of 1.65% per square kilometre. In 2016, the region with the lowest population density within Eastern Cape Province was Sarah Baartman with 8.48 people per square kilometre. The region with the lowest average annual growth rate was the Amatole with an average annual growth rate of -0.35% people per square kilometre over the period under discussion.

Using population density instead of the total number of people creates a better basis for comparing different regions or economies. A higher population density influences the provision of household infrastructure, quality of services, and access to resources like medical care, schools, sewage treatment, community centres, etc.

CHART 46. POPULATION DENSITY - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES,2016 [PERCENTAGE]



In terms of the population density for each of the regions within the Buffalo City Metropolitan Municipality, East London sub-metro region had the highest density, with 1 690 people per square

kilometre. The lowest population density can be observed in the Macleantown, Sandisiwe sub-metro region with a total of 97.1 people per square kilometre.

7. CRIME

The state of crime in South Africa has been the topic of many media articles and papers in the past years, and although many would acknowledge that the country has a crime problem, very little research has been done on the relative level of crime. The media often tend to focus on more negative or sensational information, while the progress made in combating crime is neglected.

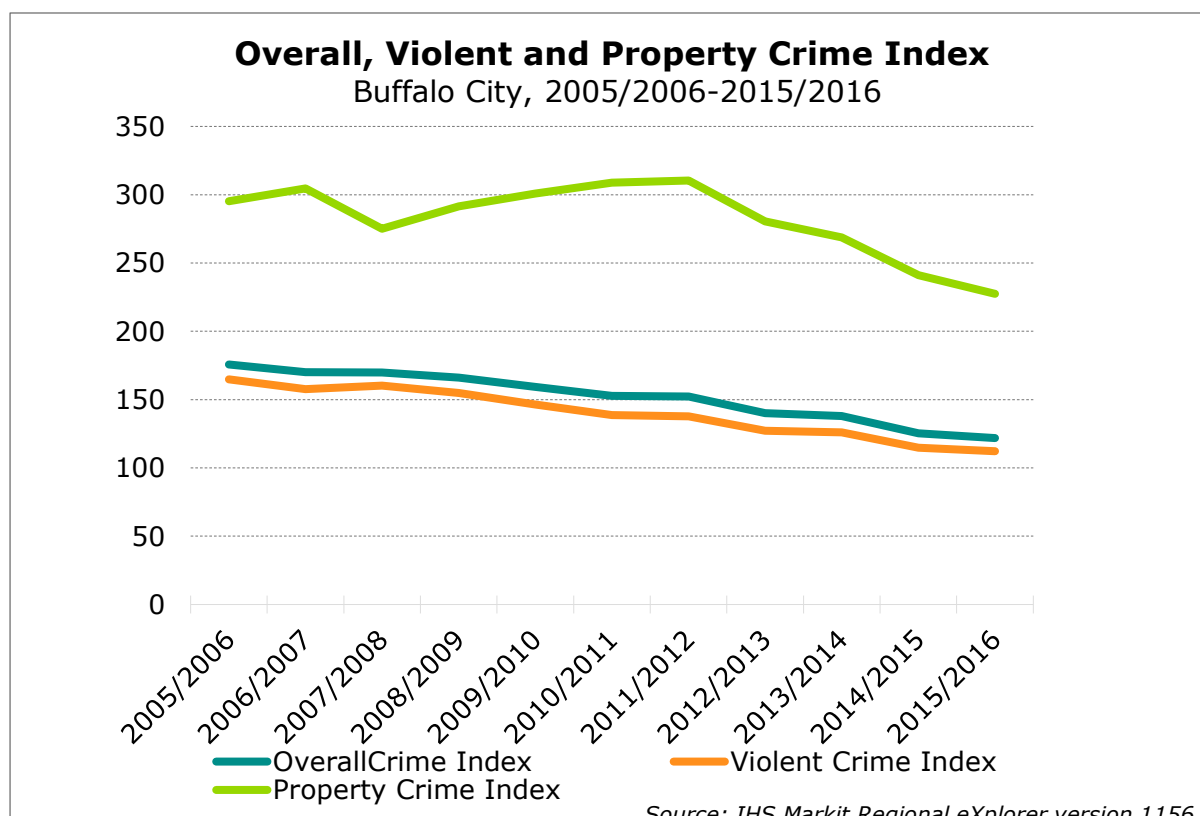
7.1 IHS COMPOSITE CRIME INDEX

The IHS Composite Crime Index makes use of the official SAPS data, which is reported in 27 crime categories (ranging from murder to crime injuries). These 27 categories are divided into two groups according to the nature of the crime: i.e. violent crimes and property crimes. IHS uses the (a) Length-of-sentence and the (b) Cost-of-crime in order to apply a weight to each category.

7.1.1 OVERALL CRIME INDEX

Definition: The crime index is a composite, weighted index which measures crime. The higher the index number, the higher the level of crime for that specific year in a particular region. The index is best used by looking at the change over time, or comparing the crime levels across regions.

CHART 47. IHS CRIME INDEX - CALENDER YEARS (WEIGHTED AVG / 100,000 PEOPLE) - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2005/2006-2015/2016 [INDEX VALUE]



For the period 2005/2006 to 2015/2016 overall crime has decrease at an average annual rate of 3.59% within the Buffalo City Metropolitan Municipality. Violent crime decreased by 3.77% since 2005/2006, while property crimes decreased by 2.57% between the 2005/2006 and 2015/2016 financial years.

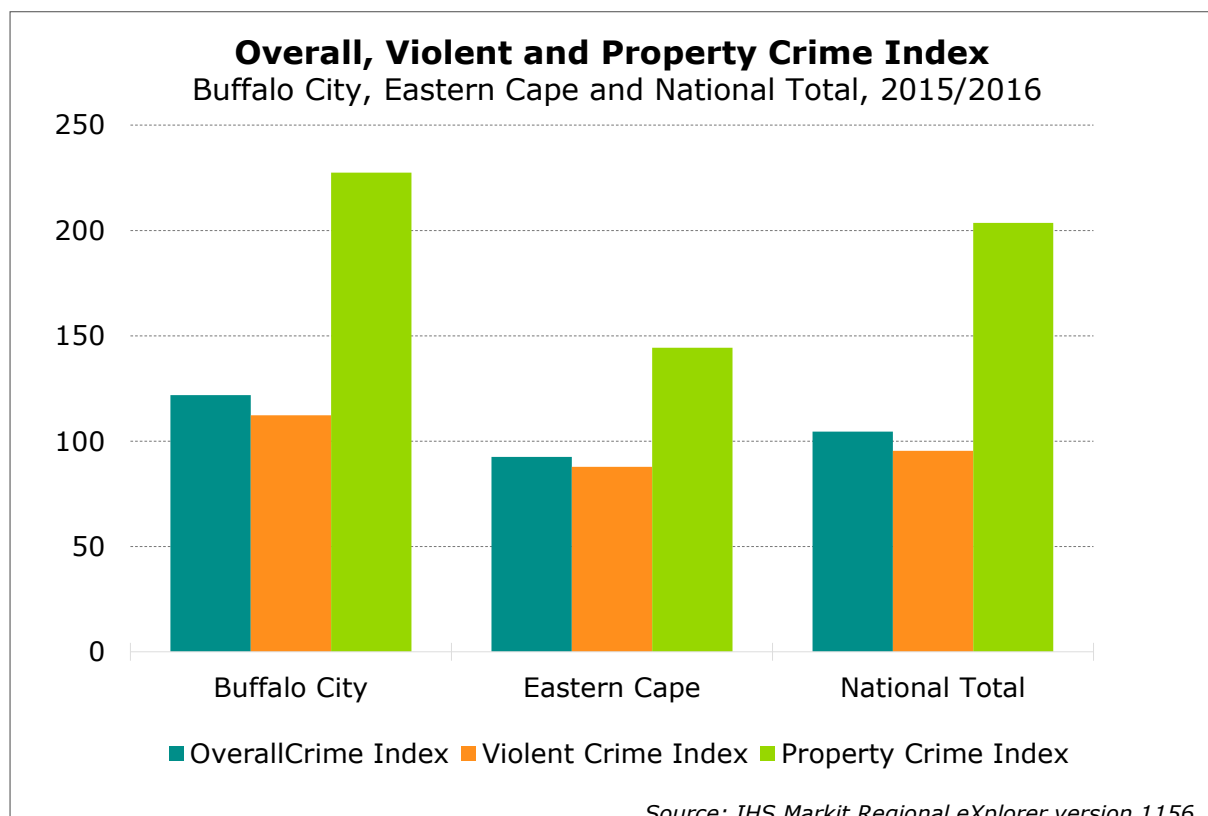
TABLE 33. OVERALL CRIME INDEX - BUFFALO CITY METROPOLITAN MUNICIPALITY AND THE REST OF EASTERN CAPE, 2005/2006-2015/2016 [INDEX VALUE]

	Buffalo City	Nelson Mandela Bay	Sarah Baartman	Amatole	Chris Hani	Joe Gqabi	O.R.Tambo	Alfred Nzo
2005/2006	175.72	199.89	238.57	104.92	106.72	110.24	91.07	62.40
2006/2007	170.01	202.03	229.61	95.35	98.70	102.78	72.34	58.31
2007/2008	169.86	178.88	207.18	90.79	90.47	89.91	67.94	58.71
2008/2009	166.22	177.00	207.90	86.76	87.26	82.73	60.94	54.21
2009/2010	159.34	164.88	202.45	93.39	90.93	88.03	64.38	59.37
2010/2011	152.82	161.12	184.93	93.76	88.11	89.65	68.07	55.54
2011/2012	152.19	156.06	170.69	98.13	87.44	91.12	65.05	54.08
2012/2013	140.08	148.83	159.80	96.69	87.12	91.77	63.04	53.31
2013/2014	137.91	147.25	157.32	98.34	79.65	92.19	66.65	54.74
2014/2015	125.42	133.70	155.86	94.53	81.02	90.98	57.42	53.27
2015/2016	121.85	127.59	152.95	96.60	78.01	95.00	54.98	50.74
Average Annual growth								
2005/2006-2015/2016	-3.59%	-4.39%	-4.35%	-0.82%	-3.08%	-1.48%	-4.92%	-2.05%

Source: IHS Markit Regional eXplorer version 1156

In 2015/2016, the Sarah Baartman metropolitan municipality has the highest overall crime rate of the sub-regions within the overall Eastern Cape Province with an index value of 153. Nelson Mandela Bay metropolitan municipality has the second highest overall crime index at 128, with Buffalo City metropolitan municipality having the third highest overall crime index of 122. It is clear that all the crime is decreasing overtime for all the regions within Eastern Cape Province. O.R.Tambo metropolitan municipality has the second lowest overall crime index of 55 and the Alfred Nzo metropolitan municipality has the lowest overall crime rate of 50.7. It is clear that crime is decreasing overtime for all the regions within Eastern Cape Province. The region that decreased the most in overall crime since 2005/2006 was O.R.Tambo metropolitan municipality with an average annual decrease of 4.9% followed by Nelson Mandela Bay metropolitan municipality with an average annual decrease of 4.4%.

CHART 48. IHS CRIME INDEX - CALENDER YEARS (WEIGHTED AVG / 100,000 PEOPLE) - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2015/2016 [INDEX VALUE]



From the chart above it is evident that property crime is a major problem for all the regions relative to violent crime.

8. HOUSEHOLD INFRASTRUCTURE

Drawing on the household infrastructure data of a region is of essential value in economic planning and social development. Assessing household infrastructure involves the measurement of four indicators:

- Access to dwelling units
- Access to proper sanitation
- Access to running water
- Access to refuse removal
- Access to electricity

A household is considered "serviced" if it has access to all four of these basic services. If not, the household is considered to be part of the backlog. The way access to a given service is defined (and how to accurately measure that specific Definition over time) gives rise to some distinct problems. IHS has therefore developed a unique model to capture the number of households and their level of access to the four basic services.

A household is defined as a group of persons who live together and provide themselves jointly with food and/or other essentials for living, or a single person who lives alone.

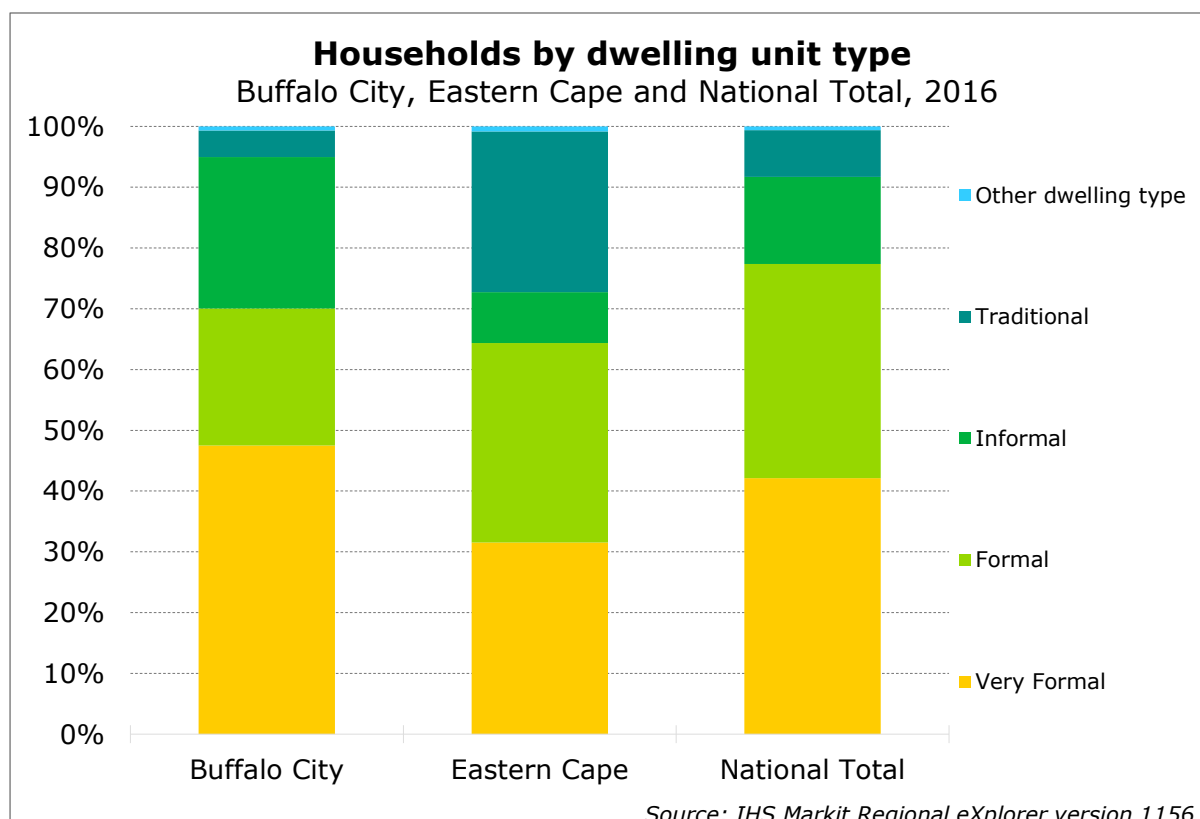
The next few sections offer an overview of the household infrastructure of the Buffalo City Metropolitan Municipality between 2016 and 2006.

8.1 HOUSEHOLD BY DWELLING TYPE

Using the StatsSA definition of a household and a dwelling unit, households can be categorised according to type of dwelling. The categories are:

- **Very formal dwellings** - structures built according to approved plans, e.g. houses on a separate stand, flats or apartments, townhouses, rooms in backyards that also have running water and flush toilets within the dwelling. .
- **Formal dwellings** - structures built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in backyard, rooms or flatlet elsewhere etc, but without running water or without a flush toilet within the dwelling.
- **Informal dwellings** - shacks or shanties in informal settlements, serviced stands, or proclaimed townships, as well as shacks in the backyards of other dwelling types.
- **Traditional dwellings** - structures made of clay, mud, reeds, or other locally available material.
- **Other dwelling units** - tents, ships, caravans, etc.

CHART 49. HOUSEHOLDS BY DWELLING UNIT TYPE - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



Buffalo City Metropolitan Municipality had a total number of 124 000 (47.52% of total households) very formal dwelling units, a total of 58 800 (22.50% of total households) formal dwelling units and a total number of 65 200 (24.92% of total households) informal dwelling units.

TABLE 34. HOUSEHOLDS BY DWELLING UNIT TYPE - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2016 [NUMBER]

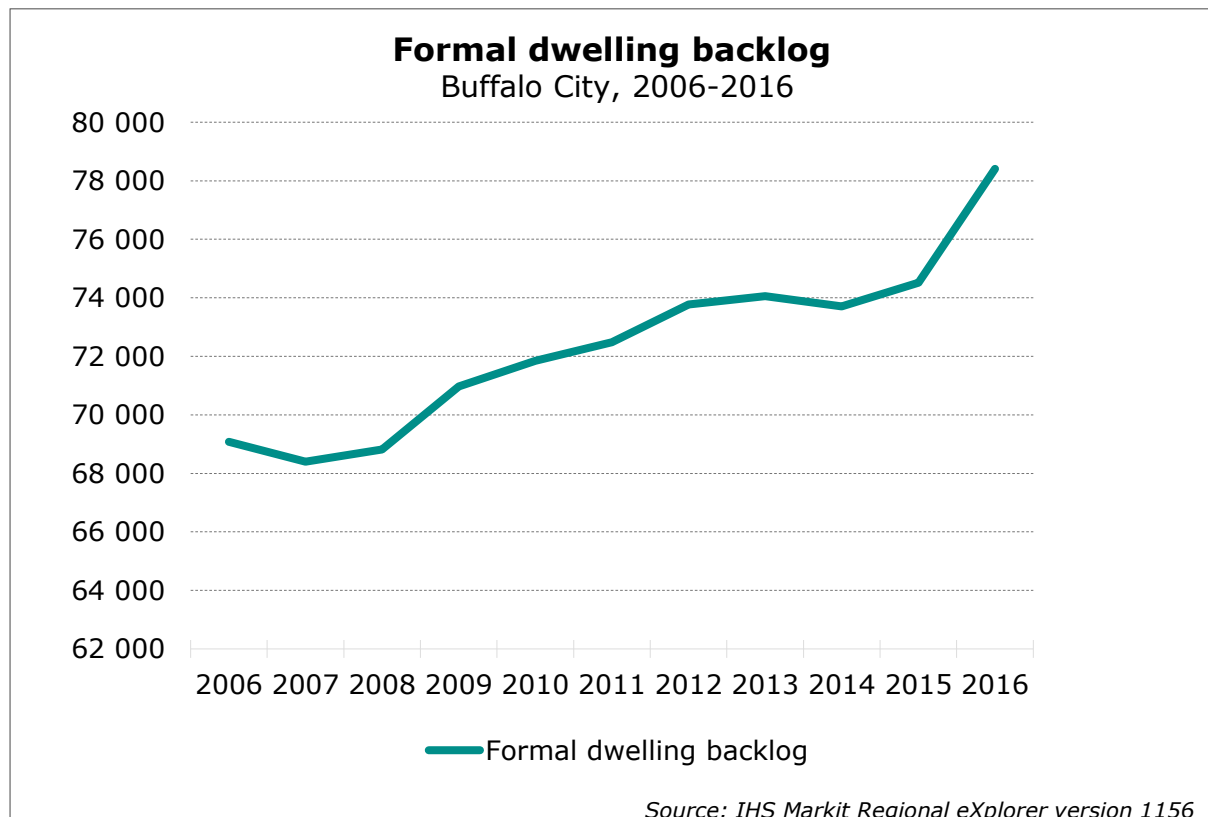
	Very Formal	Formal	Informal	Traditional	Other dwelling type	Total
Macleantown, Sandisiwe	7,560	4,450	4,340	894	120	17,400
King Williams Town, Bisho	31,800	16,600	16,600	4,220	442	69,800
Mdantsane, Chalumna	39,300	17,600	20,500	3,020	517	81,000
East London	45,500	20,200	23,700	3,420	598	93,400
Total Buffalo City	124,275	58,848	65,174	11,555	1,678	261,530

Source: IHS Markit Regional eXplorer version 1156

The region within the Buffalo City Metropolitan Municipality with the highest number of very formal dwelling units is East London sub-metro region with 45 600 or a share of 36.65% of the total very formal dwelling units within Buffalo City Metropolitan Municipality. The region with the lowest number of very formal dwelling units is Macleantown, Sandisiwe sub-metro region with a total of

7 560 or a share of 6.08% of the total very formal dwelling units within Buffalo City Metropolitan Municipality.

CHART 50. FORMAL DWELLING BACKLOG - NUMBER OF HOUSEHOLDS NOT LIVING IN A FORMAL DWELLING - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS]



When looking at the formal dwelling unit backlog (number of households not living in a formal dwelling) over time, it can be seen that in 2006 the number of households not living in a formal dwelling were 69 100 within Buffalo City Metropolitan Municipality. From 2006 this number increased annually at 1.27% to 78 400 in 2016.

The total number of households within Buffalo City Metropolitan Municipality increased at an average annual rate of 1.52% from 2006 to 2016, which is higher than the annual increase of 1.97% in the number of households in South Africa.

8.2 HOUSEHOLD BY TYPE OF SANITATION

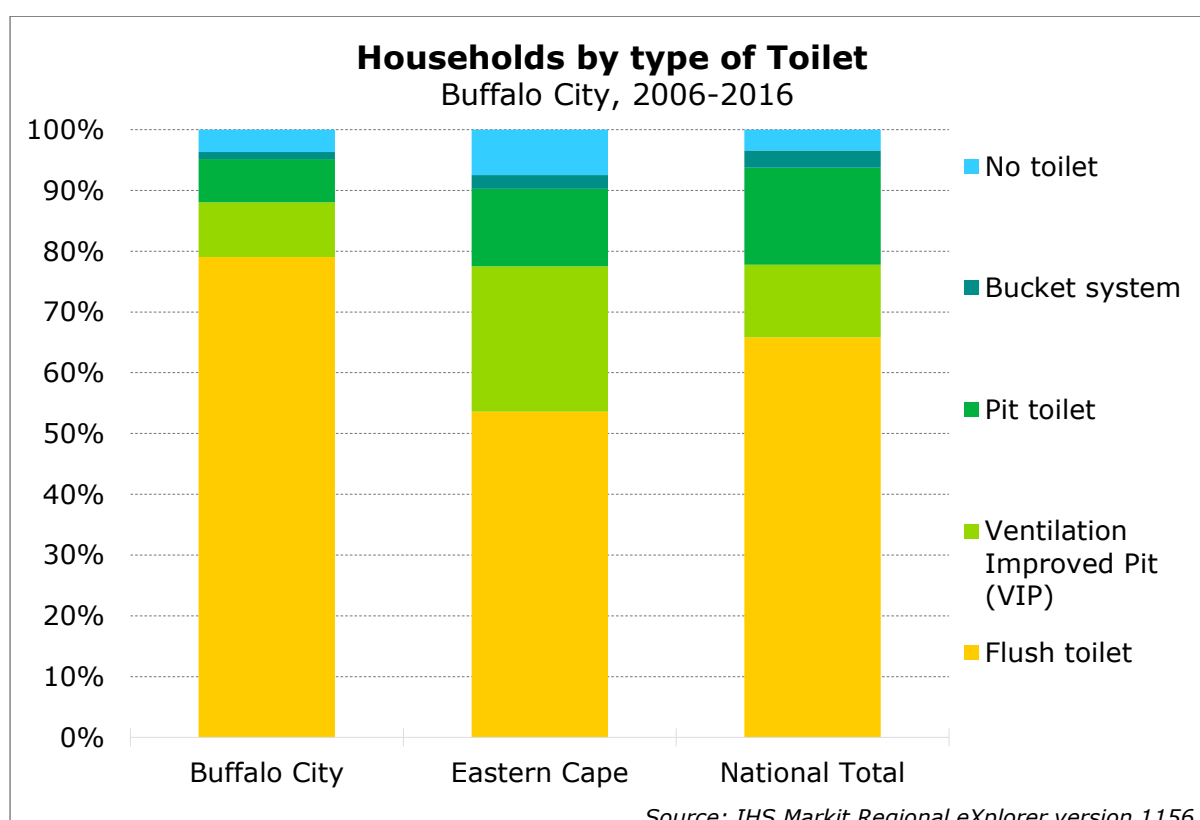
Sanitation can be divided into specific types of sanitation to which a household has access. We use the following categories:

- **No toilet** - No access to any of the toilet systems explained below.
- **Bucket system** - A top structure with a seat over a bucket. The bucket is periodically removed and the contents disposed of. (Note: this system is widely used but poses health risks to the

collectors. Most authorities are actively attempting to discontinue the use of these buckets in their local regions).

- **Pit toilet** - A top structure over a pit.
- **Ventilation improved pit** - A pit toilet but with a fly screen and vented by a pipe. Depending on soil conditions, the pit may be lined.
- **Flush toilet** - Waste is flushed into an enclosed tank, thus preventing the waste to flow into the surrounding environment. The tanks need to be emptied or the contents pumped elsewhere.

CHART 51. HOUSEHOLDS BY TYPE OF SANITATION - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



Buffalo City Metropolitan Municipality had a total number of 202 000 flush toilets (79.06% of total households), 23 000 Ventilation Improved Pit (VIP) (8.97% of total households) and 18 200 (7.11%) of total households pit toilets.

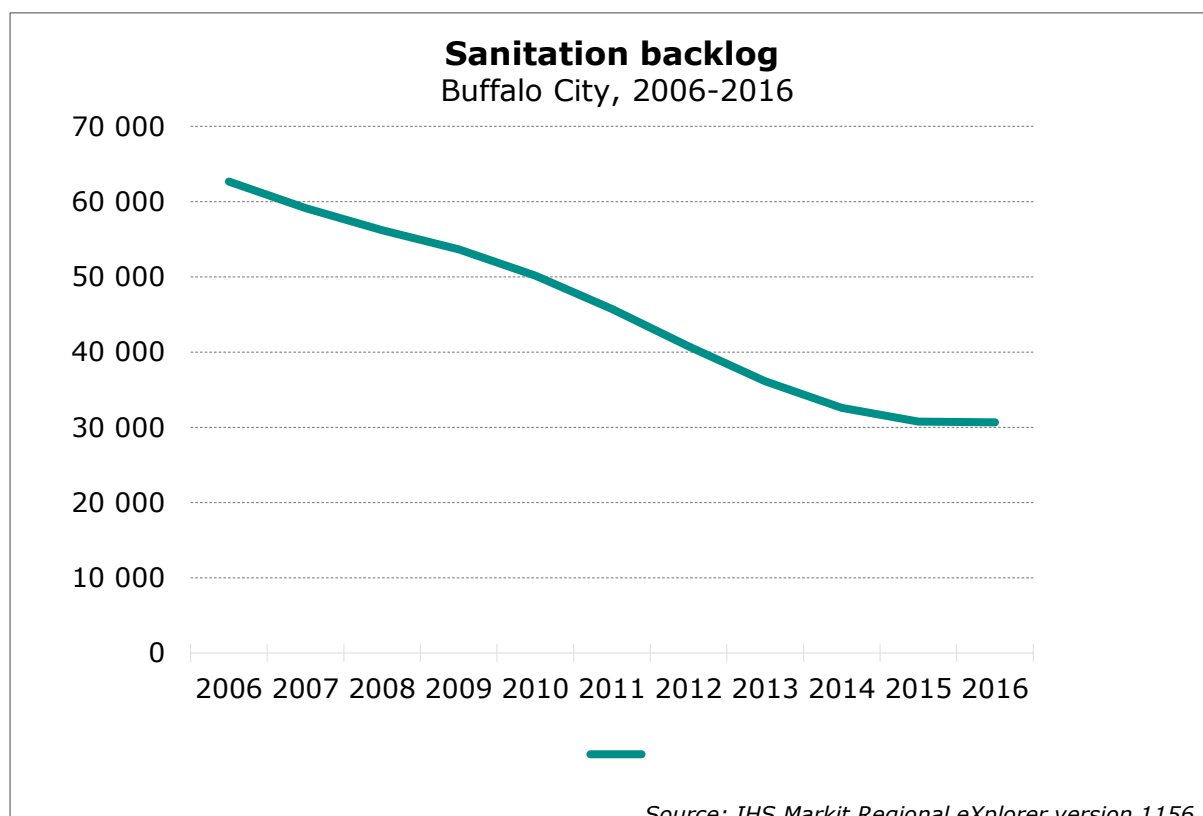
TABLE 35. HOUSEHOLDS BY TYPE OF SANITATION - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2016 [NUMBER]

	Flush toilet	Ventilation Improved Pit (VIP)	Pit toilet	Bucket system	No toilet	Total
Macleantown, Sandisiwe	12,800	1,770	1,260	198	893	16,900
King Williams Town, Bisho	52,100	6,950	5,860	775	2,510	68,200
Mdantsane, Chalumna	63,700	6,680	5,190	926	2,820	79,300
East London	73,800	7,560	5,900	1,070	3,260	91,600
Total Buffalo City	202,352	22,955	18,204	2,971	9,481	255,963

Source: IHS Markit Regional eXplorer version 1156

The region within Buffalo City with the highest number of flush toilets is East London sub-metro region with 73 800 or a share of 36.47% of the flush toilets within Buffalo City. The region with the lowest number of flush toilets is Macleantown, Sandisiwe sub-metro region with a total of 12 800 or a share of 6.30% of the total flush toilets within Buffalo City Metropolitan Municipality.

CHART 52. SANITATION BACKLOG - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS WITHOUT HYGIENIC TOILETS]

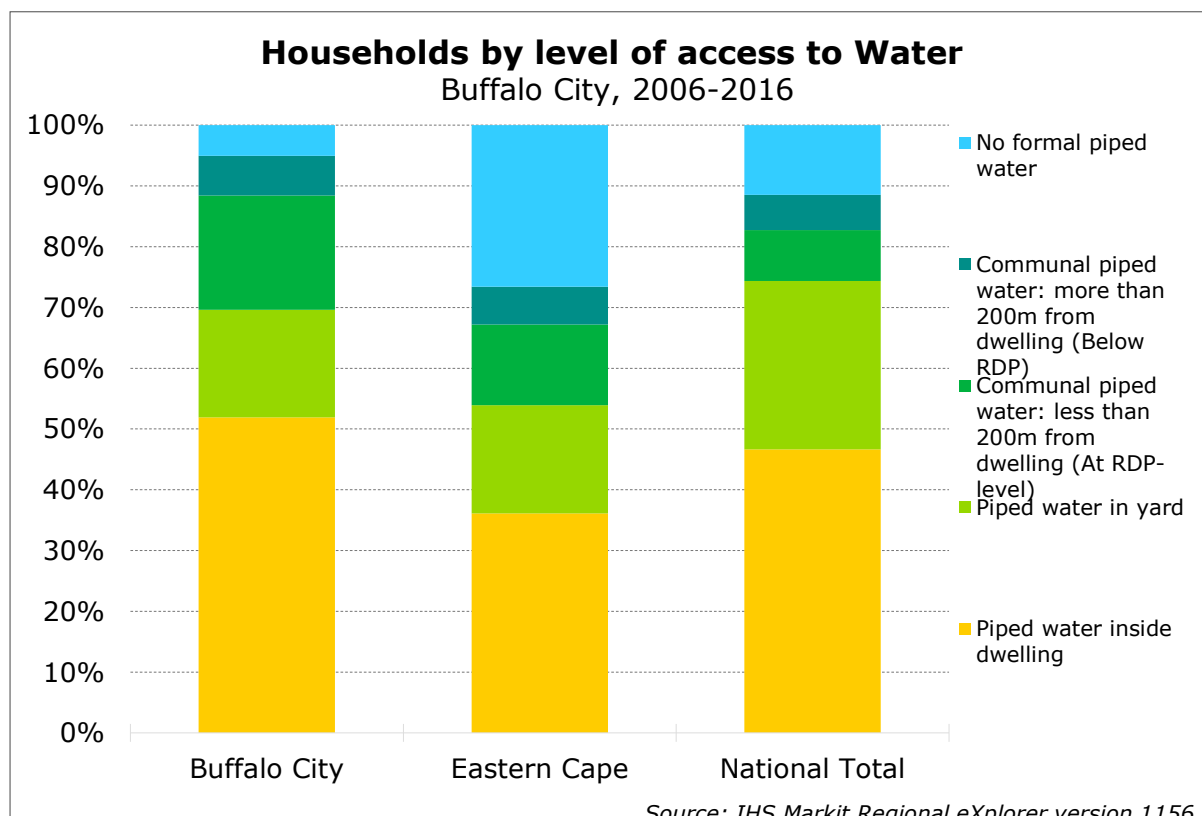


When looking at the sanitation backlog (number of households without hygienic toilets) over time, it can be seen that in 2006 the number of Households without any hygienic toilets in Buffalo City Metropolitan Municipality was 62 600, this decreased annually at a rate of -6.90% to 30 700 in 2016.

8.3 HOUSEHOLDS BY ACCESS TO WATER

A household is categorised according to its main access to water, as follows: Regional/local water scheme, Borehole and spring, Water tank, Dam/pool/stagnant water, River/stream and other main access to water methods. No formal piped water includes households that obtain water via water carriers and tankers, rain water, boreholes, dams, rivers and springs.

CHART 53. HOUSEHOLDS BY TYPE OF WATER ACCESS - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



Buffalo City Metropolitan Municipality had a total number of 125 000 (or 51.90%) households with piped water inside the dwelling, a total of 42 600 (17.74%) households had piped water inside the yard and a total number of 12 200 (5.07%) households had no formal piped water.

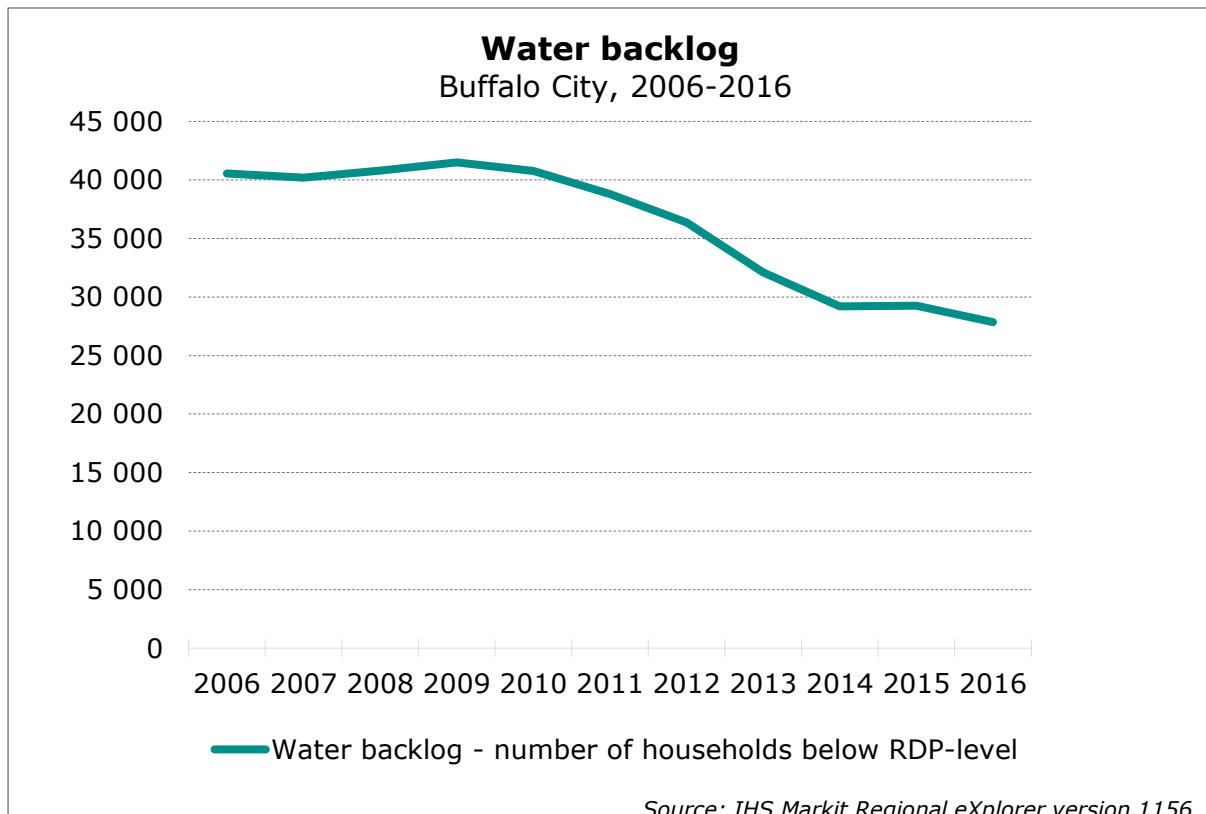
TABLE 36. HOUSEHOLDS BY TYPE OF WATER ACCESS - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016
[NUMBER]

	Piped water inside dwelling	Piped water in yard	Communal piped water: less than 200m from dwelling (At RDP-level)	Communal piped water: more than 200m from dwelling (Below RDP)	No formal piped water	Total
Macleantown, Sandisiwe	7,720	3,000	3,020	1,140	1,100	16,000
King Williams Town, Bisho	32,100	11,700	12,700	4,310	3,710	64,500
Mdantsane, Chalumna	39,300	13,000	13,700	4,760	3,450	74,100
East London	45,500	14,900	15,700	5,470	3,920	85,500
Total Buffalo City	124,608	42,590	45,059	15,673	12,179	240,109

Source: IHS Markit Regional eXplorer version 1156

The regions within Buffalo City Metropolitan Municipality with the highest number of households with piped water inside the dwelling is East London sub-metro region with 45 500 or a share of 36.50% of the households with piped water inside the dwelling within Buffalo City Metropolitan Municipality. The region with the lowest number of households with piped water inside the dwelling is Macleantown, Sandisiwe sub-metro region with a total of 7 720 or a share of 6.20% of the total households with piped water inside the dwelling within Buffalo City Metropolitan Municipality.

CHART 54. WATER BACKLOG - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS BELOW RDP-LEVEL]

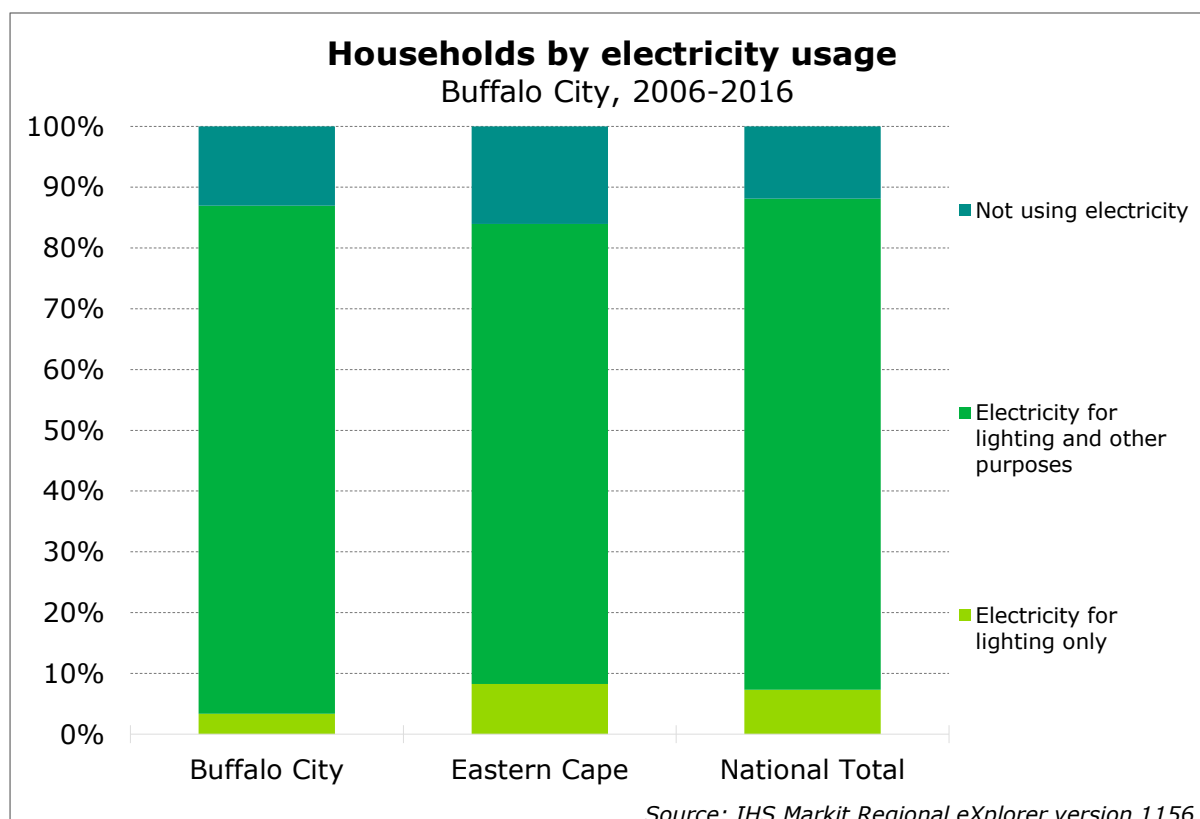


When looking at the water backlog (number of households below RDP-level) over time, it can be seen that in 2006 the number of households below the RDP-level were 40 600 within Buffalo City Metropolitan Municipality, this decreased annually at -3.69% per annum to 27 800 in 2016.

8.4 HOUSEHOLDS BY TYPE OF ELECTRICITY

Households are distributed into 3 electricity usage categories: Households using electricity for cooking, Households using electricity for heating, households using electricity for lighting. Household using solar power are included as part of households with an electrical connection. This time series categorises households in a region according to their access to electricity (electrical connection).

CHART 55. HOUSEHOLDS BY TYPE OF ELECTRICAL CONNECTION - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



Buffalo City Metropolitan Municipality had a total number of 8 730 (3.34%) households with electricity for lighting only, a total of 219 000 (83.59%) households had electricity for lighting and other purposes and a total number of 34 200 (13.07%) households did not use electricity.

TABLE 37. HOUSEHOLDS BY TYPE OF ELECTRICAL CONNECTION - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2016 [NUMBER]

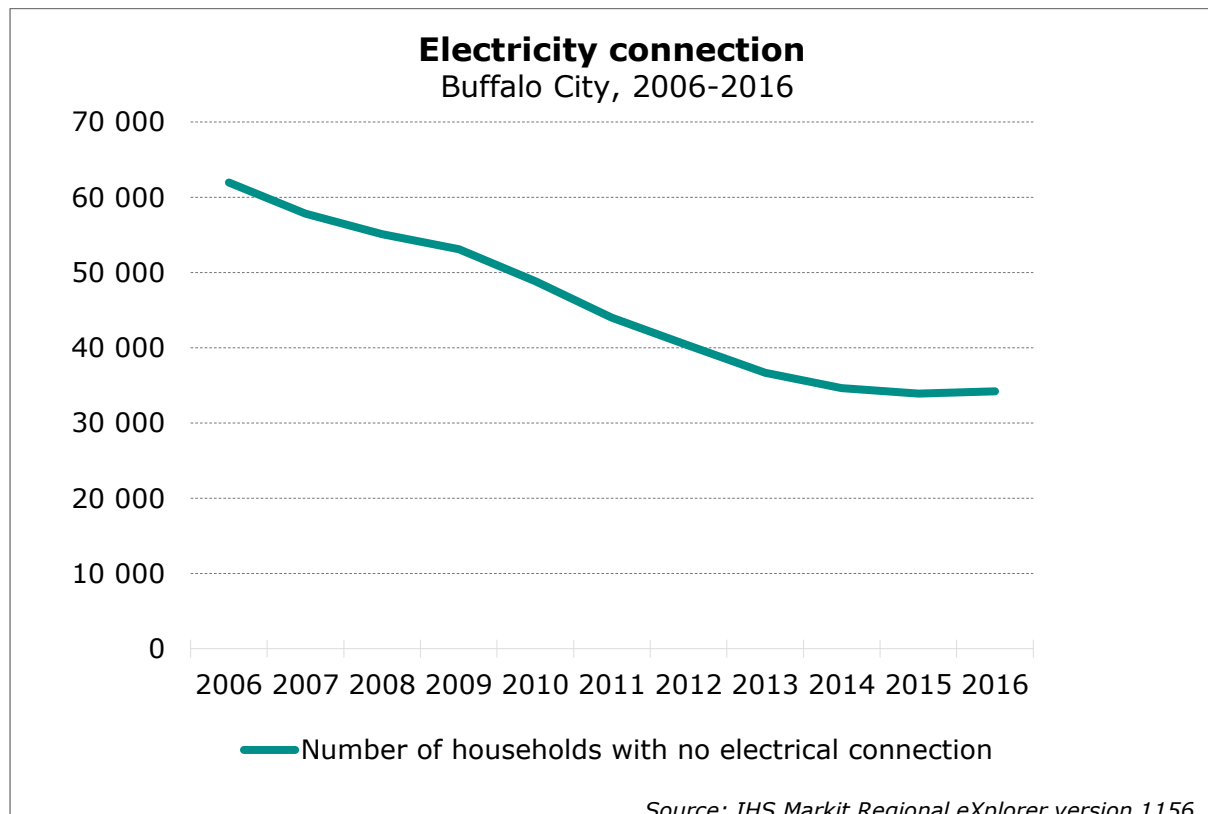
	Electricity for lighting only	Electricity for lighting and other purposes	Not using electricity	Total
Macleantown, Sandisiwe	655	14,300	2,360	17,400
King Williams Town, Bisho	2,530	58,500	8,940	70,000
Mdantsane, Chalumna	2,590	67,800	10,600	81,000
East London	2,960	78,200	12,300	93,400
Total Buffalo City	8,734	218,801	34,208	261,742

Source: IHS Markit Regional eXplorer version 1156

The region within Buffalo City with the highest number of households with electricity for lighting and other purposes is East London sub-metro region with 78 200 or a share of 35.73% of the households with electricity for lighting and other purposes within Buffalo City Metropolitan Municipality. The Region with the lowest number of households with electricity for lighting and other purposes is

Macleantown, Sandisiwe sub-metro region with a total of 14 300 or a share of 6.55% of the total households with electricity for lighting and other purposes within Buffalo City Metropolitan Municipality.

CHART 56. ELECTRICITY CONNECTION - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS WITH NO ELECTRICAL CONNECTION]



When looking at the number of households with no electrical connection over time, it can be seen that in 2006 the households without an electrical connection in Buffalo City Metropolitan Municipality was 62 000, this decreased annually at -5.77% per annum to 34 200 in 2016.

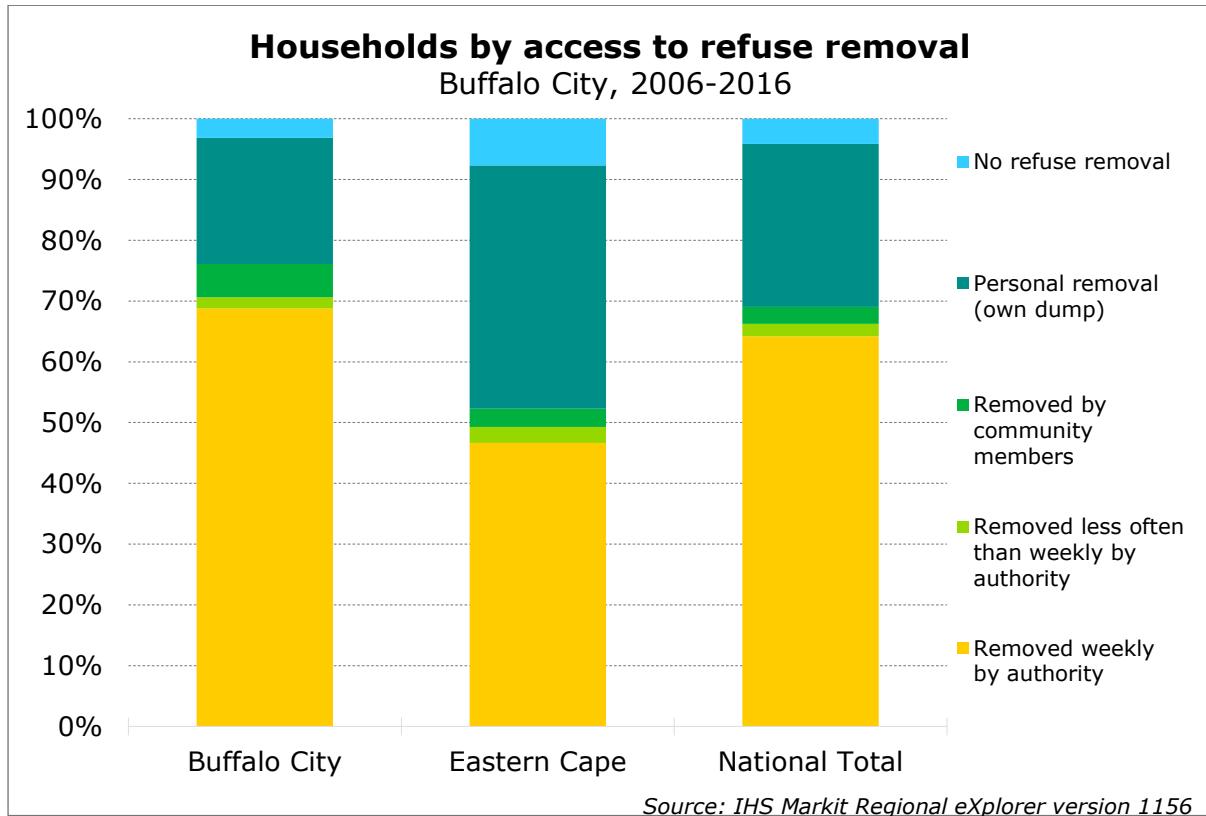
8.5 HOUSEHOLDS BY REFUSE DISPOSAL

A distinction is made between formal and informal refuse removal. When refuse is removed by the local authorities, it is referred to as formal refuse removal. Informal refuse removal is where either the household or the community disposes of the waste, or where there is no refuse removal at all. A further breakdown is used in terms of the frequency by which the refuse is taken away, thus leading to the following categories:

- Removed weekly by authority
- Removed less often than weekly by authority
- Removed by community members

- Personal removal / (own dump)
- No refuse removal

CHART 57. HOUSEHOLDS BY REFUSE DISPOSAL - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



Buffalo City Metropolitan Municipality had a total number of 177 000 (68.79%) households which had their refuse removed weekly by the authority, a total of 4 740 (1.84%) households had their refuse removed less often than weekly by the authority and a total number of 53 500 (20.77%) households which had to remove their refuse personally (own dump).

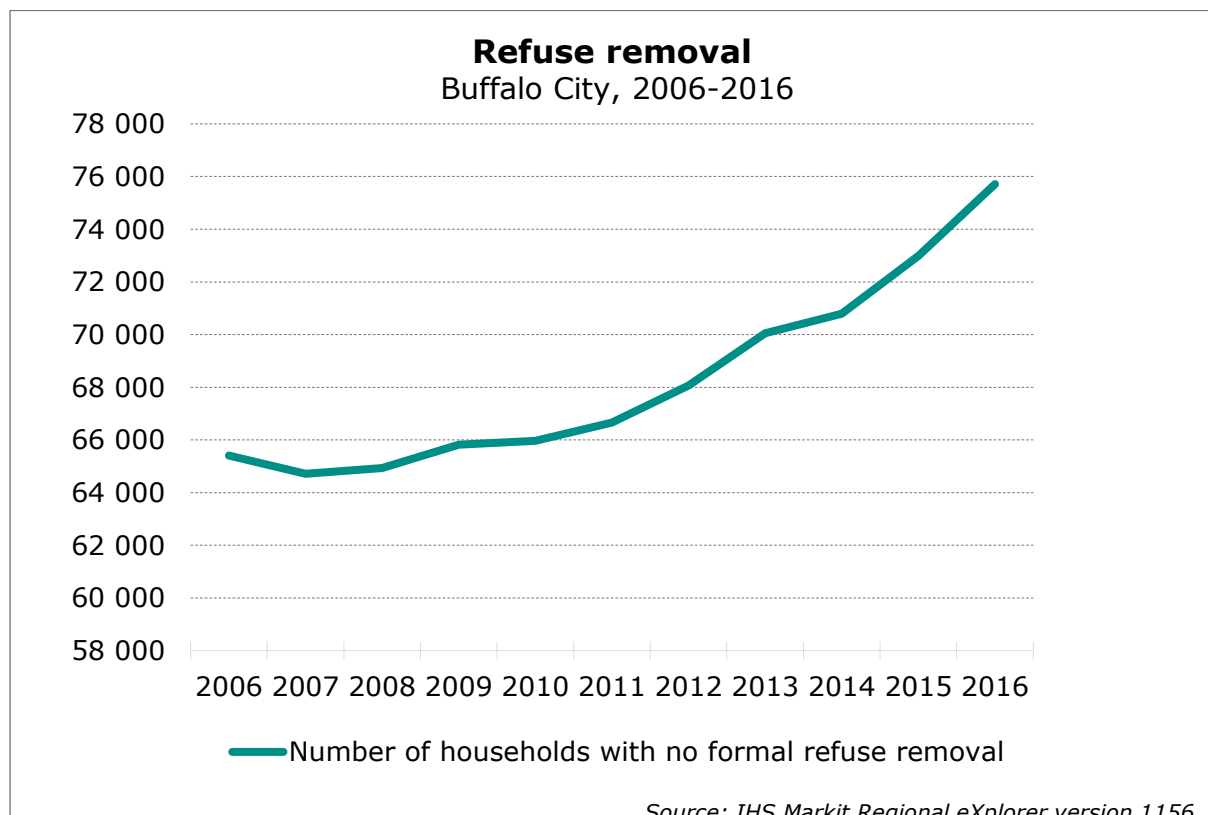
TABLE 38. HOUSEHOLDS BY REFUSE DISPOSAL - MACLEANTOWN, SANDISIWE, KING WILLIAMS TOWN, BISHO, MDANTSANE, CHALUMNA AND EAST LONDON SUB-METRO REGIOIES, 2016 [NUMBER]

	Removed weekly by authority	Removed less often than weekly by authority	Removed by community members	Personal removal (own dump)	No refuse removal	Total
Macleantown, Sandisiwe	11,200	301	887	4,020	631	17,000
King Williams Town, Bisho	45,300	1,220	3,700	16,100	2,140	68,500
Mdantsane, Chalumna	56,000	1,490	4,400	15,600	2,470	79,900
East London	64,800	1,720	5,090	17,800	2,850	92,300
Total Buffalo City	177,300	4,737	14,084	53,538	8,090	257,749

Source: IHS Markit Regional eXplorer version 1156

The region within Buffalo City with the highest number of households where the refuse is removed weekly by the authority is East London sub-metro region with 64 800 or a share of 36.56% of the households where the refuse is removed weekly by the authority within Buffalo City. The region with the lowest number of households where the refuse is removed weekly by the authority is Macleantown, Sandisiwe sub-metro region with a total of 11 200 or a share of 6.30% of the total households where the refuse is removed weekly by the authority within the metropolitan municipality.

CHART 58. REFUSE REMOVAL - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS WITH NO FORMAL REFUSE REMOVAL]



When looking at the number of households with no formal refuse removal, it can be seen that in 2006 the households with no formal refuse removal in Buffalo City Metropolitan Municipality was 65 400, this increased annually at 1.47% per annum to 75 700 in 2016.

The total number of households within Buffalo City Metropolitan Municipality increased at an average annual rate of 1.52% from 2006 to 2016, which is higher than the annual increase of 1.97% in the number of households in South Africa.

9. TOURISM

Tourism can be defined as the non-commercial organisation plus operation of vacations and visits to a place of interest. Whether you visit a relative or friend, travel for business purposes, go on holiday or on medical and religious trips - these are all included in tourism.

9.1 TRIPS BY PURPOSE OF TRIPS

Definition: As defined by the United Nations World Tourism Organisation (UN WTO), a trip refers to travel, by a person, from the time they leave their usual residence until they return to that residence. This is usually referred to as a round trip. IHS likes to narrow this definition down to overnight trips only, and only those made by adult visitors (over 18 years). Also note that the number of "person" trips are measured, not household or "party trips".

The main purpose for an overnight trip is grouped into these categories:

- Leisure / Holiday
- Business
- Visits to friends and relatives
- Other (Medical, Religious, etc.)

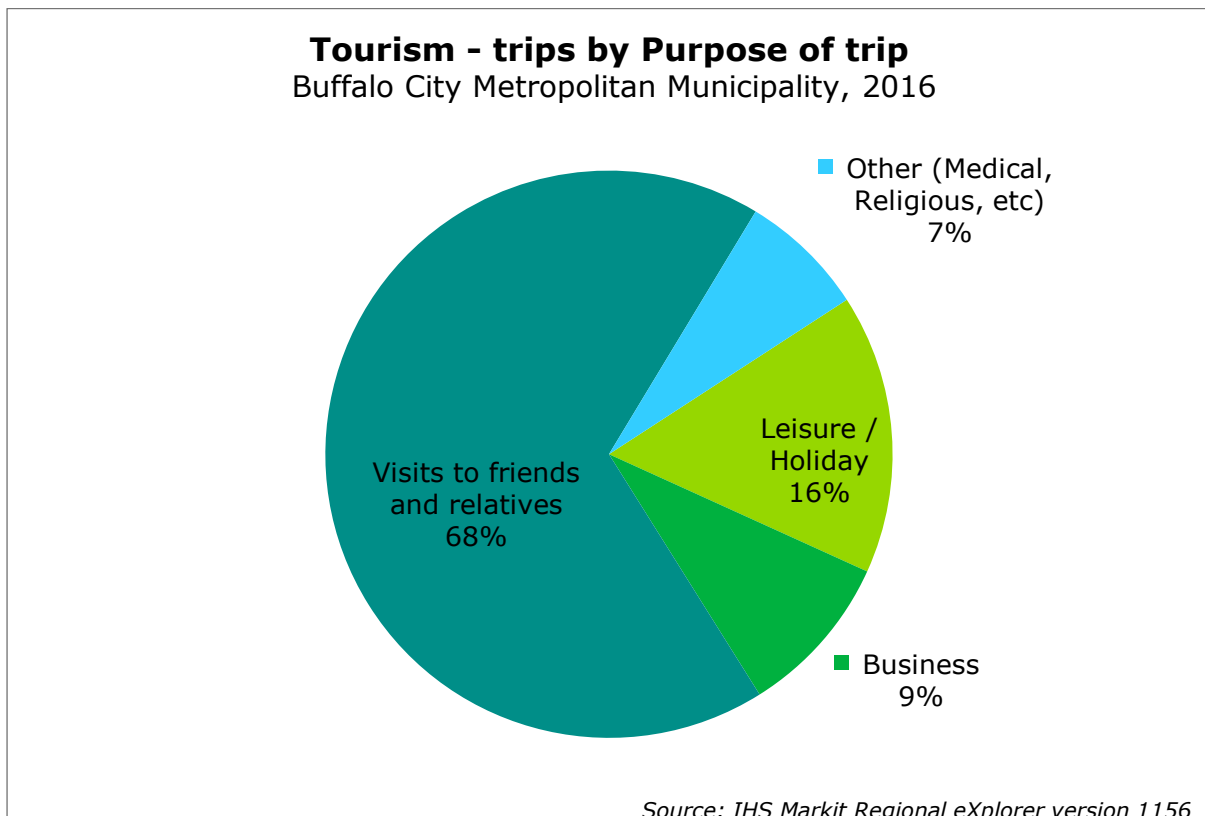
TABLE 39. NUMBER OF TRIPS BY PURPOSE OF TRIPS - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016
[NUMBER PERCENTAGE]

	Leisure / Holiday	Business	Visits to friends and relatives	Other (Medical, Religious, etc)	Total
2006	108,000	47,800	373,000	53,600	582,000
2007	122,000	50,500	405,000	57,700	635,000
2008	131,000	54,400	427,000	67,000	680,000
2009	135,000	55,500	456,000	67,200	713,000
2010	143,000	58,900	486,000	66,200	755,000
2011	138,000	61,500	509,000	61,000	770,000
2012	133,000	63,100	510,000	59,000	765,000
2013	134,000	64,000	534,000	59,500	791,000
2014	116,000	61,100	480,000	52,000	710,000
2015	105,000	58,600	450,000	47,000	661,000
2016	95,400	55,600	404,000	42,900	598,000
Average Annual growth					
2006-2016	-1.19%	1.53%	0.80%	-2.20%	0.27%

Source: IHS Markit Regional eXplorer version 1156

In Buffalo City Metropolitan Municipality, the Business, relative to the other tourism, recorded the highest average annual growth rate from 2006 (47 800) to 2016 (55 600) at 1.53%. Visits to friends and relatives recorded the highest number of visits in 2016 at 404 000, with an average annual growth rate of 0.80%. The tourism type that recorded the lowest growth was Other (Medical, Religious, etc) tourism with an average annual growth rate of -2.20% from 2006 (53 600) to 2016 (42 900).

CHART 59. TRIPS BY PURPOSE OF TRIP - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE]



The Visits to friends and relatives at 67.57% has largest share the total tourism within Buffalo City Metropolitan Municipality. Leisure / Holiday tourism had the second highest share at 15.95%, followed by Business tourism at 9.30% and the Other (Medical, Religious, etc) tourism with the smallest share of 7.18% of the total tourism within Buffalo City Metropolitan Municipality.

9.2 ORIGIN OF TOURISTS

In the following table, the number of tourists that visited Buffalo City Metropolitan Municipality from both domestic origins, as well as those coming from international places, are listed.

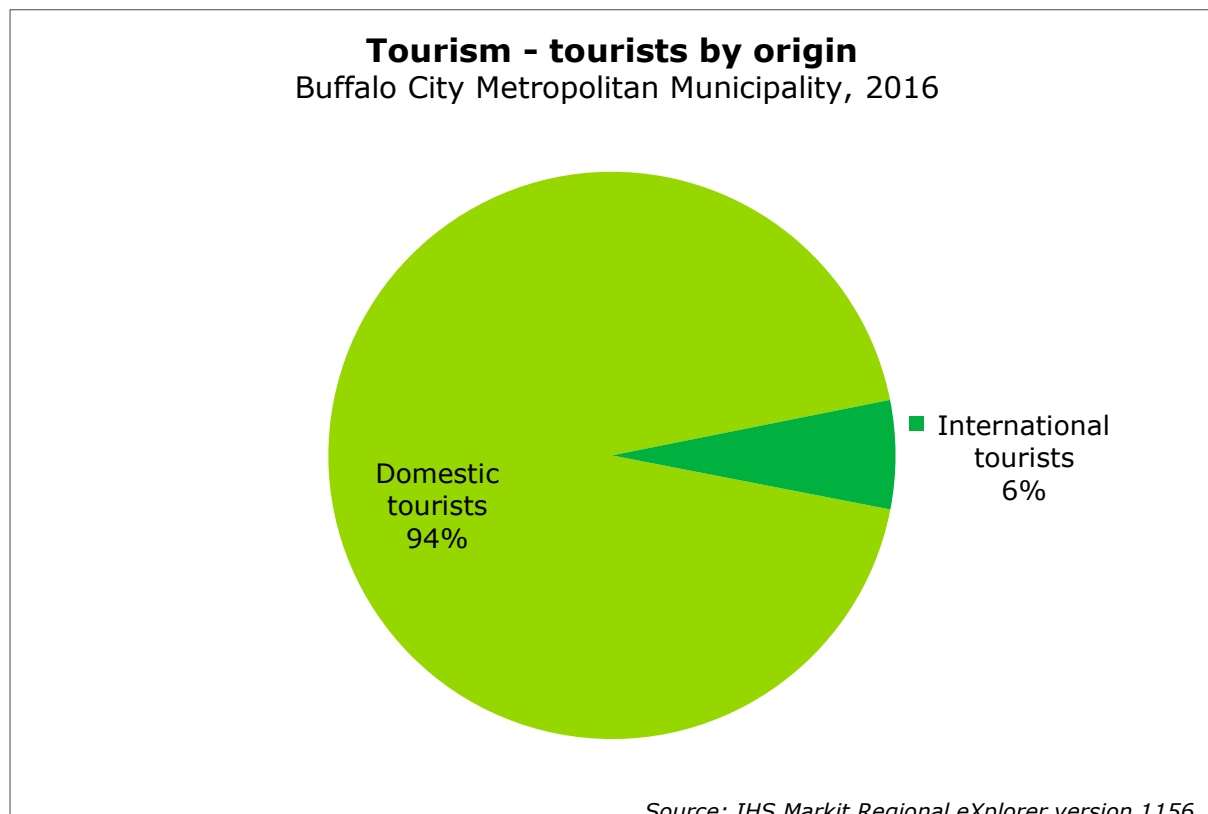
TABLE 40. TOTAL NUMBER OF TRIPS BY ORIGIN TOURISTS - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER]

	Domestic tourists	International tourists	Total tourists
2006	545,000	37,000	582,000
2007	598,000	36,900	635,000
2008	645,000	35,300	680,000
2009	679,000	33,800	713,000
2010	718,000	36,300	755,000
2011	735,000	35,600	770,000
2012	728,000	37,000	765,000
2013	755,000	36,600	791,000
2014	674,000	35,900	710,000
2015	628,000	33,000	661,000
2016	561,000	37,000	598,000
Average Annual growth			
2006-2016	0.29%	0.00%	0.27%

Source: IHS Markit Regional eExplorer version 1156

The number of trips by tourists visiting Buffalo City Metropolitan Municipality from other regions in South Africa has increased at an average annual rate of 0.29% from 2006 (545 000) to 2016 (561 000). The tourists visiting from other countries increased at an average annual growth rate of 0.00% (from 37 000 in 2006 to 37 000). International tourists constitute 6.19% of the total number of trips, with domestic tourism representing the balance of 93.81%.

CHART 60. TOURISTS BY ORIGIN - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2016 [PERCENTAGE]



9.2.1 BEDNIGHTS BY ORIGIN OF TOURIST

Definition: A bed night is the tourism industry measurement of one night away from home on a single person trip.

The following is a summary of the number of bed nights spent by domestic and international tourist within Buffalo City Metropolitan Municipality between 2006 and 2016.

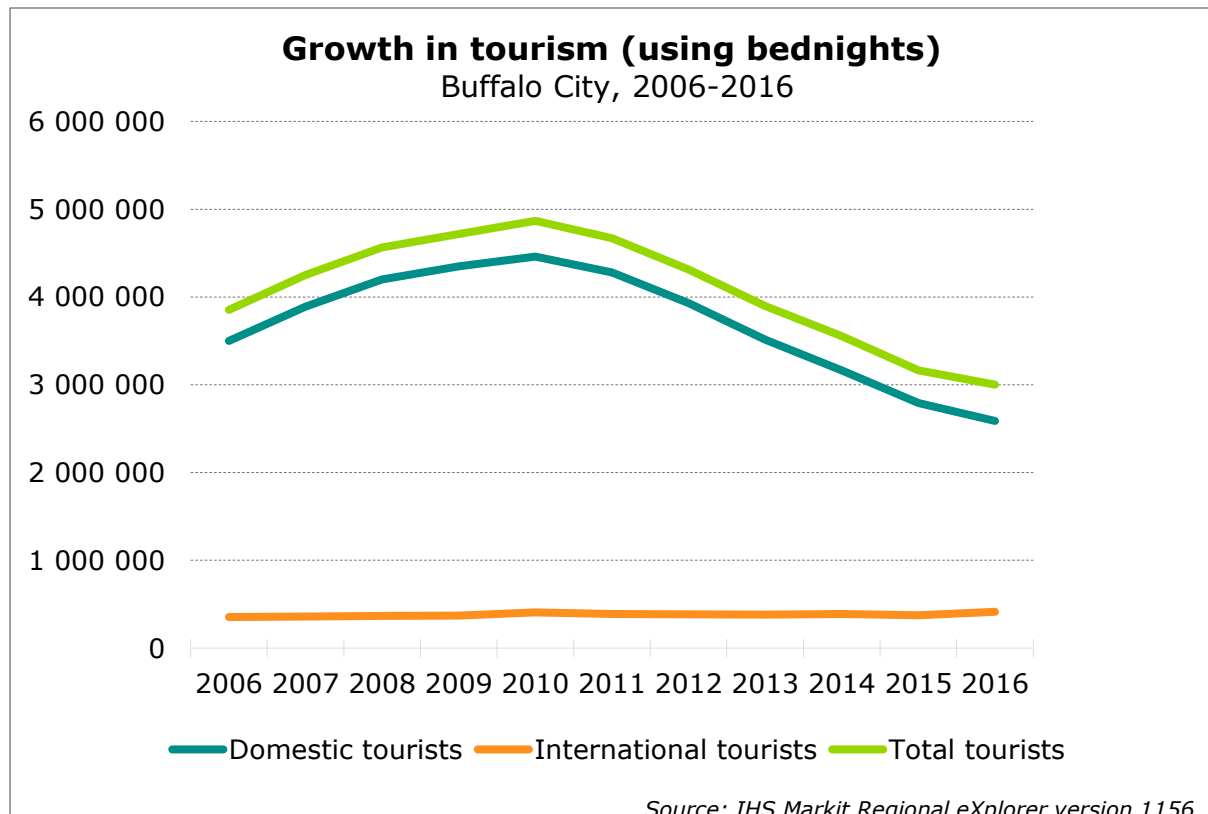
TABLE 41. BEDNIGHTS BY ORIGIN OF TOURIST - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER]

	Domestic tourists	International tourists	Total tourists
2006	3,500,000	354,000	3,850,000
2007	3,890,000	361,000	4,250,000
2008	4,200,000	367,000	4,570,000
2009	4,350,000	370,000	4,720,000
2010	4,460,000	407,000	4,870,000
2011	4,280,000	388,000	4,670,000
2012	3,930,000	385,000	4,310,000
2013	3,520,000	382,000	3,900,000
2014	3,160,000	390,000	3,550,000
2015	2,790,000	373,000	3,160,000
2016	2,590,000	414,000	3,000,000
Average Annual growth			
2006-2016	-2.97%	1.57%	-2.47%

Source: IHS Markit Regional eXplorer version 1156

From 2006 to 2016, the number of bed nights spent by domestic tourists has decreased at an average annual rate of -2.97%, while in the same period the international tourists had an average annual increase of 1.57%. The total number of bed nights spent by tourists decreased at an average annual growth rate of -2.47% from 3.85 million in 2006 to 3 million in 2016.

CHART 61. GROWTH IN TOURISM (USING BEDNIGHTS) BY ORIGIN - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [NUMBER]



9.3 TOURISM SPENDING

Definition: In their Tourism Satellite Account, StatsSA defines tourism spending as all expenditure by visitors for their trip to the particular region. This excludes capital expenditure as well as the shopping expenditure of traders (called shuttle trade). The amounts are presented in current prices, meaning that inflation has not been taken into account.

It is important to note that this type of spending differs from the concept of contribution to GDP. Tourism spending merely represents a nominal spend of trips made to each region.

TABLE 42. TOTAL TOURISM SPENDING - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [R BILLIONS, CURRENT PRICES]

	Buffalo City	Eastern Cape	National Total
2006	1.1	9.3	126.9
2007	1.3	9.9	138.7
2008	1.5	10.9	152.5
2009	1.6	10.8	153.4
2010	1.8	11.5	167.2
2011	1.8	11.4	174.6
2012	1.9	12.1	199.9
2013	2.0	12.4	218.3
2014	2.0	12.6	238.7
2015	1.9	12.0	238.1
2016	1.9	12.0	266.9
Average Annual growth			
2006-2016	5.70%	2.62%	7.72%

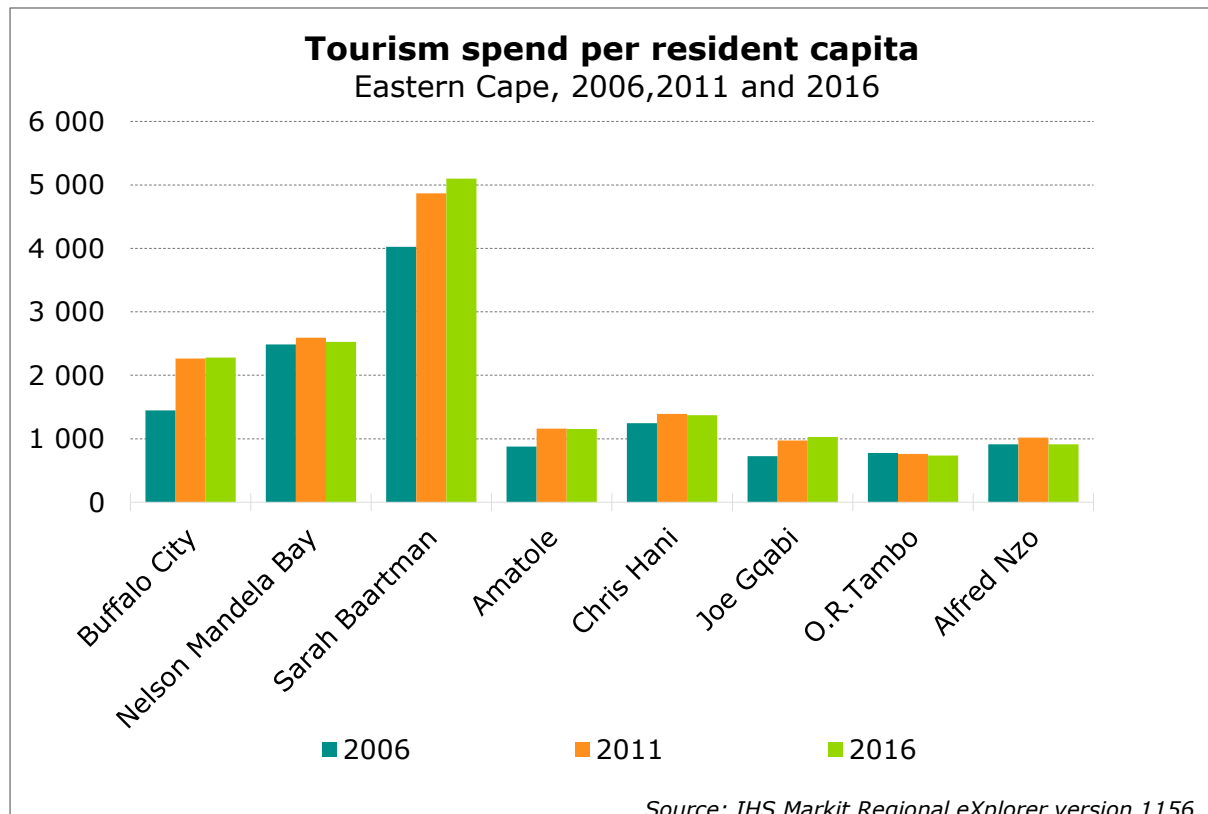
Source: IHS Markit Regional eXplorer version 1156

Buffalo City Metropolitan Municipality had a total tourism spending of R 1.93 billion in 2016 with an average annual growth rate of 5.7% since 2006 (R 1.11 billion). Eastern Cape Province had a total tourism spending of R 12 billion in 2016 and an average annual growth rate of 2.6% over the period. Total tourism spending in South Africa increased from R 127 billion in 2006 to R 267 billion in 2016 at an average annual rate of 7.7%.

9.3.1 TOURISM SPEND PER RESIDENT CAPITA

Another interesting topic to look at is tourism spending per resident capita. To calculate this, the total amount of tourism spending in the region is divided by the number of residents living within that region. This gives a relative indication of how important tourism is for a particular area.

CHART 62. TOURISM SPEND PER RESIDENT CAPITA - BUFFALO CITY METROPOLITAN MUNICIPALITY AND THE REST OF EASTERN CAPE, 2006,2011 AND 2016 [R THOUSANDS]



In 2016, Buffalo City Metropolitan Municipality had a tourism spend per capita of R 2,280 and an average annual growth rate of 4.63%, Buffalo City Metropolitan Municipality ranked third amongst all the regions within Eastern Cape in terms of tourism spend per capita. The region within Eastern Cape Province that ranked first in terms of tourism spend per capita is Sarah Baartman metropolitan municipality with a total per capita spending of R 5,100 which reflects an average annual increase of 2.40% from 2006. The metropolitan municipality that ranked lowest in terms of tourism spend per capita is O.R.Tambo with a total of R 738 which reflects a decrease at an average annual rate of - 0.53% from 2006.

9.3.2 TOURISM SPEND AS A SHARE OF GDP

Definition: This measure presents tourism spending as a percentage of the GDP of a region. It provides a gauge of how important tourism is to the local economy. An important note about this variable is that it does not reflect what is spent in the tourism industry of that region, but only what is spent by tourists visiting that region as their main destination.

TABLE 43. TOTAL SPENDING AS % SHARE OF GDP - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2006-2016 [PERCENTAGE]

	Buffalo City	Eastern Cape	National Total
2006	3.9%	6.5%	6.9%
2007	3.8%	5.9%	6.6%
2008	4.4%	6.2%	6.4%
2009	4.2%	5.6%	6.1%
2010	4.3%	5.4%	6.1%
2011	4.1%	5.0%	5.8%
2012	3.9%	4.8%	6.1%
2013	3.6%	4.5%	6.2%
2014	3.4%	4.3%	6.3%
2015	3.1%	3.8%	5.9%
2016	2.8%	3.6%	6.2%

Source: IHS Markit Regional eExplorer version 1156

In Buffalo City Metropolitan Municipality the tourism spending as a percentage of GDP in 2016 was 2.83%. Tourism spending as a percentage of GDP for 2016 was 3.56% in Eastern Cape Province, 6.15% in South Africa.

10. INTERNATIONAL TRADE

Trade is defined as the act of buying and selling, with international trade referring to buying and selling across international border, more generally called importing and exporting. The Trade Balance is calculated by subtracting imports from exports.

10.1 RELATIVE IMPORTANCE OF INTERNATIONAL TRADE

In the table below, the Buffalo City Metropolitan Municipality is compared to Eastern Cape and South Africa, in terms of actual imports and exports, the Trade Balance, as well the contribution to GDP and the region's contribution to total national exports and imports.

TABLE 44. MERCHANDISE EXPORTS AND IMPORTS - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2016
[R 1000, CURRENT PRICES]

	Buffalo City	Eastern Cape	National Total
Exports (R 1000)	1,762,458	56,187,528	1,107,472,999
Imports (R 1000)	4,501,485	55,585,538	1,089,677,002
Total Trade (R 1000)	6,263,943	111,773,066	2,197,150,001
Trade Balance (R 1000)	-2,739,027	601,990	17,795,997
Exports as % of GDP	2.6%	16.6%	25.5%
Total trade as % of GDP	9.2%	33.1%	50.6%
Regional share - Exports	0.2%	5.1%	100.0%
Regional share - Imports	0.4%	5.1%	100.0%
Regional share - Total Trade	0.3%	5.1%	100.0%

Source: IHS Markit Regional eXplorer version 1156

The merchandise export from Buffalo City Metropolitan Municipality amounts to R 1.76 billion and as a percentage of total national exports constitutes about 0.16%. The exports from Buffalo City Metropolitan Municipality constitute 2.58% of total Buffalo City Metropolitan Municipality's GDP. Merchandise imports of R 4.5 billion constitute about 0.41% of the national imports. Total trade within Buffalo City is about 0.29% of total national trade. Buffalo City Metropolitan Municipality had a negative trade balance in 2016 to the value of R 2.74 billion.

CHART 63. IMPORT AND EXPORTS IN BUFFALO CITY METROPOLITAN MUNICIPALITY, 2006-2016 [R 1000]



Analysing the trade movements over time, total trade decreased from 2006 to 2016 at an average annual growth rate of -7.11%. Merchandise exports decreased at an average annual rate of -10.45%, with the highest level of exports of R 10.1 billion experienced in 2008. Merchandise imports decreased at an average annual growth rate of -5.33% between 2006 and 2016, with the lowest level of imports experienced in 2010.

CHART 64. MERCHANDISE EXPORTS AND IMPORTS - BUFFALO CITY AND THE REST OF EASTERN CAPE, 2016 [PERCENTAGE]



When comparing the Buffalo City Metropolitan Municipality with the other regions in the Eastern Cape Province, Nelson Mandela Bay has the biggest amount of international trade (when aggregating imports and exports, in absolute terms) with a total of R 101 billion. This is also true for exports - with a total of R 50.7 billion in 2016. O.R.Tambo had the lowest total trade chart at R 20.7 million. The region with the lowest exports in currency value is Joe Gqabi with a total of R 11.8 million.



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