



Western Cape
Government
FOR YOU

2024-25

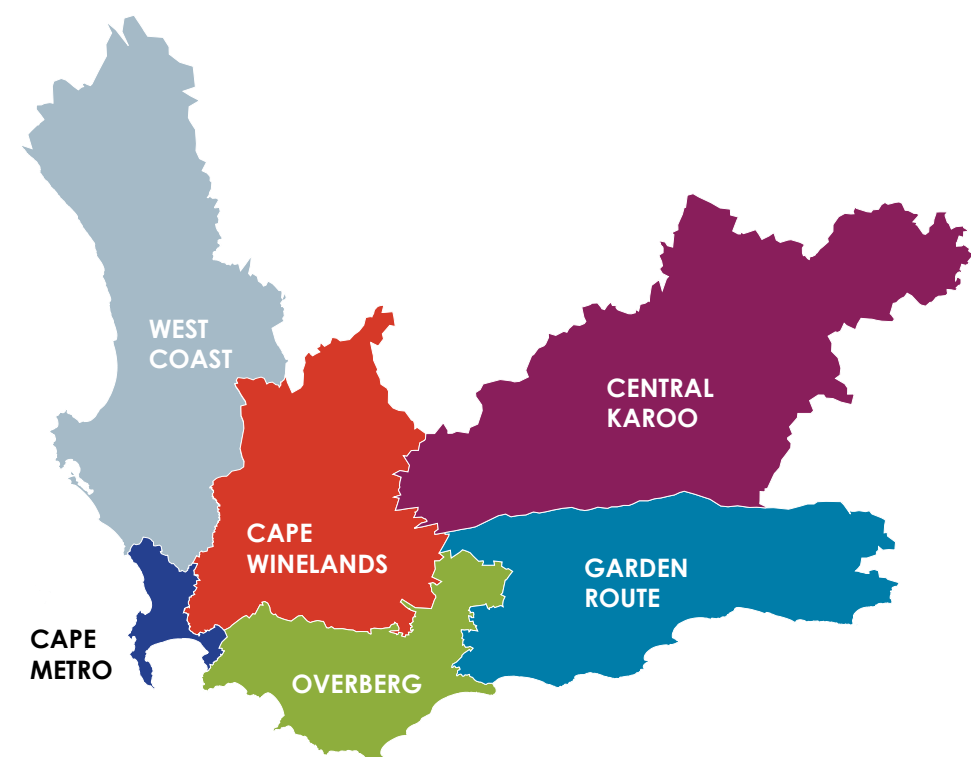
Municipal Economic Review & Outlook

Cape Metro

2024-25

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Cape Metro



2024-25 MERO FOREWORD

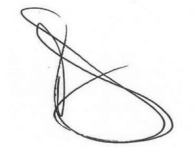
The breathtaking and diverse regions of the Western Cape support a diversified economy, contributing to economic recovery and job creation. Over the course of the last year, the largely positive economic trajectory of the municipalities in the Western Cape has continued despite the numerous constraints that the Province currently faces, reflecting its adaptability to changing economic climates.

To address threats to the economy and capitalise on a myriad of opportunities within a budget-constrained environment, the Western Cape Government and municipalities may rely on the 2024-25 Municipal Economic Review and Outlook (MERO) for their upcoming planning cycle.

The MERO provides valuable insights, enriching our understanding of the region's multifaceted dynamics through the abundance of information contained in the report. This economic intelligence informs municipal integrated development plans, spatial development frameworks, local economic development strategies, and budgets. It also supports evidence-based decision-making and the implementation of the Joint District and Metro approach to foster province-wide socio-economic development.

To provide stakeholders with enhanced access to socio-economic intelligence, the MERO continually integrates the latest available data. This year's MERO innovations include an analysis of financial sustainability as a key enabler for infrastructure development, environmental risk and vulnerability data to begin tracking climate change concerns, insights from housing market and growth potential studies, and an expanded safety and well-being section. The latter includes health and education infrastructure analyses and regional insights into the prevalence of GBV.

We trust that all users will find this publication relevant and that it will provide a fresh perspective for planning and policy development. We would especially like to thank all departments, agencies, municipalities, and the research and development team for their contributions to this cutting-edge publication



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26 November 2024



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www.westerncape.gov.za

PR312/2024
ISBN: 978-1-77997-386-3

2024-25

Municipal Economic Review & Outlook

Cape Metro

ACRONYMS AND ABBREVIATIONS

ASFR	Age-Specific Fertility Rate
BFAP	Bureau for Food and Agricultural Policy
BPO	Business Process Outsourcing
CBD	Central Business District
CKD	Central Karoo District
COVID-19	Coronavirus
CPI	Consumer Price Index
CSIR	Council for Scientific and Industrial Research
CTICC	Cape Town International Convention Centre
CWD	Cape Winelands District
DOL	Department of Labour
DRIM	Directorate Research and Information Management
DSD	Department of Social Development
EME	Exempted Micro Enterprise
EU	European Union
FET	Further Education and Training
FLISP	Finance Linked Individual Subsidy
FPL	Food Poverty Line
FTE	Full-Time Equivalent
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GDPR	Gross Domestic Product Per Region
GFCF	Gross Fixed Capital Formation
GRD	Garden Route District
GWh	Gigawatt Hour
HDI	Human Development Index
HSRC	Human Sciences Research Council
HUG	Help Us Grow
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IRD	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
IT	Information Technology
LGSETA	Local Government Sector Education and Training Authority
MERO	Municipal Economic Review and Outlook
MFSI	Municipal Financial Sustainability Index
MICE	Meetings, Incentives, Conferences and Exhibitions
MOD	Mass participation; Opportunity and access; Development and growth (MOD) Programme
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MW	Megawatt
MYPE	Mid-Year Population Estimate

NASA	National Aeronautics and Space Administration
NDP	National Development Plan
NGO	Non-governmental Organisation
NPO	Non-profit Organisation
NSC	National Senior Certificate
OD	Overberg District
OPMII	Overview of Provincial and Municipal Infrastructure & Investment
PERO	Provincial Economic Review and Outlook
PFA	Priority Focus Area
PPFR	Preferential Procurement Policy Framework Regulations
PPU	Provincial Population Unit
PYEI	Presidential Youth Employment Initiative
QR	Quick Response
QSE	Qualifying Small Enterprise
RDP	Reconstruction and Development Programme
SA	South Africa
SAB	South African Breweries
SANSA	South African National Space Agency
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SMME	Small, Medium and Micro Enterprise
SSEG	Small-Scale Embedded Generation
TFG	The Foschini Group
TVET	Technical Vocational Education and Training
UISP	Upgrading of Informal Settlements Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VAT	Value Added Tax
WCD	West Coast District
WCED	Western Cape Education Department
WCSEB	Western Cape Supplier Evidence Bank
WHO	World Health Organization
WWF	World Wide Fund For Nature
YES	Youth Employment Service

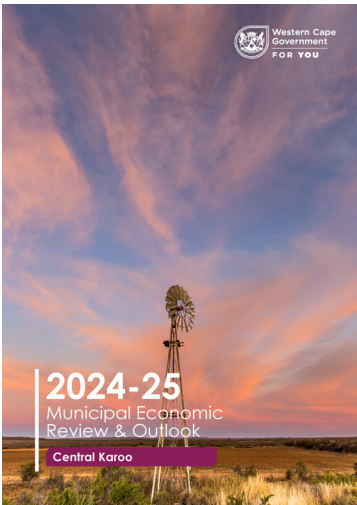
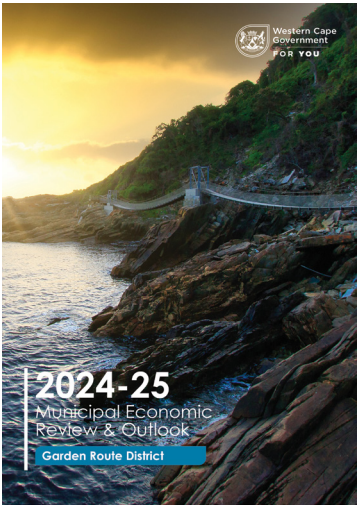
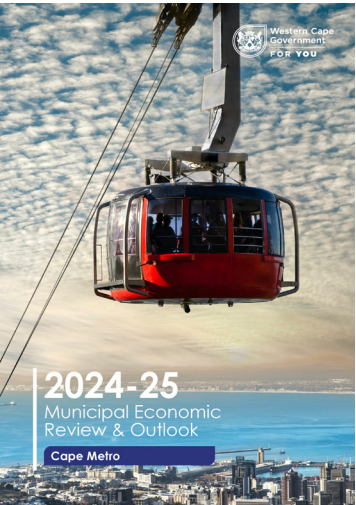
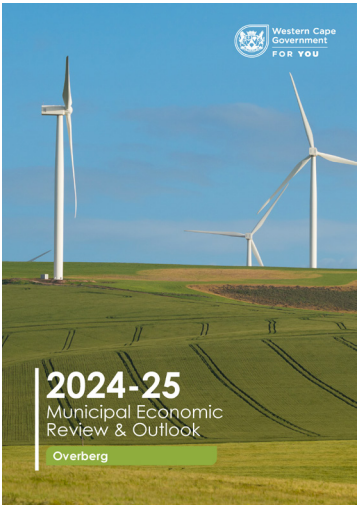


2024-25

Municipal Economic
Review & Outlook

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2024-25 MERO BOOKLETS



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INTRODUCTION & BACKGROUND

INTRODUCTION

The Western Cape is a diverse region, encompassing the vibrant Cape Metro, internationally renowned as one of the world's premier destinations, as well as the expansive vistas of the Karoo. The fynbos-clad peaks of the Overberg and the alluring coastlines of the Garden Route District attract both domestic and international travellers. Agriculture is a defining feature of the Province, stretching from the wheat fields along the Olifants River on the West Coast to the vineyards of the Cape Winelands and the apple and pear orchards of the Overberg. Against this backdrop, local government seeks to foster an environment that propels communities and enterprises toward prosperity.

Through evidence-based decision-making, opportunities for growth and development can be unlocked. The Municipal Economic Review and Outlook (MERO) employs a variety of data sources to provide a detailed analysis of socio-economic trends in the municipal areas of the Western Cape. This analysis aims to inform policy, planning, and budget allocation at the local government level.

The comprehensive economic review presented in the MERO is disaggregated at the metro, district, and municipal levels. Economic, employment and trade data are sourced from Statistics South Africa (Stats SA) and the South African Revenue Service and is aggregated by Quantec, a South African econometric and statistical analysis consultancy. SARS' Spatial Tax Panel data further provides detailed insights into the formal sector's employment trends, at the municipal level. The most recent available statistics are used to ensure an accurate assessment of trends, with regional GDPR data covering 2013 to 2023, and forecasting for 2024 to 2026.

Data for various socio-economic indicators is sourced from provincial departments, including Treasury, Health, Education, Infrastructure, Social Development, and Local Government. Tourism data is sourced from Wesgro and S&P Global, while crime data is obtained from the South African Police Service (SAPS). Inequality data is also obtained from S&P Global. District and local municipalities have provided additional insights into recent local developments through the annual Municipal Perception Survey.

DATA DISCLAIMER. The South African Revenue Service (SARS) Spatial Tax Panel data only accounts for the activities of individuals and firms in the formal sector, and the spatial component is based on postal codes, and only available at a municipal level in 2024/25. The data excludes information concerning the informal sector and non-tax registered firms. Furthermore, the data excludes individuals earning less than R2 000 per annum. Some data from Quantec, 2024 has undergone analysis.

MYPE 2024 v Census 2022

The 2024 Mid-Year Population Estimates (MYPE) serve as the basis for South Africa's latest population count and will be used for budgeting and planning purposes, particularly in relation to the Equitable Share Formulae. However, there are significant inconsistencies between the 2021 MYPE and the previously used Census 2022 data, both at an aggregate level and by gender. To address these discrepancies, there have been calls to integrate the Census 2022 data into the 2021 MYPE data.



The MERO serves as a complement to the Provincial Economic Review and Outlook (PERO), which delivers economic insights at the provincial level, and the Socio-Economic Profiles, which provide detailed socio-economic data at the municipal level. These resources, including the MERO, are accessible via the QR code.

REPORT OUTLINE

The 2024/25 Municipal Economic Review and Outlook (MERO) is structured as follows:

SECTION A: MACROECONOMIC PERFORMANCE AND OUTLOOK

The economic landscape of the Western Cape and South Africa is shaped by a complex interplay of global and local factors. The post-pandemic era has brought heightened volatility, geopolitical tensions, high lending and inflation rates, and subdued economic activity. Despite these challenges, there are signs of cautious optimism, driven by easing global oil prices, improved trade outlooks, and economic stimuli from major economies like the United States and China.

SECTION B: ECONOMIC GROWTH AND JOBS

With rapid population growth in the Western Cape, promoting economic growth and job creation is crucial. This section addresses:

- **GDPR and Employment:** Analyses the economy's performance and provides an economic outlook for 2024 to 2026. It reviews full-time employment at the municipal level and disaggregated sector level, providing insights into economic intricacies.
- **International Trade:** Examines historical trade trends, leading products imported and exported, and identifies key trading partners. It analyses current and potential challenges to increasing exports and highlights opportunities for trade.
- **Tourism:** Reviews trends for 2023, identifying key markets and opportunities. The Western Cape's unique landscapes and diverse activities attract domestic and international tourists, transforming economic prospects and employment opportunities.
- **Investment:** Reviews public sector infrastructure budgets and spending on contractors in 2024/25 and designated groups. It also analyses private sector sentiments through building plans and gross fixed capital formation (GFCF) trends.

SECTION C: SAFETY AND WELLBEING

This section explores social trends shaping the District's identity. It reviews population dynamics, income, housing needs, and essential services, providing a detailed illustration of socio-economic dynamics and social disparities. It includes an examination of healthcare, education, and crime metrics, offering a comprehensive view of community wellbeing and prospects, highlighting the interplay of social and economic factors in the District.

Gross Domestic Product



GDP: R608.7 bil

Export :
R202 bil



Trade

Import: R329 bil



Travel

↑ 13.3% (2022)

Overberg

GDP: R20.8 bil
326 974 people



Commissioner
for Children



Water

84.5%
of households
Sanitation
91.6%
of households



Electricity
96.4%
of households



Households
2.3 million

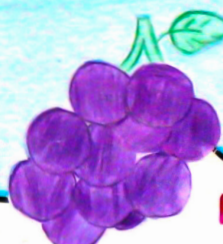
Wanna know
what's happening in
Western Cape?



Garden Route
GDP: R46.7 bil
674 960 people



Central Karoo
GDP: R2.9 bil
77 883 people



(2022-2024 info)

GDP: R68.2 bil
1 million people

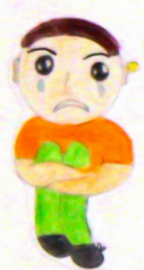


cape Winelands

Cape Metro
GDP: R441 bil
5 million people



Employment
2.6 million



Need Work



looking for a Job

21.7%
Unemployment



Population
7.563 million



Female
50.1%



Male
49.9%

Gender



SECTION

A

Macroeconomic
performance and
outlook

GLOBAL ECONOMIC CONTEXT

The post-pandemic era has been characterised by volatile economic conditions, heightened geopolitical tensions and uncertainty. Individuals, businesses and governments are navigating (i) a protracted period of exceedingly high lending and inflation rates, (ii) subdued economic activity, (iii) exposure to high sovereign debt and debt service costs, and (iv) major geopolitical changes across the globe. Conflicts across parts of Africa, Europe and the Middle East have exacerbated these already-trying conditions.

Notwithstanding these events, the global economy is seeing some of its first green shoots that signal a potential uptick in the global economic outlook:

- **The United States (US) has begun easing interest rates, with major central banks around the world expected to follow suit.** In addition, the recent USA elections in November 2024 ushering the Republican Party and Donald Trump into power are likely to have significant consequences for the South African (SA) economy. Potential impacts include volatility in exchange rates, changes in trade and investment flows, fluctuations in global commodity prices, shifts in global risk appetite, adjustments in interest rates, and possible alterations to United States foreign policy that could affect SA's geopolitical standing and international relations.
- **China's economic performance at the beginning of 2024 was stronger than initially anticipated by market participants.** Going forward, the country's improved economic prospects will be driven by a large economic stimulus announced in September 2024. This stimulus has bolstered growth expectations and provided a positive outlook for global trade and investment flows.
- **The easing of global oil prices** will benefit most of the world's economies through immediate cost reductions. Lower prices contribute to production expansions and ease inflationary pressures, providing a boost to economic activity and consumer spending. This trend supports overall economic stability and growth prospects.
- **Improved trade outlooks** relative to those originally anticipated at the start of the year have emerged across several exporting countries. This positive shift is driven by easing supply chain disruptions post-COVID-19, renewed demand for commodities, and enhanced trade agreements. These factors are fostering a more favourable environment for international trade and economic cooperation.
- **Increased trade volumes are expected as economies stabilise, and exporters can gain greater access to international markets.** For South Africa, this could bolster export performance in mining, agriculture and some manufacturing sectors (iron and steel, and automotive industries). This will enhance foreign exchange earnings and support overall economic growth, underscoring the importance of trade relationships and South Africa's ability to leverage global market opportunities.
- **These developments offer grounds for a measured economic optimism in the second half of 2024.** This contrasts with the pessimism that marked the year's outset. Despite the ongoing challenges, such as conflict in the Middle East and Ukraine, the evidence increasingly suggests that the global economy is relatively resilient and capable of navigating these obstacles. This shift in perspective underscores a cautious yet growing confidence in our collective resilience and adaptability.

DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

Much like the global outlook, the South African socio-economic outlook has improved since the start of the year. In June of 2024, no political party secured a majority of votes to govern outright, and a coalition was formed, the Government of National Unity (GNU). The GNU signals a new era of political cooperation alongside public and economic policy coordination, which have allowed a cautiously optimistic outlook for one of Africa's most industrialised economies.

This optimism, coupled with an enabling global economy, have affected key economic indicators:

- **The Rand has appreciated against major currencies thanks to international and domestic factors.** For instance, the Rand has firmed considerably against the United States dollar: from R18.96/\$ in the first week of June 2024, to R17.60/\$ by mid-October 2024. In turn, a firmer Rand, has eased inflationary pressures and made imports relatively cheaper, though exports might lose some price competitiveness.
- **The South African Reserve Bank (SARB) has reduced interest rates, signalling the potential for further decreases.** With a more subdued inflation print, the Monetary Policy Committee (MPC) decided to lower the repurchase rate by 25 basis points during their September 2024 meeting. It is expected that the rate will be cut by at least 100 basis points by the end of December 2025. Lower interest rates are likely to make borrowing more affordable, thereby stimulating consumer spending and investment.
- **South Africa recorded a modest increase in GDP. GDP grew by 0.4 per cent in 2024Q2 up from a decline in GDP of 0.1 per cent in 2024Q1.** Forecasts pit GDP growth at just shy of 1 per cent by the end of 2024, and between the 1.5 and 2 per cent mark for 2025.
- **A significant reduction in load shedding has eased pressures on economic activity.** Whilst the current end to loadshedding is no guarantee of future performance by Eskom, the confidence instilled by Eskom's recent performance has boosted certainty on the power outlook in SA.

Despite these gains, there are still risks to the outlook which have the potential to erode or reverse the expected economic headwinds. Most notably:

- **The labour market continues to face constraints as the unemployment rate rose from 32.9 per cent 2024Q1 to 33.5 per cent by the end of 2024Q2.** Despite the moderate economic growth, the economy shed ~100 000 jobs¹.
- **South Africa is set to become one of the countries with the highest electricity costs, should the National Energy Regulator of South Africa (NERSA) approve Eskom's proposed 30 per cent hike.** This substantial hike could significantly raise operating expenses, negatively impacting business operations and reducing disposable income for consumers.
- **While fiscal consolidation efforts persist, government debt still hovers at an untenable level.** Almost 20 cents from every R1 collected by the government goes back into servicing its debt, crowding out expenditures sorely needed by the economy.
- **South Africa is vulnerable to changes in global economic conditions due to several factors.** Geopolitical factors such as the outcome of the United States elections and the ongoing conflicts across parts of the Middle East and Europe have a direct impact on South Africa's economy given South Africa's trade and investment ties with the involved countries. Furthermore, local monetary policy is heavily influenced by global interest rate conditions and the positions taken by central banks in the United States, UK and EU. Together these external factors can affect the valuation of the Rand and influence investor confidence.

¹ Statssa, 2024...

- **South Africa faces significant climate change risks that threaten agriculture, infrastructure, and economic stability.** Severe weather events, like heatwaves and flooding, are projected to cause major damage by 2050 and 2100. Heatwaves could cost R2 billion in agricultural losses, while flooding may result in R14 billion in damages¹. To mitigate these impacts, adopting low-carbon policies is essential; limiting temperature rise to 2°C could reduce climate-related economic losses from 5.0 per cent to 3.3 per cent of GDP. Given South Africa's biodiversity, sustainable growth is vital for long-term prosperity².

POTENTIAL ECONOMIC SUCCESS IN THE BALANCE FOR SOUTH AFRICA AND DEPENDS ON THE GOVERNMENT OF NATIONAL UNITY

South Africa currently stands at a crossroads – the warm afterglow of the GNU is not expected to last forever. Resultantly, there is a need for true structural change in the short-to medium-term as a signal for political stability. As it stands, the GNU has three major goals:



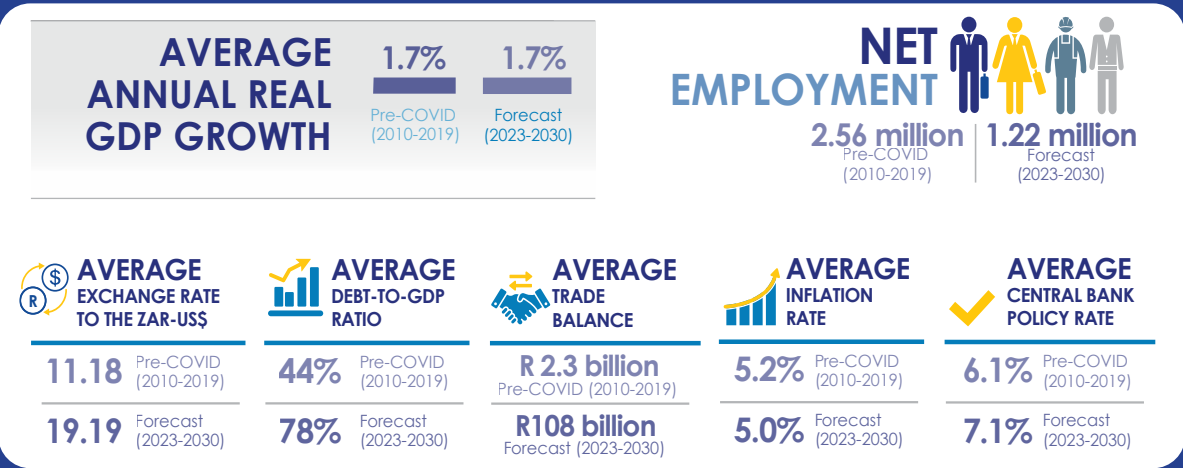
Drive inclusive growth and job creation



Build a capable, ethical and developmental state

Achieving South Africa's socio-economic objectives requires concerted and coordinated efforts from the GNU. While certain indicators, such as GDP, trade balance, and average inflation rates, show stability or improvement compared to pre-pandemic levels, other aspects, particularly those which concern net job creation, indicate potential declines.

Figure 1
INDICATORS OF SOUTH AFRICA'S ECONOMIC PROGRESS PRE- AND POST-PANDEMIC



However, as the saying suggests, "The future is the past modified by the present."

Consequently, these forecasts are not set in stone; they are informed predictions based on historical patterns, assuming no significant deviations from established trends. It falls upon the GNU and the people of South Africa to drive the necessary structural changes that could steer these forecasts towards more favorable outcomes.

DEVELOPMENTS IN THE WESTERN CAPE ECONOMY

In 2023, the Western Cape's economy expanded by 0.6 per cent, with forecasts suggesting real economic growth of closer to 1 per cent by 2024⁴. Sectors such as tourism, renewable energy, and business process outsourcing offer further growth opportunities.

Growth was enabled by:

- **Slight improvement in the most recent RMB/BER Business Confidence Index (BCI).** The BCI is still below the neutral mark of 50, but up from 31 in Q2 of 2023 to 40 in Q1 of 2024⁵. This indicates improvements in the operating environment within the country in the wake of the GNU, and subsequent local and global economic conditions⁶.
- **A robust small, micro and medium-sized enterprises (SMMEs) environment.** The Small Enterprise Development Agency (Seda) reports that the Western Cape ranks as the third major contributor to hosting SMMEs in the country (with 11.6 per cent of such businesses, or some 300 000 SMMEs being Western Cape based). The Western Cape is third to the Gauteng Province (accounts for 37.5 per cent) and Kwazulu-Natal at 14.1 per cent.
- **Total exports reached R202.1 billion in 2023, marking remarkable year-on-year growth of 8.7 per cent.** The presence of an oil refinery in Cape Town and the country's only gas-to-liquid (GTL) refinery in Mossel Bay support the province's relatively high share of exports of mineral fuels and mineral oils. The export of fresh fruit, textiles and clothing, along with other agriculture products also contribute significantly to export earnings.
- **Wesgro committed to 14 investment projects, totalling R7.8 billion in value in 2023/24.** These projects led to the creation of 3 913 jobs, surpassing the investment target. Additionally, 157 trade declarations were signed, amounting to R6.8 billion in value and resulting in 4 948 new jobs. These outcomes reflect an increase in exports and the rand value of investments.
- **The tourism industry experienced a robust rebound during the 2023/24 period.** International arrivals at Cape Town International Airport surpassed 200 000 between January and February 2024, increasing by 20 per cent compared to the previous year.
- **Relatively low unemployment levels, with the Western Cape recording the lowest unemployment rate in 2023.** The most recent Quarterly Labour Force Survey (QLFS) indicated that, although the Western Cape's unemployment rate rose between Q1 and Q2 of 2024 from 21.4 per cent to 22.2 per cent, this number is still well below the South African average unemployment rate (33.5 per cent).

Although the Western Cape shows promising potential for trade, tourism, renewable energy, and infrastructure investment, it is important to consider risks to the outlook. The provincial concerns over the construction mafia, and the national concerns over energy security and a general lack of business confidence could potentially hinder growth in the Western Cape.

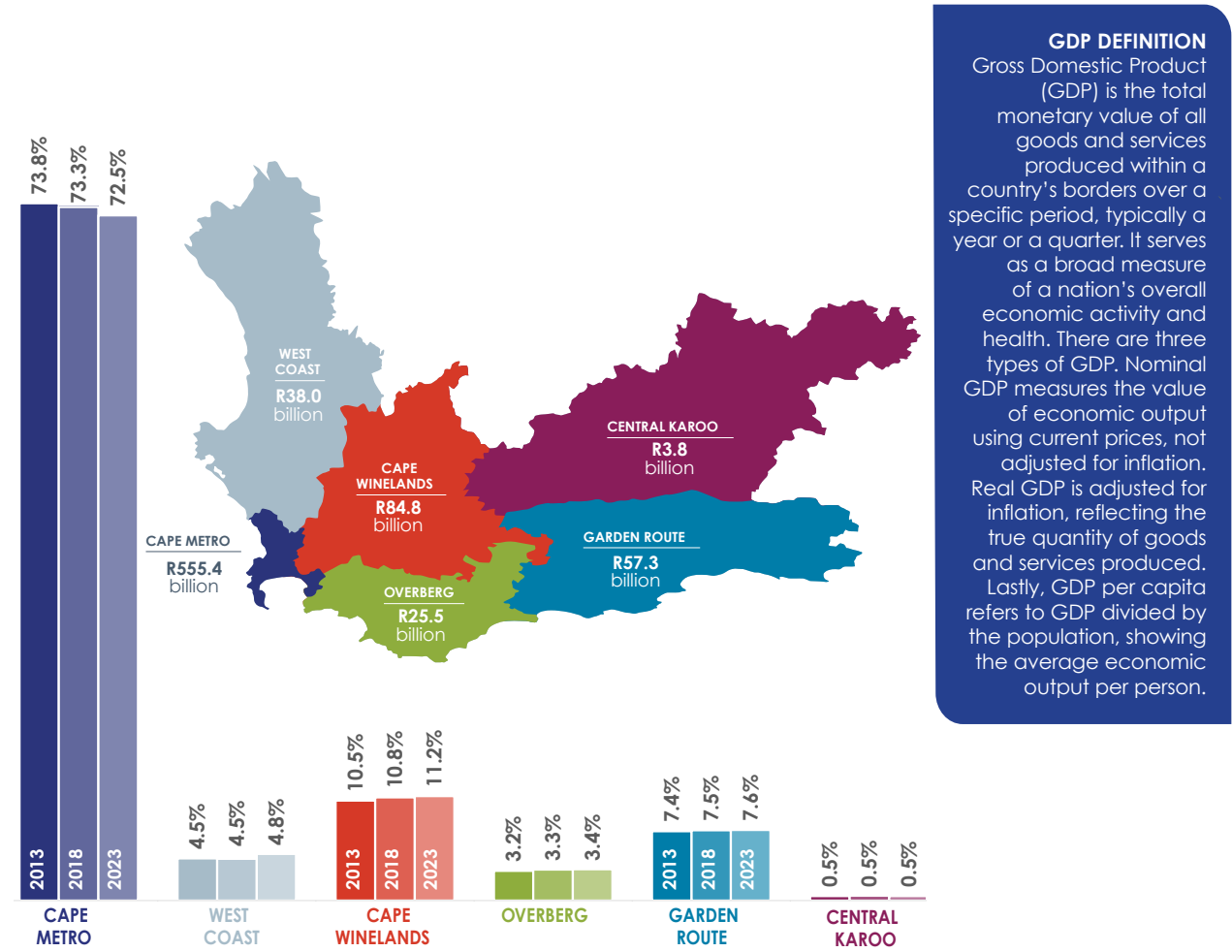
4 S&P Global Market Intelligence
5 Provincial Treasury. (2024). Provincial Review and Outlook 2024. Available [here](#).
6 In contrast, during the same timeframe, Gauteng and Kwazulu-Natal scored 23 and 18 points, respectively.

2 G20 Climate Risk Atlas, 2024
3 Johnston, et al., 2024

REGIONAL GDPR PERFORMANCE

The Western Cape Province's economic activity is concentrated in the City of Cape Town metropolitan municipality (Cape Metro), which contributes over 70 per cent towards the provincial GDPR. Over the last decade, the spread of economic activity has remained largely unchanged, although a slight improvement in the contribution by the Cape Winelands District (CWD) is noted. This economic structure is, in part, explained by historical development patterns which favoured the Metro and created a path dependency⁷.

Figure 2
REGIONAL CONTRIBUTORS TO PROVINCIAL GDPR (REAL) 2013 – 2023



Source: Quantec, 2024

⁷ Path dependency refers to a situation where historical events and choices can have a persistent influence on the current and future economic outcomes. Path dependency emphasizes the importance of historical context and the idea that once a particular path is taken, it can become difficult to reverse or change course due to increasing returns, institutional lock-in, or other reinforcing mechanisms. See Anteonelli, C. (1997). The economics of path-dependence in industrial organisation. International Journal of Industrial Organisation. 15 (6).

District economic contributions have remained relatively stable, with minor shifts across the regions.

The Cape Metro continues to dominate, maintaining around 72-73 per cent of the provincial GDPR share. The Cape Winelands District (CWD) has seen the most notable increase, driven by its expanding tourism sector. The West Coast District (WCD) and Overberg District (OD) have also experienced slight growth, though the WCD showed a more pronounced increase. Other districts, including the Central Karoo District (CKD), have seen minimal changes in their contributions. These trends underscore the need to further develop the economic potential of smaller districts to build a more resilient and diversified provincial economy.



0.7%
Regional economic growth

72.5%
Cape Metro Region contribution towards provincial GDPR

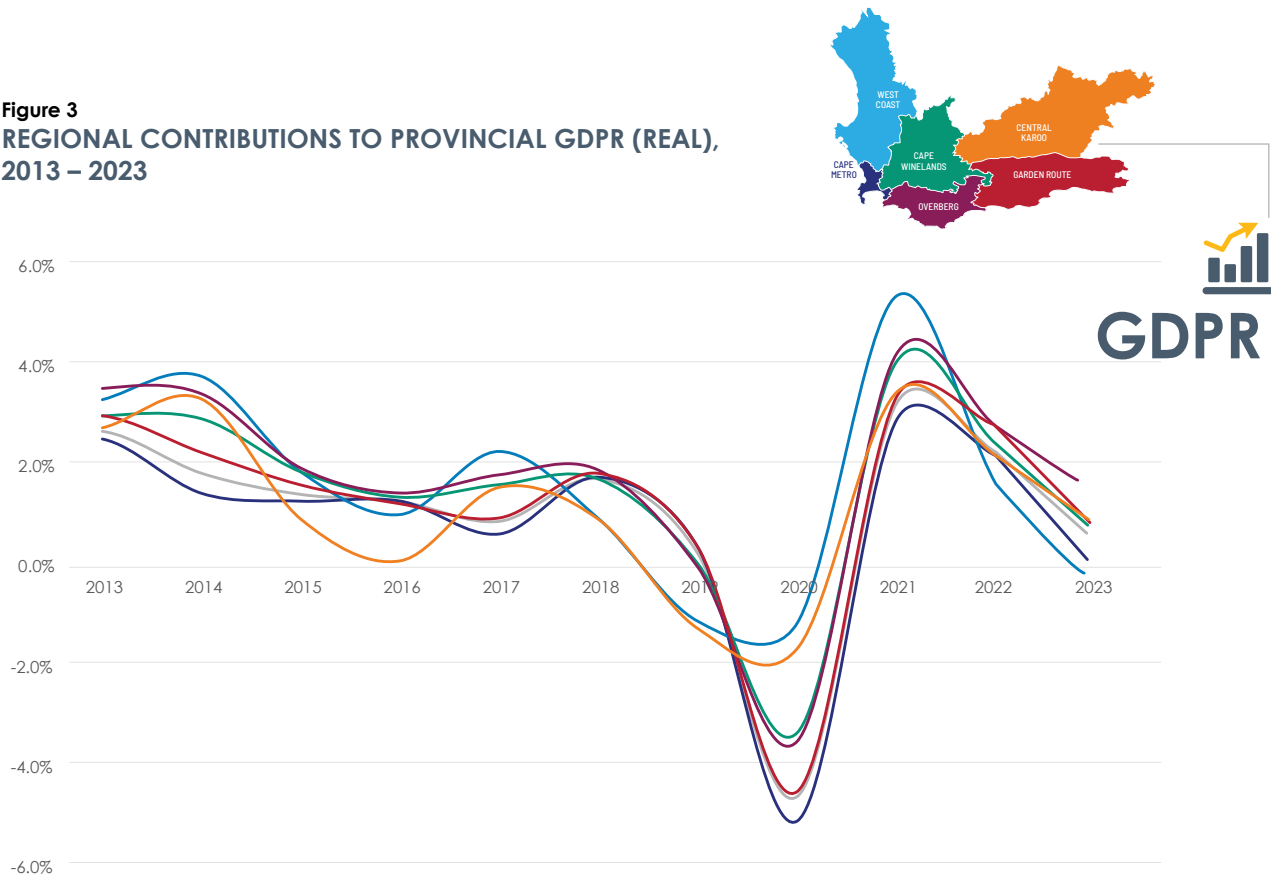
33.9%
Finance, insurance, real estate and business services contribution to regional GDPR

2%
GDPR forecasts for 2025 and 2026

4.8%
Regional employment growth rate

The Western Cape's economic growth has slowed down, reaching a low of 0.7 per cent in 2023, despite a strong recovery in 2021 with a growth rate of 4.1 per cent. The robust post-2020 growth can be attributed to the economic rebound from the unprecedented disruptions caused by the pandemic. Conversely, the slowdown in the GDPR growth rate reflects a return to historical growth trends, compounded by the adverse effects of climate change, the weakening of the Rand, and a challenging investment climate. Notably, the GDPR of the Western Cape has exceeded the 2019 levels (R604.2 billion), reaching R613.8 billion in 2023. Similarly, all districts within the Western Cape have surpassed their 2019 GDPR levels.

Figure 3
REGIONAL CONTRIBUTIONS TO PROVINCIAL GDPR (REAL),
2013 – 2023

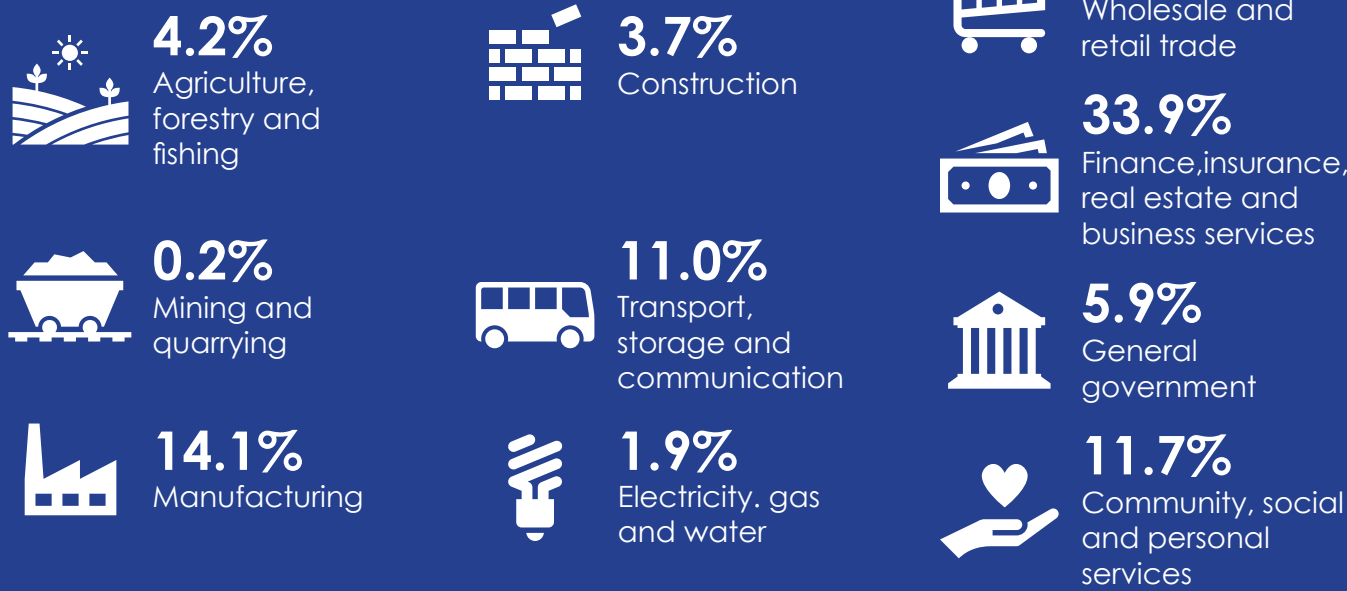


Source: Quantec, 2024

GDPR growth (% change, y/y)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Western Cape	2.7%	1.9%	1.4%	1.2%	0.9%	2.0%	0.3%	-5.5%	4.1%	2.6%	0.7%
Cape Metro	2.7%	1.9%	1.4%	1.2%	0.7%	1.8%	0.4%	-5.5%	2.9%	2.2%	2.3%
West Coast	3.4%	3.8%	1.4%	0.8%	2.2%	1.4%	-0.9%	-1.2%	4.5%	3.7%	-0.1%
Cape Winelands	3.1%	3.1%	1.7%	1.4%	1.7%	2.3%	0.2%	-3.8%	4.8%	3.1%	0.7%
Overberg	3.6%	3.5%	1.8%	1.4%	1.8%	2.4%	0.2%	-4.0%	4.9%	3.5%	1.3%
Garden Route	3.1%	2.3%	1.6%	1.2%	1.0%	2.2%	0.5%	-5.3%	4.3%	2.9%	1.1%
Central Karoo	2.8%	3.1%	0.4%	-0.2%	1.3%	1.4%	-1.4%	-2.5%	3.4%	3.7%	0.3%

Source: Quantec, 2024

WESTERN CAPE SECTOR GDPR CONTRIBUTION 2023 (%)



The regional GDPR growth rates have been quite differentiated across the districts, indicating the need to diversify economic contribution from the districts. While the Cape Metro steers the performance of the Province, the OD and Garden Route District (GRD) have recorded above average growth rates. On the other hand, the Central Karoo District (CKD) saw close to zero growth. Overall, the trend for 2023 points to a general slowdown in growth rates, with the WCD even facing a slight contraction.

The robust growth rates in the OD and GRD can be explained by the increased investments in infrastructure, revival of the tourism industry and the internationally competitive agriculture industries. Conversely, the economic contraction in the WCD is due to deteriorating and inadequate infrastructure, which fails to attract investment, coupled with extreme weather conditions that have negatively impacted agricultural production, a sector that contributes nearly 20 per cent to the District's GDPR⁸.

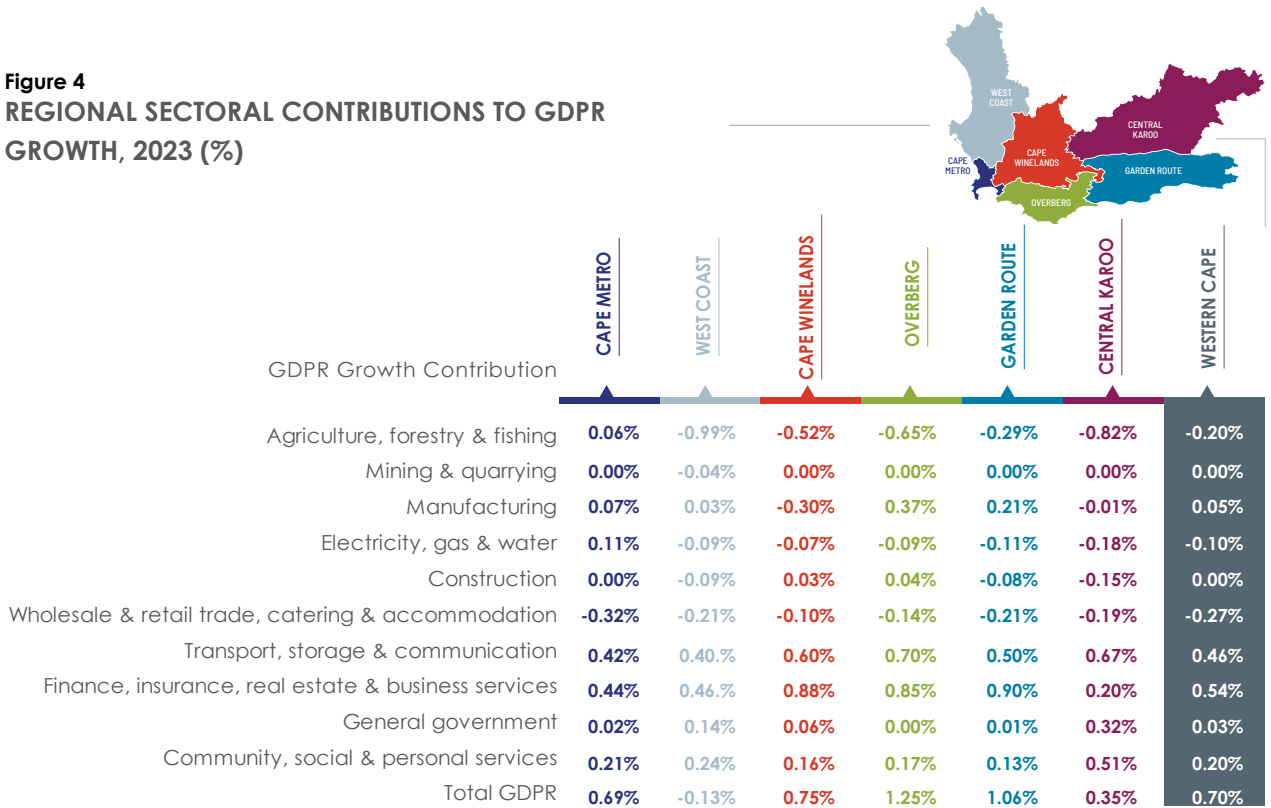


8 Insights based on the Municipal Perception Survey.

At a sectoral level, the Western Cape economy is diversified, with significant contributions from manufacturing and growth-enhancing services. The most prominent sector is the finance, insurance, real estate, and business services sector, which alone accounts for nearly a third of the Province's GDPR at 33.9 per cent. The significant presence of manufacturing (at 14.1 per cent), and the transport, storage and logistics (11.0 per cent) sectors is important for bolstering industrial expansion. The logistics and transport networks are vital for supporting trade, enabling efficient movement of goods and services, while the highly developed financial services sector is essential for facilitating business transactions and providing funding for new ventures.

The GDPR growth contributions across the Western Cape's sectors and regions show varied economic performance. Agriculture, forestry, and fishing have positively impacted most areas, with OD's significant 0.14 percentage growth contribution. Manufacturing and construction sectors also showed healthy contributions, particularly in OD and the GRD. The finance, insurance, real estate, and business services sector is the top growth driver, especially in the GRD and OD. Transport, storage, and communication, along with community, social, and personal services, contribute positively across the board, with OD and the GRD again standing out. The consistent yet modest contributions from the general government sector reflect its steady economic role.

Figure 4
REGIONAL SECTORAL CONTRIBUTIONS TO GDPR
GROWTH, 2023 (%)

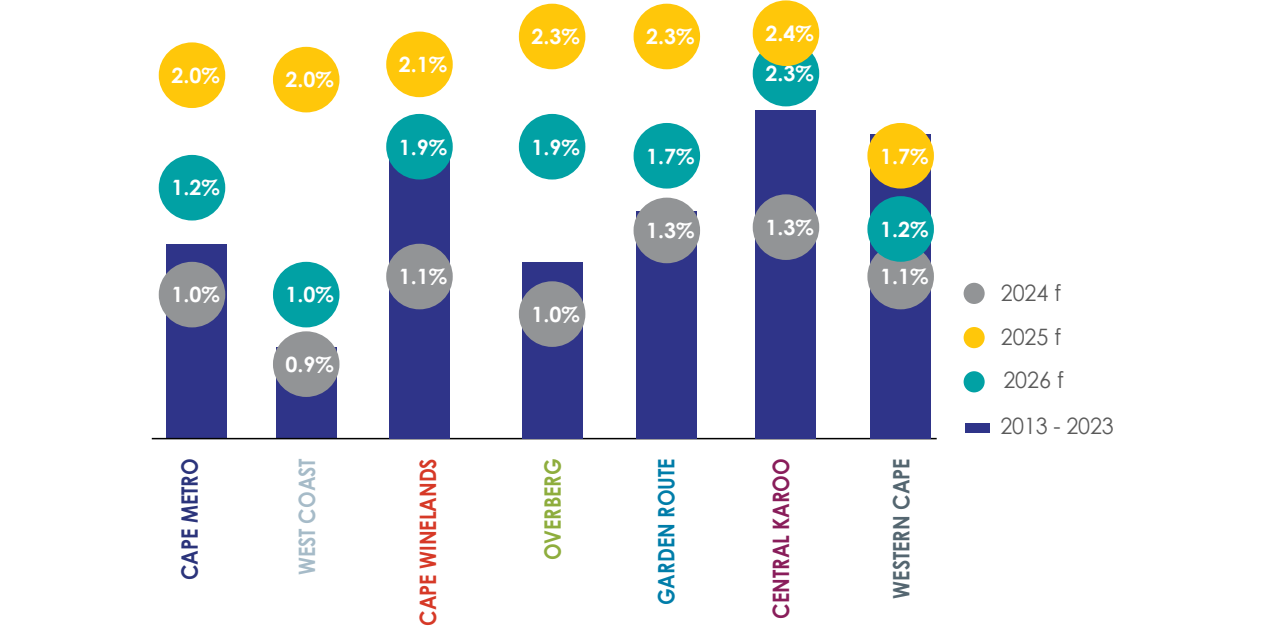


Source: Quantec, 2024

The Western Cape and its regions are anticipated to outperform the national growth forecast, with an expected growth rate of 2.0 per cent per annum in 2024. This outlook is fuelled by improved investor sentiment for the province, as evidenced by the above-average Business Confidence Index (BCI). Additionally, South Africa's G20 Presidency, starting on 1 December 2024, will bring unique benefits to the Western Cape through the hosting of large-scale meetings and a range of related events. Lastly, the tourism industry has recorded significant improvement since 2019, which has stimulated further demand for provincial goods and services.

Only in the WCD are forecasted GDPR growth rates for 2025 and 2026 lower than or equivalent to the long-term average of the previous decade. This expected performance is partly due to base effects, where historical growth has been relatively strong, and forecasts have moderated. There are also structural challenges in the WCD that require intervention to boost long-term economic growth. This includes addressing issues related to rental costs, investing in climate-resilient infrastructure and slow water rights approvals that are stifling aquaculture expansion. These combined factors create a complex set of challenges that require a multi-faceted approach to address.

Figure 5
REGIONAL GDPR FORECAST, 2024 – 2026



Source: Quantec, 2024 (f denotes forecast)

At a district level, the economic outlook reflects the base effects (i.e., historical performance was relatively strong), but also reflects several regional challenges (moderating the growth outlook). In the short-to-medium term, economic growth is expected to surpass historical performance across all the districts in the Western Cape. The GDPR forecasts for 2025 and 2026 are expected to be around 2.0 per cent real GDP. This expected increase can be attributed to several key factors.

In the Western Cape, infrastructure developments are driving growth across districts. In the Cape Metro, upgrades to the airport and N1 highway are boosting connectivity. The CWD benefits from expanded tourism infrastructure, while the GRD sees growth through eco-tourism and the George Airport expansion. The WCD, despite benefiting from renewable energy projects, is expected to experience slower growth by 2025 due to its reliance on traditional industries like fishing and agriculture, as well as infrastructure constraints such as limited transport, water management issues, and energy supply challenges. In the OD, investments in agricultural technology and

9 Insights from the Municipality Perception Survey collected in October 2024.

water management ensure sustainability, while the CKD focuses on improving energy and water infrastructure for future growth. These developments are helping to improve business conditions and support the positive GDPR outlook across the Province.

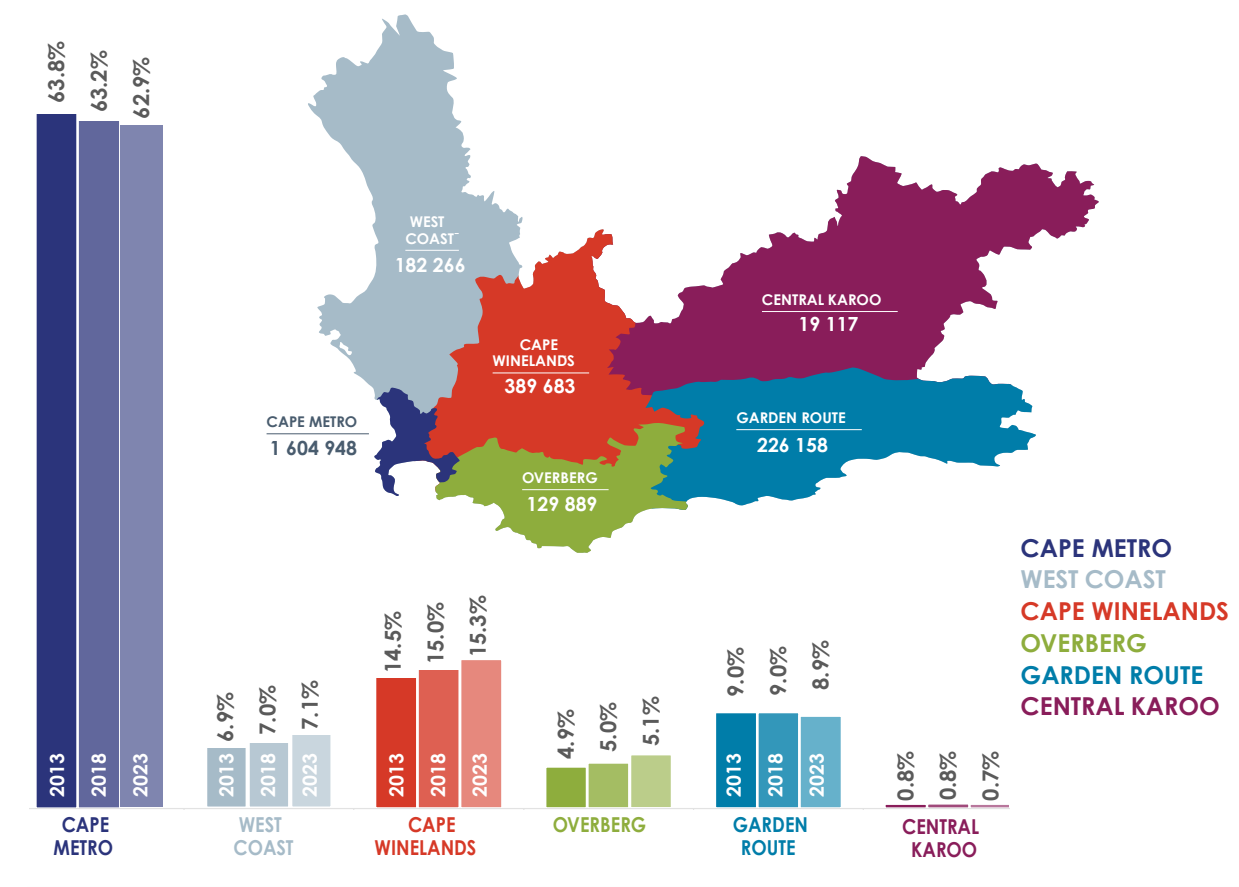
There is room to elevate the role of agriculture, forestry, and fishing within the provincial economy, as outlined in the Western Cape Government's Growth for Jobs Strategy. One opportunity lies in increasing the integration of high-value products, such as wine and fruit, across the OD, CWD, and WCD regions. These high-value sectors could strengthen their links with the broader provincial economy, creating more value and enhancing local economies. Additionally, while the Cape Metro remains a key commercial hub, greater collaboration and economic development across the Metro and neighbouring districts will be crucial for achieving a more unified and prosperous Western Cape. This balanced approach would help stimulate growth across all regions, ensuring that the benefits of economic expansion are felt beyond the Metro.

As highlighted above, economic growth in the Western Cape remains concentrated in the Cape Metro, with a smaller contribution from the other districts. The Cape Metro has developed a dynamic economy, where innovative startups and established corporations coexist, fostering a culture of entrepreneurship. This entrepreneurial spirit, coupled with a skilled workforce and a supportive business ecosystem, positions the Cape Metro as a key driver of growth in the Province. The region's infrastructure—particularly its airports, ports, and road networks—enhances connectivity, further driving growth by facilitating trade, tourism, and business operations. However, there is still room for improvement in rail transport and port performance, which could further enhance the region's connectivity and overall economic potential. Additionally, Cape Town's appeal as a destination for both tourists and businesses strengthens its economic vitality, creating a synergistic relationship between various sectors that propels ongoing development and job creation¹⁰.

REGIONAL EMPLOYMENT PERFORMANCE

Regional employment contributions from 2013 to 2023 generally align with the GDPR contributions across districts, as outlined earlier. The Cape Metro remains the largest contributor to employment, accounting for 62.9 per cent in 2023, followed by the CWD at 15.3 per cent and the GRD at 8.9 per cent. While the Cape Metro and CKD saw slight declines in their employment shares, there were modest increases in the CWD, OD, and WCD. The decline in the Cape Metro share reflects a broader trend of increased employment opportunities in other regions, driven by growth in sectors such as tourism, agriculture, and fishing.

Figure 6
REGIONAL CONTRIBUTIONS TO NET EMPLOYMENT, 2023 (%)



YEAR	2013	2018	2023
West Coast	160 811	179 438	182 266
Cape Winelands	337 744	384 140	389 683
Overberg	112 489	128 534	129 889
Garden Route	209 464	230 956	226 158
Central Karoo	17 930	19 427	19 117
Cape Metro	1 479 474	1 617 424	1 604 948

Source: Quantec, 2024

10 Insights from the Municipal Perception Survey, 2024.

Western Cape's moderate growth of 0.7 per cent in 2023 translated to a 4.8 per cent increase in jobs, or a net employment of 116 787. The largest gains in jobs were recorded in WCD and OD of 6.1 per cent each, thanks to the successful farming seasons that were experienced in that year. These were followed by moderate gains in CWD, CKD and GRD, with increases of 5.9 per cent, 5.3 per cent and 5.2 per cent respectively. The smallest job gains were recorded in the Cape Metro, reflecting a shift towards digitalisation and automation in the finance, insurance, real estate and business services sectors. Notably, when compared to 2019 levels, only the WCD, CWD and OD had surpassed those levels, albeit only by around 1.0 per cent.

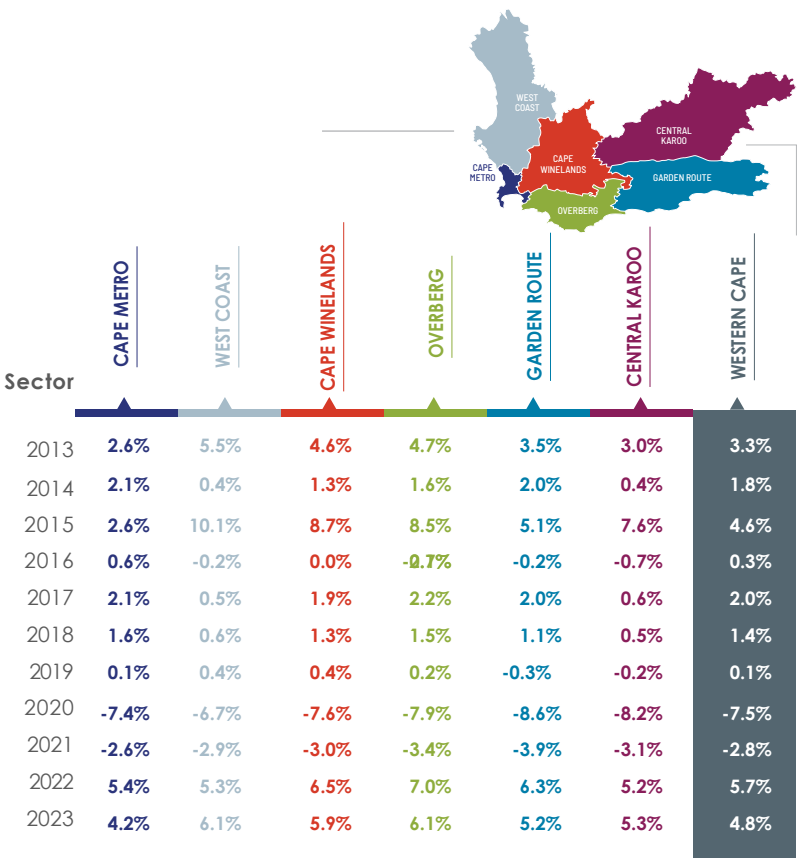
Figure 7
REGIONAL CONTRIBUTIONS TO PROVINCIAL EMPLOYMENT, 2013 – 2023



Source: Quantec, 2024

The Western Cape's employment growth generally outpaces GDP growth, with notable differences across districts. Cape Metro's slower employment growth reflects a shift towards capital-intensive sectors that require less labour. In contrast, employment in the OD, CWD, and WCD districts has outpaced economic growth, driven by labour-intensive sectors like agriculture and tourism. The CKD, however, shows more volatility, with employment growth influenced by environmental shocks and outmigration to urban centres. Despite these variations, employment trends highlight the strong role of agriculture and tourism in job creation outside of Cape Metro.

Figure 8
REGIONAL TOTAL EMPLOYMENT¹¹ GROWTH RATES, 2012 – 2023



Source: Quantec, 2024

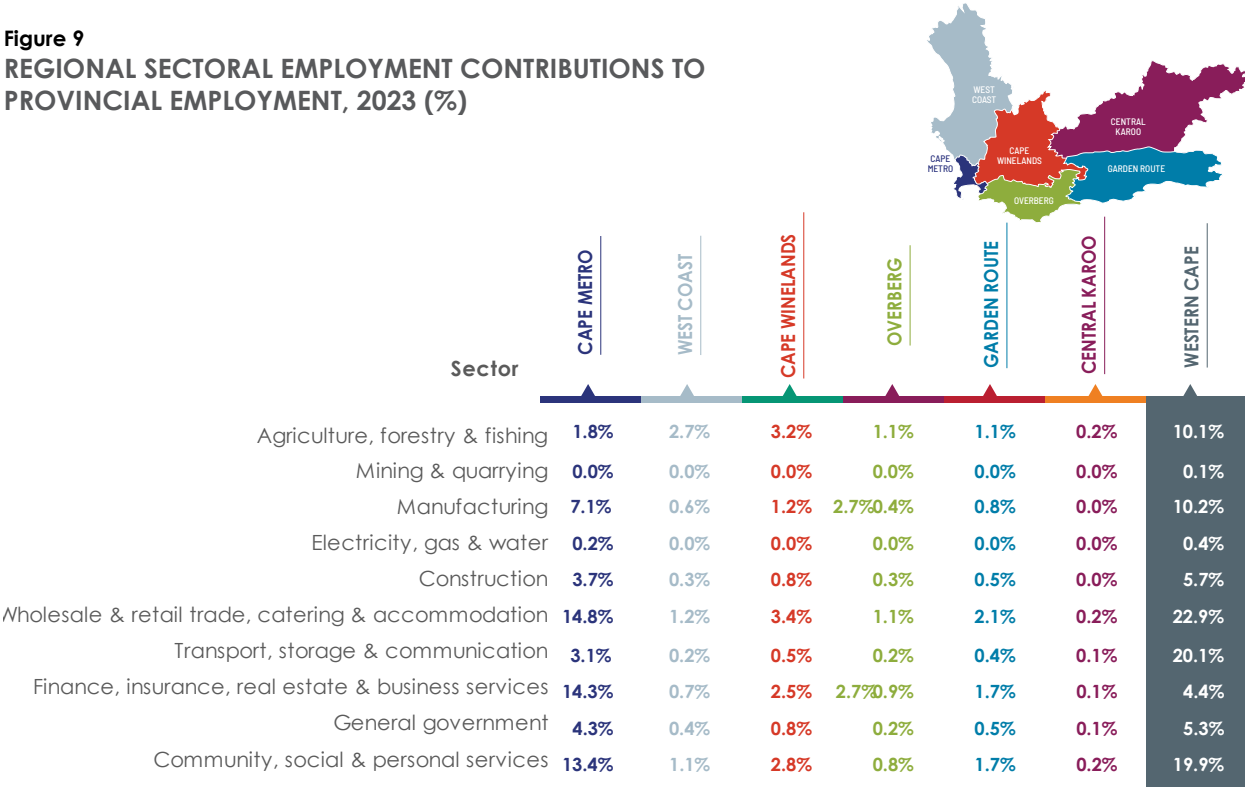
The labour intensity of the agriculture, forestry, and fishing, manufacturing, and community services sectors is evident at the sectoral level. The agriculture, forestry, and fishing sector contributes 10.1 per cent to provincial employment, compared to 4.1 per cent towards GDP which indicates its labour intensity. The employment contribution to the agriculture, forestry, and fishing sector is concentrated in the CWD (3.2 per cent) and WCD (2.7 per cent).

In comparison, the manufacturing sector contributes 10.2 per cent to employment but accounts for a GDP share of 14.1 per cent. This highlights the lower labour intensity and higher productivity of manufacturing relative to agriculture, despite its larger economic output. Other sectors, such as community services, also play a key role in employment, but their GDP contributions are more modest, reflecting the broader mix of industries driving the provincial economy. This distinction underscores the importance of labour-intensive sectors, particularly agriculture and manufacturing, in sustaining regional employment and supporting economic growth across various districts.

In contrast, the finance, insurance, real estate, and business services sector, despite being the top GDP contributor, offers a smaller share of employment. This suggests that the sector is less labour-intensive and more focused on capital intensive, high productivity functions. At the same time, the employment contributions from the transport, storage, and communication sector are relatively low compared to other sectors, indicating that while essential for economic function, it does not employ as many people proportionally.

¹¹ Includes formal and informal employment estimates.

Figure 9
REGIONAL SECTORAL EMPLOYMENT CONTRIBUTIONS TO PROVINCIAL EMPLOYMENT, 2023 (%)

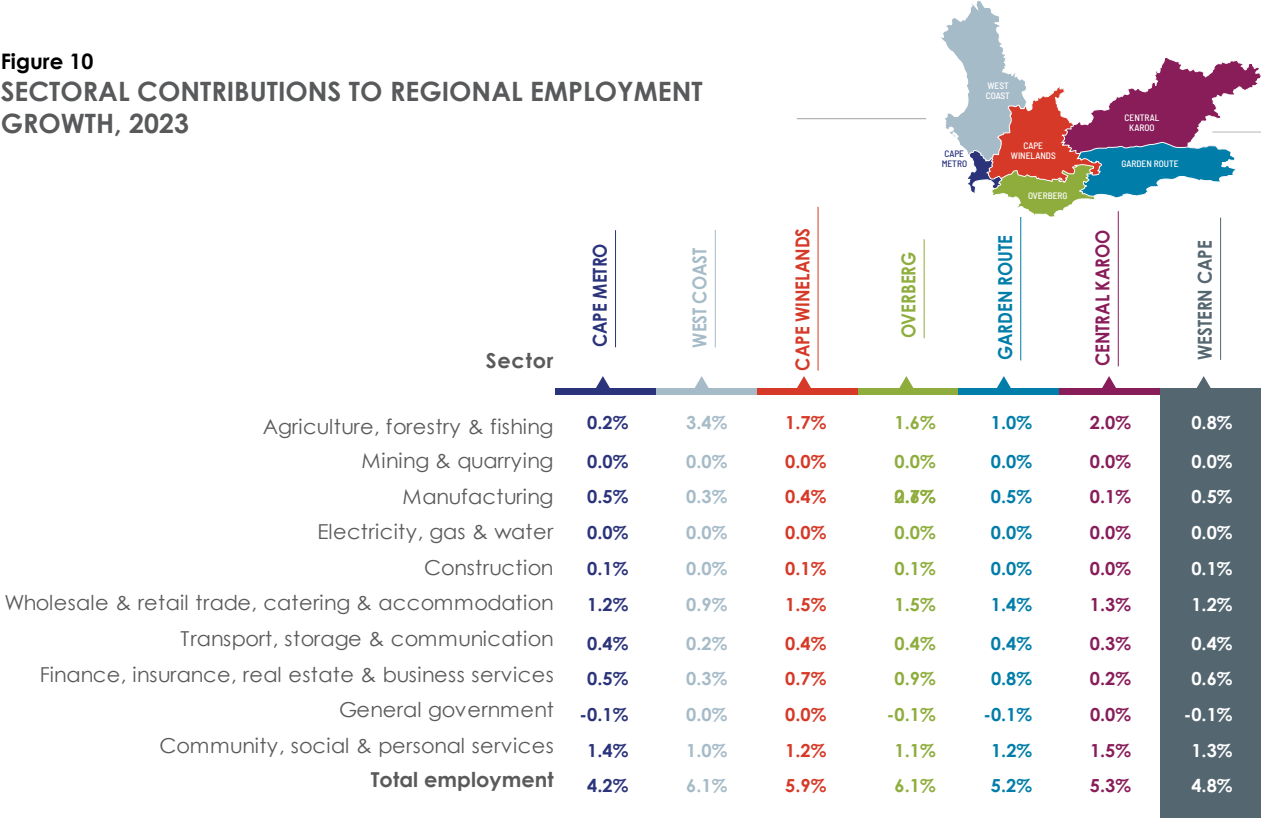


Source: Quantec, 2024

The employment growth contributions from the agriculture, wholesale and retail trade, and community services sectors are vital for job creation across the Province. Agriculture, forestry, and fishing, in particular, show a significant employment growth contribution, especially in the WCD (2.3 per cent) and CWD (1.2 per cent). This growth is largely driven by key sub-sectors within agriculture, such as fruit and wine production, which are labour-intensive and continue to expand in response to both local and international demand. These sectors are essential to job creation in these regions, where they make up a substantial portion of the employment base. The continued strength of agriculture in these districts is indicative of its central role in supporting the local economy and sustaining employment growth.

Notably, the employment growth contribution of manufacturing is consistent across municipalities, with a notable contribution in the West Coast (0.6 per cent). Additionally, the transport, storage, and communication sector's employment growth contribution are relatively low across all regions. While these sectors are not the major drivers of employment growth, they play a key role for structural transformation and industrialisation. Sectors like finance and transport show lower employment growth contributions relative to GDP.

Figure 10
SECTORAL CONTRIBUTIONS TO REGIONAL EMPLOYMENT GROWTH, 2023



Source: Quantec, 2024

Overall, while districts like the CWD and WCD exhibit robust contributions from the agriculture sector, the Cape Metro remains a hub for trade and services. Employment growth has predominantly been driven by the agriculture, forestry and fishing and wholesale and retail trade, catering and accommodation sectors in the Western Cape, particularly in areas with established viticulture economies in the CWD and diverse agricultural produce in the WCD and CKD. Regions such as the CKD require further diversification to enhance economic growth.

For the Western Cape Government, employment pathways and expectations are also guided by the strategic priorities of the provincial government. In this regard, the Western Cape Government has positioned its Growth for Jobs Strategy as a key pillar in unlocking employment by generating economic growth.

WESTERN CAPE GROWTH FOR JOBS STRATEGY

Over recent years, the Western Cape Government has identified the need for a strategy to increase the Provincial economic growth rate and, to the extent that growth continues to falter in South Africa, decouple the Province's growth trajectory from that of the rest of the country. This gave rise to the Western Cape Growth for Jobs Strategy, first published in 2023. The G4J priority focus areas are as follows:

- Creating Growth Opportunities through Investment.
- Stimulating Market Growth through Exports and Domestic Markets.
- Energy Resilience and Transition to Net Zero Carbon.
- Water Security and Resilience.
- Technology and Innovation.
- Infrastructure and Connected Economy.
- Improved Accessibility to Economic Opportunities and Employability.

The strategy's vision is for a provincial economy that achieves breakout economic growth, resulting in sufficient employment and business opportunity and a sustainable, resilient, diverse and thriving economy – one that generates confidence, hope and prosperity for all.

This vision is further expressed through the goal that by 2035, the Western Cape will be a R1-trillion inclusive economy in real terms and growing between 4.0 per cent and 6.0 per cent annually. This will be achieved through enabling a competitive business environment in which growth is driven through businesses seizing opportunities.



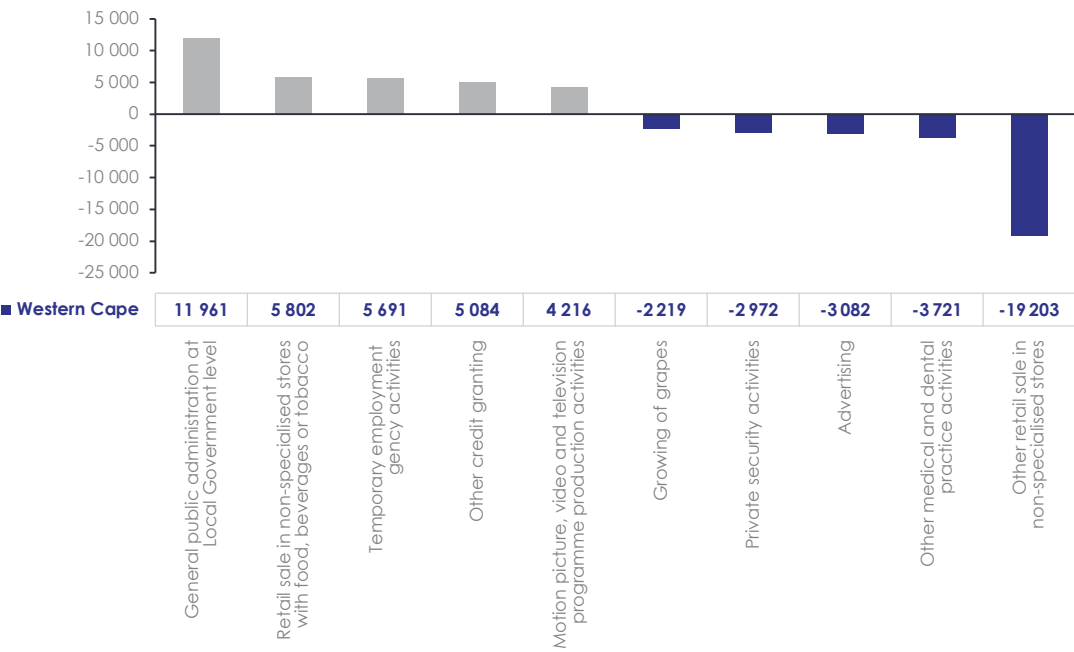
Source: Western Cape Government, 2023



The full Growth for Jobs Strategy can be viewed using the QR code

In the Western Cape, formal sector job fluctuations align with the region's sectoral contributions to employment and GDP. Notably, local government administration saw the largest job gains, adding 11 961 positions. In contrast, the retail sector experienced the most significant job losses, with 19 203 jobs lost in non-specialised stores. However, there was a subsequent recovery, with the sector seeing a rebound of 5 802 jobs. Additional job losses occurred in tertiary service industries, likely driven by the increasing use of e-commerce and digital technologies. The retail sector's job decline, in particular, is influenced by the rise of online shopping, changing consumer preferences, and heightened competition.

Figure 11
TOP FIVE OCCUPATIONS FOR FORMAL EMPLOYMENT¹² GAINS AND LOSSES, 2023



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

Employment in the informal sector is showing a strong recovery from the impacts of COVID-19. Historically, the informal sector has been a significant contributor to employment opportunities within the Western Cape Province and its districts, accounting for one in every four jobs. However, post-COVID, this declined to one in every five or six jobs, largely due to limited access to capital leading to a lag in economic recovery. Expectations are for this trend to improve over time.

INFORMAL EMPLOYMENT

Informal employment plays a vital role in providing jobs, where formal opportunities are scarce. It serves as a crucial income source for the working poor, offering flexibility and acting as a safety net for those facing barriers to formal employment, such as lack of education, skills, or adverse economic conditions (Outlook, 2024). From spaza shop owners in the Cape Metro to hairdressers operating from homes in Beaufort West, the informal sector is essential for generating employment opportunities in the Province.

¹² Due to the in-depth data made available through SARS and the HSRC, this publication is able to present FTE employment data at a more disaggregated level than would be possible using only GDP data, which is aggregated to a 10-sector level.

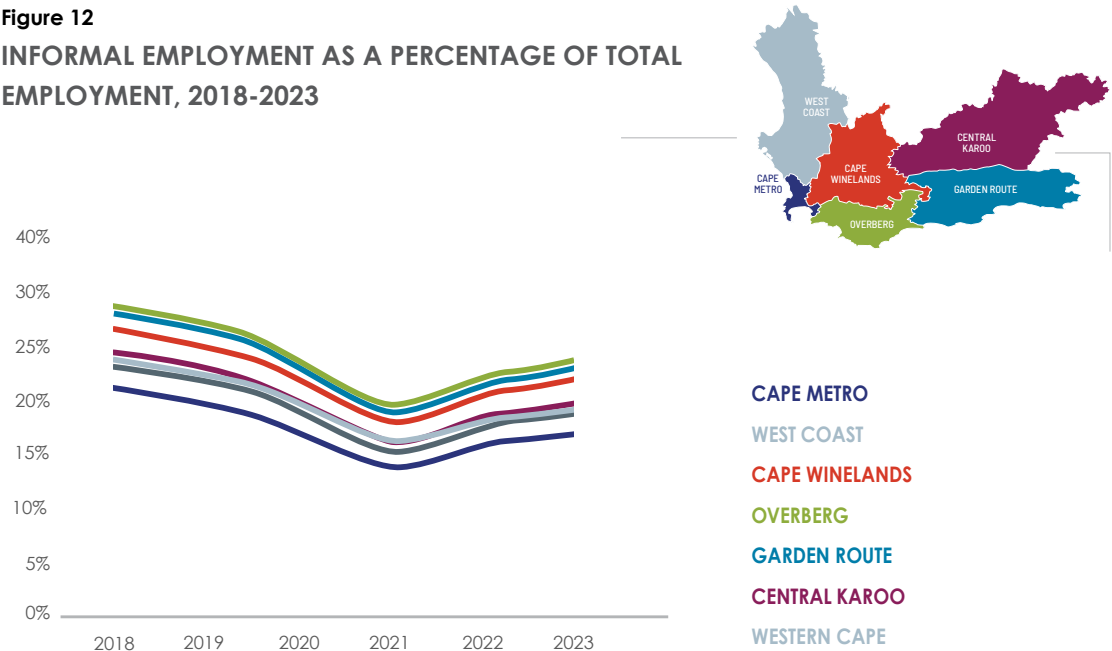
Typically, the informal economy expands during economic downturns, as individuals who lose formal jobs often turn to informal work or self-employment. Currently, the informal sector is in a recovery phase since the pandemic, but it is progressing more slowly than the formal economy.

In the Western Cape, employment in the informal economy decreased from 21.9 per cent in 2019 to 15.5 per cent in 2021 due to the COVID-19 restrictions that disproportionately affected the informal economy. However, since 2021, there has been a positive rebound, with informal employment rising to 18.9 per cent in 2023. The rebound has been driven by the easing of movement restrictions that have led to the resumption of certain activities such as construction, which stimulates micro-informal economies around their building sites.

Informal employment is concentrated in some sectors relative to others. The wholesale and retail trade, catering and accommodation sector consists of the highest proportion of employees in the informal economy. The data shows that 27.7 per cent of individuals in the wholesale and retail trade, catering and accommodation sector are informally employed in the Province. This proportion is higher in CKD and GRD at 36.5 per cent and 33.2 per cent, respectively, because of the prevalence of low-income residents who depend on spazas for affordable products.

The construction sector also consists of the high levels of informal employment, with 26.6 per cent of individuals in the construction sector informally employed in the Province, and this is higher than 29.0 per cent in OD and GRD. Mining and quarrying, while contributing 7.1 per cent to total informal employment in the Province, has a notably high level of informal

Figure 12
INFORMAL EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT, 2018-2023

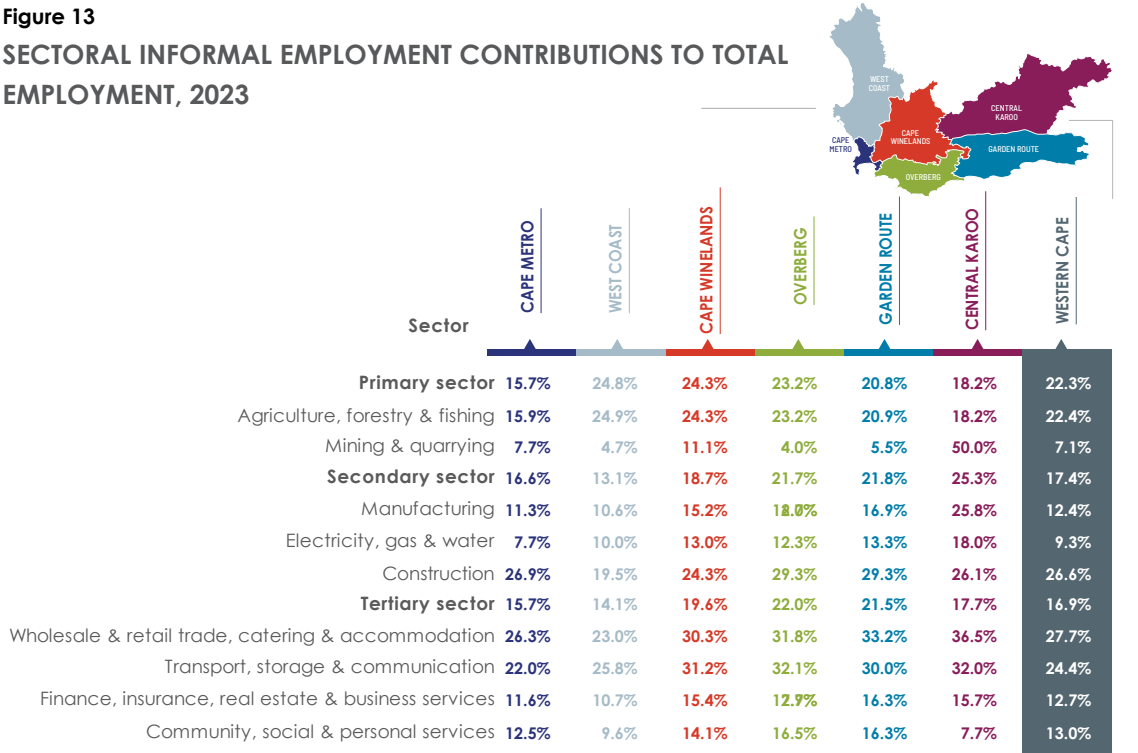


Source: Quantec, 2024

workers in the Central Karoo, where 50 per cent of mining sector jobs are informal. Notably, employment in informal transport, storage and communication and agriculture sectors contribute substantially to the overall jobs total.

The rising level of informality presents an opportunity for the Province to devise policies and strategies that can assist in formalising businesses. This can contribute towards improved wages and working conditions and creating broader economic opportunities for residents.

Figure 13
SECTORAL INFORMAL EMPLOYMENT CONTRIBUTIONS TO TOTAL EMPLOYMENT, 2023



Source: Quantec, 2024

CONCLUDING REMARKS

The economic landscape of the Western Cape and South Africa is marked by a complex interplay of global and local factors. The post-pandemic era has brought heightened volatility, geopolitical tensions, high lending and inflation rates, and subdued economic activity. Despite these challenges, there are emerging signs warranting measured optimism, driven by easing global oil prices, improved trade outlooks, and economic stimuli from major economies like the United States and China.

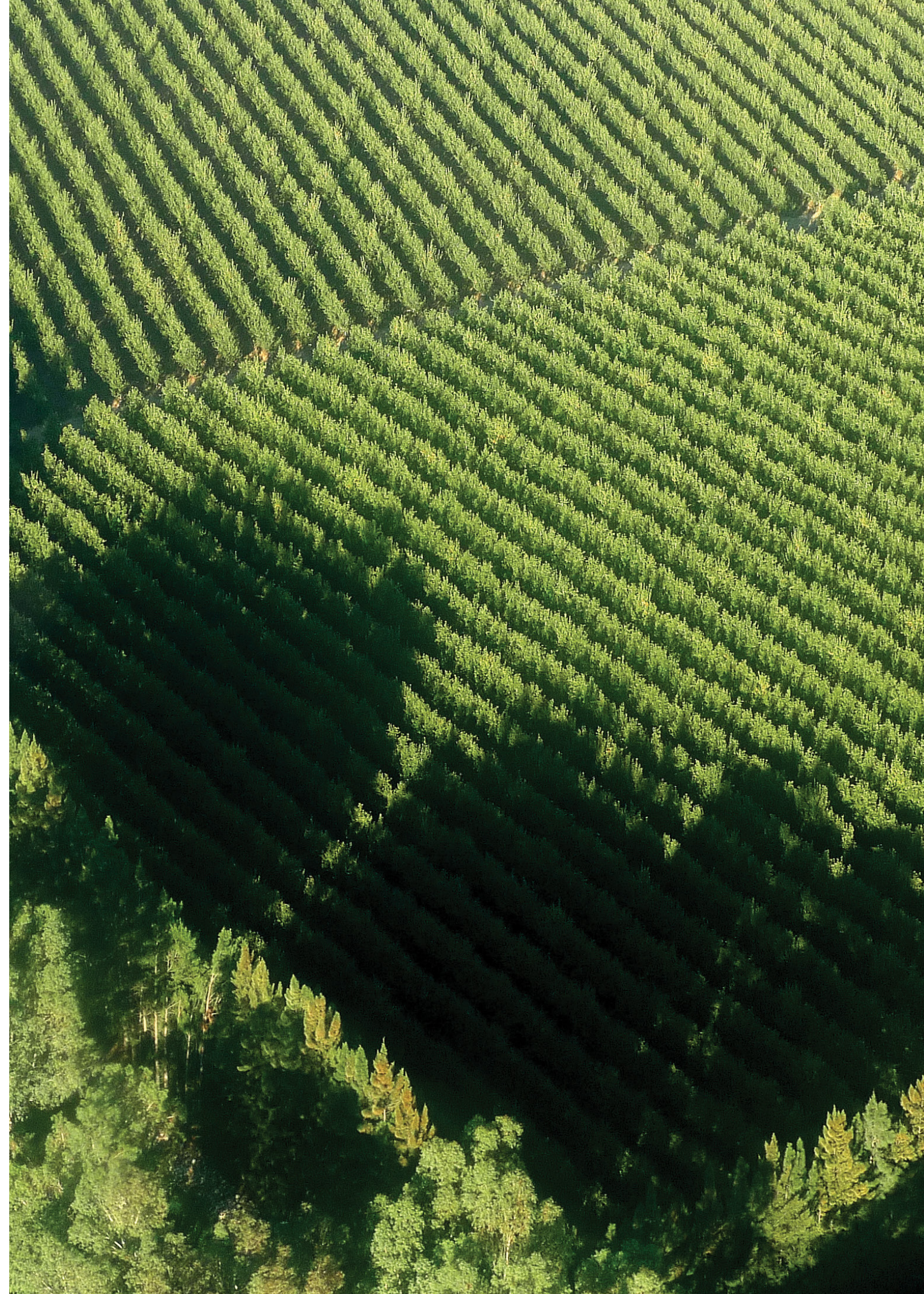
Under the GNU, South Africa has shown signs of a potential recovery. Key indicators such as the appreciation of the Rand from R18.96/\$ to R17.60/\$, a reduction in interest rates by the South African Reserve Bank (SARB), and a modest GDP growth of 0.4 per cent in 2024Q2 point to a cautiously optimistic outlook. However, significant risks remain, including an unemployment rate rising to 33.5 per cent in the second quarter of 2024, potential electricity cost hikes, and the looming threat of climate change.

In the Western Cape, the economy expanded by 0.6 per cent in 2023, with forecasts suggesting real economic growth of closer to 1 per cent by 2024. The Cape Metro contributes over 70 per cent to the provincial GDP, while other districts like the CWD and OD have shown significant growth, driven by tourism and agriculture. The Cape Winelands' contribution to GDP increased from 10.5 per cent in 2013 to 11.2 per cent in 2023. However, regions like the WCD face challenges such as inadequate infrastructure and extreme weather conditions, which hinder their economic performance.

Employment growth in the Western Cape generally outpaces GDP growth, with the agriculture and tourism sectors being major contributors. The informal sector, which historically accounted for one in every four jobs, has shown a strong recovery from the impacts of COVID-19, now accounting for one in every five or six jobs. This underscores the need for targeted interventions to promote sustainable job growth and enhance overall employment conditions.

The Western Cape Growth for Jobs Strategy aims to increase the provincial economic growth rate and decouple it from the national trajectory. The strategy focuses on creating growth opportunities through investment, stimulating market growth, ensuring energy and water security, promoting technology and innovation, and improving accessibility to economic opportunities. The vision is for a provincial economy that achieves breakout economic growth, resulting in sufficient employment and business opportunities, and a sustainable, resilient, diverse, and thriving economy.

The Western Cape is strategically positioned to drive economic growth within South Africa. While the Cape Metro remains the primary economic driver, enhancing contributions from other districts is crucial for creating a more economically resilient province and ensuring an equitable distribution of the economic growth. Addressing challenges such as high unemployment, climate change, and infrastructure deficits will be essential for sustaining growth and ensuring long-term prosperity for all residents.





Western Cape
Government
FOR YOU

2 445 KM²
(1.9%) of Western Cape



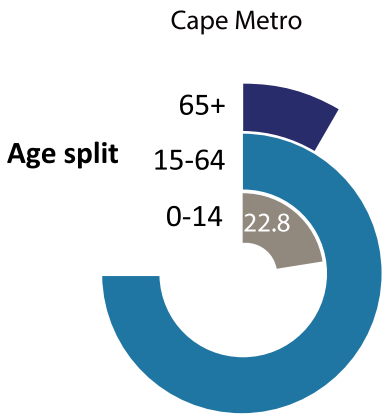
CAPE METRO

Municipal Economic
Review & Outlook

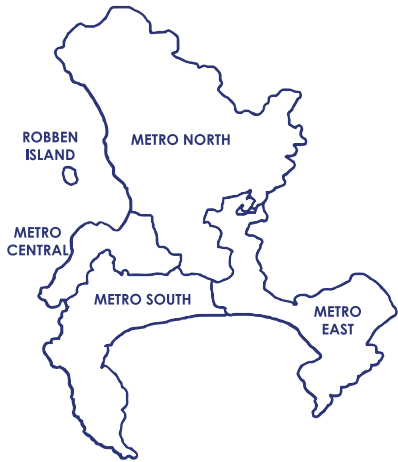
CAPE METRO AT A GLANCE

SIZE
2 445.0KM² | (1.9%) of Western Cape

POPULATION
4.8 million | (64.2%) of Western Cape



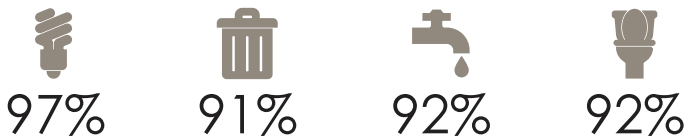
Seat
Cape Town



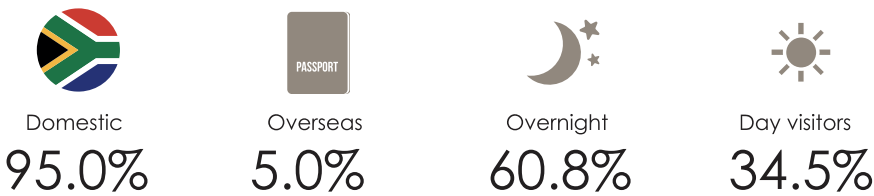
Indigent households
243 771

Average median income
R9 659

Access to services



Visitors



GDP
R44.1 Billion

GDP per capita (2021) current prices
R90 856

72.5%
GDP contribution to Western Cape



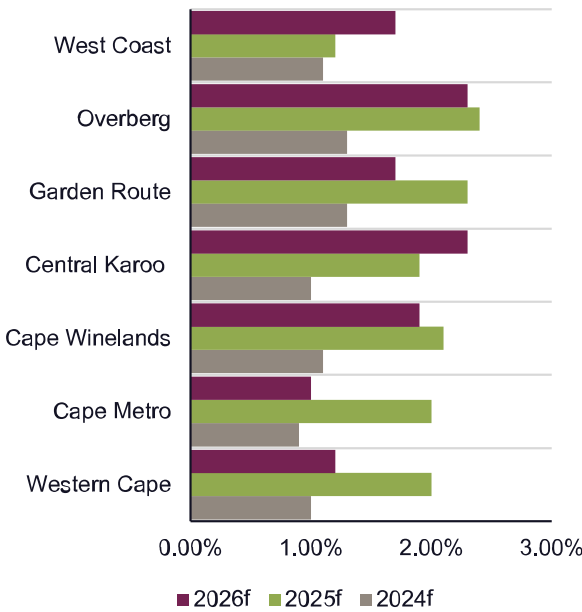
Jobs employed
1 406 082

Estimated 2023 job gains
25 504

Estimated 2023 unemployment rate
24.5%

62.9%
Contribution to Western Cape jobs employed

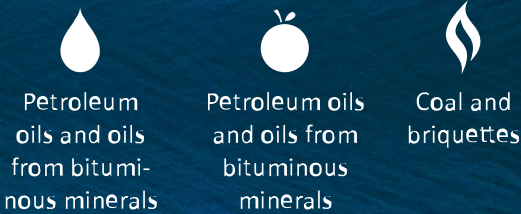
GDP Forecasts



Imports
R285 Billion
Exports
R126 Billion



Top three exported products



Top three export destinations

Botswana | China | Namibia

SECTION B

Economic growth
& job creation

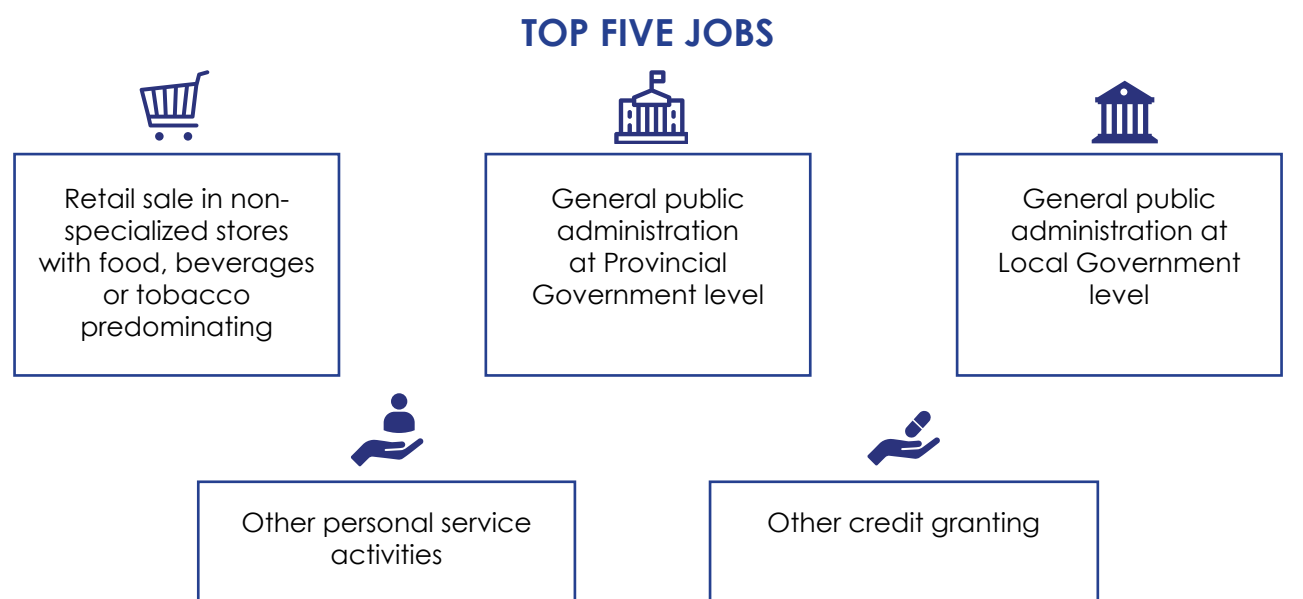
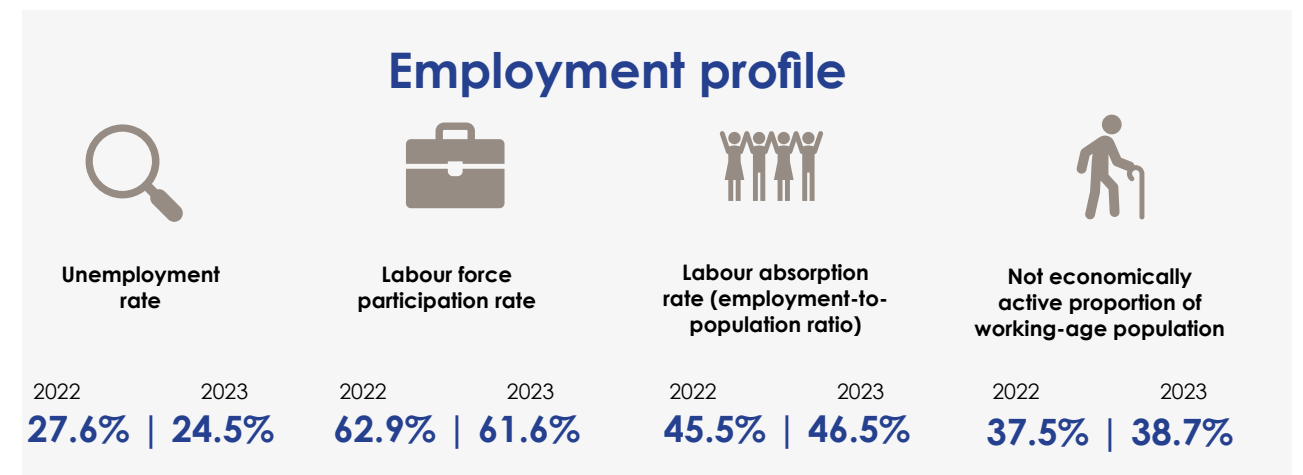
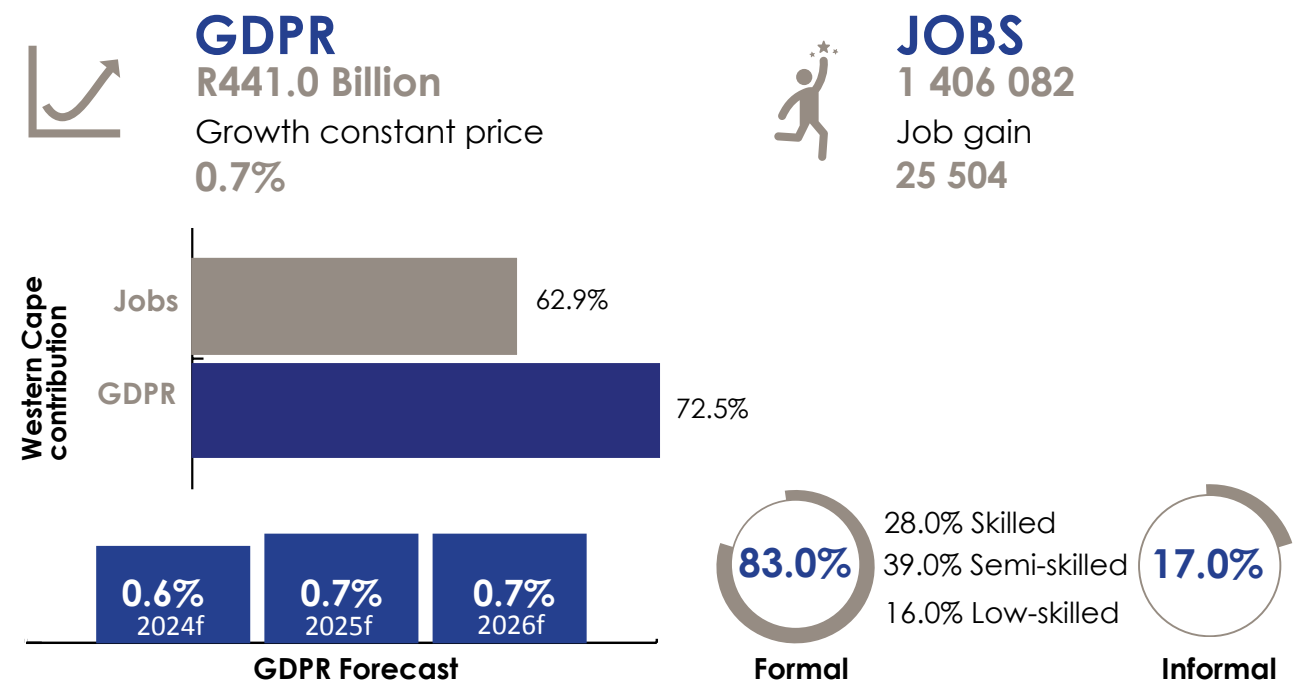
INTRODUCTION

The Cape Metro is the vibrant heart of the Western Cape, encompassing both the natural beauty of the region and its urban development. Bounded by the Atlantic Ocean to the west and False Bay to the south, it stretches from the iconic Table Mountain to the suburban Cape Flats. Spanning 2 461 km², it represents a significant portion of the Province's economy and population.

Cape Town, the administrative and economic hub of the Metro, is known for its iconic landmarks, including the V&A Waterfront and Table Mountain, as well as its bustling city centre. Surrounding areas like Bellville, Goodwood, and Mitchells Plain are key business, industrial, and residential hubs. The southern suburbs, including Wynberg and Claremont, combine leafy streets with vibrant shopping and cultural districts, while the northern suburbs are emerging as a growing tech and commercial centre.

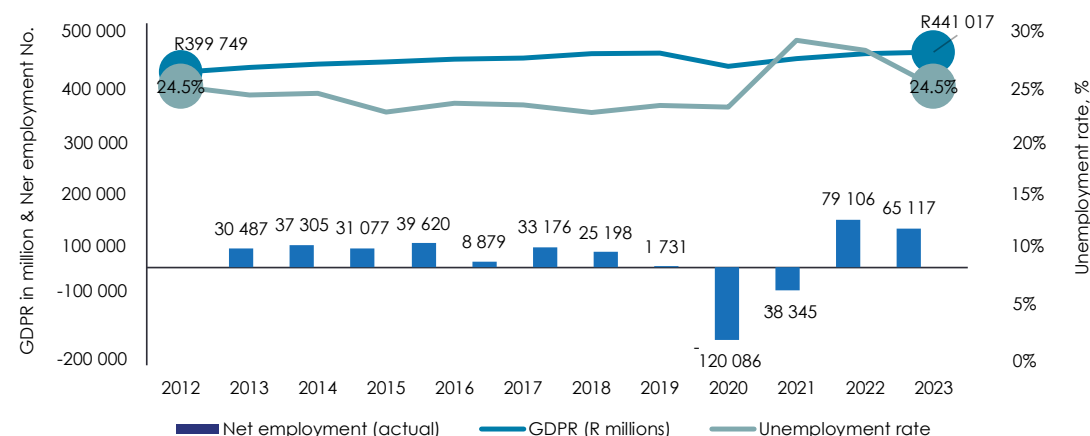
With its blend of natural beauty, cultural heritage, and economic activity, the Cape Metro drives the Western Cape's growth. The region offers diverse opportunities across sectors such as tourism, finance, technology, and agriculture, making it a key economic powerhouse in the province and a global tourist destination.

Municipal GDPR & employment performance



REGIONAL ECONOMIC AND EMPLOYMENT PERFORMANCE

Figure 14
GDPR¹³, EMPLOYMENT GROWTH AND UNEMPLOYMENT RATE, Cape, 2012 – 2023



Source: Quantec, 2024

The Cape Metro dominates the Provincial economic landscape, recording a GDPR of R441 billion in 2023, accounting for 72.5 per cent of the provincial GDPR. Cape Metro's real GDPR growth in 2023 exceeded the national average slightly. While South Africa's year-on-year real GDPR growth was 0.6 per cent, the Cape Metro with a growth rate of 0.7 per cent, achieving GDPR of R441.0 billion in 2023. This growth was primarily driven by strong performances across key sectors, including finance, insurance, real estate, and business services, transport, storage and communication, and manufacturing, all of which are central to the Cape Metro's diverse economy.

The Cape Metro's economic recovery led to positive employment trends, marking a significant rebound in job creation after the pandemic. In 2023, the Cape Metro added over 65 000 new jobs, contributing to a noticeable drop in the unemployment rate. The unemployment rate, which had peaked at 28.5 per cent in 2021, improved to 24.5 per cent by the end of 2023, reflecting the region's growing economic stability. This increase in employment follows a trend of recovery, with Cape Metro creating more jobs in 2022 and 2023 than were lost during the economic downturn of 2020 and 2021.

Net employment is a vital metric for assessing the overall health and direction of the job market. It is calculated by taking the total number of job gains and subtracting the total number of job losses.

The primary drivers of job gains were the services and finance sectors, with transport, storage, and communication, alongside finance, insurance, and business services, seeing particularly strong

¹³ The previous report data was based on Gross Value Added (GVA) at current prices. However, two changes have been made. First, the data has been transformed to GDPR through adding taxes and subtracting subsidies. Second, the real GDPR has been included based on constant 2015 prices – in this way, the real changes in GDPR are presented, and not those driven by CPI.

growth. These sectors played a key role in driving employment, while helping offset job losses in other areas, contributing to a more positive employment outlook for the region. Overall, Cape Metro's economic and employment growth in 2023 shows a continued recovery, with both GDPR and employment trends strengthening their position within the broader Western Cape economy. The Cape Metro accounts for a substantial share of employment, with a large proportion of jobs in the services and manufacturing sectors. The labour market is diverse, with 33.8 per cent of the employed population in skilled positions, 47.0 per cent in semi-skilled roles, and 19.2 per cent in low-skilled positions. Semi-skilled and low-skilled workers are particularly prominent in the manufacturing, wholesale trade, and services sectors, while skilled workers are increasingly found in finance, real estate, and business services. This distribution highlights the diverse nature of the Cape Metro's workforce, with a strong demand for both skilled and semi-skilled labour, particularly in the region's dominant service and industrial sectors.

Cape Metro Labour Profile

The Cape Metro demonstrated more favourable labour market trends compared to the Western Cape province between 2022 and 2023.

The Cape Metro experienced a slight decrease in its participation rate, an estimation of the active workforce in South Africa, from 62.9 per cent in 2022 to 61.6 per cent in 2023. This decline suggests a modest reduction in labour market engagement, which may reflect factors such as discouragement, education, or demographic shifts. In contrast, the Western Cape also saw a decline in its participation rate, from 61.9 per cent in 2022 to 61.2 per cent in 2023, indicating a broader provincial trend of reduced labour force participation.

Figure 15
EMPLOYMENT PROFILE, Cape Metro, 2022 – 2023

	Western Cape		Cape Metro	
	2022	2023	2022	2023
Participation Rate ¹⁴	61.9%	61.2%	62.9%	61.6%
Employment-to-population Ratio ¹⁵	46.6%	47.9%	45.9%	46.9%
Not economically active prop to working age ¹⁶ pop	38.1%	38.8%	37.5%	38.7%

Source: Quantec, 2024

Cape Metro also experienced an improvement in its employment-to-population ratio, which rose from 45.9 per cent in 2022 to 46.9 per cent in 2023, indicating increased employment opportunities for the working-age population. Similarly, the Western Cape's employment-to-population ratio also rose, from 46.6 per cent to 47.9 per cent, showing a positive trend in job creation for the province overall. While the proportion of the working-age population in Cape Metro saw a slight increase from 37.5 per cent in 2022 to 38.7 per cent in 2023, the Western Cape saw a more significant rise in this proportion, from 38.1 per cent in 2022 to 38.8 per cent in 2023.

¹⁴ The labour participation rate is calculated by dividing the number of people who are employed or actively seeking employment by the total working-age population.

¹⁵ While the unemployment level refers to the number of people that are actively seeking work, but are unable to find work, the employment-to-population specifically measures the proportion of the working age population that is employed.

¹⁶ Not economically active refers to persons aged 15 to 64 years who were neither employed nor unemployed in the reference week.

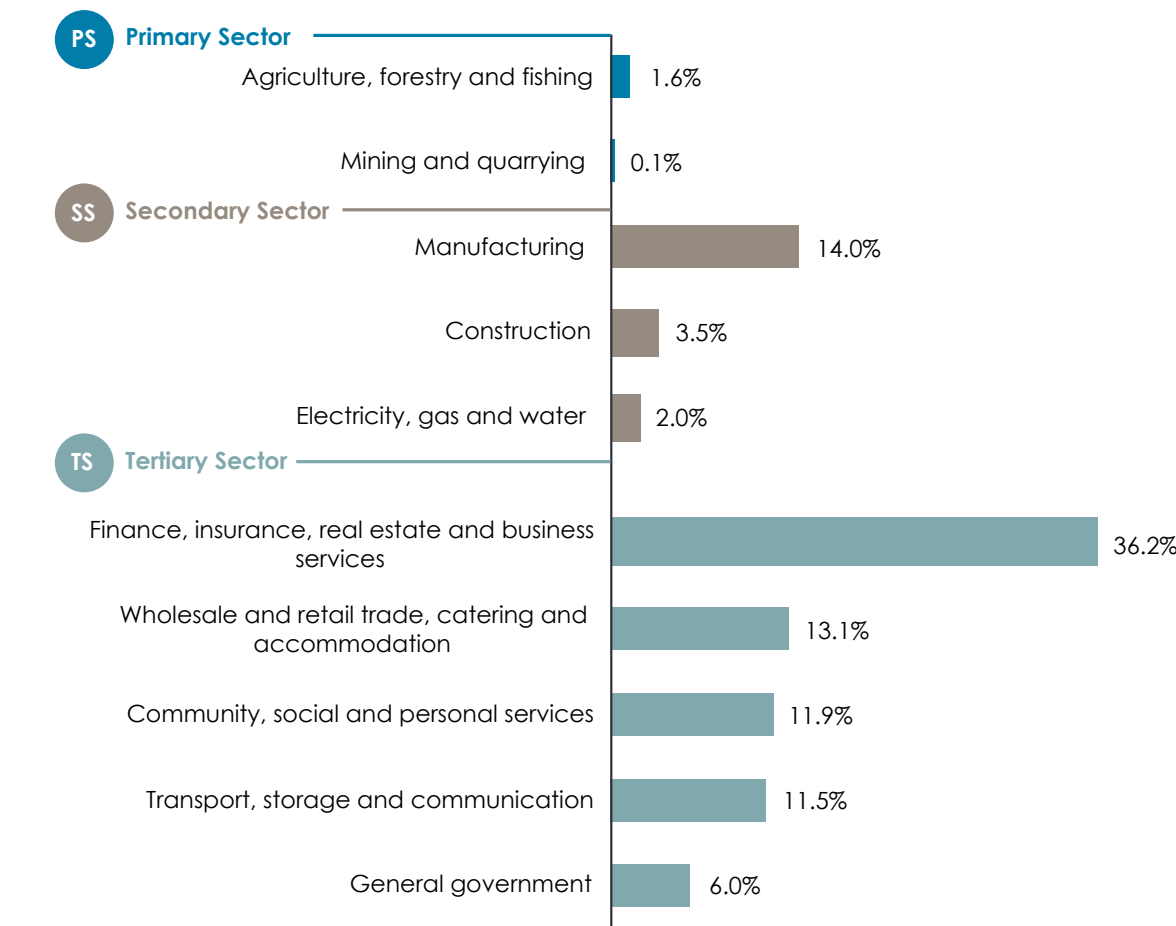
The tertiary sector, led by finance, insurance, real estate, and business services, accounted for the highest share of GDP at 36.2 per cent (R159.8 billion). The finance sector, particularly prominent in the Central Business District (CBD), Bellville, and Parow, is the cornerstone of the Cape Metro economy. The Cape Metro has positioned itself as an ideal base for several leading national companies in this sector, including Sanlam, Santam, Allan Gray, and Old Mutual. It also serves as Africa's business process outsourcing (BPO) hub, attracting numerous international firms seeking cost-effective and efficient business solutions. The sector is set to expand further with significant investments such as Amazon's R4.5 billion African headquarters under development in Observatory, which is expected to further cement the region's status as a financial powerhouse.

Following this, wholesale and retail trade, catering, and accommodation contribute 13.1 per cent (R58.0 billion) to GDP. Several wholesale and retail giants, including Shoprite, Pick n Pay, Woolworths, the Freddy Hirsch Group, Pepkor, and The Foschini Group (TFG), are based in the Metro, leveraging its strategic location and robust infrastructure. The large population of the Cape Metro and its popularity as a tourist destination also drive retail spending. Seasonal events and festivals further boost the retail and accommodation sectors, making them integral to the Metro's economic landscape.

The secondary sector, driven by manufacturing plays a key role, contributing 19.5 per cent to economic output. Manufacturing in the Cape Metro primarily consists of food and beverage production, benefiting from the rich agricultural diversity and access to the Port of Cape Town and Cape Town International Airport. The food production industry encompasses spices, condiments, dairy products, baked goods, snacks, meat, and fish products. The Cape Metro also includes three prominent wine-producing areas, Constantia, Durbanville, and the Helderberg region, which serve as valuable tourist attractions. Additionally, the construction sector is experiencing growth, driven by both residential and commercial developments, further enhancing the Metro's economic infrastructure.

Although the primary sector, dominated by agriculture, forestry, and fishing, makes a smaller contribution to GDP at 1.6 per cent, it remains a vital part of the economic landscape, underscoring the importance of agriculture in supporting economic diversification.

Figure 16
GDP CONTRIBUTION, Cape Metro, 2023



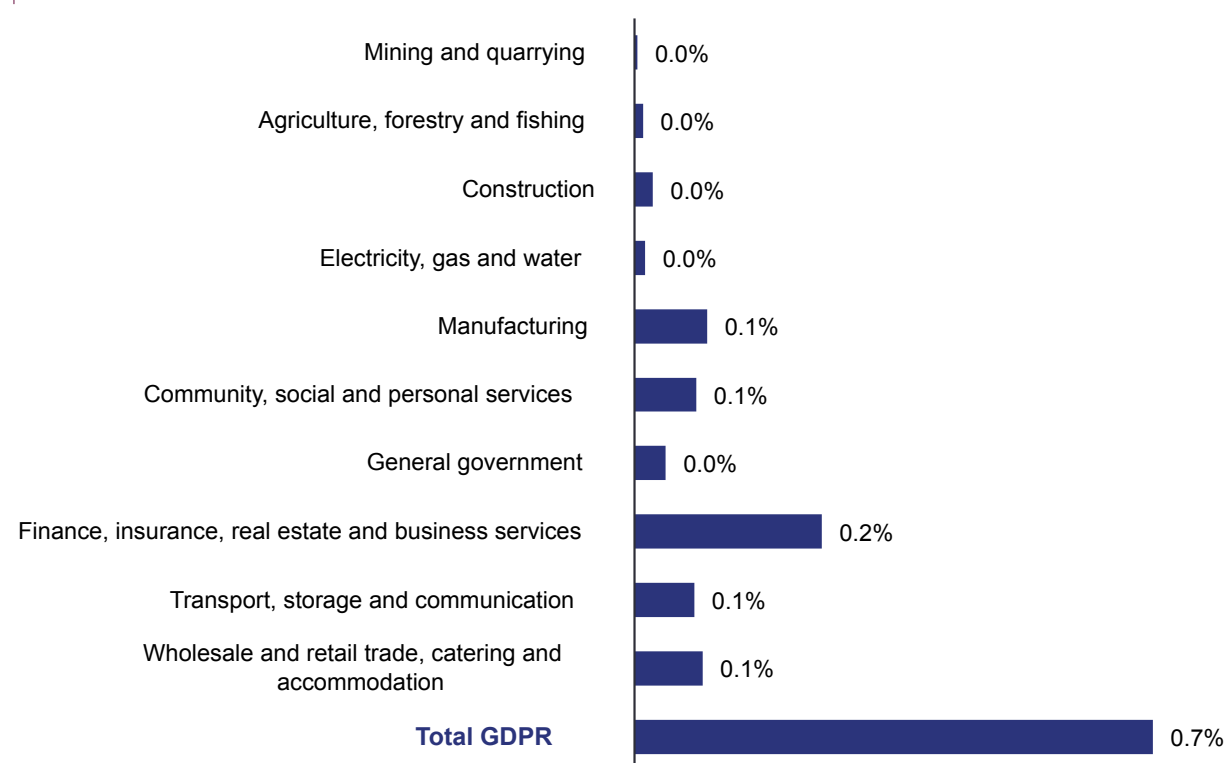
Source: Quantec, 2024

The importance of economic diversity is evident when examining the drivers of the Cape Metro's sectoral contributions to its economic performance in 2023. The Cape Metro's finance, insurance, real estate and business services sector demonstrated its economic strength and diversity, contributing 0.2 percentage points to GDP growth in 2023.

Growth in the finance, insurance, real estate and business services sector was underpinned by financial services (excluding insurance and pension funding) and call centres. The real estate sector also reported positive outcomes in 2023, bolstered by continued influx of relocations from other provinces due to superior service delivery and business opportunities. This migration has sustained an increase in residential property sales, particularly in areas like Atlantis, Melkbosstrand, Milnerton, Blue Downs, and Somerset West. Commercial property performance improved, with office rentals rising, particularly in Century City, Claremont, Tyger Valley, and the V&A Waterfront.

Four sectors contributed relatively equal portions – transport, storage and communication; wholesale and retail trade, catering and accommodation; manufacturing; and community, social and personal services – at 0.1 percentage points. Economic growth for these sectors was driven by direct and indirect linkages to boosting of the tourism sector, increased cargo handled at the Port of Cape Town and an increase in passenger and cargo traffic at the Cape Town International Airport in 2023.

Figure 17
SECTORAL CONTRIBUTION TO GDPG GROWTH (PERCENTAGE POINTS), Cape Metro, 2023



Source: Quantec, 2024

Between 2022 and 2023, the Cape Metro saw a total increase of 25 504 jobs, with notable contributions from sectors such as wholesale and retail trade, transport, storage and communication, and finance and business services. While this growth represents continued recovery in the wake of the COVID-19 pandemic, it has not yet fully recouped all the jobs lost during the economic downturn of 2020. However, positive trends in labour force participation (up by 1.3 percentage points) and the employment-to-population ratio (up by 1.0 percentage points) signal a decrease in the economically inactive population and a reduction in the unemployment rate, which fell by 3.1 percentage points in 2023.

An analysis of the spatial tax data reveals that the Cape Metro's total number of full-time equivalent (FTE) jobs grew by 1.8 per cent in 2023. This growth can be attributed to several key factors. The expansion of residential and commercial developments, including the Amazon's African headquarters, has created numerous job opportunities in construction, real estate, and related services. Additionally, a boost in tourism has contributed to job creation in the hospitality, retail, and service sectors, as the region continues to attract both domestic and international visitors.

Figure 18
FULL-TIME EQUIVALENT JOBS AND GROWTH, Cape Metro, 2014 - 2023¹⁷



Source: Nell, A & Visagie, J. *Spatial Tax Panel 2014 – 2023 (dataset)*. Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

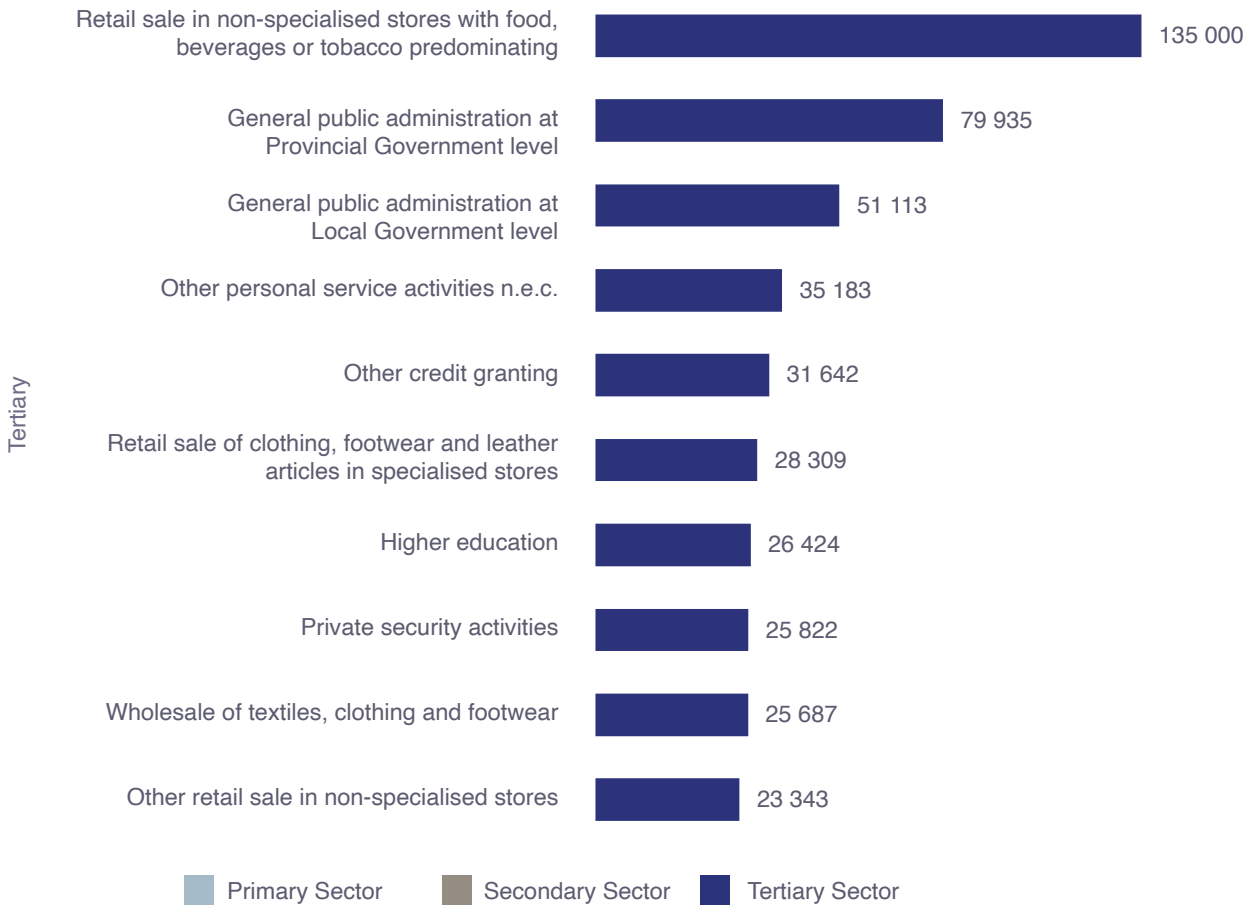
In the Cape Metro, employment is predominantly concentrated in the tertiary sector, with retail, public administration, and personal services leading job creation. Retail trade, particularly in non-specialised stores, employs over 135 000 people, followed by provincial and local government roles, which together account for more than 130 000 jobs. Other notable sectors include credit granting, personal services, and wholesale trade, further supporting the region's labour market.

While the tertiary sector dominates, agriculture and manufacturing employ fewer people despite contributing significantly to GDPG. This underscores the need for strategic investments to boost job creation in higher-value sectors, while maintaining support for agriculture and public services to ensure balanced and sustainable economic growth across the Cape Metro.

¹⁷ The reporting of the data has changed; town-level data is no longer available. The new method will report FTE figures at the municipal level



Figure 19
TOP 10 SECTORS BY NUMBER OF FTE, Cape Metro, 2023



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

The largest job gains in 2023 in the Cape Metro were recorded in public administration, retail, and temporary employment. General public administration at the local government level saw the most significant increase, adding over 11 500 jobs. Retail sales in non-specialised stores and temporary employment agency activities also contributed strongly, with 5 851 and 5 665 jobs gained, respectively. Other notable sectors that experienced job growth include credit granting, call centres, and motion picture production, each adding thousands of jobs. These sectors highlight the growing demand for services and administrative roles in the region's economy.

However, the retail sector saw significant losses, particularly in non-specialised stores, which lost nearly 25 000 jobs. Other job losses occurred in the tertiary sector, including medical and dental practice activities, advertising, and private security services. Additionally, secondary sector jobs in waste collection and civil engineering projects, along with some primary sector jobs in poultry farming, experienced declines. These losses underscore the challenges in specific industries, while the growth in the tertiary sector signals a continued shift towards service-driven employment in the Cape Metro's economy. Strategic investments in sectors facing job losses, coupled with ongoing support for the growing service and administrative industries, will be crucial for fostering balanced and sustainable job creation in the region.

Figure 20
TOP 10 SECTORS BY NUMBER OF FTE JOB GAINS AND LOSSES, Cape Metro, 2022-2023

	Job	Cape Metro	Sector
Largest job gains	General public administration at Local Government level	11 568	Tertiary
	Retail sale in non-specialised stores with food, beverages or tobacco predominating	5 851	Tertiary
	Temporary employment agency activities	5 665	Tertiary
	Other credit granting	4 953	Tertiary
	Motion picture, video and television programme production activities	3 492	Tertiary
	Activities of call centres	3 232	Tertiary
	Management consultancy activities	2 942	Tertiary
	Other personal service activities not elsewhere classified	2 903	Tertiary
	Other telecommunications activities	2 744	Tertiary
	Regulatory activities	2 524	Tertiary
Largest job losses	Other retail sale in non-specialised stores	- 24 760	Tertiary
	Other medical and dental practice activities	- 3 757	Tertiary
	Advertising	- 3 087	Tertiary
	Private security activities	- 2 655	Tertiary
	Other food service activities	- 1 312	Tertiary
	General cleaning of buildings	- 1 291	Tertiary
	Collection of non-hazardous waste	- 1 163	Secondary
	Construction of other civil engineering projects	- 1 130	Secondary
	Other transportation support activities	- 1 049	Tertiary
	Raising of poultry	- 955	Primary

Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

Figure 21
TOP FIVE SECTORS FOR JOB CREATION AND JOB LOSSES, Cape Metro, 2022-2023

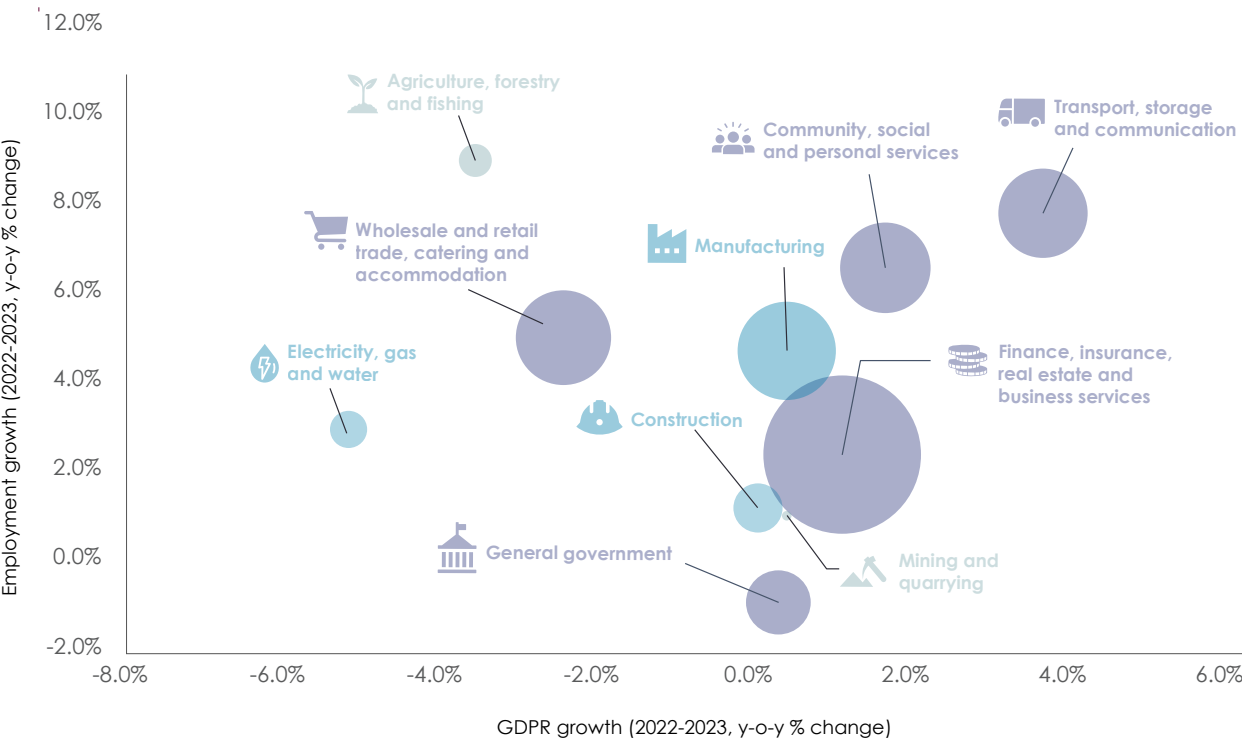
Total job Gains	31 529	Total job Losses	-35 570
General public administration at Local Government level	11 568	Other retail sale in non-specialised stores	-24 760
Retail sale in non-specialised stores with food, beverages or tobacco predominating	5 851	Other medical and dental practice activities	-3 757
Temporary employment agency activities	5 665	Advertising	-3 087
Other credit granting	4 953	Private security activities	-2 655
Motion picture, video and television programme production activities	3 492	Other food service activities	-1 312

Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

An analysis of the Cape Metro's GDPR and employment performance in 2023 reveals a highly diverse economy, with key sectors driving growth in different ways. The tertiary sector, led by finance, insurance, real estate, and business services, remains the largest contributor to GDPR, though it provides relatively few jobs compared to other sectors. Employment growth in this sector was modest, with notable gains in wholesale and retail trade, and transport, storage, and communication. Despite this, public administration remains an important source of employment, though it experienced a slight decline in job growth.

The primary sector, particularly agriculture, remains a critical source of employment, with a 9% increase in jobs despite a decline in GDPR. Agriculture's reliance on climate-sensitive activities, such as fruit and vegetable farming, poses ongoing challenges. Manufacturing, which has a larger role in GDPR, showed positive job growth but still contributes fewer jobs compared to agriculture. For the Cape Metro to achieve sustainable economic growth, it will need to enhance agricultural productivity and strengthen the resilience of both its primary and secondary sectors, while fostering further development in higher-value sectors like finance and manufacturing. By leveraging the strengths of these sectors, the Cape Metro can build a more resilient and diversified economy that supports long-term job creation.

Figure 22
GDPR¹⁸ AND EMPLOYMENT PERFORMANCE PER SECTOR, Cape Metro, 2023-2024



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

18 The previous report data was based on Gross Value Added (GVA) at current prices. It has now been updated to reflect GDPR at constant prices, which involves converting GVA to GDPR by adding taxes and subtracting subsidies.

The economic outlook for the Cape Metro shows that four sectors are expected to experience growth above the average of 0.7 per cent or over the next three years. The agriculture sector is likely to see an increase due to the predicted cooler and wetter conditions of La Nina in 2025, which could be favourable for farming. The finance sector is expected to continue its trend of surpassing the national average growth rate, given its essential role in supporting other industries. The tertiary sector will remain the main driver of economic growth as the Cape Metro area emerges as a leader in business services and technology. The manufacturing and construction sectors are anticipated to see a decline during the outlook period, and the electricity, gas, and water sector is also expected to decline due to the increased usage of renewable energy in the region.

Figure 23
GDPR¹⁹ AND EMPLOYMENT PERFORMANCE PER SECTOR, Cape Metro, 2012-2026

	Average (2012-2019)	Average (2022-2023)	2024, f	2025, f	2026, f	Average (2024-2026)
Agriculture, forestry and fishing	2.9%	1.5%	5.3%	2.6%	2.7%	3.5%
Mining and quarrying	1.7%	-7.5%	-0.8%	-5.3%	-2.0%	-2.7%
Manufacturing	0.3%	0.0%	-1.6%	-0.6%	-0.4%	-0.9%
Electricity, gas and water	-1.7%	-3.9%	-3.6%	0.5%	-1.2%	-1.4%
Construction	0.0%	-1.6%	-0.2%	-3.4%	-3.5%	-2.4%
Wholesale and retail trade, catering and accommodation	1.2%	0.5%	-0.1%	-0.2%	-0.2%	-0.2%
Transport, storage and communication	1.5%	6.7%	-4.1%	0.1%	0.1%	-1.3%
Finance, insurance, real estate and business services	2.3%	1.9%	2.0%	2.0%	2.0%	2.0%
General government	2.5%	0.5%	1.6%	1.4%	1.4%	1.5%
Community, social and personal services	1.8%	1.5%	1.2%	1.2%	1.2%	1.2%
Total	1.5%	1.5%	0.6%	0.7%	0.7%	0.7%

Source: Quantec, 2024

19 The previous report data was based on Gross Value Added (GVA) at current prices. It has now been updated to reflect GDPR at constant prices, which involves converting GVA to GDPR by adding taxes and subtracting subsidies.



COMPARATIVE ADVANTAGE

Sectoral comparative advantages of the Cape Metro can be leveraged to promote local economic growth and job creation. When a sector has a comparative advantage in a region relative to the rest of the country, businesses can capitalise on its local strengths in efficiency and production. The sector is typically able to meet local needs while also serving a larger market outside the region.

A location quotient greater than one indicates that the sector in question has a comparative advantage in the region relative to its competitiveness nationally. A location quotient of less than one suggests that the sector's position in the region is weaker than its position nationally. A location quotient of one indicates that the sector has the same advantage regionally as it does nationally.

Location quotient	Interpretation
Less than 1	The region has a lower concentration of the industry or occupation than the larger area. This may indicate a high import propensity, and opportunity for growth.
Equal to 1	The region and the larger area have the same proportion of the industry or occupation. This indicates that the region is economically diverse.
Greater than 1	The region has a higher concentration of the industry or occupation than the larger area. This suggests specialisation in that sector. Therefore, the sector is serving needs beyond the border, exporting goods and services in this sector.

Based on the interpretations of the location quotient, the Cape Metro's composition of sectors is similar to provincial proportions, indicating a diverse range of economic activities. These include transport, storage and communication; finance, insurance, real estate and business services; general government and community, social and personal services

Figure 24
LOCATION QUOTIENT IN TERMS OF GVA²⁰, Cape Metro, 2023

	Location quotient relative to Province	Gross value added at basic prices
Agriculture, forestry and fishing	0.37	1.6%
Mining and quarrying	0.85	0.1%
Manufacturing	1.00	14.0%
Electricity gas and water	1.04	1.9%
Construction	0.95	3.5%
Wholesale and retail trade catering and accommodation	0.98	13.2%
Transport, storage and communication	1.05	11.7%
Finance, insurance, real estate and business services	1.07	35.8%
General government	1.02	6.0%
Community, social and personal services	1.02	12.1%
Total	1.5%	1.5%

Source: Quantec, 2024

²⁰ Gross value added (GVA) measures economic productivity, by assessing the value added to a product by a particular sector. GVA growth can indicate which sectors are performing well.

Cape Metro's unique strengths, including its skilled workforce, advanced infrastructure, strategic location, and high quality of life, offer unique comparative advantages and drive economic growth.

- Primary sector
- Secondary sector
- Tertiary Sector



Emerging sectors

Low and medium comparative advantage, but growing



Community, social and personal services



Transport, storage and communication

Mature sectors

High comparative advantage and growing



Agriculture, forestry and fishing



Electricity, gas and water



Transport, storage and communication



Wholesale and retail trade, catering and accommodation



Finance, insurance, real estate and business services

Troubled sectors

Low and medium comparative advantage, but declining



General government

Mature and declining

High comparative advantage, but declining



Mining and quarrying



Construction

Emerging sectors have a location quotient of less than one, but the location quotient is increasing over time. While the comparative advantage of such sectors is low, targeted interventions can be used to help them improve their comparative advantage.

Mature sectors have a location quotient of more than 1. The quotient is increasing over time, indicating that the local comparative advantage of these sectors is growing relative to the advantage they have elsewhere in the country. Such sectors should be the focus of development initiatives.

Troubled sectors have a location quotient of less than one that is diminishing over time. There is little possibility that these sectors will enable large-scale economic growth and job creation.

Mature sectors that are losing ground have a location quotient of more than one; however, their comparative advantage is diminishing. These sectors are at risk and therefore need special investigation and intervention to help them retain their comparative advantage.

The surrounding Western Cape region is known for its high-quality agricultural produce, including wine, fruit, and vegetables. Cape Town serves as a key hub for agri-processing and export activities. Cape Town is also at the forefront of renewable energy initiatives, with a focus on solar, wind, and other sustainable energy sources. The city's commitment to green energy solutions offers significant opportunities for growth and investment.

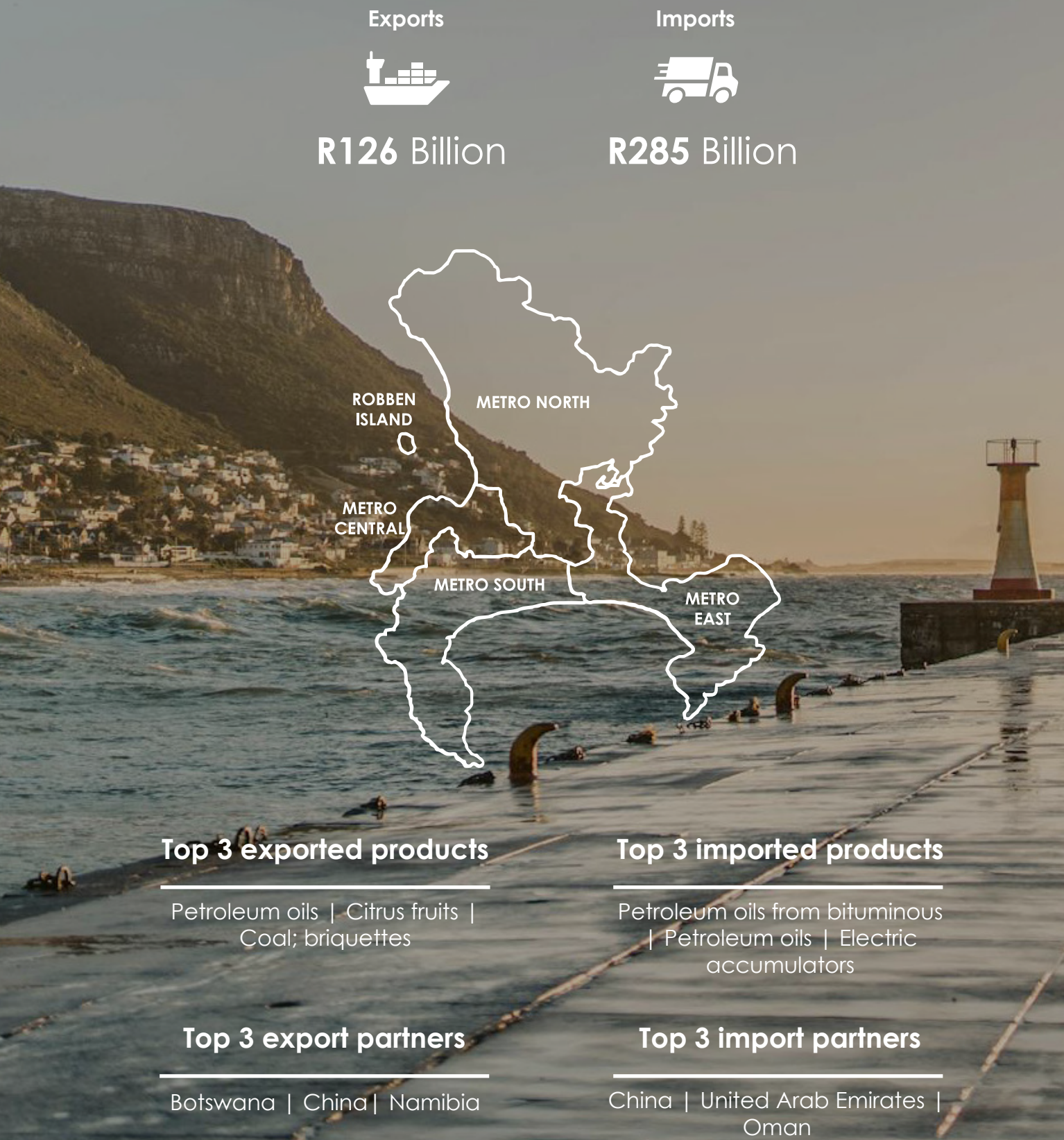
The Metro has mature but declining sectors for financial services and transport, storage and communication. The Metro is known for its thriving tech industry, with numerous startups and established tech companies driving innovation. Cape Town's Silicon Cape initiative has positioned it as a major tech hub on the continent.

The Metro is home to a highly skilled and educated workforce, which is essential for the sophisticated demands of the financial sector. Despite performance challenges, the Port of Cape Town is one of the busiest in Africa, facilitating international trade and logistics. The city's maritime industry, including shipping, fishing, and marine services, plays a crucial role in its economy positioned in easily accessible transport networks. Cape Town's strategic location and connectivity make it an attractive destination for both local and international investors.

The Cape Metro has solid foundations for growth as a result of its well-established infrastructure, advanced technological capacity, skilled workforce and geographic location. However, there are key sectors which require government support to create a conducive business environment while also improving and sustaining the quality of lives for all.

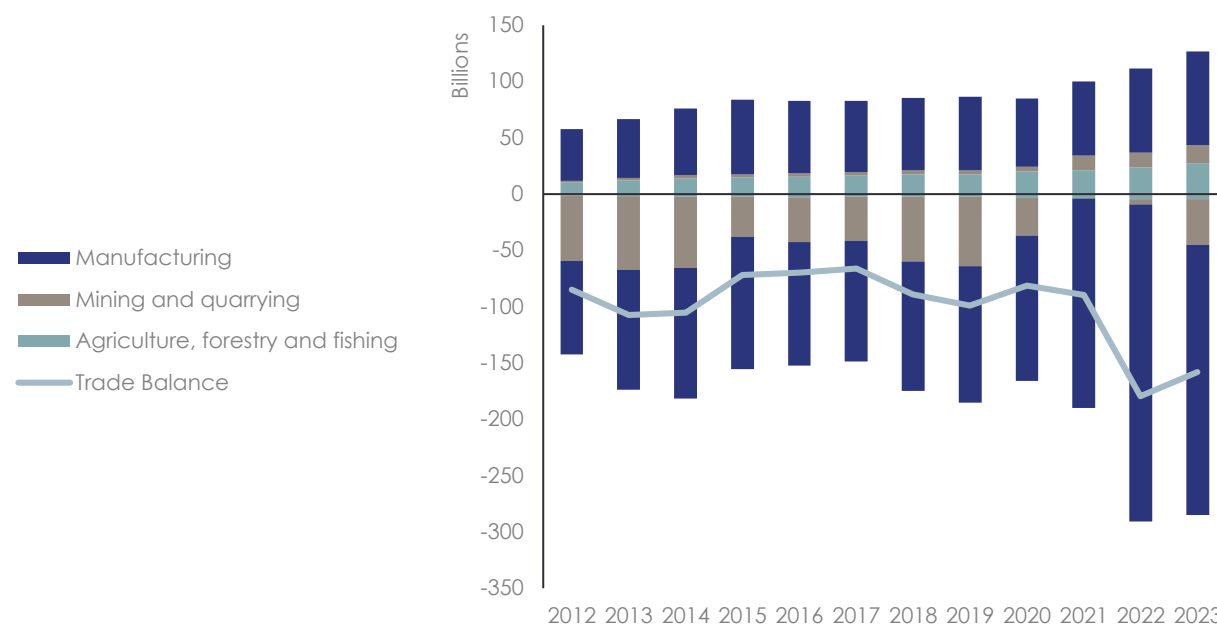


INTERNATIONAL TRADE: CAPE METRO TRADE 2023



The Cape Metro has experienced a negative trade balance for years, but in 2023, it saw a slight improvement, reaching R158.1 billion. This trade deficit is primarily due to the substantial import of petroleum oil products and rising commodity prices, compounded by a weaker Rand. Importantly, the trade balance does not signify poor production capabilities within the Cape Metro. Rather, it highlights its role as a trade hub, facilitating the import and export of goods to and from South Africa.

Figure 25
TRADE BALANCE, Cape Metro, 2012-2023



Source: Quantec, 2024

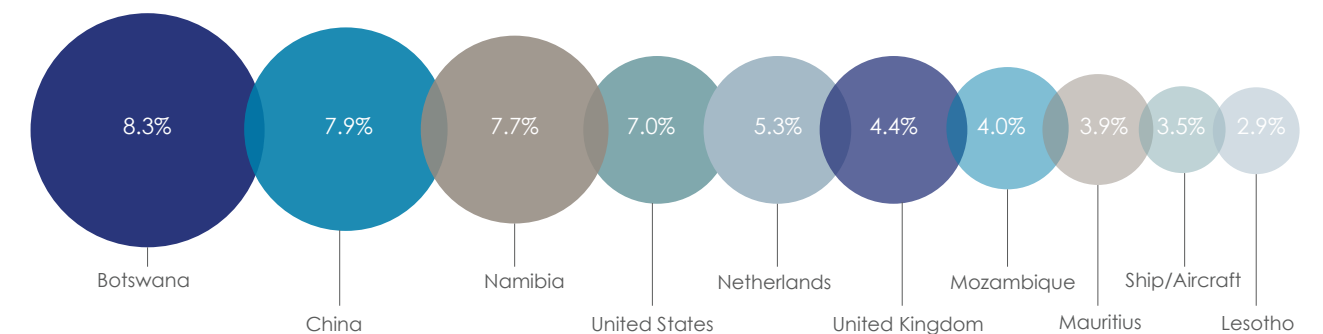
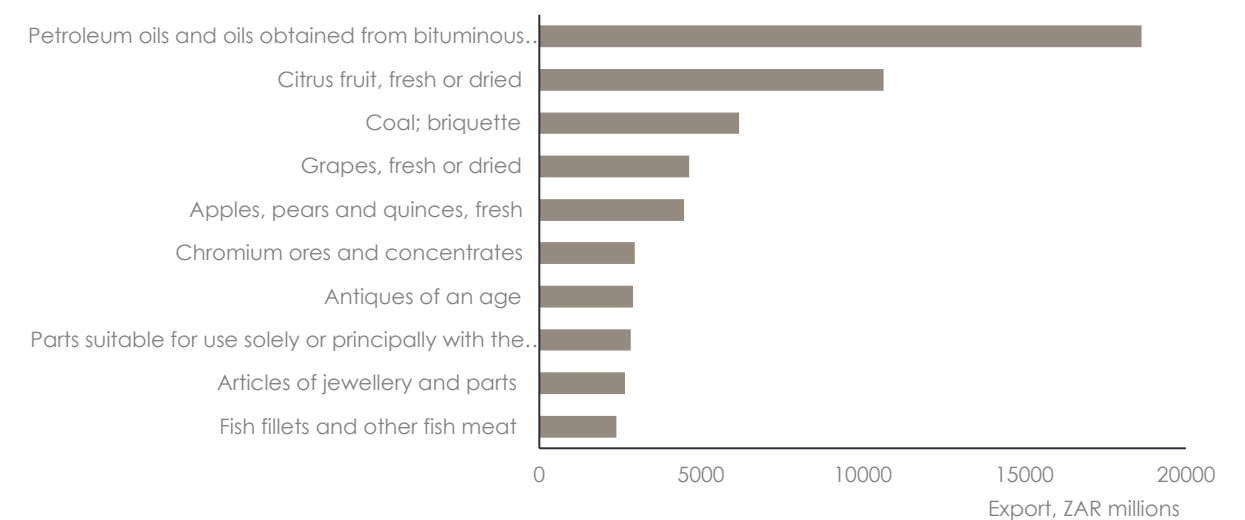
In 2023, the Cape Metro exported products valued at R126.8 billion. Petroleum oils were the top



export product, amounting to R18.6 billion. The Cape Metro hosts several companies in the petroleum oil industry, including Engen, Efora Energy, and SAOGA. Following petroleum oils, the next largest exports were citrus fruits and coal briquettes, valued at R106 billion and R61 billion, respectively. The prominence of agricultural products among the top ten exports underscores the Western Cape's competitive advantage in this sector, contributing 55 to 60 per cent of South Africa's agricultural exports, including fruits, wine, and fish.

Botswana was the top export destination for the Cape Metro, with bulk petroleum oil, fruit juice and cigars being the biggest export commodities. China's ranking as an export partner improved from fifth place in 2022 to second place in 2023, with exports from the Cape Metro to China reaching a value of R10 billion. Namibia ranked third, with total exports of R98 billion.

Figure 26
TOP 10 EXPORT PRODUCTS AND TOP 10 EXPORT PARTNERS, Cape Metro, 2023

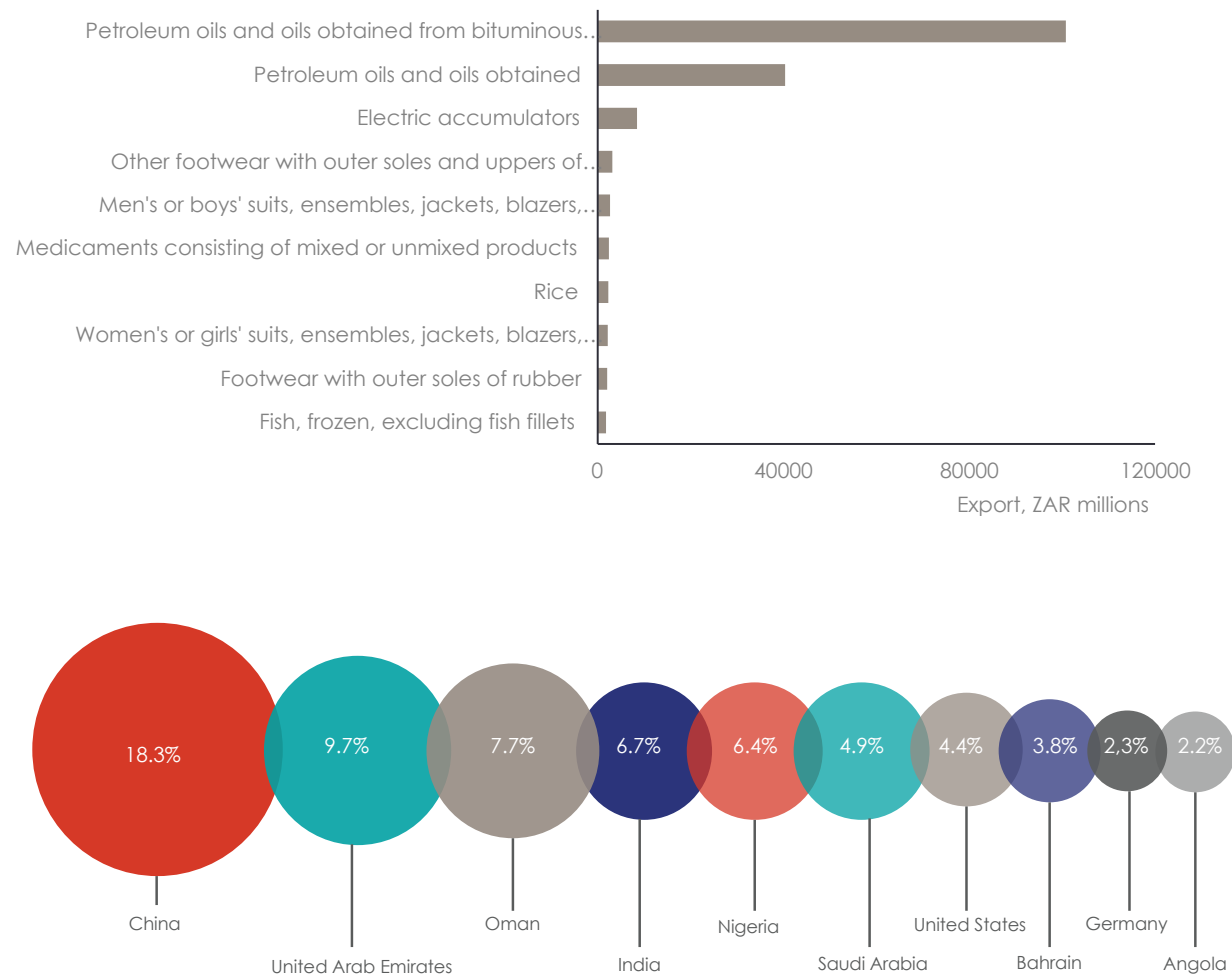


Source: Quantec, 2024

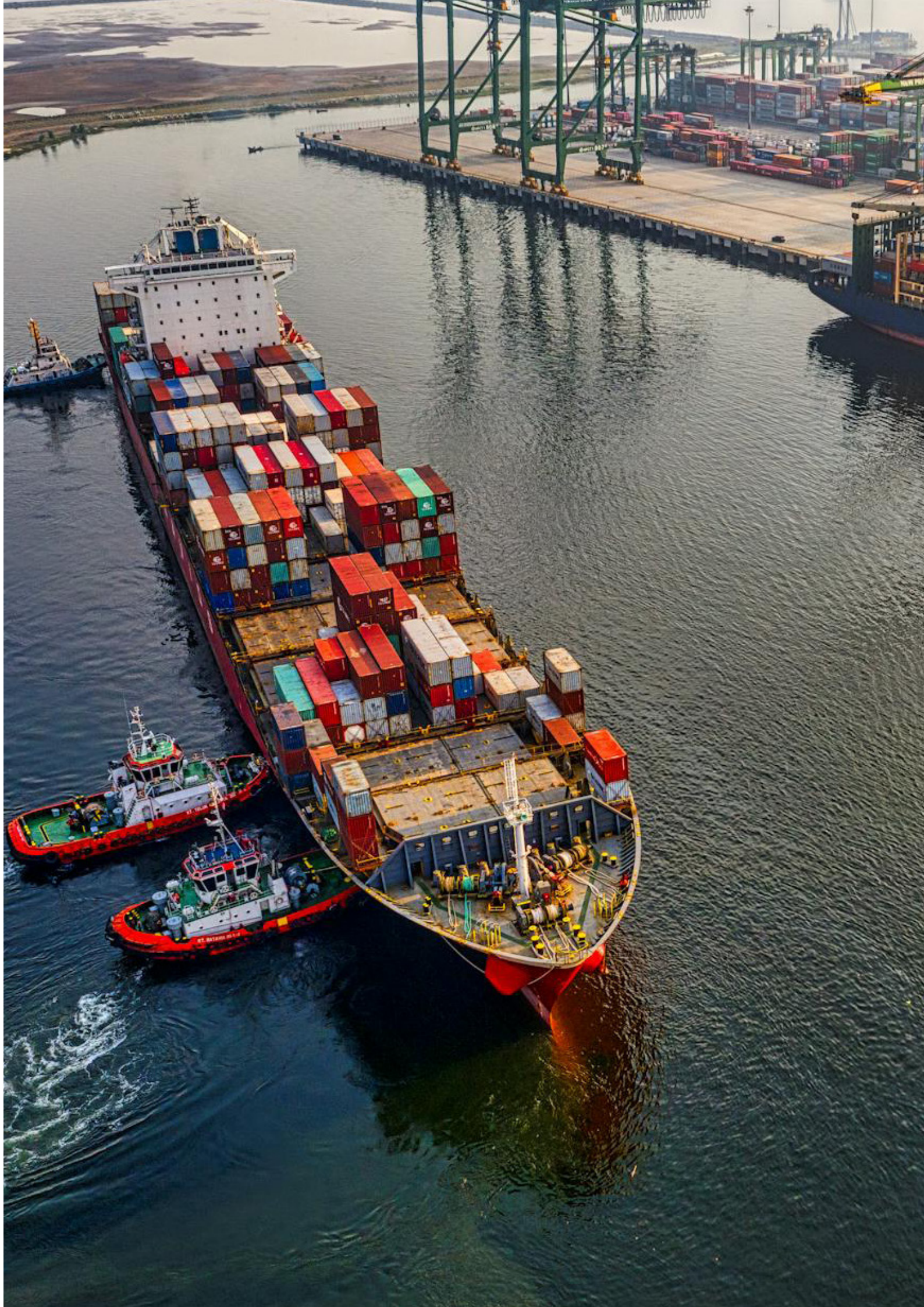
In 2023, the Cape Metro imported products valued at R285 billion. Petroleum imports accounted for the largest proportion of imports, and equal to R101 billion. The Cape Metro serves as a major entry point for oil and gas imports, with around 40 per cent of South Africa's oil imports imported via the Cape Metro compared nearly 50 per cent that arrive via the Johannesburg Metro. The head offices of petroleum giants Engen and Astron are in the Cape Metro, overseeing these imports' arrival and distribution throughout South Africa and neighbouring countries. In addition, Astron Energy's refinery, situated along the N7 east of Bloubergstrand, imports crude oil and processes it into final products such as petrol, jet fuel, fuel oil, and diesel.

The Cape Metro enjoys a robust trade relationship with China, supported by South Africa's strategic initiatives to enhance trade ties. The United Arab Emirates (UAE) is one of South Africa's largest trading partners in the Middle East. In 2023 products to the value of R276 million were imported from UAE into the Metro.

Figure 27
TOP 10 IMPORT PRODUCTS AND TOP 10 IMPORT PARTNERS, Cape Metro, 2023



Source: Quantec, 2024



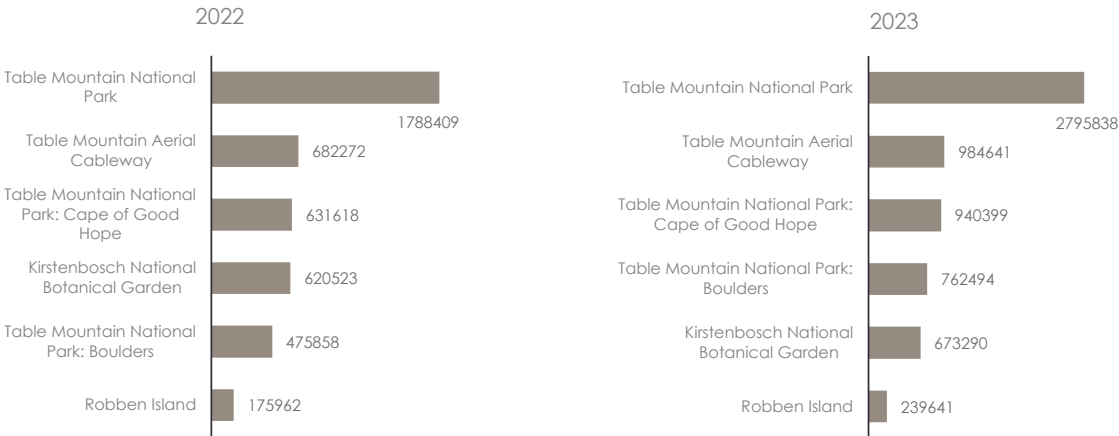
TOURISM

Cape Town, often referred to as the “Mother City,” is the legislative capital of South Africa and the capital of the Western Cape province, renowned for its stunning natural beauty nestled between the iconic Table Mountain and the Atlantic Ocean. Cape Town has evolved from the time of its establishment into a vibrant, cosmopolitan city known for its diverse culture, beautiful beaches, and world-class wine regions. In 2023, Cape Town received several prestigious awards, including Africa’s Leading City Destination at the World Travel Awards, affirming its status as a top travel destination.²¹ Cape Town International Airport was also recognised as Africa’s Leading Airport, and the Port of Cape Town was awarded Africa’s Leading Cruise Port. The city’s hospitality sector also shone, with The Silo winning Africa’s Leading Luxury Hotel and the One&Only Cape Town named Africa’s Leading Luxury Resort. Additionally, The Telegraph celebrated Cape Town as the Greatest City on Earth, highlighting its breathtaking landscapes, vibrant culture, and exceptional quality of life.²²

Cape Town has solidified its status as a premier tourist destination, with significant growth in visitor numbers across its top attractions. In the Western Cape, Cape Town saw the largest year-on-year growth from 2022 to 2023, with a 46.1 per cent increase in the number of visitors to its attractions. These attractions are key contributors to the growth in tourism within the Western Cape, making Cape Town a must-visit destination.

In 2023, Table Mountain National Park saw a remarkable 56.3 per cent increase in visitors, totalling 2 795 838. The Table Mountain Aerial Cableway experienced a 44.3 per cent rise, attracting 984 641 visitors. The Cape of Good Hope, part of the Table Mountain National Park, welcomed 940 399 visitors, marking a 49.0 per cent increase. Boulders, famous for its penguin colony, saw a 60.2 per cent surge in visitors, reaching 762 494. Kirstenbosch National Botanical Gardens also enjoyed an 8.5 per cent increase, with 673 290 visitors.

Figure 28
THE TOTAL NUMBER OF VISITORS TO ATTRACTIONS, Cape Metro, 2022 – 2023



Source: Wesgro, 2024

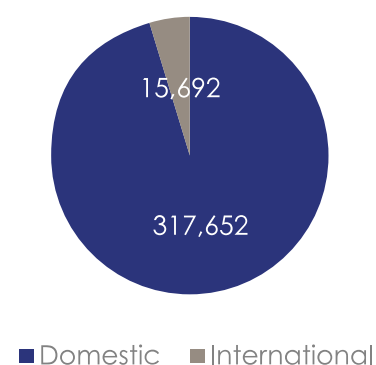
Domestic tourists made up the majority of the region’s visitors, accounting for 95.3 per cent of the total, while international tourists comprised only 4.7 per cent. Among domestic tourists, 16.7 per cent were from Johannesburg, 9.8 per cent from the city of Tshwane, 7.7 per cent from Ekurhuleni, and 6.2 per cent from Saldanha Bay. On the international front, the largest groups of visitors came from the United States (23.0 per cent), the United Kingdom (9.7 per cent), Australia (8.3 per cent) and Mexico (4.6 per cent). This indicates strong local appeal, with potential for growth in attracting more international visitors.



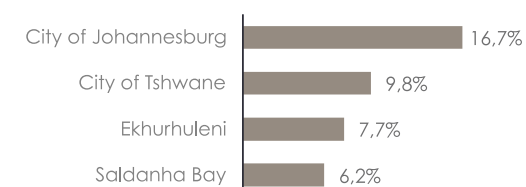
²¹ Holmes, 2023
²² Ajam, 2023

Figure 29
DOMESTIC AND INTERNATIONAL VISITORS, Cape Metro, 2023

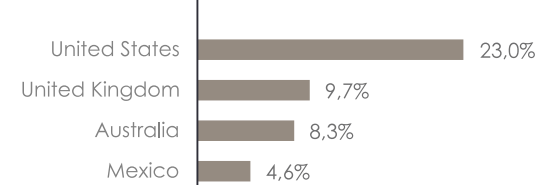
% Share of international and domestic visitors, Jan-Dec 2023



Top 4 Domestic visitors



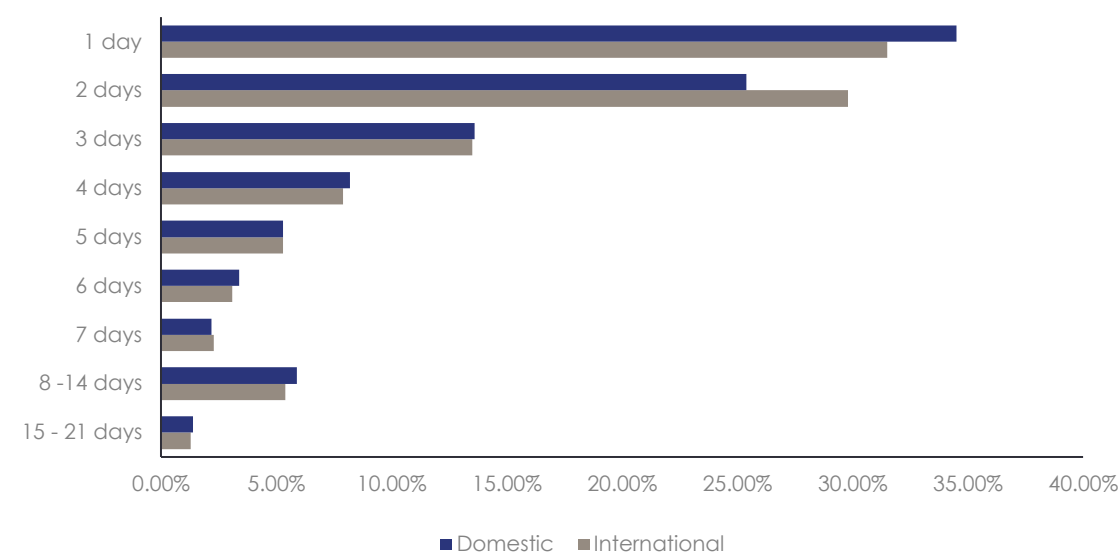
Top 4 International visitors



Source: Wesgro, 2024

On average, domestic tourists spent around 3.1 days in Cape Town, while international tourists spent approximately 3.0 days. Additionally, a significant portion of tourists were day visitors, with 34.5 per cent of domestic tourists and 31.5 per cent of international tourists visiting Cape Town for just one day. Most tourists stayed for shorter durations, with 29.8 per cent of international and 25.4 per cent of domestic tourists staying for two days, and 31.5 per cent of international and 34.5 per cent of domestic tourists staying for just one day. A few reported staying for long visits, only 1.3 per cent and 1.4 per cent of international and domestic visitors staying for 15-21 days.

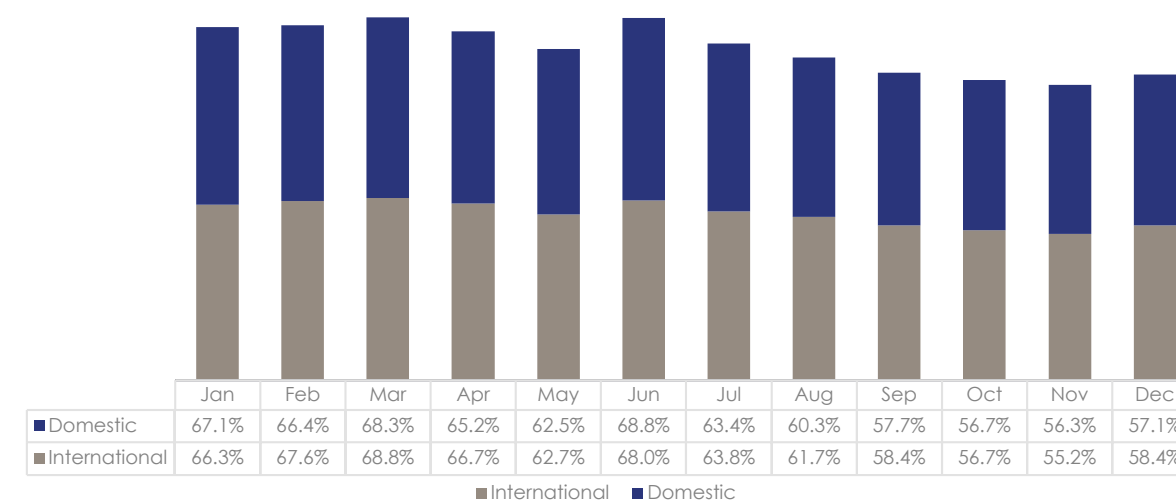
Figure 30
VISITOR AVERAGE DURATION OF STAY, Cape Metro, 2023



Source: Wesgro, 2024

As indicated above, a significant portion of both domestic (60.8 per cent) and international (62.7 per cent) tourists in the Cape Metro stayed overnight, on average. Monthly trends reveal that the highest overnight stay rates for domestic and international tourists were in March and June. On the other hand, the lowest rates for international tourists were in November and October.

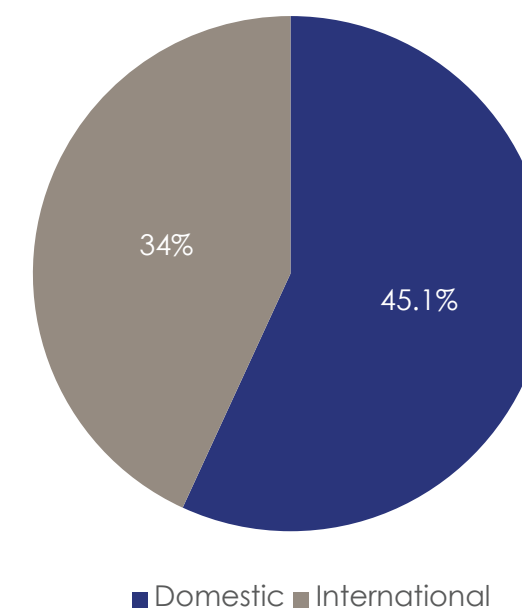
Figure 31
OVERNIGHT STAY AS A PERCENTAGE OF TOTAL VISITORS, Cape Metro, 2023



Source: Wesgro, 2024

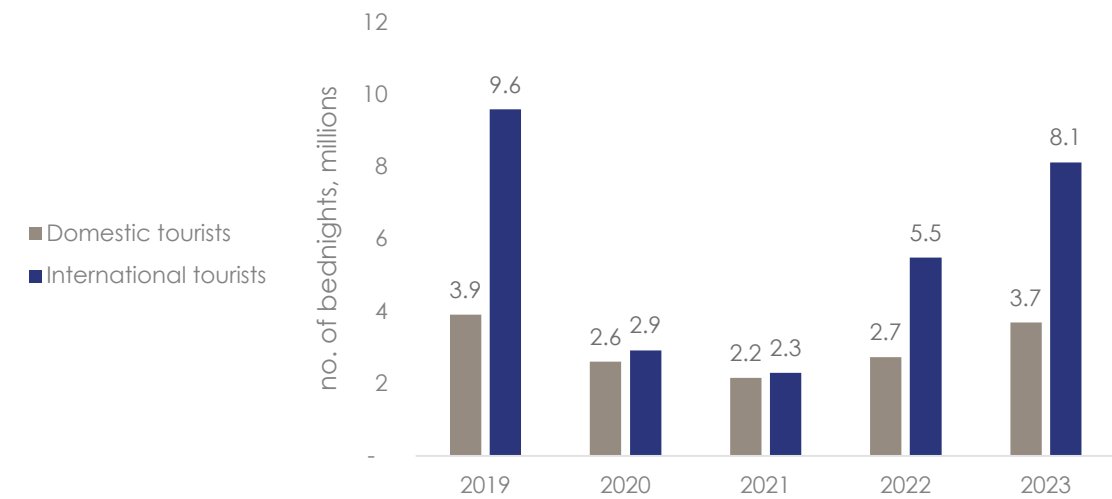
Trends further showed that 45.1 per cent of domestic tourists and 34.2 per cent of international tourists were repeat visitors to Cape Town, indicating that the city is a popular destination for subsequent visits.

Figure 32
REPEAT VISITORS, Cape Metro, 2023



Source: Wesgro, 2024

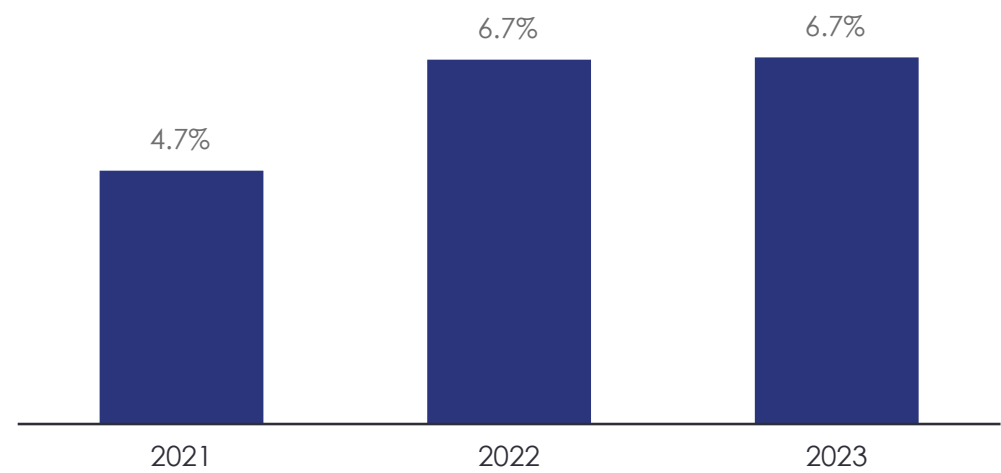
Figure 33
BEDNIGHTS, Cape Metro, 2023



Source: S&P Global: Market Intelligence, 2024

In 2023, tourist spending as a share of GDP increased to 6.7 per cent, a growth of 0.04 per cent since 2022. This rise reflects continued recovery of the tourism sector, driven by the easing of travel restrictions and a resurgence in travel activities post-pandemic.

Figure 34
TOURIST SPEND AS A SHARE OF GDP (CURRENT PRICES), Cape Metro, 2023



Source: S&P Global: Market Intelligence, 2024

INVESTMENTS

Within the Western Cape province, both the public and private sectors are pivotal, as they fulfill interdependent functions that propel economic advancement and progress. The public sector's investment is key to establishing a conducive environment that attracts private sector participation, through its commitment to infrastructure, education, and healthcare, which in turn cultivates a healthy, productive and skilled workforce.

Fundamentally, the public sector's investment forms the bedrock upon which the private sector's investment spurs onward growth and development. Private sector investment is vital for economic growth and diversification as well as employment creation through bringing in fresh capital, new technology, and specialised knowledge. Therefore, a coordinated strategy that integrates the strengths of both sectors is important for the continuous and sustainable economic advancement.

Public sector investment

The Cape Metro recorded a notable growth in the 2024/25 budget to R12.1 billion, compared to R11 billion in the 2023/24 budget. The growth in expenditure is directed towards maintaining and improving essential services like health, transport, and infrastructure, alongside the financial strain of land acquisition for housing, drought management, and addressing homelessness. Significant budget portions are allocated to core services, infrastructure upgrades, and social services, while high land costs and capital investments in municipal assets further add to the financial burden²³.

The bulk of the expenditure is in trading services, with an allocated spend of R3.6 billion on water waste management, an increase of 20.5 per cent. The Metro prioritises wastewater management due to water scarcity, environmental protection needs, growth in informal settlements, aging infrastructure, and climate change. Efficient wastewater treatment is essential for water reuse, reducing pollution in natural water bodies, and addressing sanitation in informal settlements. Key strategies include upgrading treatment plants with modern technology, implementing stormwater management systems, launching public awareness campaigns on water conservation, and expanding sanitation infrastructure in informal settlements²⁴.



23 City of Cape town, 2024
24 City of Cape town, 2023

Figure 35
TOURIST SPEND AS A SHARE OF GDP (CURRENT PRICES), Cape Metro, 2023

DESCRIPTION	R million
Municipal governance and administration	R1.15
Executive and council	R0.00
Finance and administration	R1.15
Internal audit	R0.00
Community and public safety	R1.54
Community and social services	R0.12
Sport and recreation	R0.19
Public safety	R0.20
Housing	R0.98
Health	R0.06
Economic and environmental services	R3.20
Planning and development	R0.23
Road transport	R2.72
Environmental protection	R0.26
Trading services	R6.12
Energy sources	R1.21
Water management	R1.23
Waste water management	R3.59
Waste management	R0.10
Other	R0.05
Total infrastructure spend	R12.07
Infrastructure spend as a percentage of GDP	0.3%

Source: Western Cape Provincial Treasury, 2024. Based on forecast for the year.

The MTEF for the Cape Metro highlights the focus on enhancing infrastructure to facilitate the efficient functioning of various municipalities. A total of 389 projects are to be executed over the three-year period with a total value of R9.6 billion.

Firstly, Transport and public works allocated 33.3 per cent to the MTEF in order to enhance regional mobility. These projects are targeted at urban mobility projects to expand and improve the MyCiti bus service, including Phase2A, rebuilding IRT stations, upgrading the fare collection system, and refurbishing buses. The Congestion Relief programme aims to alleviate traffic congestion through infrastructure projects such as the dualling of major roads and intersection upgrades. These initiatives are designed to enhance the efficiency and reliability of public transportation and reduce traffic congestion in key areas.²⁵

Secondly, Health and Wellness allocated 33.3 per cent to the MTEF in order to improve health and wellness. Significant enhancements to community sport facilities are planned, including upgrades to the Velodrome Stadium, Strandfontein Clubhouse, and various sports fields. New swimming pools will be constructed, and existing ones will be upgraded, such as the replacement of heat pumps at Strand Pool and the redevelopment of Hanover Park Pool.

25 The City of Cape Town, 2023/24 - 2025/26 BUDGET , 2023

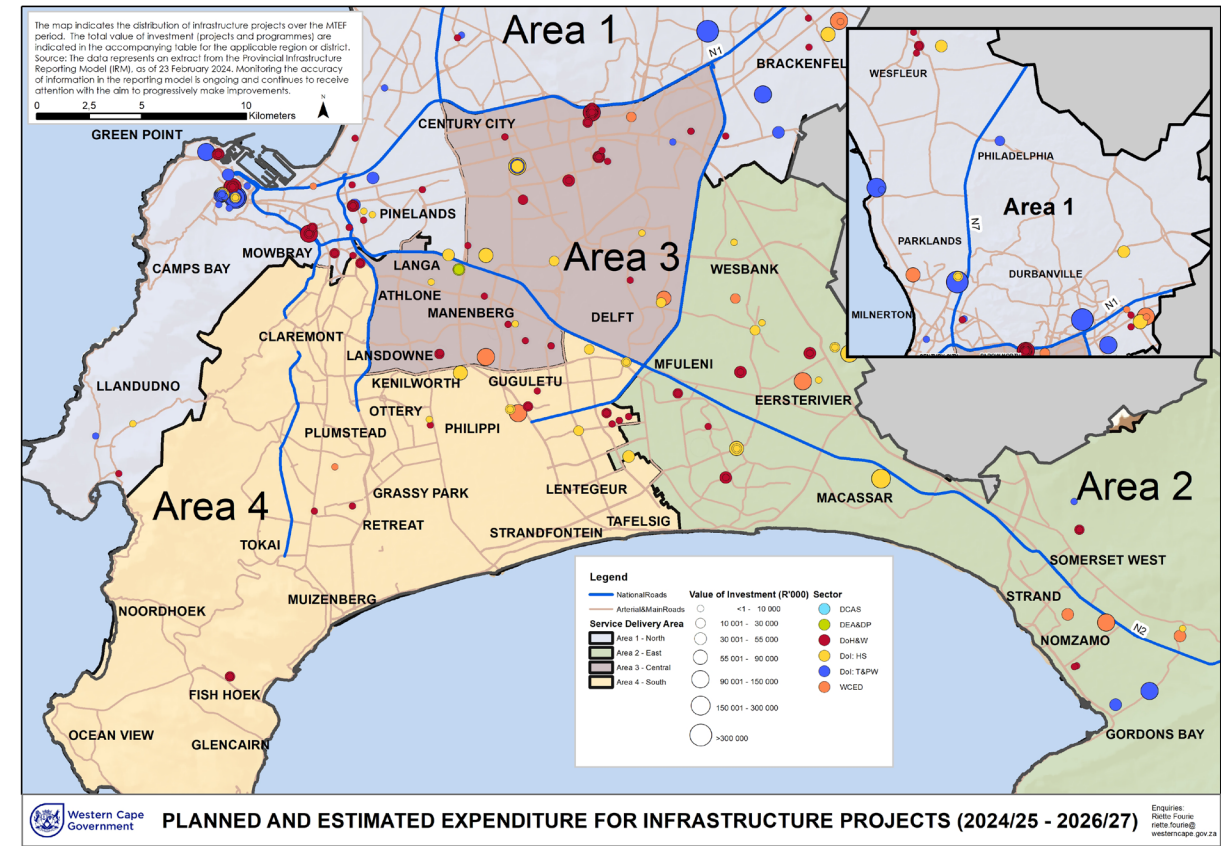
Thirdly, Human Settlements allocated a 21.2 per cent to support the growing demand for housing. Key projects include extending homeless accommodation by adding bed space at shelters managed by NGOs in Kensington and Retreat. The Education Department was allocated 11.1 per cent, which will be critical in enhancing student access to education.

Lastly, Environmental Affairs and Development Planning allocated 1.1 per cent towards mitigating against the effects of weather variability. Key coastal infrastructure, including Mnandi Beach and Strandfontein Pavilion, will be upgraded to support public access, recreation, and coastal ecosystem protection.

Figure 36
TOTAL DEPARTMENTAL MTEF BUDGET AND NUMBER OF PROJECTS, Cape Metro, 2024 – 2027

WC Provincial Department	No. of Projects & Programmes	2024/25 MTEF (R'000)	2024/26 MTEF (R'000)	2026/27 MTEF (R'000)	MTEF Total (R'000)
Education (WCED)	16	450 328	256 987	355 101	1 062 416
Health and Wellness (DoHW)	253	1 032 569	1 043 130	1 117 369	3 193 068
Infrastructure (Human Settlements; DoHS)	63	775 053	695 526	563 249	2 033 828
Infrastructure (Transport and Public Works; DTPW)	54	993 697	1 156 791	1 043 648	3 194 136
Environmental Affairs and Development Planning (DEA&DP)	3	18 036	41 986	43 876	103 898
Total	389	3 269 683	3 194 420	3 123 243	9 587 346

Source: National Treasury, 2024. Based on forecast for the year.



Greater Cape Town Water Fund: Adopting a Collaborative Approach to Municipal Ecological Infrastructure Investment

The Ecological Infrastructure Investment (EI) is aimed at clearing alien plants at strategically important water source areas that feed the Western Cape Water Supply System. This investment aims to enhance water security by increasing the availability of water and improving the ecological health of these critical areas.

The approach taken involves collaboration with key landscape stakeholders and contributing to a Water Fund model. This model tracks interventions, monitors progress, assesses impacts, and collectively plans future interventions. By working together, stakeholders can leverage their resources and expertise to achieve greater impact.

The initiative employs cutting-edge data management systems administered by The Nature Conservancy (TNC) through the Decision Support System (DSS). The DSS provides a robust framework for tracking and managing data related to the clearing of invasive alien plants, ensuring that interventions are strategic and effective.

The collaborative efforts have yielded meaningful results. More than 46 000 hectares of invasive alien plants have been cleared, resulting in the release of 15.2 billion liters of water per year, which translates to 42 million liters per day. This initiative has also created over 722 jobs, contributing to the local economy and community well-being.

The City of Cape Town has been a major investor in this initiative, contributing R50 million for the period 2021-2023 and committing a further R75 million for 2023-2026. The total investment by the city of Cape Town to date amounts to R98.5 million, as recorded in the DSS. The total investments from all partners involved in the initiative stands at R223.5 million, highlighting the collective commitment to improving water security and ecological health.

This case study demonstrates the power of a collaborative approach to municipal ecological infrastructure investment. By working together and leveraging advanced data management systems, stakeholders have been able to make considerable progress in clearing invasive alien plants, enhancing water security, and creating jobs. The continued investment and commitment from the city of Cape Town and other partners underscore the importance of this initiative and its potential to drive sustainable environmental and economic benefits for the region.



Financial Sustainability and Good Governance: A Key Lever for Infrastructure Development

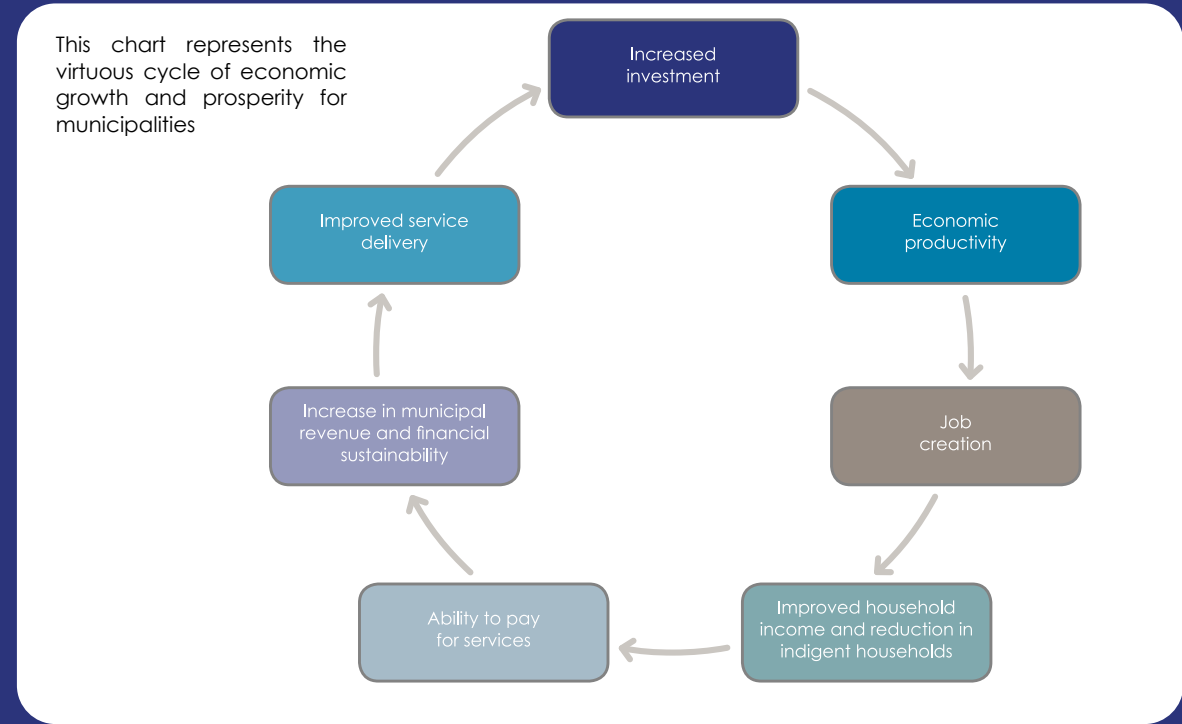
Traditionally, municipal capital budgets are funded from (i) conditional grants, (ii) internally generated revenue and (iii) borrowing. Conditional grants remain the primary source of capital funding, followed by internally generated funds and lastly borrowing. Over the past few years, the role of borrowing for capital funding is becoming more prominent as capital transfers have remained static and internally generated funds have contracted.

However, their financial resources are often limited by constrained revenue streams and rising operational costs. Traditional financing sources, such as service charge revenues and government grants, are proving insufficient to meet the required scale of investment. As a result, it has become critical to explore alternative financing options, including public-private partnerships, bonds, and other innovative funding structures.

A compelling case for alternative financing mechanisms, especially for infrastructure development, is gaining traction in the context of growing demand for public infrastructure against the financial constraints faced by municipalities. Municipalities are under mounting pressure to address infrastructure backlogs and expand capacity to accommodate both population growth and economic development, while maintaining resilience against environmental challenges.

Financial sustainability provides access to capital markets, leverage for negotiations, and reduces reliance on constrained government grants. Furthermore, sustainable financial management allows for better long-term planning and investment in infrastructure. Municipalities with strong financial foundations can prioritise projects based on strategic needs rather than short-term financial constraints, leading to more resilient and future-proof infrastructure.

The chart represents the virtuous cycle of economic growth and prosperity for municipalities

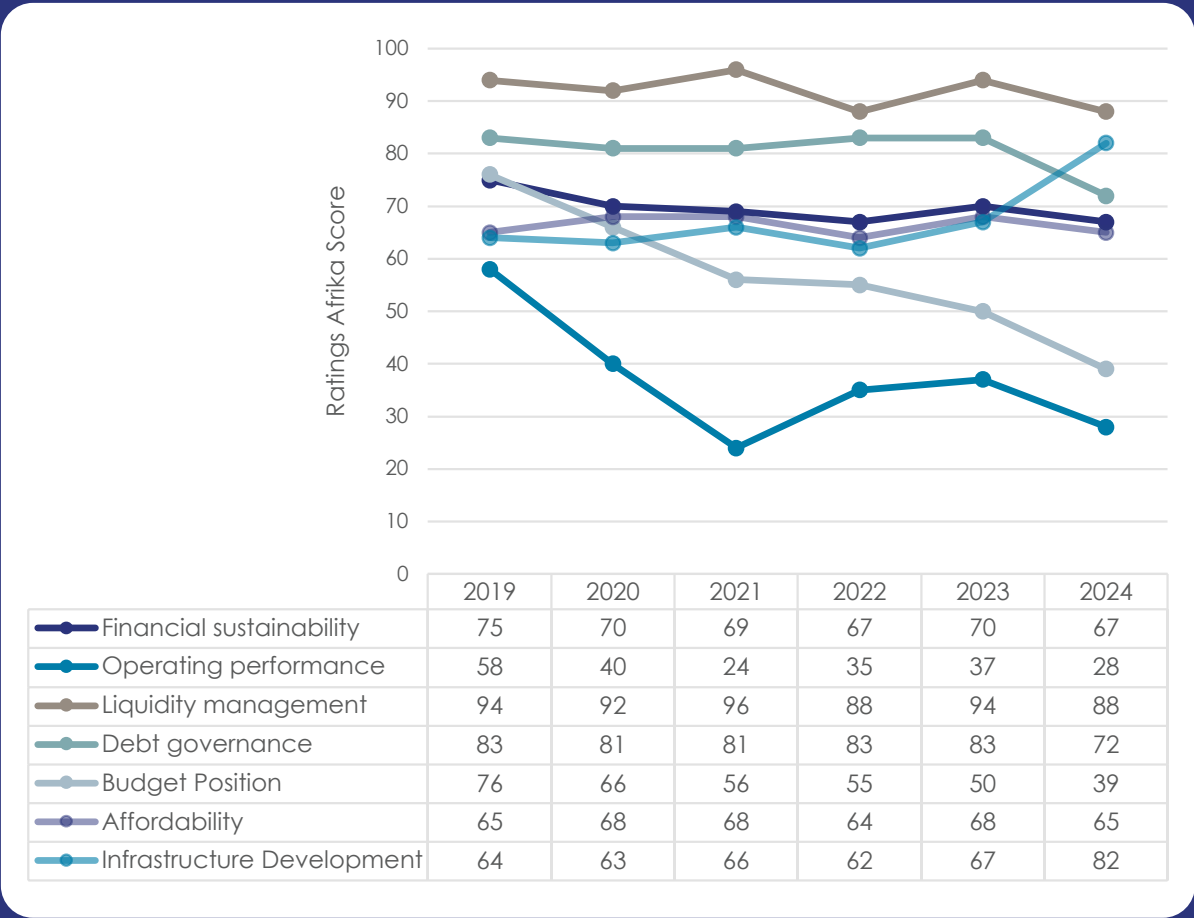


Financial sustainability and good financial governance play a critical role in enhancing a municipality's ability to secure alternative financing. Ratings Afrika defines financial sustainability as “the financial ability of a municipality to deliver services and to develop and maintain the infrastructure required by its residents without unplanned increases in rates and tariffs, or a reduction in the level of services. Furthermore, without external financial assistance, the municipality should be able to absorb financial shocks caused by natural, economic, political, and other disasters, such as COVID-19.”

In line with this definition, Ratings Afrika developed a Municipal Financial Sustainability Index (MFSI). The MFSI measures the operating performance, liquidity management, debt governance, budget position, and infrastructure development of local municipalities in South Africa, scoring each component out of 100. The Index can be used by municipalities in their decision-making, to improve financial sustainability.

Municipalities that score higher on this index demonstrate stronger financial management, which is crucial in attracting investors and securing favourable financing terms for infrastructure projects.

Figure 37
RATINGS AFRIKA MUNICIPAL FINANCIAL SUSTAINABILITY INDEX, Cape Metro, 2019-2024



Source: Ratings Afrika Municipal Financial Sustainability Analysis December 2023

The Ratings Afrika MFSI score for the Cape Metro indicates a high level of financial sustainability, with consistency at this level over the past three years. Strong liquidity and a moderate

debt burden support its 2023 financial sustainability, reflecting sound financial management practices. However, uneven operating performance remains the City of Cape Town's weakest financial sustainability component, having been anticipated to lower overall sustainability in the 2023/24 budget year. The Municipality's prioritisation of capital investment over the MTREF is expected to strengthen municipal infrastructure, supporting sustainable service delivery, and fostering revenue growth over the medium to long term.

While alternative financing is essential to address immediate infrastructure needs, financial sustainability ensures that municipalities can attract investment and secure financing on favourable terms. Financially stable municipalities are better positioned to meet both current and future infrastructure demands, fostering a virtuous cycle of economic growth and prosperity.

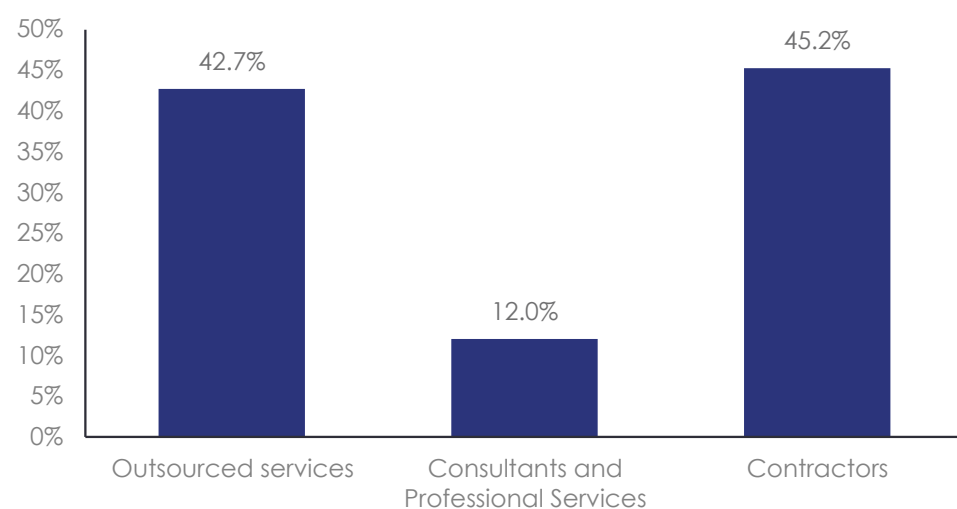


Public sector procurement

Public sector spending on contracted services enhances municipal efficiency while contributing to broader economic growth, particularly by stimulating local economic activity through the engagement of local service providers and generating employment. This approach reinforces the metro's role as a key facilitator of economic development.

In 2023/24, the Cape Metro allocated 45.2 per cent of its procurement spend on contracted services, a small decline from the previous year. This was followed by 72.7 per cent on outsourced services, and lastly, consultants and professional services at 12.0 per cent. This is partly explained by an overall decline in the government spending following budget cuts.

Figure 38
PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPAL AREA, Cape Metro, 2023/24



Source: Western Cape Provincial Treasury, 2024

Public sector spending on designated groups

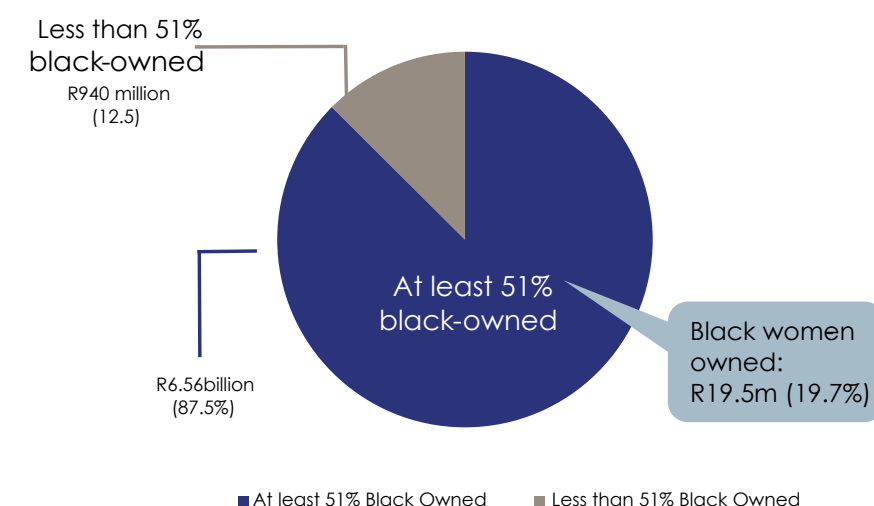
Procurement under Broad-Based Black Economic Empowerment (B-BBEE) remains a key component in the procuring of goods and services in the Western Cape. B-BBEE procurement policies are designed to incentivise companies to support economic transformation by doing business with suppliers that contribute to the empowerment of designated groups.

The section analyses how public procurement has been leveraged to support designated groups, which include majority black-owned businesses, small, medium and micro enterprises (SMMEs), and those owned by military veterans, youth and people living with disability.

Black owned enterprise – black women involvement

During 2023/24, a substantial allocation of R7.5 billion was directed towards black-owned enterprises. This investment represents 87.5 per cent of the total expenditure. Amongst this total expenditure, 19.7 per cent are majority owned by black women. By prioritising investments in women-owned companies, the initiatives aims to redress historical gender disparities in the business landscape, ensuring that women are afforded equitable opportunities to meaningfully participate and contribute to the economy.

Figure 39
EXPENDITURE ON REGISTERED BLACK-OWNED COMPANIES, Cape Metro, 2023/24



Source: Western Cape Provincial Treasury, 2024

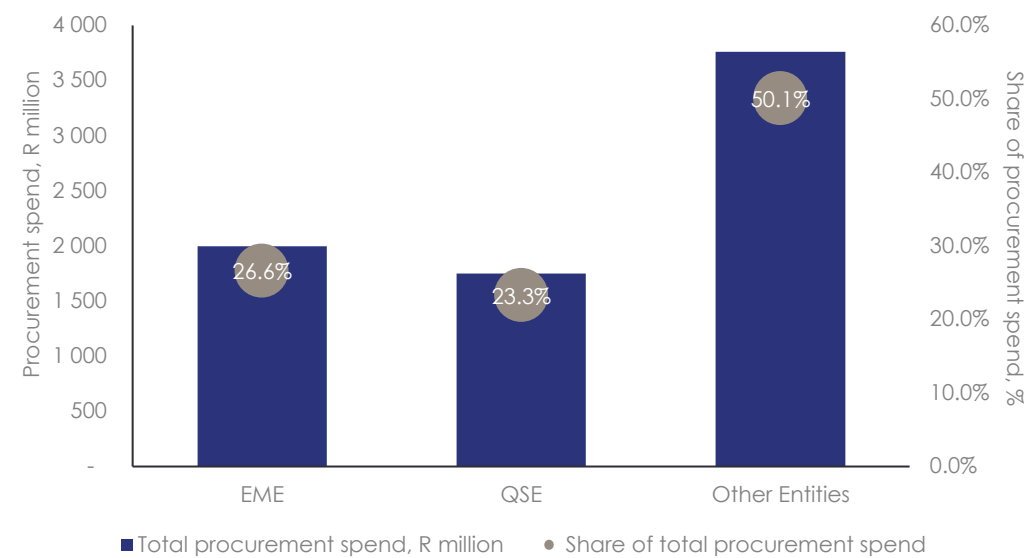
Small and Medium-Sized Enterprises (SMMEs)

The Western Cape is one of the most prominent entrepreneurial hubs in the country. Investment in black-owned Small, Medium, and Micro Enterprises (SMMEs) is prioritised by the province to encourage inclusive growth and stimulate job creation. This focus supports entrepreneurship, diversifies the economy, and enhances skills development.

During the fiscal period of 2023/24, expenditure towards (SMMEs) in the Cape Metro reached a total amount of R7.5 billion. Qualifying Small Enterprises (QSE) made up a large portion of the expenditure at R3.8 billion, while Exempted Micro Enterprises (EME) constituted a smaller amount of R2.0 billion. The remaining expenditure was directed at other SMMEs, at R1.7 billion. This overall expenditure continues to highlight the Metro's significant commitment to supporting the growth and development of SMMEs within the broader economic landscape.



Figure 40
EXPENDITURE ON REGISTERED SMMEs, Cape Metro, 2023/24

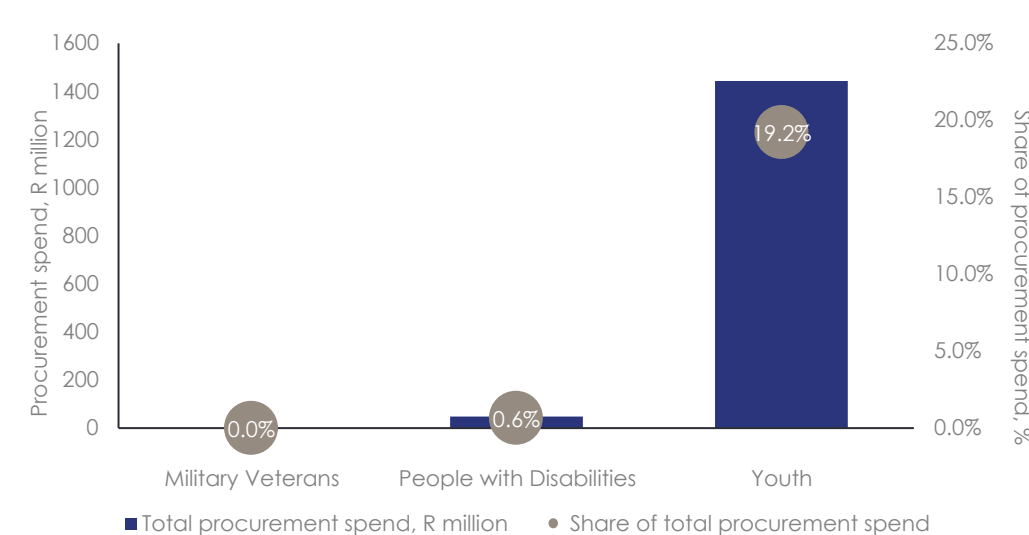


Source: Western Cape Provincial Treasury, 2024

Individuals with disabilities and the Youth

B-BBEE strategically emphasises the inclusion of youth and people with disabilities to tackle significant challenges of unemployment and marginalisation. In the 2023/24, the Western Cape Government (WCG) directed R1.4 billion towards youth-owned enterprises, accounting for a 19.2 per cent of the total spend. Additionally, R48.6 million was spent on businesses owned by individuals with disabilities, representing 0.6 per cent of overall spending. Investing in youth-owned businesses addresses high unemployment rates, stimulates economic growth, and fosters innovation by introducing fresh ideas and new industries.

Figure 41
PAYMENTS TO DESIGNATED SUPPLIERS, Cape Metro, 2023/24



Source: Western Cape Provincial Treasury, 2024

Private sector investment

Private sector investment is crucial to the Western Cape as it drives economic growth, innovation, and job creation. A vibrant private sector can fuel innovation and help alleviate poverty. Private investment, measured by Gross Fixed Capital Formation (GFCF), represents the actual expenditure on physical assets by businesses to maintain or increase production capacity.

In 2023, total GFCF increased by 3.5 per cent, with some variation across the sectors. The secondary sector with a total contribution of 24.7 per cent to GFCF, recorded the strongest growth of 9.5 per cent. In 2023, the manufacturing sector saw interesting developments in investment. PepsiCo acquired South African food manufacturing giant Pioneer Foods in 2020 and has since made considerable investments in expanding the company's infrastructure. These investments have included R300.0 million spent on the Weet-Bix factory in Atlantis, providing a new production line.

The tertiary sector saw moderate growth of 1.7 per cent, on average. This average growth was surpassed by transport, storage and communication and wholesale, retail and trade, which saw increases of 7.7 per cent and 7.1 per cent, respectively. However, the finance, insurance, real estate, and business services sector declined by 2.7 per cent, despite contributing the largest investment of R21.5 billion. The burgeoning high-tech industry and BPO sector have contributed towards foreign investment.

The primary sector contributed the least with 2.6 per cent and a year-on-year decline in investment of 0.5 per cent. The decline is partly explained by fluctuating commodity prices for some products, which challenges local producers.

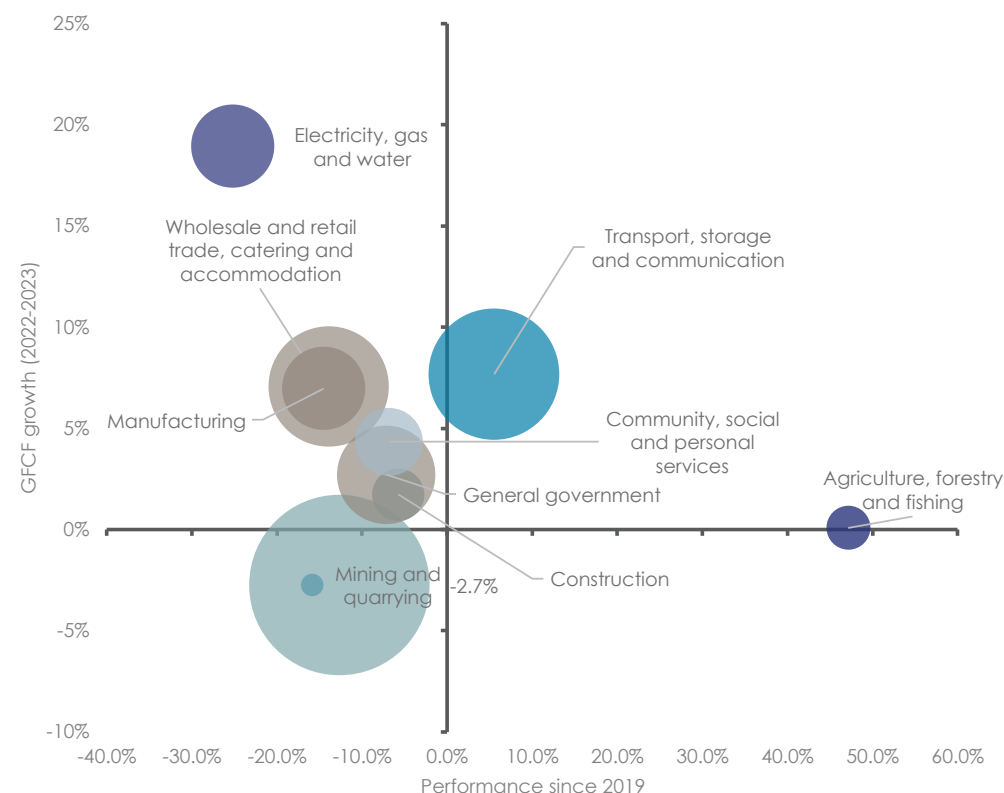
Figure 42
GROSS FIXED CAPITAL FORMATION PER SECTOR, Cape Metro, 2023

Sector	R million 2023	GFCF growth (2022-2023)
Primary sector	1 567	-0.5%
Agriculture, forestry and fishing	1 240	0.1%
Mining and quarrying	337	-2.7%
Secondary sector	15 480	9.5%
Manufacturing	9 308	7.1%
Electricity, gas and water	4 411	19.0%
Construction	1 761	1.7%
Tertiary sector	45 575	1.7%
Wholesale and retail trade, catering and accommodation	4 442	7.0%
Transport, storage and communication	11 015	7.7%
Finance, insurance, real estate and business services	20 936	-2.7%
General government	6 215	2.7%
Community, social and personal services	2 967	4.3%
Total	62 621	3.5%

Source: Quantec, 2024

An analysis of the sectoral contributions to GFCF and performance since 2019 show investment levels are fluctuating but performance is improving to pre-COVID-19 levels. The agriculture, forestry, and fishing sector has rebounded the most since COVID-19, with a performance increase of 27.1 per cent, despite a slight decline of 0.5 per cent in GFCF growth from 2022 to 2023. The transport, storage, and communication sector also demonstrated strong recovery, with a 17.6 per cent contribution and 7.7 per cent growth in GFCF. However, investment in the electricity, gas, and water sector contracted significantly since COVID-19.

Figure 42
GROSS FIXED CAPITAL FORMATION PER SECTOR, Cape Metro, 2022 - 2023



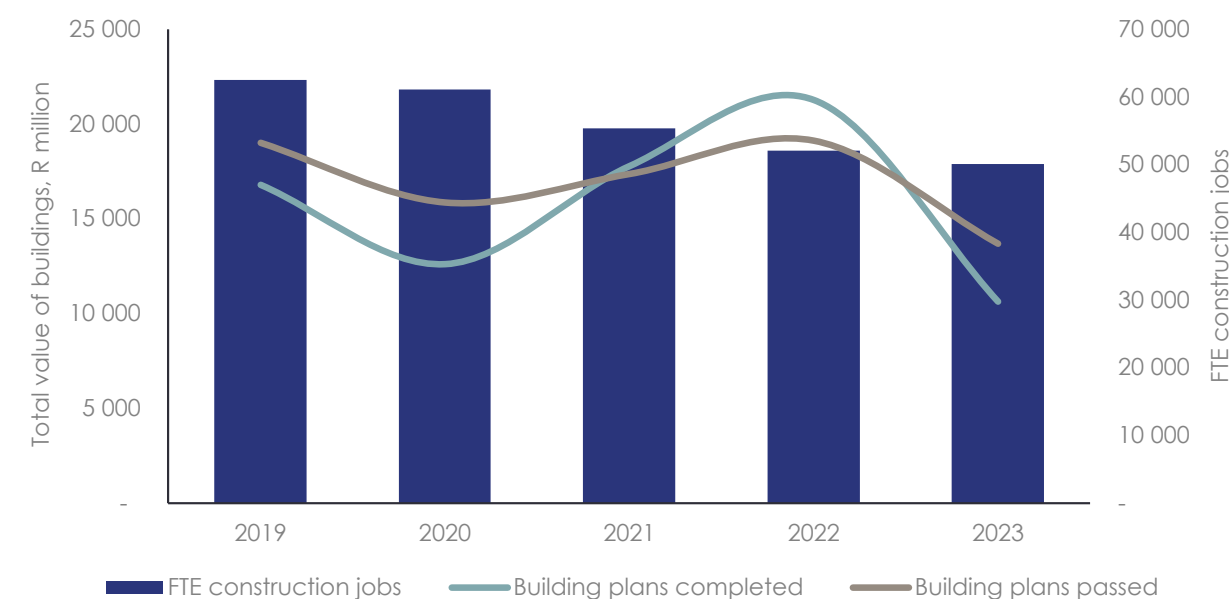
Source: Quantec, 2024

The construction sector has been under pressure over the last few years, characterised by declining GDP growth and substantial job losses. Even before COVID-19, investing in buildings and other construction works from other sectors was on a declining trend as economic growth was subdued, leading to low business confidence levels. There was a slight improvement in 2021, following a recovery evidenced by an increase in the number of building plans passed and completed.

A substantial drop was recorded in 2023 for both the value of building plans passed and completed, equal to 28.4 per cent and 50.0 per cent, respectively. This decline can be explained by a combination of factors. On the one hand, the decline can be explained by changing consumer preferences leading to property developers reassessing the market. On the other hand, it can be explained by a market saturation where there is currently an oversupply of properties in the private sector.

The decline in construction activities has a direct impact on the number of jobs in the construction sector. As a result, the construction sector has seen a consistent decline in FTE construction jobs over the past five years. In the last year, the number of FTE construction jobs decreased by 3.9 per cent.

Figure 43
TOTAL VALUE OF BUILDING PLANS PASSED AND COMPLETED (R MILLION) AND CONSTRUCTION SECTOR FTE JOBS, Cape Metro, 2019 – 2023

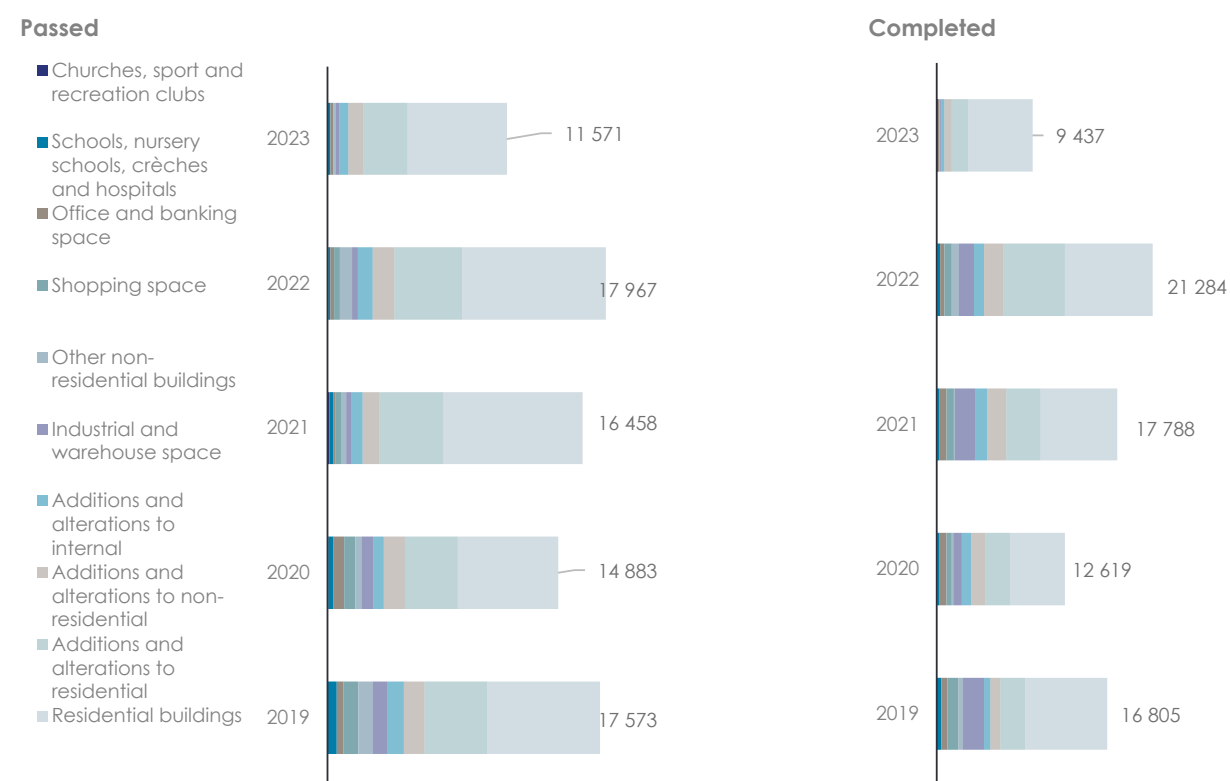


Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

The decline in the value of building plans passed is evident across most building categories in the Cape Metro. For instance, the value of building plans passed for churches, sport, and recreation clubs fell by 39.6 per cent from 2022 to 2023. Office and banking space saw a decline of 12.0 per cent from 2022 to 2023. Industrial and warehouse space followed a similar pattern, with a 40.7 per cent decrease from 2022 to 2023. Only schools, nursery schools, crèches, and hospitals experienced a slight increase of 0.8 per cent over the same period. This overall decline in building plans passed likely reflects a cautious approach by private sector investors, who may be pausing to evaluate the market conditions before committing to further investments.

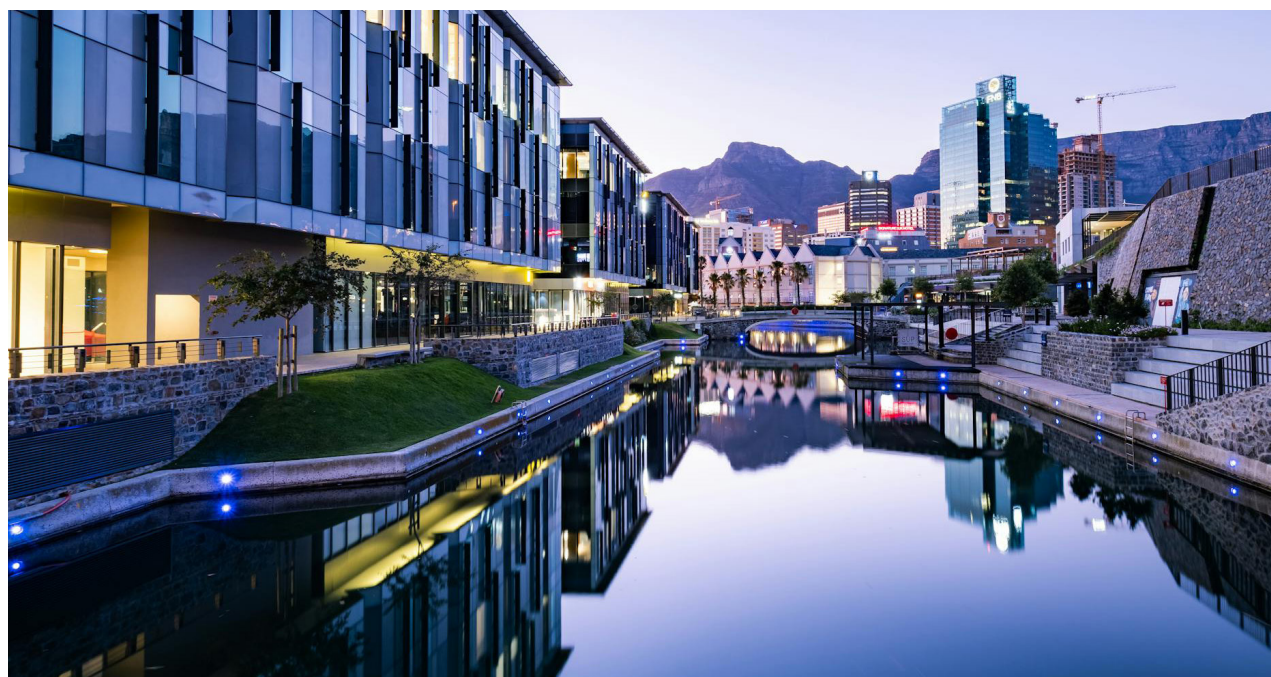
The value of building plans completed in 2023 reveal significant shifts across various categories. Churches, sport, and recreation clubs experienced a dramatic 80.3 per cent decrease, while schools, nursery schools, crèches, and hospitals saw a substantial 50.0 per cent decline. Office and banking space dropped sharply by 74.2 per cent, and industrial and warehouse space faced a staggering 92.8 per cent decrease. Even residential buildings, although less severely impacted, still encountered a 26.6 per cent decline. These declines are indicative of a normalisation in investment trends following a surge in property investments in the previous year such as student accommodation at Proper Living. This normalisation suggests that the construction sector is adjusting to a more sustainable pace of growth.

Figure 44
VALUE OF BUILDING PLANS PASSED AND COMPLETED (R MILLION), Cape Metro, 2019-2023



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024.

The growth and functioning of any sector is deeply rooted in infrastructure development, which remains a key component of GFCF. Infrastructure investments in roads, bridges, railways, and communication networks are essential for the efficient flow of goods and services. The Cape Metro municipality prioritises infrastructure development, particularly buildings, to accommodate anticipated population growth and ensure efficient service delivery.



CONCLUDING REMARKS

The Cape Metro's economic and employment performance in 2023 underscores the Metro's resilience and adaptability in the face of broader economic challenges. With a GDPR of R441.0 billion, accounting for 72.5 per cent of the provincial GDPR, the Cape Metro continues to dominate the provincial economic landscape. The region's real GDPR growth of 0.7 per cent in 2023, slightly exceeds the national average of 0.6 per cent, and highlights its robust economic framework. This growth was driven by strong performances in key sectors such as finance, insurance, real estate, business services, transport, storage, communication, and manufacturing. These sectors are central to the Cape Metro's diverse economy and have played a crucial role in sustaining its economic momentum.

The Cape Metro's trade and tourism sectors also played pivotal roles in its economic landscape in 2023. The region saw a slight improvement in its trade deficit, reaching R158.1 billion, despite a substantial import of petroleum oil products and rising commodity prices. Exports valued at R126.8 billion, with petroleum oils, citrus fruits, and coal briquettes being the top products, underscore the Western Cape's competitive advantage in agriculture and energy. The strong trade relationships with countries like Botswana, China, and Namibia further highlight the Metro's strategic importance as a trade hub.

Tourism in Cape Town experienced significant growth, with a 46.1 per cent increase in visitor numbers to its top attractions from 2022 to 2023. Table Mountain National Park, the Table Mountain Aerial Cableway, and the Cape of Good Hope saw remarkable increases in visitors, contributing to the local economy. Domestic tourists made up most visitors, but there was also a notable presence of international tourists from the United States, the United Kingdom, Australia, and Mexico. The increase in bed-nights for both domestic and international tourists, along with a rise in tourist spending as a share of GDPR to 6.7 per cent, reflects the sector's recovery and its importance to the Metro's economy.

The construction sector has faced significant challenges, with a substantial drop in the value of building plans passed and completed in 2023. For building plans passed, these declines reflect a cautious approach by private sector investors, who may be pausing to evaluate market conditions before committing to further investments. For building plans completed, these declines suggest a normalisation in investment trends following a surge in property investments in the previous year.

The overall economic and employment growth in the Cape Metro in 2023 highlights the region's continued recovery and its strengthening position within the broader Western Cape economy. The Cape Metro's diverse economy, coupled with strategic investments in infrastructure and key sectors, positions it well for sustained growth and development. Moving forward, efforts to support job creation in high-growth sectors, while addressing declines in others, will be crucial for maintaining a balanced and resilient employment landscape in the region. By leveraging its strengths and addressing its challenges, the Cape Metro can build a more resilient and diversified economy that supports long-term job creation and economic prosperity.

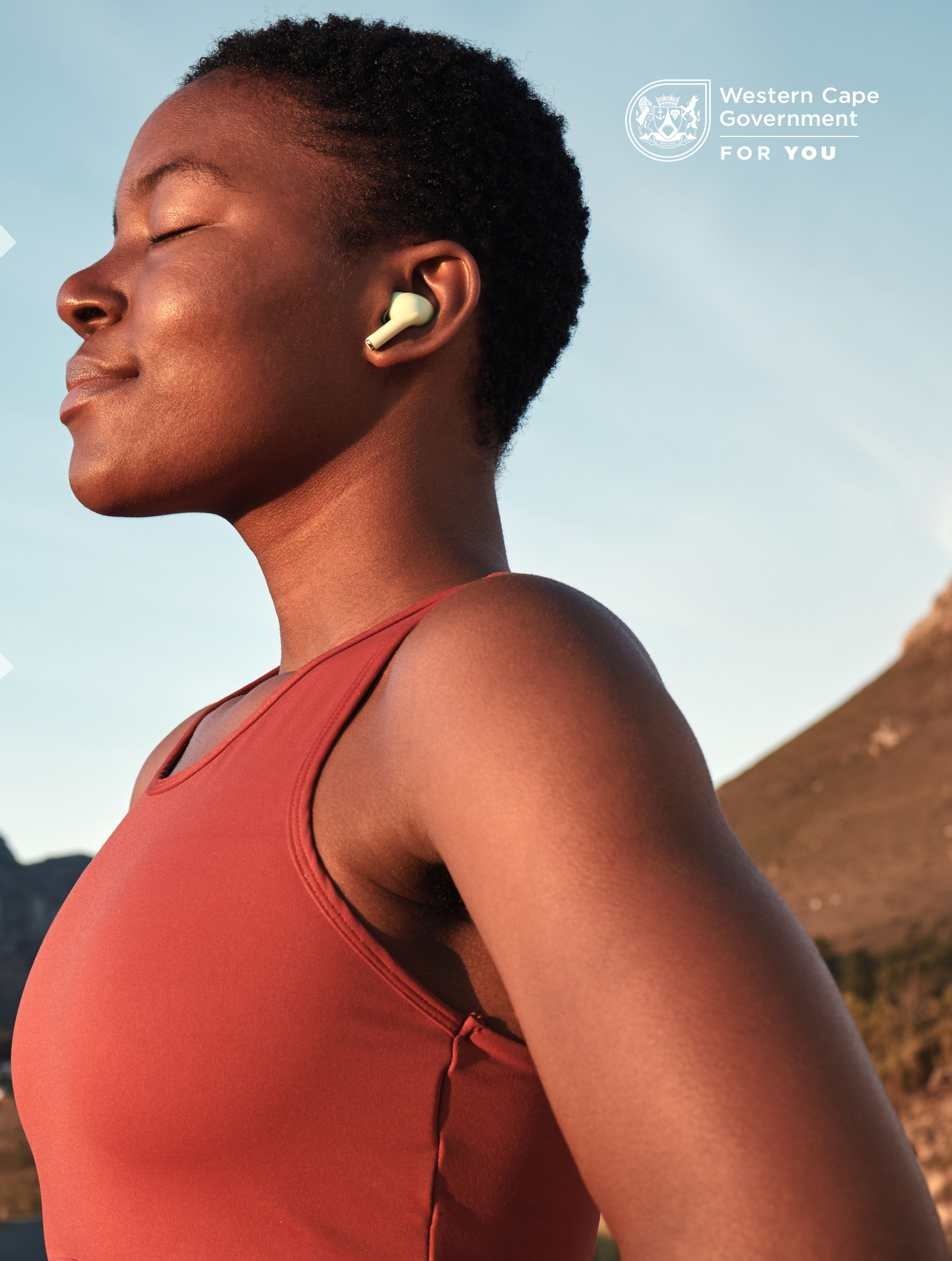


Western Cape
Government
FOR YOU

SECTION



Safety &
wellbeing



INTRODUCTION

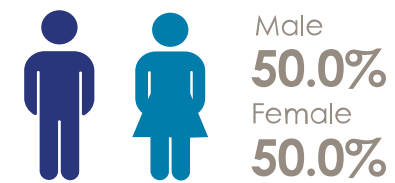
This section delves into the social trends shaping the Cape Metro area, focusing on key indicators of health and wellbeing. By examining population dynamics, housing demand, essential services, household stability, healthcare, education, and crime, we gain valuable insights into the lives of citizens and the local economy. Population dynamics offer a profound understanding of the evolving landscape of the Cape Metro, highlighting key societal aspects and their implications for economic development, labour markets, and resource allocation. Data on these dynamics helps us comprehend demographic shifts and their impact on the region's economic growth and resource distribution.

Access to basic services such as water, electricity, sanitation, and waste removal is crucial for community wellbeing and progress. Additionally, healthcare, educational outcomes, and crime indicators provide a comprehensive view of the Cape Metro's broader social and economic conditions. These pillars – health, education, and safety – reflect the community's wellbeing, the potential of future generations, and the challenges faced by the region. By understanding these factors, we can better address the needs of the Cape Metro's residents and support sustainable development.



2024 CAPE METRO DEMOGRAPHICS

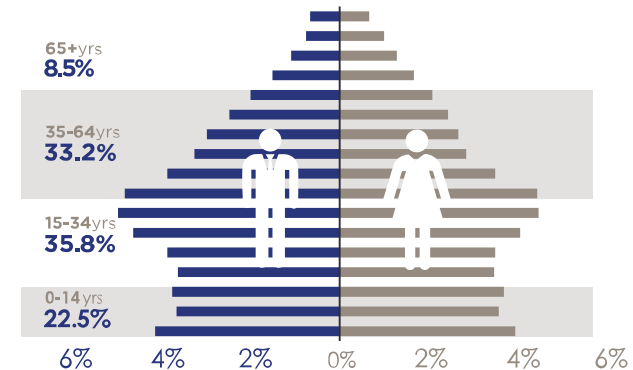
POPULATION
4.8 Million



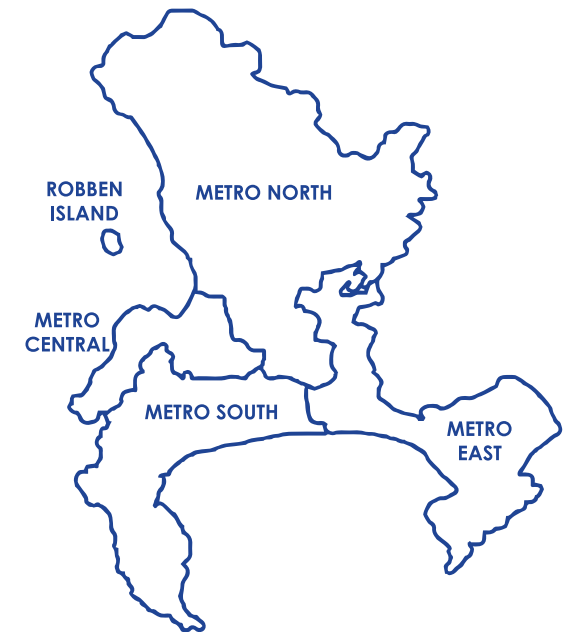
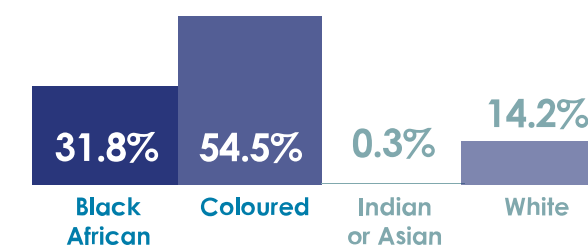
AGE SPLIT



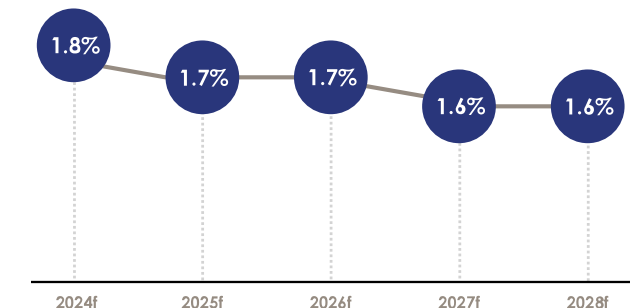
GENDER AND AGE DYNAMICS



RACIAL SPLIT



Estimated POPULATION GROWTH



Number of
HOUSEHOLDS
1 501 991

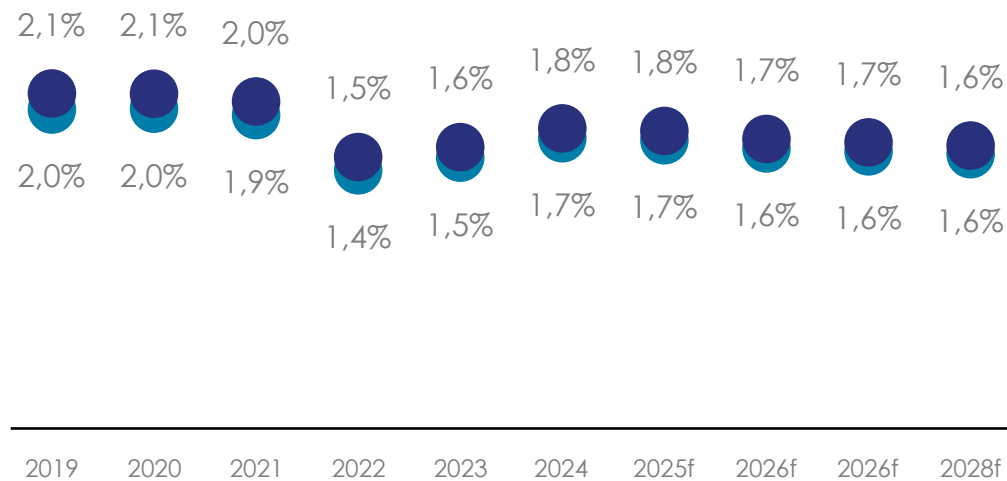


Demographics

The Cape Metro is the largest in terms of population size, making up 65.8 per cent of the total Western Cape population. This translates to a population of 4.8 million in 2023, with a projected growth rate of 1.8 per cent anticipated for 2024. From 2025 onwards, the Cape Metro population is expected to grow at an average annual rate of 1.7 per cent, marginally surpassing the Western Cape's growth rate.

The Cape Metro's population growth is primarily driven by a combination of migration, economic opportunities, and quality of life. The Metro attracts both internal migrants from other parts of South Africa and international migrants seeking better employment prospects, education, and living conditions. As a major economic hub, the Metro offers diverse job opportunities in sectors such as tourism, finance, and technology. Additionally, the high quality of life, beautiful landscapes, and pleasant climate make it an attractive place to live. The presence of reputable educational institutions, like the University of Cape Town, further contributes to the influx of people. Lastly, natural population growth, resulting from higher birth rates, adds to the overall increase in the Metro's population.

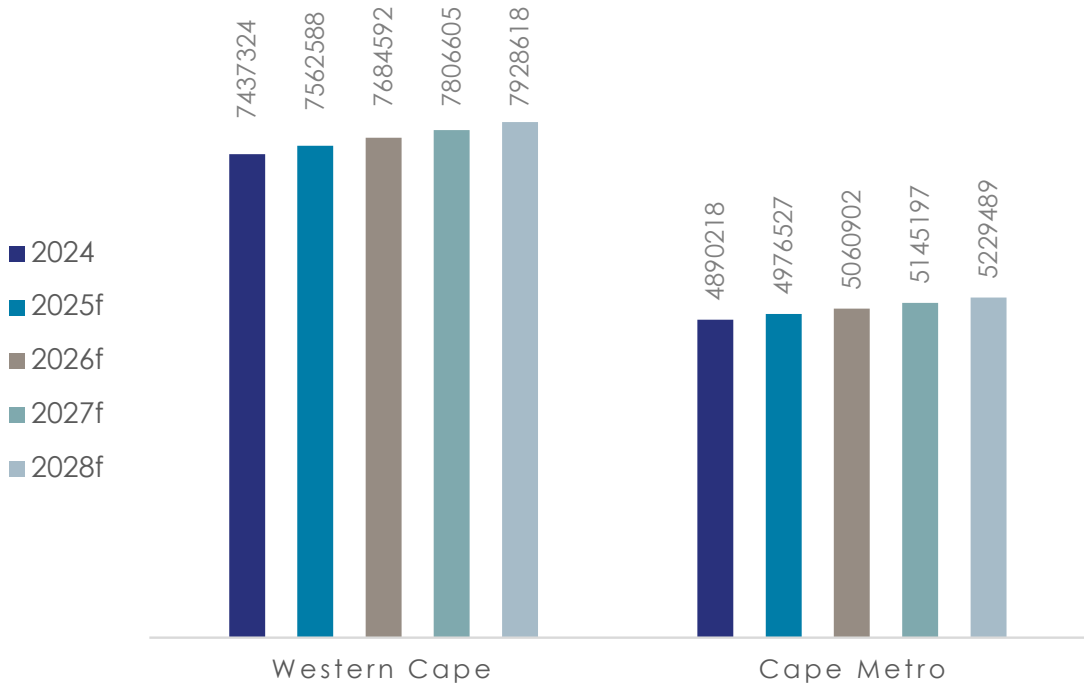
Figure 45
ESTIMATED POPULATION GROWTH, Cape Metro and Western Cape, 2019-2028f



Source: Stats SA MYPE, 2024

The Cape Metro population is projected to increase from approximately 5.0 million in 2024 to about 5.3 million in 2028. Similarly, the Western Cape population is forecasted to grow from around 7.6 million in 2024 to approximately 8.1 million in 2028. This data indicates a steady increase in population for both regions over the five-year period. The increase in population can probably be attributed to an increase in the number of younger, working age persons who are migrating to the area.

Figure 46
ESTIMATED POPULATION NUMBERS, Cape Metro and Western Cape, 2024 – 2028



Source: Stats SA MYPE, 2024

The Cape Metro's household growth from 2022 to 2023 slightly outpaced that of the Western Cape, with a growth rate of 2.8 per cent compared to the province's 2.7 per cent. This trend is expected to continue over the next two years, with the Cape Metro projected to grow by 2.7 per cent annually from 2024 to 2025, closely mirroring the Western Cape's projected growth rate of 2.6 per cent. These growth rates indicate a steady increase in the population, reflecting ongoing urbanization and the attractiveness of the Cape Metro as a key economic and social hub within the Western Cape.

Figure 47
HOUSEHOLDS, Cape Metro, 2022 – 2027f

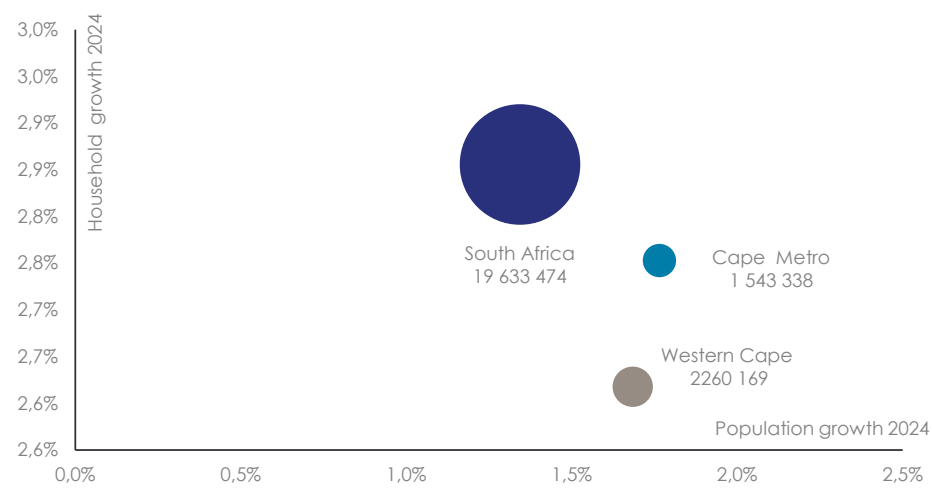
	2022f	2023f	2024f	2025f	2026f	2027f
Cape Metro	1 460 933	1 501 991	1 543 338	1 584 663	1 624 982	1 663 992
Western Cape	2 145 570	2 202 513	2 260 169	2 318 010	2 374 461	2 429 699

Source: Stats SA MYPE, 2021

An analysis of population and household growth rates reveals that the Cape Metro will experience a faster increase in households relative to its population, likely due to smaller household sizes and/or new household formations. The Western Cape, with a population growth rate of 1.7 per cent and a household growth rate of 2.6 per cent, follows a similar trend. Nationally, South Africa exhibits the highest household growth rate, with a population growth of 1.3 per cent and a household growth of 2.9 per cent, indicating a significant trend of increasing household formation across the country.

As the number of households grows more rapidly than the population, there will be increased demand for housing, infrastructure, and essential services such as water, electricity, sanitation, and waste removal. Urban planners and policymakers will need to address these demands by ensuring that spatial development strategies are in place to accommodate the rising number of households.

Figure 48
POPULATION AND HOUSEHOLD GROWTH, Cape Metro, 2023 - 2024



Source: Stats SA MYPE, and 2024. Note: the household growth estimates are obtained from the previous year 2021's MYPE series (Size of bubble is based on number of households)



A notable percentage of the Cape Metro residents fall into the economically active population bracket (69.9 per cent) compared to South Africa as a whole (65.7 per cent). This suggests that the Cape Metro has a relatively larger workforce, which can be advantageous for economic productivity and growth. Furthermore, the higher working age population in the Cape Metro could attract businesses and industries seeking a robust labour market, potentially leading to greater economic opportunities and development in the region. Notably, the Cape Metro's population is balanced and similar to the national level, with a 49.9 per cent male population.

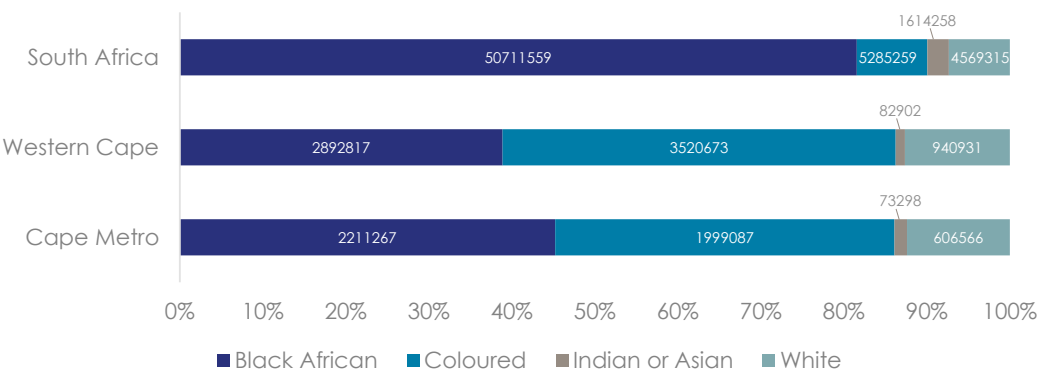
Figure 49
GENDER AND AGE DYNAMICS, Cape Metro, 2023



Source: Stats SA MYPE, 2024

In the Cape Metro, the population is almost evenly distributed between Black African (2.2 million) and Coloured (2.0 million) individuals, with smaller numbers of Indian or Asian (73 298) and White (606 566) residents. These statistics contrast those of the Western Cape, which has a predominantly Coloured population and the national population, which is predominantly Black African. Understanding these demographic nuances is crucial for developing inclusive policies and programmes that address the diverse needs of all communities within these regions.

Figure 50
POPULATION SPLIT BY RACE, Cape Metro, 2023



Source: Stats SA MYPE, 2024



Human Development Index

Definition: The Human Development Index (HDI) is a measure created by the United Nations Development Programme (UNDP) to assess a country's overall progress. It allows for evaluation in terms of three fundamental aspects of human development: life expectancy, education and standard of living. The index serves as a metric to gauge the average level of achievement across these aspects within a country.

The impact of COVID-19 on life expectancy, education and employment was noteworthy and subsequently affected income levels in the Metro. The Cape Metro HDI has started to recover from the post-pandemic levels thanks to improvements in income levels, education attainment and health. In 2023, the Cape Metro recorded an HDI of 0.737, compared to 0.732 in 2022. Similarly, the Western Cape has shown signs of recovery, with its HDI increasing from 0.722 in 2022 to 0.727 in 2023. This slightly higher HDI in the Cape Metro suggests a relatively better life expectancy, higher educational attainment, and higher income levels than the average for the entire Western Cape.

Figure 51
HDI, Cape Metro, 2020 – 2023



Source: S&P Global; Market Intelligence, 2024

The HDI provides a multidimensional view of a region's socio-economic development. A region's economic performance holds immense significance in determining the quality of life of its residents. As economies thrive, human development tends to improve, translating into better quality of life for individuals. The prosperity and growth of an economy can foster advancements in education, healthcare and access to resources, which in turn contribute to the overall wellbeing of the population.

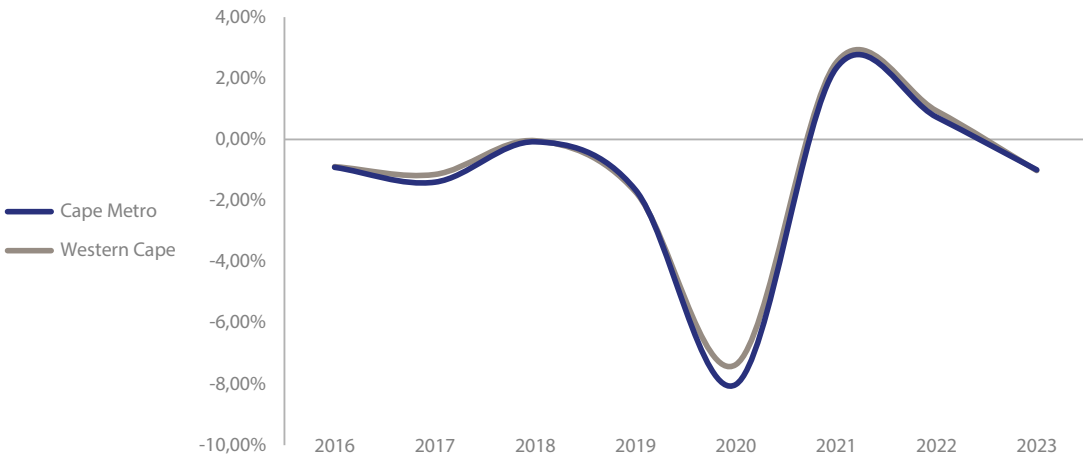
INCOME AND INEQUALITY

This section analyses several dimensions of income and inequality including GDP per capita, highlighting the average economic output per person; median income, which offers a snapshot of the middle-income range within the community; wage distribution for formal full-time employment, revealing the spread of earnings among workers; and the analysis of individual taxpayers and taxable income, providing insights into the fiscal contributions and income disparities among residents.

Real GDP per capita

In 2023, the Cape Metro recorded a GDP per capita of R90 020, compared to the Western Cape's R82 534. This difference is largely due to the concentration of economic activities, businesses, better infrastructure, and investment opportunities in the Metro, which afford its citizens higher living standards. However, since 2020, both the Cape Metro and Western Cape have experienced a persistent decline in GDP per capita. This decline is due to a depressed economic environment with minimal GDP growth, coupled with population growth that outpaces GDP growth.

Figure 52
GDP PER CAPITA GROWTH (CONSTANT PRICES), Cape Metro, 2016 – 2023



Source: Quantec, 2024

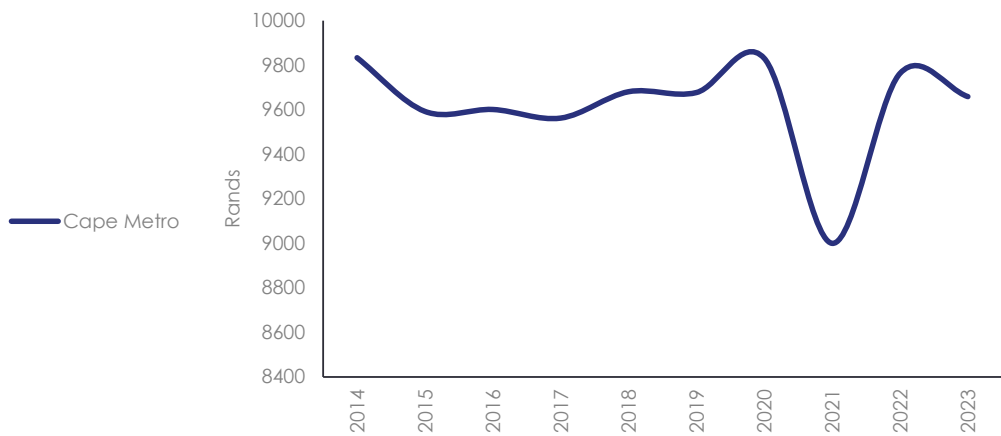


Median income

Unlike GDP per capita, which measures average economic output per person, median income focuses on the typical income level and economic equality, making it a better indicator of the most prevalent income levels.

The Cape Metro's median income recorded a 1.1 per cent contraction to R9 659 in 2023. As an urbanised region containing some of South Africa's largest financial and retail companies, the relatively high level of median income is to be expected. However interestingly, the median income levels in both Saldanha Bay (R10 356) and Stellenbosch (R13 143) outstrip the Cape Metro's. Laingsburg, with a median income of R4 587, reported the lowest among the municipalities, reflecting the typically lower incomes associated with small-scale agricultural activities and limited economic diversification. This contraction in the Cape Metro's median income further highlights the economic challenges faced by residents, given the decline in GDP per capita as well. This dual impact underscores the need for targeted economic policies to stimulate growth and improve living standards in the region.

Figure 53
MEDIAN INCOME (IN CONSTANT PRICES), Cape Metro, 2014 - 2023



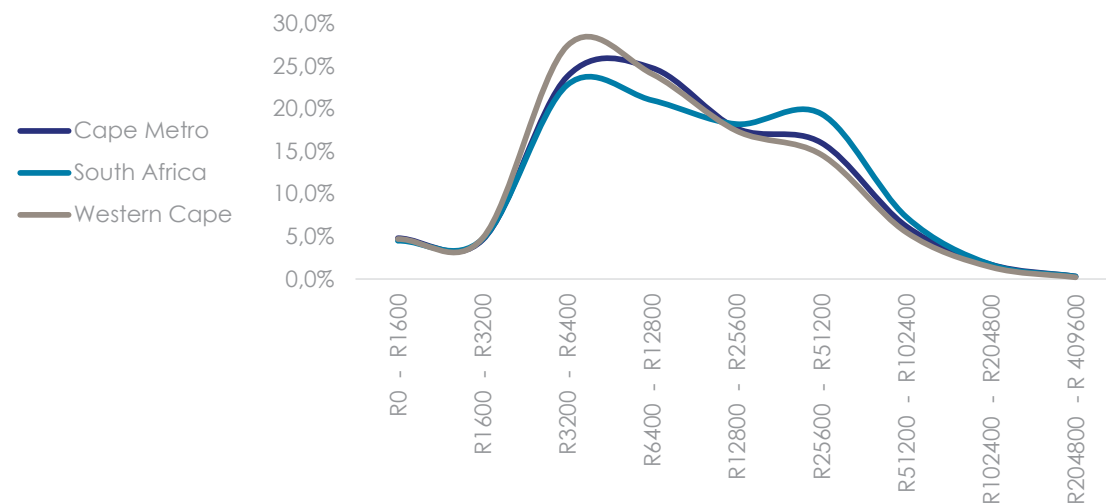
Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

Wage distribution

The wage distribution illustrates the high levels of income inequality in the Cape Metro. In 2023, the largest group of formal workers earned between R3 200 and R6 400 a month. Additionally, there is a relatively large concentration of middle-income earners, with 42.5 per cent earning between R6 400 and R25 600. The Cape Metro has relatively fewer people earning less than R3 200 (9.4 per cent) compared to the province (9.5 per cent).

However, those in this income bracket are not evenly distributed across the Metro. Areas such as Delft, Khayelitsha, Kommetjie, Mamre, and Nyanga have a substantial number of residents earning less than R3 200. In contrast, the top income earners (more than R51 200 per month) are more commonly found in Bellville, Athlone, Cape Metro, Constantia, Milnerton, Melkbosstrand, Muizenberg, and Strand. This disparity in income distribution reflects the economic dynamics and opportunities in the Metro.

Figure 54
WAGE DISTRIBUTION PER MUNICIPAL AREA, Cape Metro, 2023

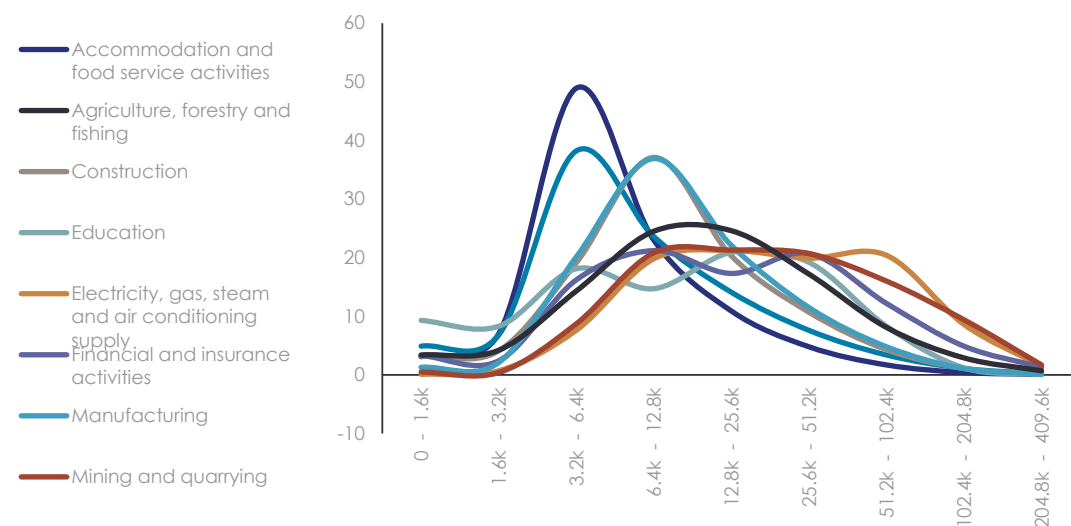


Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

At a sectoral level, the accommodation and food service activities sub-sector has the largest percentage of workers earning between R3 200 and R6 400 per month, at 48.9 per cent. This is due to the industry's reliance on a large workforce for roles such as waitstaff, kitchen staff, and housekeeping to cater to tourists and maintain service standards. The agriculture, forestry, and fishing sector also has a high percentage of low-earning workers, given the demand for menial and seasonal employment.

In contrast, employees in the electricity, gas, and water sectors, as well as mining and quarrying and finance and insurance sectors, tend to have relatively higher wages. These wage disparities highlight the need for policies to improve wage conditions and provide career advancement opportunities in lower-paying sectors. Addressing these disparities is crucial for promoting economic equity and enhancing the overall quality of life for workers in the Cape Metro.

Figure 55
WAGE DISTRIBUTION PER INDUSTRY, Cape Metro, 2023



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2024

Individual taxpayers

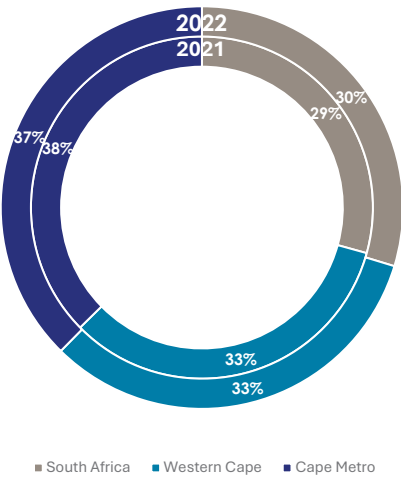
The Income Tax Act of 1962 (the Act) governs the imposition of income taxes in South Africa. Under the Act, tax is levied on taxable income, essentially gross income, less any relevant exemptions and deductions permitted by law. Taxes enable the financing of public sector goods and services.

A noticeable decline in the number of taxpayers is observed between 2021 and 2022 in the Cape Metro, the Province and country at large. In the Metro, the number of taxpayers decreased by 1.2 per cent to 764 329 in 2022. The Western Cape experienced a slight reduction of 0.1 per cent. Nationally, South Africa saw a decrease in the number of taxpayers of 0.4 per cent. This decline can be attributed to the lingering effects of the COVID-19 pandemic, which disrupted economic activity likely coupled with the move towards the informal sector as job seekers struggle to secure employment in the formal sector.

In the Cape Metro, the average monthly taxable income rose significantly from R27 325 in 2021 to R30 277 in 2022, an above-inflation increase of 10.8 per cent. Similarly, the Western Cape saw an increase in average taxable income from R26 056 to R28 502, and South Africa experienced a rise from R26 808 to R28 629. This upward trend in average taxable income suggests that, despite the reduction in the number of taxpayers, those who remain employed are earning higher wages.



Figure 56
TAXPAYERS AS A PERCENTAGE OF TOTAL EMPLOYMENT, NO. OF TAXPAYERS & AVERAGE TAXABLE INCOME, Cape Metro, 2021-2022



Number of Taxpayers	2021		2022	
	2021	2022	2021	2022
South Africa	6 012 746	5 989 787		
Western Cape	1 077 470	1 076 693		
Cape Metro	773 298	764 329		

Average Monthly Taxable Income	2021		2022	
	2021	2022	2021	2022
South Africa	R26 808	R 28 629		
Western Cape	R26 056	R 28 502		
Cape Metro	R27 325	R 30 277		

Source: Quantec, 2024



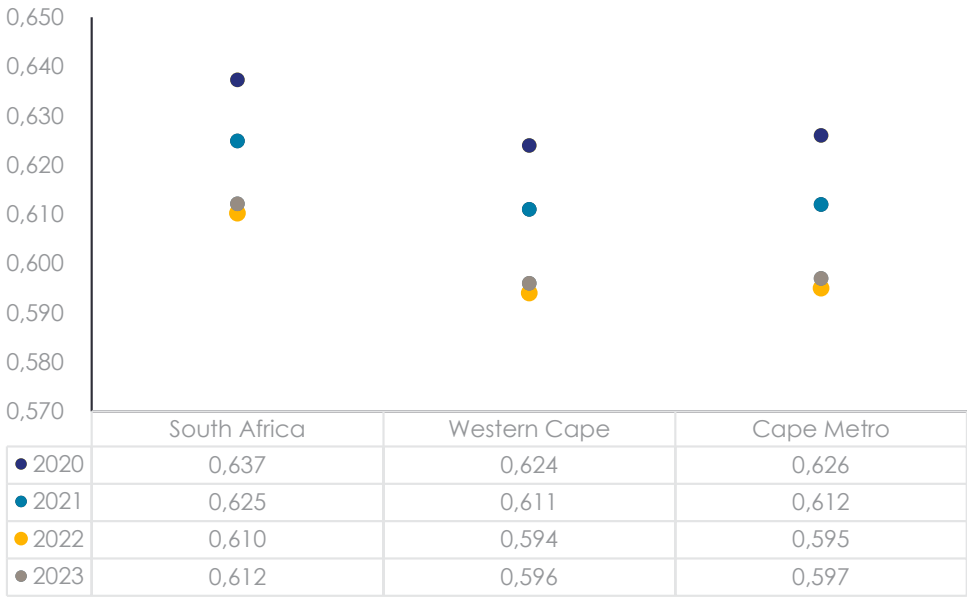
Income inequality

Income inequality is a measure of the uneven distribution of income within a population. It is a critical economic and social indicator that reflects the gap between the wealthy and the poor. Various metrics are used to assess income inequality, each providing a different perspective on the economic conditions of a society.

The Gini Index is one of the most widely used measures of income inequality. It is a number between 0 and 1, where 0 corresponds to perfect equality (everyone has the same income) and 1 corresponds to perfect inequality (one person has all the income, and everyone else has none).

In the Cape Metro, the Gini coefficient decreased from 0.626 in 2020 to 0.595 in 2022, before slightly increasing to 0.597 in 2023. Similarly, the Western Cape saw a reduction from 0.624 in 2020 to 0.594 in 2022, followed by a minor rise to 0.596 in 2023. A similar trend has been observed in South Africa, with the GINI coefficient reaching 0.612 at the end of 2023. Overall, this shows progress towards better economic equality. While a similar trend is observed for the national economy, South Africa exhibits higher levels of inequality, with an estimated Gini coefficient of 0.612 in 2023.

Figure 57
GINI INDEX, Cape Metro, 2021-2022



Source: S&P Global, 2024

The National Development Plan (NDP) envisions a transformed South Africa by 2030. Key goals include eliminating households with a monthly income below R419 per person, reducing this percentage from 39.0 per cent to zero, and decreasing the Gini coefficient from 0.690 to 0.600. Achieving these objectives requires addressing the root causes of poverty and inequality, shifting from short-term to evidence-based policies, and ensuring a “decent standard of living” for all South Africans by 2030.²⁶

²⁶ National Planning Commission, 2012.

POVERTY

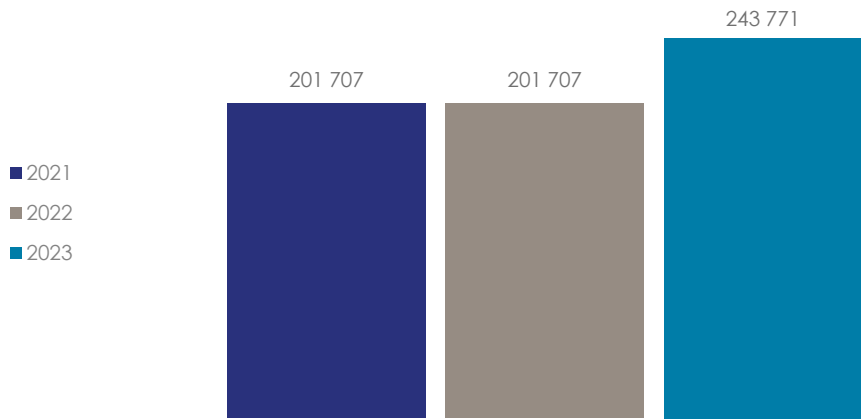
This section analyses two dimensions of poverty, namely, prevalence of indigent households and the food poverty line. A household is classified as indigent if its occupants earn a combined income that is less than the threshold specified in the indigent policy of a municipal area. Food security is a condition in which people have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life.

Indigent households

Whether you qualify for indigent support depends on your monthly household income. If your total household income is R7 500 or less per month, you could qualify for a discount on your water, sewerage, electricity, waste collection and property rates.

The Cape Metro provides indigent relief to residents whose monthly household income is less than R7 500. In the Cape Metro, the number of indigent households increased significantly in 2023, reaching 243 771 (16.2 per cent of total households) and stretches the Cape Metro's ability to provide services. This substantial rise can be attributed to several key drivers. An overall decline in income has left more households earning below the income threshold. Additionally, the rising cost of living, driven by increases in food prices, utilities, transport and housing costs, has exacerbated financial pressures on households, pushing more into indigence.

Figure 58
NUMBER OF INDIGENT HOUSEHOLDS, Cape Metro, 2021 – 2023



Source: Quantec, 2024

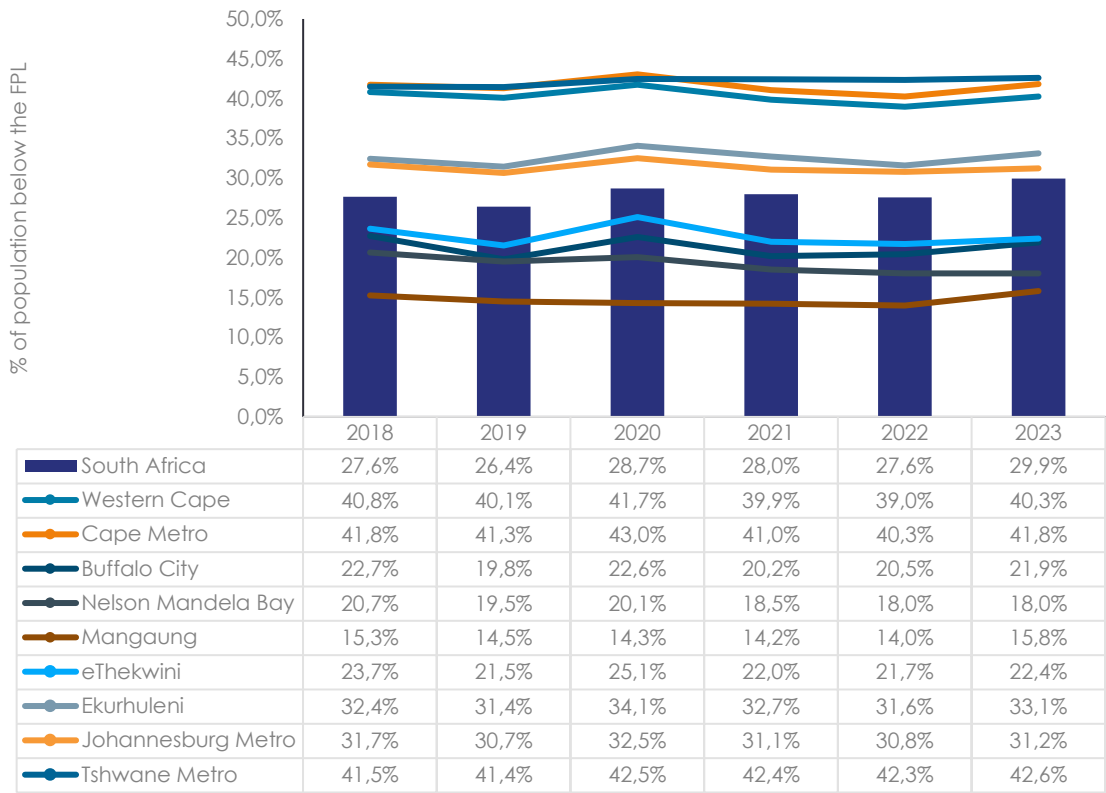
It is important to note that indigent status is not permanent, as a family's economic situation can improve over time. To ensure that only the most financially disadvantaged families receive assistance, the Metro requires registered households to reapply for indigent status regularly, often annually. This annual re-registration process may explain the fluctuations in the numbers and proportions of indigent households.

Food insecurity

Food security is a condition in which people have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life. It encompasses four key pillars: availability, access, utilisation, and stability according to Bureau for Food and Agricultural Policy (BFAP). Food insecurity refers to limited access across these dimensions.

While the Cape Metro has lower unemployment than other Metros, it also has the second highest proportion of people living below the Food Poverty Line (FPL) in 2023, at 41.8 per cent. This highlights the significant income disparities within the Metro. The challenges brought about by the COVID-19 pandemic saw the proportion of people below the FPL peak at 43.0 per cent in 2020. This figure has been on a declining trend since 2020, decreasing by 1.2 percentage points by 2023, despite the slight increase in 2023. A similar trend is observed across other metros. The rising food poverty rate reinforces the need for comprehensive and targeted interventions to support vulnerable households.

Figure 59
PROPORTION OF POPULATION BELOW THE FOOD POVERTY LINE, Cape Metro, 2018 – 2023



Source: Quantec, 2024

A look at the precincts in the Cape Metro reveals varying trends. While some areas like the Northern precinct show consistent increases in the population below the FPL, others like Tygerberg and Blaauwberg have recorded some moderate improvements. In Tygerberg, the proportion of food insecurity remained unchanged at 46.4 per cent from 2022 to 2023. The Cape Metro demonstrates resilience with a recovery trend post-2022.

Table Bay experienced a significant increase in the prevalence of food insecurity, with rates rising from 39.6 per cent in 2022 to 42.7 per cent in 2023 due to economic dependency on tourism, which can be volatile and tends to affect household incomes. The Southern sub-region saw the most substantial increase in proportion of food insecurity, with rates rising from 47.1 per cent in 2022 to 50.9 per cent in 2023. Significant economic inequality and high unemployment rates are the major drivers of food poverty in this area. These trends highlight the need for targeted policies to address challenges related to food access and leverage growth opportunities within each precinct to reduce food poverty.

Insufficient consumption of essential nutrients is a common contributing factor to both severe acute malnutrition and low birth weight. Notably, pregnant mothers experiencing food poverty may lack access to the nutrients necessary for healthy foetal development, potentially resulting in low birth weight. Similarly, children growing up in conditions of food poverty are likely to have diets deficient in the nutrients crucial for optimal growth and development, potentially leading to severe acute malnutrition. The dire state of food insecurity nationally needs to be given significant attention given the elevated levels compared to global averages as discussed below.

**The State of Food Security and Nutrition in the World 2024:
A Condensed Overview**

The “State of Food Security and Nutrition in the World 2024” report by the Food and Agricultural Organisation of the United Nations highlights persistent global hunger and food insecurity. From 2019 to 2021, global hunger rose sharply and has since remained at nearly the same level, affecting 9.1 per cent of the population in 2023, up from 7.5 per cent in 2019. An estimated 733 million people faced hunger in 2023, about 152 million more than in 2019.

Regional trends show significant variation. Hunger continues to rise in Africa, remains unchanged in Asia, and shows progress in Latin America. In 2023, Africa had the highest proportion of its population facing hunger at 20.4 per cent, while Asia, despite having 8.1 per cent of its population affected, is home to more than half of the world’s hungry, approximately 385 million people. Latin America and the Caribbean, and Oceania had 6.2 per cent and 7.3 per cent of their populations facing hunger, respectively.

Projections indicate that 582 million people will be chronically undernourished by the end of the decade, with more than half in Africa. This is 130 million more than pre-COVID-19 levels. Additionally, moderate or severe food insecurity remains above pre-pandemic levels, affecting 28.9 per cent of the global population, or 2.33 billion people, in 2023. Of these, 864 million people were severely food insecure, posing significant health risks.

The report underscores the urgent need for global efforts to address food insecurity and hunger, calling for policies and interventions that provide immediate relief and build resilient food systems to withstand future shocks.

HEALTH

The wellbeing of a population plays a crucial role in improving labour productivity, an aspect that has immense potential for economic growth and development. This section reviews the main health indicators which are health infrastructure and resources, child health, maternal health and communicable diseases to gauge progress towards promoting the health and welfare within the Cape Metro.

Infrastructure and Resources

Health facilities play a crucial role in promoting and maintaining a healthy society by providing access to healthcare, quality health services, and contributing to economic and community well-being. In 2023, the Cape Metro had 115 primary healthcare (PHC) facilities, consisting of 57 fixed clinics and 48 community day centres. Additionally, the Metro had 23 mobile/satellite clinics and 8 district hospitals. However, there has been a persistent decline in the number of PHC facilities, with a further reduction of one facility in 2023. This is partly explained by the ownership and management transition of the clinics to the WCHD.

Figure 60
TOTAL NUMBER OF PRIMARY HEALTH CARE (PHC) FACILITIES, Cape Metro, 2021/22-2024/25

Total number of PHC facilities (Fixed Clinics, CHCs and CDCs)	2021/22	2022/23	2023/24	2024/25
Cape Metro	125	126	116	115
West Coast District	26	27	29	27
Cape Winelands District	45	45	45	45
Overberg District	19	19	19	19
Garden Route District	39	40	40	40
Central Karoo District	9	9	9	9

Source: Western Cape Department of Health and Wellness, 2024

The decline in the number of PHC facilities in the context of a growing population is a concern. In 2023, these public healthcare facilities served the 4.7 million residents in the Cape Metro. The Metro’s population is expected to grow at 1.7 per cent per annum for the next three years, indicating an increased demand for existing resources. Recognising this need, the MTEF has allocated R3.2 billion for the period 2024/25-2026/27 across 253 projects to expand healthcare services. Effective implementation and adequate resourcing of this expansion is crucial to ensure access to quality healthcare for all residents.

Hospital beds

Hospital bed availability is crucial for ensuring access to medical care and reflects capacity to address healthcare needs such as emergencies and serious illnesses.²⁷ Hospital beds are measured on a per 10 000 target population. The total number of hospital beds includes inpatient beds approved in all categories of health facility in the public sector.

As of March 2023, the national average for hospital beds per 10 000 uninsured population is 20.3. In the Western Cape, this average is lower at 18.3 beds. The Cape Metro has a 16.8 ratio for hospital beds per 10 000 uninsured population which is lower than the national and provincial average. The ratio for hospital beds per 10 000 uninsured population has been declining over the past three years.

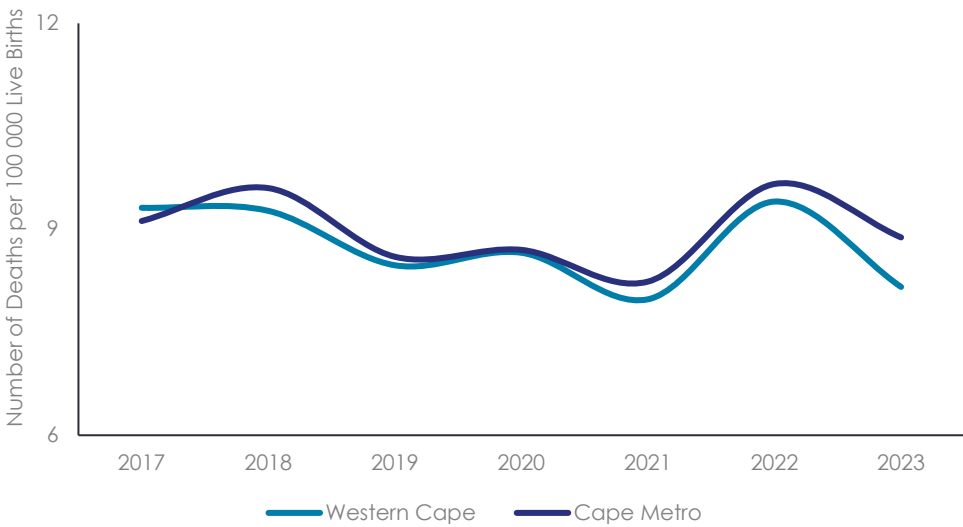
Child Health

Neonatal mortality rate

The first 28 days of life, known as the neonatal period, represent the most vulnerable time for a child's survival. Consequently, the neonatal mortality rate (NMR) is measured as the number of neonates who die before reaching 28 days of age, per 100 000 live births each year.

In 2023, the Cape Metro recorded a slight improvement in the NMR at 8.9 deaths per 100 000 live births when compared to 2022. However, the Metro's NMR is relatively higher than the Provincial NMR of 8.2 deaths per 100 000 live births in 2023. While both the Cape Metro and Province's NMR has shown some fluctuations, there was an overall improvement in 2023.

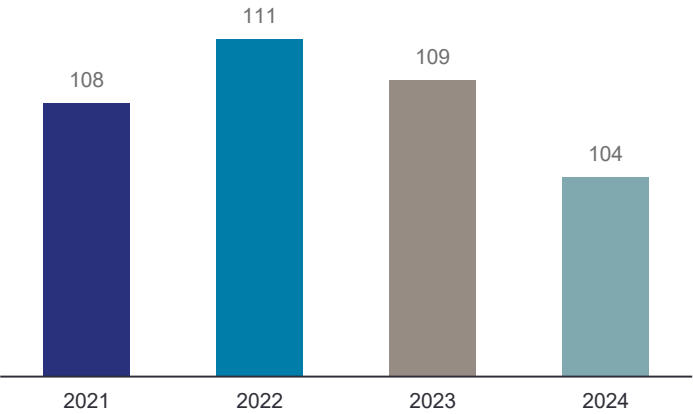
Figure 62
NEONATAL MORTALITY RATES PER 100 000 LIVE BIRTHS, Cape Metro, 2017 - 2023



Source: Western Cape Department of Health and Wellness, 2024



Figure 61
PUBLIC SECTOR PROFESSIONAL NURSE PER 100 000 UNINSURED POPULATION RATIO, Cape Metro, 2021 – 2024



Source: Quantec, 2024

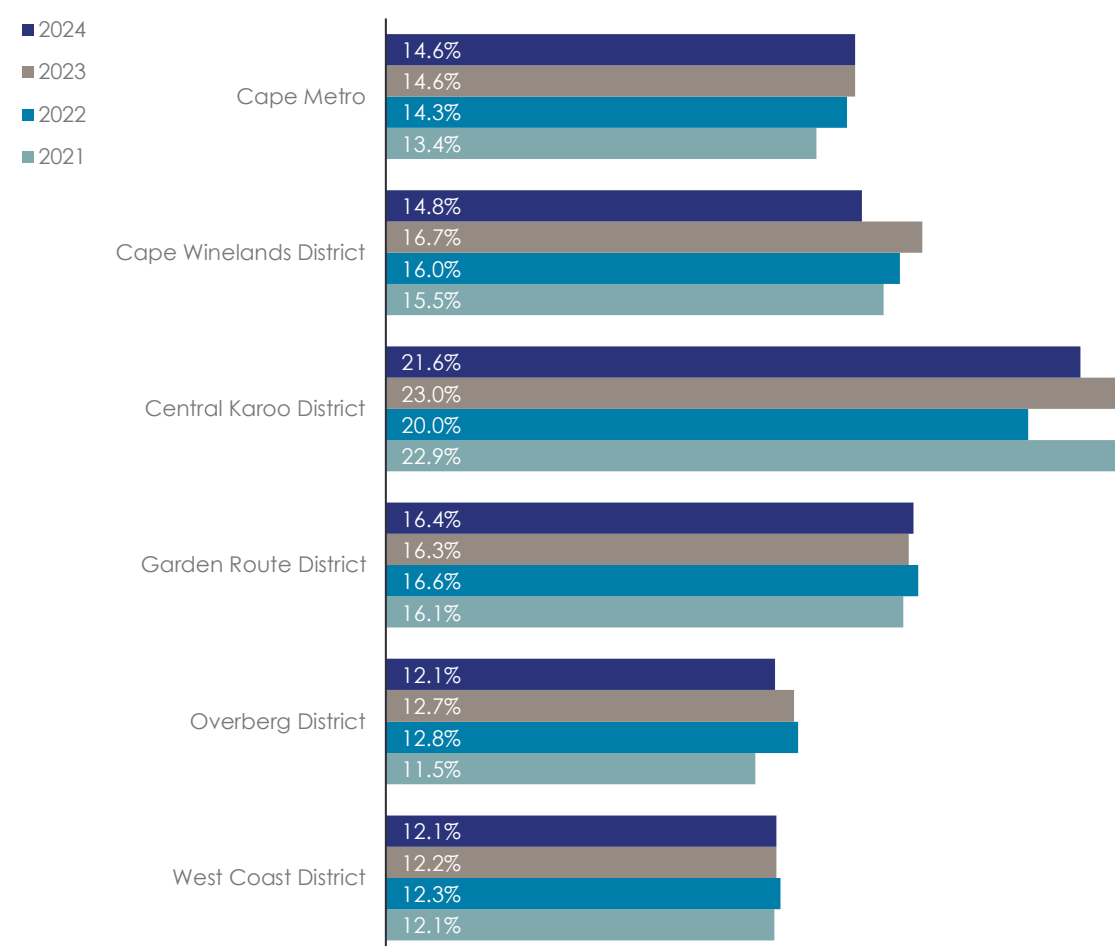
27 Health Systems Trust, 2023
28 Department of Health and Wellness, 2022/23

Weight at birth is regarded as a core health indicator. Low birth weight is linked to long-term maternal malnutrition, ill health and poor healthcare during pregnancy. Additionally, low birth weight is associated with high neonatal mortality. According to the World Health Organization (WHO), a birth weight of less than 2 500g is considered low. This indicator measures the proportion of newborn babies that are below the birth weight of less than 2 500g.

The Cape Metro recorded a slight improvement in low-birth-weight rate in 2023 of 14.6 per cent. However, the low-birth-weight rate has not improved to the 2021-levels of 13.4 per cent, and the Cape Metro is relatively worse than the Districts, despite being the most economically advanced region. The worsening of the low-birth-weight rate can be partly explained by the increasing proportion of the population that is below the FPL, as explained above.

It is important to note that the Western Cape has one of the highest rates of foetal alcohol syndrome (FAS) in the world, which also affects birth weight and can have lifelong physical and mental implications. As such, continued investment in healthcare resources and facilities to improve access to healthcare is important.²⁹ This stresses the urgent need for policies to address challenges related to food access and mental well-being.

Figure 63
LOW BIRTH WEIGHT RATE, Cape Metro, 2021 – 2024



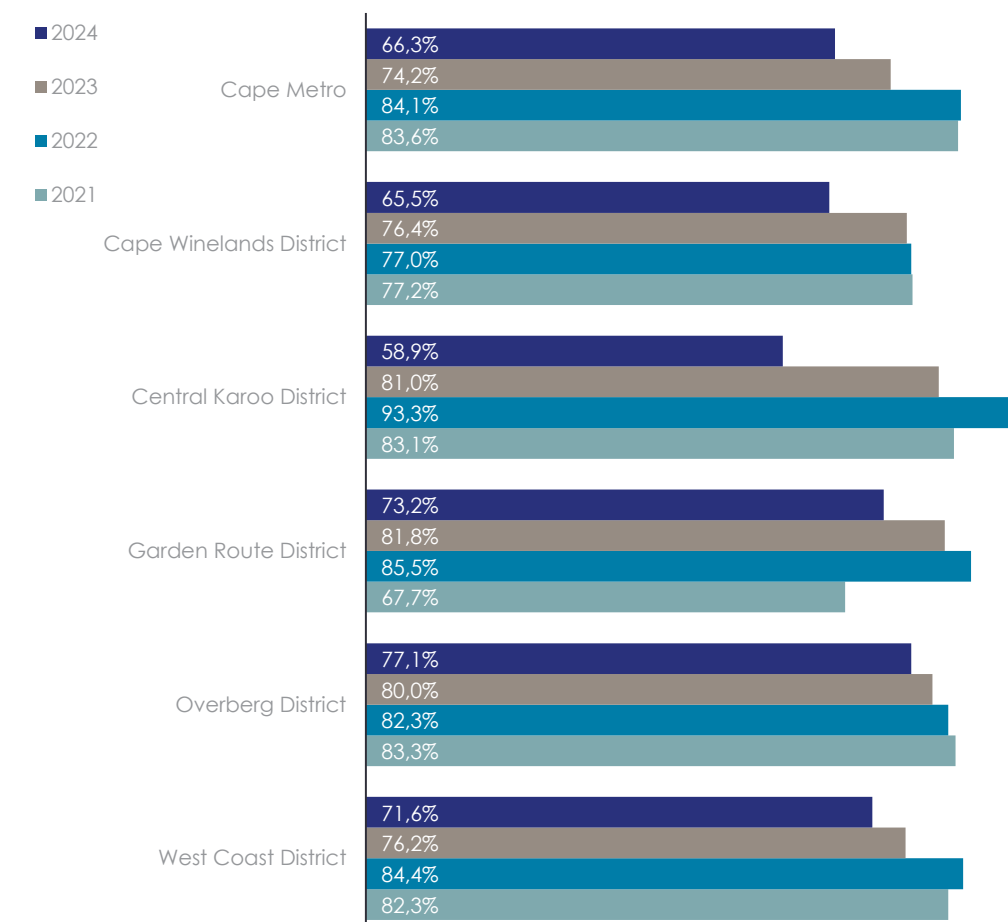
Source: Western Cape Department of Health and Wellness, 2024

29 Western Cape, 2023.

The immunisation rate is measured as the number of children immunised as a percentage of the total number of children less than one year of age. Immunisations are a crucial part of public health strategy to ensure the well-being and healthy development of individuals and the community at large.³⁰ Most individuals cannot afford vaccination programmes, leaving the mass population reliant on the public health system.

In 2023, the Metro's immunisation rate fell by 7.9 percentage points to 66.3 per cent. This decline continues a troubling trend since 2021, when the rate was 83.6 per cent. Additionally, the Metro's immunisation rates are relatively lower than other regions. The decrease in immunisation rates can be partly attributed to the limited availability of free public programmes. In 2023, the Cape Metro's total vaccination expenditure across all programmes is estimated at R60.6 million. This expenditure translates to 44 420 vaccinations for the population under one year of age, at an average cost of R1 365 per vaccination. With limited disposable income, immunisation is becoming increasingly costly and difficult to access.

Figure 64
IMMUNISATION RATE (PUBLIC AND PRIVATE PARTNERS), Cape Metro, 2021 – 2024



Source: Western Cape Department of Health and Wellness, 2024

30 Western Cape Department of Health and Wellness, 2024

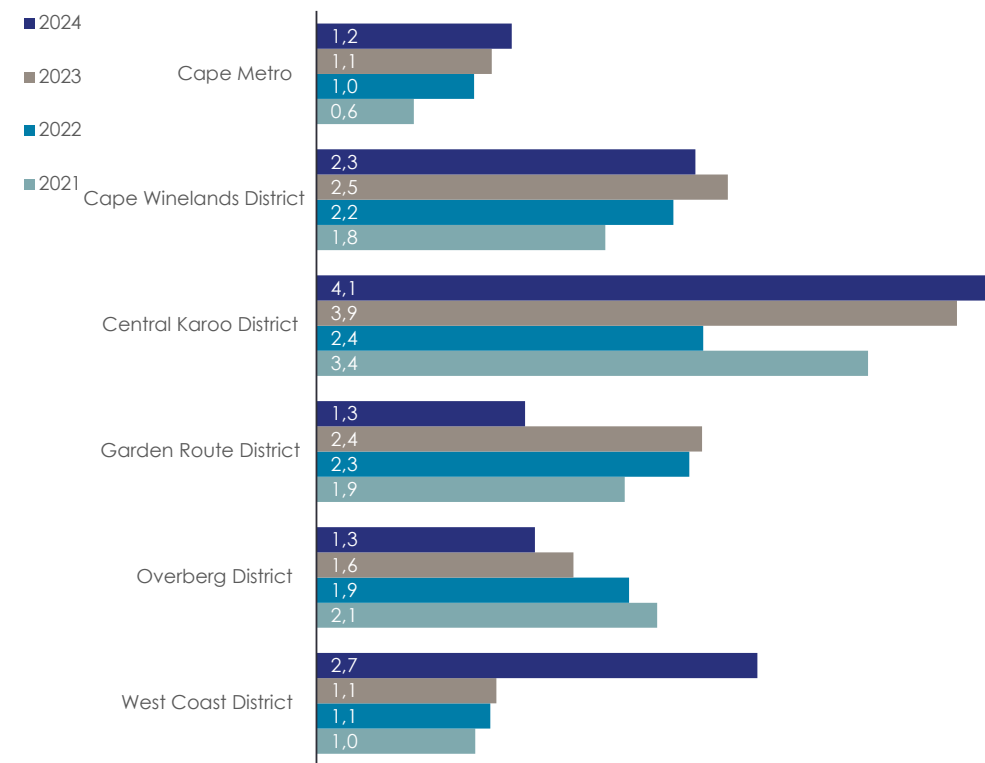
Malnutrition (either under- or over-nutrition) refers to the condition whereby an individual does not receive adequate amounts, or receives excessive amounts, of nutrients. Acute malnutrition which is also known as 'wasting', is characterised by a rapid deterioration in nutritional status over a short period of time. In children, it can be measured using the weight-for-height nutritional index or mid/upper arm circumference.³¹

There are different levels of severity of acute malnutrition, moderate acute malnutrition (MAM) and severe acute malnutrition (SAM). Severe acute malnutrition (SAM) is expressed as the number of malnourished children under five years per 100 000 people.³²

Access to good nutrition is a cornerstone of health and well-being, affecting every aspect of life from physical health to mental and emotional well-being, economic stability, and social equity. Yet, malnutrition remains a prevalent issue in the Western Cape and South Africa at large.

In 2023, the Cape Metro's recorded a SAM of rate 1.2 children per 100 000 children under five years of age. This SAM for the Cape Metro has shown a concerning increasing trend in the last four years, from 0.6 in 2021. However, these rates are considered low compared with those of other regions, which is a testament to the success of public food system programmes. Its important to ensure that such programmes are scaled up to ensure that families have access to affordable, nutritious and sustainably grown food.

Figure 65
SEVERE ACUTE MALNUTRITION PER 100 000 CHILDREN UNDER FIVE YEARS, Cape Metro, 2021 – 2024



Source: Western Cape Department of Health and Wellness, 2024

31 Department of Health and Wellness , 2015
32 Mandla, Mackay, & Mda, 2022

Maternal health

According to the World Health Organization (WHO), maternal mortality refers to the death of a woman during pregnancy or within 42 days after the end of a pregnancy, from any cause related to the pregnancy or its treatment, excluding accidental causes.³³ The National Department of Health (NDoH) defines maternal mortality in facility ratio as the number of women who die in a healthcare facility during pregnancy, childbirth, or within 42 days after the end of a pregnancy, regardless of the cause of death, expressed per 100 000 live births in public health facilities.³⁴ The NDoH measures deaths occurring in healthcare facilities only, whereas the WHO definition encompasses all deaths related to pregnancy, regardless of where they occur.

In 2023/24, the Cape Metro recorded an increase in the maternal death rates per 100 000 live births, from 70.1 in 2022/23 to 75.6. In the last three years, the Cape Metro and the Districts have experienced variations in maternal mortality rates. The rise in maternal mortality rates in the Cape Metro is concerning, especially noting the Cape Metro still has the highest maternal fatality rate when compared against the six districts in the Western Cape.

Figure 66
MATERNAL MORTALITY RATES PER 100 000 LIVE BIRTHS, Cape Metro, 2021/22-2023/24

	2021/22	2022/23	2023/24
Cape Metro	81.2	70.1	75.6
West Coast District	51.0	18.3	-
Cape Winelands District	113.6	51.6	31.4
Overberg District	-	-	47.9
Garden Route District	53.7	68.5	70.2
Central Karoo District	96.0	205.1	-

Source: Western Cape Department of Health and Wellness, 2024



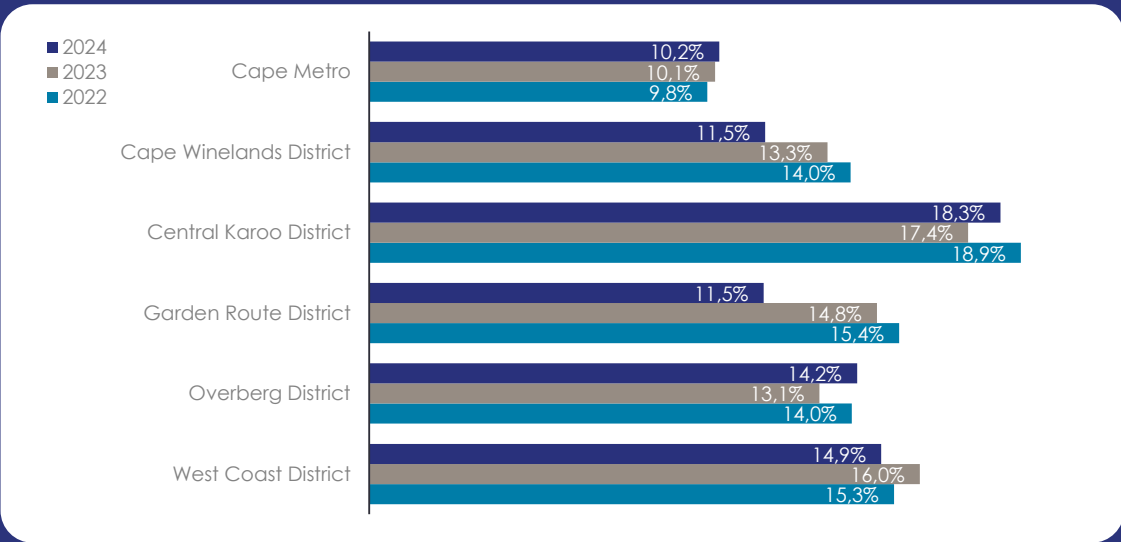
33 World Health Organization, 2024; (yston, Rueda-Clausen, & Baker, 2017
34 Health Systems Trust, 2023

Teenage pregnancy

The delivery rates of women under 19 years of age in facility rate measures the deliveries to women under the age of 20 years as a proportion of total deliveries in the health facility presented as a percentage.³⁵ The numerator is the number of deliveries to women under 19 years of age in the facility, while the denominator is the total number of deliveries in the facility. The data element for the numerator includes two elements: delivery 10 to 14 years in facility and delivery 15 to 19 years in facility. The indicator is a proxy for the adolescent birth rate.³⁶

The delivery rates to women under 19 years of age in facilities in the Cape Metro are the lowest in the Province at 10.2 per cent in 2024, despite exhibiting an upward trend over the last four years increasing from 9.4 per cent in 2021.

Figure 67
DELIVERY RATES TO WOMEN UNDER 19 YEARS, Cape Metro, 2022 – 2024



Source: Western Cape Department of Health and Wellness, 2024

A rise in this rate indicates challenges in adolescent access to sexual and reproductive health services, which carries significant consequences for their overall health. Teenage pregnancies are linked to increased risks of complications during pregnancy and a greater likelihood of maternal mortality. Additionally, these pregnancies often result in the mothers not finishing their education.³⁷

To tackle and improve the rate of teenage deliveries it is crucial to empower young girls, boys and adolescents with effective life skills and education on sexual and reproductive health. It is also important to improve access to appropriate sexual and reproductive health services by advancing the implementation of services that are friendly³⁸ to adolescents and youth at the primary health care level, and by integrating these services into the school health programme.

35 Health Systems Trust, 2023
36 Western Cape Department of Health and Wellness , 2024
37 United Nations Population Fund, 2017
38 Health Systems Trust, 2023

Communicable diseases

HIV and tuberculosis (TB) are critical indicators of public health, reflecting the effectiveness of healthcare systems and access to essential services. TB effective treatment and HIV antiretroviral treatment (ART) are two of the tracer indicators for the Universal Health Coverage (UHC) index that form part of the infectious disease control category. Addressing HIV and TB is essential not only for improving individual health outcomes but also for strengthening overall healthcare infrastructure and promoting health equity.

In 2023/24, the Cape Metro had a total of 399 876 people living with HIV (PLHIV) which is the highest recorded number in the Province, up from 311 469 in 2020/21. However, 221 203 (55.3 per cent of PLHIV registered patients were receiving Antiretroviral Therapy (ART) treatment across 132 ART clinics or treatment sites in 2023/24. The gap between the PLHIV and those receiving ART treatment highlights an urgent need to increase awareness and outreach to ensure the community is adequately served.

The number of ART clinics and treatment sites in the Cape Metro has fluctuated over the last four years. Starting with 111 clinics in 2021, and peaking at 141 in 2022/23. This increase aligns with the rise in registered patients receiving ART, which also peaked in 2022/23 at 223 632. This illustrates the government's efforts to ensure that the number of treatment sites or clinics responds to the growing number of patients.

Figure 68
REGISTERED PATIENTS RECEIVING ART AND ART CLINICS/TREATMENT SITES, Cape Metro, 2020/21 – 2023/24

Total registered patients receiving ART (incl. Departmental partners & Dept Correctional Services)				
	2020/21	2021/22	2022/23	2023/24
Cape Metro	209 279	213 644	223 632	221 203

Number of ART clinics/treatment sites (incl. Departmental partners & Dept Correctional Services)				
	2020/21	2021/22	2022/23	2023/24
Cape Metro	111	117	141	132

Source: Western Cape Department of Health and Wellness, 2024

Turning to TB, the Cape Metro recorded 24 218 registered TB patients in 2024. Over the past four years, the number of TB patients has varied, reaching its highest in 2022 with 24 264 patients. The number of TB clinics and treatment sites has also fluctuated during this period, increasing from 110 in 2021 to a peak of 128 in 2023, before slightly decreasing to 123 in 2024.

Figure 69
NUMBER OF TB CLINICS/TREATMENT SITES AND NUMBER OF TB PATIENTS REGISTERED ON TREATMENT,
Cape Metro, 2020/21 -2023/24

Number of TB patients registered on Treatment				
	2020/21	2021/22	2022/23	2023/24
Cape Metro	23 311	24 264	24 187	24 218

Number of TB clinics/treatment sites				
	2020/21	2021/22	2022/23	2023/24
Cape Metro	110	119	128	123

Source: Western Cape Department of Health and Wellness, 2024



EDUCATION

Education is a key factor in economic prosperity because it helps people acquire skills and knowledge that can lead to better jobs, higher earnings, and a better quality of life. Education can also help drive innovation and technological breakthroughs, which can lead to greater economic growth and diversification.

This section provides a snapshot of the schooling infrastructure in the Cape Metro. Functional literacy is also reviewed as a measure to assess the ability of those over the age of 20 to understand and apply information, practically. The section also analyses the primary and high school outcomes by reviewing the pass rates for maths and language at grades three, six and nine. Retention in school is important given that students who stay in school are more likely to achieve higher levels of professional and academic success. This is analysed by looking at the Grade 10 to 12 retention level. The section concludes with an analysis of matric pass rates, differentiating between a normal pass rate and one that would qualify students for a bachelor’s degree.

Schooling infrastructure

In 2023, the Cape Metro saw an additional nine schools being registered with two schools considered fee-charging, and the other 7 being no-fee schools. These additions resulted in the Cape Metro having a total of 793 schools, 541 providing primary school education and the remaining 252 providing high school education. The addition of new schools is a positive development that can contribute to improved access to education, economic relief for families, and long-term socio-economic benefits.

Figure 70
NUMBER OF PRIMARY AND HIGH SCHOOLS, Cape Metro 2023

Cape Metro	2023
High School	252
Fee charging	157
No Fee	95
Primary Schools	541
Fee charging	251
No Fee	290
Grand Total	793

Source: Western Cape Education Department, 2024

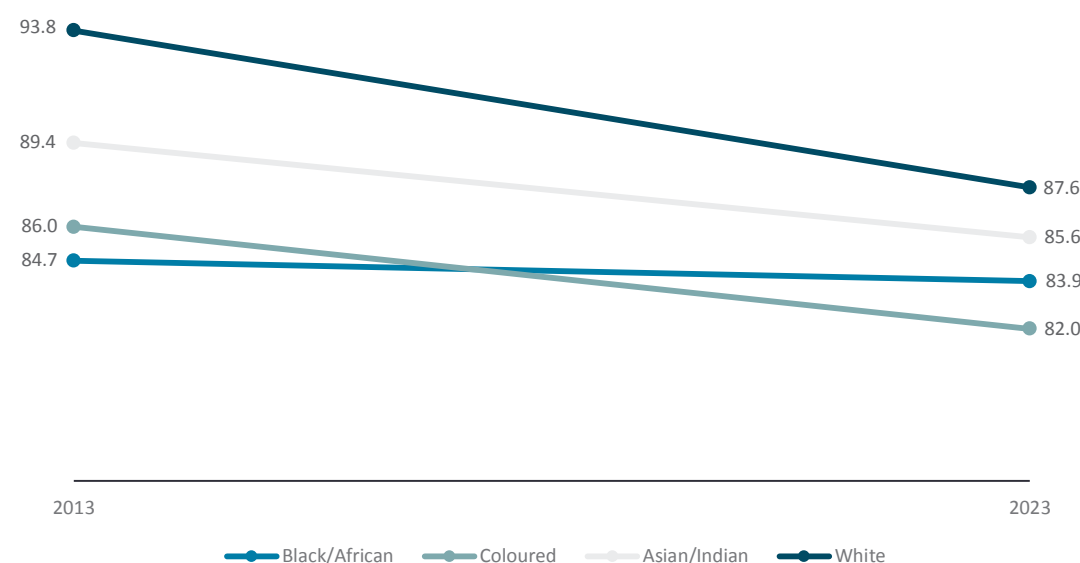
Functional literacy

Functional literacy refers to the ability of an individual to read, write, and engage with written texts in a way that allows them to effectively manage daily tasks and participate fully in society. This includes understanding and using information in various contexts, such as in the workplace, in educational settings, and in everyday life. Functional literacy goes beyond basic reading and writing skills; it encompasses the capacity to comprehend and apply information in practical situations.³⁹

The functional literacy rate has declined for all racial groups from 2013 to 2023. This suggests a concerning trend in the education system. The functional literacy rate for Black/African people in the Cape Metro has decreased from 86.9 per cent in 2013 to 83.7 per cent in 2023.

The Coloured population has experienced a similar decline, with functional literacy dropping from 86.0 per cent in 2013 to 82.0 per cent in 2023. White and Asian or Indian populations have also experienced a drop in literacy rates. While there are variations across the groups in terms of literacy rates, the gap has narrowed in the last decade. The Black or African group shows the smallest decline in literacy rate of 0.8 percentage points.

Figure 71
FUNCTIONAL LITERACY RATE (PER CENT), Cape Metro, 2013 – 2023



Source: Western Cape Education Department, 2024

³⁹ Erik Jacobson, in International Encyclopedia of Education (Fourth Edition), 2023

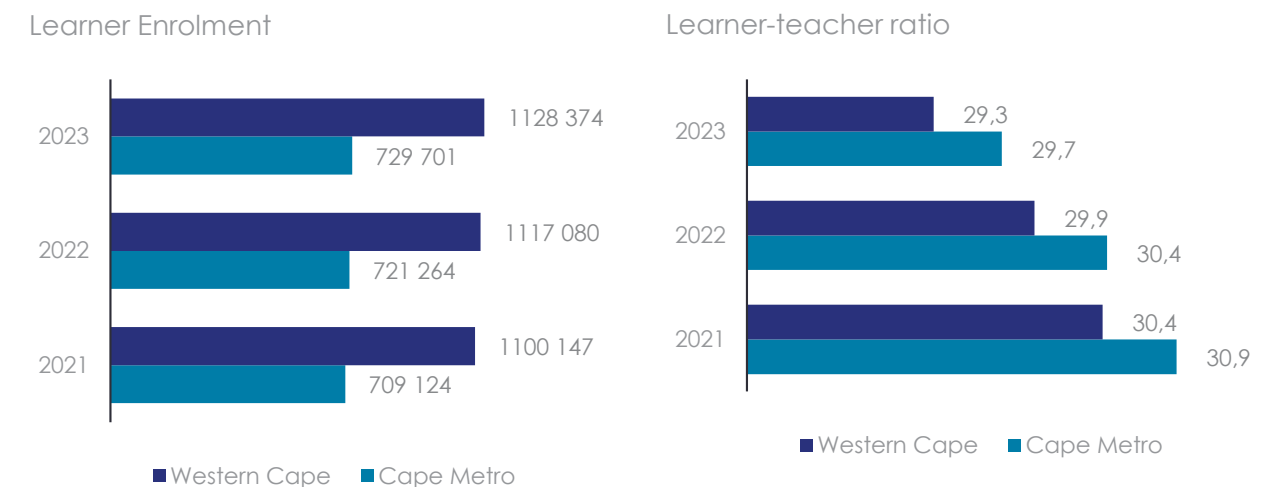
Learner enrollment and learner-to-teacher ratio

In a concerted effort to combat youth unemployment and offer crucial classroom assistance, the WCED recruited 20 500 education assistants for the 2023 school year. This initiative falls under the Presidential Youth Employment Initiative (PYEI) and aims to support schools throughout the province. This programme addresses the need for additional classroom support and is crucial for creating work opportunities for unemployed youth throughout the Western Cape.⁴⁰

Both the Cape Metro and the Western Cape have seen a steady increase in learner enrollment from 2021 to 2023. The Cape Metro experienced an increase of approximately 2.9 per cent over this period, while the Western Cape saw an increase of about 2.6 per cent. The increase in learner enrolment can be attributed to several factors, including population growth, increased access to education, and government initiatives to expand access to education.

Despite the increase in learner enrolment, the learner-teacher ratios have seen a gradual decrease. In the Cape Metro, the ratio decreased from 30.4 in 2022 to 29.7 in 2023, while in the Western Cape, it decreased from 29.9 to 29.3 over the same period. The decline in the learner-teacher ratio could be due to an increase in the number of teachers being employed in the education system. This indicates that the education department has done well at managing growing student populations while improving educational quality.

Figure 72
LEARNER ENROLMENT & LEARNER-TEACHER RATIO, Cape Metro, 2021 – 2023



Source: Western Cape Education Department, 2024

Overall, the learner-teacher ratios in the Metro are well below the Department of Education's recommended ratios of 40:1 for primary schools and 35:1 for high schools.⁴¹ These lower ratios are crucial for personalised learning and individual attention and made possible by the recruitment of additional educational assistants to support the growing learner population.

⁴⁰ Western Cape Education Department, 2022

⁴¹ Department of Basic Education, 2010. Education for All (EFA) country report.

Primary and high school educational outcomes

While the learner enrolment and learner-teacher ratio do not provide information about the quality of education changes, the pass mark data for English Language and Mathematics are critical indicators of education quality. Proficiency in these areas is fundamental for personal, academic, and professional success as they are essential skills needed for effective communication, problem-solving, critical thinking, and learning.

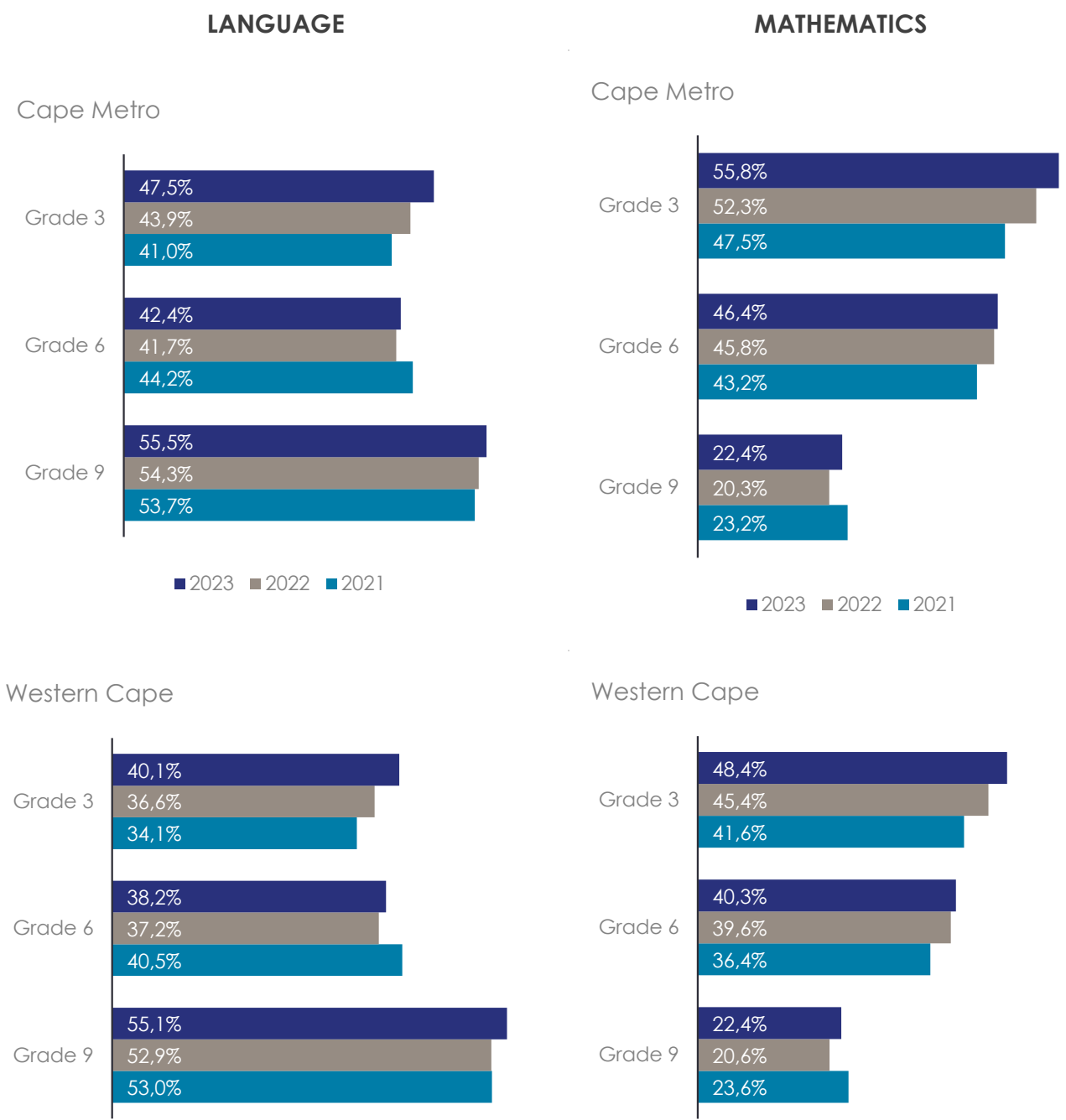
Learners in the Cape Metro outperform their peers elsewhere in the Province in mathematics and languages, especially in the lower grades. This is a testament to the prevalence of early childhood development centres (ECDs) and primary school education facilities in the Metro, as well as to the quality of instruction provided. However, by Grade 9, the disparity between pass rates is relatively small, especially for mathematics. Socio-economic challenges are likely to have a greater effect on learners in the Cape Metro area.

In 2023, with improvements in learner-teacher ratios, there was corresponding progress in language performance for Grade 3 and Grade 9 learners in the Metro. Grade 3 language pass rates improved significantly from 41.0 per cent in 2021 to 47.5 per cent in 2023, and Grade 9 language pass rates increased from 53.7 per cent in 2021 to 55.5 per cent in 2023. However, Grade 6 language pass rates showed fluctuations, with a slight decrease from 44.2 per cent in 2021 to 41.7 per cent in 2022, followed by a marginal increase to 42.4 per cent in 2023.

The Grade 3s and Grade 6s also reported improvements in mathematics in 2023, with Grade 3 pass rates rising from 47.5 per cent in 2021 to 55.8 per cent in 2023, and Grade 6 pass rates increasing from 43.2 per cent in 2021 to 46.4 per cent in 2023. However, Grade 9 mathematics pass rates have fluctuated, decreasing from 23.2 per cent in 2021 to 20.3 per cent in 2022, then recovering to 22.4 per cent in 2023.

The pass rates of Grade 9 students in critical subjects such as languages and mathematics have substantial implications for their progression from Grade 10 to Grade 12. Although school attendance is compulsory until Grade 9, poor performance during this year elevates the risk of students dropping out before they enter the further education and training (FET) phase, which encompasses Grades 10 to 12. Even if students continue to the FET phase, inadequate educational achievements in Grade 9 can lead to learning challenges, resulting in dropping out before matriculation or failing to complete it successfully.

Figure 73
GRADE 3, 6 AND 9 LANGUAGE PASS RATES, Cape Metro, 2021-2023



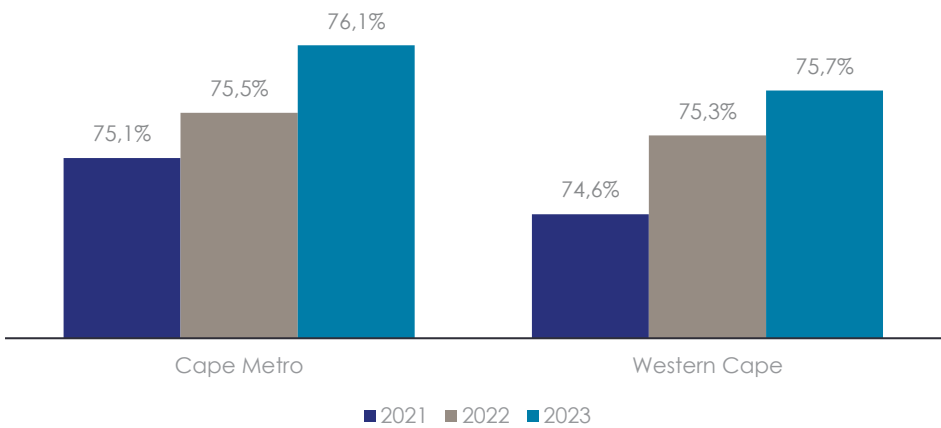
Source: Western Cape Education Department, 2024

High school retention rates

The Grade 10 to 12 retention rate is obtained by comparing the number of Grade 12 learners of a particular cohort with the number of Grade 10 learners from the same cohort who were present two years earlier. This shows the proportion of students who progressed to Grade 12.

In 2023, both the Cape Metro and the Western Cape have shown a steady increase in retention rates. In particular, the Cape Metro recorded an increase of 0.6 per cent to 76.1 per cent, while the Province recorded a 0.4 per cent increase to 75.7 per cent. The higher retention rates in the Cape Metro might suggest that the Cape Metro provides greater access to job markets requiring formal qualifications, motivating students and families to prioritise education as a pathway to better employment prospects.

Figure 74
GRADE 10 TO 12 RETENTION RATE, Cape Metro, 2021-2023



Source: Western Cape Education Department, 2024



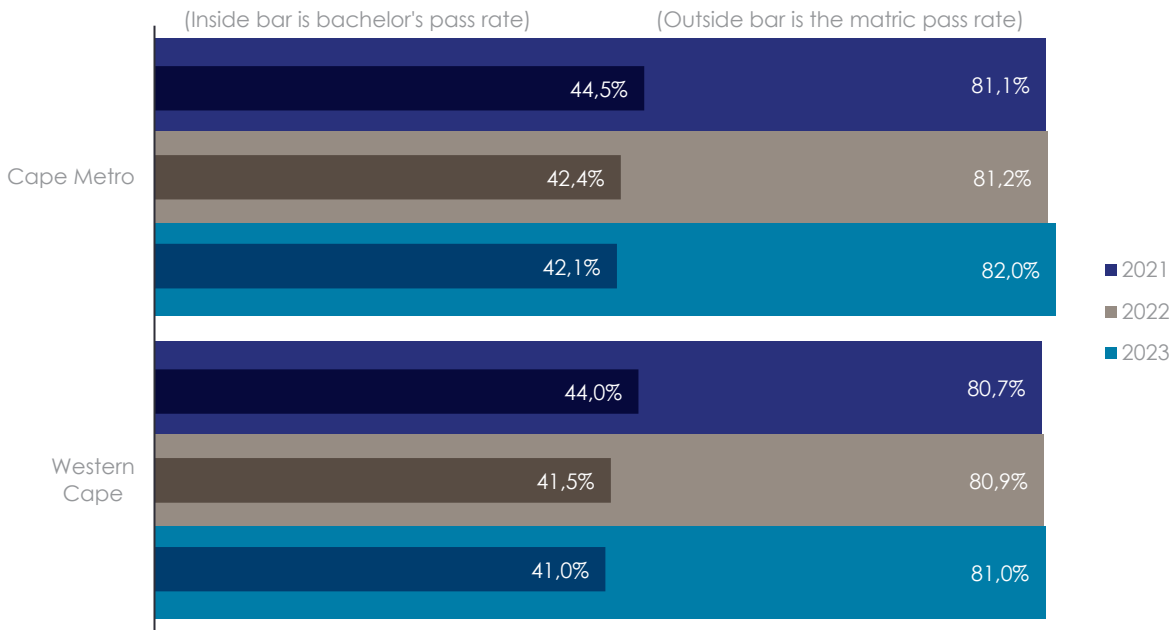
Matric educational outcomes

To successfully complete Grade 12 and earn a National Senior Certificate (NSC), a student needs to score a minimum of 40 per cent in three subjects: at least 30 per cent in their home language; 30 per cent in two additional subjects, and 20 per cent in a sixth subject. A matriculant who obtains a bachelor's pass can enrol in a bachelor's degree course at a university. A learner must pass six of their seven subjects to get a bachelor's pass, achieving at least 40 per cent for the home language, achieving at least 50 per cent in four subjects, achieve at least 30 per cent in one other subject, and achieve at least 30 per cent in their language of teaching and learning of the tertiary institution and pass at least 6 out of 7 subjects.

Both regions have shown a steady increase in matric pass rates over this period. In the Cape Metro, the matric pass rate rose from 81.1 per cent in 2021 to 82.0 per cent in 2023, while the Western Cape saw an increase from 80.7 per cent to 81.0 per cent. This consistent improvement indicates a positive trend in overall educational attainment, with the Cape Metro consistently outperforming the Western Cape.

The increase in matric pass rates is a positive indicator of overall educational attainment. However, there is an observed decline in bachelor's pass rates implying that fewer students are qualifying for university. The Cape Metro's bachelor's pass rate decreased from 44.5 per cent in 2021 to 42.1 per cent in 2023, while the Western Cape's rate fell from 44.0 per cent to 41.0 per cent. This trend raises concerns about the quality of education and the preparedness of students for higher education and may have long-term implications for the workforce.

Figure 75
GRADE 12 PASS RATE AND BACHELOR'S PASS RATE, Cape Metro, 2021-2023



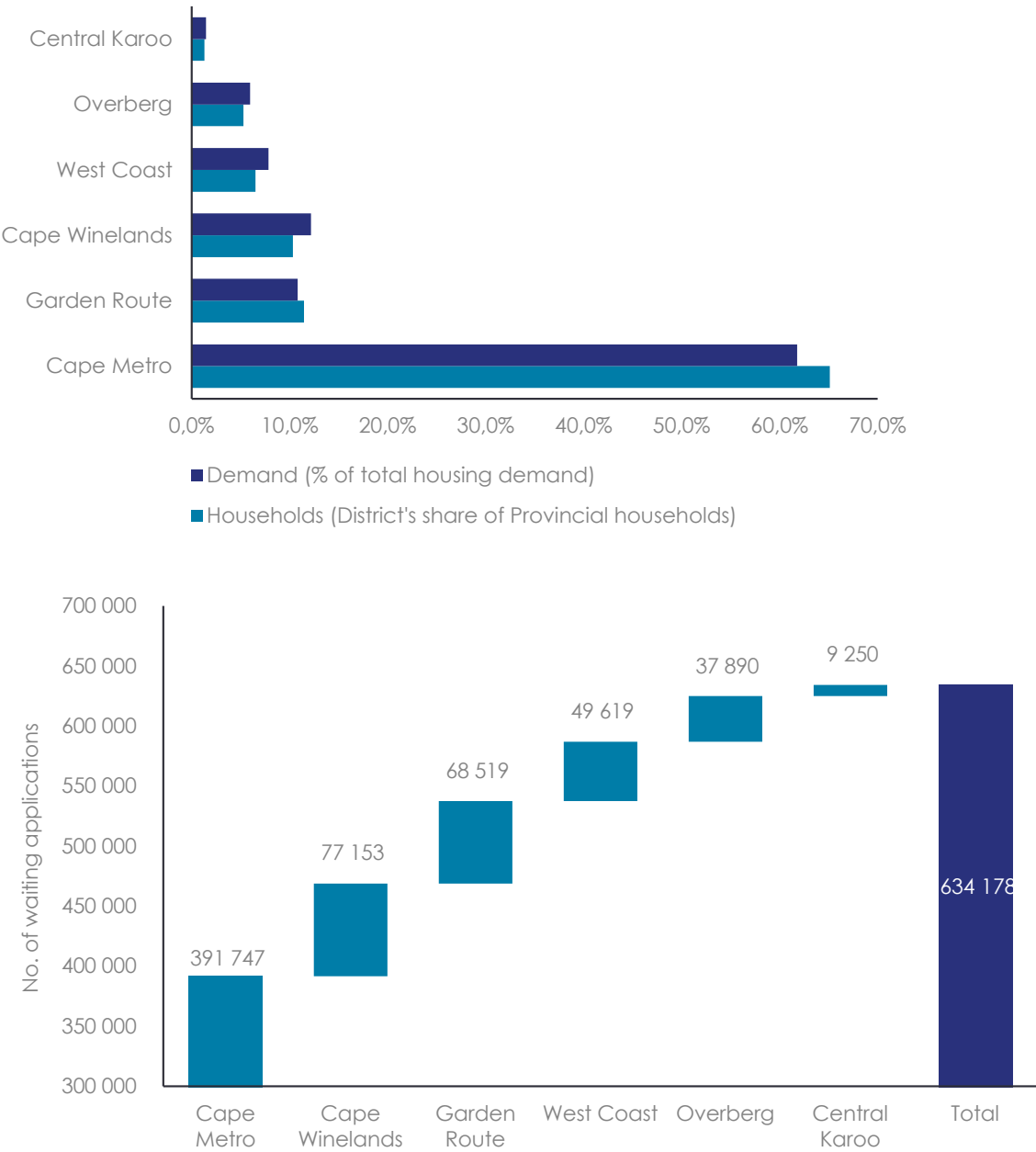
Source: Western Cape Education Department, 2024

HOUSING AND ACCESS TO BASIC SERVICES

Housing

Within the Province, housing demand is quantified by the number of applications on the Western Cape Housing Demand Database. The Cape Metro stands at the forefront of this demand accounting for 61.8 per cent of the number of applications waiting. Noting that the Cape Metro accommodates 65.1 per cent of the Province's households. Ultimately, key factors such as rapid urbanisation, household growth, and the region's socio-economic profile have collectively intensified the urgent need for effective housing solutions.

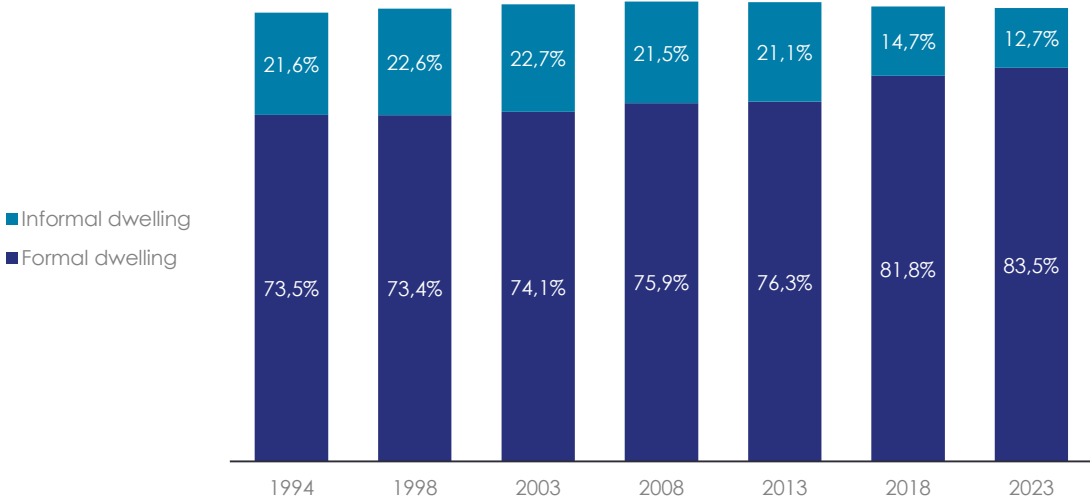
Figure 76
HOUSING DEMAND, per district, 2023



Source: Western Cape Housing Demand Database, 2024

The Cape Metro is seen as an economic hub, drawing people towards potential job opportunities, and where the magnitude of housing demand is sizeable. Between 1994 and 2023, there has been a decrease in the proportion of informal dwellings, but informality is on the rise. To address this, several initiatives to upgrade informal settlements leading to safer, better-quality homes, connected with basic services have been implemented. The Cape Metro's local government and housing departments, as well as the Western Cape Department of Infrastructure are likely to face increased pressure to provide adequate housing solutions.

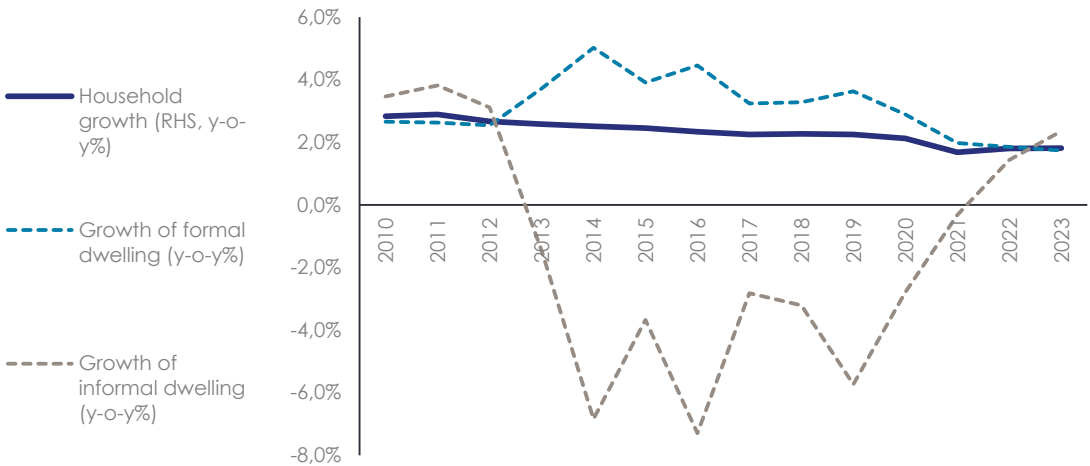
Figure 77
FORMAL AND INFORMAL HOUSEHOLDS, Cape Metro, 1994-2023



Source: Quantec, 2024

With many households seeking employment in commercial economic hubs such as the Metro, the growth of households has remained steady. However, the recent years show an increase of densely populated informal settlements. This growth is noticeable from 2019 onwards. In addition, climate change has adversely affected the Cape Metro with these informal settlements bearing the brunt of the damages. Displaced households, coupled with the pace of urbanisation, has led to unlawful occupation in hazardous areas where residents are exposed to the risks of fire and flooding.

Figure 78
GROWTH OF FORMAL AND INFORMAL DWELLINGS, Cape Metro, 2010-2023



Source: Quantec, 2024

The Cape Metro has made significant strides in providing affordable housing in well-located areas. The Metro has delivered over 1 300 social housing units in locations such as Newmarket Street, Salt River Market, and Pickwick. Concurrently, several housing projects are under construction, including Harare, Greenville Phase 4, Belhar Pentech, Sir Lowry's Pass, Gugulethu Infill, and Pooke se Bos. Looking ahead, the Metro has a pipeline of 6 500 social housing units across 50 different land parcels to deliver affordable housing. Projects set to commence soon include Macassar, Maroela South, and Edward Road.

Housing subsidies are a key tool the government uses to improve access to housing.⁴² However, the income thresholds for these subsidies can limit access. Many deserving households earn more than the upper limit for the subsidy but do not qualify for commercial home mortgages, leaving them in a vulnerable position. The recently launched Housing Market Studies will be critical in shaping the housing policies across the Metro and districts in the Province (see textbox on below.)

Housing Market Studies

The Western Cape Government has initiated the second round of Housing Market Studies (HMS) to support the Western Cape Inclusionary Housing Policy Framework (WCIHPF) approved by the Cabinet. These studies are essential for understanding the dynamics of the local housing markets and shaping policies aimed at improving housing affordability and inclusivity. The Overstrand, Swartland, Saldanha Bay, Oudtshoorn, Bitou, Knysna and Breede Valley municipalities will be participating in this critical initiative, concluding by the end of the 2024/25 financial year.

Purpose of the Housing Market Study

The HMS aims to provide a comprehensive analysis of the residential property market by evaluating housing supply and demand across income segments, identifying affordability gaps, and examining the local housing stock, both owned and rental. The study addresses key questions, such as:

- 1. What types of housing are available, and what are the market trends in terms of value, location, and typology?
- 2. Are housing supply levels adequate to meet the needs of all income groups?
- 3. How are residents accessing housing, and is it affordable now and into the future?
- 4. What are the key drivers of housing development, and where are the opportunities for inclusionary housing?

By exploring these questions, the HMS informs municipalities on the effectiveness of their housing markets and interventions to improve access to affordable and inclusive housing. The HMS also plays a crucial role in aligning housing delivery with spatial planning objectives, such as those outlined in Municipal Spatial Development Frameworks (MSDFs), Integrated Development Plans (IDPs), and other housing sector plans.

42 African Union for Housing Finance (AUHF), 2019

Use of the HMS

The findings from the HMS will provide evidence-based insights necessary for developing an Inclusionary Housing or Inclusionary Zoning Policy. Identifying where affordable housing is lacking and highlighting gaps in the market will enable in the identification of priority areas for inclusionary housing and determine income segments that require targeted interventions. Moreover, the HMS will guide decisions regarding land use rights and incentives to stimulate affordable housing development.

The HMS output serves as a foundation for broader municipal policies to promote spatial justice and ensure that housing markets support both social and economic objectives. Additionally, the HMS will highlight the potential for public-private partnerships and other collaborative approaches to address housing needs in the province.

Importance to the Inclusionary Housing Policy

The importance of this process is underscored by findings from earlier studies, such as those in Stellenbosch, where significant affordability gaps were identified. In Stellenbosch, the study revealed that most residents could not access market-driven housing solutions, necessitating the inclusion of more affordable housing in new developments. In response to this, Stellenbosch developed its Inclusionary Zoning Policy that aligns with the broader goal of the WCIHPF to ensure inclusive, accessible housing markets that cater to a wide range of income groups. The HMS will play a key role in helping municipalities align their housing strategies with both provincial goals and local realities. This evidence-based approach is essential for creating a more inclusive and spatially just housing market in the municipality.



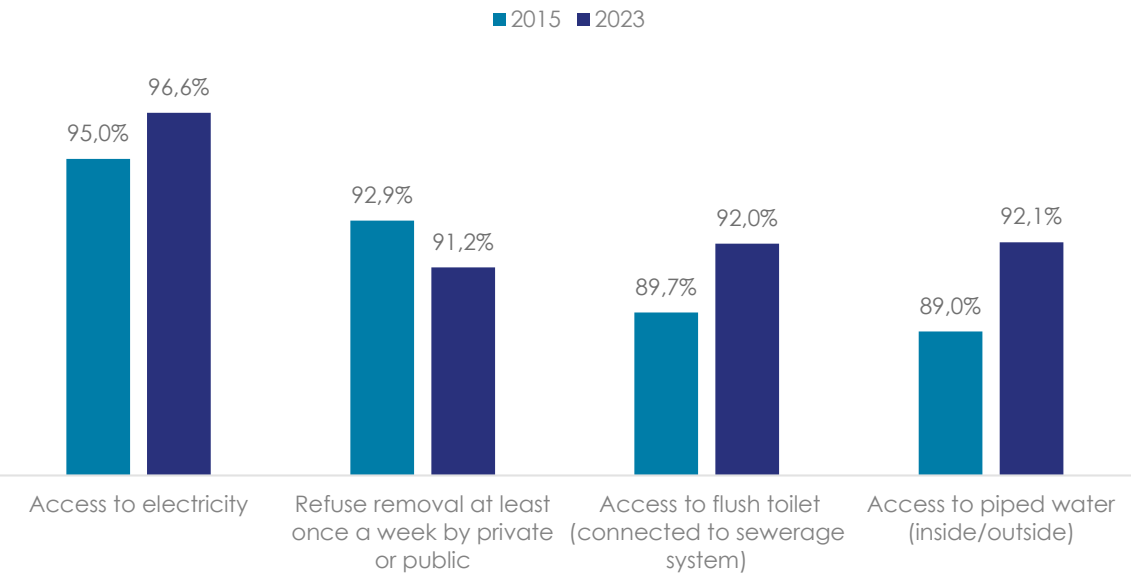
Access to basic services

The Cape Metro provides a range of basic services to ensure the well-being and quality of life of their residents. These services typically include: (i) access to clean and safe drinking water for all residents; provision of adequate sanitation services, including sewage systems and waste management; (iii) supply of reliable and affordable electricity, (iv) and (iv) disposing of household and commercial waste.

Between 2015 and 2023, the Cape Metro has significantly improved access to basic services for many residents. However, some households, particularly those in newly formed informal settlements or on undevelopable land, remain unconnected. Access to electricity has increased since 2015, with a notable shift towards renewable energy. Since 2022/23, the Metro has recorded over 2 440 new electricity connections, benefiting approximately 9 700 residents in informal settlements.

Improvements have also been made in water and sanitation services, especially following the 2022 drought and the deterioration of aging infrastructure exacerbated by load shedding, theft, and vandalism. Increased public scrutiny has heightened concerns about the environmental health of water bodies in the Metro. Waste management remains a challenge for the Cape Metro. Solid waste services are under pressure due to steady population growth, increasing per capita waste generation, rising informality, and limited landfill space.

Figure 79
ACCESS TO BASIC SERVICES, Cape Metro, 2015-2023



Source: Quantec, 2024

Overall, the Cape Metro has relatively high levels of service access. However many Black Africans living in informal settlements experience lower access to electricity and improved sanitation. However, it is important to note that the gaps between racial groups have significantly narrowed since 1995.

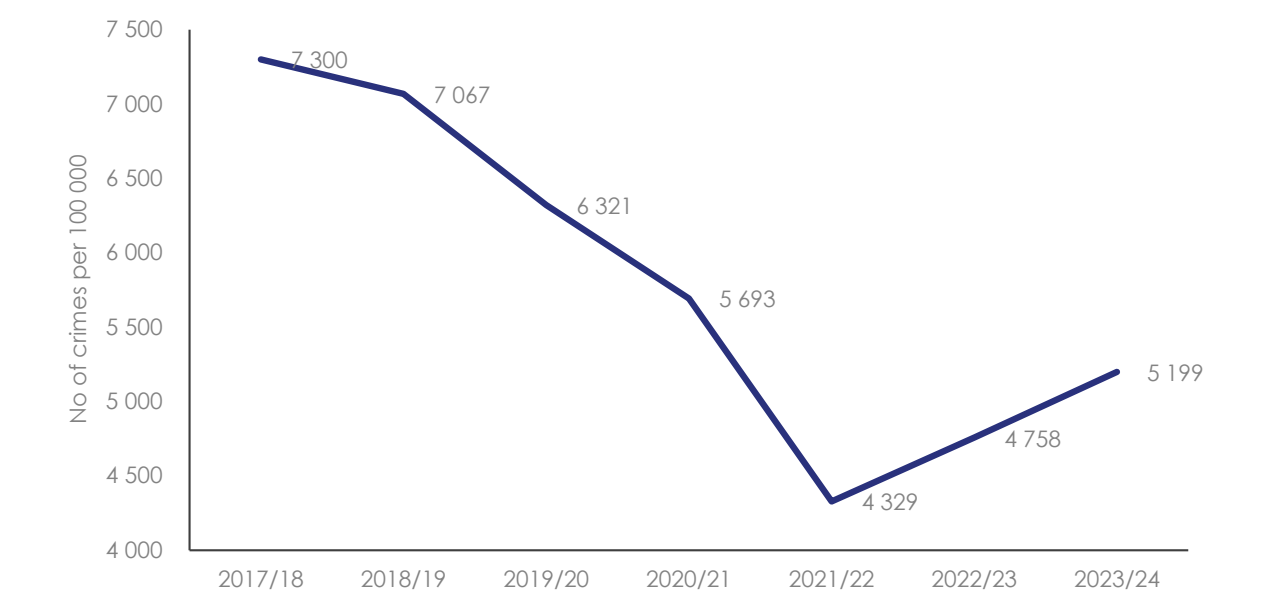


CRIME

The Western Cape Government has invested in fighting against crime in the province, through large-scale programmes like the Law Enforcement Advancement Plan (LEAP), which was introduced in Cape Town in 2020. LEAP officers are deployed to work with the South African Police Service (SAPS) and other law enforcement agencies.

The provincial law enforcement agencies have contributed towards a reduction in crime levels in the last decade. Between 2017/18 and 2021/22, the number of serious crimes per 100 000 people has declined from 7 300 to 4 329, marking a 28.8 per cent decline. Notably, thereafter, the number of serious crime incidents has slightly increased. This growth in crime has been exacerbated by the prevailing socio-economic conditions that leave a significant proportion of the adult population with limited access to employment opportunities, and therefore, income.

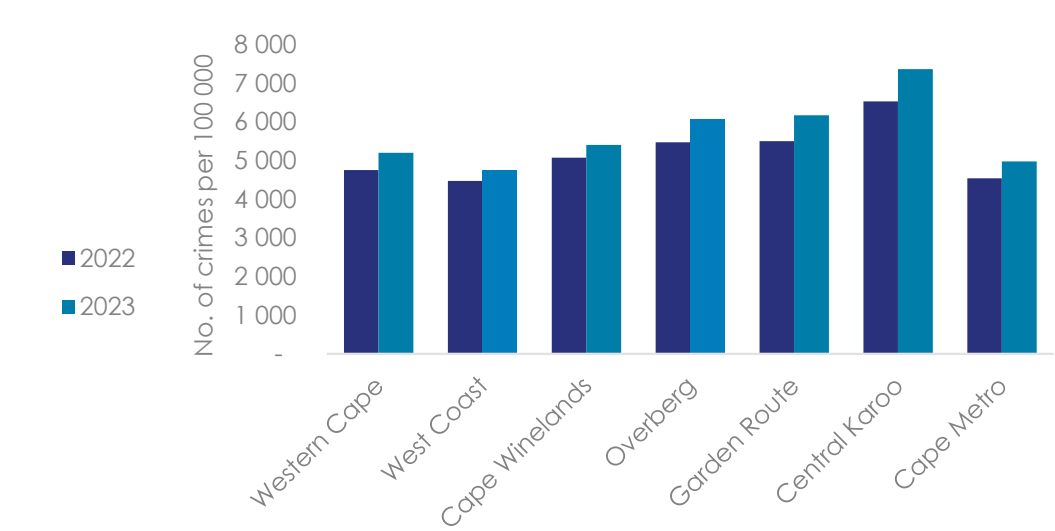
Figure 80
SERIOUS CRIMES PER 100 000 PEOPLE, Western Cape, 2017/18 – 2023/24



Source: Quantec, 2024

The increase in the number of serious crimes in 2023/24 is universal in the Western Cape. Central Karoo recorded the highest increase in crime incidence, from 6 529 to 7 637 between 2022/23 and 2023/24. On the other hand, the lowest crime incidence was recorded in the Cape Metro, reaching 4 980 by 2023/24. The incidence of crimes across the regions is mostly explained by the socio-economic landscape.

Figure 81
SERIOUS CRIMES PER 100 000 PEOPLE, 2022/23 – 2023/24



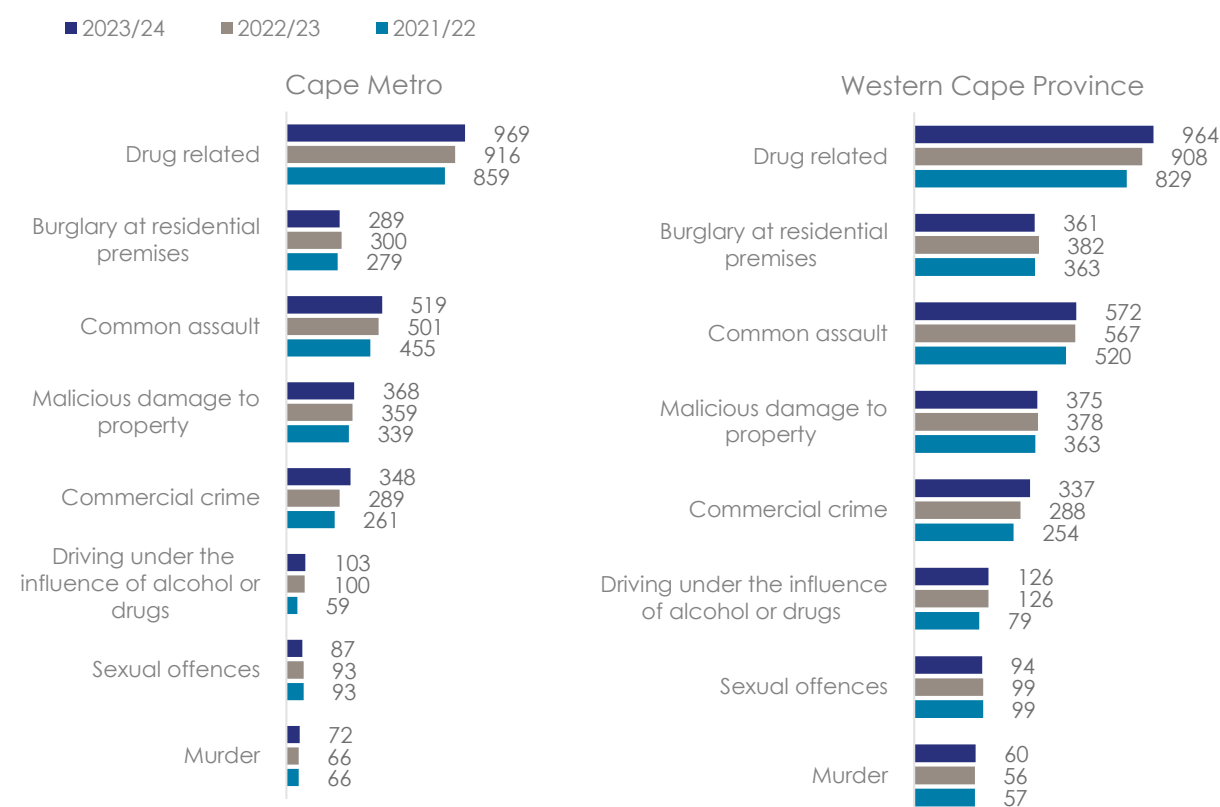
Source: Calculated from SAPS, Quantec and Western Cape DSD, 2023

Serious crimes in the Cape Metro have increased from prior years but are on par with the provincial crime rates. A handful of factors have contributed to the crime rate in the Cape Metro, which include the quality of life in informal settlements, substance abuse, a lack of social cohesion and the prevalence of gangsterism and gang violence in low-income communities.

During the reference period, there was an increase in crimes reported for drug related crimes, assault and murder. The increase of these crime categories coincides with the level of gangsterism in low-income areas. It is commonly observed that drug-related crimes are intertwined with poverty and inequality.

Commercial crime increased across the Cape Metro, which is the economic engine of the province. Motivation for these crimes may have been caused by constrained incomes of workers' and the increasing cost of living expenses. The number of residential burglaries decreased for the period, which also coincides with the timing of the installation of street cameras by the Metro. The initiative to improve security through Community Policing Forums (CPFs) has increased vigilance in residential areas.

Figure 82
CRIMES PER 100 000 PEOPLE, Cape Metro, 2021/22 – 2023/24



Source: Calculated from SAPS, Quantec and Western Cape DSD, 2024

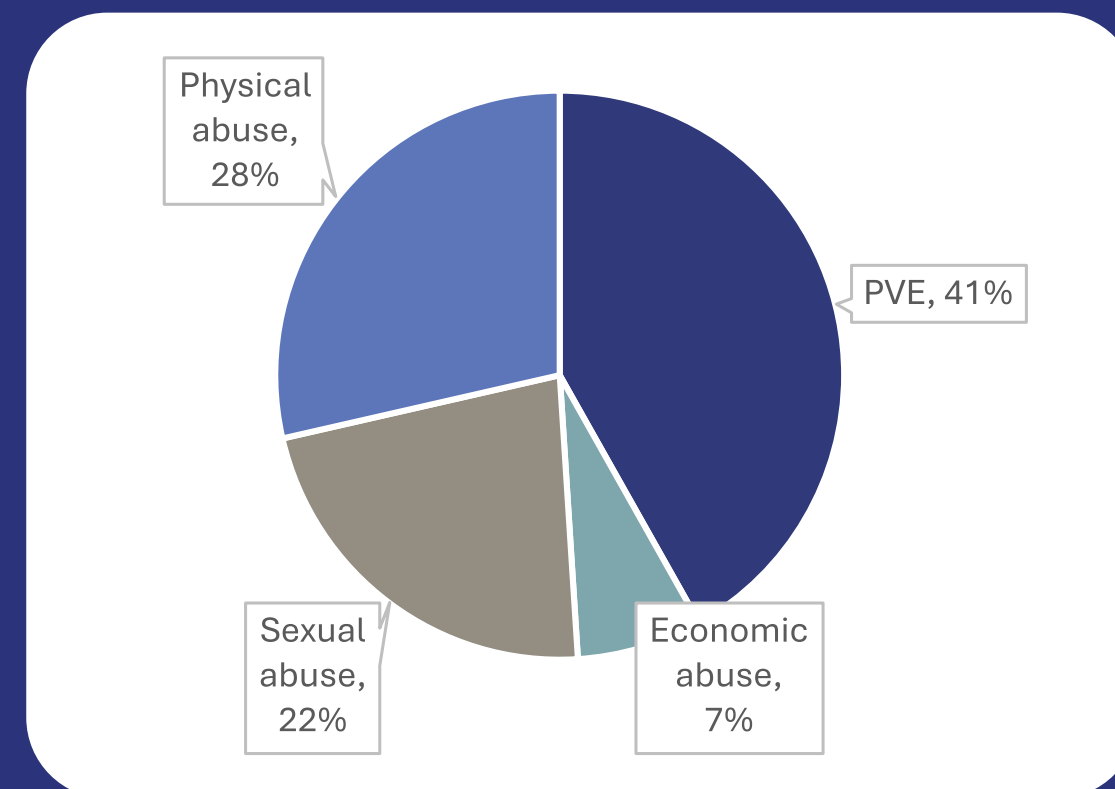
GBV Prevalence: Insights from the Victim Empowerment Programme

The Department of Social Development-Western Cape Government (DSD-WCG) initiated a geo-mapping project aimed at analysing psycho-social support client records from the Victim Empowerment Programme (VEP). This project involved collaboration with internal service delivery teams and non-governmental (NGO) partners, focusing on utilising service delivery data to inform evidence-based decisions. The project enabled DSD-WCG to identify hotspots, monitor trends, and enhance the effectiveness of GBV interventions. The strategic use of service delivery data strengthens the provincial response to GBV and holds the potential to improve support services for victims within the Western Cape Province.

The project aligns with the National Strategic Plan on GBV and Femicide, which recognises the need to assess the prevalence of GBV across the province. The socio-economic implications of GBV are profound. The immediate and long-term consequences not only affect the physical and psychological well-being of individuals but also disrupt family structures, reduce workplace productivity, and impose significant healthcare and legal costs.

In the Cape Metro during the 2023/24 financial year, a total of 15 284 clients accessed GBV-related psychosocial support services. The DSD operates across three regions in the city: Metro East, Metro North, and Metro South. Metro South reported the highest number of clients, totalling 6 017, with high concentrations of cases in areas such as greater Mitchell's Plain, Manenberg, Masiphumelele, and Ocean View. Metro North followed closely with 5 754 clients, highlighting hotspot areas including Greater Delft, Bellville, Bonteheuwel, Langa, and DuNoon. The Metro East Region had the lowest number of clients, totaling 3 513, with a notable presence in Mfuleni, Khayelitsha, Wallacedene, and Lwandle.

Analysis of abuse types highlights the forms of GBV experienced by those accessing psychosocial support services. Psychological, verbal, and emotional abuse (PVE) accounted for 41 per cent of reported cases, with Physical Abuse accounting for 28 per cent, sexual abuse representing 22 per cent and Economic Abuse with 7 per cent. A breakdown by regional area reveals distinct trends. In Metro South, PVE accounted for 40 per cent, with Physical Abuse accounting for 24 per cent and Sexual Abuse 22 per cent reported by clients. In both Metro North and Metro South over 40 per cent of clients reported experiencing PVE, followed by Physical Abuse at 30 per cent and Sexual Abuse at over 21 per cent.



GBV remains significantly under-reported. This under-reporting is driven by multiple factors, including limited access to services, social stigma, fear of retaliation, distrust of authorities, and cultural norms that deter victims from seeking assistance. To effectively address GBV, it is crucial to implement targeted interventions that enhance access to services, build trust in institutional responses, and shift societal attitudes towards gender-based violence.



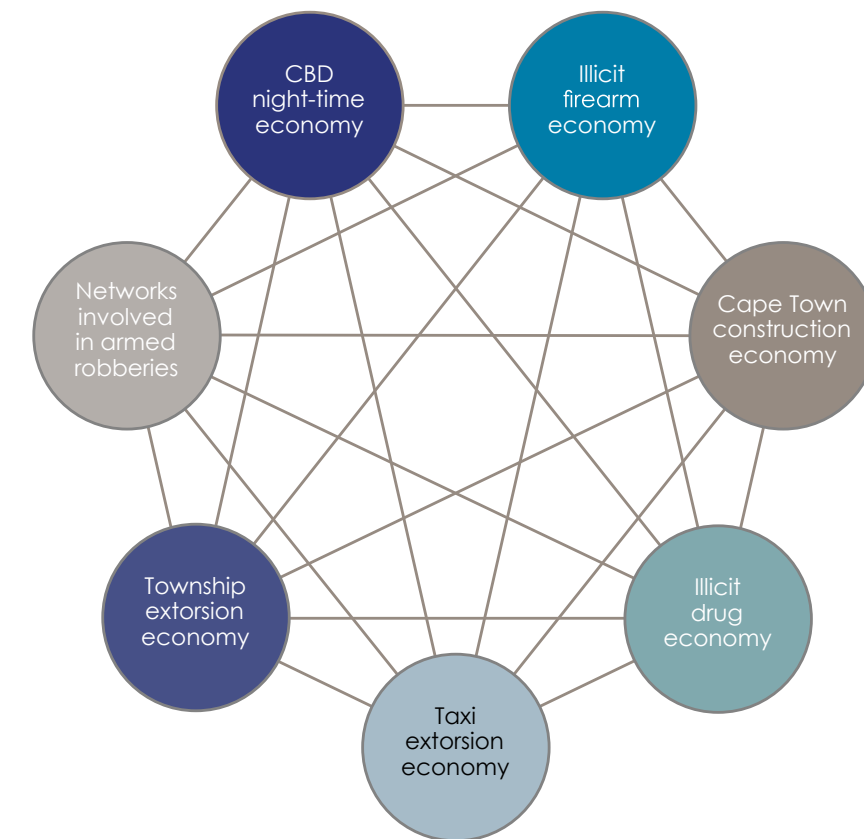
GENDER-BASED VIOLENCE (GBV)

refers to harmful actions perpetrated against individuals based on their gender, predominantly affecting women and girls, although men and boys can also be victims. It manifests itself in various settings, such as domestic environments, workplaces, and public spaces, and is often driven by unequal power relations. GBV is entrenched in societal norms and encompasses a broad range of abuses, including psychological, verbal, and emotional abuse; physical abuse; sexual abuse; economic abuse; discriminatory abuse; harassment; domestic violence; and hate crimes.

While not explicitly stated in the crime statistics reported by the SAPS, nationally there were 144 deaths linked to the “extortion mafia” as of 2022. The growing threat of these so-called “mafias”, seeking to extort profits by bribing government officials and employing violence (murder and fires) needs to be addressed. The below infographic depicts the linkages between extortion and their illicit economies. Swift implementation of high-quality crime intelligence accompanied by expeditious prosecutions is required for the country to continue its infrastructure growth trajectory.



Figure 83
Intersections between extortion and other illicit economies, 2024



Source: The Shadow Economy - Uncovering Cape Town's Extortion Networks, 2024

Challenges within the policing and judicial systems, such as corruption, lack of resources, and inefficiency, can hinder the effective prevention and prosecution of crime, allowing criminal activities to flourish. The challenging living conditions of the economic climate post-COVID-19, coupled with many displaced households due to flooding and fires, placed pressure on individuals. These factors have contributed to the crime rates. Having high rates of crime can devastate local businesses, especially SMMEs, damaging the economy of the Province and the Cape Metro in the long run. Without curbing this, a vicious cycle of declining economic activity and joblessness can further fuel poverty.

CONCLUDING REMARKS

The safety and wellbeing in the Cape Metro reveal significant progress and ongoing challenges across various social indicators. The Cape Metro, housing 65.8 per cent of the Western Cape's population, continues to grow, driven by migration, economic opportunities, and quality of life. The population is projected to increase from approximately 5.0 million in 2024 to about 5.3 million in 2028. This growth underscores the need for effective urban planning and resource allocation to accommodate the rising number of residents.

The Cape Metro has made notable strides in providing affordable housing, with over 1 300 social housing units delivered and a pipeline of 6 500 units planned. However, the demand for housing remains high, driven by rapid urbanisation and household growth. Access to basic services has improved, with significant increases in electricity connections and enhancements in water and sanitation services. Despite these improvements, disparities persist, particularly for Black Africans in informal settlements.

The prevalence of indigent households and food insecurity in the Cape Metro underscores the need for targeted interventions to support vulnerable populations. The rising cost of living and economic pressures have pushed more households into indigence, while food poverty remains a critical issue.

The Cape Metro has the highest number of primary healthcare facilities in the province, yet the decline in the number of facilities and healthcare professionals poses a challenge. Child health indicators show mixed results, with improvements in neonatal mortality rates but concerns over low birth weight and declining immunization rates. Maternal health remains a critical issue, with rising maternal mortality rates. The prevalence of severe acute malnutrition and the impact of communicable diseases like HIV and TB highlight the need for continued investment in healthcare resources and services.

Education outcomes in the Cape Metro show a positive trend, with increasing learner enrolment and decreasing learner-teacher ratios. Primary and high school pass rates in languages and mathematics have improved, particularly in the lower grades. However, the decline in bachelor's pass rates raises concerns about the preparedness of students for higher education. The retention rates from Grade 10 to 12 have increased, indicating better engagement and support for students.

Crime rates in the Cape Metro have fluctuated, with a recent increase in serious crimes. The socio-economic conditions, including high levels of poverty and inequality, contribute to the crime rates. Efforts to combat crime, such as the Law Enforcement Advancement Plan (LEAP), have shown some success, but challenges remain, particularly in addressing the root causes of crime and improving the effectiveness of law enforcement.

The Cape Metro's economic indicators reveal a mixed picture. While the region has a higher GDP per capita compared to the Western Cape, the decline in median income and persistent income inequality highlights the economic challenges faced by residents. The Gini coefficient has shown some improvement, but the disparities between the wealthy and the poor remain significant.

In conclusion, while the region has experienced significant progress in various areas, ongoing challenges in housing, healthcare, education, crime, and economic inequality require continued attention, targeted interventions and intergovernmental collaboration among spheres of government, NGO's and the private sector. Addressing these issues, can promote sustainable development and enhance the quality of life for all residents of the Cape Metro.

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Infographic Indicator References		
Indicator	Source	Year
Land area Population density Households Gender Age Estimated population growth	Western Cape Government PPU, 2024. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2024
Population	Stats SA, Census 2022 Provinces at a glance	2024
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2024
Indigent households	Western Cape Department of Local Government	2024
Access to services	Quantec, RHMF – Development Indicators – Households' facilities by population group at 2011 local municipal-/ward-based metro region level	2024
Tourism indicators	Wesgro, Cape Town Visitor Trends: Jan – Dec 2022	2024
Total GDP Sectoral GDP	Quantec, RGVA – Income & Production – Regional Output and GVA at constant 2015 prices, Subsidies, and Taxes by industry and 211 local municipal-/ward-based metro region level	2024
Total employment Sectoral employment	Quantec, REMP – Labour – Employment and compensation by skill level, industry and 2011 local municipal-/ward-based metro region level	2024
GDP forecast	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level Internal model forecasting methodology.	2024
GDP per capita	Quantec, RVGA – Income & Production – Regional Output and GVA at constant 2015 prices, Subsidies, and Taxes by industry and 211 local municipal-/ward-based metro region level Western Cape Government PPU, 2024. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE, 2024	2024
Unemployment rate	Quantec, RUEM – Labour – Employment and unemployment by 2011 municipal-/ward-based metro region level	2024
International trade indicators	Quantec, TRD12 – RSA Regional Trade QSI Quantec, TRD11 – RSA Regional Trade HST 4-digit	2024

Section C Infographic Indicator References		
Indicator	Source	Year
Households Gender Age Estimated population growth	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE 2021 and MYPE 2024	2024
Population	Stats SA, MYPE 2024	2024
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2023 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2024
Indigent households	Western Cape Department of Local Government	2024
Race	Quantec, RPOP– Population, Number of Households and Densities by population group at 2011 local municipal-/ward-based metro region level	2024

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PR312/2024
ISBN: 978-1-77997-386-3



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