Western Cape Government

2022-23

Municipal Economic Review and Outlook

Cape Winelands District

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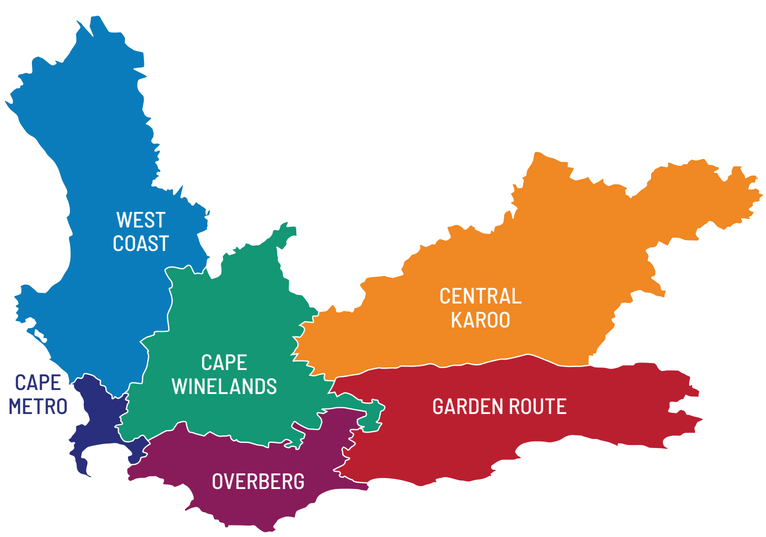

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ABOUT THE MUNICIPAL ECONOMIC REVIEW AND OUTLOOK (MERO)

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

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

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

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

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

FOREWORD

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

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

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

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

Ms Mireille Wenger
Minister of Finance and Economic Opportunities

24 November 2022

ACRONYMS AND ABBREVIATIONS

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

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

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

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

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THE OTHER **DISTRICTS**

WC WESTERN CAPE

SEAT **Cape Town** | AREA **129 462km²** | DENSITY **52.9/km²**

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

DEMOGRAPHICS

GENDER – POPULATION

7 102 683
POPULATION 2021

49.4% | 50.6%
Gender split 2021

HOUSEHOLDS

Average **household income** 2020
R18 995

Indigent households 2021
355 266

AGE

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

Age split 2021

GROSS DOMESTIC PRODUCT

GDPR 2020
R691.0 BILLION

GDPR per capita (2021 current prices)
R81 650.2

GDPR estimated growth

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

SERVICES

99.4% Access to **water** (piped or tap)

96.6% Access to **electricity**

97.9% Access to **solid waste removal**

95.2% Access to **improved sanitation**

2021

EMPLOYMENT

PEOPLE EMPLOYED
2 378 802
2020

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

25.1%
Estimated **unemployment** rate 2021

TRADE

IMPORTS
R235.6 BILLION

2021

EXPORTS
R166.7 BILLION

Top 3 exported products
- Citrus
- Wine
- Petroleum oils

2021

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

TOURISM

VISITORS

OVERSEAS 20.4%
2021
DOMESTIC 79.5%

OVERNIGHT 39.7%
2021
DAY VISITORS 51.0%

ACTIVITIES

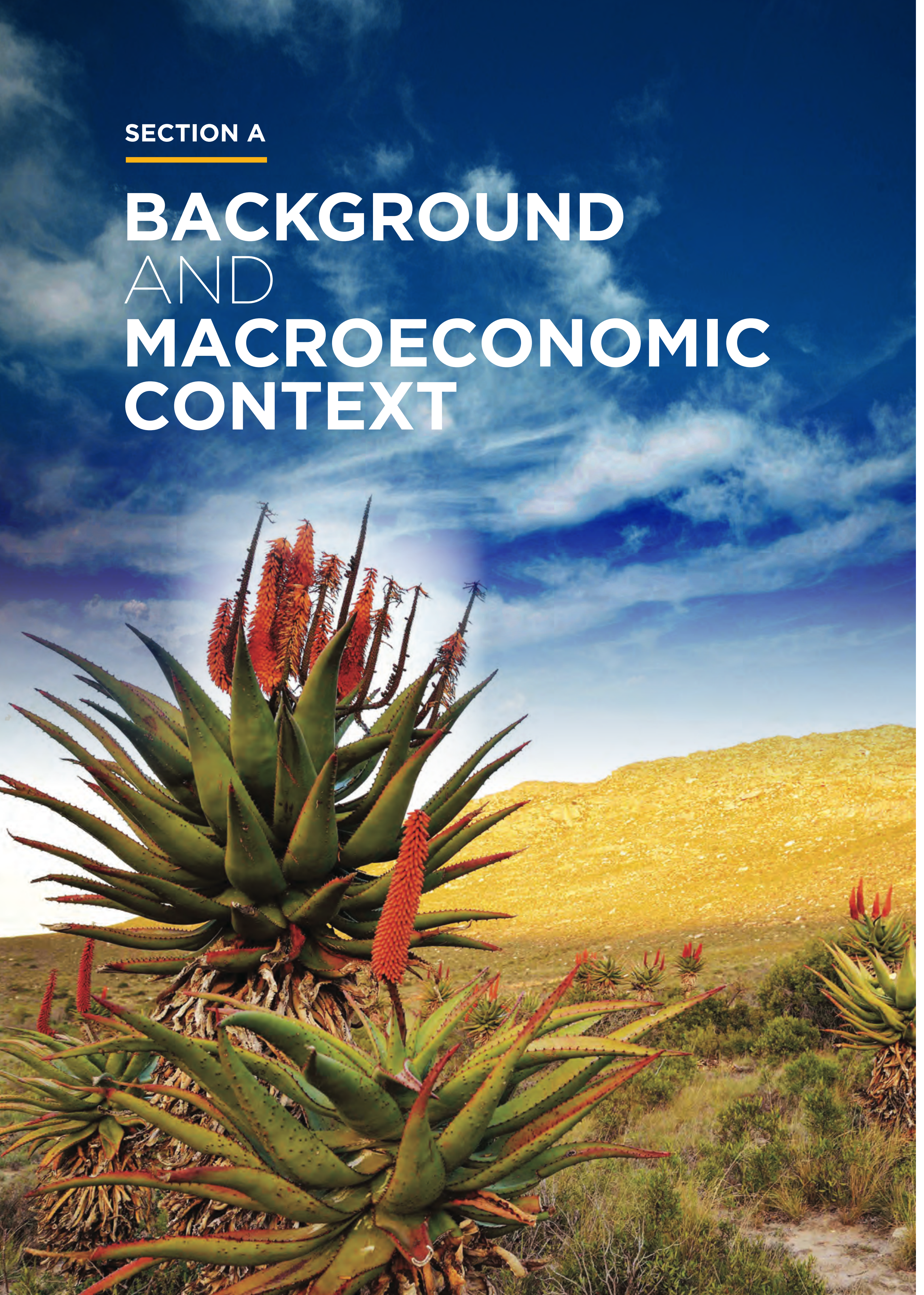
Top activities 2021

Scenic drives	Outdoor activities	Cuisine
17.7%	15.6%	13.6%

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

SECTION A

BACKGROUND AND MACROECONOMIC CONTEXT



1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

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

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

1.2 OBJECTIVE OF THE RESEARCH

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

1.3 REPORT OUTLINE

The MERO 2022 publication is structured as follows:

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

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

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

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

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

2. ECONOMIC PERFORMANCE AND OUTLOOK

2.1 INTRODUCTION

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

2.2 GLOBAL ECONOMIC PERFORMANCE

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

Table 2.1

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

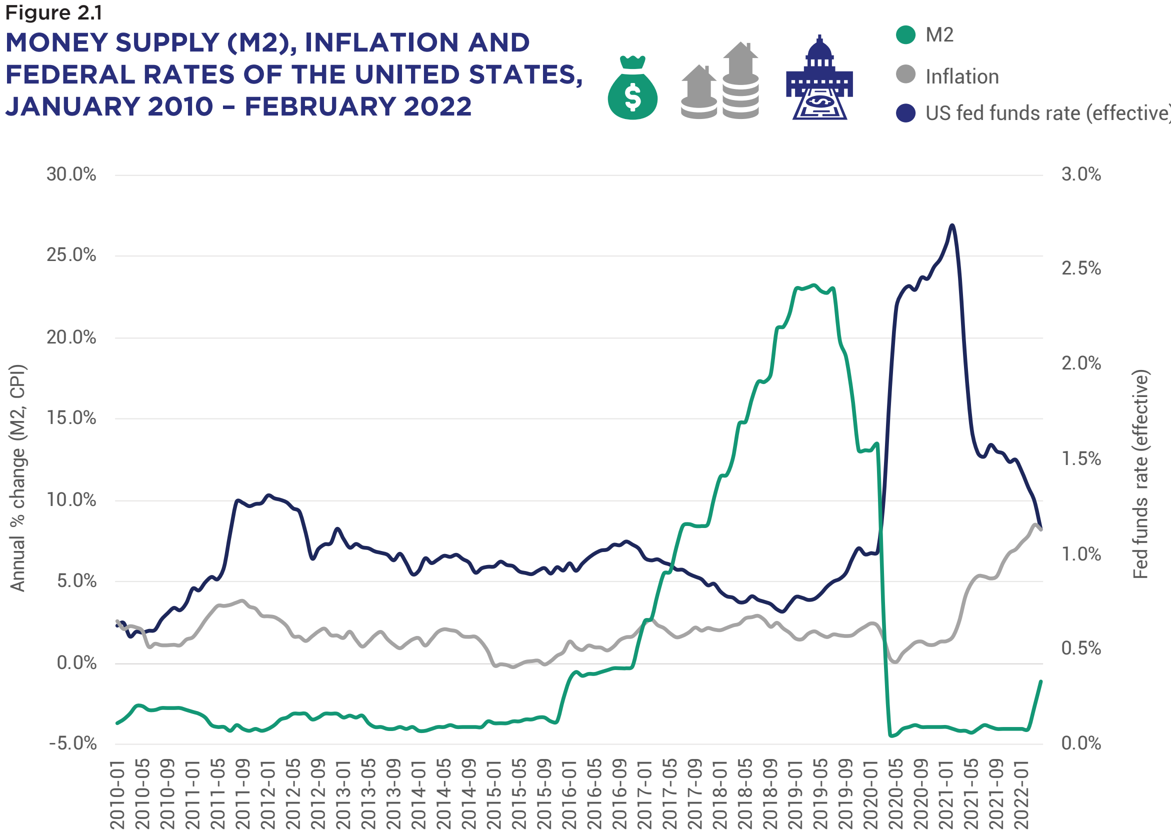
	Share of South Africa		Share of Western Cape		GDP growth forecasts		
	Exports	Tourism Feb 2022	Exports	Tourism Feb 2022	2021(e)	2022	2023
Global economy	100.0%	100.0%	100.0%	100.0%	6.1%	3.2%	2.9%
Advanced economies	57.8%	68.1%	48.1%	86.6%	5.2%	2.5%	1.4%
Emerging-market and developing economies	42.2%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

Sources: IMF, Quantec Research, own calculations

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

Figure 2.1

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



Source: Economist Intelligence Unit

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

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

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

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

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

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

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

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

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

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

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

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

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

2.3 DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

2.3.1 Performance of the South African economy

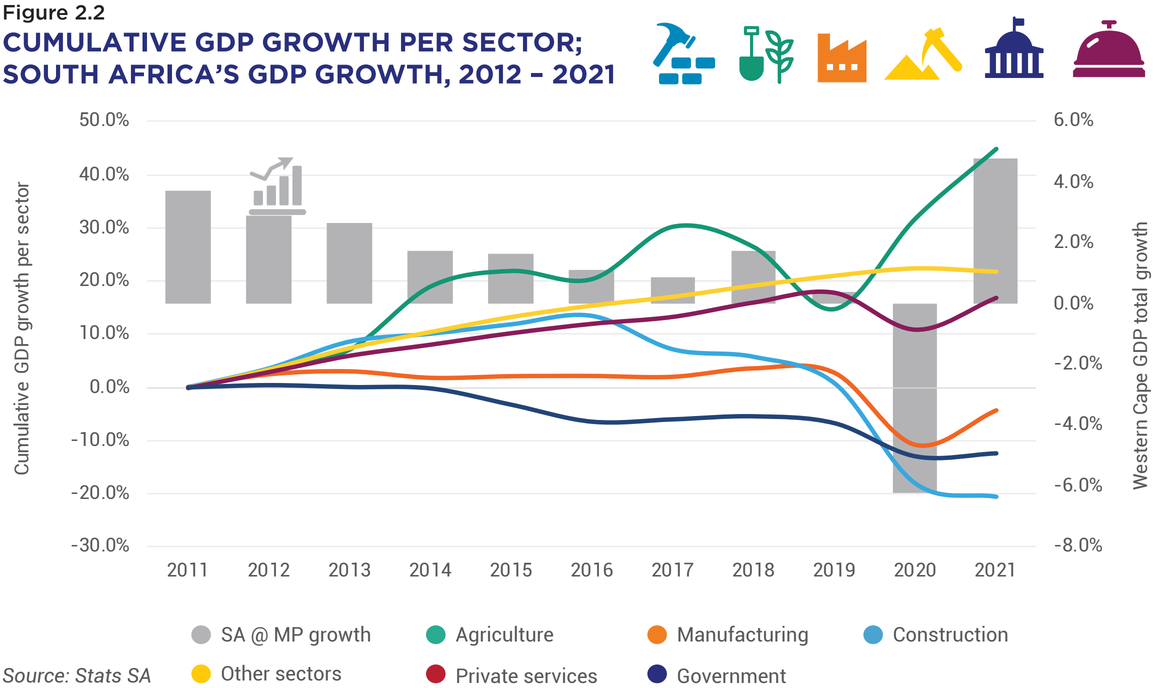
After two years, South Africa's GDP in the first quarter of 2022 finally recovered to levels seen in the first quarter of 2020. However, this was followed by a contraction in the second quarter of 2022, with the national economy facing new disruptions in the global commodity and energy markets caused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

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

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

Figure 2.2

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



Source: Stats SA

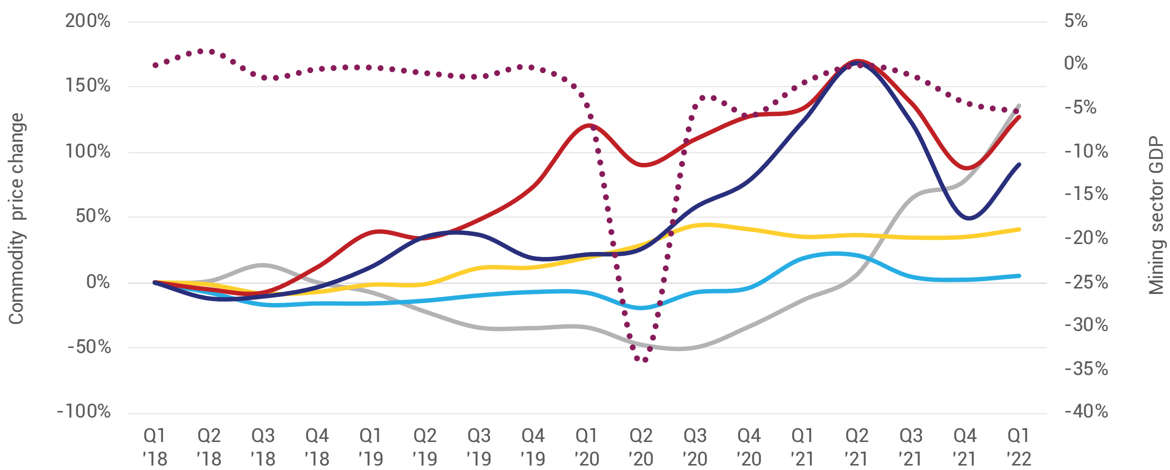
Over the past decade, the South African economy expanded by an average growth rate of 1.0 per cent and a cumulative growth rate of 9.5 per cent. The agriculture sector (55.4 per cent) recorded the highest cumulative growth over this period, followed by the general government (22.6 per cent) and community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

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

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

Figure 2.3

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



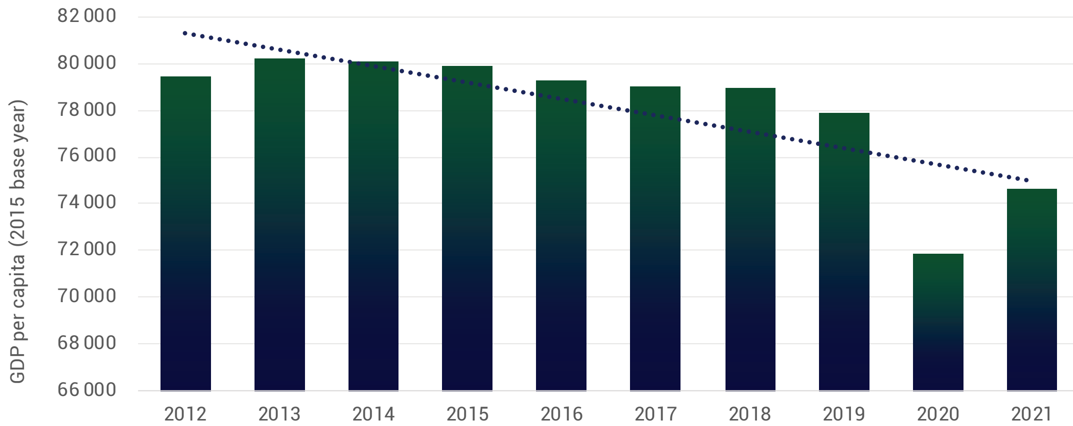
Source: Economist Intelligence Unit

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

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

Figure 2.4

REAL GDP PER CAPITA IN SOUTH AFRICA, 2012 – 2021

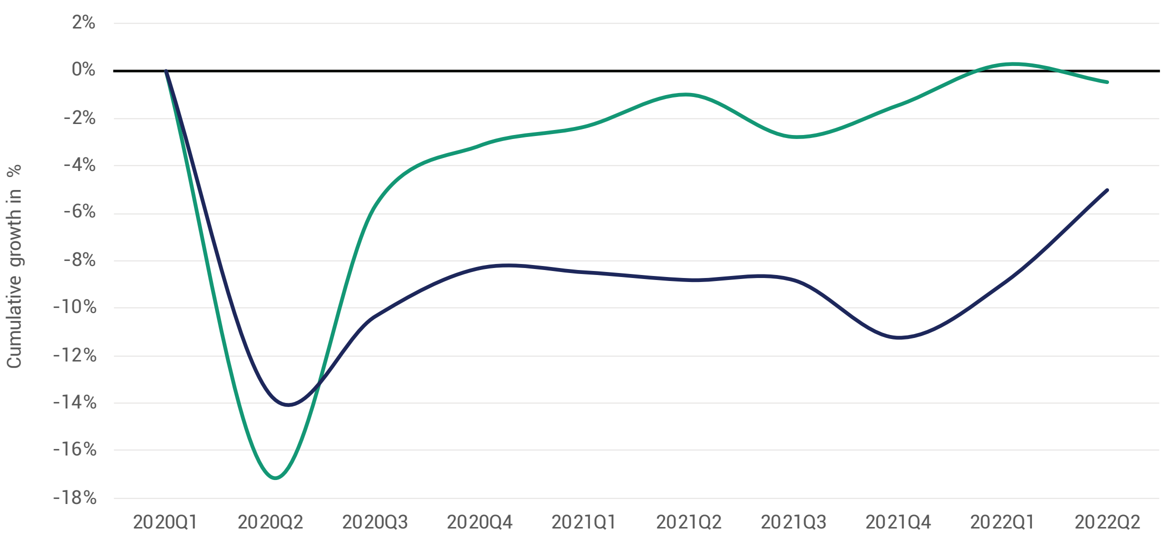


Source: Quantec Research

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

Figure 2.5

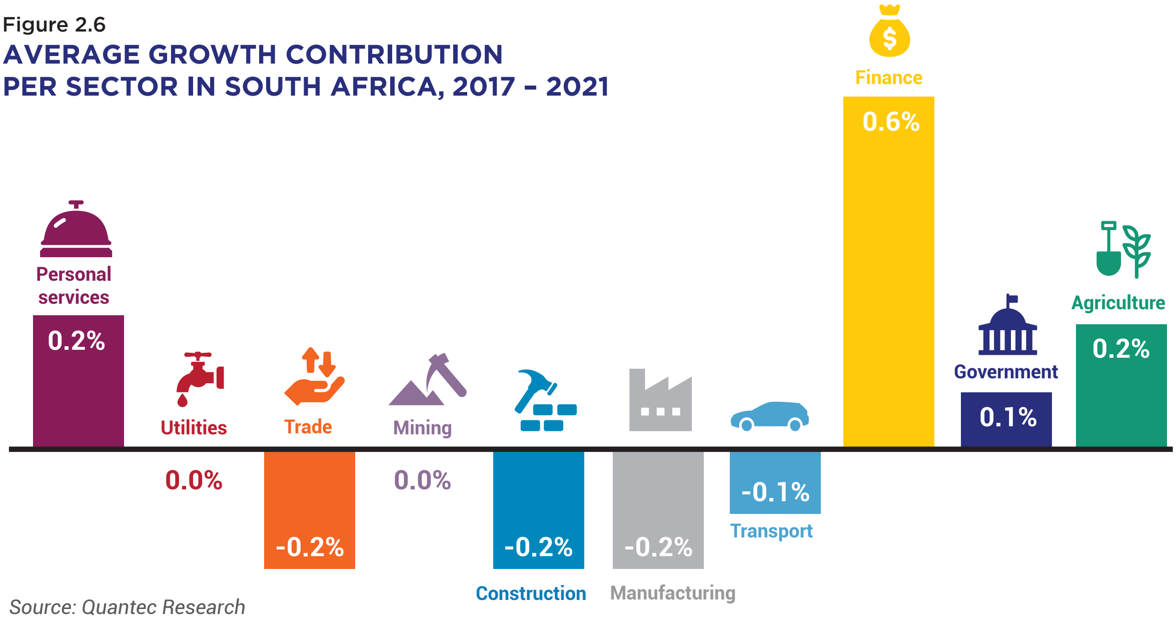
SOUTH AFRICA'S CUMULATIVE RECOVERY IN GDP AND EMPLOYMENT, 2020Q1 – 2022Q2



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

Figure 2.6

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



Source: Quantec Research

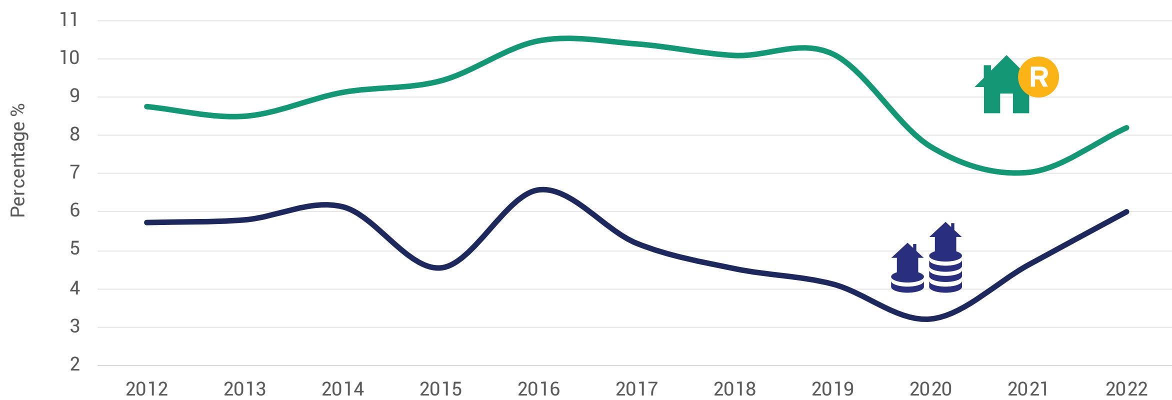
The average growth contribution of each sector in the last five years shows the important GDP growth contributions from the finance (0.6 percentage points), agriculture (0.2 percentage points) and community services (0.2 per cent) sectors, while the trade (-0.2 percentage points), construction (-0.2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

2.3.2 Inflation in the South African economy

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

Figure 2.7

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

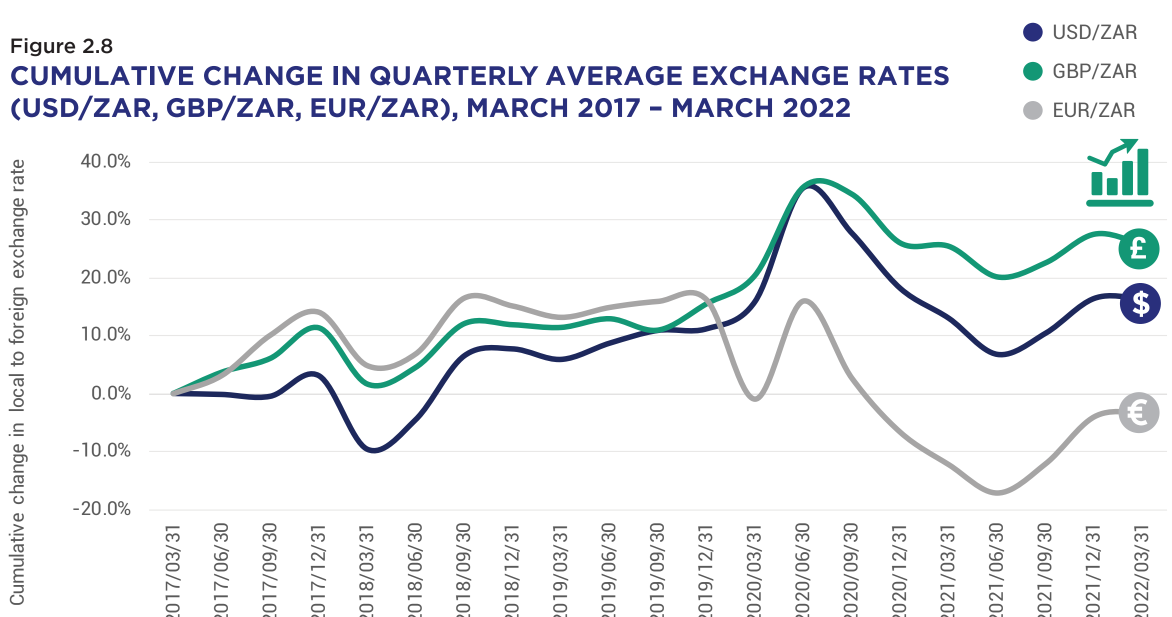


Source: Economist Intelligence Unit

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

Figure 2.8

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



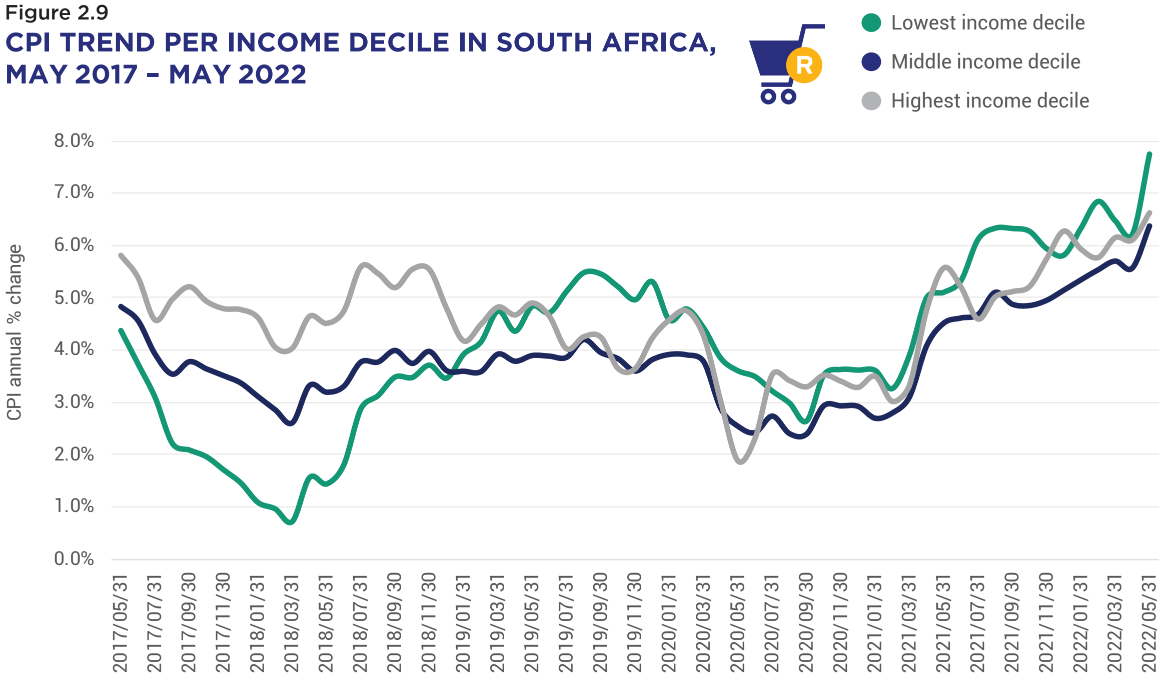
Source: Quantec Research

[6] (SARB, 2022).
[7] (SARB, 2022).

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

Figure 2.9

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

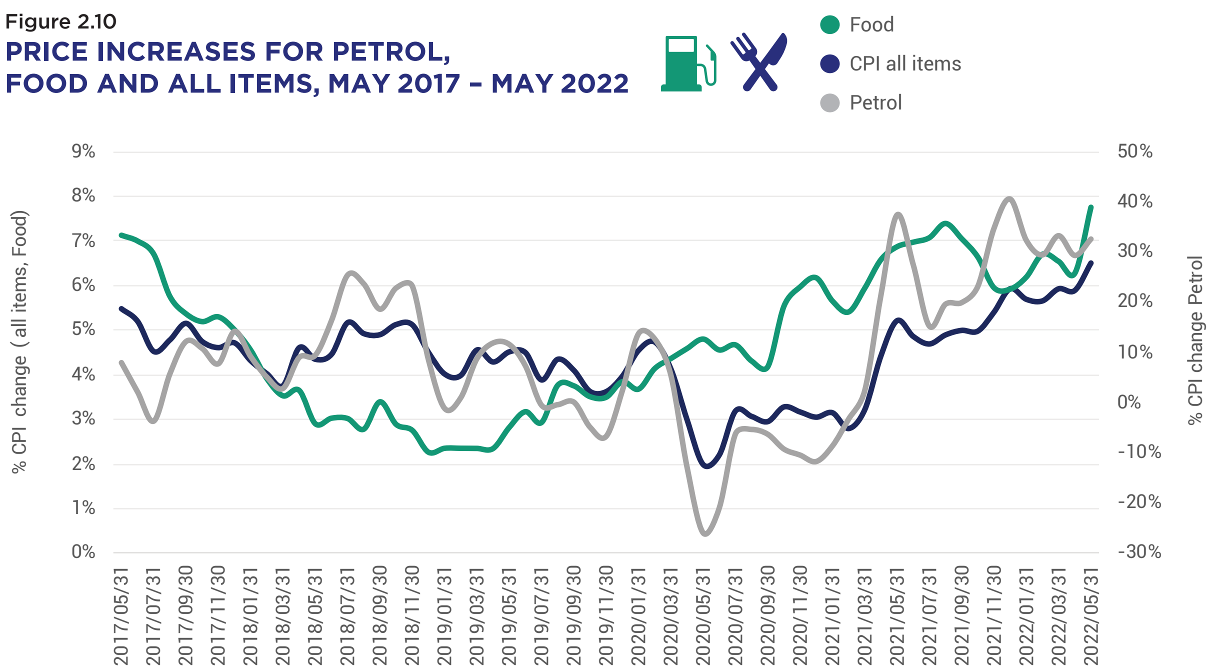


Source: Quantec Research

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

Figure 2.10

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



Source: Quantec Research

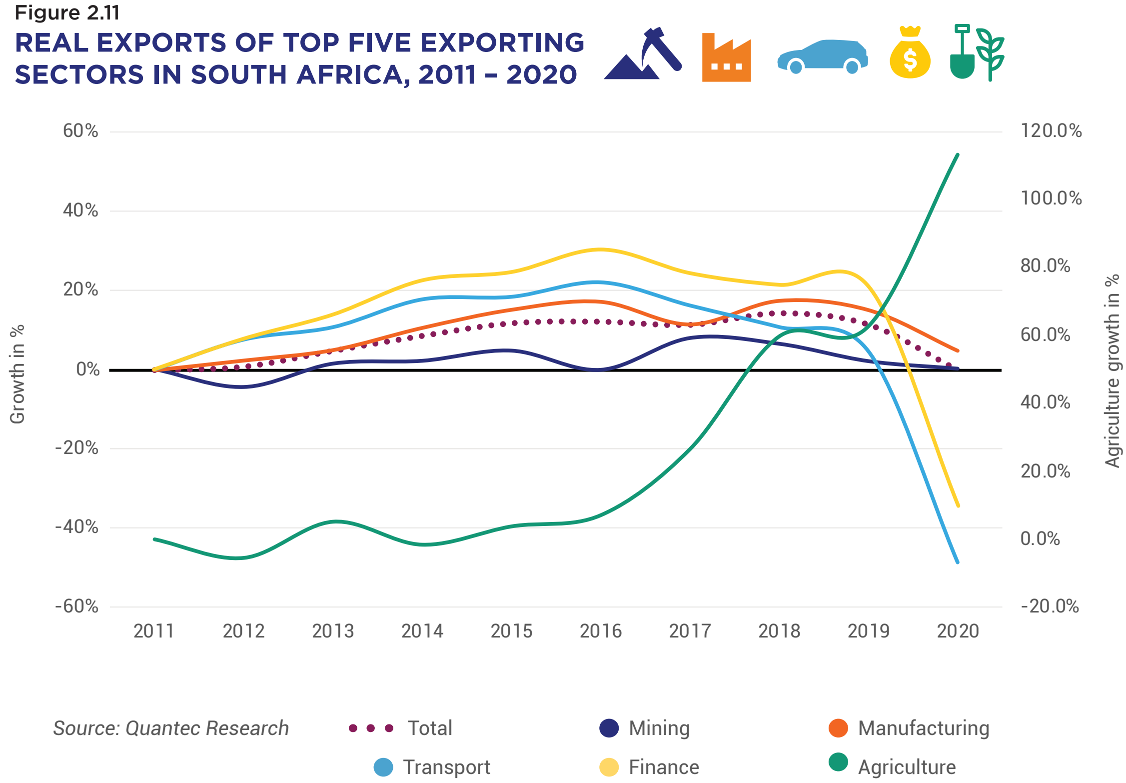
Since June 2019, a year before the headline and petrol inflation rates started to increase in July 2020, there has been an increasing trend in food inflation rates. Since the Russian invasion of Ukraine on 24 February 2022, the average petrol price has increased by 31.6 per cent (monthly, year-on-year),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

2.3.3 Trade performance of the South African economy

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

Figure 2.11

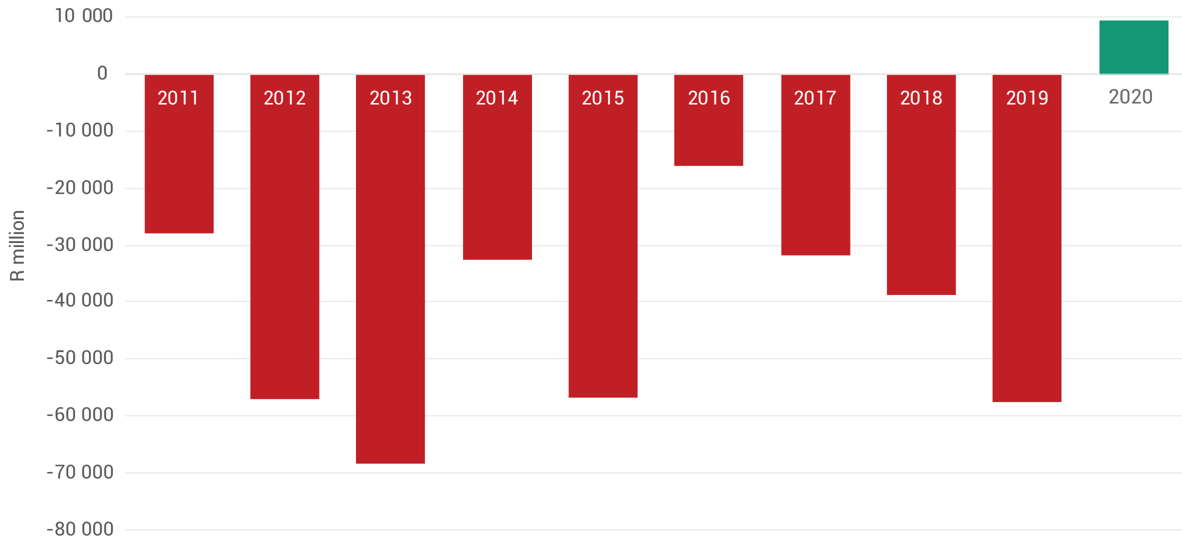
REAL EXPORTS OF TOP FIVE EXPORTING SECTORS IN SOUTH AFRICA, 2011 – 2020



Source: Quantec Research

Figure 2.12

NET REAL EXPORTS FOR SOUTH AFRICA, 2011 – 2020



Source: Quantec Research

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

Table 2.2

MAJOR EXPORT AND IMPORT DESTINATION OF SOUTH AFRICA, 2012 AND 2021

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

Sources: Quantec Research, own calculations

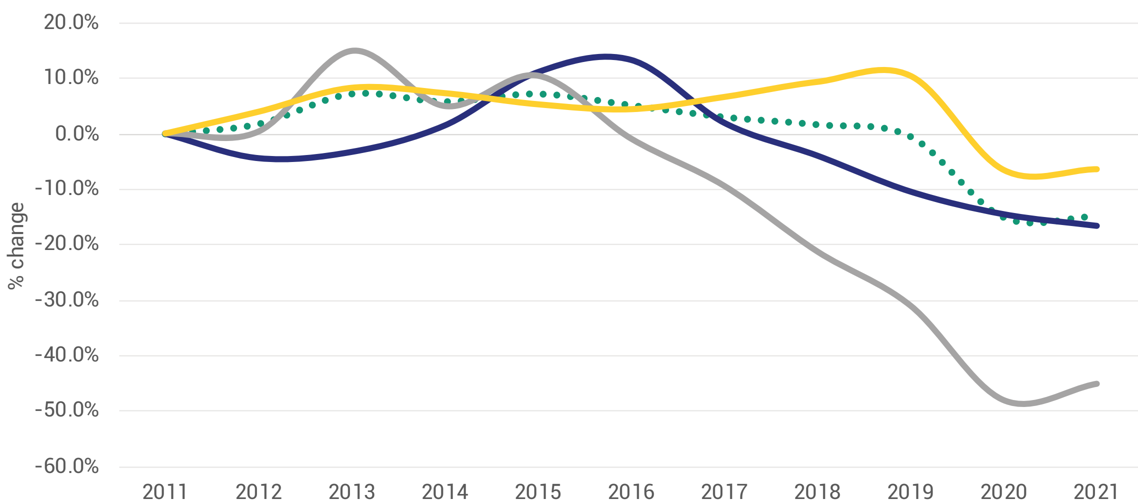
In 2021, China was South Africa's largest export (11.0 per cent) and import (20.6 per cent) destination. Since 2012, China has become a more prominent source of imports, with its share of imports increasing significantly by 6.5 percentage points. Between 2012 and 2021, the US (2.8 percentage points),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

2.3.4 Fixed investment in South Africa

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

Figure 2.13

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



Source: Quantec Research

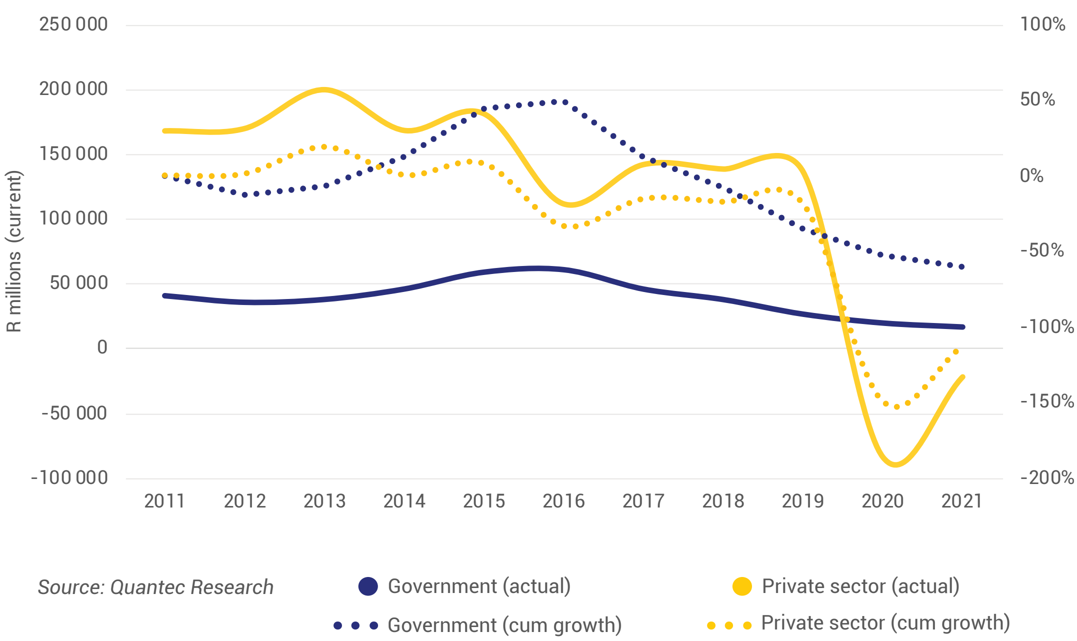
Gross fixed capital formation (GFCF) includes new capital investments and capital replacement costs. In 2021, GFCF in South Africa was 14.9 per cent less than in 2011. Some of the decline in GFCF over the period can be attributed to a contraction of 14.6 per cent in 2020. However, the decline of GFCF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

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

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

Figure 2.14

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

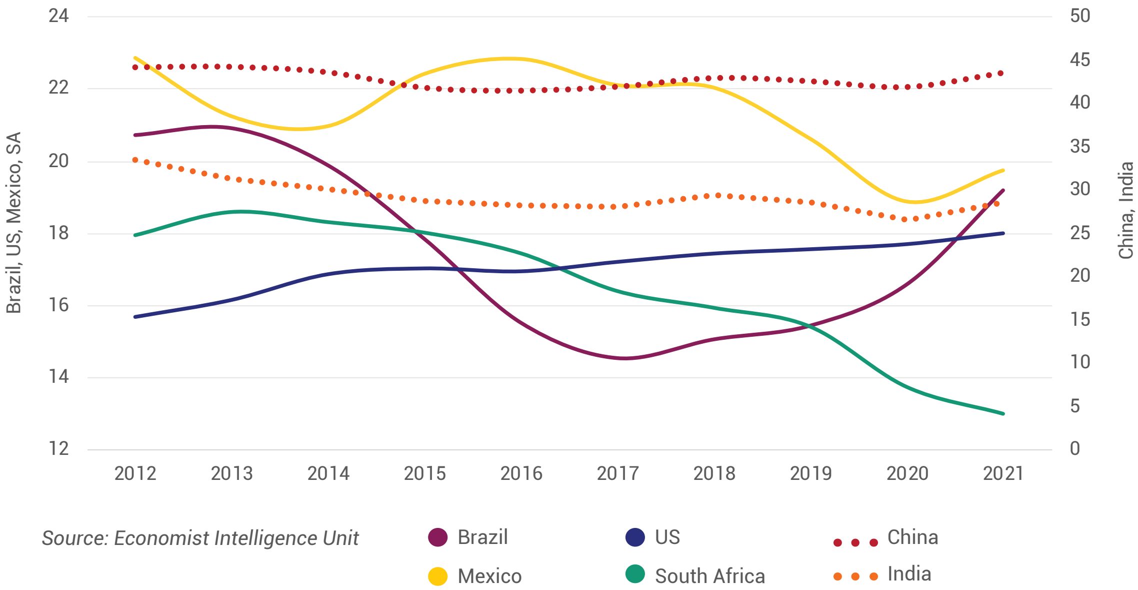


Source: Quantec Research

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

Figure 2.15

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



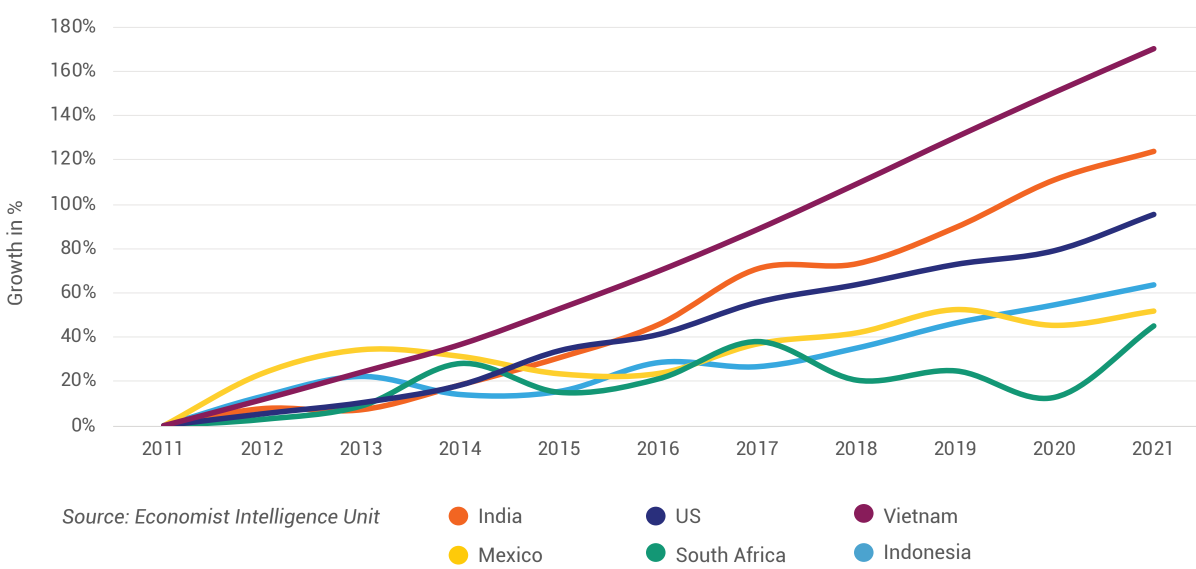
Source: Economist Intelligence Unit

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

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

Figure 2.16

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



Source: Economist Intelligence Unit

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

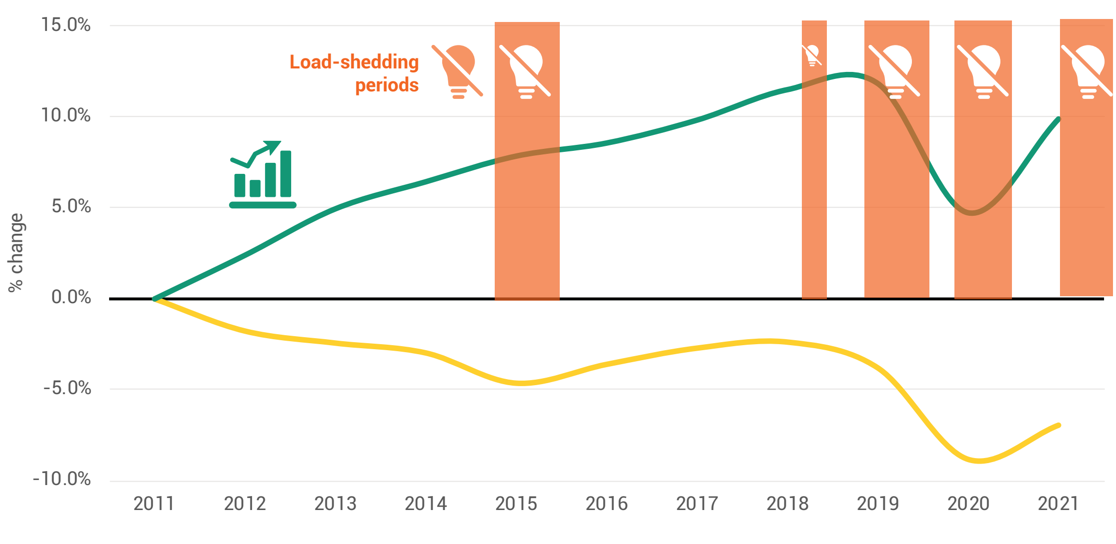
South Africa is currently yielding insufficient FDI to make significant inroads into economic growth and unemployment. The lack of FDI in South Africa can possibly be ascribed to elevated crime rates, high levels of social unrest (strikes and protests), corruption and structural issues in electricity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

2.3.5 The South African energy crisis

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

Figure 2.17

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

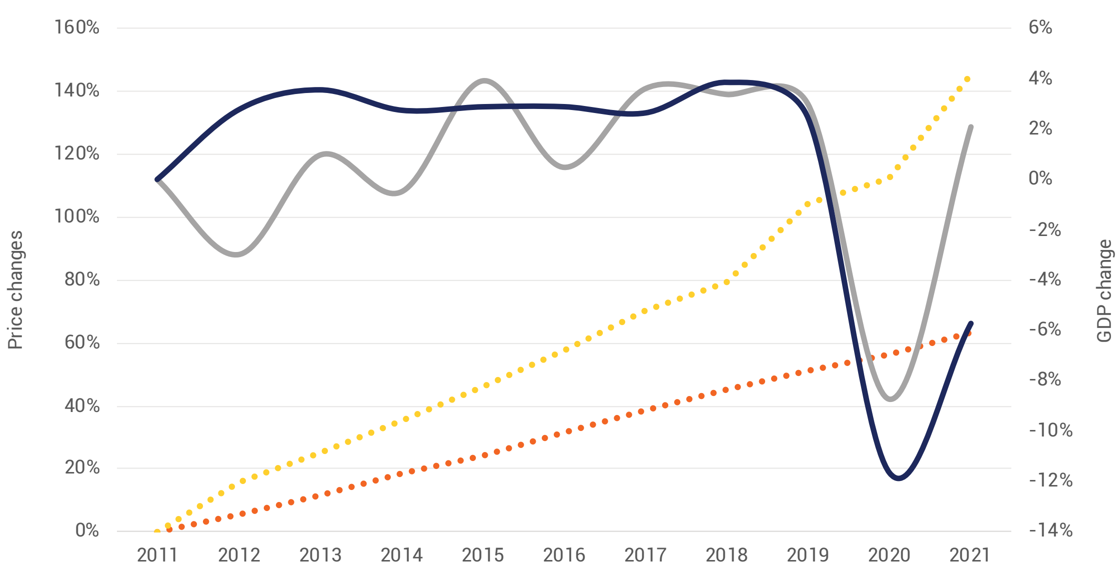


Source: Quantec Research

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

Figure 2.18

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



Sources: Quantec Research, Eskom, Stats SA

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

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

[8] *GDP measured in basic prices.*

IN RESPONSE TO A CRISIS

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

The plan included the following:

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

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

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

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

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

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

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

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

Source: Western Cape Government, 2022

2.3.6 Economic outlook of South Africa

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

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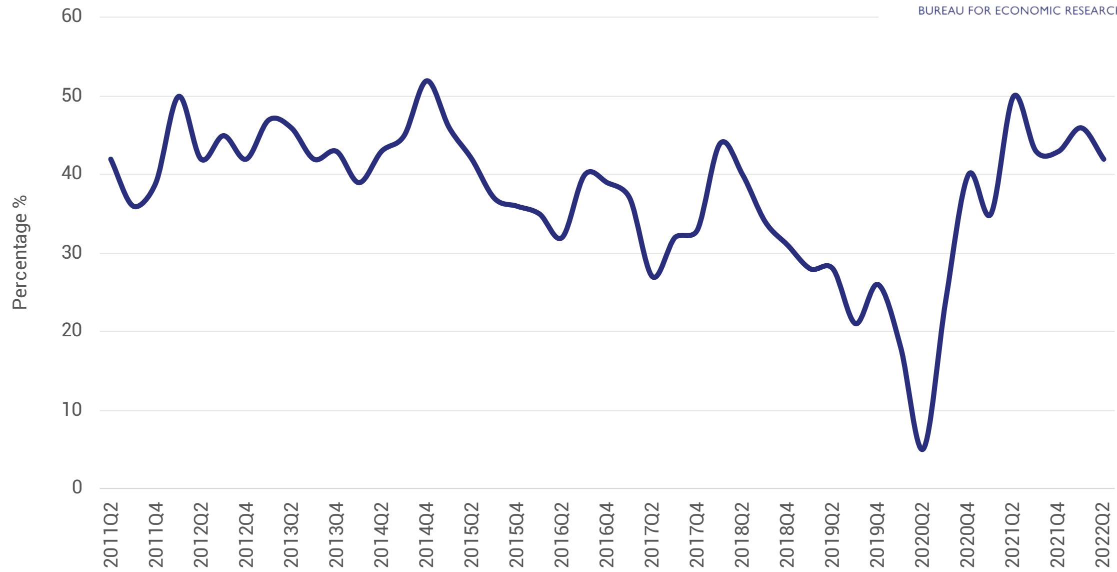
Figure 2.19
RMB/BER COMPOSITE BUSINESS CONFIDENCE INDEX, 2011Q2 – 2022Q2



Source: Quantec Research

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

Table 2.3

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

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

Source: Quantec Research

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

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

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

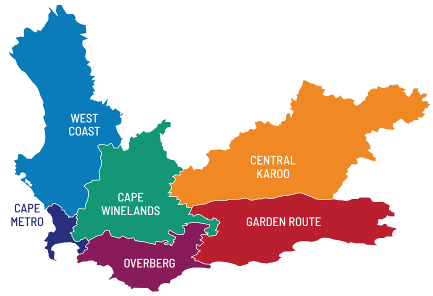
The South African economic outlook will significantly affect the economic prospects of the Western Cape economy.

2.3.7 Risks to the South African outlook

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

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

2.4 DEVELOPMENTS IN THE WESTERN CAPE ECONOMY

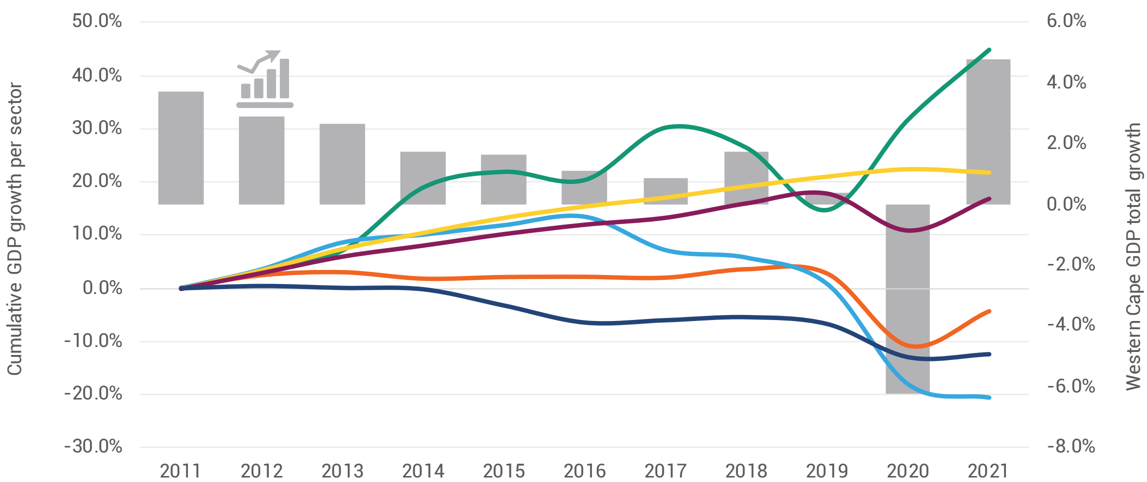


Compared with the rest of South Africa, the Western Cape has a more service-oriented economy, with a relatively strong contribution from the finance sector and a unique dependence on the tourism and wine industries. In 2021, the Western Cape was the third-largest regional economy in South Africa, accounting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

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

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

Figure 2.20
WESTERN CAPE GDP GROWTH RATE, 2011 – 2021



Sources: Quantec Research, own calculations

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

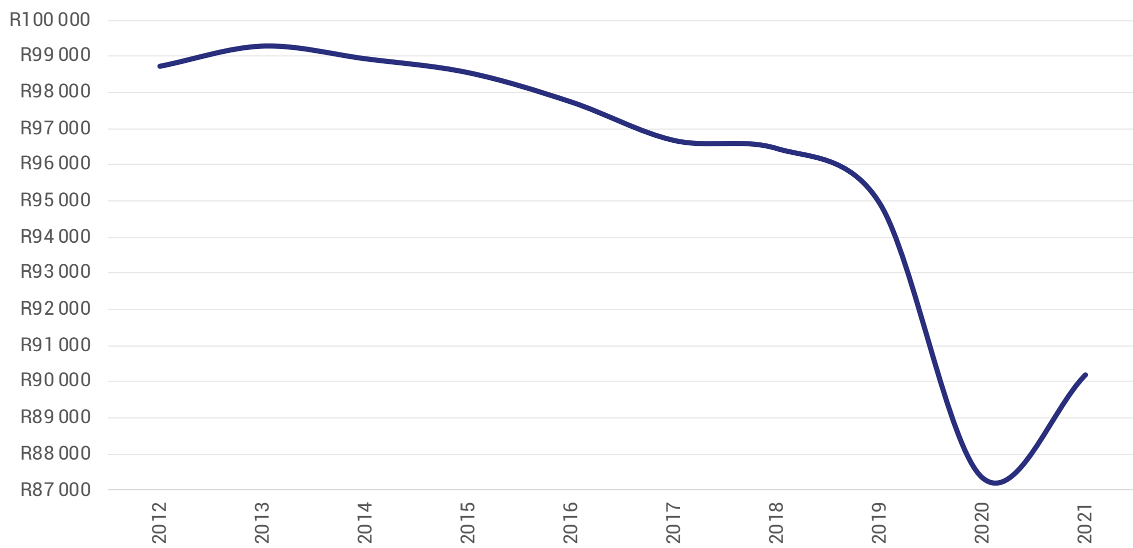
2.4.1 Sectoral performance

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

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

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

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

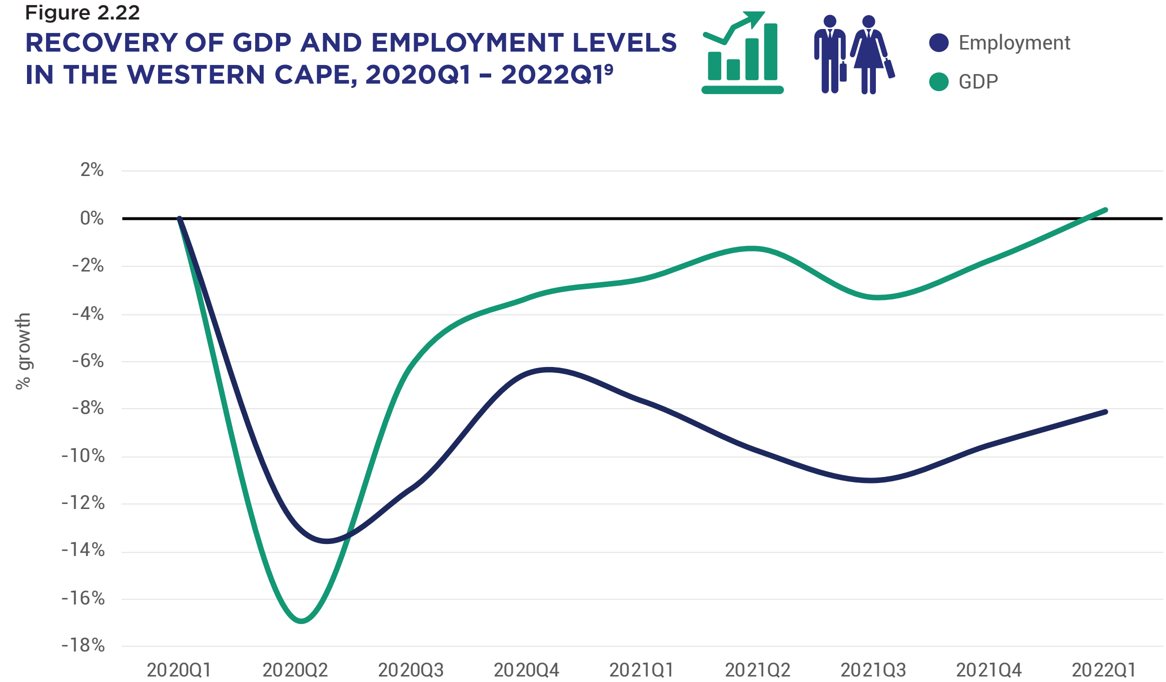


Sources: Quantec Research, Stats SA, own calculations

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

Figure 2.22

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

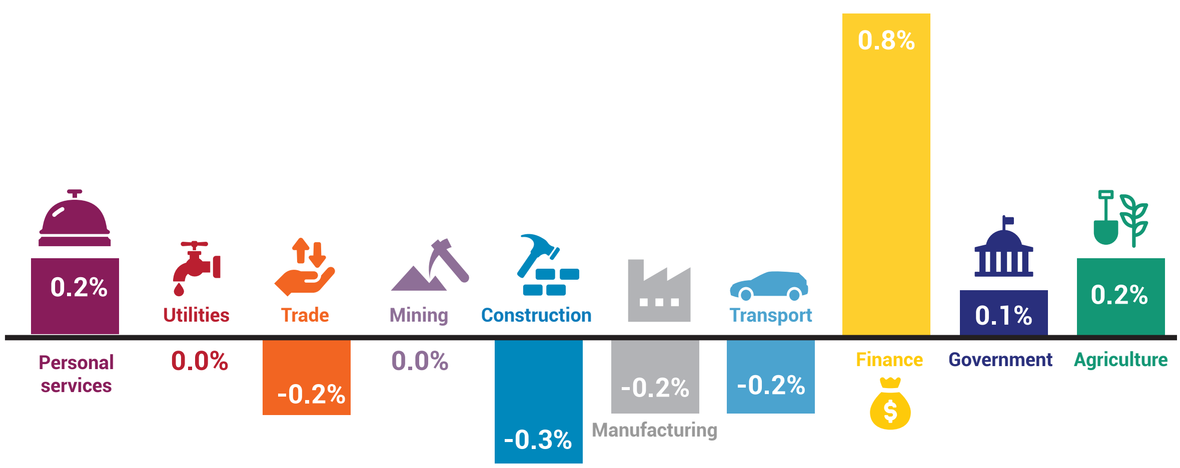


Sources: Quantec Research, Stats SA, own calculations

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

Figure 2.23

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



Sources: Quantec, Research, own calculations

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[9] 2020Q1 indexed to 0.

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

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

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

2.4.2 Regional performance

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

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

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

Table 2.4

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

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

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

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

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

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

Table 2.4 (continued)

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

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

Table 2.5

SECTOR CONTRIBUTION TO TOTAL DISTRICT GDP IN 2021

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

Sources: Quantec Research, own calculations

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

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

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

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

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

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

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

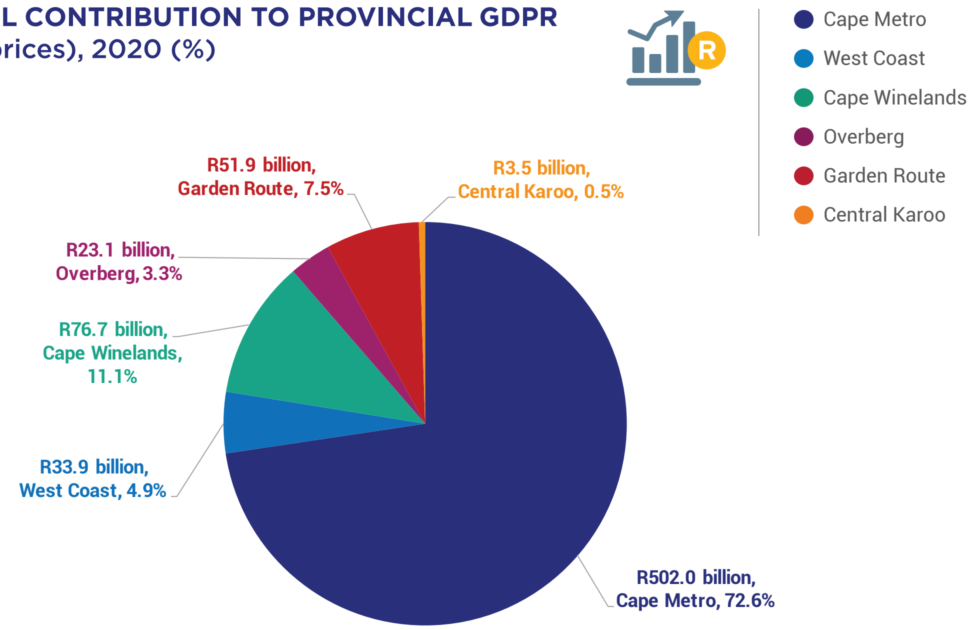
In 2021, the CKD's GDP expanded by 4.8 per cent. The bulk of the growth was contributed by the community services (1.5 percentage points) and agriculture (1.3 percentage points) sectors. Over the past decade the CKD's average growth rate was 1.2 per cent, with the general government and agriculture sectors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

2.5 REGIONAL ECONOMIC OVERVIEW

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

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

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



Source: Quantec Research, 2022

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

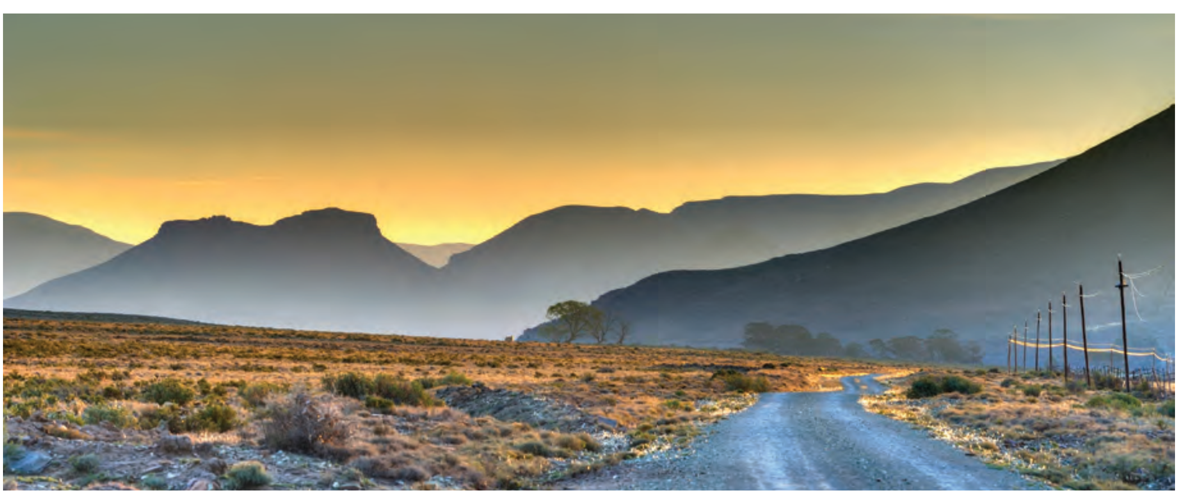
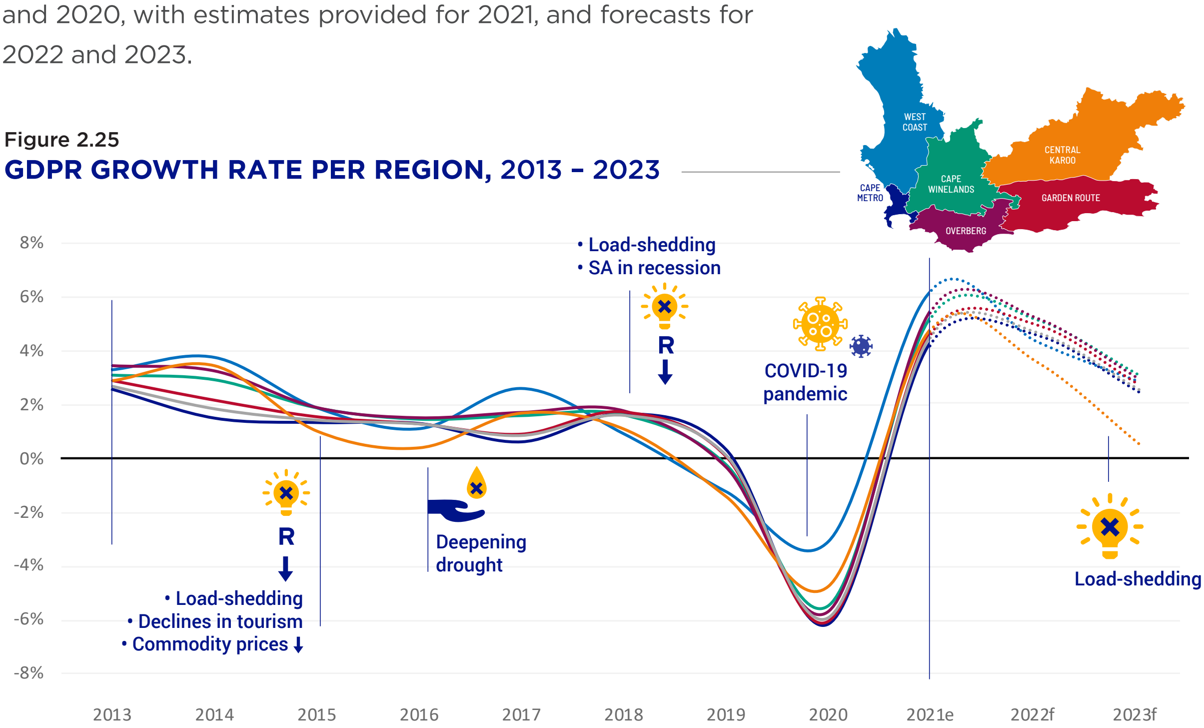


Figure 2.25 indicates the GDPR growth trends between 2013 and 2020, with estimates provided for 2021, and forecasts for 2022 and 2023.

Figure 2.25

GDPR GROWTH RATE PER REGION, 2013 – 2023



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

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

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

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

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

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

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

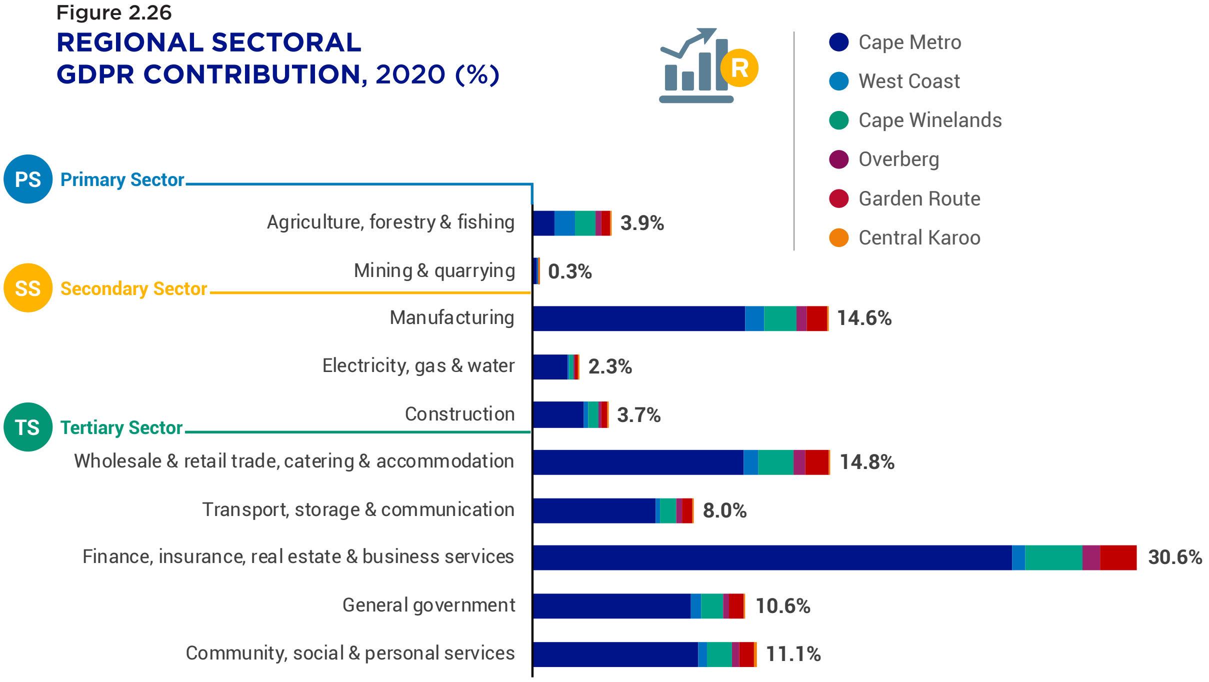
Estimates for 2021 indicate a marked recovery in GDPR growth, with the Provincial economy recording growth of 4.6 per cent. During the same year, the WCD and OD are expected to have recorded the highest growth rates, at 6.2 per cent and 5.5 per cent respectively. The recovery in economic activity was,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

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

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

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

Figure 2.26
REGIONAL SECTORAL GDPR CONTRIBUTION, 2020 (%)



Source: Quantec Research, 2022

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

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

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

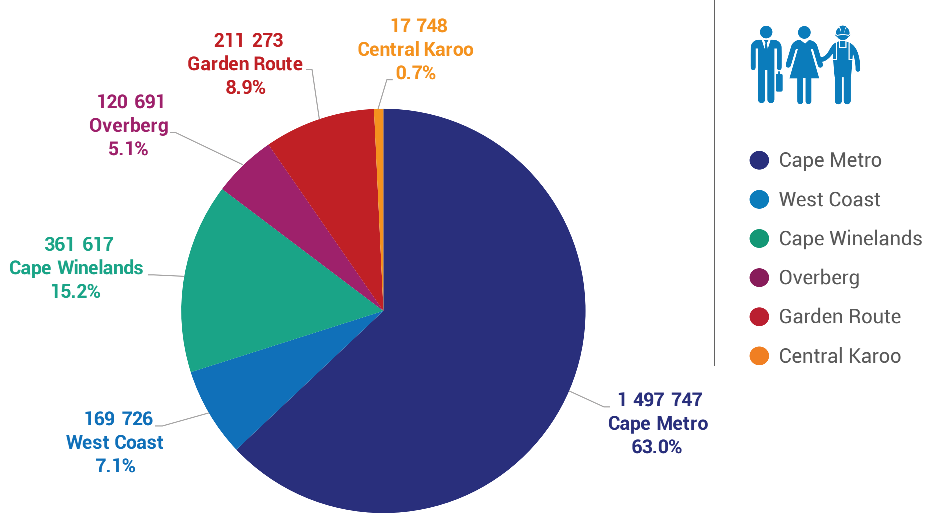
[15] *(International Monetary Fund, 2022).*

3. LABOUR MARKET DYNAMICS

3.1 REGIONAL LABOUR TREND ANALYSIS

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

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

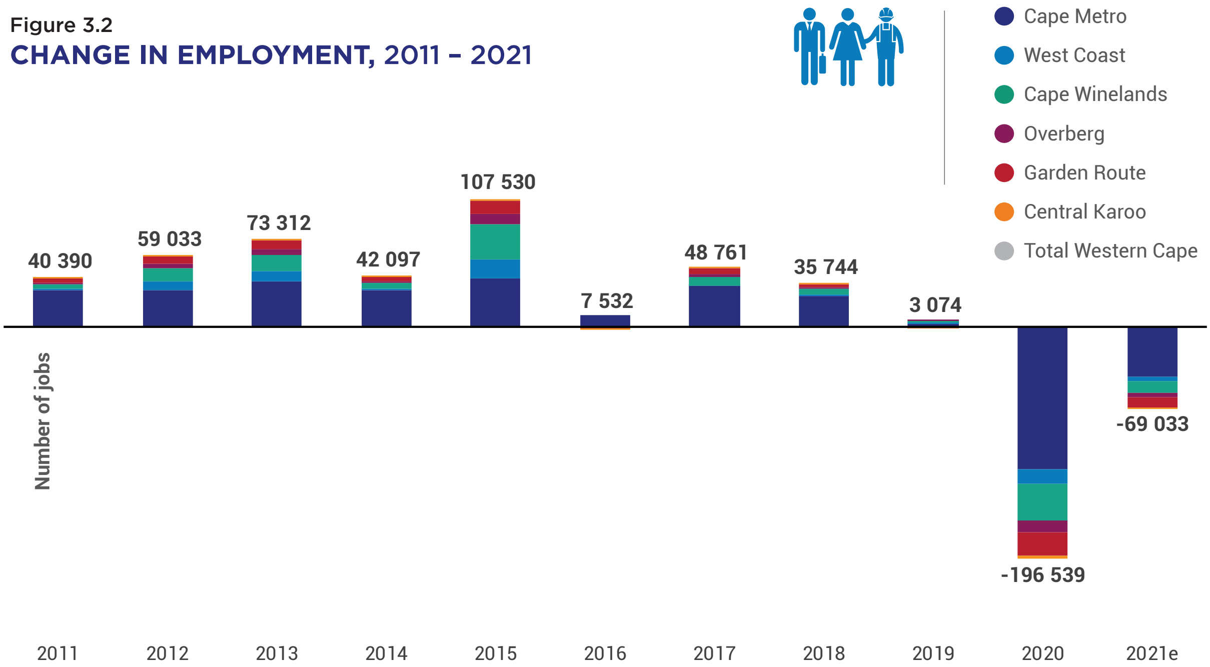


Source: Quantec Research, 2022

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

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

Figure 3.2
CHANGE IN EMPLOYMENT, 2011 – 2021



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

Source: Quantec Research, 2022 (e denotes estimate)

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

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

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

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

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

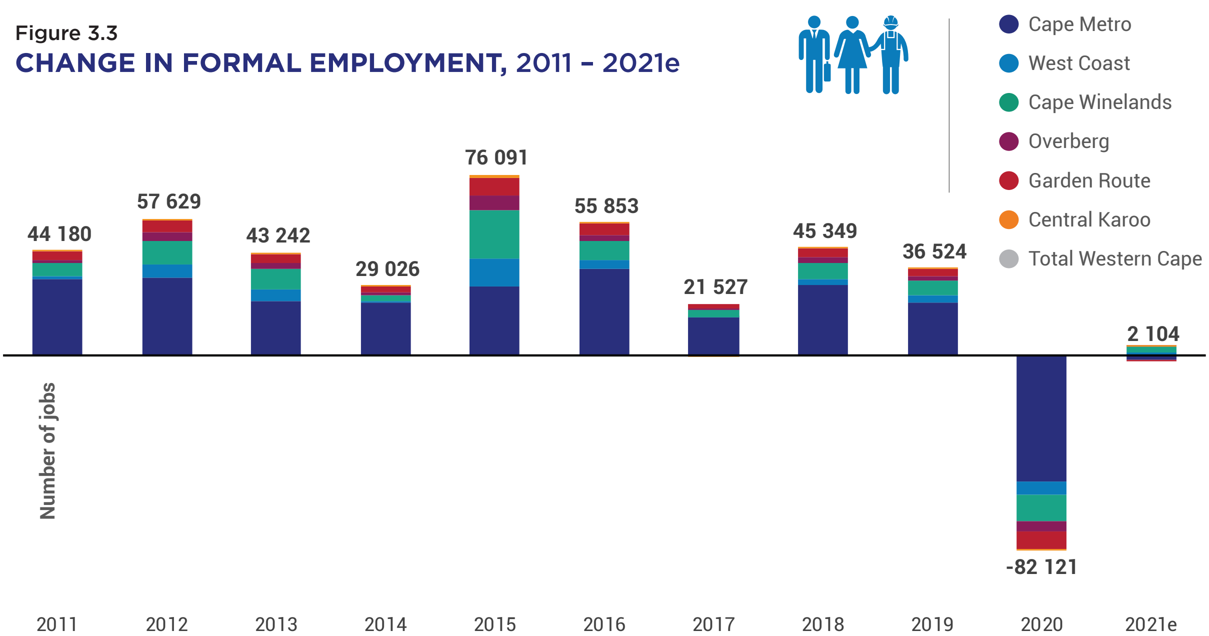
With 196 539 jobs lost in 2020, the Provincial economy saw considerable employment losses. The Cape Metro region lost the most jobs (120 701), followed by the CWD and GRD, which lost 30 783 and 20 143 jobs respectively. As with GDPR, the advent of COVID-19 in South Africa exacerbated labour market circumstances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

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

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

Figure 3.3

CHANGE IN FORMAL EMPLOYMENT, 2011 – 2021e



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

Source: Quantec Research, 2022 (e denotes estimate)

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

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

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

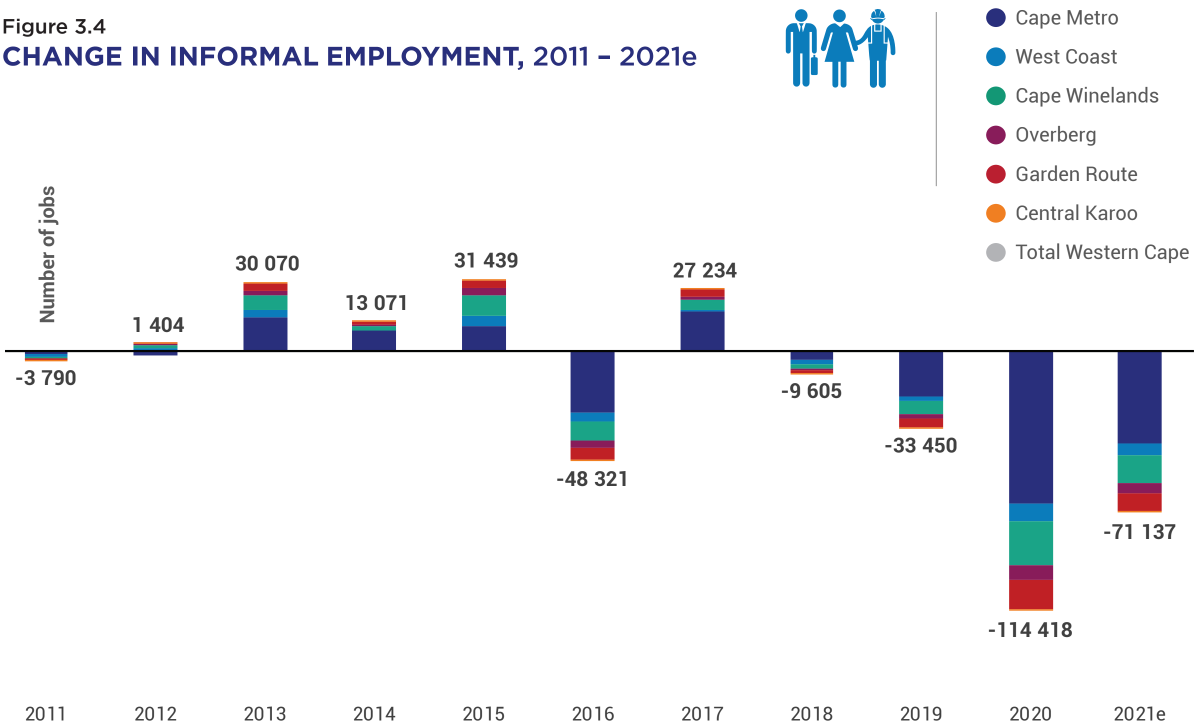
The number of new formal employment opportunities generated in the Province peaked in 2015,[19] with 76 091 formal jobs created that year, and then mostly declined until 2020. The COVID-19 pandemic and limitations on formal economic activity were the reasons for the high formal job-shedding reported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

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

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

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

Figure 3.4
CHANGE IN INFORMAL EMPLOYMENT, 2011 – 2021e



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

Source: Quantec Research, 2022 (e denotes estimate)

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

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

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

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

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

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

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

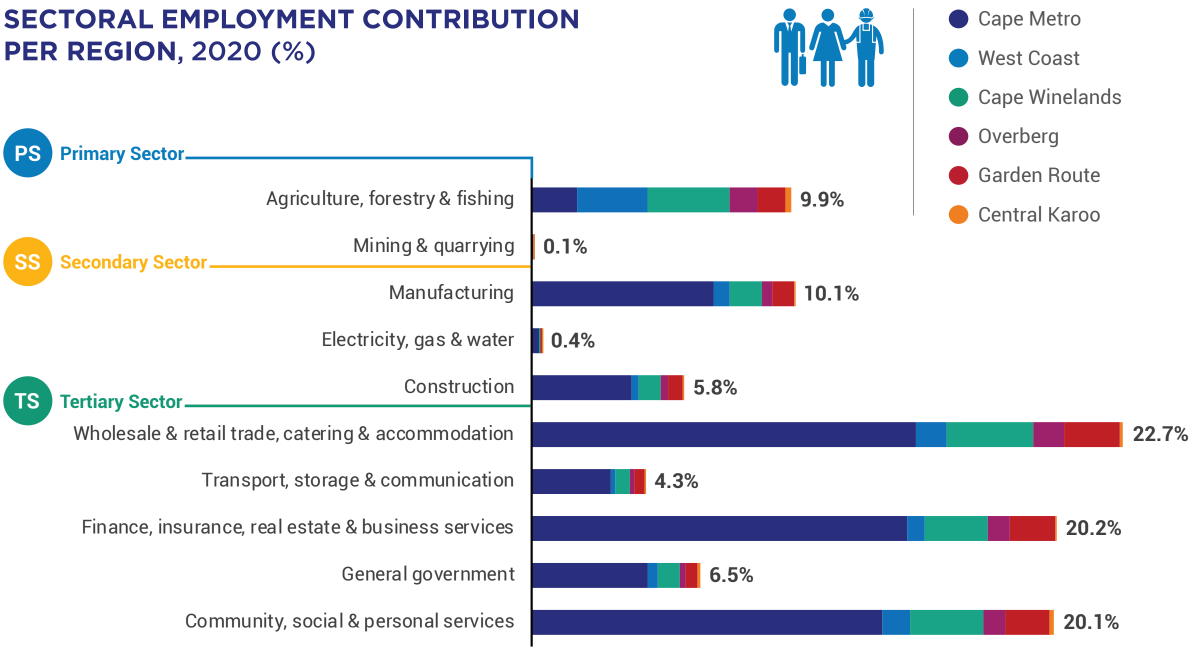
Informal job losses over the past two years have highlighted the sector's precarity, and as a response the following key themes should be considered by local government:

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

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

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

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



Source: Quantec Research, 2022

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

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

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

4. CONCLUDING REMARKS

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

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

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

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

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CWD

CAPE WINELANDS DISTRICT

21 473KM^2

CAPE WINELANDS DISTRICT

WITZENBERG, DRAKENSTEIN, STELLENBOSCH, BREEDE VALLEY, LANGEBERG

INFOGRAPHIC SUMMARY

1 Economic growth
- Introduction
- Regional GDPR performance
- GDPR performance per municipal area
- International trade and tourism
- Investments
- Concluding remarks

2 Jobs
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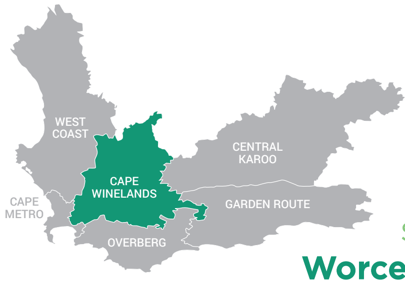
- Regional labour trend analysis
- Employment and skills per municipal area
- Concluding remarks

3 Safety and wellbeing
- Introduction
- Population profile
- Human development
- Access to housing and basic services
- Crime
- Concluding remarks



CWD CAPE WINELANDS DISTRICT

SEAT **Worcester** | AREA **21 473KM^2** | DENSITY **37/KM^2**

MUNICIPALITIES | **WITZENBERG, DRAKENSTEIN, STELLENBOSCH, BREEDE VALLEY, LANGEBERG**

DEMOGRAPHICS

GENDER – POPULATION

954 324
POPULATION 2021

49.5% | 50.5%
Gender split 2021

HOUSEHOLDS

Average **household income** 2020
R17 537

Indigent households 2021
51 940

AGE

0-14yrs **25.0%**
15-64yrs **69.2%**
65+yrs **5.8%**
Age split 2021

GROSS DOMESTIC PRODUCT

GDPR 2020
R76.7 BILLION
(11.1%)
of Western Cape

GDPR per capita (2021 current prices)
R67 797.6

GDPR estimated growth

2021e	2022f	2023f
5.3%	2.5%	0.8%

SERVICES

99.4% Access to **water** (piped or tap)

96.2% Access to **electricity**

95.5% Access to **solid waste removal**

96.6% Access to improved **sanitation**

2021

EMPLOYMENT

PEOPLE EMPLOYED
361 617
2020

10 226
Estimated **number** of **jobs lost** 2021

15.4%
Estimated **unemployment** rate 2021

TRADE

IMPORTS **R28.8 BILLION** 2021

EXPORTS **R45.8 BILLION**

Top 3 exported products 2021

- Wine
- Citrus fruit
- Grapes

Top 3 export destinations

- Netherlands
- United Kingdom
- United States

TOURISM

VISITORS 2021

OVERSEAS **8.1%**

DOMESTIC **91.8%**

2021

OVERNIGHT **35.5%**

DAY VISITORS **59.7%**

ACTIVITIES

Top activities 2021

- Culture/ Heritage **29.2%**
- Outdoor Activities **24.0%**
- National Parks/ Nature Reserves **13.5%**

	GDPR 2020 GDPR CONTRIBUTION	GDPR 2021 GDPR GROWTH	EMPLOYMENT 2020 EMPLOYMENT CONTRIBUTION	EMPLOYMENT 2021 EMPLOYMENT GROWTH
PRIMARY SECTOR	R 8.9%	7.5%	R 20.9%	-3.5%
AGRICULTURE, FORESTRY & FISHING	8.7%	7.9%	20.9%	-3.5%
MINING & QUARRYING	0.2%	-14.1%	0.0%	-6.8%
SECONDARY SECTOR	21.4%	3.8%	13.9%	-4.7%
MANUFACTURING	14.9%	5.6%	8.1%	-4.5%
ELECTRICITY, GAS & WATER	1.9%	3.5%	0.3%	-1.8%
CONSTRUCTION	4.6%	-1.2%	5.5%	-5.2%
TERTIARY SECTOR	69.6%	5.4%	65.2%	-2.2%
WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION	16.2%	8.0%	21.9%	-4.9%
TRANSPORT, STORAGE & COMMUNICATION	6.9%	6.2%	3.4%	-9.4%
FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES	25.5%	4.9%	16.0%	-1.4%
GENERAL GOVERNMENT	10.0%	0.2%	5.4%	1.2%
COMMUNITY, SOCIAL & PERSONAL SERVICES	11.1%	7.2%	18.4%	0.6%

1 ECONOMIC GROWTH

1.1 INTRODUCTION

The CWD is a landlocked area bordering five other regions.[1] It covers 21 473km², constituting 16.6 per cent of the Western Cape's total area.[2] The CWD consists of five local municipalities, namely Drakenstein, Stellenbosch, Witzenberg, Breede Valley and Langeberg. As the heart of the Provincial wine industry, the CWD has an extensive, mostly rural agricultural history. However, several towns in the CWD such as Worcester, Paarl and Stellenbosch function as highly developed nodes.

The period under review for MERO 2022 is between 2016 and 2020, with 2021[3] figures being estimated. Economic forecasting is also done for the years 2022 and 2023.

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[1] *WCD, Cape Metro, OD, GRD and CKD.*

[2] *(Municipal Demarcation Board, 2018).*

[3] *Stats SA will only release official regional indicators for 2021 in 2023.*

1.2 REGIONAL GDPR PERFORMANCE

An overview of the key highlights of the CWD economy is provided in this section. This includes an evaluation of the size of the economy, the sectoral GDPR contributions and the respective growth rates for the various municipal areas within the District.

The GDPR contribution and average growth rates per municipal area for the CWD are provided in Diagram 1.1.

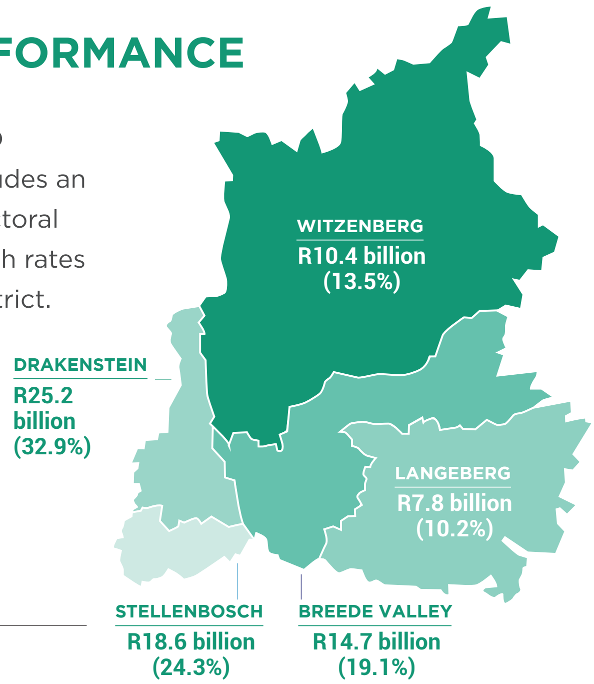
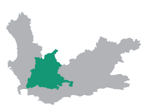


Diagram 1.1
GDPR CONTRIBUTION AND AVERAGE GROWTH RATES PER MUNICIPAL AREA, Cape Winelands District

MUNICIPALITY	R value 2020	Trend 2011 – 2020 (%)	Trend 2016 – 2020 (%)
Witzenberg	R10.4 billion (13.5%)	3.2%	1.3%
Drakenstein	R25.2 billion (32.9%)	0.9%	-0.5%
Stellenbosch	R18.6 billion (24.3%)	0.7%	-0.7%
Breede Valley	R14.7 billion (19.1%)	1.4%	-0.1%
Langeberg	R7.8 billion (10.2%)	1.6%	0.0%
Cape Winelands District	**R76.7 billion (100.0%)**	**1.3%**	**-0.2%**
Western Cape	**R691.0 billion**	**1.0%**	**-0.4%**



CAPE WINELANDS
R76.7 billion

WESTERN CAPE
R691.0 billion

FORECAST

GDPR estimated growth

2021e	2022f	2023f
5.3%	2.5%	0.8%

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

The GDPR of the CWD amounted to R76.7 billion in 2020, comprising 11.1 per cent of the Provincial economy. Between 2016 and 2020, the CWD recorded an average annual GDPR contraction of 0.2 per cent. The Provincial contraction was higher than that of the District, with an average annual contraction of 0.4 per cent.

The average contraction of the District is likely to have been driven by contractions in the secondary sector during the period. The CWD experienced drastic crop output decreases,[4] which impacted agro-processing in the District. This was largely felt in the manufacturing sector, which is concentrated on processing agricultural output into products such as wine, brandy and tinned fruit products.[5] Furthermore, perceptions of the drought had inadvertent effects on tourism, with tourism arrivals declining between 2017 and 2018.[6] As a result of this, the trade sector was also impacted.

The Drakenstein municipal area contributed 32.9 per cent to GDPR in 2020. The Drakenstein municipal area was the largest contributing municipal area in the CWD during the year. This was followed by the Stellenbosch municipal area, which contributed 24.3 per cent to District GDPR. The smallest contributor to the District was the Langeberg municipal area, which contributed 10.2 per cent to District GDPR.

Between 2016 and 2020, the Witzenberg municipal area recorded an average annual GDPR growth rate of 1.3 per cent. The Witzenberg municipal area was the only municipal area in the CWD to record growth in the period. This is attributable to the strong performance of the agriculture, trade, finance and manufacturing sectors in the municipal area during the period, all driving the Witzenberg municipal area's economy. This is underpinned by benefits yielded by the expansion of production capacity in pome fruit earlier in the decade. The Langeberg municipal area stagnated between 2016 and 2020. All remaining municipal areas experienced a contraction during the period.

It is estimated that the CWD grew by 5.3 per cent in 2021. Estimates for 2021 are supported by the reopening of borders for travel in October 2020, allowing the District to continue benefiting from tourism activity.[7] With the easing of national lockdown levels, the stimulation of economic activity is likely to influence GDPR growth in the District.

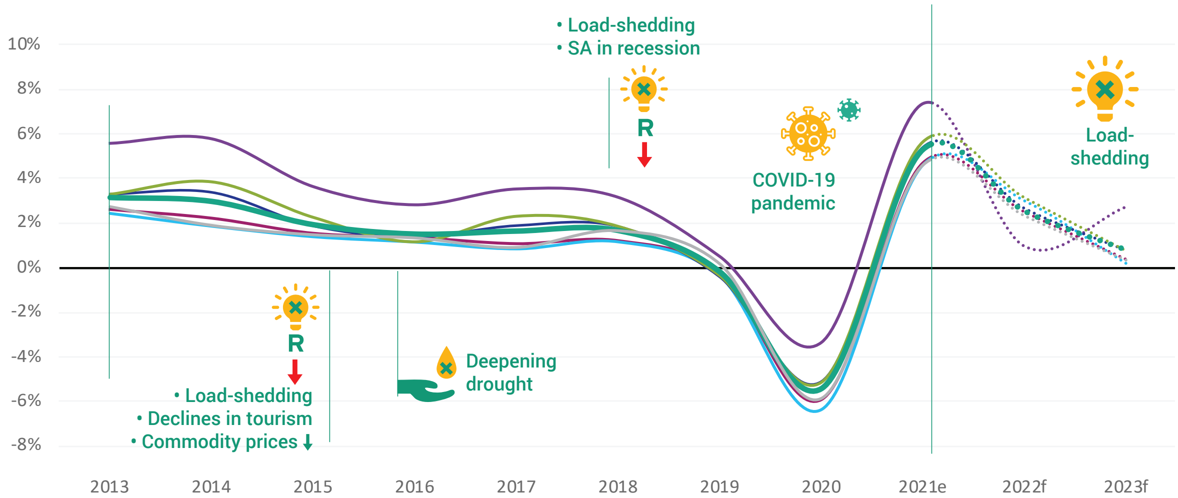
However, the estimated growth rates are unsustainable, as they arrive in the midst of an economic crisis. Forecasts for 2022 are largely affected by load-shedding, which is likely to have a negative impact on economic growth, as the manufacturing sector is affected. Additionally, with persisting inflation, forecasts for 2022 will be impacted.

[4] *(Goudriaan, et al., 2019).*
[5] *(Department of Cooperative Governance and Traditional Affairs, 2020).*
[6] *(Dube, Chikodzi, & Nhamo, 2020).*
[7] *(Pandor, 2020).*

An overview of the historical growth trends of the respective municipal areas in the District, along with the growth rates of the CWD and the Province, is provided in Figure 1.1.

Figure 1.1

GDPR GROWTH PER MUNICIPAL AREA, Cape Winelands District, 2013 – 2023



	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022f	2023f
Western Cape	2.7%	1.9%	1.5%	1.3%	0.9%	1.6%	0.1%	-5.9%	4.6%	2.3%	0.3%
Cape Winelands District	3.1%	2.9%	1.9%	1.5%	1.6%	1.6%	-0.2%	-5.5%	5.3%	2.5%	0.8%
Witzenberg	5.6%	5.8%	3.6%	2.8%	3.5%	3.1%	0.5%	-3.4%	7.3%	0.9%	2.7%
Drakenstein	2.6%	2.2%	1.6%	1.4%	1.1%	1.2%	-0.2%	-5.9%	4.7%	2.5%	0.4%
Stellenbosch	2.4%	1.9%	1.4%	1.1%	0.8%	1.2%	-0.4%	-6.4%	4.6%	3.0%	0.2%
Breede Valley	3.3%	3.4%	1.9%	1.4%	1.9%	1.8%	-0.4%	-5.1%	5.4%	2.6%	0.8%
Langeberg	3.3%	3.9%	2.3%	1.2%	2.3%	1.9%	-0.3%	-5.1%	5.7%	3.1%	0.8%

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

Between 2013 and 2019, the CWD recorded a downward trend in GDPR growth. This culminated in a contraction of 0.2 per cent recorded by the District in 2019. Downward trends in growth are attributable to events such as load-shedding between 2014 and 2015, as well as from 2018 onwards.[8] Other causes include drought impacts on the District economy as a result of the decreased agricultural and agro-processing output.[9] As the production of fruit and wine decreased in the District, agricultural exports also declined within the period.[10]

In 2020, the CWD recorded a contraction in GDPR growth of 5.5 per cent. This contraction was below that of the Province, which recorded a contraction of 5.9 per cent during the year. The year was defined by the impact of the COVID-19 pandemic on the District economy, with all municipal areas recording contractions above 3.0 per cent. The largest contraction (6.4 per cent) was recorded by the Stellenbosch municipal area. All trade as well as many industries in the District were affected by the national lockdown. As the District largely relies on trade and manufacturing, the CWD was greatly affected by policy responses to the pandemic, such as the national lockdown and restriction of economic activity limited only to essential goods and services.[11]

[8] *(Council for Scientific and Industrial Research, 2021).*
[9] *(Goudriaan, et al., 2019).*
[10] *(Partridge, Morokong, & Sibulali, 2020).*
[11] *(Arndt, Robinson, & Sherwin, 2020).*

It is estimated that the District recorded a growth rate of 5.3 per cent in 2021. It is also estimated that the Witzenberg municipal area led all the municipal areas, with a growth rate of 7.3 per cent in 2021. This is not likely to have had a large effect on the District's GDPR, as the Witzenberg municipal area has the second-smallest GDPR contribution to the District. However, it is forecast that the District will not be able to sustain the 2021 growth rate, with a forecast growth rate of 2.5 per cent in 2022. Forecasts in 2023 suggest that the District will continue the downward trend, with the District expected to record a growth rate of 0.8 per cent. Furthermore, forecasts for the District are likely to be impacted by increased inflation rates and monetary policy responses by the SARB to increase the repo rate.[12] This is also seen in the estimated growth of the tertiary sectors in the District.

Table 1.1 provides an overview of sectoral contributions. Furthermore, it provides the average annual growth rates of each sector between 2016 and 2020, estimates for 2021 and forecasts for 2022 and 2023.

Table 1.1

GDPR PERFORMANCE PER SECTOR, Cape Winelands District (%)

		Trend		Real GDPR growth		
SECTOR	R million value 2020	2011 – 2020	2016 – 2020	2021e	2022f	2023f
Primary Sector	**R6 857.4 (8.9%)**	**2.4%**	**1.0%**	**7.5%**	**10.6%**	**-0.3%**
Agriculture, forestry & fishing	R6 696.6 (8.7%)	2.4%	0.9%	7.9%	10.5%	-0.2%
Mining & quarrying	R160.8 (0.2%)	2.2%	1.3%	-14.1%	17.4%	-6.6%
Secondary Sector	**R16 413.6 (21.4%)**	**-1.4%**	**-3.3%**	**3.8%**	**2.8%**	**-0.6%**
Manufacturing	R11 410.1 (14.9%)	-1.9%	-3.0%	5.6%	3.5%	-1.6%
Electricity, gas & water	R1 488.7 (1.9%)	-0.2%	-1.6%	3.5%	0.6%	0.8%
Construction	R3 514.8 (4.6%)	0.0%	-4.5%	-1.2%	1.1%	2.3%
Tertiary Sector	**R53 399.3 (69.6%)**	**2.2%**	**0.8%**	**5.4%**	**1.3%**	**1.3%**
Wholesale & retail trade, catering & accommodation	R12 434.8 (16.2%)	1.3%	-1.5%	8.0%	7.4%	2.8%
Transport, storage & communication	R5 282.7 (6.9%)	1.0%	-2.0%	6.2%	5.3%	3.2%
Finance, insurance, real estate & business services	R19 568.4 (25.5%)	3.7%	3.4%	4.9%	-1.6%	0.5%
General government	R7 629.9 (10.0%)	1.9%	1.0%	0.2%	-2.1%	0.9%
Community, social & personal services	R8 483.4 (11.1%)	1.3%	0.2%	7.2%	0.1%	-0.1%
Total Cape Winelands District	**R76 670.3 (100.0%)**	**1.3%**	**-0.2%**	**5.3%**	**2.5%**	**0.8%**

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

[12] *(Kganyago, 2022).*

With a contribution of R53.4 billion in 2020, the tertiary sector made the largest contribution to the GDPR of the CWD, at 69.6 per cent. Between 2016 and 2020, the tertiary sector recorded an average growth rate of 0.8 per cent. The District, in comparison, recorded an average contraction of 0.2 per cent in the same period. It is evident that the performance of the District is driven by the performance of the tertiary sector.

The largest contributing subsector in the tertiary sector is the finance sector, with a contribution of 25.5 per cent to GDPR in 2020. This is followed by the trade sector, contributing 16.2 per cent of District GDPR. Between 2016 and 2020, the finance sector had the largest average annual growth rate in the District, with a growth rate of 3.4 per cent. It is likely that the finance sector growth in the District is a result of the continued foreign direct investment in the District between 2016 and 2020.[13] Additionally, with lower interest rates, the finance sector has benefited from an increase in real estate activity. This increase has been driven by demand for property within the region.[14] The better performance of the District relative to the Province may be due to the performance of the finance sector in the same period – a sector the CWD is heavily reliant on.

It is estimated that the tertiary sector grew by 5.4 per cent in 2021. The trade sector is estimated to have achieved the highest level of growth at 8.0 per cent in the same year. Additionally, the community services sector and the transport sector are estimated to have had the second- and third-highest growth rates, at 7.2 per cent and 6.2 per cent respectively. This is likely to be as a result of an economy stimulated by the easing of lockdown regulations, which initiated economic recovery in the District.

The secondary sector accounted for 21.4 per cent of the District's GDPR in 2020. Between 2016 and 2020, the secondary sector had an average annual contraction of 3.3 per cent. This was the only main sector to have experienced a contraction in the District throughout the period. The poor performance of the sector contributed significantly to the District's contraction throughout the period. This can be attributed to a combination of drought impacts affecting the District,[15] as well as load-shedding disrupting manufacturing activity.

[13] *(Wesgro, 2019).*
[14] *(Kruger, 2019).*
[15] *(French, 2019).*

The manufacturing sector was the leading subsector in the secondary sector, with a contribution of 14.9 per cent to District GDPR in 2020. Between 2016 and 2020, all subsectors in the secondary sector recorded contractions, with the largest average contraction recorded by the construction sector at 4.5 per cent.

The secondary sector is estimated to have recovered in 2021, with growth of 3.8 per cent. This was largely driven by the easing of lockdown restrictions regarding alcohol sales caused by the COVID-19 pandemic policy response. The manufacturing sector in the CWD will benefit from fewer restrictions, as alcohol manufacturers in the District are able to operate.[16]

Valued at R6.9 billion, the primary sector contributed 8.9 per cent to District GDPR in 2020. Between 2016 and 2020, the sector had an average annual growth rate of 1.0 per cent, comparing favourably with the growth rate of the District. Despite low contributions to District GDPR, the primary sector's performance positively affected GDPR and is likely to have contributed to the District avoiding greater contractions in the period.

The agriculture sector was the largest contributing subsector in the primary sector, contributing 8.7 per cent of District GDPR in 2020. Conversely, the mining sector contributed 0.2 per cent of District GDPR during the year, making it the smallest contributing subsector in the District. Between 2016 and 2020, the agriculture sector had an average annual growth rate of 0.9 per cent.

[16] *(Burger, 2022).*

The primary sector is estimated to have grown by 7.5 per cent in 2021. This was driven by the export-led growth of the agriculture sector.[17]

The tertiary sector is forecast to grow by 1.3 per cent in 2022. The trade and transport sectors are forecast to drive growth in the tertiary sector in 2022, with forecasts of 7.4 per cent and 5.3 per cent growth rates respectively. This is attributable to increased tourism in the region through increased international arrivals[18] in the country as well as increasing commodities exports.[19] Forecasts for 2022 suggest that the secondary sector will record a growth rate of 2.8 per cent. This is likely to be a result of the mechanisation of the manufacturing sector,[20] buoyed by an increase in harvest in the District.[21] Forecasts for 2022 suggest an improvement in the primary sector of 10.6 per cent.

Forecasts for 2023 suggest that the tertiary sector will grow by 1.3 per cent in the year. Growth in the tertiary sector in 2023 is likely to be supported by the trade sector, which is forecast to achieve a growth rate of 2.8 per cent. The secondary sector is forecast to contract by 0.6 per cent in 2023. The contraction of the sector is driven by the manufacturing sector, which is forecast to contract by 1.6 per cent in the year. The primary sector is forecast to have a contraction of 0.3 per cent in 2023. As both the agriculture and mining sectors are also forecast to contract in the year by 0.2 per cent and 6.6 per cent respectively, the primary sector will contract as a result of this.

[17] *(Meyer, 2021).*
[18] *(South African Tourism, 2022).*
[19] *(Stats SA, 2022).*
[20] *(Madiba, 2021).*
[21] *(Snyman, 2022).*

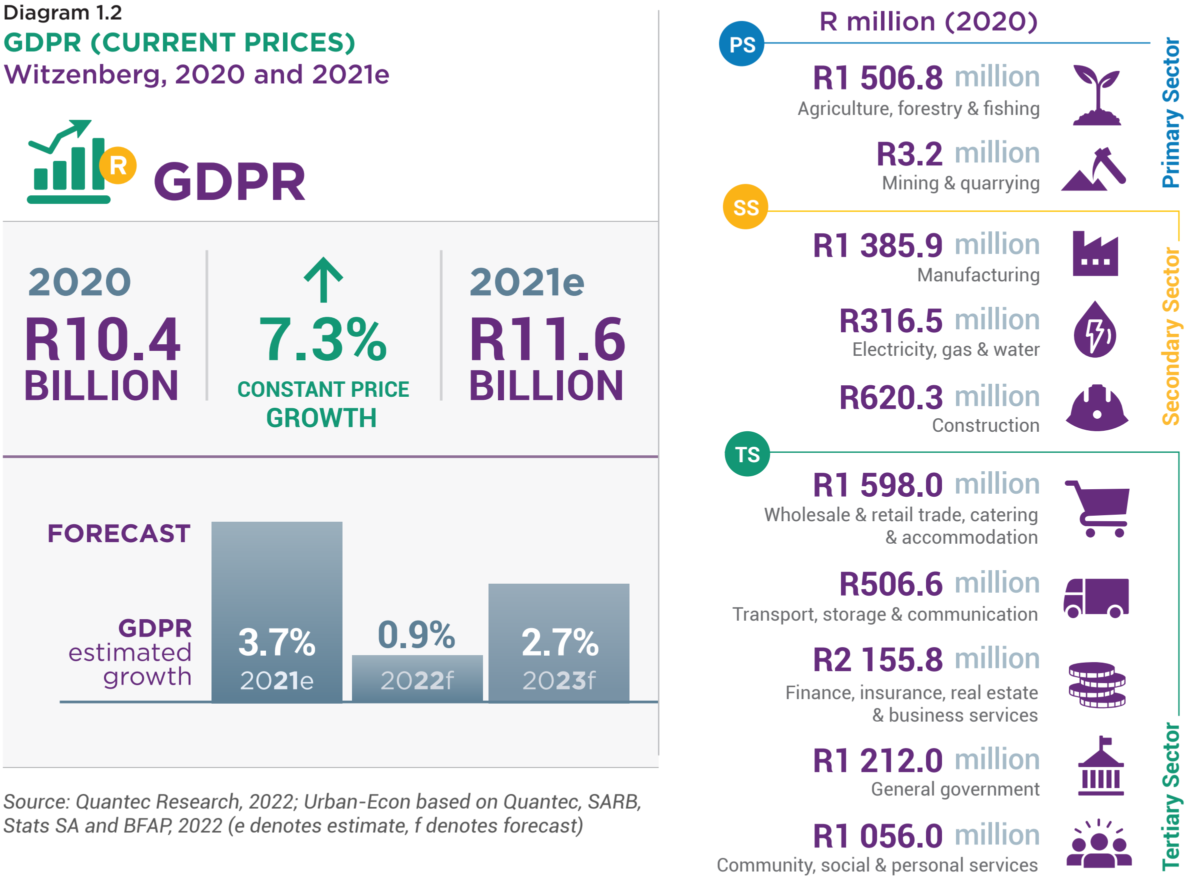
1.3 GDPR PERFORMANCE PER MUNICIPAL AREA

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

1.3.1 WITZENBERG

The Witzenberg municipal area consists of five towns, namely Ceres, Tulbagh, Wolseley, Op die Berg and Prince Alfred Hamlet. These towns provide goods and services for the local agricultural industry, with some agro-processing also taking place. The Witzenberg municipal area is well known for producing export-quality deciduous fruit, vegetables and wine, and has also created a footprint as a family and adventure tourist destination.[22]

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



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

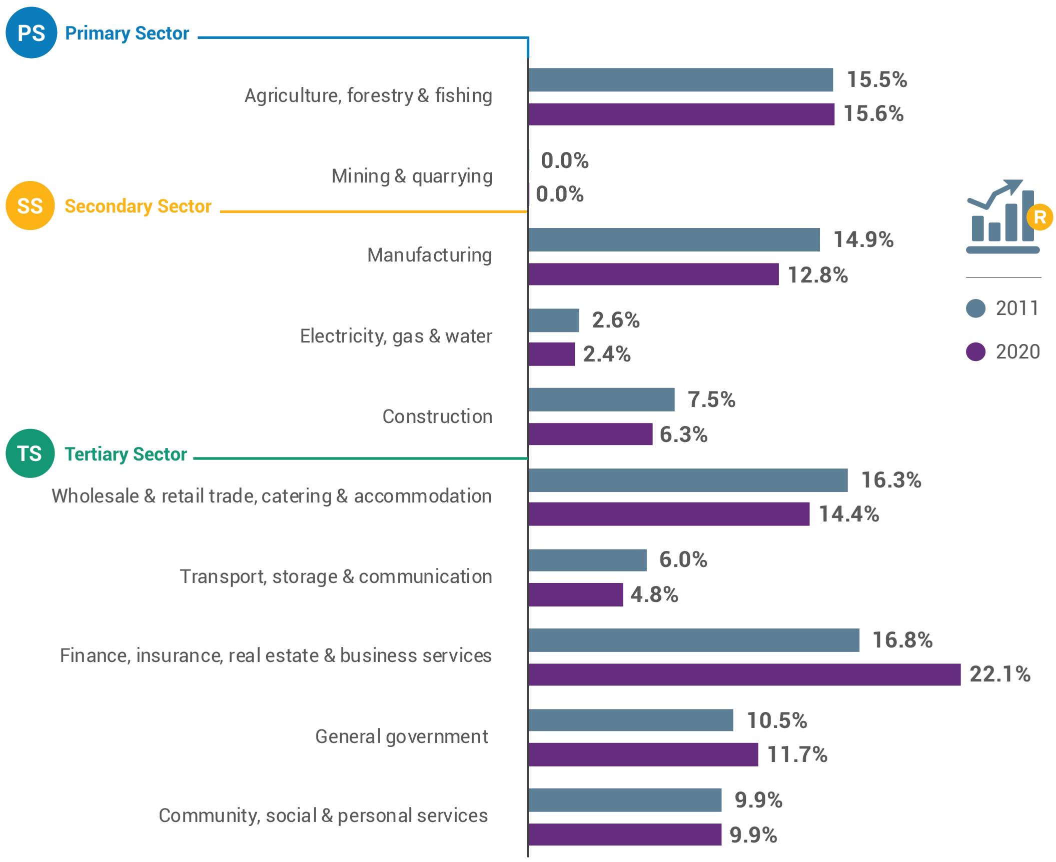
The municipal area's economy increased by 7.3 per cent from R10.4 billion (current prices) in 2020 to an estimated R11.6 billion in 2021. It is forecast that the GDPR will increase by 0.9 per cent in 2022 and 2.7 per cent in 2023. The main contributors to the municipal area's economy in 2020 were the finance, trade and agriculture sectors.

[22] *(Witzenberg Municipality, 2020).*

Figure 1.2 provides a breakdown of the sectoral contribution to GDPR in the Witzenberg municipal area in 2011 and 2020.

Figure 1.2

SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Witzenberg (%)



Source: Quantec Research, 2022

The finance sector was the leading contributor in terms of GDPR in 2011 as well as 2020, contributing 16.8 per cent and 22.1 per cent respectively. The finance sector improved economic contribution by 5.3 per cent from 2011 to 2020. The agriculture sector contributed 15.6 per cent towards GDPR in 2020, which was slightly more than the contribution made in 2011. The trade sector experienced a contraction in terms of GDPR contribution in 2022, with 1.9 per cent less than the 16.3 per cent contribution in 2011. The manufacturing sector also experienced a contraction in GDPR contribution, with 12.8 per cent in 2022, which was 2.1 per cent less than in 2011.

The agriculture sector is dependent on the blueberries in the Tulbagh region, as well as the fruit in Ceres. The agro-processing industry in the municipal area is dependent on the agriculture sector, especially the fruit industry. There are several packhouses in the Ceres region and western parts of the municipal area that contribute towards the manufacturing sector.[23]

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

Table 1.2 illustrates the sectoral changes in GDPR between 2016 and 2020, and provides the estimated performance for 2021.

Table 1.2
GDPR PERFORMANCE PER SECTOR, Witzenberg

SECTOR	Trend		Annual real GDPR growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
PS **Primary Sector**	**3.1%**	**1.5%**	**-10.7%**	**14.0%**	**8.4%**
Agriculture, forestry & fishing	3.1%	1.5%	-10.7%	14.0%	8.4%
Mining & quarrying	6.4%	6.2%	2.1%	12.3%	-10.6%
SS **Secondary Sector**	**1.6%**	**-0.9%**	**0.5%**	**-12.4%**	**5.5%**
Manufacturing	1.3%	0.3%	1.7%	-10.3%	8.5%
Electricity, gas & water	2.6%	-0.2%	-0.5%	-5.2%	4.8%
Construction	1.8%	-3.2%	-1.3%	-18.6%	-0.2%
TS **Tertiary Sector**	**3.9%**	**2.2%**	**3.2%**	**-3.6%**	**7.7%**
Wholesale & retail trade, catering & accommodation	2.2%	-0.7%	1.7%	-13.6%	8.9%
Transport, storage & communication	1.2%	-2.2%	-0.7%	-18.8%	12.2%
Finance, insurance, real estate & business services	6.2%	5.6%	5.6%	4.0%	6.8%
General government	4.5%	3.3%	3.5%	2.0%	5.2%
Community, social & personal services	3.2%	1.9%	2.9%	-0.7%	8.7%
Total Witzenberg	**3.2%**	**1.3%**	**0.5%**	**-3.4%**	**7.3%**

Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2020, the municipal area experienced annual growth of 3.2 per cent. However, between 2016 and 2020 the municipal area's growth reduced to 1.3 per cent per annum. Between 2011 and 2020, the mining sector increased by 6.4 per cent. However, the sector is the smallest in terms of GDPR contribution in the municipal area, meaning that small fluctuations indicate a large growth or contraction. The agriculture sector experienced growth of 3.1 per cent in the same period, as the sector experienced the largest growth in 2020 at 14.0 per cent.

Ceres has the highest number of pear trees planted in the country (6.6 million), as well as the highest hectarage (4 734ha). This is three times more than the next area (Groenland). Ceres also has the highest apple production area in the country (7 625ha), with 11.8 million trees. Apple production in the municipal area set a record in 2020, and the record was exceeded in 2021. However, pear production experienced stagnant growth in the same period.[24] The Ceres area accounts for 56.0 per cent of SA's cherry trees, and plantings have been consistently steady since 2005.[25] Ceres also has the highest number of nectarine trees (1.6 million) over 916ha in the country, as well as the highest number of dessert peaches. The Wolseley/Tulbagh region has the second-highest plum and prune production in the country.[26]

[24] *(Hortgro, 2022).*
[25] *(Hortgro, 2022).*
[26] *(Hortgro, 2021).*

The municipal area is estimated to have recovered from the economic pressure of COVID-19 in 2020, with an estimated growth of 7.3 per cent in 2021. The manufacturing sector, which is one of the main economic contributors in the municipal area, is expected to have increased by 8.5 per cent in 2021. Within the local municipality is one of only two operational fruit-canning factories in South Africa, which contribute to the manufacturing and agriculture sectors.[27] The only two sectors that are estimated to have experienced a contraction in 2021 are the construction and mining sectors.

[27] *(Jordaan, 2022).*

1.3.2
DRAKENSTEIN

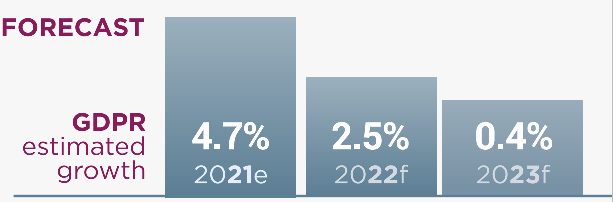
The Drakenstein municipal area is well known for its fruit and wine production and processing, as well as its heritage sites and tourist attractions. Paarl is the main service centre and has a rich history and several tourist attractions. Other towns in the municipal area include Wellington, Saron, Gouda, Hermon, Mbekweni and Simondium. These towns primarily serve as service centres for the local agriculture industry. The Drakenstein municipal area is very well connected, with the N1 traversing the area.

Diagram 1.3
GDPR (CURRENT PRICES)
Drakenstein, 2020 and 2021e

GDPR

2020		2021e
R25.2 BILLION	↑ 4.7% CONSTANT PRICE GROWTH	R27.6 BILLION

FORECAST



R million (2020)

PS – Primary Sector

- **R1 624.6 million** – Agriculture, forestry & fishing
- **R73.6 million** – Mining & quarrying

SS – Secondary Sector

- **R3 659.0 million** – Manufacturing
- **R577.6 million** – Electricity, gas & water
- **R1 335.0 million** – Construction

TS – Tertiary Sector

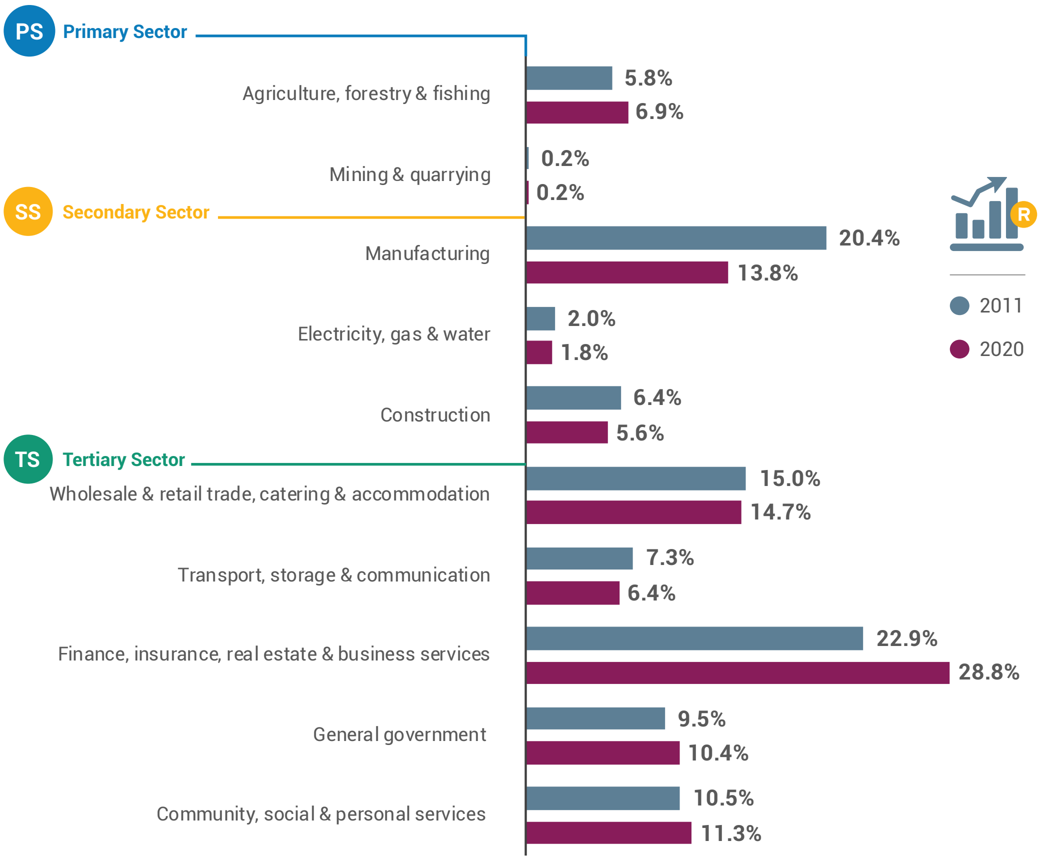
- **R3 951.4 million** – Wholesale & retail trade, catering & accommodation
- **R1 560.2 million** – Transport, storage & communication
- **R6 890.4 million** – Finance, insurance, real estate & business services
- **R2 597.0 million** – General government
- **R2 930.4 million** – Community, social & personal services

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

The municipal area's economy increased by 4.7 per cent from R25.2 billion (current prices) in 2020 to an estimated R27.6 billion in 2021. It is forecast that the GDPR will increase by 2.5 per cent in 2022 and slow down to a 0.4 per cent increase in 2023. The main contributors to the municipal area's economy in 2020 were the finance, trade and manufacturing sectors.

Figure 1.3 indicates the sectoral contribution to GDPR in the Drakenstein municipal area in 2011 and 2020.

Figure 1.3
SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Drakenstein (%)



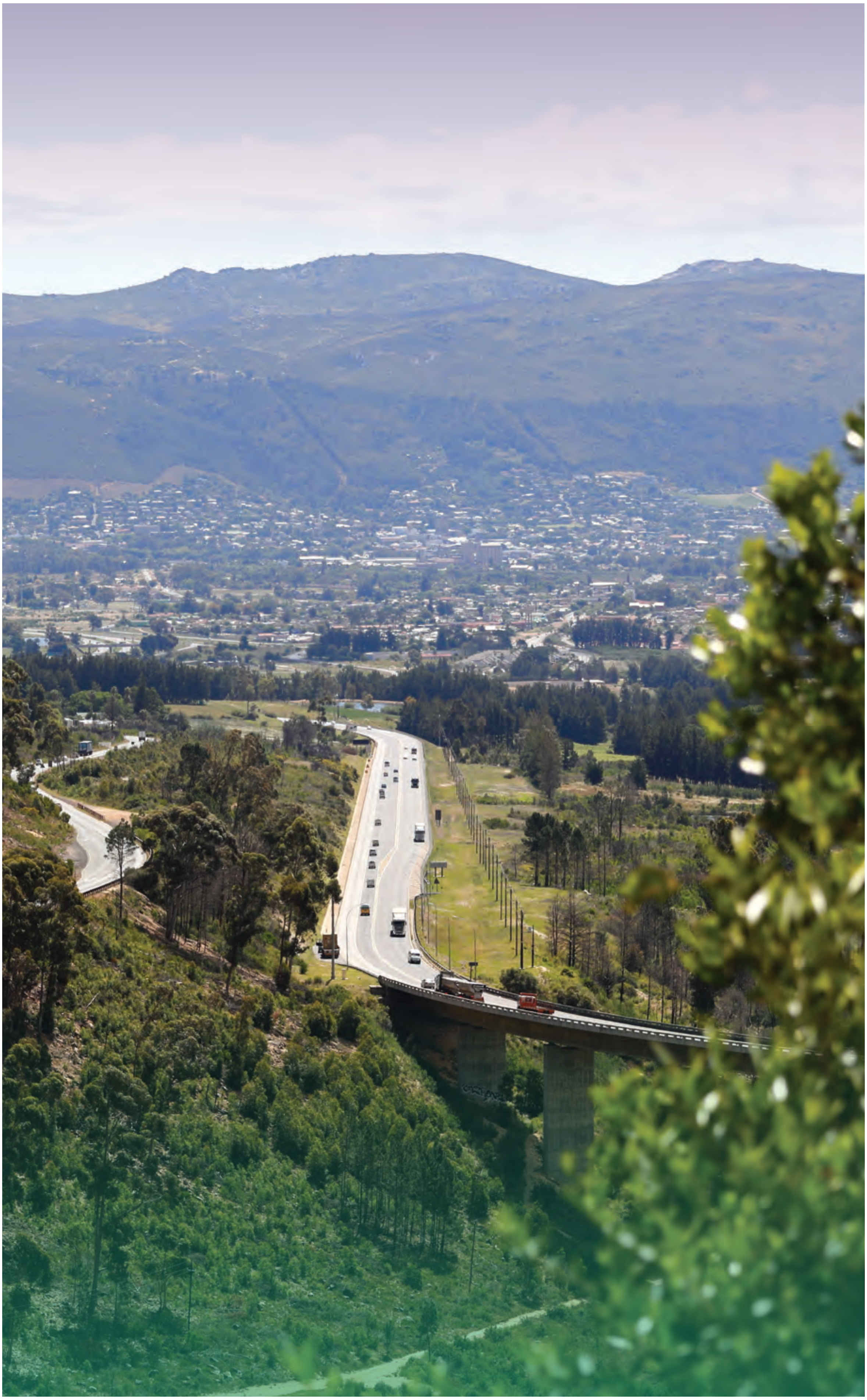
Source: Quantec Research, 2022

The finance sector experienced a large increase from the GDPR contribution made in 2011 (22.9 per cent) to 28.8 per cent in 2020. Over the past decade, wine farming has become more advanced and consolidated, meaning that while the number of producers has decreased, total output from the area has increased. In order to support this, a range of supporting business services has emerged, including labour brokers, the lease/rental of specialist farm equipment, technical agricultural advisory firms, blended finance providers and corporate social investment (CSI) and Black Economic Empowerment (BEE) agencies.[28]

Business services in Wellington are responsible for 85.0 per cent of the vine rootstock of the country's local wine industry, which contributes to the finance sector.[29] Other businesses provide research services in natural resource management, cultivar development and crop protection (pests and disease), which also contributes towards the finance sector in the municipal area.[30]

The manufacturing sector experienced a large contraction in terms of GDPR contribution from 2011 to 2020. The sector contributed 20.4 per cent in 2011, which decreased to 13.8 per cent in 2020. A lot of the "middle tier" estates were bought out by larger ones or closed down over this period.

[28] *(Perel, 2020).*
[29] *(South African History Online, 2020).*
[30] *(South African Table Grape Industry, 2020).*



Most South African wine is now produced by either big producers or small boutique operations, which could be the reason for the contraction in the manufacturing sector.[31] The trade sector, which is highly dependent on tourism and household demand in the municipal area, contributed 14.7 per cent in 2020. With its numerous wine cellars, the municipal area is a popular tourist destination for wine tours and tastings.[32] The only sectors that experienced an increase in GDPR contribution from 2011 to 2020 were the agriculture, finance, general government and community services sectors.

Table 1.3. outlines the GDPR performance per sector in the Drakenstein municipal area between 2016 and 2020, and gives estimates for 2021.

Table 1.3

GDPR PERFORMANCE PER SECTOR, Drakenstein

SECTOR	Trend		Annual real GDPR growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	**2.7%**	**1.2%**	**-10.4%**	**13.1%**	**7.3%**
Agriculture, forestry & fishing	2.7%	1.2%	-10.6%	13.3%	8.0%
Mining & quarrying	1.9%	0.8%	-1.3%	6.8%	-14.3%
SS Secondary Sector	**-2.3%**	**-4.2%**	**-2.9%**	**-14.5%**	**2.5%**
Manufacturing	-3.3%	-4.4%	-3.2%	-13.4%	4.0%
Electricity, gas & water	0.3%	-1.2%	-1.3%	-6.0%	4.0%
Construction	-0.3%	-4.7%	-2.7%	-19.5%	-1.7%
TS Tertiary Sector	**2.0%**	**0.7%**	**1.7%**	**-4.6%**	**5.1%**
Wholesale & retail trade, catering & accommodation	1.1%	-1.7%	0.7%	-14.0%	7.9%
Transport, storage & communication	-0.1%	-3.0%	-1.4%	-17.7%	4.5%
Finance, insurance, real estate & business services	3.4%	3.2%	3.3%	1.7%	4.6%
General government	2.0%	1.1%	1.3%	0.2%	0.1%
Community, social & personal services	1.8%	0.6%	1.8%	-1.8%	7.7%
Total Drakenstein	**0.9%**	**-0.5%**	**-0.2%**	**-5.9%**	**4.7%**

Source: Quantec Research, 2022 (e denotes estimate)

The municipal area realised an average annual growth rate of 0.9 per cent between 2011 and 2020. However, between 2016 and 2020, the municipal area's economy contracted by 0.5 per cent per annum. This was mostly due to the contraction in the manufacturing and construction sectors, which contracted by 4.4 per cent and 4.7 per cent on average per annum respectively. The contraction of the manufacturing sector could be related to the 12.0 per cent decline in the number of private wine cellars between 2011 and 2021. Large wine manufacturers such as Nederburg and KWV produce wine in the Drakenstein municipal area, but may have headquarters in other municipal areas. Their contribution to the manufacturing sector and exports therefore does not always fully reflect within the Drakenstein municipal area. The finance sector realised the largest annual growth between 2016 and 2020, with 3.2 per cent, followed by the agriculture sector, which increased by 1.2 per cent per annum.

[31] *(Fridjhon, 2020).*
[32] *(Western Cape Department of Agriculture, 2022).*

The municipal area's economy experienced a 5.9 per cent contraction in 2020 owing to the impacts of COVID-19. It is estimated that the municipal area started showing recovery in 2021, with an overall increase of 4.7 per cent in terms of GDPR. The agriculture sector is estimated to have further increased by 8.0 per cent in 2021, as better weather conditions were experienced from 2020. The trade sector, which is highly dependent on tourism, indicated a 7.9 per cent increase in 2021. It is clear that the sector was impacted severely in 2020, with a contraction of 14.0 per cent. The lifting of travel restrictions is estimated to have contributed to the growth of this sector in 2021, as international and domestic tourists can once again visit the numerous wine farms and other attractions in the municipal area. The only two sectors that are estimated to have shown a contraction in 2021 are the mining and construction sectors.

1.3.3

STELLENBOSCH

Towns within the Stellenbosch municipal area include Franschhoek, Stellenbosch, Pniël, Klapmuts, Kylemore, Jamestown, Raithby, Ida's Valley, Cloetesville, Kayamandi and Vlottenburg. The town of Stellenbosch is the main economic node within the municipal area and is the second-oldest town in South Africa. The Stellenbosch and Franschhoek areas are well known for their fruit- and wine-production activities, and cultural and heritage attractions. Stellenbosch is also considered a university town, as it houses Stellenbosch University, which attracts both national and international students.

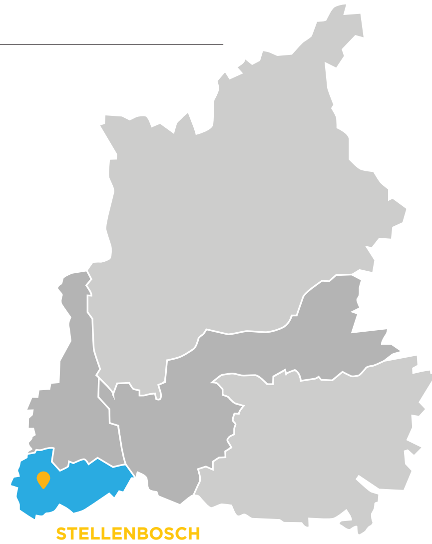
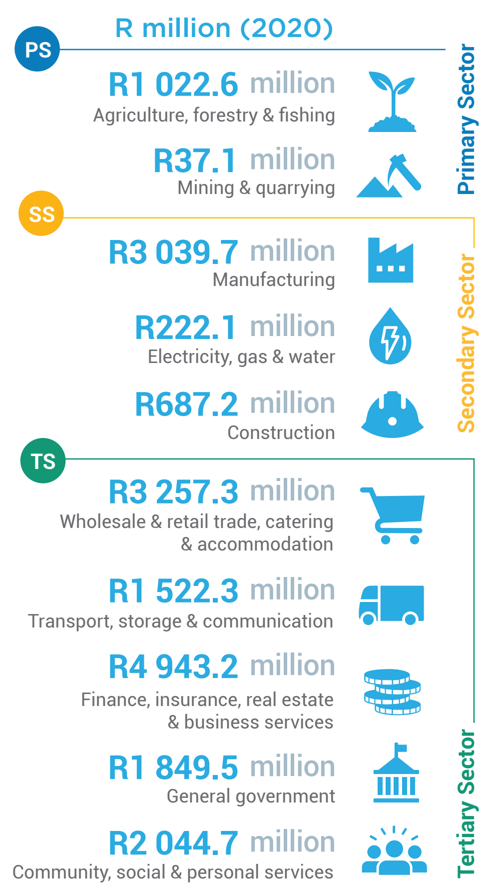


Diagram 1.4

GDPR (CURRENT PRICES)
Stellenbosch, 2020 and 2021e



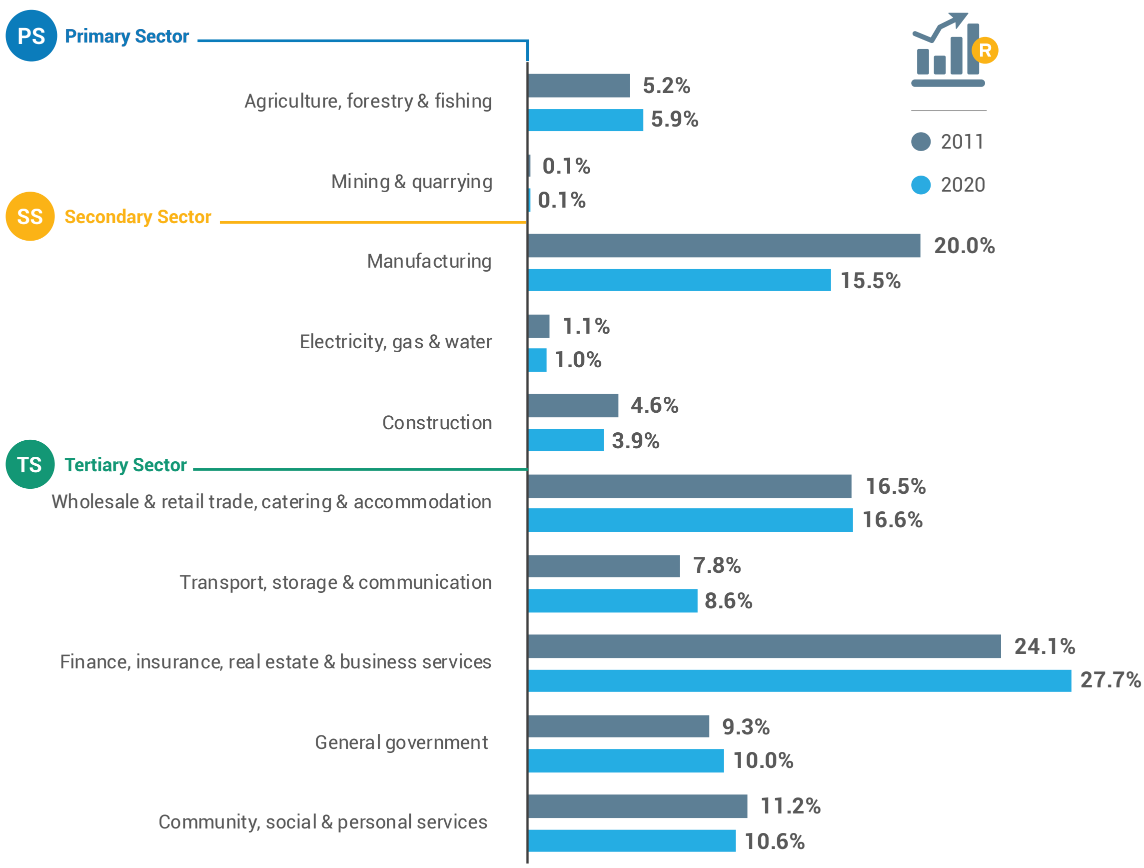
Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)

The Stellenbosch municipal area's GDPR was valued at R18.6 billion (current prices) in 2020 and is estimated to have increased by 4.6 per cent in 2021 in real terms. The positive growth of the municipal area's economy between 2020 and 2021 indicates the start of recovery from the economic pressure brought about by COVID-19. The finance sector was the leading contributor in 2020, with R4.9 billion, followed by the trade sector with R3.3 billion and the manufacturing sector with a R3.0 billion contribution.

The university in Stellenbosch provides innovative early-stage spinoffs linked to the research unit and outputs that attract seed capital. Student accommodation also makes a major economic contribution to the finance sector in terms of real estate. It is forecast that the GDPR will increase by 3.0 per cent in 2022 and slow down to a 0.2 per cent increase in 2023.

Figure 1.4 illustrates the sectoral contribution to GDPR in the Stellenbosch municipal area in 2011 and 2020.

Figure 1.4
SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Stellenbosch (%)



Source: Quantec Research, 2022

The finance sector was the leading contributor towards GDPR in 2011 as well as 2020. This sector contributed 27.7 per cent towards the municipal area's economy, which could be the result of the Stellenbosch corridor containing 450 tech firms, employing more than 40 000 workers.[33] Although the manufacturing sector is also a main economic contributor, it contracted from a 20.0 per cent contribution in 2011 to 15.5 per cent in 2020. International demand for South African wine in the EU/UK weakened from about 2015 owing to concerns about the industry's ethical treatment of workers, which is likely to have contributed to the contraction. The trade sector experienced similar contributions in 2011 and 2020, with 16.5 per cent and 16.6 per cent respectively.

[33] *(BusinessTech, 2022).*

Despite its minor contribution to GDPR (5.9 per cent) in 2020, the agriculture sector is a key driver of the Stellenbosch municipal area's economy, with agro-processing accounting for a large share of the manufacturing sector's operations. The Stellenbosch region has the largest wine grape hectarage in the country, with 14 933 hectares.[34]

Table 1.4 provides an overview of the performance of each sector in the Stellenbosch municipal area between 2016 and 2020, and provides estimates for 2021.

Table 1.4
GDPR PERFORMANCE PER SECTOR, Stellenbosch

SECTOR	Trend		Annual real GDPR growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	**1.9%**	**0.5%**	**-10.6%**	**12.1%**	**6.7%**
Agriculture, forestry & fishing	1.9%	0.5%	-10.9%	12.2%	7.2%
Mining & quarrying	2.5%	1.6%	-0.8%	6.6%	-14.2%
SS Secondary Sector	**-1.8%**	**-3.7%**	**-2.4%**	**-13.6%**	**3.8%**
Manufacturing	-2.1%	-3.4%	-2.4%	-12.3%	5.0%
Electricity, gas & water	-0.7%	-2.0%	-2.2%	-7.2%	3.3%
Construction	-0.8%	-5.0%	-2.9%	-19.8%	-1.0%
TS Tertiary Sector	**1.5%**	**0.1%**	**1.1%**	**-5.5%**	**4.7%**
Wholesale & retail trade, catering & accommodation	1.1%	-1.5%	0.7%	-12.5%	7.8%
Transport, storage & communication	2.3%	-0.8%	0.7%	-15.7%	6.9%
Finance, insurance, real estate & business services	2.1%	1.9%	1.9%	0.4%	3.5%
General government	1.6%	0.7%	0.8%	-0.2%	-0.9%
Community, social & personal services	0.1%	-0.9%	0.3%	-3.3%	6.2%
Total Stellenbosch	**0.7%**	**-0.7%**	**-0.4%**	**-6.4%**	**4.6%**

Source: Quantec Research, 2022 (e denotes estimate)

The municipal area realised an average annual growth rate of 0.7 per cent between 2011 and 2020. The municipal area's economy contracted between 2016 and 2020 by an average annual rate of 0.7 per cent. The construction sector contracted by 5.0 per cent per annum and the manufacturing sector by 3.4 per cent per annum between 2016 and 2020. Agro-processing of produce obtained from the region's agriculture sector accounted for a substantial share of manufacturing activity. As a result, the manufacturing sector's performance was influenced by the poor performance of the agriculture sector between 2016 and 2019. The positive growth in the agriculture sector in 2020, and estimated growth of 7.2 per cent in 2021, will reflect positively on the manufacturing sector, as it is estimated that the sector will experience 5.0 per cent growth in 2021. The finance sector, which is the leading economic contributor, realised an average growth of 1.9 per cent per annum between 2016 and 2020.

[34] *(South Africa Wine Industry Information and Systems, 2021).*

The economic pressure COVID-19 created had a significant impact on the municipal area, and resulted in a 6.4 per cent contraction of the economy in 2020. Tourism and hospitality businesses, including restaurants, accommodation, tour guides, shuttle services, tour operators, booking agents and visitor attractions, have suffered significantly. The decline in tourist activities in 2020 as a result of the pandemic, plus the restrictions in many forms of retail trade, resulted in the trade sector contracting by an estimated 12.5 per cent in 2020. The contraction of the trade sector in 2020 was also due to the fact that per capita consumption of alcoholic products dropped by 25.0 per cent nationally.[35] Tourism and hospitality were directly linked to the wine industry not only in terms of providing an outlet for the consumption of wine but also in terms of wine tourism, where the associated revenue generated at wine farms was reduced.[36] It is estimated that the trade sector started showing recovery in 2021, with a 7.8 per cent increase. The overall economy of the municipal area is estimated to increase by 4.6 per cent in the same year.

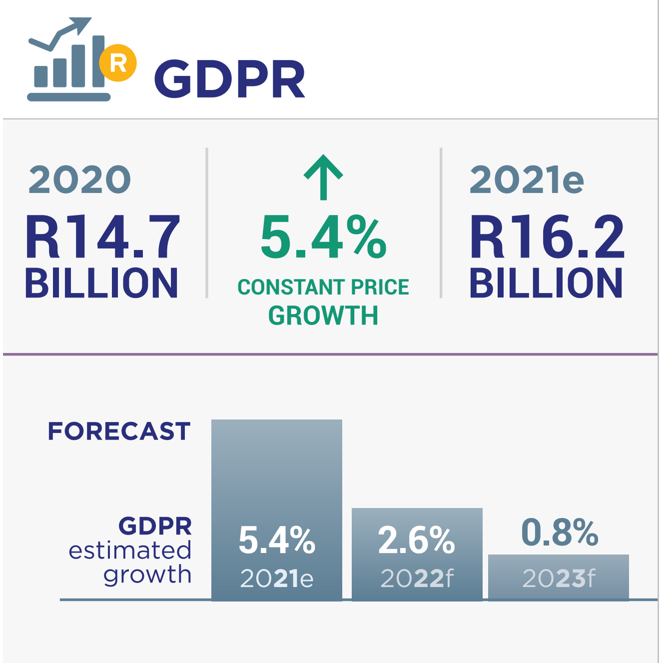
[35] *(South Africa Wine Industry Information and Systems, 2021).*
[36] *(Cape Wine Academy, 2020).*

1.3.4

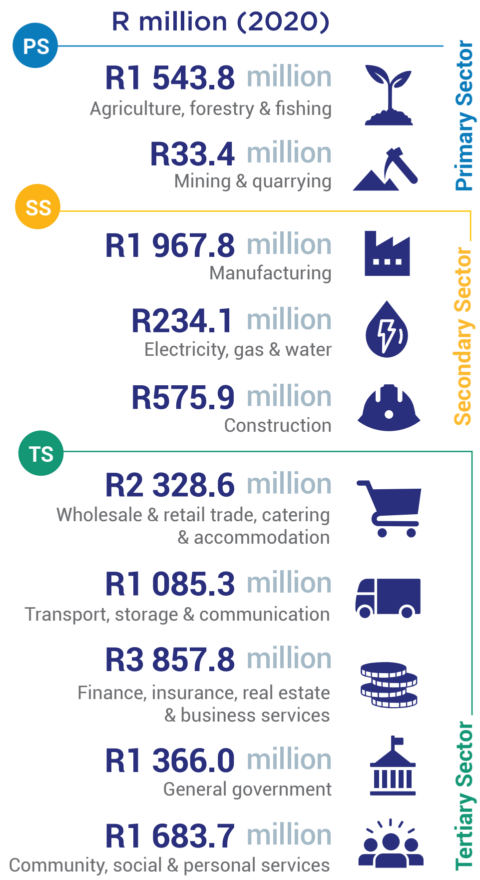
BREEDE VALLEY

The Breede Valley includes towns such as Rawsonville, De Doorns, Touws River and Worcester. Worcester, approximately 100km from Cape Town, is the main economic node in the Breede Valley municipal area and is well connected through the N1 and the rail network. The Breede Valley municipal area is well known for its scenic beauty, wine industry and other farming activities.

Diagram 1.5
GDPR (CURRENT PRICES)
Breede Valley, 2020 and 2021e



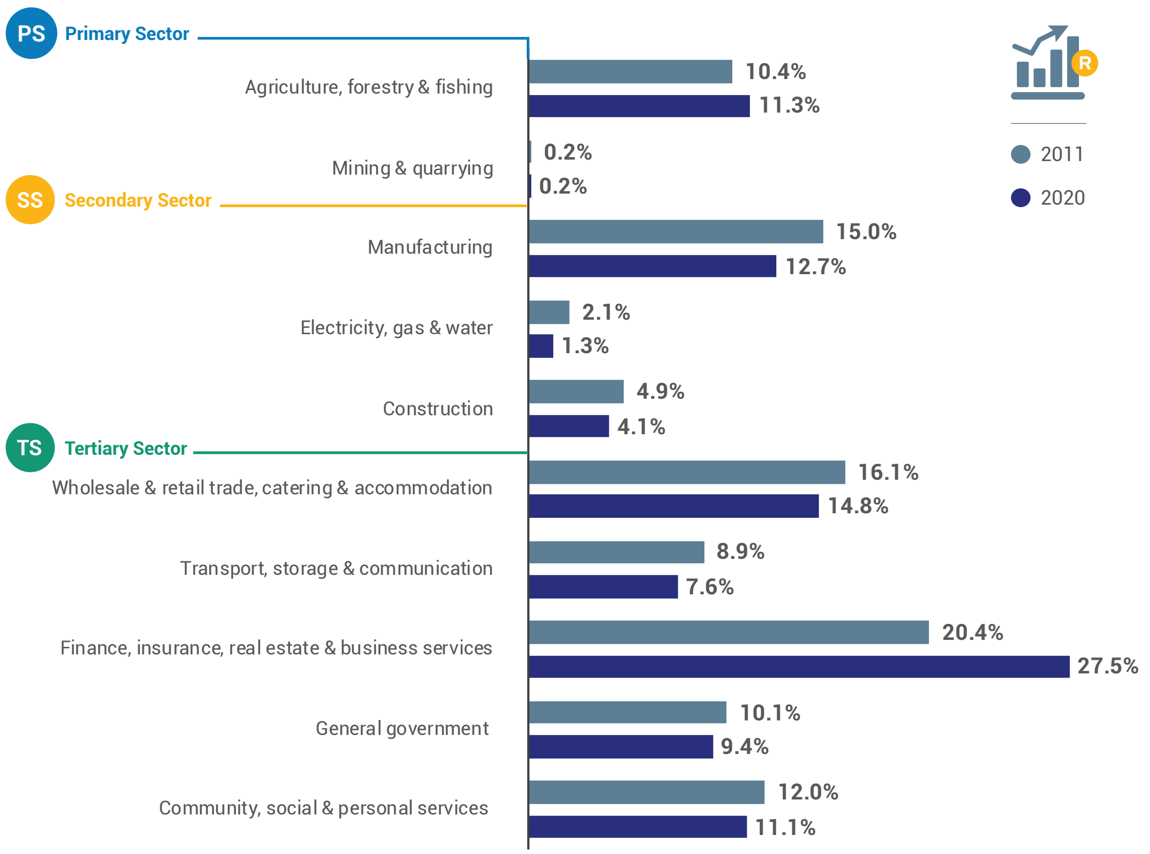
Source: Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)



The municipal area's economy increased by 5.4 per cent from R14.7 billion (current prices) in 2020 to an estimated R16.2 billion in 2021. It is forecast that the GDPR will increase by 2.6 per cent in 2022 and a marginal 0.8 per cent in 2023. The main contributors to the municipal area's economy in 2020 were the finance, trade and manufacturing sectors.

Figure 1.5 illustrates the sectoral composition of GDPR in the Breede Valley municipal area in 2011 and 2020.

Figure 1.5
SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Breede Valley (%)



Source: Quantec Research, 2022

The finance sector was the leading GDPR contributor in the municipal area, with 20.4 per cent in 2011, which increased to 27.5 per cent in 2020. The trade sector contributed 16.1 per cent in 2011 and 14.8 per cent in 2020, making this the second-largest contributor towards GDPR. The decline in tourist activities as a result of travel restrictions in 2020 had a significant negative impact on many local businesses. The manufacturing sector contributed 12.7 per cent in 2020, which was a contraction from the 15.0 per cent in 2011. One of the reasons for the contraction could be the closure of Hextex in 2020.[37] Other large manufacturing businesses such as Sasko bakery and RCL Foods, which produces animal feed, contributed towards the manufacturing sector in 2020.[38]

The agriculture sector in the municipal area consists mostly of wine grapes, especially in the Worcester, Orchard and Rawsonville regions.[39] The municipal area has the most productive wine-grape-producing area in South Africa as well as the highest tonnage of wine grapes – 289 597 tons.[40] The agriculture sector contributed 11.3 per cent towards GDPR in the municipal area in 2020, which was 0.9 per cent more than in 2011.

[37] *(Jantjies, 2020).*
[38] *(Western Cape Department of Agriculture, 2022).*
[39] *(Western Cape Department of Agriculture, 2022).*
[40] *(SA Wine Industry Information and Systems, 2021).*

Table 1.5 depicts the performance of employment per sector between 2016 and 2020 in the Breede Valley municipal area.

Table 1.5
GDPR PERFORMANCE PER SECTOR, Breede Valley

SECTOR	Trend		Annual real GDPR growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**2.2%**	**0.7%**	**-11.3%**	**13.1%**	**7.6%**
Agriculture, forestry & fishing	2.2%	0.7%	-11.4%	13.2%	7.9%
Mining & quarrying	2.2%	1.5%	-1.2%	6.9%	-14.1%
Secondary Sector	**-0.6%**	**-2.7%**	**-1.2%**	**-13.4%**	**5.0%**
Manufacturing	-0.4%	-1.8%	-0.4%	-11.6%	7.5%
Electricity, gas & water	-3.8%	-4.6%	-4.6%	-9.4%	1.1%
Construction	0.0%	-4.5%	-2.7%	-19.6%	-1.5%
Tertiary Sector	**2.0%**	**0.6%**	**1.5%**	**-5.3%**	**5.1%**
Wholesale & retail trade, catering & accommodation	0.9%	-1.8%	0.7%	-14.5%	7.8%
Transport, storage & communication	0.1%	-2.8%	-1.3%	-17.8%	5.0%
Finance, insurance, real estate & business services	4.8%	4.3%	3.9%	2.4%	5.7%
General government	0.6%	-0.3%	-0.1%	-1.1%	-2.5%
Community, social & personal services	0.5%	-0.4%	0.7%	-2.8%	6.6%
Total Breede Valley	**1.4%**	**-0.1%**	**-0.4%**	**-5.1%**	**5.4%**

Source: Quantec Research, 2022 (e denotes estimate)

The municipal area achieved an average annual GDPR growth rate of 1.4 per cent between 2011 and 2020. This was mostly due to the impact of COVID-19 in the municipal area, as the majority of sectors contracted in 2020, with an overall contraction of 5.1 per cent. The trade sector experienced a 14.5 per cent contraction in 2020, which could be linked to the decrease in wine tourism in the municipal area as a result of the implementation of travel restrictions.

The agriculture sector experienced droughts between 2015 and 2019, which impacted the sector severely. The sector is estimated to have declined in growth to 7.6 per cent in 2021, from the 13.2 per cent growth in 2020. This can be linked to the avian flu breakout in Worcester broiler breeder chicken farms, which resulted in bans on exports to countries such as Botswana.[41]

The mining sector contributes the least towards GDPR, and therefore the estimated 14.1 per cent contraction in 2021 will have an insignificant impact on the economy of the municipal area. The secondary sector is estimated to have increased by 5.0 per cent in 2021, with the largest increase in the manufacturing sector.

[41] *(Western Cape Government, 2021).*

This will benefit the Municipality, as it is one of the main economic sectors in the municipal area. The negative impact of COVID-19 continued to be felt in 2021, with the construction sector estimated to have contracted by a further 1.5 per cent. The tertiary sector is estimated to have increased by 5.1 per cent in 2021, with the trade sector showing recovery with an increase of 7.8 per cent. This could be the result of increased tourism activity, as tourists were able to enjoy the wine attractions available in the municipal area. The total Breede Valley municipal area's economy is estimated to have increased by 5.4 per cent in 2021.

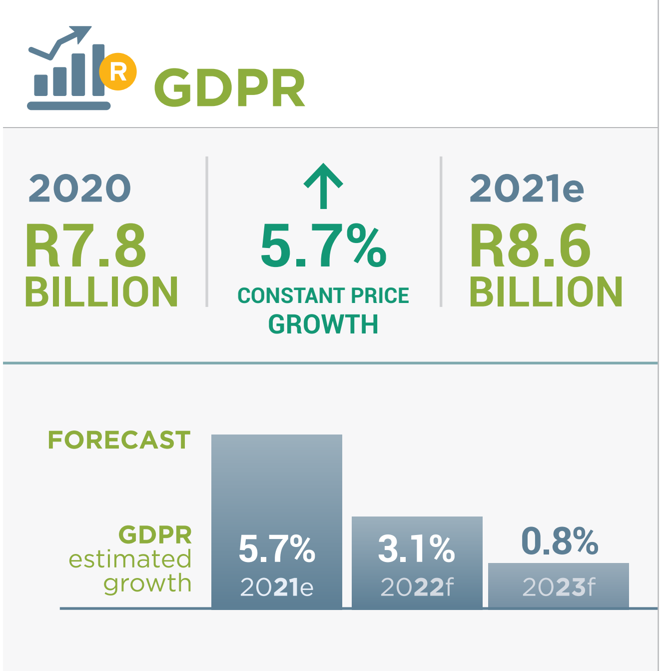
1.3.5

LANGEBERG

The Langeberg municipal area is well known for its wine route (Route 62), which is the longest in the world. The municipal area includes the towns of Robertson, Ashton, Bonnievale, McGregor and Montagu, with Robertson being the main service centre. The towns in the municipal area have a rich history, and the scenic beauty of the area makes it a popular tourist destination.[42]

Diagram 1.6

GDPR (CURRENT PRICES)
Langeberg, 2020 and 2021e



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

R million (2020)

PS – Primary Sector

R998.9 million – Agriculture, forestry & fishing
R13.4 million – Mining & quarrying

SS – Secondary Sector

R1 357.7 million – Manufacturing
R138.5 million – Electricity, gas & water
R296.4 million – Construction

TS – Tertiary Sector

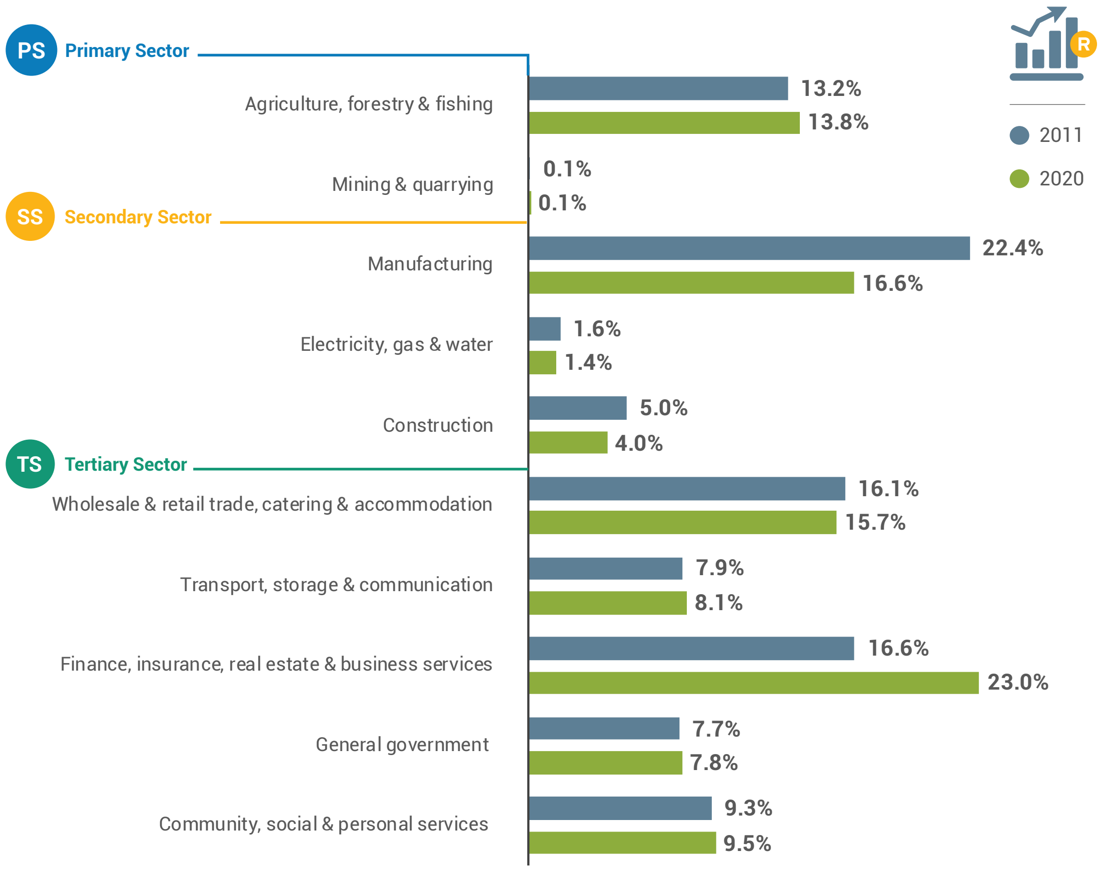
R1 299.6 million – Wholesale & retail trade, catering & accommodation
R608.3 million – Transport, storage & communication
R1 721.3 million – Finance, insurance, real estate & business services
R605.4 million – General government
R768.7 million – Community, social & personal services

The Langeberg municipal area's GDPR was valued at R7.8 billion (current prices) in 2020 and is estimated to have increased by 5.7 per cent in 2021 in real terms. The positive growth of the municipal area's economy between 2020 and 2021 indicates the start of recovery from the economic pressure brought about by COVID-19. The finance sector was the leading contributor, with R1.7 billion in 2020, followed by the manufacturing sector with R1.4 billion and the trade sector with a R1.3 billion contribution. It is forecast that the GDPR will increase by 3.1 per cent in 2022 and will experience stagnant growth of 0.8 per cent in 2023.

[42] *(Langeberg Municipality, 2017).*

Figure 1.6 illustrates the Langeberg municipal area's sectoral contribution to GDPR in 2011 and 2020.

Figure 1.6
SECTORAL GDPR CONTRIBUTION (CONSTANT PRICES), Langeberg (%)



Source: Quantec Research, 2022

The manufacturing sector was the leading contributor towards GDPR in 2011, with 22.4 per cent, and in 2020 the finance sector was the leading contributor, with 23.0 per cent. The manufacturing sector mostly comprises agro-processing business, which produces wholesale food, beverages and tobacco, as well as fruit-processing plants in the Montagu region. The uncertainty of the closure of the Ashton Foods fruit-canning factory could have contributed to the contraction of the sector in terms of GDPR contribution from 2011 to 2020. The municipal area will mainly be impacted by the potential loss of revenue amid the increase in indigent households.[43] The trade sector contributed 15.7 per cent towards GDPR in 2020, which was a contraction from its 16.1 per cent contribution in 2011. The municipal area is well known for its wine farms, which attract high volumes of tourists each year. The regulations during levels four and five of lockdown in 2020 impacted the wine farms significantly, as no trading was allowed.

The agriculture sector experienced an increase in GDPR contribution from 2011 to 2020. The agriculture sector contributed 13.8 per cent towards GDPR in the municipal area in 2020, making it one of the main economic sectors. One of the key agricultural activities in the municipal area is the crocodile farming in Bonnievale. The improvement in this sector can be related to the improved weather conditions and the fact that the sector could fully operate under the strict COVID-19 regulations during 2020. The most common commodities in the municipal area are wine grapes, fruit such as apples, and grains in the eastern parts of the municipal area.

[43] *(Langeberg Municipality, 2017).*

Table 1.6 depicts the performance of each of the sectors in terms of GDPR between 2016 and 2020 in the Langeberg municipal area.

Table 1.6

GDPR PERFORMANCE PER SECTOR, Langeberg

SECTOR	Trend		Annual real GDPR growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**1.9%**	**0.5%**	**-11.8%**	**13.0%**	**7.3%**
Agriculture, forestry & fishing	1.9%	0.5%	-11.9%	13.1%	7.5%
Mining & quarrying	2.2%	1.9%	-1.2%	7.7%	-13.8%
Secondary Sector	**-1.5%**	**-3.1%**	**-0.6%**	**-13.4%**	**3.9%**
Manufacturing	-1.9%	-3.0%	-1.2%	-12.0%	5.2%
Electricity, gas & water	0.5%	0.5%	12.0%	-8.1%	3.1%
Construction	-0.5%	-4.8%	-1.8%	-20.0%	-1.2%
Tertiary Sector	**2.9%**	**1.2%**	**2.2%**	**-5.3%**	**5.9%**
Wholesale & retail trade, catering & accommodation	1.7%	-1.1%	1.2%	-13.4%	8.0%
Transport, storage & communication	2.4%	-1.1%	0.6%	-16.8%	6.2%
Finance, insurance, real estate & business services	5.2%	4.6%	4.3%	2.8%	5.9%
General government	1.7%	0.8%	1.0%	-0.1%	-0.5%
Community, social & personal services	1.9%	0.7%	1.7%	-1.8%	7.7%
Total Langeberg	**1.6%**	**0.0%**	**-0.3%**	**-5.1%**	**5.7%**

Source: Quantec Research, 2022 (e denotes estimate)

The municipal area realised an average annual growth rate of 1.6 per cent between 2011 and 2020. However, between 2016 and 2020, the municipal area's economy stagnated. This was mostly due to the contraction in the construction, manufacturing, transport and trade sectors, which contracted by 4.8 per cent, 3.0 per cent per and 1.1 per cent on average per annum respectively. The main reason for the contraction in the trade sector can be linked to the impact COVID-19 had on the tourism industry, as the sector experienced a 13.4 per cent contraction in 2020. The finance sector realised the largest annual growth between 2016 and 2020 (4.6 per cent), which could indicate that access to financial services improved during this period.

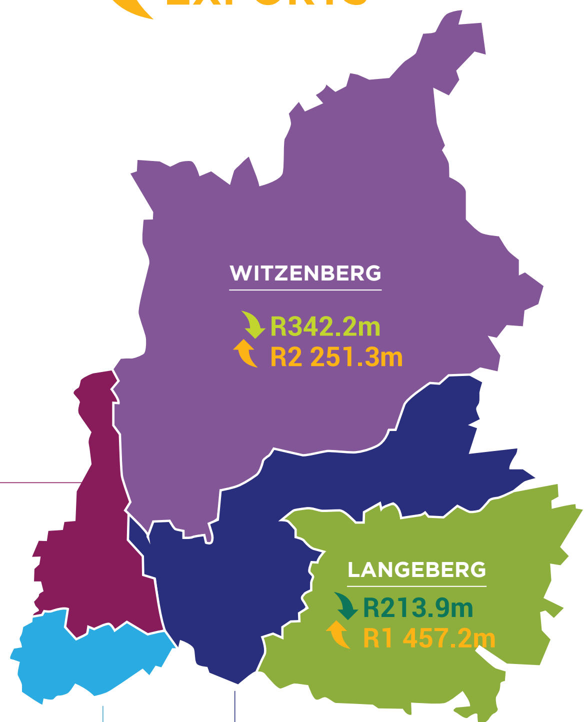
The primary sector is estimated to have increased by 7.3 per cent in 2021, mostly because of the continued strong performance of the agriculture sector, with an estimated increase of 7.5 per cent. The mining sector contributes the least towards GDPR, and thus the 13.8 per cent contraction will have an insignificant impact on the economy of the municipal area. The secondary sector is estimated to have increased by 3.9 per cent in 2021, with the largest increase in the manufacturing sector, which could benefit the municipal area, as it is one of the main economic sectors in the municipal area. The construction sector will continue showing the impact of COVID-19, as the sector contracted further in 2021, by an estimated 1.2 per cent. The tertiary sector is estimated to have increased by 5.9 per cent, with the trade sector showing recovery with an increase of 8.0 per cent.

1.4 INTERNATIONAL TRADE AND TOURISM

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

CAPE WINELANDS TRADE

IMPORTS
EXPORTS



DRAKENSTEIN
R5 866.2m
R21 501.3m

STELLENBOSCH
R8 460.9m
R18 554.2m

BREEDE VALLEY
R13 956.3m
R2 054.8m

2021

IMPORTS R28.8 BILLION

EXPORTS R45.8 BILLION

TOP 3 EXPORTED PRODUCTS (2021)

Citrus fruit	Wine	Grapes

TOP 3 EXPORT DESTINATIONS

Netherlands	United Kingdom	United States

TOP 3 IMPORTED PRODUCTS (2021)

Petroleum oils (crude)	Petroleum oils (other than crude)	Unclassified imports

TOP 3 IMPORT DESTINATIONS

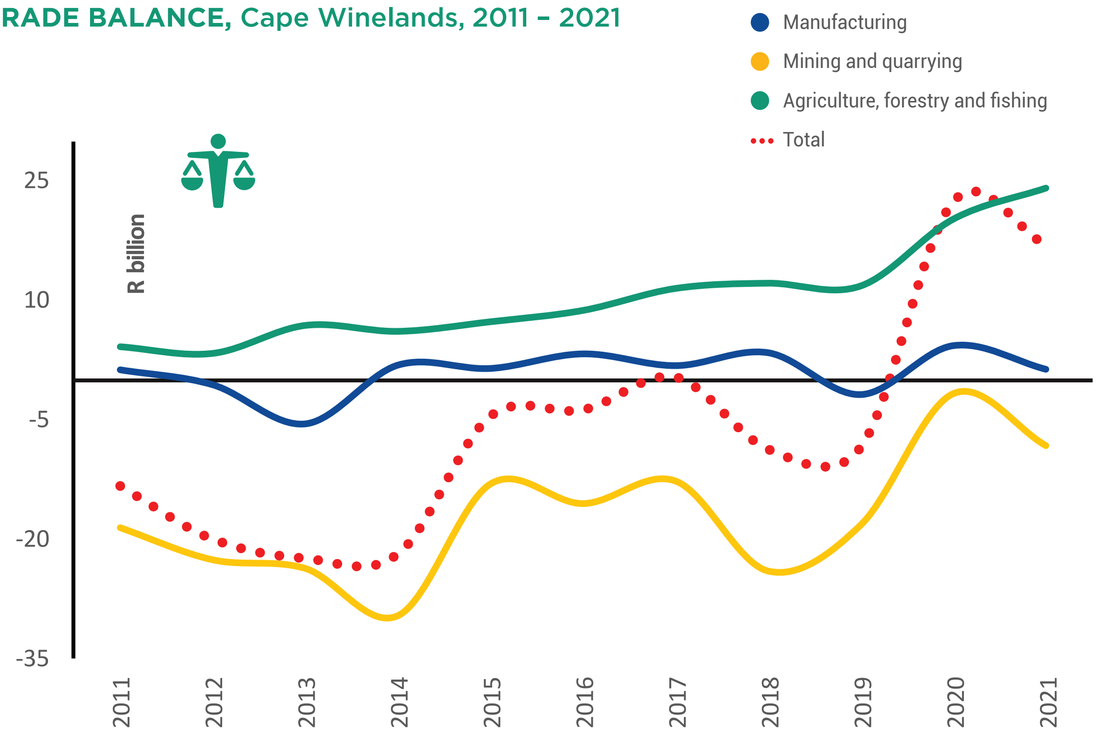
Saudi Arabia	China	Nigeria

1.4.1 Trade balance

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 for the CWD therefore indicates that the District exports more than it imports. Furthermore, a positive trade balance indicates a net inflow of foreign currency, which is beneficial to the economy.

Figure 1.7 provides an overview of the trade balance for the CWD between 2011 and 2021. 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 1.7
TRADE BALANCE, Cape Winelands, 2011 – 2021



Source: Quantec Research, 2022

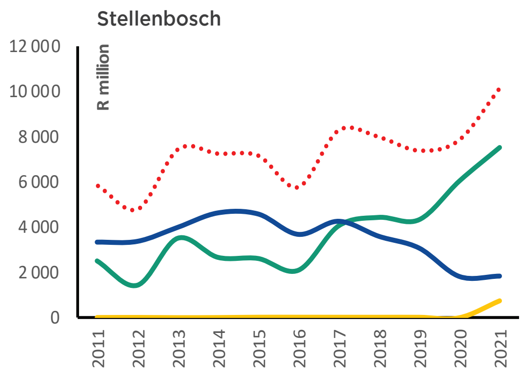
The total trade balance for the CWD fluctuated between 2011 and 2021, but the general trend indicates an upward trajectory. The District experienced a negative trade balance from 2011 (a R13.2 billion deficit) to 2016 (a R3.7 billion deficit). In 2017 the District recorded a trade surplus of R0.4 billion, after which an R8.6 billion trade deficit was recorded in 2018 and an R8.3 billion trade deficit in 2019. With the onset of the COVID-19 pandemic in 2020, the District experienced a trade surplus of R22.5 billion, which declined to R17.0 billion in 2021. The District's total trade balance trend corresponds with that of the mining sector, which experienced a trade deficit for the entire period between 2011 and 2021. The trade deficit of the mining sector increased from a R1.8 billion deficit to an R8.3 billion deficit. The District's agriculture sector experienced a trade surplus for the entire period under review, increasing from a R4.2 billion surplus in 2011 to a R24.0 billion surplus in 2021. The agriculture and agro-processing sectors play an important role in the District's economy and trade.[44] This District has a renowned wine industry and accounts for approximately 70.0 per cent of South Africa's wine production.[45]

[44] *(South African Government, 2021).*
[45] *(Department of Cooperative Governance and Traditional Affairs, 2020).*

In 2021, the manufacturing sector accounted for 65.8 per cent of the District's imports, followed by the mining sector with 31.5 per cent, and the agriculture sector accounted for 2.7 per cent of imports. While the agriculture sector accounted for the smallest share of imports, it was responsible for most of the District's exports. This sector accounted for 54.1 per cent of the total exports, followed by manufacturing with a 44.2 per cent share and mining with a 1.7 per cent share of exports.

The trade balance as per municipal area is illustrated in Figure 1.8.

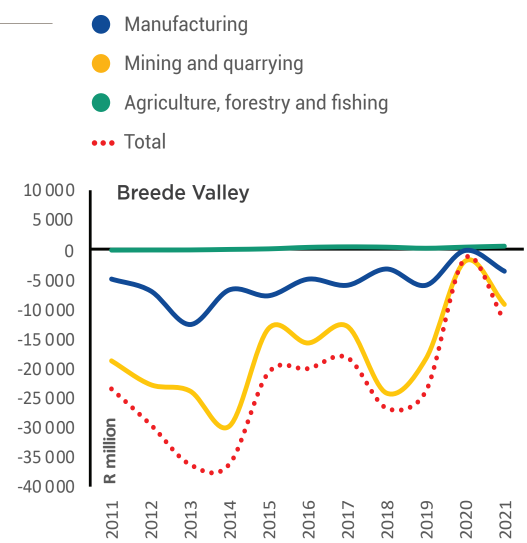
Figure 1.8
TRADE BALANCE PER MUNICIPAL AREA, Cape Winelands District, 2011 – 2021



Source: Quantec Research, 2022

The **Stellenbosch municipal area** experienced a trade surplus for the entire period, increasing from R5 784.3 million in 2011 to R10 093.3 million in 2021. The municipal area's trade balance closely resembles that of the agriculture sector, which also experienced a trade surplus for the same period. The manufacturing sector experienced a trade surplus for the period between 2011 and 2021. However, a downward trend is evident, with the trade surplus declining from R4 547.5 million in 2015 to R1 827.7 million in 2021. The manufacturing sector's declining trade balance for this period can be attributed to a number of factors. The Western Cape experienced significant drought that affected the volume of wine yielded, which in turn affected wine exports.[46] There is also increased competition from other wine-producing countries. The world's top wine exporters as recorded in 2021 were France, Italy, Spain, Chile and Australia.[47]

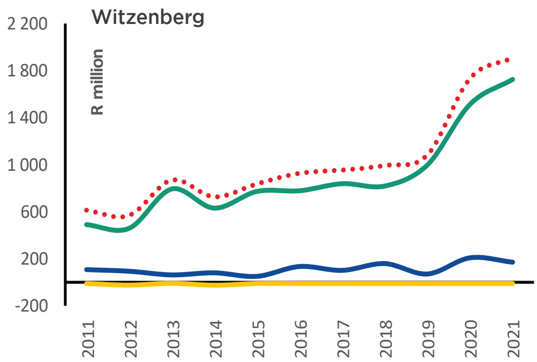
The mining sector experienced a trade deficit for the period between 2011 and 2020. In 2021, however, this sector recorded a trade surplus of R753.1 million.



Source: Quantec Research, 2022

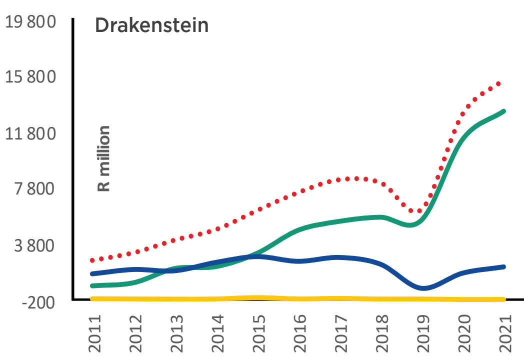
The **Breede Valley municipal area** recorded a trade deficit for the entire period between 2011 and 2021. The trade balance of the municipal area was largely affected by the trade balance of the mining sector in the municipal area. The mining and manufacturing sectors recorded a trade deficit, while the agriculture sector recorded a trade surplus for the same period.

[46] *(News24, 2022).*
[47] *(Workman, 2022).*



Source: Quantec Research, 2022

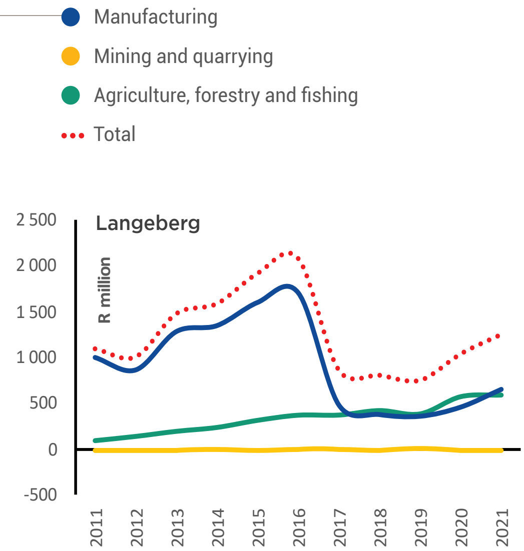
The **Witzenberg municipal area** recorded a trade surplus, increasing from R611.8 million in 2011 to R1 909.1 million in 2021. Both the agriculture and manufacturing sectors recorded a trade surplus, while the mining sector experienced a zero trade balance for most of the period under review. The trade balance of the municipal area correlates with the trade surplus recorded by the agriculture sector in the municipal area.



Source: Quantec Research, 2022

The trade balance for the **Drakenstein municipal area** experienced an upward trend, increasing from a R2 698.3 million surplus in 2011 to R15 635.1 million in 2021. Both the agriculture and manufacturing sectors recorded a trade surplus for the entire period under review, while the mining sector recorded mostly a trade deficit for the same period.

It is evident that the agriculture and manufacturing sectors play an important role in most of the municipal area's economies, while the mining sector recorded limited trade activity for the period under review.



Source: Quantec Research, 2022

The total trade balance for the **Langeberg municipal area** experienced a trade surplus for the period between 2011 and 2021. The municipal area's trade trend is evidently dependent on the manufacturing sector, which closely correlates with the total trade balance. The agriculture and manufacturing sectors both experienced a trade surplus for the entire period of review, while the mining sector recorded a zero trade balance. In 2016, the EU imposed stringent regulations with regard to citrus imports as a result of citrus black spot.[48] This is likely to have affected the demand for packaged fruit, thereby also reducing exports of manufactured products. In 2016, a documentary on modern-day slavery in vineyards was released. It was aired primarily in European countries such as Sweden and Denmark, two prominent South African wine importers. Several South African wineries featured in this documentary, which could have also affected international buyers' view of the country's wine industry and the ethical standards thereof.[49]

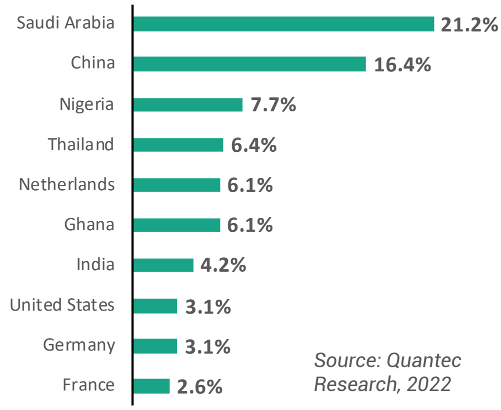
[48] *(European Parliament, 2016).*
[49] *(Eads, 2016).*

1.4.2
IMPORTS


Figure 1.9 illustrates the CWD's top 10 import partners in 2021.

Table 1.7 provides a more detailed overview of the top 10 products that were imported by the CWD in 2021.

Figure 1.9
TOP 10 IMPORT PARTNERS, Cape Winelands District, 2021



Source: Quantec Research, 2022

Table 1.7
MAIN IMPORT PRODUCTS, Cape Winelands District, 2021

PRODUCT	R million 2021	% share	Main trading partners
Petroleum oils and oils obtained from bituminous minerals, crude	R9 036.1	31.3%	Saudi Arabia, Nigeria, Ghana
Petroleum oils and oils obtained from bituminous minerals, other than crude	R4 634.7	16.1%	Saudi Arabia, Netherlands, India
Unclassified	R3 407.7	11.8%	China, United States
Rice	R1 860.1	6.4%	Thailand
Fruit and vegetable juices	R605.4	2.1%	China
Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages	R472.2	1.6%	Germany, United Kingdom, France
Harvesting or threshing machinery	R366.2	1.3%	China, New Zealand, Netherlands
Mineral or chemical fertilisers, nitrogenous	R344.5	1.2%	Qatar, Netherlands, United Arab Emirates
Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers	R296.6	1.0%	Belgium, Germany, Italy
Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption	R243.3	0.8%	Netherlands, United Kingdom, Germany
Total imports	**R28 839.5**		

Source: Quantec Research, 2022

Imports are mainly undertaken when a region or country does not have the necessary skills, equipment or environment to produce specific products. Furthermore, products may be cheaper to import compared with the cost of purchasing locally produced products, making imports more cost-effective. In other cases, better-quality products can be imported compared with what is provided locally.

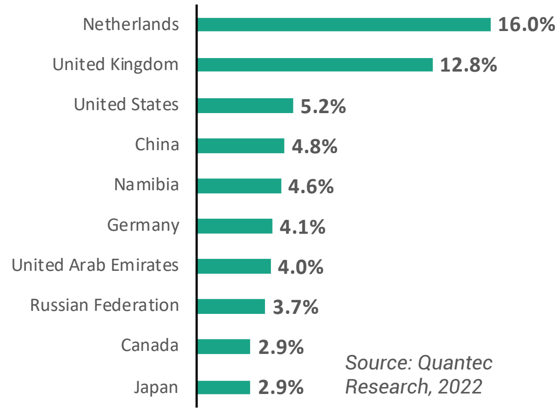
The CWD's main import partner in 2021 was Saudi Arabia, accounting for 21.2 per cent of all imports, valued at R6.1 billion. This was followed by imports from China valued at R4.7 billion, which contributed 16.4 per cent to the District's total imports. The CWD's main import product was petroleum oils and oils obtained from bituminous minerals (crude) valued at R9 036.1 million and contributing 31.3 per cent to the District's total imports in 2021. The main trading partners for these import products were Saudi Arabia, Nigeria and Ghana. Furthermore, imports of petroleum oils and oils obtained from bituminous minerals (other than crude) contributed 16.1 per cent to the District's total imports and were valued at R4 634.7 million. These products were mainly imported from Saudi Arabia, the Netherlands and India. Unclassified items imported from China and the United States contributed 11.8 per cent to the total imports and were valued at R3 407.7 million.

1.4.3
EXPORTS

The CWD's top 10 export partners in 2021 are provided in Figure 1.10.

The main export products and trading partners for the CWD are provided in Table 1.8.

Figure 1.10
TOP 10 EXPORT PARTNERS, Cape Winelands District, 2021



Source: Quantec Research, 2022

Table 1.8
MAIN EXPORT PRODUCTS, Cape Winelands District, 2021

PRODUCT	R million 2021	% share	Main trading partners
Citrus fruit	R8 441.8	18.4%	Netherlands, Russian Federation, United Arab Emirates
Wine	R7 897.1	17.2%	United Kingdom, Germany, Netherlands
Grapes	R5 801.3	12.7%	Netherlands, United Kingdom, Canada
Apples, pears and quinces	R3 293.2	7.2%	Netherlands, United Arab Emirates, United Kingdom
Other fresh fruit	R2 233.5	4.9%	Netherlands, United Kingdom, United Arab Emirates
Fruit and vegetable juices	R1 853.7	4.0%	Japan, United States, Mozambique
Maize	R1 744.2	3.8%	Republic of Korea, Italy, Japan
Prepared or preserved fruit, nuts and other edible parts of plants	R1 684.2	3.7%	United States, Germany, United Kingdom
Apricots, cherries, peaches, plums and sloes	R1 505.9	3.3%	United Kingdom, Netherlands, United Arab Emirates
Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages	R1 008.2	2.2%	Namibia, Germany, France
Total exports	**R45 818.8**		

Source: Quantec Research, 2022

The District's main export partner was the Netherlands, which contributed 16.0 per cent to total exports. Export products to the Netherlands were valued at R7.3 billion. This was followed by exports to the United Kingdom, which contributed 12.8 per cent and were valued at R5.8 billion.

The CWD's main export product was citrus fruit exported to the Netherlands, the Russian Federation and the United Arab Emirates. Citrus fruit accounted for 18.4 per cent of all exports and was valued at R8 441.8 million in 2021. This was closely followed by wine exports to the United Kingdom, Germany and the Netherlands. Wine exports were valued at R7 897.1 million and contributed 17.2 per cent to the District's total exports.

@WesgroWC @Wesgro @Wesgro

MADE IN THE CAPE

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

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

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

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

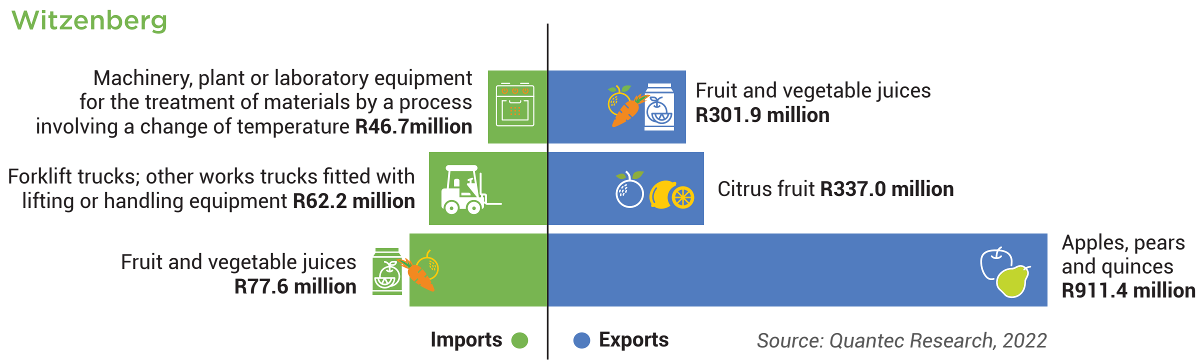
To learn more about Made in the Cape quality products and services visit www.capetradeportal.com

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

1.4.4 Municipal imports and exports

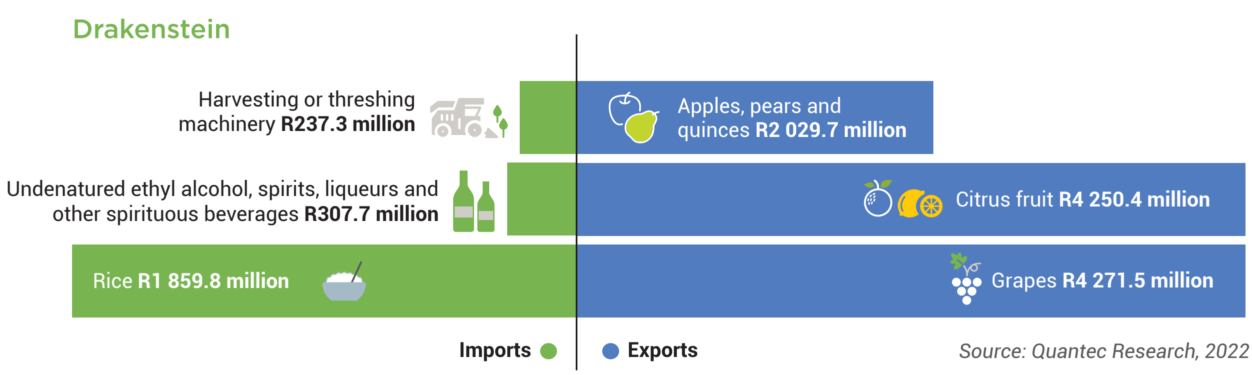
The main import and export products for each of the District's municipal areas are provided in Figure 1.11.

Figure 1.11
TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA, Cape Winelands District, 2021

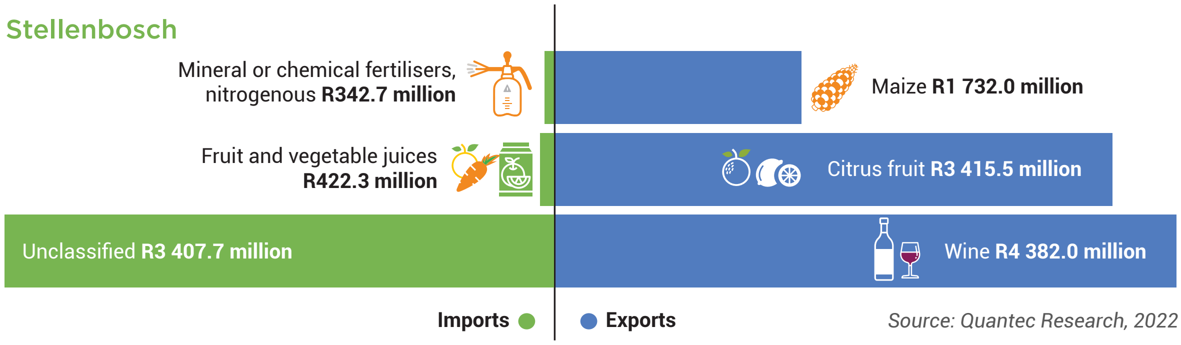


The **Witzenberg municipal area's** main export products were apples, pears and quinces valued at R911.4 million. This was followed by citrus fruit valued at R337.0 million, and fruit and vegetable juices with a value of R301.9 million.

The main import products were fruit and vegetable juices valued at R77.6 million, while imports of forklift trucks and other works trucks fitted with lifting or handling equipment were valued at R62.2 million. Furthermore, imports of machinery, plant or laboratory equipment for the treatment of materials (by a process involving a change of temperature) were valued at R46.7 million.

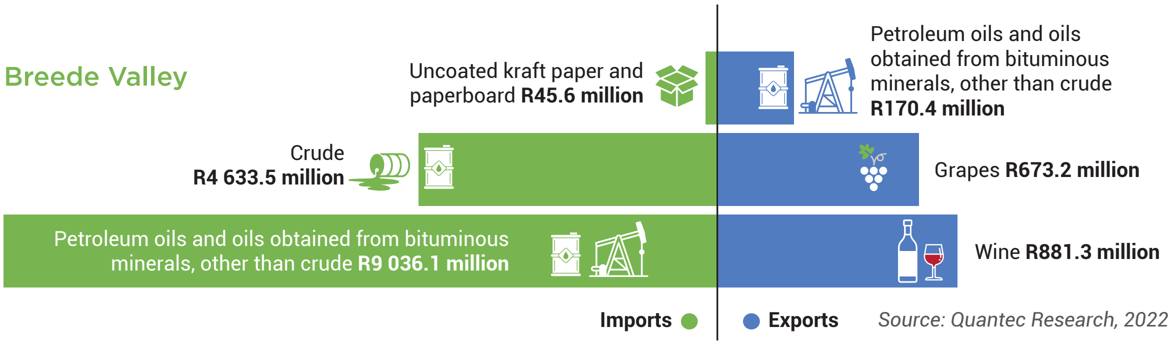


In the **Drakenstein municipal area**, the main import products were rice; undenatured ethyl alcohol, spirits liqueurs and other spirituous beverages; and harvesting or threshing machinery. Rice imports were valued at R1 859.8 million, while imports of undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages had a value of R307.7 million, and harvesting or threshing machinery was valued at R237.3 million. The main export product was grapes, with a value of R4 271.5 million, closely followed by citrus fruit valued at R4 250.4 million and apples, pears and quinces valued at R2 029.7 million.



Source: Quantec Research, 2022

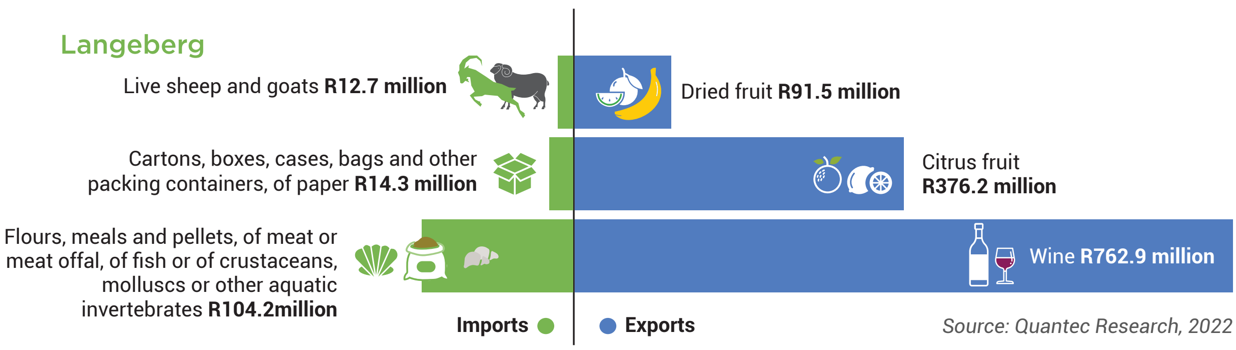
The **Stellenbosch municipal area's** main import product was unclassified items valued at R3 407.7 million, which accounted for the largest share of total imports. Fruit and vegetable juice imports were valued at R422.3 million and mineral or chemical fertiliser imports had a value of R342.7 million. The municipal area's main export products were wine, which was valued at R4 382.0 million, followed by citrus fruit with an export value of R3 415.5 million and maize valued at R1 732.0 million.



Source: Quantec Research, 2022

The **Breede Valley municipal area's** main import products were petroleum oils and oils obtained from bituminous minerals (other than crude). The value for the import of these products was R9 036.1 million. Imports of petroleum oils and oils obtained from bituminous minerals (crude) were valued at R4 633.5 million, while uncoated kraft paper and paperboard imports were valued at R45.6 million.

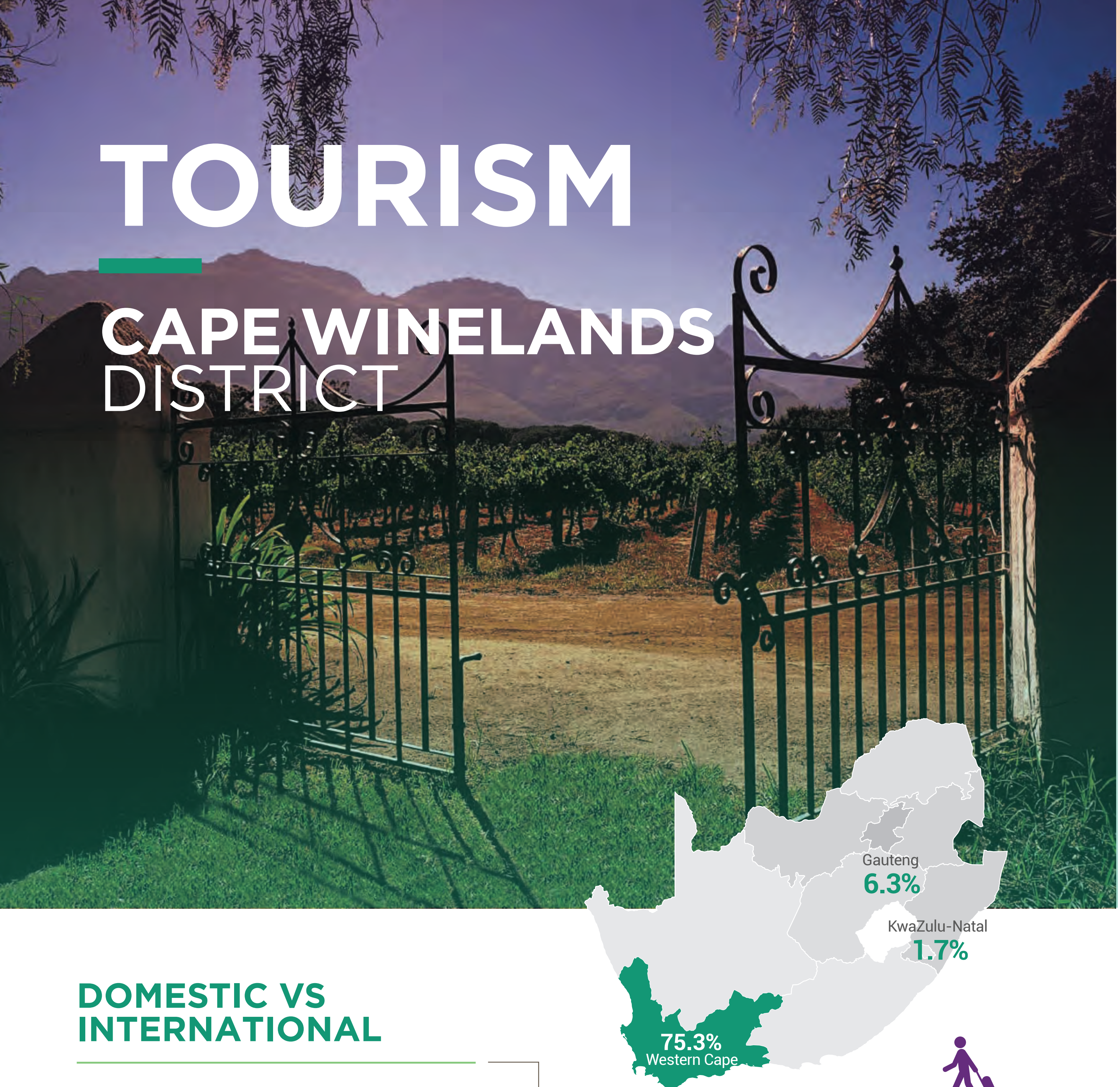
The main export products were wine valued at R881.3 million, grapes with a value of R673.2 million, and petroleum oils and oils obtained from bituminous minerals (other than crude) valued at R170.4 million.



Source: Quantec Research, 2022

The **Langeberg municipal area's** main import products were flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates with a value of R104.2 million. This was followed by cartons, boxes, cases, bags and other packing containers, of paper, valued at R14.3 million and live sheep and goats with a value of R12.7 million.

The main export products were wine, citrus fruit and dried fruit. Wine exports were valued at R762.9 million, citrus fruit at R376.2 million and dried fruit with a value of R91.5 million.



TOURISM

CAPE WINELANDS DISTRICT

DOMESTIC VS INTERNATIONAL

TRAVELLERS 2021

INTERNATIONAL	DOMESTIC
8.1%	91.8%

GROWTH IN BED-NIGHTS ▶ TOTAL -5.7%

ORIGIN 2021

INTERNATIONAL	DOMESTIC
-31.6%	12.7%

TOP 3 DOMESTIC TRAVELLERS 2021

TOP 3 INTERNATIONAL TRAVELLERS 2021

Germany	United Kingdom	Netherlands
24.2%	16.9%	10.5%

TOURISM PROFILE

Cape Winelands District

The CWD is famous for its architecture, beautiful scenery, and world-class wineries and restaurants. The District is close to Cape Town, with the towns of Stellenbosch and Paarl about a 35- to 45-minute drive from Cape Town International Airport. The Cape Winelands is known for its mountainous landscapes and vineyards, and Franschhoek was named as one of *Time* magazine's "World's greatest places" for 2022. The CWD has a range of tourism offerings such as hotels, guest houses, lodges, health spas, restaurants, conference centres, museums and adventure activities, as well as arts and culture attractions.

The Winelands is a wonderful example of agri-tourism (wine tourism), creating an integrated shared economy through the promotion of routes and experiential activities. The tourism sector plays an integral part in the CWD's economy and has great potential for growth owing to the availability of natural and historical resources. The Cape Winelands is an internationally proclaimed biosphere reserve and extends from the Kogelberg Biosphere Reserve in the south and northwards along the Cape Fold Belt mountain chain and the connecting valleys that make up the Cape Winelands.

In 2021, domestic growth in bed-nights in the CWD increased by 12.7 per cent, while international bed-nights declined by 31.6 per cent. The reason for the decline in international bed-nights for 2021 is possibly that the international source markets experienced lockdowns in their respective countries. Overall, bed-nights declined by 5.7 per cent in 2021.

TOURISM SPEND AS A SHARE OF GDPR

2019	2020	2021
9.2%	3.2%	6.5%

Source: IHS Markit, 2022

The 2021 tourism spend in the CWD made up an estimated 6.5 per cent of the GDPR and is an increase of 3.3 per cent from 2020. In 2019, tourism spend as a share of GDPR was 9.2 per cent, meaning the CWD is on the road to recovery.

Most of the visitors to the CWD in 2021 were domestic (91.8 per cent). This highlights the slow inbound tourism recovery because of the pandemic. Domestic visitors to the CWD were mainly from the Western Cape (75.3 per cent), followed by Gauteng (6.3 per cent). In 2021, only 8.1 per cent of all travellers to the CWD were international visitors and originated mainly from Germany (24.2 per cent), the United Kingdom (16.9 per cent) and the Netherlands (10.5 per cent). The District can benefit economically by increasing destination marketing to boost international tourism. An example could be the town of Franschhoek, which could leverage its recent global recognition to grow tourism numbers to its "French Corner".

OVERNIGHT VS DAY VISITORS

2021

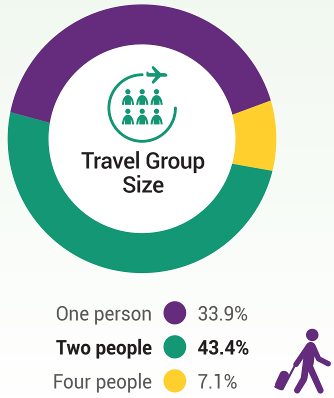
DAY VISITORS 59.7%

OVERNIGHT VISITORS 35.5%

Note: 4.8 per cent of responses were unspecified

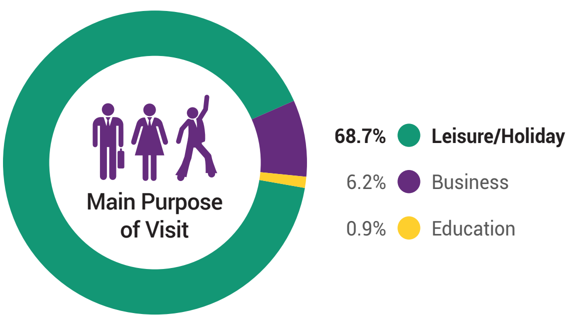
TOP 3 VISITOR PROFILES

2021



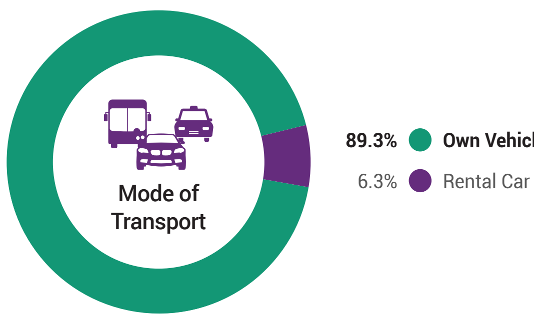
TOP 3 MAIN PURPOSES OF VISIT

2021



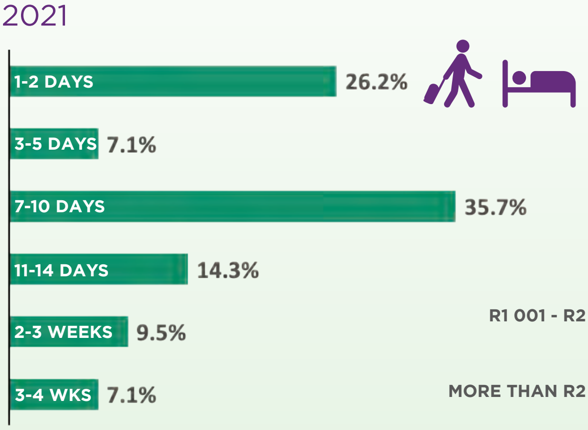
TOP 2 MODES OF TRANSPORT USED BY VISITORS

2021



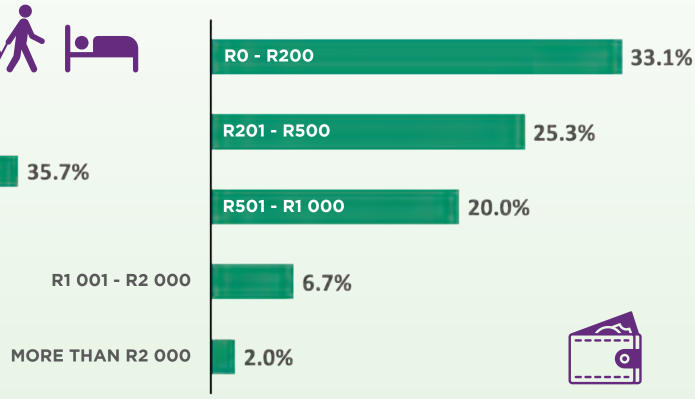
AVERAGE LENGTH OF STAY BY VISITORS

2021



AVERAGE DAILY EXPENDITURE BY VISITORS

2021



Note: 12.9 per cent of responses were unspecified

Most visitors were day visitors (59.7 per cent), with overnight visitors accounting for 35.5 per cent. Visitors mostly used their own vehicle (89.3 per cent), and only 6.3 per cent of visitors rented a vehicle, which is a clear indication that the domestic market dominated in 2021. Most visitors spent R0 to R1 000 per day, with only 2.0 per cent spending more than R2 000 per day. The average length of stay was either one to two nights (26.2 per cent) or seven to 10 nights (35.7 per cent). Popular accommodation choices in the CWD included self-catering accommodation (35.7 per cent), guest houses (21.4 per cent) and hotels (17.9 per cent).

TOP 5 TOURIST ACTIVITIES UNDERTAKEN
2021

Culture/Heritage	Outdoor Activities	National Parks/ Nature Reserves	Wine Tasting	Craft/Food Markets
29.2%	24.0%	13.5%	9.8%	9.6%

The purpose of visiting the CWD was mainly for leisure or holidays (68.7 per cent) or for business (6.2 per cent). Interschool extramural activities such as sport are also recognised as an important source of tourism in the CWD. Visiting friends and relatives was low, at only 0.6 per cent, confirming the strong need for visitors to travel for leisure or holidays. Activities enjoyed in 2021 by tourists to the CWD included culture/heritage activities (29.2 per cent), outdoor activities (24.0 per cent) and national parks/nature reserves (13.5 per cent). Activities participated in the least by tourists included adventure activities (2.2 per cent). This percentage could be low because of low awareness levels, or because tourists simply prefer not to take part in these activities. Visitors to the region mainly travelled in pairs (43.4 per cent) or alone (33.9 per cent).

CAPE WINELANDS REGIONAL TRENDS 2021

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

1.5 INVESTMENTS

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

1.5.1 Private sector investment

1.5.1.1 Sectoral investments and business expansion

The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) selected bidders for its fifth bid window in 2021. Three of the bidders selected are listed under the CWD for three 75MW solar photovoltaic (PV) power projects, namely the Grootfontein PV 1, Grootfontein PV 2 and Grootfontein PV 3. Construction on all three projects is anticipated to begin in 2022, with commercial operations following in 2024. The projects will be situated in the Witzenberg municipal area. Furthermore, these projects are expected to invest in the District's socio-economic development over the duration of the project's 20-year life span.[50] These projects are likely to greatly benefit the District, as investments not only create employment but also benefit the economic performance of the District. Renewable energy also attracts investment into the District, especially from foreign investors.[51] Municipal areas in the District are also likely to benefit through increased revenue, as renewable energy presents an opportunity for sustainable power sources.

Another renewable energy investment was made in the Drakenstein municipal area, with Growthpoint Properties investing R50.0 million in a solar-powered 4.5MW battery system for the Paarl Mall. The project consists of approximately 5 000 PV panels, which will be installed on the rooftop of the mall. The electricity produced by these panels will power Paarl Mall, and any extra solar energy produced will most likely be sold to the community, though the viability of this has yet to be determined.[52] The project is likely to have benefits for the Witzenberg municipal area, as businesses benefiting from the system can continue operations without unreliable power sources impacting operations.

Paarl also welcomed the opening of a brand-new shopping centre with Checkers supermarket as the anchor outlet. The local community gained approximately 182 additional job opportunities as a result of the new centre's launch in November 2021. Other new retail-related investments in the municipal area include Food Lover's Market, Builders Warehouse, Nando's and Sportsmans Warehouse.[53]

Developer SPC, in collaboration with Stellenbosch University, launched the development of modern and safe student accommodation called EDGE Stellenbosch. It is anticipated that this multibillion-rand development will be finished by the beginning of January 2023. The Dennesig Precinct aims to accommodate 3 000 students within the next four years.[54]

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[50] *(Renew Africa, 2021).*
[51] *(McLennan, 2021).*
[52] *(Creamer Media, 2022).*
[53] *(Shoprite Group , 2021).*
[54] *(Property Wheel, 2021).*

BioCODE, a start-up by Stellenbosch University and Innovus, received its second investment from the University Technology Fund. As part of its research into health and disease risk-screening solutions, BioCODE will use the investment to fund the creation of a rapid inflammation test that can be used as a screening and monitoring tool for inflammatory disorders. The tests are expected to be the first of many innovative tests that will be used for a variety of disease risk-screening tools globally.[55]

Stellenbosch celebrated the opening of its first 100 per cent black-owned wine farm. Paul Siguqa acquired the farm in 2019 and subsequently made improvements and added more vines, which led to the launch of its wine tasting area and restaurant in December 2021. It is envisaged that the 10ha winery's opening will benefit both the wine and agricultural industries in addition to Franschhoek's tourism industry.[56]

In April 2022, Lotus began work on the construction of its third factory, which is scheduled to be completed by August 2023.[57] The factory will produce healthy snacks such as fruit rolls and is expected to make a positive contribution to the agro-processing sector. Furthermore, the R170.0 million investment is anticipated to boost the local economy and create jobs within Wolseley and the Witzenberg municipal area.[58]

Gross fixed capital formation (GFCF) is defined as the net acquisition of all existing and new capital assets, for instance machinery, construction works and buildings. These "produced assets" only come into existence as a result of a production process and can be purchased by the general government, private enterprises and state-owned corporations as long-term investments.[59] Tracking GFCF growth is a helpful representative metric of the state of the economy, as it is an important driver in real gross domestic expenditure and real gross domestic product.

[55] *(Stellenbosch University, 2021).*
[56] *(Food for Mzansi, 2021).*
[57] *(Western Cape Government, 2022).*
[58] *(Creamer Media, 2022).*
[59] *(Stats SA, 2016).*

Table 1.9 provides the CWD's GFCF per sector with regard to trends over the period 2011 to 2020. Additionally, an estimate for 2021 is provided.

Table 1.9
GROSS FIXED CAPITAL FORMATION, Cape Winelands District

SECTOR	R million 2020	Trend		Annual growth		
		2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**R1 767.8 (15.3%)**	**3.5%**	**-1.6%**	**-12.2%**	**8.9%**	**30.1%**
Agriculture, forestry & fishing	R1 696.9 (14.6%)	3.6%	-1.7%	-12.9%	9.6%	31.5%
Mining & quarrying	R70.9 (0.6%)	1.8%	4.0%	11.1%	-8.1%	-15.6%
Secondary Sector	**R2 685.4 (23.2%)**	**-0.1%**	**-5.4%**	**-1.6%**	**-16.0%**	**-0.2%**
Manufacturing	R1 791.9 (15.5%)	1.0%	-2.1%	2.2%	-13.9%	2.0%
Electricity, gas & water	R523.4 (4.5%)	-2.4%	-14.0%	-11.4%	-20.1%	-11.1%
Construction	R370.1 (3.2%)	0.3%	-2.4%	-2.5%	-19.8%	4.6%
Tertiary Sector	**R7 133.8 (61.6%)**	**0.1%**	**-4.1%**	**-1.0%**	**-16.6%**	**3.3%**
Wholesale & retail trade, catering & accommodation	R1 017.9 (8.8%)	3.6%	-2.3%	-2.1%	-15.5%	10.3%
Transport, storage & communication	R1 325.0 (11.4%)	0.3%	-5.8%	-1.9%	-9.9%	-11.6%
Finance, insurance, real estate & business services	R2 507.4 (21.6%)	-0.4%	-2.9%	0.2%	-24.3%	5.9%
General government	R1 819.0 (15.7%)	-0.1%	-4.8%	-1.3%	-10.8%	6.5%
Community, social & personal services	R464.5 (4.0%)	-0.6%	-5.0%	-2.4%	-10.7%	4.0%
Total Cape Winelands District	**R11 587.0 (100.0%)**	**0.4%**	**-4.2%**	**-2.6%**	**-13.4%**	**6.4%**

Source: Quantec Research, 2022 (e denotes estimate)

In the CWD, the total GFCF was R11.6 billion in 2020, with the tertiary sector making the largest contribution at just over R7.0 billion (61.6 per cent). The subsectors that contributed most to overall GFCF include finance (21.6 per cent), general government (15.7 per cent) and manufacturing (15.5 per cent). In 2020, the CWD was the second-largest contributor to GFCF in the Province, making it a key driver for capital investment.

Growth in investment within the finance sector can be attributed to the number of tech firms (about 450) within the Stellenbosch corridor, which employ more than 40 000 people.[60] Furthermore, about R103.0 billion in foreign direct investment has been received in the technology sector, contributing to the so-called "tech hub" of South Africa. With regard to the growth in investment within the manufacturing sector, this growth can largely be attributed to wine production within the CWD.

Between 2011 and 2020, the municipal area experienced annual growth of 0.4 per cent in GFCF. However, between 2016 and 2020 the municipal area contracted by 4.2 per cent annually.

[60] *(BusinessTech, 2022).*

As can be seen above, GFCF growth experienced relatively low contractions prior to 2020, but the COVID-19 pandemic caused a larger contraction in GFCF growth of 13.4 percent in 2020. However, overall GFCF is estimated to have grown by 6.4 per cent in 2021.

The estimated overall growth in GFCF for 2021 is largely due to the increased investment within agriculture (31.5 per cent), trade (10.3 per cent) and general government (6.5 per cent). Much like the other districts within the Province, the agriculture sector is estimated to have received the highest increase in capital investment. This significant increase can be linked to the more favourable conditions for farming following the drought period, which stimulated investment in agricultural implements and other tools necessary for productive farming.

The sectors estimated to have declined the most in 2021 were mining (15.6 per cent), transport (11.6 per cent) and electricity, gas and water (11.1 per cent). The decline in mining investment is, however, not a cause for concern, as the mining sector has a relatively small base within the CWD and is not a key contributor to the economy. Furthermore, the electricity, gas and water sector has shown significant decline in investment across all districts within the Province and nationally, which is due to the country experiencing increasingly slowed production in electricity since 2018.[61]

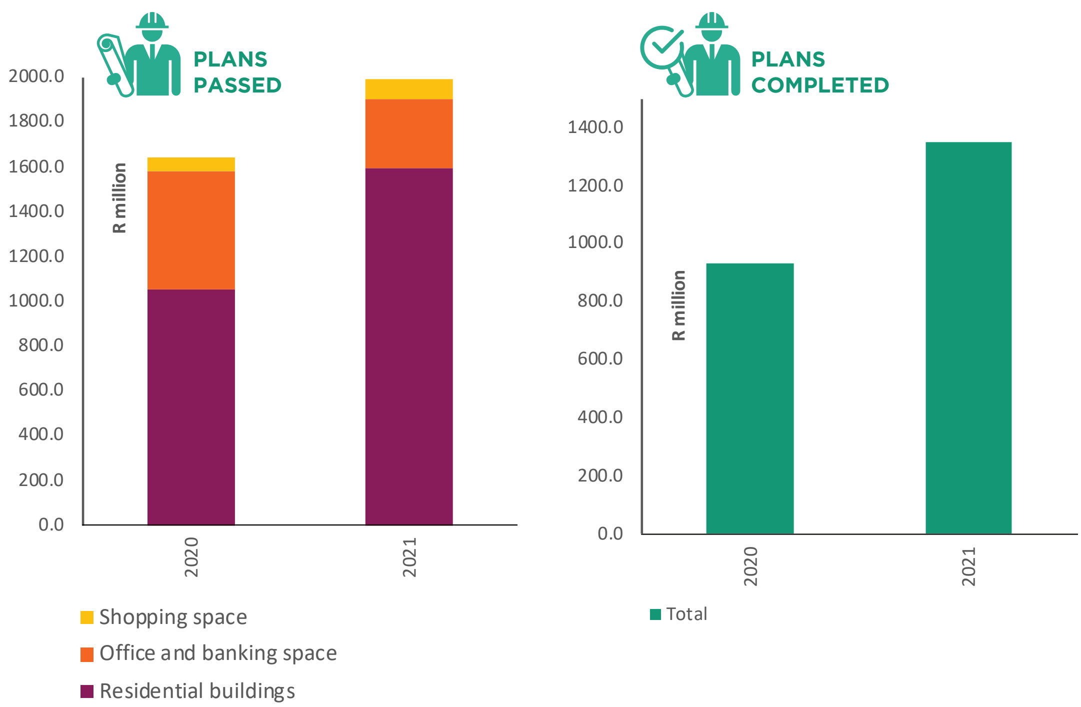
[61] *(Stats SA, 2019).*

1.5.1.2 Building plans passed and completed

Building plans passed and completed are some of the indicators that measure economic activity and changes in the business cycle. The value of building plans passed[62] can be used as a leading indicator, while building plans completed[63] can be used as a lagging indicator. Building plans passed and completed have further 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 Stellenbosch and Breede Valley municipal areas. Information was also available for the Drakenstein municipal area, which was sourced from the MERO survey responses. The values of building plans passed and completed are expressed in current prices.

Figure 1.12 illustrates the value of building plans passed and completed in the Drakenstein municipal area between 2020 and 2021.

Figure 1.12
VALUE OF BUILDING PLANS PASSED AND COMPLETED, Drakenstein, 2016 – 2021 (R million)



Source: Stats SA & Quantec Research, 2022

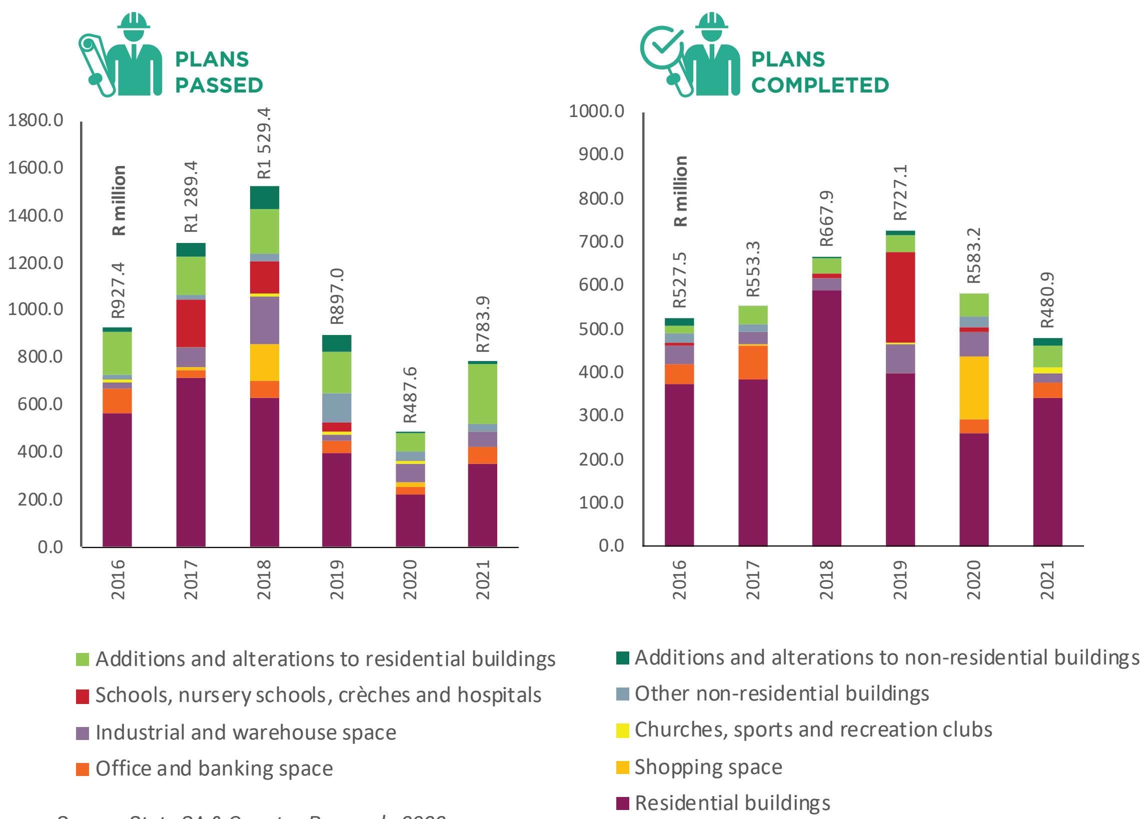
In the Drakenstein municipal area, the total value of building plans passed increased from R1.6 billion in 2020 to R1.9 billion in 2021. Throughout the period under review, most building plans passed were for residential buildings, which increased from a value of R1.1 billion in 2020 to R1.6 billion in 2021. Office and banking space was also included in the building plans passed in the Drakenstein municipal area, with a value of R62.0 million in 2020, increasing to R88.9 million in 2021.

[62] *Number of residential building plans passed for buildings larger than 80m².*
[63] *Value of non-residential buildings completed (constant prices).*

Another type of building plan passed was for office and banking space, which was valued at R529.1 million in 2020 and decreased to R313.3 million in 2021. Increases were recorded in the value of residential and industrial and warehouse space building plans, indicating that the Drakenstein municipal area is a growing commercial and residential hub in the CWD. Furthermore, these developments can substantially boost the local construction sector in future. However, there is a lack of available land that is suitable for industrial development in the Drakenstein municipal area.[64] Building plans completed in the Drakenstein municipal area in 2020 amounted to R931.6 million and increased considerably to R1.4 billion 2021. The increase in buildings can be attributed to the easing of COVID-19 lockdown restrictions and new commercial and residential developments in the municipal area.

Figure 1.13 indicates the number of building plans passed and completed per building category in the Stellenbosch municipal area between 2016 and 2021.

Figure 1.13
VALUE OF BUILDING PLANS PASSED AND COMPLETED, Stellenbosch, 2016 – 2021 (R million)



Source: Stats SA & Quantec Research, 2022

In the Stellenbosch municipal area, the total value of building plans passed decreased from R927.4 million in 2016 to R783.9 million in 2021, with a peak of R1.5 billion reported in 2018. During this review period, residential building plans made up most of the building plans passed, with these plans decreasing in value from R565.0 million in 2016 to R349.6 million in 2021.

[64] *(Drakenstein Municipality, 2022).*

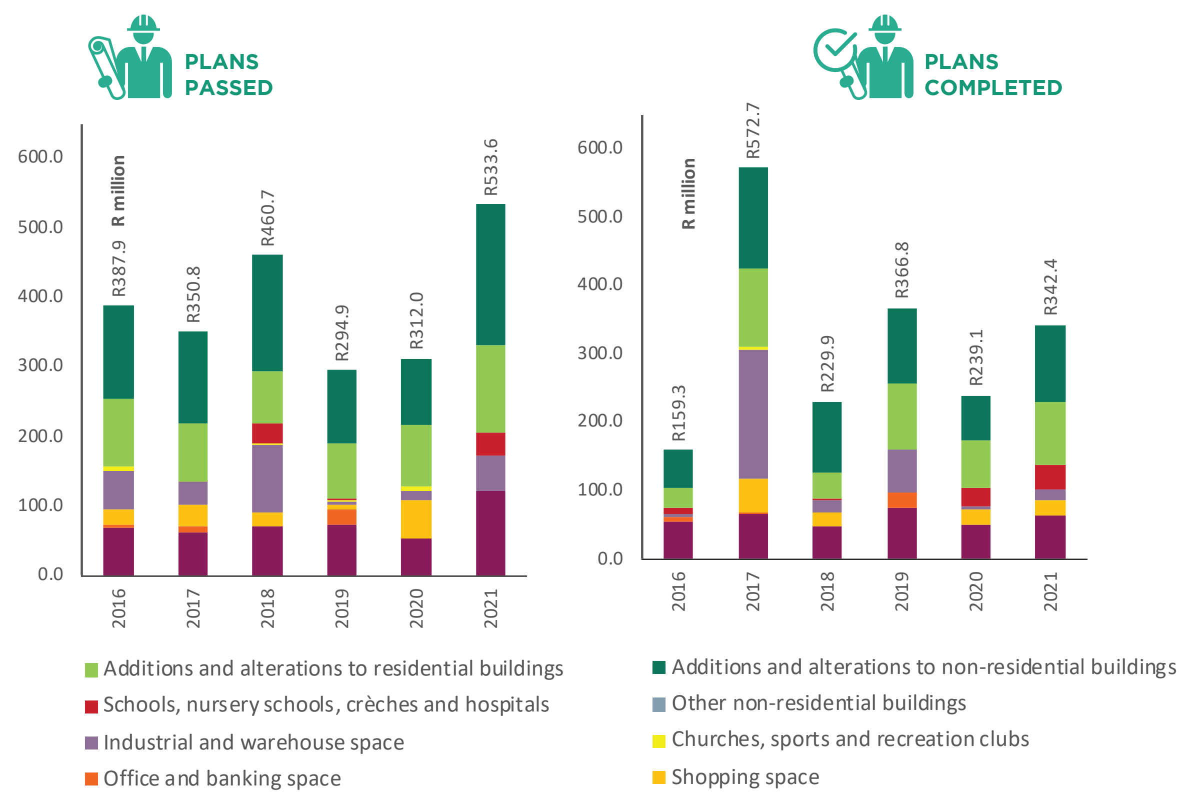
Additions and alterations to residential buildings also comprised a significant portion of building plans passed during the period under review, having increased from R179.8 million in 2016 to R251.8 million in 2021. Other noteworthy building plans passed in 2021 included office and banking space (R73.4 million), and industrial and warehouse space (R66.0 million).

Turning to the value of buildings completed in the Stellenbosch municipal area, in 2016 the total value of buildings completed was R527.5 million, which increased to a peak of R727.1 million in 2019, before decreasing to R481.0 million in 2021. The peak reported in 2019 is mostly due to the increase in buildings completed for the schools, nursery schools, crèches and hospitals category, which was valued at R208.3 million, up from R12.0 million in 2018. Buildings with significant value that were completed in 2021 included additions and alterations to residential buildings (R46.2 million); office and banking space (R35.8 million); industrial and warehouse space (R23.8 million); and additions and alterations to non-residential buildings (R20.4 million).

Figure 1.14 indicates the value of building plans passed and completed between 2016 and 2021 in the Breede Valley municipal area.

Figure 1.14

VALUE OF BUILDING PLANS PASSED AND COMPLETED, Breede Valley, 2016 – 2021 (R million)



Source: Stats SA & Quantec Research, 2022

The total value of building plans passed in the Breede Valley municipal area increased from R387.9 million in 2016 to R533.6 million in 2021, which was the highest over the five years. During this period additions and alterations to non-residential buildings made up most of the building plans passed, increasing from R133.9 million in 2016 to R201.5 million in 2021. Residential buildings and additions and alterations to residential buildings also contributed considerably to the building plans passed, with both increasing during the period under review. In 2021, the value of building plans passed for additions and alterations to residential buildings was R126.6 million and the value of residential building plans passed was R122.5 million.

The buildings completed in the Breede Valley municipal area increased unevenly in value, from R159.3 million in 2016 to R342.4 million in 2021. A peak was recorded in 2017 with a value of R572.7 million, where industrial and warehouse space made up most of the buildings completed, with a value of R188.6 million. Most of the buildings completed in this period consisted of additions and alterations to non-residential buildings, increasing from a value of R55.4 million in 2016 to R113.0 million in 2021. This was followed by buildings completed for additions and alterations to residential buildings, valued at R92.8 million in 2021, and residential buildings valued at R64.0 million in 2022. Also, buildings were completed for schools, nursery schools, crèches and hospitals; shopping space; and industrial and warehouse space in 2021. Most of the building plans passed increased in value from 2016 to 2021, except for office and banking space and churches, sports and recreation clubs, which decreased in value during this period.

Unstable trends are illustrated in the value of both the building plans passed and the buildings completed in the Breede Valley municipal area over the reference period. With the recent incline in building plans passed, the opportunity for an increase in buildings completed can be expected. Furthermore, the building plans passed and buildings completed in the Breede Valley municipal area mostly comprise additions and alterations to non-residential buildings. This trend can be expected to continue, as incoming development in the Breede Valley mostly includes industrial developments.[65]

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.

[65] *(Breede Valley Municipality, 2022).*

1.5.2 Public sector investment

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

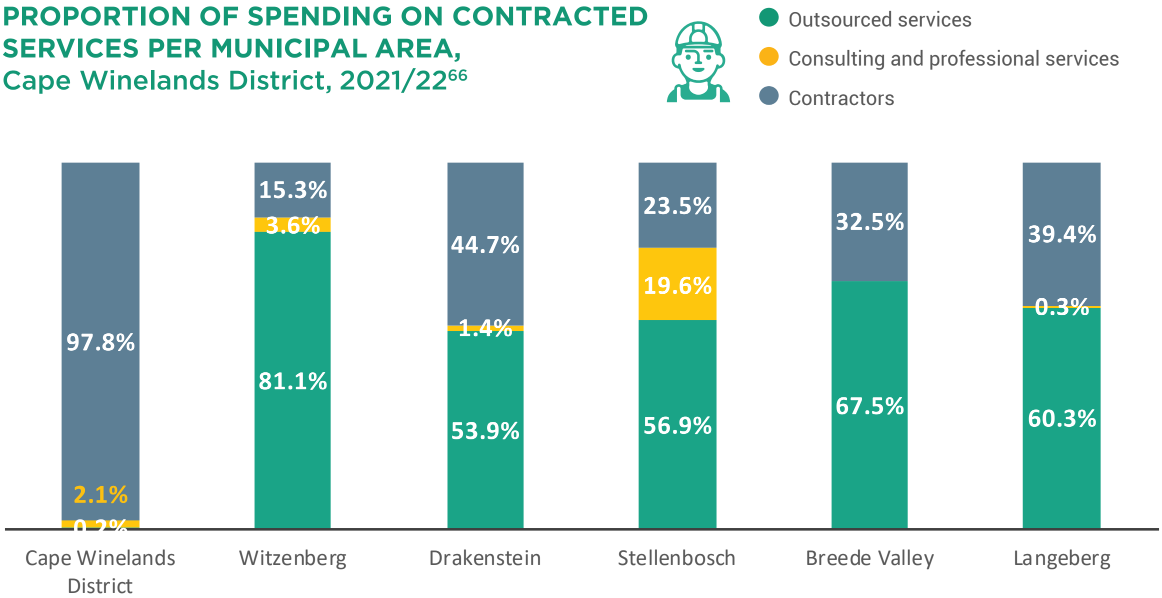
1.5.2.1 Municipal contracted services

The procurement processes of local municipalities could facilitate the development of local SMMEs that provide goods and services, while spending on infrastructure could promote the creation of an enabling environment for households and businesses to function optimally. It must be noted that the CWD value in Figure 1.15 is not the sum total of all local municipalities in the District, but rather represents spending by the CWD Municipality.

Figure 1.15 illustrates the breakdown of spending on contracted services by the municipalities in the CWD.

Figure 1.15

PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPAL AREA,
Cape Winelands District, 2021/22[66]



Source: Calculated from National Treasury, 2022

In the CWD municipal area, nearly all the contracted services spend was allocated to contracting services (97.8 per cent). The majority of this was spent on maintaining and repairing fixed structures (R13.7 million). The number of SMMEs registered on the municipal supplier database in 2021 was 301. Based on the size of the CWD municipal area, more could be done to increase the number of registered SMMEs on the supplier database. Increasing the number of suppliers on the database would encourage local spend. Spending money locally helps to boost LED, creates local jobs and reduces economic leakages to outside areas.

In 2021/22, most of the contracted service spend in the Witzenberg municipal area was on outsourced services (81.1 per cent), followed by contractors (15.3 per cent) and consulting and

[66] *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.*

professional services (3.6 per cent). The majority of funds allocated to outsourced services were spent on nursing staff and allied health professionals, among other health services. This expenditure is largely attributed to the COVID-19 pandemic.

For the Drakenstein municipal area, a large portion of spending on contracted services was on outsourced services (53.9 per cent), followed by contractors (44.7 per cent). Most outsourced services spend was on medical doctors (R4.9 million) and nursing staff (R1.3 million). This can potentially be attributed to the COVID-19 pandemic. This spending on doctors, nursing staff and associated items in municipal areas can be attributed to the Department of Health. Furthermore, the majority of the contracted service spend was on casual labour and repairing machinery and equipment. The number of SMMEs registered on the Municipality's service supplier database increased from 459 in 2020 to 482 in 2021.

In 2021/22, the Stellenbosch municipal area spent the majority of its municipal services spend on outsourced services (56.9 per cent), followed by contractors (23.5 per cent). The main outsourced services spending was on social care services (R5.9 million), nutritional and social welfare facilities (R3.4 million), nursing staff (R2.3 million) and medical doctors (R1.3 million). There are 692 SMMEs active on the Stellenbosch municipal area's financial system.

In 2021/22, the Breede Valley municipal area spent most of its contracted municipal services spend on outsourced services (67.5 per cent) and the remaining 32.5 per cent on contractors. Outsourced services were spent mostly on education (R6.2 million), admin and support staff (R2.9 million), medical and chemical waste removal (R2.3 million) and nursing staff (R1.2 million). The Breede Valley municipal area recorded an increase in the number of SMMEs registered on the supplier database from 302 in 2020 to 360 in 2021. This is a significant increase and has the potential to create local jobs and reduce economic leakage to outside areas. Local spend is the major economic driving force in most local municipal areas.

For the Langeberg Municipality, the majority of contracted services spend was spent on outsourced services (60.3 per cent) and contractors (39.4 per cent). Consulting and professional services constituted only 0.3 per cent of total spend to contracted services in the municipal area.

1.5.2.2 Infrastructure

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

Table 1.10 outlines the budgeted expenditure on infrastructure by the local municipalities in the CWD for 2022/23.

Table 1.10
SPENDING ON INFRASTRUCTURE,
Cape Winelands District, 2022/23

DESCRIPTION R million	2022/23 Municipal infrastructure spend (original budget)
Economic infrastructure	**214.7**
Road transport and public works	207.2
Environmental services	7.5
Social infrastructure	**63.0**
Education	-
Health	0.2
Social development	29.7
Housing	33.1
Trading services	**637.3**
Energy sources	194.7
Water management	172.1
Wastewater management	174.0
Waste management	96.5
Other	**286.1**
Total infrastructure spend	**1 201.1**

Source: Provincial Treasury, 2022

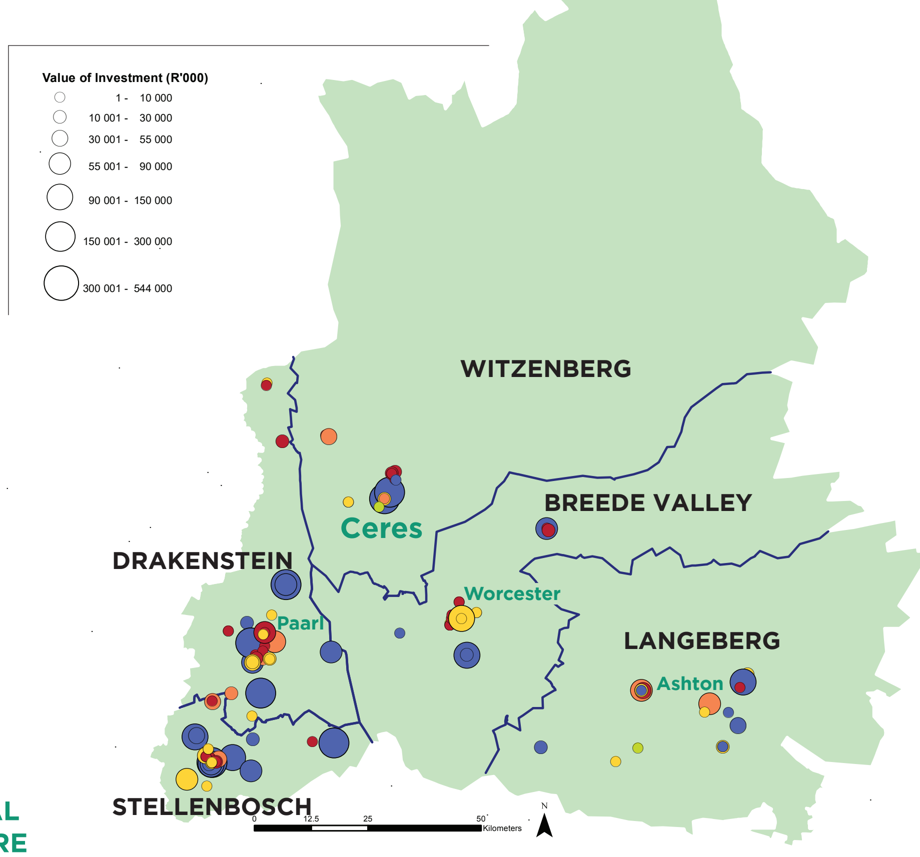
Local municipalities have allocated R1.2 billion to the capital expenditure budgets for 2022/23. This includes allocations made towards economic, social and trading services infrastructure of R214.7 million, R63.0 million and R637.3 million respectively. Other capital expenses to the value of R286.1 million were also budgeted for in 2022/23. Key municipal expenditure categories included road transport and public works (R207.2 million), energy sources (R194.7 million) and wastewater management (R174.0 million).

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

Provincial infrastructure spend in the CWD over the 2022/23 to 2024/25 Medium Term Expenditure Framework (MTEF) amounts to R4.3 billion and accounts for 14.3% of the total Provincial infrastructure budget. Combined, Stellenbosch and Drakenstein receive more than 60.0 per cent of the investment, with the Drakenstein municipal area receiving major road upgrades in 2021. Per capita investment for the District is R4 541, with Stellenbosch showing higher per capita investment (R7 382) than the rest of the municipalities in the District.

Provincial Government has four priority spending areas in the CWD, namely Road Transport and Public Works, Housing, Health and Education, with Road Transport being the largest proportion of the total infrastructure allocation (R696.4 million, or 59.4 per cent).

- Education (WCED)
- Environmental Affairs and Development Planning (CapeNature) (DEA&DP)
- Health (DoH)
- Human Settlements (DoHS)
- Transport and Public Works (DTPW)



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

Maps supplied by DEA&DP. Spatial Information Management

Diagram 1.7

TOTAL DEPARTMENTAL MTEF INFRASTRUCTURE BUDGET AND NUMBER OF PROJECTS & PROGRAMMES, Cape Winelands, 2022/25

WC PROVINCIAL DEPARTMENT	No of Projects & Programmes	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	2024/25 MTEF (R'000)	MTEF Total (R'000)
Education (WCED)	10	67 000	166 000	195 000	**428 000**
Health (DoH)	2	5 000	0	0	**5 000**
Human Settlements (DoHS)	52	110 110	121 298	118 426	**349 834**
Transport and Public Works (DTPW)	48	293 081	194 058	76 040	**563 179**
Environmental Affairs and Development Planning (CapeNature) (DEA&DP)	36	696 400	1 090 543	1 207 259	**2 994 202**
Total	**148**	**1 171 591**	**1 571 899**	**1 596 725**	**4 340 215**

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.

1.5.3 Public sector spending on designated groups[67]

Public sector spending is the largest economic force in most local municipalities. Public sector spend on SMMEs increases local economic development (LED) and creates job opportunities. Additionally, public sector spending has the potential to either bring about societal good or reinforce historical patterns of exclusion.[68]

In the CWD, the majority of expenditure on registered SMMEs was allocated to Exempted Micro Enterprises (EMEs) and an additional R48.5 million was spent on Qualifying Small Enterprises (QSEs. (See Table 1.11.) In total, R251.5 million was spent on SMMEs. Money spent on SMMEs advances bottom-up LED and decreases economic leakages to outside areas. This is due to SMMEs having more linkages with other small enterprises than larger firms. SMMEs are also important for employment creation, as they typically would not automate processes, or insource or outsource labour. This is particularly true for rural municipal regions.

Table 1.11
EXPENDITURE ON REGISTERED SMMES ON THE WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB), Cape Winelands District, 2021/22[69]

	R million	%
EMEs[70]	R203.0	56.3%
Other Entities[71]	R109.2	30.3%
QSEs[72]	R48.5	13.4%
Total	**R360.7**	**100.0%**

Source: The Provincial Infrastructure Reporting Model (IRM)

The majority of public spending in the CWD, among the categories defined in the Preferential Procurement Policy Framework Regulations (PPPFR), was allocated to the youth (50.7 per cent of the total PPPFR categorised spend), with a total of R17.9 million spent. Public spend that is allocated to youth aids in driving technological innovation and reducing the high youth unemployment rate. The second-highest spend was on military veterans (42.8 per cent of the total PPPFR categorised spend). A total of R2.3 million was spent on people with disabilities, showing the commitment to inclusive spending by the departments.

[67] *Designated groups mean – a) black designated groups; b) black people; c) women; d) people with disabilities; or e) small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996).*

[68] *The information for black ownership, black woman ownership and the other designated groups was split to avoid duplication of expenditure, as a supplier can be black-owned and a youth.*

[69] *The information extracted was for the below economic classifications, matched to suppliers registered on the WCSEB for the period 1 April 2021 to 31 March 2022: Goods & Services, Buildings & Other Fixed Structure, Machinery & Equipment and Software & Intangible Assets.*

[70] *EMEs are (regardless of the composition of their ownership) deemed to have a Level 4 BBBEE status and start-up enterprises (in the first year from formation or incorporation) are measured as EMEs. EMEs are entities with an annual total revenue of R10.0 million or less.*

[71] *"Other" refers to expenditure on suppliers not registered on the Western Cape Supplier Evidence Bank (WCSEB), petty cash payments, transfer payments and claim-backs.*

[72] *QSEs are enterprises with an annual total revenue of between R10.0 million and R50.0 million. The BBBEE status of QSEs is measured by reference to all five BBBEE elements in terms of a specific scorecard for QSEs in the BBBEE Codes.*

Table 1.12

PAYMENTS TO SUPPLIERS PER DESIGNATED CATEGORIES DEFINED IN THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK REGULATIONS (PPPFR), Cape Winelands District, 2021/22

	R million	%
Military veterans	R15.1	42.8%
People with disabilities	R2.3	6.5%
Youth	R17.9	50.7%
Total	**R35.3**	**100.0%**

Source: The Provincial Infrastructure Reporting Model (IRM)

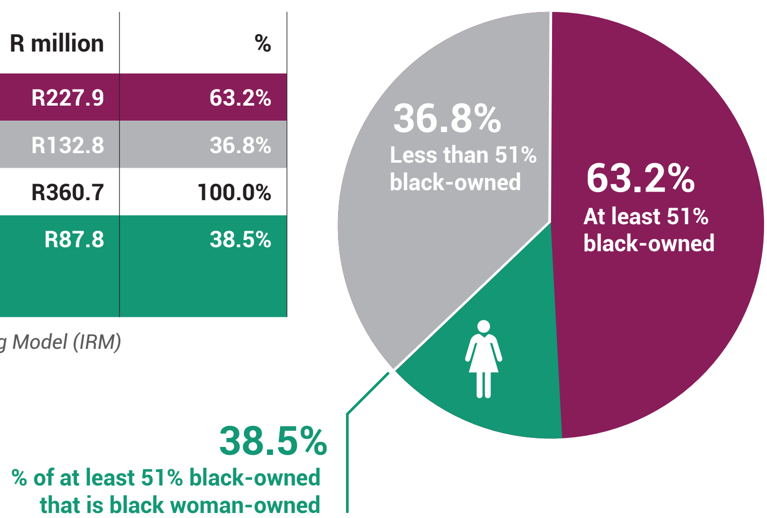
In the CWD, R227.9 million (63.2 per cent of total expenditure on registered black-owned companies) was spent on companies that are majority black-owned. This reflects the racial distribution of the population, as the majority of people living in the CWD are black.[73] Out of the total public sector spend, R87.8 million (38.5 per cent of total spend on companies that are majority black-owned) was spent on companies that are majority black woman-owned. Given the historical social exclusion of women, particularly black women, a greater share of public spend should be allocated to this designated group to reduce marginalisation created by past inequalities.

Table 1.13

EXPENDITURE ON REGISTERED BLACK-OWNED COMPANIES ON THE WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB), Cape Winelands District, 2021/22

	R million	%
At least 51% black-owned	R227.9	63.2%
Less than 51% black-owned	R132.8	36.8%
	R360.7	100.0%
% of at least 51% black-owned that is black woman-owned	R87.8	38.5%

Source: The Provincial Infrastructure Reporting Model (IRM)



[73] (Stats SA, 2022).

1.6 CONCLUDING REMARKS

The Witzenberg municipal area recorded the highest GDPR growth in the CWD over the period. In Ceres, pome fruit growers are finally yielding the benefits of investments made in the previous decade in their pear and apple orchards, with record harvests having been reached in 2020, and subsequently exceeded in 2021. The Witzenberg municipal area's national dominance in cherries, nectarines and dessert peaches further bolsters its potential for export-led growth, as well as various forms of agro-processing, as seen in the under-construction fruit-roll factory in Wolseley.

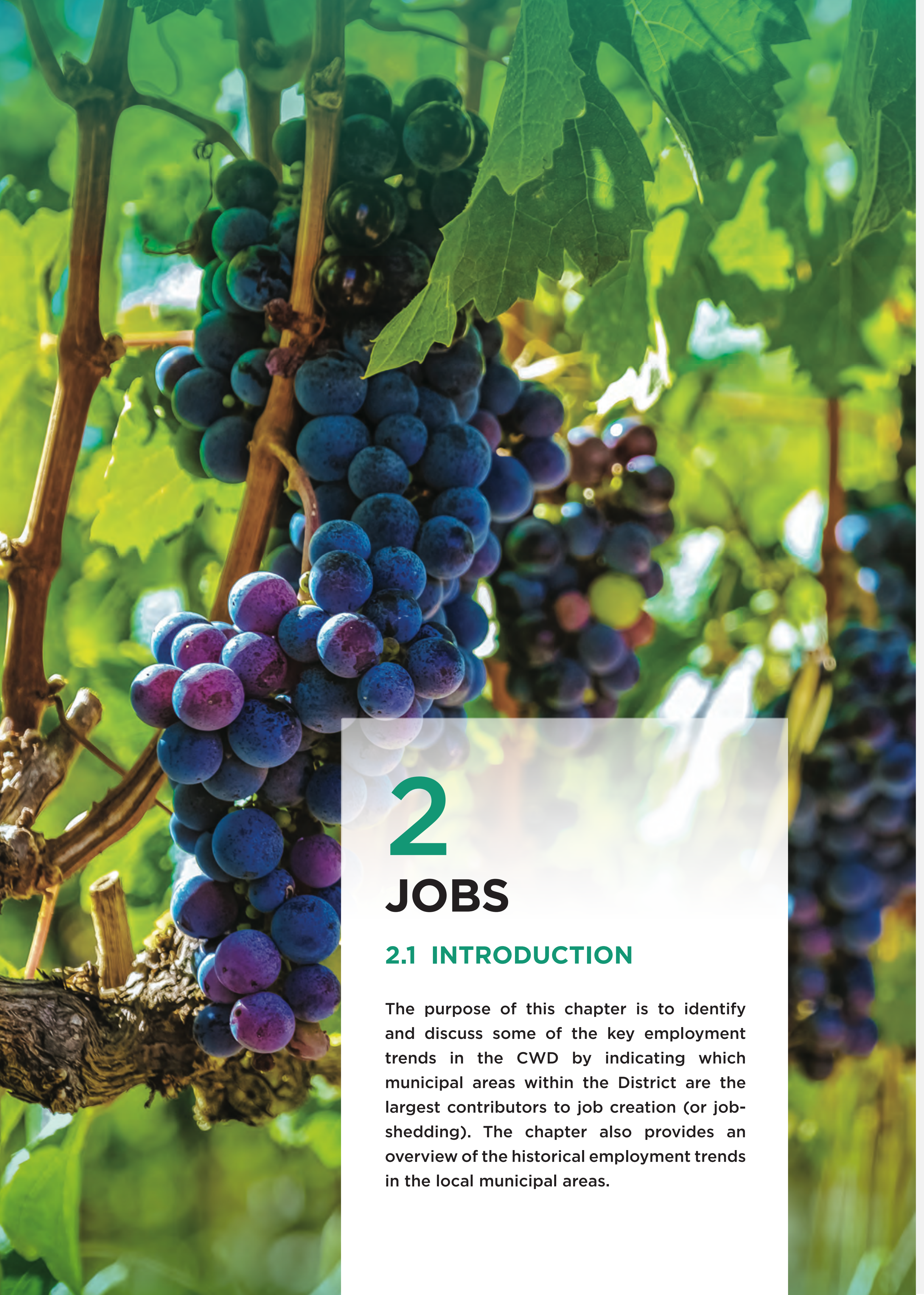
Agro-processing of dried apricot, peach and pear products already takes place in the Breede Valley municipal area. Strategic infrastructure projects such as the raising of the Brandvlei Dam canal wall in the Breede Valley municipal area will increase the capacity of irrigated agriculture.[74] Risks in the manufacturing of chicken products recently caused by bird flu highlight the importance of a diversified local economy that is not over-indexed in a few commodity groups.

Such over-concentration in a few commodity groups contributed to municipal areas such as Drakenstein experiencing significant economic erosion because of the COVID-19 regulations on alcohol sales and tourism. As a result, the Drakenstein municipal area experienced the second-highest 2020 GDPR contraction in the CWD at 5.9 per cent.

The Stellenbosch municipal area, which has the highest hectarage of wine grapes in the country, experienced the largest GDPR contraction in 2020 (6.4 per cent). The Stellenbosch municipal area had the lowest growth over the period, and much of this laggard performance was due to the long-term effects of the drought, coupled with an increasingly competitive international wine market that values ethical production practices.

The Ashton Foods fruit-canning factory's possible shutdown (and/or business rescue) in the Langeberg municipal area provides a compelling case study of LED, industrial policy and investment retention. Ultimately, this will affect household livelihoods directly through jobs, as discussed in the next chapter.

[74] *(Department of Water and Sanitation, 2022).*



2

JOBS

2.1 INTRODUCTION

The purpose of this chapter is to identify and discuss some of the key employment trends in the CWD by indicating which municipal areas within the District are the largest contributors to job creation (or job-shedding). The chapter also provides an overview of the historical employment trends in the local municipal areas.

2.2 REGIONAL LABOUR TREND ANALYSIS

This subsection discusses sectoral employment by identifying which sectors employ the most individuals and highlights which sectors have contributed more to creating new job opportunities (or experienced job losses) in the District. Lastly, the subsection also summarises the unemployment rate, labour absorption rate and labour force participation rate in the CWD.

2.2.1 Employment growth

Diagram 2.1 provides an overview of employment in the CWD in 2020. It also provides average annual changes in employment between 2011 and 2020 as well as 2016 and 2020, and estimates for 2021.

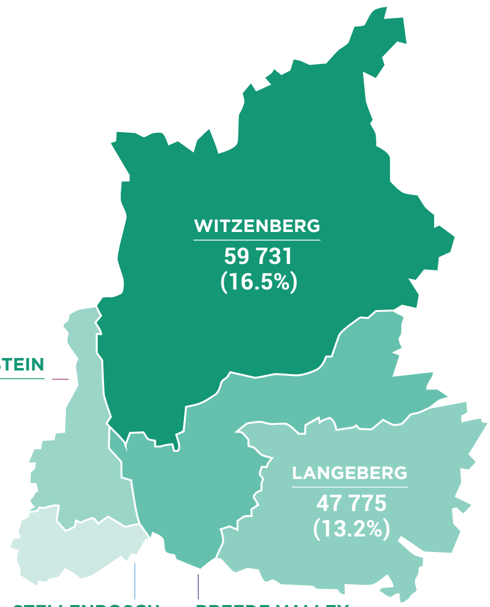


Diagram 2.1
EMPLOYMENT CONTRIBUTION AND GROWTH,
Cape Winelands District

CAPE WINELANDS
361 617 (100.0%)

WESTERN CAPE
2 378 802

MUNICIPALITY	Number of jobs 2020	Average annual change 2011 – 2020	Average annual change 2016 – 2020	Net change 2021e
Witzenberg	59 731 (16.5%)	1 339	-69	-807
Drakenstein	103 684 (28.7%)	1 240	-849	-2 583
Stellenbosch	71 911 (19.9%)	639	-865	-2 435
Breede Valley	78 516 (21.7%)	950	-881	-2 241
Langeberg	47 775 (13.2%)	451	-987	-2 160
Cape Winelands District	**361 617 (100.0%)**	**4 618**	**-3 652**	**-10 226**
Western Cape	**2 378 802**	**22 093**	**-20 286**	**-69 033**

Source: Quantec Research, 2022 (e denotes estimate)

In 2020, a total of 361 617 people were employed in the CWD, which was 15.2 per cent of total employment in the Province during the same year. The leading municipal area in contribution to employment in the District was the Drakenstein municipal area, with a contribution of 28.7 per cent. With a contribution of 13.2 per cent, the Langeberg municipal area contributed the smallest share to employment in the CWD in 2020.

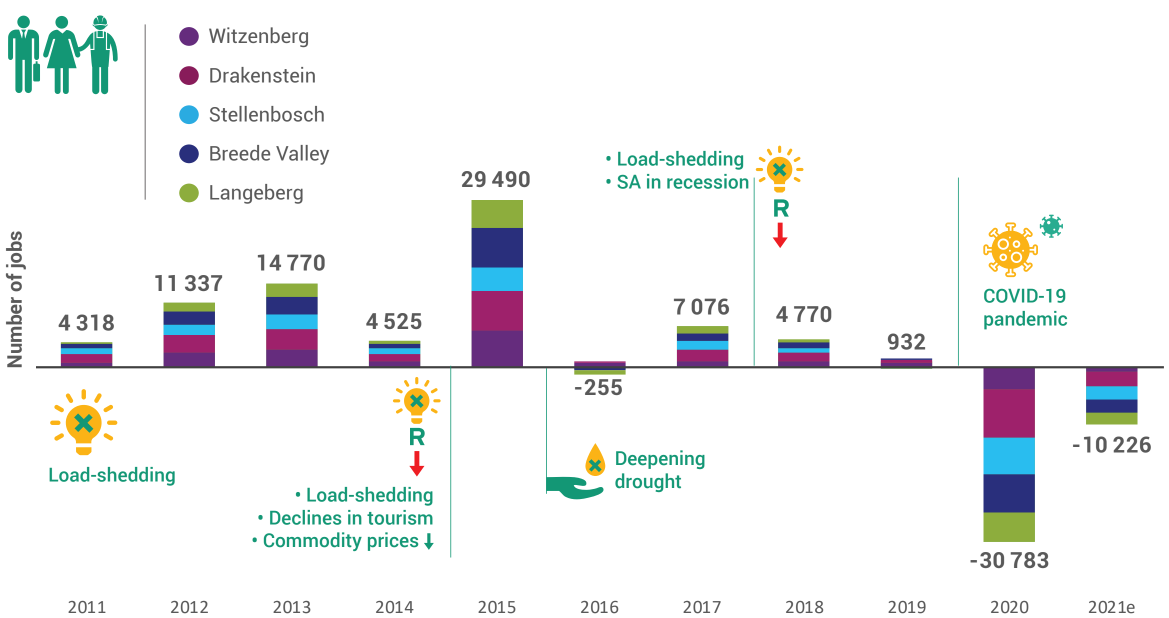
Between 2016 and 2020, the CWD shed an average of 3 652 jobs per year. Furthermore, all municipal areas in the District also experienced job losses over the period. The Langeberg municipal area led all municipal areas in this regard, losing an average of 987 jobs per year. This was largely as a result of the drought in the District affecting employment in the agriculture sector.[1] Other contributing factors to job losses in the District included load-shedding, which affected employment in the manufacturing sector.[2] Other impacts on employment in the District can be attributed to the poor performance of the national economy, as well as the COVID-19 pandemic.[3]

It is estimated that the CWD lost 10 226 jobs in 2021. The highest number of job losses were in the Drakenstein municipal area, losing 2 583 jobs in 2021. A contributor to job losses in the District was the closure of Hextex, which affected employment in the secondary sector.[4] Additionally, as a result of inactivity in the sector, the hospitality industry within the District contracted, leading to unemployment.[5] As growth in employment typically lags economic growth, the estimated growth in GDPR for the District in 2021 suggests that the contraction in employment is a lagged response to the recovery.

The employment trends per municipal area in the CWD between 2011 and 2021 are illustrated in Figure 2.1. Overall, the employment trends in the CWD broadly mirror those of changes in Provincial employment.

Figure 2.1

EMPLOYMENT CHANGE PER MUNICIPAL AREA, Cape Winelands District, 2011 – 2021



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Witzenberg	807	2 573	2 964	867	6 529	668	1 098	1 089	812	-4 013	-807
Drakenstein	1 565	3 028	3 673	1 444	6 933	448	1 908	1 440	323	-8 364	-2 583
Stellenbosch	1 017	1 830	2 578	1 061	4 226	-171	1 527	888	-65	-6 504	-2 435
Breede Valley	681	2 405	3 158	684	6 975	-300	1 411	1 039	194	-6 751	-2 241
Langeberg	248	1 501	2 397	469	4 827	-900	1 132	314	-332	-5 151	-2 160

Source: Quantec Research, 2022 (e denotes estimate)

[1] *(Goudriaan, et al., 2019).*
[2] *(Paton, 2019).*
[3] *(Sheefeni, 2022).*
[4] *(Breede Valley Municipality, 2022).*
[5] *(Drakenstein Municipality, 2022).*

Between 2011 and 2015,[6] the CWD observed an overall upward trend in jobs created, despite recording a decline in 2014. The Province also recorded a similar upward trend, with a decline in 2014. Between 2010 and 2013, the District recorded a recovery in formal employment[7] as formal economic activity recovered from the global financial crisis.[8] Additionally, the improvement of the wine industry contributed to an increase in employment in the region.[9] Furthermore, as tourism grew during the period,[10] employment within the District in the trade sector also increased.

In 2016, the District recorded a loss of 255 jobs during the year. This was in contrast with the Province, which added 7 532 jobs during the year. This was probably due to the onset of drought conditions in the Province, which impacted agricultural and manufacturing output in the region.[11] Other job losses in the agriculture sector can be attributed to wage expenditure, where an increase in minimum wages may have led to job losses.[12] Out of all the municipal areas, only the Witzenberg (668 jobs) and Drakenstein (448 jobs) municipal areas recorded a growth in employment in 2016. This is a result of greater employment creation in the tertiary sector than job losses in the primary sector for both municipal areas.

In 2017, the District recorded recoveries in employment, adding 7 076 jobs in the year. Out of all the municipal areas, the Drakenstein municipal area recorded the largest increase in employment, with 1 908 jobs created in 2017. This can be attributed to the recovery of the tertiary sector owing to increases in tourism activity in the District.[13] The Drakenstein municipal area has contributed greatly to the growth in the tertiary sector, benefiting from tourism as well as its identification as an events destination.[14]

Despite recovery in 2017, the CWD recorded a decline in jobs created between 2018 and 2019. In 2018, employment growth in the District declined to 4 770 jobs created during the year. This trend continued in 2019, with 932 jobs created in the District. All municipal areas in the District recorded declines in jobs added during the year. This decline is consistent with the national technical recessions suffered throughout the period, which caused declines in employment within the District and Province.

The COVID-19 pandemic had significant adverse impacts on employment in 2020, with both the CWD and Province recording large contractions in employment. The District recorded 30 783 jobs lost, while the Province recorded 196 539 jobs lost in 2020. All municipal areas in the CWD recorded job losses in the year, with the Drakenstein municipal area recording the largest loss at 8 364 jobs. The high job losses in the District were a result of the COVID-19 pandemic-affected sectors, as vast declines in tourism and trade greatly impacted the municipal area.

The CWD is estimated to have recorded job losses in 2021, shedding 10 226 jobs during the year. This is consistent with the Province, which is estimated to have lost 69 033 jobs in the year. This is in contrast with GDPR growth rates for the CWD, where the District is estimated to have recovered in 2021. The estimated job losses were as a result of losses in the informal sector, as formal employment in the District is estimated to have grown by 2 099 jobs, while informal employment is estimated to have contracted by 12 325 jobs.[15] These losses occurred as a result of decreased economic activity in 2020 owing to the effect of the COVID-19 pandemic on the informal sector.

6 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).
7 (Masiteng & Buwembo, 2014).
8 (Masiteng & Buwembo, 2014).
9 (South African Liquor Brand Owners Association, 2015).
10 (International Labour Organization, 2011).
11 (Goudriaan, et al., 2019).
12 (Bejoy, 2016).
13 (Western Cape Government, 2017).
14 (Drakenstein Municipality, 2020).
15 Data received from Section A.

The unemployment rate, labour force participation rate, labour absorption rate and the not economically active population as a proportion of the working-age population in each municipal area in the CWD and Western Cape are illustrated in Diagram 2.2.

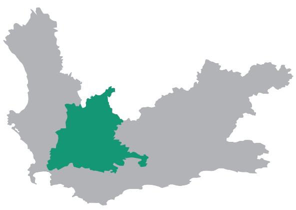
Diagram 2.2

LABOUR PROFILE, Cape Winelands District

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

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

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

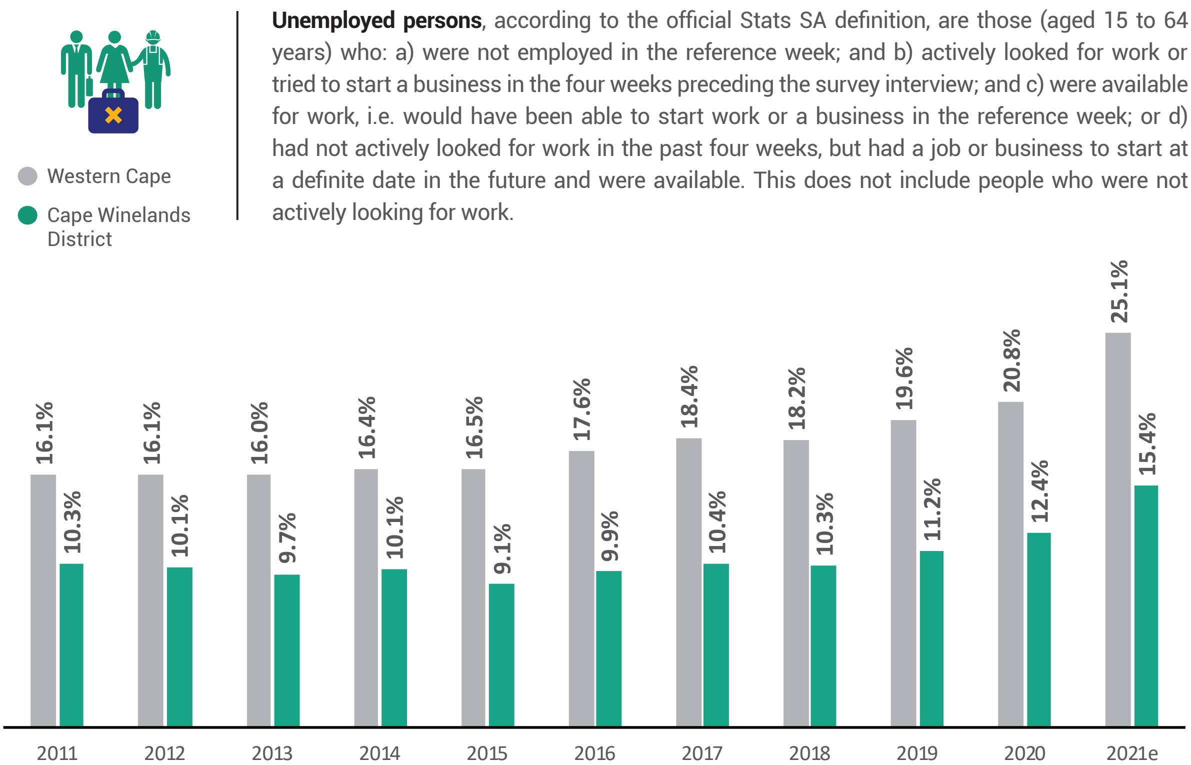


	Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
	2020	2021e ↓	2020	2021e ↓	2020	2021e ↑
Cape Winelands District	63.7%	63.2%	55.8%	53.4%	36.3%	36.8%
Western Cape	62.6%	63.3%	49.6%	47.5%	37.4%	36.7%

Source: Quantec Research, 2022 (e denotes estimate)

UNEMPLOYMENT PROFILE, Cape Winelands District

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



Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2018, the unemployment rate of the CWD fluctuated between 9.1 per cent and 10.4 per cent. However, after an increase in unemployment rates to 11.2 per cent in 2019, the unemployment rate had an upward trend between 2019 and 2020.

In 2021, it is estimated that the unemployment rate in the CWD stood at 15.4 per cent, which was lower than the Provincial unemployment rate (25.1 per cent). This is a result of the COVID-19 pandemic effects, which were particularly severe in lower-level workers in high-risk occupations,[16] such as those employed within the informal sector.[17] Within the District, this impacted informal workers dependent on tourism activity, and is likely to have resulted in longer-term inactivity in the employment market.

The CWD's labour force participation rate is estimated to have declined to 63.2 per cent in 2021. This was only marginally below the labour force participation rate of the Province, estimated at 63.3 per cent in 2021. The District's labour absorption rate is estimated to have declined to 53.4 per cent in 2021. The CWD's not economically active proportion of the working-age population is estimated to have increased to 36.8 in 2021, which was caused by a decline in employment opportunities in the District.

The labour market conditions in the District can be considered constrained as a result of the decrease in labour participation as well as increases in the unemployment rate in 2021. This is further emphasised by the estimated decline in the labour absorption rate, suggesting low employment creation in the District.

[16] *(Moshikaro, 2020).*
[17] *(Stats SA, 2020).*

2.2.2 Sectoral employment

The sectoral spread of employment in the CWD in 2020 is depicted in Table 2.1. Furthermore, Table 2.1 includes the annual average number of jobs created or lost between 2016 and 2020, and gives estimates for 2021.

Table 2.1
EMPLOYMENT PER SECTOR, Cape Winelands District

SECTOR	Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**75 665 (20.9%)**	**-112**	**-3 853**	**-1 405**	**-7 302**	**-2 647**
Agriculture, forestry & fishing	75 519 (20.9%)	-109	-3 844	-1 396	-7 284	-2 637
Mining & quarrying	146 (0.0%)	-3	-9	-9	-18	-10
Secondary Sector	**50 248 (13.9%)**	**320**	**-563**	**-979**	**-4 365**	**-2 383**
Manufacturing	29 349 (8.1%)	-270	-561	-69	-2 433	-1 333
Electricity, gas & water	985 (0.3%)	18	6	7	-31	-18
Construction	19 914 (5.5%)	572	-8	-917	-1 901	-1 032
Tertiary Sector	**235 704 (65.2%)**	**4 410**	**764**	**3 316**	**-19 116**	**-5 196**
Wholesale & retail trade, catering & accommodation	79 337 (21.9%)	1 495	114	1 606	-10 057	-3 903
Transport, storage & communication	12 466 (3.4%)	277	-181	399	-1 646	-1 169
Finance, insurance, real estate & business services	57 925 (16.0%)	1 736	1 237	1 317	-1 666	-792
General government	19 474 (5.4%)	331	155	204	-210	241
Community, social & personal services	66 502 (18.4%)	572	-560	-210	-5 537	427
Total Cape Winelands District	**361 617 (100.0%)**	**4 618**	**-3 652**	**932**	**-30 783**	**-10 226**

Source: Quantec Research, 2022 (e denotes estimate)

Employment in the CWD in 2020 was primarily contributed to by the tertiary sector, with 235 704 jobs, which was a 65.2 per cent contribution to employment in the District. Within the tertiary sector, the largest contributing subsectors in 2020 were the trade (21.9 per cent) and finance (16.0 per cent) sectors. Between 2016 and 2020, the tertiary sector, which was the only sector to add jobs over the period, created an average of 764 jobs per year. This was largely due to the finance sector, which contributed an average of 1 237 jobs per year. Increases can be attributed to an increase in interest in property in the District, with people and businesses increasing investment in the District.[18] This investment in the District contributed to increased employment. Another factor that contributed to job creation was the increase in employment by Capitec in the Stellenbosch municipal area. This was a result of reported increases in earnings by Capitec, which sustained employment creation.[19]z

[18] *(Struck, 2017).*
[19] *(Capitec, 2019).*

In 2021, the tertiary sector lost an estimated 5 196 jobs. The trade sector is estimated to have contributed the largest share to this decline, with 3 903 jobs lost during the year. This decline was despite an estimated recovery in the trade sector in terms of GDPR growth. Employment losses in the trade sector were likely a result of the continued impacts in the hospitality sector, where job losses continued as a result of the closure of businesses such as restaurants in the District.[20]

The primary sector contributed 20.9 per cent to District employment in 2020, with 75 665 jobs created. This predominantly comprised jobs in the agriculture sector at 20.9 per cent. The primary sector shed an average of 3 853 jobs per year between 2016 and 2020, nearly all of which were in the agriculture sector. This can be attributed to an increase in wages as a result of the De Doorns uprising, which caused lower recruitment of workers as well as increased seasonal unemployment.[21] Other factors that affected unemployment include the drought period, which impacted the agricultural value chain as a result of decreased output.[22] The mining sector is not considered a significant contributor to employment in both the primary sector and the District.

It is estimated that the primary sector experienced contractions in employment in 2021, with 2 647 jobs lost during the year. This is a result of job losses in the agriculture sector, which is estimated to have lost 2 637 jobs in 2021. A large factor in the estimation is the mechanisation of labour within the agriculture sector becoming a bigger component of the cost of labour.[23] The mechanisation of labour is thus likely to impact the agriculture sector, as the replacement of low-skilled workers will result in large decreases in employment for the sector.

The secondary sector accounted for 13.9 per cent of employment in the District in 2020, with a total of 50 248 jobs. Within the secondary sector, the main contributors to employment were the manufacturing and construction sectors, contributing 8.1 per cent and 5.5 per cent respectively during the year. Between 2016 and 2020, an average of 563 jobs per year were lost in the secondary sector. Average annual declines recorded in the secondary sector were largely driven by employment contractions in the manufacturing sector. As the District relies on the processing of horticultural produce, drought conditions adversely impacted agro-processing activities. Other impacts included agricultural output affected by the Simonsberg fires,[24] which impacted employment throughout the agricultural value chain.

An estimated 2 383 jobs were lost in the secondary sector in 2021. The manufacturing sector accounted for the largest share of this decline, with a total of 1 333 jobs lost in 2021. This can be attributed to the closure of companies such as Hextex, which impacted job losses throughout the sector. Furthermore, other contributors include the knock-on effects of the alcohol sales ban, which caused job losses in the manufacturing sector in the District.[25]

[20] *(Purdon, 2021).*
[21] *(Maregele, 2019).*
[22] *(Western Cape Government, 2017).*
[23] *(Diao, Takeshima, & Zhang, 2020).*
[24] *(Mercer, 2016).*
[25] *(Schutz, 2021).*

2.2.3 Location quotient

Throughout this subsection, the location quotient is used to identify and analyse the comparative advantage and level of specialisation of the various economic sectors in the District. Location quotients are ratios which allow an area's distribution of employment in terms of industry, ownership and size class to be compared with the national industry.[26] A location quotient exceeding one indicates that the share of labour in the sector in the local economy is greater than that of the national economy. Should the location quotient be less than one, labour in the sector is weaker in the local economy relative to the industry of the national economy. Furthermore, a location quotient of one indicates that the representation of labour in the sector in the local economy is the same as its representation in South Africa.

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

The CWD location quotient in terms of employment is depicted in Table 2.2.

Table 2.2

LOCATION QUOTIENT IN TERMS OF EMPLOYMENT, Cape Winelands District

SECTOR	2011	2020	Growth 2011 – 2020
PS **Primary Sector**	2.17	2.03	**-6.7%**
Agriculture, forestry & fishing	3.52	2.96	**-16.0%**
Mining & quarrying	0.01	0.01	**0.0%**
SS **Secondary Sector**	0.92	0.89	**-2.7%**
Manufacturing	0.93	0.86	**-7.8%**
Electricity, gas & water	0.57	0.62	**8.7%**
Construction	0.91	0.96	**5.5%**
TS **Tertiary Sector**	0.85	0.88	**3.5%**
Wholesale & retail trade, catering & accommodation	0.95	1.01	**6.2%**
Transport, storage & communication	0.74	0.80	**8.6%**
Finance, insurance, real estate & business services	0.80	0.87	**9.1%**
General government	0.84	0.83	**-0.5%**
Community, social & personal services	0.82	0.80	**-3.1%**

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

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

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

The agriculture sector held the highest location quotient in terms of employment in the CWD in 2020 at 2.96. This was the only subsector in the District to be classified as having a high location quotient. The agriculture sector recorded a contraction in growth between 2011 and 2020 of 16.0 per cent. The high location quotient of the agriculture sector in the District suggests that the District has a comparative advantage in the sector.

Additionally, all subsectors in the CWD except the electricity, gas and water and mining sectors were classified as having a medium location quotient in terms of employment in 2020. Furthermore, of all sectors with a medium classification, only the manufacturing, general government and community services sectors recorded a contraction between 2011 and 2020. All other sectors with a medium classification recorded growth in the period, with the transport sector notably growing from a low classification in 2011 to a medium classification in 2020. The growth in the transport sector is consistent with infrastructure development by the District governance, with an allocation of R218.7 million from the District towards road transport.[27] A medium classification of the sector suggests employment in the sector is likely to be as specialised and representative as the sectors in the national economy.

Only the electricity, gas and water and mining sectors held a low classification in location quotient in the CWD in 2020. The mining sector recorded the lowest location quotient in terms of employment in 2020 at 0.01. Despite a low advantage in terms of employment compared with the national industry, the electricity, gas and water sector recorded growth between 2011 and 2020, while the mining sector remained stagnant over the period. The District is not reliant on the sectors to contribute to employment and suggests that the sectors provide low contributions to GDPR.

[27] *(Western Cape Government, 2021).*

2.3
EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

This subsection provides a more in-depth macroeconomic outlook by considering the trends in employment and skill levels for each of the municipal areas within the CWD.

2.3.1
WITZENBERG

Diagram 2.3
EMPLOYMENT,
Witzenberg, 2020 and 2021e

JOBS

2020		2021e
59 731	-807 LOSSES	58 924

2020 EMPLOYMENT BREAKDOWN

INFORMAL	FORMAL		
17.8%	13.5% Skilled	28.2% Semi-skilled	40.5% Low-skilled

Source: Quantec Research, 2022 (e denotes estimate)

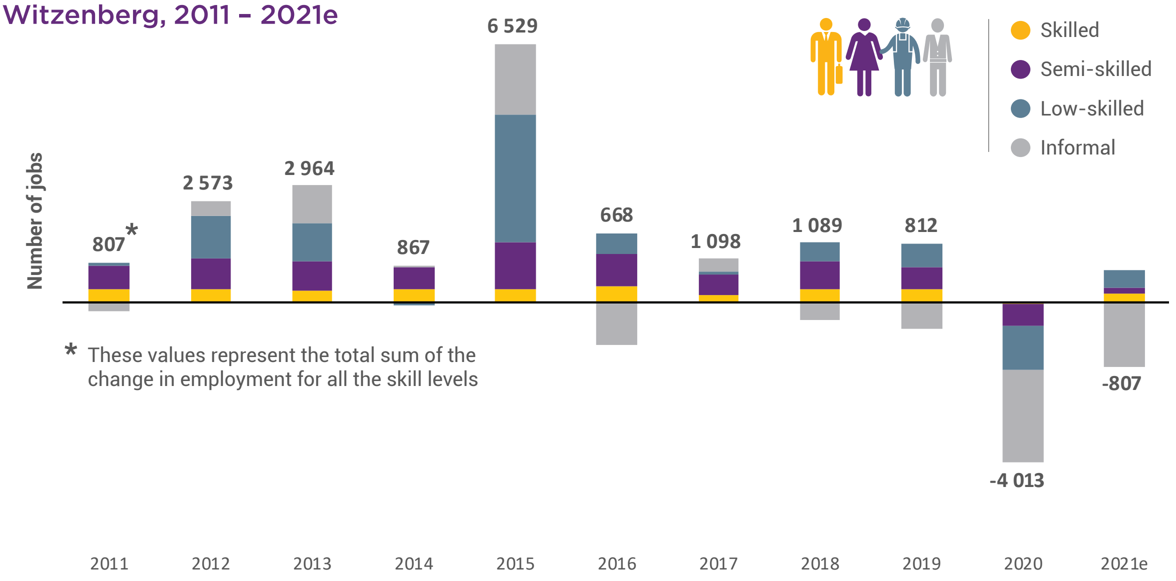
The municipal area had 59 731 employed workers in 2020, and this is expected to have decreased to 58 924 workers in 2021. The total share of formal employment was 82.2 per cent, with the majority of workers being low-skilled. The proportion of skilled employment in the municipal area was 13.5 per cent. The percentage of informal employment in 2020 was 17.8 per cent in the Witzenberg municipal area. The unemployment rate for 2020 was 8.1 per cent, and this is estimated to have increased to 10.1 per cent in 2021. Labour force participation is estimated to have reached 66.4 per cent in 2021 from 67.3 per cent in 2020.

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e ↓	2020	2021e ↓	2020	2021e ↑
8.1%	10.1%	67.3%	66.4%	61.9%	59.7%	32.7%	33.6%

Source: Quantec Research, 2022 (e denotes estimate)

Figure 2.2 provides an overview of the changes in employment in the Witzenberg municipal area between 2011 and 2021.[28]

Figure 2.2
CHANGE IN EMPLOYMENT, Witzenberg, 2011 – 2021e



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Skilled	347	330	307	329	336	404	199	338	344	-53	217
Semi-skilled	597	787	724	546	1 177	829	503	692	543	-536	172
Low-skilled	67	1 082	987	-73	3 214	524	69	484	607	-1 106	414
Informal	-204	374	946	65	1 802	-1 089	327	-425	-682	-2 318	-1 610

Source: Quantec Research, 2022 (e denotes estimate)

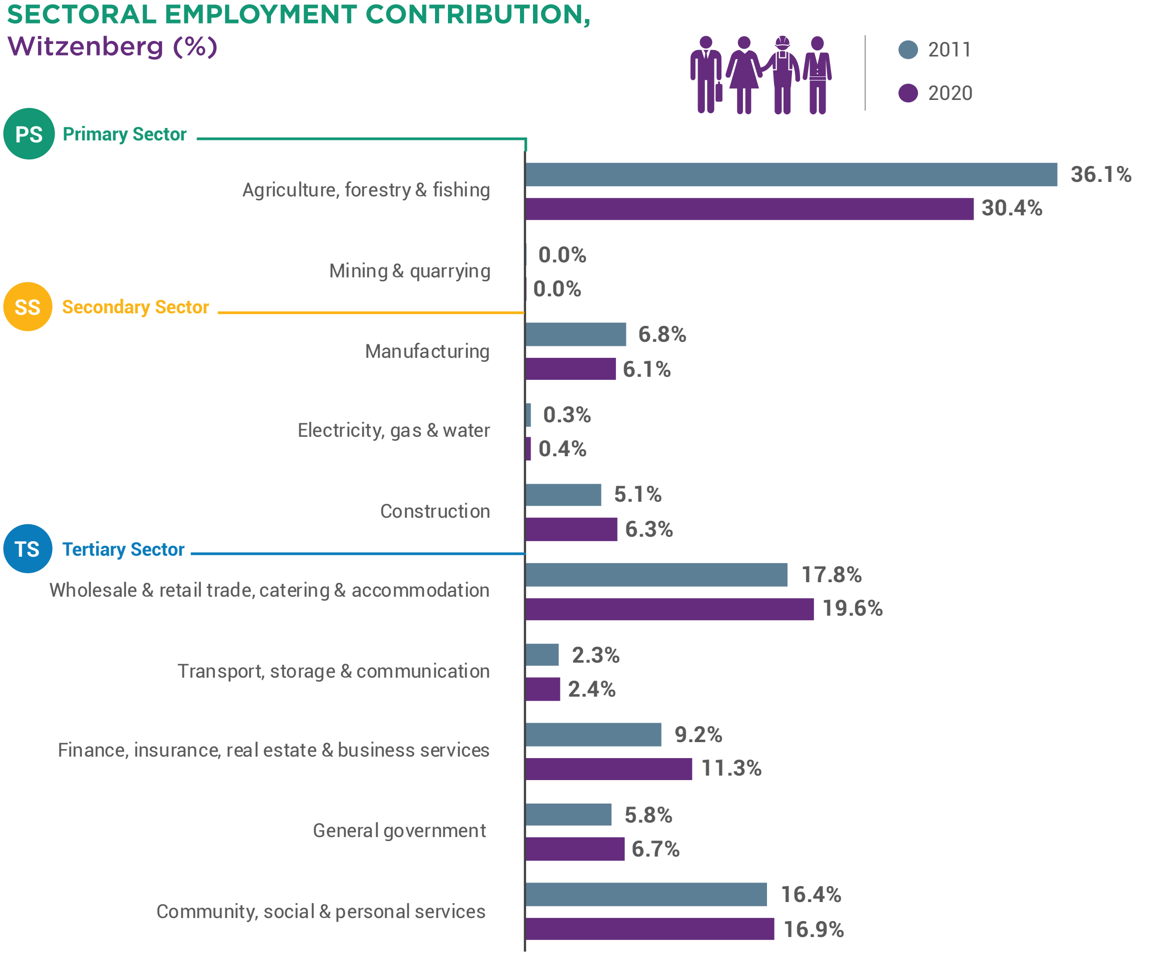
Between 2011 and 2020 a net total of 13 394 jobs were created in the municipal area, with the majority of jobs created for semi-skilled workers (5 862 jobs), followed by low-skilled workers (5 855 jobs), and 2 881 skilled jobs were created in the same period. A total of 1 204 informal jobs were lost between 2011 and 2020.

It is estimated that job losses continued in 2021, with an estimated 807 jobs lost. Formal labour indicated the most resilience. It is estimated that 217 jobs were created for skilled workers in 2021, which will recover the 53 skilled jobs lost in 2020. An estimated 172 jobs were created for semi-skilled workers in 2021, and for low-skilled workers it is estimated that 414 jobs were created. Informal employment continued to contract, with an estimated 1 610 jobs lost in 2021.

[28] *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 SMMEs, which are not accounted for in the QES.*

Figure 2.3 provides a breakdown of the sectoral contribution to employment in the Witzenberg municipal area in 2011 and 2020.

Figure 2.3
SECTORAL EMPLOYMENT CONTRIBUTION, Witzenberg (%)



Source: Quantec Research, 2022

The agriculture sector contributed the most to employment in 2011 as well as 2020, with a contribution of 36.1 per cent and 30.4 per cent respectively. This is in line with the size of the sector, as it is one of the major economic contributors in the municipal area. It is known that the sector is labour-intensive, contributing the most employment for low-skilled workers. The municipal area could focus on skills development for agricultural workers to help them increase their level of skill and improve their capabilities.

The community services sector contributed 16.9 per cent towards employment in 2020, which was slightly more than the 16.4 per cent contribution in 2011. The trade sector was the second-highest contributor to employment, with 17.8 per cent in 2011, which increased to 19.6 per cent in 2020. It is interesting to note that although the manufacturing industry accounted for only 6.1 per cent of the labour force in 2020, it accounts for a large share of total gross value added (GVA). This could be an indication of the capital-intensive capabilities of the manufacturing sector in Witzenberg.

Table 2.3 illustrates the sectoral changes in employment between 2016 and 2020, and provides the estimated performance for 2021.

Table 2.3
EMPLOYMENT PERFORMANCE PER SECTOR,
Witzenberg

SECTOR	Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**18 160 (30.4%)**	**29**	**-866**	**-288**	**-1 715**	**-617**
Agriculture, forestry & fishing	18 155 (30.4%)	29	-866	-288	-1 714	-617
Mining & quarrying	5 (0.0%)	-	-0	-	-1	-
Secondary Sector	**7 601 (12.7%)**	**208**	**86**	**-21**	**-457**	**-177**
Manufacturing	3 643 (6.1%)	38	9	59	-171	-83
Electricity, gas & water	224 (0.4%)	8	6	6	-3	-
Construction	3 734 (6.3%)	162	71	-86	-283	-94
Tertiary Sector	**33 970 (56.9%)**	**1 103**	**711**	**1 121**	**-1 841**	**-13**
Wholesale & retail trade, catering & accommodation	11 684 (19.6%)	375	223	429	-1 109	-346
Transport, storage & communication	1 409 (2.4%)	42	2	45	-156	-104
Finance, insurance, real estate & business services	6 771 (11.3%)	273	244	304	-60	49
General government	3 998 (6.7%)	148	114	138	37	106
Community, social & personal services	10 108 (16.9%)	265	128	205	-553	282
Total Witzenberg	**59 731 (100.0%)**	**1 339**	**-69**	**812**	**-4 013**	**-807**

Source: Quantec Research, 2022 (e denotes estimate)

The Witzenberg municipal area had a total of 59 731 jobs in 2020. The tertiary sector was the largest contributor with 33 970 jobs (56.9 per cent), followed by the primary sector with 18 160 jobs (30.4 per cent) and the secondary sector contributing 7 601 jobs (12.7 per cent). Between 2011 and 2020 the municipal area created 1 339 jobs annually, on average, with the most jobs created in the trade sector (375 jobs). The municipal area lost 69 jobs annually, on average, between 2016 and 2020, with COVID-19 being the reason for the large number of jobs shed in 2020. The sector contributing the most to the job-shedding was the agriculture sector, with 866 jobs lost between 2016 and 2020.

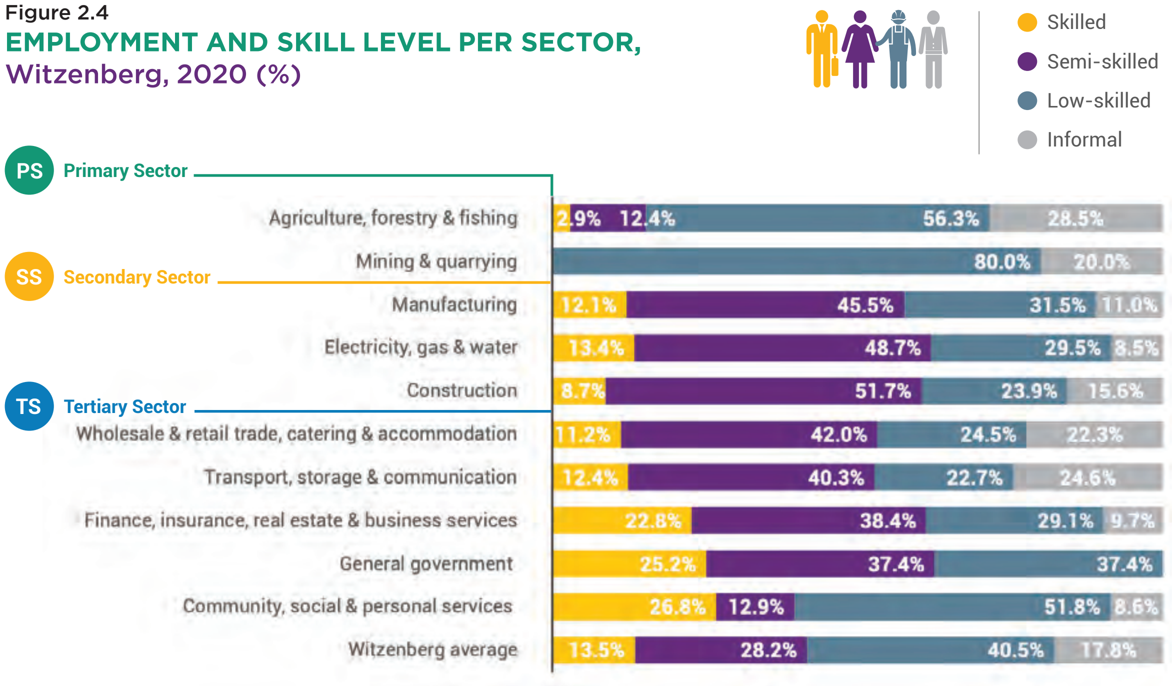
The agriculture sector is estimated to have contracted by a further 617 jobs in 2021, with the largest share of the estimated total number of jobs lost within the municipal area. Some agricultural operations were affected by the COVID-19 regulations, for example the wine industry was not able to operate under level five regulations in 2020. The other possible explanation for job losses in the sector was the increase in the minimum wage from R20.76 to R21.69 per hour.[29]

It is estimated that the effects of COVID-19 continued to result in job losses in 2021, with a total of 807 jobs lost. It is important for the municipal area to focus on skills development for workers to ensure that they have the necessary skills to be employed. The only sectors that are estimated to have created jobs in 2021 are the finance, general government and community services sectors.

[29] *(Department of Employment and Labour, 2021).*

Figure 2.4 illustrates the distribution of informal employment in the Witzenberg municipal area in 2020, as well as the skill levels per sector for formal employment.

Figure 2.4
EMPLOYMENT AND SKILL LEVEL PER SECTOR,
Witzenberg, 2020 (%)



Source: Quantec Research, 2022

On average, the municipal area was mainly characterised by low-skilled labour (40.5 per cent), followed by semi-skilled labour (28.2 per cent) and a small proportion of skilled labour (13.5 per cent) in 2020. The sector that has the most informal employment is the agriculture sector, with 28.5 per cent informal workers in 2020. The municipal area had 17.8 per cent informal employment and 82.2 per cent formal employment. The two sectors that predominantly used low-skilled workers in 2020 were the mining sector (80.0 per cent), the agriculture sector (56.3 per cent) and the community services sector (51.8 per cent).

The remaining sectors in the Witzenberg municipal area employed a large proportion of semi-skilled workers, particularly the construction sector, in which 51.7 per cent of workers were classified as semi-skilled. The sectors with the highest proportion of skilled workers were the community services sector (26.8 per cent), the general government sector (25.2 per cent) and the finance sector (22.8 per cent). In 2021, only these sectors are estimated to have created jobs, indicating that workers with higher skills have greater job security during economic downturns.

Low-skilled workers, who make up the majority of the municipal area's workforce, faced inconsistent demand and recurrent job losses between 2011 and 2021 owing to changes in employment and the economy's skills structure. Skilled workers, on the other hand, who make up the smallest percentage of the workforce in the area, saw consistent job growth and resilience during the time under consideration. The low-skilled population will put pressure on local municipalities for additional free basic services, as revenue in the municipal area will decrease owing to the contraction in employment and economic performance.

2.3.2
DRAKENSTEIN

Diagram 2.4
EMPLOYMENT,
Drakenstein, 2020 and 2021e

JOBS

2020	↓	2021e
103 684	-2 583 LOSSES	101 101

2020 EMPLOYMENT BREAKDOWN

INFORMAL	FORMAL		
19.2%	20.5% Skilled	30.0% Semi-skilled	30.3% Low-skilled

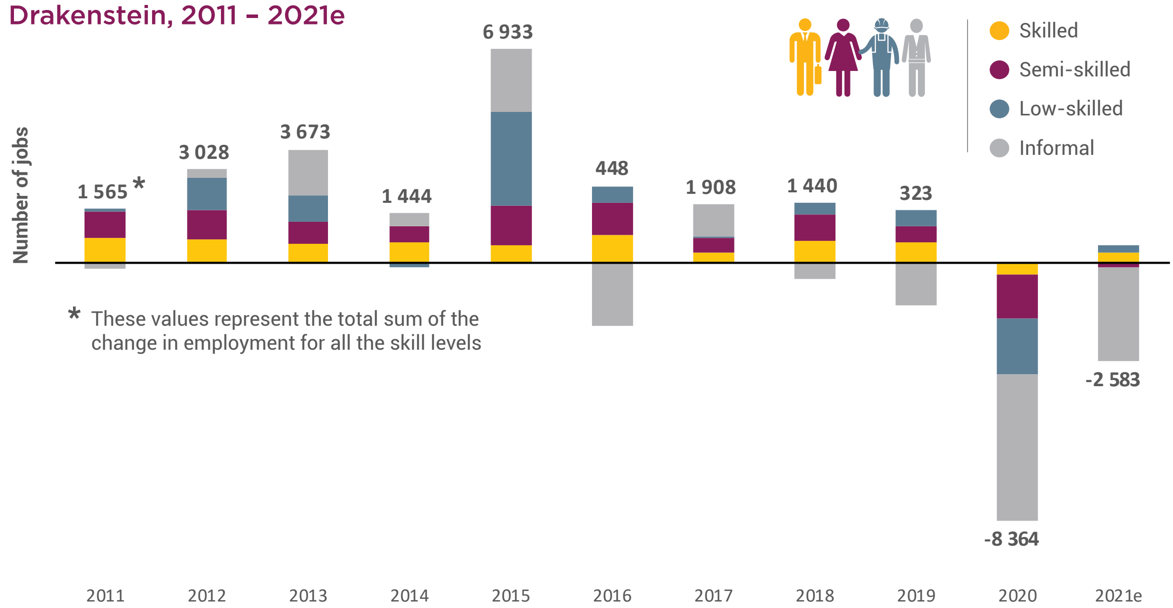
The municipal area had 103 684 employed workers in 2020. This is expected to have decreased by 2 583 workers in 2021. In 2020, the municipal area had 19.2 per cent informal employment, with the majority of formal employment being low-skilled (30.3 per cent), followed by semi-skilled (30.0 per cent) and skilled (20.5 per cent). The unemployment rate is estimated to have increased from 15.9 per cent in 2020 to 19.5 per cent in 2021.

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e	2020	2021e ↓	2020	2021e
15.9%	19.5%	62.0%	62.0%	52.2%	49.9%	38.0%	38.0%

Source: Quantec Research, 2022 (e denotes estimate)

Figure 2.5 illustrates the change in employment between 2011 and 2021 in the Drakenstein municipal area.

Figure 2.5
CHANGE IN EMPLOYMENT,
Drakenstein, 2011 – 2021e



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Skilled	821	739	642	669	567	918	349	737	669	-369	347
Semi-skilled	824	955	702	516	1 270	1 034	445	829	540	-1 420	-128
Low-skilled	102	1 057	849	-155	3 046	532	75	382	492	-1 803	237
Informal	-182	277	1 480	414	2 050	-2 036	1 039	-508	-1 378	-4 772	-3 039

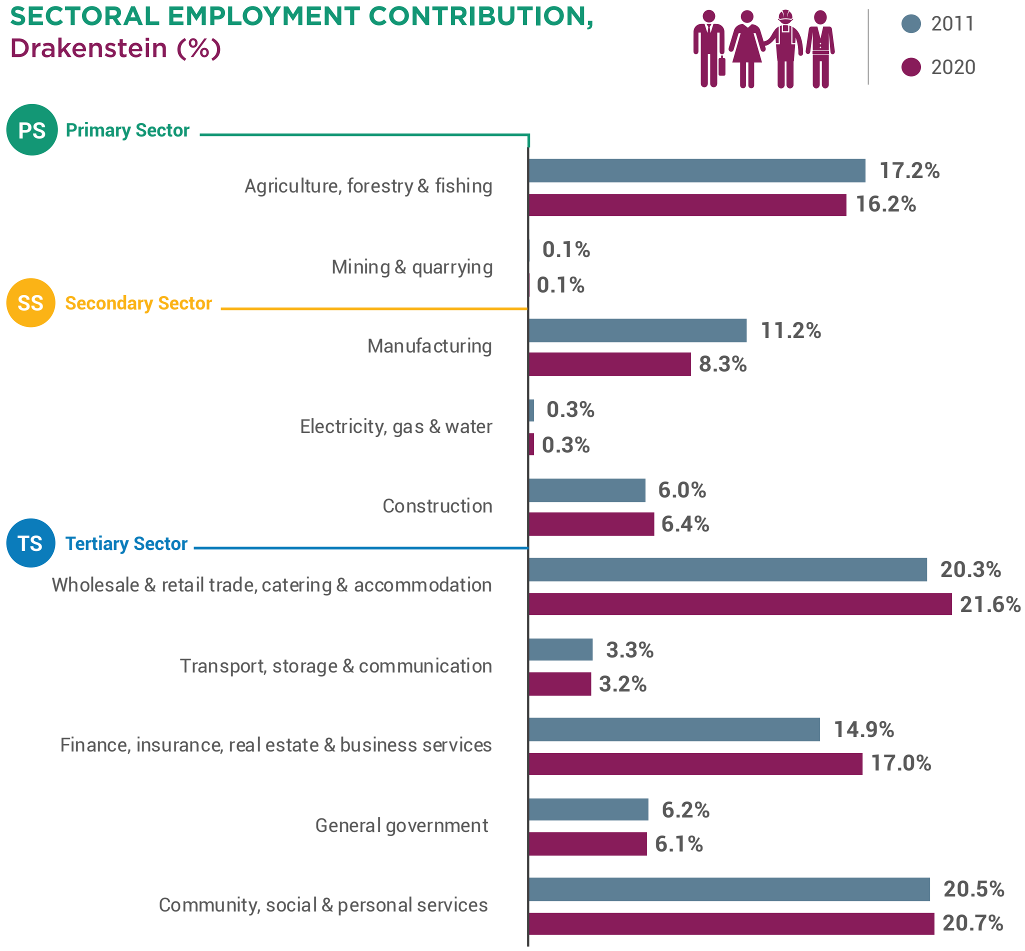
Source: Quantec Research, 2022 (e denotes estimate)

The municipal area experienced positive growth in employment between 2011 and 2019, with 6 111 skilled jobs, 7 115 semi-skilled jobs, 6 380 low-skilled jobs and 1 156 informal employment opportunities created. COVID-19 impacted employment in the municipal area severely, with a total of 8 364 jobs lost in 2020. Most jobs lost were for informal workers (4 772 jobs), followed by low-skilled (1 803 jobs) and semi-skilled (1 420 jobs). Skilled workers showed the most resilience, with the fewest jobs lost (369 jobs) in 2020.

It is estimated that a further 2 583 jobs were lost in 2021 as a result of 3 039 jobs being lost for informal workers. It is projected that formal employment showed recovery, with 347 jobs created for skilled labour and 237 jobs for low-skilled labour. Semi-skilled labour will still be under pressure, as a further 128 jobs are estimated to have been lost in 2021. Thus, it can be concluded that skilled labour is most likely to show resilience in difficult economic conditions. The contraction in informal employment will put pressure on the municipal area in terms of service delivery expectations.

Figure 2.6 indicates the sectoral contribution to employment in the Drakenstein municipal area in 2011 and 2020.

Figure 2.6
SECTORAL EMPLOYMENT CONTRIBUTION, Drakenstein (%)



Source: Quantec Research, 2022

The trade sector was the leading contributor in terms of employment in 2020, with a 21.6 per cent contribution, which was an improvement from 2011. The agriculture sector contributed 16.2 per cent towards employment in 2020, which indicates that the sector is labour-intensive, as it only contributed 6.9 per cent towards GDPR in 2020. The community services sector contributed 20.7 per cent towards employment in 2020, which was an increase from its 20.5 per cent contribution in 2011. The manufacturing sector was one of the main economic contributors in terms of GDPR for the municipal area in 2020, but only contributed 8.3 per cent towards employment in 2020. This indicates that the sector is capital-intensive.

The finance sector showed the best improvement in terms of employment contribution from 2011 to 2020. It contributed 17.0 per cent in 2020, which was a 2.1 per cent increase in employment contribution. This aligns with the fact that the finance sector was the leading contributor in terms of GDPR in the municipal area in the same year.

Table 2.4 outlines the employment performance per sector in the Drakenstein municipal area between 2016 and 2020, and gives estimates for 2021.

Table 2.4
EMPLOYMENT PERFORMANCE PER SECTOR,
Drakenstein

SECTOR	Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**16 912 (16.3%)**	**4**	**-826**	**-284**	**-1 603**	**-566**
Agriculture, forestry & fishing	16 844 (16.2%)	6	-821	-279	-1 594	-562
Mining & quarrying	68 (0.1%)	-2	-5	-5	-9	-4
Secondary Sector	**15 628 (15.1%)**	**-34**	**-292**	**-445**	**-1 435**	**-769**
Manufacturing	8 632 (8.3%)	-202	-262	-119	-778	-413
Electricity, gas & water	347 (0.3%)	8	4	4	-7	-5
Construction	6 649 (6.4%)	160	-34	-330	-650	-351
Tertiary Sector	**71 144 (68.6%)**	**1 270**	**269**	**1 052**	**-5 326**	**-1 248**
Wholesale & retail trade, catering & accommodation	22 379 (21.6%)	414	61	469	-2 717	-1 042
Transport, storage & communication	3 346 (3.2%)	43	-81	65	-445	-321
Finance, insurance, real estate & business services	17 648 (17.0%)	451	300	376	-556	-245
General government	6 318 (6.1%)	92	34	48	-84	67
Community, social & personal services	21 453 (20.7%)	271	-45	94	-1 524	293
Total Drakenstein	**103 684 (100.0%)**	**1 240**	**-849**	**323**	**-8 364**	**-2 583**

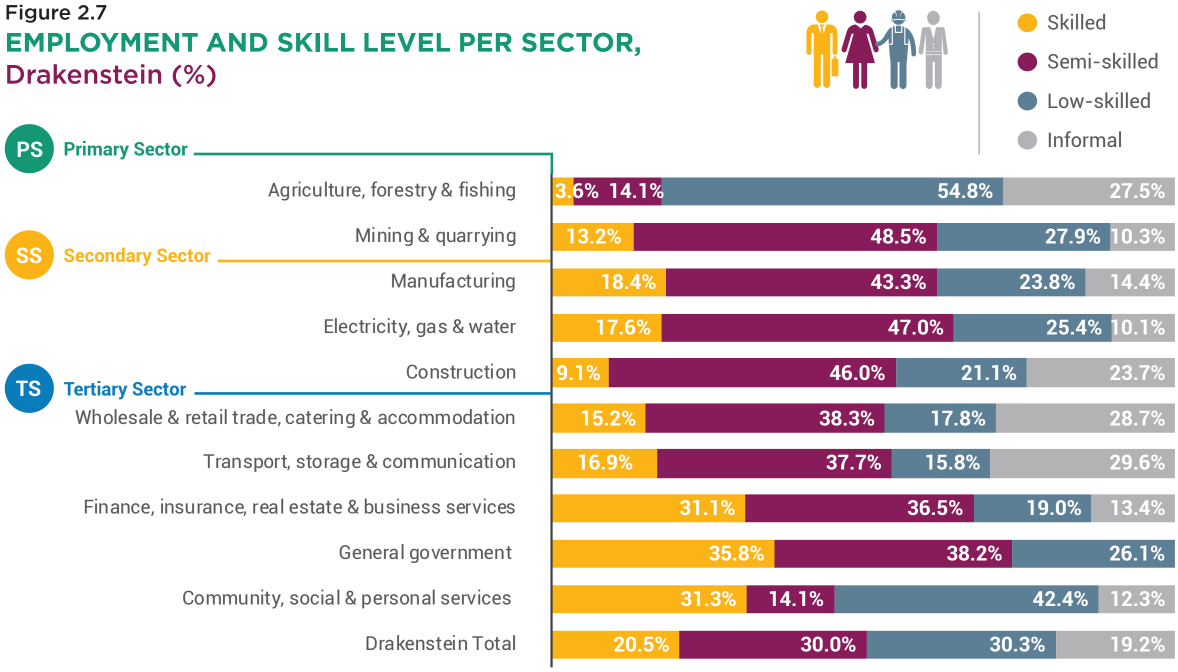
Source: Quantec Research, 2022 (e denotes estimate)

The tertiary sector (71 144 jobs) was the largest contributor to employment in 2020, followed by the primary sector (16 912 jobs) and the secondary sector (15 628 jobs). Between 2011 and 2020 the municipal area created 1 240 jobs on average annually, with most jobs created in the finance sector (451 jobs). The municipal area lost 849 jobs on average annually between 2016 and 2020 owing to the large number of jobs shed in 2020 as a result of the COVID-19 pandemic. The only sectors that created jobs between 2016 and 2020 were the electricity, gas and water sector (four jobs), the trade sector (61 jobs), the finance sector (300 jobs) and the general government sector (34 jobs).

It is estimated that the effects of COVID-19 continued to result in job losses in 2021, with a total of 2 583 jobs lost. The sector with the most job losses was the trade sector, with 1 042 jobs lost. The only sectors that are estimated to have created jobs in 2021 are the general government and community services sectors.

Figure 2.7 illustrates the contribution of informal employment as well as the concentration of skill levels per sector among the formally employed in the Drakenstein economy.

Figure 2.7
EMPLOYMENT AND SKILL LEVEL PER SECTOR, Drakenstein (%)



Source: Quantec Research, 2022

Employment in the Drakenstein municipal area in 2020 was predominantly made up of low-skilled workers (30.3 per cent) and semi-skilled (30.0 per cent) workers. Skilled workers accounted for 20.5 per cent of the region's employment, with an informal labour force of 19.2 per cent. Employment in the agriculture sector and the community services sector mainly consisted of low-skilled workers. In 2020, 54.8 per cent of workers in the agriculture sector were low-skilled and 27.5 per cent were informal workers, while 42.4 per cent of workers in the community services sector were classified as low-skilled, with 12.3 per cent informal workers.

Additional skills development programmes will need to be initiated for the municipal area to ensure that workers in the low-skilled category have the opportunity to develop skills for other employment opportunities as the economy fluctuates in the various sectors. The agriculture sector is diversifying into a more mechanised sector and technology is improving, meaning that the workers' skill levels will need to improve in order for them to keep their jobs. Given that employment often lags economic growth, it is anticipated that despite the GDPR growth forecast for 2021 and 2022, employment will not recover in the short term, which will have a significant impact on poverty in the local municipal area.

2.3.3

STELLENBOSCH

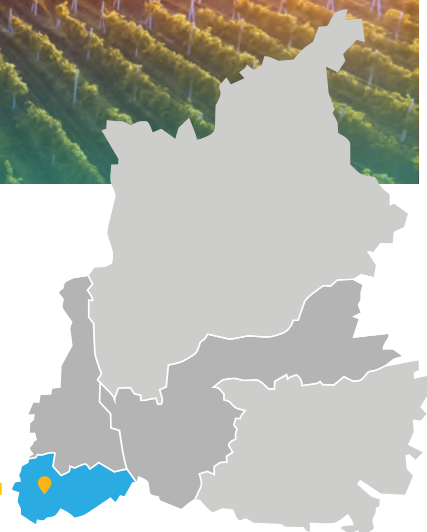


Diagram 2.5
EMPLOYMENT,
Stellenbosch, 2020 and 2021e

JOBS

2020		2021e
71 911	-2 435 LOSSES	69 476

2020 EMPLOYMENT BREAKDOWN

INFORMAL	FORMAL		
23.0%	19.9% Skilled	32.5% Semi-skilled	24.6% Low-skilled

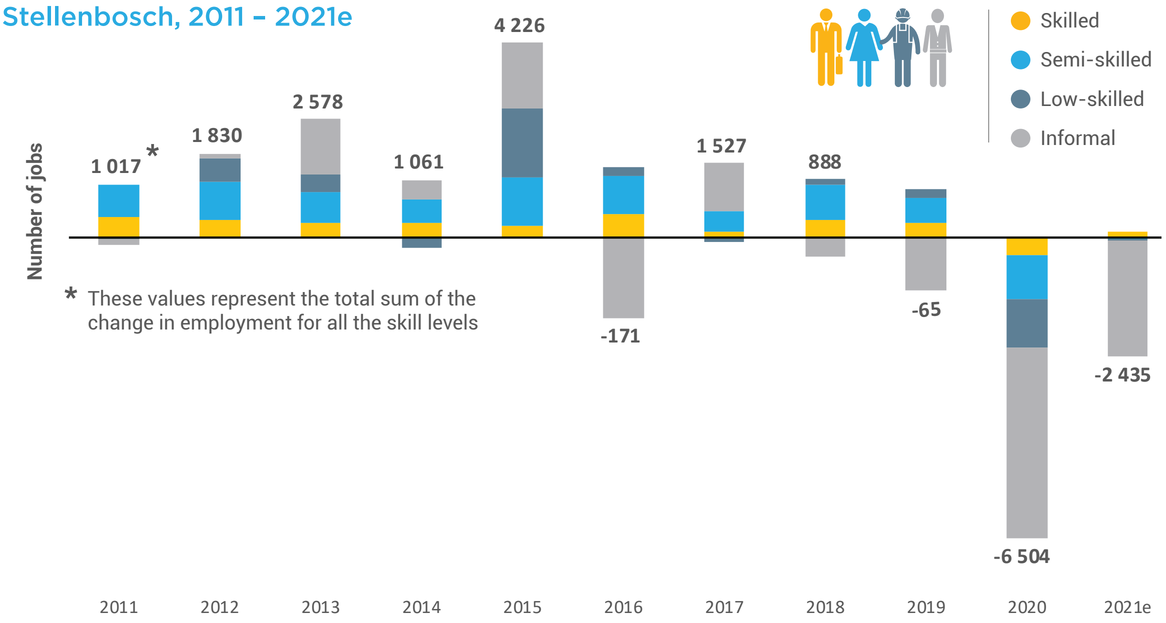
The municipal area had 71 911 employed workers in 2020, and this is expected to have decreased by 2 435 workers in 2021. In 2020, the municipal area had 23.0 per cent informal employment, with the majority of formal employment being semi-skilled (32.5 per cent), followed by low-skilled (24.6 per cent) and skilled (19.9 per cent). The unemployment rate is estimated to have increased from 12.9 per cent in 2020 to 16.1 per cent in 2021.

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e ↓	2020	2021e ↓	2020	2021e ↑
12.9%	16.1%	62.9%	62.4%	54.8%	52.3%	37.1%	37.6%

Source: Quantec Research, 2022 (e denotes estimate)

Figure 2.8 illustrates the change in employment between 2011 and 2021 in the Stellenbosch municipal area.

Figure 2.8
CHANGE IN EMPLOYMENT,
Stellenbosch, 2011 – 2021e



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Skilled	456	401	344	328	280	505	135	403	319	-371	128
Semi-skilled	714	824	647	496	1 033	851	446	750	548	-949	-26
Low-skilled	-28	507	378	-204	1 508	197	-91	126	189	-1 056	-13
Informal	-125	98	1 209	441	1 405	-1 724	1 037	-391	-1 121	-4 128	-2 524

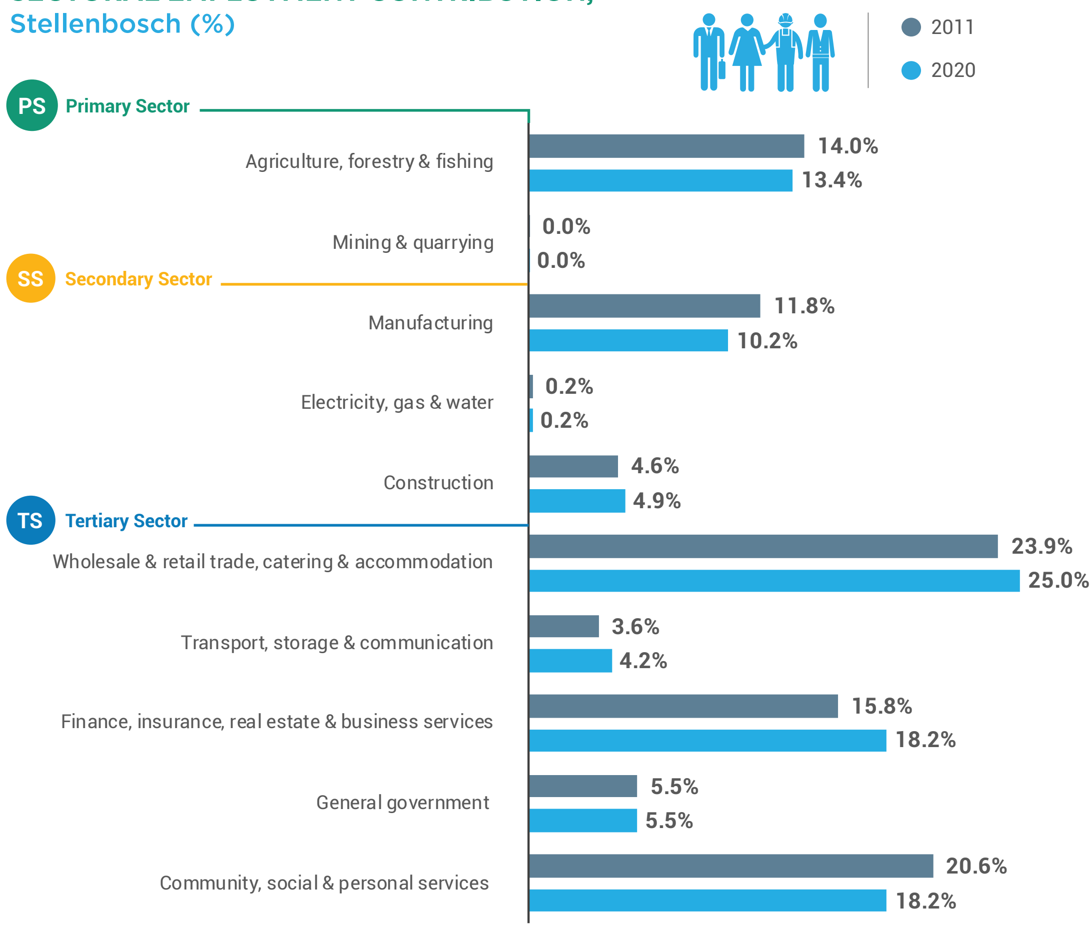
Source: Quantec Research, 2022 (e denotes estimate)

The change in employment for the municipal area fluctuated between 2011 and 2020. The municipal area created a total of 6 387 jobs between 2011 and 2020, with the majority of job opportunities in the semi-skilled and skilled labour force.

The total number of jobs created for skilled labour between 2011 and 2020 was 2 800. The COVID-19 pandemic impacted the municipal area severely in 2020, resulting in 371 jobs lost for skilled labour. It can be concluded that skilled labour shows strong resilience in economic downturns, as it lost the fewest number of jobs in 2020. The semi-skilled labour force created 5 360 jobs in this period (2011 to 2020), with 949 jobs lost in 2020. Low-skilled labour fluctuated between 2011 and 2020, with job losses in 2011 (28 jobs), 2014 (204 jobs), 2017 (91 jobs) and 2020 (1 056 jobs). Informal labour shed 3 299 jobs between 2011 and 2020, bringing the total employment creation in the municipal area down. In 2020 a total of 4 128 jobs were lost for informal labour, which was the labour force impacted the most by the COVID-19 pandemic. It is estimated that in 2021, 2 435 jobs were lost, with skilled labour being the only workforce creating employment, with 128 jobs created.

Figure 2.9 illustrates the sectoral contribution to employment in the Stellenbosch municipal area in 2011 and 2020.

Figure 2.9
SECTORAL EMPLOYMENT CONTRIBUTION,
Stellenbosch (%)



Source: Quantec Research, 2022

The main sectors contributing towards employment in the Stellenbosch municipal area were the same in 2020 as in 2011. The trade sector was the leading contributor in 2011, with 23.9 per cent, with the sector's contribution increasing to 25.0 per cent in 2020. The community services sector contributed 20.6 per cent in 2011, which contracted to 18.2 per cent in 2020. The finance sector was also a main contributor towards employment in the municipal area, with a 15.8 per cent contribution in 2011 and 18.2 per cent in 2020.

Sectors that contracted in employment contribution from 2011 to 2020 were the agriculture sector (0.6 per cent), the manufacturing sector (1.6 per cent) and the community services sector (2.4 per cent). The finance sector improved its employment contribution by 2.4 per cent from 2011 to 2020, which was the largest improvement in all the sectors. The manufacturing sector was one of the leading sectors in respect of GDPR contribution in 2020, but only contributed 10.2 per cent towards employment. This shows that the operations in the manufacturing sector are capital-intensive.

Table 2.5 provides an overview of the performance of each sector in the Stellenbosch municipal area.

Table 2.5
EMPLOYMENT PERFORMANCE PER SECTOR,
Stellenbosch

SECTOR	Number of jobs 2020	Average annual change 2011 – 2020	Average annual change 2016 – 2020	Annual change in employment 2019	Annual change in employment 2020	Annual change in employment 2021e
Primary Sector	**9 698 (13.5%)**	**-15**	**-487**	**-172**	**-920**	**-331**
Agriculture, forestry & fishing	9 671 (13.4%)	-15	-486	-170	-918	-328
Mining & quarrying	27 (0.0%)	-0	-1	-2	-2	-3
Secondary Sector	**10 994 (15.3%)**	**18**	**-172**	**-203**	**-984**	**-551**
Manufacturing	7 309 (10.2%)	-60	-140	-14	-624	-338
Electricity, gas & water	149 (0.2%)	2	1	-	-5	-3
Construction	3 536 (4.9%)	75	-32	-189	-355	-210
Tertiary Sector	**51 219 (71.2%)**	**636**	**-206**	**310**	**-4 600**	**-1 553**
Wholesale & retail trade, catering & accommodation	17 982 (25.0%)	255	-80	228	-2 394	-945
Transport, storage & communication	3 038 (4.2%)	84	-31	124	-398	-269
Finance, insurance, real estate & business services	13 102 (18.2%)	308	189	181	-472	-275
General government	3 983 (5.5%)	50	14	22	-60	36
Community, social & personal services	13 114 (18.2%)	-61	-298	-245	-1 276	-100
Total Stellenbosch	**71 911 (100.0%)**	**639**	**-865**	**-65**	**-6 504**	**-2 435**

Source: Quantec Research, 2022 (e denotes estimate)

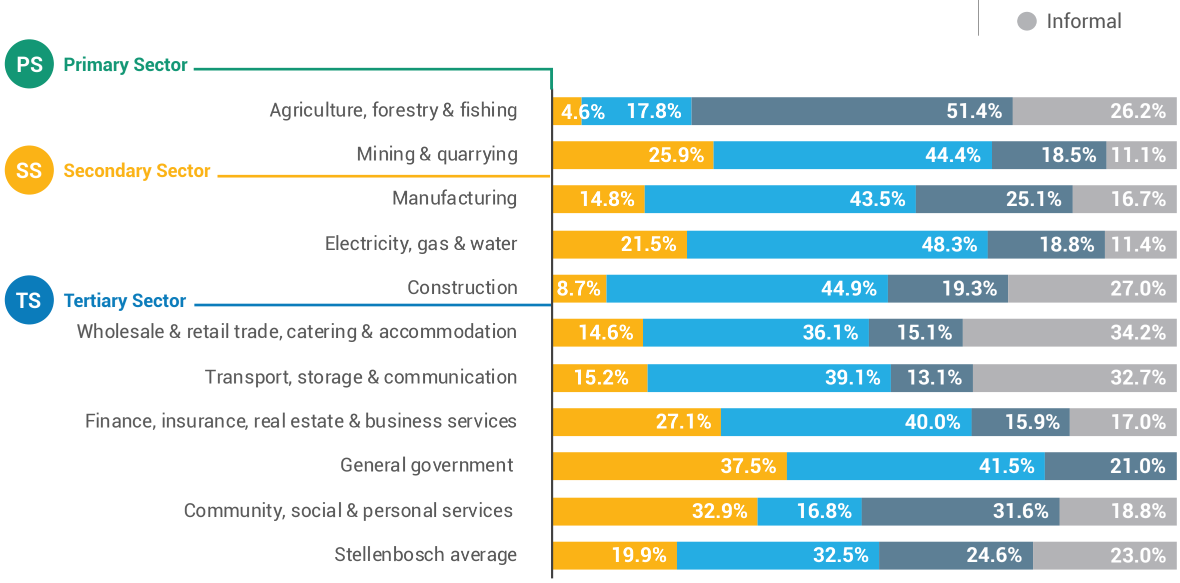
The municipal area's employment reached a total of 71 911 jobs in 2020. Most workers were employed in the tertiary sector (51 219 workers), followed by the secondary sector (10 994 workers), and the primary sector contributed 9 698 workers. The trade sector employed the majority of workers, with a total of 17 982 workers, followed by the community services (13 114 workers) and finance (13 102 workers) sectors. The average annual change in employment between 2011 and 2020 was an increase of 639 jobs. The tertiary sector created 636 jobs annually, whereas the secondary sector created 18 jobs. The primary sector shed an average of 15 jobs annually between 2011 and 2020.

The average annual change between 2016 and 2020 indicated a contraction in jobs, with a loss of 865 jobs annually. The sector with the most job-shedding per year was the agriculture sector, with 486 jobs lost per year. The only sectors in the municipal area that created jobs during this period were the general government sector (14 jobs), the finance sector (189 jobs) and the electricity, gas and water sector, with an average of one job per annum.

It is estimated that a further 2 435 jobs were lost in 2021, with 338 jobs lost in the manufacturing sector and 945 in the trade sector. The only sector that is estimated to have created jobs in 2021 is the general government sector, with 36 jobs.

Figure 2.10 shows informal employment in the Stellenbosch municipal area in 2020, as well as an overview of formal employment growth by skill levels. Overall, a substantial proportion (32.5 per cent) of the municipal area's working population was semi-skilled. The second-largest group of the labour force was low-skilled (24.6 per cent), and informal workers accounted for 23.0 per cent of employed people. The proportion of skilled labour in 2020 was 19.9 per cent.

Figure 2.10
EMPLOYMENT AND SKILL LEVEL PER SECTOR,
Stellenbosch, 2020 (%)



Source: Quantec Research, 2022

The community services sector as well as the general government sector employed a substantial proportion of skilled people (32.9 per cent and 37.5 per cent respectively). The finance sector also employed a large share of skilled workers (27.1 per cent). The agriculture sector employed a large proportion of low-skilled workers (51.4 per cent). The nature of the work done in this sector explains the low level of skills necessary.

The trade sector employed the largest proportion of informal workers (34.2 per cent), which is mostly due to the high number of informal traders and vendors across the municipal area. The transport sector also employed a large percentage of informal workers (32.7 per cent), which can be linked to the taxi drivers in the municipal area.

The agriculture sector employed a large number of low-skilled and informal workers in the municipal area. These categories of workers are the most vulnerable to job losses as a result of external impacts such as droughts. The municipal area should, where possible, focus on training programmes to help the people in the municipal area to gain additional skills to ensure that they have the opportunity to work in different sectors as economic conditions change.

2.3.4

BREEDE VALLEY

Diagram 2.6
EMPLOYMENT,
Breede Valley, 2020 and 2021e

JOBS

2020		2021e
78 516	-2 241 LOSSES	76 275

2020 EMPLOYMENT BREAKDOWN

INFORMAL	FORMAL		
22.5%	15.5% Skilled	30.5% Semi-skilled	31.5% Low-skilled

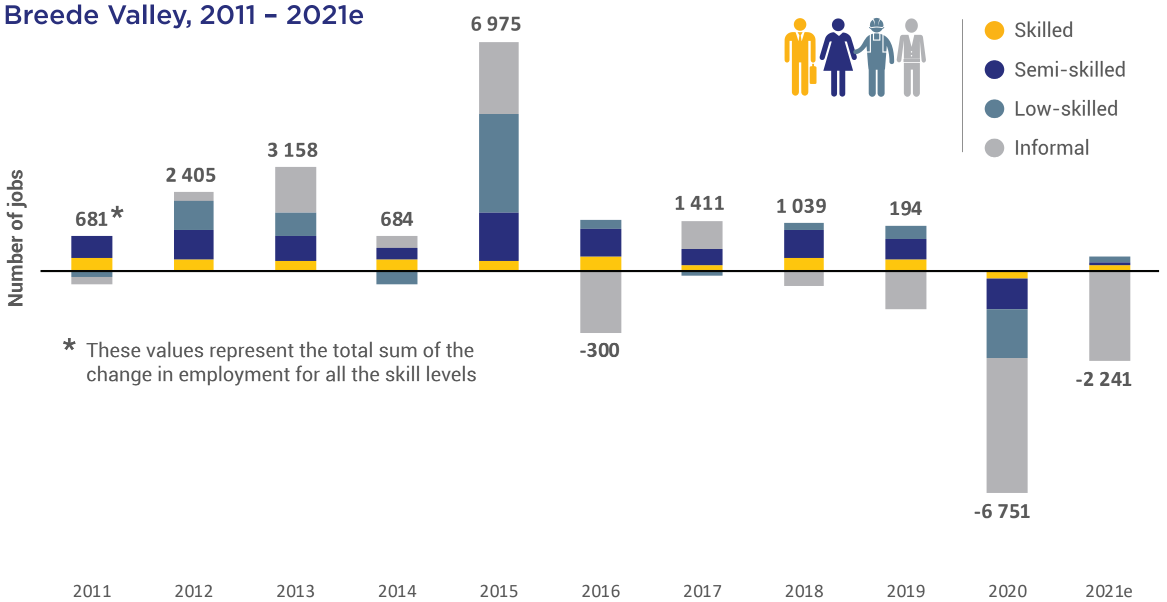
The Breede Valley municipal area employed 78 516 workers in 2020, and it is estimated that a contraction of 2 241 jobs was experienced in 2021. In 2020, the municipal area had 22.5 per cent informal employment, with the majority of employment being low-skilled (31.5 per cent), followed by semi-skilled (30.5 per cent), with skilled employment at 15.5 per cent. The unemployment rate is estimated to have increased from 12.3 per cent in 2020 to 15.3 per cent in 2021.

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e ↓	2020	2021e ↓	2020	2021e ↑
12.3%	15.3%	63.7%	63.1%	55.8%	53.4%	36.3%	36.9%

Source: Quantec Research, 2022 (e denotes estimate)

Figure 2.11 depicts the changes in employment between 2011 and 2020, as well as estimates for 2021, in the Breede Valley municipal area.

Figure 2.11
CHANGE IN EMPLOYMENT, Breede Valley, 2011 – 2021e



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Skilled	425	374	336	361	303	468	174	407	359	-231	197
Semi-skilled	646	880	719	374	1 501	838	484	826	632	-945	57
Low-skilled	-160	871	724	-382	2 993	248	-126	234	380	-1 438	215
Informal	-230	280	1 379	331	2 178	-1 854	879	-428	-1 177	-4 137	-2 710

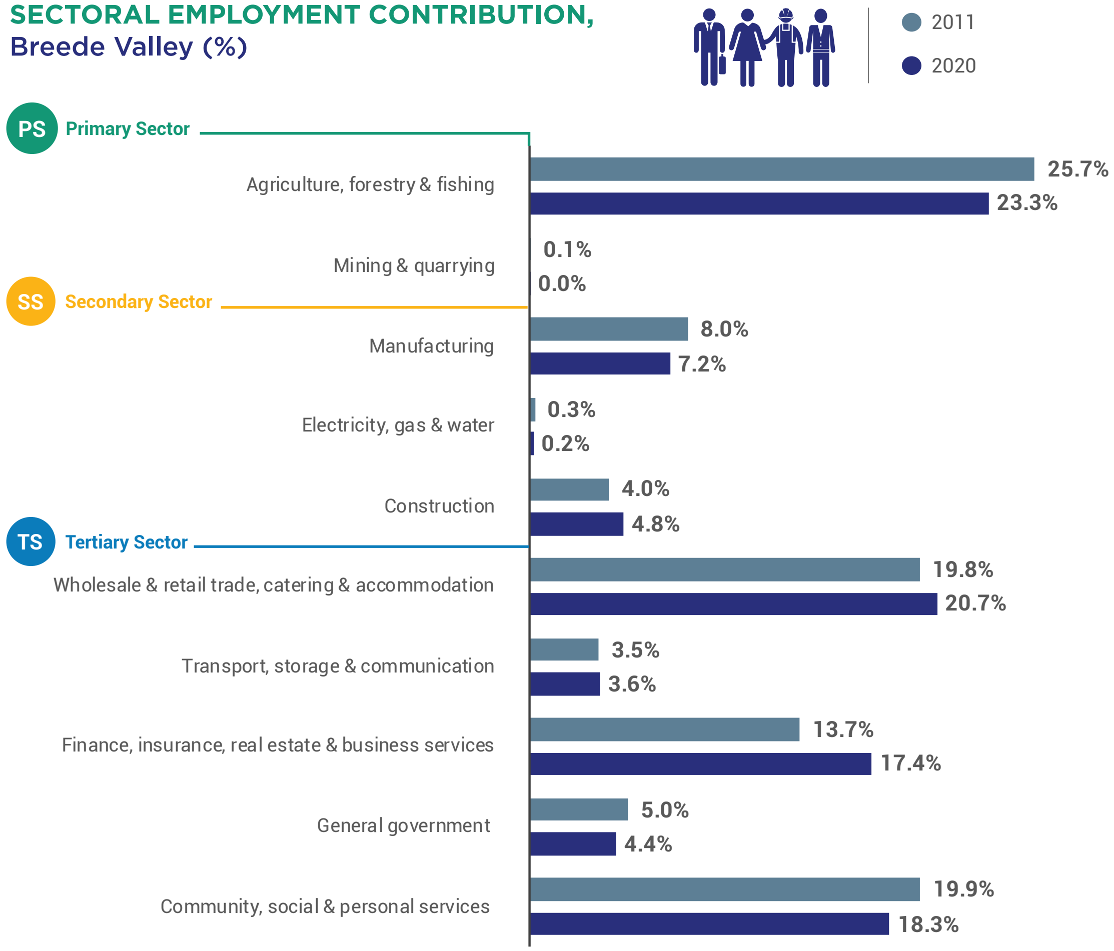
Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2020, a total of 9 496 jobs were created in the municipal area, with the majority of jobs created for semi-skilled workers (5 955 jobs), followed by low-skilled workers (3 344 jobs) and 2 976 skilled workers. A total of 2 779 informal jobs were lost between 2011 and 2020.

It is estimated that job losses continued in 2021, with an estimated 2 241 jobs lost. Formal labour showed the most resilience. It is estimated that 197 jobs were created for skilled workers in 2021 and an estimated 57 jobs were created for semi-skilled workers. For low-skilled workers, it is estimated that 215 jobs were created. Informal employment experienced a further contraction of 2 710 jobs in 2021.

Figure 2.12 illustrates the sectoral composition of employment in the Breede Valley municipal area in 2011 and 2020.

Figure 2.12
SECTORAL EMPLOYMENT CONTRIBUTION, Breede Valley (%)



Source: Quantec Research, 2022

The main contributing sectors in terms of employment for the municipal area are the agriculture, trade and community services sectors. The agriculture sector contributed 23.3 per cent in 2020, which was a contraction from its 25.7 per cent contribution in 2011. The agriculture sector is known to be a labour-intensive industry, which aligns with the high number of workers in this sector. The trade sector contributed 20.7 per cent to employment in 2020, which was an increase from its 19.8 per cent contribution in 2011. The community services sector contributed 18.3 per cent in 2020, which was a decrease of 1.6 per cent from 2011.

The finance sector showed a considerable increase, contributing 17.4 per cent in 2020 compared with its 2011 contribution of 13.7 per cent.

Table 2.6 depicts the performance of employment per sector in the Breede Valley municipal area.

Table 2.6
EMPLOYMENT PERFORMANCE PER SECTOR,
Breede Valley

SECTOR	Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**18 357 (23.4%)**	**-59**	**-963**	**-362**	**-1 782**	**-631**
Agriculture, forestry & fishing	18 327 (23.3%)	-58	-961	-360	-1 778	-630
Mining & quarrying	30 (0.0%)	-1	-2	-2	-4	-1
Secondary Sector	**9 558 (12.2%)**	**120**	**-43**	**-122**	**-818**	**-442**
Manufacturing	5 621 (7.2%)	-4	-52	53	-440	-231
Electricity, gas & water	167 (0.2%)	-1	-4	-2	-10	-6
Construction	3 770 (4.8%)	125	12	-173	-368	-205
Tertiary Sector	**50 601 (64.4%)**	**889**	**125**	**678**	**-4 151**	**-1 168**
Wholesale & retail trade, catering & accommodation	16 265 (20.7%)	288	12	342	-2 102	-839
Transport, storage & communication	2 825 (3.6%)	53	-48	77	-383	-274
Finance, insurance, real estate & business services	13 667 (17.4%)	471	364	372	-317	-122
General government	3 469 (4.4%)	15	-17	-15	-81	13
Community, social & personal services	14 375 (18.3%)	62	-186	-98	-1 268	54
Total Breede Valley	**78 516 (100.0%)**	**950**	**-881**	**194**	**-6 751**	**-2 241**

Source: Quantec Research, 2022 (e denotes estimate)

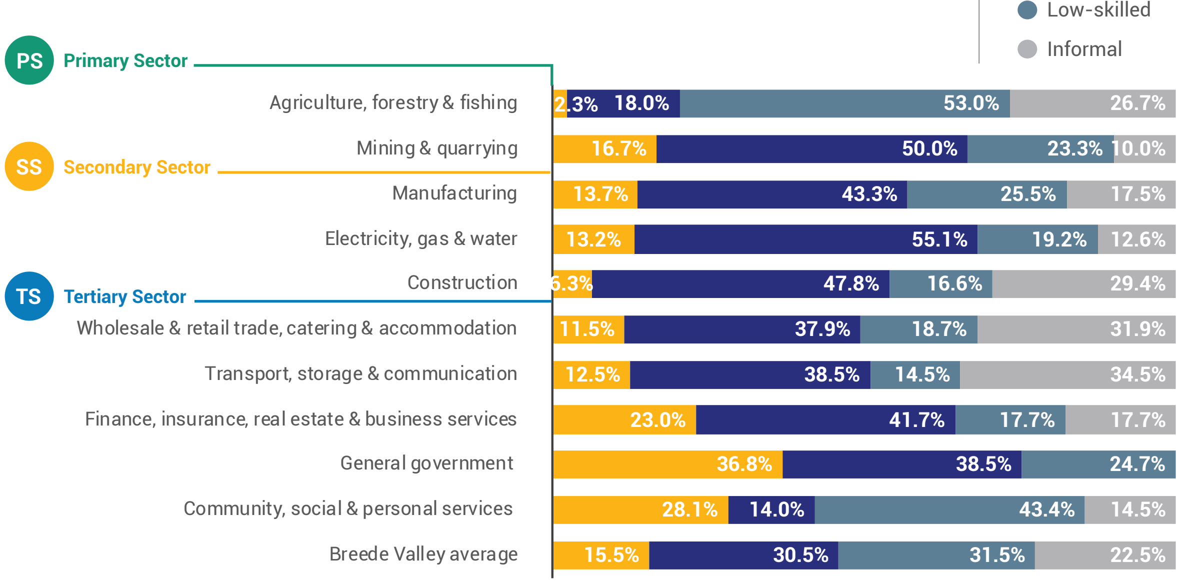
The municipal area's employment reached a total of 78 516 jobs in 2020. Most workers were in the tertiary sector (50 601 workers), followed by the primary sector (18 357 workers), and the secondary sector contributed 9 558 workers. The agriculture sector had the majority of workers, with a total of 18 327 workers, followed by the trade (16 265 workers) and community services (14 375 workers) sectors.

The average annual change in employment between 2011 and 2020 was 950 jobs. The primary sector contracted by 59 jobs annually, whereas the secondary sector created 120 jobs per annum. The tertiary sector increased jobs annually between 2011 and 2020 by 889 jobs, with the majority of jobs created in the finance sector. The average annual change between 2016 and 2020 indicated a contraction in jobs, with a loss of 881 jobs annually. The sector with the most job-shedding per year was the agriculture sector, with 961 jobs lost per year.

It is estimated that a further 2 241 jobs were lost in 2021, with 839 jobs in the trade sector and 630 in the agriculture sector. The two sectors estimated to have created additional jobs in the municipal area are the community services sector, with 54 jobs, and the general government sector with 13 jobs.

Figure 2.13 illustrates the sectoral distribution of informal employment in the Breede Valley municipal area, as well as the sectoral distribution of skill levels.

Figure 2.13
EMPLOYMENT AND SKILL LEVEL PER SECTOR, Breede Valley (%)



Source: Quantec Research, 2022

The community services sector as well as the general government sector employed a substantial proportion of skilled (28.1 per cent and 36.8 per cent respectively) people. The finance sector also employed a large share of skilled workers (23.0 per cent). The community services sector and agriculture sector employed a large proportion of low-skilled workers (43.4 per cent and 53.0 per cent respectively).

The transport sector employed the largest proportion of informal workers. The trade sector also employed a large percentage of informal workers (31.9 per cent), which can be linked to the high number of informal traders and vendors across the municipal area.

Skilled labour showed more resilience in difficult economic conditions, resulting in numerous job losses for low-skilled and informal labour. The municipal area should continue to focus on skills development for the area, as the continued job losses will put pressure on the municipal area for basic service delivery expectations.

2.3.5
LANGEBERG

Diagram 2.7
EMPLOYMENT,
Langeberg, 2020 and 2021e

JOBS

2020		2021e
47 775	-2 160 LOSSES	45 615

2020 EMPLOYMENT BREAKDOWN

INFORMAL	FORMAL		
34.3%	11.8% Skilled	24.2% Semi-skilled	29.8% Low-skilled

The municipal area had 47 775 employed workers in 2020, and this is expected to have decreased to 45 615 workers in 2021. The total share of formal employment was 65.7 per cent, with the majority of workers being low-skilled. The proportion of skilled employment in the municipal area was 11.8 per cent. The share of informal employment in the Langeberg municipality was 34.3 per cent in 2020. The unemployment rate for 2020 was 8.6 per cent, and this is estimated to have increased to 11.1 per cent in 2021.

Unemployment rate		Labour force participation rate		Labour absorption rate (employment-to-population ratio)		Not economically active proportion of working-age population	
2020	2021e ↑	2020	2021e ↓	2020	2021e ↓	2020	2021e ↑
8.6%	11.1%	64.9%	63.5%	59.3%	56.5%	35.1%	36.5%

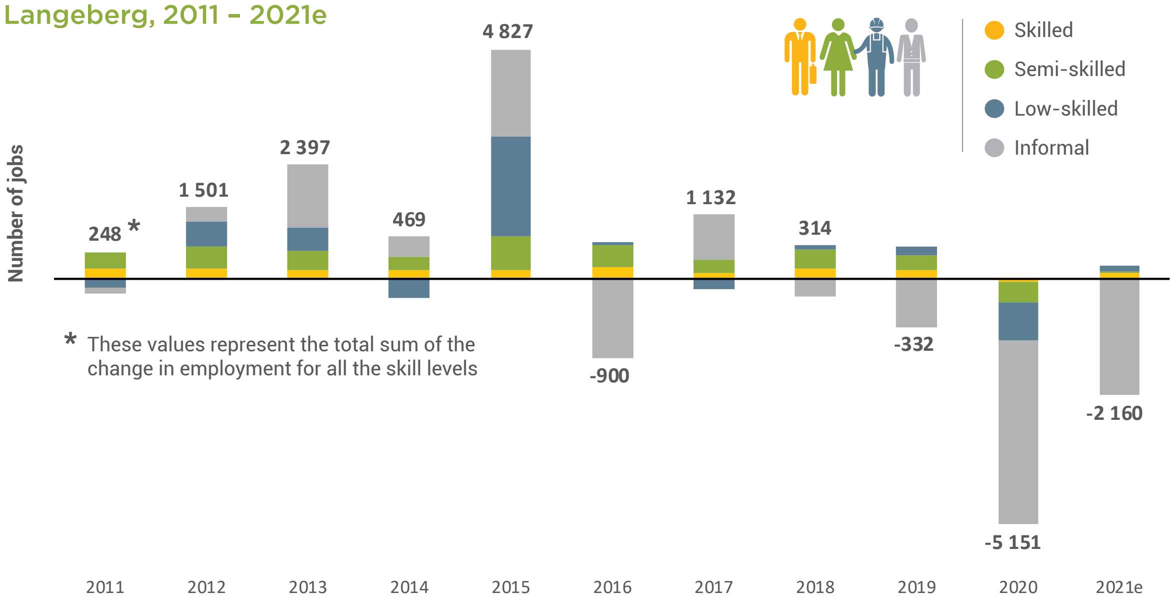
Source: Quantec Research, 2022 (e denotes estimate)

Labour force participation is estimated to have reached 63.5 per cent in 2021 from 64.9 per cent in 2020.

Figure 2.14 illustrates the change in employment in the Langeberg municipal area between 2011 and 2020, plus the estimated growth in employment in 2021.

Figure 2.14

CHANGE IN EMPLOYMENT,
Langeberg, 2011 – 2021e



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Skilled	214	213	197	196	195	249	108	207	189	-77	112
Semi-skilled	344	455	396	259	689	461	278	408	315	-410	50
Low-skilled	-199	543	475	-412	2 107	51	-225	83	180	-810	120
Informal	-111	290	1 329	426	1 836	-1 661	971	-384	-1 016	-3 854	-2 442

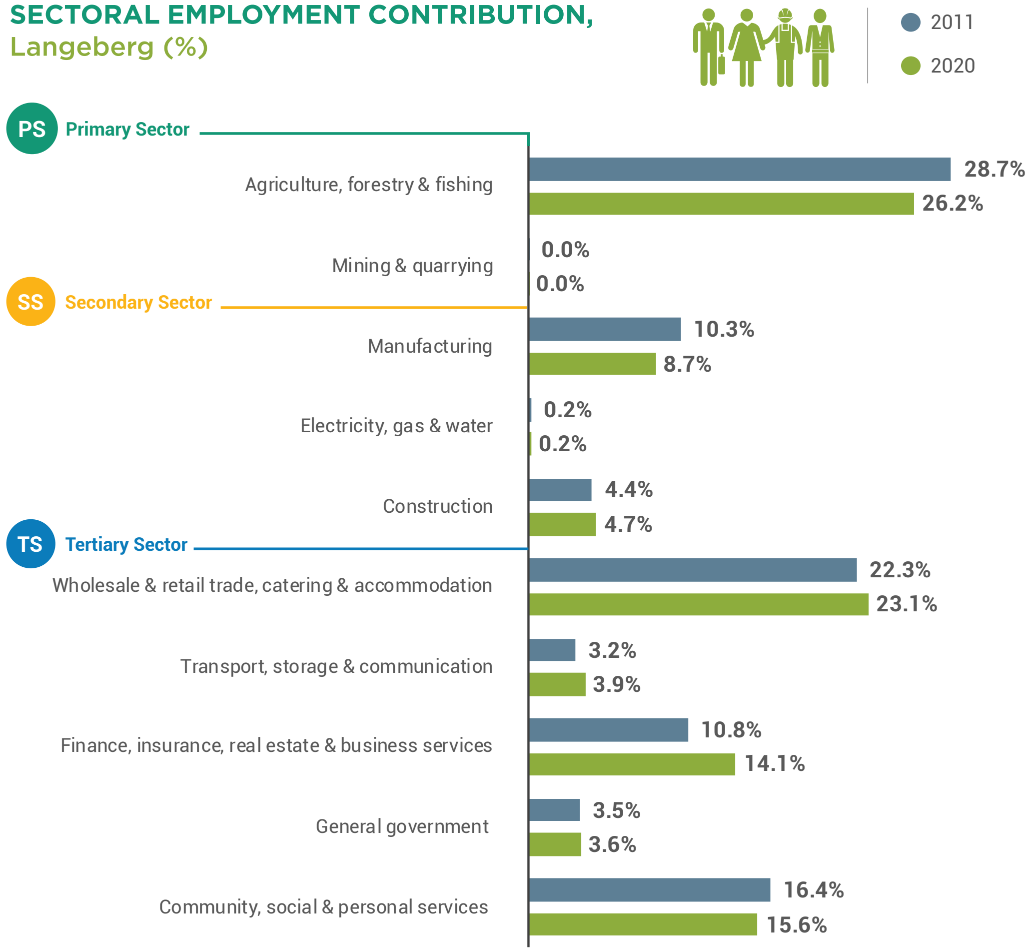
Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2020 a total of 4 505 jobs were created in the municipal area, with the majority of jobs created for semi-skilled workers (3 195 jobs), followed by low-skilled workers (1 793 jobs), and 1 691 skilled jobs were created in the same period. A total of 2 174 informal jobs were lost between 2011 and 2020.

It is estimated that job losses continued in 2021, with an estimated 2 160 jobs lost. Formal labour showed the most resilience. It is estimated that 112 jobs were created for skilled workers in 2021, which was a recovery from the 77 jobs lost in 2020. An estimated 50 jobs were created for semi-skilled workers in 2021, and for low-skilled workers it is estimated that 120 jobs were created. Informal employment continued to contract, with a loss of 2 442 jobs in 2021. The high number of job losses in 2020 will continue to put pressure on the municipal area as the need for basic service delivery increases. The municipal area should focus on projects and developments that will create job opportunities for the lower-skilled labour force.

Figure 2.15 illustrates the Langeberg municipal area's sectoral contribution to employment in 2011 and 2020.

Figure 2.15
SECTORAL EMPLOYMENT CONTRIBUTION,
Langeberg (%)



Source: Quantec Research, 2022

The agriculture sector was the leading contributor towards employment in the municipal area in 2011 as well as 2020. The agriculture sector is a labour-intensive sector, as it contributed 13.8 per cent towards GDPR in 2020, and 26.2 per cent towards employment. The trade sector improved its employment contribution by 0.8 per cent from 2011 to 2020, making it the second-largest contributor towards employment in 2020. The community services sector contributed 15.6 per cent towards employment in 2020, which is a contraction of 0.8 per cent from its 16.4 per cent contribution in 2011. The sector is also labour-intensive, as it only contributed 9.5 per cent towards GDPR in 2020.

The finance sector, which was the leading economic contributor in the municipal area in 2020, contributed 14.1 per cent towards employment. This was an increase of 3.3 per cent from its contribution in 2011. The manufacturing sector contributed 8.7 per cent towards employment in 2020, which was a contraction of 1.6 per cent from its contribution of 10.3 per cent in 2011.

Table 2.7 depicts the performance of each of the sectors in terms of employment in the Langeberg municipal area.

Table 2.7
EMPLOYMENT PERFORMANCE PER SECTOR,
Langeberg

SECTOR	Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
Primary Sector	**12 538 (26.2%)**	**-71**	**-711**	**-299**	**-1 282**	**-502**
Agriculture, forestry & fishing	12 522 (26.2%)	-71	-710	-299	-1 280	-500
Mining & quarrying	16 (0.0%)	-0	-1	-	-2	-2
Secondary Sector	**6 467 (13.5%)**	**9**	**-142**	**-188**	**-671**	**-444**
Manufacturing	4 144 (8.7%)	-43	-116	-48	-420	-268
Electricity, gas & water	98 (0.2%)	1	-1	-1	-6	-4
Construction	2 225 (4.7%)	50	-24	-139	-245	-172
Tertiary Sector	**28 770 (60.2%)**	**513**	**-135**	**155**	**-3 198**	**-1 214**
Wholesale & retail trade, catering & accommodation	11 027 (23.1%)	163	-102	138	-1 735	-731
Transport, storage & communication	1 848 (3.9%)	55	-23	88	-264	-201
Finance, insurance, real estate & business services	6 737 (14.1%)	233	140	84	-261	-199
General government	1 706 (3.6%)	27	10	11	-22	19
Community, social & personal services	7 452 (15.6%)	35	-159	-166	-916	-102
Total Langeberg	**47 775 (100.0%)**	**451**	**-987**	**-332**	**-5 151**	**-2 160**

Source: Quantec Research, 2022 (e denotes estimate)

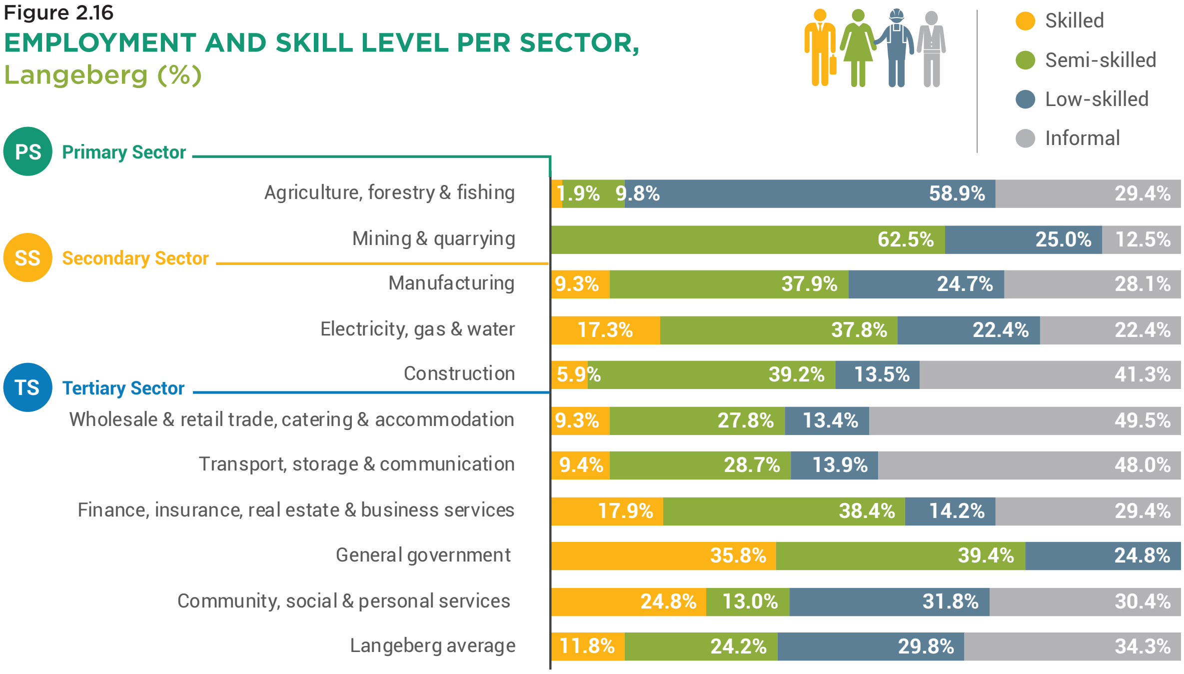
The Langeberg municipal area had a total of 47 775 jobs in 2020. The tertiary sector was the largest contributor, with 28 770 jobs (60.2 per cent), followed by the primary sector with 12 538 jobs (26.2 per cent), and the secondary sector contributed 6 467 jobs (13.5 per cent). Between 2011 and 2020 the municipal area created 451 jobs annually, on average, with most jobs created in the finance sector (233 jobs). The municipal area lost 987 jobs annually on average between 2016 and 2020, with COVID-19 being the reason for the large number of jobs shed in 2020. The sector contributing the most to job-shedding was the agriculture sector (710 jobs lost), followed by the community services sector with 159 jobs lost. The manufacturing sector shed 116 jobs on average per year in the same period.

It is estimated that the effects of COVID-19 continued to result in job losses in 2021, with a total of 2 160 jobs lost. The trade sector is estimated to have contracted by a further 731 jobs in 2021, which is the largest share of the estimated total number of jobs lost within the municipal area for that year. The agriculture sector is estimated to have shed a further 500 jobs in 2021 and the manufacturing sector is estimated to have lost 268 jobs. The only sector that is estimated to have created jobs in 2021 is the general government sector (19 jobs).

The Langeberg municipal area is under severe pressure, as a total of 7 643 jobs were lost between 2019 and 2021, meaning that the municipal area should focus on skills development and projects to increase job opportunities in the municipal area.

Figure 2.16 illustrates the distribution of informal employment in the Langeberg municipal area in 2020, as well as the skill levels per sector for formal employment.

Figure 2.16
EMPLOYMENT AND SKILL LEVEL PER SECTOR, Langeberg (%)



Source: Quantec Research, 2022

Employment in the Langeberg municipal area is mainly characterised by informal workers (34.3 per cent in 2020). Low-skilled workers contributed 29.8 per cent to the region's total employment, with semi-skilled workers contributing 24.2 per cent and 11.8 per cent of workers classified as skilled labour. Employment in the agriculture sector, which is the Langeberg municipal area's largest contributor to employment, is predominantly low-skilled (58.9 per cent in 2020). The community services sector also absorbs a significant number of low-skilled workers. In 2020, 31.8 per cent of workers in this sector were classified as low-skilled.

The general government sector has the largest proportion of skilled workers (35.8 per cent in 2020). Other sectors with a large proportion of skilled workers are the community services sector (24.8 per cent) and the finance sector (17.9 per cent). The sector with the highest share of informal labour is the trade sector, with 49.5 per cent. This can be linked to the high number of informal vendors across the municipal area. The transport sector has the second-largest informal labour force, with 48.0 per cent informal workers.

The municipal area can be categorised as a population with a low level of skills. The need for basic service delivery is therefore high, and the municipal area should focus on skills development programmes for the labour force to increase workers' opportunities.

2.4 CONCLUDING REMARKS

The CWD has the highest employment rate of all the Districts in the Western Cape (excluding the Cape Metro). As a result, its unemployment rate is nine percentage points below that of the Province, a gap which has been progressively widening over the past decade. Nationally, the CWD has a very strong comparative advantage in agricultural jobs.

The finance sector is most prominent as an employment-contributing sector in the Stellenbosch municipal area. As a result, the Stellenbosch municipal area has the lowest labour intensity in the CWD. Similarly, it has the highest level of skilled and semi-skilled labour in the District.

Matching its economic contribution within the region, most job opportunities in the CWD are generated in the Drakenstein municipal area. The greatest number of absolute job losses between 2020 and 2021 in the CWD occurred within the Drakenstein municipal area.

The Witzenberg municipal area's economy generated the most jobs in the CWD between 2011 and 2020, and similarly lost the fewest jobs in 2020. At a District level, the Drakenstein municipal area stands out as having the highest representation of formal sector employment.

In contrast, the Langeberg municipal area has the highest level of informal employment in the District. Relative to its small base of job opportunities, the Langeberg municipal area was disproportionately affected by job losses in 2020 and 2021 (proportionally, not in absolute terms). Against this background, the potential closure of the Ashton Foods fruit-canning factory would have significant negative repercussions for the local labour market. The role of various stakeholders in retaining and attracting investments is thus pivotal.

In this regard, projects such as the raising of the Brandvlei Dam canal wall in the Breede Valley municipal area are good examples of public sector investments that have the potential to unlock temporary and longer-term private sector job creation.

3

SAFETY AND WELLBEING

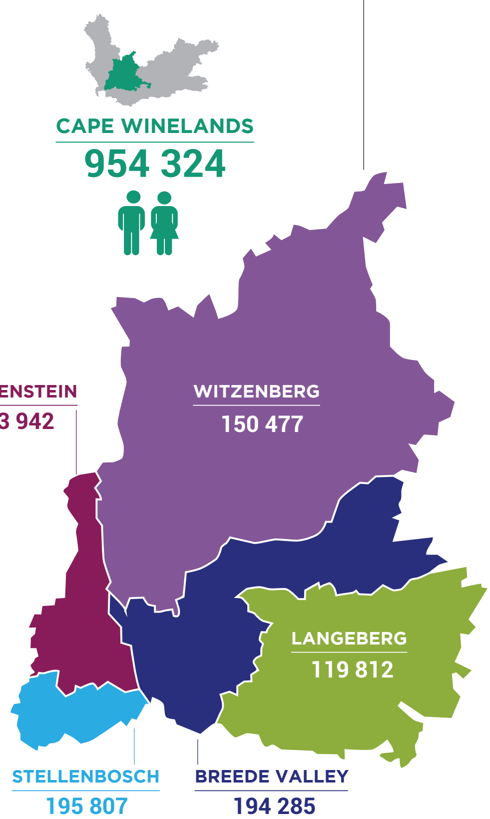
3.1 INTRODUCTION

This chapter provides an overview of the economic and social circumstances of households living in the CWD by analysing population, human development, housing, crime and access to basic services. Specifically, human development in the District is assessed by exploring education levels, health and income.

CAPE WINELANDS DEMOGRAPHICS

CURRENT POPULATION, Cape Winelands District, 2021

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



GENDER – POPULATION

954 324
POPULATION 2021

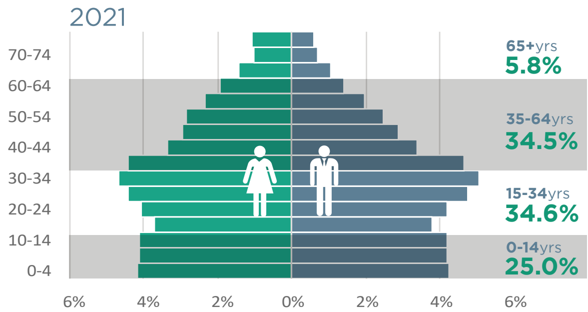
49.5% | 50.5%

Gender split 2021

Estimated **population growth** — PROJECTION

2021	2022f	2023f	2024f	2025f
1.4%	1.5%	1.8%	1.6%	1.6%

GENDER AND AGE DYNAMICS



AGE PROFILE

0-14yrs	15-64yrs	65+yrs
25.0%	69.2%	5.8%

Age split 2021

HOUSEHOLDS

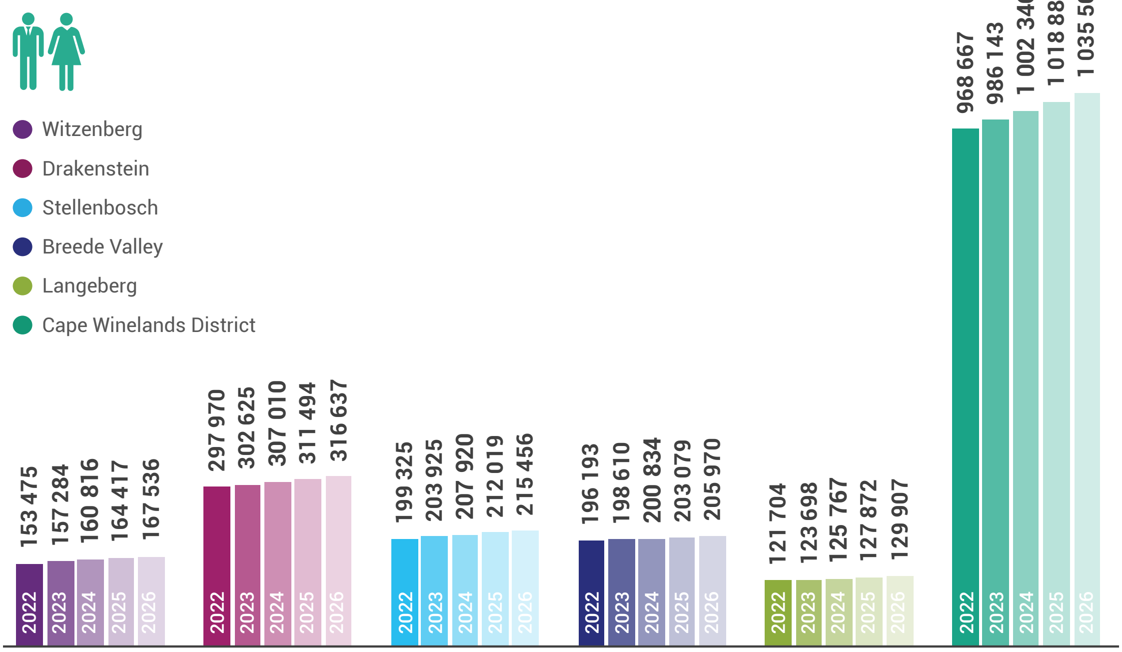
Average monthly **household income** 2020
R17 537

Indigent households 2021
51 940

3.2 POPULATION PROFILE

Figure 3.1 illustrates the future population growth of the CWD and its municipal areas between 2022 and 2026. In 2022, the CWD's population is forecast at 968 667, and is mainly concentrated in the Drakenstein (30.8 per cent), Stellenbosch (20.6 per cent) and Breede Valley (20.3 per cent) municipal areas. The least populated municipal area in the District is the Langeberg municipal area, with a concentration of 12.6 per cent.

Figure 3.1
FUTURE POPULATION GROWTH, Cape Winelands District, 2022 – 2026



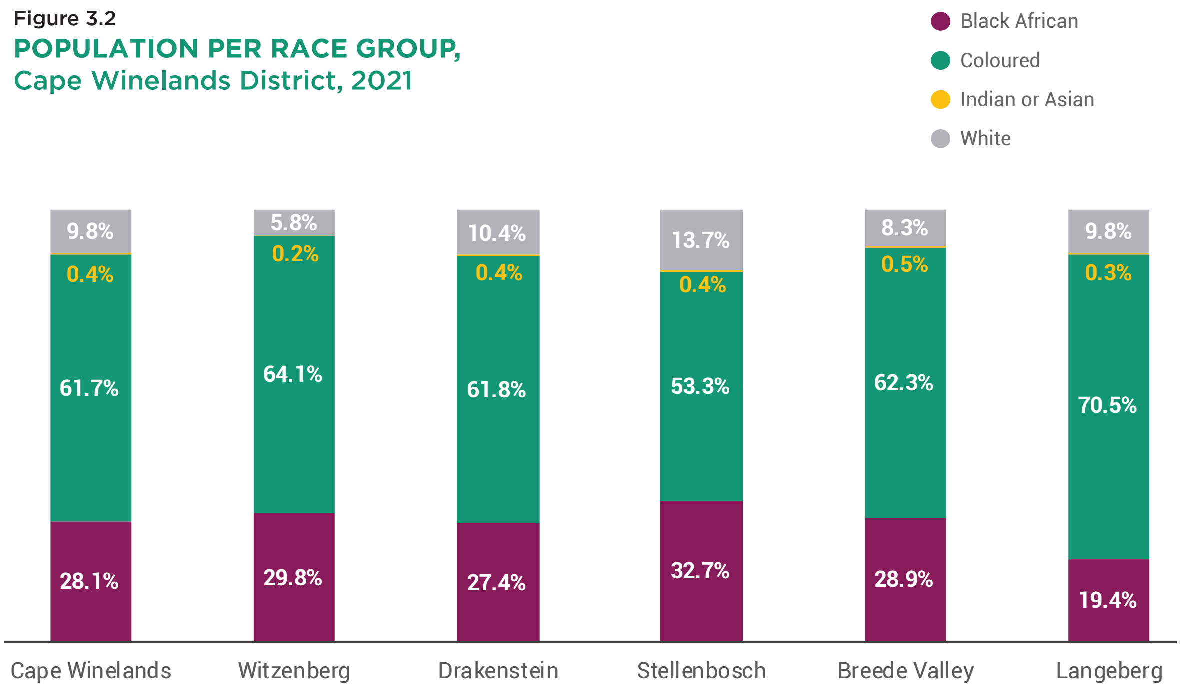
Source: Western Cape Government PPU, 2022. Provincial, district and local municipal area population estimates by sex and age (2002 to 2037) based on Stats SA MYPE series 2021 and 2022

Between 2022 and 2026, the CWD is forecast to grow annually by 1.7 per cent, reaching above 1.0 million people in 2024. The Witzenberg municipal area is forecast to have the highest population growth rate across all municipal areas in the District, growing annually by 2.2 per cent in the period. This is followed by the Stellenbosch municipal area, which is forecast to grow annually by 2.0 per cent. Though the Drakenstein municipal area is forecast to grow annually at a lower rate than the District across the period (1.5 per cent), it is also forecast to have the highest population share of all the municipal areas in the District (30.6 per cent). The Breede Valley municipal area is forecast to have the lowest growth rate across all municipal areas in the District in the period, with annual growth of 1.2 per cent. The Langeberg municipal area is forecast to grow by 1.6 per cent in the period. It is also forecast to shrink in population share across the District in 2026, contributing 12.5 per cent of the population in the District.

The population growth in the CWD can be attributed to factors such as access to services in the District, as well as housing, where 82.4 per cent of all households are formal.[1] Additionally, delivery of basic services such as water, electricity, sanitation and waste removal also attracts migrants into the District. Furthermore, the District is home to economic opportunities and learning institutions such as Stellenbosch University, which provides skills development and employment opportunities.[2] Other factors influencing population growth in the District include a higher quality of life, as well as migrants relocating to perceived better environments for families.[3]

Figure 3.2 shows the racial composition of the CWD in 2021.

Figure 3.2
POPULATION PER RACE GROUP, Cape Winelands District, 2021



Source: Quantec Research, 2022

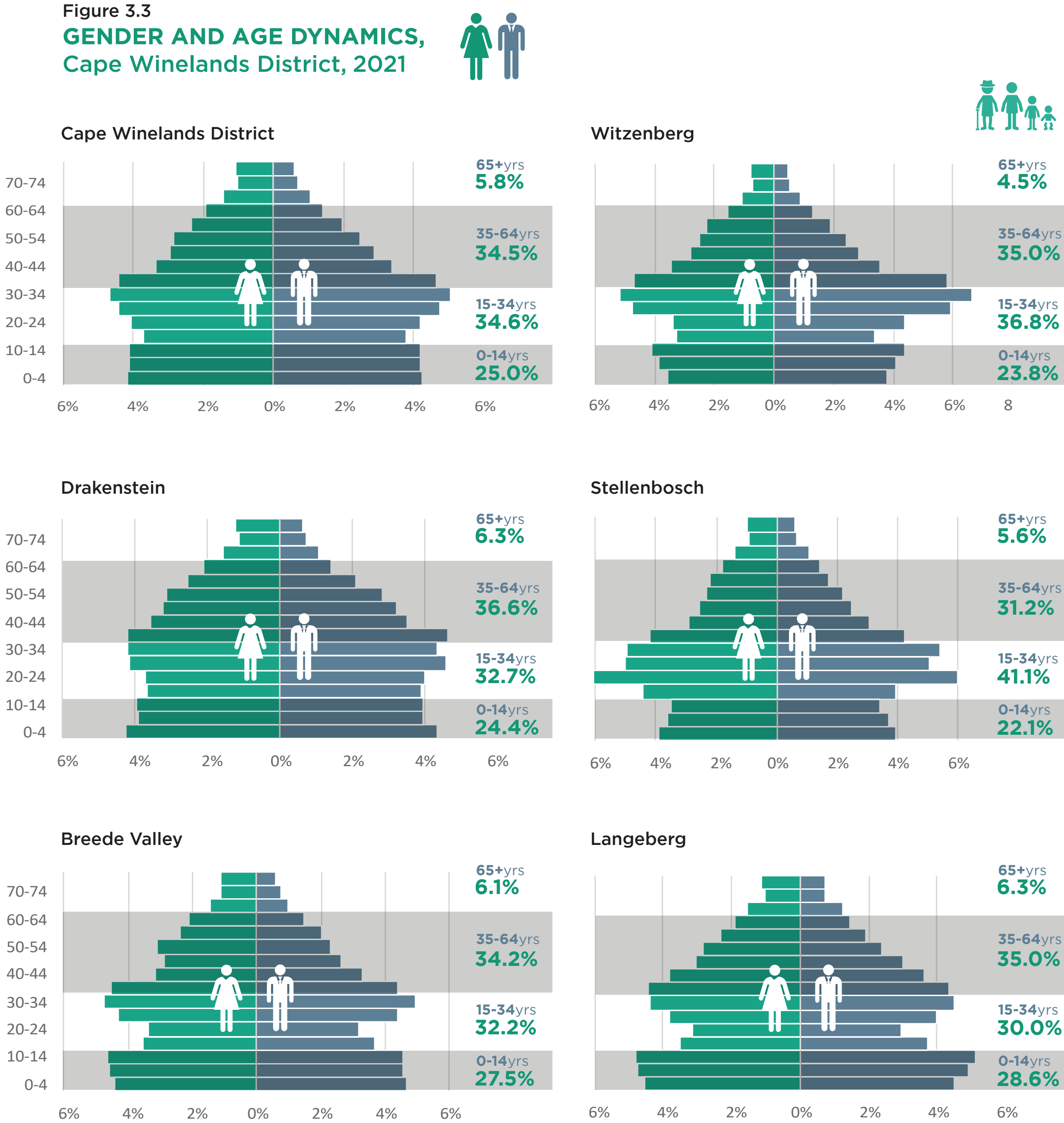
Across the CWD, the coloured population recorded the largest share of the population at 61.7 per cent in 2021. The black African population contributed 28.1 per cent of the District's population, followed by the white population at 9.8 per cent. The smallest population segment in terms of race group was that of the Indian or Asian race group, with 0.4 per cent. The largest racial population group across all municipal areas in the CWD was the coloured race group, the highest percentage being in the Langeberg municipal area. The black African race group was the second-largest share of the population in all municipal areas, with the highest percentage being in the Stellenbosch and Witzenberg regions.

Inequalities often exist in terms of income levels, employment and education per race group, but it is acknowledged that statistics for these indicators disaggregated at the local municipal level are limited in availability. It is important that there is equitable access to opportunities to ensure socio-economic development benefits all groups and individuals in a municipal area.

[1] *See Section 3.4, Cape Winelands District.*
[2] *(Stellenbosch Municipality, 2021).*
[3] *(Mamacos, 2021).*

The gender and age patterns in the CWD in 2021 are illustrated in the population pyramids in Figure 3.3. The District's population was mainly aged between 15 and 34 years old (34.6 per cent) in 2021, followed by the segment between 35 and 64 at 34.5 per cent. This therefore implies that the potentially economically active segment of the population in the District (aged 15 to 64) was almost evenly distributed across both age segments. The District also recorded an elderly (population segment aged 65 and above) population share of 6.3 per cent during the year.

Figure 3.3
GENDER AND AGE DYNAMICS, Cape Winelands District, 2021



Source: Western Cape Government PPU, 2022. Provincial, district and local municipal area population estimates by sex and age (2002 to 2037) based on Stats SA MYPE series 2021 and 2022

The largest share of the population in the Stellenbosch municipal area was that aged between 15 and 34 at 41.1 per cent. This was followed by the population segment aged 35 to 64 at 31.2 per cent. Therefore, the Stellenbosch municipal area recorded a potentially economically active population (population segment aged between 15 and 64) of 72.3 per cent, which was the highest of all municipal areas in the CWD. The Stellenbosch municipal area recorded the lowest dependency ratio across all municipal areas in the District at 38.3 dependants per 100 working-age people. Therefore, there is significant demand for employment opportunities in the Stellenbosch municipal area, as the dominant population are those considered to be working-age people.

The Langeberg municipal area recorded the largest dependency ratio across all municipal areas in the District, at 53.7 dependants per 100 working-age people. The Stellenbosch municipal area recorded the lowest dependency ratio at 38.3 dependants per 100 working-age people.

3.3 HUMAN DEVELOPMENT

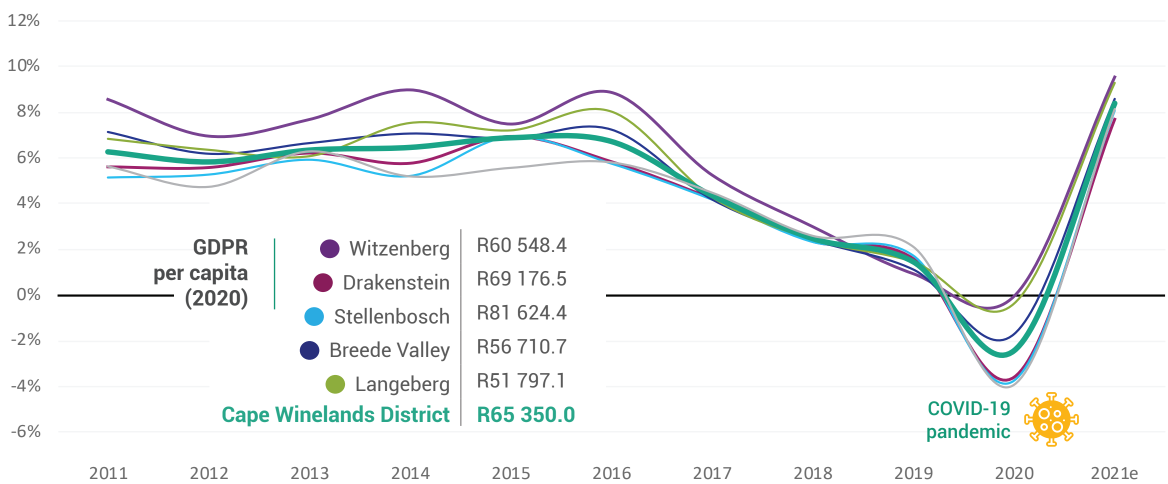
Economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. The UN uses the HDI to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining the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

3.3.1 Income

Figure 3.4 illustrates the GDPR per capita growth in the CWD between 2011 and 2021. The District's GDPR per capita increased from R65 350.0 in 2020 to an estimated R67 797.6 in 2021 in current prices.

Figure 3.4

GDPR PER CAPITA GROWTH, Cape Winelands District, 2011 – 2021



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Western Cape	5.6%	4.7%	6.3%	5.2%	5.6%	5.8%	4.5%	2.6%	2.1%	-3.9%	8.1%
Cape Winelands District	6.3%	5.8%	6.3%	6.4%	6.9%	6.7%	4.3%	2.5%	1.4%	-2.5%	8.4%
Witzenberg	8.6%	7.0%	7.7%	9.0%	7.5%	8.9%	5.3%	3.0%	1.0%	0.0%	9.6%
Drakenstein	5.6%	5.6%	6.2%	5.8%	7.0%	5.9%	4.2%	2.4%	1.6%	-3.6%	7.7%
Stellenbosch	5.1%	5.3%	5.9%	5.2%	6.9%	5.7%	4.2%	2.3%	1.7%	-3.8%	8.1%
Breede Valley	7.1%	6.2%	6.6%	7.0%	6.8%	7.2%	4.2%	2.4%	1.1%	-1.7%	8.6%
Langeberg	6.9%	6.4%	6.1%	7.5%	7.2%	8.0%	4.3%	2.5%	1.5%	-0.3%	9.3%

Source: Quantec Research, 2022 (e denotes estimate)

The GDPR per capita in the CWD fluctuated during the period under review but recorded an overall downward trend between 2011 and 2020. The GDPR per capita contracted significantly in 2020 (2.5 per cent) owing to the poor economic performance as a result of the COVID-19 pandemic. However, in 2021 GDPR per capita growth in the CWD recorded significant recoveries.

All the municipal areas in the District, apart from the Witzenberg municipal area, experienced a downturn in GDPR per capita in 2020 owing to the economic downturn brought about by the COVID-19 pandemic. However, all the municipal areas within the District recovered in 2021 when COVID-19 lockdown restrictions were lifted. The estimated 2021 figures reveal that the Witzenberg and Langeberg municipal areas experienced the most significant increase in GDPR per capita growth, with growth of 9.6 per cent and 9.3 per cent respectively. The growth in these municipal areas was greater than that experienced in the District (8.4 per cent) and the Province (8.1 per cent). GDPR per capita growth within the CWD can be attributed to the fact that these local economies were boosted by the strong performance and recovery recorded in the agriculture sector in 2021.

Table 3.1 illustrates the average monthly household income of the CWD in 2020.

Table 3.1
AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES),
Cape Winelands District, 2020

MUNICIPAL AREA	Average household income 2020 (current prices)	Trend 2016 – 2020
Witzenberg	R17 392	-0.2%
Drakenstein	R19 547	-2.0%
Stellenbosch	R19 325	-1.7%
Breede Valley	R15 214	-1.8%
Langeberg	R14 250	-0.5%
Cape Winelands District	**R17 537**	**-1.5%**
Western Cape	**R18 995**	**-1.8%**

Source: Urban-Econ calculations based on Quantec Research, 2022

In 2020, the average monthly household income in the CWD was R17 537 (in current prices), which was lower than the average household income in the Western Cape in 2020. Between 2016 and 2020, the average household income in the Province declined by an average annual rate of 1.8 per cent, while that of the CWD declined by an average annual rate of 1.5 per cent.

The municipal areas that had the lowest average household income were the Langeberg (R14 250) and Breede Valley (R15 214) municipal areas. Notably the Witzenberg municipal area experienced the smallest decline in the period under review, contracting by an average annual rate of 0.2 per cent. The Drakenstein municipal area experienced a significant contraction in average monthly household income during the period under review (2.0 per cent). However, when considering the average inflation over the period, household income in these municipal areas did not grow sufficiently to compensate for higher prices. 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,[4] inflation was at its lowest level in more than a decade. However, average inflation started increasing in 2021.

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[4] *(Stats SA, 2021).*

3.3.1.1 Taxpayers

Income taxes in South Africa are administered by the Income Tax Act of 1962 and provide a substantial amount of funding for the government.[5] Common uses of these taxes include funding governmental priorities such as paying the national debt and providing public goods and services. Table 3.2 below shows the total number of taxpayers and the average monthly taxable income for the Cape Winelands and its local municipal areas for the years 2019 and 2020.

Table 3.2
INDIVIDUAL TAXPAYERS, Cape Winelands District, 2020

	Number of taxpayers		Average monthly taxable income	
MUNICIPAL AREA	**2019**	**2020**	**2019**	**2020**
Witzenberg	7 353	7 964	R22 841	R23 066
Drakenstein	31 746	33 734	R27 702	R27 691
Stellenbosch	21 711	22 507	R36 919	R38 341
Breede Valley	17 359	18 456	R22 589	R22 398
Langeberg	7 805	8 113	R22 084	R21 299
Cape Winelands District	**85 974**	**90 774**	**R28 071**	**R28 278**
Western Cape	**867 697**	**906 526**	**R28 622**	**R28 495**

Source: National Treasury and SARS, 2022

The Cape Winelands' total number of taxpayers accounted for 10.0 per cent of the Western Cape's total number of taxpayers in 2020. The number of taxpayers in the Cape Winelands increased by 5.6 per cent, with the Drakenstein municipal area having the highest number in the District. The average monthly taxable income in the Stellenbosch municipal area increased at the highest rate (4.0 per cent) and was the highest in the District in 2020 at R38 341. It was also higher than the average monthly taxable income in the Western Cape (R28 495) and South Africa (R28 995). This may be a result of the recorded growth in high-net-worth individuals moving to Stellenbosch owing to the area's abundance of upscale residential estates and the lifestyle it offers.[6] The District recorded an increase in average monthly taxable income in 2020 of R28 278, compared with R28 071 in 2019.

The Witzenberg municipal area recorded the lowest number of taxpayers in the Cape Winelands for both 2019 and 2020. Nevertheless, the municipal area is the only municipal area besides Stellenbosch to have seen an increase in average monthly taxable income, having seen a growth of about 1.0 per cent.

Although the number of taxpaying citizens in Langeberg increased by 4.0 per cent, the municipal area saw the greatest decline in average monthly taxable income (3.7 per cent) in the District. This might be the result of more people entering the threshold of taxable income, which would lead to a lower average taxable income within the municipal area.

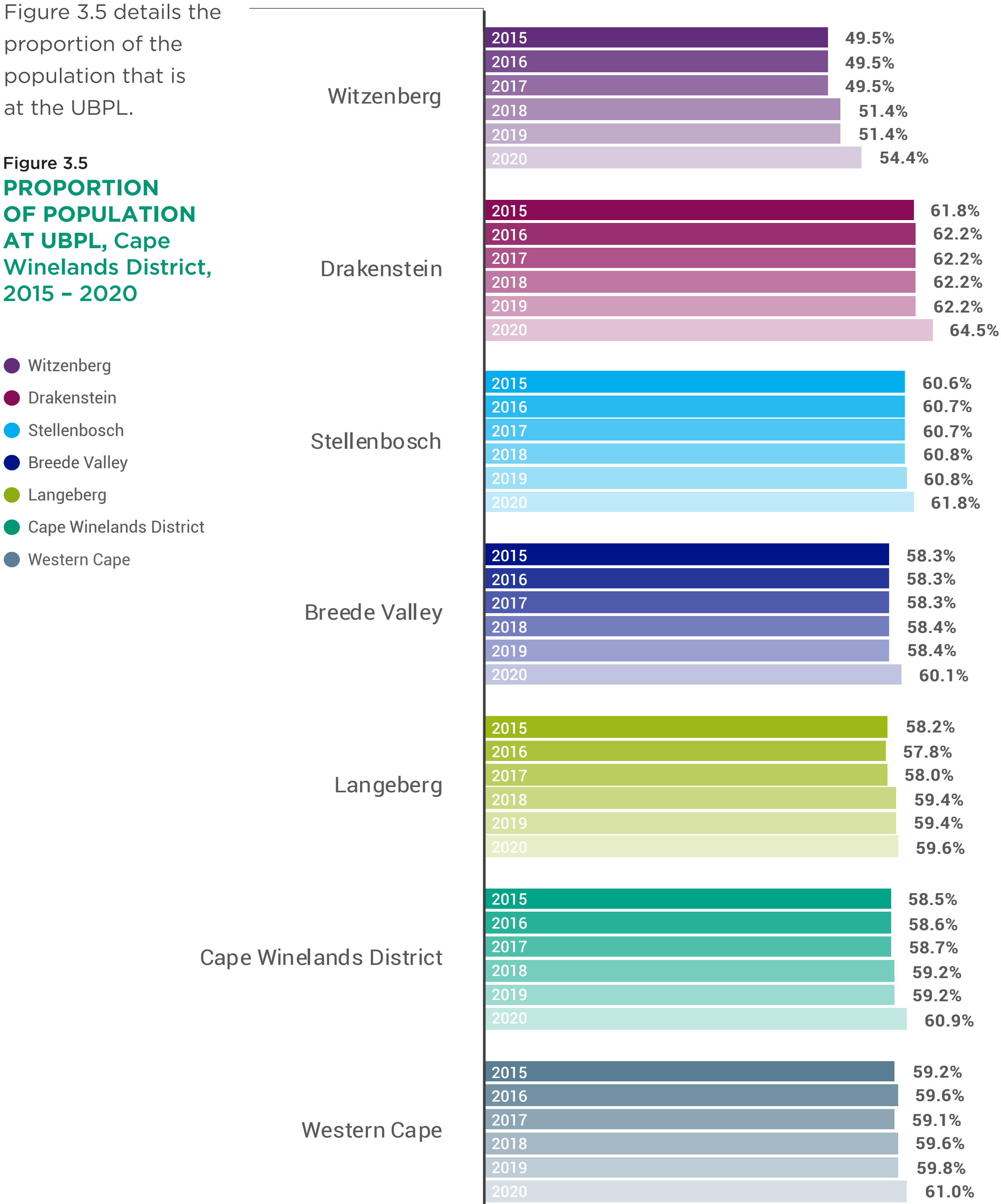
[5] *(South African Revenue Service, 2022).*
[6] *(BusinessTech, 2022).*

3.3.1.2 Poverty

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the FPL as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.[7]

Figure 3.5 details the proportion of the population that is at the UBPL.

Figure 3.5
PROPORTION OF POPULATION AT UBPL, Cape Winelands District, 2015 – 2020



Source: IHS Markit, 2022

[7] *(Stats SA, 2017).*

Poverty levels in the CWD are very similar to those of the Province. The proportion of people at the UBPL consistently increased between 2015 (58.5 per cent) and 2020 (60.9 per cent). The Provincial drought experienced during the period under review is likely to have impacted poverty levels in the CWD. The Drakenstein municipal area had the largest proportion of people at the UBPL over the reference period.

3.3.1.3 Inequality

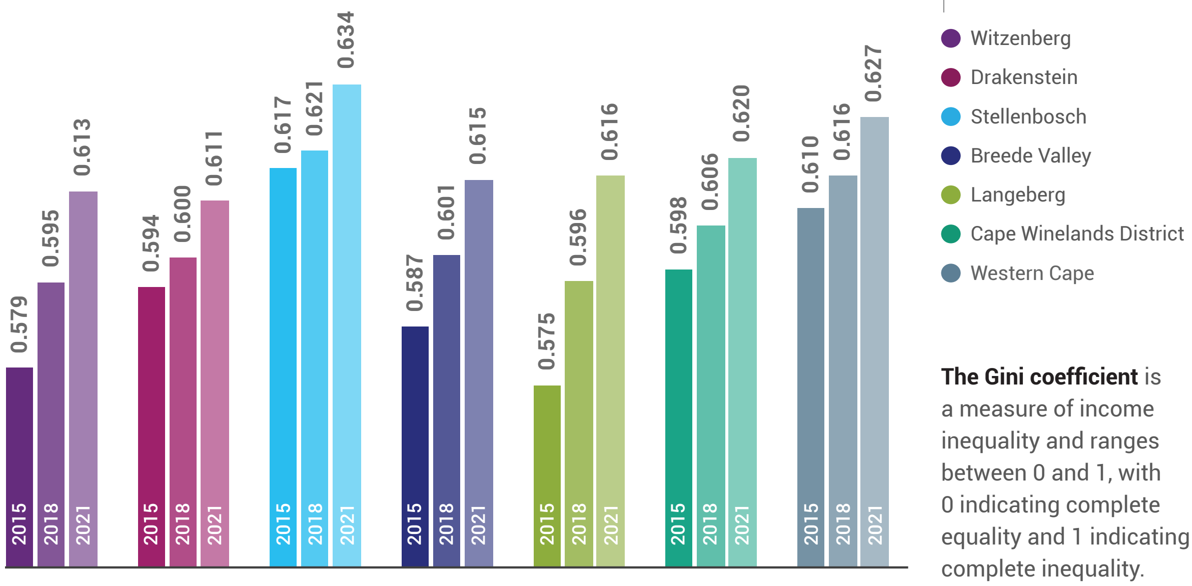
?

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.[8] However, at a local municipal level, data that is readily available and most widely used is the Gini coefficient, which can therefore be utilised to analyse income inequality at a local level.

[8] *(Stats SA, 2019).*

Figure 3.6 illustrates the Gini coefficient per municipal area in the CWD between 2015 and 2021.

Figure 3.6
GINI COEFFICIENTS, Cape Winelands District, 2015 – 2021



The Gini coefficient is a measure of income inequality and ranges between 0 and 1, with 0 indicating complete equality and 1 indicating complete inequality.

Source: IHS Markit, 2022

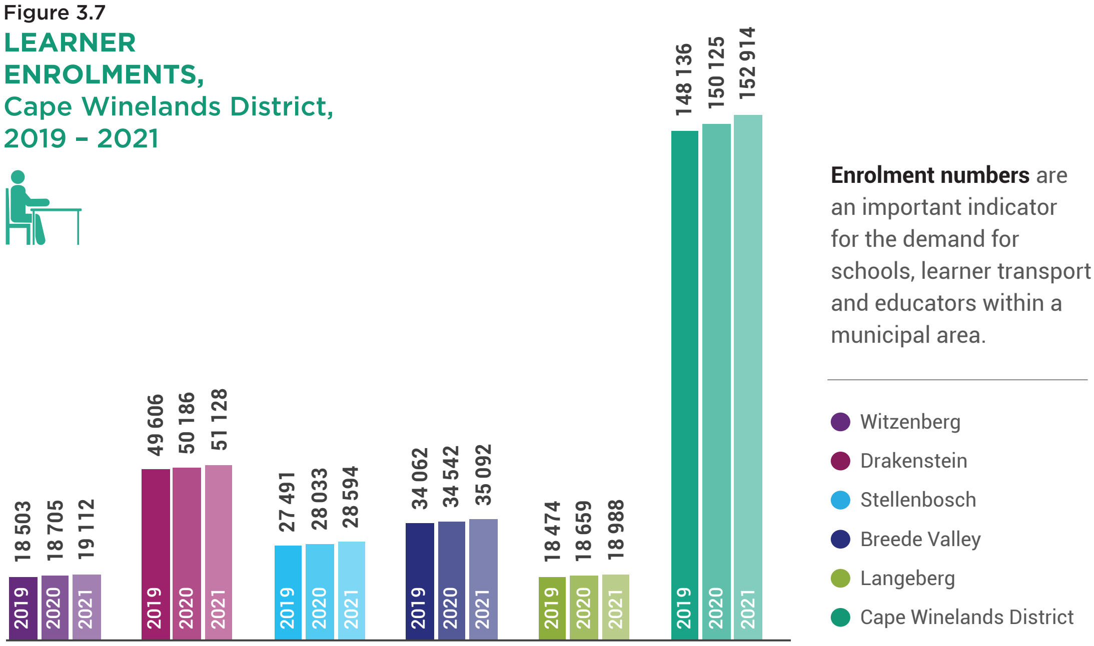
The CWD's Gini coefficient increased significantly from 0.598 in 2015 to 0.620 in 2021. All the municipal areas recorded an increase in income inequality for the same period. The Stellenbosch municipal area had the highest Gini coefficient at 0.634 in 2021 (higher than the Western Cape). The unequal distribution of income in the District is evident in the divide between the wealthy wine farmers and the farm workers, as well as the wealthy university students and academics as opposed to the local communities. The Drakenstein municipal area had the lowest score at 0.611, followed by the Witzenberg and Breede Valley municipal areas at 0.613 and 0.615 respectively.

3.3.2 Education

This subsection explores the educational circumstances of households in the CWD by analysing data on learner enrolments, the Grade 10 to 12 retention rate, matric pass rates and learner-teacher ratios.

Figure 3.7 depicts the learner enrolment figures in the CWD between 2019 and 2021.

Figure 3.7
LEARNER ENROLMENTS,
Cape Winelands District, 2019 – 2021



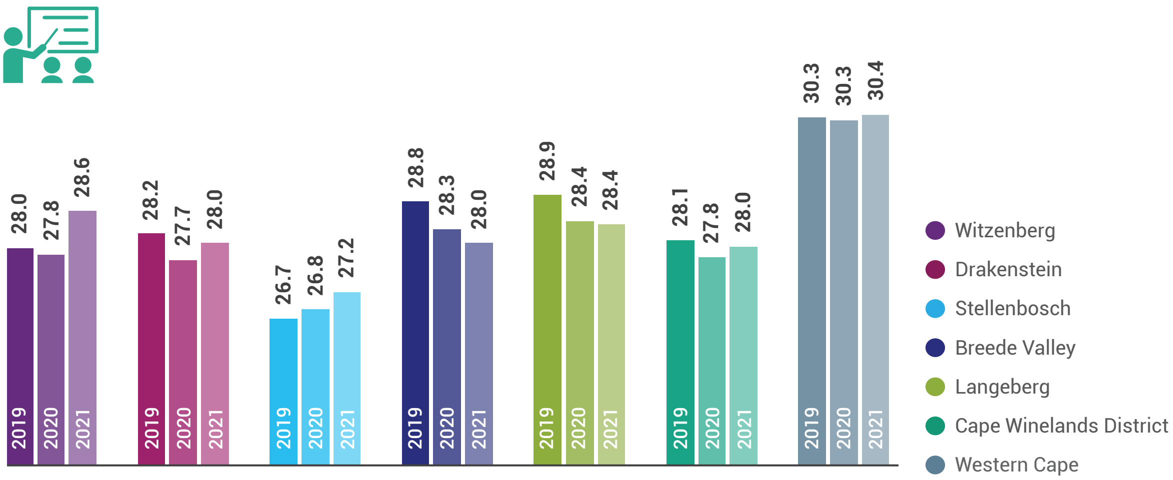
Source: Western Cape Education Department, 2022

In the CWD, learner enrolments increased consistently from 148 136 learners in 2019 to 152 914 learners in 2021. The Drakenstein municipal area had the largest learner enrolment for the period under review, with 51 128 learners enrolled in 2021.

The Drakenstein municipal area also experienced the largest increase in learner enrolments between 2019 and 2021, with learner enrolments increasing by 1 522 learners, followed by the Stellenbosch municipal area, which increased by 1 103 learners. The Langeberg municipal area had the lowest increase in learner enrolments, with an increase of 514 learners between 2019 and 2021.

Figure 3.8 illustrates the learner-teacher ratio in the CWD between 2019 and 2021.

Figure 3.8
LEARNER-TEACHER RATIO,
Cape Winelands District, 2019 – 2020



Source: Western Cape Education Department, 2022

Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.[9] Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.[10]

The learner-teacher ratio in the District was below 30 learners per teacher in 2021, which is associated with more interaction between teachers and learners, and contributes to better-quality education.

Between 2019 and 2021 the Stellenbosch and Witzenberg municipal areas recorded an increase in their learner-teacher ratio to 27.2 learners and 28.6 learners per teacher respectively. However, the learner-teacher ratio in the Stellenbosch municipal area was the lowest recorded compared with the other municipal areas in the District.

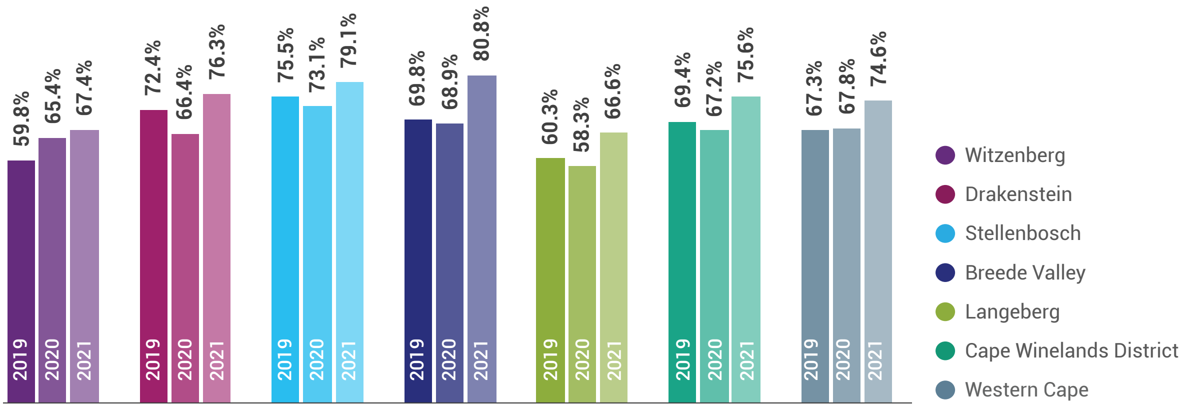
The learner-teacher ratio is a strong indicator of the students' level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio may result in teachers being able to provide more personalised teaching methods, which improves teaching and learning processes in schools as well as the academic progression of students. Research has also shown that lower learner-teacher ratios are associated with better test results, fewer drop-out learners and higher graduation rates.[11]

[9] *(Sephton, 2017).*
[10] *(Moloi, 2011).*
[11] *(The Hun School of Princeton, 2019).*

Figure 3.9 illustrates the Grade 10 to 12 retention rate in the CWD between 2019 and 2021. Retention rates are proxies for the level of drop-outs and by implication the efficiency of schools in facilitating learners' completion of a given school stage.

Figure 3.9

GRADE 10 TO 12 RETENTION RATE, Cape Winelands District, 2019 – 2021



Source: Western Cape Education Department, 2022

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 previously. This shows the proportion of students who progressed to Grade 12, compared with those enrolled in Grade 10 two years before.

The Grade 10 to 12 retention rate in the CWD improved from 69.4 per cent in 2019 to 75.6 per cent in 2021. The disruptions to the school year in 2020 as a result of COVID-19 influenced the retention rate. The District's learner retention rate was also slightly higher than the Western Cape retention rate (74.6 per cent) in 2021. According to the General Household Survey of 2021, the key reasons learners stop attending school include illness and disability, poor academic performance, the inability to pay fees and family commitments.[12] However, all the municipal areas within the CWD recorded increases in their retention rates.

The Breede Valley municipal area recorded the highest learner retention rate in 2021 (80.8 per cent), followed by the Stellenbosch (79.1 per cent) and Drakenstein (76.3 per cent) municipal areas. The Breede Valley municipal area recorded the largest increase in the retention rate from 69.8 per cent in 2019 to 80.8 per cent in 2021.

[12] *(Stats SA, 2022).*

Access to education is an important indicator for labour market skills and access to economic opportunity. Local challenges that result in learners leaving school before Grade 12 need to be assessed, especially considering that most sectors require semi-skilled and skilled labour.

Together with several other variables not considered in this section, learner enrolment, learner-teacher ratios and Grade 10 to 12 retention rates all contribute towards an area's Grade 12 pass rate. Figure 3.10 depicts the matric pass rate in the CWD between 2019 and 2021.

Figure 3.10
MATRIC PASS RATE,
Cape Winelands District, 2019 – 2021

Source: Western Cape Education Department, 2022

Over the reference period, the matric pass rate for the CWD was marginally lower than the pass rate in the Western Cape. The matric pass rate for the CWD also declined from 80.6 per cent in 2019 to 76.3 per cent in 2021. The challenges the education sector experienced in 2020 therefore translated into a reduced matric pass rate in the District.

At a municipal level, only the Drakenstein and Stellenbosch municipal areas recorded an increase in the matric pass rate between 2019 and 2020. Both the Witzenberg and Langeberg municipal areas recorded the steepest decline in the matric pass rate, decreasing by 9.3 percentage points and 5.0 percentage points respectively between 2019 and 2020. This is likely to have a negative impact on providing employment opportunities for the youth in these municipal areas.

Even though COVID-19 lockdown measures were eased in 2021, the academic performance of many learners was still influenced owing to routine disruptions. Lockdown restrictions impacted the matric pass rate negatively, mostly owing to teaching time lost as well as the transition to online teaching.[13] This also impacted the class of 2021, as students in Grade 11 in 2020 lost more time than the matric class of 2020.[14]

[13] *(Govender, 2022).*
[14] *(Makinana, 2020).*

3.3.3 Health

This subsection analyses the health conditions of people living in the CWD by reviewing COVID-19, the causes of death, human immunodeficiency virus (HIV), tuberculosis (TB), infant mortality rates, maternal death rates and teenage pregnancies.

3.3.3.1 COVID-19

Figure 3.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group in the CWD since the start of the COVID-19 pandemic in March 2020.

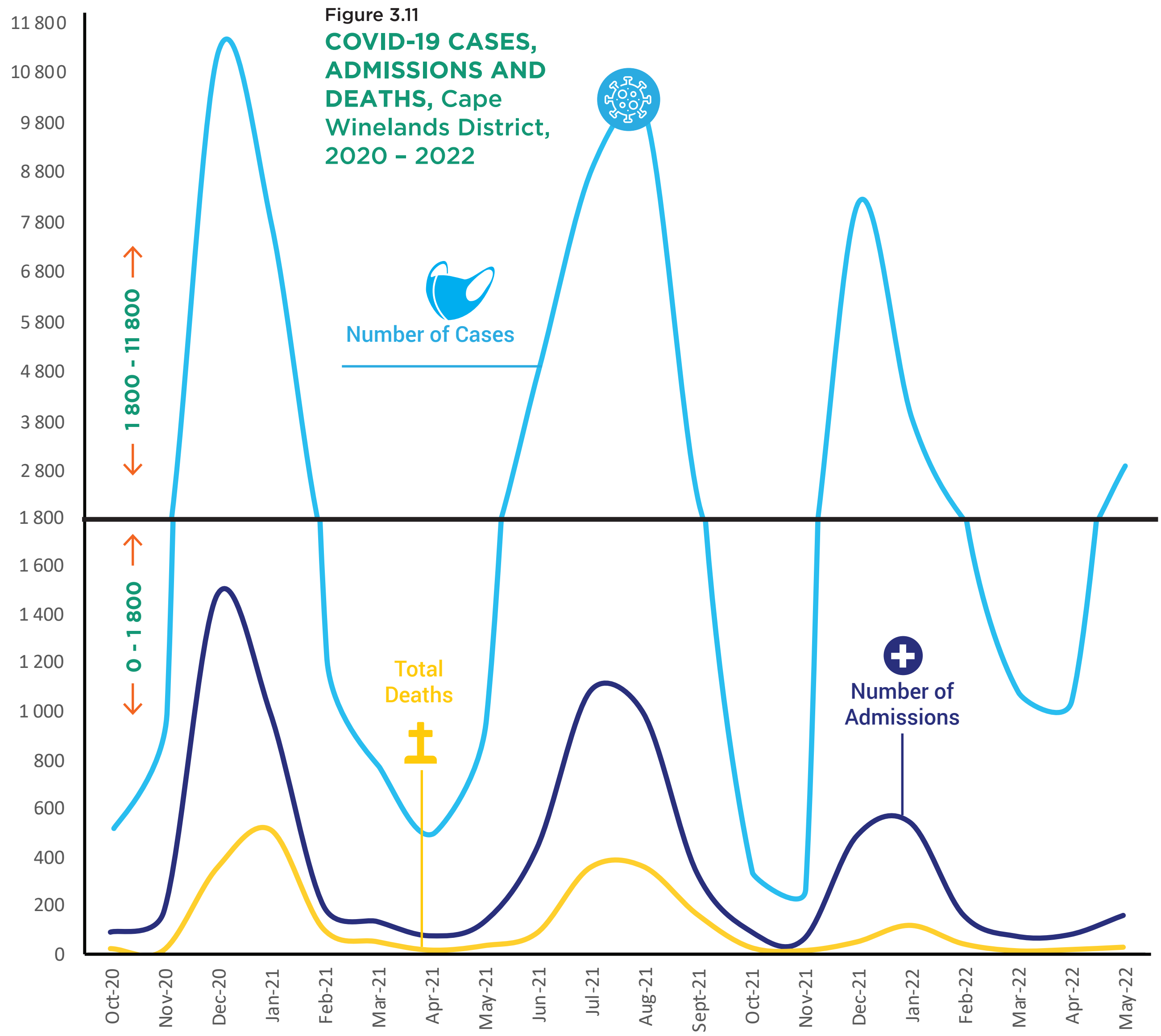


Figure 3.11
COVID-19 CASES, ADMISSIONS AND DEATHS, Cape Winelands District, 2020 – 2022

Source: Western Cape Department of Health, 2022

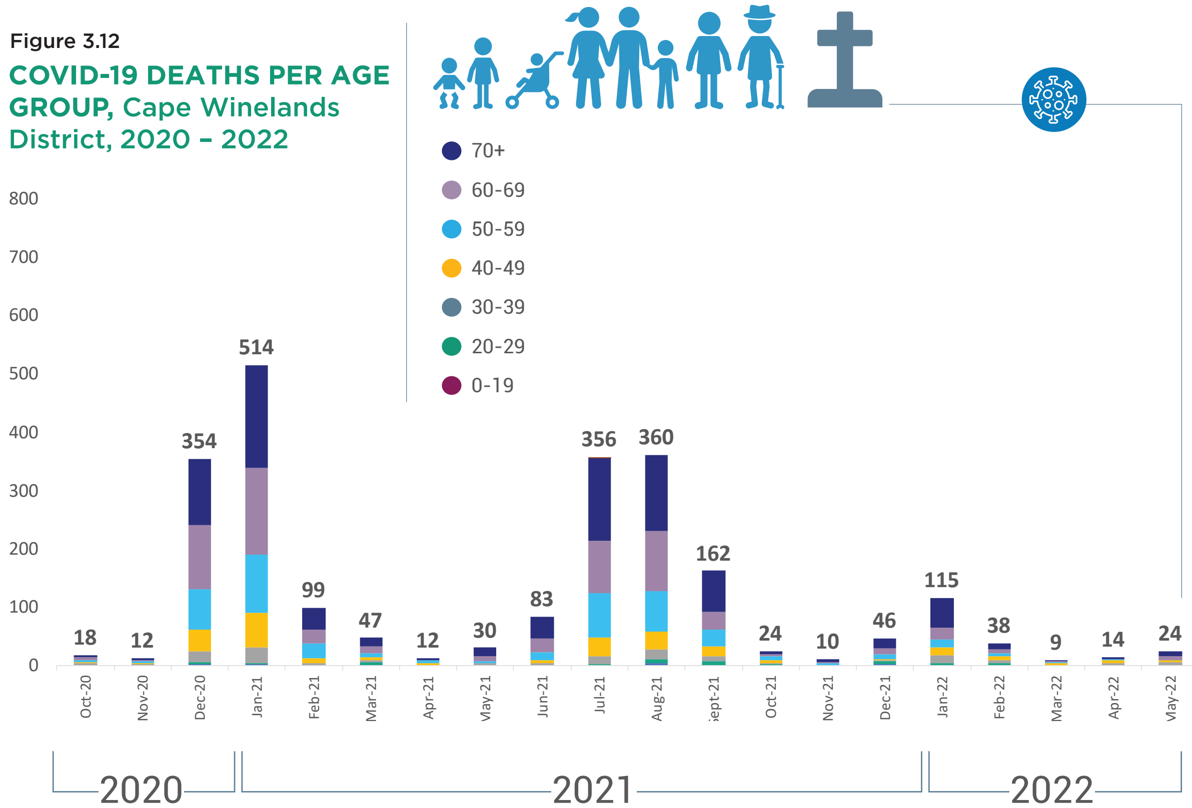
	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	April 22	May 22
Cases	521	1 003	11 221	7 732	1 228	770	499	969	4 829	8 868	9 970	2 206	339	272	8 200	3 878	1 818	1 080	1 046	2 925
Admissions	88	171	1 475	990	195	132	73	128	434	1 080	989	333	93	58	484	540	159	71	78	157
Deaths	18	12	354	514	99	47	12	30	83	356	360	162	24	10	46	115	38	9	14	24

In the CWD, there were 22 COVID-19 cases in March 2020, and this increased to 4 783 in June 2020, which is when the number of cases peaked during the first wave. During the second wave, the number of COVID-19 cases peaked in December 2020 at 11 221 cases before decreasing to 1 228 in February 2021. During the third wave, the number of COVID-19 cases peaked in August 2021 at 9 970 cases, while the fourth wave peaked in December 2021, with 8 200 cases recorded.

The number of hospital admissions during the first wave of COVID-19 peaked in June 2020 (635 admissions). The second wave recorded a peak in December 2020, with 1 475 hospital admissions. Third and fourth wave peaks were recorded in July 2021 (1 080 hospital admissions) and January 2022 (540 hospital admissions). During the first wave, the number of deaths peaked at 166 in July 2020. This was followed by peaks of 514 deaths in January 2021, 360 deaths in August 2021 and 115 deaths in January 2022.

Figure 3.12

COVID-19 DEATHS PER AGE GROUP, Cape Winelands District, 2020 – 2022



Source: Western Cape Department of Health, 2022

Based on the data, it is evident that the older population (people aged 60 and above) are more vulnerable to the disease, as the number of deaths increased with each age group. The population aged 19 and under accounted for the lowest share of COVID-19-related deaths, contributing 0.6 per cent of all deaths in the period.

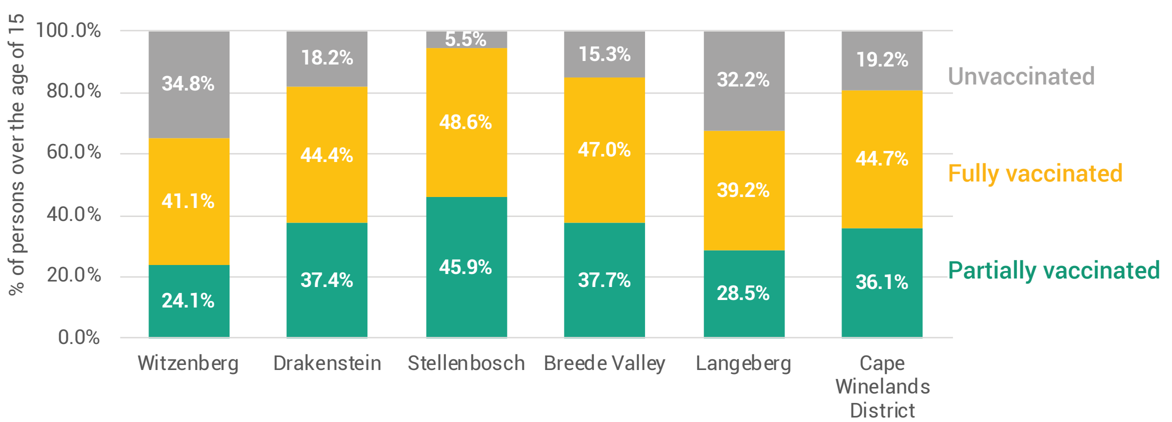
The South African Government had COVID-19 vaccine roll-outs from February 2021 for healthcare workers, with the Pfizer and Johnson & Johnson vaccines listed as the main options available. Initially, when vaccine dose supply was limited, the public roll-out was limited to the elderly population, as well as the population with comorbidities and those living in hostels and nursing homes from May 2021. The vaccine was only available for all adults from August 2021 and was available for children in October 2021.

COVID-19 vaccines are safe and effective at protecting people from getting seriously ill or hospitalised.[15] They also offer added protection against new infections and variants of the virus. Furthermore, full vaccination is more beneficial than partial vaccination, as full dosages reinforce immune responses compared with a single dosage.[16] Going forward, boosters are encouraged, as they help people maintain strong protection from severe COVID-19 infection.[17] However, it is acknowledged that vaccine hesitancy occurs for several reasons, including health concerns, mistrust towards the pharmaceutical industry, misinformation, disinformation and a lack of education regarding vaccine efficacy.

Figure 3.13 depicts the population that has received full or partial vaccination, as well as the unvaccinated population, in the CWD.

Figure 3.13

COVID-19 VACCINATED POPULATION, Cape Winelands District, 2020 – 2022



Vaccinations[18]	2020 – 2022		
	Partially vaccinated[19]	Fully vaccinated[20]	Unvaccinated
Witzenberg	24.1%	41.1%	34.8%
Drakenstein	37.4%	44.4%	18.2%
Stellenbosch	45.9%	48.6%	5.5%
Breede Valley	37.7%	47.0%	15.3%
Langeberg	28.5%	39.2%	32.2%
Cape Winelands District	**36.1%**	**44.7%**	**19.2%**

Source: Western Cape Department of Health, 2022

[15] *(Centers for Disease Control and Prevention, 2022).*
[16] *(Seladi-Schulman, 2021).*
[17] *(Maragakis & Kelen, 2022).*
[18] *It should also be noted that the vaccination numbers reported are based on the place of vaccination and not the clients' area of residence.*
[19] *Percentage of individuals who have received a Pfizer first dose.*
[20] *Percentage of individuals who have received a Johnson & Johnson vaccine or a Pfizer first dose and second dose.*

The majority of the population over the age of 15 in the CWD were partially vaccinated (51.7 per cent). Across all municipal areas in the District, the Stellenbosch municipal area recorded the lowest share of unvaccinated individuals at 5.5 per cent. The Witzenberg (34.8 per cent) and Langeberg (32.2 per cent) municipal areas recorded the largest share of unvaccinated individuals over the age of 15. The Witzenberg municipal area recorded the lowest number of vaccination sites (eight) across all municipal areas in the District.[21] Conversely, the Stellenbosch municipal area recorded the highest number of vaccination sites (35) across all municipal areas in the District.[22]

Within the CWD, the highest number of vaccinations recorded was in the population aged between 18 and 34 years old, with 149 583 first doses and 72 820 second doses.[23] This is likely a result of increased vaccine roll-out by the time vaccine registration was opened for those aged between 18 and 34 years old in September 2021. The child population aged between 12 and 17 years old recorded the lowest vaccination age range in the District, having recorded 18 178 first does and 6 791 second doses.[24] It is notable that this population group was the last to be considered eligible for vaccine administration, and vaccine roll-outs prioritised matric students, targeting recovery before the final exam period.[25] Another factor influencing low vaccination rates in the age group was different laws regarding vaccination for the age group arising from fears of myocarditis or pericarditis.[26] The District would benefit from educational programmes regarding vaccine safety in public settings such as schools or hospitals in order to increase vaccination rates.

[21] *(Department of Health, 2022).*
[22] *(Department of Health, 2022).*
[23] *(Western Cape Department of Health, 2022).*
[24] *(Western Cape Department of Health, 2022).*
[25] *(Mail & Guardian, 2021).*
[26] *(Mail & Guardian, 2021).*

3.3.3.2 HIV/AIDS and TB

Table 3.3 provides an overview of the trends in HIV testing, treatment and outcomes in the CWD between 2018/19 and 2021/22.

Table 3.3
TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES,
Cape Winelands District, 2018/19 – 2021/22

HIV

	2018/19	2019/20	2020/21	2021/22
Known HIV+ (Tested; n)	**49 452**	**51 403**	**52 432**	**51 974**
Of which: Clients started but no longer on ART	30.9%	29.6%	29.3%	27.3%
Of which: Clients on ART	**62.1%**	**63.5%**	**64.0%**	**66.0%**
Of which: Clients with confirmed viral suppression	76.2%	77.2%	76.8%	77.1%

Source: Western Cape Department of Health, 2022

The number of people who are known to have tested HIV-positive in the CWD increased over the reference period, from 49 452 in 2018/19 to 51 974 in 2021/22. Knowledge of HIV status is an important starting point for receiving treatment. The treatment of HIV was disrupted by the COVID-19 pandemic, as reflected by the decrease in the number of known HIV-positive tests from 2020/21 to 2021/2022. Despite disruptions caused by the COVID-19 pandemic, more people knew their status in 2020/21 than in 2021/22.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving ART and 90.0 per cent of people receiving antiretroviral therapy (ART) would have viral suppression.[27] Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system can function.[28] The discontinuation or interruption of ART may result in a viral rebound. Between 2018/19 and 2021/22, the percentage of people who started ART but were no longer on it decreased from 30.9 per cent to 27.3 per cent. On the other hand, the percentage of people who were on ART has increased since 2018/19. The percentage of people with confirmed viral suppression in the CWD has also been on an increasing trend, from 76.2 per cent in 2018/19 to 77.1 per cent in 2021/22, recovering from a drop in 2020/2021. The general increase in the percentage of clients with confirmed viral suppression is likely to be associated with the increase in people receiving ART. Increasing ART and viral suppression are essential to keep the most economically and socially active individuals healthy in the CWD.[29]

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.[30] The economic impacts of HIV/AIDS include reduced labour supply, reduced labour productivity, reduced exports and increased imports.[31] Given the current economic challenges in the CWD, a continued increase in ART and viral suppression is essential.

[27] *(UNAIDS, 2022).*
[28] *(Centers for Disease Control and Prevention, 2021).*
[29] *(UNAIDS, 2000).*
[30] *(UNAIDS, 2000).*
[31] *(Dixon, McDonald, & Roberts, 2002).*

Table 3.4 provides a detailed breakdown of the trends in TB notification and outcomes in the CWD between 2019/20 and 2021/22.

Table 3.4
TRENDS IN TB NOTIFICATION AND OUTCOMES, Cape Winelands District, 2019/20 – 2021/22

TB

	2019/20	2020/21	2021/22
TB programme success rate	76.0%	68.4%	77.8%
TB clients lost to follow-up	19.2%	26.6%	16.5%
TB client death rate	3.9%	3.9%	3.9%
TB/HIV co-infected	38.6%	42.3%	41.0%
TB MDR treatment success rate	63.1%	64.5%	63.6%

Source: Western Cape Department of Health, 2022

The success of the TB programme in the CWD increased from 76.0 per cent in 2019/20 to 77.8 per cent in 2021/22, after a dip to 68.4 per cent in 2020/21. As a result of the lockdown policies, delays in testing and follow-up led to people reporting for their programmes in a sicklier condition.[32] This contributed to the reduced success rate of the TB programme. TB clients lost to follow-up increased from 19.2 per cent in 2019/20 to 26.6 per cent in 2020/21, before decreasing to 16.5 per cent in 2021/22. Lockdown restrictions and fears related to the COVID-19 pandemic are likely to have contributed to the significant deterioration in the TB programme success rate and number of clients lost to follow-up in 2020/21, as admission to routine medical care and patient visits to health facilities declined.[33] The multidrug-resistant (MDR) treatment success rate increased from 63.1 per cent in 2019/20 to 63.6 per cent in 2021/22. The TB client death rate remained at 3.9 per cent from 2019/20 to 2021/22.

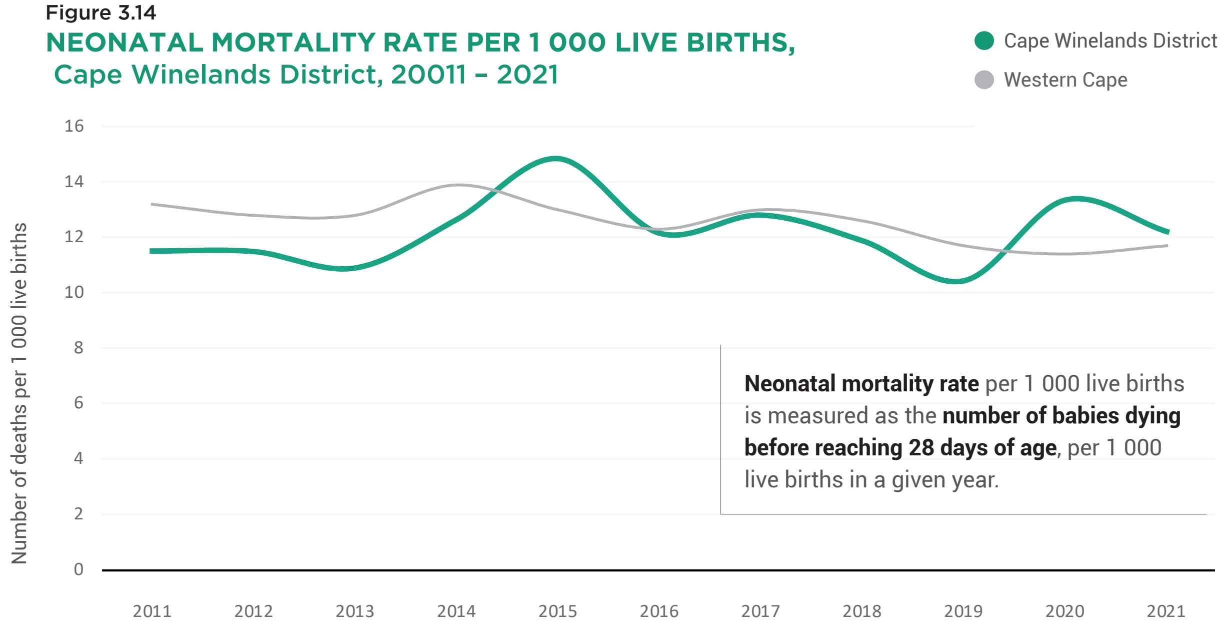
Recent trends in HIV and TB data in the CWD demonstrate some recovery and improvement after the peak of the COVID-19 pandemic. This means that health services in this regard continue to be accessible to those in need and are recovering from possible impacts of the COVID-19 pandemic, thereby enabling continued improvements in quality of life and, ultimately, the economy.

[32] *(Parliamentary Monitoring Group, 2022).*
[33] *(Parliamentary Monitoring Group, 2022).*

3.3.3.3 Child and maternal health

Figure 3.14 depicts the neonatal mortality rate compared with the live birth rate in the Western Cape and the CWD between 2011 and 2021.

Figure 3.14
NEONATAL MORTALITY RATE PER 1 000 LIVE BIRTHS, Cape Winelands District, 20011 – 2021



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cape Winelands District	11.5	11.5	10.9	12.7	14.9	12.2	12.8	11.9	10.5	13.4	12.2
Western Cape	13.2	12.8	12.8	13.9	13.0	12.3	13.0	12.6	11.7	11.4	11.7

Source: Western Cape Department of Health, 2022

Within the period under review, marginal fluctuations were demonstrated by the trend in neonatal deaths compared with the deaths per 1 000 births in the CWD. The deaths per 1 000 live births in the CWD were relatively constant between 2011 and 2021, moving between 10.5 at their lowest in 2019 and 14.9 at their peak in 2015.

Table 3.5 outlines the maternal death rates per 100 000 live births in the CWD between 2019 and 2021.

Table 3.5
MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, Cape Winelands District, 2019 – 2021

MUNICIPAL AREA	2019	2020	2021
Witzenberg	84.2	184.7	151.5
Drakenstein	50.4	69.6	170.1
Stellenbosch	0	123.2	0.0
Breede Valley	64.6	57.3	61.1
Langeberg	0.0	204.4	68.5
Cape Winelands District	**49.8**	**118.3**	**120.1**

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).

Source: Western Cape Department of Health, 2022

The maternal death rate in the CWD increased from 49.8 deaths per 100 000 live births in 2019 to 120.1 in 2021. Between 2019 and 2021, the Breede Valley municipal area recorded the highest average number of maternal deaths in the District, with 140.1 deaths per 100 000 live births per year. However, in 2021, the Drakenstein municipal area recorded the highest rate of maternal deaths in the District (170.1 deaths per 100 000 live births).

Child mortality rates in the CWD have tended to remain at similar levels over the review period. Conversely, maternal deaths in the CWD have increased. These trends suggest there are continued challenges in addressing the causes of these deaths.

3.3.3.4 Teenage pregnancy

Teenage pregnancies can perpetuate the poverty cycle while also resulting in early school drop-out by pregnant teenagers. Teenage pregnancy is influenced by several factors, including lack of knowledge about or access to contraceptives, access to healthcare services and other sociocultural factors. Table 3.6 provides the delivery rate to women aged 10 to 19 years between 2019 and 2021.

Table 3.6
DELIVERY RATE TO WOMEN 10 – 19 YEARS,
Cape Winelands District, 2019 – 2021

MUNICIPAL AREA	2019	2020	2021
Witzenberg	14.5%	13.1%	13.5%
Drakenstein	14.4%	13.5%	13.0%
Stellenbosch	17.2%	15.3%	16.1%
Breede Valley	13.5%	11.4%	13.2%
Langeberg	18.8%	15.9%	17.0%
Cape Winelands District	**15.1%**	**13.6%**	**14.0%**

Source: Western Cape Department of Health, 2022

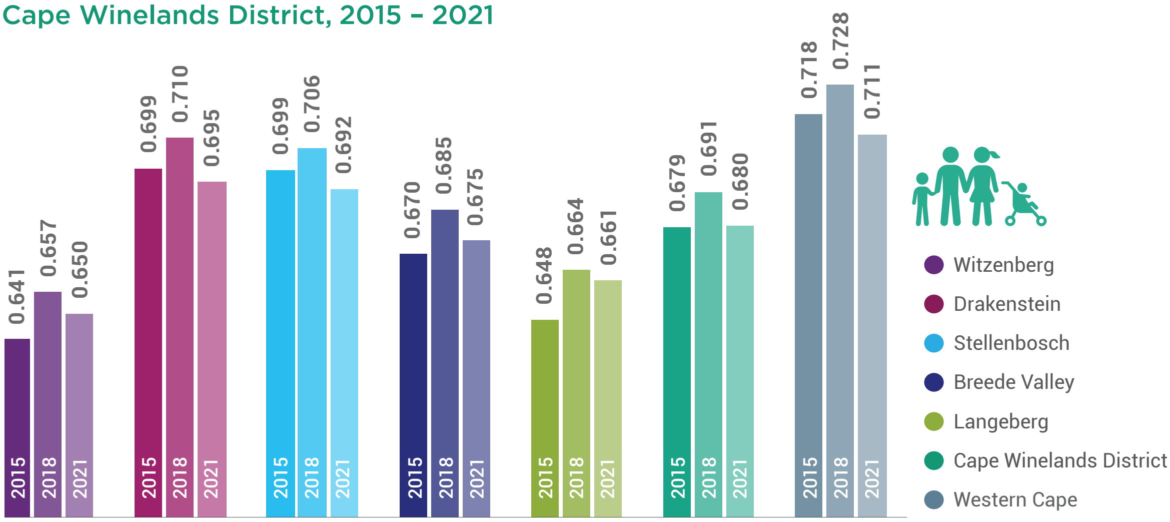
The delivery rate to teenagers in the CWD declined from an average rate of 15.1 per cent in 2019 to 14.0 per cent in 2021. The Witzenberg municipal area had the highest delivery rate to teenagers in the review period, with the percentage decreasing from 18.8 per cent in 2019 to 17.0 per cent in 2021. Declining delivery rates to teenagers relieves the public sector of required support and more teenage females stay in school, therefore improving skill levels and opportunities for employment. Declining delivery rates to teenagers also suggest an increase in access to contraceptives for teenagers, which will decrease contraction of transmitted illnesses such as HIV/AIDS in the District.

3.3.4 Human Development Index

The HDI is defined as a composite indicator reflecting education levels, health and income, and is used to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. Figure 3.15 illustrates the HDI per municipal area in the CWD between 2015 and 2021. HDI scores above 0.7 are considered to be high, while those between 0.55 and 0.69 are taken to be medium.[34]

Figure 3.15

HDI PER MUNICIPAL AREA, Cape Winelands District, 2015 – 2021



Source: IHS Markit, 2022

The HDI is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

Although the HDI of the CWD improved significantly from 0.679 in 2015 to 0.691 in 2018, it experienced a 0.11 per cent collapse from 2018 to 2021. This was due to the negative impacts of COVID-19 on the economy and people's livelihoods. The CWD's HDI remains marginally lower than that of the Province (0.711 in 2021). The Drakenstein municipal area had the highest HDI in 2021 (0.695), while the Witzenberg municipal area recorded the lowest HDI (0.650) in the same period.

GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),[35] South Africa was ranked 109th in the world in 2021, with an HDI of 0.713. Although it was lower than the average world HDI of 0.732, South Africa's HDI was still considered high and was above the average HDI of developing countries (0.685). Globally, Switzerland had the highest HDI in 2021 (0.962), while South Sudan was ranked the lowest at 0.385. In 2020, the HDI in the Western Cape (0.769) was also considered high according to the UNDP classification and was above the world average. The 2020 HDI in the CWD (0.740) was high according to the HDI classification and on a par with that of Ecuador (0.740).

[34] *(United Nations Development Programme, 2022).*
[35] *(United Nations Development Programme, 2022).*

3.4 ACCESS TO HOUSING AND BASIC SERVICES

Future household growth

In 2022, the Drakenstein (28.4 per cent) and Stellenbosch (20.9 per cent) municipal areas accounted for the largest number of households in the CWD. A share of 12.0 per cent of households in the District were located in the Langeberg municipal area, which constituted the smallest share of households in the District. Both the Breede Valley and the Witzenberg municipal areas recorded 19.3 per cent of households in the District.

Forecasts suggest that the CWD will have an annual average growth in household numbers of 2.5 per cent between 2022 and 2026. This is a result of the District attracting migrants.[36] Other factors include continued housing projects such as the Transhex Housing Project in the Breede Valley municipal area[37] and the Adam Tas Corridor Local Spatial Development Framework in the Stellenbosch municipal area.[38]

Across the municipal areas in the District, the largest growth forecast is in the Witzenberg municipal area, which is forecast to grow by 3.5 per cent in the period. This is followed by the Drakenstein and Stellenbosch municipal areas, each with 2.4 per cent annual average growth. The Breede Valley municipal area is forecast to have the lowest annual growth in the period at 1.8 per cent. The District is forecast to have lower annual growth in households than the Province (2.6 per cent) in the period.

[36] *(Department of Human Settlements, 2022).*
[37] *(Democratic Alliance, 2022).*
[38] *(Stellenbosch Municipality, 2021).*

Dwellings

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 3.7 shows the different types of dwellings of households living in the CWD in 2021.

Table 3.7
NUMBER AND PROPORTION OF DWELLINGS, Cape Winelands District, 2021

	Cape Winelands District		Witzenberg		Drakenstein	
	Number	% of total	Number	% of total	Number	% of total
Formal	**194 858**	**82.4%**	28 665	86.9%	58 998	85.5%
Informal	**39 975**	**16.9%**	4 064	12.3%	9 631	14.0%
Other	**1 648**	**0.7%**	276	0.8%	397	0.6%

	Stellenbosch		Breede Valley		Langeberg	
	Number	% of total	Number	% of total	Number	% of total
Formal	37 826	74.5%	41 337	78.0%	28 032	91.3%
Informal	12 558	24.7%	11 211	21.2%	2 511	8.2%
Other	408	0.8%	419	0.8%	148	0.5%

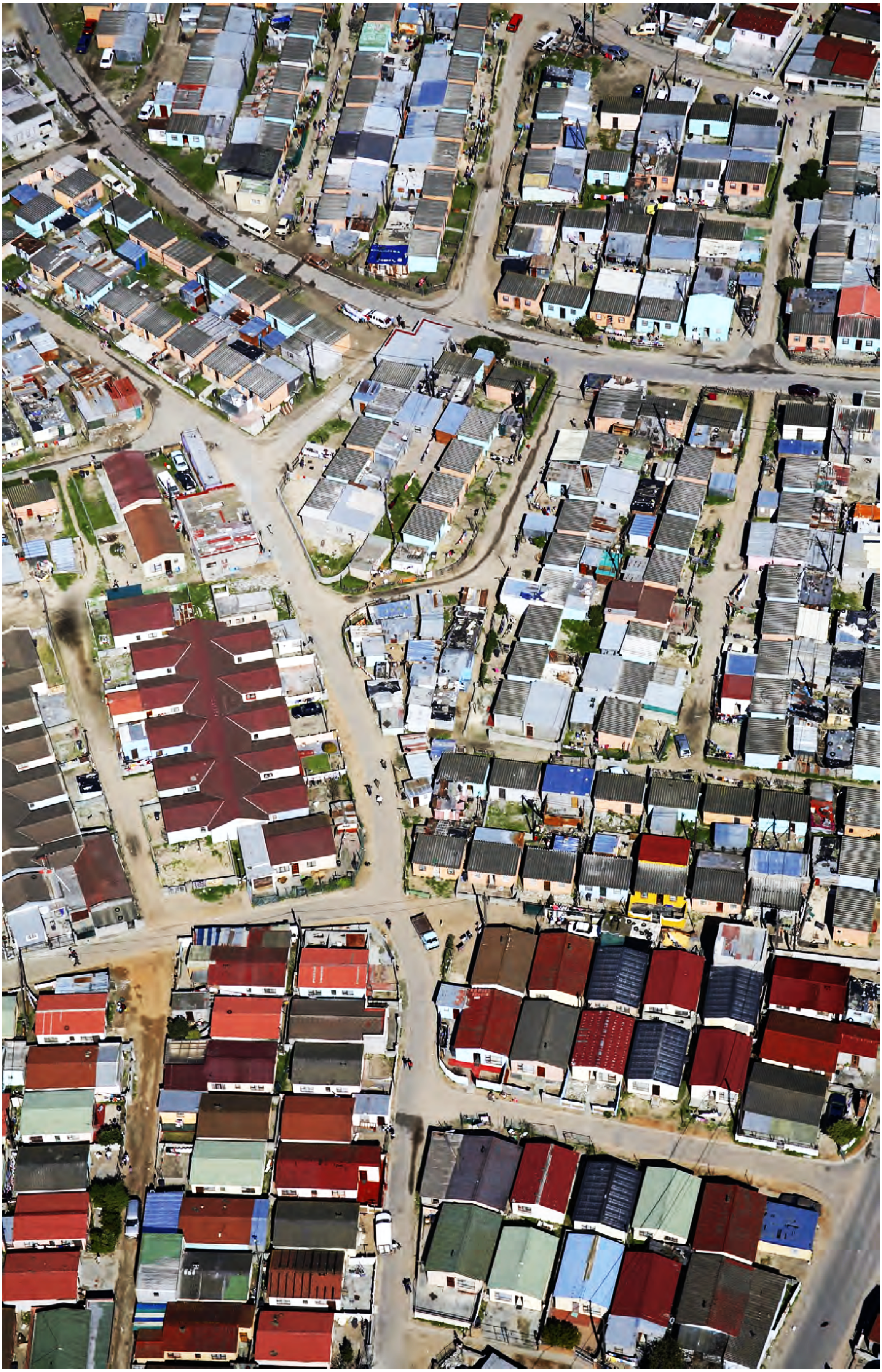
Source: Quantec Research, 2022

Formal dwelling refers to a structure built according to approved plans, i.e., house on a separate stand, flat or apartment, townhouse, room in back yard, rooms or flatlet elsewhere.

Informal dwelling is a makeshift structure not erected according to approved architectural plans, for example shacks or shanties in informal settlements or in back yards.

Most of the households in the CWD reside in formal dwellings (82.4 per cent in 2021). This is an overall increase of 1.6 per cent from the previous year. Municipal areas with proportionally more households residing in formal dwellings include Langeberg (91.3 per cent), which is up 1.1 per cent from 2020, Drakenstein (85.5 per cent), up 1.6 per cent, and Witzenberg (86.9 per cent), up 1.9 per cent. Overall, the number of households living in formal dwellings is on the increase. On the other hand, there are still two municipal areas with persisting high rates of informal dwellings. These are the Stellenbosch (24.7 per cent) and Breede Valley (21.2 per cent) municipal areas. It is worth noting that both municipal areas have recorded a marginal decrease (0.5 per cent) of households living in informal housing compared with the previous year. Although the Stellenbosch municipal area has the highest rate of households living in informal settlements in the CWD, it intends to adopt a Local Spatial Development Framework for the Adam Tas Corridor precinct.[39] It is the goal of this plan to reduce informal housing by upgrading housing units in this corridor.

[39] *(Grobbelaar, 2022).*



HOUSING MARKET STUDY

Functional housing markets that respond to the diversity of residential accommodation needs of households across the spectrum of affordability, optimising the role of the private sector (from large-scale property developers to micro-landlords), are central to the economic and social wellbeing of our settlements, as well as to the financial sustainability of our towns and cities.

The Western Cape Growth Diagnostic report (2022) notes that *"a large gap between demand and supply has led to rising prices across the whole housing market from top to bottom. On the one hand, this raises the household wealth of homeowners. On the other, it raises the cost of accommodation, resulting in lower real ex-accommodation household incomes. It also results in upward wage pressure on local firms. Higher prices ripple across the housing market, making even the most affordable formal housing stock more expensive, with huge implications for living standards and inclusion."* (intellidex, 2022)

There are many avenues to respond to the challenge and the opportunity presented in better-performing housing markets. The challenge requires tackling matters at multiple levels in the property development value chain and housing ladder. This requires co-operation from all three spheres of government, the private sector and households. To be successful, factors that drive costs up and limit supply of more affordable housing, as well as factors such as creditworthiness and/or inaccessible finance sitting on the demand side of the housing market, need to be understood, in order to be tackled appropriately.

To start with, it is important to understand the performance of the housing markets in our urban centres. Housing Market Studies gather intelligence on supply and demand, the residential market size and property types, new and resale transactions, lending, rental markets and the affordability gap.

FOUR HOUSING MARKET STUDIES for Intermediate Cities/Larger Towns in the Western Cape were prepared by the Centre for Affordable Housing Finance in Africa (CAHF) under the commission of the Western Cape Department of Environmental Affairs and Development Planning and the Western Cape Department of Human Settlements. Scan the QR code for the full reports.

HIGHLIGHTS FROM THE STUDIES ON THE HOUSING MARKETS in Stellenbosch town and the Paarl/Wellington/Mbekweni area are reflected below.

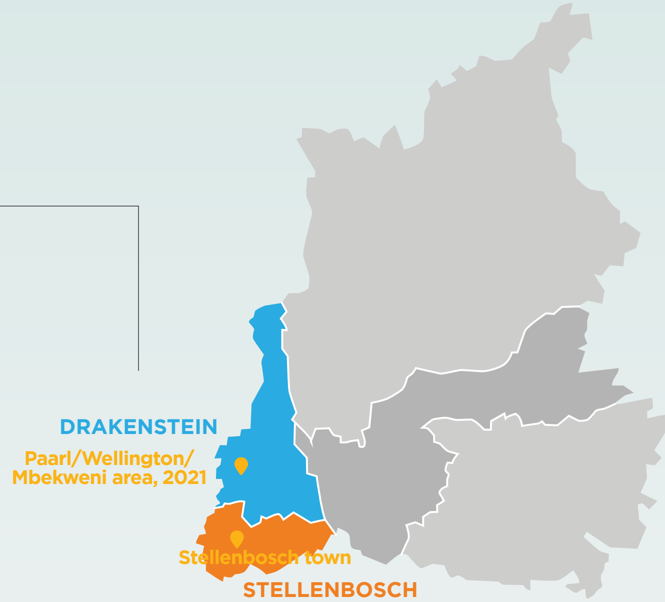
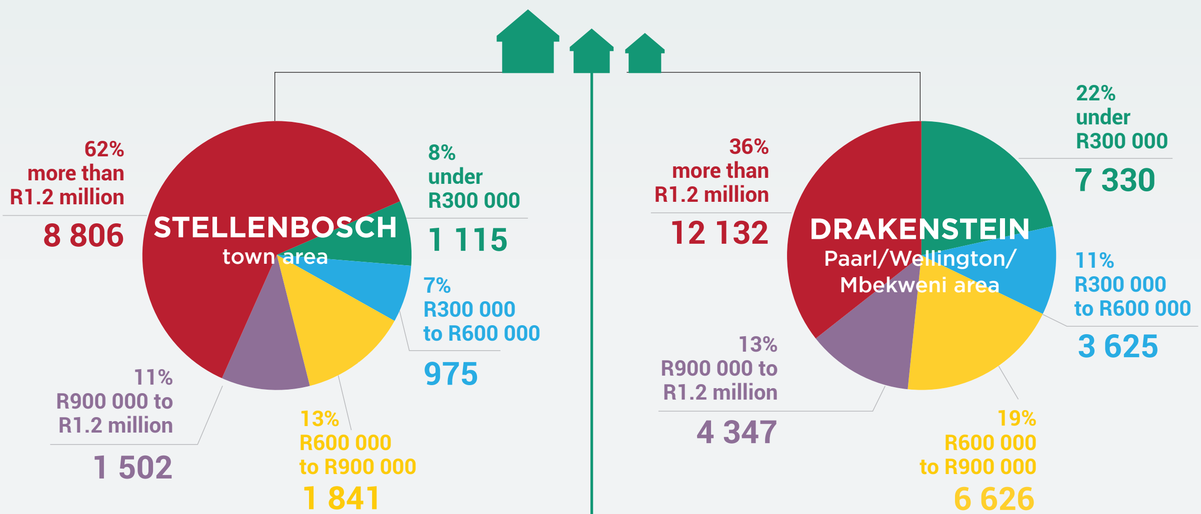


Figure 3.16
NUMBER OF RESIDENTIAL PROPERTIES BY MARKET SEGMENT, 2021



Stellenbosch	Drakenstein
14 244 residential properties	**34 060** residential properties
9% GSP 38% of GSP over 8 years	**27% GSP** 74% of GSP over 8 years

GSP is a Government Subsidised Property (properties valued at less than R300 000 and other factors used as proxy)

Stellenbosch	Drakenstein
18% inside estates 82% outside estates	**14% inside estates** 86% outside estates

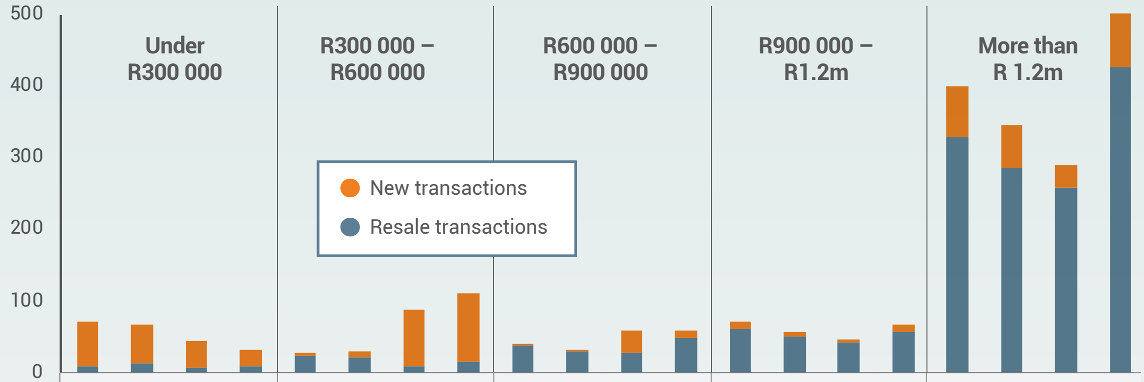
- Stellenbosch town's housing market is **skewed, with 62% (almost two-thirds) of properties in the luxury market.**
- Only **8% of properties are at entry level** (less than R300 000).
- **31% of housing stock is in the affordable market** (between R300 000 and R1.2 million).

- Paarl and surrounds' market is **the most diversified** of the four towns studied.
- **22% of properties are at entry level** (less than R300 000), of which **74% are > 8 years so eligible for resale.**
- **43% of housing stock is in the affordable market** (between R300 000 and R1.2 million).

CAHF's Citymark, using deeds registry data supplied by Lightstone Pty as at the end of December 2021 (sourced June 2022)

Figure 3.17

NUMBER OF NEW AND RESALE TRANSACTIONS PER MARKET SEGMENT, Stellenbosch town, 2018 to 2021



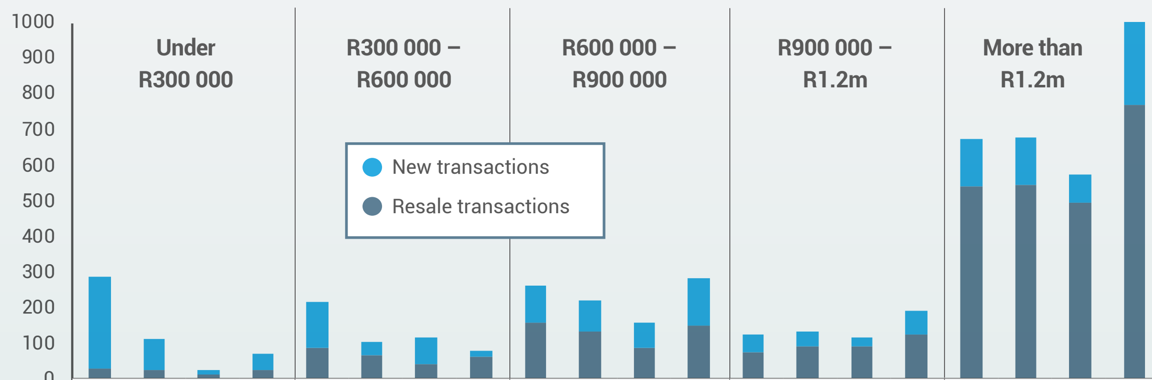
	Under R300 000				R300 000 – R600 000				R600 000 – R900 000				R900 000 – R1.2m				More than R 1.2m			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
New transactions	64	55	38	23	4	7	79	95	3	3	30	11	11	6	4	11	71	59	31	86
Resale transactions	8	12	6	9	23	22	9	15	38	29	28	48	60	51	42	56	329	286	258	426

CAHF's Citymark, using deeds registry data supplied by Lightstone Pty as at the end of December 2021 (sourced March 2022)

- In 2021, **38% of new build in Stellenbosch town was > R1.2 million** and **42% in the affordable** market (R300 000 to R600 000).
- **Private developers are building gated developments (67%)** or sectional title properties, most likely for **student rental housing (27%).**
- Most people in the R600 000 to > R1.2 million markets acquire property through the **secondary market (resales).**
- Resale transactions in 2021 were **driven by the luxury market.**
- In 2021, only **40% of new non-GSP transactions were bonded.**

Figure 3.18

NUMBER OF NEW AND RESALE TRANSACTIONS PER MARKET SEGMENT, Paarl/Wellington/Mbekweni area, 2018 to 2021



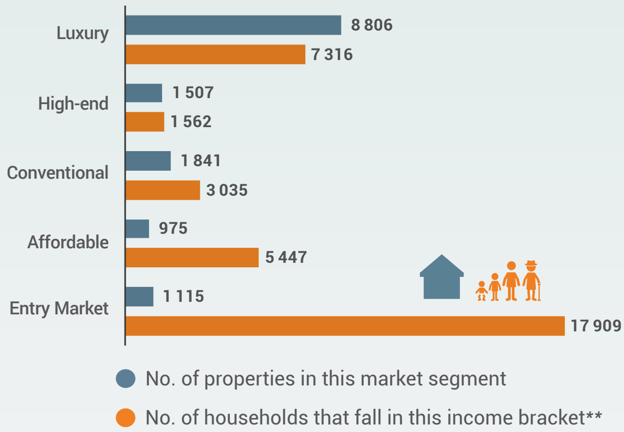
	Under R300 000				R300 000 – R600 000				R600 000 – R900 000				R900 000 – R1.2m				More than R1.2m			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
New transactions	255	87	12	44	131	38	77	19	104	88	73	132	47	40	25	65	133	134	78	234
Resale transactions	32	29	16	27	89	68	42	64	159	136	89	151	79	95	94	128	542	546	498	771

CAHF's Citymark, using deeds registry data supplied by Lightstone Pty as at the end of December 2021 (sourced March 2022)

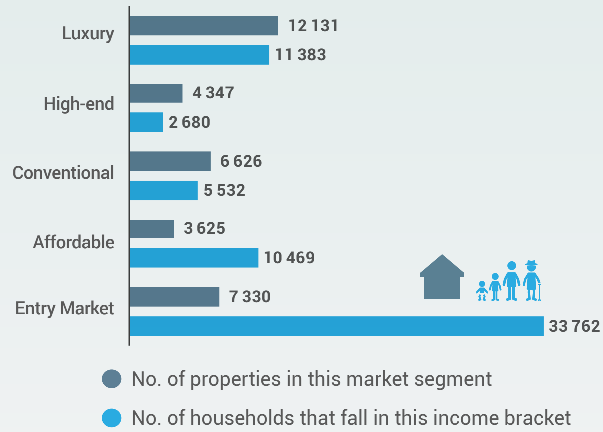
- **The private sector** is largely responsible for **new build, 96% of new transactions** in 2021, and is **focused on gated estates.**
- **Resale market is double** new build market.
- **More than half of resales** are in the luxury market.
- **Promising signs of bonded GSP resales** in the entry and affordable markets.
- A third of total transactions in 2021 were **first-time homebuyers.**

ESTIMATED AFFORDABILITY GAP:
Number of properties per market segment and number of households in associated income bracket

Stellenbosch town, 2021



Paarl/Wellington/Mbekweni area, 2021



Key findings

- **Insufficient supply of entry-level affordable homes.**
- **Supply matches demand in the high-end market.**
- **Potential oversupply in the luxury market.**

Key findings

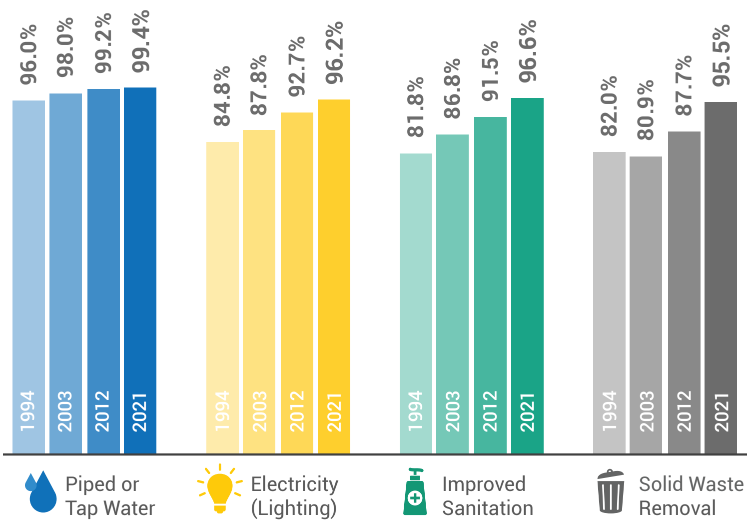
- **The most diversified market of the four towns.**
- **Unmet need in the entry-level and affordable markets.**
- **Potential oversupply in the other markets.**

** Assuming 7.75% interest rate, 20-year loan tenure, 30% premium-to-income ratio, 10% deposit and no FLISP.*
*** Assuming even spread of number of households at each income level, within an income bracket.*
Source: Lightstone data as of 31 December 2021; ©GEOTERRAIMAGE – Neighbourhood Lifestyle Index™© (NLI™©) Release 2021. Own calculations.

The health, safety and wellbeing of communities are affected by access to basic services such as water and sanitation. Through the provision of basic services, municipalities create an enabling environment that will allow for private investment and entrepreneurship, which could create local economic opportunities. In some cases, households have access to electricity directly from Eskom and not through a local authority Figure 3.19 illustrates households' access to water, electricity, sanitation and solid waste removal services in the CWD.

Figure 3.19

ACCESS TO BASIC SERVICES, Cape Winelands District, 1994 – 2021



Access to a basic level of piped or tap water refers to having access to water inside a dwelling or yard.

Access to improved sanitation includes having access to a flush or chemical toilet or a pit toilet with ventilation.

Access to a basic level of solid waste removal services includes having refuse removed by local government or having access to a communal refuse container or collection point.[40]

Source: Quantec Research, 2022

Between 1994 and 2021, access to piped or tap water, electricity and improved sanitation improved by 3.4 percentage points, 11.4 percentage points and 14.8 percentage points respectively. Access to solid waste removal decreased by 1.1 percentage points between 1995 and 2003 but increased between 2003 and 2021 by 14.6 percentage points. Access to solid waste removal usually lags access to other basic services in a large farming community such as the CWD.

INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount as specified by each municipal area in an indigent policy. The poverty threshold for Cape Winelands is indicated in Table 3.8 below.

Table 3.8

POVERTY THRESHOLD, Cape Winelands District, 2021

Municipal Area	Indigent Policy
Witzenberg	Household income cannot exceed R5 000 per month.[41]
Drakenstein	Total household income must not exceed R6 500 per month to qualify for indigent benefits.[42]
Stellenbosch	Household income must not exceed R6 500 per month to qualify for minimum indigent benefits.[43]
Breede Valley	Household income must not exceed R4 500 per month in order for a household to be considered indigent.[44]
Langeberg	Household income must not exceed R3 820 per month.[45]

[40] *(Quantec Research, 2022).*
[41] *(Witzenberg Municipality, 2021).*
[42] *(Drakenstein Municipality, 2020).*
[43] *(Stellenbosch Municipality, 2021).*
[44] *(Breede Valley Municipality, 2021).*
[45] *(Langeberg Municipality, 2021).*

Table 3.9
NUMBER OF INDIGENT HOUSEHOLDS, Cape Winelands District, 2019 – 2021

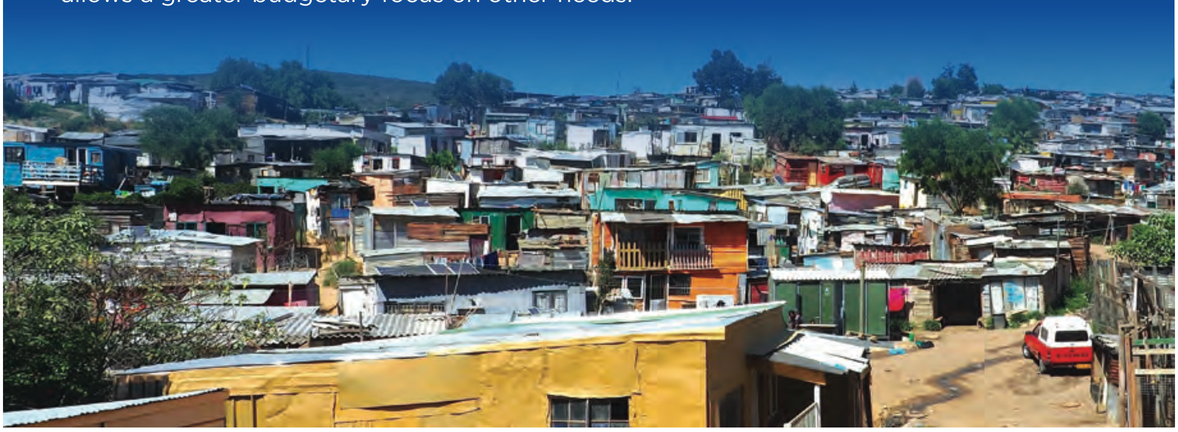
A municipal breakdown of the number and percentage of indigent households in the CWD between 2019 and 2021 is provided in Table 3.9.

	2019		2020		2021	
	Number	% of households	Number	% of households	Number	% of households
Witzenberg	6 742	21.2%	5 790	17.9%	6 828	20.7%
Drakenstein	19 805	29.8%	19 437	28.6%	21 588	31.3%
Stellenbosch	6 813	13.8%	7 012	14.0%	7 283	14.3%
Breede Valley	8 596	16.8%	8 891	17.0%	9 556	18.0%
Langeberg	6 665	22.0%	6 738	22.1%	6 685	21.8%
Cape Winelands District	**48 621**	**21.2%**	**47 868**	**20.5%**	**51 940**	**22.0%**

Source: Department of Local Government, 2022

In 2021, the CWD recorded 51 940 indigent households in the District, which represents 22.0 per cent of all households in the District. This was a higher proportion of indigent households than that of the Province (having recorded 18.1 per cent in the year). Across all municipal areas in the District, the Drakenstein municipal area recorded the largest contribution to the number of indigent households in the District with 21 588, as well as the largest share of indigent households in the municipal area with 31.3 per cent. Although this may be because of the Drakenstein municipal area having the highest number of households, it could also be attributable to high unemployment rates[46] compared with other municipal areas in the District. A high percentage of indigent households is likely to place a higher burden on the Drakenstein Municipality when it comes to providing indigent support compared with other municipal areas in the District. The Langeberg municipal area recorded the lowest number of indigent households in 2021 with 6 685 households, while the Stellenbosch municipal area recorded the lowest share of indigent households at 14.3 per cent.

Between 2019 and 2021, the District recorded an average annual growth rate in indigent households of 3.4 per cent. Within the period, the Breede Valley municipal area recorded the largest average annual growth in indigent households, having grown by 5.4 per cent. This largely resulted from rising unemployment in the municipal area, with the unemployment rate increasing from 12.3 per cent in 2020 to 15.3 per cent in 2021.[47] Between 2020 and 2021, the Langeberg municipal area was the only municipal area to record a reduction in indigent households, decreasing by 0.8 per cent. Reductions in indigent households in the municipal area represent a reduced burden on indigent support for the Municipality, which allows a greater budgetary focus on other needs.

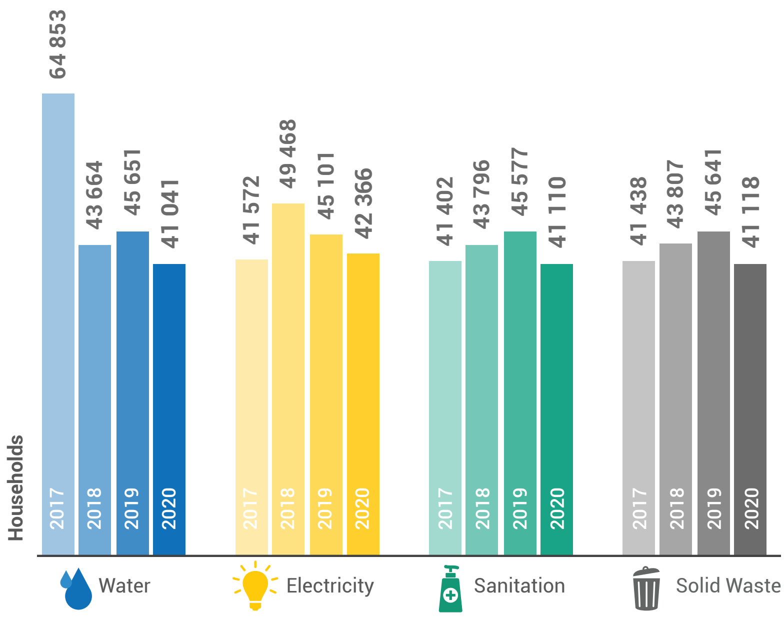


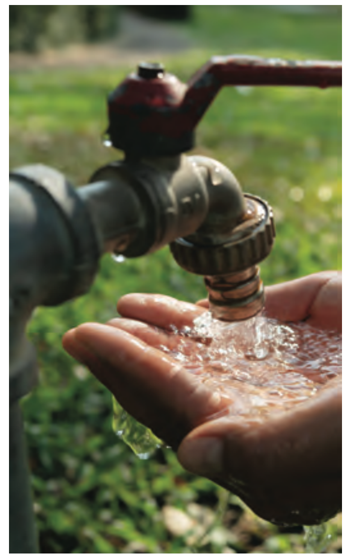
[46] See Chapter 2, Section 2.3.2, Cape Winelands District.
[47] See Chapter 2, Section 2.3.4, Cape Winelands District.

Free basic services are available to households that qualify as indigent households. Figure 3.20 illustrates the access to free basic services in the CWD between 2017 and 2020.

Figure 3.20

ACCESS TO FREE BASIC SERVICES, Cape Winelands District, 2017 – 2020





Source: Non-financial Census of Municipalities, Stats SA, 2022

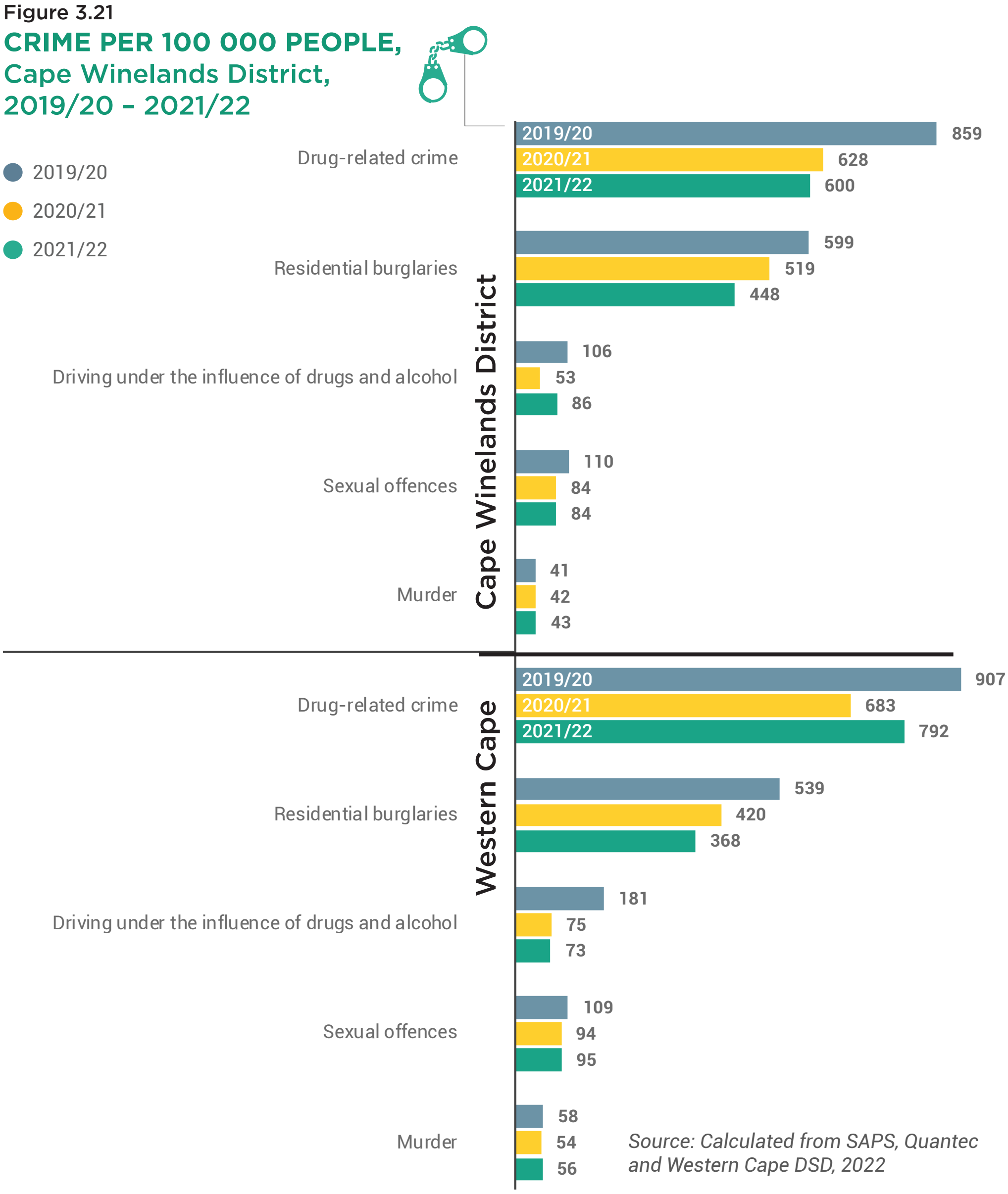
The level of free basic services support is guided by the indigent policy of each local municipality. Most municipalities offer up to 6kl of water and up to 50kWh of electricity as free basic services – some of these municipalities also offer some limited support for sanitation and solid waste services. Therefore, the provision of free basic services differs based on the type of service, as access levels and policies differ across municipalities.

Between 2017 and 2020 the number of households that received free basic services decreased for all services, except for electricity. The number of households with access to free basic water services declined from 64 853 households in 2017 to 41 041 in 2020. The number of households with access to free basic electricity increased from 41 572 households in 2017 to 42 366 in 2020. Access to free basic sewerage decreased from 41 402 households in 2017 to 41 110 in 2020. The number of households with access to free basic solid waste removal also decreased slightly from 41 438 households in 2017 to 41 118 in 2020.

3.5 CRIME

An analysis of the CWD's crime trend is important to determine the potential occurrence and types of criminal activities that are prevalent in the region. Figure 3.21 compares the types of criminal activities in the CWD and the Western Cape between 2019/20 and 2021/22.

Figure 3.21
CRIME PER 100 000 PEOPLE, Cape Winelands District, 2019/20 – 2021/22



Source: Calculated from SAPS, Quantec and Western Cape DSD, 2022

The CWD recorded fewer cases of murder per 100 000 people over the reference period compared with the Province. In the CWD, the murder rate increased from 41 cases per 100 000 people in 2019/20 to 43 cases per 100 000 people in 2021/22.

Cases of sexual offences, driving under the influence of drugs and alcohol, residential burglaries and drug-related crime all declined in the CWD between 2019/20 and 2021/22. In 2021/22, the CWD also recorded fewer crimes per 100 000 people in these crime categories than the Province, with the exception of residential burglaries and driving under the influence of drugs and alcohol.

In 2021/22, the CWD recorded 448 residential burglaries per 100 000 people, whereas the Province recorded 368 residential burglaries per 100 000 people. On a positive note, all municipal areas in the CWD recorded a decline in residential burglaries during the reference period. The Langeberg municipal area recorded the most incidents of residential burglary compared with other municipal areas, with 629 cases per 100 000 people recorded in 2021/22.

The Drakenstein and Stellenbosch municipal areas recorded above-average incidents of sexual offences in 2021/22, with 106 cases and 115 cases per 100 000 people respectively, compared with 84 cases per 100 000 in the CWD and 95 cases per 100 000 people in the Province. Despite the high number of incidents, the Drakenstein and Stellenbosch municipal areas recorded a decline in cases between 2019/20 and 2021/22.

The Stellenbosch and Witzenberg municipal areas recorded above-average incidents of driving under the influence of drugs and alcohol in 2021/2022. The aforementioned municipal areas recorded 128 cases and 216 cases per 100 000 people respectively, compared with 86 cases per 100 000 people in the CWD in 2020/21.

3.6 CONCLUDING REMARKS

The CWD is forecast to grow in population and households between 2022 and 2026. This suggests that the District will have an increasing responsibility regarding access to basic services as the population increases. The District will record increases in taxpayers, which is likely to increase total tax revenue. This will prove important in the long run as budgetary concerns across all municipal areas in the District will increase in respect of access to basic services in the District.

Social ills that contribute towards social decay in municipal areas are recognised as multifaceted and complex. It is, however, recognised that various programmes and projects do exist to remedy issues such as teenage pregnancies. The CWD will benefit from continuing to address socio-economic issues, as well as ensuring that access to health services is distributed to a greater extent. The District will also benefit from social programmes that not only drive social and economic improvement but also present opportunities of growth in the District. These opportunities are likely to increase development and improve standards of living throughout the District. Additionally, addressing socio-economic issues in the District such as declines in the matric pass rate and increases in maternal death rates and teenage delivery rates would represent areas for improvement in the District.

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