



Western Cape
Government

2021

Municipal Economic Review and Outlook

West Coast District

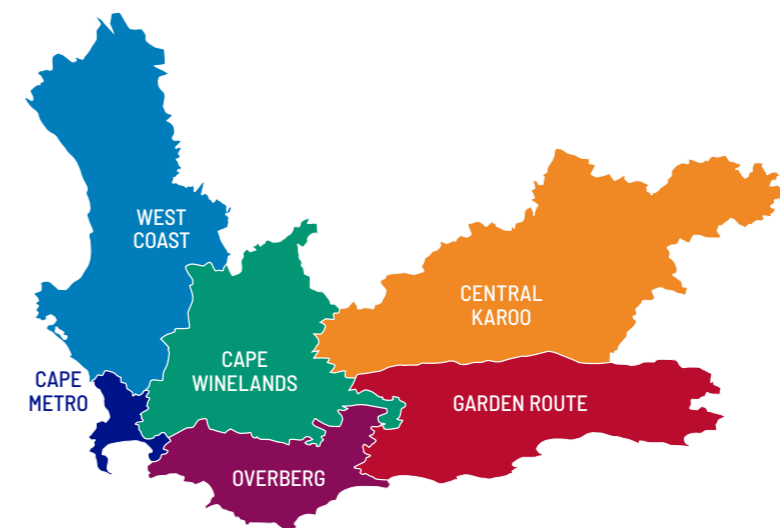




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2021 **Municipal Economic Review and Outlook**

West Coast District



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ABOUT THE MUNICIPAL ECONOMIC REVIEW AND OUTLOOK (MERO)

The Municipal Economic Review and Outlook (MERO) is a socio-economic research publication produced annually by the Western Cape Provincial Treasury since 2012. Together with its companion publication, the Provincial Economic Review and Outlook (PERO), the MERO informs the Western Cape Government's (WCG) evidence-based approach towards integrated planning and budgeting by guiding the equitable and sustainable distribution of financial resources.

The PERO provides policy-makers, sector departments and municipalities with a high-level review and outlook of past and forecasted economic developments that influence the national and sub-national spheres of government. In turn, the MERO disaggregates economic intelligence at a municipal level which feeds into municipal integrated development plans (IDPs), local economic development strategies (LEDs) and budgets.

The MERO starts off by providing an analysis of macroeconomic performance, a future growth outlook and labour market trends at a district level. It then proceeds with a more in-depth regional economic analysis by considering the trends in sectoral growth, skills and employment for each of the Western Cape's municipal areas. The MERO is not only a planning and budgeting tool for the public sector, but aims to support private sector developments by reflecting on investment potential and comparative advantages for each local municipal area i.e. unpacking levels of specialisation in different sectors and discussing whether certain regions are importing, self-sufficient or exporting its surpluses. Importantly, the MERO also attempts to consider the influence of exogenous factors on the future growth outlook (sectoral forecasting) of local economies. Lastly, the document assesses the extent to which economic developments impact on the social and living conditions of households and individuals per district.

The 2021 MERO is the 10th edition since its inception in 2012 and can be accessed on Provincial Treasury's website by using your mobile device to scan the QR code on the adjacent page.

FOREWORD

This year, the Municipal Economic Review and Outlook (MERO) is published shortly after the 2021 Local Government Elections. It provides the information needed for new councillors to set out a vision for their municipalities through the integrated development plans (IDPs), local economic development strategies and budgets.

In support of the Joint District and Metro Approach, the 2021 MERO has been disaggregated into separate district-specific publications to provide a more focussed overview of the challenges facing district structures while simultaneously acknowledging the development potential and bespoke offerings of each district. I am confident that the new district publications will contribute towards the notion of co-planning, co-budgeting and co-implementation as well as empower decision makers in their strategic policy responses aimed at ensuring a rapid and sustainable economic recovery in the post-COVID-19 environment.

The Western Cape Government, together with its municipalities, remain committed to the evidence-based approach towards planning and budgeting whereby credible research and a well-defined set of budget policy principles guide the equitable, sustainable allocation of scarce resources. The MERO contributes towards this cause by collating reliable data sources into regional-specific research publications.

Lastly, I wish to extend a sincere word of appreciation to the research and development team and their partners for compiling a research publication of the highest standard. Your commitment and dedication to develop an innovative publication of such quality, amidst trying times, has not gone unnoticed.



Mr David Maynier

Minister of Finance and Economic Opportunities

6 December 2021

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THE OTHER DISTRICTS

MERO 2021 ALL DISTRICTS



ACRONYMS AND ABBREVIATIONS

ACSA	Airports Company South Africa
AGOA	African Growth and Opportunity Act
AIDS	acquired immunodeficiency syndrome
ART	antiretroviral treatment
ASEZ	Atlantis Special Economic Zone
AVAT	African Vaccine Acquisition Trust
B&B	bed and breakfast
BER	Bureau for Economic Research
BFAP	Bureau for Food and Agricultural Policy
BPO	business processing outsourcing
CBO	community-based organisation
CKD	Central Karoo District
COVID-19	coronavirus disease 2019
CPF	Community Police Forum
CPI	Consumer Price Index
CSD	Central Supply Database
CSIR	Council for Scientific and Industrial Research
CTCP	Clothing and Textiles Competitiveness Programme
CWD	Cape Winelands District
DAFF	Department of Agriculture, Forestry and Fisheries
DFFE	Department of Forestry, Fisheries and the Environment
DOH	Department of Health
DoHS	Department of Human Settlements
DSD	Department of Social Development
DSD MYPE PPU	Department of Social Development Mid-year Population Estimate Provincial Population Unit
DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
e	estimate
ECD	early childhood development
EME	exempted micro enterprise
EPWP	Expanded Public Works Programme
ERRP	Economic Reconstruction and Recovery Plan
EU	European Union
f	forecast
FIFA	Fédération Internationale de Football Association

FPL	food poverty line
FTE	full-time equivalent
GBS	Global Business Service
GDP	gross domestic product
GDPR	gross domestic product per region
GPS	Growth Potential Study
GRD	Garden Route District
GSP	Generalised System of Preferences
HDI	Human Development Index
HIV	human immunodeficiency virus
HSRC	Human Sciences Research Council
ICCA	International Congress and Convention Association
ICT	information and communications technology
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
ILO	International Labour Organization
IMF	International Monetary Fund
IPP	Independent Power Producer
IRM	Infrastructure Reporting Model
J&J	Johnson & Johnson
JDMA	Joint District and Metro Approach
JOC	Joint Operations Centre
kl	kilolitre
km	kilometre
kWh	kilowatt-hour
LBPL	lower-bound poverty line
LEAP	Law Enforcement Advancement Plan
LED	local economic development
LNG	liquefied natural gas
MDB	Municipal Demarcation Board
MDR	multidrug-resistant
MERO	Municipal Economic Review and Outlook
MOD	Mass Participation, Opportunity and Access, Development and Growth
mSCOA	Municipal Standard Chart of Accounts
MTEF	Medium Term Expenditure Framework
MYPE	Mid-year Population Estimate

NAMC	National Agricultural Marketing Council
NGO	non-governmental organisation
NHLS	National Health Laboratory Service
NHW	Neighbourhood Watch
NICD	National Institute For Communicable Diseases
NIDS-CRAM	National Income Dynamics Study - Coronavirus Rapid Mobile Survey
OD	Overberg District
OPEC+	Organization of the Petroleum Exporting Countries and their allies
OPMII	Overview of Provincial and Municipal Infrastructure Investment
PERO	Provincial Economic Review and Outlook
PGM	platinum group metal
PHC	primary healthcare
PPE	personal protective equipment
PPI	Producer Price Index
PPP	purchasing power parity
PPU	Provincial Population Unit
PSP	Provincial Strategic Plan
PV	photovoltaic
QES	Quarterly Employment Statistics
QLFS	Quarterly Labour Force Survey
QSE	qualifying small enterprise
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RMB	Rand Merchant Bank
RSP	Rural Safety Plan
SA	South Africa
SACU	Southern African Customs Union
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SAWIS	SA Wine Industry Information and Systems
SBIDZ	Saldanha Bay Industrial Development Zone
SEZ	Special Economic Zone
SMME	small, medium and micro enterprise
SOE	state-owned enterprise
SRD	Social Relief of Distress
Stats SA	Statistics South Africa
TB	tuberculosis
TDA	Transport and Urban Development Authority

TERS	Temporary Employer/Employee Relief Scheme
TIPS	Trade & Industrial Policy Strategies
TVET	Technical Vocational Education and Training
UBPL	upper-bound poverty line
UIF	Unemployment Insurance Fund
UK	United Kingdom
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
US	United States
USD	United States dollar
VFR	visiting friends and/or relatives
VIP	vision-inspired priority
WCD	West Coast District
WCED	Western Cape Education Department
WCG	Western Cape Government
WCRP	Western Cape Recovery Plan
WHO	World Health Organization
ZAR	South African rand

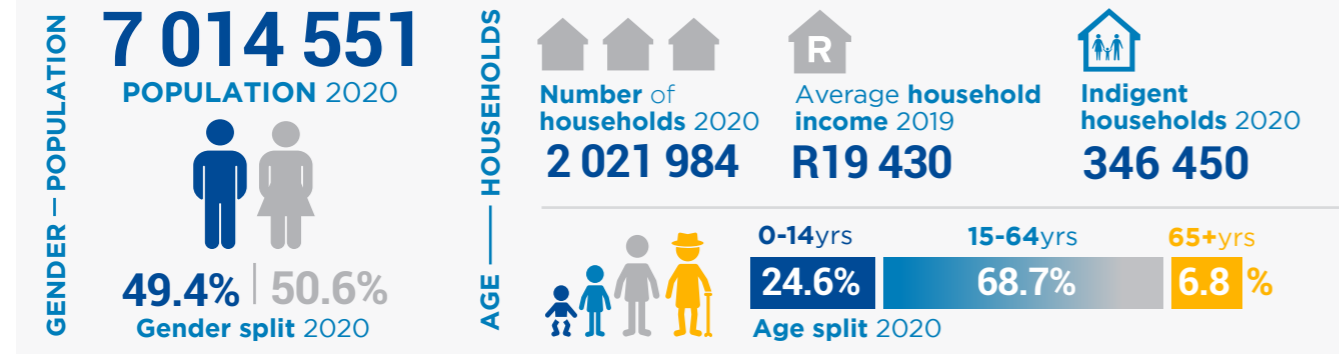


WC WESTERN CAPE

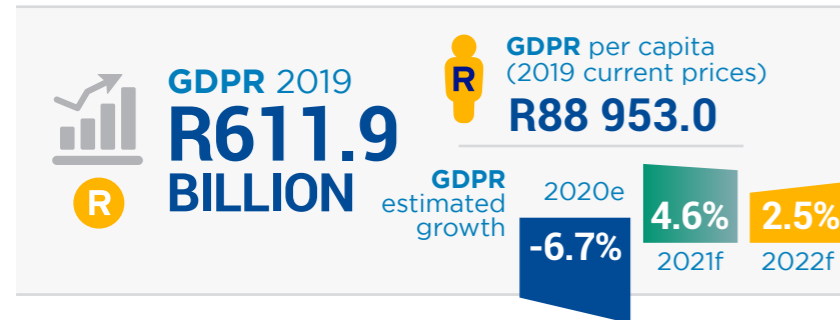
SEAT | AREA | DENSITY
Cape Town | **129 462 KM²** | **52.9 / KM²**

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

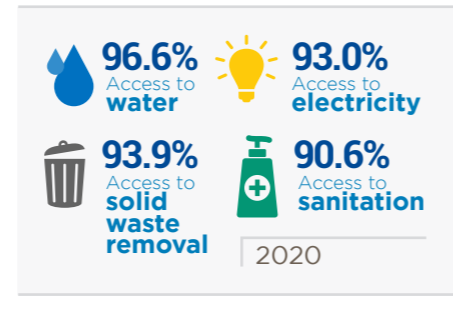
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



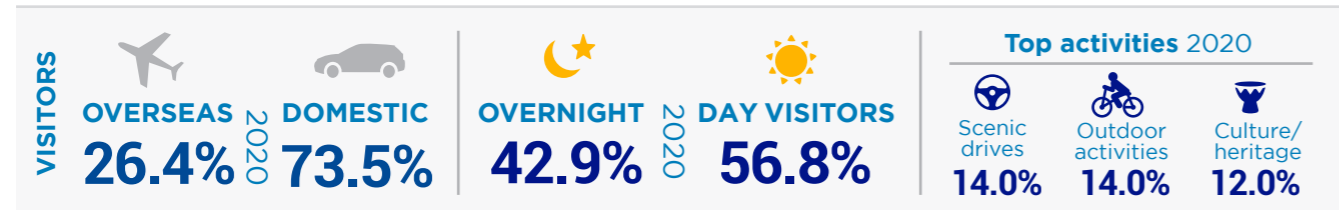
EMPLOYMENT



TRADE



TOURISM



GDPR

	2019	2020
GDPR CONTRIBUTION	3.5%	11.2%
GDPR GROWTH	13.3%	-11.9%

EMPLOYMENT

	2019	2020
EMPLOYMENT CONTRIBUTION	10.0%	16.1%
EMPLOYMENT GROWTH	-5.6%	-9.3%

	2019	2020
PRIMARY SECTOR	3.5%	11.2%
AGRICULTURE, FORESTRY & FISHING	3.2%	13.3%
MINING & QUARRYING	0.3%	-19.4%
SECONDARY SECTOR	23.6%	-11.9%
MANUFACTURING	15.3%	-10.0%
ELECTRICITY, GAS & WATER	2.9%	-6.8%
CONSTRUCTION	5.3%	-21.1%
TERTIARY SECTOR	72.9%	-6.2%
WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION	17.7%	-10.3%
TRANSPORT, STORAGE & COMMUNICATION	10.9%	-15.3%
FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES	25.3%	-4.4%
GENERAL GOVERNMENT	12.1%	0.7%
COMMUNITY, SOCIAL & PERSONAL SERVICES	7.0%	-2.2%

SECTION A

BACKGROUND AND MACROECONOMIC CONTEXT

1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The Municipal Economic Review and Outlook (MERO) provides detailed economic intelligence disaggregated at a metro, district and municipal level to help inform policy intervention and budgeting at local government. The MERO is a complementary publication to the Provincial Economic Review and Outlook (PERO), which provides detailed economic intelligence at a Provincial level.

The publication utilises a variety of data sources in order to provide an in-depth analysis of the economic and social trends across the various municipal areas of the Western Cape. National economic and employment data is sourced from Statistics South Africa (Stats SA), while the gross domestic product per region (GDPR) data utilised in this report is sourced from Quantec Research. The publication aims to utilise the most recent data sources for the numerous indicators. However, regional GDPR data is only available up to 2019, while 2020 data is estimated. Forecasts for 2021 and 2022 are based on the national forecast from the South African Reserve Bank (SARB), as well as the agriculture sector forecast from the Bureau for Food and Agricultural Policy (BFAP). Data sources for the various socio-economic indicators are sourced from Provincial departments such as Health, Education and Social Development, while tourism data is sourced from Wesgro and crime data from the South African Police Service (SAPS).

1.2 OBJECTIVE OF THE RESEARCH

The main objective of the research is to generate economic intelligence at a municipal level, to inform the municipal integrated development plans (IDPs), municipal budgets, local economic development strategies (LEDs), municipal reporting and the budget process of municipalities.

1.3 REPORT OUTLINE

The MERO 2021 publication is structured as follows:

SECTION A: Background and macroeconomic context - Introduction to the study and a broad overview of the macroeconomic performance and outlook of South Africa and the Western Cape.

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

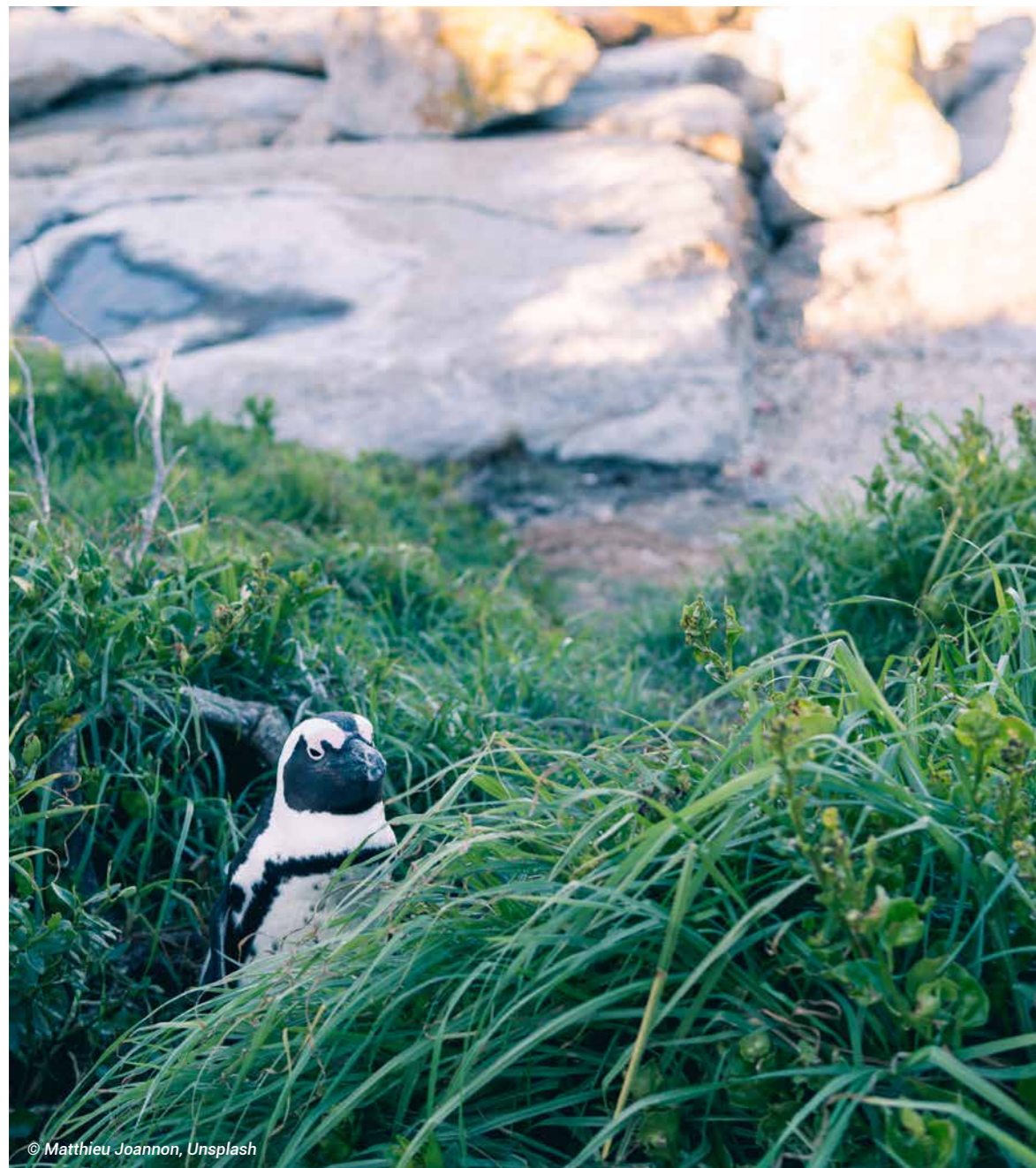
Chapter 1: Regional economic review and outlook - Broad overview of the Provincial macroeconomic context of each District by focusing on GDPR performance and labour trends. The period under review for MERO 2021 is 2015 to 2019, with 2020 figures being

estimated. This chapter also provides GDP forecasts for 2021 and 2022.

Chapter 2: Sectoral growth, employment and skills per municipal area - This chapter provides a more in-depth macroeconomic outlook by considering the trends in GDP, employment and skill levels between 2010 and 2020 for each of the municipal areas.

Chapter 3: Trade, tourism and investment - This section explores trade, tourism and investment dynamics at a District level and analyses the comparative advantages of the various economic sectors within the District to identify growth opportunities and potential risks.

Chapter 4: Municipal socio-economic analysis - This chapter provides an overview of the economic and social circumstances of households by analysing population, human development, housing, crime and access to basic services. More specifically, human development in the region is assessed by exploring education levels, health and income.



2. MACROECONOMIC PERFORMANCE AND OUTLOOK

2.1 INTRODUCTION

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



2.2 GLOBAL ECONOMIC PERFORMANCE

2.2.1 Global economic outlook¹

The International Monetary Fund (IMF) expects the global economy to rebound to 5.9 per cent in 2021 from a low base in 2020, before easing to a growth of 4.9 per cent in 2022 (see Table 2.1). The 2022 forecast for advanced economies has been revised down by 0.4 percentage points from the July forecast, while the forecast for emerging market and developing economies has been marked up by 0.1 percentage points. The divergence can be supply disruptions in advanced economies and improved commodity prices benefiting commodity-exporting emerging and developing economies. There are risks to the rebound – there may be further virus mutations, social unrest, geopolitical tensions, cyberattacks on critical infrastructure and natural disasters associated with climate change.



¹ As released in October 2021.

Table 2.1
GLOBAL ECONOMIC
OUTLOOK,
2021 – 2022



	Size of global GDP in 2020	GDP growth (%)		GDP forecast (%)	
	(%)	2019	2020	2021	2022
World output	100.0	2.8	-3.1	5.9	4.9
Advanced economies	59.8	1.6	-4.5	5.2	4.5
United States	24.8	2.2	-3.4	6.0	5.2
Euro area	15.3	1.3	-6.3	5.0	4.3
Germany	4.5	0.6	-4.6	3.1	4.6
France	3.1	1.8	-8.0	6.3	3.9
Italy	2.2	0.3	-8.9	5.8	4.2
Spain	1.5	2.0	-10.8	5.7	6.4
Japan	6.0	0	-4.6	2.4	3.2
United Kingdom	3.2	1.4	-9.8	6.8	5.0
Canada	1.9	1.9	-5.3	5.7	4.9
Other advanced economies	8.7	1.9	-1.9	4.6	3.7
Emerging and developing economies	40.2	3.7	-2.1	6.4	5.1
Sub-Saharan Africa	1.9	3.2	-1.7	3.7	3.8
Nigeria	0.5	2.2	-1.8	2.6	2.7
Middle East and Central Asia	4.4	1.4	-2.8	4.1	4.1
Emerging and developing Europe	4.3	2.5	-2.0	6.0	3.6
Russia	1.7	2.0	-3.0	4.7	2.9
Emerging and developing Asia	24.5	5.4	-0.8	7.2	6.3
China	17.4	6.0	2.3	8.0	5.6
India	3.2	4.0	-7.3	9.5	8.5
Latin America and the Caribbean	5.1	0.1	-7.0	6.3	3.0
Brazil	1.7	1.4	-4.1	5.2	1.5
Mexico	1.3	-0.2	-8.3	6.2	4.0
Consumer prices					
Advanced economies		1.4	0.7	2.8	2.3
Emerging and developing economies		5.1	5.1	5.5	4.9

Source: IMF, 2021



2.2.2 Performance outlook of advanced economies

Advanced economies are forecast to rebound by 5.2 per cent in 2021 and 4.5 per cent in 2022. This strong post-COVID-19 normalisation is supported by a swift vaccine roll-out and fiscal support. This follows an economic contraction of 4.5 per cent in 2020. These economies account for nearly 60.0 per cent of global economic activity and the destination of more than 30.0 per cent of Western Cape exports.

The economy of the United States (US) is forecast to grow by 6.0 per cent in 2021 and by 5.2 per cent in 2022, following a contraction of 3.4 per cent in 2020. Since taking office, President Joe Biden has mobilised a whole-of-government effort to provide the support needed to fight the COVID-19 pandemic and get people vaccinated. The additional support is expected to boost growth in the US by 0.3 percentage points in 2021. The US unemployment rate peaked at 14.8 per cent in April 2020, the highest rate since 1948. The strong recovery supported an improvement in the unemployment rate to 5.8 per cent in May 2021 and a gradual improvement in the labour market participation rate from 60.2 per cent, the lowest since the 1970s, to 61.7 per cent in July 2021.

There were similar developments in the euro area, which is expected to recover by 5.0 per cent in 2021 and by 4.3 per cent in 2022 owing to strong policy support and developments in bringing the COVID-19 pandemic under control. This is after the euro area experienced a sharp contraction of 6.3 per cent in 2020. The impact of the COVID-19 pandemic was most evident in the economic decline in Spain (10.8 per cent) and Italy (8.9 per cent) in 2020. Gross domestic product (GDP) growth in the euro area reached an all-time high of 12.4 per cent in the third quarter of 2020, after a record contraction of 11.5 per cent in the second quarter of 2020 owing to widespread pandemic-related lockdowns. After the rebound in the third quarter of 2020, many European countries experienced a second wave of COVID-19 infections, causing the regional economy to contract by 0.6 per cent in the fourth quarter of 2020 and by 0.3 per cent in the first quarter of 2021. The second quarter of 2021 brought modest growth of 2.0 per cent as the pandemic was brought under control and vaccination coverage increased.

Within the euro area, the French economy is forecast to rebound by 6.3 per cent in 2021 and by 3.9 per cent in 2022, as smaller than expected productivity losses and strong spending and investment are expected to support growth. France was the second-fastest-growing economy in the euro area in 2019. However, the country experienced a steep contraction of 8.0 per cent in 2020. France and its European neighbours faced a new wave of COVID-19 infections in 2021, prompting governments to reimpose lockdowns to contain the resurgence. France's economy contracted by 0.1 per cent in the first quarter of 2021, slipping into recession as it struggled to recover from the pandemic-induced downturn.² The French Central Bank expects the country's economy to return to pre-pandemic output at the start of 2022, as the lifting of restrictions and the acceleration of vaccinations fuel a rebound in the second half of 2021.

The German economy is expected to grow by 3.1 per cent in 2021 and by 4.6 per cent in 2022 as the economy reopens and growth gains momentum. Germany experienced a 4.6 per cent economic decline in 2020. According to the Federal Statistical Office,³ Germany's economy expanded by 1.5 per cent in the second quarter of 2021, after a 2.1 per cent contraction in the first quarter of 2021.

² (Reuters, 2021).

³ (Destatis, 2021).

The recovery in the second quarter followed the gradual easing of coronavirus restrictions and was mainly due to higher household and government final consumption expenditure. GDP was still 3.4 per cent lower in the first quarter of 2021 than in the first quarter of 2020, when the pandemic emerged.⁴

The economy of the United Kingdom (UK) is forecast to rebound by 6.8 per cent in 2021 and by 5.0 per cent in 2022. This is after the UK experienced a contraction of 9.8 per cent in 2020, more than twice as much as the previous largest annual contraction on record, according to the British Office for National Statistics. UK growth picked up at the end of the year, expanding by 1.3 per cent in the fourth quarter of 2020 as restrictions eased, but contracted by 1.5 per cent in the first quarter of 2021. It is then estimated to have increased by 4.8 per cent in the second quarter of 2021 following the easing of COVID-19-related restrictions. A resurgence of infections caused by the Delta variant of the coronavirus nevertheless delayed the lifting of the remaining physical distancing rules until July 2021. However, by the end of July 2021, the UK had fully vaccinated more than 70.0 per cent of adults, successfully slowing the surge of infections and boosting the economic outlook.

The growth forecast for the Japanese economy was downgraded to 2.4 per cent for 2021, but a rebound of 3.2 per cent in 2022 is expected as the Japanese economy reopens and vaccination coverage increases. This follows the sharp contraction of 4.6 per cent in 2020, its first since 2009. The Japanese economy suffered a 3.7 per cent slump in the first quarter of 2021 as COVID-19 infections again surged, driven by the Delta variant, forcing policymakers to implement a third state of emergency at the end of April 2021. Japan hosted the 2020 Olympics, which were postponed to August 2021 owing to the pandemic. However, the lack of spectators and the expected windfalls from tourism, coupled with cost overruns for building new venues and upgrading infrastructure, eroded any hope of an economic boost for the Japanese economy.



⁴ (Destatis, 2021).

2.2.3 Performance and outlook of emerging and developing economies

Emerging markets and developing countries are important and growing export markets for the Western Cape and South Africa. China and India are among the top 10 export markets for South Africa, accounting for 15.2 per cent of total exports as of 2020. China and Russia account for 7.4 per cent of total exports from the Western Cape. In these economies, growth is expected to recover by 6.4 per cent in 2021 and by 5.1 per cent in 2022, following a contraction of 2.1 per cent in 2020. These economies face a double hit owing to worsening COVID-19 pandemic dynamics and tightening external financial conditions. Imports and exports remain substantially below the 2019 levels for Brazil, India and Russia.

The Brazilian economy is expected to grow by 5.2 per cent in 2021 and 1.5 per cent in 2022. However, Brazil's outlook is dampened by soaring inflation and persistent unemployment. Brazil was hard-hit by the COVID-19 pandemic, as the economy contracted by 4.1 per cent in 2020 while it was recovering from its 2014 to 2016 recession. The Brazilian president's delayed approach to the pandemic did not support the recovery. Measures to slow the spread of the coronavirus and contain its impact on the health system were finally implemented, but the virus had already spread rapidly as infections soared. The government introduced a fiscal package focused on social assistance to mitigate the impact of the pandemic. The fiscal stimulus limited the economic decline. As such, the Brazilian economy expanded by 1.2 per cent in the first quarter of 2021, marking its third consecutive quarter of growth driven by services, industry and fixed business investment.⁵ However, a new, more contagious variant of the virus was discovered in Manaus in early 2021, and by March 2021 the country had reached its highest peak in infections since the start of the pandemic.

The outlook for Russia is promising, with growth forecasts of 4.7 per cent in 2021 and 2.9 per cent in 2022 supported by global economic recovery, higher oil prices, household consumption and public investment. This follows the 3.0 per cent contraction in 2020. The economic contraction experienced by Russia in 2020 was smaller than that experienced by other emerging market and developing economies owing to, among other factors, the macrofiscal stabilisation efforts undertaken in recent years, better regulation of its banking sector and closer trade ties to China.⁶ After a contraction of 0.7 per cent in the first quarter of 2021, the economy showed a strong rebound, with growth of 10.3 per cent in the second quarter of 2021. The Russian economy is showing a strong recovery on the back of a rebound in consumer demand and high prices for oil, its key export.⁷

India is forecast to grow by 9.5 per cent in 2021 and 8.5 per cent in 2022, after the country is expected to have suffered an economic contraction of 7.3 per cent in 2020. In March 2020, the Indian government announced a national lockdown, pausing economic activity and resulting in negative growth for the first half of the year and modest growth for the second half of the year. The economy slowly reopened in the second half of 2020, creating hope for recovery. Despite the high forecasted growth rates, India's economic growth prospects have been revised down following the March to May 2021 severe second-wave COVID-19 outbreak. Economic recovery was marred by the emergence of the Delta variant of the coronavirus during a severe second wave of COVID-19 in April 2021. India's economy is estimated to have grown at a modest 1.6 per cent during the first quarter of 2021. However, the Reserve Bank of India estimates growth at 22.1 per cent in the second quarter of 2021 owing to a tapering in the spread of COVID-19 infections and an aggressive vaccination campaign.

⁵ (Reuters, 2021).

⁶ (World Bank, 2021).

⁷ (Reuters, 2021).

China's growth forecast has been revised down to 8.0 per cent for 2021 owing to the cut in public investment and overall fiscal support. The economy is expected to grow by 5.6 per cent in 2022. The Chinese economy expanded by 2.3 per cent in 2020 amid the outbreak of the COVID-19 pandemic, albeit its lowest growth since 2010. China and Turkey were the only two countries of the G20 that managed to escape a recession in 2020. China was the first country to impose a lockdown and the first to reopen its economy for business, and managed to bring the spread of COVID-19 under control. The Chinese economy grew by 18.3 per cent in the first quarter of 2021, marking the largest quarterly growth figure since China began keeping records in 1992, according to the National Bureau of Statistics of China. The growth was driven by a strong rebound in the retail sector and strong growth in industrial production. However, in May 2021, China's Guangdong Province imposed restrictions amid an outbreak of infections after months of minimal new infections. Although China has managed to contain the spread of the coronavirus, weak consumer spending and the disruption of global production and supply chains has weakened China's growth prospects. However, the Chinese economy can be strengthened by improved relationships with the US, which is likely to increase exports.

2.2.4 Performance and outlook of sub-Saharan Africa

Sub-Saharan Africa is expected to rebound by 3.7 per cent in 2021 and 3.8 per cent in 2022, supported by growth in South Africa in the first quarter of 2021 and the gradual reopening of the regional economy. However, other countries in the region experienced a downward revision of their growth forecast owing to rising public and external debts and slow vaccine roll-out, especially to vulnerable groups. In 2020, the regional economy contracted by 1.7 per cent owing to the pandemic-induced restrictions. While most advanced economies are recovering and looking forward to normalising pre-pandemic activities, emerging markets and developing economies are still battling the resurgence of new infections and rising death tolls. Developing economies, particularly sub-Saharan African countries, face multilayered challenges such as the health shock, vaccination take-up, disruption in economic activities, growing public and external debts, declining commodity prices and poor governance issues.



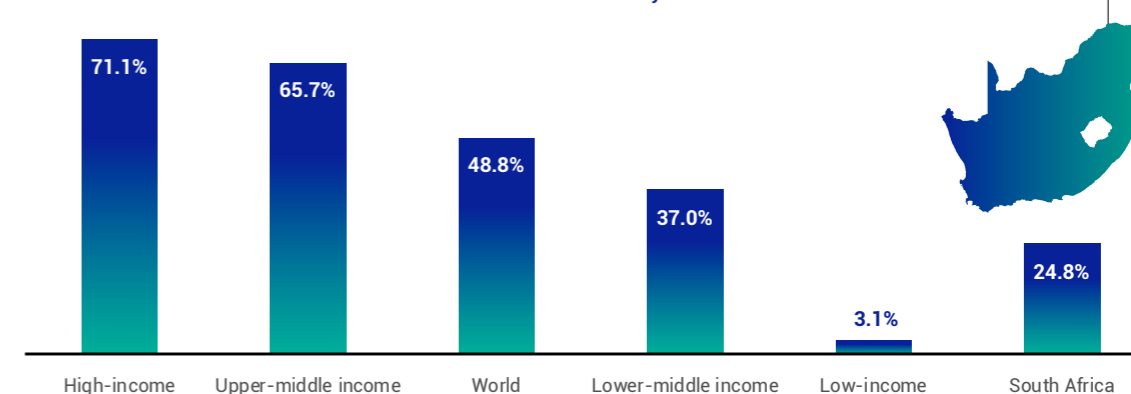
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GLOBAL VACCINE ROLL-OUT

As of 31 October 2021, a total of 7.05 billion doses had been administered worldwide. Of this, 1.68 billion were administered by high-income economies and 34.3 million by low-income economies. Approximately 71.1 per cent of the population in high-income economies had been vaccinated (received at least one dosage), compared with 37.0 per cent in lower-middle-income economies and 3.1 per cent in low-income economies. Variance in vaccine coverage is expected to deepen inequality between developed and developing economies. Low vaccine administration is also associated with the emergence of new variants of the virus, thus posing many threats to the global economy.

Figure 2.1
SHARE OF TOTAL POPULATION VACCINATED, 25 October 2021



Note: This data is only available for countries that report the breakdown of doses administered by first and second doses. Source: Ourworldindata.org, 2021

Of the 54 African nations, only 15 managed to meet the September target of vaccinating 10.0 per cent of their citizens. However, there was a significant increase in the supply of vaccines to Africa between June and September, which assisted with improving vaccination numbers across the continent. Economic recovery speed is also impacted, accelerating in high-income economies while conditions worsen for lower-middle-income and lower-income economies. The damage to jobs and livelihoods is causing a further divergence between the fate of poor and rich countries.

The African Vaccine Acquisition Trust (AVAT) was forced to strategise after the West failed to honour its promise to deliver funding for 700 million vaccines to Africa by the end of 2021. The multinational Covax facility negotiated a deal with Johnson & Johnson (J&J) for 400 million single-shot vaccines. From October 2021, all J&J's future African-produced vaccines could remain in Africa. Now 30.0 per cent of Africa's adult population are guaranteed vaccination, even though it will take until September 2022.

Global co-operation and support to developing economies around the distribution of vaccines and boosters can help immunise the global population, reduce pressure on health systems and prevent the emergence of new waves and vaccine resistant coronavirus variants.

Source: WHO, IMF, The Guardian, 2021

The unexpected global spread of the pandemic severely affected export-dependent economies and has weakened the prospect of income convergence between developing and advanced economies. Approximately 80.0 per cent of global trade by volume is carried by sea and handled by ports worldwide.⁸ The COVID-19 pandemic has led to a disruption in global supply chains, shipping networks and ports, resulting in plummeting cargo volumes and reduced growth prospects, with an estimated contraction of 4.1 per cent of maritime trade in 2020. Owing to the pandemic, the shipping industry has faced crew change crises, volatile trade volumes and capacity constraints. While the dry bulk market has benefited from the recovery of commodity prices resulting in a rise in deliveries over the course of the pandemic, crude oil trade declined by 8.0 per cent, and oil product trade declined by 12.0 per cent despite improved oil prices.

The Port of Cape Town is a major economic gateway for the Western Cape, and is South Africa's second-biggest seaport after Durban. The Port of Cape Town is strategically positioned as a hub terminal for cargo to South America and the Far East, as well as West/East Africa cargo, and for tourism. The Western Cape terminals were severely impacted by the COVID-19 pandemic in 2020, with the country having recorded a high number of infections in the second quarter of 2020, which led to the closure of some parts of the ports and a significant decrease in vessels moving out. Inefficiencies in operational activities of the ports and the pandemic challenges led to congestion and long truck turnaround times, resulting in a significant cost for the container transport industry. The delays have resulted in an increased number of shipping lines omitting the Port of Cape Town and vessels thus bypassing this port. This has had a detrimental impact on the Western Cape economy, as exporters prefer to use other ports at a higher transport cost to export their goods.



⁸ (United Nations Conference on Trade and Development [UNCTAD], 2018).

2.2.5 Global inflation outlook

The IMF expects inflation to return to pre-pandemic ranges in most countries in 2022. The inflation outlook in advanced economies is forecast to be 2.6 per cent in 2021 and 2.0 per cent in 2022. The recent rise in core inflation in the US largely mirrors side-effects from the pandemic rather than rising consumer spending. Wage growth in the US is fairly stable as individual wages, observed 12 months apart by the Federal Reserve Bank of Atlanta's Wage Growth Tracker, failed to show any pressure on the labour market. Similarly, data from Canada, Spain and the UK shows the same patterns of fairly stable wage growth.

The inflation outlook for emerging markets and developing economies is projected to improve slightly from 5.5 per cent in 2021 to 4.9 per cent in 2022. Weak local currencies have further fuelled the prices of imported goods, thus adding to the overall inflation. Inflation in sub-Saharan Africa is expected to ease from 10.7 per cent in 2021 to 8.6 per cent in 2022.

The price per barrel for Brent crude oil rose from below US\$30 in April 2020 to US\$73 per barrel in June 2021, thereby adding pressure to the global inflation outlook (see Figure 2.2). The spot price of Brent crude oil increased at double-digit rates in both January and February 2021, following economic recovery on the back of the global COVID-19 vaccination roll-out and easing of movement restrictions, which promise to contribute to the revival of global economic activity and thus the demand for oil. On the supply side, constraints brought about by severe winter storms, with extreme cold weather conditions in some parts of the US, disrupted crude oil production and supported the oil price. Supply curtailments introduced by the Organization of the Petroleum Exporting Countries and their allies (OPEC+) also contributed to higher crude oil prices.

Figure 2.2
BRENT CRUDE OIL PRICE, January 2020 - June 2021



Source: Quantec Research, 2021

The spot price of Brent crude oil surged by 37.7 per cent in the first quarter of 2021 to its highest quarterly average since the fourth quarter of 2019. However, prices eased in April 2021 after OPEC+ gradually increased supply between May and June 2021. There are rising concerns regarding fuel demand, as several European countries have reintroduced lockdown measures, which have also weighed on the price. Japan's new wave of COVID-19 cases and the death toll surge in India further contributed to the crude oil price increases slowing down.

2.3 DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

2.3.1 Performance of the South African economy

By the first half of 2021, the South African growth recovery was well under way. Unadjusted GDP for the first six months of 2021 increased by 7.5 per cent, compared with the first six months of 2020. By the second quarter of 2021, the largest positive contributors to growth were the transport, storage and communication;⁹ community, social and personal services;¹⁰ and wholesale and retail trade, catering and accommodation¹¹ sectors – all of which responded positively to the easing of pandemic-related lockdowns. The transport sector increased by 6.9 per cent and contributed half a percentage point to GDP growth. The community services sector increased by 2.5 per cent and contributed 0.4 of a percentage point to GDP growth, while the trade sector increased by 2.2 per cent and contributed 0.3 of a percentage point to GDP growth.

Within the primary sector, the agriculture, forestry and fishing¹² sector increased by 6.2 per cent, which was mainly due to the increased production of field crops, horticulture and animal products. The mining and quarrying¹³ sector increased by 1.9 per cent, and the increased production was reported for platinum group metals (PGMs), gold and coal.

Within the secondary sector, the manufacturing sector decreased by 0.8 per cent. Six of the 10 manufacturing divisions reported contractions. The petroleum, chemical products, rubber and plastic products division made the largest contribution to the decrease. The electricity, gas and water sector increased by 0.7 per cent, which was largely due to increases in electricity and water distributed, while the construction sector decreased by 1.4 per cent. Decreases were reported for residential buildings, non-residential buildings and construction works. Stats SA reported that the value of building plans completed for residential and non-residential buildings as well as additions and alterations declined by 44.8 per cent between 2019 and 2020.

Within the tertiary sector, the trade sector grew by 2.2 per cent. Improved economic activity was reported in the wholesale, retail and motor trade, and there was increased spending on catering and accommodation services. The transport sector grew by 6.9 per cent; the increased economic activity was reported for land transport services. The finance, insurance, real estate and business services¹⁴ sector contracted by 0.4 per cent. The decreased economic activity was reported for financial intermediation and auxiliary activities. The general government sector contracted by 0.9 per cent, which can mainly be attributed to decreased employment in national, provincial and local government. The community services sector improved by 2.5 per cent. Increases in personal services were reported for community services and other producers. Although the growth recovery continued into the first half of 2021, the level of GDP in the second quarter of 2021 was on a par with GDP in the fourth quarter of 2017.

⁹ Hereafter abbreviated to transport.

¹⁰ Hereafter abbreviated to community services.

¹¹ Hereafter abbreviated to trade.

¹² Hereafter abbreviated to agriculture.

¹³ Hereafter abbreviated to mining.

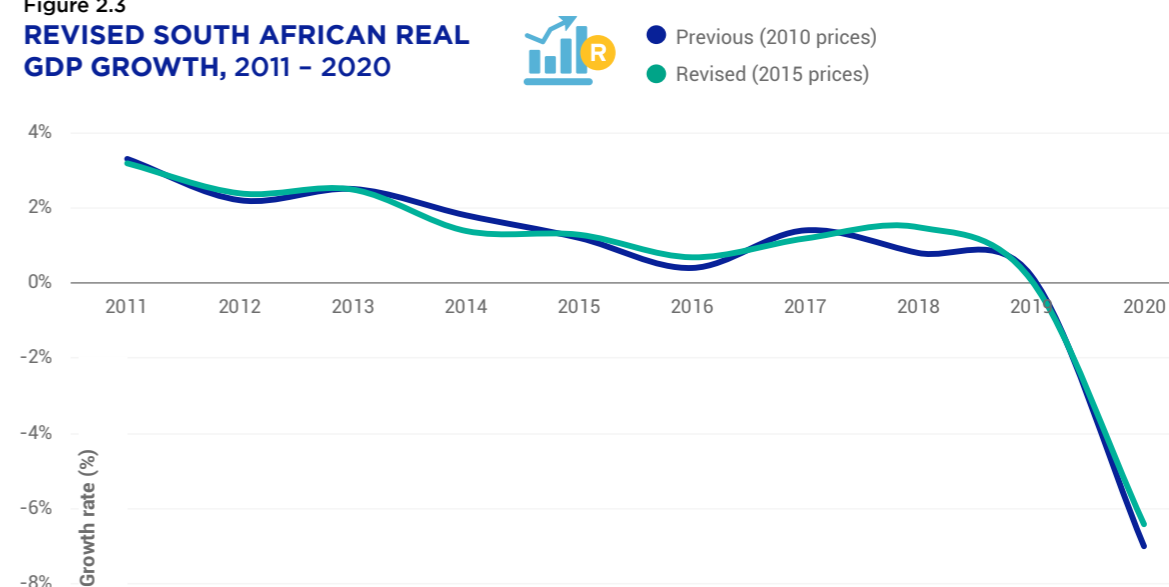
¹⁴ Hereafter abbreviated to finance.



BENCHMARKING AND REBASING GDP ESTIMATES

In August 2021, Stats SA published updated estimates of real GDP as a result of a comprehensive project to benchmark and rebase the statistics. This is aligned with international best practice to review and update the estimates of the size, structure and performance of the economy periodically. During this process, Stats SA included new sources of information, improved the compilation methodology, reviewed and refined the classification of economic activities, and updated the base year from 2010 to 2015. As a result, GDP is now measured at constant 2015 prices instead of 2010 prices. Together with new methods, data sources and benchmarking, this has resulted in revisions to the entire set of GDP-related time series.

Figure 2.3
REVISED SOUTH AFRICAN REAL GDP GROWTH, 2011 - 2020



Source: Stats SA, 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Previous (2010 prices)	3.3%	2.2%	2.5%	1.8%	1.2%	0.4%	1.4%	0.8%	0.2%	-7.0%
Revised (2015 prices)	3.2%	2.4%	2.5%	1.4%	1.3%	0.7%	1.2%	1.5%	0.1%	-6.4%

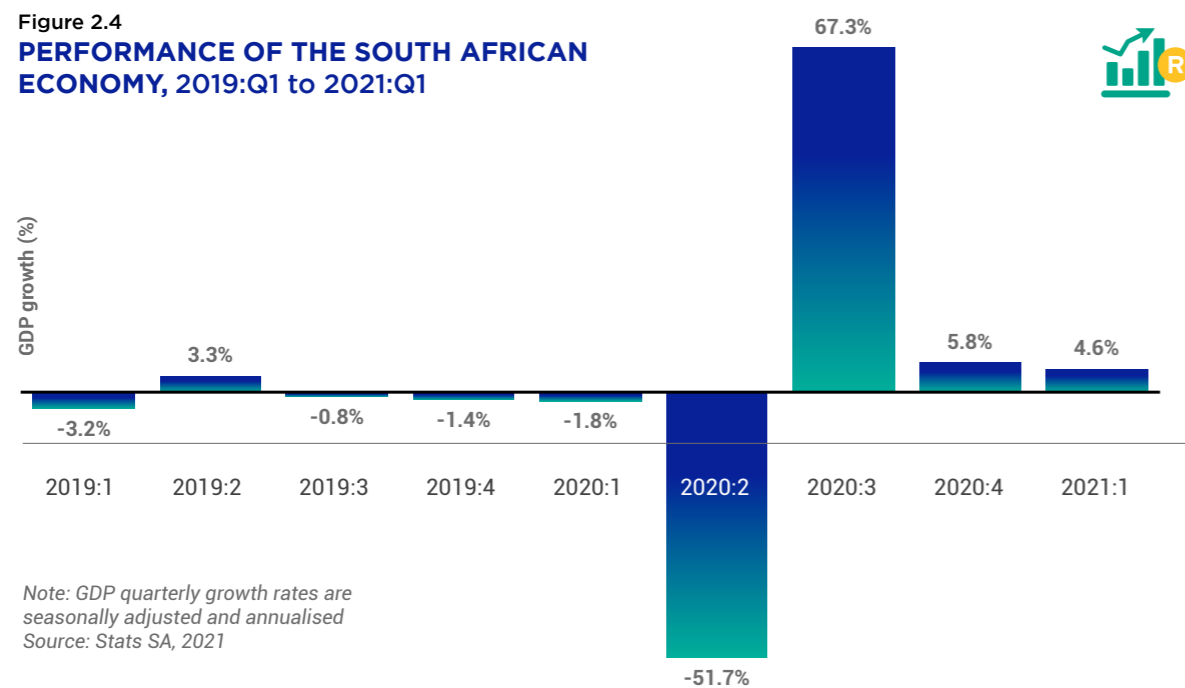
The revised estimate of GDP in 2020 increased by 11.0 per cent to R5 521 billion, compared with the previous estimate of R4 973 billion. Consequently, the annual contraction for 2020 was revised from -7.0 per cent to -6.4 per cent. Historically, benchmarking GDP has resulted in estimates that show an increase in the size of the economy. Over the last two decades, using the new base year in each case as a measure, these increases have ranged between 1.8 per cent (2005 new base year, published in 2009) and 13.5 per cent (1995 new base year, published in 1999). In this benchmark cycle the size of the economy is 9.2 per cent larger in the new base year of 2015, as measured by GDP at current prices (based on the production approach, which is the official measure of GDP). In the 10 years between 2011 and 2020, the percentage difference between the previous and revised levels averaged 9.6 per cent based on current prices.



The impact of the revision to the estimates has improved the accuracy of GDP. A more accurate measure of GDP will improve indicators that use GDP as a source. For example, the upward revision of the size of the economy means that the value of how much the economy is producing per person is now slightly higher than what was previously estimated, increasing GDP per capita. Another example is gross fixed capital formation as a percentage of GDP. With the revised GDP series, the ratio drops by about two percentage points. A third example is South Africa's debt-to-GDP ratio. This will also be smaller using the new GDP values. Other examples of ratios that will be affected include equity-market capitalisation to GDP, government spending to GDP and household debt to GDP, to name a few. Although these ratios will change, the trends and patterns will remain largely unaffected.

In terms of purchasing power parity (PPP), the World Bank currently ranks South Africa as the third-largest economy on the continent after Egypt and Nigeria. Egypt's GDP (PPP\$ in current prices) was PPP\$1 290 billion according to the World Bank's estimate, higher than that of Nigeria (PPP\$1 069 billion) and South Africa (PPP\$717 billion). If the 2020 World Bank figure for South Africa is adjusted by Stats SA's upward revision of 11.0 per cent (i.e. to PPP\$796 billion), the South African economy still lags behind that of Nigeria and Egypt.

Figure 2.4
PERFORMANCE OF THE SOUTH AFRICAN ECONOMY, 2019:Q1 to 2021:Q1



Note: GDP quarterly growth rates are seasonally adjusted and annualised
Source: Stats SA, 2021

Growth increased by 4.6 per cent in the first quarter of 2021, which was aided by the R500 billion COVID-19 economic support package directed towards the country's health response and to alleviate economic distress. The package financed the procurement of personal protective equipment (PPE), the Temporary Employer/Employee Relief Scheme (TERS), the special COVID-19 Social Relief of Distress (SRD) grant, farmers' relief, and other funds and initiatives aimed at supporting businesses and industries affected by the pandemic.



SOUTH AFRICA'S CREDIT RATINGS

In May 2021, S&P affirmed its sovereign rating for South Africa's long-term foreign and local currency debt ratings at "BB-" and "BB" respectively. An issue rated "BB" is regarded as having speculative characteristics. While such obligations are likely to have some quality and protective characteristics, these may be outweighed by large uncertainties or exposure to adverse conditions. The agency maintained a stable outlook. Fitch also affirmed South Africa's long-term foreign and local currency debt ratings at "BB-" while maintaining a negative outlook. Both agencies affirmed South Africa's sovereign rating and outlook in May 2021, citing an upturn in near-term economic performance and improved public finances. According to Fitch, South Africa's rating is constrained by high and rising government debt, low trend growth and exceptionally high inequality, which will all complicate consolidation efforts.



Table 2.2
SOUTH AFRICAN CREDIT RATINGS, November 2020 – May 2021

Agency	Rating	Outlook	Date
Fitch	BB-	Negative	21 May 2021
S&P	BB-	Stable	21 May 2021
Moody's	Ba2	Negative	20 November 2020
Fitch	BB-	Negative	20 November 2020

Source: Reuters, 2021



The finance sector, the mining sector and the trade sector were the main drivers of output on the production side of the economy, while household spending and changes in inventories supported growth on the expenditure side. Nevertheless, the South African economy is experiencing a gradual growth recovery. Reviewing quarterly growth figures, it is evident that only two of the 10 major sectors contracted in the fourth quarter of 2020, while the agriculture and the electricity, gas and water sectors contracted in the first quarter of 2021 (see Table 2.3).

Table 2.3
SOUTH AFRICA CHANGE
IN GDP PER SECTOR,
2020:Q4 – 2021:Q1



DESCRIPTION	Quarterly (q-o-q) percentage change		Annual (y-o-y) percentage change	
	2020Q4	2021Q1	2020Q4	2021Q1
Agriculture, forestry and fishing	5.9	-3.2	12.7	7.5
Mining and quarrying	-5.7	18.1	-7.0	3.5
Manufacturing	21.1	1.6	-2.0	-1.1
Electricity, gas and water	2.2	-2.6	-0.8	-0.9
Construction	11.2	0.8	-19.8	-17.5
Wholesale and retail trade, catering and accommodation	9.8	6.2	-5.2	-3.8
Transport, storage and communication	6.7	4.8	-12.3	-11.5
Finance, insurance, real estate and business services	-0.2	7.4	-4.3	-5.3
General government	0.7	0.9	0.5	0.5
Community, social and personal services	4.8	1.7	0.5	-0.6
GDP	5.8	4.6	-4.2	-3.2

Note: GDP quarterly growth rates and GDP yearly growth rates are not seasonally adjusted or annualised
Source: Quantec Research, 2021

2.3.2 Outlook for the South African economy

A gradual recovery of the South African economy is expected in 2021 and beyond. The long contraction of the economy from the third quarter of 2019 to the second quarter of 2020, coupled with frequent power cuts and soaring fuel, electricity and food prices, further complicates the country's social challenges. Social unrest is at a tipping point following the riots in KwaZulu-Natal and Gauteng in July 2021, which were characterised by violence, looting and protests that led to the loss of lives, the destruction of property and businesses, as well as the temporary closure of critical trade routes. The estimated cost to the national economy due to the civil unrest stands at R50 billion in lost output, while 150 000 jobs have been placed at risk.

According to the National Treasury, it will take the national economy up to two years to recover from the impact. National debt is still a major concern, as gross loan debt is expected to increase by R430.8 billion to R4.745 trillion in 2022/23 and to increase further to R5.538 trillion by 2024/25. This will drive up debt service costs by R96.6 billion over the Medium Term Expenditure Framework (MTEF) period to R365.8 billion in 2024/25, thereby reducing the Government's ability to deliver on services and programmes.



HEADLINE GDP ESTIMATES WILL NO LONGER BE ANNUALISED

In June 2021, Stats SA announced that the headline GDP growth rate would no longer be annualised. Several real GDP growth rates can be calculated from the value of GDP. These GDP growth rates provide different perspectives on the performance of the economy. Historically, Stats SA has treated the quarter on-quarter annualised rate as the headline growth rate. The quarter-on-quarter annualised rate shows what the annual growth rate would be if the quarter-on-quarter rate were to occur over four consecutive quarters.

During periods of steady economic growth, annualising is a useful way of expressing quarter-on-quarter performance in annual terms. However, during periods of economic instability, annualising can be misleading because it exaggerates growth rates that are unlikely to be repeated. For example, largely as a result of the COVID-19 pandemic and lockdown regulations, real GDP contracted sharply in the second quarter of 2020 and rebounded strongly in the third quarter of the same year.



Table 2.4
GDP GROWTH RATES



Growth rate	Seasonality	Description (3rd quarter of 2020)
% year-on-year	Not seasonally adjusted	% change from 3rd quarter of 2019 to 3rd quarter of 2020
% quarter-on-quarter	Seasonally adjusted	% change from 2nd quarter of 2020 to 3rd quarter of 2020
% quarter-on-quarter, annualised	Seasonally adjusted	% change from 2nd quarter of 2020 to 3rd quarter of 2021, annualised
% year-on-year, year-to-date	Not seasonally adjusted	% change from first three quarters of 2019 to first three quarters of 2020

Source: Stats SA, 2021

From the second quarter of 2021, Stats SA will publish the quarter-on-quarter, seasonally adjusted, real GDP growth rate, in 2015 constant prices, as the headline rate. This is the practice in many countries, e.g. Australia, Brazil, Canada, France, Germany, Italy, Japan, Mexico, New Zealand, Norway, Sweden and the United Kingdom. Supplementary growth rates, namely year-on-year growth for individual quarters and for year-to-date, will continue to be published. The current practice of publishing quarterly seasonally adjusted data in R million as annual equivalent values will be continued.

Policy uncertainty has affected South Africa's investment outlook, resulting in sluggish growth. Fixed investment declined from 23.5 per cent of GDP in 2008 to 15.8 per cent in 2020. Regardless of the aforementioned challenges, the SARB forecasts that the South African economy will recover by 5.3 per cent in 2021, 1.7 per cent in 2022 and 1.3 per cent in 2023.¹⁵

Based on the first-quarter performance of the South African economy in 2021, the following projections are made.

Table 2.5
SOUTH AFRICAN ECONOMIC OUTLOOK,
2021 – 2022



DESCRIPTION	2020e	2021f	2022f
Final consumption expenditure, households (%)	-5.4	7.7	6.4
Durable goods	-8.4	10.5	-0.2
Semi-durable goods	-18.3	8.5	9.0
Non-durable goods	-3.9	12.1	14.5
Services	-3.2	3.3	0.1
Gross fixed capital formation (%)	-17.5	0.9	5.9
Private business enterprises	19.3	2.6	7.1
Residential buildings	-20.9	-7.4	-8.4
Non-residential buildings	-25.3	4.6	2.3
Public corporations	19.3	2.6	7.1
Exports of goods and services (%)	-10.3	-7.0	0.9
Interest rates (average of quarterly values)			
3-month BA rate	4.5	3.9	4.9
10-year long bond yield	10.1	9.8	9.7
Prime overdraft rate	7.7	7.1	8.1
Inflation (annual average %)			
Producer prices	104.4	100.4	105.3
Consumer prices	3.3	4.7	5.3
Average wage rate (rand)	20.19		
Exchange rates (annual average)			
R/US dollar	16.46	15.11	15.98
R/euro	18.71	18.25	19.03
R/pound sterling	21.11	20.63	22.28
Yen/R	2.38	2.34	2.38
Gross domestic expenditure (year-on-year % change)	-7.1	9.6	5.5
Current account balance (R million)	108 204	82 168	-93 956

Source: Quantec Research, 2021 (e denotes estimate, f denotes forecast)

¹⁵ (SARB, 2021).

2.3.3 Final household consumption expenditure

The spending side of the economy has also seen a rebound. Household consumption spending rose 4.7 per cent in the first quarter of 2021 and 7.5 per cent in the fourth quarter of 2020. Spending on durable goods surged in the first quarter of 2021 (20.7 per cent quarter-on-quarter) after a marginal increase in the fourth quarter of 2020. However, real household consumption expenditure was still 0.9 per cent lower in the first quarter of 2021 than in the corresponding quarter of 2020.

There was a slowdown in household credit extension in the period from 2011 to 2021, from 7.0 per cent growth in the first quarter of 2011 to 3.3 per cent in the first quarter of 2021, but this was nevertheless an improvement on the growth rate in 2020 (see Figure 2.5). The most recent deceleration in household credit extension reflects the cautiousness of households to borrow owing to the uncertain economic environment posed by the pandemic, despite the favourable borrowing conditions.

Figure 2.5
SOUTH AFRICAN HOUSEHOLD CREDIT EXTENSION,
2011 – 2021

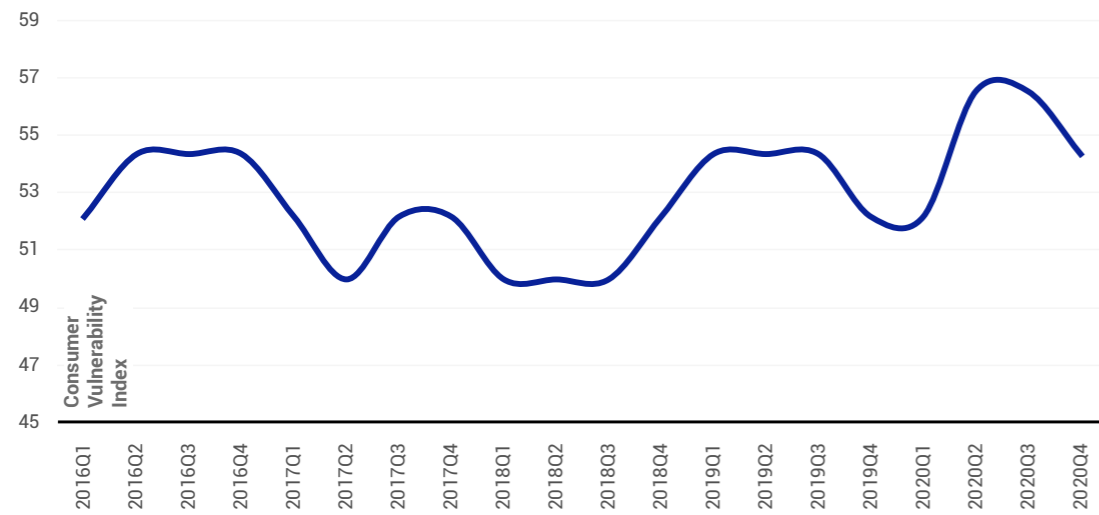


Source: Quantec Research, 2021

Other key factors affecting the uptake and supply of unsecured credit in South Africa include the weak labour market as seen by the unemployment rate, which is the highest in the world, as well as income insecurity in the form of reduced salaries and uncertainty over future income, depressed consumer confidence and a tendency towards precautionary savings in times of uncertainty. Over the past decade, the national savings ratio, as measured by the ratio of gross domestic saving to GDP, deteriorated and averaged at 15.4 per cent after peaking at 18.4 per cent by the end of 2010. There has been a notable increase to 18.0 per cent in the first quarter of 2021, which is largely due to precautionary savings as households put off spending owing to uncertainty. Indeed, household savings as a percentage of GDP increased by 2.0 percentage points in 2020, the strongest saving performance since 2004.

The ratio of household debt to disposable income decreased marginally from 75.4 per cent in the fourth quarter of 2020 to 75.3 per cent in the first quarter of 2021, as the quarter-to-quarter increase in nominal disposable income exceeded the increase in household debt. Household credit has remained subdued since the second quarter of 2020. Households' cost of servicing debt relative to nominal disposable income remained unchanged at 7.7 per cent over this period, amid the lower interest rates.

Figure 2.6
SOUTH AFRICAN CONSUMER VULNERABILITY INDEX, 2016:Q1 – 2020:Q4 ● Consumer Vulnerability Index



Source: Quantec Research, 2021

The national lockdown and the associated business closures led to a steep fall in consumer demand and the RMB/BER Business Confidence Index. Final household consumption expenditure contracted by 5.4 per cent in 2020, owing to uncertainty regarding income and aggregate demand shock. The decline can be attributed to massive job losses, reduced salaries and constant shrinkage in household disposable income amid the rising cost of living. Although final household consumption expenditure is projected to grow by 7.7 per cent and 6.4 per cent in 2021 and 2022 respectively, the rising level of South Africa's Consumer Vulnerability Index above 50 per cent is a cause for concern. High household debt, reduced savings and constrained domestic investment growth force the country to depend on capital inflow for investment, some of which is susceptible to sudden reversals.

2.3.4 Investment

Fixed investment (real gross fixed capital formation) was the most significantly affected spending item in 2020 as a result of COVID-19 restrictions, ongoing power shortages, political uncertainty and crowding out from significant government borrowing. The current year, 2021, is expected to be the fifth consecutive year of shrinking fixed investment. Fixed investment as a percentage of GDP fell from 23.5 per cent in 2008 to 15.8 per cent in 2020, and is forecast to deteriorate further to only 15.0 per cent in 2021, its lowest relative level since 2002. In the first quarter of 2021, fixed investment declined by 13.4 per cent year-on-year and by 2.6 per cent quarter-on-quarter annualised.

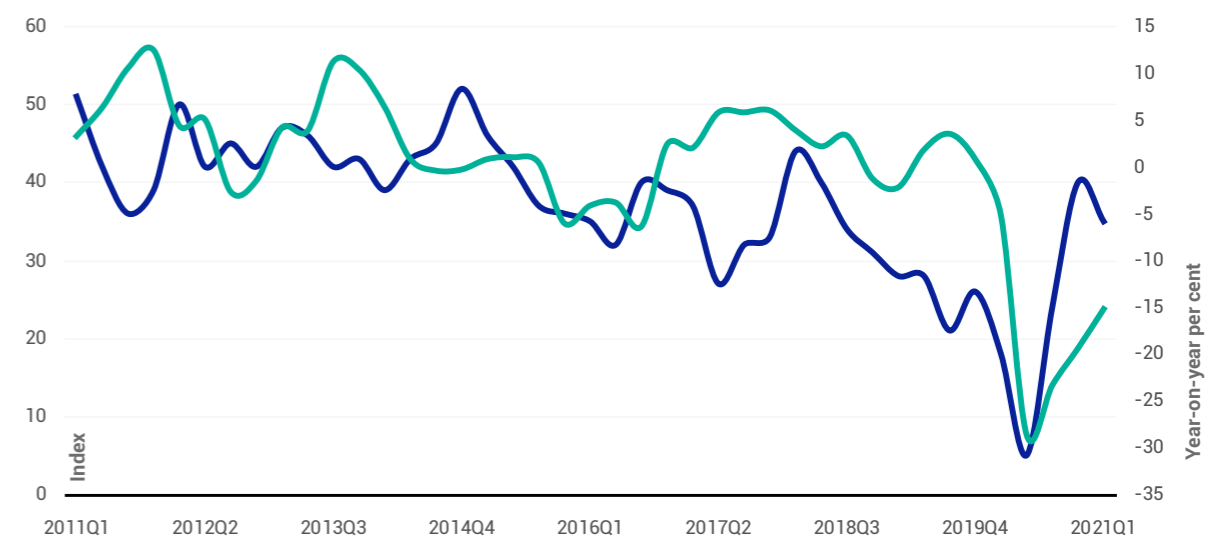
Fixed investment has grown on average by only 0.6 per cent per annum over the past 15 years. The growth was largely due to public-sector investment – indeed, private-sector fixed investment grew by a fraction of this rate, at only 0.1 per cent per annum.

This trend continued into 2021. Public-sector investment increased by 12.6 per cent in the first quarter of 2021, following an expansion of 27.9 per cent in the fourth quarter of 2020. Despite the increase, capital investment by the public sector remained below pre-COVID-19 levels as the effects of the pandemic lingered.

In contrast, fixed investment by private-business enterprises shrank by 8.9 per cent in the first quarter of 2021, following an increase of 5.8 per cent in the fourth quarter of 2020. Fixed investment in machinery and other equipment, including transport equipment, contracted markedly in the first quarter of 2021. As a result, fixed investment levels remained well below pre-pandemic highs. The decline in the first quarter resulted in the private sector's share of total nominal gross fixed capital formation falling from 69.3 per cent in the fourth quarter of 2020 to 68.1 per cent in the first quarter of 2021.

According to Stats SA, the value of recorded building plans passed (at current prices) increased by 34.1 per cent (R8.7 billion) from January to April 2021, compared with January to April 2020. Increases were recorded for residential buildings (44.9 per cent or R5.6 billion), non-residential buildings (24.1 per cent or R1.4 billion) and additions and alterations (23.6 per cent or R1.7 billion). The rebuilding after the recent violence and destruction that affected large parts of KwaZulu-Natal and Gauteng could give a small boost to capital formation over the next few quarters. However, fixed investment on large new projects will remain affected for much longer by the COVID-19 measures and economic and policy uncertainty.

Figure 2.7
RMB/BER BUSINESS CONFIDENCE INDEX VS PRIVATE SECTOR FIXED INVESTMENT, SOUTH AFRICA, March 2011 – March 2021



Source: Quantec Research, 2021

The RMB/BER Business Confidence Index for South Africa fell to five index points in the second quarter of 2020 from 18 index points in the first quarter of 2020, reaching its lowest point since 1975 (see Figure 2.7). The restrictions of economic activities under levels five and four to contain the spread of the coronavirus and relieve the health sector from pressure negatively affected an already weak economy. Economic activities in the hospitality industry collapsed, as some major hotels in Cape Town closed their doors for business completely. As business confidence improves, gross fixed capital formation of private-sector businesses, business plans and capital inflow will gradually recover despite the contraction recorded in the first quarter of 2021.



TEMPORARY EMPLOYER/EMPLOYEE RELIEF SCHEME

TERS was introduced in April 2020 to assist vulnerable workers and mitigate job losses owing to COVID-19. It served as a core component of the country's economic policy response to the pandemic's detrimental effects, which threatened many jobs as a result of reduced demand in the economy. According to the Organisation for Economic Co-operation and Development, such job-retention policies aid labour market recovery by alleviating labour costs in firms experiencing a reduction in economic activity.

The TERS benefits were distributed through the employer or the applicable bargaining council to ensure administrative efficiency instead of the employees applying to the Unemployment Insurance Fund (UIF) directly. The employers would then distribute the benefits to their employees within two days of receipt and submit the proof of payment to the UIF within five days. The payment would then be effected after the signing of the memorandum of agreement by both parties. Upon introduction, the benefits were available from April 2020 to June 2020, but owing to lockdown regulations affecting workers in industries whose operating activities were partially or fully restricted, TERS was extended to March 2021. By March 2021, approximately R59.0 billion had been paid to 5.4 million individual employees.

The scheme initially catered for workers who were registered with and contributing to the UIF, but following a legal challenge in May 2020 the benefits were extended to those who could prove an employment relationship. The benefits were extended to registered workers and contributors to the UIF in the tourism, hospitality, transport services, liquor services, public recreational spaces and any other industry along the value chain. The TERS benefits were also applicable to workers who were 60 years and above, those with comorbidities and those required to remain in COVID-19-related isolation or quarantine (Köhler and Hill, 2021). TERS was further extended for the period March 2021 to July 2021 for firms whose operations were restricted by the laws of the alert levels given the resurgence of COVID-19 cases.



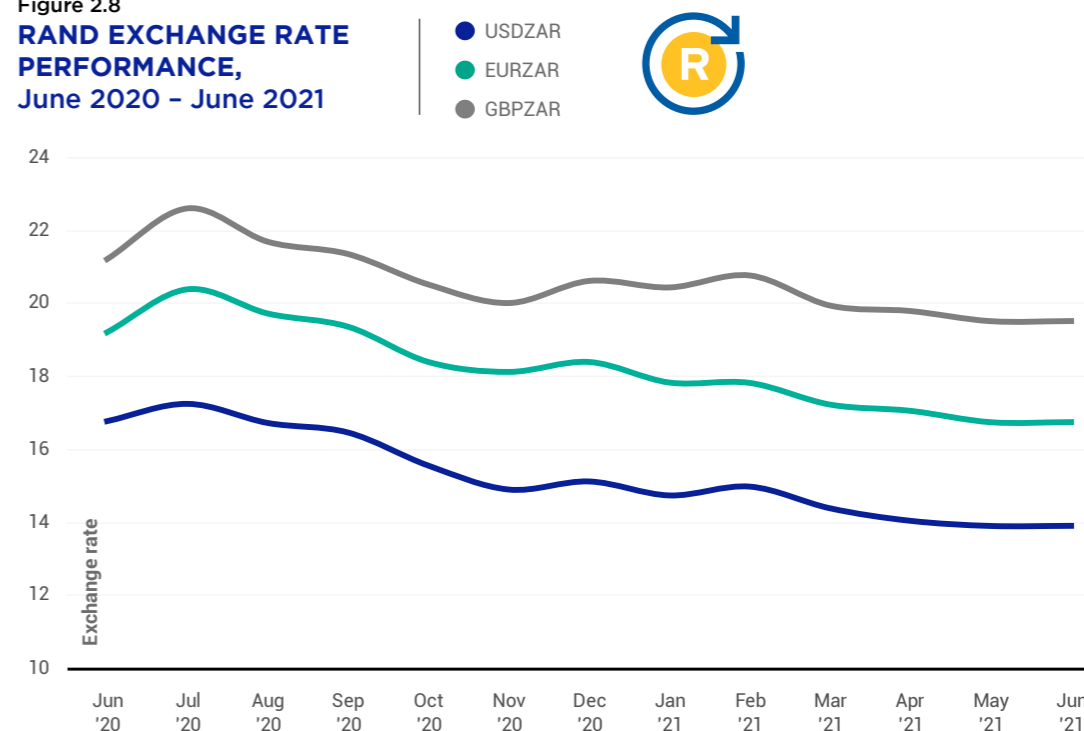
Source: National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM), 2021

2.3.5 Exchange rate outlook

The COVID-19 pandemic has resulted in major disruptions for exchange rates and global capital flows. In the first quarter of 2020, the currencies of many emerging markets fell sharply owing to the uncertainty faced by investors. The hardest-hit currencies began to recover in April 2020, when the rand was at its lowest point, losing 14.8 per cent against the US dollar, 14.5 per cent against the euro, 13.7 per cent against the pound and 18.0 per cent against the yen (year-on-year).

However, the rand has since stabilised, outperforming most emerging market currencies such as the Brazilian real and Russian ruble. Since the beginning of 2021, the rand has appreciated 13.9 per cent to the US dollar, despite the recession in South Africa and the negative effects of COVID-19 on the supply and demand sides of the global economy (see Figure 2.8). However, the depreciation of the US dollar, the euro and the pound can partly be attributed to quantitative easing by the US Federal Reserve, the European Central Bank and the Bank of England respectively.

Figure 2.8
RAND EXCHANGE RATE PERFORMANCE, June 2020 – June 2021



Source: Quantec Research, 2021

According to the IMF, the exchange rate recovery can be attributed to the commodity market price boom after the 2020 global recession, which resulted in a 67.8 per cent increase in the index of all primary commodities at the end of the first quarter of 2020. South Africa also recorded a trade surplus in 2020. This is attributable to a stronger rand that reduced the cost of imports, which helped create a current account surplus. In addition, delays/backlogs in logistics have reduced imports. However, the outlook for the rand remains poor as a result of increasing government debt, with debt-servicing costs being the fastest-growing expenditure item; the ongoing health crisis; and the weak economic backdrop. The R/US\$ is forecast to average R15.11 in 2021, and to be slightly weaker at R15.98 in 2022.

2.3.6 Balance of payments

South Africa experienced a significant current account surplus of R267.0 billion in the first quarter of 2021, rising from a R198.0 billion surplus in the fourth quarter of 2020. The SARB estimates that the current account surplus will be 5.0 per cent of GDP in the first quarter of 2021, rising from 3.7 per cent in the preceding quarter.

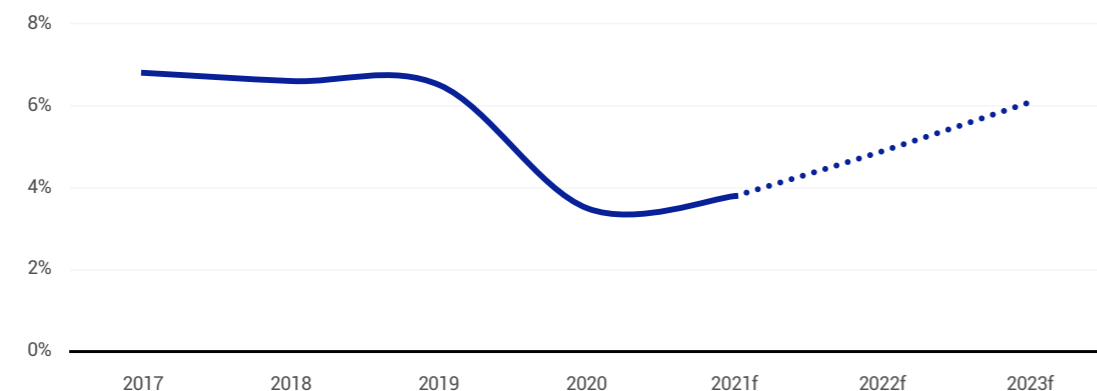
The current account surplus was in part due to a significant trade surplus, which increased from R425.0 billion in the fourth quarter of 2020 to R430.0 billion in the first quarter of 2021, with the largest surplus resulting from the value of merchandise exports. The trade surplus can be ascribed to rising export earnings on goods and services accompanied by a lower price of imports. Export earnings were supported by strong terms of trade, which improved for the seventh consecutive quarter in the first quarter of 2021, marking one of the longest consecutive quarterly increases in terms of trade on record.

Commodity prices are expected to remain elevated for the remainder of 2021. According to Bloomberg Economics, South Africa is number 10 on the list of countries that have gained the most from the commodities boom in terms of the country's net exports in proportion to its GDP. South African Revenue Service (SARS) statistics show that South Africa's best-performing exports were precious metals, chemical and mineral products, and base metals.

2.3.7 Inflation and interest rate outlook

Given the deteriorating economic conditions and the hardship following the outbreak of the COVID-19 pandemic, the SARB responded with an aggressive repo cut of 100 basis points in April 2020. The expansionary monetary policy to support the economic recovery from the COVID-19 pandemic led to a further reduction in the repo rate to 3.5 per cent in the fourth quarter of 2020. Following the strong recovery of the domestic economy in the third quarter of 2020 and the robust growth forecast for 2021, reflecting improved sectoral performance and strong terms of trade, the SARB decided to keep the repo rate unchanged at 3.5 per cent, until increasing it with 25 basis points in November 2021. The repo rate is expected to increase gradually, on a quarterly average, to 4.9 per cent in 2022, on the back of the expected growth recovery and rise in inflation (see Figure 2.9).

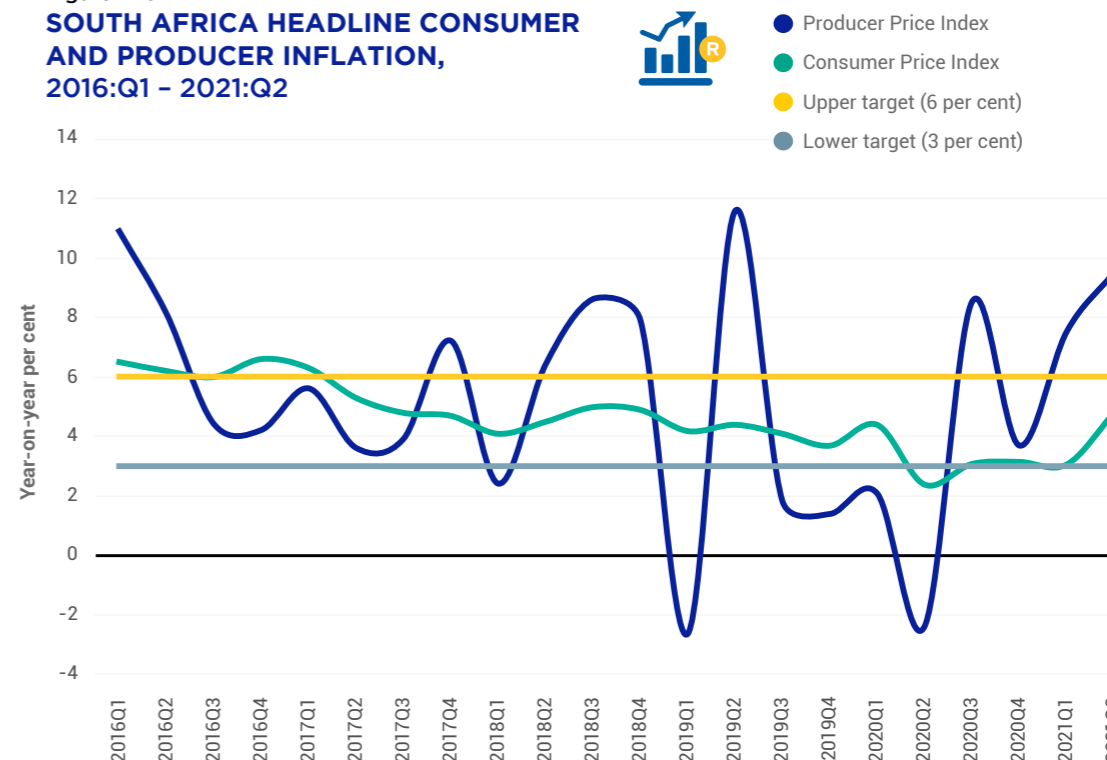
Figure 2.9
SOUTH AFRICA REPO RATE OUTLOOK, 2017 - 2023



Notes: Values are average of quarterly values; f denotes forecast. Source: Quantec Research, 2021

Annual consumer price inflation increased from 3.3 per cent in 2020 to 4.8 per cent in the second quarter of 2021. The primary drivers behind the rise were alcoholic beverages, housing and utilities, transport and medical insurance. In July 2021, the annual inflation rate for goods was 6.7 per cent, down from 7.1 per cent in June 2021, and for services it was 2.7 per cent, down from 2.9 per cent in June 2021.

Figure 2.10
SOUTH AFRICA HEADLINE CONSUMER AND PRODUCER INFLATION, 2016:Q1 - 2021:Q2



Source: Quantec Research, SARB, 2021

In October 2021, food and non-alcoholic beverage prices increased by 6.1 per cent year-on-year and contributed 1.1 percentage points to the total Consumer Price Index (CPI) annual rate of 5.0 per cent. Housing and utilities increased by 4.0 per cent year-on-year and contributed 1.0 of a percentage point. Transport increased by 10.9 per cent year-on-year and contributed 1.5 percentage points. Miscellaneous goods and services increased by 4.3 per cent year on year and contributed 0.7 percentage points.

The Producer Price Index (PPI) increased by 0.7 per cent month-on-month in October 2021. The main contributors to the headline PPI monthly increase were food products, beverages and tobacco products, which increased by 0.7 per cent month-on-month and contributed 0.2 of a percentage point; metals, coke, petroleum, chemical, rubber and plastic products, which increased by 0.9 per cent month-on-month and contributed 0.2 of a percentage point; and furniture and other manufacturing which increased by 9.5 per cent month-on-month and contributed 0.2 of a percentage point.

Annual producer price inflation (final manufacturing) was 8.1 per cent in October 2021, up from 7.8 per cent in September 2021. The main contributors to the annual headline producer price inflation rate were coke¹⁶ petroleum, chemical, rubber and plastic products; food products, beverages and tobacco products; and metals, machinery, equipment and computing equipment.

¹⁶ Petroleum coke is a carbon-rich solid material that is a byproduct from the oil-refining process.



COVID-19 VACCINE HESITANCY IN SOUTH AFRICA

Despite COVID-19 vaccines being available to all South Africans aged 18 years¹⁷ and older, uptake remains low, with only 24.8 per cent of adults having received at least a first dose at the time of writing. The low uptake in the country has been ascribed to vaccine hesitancy on the part of many South Africans. The World Health Organization (WHO) defines vaccine hesitancy as a delay in acceptance or refusal of vaccines despite the availability of vaccine services. The reluctance of people to receive safe and recommended available vaccines was already a growing concern before the COVID-19 pandemic (MacDonald, 2015). Vaccine hesitancy is influenced by five main determinants, namely confidence, complacency, convenience (or constraints), risk calculation and collective responsibility (Betsch, 2018; Wiysonge, 2021). Vaccine acceptance is primarily driven by an interest in personal protection against COVID-19, whereas concerns about side-effects are the most common reasons for hesitancy, and health workers are the most trusted sources of guidance about vaccines against COVID-19.¹⁸

A large-scale survey, conducted by the Human Sciences Research Council (HSRC) and the University of Johannesburg between 25 June and 12 July 2021, found that those hesitant to receive the vaccine raised concerns over side-effects, efficacy and distrust of the vaccine or governments as the main reasons. Side-effects were more common concerns among poor adults, while people living in urban areas said they were more worried about side-effects than those who live in rural areas. The study found that whites were far more concerned about ineffectiveness and side-effects than other groups and were also more likely to try alternative treatments over a vaccine. Only 5.0 per cent of respondents said “social media or other rumours” were the reason they did not want to get vaccinated, and an even smaller proportion said their reservations were because of religious beliefs.

According to the NIDS-CRAM Wave 5 Survey, one in five South Africans believed that the vaccine was unsafe, but only one in 10 was very convinced of this. A third of individuals who thought vaccines were unsafe said they believed this because vaccine development was rushed and not adequately tested. One in five of those who believed vaccines were unsafe or could harm them reported that this was because of side-effects of the vaccine. Conspiracy theory-driven safety concerns were cited infrequently compared with concerns about side-effects and vaccine testing timeframes, with only 1.0 per cent of respondents saying they were worried about vaccine safety owing to national or global plots, and fewer than 1.0 per cent were concerned about vaccine safety because they feared it may alter their DNA or that it was a fraudulent corporate attempt to extract profits.

The NIDS-CRAM Wave 5 Survey further revealed that 47.0 per cent of South Africans who were hesitant to receive a COVID-19 vaccine in February or March 2021 subsequently changed their minds over the following two months and had either been vaccinated or had agreed to be vaccinated when asked again in April or May 2021. However, the proportion of respondents who had registered for vaccination was much lower than their willingness to be vaccinated as asserted in surveys, indicating that opinion does not always translate into action. The survey conducted by the HSRC and the University of Johannesburg between 25 June and 12 July 2021 found that 45.0 per cent of South Africans aged 18 to 24 were hesitant to get the vaccine. This number increased from 37.0 per cent when a similar survey was carried out in January 2021. By comparison, only 14.0 per cent of those aged 60 and above were hesitant. Overall, vaccine hesitancy has dropped since the last survey, carried out between 29 December 2020 and 6 January 2021, from 33.0 per cent to 28.0 per cent.



The only demographic groups where hesitancy grew between the two surveys was among youth aged 18 to 24, white adults, and students and learners. In all other groupings, hesitancy fell or stayed the same as before.

The NIDS-CRAM Wave 5 Survey further found that vaccine acceptance is higher among respondents living in traditional settlements, among isiZulu, Tsonga and Setswana speakers, and among black respondents. Vaccine acceptance is significantly lower among respondents living in urban formal residential housing, Afrikaans speakers, and white and coloured respondents. Users of social media and the youth are more likely to show low vaccine acceptance. The older generations and those with underlying health conditions are more willing to be vaccinated. In August 2021, recent reports showed a slump in demand at vaccination centres around the country, with concerns growing that the vaccination drive was losing steam, with only about 15.0 per cent of the country’s adults fully vaccinated.¹⁹

Campaigns to increase vaccine registration and uptake should promote the fact that vaccine acceptance is the norm. Spreading the message that most people say they will accept a vaccine has increased COVID-19 vaccination rates worldwide. Conversely, while it is important to address myths and rumours, frequently discussing vaccine scepticism can perversely give credence to myths by creating the impression that these beliefs are widespread and that there is a valid reason to be concerned about getting vaccinated (Jolley & Douglas, 2014). According to the NIDS-CRAM Wave 5 Survey, respondents are willing to accept vaccines if local community leaders are vaccinated and stay healthy. Half of those who do not fully accept vaccinations said they would be convinced if their trusted local leaders led by example.

Sources: WHO, 2021; MacDonald, NE. *Vaccine* 33, 4161–4164 (2015); Betsch, C, et al. *PLOS One* 13, e0208601 (2018); Wiysonge, CS, et al. *Human Vaccines & Immunotherapeutics*. 8, 1–3 (2021); Solís Arce, JS, et al. *Nature Medicine*, 2021; *Coronavirus Rapid Mobile Survey, 2021*; NIDS-CRAM Wave 5 Survey, 2021; Jolley, D, and Douglas, KM (2014). *The Effects of Anti-Vaccine Conspiracy Theories on Vaccination Intentions*. *PLOS One* 9(2): e89177, 2021

¹⁷ People between the ages of 18 and 35 were eligible for vaccination from August 2021.

¹⁸ (Solís, 2021).

¹⁹ Having received the one-dose J&J vaccine or both doses of the Pfizer vaccine.

2.3.8 Main risks to the national outlook

The COVID-19 pandemic adds another layer of complication to the South African economy, which was constrained prior to the outbreak of the pandemic. Key risks to the national economic performance include the following:

- Growing income inequality as a result of the differentiated impact of the pandemic. Those who are digitally illiterate will struggle to find work, and the impact of the loss of income has widened income inequality.
- Increasing government debt, corruption, the growing public-sector wage bill and rising borrowing costs owing to the country's downgrade to below investment grade by sovereign credit rating agencies.
- Eskom's frequent power cuts and the burden of state-owned enterprises (SOEs) on the fiscus are other major risks to the national outlook. The continual bailing out of SOEs is a drain on the fiscus and a burden on future generations in the form of higher income taxes.
- Political instability and uncertainty around public-sector policy reforms dampen private-sector investment.
- The new Omicron variant and anticipated fourth COVID-19 wave due in December 2021 could result in further lockdowns, as well as alcohol and travel restrictions. This could hamper the recovery of the tourism and hospitality sector and result in increased job losses. Vaccine hesitancy amplifies the likelihood and potential length of the anticipated fourth wave, and thereby also its negative economic impact.



2.4 DEVELOPMENTS IN THE WESTERN CAPE ECONOMY

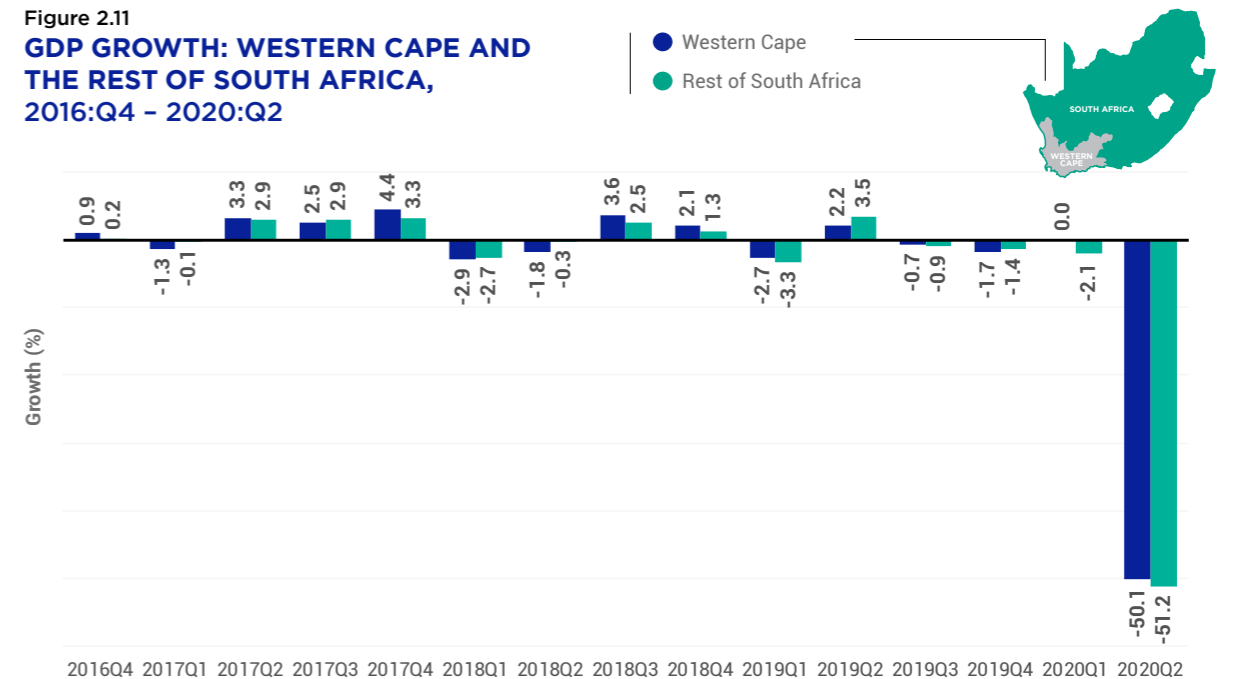
2.4.1 Western Cape economic performance

Over the past decade, growth in the Western Cape has been steadily declining from 3.8 per cent in 2011 to a contraction of 6.7 per cent in 2020, mirroring the economic decline in the rest of South Africa. Between 2011 and 2020, Provincial economic growth is estimated to have averaged 1.0 per cent. In 2019, growth in the Western Cape again outperformed the rest of South Africa, owing to good rainfall boosting agricultural output and a relatively small mining sector, which dragged growth for the rest of the country.

The relative importance of the tourism industry, which is the most developed in South Africa, as well as the wine industry, accounted for 4.5 per cent of GDP and 6.6 per cent of total formal and informal employment in the Western Cape in 2019, which means that the Province was greatly affected by the COVID-19 pandemic and the associated restrictions. Changes in the Western Cape's economic performance relative to the rest of South Africa are largely driven by dynamics in the agriculture and tourism sectors.

The Western Cape's economy is estimated to have contracted by an unprecedented 6.7 per cent in 2020, 0.3 percentage points less than the contraction for South Africa. The COVID-19 pandemic remains a threat to the growth prospect of the tourism sector, given the occasional surge in cases and the identification of new variants. Despite the negative growth outlook, the Western Cape is expected to make gains in growth owing to a faster recovery, which is attributable to a relatively efficient vaccine roll-out and uptake, and the recovery of agricultural exports.

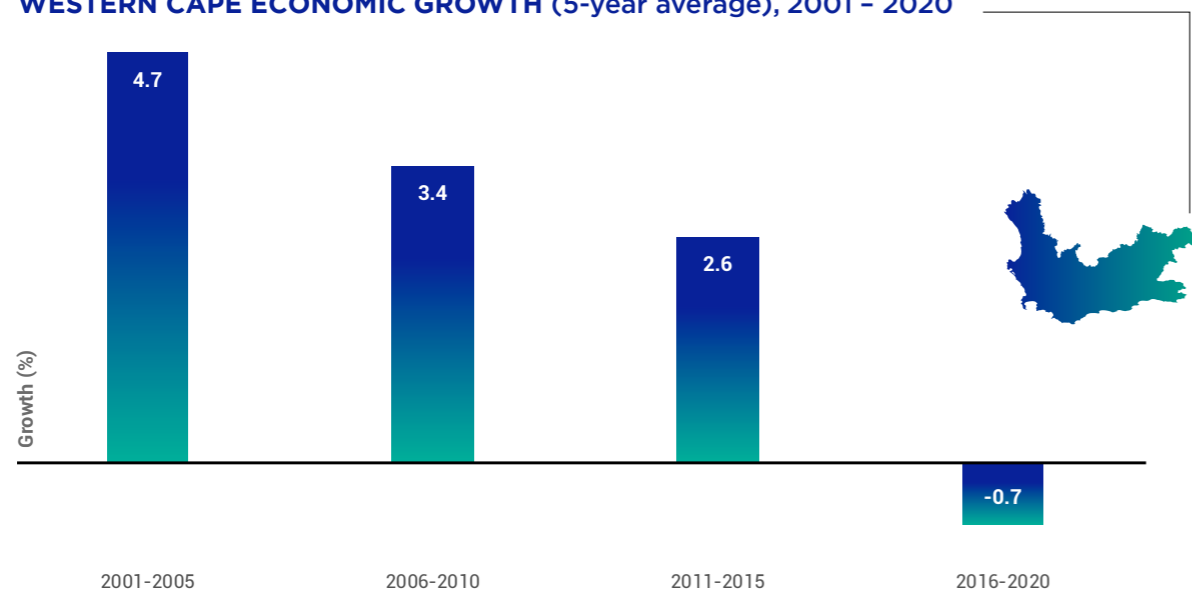
Figure 2.11
GDP GROWTH: WESTERN CAPE AND THE REST OF SOUTH AFRICA, 2016:Q4 - 2020:Q2



Note: The Western Cape growth rate for 2020 is an estimate. Source: Quantec Research, 2021

The Western Cape averaged a growth rate of 4.7 per cent between 2001 and 2005, which slowed to an average of 3.4 per cent between 2006 and 2010, and again slowed to 2.6 per cent between 2011 and 2015 (see Figure 2.12). The Province was in the grip of a severe drought from 2015 to 2019, which had significant economic, health and environmental impacts, and is estimated to have cost the Western Cape 37 000 employment opportunities.²⁰ Growth in the Western Cape was further muted by rolling electricity outages and the lacklustre performance of the national economy. The unprecedented contraction in 2020 meant that the Province's economy averaged a contraction rate of 0.7 per cent for the period 2016 to 2020.

Figure 2.12
WESTERN CAPE ECONOMIC GROWTH (5-year average), 2001 - 2020



Source: Quantec Research & HS Business Solutions, 2021

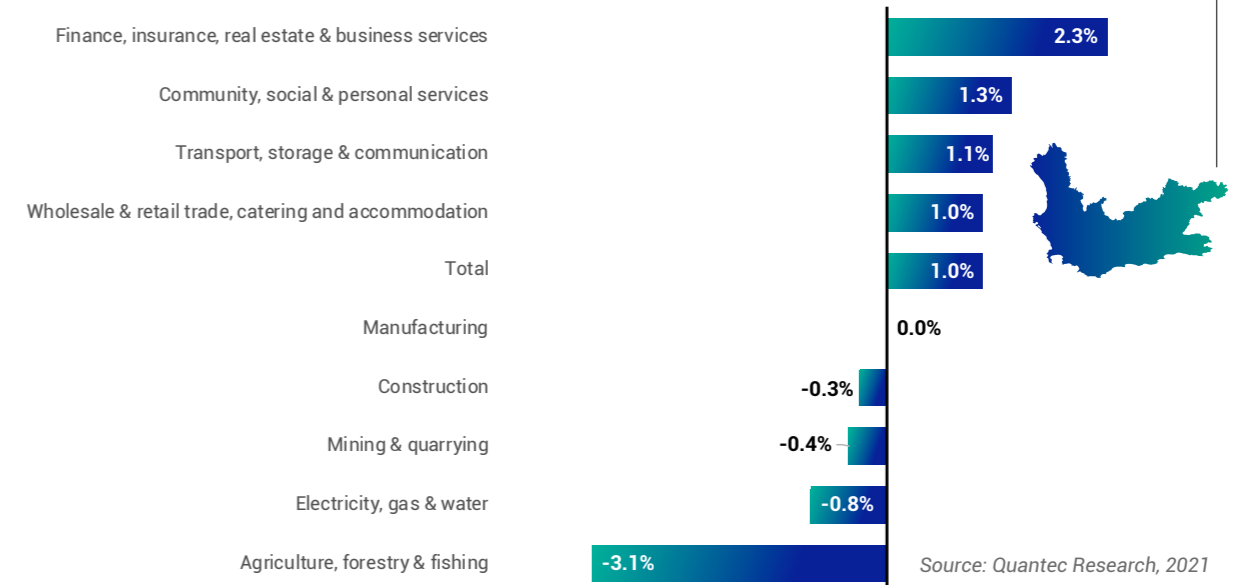
The COVID-19 pandemic set in as the drought eased and electricity supply interruptions became even more frequent. According to the Council for Scientific and Industrial Research (CSIR), 650 hours of load-shedding was recorded in the first half of 2021, which is an estimated 76.0 per cent of the load-shedding recorded for 2020. The effects of load-shedding, the drought and the COVID-19 pandemic are evident in the average annual contraction of 0.7 per cent between 2016 and 2020, with the negative growth rate for the period being largely driven by the negative growth in 2020 as a result of the pandemic.



²⁰ (Department of Economic Development and Tourism, 2020).

Growth between 2015 and 2019 was led by the finance sector (see Figure 2.13), emphasising the importance of the Cape Metro area as the business hub of the Province. The community services sector, the transport sector and the trade sector also contributed to growth. Growth was dragged down by a decline in the mining sector, the electricity, gas and water sector, the construction sector and the agriculture sector. The contractions were mainly driven by unreliable electricity supply, declining confidence and the drought.

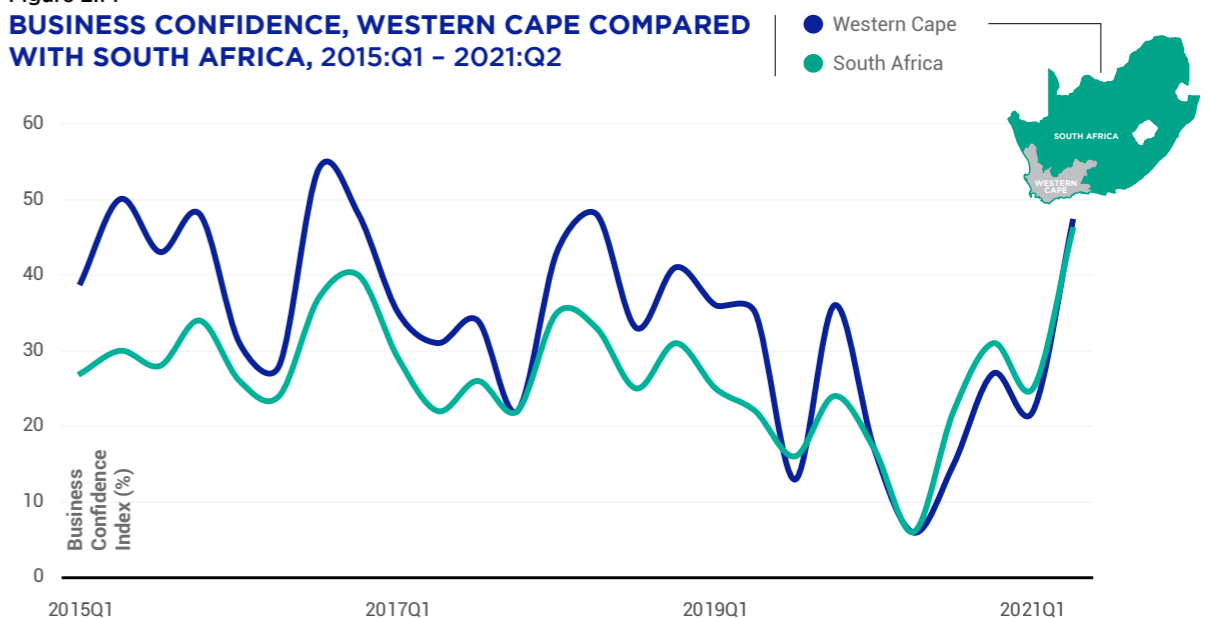
Figure 2.13
WESTERN CAPE AVERAGE GROWTH RATE PER SECTOR, (5-year average), 2015 - 2019



Source: Quantec Research, 2021

If the unprecedented contraction in 2020 is excluded, a sectoral analysis of the Western Cape economy from 2015 to 2019 reveals that the finance sector was the fastest-growing sector, followed by the community services sector. The trade sector grew by 1.0 per cent, while the manufacturing sector recorded no growth. The agriculture, construction, electricity, gas and water, and mining sectors recorded contractions.

Figure 2.14
BUSINESS CONFIDENCE, WESTERN CAPE COMPARED WITH SOUTH AFRICA, 2015:Q1 - 2021:Q2



Source: Quantec Research, 2021

Although the business confidence for the Western Cape fared better than the rest of South Africa, the two indices reached the lowest level, five index points, in the second quarter of 2020, on the back of the COVID-19 outbreak (see Figure 2.14). However, the rebound of the business confidence in the third quarter of 2020 and the second quarter of 2021 points to the potential of a robust recovery consistent with the upward revision of the country's growth forecast.

2.4.2 Outlook for the Western Cape economy

The Western Cape's economy is estimated to have contracted by a significant 6.7 per cent in 2020, but is expected to recover to 4.6 per cent in 2021 as economic activity resumes, before slowing to 2.5 per cent in 2022. The recovery in 2021 is expected to be marginally slower, by 0.7 percentage points, compared with the 5.3 per cent growth expected for South Africa. Growth in the Western Cape is expected to overtake national growth in 2022 by 0.8 percentage points, compared with the 1.7 per cent projected for South Africa.

Table 2.6
WESTERN CAPE ECONOMIC OUTLOOK, 2019 – 2022



Forecast
average

DESCRIPTION	2019	2020e	2021f	2022f	(2021 – 2022)
Agriculture, forestry and fishing	-9.9	13.3	6.8	-0.5	3.2
Mining and quarrying	-1.5	-19.4	9.6	-1.4	4.1
Manufacturing	-0.5	-10.0	2.3	7.2	4.8
Electricity, gas and water	-1.4	-6.8	-1.3	3.6	1.2
Construction	-3.3	-21.1	-0.9	7.5	3.3
Wholesale and retail trade, catering and accommodation	0.5	-10.3	8.6	3.3	6.0
Transport, storage and communication	-0.4	-15.3	9.6	-3.5	3.0
Finance, insurance, real estate and business services	2.4	-4.4	5.0	3.7	4.3
General government	1.9	0.7	-1.8	0.1	-0.9
Community, social and personal services	1.0	-2.2	5.0	-2.7	1.1
Regional Gross Domestic Product	0.4	-6.7	4.6	2.5	3.5

Source: Urban-Econ based on Quantec Research, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Provincial economy's expected recovery will be driven by the finance and trade sectors. However, the slower than expected vaccine uptake owing to vaccine hesitancy, which heightens the risk of a fourth wave of COVID-19 infections in the last quarter of 2021, will have a negative impact on the economic outlook for 2021.

In the primary sector, agriculture was the only sector to enjoy strong growth in 2020 after a bumper crop, favourable commodity prices and limited interruption in operations during the lockdown period, but the forecast for 2022 is a marginal contraction of 0.5 per cent, as commodity prices are expected to normalise. The mining sector is expected to make a strong recovery (9.6 per cent in 2021) after suffering a contraction of 19.4 per cent in 2020 as a result of base effects.

However, owing to the small contribution made by this sector to the Provincial economy, this recovery will only have a marginal positive impact on the overall economic performance of the Western Cape.

In the secondary sector, the manufacturing sector is expected to recover by an average of 4.8 per cent in the two-year forecast period after a 10.0 per cent contraction in 2020. This is largely due to the reopening of industries and expected recovery in international trade. The electricity, gas and water sector is expected to contract for a consecutive year in 2021. The continued contraction of the sector can be attributed to Eskom's ongoing electricity supply challenges. This has a dampening effect on other sectors that rely on power supply for production and productivity. The construction sector is expected to remain under pressure, with an anticipated contraction of 0.9 per cent in 2021 after a massive contraction of 21.1 per cent in 2020 as a result of the industry coming to a standstill during the lockdown period. The investment in infrastructure will boost economic activity, increase economy-wide productivity growth and reduce unemployment.

In the tertiary sector, the trade sector has an average of 6.0 per cent growth forecast in the two-year forecast period, which is a strong recovery from its 10.3 per cent contraction in 2020. The positive outlook suggests a strong expected recovery in catering and accommodation, which captures tourist activity to some extent, given the vaccine roll-out and a reopening of the global economy. Consumer spending on textiles, clothing and footwear, household furniture and appliances and hardware contributed to the recovery of the trade sector in 2021.²¹ While bricks-and-mortar shops struggled during the pandemic, online shopping experienced boosted activity. This trend is expected to continue in future. With many online shops having their headquarters in the Cape Metro, this has the potential to boost the local economy, through increased activity in logistics and warehousing.

The finance sector has an average growth outlook of 4.3 per cent in the two-year forecast period. This is an improvement from its 4.4 per cent contraction in 2020. The positive outlook is largely driven by the growing business process outsourcing (BPO) industry and the thriving tech ecosystem. The general government sector is expected to contract by 0.9 per cent on average in the two-year forecast period, from 0.7 per cent growth in 2020. The contraction may be driven by fiscal constraints facing the country.



²¹ (Stats SA, 2021).

2.4.3 Risks to the Provincial outlook

The Provincial risks outlook for the Western Cape is almost similar to the national context, except that the Western Cape economy is heavily dependent on tourism, wine production and farming.

- The negative effect of the COVID-19 pandemic on the global and domestic economy that resulted in job losses, particularly for those working in hotels and restaurants, increased poverty, income inequality and social unrest.
- There was a substantial increase in service delivery demands owing to in-migration and maternal health.
- Travel restrictions and the restriction on global flights during the peak of COVID-19 almost collapsed the tourism and wine sector in the Western Cape, as global travel collapsed.
- The COVID-19 pandemic will worsen the digital divide. With no access to the internet and technology, the poor risk being left behind. This will have a particularly negative impact on education outcomes, which will influence the labour market in the long run.



3. REGIONAL CONTEXT

3.1 INTRODUCTION

This section provides contextual information for the main sections in Section B of this publication, which provides an economic review and outlook per District.

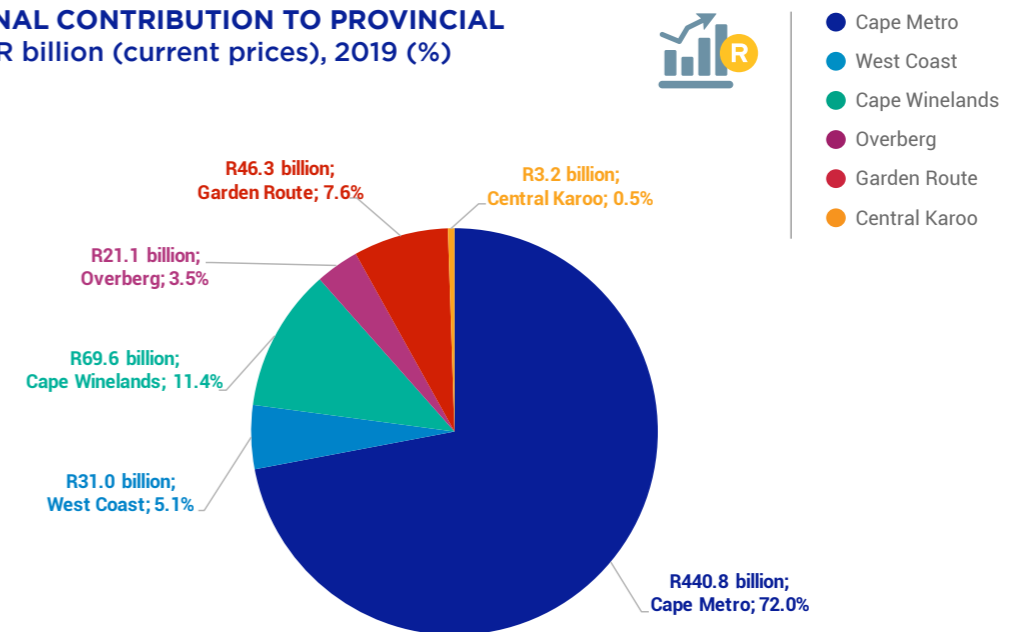
3.2 DISTRICT ECONOMIC OVERVIEW

An overview of the regional GDP and employment contributions to the Provincial economy is provided in this subsection. The most recent regional GDP figures published by Stats SA are for 2019. However, estimates for 2020 are provided.

3.2.1 GDP contribution

Figure 3.1 illustrates the GDP contributions of the regional economies to the Provincial economy in 2019.

Figure 3.1
REGIONAL CONTRIBUTION TO PROVINCIAL GDP, R billion (current prices), 2019 (%)

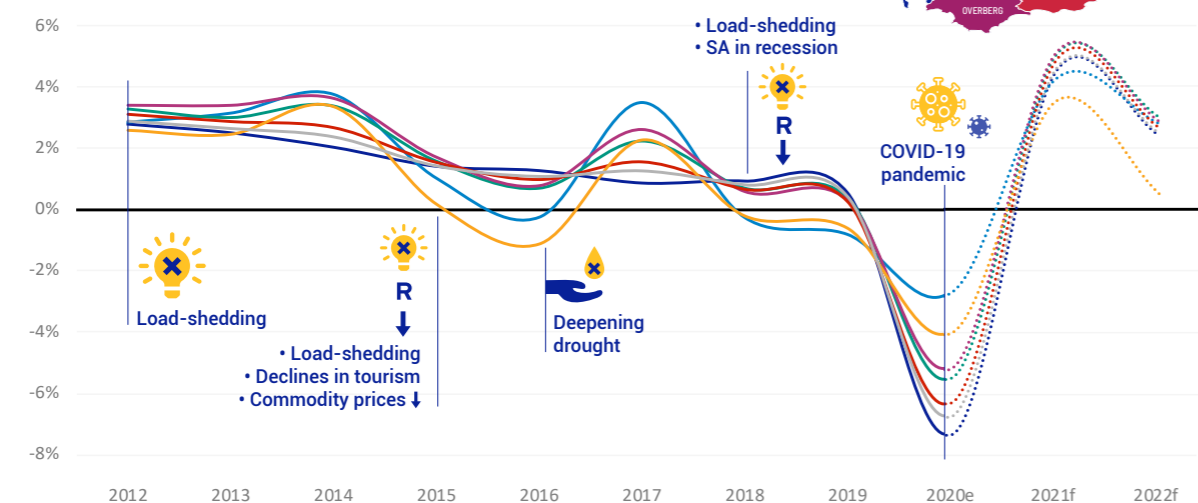


Source: Quantec Research, 2021

With a contribution of R440.8 billion, the Cape Metro area contributed the largest share to total GDP in the Province in 2019 at 72.0 per cent. The CWD contributed the second-largest share to Provincial GDP during the same year, with a contribution of 11.4 per cent. This was followed by the GRD and WCD, with contributions of 7.6 per cent and 5.1 per cent respectively in 2019. Valued at R3.2 billion in 2019, the CKD was the smallest contributor to the Provincial economy (0.5 per cent).

Figure 3.2 indicates the GDP growth trends between 2012 and 2020 of the respective regions and the Province. In addition, forecasts for 2021 and 2022 are provided.

Figure 3.2
GDPR GROWTH RATE PER REGION, 2012 - 2022



	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021f	2022f
Western Cape	2.9%	2.6%	2.4%	1.4%	1.1%	1.2%	0.8%	0.4%	-6.7%	4.6%	2.5%
— Cape Metro	2.8%	2.5%	2.0%	1.4%	1.3%	0.8%	0.9%	0.5%	-7.3%	4.5%	2.4%
— West Coast	2.8%	3.1%	3.7%	1.0%	-0.3%	3.5%	-0.3%	-0.8%	-2.7%	4.2%	2.8%
— Cape Winelands	3.3%	3.0%	3.4%	1.6%	0.7%	2.2%	0.7%	0.4%	-5.5%	5.0%	3.0%
— Overberg	3.4%	3.4%	3.6%	1.7%	0.8%	2.6%	0.6%	0.3%	-5.1%	5.1%	2.9%
— Garden Route	3.1%	2.9%	2.7%	1.5%	1.0%	1.6%	0.7%	0.3%	-6.3%	4.9%	2.7%
— Central Karoo	2.6%	2.4%	3.3%	0.2%	-1.1%	2.3%	-0.2%	-0.6%	-4.0%	3.5%	0.5%

Source: Quantec Research, 2021 (e denotes estimate, f denotes forecast)

Between 2010 and 2020, the Province experienced an overall downward trend in annual growth. In 2010, regional economies in the Western Cape recovered somewhat from the global financial crisis, with an average annual growth rate of 2.3 per cent experienced in the Province during the year. However, the CKD lagged significantly behind other regions, with a growth rate of only 0.6 per cent in 2010. While most of the secondary and tertiary industries recovered in 2010, the agriculture sector performed poorly owing to low commodity prices, which resulted in a decline in farmer income. This had a significant impact on the economy of the CKD, which is more reliant on the agriculture sector than the other regions of the Province.

Growth in the Province continued to improve in 2011, following the boost in 2010 from the FIFA World Cup. All Districts and the Cape Metro area experienced growth rates in excess of 3.0 per cent. As a result, the Provincial economy grew by 3.8 per cent during the year. However, in 2012, District economies and the Cape Metro area experienced a slowdown in growth. This can possibly be attributed to the high growth rates achieved in 2011.

The WCD was the only District to realise an improvement in GDP growth in 2013, while growth in the OD remained near stagnant during the year. All remaining Districts and the Cape Metro area experienced declines in their respective growth rates in 2013.

Provincial GDP growth subsequently slowed from 2.9 per cent in 2012 to 2.6 per cent in 2013. This poor growth can largely be attributed to a decline in growth in the national economy owing to reduced output from the manufacturing sector. The sector was negatively affected by strike actions during the year.

In 2014, improvements were noted across most regions, apart from the Cape Metro area and the GRD. Growth in the Cape Metro area slowed from 2.5 per cent in 2013 to 2.0 per cent in 2014, while growth in the Provincial economy slowed from 2.6 per cent to 2.4 per cent over the same two-year period. This highlights the importance of the Cape Metro area to GDP growth in the Province.

Between 2015 and 2016, a significant slowdown in growth was experienced across all regions. Although positive growth rates were realised across all regions in 2015, the WCD and CKD experienced contractions of 0.3 per cent and 1.1 per cent respectively in 2016. This was likely due to severe drought conditions across the Province, which resulted in considerable economic losses in many regions that rely on agricultural activities and agro-processing as key economic drivers.

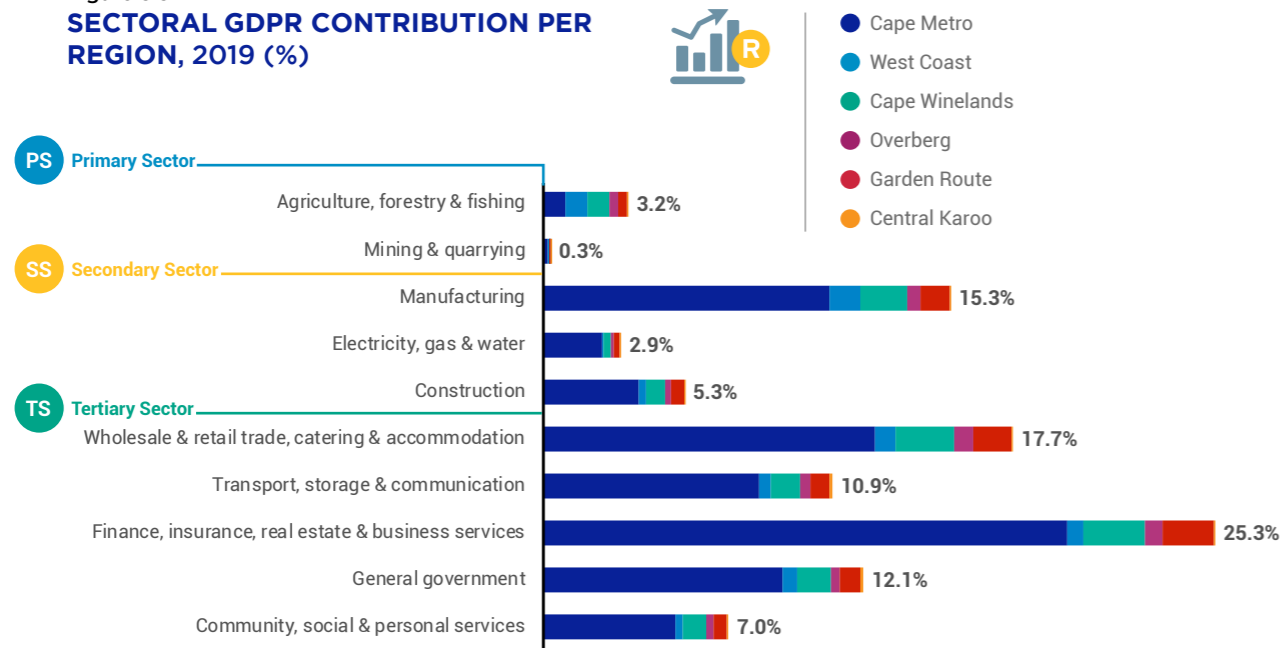
Provincial GDP growth improved marginally from 1.1 per cent in 2016 to 1.2 per cent in 2017, with all Districts apart from the Cape Metro area experiencing improvements in growth over the same period. Between 2018 and 2019, growth across all Districts and the Cape Metro area declined, with the WCD and CKD experiencing contractions in both years. Subsequently, growth in the Province slowed from 0.8 per cent in 2018 to 0.4 per cent in 2019. This can be attributed to a deterioration in the national economy's performance, with South Africa entering two technical recessions over the two-year period, as well as the Provincial drought that occurred during the period.

Estimates for 2020 indicate that growth in the Province declined further, with the Provincial economy registering a contraction of 6.7 per cent during the year. The Cape Metro, being the economic hub of the Western Cape, recorded the largest contraction at 7.3 per cent in 2020. However, it should be noted that all remaining District economies in the Province contracted. The expected decline in growth across the Province is the result of the COVID-19 pandemic and lockdown measures to contain its spread.

In the 2021 and 2022 forecast periods, growth in the Province is expected to improve. The Province is expected to realise a growth rate of 4.6 per cent in 2021, with all Districts and the Cape Metro area realising significant recoveries during the same year. However, it should be noted that these high growth rates are not sustainable in the long run, with growth in 2021 originating from a constrained base in 2020. This effect is noticed in 2022, with growth in the Province slowing to average 2.5 per cent during the year. Growth in all the Districts and the Cape Metro area is forecast to slow in 2022. This showcases the unsustainability of the high growth rates achieved in 2021. Economic challenges that prevailed prior to the COVID-19 pandemic, coupled with the slow employment trends anticipated for 2021, will continue to put pressure on households in 2022.

Figure 3.3 illustrates the sectoral GDP contributions from the various regions to the economy of the Western Cape.

Figure 3.3
SECTORAL GDP CONTRIBUTION PER REGION, 2019 (%)



Source: Quantec Research, 2021

In the Province, the finance sector was the leading contributor to GDP at 25.3 per cent in 2019. This was followed by the trade sector (17.7 per cent) and the manufacturing sector (15.3 per cent).

The two largest contributing sectors were concentrated in the Cape Metro area, the CWD and the GRD. In terms of the finance sector, the Cape Metro area contributed 19.8 per cent, while the CWD and GRD contributed 2.3 per cent and 1.9 per cent respectively. Of the 17.7 per cent contributed to GDP by the trade sector, 12.5 per cent originated from the Cape Metro area, while 2.2 per cent and 1.4 per cent originated from the CWD and GRD respectively. Manufacturing activity was largely concentrated in the Cape Metro area (10.8 per cent), CWD (1.8 per cent) and the WCD (1.2 per cent). The GRD contributed 1.1 per cent to total manufacturing activity in the Province in 2019.

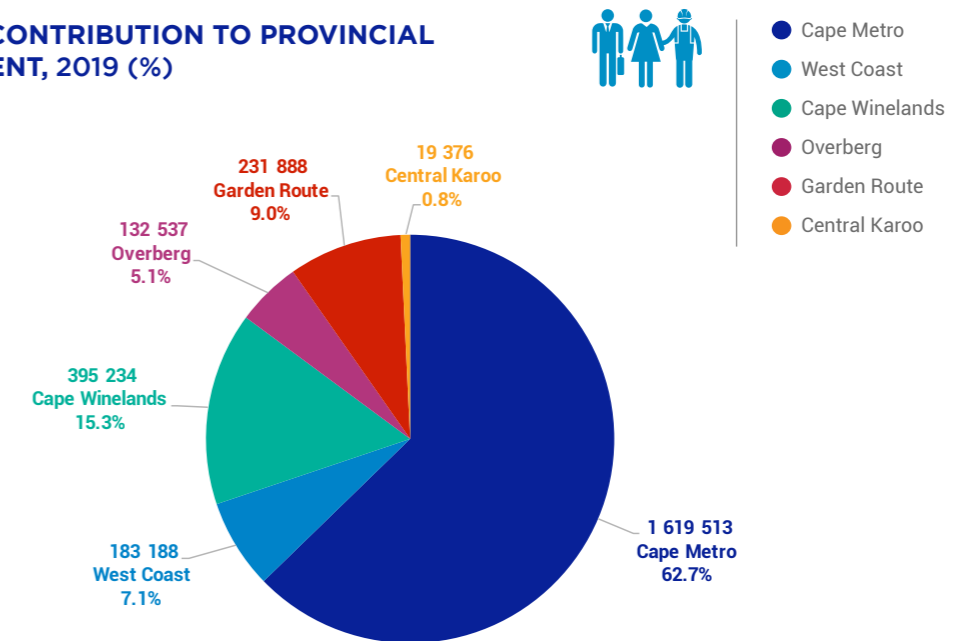
Economic activity in the secondary and tertiary sectors was concentrated in the Cape Metro area, highlighting its importance to the Provincial economy. Within the primary sector, mining activities were also concentrated in the Cape Metro area. However, in respect of the 3.2 per cent contribution to GDP by the agriculture sector, the CWD had a marginally higher contribution than that of the Cape Metro area.



3.2.2 Labour trend analysis

Figure 3.4 illustrates the contribution to Provincial employment by each District and the Cape Metro area in 2019.

Figure 3.4
DISTRICT CONTRIBUTION TO PROVINCIAL EMPLOYMENT, 2019 (%)



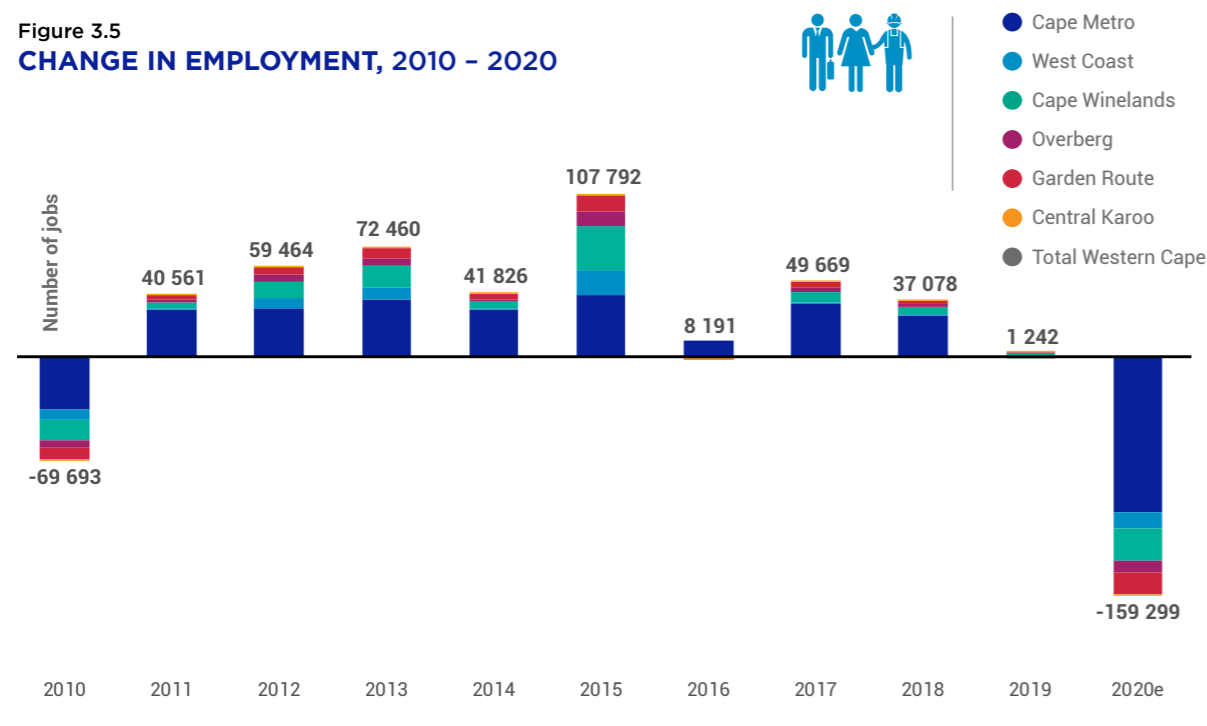
Source: Quantec Research, 2021

Employment contributions by the Districts and Cape Metro area broadly mirror that of GDP contributions. The Cape Metro area was the leading contributor to employment in the Province in 2019, with a contribution of 62.7 per cent. The CWD and GRD were the second- and third-largest contributors to employment in the Province at 15.3 per cent and 9.0 per cent respectively. During the same year, the WCD and OD contributed 7.1 per cent and 5.1 per cent respectively to Provincial employment, while the CKD contributed the smallest share (0.8 per cent).



The employment trends in the Districts and Cape Metro area between 2010 and 2020 are indicated in Figure 3.5.

Figure 3.5
CHANGE IN EMPLOYMENT, 2010 - 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Western Cape	-69 693	40 561	59 464	72 460	41 826	107 792	8 191	49 669	37 078	1 242	-159 299
Cape Metro	-35 135	30 564	31 252	37 045	30 854	40 581	10 156	34 403	26 758	-246	-103 402
West Coast	-7 502	720	6 851	8 367	603	16 300	-550	783	919	308	-10 278
Cape Winelands	-13 493	4 478	11 484	14 797	4 635	29 560	-195	7 276	4 999	1 624	-21 550
Overberg	-4 695	1 650	4 069	4 900	1 730	9 418	-373	2 645	1 766	198	-7 699
Garden Route	-8 092	3 028	5 381	6 812	3 911	10 563	-713	4 435	2 520	-678	-15 304
Central Karoo	-776	121	427	539	93	1 370	-134	127	116	36	-1 066

Source: Quantec Research, 2021 (e denotes estimate)

In 2010, the Western Cape experienced significant job-shedding, with a total of 69 693 jobs lost in the Province during the year. This was probably due to the continued after-effects of the global financial crisis, as employment recoveries typically lag behind economic recovery. These job losses could not be offset by the number of jobs created as a result of investment for FIFA World Cup 2010.

Between 2011 and 2013, a year-on-year increase in the number of employment opportunities was experienced in the Province. Despite a slowdown in the number of new employment opportunities in the Province in 2014, a substantial recovery was registered in 2015,²² with 107 792 jobs created during the year. However, this increase was not sustained in 2016, with all regions apart from the Cape Metro area shedding jobs during the year.

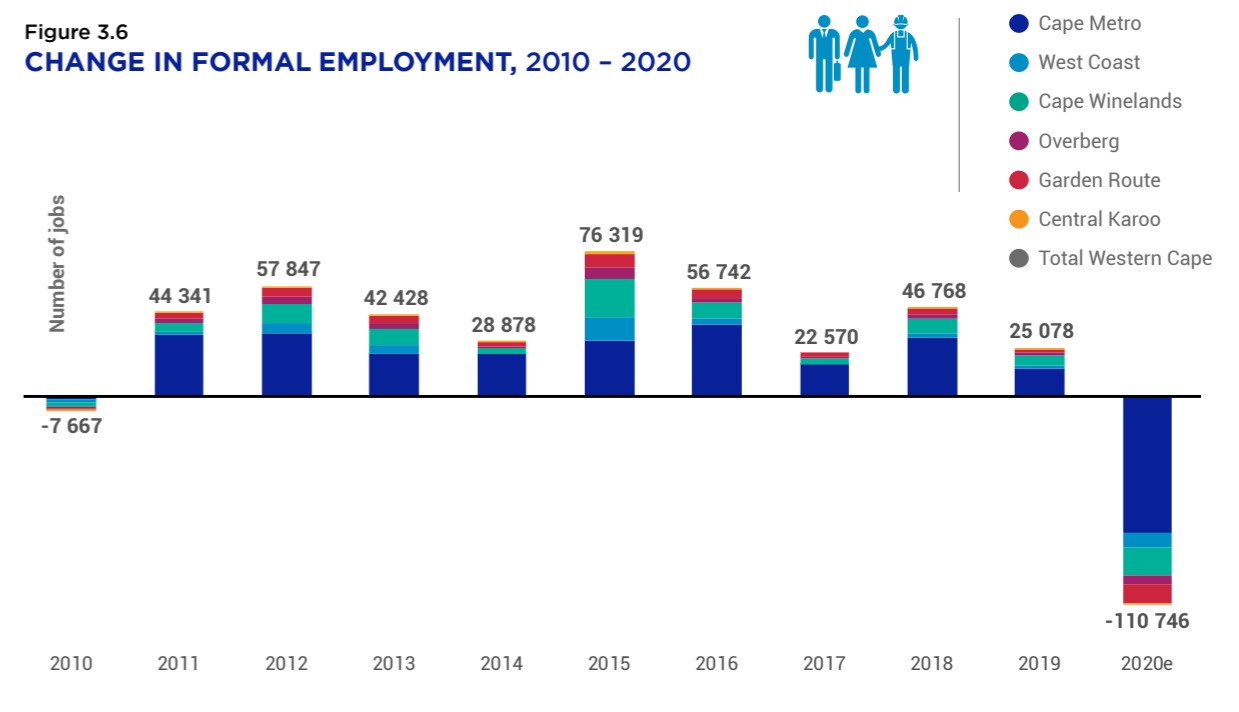
While improvements in job opportunities were experienced in 2017 and 2018, with a cumulative increase of 86 747 jobs in the Province, new job opportunities created declined significantly in 2019. The overall slowdown in employment creation may be attributed to the poor economic performance of the Western Cape economy in 2018 and 2019, with the national economy entering two technical recessions during the same period.

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

Estimates for 2020 indicate that a total of 159 299 jobs were lost in the Province, with the Cape Metro area being the largest contributor to this decline. This highlights the dependence of employment creation in the Province on the performance of the Cape Metro area. However, it should be noted that the remaining Districts in the Province are also expected to have experienced job-shedding in 2020. This sharp decline in job opportunities is the result of national lockdown measures to limit the spread of COVID-19. Employment creation in the Province is not likely to experience an immediate recovery following the easing of lockdown restrictions. As previously mentioned, recoveries in employment typically lag behind economic recovery.

The formal employment trend for each District and the Cape Metro area between 2010 and 2020 is illustrated in Figure 3.6.

Figure 3.6
CHANGE IN FORMAL EMPLOYMENT, 2010 - 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Western Cape	-7 667	44 341	57 847	42 428	28 878	76 319	56 742	22 570	46 768	25 078	-110 746
Cape Metro	-1 570	32 050	33 004	22 224	21 993	29 581	37 535	16 886	30 682	14 183	-72 944
West Coast	-1 810	1 486	5 622	5 012	501	11 668	3 367	21	2 671	2 077	-7 553
Cape Winelands	-2 147	5 308	10 123	8 440	2 945	20 291	8 244	3 023	7 144	5 110	-14 594
Overberg	-736	1 822	3 504	2 723	963	6 453	2 646	1 089	2 365	1 555	-5 073
Garden Route	-1 194	3 477	5 191	3 694	2 387	7 325	4 669	1 584	3 646	1 956	-9 881
Central Karoo	-210	198	403	335	89	1 001	281	-33	260	197	-701

Source: Quantec Research, 2021 (e denotes estimate)

The formal employment creation trend in the Province over the reference period broadly follows that of total employment creation over the same period. Declines in the number of formal jobs were evident in 2010, with strong recoveries registered between 2011 and 2013. This again points to a lagged recovery in formal employment creation following the global financial crisis.

New formal job opportunities in the Province peaked in 2015,²³ with 76 319 formal jobs created during the year.

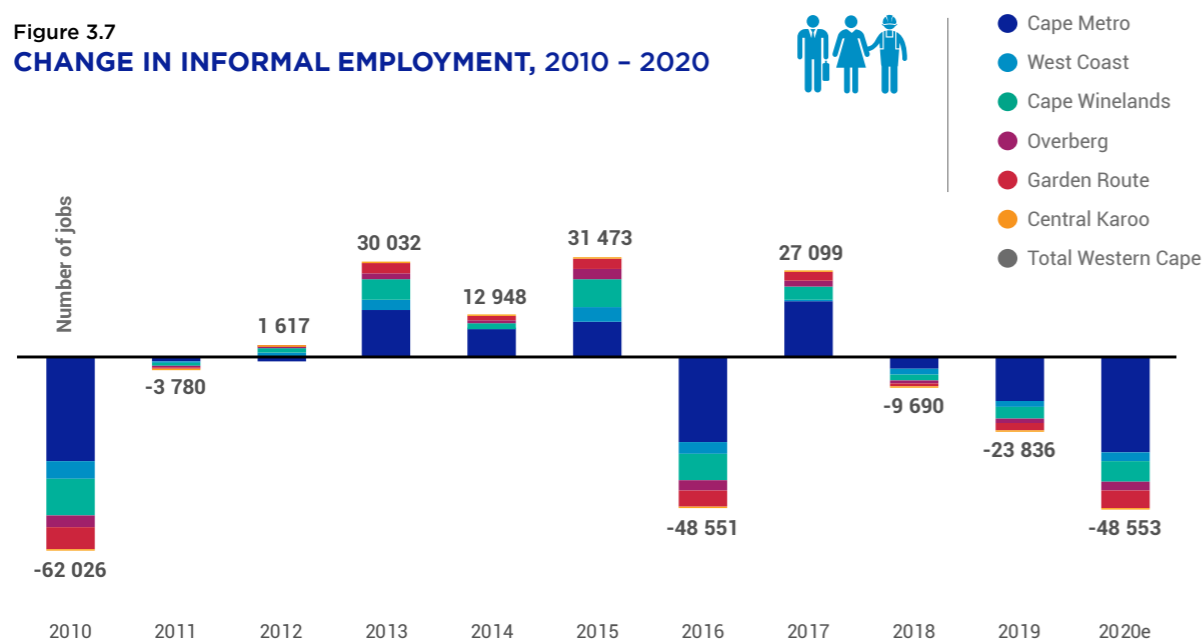
²³ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

The Cape Metro area, CWD and WCD cumulatively contributed 80.6 per cent to the increase in formal job opportunities in the Province during the year. However, new formal job opportunities exhibited an overall downward trend between 2016 and 2019, despite a year-on-year recovery between 2017 and 2018. This is likely due to a marked slowdown in average growth in the Province over the period.

A total of 110 746 formal jobs are expected to have been lost in the Province in 2020. Formal job losses accounted for 69.5 per cent of total job-shedding in the Province during the year. Estimates indicate that a total of 72 944 formal jobs are expected to have been lost in the Cape Metro area, while 14 594 formal jobs are expected to have been lost in the CWD in 2020. Formal jobs are more likely to have been affected by the implementation of lockdown measures to contain the spread of COVID-19. As a result, formal job losses in the Province are expected to have exceeded informal job losses in 2020.

Figure 3.7 illustrates the change in informal employment between 2010 and 2020 across the regions in the Province. Between 2010 and 2019, a net total of 44 714 informal job opportunities were lost in the Province, with the Cape Metro area accounting for 67.8 per cent of this decline.

Figure 3.7
CHANGE IN INFORMAL EMPLOYMENT, 2010 - 2020



Source: Quantec Research, 2021 (e denotes estimate)

In 2010, 62 026 informal job opportunities were lost in the Province. The three leading contributors to this decline include the Cape Metro area (33 565 informal jobs), the CWD (11 346 informal jobs) and the GRD (6 898 informal jobs). When comparing formal and informal job opportunities in 2010, it is evident that informal jobs required a longer period of recovery from the global financial crisis than formal jobs.

Between 2012 and 2015, informal employment opportunities in the Province experienced sustained increases, peaking at 31 473 jobs in 2015.²⁴ However, in 2016 informal employment opportunities declined by 48 551 informal jobs during the year, with all Districts and the Cape Metro area registering declines.

Despite recovering in 2017, new informal job opportunities experienced a decline between 2017 and 2019. In 2017, a total of 27 099 informal job opportunities were created in the Province, with the Cape Metro area being the largest contributor to this increase. However, between 2018 and 2019 informal employment cumulatively declined by 33 526 informal jobs.

Estimates for 2020 indicate that a total of 48 553 informal jobs were lost in the Province during the year. However, it should be noted that formal job losses significantly outweighed informal job losses, indicating a less severe impact of the COVID-19 pandemic and lockdown measures on informal job opportunities. A limitation to this measure may be the undercounting of informal employment, especially of individuals who have secondary jobs in the informal economy, who would be left out during data collection.²⁵

Given the continued rise in unemployment, government employment programmes such as the Expanded Public Works Programme (EPWP) are an important source of income in local communities, particularly for those with low skill levels.



²⁴ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).
²⁵ (Stats SA, 2021).

Table 3.1
**EXPANDED PUBLIC WORKS PROGRAMME
MUNICIPAL PERFORMANCE,
2019/20 – 2021/22**



Period under review	EPWP: provincial target	EPWP: municipal work opportunity target	EPWP: municipal work opportunity performance
2019/20	63 571	39 976	49 437 (124%)
2020/21	64 467	40 555	30 647 (75%)
2021/22 (preliminary Q2 data)	65 594	41 145	24 034 (58%) (report extracted, 20 September 2021)

Source: Western Cape Department of Transport and Public Works – final EPWP Performance Annexures, 2021



Type of programmes implemented:

Infrastructure sector:

- Contractor development
- Large projects (exceeding R30 million)
- Municipal infrastructure
- Provincial roads: roads and non-roads

Social sector:

- Community safety programme
- Early childhood development
- Home community-based care programme
- Mass participation programme (sports coaching)

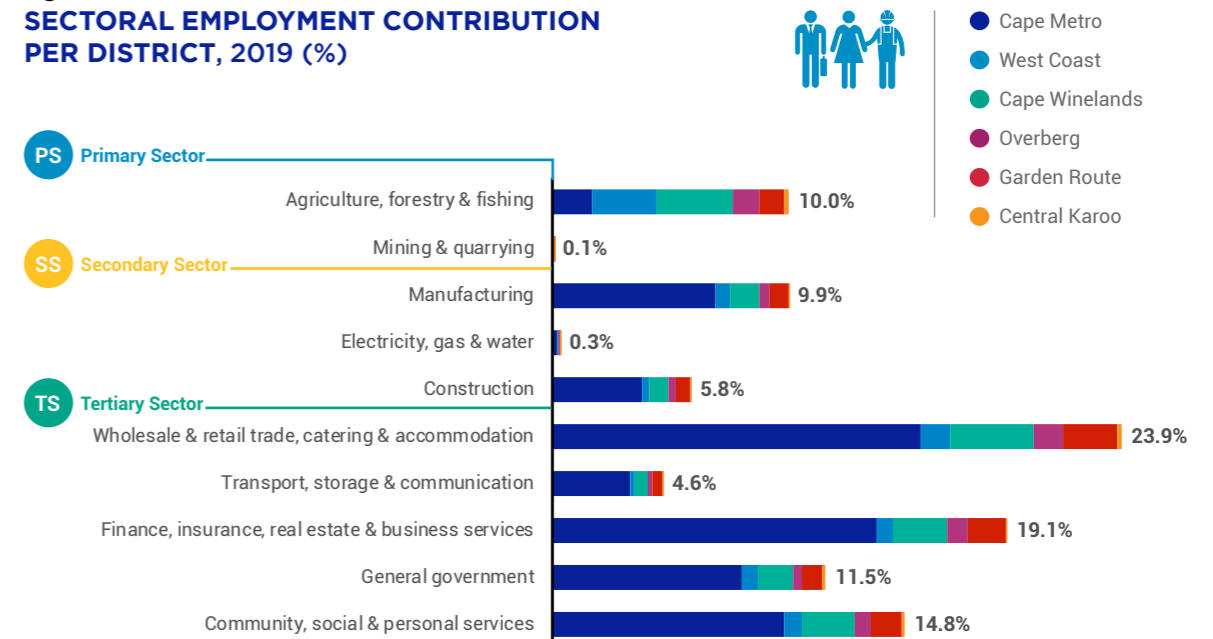
Environment and culture sector:

- Coastal management
- Parks and beautifications
- Sustainable energy
- Waste management
- Tourism and creative industries
- Sustainable land-based livelihoods

In 2019/20, the municipalities exceeded its target of 39 976 EPWP jobs by 24.0 per cent. However, in 2020/21 the COVID-19 pandemic hampered the efforts of employment creation through the EPWP and only 30 647 jobs were created (75.0 per cent of the target). As of September 2021, job creation in 2021 stood at 58.0 per cent of the target (24 034 jobs).

Figure 3.8 illustrates the sectoral employment contribution to the Provincial economy by region in 2019.

Figure 3.8
**SECTORAL EMPLOYMENT CONTRIBUTION
PER DISTRICT, 2019 (%)**



Source: Quantec Research, 2021

The trade sector was the leading contributor to total employment in the Province, with a contribution of 23.9 per cent in 2019. Other prominent contributors to employment during the year included the finance sector (19.1 per cent) and the community services sector (14.8 per cent).



Employment in the trade sector was mainly concentrated in the Cape Metro area and the CWD, which contributed 15.5 per cent and 3.5 per cent respectively to the sector's total employment contribution of 23.9 per cent.

These two regions were also the leading contributors to employment in the finance sector and the community services sector. With regard to the finance sector, the Cape Metro area contributed 13.6 per cent to the sector's total employment contribution of 19.1 per cent, while the CWD contributed 2.3 per cent. In terms of the community services sector, the Cape Metro area and the CWD contributed 9.7 per cent and 2.2 per cent respectively to total employment in the sector.

Employment in the agriculture sector contributed 10.0 per cent to total employment in the Province in 2019. The agriculture sectors in the CWD and WCD were the two leading contributors to overall employment in the primary sector, with contributions of 3.2 per cent and 2.7 per cent respectively during the year.

4. ECONOMIC RECOVERY

4.1 INTRODUCTION

The COVID-19 pandemic has resulted in severe consequences for the economic and social prosperity of the Western Cape. The response to the COVID-19 pandemic has restrained budgetary capabilities, not only in the Western Cape but also in the broader South African context. It is therefore necessary to prioritise interventions to allow for a concentrated approach to economic recovery.

As a recourse to the impact of COVID-19, the Economic Recovery Plan was launched in March 2020. This plan is aligned with the Provincial Strategic Plan (PSP) 2019 – 2024, which outlines the guiding principles for fast-tracking growth and development in the Province. The PSP outlines the priorities of the Western Cape Government (WCG) in the form of vision-inspired priorities (VIPs). These include (1) Safe and Cohesive Communities; (2) Growth and Jobs; (3) Empowering People; (4) Mobility and Spatial Transformation; and (5) Innovation and Culture.

Although the underlying problem statements that informed the VIPs have not changed, the COVID-19 pandemic has augmented the challenges faced by the Province. However, new challenges have emerged amid the COVID-19 pandemic that require consideration by the WCG. In March 2021, the WCG released the Western Cape Recovery Plan (WCRP) to simultaneously address existing and new challenges in the Province. The reasoning behind the development of the WCRP can be summarised as:

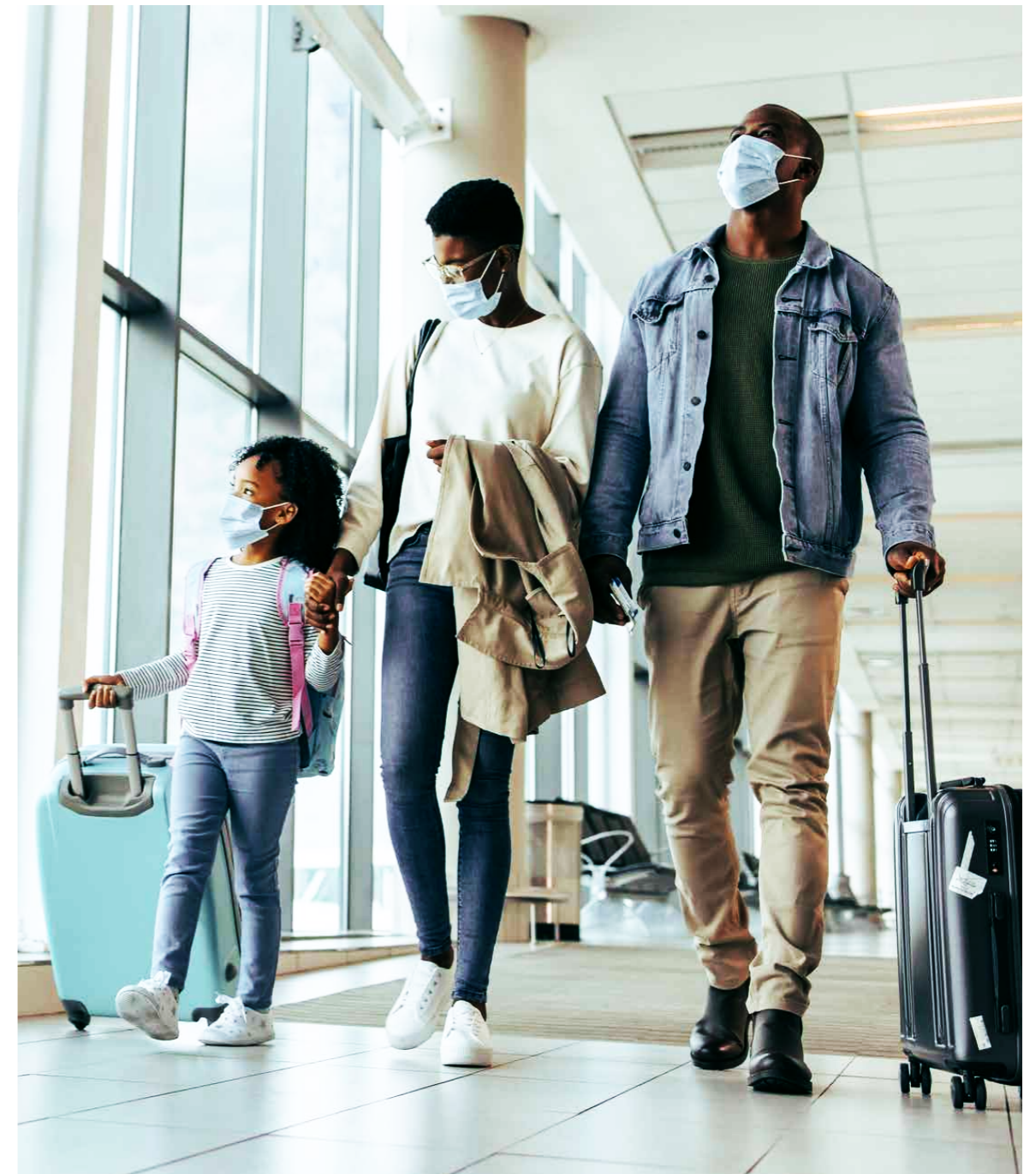
- The prioritisation of PSP interventions in the context of limited resources: this requires the prioritisation of certain PSP interventions and increased collaboration between stakeholders to address social and economic challenges augmented by the COVID-19 pandemic; and
- The institutionalisation of lessons learnt and improved implementation under COVID-19: owing to the agility, innovation and collaboration among stakeholders as part of the collective response to the COVID-19 pandemic, there exists a unique opportunity to reset the Province's transformation agenda. This is referred to as the "New Way to Work", which will be examined in the sections that follow.

The WCRP shares several interventions with the national Economic Reconstruction and Recovery Plan (ERRP), such as infrastructure development, the promotion of exports, energy security and the green economy, tourism recovery and growth, public employment interventions and food security. However, with dignity being the central concept of the WCRP, four themes have been outlined to facilitate the economic recovery of the Western Cape. These include:

- COVID-19 recovery: as the COVID-19 pandemic continues to spread in South Africa and the Western Cape, existing health measures need to be kept in place or augmented to address the secondary impacts of COVID-19 on health services delivery;
- Jobs: emphasis needs to be placed on economic growth and the generation of income by citizens to allow for the mitigation of the economic impact of COVID-19;

- Safety: as safety is highlighted in the PSP, the WCRP places equal importance on the maintenance of safety in the Province. The emphasis is on the dependence of safety on ensuring that basic human needs are met; and
- Wellbeing: the wellbeing of citizens, as enshrined in the South African Constitution, should be ensured by the Government.

In the sections that follow, each of the four themes identified in the WCRP will be examined. In addition, drawing from the PSP, programmes will be identified that the WCG will focus on.



4.2 COVID-19 RECOVERY

The Western Cape is still recovering from the first, second and third waves of COVID-19, with the risk of resurgence in the coming months. The health impact of COVID-19 can be categorised according to the direct and indirect health impacts.

Direct health impacts are centred on the spread of the COVID-19 pandemic across the Province. The Western Cape experienced a significant increase in COVID-19 infections before the rest of the country did during the onset of the pandemic. The COVID-19 pandemic has resulted in direct impacts, such as income losses arising from premature deaths, workplace absenteeism and a reduction in productivity.²⁶ These direct impacts have resulted in negative supply shocks owing to the slowdown in manufacturing activity brought about by disruptions in global supply chains and the closure of factories. In addition, consumer spending patterns were altered as a result of decreased household income and fear surrounding the spread of COVID-19.

Indirect health impacts have resulted from the direct health impacts of the COVID-19 pandemic. Employment losses during the pandemic have been associated with an increase in depressive symptoms among the working-age population.²⁷ Furthermore, a significant secondary impact has been the severe disruption to service delivery and the use of routine services.²⁸

The socio-economic impact of the COVID-19 pandemic resulting from containment measures and economic recession in South Africa has severely affected mental and physical health. The following section will outline the recovery focus areas as determined by the direct and secondary health impacts of COVID-19.

4.2.1 Enabling safer choices and behavioural changes to mitigate COVID-19

Human behaviour was instrumental in the spread of COVID-19, and changing human behaviour has been vital in responding to the COVID-19 pandemic. The WCG has implemented several measures to mitigate the impact of COVID-19 on health and the economy by persuading the Province's population to enact large-scale behavioural changes. However, owing to the socio-economic inequalities in the Province and South Africa, the feasibility of behavioural changes depends on the living and livelihood circumstances of residents.²⁹ These factors and inequalities are vital when considering policies for implementation.

The WCG implemented a social marketing strategy that promotes the necessary personal protective behaviours to facilitate economic and societal recovery. The key message was framed around "Stay Safe. Move Forward" to prevent what is referred to as "COVID fatigue" and a resurgence in COVID-19 infections once lockdown measures were eased. The target audiences that were identified by the WCG for enabling safer choices include:

- Sectors that utilise public transport;
- Young adults between 18 and 30;
- Sectors posing a specific risk, such as bars and restaurants, to mitigate the impact of tourism; and
- Key identified stakeholders, including clinic committees and facility boards.

The behavioural change strategy required a strong element of regulation and enforcement, and was co-ordinated through the Joint Operations Centres (JOCs) located in the Provincial and District Disaster Management Centres. However, in a country as economically and socially divided as South Africa, it would be unrealistic to expect a uniform response from its residents.³⁰

²⁶ (Pak, et al., 2020).

²⁷ (Western Cape Government, 2021).

²⁸ (Unicef, 2021).

²⁹ (Kollamparambil & Oyenubi, 2021).

³⁰ (Kollamparambil & Oyenubi, 2021).

4.2.2 Surveillance and outbreak response to contain the spread of COVID-19

Surveillance enables a better understanding of infection risk and the likelihood of a resurgence through seroprevalence surveys.³¹ The key objectives of surveillance that were identified by the WCG for COVID-19 include:

- Enabling rapid detection, isolation, testing and management of cases;
- Guiding implementation and adjustment of targeted control measures, while enabling the safe resumption of economic and social activities;
- Detecting and containing outbreaks among vulnerable population groups;
- Evaluating the impact of the pandemic on healthcare systems and society;
- Monitoring longer-term epidemiological trends and the evolution of the COVID-19 virus; and
- Contributing to the understanding of the co-circulation of SARS-CoV-2, influenza and other respiratory viruses or pathogens.

Owing to the human and economic toll resulting from the COVID-19 pandemic, there has been increased emphasis on regional disease surveillance and control as a policy response.³² Testing for COVID-19 is the main surveillance tool utilised to curb the spread of the virus. The Department of Health (DOH) has continued to refine its contact-tracing capabilities in line with the fluctuating demands of the pandemic and to detect superspreader events. Furthermore, subdistrict teams play a central role in the provision of ground support and interventions that enable self-management.

4.2.3 Scaling up health platform capacity to manage COVID-19

The primary healthcare (PHC) platform ensures appropriate access to adequate COVID-19 testing for all symptomatic patients and appropriate triaging. Furthermore, advice for self-management of most patients with confirmed COVID-19 infections in the Western Cape is also provided.

The key support measures utilised by the WCG include oxygen supply availability, the provision of required PPE and additional staffing deployment. Other priorities of the WCG include the reintroduction of low-risk and high-impact services, such as immunisations, tuberculosis (TB) case detection and treatment, human immunodeficiency virus (HIV) testing and treatment, and mental health counselling and treatment.



³¹ A seroprevalence survey utilises antibody tests to estimate the percentage of people in a population who have antibodies against SARS-CoV-2 (Centers for Disease Control and Prevention, 2020).

³² (World Bank, 2021).

4.2.4 Employee health and wellness

The impact of COVID-19 resulted in a need to ensure employee health and wellness by providing health and wellness services. These services enhance mental health and support positive lifestyle changes. Factors such as healthcare support can be considered an important determination of employee wellbeing and satisfaction.³³

The WCG is committed to ensuring that there is adequate support for employees who are impacted by COVID-19 through three components:

- Preventive interventions to strengthen the coping mechanisms of employees and modify any risk exposure associated with their health and wellness.
- Supportive interventions such as psychological first aid for those employees who are symptomatic.
- The appropriate treatment and referral as required.

The health and wellness of employees are crucial in maintaining productivity within the Provincial economy. It is therefore vital that initiatives aimed at improving the health and wellness of employees are implemented as part of the broader recovery of the Provincial economy.

4.2.5 Vaccine roll-out

On a national scale, the roll-out of mass COVID-19 vaccination campaigns to the public free of charge is vital for saving lives and supporting economic recovery.³⁴ The inherent objective of the mass vaccination drive in South Africa is to ensure that the country benefits from the resumption of international trade and resurgence in tourism. These are considered to be crucial drivers of economic growth in the Western Cape.

CHAPTER 4 of the WCD, CWD, GRD, OD and CKD District profiles and CHAPTER 3 of the Cape Metro profile contain trends relating to COVID-19 infections, admissions and deaths, as well as a snapshot of the vaccine roll-out up to August 2021.

The roll-out of the vaccine programme during 2021 and beyond is a central priority for the WCG. The WCG introduced an operational roll-out of vaccines by developing a service delivery and distribution model, ensuring cold-chain management and the provision of adequate human resources. This programme includes the development of required information systems that will allow the WCG to conduct targeted vaccinations and monitor the vaccine roll-out.

In support of the national programme, the WCG mobilised volunteers, health professional retirees and senior health science students to assist as vaccinators. The WCG collaborated with the DOH on the development of an information system to register facilities, vaccinators, clients and details of vaccines to capture the administration of the vaccine.

Furthermore, the WCG launched a major campaign in the Western Cape, using a variety of different media platforms and community voices to share accurate information with the public on the vaccines being used. Through a Provincial procurement process, the WCG will acquire additional vaccines to ensure that there is an adequate supply of safe, approved and effective vaccines for the residents of the Western Cape.

³³ (Gorgenyi-Hegyey, et al., 2021).

³⁴ (National Treasury, 2021).

4.3 JOBS

The impact of COVID-19 has been widespread on both a domestic and international level, with global and domestic lockdowns resulting in lower levels of investment and business confidence, job losses and limited trade, highlighting the vulnerabilities of South African businesses owing to their dependence on international trade.

Although the COVID-19 pandemic brought about a significant downturn in the performance of the respective economies of South Africa and the Western Cape, it should be noted that the national economy experienced two technical recessions between 2018 and 2019. Therefore, when local lockdown measures were implemented, the South African economy was not well positioned to mitigate the economic impact thereof. Within the Provincial context, the reliance on tourism as a source of economic growth and employment creation is of particular concern.

Policy considerations include the notion of staying safe, adapting job retention schemes, ensuring adequate income protection, the expansion of employment services and training, providing support to young people and reinforcing measures to promote gender equality in the South African labour market. The areas of discussion in the following section are broadly aligned with those suggested by the International Labour Organization (ILO):³⁵

- Ensuring adequate income protection (including job search assistance and support): government needs to ensure that individuals in urgent need continue to receive income support. However, as the economy recovers, a balance between maintaining support and encouraging active job searching will need to be found;
- Adapting job retention schemes: job retention schemes may need to be adapted, as some sectors may reopen while others will remain constrained in their activities; and
- Staying safe: extended measures and guidelines will need to be introduced in the workplace as the economy reopens.

The objective for the focus area of the Jobs theme is to create an enabling environment for job creation, primarily through supporting the private sector and markets. This is expected to be closely linked with other focus areas, such as improving the wellbeing and safety of citizens. The following subsection will outline the recovery focus areas to allow for job creation in the Province from the 2021 MTEF onwards.



³⁵ (ILO, 2020).

4.3.1 Implement immediate interventions

The Jobs theme required some immediate responses that focused on providing relief in the form of income to households. Within the context of COVID-19, the implementation of domestic lockdown measures resulted in extensive job-shedding, severely restraining household income. This in turn affected the revenue received by municipalities and their respective capabilities to provide basic services.

To provide and sustain household income, several immediate interventions that focused on supporting and creating jobs in the public and private sectors were implemented. Key achievements as outlined in the WCRP include:

- The creation or support of more than 7 493 job opportunities through interventions aimed at supporting businesses to retain employees by December 2020;
- More than R1.3 billion in investments provided to the region, which supported more than 3 000 companies;
- Municipalities were able to take advantage of the legal approval for the self-generation of power, contributing to economic growth and energy security; and
- A total of 1 095 Provincial Public Works projects provided 27 690 employment opportunities as at December 2020, with a total of 6 776 full-time equivalent (FTE) employment opportunities created.

The abovementioned immediate interventions were crucial in sustaining household income during the COVID-19 pandemic. However, initiatives aimed at providing a sustainable recovery in household income through the creation of employment opportunities may be more beneficial in the long run.

CHAPTER 3 of the WCD, CWD, GRD, OD and CKD District profiles and CHAPTER 2 of the Cape Metro profile analyse the performance of and contributions to employment on a sectoral level with the aim of identifying key sectors that will contribute to future employment growth.



4.3.2 Accelerate the ease of doing business

The WCG has identified the ease of conducting business as a cornerstone of economic growth owing to its potential to unlock growth through the removal of growth constraints and job creation. The growth of businesses in any economy provides support to governments in addressing economic challenges faced by the society, such as job creation and financial resources generation, and in improving the standard of living of citizens. Accelerating the ease of doing business is also highlighted in the national ERRP through enacting regulatory changes and creating a supportive policy environment.³⁶

To accelerate the ease of doing business, two aspects must be addressed, namely: (1) the binding and systemic constraints in the economy, and (2) the red tape of the Government and its agencies. Focus areas identified by the WCG over the short term, thus between April 2021 and March 2022, include the following:

- Determining and implementing systemic solutions for economic challenges and constraints;
- Providing Red Tape Reduction support to municipalities;
- Improving the efficiency of government procedures and administrative systems; and
- Providing clear policy direction and legislative reform.

Improving the ease of doing business is vital in stimulating entrepreneurship and facilitating the deployment of businesses. Addressing the focus areas listed above is also expected to contribute to confidence in South African businesses and their interactions with international markets.

4.3.3 Boost investment, exports and infrastructure

The ERRP identifies the need for infrastructure investment and the reorientation of trade policies to boost exports as key interventions in facilitating South Africa's economic recovery from the COVID-19 pandemic.³⁷ Large-scale infrastructure investment is likely to boost aggregate demand, which in turn assists in reviving the construction industry and contributes to employment creation.

Attracting investment and supporting exports remain fundamental in supporting economic diversification and creating employment. Investment in the Western Cape will be attracted into two special economic zones (SEZs) and through other economic development infrastructure initiatives. Foreign investment will also be attracted through international marketing interventions. The focus areas of boosting investment and exports in the Province include:

- Enhancing international and national positioning of the Western Cape;
- Implementing the investment facilitation and retention strategy;
- Promoting trade in key destination markets on the African continent;
- Increasing productivity growth and product complexity;
- Supporting tourism and agribusiness; and
- Supporting growth opportunities in sectors such as agriculture and small, medium and micro enterprises (SMMEs), including support to township economies.

³⁶ (South African Government, 2020).

³⁷ (South African Government, 2020).

Infrastructure-driven economic growth will be centred on infrastructure maintenance, including dams and roads, and education, health and general facilities. This is expected to improve economic productivity and competitiveness, while increasing municipal infrastructure expenditure will stimulate economic growth and support the construction industry. Over the long term, an increase in public capital results in increased levels of economic output. This allows businesses and individuals to be more productive, as more time and resources are now available to generate additional economic output.³⁸

The focus areas outlined in the WCRP, in terms of supporting infrastructure development and maintenance, are focused over the short term. These interventions include:

- Identifying and guiding the planning and execution of major public infrastructure interventions;
- Providing support to municipal infrastructure implementation and spend, with a particular focus on labour-intensive projects;
- Identifying infrastructure shortcomings; and
- Mobilising and directing infrastructure investments.

Attracting investment, supporting exports and maintaining or developing infrastructure are key cross-cutting interventions. The Western Cape requires reliable infrastructure to connect supply chains and efficiently transport goods and services across borders, which will in turn support exports, attract additional investment and support job creation. In accordance with the national ERRP, this focus area should prioritise network industries to support a long-term increase in the productive capacity of the economy and the modernisation of freight and public transport.

CHAPTER 3 of the WCD, CWD, GRD, OD and CKD District profiles and CHAPTER 2 of the Cape Metro profile contain details of the main products that are traded, as well as the key trading partners and recent export and import trends.



³⁸ (Stupak, 2018).

4.3.4 Increase employment opportunities and skills for people without jobs

Employability includes factors such as a foundation of core skills, access to education, availability of training opportunities, motivation and recognition of acquired skills. All these factors are essential for enabling workers to attain decent work, enabling enterprises to adopt new technologies and enter new markets.

Increasing the number of available job opportunities in the Western Cape will result in the increased probability of unemployed individuals finding employment in the private sector. This is to be supplemented by the provision of skills programmes, which will improve access to skills³⁹ development opportunities. Recovery areas over the short term include:

- Increasing internships and skills programmes;
- Improving access to skills and workplace opportunities;
- Improving the skills ecosystem;
- Placing people into public-sector work opportunities, such as EPWPs.

The focus area of advancing work opportunities and skills will provide a guide to assist the WCG in integrating the employability of individuals across the Province. Furthermore, it is also expected that the advancement of skills and increased employability of individuals will support other interventions outlined in the WCRP.

CHAPTER 2 of the WCD, CWD, GRD, OD and CKD District profiles and CHAPTER 1 of the Cape Metro profile discuss local skills profiles and employment trends on a municipal level.

4.3.5 Focus on economic resilience

Regional economic resilience can be linked to an area's ability to prevent, withstand and recover from major disruptions such as the COVID-19 pandemic. Improving the economic resilience of the Province will largely focus on facilitating energy and water resilience and security. This is expected to contribute to sustainable production and to support employment creation. The focus areas of economic resilience in the Province include:

- Diversifying the regional energy mix and reducing energy intensity by promoting the natural gas sector;
- Promoting and enabling solar photovoltaic (PV) installations and energy efficiency across the Province;
- Promoting initiatives that support the green economy;⁴⁰
- Addressing climate change and water resilience; and
- Improving waste management.

Economic resilience is regarded as the focal point for post-incident co-ordination and information dissemination across the Province and its regions. The proposed interventions will create an enabling environment for job creation, and this in turn will sustainably contribute to the wellbeing and safety of citizens.

³⁹ Skills development is identified as a cornerstone of the successful implementation of the national ERRP.

⁴⁰ Green economy interventions are important interventions identified in the national ERRP to address socio-economic challenges while simultaneously offering a sustainable solution to climate vulnerabilities (South African Government, 2020).

4.4 SAFETY

Lockdown measures implemented in South Africa have resulted in lower crime rates, which will be observed in the various District profiles. This is likely as a result of individuals not being able to leave their residences, the ban on alcohol consumption and the difficulty of residents being able to report crime to SAPS. Conversely, owing to the anticipated job losses and learning disruptions resulting from the COVID-19 pandemic and national lockdown, it is expected that crime rates will increase in the medium to long term.⁴¹

The WCG aims to increase safety for all individuals in the Western Cape by improving safety through effective oversight of policing, ensuring safety measures by optimising safety and security risk management. This is supported by three focus areas for intervention identified in the PSP:

- Enhancing the capacity and effectiveness of policing and law enforcement through the deployment of additional law enforcement officers, data-led and evidence-based policing, strengthening crime prevention partnerships with non-government agents and the implementation of the Rural Safety Plan (RSP);
- Implementing programmes to reduce children's exposure to violence to reduce future levels of crime; and
- Implementing programmes to increase the safety of public spaces and promote social cohesion in targeted communities.

Drawing from the PSP, the WCRP defines safety as an aspiration and a state of being free from crime and violence. To ensure that protective measures are impactful on the ground, the following critical elements are outlined in the WCRP:

- An evidence-based approach to safety: draw on international and local evidence of effective measures in addressing safety challenges faced by law enforcement and violence prevention streams;
- A data surveillance approach to safety: adapting the Cardiff Model for violence prevention to develop a safety data surveillance system to integrate data from different government departments; and
- An area-based approach for implementing the safety priority: the WCG aims to establish area-based teams in hotspots of violence, which will include representatives from the law enforcement and violence prevention streams. It should be noted that there should be close co-ordination with the wellbeing priority.

Close co-ordination between the safety and wellbeing priorities is of critical importance to the WCG. Recovery focus areas identified by the WCG may either be immediate or in 2021 and beyond.

⁴¹ (Western Cape Government, 2021).

4.4.1 Immediate interventions

Based on the three critical elements identified in the WCRP, which draws on the PSP, the implementation of multisectoral and evidence-based processes will not be immediate. However, to address the urgent safety needs of communities in the Province, the following programmes are in the process of being implemented:

- The establishment of area-based teams according to geographical areas with high rates of murder and gang violence;
- The establishment and implementation of the Youth Safety Ambassador Programme;
- Via the EPWP, youth training and work placement in jobs in areas with high levels of crime;
- The expansion of the Chrysalis Academy, a youth development academy;
- The training and placement of peace officers in six municipalities;
- The establishment of a Rural Safety Desk;
- Maximising services to survivors of gender-based violence;
- The establishment of a highway patrol to monitor and apprehend flows of illicit goods; and
- The deployment of an additional 500 Law Enforcement Advancement Plan (LEAP) officials in high-crime areas in the City of Cape Town.

Safety is regarded as a necessary enabler for human development, improved quality of life and enhanced employee productivity. Safety is a collective responsibility and through the WCG's respective departments, civil society, active citizens and the private sector, a contribution to a safe and secure environment for the Western Cape can be executed.



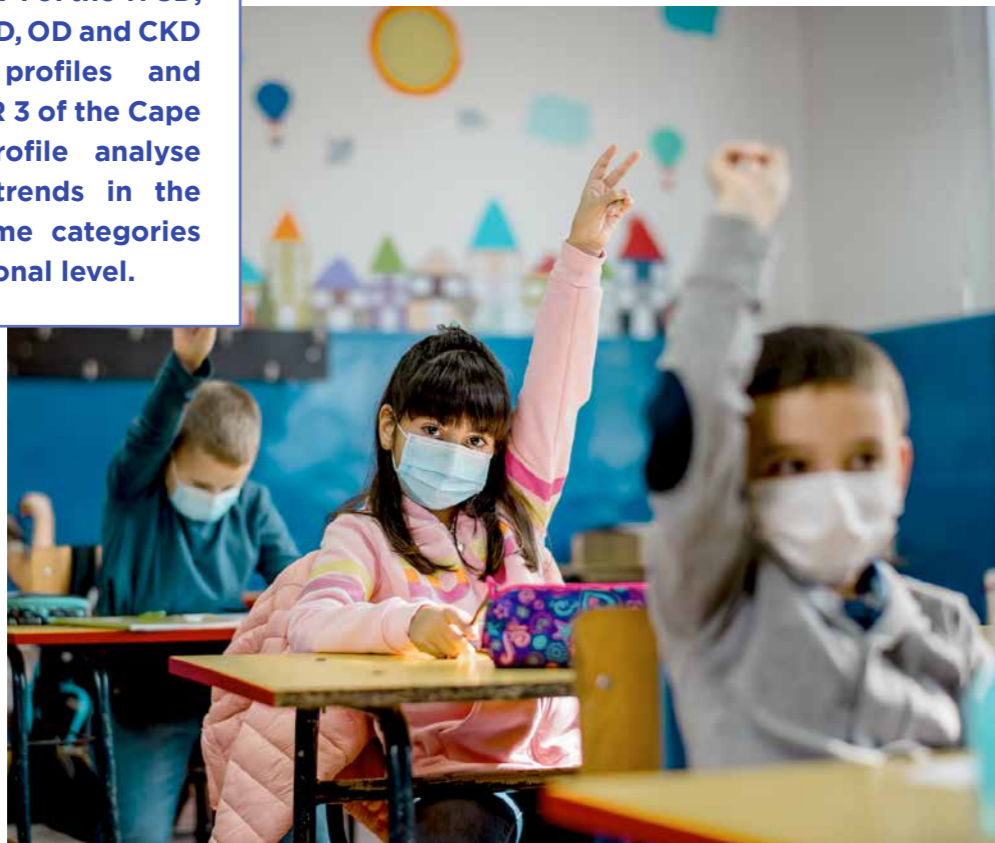
4.4.2 Focus areas in 2021 and beyond

The WCG identified eight focus areas for intervention in reducing interpersonal violence. These will inform the choice of interventions, which include the following:

- Developing safe, stable and nurturing relationships between children and their parents or caregivers;
- Having a school needs assessment to assess levels and drivers of violence in schools;
- Reducing the availability and harmful use of alcohol, in addition to reducing access to firearms and knives;
- Creating safe spaces through urban design;
- Promoting the economic and social empowerment of women;
- Changing social and cultural norms that support violence;
- Continuing Chrysalis Academy for youth development;
- Strengthening child protection services in high-crime areas under the co-ordination of area-based safety teams;
- Supporting safety partners such as Community Police Forums (CPFs), Neighbourhood Watches (NHWs), non-governmental organisations (NGOs) and community-based organisations (CBOs); and
- Ensuring that victim support services are effective.

All these interventions are likely to rely extensively on intersectoral collaboration and co-ordination. This will also require a whole-of-government and whole-of-society approach.

CHAPTER 4 of the WCD, CWD, GRD, OD and CKD District profiles and CHAPTER 3 of the Cape Metro profile analyse historic trends in the main crime categories on a regional level.



4.5 WELLBEING

Wellbeing is related to the health and quality of life of individuals. The wellbeing of individuals is closely related to their safety and health, while also influencing labour productivity. The COVID-19 pandemic severely impacted public health, education and social outcomes in the Western Cape. In terms of healthcare services, COVID-19 has undoubtedly strained the health system and inhibited its ability to provide routine healthcare services.

The WCRP outlines the promotion of wellbeing as a fundamental human right, the progressive realisation of socio-economic rights and the creation of a sense of belonging. It should be noted that the wellbeing priority narrowly follows the PSP through the life course approach. This approach aims to intervene at critical stages during a person's life to ensure future success.

The importance of approaches to wellbeing can be initiated through appropriate policies at different levels of government and should consider factors such as health, education and social services. The recovery focuses of wellbeing in the Province are discussed below.

4.5.1 Immediate interventions

Some interventions identified in the PSP were implemented in 2020 to address immediate needs. These initiatives serve as the basis for those implemented during the 2021 MTEF and beyond. Specific interventions include:

- The provision of support to the early childhood development (ECD) sector through the provision of PPE and an income protection package;
- The provision of food relief through utilising community kitchens, partnerships with NGOs and food parcel deliveries to remote areas;
- Ensuring appropriate targeting of food relief schemes through malnutrition surveillance;
- Implementing the Growth Mindset programme in schools (commencing with Grade 12s);
- The provision of 1 000 shelter spaces and reunification services for the homeless;
- The Thusong homework hubs;
- Red Dot Lite – transport for healthcare workers;
- The expansion or enhancement of school feeding schemes;
- After-school Mass Participation, Opportunity and Access, Development and Growth (MOD) Programme, neighbourhood schools, partial aftercare, YearBeyond and Grade 8 and 9 programmes;
- YearBeyond Youth Service work experience for young people who are not engaged in education, employment or training;
- Community, school and household food gardens; and
- Provision of basic services and sanitation in targeted informal settlements.

4.5.2 Focus areas in 2021 and beyond

Many of the immediate initiatives listed above will continue into the 2021/22 financial year. However, additional focus areas will include:

- Finalisation and roll-out of the Gender-based Violence Implementation Plan;
- ECD infrastructure support and registration drive;
- Specialised learner support at ECDs, expanding into Grade R;
- First 1 000 Days services for maternal health and ECD;
- Libraries' reading drive;
- Continuation of food relief and roll-out of food gardens;
- Development and implementation of a "nourish to flourish" mobilisation strategy for the Province;
- Ongoing support for after-school programmes;
- @Home learning drive to extend education beyond the classroom;
- A catch-up on routine health services, including Road to Health scheduled vaccinations;
- Design of safe spaces in urban areas;
- Facilitation of sport, arts and culture spaces, activities and skills to build social cohesion; and
- Further expansion of a Youth Service programme to 1 000 young people per annum, where they are offered social sector services while gaining work experience and building their curricula vitae.

Improving the wellbeing of citizens in the Province is closely affiliated with the priorities of safety, health and wellness, jobs and productivity, and economic growth. The initiatives listed for immediate implementation, in addition to those proposed for the 2021 MTEF and beyond, emphasise the importance of the youth and women in the economic recovery of the Province. These measures will also contribute to the alleviation of poverty and malnutrition, thus addressing the socio-economic needs of the Western Cape.

CHAPTER 4 of the WCD, CWD, GRD, OD and CKD District profiles and CHAPTER 3 of the Cape Metro profile analyses key health, education and service delivery outcomes.



5. CONCLUDING REMARKS

In 2020, the global economy contracted by 3.1 per cent as a result of the COVID-19 pandemic and lockdown measures to contain its spread. The decline in growth was broad-based in 2020. However, the Chinese economy registered a growth rate of 2.3 per cent during the year. Forecasts for 2021 indicate a recovery in the global economy, with global economic growth accelerating to 5.9 per cent in 2021 before easing to 4.9 per cent in 2022.

The South African economy has registered four consecutive quarterly contractions since the third quarter of 2019. Despite the easing of domestic lockdown restrictions, the recovery of the South African economy in 2021 is expected to be short-lived. Beyond 2021, the gradual recovery of the national economy is expected to be undermined by domestic electricity disruptions and higher fuel, electricity and food prices. Furthermore, the main risks to the national economic outlook include the negative effect of the COVID-19 pandemic on the tourism and hospitality sectors, growing income inequality and increased public-sector debt.

Between 2011 and 2020, average annual growth in the Western Cape stood at 1.0 per cent. Despite the economic decline of the Province over the period, it is worth noting that growth in the Province outpaced that of the national economy in 2019. Given the dependence of the Western Cape on tourism activities and the wine industry as drivers for economic growth, the COVID-19 pandemic and subsequent lockdown measures greatly affected the Province's economic performance. As a result, the Provincial economy is expected to have contracted by 6.7 per cent in 2020. The risks to the Provincial outlook closely mimic the risks to the national outlook. However, reliance of the Western Cape economy on tourism, wine production and agriculture should be considered as additional contextual risks.

The WCG has outlined several focus areas in its recovery plan. These include a focus on the Province's recovery from COVID-19, jobs, safety and wellbeing. These focus areas are closely aligned with the national ERRP. However, it is important that the suggested approaches to recovery specific to each focus area address certain vulnerabilities and underlying inequalities in the Province. Striking a balance between extended public spending and the recovery of the Provincial and national economies remains vital in ensuring the stabilisation of public finances. As such, there is a need to co-ordinate both Provincial and national recovery policies.

The COVID-19 pandemic has accelerated emerging trends, particularly in the digital industries, while similarly emphasising pre-COVID-19 challenges that hampered growth in the economy, such as rising unemployment and low skill levels. The already struggling low-income earners were more likely to be adversely affected, while high-income earners could work from home. This will likely contribute to the already high levels of inequality in the country.

Businesses that are able to adapt and utilise new technologies to meet the changes in consumer behaviour have been more resilient during the pandemic. However, with the rise in remote working, labour supply and demand has been altered, with local businesses competing with global demand for highly skilled workers. Developing skills to meet the demand of local industries, access to the internet, promoting entrepreneurship and ease of doing business are key factors in unlocking sustainable job creation potential.

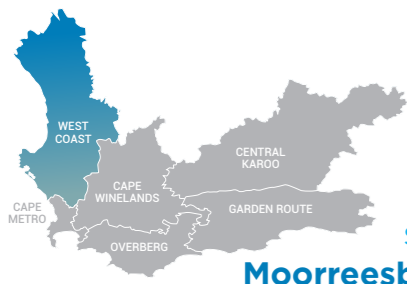


WEST COAST DISTRICT

MATZIKAMA, CEDERBERG, BERGRIVIER, SALDANHA BAY, SWARTLAND

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WCD WEST COAST DISTRICT

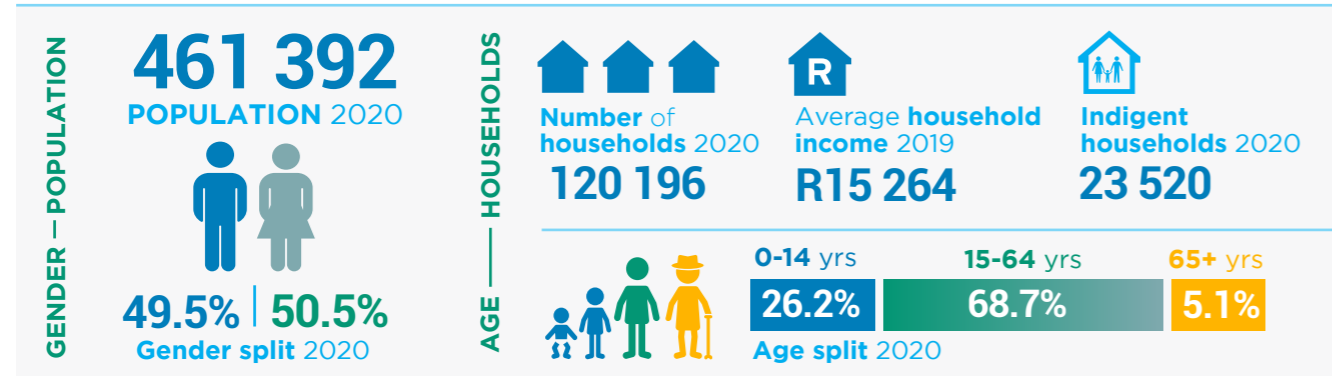
SEAT
Moorreesburg

AREA
31 118KM²

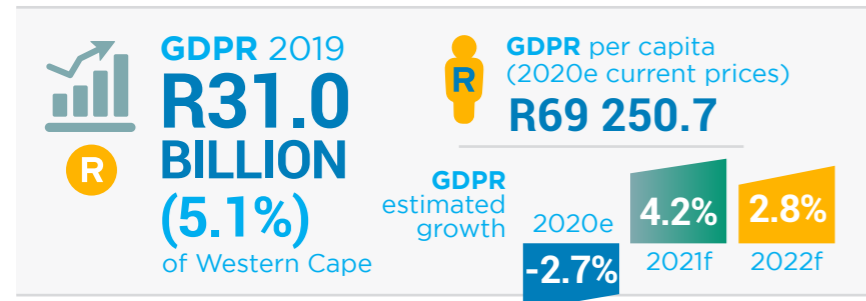
DENSITY
13/KM²

MUNICIPALITIES | MATZIKAMA, CEDERBERG, BERGRIVIER, SALDANHA BAY, SWARTLAND

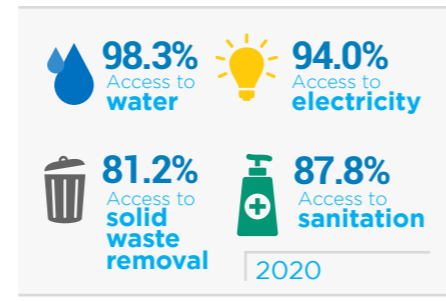
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



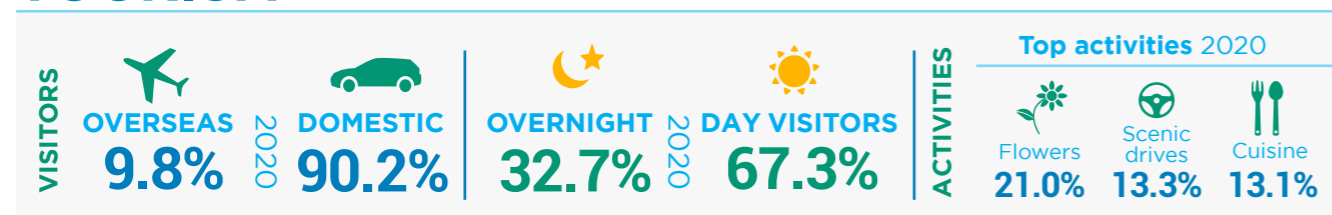
EMPLOYMENT



TRADE



TOURISM



	GDPR		EMPLOYMENT	
	2019	2020	2019	2020
	GDPR CONTRIBUTION	GDPR GROWTH	EMPLOYMENT CONTRIBUTION	EMPLOYMENT GROWTH
PRIMARY SECTOR	17.5%	12.4%	38.0%	-6.2%
AGRICULTURE, FORESTRY & FISHING	16.4%	14.4%	37.8%	-6.2%
MINING & QUARRYING	1.1%	-22.8%	0.2%	-8.0%
SECONDARY SECTOR	29.5%	-7.4%	12.7%	-6.6%
MANUFACTURING	22.8%	-5.0%	8.9%	-3.6%
ELECTRICITY, GAS & WATER	2.0%	-7.8%	0.2%	-3.4%
CONSTRUCTION	4.8%	-20.6%	3.7%	-14.2%
TERTIARY SECTOR	53.0%	-5.8%	49.2%	-4.9%
WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION	16.2%	-9.9%	17.5%	-5.8%
TRANSPORT, STORAGE & COMMUNICATION	8.1%	-16.5%	2.6%	-4.9%
FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES	11.5%	-2.9%	8.8%	-4.8%
GENERAL GOVERNMENT	10.9%	1.0%	9.6%	1.3%
COMMUNITY, SOCIAL & PERSONAL SERVICES	6.3%	-1.8%	10.8%	-8.9%

1 REGIONAL ECONOMIC REVIEW AND OUTLOOK

1.1 INTRODUCTION

The WCD is renowned for its scenic coastline, wildflowers and vast farmlands. The WCD spans an area of 31 118km², which is 24.0 per cent of the total size of the Western Cape. The WCD has five municipal areas, namely Swartland, Bergrivier, Cederberg, Matzikama and Saldanha Bay, which all have unique characteristics that add value to the broader District economy.

This chapter outlines a broad overview of the Provincial macroeconomic context in which the District operates. The period under review for MERO 2021 is between 2015 and 2020, with 2020¹ figures being estimated. An outlook regarding GDPR for 2021 and 2022 is also provided.

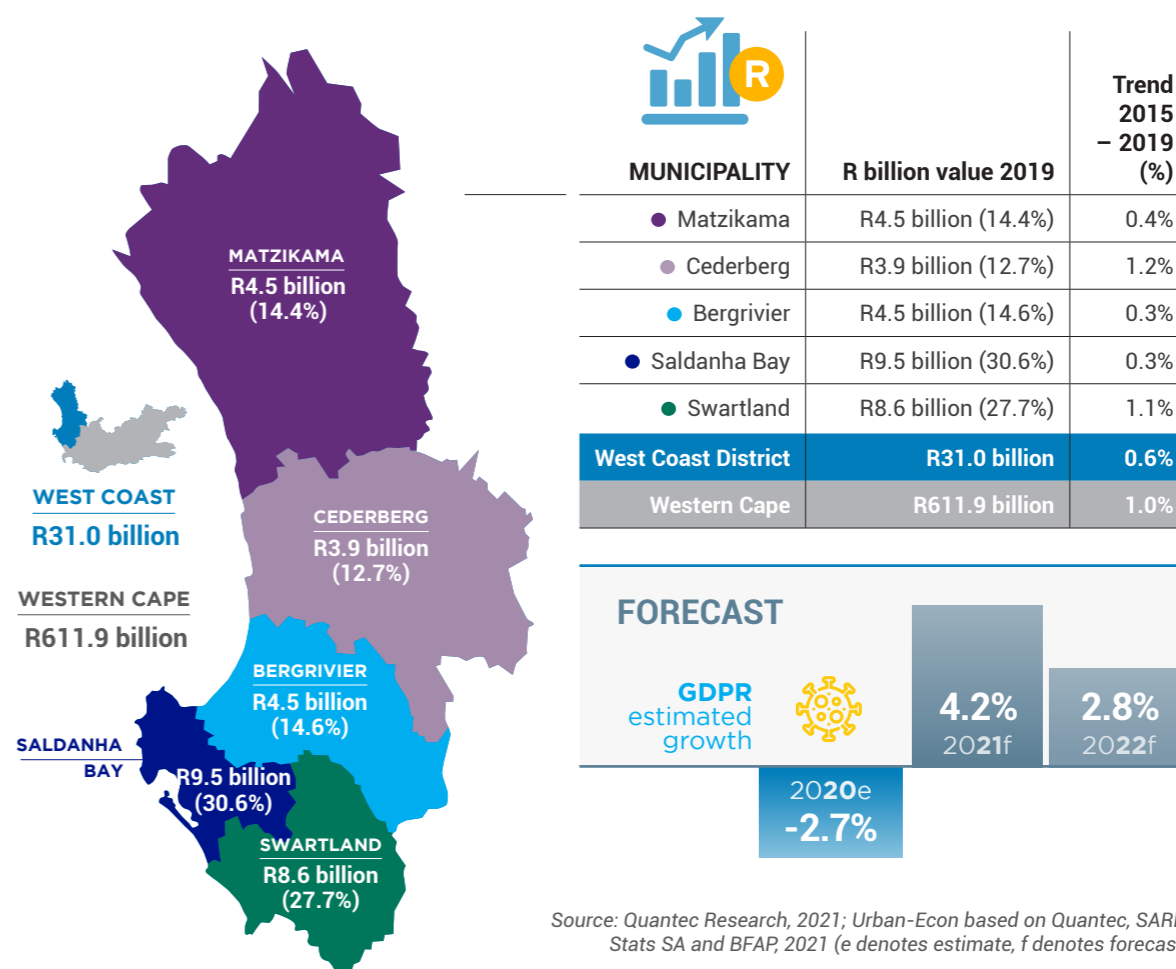
¹ Stats SA will only release official regional indicators for 2020 in 2022.

1.2 GROWTH IN GDPR PERFORMANCE

This section provides a brief overview of the key highlights of the WCD economy. This includes the size of the WCD's economy, average GDPR contribution and the respective growth rates for the various municipal areas within the District.

1.2.1 GDPR performance per municipal area

Diagram 1.1
GDPR CONTRIBUTION AND AVERAGE GROWTH RATES PER MUNICIPAL AREA, West Coast District



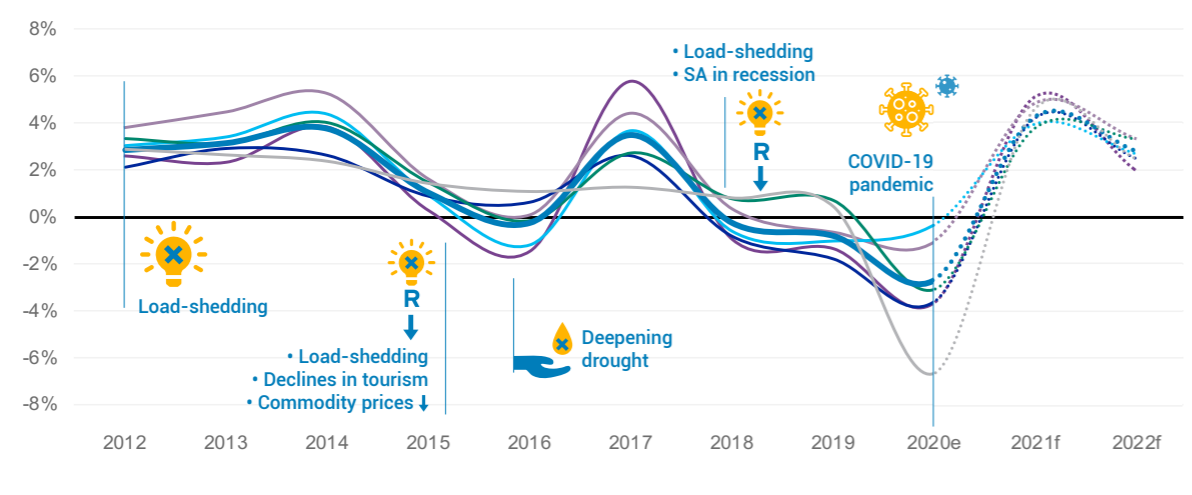
The WCD's economy was valued at R31.0 billion in 2019 and contributed 5.1 per cent to the Provincial economy. Between 2015 and 2019, the WCD experienced an average annual growth rate of 0.6 per cent. This rate is below that of the Provincial economy, which grew by 1.0 per cent over the same period.

The two municipal areas that contributed the most to GDPR in 2019 were the Saldanha Bay (30.6 per cent) and Swartland (27.7 per cent) municipal areas. The Bergrivier and Matzikama municipal areas contributed 14.6 per cent and 14.4 per cent respectively to the economy of the WCD. The smallest contributor to the GDPR of the WCD was the Cederberg municipal area at 12.7 per cent.

The Cederberg and Swartland municipal areas were the only municipal areas that registered a higher average annual growth rate than that of the WCD and the Provincial economy between 2015 and 2019. However, given its economic significance, the Swartland municipal area's contribution to the WCD's economy is more pronounced when compared with that of the Cederberg municipal area. The Saldanha Bay municipal area, which constitutes nearly a third of the District's GDP, registered an average annual growth rate of only 0.3 per cent over the period. The economy of the Saldanha Bay municipal area was constrained owing to the poor performance of the agriculture sector and transport sector between 2015 and 2019. The Matzikama and Bergrivier municipal areas realised average annual growth rates of 0.4 per cent and 0.3 per cent respectively, which were lower than the growth rates of the WCD and the Western Cape.

Figure 1.1 provides an overview of the historical trends in the GDP growth rate of the municipal areas, as well as the WCD and the Western Cape.

Figure 1.1
GDP GROWTH PER MUNICIPAL AREA, West Coast District, 2012 – 2022



	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021f	2022f
Western Cape	2.9%	2.6%	2.4%	1.4%	1.1%	1.2%	0.8%	0.4%	-6.7%	4.6%	2.5%
West Coast District	2.8%	3.1%	3.7%	1.0%	-0.3%	3.5%	-0.3%	-0.8%	-2.7%	4.2%	2.8%
Matzikama	2.6%	2.3%	3.8%	0.2%	-1.5%	5.8%	-1.0%	-1.4%	-3.7%	5.1%	2.0%
Cederberg	3.8%	4.5%	5.2%	1.6%	0.1%	4.4%	0.3%	-0.7%	-1.1%	4.8%	3.3%
Bergrivier	3.0%	3.4%	4.3%	0.9%	-1.2%	3.6%	-0.6%	-1.0%	-0.3%	3.9%	2.7%
Saldanha Bay	2.1%	2.9%	2.6%	0.9%	0.6%	2.6%	-0.9%	-1.8%	-3.6%	4.2%	2.5%
Swartland	3.3%	3.1%	4.0%	1.4%	-0.2%	2.7%	0.8%	0.7%	-3.1%	3.7%	3.3%

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Between 2012 and 2014, all municipal areas in the District exhibited sustained periods of recovery in the aftermath of the global financial crisis in 2008 and 2009, and recurrent countrywide load-shedding. Over the three-year period, the District economy expanded at an increasing rate from 2.8 per cent in 2012 to 3.7 per cent in 2014. This was largely due to economic expansions in the Saldanha Bay (such as the Industrial Development Zone, or

IDZ) and Swartland municipal areas. While both municipal areas are significant contributors to GDP in the District, economic activity in the Swartland municipal area largely benefited from the area's close proximity to the northern suburbs of Cape Town.

In 2015, GDP growth declined significantly, with the WCD registering a growth rate of 1.0 per cent. This rate is below that of the 1.4 per cent realised by the Provincial economy during the same year. GDP growth continued to deteriorate in 2016 and registered a contraction of 0.3 per cent. Between 2015 and 2016, all municipal areas in the WCD experienced significant declines. The drought that was experienced in the Province resulted in deepening declines in growth for the District and municipal areas, which rely on sectors such as agriculture for employment creation.

GDP in the WCD improved from a contraction of 0.3 per cent in 2016 to a growth rate of 3.5 per cent in 2017. However, the Province's growth rate increased marginally from 1.1 per cent in 2016 to 1.2 per cent in 2017. Although economic recovery was realised in 2017, annual growth rates in all the municipal areas declined in the years following 2017, with contractions being experienced in both 2018 and 2019. Similarly, the Province's economic growth slowed over the same period.

Estimates for 2020 indicate a further deterioration of the District economy owing to the contractions experienced in all municipal areas within the District. The overall estimated decline in the District economy during 2020 may be attributed to the COVID-19 pandemic and subsequent lockdown measures put in place to contain its spread.

The Bergrivier and Cederberg municipal areas are expected to register the smallest annual economic contractions in 2020, at 0.3 per cent and 1.1 per cent respectively. The Saldanha Bay municipal area is expected to contract by 3.6 per cent in 2020. This is largely due to the slowdown in international trade arising from global COVID-19 restrictions and Saldanha Bay's dependence on trade activities. However, the WCD is expected to realise a contraction of smaller magnitude than that of the Provincial economy. This is due to the strong performance of the agriculture sector in the WCD in 2020, as the sector was not as constrained by level five of the national lockdown. Increased demand for certain commodities owing to the associated health benefits thereof amid the COVID-19 pandemic also contributed to the strong performance of the sector. The sector's performance was also driven by improved weather conditions when compared with 2019.

The growth rate of the WCD is forecast to increase to 4.2 per cent in 2021 before slowing to 2.8 per cent in 2022. The Matzikama municipal area is forecast to grow by 5.1 per cent in 2021, followed by the Cederberg municipal area at 4.8 per cent. The Swartland municipal area is forecast to realise the smallest annual growth (3.7 per cent) in 2021. The improved growth rates observed in 2021 are due to the poor performance of the WCD economy in 2020 brought about by the COVID-19 pandemic. This should not be considered as an improved economic outlook for the District, as growth in 2021 originates from a constrained economic base. Forecasts for 2022 indicate that economic growth in all the municipal areas is expected to range between 2.0 per cent and 3.3 per cent.

1.2.2 Sectoral GDPR performance

Table 1.1 provides an overview of the District economy that indicates the sectoral contributions in the WCD, as well as their respective growth rates between 2015 and 2019, along with an estimate for 2020 and forecasts for 2021 and 2022.

Table 1.1
GDPR PERFORMANCE PER SECTOR, West Coast District, 2019 – 2022 (%)

SECTOR	R million value 2019	Trend 2015 – 2019	Real GDPR growth		
			2020e	2021f	2022f
Primary Sector	R5 432.8 (17.5%)	-2.2%	12.4%	8.3%	0.3%
PS Agriculture, forestry & fishing	R5 100.1 (16.4%)	-2.2%	14.4%	8.2%	0.4%
Mining & quarrying	R332.7 (1.1%)	-1.8%	-22.8%	11.4%	-2.7%
Secondary Sector	R9 155.2 (29.5%)	1.4%	-7.4%	-1.3%	8.2%
SS Manufacturing	R7 059.6 (22.8%)	1.8%	-5.0%	-1.4%	8.6%
Electricity, gas & water	R614.7 (2.0%)	-2.0%	-7.8%	-3.1%	2.2%
Construction	R1 480.8 (4.8%)	0.1%	-20.6%	-0.3%	8.0%
Tertiary Sector	R16 429.1 (53.0%)	1.5%	-5.8%	5.1%	1.5%
TS Wholesale & retail trade, catering & accommodation	R5 017.8 (16.2%)	1.6%	-9.9%	9.4%	3.9%
Transport, storage & communication	R2 514.2 (8.1%)	-0.5%	-16.5%	7.9%	-4.9%
Finance, insurance, real estate & business services	R3 564.3 (11.5%)	2.8%	-2.9%	4.6%	4.2%
General government	R3 373.6 (10.9%)	0.8%	1.0%	-2.0%	0.1%
Community, social & personal services	R1 959.1 (6.3%)	2.1%	-1.8%	6.3%	-2.0%
Total West Coast District	R31 017.1 (100.0%)	0.6%	-2.7%	4.2%	2.8%

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Valued at R16.4 billion, the tertiary sector was the largest contributor (53.0 per cent) to GDPR in the WCD in 2019. The main drivers of economic activity in the tertiary sector were the trade (16.2 per cent), finance (11.5 per cent) and general government (10.9 per cent) sectors. The tertiary sector is expected to have contracted by 5.8 per cent in 2020 owing to large contractions in the trade (9.9 per cent) and transport (16.5 per cent) sectors. The general government sector is the only sector with a positive estimated growth rate in 2020 owing to the expansion of fiscal expenditure amid the COVID-19 pandemic.

The secondary sector was the second-largest contributor (29.5 per cent) to GDPR in the District economy in 2019, valued at R9.2 billion. The manufacturing sector was the largest contributor to the District's GDPR at 22.8 per cent. Between 2015 and 2019, the manufacturing sector realised a growth rate (1.8 per cent) higher than that of the secondary sector (1.4 per cent). This emphasises the importance of the manufacturing industry as a key driver of economic activity in the WCD. Prominent manufacturing subsectors include food, beverages and tobacco (valued at R5.1 billion in 2019), wood and wood products (valued at R218.2 million in 2019) and basic iron and steel products (valued at R166.6 million in 2019).

The secondary sector is estimated to have declined by 7.4 per cent in 2020, with all individual sectors experiencing contractions. The construction sector and the electricity, gas and water sector are expected to have experienced the largest contractions in 2020, at 20.6 and 7.8 per cent respectively. However, the overall contraction of the secondary sector in 2020 was driven by the poor performance of the manufacturing sector, with an estimated contraction of 5.0 per cent.

The primary sector registered an average annual contraction of 2.2 per cent between 2015 and 2019. It was the only sector to experience a contraction over this period, largely as a result of the Provincial drought. In 2019, the agriculture sector contributed 16.4 per cent to the District's GDPR and realised an average annual contraction of 2.2 per cent between 2015 and 2019. The mining sector contracted at an annual average rate of 1.8 per cent between 2015 and 2019, contributing 1.1 per cent to the GDPR of the WCD in 2019.

It is estimated that the primary sector will grow by 12.4 per cent in 2020, largely owing to the strong performance of the agriculture sector. Despite an estimated decline of 22.8 per cent in the mining sector, the impact is not realised within the broader primary sector, owing to the minimal contribution of mining activities.

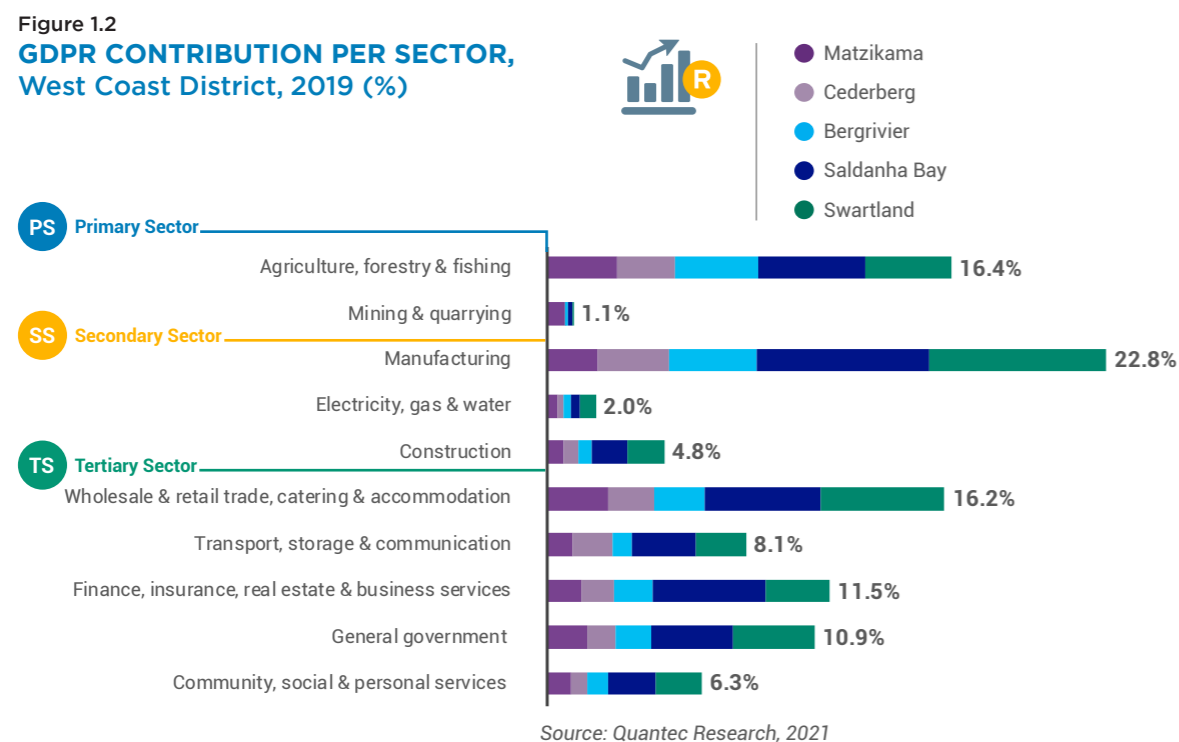
Forecasts for both 2021 and 2022 point to a recovery of economic activity across most sectors. The mining sector is expected to realise the largest growth rate of 11.4 per cent in 2021. However, it should be noted that this is the result of the sector's small base and the recent mining commodity price supercycle.²

The strong growth rates forecast for 2021 are expected to be driven by growth in the agriculture (8.2 per cent), trade (9.4 per cent), transport (7.9 per cent) and finance (4.6 per cent) sectors. This is expected to offset the estimated contraction of the manufacturing sector (1.4 per cent), which is the largest contributor to GDPR in the WCD. The forecast contractions in the electricity, gas and water (3.1 per cent) and construction (0.3 per cent) sectors will only have a minor negative impact on the overall economic performance, owing to their small contribution to the local economy.



² Commodity price supercycles are defined as unexpected increases in commodity prices owing to positive and persistent demand trends.

Figure 1.2 depicts the WCD's sectoral GDP contribution per municipal area in 2019.



The manufacturing sector (22.8 per cent) and agriculture sector (16.4 per cent) were the main contributors to GDP in the WCD in 2019. The agriculture sector is largely concentrated in the Saldanha Bay, Swartland and Bergrivier municipal areas, while most manufacturing activity occurs in the Saldanha Bay and Swartland municipal areas. Combined, the manufacturing sector of the Saldanha Bay and Swartland municipal areas constituted 62.4 per cent of the WCD's entire manufacturing sector in 2019.

The trade sector also plays a key role in the WCD economy, contributing 16.2 per cent to GDP in 2019. This sector is mainly concentrated in the Saldanha Bay and Swartland municipal areas. The mining sector accounts for a mere 1.1 per cent of the GDP in the WCD and is concentrated in the Matzikama municipal area.



1.3 LABOUR TREND ANALYSIS

This subsection provides an overview of the key employment trends by indicating which municipal area has the largest contribution to employment creation in the WCD, and which areas have experienced a significant change in terms of employment patterns. Employment dynamics will be discussed by identifying sectoral contributions in terms of creating new job opportunities or shedding jobs in the District.

1.3.1 Employment per municipal area

Table 1.2 provides an overview of WCD employment growth in 2019. The WCD employed 183 188 workers in 2019 and contributed 7.1 per cent to Provincial employment.

Table 1.2
EMPLOYMENT GROWTH, West Coast District, 2019

MUNICIPALITY	Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
Matzikama	28 507 (15.6%)	598	-1 351
Cederberg	26 666 (14.6%)	665	-1 358
Bergrivier	29 802 (16.3%)	629	-1 323
Saldanha Bay	51 546 (28.1%)	504	-4 221
Swartland	46 667 (25.5%)	1 156	-2 025
West Coast District	183 188 (100.0%)	3 552	-10 278
Western Cape	2 581 736	40 794	-159 299

Source: Quantec Research, 2021 (e denotes estimate)

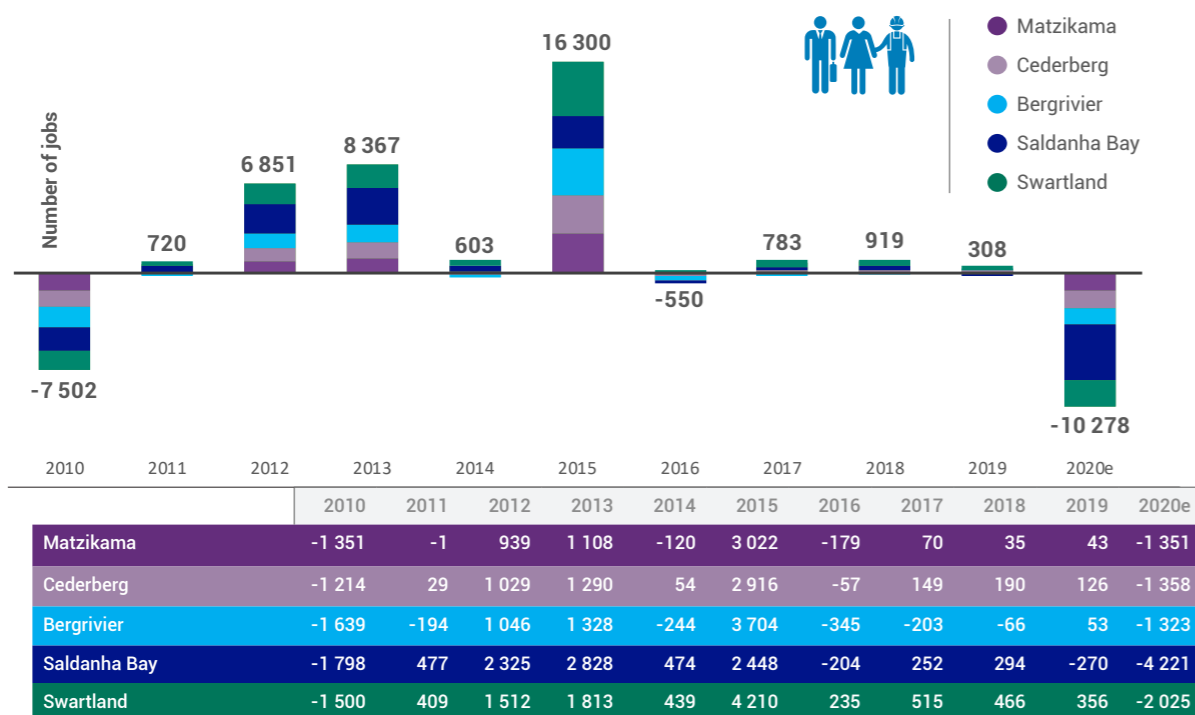
The Saldanha Bay and Swartland municipal areas contributed the largest proportions of jobs in the WCD in 2019, at 28.1 per cent and 25.5 per cent respectively. This was followed by the Bergrivier (16.3 per cent), Matzikama (15.6 per cent) and Cederberg (14.6 per cent) municipal areas.

Between 2015 and 2019, the WCD experienced an average annual increase of 3 552 jobs. Over the five-year period, the Swartland municipal area created the most employment opportunities, with an average annual increase of 1 156 jobs. This is likely due to the strong average annual GDP growth rate recorded by the Swartland municipal area over the same period. The Saldanha Bay and Matzikama municipal areas experienced the lowest number of new employment opportunities between 2015 and 2019, with an average annual increase of 504 and 598 jobs respectively.

In 2020, it is estimated that the Province shed 159 299 jobs, of which 6.5 per cent (10 278 jobs) were in the WCD. As a result of the COVID-19 pandemic, the Province experienced a 6.2 per cent decline in jobs compared with 2019, whereas jobs declined by 5.6 per cent in the WCD. Job losses in 2020 in the WCD are likely to have been minimised by the strong performance of the agriculture sector during the year.

Figure 1.3 provides an overview of the employment change per municipal area in the WCD for the period between 2010 and 2020.

Figure 1.3
EMPLOYMENT CHANGE PER MUNICIPAL AREA, West Coast District, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

In 2010, the WCD experienced a significant amount of job-shedding, with a total of 7 502 jobs lost. Although employment in the District benefited from the 2010 FIFA World Cup, employment losses registered during the year were likely as a result of the aftershock of the global financial crisis, as recoveries in employment typically lag economic recovery. Furthermore, industrial strikes were also experienced in 2010 and may have contributed to a further decline in jobs.

While an improvement in job creation is evident in the post-2010 years, 550 job opportunities were lost in 2016 owing to the worsening drought in the District, which had a negative impact on the economy. The WCD economy exhibited an improvement in job creation between 2017 and 2019, despite a slowdown in annual economic growth in the District. Job creation in the WCD slowed from a net increase of 919 jobs in 2018 to 308 jobs in 2019. This may be attributed to load-shedding and the South African economic recession in the last three quarters of 2019.

Estimates for 2020 indicate a net decrease of 10 278 jobs in the District owing to the economic impact of the COVID-19 pandemic and the downturn in the global economy. The largest number of jobs were shed in the Saldanha Bay municipal area, with an estimated net decline of 4 221 jobs, while an estimated 2 025 jobs were shed in the Swartland municipal area.³ The Bergrivier municipal area experienced the least job-shedding, with an estimated 1 323 jobs shed in 2020. However, job losses owing to the COVID-19 pandemic and subsequent restraints on economic activity are also evident in the remaining three municipal areas. The impact of job losses is likely to result in a decline in household income and this, in turn, will strain municipal revenue streams and increase demand for free service delivery.

³ Employment estimates are based on the Stats SA Quarterly Labour Force Survey (QLFS). As a result of COVID-19, interviews in 2020 for the survey were conducted telephonically, which may have affected data collection, particularly for farm workers in rural areas with limited connectivity. However, employment in the sector is also influenced negatively by trends such as mechanisation and the introduction of a minimum wage (BFAP, 2021).

1.3.2 Sectoral employment

Table 1.3 depicts the sectoral spread of employment in the WCD.

Table 1.3
EMPLOYMENT PER SECTOR, West Coast District, 2019

		Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	69 688 (38.0%)	1 245	-4 324
	Agriculture, forestry & fishing	69 290 (37.8%)	1 257	-4 292
	Mining & quarrying	398 (0.2%)	-12	-32
SS	Secondary Sector	23 322 (12.7%)	227	-1 544
	Manufacturing	16 216 (8.9%)	188	-579
	Electricity, gas & water	408 (0.2%)	1	-14
	Construction	6 698 (3.7%)	37	-951
TS	Tertiary Sector	90 178 (49.2%)	2 080	-4 410
	Wholesale & retail trade, catering & accommodation	32 033 (17.5%)	1 050	-1 869
	Transport, storage & communication	4 693 (2.6%)	92	-229
	Finance, insurance, real estate & business services	16 029 (8.8%)	453	-775
	General government	17 554 (9.6%)	86	229
	Community, social & personal services	19 869 (10.8%)	400	-1 766
	Total West Coast District	183 188 (100.0%)	3 552	-10 278

Source: Quantec Research, 2021 (e denotes estimate)

Similar to GDP, the tertiary sector was the largest collective contributor to employment in the region, at 49.2 per cent in 2019. The tertiary sector also showed the strongest average annual increase in the number of jobs (2 080 jobs) between 2015 and 2019, which highlights its importance to the District economy. The trade sector is of particular importance, contributing 17.5 per cent to employment. Furthermore, between 2015 and 2019 this sector created an average of 1 050 jobs per annum. The finance sector and the community services sector also contributed notably to job creation over the reference period, with 453 and 400 jobs created respectively per annum.

With 69 688 jobs in 2019, the primary sector contributed 38.0 per cent to total employment during the year. In terms of individual sectoral contributions, the agriculture sector was the primary source of employment in 2019, contributing 37.8 per cent to total employment in the WCD. However, the agriculture sector only contributed 16.4 per cent to the GDP of the WCD, which indicates that the primary sector is labour-intensive because it depends largely on unskilled labour. Between 2015 and 2019, the agriculture sector created an average of 1 257 jobs annually. The mining sector was the only sector to shed jobs between 2015 and 2019, shedding an average of 12 jobs per annum.

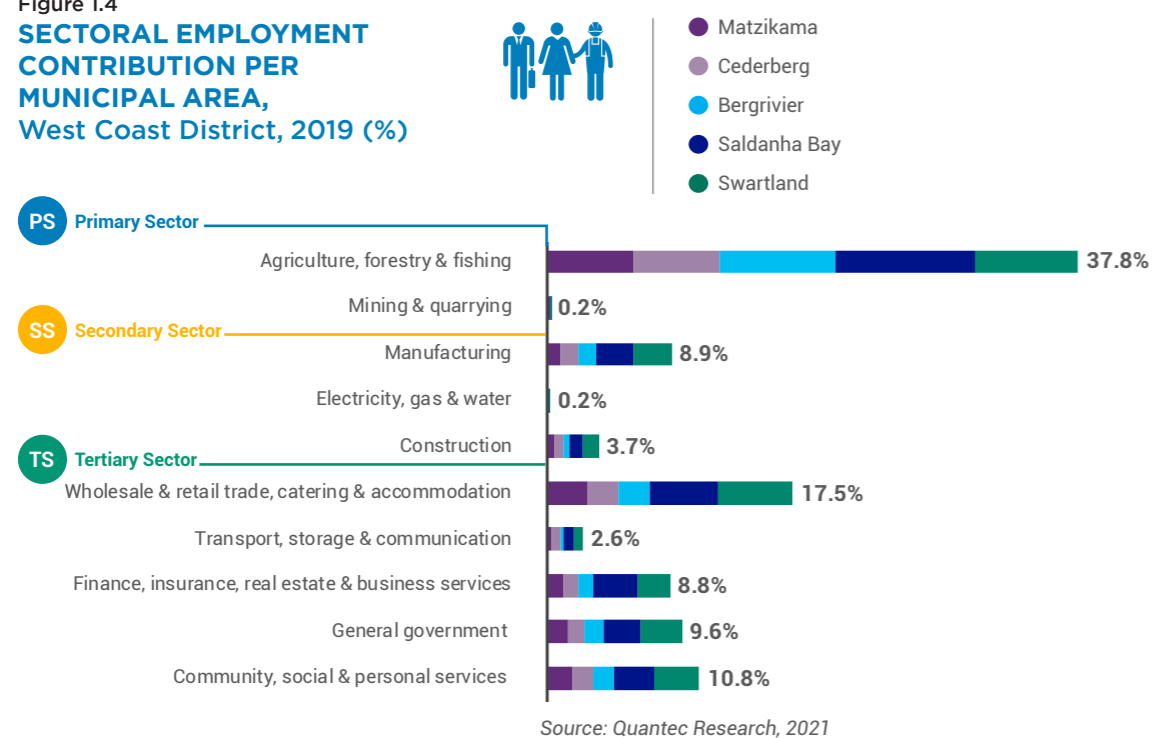
In the District, there were 23 322 jobs (12.7 per cent) in the secondary sector in 2019. This sector exhibited the smallest average annual change across the three main sectors over the review period, with an average increase of 227 jobs per annum. In terms of individual sectors, the number of jobs in the manufacturing sector increased by 188 jobs per annum on average.

Estimates for the District in 2020 indicate an expected total loss of 10 278 jobs, mainly as a result of job-shedding within the tertiary (4 410 jobs) and primary (4 324 jobs) sectors. The secondary sector is estimated to experience a decline of 1544 jobs in the year. Employment in the agriculture sector indicates expected job-shedding of 4 292 jobs in 2020.⁴ Furthermore, estimates for 2020 indicate that the trade sector and the community services sector experienced substantial job losses during the year, which further impacted net employment creation in the WCD.

The poor economic performance of all municipal areas in the WCD contributed significantly to the increase in job-shedding in the District. All sectors, apart from the general government sector, experienced job-shedding in 2020. The performance of employment in the general government sector is probably as a result of the increase in government spending patterns and health responses to the COVID-19 pandemic.

Figure 1.4 illustrates the sectoral employment contribution per municipal area in the WCD in 2019. The agriculture sector was the dominant source of employment in the WCD in 2019, with a contribution of 37.8 per cent to total employment. The Saldanha Bay, Bergrivier and Swartland municipal areas provided the largest proportion of employment opportunities within this sector.

Figure 1.4
SECTORAL EMPLOYMENT CONTRIBUTION PER MUNICIPAL AREA, West Coast District, 2019 (%)



⁴ Employment estimates are based on the Stats SA Quarterly Labour Force Survey (QLFS). As a result of COVID-19, interviews in 2020 for the survey were conducted telephonically, which may have affected data collection, particularly for farm workers in rural areas with limited connectivity. However, employment in the sector is also influenced negatively by trends such as mechanisation and the introduction of a minimum wage (BFAP, 2021).

The trade sector was the second-largest contributor to employment across all municipal areas. This sector was of particular importance to employment in the Swartland and Saldanha Bay municipal areas, at 5.3 per cent and 4.9 per cent respectively in 2019.

The community services sector provides a large number of jobs in the District (10.8 per cent) and is concentrated in the Swartland and Saldanha Bay municipal areas. The mining sector contributed 0.2 per cent to employment in the WCD and is exclusively concentrated in the Matzikama municipal area. The sector's minimal employment contribution is also reflected by its GDP contribution.



Diagram 1.2 summarises the employment dynamics in the WCD by illustrating the unemployment rate, labour absorption rate, labour participation rate and the “not economically active” population as a proportion of the working-age population for each of the municipal areas.

Diagram 1.2
UNEMPLOYMENT PROFILE, West Coast District, 2019 (%)

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

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

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

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

MUNICIPALITY	Unemployment rate (%) 2019	2020e	Labour force participation rate (%) 2019	2020e	Labour absorption rate (employment-to-population ratio) 2019	2020e	Not economically active 2019 (% of working-age population)	2020e
Matzikama	12.3%	↓	65.9%	↓	57.8%	↓	34.1%	↑
Cederberg	8.1%	↓	68.3%	↓	62.8%	↓	31.7%	↑
Bergrivier	5.6%	↓	66.2%	↓	62.5%	↓	33.8%	↑
Saldanha Bay	17.8%	↓	71.7%	↓	58.9%	↓	28.3%	↑
Swartland	11.1%	↓	62.2%	↓	55.3%	↓	37.8%	↑
West Coast District	12.0%	↓	66.9%	↓	58.8%	↓	33.1%	↑
Western Cape	19.6%	↓	67.9%	↓	54.6%	↓	32.1%	↑

Source: Quantec Research, 2021 (e denotes estimate)

In 2019, the unemployment rate of the WCD (12.0 per cent) was below that of the Western Cape (17.8 per cent). The Saldanha Bay (18.1 per cent) and Matzikama (12.3 per cent) municipal areas had the highest unemployment rates of all municipal areas in 2019 despite their significant contributions to GDP.

It is estimated that the unemployment rate decreased across all municipal areas in the WCD between 2019 and 2020. However, this is not a reflection of an improvement in the labour market but is instead as a result of a large number of individuals moving from employed and unemployed status to the “not economically active” category, as workers were not able to seek employment owing to the national lockdown,⁵ or have given up on seeking employment owing to a limited supply of jobs. This is reflected as an increase in the number of individuals who are not economically active across all municipal areas in the WCD as well as the Western Cape.

The decrease in both the labour force participation and labour absorption rates between 2019 and 2020 shows a decline in job opportunities in the labour market of the District economy.

1.4 CONCLUDING REMARKS

The economy of the WCD was valued at R31.0 billion in 2019 and contributed 5.1 per cent to the Western Cape economy. Growth in the District averaged 0.6 per cent between 2015 and 2019, which was lower than the average of the Provincial economy. Estimates for 2020 indicate that the District economy contracted by 2.7 per cent, which is smaller than the estimated contraction of 6.7 per cent for the Provincial economy. Forecasts for 2021 indicate a growth rate of 4.2 per cent, followed by 2.8 per cent in 2022.

In 2019, the Saldanha Bay and Swartland municipal areas were the largest contributors to GDP in the WCD. In terms of sectoral performance, the tertiary sector was the main driver of economic activity in 2019, contributing 53.0 per cent to GDP. GDP estimates for 2020 indicate a contraction for both the secondary and tertiary sectors of 7.4 per cent and 5.8 per cent respectively. The primary sector realised an estimated growth rate of 12.4 per cent. The strong performance of the agriculture sector is likely to be driven by healthier consumption patterns among consumers amid the COVID-19 pandemic. The agriculture sector was also not as constrained by level five of the national lockdown as other sectors. Improved weather conditions following the drought of 2019 also allowed for a recovery in the sector in 2020. This translated into a positive performance for the primary sector.

The agriculture sector was the main source of employment in the WCD in 2019 contributing 37.8 per cent to employment, followed by the trade sector with 17.5 per cent. The unemployment profile of the WCD indicates that fewer job opportunities were available in the District, evident from a decrease in the labour force participation rate and labour absorption rate between 2019 and 2020.

Unemployment across the District decreased despite the sharp contractions in economic activity in 2020. This decrease in unemployment was driven by an increase in the proportion of the “not economically active” population, rather than an improvement in employment opportunities. In 2019, the total number of jobs in the WCD was 183 188, with estimates indicating that 10 278 jobs were lost in 2020, mainly from the primary and tertiary sectors.

⁵ (Stats SA, 2020).

2

SECTORAL GROWTH, EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

2.1 INTRODUCTION

This chapter provides an in-depth macroeconomic overview of the WCD economy at a municipal level by considering the trends between 2010 and 2020 in the sector growth, skills and employment per municipal area. Employment and skill levels are also considered in this chapter.

2.2 WEST COAST DISTRICT SALDANHA BAY



GDPR

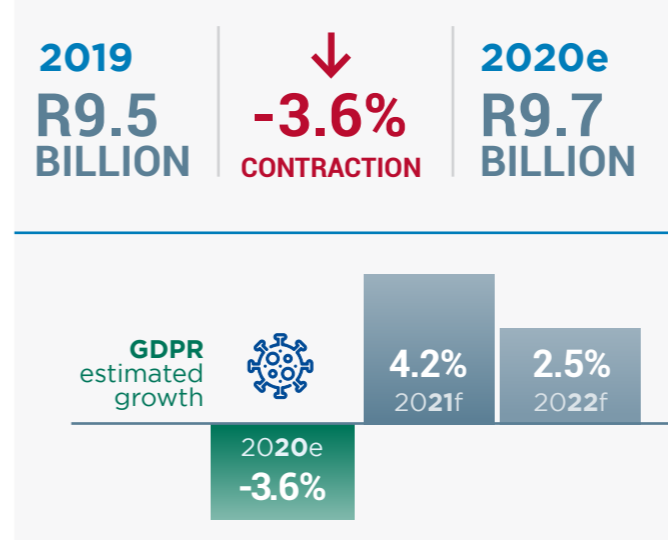
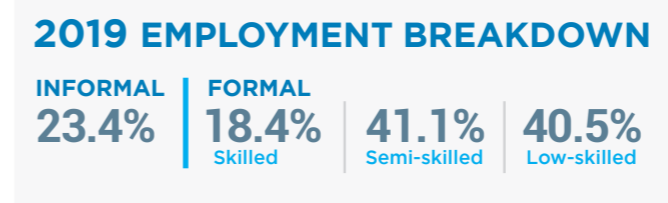


Diagram 2.1
GDPR (CURRENT PRICES) AND EMPLOYMENT, Saldanha Bay, 2019 and 2020e

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Saldanha Bay municipal area is the largest economy in the District, and with its coastline of 238km, the municipal area is the home of a large fishing industry and a number of tourist towns.⁶ Saldanha Bay is also known for its harbour, steel mill and IDZ, while Vredenburg is the largest administrative and commercial centre in the WCD. Coastal towns such as Paternoster, St Helena Bay, Jacobsbaai and Langebaan are popular areas for holiday homes. Inland, Hopefield is a service centre for the grain, dairy, meat and honey farmers in the area.⁷

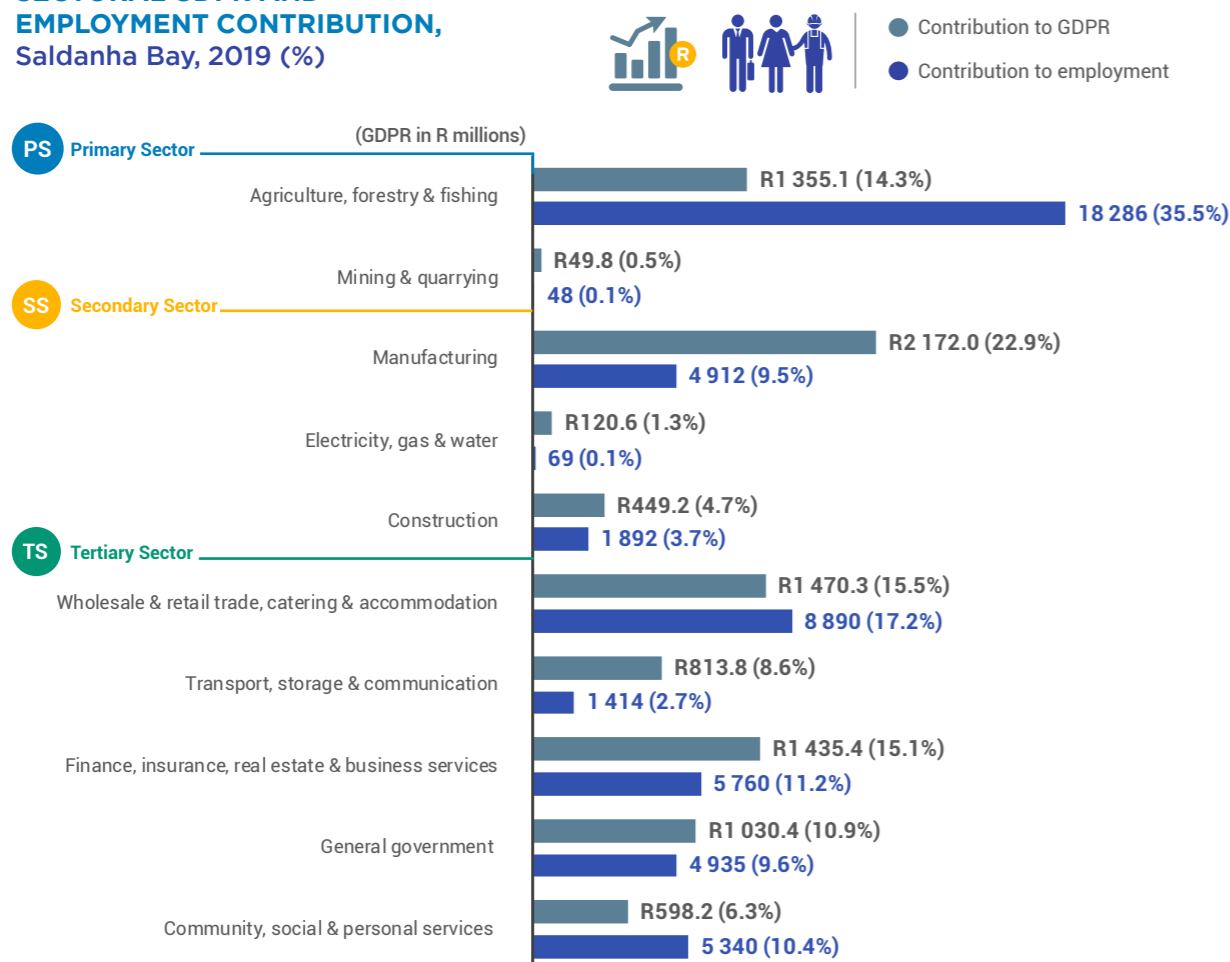
2.2.1 GDPR and employment performance

In 2019, the economy of the Saldanha Bay municipal area was valued at R9.5 billion (current prices) and employed 51 546 workers. The estimate for 2020 indicates that the economy was valued at R9.7 billion (current prices), while employment declined by 4 221 jobs to 47 325 jobs. The COVID-19 pandemic put strain on the local economy, which is estimated to have contracted by 3.6 per cent in constant prices. However, the economy is forecast to rebound by 4.2 per cent in 2021, while growing by a further 2.5 per cent in 2022.

⁶ (MDB, 2018).
⁷ (Saldanha Bay Municipality, 2017).

Figure 2.1 provides an overview of the sectoral GDPR and employment contribution within the Saldanha Bay municipal area.

Figure 2.1
SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION, Saldanha Bay, 2019 (%)



Source: Quantec Research, 2021

The largest economic sectors contributing to GDPR in the municipal area were manufacturing (22.9 per cent), trade (15.5 per cent) and finance (15.1 per cent). While manufacturing was the major contributor to GDPR in the municipal area, the agriculture sector was the largest contributor to employment in 2019, accounting for 35.5 per cent of total employment. However, this sector contributed 14.3 per cent to GDPR, which indicates that the industry is labour-intensive. In the same year, the manufacturing sector employed 9.5 per cent of the municipal area's workforce, indicating that it is a capital-intensive industry. The trade sector accounted for 17.2 per cent of total employment in the municipal area in 2019.

The smallest contributor in 2019 was the mining sector, contributing 0.5 per cent to GDPR and 0.1 per cent to employment.

Table 2.1 outlines the Saldanha Bay municipal area's GDPR and employment performance per sector.

Table 2.1
GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Saldanha Bay

SECTOR	GDPR		Employment	
	Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS Primary Sector	-3.7%	18.7%	-70	-2 339
Agriculture, forestry & fishing	-3.8%	20.2%	-69	-2 333
Mining & quarrying	-2.4%	-20.5%	-2	-6
SS Secondary Sector	-0.1%	-10.2%	-29	-551
Manufacturing	0.0%	-8.4%	-25	-271
Electricity, gas & water	-0.3%	-6.7%	0	-3
Construction	-0.7%	-21.1%	-4	-277
TS Tertiary Sector	1.7%	-5.6%	603	-1 331
Wholesale & retail trade, catering & accommodation	1.6%	-9.8%	293	-563
Transport, storage & communication	-1.6%	-17.3%	0	-93
Finance, insurance, real estate & business services	3.3%	-2.7%	161	-278
General government	0.9%	0.9%	17	59
Community, social & personal services	2.3%	-1.5%	131	-456
Total Saldanha Bay	0.3%	-3.6%	504	-4 221

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the Saldanha Bay municipal area achieved an average annual growth rate of 0.3 per cent, while creating 504 jobs per annum. However, as a result of the impacts of the COVID-19 pandemic, the economy contracted by an estimated 3.6 per cent in 2020, while shedding 4 221 jobs.

The tertiary sector, which grew at an average annual rate of 1.7 per cent between 2015 and 2019, played a vital role in the economic performance of the municipal area, as the primary and secondary sectors contracted by an average annual rate of 3.7 per cent and 0.1 per cent per annum respectively.

Between 2015 and 2019, the trade (1.6 per cent), finance (3.3 per cent) and community services (2.3 per cent) sectors were the largest contributors to growth in the tertiary sector. These sectors also contributed the most to employment creation over this period, creating an average of 293 jobs, 161 jobs and 131 jobs per annum respectively. However, these sectors are estimated to have underperformed in 2020 owing to the COVID-19 pandemic, which had a major impact on economic growth. The only tertiary sector that did not contract in 2020 was the general government sector, which is estimated to have grown by 0.9 per cent, with 59 jobs created.

The growth in this sector can be aligned to the expansion of fiscal expenditure in the Government before the COVID-19 pandemic.

Despite its important role in the local economy, particularly as one of the main sources of employment, the agriculture sector experienced a poor performance, as this sector contracted by 3.8 per cent in GDP between 2015 and 2019. However, it is estimated to have increased by 20.2 per cent in 2020. The growth in the agriculture sector can be attributed to the fact that during South Africa's level five lockdown in 2020, the sector was categorised as an essential service and could continue to operate. Furthermore, the most common crops in the Saldanha Bay area are wheat and planted pastures. The gross value of wheat production increased in 2020 and high prices boosted the agriculture sector.⁸ However, employment did not mirror the positive GDP growth, and it is estimated that the sector shed 2 333 jobs in 2020.⁹

Even though the manufacturing sector makes up a significant portion of the economy, it stagnated in terms of GDP growth between 2015 and 2019, and contracted by an estimated 8.4 per cent in 2020. The challenges in the iron- and steel-production industry over this period have subdued the growth prospects of this sector substantially. The poor performance of this sector has resulted in an average of 25 job losses per annum between 2015 and 2019, followed by a further decline of 271 jobs in 2020.

The impact of the job losses in 2020 will introduce several challenges for the municipality, as average household income will be directly affected. Revenue losses within the municipality will place pressure on the municipality, with increased demand from the local population for basic services.

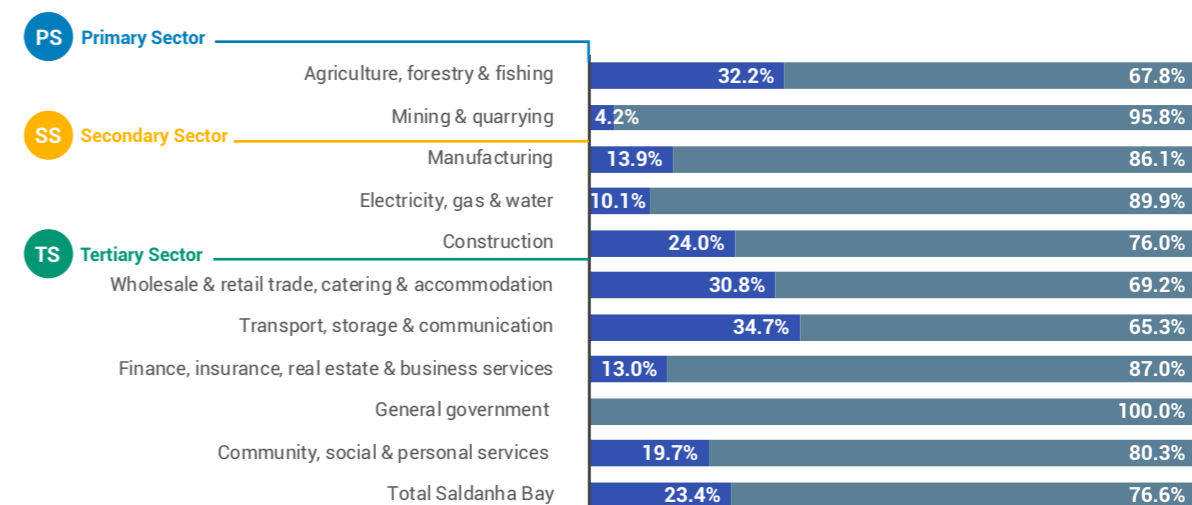
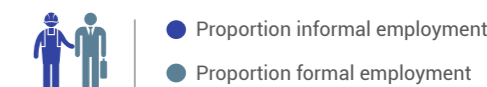


⁸ (South African Grain Information Service, 2020).

⁹ Employment estimates are based on the Stats SA Quarterly Labour Force Survey (QLFS). As a result of COVID-19, interviews in 2020 for the survey were conducted telephonically, which may have affected data collection, particularly for farm workers in rural areas with limited connectivity. However, employment in the sector is also influenced negatively by trends such as mechanisation and the introduction of a minimum wage (BFAP, 2021).

Figure 2.2 provides an overview of informal employment per sector in 2019 in the Saldanha Bay municipal area.¹⁰

Figure 2.2
INFORMAL EMPLOYMENT DISTRIBUTION,
Saldanha Bay, 2019 (%)



Source: Quantec Research, 2021

The majority of workers were formally employed (76.6 per cent), while 23.4 per cent of workers were informally employed. The transport sector had the largest portion of workers who were informally employed (34.7 per cent).

Informal employment accounts for 32.2 per cent of the workers in the agriculture sector. The ocean is a critical natural resource for the municipal area, given that the majority of the workers in this sector are within the fishing-related industry. This emphasises the importance of the small-scale fishing industry to employment and the economy of the Saldanha Bay municipal area. Informal workers in this sector typically earn below-average compensation, which influences household income and spending power. This affects sectors that are dependent on household expenditure, as well as the income-earning abilities of the local municipality.

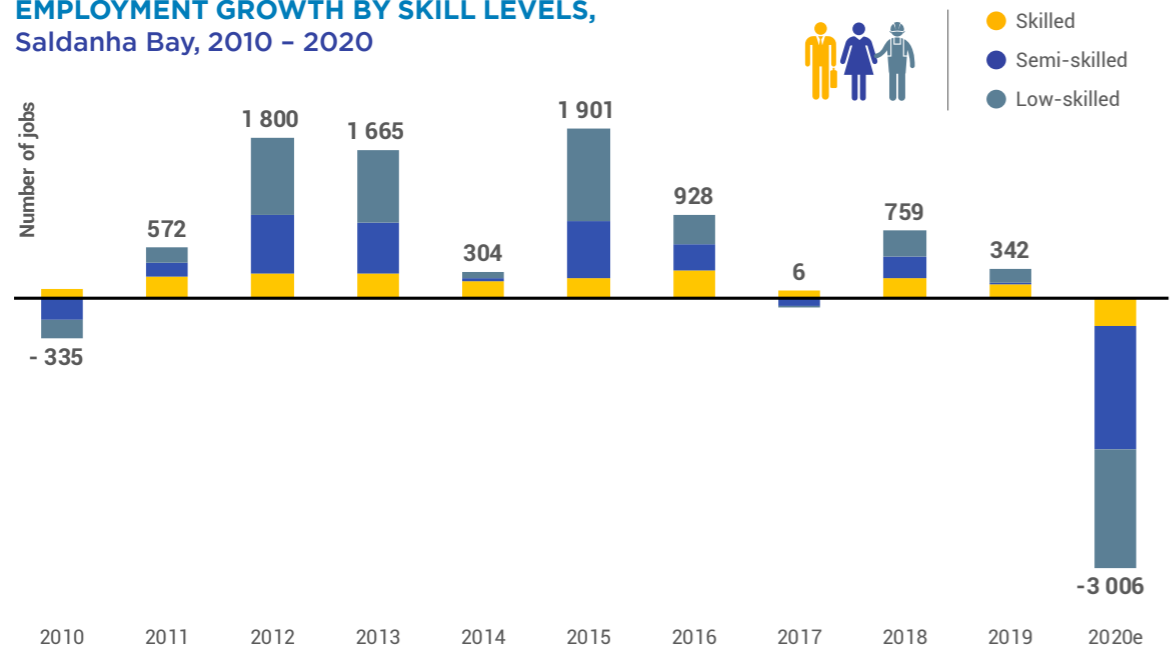


¹⁰ Throughout this chapter, it should be noted that the number of informal sector workers is determined by using labour data from the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS). Quantec uses the QES formal figure, to which it adds the number of formal agricultural and domestic workers. Using the total employment from the QLFS, informal employment is calculated as a residual. This residual is higher than the figure given in the QLFS owing to the inclusion of small, medium and micro enterprises, which are not accounted for in the QES.

2.2.2 Skills analysis

Figure 2.3 depicts the Saldanha Bay formal employment growth by skill levels between 2010 and 2020.

Figure 2.3
EMPLOYMENT GROWTH BY SKILL LEVELS,
Saldanha Bay, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Skilled	104	240	280	278	198	233	312	95	227	158	-298
Semi-skilled	-235	165	659	575	35	629	297	-80	248	27	-1 383
Low-skilled	-204	167	861	812	71	1 039	319	-9	284	157	-1 325

Source: Quantec Research, 2021 (e denotes estimate)

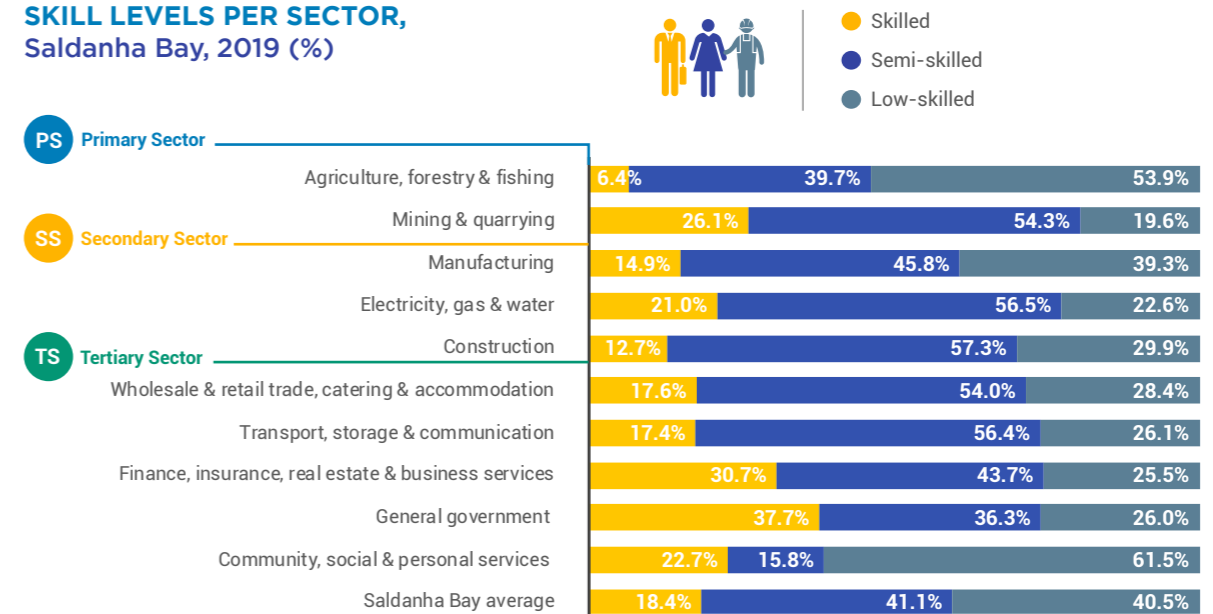
As a result of the recession between 2008 and 2009, substantial job losses were experienced, affecting mostly low-skilled and semi-skilled employees in the Saldanha Bay municipal area. In 2010, the demand for skilled workers increased, while job-shedding continued for semi-skilled and low-skilled employees.

Between 2011 and 2019, 3 701 jobs for low-skilled employees were added to the municipal area, resulting in a net employment increase. This was able to compensate for the losses that occurred between 2009 and 2010. In addition, the Saldanha Bay municipal region indicated a net growth of 2 555 jobs for semi-skilled workers over the same period. The growth in employment for the low-skilled and semi-skilled workforce in the municipal area is likely to be because of the IDZ.

The estimates for 2020 indicate that formal job creation was negatively affected by COVID-19. Moreover, 298 skilled workers, 1 383 semi-skilled workers and 1 325 low-skilled workers lost their jobs in 2020. The total number of formal employment opportunities lost in the Saldanha Bay municipal area in 2020 is estimated to be 3 006.

Figure 2.4 provides an overview of the skill levels per sector for formal employment in the Saldanha Bay municipal area.

Figure 2.4
SKILL LEVELS PER SECTOR,
Saldanha Bay, 2019 (%)



Source: Quantec Research, 2021

In 2019, the Saldanha Bay municipal area was characterised by semi-skilled and low-skilled workers, with 41.1 per cent of workers being semi-skilled and 40.5 per cent of workers being low-skilled. In terms of the sector profile for the municipal area, the community services sector comprised mainly low-skilled workers (61.5 per cent), followed by the agriculture sector (53.9 per cent).

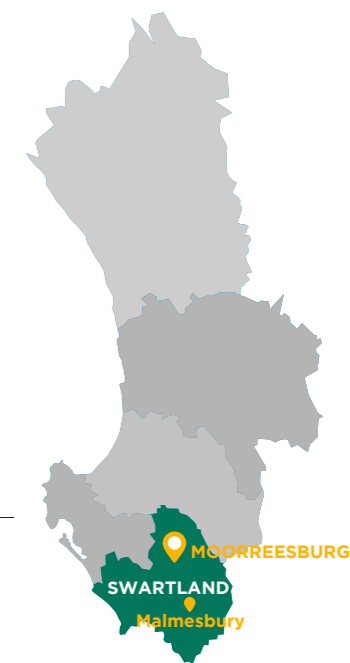
The five sectors that predominantly consisted of semi-skilled workers were construction (57.3 per cent), electricity, gas and water (56.5 per cent), transport (56.4 per cent), mining (54.3 per cent) and trade (54.0 per cent).

Skilled employees were most prevalent within the general government sector (37.7 per cent) and the finance sector (30.7 per cent). In 2019, only 18.4 per cent of workers in the Saldanha Bay municipal area were classified as skilled.

Skills development programmes will play a vital role in the recovery of jobs lost owing to COVID-19. Skills development programmes in the municipal area could incorporate additional skills development, especially for low-skilled and semi-skilled workers. The nature of the IDZ developments will increase the demand for skilled and semi-skilled labour. Aligning skills development with skills needs in the declining agriculture and manufacturing economic sectors will create a more employable workforce.



2.3 WEST COAST DISTRICT SWARTLAND



GDPR

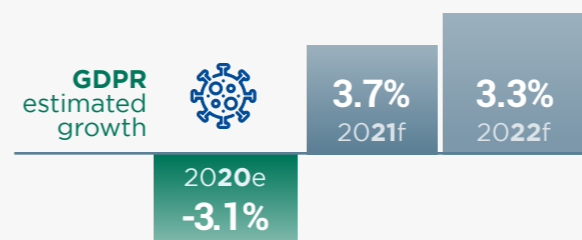


Diagram 2.2
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Swartland, 2019 and 2020e

JOBS



2019 EMPLOYMENT BREAKDOWN



The Swartland municipal area consists mostly of farmland, with Malmesbury being the main economic node in the area. While the protected coastline is mostly uninhabited, Yzerfontein is a popular tourist area. Towns within the municipal area that serve as centres for the agriculture industry include Darling, Riebeek West, Riebeek-Kasteel, Riverlands, Chatsworth, Moorreesburg, Kalbaskraal and Abbotdale.

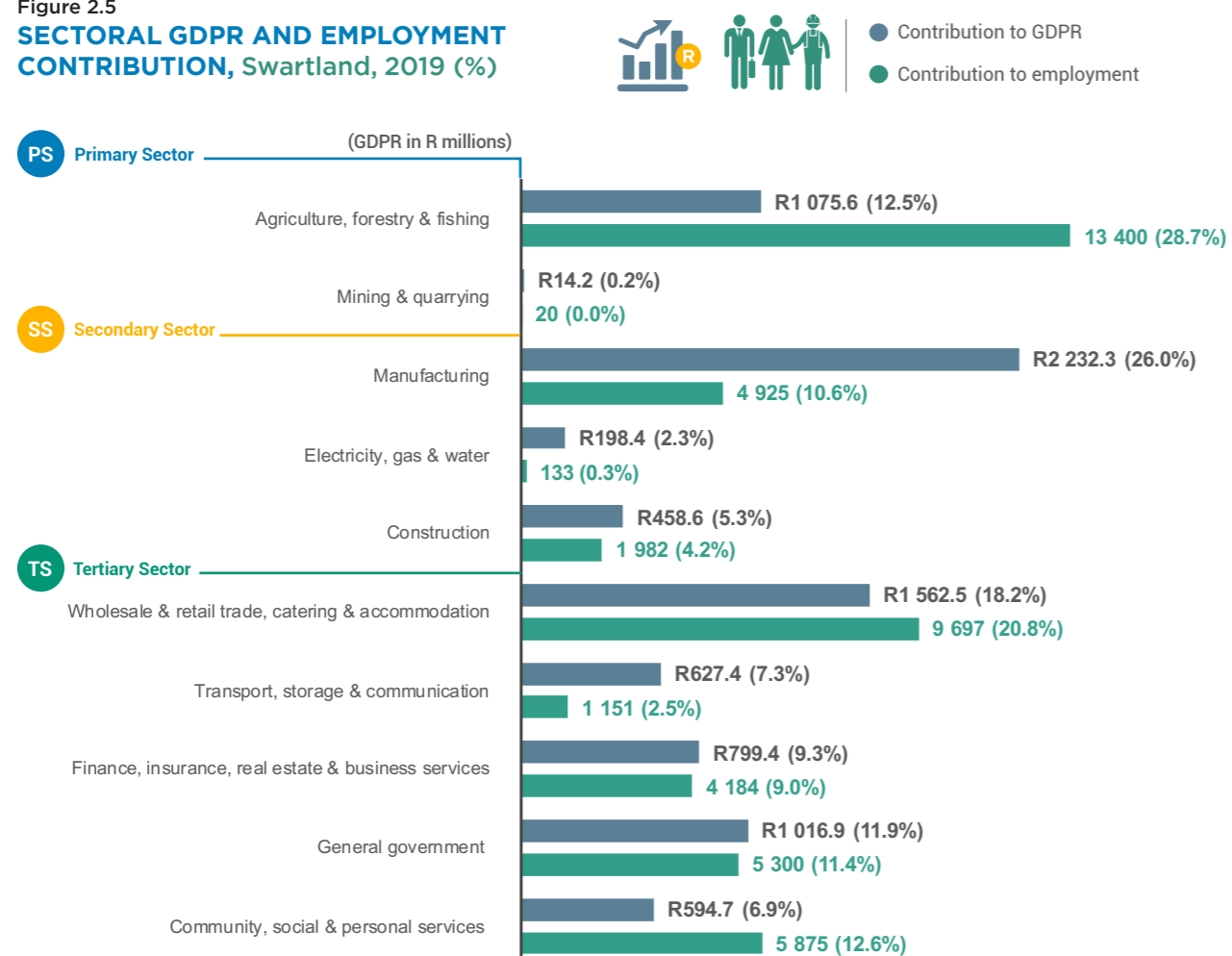
2.3.1 GDPR and employment performance

The economy of the Swartland municipal area was valued at R8.6 billion (current prices) in 2019, with the municipal area employing 46 667 people. It is estimated that in 2020 the economy declined by 3.1 per cent, with 2 025 jobs lost. In 2020 the economy was estimated to be valued at R8.8 billion. The growth in the size of the economy in current prices is as a result of inflation. The economy is estimated to recover by 3.7 per cent in 2021 and to grow by a further 3.3 per cent in 2022.

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Figure 2.5 provides a breakdown of the sectoral contribution to employment and GDP in the Swartland municipal area in 2019.

Figure 2.5
SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Swartland, 2019 (%)



Source: Quantec Research, 2021

The largest contributors to GDP in the Swartland municipal area in 2019 were the manufacturing sector (26.0 per cent), the trade sector (18.2 per cent) and the agriculture sector (12.5 per cent).

The labour-intensive agriculture sector was the largest source of employment, accounting for 28.7 per cent of total employment. The trade sector is another key source of employment in the municipal area, accounting for 20.8 per cent of total employment. The manufacturing sector – the main driver of GDP in the municipal area – was only the fifth-largest contributor to employment in the WCD, at 10.6 per cent, indicating that this sector is capital-intensive.

Table 2.2 outlines the Swartland municipal area's GDP and employment performance per sector.

Table 2.2
GDP AND EMPLOYMENT PERFORMANCE PER SECTOR, Swartland

SECTOR	GDP		Employment	
	Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS Primary Sector	-2.2%	11.8%	382	-410
Agriculture, forestry & fishing	-2.2%	12.1%	382	-410
Mining & quarrying	-0.3%	-18.4%	0	-
SS Secondary Sector	2.2%	-6.1%	84	-422
Manufacturing	2.9%	-3.4%	80	-133
Electricity, gas & water	-1.6%	-7.3%	1	-4
Construction	-0.1%	-20.6%	3	-285
TS Tertiary Sector	1.6%	-5.8%	691	-1 193
Wholesale & retail trade, catering & accommodation	2.0%	-9.5%	358	-516
Transport, storage & communication	0.0%	-16.2%	34	-50
Finance, insurance, real estate & business services	1.9%	-4.3%	126	-195
General government	1.6%	1.7%	74	109
Community, social & personal services	1.8%	-1.9%	100	-541
Total Swartland	1.1%	-3.1%	1 156	-2 025

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the municipal area achieved an average growth rate of 1.1 per cent per annum, while creating an average of 1 156 jobs per annum. The secondary sector was the main contributor to GDP growth in the municipal area, with a growth rate of 2.2 per cent between 2015 and 2019. The individual sector performance indicates that the manufacturing sector was the predominant source of economic activity, with growth of 2.9 per cent. A major growth driver for the sector is the prominent agro-processing industry in the municipal area. The manufacturing sector also created an average of 80 jobs per annum between 2015 and 2019. Manufacturing sector businesses are heavily reliant on electricity supply, and load-shedding as well as electricity supply shortages for new developments are threats to the sustainability and growth prospects of this important sector.¹¹

The second-largest sectoral contributor to growth was the trade sector, with growth of 2.0 per cent between 2015 and 2019. The finance sector was another important source of GDP growth, growing at an average annual rate of 1.9 per cent between 2015 and 2019. These two sectors, together with the community services sector, were also the main contributors to employment creation in the tertiary sector, creating 358, 126 and 100 jobs respectively on average per annum between 2015 and 2019.

¹¹ (Swartland Municipality, 2021).

Despite its prominence in terms of GDP contribution, the agriculture sector experienced poor growth between 2015 and 2019, contracting at an average annual rate of 2.2 per cent. This sector was severely influenced by the Provincial drought that occurred during the reference period, but it is estimated that the sector recovered strongly in 2020, with an estimated growth rate of 12.1 per cent despite the impact of COVID-19. This sector was boosted by favourable weather conditions and commodity pricing. This growth did not influence employment creation, as an estimated 410 agriculture sector jobs were lost in 2020.¹²

The COVID-19 pandemic had a negative effect on all other sectors of the municipal area's economy, except the general government sector, which is estimated to have grown by 1.7 per cent, while employment increased by 109 jobs. Other important economic sectors such as the trade and manufacturing sectors are anticipated to have contracted by 9.5 per cent and 3.4 per cent in 2020, while shedding 516 jobs and 133 jobs respectively. The community services sector, another prominent source of employment creation, is estimated to have shed 541 jobs in 2020.

Employment losses will have a negative impact on household income, which will put strain on local government, as revenue will be lost and demand for public-sector support services will rise.



INDUSTRY PERFORMANCE

In 2020, the Western Cape accounted for 64.0 per cent of all wheat hectares planted in South Africa, mostly from the Namaqualand, Swartland (West Coast) and Rûens (Southern Cape) regions.

Leveraging good climatic conditions, yields grew 69.0 per cent between 2019 and 2020, with Provincial production peaking to its highest levels in more than a decade.¹³ This, coupled with strong international prices, led to high gross margins for producers.¹⁴ However, Provincial wholewheat processing slumped by a quarter in 2020 as a result of COVID-19-induced factors (albeit to a lower extent than the national decline).

Season forecasts for 2021 are bullish, with an estimated harvest increase of 2.0 per cent from the 2020 peak.¹⁵ This will see gross and net margins for wheat farmers from the Swartland region continue to beat those of other winter crops such as canola, oats and lupins.¹⁶



To read more on the wheat industry performance in 2020/21:

¹² Employment estimates are based on the Stats SA Quarterly Labour Force Survey (QLFS). As a result of COVID-19, interviews in 2020 for the survey were conducted telephonically, which may have affected data collection, particularly for farm workers in rural areas with limited connectivity. However, employment in the sector is also influenced negatively by trends such as mechanisation and the introduction of a minimum wage (BFAP, 2021).

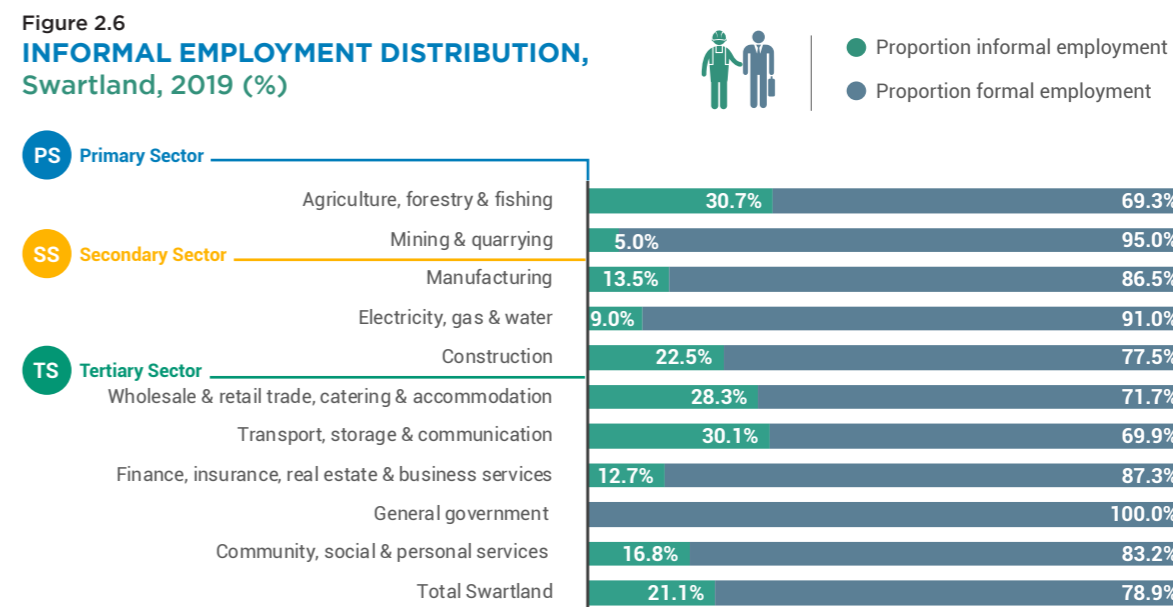
¹³ (Southern African Grain Laboratory, 2021).

¹⁴ (Bureau for Food and Agricultural Policy, 2021a).

¹⁵ (Department of Agriculture, Land Reform and Rural Development, 2021).

¹⁶ (Grain SA, 2021a).

Figure 2.6 depicts the sectoral informal employment distribution in the Swartland municipal area in 2019.



Source: Quantec Research, 2021

Employment in the municipal area is mostly formal (78.9 per cent in 2019). Informal employment is predominantly concentrated in the agriculture sector (30.7 per cent), followed by the transport sector (30.1 per cent) and the trade sector (28.3 per cent). Informal employment is considered a stepping stone to formal employment, although structural changes in the economy are likely to have a considerable impact on informal employment over time.

Access to funding and market are key constraints to informal businesses in the Swartland municipal area. Capacity-building to grow sustainable enterprises is also needed. Despite many opportunities to supply goods and services through public-sector procurement processes, many informal businesses are not registered on the Central Supply Database (CSD), and as such are excluded from local tender opportunities.¹⁷

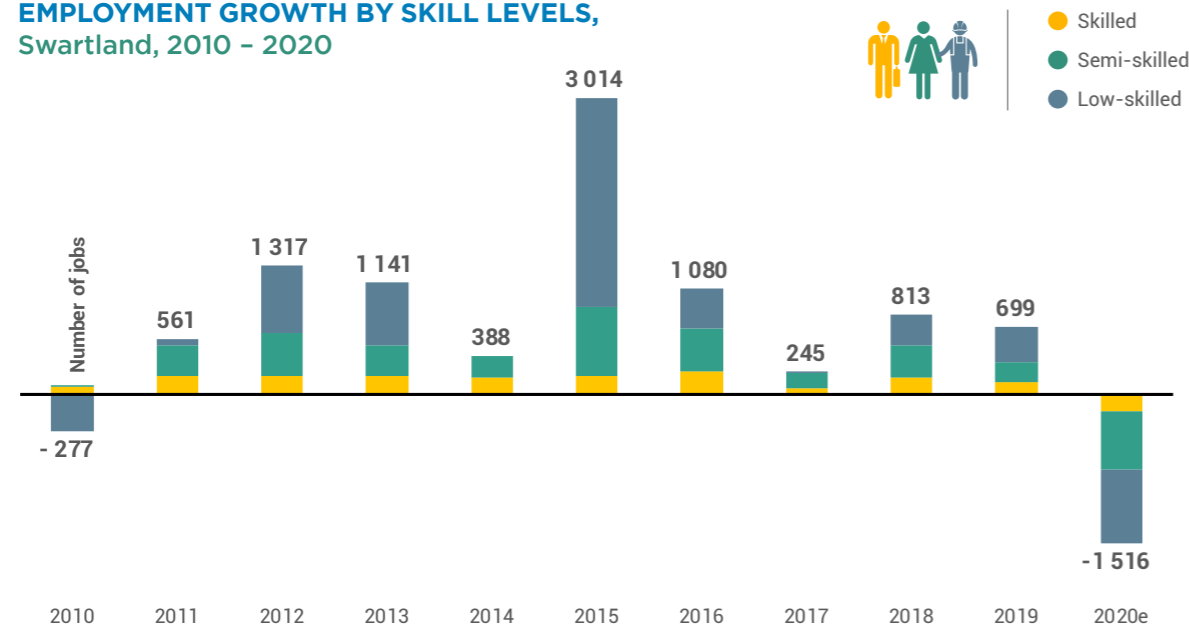


¹⁷ (Swartland Municipality, 2021).

2.3.2 Skills analysis

Figure 2.7 provides an overview of the change in formal employment by skill levels in the Swartland municipal area between 2010 and 2020.

Figure 2.7
EMPLOYMENT GROWTH BY SKILL LEVELS,
Swartland, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

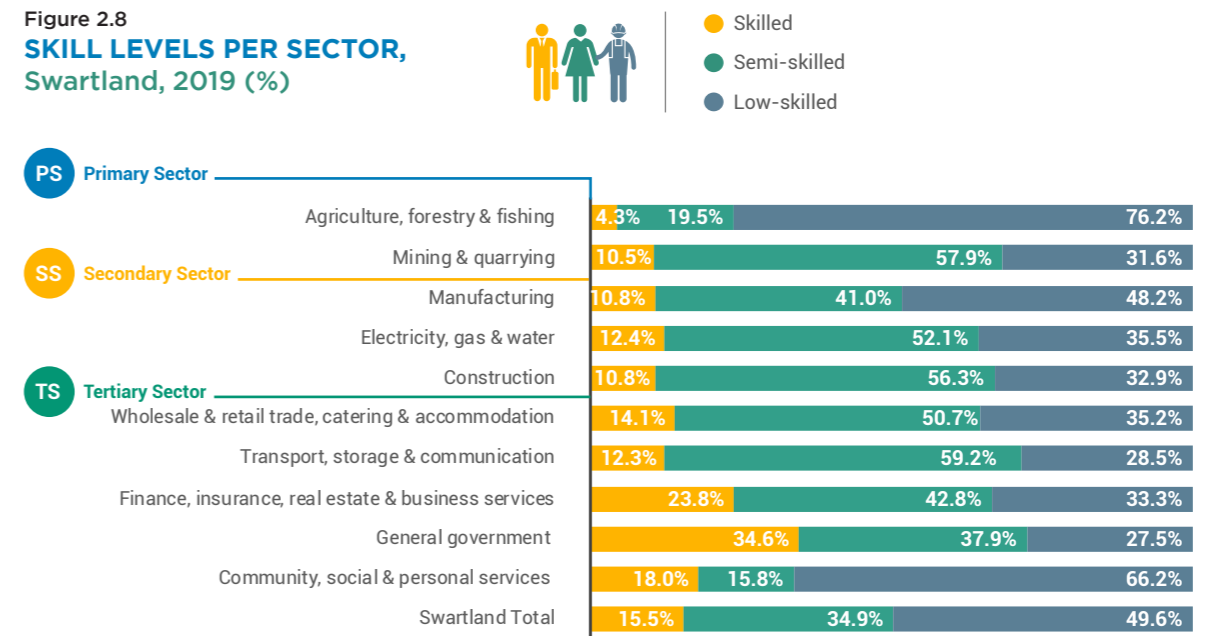
The municipal area experienced substantial job losses as a result of the economic downturn between 2009 and 2010. Between 2011 and 2019, a total of 4 582 jobs were created for low-skilled workers, 3 127 jobs were created for semi-skilled workers and 1 549 jobs were created for skilled workers in the municipal area.

When compared with semi-skilled and low-skilled workers, who were significantly impacted by economic shocks, the job consistency of skilled workers in the municipal area implies resilience to economic volatility, as shown by the general government and finance sectors.

The estimated employment growth for 2020 for the municipal area indicates 1 516 job losses – 761 jobs lost for low-skilled workers, 594 jobs lost for semi-skilled workers and 161 jobs lost for skilled workers. Businesses needed to reduce workers to keep their doors open during the COVID-19 pandemic and in some cases businesses were closed down entirely, as they could not absorb the economic downturn caused by the pandemic.

As illustrated in Figure 2.8, the Swartland municipal area's formal employment was characterised by low-skilled (49.6 per cent) and semi-skilled (34.9 per cent) workers in 2019.

Figure 2.8
SKILL LEVELS PER SECTOR,
Swartland, 2019 (%)



Source: Quantec Research, 2021

Given the sector's reliance on low-skilled workers, the huge job losses in the agriculture sector between 2010 and 2019 are a major concern. If workers are not given the opportunity to learn additional skills that can be used in other sectors during periods of job-shedding, poverty levels could worsen.

The four sectors that predominantly consisted of semi-skilled workers in the municipal area were transport (59.2 per cent), mining (57.9 per cent), construction (56.3 per cent) and electricity, gas and water (52.1 per cent). The general government sector has proportionally more skilled workers compared with the other economic sectors.





2.4 WEST COAST DISTRICT MATZIKAMA

GDP

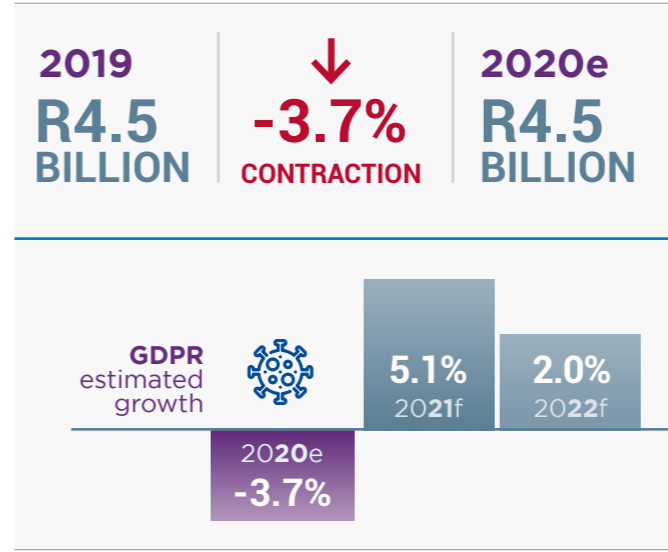
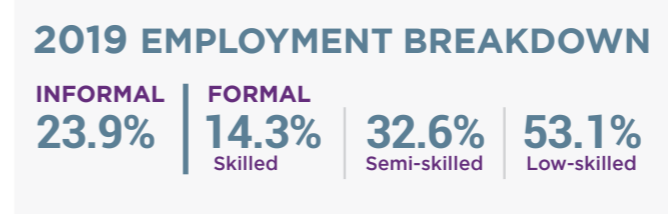


Diagram 2.3
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Matzikama, 2019 and 2020e

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Matzikama municipal area is located on the north-west coast of the WCD. It borders the Northern Cape in the north and east,¹⁸ and is traversed by the N7, which serves as a valuable transit link between the Western Cape, the Northern Cape and Namibia. Large parts of the municipal coastal area are uninhabitable, with only three small coastal settlements, namely Doringbaai, Strandfontein and Papendorp. The economic activity in the municipal area occurs mainly in the southern areas, with Vredendal being the main economic node. Other towns in the municipal area include Vanrhynsdorp, Klaver, Lutzville, Koekenaap, Nuwerus and Ebenhaezer.

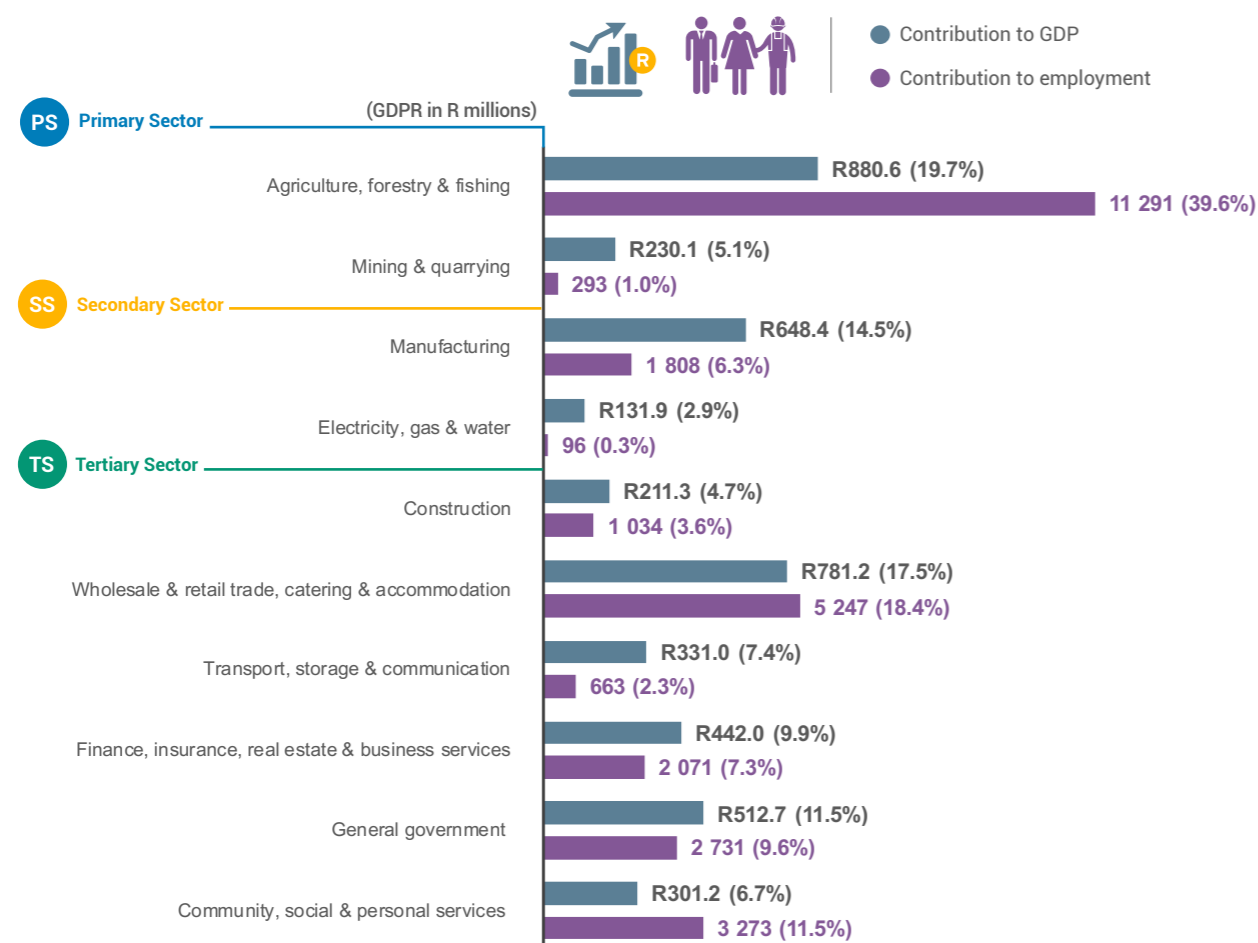
2.4.1 GDPR and employment performance

The economy of the Matzikama municipal area was valued at R4.5 billion (current prices) in 2019, with 28 507 people employed. The estimates for 2020 indicate that the municipal area had a GDPR of R4.5 billion and employed 27 156 people. The negative growth indicates that the economy contracted in real terms, resulting in job losses. The Matzikama municipal area is projected to recover with a 5.1 per cent growth in GDP in 2021, followed by 2.0 per cent growth in 2022.

¹⁸ (Matzikama Municipality, 2017).

Figure 2.9 provides a breakdown of the sectoral contribution to employment and GDP in the Matzikama municipal area in 2019.

Figure 2.9
SECTORAL GDP AND EMPLOYMENT CONTRIBUTION,
Matzikama, 2019 (%)



Source: Quantec Research, 2021

The agriculture sector contributed the most to GDP in the Matzikama municipal area in 2019, with a contribution of 19.7 per cent, while the electricity, gas and water sector contributed the least, with a contribution of 2.9 per cent. Other noticeable contributors to GDP in 2019 were the trade sector and the manufacturing sector, which contributed 17.5 and 14.5 per cent respectively.

The agriculture sector was also the largest employer, contributing 39.6 per cent to total employment. The significant contribution of the agriculture sector indicates that this sector is labour-intensive. Another important source of employment in the municipal area was the trade sector, which contributed 18.4 per cent to total employment in the municipal area. The sector that contributed the least to employment was the electricity, gas and water sector (0.3 per cent).

Table 2.3 provides a more detailed overview of sectoral contributions to GDP and employment in the Matzikama municipal area.

Table 2.3
GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Matzikama

SECTOR	GDPR		Employment	
	Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS Primary Sector	0.4%	6.2%	312	-387
Agriculture, forestry & fishing	0.9%	12.4%	321	-363
Mining & quarrying	-1.6%	-23.9%	-8	-24
SS Secondary Sector	0.3%	-10.3%	43	-224
Manufacturing	1.4%	-7.4%	36	-68
Electricity, gas & water	-5.7%	-10.7%	-1	-5
Construction	0.2%	-20.8%	8	-151
TS Tertiary Sector	0.7%	-6.6%	243	-740
Wholesale & retail trade, catering & accommodation	0.9%	-10.4%	139	-319
Transport, storage & communication	-2.9%	-18.5%	2	-36
Finance, insurance, real estate & business services	2.3%	-3.9%	35	-124
General government	0.4%	0.5%	10	33
Community, social & personal services	1.7%	-2.1%	58	-294
Total Matzikama	0.4%	-3.7%	598	-1 351

Source: Quantec Research, 2021 (e denotes estimate)

The Matzikama municipal area recorded an average GDP growth rate of 0.4 per cent between 2015 and 2019, while creating 598 jobs on average per annum. The tertiary sector collectively contributed the most to GDP in the municipal area, with growth of 0.7 per cent between 2015 and 2019. The main growth drivers within the tertiary sector were the finance (2.3 per cent), community services (1.7 per cent) and trade (0.9 per cent) sectors. The trade sector was also an important source of job creation between 2015 and 2019, with an average annual increase of 139 jobs recorded over the period.

The manufacturing sector is another key source of economic growth in the municipal area, expanding at an average annual rate of 1.4 per cent between 2015 and 2019, while creating 36 jobs per annum. The food and beverage manufacturing industry is a prominent source of growth in the local municipal area, highlighting the dependence on the local agriculture sector, which underperformed between 2015 and 2019 by only growing at an average annual rate of 0.9 per cent. However, this sector rebounded in 2020, with estimated growth of 12.4 per cent. This boosted the overall economic performance of the municipal area, as most other sectors are estimated to have contracted in 2020 as a result of the impacts of the COVID-19 pandemic.

It is anticipated that this sector will further benefit from infrastructure investment in the future, as the Clanwilliam Dam development could unlock further agricultural expansion of irrigated crops in the municipal area.¹⁹ However, in order to improve processing capabilities in the Matzikama municipal area, there is a need for additional serviced industrial land, funding and faster turnaround on land-use applications.²⁰

Key sector contractions in 2020 that had the most impact on the overall economic performance of the municipal area include the mining sector (23.9 per cent), the transport sector (18.5 per cent), the trade sector (10.4 per cent) and the manufacturing sector (7.4 per cent). Job losses were most prominent in the trade (319 jobs), agriculture (363 jobs), community services (294 jobs), construction (151 jobs) and finance (124 jobs) sectors. The government sector recorded marginal growth of an estimated 0.5 per cent, while creating 33 jobs.

Most sectors within the Matzikama municipal area are expected to continue being severely impacted by the COVID-19 pandemic. Some of the key challenges that were identified as a result of COVID-19 and the national lockdown include: a reduction in municipal revenue, unemployment in the private sector, land grabs for informal housing and the stagnation of development programmes.²¹ Recovery is expected in the future, although not at a significant level within the short term.



INDUSTRY PERFORMANCE

South African raisin production increased by 14.0 per cent in 2020, and it is anticipated that producers from the Olifants River region would have benefited from this surge.²² While most of the country's raisin production is located in the Northern Cape, currant producers in the Western Cape were not as adversely affected by heavy rains as their counterparts based around the Orange River. This is important, as South Africa is the second-largest producer of currants globally, and the local industry recorded a high-quality harvest in 2021.²³

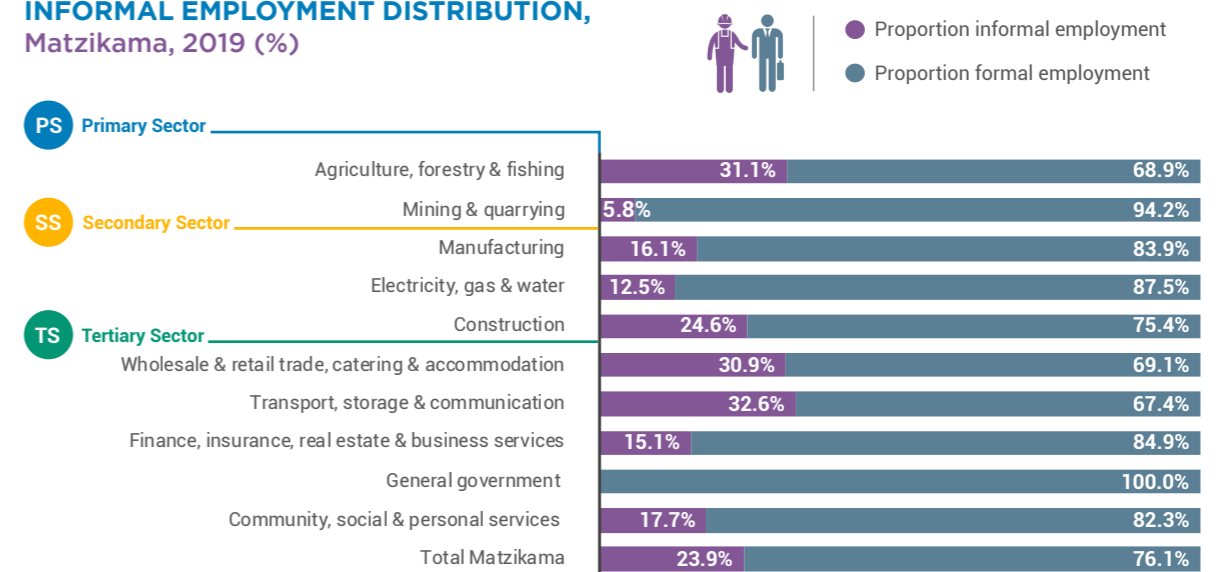
To read more on the global raisin market performance:



¹⁹ (Matzikama Municipality, 2019).
²⁰ (Matzikama Municipality, 2021).
²¹ (Matzikama Municipality, 2020).
²² (National Agricultural Marketing Council, 2021).
²³ (Fresh Produce Journal, 2021).

Figure 2.10 shows informal employment in the Matzikama municipal area in 2019. The municipal area's formal employment accounted for 76.1 per cent, while informal employment accounted for 23.9 per cent.

Figure 2.10
INFORMAL EMPLOYMENT DISTRIBUTION, Matzikama, 2019 (%)



Source: Quantec Research, 2021

Sectors with the largest proportion of informal employment in 2019 included the transport sector (32.6 per cent), followed by the agriculture sector (31.1 per cent) and the trade sector (30.9 per cent).

Given that the Matzikama municipal area is reliant on the agriculture sector as an important source of economic activity in terms of GDP and employment contribution in the economy, the economic pressure could result in more formal jobs being shed in the agriculture sector, resulting in an increase in informal employment. The lack of access to land and supportive infrastructure was identified as being the biggest restriction faced by informal businesses in the municipal area.²⁴

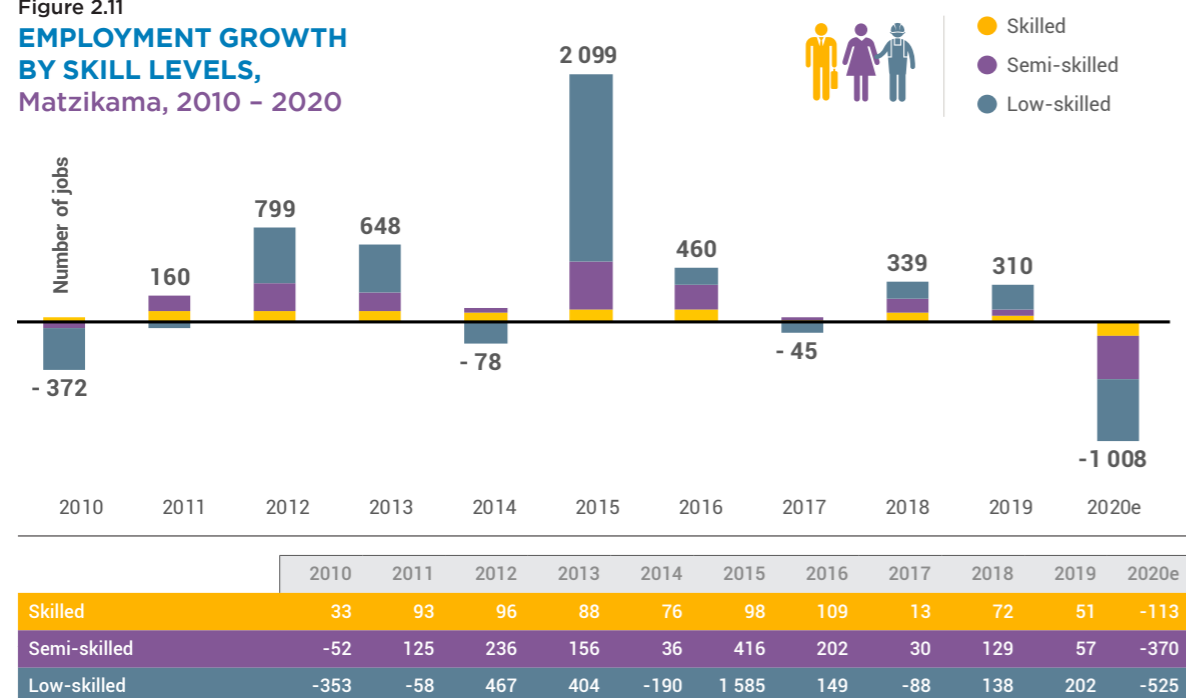


²⁴ (Matzikama Municipality, 2019).

2.4.2 Skills analysis

Figure 2.11 provides an overview of formal employment growth by skill levels for the Matzikama municipal area.

Figure 2.11
EMPLOYMENT GROWTH BY SKILL LEVELS, Matzikama, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

The economic downturn experienced in 2008 and 2009 resulted in continued job losses in 2010, with a total of 372 jobs being lost. Between 2011 and 2019, a total of 4 692 jobs were created in the municipal area, with peak years in 2012 (799 additional jobs), 2013 (648 additional jobs) and 2015 (2 099 additional jobs).²⁵ The construction, manufacturing and trade sectors performed particularly well in 2012, which boosted employment in these sectors substantially. These sectors continued to perform well in 2013, while the electricity, gas and water sector also recorded a large increase in employment during the year. Most jobs created between 2011 and 2019 (2 609 jobs) fall into the low-skilled category, while 1 387 jobs were in the semi-skilled category and 696 jobs were in the skilled category.

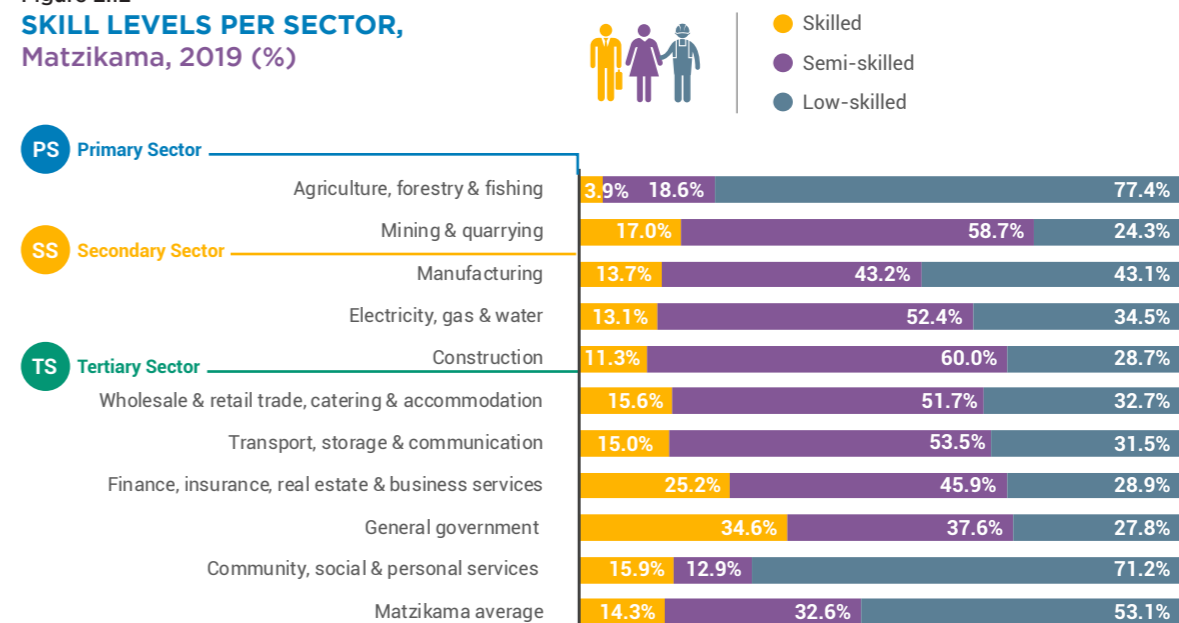
It is estimated that 1 008 jobs were lost in the municipal area were lost in 2020 – 525 jobs for low-skilled workers, 370 jobs for semi-skilled workers and 113 jobs for skilled workers. The COVID-19 pandemic has put a strain on businesses, and jobs have had to be shed to maintain operational.



²⁵ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.12 provides an overview of the skill levels per sector for formal employment in the Matzikama municipal area.

Figure 2.12
SKILL LEVELS PER SECTOR, Matzikama, 2019 (%)



Source: Quantec Research, 2021

The municipal area's formal employment is characterised by a low-skilled and semi-skilled workforce. In 2019, 53.1 per cent of workers were low-skilled and 32.6 per cent were semi-skilled. In terms of the individual sectors, the agriculture sector had 77.4 per cent low-skilled workers and the community services sector had 71.2 per cent low-skilled workers, while the mining sector had the lowest proportion of low-skilled workers (24.3 per cent). The labour-intensive nature of the agriculture and community services sectors results in a high number of low-skilled workers, as the level of skill required to complete the work is relatively low.

In terms of semi-skilled workers, construction had the largest proportion (60.0 per cent) in the municipal area, while the community services sector had the lowest proportion of semi-skilled workers (12.9 per cent). Only 14.3 per cent of the workforce in the municipal area were skilled workers in 2019, mainly concentrated in the general government sector (34.6 per cent) and the finance sector (25.2 per cent).

Agriculture, which employs largely semi-skilled and low-skilled workers, was the largest source of employment in the municipal area. Exogenous shocks such as droughts put semi-skilled and low-skilled people at risk, potentially making the municipal area vulnerable to numerous external factors. Additional investment is needed to plan for new developments in order to increase employment opportunities across sectors that will boost the economy. The contraction in employment will put the Municipality under pressure because the need for free basic services will increase as the average household income decreases owing to job losses.



2.5 WEST COAST DISTRICT BERGRIVIER



GDP

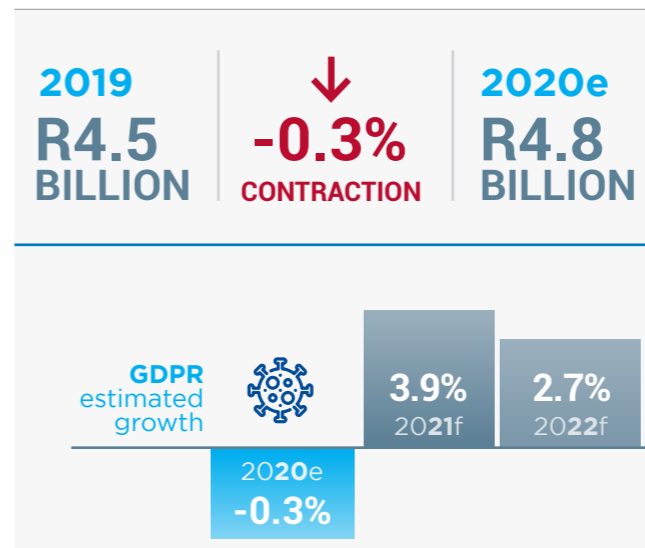
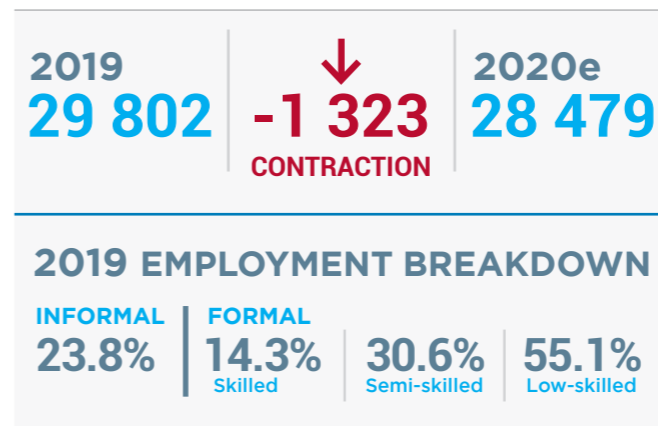


Diagram 2.4
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Bergrivier, 2019 and 2020e

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Bergrivier municipal area is a popular tourist destination with a 40km coastline, which is used by local fisherfolk in the region. The municipal area is well known for its vast farmlands and is home to the towns of Piketberg, Porterville, Eendekuil, Redelinghuys, Aurora, Goedverwacht and Wittewater, which are service centres for the agriculture industry. The coastal towns in the Bergrivier municipal area include Velddrif, Laaiplek and Dwarskersbos, which play a significant role in the economy of the Bergrivier municipal area. The N7, which forms part of the Cape Town-Namibia transit route, traverses the local municipal area.²⁶

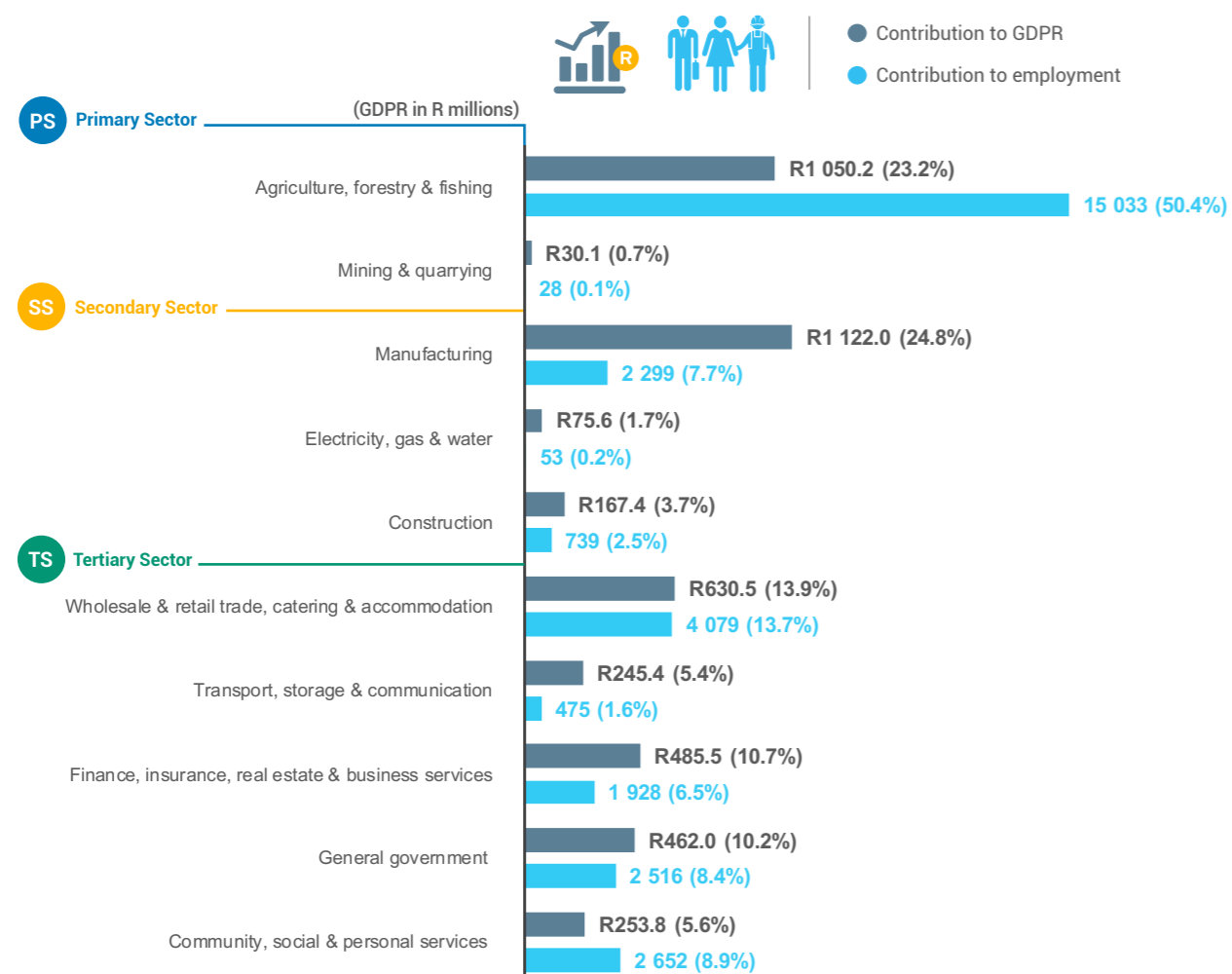
2.5.1 GDP and employment performance

The size of the Bergrivier municipal area's economy was R4.5 billion (current prices) in 2019, with 29 802 people employed within the municipal area. Estimates for 2020 show that in current prices the economy was valued at R4.8 billion. However, in constant prices an economic contraction of 0.3 per cent and a decline of 1 323 jobs were recorded. It is forecast that the municipal area will rebound in 2021, with a recovery of 3.9 per cent, and this is set to continue into 2022, with continued growth of 2.7 per cent.

²⁶ (Bergrivier Municipality, 2017).

Figure 2.13 indicates the sectoral contribution to employment and GDPR in the Bergrivier municipal area in 2019.

Figure 2.13
SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION,
Bergrivier, 2019 (%)



Source: Quantec Research, 2021

The largest contributors to the economy of the Bergrivier municipal area were the manufacturing sector and the agriculture sector, which accounted for 24.8 per cent and 23.2 per cent of GDP respectively in 2019. Another important sector that contributed to GDP in 2019 was the trade sector, which contributed 13.9 per cent to GDP.

The largest employer in the region was the agriculture sector, which contributed 50.4 per cent to total employment. In the agriculture sector, the employment concentration in relation to the contribution to economic growth indicates that the sector is labour-intensive, whereas the manufacturing sector, with its contribution of 7.7 per cent to total employment, is a more capital-intensive and technology-oriented sector. The mining sector contributed the least in terms of GDP and employment in the municipal area (0.7 per cent and 0.1 per cent respectively).

Table 2.4 outlines the GDP and employment performance per sector for the Bergrivier municipal area in 2019.

Table 2.4
GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Bergrivier

SECTOR	GDPR		Employment	
	Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS Primary Sector	-2.3%	12.5%	389	-579
Agriculture, forestry & fishing	-2.3%	13.2%	390	-577
Mining & quarrying	-3.5%	-21.6%	-2	-2
SS Secondary Sector	2.2%	-4.4%	38	-160
Manufacturing	2.7%	-2.0%	36	-55
Electricity, gas & water	-1.1%	-7.4%	0	-1
Construction	0.2%	-20.8%	3	-104
TS Tertiary Sector	1.3%	-5.8%	202	-584
Wholesale & retail trade, catering & accommodation	0.8%	-10.5%	101	-246
Transport, storage & communication	0.0%	-16.3%	11	-22
Finance, insurance, real estate & business services	3.2%	-3.2%	61	-86
General government	-0.8%	-0.6%	-41	-10
Community, social & personal services	2.6%	-1.4%	69	-220
Total Bergrivier	0.3%	-0.3%	629	-1 323

Source: Quantec Research, 2021 (e denotes estimate)

The municipal area achieved an average annual GDP growth rate of 0.3 per cent between 2015 and 2019, while creating 629 jobs per annum. The main economic growth drivers in the municipal area for this period were the finance sector (3.2 per cent), the manufacturing sector (2.7 per cent) and the community services sector (2.6 per cent). Prominent sectors for job creation over this period included the agriculture sector (390 jobs per annum), the trade sector (101 jobs per annum), the community services sector (69 jobs per annum) and the finance sector (61 jobs per annum).

The agriculture sector contracted by 2.3 per cent between 2015 and 2019. This industry provides vital inputs to the local manufacturing sector, which is mostly focused on agro-processing industries. The reliance on agriculture in the municipal area makes it vulnerable to environmental conditions such as the drought that has persisted in the Western Cape and has affected the region. One of the major constraints to economic growth in the Bergrivier municipal area is a lack of economic diversification. Investing in the development of other sectors, such as establishing a manufacturing industry centred on the boat-building industry in Velddrif,²⁷ will provide new opportunities for growth and job creation.

²⁷ (Bergrivier Municipality, 2020).

Estimates for 2020 indicate that the economy of the municipal area contracted by a marginal 0.3 per cent. The economic contraction was less severe in this municipal area owing to strong growth from the agriculture sector (13.2 per cent). The growth in the agriculture sector was driven by the strong performance of exports linked to the fisheries value chain, as well as small-scale fisheries linked to mullet. The economy largely contracted in all other sectors, putting pressure on employment. The sector contractions that influenced the overall economic performance the most, owing to their GDP contribution, included the trade sector (10.5 per cent), the transport sector (16.3 per cent) and the construction sector (20.8 per cent).

A total of 1 323 jobs are estimated to have been shed in 2020, mostly in the agriculture sector (577 jobs). The tertiary sector is estimated to have shed 584 jobs and the primary sector 579 jobs, while the secondary sector is estimated to have shed the least number of jobs (160) in 2020. PPC Cement, an important source of employment for the Piketberg community, has downscaled operations as a result of growing imports. This has contributed to job-shedding in the manufacturing sector.²⁸

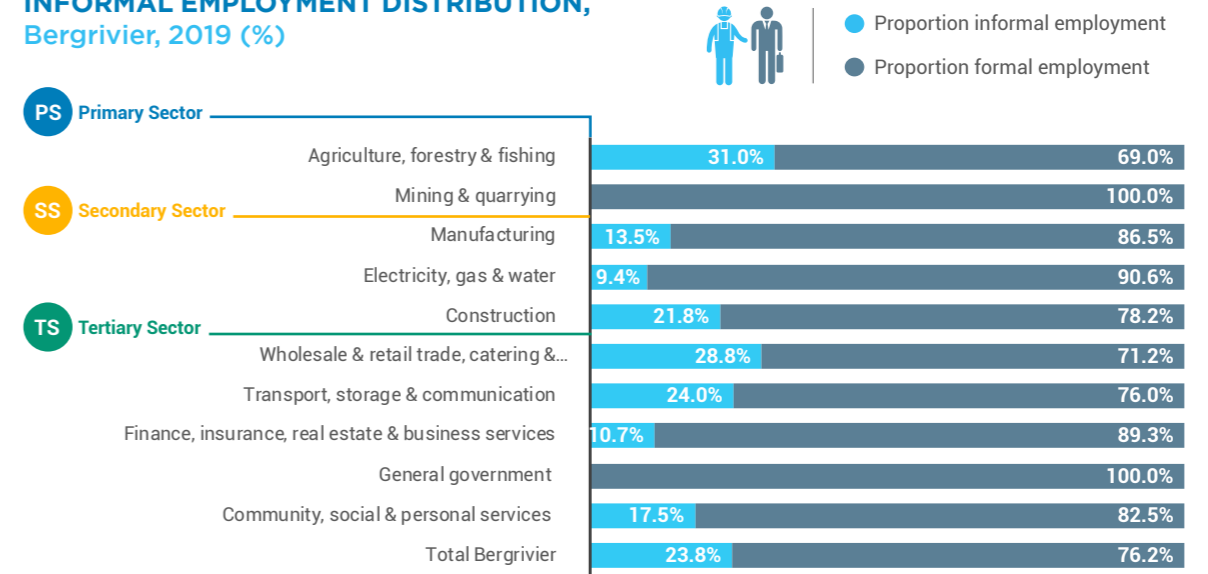
Agriculture and agro-processing; tourism; manufacturing and the development of small and medium enterprises were designated as four pillars for economic development in the Bergrivier municipal area by the municipality's local economic development strategy. The municipality should focus on various programmes in these strong sectors to revive economic development and counter COVID-19's impact on employment.



²⁸ (Bergrivier Municipality, 2021).

As indicated in Figure 2.14, the municipal area consisted mainly of formal employment (76.2 per cent) in 2019, with informal employment accounting for only 23.8 per cent.

Figure 2.14
INFORMAL EMPLOYMENT DISTRIBUTION,
Bergrivier, 2019 (%)



Source: Quantec Research, 2021

The agriculture sector had the highest proportion of informal employment, accounting for 31.0 per cent of the sector's employment opportunities. Other strong sectors where informal employment made up a significant percentage were the trade sector (28.8 per cent), the transport sector (24.0 per cent) and the construction (21.8 per cent) sector. Despite the valuable role the informal sector plays in terms of employment, meeting legislative requirements is often a deterrent to growth. Reducing red tape and skills development are two key aspects that will facilitate entrepreneurship in the Bergrivier municipal area.²⁹

Public-private partnerships can also provide a framework for supporting informal businesses. The Bergrivier Farmers Development Programme, a partnership between the Bergrivier Municipality and Creating Hope Africa, has secured offtake agreements for 300 rural farmers with one of the largest supermarket groups in South Africa.³⁰



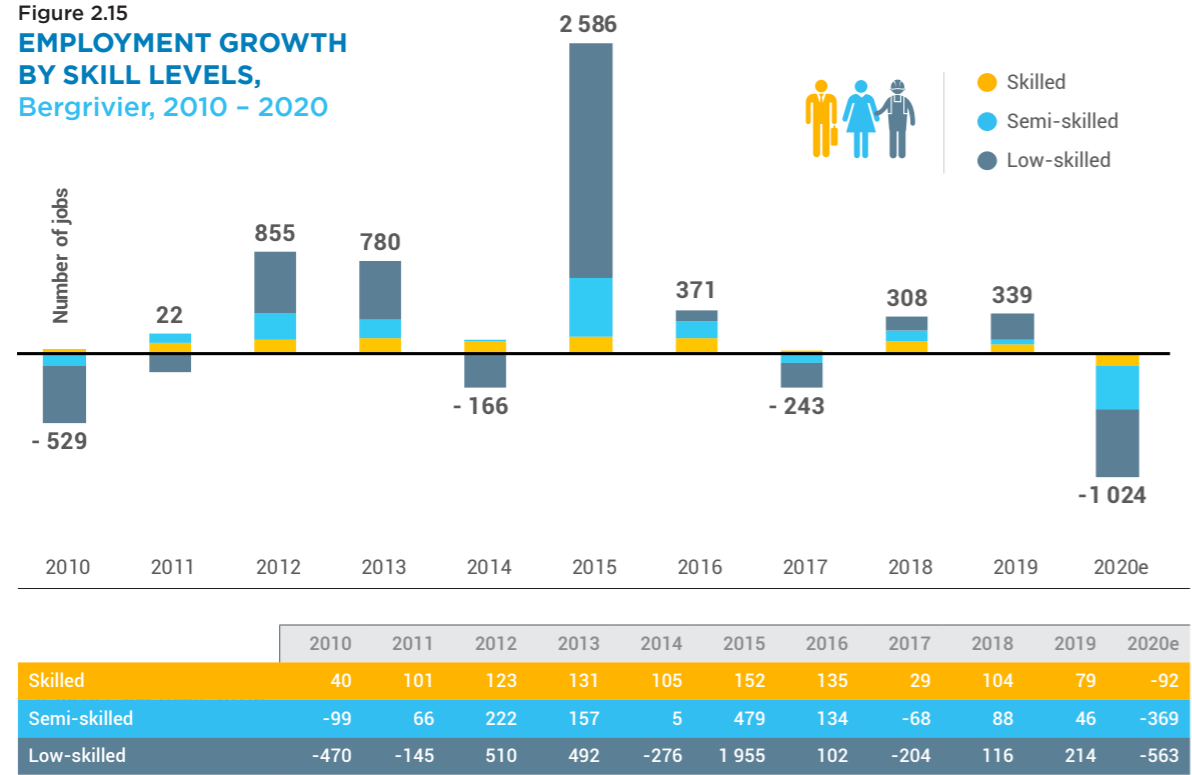
²⁹ (Bergrivier Municipality, 2021).

³⁰ (Creating Hope Africa, 2019).

2.5.2 Skills analysis

Figure 2.15 illustrates the change in employment by skill levels in the Bergrivier municipal area between 2010 and 2020.

Figure 2.15
EMPLOYMENT GROWTH BY SKILL LEVELS, Bergrivier, 2010 – 2020



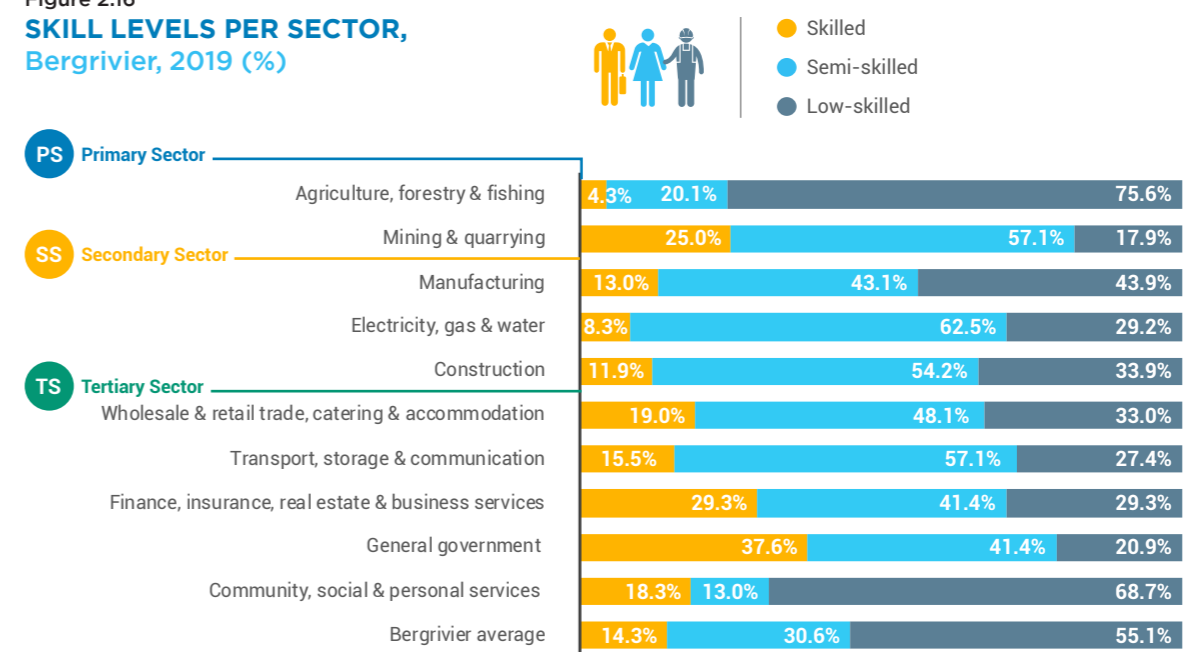
Source: Quantec Research, 2021 (e denotes estimate)

In 2010, 2014 and 2017, the municipal area experienced significant job losses owing to periods of poor economic performance, low commodity prices, higher consumer prices, lower investment levels, household dependency on credit and policy uncertainty. A total of 529 jobs were shed in 2010, 166 were shed in 2014 and 243 were shed in 2017 in the municipal area, with low-skilled workers in particular being significantly affected. While net employment improved for skilled and semi-skilled workers in 2011, low-skilled workers experienced a net decline in 2011 (145 jobs).

Despite the contracting GDP, the municipal area showed resilience in 2018 and 2019, creating 183 skilled, 134 semi-skilled and 330 low-skilled jobs, with a total of 647 jobs. However, COVID-19 is estimated to have impacted the municipal area severely owing to financial pressure. It is estimated that 1 024 jobs were lost in 2020, with an estimated 563 low-skilled workers losing their jobs. The economic pressure caused by the job losses will put pressure on households to pay for basic services, meaning that the municipality will have pressure from increased demand for free basic services.

As demonstrated in Figure 2.16, most formally employed workers in the Bergrivier municipal area were low-skilled in 2019.

Figure 2.16
SKILL LEVELS PER SECTOR, Bergrivier, 2019 (%)



Source: Quantec Research, 2021

Low-skilled workers were concentrated in the agriculture sector and the community services sector, accounting for 75.6 per cent and 68.7 per cent of the sector's total employment respectively. Since the agriculture sector is predominantly composed of low-skilled work, the sector is vulnerable to economic shocks, which may increase poverty levels if the workers in the agriculture sector are not upskilled.

The electricity, gas and water sector employed the most semi-skilled workers in 2019, accounting for 62.5 per cent, while the community services sector employed the fewest (13.0 per cent). In the Bergrivier municipal area, 14.3 per cent of the workforce were classified as skilled labourers, with the majority employed in the general government sector (37.6 per cent).

One of the most important roles of local government is to foster an enabling environment that encourages local economic development. This has been particularly important during the COVID-19 pandemic, which is causing significant economic distress. The Bergrivier Municipality, through the implementation of a variety of programmes, is working towards increasing employment opportunities within the municipal area.

The Expanded Public Works Programme, a government-funded programme aimed at reducing poverty and unemployment, is one such example. The programme's goal is to boost economic growth by enhancing skills through education and training. It also strives to provide a conducive climate for business to thrive. Contractors will use labour-intensive construction methods in the programme, which will help to develop additional skills.³¹

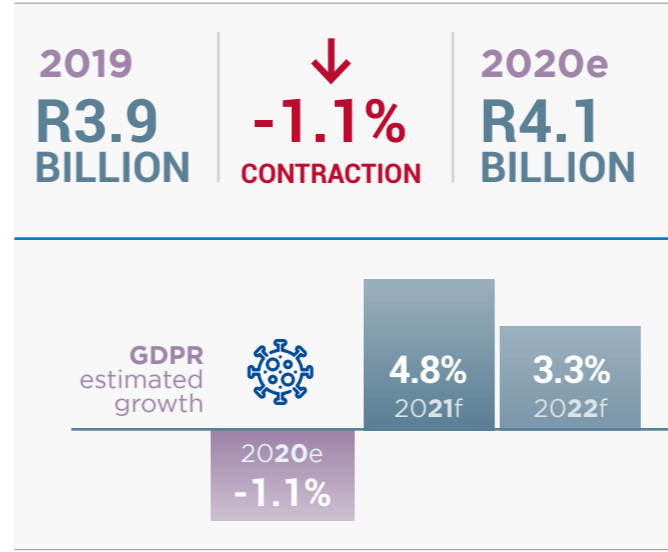
³¹ (Bergrivier Municipality, 2020).



2.6 WEST COAST DISTRICT CEDERBERG



GDP



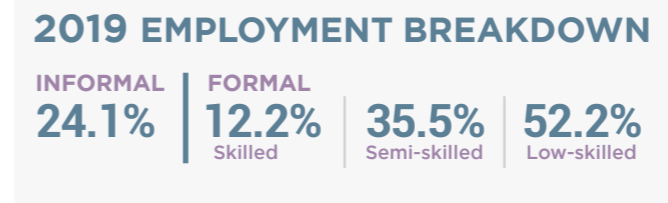
The Cederberg municipal area is centrally located in the WCD. It is characterised by its connectivity via the N7, like all the WCD municipal areas, and borders the Northern Cape and the Atlantic Ocean. The main town of the Cederberg municipal area is Clanwilliam, with smaller towns and settlements including Citrusdal, Graafwater, Leipoldtville, Wuppertal, Algeria and the coastal towns of Elands Bay and Lambert's Bay.³²

2.6.1 GDP and employment performance

The Cederberg economy was valued at R3.9 billion (current prices) in 2019 and an estimated R4.1 billion (current prices) in 2020. The decrease in GDP at constant prices between 2019 and 2020 is a result of the impacts of COVID-19, as the economy contracted by 1.1 per cent. However, it is important to note that the increase in current prices is due to inflation. Simultaneously with the contraction in the economy, 1 358 jobs are estimated to have been lost in 2020. The municipal area is forecast to recover in 2021 with 4.8 per cent growth and to continue to grow at 3.3 per cent in 2022.

Diagram 2.5
GDP (CURRENT PRICES) AND EMPLOYMENT,
Cederberg, 2019 and 2020e

JOBS

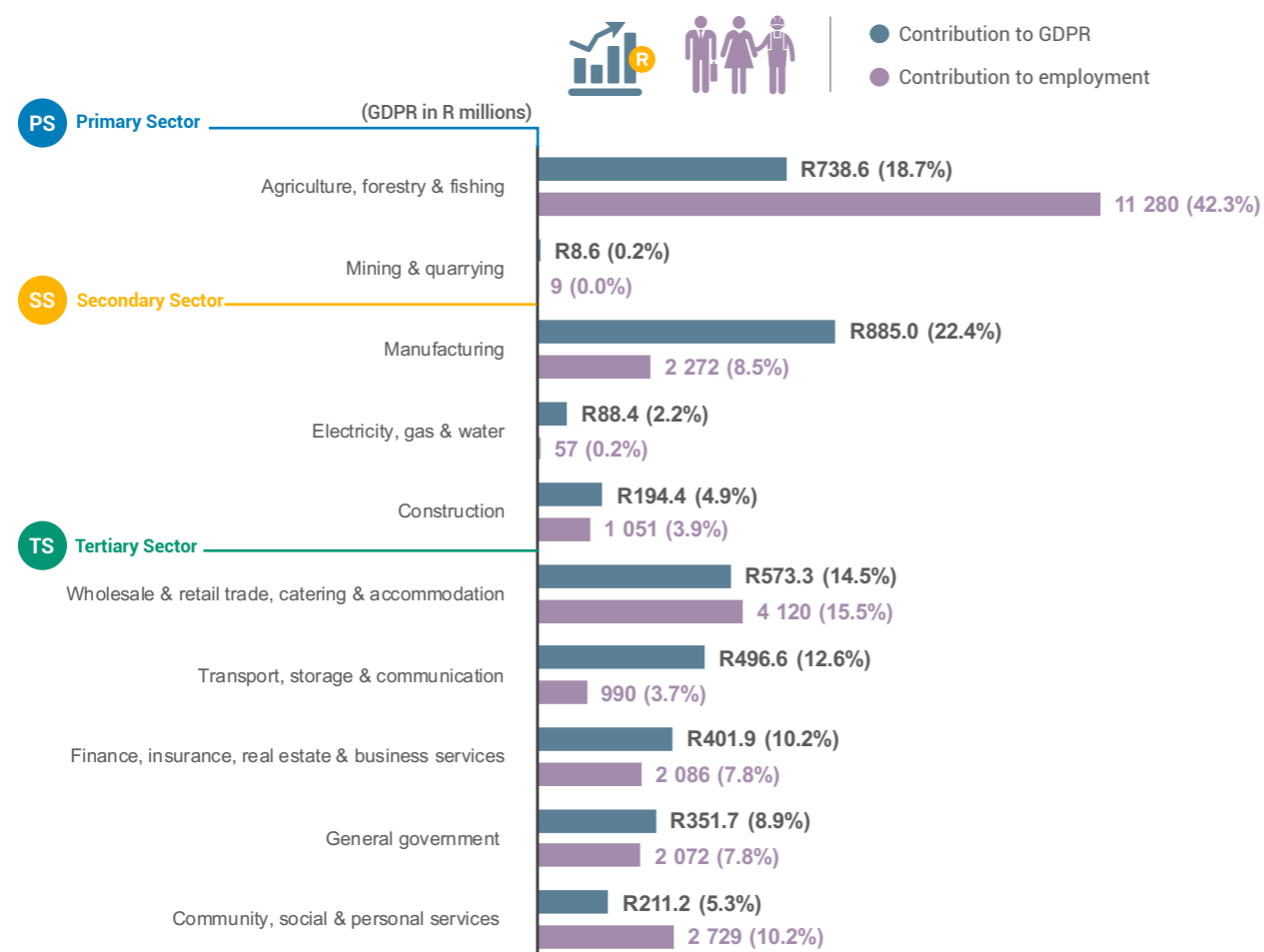


Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

³² (Cederberg Municipality, 2018).

The manufacturing sector and the agriculture sector were the main contributors to GDP in the municipal area in 2019, contributing 22.4 per cent and 18.7 per cent respectively to GDP.

Figure 2.17
SECTORAL GDP AND EMPLOYMENT CONTRIBUTION,
 Cederberg, 2019 (%)



Source: Quantec Research, 2021

The agriculture sector was the largest driver of employment in the region, accounting for 42.3 per cent of total employment, while the manufacturing sector accounted for only 8.5 per cent. It should be emphasised that the raising of the Clanwilliam Dam wall is projected to have a considerable influence on agriculture, notably for farmers, as this will increase storage capacity, resulting in a higher crop yield owing to improved irrigation, and will boost the municipal area's contribution to GDP and total employment. When compared with the manufacturing sector, which is primarily capital-intensive and technology-oriented, the agriculture sector is labour-intensive, resulting in its considerable contribution to overall employment. Accounting for 15.5 per cent of total employment in the municipal area, trade is another important sector.

Table 2.5 outlines the Cederberg municipal area's GDP and employment performance per sector.

Table 2.5
GDP AND EMPLOYMENT PERFORMANCE PER SECTOR, Cederberg

SECTOR	GDP		Employment	
	Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS Primary Sector	-3.0%	13.7%	233	-609
Agriculture, forestry & fishing	-3.1%	14.0%	233	-609
Mining & quarrying	-0.1%	-18.5%	0	-
SS Secondary Sector	3.2%	-4.5%	91	-187
Manufacturing	3.6%	-1.6%	61	-52
Electricity, gas & water	0.8%	-6.0%	1	-1
Construction	2.1%	-19.3%	28	-134
TS Tertiary Sector	2.3%	-5.4%	341	-562
Wholesale & retail trade, catering & accommodation	2.1%	-9.5%	159	-225
Transport, storage & communication	2.8%	-14.3%	44	-28
Finance, insurance, real estate & business services	2.9%	0.2%	70	-92
General government	1.5%	1.6%	26	38
Community, social & personal services	1.7%	-2.1%	42	-255
Total Cederberg	1.2%	-1.1%	665	-1 358

Source: Quantec Research, 2021 (e denotes estimate)

The Cederberg municipal area realised an annual average growth rate of 1.2 per cent between 2015 and 2019. The main source of economic growth over the five-year period was the strong growth in the manufacturing sector (3.6 per cent). However, the lack of sufficient industrial land in Clanwilliam and Citrusdal, as well as a lack of service infrastructure, are considerable risks to the expansion of the sector.³³

Other notable growth trends came from the finance sector, with 2.9 per cent growth, followed by transport, with 2.8 per cent growth. The primary sector contracted by 3.0 per cent between 2015 and 2019, mostly owing to the agriculture sector, which contracted by 3.1 per cent per annum. The economic downturn could be as a result of the droughts in the area during the same period.

Estimates for 2020 show a contraction of 1.1 per cent in the Cederberg economy. Most sectors within the municipal area experienced a contraction in economic growth in 2020, which was due to the economic distress caused by COVID-19. The agriculture sector registered growth of 14.0 per cent and was the main driver of GDP growth in the municipal area in 2020. This could be the result of improved weather conditions and higher commodity prices experienced in

³³ (Cederberg Municipality, 2018).

2020. Notably, the general government sector also achieved growth of 1.6 per cent as a result of increased spending on healthcare and other social services in 2020.

Other winners from the local agriculture sector in 2020 include rooibos farmers, with the product having experienced a resurgence of consumer interest owing to health concerns brought on by the COVID-19 pandemic. In contrast, reduced consumer discretionary spending as a result of COVID-19-induced job cuts and salary reductions would have negatively affected the manufacturing sector, as the sector contracted by 1.6 per cent in 2020.

In terms of employment, between 2015 and 2019 a total of 665 jobs per annum were created in the Cederberg municipal area. This was mainly driven by the agriculture (233 jobs), trade (159 jobs), finance (70 jobs) and manufacturing (61 jobs) sectors. The estimates for 2020 indicate that the municipal area lost 1 358 jobs, mainly in the agriculture (609 jobs), community services (255 jobs) and trade (225 jobs) sectors. The general government sector was the only sector to create additional jobs, with 38 jobs being created.



INDUSTRY PERFORMANCE

In 2019, 600 new hectares of citrus were planted in the Western Cape, accounting for a quarter of new industry capacity.³⁴ The industry is concentrated around the Boland and West Coast regions of the Province, and leads in national soft citrus production. Weather conditions over the past two years have supported good harvests,³⁵ with record-breaking exports registered in 2020.³⁶ This, in turn, was supported by increased demand for citrus based on health and convenience factors.

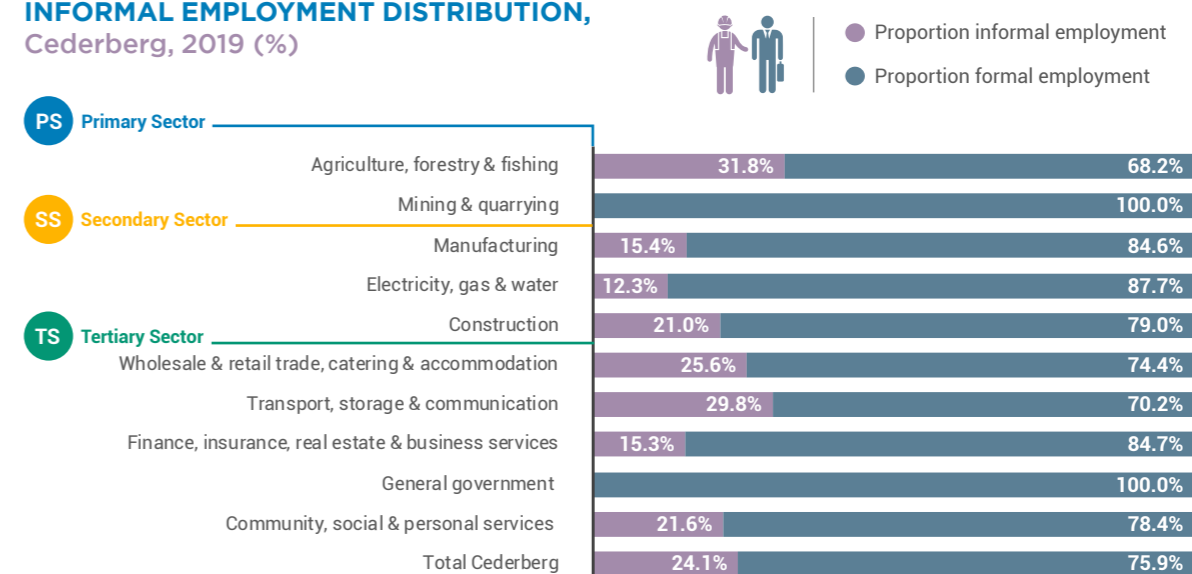
To read more on key citrus industry trends:



³⁴ (Citrus Growers' Association of Southern Africa, 2020).
³⁵ (Farmer's Weekly, 2021).
³⁶ (Western Cape Department of Agriculture, 2021).

Figure 2.18 provides an overview of informal employment per sector for the Cederberg municipal area. The municipal area mainly comprises formal employment (75.9 per cent), but also provides informal employment opportunities, which account for 24.1 per cent of total employment.

Figure 2.18
INFORMAL EMPLOYMENT DISTRIBUTION,
Cederberg, 2019 (%)



Source: Quantec Research, 2021

Informal employment in the municipal area is mostly concentrated in the agriculture sector, which had an informal employment proportion of 31.8 per cent in 2019, followed by transport with 29.8 per cent. Other sectors with a high proportion of informal employment were the trade sector (25.6 per cent) – as there are several informal trade businesses across the municipal area – and the community services sector, with 21.6 per cent informal employment.

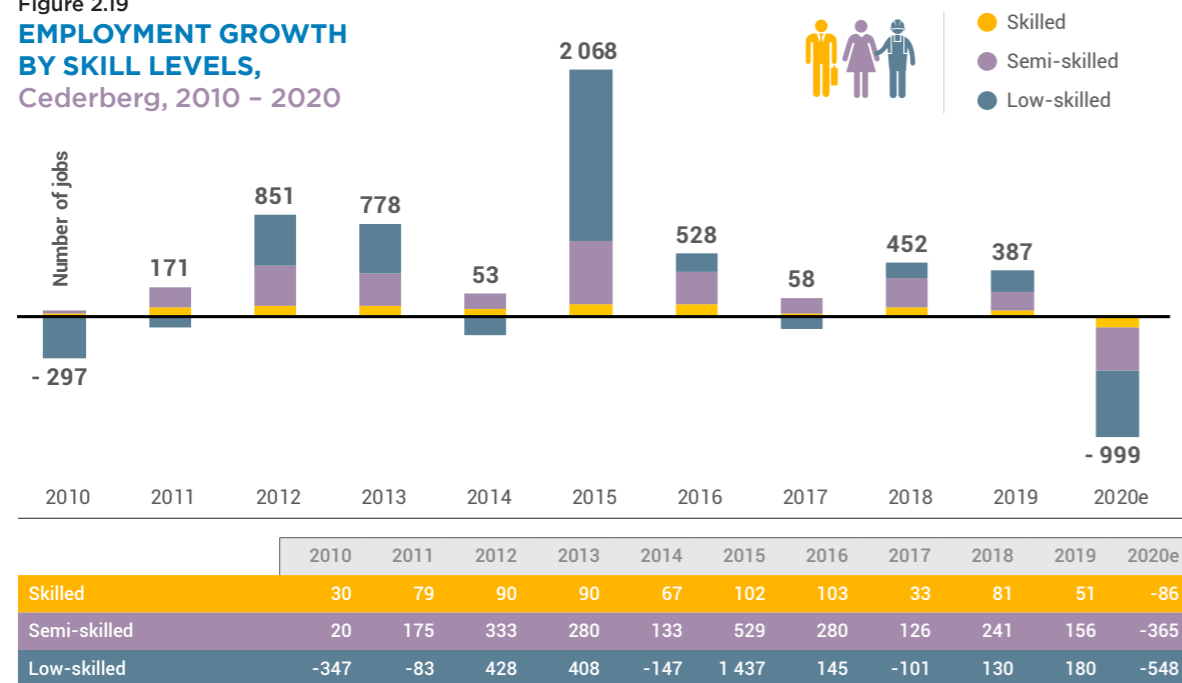


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2.6.2 Skills analysis

Figure 2.19 illustrates the change in employment by skill levels in the Cederberg municipal area between 2010 and 2020.

Figure 2.19
EMPLOYMENT GROWTH BY SKILL LEVELS, Cederberg, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

The global economic crisis resulted in a net loss of 297 jobs in the municipal area in 2010. From 2011 to 2017, the municipal area saw a net gain in jobs, especially for skilled and semi-skilled workers, while low-skilled workers saw job losses in 2011, 2014 and 2017. Apart from job losses in 2010, the municipal region experienced sustained demand for skilled workers, with 103 jobs generated in 2016. The strong GDP growth in the finance sector, the trade sector and the community services sector contributed to the increase in skilled workers in the Cederberg municipal area. A peak for semi-skilled workers of 529 jobs and a peak for low-skilled workers of 1 437 jobs was reached in 2015.³⁷

COVID-19 and the economic implication thereof resulted in an estimated 999 formal jobs

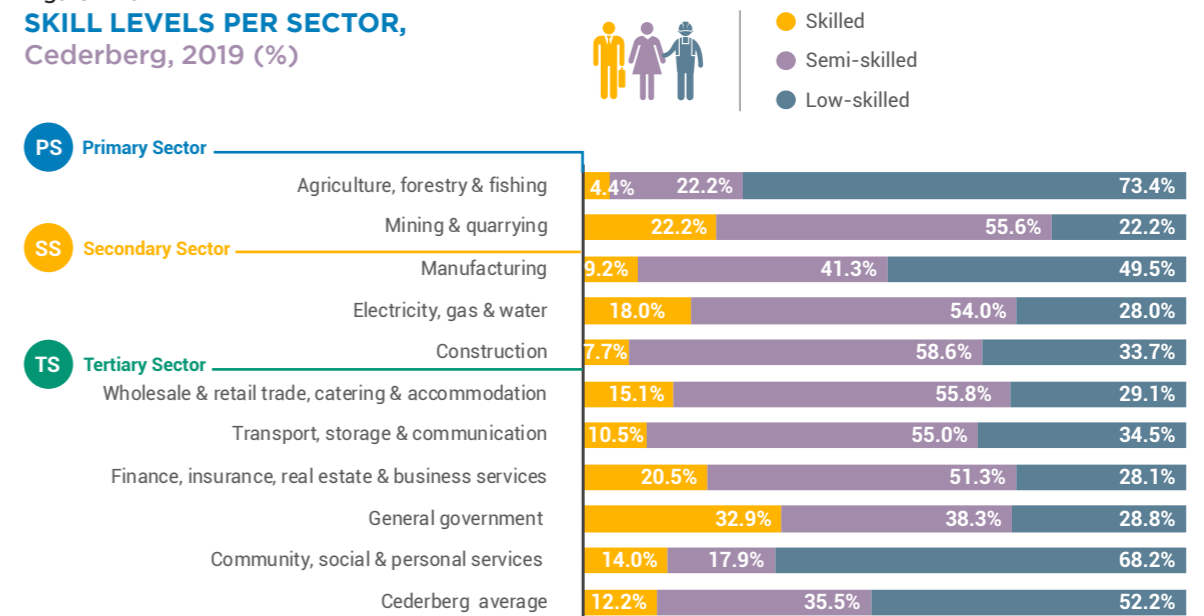
lost in 2020, with the majority of workers in the low-skilled environment (548 jobs), followed by semi-skilled workers (365 jobs) and skilled workers (86 jobs).



³⁷ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.20 provides a sectoral overview of the skill levels of formally employed people in the Cederberg municipal area.

Figure 2.20
SKILL LEVELS PER SECTOR, Cederberg, 2019 (%)



Source: Quantec Research, 2021

Low-skilled employees made up the majority of the labour force in 2019 (52.2 per cent). The agriculture sector (73.4 per cent) and the community services sector (68.2 per cent) employed the greatest number of low-skilled workers. Because the agriculture sector relies heavily on low-skilled labour, employment losses in this sector could have a considerable influence on poverty levels in the municipal area.

Semi-skilled workers accounted for 35.5 per cent of formal employment in the municipal area in 2019 and there was a high proportion of semi-skilled workers in most sectors in the region. The construction sector, the trade sector, the mining sector and the transport sector had the highest proportions of semi-skilled workers in the municipal area. The general government sector employed the most skilled workers (32.9 per cent in 2019), whereas the agriculture sector employed the fewest skilled workers (4.4 per cent).



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2.7 CONCLUDING REMARKS

The WCD's GDP was R31.0 billion in 2019, and the economy employed 183 188 people. Manufacturing was the major contributor to the District's GDP, accounting for 22.8 per cent, followed by agriculture, which accounted for 16.4 per cent. The trade sector also made significant contributions to GDP in the District, accounting for 16.2 per cent of the WCD's total GDP. Estimates for 2020 show contractions in the economies of all the municipal areas in the District.

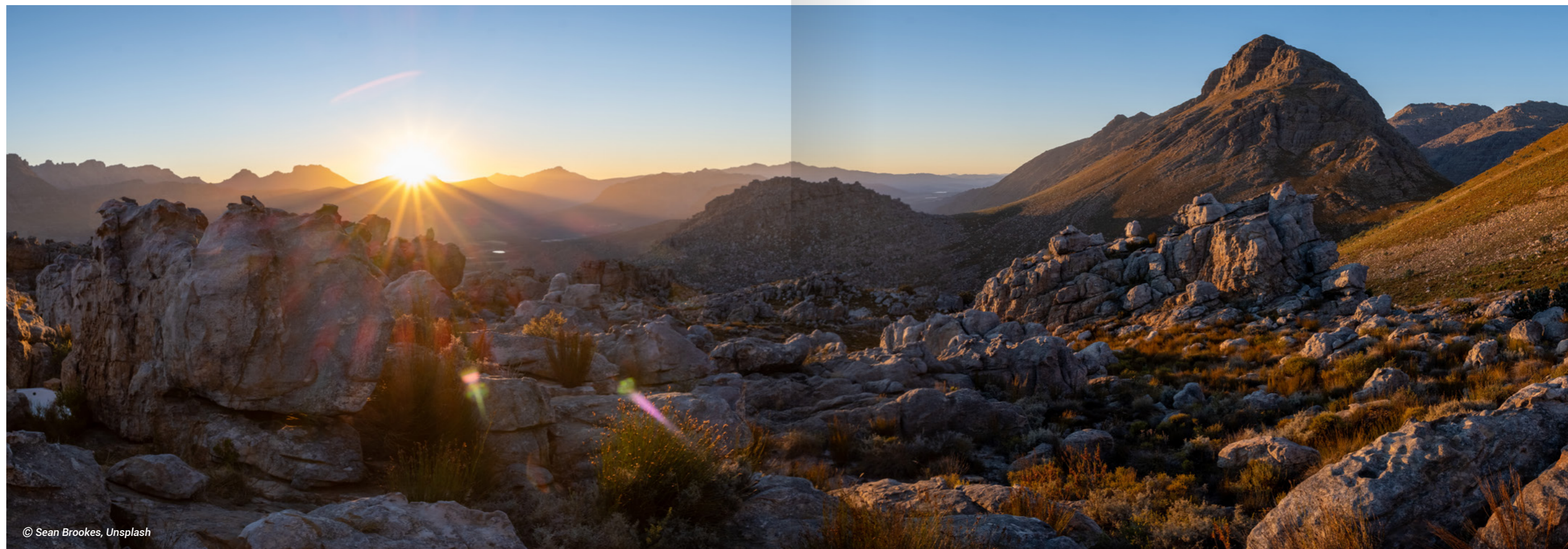
The drivers of economic growth differ across the municipal areas, with the manufacturing sector being the main economic driver for the Bergrivier, Swartland and Cederberg municipal areas, followed by the finance sector in Saldanha Bay and Matzikama. The Matzikama and Bergrivier municipal areas are predominantly reliant on the agriculture sector for economic activity and, given their reliance on this sector, the Matzikama municipal area indicated marginal growth of 0.9 per cent between 2015 and 2019, whereas the Bergrivier municipal area indicated a 2.3 per cent contraction in the same period. The poor performance of the main economic sector in these municipal areas could be the result of drought across the areas and poor commodity prices.

Employment in all the municipal areas is predominantly driven by the agriculture sector. The sector contributed 37.8 per cent to total employment in the WCD in 2019. In the more rural municipal areas, such as the Matzikama, Bergrivier and Cederberg municipal areas, the agriculture sector contributed 39.6 per cent, 50.4 per cent and 42.3 per cent respectively to total employment in 2019.

This sector is labour-intensive and is predominantly characterised by low-skilled workers. Job losses in this sector will therefore have a significant negative impact on household income and expenditure in the local economy.

The COVID-19 pandemic is expected to have a severe negative impact on all municipal areas in the WCD. The GDP of the majority of economic sectors are estimated to contract except for the agriculture sector and general government sector in some of the municipal areas. The sector benefited from high commodity prices, especially for wheat, which is farmed in the Saldanha Bay municipal area, and the consumer preference for rooibos – because of the health implications of COVID-19 – which is farmed in the Cederberg municipal area. Citrus exports, which contributed significantly in 2020, are also a valuable export from the District. The fact that the agriculture sector remained active during the hard lockdown in 2020 could have contributed to the sector's growth, as well as the improved weather conditions in 2020.

COVID-19 is also estimated to have a severe impact on employment in 2020, with 10 278 jobs being lost throughout the WCD. The implication thereof is that revenue is lost within these municipalities, and this will put pressure on basic service delivery and average household expenditure power. There is a need for support from government institutions to develop additional skills for workers so that they have employment opportunities where job opportunities arise.



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3

TRADE, TOURISM AND INVESTMENT

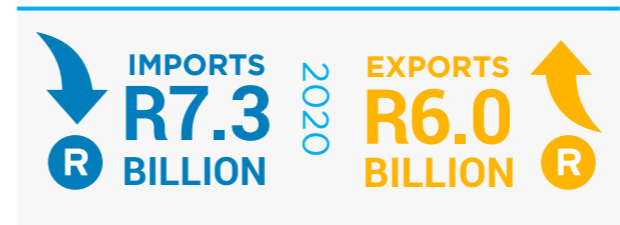
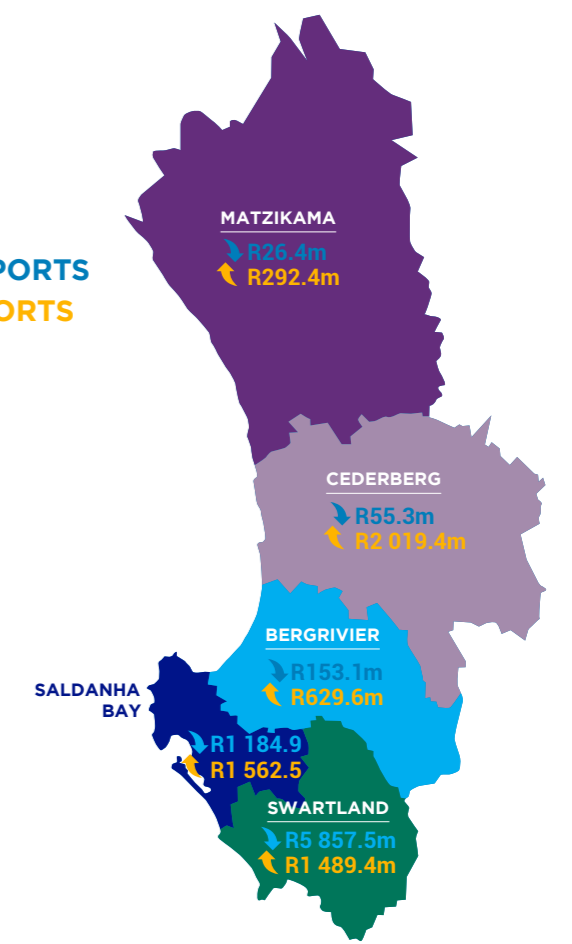
3.1 INTRODUCTION

District and local economies in the WCD are influenced not only by the spending of local households but also by several economic activities within the region. These economic activities include local and international cross-border trade of goods and services, domestic and international tourists visiting towns and attractions within the region, as well as private- and public-sector investments. Therefore, exports, tourism and investments can be considered injections into the economy, while imports are considered leakages.

WEST COAST TRADE AND TOURISM



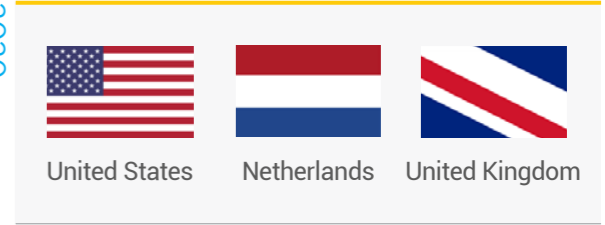
This chapter explores trade, tourism and investment dynamics at a District level and analyses the comparative advantages of the various economic sectors within the District to identify growth opportunities in the WCD.



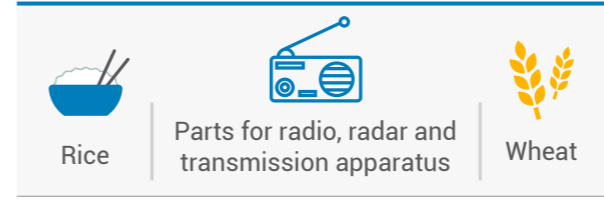
TOP 3 EXPORTED PRODUCTS



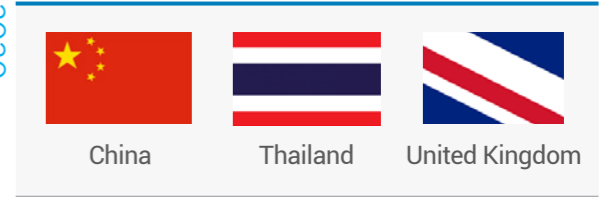
TOP 3 EXPORT DESTINATIONS



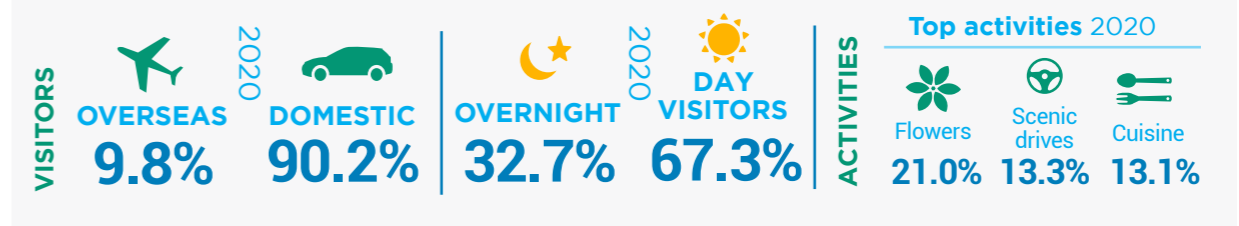
TOP 3 IMPORTED PRODUCTS



TOP 3 IMPORT DESTINATIONS



TOURISM

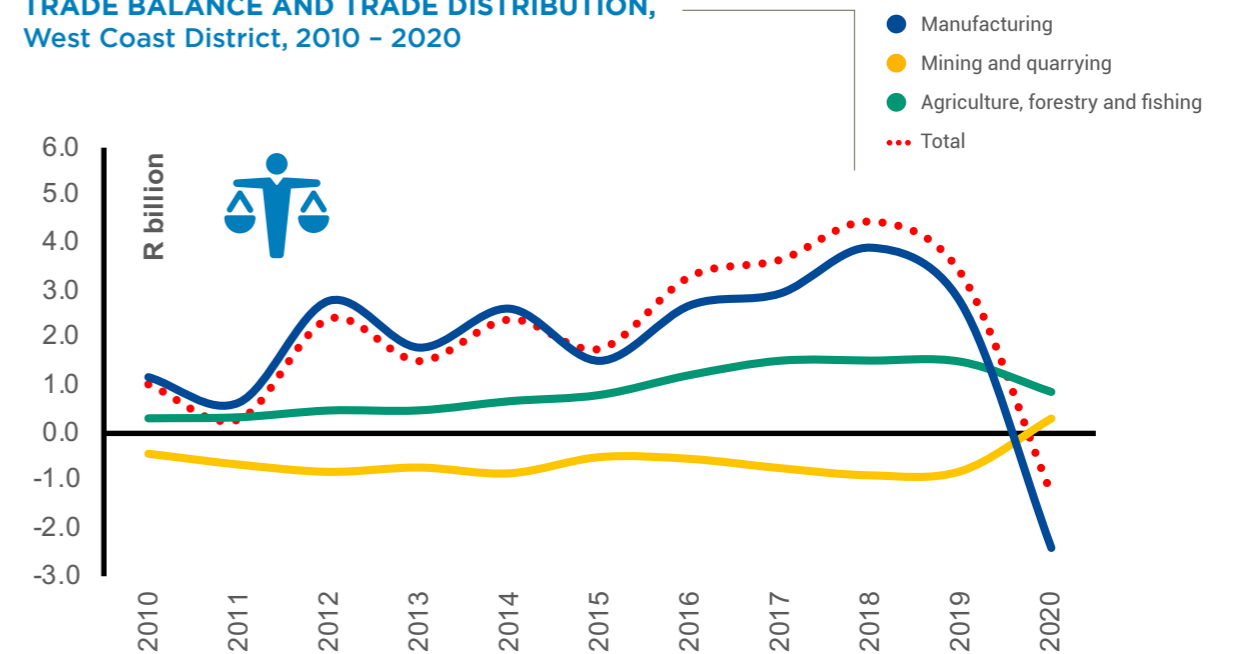




3.2 INTERNATIONAL TRADE

One of the indicators for international trade in an area is the trade balance, which is obtained by subtracting imports from exports. A positive trade balance therefore indicates that the WCD exports more than it imports, and vice versa. Furthermore, a positive trade balance indicates a net inflow of foreign currency, which is beneficial to the economy. Figure 3.1 provides an overview of the trade balance for the WCD between 2010 and 2020. The figure illustrates the total trade balance, as well as the trade balance for the main sectors that export and import goods, namely agriculture, manufacturing and mining.

Figure 3.1
TRADE BALANCE AND TRADE DISTRIBUTION,
West Coast District, 2010 - 2020



Source: Quantec Research, 2021

The WCD maintained a positive trade balance between 2010 and 2019, which was largely due to the trade surplus realised in the manufacturing and agriculture sectors. The peak of the trade surplus for the period under review was experienced in 2018 as a result of the manufacturing and agriculture sectors experiencing a significant trade surplus.

The trade deficit in the WCD was observed in the mining sector. This persisted between 2010 and 2019, but the sector managed to obtain a trade surplus during 2020. In the same year, the WCD experienced its first trade deficit since 2010, which can mainly be attributed to the manufacturing sector. One of the key role players in the manufacturing sector in the WCD is Saldanha Steel in Saldanha Bay. The closure of ArcelorMittal’s Saldanha Steel plant affected an estimated 900 workers (and 500 direct employees), as well as the manufacturing and export of products.³⁸

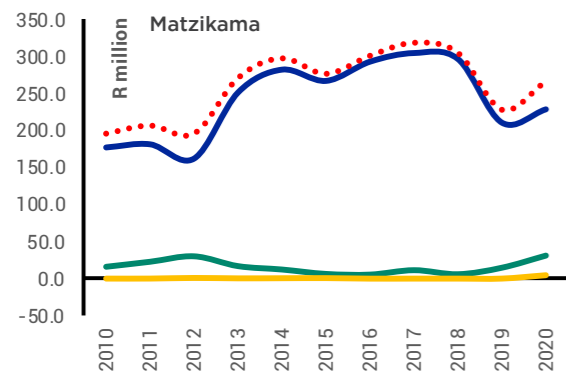
Manufacturing accounted for 82.1 per cent of the total imports into the District in 2020, whereas the agriculture sector accounted for 17.9 per cent. Manufacturing also accounted for 59.0 per cent of exports, agriculture accounted for 36.1 per cent of exports and mining accounted for 4.9 per cent of exports.

³⁸ (Castings SA, 2021).

Figure 3.2 provides an overview of the trade balance per municipal area between 2010 and 2020.

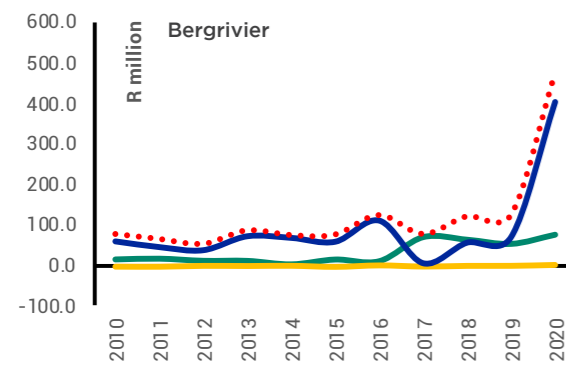
All municipal areas in the WCD experienced a trade surplus except for the Swartland municipal area, which experienced a trade deficit between 2010 and 2020.

Figure 3.2
TRADE BALANCE PER MUNICIPAL AREA,
West Coast District, 2010 – 2020

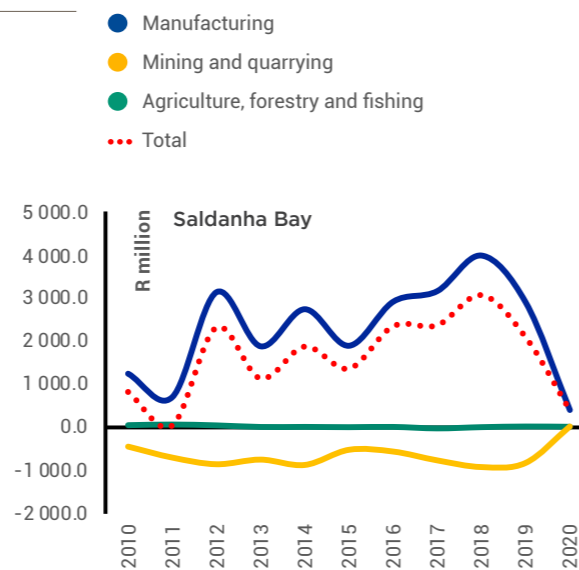


Source: Quantec Research, 2021

The Matzikama municipal area experienced a trade surplus between 2010 and 2020, which was mainly driven by the manufacturing sector contributing 86.1 per cent of the total exports. The agriculture sector and the mining sector also saw a positive trade surplus. During 2020, this municipal area experienced a trade surplus higher than that in 2019. Exports therefore boosted the local economy during the tough economic conditions as a result of COVID-19.



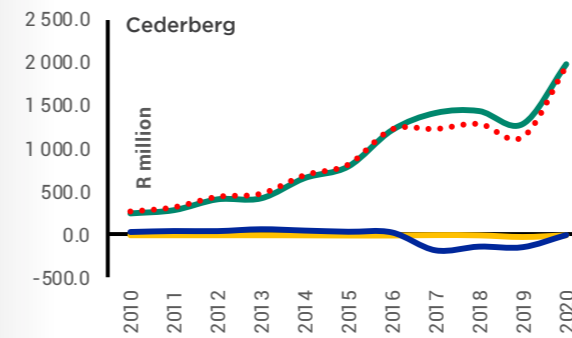
Source: Quantec Research, 2021



Source: Quantec Research, 2021

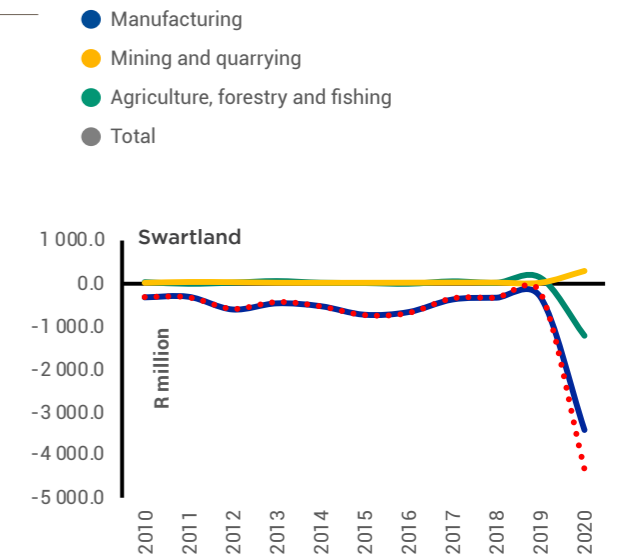
The Saldanha Bay municipal area experienced a trade surplus between 2010 and 2020. However, the trade balance was significantly lower, as it decreased from R2.1 billion in 2019 to R377.6 million in 2020. The surplus was mainly driven by the manufacturing sector. The manufacturing sector accounted for 98.0 per cent of exports and 97.8 per cent of imports.

The Bergrivier municipal area also maintained a trade surplus and experienced a significantly higher surplus in 2020 compared with 2019. This was mainly due to the manufacturing and agriculture sectors, which contributed 88.1 per cent and 11.8 per cent to total exports respectively during 2020.



Source: Quantec Research, 2021

The Cederberg municipal area also maintained a positive trade balance during the period under review. The trade balance showed an upward trend between 2010 and 2016, which appears to have stagnated. The rand and US dollar exchange rate could be one of the main drivers of the rising trade balance affecting imports and exports during this period. The average annual exchange rate between 2011 and 2016 shows that the rand weakened during this period,³⁹ which could have resulted in an increase in exports while limiting imports as a result of increased prices owing to the weakening of the rand. Furthermore, the municipal area experienced an increase from R1.1 billion in 2019 to R2.0 billion in 2020. The positive trade balance experienced was largely driven by the agriculture sector, which accounted for 97.9 per cent of exports in 2020. This indicates that the municipal area has a comparative advantage in the agriculture sector.



Source: Quantec Research, 2021

The Swartland municipal area experienced a trade deficit from 2010 to 2020, with a significantly lower trade balance in 2020. This deficit was largely due to the significant net imports of the manufacturing sector. The manufacturing sector contributed 78.3 per cent to total imports and 77.7 per cent to total exports during 2020.



³⁹ (Nedbank, 2020).

3.2.1 IMPORTS



Figure 3.3 illustrates the top 10 import partners of the WCD in 2020.

Table 3.1 shows the value of the top 10 products imported by the WCD and their main trading partners.

**Table 3.1
MAIN IMPORT PRODUCTS,
West Coast District, 2020**

PRODUCT	R million 2020	% share	Main trading partners
Rice	1 593.9	21.9%	Thailand, India
Parts for radio, radar and transmission apparatus	1 249.7	17.2%	China
Wheat and meslin	1 098.4	15.1%	Russian Federation, Lithuania, Poland
Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, hot-rolled, not clad, plated or coated	612.9	8.4%	United Kingdom, Taiwan
Unwrought zinc	332.0	4.6%	Brazil, Republic of Korea, Namibia
Refrigerators, freezers and other refrigerating or freezing equipment	313.8	4.3%	China
Moulding boxes for metal foundry	166.7	2.3%	Italy, Spain
Air or vacuum pumps, air or other gas compressors and fans	146.6	2.0%	China
Dried leguminous vegetables	125.1	1.7%	Brazil, China, Australia
Articles for the conveyance or packing of goods	122.0	1.7%	Germany, Italy
Total imports	7 277.2		

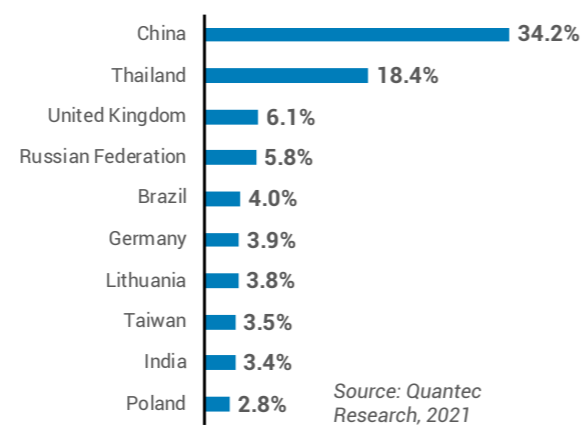
Source: Quantec Research, 2021

In 2020, China was the District's leading import partner, making a fairly large contribution of 34.2 per cent of the total imports. In 2019, 93 economic and trade co-operation agreements between South African and Chinese entrepreneurs were signed. The Department of Trade, Industry and Competition (DTIC) described this as "deepening the economic relationship between South Africa and China".⁴⁰

Rice, mainly imported from Thailand and India, made the largest import contribution (21.9 per cent) to the WCD and had a value of R1.6 billion in 2020. Parts for various apparatus and machinery (17.2 per cent) were imported from China. This feeds into the agriculture sector, which is one of the main economic sectors in the WCD. Wheat imports contributed 15.1 per cent of the total imports, with a value of R1.1 billion.

⁴⁰ (Go Legal: Industry News and Insights, 2019).

**Figure 3.3
TOP 10 IMPORT PARTNERS,
West Coast District, 2020**



Source: Quantec Research, 2021

3.2.2 EXPORTS



Figure 3.4 illustrates the top 10 export partners of the WCD in 2020.

Table 3.2 provides a detailed breakdown of the WCD's top 10 exported products.

**Table 3.2
MAIN EXPORT PRODUCTS,
West Coast District, 2020**

PRODUCT	R million 2020	% share	Main trading partners
Citrus fruit, fresh or dried	1 872.6	31.2%	United States, Netherlands, United Kingdom
Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, clad, plated or coated	1 148.0	19.2%	United States
Wine of fresh grapes	460.7	7.7%	United Kingdom, United States, Sweden
Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates	433.6	7.2%	China, Germany, Greece, Saudi Arabia
Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, hot-rolled, not clad, plated or coated	234.8	3.9%	Kenya
Monitors and projectors	227.7	3.8%	Tanzania, Botswana, Mozambique, Namibia
Refrigerators, freezers and other refrigerating or freezing equipment	154.9	2.6%	Botswana, Tanzania, Mozambique
Titanium ores and concentrates	154.5	2.6%	China
Pumice stone	129.5	2.2%	United States
Zirconium and articles thereof	127.5	2.1%	China
Total exports	5 993.4		

Source: Quantec Research, 2021

In 2020, the main export partners of the WCD were the United States (33.1 per cent), the Netherlands (11.8 per cent) and the United Kingdom (8.1 per cent).

In 2020, the WCD exported citrus to the value of R1.9 billion. Citrus made up 31.2 per cent of total exports and was mainly exported to the United States, the Netherlands and the United Kingdom. Unfavourable weather conditions in the previous year in areas such as Brazil and Mexico resulted in smaller yields and a decline in export from these areas, which, together with increased demand and high prices, created an opportunity for producers in the WCD to increase exports.⁴¹

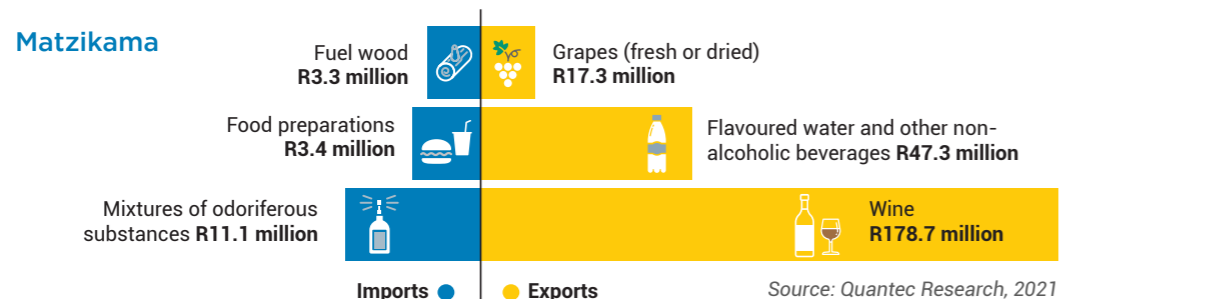
Another main export was flat-rolled products of iron or non-alloy steel, and these products were exported to the United States. The closure of Saldanha Steel will thus also negatively impact trade prospects in the WCD.

⁴¹ (NAMC, 2020).

3.2.3 Municipal imports and exports

Imports and exports are a catalyst for economic growth and development. Importing goods is often required for individual consumers, and in other cases it's required for production in a given value chain. The following figure shows the main import and export products for all municipal areas in the WCD.

Figure 3.5
TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA, West Coast District, 2020



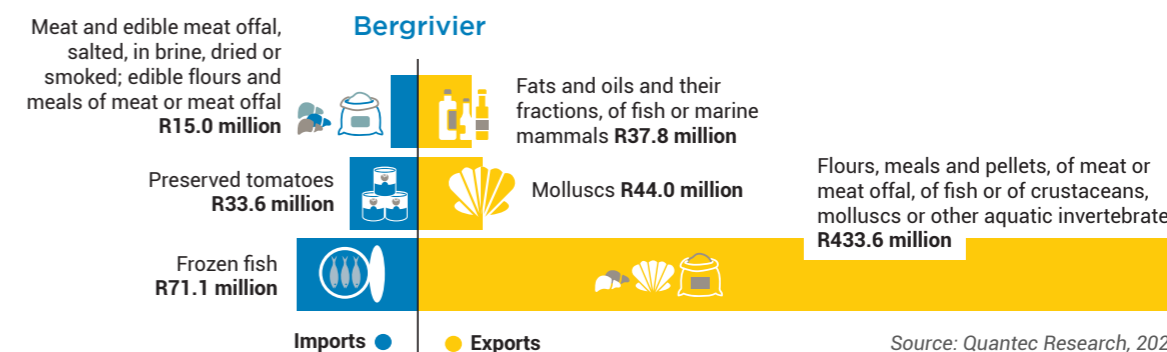
The three main products imported into the **Matzikama municipal area** in 2020 were mixtures of odoriferous substances with a value of R11.1 million, food preparations with a value of R3.4 million and fuel wood worth R3.3 million. The three major export products were wine, with a value of R178.7 million, flavoured water and other non-alcoholic beverages worth R47.3 million and grapes worth R17.3 million. Wine grapes are identified as the most dominant production on irrigated land, while the production of table grapes has also become increasingly popular in this region.⁴² The agriculture and agro-processing industry therefore serves as a valuable injection into the local economy.

Cederberg



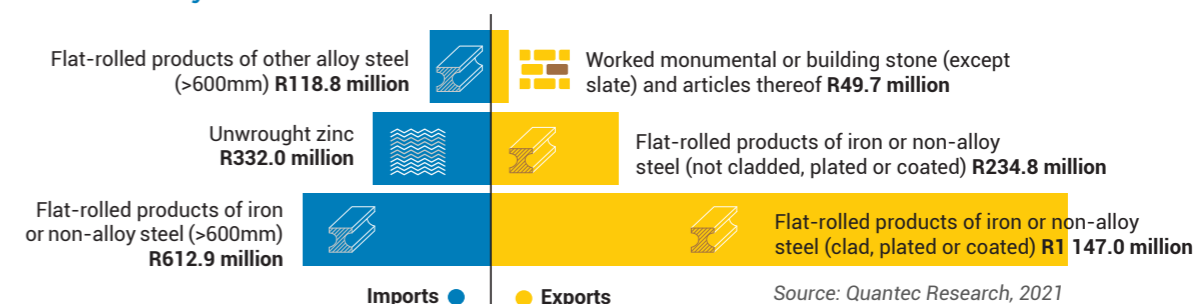
The three main import products into the **Cederberg municipal area** were cereal flours (other than of wheat or meslin) to the value of R9.3 million, machinery for manufacturing food or drink worth R6.5 million and harvesting or threshing machinery worth R6.0 million. These are all inputs utilised in the agriculture and agro-processing industries in the Cederberg municipal area. The main export products were citrus fruit with a value of R1 857.8 million, locust beans, seaweeds and other algae, sugar beet and sugar cane, fruit stones and kernels and other vegetable products with a value of R73.6 million and wine exports with a value of R18.0 million.

⁴² (Mayson, et al., 2020).



In the **Bergrivier municipal area**, the main import products were frozen fish and preserved tomatoes, with a value of R71.1 million and R33.6 million respectively. Additionally, meat and edible meat offal, salted in brine, dried or smoked, as well as edible flours and meals of meat or meat offal were also main import products, with a value of R15.0 million. The main export product of the Bergrivier municipal area was flours, meals and pellets, of meat or meat offal, fish or crustaceans, molluscs or other aquatic invertebrates accounting for R433.6 million of exports. This was followed by the export of molluscs to the value of R44.0 million, and fats and oils of fish or marine mammals, which contributed R37.8 million to the exports of the municipal area. Most of the trade occurring in the Bergrivier municipal area is related to the fishing industry, which emphasises the importance of this sector to the local economy and, as such, marine resources in the area should be protected. The largest importer and exporter of fish and fish products in the Southern African Development Community (SADC) is South Africa. South Africa imported mainly high-value products, but there has been an increase in low-value fish imports since investors find these to be cheaper and economically more efficient to meet fish shortages of certain products/species.⁴³ South Africa in general has a low per capita fish consumption⁴⁴ and this may also contribute to the large volumes being exported. Cape hake is one of the most popular fish species being exported to areas such as Europe.⁴⁵

Saldanha Bay



The main products that were imported to the **Saldanha Bay municipal area** were flat-rolled products of iron or non-alloy steel worth R612.9 million, unwrought zinc worth R332.0 million and flat-rolled products of other alloy steel worth R118.8 million. The main products exported from the Saldanha Bay municipal area were flat-rolled products of iron or non-alloy steel (clad, plated or coated) to the value of R1.1 billion, whereas export products not clad, plated or coated were worth R234.8 million. Worked monumental or building stone and articles thereof was also one of the major export products, with an export value of R49.7 million. Saldanha Works was largely focused on exporting steel products and was specifically designed to

⁴³ (Institute for Poverty, Land and Agrarian Studies, 2017).

⁴⁴ (Food and Agriculture Organization of the United Nations, 2018).

⁴⁵ (IOL, 2017).

produce “clean” steel with basically no impurities. This plant was especially competitive in the international market owing to its exceptionally short production chain and quality products.⁴⁶ However, early in 2020 Saldanha Works Steel Plant was closed, having major impacts on not only the local and national economy but also on the entire value chain and on well-established partners such as Duferco Steel Processing, which is located 3km from Saldanha Works Steel Plant and relies on the plant’s quality products, with minimal transport costs involved.⁴⁷ Apart from the job losses and the impact on other downstream operations, this could greatly affect the trade balance of the municipal area in the future. Saldanha Bay Harbour plays an important role in both imports and exports, especially of iron products, as the Saldanha Bay iron ore terminal is the largest iron ore export facility in Africa and is also the only dedicated iron ore terminal in South Africa.⁴⁸

Swartland



The three main import products in the **Swartland municipal area** were rice worth almost R1.6 billion, parts for radio, radar and transmission apparatus worth almost R1.3 billion and wheat and meslin worth almost R1.1 billion. Pioneer Foods is known as one of the country’s largest food and beverage producers and distributors. It has three main divisions, one of which is the Essential Foods division. This division is largely responsible for manufacturing wheat and maize, and for packing rice and other dried products to be distributed to other parts of South Africa. Pioneer Foods is also one of South Africa’s largest suppliers of rice and is responsible for distributing a variety of rice obtained from selected suppliers.⁴⁹ Pioneer Foods (Pty) Ltd and Pioneer Foods Logistics Services are located in Malmesbury, where products such as rice are repackaged and distributed to the rest of the country.

The main export products of the Swartland municipal area included wine to the value of R230.6 million, monitors and projectors worth R227.7 million and refrigerators, freezers and other related equipment to the value of R154.7 million. Wine grapes for the production of wine comprise approximately 13 560ha in the Swartland municipal area, highlighting the importance of the agricultural and agro-processing industry in the municipal area for trade and capital injection into the local economy.

⁴⁶ (ArcelorMittal, 2019).
⁴⁷ (Business Day, 2020).
⁴⁸ (Transnet, 2013).
⁴⁹ (Pioneer Foods, 2021).

3.3 TOURISM PROFILE⁵⁰

The WCD has a diverse offering ranging from marine tourism to wine tourism, and is known for its cultural and natural resources that are unique to the western coastal area of South Africa. Moreover, the District is a hidden gem and is ideal for people wanting to escape from their busy lives and experience tranquillity and the simplicities of life. The region is steeped in the Nama culture and offers nature lovers a variety of attractions and activities. The West Coast National Park is the closest spot outside Cape Town where tourists can experience the spring flower season. The West Coast Fossil Park, which is next door to the West Coast National Park, has uncovered 200 different kinds of animals, many of them new to science.⁵¹

The tourism sector is not a stand-alone economic sector, as tourists demand goods and services from a variety of sectors, such as travel and transport services, accommodation, restaurant services, general shopping and fuel. However, the catering and accommodation sector is often used to determine at least a portion of the size of the tourism industry in an area. The catering and accommodation services industry was valued at R305.5 million in 2019 and employed 4 689 people, with informal employment accounting for 30.9 per cent of the sector’s total employment. Estimates for 2020 indicate that the sector was valued at R288.1 million and shed 711 jobs.



3.3.1 The impact of COVID-19 on the tourism sector

The tourism sector is one of the sectors that was hit the hardest by COVID-19. Many tourism businesses suffered big losses in revenue and many jobs were also lost. Each District in the Western Cape offers a unique product that attracts many international and domestic tourists annually. The WCD is a popular destination, especially among the domestic market, which enjoys short or weekend getaways.

The future of tourism is uncertain owing to COVID-19’s current travel and movement restrictions, which frequently change. However, it is important for the sector, along with the relevant management authorities, to improve the “readiness” of tourism destinations to receive visitors and prioritise their wellbeing through the implementation of COVID-19 health and safety protocols.

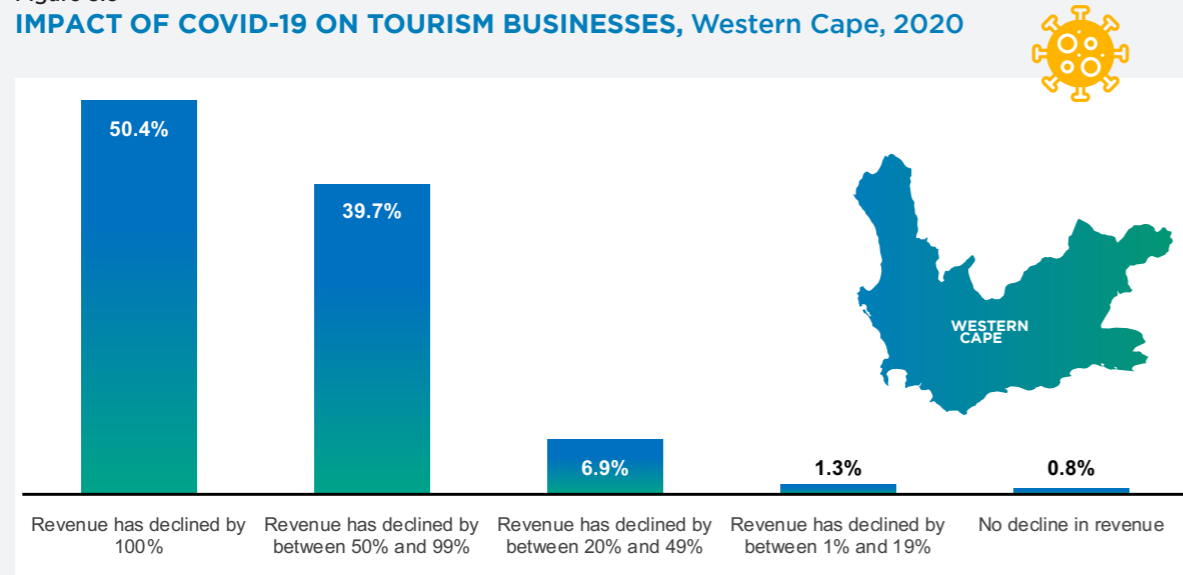


⁵⁰ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region owing to their survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Furthermore, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information, as the sample sizes are not comparable.
⁵¹ (SA Venues, 2020).

The full extent of the economic damage caused by COVID-19 and the subsequent national lockdown cannot be determined with certainty because, at the time of writing this publication, the national lockdown is still ongoing. A closer look at the labour market indicates a decline in household income owing to job losses and business closures, while the South African economy is under severe pressure to sustain livelihoods.

Figure 3.6 indicates the overall impact of COVID-19 on the Western Cape tourism businesses.

Figure 3.6
IMPACT OF COVID-19 ON TOURISM BUSINESSES, Western Cape, 2020



Source: Wesgro, 2021

It is estimated that more than half of the tourism respondents experienced a 100.0 per cent loss of revenue because of the COVID-19 pandemic and about 39.7 per cent saw their revenue decline between 50.0 and 99.0 per cent.

Other COVID-19 impacts on the Western Cape tourism sector:⁵²

- Approximately 43.2 per cent of the respondents did not lose any workers. However, nearly half of the sector lost between one and 10 workers, and a further 7.5 per cent lost between 11 and 50 workers.
- Approximately 70.0 per cent of respondents had between one and 10 workers before COVID-19 and just under 50.0 per cent lost at least one worker.
- Approximately 20.8 per cent of respondents had between 11 and 50 workers before the pandemic and 52.6 per cent lost between one and 10 workers.
- Approximately 30.8 per cent of respondents that employed 51 to 250 workers before COVID-19 lost between one and 10 workers, and 26.9 per cent of businesses lost between 1 and 50 workers.
- Approximately 46.7 per cent of the respondents had to reduce employee salaries.
- Temporary closure and increased marketing efforts were among the most widely used methods to reduce the impact of the pandemic on the sector. Other methods implemented to reduce the impact included applying for payment holidays and adding more specials to

⁵² (Wesgro, 2021).

secure future bookings. Many businesses also had to access their savings to cope during the pandemic.

- More than half of the respondents did not receive financial support from the government. However, 54.3 per cent of the businesses that did not receive funding did not apply for it at all.
- Approximately 23.2 per cent of the respondents received funding and 9.1 per cent of respondents who received funding did not receive sufficient funding for their operational needs.
- Approximately 55.2 per cent of the respondents applied for funding from UIF TERS, 30.1 per cent applied to the Department of Tourism’s Tourism Relief Fund and 18.4 per cent applied to the SMME Debt Relief Finance Fund.
- The national government implemented a risk-adjusted strategy that allowed certain activities to open under lockdown levels three and four. Approximately 40.0 per cent of the respondents indicated that occupancy levels or revenue slightly increased because of this relief measure.
- The easing of restrictions also had a huge impact on almost 10.0 per cent of respondents, which experienced a moderate to significant increase in revenue. However, almost 0.0 per cent of respondents did not experience any change in occupancy or revenue.

In mid-December 2020, stricter lockdown regulations were introduced as South Africa entered the second wave of coronavirus infections. During the 2020/21 festive season, 63.2 per cent of tourism businesses in the WCD experienced a significant decline in revenue, while 21.1 per cent experienced a moderate decline when compared with the previous year. The decline in revenue was a result of occupancy levels being low. In December 2020, 42.1 per cent of accommodation establishments had an occupancy level below 30.0 per cent, while 28.9 per cent had an occupancy level between 30.0 and 60.0 per cent. A total of 26.3 per cent of accommodation establishments had an occupancy level above 60.0 per cent, indicating that some travellers did travel to the WCD during the festive season.

Almost 75.0 per cent of tourism respondents in the WCD said that they lost revenue owing to the beach closures, and 68.4 per cent of tourism businesses lost revenue because of the ban on alcohol sales. In terms of rand value, 26.3 per cent of tourism businesses recorded an estimated loss of between R50 000 and R100 000 owing to cancellations. A further 21.1 per cent experienced an overall loss of less than R10 000. Since the beaches were closed, visitors had to find alternative activities to embark on in the WCD, including hiking and sightseeing.⁵³



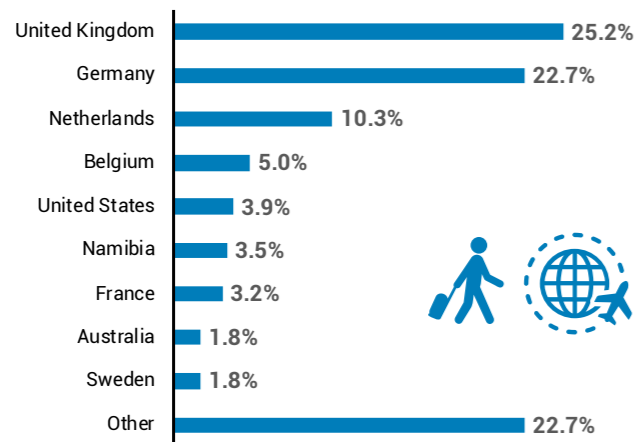
⁵³ (Wesgro, 2021).

3.3.2 Demographic profile of visitors

The WCD is a preferred holiday destination for both domestic (90.2 per cent) and international (9.8 per cent) tourists. The international travel restrictions as a result of COVID-19 continue to impact the sustainability of the local tourism businesses in the WCD negatively.

Figure 3.7 and Map 3.1 illustrate the percentage share of international and domestic travellers to the WCD.

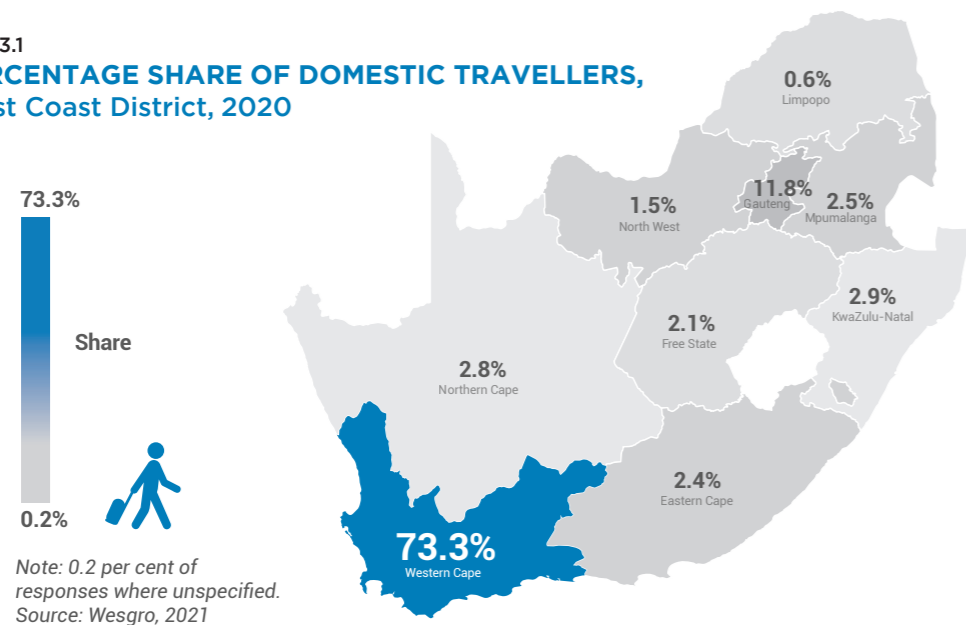
Figure 3.7
PERCENTAGE SHARE OF INTERNATIONAL TRAVELLERS, West Coast District, 2020



The top three international source markets to the WCD in 2020 travelled from the United Kingdom (25.2 per cent), Germany (22.7 per cent) and the Netherlands (10.3 per cent). The international visitor trend to the WCD is consistent with the Province in the sense that European countries dominate as source markets.

Source: Wesgro, 2021

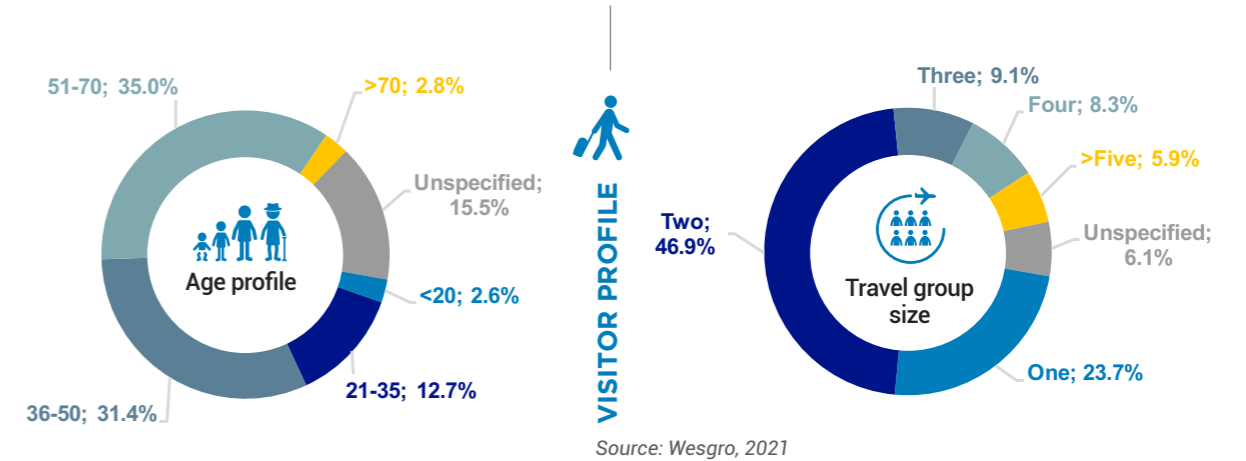
Map 3.1
PERCENTAGE SHARE OF DOMESTIC TRAVELLERS, West Coast District, 2020



The top three domestic source markets to the WCD in 2020 were the Western Cape (73.3 per cent), Gauteng (11.8 per cent) and KwaZulu-Natal (2.9 per cent). Despite the COVID-19 regulations on travel, the trends indicate that the domestic market did start to travel to this region once the restrictions had eased, confirming that the WCD is a popular destination among locals. However, the poor performance of the economy is having a negative impact on household income, and spending by domestic tourists is likely to be affected.

Figure 3.8 provides a brief overview of the visitor profile in terms of age and group travel sizes for the WCD in 2020.

Figure 3.8
VISITOR PROFILE, West Coast District, 2020



Source: Wesgro, 2021

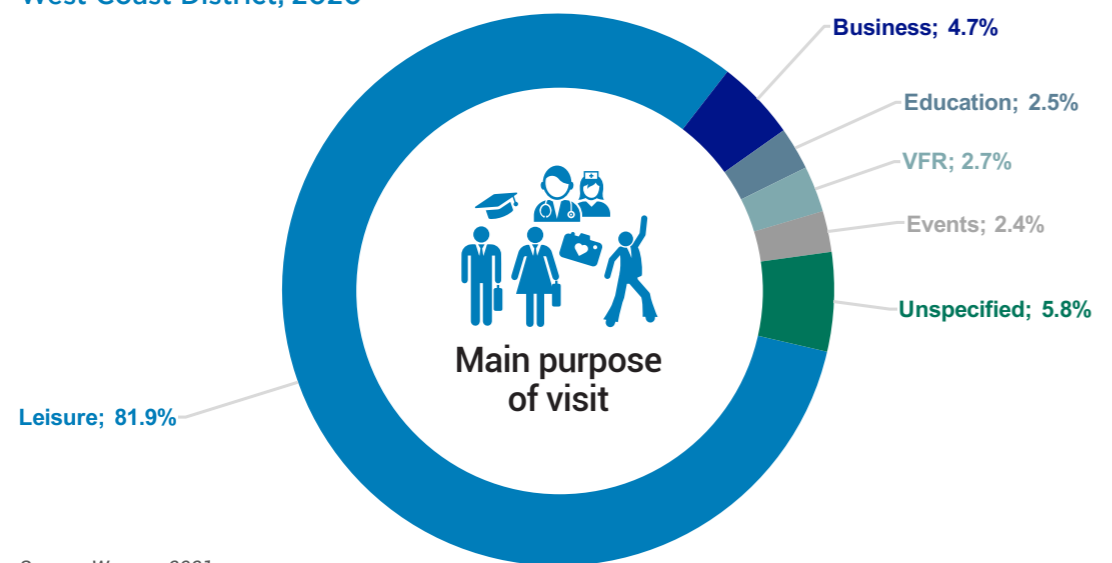
Visitors to the region mainly travelled in groups of two (46.9 per cent) or alone (23.7 per cent), with only 9.1 per cent travelling in groups of three. Of all the visitors to this region, 35.0 per cent were between the ages of 51 and 70, followed by 31.4 per cent between 36 and 50. It can be assumed that because most visitors travelled in pairs and were older than 36, they were either partners or married, and travelled to the region for either short getaways or weekends. The proximity to Cape Town makes many of the towns and farms in the Swartland and Saldanha Bay municipal areas ideal destinations for weekend getaways. Many of the coastal towns are also popular destinations for holiday homes, which is a valuable injection into the economies of small coastal towns such as Paternoster, St Helena Bay and Yzerfontein.



3.3.3 Purpose and duration of visit

The WCD is primarily considered a leisure destination, with 81.9 per cent of visitors travelling to the District for leisure in 2020, as shown in Figure 3.9 below.

Figure 3.9
MAIN PURPOSE OF VISIT, West Coast District, 2020

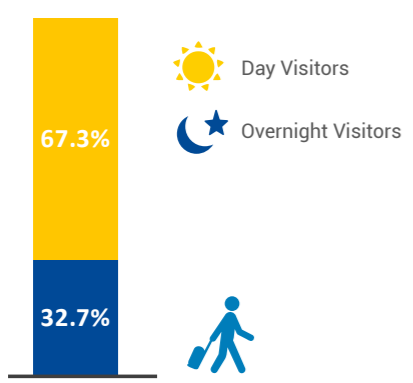


Source: Wesgro, 2021

Apart from leisure travel, about 4.7 per cent of travel was for business and 2.7 per cent was to visit friends or relatives.

Figure 3.10 illustrates the spread of day and overnight visitors for both international and domestic tourists.

Figure 3.10
OVERNIGHT VS DAY VISITORS, West Coast District, 2020

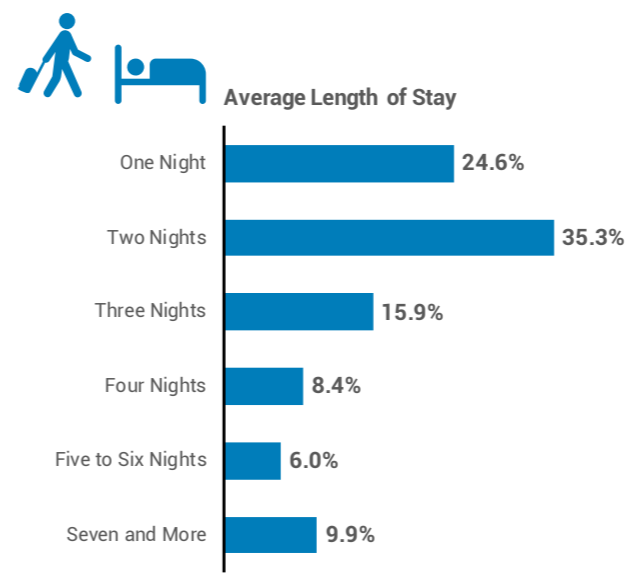


The WCD is a popular destination, especially for day visitors from the Cape Metro area. Day visitors accounted for 67.3 per cent of visitors in 2020, while overnight visitors accounted for 32.7 per cent. This confirms that visitors like to visit for short getaways or weekends. Marketing efforts should focus on overnight stays, which will have a positive impact on the local community, as overnight visitors generally spend more than day visitors.

Source: Wesgro, 2021

Figure 3.11 shows that most visitors only spend one to two nights in the region, while 15.9 per cent of visitors stay for three nights and a small percentage of visitors stay for longer.

Figure 3.11
AVERAGE LENGTH OF STAY BY VISITORS, West Coast District, 2020



Source: Wesgro, 2021

The region needs to motivate for longer stays, as this will also increase the spending patterns, which in turn will be beneficial for economic activity in the WCD. The length of stay is one of the key elements in a tourist's decision-making process and is of great importance for the tourist destination. Destination managers should consider that a tourist's time available for travel, their country of origin, age and occupation, as well as the type of destination, can be relevant for the length of stay. What should also be considered is that the length of stay may reduce when prices are higher, a tourist's income is lower and they have less time available for travel.⁵⁴



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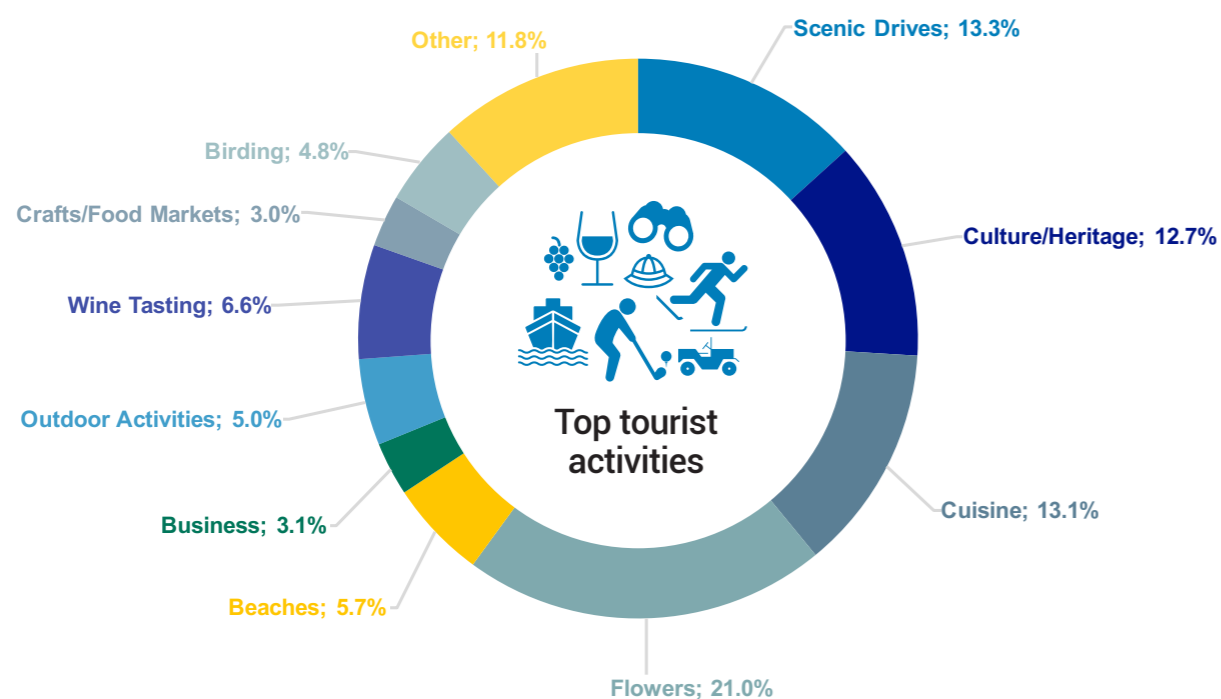
⁵⁴ (Breda University of Applied Sciences, 2010).

3.3.4 Activities, expenditure and transport

The region is known for its unspoilt beauty, pristine beaches, fishing villages and rich cultural history, and therefore offers a wide variety of attractions and activities in which visitors can engage. Leisure activities include road-trip stops along themed routes by planning a self-drive trip or guided tour for a nature- and adventure-filled Cape West Coast holiday, as well as visits to any of the nature reserves (such as the West Coast National Park and Koeberg Nature Reserve), the beaches, the Mamre Moravian Mission Station, Darling Brewery and many more attractions. Seasonal tourism in August and September, when the wildflowers bloom, is a valuable tourism asset for the region.

Figure 3.12 indicates the top activities undertaken by visitors in the WCD.

Figure 3.12
TOP TOURIST ACTIVITIES UNDERTAKEN, West Coast District, 2020

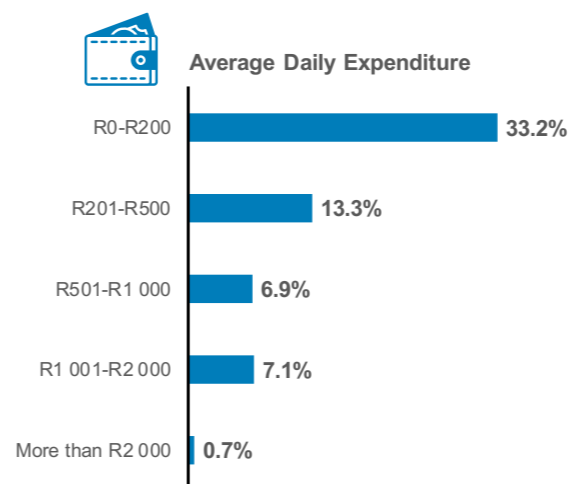


Source: Wesgro, 2021

The top tourist activity in the WCD is viewing the seasonal flowers (21.0 per cent). Not only was the WCD covered in flowers in 2020, but new species were also spotted for the first time in three to four years. Taking a scenic drive (13.3 per cent), along with cuisine activities (13.1 per cent) and cultural activities (12.7 per cent), also formed part of the visitor itinerary. Top scenic drives fall under six main routes, namely the West Coast Way Cultural Route, Foodie Route, Tractor Route, Berg Route, Wild Route and Cape Way Route. Cultural tourism activities include the Mamre Heritage Walk and a visit to the !Khwatvu San Culture and Education Centre. For those who would like to have a literal taste of the destination, there is Route 27 Roosterkoek, Weskus Spens Padstal, The Hart Bistro & Eatery and Kokerboom Kaas.

Figure 3.13 provides an overview of the daily expenditure by visitors to the WCD in 2020.

Figure 3.13
AVERAGE DAILY EXPENDITURE BY VISITORS, West Coast District, 2020

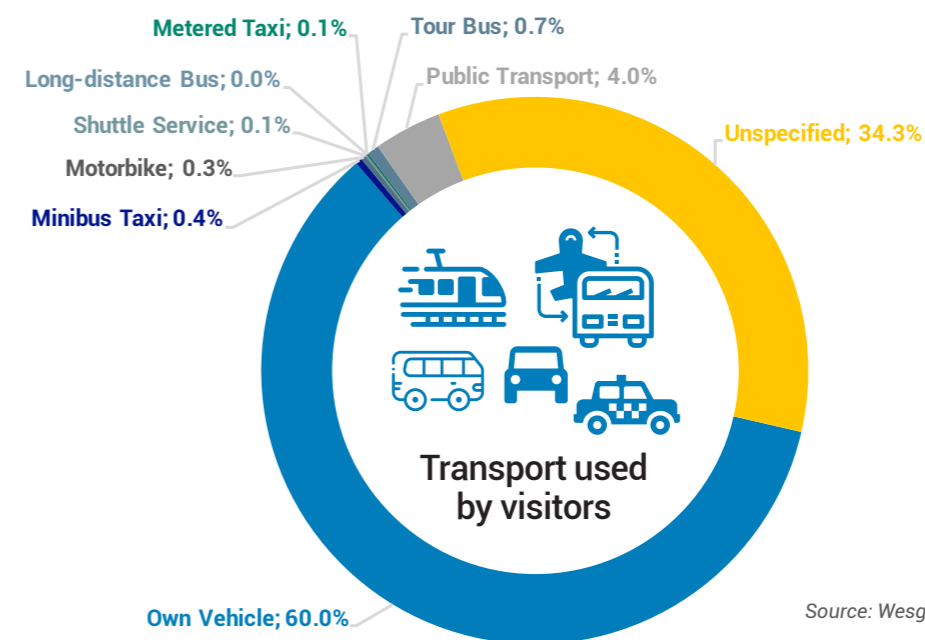


Source: Wesgro, 2021
Note: 38.8 per cent of responses were unspecified

Most of the visitors (33.2 per cent) spent less than R200 on average daily, while 13.3 per cent spent between R201 and R500. Only 0.7 per cent spent more than R2 000, reiterating that this region is a destination for day visitors or short getaways. There is thus a strong need to motivate visitors to increase their expenditure patterns in the region per day to R500 or more. As international travel opens up, it is expected that tourist spend will increase somewhat in the WCD, as international tourists often spend more than domestic tourists. This will have a positive economic impact on the region, as 12.0 per cent of visitors were return visitors, reflecting the growing loyalty among visitors to the region.

Figure 3.14 shows that 60.0 per cent of visitors used their own vehicle to travel to the WCD, while 4.0 per cent used public transport to travel.

Figure 3.14
MODE OF TRANSPORT USED BY VISITORS, West Coast District, 2020



Source: Wesgro, 2021

Rental vehicles were among the least preferred modes of transport, while long-distance buses were not used at all. Visitors preferred using their own vehicles the most, which could be attributed to the fact that locals visit the area and prefer to drive their own routes when viewing the flowers or taking a scenic drive. As the region is popular for the range of routes it offers, road quality and maintenance are important to ensure visitor safety and accessibility. It is also important to have adequate directional and tourism signage implemented on all main tourism roads.

3.4 COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL

This subsection analyses the comparative advantage of the various economic sectors in the WCD by examining the historic growth of the various sectors to identify growth opportunities of the District economy.

The location quotient is defined as a ratio between two economies (in this case, the national and District economies) that indicates whether a District is importing, is self-sufficient or is exporting goods and services from a particular sector. In determining the level of specialisation of different economic sectors and understanding the local trade dynamics in the WCD, a location quotient of more than one represents a comparative advantage in the local economy compared with the national economy. A location quotient of less than one indicates that an industry is weaker in the local economy than in the national economy. A location quotient of one indicates that the industry in the local economy is the same as its representation in South Africa.

Table 3.3 demonstrates a detailed classification and interpretation of the location quotient adopted for this section.

Table 3.3
LOCATION QUOTIENT INTERPRETATION


LOCATION QUOTIENT	Classification	Interpretation
Less than 0.75	Low	Regional needs are probably not being met by the sector, resulting in an import of goods and services in this sector.
0.75 to 1.24	Medium	The sector is meeting most local needs. The region will probably be both importing and exporting goods and services in this sector.
1.25 to 4.99	High	The sector is serving needs beyond the border, exporting goods and services in this sector to other regions or provinces.
More than 5.00	Very High	This is indicative of a very high level of local dependence on the sector, typically in a "single-industry" community.

Source: Urban-Econ, 2021

A location quotient does not consider external factors such as government policies, investment incentives, proximity to markets, etc. These factors could influence the comparative advantage of an area in a given economic space. Additionally, the location quotient indicates the relative importance of the local economy to the Provincial economy and does not necessarily indicate that the sector is small or large within a local economy, nor does it indicate the value of importance. A value between 0.75 and 1.24 does not necessarily indicate that the local economy is exporting goods.

Table 3.4 provides the location quotient for the WCD in terms of GDP and employment.

Table 3.4
LOCATION QUOTIENT IN TERMS OF GDP AND EMPLOYMENT, West Coast District, 2019



SECTOR	In terms of GDP	In terms of employment
PS Primary Sector		
Agriculture, forestry & fishing	7.8	5.3
Mining & quarrying	0.1	0.1
SS Secondary Sector		
Manufacturing	1.7	1.0
Electricity, gas & water	0.5	0.5
Construction	1.3	0.6
TS Tertiary Sector		
Wholesale and retail trade, catering & accommodation	1.1	0.8
Transport, storage & communication	0.8	0.6
Finance, insurance, real estate & business services	0.6	0.5
General government	0.6	0.8
Community, social & personal services	1.1	0.6

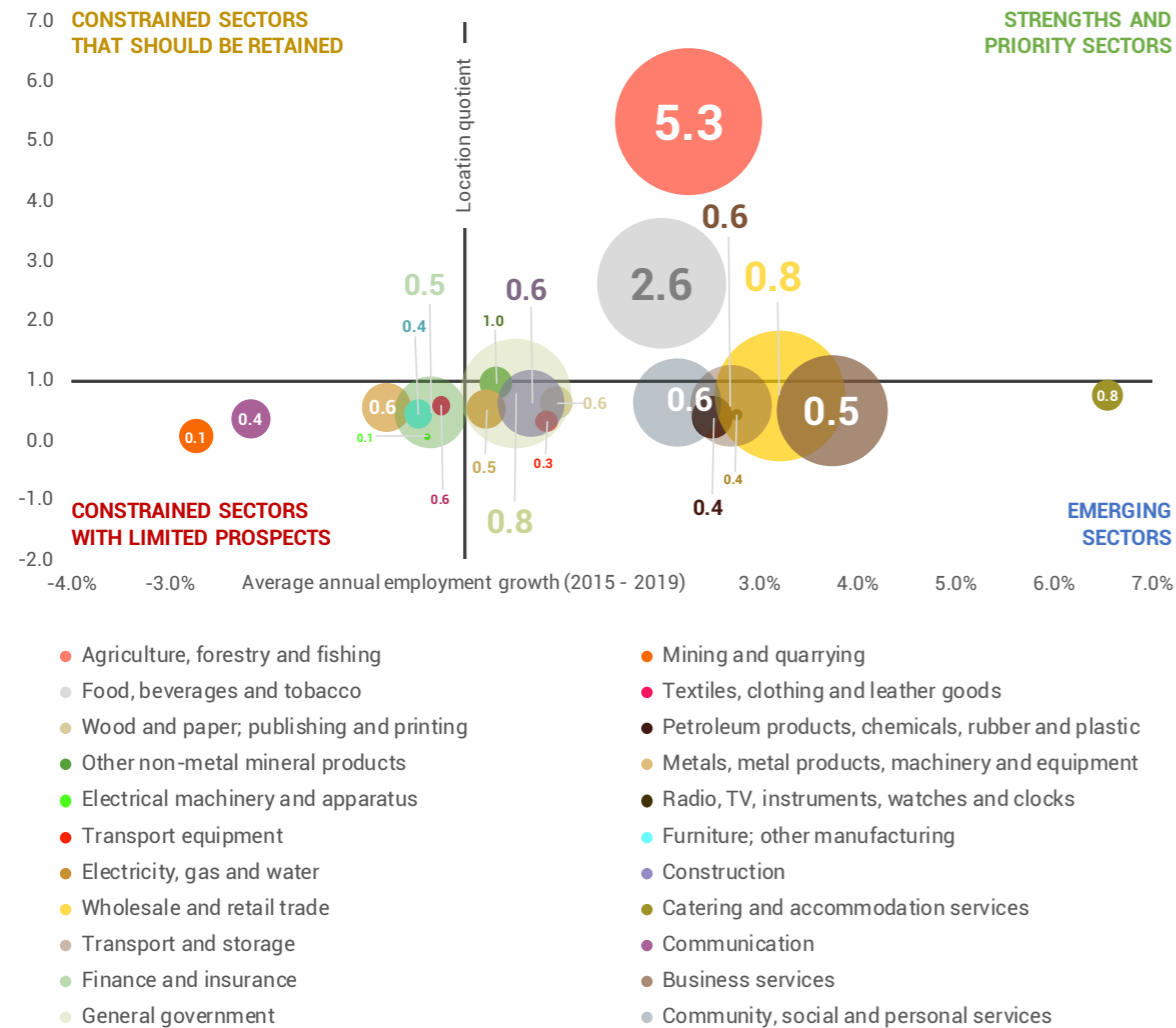
Source: Quantec Research, 2021

Compared with the structure of the South African economy, the WCD has a high comparative advantage in terms of GDP and employment in the agriculture sector, as well as in the manufacturing and construction sectors in terms of GDP. However, these two sectors only have a medium comparative advantage in terms of employment, which highlights that these two sectors are very capital-intensive.

Sectors that have a medium comparative advantage include the trade sector (in terms of GDP and employment), the transport sector (in terms of GDP) and the community services sector (in terms of GDP). The sector with the lowest location quotient is the mining sector. However, comparisons with the Provincial economy show that the WCD also has a comparative advantage in the mining sector. The mining sector does not make a significant contribution to GDP and the high location quotient in this sector may highlight the lack of mining resources in the broader Western Cape. The Matzikama municipal area is considered the mining hub of the District, where gypsum, quicklime, heavy mineral sands and diamonds are mined, and the sector is therefore a valuable sector for GDP and employment in this municipality.

To assess the sectoral development opportunities in the WCD, the comparative advantage (in relation to South Africa) in sectors is further analysed together with the historical sectoral employment growth rate. Figure 3.15 illustrates the comparative advantage and the average sectoral employment growth in the WCD.

Figure 3.15
COMPARATIVE ADVANTAGE AND SECTORAL EMPLOYMENT GROWTH,
West Coast District, 2019



Note: Size of bubble illustrates the contribution to total employment (2019)
Source: Quantec Research, 2021

Sectors that have a location quotient greater than one and that recorded positive employment growth over the 2015 to 2019 period are priority sectors for employment growth. Sectors that have a location quotient greater than one but have shed jobs over the period under analysis may require intervention, whether it be financial, regulatory or capacity-building, to benefit from the comparative advantage.

Sectors in which the WCD does not have a comparative advantage (a location quotient less than one) but that have shown positive employment growth are considered to be emerging sectors, but prospects may be limited owing to the size of the sector or external trends.

The table below provides further information relating to the sectors that are considered to be strengths in terms of job creation based on historic trends, as well as the sectors that should be retained, despite their lack of employment growth.

Table 3.5
PRIORITY SECTORS
FOR EMPLOYMENT,
West Coast District, 2019

SECTOR	GDPR R million 2019	GDPR trend 2015 – 2019	Number of jobs 2019	% informal jobs 2019	Average annual change in employment 2015 – 2019	Average gross fixed capital formation growth 2015 – 2019
Agriculture, forestry & fishing	R5 100.1	-2.2%	69 290	23.1%	1 257	-2.5%
Food, beverages & tobacco	R5 115.3	3.6%	9 404	14.1%	173	3.6%

Source: Quantec Research, 2021

Food, beverages and tobacco Agriculture, forestry and fishing

A priority sector in the WCD is the food, beverages and tobacco manufacturing subsector. This sector is of particular importance in the Swartland municipal area and is emerging in the Matzikama and Cederberg municipal areas as an important source of employment. In 2019, this sector was valued at R5.1 billion and employed 9 404 people. Furthermore, this sector showed strong growth in terms of GDPR (3.6 per cent) and employment (173 jobs per annum on average) between 2015 and 2019. This sector was somewhat protected during the COVID-19 pandemic owing to food production being classified as an essential service, and only contracted by an estimated 1.7 per cent in 2020. The insufficient storage capacity of the Clanwilliam Dam is a significant deterrent to growth in the sector, particularly for emerging farmers. The ongoing work by the National Department of Water and Sanitation on the Clanwilliam Dam is therefore critical in sustaining and growing the sector.

The food, beverages and tobacco manufacturing subsector also recorded substantial growth in terms of capital investment (3.6 per cent average annual growth between 2015 and 2019). This is a positive indication for future growth and opportunities for job creation in this sector. Approximately 14.1 per cent of workers in this sector were informally employed in 2019. Engagement with those in the industry, particularly SMMEs and those that are operating informally, to identify needs and constraints to growth can foster an environment to reduce red tape, attract new investment and promote exports for the subsector.

Agriculture, forestry and fishing

The food, beverages and tobacco manufacturing subsector has backward linkages to the agriculture sector, which, despite its comparative advantage in the WCD, has been shedding jobs in recent years.⁵⁵ In 2019 the agriculture sector also had a large proportion of informal workers (23.1 per cent), who are more vulnerable to market fluctuations. Some of the main commodities being processed include grapes (wine, juice and raisins), fish, potatoes, tomatoes and rooibos. The area also has numerous sheep farms. This sector has struggled to recover from the Provincial drought since 2018. However, it is estimated that the sector grew substantially owing to improved commodity prices in 2020, which will be a valuable injection into the local economy. However, the wine industry was severely impacted by the ban on exports and alcohol sales for a large part of 2020.

⁵⁵ The positive change in average annual jobs (1 257 jobs) is as a result of a significant boost recorded in 2015, which is influenced by Stats SA changing the master sample for the Quarterly Labour Force Survey (QLFS). Since then, the sector has recorded year-on-year losses.

Mining and mineral processing

Despite not having a comparative advantage in relation to the national economy, another key value chain in which the District has a comparative advantage (compared with the Province) is the mining and mineral processing value chain. The comparative advantage is influenced by the lack of mineral resources in the remainder of the Province. This industry is largely concentrated in the Matzikama municipal area. The mining sector contributed R332.7 million to the economy in 2019, while the non-metal and mineral products manufacturing subsector was valued at R167.4 million. These sectors were both influenced by external trends and recorded contractions of 1.8 per cent and 4.4 per cent respectively between 2015 and 2019. Collectively, these sectors employed 1 200 people in 2019. Existing levels of capital investment have largely been retained in both sectors, with minimal job creation. The manufacturing of non-metal and mineral products is largely capital-intensive and job creation, although positive, is minimal. This limits the prospects in terms of job creation in this industry. There have been proposals submitted to expand mining operations along the West Coast, which will strengthen local value chains. However, the optimisation of resource utilisation between tourists, small-scale fishing and mining should be explored, as all three industries are important sources of local jobs and livelihoods.

Other emerging sectors

In terms of job creation in the WCD, there are a few sectors that are considered to be emerging in terms of employment opportunities. These sectors include the wood and paper manufacturing subsector, as well as the construction sector. The wood and paper manufacturing subsector is an emerging subsector in the Bergrivier and Saldanha Bay municipal areas, while the construction sector has potential for further job creation in most of the municipal areas of the WCD. Infrastructure and housing investment projects such as the N7 roadworks, the raising of the Clanwilliam Dam wall and the Riebeek-Kasteel Housing Project are valuable injections into the sector.

Tourism, as represented by the catering and accommodation sector, was a growing opportunity in terms of job creation in the WCD before the COVID-19 pandemic, particularly in the Swartland and Saldanha Bay municipal areas, where the wine route, coastal towns and West Coast National Park are some of the key tourism attractions. These attractions are largely reliant on domestic tourism, but owing to rising unemployment the domestic tourism sector is likely to be constricted, making a challenging environment for this local industry.

On a local municipal level, growing employment trends in many of the tertiary sectors indicate urbanisation and the growing need for skilled labour. The public and private sectors need to collaborate in identifying skills gaps in local communities, and gearing skills training towards key job creation sectors. The Saldanha Bay and Swartland municipal areas are central to the growth of the tertiary sectors, with Malmesbury and Vredenburg considered to be economic hubs within the WCD. However, the trade sector has also shown positive growth in the Matzikama and Cederberg municipal areas, while the transport sector has also recorded positive employment growth in the Bergrivier and Cederberg municipal areas.

3.5 INVESTMENT

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

3.5.1 Private-sector investment

3.5.1.1 Sectoral investments and business expansion

The Western Cape is lobbying for Saldanha Bay to be a site for a gas-to-power plant. If this materialises, it could be a catalyst for the use of gas in many other sectors, including the manufacturing and residential sectors.⁵⁶

Feasibility assessments have been conducted for the importation of liquefied natural gas into the port of Saldanha Bay, as part of a gas options initiative to provide gas as a sustainable resource for the Western Cape's energy requirements. The aim is to fulfil the large energy requirements of some of the main local industrial users such as PPC, Duferco, Tronox and intensive energy users in the Province.⁵⁷

Karpowership, a member of Karadeniz Energy Group based in Istanbul, Turkey, has been named as a successful bidder to supply a portion of the 2 000MW required to supplement South Africa's power grid. The company, which is expected to dock its powerships at the Saldanha Bay and Richards Bay harbours in about August 2022, plans to deliver energy to Eskom at a cheaper rate than what it costs the utility to burn diesel to generate electricity.⁵⁸

In the Swartland municipal area, numerous private-sector investment projects are also set to occur in future. These projects will stimulate activity in a variety of sectors, and include an 18 500m² retail centre, a 102-bed private hospital, a pig abattoir and a private school.⁵⁹ A major development set to occur in Malmesbury is the Swartland Junction mixed-use development. This 366ha development will comprise low- to high-density residential, commercial, healthcare and education facilities. Key nodes in the development will include the Swartland Mall (100 000m²) and a Stellenbosch University satellite campus.⁶⁰

In the Matzikama municipal area, planned private-sector investment includes the proposed development of a private hospital, as well as a R150 million raisin-processing facility by Red Sun Raisins. The municipality has also received an increase in enquiries about the availability of business and industrial erven.⁶¹ Other notable developments include a new industrial development with 10 erven in Citrusdal⁶² in the Cederberg municipal area.

⁵⁶ (Cape Chamber of Commerce & Industry, 2021).

⁵⁷ (EPCM, 2020).

⁵⁸ (Business Insider, 2021).

⁵⁹ (Swartland Municipality, 2021).

⁶⁰ (Enviro-EAP Environmental Consultants, 2021).

⁶¹ (Matzikama Municipality, 2021).

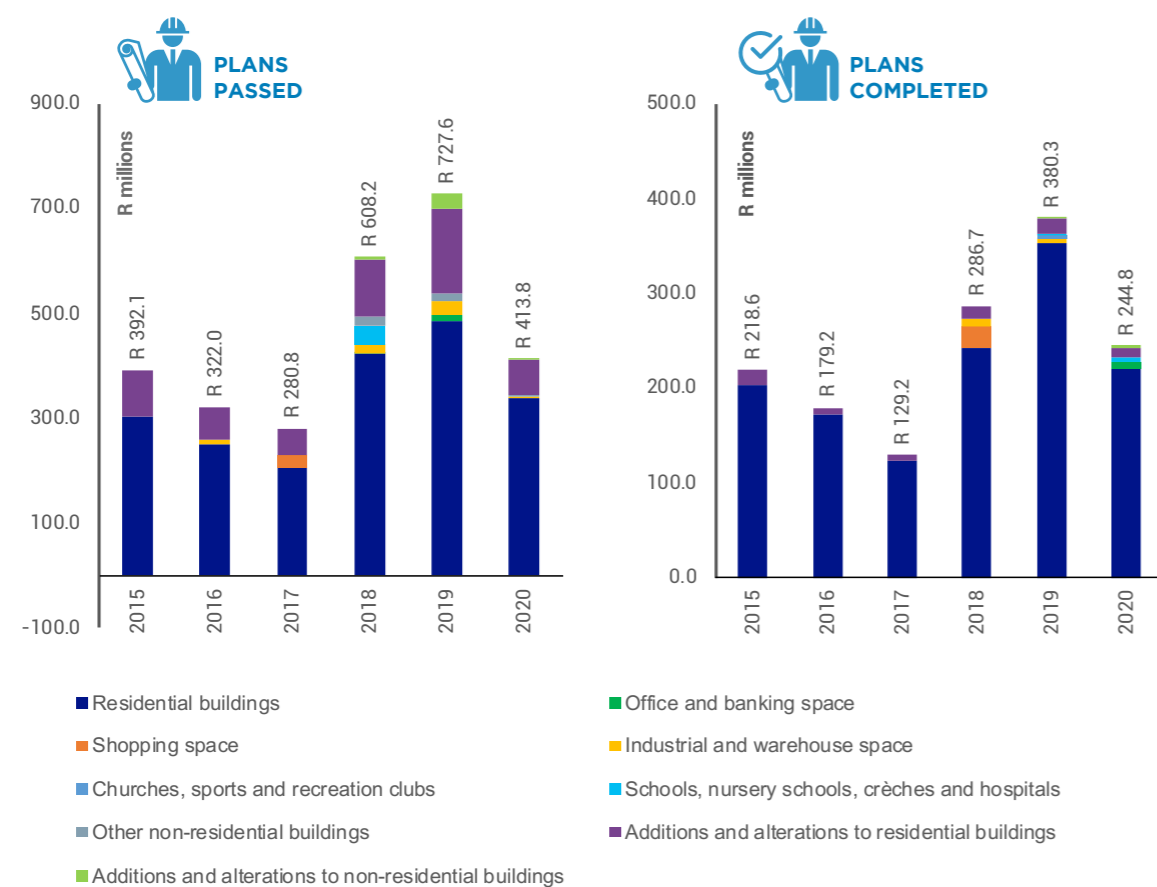
⁶² (Cederberg Municipality, 2021).

3.5.1.2 Building plans passed and completed

Building plans passed and completed are a couple of the indicators used to measure the changes in economic activity and business cycles. The value of building plans passed⁶³ can be used as a leading indicator, while building plans completed⁶⁴ can be used as a lagging indicator. Building plans passed and completed have implications for municipal spatial planning and budgeting. Stats SA's information on building plans passed and completed is only available for selected municipalities, namely the Saldanha Bay and Swartland municipal areas. The values of building plans passed and completed are expressed in current prices.

Figure 3.16 indicates the total value of building plans passed and completed between 2015 and 2020 in the Saldanha Bay municipal area.

Figure 3.16
VALUE OF BUILDING PLANS PASSED AND COMPLETED,
Saldanha Bay, 2015 - 2020 (R million)



Source: Stats SA & Quantec Research, 2021

In the Saldanha Bay municipal area, the total value of building plans passed increased from R392.1 million in 2015 to R413.8 million in 2020. During the period under review, residential building plans made up most of all building plans passed. This was followed by additions and alterations to residential buildings. The prevalence and popularity of second homes in coastal towns such as Saldanha, Langebaan and Paternoster⁶⁵ could be one of the main driving forces of building plans passed and completed for residential properties in the Saldanha Bay municipal area.

⁶³ Number of residential building plans passed larger than 80m².
⁶⁴ Value of non-residential buildings completed (constant prices).
⁶⁵ (Property24, 2021).

Building plans passed for both residential buildings and additions and alterations to residential buildings follow similar growth trends. Building plans passed for residential buildings increased from R303.2 million in 2015 to R485.9 million in 2019, reaching a peak in 2019. In 2020 the value of building plans passed decreased by 30.6 per cent, to a value of R337.3 million. This decrease could be attributed to the global COVID-19 pandemic, which resulted in strict regulations and restrictions, and may have led to a decrease in building plans passed.

Building plans passed for industrial and warehouse space had a value of R2.6 million in 2020. The Saldanha Bay Industrial Development Zone (SBIDZ) is set to become the centralised provider to this industry and an oil, gas and marine repair service hub.⁶⁶ The SBIDZ was also established to provide internal infrastructure to enable investors to set up operations and provide suitable land set out for development.⁶⁷ In May 2021 it was announced that the SBIDZ had received a R3.5 billion investment for the planned port expansion project, which is expected to boost economic growth.⁶⁸ The SBIDZ not only attracts large investments but also creates an enabling environment for the development of industrial and warehouse space.

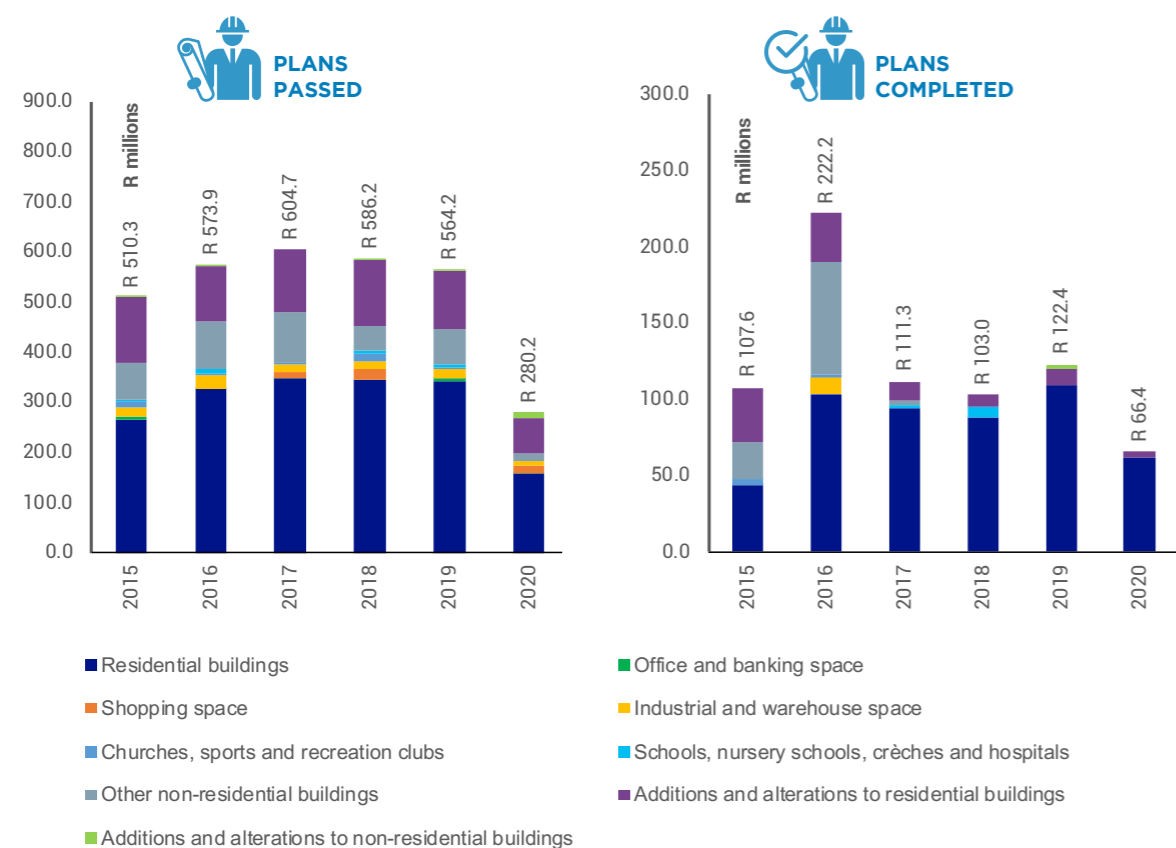
The value of building plans completed increased from R218.6 million in 2015 to R244.8 million in 2020. Most building plans completed between 2015 and 2020 were for residential buildings. The value of building plans completed for residential developments increased from R203.4 million in 2015 to R220.7 million in 2020. Other building plans completed in 2020 included additions and alterations to residential buildings (R9.2 million), office and banking space (R6.1 million), schools, nursery schools, crèches and hospitals (R5.4 million), as well as additions and alterations to non-residential buildings (R3.4 million). There is a strong correlation between building plans passed and building plans completed in terms of growth patterns for residential buildings during the period between 2015 and 2020.



⁶⁶ (SBIDZ, 2021).
⁶⁷ (GIFS, 2019).
⁶⁸ (Business Day, 2021).

Figure 3.17 shows the building plans passed in the Swartland municipal area between 2015 and 2020.

Figure 3.17
VALUE OF BUILDING PLANS PASSED AND COMPLETED,
Swartland, 2015 – 2020 (R million)



Source: Stats SA & Quantec Research, 2021

In the Swartland municipal area, the total value of building plans passed increased from R510.3 million in 2015 to R564.2 million in 2019, after which it decreased to R280.2 million in 2020. Throughout the period of review, most building plans passed were for residential buildings, the value of which also increased from R266.7 million in 2015 to R341.3 million in 2019. The value of building plans passed for residential buildings declined to R158.9 million in 2020. Building plans passed for shopping space increased from R0.8 million in 2019 to R13.8 million in 2020, which could be an indication that the retail industry is doing well.

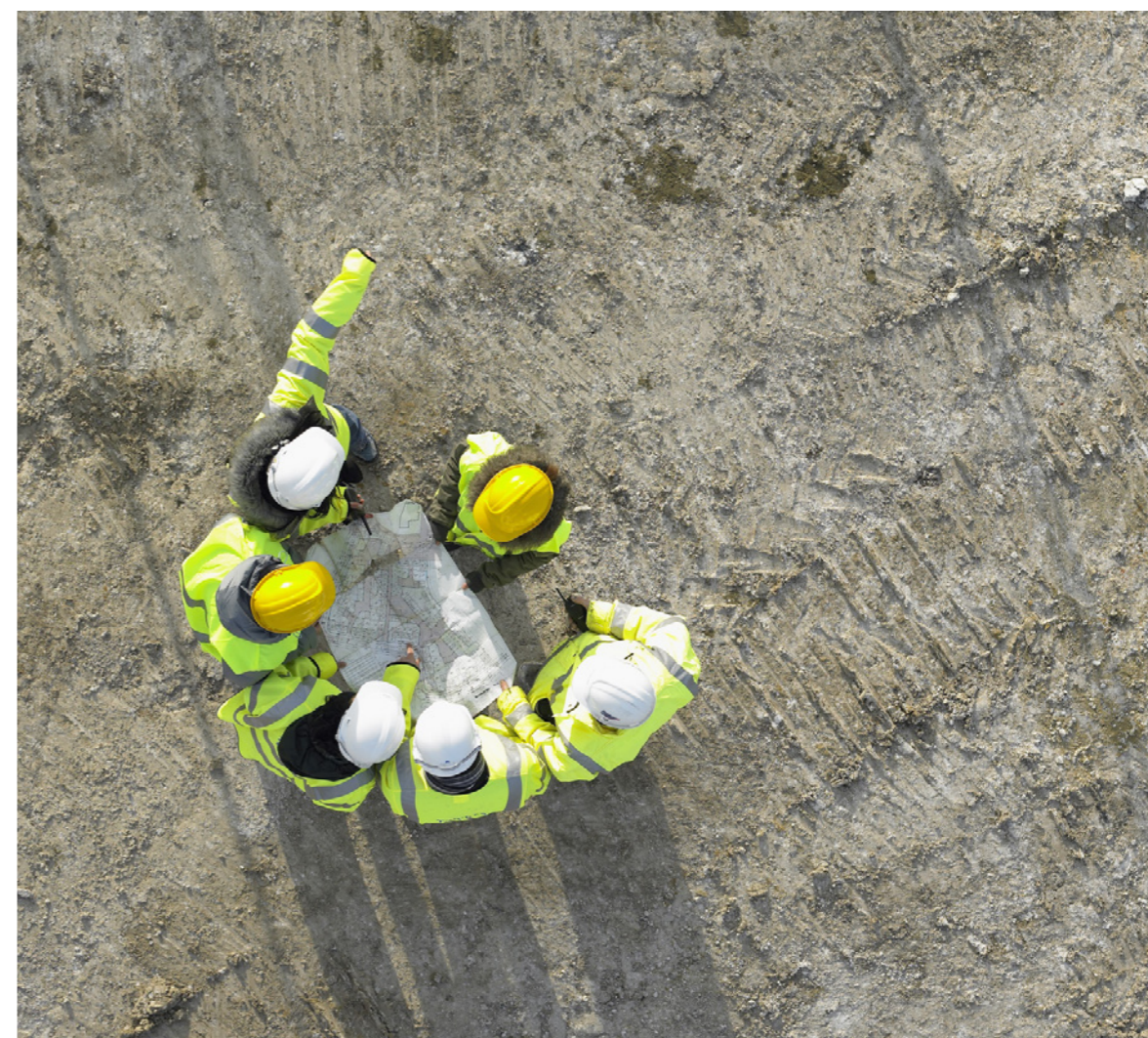
The majority of building plans completed were for residential buildings, the value of which decreased from R109.3 million in 2019 to R62.0 million. Other building plans completed during the period of review included mainly additions and alterations to residential buildings (R4.3 million in 2020). No building plans completed have been recorded for shopping spaces since 2015.

The Bergrivier municipal area also recorded a decline in building plans passed between 2019 and 2020 for residential and industrial buildings. However, despite the severe contraction in the sector, there was an increase in retail building plans passed from 135m² in 2019 to 504m² in 2020.⁶⁹

⁶⁹ (Bergrivier Municipality, 2021).

The Cederberg municipal area recorded an increase in building plans passed for residential, office and industrial spaces between 2019 and 2020. Between 2019 and 2020, building plans passed for residential buildings increased from 14 385m² to 19 658m², office space increased from 352m² to 385m², and industrial space increased from 14 987m² to 29 777m².⁷⁰ The Matzikama municipal area recorded similar trends between 2019 and 2020, with residential building plans passed increasing from 6 782m² to 8 393m², retail building plans passed increasing from 441m² to 475m², and industrial⁷¹ building plans passed increasing from 1 254m² to 4 141m². In 2020, building plans for 612m² of office space were also passed, while none was recorded for 2019.⁷² These are positive indicators for the growth prospects in the Cederberg and Matzikama municipal areas. When these buildings are constructed, it will be a valuable injection into the construction sector as well.

Real-estate development promotes the economic value and growth of an area. Capital is already being pushed into the economy before the physical construction activities. The services of various people from different industries, including lawyers, engineers, architects and designers, benefit from the planning of real-estate development. An increase in the development of housing naturally creates new jobs for businesses in an area. Furthermore, an increase in the development of housing may also mean an increase of residents in an area, which translates into an increase in the labour force and economic growth.

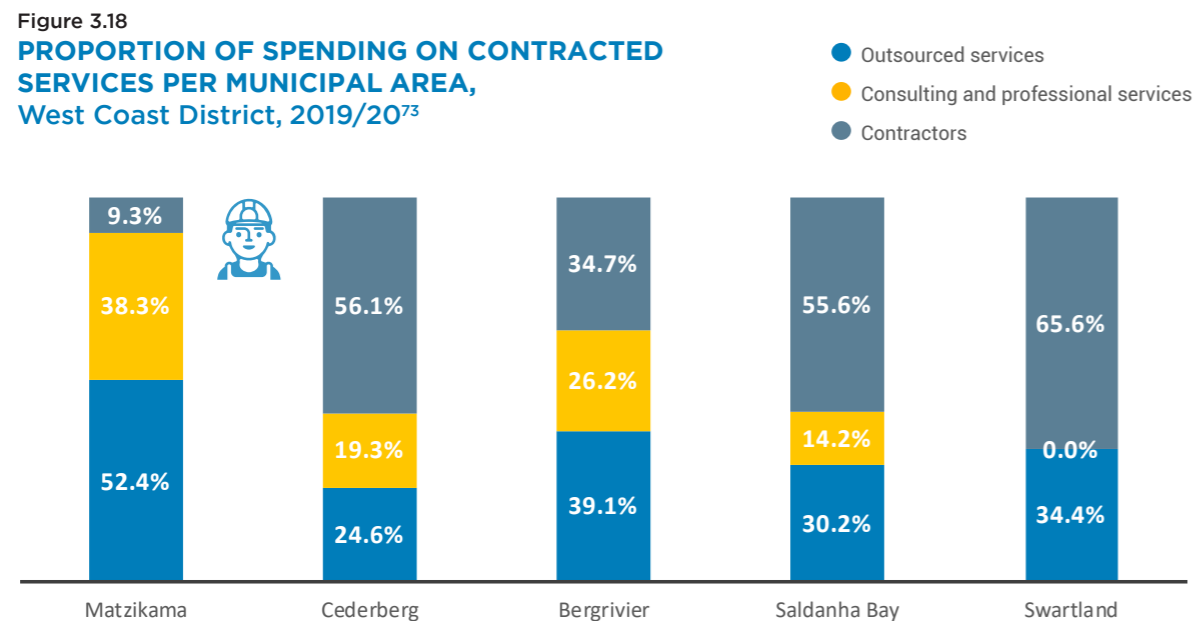


⁷⁰ Industrial sizes include building plans passed for churches, sports halls and ablution facilities.
⁷¹ (Cederberg Municipality, 2021).
⁷² (Matzikama Municipality, 2021).

3.5.2 Public-sector investment

3.5.2.1 Municipal contracted services

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



Source: National Treasury, 2021

Outsourced services and contractors made up the bulk of the spending on contractor services in most municipalities in the District. The municipalities spent approximately R107.2 million on contractors (53.6 per cent), which included building, maintenance of assets and equipment, catering, transportation, management of informal settlements, employee wellness, clearing and grass-cutting services, and fire protection. Additionally, the municipalities spent R67.4 million on outsourced services (33.7 per cent), which mainly included (but were not limited to) valuers and assessors, security services, traffic fine management, catering services, veterinary services, human resources, refuse removal and connection/disconnection of electricity and water. Furthermore, municipalities spent R25.5 million on consulting services (25.5 per cent), which included accounting and auditing, business and financial management, legal costs, infrastructure and planning, and laboratory services.

Most of the Matzikama Municipality's spending was on outsourced services, which accounted for 52.4 per cent of the total. Additionally, consulting and professional services accounted for 38.3 per cent of total spending and 9.3 per cent of the spending related to contractors. Supporting local SMMEs through municipal procurement processes is a valuable injection into the local economy, and to this end the municipality facilitated the establishment of the Matzikama Business Development Centre. In 2020, the Matzikama Municipality had 120 SMMEs

⁷³ According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is unnecessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.

⁷⁴ (Matzikama Municipality, 2021).

registered on the supplier database, up from 80 in 2019. Not only does the municipality support local SMMEs through procurement, it also encourages local mining companies to support the development of SMMEs through their social and labour plans.⁷⁴

In the Cederberg Municipality, approximately 56.1 per cent of the total contracted services was spent on outsourced services, 19.3 per cent was spent on consulting and professional services, and 24.6 per cent was spent on contractors. Local procurement is only one facet of supporting local businesses. The Cederberg Municipality also aims to create an enabling environment for business growth by continually updating outdated municipal bylaws, providing online platforms of ease of doing business and better turnover times, as well as assisting with the registration of new businesses. In 2020, the municipality also assisted businesses with applications for COVID-19 relief funds.⁷⁵

The Bergrivier Municipality spent almost 39.1 per cent of total contracted services on outsourced services, 26.2 per cent on consulting and professional services, and 34.7 per cent on contractors. In 2020, the municipality had 190 SMMEs registered on its supplier database and it provides support, through capacity-building, on how to do business with the State.⁷⁶

In the Saldanha Bay Municipality, 55.6 per cent was spent on contractors, 30.2 per cent was spent on outsourced services and 14.2 per cent was spent on consulting and professional services.

The Swartland Municipality spent 65.6 per cent on contractors and 34.4 per cent on outsourced services. In 2020, the Swartland Municipality had 54 SMMEs registered on the municipal database and it supports local businesses by cutting red tape. In 2020/21, the municipality further supported businesses by not escalating tariff charges.⁷⁷

In conjunction with having targets for procurement from SMMEs, the WCD Municipality also supports SMMEs through a variety of support functions, such as business registration, compliance certificates, business plans and skills development, and hosting supplier open days. The West Coast Business Development Forum is also a valuable resource in connecting SMMEs to larger industries and corporates in the WCD.⁷⁸



⁷⁵ (Cederberg Municipality, 2021).

⁷⁶ (Bergrivier Municipality, 2021).

⁷⁷ (Swartland Municipality, 2021).

⁷⁸ (West Coast District Municipality, 2021).

3.5.2.2 Infrastructure

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

JOINT DISTRICT AND METRO APPROACH

The Joint District and Metro Approach (JDMA) promotes collaboration and is an essential governance instrument that will enable co-planning, co-budgeting and co-implementation to strengthen service delivery in communities. The JDMA provides an implementation plan for planning and strategic priorities, development initiatives, service delivery and capacity-building.

A co-ordinated and combined effort from all spheres of government, as well as the private sector, can successfully leverage infrastructure investment as a catalyst for broad-based economic growth and development.

The table below outlines the budgeted expenditure on infrastructure by the local municipalities in the WCD.

Table 3.6
SPENDING ON INFRASTRUCTURE,
West Coast District, 2021/22

DESCRIPTION R million	2021/22 Municipal infrastructure spend (original budget)
Economic infrastructure	158.0
Road transport and public works	157.6
Environmental services	0.4
Social infrastructure	7.9
Education	-
Health	0.6
Social development	5.3
Housing	2.0
Trading services	354.0
Energy sources	82.5
Water management	100.3
Wastewater management	157.1
Waste management	14.2
Other	108.6
Total infrastructure spend	628.5

Source: Provincial Treasury, 2021

The local municipalities have allocated R628.5 million to the capital expenditure budgets for 2021/22. This includes allocations made towards economic, social and basic services infrastructure of R158.0 million, R7.9 million and R354.0 million respectively. A total of R108.6 million is also budgeted to be spent on other capital expenses, which include governance and administration, public safety, community services, sport and recreation, planning and development, and environmental protection services. Key expenditure categories include road transport and public works (R157.6 million) and wastewater management (R157.1 million).

Road infrastructure, particularly in the WCD, plays an important role in providing access to markets for businesses, as well as employment opportunities for people. Many main roads in the WCD, such as the roads between Lambert's Bay and Het Kruis, between Lambert's Bay and Vredendal, and between Gouda and Riebeeck-Kasteel, remain gravel.⁷⁹ Catalytic road infrastructure projects that were implemented in the previous financial year include the N7 upgrades at Malmesbury and upgrades to Main Road 539 (Hex River near Citrusdal) and Minor Road 5366 (Tierfontein near Malmesbury). The upgrades to Minor Road 5366 had a positive impact on local businesses, as there is less pressure on vegetables being transported, which ensures better-quality produce, and it enabled public transport to have access to the milk and cheese factory.⁸⁰

The COVID-19 pandemic has emphasised the value of having access to the internet for education and business purposes. Access to broadband connection can assist in creating an attractive environment for the establishment of businesses as well as for households, as many service workers are then able to work from home. Public-private partnerships that aim to improve access to the internet, particularly at a low cost, therefore have a valuable role to play in creating an enabling environment for economic and social development. One such project is the Baobab Project in the Saldanha Bay municipal area. Cell C, in partnership with Facebook and the Saldanha Bay Municipality, has launched public-access hotspots and fibre connections to the home.⁸¹ In the Cederberg Municipality, Herotel is providing low-cost fibre installations and Neotel is providing free access at various public-access points.⁸² Currently, fibre networks are also being installed by numerous private service providers in Malmesbury, Yzerfontein, Darling and Moorreesburg in the Swartland municipal area.⁸³ The Matzikama Municipality has also commenced the tender process to roll out the infrastructure for fibre connections.⁸⁴

Information about the **2021/22 budgeted Provincial infrastructure spend** is provided in the *Overview of Provincial and Municipal Infrastructure Investment (OPMII)*, published by Provincial Treasury.

⁷⁹ (West Coast District Municipality, 2021).

⁸⁰ (West Coast District Municipality, 2021).

⁸¹ (Saldanha Bay Municipality, 2020).

⁸² (Cederberg Municipality, 2021).

⁸³ (Swartland Municipality, 2021).

⁸⁴ (Matzikama Municipality, 2021).

Provincial infrastructure spend in the West Coast District over the 2021 Medium Term Expenditure Framework (MTEF) amounts to R1.291 billion and is focused on:

- Establishing integrated human settlements amounting to R378.5 million, thus responding to the continuous growing need in the high-growth municipalities of the region;
- Clustering activities to maximise the coverage of the social infrastructure investments in the form of maintaining old and building new education and health infrastructure assets to the value of R429.0 million and R71.9 million, respectively; and
- Consolidating economic infrastructure investment in the form of road and transport infrastructure upgrades, maintenance and new infrastructure assets to the value of more than R411.4 million to serve growth in the inter- and intra-regional connectivity needs of the Greater Saldanha, SBIDZ and Swartland areas.

The District's infrastructure per capita spend is R2 782, which is higher than the Provincial per capita infrastructure spend.

- Education (WCED)
- Health (DoH)
- Human Settlements (DoHS)
- Transport and Public Works (DTPW)

Map 3.1
TOTAL DEPARTMENTAL MTEF INFRASTRUCTURE BUDGET AND NUMBER OF PROJECTS, West Coast District, 2021/24

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



WC PROVINCIAL DEPARTMENT	No of projects	2021/22 MTEF (R'000)	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	MTEF total (R'000)
● Education (WCED)	11	118 000	182 000	129 000	429 000
● Health (DoH)	26	19 444	15 484	36 970	71 898
● Human Settlements (DoHS)	31	127 960	144 579	105 938	378 477
● Transport and Public Works (DTPW)	13	260 000	106 490	44 940	411 430
Total	81	525 404	448 553	316 848	1 290 805

Note: WCED is the Western Cape Education Department, DoH is the Department of Health, DoHS is the Department of Human Settlements and DTPW is the Department of Transport and Public Works
Source: The Provincial Infrastructure Reporting Model (IRM) was used for the first time (except for the data of the Department of Human Settlements). There is room to improve on the accuracy in future publications.



3.6 CONCLUDING REMARKS

In 2020, the WCD experienced its first trade deficit since 2010, which can mainly be attributed to the manufacturing sector. One of the key role players in the manufacturing sector in the WCD is Saldanha Steel in Saldanha Bay. The closure of ArcelorMittal's Saldanha Steel plant affected an estimated 900 workers (and 500 direct employees), as well as the manufacturing and export of products. Manufacturing accounted for 82.1 per cent of the total imports into the District, whereas agriculture accounted for 17.9 per cent of imports. Manufacturing accounted for 59.0 per cent of exports, followed by agriculture (36.1 per cent) and mining (4.9 per cent).

All municipal areas except for the Swartland municipal area experienced a trade surplus during 2020. In the Matzikama, Bergrivier and Saldanha Bay municipal areas the trade surplus was mainly driven by the manufacturing sector, which accounted for an average of 81.5 per cent of exports in these areas. In the Cederberg municipal area, the surplus was mainly due to the agriculture sector, which accounted for 97.9 per cent of exports. The deficit experienced in the Swartland municipal area was mainly driven by the net imports of the manufacturing sector.

China was the District's leading import partner in 2020, making a large contribution of 34.2 per cent to the total imports. Rice imported from Thailand and India makes the largest import contribution (21.9 per cent) to the WCD and had a value of R1.6 billion in 2020. The United States was the District's leading export partner in 2020, contributing 33.1 per cent of the total exports. Citrus fruit made the largest contribution to exports in 2020, contributing 31.2 per cent to the WCD, with a value of R1.9 billion.

Many of the tourism businesses in the Western Cape are experiencing a loss of revenue and are struggling to keep their workers employed because of the COVID-19 pandemic. A number of businesses are implementing innovative and realistic objectives to reduce the impact of the pandemic. The most widely used objectives include a reduction in employment, a decrease in employees' salaries, temporary closure of businesses and increased marketing efforts.

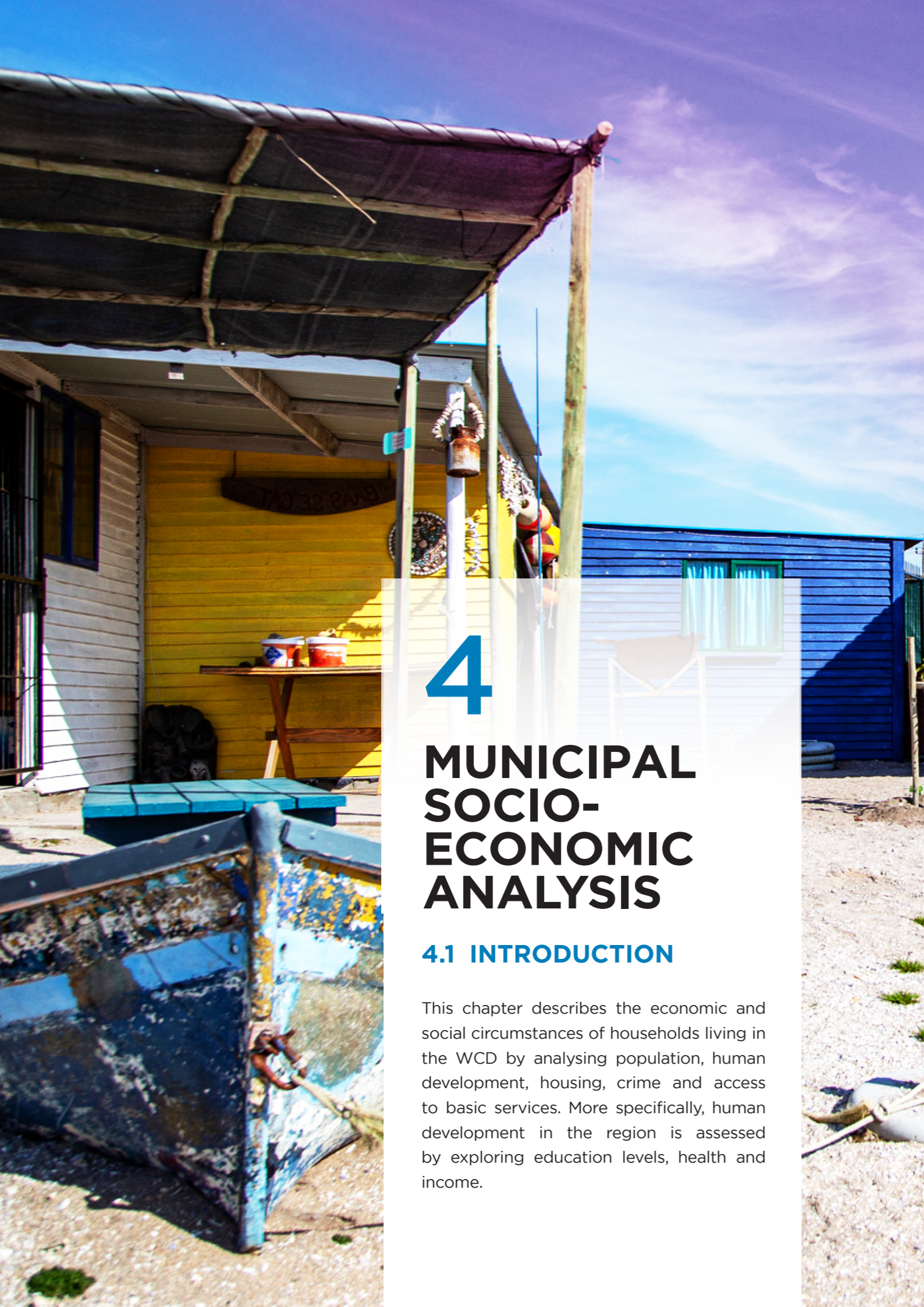
The tourism sector of the Western Cape is optimistic that the sector will recover as business resumes safely and responsibly. If visitors ensure they wear masks, wash their hands and sanitise regularly, and adhere to physical distancing and maximum-capacity guidelines, contamination will be minimised and the sector will be well on its way to recovery.

In 2020, sectors with high location quotient values were the agriculture sector, the manufacturing sector and construction in terms of GDPR, indicating a comparative advantage. In terms of employment, a comparative advantage is recorded in the agriculture and manufacturing sectors. These sectors can be used to leverage benefits and expand on economic opportunities and potential.

Building plans passed and completed follow a similar trend in both the Saldanha Bay and Swartland municipal areas, declining between 2019 and 2020. Most of the building plans passed for both municipal areas were residential building plans, which experienced a decline in 2020. Building plans completed also declined between 2019 and 2020.

Real-estate development promotes the economic value and growth of an area. Various services from different industries benefit from the planning of real-estate development. An increase in the development of housing naturally creates new jobs for businesses in an area. This may also increase the number of residents in an area, which translates into an increase in the labour force and economic growth.





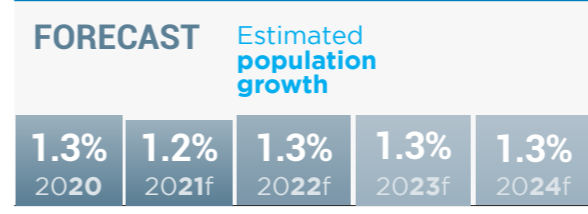
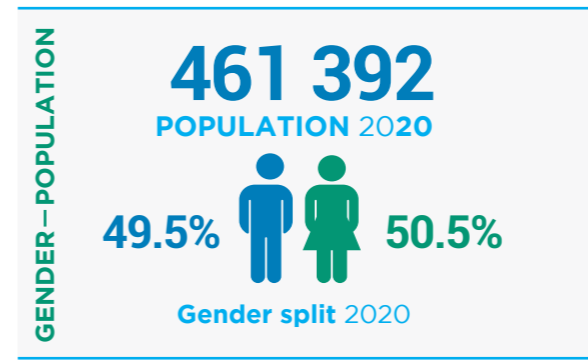
4 MUNICIPAL SOCIO-ECONOMIC ANALYSIS

4.1 INTRODUCTION

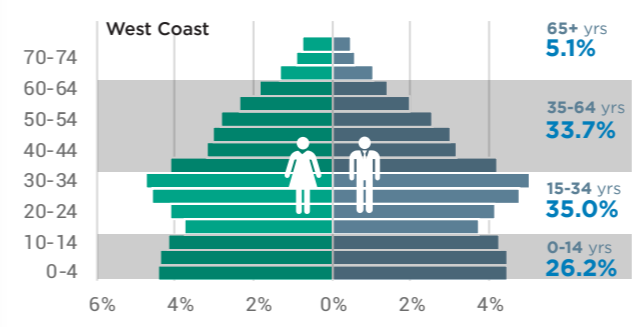
This chapter describes the economic and social circumstances of households living in the WCD by analysing population, human development, housing, crime and access to basic services. More specifically, human development in the region is assessed by exploring education levels, health and income.

WEST COAST DEMOGRAPHICS

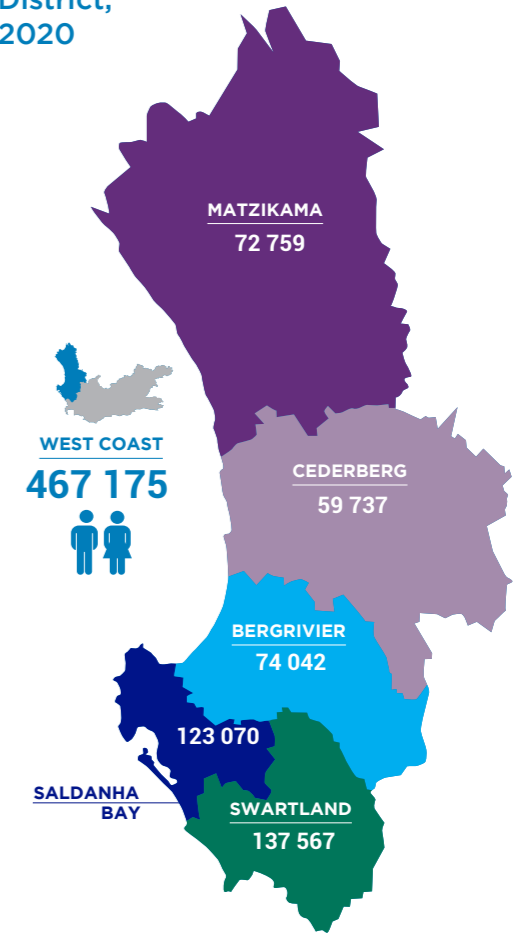
Some of the key indicators used in the socio-economic analysis include the population growth rate, GDP per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development and dwelling types. These indicators are discussed in detail in the sections below.



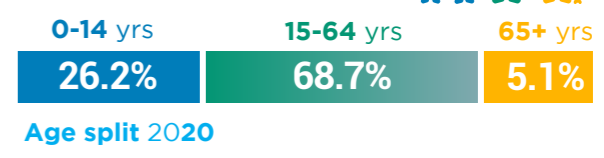
GENDER AND AGE DYNAMICS



CURRENT POPULATION, West Coast District, 2020



AGE PROFILE



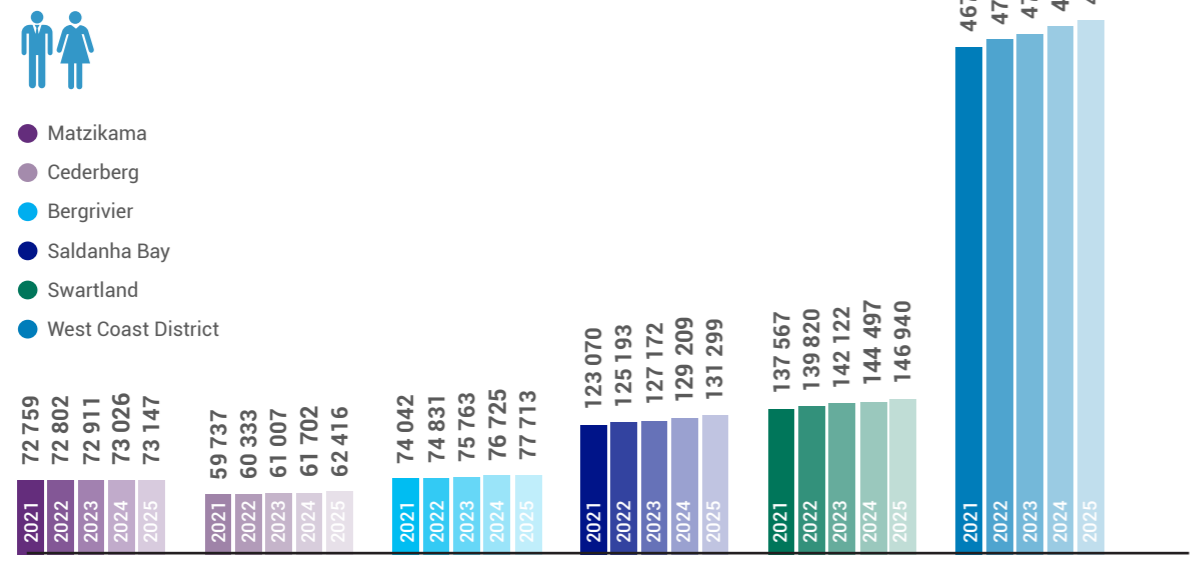
HOUSEHOLDS



4.2 POPULATION PROFILE

The WCD has a population of 467 175 people in 2021. Swartland and Saldanha Bay are the most populated municipal areas in the WCD, accounting for 29.4 per cent (137 567 people) and 26.3 per cent (123 070 people) of the District's total population respectively. Figure 4.1 provides more information about the future population growth for the WCD, which is estimated to increase to 491 515 in 2025.

Figure 4.1
FUTURE POPULATION GROWTH,
West Coast District, 2021 - 2025

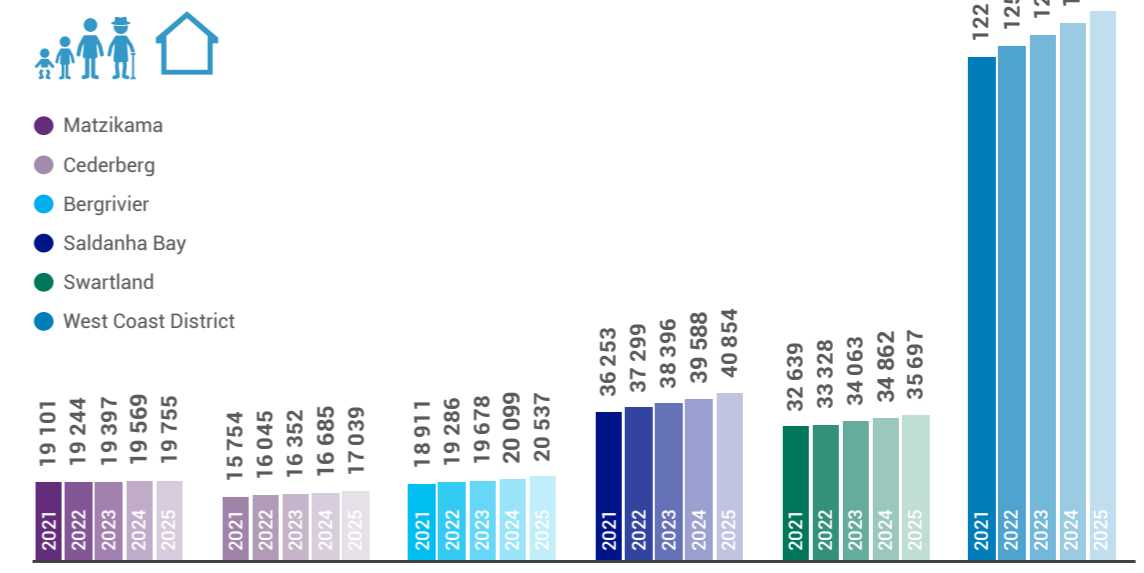


Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 - 2036) based on Stats SA MYPE series 2021 and 2020

With an average annual growth rate of 1.7 per cent and 1.6 per cent respectively, estimates for the next five years show that the Swartland and Saldanha Bay municipal areas will exceed the average District population growth rate of 1.3 per cent per annum. The Cederberg municipal area, the least populated municipal area in the WCD in 2021, is estimated to realise an average annual growth rate of 1.1 per cent between 2021 and 2025. The population of the Matzikama municipal area, which recorded the second-smallest population in the WCD, is expected to increase by a marginal 0.1 per cent over the reference period.

In line with the population data, the majority of the WCD's households reside in the Saldanha Bay and Swartland municipal areas, which account for 29.6 per cent and 26.6 per cent of the District's total number of households respectively. As illustrated in Figure 4.2, the number of households in the District is expected to increase by 2.2 per cent from 122 658 households in 2021 to 133 882 in 2025, which is 0.9 percentage points higher than the District's estimated population growth rate over the same period.

Figure 4.2
FUTURE HOUSEHOLD GROWTH,
West Coast District, 2021 - 2025



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 - 2036) based on Stats SA MYPE series 2021 and 2020

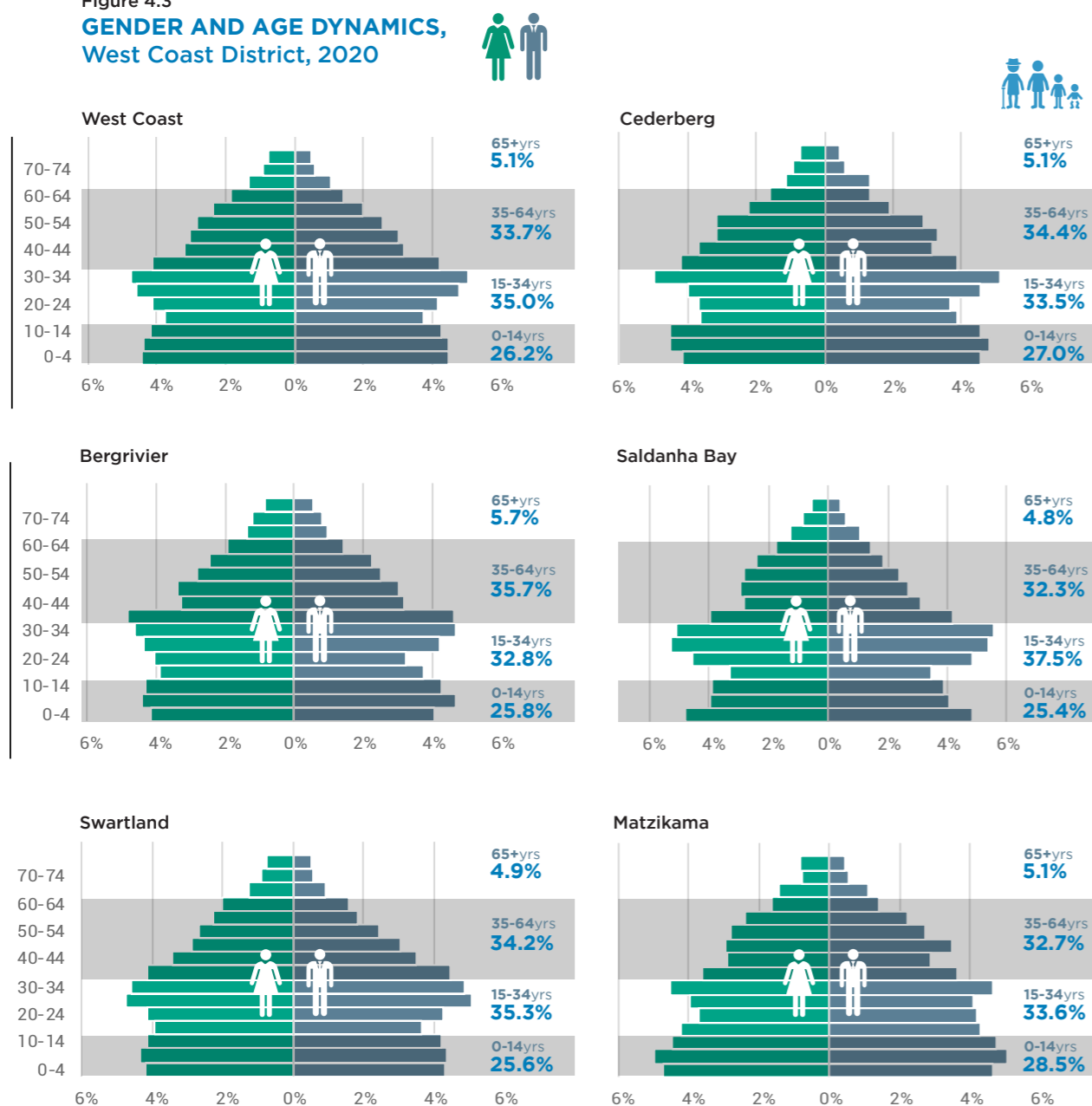
The Saldanha Bay municipal area, which has the second-highest estimated population growth, is forecast to experience the highest household growth in the District, with an average rate of 3.0 per cent per annum between 2021 and 2025. This indicates that household sizes in the Saldanha Bay municipal area are declining over time. This trend is probably influenced by migration trends of younger and single-person households moving to the municipal area in search of work. The number of households in the Swartland municipal area is expected to increase by an average rate of 2.3 per cent per annum, followed by the Bergrivier (2.1 per cent per annum) and Cederberg (2.0 per cent per annum) municipal areas. In line with the estimated population growth, the Matzikama municipal area is predicted to have the lowest household growth (0.8 per cent per annum) in the District between 2021 and 2025. It should be noted that the increase in households will increase the demand for housing, municipal and other social services.

The ability to work from home has enabled households to move away from the economic hubs and settle in smaller towns. The "Zoom town" trend is also attracting households, particularly from Gauteng, to the smaller towns in the WCD, such as Velddrif.⁸⁵ This trend can be a valuable injection for the local economies as well as municipalities in terms of income generation.

⁸⁵ (West Coast District Municipality, 2021).

Figure 4.3 uses population pyramids to illustrate gender and age patterns in the WCD in 2020. The population was mainly aged between 15 and 34 years (35.0 per cent), followed by individuals between 35 and 64 years (33.7 per cent), indicating that the WCD had a large working-age population that consisted mainly of the youth. Conversely, the District had a small elderly population, with individuals 65 years and older accounting for only 5.1 per cent of the District's population.

Figure 4.3
GENDER AND AGE DYNAMICS,
West Coast District, 2020



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 - 2036) based on Stats SA MYPE series 2021 and 2020

Despite the marginal population growth predicted between 2021 and 2025, the Matzikama municipal area had the District's largest share of individuals younger than 15 years in 2020, accounting for 28.5 per cent of the municipal area's population. There is thus a high dependency on those who are of working age to care for children. The largest share of the municipal area's population was between 15 and 34 years old (33.6 per cent), followed by those aged between

35 to 64 years (32.7 per cent). Compared with other municipal areas in the District, the Matzikama municipal area had the smallest working-age population (66.3 per cent).

In the Bergrivier municipal area, the largest share of the population was between 35 and 64 years old (35.7 per cent). The municipal area had the District's largest portion of individuals older than 64, and the smallest share of individuals aged between 15 and 34 years, accounting for 5.7 per cent and 32.8 per cent of the District's population respectively. There was thus a large dependency on those who were of working age to care for those who were older than 64, as the Bergrivier municipal area is also considered a popular area for retirement.

In the Saldanha Bay municipal area the largest age group was those aged between 15 and 34 years (37.5 per cent). This possibly illustrates the inward migration of job-seeking young adults to the area. Conversely, the Saldanha Bay municipal area had the District's smallest share of children younger than 15 (25.4 per cent), those between the ages of 35 and 64 years (32.3 per cent) and individuals older than 64 (4.8 per cent). The composition of the age cohorts and the number of households in relation to the population (refer to Figure 4.1 and Figure 4.2) indicates that the municipal area specifically attracts smaller or single-person households. For example, the SBIDZ might attract young skilled manufacturing and services employees (and semi-skilled construction and trade workers). The Saldanha Bay municipal area had the largest working-age population (69.8 per cent), followed by the Swartland municipal area (69.5 per cent).

In the Swartland municipal area, the majority of the population was aged between 15 and 34 years (35.3 per cent), followed by individuals aged between 35 and 64 years (34.2 per cent) and children younger than 15 years (25.6 per cent).



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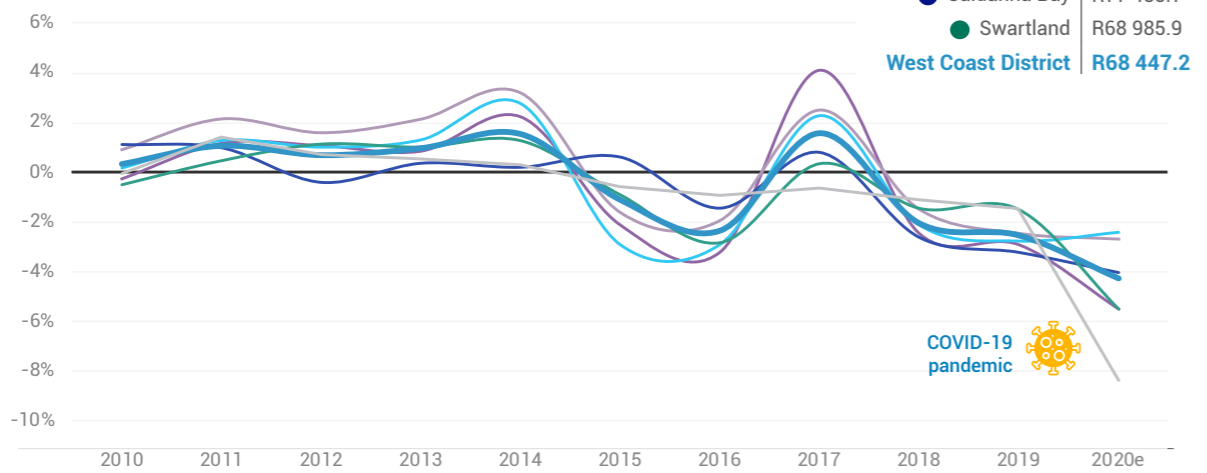
4.3 HUMAN DEVELOPMENT

4.3.1 Income

Economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. The United Nations uses the HDI to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining the quality of life for citizens, which is measured by the standards of education, health, dwellings, access to basic services and crime levels.

The District's GDP per capita increased from R68 447.2 in 2010 to an estimated R69 250.7 in 2020 in current prices. However, in real prices, the GDP contracted substantially in 2020. Figure 4.4 illustrates the GDP per capita growth in the WCD between 2010 and 2020.

Figure 4.4
GDP PER CAPITA GROWTH, West Coast District, 2010 - 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Western Cape	0.0%	1.4%	0.7%	0.5%	0.3%	-0.6%	-0.9%	-0.6%	-1.1%	-1.5%	-8.4%
West Coast District	0.3%	1.1%	0.7%	1.0%	1.6%	-1.1%	-2.4%	1.6%	-2.1%	-2.6%	-4.3%
Matzikama	-0.3%	1.2%	1.1%	0.8%	2.2%	-2.1%	-3.2%	4.1%	-2.5%	-2.9%	-5.5%
Cederberg	0.9%	2.1%	1.6%	2.1%	3.2%	-1.6%	-2.0%	2.5%	-1.5%	-2.5%	-2.7%
Bergrivier	0.2%	1.3%	1.0%	1.3%	2.7%	-2.9%	-2.9%	2.3%	-2.1%	-2.8%	-2.4%
Saldanha Bay	1.1%	1.0%	-0.4%	0.3%	0.2%	0.6%	-1.4%	0.8%	-2.6%	-3.2%	-4.0%
Swartland	-0.5%	0.5%	1.1%	1.0%	1.3%	-0.9%	-2.9%	0.3%	-1.5%	-1.5%	-5.5%

Source: Quantec Research, 2021 (e denotes estimate)

The WCD GDP per capita fluctuated during the period under review and declined significantly by 2.6 per cent in 2019 and an estimated 4.3 per cent in 2020. This decline is a result of the poor economic performance in 2020 as a result of the COVID-19 pandemic.

All the municipal areas in the District experienced a downturn in GDP per capita owing to the economic slowdown. However, the Matzikama and Bergrivier municipal areas experienced a significant decline in GDP per capita growth in 2020.

Table 4.1 provides an overview of the average monthly household income in the WCD.

Table 4.1
AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES), West Coast District, 2019

MUNICIPALITY	Average household income 2019 (current prices)	Trend 2015 - 2019
Matzikama	R13 642	-0.2%
Cederberg	R14 186	0.9%
Bergrivier	R15 373	0.0%
Saldanha Bay	R15 529	0.1%
Swartland	R16 542	0.1%
West Coast District	R15 264	0.1%
Western Cape	R19 430	-0.3%

Source: Urban-Econ calculations based on Quantec Research, 2021

The average monthly household income in the WCD for 2019 was R15 264 (in current prices), which was lower than the average household income in the Western Cape in 2019. Between 2015 and 2019, the average household income in the Province declined by an average annual rate of 0.3 per cent, while that of the WCD was almost stagnant, with a growth of 0.1 per cent. However, considering that the average inflation over the period was recorded at 5.0 per cent,⁸⁶ household income in the WCD is not growing sufficiently to compensate for higher prices caused by inflation. Since 2016, annual inflation has been on a declining trend, while remaining within the targets set by the SARB. At a rate of 3.3 per cent in 2020, inflation was at its lowest level in more than a decade. However, the job losses caused by the economic downturn in 2020 are likely to result in a decline in household income.

The municipal areas that had the lowest average household income were the Matzikama (R13 642) and Cederberg (R14 186) municipal areas. However, the Cederberg municipal area experienced the greatest improvement in the period under review, growing at an average annual rate of 0.9 per cent, while the Bergrivier municipal area did not experience any significant change in average monthly household income in the period under review. As expected, the Swartland and Saldanha Bay municipal areas, which are the economic hubs of the WCD, recorded the highest average annual household income in 2019.

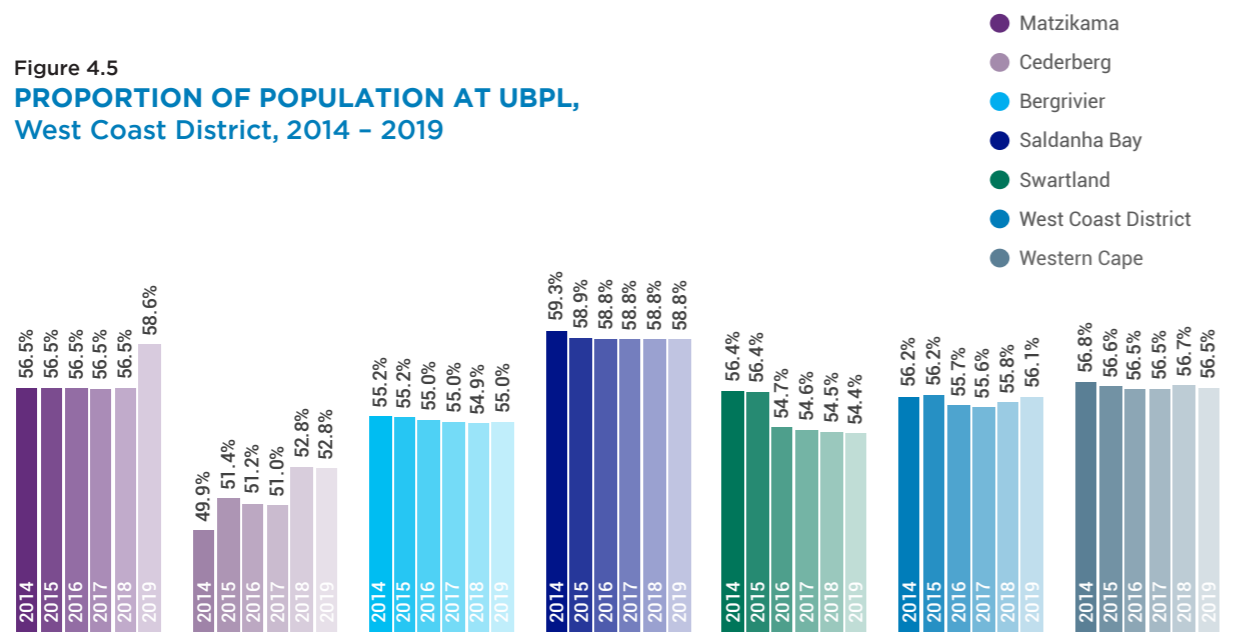


⁸⁶ (Stats SA, 2021).

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the food poverty line as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items, and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.⁸⁷ Between 2019 and 2020, the FPL increased from R561 to R585, the LBPL increased from R810 to R840 and the UBPL increased from R1 227 to R1 268 per person per month.⁸⁸

The figure below details the proportion of the population that is considered to be at the UBPL.

Figure 4.5
PROPORTION OF POPULATION AT UBPL,
West Coast District, 2014 - 2019



Source: Quantec Research, 2021

The WCD has a marginally smaller proportion of people at the UBPL compared with the Western Cape. The proportion of people at the UBPL declined from 56.2 per cent in 2014 to 55.8 per cent in 2018, before increasing marginally to 56.1 per cent in 2019. The Saldanha Bay municipal area has the largest proportion of people at the UBPL and the level has remained constant since 2016. This is in line with the high unemployment rate of the municipal area. The Matzikama municipal area recorded a sharp increase in the proportion of people at the UBPL between 2018 (56.5 per cent) and 2019 (58.6 per cent). Poor economic growth in the municipal area could have contributed to the increase in poverty. Given the increase in job losses in 2020, it is anticipated that the proportion of people at the UBPL will increase. The Cederberg municipal area also recorded an increase in the proportion of people at the UBPL between 2014 and 2019. This puts extra strain on all spheres of government; households struggle to pay rates and taxes to local authorities, income tax receipts decline and the need for income support increases.

⁸⁷ (Stats SA, 2017).

⁸⁸ (Stats SA, 2020).

The Swartland municipal area recorded a substantial decline in the proportion of people at the UBPL, from 56.4 per cent in 2014 to 54.4 per cent in 2019.

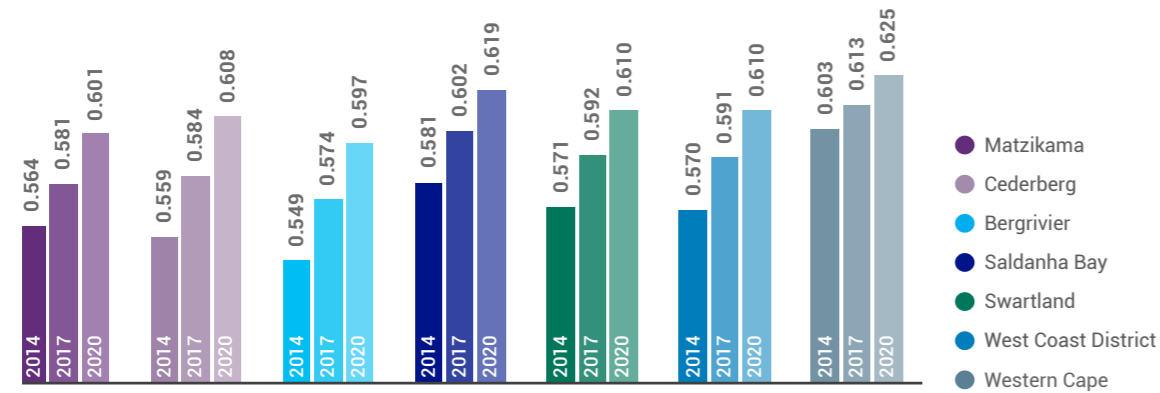


There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.⁸⁹ However, on a local municipal level, data that is readily available and most widely used is the Gini coefficient, which can therefore be utilised to analyse income inequality on a local level.

⁸⁹ (Stats SA, 2019).

Figure 4.6 illustrates the Gini coefficients for the local municipal areas in the WCD.

Figure 4.6
GINI COEFFICIENTS,
West Coast District, 2014 - 2020



Source: IHS Markit, 2021

The Gini coefficient is an indicator of income inequality and ranges between 0 and 1, with 0 representing complete equality and 1 representing complete inequality.

Income inequality was lower in the WCD than in the Province. However, the District recorded a similar increasing trend. In 2014, the WCD recorded a Gini coefficient of 0.570, which increased to 0.610 by 2020. As the economic hubs of the District, the Saldanha Bay and Swartland municipal areas had above-average household income, but these municipal areas also recorded higher levels of income inequality, with a Gini coefficient of 0.619 and 0.610 respectively compared with the other municipal areas in 2020.

Despite the low levels of income inequality, between 2017 and 2020 the Cederberg and Bergrivier municipal areas recorded above-average increases in the Gini coefficient.

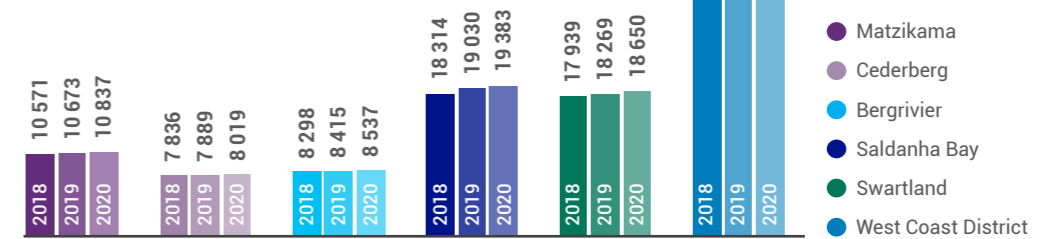
The job losses as a result of the COVID-19 pandemic would have contributed to income inequality. Workers who were able to work from home would have been able to continue earning an income, while those who were unable to do so, either because of the lack of connectivity or because their jobs required physical labour, would have been left without an income. This also emphasises the importance of COVID-19 relief measures such as the Temporary Employer/Employee Relief Scheme.



4.3.2 Education

This subsection explores the educational circumstances of households in the WCD by using data on learner enrolments, the Grade 10 to 12 retention rate, matric pass rates and learner-teacher ratios. Figure 4.7 illustrates the number of learners enrolled in schools in the WCD for 2018, 2019 and 2020.

Figure 4.7
LEARNER ENROLMENTS,
West Coast District, 2018 - 2020



Source: Western Cape Education Department, 2021

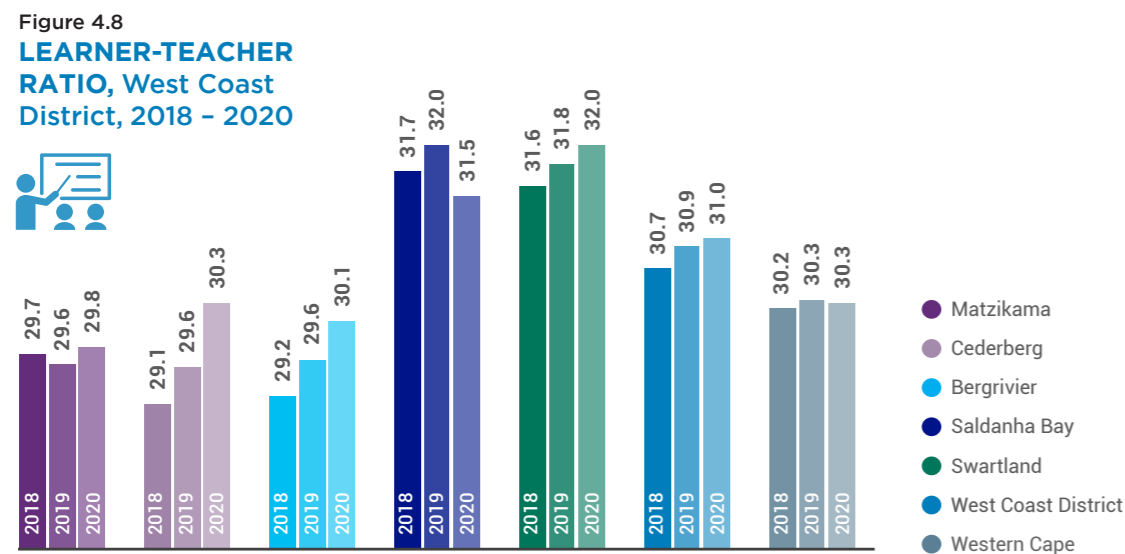
Enrolment numbers is an important indicator for the demand for schools, learner transport and educators within a municipal area.

The Saldanha Bay municipal area had the largest learner enrolment for the period under review, with 19 383 learners enrolled in 2020, followed by the Swartland municipal area (18 650 learners) and the Matzikama municipal area (10 837 learners). In the WCD, learner enrolments increased consistently from 2018 to 2020, and the municipal areas have also followed a positive trend, with a consistent increase in learner enrolments for the period under review. The fastest-growing age cohort in the WCD is the working-age population, who are more likely to have children of schoolgoing age.

The Saldanha Bay municipal area experienced the largest increase in learner enrolments between 2018 and 2020, with learner enrolments increasing by 1 069 learners, followed by the Swartland municipal area (711 learners). The Cederberg municipal area had the lowest increase in learner enrolments, with an increase of 183 learners between 2018 and 2020.



Figure 4.8 compares the learner-teacher ratio of the WCD with that of the Western Cape.



Source: Western Cape Education Department, 2021

Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.⁹⁰ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.⁹¹

The learner-teacher ratio in the WCD increased from 30.7 learners per teacher in 2018 to 31.0 learners per teacher in 2020. The number of educators did not increase proportionally to the increase in learner enrolments in the District. Between 2018 and 2020, the largest increases in the learner-teacher ratio were recorded in the Cederberg municipal area (from 29.1 in 2018 to 30.3 in 2020) and the Bergrivier municipal area (from 29.2 in 2018 to 30.1 in 2020). Despite these increases, the learner-teacher ratios in these municipal areas were still on a par with those of the District and Province. The municipal areas with above-average learner-to-teacher ratios were the Saldanha Bay and Swartland municipal areas. However, between 2018 and 2020 the learner-teacher ratio declined from 31.7 to 31.5 in the Saldanha Bay municipal area, whereas it showed an increasing trend in the Swartland municipal area. This indicates that the number of educators did not increase in line with learner enrolments.

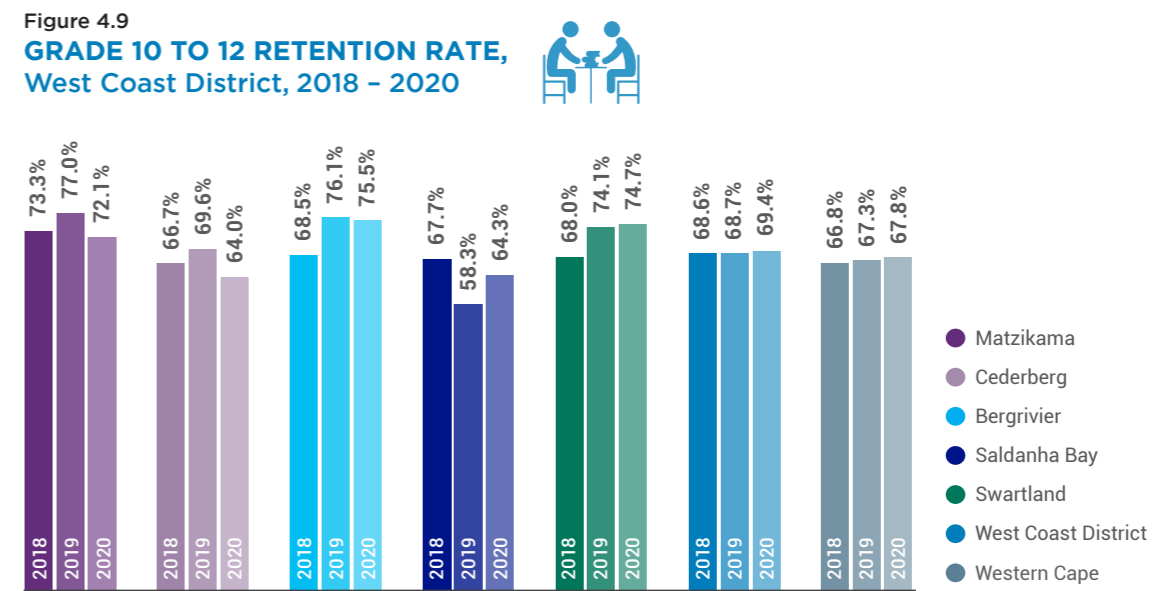
The learner-teacher ratio is a strong indicator of the students' level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio therefore indicates that there are fewer learners per teacher and learners generally have the advantage that teachers can provide more personalised/tailored teaching methods and support, which improve the quality of education received and the ability of students to achieve. Research has also shown that lower learner-teacher ratios are associated with better test results, fewer drop-out learners and higher graduation rates.⁹²

⁹⁰ (Sephton, S, 2017).

⁹¹ (Southern and Eastern Africa Consortium for Monitoring Educational Quality, 2011).

⁹² (The Hun School of Princeton, 2019).

Figure 4.9 considers the retention rate in the Grade 10 to 12 phase of schools in the WCD.



Source: Western Cape Education Department, 2021

The learner retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared with the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared with those enrolled in Grade 10 two years before.

Despite the challenges the education sector experienced during the COVID-19 pandemic in 2020, the Grade 10 to 12 retention rate in the WCD consistently improved during the period under review. The retention rate in the WCD improved slightly from 68.6 per cent in 2018 to 68.7 per cent in 2019 and further improved to 69.4 per cent in 2020, which was higher than the Western Cape retention rate (67.8 per cent) in 2020. Over the reference period, learner retention improved by 1.0 percentage points in the Province, compared to 0.8 percentage points in the WCD.

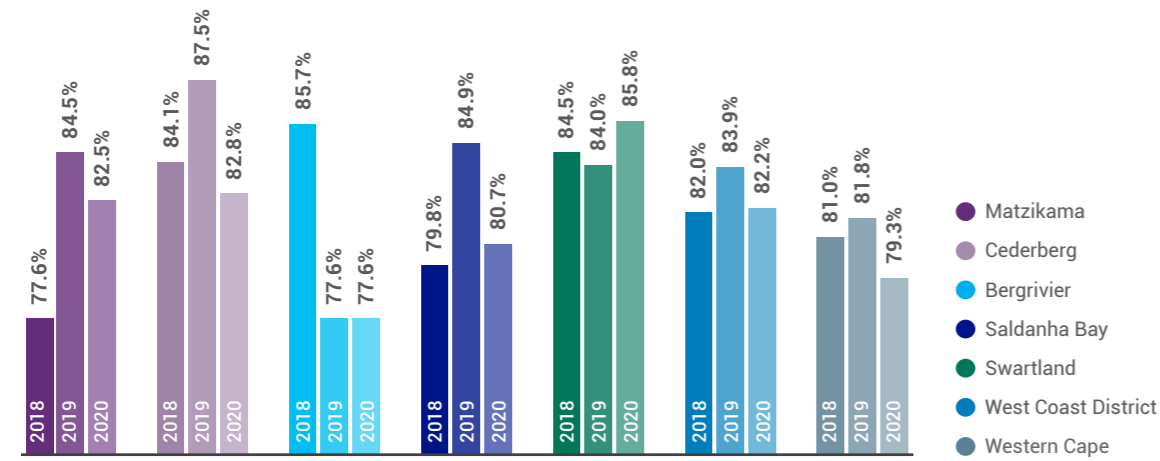
The Bergrivier municipal area recorded the highest learner retention rate in 2020 (75.5 per cent), followed by the Swartland (74.7 per cent) and Matzikama (72.1 per cent) municipal areas. However, the Matzikama municipal area recorded a sharp decline from 77.0 per cent in 2019 to 72.1 per cent in 2020. The Cederberg municipal area also recorded a large decline, with learner retention dropping by 5.6 percentage points between 2019 and 2020.

The Saldanha Bay municipal area recorded a considerable improvement in learner retention rates between 2019 and 2020 (6.0 percentage points). However, at 64.3 per cent, learner retention in 2020 was still below the retention rate recorded in 2018 (67.7 per cent).

Access to education is an important indicator for labour market skills and access to economic opportunity. Local challenges, such as teenage pregnancies and children from poor households forced to work, resulting in learners leaving school before Grade 12, need to be assessed, especially considering that most sectors require semi-skilled and skilled labour.

Figure 4.10 depicts the proportion of learners who passed Grade 12 and earned a school-leaving certificate in the WCD between 2018 and 2020.

Figure 4.10
MATRIC PASS RATE,
West Coast District, 2018 - 2020



Source: Western Cape Education Department, 2021

Over the reference period, the matric pass rate for the WCD was higher than the pass rate for the Western Cape. However, the matric pass rate for the WCD declined from 83.9 per cent in 2019 to 82.2 per cent in 2020. Even though the challenges the education sector experienced in 2020 did not translate into a reduced retention rate, the matric pass rate was affected in all municipal areas except the Swartland municipal area, which recorded an increase in the matric pass rate from 84.0 per cent in 2019 to 85.8 per cent in 2020.

Despite the lower matric pass rate in 2020 compared with 2019, the Matzikama and Saldanha Bay municipal areas still showed improvement compared with 2018. The Cederberg municipal area recorded a significant improvement in its matric pass rate between 2018 (84.1 per cent) and 2019 (87.5 per cent), but the pass rate declined in 2020 (82.8 per cent) to its lowest level in the three-year period. Both the Cederberg and Matzikama municipal areas also recorded a lower learner retention rate. This, together with the decline in the matric pass rate, is likely to have a negative impact on providing employment opportunities for the youth in these municipal areas.

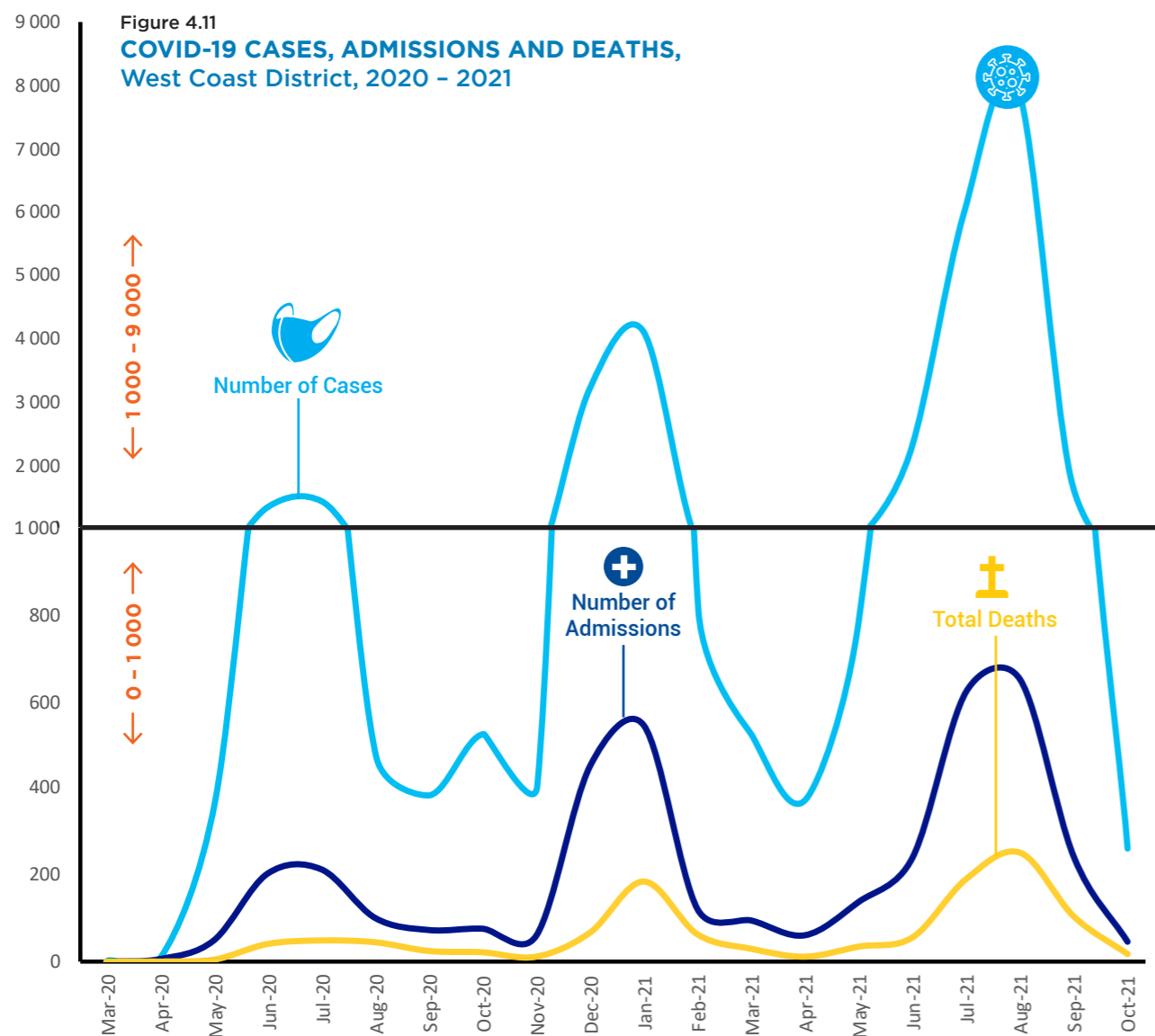


4.3.3 Health

The health conditions of people living within the WCD are analysed in this subsection by reviewing COVID-19, mortality, the prevalence of TB, HIV, infant mortality rates, maternal death rates and teenage pregnancies.

4.3.3.1 COVID-19

Figure 4.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group in the WCD since the start of the COVID-19 pandemic in March 2020.⁹³



Source: Western Cape Department of Health, 2021

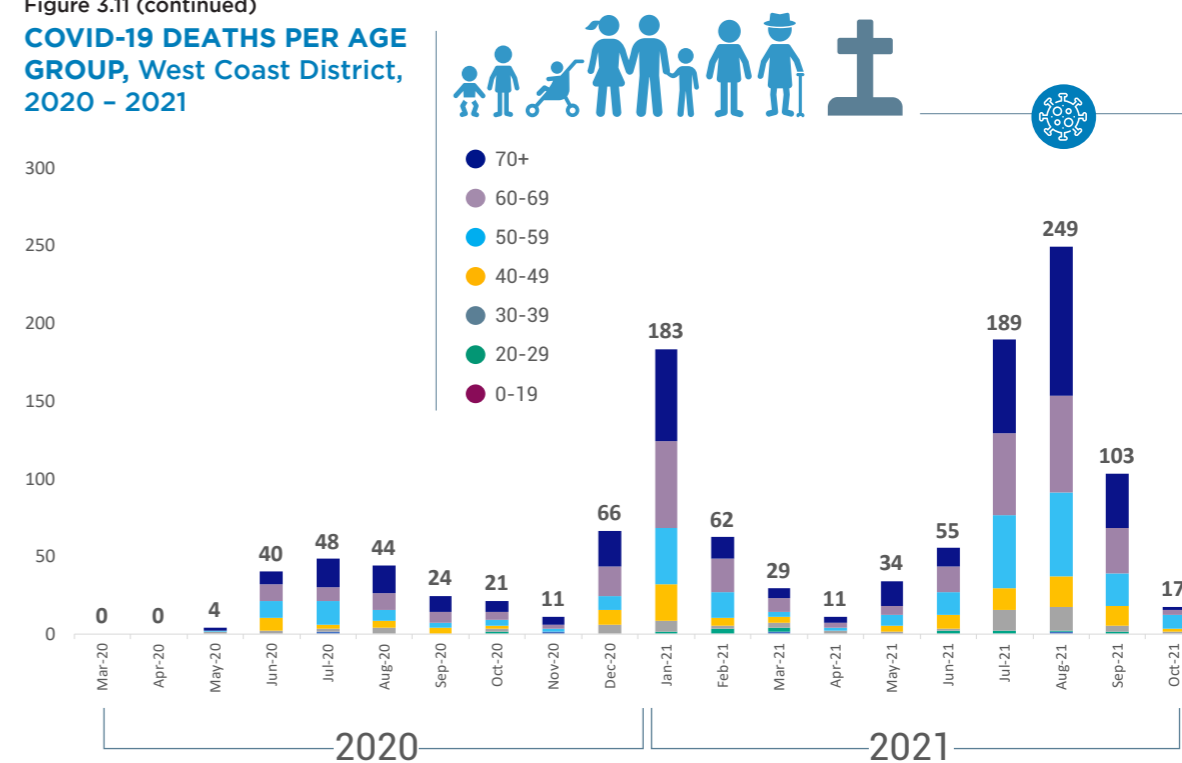
	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21
Cases	2	13	373	1337	1418	470	383	524	406	3186	4118	811	521	373	794	2194	5959	7992	1802	260
Admissions	0	6	49	203	213	101	73	76	60	451	545	121	95	61	138	240	623	651	242	46
Total deaths	0	0	4	40	48	44	24	21	11	66	183	62	29	11	34	55	189	249	103	17

⁹³ Data for COVID-19 cases, admissions and deaths was extracted on 2 November 2021.

During the start of the COVID-19 pandemic, only two cases were recorded in the WCD in March 2020, but cases increased to 1 337 in June 2020 and peaked at 1 418 by July 2020. This was during the first wave of COVID-19 in South Africa, which is defined as the period from weekly incidence of 30 cases per 100 000 persons to peak weekly incidence (week 24 to week 28).⁹⁴ During the second wave, which is defined as the period from week 47 of 2020 to the first week of 2021, the number of cases reached 3 186 in December 2020 and peaked at 4 118 in January 2021. By August 2021, during the third wave, the number of cases peaked at 7 992, before declining to 1 802 in September 2021 and 260 in October 2021.

Hospitalisation trends follow the trends in COVID-19 cases, and increased with each wave. Admissions peaked at 651 in August 2021, during the third wave. The number of deaths also peaked in the third wave, at 249 in August 2021. Older people are more likely to have adverse effects from COVID-19. Considering all the deaths that have occurred in the WCD since the onset of the pandemic (1 190 deaths), 33.2 per cent were people older than 70, 27.1 per cent were people between the ages of 60 and 69, and 22.1 per cent were people between the ages of 50 and 59.

Figure 3.11 (continued)
COVID-19 DEATHS PER AGE GROUP, West Coast District, 2020 - 2021



Source: Western Cape Department of Health, 2021



By mid-August 2021, 61.4 per cent of persons older than 60 had received at least one vaccine dose in the WCD, while 27.1 per cent of persons between the ages of 50 and 59, and 11.2 per cent of persons between the ages of 35 and 49, had received at least one vaccine dose. Vaccine rates in the WCD for those younger than 60 were lower than those of the Province, where 39.4 per cent of people between the ages of 50 and 59 had received at least one vaccine dose and 18.7 per cent of people between the ages of 35 and 49 had received at least one dose.

⁹⁴ (Centre for Respiratory Diseases and Meningitis, NICD-NHLS, 2021).

4.3.3.2 Mortality

Table 4.2 provides an overview of the top 10 natural causes of death in the WCD in 2018.

Table 4.2
TOP 10 NATURAL CAUSES OF DEATH, West Coast District, 2018



Rank	West Coast District		Western Cape	
	Cause of death	%	Cause of death	%
1	Chronic lower respiratory diseases	8.2%	Diabetes mellitus	7.6%
2	Diabetes mellitus	7.8%	Ischaemic heart disease	6.1%
3	Tuberculosis	7.2%	Cerebrovascular diseases	5.9%
4	Ischaemic heart disease	6.7%	HIV	5.7%
5	Cerebrovascular diseases	6.7%	Chronic lower respiratory diseases	5.1%
6	HIV	5.6%	Tuberculosis	4.9%
7	Malignant neoplasms of digestive organs	4.6%	Malignant neoplasms of digestive organs	4.5%
8	Hypertensive diseases	4.5%	Malignant neoplasms of respiratory and intrathoracic organs	4.5%
9	Malignant neoplasms of respiratory and intrathoracic organs	4.2%	Hypertensive diseases	3.8%
10	Other forms of heart disease	3.2%	Other forms of heart disease	3.3%
Other natural		32.5%		35.6%
Non-natural		8.9%		13.0%

Source: Stats SA, 2021

The main natural causes of death in the WCD in 2018 were chronic lower respiratory diseases (8.2 per cent of deaths), diabetes mellitus (7.8 per cent of deaths) and TB (7.2 per cent). On a Provincial level, 5.1 per cent of deaths were caused by chronic lower respiratory diseases (which include bronchitis, emphysema and asthma), while 4.9 per cent of deaths were caused by TB. Despite the efforts of public healthcare to curb HIV, deaths caused by HIV in the WCD increased from 4.9 per cent in 2017 to 5.6 per cent in 2018.

More people died of non-natural causes in the Province (13.0 per cent) compared with the WCD (8.9 per cent). The proportion of people who died of non-natural diseases in the WCD decreased from 11.6 per cent in 2017, while the proportion of people who died of non-natural diseases in the Western Cape increased from 12.9 per cent in the same year.



WELLBEING

Diabetes mellitus is considered a lifestyle disease that places severe strain on the public healthcare system. Obesity, caused by poor diet and lack of physical activity, is one of the leading causes of Type 2 diabetes. One of the focus areas of the Western Cape Recovery Plan is increasing the wellbeing of citizens by promoting nutrition, exercise and psycho-social support, and it can therefore play a critical role in reducing the burden of lifestyle diseases, as well as mortalities, on the healthcare system.

4.3.3.3 HIV/AIDS and TB

Table 4.3 provides the trends in HIV testing, treatment and outcomes in the WCD between 2017/18 and 2020/21.

Table 4.3
TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES, West Coast District, 2017/18 – 2020/21



	2017/18	2018/19	2019/20	2020/21
Known HIV+ (Tested; n)	20 209	20 728	19 919	21 384
Of which: Clients started but no longer on ART	35.9%	47.6%	59.8%	55.7%
Of which: Clients on ART	51.3%	57.3%	26.4%	28.6%
Of which: Clients with confirmed viral suppression	71.4%	68.3%	67.9%	66.4%

Source: Western Cape Department of Health, 2021

The number of people who are known to have tested positive in the WCD increased over the reference period, from 20 209 in 2018/19 to 21 384 in 2020/21. Knowledge of HIV status is an important starting point to receiving treatment. Even though more people knew their status in 2020/21 than in 2019/20, the treatment of HIV was influenced by the disruption of the healthcare system as a result of the COVID-19 pandemic.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving antiretroviral treatment (ART) and 90.0 per cent of people receiving ART would have viral suppression.⁹⁵ Despite the positive trend recorded between 2017/18 and 2019/20, the percentage of people who started ART but were no longer on ART decreased from 59.8 per cent in 2019/20 to 55.7 per cent in 2020/21. The percentage of people who were on ART has also been on a declining trend between 2018/19 and 2019/20 but recorded a marginal improvement in 2020/21.

Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system is able to function.⁹⁶ The percentage of people with confirmed viral suppression in the WCD has also been on a declining trend, from 71.4 per cent in 2017/18 to 66.4 per cent in 2020/21.

The age group that is most susceptible to infection (those between the ages of 15 and 50) is also the most economically and socially active.⁹⁷ The economic impacts of HIV/AIDS include reduced labour supply, reduced labour productivity, reduced exports and increased imports.⁹⁸ Given the current economic challenges in the WCD, increasing ART and viral suppression is essential.

⁹⁵ (UNAIDS, 2014).

⁹⁶ (Centers for Disease Control and Prevention, 2021).

⁹⁷ (UNAIDS, 2000).

⁹⁸ (Dixon, et al., 2002).

Table 4.4 shows the trends in TB notification and outcomes in the WCD between 2018/19 and 2020/21.

Table 4.4
TRENDS IN TB NOTIFICATION AND OUTCOMES,
West Coast District, 2018/19 – 2020/21



	2018/19	2019/20	2020/21
TB programme success rate	83.4%	83.5%	80.9%
TB clients lost to follow-up	9.0%	12.0%	11.5%
TB client death rate	3.8%	3.3%	4.7%
TB/HIV co-infected	26.2%	37.8%	37.4%
TB MDR treatment success rate	53.1%	54.0%	45.9%

Source: Western Cape Department of Health, 2021

The success of the TB programme in the WCD declined from 83.4 per cent in 2018/19 to 80.9 per cent in 2020/21. TB clients lost to follow-up increased from 9.0 per cent in 2018/19 to 12.0 per cent in 2019/20 and slightly declined to 11.5 per cent in 2020/21. The multidrug-resistant (MDR) treatment success rate increased from 53.1 per cent in 2018/19 to 54.0 per cent in 2019/20, but significantly declined to 45.9 per cent in 2020/21.

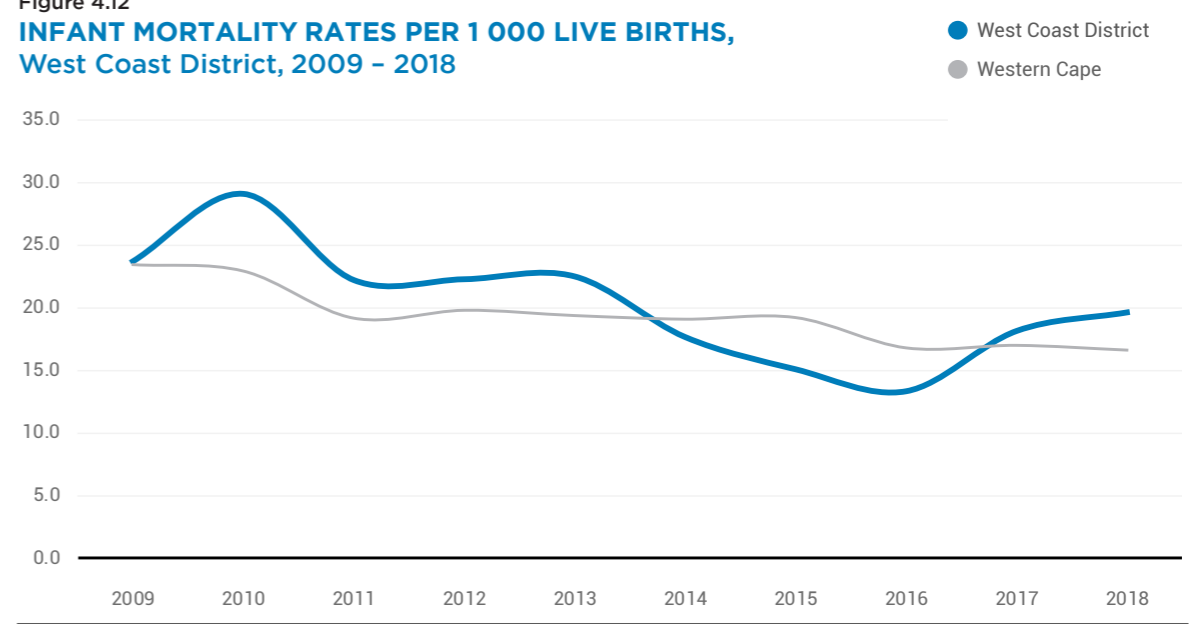
The TB client death rate declined from 3.8 per cent in 2018/19 to 3.3 per cent in 2019/20, before increasing significantly to 4.7 per cent in 2020/21. The number of TB client deaths follows the trend of the MDR treatment success – if the MDR treatment success declines, the TB client death rate increases. This indicates the importance of treatment availability.



4.3.3.4 Infant, child and maternal health

Figure 4.12 provides the infant mortality rates per 1 000 live births in the WCD and the Western Cape between 2009 and 2018.

Figure 4.12
INFANT MORTALITY RATES PER 1 000 LIVE BIRTHS,
West Coast District, 2009 – 2018



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
West Coast District	23.8	29.2	22.2	22.3	22.5	17.7	15.1	13.3	18.2	19.7
Western Cape	23.5	23.0	19.2	19.8	19.4	19.1	19.2	16.8	17.0	16.6

Source: Western Cape Department of Health, 2021

The infant mortality rates of the Western Cape and the WCD have been on a declining trend since 2009. Between 2009 and 2013, the infant mortality rate was higher in the WCD compared with the Province. The infant mortality rate of the WCD decreased from 17.7 deaths per 1 000 live births in 2014 to 13.3 in 2016 and increased to 18.2 and 19.7 in 2017 and 2018 respectively. Conversely, the infant mortality rate of the Western Cape was high in 2014 (19.1 deaths per 1 000 live births) and declined to 16.6 in 2018.



Table 4.5 outlines the maternal death rates per 100 000 live births in the WCD between 2018 and 2020.

Table 4.5
MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS,
West Coast District, 2018 - 2020

MUNICIPALITY	2018	2019	2020
● Bergrivier	0	0	0
● Cederberg	0	0	129.7
● Matzikama	108.9	0	0
● Saldanha Bay	124.8	0	0
● Swartland	0	0	212.3
West Coast District	77.2	0	43.0

Source: Western Cape Department of Health, 2021

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

The maternal death rate in the WCD declined from 77.2 deaths per 100 000 live births in 2018 to zero in 2019, before increasing to 43.0 deaths per 100 000 live births in 2020. In 2018, only the Saldanha Bay municipal area (124.8 deaths per 100 000 live births) and the Matzikama municipal area (108.9 deaths per 100 000 live births) recorded maternal deaths, while in 2020, only the Swartland municipal area (212.3 deaths per 100 000 live births) and the Cederberg municipal area (129.7 deaths per 100 000 live births) recorded maternal deaths.



4.3.3.5 Teenage pregnancy

Table 4.6 provides the delivery rate of women between the ages of 10 and 19 years in the WCD between 2018 and 2020.

Table 4.6
DELIVERY RATE TO WOMEN 10 - 19 YEARS,
West Coast District, 2018 - 2020

MUNICIPALITY	2018	2019	2020
● Bergrivier	16.1%	19.1%	16.0%
● Cederberg	19.3%	18.6%	15.5%
● Matzikama	17.3%	17.6%	15.5%
● Saldanha Bay	14.3%	13.6%	13.3%
● Swartland	14.9%	13.0%	15.8%
West Coast District	16.2%	16.3%	14.7%

Source: Western Cape Department of Health, 2021

The delivery rate to teenagers in the WCD declined from an average rate of 16.2 per cent in 2018 to 14.7 per cent in 2020. The delivery rate to teenagers in the Saldanha Bay municipal area was lower than the average delivery rate to teenagers in the WCD between 2018 and 2020. The Bergrivier municipal area had the highest delivery rate to teenagers in 2020 (16.0 per cent), followed by the Swartland municipal area (15.8 per cent).

Between 2019 and 2020, the delivery rate to teenagers in the WCD declined by 1.6 percentage points. All the municipal areas except the Swartland municipal area recorded a decline in the delivery rate to teenagers between 2019 and 2020. The Bergrivier and Cederberg municipal areas experienced the highest decline (both 3.1 percentage points) in the delivery rate to teenagers, while the Swartland municipal area recorded an increase of 2.8 percentage points between 2019 and 2020.

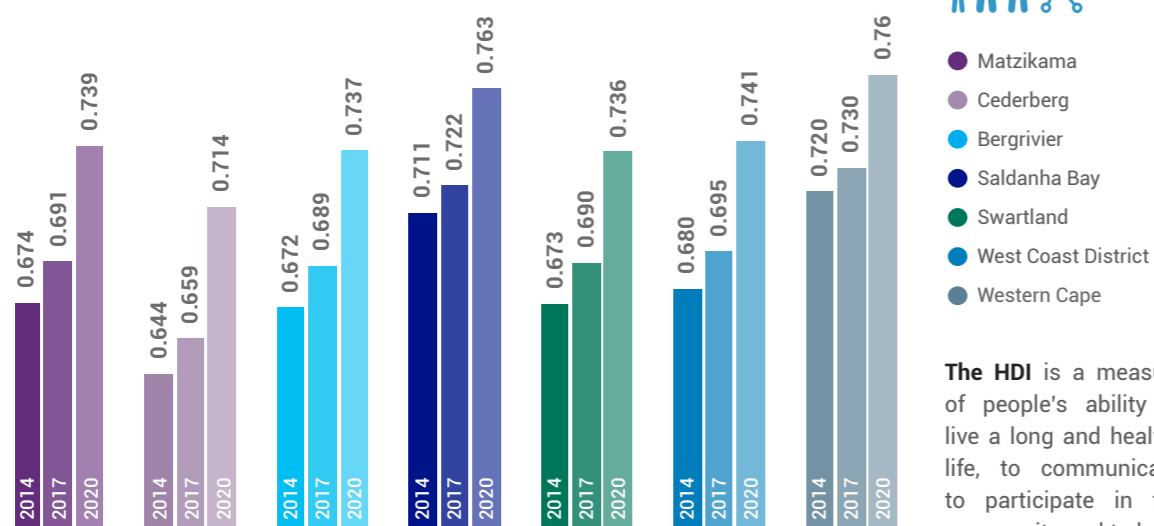
An increase in delivery rates to teenagers puts additional pressure on the public sector for support, as these teenagers often drop out of school and therefore struggle to find employment as a result of low skill levels.



4.3.4 Human Development Index

The HDI is defined as a composite indicator reflecting education levels, health and income, and is used to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. Figure 4.13 provides an overview of the HDIs per municipal area for the WCD between 2014 and 2020.

Figure 4.13
HDI PER MUNICIPAL AREA, West Coast District, 2014 - 2020



- Matzikama
- Cederberg
- Bergrivier
- Saldanha Bay
- Swartland
- West Coast District
- Western Cape

The HDI is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to

afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development. Capturing and evaluating HDI can be useful in developing policies and can also be used as a means to assess the development of the population, as this plays a critical role in the development of the economy.

Source: IHS Markit, 2021

Despite the challenges in various economic and social spheres in 2020, the HDI of the WCD improved over the reference period – from 0.680 in 2014 to 0.741 in 2020. However, the WCD's HDI remains marginally lower compared with that of the Province (0.769). The Saldanha Bay municipal area had the highest HDI in 2020 (0.763), while the Cederberg municipal area recorded the lowest HDI (0.714) in the same period.



GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),⁹⁹ South Africa was ranked 114th in the world, with an HDI of 0.709 in 2019, which was lower than the average world HDI of 0.737. However, the HDI in South Africa was still considered to be high and was above the average HDI of developing countries (0.689). Globally, Norway had the highest HDI in 2019 (0.957), while Niger was ranked lowest at 0.394. In 2019, the HDI in the Western Cape (0.757) was also considered to be high according to the UNDP, and was above the world average. The 2019 HDI in the WCD (0.727) was considered to be high according to the HDI classification, and was similar to that of Paraguay (0.728).

⁹⁹ (UNDP, 2021).

4.4 HOUSING AND ACCESS TO BASIC SERVICES

One of the important indicators of the level of human development within an economy is access to decent formal housing, which is regarded as a basic human right. Table 4.7 depicts the various types of dwellings of households in the WCD in 2020.

Table 4.7
NUMBER AND PROPORTION OF DWELLINGS, West Coast District, 2020



	West Coast District		● Matzikama		● Cederberg	
	Number	% of total	Number	% of total	Number	% of total
Formal	107 015	86.4%	18 546	87.6%	14 369	85.9%
Informal	14 511	11.7%	2 198	10.4%	2 000	12.0%
Other	2 311	1.9%	427	2.0%	353	2.1%

	● Bergrivier		● Saldanha Bay		● Swartland	
	Number	% of total	Number	% of total	Number	% of total
Formal	17 154	92.9%	27 925	79.3%	29 021	89.9%
Informal	716	3.9%	6 894	19.6%	2 703	8.4%
Other	593	3.2%	390	1.1%	548	1.7%

Source: Quantec Research, 2021

Formal dwelling refers to a structure built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in back yard, room or flatlet elsewhere.

Informal dwelling is a makeshift structure not erected according to approved architectural plans, e.g. shacks or shanties in informal settlements or in back yards.

Most of the households in the WCD reside in formal dwellings (86.4 per cent). On a municipal level, the proportion of households residing in formal dwellings was higher in the Bergrivier (92.9 per cent), Swartland (89.9 per cent) and Matzikama (87.6 per cent) municipal areas compared with the District. In terms of informal dwellings, approximately 11.7 per cent of households in the District resided in this type of dwelling and the majority of households were in the Saldanha Bay (19.6 per cent), Cederberg (12.0 per cent) and Matzikama (10.4 per cent) municipal areas. In the Matzikama municipal area, an increase in illegally erected informal dwellings was observed in 2020, as well as in the Swartland municipal area.¹⁰⁰ These trends add pressure to the municipalities, as it is not always possible to provide basic services in informal areas, yet the demand remains.

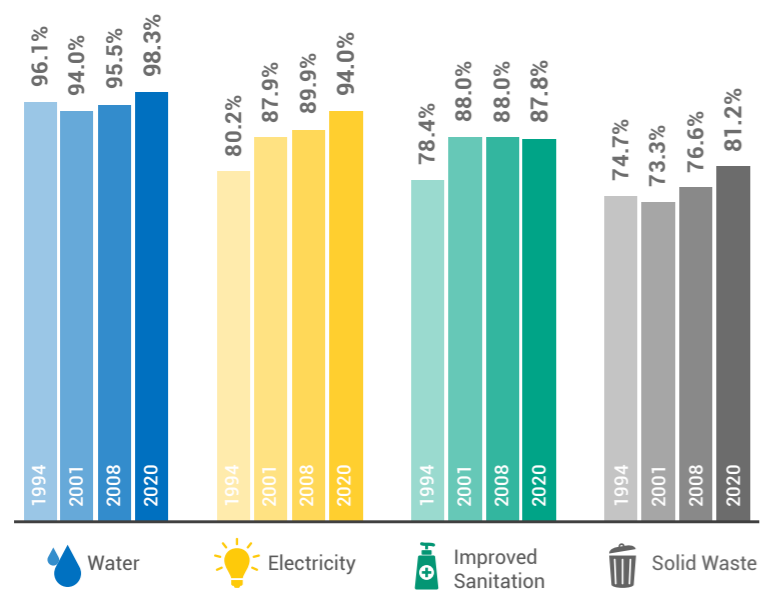
The Saldanha Bay municipal area has the largest economy in the WCD. The prospects of job opportunities often attract people to more urban areas, such as Saldanha Bay and Vredenburg. This often leads to an increase in the demand for housing and results in higher instances of informal dwellings. The job losses in the agriculture sector also resulted in households migrating from farms to towns, which increases the need for housing.

¹⁰⁰ (Swartland Municipality, 2021) and (Matzikama Municipality, 2021).

Access to basic services, particularly water and sanitation, can influence the health, safety and wellbeing of communities. Furthermore, by providing basic services to communities, municipalities are creating an enabling environment that will allow for private investment and entrepreneurship that can create local economic opportunities. In some instances, households have access to electricity directly from Eskom, and not through a local authority.

Figure 4.14 illustrates the household access to water, electricity, sanitation and solid waste removal services.

Figure 4.14
ACCESS TO BASIC SERVICES, West Coast District, 1994 - 2020



Access to a basic level of piped or tap water refers to having access to water inside a dwelling or yard or within 200m of the home.

Access to improved sanitation includes having access to a flush or chemical toilet or a pit toilet with ventilation.

Access to a basic level of solid waste removal services includes having refuse removed at least once a week by local government, or having access to a communal refuse container or collection point.¹⁰¹

Source: Urban-Econ calculations based on Quantec Research, 2021

The proportion of households with access to piped or tap water declined between 1994 (96.1 per cent) and 2001 (94.0 per cent), from where it has been on an increasing trend, with 98.3 per cent of households having access to piped water in 2020. The proportion of households with access to electricity for lighting increased from 80.2 per cent in 1994 to 94.0 per cent in 2020, while the proportion of households with access to solid waste management services increased from 74.7 per cent in 1994 to 81.2 per cent in 2020. These are positive indicators for service delivery in the WCD, considering that the number of households that demand services has also increased over the period. Access to solid waste management services often lags that of other services, particularly in more rural municipal areas and those with a large number of farms, where it is not always financially feasible for regular collection services. Access to improved sanitation services increased from 78.4 per cent in 1994 to 88.0 per cent in 2001. However, between 2008 and 2020, the access to improved sanitation declined by 0.2 percentage points.

¹⁰¹ (Stats SA, 2017).

INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount as specified by each local municipality in an indigent policy.

Table 4.8
NUMBER OF INDIGENT HOUSEHOLDS, West Coast District, 2018 - 2020

	2018		2019		2020	
	Number	% of households	Number	% of households	Number	% of households
Matzikama	3 052	16.4%	3 291	17.5%	1 888	10.0%
Cederberg	2 105	14.1%	2 041	13.4%	2 262	14.6%
Bergrivier	1 753	9.8%	1 992	11.0%	1 862	10.0%
Saldanha Bay	6 517	19.6%	7 384	21.6%	8 481	24.1%
Swartland	8 738	28.5%	8 923	28.5%	9 027	28.2%
West Coast District	22 165	19.2%	23 631	20.1%	23 520	19.6%

Source: Department of Local Government, 2021

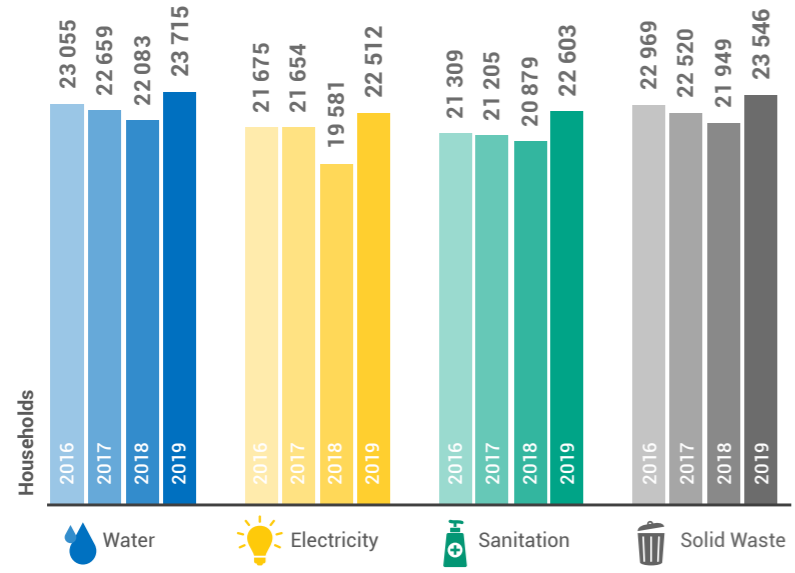
Despite the lack of income growth and increase in job losses, the number of indigent households in the WCD declined marginally between 2019 and 2020. This is mainly as a result of a large decline in indigent households in the Matzikama municipal area, which declined by 1 403 households between 2019 and 2020. The Matzikama Municipality adopted an indigent support policy for 2020/21, which states that in order to qualify for indigent support, the gross household income must not exceed the monthly government pension grant plus 35.0 per cent, which is approximately R2 551.5 per month. This is a significant reduction of the threshold of R5 000.0 per month as indicated in the indigent policy of 2019/20. The reduction of indigent households in the Matzikama municipal area is therefore not an indication of reduced poverty levels. The Bergrivier municipal area also recorded a decline of 130 indigent households between 2019 and 2020.

The Saldanha Bay and Swartland municipal areas recorded the highest number of indigent households in 2020, accounting for approximately 24.1 per cent and 28.2 per cent of households in the municipal areas respectively. Furthermore, the Saldanha Bay municipal area recorded an increase of 1 097 indigent households in 2020.



Figure 4.15 illustrates the number of households with access to free basic services. Free basic services are available to households that qualify as indigent households.

Figure 4.15
ACCESS TO FREE BASIC SERVICES, West Coast District, 2016 – 2019



Source: Non-financial Census of Municipalities, Stats SA, Quantec Research, 2021

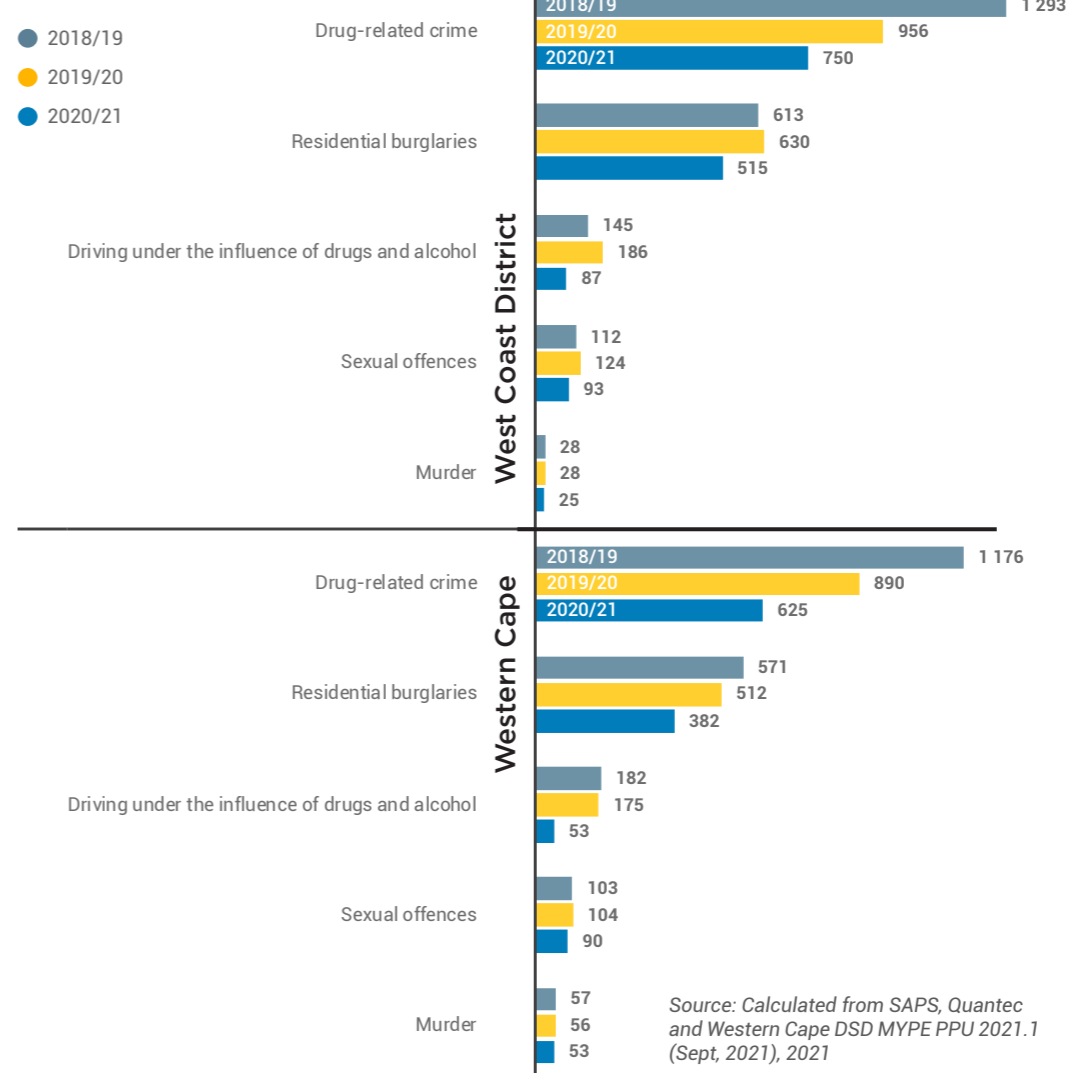
The extent of free basic services support is determined by the indigent policy of each local municipality. Most municipalities offer free basic water services (up to 6kl) and free electricity up to 50kWh – with some providing partial support for sanitation and solid waste services as well. The provision of free basic services therefore differs according to the type of service, as access levels and policies differ across municipalities. For all services, the number of households receiving free basic services was on a downward trend between 2016 and 2018, but large increases were recorded in 2019. This is in line with the increase in indigent households recorded between 2018 and 2019. Between 2016 and 2019, access to free water services increased by 660 households, access to free electricity services increased by 837 households, access to free sanitation services increased by 1 294 households and access to free solid waste services increased by 577 households. The estimated future growth of households in the WCD is anticipated to increase the demand for services. However, poor economic growth and declining household incomes will influence households' ability to pay for these services.



4.5 CRIME

Figure 4.16 provides an overview of the growth rates in the WCD between 2018/19 and 2020/2021 for selected crime categories. It is important to carry out an analysis of crime in the region to determine the typical criminal activities that are prevalent within the WCD.

Figure 4.16
CRIME PER 100 000 PEOPLE, West Coast District, 2018/19 – 2020/21



The WCD recorded significantly fewer cases of murder per 100 000 people over the reference period compared with the Province. Positively, both the Province and the WCD recorded a decline in the murder rate over the reference period. In the WCD, the murder rate declined from 28 people per 100 000 in 2018/19 to 25 people per 100 000 people in 2020/21. A decline in the murder rate was not recorded in all municipal areas, with both the Matzikama and Cederberg municipal areas recording an increase in the murder rate per 100 000 people between 2018/19 and 2020/21. The Cederberg municipal area recorded a murder rate that is nearly double that of the WCD, at 49 murders per 100 000 people in 2020/21.

Cases of sexual offences, driving under the influence of drugs and alcohol, residential burglaries and drug-related crime also declined per 100 000 people over the reference period. However, the WCD recorded more crimes per 100 000 people in these crime categories, particularly residential burglaries and drug-related crimes, compared with the Province. In 2020/21, the WCD recorded 515 residential burglaries per 100 000 people and 750 cases of drug-related crime per 100 000 people, whereas the Province recorded 382 residential burglaries per 100 000 people and 625 drug-related crimes per 100 000 people. The Saldanha Bay municipal area recorded the most incidences of residential burglary, with 784 cases per 100 000 people recorded in 2020/21.

The Matzikama and Cederberg municipal areas recorded above-average incidences of sexual offences in 2020/21, with 141 cases and 107 cases per 100 000 people respectively, compared with 93 cases per 100 000 in the WCD and 90 cases per 100 000 people in the Province. Despite the large number of incidences, the Cederberg municipal area recorded a significant decline in cases between 2019/20 (151 cases per 100 000 people) and 2020/21.

Despite a decline in cases between 2019/20 and 2020/21, the Matzikama and Bergrivier municipal areas recorded above-average incidences of driving under the influence of drugs and alcohol, with 175 cases and 147 cases per 100 000 people recorded respectively, compared with 87 cases per 100 000 people in the WCD and 53 cases per 100 000 people in the Province.

As all the abovementioned types of crimes saw reduced incidences per 100 000 people, the lockdown measures implemented to curb the spread of the COVID-19 pandemic are likely to have reduced crime levels.



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4.6 CONCLUDING REMARKS

The population of the WCD is predicted to increase by an average annual rate of 1.3 per cent from 467 175 people in 2021 to 491 515 people in 2025. The majority of the WCD's population resides in the Swartland and Saldanha Bay municipal areas. In terms of gender and age dynamics, the WCD's population comprised slightly more females (50.5 per cent) than males (49.5 per cent) in 2020, and the population was mainly between the ages of 15 and 34 years (35.0 per cent), followed by individuals between 35 and 64 years (33.7 per cent).

The WCD's GDP per capita declined by 2.6 per cent in 2019 and by an estimated 4.3 per cent in 2020. All the municipal areas in the District experienced a downturn owing to the economic slowdown, especially as a result of the COVID-19 pandemic. The District's average household income of R15 264 (in current prices) was R4 165 less than the Province's average for 2019. Despite the increase between 2017 and 2020, income inequality was lower in the WCD (0.610) than in the Western Cape (0.625). The Saldanha Bay and Swartland municipal areas had above-average household income, and these municipal areas also recorded higher levels of income inequality.

Although the matric pass rate for the WCD declined from 83.9 per cent in 2019 to 82.2 per cent in 2020, it was still higher than the pass rate for the Western Cape over the same period. Despite the challenges experienced by the education sector during the COVID-19 pandemic, the learner enrolments and Grade 10 to 12 retention rate in the WCD consistently increased during the period under review. However, the number of educators did not increase in proportion with the increase in learner enrolments in the District.

Disruptions to and pressure on the healthcare system as a result of the COVID-19 pandemic contributed to declines in several health outcomes, including a decline in the percentage of people with confirmed viral suppression and the success of the TB programme, as well as an increase in TB clients lost to follow-up and the infant mortality rate. Positively, the delivery rate to teenagers in the WCD declined from 16.2 per cent in 2018 to 14.7 per cent in 2020.

Although the WCD recorded a marginally lower HDI than the Western Cape, the District's HDI improved despite the challenges in various economic and social spheres in 2020.

Most of the households in the WCD reside in formal dwellings (86.4 per cent). The Saldanha Bay (19.6 per cent) and Cederberg (12.0 per cent) municipal areas had the highest presence of informal dwellings. In terms of access to basic services, the number of consumers with access to water, electricity, sanitation and solid waste removal services remained the same between 2019 and 2020.

There was a decline from 2019/20 to 2020/21 in all the crime categories under review. Although the WCD had fewer cases of murder per 100 000 people than the Western Cape in 2021, the District had more incidents of sexual offences, driving under the influence of drugs and alcohol, residential burglaries and drug-related crime per 100 000 people than the Province.

GROWTH POTENTIAL STUDY 2018

The West Coast has the third-highest overall growth potential in the Western Cape, and the second-highest performance across the human capital and institutional themes. Indicators on social development, access to basic services and state of infrastructure show areas of challenges and needs.



PRECONDITIONS FOR GROWTH

ECONOMIC

- Extent and diversity of retail and services sector
- Tourism potential
- Economic size and growth
- Economic diversity
- Market potential
- Change in labour force
- Property market

PHYSICAL NATURAL

- Availability and quality of water
- Natural potential

INFRASTRUCTURE

- Land availability and use
- Transport and communication
- Availability of municipal infrastructure

INNOVATION POTENTIAL

INSTITUTIONAL

- Quality of governance
- Safety and security
- Administrative and institutional function
- Availability of community and public institutions

HUMAN CAPITAL

- Poverty and inequality
- Human resources
- Population structure and growth

DEVELOPMENTAL POTENTIAL

- Development potential reflects inherent preconditions for growth and innovation potential
- General improvement in human capital, economic, physical natural and infrastructure conditions
- General regression in institutional components

The Growth Potential Study (GPS) is an instrument for effective spatial decision-making and implementation. This support tool aims to inform strategic objectives, policy-making and spatially targeted investment, and strengthen allocative decisions for integrated management, service delivery and spatial alignment within the Provincial and municipal spheres of government in the Western Cape.

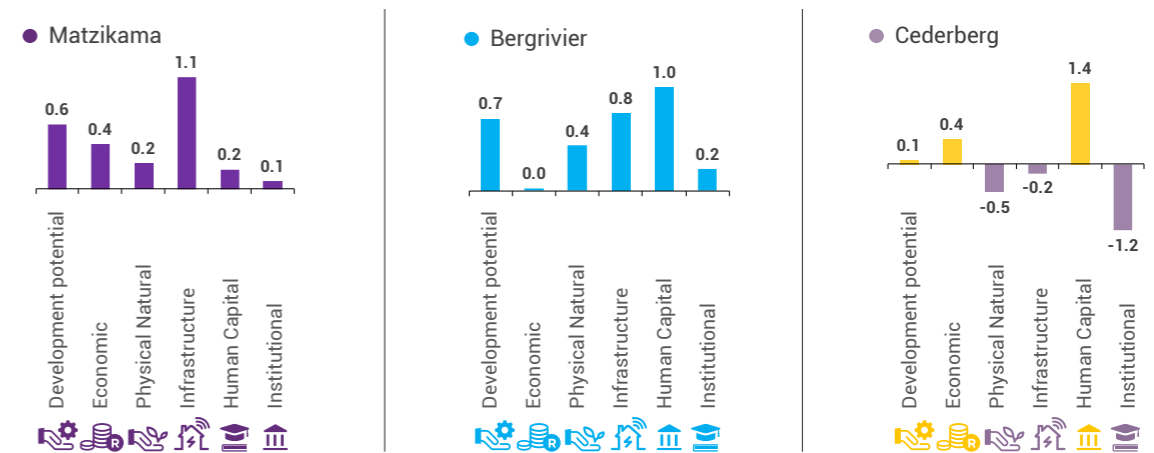
Economic, infrastructure and physical natural composite thematic indices form the basis for modelling growth preconditions, and institutional and human capital composite thematic indices model innovation potential. These interrelated composite indices and associated indicators are informed by local, national and international literature, and are the premise for forecasting where economic growth is likely to occur, i.e. growth or development potential.

The GPS2018 shows that the Bergrivier, Saldanha Bay and Swartland municipal areas have “high” growth potential, Matzikama has “medium” growth potential and Cederberg has “low” growth potential.

The MATZIKAMA and BERGRIVIER municipal areas have had a change in classification from GPS2013 to GPS2018, up from “low” and “medium” growth potential, respectively. Bergrivier has made gains in the human capital and infrastructure themes, driven by stronger performance in indicators on access to basic services and labour force. Matzikama has shown improvements in the economic and infrastructure themes for indicators that showed challenges and needs in the past. Indicators on the labour force are showing promise.

The CEDERBERG municipal area has made gains in the human capital and economic themes; in the latter theme it was the lowest-performing municipal area in GPS2013. This too can be attributed to better performance in labour force indicators. The municipal area shows stronger performance in human capital theme indicators on economic empowerment and employment.

Difference between GPS18 Z-score and GPS13 Z-score¹⁰²

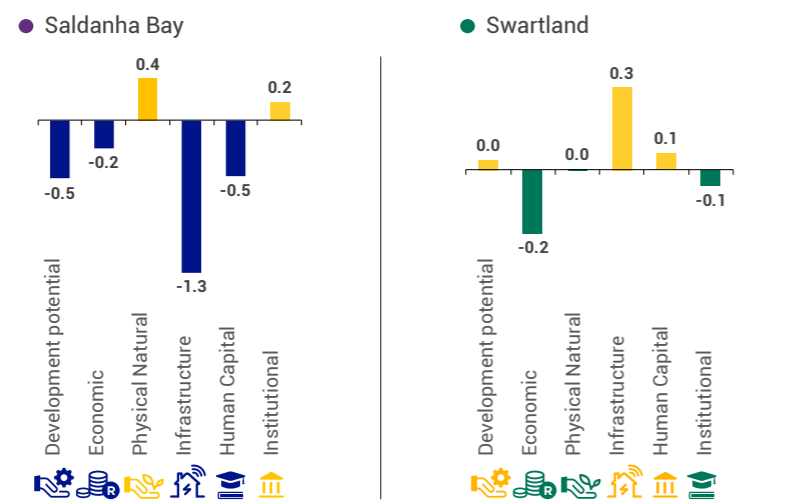


¹⁰² The Z-Score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

SALDANHA BAY municipal area has regressed in most themes. Indicators on access to basic services and infrastructure backlog reduction is one of the biggest challenges to growth potential.

SWARTLAND municipal area has had gains in the Human Capital theme and shows good performance in indicators in the Infrastructure theme. Gains in the infrastructure theme are due to improvements in indicators on access to basic services. Indicators on the state of infrastructure show challenges.

Difference between GPS18 Z-Score and GPS13 Z-Score¹



¹ The Z-Score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

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